



## High Yielding Retail Investment

 38-40 New George Street, Plymouth, United Kingdom, PL1 1RW

FOR SALE  PRIVATE TREATY

£ 865,000 Subject to contract

### Location



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

It is located some 72 km (45 miles) south west of Exeter, 87 km (54 miles) east of Truro and 200 km (124 miles) south west 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 sea port.

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](http://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 South West, outside of Bristol.

## Summary

- City centre retail investment
- Located in the heart of Plymouth's prime retailing pitch
- 38 New George Street – let to Clubsport Skechers Ltd
- 40 New George Street – new lease to Go Outdoors Retail Ltd from August 2023 at rebased rent
- Over 60% of the income secured against Go Outdoors, wholly owned by JD Sports (Market Cap £5.9 billion)
- £865,000, subject to contract
- 13.0% 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 prime position on New George Street, between the entrances to Drakes Circus Shopping Centre and Armada Way. Surrounding occupiers include Tesco Express, White Stuff, Halifax, Moss Bros, Vision Express, The Body Shop, 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

38 New George Street comprises a retail unit on ground floor with ancillary accommodation at basement level.

40 New George Street is arranged over part basement, ground, first and second floors. The latter two floors over sail the ground floor retail unit at 38 New George Street. The ground and part first floor provide sales areas, whilst the remainder of the first floor and second floor provide storage accommodation.

The units have been fitted out by the tenants in their usual corporate style.

There is access to a service yard area to the rear of the property.

## Rateable Value

According to the Valuation Office website the rateable value for the property is as follows;

|                      |         |
|----------------------|---------|
| 38 New George Street | £41,750 |
| 40 New George Street | £86,000 |

The business rate multiplier is 49.9 pence for rateable values below £51,000 and 51.2 pence for rateable values of £51,000 or more.

## Accommodation

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

### 38 New George Street (Clubsport Skechers Ltd)

|                    |                    |                    |
|--------------------|--------------------|--------------------|
| Net Frontage       | 4.60 m             | 15'1"              |
| Gross Frontage     | 5.23 m             | 17'2"              |
| Zone A             | 28.15 sq m         | 303 sq ft          |
| Zone B             | 28.52 sq m         | 307 sq ft          |
| Zone C             | 27.78 sq m         | 299 sq ft          |
| Remainder          | 0.74 sq m          | 8 sq ft            |
| ITZA               |                    | 532                |
| Ground Floor Total | 85.19 sq m         | 917 sq ft          |
| Basement           | 285.30 sq m        | 3,071 sq ft        |
| <b>Total</b>       | <b>370.49 sq m</b> | <b>3,988 sq ft</b> |

### 40 New George Street (Go Outdoors Retail Ltd)

|                    |                |             |
|--------------------|----------------|-------------|
| Net Frontage 1     | 4.37 m         | 14'4"       |
| Net Frontage 2     | 4.18 m         | 13'9"       |
| Gross Frontage     | 9.99 m         | 32'9"       |
| Zone A             | 55.74 sq m     | 600 sq ft   |
| Zone B             | 54.90 sq m     | 591 sq ft   |
| Zone C             | 55.46 sq m     | 597 sq ft   |
| Remainder          | 66.80 sq m     | 719 sq ft   |
| ITZA               | 1,135 sq<br>ft |             |
| Ground Floor Total | 232.90 sq m    | 2,507 sq ft |

|                  |                    |                    |
|------------------|--------------------|--------------------|
| First Floor      | 313.54 sq m        | 3,375 sq ft        |
| Second Floor     | 314.09 sq m        | 3,381 sq ft        |
| Basement (Plant) | Not measured       |                    |
| <b>Total</b>     | <b>860.53 sq m</b> | <b>9,263 sq ft</b> |

The measured survey report is available to download and will be re-addressed to a purchaser at a cost of £195 + VAT.

## Tenure

The property is held under a head lease from Plymouth City Council for a term of 125 years from 13th December 2012, expiring on 12th December 2137 (approximately 113 years unexpired) at a ground rent of 11% of rents **received. There is no head rent payable if the property is vacant** where the Landlord is 'Actively Marketing' the units (as defined at schedule 4 of the Lease).

The current rent payable under the head lease is **£14,672 per annum**.

