

MERCHANT SQUARE

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MAJOR INVESTMENT OPPORTUNITY

MERCHANT SQUARE, GLASGOW



RARE OPPORTUNITY

**MERCHANT SQUARE
IS A TRULY UNIQUE
OPPORTUNITY
TO OWN THE
ONLY EXCLUSIVE
INDOOR LEISURE
DESTINATION IN
GLASGOW CITY
CENTRE.**

- Substantial leisure venue with 12 licensed units
- Virtually fully let (only one unit unoccupied).
- Growing income and strong year 5 reversionary yield.
- Anchored by AAA tenant.
- Current net rent/ERV of £606,583 per annum.
- Ground Lease.
- Additional upside from leasing or operating from the 707 sq m licensed central courtyard.

**Price: £5,000,000 (excl. VAT)
representing a Net Initial Yield of 11.38%**

WELCOME TO GLASGOW

It is no secret that Glasgow is the most successful retail destination outside of London, and this is set to strengthen as the city continues a journey of renaissance. With exciting plans and developments underway, it is fast becoming one of Europe's most vibrant cities both as a place to live and visit. Scotland is currently experiencing a tourism boom, with **3.91 million visitors** to Glasgow **spending £2.35 billion** per year.*

*Scottish Tourism Economic Impact Model 2023



STEP INSIDE MERCHANT SQUARE

Glasgow's Merchant Square is one of the most exciting investment opportunities in the UK licensed market. Well-established and much loved, it provides strong performance and a high running yield with the potential to grow further.



MERCHANT SQUARE

Set in the heart of the iconic Merchant City area of Glasgow, the Square oozes the character of its original purpose as a historic, bustling fruit market. The Merchant City is Glasgow's premium fashion and food quarter surrounded by Scotland's largest academic community. With a host of new retail, leisure, cultural, workspace and living developments springing up, it is THE place to visit, work, live, study and spend time in the city.



MERCHANT CITY GLASGOW
— INDEPENDENT SPIRIT —

MERCHANT SQUARE

— REBUILT 1886 —
WHERE IT NEVER RAINS

**AN ICONIC AND MUCH-LOVED
VENUE IN THE GLASGOW
ENTERTAINMENT SCENE.**

707 SQ M
of cobbled
courtyard

6351 SQ M
of leased
trading space

9
bars and
restaurants

3
entertainment
venues

8 MINUTE
walk from
George Square

1
unique piece
of Glasgow's
history

Merchant Square is situated adjacent to the Candleriggs Quarter – one of the largest city centre development sites, outside of London. Sitting at the heart of the Merchant City, Merchant Square is moments from George Square, Queen Street and Central Stations, Strathclyde University, and the city's core retail and commercial areas.

It is also a famous entertainment destination in its own right, having hosted Glasgow's Hogmanay Party, The Merchant City Festival, live sport, a weekly makers' market and much, much more.



BARS & DINING



Momo hub features a vibrant mix of dishes from culinary areas across Nepal and India



A Mitchells & Butler themed Irish sports bar



The ultimate party experience in Glasgow featuring unbeatable cocktails and regular DJs



Popular independent chain serving authentic Neapolitan pizza



Contemporary kitchen and cocktail bar with an upscale brunch and evening offer



Modern sports bar focusing on speciality burgers, classic sharing sides and a large selection of beers, ales and lagers



A relaxed, all-day food and drink experience, from early morning coffee to night bites, wine, and good vibes



Vibrant diner-bar serving innovative Southeast Asian street food & cocktails amid an upbeat vibe



EXPERIENCES



The ultimate immersive escape room experience in Glasgow



Retro gaming and arcade bar



State of the art sports bar and kitchen



GLASGOW

A BOOMING
DESTINATION

GLASGOW IS THE LARGEST CITY IN SCOTLAND, THIRD LARGEST URBAN CENTRE IN THE UK AND SCOTLAND'S COMMERCIAL AND INDUSTRIAL CAPITAL.

Without a doubt, Glasgow is one of the UK's most exciting markets and one that's making waves on the international stage. Its character can be compared to Manchester, Liverpool, and Belfast, but Glasgow has its own unique identity, much-loved by millions of visitors each year. Celebrating its 850th year in 2025, Glasgow has a vibrant social scene enjoyed by its affluent catchment (within a 40 minute drive) who have a consumer goods spend of £4.85 billion per annum and convenience expenditure of £5.23 billion per annum.

