





INVESTMENT HIGHLIGHTS

- ▶ Solihull is the most affluent town in the West Midlands, voted 'The Best Place to Live in the UK' by uSwitch.
- ▶ 71.1% of the local population are in the AB/C1 social grades (GB 53.8%).
- ▶ 198,290 sq ft park at the heart of a 525,000 sq ft out of town retail destination.
- ▶ Let to B&Q, Currys, ScS, Carpetright, Hobbycraft, Halfords, Pets at Home, Dreams, B&M, Starbucks and Subway at a total rent of £5,743,629 pa.
- ▶ Average Creditsafe rating of 93 out of 100, with 95% of the income from tenants rated as Very Low Risk.



- ▶ WAULT of 7.17 years to expiry (5.64 years to break).
- ▶ The park trades very strongly, as evidenced by recent re-gears and 30,000 sq ft letting to B&M.
- ▶ Solihull Retail Park is 100% let, as are the adjoining Sears Retail Park and Solihull Gate Retail Park.
- ▶ All EPC's A-C, 92% A/B.
- ▶ **£93.53 million – 5.75% Net Initial Yield.**

LOCATION

Solihull is a very affluent town, located 7 miles south east of Birmingham city centre. The town has been named 'the Best Place to Live in the UK' (uSwitch quality of life Index).

Solihull has exceptional links by road, rail and air.



Road: Solihull is located 7 miles south east of Birmingham (England's second largest city) beside Junctions 4 and 5 of the M42. The M42 forms part of Birmingham's orbital motorway system and Solihull therefore has outstanding road links to the national motorway network.



Rail: Birmingham International Railway Station lies immediately to the north east of Solihull, beside the National Exhibition Centre. At present there are up to 4 trains per hour from Birmingham International to London, with a fastest journey time of 1 hr 8 mins. This will change with the completion of HS2, when trains to London Euston will take just 38 minutes. This improved accessibility into central London will bring Solihull within London's commuter belt and will further enhance the prosperity of the town/region.



Air: Birmingham Airport is located just to the north east of Solihull and is the UK's third largest airport outside London, with 50 airlines operating 143 routes. By 2033 Birmingham Airport is forecast to grow by 40%, when it will handle 18 million passengers per year.

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DEMOGRAPHICS



All the major indicators of wealth show that the residents of Solihull are considerably richer than UK average



Solihull is the most affluent town in the West Midlands, and one of the most affluent towns in the UK



Population within
10 mins – 87,179
15 mins – 247,847
20 mins – 464,345



Social Grade – 71.1% of local population fall within the highest AB/C1 groupings (GB 53.8%)



Car Ownership – Only 13.1% of the local population have no car (GB 26.5%)



Home ownership – 82% of the local population own their home (GB 62.7%)



Comparison Goods Spend
35% above GB average
(£316m within 10 minutes)



Convenience Goods Spend
27% above GB average
(£168m within 10 minutes)



71.1% of the local population are in the AB/C1 social grades (GB 53.8%).

SITUATION

Solihull Retail Park is situated at the heart of a 525,000 sq ft out of town retail destination that is located at the junction of the A34 Stratford Road and the B4102 Marshall Lake Road. The A34 is one of the principal arterial roads into Birmingham city centre from M42/M40. The property is therefore readily accessible to shoppers from the immediately surrounding areas as well as to those from further afield. In addition the excellent road links make this property very well suited to deliveries from the stores.

Solihull Retail Park is flanked by Sears Retail Park to the north east, Solihull Gate Retail Park to the south west, and a Sainsbury's foodstore to the north west. Full details of these schemes are set out overleaf.



On completion of HS2 trains to London will take just 38 minutes.



DESCRIPTION

The subject property comprises an attractive retail park of 11 units totalling 198,290 sq ft, with mezzanine floors providing a further 28,951 sq ft.

The park is well laid out with the units arranged around a large customer car park providing 650 customer car parking spaces (1:305 sq ft). The central estate road, Chalford Way, links the subject property with Sears Retail Park and the Lidl/ Smyths Toys units immediately to the north east.

All of the units have rear servicing, and the B&Q has a large garden centre. Internally all the units have mezzanine floors, with the exception of B&Q, B&M and the two restaurants.

