

RARE SOUTH EAST MULTI LET TRADE COUNTER INVESTMENT OPPORTUNITY

LEWIS ELLIS



OXFORD

NUFFIELD TRADE PARK, OXFORD, OX4 6JS



INVESTMENT CONSIDERATIONS

- Opportunity to invest in a **globally renowned** university city in the **south east of England** famous for its **bio-science and automotive sectors**.
- **Oxford forms a key component of the Arc**, home to world leading universities, science and technology companies globally renowned for innovation. The new housing and transport infrastructure planned for the Arc will be a **catalyst for future growth**, delivering **one million new homes** and **700,000 additional jobs in the area by 2050**.
- The property comprises **18 industrial / trade counter units** providing a **total GIA of 88,117 sq ft (8,186.34 sq m)** with individual unit **sizes ranging from 2,879 sq ft (267.47 sq m) to 17,608 sq ft (1,635.84 sq m)**.
- **Multi let to 11 tenants** generating a **total rental income of £814,178 per annum** which reflects a **low average rent of £9.24 per sq ft**.
- Attractive **AWULT of 6.1 years to expiry and 3.4 years to break**.
- Opportunities in the short to medium term to add substantial value. **Asset management** initiatives include undertaking lease re-gears, driving rental performance across the estate and pro-actively targeting life science and tech occupiers.
- **The site extends to 4.58 acres (1.85 hectares)** providing a **low site coverage of 44%**.
- **Freehold**.
- **Strong income profile** with 96.7% of the income secured against **'lower than average risk of business failure'** covenants or better.
- **Prime rents are projected to continue on an upward trajectory**, largely due to a lack of supply of quality industrial stock.
- **Average rental growth forecasts** in the south east currently stand at **3% per annum over the next 5 years**.
- Oxford benefits from **excellent road, rail and public transport communications** which are set to improve further with the completion of the East West Railway line and the Oxford to Cambridge Expressway by 2030.
- Nuffield Trade Park is located on the south side of Oxford's Eastern By-Pass ring road **approximately 3.2 miles (5.1 km) south of Oxford city centre** and is considered one of the **primary trade counter locations** with a cluster of notable occupiers including Travis Perkins, BSS, Speedy Hire, The Electric Centre and City Plumbing Supplies.
- The COVID-19 pandemic has highlighted how vital the trade and industrial sector is to end consumers and supply chains. Trade and industrial has remained resilient throughout the last 12 months, largely down to surges in e-commerce, food delivery services and home improvement.
- Offers sought in excess of **£16,060,000 (Sixteen Million and Sixty Thousand Pounds)** subject to contract and exclusive of VAT. This reflects a **net initial yield of 4.75%**, after deduction of purchase costs of 6.73%, equating to a **low capital value of £182 per sq ft**.

LOCATION

Oxford is a historic and globally renowned university city in the South East of England located approximately 56 miles (90 km) north west of London, 26 miles (42 km) north of Reading, 63 miles (101 km) south of Birmingham and 68 miles (109 km) north east of Bristol.

ROAD

Oxford benefits from excellent road and public transport communications. The A40 (dual carriageway), provides direct access to the M40 at Junction 8 approximately 5 miles (8km) to the east and Cheltenham approximately 42 miles (68 km) to the west. In addition, the A34 (dual carriageway) provides direct access to both the M40 at Junction 9 approximately 11 miles (18 km) to the north east and the M4 at Junction 13 approximately 22 miles (36km) to the south.

