

PRIME RETAIL INVESTMENT

2-6 James Street
& 15 Station Square

Harrogate



christopher
dee
property investment



Investment Summary

- Harrogate has one of the most affluent catchment populations in the UK
- Harrogate has a resident population of approximately 73,000 people and a district population estimated at close to 160,000 people
- The property occupies a prominent location on James Street which is the prime upmarket retailing pitch in Harrogate
- The property is let to Gap, Cath Kidston and Azendi with an average weighted unexpired lease term of approximately **5 years**
- The current passing rent is **£264,000 per annum** and the property has an estimated rental value of **£276,000 per annum**
- The property is held **Freehold**
- We are instructed by our client to seek offers in excess of **£5,250,000** (Five Million Two Hundred and Fifty Thousand Pounds) subject to contract and exclusive of VAT, for their Freehold interest in the property. A purchase at this level reflects a **net initial yield of 4.72%**, assuming purchasers costs of 6.60%



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Location

Harrogate is centrally located in Great Britain within the county of Yorkshire, equidistant from both London and Edinburgh, at 210 miles in either direction. Leeds city centre is approximately 16 miles to the south.

Harrogate benefits from excellent communications with the A1(M) located some 3 miles to the east, the A61 running north/south through Harrogate linking, Leeds town centre to the south and Ripon to the north. The A59 runs east to west through Harrogate, providing access to Skipton to the west and York to the east.

Harrogate has good public transport links, with quick and efficient rail services into Leeds, which in turn provides easy access to other nearby city centres. In addition Harrogate benefits from an efficient bus service into nearby surrounding towns and villages.



Average district household income is some 15% higher than for England

(source -PROMIS)

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Catchment & Demographics

Harrogate has one of the most affluent catchment populations in the UK and has a resident population of approximately 73,000 and a District population estimated at close to 160,000 people.

The gross catchment population is expected to increase to 15% higher than the national average between 2015-2020.

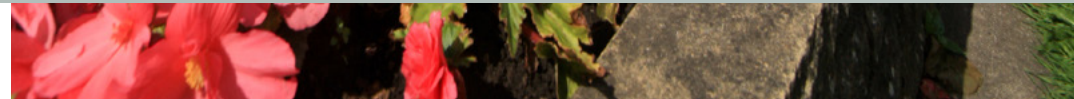
The town's affluent status is largely driven by its popularity with wealthy commuters to both Leeds and York. Approximately 65% of the population within a 10 km radius are categorised in the AB & C category (Experian).

The town attracts an estimated 1.5 million tourists per annum. Attractions include the Victorian Turkish Baths, Harlow Carr Gardens and the famous Betty's Tea Rooms. In addition, the Harrogate International Festival and the Great Yorkshire Show are high profile annual events, whereby the Harrogate International Centre generates a further 200,000 conference visitors per annum to the Harrogate Centre annually (Harrogate Borough Council).



Harrogate has an in-store consumer spend of £649,000,000 per annum

(source – PROMIS)



Situation



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Description

The property is an attractive and prominent period building arranged over basement, ground and two upper floors.

2/3 James Street comprises ground and first floor sales with ancillary accommodation on the second floor.

4/6 James Street trades ground and first floor with ancillary accommodation on second floor

and basement. The basement is accessed via an external staircase to the rear of the unit.

15 Station Square is arranged as ground floor sales with ancillary space/storage in the basement.



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Retailing

Harrogate town centre provides approximately 1 million sq ft of retailing floor space in a compact, attractive, shopping environment, focused mainly around James Street, Cambridge Street and Parliament Street.

The prime retailing pitch within Harrogate was traditionally focused on the pedestrianised Cambridge Street, where many of the larger national multiples such as Marks & Spencer, Boots and Primark are located.

James Street is where the principal upmarket retail offer is located in the town, attracting tenants such as Joules, Hobbs, White Company, Crew, GAP, Molton Brown, Jack Wills, Cath Kidston and Space NK amongst many others.

Parliament Street has seen significant change in recent years due to the lack of available units in Harrogate. The street has the only mainline department store in the town (Debenhams) and has also become a strong leisure focus with the recent redevelopment of Royal Baths which now includes Nandos, Jamies Italian and JD Wetherspoon.



Accommodation

Unit	Tenant	Description	Area (Sq Ft)	Area (Sq m)
15 Station Square	A to Z Investments Limited (t/a Azendi)	ITZA	366 units	-
		Ground Floor	460	42.73
		Basement Ancillary	1,142	106.09
		Total	1,602	148.88
2-3 James Street	GPS (Great Britain) Ltd (t/a GAP)	ITZA	742 units	-
		Ground Floor	1,019	94.66
		First Floor Sales	1,089	101.17
		Second Floor Ancillary	910	84.54
		Total	3,018	280.38
4-6 James Street	Cath Kidston Limited (t/a Cath Kidston)	ITZA	902 units	-
		Ground Floor	1,262	117.24
		Basement Ancillary	1,290	119.84
		First Floor Sales	910	84.54
		First Floor Ancillary	54	5.01
		Second Floor Ancillary	1,148	106.65
Total	4,664	433.30		
Total Net Internal Area			9,284	900.18

