

# FOR SALE PRIME CAR DEALERSHIP INVESTMENT

## BMW / MINI ROMFORD

ASHTON ROAD (A12) • HAROLD WOOD • ROMFORD • RM3 0GX

Barber Wadlow

Fuel and Automotive Property Advisers



 Sytner Group





## • Executive Summary

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## Executive Summary

- Rare opportunity to acquire a major branded dealership facility located inside the M25 Motorway.
- Freehold.
- High profile retail pitch fronting the A12, a major arterial route in/out of Greater London (average daily traffic flow of 50,000 vehicles).
- BMW / MINI dealership located across two sites, providing a combined site area of **1.678 hectares (4.145 acres)**.
- Both properties are let on individual but identical leases to **Sytner Properties Limited** and guaranteed by **Sytner Group Limited**, the retailer's 'top company' with a "**Very Low Risk**" Experian Rating.
- **Let on 35-year leases, expiring 20.12.2039.** Tenant break option on 20.12.2026 (providing a term certain of just over 7 years).
- Given the severe lack of supply of prominent commercial property in the region, compounded by high alternative use values, and the importance of adequate BMW/Mini brand representation in this trading area, the tenant can be expected to be very committed to the facility.
- **Passing rent:** £1,058,236 per annum (£13.55/ft<sup>2</sup>).
- Leases subject to five-yearly, **upward-only RPI-linked rent reviews**, capped at 13.14%.
- **Next Rent Review** in October 2021, rent will increase to £1,197,289 per annum (based on 13.14% cap).

## Proposal

We are instructed to seek offers in excess of **£18,700,000** (Eighteen Million Seven Hundred Thousand Pounds) subject to contract and exclusive of VAT for the freehold interests.

This pricing reflects an appealing Net Initial Yield of 5.30%, increasing to **6.00% in October 2021** based upon the 13.14% cap. Pricing and yield profile based upon standard purchaser's costs of 6.74%).



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## Location

Romford is located in the north east quadrant of Greater London, with a population of 257,810 inhabitants in the London Borough of Havering [source: ONS UK].

The town is positioned 16 miles to the north east of Central London, 15 miles to the south east of Enfield and a similar distance to the west of Basildon. The area enjoys excellent transport links via the M25, as well as the A12 which is a major arterial route in/out of London, as well as providing access into the affluent Essex catchment.

The dealership benefits from a high profile situation fronting the A12, 2 miles to the west of its intersection with the M25 Motorway (Junction 28). Average daily traffic flow passed the subject property is very high at 50,000 vehicles [source: DfT 2018]. The strength of the retail pitch is underpinned by major occupiers in the vicinity, including B&Q, Big Yellow Storage, as well as a Volkswagen dealership immediately adjacent.

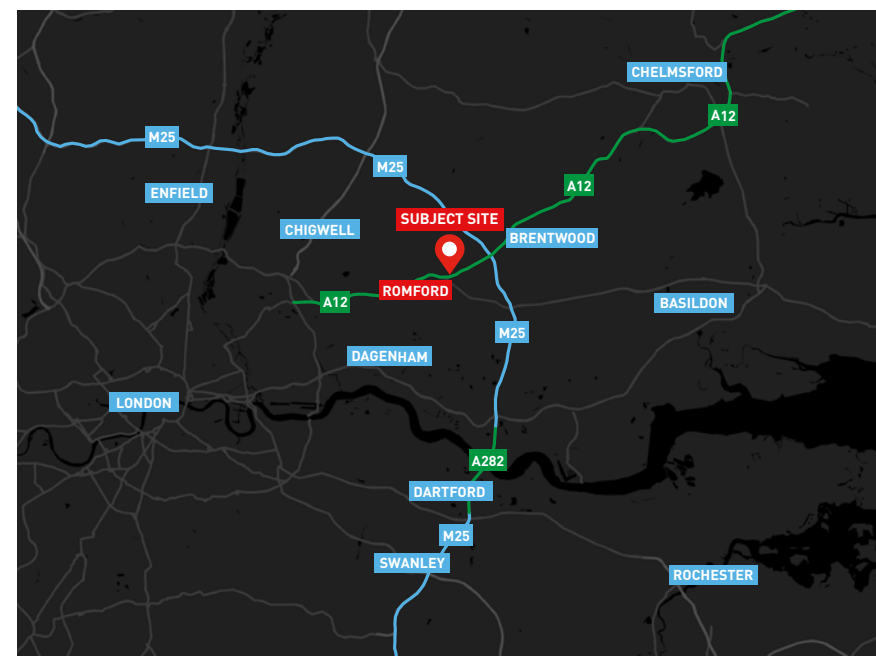
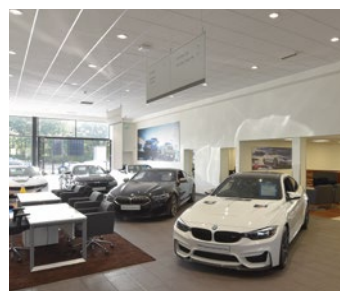
It is well placed to service the important Romford territory, which extends south to the River Thames, west towards Chigwell and east into Essex covering Basildon and Brentwood.