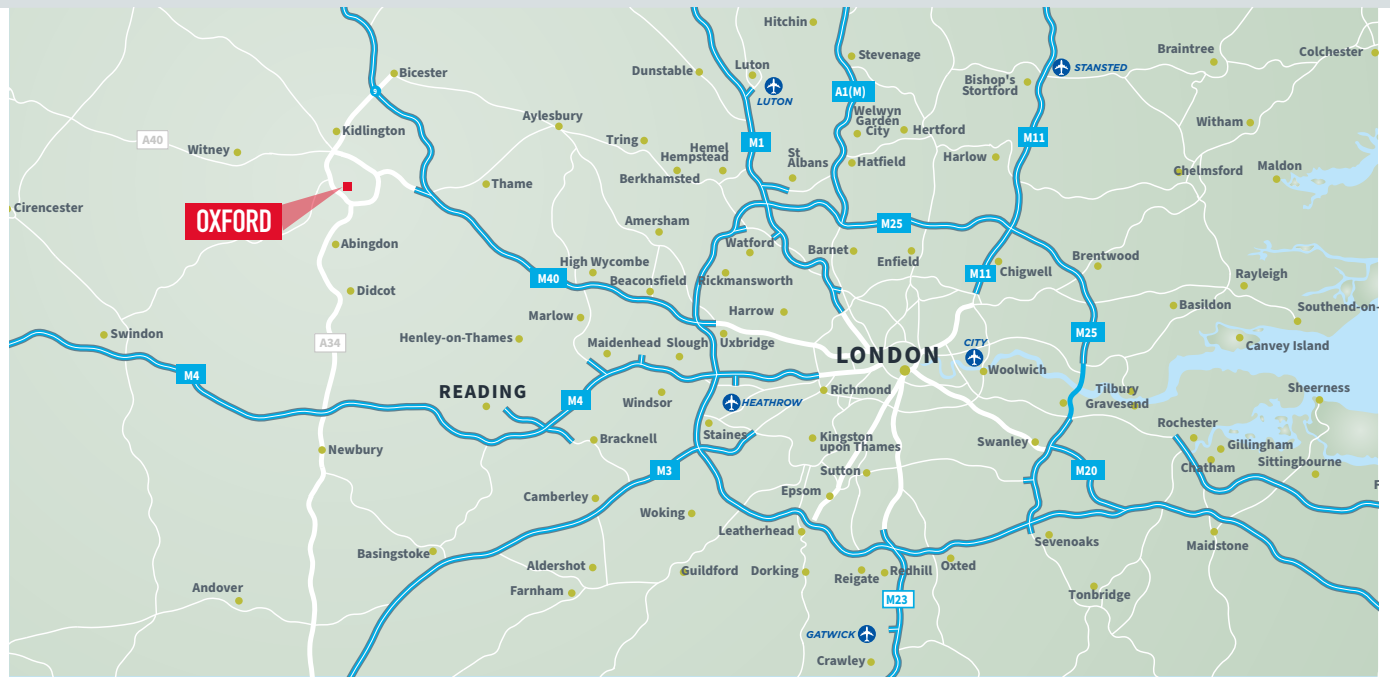
Oxford also benefits from the “Oxford Tube” coach service, which provides a 24-hour bus service to London Victoria with a journey time of circa 1 hour 40 minutes.

The Oxford to Cambridge Expressway is a planned grade-separated dual carriageway between Oxford (A34) and Cambridge (A14) via Milton Keynes which will further enhance connectivity. Completion of the project is expected by 2030.

RAIL

Oxford railway station provides direct, frequent services to London Paddington with a fastest journey time of 50 minutes. At peak times, there are five direct services per hour.

Town/City	Journey Duration
Reading	22 minutes
London Paddington	52 minutes
Birmingham	60 minutes



The East West Rail Line is a major transport project which will establish a direct railway link between Oxford and Cambridge via Bicester, Milton Keynes and Bedford. The Oxford to Bicester Village segment became operational in 2016 (fastest journey time of 14 minutes) and engineering works are in progress on the Bicester-Bletchley western segment. The line is due to be completed by 2030 and will further improve the connectivity of the city.

There are plans to re-open the Cowley Branch Line for passenger use, connecting local communities and key employment areas into Oxford and the wider railway network.

AIR

London Heathrow Airport and London Gatwick Airport, the UK's two busiest airports are located approximately 44 miles (71 km) and 74 miles (119 km) south east of Oxford respectively. Oxford International Airport is located approximately 7 miles (11 km) north of Oxford and offers services to around 250 destinations worldwide. Oxford International Airport is the fastest growing airport for business aviation in the UK.



OXFORD - CAMBRIDGE ARC

Oxford forms a key component of the Arc - an abbreviation for the Cambridge, Milton Keynes and Oxford Knowledge Arc. The Arc, home to world leading universities, science and technology companies is renowned globally for innovation and is of major importance to the UK. Home to the world-class universities of Cambridge and Oxford, the Arc has innovation and R&D embedded within its core, providing strong foundations for future growth.

The Arc is already home to a large number of market leading global firms and is as an important incubator for new start-ups given the exceptional talent pools. The new housing and transport infrastructure planned for the Arc will be a catalyst for future growth, delivering one million new homes and 700,000 additional jobs in the area by 2050. This combination of dynamic business growth and extensive house building will underpin future demand and rental growth for industrial and trade counter units within a supply constrained market.

THE FACTS

Oxford has a growing and robust economy, catalysed by its world-renowned University and thriving tourism industry. Oxford University contributes approximately £5.8 billion per annum to the UK economy and supports more than 50,000 full time jobs. The University is also an important regional contributor, adding £2.3bn a year to the Oxfordshire economy and supporting 33,700 jobs in the county. Oxford is home to approximately 42,500 students split between Oxford University and Oxford Brookes, with c.43% coming from overseas.

