

Queens Arcade in the centre of Cardiff in property receivership

The Queens Arcade in the centre of Cardiff has been put into property receivership. The previous owner of the freehold interest in the two level retail scheme, Isle of Man based company Sapphire, is understood to have breached its banking covenant.

The undisclosed bank has maintained Addington Capital as asset manager for the scheme, while directors of property advisory firm Savills, Matthew Nagle and Kevin Mersh, have been appointed joint fixed charge receivers. Covering a two acre site, the Queens Arcade provides 150,000 sq of mainly retail space.

Addington and Savills will now work to stabilise what has been declining rental income at the scheme which opened in the mid 1990s and in recent years has been overshadowed by the adjoining St David's Shopping Centre. This could see tenants on the ground level accessed via Working Street – which has the scheme's lowest footfall – being relocated into units in its more popular parts accessed via Queen Street and St David's Shopping Centre.

The receivership doesn't change the terms of existing leases with tenants that include the Entertainer, F Hinds Jewellers, Millie's Cookies, Tim Hortons and Halifax Bank. Acting on behalf of Sapphire, Addington Capital in 2021 unveiled plans to demolish the scheme for a new mixed-use development with commercial and retail space alongside a new hotel and upper level apartments. The plans centred around the creation of a new open street linking Working Street, Queens Street and St David's Shopping Centre. While at a pre-planning scheme the

project had the backing of Cardiff Council with positive feedback from a public consultation exercise.

As well as seeking to stabilise the current scheme, Addington and Savills will look for a new investor to take a mixed-use development forward. The original scheme had an indicative price tag ranging from £50m to £100m. However, with spiralling construction cost inflation, any project would now be closer to the £100m mark.

Mr Nagle said: "It remains very much business as usual at Queens Arcade. Our role is to improve the shopping experience for the public. The centre will operate as usual and we will be working closely with the on-site and management teams to not only ensure a smooth transition but also to identify opportunities to move the centre on to its next iteration."

It comes as property developer Thackeray last month revealed first [phase plans](#) for the redevelopment of the historic 270,000 sq ft Howells also in the centre of Cardiff- which it acquired out of property receivership last year.

The first phase of its £100m mixed-use redevelopment plans for the listed building – in a section which was added to the original building in the 1930s – has seen nearly 27,000 sq ft brought to market. The space has been relinquished by retailer House of Fraser which continues to trade from the rest of the building as a tenant.

The scheme known as the Percy – in a nod to building's architect Sir Percy Thomas – is being marketed by property advisory firms EJ Hale and CBRE.

Thackeray has also confirmed that the space, subject to planning approval from Cardiff Council, will be enhanced with its own roof terrace. There is already strong interest in the Percy, which depending on the letting deal struck, could be occupied for a variety of uses including office, retail and food and beverage use. Whoever occupies the space will have

use of the roof terrace.

Thackeray said the scheme's first tenant will serve as an anchor for the entire redevelopment scheme – for which a masterplan is expected to be revealed by the spring. This could see a range of investments including new bars, restaurants, retail, apartments and even a hotel incorporated into the building.

House of Fraser, which operates on a flexible lease, could vacate its remaining space to pave the way for future development phases. However, there is potential that it could remain, but occupying far less space than currently.

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