

Prime Reversionary
Retail Investment

**42
-
46** Buchanan
Street

42-46 Buchanan Street
Glasgow
G1 3JX



Let to Hotel Chocolat and L'Occitane, two internationally recognised luxury brands.



Rare opportunity to acquire two 100% prime retail units on the UK's strongest retail street outside of London's West End.



2.3m Catchment - Glasgow is the largest city in Scotland and benefits from an extensive catchment population of 2.3 million people.



Biggest and best retail market - The city has the biggest and best retail market in the UK outside of London's West End, and Buchanan Street is the undoubted prime pitch.



Zero vacancy - Buchanan Street has zero vacancy and rents have rebounded more than 20% in the last 18 months, with Zone A rates again breaking through £300 per sq ft.



Two internationally recognised luxury brands - Let to Hotel Chocolat and L'Occitane, two internationally recognised luxury brands, producing £520,000 p.a.



Opportunity to secure significant reversion - The L'Occitane lease benefits from an outstanding rent review on 13th October 2024, with the passing rent reflecting a Zone A rate of only £222 per sq ft, there is an immediate opportunity to secure significant reversion.



Heritable Title - Heritable Title (Scottish equivalent of English Freehold).

Proposal

Offers are sought in excess of **£7,500,000** exclusive of VAT for our client's Heritable Interest.

A purchase at this level would reflect the following yield profile:

- **Net Initial Yield of 6.50%**
- **Reversionary Yield of 7.65%**
- **Equivalent Yield of 7.63%**

Yields are calculated based upon purchaser's costs of 6.65% and our opinion of ERV at £315 per sq ft Zone A.

Glasgow

Glasgow is Scotland's economic powerhouse and the country's business, sporting, and cultural capital.



Glasgow is **Scotland's largest city** with a population of more than 635,000, sitting at the centre of a metropolitan region of 1.85 million.



Scotland's first city to secure the UK Government's **City Deal worth £1.3 billion.**



The state-of-the-art **OVO Hydro Arena ranked top 10 globally**, selling over £1 million tickets per year.



Extended catchment of **2.3 million people.**



Home to five universities and five colleges, with a **student population of 185,000.**



UNESCO City of Music.



The city has the largest economy in Scotland and contributes substantially to the UK economy with a **GVA of £48 billion** in 2021.



Highly skilled and flexible workforce, with 66% of working age and over **42% educated to degree level.**



World renowned cultural attractions including the Kelvingrove Museum & Art Gallery and The Burrell Collection, which house internationally renowned works of art and historically significant artefacts.



Glasgow has been named as **Europe's number one large city for attracting overseas investment.**



Internationally renowned Events Destination, having hosted COP 26, The Commonwealth Games, The Ryder Cup, UCI Cycling World Championships and the MTV European Music Awards.



Largest suburban rail network in the UK outside of London, which combined with its extensive motorway links, makes the city dominant on its extensive catchment area.



42
46

BUCHANAN STREET | GLASGOW | G1 3JX



Connectivity

- 1 Queen Street Station
- 2 Central Station
- 3 Buchanan Subway
- 4 St Enoch Subway

Shopping Centres

- 1 Buchanan Galleries
- 2 Princes Square
- 3 St Enoch Centre

Glasgow Retail

Glasgow has the biggest and best retail market in the UK outside of London's West End, and Buchanan Street is the city's undoubted prime pitch.

5.4
million

Over 5.4 million sq ft of retail space can be found in the city centre, with prime and super prime shopping to be had within one square mile in the city centre, known as the Style Mile.



Footfall figures from the Style Mile total 49 million people per annum to July 2024.



Uniqlo, JD and Next are all currently fitting out 20,000 sq ft+ flagship stores within the Style Mile.



Glasgow's retail sector generates an annual spend of more than £4.2 billion, £763 million in GVA and sustains a substantial retail workforce of 35,000 people.



The retail sector continues to demonstrate strength and resilience and Glasgow's enduring appeal to international retailers, most notably Buchanan Street, continues to enjoy strong demand and steady rental growth.





Buchanan Street Retail

Buchanan Street is Scotland's prime retail pitch and the strongest retailing street outside of Oxford Street in London.



The fully pedestrianised retail throughfare is lined by beautiful period and contemporary buildings, which, combined with outstanding public realm, create an exceptional retail environment.



The Pitch is anchored by the 600,000 sq ft Buchanan Galleries to the north and 850,000 sq ft St Enoch Centre to the south.



