

ST MICHAELS RETAIL PARK

EASTERN GREEN, **PENZANCE** TR18 3FH

PRIME RACK RENTED RETAIL WAREHOUSE INVESTMENT





TESCO

Sainsbury's

EASTERN
GREEN (A30)



pets
at home

MOUNTAIN
WAREHOUSE

Currys PC World

halfords



ST MICHAELS
RETAIL PARK

HELIPORT RETAIL PARK





Investment Summary

- Penzance is one of the largest towns in Cornwall with a **catchment of 90,000 people** living within a 20 minute drivetime.
- St Michaels Retail Park is located in the **established out of town retail pitch** adjoining a Sainsbury's foodstore and Heliport Retail Park.
- Built in 2018 and comprises three very attractive units totalling **15,948 sq ft**. There are 84 car parking spaces giving a generous car parking ratio of 1:190 sq ft.
- **Freehold.**
- **Open A1 (part-food)** planning permission.
- Let to **Pets at Home, Mountain Warehouse and Costa** producing a total rent of **£320,195 pa.**
- **WAULT of 10 years to expiry (5.9 years to break).**
- **Rack rented**, as has been very recently demonstrated by the letting of Unit 2 to Mountain Warehouse at a rent of £18.50 psf with a 12 month rent free period.
- Offers in excess of **£4,612,000** subject to contract and exclusive of VAT. A purchase at this level would show a **net initial yield of 6.5%**, after allowing for purchaser's costs of 6.8%.



Location

Penzance is one of the largest towns in Cornwall. Located in a sheltered bay with long sandy beaches and one of the mildest climates in the UK, the town has long been a popular tourist destination.

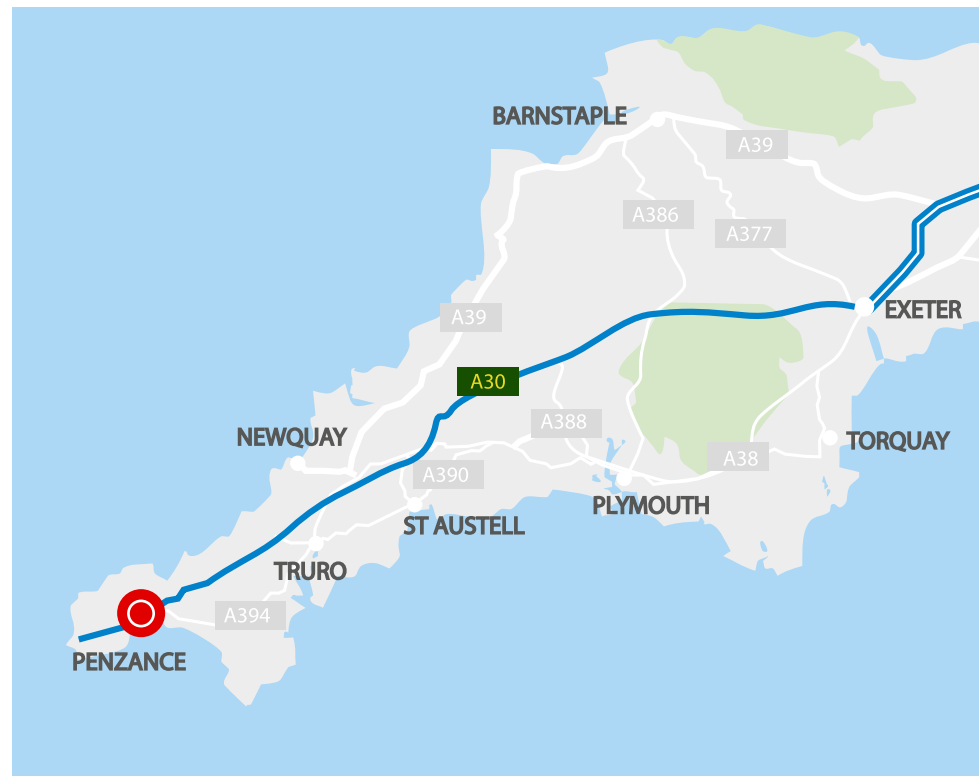
Penzance is the most westerly major town in Cornwall, being just 8 miles from Land's End. The town is some 6 miles south of St Ives, 24 miles south west of Truro and 63 miles south west of Plymouth.

The town is located on the A30 which is the main arterial route through Devon and Cornwall, connecting Exeter and the M5/A303 with Land's End.

Penzance is one of the key sea and air transport links with the Isles of Scilly. The new heliport, located just to the north of the subject property, opened in March 2020 with services to both St Mary's and Tresco.

