

SHELDON RETAIL PARK

COVENTRY ROAD, SHELDON, BIRMINGHAM, B26 3NX

PRIME RETAIL INVESTMENT OPPORTUNITY

ENTER 



Investment Highlights

- Birmingham is the second city in the UK after London and is one of the most well connected cities in the UK.
- There is a vast amount of investment in the city, including the £32 billion HS2 rail link, which will reduce journey times between Birmingham and London to under 50 minutes.
- The city is in the top 3 most visited places to shop in the UK.
- Sheldon is located to the east of Birmingham in close proximity to Birmingham Airport and Birmingham International Station.
- The site is located on the A45 Coventry Road, which is one of the busiest routes in Birmingham, and adjacent to a successful 80,000 sq ft modern Morrisons foodstore.
- The property will be developed in line with modern retailing requirements, incorporating **M&S Foodhall, B&M and The Gym**, giving a diverse range of occupiers.
- Let at today's rental levels totalling £669,500 per annum.
- Open A1 and D2 planning consent.
- The property will total 29,500 sq ft at ground floor level and 15,991 sq ft on first floor.
- Significantly above average **WAULT to break of 13.2 years and 15 years to expiry.**
- Our client is seeking offers in excess of **£11.41 million**, subject to contract, for the **forward commitment** to purchase this development. A purchase at this level would reflect **an attractive net initial yield of 5.50%** after deducting purchaser's costs of 6.71%.



M&S
FOODHALL



the
gym
find your fit



Location

Birmingham is the most populous city outside London in the UK and the engine of the growing, £90 billion, West Midlands economy. Established as the UK's second city, it is home to Cadbury's, Jaguar Land Rover, and a number of blue chip accountancy firms including KPMG and PwC.

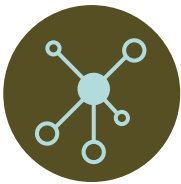
Major recent investment has included:



£600 million redevelopment of Birmingham New Street Station.



Approval of the £32 billion HS2 rail link to London, which will reduce journey times between Birmingham and London to just 49 minutes.



£1 billion public sector investment committed across the city's transport and digital infrastructure.



£100 million already committed by public sector partners to unlock economic growth zones outside the city centre.

Birmingham is located approximately 118 miles north west of London and 80 miles south of Manchester. It lies at the heart of the UK's motorway and rail networks and is one of the most well connected cities in the UK.



Birmingham is served by the M5, M6 and M42 motorways, which connect to the M1, M40, M54 and M69. The M40 links Birmingham to London and the M6 links the city to the north and Manchester.



Birmingham benefits from having 2 major train stations; Birmingham International and Birmingham New Street. Birmingham International station serves the adjacent Birmingham International Airport and the 16,000 capacity NEC Arena, which hosts national trade shows such as Crufts, The National Wedding Show and The BBC Good Food Show, as well as concerts and sporting events.

With an estimated annual rail passenger usage figure for 2016-17 of over 1.9 million passengers, due to increased passenger numbers at Birmingham International Airport, the station is well connected allowing for onward travel throughout the UK to Birmingham New Street station, with a journey time of just over 10 minutes and further afield to London Euston (1 hour 15 minutes), Edinburgh Haymarket (4 hours 25 minutes), Glasgow Central (4 hours 20 minutes) and Manchester Piccadilly (1 hour 45 minutes).

Birmingham New Street station is in Birmingham's city centre, Birmingham New Street station is the largest and busiest station outside of London with over 42.4 million entries and exits recorded at the station and 5.8 million interchanges in 2016-17.

The station has recently been developed and transformed into a major transport and shopping hub anchored by a John Lewis store to the south of the station. Birmingham New Street station is conveniently located close to the city's two other stations; Moor Street and Snow Hill within a 5 and 12 minute walk respectively.



Birmingham Airport is located approximately 8 miles to the south east of the city centre, in close proximity to the subject property. It is the second largest airport outside of London. As of 2017, 12.9 million are reported to have travelled through the airport. The airport has grown to provide international flights to mainland Europe and as far away as the Caribbean.



Key Demographics

Birmingham is the second largest city in the UK and forms the heart of the substantial and growing West Midlands economy.

The city has a population of over 1.1 million people extending to over 2.45 million in the West Midlands conurbation.

