

RETAIL PARK INVESTMENT OPPORTUNITY

EASTGATE RETAIL PARK ACCRINGTON BB5 6RQ

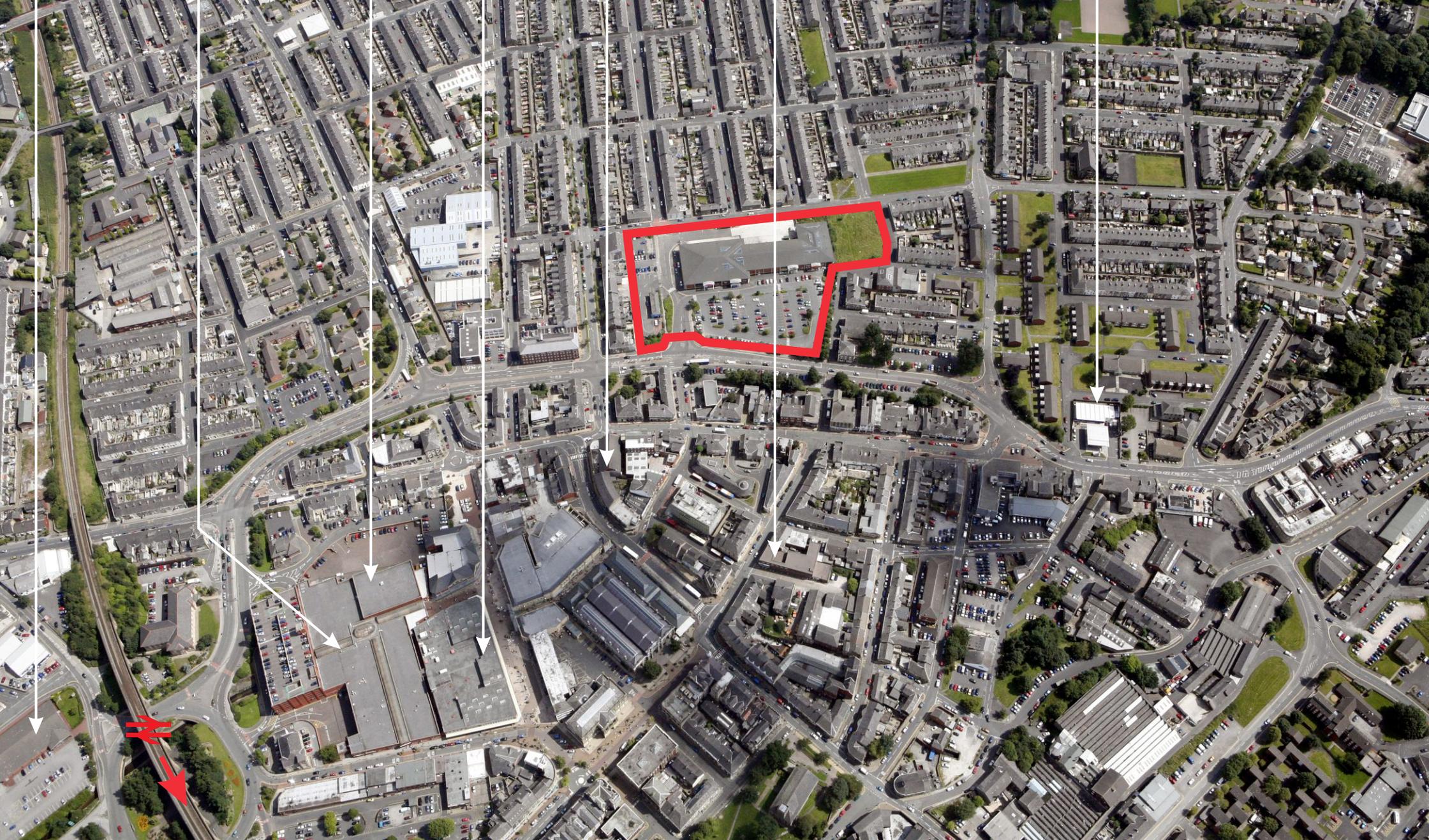






Investment Summary

- Multi let retail park in the centre of Accrington, Lancashire.
- 35,434 sq ft let to four retailers and a car wash operator.
- WAULT of 5.18 years to lease expiries and 3.36 years to breaks.
- Rental income of £382,710 p.a.
- Low capital value of £97.35 per sq ft.
- Development land with previous consent for an additional unit of circa 16,000 sq ft.
- Offers in excess of **£3,450,000.00** (Three Million Four Hundred and Fifty Thousand Pounds), subject to contract and exclusive of VAT, for our client's freehold interest. A purchase at this level reflects a net initial yield of 10.42% after purchaser's costs of 6.49%.



Location

Accrington lies in the county of Lancashire, four miles east of Blackburn, six miles west of Burnley, 13 miles east of Preston and 20 miles north of Manchester city centre. The town has a catchment population of 103,729 within a 10-minute drive. (Source: Oxford Retail Consultants).

