

48-50 HIGH STREET &
84-86 CULVER STREET EAST
COLCHESTER

PRIME SOUTH EAST RETAIL
INVESTMENT OPPORTUNITY



LEWIS ELLIS

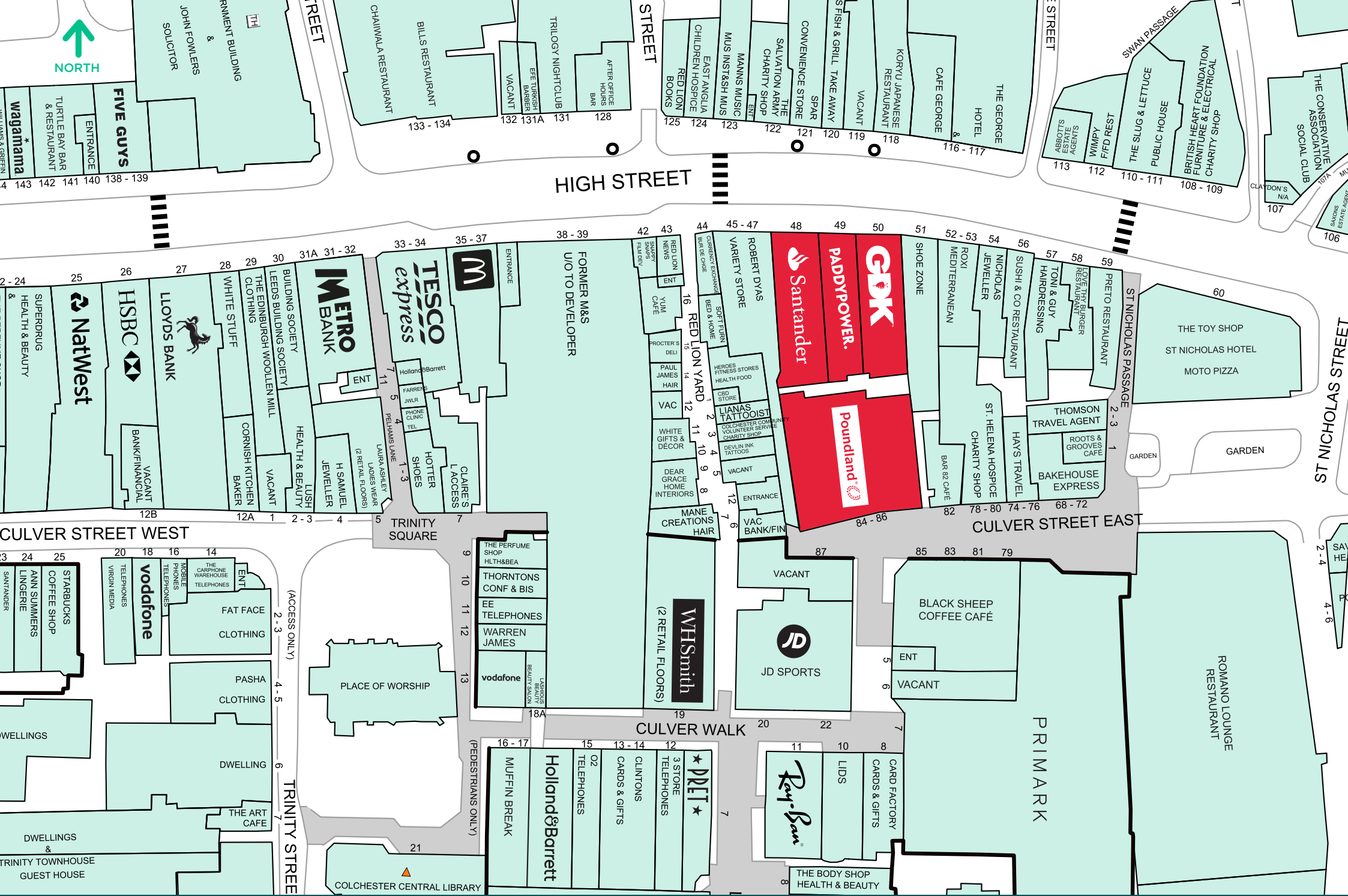


INVESTMENT SUMMARY

- > Colchester is a popular South East commuter city and a **key commercial and retail centre** located in the county of Essex.
- > Being under an hour from London by train, the city is considered a **top 10 commuter destination**.
- > Colchester's population has recently grown by 11.3%, making it one of the **East of England's fastest growing areas**.
- > The property totals **41,005 sq ft (NIA)** and comprises three retail units situated in a prime position on High Street, with a fourth retail unit to the rear fronting Culver Street East.
- > Multi-let to the strong covenants of **Santander, Paddy Power, Poundland** and **German Doner Kebab**, producing a current rental income of **£369,500 per annum**.
- > **WAULT** of 4.1 years to expiry and 2.1 years to break.
- > **Significant residential development potential of the upper parts**, subject to vacant possession and planning.
- > The property is held **freehold**.

Offers sought in excess of **£2,890,000 (Two Million, Eight Hundred and Ninety Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level would reflect an attractive **net initial yield of 12.00%**, after deduction of purchaser's costs of 6.44%, equating to a **low capital value of £70 per sq ft**.



LOCATION

The city of Colchester is the second largest settlement in Essex and is home to the county's largest university campus. It is also a popular commuter city due to its strong train links to London. Colchester is situated approximately 19 miles south west of Ipswich, 45 miles south east of Cambridge and 56 miles north west of Central London.



Colchester is strategically situated on the A12 dual carriageway, providing connections southwards to Chelmsford, the M25 and London, and northwards to Ipswich, Lowestoft and Great Yarmouth. The A12 joins the M25 and M11 motorways and provides onward links to the wider motorway network.



Colchester is served by three railway stations: Colchester, Colchester Town and Hythe. Colchester Railway Station is the principal station and provides frequent direct services to London Liverpool Street with journey times of under an hour, making the city a top 10 commuter destination (CBRE, 2020).



Stansted Airport is situated approximately 30 miles to the west of Colchester, facilitating in excess of 27 million passengers per annum to both domestic and international destinations.

SITUATION

