

Prime Retail Warehouse Investment Opportunity

B & Q, Heathfield Road, Ayr, Scotland KA8 9TB







INVESTMENT SUMMARY

- Ayr is the principal retail centre for the southwest of Scotland and is an important coastal tourist destination
- The town benefits from an excellent transport infrastructure with direct road links from the recently enhanced A77/M77 north to Glasgow
- The estimated shopping population is 134,000 with a total population within the Ayr primary catchment area of 171,000
- Prominently located in Ayr's established retail warehouse location in close proximity to the A77
- The property comprises a retail warehouse unit of a circa 41,550 sq ft with parking for 240 spaces (1: 173 sq ft)
- Let to B & Q (5A1 rated covenant) for a further 11.33 years unexpired
- "Bulky goods" planning consent
- Heritable Title (Scottish equivalent of English freehold)
- The current rent per annum is **£520,000** reflecting approximately **£12.50 per sq ft**
- Offers are sought in the region of **£7,280,000 (Seven Million Two Hundred and Eighty Thousand Pounds)**
- Based on costs of 5.80% and an annual income of **£520,000**, a purchase at this level would reflect a net initial yield of **6.75%**

1.0 LOCATION

Ayr is the principal retail centre for the southwest of Scotland and is an important coastal tourist destination located approximately 13 miles south west of Kilmarnock and 35 miles south west of Glasgow.

Ayr benefits from an excellent transport infrastructure with direct road links from the recently enhanced A77/M77 north to Glasgow, and the M74 which links the south-west coast of Scotland to the north-west of England.

In addition there are excellent air and sea links via Prestwick Airport just to the north, and regular ferries from the Ayrshire seaports to Belfast and Larne.



2.0 CATCHMENT AND DEMOGRAPHICS

Ayr has a broadly based economy which features agriculture, aerospace, engineering, textiles and construction. The estimated shopping population is 134,000 with a total population within the Ayr primary catchment area of 171,000.

Car ownership increased at significantly above the average for the PROMIS centres between 1991 and 2001, in terms of both total car ownership and multiple car ownership.

According to the Mosaic Consumer Classifications, Ayr has an above average percentage of "Symbols of Success" (17.23%) in comparison to the GB average of 9.70%.



3.0 SITUATION

The subject property is situated in a prominent and accessible position on the Heathfield Road (B743) approximately 2.5 miles to the north east of the town centre and approximately 0.5 miles east of the Whitletts roundabout at the junction of the A77. The property is also in close proximity to Glasgow Prestwick Airport.

The property forms part of a significant retail critical mass including the Heathfield Retail Park and a 74,600 sq ft Asda food store. To the west of the subject property is a Parks car dealership specialising in Land Rover, Jaguar and Volvo car sales and Mercedes Benz also has a dealership to the north of Heathfield Road. Immediately to the east of the subject property is a Keyline Builders Merchant.



4.0 RETAIL WAREHOUSING IN AYR

Retail warehouse supply for Ayr was estimated at 323,000 sq ft and is largely concentrated to around the subject property. The principal concentration of out of town retail accommodation serving the town's catchment is described below:

1. HEATHFIELD RETAIL PARK (AXA)

Heathfield Retail Park is located in close proximity to the subject property and is the town's largest retail warehouse scheme totalling approximately 142,140 sq ft of retail warehouse accommodation let to Homebase, Harveys, Dreams, Carpetright, Bensons, Halfords, PC World, Currys, Comet and two A3 units let to KFC and Pizza Hut.

2. ALISON STREET RETAIL PARK & CENTRAL RETAIL PARK (HENDERSON GLOBAL INVESTORS & LIDL)

Approximately half a mile to the north of the town centre on Allison Street (A79), there are two adjoining parks. Alison Street Retail Park comprises approximately 15,130 sq ft of Open A1 accommodation let to Pets At Home, Floors To Go, Indigo Sun, Sally Hair and Domino's.

Central Retail Park comprises approximately 19,685 sq ft of Open A1 consented retail warehouse accommodation let to Brantano and Lidl.

