

Prime Freehold  
Retail/Residential  
Investment



ONE BEAU STREET &  
30-31 STALL STREET  
BATH

# INVESTMENT SUMMARY

- Comprises a freehold retail investment with four newly completed residential apartments above.
- The property occupies a prime corner position fronting both Stall Street and Beau Street in Bath City Centre.
- Bath is one of the UK's most popular retailing and leisure destinations and has been designated a World Heritage site attracting close to 4.8 million visitors a year.
- The property is within close proximity to all of the city's major tourist attractions.
- The basement and ground floor retail unit is let to Vodafone Limited on a full repairing lease until 20 September 2027 (8.75 years unexpired).
- Producing a rent of £177,500 per annum reflecting £215 Zone A.
- Vodafone Limited are of strong covenant with a D&B rating of 5A1.
- The residential totals 3,471 sq ft and is arranged as two one-bedroom apartments, a two-bedroom apartment and a three-bedroom penthouse.
- The newly completed residential apartments are offered with vacant possession and have excellent rental potential.
- The capital value of the residential uppers reflect £450 per sq ft representing a significant discount to open market value in excess of £600 per sq ft.

We are instructed to seek offers of £5,250,000 for the freehold interest reflecting a net initial yield of 4.50% for the commercial income assuming purchasers' costs of 6.60% and a capital value of £450 per sq ft for the residential uppers.



## INVESTMENT SUMMARY

### LOCATION

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### CENTRAL BATH

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### DESCRIPTION

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### ACCOMMODATION & TENANCY

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### RESIDENTIAL FLOOR PLANS

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### BATH RETAIL MARKET & RENTAL COMMENTARY

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### INVESTMENT COMPARABLES & BATH RESIDENTIAL MARKET

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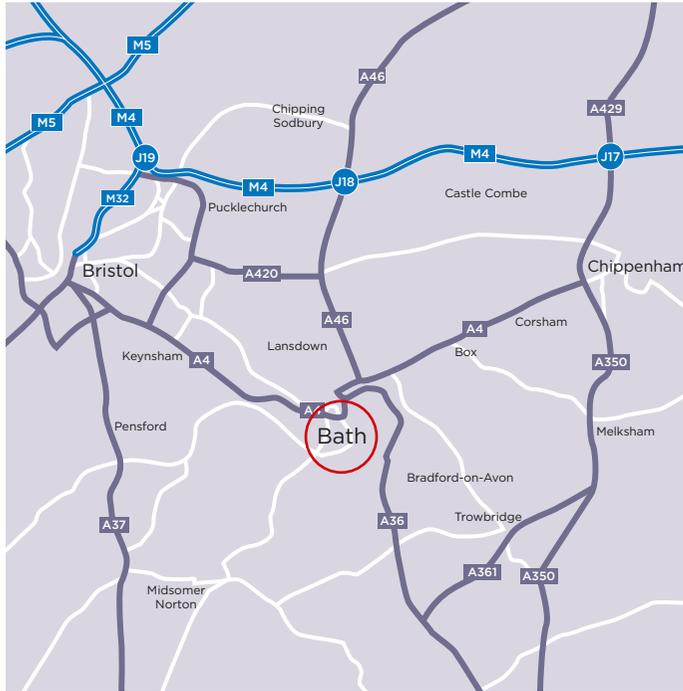
### COVENANT, TENURE, EPC & VAT

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### PROPOSAL & FURTHER INFORMATION

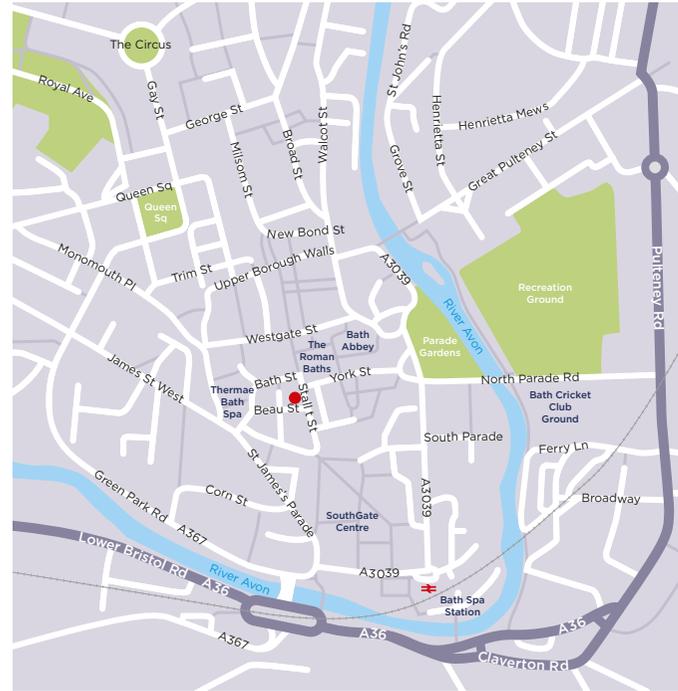
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# LOCATION