Large Thriving Economy



- HS2 will see £17 billion invested in Birmingham, including the new Birmingham Curzon rail terminus in the heart of the city.
- £3 billion invested in Birmingham commercial property market over the past 2 years.
- More foreign direct investment than any other English region.
- Highest concentration of businesses outside of London - 112,000 companies.
- No. 1 region in UK outside London for job creation.
- No. 1 regional city for start-ups in the UK with 17,500 new businesses started in 2016.
- West Midlands is the 3rd largest export region in the UK.
- West Midlands accounts for 80% of auto exports to China.
- Top 3 most visited place to shop in the UK.
- 32% growth in international visitors (2012 - 2017).
- Birmingham selected to host 2022 Commonwealth Games.

Large and Highly Qualified Workforce



- Youngest city in Europe - 40% under 25 years old.
- 112,800 graduates within 1 hour of Birmingham city centre.
- High rate of retention of graduates.
- Best performing city in UK for GCSE - 5 grades A* to C.
- 90% of the UK's population is within 4 hours' drive of Birmingham.
- 25% of the UK's engineering workforce live within West Midlands conurbation.
- The West Midlands saw workforce jobs increase by 110,000 in the 12 months to June 2017 - largest increase in the UK.

High Living Standards



- 2017 Good Growth for Cities index - fastest improving city to live and work.
- 2nd greenest city in England - circa 8,000 acres of parks and open space.
- More Michelin starred restaurants than any other city outside London.
- Birmingham is the most popular city destination for people leaving London - these people are young workers and families
- Birmingham is the fastest growing major city for house prices with 7.8% annual increase during 2017.

Year	Birmingham	UK Average*
2018	4.50%	1.00%
2019	4.50%	2.50%
2020	4.50%	5.00%
2021	5.00%	2.50%
2022	5.00%	2.50%

*Average UK House Price Growth estimated at 14% between 2018 to 2022.
Source: ONS



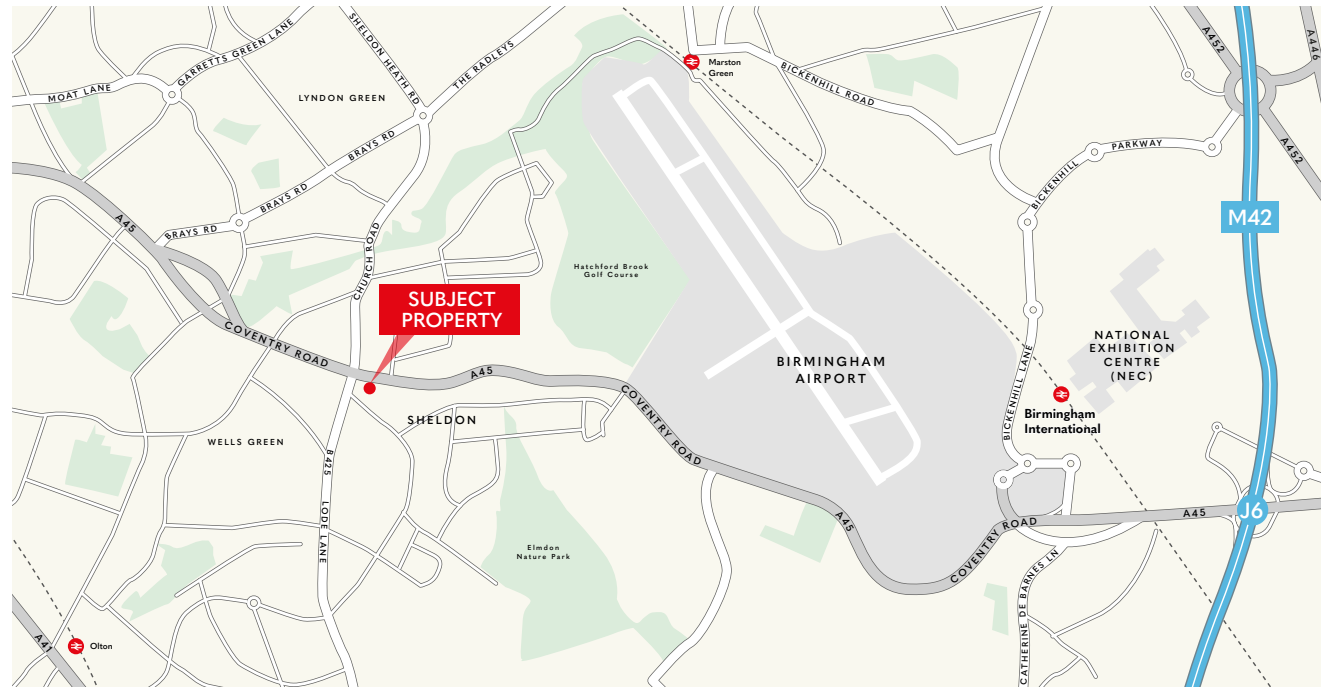
The retail park will be in the centre of Sheldon and will benefit from overlooking the A45 Coventry Road

