

INVESTMENT OPPORTUNITY

# Hippodrome House

5-9 Guildhall Walk, Portsmouth PO1 2RY



**South East Retail and Office Investment with Immediate Asset Management and Potential Redevelopment**





## INVESTMENT SUMMARY

- Situated in Portsmouth City Centre between the train station and the University quarter
- A well-located, prominent retail and office property positioned on Guildhall Walk totalling approximately 25,465 sq ft (2,366.2 sq m)
- **Freehold**
- Ground and lower ground floor let to the strong 5A1 Covenant of **Sainsbury's Supermarkets Ltd** with **11 years unexpired**
- Immediate asset management to include office refurbishment and re-letting on the upper floors
- Explore the opportunity of increasing the floor area by reinstating the part first floor and adding further floors
- Redevelopment opportunities to include conversion to residential through Permitted Development Rights or conversion to student accommodation, subject to the necessary consents
- Residential values range between £250-£275 psf within the city centre
- We are instructed to seek offers in excess of **£2,700,000 (Two Million, Seven Hundred Thousand Pounds)**, subject to contract and exclusive of VAT. **This reflects a low capital value of £106 psf overall.**

# LOCATION

Portsmouth is the second largest city in the county of Hampshire and a major coastal port situated on the south coast. The city is a major commercial and retail centre situated approximately 75 miles south west of London, 29 miles south of Winchester and 22 miles east of Southampton.

The city is United Kingdom's only island city and has a population over 214,000 (ONS 2016). It is renowned as one of the world's best known ports and home to The University of Portsmouth and major attractions including Gunwharf Quays and the Historic Dockyard.

The city benefits from excellent road communications with the national motorway network. The M275 provides immediate access to the city centre via the M27 from the west, the A27 from the east and the A3 (M) from the north. The M27/A27 is the main coastal route and provides access to Southampton to the west with the A27 providing access to Brighton to the east. The A3 links to the M25 and the rest of the UK's motorway network providing easy access to London.

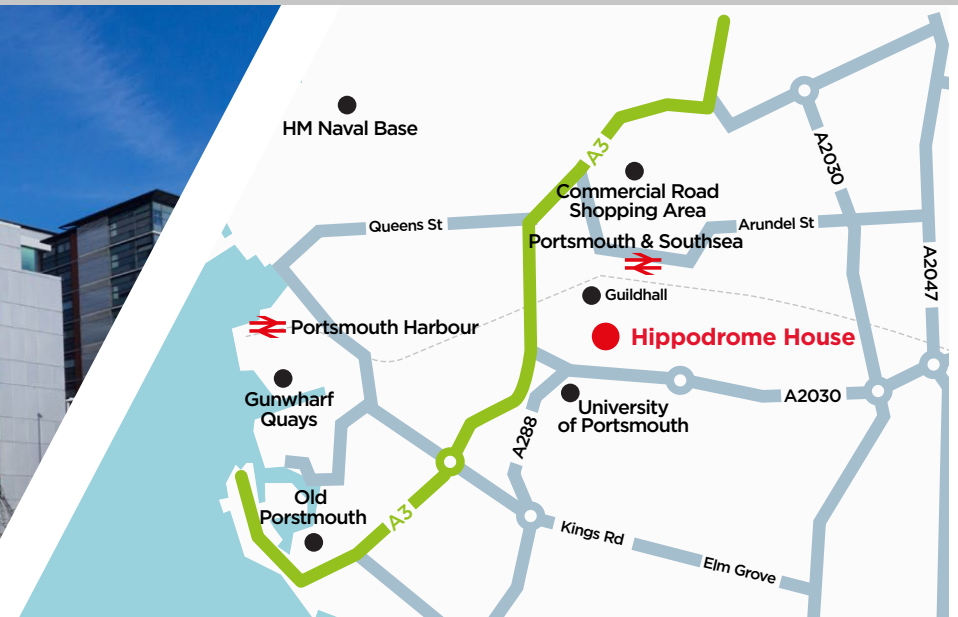
Regular trains operate from Portsmouth to London Waterloo and London Bridge with a fastest journey time of 90 minutes. The city itself benefits from four mainline stations; Portsmouth Harbour, Portsmouth & Southsea, Fratton and Hilsea.

Portsmouth International Port is the UK's second busiest cross-channel ferry port providing routes to France, Spain and the Channel Islands. In the UK, it is the premier port for the western channel and provides frequent ferry services to the Isle of Wight.

Southampton International Airport is located approximately 20 miles to the west. The airport has handled nearly two million passengers in 2016 and benefits from having a CAA Public Use Aerodrome License.







