

Brighton, 170 North Street BN1 1EA

Attractive Retail & Office Investment With Asset Management/Development Potential

Virgin Money + 3 Office Tenants

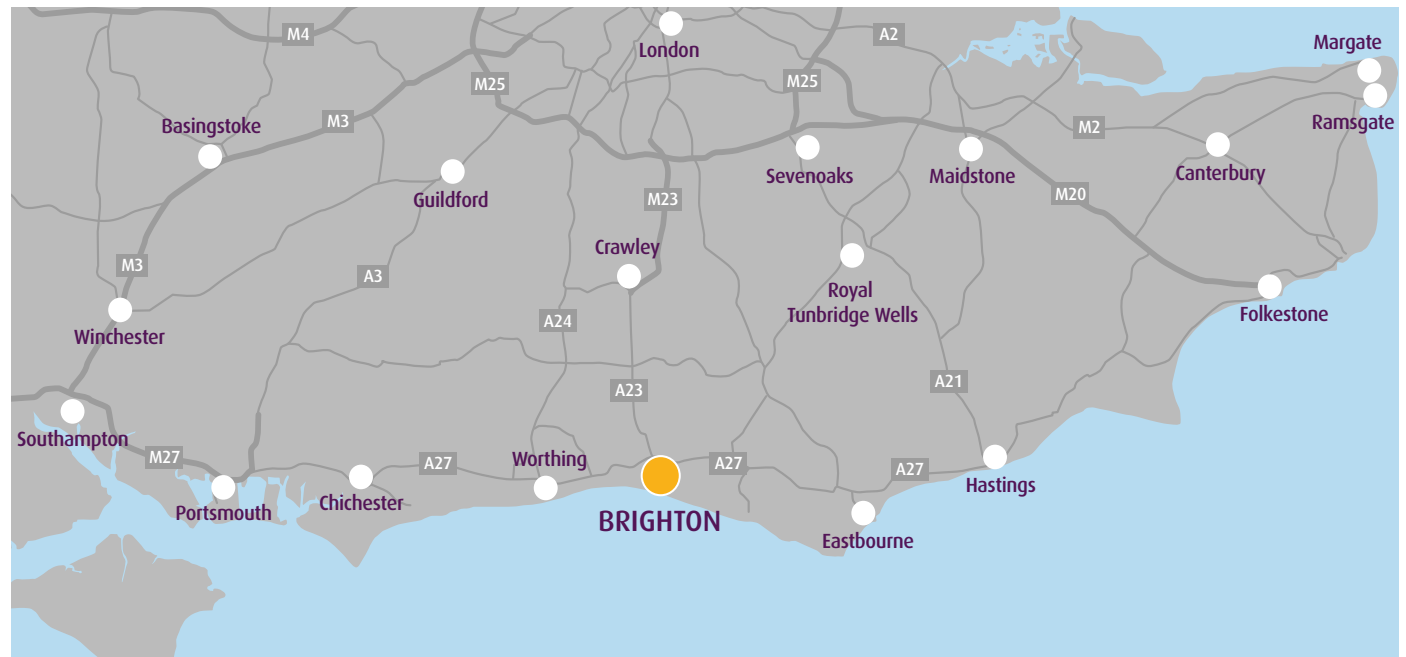


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INVESTMENT CONSIDERATIONS

- Brighton is a charismatic city on the south coast boasting one of the most affluent populations in the UK
- Situated on North Street, directly opposite “The Lanes” and the Hanningtons Estate development site
- Attractive period building
- Excellent asset management opportunities
- Offers in excess of £2,100,000
- Net initial yield of 4.9%, reversionary to 5.95% after allowing for normal purchaser’s costs



BRIGHTON

Brighton is an attractive, vibrant and affluent city on the south coast of England. It is the cultural, administrative and retail centre for a large swathe of south east England and dominates its catchment accordingly.

The city is located 56 miles (90 km) south of London, 25 miles (40 km) west of Eastbourne and 62 miles (100 km) east of Southampton.

The city benefits from excellent road communications, with the A23 connecting the city with London to the north (via the M23), which in turn connects with the M25 at Junction 7. The A27 dual carriageway provides a good link along the coast to Eastbourne and Hastings in the east and Portsmouth and Southampton to the west.

Brighton railway station is the 7th busiest railway station in the UK (excluding London stations), and provides direct services to London Victoria, London St Pancras and London Bridge. In 2015/2016, there were in excess of 17 million passenger journeys recorded demonstrating the popularity of the city as a commuter location. Fastest journey times into London take approximately 55 minutes with 10 services per hour at peak times.