Prime Situation

Sheldon is an eastern suburb lying within the Birmingham conurbation, some 6 miles east of Birmingham city centre, just to the west of Birmingham Airport, 3.6 miles to the north of Solihull and 12 miles west of Coventry.

The retail park will be in the centre of Sheldon and will benefit from overlooking the A45 Coventry Road. The Coventry Road is one of the busiest routes into Birmingham linking Birmingham airport, the NEC and junction 6 of the M42 to the city centre. Average daily mid-week traffic flows total circa 28,000 cars in a 12 hour period.

The site is located on the southern side of the Coventry Road, close to the busy crossroads with the B425 Hobbs Moat Road. The local demographics, combined with convenient access, provide a substantial customer catchment population within a 10 minute drive time of 164,623 people, extending significantly to 748,987 within a 20 minute drive time.





M42

BIRMINGHAM NEC

6

BIRMINGHAM INTERNATIONAL AIRPORT

Morrisons

SHELDON RETAIL PARK

B 4 2 5

SHEAF LANE

A 4 5

B 4 2 5

SHELDON SHOPPING CENTRE
BARCLAYS Lloyds Pharmacy
STORE TWENTY ONE
Carphone Warehouse HALIFAX Iceland

WELLS GREEN RETAIL PARK
pets at home halfords
Dreams RED SUPERSTORES

Topps Tiles FLOORS 4 YOU THE FLOORING SPECIALISTS Kwik Fit

Investment Highlights

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Aerial

Surrounding Retail

Modern Retailing

Tenure & Planning

Tenancy Schedule

Tenants' Covenant

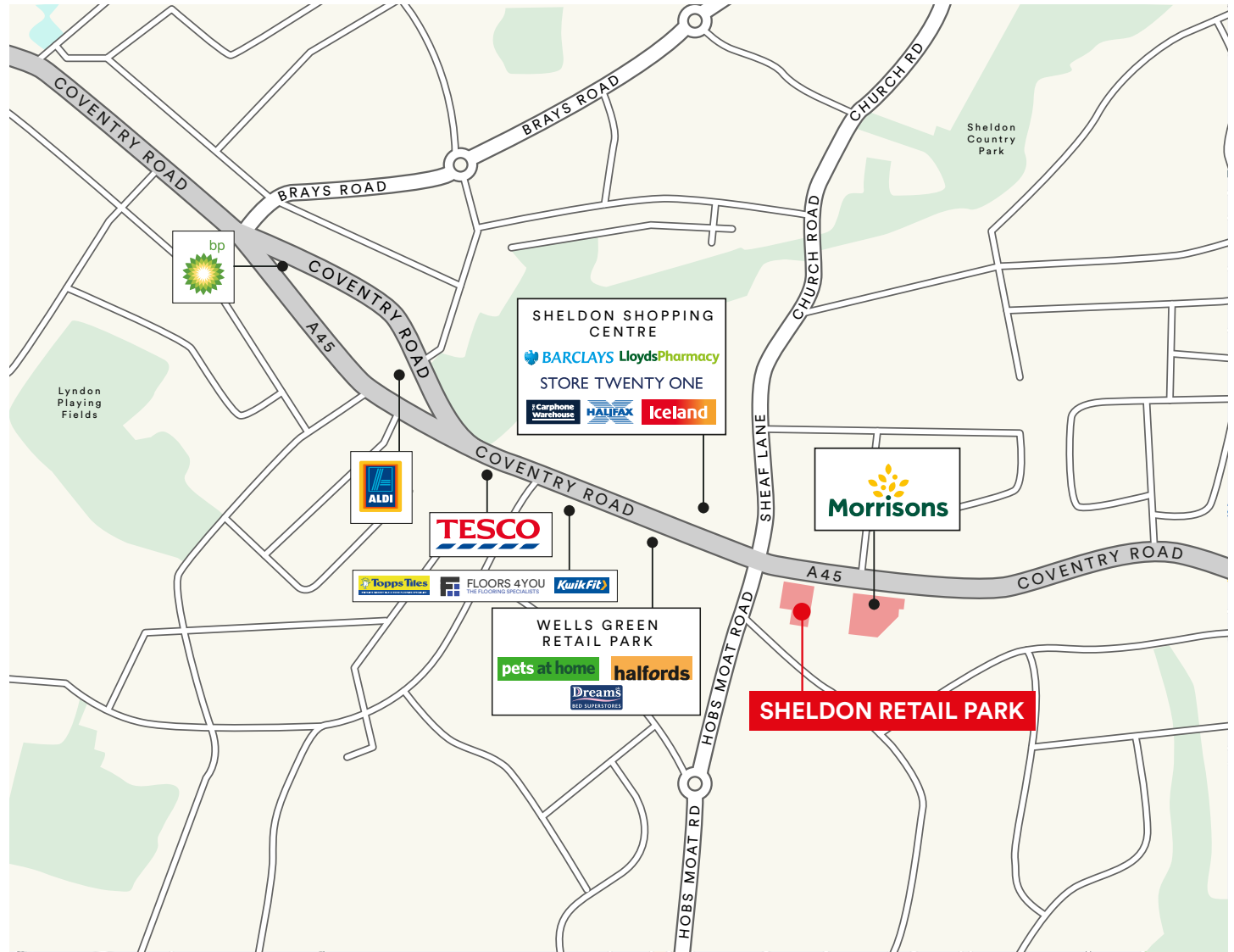
Further Information



