

HOMEBASE

SUTTON COLDFIELD · B73 5BA

Prime DIY Retail Warehouse Investment
with Strong Alternative Use Potential



INVESTMENT SUMMARY

- Sutton Coldfield is a growing, commuter town in the West Midlands, 8 miles north-east of Birmingham.
- Large catchment population of 848,584 people within 20 minutes' drive time from the property.
- Prominently situated, fronting onto the A452 and B4149, both main arterial roads through Sutton Coldfield.
- Purpose built retail warehouse, opposite a Tesco Extra, adjacent to an Aldi supermarket and in proximity of Princess Alice Retail Park.
- Gross Internal Area of 43,386 sq ft with 189 car parking spaces (ratio of 1:230 sq ft).
- Fully Let to HHGL Ltd (Homebase) with an unexpired term of 5.80 years.
- The lease contains a landlord development break option in March 2022.
- 2.9 acre site with strong alternative use potential for care home, residential or industrial uses.
- Total passing rent of £575,250 per annum reflecting £13.26 per sq ft.
- The property has planning permission for a DIY retail warehouse with garden centre and associated parking.
- Freehold.

Offers sought in excess of £6,000,000 (Six Million Pounds), subject to contract and excluding VAT. A purchase at this level would reflect a net initial yield of 9.00%, assuming standard purchaser's costs.

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LOCATION

The Royal Town of Sutton Coldfield is the largest commercial centre in the Birmingham conurbation, forming a large part of the Metropolitan Borough. It lies approximately 8 miles north east of Birmingham city centre, 11.5 miles east of Walsall and 8 miles south west of Tamworth.

The town benefits from excellent transport links, as outlined below.

 **6 MILES**
to the M6 motorway

Sutton Coldfield is located approximately 6 miles east of Junction 6 of the M6 and 10 miles south of Junction 4 of the M6 toll. The M42 is situated 11 miles south of the town, providing quick access to the M5 and the south west.

 **14 MINUTES**
to Birmingham New Street

By rail there are frequent and direct commuter services from Sutton Coldfield to Birmingham New Street (14 mins), with over 100 train services per day. Wylde Green Railway station (1.4 miles east) is in closest proximity to the subject property, also providing regular commuter trains into Birmingham. From Birmingham New Street services are provided to London with a fastest journey time of 73 minutes.

 **2 MINUTES**
to bus services

The property is well served by buses, with regular bus services along the A452, Chester Road and B4149, Jockey Road. These provide good accessibility to both surrounding neighbourhoods and places including Birmingham, Walsall and West Bromwich.

 **11 MILES**
to Birmingham Airport

Birmingham International Airport is a major airport located approximately 11 miles south. It serves 150 destinations, both domestic and international, handling 12.7 million passengers in 2019. East Midlands Airport is located 31 miles north of Sutton Coldfield, serving 90 destinations and 4.2 million passengers per annum.



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SITUATION

The property is situated approximately 2.4 miles south of Sutton Coldfield town centre, in the New Oscott area, north of Birmingham. The property fronts both Chester Road (A452) and Jockey Road (B4149). Chester Road provides a direct vehicular route to the M6 in the southwest and M6 toll in the north.

Princess Alice Retail Park directly opposite the property and forms the principal retail park in the area. Key occupiers include M&S Food, Pets at Home and DSG. The property is owned by Standard Life.

Other operators in the immediate vicinity include Tesco Extra, Aldi and Lidl.



For indicative purposes only.

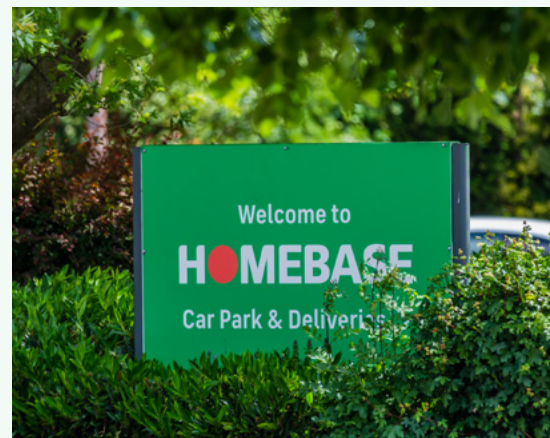


DESCRIPTION

The property is a purpose-built, brick, solus retail warehouse, constructed in 1986. The unit extends to 43,386 sq ft, on a 2.9-acre plot with 189 parking spaces (ratio of 1:230 sq ft). The unit is let to Homebase (HHGL Limited), who have been in occupation since 1992. Homebase lease the space in its entirety and have recently undertaken refurbishments to the store to include new showrooms and home furnishing offerings.

Customer access is derived from Jockey Road (B4149). There is a service yard to the east of the property, accessed through the customer car park.

The property has a clear internal height of 6.54m, an internal eave height of 5.59m and a height to underside of roof of 8.2m.





DEMOGRAPHICS

221,361
catchment population
within 10 minutes' drive time

The catchment population within 20 minutes' drive time is forecast increase by 5.5% over the period 2020 to 2030, compared to the national average of 4%. The population is relatively young, with 63% of the population being aged 0-44 years old, compared to the national average of 56%.

