

High Yielding Multi-let Office Investment with Future Development Potential

Beaumont House & Finance House

Colliers

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white
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Beaumont
House

Finance
House

Beaumont House & Finance House

Highly prominent **2.13 acre** site suitable for redevelopment and ideally located 1.4 miles from junction 11 of the M40.

The site provides significant potential given the close proximity to Banbury town centre and Banbury Cross Retail Park for a residential scheme.

Alternatively as it is situated adjacent to Beaumont Industrial Estate it would especially suit a prime trade counter or logistics scheme,

Investment Summary

- Beaumont House and Finance House **are two prominent office buildings** located to the north of Banbury town centre adjacent to the popular Banbury Cross Retail Park
- The property comprises two self-contained office buildings totalling **41,803 sq ft** (3,883.63 sq m) on a large rectangular site of **2.13 acres**
- The properties are **multi-let to 13 tenants** with a total **guaranteed rent of £451,403 per annum (£10.80 psf)**
- The current tenancies produce a **WAULT of 2.08 years** to expiries
- Based on an **ERV of £12.50 - £13.50 psf**, the buildings have a reversionary rent of **£571,921 per annum**
- There are **247 car parking spaces** providing an excellent car parking ratio of **1:169 sq ft**
- The site is located in Banbury, an affluent commercial hub in north Oxfordshire
- Banbury also sits within the **Oxford-Cambridge Arc**, a globally significant area of investment
- The site has strong future **alternative use and development potential** subject to planning
- Low site cover of 15%
- The properties are held **freehold**



Proposal

Our client is seeking offers in excess of **£4,100,000** (Four Million, One Hundred Thousand Pounds) subject to contract and exclusive of VAT. This reflects an attractive **net initial yield of 10.33%** and a **reversionary yield of 13.09%** based on our assumption of ERV, assuming purchaser's costs of 6.54%. The sale price reflects a low capital value of **£98 psf**.



Banbury Train Station & Town Centre (1.4 miles)

Birmingham (41 miles)

WAITROSE & PARTNERS



Junction 11 M40 (1.4 miles)



Oxford (24 miles)

A423



Finance House



Beaumont House

Situation

Beaumont House and Finance House are prominently situated just off the Southam Road (A423) with access via Beaumont Road. The A423 provides direct access to **Banbury town centre which is 1.4 miles to the south.**

The immediate vicinity comprises a mix of residential, retail, industrial and office uses. Within walking distance of the property is Banbury Cross Retail Park with retailers such as Home Bargains, Currys and Tesco and Beaumont Industrial Estate with occupiers such as Jewson, Keter and Magna.

Description – Beaumont House

Beaumont House is set over ground and five upper floors offering easily divisible floor plates of approximately 3,325 sq ft. The property provides a total net internal area of 19,951 sq ft.

The third floor of the building was recently refurbished in 2020 to provide smaller serviced offices and meeting rooms which are available to tenants on flexible terms.

SPECIFICATION

The property benefits from the following office specification:

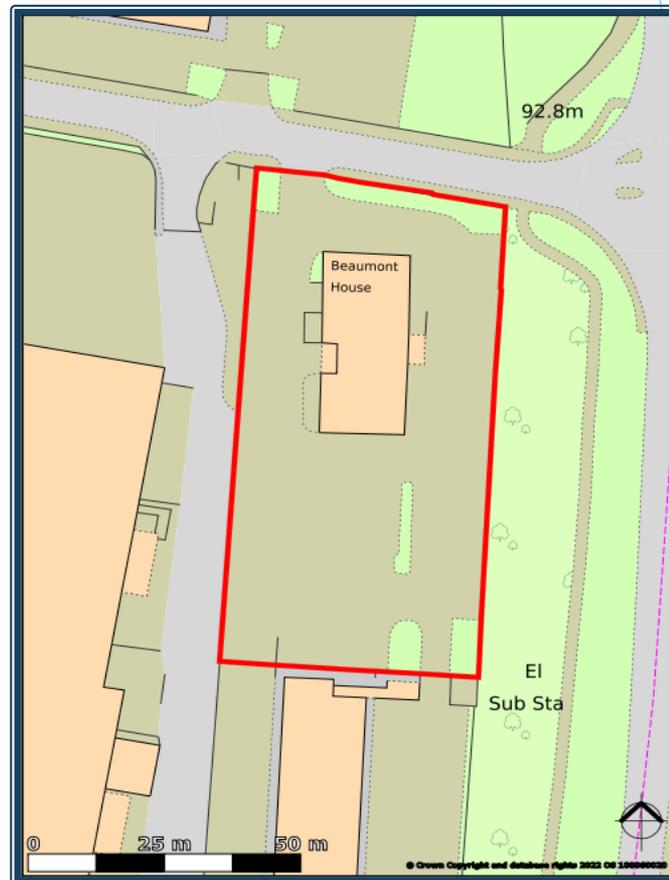
- Reception
- Air Conditioning
- Suspended ceilings
- Perimeter trunking
- Cat 5 Network points
- 8-person passenger lift
- WC's on each floor
- 120 car parking spaces (1:166 sq ft)

