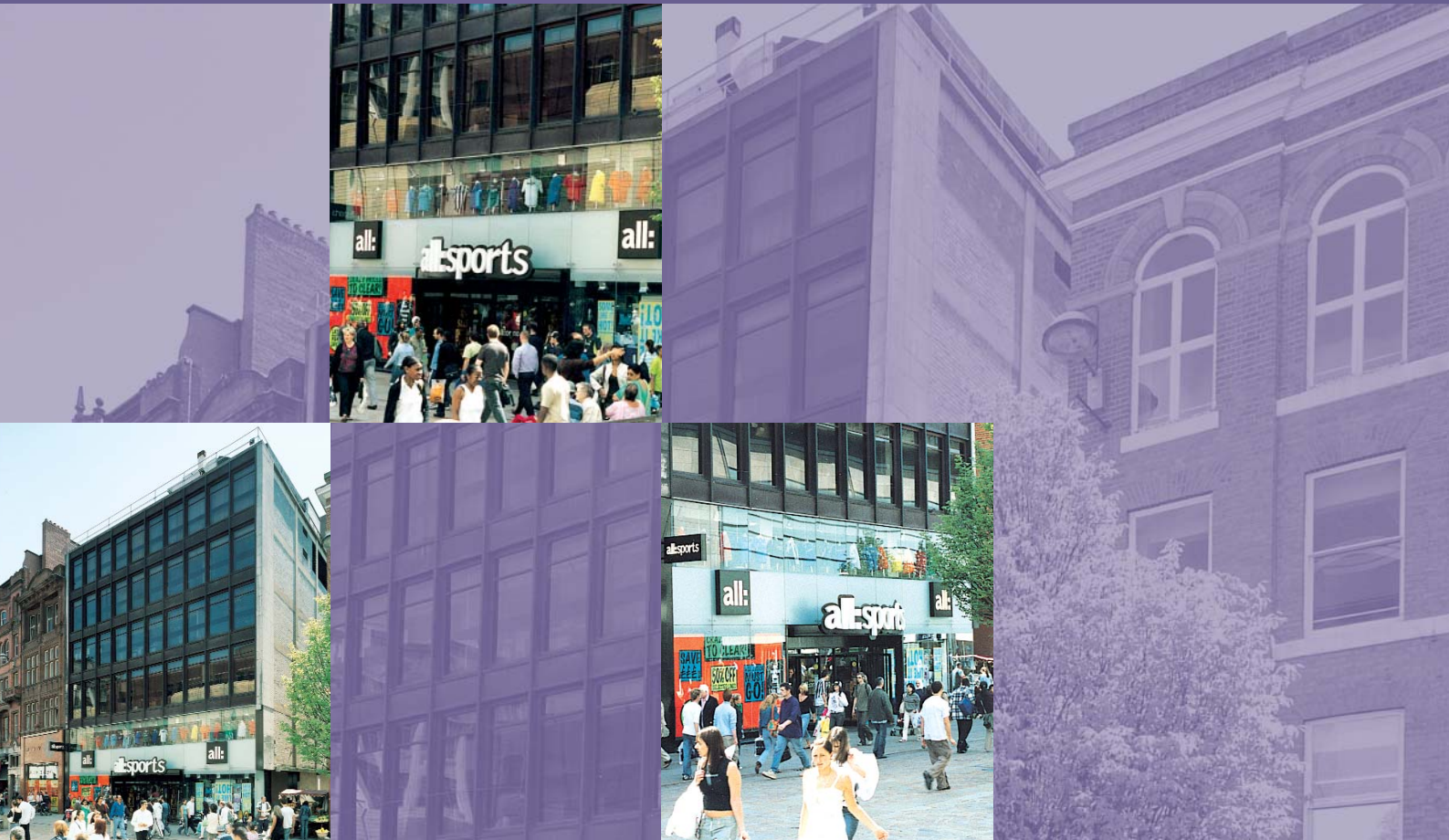


# Prime Retail Investment

# market street manchester



Allsports

86-88 Market Street, Manchester M1 1PD

Hartnell   
Taylor Cook

Commercial Property Consultants

# Investment Summary

Manchester is one of the leading retail centres in the country with an estimated primary catchment population of 2,163,000 people.

