

15-23

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# HOTEL STREET

LEICESTER | LE1 5AW

FREEHOLD CITY CENTRE  
STUDENT INVESTMENT  
WITH GROUND FLOOR  
COMMERCIAL



**INNES  
ENGLAND**   
MAKE A GREAT DECISION



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INVESTMENT  
SUMMARY

LOCATION &  
SITUATION

DESCRIPTION  
& SITE

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# INVESTMENT SUMMARY

Prime city centre student investment with ground floor commercial located in the heart of Leicester just off the city's main pedestrianised shopping and leisure district and in walking distance from De Montfort University.

- Freehold student investment neighbouring De Montfort University Campus
- 39 student apartments comprising 90 beds above 5 ground floor commercial units
- 100% occupancy for the 2023/24 academic year
- Gross rental income of £686,343 per annum
- Converted in 2017 the building offers high quality student accommodation
- Walking distance to De Montfort University Campus, amenities and city centre transport links
- Leicester is home to over 50,000 full and part-time students across its two Universities
- The building extends in total to approximately 42,235 sq ft (3,923.76 sq m)

Offers in excess of **£6,300,000 (Six Million Three hundred thousand pounds)** subject to contract and exclusive of VAT.

A purchase at this level reflects an attractive **gross initial yield of 10.89%**, **net initial yield of 8.02%** and a low capital value of **£60,000 per bed space** assuming normal purchaser's costs.





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## LOCATION

Leicester is the second largest commercial centre in the East Midlands, located approximately 103 miles from London, 45 miles east of Birmingham and 27 miles south of Nottingham. The city affords excellent communication links lying immediately to the east of the M1 motorway, adjacent to junctions 21 and 21a. Local infrastructure, including the M69 motorway, provides excellent links to the M6 and M42. Leicester has a diverse socioeconomic and demographic profile. The 2011 Census shows that Leicester is now the most populous urban centre in Leicestershire with 324,000 persons; an increase of over 45,000 since 2001. Leicester is home to two large Universities with a combined enrolment of approximately 50,000.



## SITUATION

The property is located on the corner of Hotel Street and Millstone Lane in the heart of Leicester city centre's expansive retail and leisure offerings, being positioned directly behind Leicester Market and just south of both the Highcross and Haymarket shopping centres. The area benefits from good levels of footfall as Hotel Street together with nearby Market Street form one of the main thoroughfares into the City Centre from the professional office district. Also, moments away is St Martins Retail Square which is a vibrant and upmarket eating and shopping destination home to notable occupiers including Giggling Squid, Mowgli and Middleton's Steak House and Grill. The main De Montfort University campus is less than a 5-minute walk away, whilst The University of Leicester campus can easily be reached by bus in under 10 minutes.

The property benefits from good road communications links via the Inner Ring Road network (A594) allowing access in and out of the city. Public transport connections are also in close proximity, with Leicester Railway Station situated some 0.5 miles to the southeast and St Margaret's Bus Station located some 0.75 miles to the north.

The surrounding area in the city centre, is currently undergoing a period of regeneration which was kick started by the creation of the nearby Mattioli Woods & Gresham developments. The former development saw the old Council Offices demolished and replaced with 60,000 sq ft of purpose-built office building, alongside 54 new apartments and retail outlets below.

Whilst the Gresham development saw the iconic former Fenwick department store comprehensively re-developed to convert the upper floors into a 122-bed aparthotel with a lobby bar / restaurant on the ground floor, together with four prime retail units and 12,000 sq ft of Grade A co-working office accommodation.

Construction works have just begun on the £13 million pound regeneration of the council owned site at Pilot House which will see a former factory on King Street transformed into 60,000 sq ft of high quality accommodation for start-up and growing businesses that will support more than 250 new jobs.

In terms of future projects in the vicinity, work is planned to commence imminently on the £7.5 million redevelopment of the famous 700 year old Leicester Market, which will create 70 new stalls and vastly improve the public realm, with the aim to facilitate a contemporary market environment for a quality shopper experience and better facilities for traders. The city council has also recently obtained £17.6 million from the Government's Levelling Up Fund to redevelop Leicester Train Station with the view to revitalise and restore the landmark station building, improve facilities for passengers and create a more accessible and attractive gateway into the city.



