

# FULLY LET, MODERN OUT OF TOWN OFFICE SCHEME



Apex Park | Worcester | WR4 9FN

## INVESTMENT SUMMARY

- ▶ **Strategically located courtyard office scheme, located adjacent Junction 6 of the M5** and 4 miles north east of Worcester city centre.
- ▶ Apex Park is considered the prime out of town office location in Worcester.
- ▶ **The park benefits from excellent amenities** with a Premier Inn, Tesco Express, Busy Bees Nursery, Greggs and Beefeater restaurant all within close proximity.
- ▶ The scheme provides four detached office buildings constructed in 2008 to a **Grade A specification** and extending to **2,680.88 sq.m (28,857 sq.ft)** total.
- ▶ **Fully let** to tenants including West Mercia Homes Ltd, Jelf Ltd, Lioncourt Homes Ltd and Arrow Business Communications with a WAULT of **6.50 years** to break and **7.55 years** to expiry.
- ▶ Total passing rent of **£458,948** per annum, reflecting a low average rent of **£15.26** per sq. ft.
- ▶ **Reversionary potential** with the latest letting completed at £16.27 per sq. ft. providing future asset management opportunities.

We are instructed to seek offers in excess of **£6,375,000 (Six Million Three Hundred and Seventy Five Thousand Pounds)** which reflects a net initial yield of **6.75%**, and a **reversionary yield of 7.26%** based off ERV, after purchaser's costs of 6.64%.

Consideration will be given to the individual sale of each office on the park.



## LOCATION

Worcester is located adjacent to the M5, 25 miles south-west of Birmingham city centre, 24 miles north of Cheltenham and 70 miles north-east of Bristol. With a population of 94,000, the city is the main commercial and administrative centre for the county.

The city has excellent road communications, served by Junctions 6 and 7 of the M5. The A38 provides an alternate north east-south west route, while the A422 goes east toward Stratford upon Avon, the A44 south east toward Evesham, the A4103 south west toward Hereford and the A449 north towards Kidderminster.

