



Horfield Lodge

KELLAWAY AVENUE | BRISTOL | BS7 8SU

Freehold care home investment opportunity

Let to Methodist Homes and benefitting
from attractive annual RPI reviews.





Investment Summary

Opportunity to acquire the freehold interest of care home investment located within the affluent suburb of Horfield in Bristol.

- Modern **75 bed care home**, including 19 care suites, all with en-suite wetroom provision.
- Generous offering of communal facilities including several **dining rooms, lounges** in addition to a **salon, café area** and **large roof terrace**.
- Let to leading charitable operator **Methodist Homes “MHA”** (D&B 5A2) on a 35 year FRI lease, with **21.1 years unexpired**.
- Rent from next review on 14th March 2025 is estimated at **£1,029,851** per annum, reflecting £13,731 per bed.
- **Annual upward only RPI indexed rent reviews (2.5%-5.0%)**.
- The tenant, MHA, is currently undertaking extensive internal refurbishment works, due to complete by the end of Q1.
- Rated **CQC ‘Outstanding’** (March 2020).
- Strong carehome.co.uk rating of **9.7/10**.
- EPC rating **B46** - compliant with current and future proposed MEES regulation.
- **Freehold**.

Location



Horfield Lodge is located within the affluent leafy suburb of Horfield in the north of the historic maritime city of Bristol.

The property is positioned within close proximity to Gloucester Road (A38), a main arterial road connecting the city centre to Bristol's northern suburbs, which boasts an eclectic mix of independent and national cafes, restaurants and retailers. Southmead Hospital, a regional healthcare hub, is also located within a 5 minute drive of the care home.

The care home benefits from excellent connectivity, with the A38 providing quick access onto the motorway network via the M4/M5 interchange, approximately 5 miles north. Ashley Down railway station is located within a mile, along with several bus stops in short walking distance from the home; both providing regular services across the city.



Immediately adjacent on either side of the care home is Horfield Common and Wellington Hill, which comprise open green space and recreational facilities that provide a public benefit to the local community. A Tesco supermarket is conveniently located to the south west along Kellaway Avenue within a 5 minute walk of the property.

At the property's south-east boundary is Concord Lodge; a vacant specialist facility which is owned and was previously operated by Bristol City Council, who are understood to be exploring options regarding future operations. Concord Lodge benefits from a right of access and is accessed via Horfield Lodge.

Horfield Lodge occupies a prominent position along Kellaway Avenue, situated in a predominantly residential area, characterised by a mix of attractive Victorian terraced and 1930s semi-detached housing.



An aerial photograph showing a large, multi-story care home building with a grey roof and light-colored walls. The building is situated in a green field, with a residential area of houses visible to the left and a road with parked cars to the right. A large green field with a soccer pitch is in the foreground. The text is overlaid on the bottom left of the image.

“

*The home has an exceptional
carehome.co.uk rating of 9.7 and
is rated Outstanding by the CQC.*

”

Demand & Demographics

The local catchment is defined by a large quantum of over 75s, combined with high wealth and strong average house prices.

Within a 10-minute drivetime catchment:

There is a total of 13,329 people aged over 75 within the studied catchment.

This is projected to grow by 11.6% to 14,873 by 2033, demonstrating the depth of market within the catchment area.



13,329 over 75s

There is a high level of housing wealth, with an average house value estimated at c.£463,000 for the over 75 population (vs. a GB average of £283,858).

