

# THE EDEN CENTRE, MARKET HALL & 40 SCOTCH STREET CARLISLE CA3 8PU

green&partners



SUBSTANTIAL RETAIL INVESTMENT OPPORTUNITY





TKmaxx

## INVESTMENT SUMMARY

- Located in the **Cathedral City of Carlisle**, the **largest settlement** and the county town of Cumbria
- Compact retail centre focused on Scotch Street and English Street with national retailers represented including **Debenhams, Marks & Spencer, Boots, Wilko, TK Maxx** and **Primark**
- A **dominant retail destination** within its catchment with **little leakage to competing centres**
- **Large city centre site anchoring** the northern end of the retail pitch comprising of a covered Grade II listed **Victorian Market Hall** and **two large retail units**
- **Net income of £396,281 pax**
- **WAVLT of 8.18 years** to expiry excluding the market hall and 21.87 years to expiry including the market hall
- **Long leasehold** from Carlisle City Council with **71 years** unexpired with the option to renew for a **further 51 years** (c. 123 years in total)
- **67% of the total income** secured to two **5A1 covenants of TK Maxx and Wilko**.
- Offers are invited in excess of **£4,000,000** reflecting a **net initial yield** of circa **9.3%** and a capital value per sq ft of £47.50, allowing for graduated purchasers costs.



wilko





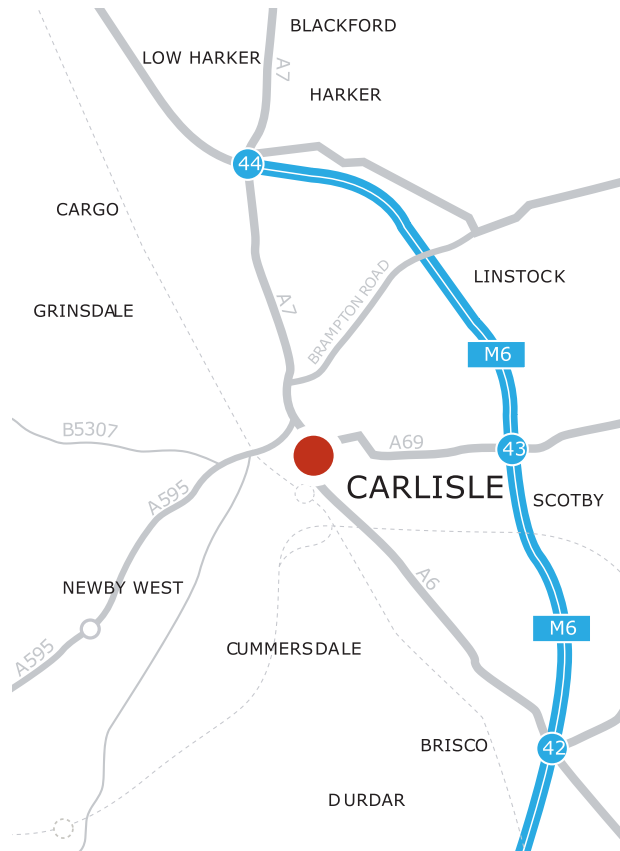
# LOCATION

Carlisle is the largest settlement, county town and the only Cathedral City in Cumbria. Located in the north west of England, it serves as the administrative centre for both Carlisle City Council and Cumbria County Council. The city is strategically located, 9 miles (14km) south of the Scottish border, 30 miles (48km) south east of Dumfries and 50 miles (80km) west of Newcastle upon Tyne.

The city has excellent road communications, sitting adjacent to the M6 Motorway, linking the city to the rest of the North West of England and Scotland. The A69 links to the North East and to Newcastle upon Tyne.

Carlisle Railway Station, the principal station on the West Coast Main Line, provides regular direct services to Glasgow (1 hour 12 minutes), Newcastle upon Tyne (1 hour 30 minutes), London Euston (3 hours 20 minutes) and Birmingham New Street (2 hours 50 minutes).