Malcolm Hollis LLP have undertaken both measured and building surveys of the property, which can be assigned to the purchaser. Copies of these reports are available upon request.



SITE

The property comprises a level site of some 13 acres, with a frontage to Marshall Lake Road of 250 yards.

Malcolm Hollis LLP have undertaken a Phase 1 Environmental Assessment of the site which concludes that the site is 'low-risk'. A copy of this report is available upon request and can be assigned to the purchaser.

The Environment Agency states that the property is in Flood Zone 1 (thus having a low probability of flooding).



PARK PLAN



For identification purposes only. Not to scale.





For identification purposes only.

TENURE

Freehold.

PLANNING

The property has Class E (formerly Class A1) planning permission permitting the sale of a wide range of goods, the only restrictions being against the sale of food, fashion/fashion accessories, toys, CD's and books/stationery.

There are no restrictions against the sub-division of the larger units, providing that the minimum unit size of 10,000 sq ft is adhered to.

Precedent upon the adjoining Sears Retail Park supports the relaxation of the existing goods restrictions and the minimum unit size. Furthermore, the creation of pods within the car park is established.

Planning permission has recently been obtained for the provision of digital signage on the site.

Copies of the planning permissions are available upon request.

The park trades very strongly, as evidenced by recent re-gears and 30,000 sq ft letting to B&M.

TENANCIES

The property is let as follows and has a WAULT of 7.17 years to expiry (5.64 years to break).

Unit	Tenant	Ground Floor Area (sq ft)	Mezzanine Area (sq ft)	Lease Start	Lease Expiry	Term (yrs)	Next Review	Review Type	Break Date	Passing Rent (pa)
Unit A/B	B&Q Ltd	60,547	-	21/06/2012	20/06/2032	20	21/06/2022*	RPI	21/06/2027	£1,711,088
Unit C	DSG Retail Ltd t/a Currys	52,538	2,641	02/07/2012	01/07/2027	15	02/07/2022**	RPI	-	£1,832,918
Unit D1	A. Share & Sons Ltd t/a ScS	9,057	6,680	29/09/2014	28/09/2024	10	-	OMV	-	£270,600
Unit D2	Carpetright Ltd	8,020	3,646	09/03/2010	08/03/2025	15	-	OMV	-	£284,533
Unit D3	Hobbycraft Trading Ltd	7,828	5,274	29/05/2019	28/05/2029	10	29/05/2024	RPI	-	£240,000
Unit E	Halfords Ltd	12,279	5,815	31/10/2014	30/10/2024	10	-	OMV	-	£365,850
Unit F	Pets at Home Ltd	8,643	2,222	04/03/2015	24/12/2031	16.8	26/12/2026	OMV	-	£259,200
Unit G1	Dreams Ltd	7,152	2,673	05/03/2015	04/03/2025	10	-	OMV	-	£233,376
Unit G2/G3	B&M Retail Ltd	30,000	-	29/09/2022***	28/09/2037	15	29/09/2027	OMV	-	£450,000
Unit H1	Starbucks Coffee Company (UK) Ltd	1,552	-	04/03/2019	03/03/2034	15	04/03/2024	OMV	03/03/2029	£50,000
Unit H2	EN Foods Ltd t/a Subway	674	-	25/02/2019	24/02/2029	10	25/02/2024	OMV	-	£27,000
Digital Signage	Booh Media PLC t/a Elonex	-	-	24/06/2022****	25/12/2029	7.5	-	-	See Comments	£19,064
Total		198,290	28,951							£5,743,629

The lease to B&M Retail Limited is scheduled to complete by the end of September 2022, following completion of the works to combine Units G2 and G3. The vendor will top up prior to completion, the vendor will top up the rents for these units. There are two electricity sub-stations on the site, let to Central Networks East PLC (to June 2088) and to ESP



