KIRKBY SHOPPING CENTRE

A UNIQUE RETAIL INVESTMENT & DEVELOPMENT OPPORTUNITY
Opportunity to purchase the main retail facilities in Kirkby town centre
Opportunity to extend ownership to include Local Authority holdings
Substantial asset management and development opportunities
Part freehold, part long leasehold
Additional land holdings south of the shopping centre are also available for potential residential/mixed use development.

We are instructed to seek offers in excess of £36,180,000 (Thirty Six Million One Hundred and Eighty Thousand Pounds) for the freehold and long leasehold interests in Kirkby Shopping Centre, subject to contract and exclusive of VAT. A purchase at this level will reflect a net initial yield of 9.00% on the proposed net income of £3,445,321 (including Tesco guarantees), with purchaser’s costs of 5.80%. This represents a capital value of £85.86 per sq ft.

Our client will consider separate offers for the main shopping centre, 130–140 Cherryfield Drive and Telegraph Way.

Offers are also invited for the freehold and long leasehold interests in the Land South of Cherryfield Drive.
Overview

Tesco secured planning permission for a comprehensive redevelopment of the town centre and land to the South of Cherryfield Drive. The prospect of this development created uncertainty within the town centre.

HOWEVER, FOLLOWING TESCO’S DECISION NOT TO PROGRESS WITH THESE DEVELOPMENTS, THERE IS NOW HUGE POTENTIAL TO IMPROVE THE RETAIL OFFER, AND TO PLAY A KEY ROLE IN THE REGENERATION OF THE TOWN CENTRE.
Location

6 miles north east of Liverpool, within Merseyside in North West England.

The town is situated approximately 29 miles west of Manchester.

Road
The town has excellent transport links being located adjacent to the M57 Motorway, which links to the M62, which in turn gives direct access to Liverpool, St Helens, Warrington and Manchester. The M58 motorway is located just to the north of the town. Other major roads include the A580 East Lancashire Road, situated to the south of Kirkby town centre, which links Walton in Liverpool to Salford near Manchester, and the A506 which runs north-south to the east of Kirkby town centre.

Rail
Kirkby railway station is served by connections to Liverpool, on the Merseyrail Northern Line, and Manchester (via Wigan) on the Kirkby Branch Line.

Bus
Kirkby is well served by buses, and there is a bus station located adjacent to the subject property. Planning consent has been granted for a new and improved bus station, with works expected to commence later this year.

Demographics

There are 381,776 people living within a 15 minute drive of the shopping centre. This is above the Merseyside, North West and UK averages, which highlights the opportunity for improved retail and leisure provision in Kirkby.

Over 64% of this population are homeowners, which is above the national average, and more than 66% of the population within the catchment are identified as economically active. Household spend is above the Merseyside average within 5, 10 and 15 minute drive time catchments. Non-Grocery spend in the 20 minute catchment totals £2.672 billion, whilst Grocery spend is £1.467 billion.

Within a 5 and 10 minute drive from the shopping centre there is a higher than average representation of children and young adults, and Kirkby has a higher than average proportion of families living within the retail catchment.

The majority of shoppers are drawn from the immediate area, however Kirkby’s existing catchment already draws shoppers from around Aintree and Prescot.

A large number of local residents work on Knowsley Business Park. The Park covers 1200 acres and is second in size only to Trafford Park in the North West. Almost 1,000 businesses are represented in the park, including Matalan, Virgin Media, Bosch, Newsprinters, Dairy Crest and QVC.

Other major employers in the town include QVC and Barclaycard, the latter having an office adjacent to the shopping centre.

The map below shows approximate drive times.
Situation

Kirkby Shopping Centre forms the majority of Kirkby town centre, providing the main retail and leisure community facilities for the town and surrounding areas. The property is located less than a mile to the east of Kirkby rail station, and there is a bus station just to the south of the shopping centre, on Cherryfield Drive. There are a number of car parks surrounding the property.

There has been a significant amount of investment into the surrounding area:

- The new £5 million Kirkby Centre opened in March 2014.
- St Chad’s Health Centre was developed recently for around £7 million.
- The new £2.5 million market opened in April 2014.
- Planning consent has been granted for a new and improved bus station, with works expected to commence later this year.