The property comprises three retail units situated in a prime position on High Street, with a fourth retail unit fronting onto Culver Street East. The rear of the property is located directly opposite Lion Walk Shopping Centre. Culver Walk provides a key thoroughfare between High Street and Culver Street East.

Nearby occupiers include Fenwick, JD Sports, Primark, McDonald's, Sainsbury's and Superdrug.



RETAILING IN COLCHESTER



Colchester City Centre has a varied retail offering across both the high street and shopping centres and benefits from an **average annual footfall of 9.3 million**. The city is home to a range of local and independent retailers as well as national and international brands.

Continued inward investment into Colchester is being witnessed with plans approved to re-develop the 132,000 sq ft former Debenhams store into a large leisure and entertainment destination, which will further drive footfall to the high street pitch. The town also benefits from the following shopping centre schemes, which complement the high street:

- > **Culver Square Shopping Centre** - comprising an open shopping mall in the heart of the city centre. Occupiers include: H&M, TK Maxx, Superdry and Pandora.
- > **Lion Walk Shopping Centre** - located in the centre of the retail core and includes operators such as Primark, JD Sports, Holland & Barrett and Boots across 210,000 sq ft of retail space. The Grade I listed Red Lion Yard is located here which has recently been refurbished to provide an attractive trading environment for independent retailers.



48-50 HIGH STREET & 84-86 CULVER STREET EAST, COLCHESTER

COLCHESTER DEMOGRAPHICS



Colchester was given city status in 2022 and is one of the East of England's fastest growing areas. With quick and regular train services into Central London, Colchester is a popular and affordable commuter city with an average house price of £327,994 (Rightmove), which is comfortably above the national average. A large number of military personnel are based at Colchester Garrison which continues to be an important post and the city benefits from a large proportion of wealthy elderly residents, with one in six people being aged over 65, therefore significantly contributing towards retail spend. Further demographic data includes:



192,700
local population



11.3% local population
growth from 2011 to 2021
(4.7% higher than England average)



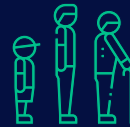
246,000
shopping population



15,000 students at
University of Essex's
Colchester Campus



4,000 military
personnel situated at
Colchester Garrison



Median age
of 39 years



64.6% of the population
are homeowners

Colchester was given city status in 2022 and is one of the East of England's fastest growing areas.



