

1-13 Eastgate Street & 4-8 Northgate Street Chester, CH1 1LG



PRIME MIXED USE INVESTMENT

**jackson
criss**



1-13 Eastgate Street & 4-8 Northgate Street, Chester

Investment Summary

Chester is one of the UK's premier retail destinations and the commercial and administrative centre for Cheshire.

The historic cathedral city of Chester has an estimated population of 88,000 people (2021) with a further 1.3m people living within a 30-minute drivetime.

Affluent population which is projected to see above average growth over the period 2020-2025.

The city has in excess of 17,900 students and a high level of tourism which contributes to the total retail expenditure of £1.86 billion per annum.

The property is situated in a 100% prime trading location on the corner of the pedestrianised Eastgate Street and Northgate Street, which will benefit from the Northgate development.

Well configured mixed use investment providing a total floor area of 35,663 sq ft (3,314 sq m).

89% of the income is let to multiple retailers, with tenants including Fat Face, EE, Signet, Beaverbrooks and Hotel Chocolat.

Tenure – predominantly Freehold with part leasehold.

Wault to expiry of 3.0 years and 2.7 years to break.

The vendor is seeking offers in excess of **£9,500,000 (Nine Million Five Hundred Thousand Pounds)** subject to contract and exclusive of VAT, which reflects an attractive **net initial yield of 10.06%** and a low capital value of c.£266 per sq ft.

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WALK PAST OF THE BLOCK](#)





Location

The cathedral city of Chester is an affluent city that is located in the north west of England. The city is famed for its extensive Roman walls and is recognised for its historical and architectural appeal. Chester has an estimated population of 88,000 people (2021) with a further 1.3m people living within a 30-minute drivetime.

The city is located approximately 20 miles (32 km) south of Liverpool, 35 miles (56 km) south west of Manchester and 205 miles (332 km) north west of London.

Communications



Road

Chester benefits from an excellent road network, including the M53 (Liverpool) and the M56 (Manchester), as well as the A55 (Holyhead) and the A483 (Wrexham and Swansea).



Air

Chester offers fantastic international connectivity, with Liverpool John Lennon Airport and Manchester International Airport both being within a 40 minute drive time of Chester.



Rail

Chester's recently refurbished railway station provides services throughout the UK, including a direct service to London Euston (fastest journey time 2 hours), Manchester (54 minutes), Liverpool Lime Street (45 minutes), Cardiff (2 hours 49 minutes), Leeds (2 hours 17 minutes) and Birmingham (1 hour 24 minutes).

The historic cathedral city of Chester is located in the north west of England





Demographics

Chester is projected to benefit from above average population growth over the period 2019–2024. This will further build on the city's established tourism industry and drive leisure and retail spend within the local area. Chester city centre retains 67% of spend within its catchment population with little leakage of spend to other nearby cities.

(CACI, 2021).

Also present within the city is the University of Chester, where there are approximately 17,900 students (2020/21 academic year). Chester's main industries are service based, heavily focussed on tourism, the retail industry, public administration, and financial services.

The city has a total population of 780,000, with a significant proportion of the population being classified as affluent with 57% of residents being within the ABC1 social groups. The city benefits from a total of 1.3 million people within a 30 minute drive time. Chester is a prosperous city that over-represents in the most affluent major Acorn group, "Affluent Achievers", with other wealth sub-groups ("Executive Wealth", "Mature Money" and "Countryside Communities") also beating UK averages.

(CACI, 2021).

Chester boasts many historic sites which attract 14 million tourists per annum from around the world and has a per capita total retail spend that is comparable to the PROMIS average. Additionally, Chester Zoo was the 3rd most visited attraction in the UK in 2021, with 1.6 million visitors, ahead of the Natural History Museum.

(BBC, 2022).

