

# WATERGLADE RETAIL PARK

CLACTON-ON-SEA, CO15 1HX

WELL LET SOUTHEAST RETAIL PARK INVESTMENT OPPORTUNITY



## INVESTMENT SUMMARY

- Comprises a terrace of five units with **Open A1 use** (inc. food) totalling 73,644 sq ft.
- Occupied by **B&M, Next, Carpetright, Halfords** and **Iceland**.
- Adjacent to a 43,600 sq ft Morrisons Supermarket which forms part of the scheme.
- Clacton-On-Sea is 57 miles North East of London
- The passing rent of **£1,124,161** per annum reflects a modest **£15.26 psf overall**.
- The Carpetright and Iceland leases contain **fixed uplifts** at review.
- The park is one of only two retail warehouse developments in Clacton.
- Our client's interest is held within a Jersey registered Special Purpose Vehicle (SPV) company structure.
- Our client is seeking offers in excess of **£13,000,000 (THIRTEEN MILLION POUNDS)** subject to contract, for the Jersey SPV holding the freehold interest in Waterglade Retail Park.
- A purchase at this level would show an **initial yield of 8.50%**, net of purchase costs of 1.8%, **rising to 8.64% in February 2020**.





“ The retail park is anchored by a 43,600 sq ft Morrisons supermarket ”





## LOCATION

Clacton-on-Sea is a seaside town in the south-east of England on the Tendring peninsula, in the county of Essex. It is located some 16 miles south east of Colchester and 57 miles east of London. The A133 runs from Clacton-on-Sea to Colchester and the A12. The A12 runs north to Ipswich and south to the M25 and London.

Clacton-on-Sea is a popular sea-side resort and has one of only seven blue flag beaches on the east coast of Britain confirming its exceptional environmental standard.

Significant new housing development is planned for Clacton-on-Sea. Persimmon Homes plan to build 950 houses at the western edge of the town on Jaywick Lane together with a new school, healthcare facility and shops. At the northern edge of the town a further 200 homes are planned by Britton Developments.

Clacton-on-Sea has a regular train service to London Liverpool Street station with the fastest journey time of 1 hour 26 minutes.

