



103/105  
MARKET STREET  
& 79A  
ARNDALE CENTRE  
**MANCHESTER**

PRIME FLAGSHIP RETAIL INVESTMENT FOR SALE

jackson  
criss



# INVESTMENT SUMMARY

- Manchester is the largest financial and business centre outside of London and is regarded as being the capital of the north, ranked by KPMG as the most competitive business location in Europe since 2010.
- Consistently one of the best PMA centres ranked 1st of the top 200 Promis Centres based on its consumer population and 2nd on the PMA Fashion Score.
- Manchester is home to the UK's third-largest airport outside London and is the most visited city in England by overseas visitors, aside from the capital and Edinburgh, with over 1.15m overseas visitors pa, worth £7.5 billion pa (based on pre-covid figures). HS2 should make Manchester Piccadilly one of the best-connected and productive locations in the UK, with London potentially just over 1 hour away.
- The property occupies a prime position on the city's traditional prime retail thoroughfare.
- Well-configured retail investment providing a total floor area of 21,699 sq ft over 5 levels.
- Predominately Freehold.
- Most of the property is let on a lease to the strong covenant of **Holland & Barrett Retail Limited** with just under 5 years unexpired. The tenant has invested in the store through the creation of a 'Wellness Hub' at first floor, which is only the tenant's second one in the UK after Marble Arch London.
- The vendor is seeking offers in excess of **£7,000,000 (Seven Million Pounds)** subject to contract and exclusive of VAT which reflects an attractive net initial yield of 7.25% after deduction of anticipated standard purchaser's costs and a low capital value of c.£323 per sq ft.





# LOCATION

**GREATER MANCHESTER HAS A POPULATION OF APPROXIMATELY 2.8 MILLION, WITH IN EXCESS OF 12 MILLION PEOPLE WITHIN A 50-MILE RADIUS OF THE CITY CENTRE AND BOASTS THE LARGEST TRAVEL TO WORK AREA OF ANY CONURBATION OUTSIDE OF LONDON.**

The Greater Manchester region has benefited from large scale development in recent years, including the ongoing Metro Link expansion, and £650 million MediaCityUK development. The largest development in the North West – Noma - is being undertaken at a cost of £800 million. The 20-acre masterplan is creating new homes, offices, hotels, shops and restaurants. Further large-scale development is planned for the city including the £85 million Oxygen, comprising a 3 tower development of 10, 16 and 36 storeys respectively. The scheme is expected to house 372 one and two-bedroom apartments as well as 12 townhouses.

The Northern Powerhouse and HS2 will boost the North's economic future. The estimated benefit from the infrastructure investment is a £14.4 billion contribution to the UK economy, the creation of 74,000 new jobs in the North and the equivalent of 58,000 cars being removed from the road by 2060.

Furthermore, approximately £13 billion of expenditure is proposed to be invested in transport infrastructure across the North including plans for High Speed 2 and 3, which would half the journey time to London to an improved travel time of just 68 minutes.

Major employers in the city include several blue-chip businesses such as Amazon, Barclays, BBC, ITV, HSBC, Kellogg's, Ericsson, dock10, Natwest and numerous legal and professional firms.

The city is proving to be increasingly attractive to tech industries with Amazon recently opening a new office specialising in R&D software development, while GCHQ are planning to open an intelligence facility in the city centre.

A merger of the University of Manchester and UMIST kick-started a £500 million building programme known as "Knowledge Capital" with the aim to become a top 10 UK university.

Manchester has five universities providing one of the largest student populations in Europe with an estimated 100,000 students. The city is also a thriving tourism, sporting and cultural economy. Key attractions in the city include the Manchester Arena (one of Europe's busiest indoor venues), Imperial War Museum North, The National Football Museum, Old Trafford Cricket Club, Manchester United and Manchester City Football Clubs, the National Cycling Centre and the UK's best theatre scene outside London with a wide array of theatres.



# COMMUNICATIONS

## ROAD

Manchester benefits from an excellent and highly developed transport infrastructure with the M60 Orbital Motorway connecting Greater Manchester with the M62, M61, M66, M67 and M56 motorways and providing a direct link to the national motorway network beyond.