Bath is one of the most popular retailing and tourist destinations in the UK. The city is designated by UNESCO as a World Heritage site and is famous for its regency architecture and Roman Baths. It is estimated that the city attracts on average 4.8 million visitors each year.

The city is located 116 miles west of London and 13 miles east of Bristol and benefits from good road connections via the M4 (8 miles north) and the M5 (20 miles west).



Bath Spa railway station provides a regular mainline connection to London Paddington with a journey time of approximately 85 minutes. Bristol International Airport is located 21 miles (33km) west of Bath and is the fastest growing regional airport in the UK.

The property occupies a prime position at the corner of Stall Street and Beau Street.

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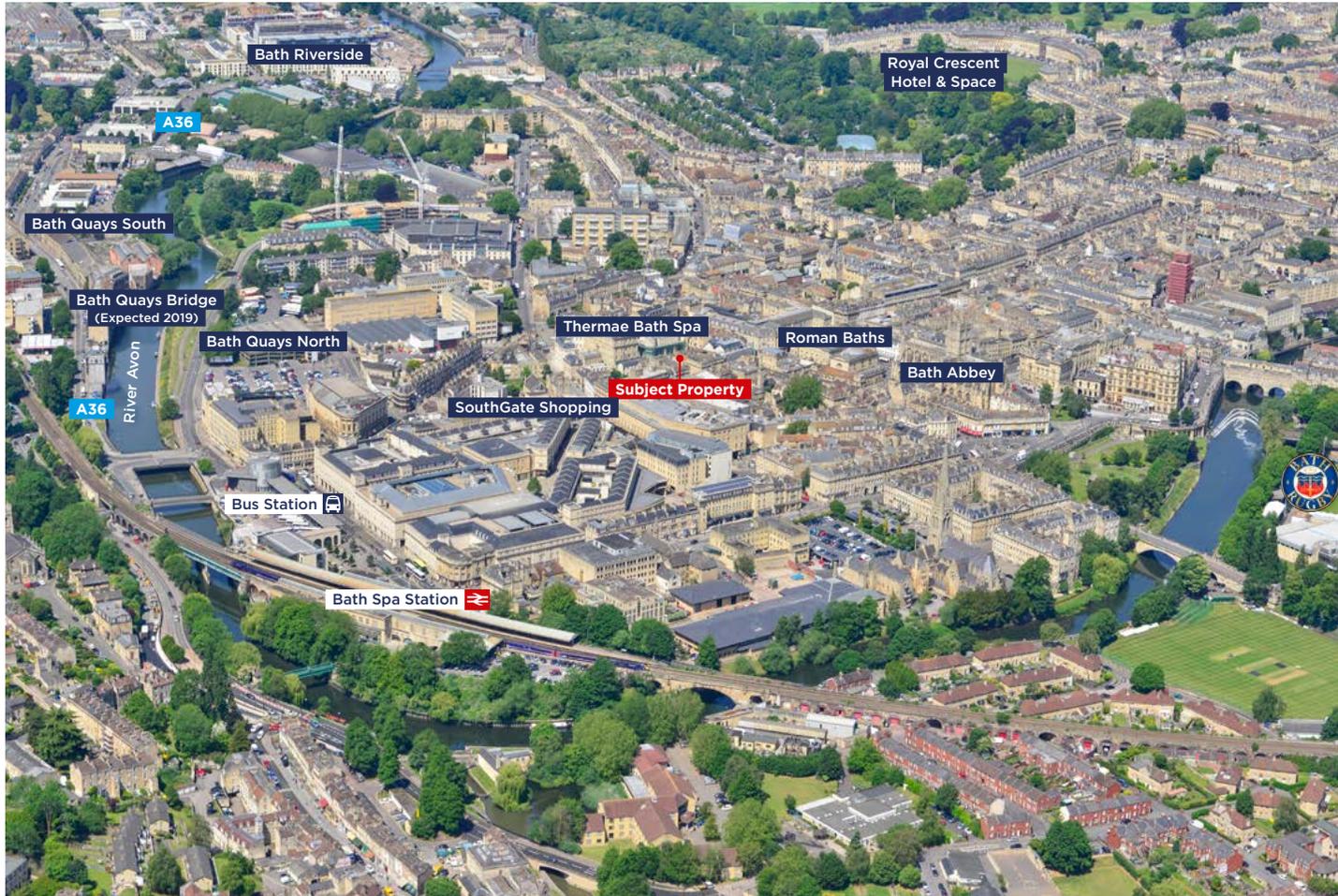
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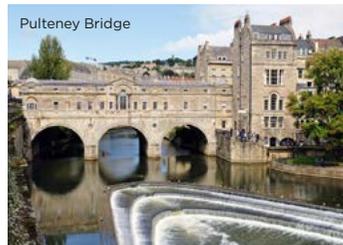
# CENTRAL BATH



