

PRIME DEALERSHIP INVESTMENT

CHESTER ROAD / ERDINGTON / BIRMINGHAM / B24 0QY



LET TO A MANUFACTURER WITH RPI LINKED RENT REVIEWS

RAPLEYS

PRIME DEALERSHIP INVESTMENT

INVESTMENT SUMMARY

LOCATION

DEMOGRAPHICS

SITUATION

DESCRIPTION

ACCOMMODATION

SITE

TENURE

SERVICE CHARGE

TENANCY

COVENANT INFORMATION

DEALERSHIP MARKET

VAT

ANTI-MONEY LAUNDERING
POLICY

EPC

PROPOSAL

CONTACT

→ INVESTMENT SUMMARY

- High quality, manufacturer compliant dealership facility situated within an established commercial and out of town retail destination
- Prominently situated on the A452 Chester Road, approximately 5.4 miles (8.7 km) to the north east of Birmingham city centre
- Located within an extensive catchment area which forms a key territory for both the manufacturers and dealer network groups
- Purpose-built car showroom comprising a total of 18,278 sq ft (1,698 sq m) situated on a 1.48 acre site
- Let to Volvo Car UK Limited for a term of 17 years from 26 July 2013, providing an unexpired term of approximately 8.8 years
- Passing rent of £200,000 per annum, equating to £15.11 per sq ft (on the assumed lease area of 13,240 sq ft)
- Two further rent reviews in 2023 and 2028, linked to the Retail Price Index (RPI), capped at 3% per annum
- Established manufacturer covenant with an annual turnover in excess of £1.4 billion (Dec 19)
- Freehold

We are instructed to seek offers in excess of **£3,250,000 (Three Million, Two Hundred and Fifty Thousand Pounds)**, subject to contract and exclusive of VAT. A purchase at this level reflects a **Net Initial Yield of 5.78%**, assuming purchaser's costs of 6.5%.



