

# FOR SALE

## High Yielding High Street Investment



119-129 High Street, Kings Heath, Birmingham B14 7BW



## INVESTMENT SUMMARY

- Popular and busy residential suburb 3 miles south of Birmingham city centre.
- 100% prime retail pitch.
- Kings Heath is one of Birmingham's strongest retail centres.
- Well let to tenants including EE, Vodafone, Shoe Zone and CEX.
- Well configured retail units.
- Proven recent rental growth.
- Freehold
- No VAT
- £2,500,000 – 8.5% net initial yield.



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## LOCATION

The property occupies a very prominent position on the east side of High Street within the prime retail pitch just to the south of the Asda supermarket.

Major multiple retailers within the immediate vicinity include, Boots, WH Smith, Superdrug, Argos, Peacocks and Poundland.

It is also situated close to one of Kings Heath's main car parks in Institute road.

## KINGS HEATH

Kings Heath is a popular and busy residential suburb situated some 3 miles to the south of Birmingham City Centre. It has long been recognised as one of the strongest Birmingham suburban retail centres with representation from a large number of national multiple retailers including, Asda, Sainsburys, Superdrug, Boots, Dorothy Perkins, Vodafone, New Look, Poundland and Lidl.

The retail offer in Kings Heath runs along High Street (A435) which is a major arterial road from Birmingham City Centre to the south and also leading to Junction 3 of the M42 Motorway approximately 5 miles distant.

Kings Heath has BID status allowing local business to invest collectively in local improvement projects. This has had a very positive impact on trading in the area. Over recent years Kings Heath has developed a thriving independent catering market.

Prime retail pitch within Kings Heath is in High Street between its junction with Drayton Road and an Asda supermarket situated at the northern end of High Street. The retail offer within High Street comprises principally a convenience offer and, as a consequence, there is only limited catchment leakage to other suburbs.



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### DESCRIPTION

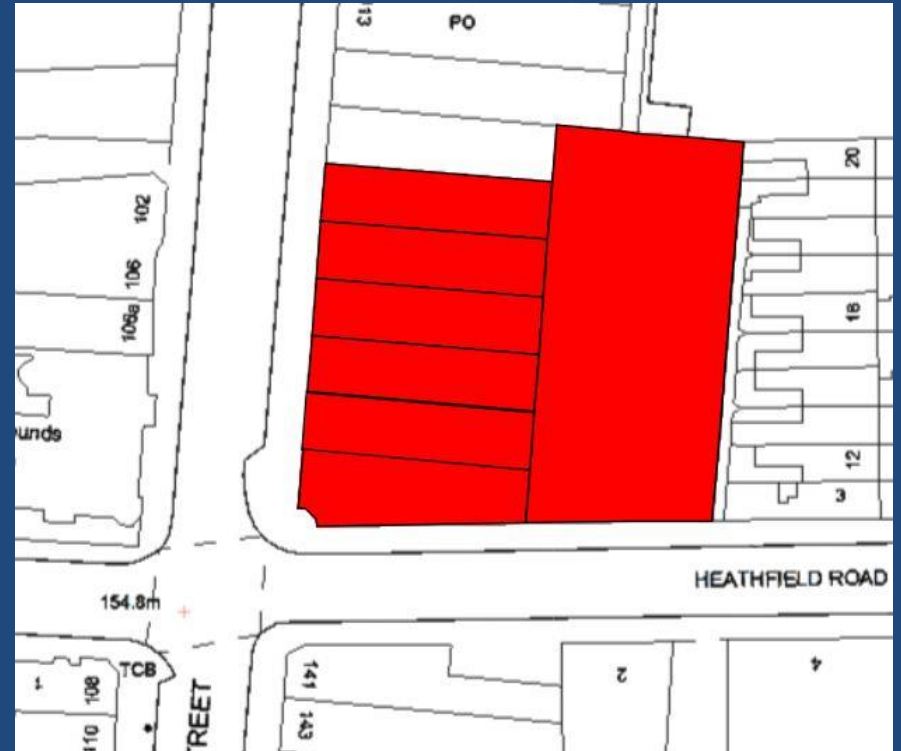
The property comprises a terrace of 6 shop units – the corner unit having a prominent return frontage to Heathfield Road.

It is of modern two storey brick construction with a pitched tiled roof, with part first floor cover providing storage and ancillary accommodation for the shops.

The property benefits from a large rear yard accessed from Heathfield Road providing rear loading and car parking for the shop tenants.

The shops also benefit from free street parking immediately in front.

The accommodation is detailed in the Schedule of Accommodation & Tenancies.



## TENURE

The property is freehold.

The owners of the adjoining terrace of 5 shops have a right in perpetuity to use the rear service yard for access to their shops.

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## LEASES

The property is let on 6 leases to tenants including **Vodafone**, **EE**, **CEX** and **Shoe Zone** as detailed in the Schedule of Accommodation and Tenancies at a total current rent of **£226,500 pa.**

The leases are on FR & I terms.

There is a service charge covering the repair and maintenance of the rear service yard, CCTV, security equipment and refuse collection from the shops. The budget for the current service charge year is £31,563. Two of the leases contain service charge caps (which are subject to RPI increases) which are at a sufficiently high level that there is full service recovery.

The owners of the adjacent property contribute approximately 54.2% of the service charge cost. The net service charge cost per shop is between £2,000 and £2,600.



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## **TENANTS**

The tenants have recently reported the following figures:-

### **Touchdown Associates Ltd**

Touchdown Associates Ltd is a Cash Converters franchisee.

For the year ended 30<sup>th</sup> September 2018 the company submitted abbreviated accounts.