As one of the fastest growing cities in the UK, Oxford has a diverse and resilient economy and a highly qualified workforce, largely due to its highly regarded university, dominant bio-science sector and traditional manufacturing base including its renowned automotive industries where the iconic Mini is manufactured. A third of the population is between 18 and 29 and over 32,000 students attend its two universities. In terms of employment, over 4,500 businesses provide over 115,000 jobs in the local economy with the majority working within the health, education, research and technology sectors.

Furthermore, Oxford is the tourism gateway to the rest of Oxfordshire and the Cotswolds, attracting approximately 7 million visitors per annum, generating £780 million of income for local Oxford businesses. In terms of overseas visitors to the UK, Oxford is the eighth most visited city for staying visits.





DESCRIPTION

Nuffield Trade Park comprises 18 industrial/trade counter units arranged across four terraces on a self contained site.

The estate provides a total GIA of 88,117 sq ft (8,186.34 sq m) with individual unit sizes ranging from 2,879 sq ft (267.47 sq m) to 17,608 sq ft (1,635.84 sq m).

The buildings are of steel portal frame construction with full height brick elevations and profile sheet roofing with translucent roof lights.

The units benefit from the following institutional specification:

- Full height level access loading doors
- Hardstanding loading area to the front of each unit
- Dedicated staff / customer car parking bays
- Eaves height of 4.9 metres
- Ancillary office accommodation

Internally the units have concrete floors and various tenants have constructed mezzanine floors, trade counters, display areas and other alterations within the buildings in order to suit their individual requirements.

The site extends to 4.58 acres (1.85 hectares) providing a low site coverage of 44%.

SITUATION

Nuffield Trade Park is located on the south side Oxford's Eastern By-Pass Ring Road, accessed via Sandy Lane West. The park provides direct access to the A34 dual carriageway 2.2 miles (3.5 km) to the west, Junction 8 of the M40 7 miles (11 km) to the east and Oxford city centre 3.2 miles (5.1 km) to the north.

Nuffield Trade Park, together with the newly developed Network Oxford Trade City which adjoins the subject property, is considered one of the primary trade counter locations in Oxford with a cluster of notable occupiers including Travis Perkins, BSS, Speedy Hire, The Electric Centre and City Plumbing Supplies.

Oxford sits at the centre of a £6bn automotive cluster, with BMW Mini being one of the major industrial occupiers. Their plant in Cowley accounts for approximately half of Oxford's industrial space. In addition, there are a number of R&D, tech and science business who are drawn to the area by the proximity to both Oxford Business Park and Oxford Science Park. Other major occupiers in the vicinity include Rudolph & Hellman Automotive, Unipart Group, YASA Limited and Oxford Biomedica.

The local area comprises a mixture of commercial and residential uses and benefits from excellent access to amenities including Tesco, Sainsburys and M&S foodstores. The Kassam Stadium Complex, home to Oxford United Football Club also provides an extensive array of leisure amenities.





ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and comprises the following gross internal floor areas:

UNIT	TENANT	AREA (Sq ft)	AREA (Sq m)
1 - 2	The BSS Group Ltd	17,608	1,635.84
3	Sally Salon Services Ltd	2,908	270.16
4	Alliance Automotive UK LV Ltd	2,904	269.79
5	Trans-Global Sports Ltd	2,924	271.65
6	Kalsi Plastics (UK) Ltd	2,905	269.88
7	The Cocktail Service Ltd	2,895	268.95
8	Starcross Trading Ltd t/a Bears	2,879	267.47
9	TLC (Southern) Ltd	5,252	487.93
10	City Plumbing Supplies Holdings Ltd	5,744	533.64
11	City Plumbing Supplies Holdings Ltd	5,736	532.89
12 - 13	Oxford University Hospitals NHS Foundations Trust	12,925	1,200.77
14	Royal Mail Group Ltd	4,183	388.61
15	Royal Mail Group Ltd	4,273	396.97
16	Royal Mail Group Ltd	4,984	463.03
17	Royal Mail Group Ltd	4,984	463.03
18	Royal Mail Group Ltd	5,013	465.72
TOTAL		88,117	8,186.34

TENURE

The property is held freehold.



TENANCY DETAILS

The property is let to 11 tenants in accordance with the tenancy schedule below generating a total rental income of £814,178 per annum which reflects a low average rent of £9.24 per sq ft. The property benefits from an AWULT of 6.1 years to expiry and 3.4 years to break.