848,584
catchment population
within 20 minutes' drive time

The Acorn Group classification for the immediate catchment population shows 30% of the population are classified among the 'Comfortable Communities' Acorn groups of Successful Suburbs, Steady Neighbourhoods, Comfortable Seniors and Starting Out, against a national average of 26%.

TENANCY SCHEDULE

The property is fully let with an unexpired lease term of 5.8 years to expiry. There are no tenant break options, however there is a landlord development break option in March 2022. Areas are based on a Measured Survey completed June 2021.

Unit	Tenant	GIA sq ft	Lease Start	Lease Expiry	Landlord Break	Rent	Rent psf	Comment
1	HHGL Limited (Homebase)	GF 41,833 FF 1,553 Tenant Mezz 12,878	25/03/1992	24/03/2027	24/03/2022	£575,250	£13.26	The lease is held inside the L&T Act 1954. Break in the lease in favour of the landlord on the grounds of redevelopment. 6 months' written notice required. Tenant has the right to statutory compensation of 2 x Rateable Value if break is actioned. Rent to the higher of base rent or 10% of turnover. Turnover information available on request.
Total GIA						43,386	£575,250	



TENURE
Freehold.

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COVENANT INFORMATION

HHGL Limited - Company No: 00533033



Homebase (HHGL Ltd) is a major British home improvement and garden centre retailer founded in 1979, currently trading from 164 stores across the UK.

The retailer has recently emerged from a major turnaround plan, which saw it shut 47 loss making stores, and reduce the rent on a further 70, via a Company Voluntary Agreement. The re-structuring undertaken by Private Equity owner Hilco Capital (acquired Homebase in 2018), delivered a £3.2 million EBITDA return to profit in 2019 compared with a loss of £114.5 million the previous year. Furthermore, Homebase increased its share of the DIY market in 2019, up to 4.6% from 2.2% in 2018.



Homebase CEO Damian McCoughlin stated that Homebase has delivered strong sales growth throughout COVID-19, in line with other national DIY retailers such as B&Q and Wickes. The home and DIY retailer has recently opened its first new store for 6 years in Cheltenham and is planning to invest in its current stores to create new layouts and concepts as well as open a further 15 new ones over the next few years.

HHGL Limited have reported the following last three year's results and have a Creditsafe rating of 29/100 indicating a 'High Risk' of business failure.

Year to Date	Turnover	Pre-Tax Profit	Net Worth
29/12/2019	£775,779,000	-£19,108,000	-£548,394,000
30/12/2018	£458,077,000	-£14,692,000	-£529,286,000
30/06/2018	£1,431,980,000	-£403,745,000	-£514,594,000

The high demand for home improvement as consumers stayed at home due to COVID-19, means the group is widely expected to have performed strongly over the previous 12-months, as the retailer benefited from having essential store status and online ecommerce growth.

DEVELOPMENT POTENTIAL

CARE HOME

The current offering of care/nursing homes within the primary catchment is relatively low-quality compared to the national average. We are therefore of the opinion that that the site is a suitable for the development of a small scale retirement living development or an elderly care home of c.60-80 beds. The area is a mid-market location with good accessibility for both residents, relatives and staff.

RESIDENTIAL

The site is of a size that also lends itself well to a medium to high-density scheme profile, concentrating in the main on low rise apartments together with some town housing where permissible. With the expanding over 65-year old market the major demand will be for traditional 1 and 2 bed apartments, with the potential to introduce more 3 bed apartments to meet this burgeoning market demand from “downsizers”.

DEVELOPMENT PROPOSALS

Massing studies have been commissioned to explore the development potential of the site in line with planning guidelines. There is potential to deliver a mixed-use scheme incorporating a combination of care, later living and/or residential development in varying capacities. Layouts are provided to offer an indication of the form of development that could be achieved for information purposes only. In addition there is also strong potential for conversion to industrial uses.





PLANNING

The property has planning permission for a DIY retail warehouse with garden centre and associated parking. A copy of the planning permission is available on request.

The JLL Planning team commented that in terms of the development potential the principle of residential and care on the site should find support. These are compatible uses with a Local Centre such as New Oscott.

There is a Grade II* listed building (Oscott College) south of the site on the junction of A452 and College Road (southern side). There may be further heritage work required to assess whether it could impact massing on the site.

A planning application would present benefits, including being situated in a very sustainable location, supporting the Council's housing land supply, provide care provision (to a greater or lesser extent), re-use of a brownfield site and providing the opportunity to improve design, especially along Chester Road.

In terms of massing, 3-3.5 storeys would appear to be the maximum, but through further pre-application advice with the Council, this may be pushed up to 4 storeys in parts of the site. It is considered unlikely that the development would exceed 4 storeys.



ENVIRONMENTAL & FLOODING

The Environment Agency Flood Map for Planning confirms that the site has a very low risk of flooding. The land has less than 1 in 1,000 annual probability of river or sea flooding.

EPC

EPC Rating – C
Energy Performance Certificates and associated reports are available on request.

VAT

This property has been elected for VAT purposes and it is expected that the investment sale will be treated as a TOGC.

PROPOSAL

Offers sought in excess of **£6,000,000** (Six Million Pounds), subject to contract and excluding VAT. A purchase at this level would reflect a net initial yield of **9.00%**, assuming standard purchaser's costs.



FURTHER INFORMATION

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