FLOOR AREAS (NIA)

Floor	Use	Sq M	Sq ft
Fifth	Office	234.85	2,528
Fourth	Office	324.23	3,490
Third	Office	230.21	2,478
Second	Office	340.03	3,660
First	Office	344.67	3,710
Ground	Office	379.51	4,085
Total	Office	1,853.50	19,951

SITE AREA

The site extends to approximately 1.09 acres equivalent to 0.44 hectares.



Description – Finance House

Finance House is set over ground and three upper floors offering easily divisible floor plates of approximately 5,463 sq ft. The property provides a total net internal area of 21,852 sq ft.

Lloyds Bank Commercial Finance Ltd have extensively fitted out their respective floors, with the landlord also having recently undertaken refurbishments to the vacant third floor and ground floor reception area.

SPECIFICATION

The property benefits from the following office specification:

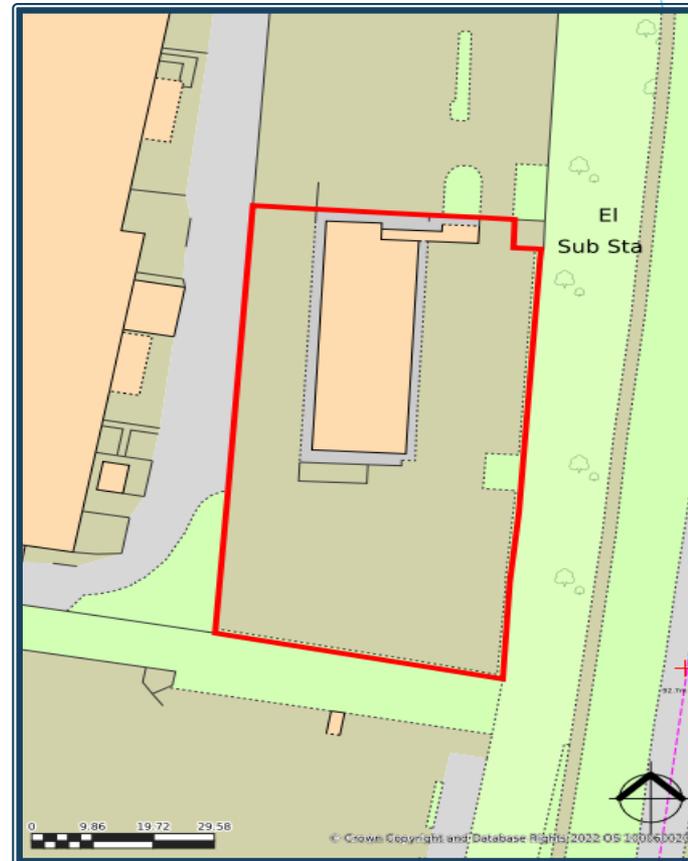
- Remodelled reception
- New boilers
- Suspended ceilings
- Raised access flooring with carpet tiles
- Air-conditioning
- EV charging points
- Rooftop solar panels (tenant improvement)
- New passenger lift with access to all floors
- 127 car parking spaces (1:172 sq ft)

FLOOR AREAS (NIA)

Floor	Use	Sq M	Sq ft
Third	Office	522.67	5,626
Second	Office	517.47	5,570
First	Office	506.79	5,455
Ground	Office	483.19	5,201
Total	Office	2,030.12	21,852

SITE AREA

The site extends to approximately 1.04 acres equivalent to 0.42 hectares.





