

TOWN CENTRE RETAIL WAREHOUSE INVESTMENT

LONGTON EXCHANGE SHOPPING CENTRE
LONGTON | STOKE-ON-TRENT | ST3 1NQ

LET TO EXCEPTIONAL DISCOUNT TRADERS:
HOME BARGAINS & WILKO'S



PROMINENT

TOWN CENTRE

RETAIL WAREHOUSE UNITS



01. INVESTMENT SUMMARY

- > **Prominent town centre retail warehouse units** adjacent busy shopping centre.
- > Located in the town's retail core and over 400 car parking available.
- > **Purpose built retail warehouse** extending to a total gross internal area of **60,137 sq ft**
- > Occupied by **Home Bargains** and **Wilko** from the resilient discount retail sector
- > Both businesses have **very low risk covenants**, each achieving **revenues in excess of £1.5 billion per annum**.
- > Strong covenants with **Experian rating of 100/100**
- > The tenants have **paid their rent in full** during the pandemic.
- > **Significant asset management potential** from vacant space.
- > Additional income from an O2 telecommunications mast.
- > Total rental income of **£323,485 per annum**
- > **Freehold**
- > Offers sought in excess of **£3,198,000** which reflects a **NIY of 9.50%** and a Reversionary Yield of 11.85% after full costs.
- > Very low capital value of **£53 psf** (below replacement cost)



02. LOCATION

Longton is one of the six towns which together form the City of Stoke-on-Trent. Longton Town Centre was identified as the number one location for food shopping, and number 2 for clothing /footwear in the area.

Longton is located four miles southeast of Hanley, the main commercial centre for Stoke-on-Trent. Traditionally known as the 'Potteries', Stoke-on-Trent and it's founding towns became famous during the 19th and early 20th century for their large pottery works, which fuelled the growth of the towns into a city with a population today in excess of 250,000 people.

Being part of a larger conurbation, Longton is well served by communication links, with direct links onto the A50 dual carriageway, which itself links to J15 of the M6 motorway, approximately three miles to the west.

By rail, Longton Railway Station provides hourly services both eastbound to Derby and westbound to Stoke and Crewe. Longton Exchange is also two and a half miles from Stoke-on-Trent train station, which is on the West Coast Main Line and runs between London to Manchester Piccadilly. There are direct London services from Stoke every 30 minutes.



BOTH BUSINESSES HAVE
REVENUES IN EXCESS OF
£1.5 BILLION PER ANNUM



03.
DEMOGRAPHICS


Longton has a population of 27,000 with 110,000 within a two-mile radius of the property. The wider catchment area of Stoke-on-Trent bringing that number to 270,726.


A recent retail study in Longton identified a need for 6,600m²+ of full-range retail floorspace due to demand.


A previous retail study identified Longton Town Centre as the primary food shopping destination for the Stoke-on-Trent area.


The latest statistics identified Longton Town Centre as having the second highest market share (behind Hanley Town Centre) for clothing and footwear retail in the area.

04.
SITUATION

The property is predominantly situated in the town centre, directly adjacent to the retail core including Longton Exchange Shopping Centre.

