

# HONDA MOTOR EUROPE LIMITED

778-780 CHESTER ROAD, MANCHESTER M32 0QL



## INVESTMENT SUMMARY

- A recently developed Honda car dealership serving the Manchester conurbation.
- The property occupies a prime arterial location fronting the A56, two miles south west of the city centre.
- The area is an established location for motor trade and out of town retailing.
- The entire property is let to Honda Motor Europe Ltd until April 2031 (**16.5 years unexpired**).
- All rent reviews incorporate a minimum uplift based on 2.5% per annum compounded.
- Offers in excess of **£5,080,000**, subject to contract, reflecting a net initial yield of **5.3%** rising to a guaranteed minimum of **6%** in April 2016.



## LOCATION

Manchester is the dominant regional city in the North West of England and is the UK's largest economic centre outside of London. The city is located approximately 200 miles north of London, 90 miles north of Birmingham, 44 miles west of Leeds and 35 miles east of Liverpool.

The city benefits from an excellent communications network. The M62 Trans Pennine motorway runs to the north of the city linking with Junction 21A of the M6 to the west and Leeds and the M1 to the east. The Manchester Orbital Motorway is the M60 which has junctions with the M56, the M61 and the M66. By rail, Manchester Piccadilly offers a direct service to London Euston with an average journey time of approximately 2 hours 10 minutes.

Manchester also benefits from a successful, modern tram service, the Metrolink. The system has an estimated 25 million passenger journeys per year and has extensive coverage across the Greater Manchester conurbation following recent additions to the network.

The subject property is located within the administrative area of Trafford Council, just outside the administrative boundary of Manchester City Council. The 2011 Census estimated that Trafford and Manchester had resident populations of 226,600 and 503,127 respectively. The property therefore has a captive surrounding population totalling almost 730,000.



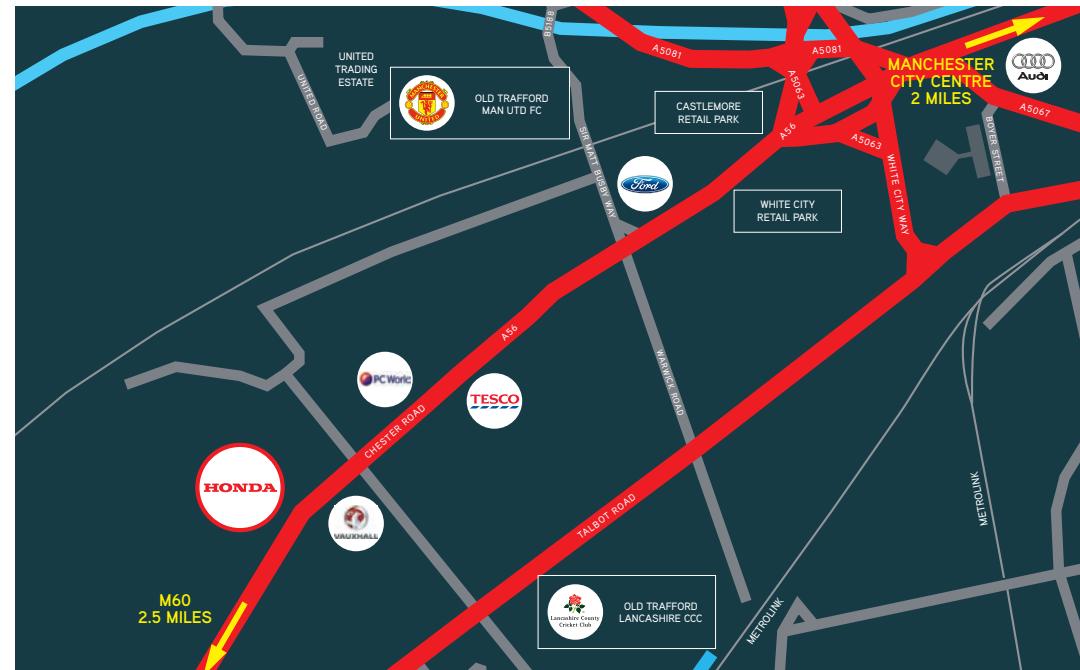
## SITUATION

The property is situated 2.5 miles south of Manchester city centre with an extensive frontage to the A56, Chester Road, which is one of the main dual carriageway routes into the city centre from the prosperous suburbs of Altrincham and Cheshire to the south. The area is an established commercial location with a number of retail and motor trade occupiers in the immediate vicinity.

