

# CARDIFF



PRIME DEALERSHIP INVESTMENT



WAGTAIL CLOSE // CARDIFF GATE BUSINESS PARK // CARDIFF // CF23 8RT

**RAPLEYS**



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UK AUTOMOTIVE  
INDUSTRY

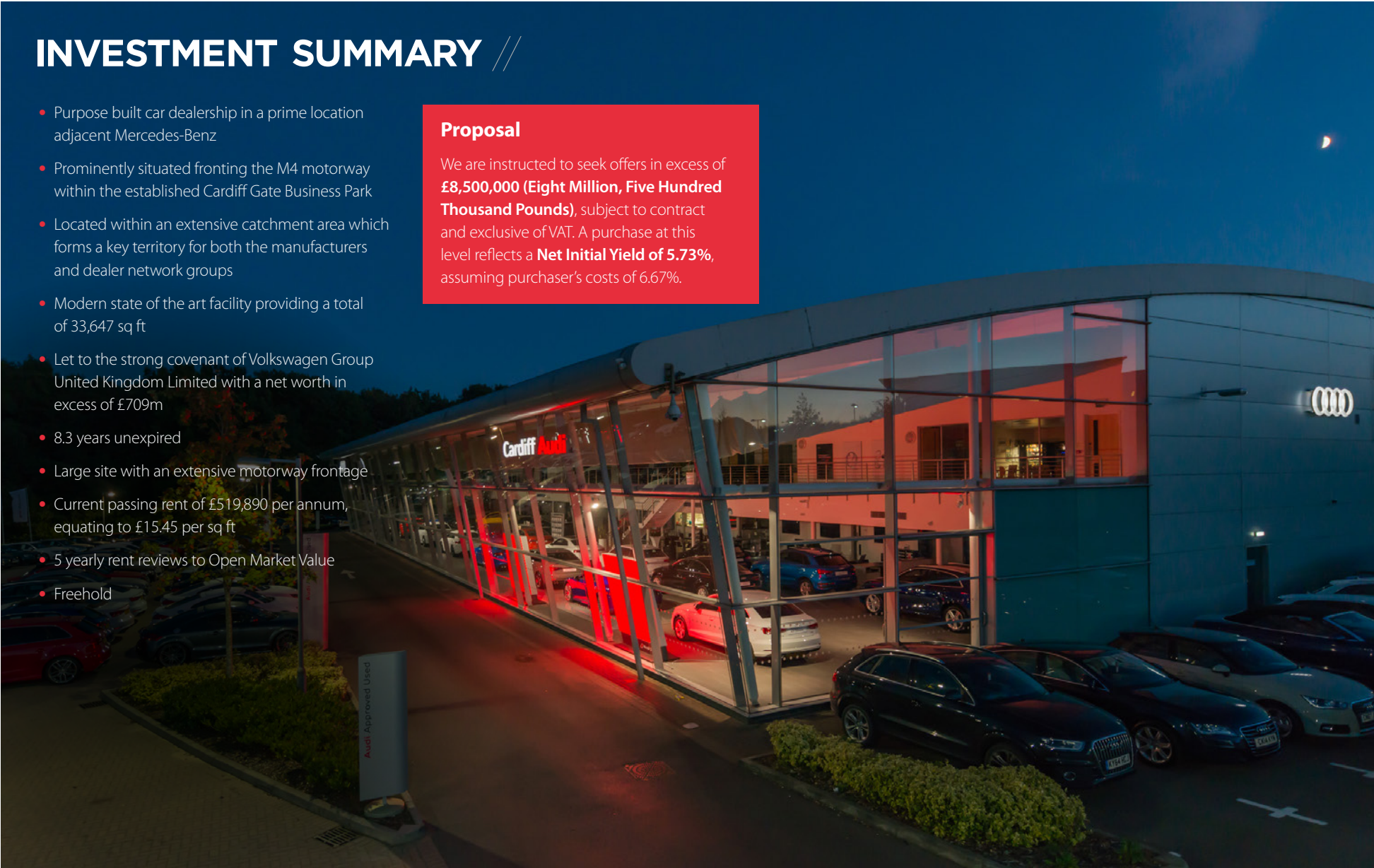
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INVESTMENT SUMMARY //

