



Lloyds Bank Investment – VAT Free – Alternative Use Potential

 46-48 High Street, Newmarket, United Kingdom, CB8 8LF

FOR SALE  PRIVATE TREATY

£ 770,000 Offers in the region of

Location



Newmarket is an affluent and historic Suffolk market town and the Headquarters of British horse racing, attracting millions of visitors every year.

The town is located 65 miles north East of London, 13.5 miles north east of Cambridge, 15 miles west of Bury St Edmunds, 41 miles north east of Colchester, 43.5 miles south east of Peterborough and 50 miles south west of Norwich.

Newmarket is well connected being adjacent to the A14 which links to the A1/M1 to the west and to the A11/M11 to the south.

Newmarket Railway station provides regular and direct services to London Kings Cross and London St Pancras stations with the fastest journey time being 1 hour and 40 minutes.

The town is located 50 miles north east of Luton Airport, 82 miles north east of Heathrow airport and 64 miles north west of Southend Airport.

Summary

- Historic Suffolk town and world-renowned home of British horse racing
- Offers in the region of £770,000, subject to contract
- 8.0% Net Initial Yield
- Let to Lloyds Bank Plc (Pre-Tax Profits £5.7 bn)
- VAT Free
- Rebased rent at lease renewal in 2022
- Tenant has been in occupation for over 44 years.
- Passing rent of £65,000 pa
- Option to exploit development potential in the future
- 100% Prime Pitch
- Consent for use as restaurant / coffee shop (Use Class E)

Situation

The property occupies a 100% prime retailing position in the heart of the Town centre.

Other retailers in the vicinity include Greggs, EE, WH Smith, TK Maxx, Vodafone, Boots, Toni & Guy, Caffè Nero, Pizza Express, Savers, Starbucks, HSBC, Barclays and Nationwide.

The High Street is the prime retailing pitch of the town and provides a mixture of retail, food, and leisure facilities. The town benefits from the Guineas Shopping Centre, a 450-space car park and a longstanding twice-weekly market.

Description

The property comprises an impressive four storey commercial property of Victorian origin, arranged over basement, ground, first and second floors.

The ground floor predominantly comprises of a well-configured banking hall with offices on the first floor, staff area on the second floor and ancillary accommodation in the basement.

The property has been fitted out by the tenant to their usual corporate style.

There are two separate entrances from the front and one from the rear. In addition, there is an ATM on the outside of the property.

The property benefits from a flat roof to the rear, offering the potential to increase the massing of the property subject to planning permission.

Planning

On 27th March 2024 a Certificate of Proposed Lawful Use or Development was issued by West Suffolk Council. The certificate permits change of use of the property from a bank to restaurant / coffee shop (class E commercial, business and service) without the need for planning permission. This helps establish an alternative use for the property should Lloyds vacate at some point in the future. A copy is available to download from the data room.

Asset Management

Potential exists to exploit the development potential in the future.

Based on the rental devaluation agreed between the vendor and the tenant, £10,281 of the total rent is attributable to the upper parts and the remainder is attributable to the ground and basement.

Therefore, based on the 8.0% purchase yield, this apportions £650,000 to the bank on ground and basement, leaving £120,000 for the upper parts which reflects only £48 per sq ft / £528 per sq metre.

Our research suggests that one- and two-bedroom flats in this location are worth in the order of £140,000 each / £280 per sq ft / £3,012 per sq m. We propose that there is the potential to create 4 flats on the upper parts, subject to planning permission. This would provide a potential future exit value from the upper parts in the order of £560,000.

Accommodation

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

Net Frontage	11.68 m	38'4"
Gross Frontage	12.32 m	40'5"
Zone A	65.12 sq m	701 sq ft
Zone B	52.58 sq m	566 sq ft
Zone C	46.17 sq m	497 sq ft
Remainder	109.25 sq m	1,176 sq ft
Basement Floor	39.76 sq ft	428 sq m
Ground Floor	273.13 sq m	2,940 sq ft
First Floor	112.04 sq m	1,206 sq ft
Second Floor	114.92 sq m	1,297 sq ft
Ground Floor ITZA		1,255 UNITS
Total NIA	539.84 sq m	5,811 sq ft
Total GIA	741.71 sq m	7,984 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 £630 + VAT.

Tenure

Freehold.

Tenancy

The property is let to **Lloyds Bank Plc** on a full repairing and insuring lease for a term of 5 years from 25th March 2022, expiring 24th March 2027 at a passing rent of **£65,000 per annum**.

At lease renewal, the rent was rebased downwards from £72,500 per annum under the previous lease.

Therefore, there are approximately 3 years unexpired with no breaks.

Based on our analysis the passing rent equates to a **Zone A rate of £51.80 per square foot**.

The tenant has been in occupation for over 44 years.

Covenant

Lloyds Bank Plc (Co. No. 00002065), has reported the following figures:

	31st December 2021	31st December 2020	31st December 2019
Revenue	£17,499,000,000	£18,590,000,000	£21,513,000,000
Pre-Tax Profits	£5,785,000,000	£1,329,000,000	£3,474,000,000
Net Worth	£40,678,000,000	£41,040,000,000	£38,838,000,000

Lloyds Bank was founded in 1765 and is one of the leading British retail and commercial banks with over 1,500 branches across the UK. The bank is the principal subsidiary of Lloyds Banking Group which is a publicly quoted company and the largest UK retail and commercial financial services provider with around 26 million customers. The Group's main business activities are retail and commercial banking, general insurance and long-term savings, provided through well recognised brands including Lloyds Bank, Halifax, Bank of Scotland and Scottish Widows.

For further information visit www.lloydsbankinggroup.com.

VAT

The property has not been elected for VAT and therefore VAT is not applicable on the purchase price.

Proposal

We are instructed to seek offers in the region of **£770,000** (Seven Hundred and Seventy Thousand Pounds), subject to contract. This price reflects a net initial yield of **8.0%**, assuming purchasers' costs of 5.44%.

Please note that a purchaser will be re-charged the costs of the measured survey (£630 + VAT) and searches (£360) 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. Newmarket is the Headquarters of British horse racing, attracting millions of visitors every year;
2. Let to the highly secure covenant of Lloyds Bank Plc (Revenue £17.4 bn , Pre-Tax Profits £5.7 bn, Net Worth £40.6 bn);
3. Repurposing potential via future development of the upper parts;
4. Apportioned price of the upper parts is only £48 per sq ft / £528 per sq m, compared to the potential residential exit value of £280 per sq ft / £3,012 per sq m;
5. Recently renewed lease at re-based rent;
6. Dual entrances from the front and rear;
7. The tenant has been in occupation for over 44 years;
8. Certificate of Lawful Use for change of use to restaurant / coffee shop (Use Class E);
9. 100% prime pitch location in the heart of the town centre;
10. VAT Free Investment
11. Attractive lot size to an investor;


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