2ND
in CACI's UK
retail ranking

#1
catchment
spend in UK
retail centres

2.8 MILLION
catchment

1.2 MILLION
working
aged

2ND BIGGEST
UK shopping
destination
after London

500,000+
sqm
retail space

3.91 MILLION
annual
visitors

2.35 BILLION
annual
spend

18 BILLION
annual gross
economic
value

CACI's UK Retail Ranking places Glasgow in the top 20 super league of major European shopping destinations by commercial expenditure, which attracts 111 million international visitors each year – that's more than both Manchester and Edinburgh. It's well connected with two major train stations, and links to both Glasgow and Edinburgh International Airports – a fact that makes it an ideal base for blue-chip employers. Companies like Santander, Morgan Stanley, The Student Loans Company, KPMG, Ministry of Defence, BT, Aggreko, Scottish Power, Barclays, and JP Morgan Chase & Co all call Glasgow, home. As do 130,000 students from 135 countries, educated by Glasgow's five universities and three super colleges – the third highest city student population in the UK.



SURROUNDING DEVELOPMENTS



Photo by Vishnu Prasado on Unsplash



Photo by Giorgio Trovato on Unsplash

CANDLERIGGS QUARTER

is a new £300 million vibrant mixed-use community directly opposite the Merchant Square. It is the UK's biggest city centre development outside of London comprising 80,000 sqm of residential, student, hotel and commercial space.

- 132 high quality apartments
- 435 new flats for rental
- 586 rooms of student accommodation
- 123 room hotel
- Over 5.5k sq m of retail space

UNIVERSITY OF STRATHCLYDE'S TECHNOLOGY AND INNOVATION CENTRE

is one of the most visited institutions in Scotland. A two-minute walk from Merchant Square it features 30,000 sq m of open-plan office space, three lecture theatres and areas for specialist laboratory equipment with 2,700 people employed there and over 23,000 students at the University.

THE SOCIAL HUB

was recently launched as part of the transformation of Candleriggs Square's gap site. The development combines student and extended stay living with a hotel, co-working, meeting and events spaces as well as eating and drinking facilities said to be "open to all". It has proved to be a hit with strong take up by a diverse audience including students, travellers, local businesses and the wider community.

110 & 100 QUEEN STREET

comprises nine floors of office accommodation over 13,300 sqm, and 1,860 sqm of retail space. Office tenants include ACCA, Brodies, DWF, Deloitte, Grant Thornton and WSP. Retail tenants include Armani and Gant. 100 Queen Street is a high-quality office refurbishment extending to 5,017 sqm providing 6 floors of office accommodation and 4 retail units.

COLLEGELANDS

is a £200 million mixed-use development featuring a park, community lounge, retail and arts centre, student residence (588 student rooms) and contemporary apartments, hotel and public car park.

THE GARMENT FACTORY

is a recently refurbished 4,500 sqm award-winning office scheme, a 2-minute walk from Merchant Square.

FUTURE TRANSFORMATION

**IN OCTOBER 2024,
GLASGOW CITY COUNCIL
UNVEILED AMBITIOUS
PLANS TO IMPROVE
THE CITY CENTRE,
WITH 11 PROJECTS
LAUNCHED IN 2025.**

The redevelopment, planned to be completed by 2028, aims to transform “the look and feel” of key streets as part of an effort to upgrade the city centre. Several key developments close by to Merchant Square are also planned or underway

- **HIGH STREET DEVELOPMENT:** Galliard Homes’ **7.7-acre site** behind the nearby High Street Railway Station. A design led urban high-quality mixed-use development offering additional student and **727 rental housing units**.
- **NEW HOTELS:** Several new hotel developments to meet increasing demand in Glasgow, including **Premier Inn**, Citihome Apart Hotel, Custom House Adagio & Clayton Hotels and new Apart Hotel at Trongate.
- **QUEEN STREET STATION:** A **£104 million upgrade** of Queen Street Station has created a landmark modern station reflecting its role as a gateway to Glasgow.
- **KING STREET CAR PARK DEVELOPMENT:** This landmark gap site is currently being explored by Holmes Miller with the intention of creating a **new and vibrant mixed-use scheme**.
- **TONTINE HOUSE:** Situated only two minutes’ walk from Merchant Square, it is in the process of being fully refurbished to provide **10,600 sqm of contemporary office space**.