3. BERESFORD TERRACE RETAIL PARK, BERESFORD TERRACE (KENMORE IN ADMINISTRATION)

In close proximity to the town centre, Matalan and Sports Direct occupy units of 32,000 sq ft and 12,000 sq ft of Open A1 non-food consented retail warehouse accommodation that was constructed in c. 2007.





- 1. Heathfield Retail Park
- 2. Alison Street Retail Park & Central Retail Park
- 3. Beresford Terrace Retail Park



5.0 DESCRIPTION AND ACCOMMODATION

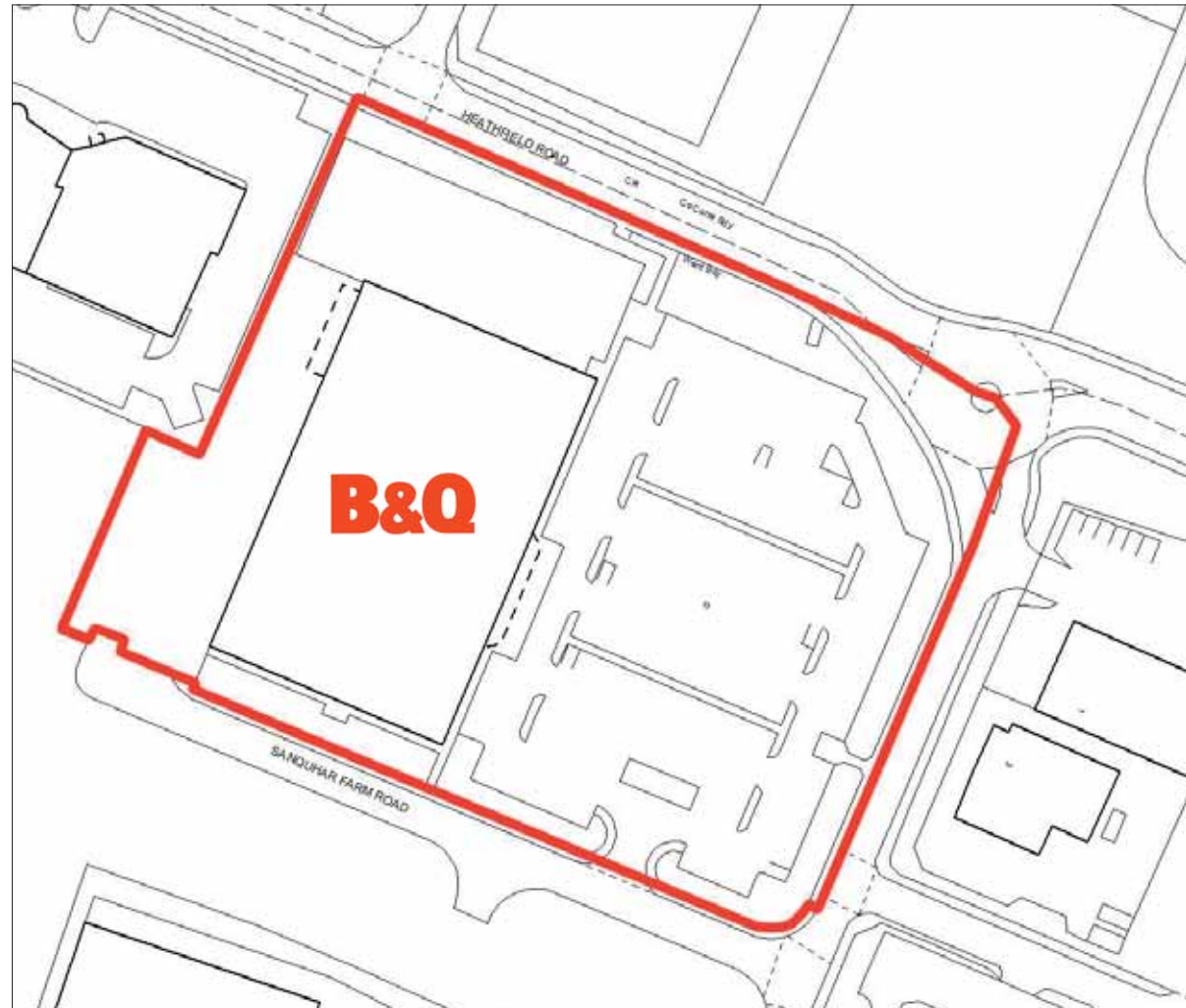
The subject property was constructed in 1997 and comprises a circa 41,550 sq ft purpose built DIY store with an external garden centre and forecourt parking area for around 240 cars providing a generous ratio of 1: 173 sq ft.

