

# Mixed Use Investment in Wigan Town-Centre



DAVID BAROUKH ASSOCIATES

BRYAN HOUSE, 61-69 STANDISHGATE  
WIGAN, LANCASHIRE

## INVESTMENT SUMMARY

- **Purchase price of £6,400,000.**
- **Net initial yield of 7.0%.**
- **Reversionary yield of 7.8%.**
- **Freehold.**
- **Total net internal area of 6,476 sq m (69,705 sq ft).**
- **95 car parking spaces.**
- **Prominent position in Wigan's town centre.**
- **49% of income secured to the Government.**
- **15% of income secured to Rank Group Gaming Division Ltd for a further 69 years.**
- **Excellent opportunity for retail rental growth based on established rents at The Galleries Shopping Centre and pre-lettings at nearby Grand Arcade scheme.**
- **Further development potential at rear of building.**

## LOCATION

Wigan, strategically located at the heart of the north-west of England, is within the county of Lancashire and forms part of the Greater Manchester conurbation. The town is situated 33.6 kilometres (21.0 miles) north west of Manchester and 25.6 kilometres (16.0 miles) north east of Liverpool.

The town traditionally benefited from a strong economy based on the coal and cotton industries. Wigan now has a serviced based economy with prominent local occupiers in the town including Heinz, Milliken Industries and JJB Sports.

Modern business parks have been constructed to accommodate the demand from business occupiers, currently there are two large developments in progress close to the town-centre; Westwood Park and Pemberton. The two parks comprise 100.0 acres (40.0 hectares) and will provide high quality office and industrial accommodation.

In addition to being a desirable location in the north-west to live and work, Wigan is also a popular tourist destination; major attractions in the town are Wigan Pier, Haigh Hall and County Park.

## DEMOGRAPHICS

Wigan has a population of 305,615 and a highly populated catchment area of 1,052,000 residents.

The Gross Domestic Product of the town was £2.3 billion in 1998 whilst the GDP rate per head was £7,445.

Wigan's catchment population has a total annual expenditure of £2.8 billion.

*Source: Census 2001, Manchester Enterprises Area Profile, 2005 and Management Horizons Europe.*

## COMMUNICATIONS

Wigan benefits from excellent communications, the town centre is situated midway between the M6 and M61 motorways; Junction 6 of the M61 is approximately 12.8 kilometres (8.0 miles) east of the town centre whilst Junction 26 of the M6 is approximately 3.2 kilometres (2.0 miles) west thereby providing access to the national motorway network.

Wigan North Western railway station is approximately 1.4 kilometres (0.9 miles) south of the property and provides frequent rail services direct to London Euston with a fastest journey time of 2 hours and 30 minutes.

Manchester International airport is 33.6 kilometres (21.0 miles) south east of the town centre, providing flights to a variety of UK and international destinations. Liverpool's John Lennon Airport is 48.0 kilometres (30.0 miles) to the south-west.

## SITUATION

Bryan House is situated extremely close to the pedestrianised section, in a prominent position on the south eastern side of Standishgate within the town centre. The building is bounded by Powell Street and Church Street to the north, Marsh Lane to the south and Water Street to the east.

Standishgate, situated within the north eastern area of the town, is Wigan's prime retail thoroughfare. The Galleries shopping-centre is a few minutes walk south west of Bryan House. The major retail multiples represented on Standishgate include Boots, Marks & Spencer, Debenhams, WH Smith, Argos, Top Shop, Clinton Cards, Dollond & Aitchison, J B Sports and British Home Stores.

At the junction with Crompton Street on Standishgate, close to Bryan House, Modus Properties have commenced development of the 39,483 sq m (425,000 sq ft) Grand Arcade Shopping Centre. With a value of £120 million and due for completion in Spring 2007, 75% of the scheme is already pre-let and will be anchored by Debenhams and include six other major new stores; British Home Stores, Marks & Spencer, JJB Sports, Next, TK Maxx and Hennes. In addition, there will be 24 new retail units occupied by J D Sports, HMV, Clinton Cards and Waterstones among other retailers.

## DESCRIPTION

The mid 1970s constructed building is of a concrete frame with external brick elevations.

The property comprises 2 double and 1 single retail unit at basement and ground floor level, a nightclub on the first floor and office accommodation arranged from first to fourth floors. The office element has been constructed on second to fourth floors at the front of the building extending to a flat roof at first floor level on the remainder of the building to the rear. Both the nightclub and offices are accessed via separate entrances at street level, the office

entrance having a quasi reception and office unit on the ground floor. Car parking is provided to the side, rear and within the basement of the building.

