



High Yielding, Secure Bank Investment

 22-24 New George Street, Plymouth, United Kingdom, PL1 1RL

FOR SALE 

£ 1,020,000 Asking price

Location



Plymouth is the largest conurbation in the southwest region of England and a major centre with a growing population of some 263,000.

It is located some 72 km (45 miles) southwest of Exeter, 87 km (54 miles) east of Truro and 200 km (124 miles) southwest of Bristol. It is well connected by road and rail lying at the junction of the A386 and A38, which links to the M5 motorway at Exeter.

Plymouth's mainline railway station has a journey time to London of just over 3 hours and to Bristol Temple Meads of approximately 2 hours. In addition, the city is an important continental and national seaport.

Plymouth is the south west's administrative hub and has a diverse economy with a GVA of £5.2 billion and 105,100 jobs (Source: www.visitplymouth.co.uk). Plymouth University is home to 30,000 students and 3,000 staff.

Plymouth is the largest centre for shopping in the Southwest, outside of Bristol.

Summary

- City centre bank investment
- Undoubted income – let to Bank of Scotland PLC (t/a Halifax)
- New lease from January 2024
- Significantly rebased rent (67% below previous rental level)
- Tenant has been in occupation since 2009
- Located in the heart of Plymouth's prime retailing pitch
- £1,020,000, subject to contract
- 10.0% Net Initial Yield

Situation

Retailing in Plymouth is principally confined to three streets (New George Street, Cornwall Street and Armada Way) and the Drake Circus Shopping Centre.

The property is located in a 100% prime trading position on New George Street, between the entrances to Drakes Circus Shopping Centre and Armada Way. Surrounding occupiers include Card Factory, Tesco Express, The Body Shop, White Stuff, Moss Bros, Vision Express, Ted Baker, Vodafone, and Costa Coffee.

Owned by British Land, Drakes Circus Shopping Centre is one of the West Country's most popular shopping destinations with around 70 shops and restaurants and 1,270 parking spaces. Key occupiers include Marks & Spencer, Apple, Primark, Next, H&M and JD Sports.

In 2019 British Land opened The Barcode, a circa 9,290 sq m (100,000 sq ft) leisure scheme next to the Drakes Circus Shopping Centre including a 12 screen Cineworld cinema, 15 restaurant units and 420 car park spaces. In 2016, British Land acquired the New George Street Estate linking the retail centre with the leisure scheme.

Plymouth Council has committed £27 million to the 'Better Places' project which aims to improve the look and feel of the city centre's main thoroughfares, making it more attractive for shoppers and visitors as well as encourage more inward investment in retail, leisure, employment and housing into the heart of Plymouth. As part of this project, works are well underway to revamp Old Town Street and New George Street with new shops, seating and trees. The improvements, to be completed in 2024, will deliver:

- Concentrated footfall alongside shopfronts to support retail
- Space for on-street retail to reinforce the space as Plymouth's premier shopping street
- An improved identity making the area a more attractive place in which to shop, live and work
- Attractive places to stop and rest for everyone
- 'Rain gardens' improving the attractiveness of the street
- The creation of two new attractive destination spaces to encourage dwell time
- High quality children's play integrated into the street environment
- A more attractive setting for existing retail

A number of major projects are underway in the City Centre and Waterfront area, including the £200m regeneration of Millbay's historic former docks by English Cities Fund. A new coach station has been opened, along with The Box – the city's new history, arts and culture centre on North Hill, plus Plymouth Market has undergone a £3.5 million renovation.

Description

The property comprises a prominent, double-fronted retail banking unit arranged over ground, first and second floors.

The ground floor provides an open banking hall fitted out to a high standard in the tenant’s usual corporate style. The first floor provides various office / meeting rooms along with staff accommodation. The second floor is used as ancillary/staff accommodation.

