



**REGENT  
SQUARE  
HOUSE**

**RSH**

**PARADE**  
ROYAL LEAMINGTON SPA | CV32 4NR

Prominent, Landmark, Freehold Office/Retail Investment Opportunity

**green&partners**



# INVESTMENT SUMMARY

- A freehold, mixed office and retail, landmark building, centrally located in Royal Leamington Spa.
- Royal Leamington Spa is an affluent and popular Regency town dubbed '**Silicon Spa**' being the **hub for a sizeable cluster of UK & multinational video gaming and digital production companies**.
- This fully occupied investment comprises three floors of quality, contemporary office accommodation with the benefit of on-site parking. On the ground floor and basement levels there are 5 shops including the recently let double unit occupied by Nationwide Building Society.
- Regent Square House occupies a **prominent corner position** within Leamington Spa's **prime retail, business core** on a busy section of Parade close to the Royal Priors Shopping Centre and Regent Court
- Let to entrepreneurial office tenants, **Pixel Toys** and **X2X** and retail tenants, **Nationwide Building Society**, **Timpson**, **Ecco Shoes**, **Clarks** & **Zizzi**.
- Current income of **£603,121** per annum exclusive (65% office/35% retail split) rising to **£643,121** per annum exclusive in **January 2022**.
- Weighted Average Unexpired Lease Term of **5.1 years** to expiry, **circa 3.9 years** to break option.
- Offers in the region of **£7,000,000** Subject to Contract and Exclusive of VAT reflecting a net initial yield of **8.08% rising to 8.61% in January 2022** allowing for usual purchaser's costs of 6.65%.







# LOCATION

Royal Leamington Spa is an attractive and affluent Regency town located in the county of Warwickshire approximately 2 miles (3.2km) east of Warwick, 8 miles (13km) south of Coventry and 18 miles (29km) south east of Birmingham. It is the largest town and principal employment centre in the district of Warwick.

Due to its strategic location, Leamington Spa benefits from excellent road links with direct access to the M40. Junction 13 is situated within 5 miles (8km) providing routes to London and the south and Junction 14 is 4 miles (6.4km) west, providing access to the M42 and the north. The A46 is 4 miles (6.4km) distant and the M45, some 11 miles (17.6km), providing links to major towns across the Midlands.

Royal Leamington Spa railway station (Chiltern Main Line) is also very well connected, with a regular direct service to London Marylebone in 71 minutes and Birmingham Moor Street and Snow Hill in 29 minutes.

Birmingham International Airport is situated 19 miles (30.6km) north west of the town centre and provides national and international flights to over 150 destinations. The airport is accessible via the A452/A45 with a journey time of approximately 45 minutes or via a direct train service in 23 minutes.







*“The town was ranked the 3rd happiest place to live in the UK (Rightmove 2020)”*

## DEMOGRAPHICS

With an estimated town population of circa 52,000 (mid 2019) and an estimated Primary Retail Market Area population of 165,000 (end 2019), Leamington's catchment is one of the most affluent in the UK (PROMIS).

The town has a significantly above average proportion of adults categorised within the most affluent AB social group at 35% compared to the UK average of just 21%. Spending levels are high accordingly with the town ranking 27th out of 200 in the UK in terms of forecast growth in retail expenditure (2018-2023).

In addition, retail expenditure within the town is boosted by a large number of nearby Warwick University students and tourists who visit popular attractions including the Royal Pump Rooms Art Gallery and Museum, Jephson Gardens as well as nearby Warwick Castle.







*“Royal Leamington Spa is at the heart of ‘Silicon Spa’, a thriving destination for UK Game Developers and the third largest gaming hub in the UK”*

## ROYAL LEAMINGTON SPA OFFICES – A TECHNOLOGY & EMPLOYMENT HUB

Royal Leamington Spa boasts one of the strongest clusters of video gaming and digital production companies in the UK earning the town a reputation as ‘**Silicon Spa**’ with companies such as **Ubisoft Leamington** (formerly **FreeStyleGames**) and **Codemasters** originating and currently based in the town and environs. The two office tenants in the subject property, **Pixel Toys** and **X2X**, are in this industry sub-sector.

It is estimated that about 10% of all those involved in game development in the UK are based in the Royal Leamington Spa area. One in every 50 people in Leamington works for a games developer and the industry contributes over £100m to local GDP, ranking the town area as the third largest industry location outside London and Slough/Heathrow. The town is now home to a yearly gaming festival called Interactive Futures.