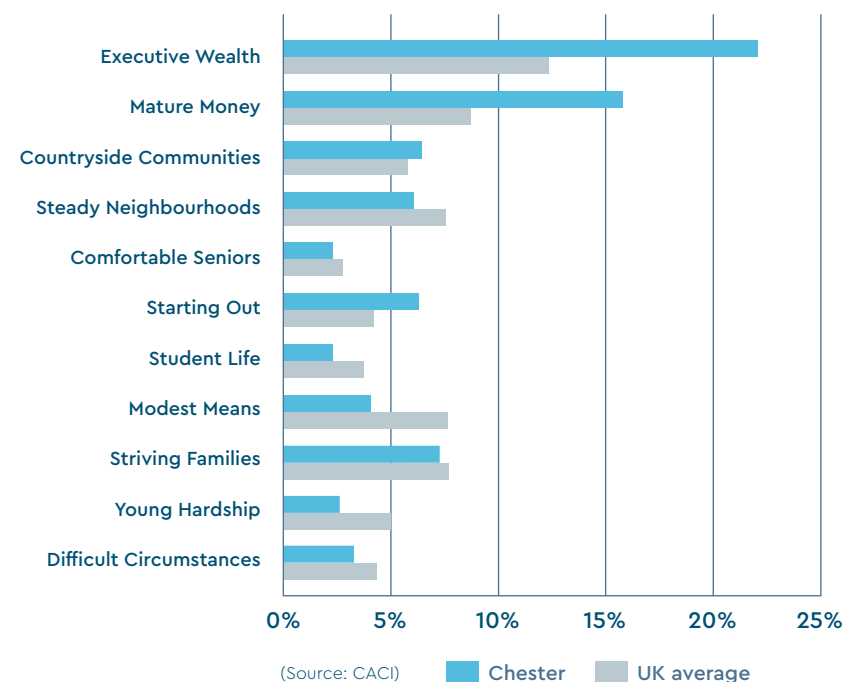


1.3 million people within a 30-minute drive of Chester



14 million tourists each year

Chester Acorn Groups



Investment in Chester

City Place

The £120 million development is a flagship mixed-use scheme that is situated in the Central Business Quarter, adjacent to the refurbished Chester railway station. The scheme will provide in excess of 500,000 sq ft of Grade A office accommodation, associated retail and leisure units, 200 residential units and new public realm space. The development is set to complete by 2028.

Chester Northgate

Chester Council's £72m development, Chester Northgate, will also assist in driving local economic growth. Works started in July 2020 and will transform the north west of the city centre by providing a six-screen pre-let Picturehouse cinema (715 seats), café, bars, restaurants, a new indoor market, additional car parking (788 spaces), co-working office space and a new public square. The development is currently set to open in autumn 2022. The subject block is well placed to benefit significantly from the development.

