



410 & 420 Bristol Business Park, Bristol BS16 1EJ
Prime Office Investments Let to an Excellent Covenant

Executive Summary

- Prime freehold office investment located in a prominent position on Bristol's premier business park
- Buildings 410 and 420 are both 1990s office buildings providing a total of 27,700 sq ft of high quality space
- The buildings are let on FRI leases to Motability Operations Limited expiring in September 2026
- **7.5 years unexpired term**
- 100% of the income is secured to a "**Very Low Risk**" covenant of Motability Operations Limited, with a Dun and Bradstreet rating of **5A1**
- Motability Operations Ltd is a quality covenant owned by the UK's four clearing banks namely Barclays, Lloyds Banking Group, HSBC and RBS.
- Both buildings provide an excellent car parking provision of 1:201 sq ft (Building 410) and 1:167 sq ft (Building 420).
- The total passing rent is **£521,820 per annum** equating to **£18.84 per sq ft**
- Freehold
- Offers are sought in excess of **£8,150,000 (Eight Million One Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT
- A purchase at this level would reflect a net initial yield of **6%** assuming purchaser's costs of 6.8% and a capital value of £294 per sq ft



Location



Bristol is the fifth largest conurbation in the UK and the capital of the South West of England.

According to Bristol City Council's Key Facts 2017-2018 report, 48.5% of working-age residents in Bristol are qualified to degree level or above; this is 10.3% higher than the Great British average and higher than any other Core City.

Bristol has attracted some very large business relocations over the years including; Ministry of Defence Equipment and Support, HP Labs, Aviva Life Insurance Headquarters, Lloyds Bank National Debt Recovery HQ, Rolls Royce, Airbus, BBC, Clerical Medical and National Composite Centre.

The city has an estimated population of 459,300 people, making it the largest city in the South West and one of the ten 'Core Cities' in Great Britain, ranking 8th in Mid-2017.

Bristol is the gateway to business in the South West and one of the main financial hubs outside of London. The city has a burgeoning financial sector which contributes £1.8 billion to the UK's economy.

Bristol was named Europe's trendiest city, according to The National Geographic Traveller UK's Cool List and in 2015 won the European Green Capital, the first British city to hold such an honour. The city is making waves in other sectors too. Bristol pipped Cambridge, Cologne and Vienna into sixth place in CBRE's recent ranking of Europe's top 10 tech 'super clusters', and with the rise of incubators, co-working spaces and start-up-friendly work hubs around the city, this is set to continue.

The city benefits from two outstanding universities, the University of Bristol and the University of the West of England. These contribute to Bristol's skilled labour pool, which has one of the highest retention rates in the UK.

TRANSPORT LINKS



London	120 miles
Cardiff	40 miles
Birmingham	85 miles
Exeter	74 miles
Reading	80 miles



The train journey times from Bristol Parkway are as follows:

London Paddington	1 hr 20 mins
Cardiff	40 mins
Birmingham	1 hr 15 mins
Exeter	1 hr 10 mins
Heathrow Airport	2 hrs



Planned expansion of Bristol Airport to handle 10 million passengers per annum

Bristol International Airport	8 miles
London Heathrow Airport	104 miles
Dublin	1 hr
Jersey	1 hr
Amsterdam	1 hr 10 mins
Brussels	1 hr 10 mins
Glasgow	1 hr 15 mins
Paris	1 hr 20 mins
Frankfurt	1 hr 40 mins
Milan	2 hrs 5 mins
Barcelona	2 hrs 5 mins



Bristol Parkway Railway Station 10 mins

Bristol Business Park



Excellent motorway connections - with Junction 1 of the M32 less than one mile away connecting the city centre with the M4 motorway at Junction 19.

Bristol Business Park is considered to be Bristol's premier business park. Motorway connections are excellent with Junction 1 of the M32 less than one mile away connecting the city centre with the M4 motorway at Junction 19.

Bristol City Centre is approximately 4 miles to the south west and Bristol Parkway mainline railway station is located 1.5 miles to the north.