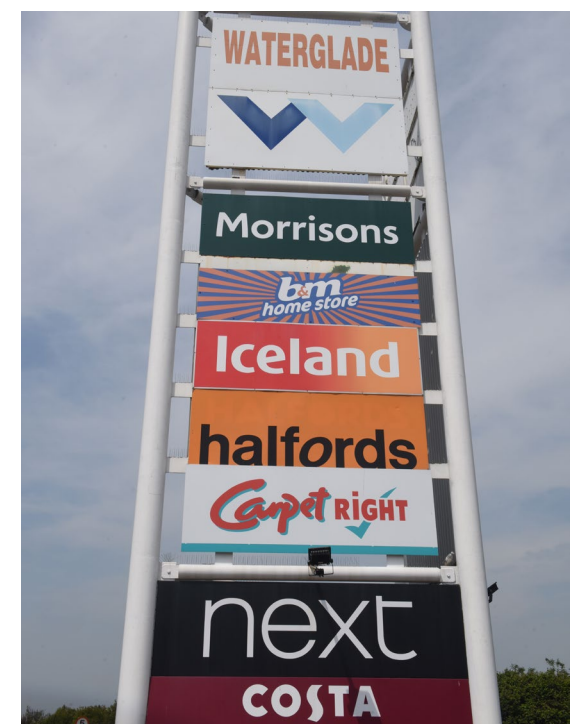
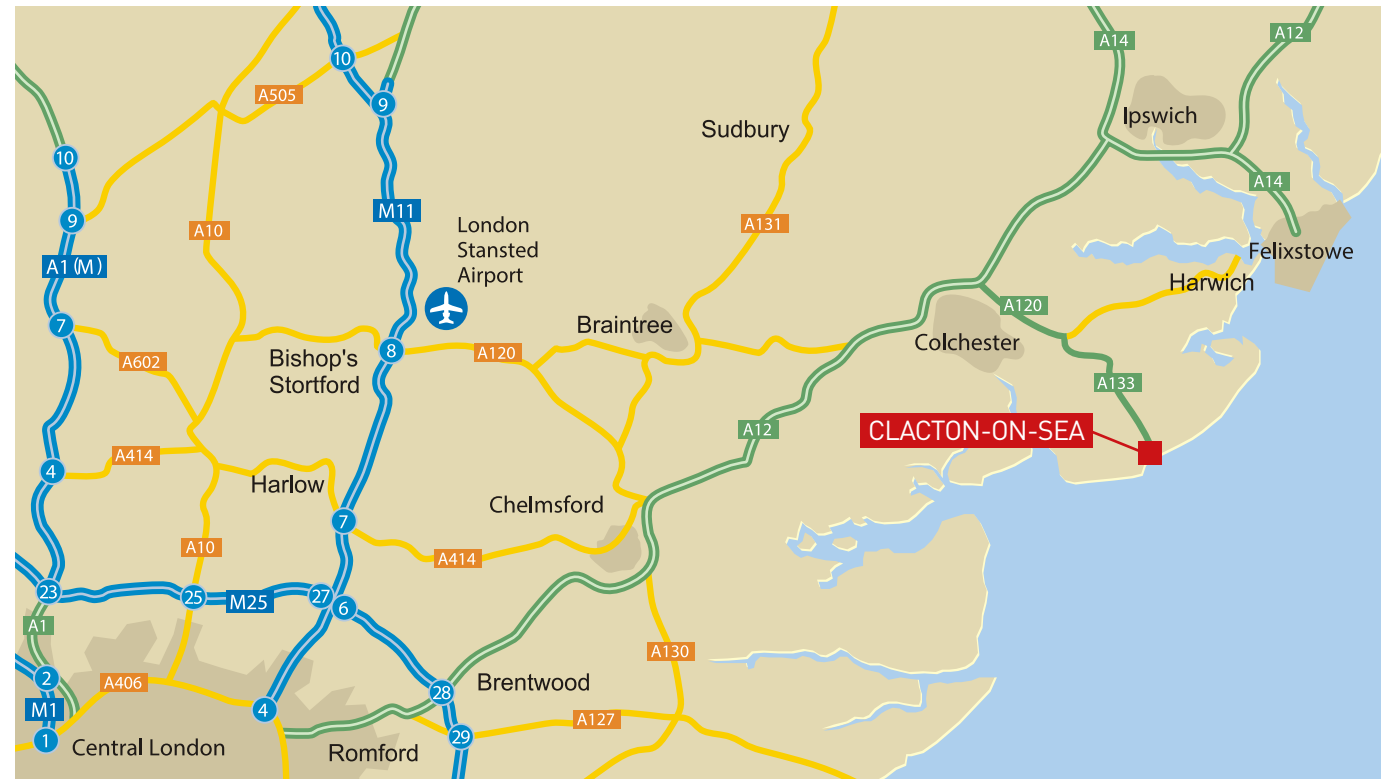
## SITUATION

Waterglade Retail Park is situated ¼ mile to the west of Clacton-on-Sea town centre on the western side of Old Road. Old Road runs north/south and connects with the A133 to the north. The A133 is the main road in and out of Clacton-on-Sea. Waterglade Retail Park benefits from brown road signage to traffic entering Clacton-on-Sea on the A133 ensuring the scheme is easily accessible.

A Morrisons supermarket anchors the eastern end of the retail park and fronts Old Road.

A dedicated spur road from Old Road allows access to the retail park and supermarket.

To the north of Waterglade Retail Park is a cleared site which is owned by National Grid. This site has been the subject of various redevelopment proposals for further retail warehouse in the recent past.