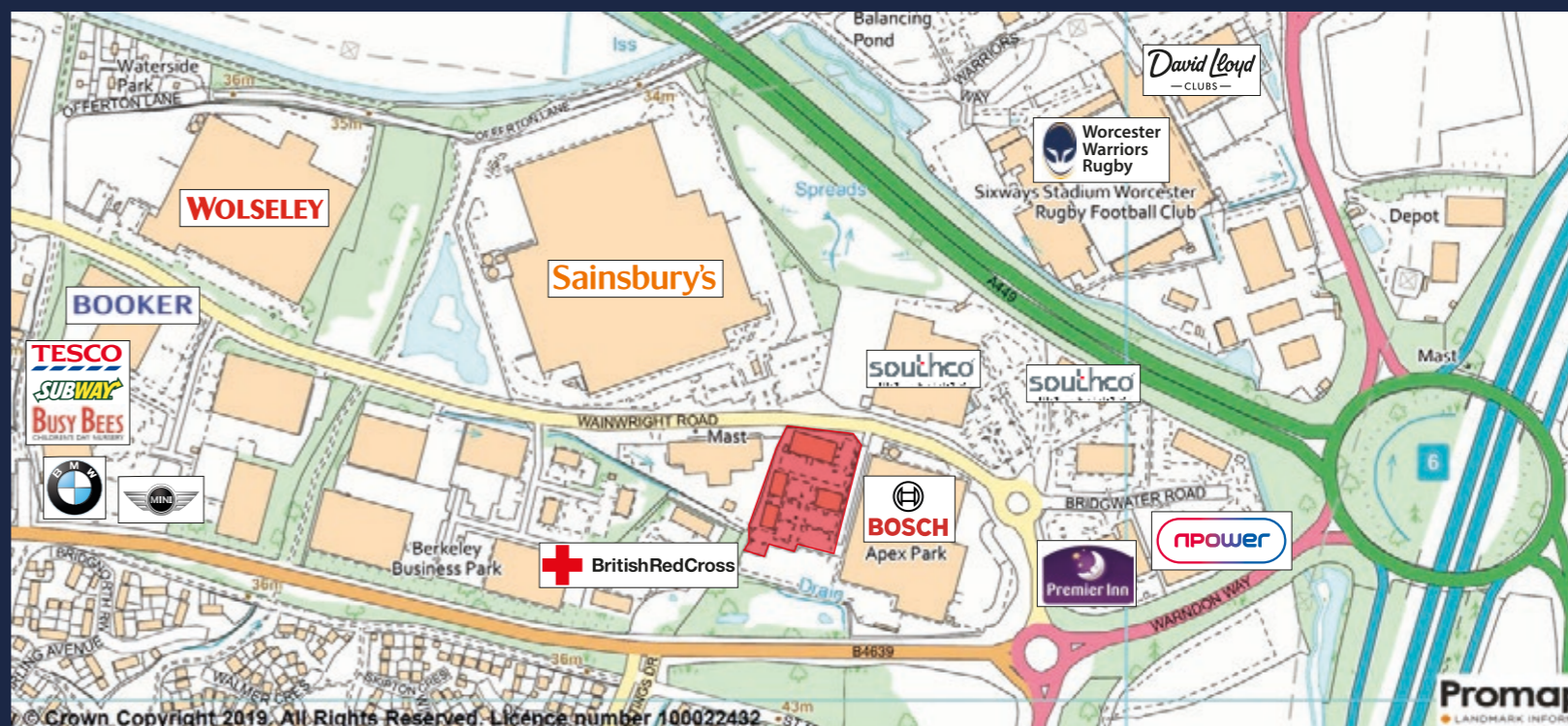
Worcester has good rail connectivity with approximate journey times of 40 minutes to Birmingham, 90 minutes to Bristol and over 2 hours to London Paddington. In 2018 work started on the £15m development of Worcester Parkway Station, adjacent Junction 7 of the M5 and 3.5 miles south east of the city centre. The station will feature a 500-space car park, new station facilities and provide additional links for Worcester to London and on the Cardiff to Nottingham line. The station is due to complete late 2019 and will also see the introduction of a new bus route linking the station to the city. The station will be under 5 miles (10 minutes' drive) from Apex Park.

## SITUATION

The subject property is situated approximately 4 miles north east of Worcester city centre, adjacent to Junction 6 of the M5, which is also the interchange with the A449, a major route into north west Worcestershire and the A44 towards Evesham.

Apex Park is considered the prime out of town office location in Worcester and the area has been developed over a number of years to provide an established commercial location for a variety of users. A significant number of distribution operators, car dealerships and office occupiers have located in the vicinity taking advantage of the excellent connectivity and proving the strength of the location.

Occupiers in the vicinity include Southco, Bosch, N Power, Aspire Academy and British Red Cross. The area is well served by amenities with a Premier Inn, Beefeater Restaurant, Tesco Express, Greggs and Busy Bees Nursery all within close proximity as well as a David Lloyd health club and the Worcester Warriors rugby stadium.





## DESCRIPTION

The property comprises a courtyard scheme of four detached offices built in 2008 and benefitting from dedicated parking for each unit. There are 144 spaces in total providing a generous parking ratio of 1:200 sq ft.

The properties have been constructed to a high specification and are of steel frame construction with brick elevations and aluminium framed windows under pitched slate roofs.

The properties feature a Grade A specification including:

- Combination of LED and LG7 lighting
- Raised access flooring
- Comfort cooling
- Male, female and disabled toilets on each floor
- Units 1 and 2 each have a lift

Units 2 and 4 have both been fully refurbished by the tenants. Each building has been designed to enable lettings on a wing by wing or floor by floor basis offering flexibility on future lettings.



## SITE

The site area is 0.94 hectares (2.29 acres).

