

2/2A

COMMERCIAL STREET LS1 6AL

Leeds

PRIME REVERSIONARY
CITY CENTRE RETAIL
INVESTMENT



EXECUTIVE SUMMARY

Prime triple fronted mid terrace 3,621 sq ft modern building in the heart of the flourishing City of Leeds, the biggest financial district outside of London.

THE VENDOR IS SEEKING OFFERS FOR THE FREEHOLD INTEREST IN EXCESS OF

£2,000,000

(Two Million Pounds), subject to contract and exclusive of VAT.

6.58%

Net Initial Yield
and an equivalent yield of 7.69% net of purchaser's costs.

- Fully let to Signet Trading Limited t/a Ernest Jones on a lease until 2032.
- Signet have been in the unit since 2015 and have applied for landlord's consent to refit the store and rebrand as a Jaeger-Le Coultre and Panerai.
- Low passing rent of £140,000 pa, a 52% reduction from the previous rent passing.
- Signet have 352 stores in the UK (as of FY21 year end).
- Planning permission has been granted for a 5-bed HMO on the upper floors providing future optionality.
- Extensive frontage of 41ft onto Commercial Street.
- Freehold.
- Located within the heart of Leeds' Jewellery Quarter. Nearby occupiers include Berry's Jewelers, H Samuel, Omega, Rolex, Tag Heuer, Beaverbrooks and Goldsmiths.
- In close proximity to the 785,000 sq ft Trinity Centre which has a 25m annual footfall.
- UK's fastest growing city with the economy forecast to grow by 21% over the next 10 years with financial and business services set to generate over half of the GVA growth in that period (Leeds.gov.uk).



LOCATION

Leeds is situated at the heart of the Northern Powerhouse, approximately 40 miles east of Manchester and 190 miles North of London.

The city lies 7 miles north of the intersection of the M1(J42) and M62 (J29), with direct access to the motorway network from the City Centre via the M621.



2 hours

KINGS CROSS LONDON



30 million+

ANNUAL PASSENGERS

Leeds city railway station is the UK's third busiest rail station outside of Central London serving over 30 million passengers a year, with numbers expected to double over the next 30 years (Office of Road and Rail). Services to London Kings Cross are every 30 minutes with a fastest journey time of 2 hours.

Leeds is also the regional transport hub for Yorkshire, providing local services and regular trains to Manchester, York, Sheffield and Newcastle.



Leeds Bradford International Airport is 8 miles to the north west of the city centre and presently caters for approximately 3 million passengers a year. This is forecasted to nearly triple by 2030, with £28m currently being invested in improving the airport's infrastructure. The department for Transport expect Leeds Bradford Airport to be the nation's fastest growing airport in the coming years. The airport serves 70 international destinations.

DEMOGRAPHIC PROFILE

Leeds is the UK's 3rd largest city, with a resident population of c.779,000 which increases to 3m within the city region.

The Consumer Base of Leeds is approximately 653,000, ranking the city 3rd of the PROMIS centres, which is above the average for the Major Cities. Leeds is ranked 4th, nationally, in terms of volume of total spend available to the catchment. In addition, expenditure is enhanced by tourism with c.25 million visitors per annum, generating in excess of £650m spend. 1.8m overnight trips are also made, generating a further £340m (PROMIS).



c.779,000
RESIDENT POPULATION



c.25 million
VISITORS PER ANNUM



£650 million+
TOURISM ANNUAL SPEND



The population is boosted by the **c.50,700 full-time higher education students in the city.** Of these, **7,245 are postgraduates and 43,455 are undergraduates.**



The Leeds City Region is the largest economy outside of London and one of the most diverse.

The city region has a total workforce of circa 1.37 million and a GVA of £69 billion. The GVA per head of the Leeds population is £33,247, compared to the UK average of £28,729 (EG UK cities Investor Guide Autumn 2021). Leeds has a historic strength in financial and professional services, but also has concentrations of employment in advanced manufacturing, digital industries and education. Leeds has also seen a host of inward investment in recent years with large operators such as Channel 4, HMRC, Sky Group, Burberry and NHS Digital all relocating to the city.

