

Chester 16/18 Foregate Street CH1 1HA

Prime Freehold Retail Investment

Starbucks

EO Emanuel Oliver
CHARTERED SURVEYORS

HRH Retail



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INVESTMENT CONSIDERATIONS

- Chester is the historic county town of Cheshire and one of the strongest retailing centres in the UK
- Arguably the finest retailing location in the City
- Well secured to a major coffee shop brand off a rebased rent
- New 15 year lease
- Offers in excess of **£1,050,000**
- Net initial yield of approximately **8.10%** assuming normal purchaser's costs



CHESTER

The charismatic Cathedral City of Chester is the county town and main retailing centre for Cheshire. The city is famous for its historic Roman walls and rare blend of ancient and traditional architecture. Chester offers an exciting shopping experience with its row level thoroughfares and dynamic mix of both multiple and local facias. This unique cultural and commercial blend attracts over 10 million visitors a year, from both home and abroad, generating an annual revenue of approximately £1.8 billion.

Chester is situated approximately 20 miles south of Liverpool, 12 miles northeast of Wrexham and 35 miles southwest of Manchester. The town enjoys excellent road communications with the city's ring road linking with the M53 and M56 and in turn to the national motorway network.

By rail there are regular services to London Euston, Liverpool and Manchester with fastest journey times of approximately 2 hours, 45 minutes and 1 hour respectively. Chester also benefits from a newly developed bus interchange providing fast and frequent services to local attractions as well as towns and cities nationwide.

Chester boasts a catchment population of over 780,000 people as well as having one of the most affluent shopping populations in the UK with 57% sitting within the highest AB and C1 demographic groups. The gross catchment population is expected to increase by 10% between 2015 - 2035 (ONS).

The City is renowned not only for its unique history and thriving tourism industry but also for its established and diverse financial services sector with large employers including the Bank of America, Capita and Airbus.

Chester also has other major attractions including Chester Racecourse, the Roman Amphitheatre, Chester Cathedral and Chester Zoo, a top 10 UK Visitors attraction with over 1.4 million visitors annually.

RETAILING IN CHESTER

Chester offers a busy and diverse shopping environment making the City the region's premier retail destination. Prime shopping is focused on Eastgate Street extending through the ancient city walls onto Foregate Street. This thoroughfare is complemented

beyond the Cross by Northgate Street, Bridge Street and Watergate Street.

Parts of Eastgate Street also offer retailers and shoppers with a unique upper 'row' level shopping experience. This provides an exclusive and interesting retailing environment attracting many boutique and upmarket retailers.

Chester's prime shopping is complemented by the covered Grosvenor Shopping Centre. The scheme has approximately 245,000 sq ft of retailing space with entrances on to prime Eastgate Street and Bridge Street. The centre is home to TK Maxx, Sports Direct, LK Bennett and Jigsaw and has a 410 space car park.

The more secondary Forum Centre has now closed and become part of the Chester Northgate leisure destination. The new development is home to a new six screen Picturehouse (715 seats) cinema and sits alongside cafes, bars and restaurants, a new indoor market, multi-storey parking (788 spaces) and co-working office space. The scheme has also created a new public square for the city, linking the new market, Grade II listed Storyhouse cultural centre and the Town Hall. (www.chesternorthgate.com).

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LOCATION

The property is situated in a busy prime retailing location close to the city walls on the south side of Foregate Street at its junction with Frodsham Street. Marks & Spencer is situated next door with River Island diagonally opposite and Boots, Primark, WH Smith and JD Sports all close by. Directly opposite is soon to open as a new Metro Bank branch and Mountain Warehouse are currently shopfitting two doors down.

DESCRIPTION

The property comprises an attractive Grade II Listed brick built building behind a mock Tudor facade under a slate roof.

The shop is arranged on ground floor and basement providing clear open well configured trading space at ground with staff and storage at basement level.

The first and second floors form bedroom accommodation for the hotel above with access through the main hotel from its entrance on St John Street.