The office accommodation benefits from a specification of a good standard that includes suspended ceilings, Category II lighting, central heating and perimeter trunking. In addition, there are raised floors and air conditioning to part of the accommodation. The offices are served by two 8 person passenger lifts and a staircase. There are male and female toilets on each floor.

## ACCOMMODATION

We have been advised that the building provides a total net internal floor area of 6,476 sq m (69,705 sq ft). In addition, there are a total of 95 car parking spaces providing a ratio of 1:27 sq m (1:294 sq ft) for the offices. The building occupies a total site area of 0.35 hectares (0.86 acres). Please see the tenancy and accommodation schedule.

## TENURE

Freehold.

## TENANCIES

The investment is multi-let on five full repairing and insuring leases producing a total income of **£476,150 per annum**. Please see the tenancy and accommodation schedule.

## COVENANT

Covenant	Date of Accounts	Turnover	Pre Tax Profit	Net Assets
Secretary of State for the Environment				
Be-wise Ltd	1/04	£125m	(£6m)	£219,000
Ethel Austin Ltd	8/03	£138m	£11m	£35m
Rank Group Gaming Division Ltd	12/03	£12m	£26m	£771m
Vodafone	3/04	£4bn	£372m	£956m

## ESTIMATED RENTAL VALUE

The estimated rental value of the investment is currently **£528,600 per annum**.

We have applied an estimated rental value of £179,000 per annum to the retail element at Bryan House equating to £431 per sq m (£40 per sq ft) Zone A. This is a substantial discount to the achieved rents at The Galleries and Grand Arcade shopping centres. We have been advised that new lettings and rent reviews at The Galleries shopping centre are currently being agreed at £969 per sq m (£90 per sq ft) Zone A. Furthermore, we understand that pre-lettings at The Grand Arcade development are achieving £1,291 sq m (£120 per sq ft) Zone A.

With regard to the nightclub, due to the length of the lease, we have applied an estimated rental value of £97,842 per annum equating to £64.59 per sq m (£6.00 per sq ft) which is at a substantial discount to rents achieved at similar properties in neighbouring locations. We are aware of the following evidence of nightclub rent reviews in Manchester; in September 2004 at Revolution in Deansgate Locks, the agreed rent at review equated to £215 per sq m (£20.00 per sq ft). In November 2003 at Brannigans in Peter Street, the agreed rent at review equated to £153 per sq m (£14.25 per sq ft).

We have been advised that the estimated rental value for the office accommodation is £251,955 per annum equating to £96.88 per sq m (£9.00 per sq ft).

## RESIDENTIAL DEVELOPMENT POTENTIAL

There may be potential for further development of the property at first floor level to the rear of the building and within the rear car park subject to obtaining the necessary consents.

## PRICE

The freehold interest can be acquired for a price in excess of **£6,400,000** reflecting a **net initial yield of 7.0%** and a **reversionary yield of 7.8%** based upon costs of 5.7625%.



## TENANCY AND ACCOMMODATION SCHEDULE

Sector Floor	Tenant	Accommodation sq ft	sq m	ITZA	Car Spaces	Rent per annum (per sq ft) Zone A	ERV per annum (per sq ft) Zone A	Review	Expiry	Unexpired Term (years)	Comments
<b>OFFICE</b>					21						
Reception	Secretary of State for the Environment	432	40	-	-	£236,150 (£8.44)	£251,766 (£9.00)	1/12/08	1/12/10	5.5	The landlord is in discussions with the tenant to extend the lease.
First		3182	296	-	-	-	-	-	-	-	
Second		8120	754	-	-	-	-	-	-	-	
Third		8120	754	-	-	-	-	-	-	-	
Fourth		8120	754	-	-	-	-	-	-	-	
<b>Sub Total</b>		<b>27,974</b>	<b>2,598</b>			<b>£236,150</b>	<b>£251,766</b>				
<b>RETAIL</b>					24						
Unit 1 Ground	Be-wise Ltd	9,911	921	1679	-	£62,500 (£37.22)	£67,160 (£40.00)	25/12/07	24/12/17	12.5	-
Unit 2 Ground	Ethel Austin Ltd	5,172	480	1421	-	£50,000 (£35.19)	£56,840 (£40.00)	6/3/08	5/3/13	7.75	-
Unit 3 Ground	Vacant	780	72	544	-	£55,000 (£40.00)	£55,000 (£40.00)	-	1 year from completion	1.0	The unit is currently being marketed at £55,000 per annum. The vendor will offer a 12 month rental guarantee at the quoting rent. Lower Ground assumed @ £3.50 psf.
Lower Ground		9,561	888	-	-						
<b>Sub Total</b>		<b>25,424</b>	<b>2,361</b>			<b>£167,500</b>	<b>£179,000</b>				
<b>LEISURE</b>					50						
First	Rank Group Gaming Division Ltd	16,307	1,515	1679	-	£72,500 (£4.45)	£97,842 (£6.00)	3/7/10	2/7/14	69.0	Sublet to AT Midgetey and A Keegan.
<b>Sub Total</b>		<b>16,307</b>	<b>1,515</b>			<b>£72,500</b>	<b>£97,842</b>				
<b>Total</b>		<b>69,705</b>	<b>6,474</b>		<b>95</b>	<b>£476,150</b>	<b>£528,608</b>				