**“22 MILLION PEOPLE LIVE WITHIN A 2-HOUR DRIVE TIME”**

## TRAM

The Manchester Metrolink System was the UK's first modern street operating light rail system and now serves a significant proportion of the Greater Manchester conurbation, linking Bury, Oldham, Altrincham and Eccles, Ashton-under-Lyne, Rochdale, East Didsbury, MediaCityUK and Manchester Airport to the city centre. The recently completed £185 million Second City crossing has improved the capacity, flexibility and reliability of the Metrolink system and also includes a new tram stop on Exchange Square.

## AIR

Manchester Airport is the largest UK regional airport and is located 13 km (8 miles) south of Manchester city centre. The airport operates over 200 direct flights to worldwide destinations with access to most of western Europe within 3 hours and daily direct flights to multiple US cities and the Middle East hubs. The airport benefits from a direct rail link into the city centre with a journey time of approximately 15 minutes. A terminal 2 extension was opened in July 2021 and along with other works is projected to see passenger numbers increase to 50 million each year by 2050.

## RAIL

There are two mainline rail stations within the city centre (Manchester Piccadilly and Manchester Victoria), which provide intercity services throughout the UK including direct, regular services to London (fastest journey time under 2 hours), Edinburgh (3 hours 19 minutes) and Cardiff (3 hours 29 minutes).





# SITUATION

The subject property occupies a prime trading location on the pedestrianised Market Street close to its junction with High Street and Fountain Street. The unit adjoins the Manchester Arndale Centre frontage and sits adjacent to Uniqlo whilst in close proximity to TK Maxx and Urban Outfitters.





## RETAILING IN MANCHESTER

**MANCHESTER IS ONE OF THE UK'S TOP RETAIL DESTINATIONS WITH AN ESTIMATED RETAIL FLOORSPACE OF 2.7 MILLION SQ FT AND A RETAIL SPEND OF CIRCA £3.9 BILLION PER ANNUM.**

The city ranks 1st out of the UK PROMIS Centres, based on its consumer base of 683,000 people.

The city ranks 3rd on the basis of the non-food PMA Retail Score and 2nd on the PMA Fashion Score. Major anchor store retailers represented include Selfridges, Harvey Nichols, Marks & Spencer, Next and Primark.

Manchester Arndale Centre comprises 1.4 million sq ft and is anchored by Next with a full line up of national operators such as JD Sports, Superdry, Sports Direct and River Island. The Centre provides a footfall of over 40 million and is considered to be one of the UK's premier shopping centres.

St Ann Street/St Ann's Square is the historic retailing core, home to exclusive shops linking Deansgate, King Street, The Royal Exchange Arcade and Market Street.

Spinningfields is the city's leading business and leisure destination and is one of the UK's most visited city centre destinations


with over 5.5 million visitors per year, with daily footfall in excess of 14,000 people, and annual retail and leisure spend in excess of £80 million.

The former Debenhams store which was bought for £87m in 2017 by AM Alpha will be reconfigured to provide retail/leisure uses at ground floor and basement with offices on the upper floors including a new four storey roof top extension.

The prime retailing in the city is predominately focused along the pedestrianised Market Street, which the Manchester Arndale and the New Cathedral Quarter front. Market Street is the city's main shopping thoroughfare linking the city centre and Manchester Piccadilly station. Major retailers on the street include Marks & Spencer, Primark, Boots, H&M, Mango, Adidas and Uniqlo.


Investec have received planning approval to transform the former House of Fraser store on Deansgate into a 500,000 sq ft office scheme.



 **2.8**  
**MILLION**

people live in Greater Manchester

**100,000**

students across 5  universities and a highly educated workforce

More than **80 FTSE 100** companies are based in Manchester 

Greater Manchester has a gross GDP of **£62 BILLION** making it one of the most successful urban zones outside of London 



**MANCHESTER** is the largest and fastest growing regional capital centre in the UK



**MANCHESTER**  
GVA £22.5bn (ONS 2018)

Highest number of theatre seats per head of population outside London



**STRONG CIVIC LEADERSHIP**

transformational change delivered by Manchester City Council and the private sector over the last 20 years





# DESCRIPTION

The demise to Holland & Barrett comprises a retail unit arranged over basement, ground and first floor.

The second and third floors are outside of the occupational lease demise and have been voided off by the vendor and are currently only accessed via the rear concrete fire escape.