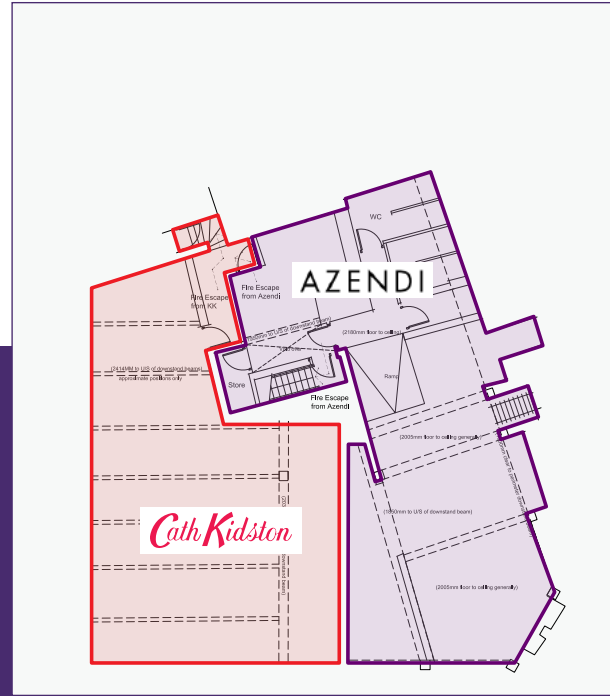
Tenancies

Tenant Name	Description	Lease Start	Expiry Date	Break	Unexpired Term (expiry)	Next Review	Current Rent	Zone A (psf)	Estimated Rental Value	Zone A (psf)	Comments
A to Z Investments Limited (t/a Azendi)	15 Station Square	02/07/2012	01/07/2022	-	6.29	02/07/2017	£31,000	£80	£32,000	£82	
GPS (Great Britain) Ltd (t/a GAP)	2-3 James Street	24/06/2013	23/06/2023	06/24/2019	7.20	24/06/2018	£103,000	£130	£110,000	£135	2.50% addition for return frontage and 5.00% adjustment for shape
Cath Kidston Limited (t/a Cath Kidston)	4-6 James Street	03/10/2008	10/02/2018	-	2.55	..	£130,000	£130	£134,000	£135	External access to the basement. 2.5% discount for shape
				WAVLT (to break)	3.27		£264,000		£276,000		
				WAVLT (to expiry)	4.88						

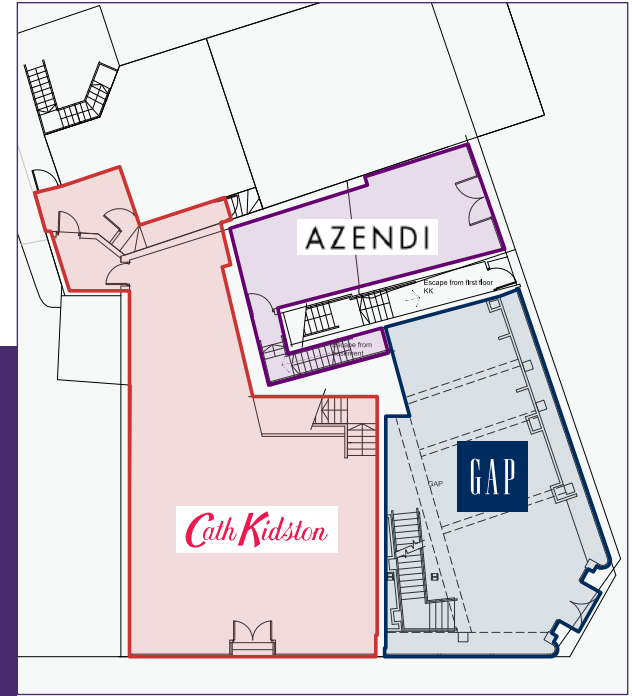
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Floor Plans