PADDY POWER



SANTANDER



POUNDLAND

DESCRIPTION

The property is a modern, purpose-built retail block which comprises four well-configured retail units of steel and concrete framed construction, with extensive glass frontage and good floor to ceiling heights.

The building provides four floors of accommodation over ground, first, second and third floors. The upper floors are accessed either internally or via a communal corridor which offers stair and lift access. The property is serviced via a dedicated loading area within the underground service yard at Lion Walk Shopping Centre.

The three units on High Street benefit from good frontage and prominence on the main retail pitch, and the Poundland unit's proximity to both shopping centres means it also occupies a strong location.

The upper floors of the property are either unused by the incumbent tenants or vacant, with the exception of the first floors of the Poundland and Santander units. The upper floors would be ideal for an alternative use, such as residential, subject to vacant possession and planning.



ACCOMMODATION

The property provides the following Net Internal Areas (NIAs):

Property	Tenant	Floor	Use	Sq M	Sq Ft
48 High Street	Santander UK Plc	Ground	Retail	235.87	2,539
		Ground	ITZA	96.89	1,043
		First	Offices/Ancillary	212.37	2,286
		Second	Unused	199.36	2,146
		Third	Unused	115.29	1,241
TOTAL (not including ITZA)				762.91	8,212
49 High Street	Power Leisure Bookmakers Ltd (Guarantor: Flutter Entertainment Plc)	Ground	Retail	190.54	2,051
		Ground	ITZA	77.94	839
	Vacant	First	Unused	179.39	1,931
		Second	Unused	184.13	1,982
		Third	Unused	117.52	1,265
TOTAL (not including ITZA)				671.59	7,229
50 High Street	SBG Essex Limited t/a GDK	Ground	Retail	227.61	2,450
		Ground	ITZA	93.46	1,006
	Vacant	First	Unused	239.50	2,578
		Second	Unused	229.93	2,475
		Third	Unused	168.71	1,816
TOTAL (not including ITZA)				865.76	9,319
84-86 Culver Street East	Poundland Ltd	Ground	Retail	506.86	5,456
		Ground	ITZA	261.33	2,813
		First	Ancillary	459.31	4,944
	Vacant	Second	Ancillary	353.03	3,800
		Third	Unused	189.99	2,045
TOTAL (not including ITZA)				1,509.20	16,245
Total				3,809.46	41,005

TENURE

The property is held freehold.



GERMAN DONER KEBAB

TENANCY

The property is let to Santander UK Plc, Power Leisure Bookmakers Ltd, SBG Essex Limited and Poundland Ltd as per the below tenancy schedule, producing a current total rental income of £369,500 per annum and providing a WAULT of 4.1 years to expiry and 2.1 years to break.

Unit	Tenant	Area (sq ft)	ITZA (sq ft)	Lease Start	Next Review	Break Date	Lease End	Rent (per annum)	Rent (ITZA psf)	Comments
48 High Street (Ground and 1st Floors)	Santander UK Plc	4,825	1,043	01/01/2021	-	31/12/2025	31/12/2027	£62,500	£52.52	
48 High Street (2nd and 3rd Floors)	Santander UK Plc	3,387	N/A	01/01/2021	-	31/12/2025	31/12/2027	-	N/A	Peppercorn rent. Upper floors not used. Outside 1954 L&T Act.
49 High Street (Ground Floor)	Power Leisure Bookmakers Ltd t/a Paddy Power	2,051	839	22/04/2024	22/04/2029	22/04/2029	21/04/2034	£39,500	£47.08	6 months rent free provided as part of Apr-24 re-gear. Guarantor: Flutter Entertainment Plc
49 High Street (1st to 3rd Floors)	Vacant	5,178	N/A	-	-	-	-	-	N/A	
50 High Street (Ground Floor)	SBG Essex Limited t/a GDK	2,450	1,006	10/05/2021	10/05/2026	09/05/2026	09/05/2036	£42,500	£42.25	
50 High Street (1st to 3rd Floors)	Vacant	6,869	N/A	-	-	-	-	-	N/A	
84-86 Culver Street East (Ground to 2nd Floors)	Poundland Ltd	14,200	2,813	20/06/2011	-	-	19/06/2026	£225,000	£75.12	2nd floor not used.
84-86 Culver Street East (3rd Floor)	Vacant	2,045	N/A	-	-	-	-	-	N/A	Unused plant room.
TOTAL		41,005						£369,500		

COVENANT INFORMATION



Santander UK Plc is a leading financial services provider in the UK, offering retail and commercial banking services. Santander UK has more than 14 million customers and over 450 branches.