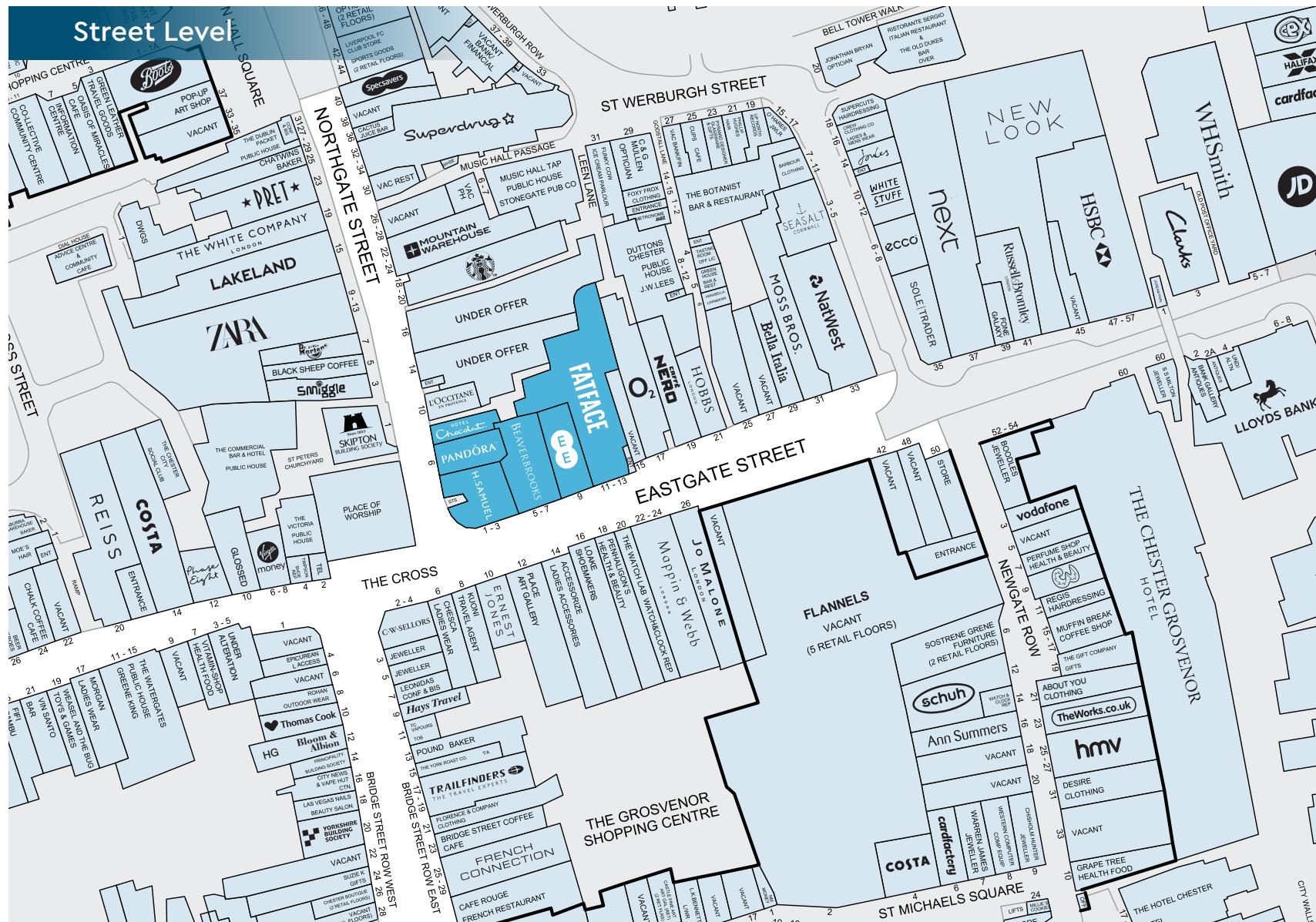
Chester is also due to benefit from Cityfibre's £4 billion Gigabit investment program. This will improve Chester's connectivity and represents a large-scale upgrade to the currently existing digital infrastructure.



Situation

The subject property is situated in a 100% prime trading location on the corner of the pedestrianised Eastgate Street and Northgate Street. Nearby retailers include Dr. Martens, The White Company, Zara, Waterstones, Jo Malone London, Moss Bros, Flannels, Space NK and Next.

Street Level



Rows Level





CHESTER IS ONE OF THE TOP RETAIL DESTINATIONS WITHIN THE NORTH OF ENGLAND WITH A TOTAL RETAIL EXPENDITURE OF £1.86 BILLION PER ANNUM, WITHIN THE TOP 40 OF THE 200 PROMIS CENTRES*

*PROMIS, Chester

Retailing in Chester

The prime retailing is concentrated on the pedestrianised Eastgate Street, Northgate Street, The Grosvenor Centre and Foregate Street, which are complimented by Watergate Street and Bridge Street.

The historic "Rows" shopping destination that is situated within the city's Roman walls is pedestrianised and characterised by small individual units that helps to increase the local dwell time.

Retailers located nearby include Jo Malone, White Company, Next, Russell & Bromley, Flannels, Mappin & Webb and Fat Face.

Chester is home to two shopping centres, The Grosvenor Centre and The Forum Shopping Centre. The former is the bigger of the two at c.245,000 sq ft and is anchored by Sports Direct and TK Maxx, which can be accessed off both Bridge Street and Eastgate Street. The latter is anchored by B&M and Chester's popular daily indoor market and lies within the council's Northgate redevelopment area.



3.3% per annum Retail Expenditure Growth forecasted to 2025



No.1 Vitality Retail Centre in The North West



Description

The property comprises a large primarily retail property, arranged over basement, ground and three upper floors, benefitting from sales accommodation on both the ground floor and Row level (above the ground floor). On the upper level floors there are three small self-contained office suites.

The property is currently multi let to 17 tenants and consists of the following:

- 4 prime shops fronting Eastgate Street
- 3 prime shops fronting Northgate Street
- 4 row level shops/restaurants
- 4 kiosks
- 3 office suites

We understand that the ownership is not listed but is situated within the Chester City Centre Conservation Area.

