

# CASTLEYARD

QUEEN STREET / DUDLEY STREET / MARKET STREET

WOLVERHAMPTON WV1

REPRICED

Multi-let High Street Retail and Leisure Parade  
with Asset Management Potential

**MK2**  
REAL ESTATE



## INVESTMENT SUMMARY

- > An attractive multi-let High Street Retail and Leisure Parade with undeveloped upper floors together with a rear service yard area.
- > Castle Yard is prominently positioned in a prime location with return frontage to Dudley Street, Queen Street and Market Street in the heart of Wolverhampton.
- > Wolverhampton is a major city in the West Midlands conurbation and lies approximately 12 miles to the north west of Birmingham and has an urban population of around 260,000 the 13th largest in the UK.
- > Freehold, three storey building with 7 retail units to the ground floor, generous floor to ceiling height and a shared service yard to the rear.
- > Extending to 29,456 sq ft NIA the parade is let to 6 tenants including 3 new restaurant lettings and currently produces £360,001 per annum equating to £12.22 per sq ft overall.
- > Owned by a family property company for in excess of 60 years.
- > 42% of the income is secured against Nationwide Building Society until 2030.
- > Significant opportunity to add value through rental uplifts, lease extension and longer term redevelopment of the upper floors.
- > Offers in excess of **£2,850,000 (Two Million, Eight Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT reflecting a **net initial yield of 11.87%** assuming purchasers' costs of 6.43% and a capital value per sq ft of £96.75.


# LOCATION

Wolverhampton is a major city located in the West Midlands conurbation and is approximately 12 miles to the north west of Birmingham. The city has a resident population of approximately 260,000, the 13th largest in the UK, with the wider West Midlands having around 6 million population.

The city is well served by excellent road communications and the major motorways of the M6, M5, M54 and M6 toll are all within easy reach. The city has a mainline railway station within a 5 minute walk of the property providing direct access to Birmingham New Street (20 minutes), Telford (17 minutes) Manchester (1hr 10min) and London Euston (1 hr 53min) and beyond. Next to the railway station is the Wolverhampton Bus Station providing regular services to all the local towns and residential areas.



