

PRIME MIXED USE FREEHOLD INVESTMENT FOR SALE

WRIGHT
&
PARTNERS

41 MONMOUTH STREET, COVENT GARDEN, LONDON WC2H 9DD

Location

The property is situated on the east side of Monmouth Street close to its junction with the Seven Dials. This area of Covent Garden comprises a network of attractive streets, courtyards and buildings which converge on the central sundial monument.

The area provides an appealing mix of independent businesses, well known global brands and a variety of food and leisure choices including five-star restaurants, traditional English pubs and continental style cafes and bars.

The area is well served by London underground stations. Covent Garden station is in close proximity, as well as Leicester Square to the south and Tottenham Court Road to the north.



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The Property

The property comprises a mid-terrace Victorian building which provides retail space on the ground and ancillary space on the lower ground floors. There is a small open courtyard area at the rear of the ground floor.

The shop has a frontage of 3.45 m (11ft 4in) and provides an open retail space. The current tenant has fitted out the shop to a very high standard.

The upper 3 floors comprise a single self-contained two bedroom and two bathroom residential unit, with an entrance hallway and a front door to Monmouth Street. The net internal floor area measurements are as follows:

Floor	Use	Imperial Sq ft	Metric Sq m
Lower Ground	Ancillary	264	24.53
Ground	Retail	225	20.90
Ground	Hallway	35	3.25
First	Residential	256	23.78
Second	Residential	258	23.97
Third	Residential	260	24.15
TOTAL		1,298	120.58



Rates

The Valuation Office Agency website lists the commercial part of the property as having a Rateable Value of £46,250.

We understand that the residential upper parts are listed as being within Council Tax Band D.

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Tenancies

The lease on the commercial part of the building, dated 17th May 2013, was for a 10 year term from 31st October 2012. The current rent is £51,500 per annum which equates to £225.55 per sq ft Zone A valuing the basement at A/15.

The tenant is Cubitts KX Limited, trading as Cubitts, the specialist spectacle makers, founded in King's Cross, in 2013. Cubitts currently have 10 branches, 9 of which are in central London and one in Brighton. Cubitts also retail internationally from their website www.cubitts.com.

Cubitts occupy by way of a lease assignment which completed in May 2019 when they paid £110,000 for the lease. The original tenant was Scribbler Holdings Ltd

The upper parts are let on a 12 months Assured Shorthold Tenancy from 23rd July 2020 at a rent of £725 per week. The same tenant has been in occupation since 2015.

Planning

The property is not listed, but it comprises part of the Seven Dials (Covent Garden) Conservation Area.

The planning uses are Class C3 in respect of the upper floors, and Class E (formerly Class A1) in respect of the ground floor and basement.

Retail Evidence

Historically tenant demand for retail premises in this location has been strong, in a market of limited supply. Recent transactions have confirmed the following:

Cards Galore, 13 Monmouth Street.

Let in August 2018 at a rent of £237 per sq ft Zone A.

Caudalie Boutique Spa, 39 Monmouth Street.

Rent was reviewed in December 2018 at £234 per sq ft Zone A.

Unconditional, 16 Monmouth Street.

Let in October 2019 at £243 per sq ft Zone A.

Orla Kiely, 33 Monmouth Street.

Let in October 2019 at £240 per sq ft Zone A.

The most recent evidence would indicate a rental tone of £240 per sq ft Zone A, which would produce an estimated rental value of £58,250 per annum for the retail premises.

Residential Market

The residential market in this location is strong and is one where demand outstrips supply. 41a Monmouth has the benefit of being self contained, with its own front door and has excellent natural light.

41 MONMOUTH STREET, COVENT GARDEN, LONDON WC2H 9DD**Investment Market**

The central London investment market has experienced strong growth in recent years due to the appeal to foreign buyers. Recent sales of mixed use investment properties in similar locations confirm the following details:

30/32 Neal Street, London WC2H 9PS

A mixed use, retail and offices, investment sold in July 2019 at £16 million, reflecting a net initial yield of 3.81%.

5/6 Henrietta Street, London WC2E 8PS

A mixed use, retail and offices, investment sold in December 2019 at £34 million reflecting a net initial yield of 3.31%.

14 Broadwick Street, London W1D 6QB

A mixed use, retail and offices, investment sold in February 2020 at £3.3 million reflecting a net initial yield of 3.75%.

79 Wardour Street, London W1D 6QB

A mixed use, retail and offices, investment sold in June 2020 at £5.8 million reflecting a net initial yield of 3.85%.

We consider that in view of the size and location of the property there would be strong demand from investors. Accordingly, we have valued the property on the basis of a net initial yield of 3.35%

Asset Management Opportunities

The lease on the commercial element of the property is due to expire at the end of October 2022. We understand that the tenant has expressed an interest in extending the lease term. The rental evidence would indicate that an increased rent could be achievable.