A total of 90,000 people live within a 20 minute drivetime of the the subject property, rising to 180,000 within 30 minutes (StorePointGeo).

The only competing retail parks within the 30 minute drive time are West Cornwall Shopping Park in Hayle and Camborne Retail Park.



Situation

St Michaels Retail Park is located to the east of the town centre in the established out of town pitch.

The property is highly prominent to the roundabout junction of the A30 Eastern Green dual-carriageway, to which it shares access with the adjoining Sainsbury's, the largest foodstore in the town.

To the north of the subject property is Heliport Retail Park which is let to Currys/PC World, B&M, Halfords and KFC. Immediately to the west of St Michaels Retail Park is the 82,847 sq ft Sainsbury's, with a 39,559 sq ft Tesco to the west of that. To the south of the subject property is a 49,271 sq ft Morrisons.

Description

St Michaels Retail Park is a very attractive development of two retail warehouse units and a drive-thru restaurant that was built in 2018.

The units have the benefit of large areas of glazed curtain walling, together with an attractive combination of red cedar timber, natural stone and steel cladding.

The park totals 15,948 sq ft at ground floor, with mezzanines in the retail units providing a further 4,500 sq ft. There are a total of 84 car parking spaces, giving a generous car parking ratio of 1:190 sq ft.



ST MICHAELS RETAIL PARK, EASTERN GREEN, PENZANCE TR18 3FH



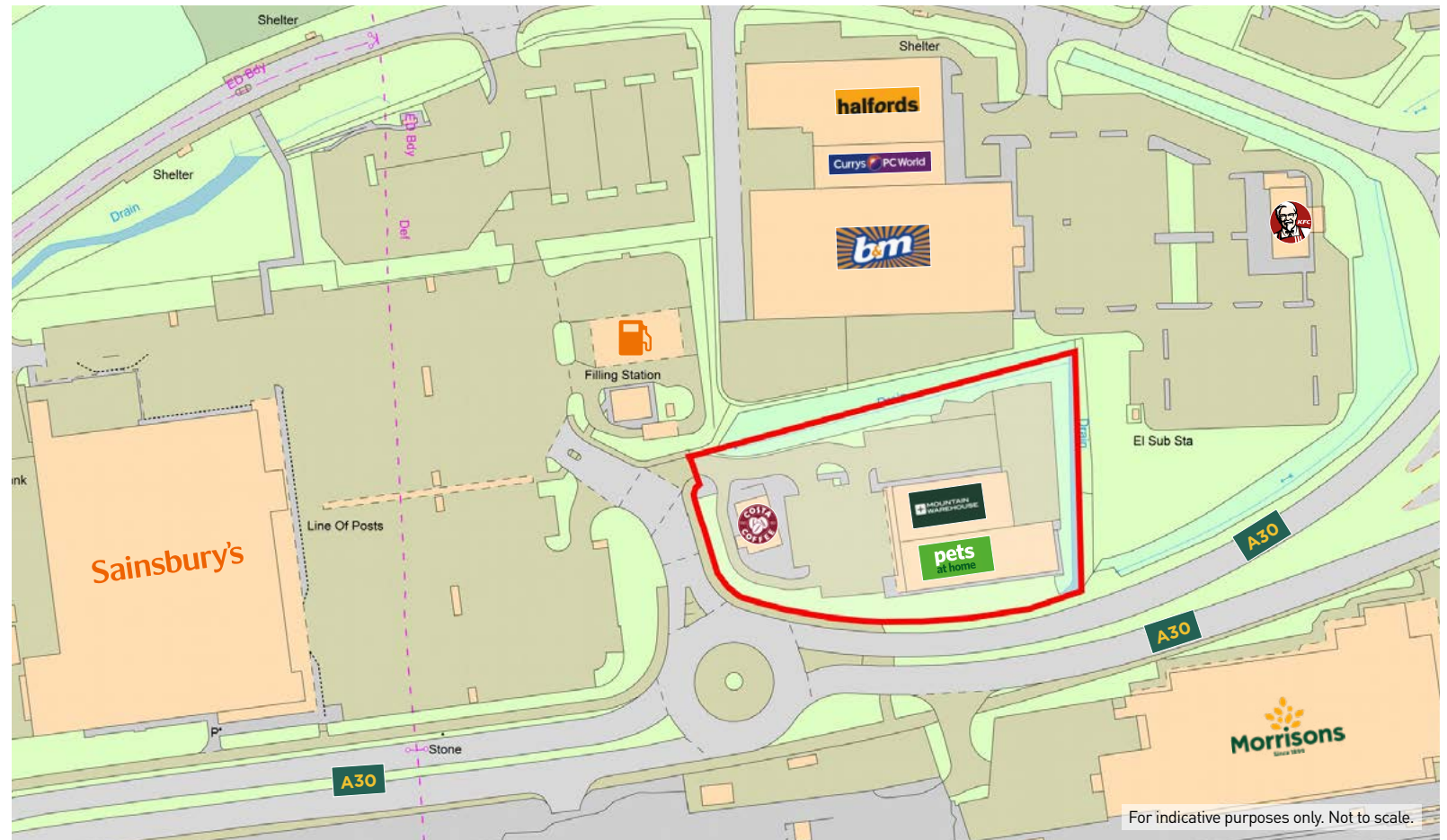
Site

The property comprises a level site of some 1.9 acres (0.77 ha).

The site benefits from exceptional prominence to the A30 dual-carriageway and the roundabout junction that is shared with Sainsbury's. In total the site has road frontage of over 500 ft.

Tenure

Freehold.



Planning

The subject property has the benefit of Open A1 (part-food) planning permission.

Unit 1 has an allowance of up to 2,006 sq ft to be used for a veterinary surgery and for animal grooming.

Unit 2 has an allowance permitting 1,460 sq ft to be used for the sale of food.

Unit 3 may be used for A3 and A5 uses.

On 6 November 2020, our client submitted a planning application for an additional 5,500 sq ft of retail accommodation alongside Unit 2, as detailed overleaf.

Tenancies

The property is let in accordance with the following tenancy schedule.

The lease to Mountain Warehouse completed on 24 June 2021 and the store is anticipated to open later this month.