THE INVESTMENT

AN ICONIC
OPPORTUNITY

VIRTUALLY FULLY LET (ONLY ONE UNIT VACANT), ANCHORED BY A AAA COVENANT, MERCHANT SQUARE PROVIDES EXCELLENT RENTAL SECURITY AND THE OPPORTUNITY TO GAIN A GOOD RETURN. WITH A NET INITIAL YIELD OF OVER 11%, BASED ON THE PURCHASE PRICE, IT PROVIDES EXCELLENT VALUE.

THERE ARE OPPORTUNITIES TO INCREASE THE YIELD RETURN, INCLUDING TRIGGERING RPI LINKED REVIEWS, ESTIMATED TO PROVIDE AN INCREASE IN RENTAL OF C. 6% IN OVERALL RENTAL WITHIN 5 YEARS (EXCLUDING OPEN MARKET RENTAL REVIEWS). THE CENTRAL LICENSED COURTYARD PROVIDES A FURTHER OPPORTUNITY WITH A POTENTIAL ADDITIONAL INCOME OF £50,000 PER ANNUM BY LEASING THE SPACE WHICH IS CURRENTLY UNDERUTILISED.

- 11.38% net initial yield
- Long leasehold extended by 50 years to 2123 – head rent geared to 16% of gross rent
- Fully let with significant recent landlord investment
- Opportunity to operate or lease the central square, increasing rental income by approximately £50,000 per annum and reducing landlord costs
- Current WAULT of 12 years to expiry and 9 years to break
- Current net rent of £606,583 per annum
- RPI increases at review estimate a 6% increase in rental within 5 years (excluding open market reviews)
- Potential year 5 reversionary yield of in the region of 12% with further upside yield possible



THE OPPORTUNITY

Licensed & leisure investment providing a superb return with clear growth potential through RPI linked rent reviews and better utilisation of the central square.

WAULT

Weighted Average Unexpired term of 12 years to lease end and 9 years accounting for tenant break options provides excellent investment longevity (licensed units only).

RENTAL

Total current net rental of £606,583 per annum, after payment of ground rental and deduction for unallocated service charge. We estimate a circa 6% increase over the next 5 years via RPI linked rental increases.

LICENSED CENTRAL COURTYARD

Currently used as a circulation area with intermittent events. The central courtyard would be an ideal opportunity to create a new lease to gain additional rental or dependent on the purchaser, an opportunity to operate the space directly. The courtyard benefits from a separate Premises Licence and is a substantial area extending to 707 Sq. M.

RETURNS

Based on the purchase price the investment will provide a purchaser with a Net Initial Yield at 11.38% with increase to 12% circa after RPI increased rent reviews, and further upside from better utilisation of the central square.

TENANCY SCHEDULE

A summarised tenancy schedule is provided below. A full tenancy schedule is available in the data room.