Brighton is dominant within this part of south-east England, with a primary catchment population of 515,000 and an estimated shopping population of 329,000. 54% of the catchment population are designated within the most affluent AB,C1 socio-economic groupings, (Source: PMA). The population is also relatively young, aided by the 35,000 students resident at the city’s two universities.

It is one of the most visited locations in the UK, regularly appearing in the Top 10 tourist destinations according to www.VisitBritain.org. Approximately 8.5 million people visited in 2014, bringing an estimated £780 million of tourist spend into the city.

Brighton & Hove is an extremely popular residential location, especially with the “young professional” demographic. Hove topped a 2016 poll undertaken by Lloyds Bank for the “most desirable place for young professionals to live”. Brighton came 7th. It is for such reasons that the urban population of Brighton & Hove has seen rapid growth in recent years. The population was approximately 281,000 in 2014, a 12.5% increase from the 2004 figure of 250,000, and is expected to increase by a further 18,700 (6.7%) by 2024 to almost 300,000.



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RETAILING IN BRIGHTON

Brighton's prime retail core is linear, running east/west along Western Road and North Street. Western Road is home to major national multiples including M&S, H&M and Primark.

The fully enclosed, 565,000 sq ft Churchill Square Shopping Centre is located close to the junction of these two prime retailing thoroughfares. The scheme is Debenhams anchored and also provides major stores for retailers including Zara, Top Shop and River Island and an 800 space car park.

North Street, where the subject premises is located, provides a home for major retailers including Boots, TK Maxx and Sports Direct. North Street also acts as the major link between Churchill Square and Western Road, and the extremely popular area of Brighton called "The Lanes", which accommodates a wide variety of upmarket and independent shops, boutiques and restaurants. The Lanes also provides stores for major international brands such as Hobbs, Jigsaw and Jack Wills along East Street, The Lanes' major thoroughfare.

OFFICES IN BRIGHTON

Brighton boasts a strong and diverse office market with approximately 4,000,000 sq ft of space.

Research conducted in 2017 by CACI revealed that Brighton is the hottest UK office market outside London. The city topped the list, scoring highly across each of the eight metrics used by CACI to draw up the list.

Demand is being largely driven by the media and technology markets with new start up businesses seeking smaller suites as offered by the subject property.

It is estimated that the city has lost approximately 750,000 sq ft of office space in the past decade to residential/student housing conversions ensuring that there is upward pressure on rents as the supply of office stock diminishes.

LOCATION

The subject property is located on the northern side of North Street, adjacent to Lloyds Bank and opposite the Hanningtons Estate development site, a former department store sitting on 1.3 acres which is being redeveloped to create a new "Lane" to the rear as well as providing retail stores fronting North Street. The scheme is due for completion in mid 2018 with new tenants to include Cath Kidston. The White Company, Blacks, Kurt Geiger and Tiger are existing tenants. The scheme will be a major draw to this part of North Street and should help to improve the location dramatically.

North Street is also a popular location for leisure operators with Wahaca, Smashburger, All Bar One and Bella Italia all represented with numerous other bars and restaurants located immediately off North Street and The Lanes and North Laines areas.

The historic Brighton Pavilion and Pavilion Gardens are situated immediately to the north.

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DESCRIPTION

The property is of traditional brick construction with a sandstone façade under part slate/part flat/part mansarded roof. It comprises a period, mid terrace building with five stories to the front (basement to third floor) and three stories to the rear (basement to first).

The property is laid out as a banking hall on ground floor and part basement, with offices at the rear of the ground floor, first, second and third floors with ancillary storage in the basement. The offices have their own entrance from North Street.

There is vehicular access to the rear of the property via Prince's Place. The area to the rear of the building is used as a communal store for refuse bins.

RETAIL RENTAL VALUE

Brighton has seen strong rental growth, being one of very few centres where rents have increased over the past 10 years and is ranked 1st of the Promis centres on the basis of rental performance between 2008 – 2016 accordingly. During this time prime rents increased from a Zone A rate of £200 psf to approximately £245 psf today.

Rents on North Street have reached £134 psf in terms of Zone A as evidenced by the letting to Metro Bank with effective from March 2015, whilst the latest letting in the Hanningtons development opposite to Cath Kidston shows £110 psf in terms of Zone A from June 2017.

A lack of competition from surrounding centres combined with limited out of town offer has assisted in this performance and bodes well for the continued success of retail in Brighton in the coming years.