*Site area of 2.13 acres
ideal for redevelopment*

Alternative Use Options

The **2.13 acres** at Beaumont House and Finance House offers a number of future alternative uses subject to planning.

RESIDENTIAL

There is currently a buoyant residential conversion market in the Oxfordshire region and recent examples of potential office to residential developments include both Waterperry Court, Middleton Road, Calthorpe Street and Warwick Road.

The site has a very low building coverage of 15%. The extensive on site car parking creates an opportunity for additional development on site via either an extension or an in-fill between the two existing buildings.

Values for the purchase of Office premises with potential for Residential re-development / Permitted Development Rights (PDR) are in the region of £130 - £140 per sq ft. The main factors determining achieved values are layout and design, configuration of floorplates and location within Banbury.

INDUSTRIAL

Banbury is ideally located just over one mile from Junction 11 of the M40 which provides a direct route to two of the UK's largest cities, London and Birmingham. This places Banbury and particularly the Beaumont House and Finance House site as a future strategic location between key distribution markets.

Additionally, the site currently neighbours the Beaumont Industrial Estate, a traditional industrial location of the town since the 1970s. The locality's reputation for industrial has also been reinforced in recent years by the development of Banbury Cross distribution centre less than half a mile to the north. It comprises more than 500,000 sq ft with tenants such as Amazon, XPO Logistics and DCS Group..

RETAIL PARK / TRADE COUNTER

Investment into retail parks increased by 46% year-on-year in Q3 2021 and together with trade counter assets is continuing to rise.

The site is located adjacent to Banbury Cross Retail Park and is only 1.4 miles from Banbury Gateway Retail Park where there are a strong tenant line up including retailers such as: Carpetright; Next; McDonald's; Primark and Tesco.

Tenancy – Beaumont House

The building is multi-let to 11x tenants providing a **WAULT of 1.07 years** to expiries and **1.06 years to breaks** on the unexpired lease/licences. The Day 1 passing rent will be **£241,786 per annum** equates to a **low average rent of £12.12 psf**.

The licences in **red** have been rolled over and renewed licences are currently in discussion. These tenants continue to pay their rent and are committed to the building.

Floor	Suite	Tenant	Area (sq ft)	Lease Start	Break	Lease Expiry	Current Rent (£pa)	Current Rent (£psf)	Comment
Roof Mast		Contingency Networks	-	12/05/2020	-	11/05/2023	£6,500	-	Licence
Roof Mast		Hutchinson's	-	01/03/2013	-	01/12/2021	£12,844	-	Licence
Fifth Floor (South)		Vacant – 12 month rent Guarantee	1,780	-	-	-	£19,580	£11.00	-
Fifth Floor (North)	505	Vacant – 12 month rent Guarantee	202	-	-	-	£2,222	£11.00	-
Fifth Floor (North)	504	Cotswolds & Exceed Properties Ltd	102	01/03/2021	-	28/02/2022	£2,800	£27.45	Licence
Fifth Floor (North)	503	Vacant – 12 month rent Guarantee	140	-	-	-	£1,540	£11.00	-
Fifth Floor (North)	502	Rosewood Homes Group Ltd	164	17/05/2022	-	17/05/2023	£2,400	£14.63	Licence
Fifth Floor (North)	501	Healthcare Evolution	140	02/02/2021	-	01/02/2022	£3,600	£25.71	Licence
Fourth Floor		Ethos Technology	3,490	01/03/2021	-	30/09/2025	£41,008	£11.75	Licence
Third Floor	312	Stanley Electrical	300	01/04/2020	-	31/03/2022	£4,400	£14.67	Licence
Third Floor	311	Vacant – 12 month rent Guarantee	195	-	-	-	£2,145	£11.00	-
Third Floor	310	Super7Wholesale	318	01/11/2020	-	31/10/2021	£2,800	£8.81	Licence
Third Floor	309	Vacant – 12 month rent Guarantee	318	-	-	-	£3,498	£11.00	-
Third Floor	308	Dina White	153	01/06/2020	-	31/05/2021	£1,840	£12.03	Licence
Third Floor	307	Vacant – 12 month rent Guarantee	243	-	-	-	£2,673	£11.00	-
Third Floor	306	Vacant – 12 month rent Guarantee	207	-	-	-	£2,277	£11.00	-
Third Floor	305	Emz Hairdressing	137	01/07/2020	-	30/06/2023	£2,360	£17.23	Licence
Third Floor	304	Vacant – 12 month rent Guarantee	153	-	-	-	£1,683	£11.00	-
Third Floor	303	Vacant – 12 month rent Guarantee	153	-	-	-	£1,683	£11.00	-
Third Floor	302	Vacant – 12 month rent Guarantee	153	-	-	-	£1,683	£11.00	-
Third Floor	301	Advance	148	10/08/2020	10/08/2022 *	09/08/2023	£2,400	£16.22	Licence
Second Floor		M & J Construction Ltd	3,660	01/09/2020	-	31/08/2022	£35,143	£9.60	Licence
First Floor		XPO Logistics Holdings Limited	3,710	03/05/2018	-	02/05/2023	£40,316	£10.87	Lease
Ground Floor		XPO Logistics Holdings Limited	4,085	03/05/2018	-	02/05/2023	£44,391	£10.87	Lease
Total			19,951				£241,786	£12.12	

