



CARDIFF

59-61 Queen Street, CF10 2AT

Prime Retail Investment

ejhales

savills

INVESTMENT HIGHLIGHTS

- Cardiff, **Wales' capital city**, is a major administrative, retail, and commercial centre, with a growing population.
- Cardiff is a premier retail destination, boasting a **retail catchment of 1.6 million people** which ranks the city 10th of the Promis centres nationally.
- Cardiff benefits from **21 million tourist visits annually**, boosting local expenditure by almost **£1.3 billion a year**, in addition to a sizeable student population of 70,000.
- The property occupies a prime position on the pedestrianised Queen Street, **opposite Primark and the entrance to St David's Shopping Centre**.
- **Freehold**
- Well configured retail unit, comprising **4,938 sq ft**, arranged over ground and three upper floors.
- Let to **Lush Retail Limited** until 2nd October 2026 without break (**7.4 years unexpired**).
- Recently removed the 2021 break option demonstrating Lush's commitment to the site
- Passing rent of £225,000 per annum (£198 per sq ft ITZA).
- We are instructed to seek offers in excess of **£3,225,000** which reflects an attractive **6.5% net initial yield** assuming purchaser's costs of 7.13%.



LOCATION AND DEMOGRAPHICS

Cardiff is Wales' capital city and is the leading retail and commercial centre in South Wales. The city is situated on the south coast of Wales, lying 42 miles (68 km) east of Swansea and 43 miles (69 km) west of Bristol.

Cardiff has a retail catchment population of 1.6 million people, and a shopping population of 791,000 people, ranking the city 10th of all Promis centres. Due to the attractive lifestyle that it offers and its vibrant leisure and restaurant scene, the city boasts an above average proportion of the most affluent AB social group. As a result of the city's graduate workforce, its accessibility, and competitive cost for salaries and property, Cardiff's population is projected to grow by over 20% between 2015 and 2035, making it the fastest growing of the UK's ten largest regional cities.

Cardiff benefits from 21 million tourist visits per annum, boosting local expenditure by almost £1.3 Bn a year, in addition to a sizeable student population (source: Cardiff Council). Many of the 70,000 students who study at the three universities in the city opt to remain in the city after graduating, attracted by the strong jobs market. This reflects the presence of several large organisations, including PwC, Legal & General, and Eversheds, who are attracted by the highly-educated workforce, 57% of whom are qualified to degree level.



CONNECTIVITY

Cardiff's excellent transport connections are a significant catalyst in the city's economic strength.



Road

- Cardiff benefits from excellent road links being approximately 4 miles south of the M4 motorway, with Junctions 29-33 of the M4 all providing direct access to the City Centre. The M50 and M5 motorways also provide excellent links to the Midlands and south west of England. As a result almost 80% of the UK population lives within a 4-hour drive of Cardiff.



Rail

- Cardiff Central station, situated 0.5 miles (750 metres) to the south of the property, is well served by the national rail network and was used by 12.7 million passengers in 2015/16. It provides frequent services to Newport (12 minutes), Bristol (38 minutes), London Paddington (2 hours), and Birmingham New Street (2 hours)
- Cardiff Queen Station, situated 0.25 miles (350 metres) to the east of the property, serves the local Valleys and numerous other local destinations. It was used by 2.6 million passengers in 2015/16
- A £1.2 Bn Cardiff Capital Region deal was signed in 2016, £738 million of which has been committed to improving Cardiff's rail connections to the surrounding towns and cities. Projects include the Valley Lines Electrification programme, and the South Wales Metro Scheme



Bus

- Plans for a new £11 million bus station were approved by councillors in late 2018, which will involve a 14 bay bus interchange. It is expected to be operational by 2021



Air

- Cardiff International Airport, located just 11 miles (18 km) south west of the city, offers direct flights to over 75 international destinations.



RETAILING IN CARDIFF

Cardiff is the region's premier shopping destination, boasting one of the strongest and most extensive retail offers in the UK. The city's 2.22 million sq ft of high quality retail space positions Cardiff 7th and 10th on the basis of its PMA retail and fashion score respectively. Its scale and international appeal enables it to deliver a diverse and varied retail experience.

Prime retailing in Cardiff is centred around the pedestrianised Queen Street, St David's Shopping Centre, and The Hayes. Queens Street is the city's traditional prime offer and is anchored by large multi-national, household-favourite, retailers including Primark, M&S, Next, and Zara.