### VALUE ADDED TAX

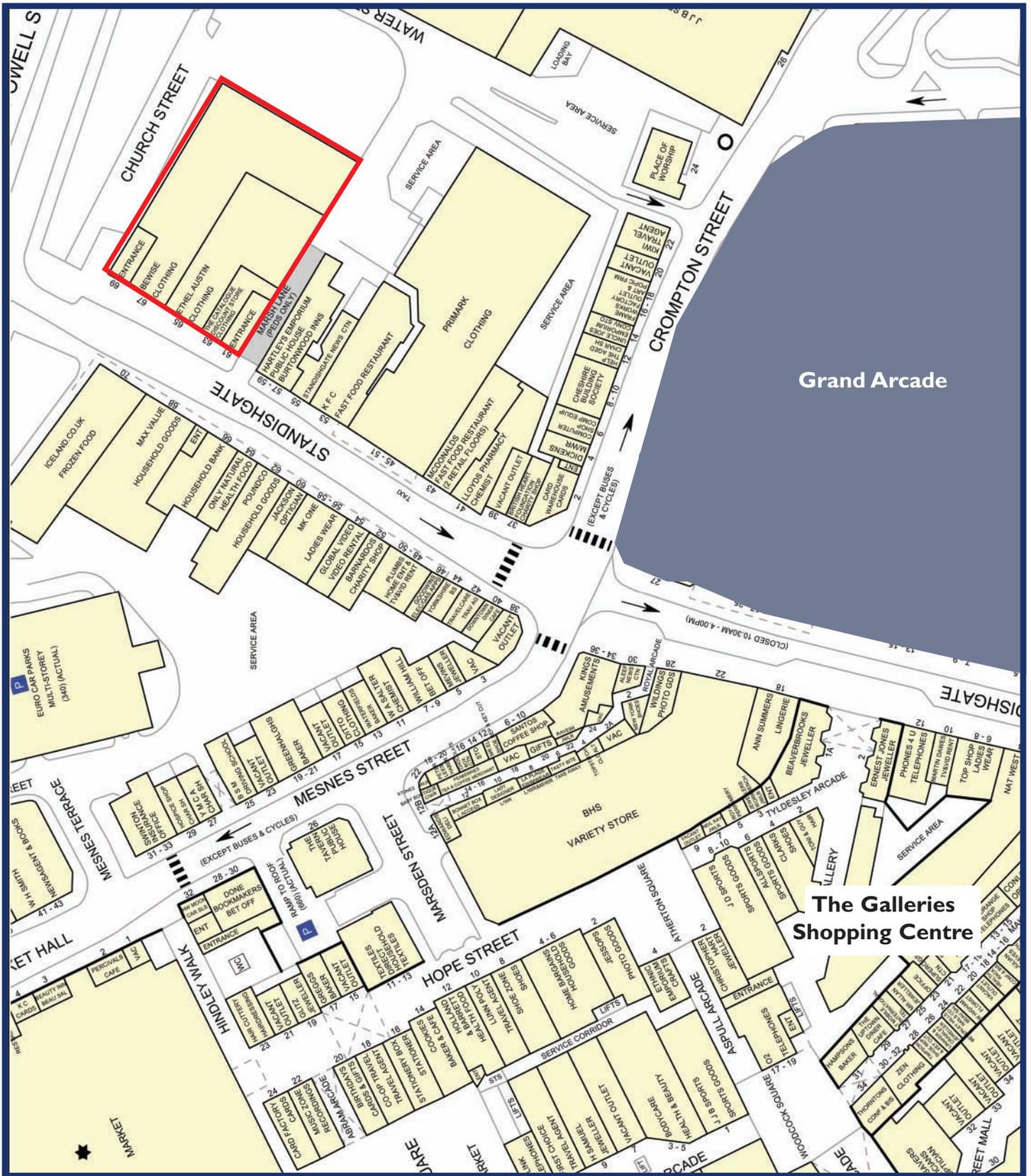
The property has been elected for VAT and will therefore be treated as a transfer of Going Concern (TOGO).