Santander UK Plc reported the following last 3 years of accounts and has a D&B rating of 5A1.

	31/12/2023 (000s)	31/12/2022 (000s)	31/12/2021 (000s)
Turnover	£12,867,000	£7,748,000	£5,723,000
Profit / (Loss) Before Taxes	£2,149,000	£1,874,000	£1,845,000
Current Net Assets (Liabilities)	£14,228,000	£12,686,000	£14,645,000
Tangible Net Worth	£13,418,000	£12,857,000	£14,557,000



Poundland Ltd is one of Europe's biggest discount retailers with over 850 stores in the UK and Ireland and has recently acquired Poundshop.com to increase its online offering. Poundland serves over 7 million customers per week and is part of the Pepco Group which has over 4,000 stores worldwide.

Poundland Ltd reported the following last 3 years of accounts and has a D&B rating of 5A2.

	27/09/2023 (000s)	27/09/2022 (000s)	27/09/2021 (000s)
Turnover	£1,771,723	£1,586,100	£1,544,694
Profit / (Loss) Before Taxes	£680	£33,920	£33,478
Current Net Assets (Liabilities)	(£61,220)	£18,437	(£17,406)
Tangible Net Worth	£63,225	£78,007	£23,890

PADDYPOWER

Power Leisure Bookmakers Ltd (Guarantor: Flutter Entertainment Plc) is Ireland's biggest bookmaker with over 350 shops across Ireland, Northern Ireland and Great Britain. It has a successful online presence being one of the largest bookmakers in many overseas territories.

Flutter Entertainment Plc is listed on both the New York and London stock exchanges. Power Leisure Bookmakers Ltd reported the following last 3 years of accounts and has a D&B rating of 5A2.

	31/12/2023 (000s)	31/12/2022 (000s)	31/12/2021 (000s)
Turnover	£1,232,866	£1,004,941	£846,434
Profit / (Loss) Before Taxes	£145,074	£142,074	(£4,238)
Current Net Assets (Liabilities)	£490,200	£460,555	£1,492,495
Tangible Net Worth	£567,737	£544,231	£1,572,403

