



HAYMARKET SHOPPING CENTRE

UPDATE FOR OVERVIEW SELECT COMMITTEE | DECEMBER 2022



RE-CAP ON PURCHASE STRATEGY

HAYMARKET SHOPPING CENTRE

PURCHASE STRATEGY

- Total tenancy council
- Acquired them, Nov 2021
- Target net revenue of £1m per annum back to the LA
- Year on, where are we?

COUNCIL TENANCIES

Occupier	Sq ft	Rent pa	Service charge	Lease expiry	Overall Lease Commitment
Haymarket Theatre	29,612	Peppercorn	£135,000	27/09/2073	51yr term Nil
Car Park	12,002	£368,000	£56,818	08/04/2044	22yr term £8m
Toilets	1,518	Peppercorn	£0	28/09/2024	2yr term Nil
Travelodge Hotel	36,511	Peppercorn	£0	15/11/2145	123yr term Nil
		£6.5m premium			
Public Health Clinic	11,517	£99,500	£45,500	17/07/2033	11yr term £1m
Shop Mobility	1,008	Peppercorn	£0	28/09/2024	2yr term Nil
TOTAL		£467,500	£237,318		£9m rent





I. EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

- ↑ Footfall is up to above pre-Covid market levels suggesting confidence is returning
- ↑ Market Valuation is up by £3m: 2021 – £9.5m; Nov 2022 £12.58m
- ↑ Gross income £2.47m (£2.458m) circa 5%
- ↓ Net income £1.015m (£1.22m – landlord costs have increased)
- ↑ Running costs £1.455m (£1.238m)
- ↑ Gross Yield 8% (CE 6.78%; 6.9% retail) positive yield in a recovering market
- ↑ Occupancy rate 81% (79%) (7 newcomers are with solicitors 88%)
- ↑ % of the Council's overall Corporate Estate (23%)
- ↓ Arrears reduced by 35%
- ↓ Weighted Average Unexpired Lease Term October 2022: 6.6yrs (Nov 2021: 7.3yrs)





2. CURRENT PERFORMANCE

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RUNNING COSTS

- Annual running costs are £1,455m
- Annual rental income has increased by £12K from £2,457m to £2,469m
- Net Operating Income (NOI) is £1,015m

LEASE RENEWALS AND LETTINGS

- LEASE RENEWALS
 - £206k pa rental income secured through 5 new lease renewals
 - £120k pa rental income for a further 7 lease renewals pending
- NEW LETTINGS
 - £40k new letting secured
 - 2 new lettings in the pipeline valued at £20k each



COMPLETED LEASE RENEWALS

- TESCO EXPRESS signed a re-gearred lease securing a critical anchor tenant until 2034
- THE ENTERTAINER signed a re-gearred lease securing their occupation until 2027
- CARDS DIRECT signed a new 10-year lease until 2031
- CAFÉ NERO converted to a new lease securing the tenant until 2026
- LEICESTER CITY BUS signed a new 5-year lease expiring 2026





FOOTFALL

Footfall year-to-date 2022 is 5.7m;
a 41% increase from 2021 and
a 28% increase from 2020.

- Confidence is returning post-pandemic. Whilst there will be challenging months ahead due to market forces such as inflation/cost-of-living crisis/online shopping.
- The Haymarket Shopping Centre is able to 'weather the storm' due to the offer of key, anchor retailers such as B&M, Heron Foods, and Tesco.
- Highest footfall in the last 4 years is 9m, lowest footfall 3.35m



2. II. VALUATION

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VALUATION

Haymarket Centre Investment History

2004 – ING bought it for £78m

2014 – Kennedy Wilson bought it for £38m

2021 – LCC bought for £9.5m

Haymarket Centre Investment History

2021 – LCC bought for £9.5m

2022 – Valuation £12.58m

An increase of £3m

Whilst the market has challenges ahead from the spike in inflation, the investment market is unlikely to see yields move out (values fall) in the way witnessed during the pandemic.



3. NEXT STEPS

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NEXT STEPS

- Complete key new lettings
- Continue to stabilize the asset through lease reviews and marketing voids
- Deliver service charge savings and efficiencies
- Re-tender and procure service contracts
- Agree short-term strategy for improvement and investment
- The above will drive sustainable improvements to performance
- Start to look towards Medium-term estate strategy and longer-term opportunities

Leicester
Haymarket
Bus Station