UNIT	TENANT	AREA (Sq ft)	AREA (Sq m)	LEASE START	NEXT RENT REVIEW	LEASE EXPIRY	BREAK OPTION	RENT (pa)	Rent (psf)	SCHEDULE OF CONDITION	OUTSIDE L&T 1954 ACT	COMMENTS
Units 1 & 2	The BSS Group Ltd	17,608	1,635.84	21/12/2018	21/12/2023	20/12/2028	-	£158,580	£9.01	Yes	No	Dec 2023 RR capped at £183,838 per annum. Rent paid monthly in advance.
Unit 3	Sally Salon Services Ltd	2,908	270.16	01/11/2020	01/11/2025	30/10/2030	01/11/2025	£28,065	£9.65	Yes	No	
Unit 4	Alliance Automotive UK LV Ltd	2,904	269.79	01/08/2020	01/08/2025	31/07/2030	-	£28,000	£9.64	No	Yes	
Unit 5	Trans-Global Sports Ltd	2,924	271.65	11/03/2020	-	10/03/2025	-	£29,000	£9.92	No	No	
Unit 6	Kalsi Plastics (UK) Ltd	2,905	269.88	05/07/2021	-	04/07/2026	05/07/2024	£30,503	£10.50	No	Yes	3 months rent free granted to 5 October 2021 (to be topped up by vendor). Break penalty equivalent to 3 months.
Unit 7	The Cocktail Service Ltd	2,895	268.95	06/02/2018	-	05/02/2023	-	£27,500	£9.50	No	Yes	Current passing rent of £25,330 per annum. Fixed rental uplift on 06/02/2022 to £27,500 per annum (to be topped up by vendor). £11,000 rent deposit.
Unit 8	Starcross Trading Ltd t/a Bears	2,879	267.47	28/05/2021	-	27/05/2028	28/05/2026	£30,600	£10.63	Yes	Yes	Tenant granted three months rent free (to be topped up by vendor).
Unit 9	TLC (Southern) Ltd	5,252	487.93	25/03/2012	-	24/03/2022	-	£46,500	£8.85	Yes	No	
Unit 10	City Plumbing Supplies Holdings Ltd	5,744	533.64	14/09/2016	-	20/07/2025	20/07/2022	£53,130	£9.25	No	No	Lease guaranteed by Travis Perkins (Properties) Ltd. Break penalty of £4,165. Tenant benefits from 3 months rent free from break date if break not exercised. Tenant likely to serve break notice in Jan 2022.
Unit 11	City Plumbing Supplies Holdings Ltd	5,736	532.89	21/07/2015	-	20/07/2025	20/07/2022	£53,050	£9.25	No	No	Lease guaranteed by Travis Perkins (Properties) Ltd. Tenant likely to serve break notice in Jan 2022.
Units 12 & 13	Oxford University Hospitals NHS Foundations Trust	12,925	1,200.77	06/05/2021	06/05/2026 and 06/05/2031	05/05/2036	06/11/2022	£122,800	£9.50	Yes	No	First break date (06/11/2022) is conditional on the payment of £8,000 plus VAT. Second break date (06/08/2031) is conditional on payment of equivalent to 6 months' rent plus VAT. If the Tenant does not exercise the first break date, the rent shall be reduced to a peppercorn for 18 months (from and including 1 December 2022 to and including 31 May 2024).
Unit 14	Royal Mail Group Ltd	4,183	388.61	29/09/2013	-	28/09/2023	-	£36,850	£8.81	No	No	
Unit 15	Royal Mail Group Ltd	4,273	396.97	29/09/2013	-	28/09/2023	-	£37,650	£8.81	No	No	
Unit 16	Royal Mail Group Ltd	4,984	463.03	29/09/2013	-	28/09/2023	-	£43,900	£8.81	No	No	
Unit 17	Royal Mail Group Ltd	4,984	463.03	29/09/2013	-	28/09/2023	-	£43,900	£8.81	No	No	
Unit 18	Royal Mail Group Ltd	5,013	465.72	29/09/2013	-	28/09/2023	-	£44,150	£8.81	No	No	
Total		88,117	8,186.34					£814,178	£9.24			

ASSET MANAGEMENT INITIATIVES

- Re-gear Post Office leases or explore obtaining VP, refurbish and re-let at premium rents to reflect substantial yards.
- Re-gear the lease on Unit 7 (The Cocktail Service) which expires February 2023.
- Pro-actively market Units 10 and 11 so that new tenants can be found in advance of the tenant break dates, mitigating any void and bringing forward a material reversion.
- The estate is ideally placed to attract R&D businesses emerging from the University and the Arc at premium rents.

COVENANT INFORMATION

The estate benefits from a diverse income stream from a mix of largely national multiples and regional occupiers. 96.7% of the income is secured to tenants with a 'lower than average risk of business failure' or better.