Unit	Tenant	Area (sq ft)	Rent (£psf)	Rent (£pa)	Lease Term	Lease Expiry	Comments
1	Pets at Home Ltd	7,537	£18.50	£138,750	15 years from 4 Dec 2017 (10 year TBO)	3 Dec 2032 (TBO 4 Dec 2027)	Tenant's break option on the 10th anniversary of the term, on 6 months' notice. The unit benefits from a mezzanine floor of approximately 2,500 sq ft.
2	Mountain Warehouse Ltd	6,597	£18.50	£122,045	10 years from 24 Jun 2021 (5 year TBO)	23 Jun 2031 (TBO 24 Jun 2026)	Tenant's break option on the 5th anniversary of the term, on 6 months' notice, and penalty of 3 months' rent. The unit benefits from a mezzanine floor of approximately 2,000 sq ft.
3	Costa Ltd	1,814	£33.00	£59,400	10 years from 18 Jan 2018	17 Jan 2028	Open market rent review capped at 3% pa.
Total		15,948		£320,195			



EASTERN
GREEN (A30)



ST MICHAELS
RETAIL PARK

HELIPORT RETAIL PARK

Income Security

The property is well let to three attractive tenants, all of whom are household names.

The property has a WAULT of 10 years to expiry (5.9 years to break). We set out below a summary of the most recent accounts for each of the tenants, together with their Dun & Bradstreet Ratings.

Unit	Tenant	D&B Rating	D&B Risk Indicator	Year Ending	Sales Turnover (£'000s)	Pre Tax Profit (£'000s)	Net Worth (£'000s)
1	Pets at Home Ltd	5A2	Lower than average	26/03/2020	£937,580	£69,156	£791,868
				28/03/2019	£854,641	£62,735	£740,869
				29/03/2018	£804,848	£53,922	£690,294
2	Mountain Warehouse Ltd	5A2	Lower than average	01/03/2020	£294,956	£12,031	£113,074
				24/02/2019	£255,044	£24,030	£102,234
				25/02/2018	£225,910	£20,810	£80,270
3	Costa Ltd	5A2	Lower than average	31/12/2019	£880,587	£5,336	£440,304
				28/02/2019	£1,344,138	£139,523	£422,802
				03/01/2018	£951,684	£105,215	£521,738

Out of Town Retail in Penzance

Immediately to the north of the subject property is the 61,250 sq ft Heliport Retail Park, owned by Legal & General. The park is let to B&M (37,013 sq ft), Halfords (13,104 sq ft), Currys/PC World (8,675 sq ft) and KFC (2,550 sq ft). Rents upon the retail units range from £13.50 - £15.20 psf.

There are three foodstores in the immediate vicinity of St Michaels Retail Park. The largest of these is the adjoining 82,847 sq ft Sainsbury's with a PFS, which shares its access with the subject property. To the south, across Eastern Green, is a 49,271 sq ft Morrisons with PFS and less than half a mile to the west of the property, also fronting Eastern Green, is a 39,559 sq ft Tesco with PFS.