ACCOMMODATION

The property has been measured to provide the following net internal floor areas:

	Ground (sq ft)	ITZA (sq ft)	First (sq ft)	Second (sq ft)	Third (sq ft)	Basement (sq ft)	Total (sq ft)
Virgin Money Plc	1,372	690				442	1,814
Brighton & Hove Radio Ltd	1,341		726			643	2,710
Storeforce Limited			1,005				1,005
Neil Choudhury Architects				704	550		1,254
Total	2,713		1,731	704	550	1,085	6,783

TENANCIES

The property is fully let on four occupational tenancies. The leases are primarily drawn on effectively full repairing and insuring leases as follows:

	Lease Start	Next Rent Review	Lease Expiry	Passing Rent	Passing £ ZA/psf	ERV Rent	ERV £ ZA/psf
Virgin Money Plc	25/12/2007	25/12/2017	24/12/2022	£55,000	£79.70	£55,000	£79.70
Brighton & Hove Radio Ltd T/a Juice 107.2	01/02/1998	02/02/2018	01/02/2022	£24,500	£9.04 psf	£41,000	Grd – £19 psf 1st – £17 psf Base – £5 psf
Storeforce Limited*	05/05/2017	–	04/05/2022	£17,085*	£17.00	£17,085	£17 psf
Neil Choudhury Architects**	20/04/2011		19/04/2016	£12,500	£9.96	£20,000	2nd – £17 psf 3rd – £14.50 psf
Total				£109,085		£133,085	

The Brighton & Hove Radio lease is subject to a schedule of condition which effectively means that they do not contribute to the external repairs.

50% of the income is secured to the very strong covenant of Virgin Money Plc.

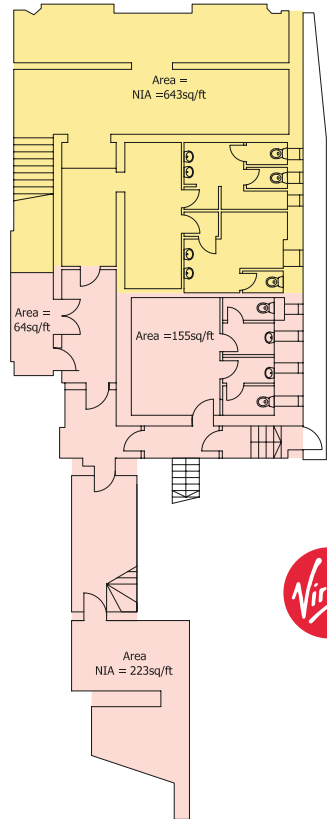
* Rent deposit held

‡ Outside of the L+T Act 1954

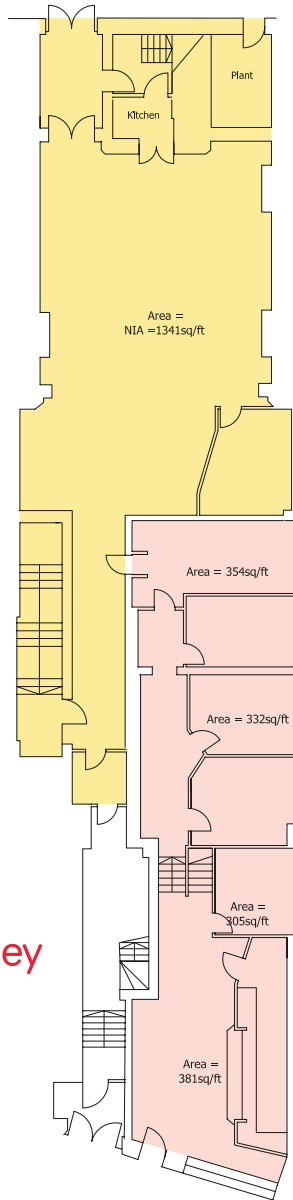
• Rent passing is currently £12,813.75 pa. The vendor will top up to this level from completion until 4th May 2018.

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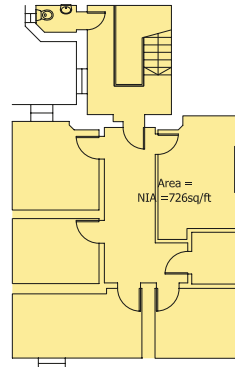
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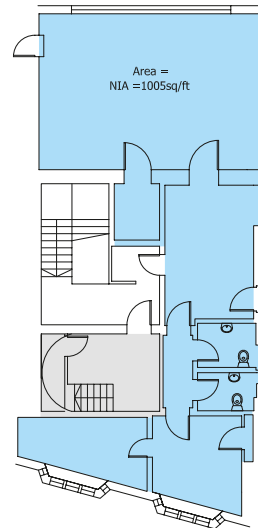
BASEMENT PLAN