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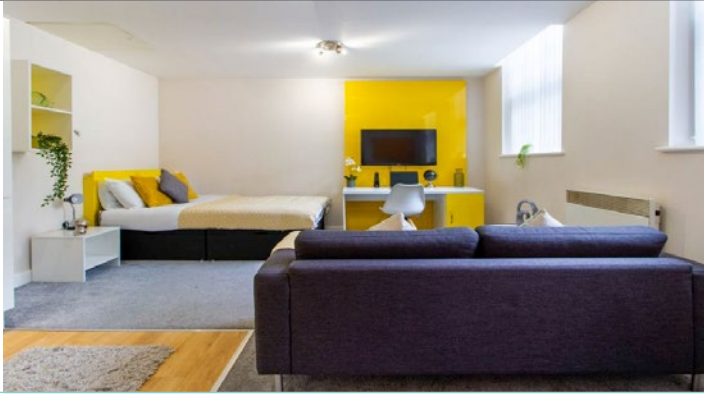
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## DESCRIPTION

The property is an attractive 5 storey period building of traditional brick and stone construction with a modern rear extension added in the 1960's beneath a part pitched slate and part flat roof. The building comprises of five ground floor retail units and 39 apartments providing 90 beds (14 studios, 8 x 2 bed cluster apartment, 7 x 3 bed cluster apartments, 10 x 4 bed cluster apartments) above. The upper floors were converted into high quality student accommodation in 2017.

Internally, the spacious rooms are finished to a high standard being appointed with a double bed, desk and built in wardrobe, kitchen or kitchenette with oven, electric hob, dishwasher, fridge freezer and washing machine/dryer with Karndean or Amtico flooring throughout. All beds are ensuite fitted with a shower, WC, wash basin and heated towel rail.

The scheme is currently operated by Brink Riley who undertake the lettings and management of the property.

### ON SITE FACILITIES INCLUDE:



**ELECTRIC HEATING  
THROUGHOUT** WITH  
INDIVIDUAL THERMOSTATIC  
CONTROLLED PANEL RADIATORS



**RECESSED LIGHTING  
THROUGHOUT** WITH  
INTELLIGENT **MOTION SENSOR  
LIGHTING** IN COMMON AREAS



**ALL ROOMS  
ENSUITE**



**SPRINKLERS** TO COMMON  
PARTS WITH **SMOKE  
DETECTORS** IN COMMON  
AREAS AND ROOMS



**TWO SCHINDLER  
PASSENGER LIFTS**



**INTERCOM  
TO FRONT DOOR**



**WI FI**



**BIKE STORE**



**CCTV**

## SITE

The site extends to approximately 0.275 acres.







De Montfort University



Mill Lane De Montfort University



University Of Leicester

## STUDENT MARKET

Investors continue to target the UK student sector as short supply and rising student numbers continuing to drive strong rental performance. Data from HESA shows that for the second year running the first-year undergraduate student population was above 600,000 reaching 622,000 for the 2023/24 academic year with UCAS predicting student numbers will breach 1 million by 2030.

The total UK student population has grown to some 2.26 million, with the number of full-time international students now well over 600,000 as the UK remains one of the key global destinations for overseas students particularly from China and India.

Despite this increase in student numbers the supply of student accommodation is falling, this is particularly the case in the private sector as Landlords faced with increasing tax and regulatory burdens have left the sector. There were 1/3rd less 5 bed plus properties listed for rent in Q1 2023 compared to the pre-pandemic average.

This imbalance between supply and increasing demand from students has led to strong rental growth performance over the past year which is forecast to continue for some time.

Leicester is home to two higher educational institutions, providing the city with nearly 50,000 full and part time students.



### DE MONTFORT UNIVERSITY

De Montfort University is ranked 109<sup>th</sup> in the Russell Group rankings and 14<sup>th</sup> in the 'University of the Year' category at this year's WhatUni Student Choice Awards (WUSCAs) which, unlike other national university league tables and accolades, are nominated and judged entirely by students.