The nearest competing retail warehousing is 8 miles to the north east at Hayle. The tenants on West Cornwall Shopping Park are Next (10,040 sq ft), M&S (28,234 sq ft), Boots (10,089 sq ft) and Costa (1,095 sq ft). Rents on the park range from £25.00 psf to £40.00 psf.

Rental Value

Unit 1 was let to Pets at Home from 4 December 2017 at a rental of £18.50 psf, with a rent free period of 6 months and a capital contribution of £69,375.

Our client has just re-let Unit 2 to Mountain Warehouse at £18.50 psf with a rent free period of 12 months.

Taking into account the very recent rental evidence on the park itself, together with the rents on Heliport Retail Park and further afield, we consider St Michaels Retail Park to be rack rented and believe that it has strong prospects for rental growth. In particular this growth could be achieved through the creation of an additional unit as set out overleaf.

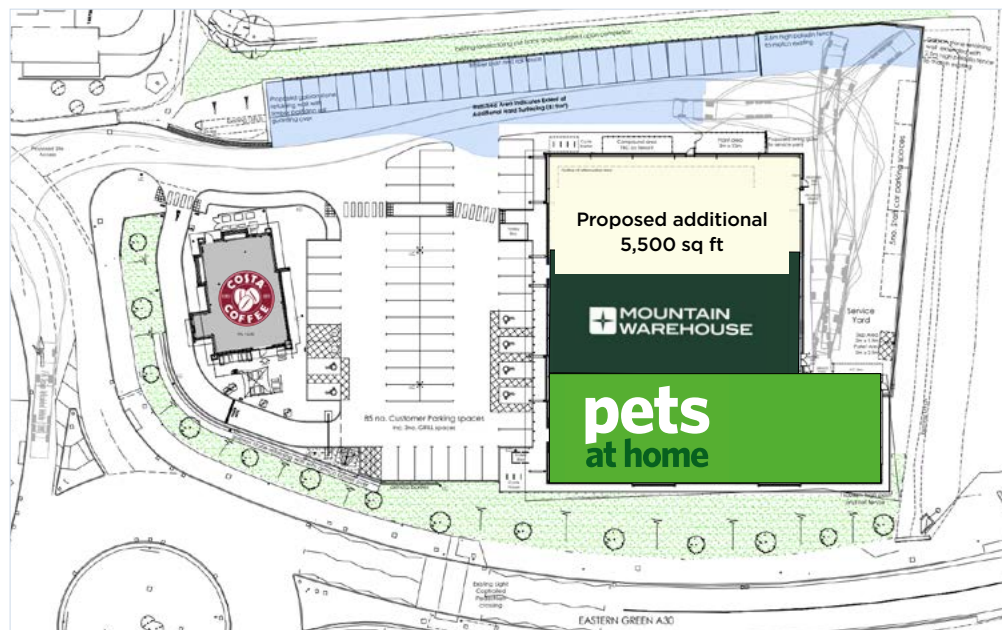


Development Opportunity

Our client had intended to extend Unit 2 following an agreement with The Food Warehouse to take a unit of 12,000 sq ft. As such, a planning application was submitted on 6 November 2020 for an additional 5,500 sq ft. Notwithstanding the subsequent letting of the existing Unit 2 to Mountain Warehouse, our client has continued to pursue their planning application.

As may be noted from the plan below, with the additional accommodation the reconfigured site would provide a total of 85 car parking spaces, which would still give a generous parking ratio of 1:252 sq ft upon the increased floor area of 21,448 sq ft.

Full details of the planning application, development costs and anticipated profit are available upon request.



Digital Signage

Our client has an agreement with a leading operator to provide digital signage upon the park. Heads of Terms have been agreed for a new 7 year lease at a fixed rent of £12,500 pa. The operator will fund the hardware and installation costs.

Electric Vehicle Charging

Our client has agreed terms with an operator to provide super-fast charging for electric cars for a term of 15 years. The agreement provides for a minimum fixed rent of £4,500 pa (or if greater £1,500 per charging bay for up to 6 bays) with a variable rent of £0.01/kWh. The total rent is to be capped at £20,000 pa. The fixed rent will have 5-yearly RPI uplifts (1%-4%). All the installation costs will be met by the operator.



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

All three units have the highest EPC rating of 'A'.

Copies of the Energy Performance Certificates are available on request.

Purchase Price

Our client is seeking offers in excess of **£4,612,000 (Four Million Six Hundred and Twelve Thousand Pounds)**, subject to contract and exclusive of VAT, for their freehold interest in the property. A purchase at this level would show a **net initial yield of 6.5%**, after allowing for purchaser's costs of 6.8%.



Further Information

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