

 Lloyds TSB

ESQUIRES
THE ORGANIC COFFEE CO.

cardfactory

Specsavers

TESCO

Grape Tree
Feel Good Foods

COSTA

NEW LOOK

 **JLL**

 **Flude**
PROPERTY CONSULTANTS

Net Income
£623,100
per annum

Let to **11 national multiples** with **74%** of income secured to these covenants

300,000
footfall per month

ATTRACTIVE AND WELL POSITIONED CONVENIENCE RETAIL PARADE INVESTMENT

TESCO express

Hello.

We're open
Monday to Sunday
7am - 11pm

Lottery
Bakery
Food to Go
Chilled Wine & Beer
Whirish
EVRI

2-42

**PALMERSTON RD
SOUTHSEA**



INVESTMENT SUMMARY

- › Southsea is an affluent suburb of Portsmouth and a popular coastal resort
- › The property comprises a contiguous retail parade of 16 units situated in a prime position in the heart of Southsea on the pedestrianised part of Palmerston Road
- › The areas of Portsmouth and Southsea are currently subject to redevelopment and regeneration programs which strengthen both city's long term prospects
- › Strong demographics with a large student population and low vacancy rates in Southsea
- › Vibrant and wide-ranging mix of national and local occupiers within the vicinity including Waitrose, Loungers, Specsavers, Boots, Tesco, Costa and Lloyds Bank
- › Attractive occupational story with rents re-based and affordable global rents with some occupiers having agreed reversionary leases
- › 74% of the net income is secured to national tenants with 58% of income secured to 'Very Low Risk' and 'Low Risk' covenants.
- › The scheme is anchored by Tesco who account for 10% of the rent
- › WAULT of 6.3 years to expiry and 4.9 years to break
- › Multiple asset management opportunities to drive value and income
- › Residential block above sold off long leasehold



PROPOSAL

Net Income:
£623,100
per annum

Offers in excess of:
£5,840,000
(subject to contract)

Net Initial Yield:
10.00%



LOCATION AND SITUATION

Portsmouth is the second largest city in the county of Hampshire and is the second most densely populated city in the UK, after Inner London. It is located approximately 66 miles south west of Central London, 53 miles west of Brighton and 20 miles east of Southampton.

The city benefits from excellent road communications being situated at the M27/A27 junction, which links to M3 and A3(M) and provides access to London and the wider national motorway network.

Portsmouth and Southsea station has a regular rail service to London Waterloo with a fastest journey time of approximately 1 hour 30 minutes.

Southsea is an affluent suburb of Portsmouth and a popular coastal resort, located approximately one mile south west of the city centre and close to the seafront.

The property is situated in the heart of Southsea in a prime retailing position on the western side of Palmerston Road, which is fully pedestrianised.

The area benefits from a number of car parks nearby and on street parking available on various nearby streets, which makes it easy for shoppers.



DEMOGRAPHICS

The total population within the Portsmouth primary catchment area is 303,000 and the city has an estimated shopping population of 133,000. The student population has also increased in recent years and there are currently approximately 29,000 students in the city.

Southsea has a population of 16,000 people and is one of the most sought after addresses in Portsmouth, owing to its close proximity to the seafront, high quality housing and range of local amenities. The large recreational spaces and multiple tourist attractions in Southsea such as the seafront and Southsea Castle, draw visitors from well beyond the city boundary.

An above average proportion of working age adults are categorised as being within the most affluent AB social groups (which includes those in managerial and professional occupations); the social group C1 (which includes junior non manual employees) is also over-represented.



