

# BOGNOR REGIS

LEWIS ELLIS

UNITS 5-7 SOUTHERN CROSS TRADING ESTATE, PO22 9SE



WELL SECURED SOUTH EAST MULTI-LET TRADE COUNTER INVESTMENT



## INVESTMENT CONSIDERATIONS

- Three highly prominent trade counter units totalling 16,423 sq ft (1,525.69 sq m).
- Situated in the key trade/industrial area of Bognor Regis, known as Southern Cross Industrial Estate.
- Fully let to Kwik-Fit (D&B rating 5A1), Screwfix (D&B rating 5A1) and Halfords Autocentres (D&B rating 4A2).
- The property generates a total income of £129,564 per annum which represents £7.89 per sq ft, following settlement of rent reviews on units 5 and 6.
- AWULT of 6 years to expiry and 4.3 years to break.
- New roofs were installed on each unit between 2014 and 2015.

- The property has a site area of 1.19 acres and a very low site density of approximately 31%.
- Strong rental growth prospects due to high occupier demand and limited supply within the local market.
- The Southern Cross Trading Estate is set to benefit significantly from the adjacent Enterprise Bognor Regis, a 70 hectare commercial and employment zone.
- Freehold.

Offers sought in excess of **£2,300,000 (Two Million Three Hundred Thousand Pounds)** subject to contract and exclusive of VAT.

This reflects an **attractive net initial yield of 5.30%**, after deduction of purchaser's costs of 6.34%, equating to a **capital value of £140 per sq ft**.

## LOCATION

Bognor Regis is an affluent South East town located in the county of West Sussex approximately 56 miles (89 km) south west of London, 24 miles (39 km) west of Brighton and 6 miles (10 km) south east of Chichester.

The town benefits from strong road communications being located on the A29 and the A259, which provide direct access to the A27. The A27 is the main south coast dual carriageway between Portsmouth and Brighton, which provides easy access to the wider South East and London via the A3(M) to the west and the A23/M23 to the east.

Bognor Regis railway station has regular direct services to London Victoria station in 1 hour and 45 minutes. It also provides services to Brighton (45 mins) and Chichester (15 mins).

London Gatwick Airport is located 48 miles (77 km) to the north east and Southampton Airport is 39 miles (63 km) to the west.

Bognor Regis is within easy reach of a number of ferry ports including Portsmouth Harbour 24 miles (38 km) to the west and Newhaven 42 miles (68 km) to the east.

## SITUATION

The property is situated on the established Southern Cross Trading Estate, one of the key industrial and commercial estates in the town. The estate is adjacent to Oldlands roundabout providing direct access to the wider area via the A29/259 and also the town centre to the south.

The Southern Cross Trading Estate is home to numerous national occupiers including Travis Perkins, Jewson, Eurocell, City Plumbing and John Wiley & Son Haulage. The estate also has retail warehouse uses/amenity with B&M and McDonalds located to the north-west corner.

The immediate surrounding area makes up the key out of town commercial/retail for Bognor Regis with notable nearby developments including Bognor Regis Retail Park (Halfords, Home Bargains, Matalan, Lidl and KFC), Arun Retail Park (B&Q, M&S Foodhall, Next, Costa, Pizza Hut and Burger King), Shripney Trade Park (Topps Tiles and Brandon Tool Hire) and South Bersted Industrial Estate (Howdens and Toolstation).