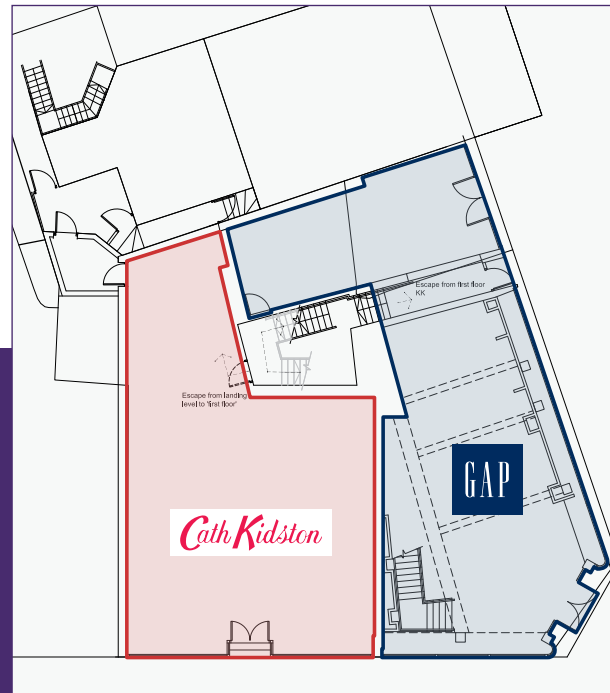
Basement



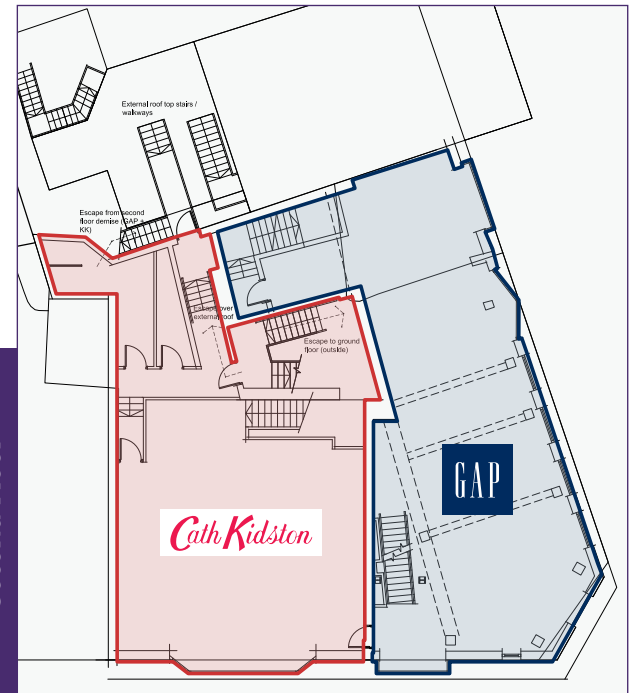
Ground Floor



First Floor



Second Floor



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Rental Commentary

The rental value is estimated to be in the order of £276,000 per annum, which reflects a Zone A rent of £135 per sq ft on GAP and Cath Kidston and £82 Zone A on Azendi.

Recent comparable lettings are as follows:

- **39 James Street (formerly Joules)** - Rent review agreed in February 2014 at £61,000 per annum, reflecting £145 Zone A.
- **2 Prospect Crescent (Brora)** - Rent review agreed in March 2014 at £87,250 per annum, reflecting £140 Zone A.
- **15 James Street (Waterstones)** - Lease renewal in June 2013 at £145,000 per annum, reflecting £140 Zone A.
- **48 James Street (Lakeland)** - Lease renewal in June 2013 at £152,500 per annum, reflecting £142.50 Zone A.



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Covenant Information



GPS (Great Britain) UK Limited (t/a GAP)

Founded in 1969, Gap is an international retailer of menswear, womenswear and childrenswear with over 121 stores in the UK. It is positioned in the mass sector of the clothing/footwear market, with focus on fashion. Gap UK is a subsidiary of Gap Inc. which operates a variety of brands such as Old Navy, Banana Republic and Forth and Towne.

Experian gives GPS (Great Britain) UK Limited a Delphi score of 84/100 reflecting a 'low Risk' of business failure. The latest report and accounts (31/01/2015) states a turnover of £324,546,000 with a net profit(loss) of (£12,395,000).



Cath Kidston Limited (t/a Cath Kidston)

Cath Kidston opened her first eponymously named store in 1993 in London's Holland Park selling vintage fabrics and wallpapers. The brand, famous for its floral designs and distinctive Britishness, has over 70 shops and concessions in the UK & Ireland as well as stores across Japan, China, South Korea, Thailand, Malaysia, France, Indonesia and Hong Kong. Offerings include bags, clothing and fabrics, as well as household accessories. It is positioned in the Upper Middle sector of the retail market.

Experian gives Cath Kidston Limited a Delphi score of 100/100 reflecting a 'very low Risk' of business failure. The latest report and accounts (23/03/2015) states a turnover of £115,420,000 with a net profit of £10,240,000.



A to Z Investments limited (t/a Azendi)

Azendi is a luxurious, romantic and quintessential English jewellery company which creates uniquely designed pieces, with each and every part exquisitely composed from precious metals. Azendi have three branded stores in Harrogate, Leeds and Headingley and a number of concessions in Debenhams and House of Fraser throughout the UK.

Experian gives A to Z Investments limited (t/a Azendi) a Delphi score of 63/100 reflecting a 'Below Average Risk' of business failure.

EPC

The property has the following EPC asset rating:

GPS (Great Britain) UK Limited (t/a GAP) - C52

Cath Kidston Limited (t/a Cath Kidston) - C59

A to Z Investments limited (t/a Azendi) - D88

Full Energy Performance Certificates are available on request.

VAT

We understand that the property is elected for VAT and it is therefore proposed that the transaction treated as a TOGC (Transfer of a Going Concern).

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Proposal

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Further Information

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

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