

# FOR SALE MODERN CAR SHOWROOM INVESTMENT PEUGEOT / CITROEN LIVERPOOL

77 MILL LANE / EDGE LANE, LIVERPOOL, L13 4EJ

Barber Wadlow

Fuel and Automotive Property Advisers



- Freehold
- Let to Peugeot Motor Company Plc.
- Lease expires August 2026 (circa 8.5 years unexpired)

## Executive Summary

- Freehold Peugeot/Citroen car showroom.
- Highly prominent pitch fronting A5080 Edge Lane, a major arterial route into Liverpool city centre.
- Adjacent to major occupiers, including a new B&Q (opened June 2017), Big Yellow Self Storage and Liverpool Shopping Park.
- Property extends to 1,771.6m<sup>2</sup> (19,069ft<sup>2</sup>) on 0.80 hectare (1.97 acre), with a low site coverage ratio of 19%.
- Recently upgraded and extended by tenant at cost of £1,250,000\*.
- Tenant: Peugeot Motor Company Plc (Total Equity: £243m).
- Unexpired term of circa 8.5 years.
- Low passing rent of £148,500 per annum (£7.79/ft<sup>2</sup>).
- Rent subject to five-yearly upward-only rent reviews to Market Rent. August 2016 rent review outstanding.
- We are instructed to seek offers in excess of **£2,330,000 (Two Million Three Hundred & Thirty Thousand Pounds)** for the freehold interest, which reflects a Net Initial Yield of **6.00%** (after purchaser's costs of 6.35%).



## Location & Situation

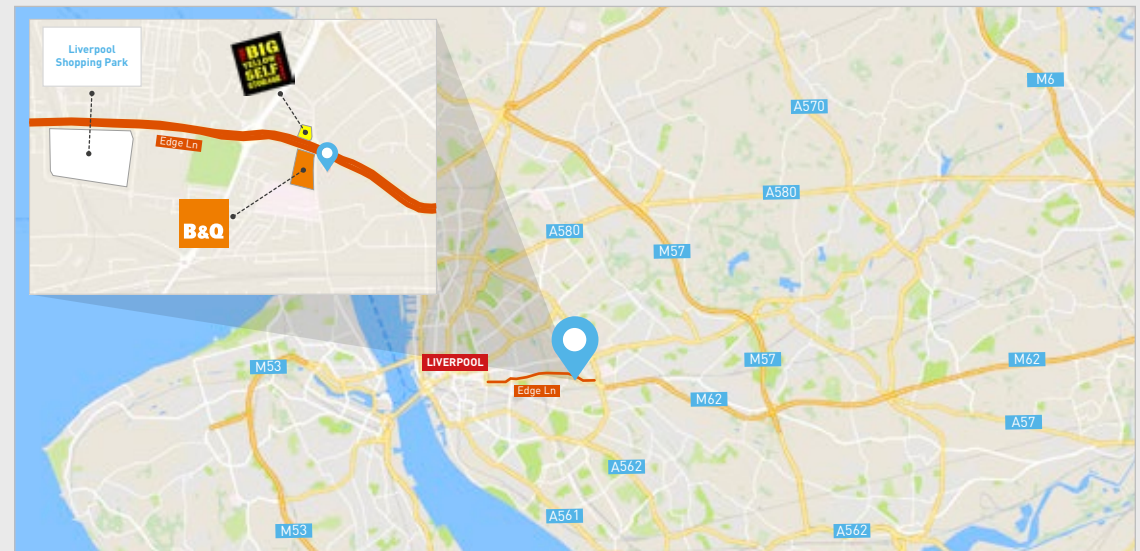
The property is situated in the city of Liverpool, 3.6 miles to the east of the city centre. Liverpool has a population of 552,267 inhabitants [source: Census 2011] and is located 34 miles to the west of Manchester and 20 miles to the north of Chester.

The property benefits from a highly prominent pitch fronting the A5080 Edge Lane, a major arterial route into Liverpool city centre, with a daily traffic flow of 47,419 vehicles [source: DfT 2016].

The high-profile nature of the location is demonstrated by the presence of major occupiers in the vicinity, including a new B&Q (opened June 2017) and a Big Yellow Self Storage outlet opposite. Immediately to the rear is a new-build trade counter scheme with occupiers including Elegant Bedrooms, Screw Fix and Target Wavertree Electrical Supplies.

Approximately 0.5 mile to the west is the new Liverpool Shopping Park, which has recently been redeveloped and provides 727,000ft<sup>2</sup> of accommodation, with occupiers including Marks & Spencer, River Island, Next, TK Maxx, Smyths Toys, H&M, Outfit, JD Sports and Boots, amongst others.

The subject dealership services the entire Liverpool territory for Peugeot and Citroen.



## The Property

The dealership has recently been upgraded to comply with the latest Peugeot/Citroen corporate identity standards at a reported cost of £1,250,000\*.

The building is of a steel portal-framed construction, with a multi-pitched profile metal-clad roof and metal clad elevations with glazing along the showroom frontage.

Internally, the property provides a double-height sales area that can accommodate 10 cars on display, in addition to a customer waiting area and a range of sales desks and offices.

The aftersales accommodation is situated at the rear of the building and comprises two separate workshops that are equipped with 14 ramps. Vehicular access is via two automated doors in the rear elevation. The parts storage is accessed off the workshop.

