



41 QUEEN STREET

C A R D I F F

**PRIME REBASED RETAIL
INVESTMENT FOR SALE**

**JACKSON
CRISS**

INVESTMENT SUMMARY

- Cardiff has one of the strongest and most extensive retail offers in the UK, ranking 7th on the basis of its PMA Retail Score and 7th on the PMA Fashion Score and 10 on the PMA Fashion Square.
- The city boasts c.21 million tourists visit the city each year, bringing in an approximate total spend in excess of £1.3 billion to the local economy and c.25% of Wales' Tourism revenue (Cardiff Tourism Summit).
- Cardiff capital region is the economic powerhouse of South Wales which contributed £3.7bn to the UK economy in 2021 (London Economics, 2022). Cardiff was voted as Europe's third best city to live in (Visit Wales).
- The pedestrianised Queen Street is the main retail thoroughfare in Cardiff, linking the city's three main shopping centres; St David's, The Capitol and Queen's Arcade.
- New 90,000 sq ft Queen Street flagship Flannels, will further strengthen this location.
- Freehold.
- Total floor area of 14,699 sq ft (1,366 sq m).
- Let to Sunrise Records and Entertainment Limited, t/a HMV at a rebased base rent of £150,000 pa which reflects a low passing Zone A rent of £89 per sq ft, reduced from the previous passing rent of £300,000 pa.
- Ability to increase the passing rent through the turnover mechanism in the lease.

We are instructed to seek offers for the freehold interest in excess of **£1,875,000** (One Million Eight Hundred and Seventy Five Thousand Pounds) subject to contract and exclusive of VAT, which reflects a net initial yield of 7.50%, after allowing for standard purchasers costs. The sale price would reflect a capital value of £128 per sq ft.



LOCATION OVERVIEW



Cardiff is located on the south coast of Wales and lies approximately 15 miles (24 km) south west of Newport, 42 miles (68 km) east of Swansea, 43 miles (69 km) west of Bristol and 150 miles (241 km) west of London.



Cardiff is well served by the national rail network. Cardiff Central railway station provides regular direct trains to Newport (12 minutes), Bristol (38 minutes), London Paddington (1 hour 59 minutes) and Birmingham New Street (2 hours). 7.5 million passengers used Cardiff Central station in the year 2021 to 2022 and this is predicted to rise to 32 million by 2043.

Cardiff Queen Street station provides an excellent local rail service, serving The Valleys (Caerphilly, Pontypridd, Merthyr Tydfil) and numerous other destinations. 1.3 million passengers used Cardiff Queen Street station in the year 2021 to 2022. Additionally, a £1.2 billion Cardiff Capital Region deal was signed in early 2016, which aims to improve public transport across the city/region via the provision of a new £734 million South Wales Metro in addition to other projects.



The city boasts excellent road communications and lies 4 miles (6 km) south of the M4 motorway, which provides direct access to London to the east and much of South Wales to the west. The city is only 28 miles (45 km) from the Severn Bridge, close to where the M4 intersects with the M5 motorway north of Bristol.



Cardiff Airport is located 11 miles (18 km) south west of the city centre. The airport caters for over one million seven hundred thousand passengers a year, with over 50 direct routes and more than 900 connecting destinations worldwide through hubs including Amsterdam, Dublin and Barcelona (source: Cardiff Airport).





Atlantic Wharf

Cardiff International Arena

John Lewis Partnership

The Ivy Cardiff

Morgan Quarter

Cardiff Central 

Central Square

Principality Stadium

St Davids Shopping Centre

The Hayes

Cardiff Queen Street Station 

PRIMARK

M&S



ST MARY'S STREET

41 QUEEN STREET CARDIFF

The Capitol

Cardiff Hilton

Cardiff Castle

RETAILING IN CARDIFF

Cardiff has one of the strongest and most extensive retail offers in the UK, ranking 7th on the basis of its PMA Retail Score and 7th on the PMA Fashion Score and 10 on the PMA Fashion Square.



The principal shopping streets include Queen Street and The Hayes, the latter of which is anchored by a 260,000 sq ft John Lewis store to the south, providing the aspirational retail offer in the City. Queen Street runs from west to east, providing the mass market offer with tenants including Next, Primark, JD Sports, M&S and a soon to open 90,000 sq ft flagship Flannels store. The range and quality of Cardiff's fashion offer improved with the opening of the extension to St David's Centre in 2009. The centre offers mass market operators like H&M and Zara, but also many quality/upmarket brands such as Vans, Coast, Reiss, Hugo Boss and Kurt Geiger.



The city has a retail catchment population of **1,648,271**

The retailing is further complimented by the secondary retailing of Queens Arcade and the Capitol Centre. The owners of the Capitol Centre, New River, are in a pre-application consultation with Cardiff Council with a view to a reconfiguration of the existing scheme. Plans include a conversion to a mixed use retail/leisure destination.

The Cardiff Central Square Development, being delivered as a partnership between Legal and General and Rightacres, which is being phased over several years, aims to create a new City Quarter and has already begun to transform the Centre of Cardiff. With BBC Wales, having already moved into their new headquarters as part of the scheme.

| | | | | |
|------------|----------|----------|-----------|-------|
| John Lewis | FLANNELS | M&S | HUGO BOSS | REISS |
| next | Boots | PRIMARK® | VANS | H&M |
| | | | | ZARA |

DEMOGRAPHICS

Cardiff is the capital and largest city in Wales, it is the country's chief commercial centre and base for most national, cultural and sporting institutions. It is one of the UK's fastest growing cities with a predicted 26% population growth rate over the next 20 years (Business News Wales 2018) along with one of the UK's fastest growing employment and business hubs, which in the ten year period leading up to 2020 had a faster rate of employment growth at 20% than all but one core city in the UK (PwC, 2021).