**PRIME DEALERSHIP
INVESTMENT**

INVESTMENT SUMMARY

LOCATION

DEMOGRAPHICS

SITUATION

DESCRIPTION

ACCOMMODATION

SITE

TENURE

SERVICE CHARGE

TENANCY

COVENANT INFORMATION

DEALERSHIP MARKET

VAT

ANTI-MONEY LAUNDERING

POLICY

EPC

PROPOSAL

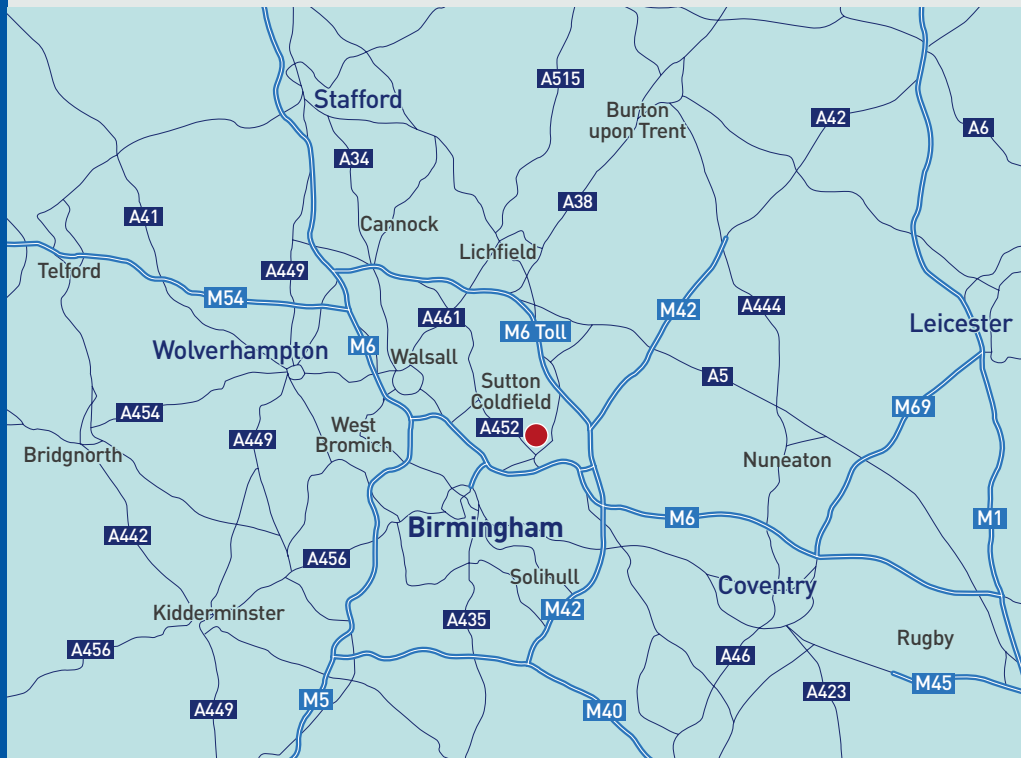
CONTACT

→ LOCATION

Birmingham benefits from excellent road infrastructure being served by the M5, M6 and M42 motorways, which connect to the M1, M40, M54 and M69. The M40 links Birmingham to London and the M6 provides convenient access to Manchester and the wider north west.

The city is served by two major train stations, Birmingham International and Birmingham New Street. There are regular services from Birmingham New Street to London Euston (1 hour 15 minutes), Edinburgh Haymarket (4 hours 25 minutes), Glasgow Central (4 hours 20 minutes) and Manchester Piccadilly (1 hour 45 minutes). Birmingham International station serves the adjacent airport and the 16,000 capacity NEC arena.

Birmingham airport is located approximately 8 miles (12.8 km) to the south east of the city centre. It is the second largest airport outside of London, serving 12.7 million passengers in 2019 and provides national and international flights to a range of destinations.



**PRIME DEALERSHIP
INVESTMENT**

INVESTMENT SUMMARY

LOCATION

DEMOGRAPHICS

SITUATION

DESCRIPTION

ACCOMMODATION

SITE

TENURE

SERVICE CHARGE

TENANCY

COVENANT INFORMATION

DEALERSHIP MARKET

VAT

ANTI-MONEY LAUNDERING
POLICY

EPC

PROPOSAL

CONTACT

→ **DEMOGRAPHICS**

Birmingham is Britain's second largest city with a population of 1.1m within its primary catchment area and a total of 2.45m people within the wider West Midlands conurbation. The location, therefore, forms a substantial and key territory for both the manufacturers and dealer network groups alike.

Birmingham is the driving force behind the growing West Midlands economy having seen significant investment in recent years with the £600 million redevelopment of Birmingham New Street Station, and the planned £32 billion HS2 rail link to London, which will reduce journey times between Birmingham and London to 49 minutes.

BIRMINGHAM
1.1M



**MAJOR ON-GOING
DEVELOPMENT
IN THE WEST
MIDLANDS**

**£600M
REDEVELOPMENT
OF NEW STREET
STATION**



PRIME DEALERSHIP INVESTMENT

INVESTMENT SUMMARY

LOCATION

DEMOGRAPHICS

SITUATION

DESCRIPTION

ACCOMMODATION

SITE

TENURE

SERVICE CHARGE

TENANCY

COVENANT INFORMATION

DEALERSHIP MARKET

VAT

ANTI-MONEY LAUNDERING
POLICY

EPC

PROPOSAL

CONTACT



→ SITUATION

The property occupies a highly accessible position at the entrance to the Omega Aspect commercial centre on Chester Road, close to the intersection with the A38 Kingsbury Road, approximately 5.4 miles (8.7 km) to the north east of Birmingham city centre. The unit is prominently situated on Chester Road (A452), a busy dual carriageway linking Erdington with north Birmingham and the M6 to the south, at junction 5.

The property is situated within an established commercial location, with nearby occupiers including Aldi, McDonald's, Selco, Jewson and Hartshorne Group (Volvo commercial vehicles). The wider area also comprises an established dealership cluster with Peugeot/ Citroen, Ford, Audi, JLR, Skoda, Toyota, Lexus and Mercedes-Benz brands all represented.

