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Coffee chop

■ Starbucks lists 50 cafes for possible closure and hires CB Richard Ellis for disposals

BY LAURA CHESTERS

STARBUCKS IS TO CLOSE UP TO 50 LOSS-MAKING cafes as part of a UK disposal programme.

The global coffee retailer has hired CB Richard Ellis to close and offload stores to other retailers.

Simultaneously, CBRE will be asking landlords for a reduction in rent so that the cafes might trade profitably. If successful, the cafes might be retained.

In January, Starbucks announced a global programme of 300 store closures – 100 from outside the US.

Starbucks has 675 company-owned and 42 licensed stores in the UK.

The coffee shop market has experienced mixed trading in the UK this year. Some chains and locations are still doing well. But more expensive brands such as Starbucks have faced competition from cheaper rivals such as McDonald's McCafe and fast-food outlets that have improved the quality of their coffee.

The 50 Starbucks stores under consideration

retailers, we are speaking with landlords.'

Nevertheless, Starbucks is still opening stores in certain locations. Montagu Evans advises on UK acquisitions.

In the US, Starbucks has unveiled plans for 'community-focused' store to appease the anti-globalisation lobby. It is trialling three new concepts in its home town of Seattle. The three stores will reopen under different names.

Starbucks told *Property Week*: 'We have a short-term plan to open three stores in Seattle. We do not have any specific announcements related to the UK at this time.'

This week rival chain Coffee Republic was bought by Arab Investments from administrator KPMG. Arab intends to invest in and expand the 80-strong coffee chain. King Sturge advises Arab on Coffee Republic.

SHELL-MEX FOR SALE (AGAIN)

Future of Silverburn centre under review

■ Falling values prompt investor Bank of Scotland to appoint Deloitte

BY LAURA CHESTERS

BANK OF SCOTLAND, LENDER TO THE Silverburn shopping centre near Glasgow, has appointed Deloitte to advise it.

Silverburn, a 1m sq ft retail scheme near Pollok, is owned by Retail Property Holdings, but Bank of Scotland provided the debt. The bank is now owned by Lloyds Banking Group and is working with Deloitte on the asset. It is understood that the sharp fall in property values has reduced Silverburn's value to less than the debt borrowed against it.

The centre is anchored by Debenhams, Marks & Spencer and Tesco. It continues to trade and is a solvent asset, but the bank is weighing up its options.

Silverburn opened in October 2007 more than 80% let and was a £350m scheme when completed.

It is also thought Bank of Scotland has looked into the appetite of investors to buy the centre. It has had it valued and, over the last month, has sounded out interest from investors.

Shop assistance: Silverburn trading well

Retail Property Holdings is an offshore company owned by Paul Green. It is thought its parent and related companies, also domiciled off shore in Guernsey, may be under the control of Bank of Scotland. As a separate entity, however, Retail Property Holdings is not under the bank's control.

Silverburn was developed by Retail Property Holdings and development adviser Combined Property Services, which is run by Richard Low.

Last month Retail Property Holdings announced it still planned to invest £20m in the third and final phase of the scheme.

Last November Silverburn was ranked 29th in Trevor Wood Associates' Going Shopping 2008: the Definitive Guide to Shopping Centres. It will suffer competition in October when Canadian investor Ivanhoe Cambridge's £100m extension to the St Enoch's shopping centre in Glasgow opens. It will have a Hamleys and an H&M.

Bank of Scotland is taking an increasingly tough view on assets it has lent debt on that are now worth drastically less.