## ACCOMODATION

The property has been measured in accordance with the RICS code of measuring practice 6th Edition and comprises the following net internal floor area:

Demise	Floor	Area sq.m	Area sq.ft
Unit 1	Ground Floor Offices	606.83	6,532
	First Floor Offices	608.41	6,549
	Reception	40.32	434
<b>Unit 1 TOTAL</b>		<b>1,255.56</b>	<b>13,515</b>
Unit 2	Ground Floor Offices	268.21	2,887
	First Floor Offices	278.05	2,993
	Reception	13.65	147
<b>Unit 2 TOTAL</b>		<b>559.92</b>	<b>6,027</b>
Unit 3	Ground Floor Offices	205.49	2,212
	First Floor Offices	213.12	2,294
	Reception	10.77	116
<b>Unit 3 TOTAL</b>		<b>429.39</b>	<b>4,622</b>
Unit 4	Ground Floor Offices	210.70	2,268
	First Floor Offices	215.81	2,323
	Reception	9.48	102
<b>Unit 4 TOTAL</b>		<b>435.99</b>	<b>4,693</b>
<b>Overall Total</b>		<b>2,680.87</b>	<b>28,857</b>

## SERVICE CHARGE

There is a service charge for the property currently running at £0.27 per sq.ft for the 2019/2020 year.

## TENURE

The property is held freehold.

There is a right of way, subject to a maintenance contribution, along the access road for the neighbouring Bosch unit.



# TENANCY

The property is fully let in accordance with the below tenancy schedule. The property is currently producing an income of £458,948 per annum with a WAULT to expiry of 7.55 years and a WAULT to break of 6.50 years

Unit Description	Unit Description	Tenant	Area sq.ft/ CPS	Lease Start	Lease End	Next Review	Next Break	WAULT (expiry)	WAULT (break)	Annual Rent	Rent psf/ pcps	ERV £pa	ERV £psf/ space	EPC's	Comments
Unit 1	Office	Jelf Limited	13,515	01/01/13	31/12/27	01/01/23	—	8.33	8.33	£197,805	£14.87	£219,500	£16.50		50 cps demised in lease. Additional car parking licence for 12 spaces at £600 per space and car parking licence for 5 spaces at a peppercorn.
	Car Parking		17	02/02/15	31/12/27	—	—	8.33	8.33	£7,200	£600.00	£10,200	£600.00		
Unit 2	Office	West Mercia Homes Ltd	6,027	29/10/18	28/10/28	29/10/23	28/10/23	9.16	4.16	£96,673	£16.24	£98,230	£16.56		26 cps demised in lease. Additional car parking licence for 3 spaces. 6 months rent free on letting which expired on 28/04/2019.
	Car Parking		3	02/02/15	28/10/28	—	—	9.16	9.16	£1,800	£600.00	£1,800	£600.00		
Unit 3	Office	Lioncourt Homes Limited	4,622	29/10/14	28/10/24	29/10/19	—	5.16	5.16	£70,370	£15.42	£75,300	£16.50		17 cps demised in lease. Additional car parking licences for 12 spaces in total. Current rent £56,750 pa. New review Oct 2019 to higher of £70,370 pa or OMV. Vendor to top up to £70,370 pa. Tenant break in Oct 2019 not exercised.
	Car Parking		12	09/03/15	28/10/24	—	—	5.16	5.16	£7,200	£600.00	£7,200	£600.00		
Unit 4	Office	Arrow Business Communications Ltd	4,693	04/01/16	03/01/26	04/01/21	—	6.34	6.34	£75,500	£16.27	£76,600	£16.50		16 cps demised in lease. Additional car parking licence for 8 spaces. Current rent £70,370. Tenant has recently completed on a deed of variation to remove the January 2021 break in return for 9 months rent free. As part of the agreement the January 2021 rent review is also to be settled at £75,500 pa. Vendor to top up to this level and will top up the rent free.
	Car Parking		8	04/01/16	03/01/26	—	—	6.34	6.34	£2,400	£600.00	£4,800	£600.00		
TOTAL			28,857					7.55	6.50	£458,948	£15.26	£490,630	£16.50		

N.B.1 Car parking licences to be mutually determined on 4 weeks notice.  
N.B.2 Rents psf and ERVs psf reflect a half rate on reception.