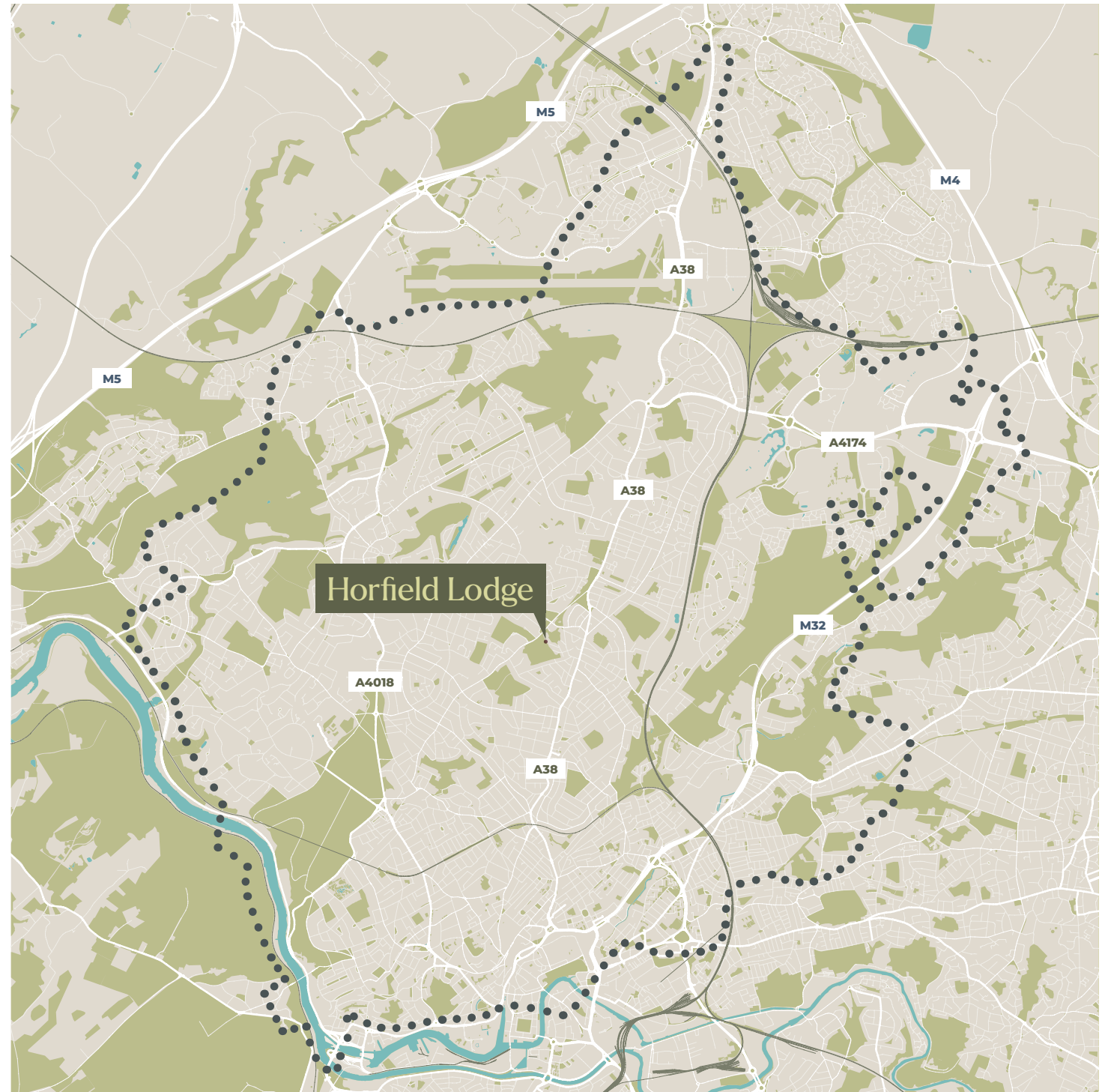


Housing wealth

According to ACORN types, 69% of the elderly population is categorised as having medium to high affluence, which sits well above the GB average.



High affluence



Description

Constructed in 2011, Horfield Lodge comprises a modern future-proof nursing home, providing a total of 75 registered bedrooms, including 19 care suites, all benefiting from en-suite wetrooms.

