



# The Grafton Centre, George Street, Altrincham

FREEHOLD RETAIL, LEISURE & HOTEL INVESTMENT WITH PLANNING FOR RESIDENTIAL DEVELOPMENT



**ALTRINCHAM RAIL AND TRAM STATION**

**TESCO EXTRA**

**STAMFORD SQUARE SHOPPING CENTRE INC. BOOTS, M&S, WHSMITH, NEXT, WATERSTONES AND DEBENHAMS**

**APOLLO CINEMA**

**THE GRAFTON CENTRE**

**GEORGE STREET**

**HOSPITAL**

**SAINSBURY'S**

**ALTRINCHAM MARKET**

**STAMFORD NEW ROAD**

**NEW NHS HEALTH AND WELLBEING CENTRE**

**REGENT ROAD**



## SUMMARY

- Altrincham is a strategically located affluent satellite town within Greater Manchester with per capita spending levels well above the national average
- Rare opportunity to acquire substantial 0.95 acre freehold site within Altrincham town centre
- Planning consent for 18 residential apartments with the potential for 2 further apartments
- 77% of the income secured to the substantial covenants of Travelodge, Home Bargains, Subway, Ladbrokes and Hutchison 3G
- 52% of income secured to Travelodge with 19.5 years unexpired with 5-yearly rent reviews to uncapped RPI
- 81,131 sqft of retail and leisure space including the 91 bed hotel and 58 car parking spaces
- Current gross passing rent £710,864 per annum
- Potential to improve rental income and yield by letting the vacant units and implementing the existing planning permission.
- Seeking offers in the region of **£9,250,000** subject to contract and exclusive of VAT reflecting an initial yield of **7.20%** after allowing for usual purchasers costs at **6.69%**

## LOCATION

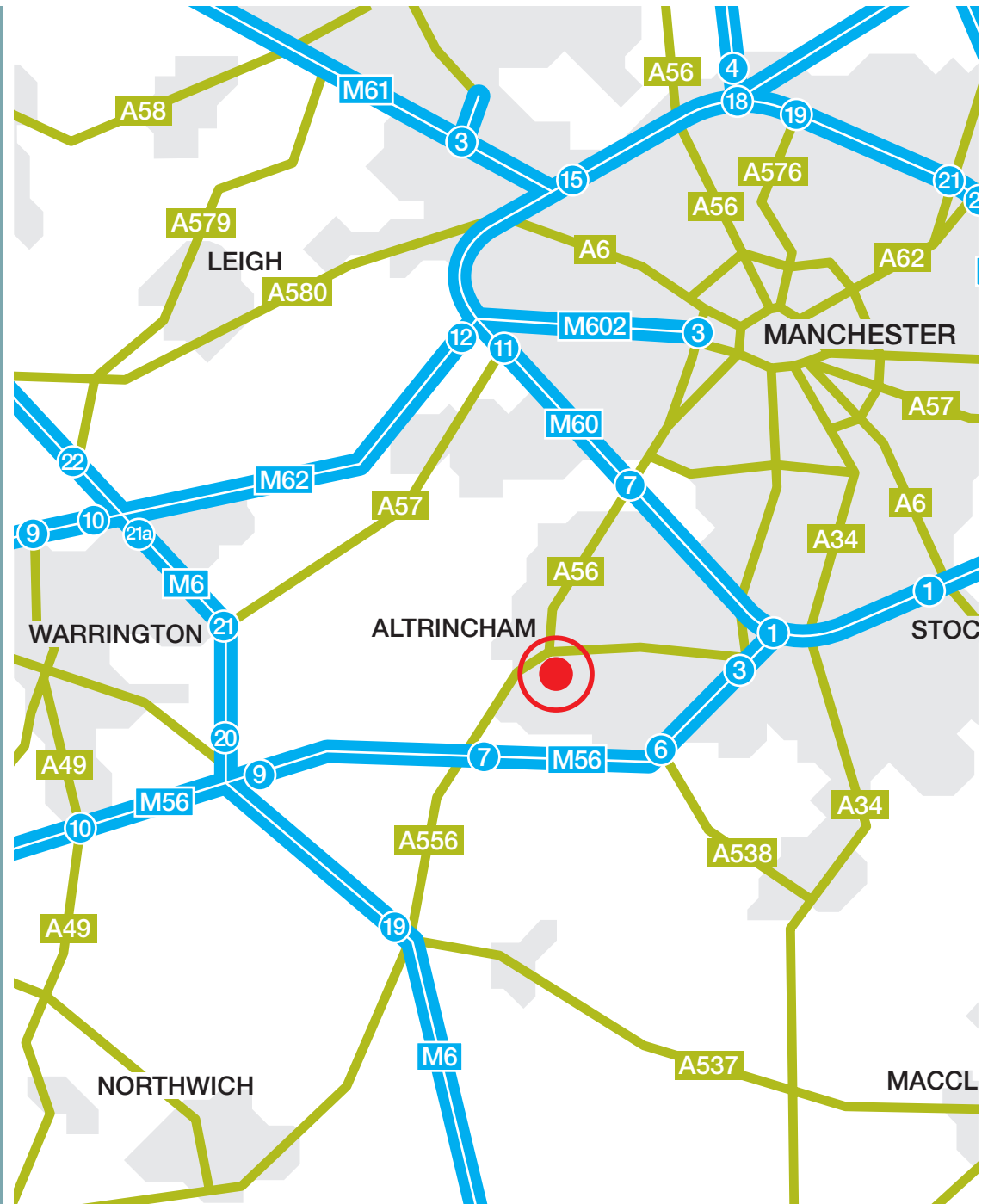
Altrincham is one of the principle commercial centres in Cheshire and an affluent satellite town within Greater Manchester. The town is located approximately 9 miles south of Manchester city centre and circa 30 miles east of Liverpool.