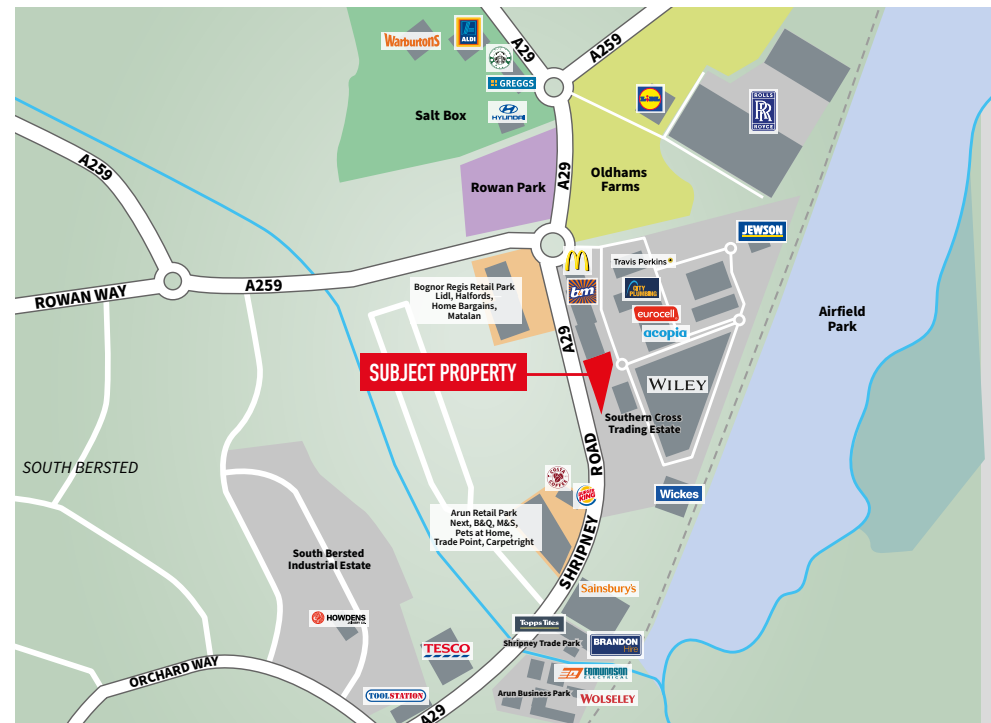
## ENTERPRISE BOGNOR REGIS

Enterprise Bognor Regis is a 70 hectare commercial and employment zone, which will significantly enhance the vitality of this area of the town and further solidify it as the key out of town commercial area in Bognor Regis. The area consists of 4 adjoining sites:

**Saltbox** - Consists of a Warburtons distribution unit (forward funding by KFIM), an Aldi supermarket, a Hyundai car showroom and two drive thru units let to Starbucks & Greggs.

**Oldhams Farm** - Comprises a 420,000 sq ft technology and logistics centre let to Rolls Royce and a new Lidl supermarket is under construction.

**Rowan Park/Airfield Park** - Both currently earmarked for development.





A29

Airfield Park

Jewsons

Rolls Royce

Lidl

Oldlands Farm

Ametek Solartron Metrology

Rowan Park

Salt Box

Paul Mathew Transport Ltd

JCC Lighting Products

Benchmarx Kitchens

Travis Perkins

McDonalds

City Plumbing

B&M

Eurocell

Acopia

Bognor Regis Retail Park

SUBJECT PROPERTY

John Wiley & Sons

John Wiley & Sons

A29

A29

## DESCRIPTION

Units 5-7 Southern Cross Trading Estate comprises a terrace of three highly prominent trade counter units with excellent frontage to Shripney Road totalling 16,423 sq ft (1,526.69 sq m). The units are of steel portal frame construction with brick and metal profile clad elevations below pitched roofs.

New roofs were installed on Units 5 & 6 in 2015 by the landlord. A new roof was also installed on Unit 7 in 2014 by the tenant and the vendor reimbursed the cost.

Each unit benefits from a minimum eaves height of 4.37m, roller shutter doors, office accommodation, toilets and yard space accessed from Oldlands Way. Unit 7 benefits from additional yard space to the southern elevation used for car parking. All the units have signage to the rear, which is highly visible from Shripney Road.