Accommodation

The property comprises approximately 35,663 sq ft (3,314 sq m) of floorspace as detailed in the tenancy and accommodation schedule.

Tenure

The property is held Freehold, save for 1/3 Eastgate Street, which is held on a head lease from Chester City Council, for a term of 125 years from 11th January 1993 at a current head rent of £115,301 per annum. The headlease reviews are 5 yearly and are geared to the occupational tenancy rents for the shop and offices. The last 2 rent reviews have been at a nil increase.



Tenancies

The property is currently let to 17 tenants as detailed in the tenancy and accommodation schedule, producing a current gross rent of £1,174,000 pa, which nets down to £1,019,722 pa after deduction of the landlord shortfalls and headrent payable at 1-3 Eastgate Row.

The Wault to expiry is 3.0 years and 2.7 years to break.

There are currently landlord shortfalls of £38,977 pa as detailed in the tenancy schedule.

Service Charge

The service budget for year-end 31st December 2022 is £180,709 pa. Further information is available on request.



Tenancy and Accommodation Schedule

Unit	Tenant	Floor Areas sq ft	Floor Area Total sq m	Lease Start	Lease Expiry	Next Tenant Break date	Passing Rent £pa	Rent Review Date	Service Charge Shortfall	Experian Score	EPC	Comments
13 Eastgate Street & 7 Eastgate Row	Fat Face Limited	G/F: 3,638 ITZA: 1,200 F/F: 2,459 S/F: 2,875 T/F: 590 Total: 9,562	888	18/05/2015	17/05/2025	-	£285,000	-	-	15	D93	Within 1954 Act.
9-11 Eastgate Street	EE Limited	G/F: 2,140 ITZA: 1,080 B/ment: 780 Total: 2,920	271	01/11/2019	31/10/2024	-	£197,500	-	-	100	D76	Within 1954 Act. Tenant did not serve break clause effective 01/11/2022. Tenant has been in occupation for over 20 years.
1-3 Eastgate Street	Signet Trading Limited	G/F: 969 ITZA: 897.5 B/ment: 648 Total: 1,617	150	05/06/2019	04/06/2024	-	£137,500	-	-	100	C64	Within 1954 Act. Monthly rent as personal concession. Tenant has been in occupation for over 20 years.
5/7 Eastgate Street	Beaverbrooks The Jewellers Ltd	G/F: 1,399 ITZA: 838 B/ment: 671 Total: 2,070	192	28/10/2013	27/10/2028	-	£175,000	-	£5,671	100	E104	Within 1954 Act. Reversionary lease granted from 28/10/2023. Monthly rent in lease. Service Charge cap which increases by 2.5% pa.
4 Northgate Street	Signet Trading Limited	G/F: 752 ITZA: 490 Total: 752	70	05/06/2019	04/06/2024	-	£72,500	-	-	100	C64	Within 1954 Act. Monthly rent as a personal concession. Tenant has been in occupation for over 20 years.
6 Northgate Street	Pandora Jewellery UK Limited	G/F: 1,039 ITZA: 671 B/ment: 736 Total: 1,775	165	25/03/2019	24/03/2024	-	£110,000	-	-	100	D98	Within 1954 Act. Tenant did not serve break in 3rd year.
8 Northgate Street + remote ancillary basement store	Hotel Chocolat Stores Limited	G/F: 570 ITZA: 398 B/ment: 465 Total: 1,035	96	24/06/2021	23/06/2024	-	£52,000	-	-	54	C61	Within 1954 Act.
5 Eastgate Row	Pictura Studio's Ltd (formerly The School of Art Ltd)	Row level Sales: 1,785 ITZA: 1,016 S/F Store: 2,126 T/F Store: 638 Total: 4,549	423	30/06/2020	29/06/2025	29/06/2023*	£20,000	-	£14,079	-	D98	Excluded from 1954 Act. Service Charge cap at £9,000. *Lease to be varied to remove break.
1-3 Eastgate Row	Plant Based Dining Limited	Row level Sales: 1,618 ITZA: 1,392 Seating area S/F: 1,536 T/F: 1,268 F/F: 212 Total: 4,634	431	12/03/2020	11/03/2030	12/03/2025*	£50,000	12/03/2025**	£5,654	51	C62	Within 1954 Act. Break Penalty £12,500 excl. VAT. **Rent increases to £55,000pa on 12/03/2025. *Tenant has agreed to remove break clause effective 12/03/2025 and will receive 6 months rent free.

