

MIXED USE INVESTMENT AND DEVELOPMENT OPPORTUNITY IN THE HEART OF GUILDFORD

# GUILDFORD

32-36 High Street

GU1 3EL



## INVESTMENT SUMMARY

- Guildford is one of the UK's premier retail destinations outside of Central London
- One of the most affluent catchment populations in the UK
- Desirable and affluent commuter location with a journey time into Central London of 36 minutes
- Situated on Guildford's prime shopping location of High Street, in close proximity to Guildford Station
- Well secured banking and office investment
- Lower floors let to the strong national operators of Nationwide and Skipton Building Society
- Upper floors let to two office tenants with one vacant unit providing immediate opportunity to improve income on re-letting
- 100% of the income secured to "very low risk" and "low risk" covenants
- WAULT of 7.3 years to breaks and 7.4 years until expiries
- Asset management opportunities include increasing office rents and redeveloping upper floors into residential, student or boutique hotel accommodation, subject to planning and vacant possession
- Freehold

Total Net Income:  
£566,320 per annum

Offers in Excess of:  
£7,080,000

Net Initial Yield:  
7.50%



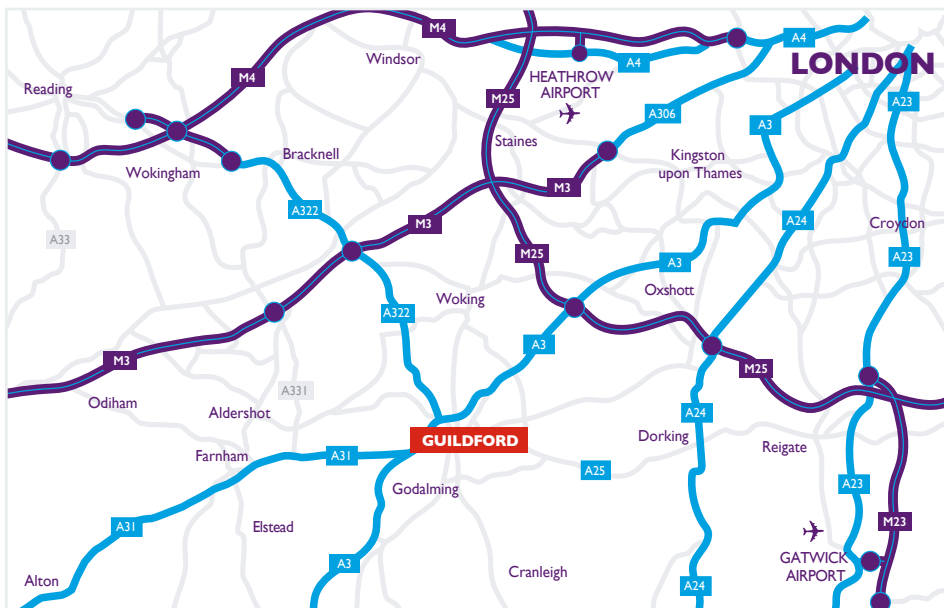
## LOCATION

Guildford is the principal administrative and commercial centre for Surrey and one of the premier retailing locations in the UK. The town is located approximately 33 miles south west of London and 6 miles south of Woking.




Guildford is an affluent and thriving employment centre which offers a strong commuter base and provides an excellent array of shopping and leisure amenities, together with higher education facilities provided by the University of Surrey. The town has become an attractive location for corporate occupiers including:

