



High Yielding Town Centre Retail Investment

21 Leys Avenue, Letchworth Garden City, United Kingdom, SG6 3EA

FOR SALE

£ 295,000 Subject to contract

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
- Prime retailing pitch at the entrance to the Garden Square Shopping Centre
- Let to WH Smith Retail Holdings Ltd (Net Assets £752m)
- New lease from July 2024
- Re-based rent
- Tenant has been in occupation since 1907
- £295,000, subject to contract
- 11.0% Net Initial Yield

Situation

The property is situated in the heart of the town centre occupying a highly prominent position on Leys Avenue, 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 principal 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, Iceland, Home Bargains, New Look, 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 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 apartments.

Description

The property comprises a ground floor retail unit which has been fitted out by the tenant in their usual corporate style. The first floor provides staff/ancillary accommodation.

The second floor comprises a three-bedroom residential apartment which is not included in the sale.

Accommodation

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

Net Frontage	8.38 m	27'6"
Gross Frontage	10.13 m	33'3"
Zone A	58.62 sq m	631 sq ft
Zone B	50.17 sq m	540 sq ft
Zone C	56.58 sq m	609 sq ft
Remainder	90.48 sq m	974 sq ft
ITZA		1,175
Total Ground Floor	255.85 sq m	2,754 sq ft
First Floor	51.84 sq m	558 sq ft
Total	307.68 sq m	3,312 sq ft

A set floor plan is available to download, and the measured survey report will be re-addressed to a purchaser at a cost of £530 + VAT.

Tenure

Long leasehold interest for a term commencing on the date of completion and expiring on 28th December 2187 (approximately 163 years unexpired) at a peppercorn rent.

Tenancy

The ground floor is let to **WH Smith Retail Holdings Limited** on a full repairing and insuring lease for a term of 5 years from 26th July 2024, expiring on 25th July 2029. There is a tenant's break option on 26th July 2027, subject to six months' notice.

The passing rent is **£33,500 per annum**.

The tenant has been in occupation since 1907 (118 years) and signed a new lease in July 2024, demonstrating their commitment to this location. The rent was previously £45,000 per annum so has been re-based.

The residential flat on the second floor is not included in the sale.

Covenant

WH Smith Retail Holdings Limited (Company Number 471941) has reported the following figures:

	31st August 2023	31st August 2022
Revenue	£218,500,000	£191,656,000
Pre-Tax Profits (Loss)	-£97,759,000	-£40,783,000
Net Assets	£752,124,000	£848,640,000

The ultimate parent company is WH Smith Plc, a leading global retailer for news, books and convenience made up of two core business – Travel and High Street. WHSmith Travel operates over 580 stores in a wide range of locations including airports, hospitals, train stations and motorway service areas. WHSmith High Street has an extensive reach with over 520 stores across the UK, and a presence on nearly every significant UK high street, mainly in prime locations. Their retail offering includes a wide range of products in the following categories: Stationery (including greeting cards, general stationery, art and craft, and gifting), News and Impulse (including newspapers, magazines, confectionery and drinks) and Books. For further information see www.whsmithplc.co.uk.

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) subject to compliance with the provisions in the sale contract.

Proposal

We are instructed to seek a figure of **£295,000**, (Two Hundred and Ninety-Five Thousand Pounds) subject to contract, reflecting a net initial yield of **11.0%** assuming purchaser's costs of 3.24%.

Please note that a purchaser will be re-charged the costs of the measured survey (£530 +VAT) and searches (£1,172.00) which are provided in the data room.

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

Investment Considerations

1. The property is located in an affluent location within the London commuter belt;
2. The property occupies a prime retailing pitch in the heart of the town centre and at the entrance to the Garden Square Shopping Centre;
3. Securely let to WH Smith Retail Holdings Limited (Net Assets £752 million);
4. New lease from July 2024;
5. Re-based rent;
6. The tenant has been in occupation since 1907 (118 years) and signed a new lease, demonstrating their commitment to the property;
7. Attractive lot size for an investor;
8. Attractive net initial yield.

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