



New Build “Starbucks” Investment

📍 3 Leys Avenue, Garden Square Shopping Centre, Letchworth Garden City, United Kingdom, SG6 3DL

FOR SALE  PRIVATE TREATY

£ 480,000 Asking price

Location



Letchworth is an affluent town in North Hertfordshire, situated within the London commuter belt. The town is approximately 62 km (39 miles) north of London, 11 km (7 miles) north of Stevenage, 21 km (13 miles) north-east of Luton and 47 km (29 miles) south-west of Cambridge.

The town benefits from excellent road communications, being situated adjacent to the A1(M) which provides a direct link to the M25 Motorway (South Mimms) approximately 40 km (25 miles) to the south. The A505 provides east-west communications to Cambridge and Luton. In addition, the town is connected to the national rail network with a fastest journey time to London King's Cross and Cambridge of 36 minutes and 28 minutes respectively. London Luton Airport is approximately 21 km (13 miles) to the south-west.

Letchworth is the world's first Garden City and popular with commuters given its proximity to London and Cambridge.

Summary

- Affluent location within the London commuter belt
- Newly developed in 2020
- Let to an established Starbucks franchisee
- New 10 year lease from October 2023, without breaks
- Highly prominent corner position at entrance to Garden Square Shopping Centre
- £480,000, subject to contract
- 8.0% Net Initial Yield

Situation

The property is situated in the heart of the town centre occupying a highly prominent return frontage on Leys Avenue and Commerce Way, at the entrance to Garden Square Shopping Centre (see redevelopment below).

Letchworth train station is a couple of minutes' walk to the north-west.

With two principle malls, Commerce Way and Central Approach linked by a central square, Garden Square Shopping Centre forms part of the main pedestrian thoroughfare for Letchworth. The Centre comprises 175,000 sq ft of retail and leisure accommodation, along with a 400-space car park. Retailers include Boots, Iceland, Home Bargains, New Look, Specsavers, Superdrug, WHSmith, EE and Poundland.

Garden Square Redevelopment.

The first phase of a redevelopment of Garden Square Shopping Centre was completed in 2020.

Including a complete redevelopment of Commerce House, the demolition and rebuilding of 23-25 Leys Avenue and a new build on Leys Square, adjacent to WHSmith, the development now provides 46 high quality one and two bedroom apartments with two new retail units at ground floor (including the subject property) benefitting from extensive return frontages onto the newly created public space at the entrance to Garden Square.

Consultation is underway on the next phase of the development which will provide a further c.200 residential properties with retail at ground floor.

Description

The property comprises of a newly constructed ground floor retail unit which forms part of a high-end residential development, completed in December 2020.

The unit is highly prominent with return frontage to the entrance to the shopping centre and internally has been fitted out to a high standard by the tenant in their usual corporate style.

The upper parts (not included in the sale) comprise 46 residential apartments (no affordable units).

Accommodation

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

Net Frontage	4.77 m	16'0"
Gross Frontage	8.99 m	29'6"
Zone A	50.35 sq m	542 sq ft
Zone B	60.57 sq m	652 sq ft
Zone C	54.07 sq m	582 sq ft
Remainder	13.84 sq m	149 sq ft
ITZA		1,032
Total Net Internal Area	178.83 sq m	1,925 sq ft
Total Gross Internal Area	194.35 sq m	2,092 sq ft

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 £570 + VAT.

Tenure

Long leasehold interest for a term commencing on 12th February 2018 and expiring on 20th December 2187 (approximately 164 years unexpired) at a peppercorn rent.

Tenancy

The property is let to **KBeverage Limited (t/a Starbucks)** on a full repairing and insuring lease for a term of 10 years from 27th October 2023, expiring on 27th October 2033 (in excess of 9.5 years unexpired).

The current passing rent is **£40,000 per annum**. The lease is subject to five yearly open market rent reviews, capped at 1% per annum (minimum increase £42,040 per annum) and collared at 2.5% per annum (maximum increase £45,256 per annum).

The tenant benefits from a 12 month rent free period expiring on 27th October 2024. The vendor will 'top-up' the income by way of an appropriate adjustment on the completion sum in order that a purchaser does not suffer an income shortfall.

The tenant paid the landlord a £40,000 capital contribution towards the store's fit-out works.

Service Charge

The service charge payable by the tenant is fixed at £3,500 per annum plus VAT for the first five years of the lease term and £4,000 per annum plus VAT for the next five years.

Covenant

KBeverage Limited was established in 2015 as a Starbucks franchisee to develop Starbucks stores. The company has over 20 stores throughout Norfolk, Suffolk, Cambridgeshire, Lincolnshire, Nottinghamshire, Leicestershire, Warwickshire and Northamptonshire. KBeverage plans to open 100 stores within the next five years. For further information visit www.kbeveragegroup.com.

For the year ending 31st May 2022 the Kbeveridge Limited reported Shareholders' Funds of £3,928,900.

Starbucks is the premier roaster, marketer and retailer of specialty coffee in the world, operating from more than 36,000 stores in 84 markets. Formed in 1985, Starbucks Corporation trades on the NASDAQ. The company purchases and roasts high-quality coffees that it sells, along with handcrafted coffee, tea and other beverages and a variety of high-quality food items through company-operated stores. It also sells a variety of coffee and tea products and licenses its trademarks through other channels, such as licensed stores as well as grocery and foodservice through their Global Coffee Alliance with Nestlé. In addition to their flagship Starbucks Coffee brand, the company sells goods and services under brands such as Teavana, and Ethos Water. For further information visit www.starbucks.com.

VAT

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

Proposal

We are instructed to seek a figure of **£480,000** (Four Hundred and Eighty Thousand Pounds), subject to contract, reflecting a net initial yield of 8.0%, assuming purchasers' costs of 4.61%.

Please note that a purchaser will be re-charged the costs of the measured survey (£570 + VAT) and searches (£1,150.04) 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. The property is situated in an affluent location within the London commuter belt;
2. Newly developed in 2020;
3. Let to KBeverage Limited, an established Starbucks franchisee;
4. New 10 year lease from October 2023, without breaks;
5. Highly prominent corner position in the heart of the town centre, at the entrance to the Garden Square Shopping Centre;
6. Attractive lot size to an investor;

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