To the south of the property, there is a mix of industrial and retail warehousing including Castle Vale Retail Park (181,809 sq ft) with occupiers including Sainsbury's, B&M, Smyths Toys, Currys / PC World and TK Maxx, Ravenside Retail Park (156,645 sq ft) where tenants include The Range, Wren Kitchens, Pets at Home, Dunelm and Halfords, and the Castle Bromwich JLR manufacturing complex.

PRIME DEALERSHIP INVESTMENT

INVESTMENT SUMMARY

LOCATION

DEMOGRAPHICS

SITUATION

DESCRIPTION

ACCOMMODATION

SITE

TENURE

SERVICE CHARGE

TENANCY

COVENANT INFORMATION

DEALERSHIP MARKET

VAT

ANTI-MONEY LAUNDERING

POLICY

EPC

PROPOSAL

CONTACT

→ DESCRIPTION

The subject property comprises a purpose-built state of the art dealership which has recently been refitted in accordance with the manufacturer's latest corporate requirements and franchise standards.

The property is of steel frame construction with full height glazing to the showroom with clad rear elevations and workshop under a pitched roof. The accommodation is arranged over ground and first floor level with extensive external parking comprising a total of approximately 18,278 sq ft (1,698 sq m). The tenant has upgraded and added to the facility during their occupation, including the recent installation of a new parts and first floor office area.

The showroom is fitted to a high specification throughout providing 6 display spaces, suspended ceilings with extensive lighting and overhead ventilation system. Offset from the showroom, there is a customer waiting area and office accommodation.

The workshop area is configured to provide a total of 9 service bays, 1 MOT bay and 1 wheel alignment bay. Vehicular access to the workshop is by way of roller shutter doors. There is a further parts store arranged over ground and first floor accessed from the workshop. The first floor comprises offices, parts, staff area and ancillary.

Externally, there is a detached valet / paint unit and a total of 143 car parking spaces including new and used car display bays, customer parking and storage spaces.



PRIME DEALERSHIP
INVESTMENT

INVESTMENT SUMMARY

LOCATION

DEMOGRAPHICS

SITUATION

DESCRIPTION

ACCOMMODATION

SITE

TENURE

SERVICE CHARGE

TENANCY

COVENANT INFORMATION

DEALERSHIP MARKET

VAT

ANTI-MONEY LAUNDERING

POLICY

EPC

PROPOSAL

CONTACT



→ ACCOMMODATION

ACCOMMODATION	SQ M	SQ FT
Ground Floor		
Showroom	428	4,605
Showroom offices	57	614
Workshop	495	5,325
Workshop offices	35	375
Parts*	91	977
Ancillary	49	524
Total Ground Floor	1,155	12,420
First Floor		
Ancillary	132	1,416
Extended Ancillary*	18	196
Offices	65	706
Extended Offices*	103	1,110
Parts Mez*	81	880
Total First Floor	399	4,308
External Wash / Paint Unit*	144	1,550
Total	1,698	18,278

*Tenant improvements further information available upon request.

Assumed area in the occupational lease for rent review purposes of 13,240 sq ft.

Car parking	Number of spaces
New display	38
Used display	44
Customer	8
Storage	53
Total	143

PRIME DEALERSHIP INVESTMENT

INVESTMENT SUMMARY

LOCATION

DEMOGRAPHICS

SITUATION

DESCRIPTION

ACCOMMODATION

SITE

TENURE

SERVICE CHARGE

TENANCY

COVENANT INFORMATION

DEALERSHIP MARKET

VAT

ANTI-MONEY LAUNDERING POLICY

EPC

PROPOSAL

CONTACT

→ SITE

The site extends to approximately 0.59 hectares (1.48 acres).

→ TENURE

Freehold.

→ SERVICE CHARGE

The property is subject to an estate service charge. Further information available upon request.

→ TENANCY

The property is let in its entirety to Volvo Car UK Limited, on a full repairing and insuring lease for an initial term of 17 years, expiring 25 July 2030, providing an unexpired term of approximately 8.8 years, at a passing rent of £200,000 per annum, equating to £15.11 per sq ft (based on the assumed lease area of 13,240 sq ft). The property is sublet to Paul Rigby Limited.

Rent reviews are five yearly and linked to the Retail Price Index, capped at 3% per annum. The next review is on 26 July 2023 with a further review in July 2028. The Volvo lease is within the protection of the 1954 Act.