# ACCOMODATION

The property comprises the following approximate dimensions and areas:

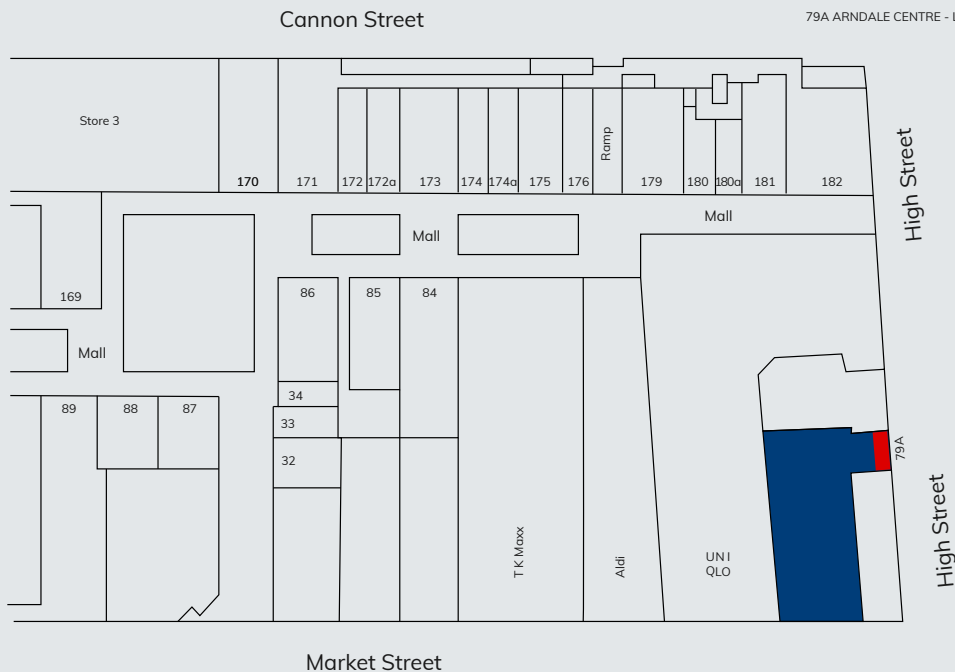
Overall Frontage	45 ft 0 ins	13.72 m
Internal Width	42 ft 8 ins	13.00 m
Ground Floor Sales	5,167 sq ft	480.03 sq m
Ground Floor ITZA	1,699 sq ft	157.84 sq m
First Floor sales & ancillary	4,045 sq ft	375.79 sq m
Basement Ancillary	4,080 sq ft	379.04 sq m
<b>Second Floor (Void – L/L)</b>	<b>4,094 sq ft</b>	<b>380.35 sq m</b>
<b>Third Floor (Void – L/L)</b>	<b>4,313 sq ft</b>	<b>400.69 sq m</b>
<b>Total Floor Area</b>	<b>21,699 sq ft</b>	<b>2,015.90 sq m</b>

\* The tenant has recently converted the first floor sales area into a 'Wellness Hub' which is only the second one in the tenant's portfolio after Marble Arch London.



103/105 MARKET STREET - FREEHOLD TENURE

79A ARNDALE CENTRE - LEASEHOLD TENURE



For identification purposes only

# TENURE

103/105 Market Street is held freehold. In addition there are two adjoining leasehold titles included within the sale.

79A Arndale Centre comprises a ground floor demise of c.225 sq ft held on a lease for a term of 99 years (less one day) from 25th March 1980 (with the option to renew for a further 26 years (less 10 days)) at a current rent of £11,000 pa exclusive. Rent reviews are at 29th September 2023 and 5 yearly thereafter. We do not currently believe that this rental will increase at the 2023 review. The demise is highlighted in red on the plan opposite for identification purposes.

The second leasehold element is held on a lease for a term of 125 years (less 10 days) from 25th March 1980 at an annual rent of a peppercorn, plus a further £100 pa, (exclusive) for the car parking right mentioned below. The car parking rent is subject to 21 year rent reviews. The next review is 24th March 2022. This lease relates to a loading bay, goods lift, staircases and fire escape forming part of the Arndale Centre, together with a right to use 2 car parking spaces. The car spaces allocated to Holland & Barrett may be relocated by the landlord. The parking rights have not been passed on to Holland & Barrett.



## TENANCY

103/105 Market Street and 79A Arndale Centre, Manchester, are let to Holland & Barrett Retail Limited on an effective Full Repairing and Insuring lease recoverable by a service charge, for a term of 10 years from 10th October 2016, expiring 9th October 2026 at a current rent of £570,000 pa exclusive.