303,000
Portsmouth primary
catchment area



29,000
student population
in the city



16,000
population of
Southsea



AB social
group
significantly above
average proportion
of adults



RETAILING IN SOUTHSEA

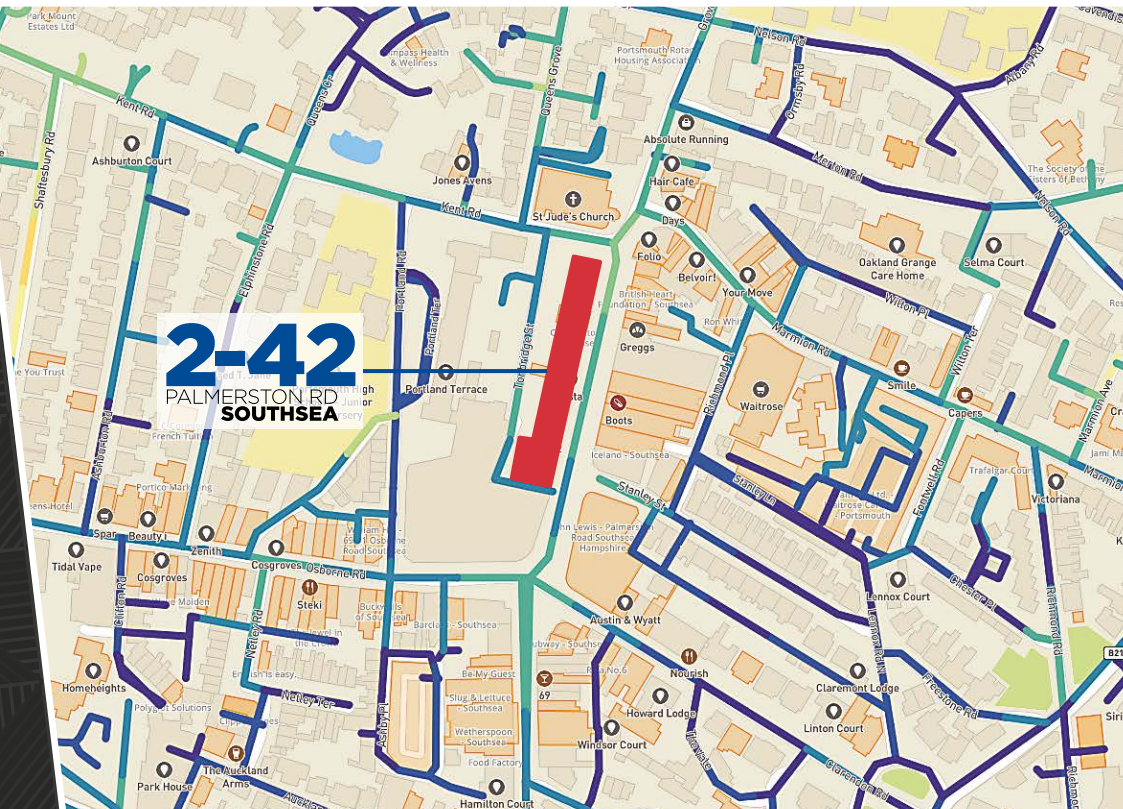
Southsea is a vibrant and popular area in Portsmouth providing a central town location by the seafront and Southsea common.

Osborne Road, Palmerston Road and Marmion Road form the main commercial areas with pedestrianised streets and ease of accessibility. Albert Road and Elm Grove are within walking distance which feature independent eateries and bars.

Palmerston Road hosts the 'Love Southsea Markets' once a month which helps new businesses and attracts tourists and shoppers to the area. Southsea hosts Victorious Festival every August bank holiday and food festivals throughout the year which helps put the area on the map as a sought after destination for retail and leisure.

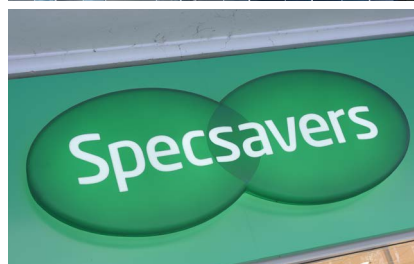
National occupiers within the vicinity of the subject parade include Waitrose, Holland and Barrett, Greggs, Iceland, Robert Dyas, Sainsbury's, Millets and Boots.