The town is situated amongst the heart of the northern UK motorway network and benefits from good road communications with the A680 running through the town centre, which connects two miles north with junction seven of the M65, leading east to Burnley and west to Blackburn and Preston. From Preston it joins the M6 providing excellent access to both the north and south of the country.

Good rail communication links are provided from Accrington railway station which lies on the East Lancashire Line. Trains run frequently between the nearby commercial centres, terminating at York and Leeds to the east and Blackpool North to the west. Lancashire Council constructed a new bus station in the town centre in 2016, further improving inter-connectivity around Accrington town centre and beyond.

Manchester Airport, the UK's largest regional airport outside of London, is located approximately 40 miles to the south east of Accrington. The airport is the UK's third largest airport, handling 27m passenger a year and serving over 210 destinations worldwide.



	Blackburn 4 miles		Blackburn 8 minutes		Manchester 40 miles
	Burnley 6 miles		Burnley Central 17 minutes		
	Preston 13 miles		Preston 26 minutes		
	Manchester 20 miles		Manchester (Vic) 63 minutes		

Area shaded blue reflects long leasehold car park let to owner of medical centre.

NB Plans are shown for indicative purposes only - not to scale.

Situation

Eastgate Retail Park is situated in the heart of Accrington town centre, at the eastern end of Blackburn Road which serves as the town's prime retail pitch. The property is conveniently located for pedestrians, less than half a mile east of the town's train and bus stations. By car, the park lies on the eastern side of Eastgate Road which forms part of the A680, running on a north-south axis through the town.

In addition to the usual high street commercial service providers, such as the Post Office, banks, solicitors and accountancy services, nearby retailers include: Argos, Boots and W H Smith.

Description

The property comprises four retail warehouse units, totalling 35,434 sq ft and a stand-alone car wash unit to the north of the park.

The retail units are of steel frame construction with attractive masonry façades; the main entrances to the units are double glazed with aluminium framed windows and the roofs are pitched and tiled. The car wash building is predominantly glazed and also comprises partial aluminium clad façades.

All the retail units benefit from individual loading bay doors, accessed from a shared yard area to the rear.

211 (including 12 disabled) car spaces are provided on site, giving a good ratio of 1:168 sq ft.

The total site area, outlined red on the site plan is 3.26 acres (1.32 hectares), providing a low site cover of just 25%.

Tenure

Freehold.





CGI showing potential 5th unit at Eastgate Retail Park.
(For illustrative purposes only)



Tenancy

The property is let on full repairing and insuring leases in accordance with the schedule below and produces a total passing rent of £382,710 pa and a WAULT of 5.18 years to expiry and 3.36 years to break.

Unit	Tenant	Area sq ft	Rent £	Rent £ psf	Date	Expiry	Next Rent Review	Break
1	T J Morris Ltd T/A Home Bargains	10,048	80,000	7.96	16/07/19	15/07/24	-	16/07/21
2	Pets at Home Ltd	7,312	91,400	12.50	07/04/14	06/04/29	07/04/24	07/04/24 requiring 6 months' notice
3	Iceland Foods Ltd	10,048	116,500	11.59	25/03/98	24/03/23		
4	Poundstretcher Ltd	8,026	77,500	9.66	25/12/97	24/12/22		
Car Wash	Anduff Car Wash Ltd		17,310		25/12/97	24/12/22		
Sub Station	Electricity North West Ltd		Peppercorn		25/03/99	24/03/24		
Car Park for former medical centre	Messrs SA Javid, O Akoiz, MB Bawa		Peppercorn		04/01/93	03/01/43		
Total/Average		35,434	382,710	10.80				

Development Opportunity

The holding includes a cleared site of approximately 0.67 acres adjacent to Unit 4. Previous consent was obtained for a further open A1 retail unit of circa 15,930 sq ft. Further details are available on request.

EPC

Copies of the EPC certificates are available on request.

Covenants



T J Morris Ltd T/A Home Bargains

Home Bargains specialises in discount retailing, stocking branded product lines across 500 stores nationwide and employing over 22,000 people. According to a recent survey by the consumer association 'Which?' Home Bargains ranked 4th in the top 100 stores and was the highest rated discount retailer.

Figures for the previous three years' trading are set out below:

Year Ending	Sales	Pre-tax Profits	Net Assets
30/06/2018	£2.143bn	£202.700m	£911.755m
30/06/2017	£1.869bn	£168.226m	£747.814m
30/06/2016	£1.603bn	£136.994m	£614.799m

Pets at Home Ltd

Pets at Home are the UK's leading pet specialist with over 450 stores and employing over 6,000 people. The company also operate the UK's largest small animal veterinary business (including the Vets4Pets brand) and specialist referral centres.

Figures for the previous three years' trading are set out below:

Year Ending	Sales	Pre-tax Profits	Net Assets
31/03/2018	£808.848m	£53.922m	£729.418m
31/03/2017	£752.374m	£67.557m	£686.972m
31/03/2016	£739.726m	£81.843m	£632.883m



Iceland Foods Ltd T/A The Food Warehouse

Iceland primarily specialise in the sale of frozen food products, although also sell non-frozen grocery items. Over 900 stores are in the UK, although there are also a number of international stores. The Food Warehouse stores opened in 2014 and are typically larger than the average store size and offer extended ranges of luxury and speciality food and value bulk packs of grocery products.