Unit	Unit Trading Name	Tenant	Total Area (sqft)	Start Date	End Date	Break Date	Term (years)	Contracted Rent	Next Rent Review Date	Rent Review Mechanism
A	O'Neill's	Mitchells & Butlers Retail Ltd	7,390	06/07/1998	05/07/2048	06/07/2033	50	£157,000	28/05/2028	OMRV
B	The Tap Yard	The Tap Yard Limited	3,481	22/06/2023	21/06/2038	-	15	£65,000	22/06/2028	Higher of OMRV or RPI linked Rental
C/D	Sano Pizza	Sano Pizza Deliveries Limited	4,336	07/05/2024	06/05/2034	-	10	£65,000	07/05/2029	Higher of OMRV or RPI linked Rental (Cap @ 2.5% and Collar @ 1%)
E	Delictoria	Skarlettlui limited	1,083	19/10/2023	18/10/2033	18/10/2033	10	£19,000	19/10/2028	Higher of OMRV or RPI linked Rental
F	Vacant	-	11,972	-	-	-	-	£120,000	-	-
1,2,3	Momo House Dee BUDDHA	The K.C Empire Limited	3,767	03/10/2024	02/10/2039	-	15	£35,000	03/10/2029	Higher of OMRV or RPI linked Rental (Cap @ 2.5% and Collar @ 1%)
4/5	Table 28	Josh Cafe Ltd	4,058	04/05/2023	27/08/2038	-	15	£49,000	04/05/2028	Higher of OMRV or RPI linked Rental
6/7 & J	Bar Soba	SCC Leisure Ltd	5,464	03/03/2015	02/03/2035	-	20	£95,000	03/03/2025	OMRV
82 Candleriggs	Vodka Wodka	Jolly Rodger Limited	2,869	06/08/2024	05/08/2049	-	25	£42,700	06/08/2029	Higher of OMRV or RPI linked Rental
1st Floor Office	-	Curious Dreamers Limited	671	01/02/2026	31/01/2031	01/02/2027	5	£6039	01/02/2029	Higher of OMRV or RPI linked Rental
2nd Floor Office	-	Michael Doherty	681	20/12/2024	19/12/2029	20/12/2027	5	£5,108	20/12/2027	Higher of OMRV or RPI linked Rental
Basement Unit 1	Lochy's Sports Bar	Under Offer	8,239	01/03/2026	29/02/2041	-	15	£40,000	01/03/2031	OMRV
Basement Unit 2	NQ64	NQ64 Glasgow Limited	2,600	06/12/2021	05/12/2036	-	15	£35,000	06/12/2026	OMRV
Basement Unit 3	Escape Rooms	Nomad Adventures Ltd	4,112	12/02/2025	11/02/2027	-	12	£29,000	12/02/2028	Higher of OMRV or RPI linked Rental
ATM	-	Note Machine UK Limited Rental based at 5p per transaction. Rental estimated.	1	11/07/2024	10/07/2029	Upon 3 months notice	5	£2,500	-	-
Courtyard Events		Vacant	7,642	-	-	-	-	-	-	-
Total Gross Rental	-	-	-	-	-	-	-	£765,347	-	-



TENURE - NET RENTAL

The property is held on a long leasehold from Glasgow City Council, from 19 February 1998 until 18 February 2123. The rent is calculated annually based on 16% of the Gross Rent received.

Net Rental Calculation		
Total Gross Rental	Total Contracted Rental plus ERV for Vacant Unit.	£765,347
Courtyard Rental	Use of Market in Courtyard on ad hoc basis plus other events. Rental is estimated yearly income.	£40,000
Total Gross Rental	-	£805,347
Less Ground Rental	Calculated at 16% of Gross Rental	£128,855
Less Landlord Irrecoverable Service Charge	Central Square Service Charge plus Service Charge Caps.	£69,908
Net Rental	-	£606,583

COVENANT

D&B credit reports are available in the data room.

ENERGY PERFORMANCE RATING

Available upon request.

LEGAL COSTS

Each party will be responsible for their own legal costs in connection with the transaction.

VAT

Our clients have elected to waive exemption for VAT and accordingly VAT will be payable on the purchase price, although

ANTI-MONEY LAUNDERING

To comply with the current anti-money laundering regulations, all parties of any qualifying transaction are required to undertake appropriate due diligence in advance of the transaction, including identifying and verifying all parties and establishing the source(s) and legitimacy of funding. All parties will be required to disclose all relevant information prior to conclusion of missives to enable all parties to meet their respective obligations under the Regulations. To comply with the current Anti-Money Laundering regulations, all parties of any qualifying transaction are required to undertake appropriate due diligence in advance of the transaction, including identifying and verifying all parties and establishing the source(s) and legitimacy of funding. All parties will be required to disclose all relevant information prior to conclusion of missives to enable the agents to meet their respective obligations under the Regulation.

we anticipate the sale will be dealt with by way of a Transfer of a Going Concern (TOGC).

PROPOSAL

We are instructed to seek offers in excess of **£5,000,000 (FIVE MILLION POUNDS STERLING)**, exclusive of VAT for our client's leasehold interest subject to and with the benefit of the existing leases. A purchase at this level would show an attractive Net Initial Yield of 11.38% after allowing for standard purchaser's costs with clear growth potential.

FURTHER INFORMATION

A full data room of information is available to seriously interested parties.