Cardiff benefits from a large catchment area, 315,000 people live within a 15-minute drive time of the city centre. This number rises to over 2.3 million within an hour drive time. 43% of the population is aged in the high spending bracket of 15-44 with 56% of the population classed in the social grade AB C1.

The city is also an important tourist destination and Cardiff City Council estimate that 21 million tourists visit the city each year, bringing in an approximate total spend in excess of £1.2 billion to the local economy. Cardiff's role as a capital city enhances its profile as a major regional centre. It has excellent sporting, tourist and leisure facilities, including the Principality Stadium, exceptional arts facilities and the Cardiff Bay area, which has seen significant development in recent years.



The city also has a significant student population with approximately 75,000 students at the three Universities: Cardiff University, Cardiff Metropolitan and the University of South Wales. Cardiff University is investing c.£600m to upgrade it's campus.





SITUATION

The subject property is situated in a prime trading location in the middle of the pedestrianised Queen Street, close to the main entrance to the St David's Centre. Retailers close by include Primark, JD Sports, Matalan, Marks & Spencer and Next.



PROPERTY DESCRIPTION

The property is arranged over ground, basement and three upper floors and has the benefit of rear access for servicing via Crockherbtown Lane.



ACCOMMODATION

The property comprises the following approximate net internal floor areas -

| | | |
|-----------------------------|--------------|-----------------|
| Overall Frontage | 32 sq ft | (10.05 sq m) |
| Internal Width | 30 sq ft | (8.84 sq m) |
| Ground Floor Sales | 4,982 sq ft | (462.83 sq m) |
| Ground floor ITZA | 1,194 sq ft | (110.92 sq m) |
| Ground floor ancillary | 837 sq ft | (77.75 sq m) |
| Basement Stock | 2,043 sq ft | (189.79 sq m) |
| 1st floor sales / ancillary | 5,670 sq ft | (526.75 sq m) |
| Second floor ancillary | 825 sq ft | (76.64 sq m) |
| Third floor ancillary | 342 sq ft | (31.77 sq m) |
| Totals | 14,699 sq ft | (1,365.57 sq m) |

TENANCY

The entire property is currently let to Sunrise Records and Entertainment Limited t/a HMV, on a 10 year full repairing and insuring lease, limited by a schedule of condition, expiring on 31st January 2026. The passing base rent is £150,000 pa exclusive, with a turnover top up.

In May 2022 the lease was varied to remove the January 2023 tenant only break clause and as part of the variation the rent was reduced in January 2023 from £300,000 pa to a base rent of £150,000 pa and a turnover rent, based on the amount by which 8% of the turnover in each turnover period exceeds the base rent payable in respect of that turnover period.

Further information on the turnover is available on request.

TENURE

The property is held freehold.



RENTAL VALUE

It is our opinion that the passing rent devalues to an approximate Zone A rent of £89 per sq ft, applying A/30 to the basement and second floor, with A/12 to first sales and A/20 to first floor stock. Nil value has been applied to the third floor.

70 Queen Street (Burger King) was let in April 2023 at a headline rent of £125,000 pa which reflects a headline Zone A rent of £135 per sq ft and a net Zone A of £127.45 per sq ft.

We understand that 60 Queen Street is under offer on a new lease at a rent reflecting a Zone A of £103 per sq ft.

As such we believe the property is reversionary and offers excellent future prospects for rental growth.





COVENANT

HMV is an iconic British entertainment retailer of physical media, including CDs, DVDs, Blu-rays, vinyl, books, toys and other pop-culture merchandise.



HMV stands for His Master's Voice and the first store was opened by the Gramophone Company on London's Oxford Street in 1921.

The company was purchased in 2019 by Canadian tycoon Doug Putman, who owns record store chain Sunrise Records and HMV Canada.

The retailer has recently agreed to reoccupy its prime Oxford Street location. The business is not shying away from innovation: a new flagship store called The Vault opened in Birmingham, focusing on vinyl and a live music space.

The summary accounting information can be set out below:

| | 30 May 2022 (£) | 30 May 2021 (£) | 30 May 2020 (£) |
|-------------------|--------------------|--------------------|--------------------|
| Sales Turnover | 150,791,000 | 90,385,000 | 187,932,000 |
| Profit before Tax | 1,974,000 | -243,000 | -198,000 |
| Net Worth | 1,000 | -202,000 | 732,000 |



EPC

The property has an EPC rating of C74.

VAT

The property is elected for VAT purposes. It is anticipated that the investment sale will be treated as a Transfer of a Going Concern (TOGC).

PROPOSAL

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**FOR FURTHER INFORMATION OR TO ARRANGE AN INSPECTION
PLEASE DO NOT HESITATE TO CONTACT:**

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Identity Checks: In order to comply with anti-money laundering legislation, the successful purchaser will be required to provide certain identification checks. The required documents will be confirmed and requested from the successful purchaser at the relevant time.

Messrs. Jackson Criss for themselves and for the vendors or lessors of this property whose agents they are to give notice that: (i) the particulars are set out as a general outline only for the guidance of intending purchasers or lessees, and do not constitute, nor constitute part of, an offer or contract; (ii) all descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other details are given in good faith and are believed to be correct but any intending purchasers or tenants should not rely on them as statements of representations of fact but satisfy themselves by inspection or otherwise as to the correctness of each of them; (iii) no person in the employment of Messrs. Jackson Criss has any authority to make or give any representation or warranty whatever in relation to this property.

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