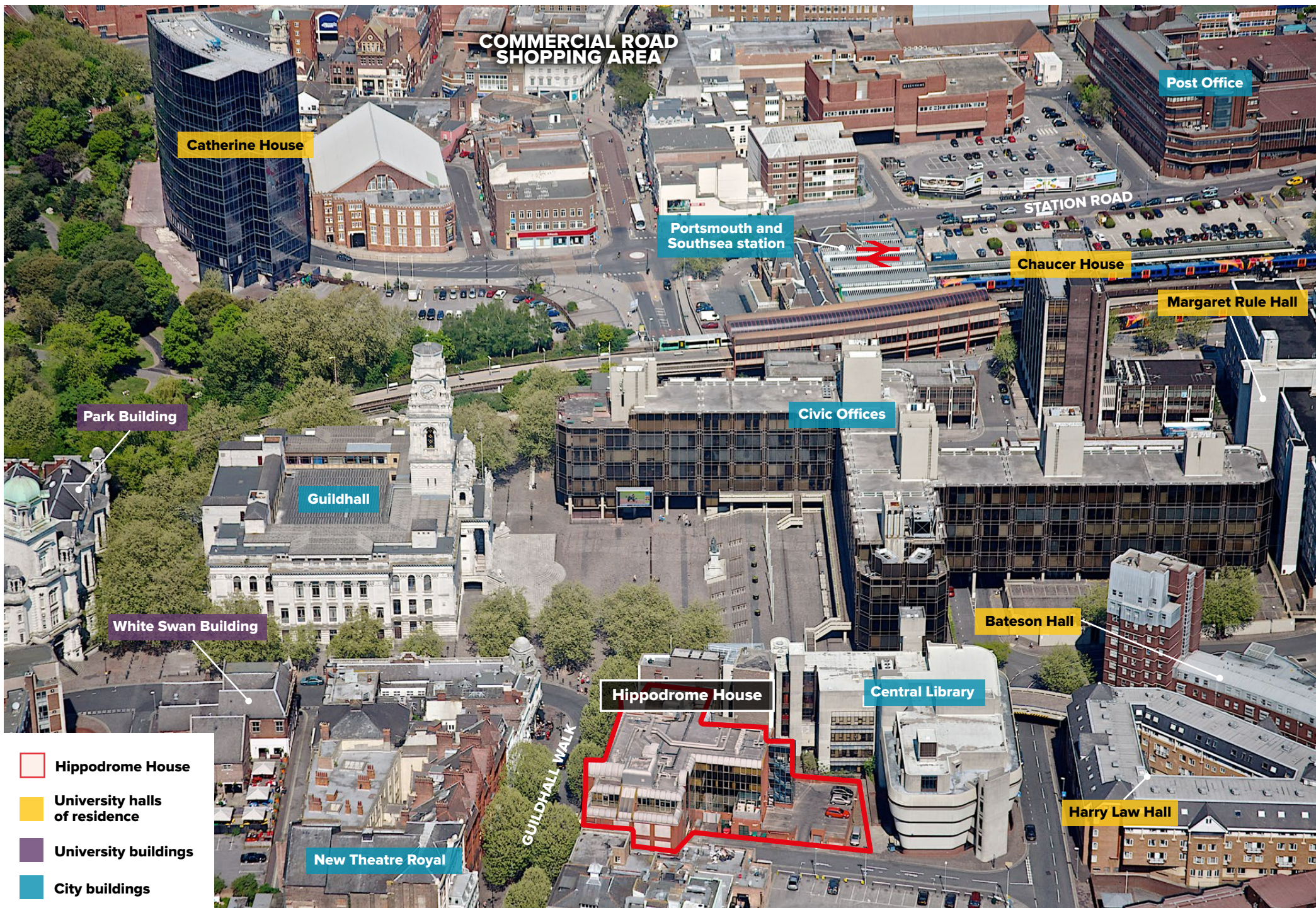
## SITUATION

The property is located in the centre of Guildhall Walk, within a minutes walking distance from the mainline station Portsmouth & Southsea (the city's central station). Guildhall Walk is a one-way street and an established thoroughfare linking the town centre, to the north, with one of the main campuses for the University of Portsmouth to the south. The property is surrounded by a range of local leisure operators and is opposite the Grade II\* listed New Theatre Royal. Portsmouth City Council and Guildhall are also within 100 yards as well as 6 large student accommodation buildings providing accommodation for over 2,800 students.