- Purpose built car dealership in a prime location adjacent Mercedes-Benz
- Prominently situated fronting the M4 motorway within the established Cardiff Gate Business Park
- Located within an extensive catchment area which forms a key territory for both the manufacturers and dealer network groups
- Modern state of the art facility providing a total of 33,647 sq ft
- Let to the strong covenant of Volkswagen Group United Kingdom Limited with a net worth in excess of £709m
- 8.3 years unexpired
- Large site with an extensive motorway frontage
- Current passing rent of £519,890 per annum, equating to £15.45 per sq ft
- 5 yearly rent reviews to Open Market Value
- Freehold

Proposal

We are instructed to seek offers in excess of **£8,500,000 (Eight Million, Five Hundred Thousand Pounds)**, subject to contract and exclusive of VAT. A purchase at this level reflects a **Net Initial Yield of 5.73%**, assuming purchaser's costs of 6.67%.



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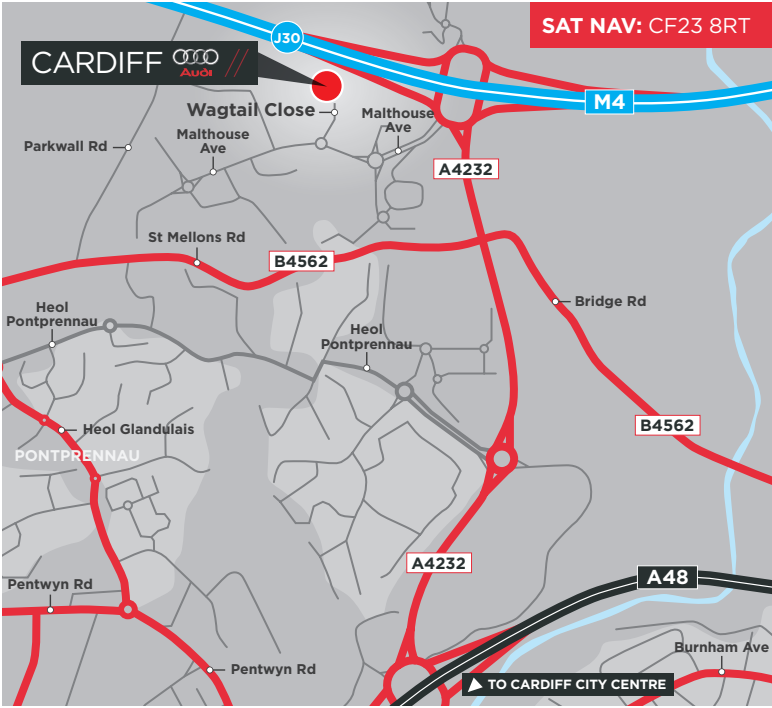
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LOCATION

Cardiff is the capital city of Wales and comprises the principle retail and commercial centre for the South Wales region. The city is located approximately 45 miles (72 km) to the west of Bristol and 41 miles (66 km) to the east of Swansea.

The city benefits from excellent road infrastructure, lying to the south of the M4 motorway, providing access to the north east of the city via the A48 (M), which leads directly to Junction 29, and via the A48 to the west of the city providing access to Junction 32.

Cardiff benefits from strong public transport links with regular direct services to London Paddington, with a fastest journey time of approximately 2 hours. There are further convenient links to Swansea (50 minutes), Birmingham (2 hours) and Manchester (3 hours 10 minutes).



DEMOGRAPHICS

The total population within Cardiff's primary catchment area is 1,280,000, ranking the city 6 out of the PROMIS centres and ensures that Cardiff forms a substantial and key territory for both manufacturers and the dealer network groups alike.