## COVENANTS

### Unit 1

Jelf is an Insurance, Risk Management and Employee Benefits Business. The company has 70 offices throughout the UK. A summary of the company's last three years accounts is set out below:

	31/12/2018 (£000)	31/12/2017 (£000)	31/12/2016 (£000)
<b>Turnover</b>	17,100	20,700	23,800
<b>Pre Tax Profit</b>	(3,200)	204,000	(11,100)
<b>Net Assets</b>	11,700	24,900	94,000

### Unit 2

West Mercia Homes is a registered provider of social housing with over 30,000 homes across Herefordshire, Worcestershire, Birmingham, Coventry and the wider West Midlands. The company is a charitable organisation. A summary of the company's last three years accounts is set out below:

	31/03/2018 (£000)	31/03/2017 (£000)	31/03/2016 (£000)
<b>Turnover</b>	35,217	34,839	35,657
<b>Pre Tax Profit</b>	(3,070)	7,611	5,511
<b>Net Assets</b>	51,603	54,673	47,062



### Unit 3

Lioncourt Homes is a Midlands based house builder whose HQ is based at the subject property. A summary of the company's last three years accounts is set out below:

	31/03/2019 (£000)	31/03/2018 (£000)	31/03/2017 (£000)
<b>Turnover</b>	87,551	66,147	56,217
<b>Pre Tax Profit</b>	12,631	8,518	7,905
<b>Net Assets</b>	51,390	41,506	34,569

### Unit 4

Arrow Business Communications is telecommunications, data, conferencing and IT support business to commercial customers. Clients includes Wickes, Associated British Ports, QHotels and various educational establishments. The company has seen A summary of the company's last three years accounts is set out below:

	31/12/2018 (£000)	31/12/2017 (£000)	31/12/2016 (£000)
<b>Turnover</b>	22,121	22,593	21,630
<b>Pre Tax Profit</b>	2,982	1,533	1,256
<b>Net Assets</b>	1,209	3,928	8,352



# WORCESTER OFFICE MARKET

The Worcester office market is seeing rental growth of 10% per annum driven by a severe shortage of quality office space and a high demand. The overall vacancy rate stands at a low 4.3%. Prime rents stand at £16.50 per sq.ft for existing stock however quoting rents for design and build opportunities currently stand at £20.00 per sq.ft given the high price of land and build costs, as evidenced at Worcester 6 Business Park, adjacent to J6 of M5.

## INVESTMENT COMPARABLES

Property	Tenant	Area sq ft	WAULT yrs	Date	Price £ (NIY%)	Purchaser
<b>Cranmore Boulevard, Solihull</b>	6 tenants	30,694	2.3	September 18	£6.10m (6.87%)	Wyre Forest Council
<b>Remus 1, Solihull Business Park, Solihull</b>	IBG Immucor & Ridge & Partner	8,603	7.4	June 18	£1.90m (6.57%)	Private Investor
<b>Tournament Fields, Warwick</b>	Leadec	12,475	9.0	June 18	£3.20m (6.44%)	Wesleyan Assurance
<b>Topaz Business Park, Bromsgrove</b>	7 tenants	44,700	4.0	June 18	£4.00m (6.75%)	REI







## VAT

The property is elected for VAT and VAT will be payable on the purchase price. It is anticipated that the sale will be treated as a TOGC.

## EPC

EPC's are provided within the tenancy schedule.

## PROPOSAL

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Consideration will be given to the individual sale of each office on the park.

## FURTHER INFORMATION

For further information or if you wish to arrange a viewing please do not hesitate to contact:

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