

Cambridge, 2 Market Hill, CB2 3NJ

Rare Prime Freehold Retail Investment

Gap Kids



INVESTMENT CONSIDERATIONS

- Cambridge is a world renowned and historic University City
- Prime retailing location
- Let to a major international retailer
- Genuine rental growth prospects
- Offers in excess of £4,500,000 showing a net initial yield of approximately 4.00% assuming normal purchaser's costs



CAMBRIDGE

The historic University City of Cambridge is the commercial and administrative centre of Cambridgeshire and one of the most important cities in south east England. Whilst globally famous for the University, the city is also internationally recognised as one of the world's leading high technology business clusters. Cambridge sits at the top of every tourist's itinerary when visiting the UK.

Cambridge is situated approximately 50 miles north of the City of London, 75 miles east of Oxford and 58 miles south west of Norwich. The city benefits from excellent road communications, with the M11 providing a direct route to London and the M25, while the A14 dual carriageway links the city with both the midlands and east coast.

The area is well served by the rail network with Cambridge station providing a fast and frequent commuter link to London. Fastest trains to Kings Cross and Liverpool Street take 47 minutes and 1 hour 11 minutes respectively. The city is also linked to Birmingham by train taking approximately 2 hours 35 minutes.

Home to the world renowned Cambridge University, the city boasts around 40,000 full time students (EGI) and attracts over 5.3 million tourists each year giving the city not only a busy, young and vibrant feel but also significant weight of retail spend.

The city has achieved growth and success on an international scale with more than 25 of the world's largest corporations having established operations in Cambridge including Amazon, Apple, Samsung and the recent arrival of AstraZenica. This has given the city an affluent and rapidly expanding population with 42% of the population sitting within the AB demographic group (ONS). Cambridgeshire has the UK's fastest growing economy (EGI) and its population is forecast to increase by 20% over the next 20 years (Cambridgeshire CC).

RETAILING IN CAMBRIDGE

Cambridge is one of the UK's top shopping destinations. The affluent catchment population, significant number of students, and major influx of tourists combined with its historic appeal ensures that the city sits high up on any retailer's requirements list. Cambridge

therefore attracts a wide range of both national and international brands to the city, giving it an enviable, dynamic and wide ranging shopping offer.

Cambridge's historic retail core offers an estimated 1.49m sq ft of shopping floor space centred around Market Hill, Petty Cury and Market Street, with Trinity Street to the west and St Andrews Street and Sidney Street to the east. This area attracts a wide variety of fashion retailers including High Street favourites Marks & Spencer and Next as well as younger brands including Jack Wills, Hugo Boss, Superdry, Cath Kidston, Fat Face and Joules. The city also boasts numerous cafés, pubs and restaurants including Wasabi, Itsu, Cau, and Zizzi creating a diverse and vibrant leisure experience. The combination of the historic buildings, university colleges and chapels linked by a variety of attractive pedestrianised streets and lanes creates an exciting and unrivalled retailing environment.

Cambridge has three covered shopping centres. The Grand Arcade which links with the Lion Yard Shopping Centre are just south of Petty Cury and are anchored by a John Lewis Department Store and The Grafton Centre which is a ten minute walk from the city centre.

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LOCATION

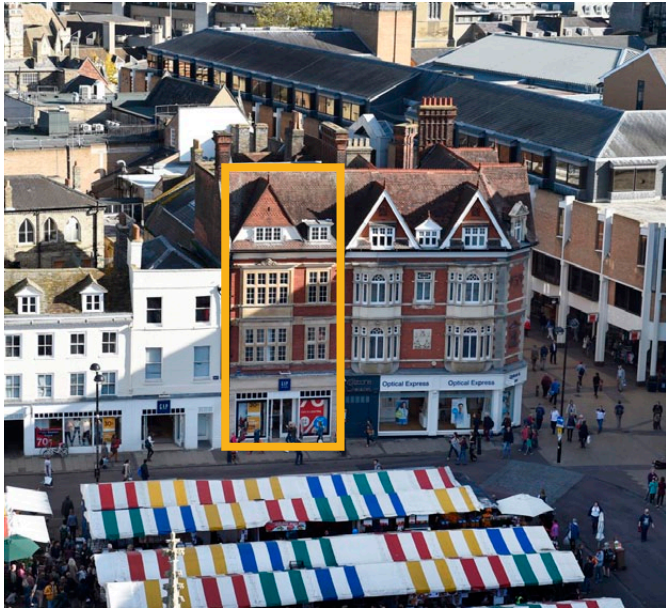
The property is situated on Market Hill, one of the finest retailing locations in the city, directly overlooking the busy Market Place. Market Hill forms one side of the natural prime shopper 'circuit' with Gap's main store situated adjacent to the property with Optical Express on the other side. Marks & Spencer, Oasis, Hugo Boss, French Connection and Mappin & Webb also face onto the square with Superdry and TK Maxx close by.