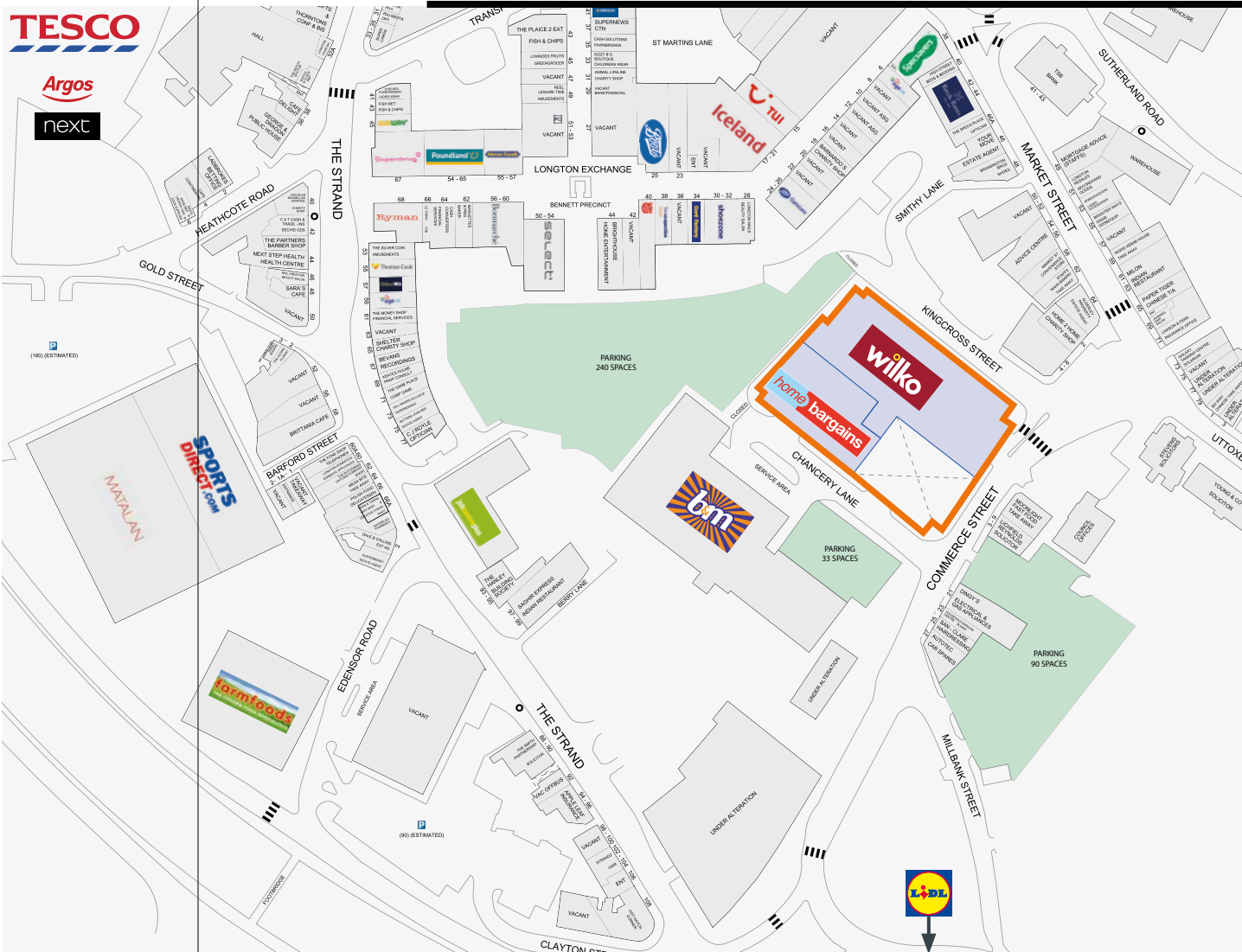
There is a large council operated pay and display car park (400 spaces) providing customers with easy access to both the subject property, the next-door B&M Bargains and the Longton Exchange Shopping Centre.

The property is bounded by Commerce Street to the rear, which leads directly to the main thoroughfare through Longton (the A50) and allows easy access for customers throughout Stoke-on-Trent.

Nearby occupiers include Tesco Extra (5 min walk), Lidl, Matlan, Next, Sports Direct, Farmfoods, B&M Argos and Costa.



OVER 110,000 POPULATION WITHIN
A 2 MILE RADIUS OF THE PROPERTY





05. DESCRIPTION

The property comprises a ground floor and part first-floor retail warehouse of concrete portal frame construction brick elevations and insulated double skin cladding.

Internally the property provides two partitioned open plan retail sales areas with suspended ceilings and terrazzo flooring.

Covered goods delivery to both units is via full height loading bay doors to the rear, with Wilko's storage area located on the first-floor and accessible via two goods lifts.

GROUND FLOOR
AND
PART FIRST-FLOOR
RETAIL WAREHOUSE

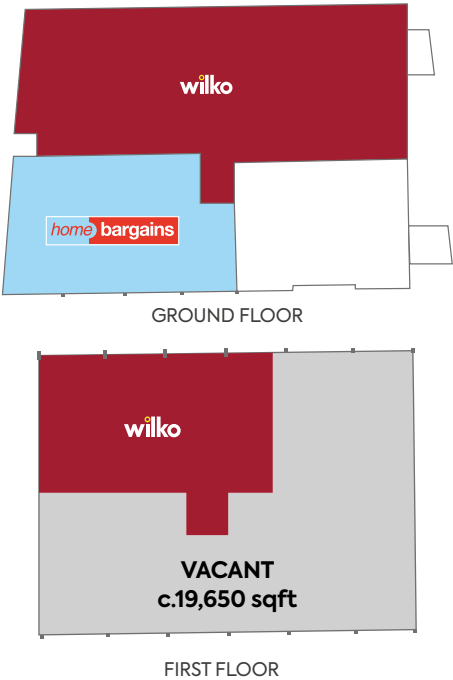
06. ASSET MANAGEMENT POTENTIAL

The property provides a unique opportunity to increase the total rental income and enhance the investment value.