The estimated shopping population is 592,000 (Source: Promis) with approximately 112,211 people living within a 10 minute drive time, rising to 746,000 within a 30 minute drive time. Cardiff retains a large share of available comparison spending within its primary catchment area and draws spending from a significant area beyond.

The demographic profile of the local area is moderately affluent, with levels of home and car ownership above the national average.

Cardiff is also an important tourist destination with an estimated 18.4 million people visiting the city annually, generating an estimated total spend of close to £1 billion per annum to the local economy. Various major leisure facilities and the Millennium Stadium have further strengthened Cardiff's position as a major tourist destination.





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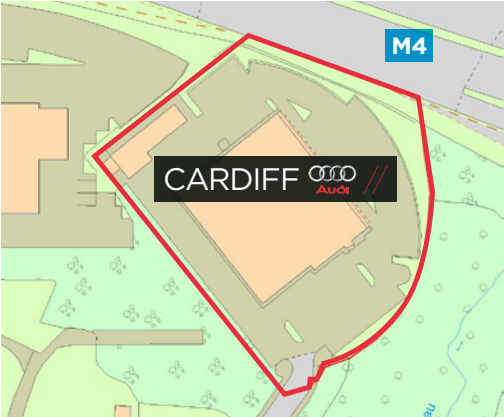


SITUATION

The property is prominently located fronting the westbound carriageway of the M4 motorway, within the established Cardiff Gate Business Park in close proximity to Junction 30. Cardiff city centre lies approximately 7 miles (11 km) to the southwest via the A4232 and A48. Newport is located approximately 8 miles (13km) to the east via the M4.

Cardiff Gate Business Park is a modern mixed use development comprising office, retail, hotel and motorway service area. The location represents an established premium brand dealership cluster with a state of the art Mercedes-Benz dealership facility situated adjacent the subject property.

Cardiff Gate Retail Park is situated approximately 1 mile to the south east of the subject property. The scheme comprises approximately 200,000 sq ft, with occupiers including B&Q, Oak Furnitureland, dfs, Pure Gym, Tapi, Wren Living and McDonald's. Other notable occupiers in the surrounding location include an Ibis Hotel. KFC, Starbucks and Waitrose operate from Cardiff Gate Services.





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DESCRIPTION

The property comprises a modern, purpose built dealership facility constructed in 2005, incorporating showroom, offices, workshop, parts and ancillary accommodation located at ground and first floor level, providing a total GIA of approximately 33,647 sq ft.

Orientated to provide visibility to the M4, the showroom is of steel portal frame construction, incorporating extensive full height glazing to the front and side elevations, formed beneath a barrel vaulted steel roof structure.

Internally the showroom is fitted to a high specification throughout, including a ceramic tiled floor providing 22 display spaces, extensive lighting and overhead ventilation / heating system. Adjacent to the showroom there is a customer waiting area and café, customer WC's and an additional handover bay.

To the rear of the showroom and configured over two floors is office accommodation with glazed partitions, carpeted flooring and suspended ceilings with recessed spotlighting. In addition, there are staff facilities at first floor level that include WC's and a kitchen area.

The workshop and parts department are situated to the rear of the showroom. The workshop comprises a steel portal frame structure beneath a shallow pitched steel roof and provides a total of 19 service bays. The parts department is fitted to a similar specification as the workshop.

Externally, there is a separate valet bay area and extensive car parking providing display, service and customer spaces.



ACCOMMODATION

Accommodation	Sq ft	Sq M
Ground Floor		
Showroom	10,003	929
Customer Waiting Area	433	40
Handover Bay	840	78
Kitchen	150	14
WC	479	45
Ancillary	216	20
Stairwell	134	13
Communications	67	6
Workshop	11,712	1,088
Workshop Ancillary	352	33
Parts	1,197	111
	25,583	2,377
First Floor		
Office	4,570	425
Ancillary	1,217	113
WC	494	46
Kitchen	582	54
Parts Mezzanine	1,201	111
	8,064	749
Total	33,647	3,126

Car Parking	No. of Spaces
Display	67
Customer/Service	113
TOTAL	180

\*The valet bay area comprising approximately 2,862 sq ft, (266 sq m) we understand to be a tenant's improvement.

