

PRIME RETAIL / OFFICE INVESTMENT

Michael Johnson & Co.

22-24 MERE STREET, DISS, IP22 4AD

COMMERCIAL PROPERTY CONSULTANTS



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SUMMARY

- ◇ Reversion to a rent in the region of £91,000 per annum
- ◇ Long term redevelopment potential (STP)
- ◇ Mixed retail / office investment
- ◇ Prime retail location
- ◇ Anchored by Greggs

LOCATION

Diss is a thriving market town in South Norfolk with a population of approximately 7,500 people and a catchment of some 50,000. It has a wide range of services and amenities including a mainline railway station on the Norwich to London Liverpool Street line.

The property is located on Mere Street, the prime retailing area in Diss, where other national retailers include **Specsavers**, **WH Smith**, **Costa Coffee** and **Holland & Barrett**. There is an **Aldi** convenience store located diagonally opposite and a **Morrisons** and **Tesco** supermarket only a short walk away.



DESCRIPTION

The property was constructed approximately 50 years ago and comprises a detached two-storey building of concrete frame construction with brick external walls under a flat roof. Externally there is a dedicated service yard at the rear with staff parking, accessed off Chapel Street.

The building is divided into three premises: two ground floor retail units with first floor storage let to **Greggs plc** and **Meridian Realisations Ltd** (in administration) and first floor offices let to **Iliffe Media Publishing Ltd**.

TENANCIES

Retail Unit 1

The unit is let to **Greggs plc** for a term of ten years on effective full repairing and insuring terms from 25 December 2015, although the tenant has been in occupation since 2003. The passing rent is £34,000 per annum.

There was a tenant only break option in December 2020 which was not exercised. There is also an outstanding rent review from December 2020 yet to be implemented.



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Retail Unit 2

The unit is currently let to **Meridian Realisations Ltd** (in administration) for a term of 10 years on effective FRI terms from 25 December 2014 at a passing rent of £45,000 per annum.

The administrator (Deloitte) granted a license to occupy a new company - M&Co. Trading Ltd which is run by the former owners of Mackays Stores Ltd and trades under the M&Co. brand. This license has been terminated by the administrator who has subsequently stopped paying rent.

The vendor has been approached by the administrator regarding a surrender agreement but thus far has not entertained such proposal.

A purchaser may have the ability to obtain Vacant Possession quickly but must seek their own legal advice regarding this matter.

First Floor Offices

The property is let to **Iliffe Media Publishing Ltd** on a 10-year lease with effective full repairing and insuring terms from 12 July 2013 at a passing rent of £12,000 per annum (the rent was left unchanged at the last rent review on 24 June 2018).



ACCOMMODATION

The property has the following approximate net internal floor areas:

UNIT 1 - GREGGS

Net Frontage	8.97 m	29 ft 5 in
Ground Floor Sales	214.3 sqm	2,307 sqft
ITZA	104.9 sqm	1,130 sqft
GF Ancillary	16.2 sqm	174 sqft
First Floor Store	66.5 sqm	716 sqft
Total NIA	297.0 sqm	3,197 sqft

UNIT 2 - MERIDIAN REALISATIONS LTD (in administration)

Net Frontage	13.73 m	45 ft 0 in
Ground Floor Sales	323.9 sqm	3,486 sqft
ITZA	144.9 sqm	1,560 sqft
GF Ancillary	21.1 sqm	227 sqft
First Floor Ancillary	123.0 sqm	1,324 sqft
Total NIA	467.9 sqm	5,037 sqft

FF OFFICES – ILIFFE MEDIA PUBLISHING LTD

Total NIA	210.3 sqm	2,263 sqft
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TENANT COVENANTS

Greggs plc

Greggs is the UK's leading bakery food-on-the-go retailer, with over 2,000 shops (www.greggs.co.uk). For the year ended 30 December 2019 Greggs plc reported a turnover of £1,167.9m and a pre-tax profit of £108.3m, showing like-for-like sales growth of 9.2%.

Meridian Realisations Ltd (in administration)

The company is now in administration.

Iliffe Media Publishing Ltd

Iliffe Media is a family-owned media company based in Cambridge with more than 125 years' experience of local newspaper publishing (Iliffe media guide 2019). Iliffe Media Publishing Ltd acquired 13 newspaper titles from Johnston Press in January 2017, forming the entirety of Johnston Press's East Anglia publishing division, including local newspaper the Diss Express.

RENTAL VALUE

The lease of Unit 2 was renewed by reference to arbitration in October 2016 where it was determined that the Zone A rate was £28.50 per sqft. The lease of Unit 1 to Greggs was subsequently renewed at £28.50 per sqft based on the arbitrator's decision.

Mere Street and Market Place are the prime retail areas in Diss, and the general tone of prime retail rents is in the region of £30-35.00/sqft Zone A.



The retail vacancy rate on Mere Street and Market Place in Diss is relatively low with only a handful of units either vacant and available or out of lease.

RATEABLE VALUES

Unit 1	£41,250
Unit 2	£55,000
FF offices	£13,250

VAT

We understand that the property is elected for VAT and anticipate that the sale will be handled as a TOGC.

EPC

Retail Unit 1 – C65

Retail Unit 2 – D100

FF Offices – D92

Certificates are available upon request.

PROPOSAL

Offers for the freehold interest are invited at **£825,000 (eight hundred and twenty-five thousand pounds)** subject to contract and exclusive of VAT. A purchase at this level (taking into account the nil income for Meridian Realisations Ltd) would reflect a net initial yield of 5.28% allowing for purchaser's costs of 5.53%, with a potential reversionary yield of 10.45% upon the letting of unit 2 at £45,000 per annum.

CONTACT

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Subject to contract - March 2021

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