Directly opposite the subject property is a large Arnold Clark Vauxhall dealership, whilst within half a mile to the north is an Evans Halshaw Ford dealership and a modern facility for Audi. Also, adjoining the subject property is the head office of Lookers Plc, a leading automotive retailer.

Chester Road is an established retail warehouse location with PC World being situated approximately 200 yards north of the subject property. Additionally, a further half a mile north is the Castlemore Retail Park and the White City Retail Park. The area has improved further as a retail location with the recent development of a Tesco Extra superstore within 400 yards to the north on Chester Road.

The Old Trafford stadiums of both Manchester United and Lancashire County Cricket Club are located close by.





## DESCRIPTION

The property comprises a modern, flagship car dealership facility for Honda built in 2012 with an extensive frontage to Chester Road. Customer access into the site is from the A56, with a secondary access point at the rear from Burleigh Road.

The main dealership building comprises a fully glazed, double height showroom area to the front, finished to a high specification in accordance with Honda's corporate identity. This sales area includes a customer waiting area, ancillary sales offices and a handover bay. The showroom can accommodate a minimum of 10 new display vehicles.

The remainder of the ground floor comprises a workshop, parts store and staff accommodation. The workshop accommodates 6 work ramps, together with a separate MOT bay. At first floor is a meeting room.

To the rear of the dealership building is a newly built self-contained valet/wash bay. In the western corner of the site is an older, former valet/parts building which the tenant is not currently utilising.

The dealership has an excellent car parking provision. There are approximately 52 display spaces adjoining the dealership building and fronting Chester Road, together with 15 marked customer car spaces. There is parking capacity for at least another 60 vehicles on the site, some of which could be used for further vehicle display.



**ACCOMMODATION**

The property provides the following gross internal areas:-

|  | GIA sq ft           | GIA sq m            |
|--|---------------------|---------------------|
| GROUND FLOOR SHOWROOM/ OFFICES         | 8,081 sq ft         | 750.7 sq m          |
| WORKSHOP/PARTS/ANCILLARY               | 5,322 sq ft         | 494.4 sq m          |
| FIRST FLOOR MEETING ROOM               | 254 sq ft           | 23.6 sq m           |
| REAR VALET/WASH BAY BUILDING           | 1,821 sq ft         | 169.2 sq m          |
| SELF-CONTAINED WORKSHOP/VALET BUILDING | 4,746 sq ft         | 440.9 sq m          |
| <b>TOTAL GIA</b>                       | <b>20,224 sq ft</b> | <b>1,878.8 sq m</b> |

The property occupies a site of 1.77 acres (0.72 hectares) giving a site cover of only 26%.



## PLANNING

The main dealership building was constructed in accordance with a Decision Notice dated 13th March 2012 for the “demolition of existing car showroom and workshop building and proposed erection of new detached car showroom, workshop with MOT bay. Erection of separate valet and wash bay unit. Alterations to layout of external vehicle display and parking areas”.

## TENURE

### Freehold

## TENANCY

The entire property is let to **Honda Motor Europe Limited** for a term of **20 years from 15 April 2011** on full repairing and insuring terms (the self-contained workshop/valet building is subject to a Schedule of Condition).