* Advance have not served notice to break

Tenancy – Finance House

The building is let in accordance with the tenancy schedule below providing a total Day 1 passing rent of **£209,617 per annum** equating to a **very low average rent of only £9.49 psf**. The tenancies also produce a **WAULT of 3.42 years**.

Floor	Tenant	Area (sq ft)	Lease Start	Rent Review	Lease Expiry	Current Rent (£pa)	Current Rent (£psf)	Car Parking
Third	Vacant – 12 month Rent Guarantee	5,626	-	-	-	£55,697	£9.90	30 spaces
Second	Lagan Homes Ltd	5,570	01/07/19	01/07/24	30/06/29	£48,500	£8.71	30 spaces
First	Lloyds Bank Commercial Finance Ltd	5,455	25/04/14	-	24/04/24	£53,950	£9.90	27 spaces
Ground	Lloyds Bank Commercial Finance Ltd	5,201	25/04/14	-	24/04/24	£51,470	£9.90	26 spaces
Total		21,852				£209,617		127 spaces*

**Including 12x visitor and 2x disabled car parking spaces*

Covenant – Beaumont House

Kuehne + Nagel Limited account for 42% of the income from Beaumont House.

KUEHNE + NAGEL LIMITED



KUEHNE + NAGEL was established in 1890 in Germany. Over the last 130 years it has evolved from a traditional shipping company into a global logistics organisation. Today, they are headquartered in Switzerland and operate in 106 countries. The UK branch of the organisation alone is a market leading logistics provider to 100 locations nationwide with over 14,000 employees.

In August 2020, Kuehne + Nagel transferred its contracts logistics business to GXO Logistics UK Limited (formerly known as XPO Supply Chain UK Limited), however, Kuehne + Nagel remain the entity on the lease.

CreditSafe has rated both the Kuehne + Nagel Limited and GXO Logistics FST Limited covenants as 81/100, very low risk of business failure.

Set out below is a summary of their latest accounts.

KUEHNE + NAGEL LIMITED (01722216)	Year end 31/12/2020	Year end 31/12/2019	Year end 31/12/2018
Sales Turnover	£1,314,550,000	£1,376,746,000	£1,581,663,000
Pre-tax Profit	(£52,553,000)	£59,520,000	£48,823,000
Net Current Assets (Liabilities)	£29,348,000	£123,105,000	£100,171,000

GXO Logistics FST Limited (12306472)	Year end 31/12/2020	Year end 31/12/2019	Year end 31/12/2018
Sales Turnover	£112,828,000	-	-
Pre-tax Profit	(£383,000)	-	-
Net Current Assets (Liabilities)	£29,028,000	-	-

Covenant – Finance House



LAGAN HOMES LTD.