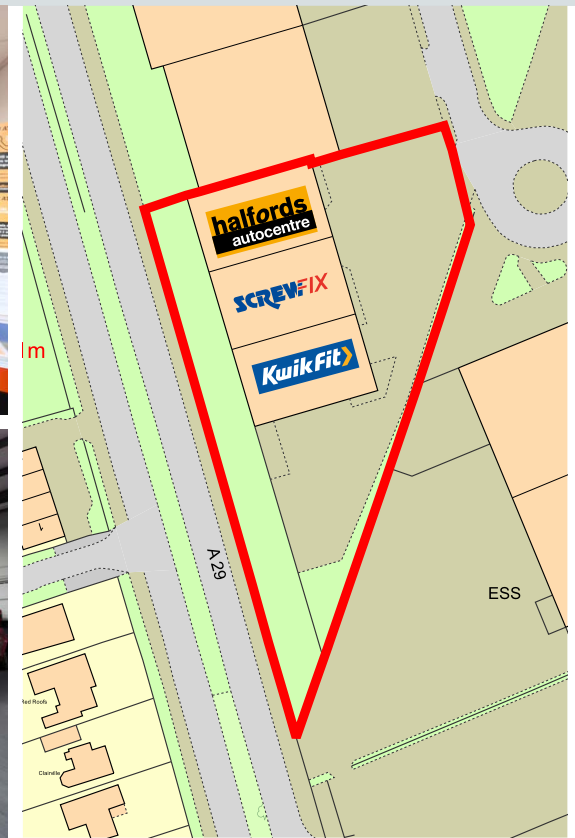
The property has a site area of 1.19 acres and a site density of approximately 31%.

## TENURE

Freehold.

## TENANCY SCHEDULE

The property is let in accordance with the below tenancy schedule providing a total income of £129,564 (average of £7.89 per sq ft) and an AWULT of 6 years to expiry and 4.3 years to break. All leases are inside the Landlord and Tenant Act 1954.



UNIT	TENANT	AREA (Sq m)	AREA (Sq ft)	LEASE START	LEASE END	BREAK	RENT REVIEW	RENT (per annum)	Rent (psf)	EPC RATING	COMMENT
Unit 5	Halfords Autocentres Limited	505.68	5,443	10/02/2016	09/02/2026	-	10/02/2021*	£43,574*	£8.01	C	RPI rent review (1%-3% collar and cap). *Current passing rent of £38,045 p.a. Rent at point of sale assumes 2% RPI growth in 2020.
Unit 6	Screwfix Direct Limited	499.15	5,373	29/05/2015	28/05/2025	-	29/05/2020*	£41,750*	£7.77	B	Photographic schedule of condition. *Rent at 29/05/2020 rent review is agreed and it is assumed it will have been documented by the point of sale. Current passing rent of £35,400 per annum (£6.59 per sq ft)
Unit 7	European Tyre Enterprises Limited (Guarantor of Kwik-Fit Properties Limited)	520.86	5,607	09/09/2014	08/09/2029	09/09/2024	09/09/2024	£44,240	£7.89	D	Upwards only OMV rent review. Photographic schedule of condition. The tenant will benefit from 7 months' rent free if they do not exercise the break.
<b>TOTAL</b>		<b>1,525.69</b>	<b>16,423</b>					<b>£129,564</b>	<b>£7.89</b>		

## COVENANT INFORMATION

### HALFORDS AUTOCENTRES LIMITED

Halfords Autocentre is a car servicing and repair company in the UK, specialising in car servicing, MOT testing, brakes, tyres, exhausts and air conditioning services/repairs. There are 314 autocentres in the UK.

Halfords Autocentres Limited has a Dun & Bradstreet rating of 4A2, indicating a 'lower than average' risk of business failure.



The company has recorded the following recent accounts:

	03 April 2020 £000's	29 March 2019 £000's	30 March 2018 £000's
Sales Turnover	176,441	161,408	157,871
Pre-Tax Profit (Loss)	2,139	4,705	2,418
Current Net Assets (Liabilities)	(13,846)	(655)	3,512
Tangible Net Worth	22,121	20,141	32,737

### SCREWFIX DIRECT LIMITED

Screwfix is the UK's largest multi-channel retailer of trade tools, accessories and hardware products. Founded in 1979 as the Woodscrew Supply Company, the company was acquired in July 1999 by Kingfisher plc, which also owns B&Q. Screwfix operates from 627 locations throughout the UK and has over 8,800 employees.