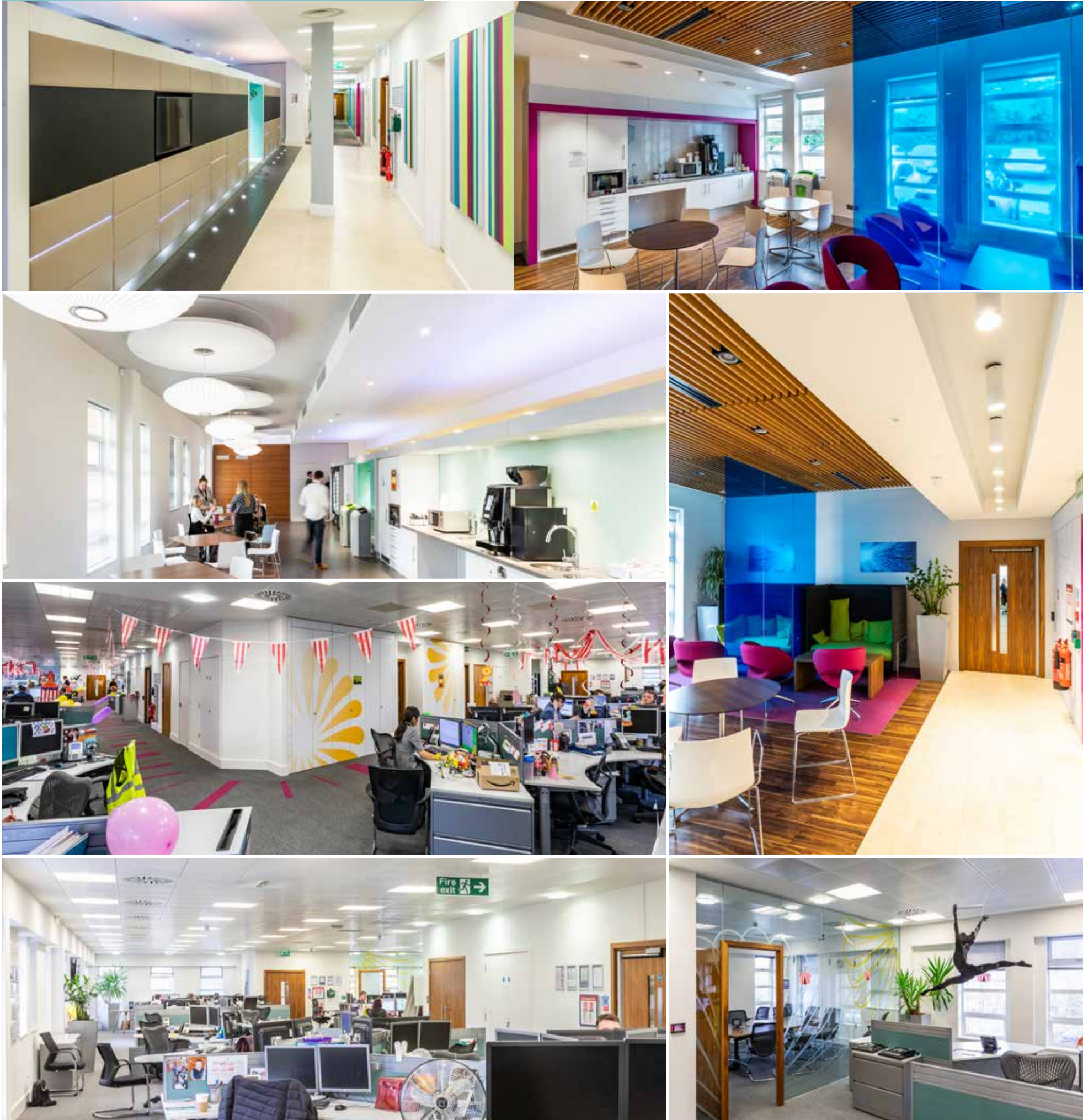
This provides regular direct services to London Paddington in 1 hour 20 minutes and Cardiff in 40 minutes. There is a regular bus service connecting the station with Coldharbour Lane.

The keynotes of this dedicated office park are the design and construction of the buildings, the layout and variety of landscaping and the quality of the public realm which creates a unique and aesthetically pleasing working environment.

Bristol Business Park sits opposite the main campus of The University of the West of England (UWE). Nearby major occupiers in the area include the MOD's Abbeywood Procurement Headquarters, Dupont, Thales, Friends Life, BAE Systems and Rolls Royce.

Buildings 410 and 420 are situated in the centre of the park and accessed via The Avenue, which in turn connects to the main estate road, The Gardens.

Bristol's most established and well regarded out of town business park.



Description

High quality, modern office buildings totalling a net internal area of 27,700 sq ft.

The buildings were constructed in the 1990s and provide two separate high quality traditional brick office buildings under artificial slate pitched roofs.