Surrounding Retail

Sheldon Retail Park is situated in the main retail cluster for the area, adjacent to a modern 80,000 sq ft Morrisons foodstore. On the opposite side of the road is Sheldon Shopping Centre, where retailers include Iceland, Lloyds Pharmacy and Store Twenty One.

Opposite this is Wells Green Retail Park, let to Halfords, Dreams and Pets at Home. Other occupiers in the vicinity include Aldi and Tesco.





Modern Retailing

On completion, Sheldon Retail Park will create a new and modern retailing environment in line with consumer requirements. The development, along with the Morrisons, benefits from an all ways access/egress by way of a traffic light controlled junction from the A45 Coventry Road.

The property will have prominence and visibility from the A45 and as such tenants' signage supported by aluminium coated panels, will be on both sides of the buildings together with attractive glazed elevations. Ceramic coated glass spandrel panels will be used where appropriate to conceal the building structure and reduce glazing to minimise solar glare. The design will be similar to that of the adjacent Morrisons, creating synergy between the two buildings.

The tenant mix across the scheme is internet resistant, with M&S Foodhall anchoring the park in 11,000 sq ft, alongside B&M in 18,000 sq ft. The Gym will have 15,991 sq ft at first floor level.

The gym will attract a diverse range of shoppers to the park, extending usage time and giving a complementary offer to the other two retailers.