GROUND FLOOR



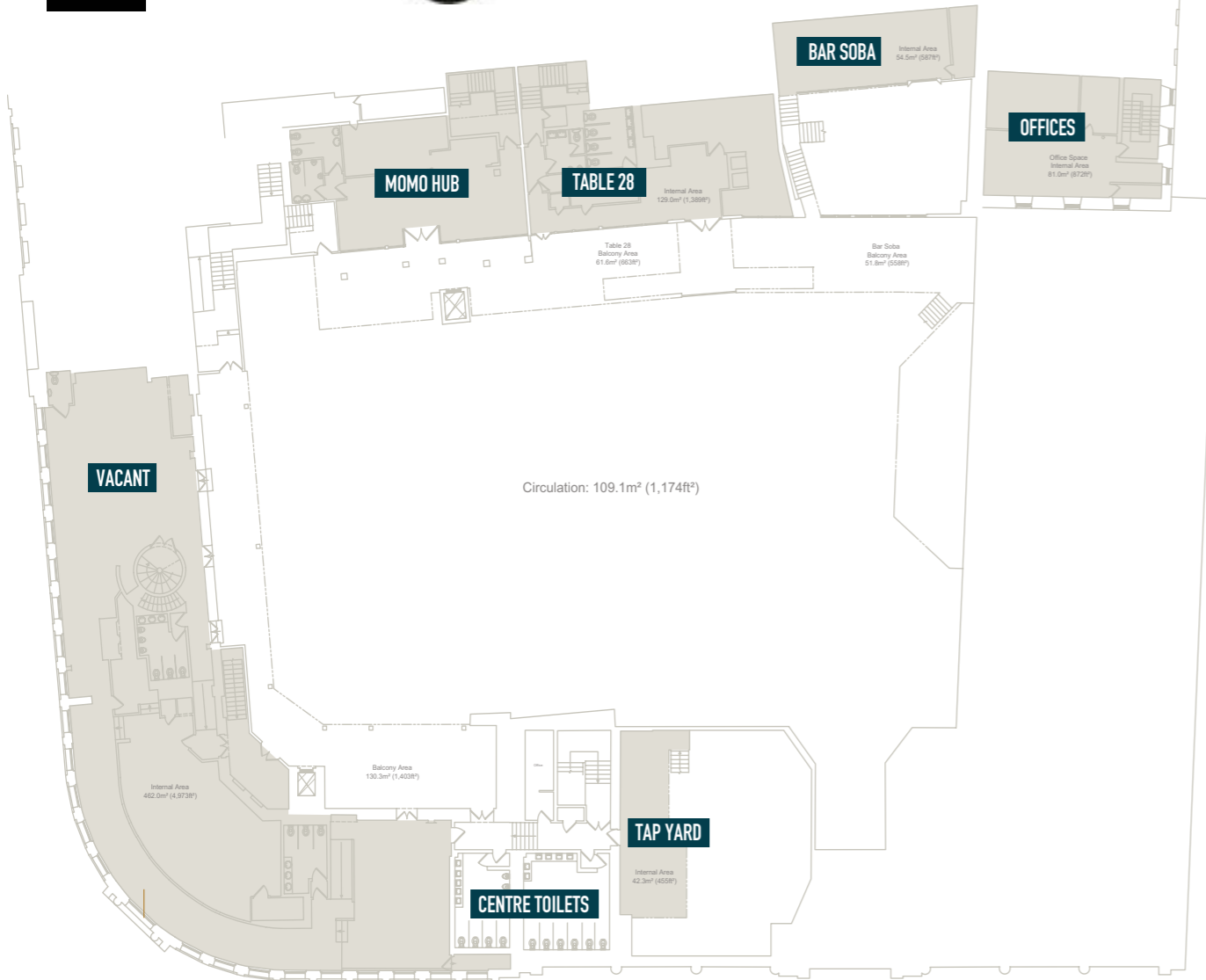
FIRST FLOOR



Table Twenty Eight



SOBA
BREWERY | STREET FOOD | BARS



BASEMENT

NQ64
ARCADE BAR

NOMAD ESCAPE

LOCHY'S



Vodka Wodka



SOBA
BREWERY | STREET FOOD | BARS

SANO



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