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SITE AREA // TENANCY //

The site area comprises approximately 2.56 acres, (1.04 hectares).

The property is let to Volkswagen Group United Kingdom Limited, on a full repairing and insuring lease for a term of 20 years from 23 December 2005, at a passing rent of £519,890 per annum, reflecting an approximate overall rent of £15.45 per sq ft.

TENURE //

The property is held Freehold.

The rent is subject to review on every fifth anniversary of lease commencement, to open market value. The property has been sub-let to Mon Motors Limited on a co-terminus basis.



COVENANT INFORMATION //

Volkswagen Group United Kingdom Limited

Volkswagen Group United Kingdom Limited forms part of the Volkswagen Group and is one of the country's largest importers of vehicles, manufacturing one in every five cars sold in the UK. The Group's relationship with the UK dates back to 1952 and the company has grown to become one of the world's most recognised and leading automotive brands.

The property is let in its entirety to Volkswagen Group United Kingdom Limited (company number 514809) which has a Dun and Bradstreet rating of 5A1. Volkswagen Group United Kingdom Limited's latest published accounting information is as follows:-

Financial Year End	31 Dec 2015	31 Dec 2014	31 Dec 2013
Sales Turnover	£9,430,300,000	£8,868,400,000	£7,619,500,000
Pre-Tax Profit (Loss)	£158,600,000	£154,700,000	£130,000,000
Tangible Net Worth	£709,400,000	£725,300,000	£699,800,000





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Investment

The UK dealership market remains strong for prime assets with a particular focus on quality assets, let to strong covenants in key geographical locations. Institutional and private equity firms continue to demonstrate unwavering demand for further exposure to the sector, attracted by the robust covenants of the manufacturers and dealer network groups, who remain acquisitive and are willing to agree long occupational leases.

Given the lack of prime stock available in the open market, dealership yields have hardened in the last 12 months. Prime yields currently stand in the mid 4%’s and this pricing level has been seen throughout the UK, not just limited to Greater London and the south east region. We anticipate the lack of suitable opportunities available on the open market will continue for the foreseeable future and as investor demand remains unsatisfied, strong yields will continue to be achieved for prime dealership assets in key territories.

We set out recent comparable investment transactions below:

Date	Location	Tenant (Guarantor)	Term Certain (years)	Price	Net Initial Yield
Aug-17	BMW High Wycombe	Sytner Properties Ltd (Sytner Group Ltd)	7.6	£26,100,000	5.06%
Jun-17	VW Huddersfield	Goodman Retail Ltd (VW Group UK Ltd)	7.75	£6,300,000	6.03%
May-17	Peugeot / Citroen York	Pendragon Property Holdings Ltd	12.5	£3,920,000	5.75%
Mar-17	Bentley, Knutsford	R Stratton & Co (Sytner Group Ltd)	11	£7,000,000	4.93%
Feb-17	VW / Volvo Solihull	Volkswagen Group UK Ltd	23	£14,000,000	4.69%
Feb-17	VW Glasgow	Volkswagen Group UK Ltd	18	£2,850,000	5.16%
Dec-16	VW Redditch	Volkswagen Group UK Ltd	9	£3,230,000	6.01%





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VAT //

The property has been elected for VAT and it is anticipated that the transaction will be treated as a Transfer of a Going Concern (TOGC).

EPC //

An Energy Performance Certificate for the property is available upon request.

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For further information or to arrange an inspection, please contact:-

**Rick McIntosh-Whyte**  
020 7255 8064  
rick.mcintosh-whyte@rapleys.com

**Rebecca James**  
020 7255 8040  
rebecca.james@rapleys.com



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