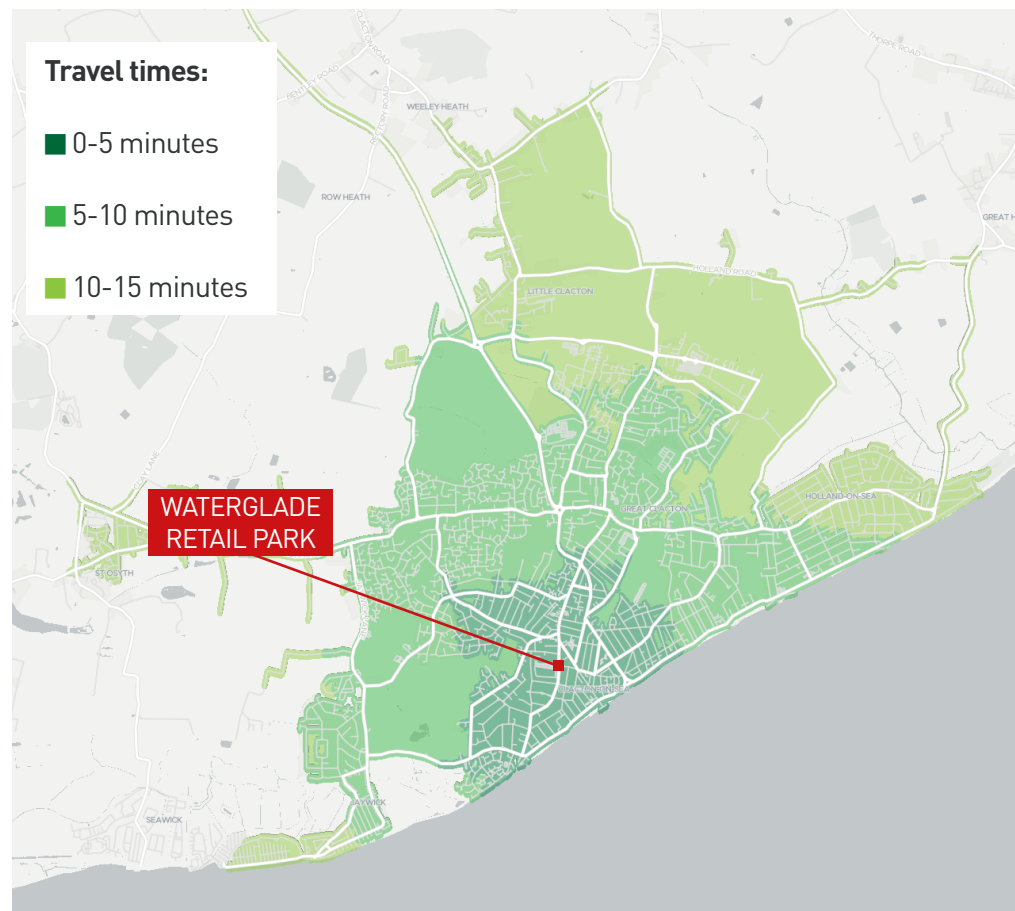
## DEMOGRAPHICS

According to Oxford Retail Consultants there are 63,972 people living within a 15 minute drive time of Waterglade Retail Park in 29,405 households.

Levels of home ownership in this 15 minute catchment are exceptionally high at 44.6% compared to 30.6% nationally. Furthermore, 45.2% of privately owned houses are mortgage free by comparison to 30.3% nationally. These statistics reflect the catchment's bias towards older age groups.

The C2 demographic, which is defined as 'skilled manual workers', is significantly overweight at 27.5% within 15 minutes' drive time catchment compared to 21.1% nationally.

The 15 minute drive time catchment has a total comparison spend of £140 million per annum.



## THE PROPERTY

Waterglade Retail Park is a purpose-built retail warehouse scheme of approximately 73,644 sq ft, which is currently arranged as five retail units in a single terrace. The retail park is also anchored by a 43,600 sq ft Morrisons supermarket, which is situated at the eastern end of the terrace and which fronts Old Road.

Customer access to the retail park is from a spur road off Old Road which runs along the top of the customer carpark. This access road is used by customers for both the retail park and the Morrisons supermarket. The access road has security gates at the entrance to the scheme which can be closed and locked after trading hours.

The retail units vary in size between 9,111 sq ft and 31,224 sq ft and form a continuous terrace which fronts the access road to the park.

The units are of a modern design and of a steel framed construction. The elevations are clad in composite panels as are the roofs. An awning runs along the fronts of the units, with the exception of the Next unit which is glazed to three-quarter height.

