



# Long Income Convenience Store Investment Opportunity.

Tesco Express, Chester Road, Manchester City Centre, M15 4UU





# Investment Summary.

- Long Income Convenience Store Investment in Manchester City Centre.
- Highly prominent retail / convenience store investment on the ground floor of a newly developed residential building providing 166 apartments.
- Located on an exceptionally busy pitch in one of Manchester's most popular residential areas with approximately 2,000 dwellings in the immediate vicinity.
- Approximately 4,219 sq ft (GIA) of ground floor accommodation.
- Let entirely to the undoubted covenant of Tesco Stores Ltd – Net worth £4.9bn
- FRI lease on a term of 15-years from 28th November 2022 with no break.
- Passing rent £100,000 per annum, equating to £23.70 per sq ft based on the GIA.
- 5 yearly upward only open market rent reviews capped at 12.5%.
- Lease subject to an 18-month rent free period.



Offers in the region of **£1,600,000** (One Million Six Hundred Thousand Pounds)



A purchase at this level reflects a Net Initial Yield of **5.89%**, after full purchaser's costs of **6.14%** and rent-free period.

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# Location.

Manchester is widely considered as the second city of the UK, and in 2021 it was named as the best city in the UK and 3rd best city in the world by Time Out Magazine.

The area represents the largest city region economy outside of London with a population of almost 12 million within a 50-mile radius.

The unit is located in a highly prominent position overlooking Chester Road (A56), Castlefield, on the edge of Manchester City Centre. The unit forms part of the ground floor of the newly developed Sky Gardens complex - a 13 storey residential tower of 166 apartments. The immediate area is mainly residential in nature with circa 2,000 dwellings in close proximity.

The property benefits from excellent transport connections with Cornbrook Metrolink Station approximately 0.3 miles to the west and Deansgate Railway Station approximately 0.6 miles to the east.



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# Situation.

The property occupies an extremely prominent location within the now well-established residential community of Castlefield.

The Sky Gardens building fronts onto the exceptionally busy A56 spine road that leads in to both the city centre and the Manchester ring road, which pre-pandemic saw c. 31,412 vehicles passing daily. Castlefield is one of the hottest residential property markets in Manchester, with average house prices rising by £53,797 in Q2 2022, bringing the average property price in the area to £324,029, or 38% up on the 2019 numbers