(CONTINUED ON NEXT PAGE)

Tenancy and Accommodation Schedule (CONTINUED)

Unit	Tenant	Floor Areas sq ft	Floor Area Total sq m	Lease Start	Lease Expiry	Next Tenant Break date	Passing Rent £pa	Rent Review Date	Service Charge Shortfall	Experian Score	EPC	Comments
2nd floor 1/3 Eastgate Row	Morgan Maire & Co. Limited	558	52	23/08/2020	22/01/2026	22/01/2023	£4,500	-	£2,828	94	E112	Excluded from 1954 Act. Service Charge included in Yearly Rent.
4 Northgate Row (1st,2nd,3rd)	Chester Bridal Limited	Row level Sales: 977 ITZA: 678 S/F: 1,108 T/F Store: 611 Total: 2,696	250	03/06/2013	02/06/2023	-	£20,000	-	£3,327	83	D99	Within 1954 Act. Rent Deposit of £6,000. Service Charge cap which increases in line with RPI.
6 Northgate Row	Laura Mary Heywood (t/a The Scented Garden)	Row level Sales: 718 ITZA: 518 S/F: 657 Total: 1,375	128	16/03/2015	15/03/2025	-	£12,000	-	-	-	E107	Excluded from 1954 Act. Tenant received a Service Charge concession of £3,650pa for 2 years due to Covid. Vendor will top up. Tenant did not operate 2020 break clause.
Kiosk 4 1a Eastgate Row	Sahar Mall	Row level Sales: 184	17	11/03/2022	10/03/2025	-	£7,000	-	£955	-	D84	Excluded from 1954 Act. Rent inclusive of Service Charge.
Kiosk 3A Eastgate Row	Murat Yuce	Row level Sales: 201	19	06/11/2019	05/11/2024	-	£8,000	-	-	-	C62	May 2022 tenant break not exercised. Excluded from 1954 Act. Rent Deposit £2,000. Service Charge cap at £750pa.
Kiosk 5a Eastgate Row	Void – under offer to Ozhan Turan	Row level Sales: 142	13	-	-	-	£6,000	-	-	-	D90	Under offer at £6,000 excl. Excluded from 1954 Act.
Kiosk 7a Eastgate Row	Hanim Demirdas	7a Kitchen: 153 Seating Area: 500 (36 covers) Total: 653	61	01/10/2020	30/09/2025	-	£8,000	-	£1,658	-	E110	Excluded from 1954 Act. Tenant has applied for consent to assign to Ozhan Turan. Currently with solicitors. Service Charge cap at £1,500pa.
1st floor office 1–3 Eastgate Row	u/o Shrub Events Limited	Office: 728	68	-	11/03/2030	-	£5,000	-	£3,768	-	E109	Rent inclusive of Service Charge. Rent increases to £6,500 from 12/03/2025.
3rd floor office 1/3 Eastgate Row	Ben Miotti (t/a Addicted)	212	20	08/07/2022	07/07/2027	07/01/2024 07/07/2025	£4,000	-	£1,037	-	E102	Under offer at £4,000pa. Excluded from 1954 Act. Tenant only breaks at 18 months and 3 years on 3 months notice. Tenant deposit equivalent to 2 months rent plus VAT.
TOTAL		35,663	3,314				£1,174,000		£38,977			

WAULT To Expiry	3.0 years
WAULT To Break	2.7 years

Total Rent Received	£1,174,000
Less 1–3 Eastgate Street Ground Rent	-£115,301
Less Landlord Shortfalls	-£38,977
Net Operating Income	£1,019,722

Covenant Strength

A sample of the covenant strength is indicated below, based on the top 5 tenants by rental income:

Fat Face Limited

(Company No. 02954734)

FATFACE

Fat Face is a British lifestyle clothing and accessories retailer that was founded in 1988. Since then, Fat Face has grown to have over 200 stores and offerings across women's, men's, kids, footwear, accessories and household goods.

Fat Face Limited has an Experian rating of 64/100 deeming the company 'Above Average Risk'.