Altrincham is an established market town and offers an excellent selection of retail and leisure facilities in a vibrant and currently expanding town centre. Manchester International Airport is located 4 miles to the east of Altrincham and is now one of Europe's fastest growing airports.

Altrincham benefits from rapid access (within 1 mile of Junction 7 of the M56) to the densest network of motorways in the UK connecting the town to all major conurbations within the North West and beyond. This is further enhanced by the new £19m public transport interchange which opened in December 2014.

Altrincham serves a district population in excess of 210,000, while 410,800 people live within 10 km (6 miles) of the town centre, extending to 2.3 million people within 20 km (12 miles). Altrincham and the adjacent residential areas of Hale, Hale Barns and Bowdon comprise Greater Manchester's 'stockbroker belt' and are particularly popular with executive home owners, due to a combination of excellent education facilities, good quality housing stock and excellent comparison shopping and leisure facilities; all within a very short commuting distance of Manchester City Centre.

Almost double the national average of "Wealthy Executives" reside within the Altrincham area; with Hale and Bowdon comprising two of the five richest villages in the country in terms of the number of houses sold for in excess of £1m. Major employers include Cotton Traders, Hitachi, Mott McDonald, Saltus Fund Management, Civica Group, NES Group and GE UK Holdings





## ECONOMY AND DEMOGRAPHICS

The general economic well-being and affluence of Altrincham and the wider Trafford Borough is demonstrated by the following socio-economic statistics:

- Wealthy Executives: 15% within the local adult population, significantly above the UK average of 9%.
- Class AB Socio-economic groupings: 39% within the local adult population, significantly above the UK average of 22%.
- Class DE Socio-economic groupings: 15% within the local adult population, significantly below the UK average of 26%.
- Car Ownership: Significantly above average number of households with two cars.
- Home Ownership: 73% of homes are owner occupied, comfortably above the national average of 66%.
- Average Detached House Price: £417,000, significantly above the national average  
Unemployment Rate: Consistently below the UK average over the previous 20 years; with the March 2017 figure of 0.8% nearly half the national average.



(ACTUAL)



## RETAILING IN ALTRINCHAM

Altrincham town centre provides approximately 630,000 sqft of retail floor space. Retailing in Altrincham is focused around pedestrianised George Street, complemented by the secondary pitches of Stamford New Road; Cross Street; Shaws Road. The Grafton Centre is located at the southern end of George Street and The Stamford Quarter shopping centre is located on the northern section of George Street.



## ALTRINCHAM MARKET

The overall vitality of Altrincham town centre has been significantly enhanced by the regeneration and conversion in 2014 of the listed Altrincham Market House which is now an Artisan Food Hall behind traditional Victorian style shop fronts facing onto a 180-seat central covered eating area. Nine outlets are currently housed in Market House and serves a variety of foods from across the globe to more than 7,000 people each week. Some of the kitchens, as small as 215 sqft, turn over in excess £700,000 each year The fast expanding food and drink offer has now spread to the external markets and surrounding streets, improving shopper dwell times and overall retail trade/ profitability within the town centre.



## DESCRIPTION

The Grafton Centre was built in the 1970's and comprises a mixed use retail and hotel scheme effectively occupying a virtual island site at the junction of George Street and Regent Road. The property provides a 7-storey hotel tower leased to Travelodge with associated car parking, an MSU for Home Bargains with associated car parking, an MSU for Home Bargains together with 13 retail and leisure units.