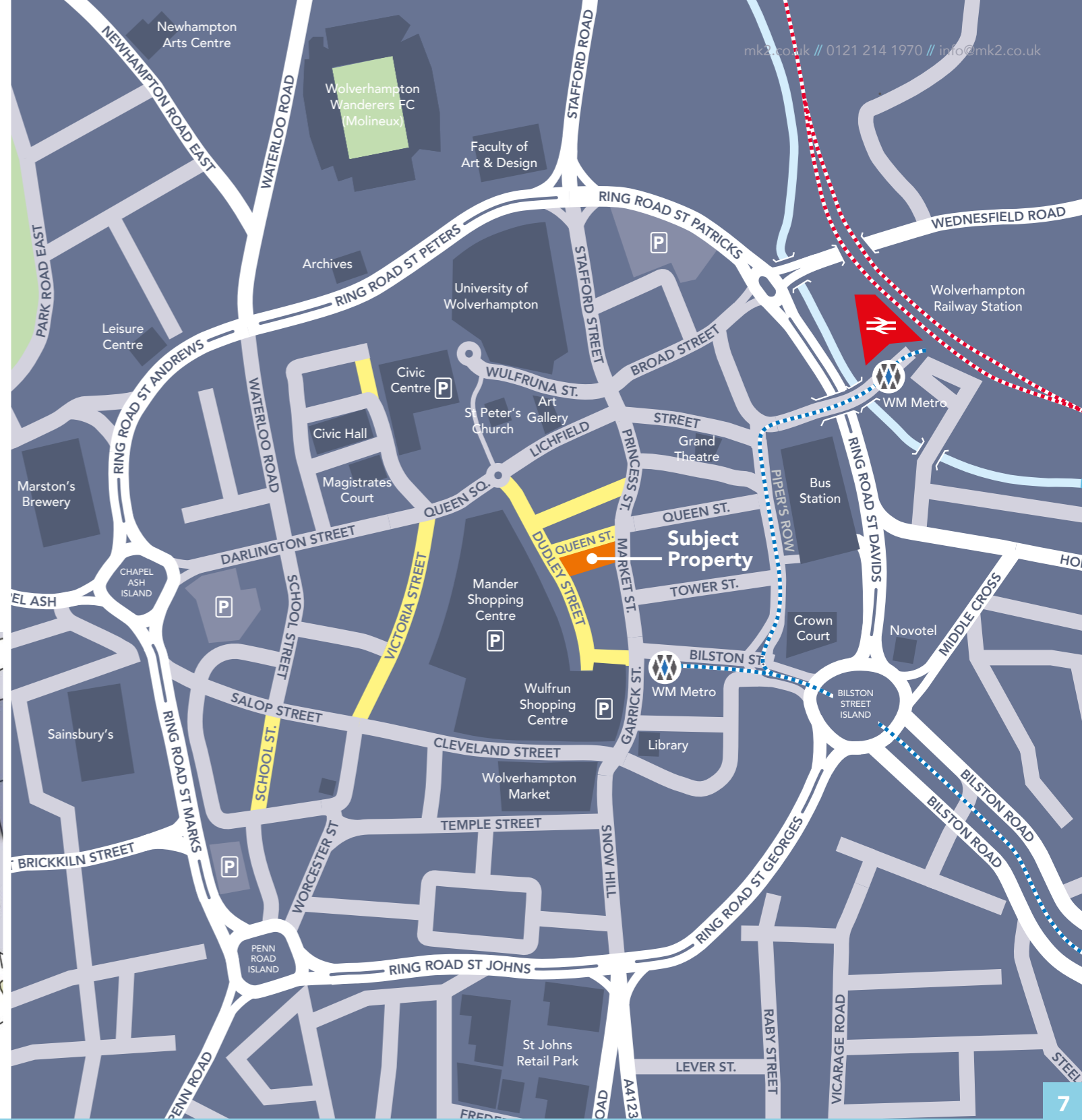
 BY ROAD	DISTANCE	TRAVEL TIME
Birmingham	17.3 miles	27 mins
Birmingham Airport	27.1 miles	39 mins
Coventry	33.8 miles	49 mins
Manchester	76.6 miles	1 hr 40 mins
London	136 miles	2 hr 36 mins

 BY RAIL (FROM W'TON)	TRAVEL TIME
Birmingham New Street	20 mins
Telford	17 mins
Manchester Picadilly	1 hr 10 mins
London Euston	1 hr 53 mins



# SITUATION

Castle Yard is very prominently positioned in the heart of the prime shopping and leisure district of Wolverhampton. The building has return frontage to Dudley Street the principal retailing pitch with the majority of units fronting Queen Street and further return frontage to Market Street. Queen Street is the main pedestrian access to the retail core from the Railway and Bus Stations. The property is close to the entrance to the Mander Centre and Wulfrun Centre the main shopping centres in Wolverhampton. Ample and convenient car parking is provided within the city centre by the shopping centres, council run car parks and two large NCP car parks nearby.



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## CASTLEYARD



# DEMOGRAPHICS



The city of Wolverhampton has a young and growing population and key statistics within a 5 miles radius of the centre include;

- > 501,630 population with 204,724 households which is expected to grow by 0.5% per annum during the next 3 years.
- > 24% of the population is under 19 and 43% are under 34.
- > Average household income £21,783 per annum.
- > 21,150 businesses in the area employing 240,000 people with an unemployment rate slightly higher than the UK average of approximately 6%.
- > Total weekly consumer spending of around £81million of which £11million is spent on food and non alcoholic drinks and £2.2million on alcohol and tobacco and £4.4million on clothing and footwear.

Source – Costar Group Demographics





Sainsbury's

Marston's/Banks's  
Brewery

West Park

Wolverhampton  
Civic Hall

Civic Centre

Wolverhampton  
Art Gallery

Molineux  
Stadium

Queen Square

University of  
Wolverhampton

Mander Centre

Wolverhampton  
Market

Wulfrun Centre

CASTLE YARD

Wolverhampton  
Express & Star

WM Metro  
St Georges

Wolverhampton  
Crown Court

national  
express  
Wolverhampton  
Bus Station

Lighthouse Cinema  
The Chubb Buildings

Wolverhampton  
Railway Station

# DESCRIPTION

Castle Yard is a three storey retail and leisure block extending to approximately 29,456 sq ft NIA.