The severe lack of available commercial property in this region makes this an extremely rare proposition, being a dealership facility that provides a comprehensive range of facilities on an appropriately sized site with prominence, positioned inside the M25. It would be viewed as a highly sought-after facility/location from a retailer's perspective.

The exceptional demand for industrial accommodation in this region has further exacerbated the supply of vehicle retail opportunities and further underpins value for the subject property. Prime industrial land values in the Romford area are in the region of £2.0 million per acre (but sites with roadside frontage can exceed this level).



- |   |                            |
|---|----------------------------|
| 1 | Beadles Volkswagen         |
| 2 | Big Yellow Self Storage    |
| 3 | B&Q                        |
| 4 | Screwfix                   |
| 5 | Tesco Extra                |
| 6 | Bestway                    |
| 7 | Gallows Corner Retail Park |
| 8 | KFC                        |





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## Property

The dealership is located across two sites that are positioned directly opposite one another. Both the showroom and aftersales properties are finished to a high standard throughout, compliant with brand corporate identity standards.

## Showroom

Retail operations are conducted on the site overlooking the A12. The property comprises separate BMW and MINI showroom buildings, which together extend to 1,654.1m<sup>2</sup> (17,804ft<sup>2</sup>) on a site of 0.743 hectare (1.835 acre).

The BMW dealership provides a double-height sales area with full-height glazing, together with an eye-catching curved front elevation. The showroom can accommodate 21 vehicles on display. Office accommodation is provided at first floor level, overlooking the showroom area.

The MINI showroom provides a typically more compact sales area that can accommodate 8 vehicles and benefits from a glazed front elevation that overlooks the A12.

Externally, the property benefits from a substantial provision of display and other vehicle parking (192 spaces) as a consequence of the low site coverage ratio at 18%, which is unique for a dealership facility inside the M25.

## Aftersales

Positioned on a site that extends to 0.935 hectare (2.310 acres), to the rear of the showroom facility, the property provides workshop, vehicle storage and office accommodation extending to 5,600.7m<sup>2</sup> (60,286ft<sup>2</sup>).

The workshop is equipped with a 'drive-in' reception, which enhances customer experience, and leads into a vehicle storage for circa 45 vehicles, as well as two workshops that are equipped with 40 ramps. Parts storage, valeting and bodyshop are also accommodated at ground floor level. Offices and customer reception are provided at the front of the building at ground and first floor levels.

Externally, the property provides customer and storage parking for 131 vehicles.