Employment in private sector services accounts for 61% of total employment in Royal Leamington Spa. Major employers in Professional & Business Services in the area include **IBM** and **Kantar**, a global research agency. **National Grid** (UK Head Office) and **Wolseley** (UK Support Centre) are also located in the area.

Royal Leamington Spa has also recently been chosen by the Government for the siting of one of two proposed ‘**UK Megalabs**’ in the 223,936 sq ft Axiom Building at Precision Park. This lab will form a key part of the UK’s national infrastructure to respond to future epidemics as well as adding a diagnostic capacity for other critical illnesses like cancer. Along with the proposed lab in Scotland, up to 4,000 new jobs will be created. One of Jaguar Land Rover’s principal engineering centres and the headquarters of Land Rover is situated just to the south of the town at Gaydon.





*“Contemporary,  
flexible, open plan,  
office workspace  
tailor-made for  
dynamic expanding  
games studio tenants”*

## DESCRIPTION

The property comprises a landmark office building situated in the heart of the town centre providing 3 upper floors of contemporary, office accommodation above ground floor retail/restaurant units. In addition there are two pavement kiosks located on Parade.

The upper floors have been extensively refurbished and benefit from excellent natural lighting, high floor-to-ceiling heights of up to 2.7m, fully accessible raised floors, new ducted A/C system, feature lighting and a 17 space car park to the rear (a ratio of 1:191 sq ft).

The well configured retail accommodation is arranged with sales on ground floor and ancillary space at basement level.





## RETAILING IN ROYAL LEAMINGTON SPA

Royal Leamington Spa boasts an excellent retail provision with approximately 1.16 million sq ft of accommodation. The town has a wide range of upper middle retailers and a strong independent provision for both fashion and speciality shopping. The town has an above average quality of retail provision relative to the size and affluence of its population.

The prime retailing pitch is focused around Parade which is an attractive boulevard of Regency architecture and is where the subject property is located. Retailers in occupation on Parade include **M&S, House of Fraser, H&M, White Stuff, Oliver Bonas and Superdrug**. Other shopping streets include Warwick Street and Regent Street, both of which intersect Parade, and Bedford Street and Park Street, which run parallel to Parade.

There are two managed shopping centres in Leamington Spa which complement the high street provision. Royal Priors is the town's principal scheme and offers 130,000 sq ft of retail accommodation. The scheme is anchored by **M&S** and additional retailers include **Topshop/Topman, Sports Direct, New Look, GAP** and **Superdry**. Regent Court is the leisure focused, open air scheme to the south of Regent Street. The scheme provides 70,000 sq ft of primarily A3 accommodation with current tenants including **Côte, Turtle Bay, Wagamama, YO! Sushi** and **Nando's**.

