

LET TO:

# FIVE GUYS

BURGERS and FRIES



**FOR SALE** PRIME HIGH STREET LEISURE INVESTMENT

58 HIGH STREET, WATFORD WD17 2BS

 **kingstreet**  
commercial

## INVESTMENT SUMMARY

- A prime leisure unit located along the High Street in Watford.
- Situated opposite the newly constructed extension of the Intu Shopping Centre. Totalling 400,000 sq ft, the extension was developed at a cost of £180m and includes a new department store, 9 screen cinema, bowling, 13 retail units and 11 restaurant units. The newly created entrance exits immediately opposite Five Guys (subject property).
- The property is freehold.
- The ground floor is let to Five Guys JV Limited for a period of 25 years, expiring on 16 May 2041. The rent passing is £140,000 per annum and is revised 5 yearly, upwards only to open market rent. On the first review date, being 17 May 2021, the rent will be the higher of the open market rent and £155,000 per annum. The lease is subject to a tenant only break on the 15th anniversary of the lease start date (17 May 2031).
- The upper floors and basement will be sold subject to a long leasehold interest at a peppercorn.
- We are instructed to seek offers in excess of **£1,950,000** subject to contract and exclusive of VAT. A purchase at this level reflects a net initial yield of **6.76%**, net of purchaser's costs of 6.26%. On the basis of the first rent review (increasing to not less than £155,000 per annum) the reversionary yield will increase to **7.48%** in May 2021



**The property is situated immediately opposite the new 400,000 sq ft Intu Shopping Centre extension**





## DEMOGRAPHIC PROFILE

The total population within the Watford primary catchment area is 635,000, similar to the Regional Centre average and ranking the town 24 out of the PROMIS Centres. The town is projected to see above average growth in population over the period 2016-21.

The estimated shopping population of Watford is 336,000, ranking the town 27th of the PROMIS centres, which reflects Watford's dominance and retail status since the development of Intu Watford in the late 1980s. The Watford catchment population is moderately affluent and contains a significant over representation of the AB and C1 social groupings. As a result the per capita retail spending levels are higher than the national average. (CACI)

Watford has a strong economic profile and is a major employment hub especially for retail, finance and professional/business services. The service sector as a whole accounts for 81% of total employment, significantly above the Retail PROMIS average. Employers include Watford Borough Council, Watford NHS, Hilton Worldwide, JD Wetherspoon, Camelot Group, Iveco, TK Maxx, Costco, Total Oil, Sanya and Beko.

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## RETAILING IN WATFORD

Watford is one of the premier regional retail centres in the UK. The prime retailing in Watford is centred on the John Lewis, Debenhams, Marks & Spencer and Cineworld anchored INTU Watford shopping centre. The prime pitch extends onto the pedestrianised High Street, where a number of national multiple retail and leisure occupiers are represented.

### intu Watford

Intu Properties and Watford Borough Council have recently completed the extension of Intu Watford. The £180m project has created a single new 1.4m sq ft retail and leisure destination which will elevate the town into CACI's top 20 national retail destinations ranking, placing it alongside Edinburgh and Bristol. The new retail and leisure offer is gathered around an impressive central space covered by a striking glazed canopy providing a new focal point.

The extension includes an 113,000 sq ft Debenhams flagship store. In addition, there is a nine screen Cineworld, a Hollywood Bowl Ten Pin Bowling alley, 13 fashion retailers and 11 new restaurant units.

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[DEMOGRAPHIC PROFILE](#)

## SITUATION

The property occupies an extremely prominent position midway along the High Street, jutting out to provide a highly visible, dual fronted unit. It is situated immediately opposite the entrance to the new Intu Shopping Centre extension. Surrounding occupiers are a mix of retail and leisure and include KFC, Burger King, Barclays, TGI Fridays, Cote, Debenhams and Yo Sushi.

Next door and to the rear of the subject property, construction is underway for a new residential development comprising 29 units and ground floor retail/leisure. The development is being undertaken by Linea Homes.





intu  
Watford

intu  
Watford

HIGH STREET

**FIVE GUYS**  
BURGERS and FRIES

MARKET PLACE

MARKET STREET

WELLSTONES



## DESCRIPTION

The property is a striking Georgian building and is split over 3 storeys plus basement. Five Guys occupy the ground floor which totals approximately 3,497 sq ft (GIA).

There is a small courtyard to the rear which is used primarily as a bin store and falls within the Five Guys demise. There is an interior alleyway which runs partway along the perimeter of the building which is used to take refuse to the front of the building (also included within the Five Guys demise).

The first and second floor are currently vacant but fitted out as residential accommodation. The upper floors and the basement are accessed via a separate ground floor entrance. The intention is that the vendor will retain by way of a 250 long leasehold interest at a peppercorn.

## TENANCY INFORMATION

The ground and part 1st floor is let to Five Guys JV Ltd on a fully repairing and insuring lease for a period of 25 years from 17 May 2016. The current passing rent is £140,000 per annum (devalues to approximately £40 per sq ft) and benefits from 5 yearly reviews to open market rental value. The first rent review is on 17 May 2021 and the rent shall increase to the higher of the OMR and £155,000 per annum.

The lease is subject to a tenant only break on the 15th anniversary of the term (17 May 2031).

The basement, remaining 1st and 2nd floors will be let for a period of 250 years from completion of the sale at a peppercorn rent.

A service charge will be levied for the structural elements of the building.

## COVENANT INFORMATION

Five Guys is an up-market American fast casual restaurant chain focused on hamburgers, hot dogs, and French fries. The brand has over 1,500 locations open worldwide and since opening their first UK restaurant in 2013 are continuing to expand rapidly. At the end of 2018 the company had grown to 90 sites with plans to open 1 new outlet a week across the UK and Europe in 2019.

Five Guys JV Ltd (company number 08185191) has a Dun & Bradstreet Overall Business Risk rating of 'Low-Moderate'.

## FIVE GUYS

	21st Dec 2017	21st Dec 2016	21st Dec 2015
Turnover	£150,978,370	£90,426,198	£63,342,904
Profit (Loss)/Before Tax	- £19,027,765	- £12,875,261	- £9,894,931
Net Worth	- £53,667,300	- £32,786,814	- £19,042,900





### TENURE

Freehold. The upper floors and basement will be sold subject to a long leasehold interest at a peppercorn.

### VAT

The properties are elected for VAT although it is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).

### EPC

Available upon request.

### ANTI-MONEY LAUNDERING REGULATIONS

In accordance with Anti-Money Laundering Regulations, evidence of identity and source of funding will be required from the successful purchaser prior to instructing solicitors.

### PROPOSAL

Offers in excess of **£1,950,000** reflecting a **NIY of 6.76%** assuming purchasers costs of 6.26% for the freehold interest of the property.

### CONTACT

#### Matt Cox MRICS

DD: 0161 850 0498

M: 07788 99 99 11

E: matt@kingstreetcommercial.com

#### Ted Murray MRICS

DD: 0161 850 0497

M: 07766 00 33 22

E: ted@kingstreetcommercial.com

#### Darren Moorhouse MRICS

DD: 0161 850 1699

M: 07778 15 99 22

E: darren@kingstreetcommercial.com

#### Beth Galvin LLB

DD: 0161 850 9771

M: 07775 87 56 00

E: beth@kingstreetcommercial.com

**Subject to Contract - May 2019**

# FIVE GUYS®

## BURGERS and FRIES

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