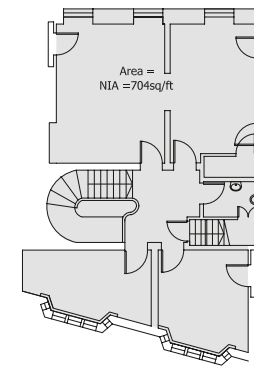
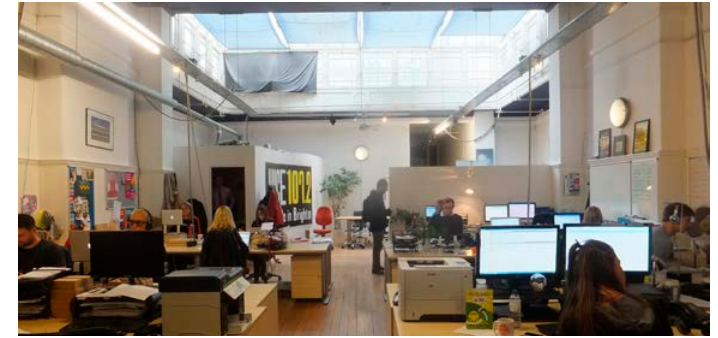
GROUND FLOOR PLAN



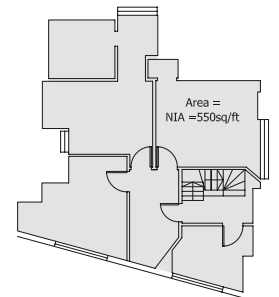
FIRST FLOOR PLAN (REAR)



FIRST FLOOR PLAN (FRONT)



SECOND FLOOR PLAN



THIRD FLOOR PLAN

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OFFICE RENTAL VALUE

Prime rents of new Grade A space at "City View" achieved headline rents of £27.50 psf in 2016. Construction is due to start imminently on a new 58,000 sq ft scheme on Station Street with a quoting rent of £32.50 psf.

Good quality refurbished space is currently being marketed at £30 psf.

We therefore believe that based off the current rents an investor can expect to see excellent future rental growth at the subject property.

TENURE

The property is held freehold.

COVENANT INFORMATION

Virgin Money Plc was born out of the acquisition of Northern Rock Bank and then listed on the London Stock Exchange in November 2014. The bank now has approximately 3 million customers, and operates from 75 branches across the UK.

Virgin Money Plc (Registered No.06952311) published the last three years trading figures:-

	31/12/2016	31/12/2015	31/12/2014
Turnover	£958,700,000	£865,900,000	£840,200,000
Pre Tax Profit	£159,700,000	£116,000,000	£52,900,000
Shareholders Funds	£1,691,200,000	£1,328,700,000	£1,225,600,000

Virgin Money Plc are rated as "86/100" indicating a "Very Low Risk" of business failure by Creditsafe.

uk.virginmoney.com

Brighton & Hove Radio Ltd trade as Juice 107.2. They are a locally owned independent commercial radio station who have been broadcasting for approximately 20 years across Sussex.

Creditsafe do not carry any financial information on the company.

www.juicebrighton.com

Storeforce Limited are an IT business who work with the retailer sector across the globe. They have been in operation since 2010 with their headquarters in Canada. They cover the whole of Europe from their Brighton office.

Storeforce Limited are rated as "69/100" indicating a "Very Low Risk" of business failure by Creditsafe.