Bath Abbey



Brunel Square



Pulteney Bridge



Victoria Park

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# DESCRIPTION

The property comprises an attractive, four storey period building finished in Bath stone. The ground floor and basement comprises a retail unit with ancillary storage.

The three upper floors have recently been converted to residential use and comprise four apartments including a penthouse. The apartments have their own entrance via Beau Street and have been finished to a high specification including:

- Separate gas fired boiler to each apartment and column radiators.
- Fully restored timber sash windows including secondary glazing.
- Additional storage in the basement.
- Pre wired for broadband and cable television.
- Wren kitchen with quartz stone worktops and integrated AEG appliances including fridge / freezer, washing machine, hob and oven.



- Bathrooms include Duravit sanitaryware and porcelain tiled walls and floors.
- Electric underfloor heating to bathrooms.
- Carpeted bedrooms with wood effect vinyl to kitchen / living area.

The specification of the penthouse has been upgraded to include:

- Woodhouse and Law designed kitchen with quartz stone work top and a full suite of Bosch appliances.
- Oak engineered flooring to kitchen / living areas.
- Separate utility room including Bosch tumble dryer.

The apartments have a separate brochure, One Beau Street, which is available upon request.



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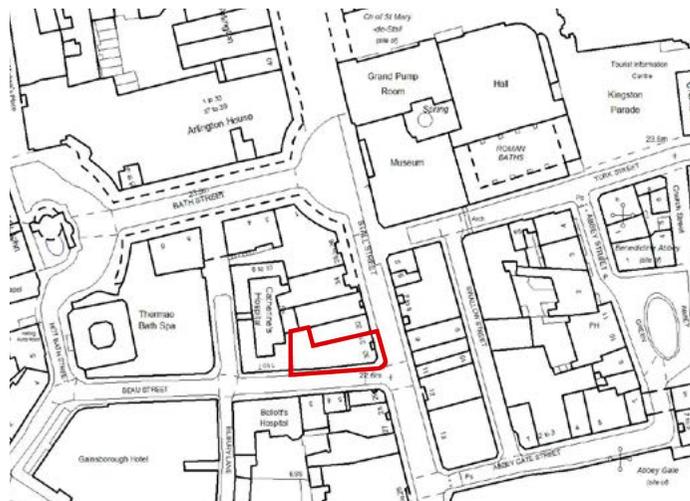
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# ACCOMMODATION

DESCRIPTION	USE	SQ FT
Ground Floor	Retail Sales	1,050
	<i>ITZA</i>	625
Ground Floor	Ancillary	418
Basement	Storage	1,440
<b>Retail Total</b>		<b>2,908</b>
1st Floor Apartment 1	One Bed Apartment	400
1st Floor Apartment 2	Two Bed Apartment	981
2nd Floor Apartment 3	One Bed Apartment	501
2nd & 3rd Floor Apartment 4	Three Bed Penthouse	1,589
<b>Residential Total</b>		<b>3,471</b>



## TENANCY

The retail unit and basement is let on a full repairing lease to Vodafone Limited for ten years from 21st September 2017 expiring 20th September 2027 (8.75 years unexpired).

