

# 100% Prime, Well Secured, Retail Investment



republic - 3 cornmarket street, **oxford**



# INVESTMENT SUMMARY

- Oxford is one of the **most popular retail, tourist and student destinations** in the UK serving a substantial and affluent catchment.
- The city is **the most sought after PMA retail centre in the UK** in terms of tenant demand.
- Occupying a prominent, 100% prime, pedestrianised position on Cornmarket Street, Oxford's main retailing thoroughfare and opposite the Clarendon Centre. Neighbouring retailers include **Prêt a Manger, Boots, McDonalds, Lloyds TSB, Moss, Phones 4U** and **Gap**.
- Well secured to the popular and long established covenant of **Republic (Retail) Limited (5A1 D&B Rating)**.
- Unexpired lease term of circa **7 years** with a further rent review in **October 2014**.
- Offers in excess of **£5,900,000** (Subject to Contract & Exclusive of VAT) reflecting a net initial yield of **5%** allowing for purchaser's costs of 5.8%.



## Location

Oxford is a historic, internationally renowned university city and the premier retail, tourist and administrative centre in Oxfordshire. The city is located circa 90 km (56 miles) north-west of central London, 42km (26 miles) north of Reading and 74km (46 miles) south-west of Milton Keynes.

Road and public transport communications are excellent. The town is situated close to the A40 (Dual Carriageway) which affords direct access to the M40 (J8) some 8 km (5 miles) to the east and the A34 (Dual Carriageway) connects with J13 of the M4 at Chieveley some 39 km (24.5 miles) to the south. The city also benefits from regular rail services to London (Paddington) with a fastest journey time of approximately 55 minutes and by coach the popular 'Oxford Tube' provides a 24 hour bus service to London (Victoria coach station) with a journey time of circa 100 minutes.



## Demographic Profile

Oxford has an expanding resident population of circa 154,000 persons (2010 ONS) but draws on a significantly larger primary catchment area comprising circa 515,000 persons (PROMIS) which stretches beyond Aylesbury, Banbury, Abingdon and Witney.

This catchment is particularly affluent evidenced by the sizeable over-representation of the AB social grouping (33%) and the C1 (Junior Managerial) grouping (31%) and the under-representation of the least affluent D and E social grouping. This demonstrates a wealthy, mobile and economically active population with employment levels, house and car ownership well above or at the national average.

The tourist industry further enhances the city's retail spend. Oxford is the sixth most visited destination in the UK by international visitors and is the tourism gateway to the rest of Oxfordshire. The city attracts approximately 9.5 million visitors per year, generating circa £603 million of income for local businesses.





## Retailing in Oxford

Oxford is one of the premier retailing locations within the UK and has an estimated shopping population of 252,000 persons. The city's retail dominates its affluent catchment and it is significant that this shopping population continues to grow with a 11% increase forecast between 2008 and 2018. In 2011 total in-store comparison retail expenditure was £1,276m which was materially higher than the Retail PROMIS 200 Centre average, ranking the city 28th out of 200.

The prime retail offer is focused on the vibrant and historic pedestrianised Commarket Street where there is a high concentration of major UK multiples including **Next, Boots, WH Smith, Gap, HMV, River Island** and **Waterstones**.

Commarket Street's prime retailing is further complimented by the semi-pedestrianised Queen Street and High Street where retailers include **Bhs, M&S, Top Shop, Jack Wills, LK Bennett, Crew, Karen Millen, White Stuff** and **Reiss**. Oxford also benefits from two managed shopping centres; the Westgate Centre which is anchored by **Primark** and **Sports Direct** and the smaller Clarendon Centre anchored by **Zara** and **H&M**. The former is subject to a proposed extension and re-development by JV partners, The Crown Estate and Land Securities where a new **John Lewis** store is the potential preferred anchor.



## Retailer Demand

Oxford is a highly sought after shopping destination and is ranked first in terms of retailer demand out of all of the PMA centres due to its excellent comparison goods offer and the limited supply of available prime retail units. In recent years there has been very little retailer movement and vacancies in the prime pitch of Cornmarket Street. Consequently there are a significant number of current requirements with the likes of **Hollister, Apple, White Company, Joules, Anthropologie, Urban Outfitters, Warren James** and **Card Factory** actively seeking floor space in the city as well as number of existing tenants looking to up-size. If the subject unit became available we are confident that there would be strong retailer demand for the premises.

## Situation

The property occupies a prominent 100% prime trading position on the eastern side of the pedestrianised Cornmarket Street close to its junction with Carfax and Queen Street. Neighbouring retailers include **Prêt a Manger, David Clulow, Boots, McDonalds, Lloyds Tsb, Moss, Phones 4U** and **Gap**.