Portsmouth & Southsea Train Station





COMMERCIAL ROAD  
SHOPPING AREA

Catherine House

Post Office

STATION ROAD

Portsmouth and  
Southsea station

Chaucer House

Margaret Rule Hall

Park Building

Guildhall

Civic Offices

White Swan Building

Bateson Hall

Hippodrome House

Central Library

Harry Law Hall

New Theatre Royal

- Hippodrome House
- University halls  
of residence
- University buildings
- City buildings



# HIPPODROME HOUSE

## Description

Hippodrome House comprises a five-storey mixed use building built in the 1980s on the site of a former theatre. The property is arranged over lower ground, ground and three upper floors. The building is of red brick construction with the majority incorporating glazed cladding to the front and rear.

The ground and lower ground floor is occupied as a supermarket with a fully glazed frontage with loading to the side. The lower ground is accessed from within the retail unit and via the side of the property.

The offices are accessed from the front of the property via entrances on either side of the retail unit on Guildhall Walk. There is a walkway leading through to the rear of the property located in between the retail unit and right side office entrance.

The office access on the right side benefits from a large reception area, whilst both entrances benefit from a lift and stairs to all floors.

The first and second floors are currently vacant whilst the third floor is occupied.



## Parking

The property benefits from 12 car parking spaces located to the rear.

## VAT

We understand the property is elected for VAT and therefore we anticipate the sale will be treated as a transfer of a going concern.

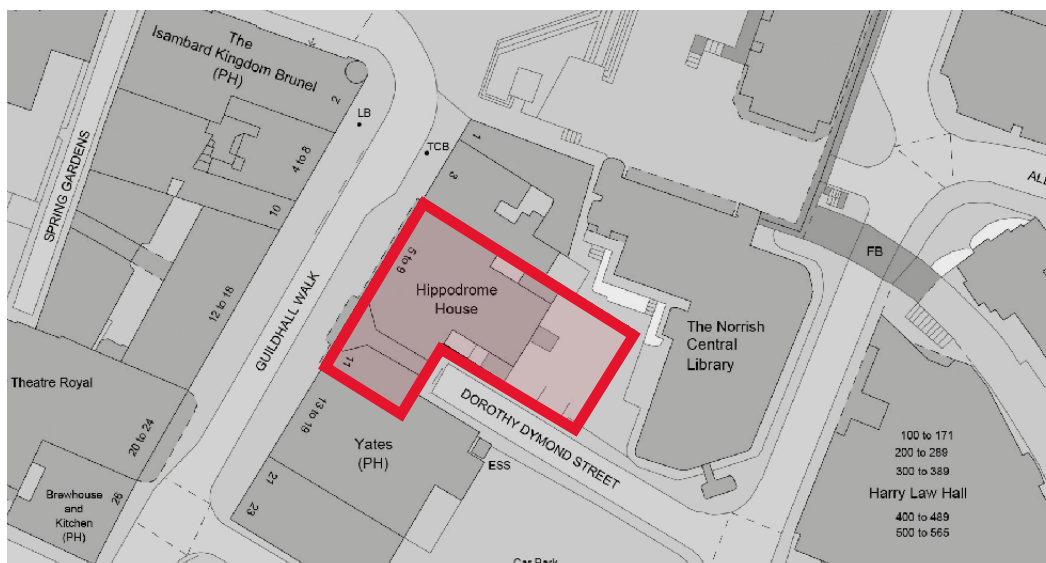


# TENANCY & ACCOMMODATION

The property is let in accordance with the following tenancy schedule: -

Floor	Tenant	Use	Area* Sq m	Area* Sq ft	Lease Start Date	Break Date	Rent Review	Lease Expiry	Current Rent per annum	EPC** Rating	Comments
Lower Ground	Sainsbury's Supermarket Ltd	Storage	300.0	3,226	12/04/13	12/04/23 (6 months notice)	First Review: 12/04/18	11/4/28	£70,000	B - 46	First Review: RPI Linked subject to a min and max to the equivalent of 1%-3.5% pa compounded. Inside the act
Ground		Retail	420.5	4,526			Second Review: 12/04/23				
Ground Floor Reception		Reception	47.2	507							
First	Vacant	Office	428.8	4,616						C - 73	
Second	Vacant	Office	593.2	6,385						C - 70	
Third	The University of Portsmouth Higher Education Corporation	Office	576.5	6,205	22/8/13	21/08/18 & 21/08/20 (6 months notice)	22/08/18	21/08/23	£48,000	C - 70	Rent Review: OMRV Inside the act
<b>Total</b>			<b>2,366.2</b>	<b>25,465</b>					<b>£118,000</b>		

\*The property has been measured in accordance with RICS property measurement 2015 \*\*EPC's are available on request



## Site Area

The site area is 0.27 acres (0.11 hectares).