Both buildings were recently refurbishment in 2013 and comprise:

- VRF comfort cooling
- Raised floors
- Suspended ceiling with recessed LG7 lighting
- 2.7m (8.9 ft) floor to ceiling height
- 10 person, 1,000 kg Kone passenger lift
- Male, female and disabled toilets on each floor
- Cycle shelter
- Showers on the ground floor
- Perimeter heating
- Double glazed, aluminium framed windows
- DDA compliant
- Excellent parking provision of 77 car parking spaces (inclusive of 2 disabled spaces) providing a ratio of 1:201 sq ft at Building 410 and 73 spaces (inclusive of 2 disabled spaces) providing a ratio of 1:167 sq ft at Building 420

ACCOMMODATION

We understand the buildings have the following approximate floor areas:

Building 410	Sq m	Sq ft
GROUND FLOOR	720.9	7,760
FIRST FLOOR	717.2	7,720
TOTAL	1,438	15,480

Building 420	Sq m	Sq ft
GROUND FLOOR	548.6	5,905
FIRST FLOOR	586.7	6,315
TOTAL	1,135	12,220

SITE AREA

The site area for Building 410 is 0.44 hectares (1.1 acres), and for Building 420 a site area of 0.3 hectares (0.96 acres).

TENURE

The property is held freehold.

TENANCY

The buildings are let to Motability Operations Limited on FRI leases for a term of 15 years from 5 September 2011, expiring on 4 September 2026. There are approximately 7.5 years remaining on the lease.

The current rent is £521,820 per annum which equates to £18.84 per sq ft. The rent is reviewed on an upwards only 5-yearly basis to Open Market Value, the next review is due on the 5 September 2021.

Building 410: £301,860 per annum, reflecting £19.50 per sq ft

Building 420: £219,960 per annum, reflecting £18.00 per sq ft

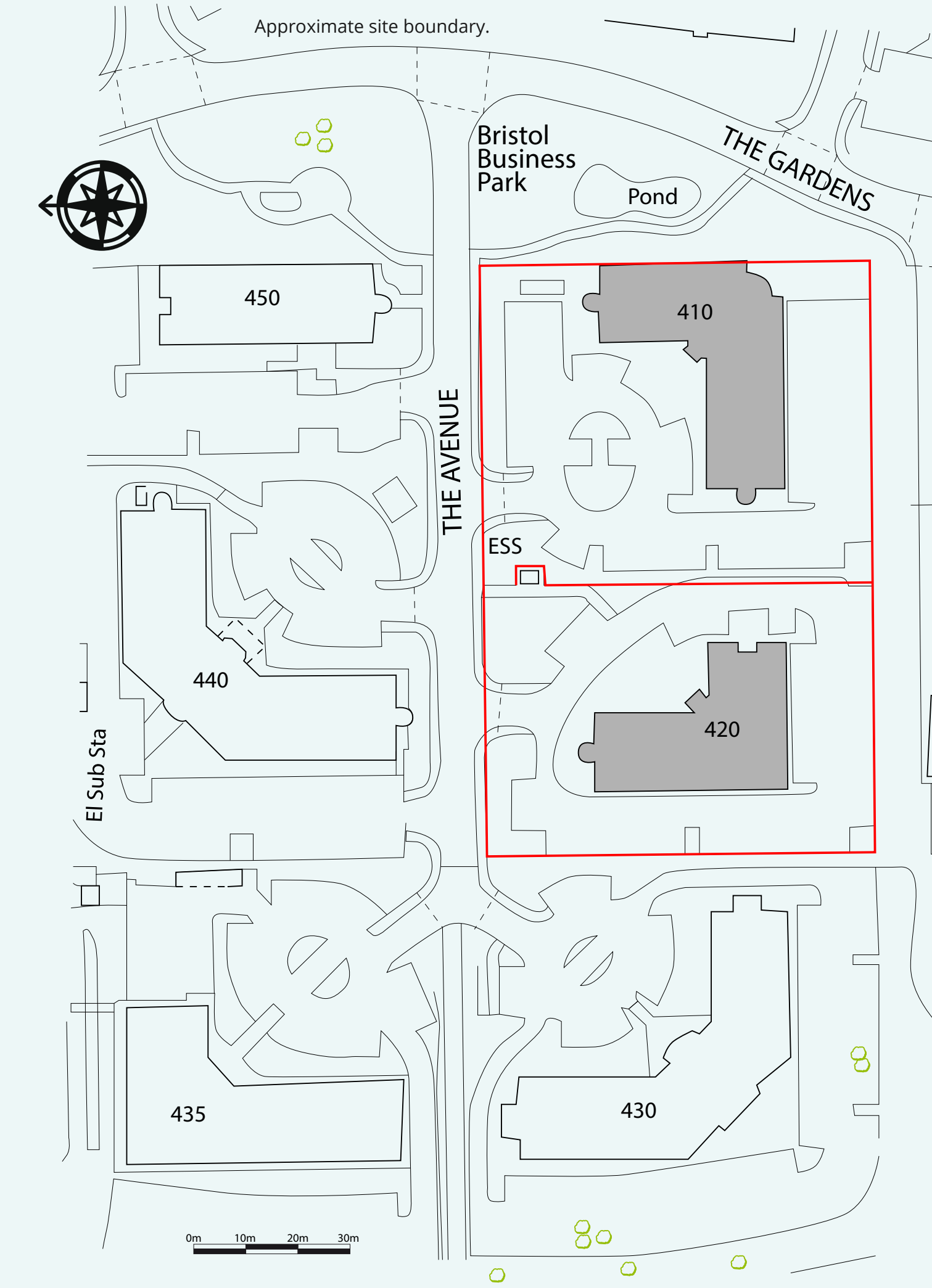
Both leases are within the security of tenure provisions of the Landlord and Tenant Act 1954.