## Description

The attractive premises comprise a substantial Grade II\* listed period building arranged over ground, basement (un-used with limited access) and three upper floors. The ground, part 1st and 2nd floors are utilised by Republic predominantly for retail with ancillary storage. The remaining and front section of the first floor is used as a bookmaker (Betfred) and the second and third floors are fitted out as office accommodation. These areas have a separate ground floor entrance from Cornmarket Street.

The property was originally constructed in the 16th century with the current facade an 18th century addition. The property was substantially reconstructed and extended in the early 1930's and is located within the City Centre Conservation Area.

## Accommodation

The property provides an approximate total net floor area of **638.4m<sup>2</sup> (6,872 sqft)** sub-divided as follows:

Floor	Use	M/M <sup>2</sup>	Ft/Sq Ft
Frontage	Gross (Retail)	6.76	22'2"
Ground	Retail	245.90	2,647
ITZA		960 units	
First	Ancillary/Stores	155.70	1,676
Second	Ancillary/Stores	109.30	1,177
First (sub-let)	Betting Office	40.10	432
Second (sub-let)	Office	42.60	459
Third (sub-let)	Office	44.70	481



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### Tenure

**Long Leasehold** – 150 years (FR&I) from 23rd December 1993 expiring on 22nd December 2143 at a peppercorn rental (circa 131 years unexpired). There are no rent review provisions. The freeholder is Oxford City Council.

### Tenancy

#### Republic (Retail) Ltd (t/a Republic)

15 years FR&I from 11th October 2004 (circa 7 years remaining) expiring on 10th October 2019 at a current passing rental of **£312,000 pax** with an upward only rent review on 11th October 2014.

Republic has sub-let the upper part of the front portion of the property to Oxford City Council with the lease expiring on 22nd December 2013 at a passing rental of £14,000 pax. Oxford City Council has recently underlet part of the first floor to Done Brothers (Cash Betting) Ltd for a term expiring on 16th December 2013 at a passing rental of £11,000 pax.

### Tenant Covenant

Republic is a popular 'youth focused' multi-branded fashion retailer whose offer consists of aspirational and edgy labels alongside an extensive range of their own brands. Launched in 1986 in Leeds, the company has steadily expanded with solid sales growth and currently trades from over 120 stores. The chain was acquired by TPG (a US based Private Equity Group) in 2010 for circa £300m and they aim to expand the business further targeting 200+ stores. They have recently debuted internationally with four concessions in German department store Karstadt and are focussing on increasing their London exposure.

Tenant	Republic (Retail) Ltd
D&B Rating	5A1
Date of Accounts	30/01/2011
Turnover	£181,187,000
Pre-tax Profit/ Loss	£27,302,000
Net Worth	£42,543,000

### Rental Analysis & ERV

We devalue the current rent of £312,000 per annum to reflect a Zone A rate of circa £285 psf . This rate was agreed between the parties at the last review in October 2009 where there was a rental uplift. We have applied A/20 to the first floor ancillary accommodation and £5 psf to the second floor ancillary and have accounted for the sub-let income as well. Further information is available on request.

With strong tenant demand, a restricted supply of sizeable units in Cornmarket Street and moreover increasing rents in Queen Street and High Street we believe that the property has excellent prospects for rental growth in the short to medium term off the well established ZA rate passing of £285 psf

### VAT

The property has been elected for VAT and therefore VAT will be payable on the purchase price.



### Proposal

Offers in excess of **£5,900,000** (Subject to Contract and exclusive of VAT) reflecting an attractive net initial yield of **5%** allowing for purchaser's costs of 5.8%.



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## FURTHER INFORMATION

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**Energy Performance Certificate**  
Non-Domestic Building

HM Government

3 Cornmarket Street  
OXFORD  
OX1 3EX

Certificate Reference Number:  
0960-4925-0362-6240-9030

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website [www.communities.gov.uk/epbd](http://www.communities.gov.uk/epbd).

**Energy Performance Asset Rating**

More energy efficient

100% less energy consumed than an average building

A 91-100  
B 76-90  
C 61-75  
D 46-60  
E 31-45  
F 16-30  
G Over 15

197

100% less energy consumed than an average building

**Technical Information**

Main heating fuel: Oil  
Building environment: Cold Supplied Electricity  
Total useful floor area (m<sup>2</sup>): 666  
Building complexity (NDS level): 3  
Building emission rate (kgCO<sub>2</sub>/m<sup>2</sup>): 123.02

**Benchmarks**

Buildings similar to this one could have rating as follows:

32 if newly built  
85 if typical of the existing stock

**Green Deal Information**

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

MISREPRESENTATION These particulars do not constitute an offer or contract. They are intended as a guide to prospective purchasers. All reasonable care has been taken in the preparation of these particulars but their accuracy is not guaranteed. The purchaser should satisfy himself and as to the correctness of these details. Neither the agents nor the vendors or lessors are to be or become under any liability or claim in respect of these particulars. These particulars are supplied on the understanding that all negotiations are conducted through this office. October 2012.

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