

# Freehold Town Centre Office Investment for Sale



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VOYAGER HOUSE, 253-257 PARKSTONE ROAD  
POOLE, DORSET

## INVESTMENT SUMMARY

- **Purchase price of £4,400,000.**
- **Net initial yield of 7.0 % and a reversionary yield of 7.5 %.**
- **Freehold, recently refurbished and air-conditioned office building.**
- **Total net internal area of 3,206 sq m (34,512 sq ft).**
- **Excellent car parking ratio of 1:29 sq m (1:314 sq ft).**
- **61% of income secured to American Express.**
- **Low average passing rent of £102.26 per sq m (£9.50 per sq ft) overall.**
- **Low capital value of £1,372 per sq m (£127 per sq ft).**

## LOCATION

Poole is located on the south coast of England by the English Channel within the county of Dorset. The town lies some 172.8 km (108 miles) south west of London, 9.6 km (6 miles) west of Bournemouth, 56 km (35 miles) south-west of Southampton and 86.4 km (54 miles) west of Portsmouth.

The marine industry is centred around the port area in Poole which is an essential link to industrial markets throughout the UK including the automotive industry along the M4 corridor and the manufacturing sector in the West Midlands.

Poole is a coastal resort and a significant tourist destination, often referred to as the "English Riviera". It is estimated that approx. 4 million people visited Poole and Dorset's south coast in 1997 spending £640 million. (Source – Poole Harbour Commissioners).

Due to the proximity of the two towns, the office markets of Poole and Bournemouth are interlinked. The Poole and Bournemouth conurbation accommodates a variety of occupiers from the finance sector including some of the largest national and international financial institutions and corporations. Major occupiers include American Express, Liverpool Victoria Friendly Society, Barclays International, Portman Building Society and Siemens.

## DEMOGRAPHICS

Poole had a district population in 2001 of approximately 140,000 and a population within 20.0 km (12.5 miles) of the centre of approximately 480,000.

Since the 1990s, Poole's economy has performed well and this has been reflected in unemployment figures. Between 1993 and 2000 the unemployment figure in the Poole travel-to-work area reduced from 10.5% of the workforce to 2.1%.

In the CACI lifestyle group of Affluent Greys, Poole's urban area has a figure of 26.8 % compared to a UK average of 7.7%. (Source: Focus)

## COMMUNICATIONS

The town enjoys excellent road communications with the surrounding towns. The A35 provides a direct route east to Bournemouth. The A31 from Poole links with the M27 in the north-east providing access to both Southampton at Junction 1 and Portsmouth at Junction 12. In addition, the M3 links with the M27 providing access to Greater London via the M25 at Junction 12. The A34 provides access to the north whilst also linking with the M4 at Junction 13 providing a route to Bristol and the west.

Rail services to London Waterloo run frequently from Poole railway station with a journey time of approximately 2 hours.

Bournemouth airport is only 17.6 km (11.0 miles) to the east providing flights to various UK and European destinations.

## SITUATION

Voyager House is situated on the south side at the western end of Parkstone Road where it meets High Street North close to its junction with Seldown Road. Parkstone Road is a continuation of the A350 and A35 which links Poole with its nearest neighbouring town Bournemouth.

The area is an established office location interspersed with retail and high quality residential accommodation. The property is strategically located within Poole's attractive and busy town centre, being approximately 0.8 km (0.5 miles) from the main railway station and 0.4 km (0.2 miles) from the town's bus terminal.

The Dolphin Shopping Centre is 0.4 km (0.2 miles) to the south of the property. The centre provides an entrance to the High Street which runs southwards to the popular Poole Quay area where there are a number of restaurants, tourist attractions and a harbour.



## DESCRIPTION

The building was constructed in the late 1970s of frame construction with elevations of brickwork under a flat roof. The property comprises a substantial office building arranged in a 'T-shape' providing accommodation over four floors. The ground floor level comprises a plant room and showroom to the front with car parking provided to the rear.

The building is served by two 8 person passenger lifts and two staircases.

The office accommodation has been recently refurbished and benefits from under-floor and perimeter trunking, suspended ceilings, recessed fluorescent lighting, central heating and air-conditioning. There are male and female toilets on each floor.

## ACCOMMODATION

We have been advised that the building provides a total net internal floor area of 3,206 sq m (34,512 sq ft). In addition, there are 110 car parking spaces providing an excellent ratio of 1:29 sq m (1:314 sq ft). Please see the tenancy and accommodation schedule.

## TENURE

Freehold.

## TENANCY

The investment is multi-let producing a total income of **£327,963 per annum**. Please see the tenancy and accommodation schedule.

## COVENANT

Covenant	Date of Accounts	Turnover	Pre tax profit	Net Assets
SOS Recruitment Consultancy Ltd*	31.5.04			£179,664
American Express Bank Ltd	31.12.04	\$825,000,000	\$146,000,000	\$16,000,000,00**

\*SOS operate from three branches with a total of 17 staff. The company specialises in recruitment in the industrial and technical sectors. Only abbreviated accounts were provided to Companies House in 2004.