The units are serviced from the rear via a secure service yard, which can be accessed either from Old Road or the customer carpark.

Customer car parking is regularly arranged to the front of all of the units, including the supermarket. In total there are 534 customer car parking spaces serving the retail park and the supermarket, showing an excellent overall ratio of 1:220 sq ft.





## SITE

Waterglade Retail Park occupies a regular rectangular site of approximately 8.56 acres (3.465 hectares).

## ADJACENT SITE

Should National Grid redevelop the cleared site to the north of the scheme for retail warehousing it would further enhance Waterglade Retail Park and increase the retail offer.

## PLANNING

Planning consent for Waterglade Retail Park was originally granted in January 1987 (reference 10/1676/86). Under this consent the buildings can be used 'for retail purposes only as defined by Class One of the Town and Country Planning (use classes) Order 1972.'

The retail park therefore has the most flexible Open A1 planning consent which includes the sale of food.





“ Open A1 Planning ”



## TENANCIES

The property is well let in accordance with the tenancy schedule below.

TENANT	AREA (SQ FT)	RENT (PA)	RENT (PSF)	TENANT BREAK	RENT REVIEW	LEASE START	LEASE EXPIRY	COMMENTS
Bejam Group Limited t/a Iceland	9,414	£145,930	£15.50	28/02/2025	28/02/2020	28/02/2005	27/02/2030	The Break Notice is on 12 months' notice. The rent is reviewed to the greater of 2.5% compound per annum uplift or Open Market Value. The rent increases to minimums of £165,106 pa from 28/02/2020 and to £186,802 pa from 28/02/2025.
Halfords Limited	9,111	£169,747	£18.63	n/a	n/a	24/06/2001	23/06/2021	
Carpetright Plc	13,406	£314,584	£23.47	n/a	20/04/2022	20/04/2007	19/04/2027	The rent increases to £364,689 pa from 20/04/2022.
B&M Retail Limited	41,713	£493,900	£11.84	n/a	n/a	20/12/2000	19/12/2020	10,489 sq ft is sublet to Next at a rent of £124,190 pa, expiring in 2023.
<b>TOTAL</b>	<b>73,644</b>	<b>£1,124,161</b>	<b>£15.26</b>					

The passing rent of £1,124,161 per annum reflects a relatively modest £15.26 psf overall.

As outlined above, both the Iceland and the Carpetright leases have fixed rent reviews. The Iceland has two further fixed increases in 2020 and 2025 respectively reflecting an increase of 2.5% per annum compound. The Carpetright lease has one further increase on review in 2022 which will reflect an increase of 3.0% per annum compound.

The passing rent of £1,124,161 per annum therefore increases to £1,143,337 per annum in February 2020.

## TENURE

The freehold interest in the land of Waterglade Retail Park is held through a management company which controls the car park and service road. Our client's 'SPV' has a 62.6% shareholding and the Morrisons a 37.4% shareholding.

The footprints of the buildings are in turn held on four 999 year head-leases which were granted in 1988 by the management company at peppercorn rents.









## INCOME SECURITY

The retail park is currently let to four national multiple retailers and as such the income is well secured. Some 87% of the income is secured against tenants which Dun & Bradstreet consider to have a minimum risk of business failure. The schedule below sets out a summary of the most recent financial and information upon the tenants.

TENANT	D&B RATING	RISK OF BUSINESS FAILURE	YEAR ENDING	TURNOVER (£'000S)	PRE TAX PROFIT (LOSS) (£'000S)	NET WORTH (£'000S)
Bejam Group Limited	A2	Lower than average	24-Mar-17	5,082	(1,000)	577
			25-Mar-16	5,243	(500)	1,537
			27-Mar-15	4,682	2,257	1,233
Halfords Limited	5A1	Minimum	31-Mar-17	900,100	78,400	709,100
			01-Apr-16	866,100	86,200	655,900
			03-Apr-15	872,700	92,600	622,300
Carpetright PLC	4A4	High	29-Apr-17	457,600	900	20,700
			30-Apr-16	456,800	12,800	16,900
			02-May-15	469,800	6,600	3,400
B&M Retail Limited	5A1	Minimum	25-Mar-17	2,252,265	198,006	498,412
			26-Mar-16	1,902,557	168,121	440,372
			28-Mar-15	1,526,181	151,063	333,599

We understand that the tenants on the scheme are all trading well. This is confirmed by Carpetright's decision to rate the store as "Category A" in their recent CVA confirming their intent to continue trading the store without any change to the terms of the lease. We are also aware that Halfords and B&M are keen to regear their leases on the park.