The tenant pays a current annual service charge of £20,283.55 pa (exclusive of VAT) for the year to 31st March 2022. The service charge apportionment for the vacant upper floors is £11,256.78 pa (exclusive of VAT).

The total shortfalls relating to the void second/third floors including service charge, rates and insurance amount to £18,559.14 pa (exclusive of VAT), detailed as follows:

Service charge	£11,256.78
Insurance	£2,412.16
Rates payable	£4,890.20
<b>Total</b>	<b>£18,559.14</b>

The net rent receivable after the head rent payable of £11,100 pa and the shortfall costs relating to the void second and third floors is £540,340.86 pa.

## RENTAL VALUE

47 Market Street was let to Sky in June 2021 at a rent of £320,000 p.a, which reflected a headline ZA of c.£205.60 per sq ft. The tenant took a 10-year lease with a break at year 5.

It is our opinion that the estimated headline rental value of the Holland & Barrett demise as of today's date would lie in the region of £470,000 pa applying a Zone A rent of £205 per sq ft, applying A/10 to first floor sales and A/20 to basement ancillary.

We have not attached any value to the second/third floors which would have an alternative use value if possession of the retail space was made available and alternative access provided.





# COVENANT

**HOLLAND & BARRETT RETAIL LIMITED**  
(COMPANY NO: 02758955)

**Holland & Barrett**

Formed in 1870, Holland & Barrett (H&B) is a chain of health food shops with over 1,300 stores in 16 countries, including a substantial presence in the United Kingdom, Republic of Ireland, Netherlands, Belgium, China, Hong Kong, India, Saudi Arabia and UAE. Holland & Barrett Retail Limited currently has an Experian risk score of 100/100 reflecting a very low risk.

The summary account information can be highlighted as follows:

YEAR	30/09/2020 £	31/09/2019 £	30/09/2018 £	Experian Score out of 100
Turnover	413,639,000	477,883,000	478,649,000	100
Pre Tax Profit	5,749,000	-18,319,000	66,605,000	
Total Net Worth	254,042,000	262,430,000	299,406,000	

## VAT

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

## EPC

The property has the following EPC ratings:

Basement, ground and first floor 103/105 Market Street **C64**  
Second/third floor 103/105 Market Street **E108**

A copy of the EPC certificate and report is available on request.





# PROPOSAL

We are instructed to seek offers in excess of **£7,000,000 (Seven Million Pounds)**, subject to contract and exclusive of VAT, based on the net income received.

A Purchase at this level would reflect the following yield profile net of anticipated standard purchaser's costs: -

<b>Net Initial Yield</b>	<b>7.25%</b>
<b>Reversionary Yield</b>	<b>5.91%</b>
<b>Equivalent Yield</b>	<b>6.14%</b>

The sale price reflects a low capital value of £323 per sq ft.

The principal comparable evidence can be set out below: -

## **St Marys Gate, Bank House, Manchester (Paperchase and Oliver Bonas)**

Long leasehold investment with c.180 years unexpired sold in May 2021 for £6.665m. The investment was let to Oliver Bonas and Paperchase, with the price reflecting an equivalent yield of c.5.5% with void costs and a reversionary yield of c.6%.

## **46/48 Northumberland Street, Newcastle (Superdrug)**

Overrented freehold investment let to Superdrug for 6 years sold in December 2020 for £7.46m which reflected a net initial yield of 8.25% and an equivalent yield of 4.75%.

## **48/50 Market Street, Manchester (Clydesdale Bank)**

Freehold retail investment sold in October 2020 for £11.8m which reflected a net initial yield of 5.4% and an equivalent yield of 5.12%. The sale price reflects an overall capital value of c.£1,007 per sq ft.

## **28/32 St Ann Street, Manchester (Cos)**

Freehold retail investment let to H&M on a 15-year lease from June 2019, subject to a tenant only break in the 5th, 8th and 11th years was sold in February 2020 for £5.95m, reflecting a net initial yield of 6.31% and an equivalent yield of c.6%.

## **52/56 Market Street, Manchester (Adidas)**

Freehold retail investment with 7 years to expiry and 2 years to break let at a rent of £550,000 pa, sold in October 2019 to a Hong Kong investor for £10.31m, which reflected a net initial yield of 5%.







# 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.

For further information or to arrange an inspection of the property, please contact:

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