## Tenure

Showroom: Freehold (Title No. EGL343142)

Aftersales: Freehold (Title No. EGL224238)

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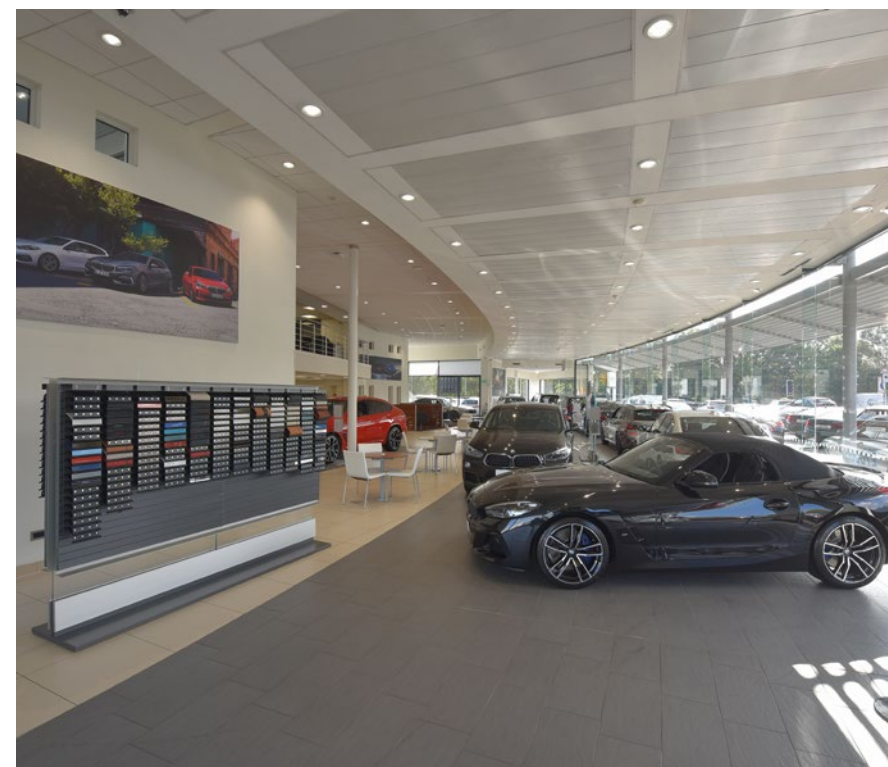
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## Tenancy

Both properties are let to Sytner Group, the UK's largest franchised vehicle retailer, on the following lease terms:

\*The tenant benefits from an option to renew at expiry for a further 15yr term. The renewed lease to be on identical terms to the existing lease, including rent reviews provisions, providing continued upwards only, RPI linked rental growth.

Property	Tenant	Guarantor	Lease Term / Expiry	Unexpired Term	Rent Passing (per annum)	Rent Review	Rent Increase @ Next Review
Showroom	Sytner Properties Ltd	Sytner Group Limited	35 years, expiring 20.12.2039*	20 yrs Tenant break option 20.12.2026 (term certain just over 7 years)	£459,829 (£26.08/ft²)	5-yrly, upward-only, RPI-linked (increase capped at 13.14%)	21.10.2021 – rent will increase to £520,251 p.a. (based upon 13.14% cap)
Aftersales	Sytner Properties Ltd	Sytner Group Limited	35 years, expiring 20.12.2039*	20 yrs Tenant break option 20.12.2026 (term certain just over 7 years)	£598,407 (£9.91/ft²)	5-yrly, upward-only, RPI-linked (increase capped at 13.14%)	21.10.2021 – rent will increase to £677,038 p.a. (based upon 13.14% cap)
<b>Total</b>					<b>£1,058,236 (£13.55/ft²)</b>		<b>£1,197,289 (£15.33/ft²)</b>





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The property has been measured by Greenhatch Limited, specialist measured building surveyors. A Measured Survey Report can be made available on request and a letter of reliance provided.