ACCOMMODATION

The property has the following dimensions and net internal floor areas:

Gross Frontage	36 ft 1 in	11 m
Internal Width (max)	34 ft 7 ins	10.54 m
Shop Depth	62 ft 5 ins	18.94 m
Ground Floor	1,777 sq ft	165.09 sqm
ITZA	1,072	-
Basement Staff/Storage	1,477 sq ft	137.22 sqm
First Floor – Hotel Rooms	-	-
Second Floor – Hotel Rooms	-	-
Total NIA	3,254 sq ft	302.31 sqm

TENANCIES

The ground, basement and first floor roof is let to Soul Coffee House (West) Ltd T/A Starbucks on a 15 year full repairing and insuring lease from 15th January 2024 (approximately 14.25 years unexpired) at a current rent of £90,000 per annum.

The lease has five yearly upward only rent reviews and the tenant has an option to determine the lease on 15th January 2034 subject to 6 months prior written notice.

A small section of the ground floor and the remainder of the first floor and second floor are let to Lloyds Bank S.F. Nominees Ltd on a 125 year full repairing and insuring lease from 16th January 1987 (approximately 87.25 years unexpired) at a peppercorn.

TENURE

The property is held freehold.

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COVENANT INFORMATION

Soul Coffee House (West) Ltd is part of Soul Foods Group a multinational quick service restaurant franchisee employing over 7,500 people with almost 400 KFC and Starbucks sites across the UK and Canada. The business was founded in 1985 in the UK by the Janmohamed family and has grown rapidly from a single store to become among the top three largest franchisees of KFC and Starbucks in its chosen markets. The business also manages restaurants for Burger King and Taco Bell (www.soulfoodsgroup.com).

Soul Coffee House (West) Ltd (Company No. 09371815) reported the last three years trading figures:

	25/06/2023	26/06/2022	04/04/2021
Turnover	£15,639,714	£17,862,884	£7,325,489
Pre Tax Profit	£1,523,455	£3,000,415	£734,557
Shareholder's Funds	£5,858,663	£4,413,539	£1,760,989

Soul Coffee House (West) Ltd have a Creditsafe rating of 95/100 indicating a "very low risk" of business failure.

TOWN PLANNING

The property is Grade II Listed and lies within a Conservation Area.

RENTAL VALUE

We devalue the current rent passing of £90,000 per annum to a Zone A rate of £78.60 per sq ft assuming a rate of £4.00 psf on the basement accommodation.

Starbucks took the lease earlier in the year following the demise of Paperchase who were paying a pre Covid rent of £120,000 per annum. The new rent therefore shows a genuinely rebased level and should provide an investor with excellent future rental growth prospects.

Indeed, demand today for the very best prime shops in Chester has returned and started to grow again. This has been evidenced by

Metro Bank and Mountain Warehouse taking stores close by. Along with an improving occupational market this turn around has been helped by the Chester Northgate development changing its focus from retail to leisure. Furthermore, the affluence of the city and growing return of tourists post Covid combined with the dearth of good, well configured shops, has ensured that retailer interest from prestige brands has improved putting pressure on rents.

VAT

We understand that the property is elected for VAT. It is anticipated that the sale will be dealt with by way of a TOGC.

EPC

The property has an EPC Rating of 35 B.

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PROPOSAL

We have been instructed by our client to seek offers in excess of **£1,050,000 (One Million and Fifty Thousand Pounds)** subject to contract and exclusive of VAT for the freehold interest in the property.

A purchase at this level would reflect an attractive net initial yield of approximately **8.10%** assuming normal purchaser's costs.

CONTACTS

To view a copy of the leases, information on title, the EPC and other information please visit our website, <http://www.hrhretail.com/property/chester-starbucks>

To register interest and to carry out an internal inspection please contact:-



Jeremy Lovell

jeremy@hrhretail.com

T 020 7908 7037

M 07949 619657

HRH Retail

6 Duke Street, London W1U 3EN

T: 020 7499 5399 | F: 020 7580 6291 | www.hrhretail.com

Or our joint agent:



Llyr Emanuel

llyr@emanueloliver.com

M 07795 348079

Emanuel Oliver

1 Old Hall Street, Liverpool L3 9HF

www.emanueloliver.com

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