

University House, 86-90 The Promenade

# CHELTENHAM

GL50 1NB



Prime Unbroken Freehold Parade in Affluent Cotswolds Spa Town

forge



# Investment Summary

- Cheltenham is a highly **attractive and affluent Regency Spa town** known as the “Gateway to the Cotswolds”.
- **100% prime trading location** on The Promenade, Cheltenham’s most attractive retail pitch.
- **17,269 sq ft of well configured retail accommodation.**
- Let to Hobbs Ltd and Waterstones Booksellers Ltd (t/a Hatchards) with a WAULT of **6.62 years.**
- **Freehold.**
- Upper parts offer **significant scope for conversion to residential use** (subject to planning).
- Total Current Income: **£532,500 per annum.**

# Proposal

Offers are sought in excess of:

**£5,250,000**

**(Five Million, Two Hundred and Fifty Thousand Pounds)**, subject to contract and exclusive or VAT.

Allowing for purchaser’s costs of 6.60%, a purchase at this level would reflect an **Attractive Net Initial Yield of 9.51%.**





# Location

Cheltenham is a highly attractive and affluent Regency Spa town in Gloucestershire and is widely considered the “Gateway to the Cotswolds”. Cheltenham is located approximately 40 miles north east of Bristol, 40 miles south of Birmingham and 88 miles west of London.



Cheltenham benefits from excellent transport links with the A40 running through the town centre, connecting to the M40 to the east, providing access into London. Junctions 10 and 11 of the M5 motorway are approximately 3.5 miles north west of the town centre respectively, providing direct access to Birmingham and Bristol.



Cheltenham Spa Train Station provides fast and frequent services to London Paddington with a fastest journey time of approximately two hours. Regular services also operate to Bristol, Gloucester, Birmingham and Manchester.



Bristol International Airport and Birmingham International Airport lie 44 miles to the south west and 40 miles to the north east respectively.







PRIMARK M&S

JOHN LEWIS APARTMENTS

OMEGA

JO MALONE LONDON

HOBBS Hatchard REISS

Cheltenham College

SUBJECT PROPERTY

HIGH STREET

PROMENADE

The Brewery Quarter

Regent Arcade Shopping Centre

Cheltenham Coach Station

GOLDSMITHS

Cheltenham Town Hall

Imperial Gardens

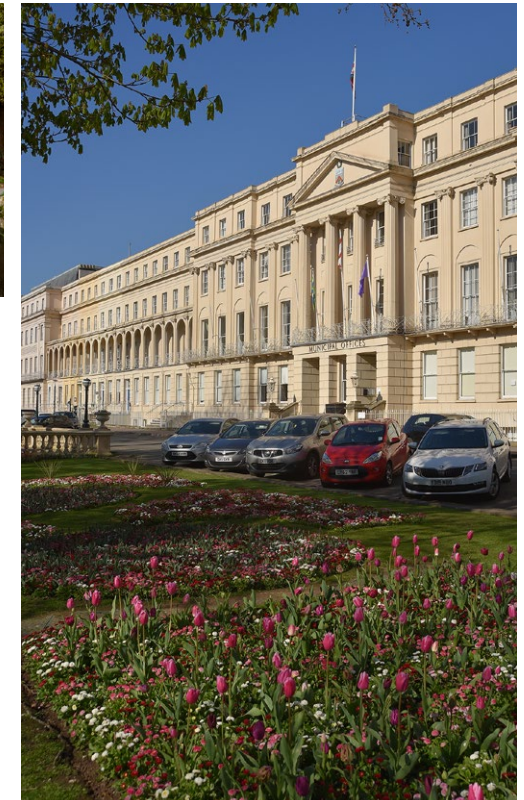
University of Gloucestershire



# Demographics

Cheltenham lies on the western side of the Cotswold Area of Outstanding Natural Beauty, one of the UK's most desirable and affluent areas.

Thanks to its attractive regency architecture, large green spaces and excellent schools, Cheltenham has long been regarded as one of the most desirable places to live in the South West of England.



Cheltenham is host to numerous festivals throughout the year, including the world renowned Cheltenham Horse Racing Festival in March, which attracts over 265,000 visitors.

Cheltenham has a large and affluent primary catchment population of 467,000 people, ranking the town 41st of the 200 PROMIS retail centres in the UK. Cheltenham's shopping population is 255,000 with an above average proportion of people in the more affluent AB social groups and with per capita spending levels well above the UK average.