The Travelodge has a dedicated guest entrance lobby on Stamford New Road and was comprehensively refurbished in mid-2011 providing 91 bedrooms along with an integral bar/café and 58 chargeable car parking spaces situated adjacent to the tower at first floor level above the retailing provision. The parking is accessed via a service road and bridge link (over George Street) off Central Way which is located off Regent Road.

The first floor area which historically provided storage accommodation and three disused flats, now has planning consent for 18 residential apartments.

**Click for aerial video**  
<https://vimeo.com/232864492>

The scheme is let at a gross passing rent of £710,864 as shown on the tenancy schedule overleaf.



Description	Tenant Name	NIA	Lease Start	Lease End	Break Date	Next Review Date	Current Rent	Void Costs*/**	Comments	EPC
Grafton Tower	Travelodge Hotels Limited	23,598	07/03/12	06/03/37	NA	07/03/22	£366,114		91 bedroom hotel. Rent subject to uncapped RPI uplifts in 2022, 2027, 2032. Tenants option to renew at expiry.	C
90 Stamford New Road	Proposed access for the residential development	1,398								D
92-94 Stamford New Road	Subway Realty Limited	969	26/10/15	25/10/25	NA	26/10/20	£15,000			D
102 Stamford New Road	The Contemporary Gallery Limited	3,223	28/04/17	27/04/22	NA	NA	£25,000		Half rent for the first 6 month of the lease. Rent paid monthly in advance. Landlord to top up	TBC
104 Stamford New Road	Cheshire Bar Limited T/A Cosmopolitan Bar	4,858	14/11/16	13/11/26	NA	NA	£30,000		Rent topped up. Y1-£8333 Y2 £16,666 Y3 £24,999 Y4 £30,000	C
2A&4 Regent Road	Ladbrokes Betting and Gaming Limited	1,892	16/02/12	15/02/22	NA	16/02/17	£34,750		Rent Review outstanding	C
4A Regent Road	Headway-The Brain Injury Association	1,005	04/09/17	03/09/22	NA	NA	£15,000			D
127 George Street	Alterbridge Limited T/A BAP Café	1,047	05/04/12	04/04/22	NA	05/04/17	£18,000		Rent Review outstanding	E
125 George Street	Sally Vu T/A Nail Art	1,016	01/02/16	31/01/26	31/01/21	01/02/21	£12,500			D
123 George Street&Basement	Vacant	2,841						£4,967.09	No vacant rates payable. Shell and Core Condition.	D
121 George Street	Vacant	696						£1,216.86	No vacant rates payable. Shell and Core Condition.	D
119 George Street	City Gent Franchising Limited T/A City Gent	630	01/11/17	30/10/27	NA	30/10/22	£20,000		Tenant relocated from 90 Stamford New Road. No Rent Free. £25,000 Landlord contribution toward fit out. £2500 SC Cap. Rent paid monthly in advance.	D
111-117 George Street	TJ Morris Limited	11,416	10/01/12	09/01/27	NA	10/01/17	£120,000		Rent Review outstanding. SC capped at £15,446.	A
108 George Street	Vacant	2,195						£15,928.05		B
108 A George Street(residential)	Paul Naylor	750	21/08/17	20/08/18	NA	NA	£7,800	£595.71	Large One Bedroom Flat. Referred to as 106 Central Way in the AST	TBC
104 George Street	Topgrade Sportswear Limited T/A Branded	1,442	02/02/16	01/02/21	NA	NA	£18,000			B
104 A George Steet(residential)	Teodor Farago&lonut Mihalia	750	29/10/16	28/10/17	NA	NA	£8,700	£595.71	Two Bedrom Flat. Referred to as 106A Central Way in the AST	TBC
109 George Street, Former Mall	Vacant	6,767						£7,330.38	No vacant rates payable. Shell and Core Condition.	D
Telecoms Mast, Grafton Tower	Hutchinson 3G UK Limited		18/07/01	17/07/21	NA	21/11/16	£14,000		Rent Review outstanding	
Telecoms Mast, Grafton Tower	Internexus		TBC	10 year term	NA	see comments	£6,000		Lease in Solicitors hands. CPI increases in year 3/6/9	
Upper parts with planning permission for residential development	Vacant	14,638						£11,626.63	8,654 sqft on the 1st floor and 5,984 on the second floor. No vacant rates payable. Shell and Core Condition.	
Car Park-58 Spaces	Anchor Security Services Limited								Net income from the Car Park for the period Aug 16-Aug 17 was £11,586. Income is potentially reduced because of rates which are currently being disputed by the landlord.	
<b>TOTAL/GROSS INCOME</b>		<b>81,131</b>					<b>£710,864</b>	<b>£42,260.43</b>		

\*Service charge and Rates

\*\* Total insurance shortfall is 37.96%

## RESIDENTIAL DEVELOPMENT POTENTIAL

With the property's proximity to the Altrincham Transport Interchange, lack of centrally located compact apartments this presents an opportunity to implement the planning permission and create 20 flats which would be suitable for young working adults.