## Tenure

The property is held Freehold, shown outlined in red on the adjacent plan.



# TENANT'S COVENANT



## Sainsbury's Supermarkets Ltd

Company Number: 03261722

Sainsbury's was founded in 1869 and is one of the UK's largest supermarket chains with a 15.8% market share. The brand operates 809 convenience stores and 605 supermarkets with over 26m weekly customer transactions. In 2017, group sales were up 12.7% at £29m and £6bn of sales were generated by Sainsbury's general merchandise and clothing business.

Sainsbury's Supermarkets Ltd is rated as 5A1 by Dun & Bradstreet representing a 'minimum risk of business failure'.

The company has reported the following financial accounts over the last 3 years: -

	Year Ending March 2016 (000's)	Year Ending March 2015 (000's)	Year Ending March 2014 (000's)
Turnover	£23,919,000	£23,443,000	£26,168,000
Pre-Tax Profit	£810,000	£-206,000	£406,000
Net Worth	£4,706,000	£4,224,000	£4,458,000

## The University of Portsmouth Higher Education Corporation

The University of Portsmouth is a public university and was previously known as Portsmouth Polytechnic until 1992. It is one of only four universities in the South East rated "Gold" in the Governments Teaching Excellence Framework. The University offers approximately 200 undergraduate and 160 postgraduate courses under five faculties: Creative and Cultural Industries, Humanities and Social Sciences, Technology, Science and Business.

The company has reported the following financial accounts over the last 3 years: -

	Year Ending July 2016 (000's)	Year Ending July 2015 (000's)	Year Ending July 2014 (000's)
Turnover	£225,233	£221,295	£197,539
Pre-Tax Profit	£14,036	£17,973	£5,263
Net Worth	£254,002	£275,426	£230,904



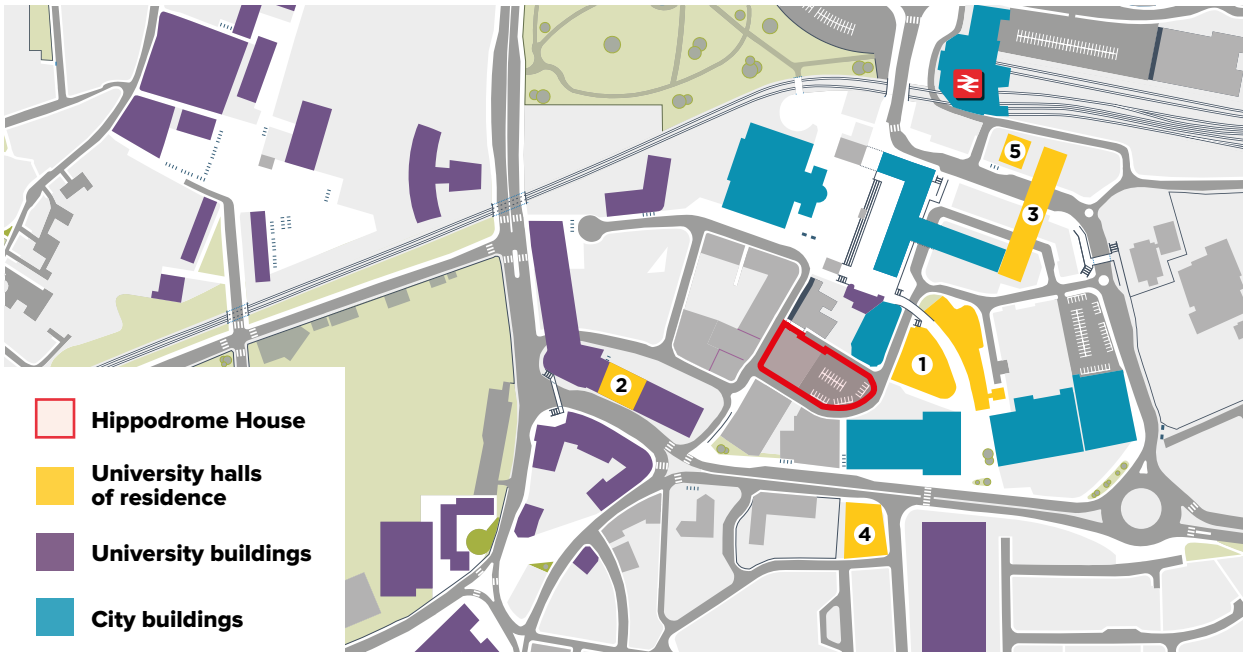
# MARKET COMMENTARY

## Rental Value

There is a distinct lack of office accommodation within the city centre in part due to permitted development rights and student accommodation development and conversions over the years. We are aware of the most recent comparable office letting transactions: -