Earlier this year, the university was ranked 30<sup>th</sup> in the world and 15<sup>th</sup> in the UK for its focus on responsible consumption and production at the Times Higher Education (THE) Impact Rankings 2022.

DMU was also ranked in the top 10 British universities with the most student and graduate start-ups. In total, 140 new businesses were launched by DMU students and graduates in the 2020/21 academic year and university staff supported a total of 339 such start-ups. Overall student satisfaction is rated at 86%.



### THE UNIVERSITY OF LEICESTER

The University of Leicester is ranked 22<sup>nd</sup> in THE World University Rankings and 27<sup>th</sup> in The Times Good University Guide for UK institutions.

In recent years the university has invested heavily in medical facilities and research, spent £150m on its Freemans Common development and £21m on its student union.

Overall student satisfaction is rated at 80.6%.



## TENANCY SCHEDULE

FLAT TYPE	NO. OF UNITS	NO. OF BEDS	TENANT	EXPIRY	AV. UNIT SQ FT	RENT PW	RENT PA
Studios	14	14	ASTs - 48 weeks	30/06/2024	279	£170 - £180	£108,000
Two Bedroom Clusters	8	16	ASTs - 48 weeks	30/06/2024	540	£140 - £145	£97,728
Three Bedroom Clusters	8	24	ASTs - 48 weeks	30/06/2024	746	£135 - £145	£127,920
Four Bedroom Clusters	9	36	ASTs - 48 weeks	30/06/2024	918	£135 - £140	£254,064
<b>STUDENT ACCOMMODATION TOTALS</b>	<b>39</b>	<b>90</b>			<b>32,678</b>		<b>£589,843</b>
<b>RETAIL</b>							
Unit 15	Ground & Bsmt		Vacant		1,224		£0
Unit 17	Ground & Bsmt		Age Concern Leics	23/02/2026	1,555		£20,000
Unit 19	Ground & Bsmt		Shuropody Footwear Ltd	30/06/2023	1,749		£9,000
Unit 21	Ground & Bsmt		Sleepless Marshmallows Ltd	17/02/2030 *	2,759		£30,000
Unit 23	Ground & Bsmt		Bonzai Sushi & Noodle Ltd	05/07/2030 **	2,270		£37,500
<b>RETAIL TOTALS</b>					<b>9,557</b>		<b>£96,500</b>
<b>TOTAL</b>					<b>42,235</b>		<b>£686,343</b>

N.B. Rent for student beds are inclusive of Water, Wi-Fi and Electricity

\* Tenant break 17/02/2027

\*\* Tenant break 05/07/2025

The projected operational budget for 2023/24 is £147,804. A breakdown of these costs can be found in the data room. The asking price would therefore reflect a net initial yield of 8.02% before normal purchaser's costs.





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## TENURE

Freehold Title No. LT56587. A copy of the Title Register and Plan is available on request.

## VAT

The property is not elected for VAT.

## EPC

The EPCs for the student apartments range from C – D.

A full list of domestic and non-domestic ratings is available on [www.epcregister.com](http://www.epcregister.com).

## ANTI MONEY LAUNDERING

In accordance with anti-money laundering regulations, two forms of identification and confirmation of the source of funding will be required prior to any offer being accepted.

## PROPOSAL

We are instructed to seek offers in excess of **£6,300,000 (Six Million Three hundred thousand pounds)** subject to contract and exclusive of VAT.

A purchase at this level reflects an attractive gross initial yield of **10.89%**, net initial yield of **8.02%** and a low capital value of **£60,000** per bed space assuming normal purchaser's costs.



## FURTHER INFORMATION

Access to the data room is available on request.

## VIEWINGS

For further information or to arrange a viewing please contact:

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[brobinson@innes-england.com](mailto:brobinson@innes-england.com)

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**INNES  
ENGLAND**

MAKE A GREAT DECISION

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October 2023. [carve-design.co.uk](http://carve-design.co.uk) 16274/5