The property has a bespoke design arranged over three storeys at the front and four storeys at the rear to accommodate the site's gentle sloping nature. The resident care accommodation is located on the ground and upper two floors, with the lower ground floor dedicated to back of house functions, including kitchen, laundry, plant and training room.

Residents have access to a wide range of onsite amenities including a lounge, dining room and activity room across the ground and first floor, in addition to a café, salon and several seating areas. Each of the care suites are self-contained and have the benefit of their own lounge and kitchen for residents with a greater level of independence.

The care home has several external areas including a large terrace on the ground floor, along with balconies on the upper floors. There is also a large south facing roof terrace, enjoyed by the residents throughout the year, which benefits from an elevated position providing uninterrupted views across Bristol's cityscape.

The property measures a total gross internal area of 4,182 sq m, equating to a generous 55.8 sq m per bed, and occupies a site extending to approximately 0.88 acres. There are 15 car parking spaces, including a disabled bay and emergency vehicle area, located directly outside the entrance of the home.

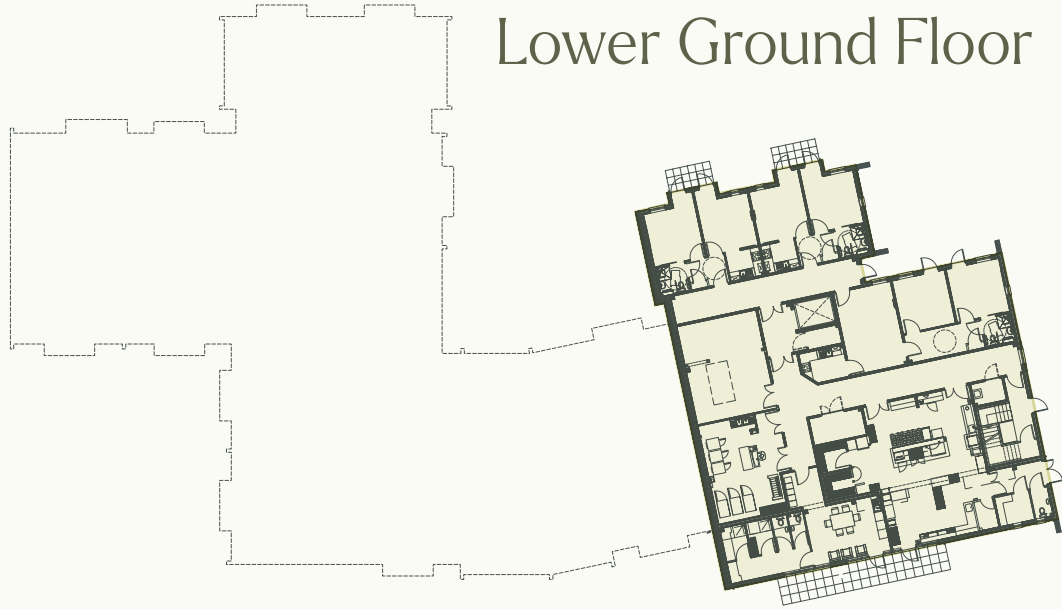


FLOOR	Care Suites (1 bed)	Care Suites (2 bed)	Single Bedrooms	Total Beds*
GROUND	-	-	29	29
FIRST	4	1	25	31
SECOND	13	1	-	15