The closest international airport is Newcastle Airport located some 56 miles (90km) to the East.





# RETAILING IN CARLISLE

City centre retail floor space in Carlisle is estimated at 970,000 sq ft, comparable with retailing centres of a similar population. The city ranks 34 out of 200 on the PMA Anchor Store scale with a number of large store retailers represented including **Marks & Spencer, Boots, Wilko's, TK Maxx, Primark and Debenhams.**

Carlisle is the dominant retail destination within its catchment with a compact and largely pedestrianised retail core. Scotch Street and English Street provide Carlisle's prime retail offer and while retailers inside the **Lanes Shopping Centre** include **Primark, Debenhams, JD, H&M, Next, Bodycare, Superdrug** and a host of other national retailers, the pedestrianised High Street offers a more attractive and busy retailing environment.

Capreon's **The Lanes Shopping Centre** is the only shopping centre in the city. There are two other managed retail environments, **the subject property** and **Caryle's Court**. Due to the strength of Carlisle's retail offer and significant distances to comparable locations, there is minimal leakage to other shopping destinations.



M&S

EST. 1884

Boots

wilko

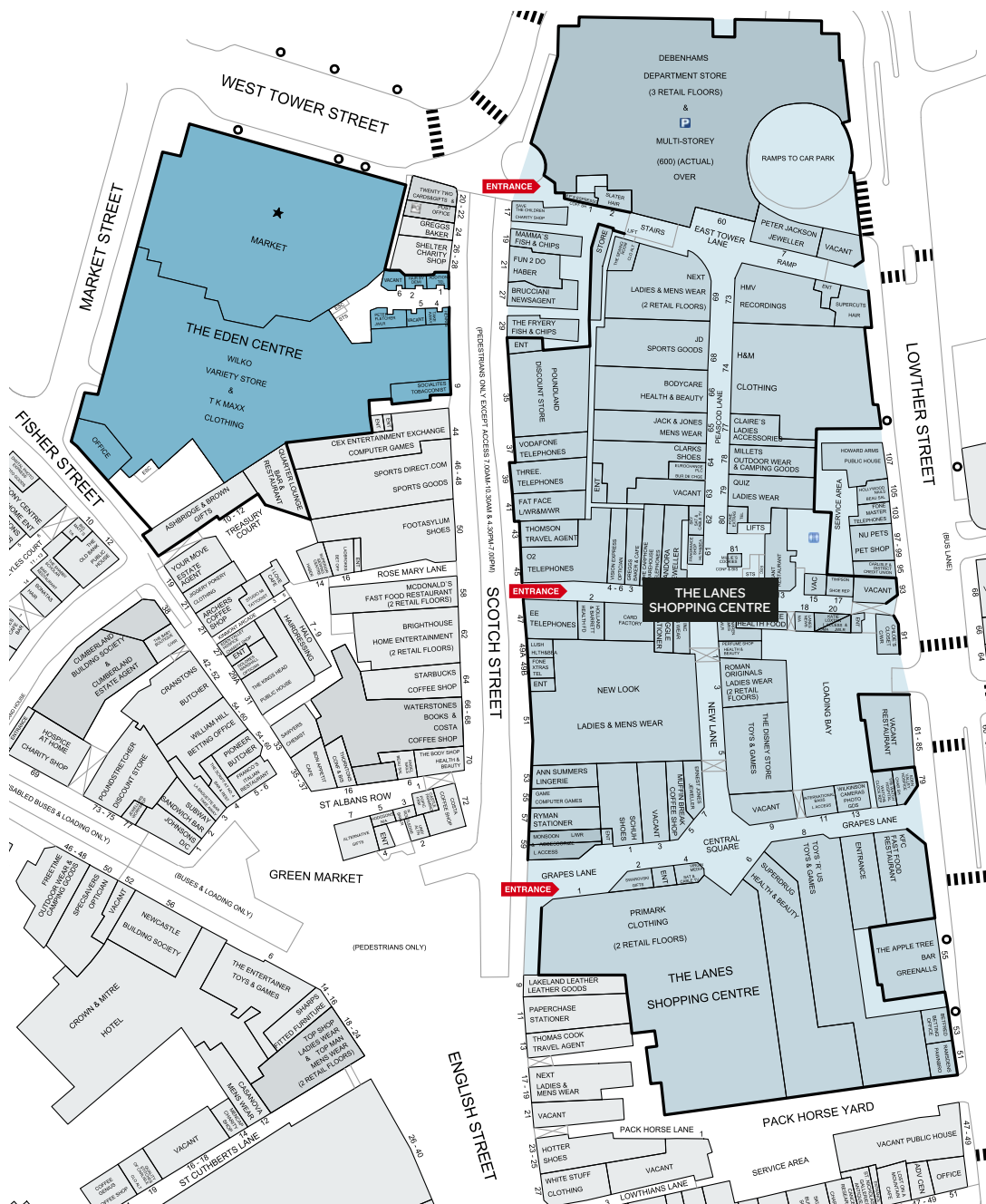
TKmaxx

PRIMARK®

DEBENHAMS







## DESCRIPTION

The subject property is a substantial city centre site located towards the northern end of the pedestrianised Scotch Street and it borders with West Tower Street to the north, Market Street to the west and Fisher Street to the south. The property comprises a historic covered Victorian market hall, two large retail units and a retail arcade located at the entrance of the market hall.

The market hall is one of the few covered Victorian Markets remaining in the UK. The market is run by Carlisle City Council and is occupied by a host of local independent retailers including greengrocers, florists, cards, stationery, pet supplies and several cafés. It is open from Monday to Saturday from 8am until 5pm.

The market has public entrances on Scotch Street and West Tower Street, where a number of bus stops are located servicing local bus routes to Morton, Kingstown, Houghton and Blackwell.

The Eden Centre comprises two large anchor store retail units currently let to TK Maxx and Wilko. TK Maxx trade from first floor only while Wilko trade from ground floor.

