

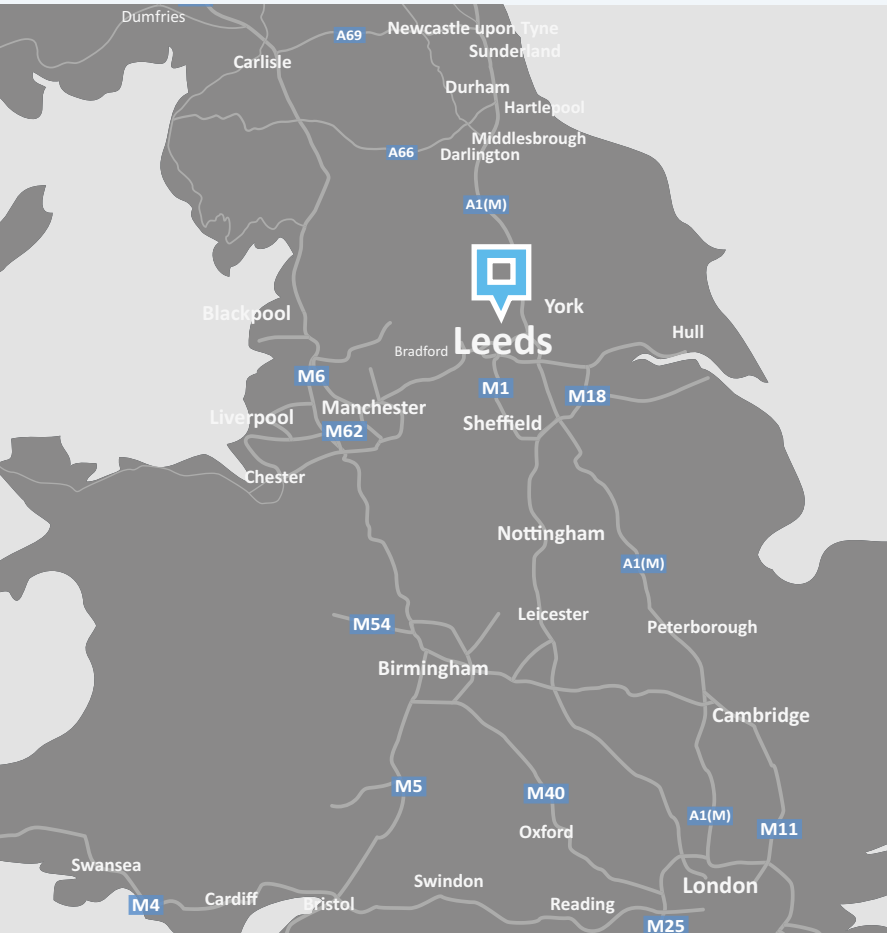
RETAIL INVESTMENT LEEDS

3,5,7 & 9
THORNTON'S
ARCADE, LEEDS



INVESTMENT HIGHLIGHTS

- Leeds is one of the UK's leading retail destinations
- 4 adjoining shop units within Thornton's Arcade
- Busy Victorian Arcade off prime Briggate
- Attractive lot size producing £77,300pa
- Offers are sought in excess of **£1,000,000**, which reflects an **attractive Net Initial Yield of 7.31%** after purchaser's costs of 5.75%



LOCATION

Leeds has a primary catchment population of 1,481,000 ranking it 3rd out of the PROMIS centres. The city is 195 miles north of London, 44 miles east of Manchester and 97 miles south of Newcastle.