First floor accommodation provides a range of offices, staff kitchen and WCs and is accessed via two staircases.

External areas are surfaced with tarmac and provide 93 display spaces to the front and side of the dealership building and 149 customer/storage spaces to the rear.

In addition, at the rear of the site, are two valeting buildings (dry and wet) that are of steel portal-framed construction.



\*AM Online article (dated September 2017)

## Floor Area

	ft <sup>2</sup>	M <sup>2</sup>
<b>Ground Floor</b>		
Showroom and Sales Offices	5,676	527.3
Offices	533	49.5
Workshop, Parts & Ancillary	8,946	831.1
<b>First Floor</b>		
Offices & Ancillary	2,503	232.5
<b>Valet Buildings</b>		
Dry Valet	911	84.6
Wet Valet	502	46.6
<b>Gross Internal Area*</b>	<b>19,069</b>	<b>1,771.6</b>

\*Please note, excluding tenant improvements, the property extends to 1,597.4m<sup>2</sup> (17,194ft<sup>2</sup>).

## Site Area

The site extends to approximately 0.80 hectare (1.97 acre), which equates to a low site coverage ratio of 19%.

## EPC Rating

D-95.

## Tenure

Freehold.

## Environmental

Phases 1 and 2 environmental reports available upon request.

## Tenancy

The property is let to Peugeot Motor Company Plc on FRI terms (subject to a schedule of condition) for a term of 20 years from 9 August 2006 (circa 8.5 years unexpired).

The passing rent is £148,500 per annum (£7.79/ft<sup>2</sup>), subject to five-yearly, upwards-only rent reviews to Market Rent. The August 2016 rent review is currently outstanding and a rent notice has not yet been served. The property is occupied by Robins & Day Limited, a wholly-owned subsidiary of PSA Peugeot Citroen. It is understood that no sub-lease is in place and, in accordance with the lease, the tenant is able to share occupation of the property with any company whose ultimate holding company is PSA Peugeot Citroen.

A Licence to Alter documenting the recent upgrade works was completed on 08.06.2017. A copy of the lease and associated documentation can be made available upon request.

## Covenant Strength

### Peugeot Motor Company Plc (Reg. No. 00148545)

The principal activity of the company is the distribution and sale of Peugeot cars, light commercial vehicles and parts in the UK. The company benefits from a very strong financial status, as demonstrated below:

	2016* (£'000)	2015* (£'000)
<b>Revenue</b>	£1,524,243	£1,541,934
<b>Profit After Tax</b>	£8,951	£11,176
<b>Total Equity</b>	£243,313	£172,991

\*Financial Year – 12 months to 31 December

The Peugeot and Citroen retail networks in the UK comprise a total of 355 outlets, of which 41 dealerships are owned/leased by the manufacturer and operated by Robins & Day. This ownership structure is to ensure that PSA Peugeot Citroen controls the most important vehicle retail territories for both brands, including the major conurbations of Greater London, Birmingham, Manchester, Bristol, Newcastle Upon Tyne and Liverpool, amongst others. The rationale is to ensure that the brands are never without representation in these key territories, which underlines their commitment to the subject property, particularly given the recent £1,250,000 investment to upgrade the accommodation and incorporate Citroen.

## Automotive Occupational/ Investment Market

Car sales reached an all-time high in 2016 and, whilst there has been a softening of the market during 2017, the 2017 forecast is 2,565,000 units, which is still comfortably above the mean annual average since the millennium of circa 2,300,000 units.

Demand for prime dealership investments let to good-quality tenants on long term leases has been sustained over the last 12 months. Yields at 4.5% to 4.75% have been recorded in a variety of locations throughout the UK (not just the South East).

Investments with under 10 years' term-certain have also performed well, with yields ranging from 5.0% to 6.0%, which demonstrates investors' appreciation of strong property fundamentals, retailer commitment to specific outlets and future lease re-gear opportunities.



Date	Location	Tenant	Unexpired Term (Years)	Price	Net Initial Yield	Rent Review Mechanism
Q3 2017	High Wycombe BMW & MINI	Sytner Group	7.5	£26.1m	5.01%	OMRV
Q3 2017	Swindon Mercedes	Sytner Group	7.5	£8.82m	5.65%	OMRV
Sept 2017	Stirling Audi	VW Group	8.75	£3.44m	6.01%	OMRV
Q2 2017	Huddersfield VW	VW Group	7.75	£6.3m	6.03%	OMRV
Q2 2017	York Peugeot Citroen	Pendragon	12.75	£3.92m	5.75%	OMRV
Q2 2017	Stourbridge Volvo	Volvo Car	14	£1.75m	5.25%	RPI (capped at 3% growth)
Mar 2017	Bentley Knutsford	Sytner Group	11	£7.0m	4.93%	RPI
Dec 2016	Redditch VW	VW Group	9.7	£3.225m	6.04%	OMRV

## VAT

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

## Further Information

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

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Subject to Contract . AGW/2016/0031/569 . November 2017



## Proposal

We are instructed to seek offers in excess of **£2,330,000** (Two Million Three Hundred & Thirty Thousand Pounds) for the freehold interest, subject to contract and exclusive of VAT.

A purchase at this level reflects a Net Initial Yield of **6.00%** (after purchaser's costs of 6.35%).



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