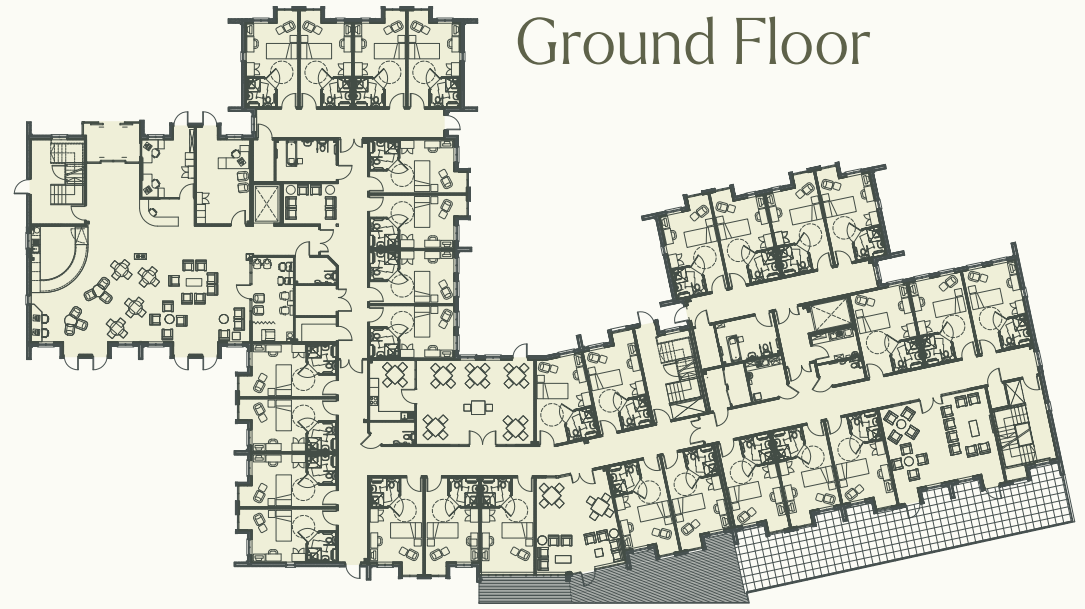
** Whilst there are 73 rooms within the nursing home, the 2 bed care suites provide two additional beds, totalling 75 beds across the scheme.*