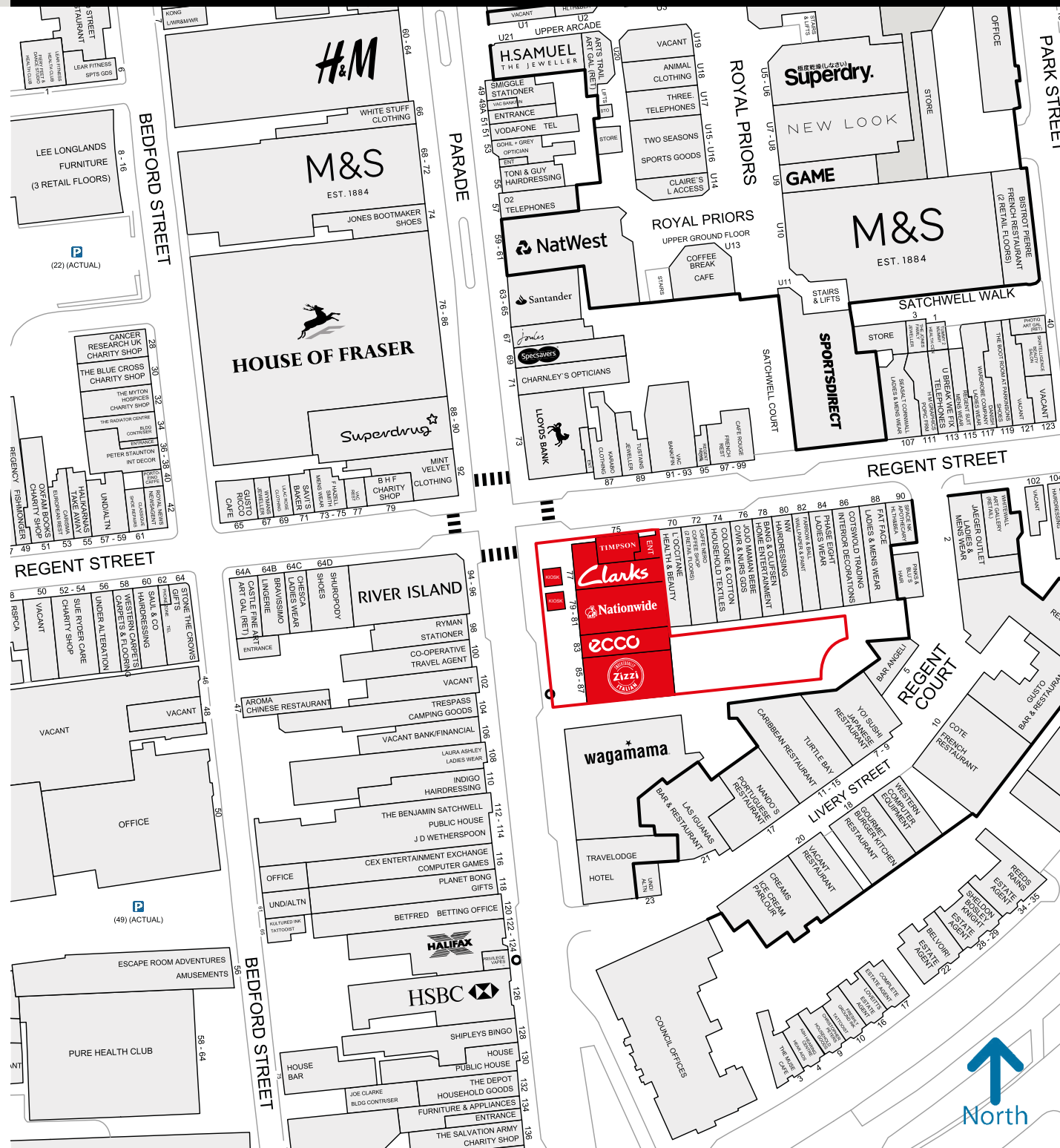




# SITUATION

The property occupies a prominent corner position on a busy section of Parade at its junction with Regent Street. The building's central location means it is set within a vibrant mixed use environment, with access to a range of business, retail and leisure facilities including the Royal Priors Shopping Centre and Regent Court as well as excellent transport links.

Retail occupiers in close proximity include **Superdrug**, **River Island**, **Mint Velvet**, **Wagamama**, **Ryman**, **Lloyds Bank** and **L'Occitane** as well as a **Travelodge**. Two of the entrances to the Regent Court Shopping Centre are also located nearby on Parade and Regent Street.



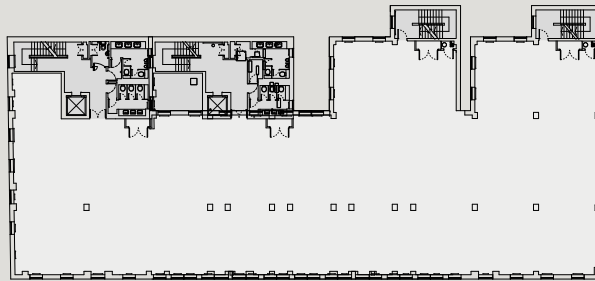
North



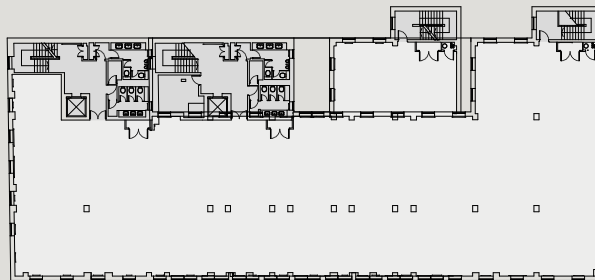
# ACCOMMODATION

Regent Square House provides approximately **20,260 sq ft (1,882 sq m)** of office accommodation over 3 floors and **10,600 sq ft (985 sq m)** of retail/restaurant accommodation within 5 units below.