www.storeforcesolutions.com

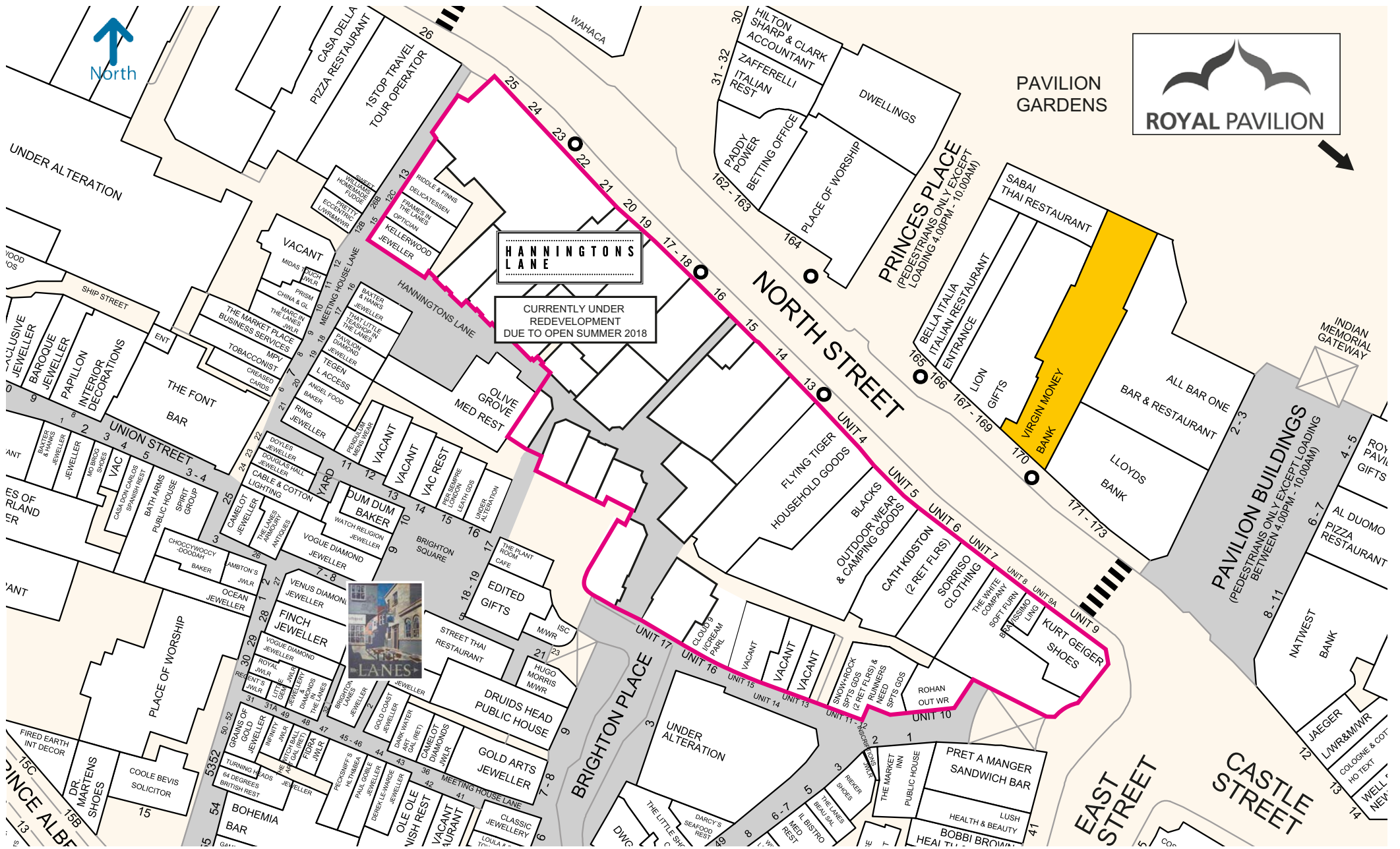
Neil Choudhury Architects are an architectural practice who work on a variety of residential and commercial projects across the south-east. They have been in operation since 1996.

They are rated as "39/100" indicating a "Moderate Risk" of business failure by Creditsafe.

www.neilchoudhuryarchitects.co.uk

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ASSET MANAGEMENT INITIATIVES

There are a number of potential asset management initiatives that could be undertaken to enhance value as follows:-

- As a popular location for the London commuter, Brighton has a strong residential market with capital values ranging from £550 - £750 psf. A purchaser could convert (and potentially extend) the upper parts to take advantage of this burgeoning market (subject to planning).
- There is pent up demand from numerous restaurateurs for well located A3 space within Brighton city centre. We believe that by consolidating the Virgin Money and Juice Radio space that an attractive restaurant unit could be created to provide approximately 4,500 sq ft.
- With upward rental pressure on office rents (refurbished office space seeking £30 psf), together with the Hanningtons Estate scheme opposite showing increasing retail rents of £110 Zone A at this end of North Street, there is the opportunity to benefit from these rising rents at future reviews and renewals. The current outstanding lease renewal of the top floors allows the potential to realise some of this upside immediately.



SERVICE CHARGE

A service charge regime is in place. Further information can be provided upon request.

TOWN PLANNING

We have made informal enquiries and understand that the property is not Listed but is situated within the North Street Valley Gardens Conservation Area.

VAT

The property is not elected for VAT.

EPC

Full details are available on the website.

PROPOSAL

We have been instructed to seek offers in excess of £2,100,000 (Two Million, One hundred Thousand Pounds) subject to contract and exclusive of VAT for our client's freehold interest.

A purchase at this price would show an investor an attractive net initial yield of approximately 4.9%, reversionary to 5.95% assuming normal purchasers costs of 6.3%.

CONTACTS

To view copies of the lease's, information on title, the EPC's and other information please visit the HRH web site,

www.hrhretail.com/property/brighton

To register interest and to carry out an internal inspection please contact the joint agents:-

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