The area benefits from a very low vacancy rate.



KEY: 0-25K 25K - 50K 50K - 100K 100K - 200K 200K - 300K 300K - 400K

The map above displays the footfall levels in Southsea's primary retailing area as of March 2024. Palmerston Road, as signposted below, achieved the strongest footfall figures, reaching levels of 200,000 to 300,000.



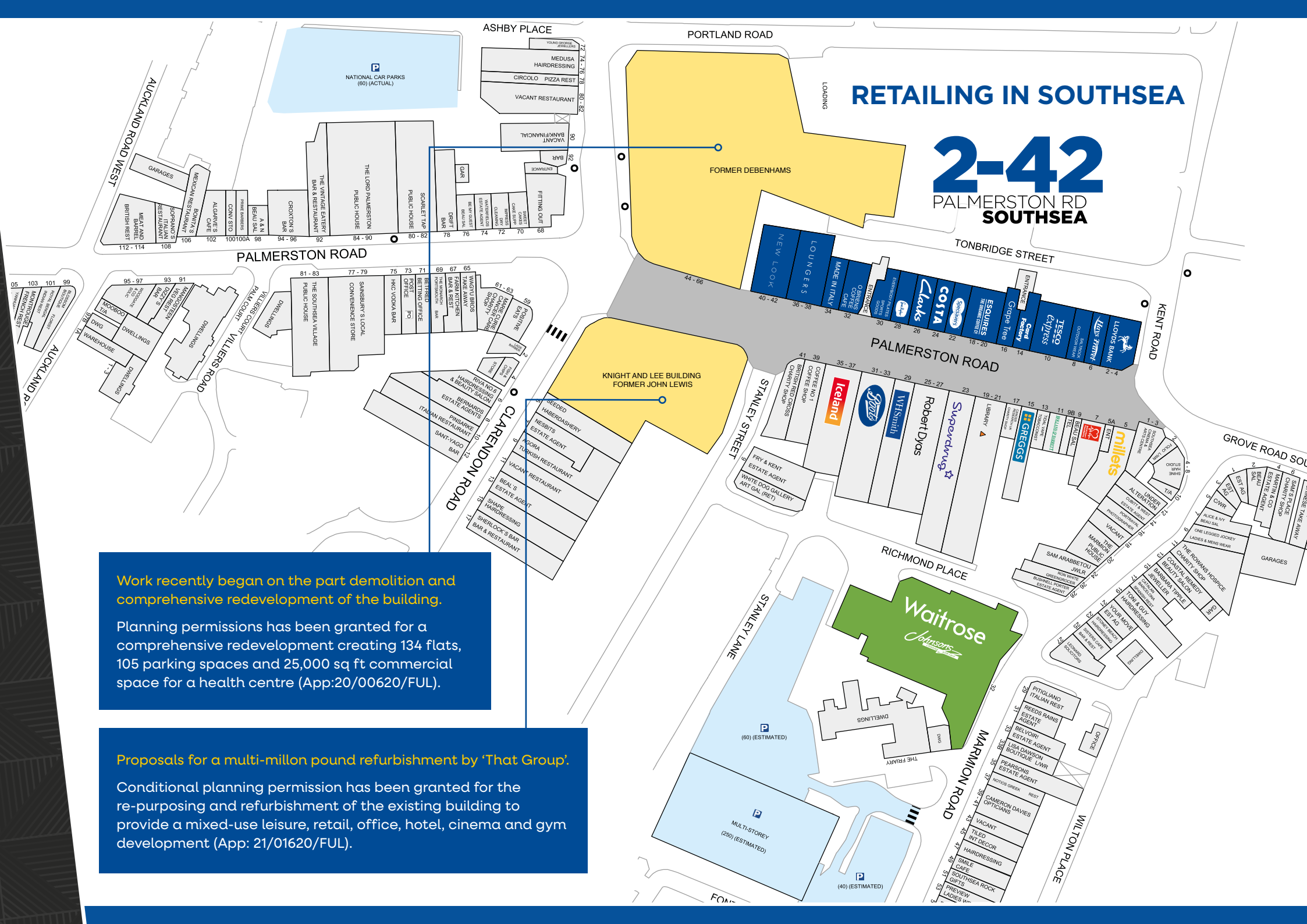
200k to 300k
footfall in Palmerston Road in March 2024



RETAILING IN SOUTHSEA

2-42

PALMERSTON RD
SOUTHSEA



Work recently began on the part demolition and comprehensive redevelopment of the building.