The property is located in the prime Market Street retail pitch, which forms Manchester's principal retailing location.

The building comprises a flagship retail unit arranged on lower ground, ground and first floor with double height retail accommodation at ground floor level. Three upper floors provide centrally located office accommodation with the benefit of separate access from Sickle Street. The fifth floor comprises a three bedroom residential flat.

The property is fully let on effectively full repairing and insuring terms to three tenants providing a total current income of £548,000 per annum.

In excess of 90% of the income is secured against the covenant of Allsports (Retail) Ltd for a further 18 years.

We believe the property has a current total rental value in the order of £585,000 per annum.

Offers are invited in excess of **£11,350,000**, subject to contract, which reflects a net initial yield of **4.75%**, a nominal equivalent yield of **5.03%**, a true equivalent yield of **5.19%** and a reversionary yield of **5.07%**.

## Further Information

For further information or to arrange an inspection please contact:

### London Office

**Andrew McGahey**

020 7409 3710

andrew.mcgahey@htc.uk.com

**Sarah Taylor**

020 7409 3737

sarah.taylor@htc.uk.com

### Manchester Office

**Tim Taylor**

0161 638 5103

tim.taylor@htc.uk.com



## Manchester

Manchester lies at the heart of the country's largest provincial conurbation and is the administrative and commercial centre of the North-West region. The city is one of the leading retailing and leisure centres in the United Kingdom.

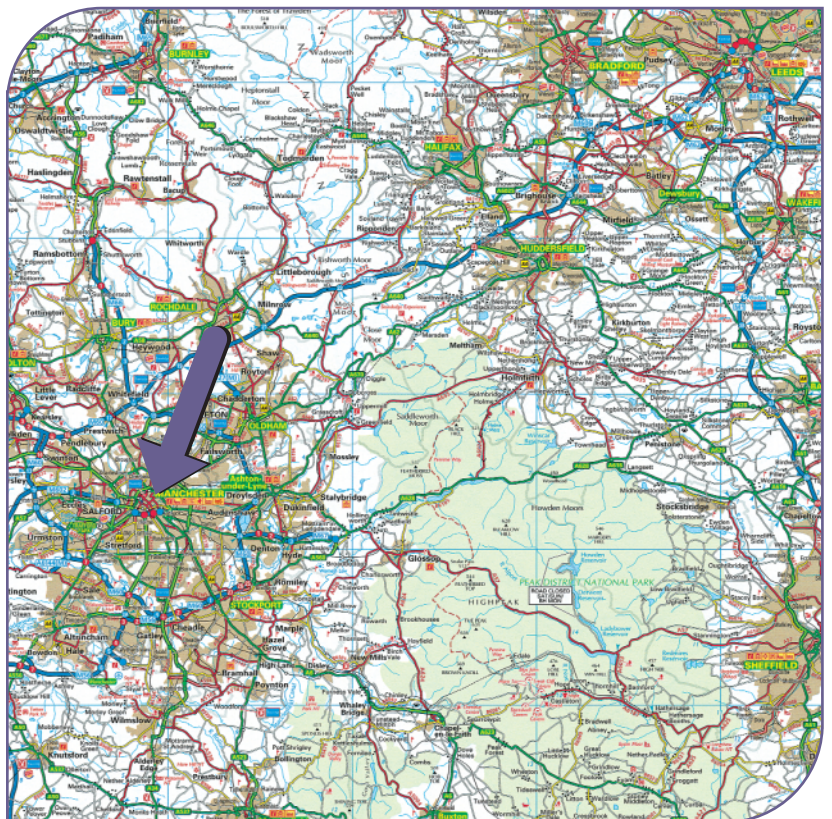
Manchester is located 320 km (200 miles) north of London, 143 km (90 miles) north of Birmingham and 56 km (35 miles) east of Liverpool.