→ COVENANT INFORMATION

Volvo has been manufacturing cars since its inception in Sweden in 1927 and has grown to become a world leader in car safety, technology and innovation. Volvo is one of the world's most recognised and respected car brands, operating in over 100 countries globally.

Along with China, the United States and Sweden, the UK forms a key market for Volvo which is underlined by the substantial on-going investment into their UK network. Another year of strong performance in all of their key markets ensured Volvo exceeded 700,000 units sold globally for the first time in 2019, compared with 642,253 in the previous year.

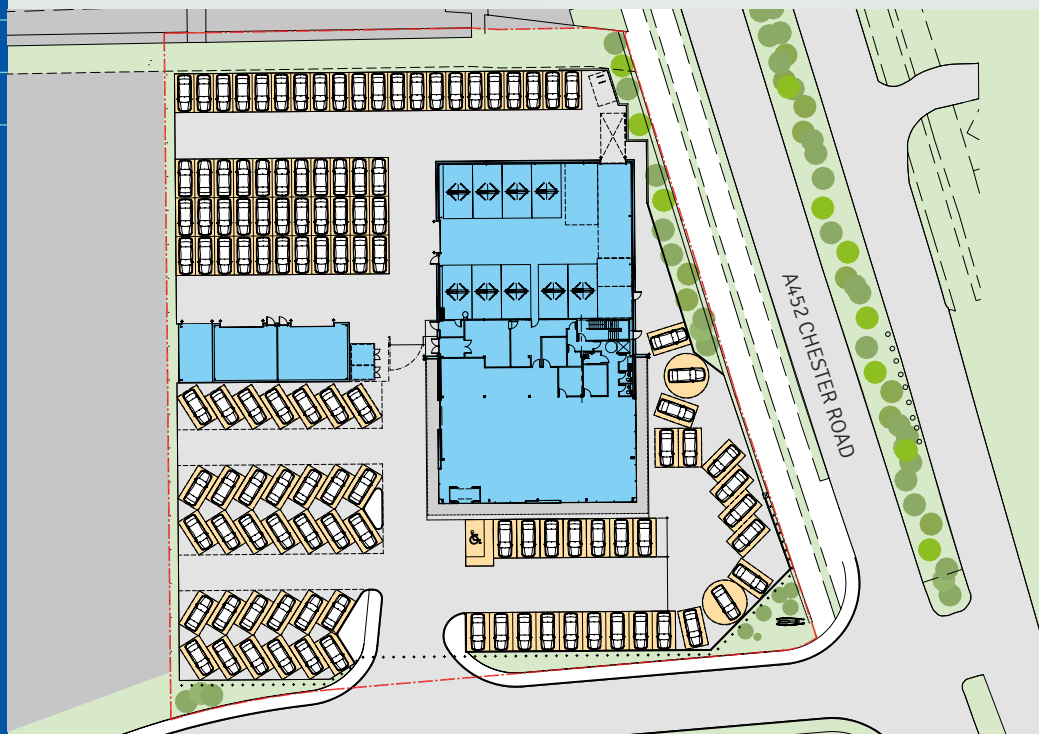
Volvo Car UK Limited forms part of the Volvo Group, which is ultimately owned by Zhejiang Geely Holdings Group, a Chinese multinational automotive manufacturing company. The Volvo franchise is one of the fastest growing retail brands in the UK and the company is currently progressing a major expansion and upgrade programme of its existing facilities to bring them in line with the latest corporate standards.

Volvo increased market share from 2.1% to 2.4% in 2019, with UK turnover increasing to £1.452bn from £1.297bn in the previous year, driven in part, by the continuing success of the XC40, XC60, XC90 and V40 models.

The latest financial results for Volvo Car UK Limited are set out below:

	DECEMBER 2019	DECEMBER 2018	DECEMBER 2017
Sales Turnover	£1,452,347,000	£1,297,496,000	£1,095,862,000
Profit / (Loss) Before Tax	£5,678,000	£3,751,000	£1,364,000
Tangible Net Worth	£7,737,000*	£18,813,000	£15,467,000

* The year-on-year decrease was driven by the actuarial valuation of the company's defined benefit pension scheme.