The residential upper parts could benefit from a redecoration and general improvements which would uplift their value for letting and sale. Whilst the residential tenancy has been renewed for a further 12 there will be an opportunity to gain vacant possession in July 2021.

Proposition

The owners are seeking a price of £2,500,000 for the freehold interest. A purchase at this level would reflect a yield of 3.35% reflecting purchaser's costs of 5.73%

VAT

The property has not been elected for VAT.

EPC

The EPCs are available upon request.

Further Information

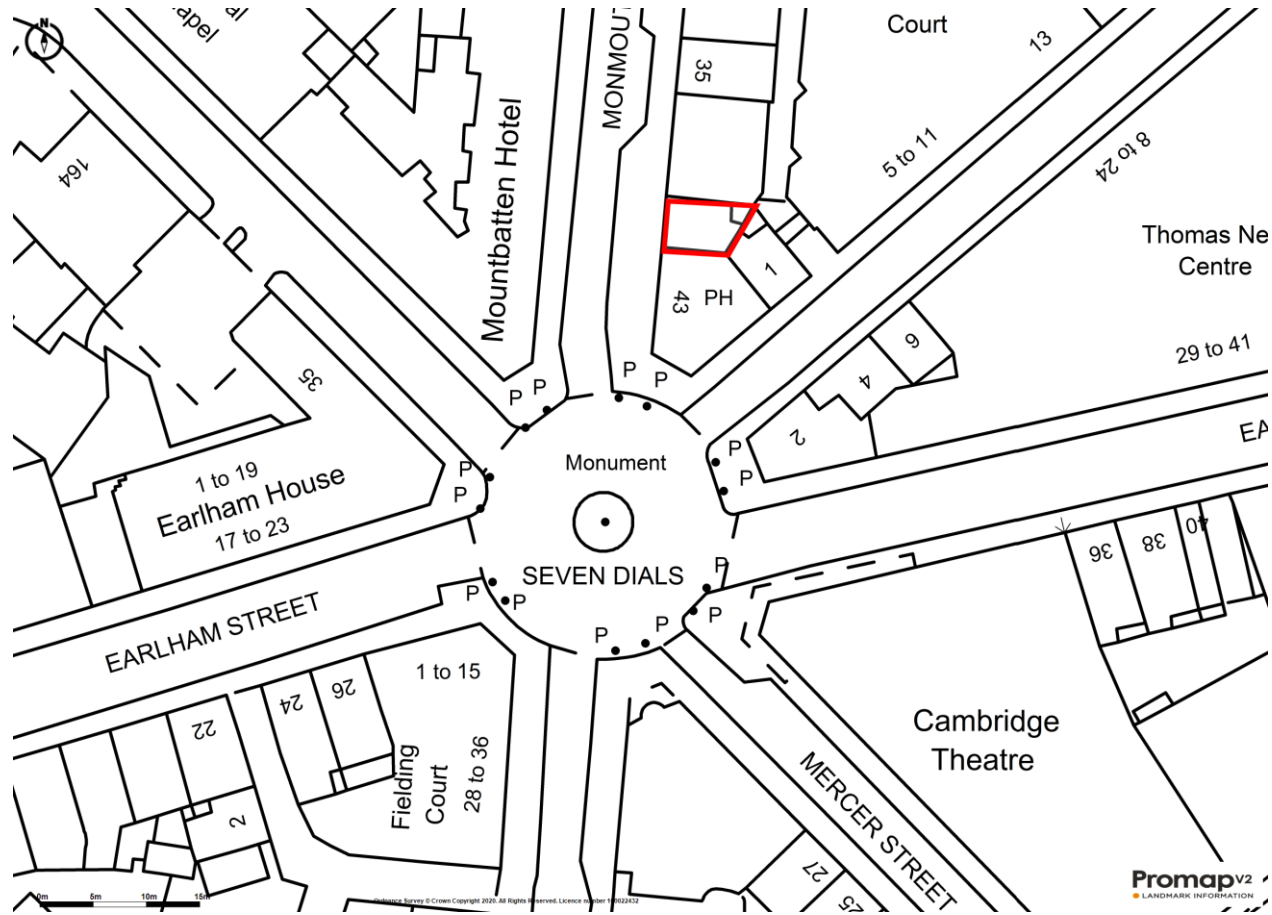
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Misrepresentation Act: These details are intended to give a fair description of the property and whilst every effort has been made to ensure accuracy, this cannot be guaranteed. All measurements are approximate and no responsibility is taken for any error or omission. These details do not constitute part of an offer or contract.