**2,000**  
dwellings in close proximity

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MANCHESTER ARDALE

VICTORIA STATION

BEETHAM TOWER

PICCADILLY STATION

MANCHESTER TOWN HALL

DEANSGATE SQUARE

SPINNINGFIELDS

CASTLEFIELD

DEANSGATE-CASTLEFIELD METROLINK

MIDDLEWOOD LOCKS

TESCO

DEANSGATE

CHESTER ROAD

CORNBROOK METROLINK

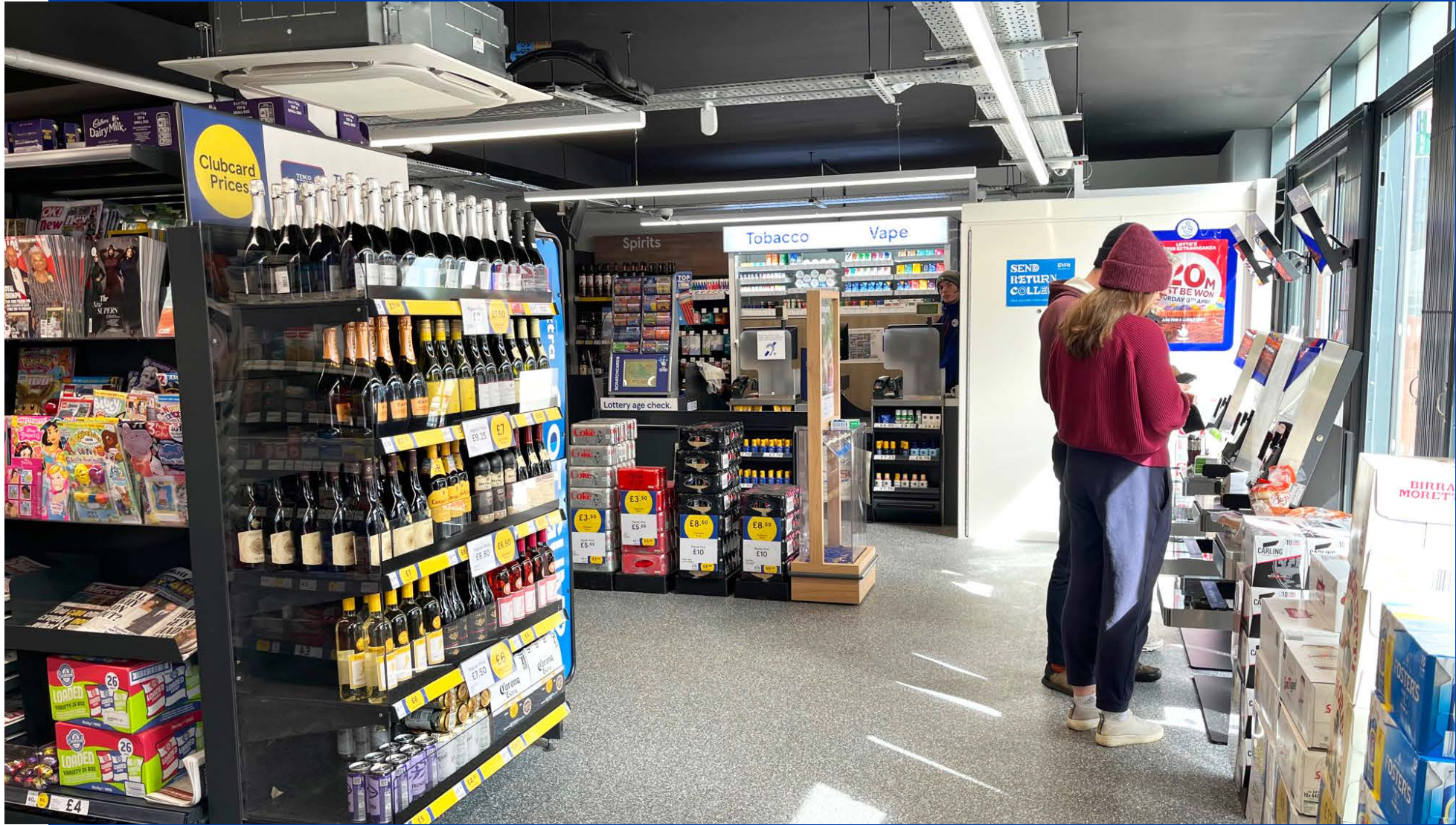
RIVER IRWELL

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# Description.

The property comprises a recently completed Tesco convenience store arranged on the ground floor of a development of 166 luxury apartments, which do not form part of the ownership. The unit is arranged on the ground floor only, with access from Chester Road, and delivery access via Spinners Way to the rear.



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The unit measures approximately  
**4,219 sq ft (391.95 sq m)**  
on a Gross Internal Area basis.



# Tenancy.

The property is let to Tesco Stores Limited on FRI terms for a period of 15 years without break, from 28th November 2022.

The passing rent of £100,000 per annum (£23.70 psf) is subject to 5 yearly reviews to OMRV capped at 12.5%. The property is subject to a service charge for maintenance of communal areas, recoverable through the tenant capped at £6,000 pa (with annual RPI linked increases collared and capped at 1%-3%).

# Tenure.

The property is available by way of the residue of a 150 year long leasehold agreement expiring in 2166 (c. 143 years unexpired). The freeholder is Manchester City Council.



Part of  
**166**  
apartment  
development

## Covenant Status.

**Tesco Stores Limited (Company No: 519500)**

Tesco Stores Limited, established in 1953, is the principal UK operating subsidiary of Tesco Plc. Tesco Plc (D&B 5A1), which was established in 1919 and is now the UK's largest retailer, listed on the London Stock Exchange with a market capitalisation of 18 billion (April 2021) and is a member of the FTSE 100 index of leading UK shares. Tesco is the largest supermarket operator in the UK with a market share of approximately 27% (Sainsburys 2nd with 15.3%).

Tesco operates over 6,800 stores worldwide employing over 450,000 people. There are currently over 3,900 stores in the UK. Tesco Stores Limited has a current low risk D&B rating of 5A2, a Creditsafe of A (100/100) Very Low Risk of Credit Failure.

A summary of Tesco Stores Limited accounts is set out below.

Tesco Stores Limited	27th February 2021	29th February 2020	23rd February 2019
Turnover	£42,451,000,000	£42,951,000,000	£42,219,000,000
Pre-Tax Profits	£1,018,000,000	£1,151,000,000	£793,000,000
Shareholder Funds	£5,472,000,000	£5,334,000,000	£4,526,000,000

Further information can be found at [www.tesco.com](http://www.tesco.com)



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# Proposal.

We are instructed to seek offers in the region of:

# £1,600,000

(One Million Six Hundred Thousand Pounds)

For our client's long leasehold interest, subject to contract.

A purchase at this level reflects a **Net Initial Yield of 5.89%**, after full **purchaser's costs of 6.14%** and rent-free period.

## Anti-Money Laundering Regulations.

In accordance with Anti-Money Laundering Regulations, two forms of identification and confirmation of the source of funding will be required from the successful purchaser.

## EPC.

The unit has been recently rated C86.



## VAT.

The property has been elected for VAT purposes and the sale is intended to be treated as a Transfer of a Going Concern (TOGC).

# Further Information.

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



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RogerHannah

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