
108-120 THE PROMENADE

CHELTENHAM GL50 1NL



PRIME RETAIL INVESTMENT OPPORTUNITY

Investment Summary

Cheltenham is a Regency Spa town, regarded as the “Gateway to the Cotswolds”

It has a large and affluent shopping population with spend per capita significantly above the UK average

The property comprises an unbroken parade of three retail units on The Promenade, the town’s boutique/high quality retail pitch

Freehold

The property is let to Joules, Vinegar Hill and Roundhouse at affordable rents for an average weighted unexpired term of 3.6 years.

Total rental income of £410,000 per annum

Seeking offers in excess of **£4,500,000 (Four Million, Five Hundred Thousand Pounds)**, reflecting an attractive net initial yield of **8.55%** assuming normal purchaser’s costs of 6.57%



Location

Cheltenham is an attractive Regency Spa town in Gloucestershire some 40 miles north-east of Bristol, 40 miles south-east of Birmingham and 88 miles west of London.



The town benefits from strong road communications being 3 miles from Junction 11 of the M5 Motorway, which is accessed via the A40. The A40 runs through the town and provides convenient links to Gloucester to the west and Oxford to the east.



Cheltenham mainline railway station provides frequent services to London Paddington with a fastest journey time of 1 hour 50 minutes. Birmingham and Bristol can be reached in 40 and 45 minutes respectively.



Birmingham and Bristol International airports are both around an hours' drive.



Situation

The units are on the eastern side of the Promenade, at its southern end to the north of Imperial Square and to the south of Imperial Lane.

The Promenade provides the boutique/high quality retail pitch for the town with other retailers including White Stuff, Crew Clothing, Anthropologie, Reiss, Jo Malone and Molton Brown.

The western side of the Promenade is dominated by the council's offices.

Immediately to the south, The Quadrangle is being redeveloped to provide premium office space, retail and café venues on the ground floor and a roof-top restaurant.



Demographics

Cheltenham has an affluent catchment with 63% of the shopping population of 225,000 people, categorised within the most affluent ABC1 social groups, (Promis 200 average is 52%). CACI/Promis estimated spend per capita in 2018 at £5,984, ranking in the top 5% in the UK. The unemployment rate in 2020 was 3.5%, significantly below the UK average of 4.5%.

Cheltenham's economy is currently worth in the region of £2.5-£3 billion which is predicted to grow significantly over the next ten years to upwards of £4.5 billion (movingtocheltenham.com). The employment market is diverse with a number of high profile HQ's, including GCHQ, Superdry and Spirax-Sarco. There is also an exceptionally strong representation from digital and tech based firms including Google, Microsoft and Apple with the town boasting densities of 11x the national average in this sector.

Cheltenham is well renowned for its sporting and cultural events, including the world famous flagship steeplechase race, the Gold Cup, held at Cheltenham Racecourse in March each year. Tourism provides a significant boost to the local economy with the County Council estimating over 460,000 staying visitors and 5.6m day trippers visiting each year contributing over £235m to the local economy and sustaining over 8,000 jobs (2011 GCC Data).

Cheltenham is a popular place to live with the Sunday Times voting it the "Best Place to Live in the South West" in 2020 and The Telegraph voting it "No 1 place in the UK to raise a family" in 2014.



**AFFLUENT
POPULATION**

**5.6M
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GENERATING
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SPEND**

**BEST PLACE
TO LIVE IN
THE SOUTH
WEST**

THE SUNDAY TIMES
2020

**HOME TO
CHELTENHAM
FESTIVAL**



Retailing in Cheltenham

Cheltenham is one of the UK's most attractive retailing destinations with c 1.3 million sq ft of retail floorspace serving an estimated shopping population of 248,000.

The High Street which provides "mass market" retail has recently improved with the redevelopment of the secondary Beechwood Centre to provide a new 115,000sq ft John Lewis store opening in October 2018, enhancing the town's retail offer.

The loss of the Beechwood Centre now means that Regent Arcade is the town's only shopping centre. The scheme provides a predominately "mass market" offer whilst the former Bhs at the southern end of the scheme is being redeveloped to provide a 4 screen Tivoli Cinema, a 20,000sq ft Decathlon and leisure.

Promenade provides a higher end, aspirational retail and is considered the town's strongest retailing street. Promenade is anchored by a Cavendish House, a 188,000sq ft department store currently let to House of Fraser. The owners, Canada Life, are exploring its potential redevelopment to residential.

The rental tone along the Promenade has historically been at £175-180psf ITZA, however, Cheltenham has not been immune to the affects of the pandemic and this has reduced the tone to c £100psf ITZA. From these low levels, there should be significant growth potential as the retail market recovers.