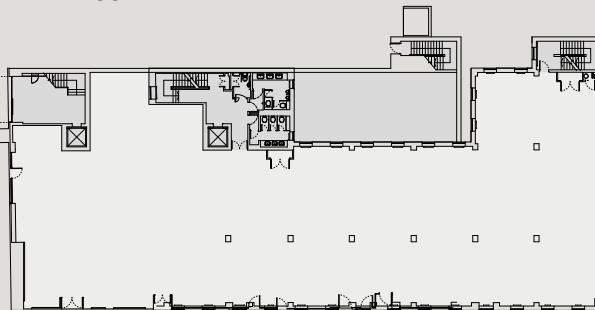
See Schedule of Tenancies and Accommodation.



1ST FLOOR



2ND FLOOR



3RD FLOOR



## TENURE

Freehold











# TENANCIES

Unit Description	Tenant	Current Rent PAX	Areas (Sq Ft)		Lease Start Date	Lease Expiry	Next or O/S RR	Break Option	Service Charge (YE 31/03/2021)	Insurance (30/09/20 To 29/09/21)	Comments
OFFICES											
First	Pixel Toys Ltd	£131,118	NIA	6,724	17/11/2016	16/11/2026	09/10/2024	09/10/2024 Tenant Break Option	£34,444.39	£1,820.52	6 car spaces designated within the lease.
Second	Pixel Toys Ltd	£132,756	NIA	6,808	09/10/2019	16/11/2026	09/10/2024	09/10/2024 Tenant Break Option	£34,444.39	£1,806.45	5 car spaces designated within the lease. Area stated as 6,808 SqFt within the lease
Third	X2X Ltd (Codex Digital Ltd)	£131,440	NIA	6,728	04/01/2018	03/01/2023	n/a	n/a	£33,598.79	£1,763.92	6 car spaces designated within the lease. A rent deposit of £40,675.44 is held by the Landlord under a Rent Deposit Deed.
SUB TOTAL OFFICES		£395,314		20,260							
RETAIL											
1	C&J Clark Int. Ltd (t/a Clarks)	£20,000 (Contracted but also CVA estimated turnover rent)	GF ITZA GF Sales B Anc	1,011 units 1,612 929	14/06/2019	13/06/2021		see comments	£8,999.02	£698.37	Clarks CVA terms. Effective date 20/11/2020 with rent concession period for 36 months expiring 20/11/2023. Category B6 store - Turnover rent only paid monthly in arrears on the last working day of the preceding month. Turnover to be 4%. For the second 12 months the turnover rent will be the higher of the current years turnover rent and 85% of the previous years with the same formula to apply to the third year. Service charge and insurance paid in full monthly in advance. Landlord Break Option any date up to 18/02/2021 and 20/11/2022 and 20/11/2023. Tenant Break Option on 20/11/2021 or 20/11/2022 but only if net sales for 12 mths up to end of the notice to terminate are less than 85% of net sales for the premises in FY 2019/2020. Clarks turnover for FY19/20 was £587,000.
2	Timpson Ltd (t/a Timpsons)	£22,650	GF ITZA GF Sales GF Anc	347 units 355 82	05/08/2019	04/08/2029	05/08/2024	31/07/2024 Tenant Break Option	£1,548.53	£153.64	
3&4	Nationwide Building Society	£95,000	GF ITZA GF Sales B Anc	1,167 units 2,159 997	14/09/2018	13/09/2028	14/09/2023	n/a	£10,440.42	£1,040.25	
5	KRM (GB) Ltd - t/a Ecco Shoes	£34,500	GF ITZA GF Sales B Anc	581 units 1,085 492	26/04/2018	25/04/2023	n/a	n/a	£5,220.21	£429.49	A rent deposit of £22,865.15 is held by the Landlord under a Rent Deposit Deed.
6	Zizzi Restaurants Ltd t/a Zizzi	£25,000 (plus turnover top up of 6%)	GF ITZA GF Sales B Anc	1,182 units 2,249 640	08/10/2004	07/10/2029	08/10/2024	n/a	£10,732.59	£903.24	18 months concessionary period from administration date - 17th July 2020. Base rent £25,000 pax plus turnover top up of 6%. After 18 months interim period the rent will revert to £65,000 pax. The turnover rent will fall away at this point. 3 months' rent free from completion of the assignment from Azzurri Restaurants Ltd (in administration) on 16/12/2020. Company name changed from De Facto 2247 Limited to Zizzi Restaurants Ltd - 10404211 (between July-September 2020).
Stall 1	Neil Jones	£5,657	n/a		31/01/2019	31/01/2020	n/a	n/a	n/a	n/a	Holding over.
Stall 2	Mark Fitzpatrick	£5,000	n/a		31/01/2019	31/01/2020	n/a	n/a	n/a	n/a	Holding over.
SUB TOTAL RETAIL		£207,807		10,600							
TOTALS		£603,121		30,860					£139,428.34		