Passing Rent (psf)	Comments
£28.26	*Rent of £1,711,088 pa is that payable following the 21 June 2022 rent review. Rent reviews subject to RPI increases collared/capped 0% to 3% pac. Monthly rents. 12 months' notice on break.
£34.89	**Rent of £1,832,918 pa is that payable following the 2 July 2022 rent review. RPI rent reviews capped by a multiplier of 1.15927. Monthly rents.
£29.88	Monthly rents. Term encompasses lease and reversionary lease.
£35.48	Cat 1 CVA - moved to monthly rents, no other tenancy change.
£30.66	Renewed for 10 years in May 2019, £240,000 pa, (6 months' rent free and 18 months' at half rent) RPI rent review capped at 3% pa. Monthly rents.
£29.79	Monthly rents, term encompasses two leases. Review capped at 3% pac.
£29.99	Pets at Home recently extended their lease to provide 10 years' term certain in exchange for an 11 month incentive package. Rent remained at £30 psf. Monthly rents. Review capped at 3% pac.
£32.63	Monthly rents.
£15.00	B&M have exchanged an Agreement for Lease to take the combined former Mothercare and Bensons units. ***Target date for completing landlord's works to combine the units and handing unit over to B&M is late September 2022. Reviews capped at 2% pac. Monthly rents. 6 months' rent free plus 12 months at half rent.
£32.22	-
£40.06	£16,200 rent deposit.
-	****Lease agreed with Booh Media PLC for 7.5 years, guaranteed by One Asset Ltd. Base rent of £19,064 pa with top up to 67% of Net Advertising Revenue. The landlord may break the lease if the target level of £66,431 pa is not achieved for two consecutive quarters. The tenant may break if the signage is not profitable.
£28.87	

the rent for this unit until it becomes fully income producing, following the rent-free/half rent periods. Likewise, should the B&Q and DSG RPI rent reviews not have been settled by Electricity Limited (to May 2111).



INCOME SECURITY

Solihull Retail Park has an average Creditsafe Risk Score of 93 out of 100, with 95% of the tenants being rated as Very Low Risk.

Tenant	% of Income	Creditsafe Risk Score (Max 100)	Creditsafe Score Description	Year Ending	Sales Turnover (£'000s)	Pre-tax Profit (£'000s)	Tangible Net Worth (£'000s)
B&Q Ltd	29.8%	100	Very low risk	31-Jan-21 31-Jan-20 31-Jan-19	£3,594,500 £3,180,900 £3,287,300	£211,100 £140,100 £154,400	£2,260,800 £2,059,000 £4,937,200
DSG Retail Ltd	31.9%	100	Very low risk	01-May-21 02-May-20 27-Apr-19	£4,764,000 £4,453,500 £4,387,100	£239,500 £43,000 £105,900	£661,900 £545,000 £578,500
A. Share & Sons Ltd	4.7%	100	Very low risk	31-Jul-21 25-Jul-20 27-Jul-19	£310,566 £255,491 £317,406	£23,929 (£2,328) £14,963	£56,922 £36,780 £49,231
Carpetright Ltd	5.0%	-	-	31-Oct-20 27-Apr-19 28-Apr-18	£493,200 £386,400 £443,800	(£64,300) (£24,800) (£70,500)	(£37,100) £20,100 (£7,700)
Hobbycraft Trading Ltd	4.2%	96	Very low risk	21-Feb-21 16-Feb-20 17-Feb-19	£179,249 £193,560 £177,693	£5,011 £6,923 £6,862	£62,787 £57,073 £50,903
Halfords Ltd	6.4%	97	Very low risk	02-Apr-21 03-Apr-20 29-Mar-19	£977,600 £919,500 £937,500	£47,600 £23,700 £54,300	£801,600 £786,300 £803,700
Pets At Home Ltd	4.5%	100	Very low risk	25-Mar-21 26-Mar-20 28-Mar-19	£1,018,897 £937,580 £854,641	£51,015 £69,156 £62,735	£826,660 £791,868 £740,869
Dreams Ltd	4.1%	93	Very low risk	24-Dec-20 24-Dec-19 24-Dec-18	£302,150 £321,286 £297,482	£48,863 £35,399 £32,773	£43,006 £3,770 £20,266
B&M Retail Ltd	7.8%	94	Very low risk	27-Mar-21 28-Mar-20 30-Mar-19	£4,085,024 £3,148,497 £2,801,499	£531,888 £262,360 £273,406	£593,925 £806,847 £754,389
Starbucks Coffee Company (UK) Ltd	0.9%	99	Very low risk	03-Oct-21 27-Sept-20 29-Sept-19	£328,014 £243,339 £361,726	£13,348 (£40,892) (£6,593)	£17,578 £4,692 £39,211
EN Foods Ltd (Subway)	0.5%	37	Moderate risk	31-May-21 31-May-20 31-May-19	- - -	- - -	£91.4 £36.23 £0.1
One Asset Ltd (Guarantor)	0.3%	82	Very low risk	31-Dec-20 31-Dec-19 31-Dec-18	£4,795 £5,247 £6,470	(£462) £411 £995	£1,952 £2,469 £2,323