Date	Address	Areas (sq ft)	Lease Term (years)	Tenant	Rent (£/sq ft)
Nov 16	3000 Lakeside, Western Avenue	8,814	10	Capita	£19.00
May 16	1000 Lakeside, Western Avenue	7,445	10	Wunelli	£17.00
Jan 16	Shore House, North Harbour Business Park	10,409	10	Printware	£14.50
Oct 15	Cumberland Business Centre, Southsea	2,655	5	CV WOW Ltd	£14.03

## PORTSMOUTH UNIVERSITY QUARTER



## The University of Portsmouth

The University is located within the heart of the city of Portsmouth and plays a large economic, social and cultural role. Over the last decade the University has invested around £150 million in buildings and resources making it one of the largest employers in the city.

In 2015/16 the university boasted approximately 22,000 undergraduate and postgraduate students and benefits from over 5,000 purpose built student beds available to students studying in Portsmouth. Whilst there are just over 1,800 more student beds in the development pipeline, the student to bed ratio in Portsmouth stands at 4.3:1 (2015/16), suggesting a lack of supply.

The majority of student beds within Portsmouth are direct let by the university or have a nomination agreement in place. Student rental levels within the city currently average at c.£184 per week, with studios ranging between £95-£305 per week and en-suites ranging between £128-£177 per week. Contract lengths range between 40-52 weeks with most providing accommodation for 51 weeks.

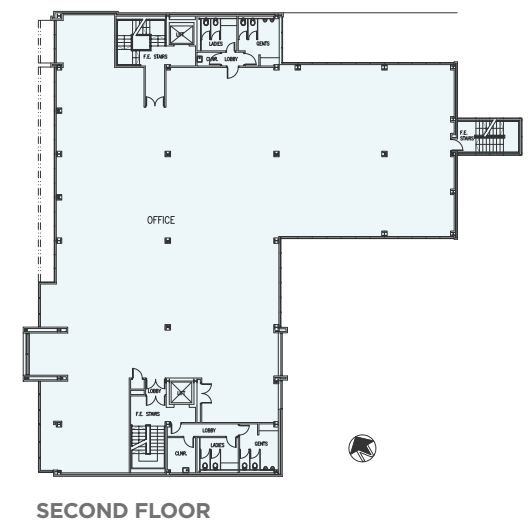
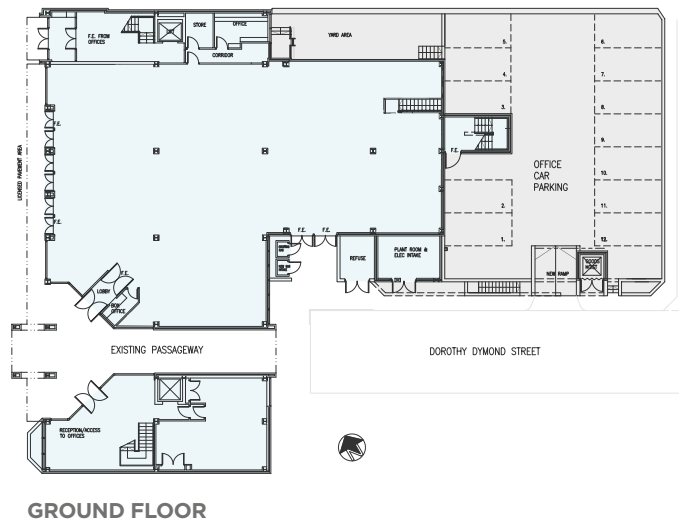
Property	Room Type	Rent (£/week)
1 Harry Law Hall	Standard	£128
	Studio	£143
2 James Watson Hall	En Suite	£132
	Studio	£143
3 Margaret Rule Hall	En Suite	£137
	Studio	£143
4 Trafalgar Hall	En Suite	£122
	Studio	£143
5 Chaucer House PC Sept 2018	En Suite	£142
	Studio	£179





# ASSET MANAGEMENT OPPORTUNITIES

- Refurbish the vacant office accommodation to take advantage of the lack of supply of city centre offices
- Reinstate part first floor to rear which was removed by the previous owner to increase floor area by approximately 1,740 sq ft
- Explore the opportunity of increasing the floor area by adding further floor(s) to a similar level of neighbouring buildings, subject to gaining the necessary consents
- Look to redevelop the site to residential or student accommodation use, subject to gaining the necessary consents



For indicative purposes only



# PROPOSAL



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## Contact

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