PRIME DEALERSHIP INVESTMENT

INVESTMENT SUMMARY

LOCATION

DEMOGRAPHICS

SITUATION

DESCRIPTION

ACCOMMODATION

SITE

TENURE

SERVICE CHARGE

TENANCY

COVENANT INFORMATION

DEALERSHIP MARKET

VAT

ANTI-MONEY LAUNDERING
POLICY

EPC

PROPOSAL

CONTACT

→ DEALERSHIP MARKET

The transition from fossil fuel to electric vehicles is one of the key elements in the UK's drive to achieve net zero emissions and will account for 23% of the total reduction in emissions by 2050. The move to electric vehicles is, therefore, crucial in the UK's fight against climate change which is underlined by the UK Government's recent announcement that the ban on the sale of new petrol and diesel cars has been brought forward to 2030.

Manufacturers have, therefore, been adjusting their strategies and planning for the move to electric vehicles accordingly, and Volvo have been the forefront of this sea change in the automotive industry. Whilst currently electric vehicles make up less than 1% of total vehicles on the road in the UK, this is forecast to increase significantly over the next few years, with some projections estimating that electric models will make up over 50% of all new car sales by 2040.

Volvo were one of the first manufacturers to recognise the significant gains to be made by leading the way in electric vehicles. The recent launch of the XC40 Recharge model, is the first in a range of fully electric Volvos planned for the next 5 years, as part of their commitment to put one million electrified vehicles on the road by 2025.

Given their foresight and adopted strategy, Volvo are therefore particularly well placed to benefit from the continuing transition from petrol and diesel vehicles in the foreseeable future.



PRIME DEALERSHIP INVESTMENT

INVESTMENT SUMMARY

LOCATION

DEMOGRAPHICS

SITUATION

DESCRIPTION

ACCOMMODATION

SITE

TENURE

SERVICE CHARGE

TENANCY

COVENANT INFORMATION

DEALERSHIP MARKET

VAT

ANTI-MONEY LAUNDERING POLICY

EPC

PROPOSAL

CONTACT



→ VAT

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

→ ANTI-MONEY LAUNDERING POLICY

In accordance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Purchaser will be required to comply with our Anti-Money Laundering policy. Further details are available upon request.

→ EPC

The property has an EPC rating of B27.

→ PROPOSAL

We are instructed to seek offers in excess of **£3,250,000 (Three Million, Two Hundred and Fifty Thousand Pounds)**, subject to contract and exclusive of VAT. A purchase at this level reflects a **Net Initial Yield of 5.78%**, assuming purchaser's costs of 6.5%.

→ RUNNING YIELD

The potential running yield is as follows:

July 2023: 6.56%*

July 2028: 7.60%**

*OBR RPI Forecast

**Max uplift

→ CONTACT

Rick McIntosh-Whyte

07917 536613

rick.mcintosh-whyte@rapleys.com

Martin Carey

07774 112146

martin.carey@rapleys.com

RAPLEYS

Rapleys LLP is registered as a Limited Liability Partnership in England and Wales. Registration No: OC308311. Registered Office at Falcon Road, Hinchbrook Business Park, Huntingdon PE29 6FG. A full list of Members is available on our website or at any of our offices during normal business hours. Rapleys LLP operates an Environmental Management System which complies with the requirements of ISO 14001:2004. Regulated by RICS. Any maps are for identification purposes only and should not be relied upon for accuracy. Reproduced by permission of Geographers A-Z Map Co. Ltd. Licence No. A0203. This product includes mapping data licensed from Ordnance Survey - © Crown Copyright 2001. Licence No. 100017302 and © Crown Copyright. All rights reserved. Licence No. ES 100004619. Misrepresentation Act: These particulars are produced in good faith and believed to be correct. Neither Rapleys, their joint agents (where applicable) or their client guarantees their accuracy and they are not intended to form any part of a contract. No person in the employment of Rapleys or their joint agents has authority to give any representation or warranty in respect of this property. All prices or rents are quoted exclusive of VAT. October 2021. Design by carve-design.co.uk 15259/8