The lease contains an open market rent review after five years and the current passing rent is £177,500 per annum.

Vodafone Limited has been the tenant of the property for over 15 years.

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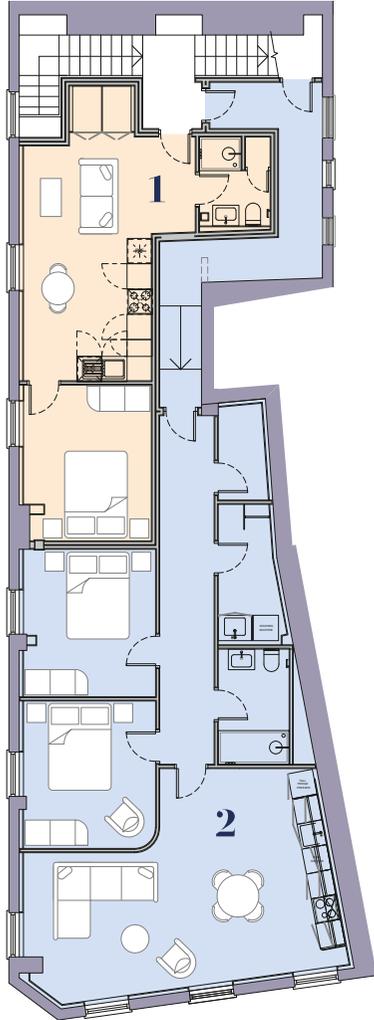
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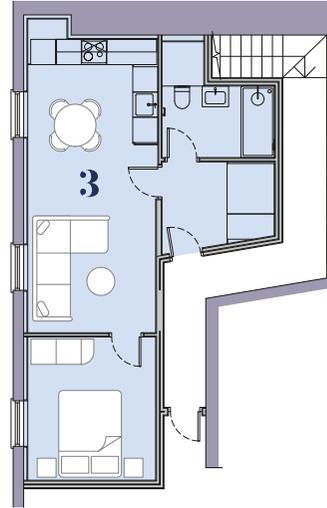
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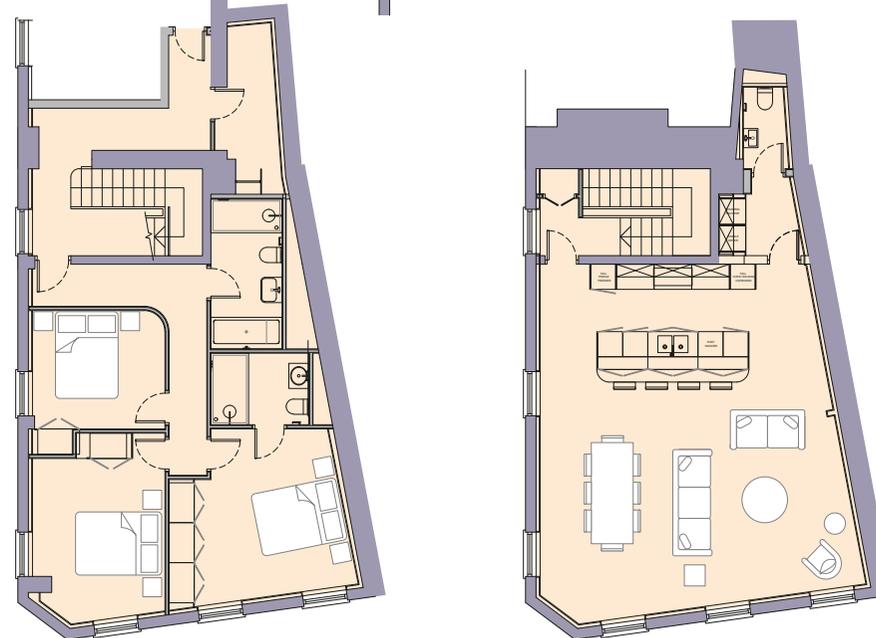
Apartments 1 & 2



Apartment 3



Penthouse



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# BATH RETAIL MARKET

Bath's retail market has proved exceptionally resilient in recent years. In addition to benefitting from the support of an affluent catchment population, Bath is one of the UK's major tourist destinations with a world class university and a large student population.

Total retail floorspace in the city centre is estimated to be 1.43m sq ft and Bath is ranked 9th out of 200 UK centres by PMA.