## RETAIL WAREHOUSING IN CLACTON-ON-SEA

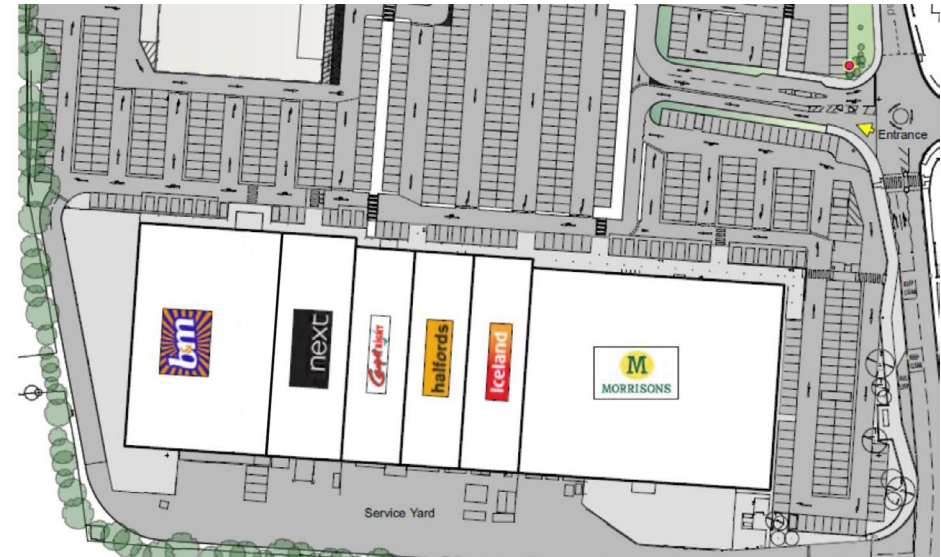
Waterglade Retail Park is one of only two retail warehouse developments in Clacton-on-Sea, the other being Brook Retail Park. Brook Retail Park is located at the northern edge of the town adjacent to the A133. Brook Retail Park comprises a 51,000 sq ft B&Q which is let at £13.35 psf, a 15,000 sq ft Currys/PC World unit which is let at £14.00 psf and two A3 pod units. In addition, there is a solus Range unit of 26,000 sq ft a mile north east of the town centre which is let at £11.92 psf.

Any new tenant requirements for Clacton therefore have limited options, which is positive for Waterglade Retail Park.

The town has four food stores of consequence; a 43,600 sq ft Morrisons at Waterglade Retail Park, a 50,000 sq ft Morrisons at the northern edge of the town on Centenary Way, a 72,000 sq ft Tesco adjacent to Brook Retail Park and an Asda superstore on Oxford Road, half a mile to the north of the town centre. We understand that all of these foodstores are trading well.

## EPC

Copies of the Energy Performance Certificates (EPC's) are available upon request.









# VAT

The property is elected for VAT, however, the purchase consideration on the proposed 'corporate transaction' would not itself be subject to any VAT.

# PURCHASE PRICE

Our client is seeking offers in excess of **£13,000,000 (THIRTEEN MILLION POUNDS)** subject to contract, for the Jersey SPV holding the freehold interest in Waterglade Retail Park.

A purchase at this level would show an **initial yield of 8.50%**, net of purchase costs of 1.8%.

The yield rises further upon fixed increases as follows;

- 8.64% Feb 2020
- 9.02% April 2022
- 9.19% Feb 2025

# FURTHER INFORMATION

Should you require any further information on the property or wish to arrange an inspection, please do not hesitate to contact:

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