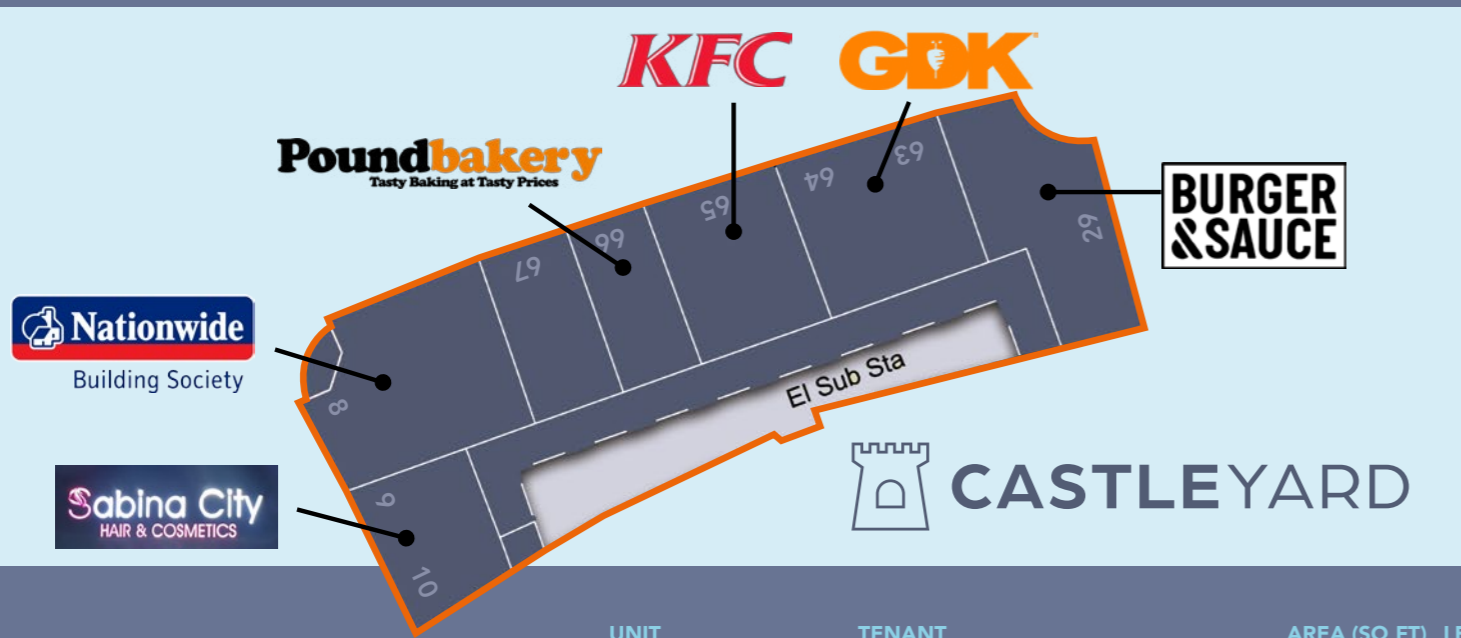
At ground floor there are 7 units which have been fitted out to the tenant's own brand standards with direct access from the pedestrianized Dudley Street and Queen Street. The units benefit from generous floor to ceiling heights ranging from 4 to 5.24 metres.

The upper floors are brick incorporating windows with an attractive art deco feature at the Dudley Street / Queen Street frontage. All units benefit from internal stair access to the upper floors with WC's and storage / office areas.



To the rear and accessed from Market Street is a communal service yard. This provides loading to the units as well as bin store provision.