Screwfix Direct Limited has a Dun & Bradstreet rating of 5A1, indicating a 'minimum' risk of business failure. The company has recorded the following recent accounts:



	31 January 2019 £000's	31 January 2018 £000's	31 January 2017 £000's
Sales Turnover	1,683,798	1,527,092	1,306,018
Pre-Tax Profit (Loss)	170,128	171,523	118,448
Current Net Assets (Liabilities)	589,083	428,204	319,953
Tangible Net Worth	722,117	569,587	442,196

### EUROPEAN TYRE ENTERPRISE LIMITED

European Tyre Enterprise Limited is an international tyre and automotive service, maintenance and repair business group operating across five countries in Europe. Within the UK the group operate multiple retail brands including Kwik Fit with over 800 centres, as well as Stapletons Tyre Services which sells over 6 million tyres to trade customers.

European Tyre Enterprise Limited has a Dun & Bradstreet rating of 5A1, indicating a 'minimum' risk of business failure.

The company has recorded the following recent accounts:

	31 March 2020 £000's	31 March 2019 £000's	31 March 2018 £000's
Sales Turnover	-	-	-
Pre-Tax Profit (Loss)	598,150	(288,527)	4,252
Current Net Assets (Liabilities)	(189,387)	(558,290)	(299,885)
Tangible Net Worth	525,988	135,982	393,198

### KWIK-FIT PROPERTIES LIMITED (GUARANTOR ON LEASE)

Kwik Fit is a car servicing and repair company in the UK, specialising in tyres, brakes, exhausts, MOT testing, car servicing, air conditioning recharge, oil changes. There are over 600 centres of Kwik Fit within the UK.

Kwik-Fit Properties Limited has a Dun & Bradstreet rating of N3, indicating a 'lower than average' risk of business failure.



The company has recorded the following recent accounts:

	31 March 2020 £000's	31 March 2019 £000's	31 March 2018 £000's
Sales Turnover	-	-	-
Pre-Tax Profit (Loss)	(224)	(70)	49,460
Current Net Assets (Liabilities)	104,599	13	2,371,945
Tangible Net Worth	109,409	13	2,371,945

## INVESTMENT MARKET COMMENTARY

The multi-let industrial and trade counter sector has proven resilient throughout the Covid-19 pandemic and remains in demand with investors due to compelling occupational markets and rental growth prospects. These strong fundamentals have kept downward pressure on yields as properties that come to the market continue to be hotly contested by a range of investors.

Address	Date	Tenants	Size	Rent (psf)	AWULT (break)	Price	NIY	Capital Value (psf)
Hilton Road, Ashford	Under Offer	Screwfix, Crown Paint Ltd, Formula One Autocentres & Easy Bathrooms	14,656	£14.31	11 years (9.4 years)	Q. £3.90m	Q. 5.00%	Q. £266
Saint-Gobain, Kings Heath Industrial Estate, Northampton	Nov-20	Saint Gobain t/a Jewson, Graham & CTD	23,015	£6.08	9.4 years	£2.92m	4.51%	£127
Jewson, Montrose Road, Chelmsford	Sep-20	Jewson	25,211	£8.68	10 years	£5.1m	4.02%	£202
City Supplies, 17-19 Winchester Road, Walton on Thames	Aug-20	City Supplies	5,000	£13.00	15 years	£1.6m	3.83%	£320