Showroom Building	M <sup>2</sup>	Ft <sup>2</sup>
<b>BMW</b>		
Showroom (inc. Ancillary Offices)	1007.3	10,842
First Floor Offices	294.3	3,168
<b>MINI</b>		
Showroom (inc. Ancillary Offices)	352.5	3,794
<b>Total</b>	<b>1,654.1</b>	<b>17,804</b>
<b>External Parking</b>		
Display	88 spaces	
Other	104 spaces	
<b>Total</b>		<b>192 Spaces</b>

Aftersales Building	M <sup>2</sup>	Ft <sup>2</sup>
Service	4,378.1	47,125
Ground Floor Offices	457.1	4,921
First Floor Offices	765.5	8,240
<b>Total</b>	<b>5,600.7</b>	<b>60,286</b>
<b>External Parking</b>		
Compound	98 spaces	
Other	33 spaces	
<b>Total</b>		<b>131 Spaces</b>



## Site Area

The showroom site extends to 0.743 hectares (1.835 acres).

The aftersales site extends to 0.935 hectares (2.310 acres).

## Site Coverage Ratio

Site densities are as follows:

Showroom: 18%

Aftersales: 52%



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## Tenant Covenant

Sytner Group is the largest automotive retail group in the UK (by turnover), achieving circa £6bn in the financial year ending 31.12.2018.

The property is let to Sytner Properties Limited (Company No. 03611990) and guaranteed by Sytner Group Limited (Company No 02883766), the 'top company' for the Group rated "Very Low Risk" by Experian, the top Commercial Delphi Band (report available upon request). The rent is received directly from Sytner Group Limited.

Sytner Group Limited			
	FYE 31.12.2018	FYE 31.12.2017	FYE 31.12.2016
Turnover	£5.954bn	£5.563bn	£4.812bn
Profit Before Tax	£113,266,000	£99,119,000	£109,376,000
Net Assets	£394,869,000	£350,820,000	£282,187,000

## New Car Sales

The Society of Motor Manufacturers & Traders ('SMMT') forecast for new car sales in 2019 is 2.313m units. Whilst the sector has seen a decline in sales, it should be appreciated that the market is falling back from an all-time high (2.693m units in 2016).

2019 performance is currently running in line with the annual average over the last 10 years.



## Investment Comparables

Investors are attracted to the sector as a result of strong property fundamentals and dealer / brand commitment to outlets, which offer asset enhancement opportunities through lease restructuring.

Location	Franchise	Tenant	Term Certain (Years)	Price	Net Initial Yield	Date
Beckton (East London)	Porsche	Lancaster Plc	16	£12m	4.17%	Sept-19
Manchester	Peugeot/Citroen	Peugeot Motor Company Plc	8	£5.87m	5.38%	Aug-19
Croydon	Mazda	Drift Bridge Limited	5.75	£3.35m	5.40%	Jun-19
Tunbridge Wells	VW	Volkswagen Group UK Limited	7	£4.83m	5.75%	May-19
Bristol	Peugeot	Peugeot Motor Company Plc	8.5	£3.47m	5.41%	Apr-19
Watford	Hyundai	Spire Automotive Ltd	9.9	£2.86m	5.4%	Apr-19
Edgware (London)	Peugeot	Peugeot Motor Company Plc	9	£7.95m	4.76%	Mar-19
Newcastle Upon Tyne	Infiniti	Honda Motor Europe Limited	13	£3.62m	5.5%	Jan-19
Cheltenham	Aston Martin	Broughtons of Cheltenham Limited	5.5	£6.60m	5.75%	Nov-18
Cheltenham	VW	Volkswagen Group UK Limited	6	£4.10m	5.83%	Nov-18



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**Adam Wadlow**

Tel: 07814 692312

Email: adam.wadlow@barberwadlow.co.uk

**Robin Baker**

Tel: 07813 197020

Email: robin.baker@barberwadlow.co.uk

Subject to Contract.

AGW/RB/2019/0060/818

November 2019

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## VAT

We understand that VAT will be applicable to the purchase price. Subject to the buyer's VAT status, the property may be transferred as a going concern.

## EPC

Showroom: D88  
Aftersales: C54

Certificates available upon request.

**Barber Wadlow for themselves and for the vendors or lessors of this property whose agents they are give notice that:**

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(ii) all descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other details are given in good faith and are believed to be correct but any intending purchasers or tenants should not rely on them as statements or representations of fact but

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