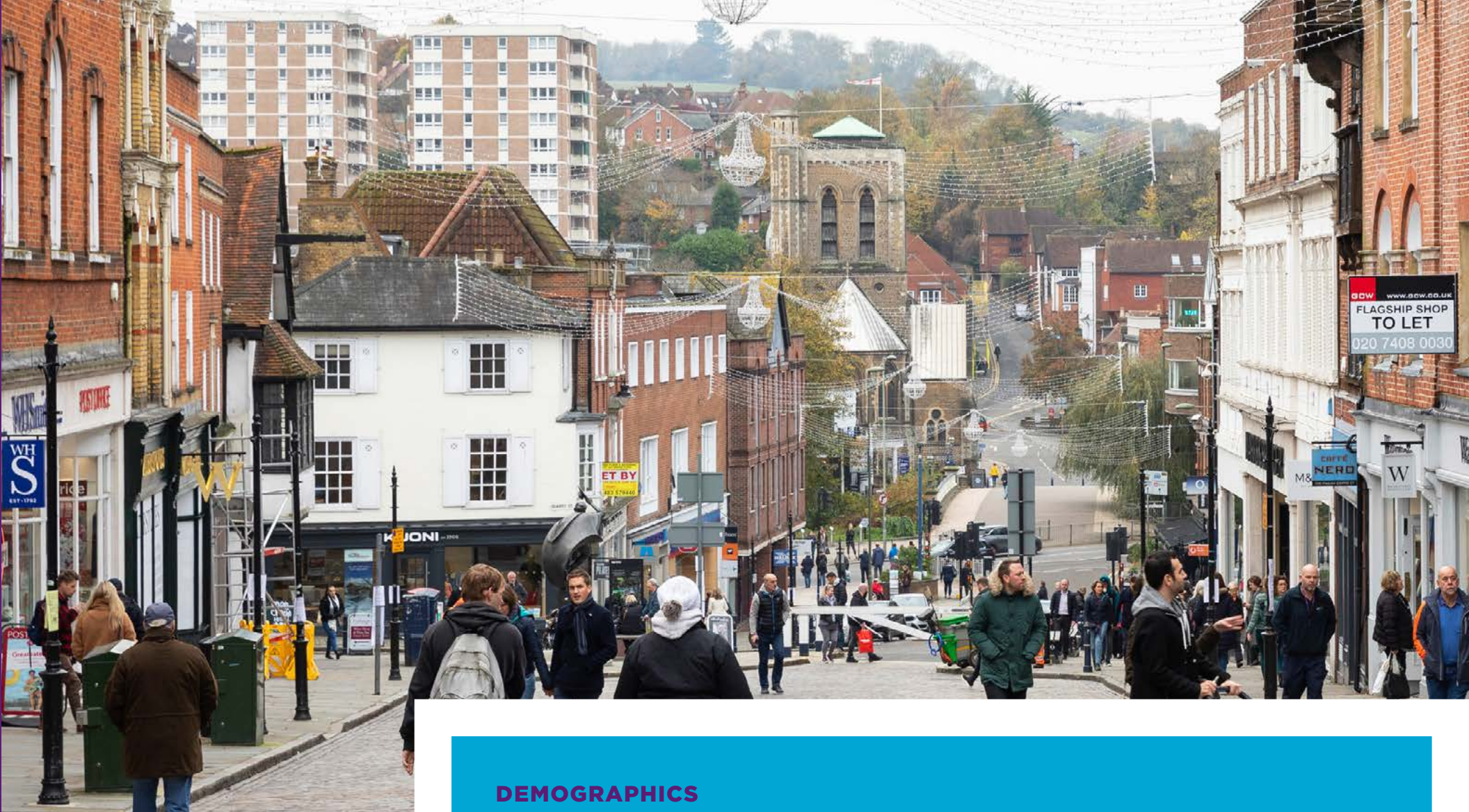


In 2018, Network Rail/Kier obtained planning permission for a £150 million regeneration scheme at Guildford Station which will provide a new Gateway to the town. The development includes a new station building, 438 homes, a new multi-storey car park, 2,000 square metres of Grade A office space and a radically enhanced station environment, with an attractive station plaza and high quality public realm. The project is anticipated to be completed by 2025 with the first homes welcoming residents in 2022. The new multi-storey car park will open in 2021.



The location benefits from excellent transport links as demonstrated below:

-  Strong road communications with dual carriageway access via the A3 to the M25 motorway providing easy access to Central London and the South East. The M3 lies to the north west of Guildford which joins the M27 outside Southampton.
-  The town benefits from frequent and direct rail services into London Waterloo, Gatwick Airport and Reading with a fastest journey time of approximately 36 minutes, 39 minutes and 35 minutes respectively.
-  London Heathrow Airport is located approximately 29 miles north east of the town and London Gatwick is located 30 miles to the south east, providing easy access to a wide range of regular domestic and international flights.



