



## High Yielding, Well Secured Retail Investment

 184-186 The Marlowes, Hemel Hempstead, United Kingdom, HP1 1BH

FOR SALE  PRIVATE TREATY

£ 430,000 Guide price

### Location



Hemel Hempstead is the most populated urban area in Hertfordshire, approximately 26 miles (42 km) north west of Central London, 10 miles (16 km) north of Watford and 6 miles (9.6 km) west of St Albans.

The town benefits from excellent road communications and sits approximately 1.5 miles (2.4 km) from Junction 8 of the M1 motorway and 4 miles (6.4 km) north of Junction 21 of the M25 motorway. This provides easy access to a range of national motorways and arterial road networks such as the M4, M40, M3 and A1.

There are regular train services from Hemel Hempstead Station to London Euston with the journey time being approximately 30 minutes. In addition, Luton Airport is located 12 miles (19 km) to the north of the town, London Heathrow is 32 miles (51.5 km) to the south and London City airport is 39 miles (62 km) to the south east.

There is a population of over 9 million people living within a 30 mile (48 km) drive from Hemel Hempstead and Hertfordshire's population is predicted to grow by 26% by 2030. Some nearby employers include Amazon UK, Vitabiotics, Hermes and Boston Scientific ([www.citypopulation.de](http://www.citypopulation.de)).

## Summary

- Let to Superdrug Stores Plc
- Highly secure income – Net Assets £352 million
- Tenant committed to a new lease in 2021
- Rent was rebased from £110,000pa to £45,000pa
- Prominent town centre retailing pitch
- Freehold
- £430,000, subject to contract
- 10.0% Net Initial Yield

## **Situation**

The property occupies a prominent retailing pitch on the western side of the pedestrianised Marlowes, one of the town's principal retailing thoroughfares.

Other retailers nearby include B&M, Tesco Express, Holland & Barrett, Lloyds, Boots, Poundland and Millets.

The property is in close proximity to the entrance to The Marlowes, which comprises a 270,000 sq ft / 25,083 sq m shopping centre anchored by Marks and Spencer, Tesco Express and New Look. The shopping centre is served by a car park with 1,200 spaces.

## **Description**

The property comprises a ground floor retail unit with storage and ancillary accommodation on the first floor. Internally, the property has been fitted out by the tenant to their usual corporate style.

The store includes a dispensary pharmacy.

The property benefits from a loading area / service yard to the rear.

## Accommodation

The property has been measured by BKR Floor Plans and provides the following floor Net Internal floor areas:

<b>Net Frontage</b>	<b>11.89 m</b>	<b>39'0"</b>
<b>Gross Frontage</b>	<b>12.34 m</b>	<b>40'6"</b>
<b>Zone A</b>	<b>70.88 sq m</b>	<b>763 sq ft</b>
<b>Zone B</b>	<b>70.51 sq m</b>	<b>759 sq ft</b>
<b>Zone C</b>	<b>69.58 sq m</b>	<b>749 sq ft</b>
<b>Remainder</b>	<b>144.18 sq m</b>	<b>1,552 sq ft</b>
<b>ITZA</b>		<b>1,524</b>
<b>Ground Floor Total</b>	<b>355.16 sq m</b>	<b>3,823 sq ft</b>
<b>First Floor</b>	<b>260.96 sq m</b>	<b>2,809 sq ft</b>
<b>Second Floor</b>	<b>5.20 sq m</b>	<b>56 sq ft</b>
<b>Total NIA</b>	<b>621.32 sq m</b>	<b>6,688 sq ft</b>

A set of floor plans is available to download and the measured survey report will be re-addressed to a purchaser at a cost of £790.00 + VAT.

## Tenure

Freehold.

## Tenancy

The property is let to **Superdrug Stores Plc** on a full repairing and insuring lease for a term of 5 years from 20<sup>th</sup> August 2021, expiring on 19<sup>th</sup> August 2026 at a passing rent of **£45,000 per annum** (paid monthly in accordance with a side letter) which, based on our analysis, equates to a Zone A rate of £20.30 per sq ft. There is a tenant break clause on 19<sup>th</sup> August 2024, subject to six months' notice.

The tenant has been in occupation since 1995 and entered into a lease renewal in August 2021, in the midst of the Covid pandemic, demonstrating their desire to remain in the property. The landlord was in a weak position at the time of the renewal negotiations due to the Pandemic and the rent was rebased from £110,000 per annum to £45,000 per annum (**41% of previous rent**). Hence, the property offers a low base for rental growth.

We understand that 170 Marlowes, totalling 976 sq ft on ground floor and 161 sq ft on first floor, was let in August 2023 for a term of 10 years at a rent of £25,000 per annum, equating to £41.67 Zone A.

## Covenant

For the year ending 31<sup>st</sup> December 2022, Superdrug Stores Plc (Co. No. 00807043) has reported the following figures:

<b>Revenue</b>	<b>£1,366,924,000</b>
<b>Pre-Tax Profits</b>	<b>£77,763,000</b>
<b>Net Assets</b>	<b>£352,166,000</b>

Founded in 1964, Superdrug is the second largest beauty and health retailer in the UK, with 789 stores across the UK and Republic of Ireland – including 197 in-store pharmacies.

The company continued to recover from the effects of the Covid-19 pandemic. Pre-Tax Profits increased by 71.7% (2021: £45.3 million) driven by the easing of Covid-19 restrictions and the subsequent increase in footfall on the high street. 2022 saw the opening of 11 new stores and the Company's Online Doctor channel once again enjoyed a strong year on year sales growth, launching five new services and expanding seven others in the year. Three new Health Clinics were opened, bringing the total number to 87.

For further information see [www.superdrug.com](http://www.superdrug.com).

Superdrug is part of the A.S. Watson Group, the world's largest international health and beauty retailer with over 16,000 stores in 28 markets.

## VAT

The property has been registered for VAT. It is anticipated that the sale of this property will be treated as a Transfer of a Going Concern (TOGC).

## Proposal

We are instructed to seek offers in the region of **£430,000** (Four Hundred and Thirty Thousand Pounds), subject to contract, reflecting a **net initial yield of 10.0%**, assuming purchasers' costs of 4.36%.

Please note that a purchaser will be re-charged the costs of the measured survey (£790.00 + VAT) and searches (£844.68) which are provided in the data room.

Please note that a purchaser will be charged a Transaction Fee of 1% of the Purchase Price plus VAT.

## Investment Considerations

1. An opportunity to acquire a retail investment in the most populated urban area of Hertfordshire;
2. The property occupies a prime pitch in the town centre;
3. Highly secure income – let to Superdrug Stores Plc (Pre-Tax Profits £78m, Net Assets £352m);
4. Rent significantly re-based (41% of previous rent), offering a low base for rental growth;
5. Tenant has been in occupation since 1995 and committed to a new lease in 2021, demonstrating their desire to remain in the property;
6. The purchase at the asking price reflects an attractively high net initial yield;
7. Attractive lot size to an investor.


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