TENANT’S COVENANT INFORMATION

Motability Operations Limited have been providing mobility solutions to nearly four million customers throughout the UK since 1978. The company aim to deliver a wide range of affordable vehicles to customers with different disability needs. With an annual turnover of over £4 billion, Motability Operations Limited’s business model is designed to ensure longevity of the company while simultaneously providing affordability throughout the economic cycle to their customers.

Motability Operations Limited (Company Number 01373876) are a “**Very Low Risk**” covenant, with a Commercial Delphi Score of 100/100. Below are the latest available accounts and risk information on the tenant from Experian:

Motability Operations Ltd	Sales Turnover '000	Profit Before Tax '000	Net Worth '000	Experian Risk Score	Risk Status
30 Sep 2018	4,178,600	76,700	1,625,400	100/100	Very Low Risk
30 Sep 2017	4,256,595	179,745	1,565,551	100/100	Very Low Risk
30 Sep 2016	4,179,155	81,916	1,435,151	100/100	Very Low Risk
30 Sep 2015	2,988,026	1,779,497	1,348,819	100/100	Very Low Risk



OCCUPATIONAL MARKET

Out of town take-up in H2 2018 was 229,668 sq ft, a 34% increase on the first half of the year. This meant that annual take-up for 2018 was 400,501 sq ft, the second year in succession that take-up has exceeded 400,000 sq ft in the out of town market.

One of the largest transactions of the second half saw Edvance SAS take 30,670 sq ft at 800 Aztec West. The largest deals of the year however, totalling 77,673 sq ft, took place at HP3 & HP4, Long Down Avenue, Stoke Gifford. This freehold deal comprised of two office buildings acquired by University of the West of England.

There was 424,733 sq ft of office space available at the end of 2018 compared to 544,358 sq ft which was on the market at the end of 2017. The declining amount of space in the out of town market is mimicking the city centre. However, there has been no new build speculative development in the out of town market for over 8 years and as a result Grade A supply has been very limited, meaning supply is being driven by existing buildings with extensive refurbishments.

Prime rents for the Bristol out of town market currently stand at £22.50 per sq ft. With the current wave of refurbishments rents are anticipated to grow in the next 12-24 months.



INVESTMENT TRANSACTIONS

Address	Area (sq ft)	Deal Date	Purchase Price	NIY	Tenant	Rent (per sq ft)	AWULT (years)	Purchaser
Barley House, Bristol	14,499	Mar-2019	£4,300,000	4.8%	The University of Bristol	£220,000 (£15.17)	5.7	Private Investor
430 Bristol Business Park, Stoke Gifford	21,948	Dec-2018	£6,425,000	5.96%	Leonardo MW Ltd	£408,583 (£18.90)	7.00	Mendip District Council
Somerset House, Bristol	15,599	Oct-2018	£4,500,000	4.77%	Hartnell Taylor Cook LLP	£228,750 (£16.00)	3	CBRE Gi
Building 660, Bristol Business Park, Coldharbour Lane	11,416	Sep-2018	£3,120,000	6.58%	Thales Alenia Space UK Limited	£218,420 (£19.00)	4.42	Private Investor
Somerset Hall, Bath	23,397	Jun-2018	£8,800,000	4.8%	Local Government	£455,000 (£19.45)	10	Eyre Estate

EPC

Copies of the Energy Performance Certificates are available on request.

VAT

The property is VAT registered and therefore VAT will be payable on the purchase. It is the intention to treat the sale as a TOGC.

PROPOSAL

We have been instructed by our clients to seek offers in excess of **£8,150,000 (Eight Million One Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT. A purchase at this level would reflect a net initial yield of **6%** assuming purchaser's costs of 6.8% and a capital value of £294 per sq ft.

FURTHER INFORMATION

For further information please do not hesitate to contact the following:

ANDY SAYNER
0117 943 5762
andrew.sayner@cbre.com

HANNAH HICKS
0117 943 5877
hannah.hicks@cbre.com

www.cbredealfow.com

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