The upper parts have 4 existing vacant flats. Our client has obtained change of use of part of the existing building from office (Use Class B1(a) ) to residential (Use Class C3) to create a further 14 residential apartments. Full details of the planning consent can be accessed via the planning portals at [THIS LINK](#)

During the strip out works, our client identified additional space which can be converted into an additional two flats. The most recent plans therefore show a total of 20 flats to be developed. All relevant plans can be accessed in the data room.

Our client has also obtained planning permission for the replacement of existing, and introduction of new windows on the George Street and Stamford New Road elevations as well as the internal facing elevations to the Dome Area. Full details of the planning consent can be accessed via the planning portals at [THIS LINK](#)



## COVENANT INFORMATION

77% of the income is secured to the 5 A1 rated covenants of Travelodge Hotels Ltd, TJ Morris Ltd, Ladbrokes Betting & Gaming Ltd and Hutchison 3G UK Ltd.

### Travelodge Hotels Ltd

Travelodge was the first budget hotel brand to launch in the UK in 1985 and now operates over 526 hotels (over 38,000 rooms). The company is the second largest hotel brand in the UK with 30.4% of the UK budget hotel sector. Travelodge Hotels Ltd is now owned by Golden Tree Asset Management, Avenue Capital and Goldman Sachs following a transfer of ownership in October 2012 from its previous owners Dubai International Capital and a restructuring of the company's debt.

	Year ending 31st Dec 2016	Year ending 31st Dec 2015	Year ending 31st Dec 2014
Turnover	£587,700,000	£552,100,000	£489,900,000
Profit (loss) before tax	£46,800,000	(£545,300,000)	£83,900,000
Tangible net worth	£257,400,000	£213,600,000	£763,900,000

### TJ Morris Ltd

TJ Morris Ltd trading as Home Bargains was founded by Tom Morris in Liverpool in 1976. They are now one of the UK's leading discount retailers employing over 17,000 staff in over 400 stores.

	Year ending 30th June 2016	Year ending 30th June 2015	Year ending 30th June 2014
Turnover	£1,602,864,617	£1,472,432,312	£1,277,323,810
Profit (loss) before tax	£136,993,560	£147,121,171	£124,759,662
Tangible net worth	£614,799,646	£547,987,397	£439,875,295

### Ladbrokes Betting & Gaming Ltd

Ladbrokes is a British based betting and gaming company founded in 1896. They are now part of the London Listed Ladbrokes Coral Group plc who are Britain's biggest bookmaker, with over 4,000 betting shops and 30,000 employees.

	Year ending 31st Dec 2015	Year ending 31st Dec 2014	Year ending 31st Dec 2013
Turnover	£830,678,836	£824,322,403	£818,577,960
Profit (loss) before tax	£49,865,674	£57,140,725	£87,693,325
Tangible net worth	£1,191,902,594	£1,096,568,354	£994,620,416

### Hutchison 3G UK Ltd

Hutchison 3G is one of the UK's leading mobile phone networks. They launched in the UK in 2003 and are part of the Hong Kong based CK Hutchison Holdings conglomerate.

	Year ending 31st Dec 2015	Year ending 31st Dec 2014	Year ending 31st Dec 2013
Turnover	£2,153,401,000	£2,056,920,000	£2,041,882,000
Profit (loss) before tax	(£778,132,000)	£281,723,000	£166,484,000
Tangible net worth	£2,782,900,000	(£8,470,636,000)	(£8,911,581,000)



## VAT

The property has been elected for VAT.

## ENERGY PERFORMANCE CERTIFICATE

EPC's have been commissioned and are available on request. The ratings for the individual units are included on the schedule of tenancies and accommodation.

## PROPOSAL

We are instructed by our clients to seek offers in the region of **£9,250,000** subject to contract and exclusive of VAT which would show a net initial yield of approximately **7.20%** after allowing for purchaser's costs at **6.69%**.

## FURTHER INFORMATION

For an appointment to view and access to the data room please contact the joint agents.

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