The c.19,650 sq ft of vacant first-floor space has previously been the subject of discussion with national cinema and leisure operators and has the potential to increase rental income.

The floor space can be accessed by a separate entrance off Commerce Street and provides a large open plan area suitable for many different uses.

The property also includes a significant space outside the covered deliveries bay. This area is accessed directly from Commerce Street and so provides potential for development of further retail/leisure space.



07. TENANCY & ACCOMMODATION

The property is let in accordance with the tenancy schedule below on full repairing and insuring leases.

Unit	Area sq ft	Tenant	Lease Start	Rent Review	Lease Expiry	Rent (pa)	Rent (psf)	ERV	Comments
1	Ground Floor Sales 20,092	Wilko Retail Limited	02/01/2006	02/01/2021	01/01/2026	£221,000	£7.45	£221,000	5 yearly upward only rent reviews to OMV
	First Floor Storage 9,552								
2	10,843	TJ Morris Limited	28/09/2009		27/09/2024	£91,985	£8.48	£91,985	
3	19,650	Vacant	-	-	-	-		£80,000 (£4.07)	Asset management potential for leisure/ warehouse /office/ healthcare /last mile accommodation
Telephone Mast	-	Telefonica O2 UK Limited	25/11/2009	25/11/2019	24/11/2024	£10,500		£10,500	5 yearly upward only rent reviews to OMV
Total	60,137					£323,485		£403,485	

08. SITE

The freehold property extends to approximately 1 acre and includes a tarmacked area to the rear of the property.

09. TENURE

Freehold.

10.
COVENANT

TJ MORRIS LIMITED: T/A Home Bargains (company no 150536)

Home Bargains is one of the largest discount multi-range stores in the UK, with their emphasis on “Top Brands, Bottom Prices” driving their sales strategy. Having started in 1976, the company hit £1bn in turnover in 2013 and over £2.4bn in 2019.

The company is still majority owned by Tom and Joe Morris, [who oversaw the successful expansion from 2009 onwards to give the current figure of over 575 stores and 22,000 employees.

It is the largest employer on Merseyside and is the largest independent grocer in the country.

A summary of the company’s latest accounts is provided below:

	30 Jun 2019	30 Jun 2018	30 Jun 2017
Turnover	£2,470,617,223	£2,143,267,097	£1,869,198,381
Pre-Tax Profit	£233,360,246	£202,700,562	£168,226,007
Net Assets	£1,086,192,207	£911,755,756	£190,245,000

WILKO RETAIL LIMITED: T/A Wilko (company no 365335)

One of the largest and oldest discount retail stores in the UK, having been founded in Leicester in 1930. They are still fully owned by the Wilkinson family and is headquartered in Worksop.

The business currently has more than 400 locations through the UK, selling a full range of products including groceries, toiletries, pet supplies, DIY, stationery and basic consumer goods.

The lease is in Wilkinson Hardware Stores Limited’s name, with a subsequent name change to Wilko Retail Limited taking place in June 2014.

A summary of the company’s latest accounts is provided below:

	1 Feb 2020	2 Feb 2019	3 Feb 2018
Turnover	£1,428,491,000	£1,508,690,000	£1,619,577,000
Pre-Tax Profit	£6,305,000	£25,049,000	-£65,030,000
Net Assets	£82,338,000	£90,601,000	£ 87,062,000



11. ENERGY PERFORMANCE CERTIFICATE

Energy Performance Certificates are available on request.

12. VAT

The property is elected for VAT and therefore VAT will be payable on the purchase price. It is anticipated that the sale will be dealt with as a TOGC.

13. ANTI-MONEY LAUNDERING REGULATIONS

In accordance with Anti-Money Laundering Regulations, two forms of identification and confirmation of source of funding will be required from the successful purchaser.

14. PROPOSAL

Offers sought in excess of **£3,198,000** which reflects a **NIY of 9.50%** and a **RY of 11.85%** (subject to leasing the vacant accommodation) after full costs. Capital Value of **£53 psf** (below replacement cost).

16. CONTACT

For further information or to arrange a viewing, please contact:

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