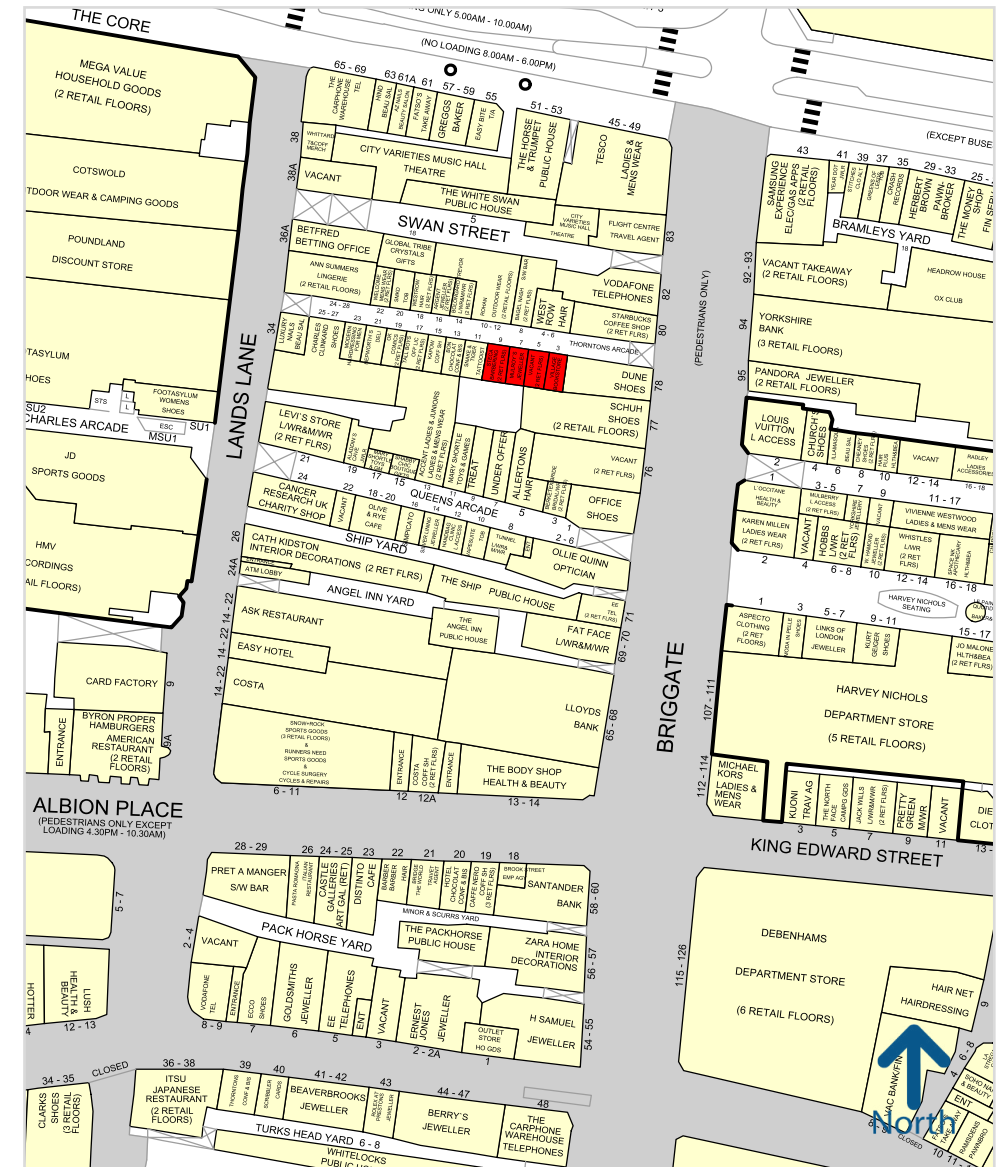
Rail links are excellent with a shortest journey time to London of less than 2 hours, Manchester in under 1 hour and York in under 25 minutes. Leeds is located close to the M1 and M62, which provides excellent motorway connections to the rest of the UK.

ECONOMY

Leeds is the UK's fastest growing city and is the main driver of the region's £64.6 billion economy. Over the next 10 years the economy is forecast to grow by 21% with financial and business services set to generate over half of the gross value added.

Leeds is the main commercial and financial centre for the North of England and in the last 25 years has become a leading regional centre for financial services. RBS and Lloyds Banking Group both have headquarters in the city, along with Coutts and a second office for the Bank of England. Leeds is recognised as the main centre for legal services outside of London, with over 150 legal firms represented in the city such as DLA Piper, Eversheds and Pinsent Masons. The Public Sector is a major employer in the city as well as it being the National Headquarters of the supermarket chain ASDA-Walmart.

The city is on a trajectory of growth with total employment forecast to be above the UK average until 2019, whilst the general population of Leeds is forecast to record above average UK growth between 2015 – 2020.



THORNTON'S ARCADE

Thornton's Arcade is a Grade II Listed Victorian Arcade and was the first arcade to be built in Leeds and dates back to 1878. It is named after Charles Thornton who had the idea of covering the alleyways between prime Briggate and its side streets. The arcade is an impressive and ornate covered streetscape of neo-gothic design providing three storey premises on either side.