	29th May 2021	30th May 2020	1st June 2019
Turnover	£151,331,000	£198,238,000	£236,419,000
Pre-tax Profit	(£13,625,000)	(£28,549,000)	(£268,404,000)
Total Net Worth	£3,726,000	(£155,310,000)	(£120,134,000)

EE Limited

(Company No. 02382161)

EE is a mobile network operator and internet service provider, which is a brand within the BT Group. The company is the second-largest mobile network operator in the UK, with 26.1 million subscribers as of September 2021.



EE Limited has an Experian rating of 100/100 deeming the company 'Very Low Risk'.

	31st Mar 2021	31st Mar 2020	31st Mar 2019
Turnover	£6,971,000,000	£7,264,000,000	£7,149,000,000
Pre-tax Profit	£1,381,000,000	£1,643,000,000	£1,440,000,000
Total Net Worth	£4,028,000,000	£2,957,000,000	£2,176,000,000

Signet Trading Limited

(Company No. 03768979)

SIGNET JEWELLERS

Signet Trading Limited (Signet Jewelers) is the world's largest retailer of diamond jewellery. Signet operates approximately 2,800 stores under the name brands of Kay Jewelers, Zales, Jared, H.Samuel, Ernest Jones, Peoples Jewellers, Banter by Piercing Pagoda, JamesAllen.com, Diamonds Direct and Rocksbox.

Signet Trading Limited has an Experian rating of 99/100 deeming the company 'Very Low Risk'.

	30th Jan 2021	1st Feb 2020	2nd Feb 2019
Turnover	£273,715,000	£404,122,000	£437,385,000
Pre-tax Profit	(£24,577,000)	£3,867,000	(£4,784,000)
Total Net Worth	£246,458,000	£258,339,000	£254,051,000

Beaverbrooks The Jewellers Ltd

(Company No. 00321773)

BEAVERBROOKS

Beaverbrooks is an award winning and family-owned jewellers that has been providing its services in fine jewellery, diamonds and watches for over 100 years.

Beaverbrooks The Jewellers Ltd has an Experian rating of 100/100 deeming the company 'Very Low Risk'.

	27th Feb 2021	28th Feb 2020	2nd Mar 2019
Turnover	£123,121,000	£143,211,000	£127,434,000
Pre-tax Profit	£10,054,000	£10,703,000	£4,916,000
Total Net Worth	£68,605,000	£64,975,000	£59,863,000

Pandora Jewellery UK Limited

(Company No. 06654012)

PANDORA

Pandora is a Danish jewellery manufacturer and retailer that was founded in 1982. The company is renowned for its customisable charm bracelets, designer rings, earrings, necklaces and watches.

Pandora Jewellery UK Limited has an Experian rating of 100/100 deeming the company 'Very Low Risk'.

	31st Dec 2020	31st Dec 2019	31st Dec 2018
Turnover	£359,679,000	£338,279,000	£332,669,000
Pre-tax Profit	£16,058,000	£42,342,000	£47,776,000
Total Net Worth	£44,380,000	£30,901,000	£30,328,000



VAT

We understand that the property is elected for VAT and therefore VAT will be payable on the purchase price. It is envisaged that the sale will be dealt with as a Transfer Of a Going Concern (TOGC).

EPC

We have set out the EPC ratings provided by the vendor for the property in the tenancy schedule.



Proposal

We have been instructed to seek offers in excess of **£9,500,000 (Nine Million Five Hundred Thousand Pounds)**, subject to contract and exclusive of VAT for the benefit of our client's majority freehold and part leasehold interests in the subject property. A purchase at this level would reflect a **net initial yield of 10.06%**, net of standard purchaser's costs.

The sale price reflects a low capital value of c.£266 per sq ft.

22/24 Eastgate Street (Mappin & Webb) has just sold for £2.475m reflecting a net initial yield of 8.74% and a capital value of £327 per sq ft. The freehold was let to Watches of Switzerland at a rent of £200,000pa from November 2021 reflecting £156.50 Zone A and included a void Row unit with a rental guarantee.



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.

Further Information

For further information, please contact the sole agent Jackson Criss:

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OF THE BLOCK



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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. September 2022. Alamo Design 0770 3772138.