The city has the benefit of excellent communications by road, rail and air. Manchester is served by the M6 from the south, the M62 from the east, the M61 from the north and the M56/M62 from the west.

Manchester Piccadilly offers a direct mainline rail service to London (Euston) with the fastest journey time of approximately 2 hours 30 minutes. There are also regular rail services to Edinburgh, Liverpool and Leeds as well as to Manchester International Airport.

Manchester also benefits from a modern tram service, which currently links Bury, Altrincham and Eccles with the city centre as well as proving a link between the two city centre mainline rail stations.

Manchester has an estimated primary catchment population of 2,163,000 people with an age profile that includes an over representation of young adults aged 15-24. PROMIS reports that the city has the highest volume of retail spend for the 100 PMA centres.



# market street manchester



## Retailing in Manchester

Manchester is one of the largest of the PMA centres and provides approximately 231,000 sq m (2.49 million sq ft) of city centre retail floor space. The city has a wide ranging retail provision, including up-market fashion and quality 'lifestyle' stores, mainstream multiples and discount stores, as well as independent 'cutting edge' fashion and youth orientated shops. Retail facilities have benefited from the significant reconstruction and remodelling of the city centre over the last six years.

There are now three managed centres in the city, the largest being the Arndale Centre, which is supported by Royal Exchange and the Triangle.

Manchester's retail provision ranks 3 on the PMA Retail Provision Indicator and Anchor Store provision is now particularly good; the long established Kendals Department Store, one of House of Fraser's flagships and the retail anchor at the south west extremity of the retail core, was joined in Autumn 2002 by Selfridges and in Autumn 2003 by Harvey Nichols. In addition Manchester has a large Debenhams, Marks & Spencer, Bhs and Littlewoods.

Prime retailing in the city is focused on the pedestrianised Market Street, between Debenhams to the east and Marks & Spencer to the west.

## Situation

The subject property is located in the centre of the prime retail pitch within Market Street.

Retailers within the immediate vicinity include HMV, Littlewoods, H&M, Miss Selfridge and Footlocker.

The property is directly opposite the Arndale Centre where the Northern Redevelopment forms the final phase of the continuing programme of refurbishment and improvements to Manchester Arndale, which include contemporary façades to Market Street frontage.

The final phase of works are due for completion in the Autumn of 2006.

## Description

The building is of frame construction, with timber framed single glazed fenestration to the front elevation and brick construction to the side and rear elevations under flat asphalt roofs.

The property comprises a flagship retail unit on lower ground, ground and mezzanine floors, three floors of office accommodation on second, third and fourth floors together with a three bedroom flat at fifth floor.

The retail accommodation provides good clear retailing space served by escalator and passenger lift. The majority of the ground floor area affords double height retail accommodation.

The office accommodation and residential unit have their own entrance at 1 Sickle Street to the side of the property. A 4-person passenger lift serves the office accommodation and flat.





## Accommodation

Description		
Gross Frontage	47' 8"	14.53 m
Net Frontage	45' 3"	13.79 m
Ground Floor Sales	3,130 sq ft	290.78 sq m
ITZA	1,467 units	
Lower Ground Floor Sales	2,171 sq ft	201.69 sq m
Lower Ground Floor Ancillary	739 sq ft	68.65 sq m
First Floor Ancillary	1,002 sq ft	93.09 sq m
Second Floor Offices	2,552 sq ft	237.08 sq m
Third Floor Offices	2,062 sq ft	191.56 sq m
Fourth Floor Offices	2,006 sq ft	186.36 sq m
Flat - 3 Bed	1,300 sq ft*	120.77 sq m*

\* Gross Internal Area

## Tenure

Freehold.