The subject property is Grade II listed.



# TENANCIES

Address	Tenant	Lease Start	Lease Expiry	Rent PAX	Next RR	1954 L&T	Breaks	Sq Ft	Service Charge Y/E 31/03/20	Rates Payable	Insurance	Landlord Shortfall	Notes
First Floor	TJX UK LTD	23/12/2016	22/12/2026	£120,000	23/12/2021	IN		23,785	£84,278.50	£67,536	£4,307.11	£17,607.50	Service charge cap at £66,671. This cap is subject to annual RPI increases. The rent on review is the higher of passing rent and the open market rent, but the increase is capped at 15%.
Ground Floor, 1st & 2nd Floor Offices	WILKO RETAIL LTD	12/11/2014	11/11/2029	£275,000	12/11/2019	IN	12/11/2024	31,783	£75,993.00	£130,500	£6,157.28	£19,107.16	Tenant break option. Service charge cap at £56,885.84. This cap is subject to annual RPI increases.
Unit 1	MOBILE ZONE RETAIL LTD	30/01/2018	29/01/2021	£13,500	10/11/2018	OUT		435	£3,248.50	£5,624	£118.40		Tenant did not exercise their 2019 break.
Unit 2	DEMI SMITH	11/07/2017	10/07/2022	£8,000		OUT		801	£3,102.50	£3,227	£158.93		
Unit 3	ADELLIA MARIA TRINDADE SANTOS		5 years	£9,500		OUT	01/08/2022		£3,321.50	£3,374	£33.30		The tenant has agreed to surrender their existing lease and agree a new 5 year lease. The new lease will commence on completion
Unit 4	PETER AND PATRICIA IRENE JACKSON	16/11/2015	15/11/2020	£10,000		OUT		223	£1,715.50	£5,501	£71.49		A surrender of their existing lease and new lease to the new owners at the same passing rent for a longer term is due to complete imminently.
Unit 5	ALANIA DIXON		3 years	£6,000			01/03/2020	182	£1,496.50	£3,325	£59.53		This lease is currently in solicitors hands and due to complete imminently. The new lease will commence on the earlier of occupation and completion.
Unit 6	ANGELA RAMSEY	09/05/2019	08/11/2019	£3,000		OUT		388	£3,175.50	£6,235	£126.49		
40 Scotch Street	SLAM TRADING LTD	02/10/2015	01/10/2020	£20,000		OUT		1,394	£3,723.00	£9,780	£297.88		
The Market Hall	CARLISLE CITY COUNCIL	25/03/1991	21/03/2090	£130,648		OUT		25,327	£184,945.50		£4,786.90	£64,970.00	Income is from April 2018 to March 2019. Service Charge and LL shortfall is the latest budget for the year ending March 2020.
Substation	ELECTRICITY NORTH WEST LIMITED	04/07/2000	03/07/2060			IN							
Total Gross Income				£595,648				84,318	£365,000			£103,240.69	
Landlord Shortfalls				£101,685									
Head Rent				£97,683									
Triple Net Income				£396,281									