The Street is the busiest in the UK, outside of London's Oxford Street, with average midweek footfall of 3,000-6,000 per hour and weekend footfall of 6,000 people per hour.



Buchanan Street has zero vacancy and rents have rebounded more than 20% in the last 18 months, with Zone A rates again breaking through £300 per sq ft.



New entrants to the pitch over the past 24 months include Rolex, Patek Philippe, Charlotte Tilbury, Mac, Mint Velvet, Nars and Pandora.

The subject property is situated in a 100% prime position on the best section of Buchanan Street, which is bounded by St Vincent Street to the North and Argyle Street to the South.

Immediate adjacencies include Levi's, Michael Kors, Office Shoes, Nespresso, Nike, Omega, Russel & Bromley, Molton Brown and Frasers flagship department store.

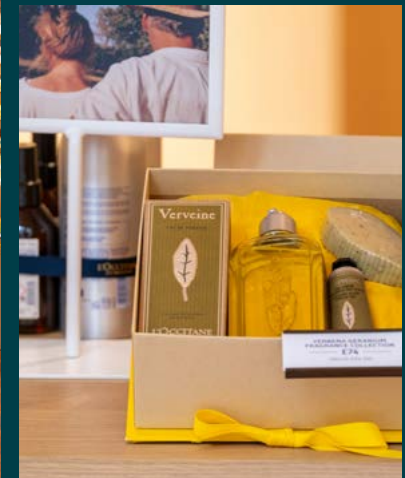
Description & Accommodation

The subject property comprises two well configured retail units with prominent frontage to Buchanan Street arranged over ground and basement levels. The units form part of the Buchanan Street frontage of Princes Square, Glasgow's luxury covered boutique mall, which is home to Everyman Cinema, Reiss, Sweaty Betty, All Saints, Kate Spade, COS and many others.

42 Buchanan Street, occupied by Hotel Chocolat, benefits from return frontage to the southern entrance corridor to Princes Square as well as direct frontage and access to the main ground floor level of the covered mall area. Hotel Chocolat operate a sit in/take away cafe from the rear of the unit.

Floor Areas

Floor Level	42 Buchanan Street	46 Buchanan Street
Ground NIA	1,491 sq ft	930 sq ft
Basement NIA	1,394 sq ft	1,036 sq ft
Total NIA	2,885 sq ft	1,966 sq ft
Reduced Area / ITZA	1,043 sq ft	900 sq ft





Tenancy & Tenure

Tenancy Schedule

Address	Tenant	NIA (sq ft)	ITZA (sq ft)	Lease Start	Lease Expiry	Rent Review	Passing Rent	Zone A Rate (per sq ft)	Comments
42 Buchanan Street	Hotel Chocolat Stores Limited	2,885	1,043	03/04/2017	02/04/2027	03/04/2022	£320,000	£307	Guarantee from Hotel Chocolate Retail Limited April 2022 rent review outstanding
46 Buchanan Street	L'Occitane Limited	1,966	900	13/10/2006	12/10/2026	13/10/2024	£200,000	£222	Rent reviewed to the higher of open market rental value or £215,000 per annum October 2024 rent review outstanding.
Total		4,851					£520,000		

Tenure

Heritable (Scottish equivalent of English Freehold).

Tenant Covenant



Hotel Chocolat is a premium chocolate brand founded by Angus Thirlwell and Peter Harris, their first shop opened in North London in 2004.

Today, Hotel Chocolat has 126 stores UK stores, as well as cafés, restaurants, outlets, and factory stores. They have over 40 stores in Japan, and a luxury eco-hotel on their working cacao farm in the Caribbean. They are on a continual journey of development and growth, yet everything they do is still guided by the three basic values that they started with – Originality, Authenticity and Ethics.

In January 2024, American confectionery maker Mars Inc. completed the £534m purchase of Hotel Chocolat. With the backing of Mars Inc., Hotel Chocolat will be able to maximise its brand's potential in the UK and globally.

Hotel Chocolat Stores Limited (company no. 05131765), the entity on the lease, has a Creditsafe score of 79 out of 100, their latest financial results are summarised below:

Year Ending	June 2023	June 2022	June 2021
Turnover	£9,975,676	£8,291,516	£6,707,309
Profit before Tax	£0	£0	£0
Shareholder Funds	£186,587	£186,587	£186,587

Hotel Chocolat Retail Limited (company no. 06868820), the lease guarantor, has a Creditsafe score of 78 out of 100, their latest financial results are summarised below:

Year Ending	June 2023	June 2022	June 2021
Turnover	£117,747,000	£109,363,000	£48,797,000
Profit before Tax	-£1,385,000	£4,642,000	-£8,190,000
Shareholder Funds	£12,705,000	£13,967,000	£9,336,000



L'Occitane en Provence, is a French luxury retailer of body, face, hair, fragrances, and home products based in Manosque, France.