WAULT to expiry		5.1 years
WAULT to break		3.9 years
% Split By Current Income	Retail	34.46%
	Offices	65.54%



# TENANT COVENANTS

Company	Comment	D&B Rating	Financial Year Ending	Turnover	Profit Before Tax	Tangible Net Worth
 <b>Clarks</b>	<b>C&amp;J Clark International Ltd (t/a Clarks)</b> The 195 year old shoe retailer has recently been acquired as part of a £100m deal with LionRock Capital, a Hong Kong PE firm. A prerequisite of the deal was for Clarks to undertake a CVA in order to keep open its 320 stores. The CVA has been approved by 90% of the creditors.	5A 3	02-02-2019	£790,000,000	(£27,200,000)	£170,500,000
<b>TIMPSON</b>	<b>Timpson Ltd (t/a Timpsons)</b> Established in 1865 the family owned Timpson Group are the UK's leading retail service provider with over 5,600 employees, 2,000 stores and 119 Snappy Snaps franchises. The group includes Johnsons Dry Cleaners, Jeeves, Max Spielmann and Snappy Snaps.	5A 2	29-09-2019	£176,723,000	£11,355,000	£40,590,000
 <b>Nationwide</b>	<b>Nationwide Building Society</b> Largest building society in the world with 16.3m members. Banking Brand of the Year 2019 - third year in a row (Which?)	5A 1	04-04-2019	£5,657,000,000	£833,000,000	£11,845,000,000
 <b>ECCO</b>	<b>KRM (GB) Ltd (t/a Ecco)</b> Ecco were founded in 1963 in Denmark and sell products in 101 countries from over 2,250 Ecco Shops and more than 14,000 sale points. They have 6 factories across the globe and 4 owned tanneries.	3A 2	31-12-2018	£31,170,397	£567,681	£12,427,120
 <b>Zizzi</b>	<b>Zizzi Restaurants Ltd (t/a Zizzi)</b> Azzurri Group (Ask Italian/Zizzi/Coco di Mama) were acquired from pre-pack administration in July 2020 by TowerBrook Capital Partners who have committed over £70m to restructure the group's balance sheet and provide capacity for future growth. They will continue to operate 225 restaurants/shops retaining 5,000+ employees.	-	-	-	-	-
 <b>PIXEL TOYS</b>	<b>Pixel Toys Ltd</b> Pixel Toys were founded in 2012 by Andy Wafer and Alex Zoro and are an independent game studio specialising in the production and design of Mobile and VR games. They currently employ circa 70 people but are expanding. Multiple award winning games include Gunfinger, Warhammer 40,000 Freeblade, Drop Dead and Warhammer Age of Sigmar: Realm War.	2A 1	30-09-2019	n/a	n/a	£1,918,829
 <b>X2X</b>	<b>X2X Ltd (formerly Codex Digital)</b> Founded in 2005, Codex are an Emmy award winning entertainment technology company creating digital production workflow tools for motion pictures, commercials, independent films and TV. The company were acquired in April 2019 by Pix Systems, a San Francisco based company, who provide film professionals with secure access to production content on mobile, laptop, home TV's etc. They won an Oscar in 2019 for their technology. The Company is now known as X2X	2A 2	31-12-2018	£10,039,010	(£519,056)	£2,543,081





## SERVICE CHARGE

The current service charge year runs from 1st April 2020 and expires on 31st March 2021.

The budget for the current year is £139,428.34 which reflects circa £5 per sq ft for the office accommodation and circa £3.50 per sq ft for the retail. There are currently no landlord shortfalls.

## VAT

The property has been elected for VAT and it is proposed that any disposal will be by way of a Transfer of a Going Concern (TOGC).

## EPC

The EPCs and recommendation reports are available on request.

## PROPOSAL

Offers in the region of **£7,000,000** Subject to Contract and Exclusive of VAT reflecting a net initial yield of **8.08% rising to 8.61% in January 2022** allowing for usual purchaser's costs of 6.65%

## CONTACT

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