The centre will benefit from extensive works (at a cost of over £2.5 million) currently being carried out to improve the public realm. These works are due to be completed in May/June 2015, and include the following:

- A brand new large civic square between the council’s new £5m Kirkby Centre and the shopping centre;
- New seating and lighting throughout the town centre;
- Attractive new paving, trees and shrubbery on St Chad’s Parade;
- Seating steps, trees and planting beds in Newtown Gardens;
- A new semi-lawned area close to the council’s new £2.5m market;
- Three unique pieces of public art.
Description

The main shopping centre comprises parades of shops on either side of St Chad’s Parade, a collection of glass kiosk units at either end of the street, along with the shops on the west sides Newton Gardens and Market Square. 130–140 Cherryfield Drive sits just south of St Chad’s Parade, and comprise larger retail units fronting Cherryfield Drive.

The majority of the properties were originally constructed in the 1960s. They comprise a mix of unit sizes, with external walls of cavity brickwork, with steel framed single glazed windows. The roof coverings have for the most part been overlaid with felt.

Most of the units offer ground floor trading space with ancillary accommodation above. The Iceland and B&M units were added in the 1970s, and they benefit from large open areas allowed by the framed construction – concrete in the case of Iceland, steel in the case of the B&M.

Major fashion multiples include New Look and Peacocks, with other national multiples including Iceland, Superdrug, Santander, Ladbrokes, Poundworld, H&T Pawnbrokers, Greggs, Betfred, Cash Generator, Thomas Cook, Home Bargains, Specsavers, JD Wetherspoon, The Co-Operative Travel, Albemarle & Bond, BrightHouse, Stan James and William Hill. On Cherryfield Drive there is also a large B&M Bargains and a Farmfoods unit, with a bar trading from first floor space above.

In total there are 88 retail units, with storage, ancillary and some vacant office space at first and second floor level.

Main Shopping Centre 130–140 Cherryfield Drive

The Market Hall (former Inshops), former superstore and the Gala Bingo unit were constructed in the 1970s. Gala Bingo trade from the first floor level above the former superstore. The Market Hall is currently vacant, as is the former superstore along with units 3 and 4 Telegraph Way. This area therefore provides significant potential for asset management/redevelopment. There is approximately 175,000 sq ft of vacant retail space, and the Local Authority have confirmed they will be supportive of development opportunities for this area.

There are also 5 retail units along Telegraph Way to the south of the Market Hall, all let to local retailers. There is also a vacant retail unit in the multi-storey car park opposite that forms part of the Tesco ownership.

The ownership also includes two car parks. Telegraph Way 2 car park lies to the west of the Gala Bingo and north of the multi-storey car park, and has 102 car parking spaces. Hall Lane car park is situated to the east Gala Bingo, south of the McDonalds drive-thru, and has 152 car parking spaces. Both these car parks currently offer short stay parking free of charge.

Telegraph Way

The total site area for the main shopping centre, 130–140 Cherryfield Drive and Telegraph Way is approximately 13.2 acres.

Outside of Tesco’s ownership there is additional car parking provided by pay & display surface car parks, as well as the multi-storey car park with c. 500 spaces.
Description

Main shopping centre (Freehold)

130-140 Cherryfield Drive (Long Leasehold)

Telegraph Way (Long Leasehold)
The land to the south of Cherryfield Drive will be presented as a cleared site, with the demolition due to complete in May 2015. The total area site is approximately 6.2 acres.

Description

Land South of Cherryfield Drive

1. Petrol Filling Station (Long Leasehold)
2. Golden Eagle Hotel (Long Leasehold)
3. Kirkby Nursing Home (part Long Leasehold)
3. Kirkby Nursing Home (part Freehold)
4. Plus Dane (Freehold)
5. Cherryfield Co-Op (Freehold)

Knowsley Metropolitan Borough Council (Freehold)
Tenure

The main shopping centre is held freehold.

130–140 Cherryfield Drive is held long leasehold, expiring 10th October 2072 at a rent of £8,000 per annum. The rent is reviewed to the open market value of the site every 33 years, with the next review 11th October 2039. The freeholder is Knowsley Metropolitan Borough Council.

Telegraph Way is held long leasehold expiring 13th March 2124 at a peppercorn rent. The freeholder is Knowsley Metropolitan Borough Council.

The Plus Dane and Cherryfield Co-Op sites are both held freehold and part of the former Kirkby Nursing Home is held freehold.