DESCRIPTION

The property is an attractive and impressive brick built building under a part tile, part slate and part flat roof. The premises comprise a large well configured ground floor shop with first floor sales and basement storage and staff accommodation. The second and third floors are accessed through a ceiling trap door and are currently unused.

ACCOMMODATION

The property has the following approximate dimensions and net internal areas:		
Built Frontage	22ft 7 ins	6.88m
Shop Frontage	19 ft	5.79m
Ground Floor Sales	2,129 sq ft	197.79 sq m
ITZA	796	-
First Floor Sales	1,350 sq ft	125.42 sq m
Second Floor (unused)	515 sq ft	47.84 sq m
Third Floor (unused)	345 sq ft	32.05 sq m
Basement Ancillary	1,670 sq ft	155.15 sq m
Total	6,009 sq ft	558.25 sq m





TENURE

The property is held freehold.

TENANCY

The entire property is let to GPS (Great Britain) Ltd t/a GAP Kids on a 10 year full repairing and insuring lease from 25th March 2012 (approximately 4.5 years unexpired) at a current rent of £191,000 per annum.

The tenant recently elected not to activate its March 2018 break clause reinforcing their commitment to both the store and the city.

COVENANT INFORMATION

GAP are a major global fashion brand which currently trades from over 2,250 stores worldwide, 110 of which are in the UK.

GPS (Great Britain) Ltd (Company No. 02275771) is the UK subsidiary of GAP Inc, an American based multinational retailer founded in 1969.

GPS (Great Britain) Ltd reported the last three years trading figures:

	30/01/2016	31/01/2015	01/02/2014
Turnover	£306,797,000	£324,546,000	£332,942,000
Pre Tax Profit	-£19,409,000	-£12,395,000	-£11,230,000
Shareholder Funds	£78,726,000	£101,205,000	£131,244,000

GPS (Great Britain) Ltd have a Creditsafe rating of “40/100” indicating a “moderate risk” of business failure.

RENTAL VALUE

We devalue the current rent passing of £191,000 per annum to show a Zone A rate of approximately £190 psf applying A/12 to the first floor sales area and £10 per sq ft to the basement storage and staff accommodation. We have applied a nil rate to the second and third floors.

Cambridge’s steady rental growth trajectory was only shortly interrupted by the arrival of the Grand Arcade Shopping Centre and the recession that followed the 2008 financial crisis. However, more recently, assisted by Cambridge’s physical growth and strengthening economy, rents have started to push forward again.

The City enjoys a tight clearly defined prime retailing ‘circuit’ but lacks good size stores much in demand by multiple retailers. This lack of supply and strong retailer demand has created renewed and growing rental pressure illustrated by the December 2014 letting at 23/23A Petty Cury & 68 Sidney Street (Wasabi) at over £300 Zone A and the subsequent letting at 16/17 Sidney Street (Itsu) at approximately £275 per sq ft Zone A. This evidence was further consolidated following the December 2015 rent review of 3 Sidney Street (Lloyds Bank) which was settled at arbitration at £295 per sq ft Zone A.

This evidence coupled with continued strong occupational demand indicates that if the property were to become available to let today a reversionary rent of well over £200,000 per annum could be achieved.

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VAT

VAT will be charged in the sale price. It is anticipated that the sale will be dealt with by way of a TOGC.

EPC

EPC Rating C - 66. Full information is available on the website.

PROPOSAL

We are instructed by our client to seek offers in excess of **£4,500,000 (Four million five hundred thousand pounds)** subject to contract and exclusive of VAT for the freehold interest in the property.

A purchase at this level would reflect an attractive net initial yield of approximately **4%** assuming normal purchasers costs of 6.57%.

CONTACTS

To view a copy of the lease, information on title, the EPC and other information please visit our web site, www.hrh.uk.com/investment-disposals.

To register interest and to carry out an internal inspection please contact:

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