The city's prime retailing pitch extends northward along Stall Street, Union Street and New Bond Street. Stall Street benefits from high footfall due its close proximity to two of Bath's major tourist attractions the Roman Baths and Bath Abbey. To the south of Stall Street is the Southgate Shopping Centre completed in April 2012 and provides over 420,000 sq ft of retail / F&B space, a multi storey car park and a new bus station.

# RENTAL COMMENTARY

The current passing rent totals £177,500 per annum reflecting £215 Zone A.

ADDRESS	TENANT	DATE	TRANSACTION	ZONE A
18-19 Old Bond Street	Gap	Jun 2018	Renewal	£205
20 Union Street	Dr Martens	Jun 2018	OML	£184
16-17 Old Bond Street	Russell & Bromley	May 2018	Regear	£205
16 - 17 Union Street	Sketchers	Nov 2017	OML	£180
21-22 Union Street	Nationwide	Jul 2017	OML	£207
11 Union Street	Tiger	Jun 2017	OML	£220
27-29 Stall Street	Ernest Jones	Dec 2016	OML	£170

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## INVESTMENT COMPARABLES

Bath's retail market continues to perform well due to low vacancy rates, no new development, an affluent catchment population and a consistently strong tourist trade. With consumer spending on leisure and experiences increasing, we believe that tourist centres like Bath will outperform the market over the coming years. Investor sentiment for Bath remains positive and recent investment comparables include:

ADDRESS	TENANT	WAULT	PRICE	NET INITIAL YIELD	DATE
12 Northgate Street	Multi Let	9 yrs	£6.50m	5.50%	Nov 18
1 Milsom Street	Kiehls	6 yrs	£1.80m	4.32%	Jul 18
21-22 Union Street	Nationwide	10 yrs	£5.90m	4.00%	Dec 17
39 Milsom Street	The Ivy	25 yrs	£8.02m	4.17%	May 17
2 Bath Street	Ecco Shoes	4.7 yrs	£2.75m	4.30%	Jan 17
42 Milsom Street	Santander	1 yr	£3.06m	4.00%	Dec 16
2 & 3 Milsom Street	East & Mayther Cards	7 yrs	£5.18m	4.60%	Oct 16

## BATH RESIDENTIAL MARKET

Bath is an affluent city with a strong residential market where demand consistently outstrips supply. Apartments within the city centre are particularly sought after with buyers seeking to take advantage of Bath's outstanding retail and leisure offer. The city has excellent transport links with a bus / coach station and Bath Spa Railway Station providing a main line connection to London Paddington in just 80 minutes.

Bath is increasingly viewed as commutable to London and 2018 witnessed strong interest from overseas buyers.

Residential values within central Bath are typically £600 - £650 per sq ft however there are examples where values are significantly higher.

Bath's newest city centre residential scheme is at the Tramshed on Walcot Street. The upper parts have recently been converted from offices to residential and phase one comprises six apartments. The scheme has received strong interest achieving up to £725 per sq ft for large, linear apartments in excess of 1,100 sq ft.

With regards to the subject property, the capital value of the residential uppers reflect £450 per sq ft representing a significant discount to open market value in excess of £600 per sq ft.

The city has a buoyant letting market and the apartments have excellent rental potential as either serviced apartments or conventional AST's. We suggest that the apartments have a combined ERV of £6,195 per calendar month.

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## COVENANT

Vodafone Limited is part of Vodafone Group Plc, one of the world's leading telecommunications companies serving over 500 million customers globally. Vodafone is head quartered in London and is the UK's 11th largest company by market capitalisation.

Vodafone Limited is rated 5A1 by D&B and financial information is as follows:

	03/31/2018 GBP '000's	03/31/2017 GBP '000's	03/31/2016 GBP '000's
Turnover	£6,253,600	£5,843,900	£6,183,500
Profit (Loss) Before Tax	(£339,900)	(£668,500)	(£636,800)
Shareholders Funds	£6,246,000	£6,357,500	£7,199,400
Net Worth	£3,401,600	£3,128,100	£3,506,200

## TENURE

The property is held freehold.

## EPC

DESCRIPTION	EPC RATING
Retail Unit	D80
Flat 1	C77
Flat 2	C81
Flat 3	C78
Flat 4	C81

## VAT

The property is elected for VAT and we anticipate the transaction will be treated as a Transfer of a Going Concern (TOGC).



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# FURTHER INFORMATION

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