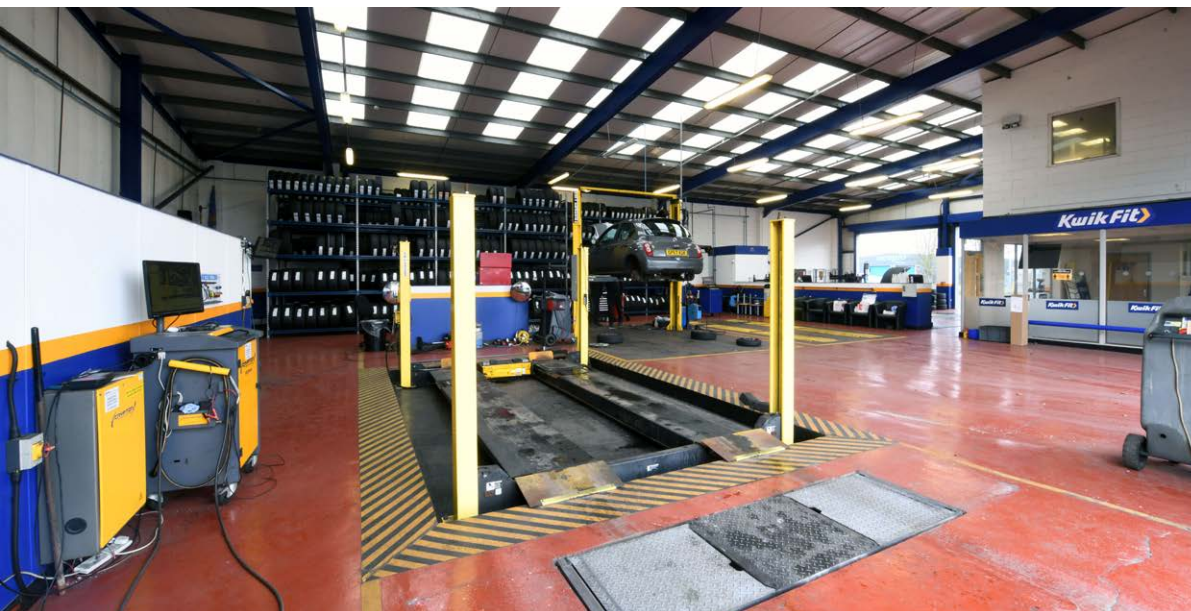
## OCCUPATIONAL MARKET COMMENTARY

Trade counter operators continue to perform strongly due to the buoyant housebuilder and home improvement markets. This strong performance has raised demand levels, which has led to rental growth within the sector and the tightening of incentives.

The local industrial market of Bognor Regis has remained resilient despite the effects of Covid-19 and rents have been stable. There is currently very limited availability and nearby competing centres such as Chichester are at a c. 30% premium to Bognor Regis. Therefore, rental growth and landlord favourable incentives are likely to continue.

Recent occupational transactions include:

Address	Date	Transaction Type	Size (sq ft)	Term (Break)	Rent (psf)
Unit 2 and 3, Shripney Trade Park, Bognor Regis	Available	-	4,678	N/A	Q. £9.50
Unit 7, Southern Cross Trading Estate, Bognor Regis	Sep-20	Rent Review	5,607	10 years (5th Year)	£7.89
Unit 1B, Durban Park, Bognor Regis	May-19	Open Market Letting	4,239	10 years (5th Year)	£7.88



## VAT

The property is elected for VAT and it is proposed that the sale will be treated as a Transfer of Going Concern (TOGC).

## DATA ROOM

There is a dataroom for the property with key tenancy information, title documents and EPCs. Access to it can be obtained via Lewis Ellis.

## PROPOSAL

Offers sought in excess of **£2,300,000 (Two Million Three Hundred Thousand Pounds)** subject to contract and exclusive of VAT.

This reflects an **attractive net initial yield of 5.30%**, after deduction of purchaser's costs of 6.34%, equating to a **capital value of £140 per sq ft**.

## FURTHER INFORMATION

Should you require further information or wish to view the property, please contact either:

### John Ellison

Tel: 020 7493 3330

Mob: 07889 437 236

Email: [jellison@lewisellis.co.uk](mailto:jellison@lewisellis.co.uk)

### James Elkington

Tel: 020 7493 3330

Mob: 07810 722 459

Email: [jelkington@lewisellis.co.uk](mailto:jelkington@lewisellis.co.uk)

### Joe Reece

Tel: 020 7493 3330

Mob: 07918 589 613

Email: [jreece@lewisellis.co.uk](mailto:jreece@lewisellis.co.uk)

**BOGNOR REGIS | UNITS 5-7 SOUTHERN CROSS TRADING ESTATE, PO22 9SE**

LEWIS ELLIS