Cheltenham benefits significantly from tourism with over 2.4 million visits in 2019, an increase of 7% on the previous year. Tourism was estimated to have boosted the local economy by over £172 million in 2019, a growth rate of 18% on the previous five years.



Within the Cotswold Area of Outstanding Natural Beauty



Administrative and cultural capital of the county



Shopping population of 467,000 people



Cheltenham Festival attracts over 265,000 visitors annually



Over 2.4 million visitors annually



£172m tourist economy



# Retailing in Cheltenham

Cheltenham has approximately 1.3 million sq ft of retail floor space, ranking the town 53rd of the 200 PROMIS centres on this measure. The retail core in Cheltenham is focused on The Promenade and High Street.

The Promenade has become the focus for boutique style, aspirational retailers. The Promenade has attracted a number of aspirational fashion and lifestyle retailers in the last 12 months, including Little Dobbies, Mint Velvet, Sweaty Betty, Jigsaw, Castle Fine Art, Hatchards Books and Omega.



Cheltenham High Street predominantly attracts national multiple retailers with representation from the likes of the following:



There is only one managed shopping centre within Cheltenham, the Canada Life owned Regent Arcade, which has over 185,000 sq ft of retail floor space, anchored by H&M. The former House of Fraser store, which has frontages to Promenade and Regent's Arcade, will be reconfigured as a hotel and residential development, with a new and reduced retail/F&B provision at ground floor level.

Cheltenham's primary leisure offer is provided by the Brewery Quarter on Henrietta Street to the rear of High Street, which opened in 2006. The scheme is anchored by a Cineworld cinema and has attracted a number of recent lettings to tenants including: Mowgli, Hub Box, Flight Club, Son of Steak and Pho, which compliments existing bar operators including Brew Dog, Brew House and Kitchen, Nandos, Five Guys and The Botanist.

Following the opening of a 115,000 sq ft John Lewis department store on High Street in October 2018, there has been some notable occupational activity within

the town. In 2022, JD Sports took occupation of the 8,000 sq ft former Top Shop at the entrance to Regent Arcade and Decathlon also opened a 20,000 sq ft store in part of the former BhS department store, adjacent to a brand new boutique Tivoli cinema. In addition, Primark has recently regared its lease on High Street for a further 10 years, demonstrating its commitment to the town and location. Other recent lettings on High Street include Caffé Nero, Taco Bell and Kokoro.





# Situation

The property occupies a 100% prime retail location on the busy eastern side of The Promenade, adjacent to The White Company and Anthropologie. Other multiple retailers nearby include:



The property is highly visible and enjoys strong pedestrian footfall, being situated within a short distance of High Street, Regent Arcade, John Lewis and the Brewery leisure scheme. In addition, the property is also within easy walking distance of the city's major tourist sites, including the Axiom Centre, the Town Hall, the Gustav Holst Museum and the Pittville Pump Room.