Description

The property comprises a parade of three adjoining Grade II listed retail units arranged over ground and mezzanine floors, with ancillary accommodation to the remaining ground and upper floor areas. The accommodation is summarised within the attached tenancy schedule.



Tenure

Freehold.

Tenancies

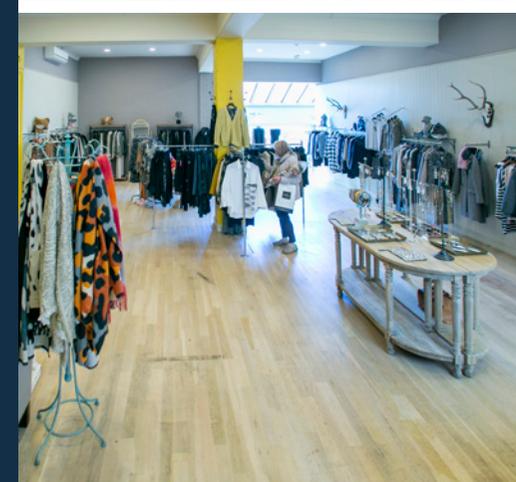
The property is let for an average unexpired term of 3.6 years as follows:

Unit	Tenant	Floor	Sq ft	Lease Start Date	Next review	Lease Expiry Date	AWULT	Passing Rent	ERV
108	Joules Ltd	Ground Retail	1,584	29/08/08		28/08/23	1.92	£155,000 (£161 ZA ¹)	£96,000 (£100 ZA ¹)
		Ground ITZA	813						
		Ground Store	393						
		Mezzanine Retail	1,112						
		Mezzanine Store	157						
		First Store	1,103						
		Loft Store	700						
Total	5,049								
110	Vinegar Hill Ltd	Ground Retail	2,612	21/07/08		20/07/23	1.81	£165,000 (£166 ZA)	£100,000 (£101 ZA)
		Ground ITZA	829						
		Mezzanine Retail	1,583						
		Mezzanine Store	97						
		First Store	1,105						
		Loft Store	580						
Total	5,977								
112-114 & 118-120	Roundhouse Holdings Ltd	Ground Retail	1,502	Agreement for Lease signed for a 10 year lease with an upward only review in year 5 ³			10.00	£90,000 (£98 ZA ²)	£90,000 (£98 ZA ²)
Ground ITZA	1,199								
Ground Store	157								
Ground Kitchen	41								
Mezzanine Store	457								
Total	2,157								
Total			13,183				3.64	410,000	286,000

¹ Analysis assumes 5% addition for return frontage

² Analysis assumes 25% discount to whole for frontage to depth.

³ Lease to be completed 5 business days after the Landlord has completed works to the roof, estimated 1 November 2021. The tenant is to benefit from 3 months rent free which the vendor will "top up"



Covenants

Joules are a lifestyle fashion retailer that consistently outperforms, seemingly unaffected by the downturn in UK retail, increasing revenues by 17.3% in the last financial year. Stores remain important and they have grown from 86 units in 2015 to 125 in 2019.

Vinegar Hill are a family run independent retailer selling homeware, gifts and accessories from 11 stores in affluent southern towns including Bath, Bristol, Henley, Hitchin and Windsor. As a private, small company they are exempt from publishing full accounts. The Landlord currently holds a rent deposit of £70,059.27.

Roundhouse Holdings Limited are a multi-award-winning kitchen design company who currently retail from six locations: London's West End, Fulham, Clapham, Richmond, Guildford and Cheltenham.

Store	% Income	Year End	Sales Turnover	Pre-Tax Profit (Loss)	Net Assets
Joules Limited	38%	30 May 2021	199,007,000	1,978,000	44,229,000
		30 May 2020	190,808,000	(24,815,000)	42,758,000
		26 May 2019	217,970,000	12,855,000	52,141,000
Vinegar Hill Limited	40%	31 Mar 2020			412,282
		21 Mar 2019			616,992
		31 Mar 2018			761,009
Roundhouse Holdings Limited	22%	31 Dec 2020	13,519,524	1,522,009	2,511,153
		31 Dec 2019	12,782,452	952,541	1,511,065
		31 Dec 2018	12,263,606	636,293	943,006





EPC

108	Joules	D89
110	Vinegar Hill	D87
112-120	Roundhouse	G175

VAT

The property has been elected for VAT and we would expect the transaction to be treated as a Transfer of a Going Concern (TOGC).

Proposal

We are instructed to seek offers in excess of **£4,500,000 (Four Million Five Hundred Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level would show a **Net Initial Yield of 8.55%** after deductions for purchaser's costs of 6.57%.

Further Details

For further information or to arrange inspection please contact:

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