The arcade was the first of many arcades to be created in Leeds during the Victorian era and helped transform the city centre into a shopping destination. The arcade continues to be a busy retailing pitch and is a popular route linking Briggate with Lands Lane. Demand remains strong within the arcade with a number of occupiers looking to take space.

SITUATION

Thornton's Arcade is situated in the heart of the city's prime retailing pitch. It links prime pedestrianised Briggate with Lands Lane and 'The Core', one of Leeds' main shopping centres.

Briggate provides the city's traditional retailing pitch and houses retailers such as Harvey Nichols, Debenhams, Louis Vuitton, Karen Millen and Michael Kors. At the entrance to Thornton's Arcade, fronting Briggate, are Dune Shoes and Starbucks.

Lands Lane is also a strong pedestrianised location and includes retailers such as Cotswold Outdoors, JD Sports, Cath Kidston, Ask, Costa, HMV and Foot Asylum.

Thornton's Arcade itself is home to a number of niche retailers whilst also including the likes of Ann Summers, Charles Clinkard and Rohan.

DESCRIPTION

Units 3, 5, 7 & 9 Thornton's Arcade provide an un-broken terrace of 4 units within the arcade. The units provide traditional retail accommodation over ground, first and second floors.



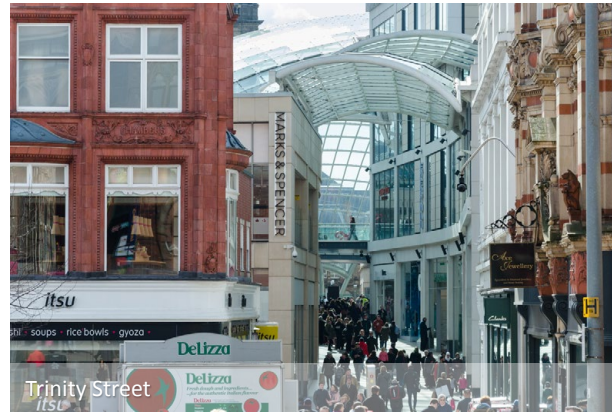
LEEDS RETAIL MARKET

Leeds has an annual footfall of 66.3m. The age profile of the Leeds primary catchment population includes a particularly high proportion of young adults aged 15 – 24, reflecting the city's large student population, whilst adults aged 25 – 44 are also over represented.

Traditionally, Leeds lagged behind competing major cities such as Manchester, Birmingham, Edinburgh and Glasgow, but the completion of the 1m sq ft Trinity Shopping Centre has propelled Leeds to the forefront of the national retail market. The scheme is anchored by major national retailers such as Primark, Marks & Spencer, Next and Boots as well as having attracted new retailers to the city such as Armani Exchange, Charles Tyrwhitt, Victoria's Secret, Hollister, Mango and Apple. Trinity has also successfully delivered on the current trend of combining the leisure and retail markets to ensure the scheme provides a multi-dimensional experience by including an Everyman Cinema alongside food & beverage operators such as Giraffe, Café Rouge and Yo Sushi.

The most recent addition to Leeds' retail landscape is Hammerson's new-build Victoria Gate retail development that opened in 2016. The scheme, located to the east of the traditional prime pitch of Briggate, comprises the largest John Lewis department store outside of London and is accompanied by a twin arcade of unit shops for luxury and aspirational brands. Retailers who have opened in Victoria Gate include Anthropologie, The White Company, Hackett, Russell & Bromley, Nespresso and Tommy Hilfiger.

There is currently a lack of small shop units for both national and local retailers looking to gain representation in Leeds. This can be seen by the lack of voids within the arcades. There is continued interest from occupiers for small shop units and as a result there are rarely voids and only relatively small incentives are given to occupiers.



TENURE

The property is held freehold.