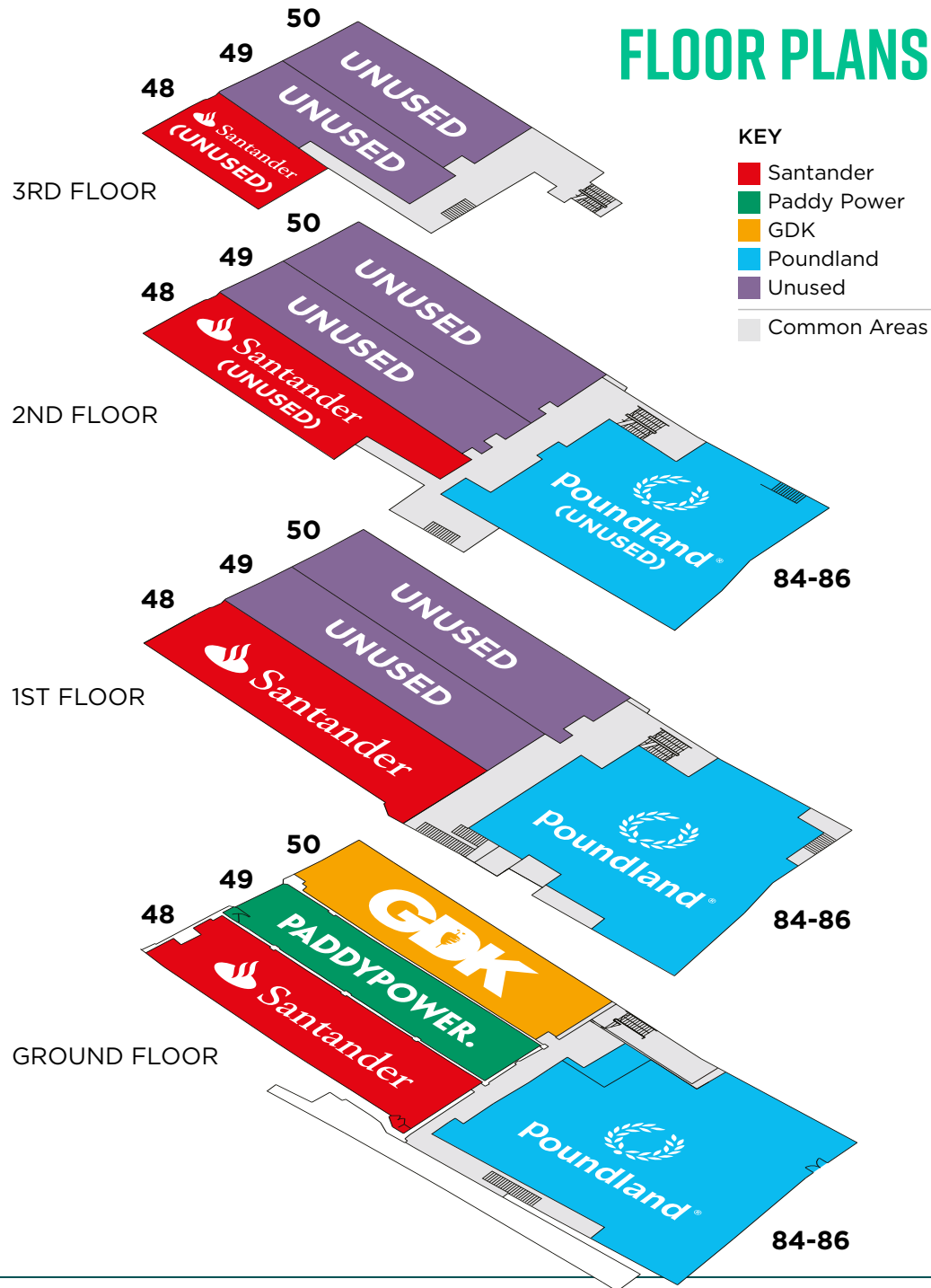


SBG Essex Limited (t/a GDK - German Doner Kebab) was incorporated in 2019 and is a franchisee of the popular fast food brand GDK which has over 100 stores worldwide. SBG Essex Limited has reported the following last 3 years of small company accounts and has a D&B rating of N3.

	30/11/2022 (000s)	31/12/2022 (000s)	31/12/2021 (000s)
Turnover	SCE	SCE	SCE
Profit / (Loss) Before Taxes	SCE	SCE	SCE
Current Net Assets (Liabilities)	£496,882	£381,285	£49,300
Tangible Net Worth	(£114,156)	(£80,175)	(£700)