UNIT	FLOOR	SQ FT
29 Market Street	Ground Floor	1,737
	First Floor	1,694
	Second Floor	1,658
<b>Total</b>		<b>5,089</b>
63/64 Queen Street	Ground Floor	1624
	First Floor	1,992
	Second Floor	1,984
<b>Total</b>		<b>5,600</b>
65 Queen Street	Ground Floor	1,349
	First Floor	1,602
	Second Floor	1,648
<b>Total</b>		<b>4,599</b>
66 Queen Street	Ground Floor	727
	First Floor	632
	Second Floor	1,901
<b>Total</b>		<b>3,260</b>
67 Queen Street	Ground Floor	830
	First Floor	929
<b>Total</b>		<b>1,759</b>
8 Dudley Street	Ground Floor	1,954
	First Floor	2,047
	Second Floor	1,905
<b>Total</b>		<b>5,906</b>
9/10 Dudley Street	Ground Floor	1,275
	First Floor	1,041
	Second Floor	927
<b>Total</b>		<b>3,243</b>



## TENANCIES

The property is fully let to 7 tenants of which one is a footwear retailer, two are banks, and four are relatively recently let restaurant/fast food operators. Total income is £337,501 per annum which equates to £9.36 per sq ft overall. The property has a WAULT to break of 5.2 years and WAULT to lease expiry of 7.8 years.

Tenancy details are set out in the schedule opposite;

UNIT	TENANT	AREA (SQ FT)	LEASE START	LEASE EXPIRY	RENT REVIEW	BREAK	RENT (PA)	RENT (£PSF)	1954 ACT	COMMENTS
29 Market Street	WV Foods Limited t/a Burger & Sauce	5,089	26/04/2023	25/04/2033	26/04/2028	25/04/2033	£32,500	£6.39		6 months rent deposit. RR higher of OMV or RPI index
63/64 Queen Street	AHA Foods Ltd t/a GDK	5,600	31/03/2023	30/03/2038	31/03/2028	01/04/2028	£37,500	£6.70		3 months rent deposit. RR higher of OMV or RPI
65 Queen Street	FT Foods Ltd t/a KFC	4,599	31/10/2022	30/10/2042	31/10/2027	31/10/2028	£37,500	£8.15		RR higher of OMV or RPI
66 Queen Street	S&PB Retail Limited t/a Pound Bakery	3,260	23/03/2022	Tenancy at will	-	23/03/2024	£22,500	£6.90	Excluded	Terms agreed for 10yr lease with 5yr break @ £22,500 p.a. rising to £25,000 p.a. with 3 months rent deposit
67 Queen Street	Vacant - 12 months guarantee	1,759	30/11/2023	29/11/2024	-	-	£25,000	£14.21		Virgin Money vacating, 12 months rent guarantee
8 Dudley Street	Nationwide Building Society	5,906	30/03/2015	29/03/2030	30/03/2025	-	£150,000	£25.40		RR is to OMV
9/10 Dudley Street	Sabina City Limited	3,243	15/09/2023	14/09/2033	15/09/2028	14/09/2028	£55,000	£16.96	Excluded	3 months rent deposit, RR is to OMV
Sub station	Midlands Electricity	-	01/01/2001	-	-	-	£1	-		
Wayleave	WPD Midlands Networks Contracting Ltd	-	-	-	-	-	-	-		
<b>Total</b>		<b>29,456</b>					<b>£360,001</b>	<b>£12.22</b>		



# COVENANTS



**Nationwide Building Society**  
42% of the income  
7 years term certain

Founded in 1846, the company is the world's largest building society with over 15million members and over 600 branches across the UK. The company has an Experian credit rating of 87 described as low risk and their most recent accounts are summarised as;

	APR 2020	APR 2021	APR 2022
Pre-Tax Profit (£000's)	£466	£823,000	£1,597,000
Net worth (£000's)	£11,723,000	£2,795,110	£14,786,000



**FT Foods t/a KFC**  
10% of the income

Founded in 1952 Kentucky Fried Chicken (KFC) is one of the most instantly recognizable brands in the world. KFC has over 24,000 restaurants in more than 145 countries and serves over 12 million customers every day with global revenue in excess of \$26billion. FT Foods Limited has the Dudley St KFC franchise and was set up by Fazan Tahir in 1994 and operates a chain of KFC restaurants in the UK as well as a number of Starbucks Coffee shops. Their most recent accounts are summarised as;

	DEC 2019	DEC 2020	DEC 2021
Turnover	£18,835,000	£14,435,000	£20,867,000
Pre-Tax Profit	£1,074,000	£331,500	£634,000
Net worth	£-5,373,000	£-4,383,000	£-3,106,000



**AHA Foods t/a GDK**  
10% of the income

Founded in Berlin in 1989, German Doner Kebab (GDK) is a global fast food chain specializing in serving high quality gourmet kebabs. The company is now in over 60 locations worldwide and has been voted "best kebab restaurant in the UK" in 2019. AHA Foods has the Dudley Street franchise for the GDK brand. There is a 3 month rental deposit held against the company.