# Description

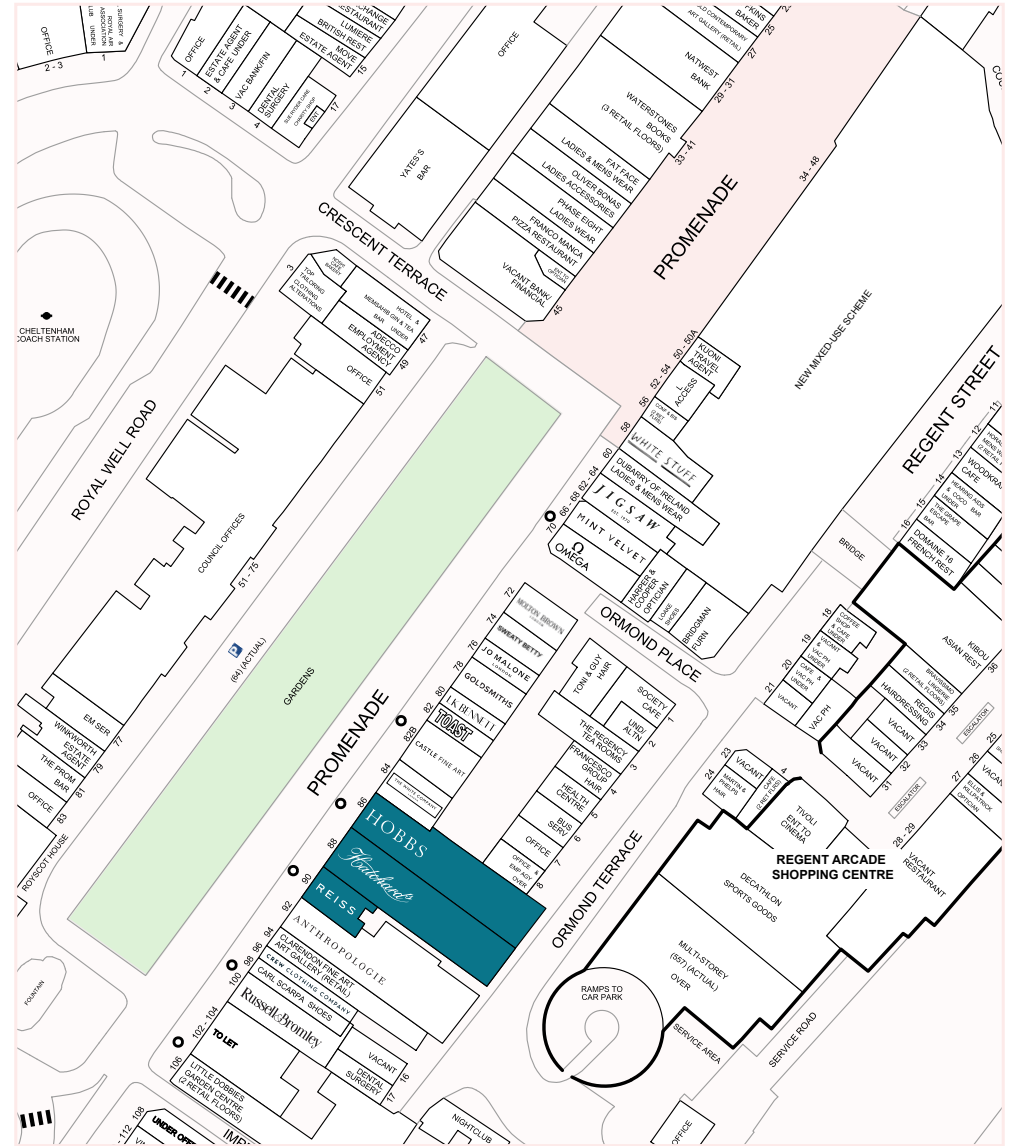
The properties comprise three attractive terraced retail units fronting onto The Promenade. The units are arranged over basement, ground, first, second and third floors.



**86/86a The Promenade** is occupied by Hobbs and is arranged over basement, ground, first, second and third floors. Hobbs trade from ground floor with the remainder of the accommodation currently being used as ancillary accommodation. There is also customer access provided to the rear via Regent Street.



**88 The Promenade** is occupied by Hatchards and is arranged over basement, ground, first, second and third floors. Hatchards trade from ground and part first floors, with the remainder of first, second, third and basement currently being used as ancillary accommodation.



**90 The Promenade** forms part of the Hatchards demise, however has been sub-let to Reiss, who trade from the ground floor with ancillary accommodation on first and second floors. There is self-contained access to the upper floors from the frontage on The Promenade. In our opinion, this offers significant scope for a conversion to residential use (subject to obtaining the necessary planning consent).



# Accommodation

The property provides the following approximate net internal floor areas:

## 86/86a The Promenade

**HOBBS**  
LONDON

Floor	Use	Sq ft	Sq m
Ground	Sales	2,055	190.9
ITZA		892 units	
Ground	Ancillary	287	26.7
Basement	Ancillary	916	85.1
First	Ancillary	1,039	96.5
Mezzanine	Ancillary	333	30.9
Second	Ancillary	1,218	113.2
Third	Ancillary	1,055	98.0
<b>Total</b>		<b>6,903</b>	<b>641.3</b>

## 88 The Promenade

*Hatchard*

Floor	Use	Sq ft	Sq m
Ground	Sales	3,105	288.5
ITZA		1,165 units	
Ground	Ancillary	258	23.9
Basement	Ancillary	163	15.1
First	Sales	1,056	98.1
First	Ancillary	1,015	94.3
Second	Ancillary	1,053	97.8
Third	Ancillary	1,074	99.8
<b>Total</b>		<b>7,724</b>	<b>717.5</b>

## 90 The Promenade

**REISS**

Floor	Use	Sq ft	Sq m
Ground	Sales	891	82.7
ITZA		653 units	
Mezzanine	Sales	178	16.5
First	Ancillary	795	73.9
Second	Ancillary	778	72.3
<b>Total</b>		<b>2,642</b>	<b>245.4</b>



## Tenure

Freehold.