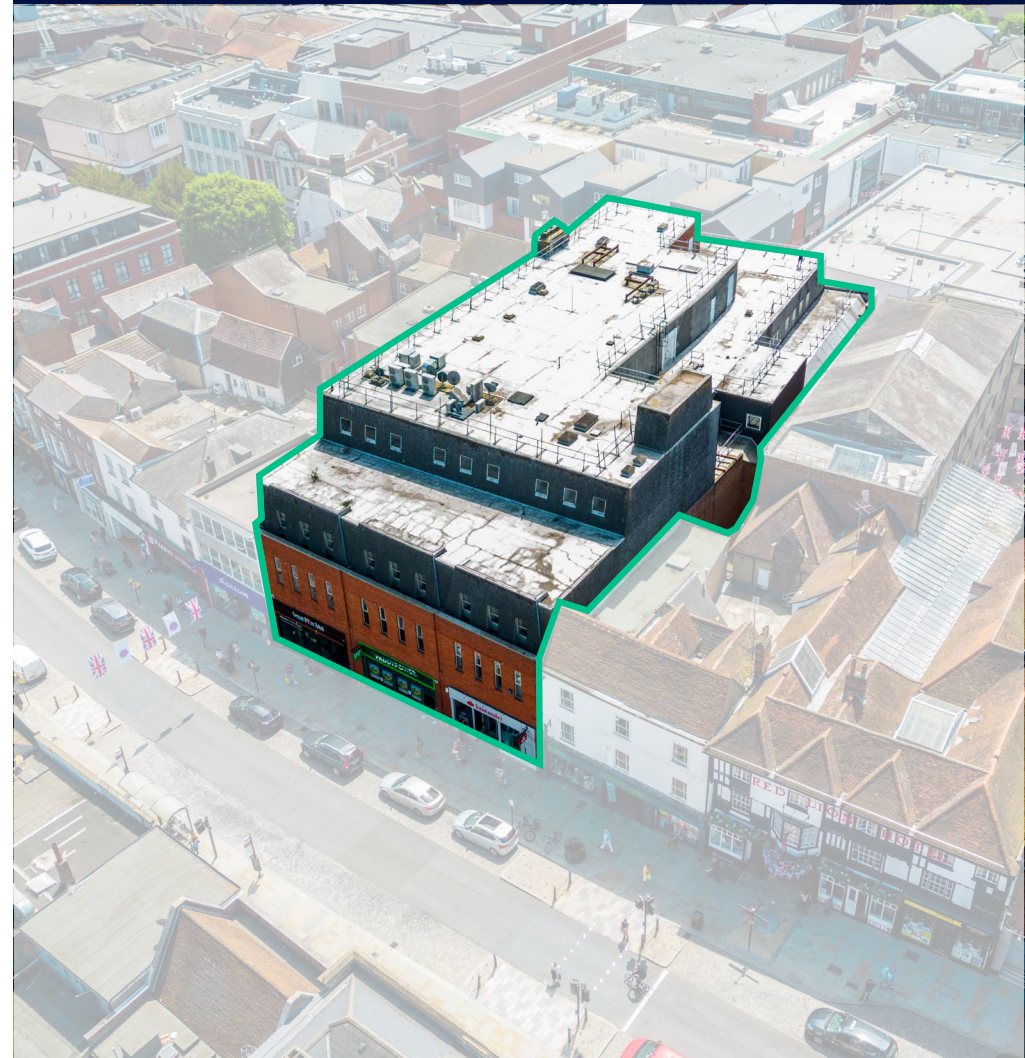
SCE: Small company exemption

FLOOR PLANS



REDEVELOPMENT

The upper floors of the property offer the opportunity for a potential residential development, subject to obtaining vacant possession and the appropriate planning consents. Indicative plans are available on request.





INVESTMENT COMPARABLES

Recent high street investment comparables include:

Address	Date	Tenant	Size (Sq Ft)	WAULT	Price	NIY
86-90 The Promenade Cheltenham	May-24	Hobbs Limited Waterstones Reiss	17,269	6.6 years	£4,600,000	10.82%
66-72 Montague Street Worthing	Apr-24	O2 New Look Sports Direct	25,065	2.5 years	£2,000,000	10.59%
69-71 High Street Chelmsford	Feb-24	iMobile Wenzel's the Bakers Limited Claire's Accessories	6,474	5.2 years	£1,700,000	9.97%
43-47 High Street Rayleigh	Nov-23	Natwest Clarks Cancer Research	7,207	1.3 years	£1,370,000	9.05%

VAT

The property is elected for VAT and it is proposed that the sale will be treated as a Transfer of Going Concern (TOGC).

EPC

EPCs for the units can be provided on request.

AML

When submitting a bid for the freehold interest in the property, potential purchasers will need to provide appropriate documentation capable of satisfying the requirements of the Anti-Money Laundering Regulations.



DATA ROOM

There is a dataroom for the property with title documents, key tenancy information, plans and EPCs. Access to it can be obtained via Lewis Ellis.

PROPOSAL

Offers sought in excess of **£2,890,000 (Two Million, Eight Hundred and Ninety Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level would reflect an attractive **net initial yield of 12.00%**, after deduction of purchaser's costs of 6.44%, equating to a **low capital value of £70 per sq ft**.

FURTHER INFORMATION

Should you require further information or wish to view the property, please contact either:

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LEWIS ELLIS

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