Both the Golden Eagle Hotel and the former Kirkby Nursing Home are held under three leases dated 1962, 1963 and 1972, at ground rents of £68, £8 and £800 respectively. The leases expire on 31 December 2160. The former Petrol Filling Station is held on a leasehold basis for a term of 99 years, expiring 9 March 2064, at a rent of £800 per annum. The freeholder is Knowsley Metropolitan Borough Council.

Held freehold by Knowsley Metropolitan Borough Council.
Knowsley Metropolitan Borough Council are keen to see a regeneration of the town centre. To this end they have confirmed that they are willing to consider offers for the following parcels of land (as shown in grey on the plan) to facilitate a comprehensive redevelopment of the town centre:

- Freehold of Tesco’s interests in Telegraph Way (including Hall Lane Car Park)
- Freehold of Tesco’s interests immediately to the north of Cherryfield Drive
- Freehold of Tesco interests south of Cherryfield Drive
- Additional land/property highlighted in grey on the Tenure plan

In the first instance any approach to the Council should be directed to Sue Callister, contact details below:

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Mob: 07920531364
Email: susan.callister@knowsley.gov.uk
Address: Group Manager, PO Box 26, Archway Road, Huyton, Knowsley, L36 9FB

KNOWSLEY METROPOLITAN BOROUGH COUNCIL ARE KEEN TO SEE A REGENERATION OF THE TOWN CENTRE.

Asset management opportunities

Following the uncertainty created by the Tesco development proposals, there are now significant asset management opportunities for a potential purchaser. These range from improving the income flow and tenant mix, to substantial redevelopment. There is the opportunity to add substantial value, and to play a key role in the regeneration of Kirkby town centre.

- Letting of vacant units
- Two units are currently under offer to Potent Solutions t/a WH Smith and Select, and numerous other discussions are ongoing
- Re-letting to tenants holding over
- Re-gearing existing leases
- Redevelopment of properties in Telegraph Way
- Introduction of a greater leisure offer
- Introduction of a greater food & beverage offer
- Creation of larger units
- Potential development of land south of Cherryfield Drive

Land South of Cherryfield Drive
The land will be presented as a cleared site, as the demolition will be completed by early May 2015. There is currently outline planning consent for a large supermarket and retail park. However, there is potential to explore other alternatives, such as residential, or mixed use developments on this site. The council will be very supportive of proposals that add to the vibrancy of the community in Kirkby.
Kirkby Shopping Centre is let in accordance with the attached schedule of tenancies and accommodation. The scheme currently generates a total gross income of £2,398,792.50 per annum.

Tesco will provide a 2 year guarantee to cover rent and shortfalls for all the vacant units. The rental guarantee will total £1,054,528.50 per annum.

Approximately 57% of the let income is received from national multiple retailers.

The scheme will therefore provide a total gross income (inclusive of guarantees) of £3,453,321 per annum. Net of the head rent on 130–140 Cherryfield Drive the net income will be £3,445,321 per annum.

Service charge & management

There are three separate service charge accounts:

**Main shopping centre**
The service charge year for the units on St Chad’s Parade, Market Square, Newton Gardens and Cherryfield Drive (except 130–140) runs from 25th March to 24th March. The current service charge budget for the year ending 24th March 2016 is £417,900 representing £2.35 per sq ft. The service charge for the year ending 24th March 2015 totalled £417,450 representing £2.28 per sq ft.

**130–140 Cherryfield Drive**
There is no historic service charge information for 130–140 Cherryfield Drive, as Tesco only became responsible for these units in July 2014. The budget for the year ending 23rd June 2015 is £51,590, which represents £1.21 per sq ft.

**Telegraph Way**
The service charge year for Telegraph Way runs from 29th September to 28th September. The current service charge budget for the year ending 28th September 2015 is £85,000 representing £0.42 per sq ft. The service charge expenditure for the year ending 28th September 2014 totalled £86,251.60, representing £0.43 per sq ft.

Income profile

- **Holding over**: 0% (0–5 years)
- **10+ years**: 28%
- **Local/regional retailers**: 43%
- **National multiples**: 57%
Proposal

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**VAT**
The property is registered for VAT and it is proposed that the sale will be treated as a Transfer of a Going Concern.

**EPCs**
Copies of the EPCs are available upon request.
Contact

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