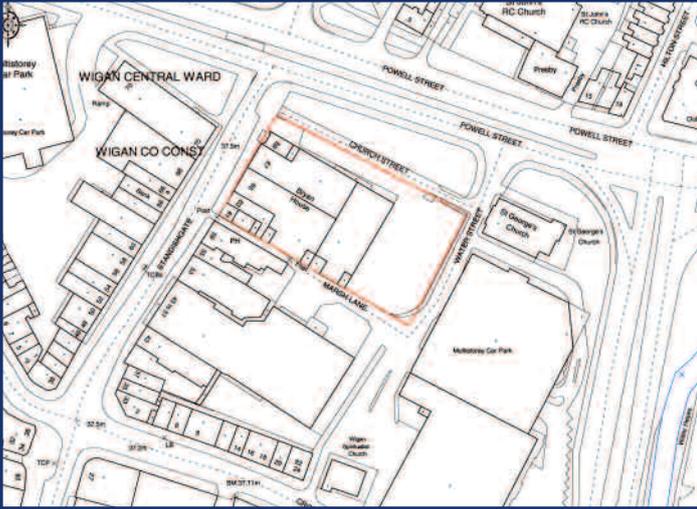
### INVESTMENT CONSIDERATIONS

- An opportunity to acquire a prominent and substantial mixed-use, town-centre investment in one of the north-west of England's principal towns.
- Standishgate is Wigan's prime retail thoroughfare. Neighbouring occupiers include many of the large retail multiples such as Boots, Marks & Spencer, Debenhams, WH Smith, Argos, Top Shop, Clinton Cards, Dollond & Aitchison, JJB Sports and British Home Stores.
- Attractive yield profile; a net initial yield of 7.0% and a reversionary yield of 7.8%.
- Low average passing rents on all property uses; £90.85 per sq m (£8.44 per sq ft) on the offices, £402.91 per sq m (£37.43 per sq ft) average Zone A on the retail and £47.90 per sq m (£4.45 per sq ft) on the leisure element, providing an excellent base for further rental growth.
- Low capital value of £1,004 per sq m (£93.25 per sq ft).

- Excellent tenant profile including 49% of income secured to the Government and 15% of income secured to Rank Group Gaming Division Ltd for a further 69 years.
- Good opportunity for retail rental growth based on rents achieved at the Grand Arcade scheme of £1,291 sq m (£120 per sq ft) Zone A and established rents at the Galleries of £969 per sq m (£90 per sq ft) Zone A. Based on this, our estimated rental value of £431 per sq m (£40 per sq ft) Zone A is conservative.
- Management Horizons Europe reported that the Grand Arcade will increase Wigan's market size by 43% and its Core Catchment market share from 35% to 46%. It is predicted that the development will transform the town from a sub-regional centre to a regional centre.
- Potential to consolidate and merge retail units in the medium term and create a larger store.
- Development potential, subject to the necessary consents, on the flat roof at first floor level on the remainder of the building to the rear. In addition, the rear car park may lend itself to development, also subject to planning.

**SUBJECT TO CONTRACT AND EXCLUDING VAT**





## CONTACT INFORMATION

David Baroukh Associates  
 6 Wimpole Street, London W1G 8AL  
 Telephone: 020 7323 1010 Facsimile: 020 7323 6600

**David Baroukh** david@dbaprop.co.uk

**Alex Bard** alex@dbaprop.co.uk

**Alexander Ackerman** alexander@dbaprop.co.uk



DAVID BAROUKH ASSOCIATES

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Subject to Contract and Exclusive of VAT