4 million tourists per annum, generating in excess of £330 million additional spend in the town.

## DEMOGRAPHICS

Guildford has a borough population of circa 135,000 persons with a primary catchment of approximately 472,000. In addition, the town also has a significant student population with the University of Surrey accommodating 16,000 students.

Guildford is also a popular commuter town with over 8 million people using the station annually, making it the busiest station in Surrey. Guildford has one of the most affluent catchments in the UK, ranking 2nd out of the 200 Promis centres on the PMA Affluence Indicator. Retail expenditure in Guildford town centre is expected to grow by 5.70% per annum over the period 2018 to 2023 (PMA).

The town benefits from 4 million tourist visits per annum generating £330 million of additional spend.



## SITUATION

The property is situated in a dominant position on Guildford's main retailing pitch of High Street, in the heart of the town centre. Retailers in the close proximity include

Waterstones next Phase Eight ERNEST JONES GAP

The subject property also benefits from being located directly opposite Friary Street, which acts as a major footfall driver along this section of the pitch. The street is home to restaurant operators including Wagamama, Five Guys, Franca Manca and Nando's.

## DESCRIPTION

The property is an attractive mixed-use asset, with banking accommodation on the ground, part first and part second floor, with office accommodation on the remaining first floor as well as second floor. The premises benefits from a flat roof at the second floor and a much larger flat roof at the rear of the property, providing an opportunity to redevelop the asset and add massing.



## TENANCY SCHEDULE

The accommodation and tenancy information are detailed in the schedule below:

Address	Tenant Name	Lease Start	Lease Expiry (Break)	Next Rent Review Date	Credit Safe Score	Rent per annum	Zone A / Rent psf	Comment
32/34 High Street	Nationwide Building Society	25/04/2018	24/04/2028	25/04/2023	100/100 (Very Low Risk)	£278,450	£190	The tenant has been in occupation since 1996. The lease inside the Landlord and Tenant Act 1954.
36 High Street	Skipton Building Society	12/07/2019	11/07/2029	12/07/2024	91/100 (Very Low Risk)	£180,000	£191	The tenant has been in occupation since 2004 and recently agreed a 10 year reversionary lease at the passing rent. The lease is inside the Landlord and Tenant Act 1954. The tenant pays half rent (£90,000 per annum) until 11/07/2021. The vendor will top-up the rent at completion.
First Floor Office (Rear)	Chaos Design Ltd	22/08/2017	21/08/2022		63/100 (Low Risk)	£57,500	£22.50	The tenant has been in occupation since 2005. Did not action their August 2020 break.
First Floor Office (Front)	U/O to Air Social Ltd	TBC 2020	TBC 2025 (TBC 2023)		82/100 (Very Low Risk)	£29,000	£23.75	Terms agreed for a new lease contracted outside the L&T Act 1954. Service charge capped at £10,000 per annum, subject to annual RPI increases (current amount £14,330). 4 months rent free will be topped up at completion, 4 months rent + VAT deposit also held. Mutual break at year 3.
Second Floor Office	Vendor Guarantee					£25,700	£23.75	The vendor will provide 12 months rent, rates and service charge (£12,650 for 2020) guarantees upon completion, if the unit remains vacant.
<b>Total</b>						<b>£570,650</b>		
<b>Total (net of service charge shortfall)</b>						<b>£566,320</b>		

The property has a WAULT of 7.3 years until breaks and 7.4 years to expiries.

## ASSET MANAGEMENT OPPORTUNITY

There is strong demand in Guildford for residential, student, office and hotel uses. We are of the opinion that the underutilised upper floors of the subject property offer a realistic and feasible opportunity for conversion to alternative uses, subject to planning and vacant possession.

The property has a flat roof above the first and second floors. This offers an opportunity to add massing above this existing structure and create additional usable space.