## Tenancies

**86/86a The Promenade** is let to Hobbs Limited on a full repairing and insuring lease for a term of 10 years from 17 September 2015 at a current rent of **£180,000 per annum**.

**88/90 The Promenade** is let to Waterstones Booksellers Limited (t/a Hatchards) on a full repairing and insuring lease for a term of 63 years from 1 April 1970 at a current rent of **£352,500 per annum**. The property is subject to upwards only rent reviews every seven years, with the next rent review due on 1st April 2026.

Waterstones have sub-let part of their accommodation to Reiss. Further information is available upon request.

**The total current rent is £532,500 per annum.**



# Covenant

## Hobbs Limited (t/a Hobbs)

One of the UK's foremost boutique women's fashion brands, operating at the premium end of the high street. In November 2017, Hobbs was acquired by South African retail giant, The Foschini Group (TFG), which also owns Phase Eight and Whistles.

The UK portfolio of stores has seen expansion in recent years, with a focus on key, affluent locations. Further, there has been a focus on international expansion since 2018, with Hobbs having entered Hong Kong with its first standalone store and concessions launching in Singapore, Japan, Switzerland, and Holland.

TFG reported a strong set of results in its latest accounts, with a near 30% uplift in its operating profit to £28.1 million.

**Hobbs Limited boasts a CreditSafe rating of A-95.** Their latest accounts are summarised below:

	YE Mar-2023	YE Mar-2022	YE Mar-2021
Turnover	£129,326,000	£113,500,000	£65,138,000
Pre-Tax Profit	£11,000,000	£6,355,000	-£17,813,000
Shareholders' Funds	£19,265,000	£9,297,000	£2,078,000

## Waterstones Booksellers Limited (t/a Hatchards)

Waterstones is the nation's bookseller and commands a strong High Street presence with over 300 stores throughout the country. The company has had recent openings in Reigate, Clifton and relocations in Edinburgh and Manchester. The rollout of its own-brand Café W coffeeshop concessions has resulted in increased dwell time and sales.

Hatchards is the oldest bookseller in the UK, having been founded in 1797, and boasts three royal warrants, granted by King Charles III, Queen Elizabeth II and Prince Philip. Hatchards has three stores in the UK: Piccadilly, Kings Cross St Pancras, and Cheltenham (the subject property).

**Waterstones Booksellers Limited boasts a CreditSafe rating of A-97.** Their latest accounts are summarised below:

	YE Apr-2022	YE Apr-2021	YE Apr-2020
Turnover	£399,798,000	£230,885,000	£376,024,000
Pre-Tax Profit	£50,622,000	£4,172,000	£21,048,000
Shareholders' Funds	£105,466,000	£63,382,000	£60,501,000



## Asset Management

There is potential for the conversion of part of the upper floors of the properties to provide residential accommodation. There is self-contained access to the upper parts of 90 The Promenade, fronting onto The Promenade.

There are also three unused floors above 86/86a The Promenade, which have excellent potential for residential conversion, subject to the necessary planning consent.

## Planning

The property is Grade II Listed and is situated within the Montpellier Character Area of Cheltenham's Central Conservation Area.



# Proposal

Offers are sought in excess of:

**£5,250,000**

(Five Million, Two Hundred and Fifty Thousand Pounds), subject to contract and exclusive or VAT.

Allowing for purchaser's costs of 6.60%, a purchase at this level would reflect an **Attractive Net Initial Yield of 9.51%**.

## Energy Performance Certificate

EPCs are available upon request.

## VAT

The property has been elected for VAT and we anticipate that the transaction will be treated as a transfer of a going concern (TOGC).

## Anti Money Laundering

In order to comply with anti-money laundering legislation, the successful purchaser will be required to provide certain identification documents. The required documents will be confirmed to and requested from the successful purchaser at the relevant time.

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## Further Information

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