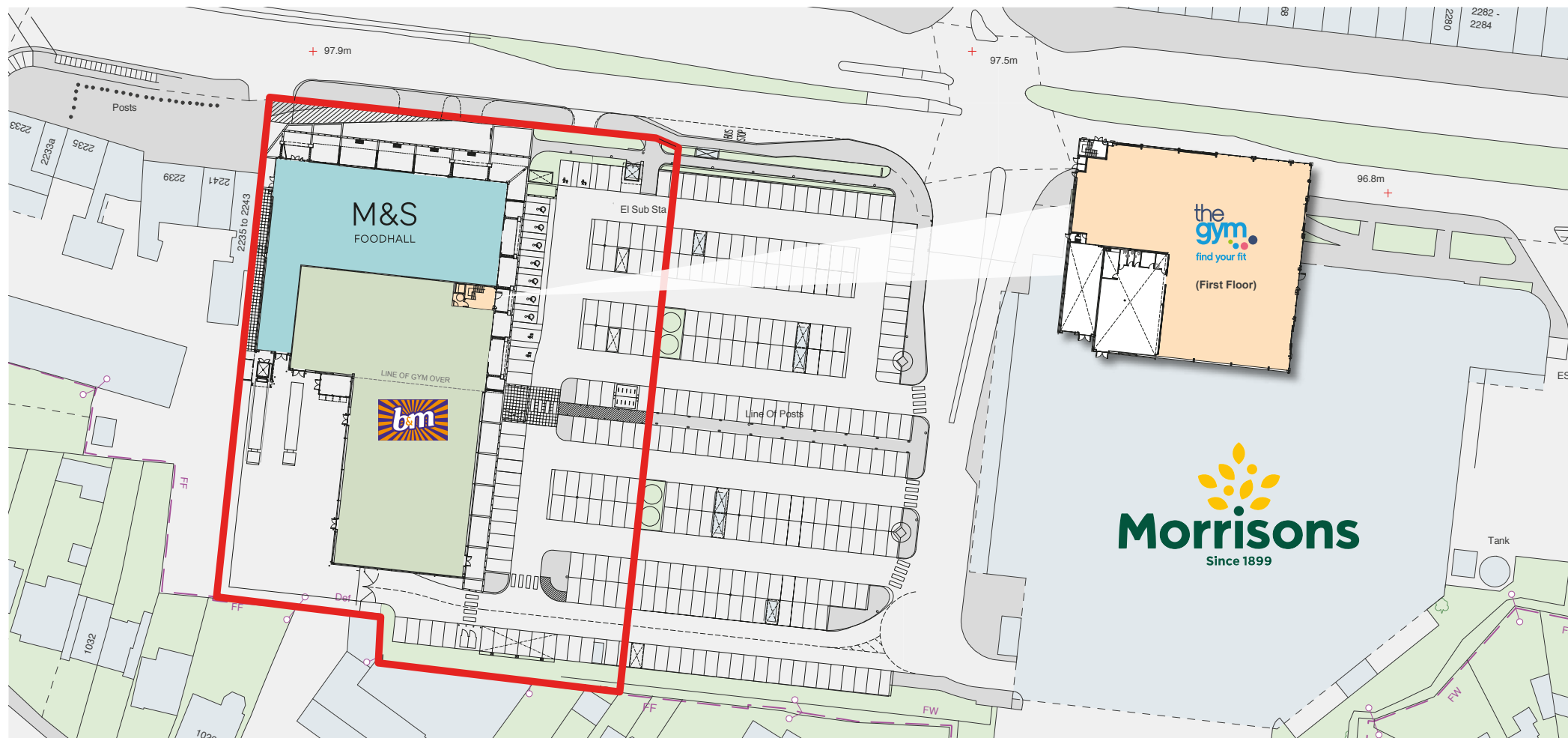
The scheme will provide a total of 582 shopper spaces, shared with the adjacent Morrisons store. 100 spaces are provided within the freehold title and the tenants have rights for a minimum of 100

spaces within their leases. There is a pedestrian walkway through the car parks linking the subject property to the Morrisons. It will also be possible to walk to the nearby Sheldon Shopping Centre.

Servicing access is through the car park via a service road and the service yard will be gated off, ensuring tenants' security.

Both soft and hard landscaping will be used to help create a public realm, enhance the attractiveness of the scheme and help link it to the adjacent Morrisons.





Tenure

The property is held freehold as delineated in red on the plan above. There are cross rights over the Morrisons car park to the benefit of the developer and therefore the purchaser. There are access rights in perpetuity and rights to park until at least 2047 and thereafter until any such time as the Morrisons is redeveloped.

Further information is available on request.

Planning Consent

Planning consent was granted in June 2018 for the erection of two Class A1 retail units with a first floor gym which has a D2 use. Further information is available on request.



Tenancy Schedule

The property will be fully let on full repairing and insuring leases and will provide a very long and attractive WAULT to break of 13.2 years and 15 years to expiry.

Tenant	GIA (Sq Ft)	Lease Details	Rent Reviews	Rent (per annum)	Rent (per sq ft)	Comments / Rent Free
M&S Foodhall	11,000 (Ground)	15 years from PC with Tenant's option to break at year 10	5 yearly upwards only reviews capped at 2.5% p.a.	£242,000	£22.00	6 months rent free
B&M	18,500 (Ground)	15 years from PC	5 yearly upwards only reviews capped at max 12% uplift over 5 years	£277,500	£15.00	18 months rent free
The Gym	15,991 (First Floor)	15 years from PC	5 yearly reviews fixed at 2.50% p.a. compounded	£150,000	£9.38	12 months rent free
Total	45,491 sq ft			£669,500	£14.72	



Tenants' Covenants

Marks and Spencer t/a M&S Foodhall

Marks and Spencer is a major British multinational retailer, which was founded almost 135 years ago. The retailer currently has around 979 stores across the UK, including 615 which only sell food products. The company made over £10.622 billion of revenue in 2017 and has almost 85,000 employees. The Foodhall business has been the more successful side of the business in recent years and food revenue grew 3.9% in the year to 31 March 2018. The addition of an M&S Foodhall on a scheme has been proven to improve footfall, dwell time and visitor frequency numbers.