Prime retailing extends through St David's Shopping Centre and out onto the aspirational focused The Hayes. The St David's Shopping Centre benefitted from an extension in 2009, which added 960,000 sq ft of retail accommodation anchored by John Lewis, 25 restaurant units, and a 2,000 space car park.

Retail expenditure exceeded £4bn in 2018, ranking the city 10th of all Promis centres. Retail expenditure is diverse in its origins, underpinned by the far reaching catchment, the affluent and growing demographics, the sizeable student population, and the strength of the city's underlying tourist appeal.

DESCRIPTION AND ACCOMMODATION

The property is arranged over ground and three upper levels.

The tenant has fitted out the premises to a high specification to include spa treatment facilities on the second and third floor levels, and a customer lift between ground and second floor levels.

The property has the following approximate net internal areas:

FLOOR	USE	AREA (SQ FT)	AREA (SQ M)
Ground Floor	Retail	2,038	189.3
Ground Floor ITZA	Retail	1,055	98.0
First Floor	Store/Staff	1,210	112.4
Second Floor	Treatment Area	819	76.1
Third Floor	Treatment Area	871	80.9
Total		4,938	458.8

TENURE

The property is held **freehold**.

TENANCIES

The property is fully let to **Lush Retail Limited** for a term of 10 years, commencing on 3 October 2016 and **expiring on 2 October 2026** at a current passing rent of **£225,000 per annum (7.4 years unexpired)**.

The passing rent reflects £198 ZA when applying A/20 to the first floor accommodation, A/40 to the second floor accommodation, and nil to the third floor.

The landlord and tenant have recently agreed to remove the October 2021 rent review was agreed at nil increase at the same time.

COVENANT

Lush was established in 1994 and is a global retailer of beauty products with an emphasis on ethically sourced ingredients. Lush operates 105 stores across the UK and more than 900 stores in 49 countries around the world.

Lush Retail Limited

YEAR ENDING	JUN-18 (£M)	JUN-17 (£M)	JUN-16 (£M)
Sales Turnover	£151.5	£139.9	£124.9
Profit / (Loss) Before Taxes	£1.8	£12.9	£8.2
Tangible Net Worth	£25.0	£23.3	£13.0
Net Current Assets (Liabilities)	£11.0	£14.2	£6.4

Lush Retail Limited has a D&B rating of 4A2 which represents a lower than average risk of business failure.





EPC

59-61 Queen Street has an EPC rating of 203(G). A copy of this can be provided on request.

VAT

The property has been elected for VAT purposes. It is anticipated the investment sale will be treated as a Transfer of a Going Concern (TOGC).

PROPOSAL

We are instructed to seek offers in excess of **£3,255,000** (exclusive of VAT) for the benefit of our client's freehold interest. A purchase at this level would reflect an attractive **6.5% Net Initial Yield** assuming purchaser's costs of 7.13%.

CONTACT

For further information please contact:

James Stratton

james.stratton@savills.com
020 7409 8880

Dan Griffiths

dan@ejhales.co.uk
020 2034 7133



IMPORTANT NOTICE/ SECTION 21, ESTATE AGENTS ACT 1979

Pursuant to Section 21 of the Estate Agents Act 1979, we wish to inform prospective purchasers that members of E.J. Hales and Savills have a direct interest in the company which is selling the property.

Maps are reproduced from the Ordnance Survey Map with the permission of the Controller of H.M. Stationery Office. © Crown copyright licence number 100022432 Savills (UK) Ltd, and published for the purposes of identification only and although believed to be correct accuracy is not guaranteed.

Savills, their clients and any joint agents give notice that:

1. They are not authorised to make or give any representations or warranties in relation to the property either here or elsewhere, either on their own behalf or on behalf of their client or otherwise. They assume no responsibility for any statement that may be made in these particulars. These particulars do not form part of any offer or contract and must not be relied upon as statements or representations of fact.
2. Any areas, measurements or distances are approximate. The text, photographs and plans are for guidance only and are not necessarily comprehensive. It should not be assumed that the property has all necessary planning, building regulation or other consents and Savills have not tested any services, equipment or facilities. Purchasers must satisfy themselves by inspection or otherwise.

Designed and Produced by Savills Marketing: 020 7499 8644 | May 2019