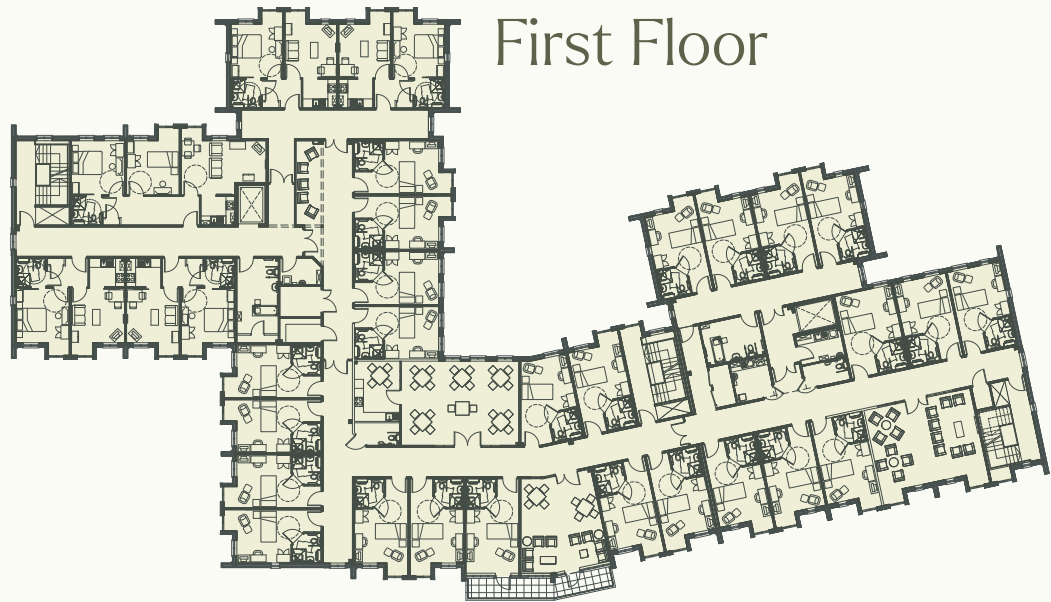
Lower Ground Floor



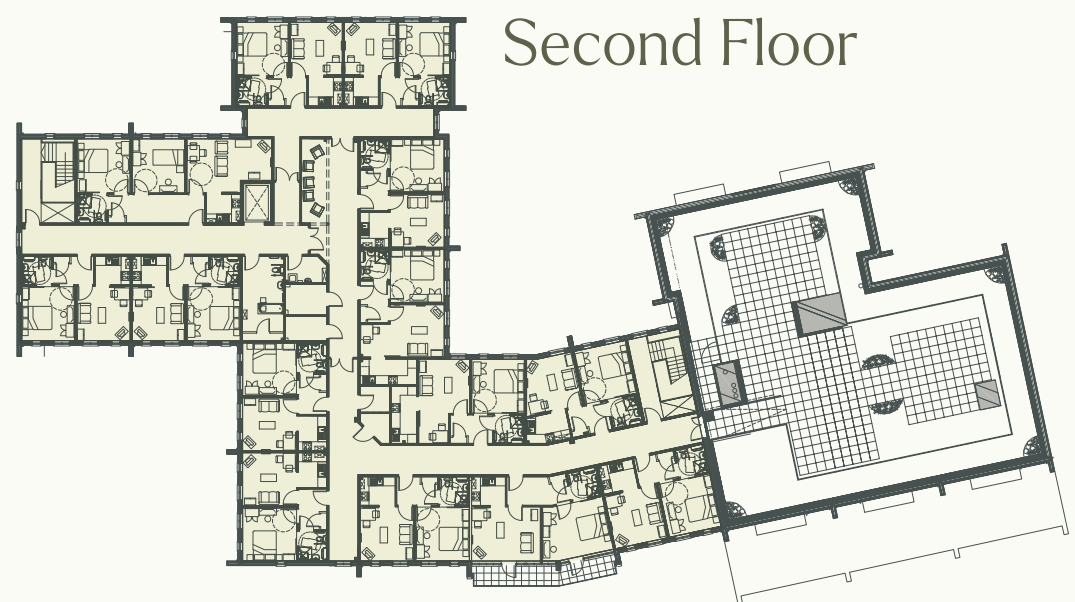
Ground Floor



First Floor



Second Floor

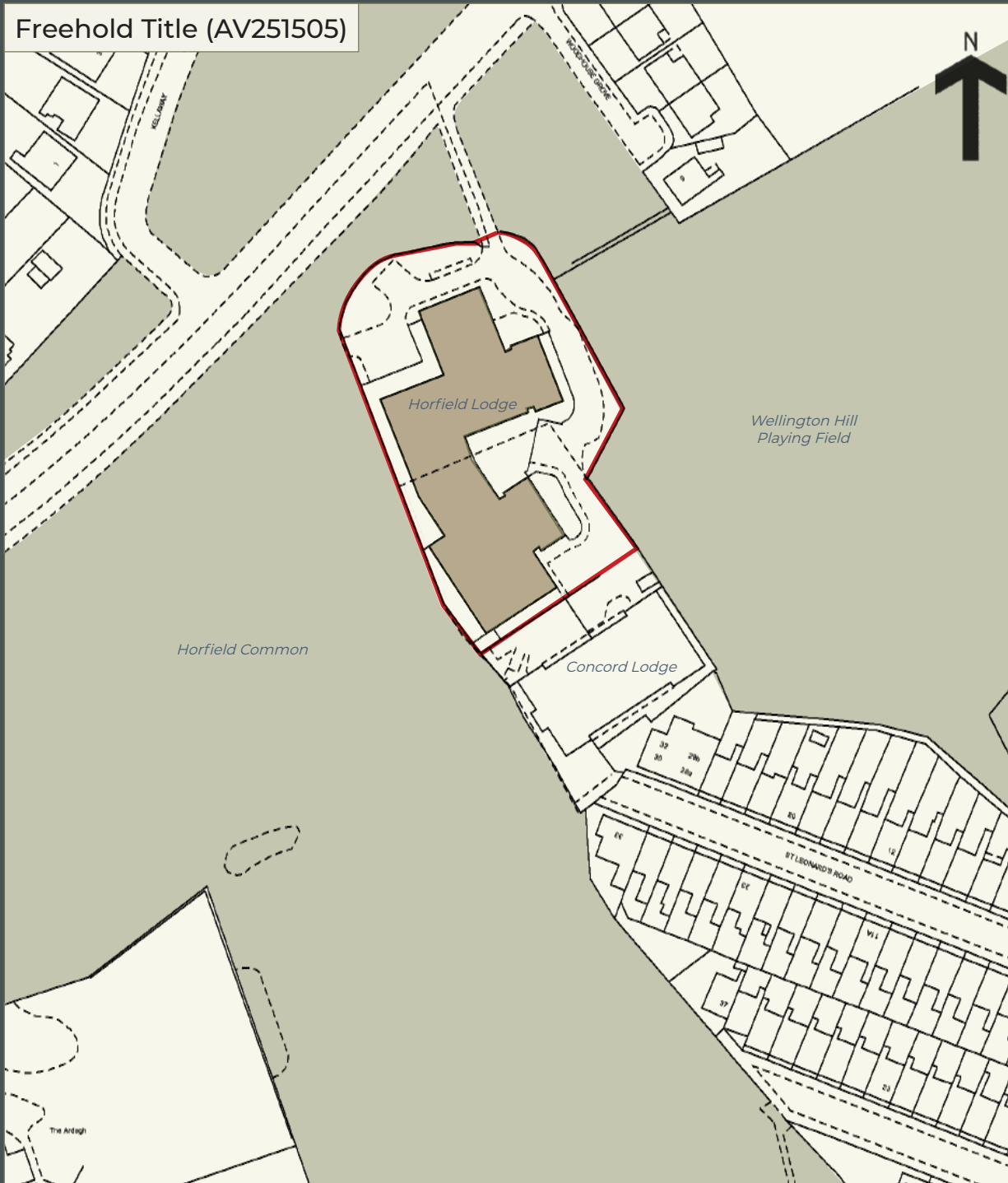


Summary of Occupational Lease

Tenant	Methodist Homes, formerly known as 'Methodist Homes for the Aged' (04043124).
Contractual term	35 years from 14th March 2011.
Unexpired Term	21.1 years.
Passing Rent	Rent from next review on 14th March 2025 is estimated at £1,029,851 per annum.
Repairing Obligations	Tenant's responsibility to keep all parts of the property (internal and external) in good and substantial repair and condition.
Redecoration Obligations	Tenant's responsibility to keep the interior and exterior of the property decorated and to redecorate it not less than every 5 years and also in the last three months of the term. Tenant shall not be obliged to decorate the property more than once in any period of 2 years.
Insurance	Landlord to effect and maintain, with the tenant to reimburse the cost.
Alienation	<p>Assignment: Tenant permitted to assign the whole with LL consent (not to be unreasonably withheld), subject to the assignee being of sufficient financial standing to enable it to comply with the tenant's covenants.</p> <p>Underletting: Tenant permitted to underlet the whole subject to the terms of any underlease being consistent with the terms of the lease.</p> <p>Group Sharing: Permitted subject to the standard lease clauses.</p>
Alterations	<p>Tenant may carry out alterations, additions or improvements to the property subject to the LL consent (not to be unreasonably withheld).</p> <p>The tenant may carry out non-structural internal alterations without obtaining consent provided that in the last year of the term the tenant may carry out non-structural internal alterations only where it has obtained consent.</p>
Permitted Use	Residential accommodation and care to people in need of care within Use Class C2.
Rent Review Mechanism	Annual RPI Reviews, subject to a collar and cap of 2.5% & 5.0%, respectively.