Accommodation

The property has been measured by Lane & Frankham Ltd and provides the following Net Internal Areas:

| | | | |
|--------------|--------------|-------------|--------------|
| Ground Floor | Zone A | 63.5 sq m | 684 sq ft |
| | Zone B | 73.9 sq m | 795 sq ft |
| | Zone C | 74.3 sq m | 800 sq ft |
| | Zone D | 53.4 sq m | 575 sq ft |
| | Remainder | 14.7 sq m | 158 sq ft |
| | ITZA | | 1,363 |
| | Sub-Total | 279.8 sq m | 3,012 sq ft |
| First Floor | Office/Staff | 54.0 sq m | 581 sq ft |
| | Office | 272.1 sq m | 2,929 sq ft |
| | Storage | 68.5 sq m | 737 sq ft |
| | Sub-Total | 394.6 sq m | 4,247 sq ft |
| Second Floor | Office/Staff | 40.6 sq m | 437 sq ft |
| | Storage | 372.4 sq m | 4,008 sq ft |
| | Sub-Total | 413.0 sq m | 4,445 sq ft |
| TOTAL | | 1087.4 sq m | 11,704 sq ft |

A copy of the measured survey report is available to download.

Tenure

The property is held under a head lease from Plymouth City Council for a term of 125 years from 25th March 1991 (approximately 92 years unexpired) at a ground rent of 10% of rents received (£12,000 per annum). **There is no head rent payable if the property is vacant.**

Tenancy

The property is entirely let to **Bank of Scotland PLC (t/a Halifax)** on a full repairing and insuring lease for a term of 5 years from 13th January 2024, expiring on 12th January 2029.

The passing rent is **£120,000 per annum**. There is a period of half rent (£60,000 per annum) from and including 13th January 2024 to and including 12th January 2025. 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.

We understand the tenant has been in occupation since 2009 and entered into a lease renewal in 2024, demonstrating their desire to remain in the property. At lease renewal the rent was significantly rebased from £365,000 per annum under the previous lease. **Hence, the rent is 67% below the previous rental level.**

After deduction of the head rent, an investor will benefit from a net income of **£108,000 per annum**.

Covenant

Bank of Scotland PLC (Co. No. SC327000) has reported the following figures:

| | 31 st December 2022 | 31 st December 2021 |
|-----------------|--------------------------------|--------------------------------|
| Revenue | £4,931,000,000 | £5,763,000,000 |
| Pre-Tax Profits | £1,137,000,000 | £2,316,000,000 |
| Net Assets | £16,046,000,000 | £14,043,000,000 |

The Bank of Scotland was established in 1695 and is the oldest bank in Scotland. The Banks' main activities including management of savings, current banking accounts, credit accounts, insurance, loans and mortgages, investment, and retirement policies. The Bank enjoys a ranking in the five best banks in the United Kingdom and is a wholly owned subsidiary of the Lloyds Banking Group plc.

For more information please see: www.bankofscotland.co.uk.

VAT

The property has been registered for VAT. It is anticipated that the sale will be treated as a Transfer of Going Concern (TOGC), subject to the buyer satisfying the requirements of a TOGC set-out in the Special Conditions of Sale.

Proposal

We are instructed to seek a figure of **£1,020,000** (One Million and Twenty Thousand Pounds), subject to contract, reflecting a net initial yield of **10.0%**, assuming the purchasers' costs of 5.77%.

Please note a purchaser will be re-charged the costs of the searches (£1,088.62) which are provided in the data room.

Please note a purchaser will be charged a Transaction Fee of £10,000 + VAT.

Investment Considerations

1. City centre investment opportunity;
2. Let to the undoubted covenant of Bank of Scotland Plc;
3. New lease from January 2024;
4. Significantly rebased rent, 67% below previous rental level;
5. The tenant has been in occupation since 2009 and renewed their lease in 2024, demonstrating their desire to remain in the property;
6. The property is located in the heart of Plymouth's prime retailing pitch;
7. Attractive lot size to an investor;
8. Attractive net initial yield.

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