## Tenancies

### Allsports

The retail unit is let to **Allsports (Retail) Ltd** for a term of 20 years from 2nd August 2002 at a current rent of **£500,000 per annum** subject to 5 yearly upward only rent reviews. The next review being due in August 2007.

### Childline

The office accommodation is let to **Childline** for a period of 10 years from 6th April 2002 expiring 5th April 2012. The current passing rent is **£39,000 per annum** subject to upward only rent review on 6th April 2007. At review the rent will rise in line with the Index of Retail Prices.

The lease excludes the provisions of Sections 24-28 of the Landlord & Tenant Act 1954.

### Flat

The flat is currently let on a 6 month AST agreement at £750 per month – **£9,000 per annum**.

The total income is therefore **£548,000 per annum**.



# market street manchester

## Rental Analysis

The retail rent of £500,000 per annum reflects approximately £285 Zone A applying A/10 to the lower ground retail accommodation and £12.00 per sq ft to the first floor ancillary accommodation.

The office accommodation is let at a rent of £39,000 per annum equating to £5.90 per sq ft.

## Rental Value

The rental tone for Market Street is currently £300 Zone A. This figure has been repeatedly established on units including Vodafone (25 Market Street), Morgan Ladies Wear (27 Market Street), Birthdays (45 Market Street), Clarks (47 Market Street) and Footlocker Shoes (49 Market Street).

Having regard to the above, we are of the opinion that the retail unit has a conservative rental value of £531,500 per annum, based on £300 Zone A, achievable at review in 2007.

The Index of Retail Prices has risen from 174.5 (March 2002) to 186.8 (July 2004) providing a current reversionary rent to £41,460 per annum for the office accommodation.

The residential unit is let at below market rent with local agents suggesting £12,000 per annum as the current market rent. In addition, the unit has an estimated capital value in the order of £250,000.

We are of the opinion that the current open market rental value of the property is **£585,000 per annum**.

## Service Charge

Under the retail and office leases the landlord has the ability to recover a service charge relating to costs incurred by the landlord with regard to repairs, maintenance and management. Further details can be provided on request.

## Covenant

### Allsports (Retail) Ltd (Registration No. 01241398)

For the year ending 25th January 2003 Allsports (Retail) Ltd reported sales of £187.362 million, pre-tax profits of £7.123 million and total net assets of £36.723 million.

### Childline (Registration No. 02622689)

Childline is engaged in the operation of a help line for children and young people in trouble and danger and is a registered charity.

For the year ending 31st March 2003 Childline reported a turnover of £12.550 million, pre-tax profit of £1.172 million and total net assets of £8.426 million.

## VAT

The property is registered for VAT and this tax will be payable on the purchase price.

## SDLT

We are advised that the property lies in a disadvantaged area for SDLT purposes.

## Proposal

We are instructed to seek offers in excess of **£11,350,000** subject to contract and exclusive of VAT for the freehold interest in this property. A purchase at this level would show a purchaser the following yield profile assuming our opinion of ERV and net of purchaser's costs at 1.75%.

Net Initial Yield	<b>4.75%</b>
Nominal Equivalent Yield	<b>5.03%</b>
True Equivalent Yield	<b>5.19%</b>
Reversionary Yield	<b>5.07%</b>



# Investment

## London Office

- 12-13 Conduit Street, Mayfair, London W1S 2XH  
T 020 7491 7323  
F 020 7491 3032

## Bristol Office

- Somerset House, 18 Canynge Road, Clifton, Bristol BS8 3JX  
T 0117 923 9234  
F 0117 923 9237

## Manchester Office

- Peter House, Oxford Street, Manchester M1 5AN  
T 0161 638 5100  
F 0161 638 5101

- Email: [info@htc.uk.com](mailto:info@htc.uk.com)
- [www.htc.uk.com](http://www.htc.uk.com)

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The date of this publication is September 2004

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