## Tenancies

The property is currently let as follows;

### Summary:

|                           |                         |                           |
|---------------------------|-------------------------|---------------------------|
| 38 New George Street      | Clubsports Skechers Ltd | £60,883 per annum         |
| 40 New George Street      | Go Outdoors Retail Ltd  | £72,500 per annum         |
| <b>Total Gross Income</b> |                         | <b>£133,383 per annum</b> |

Ground Rent £14,672 per annum

**Net Income £118,711 per annum**

### 38 New George Street

Let to **ClubSport Skechers Limited (t/a Skechers)** for a term of 10 years from 4th January 2016, expiring on 3rd January 2026. The current passing rent is **£60,883 per annum**.

There is a cap on the tenant's contribution to the service charge cap (initially £2,000 per annum), which increases in line with RPI. The service charge cap for the current service charge year is £2,895.63.

### 40 New George Street

A renewal lease has been entered into with **Go Outdoors Retail Limited (t/a Millets)** for a term of 5 years from 14th August 2023, expiring on 13th August 2028. There is a tenant's break option on 14th August 2026, subject to six months' notice.

The current passing rent is **£72,500 per annum**. There is a period of half rent (£36,250 per annum) from 14th August 2023 to 13th February 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 unit was previously let to Blacks Outdoor Retail Ltd (t/a Millets) at a rent of £150,000 per annum. Hence, the rent has been significantly rebased and is 52% below the previous rental level.

The current net receivable rent after deducting the head rent is **£118,711 per annum**.



## Covenants

Clubsport Skechers Limited (Co. No. 08647261) has reported the following figures:

| <b>Year Ending</b>  | <b>31st December 2022</b> | <b>31st December 2021</b> |
|---------------------|---------------------------|---------------------------|
| Turnover            | £15,187,044               | £9,440,874                |
| Pre-Tax Profits     | £1,061,706                | £1,907,727                |
| Shareholders' Funds | £3,387,546                | £2,854,581                |

Incorporated in 2013, the company is a Skechers franchisee.

Headquartered in California, Skechers trades on the New York Stock Exchange and is an award-winning global brand with record annual sales of \$7.44 billion in 2022. Along with its diverse footwear offering, the company also has a growing range of apparel and accessories for men, women and children. Skechers has approximately 5,000 company and third party-owned retail stores worldwide in approximately 180 countries with international business representing more than half of its total sales. For further information visit [investors.skechers.com](https://investors.skechers.com).

Go Outdoors Retail Limited (Co. No. 12659342) has reported the following figures:

| <b>Year Ending</b>  | <b>28th January 2023</b> | <b>29th January 2022</b> |
|---------------------|--------------------------|--------------------------|
| Turnover            | £338,248,000             | £316,320,000             |
| Pre-Tax Profit      | £13,096,000              | £21,494,000              |
| Shareholders' Funds | £56,824,000              | £45,704,000              |

Go Outdoors mission is to inspire and equip everyone for life outdoors. Go Outdoors is the UK's leading outdoor specialist retailer, having the widest in-store range of outdoor clothing, footwear and equipment while serving a broad range of outdoor activities including walking, camping, caravanning, cycling, fishing, running and equestrian. For further information see [www.gooutdoors.co.uk](https://www.gooutdoors.co.uk).

The company is a wholly owned subsidiary of JD Sports Fashion Plc.

Established in 1981, the JD Group is a leading global omnichannel retailer of Sports, Fashion and Outdoor brands. The Group now has approximately 3,400 stores across 38 territories, with a strong presence in the UK, Europe, North America and Asia Pacific. For the year ending January 2023, JD Sports Fashion Plc reported a Revenue of £10.125 billion, Pre-Tax Profits of £440.9 million and Net Assets of £2.6 billion. JD Sports has a market capitalisation of £5.9 billion. For further information visit [www.jdplc.com](https://www.jdplc.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 in excess of **£865,000** (Eight Hundred and Sixty Five Thousand Pounds), subject to contract, reflecting a net initial yield of **13.0%**, assuming purchaser's costs of 5.4%.

Please note a purchaser will be re-charged the costs of the searches (£1,009.05) and measured survey (£195 + VAT) which are provided in the data room.

Please note a purchaser will be charged a Transaction Fee of 1.0% of the Purchase Price + VAT.

## Investment Considerations

1. An opportunity to acquire a city centre retail investment;
2. The property is located in the heart of Plymouth's prime retailing pitch;
3. Over 60% of the income is secured against Go Outdoors Retail Ltd who are wholly owned by JD Sports (Pre-Tax Profits £441 million, Market Cap £5.9 billion);
4. New lease from August 2023;
5. Significantly rebased rent – 52% below previous rental level;
6. No head rent payable if the property is vacant;
7. A purchase at the asking price reflects an attractive net initial yield;
8. Attractive lot size for an investor.


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