## INCOME ANALYSIS

11% 0-5 years  
89% 5-10 years

**Expiry Profiles**  
as a Percentage  
of Income

100% of the income  
from “very low risk” and  
“low risk” covenants

11% “low risk”  
89% “very low risk”

**Covenant**  
Ratings as a  
Percentage  
of Income



## ACCOMMODATION

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

Address	Tenant	GF Sales (sq ft)	ITZA (units)	First (sq ft)	Second (sq ft)	Total (sq ft)
32/34 High Street	Nationwide Building Society	3,873	1,469	-	-	3,873
36 High Street	Skipton Building Society	2,422	898	532	564	3,518
First floor Office (Rear)	Chaos Design Ltd	-	-	2,550	-	2,550
First Floor Office (Front)	Air Social Ltd	-	-	1,221	-	1,221
Second Floor Office (Front)	Vendor Guarantee	-	-	-	1,081	1,081
<b>Total</b>		<b>6,295</b>		<b>4,303</b>	<b>1,645</b>	<b>12,243</b>



## COVENANT

**Nationwide Building Society** is a British Mutual Financial organisation and the largest building society in the World. It was founded in 1846 and currently has its headquarters in Swindon. Today, Nationwide Building Society is the second largest provider of savings and mortgages and has 7.1% market share of the current accounts in the UK.

	04/04/2019	04/04/2018	04/04/2017
Profit Before Tax	£833,000,000	£977,000,000	£1,054,000,000
Total Assets	£16,811,000,000	£18,147,000,000	£14,030,000,000
Net Worth	£8,701,000,000	£11,061,000,000	£5,686,000,000



## Lower floors let to the strong national occupiers of Nationwide and Skipton Building Society

**Air Social Limited** (Company No 07159114) is a full-service marketing agency based in Guildford with extensive knowledge and experience across digital, including digital marketing, social media advertising, Google Ads, content writing, PR, branding, design, web development and SEO.

	28/02/2019	28/02/2018	28/02/2017
Net Worth	£78,261,000	£31,685,000	£15,256,000

**Chaos Design Limited** (Company No 02094230) are an award-winning design and brand agency, based in London, Guildford and Birmingham. They have a wide ranging client base including Aviva, Nespresso, J.P Morgan and RBS.

	31/07/2018	31/07/2017	31/07/2016
Net Worth	£640,644	£816,703	£1,031,531



**Skipton Building Society** is the UK's fourth largest building society with more than 1 million members and over 100 branches. The Society was established in 1853 in Skipton, North Yorkshire, where it remains headquartered.

	31/12/2018	31/012/2017	31/12/2016
Profit Before Tax	£188,200,000	£200,100,000	£168,900,000
Total Assets	£23,204,400,000	£21,023,800,000	£19,019,700,000

Guildford is a desirable and affluent commuter location with a journey time into Central London of 36 minutes

### GUILDFORD OFFICE MARKET

Guildford is a thriving commercial centre that has developed into a strong and well-established office market. The town's skilled labour force, working environment and excellent transport links to Central London have led to robust occupier demand from a number of national and international occupiers.

Grade A town centre availability is limited, currently standing at just 1% of the total office stock both in and out of town. Strong occupational demand and limited Grade A stock within the town centre has provided strong rental growth in recent years with prime rents currently standing at £33.50 psf. We are therefore of the opinion that the office accommodation provides strong opportunity for rental growth.

#### TENURE

Freehold.