It was founded in 1976 by Olivier Baussan, with the purpose to create a company that celebrates and preserves the traditions of his native Provence. In 2010, the company became listed on the Hong Kong Stock Exchange. In 2024, controlling shareholder Reinold Geiger offered to take the company private.

As of 31st March 2022, the company had a total of 3,068 retail locations and 1,490 stores operated directly by the Group worldwide.

L'Occitane Limited (company no. 03278335), the entity on the lease, has a Creditsafe score of 86 out of 100, their latest financial results are summarised below:

Year Ending	March 2023	March 2022	March 2021
Turnover	£59,662,000	£60,270,000	£51,394,000
Profit before Tax	£1,094,000	£1,384,000	£1,531,000
Shareholder Funds	£7,249,000	£6,783,000	£6,005,000

Leasing Activity

Following the COVID 19 pandemic, Buchanan Street has experienced very strong occupier demand, as a result the street now has zero vacancy and rents have rebounded more than 20% in the last 18 months, with Zone A rates again breaking through £300 per sq ft.

The most relevant rental evidence from the prime section of the street is set out in the below table:

Tenant	Address	Date	Transaction	Lease Term	Rent PA	HL Zone A Rate
Nars Cosmetics	133 Buchanan Street	Apr-24	OML	10 years with a TBO at 5	£235,000	£316.71
Pandora	78 Buchanan Street	Jan-24	OML	10x5 FRI lease TBO at 6	£410,000	£312.74
Mac	131 Buchanan Street	Jan-24	OML	10 years with a TBO at 5	£255,000	£316.01



ADDITIONAL INFORMATION

VAT

The property has been elected for VAT. The sale will be treated as a transfer of a going concern (TOGC).

EPC

Energy Performance Certificates are available in the data room.

Data Room

Further detailed information is available via a hosted data room. Access can be made available to interested parties.

Proposal

Offers are sought in excess of **£7,500,000** exclusive of VAT for our client's Heritable Interest.

A purchase at this level would reflect the following yield profile:

- **Net Initial Yield of 6.50%**
- **Reversionary Yield of 7.65%**
- **Equivalent Yield of 7.63%**

Yields are calculated based upon purchaser's costs of 6.65% and our opinion of ERV at £315 per sq ft Zone A.

Contacts

For further information or to make viewing arrangements, please contact the agents:

Douglas Wood

T +44 (0) 7826 947 231

E douglas.wood@avisonyoung.com

Eilidh MacPherson

T +44 (0) 7780 916 913

E eilidh.macpherson@avisonyoung.com

Scott Mitchell

T +44 (0) 7967 552 995

E scott.mitchell@avisonyoung.com

Ref: #234820

**AVISON
YOUNG**

42

46

Avison Young hereby gives notice that the information provided either for itself, for any joint agents or for the vendors lessors of this property whose agent Avison Young is in this brochure is provided on the following conditions: 1. The particulars are set out as a general outline only, for the guidance of intending purchasers and/or lessees and do not constitute an offer or contract, or part of an offer or contract. 2. All descriptions, dimensions and references to this property's condition and any necessary permission for use and occupation, and any other relevant details, are given in good faith and are believed to be correct. However, any intending purchasers or tenants should not rely on them as statements or representations of fact but satisfy themselves of their correctness by inspection or otherwise. 3. No person in the employment of Avison Young, or any joint agents, has any authority to make or give any representation or warranty whatsoever in relation to the property or properties in this brochure. 4. All prices quoted are exclusive of VAT. 5. Avison Young shall have no liability whatsoever in relation to any documents contained within the brochure or any elements of the brochure which were prepared solely by third parties, and not by Avison Young. Anti-Money Laundering: To comply with our legal responsibilities for Anti-Money Laundering, it will be necessary for the successful bidder to provide information necessary to complete these checks before the deal is completed. Information required will include: 1. Corporate structure and ownership details. 2. Identification and verification of ultimate beneficial owners. 3. Satisfactory proof of the source of funds for the Buyers / funders / lessee. Publication Date: October 2024. Designed by thefifthhouse.co.uk