## HEAD RENT PAID

The actual head rent paid over the past three years;

2018-2019:	£97,683
2017-2018:	£97,888
2016-2017:	£109,045

## TENURE

The property is held on a long leasehold from Carlisle City Council for a term of 99 years from 25 March 1991 expiring 24 March 2090. There is an option to renew for a further 51 years which can be exercised no sooner than 21 years prior to expiry. This would improve the unexpired term to approximately 123 years.

The buyer will have a right of pre-emption in the event that the Council dispose of their freehold interest in the premises.



# TENANT COVENANT

Tenant	D&B Rating	Financial Year End	Sales Turnover	Profit Before Taxes	Tangible Net Worth
Wilko Retail Ltd	5A 1	2nd February 2019	£1,508,690,000	£25,049,000	£90,601,000
TJX UK	5A 1	3rd February 2018	£2,968,600,000	£87,100,000	£645,600,000

The market hall and retail arcade are made up of local covenants.

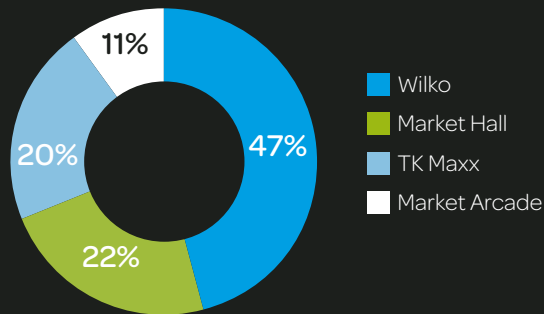




# HEAD RENT

The head rent payable is 20% of gross rent received less permitted deductions. The head rent highlighted is the actual head rent paid for the period April 2018 - March 2019.

# INCOME PROFILE



67% of the total gross income is secured to TK Maxx and Wilko.



# PROPERTY MANAGEMENT

Under their lease dated 25/03/1991 Carlisle City Council are responsible for leasing the market hall, collecting rent and service charge and paying the total received to LaSalle Investment Management the current owners of the leasehold. Ryden is appointed to manage the physical property, LaSalle Investment Management, have recently spent c. £1.9 million on refurbishing the glass roof.

# SERVICE CHARGE

The service charge budget runs from 1st April - 31st March and for the year ending 31st March 2020 amounts to £365,000, reflecting £4.32 psf.

We have been advised that no major planned preventative maintenance is scheduled for the next two years.





# VAT

The property has been elected for VAT and any disposal will be by way of a Transfer of a Going Concern (TOGC).

# PROPOSAL

Offers are invited in excess of **£4,000,000 (Four Million Pounds)** reflecting a **net initial yield of circa 9.3%** and a capital value per sq ft of £47.50, allowing for graduated purchasers costs.

## FURTHER INFORMATION

For further details or to arrange an inspection, please contact:

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Photography & Design by Adrian Gates: 07710 316 991