***Average Creditsafe Risk Score of 93
with 95% of the tenants being rated as
Very Low Risk. WAULT of 7.17 years to
expiry (5.64 years to break).***

OUT OF TOWN RETAIL IN SOLIHULL

Solihull Retail Park forms the heart of the town's retail warehouse provision, being at the centre of a 525,000 sq ft retail destination.

Sears Retail Park is located immediately to the north east of the subject property and totals 169,000 sq ft. The park is let to M&S, Homesense, Mountain Warehouse, Boots, TK Maxx, Next, Lidl and Smyths Toys. Mountain Warehouse recently acquired the 10,000 sq ft former Argos unit at a rent of £31 psf on a 10 year term (5 year break) with a 9 month incentive package.

To the north east of Sears Retail Park are stand-alone units totalling 26,000 sq ft, let to Oak Furnitureland, Magnet and Pure Gym.

To the south west of the subject property is Solihull Gate Retail Park that totals 45,000 sq ft and is let to Wren, Sofology, Tapi and Furniture Village at rents of £29.75 to £33.00 psf.

To the north west of Solihull Retail Park is an 86,000 sq ft Sainsbury's foodstore with associated petrol filling station.

All three of the retail parks are 100% let, which demonstrates the strength of the location and the depth of tenant demand.

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Sears Retail Park



Solihull Gate Retail Park



Sears Retail Park



Sears Retail Park

THE RETAIL WAREHOUSE MARKET

Retail warehousing is once again at the top of many investors' wish lists:

Retail warehouses fared particularly well through the pandemic as many of the leading occupiers were deemed 'essential retail'. Retail parks lend themselves well to social distancing.

There is very little new supply being created and in 2021 retail warehouse floorspace increased by just 0.2%. Ongoing difficulties within town centres has resulted in planning authorities continuing to resist out of town development.

The goods typically sold out of town do not generally lend themselves well to pure online sales, being awkward to deliver/return. Retail warehousing works well with 'click and collect' due to the ease of collection/returns.

Many of the traditional out of town retailers are again actively acquiring new stores, together with a number of new entrants.

Retail warehouses are very well suited to deliveries from stores due to their size and transport links.

Retail parks enjoyed net rental growth of 10.3% in 2021.

Tenant restructuring over recent years has led to much improved covenants in the sector.

Rents are predicted to grow by a further 6.0% in 2022.

Retail park vacancy rates are falling and are now just 5.9% nationally. They are forecast to drop to 4.4% by the year end. Conversely Shopping Centre vacancy (19.4%) and High Street vacancy (14.5%) are both still rising.

In 2021 a total of £3.0bn of retail warehousing changed hands, a 6 year high. In Q1 2022, UK retail warehouse investment hit a 15 year high of £1.3bn.

Sources: Sails Research, Trevor Wood and Lambert Smith Hampton



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OWNERSHIP

The freehold property is held within a Jersey Domiciled SPV Company, the whole share capital of which is available to purchase.

VAT

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

EPC'S


All of the units have EPC ratings of A – C, with 92% of the units having EPC ratings of A/B.

Copies of the EPC certificates are available upon request.

SERVICE CHARGE

Solihull Retail Park has a very low service charge, which is fully recoverable. For the year to 31/12/2021 it equated to just £0.59 psf. The budget for the year to 31/12/2022 is just £0.68 psf.





All of the units have EPC ratings of A-C (92% being A-B).

PURCHASE PRICE

£93,530,000

5.75% Net Initial Yield

Yield of 5.75% assumes purchaser's costs of 6.8%.

The vendor will complete the works to combine Units G2 and G3 (at their own cost) and will subsequently complete the new lease upon the combined unit to B&M Retail Ltd. Prior to completion of this lease the vendor will make up the rent of £450,000 pa.

The vendor will pay all capital sums due in respect of the digital signage agreement.

The vendor will make up all rent free and reduced rent periods.

FURTHER INFORMATION

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