<b>Net Assets</b>	<b>£2,051,133</b>
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### **EE Limited**

For year ended 31<sup>st</sup> March 2019

<b>Turnover</b>	<b>£7.15bn</b>
<b>Pre-Tax Profit</b>	<b>£1.44bn</b>
<b>Net Assets</b>	<b>£5.19bn</b>



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### **Vodafone Limited**

For year ended 31<sup>st</sup> March 2018

Turnover	£6.254 bn
Pre-Tax Profit	(£340 m)
Net Assets	£6.26 bn



### **Shoe Zone Retail Limited**

For year ended 29<sup>th</sup> September 2018

Turnover	£160.6 m
Pre-Tax Profit	£11.43 m
Net Assets	£39.13 m



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### Air Ambulance Service Trading Limited

For year ended 31<sup>st</sup> December 2018

Turnover	£8.82 m
Pre-Tax Profit	£932,515
Net Assets	£933,015



### CEX (Franchising) Limited

For year ended 31<sup>st</sup> December 2017

Turnover	£14.484 m
Pre Tax Profit	£1.964 m
Net Assets	£9.752 m



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## **RENTAL COMMENTARY**

At the peak of the market in 2007/2008 the Zone A rate in this part of Kings Heath reached high £60's. These rents were then rebased over the following few years to Zone A rates in the low £40's. More recently rents have started to increase again, and rents on 5 of the 6 shops have increased upon rent review and lease renewal over the past few years as follows:-

**121 High Street** – CEX – the previous rent of £35,000 pa (£43.55 Zone A) was set in 2013. Upon review in 2018 this increased to £37,500 pa (£46.64 Zone A).

**123 High Street** – Air Ambulance – the previous rent on this shop was £27,250 pa (£33.29 Zone A) which was set in 2013. This was increased on lease renewal in 2019 to £37,500 pa (£46.76 Zone A).

**125 High Street** – Shoe Zone – this shop was let in 2016 at £35,000 pa (£43.76 Zone A).

**127 High Street** – Vodafone – the previous rent of £35,000 pa (£42.85 Zone A) was set in 2014. This was reviewed in May this year to £37,500 pa (£46.64 Zone A).

**129 High Street** - Touchdown Associates – the previous rent of £36,000 pa (£43.87 Zone A) was set in 2013. This has been increased upon lease renewal in September this year to £39,000 pa (£48.21 Zone A).

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# SCHEDULE OF ACCOMMODATION AND TENANCIES

Property	Tenant	Accommodation	Lease Term	Break Option	Rent £ pa	Rent Reviews	Comments
119 High Street	EE Limited	GF Sales 1,520 sq ft (141.21 sq.m) ITZA 753 sq ft (69.96 sq m) First Floor Ancil 895 sq ft (83.15 sq m)	12 years from 17.03.2009	-	£40,000 pa	5 yearly Upward only	
121 High Street	CEX (Franchising) Ltd	GF Sales 1,463 sq ft (135.92 sq m) ITZA 742 sq ft (68.93 sq m) First Floor Ancil 963 sq ft (89.46 sq m)	10 years from 15.02.2013	-	£37,500 pa	-	Previous rent £35,000 pa.  Sublet to a franchisee (Tisdale Franchising Ltd with a guarantee from Robert Nicholas George Tisdale) from 15.02.2018 to 11.02.2023 at the same rent - contracted out.
123 High Street	The Air Ambulance Service	GF Sales 1,465 sq ft (136.1 sq m) ITZA 742 sq ft (68.93 sq m) First Floor Ancil 934 sq ft (86.77 sq m)	5 years from 22.01.2019	22.01.2022	£37,500 pa	-	Service charge cap with RPI increases. 3 months rent penalty if break option exercised. Previous rent £27,250 pa.
125 High Street	Shoe Zone Retail Ltd	GF Sales 1,472 sq ft (136.75 sq m) ITZA 746 sq ft (69.31 sq m) First Floor Ancil 786 sq ft (73.02 sq m)	5 years from 03.06.2016	-	£35,000 pa	-	
127 High Street	Vodafone Ltd	GF Sales 1,466 sq ft (136.19 sq m) ITAZ 755 sq ft (70.14 sq m) First Floor Ancil 948 sq ft (88.07 sq m)	5 years from 09.05.2019	-	£37,500 pa	-	Previous rent £35,000 pa.  Sublet to a franchisee (A H Telecom Ltd) from 01.06.2019 to 05.05.2024 at the same rent - contracted out.
129 High Street	Touchdown Associates Ltd (T/A Cash Converters)	GF Sales 1,438 sq ft (97.36 sq m) ITZA 754 sq ft (70.61 sq m) First Floor Ancil 882 sq ft (81.94 sq m)	5 years from 05.09.2019	05.09.2022	£39,000 pa	-	Service charge cap with RPI increases. Previous rent £36,000 pa.
				TOTAL	£226,500 pa		

## EPC

The property has the following EPC ratings:-

119 High Street – Rating D  
121 High Street – Rating D  
123 High Street – Rating D  
125 High Street – Rating B  
127 High Street – Rating D  
129 High Street – Rating B

## VAT

The property is not elected for VAT, and therefore VAT will not be payable on the purchase price.

## PRICE

Our clients are seeking a price of **£2,500,000** for their freehold interest reflecting a net initial yield of **8.5%** after allowing for purchasing costs

For further information or to arrange a viewing please contact:-

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**SUBJECT TO CONTRACT AND EXCLUSIVE OF VAT**  
**DATE PREPARED: SEPTEMBER 2019**