Planning permissions has been granted for a comprehensive redevelopment creating 134 flats, 105 parking spaces and 25,000 sq ft commercial space for a health centre (App:20/00620/FUL).

Proposals for a multi-million pound refurbishment by 'That Group'.

Conditional planning permission has been granted for the re-purposing and refurbishment of the existing building to provide a mixed-use leisure, retail, office, hotel, cinema and gym development (App: 21/01620/FUL).



DESCRIPTION

The property comprises an attractive and well positioned parade of retail units located in a desirable and popular part of Southsea. The scheme offers 16 units with a wide ranging tenant mix including retail, leisure, food and convenience supermarket.

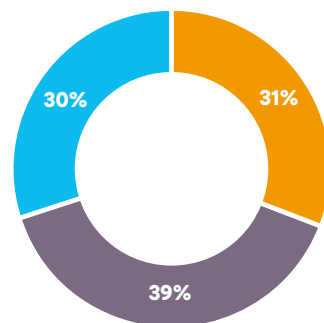
The units are arranged over a mixture of ground floor only and ground and first floors. The units generally provide open plan retail space and benefit from good frontages. Some of the units are double and could be split in the future. Externally, the units benefit from rear access.

The residential accommodation above is sold off long leasehold to Portsmouth Council.

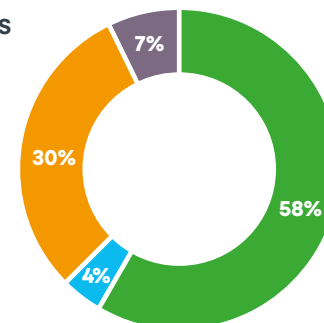
TENANCY SCHEDULE

Unit	Tenant	Start Date	Break Date	Review Date	Expiry Date	Ground NIA Area (sq ft)	First NIA Area (sq ft)	Ground Floor ITZA	Contracted Rent p.a.	Comments
2-4 Palmerston Road	Lloyds Bank Plc	25/12/2020			24/12/2025	2,121		1,041	£53,000	
6 Palmerston Road	Hay's Travel Ltd	13/07/2017			12/07/2027	992	815	616	£35,100	
8 Palmerston Road	Saltrock Surfwear Limited t/a Saltrock	02/07/2021			30/06/2028	1,308	944	638	£27,000*	Stepped rent: Present - 30/06/24: £26,000. 01/07/24-30/06/26: £27,000. Reversionary lease from 01/07/26 - 30/06/2028 at £27,000 pa rent.
10/12 Palmerston Road	Tesco Stores Limited	09/03/2014	08/03/2029	09/03/2029	08/03/2034	2,473	1,973	1,303	£60,000	5 yearly RPI rr (0-4% annually compounded).
14 Palmerston Road	Sportswift t/a Card Factory	25/12/2021			24/12/2024	811	845	535	£16,250	Card Factory trade has improved since Clintons closed. In negotiations to re-gear the lease at a market rent.
16 Palmerston Road	JG Foods Ltd t/a The Grape Tree	07/11/2022	06/11/2027	06/11/2027	06/11/2032	837	976	540	£22,000	£22,000 plus 10% of turnover in each year where turnover exceeds £180,000
18-20 Palmerston Road	Esquires Coffee UK Ltd	21/09/2023	21/09/2028	21/09/2028	20/09/2033	2,141	1,931	1,246	£40,000	The rent will be £40,000. In addition to the rent the tenant will pay 10% of any turnover in excess of £475,000 net of VAT.
22 Palmerston Road	Specsavers Optical Superstore Ltd	08/09/2019			07/09/2024	801	1,764	541	£36,000	Terms agreed to renew at a re-based rent.
24 Palmerston Road	Costa Ltd	18/10/2014		18/10/2027	17/10/2029	1,356		609	£34,000	Reversionary lease from 18 Oct 24 at a rent of £27,350. TOB at year 3 (4 month break penalty).