B&M Bargains

B&M is one of the fastest growing retailers in the UK and has also expanded internationally through the acquisition of the Germany-based Jawoll business in 2014. It also increased its presence in the UK recently through the acquisition of 250-store food retailer Heron Foods in August 2017. Over 3 million customers shop across the company's 560 stores each week, and B&M has recently increased its target by 100 stores to 950 stores in the UK.

B&M is one of the most profitable discounters in the UK and group operating margins have remained in excess of 8% in recent years. It reported a pre-tax profit of £182.9 million in 2016/17, giving it a pre-tax margin of 7.5%.

The Gym Ltd

The Gym Plc; the parent company, are the only gym operator listed on the London Stock Exchange and have over 650,000 members across the UK. They have over 133 sites in the UK totalling over 2 million sq ft of space and are actively acquiring around 15-20 new sites a year. Their gyms are open 24/7 and there are no contracts tying members in, allowing members flexibility. The company was founded in 2008 in Hounslow and completed its Initial Public Offering in November 2015 raising over £125 million for further expansion.

The 2017 accounts have not yet been audited but shown turnover has grown to £91.377 million, with pre-tax profits increasing to £9.191 million.

A summary of the most recent tenant accounts is as follows:

Tenant	Year Ending	Sales Turnover (000's)	Pre-Tax Profit (000's)	Net Worth (000's)	D&B Rating
Marks & Spencer Plc	01/04/2017	£10,622,000	£130,600	£4,961,200	5A1
	02/04/2016	£10,555,400	£488,800	£5,223,800	
B&M Retail Ltd	25/03/2017	£2,252,265	£198,006	£498,412	5A1
	26/03/2016	£1,902,557	£168,121	£440,372	
The Gym Ltd	31/12/2017 (unaudited)	£91,377	£9,191	n/a	5A1
	31/12/2016	£73,539	£6,940	£64,177	
	31/12/2015	£59,979	£4,794	£62,878	

M&S
FOODHALL



the
gym.
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Further Information

The Developer

Chase Midland Estates Ltd is an SPV set up for the purposes of developing the subject property, and the adjoining Morrisons, which was developed 6 years ago. Chase Midlands Estates Ltd own the site in a JV with Chase Commercial Ltd. Established in 1996 Chase Commercial Ltd have carried out retail, office and industrial mixed use schemes across the UK. Current projects include Riverside Shopping Centre in Evesham, Access Park, a 10.8 acre site in Gloucester and Ratio Park an industrial development in Kidderminster.



The Professional Team

The purchaser will benefit from warranties from the selected contractor, design team and sub contractors as set out below:

Contractors:

MAC

Architect:

SR Davis

Structural Engineer:

CDP



Mechanical & Electrical Consultants:

Bennett Williams

Quantity Surveyor/Project Manager:

Wakemans

The Development Programme:

The contractors are due to start on site in October. The build period is estimated at 33 weeks so practical completion should be around the middle of June 2019.

Environmental:

Ground investigation reports and a flood risk report have been undertaken and can be assigned to a purchaser. The site is in Flood Zone 1, giving it a very low risk of flooding.

VAT

The property is elected for VAT and we would expect the transaction to be treated as a Transfer of a Going Concern..

Proposal

We are seeking offers in excess of **£11, 410,000** subject to contract, for the forward commitment to purchase this development. A purchase at this level would reflect a **net initial yield of 5.50%** after deducting purchaser's costs of 6.71%

Contacts

Ellie Kirkby

T: 020 7317 3790

M: 07764 241 898

E: ellie.kirkby@avisonyoung.com

Paul Wilkinson

T: 020 7317 3799

M: 07770 585 313

E: paul.wilkinson@avisonyoung.com



Avison Young
Heathcoat House
20 Savile Row
London
W1S 3PR

www.avisonyoungretail.co.uk

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