**Sabina City Limited**  
15% of the income

Founded in Birmingham, Sabina City sells beauty products including hair extensions, wigs and skincare products. They have recently taken occupation with a 3 month rent deposit.



**WV Foods Limited t/a Burger & Sauce**  
9% of the income

Based in the West Midlands, Burger & Sauce provides high quality burgers, wings, nacho's and specialist fries to their loyal customers. Through their franchise model there are 20 burger and sauce restaurants due to be open by the end of 2023. WV Foods Limited holds the franchise for Dudley Street. A 6 months rental deposit is held against the company.



**S&PB Retail t/a Pound Bakery**  
6% of the income

Established in 1912, the company employed 1500 people across 167 Sayers, Pound Bakery and Pound café stores with a £50million turnover. In 2019 the company was saved from administration and was acquired by Karen Wood. As a result of the financial difficulties the unit is currently let on a tenancy at will, which can be terminated if required and a new lease put in place. Terms agreed for 10yr lease with 5yr break @ £22,500 p.a. rising to £25,000 p.a. with 3 months rent deposit.

# ASSET MANAGEMENT OPPORTUNITIES

Castle Yard has been in family property company ownership for over 60 years. We consider that there are a number of asset management opportunities to add value which could include;

- > Lease regears to create longer unexpired terms.
- > Complete the lease regear at 66 Queen Street (S&PB Retail Limited) trading as Pound Bakery.
- > Rent reviews on the recently let restaurant units are to the higher of OMV or RPI providing guaranteed rental growth.
- > Further expand the restaurant / fast food offering on the block creating a destination location.
- > Longer term refurbish and redevelop the upper floors for residential accommodation.

In terms of rental levels, the passing rent of the Nationwide unit at £150,000 per annum compares well with 6/7 Dudley Street, Metrobank letting directly opposite. Metro Bank signed a 25 years lease in May 2019 at a rent of £200,000 per annum. Also nearby at 2 Queen Street, TSB took an 8 years lease from 2017 at a rent of £59,000 per annum. A further recent deal is 5 Dudley Street which was let to a Starbucks franchise on a 10 years lease from November 21 at a base rent of £30,000 plus turnover demonstrating the strengthening of the Food & Beverage (F&B) offer on this pitch.



## ADDITIONAL INFORMATION

### TENURE

The property is held freehold and the site extends to approximately 0.33 of an acre.

### SERVICE CHARGE

There is a service charge in place for the building with a current year total budget of £7,700 per annum.

The retail tenants are on effective full repairing and insuring terms with some tenancies subject to a schedule of condition.

### EPC

The property has the following EPC ratings.

UNIT	ENERGY RATING
29 Market St	C - 72
63-64 Queen St	C - 75
65 Queen St	D - 99
66 Queen St	B - 49
67 Queen St	D - 95
8 Dudley St	C - 65
9-10 Dudley St	D - 94

Further information and reports are available on request.

### CAPITAL ALLOWANCES

We understand there are no available capital allowances.

### VAT

The property is registered for VAT and VAT will be payable on the purchase price however subject to qualification we anticipate that the sale will be structured by way of a TOGC.

### ANTI-MONEY LAUNDERING

The potential purchaser will be required to provide AML information in accordance with HMRC regulations once terms have been agreed.



## PROPOSAL

We are instructed to seek offers in excess of **£2,850,000 (Two Million, Eight Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT reflecting a **net initial yield of 11.87%** assuming purchasers' costs of 6.43% and a capital value per sq ft £96.75.



OFFERS IN EXCESS OF

**£2,850,000**

NET INITIAL YIELD

**11.87%**

CAPITAL VALUE

**£96.75 psf**

For further information or to arrange an inspection please contact;

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