The unit is of steel portal frame construction, with the external walls a combination of brickwork and profiled metal cladding and a pitched profiled metal roof incorporating translucent roof lights.

Internally the unit has been fitted out in B & Q's normal corporate format, which has recently been partially re-fitted to allow for its "Tradepoint" format.

Main customer access is from the B743 Heathfield Road via Old Farm Road.

We calculate the site extends to approximately 4.391 acres (1.8 hectares) giving a very low site cover of approximately 22%.



6.0 PLANNING

The subject property benefits from a “bulky goods” retail planning consent having been granted in 1997.

7.0 TENURE

Heritable Title (Scottish equivalent of English freehold).



8.0 TENANCY

The subject property is let to B & Q Plc. on a full repairing and insuring lease from 20th October 1997 which expires on the 19th October 2022 (11.33 years unexpired). The current rent is **£520,000 per annum** reflecting approximately **£12.50 per sq ft.** The next rent review is due on 20th October 2012.

9.0 TENANT'S COVENANT

B&Q is the largest home improvement and garden centre retailer in the UK and Europe and the third largest in the world. In June 2011, B & Q's owner, Kingfisher Plc., reported that it had made a "strong" start to the year, with total sales for the 13 weeks to the end of April having risen by 3.3% to £2.73 billion compared with a year earlier. The most recent accounts for B & Q Plc. are as follows:

Tenant	Year Ending	Sales Turnover (£000's)	Pre Tax Profit/loss (£000's)	Net Worth (£000's)	D & B Rating
B & Q Plc	30/01/2010	£3,792,400,000	£400,400,000	£3,476,400,000	5A1
	30/01/2009	£3,683,300,000	£113,700,000	£3,240,400,000	
	30/01/2008	£3,854,900,000	£170,700,000	£1,761,800,000	

10.0 RENTAL COMMENTARY

B & Q's unit serves a wide and varied catchment and benefits from limited competition. We are of the opinion that the current rent, which equates to £12.50 per sq ft, provides an excellent opportunity for future rental growth and compares favourably with competing schemes and centres as follows:

Address	Tenant	Transaction/ Date	Size (sq ft)	Rent pa	Rent psf
Heathfield RP <i>Ayr</i>	Homebase	RR Sept 2008	36,112	£460,000	£12.75
Gallagher RP <i>Linwood</i>	Focus	RR Oct 2006	30,005	£397,000	£13.25
Glencairn RP <i>Kilmarnock</i>	Focus	RR May 2004	25,800	£288,868	£11.20
Glencairn RP <i>Kilmarnock</i>	Matalan	RR July 2004	19,970	£267,600	£13.40
Queens Drive RP <i>Kilmarnock</i>	B & Q	RR May 2007	39,000	£477,750	£12.25

11.0 PROPOSAL

We are instructed to seek offers in the region of **£7,280,000 (Seven Million Two Hundred and Eighty Thousand Pounds)**, subject to contract and exclusive of VAT for the Heritable interest in the subject property. Based on costs of 5.80% and an annual income of £520,000, a purchase at this level would reflect a net initial yield of **6.75%**.

12.0 CONTACT DETAILS

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MISREPRESENTATION ACT

Whilst care has been taken in the measurement of this property and the preparation of the floor area schedule, which is believed to be accurate, these measurements do not form part of a contract or collateral contract and should not be relied upon by intending purchasers or tenants as statements or representation of fact. The floor areas constitute an outline for guidance only. No person in the employment of Harvey Spack Field has the authority to make or give any representation or warranty in relation to the property. Unless otherwise stated, all prices and rents are quoted exclusive of Value Added Tax (VAT). Any intending purchasers or lessees must satisfy themselves independently as to the incidence of VAT in respect of any transaction.

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