26 Palmerston Road	Chance Shoes Ltd t/a Clarks Shoes	07/08/2021	07/08/2024		06/08/2026	1,207	909	618	£29,000	Tenant has served notice to break and Flude marketing at £32,500 pa.
28 Palmerston Road	Sue Ryder	04/10/2022			03/10/2027	1,260	962	628	£31,000	
30 Palmerston Road	Everybody Pilates	02/06/2021		02/07/2026	01/07/2031	941	1,828	652	£35,000	
32 Palmerston Road	Obsouthsea Limited (O'Briens Coffee Cafe)	26/03/2019		25/03/2024	25/03/2036	1,219	904	825	£44,750	Reversionary lease from 26/03/29-25/03/2036.
34 Palmerston Road	PSLS Limited (t/a Made in Italy)	07/07/2023	06/07/2028	07/07/2028	06/07/2033	842	863	553	£25,000	Stepped Rent: Year 1: £12,500 (Half rent period) Year 2: £25,000 Year 3+: £26,500 Landlord holds a rent deposit and cross company guarantor.
36-38 Palmerston Road	Loungers UK Limited	18/03/2019		18/03/2024 18/03/2029	17/03/2034	2,709	2,529	1,543	£75,000	
40-42 Palmerston Road	New Look Retailers Ltd	29/09/2019		29/09/2024	31/12/2029	2,352	2,189	1,294	£60,000*	*ERV reflected as CVA has expired and New Look did not action September 2024 break. Rent therefore reverts to higher of 6% of turnover rent or market rent. Negotiations currently ongoing.
Palmerston Mansions	Portsmouth City Council	22/10/2004			21/10/2154				£0	
Total						23,370	19,432		£623,100	

Expiry Profiles as a Percentage of Income



Creditsafe Categories as a Percentage of Income



ASSET MANAGEMENT OPPORTUNITIES

The property provides a number of short, medium and long term asset management opportunities including:

- There is a future possibility to convert the 1st floor ancillary accommodation into residential or student uses (stp).
- Undertake lease re-gears with Card Factory, Specsavers and New Look.

COVENANT

Key occupier covenants

Tesco: 10% of Income



Tesco's continues to be the UK's leading grocers, upgrading their profit expectations following a cautious start to the financial year. For the 19 weeks from Q3 and including the Christmas period, UK sales grew 7.5%, a 2.4ppt uplift on the same period 2022.

Year to Date	Turnover	Pre Tax Profit
25/02/2023	£47,481,000,000	£565,000,000
26/02/2022	£44,793,000,000	£1,260,000,000
27/02/2021	£42,451,000,000	£1,018,000,000

Costa: 5% of income



Costa is the second largest coffee house within the UK, with an estimated 14,575 locations across the UK. Costa's parent company, Coca-Cola, praised the UK's Costa division for their strong performance, as coffee volumes sold increased by 6% over Q3 2023

Year to Date	Turnover	Pre Tax Profit
31/12/2022	£1,117,450,000	£245,950,000
31/12/2021	£923,174,000	-£42,370,000
31/12/2020	£603,588,000	-£227,430,000

Hays Travel: 6% of income



Hays Travel has trebled its profits following the post-covid bounce back. In the 12 months to 30th April 2023, pre-tax profits reached £51.6m compared to £14.4m in 21/22.