Lagan Homes Ltd was established in 1983 and is Northern Ireland's largest house builder, creating over 500 homes each year. The company has an annual total turnover of £95 million (2020) and employs over 1,000 people. Their UK subsidiary is headquartered at the subject property in Banbury.

CreditSafe has rated the Lagan Homes Ltd covenant as 89/100, Very Low Risk of business failure.

Set out below is a summary of their latest accounts.

LAGAN HOMES LTD (NI016805)	Year end 31/12/2020	Year end 31/12/2019	Year end 31/12/2018
Sales Turnover	£32,183,927	£12,615,351	-
Pre-tax Profit	£3,460,633	£467,558	-
Net Current Assets (Liabilities)	£24,958,743	£22,404,610	(£2,266,098)



LLOYDS BANK COMMERCIAL FINANCE LTD.

Lloyds Bank Commercial Finance Ltd are a UK based financial services company which provide provision of receivables finance and asset based lending to commercial customers. The company also acts as an agent to service loans on behalf of their parent company, Lloyd's Bank plc. The company has an annual turnover of £72 million (2020).

CreditSafe has rated the Lloyds Bank Commercial Finance Ltd covenant as 99/100, Very Low Risk of business failure.

Set out below is a summary of their latest accounts.

LLOYDS BANK COMMERCIAL FINANCE LTD (00733011)	Year end 31/12/2020	Year end 31/12/2019	Year end 31/12/2018
Sales Turnover	£72,289,000	£93,861,000	£95,418,000
Pre-tax Profit	£12,297,000	£16,372,000	£10,791,000
Net Current Assets (Liabilities)	£55,881,000	£45,810,000	£32,319,000

Gallery - Beaumont House



Gallery - Finance House



Banbury Office Market

BANBURY OFFICE RENTS

Out of town office rents in Banbury Business Park are trending upwards of £12.50 psf, a rent that was recently achieved at Pembroke House.

Banbury town centre rents have reached £14.29 psf on the latest letting at Blenheim Court and out of town rents are expected to surpass £16.00 psf in newly refurbished offices.

Property	Area (sq ft)	Rent (£psf)	Term
Part 1 st Floor, Blenheim Court	4,120	£12.99	5-year
2a Banbury Office Village	3,838	£12.60	10-year
Pembroke House (part), Banbury Business Park	8,830	£13.00	2.5-year
Part 1 st Floor, Blenheim Court	3,892	£14.29	5-year

South East Investment Market

2021 was the best performing year for the South East office investment market since 2015 with £4.3 billion transacting across 167 transactions. Q1 2022 saw a limited amount of stock coming to the market but achieved investment volumes of £517 million across 30 transactions.

South East office yields stand at 5.25% NIY for prime assets offering top ESG credentials. Capital is also targeting out of town office assets that can be repositioned for alternative uses such as residential, industrial or Life Science uses. In Q4 2021, out of town assets accounted for 75% of all transactions.

Proposal & Investment Rationale

PROPOSAL

Our client is seeking offers in excess of **£4,100,000** (Four Million, One Hundred Thousand Pounds) subject to contract and exclusive of VAT.

This reflects an attractive **net initial yield of 10.33%** based on the guaranteed rent of £451,403 per annum (£10.80 psf) and a **reversionary yield of 13.09%** based on our assumption of ERV, assuming purchaser's costs of 6.54%. The sale price reflects a low capital value of **£98 psf**.

INVESTMENT RATIONALE

- The properties offer a number of future alternative uses and development angles
- Exceptionally low base rent and capital value
- Excellent car parking ratio of 1:169 sq ft
- Low site cover of 15%.
- Close proximity to M40 motorway, retail park amenities and town centre train station
- Prominent and strategic location in growth corridor and Oxford-Cambridge Arc

FURTHER INFORMATION

VAT

The properties are elected for VAT and it is intended that the sale will be treated as a Transfer of a Going Concern.

EPC

Beaumont House has an EPC rating of D (87)

Finance House has an EPC rating of C (75)

Service Charge

Beaumont House: £8.44 psf

Finance House: £2.02 psf

Tenure

Both properties are held freehold

Data Room

Access to the data room is available upon request

Contact Information

For further information or to make viewing arrangements please contact:

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