

# FREEHOLD ROADSIDE INVESTMENT OPPORTUNITY

Chicklade Service Station • A303 • Chicklade • Wiltshire • SP3 5ST

Barber Wadlow

Fuel and Automotive Property Advisers

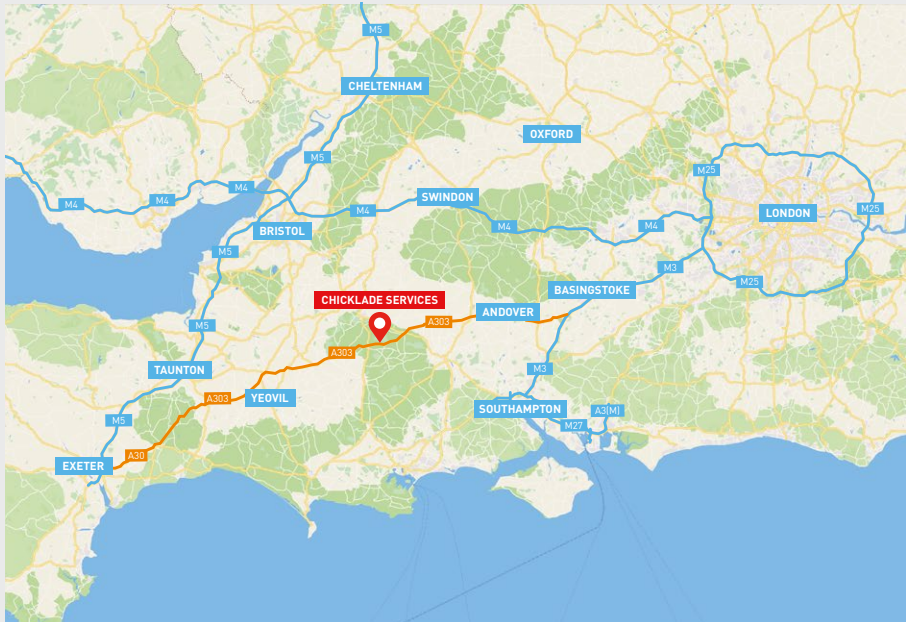


- Freehold roadside development comprising petrol filling station and restaurant on 1.2- acre site
- Low rent passing at £40,000 per annum - scope to increase rent by exercising outstanding rent review
- Reversionary asset - scope to significantly enhance retail offer





## Investment Summary



- **Freehold roadside development** comprising petrol filling station and restaurant on a spacious 1.2-acre site.
- Fronts the A303, a **major trunk road** linking London with the South West.
- Let in its entirety to **Tajatad Properties Limited** on a 15-year lease from 8 July 2013, expiring 8 July 2028 (**unexpired term: circa 9.25 years**).
- **Low rent passing: £40,000 per annum**. The outstanding July 2018 rent review offers scope to secure a rent increase (Estimated Rental Value: £70,000 per annum).
- **Reversionary asset** – investment value underpinned by vacant possession value.
- We are instructed to seek offers in excess of **£750,000** (Seven Hundred & Fifty Thousand Pounds). This price equates to a **Net Initial Yield of 5.05%** and a **running yield of 8.86%** based upon a rent increase to £70,000 per annum. Yield profile based upon standard purchaser's costs of 5.4%.





## Location & Situation



The property fronts the A303, a major trunk road that links London to the South West, in the county of Wiltshire.

It is 17 miles to the west of Amesbury, 100 miles to the south west of London and 70 miles north east of Exeter. The property benefits from a high level of passing traffic at circa 20,000 vehicles per day.\*

There is limited fuel retailing competition on the A303 in the vicinity of the subject site, with an Esso two miles to the west, but it only serves the westbound carriageway. The next petrol filling station to the west, on the A303, is circa 21 miles distant (Esso), whilst the nearest petrol station to the east is 12 miles away (Murco).

The property fronts a single carriageway section of the A303 and can be accessed from both westbound and eastbound traffic flows.

\*source: DfT 2017 - Annual Average Daily Traffic flow.





## Description

The development comprises a petrol filling station with convenience store and restaurant, together with 39 car parking spaces, on a rectangular-shaped site extending to 0.487 hectare (1.204 acre).

The property was comprehensively upgraded in 2018 and has recently fully reopened.

