



79 EAST STREET CHICHESTER

Prime Reversionary
High Street
Retail Investment





79 EAST STREET
CHICHESTER

INVESTMENT SUMMARY

- Chichester is an internationally renowned tourist destination and an attractive, affluent and historic cathedral city
- The city is one of the most visited nationally, attracting 1.5 million tourists per annum
- Prime aspirational retailing location on the pedestrianised East Street
- Prominent position on East Street with return frontage
- Well configured retail unit
- Unexpired term of 5.5 years
- Tenant has removed August 2018 break option
- Reversionary asset (next rent review 10/08/2018)
- Potential to convert the upper floors to residential accommodation (subject to vacant possession and the necessary planning consents)
- Freehold

PROPOSAL

Net Income:	£80,000 per annum
Offers in excess of:	£1,675,000 (subject to contract)
Net Initial Yield:	4.50%
Equivalent Yield	5.15%
Reversionary Yield	5.18%

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LOCATION

Chichester is both an attractive and historic cathedral city, as well as a popular retailing centre located on the south coast of England. Chichester is situated in West Sussex and is the county's only city. It is 30 miles west of Brighton, 32 miles east of Southampton and 65 miles south-west of London.



The city benefits from fantastic road communications with access to the A27 dual carriageway, which links to Brighton and Eastbourne in the east and Southampton and Portsmouth in the west. Additionally, the A3 provides excellent access to London and the UK's motorway network.



Chichester's mainline station provides a direct service to London (Victoria) in 90 minutes, making the city a popular commuter location for people working within London's City and West End.

DEMOGRAPHICS

Chichester has a primary catchment population of 252,000, of which 156,000 regard Chichester as their main shopping destination.

The city has an above average proportion of adults categorised within the most affluent A, B & C social grouping.

The city benefits from a further influx of 1.5 million tourist per year.


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RETAILING IN CHICHESTER

Chichester's cathedral is over 900 years old and attracts visitors from all over the world. The centre provides an attractive and historic retail environment with approximately 730,000 sq ft of retail floor space. The retail stores are concentrated within the city walls with the main provision of prime retail units on East and North Street. The town benefits from a strong occupational demand due to the affluence of the local population. This is coupled with a lack of supply as there is no shopping centre and limited development potential due to Chichester's historic nature. As a result, Chichester has one of the lowest retail vacancy rates in the UK providing excellent prospects for future rental growth.

The prime retail provision is centred on the city's pedestrianised thoroughfares of East, North and West Streets. East Street accommodates a number of national retailers including:





SITUATION

The property is situated in a prominent position in the centre of the pedestrianised East Street, which forms the prime retailing pitch for the city.

The property is adjacent to Card Factory and Superdrug and opposite the city's main Marks and Spencer.



DESCRIPTION

The property is an attractive Grade II listed retail premises with the benefit of return frontage onto North Pallant. It is arranged over ground to second floors with the tenant trading from the ground floor only and the upper floors used as ancillary accommodation. The first and second floor can be accessed via a self-contained access from North Pallant.



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TENURE

The property is held freehold.

TENANCY

The property is let in its entirety to Pressleys Chichester Limited, trading as Pandora, on a full repairing and insuring lease from 19th August 2013 and expiring 18th August 2023. The tenant has removed the break option dated 19th August 2018. The property is subject to an upward only rent review on 19th August 2018. The current passing rent is £80,000 per annum, reflecting a Zone A of £157.

The lease is subject to a schedule of condition, further information available on request.

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ACCOMMODATION

We have measured the property in accordance with the RICS Code of Measuring Practice 6th Edition which provides the following Net Internal Areas:

Floor	Uses	Area (sq m)	Area (sq ft)
Ground	Sales	78.3	810
ITZA			485 units
First	Ancillary	45.7	492
Second	Ancillary	38.1	410
Total		159.1	1,712





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COVENANT

Pressleys Chichester Limited (Company No. 07507396) is a franchisee of Pandora. Pandora was founded 1982 in Copenhagen and now operates across 100 countries with more than 7,900 points of sales and 2,100 concept stores. In 2016, Pandora's total revenue was €2.7 billion. They currently trade from 327 stores across the UK.

PANDORA™

They have a Creditsafe rating of 69 reflecting a "low risk" of business failure.



RENTAL ANALYSIS & RETAIL COMMENTARY

We have analysed the rent to show £157 psf Zone A, applying A/20 on the first floor and nil value to the second floor. Prime rents on East Street, Chichester are currently £190 Zone A. This is supported by the open market letting to Joules who relocated from South Street to 20 East Street in November 2017 reflecting £190 Zone A. The open market letting to Oasis at 4 East Street reflects £171 Zone A. Additionally, the open market letting to Pret A Manger at 82 East Street in March 2016 indicates £180 Zone A.

Based on the recent transactional evidence, we are of the opinion that the subject property would achieve a Zone A rent of £180 providing an ERV of £92,000 per annum.

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INVESTMENT COMPARABLES

Address	Date	Tenant	Price	Yield
18 North Street, Chichester	Nov 2017	Signet Trading Ltd (t/a H Samuel)	£2.17m	4.40%
22-23 East Street, Chichester	Nov 2017	Vodafone	£2.43m	3.30%
2-3 East Street, Chichester	Jun 2017	RL Austen Ltd	£3.50m	3.90%
16-17 North Street, Chichester	Mar 2017	W H Smith Retail Holdings Ltd	£3.82m	4.02%
4 East Street, Chichester	Sep 2016	Oasis	£2.54m	3.69%
11 High Street, Canterbury	Jul 2016	Costa	£2.40m	3.33%
162-164 High Street, Cheltenham	Apr 2016	EE	£3.95m	3.97%



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EPC

An EPC for the property can be provided upon request.

VAT

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

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PROPOSAL

We are instructed to seek offers for our client's freehold interest in excess of £1,675,000 (One Million, Six Hundred and Seventy Five Thousand Pounds), subject to contract and exclusive of VAT. A purchase at this level would reflect a Net Initial Yield of 4.50%, after allowing for purchasers costs of 6.17%.

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FURTHER INFORMATION

For further information or to arrange an inspection of the property, please contact:

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