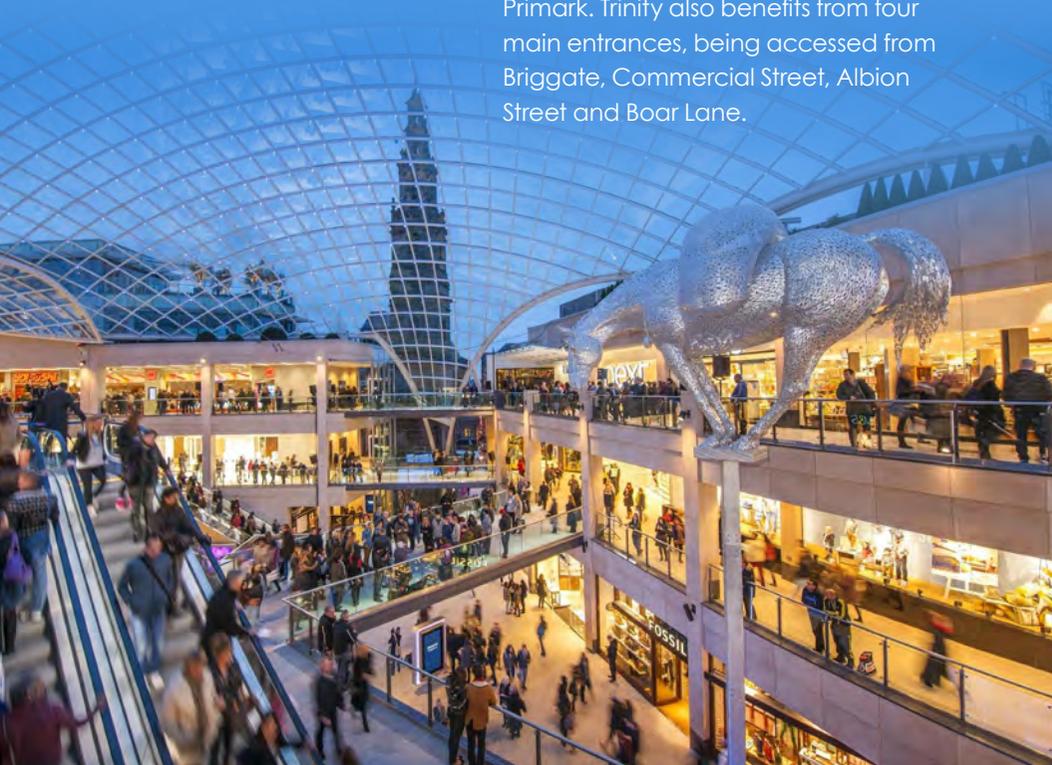
RETAILING IN LEEDS

Leeds remains one of the UK's key shopping destinations and is ranked 4th of all UK Major Centres.

Leeds ranks 1st on the basis of its PMA Non-Food Retail Score and 1st on the PMA Fashion Score; the city ranks 5th on the PMA Anchor Score. The total retail floorspace in Leeds is estimated at c.2.56m sq ft.

The traditional prime retailing in Leeds is situated along the pedestrianised Briggate and Commercial Street, which provides the mass market retailing in addition to all the city's department/variety stores, with the exception of John Lewis which is situated in Victoria Gate. Briggate is regarded as the centre of Leeds' retail core and achieves some of the highest rents in the city.

The Trinity Centre is home to a strong mix of retail and F&B tenants, including Apple, Marks & Spencer, Next, H&M and Primark. Trinity also benefits from four main entrances, being accessed from Briggate, Commercial Street, Albion Street and Boar Lane.



The Hammerson owned Victoria Quarter and Victoria Gate have become the established luxury retail centre in Leeds. The Victoria Quarter can be accessed via Briggate, King Edward Street and Vicar Lane.

The scheme is anchored by the first Harvey Nichols store outside of London, whilst further high end tenants include Vivienne Westwood, Ralph Lauren, Reiss and Mulberry.



Victoria Gate is anchored by John Lewis with further tenants including Anthropologie, Hackett, Gant and Calvin Klein.

The scheme also has a strong leisure offering including high end restaurants and bars and the Victoria Gate Casino in addition to a 800 space car park.

ANTHOPOLOGIE

GANT Calvin Klein

SITUATION

The subject property is situated in a prime position on Commercial Street, located amongst a number of other jewellers including Rolex, Tag Heuer, Longines and Goldsmiths, in an area becoming known as the jewellery hub of Leeds.

Commercial Street acts as a main thoroughfare to the west and Briggate and Victoria to the east and also acts as an important pedestrian route between the city's two major shopping centres.