Unit	Tenant	D&B Rating	Year Ending	Turnover (000's)	Profit/(Loss) (000's)	Net Current Assets/Liabilities (000's)
1 - 2	The BSS Group Ltd	5A2	31/12/2019	£421,700	£30,100	(£8,200)
3	Sally Salon Services Ltd	5A2	30/09/2019	£151,891	£4,292	£26,238
4	Alliance Automotive UK LV Ltd	4A2	31/12/2019	£231,926	£17,199	£14,838
5	Trans-Global Sports Ltd	A2	31/03/2020	-	-	£545
6	Kalsi Plastics (UK) Ltd	4A2	31/10/2019	£40,016	£1,955	£6,546
7	The Cocktail Service Ltd	H3	31/05/2019	-	-	£110
8	Starcross Trading Ltd	H2	-	-	-	-
9	TLC (Southern) Ltd	4A1	31/05/2019	£72,780	£1,281	£17,209
10 - 11	City Plumbing Supplies Holdings Ltd	5A2	31/12/2019	£1,129	(£18,900)	£95,400
12 - 13	Oxford University Hospitals NHS Foundations Trust	O1	-	-	-	-
14 - 18	Royal Mail Group Ltd	5A1	29/03/2020	£7,734,000	(£11,000)	(£1,868,000)

OCCUPATIONAL MARKET COMMENTARY

The industrial market in Oxford is thriving with record take up levels achieved in 2020. This trend has continued into 2021 with approximately 260,000 sq ft let in Q1.

Demand is underpinned by a successful science and technology sector and continued growth of the e-commerce market and urban logistics. Science and technology demand now accounts for around 30% of all industrial transactions in the area. University funded tech companies coupled with established manufacturing and trade occupiers driving both take-up and rental growth in the area, a trend expected to continue. Supply will remain tight as no new development is planned locally primarily due to a complete lack of land supply.

Headline rental levels have continued on an upward trajectory, largely due to a lack of supply of new/refurbished industrial stock.

Oxford has experienced significant rental growth over the last three years, outperforming industrial markets across the UK. Forecasts predict average industrial rental growth of 3% in the South East over the next 5 years.

Listed below are a selection of recent lettings:

Property	Date	Tenant	Size	Headline Rent (psf)	Term
9 Trade City	Feb 2021	Refeyn	6,141 sq ft	£12.00	10 years with 5 year TBO
1 Horspath Trading Estate	Feb 2021	Chargery	4,934 sq ft	£12.06	3 years with 1 year TBO
2 Cowley Business Centre	Jan 2020	Masters Removals Group	6,917 sq ft	£11.75	10 years with 5 year TBO



INVESTMENT MARKET COMMENTARY

Trade counter assets have proved highly resilient over the last 12 months with the pandemic accelerating consumer adoption of online commerce, food delivery and home improvements.

Low levels of supply, a lack of development and strong rental growth prospects provide a strong investment rationale underpinned by the limited availability of traded industrial stock.

Listed below are a selection of recent market transactions demonstrating current pricing levels:

Location	Date	Area (sq ft)	Term Certain (Years)	Price	Yield (NIY)	Cap Val (psf)
Cambridge South	May 2021	67,929	8.0	£20.15m	4.15%	£297
Saracen Industrial Estate, Hemel Hempstead	April 2021	44,360	4.4	£12.45m	3.79%	£281
Manor Royal, Crawley	March 2021	55,754	8.9	£15.04m	4.65%	£270
Dukes Park, Harlow	Dec 2020	62,419	4.0	£14.055m	4.10%	£226
Perth Trading Estate, Slough	Nov 2020	131,998	3.1	£32.5m	4.60%	£246
Centro Industrial Estate, Hemel Hempstead	July 2020	61,776	4.5	£14.9m	4.27%	£241



SERVICE CHARGE

The service charge budget for the period ending 31st December 2021 is estimated at £61,485 per annum equating to £0.70 per sq ft. Further information is available in the dataroom.

VAT

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

ENERGY PERFORMANCE CERTIFICATE

The property has an EPC rating ranging between 55 (band C) and 98 (band D). Individual copies of the EPC's are available on the dataroom.



DATA ROOM

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

PROPOSAL

We are seeking offers in excess of **£16,060,000 (Sixteen Million and Sixty Thousand Pounds)** subject to contract and exclusive of VAT.

This reflects a **net initial yield of 4.75%**, after deduction of the usual purchaser's costs of 6.73%, equating to a **capital value of £182 per sq ft**.

FURTHER INFORMATION

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

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