The passing rent is **£285,000** per annum which is subject to five yearly upward only rent reviews, the next being on 15 April 2016. The passing rent is to be reviewed to the higher of:

- i. The previous passing rent multiplied by 1.1314 (2.5% pa compounded) and
- ii. The Open Market Rental Value assuming “the buildings on the premises comprise in aggregate a gross internal area of 20,000 sq ft which buildings are ready and fit for possession in shell and core condition (but including heating and lighting) meaning structurally complete fully glazed and watertight in accordance with building regulations with all external fascias in place and floors power floated (but without any finishes on any floors or walls) with services and IT/data ducting brought in and (save for heating and lighting) capped and all external tarmacading landscaping and drainage at the premises having been completed”.

## COVENANT

Honda is recognised as one of the leading vehicle manufacturers throughout the world. The principal activities of the tenant company, Honda Motor Europe Ltd, are the manufacture and sale of Honda products throughout the Europe, Middle East and Africa regions. The ultimate holding company is Honda Motor Company Ltd, incorporated in Japan.

For the year ending 31 March 2013 the company reported total sales of £4.28 billion, a pre tax loss of £31.39 million and net assets of £140 million.

Dun & Bradstreet give the company a Rating of **4A1** representing a minimum risk of business failure.

## RENTAL VALUE

The passing rent of £285,000 pa reflects £14.25 psf overall assuming the notional building of 20,000 sq ft to be adopted at rent review.

The minimum uplift due at rent review in April 2016 is £322,449 pa, which on the basis of the notional building to be assumed at review reflects £16.12 psf. This level of rent is appropriate for such a modern facility occupying a strategic location in one of the country's major regional centres.

There has been a lack of recent open market evidence in the major conurbations but a letting last year in Bristol suggests there is the potential for the minimum uplift to be exceeded. Ford pre-let a new facility at Northfield Business Park, close to Cribbs Causeway, at £300,000 pa which reflected £17.18 psf on the dealership element. Nissan have subsequently agreed a pre-letting on the same Park in Bristol at a rent also understood to be in excess of £17 psf.

## VAT

The property is elected for VAT which will therefore be payable on the purchase price. It is intended that the sale will be treated as a TOGC.







## EPC

The main dealership building has a Rating of A22 and the self contained workshop a Rating of D93.

## PRICE

We are instructed to seek offers in excess of **£5,080,000**, subject to contract and exclusive of VAT, which reflects a **net initial yield of 5.3% rising to a guaranteed minimum of 6%** on review in April 2016. The subsequent rent reviews in 2021 and 2026 will ensure guaranteed minimum yields of 6.79% and 7.68% respectively.

## FURTHER INFORMATION

For further information or to make arrangements for a viewing, please contact:

**Richard Harding**  
rjh@hsmuk.com  
DDI: 020 7318 1930

**Andrew Taylor**  
art@hsmuk.com  
DDI: 020 7318 1934

## SUBJECT TO CONTRACT & EXCLUSIVE OF VAT



## DISCLAIMER

Hoddell Stotesbury Morgan Ltd for themselves and for the vendors of this property whose agents they are give notice that:-

- (i) the particulars are set out as a general outline only for the guidance of intending purchasers and do not constitute, nor constitute part of, an offer or contract;
- (ii) all descriptions, dimensions, references to conditions and necessary permissions for use and occupation, and other details are given in good faith and are believed to be correct but any intending purchaser should not rely upon them as statements or representations of fact but should satisfy themselves by inspection or otherwise as to the correctness of each of them;
- (iii) no person in the employment of Hoddell Stotesbury Morgan Ltd has any authority to make or give any representation or warranty whatever in relation to this property.
- (iv) unless otherwise stated all rents or prices quoted are exclusive of VAT which may be payable in addition.
- (v) Hoddell Stotesbury Morgan Ltd has not made any investigations or otherwise of any issues concerning pollution and potential land, building, air or water contamination. Prospective purchasers must undertake their own enquiries and satisfy themselves in this regard.
- (vi) Hoddell Stotesbury Morgan Ltd has not made any investigations or otherwise of any issues concerning pollution and potential land, building, air or water contamination. Prospective purchasers must undertake their own enquiries and satisfy themselves in this regard.

SEPTEMBER 2014