Year to Date	Turnover	Pre Tax Profit
30/04/2022	£219,409,000	£14,355,000
30/04/2021	£262,499,000	-£43,853,000
30/04/2020	£240,603,000	£3,369,000

Lloyds TSB Bank: 8% of income



Lloyds Banking Group surpassed their profit expectations for Q3, posting pre-tax profits of £1.86bn. This was more than 3 times higher than the £576m made in the same quarter 2022.

Year to Date	Turnover	Pre Tax Profit
31/12/2022	£21,303,000,000	£6,094,000,000
31/12/2021	£17,499,000,000	£5,785,000,000
31/12/2020	£18,590,000,000	£1,329,000,000

Loungers: 8% of income



Loungers UK Limited, a subsidiary of the publicly-traded Loungers PLC, is a major and rapidly expanding player in the UK hospitality industry. As of September 2023, Loungers operates 237 locations across England and Wales under three distinct brand names: Lounge, Cosy Club, and Brightside. The company was founded in 2002 by three friends who envisioned creating a neighbourhood café-bar that they themselves would enjoy frequenting. Since its inception, the Group has emerged as the fastest-growing all-day operator of scale in the UK, consistently outperforming the broader hospitality sector over the past four years. Loungers PLC is listed on the prestigious London Stock Exchange.

Year to Date	Turnover	Pre Tax Profit
16/04/2023	£283,507,000	£11,383,000
17/04/2022	£237,291,000	£25,253,000
18/04/2021	£78,346,000	-£10,545,000

Esquires Coffee: 6% of income

Esquires has achieved record sales in December 2023 to cap off what was a strong year for the company. The company which operates 71 stores across the UK posted 16% year-on-year sales in the 12 months to December 2023. Annual UK sales also grew by 19% in 2023.

Specsavers: 5% of income



Specsavers are a British multinational optical chain who have been in business for over 40 years. The company offers optician and optometry services for eye testing and also sells glasses, sunglasses, contact lenses and hearing aids. Specsavers has 2,293 branches in the United Kingdom, Guernsey, Jersey, Ireland, Denmark, Finland, Sweden, Norway, the Netherlands, Spain, Australia, New Zealand and Canada employing over 46,000 people.

Year to Date	Turnover	Pre Tax Profit
28/02/2023	£3,426,710,000	£327,774,000
28/02/2022	£3,390,865,000	£449,585,000
28/02/2021	£2,738,227,000	£441,528,000

Grape Tree: 8% of income



Grape Tree is a health food and supplement retailer with a focus on using natural high quality and affordable whole foods. The brand has 144 stores across the UK having been founded in 2013 by Nick Shutts. The brand has undergone significant expansion and is the fastest growing chain of health and food shops in the UK having opened a new store every two weeks on average since its inception.

Year to Date	Turnover	Pre Tax Profit
31/12/2022	£38,299,850	£1,587,993
31/12/2021	£34,162,537	£1,407,421
31/12/2020	£31,645,527	£1,011,311





2-42
PALMERSTON RD
SOUTHSEA

FURTHER INFORMATION

For further information or to arrange an inspection, please contact:

Jonathan Heptonstall

M +44 (0)7920 020 039

E jonathan.heptonstall@jll.com

Sam Whittaker

M +44 (0)7562 205 774

E sam.whittaker@jll.com

Sebastian Martin

M +44 (0)7800 562 509

E s.martin@flude.com

EPC

75% of units are EPC rated C or better.
EPCs for the property can be provided upon request.

VAT

The property has been elected for VAT purposes. It is anticipated that the investment sale will be treated as a Transfer of a Going Concern (TOGC).

TENURE

Freehold.

PROPOSAL

We are instructed to seek offers for our client's freehold interest in excess of **£5,840,000 (Five Million Eight Hundred and Forty Thousand Pounds)**, subject to contract and exclusive of VAT. A purchase at this level would reflect a **Net Initial Yield of 10.00%**, after allowing for purchaser's costs of 6.62%.



MISREPRESENTATION ACT 1967

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