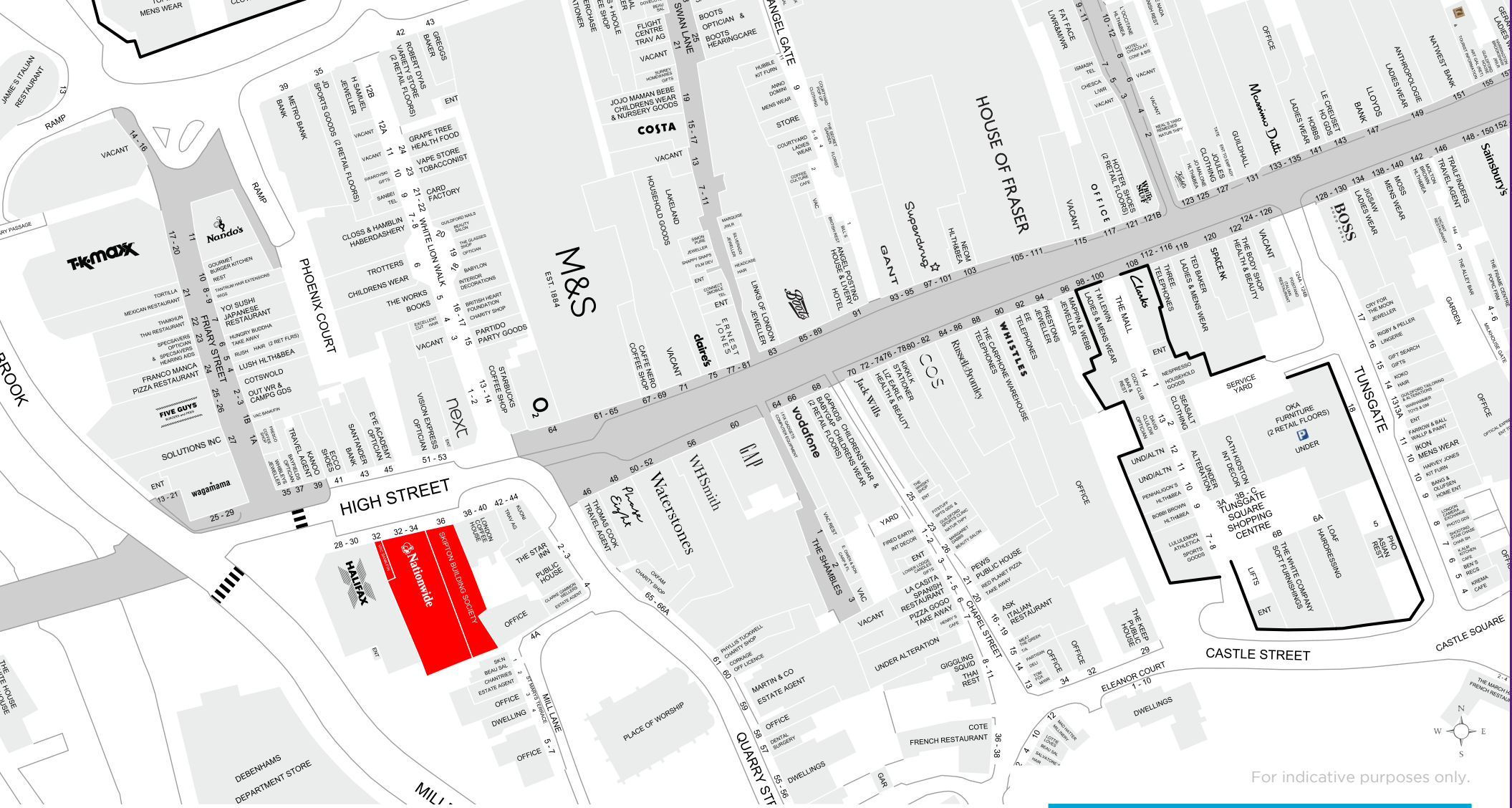
#### VAT

Value added tax is applicable to the sale of this property.

#### EPC

EPC's are available upon request.





For indicative purposes only.

### ADDITIONAL INFORMATION

A service charge is in place to cover the costs of maintaining the building. These costs are shared between the occupiers by reference to floor areas and benefit. There is a service charge cap within the Air Social Ltd lease as described in the tenancy schedule. The service charge shortfall for the second floor office will be topped up for 12 months at completion, if the unit remains vacant.

An assignable measured survey is also available on request.

**PROPOSAL**

Our client is seeking offers in excess of **£7,080,000** (Seven Million and Eighty Thousand Pounds) subject to contract, for the freehold interest at this level reflecting a **net initial yield of 7.50%** after purchasers costs of 6.65%.



## FURTHER INFORMATION

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

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