Figures for the previous three years' trading are set out below:

Year Ending	Sales	Pre-tax Profits	Net Assets
29/03/2019	£3.023bn	£31.200m	£810.700m
30/03/2018	£2.973bn	£32.800m	£795.000m
24/03/2017	£2.770bn	£67.300m	£805.000m

Poundstretcher Ltd

Poundstretcher is one of the UK's leading variety discount retailers, stocking over 5,000 products across food, toiletries, garden essentials and homeware brands. The company has over 450 stores and employs more than 6,000 people nationwide.

Figures for the previous three years' trading are set out below:

Year Ending	Sales	Pre-tax Profits	Net Assets
31/03/2018	£387.442m	£2.070m	£21.575m
31/03/2017	£397.380m	£2.730m	£19.911m
31/03/2016	£429.539m	£2.405m	£17.836m

Occupational Market

Comparable rental evidence is shown below:

Address	Tenant	Area sq ft	Rent pa	Rent psf	Date	Comments
Anchor Retail Park, Burnley	Pets at Home	7,364	£73,640	£10.00	Oct-19	Lease Renewal due to complete Oct 19.
Anchor Retail Park, Burnley	Iceland	10,008	£100,080	£10.00	Mar-18	Rent Review.
Hyndburn Retail Park, Blackburn	Wren Kitchens	18,556	£249,949	£13.47	Jun-19	10 year lease with a 5-year tenant only break, 12 months rent free if the break clause is not exercised.
New Hall Hey Retail Park, Rawtenstall	Home Bargains	15,000	£174,900	£11.66	Sep-18	10 year lease, 18 months rent free.
New Hall Hey Retail Park, Rawtenstall	Iceland	8,026	£99,282	£12.37	Feb-19	10 year lease, 2 years rent free.

Recent Investment Transactions

Address	Area sq ft	Price	Income	Capital Value	Initial Yield	Purchaser	Date	Comments
Alliance Retail Park, Chorley	18,861	£2.977m	£321,905	£157.84	10.16%	TJ Morris	Jan-19	Curry's PC World and Carpetright. WAULT 3 years.
Tonge Moor Road, Bolton	26,016	£2.350m	£195,022	£90.33	7.80%	Seneca Investments	Jun-19	Part Freehold, part Long Leasehold for a term of 999 years at a fixed ground rent of £75 per annum. Let to Matalan for another 9 years.
Sandy Lane Retail Park, Worksop	59,991	£7.6m	£668,483	£126.69	8.25%	M7 Real Estate	Apr-19	Anytime Fitness, B&Q, Curry's PC World and Pets at Home. Fixed uplifts. WAULT 7 years to break.
Central Retail Park, Rochdale	68,768	£13.2m	£1,133,182	£191.95	8.20%	Borough Council	Dec-18	Fully let to Halfords, Argos, Matalan and Poundstretcher. WAULT 8.33 years. Freehold.
The Range, Currock Road, Carlisle	33,497	£4.25m	£267,976	£126.88	5.95%	Lxi REIT Plc	Oct-18	Fully let to CDS Superstores, unbroken term 19.5 years, fixed 5 yearly uplifts of 2% pa.
Congleton Retail Park, Congleton	64,497	£15.09m	-	£233.96	6.46%	Teesside Pension Fund	Aug-18	M&S Simply Food and Shoezone.
Hollywood Retail Park, Barrow In Furness	124,000	£15.3m	-	£123.39	8.7%	New River REIT Plc	Jul-18	Ten unit retail and leisure park. TK Maxx, Curry's PC World, Dunelm, Nuffield Health and Vue Cinema.

Retail Provision in Accrington

Eastgate Retail Park comprises Accrington's dominant open A1 retail warehouse offering.

There are a number of solus sites across the town, typically ranging in size from 5,000 to 20,000 sq ft. To the north west of the subject property and along the A679 the following occupiers include: Lidl, Matalan, Asda, Aldi and B&M Home Store.

Typically smaller retailers are located along the Blackburn Road, which runs on an east-west axis from the south west corner of the subject property, although they are more representative of high street retail use. There is also a large Tesco Extra to the west of the town centre, opposite the train station.

VAT

The property has been elected for VAT. It is anticipated the sale will be structured as a Transfer of a Going Concern.

Proposal

We are instructed to seek offers in excess of £3,450,000 (Three Million Four Hundred and Fifty Thousand Pounds), subject to contract and exclusive of VAT, for our client's freehold interest. A purchase at this level reflects a net initial yield of 10.42% (after purchaser's costs of 6.49%).

Further information

For further information, please contact Aston Rose as follows:

Ken Morgan FRICS
020 7079 1953
kenmorgan@astonrose.co.uk

Tom Cole
020 7079 1947
tomcole@astonrose.co.uk

Sam Hume-Kendall
020 3846 3105
samhume-kendall@astonrose.co.uk



Aston Rose
4 Tenterden Street
London W1S 1TE

020 7629 1533

astonrose.co.uk



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SEPTEMBER 2019