TENANCY INFORMATION

The property is let to 4 tenants on the following terms:

Unit	Tenant	Lease Start	Term	Break	Rent Review	Lease End	Rent pa	Market Rent	Comment
Unit 3	Village Press Ltd	05.11.15	10 years	05.11.20	05.11.20	04.11.25	£19,800	£20,000	FRI via service charge. Service charge contribution for the year is £1,647.36. 6months notice required to exercise break.
Unit 5	A Welcome Skate Limited	23.07.18	5 years	23.01.21		22.07.23	£20,000	20,000	Tenant to paid £6,000 Rental deposit. FRI via service charge. 6 months notice to break required. Service charge contribution for the year is £1,647.36.
Unit 7	Mulroy Group Ltd	27.06.17	5 years	27.06.19		26.06.22	£18,500	£20,000	FRI via service charge. Service charge contribution for the year is £1,578.24.6 months notice to be given in writing to exercise break.
Unit 9	DM Steca & JA Steca trading as Steca Barbering	15.11.13	10 years			14.11.23	£19,000	£20,000	FRI via service charge. Service charge contribution for the year is £1,527.04.Landlord holds rent deposit.
							£77,300	£80,000	

ACCOMMODATION

Unit	Ground Floor (sq ft)	ITZA (sq ft)	First Floor (sq ft)	Second Floor (sq ft)	Zone A Rate (sq ft)
Unit 3	223	221	138	218	£85.43
Unit 5	229	226	175	155	£84.48
Unit 7	223	221	152	183	£81.04
Unit 9	226	223	158	187	£80.85

RENTAL COMMENTARY

The units within Thornton’s Arcade are let off rents which equate to approximately £80/85 per sq ft in terms of Zone A. In arriving at this, we have assumed £5.00 per sq ft on ground floor stores, £3.00 per sq ft on 1st floor and £2.50 per sq ft on 2nd floor space.

SERVICE CHARGE

The units within Thornton’s Arcade are owned by a variety of landlords. The arcade is managed on their behalf by Adair Paxton and all owners contribute to a common service charge.

The current service charge contribution payable in respect of units 3,5,7 & 9 combined is £6,400pa and is fully recoverable from the tenants under the terms of their leases.

The individual amounts are set out in the table below:

Unit	Service Charge	%
3 Thornton’s Arcade	£1,647.36	25.74%
5 Thornton’s Arcade	£1,647.36	25.74%
7 Thornton’s Arcade	£1,578.24	24.66%
9 Thornton’s Arcade	£1,527.04	23.86%
Total	£6,400	100%

RATEABLE VALUES

The properties have the following rateable values:

Unit	Rateable Value
3 Thornton’s Arcade	£12,750
5 Thornton’s Arcade	£13,250
7 Thornton’s Arcade	£13,250
9 Thornton’s Arcade	£13,750

EPC

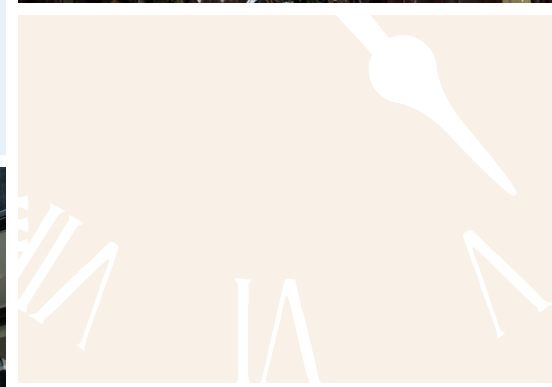
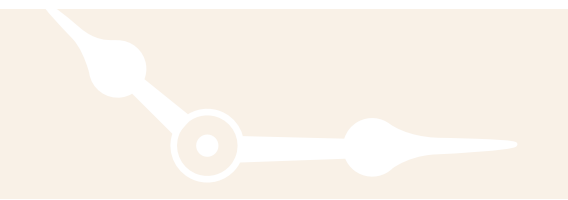
EPCs are available on request.

VAT

The property is elected for VAT and it is anticipated that the sale will be treated as a TOGC.

PROPOSAL

We are instructed to seek offers in excess of **£1,000,000**, which reflects a Net Initial Yield of **7.31%** after purchaser’s costs of **5.75%**.



CONTACT



James Metcalf
e: james@mhpi.co.uk

Simon Harland
e: simon@mhpi.co.uk

t: 0191 255 7770



Jonathan Newns
e: jonathan@barkerproudlove.co.uk

Rebecca Heptonstall
e: rebecca@barkerproudlove.co.uk

t: 0113 212 3500

Misrepresentation Act: These particulars shall not form part of any offer or contract and no guarantee is given as to the condition of the property or the accuracy of its description. An intending purchaser or tenant is not to rely on any representation made in these particulars and must satisfy himself as to their accuracy by his own investigation before entering into any contract. June 2018.

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