Freehold Title (AV251505)



Tenant Covenant

Tenant Overview

Established in 1943 as a charitable operator, MHA’s overarching vision has remained focussed on enabling people to live well in later life by providing safe and secure community settings where their residents feel supported. With more than 80 years of experience, the charity has grown to manage an extensive portfolio of 80 care homes and 59 retirement living communities, establishing itself as a reputable provider of elderly care accommodation.

The charity prides itself on delivering the best quality care for its residents, with 91% of their care homes inspected by CQC or equivalent rated ‘Good’ or ‘Outstanding’. MHA has also been recognised as a ‘Top 20 Care Home Group’ by carehome.co.uk with a strong overall rating of

9.6/10, underlining the charity’s commitment to providing high quality, compassionate care for the elderly.

The group continues to build upon its strong position in the care market, with a refreshed strategy aimed at focusing the charity’s objectives. This includes optimising their existing platform, following conclusion of their portfolio review in 2023, and identifying opportunities to reinvest surplus cash to ensure the real estate remains fit for the future. This also extends to digitalising their systems and replacing old equipment to drive efficiencies, thereby supporting carers in fulfilling their core role of spending time with the residents.

Methodist Homes D&B Rating

The contracted tenant is ‘Methodist Homes’ (04043124), formerly known as ‘Methodist Homes for the Aged’.

D&B Rating: 5A2

D&B Failure Score: 79 | Low to Moderate Risk

D&B Delinquency Score: 96 | Very Low Potential for Severe Delinquent Payments

Overall assessment of this entity over the next 12 months: Stable Condition with Low to Moderate Risk.



Financial Overview

MHA reported a total revenue of £279.2m for 2023/24, reflecting a 4% increase on the previous financial year (2022/23: £268.8m), predominantly driven by increased charitable activities resulting from improved occupancy levels across their care home platform.

Despite growing bed demand, sector wide recruitment challenges has resulted in continued use of agency staff at MHA, albeit significantly lower than the previous trading year. This has largely been supported by strong staff retention, with the charity priding itself on having one of the lowest staff turnover rates in the sector. Slow recruitment has prolonged occupancy recovery. However, an average of 85.4% at year-end demonstrates a positive upward trend year-on-year.

Despite challenges, MHA has continued to implement its overarching business plan to drive operational efficiencies across the group. Their recent portfolio review has aided in identifying assets no longer aligned with the charity’s long-term goals, enabling them to optimise the platform through strategic sales, in turn, reducing operational costs and releasing additional capital. These have all contributed to the charity achieving a surplus of £5.4m in 2023/24 with net assets totalling £235.5m.

The table below illustrates the financial performance and operational KPIs of the tenant for the last three trading years:

	2023/24	2022/23	2021/22
Total Income	£279,198	£268,825	£251,089
Net Assets	£235,501	£231,715	£346,232
Care Beds	4,608	4,782	4,840
Care Home Occupancy	83%	82%	78%

Further Information

Data Room

Access to the data room is available on request.
Information includes:

- Existing floor plans
- Photographs
- Lease
- Title
- EPC
- CQC report

VAT

It is understood that the property is not elected for VAT. It is intended to treat the transaction as a transfer of a going concern.



EPC Rating

The property has a current EPC rating of B46 valid until 1 September 2032.

Title

The Freehold property is held under title number AV251505.

Process

All enquiries are to be addressed directly to the vendor's agents, JLL.

Under no circumstances are any queries to be raised with the operator. Please note that no visits are permitted unless arranged via JLL.

JLL will confirm further process details in writing to interested parties.

Contact

For further information, please contact:

Verity Knight

Director - Healthcare Capital Markets, UK
+44 7872 107 646
Verity.Knight@jll.com

Rob Sumner

Associate Director - Healthcare Capital Markets, UK
+44 7927 566310
Robert.Sumner@jll.com

Keziah Larkum

Analyst - Healthcare Capital Markets, UK
+44 7704 673004
Keziah.Larkum@jll.com



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