\*\*The net asset figure relates to the group company - American Express Company.

## ESTIMATED RENTAL VALUE

We are of the opinion that the estimated rental value of the investment is currently **£350,295 per annum equating to £108 per sq m (£10.00 per sq ft) overall on the office accommodation and £161 per sq m (£15.00 per sq ft) on the A2 element.**

We have been advised of the following recent rental evidence within the Poole and Bournemouth conurbation;

At Oxford House, Oxford Road, Bournemouth in January 2004, Dorset Police completed a lease in the 1970s building of 423 sq m (4,562 sq ft) at a rent equating to £126 per sq m (£11.75 per sq ft).

At Merchants House, Vanguard Road, Poole in February 2005, Animal completed a lease of the 1st floor of 1,579 sq m (17,000 sq ft) in the 1980s office building at a rent equating to £129.00 per sq m (£12.00 per sq ft).

At Marshall Point, Richmond Hill, Bournemouth in February 2004, First Assist completed a lease of the entire newly constructed building of 4,459 sq m (48,000 sq ft) at a rent equating to £172.00 (£16.00 per sq ft).

At Wessex Fields, Deansleigh, Bournemouth in March 2003, Fortis completed a pre-let of the newly constructed building of 5,759 sq m (62,000 sq ft) at a rent equating to £183.00 per sq m (£17.00 per sq ft).

## RESIDENTIAL DEVELOPMENT POTENTIAL

Residential values within the town centre are in the region of £3,229 per sq m (£300 per sq ft). Furthermore, prices for residential property with a harbour view are in the region of £4,305 per sq m (£400 per sq ft).

We understand that at Old Orchard, High Street in January 2005, Bridgehouse Capital obtained planning consent for conversion of the former office building of 8,361 sq m (90,000 sq ft) to 115 residential units and 2 commercial units.



Floor	Tenant	Accommodation sq ft	sq m	Rent PA (per sq ft)	ERV per annum (per sq ft)	Term	Review	Expiry	Unexpired Term	Comments
Ground	SOS Recruitment Consultancy	1,105	102	£16,500 (£14.93)	£16,575 (£15.00)	10	28/01/2010	27/01/2015	9.5	A2 consent. Full repairing and insuring lease. Tenant's break option on 28/01/2010. 12 months notice required.
First & Second	American Express Bank Ltd	22,257	2,068	£200,313 (£9.00)	£222,570 (£10.00)	10	30/09/2009	29/09/2014	9.25	Lease renewal. Full repairing and insuring lease. Tenant's break option on 29/09/2009. 9 month notice required, penalty of £100,000 payable.
Third	Vacant- Rent Guarantee	11,150	1,035	£111,150 (£10.00)	£111,150 (£10.00)	1		1 year from completion	1.0	Vendor will offer a 12 month rental guarantee.
<b>Total</b>		<b>34,512</b>	<b>3,206</b>	<b>£327,963</b>	<b>£350,295</b>					

In addition, there are 110 car parking spaces providing a ratio of 1:29 (1:314 sq ft).

## PRICE

The freehold interest can be acquired for a price in excess of **£4,400,000** reflecting a **capital value of £1,372 per sq m (£127 per sq ft)** and the following yield profile based upon costs at 5.7625%;

<b>Net initial yield</b>	<b>7.0%</b>
<b>Reversionary yield</b>	<b>7.5%</b>
<b>True equivalent yield</b>	<b>7.7%</b>

## VALUE ADDED TAX

The property is not elected for VAT.

## INVESTMENT CONSIDERATIONS

- **Poole is an established commercial and residential location on the south coast of England with an affluent population.**
- **An opportunity to acquire a prominent office building within Poole's attractive and busy town centre situated close to the main transport links and retail area.**
- **The building benefits from a recent refurbishment, air conditioning and an excellent car parking ratio of 1:29 (1:314 sq ft).**

- **61% of income is secured to American Express.**
- **Attractive true equivalent yield of 7.7%.**
- **Low rental base of £102.26 per sq m (£9.50 per sq ft) overall whilst recent rental levels within the Poole and Bournemouth conurbation have achieved in the region of £183.00 per sq m (£17.00 per sq ft).**
- **Low capital value of £1,372 per sq m (£127 per sq ft) in comparison to the capital value of £1,883 per sq m (£175 per sq ft) achieved for a comparable office investment - Merck House, Seldown Lane, Poole directly behind Voyager House. The tenant, VWR International, had a break option in March 2006. The building sold for a price of £9.53m in December 2004.**
- **Potential to convert and extend the office accommodation subject to obtaining the necessary consents; residential values within the town centre are in the region of £3,229 to £4,305 per sq m (£300 to £400 per sq ft) and there has been a recent precedent for planning consent granted for residential conversion in the town at Old Orchard, High Street.**

**SUBJECT TO CONTRACT AND EXCLUDING VAT**