The fuel forecourt is situated at the front of the site and comprises four fuel dispensers arranged in a square formation and protected by a steel-framed, flat-topped illuminated canopy. The fuel dispensers are connected to an underground tank farm with a total capacity of 87,600 litres.

The c-store and restaurant occupy a single-storey building immediately to the rear of the forecourt. The c-store has recently been re-fitted and branded Spar.

The restaurant extends to 198.7m<sup>2</sup> (2,138ft<sup>2</sup>) and incorporates a fully fitted kitchen and WCs.

External areas are surfaced with tarmacadam and provide car parking, together with picnic area. A standalone building also provides additional WC facilities.

There are two access points on and off the A303.

## Site Area

The site extends to approximately 0.487 hectare (1.204 acre).



## Floor Areas

	m <sup>2</sup>	ft <sup>2</sup>
C-Store	59.8	644
Restaurant	198.7	2,138
<b>TOTAL</b>	<b>258.5</b>	<b>2,782</b>



## Tenancy

The property is let to Tajatad Properties Limited (by way of an assignment dated 22 December 2015) on a full repairing and insuring lease that expires on 7 July 2028 (circa 9.25 years unexpired).

The rent passing is £40,000 per annum, which is subject to an outstanding rent review on 8 July 2018. Rent is to be reviewed on an upwards-only basis to market rent, which given its under-rented status (see below), represents an opportunity to secure a rent increase, which will be back-dated to the review date. No further rent reviews during the unexpired term.

## Estimated Rental Value

Our opinion of rental value reflecting the hypothetical lease terms is in the region of £70,000 per annum.

The fuel and roadside retail sectors remain very buoyant, with strong occupier demand, as demonstrated by Barber Wadlow's latest [Forecourt Property Market Update](#).

Comparable transactions to support a rental increase at the outstanding July 2018 rent review include:

Petrol Filling Station	Retail Fuel Sales (million litres)	Shop Sales	Rent (per annum)	Tenant	Letting Date
Burwash Service Station, Sussex, TN19 7HN	2.6	£590,000	£75,000 (+ £250k premium)	Karan Retail	Aug-18
Fosseway Service Station, A46, Notts, NG12 2JU	1.95 Retail + 2.0 Bunker	£630,000	£98,500	Applegreen plc	Jun-17
Central C-Store & Forecourt, Exeter, EX6 8AA	2.7	£900,000	£95,000	WS Retail	Jun-16

The site was only partly trading in 2017/18 following a fire and subsequent redevelopment that completed in January 2019. Historic trading levels were in the region of 2,000,000 litres per annum and shopsales were circa £250,000 per annum. Trading levels are expected to grow following the period of closure, particularly during the summer period.

Our assessment of Estimated Rental Value at £70,000 per annum also incorporates the restaurant unit (2,138ft<sup>2</sup>). Please note, the redevelopment works were funded by the landlord (from insurance monies), therefore can all be rentalised.

## EPC

C64

## VAT & Capital Allowances

It is understood that the property has been elected for VAT. Notwithstanding this, the transaction will be treated as a TOGC, therefore VAT will not be chargeable.

## Proposal

We are instructed to seek offers in excess of **£750,000** (Seven Hundred & Fifty Thousand Pounds). This price equates to a **Net Initial Yield of 5.05% and a running yield of 8.86%** based upon a rent increase to £70,000 per annum. Yield profile based upon standard purchaser's costs of 5.4%.

This assumes a deduction of standard purchaser's costs of 5.4%, subject to contract and exclusive of VAT.





## Latest Transactions

The forecourt sector continues to appeal to a wide range of property investors due to the high quality nature of the assets, which benefit from long term leases that guarantee rental growth and tenants with a strong financial status. Moreover, investment value of petrol stations is underpinned by strong vacant possession values, which is recognised by investors.

Property	Tenant	Term Certain	NIY	Date
Rontec Northwich	Rontec	19 years	Quoting 5.15%	2019
Sainsbury's Horley	Sainsbury's	14 years	4.37%	2018
Spar Chesterfield	AF Blakemore & Son	20 years	5.24%	2018
Co-Op, Amesbury	Co-Operative Group	17.5 years	5.25%	2018
Co-Op Sheffield	Central England Co-Operative	5.5 years	5.42%	2017
Esso/Morrisons, Bristol	Rontec	25 years	4.85%	2017

## Further Information

If you require further information on this property, please do not hesitate to contact:

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Subject to Contract . AGW/2012/0031/222 . March 2019

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