ERNEST JONES

2/2A

COMMERCIAL STREET
LEEDS LS1 6AL

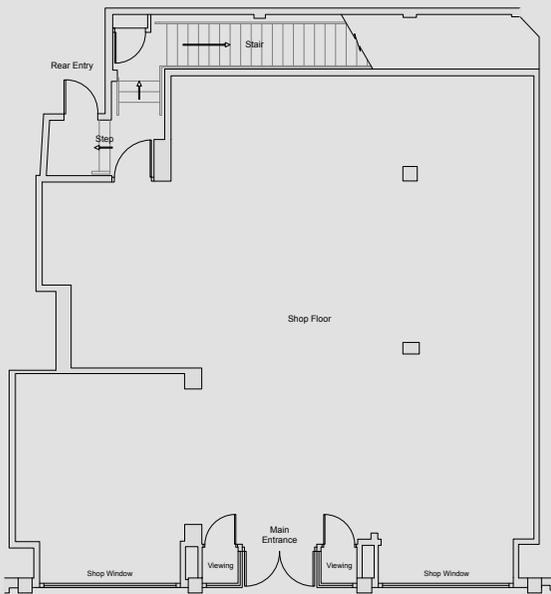


DESCRIPTION

The property comprises an attractive triple fronted mid terrace modern building arranged over ground and two upper floors.

The ground floor comprises retail and ancillary accommodation to the rear, while the upper floors are utilised for staff and ancillary accommodation.

Planning permission has been granted to convert the upper parts into a 5 bedroom HMO under reference number 20/06125/FU. Floor plans are detailed below:



EXISTING GROUND FLOOR



PROPOSED FIRST FLOOR



PROPOSED SECOND FLOOR

ACCOMMODATION

The property has been measured by Lane & Frankham and comprises the following approximate areas:

AREA	SQ FT	SQ M
Gross Frontage	41	12.51
Ground Floor Sales	1,646	152.9
Ground Floor ITZA	1,186	
First Floor Ancillary	1,520	141.2
Second Floor Ancillary	455	42.3
Total	3,621	336.4

TENURE

The property is held freehold under title number WYK416953.



TENANCY

The property is let to Signet Trading Limited t/a Ernest Jones on a full repairing and insuring lease from 24th June 2022 to expire 23rd June 2032, at a current rent of £140,000 pa, subject to a rent review on 24th June 2027. The tenant has the benefit of a break clause effective 24th June 2028 on 6 months notice. Signet have been in the unit since 2015 and have applied for landlord's consent to refit the store and rebrand as a Jaeger-Le Coultre and Panerai.

ERNEST JONES

View Photo
Gallery ▶



RENTAL VALUE

It is our opinion that the estimated rental value as of today's date would lie in the region of £173,000 pa, which reflects a Zone A rent of £150 per sq ft, applying A/20 to the first floor and £3 per sq ft to the second floor. A negative 10% allowance has been applied to the ground floor for shape.

In terms recent rental evidence:

56 Briggate – Let to Signet in December 2022 at a rent of £220,000 (Zone A £169 per sq ft). 10 year lease with TOB at year 5.

34/35 Commercial Street – Let to Signet in November 2022 at a rent of £230,000 (Zone A £154 per sq ft). 10 year lease with TOB at year 5.

COVENANT

Signet Jewelers Ltd operates in the middle market jewellery segment and has number one positions in the US, Canada and UK speciality jewellery markets. Signet operates approximately 2,800 stores in the United States, United Kingdom, Canada, and Republic of Ireland. **The summary accounting information is summarised below:**

	29 Jan 2022	30 Jan 2021	01 Feb 2020
Turnover	359,976,000	273,715,000	404,122,000
Pre Tax Profit	-50,898,000	-24,577,000	3,867,000
Total Net Worth	193,776,000	246,458,000	258,339,000

Signet Trading Limited has an Experian Score of 69/100 reflecting a below average risk.



Recent comparable investment sales evidence include the following:

92/93 Briggate, Leeds (Jollibee)

Freehold property was sold in June 2022 for £1.82m, which reflected a net initial yield of 6.95%. The investment was let to Bee World UK Ltd on a 15 year lease from January 2021 at a rent of £135,000 pa, subject to a tenant break on 26th January 2028. The lease was subject to a schedule of condition, relating to the basement and second floor.

EPC

The property has an EPC rating of E104. A copy of the EPC certificate and report is available from this office.

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).

PROPOSAL

The vendors are seeking offers in excess of

£2,000,000

(Two Million Pounds), subject to contract and exclusive of VAT for the benefit of the freehold interest. A purchase at this level would reflect the following yield profile after deduction of standard purchasers' costs.

Net Initial Yield	6.58%
Reversionary Yield	8.13%
Equivalent Yield	7.69%



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.

CONTACT

For further information or to raise an inspection please do not hesitate to contact the joint selling agents.



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