



DAVID BAROUKH ASSOCIATES

129/133 STOKE ROAD, GOSPORT, HAMPSHIRE



FREEHOLD MIXED USE INVESTMENT FOR SALE

## Summary

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- Purchase price in excess of £3,250,000, subject to contract.
- Net initial yield of 7.3%.
- 83% of income from undoubted covenants / household names.
- Large site of 0.585 hectares (1.453 acres).
- Potential reversionary yield of 10.1% with immediate opportunities to increase the income.
- Capital value equating to only £785.3 per sq m (£73.0 per sq ft) overall.

## Location & Communications

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Gosport, within the county of Hampshire, is located on the south coast of England at the end of the peninsula between the Solent to the west and Portsmouth Harbour to the east.

The town is situated approximately 8 kms (5 miles) north-west of Portsmouth, 29 kms (17 miles) south-east of Southampton, and 135 kms (84 miles) south-west of London. Gosport benefits from good communications with direct access via the A32 Trunk Road to the M27 Motorway providing access to both the M3 Motorway and A3(M) linking to London.

The rail service to London (Waterloo) is via Portsmouth with a fastest journey time of 1 hour 40 minutes. Portsmouth railway station can be accessed via the Portsmouth-Gosport ferry with a journey time of approximately 5 minutes.

The proposed Light Rapid Transit (LRT) tram scheme including the construction of a tunnel (which has obtained Government approval), will improve communications further and provide direct access from Gosport to Portsmouth and Fareham.

Trams will run along Forton and Mumby Road, sharing the road with other traffic, and then turn into North Cross Street and into Gosport High Street. We have been advised that completion is due in early 2006.

Gosport has a population within 10 kms (16 miles) of the centre of over 360,000 and a district population of 76,000 (2001 Census data).

The town is enjoying a spectacular renaissance, as its waterfront is redeveloped and the Millennium Promenade links all attractions, new civic

spaces and the town centre.

Traditionally, the predominant industries in the town were associated with maritime activities and the naval & defence sector. More recently, information technology industries have established themselves within the town, benefiting from the highly skilled local workforce. The CACI Lifestyle Groups percentage of skilled workers is 36.7% as opposed to the Great Britain average of 12.8%. Some 19% of the district population (1991 Census) are employed within the category High Tech Industries as opposed to the Great Britain average of 16.2%.

## Situation

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The property is situated on the south side of Stoke Road, within the Stoke Road Retailing Centre. Stoke Road is a continuation of the High Street approximately 2 kms (1 mile) to the west of the main retail centre of Gosport.

The immediate area is within a mix of uses including retail, leisure and residential.

The entrance to the car park is at the rear of the property via Molesworth Road and South Street, the latter being the continuation of Mumby Road which is accessed off the A32 and leads into Gosport Town Centre.

## Description

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The property comprises 2 and 3 storey buildings of frame construction with brick walls and flat asphalt roofs constructed in early 1970s.

The property benefits from a mix of uses including supermarket, retail, leisure and offices. The supermarket and retail units benefit from rear access and loading bays.

129 Stoke Road comprises a supermarket on ground floor with warehousing and ancillary on 1st floor. The supermarket is fitted out to a good specification including air conditioning.

131 Stoke Road comprises a large retail unit on ground floor with a snooker club situated on 1st floor, accessed from an entrance fronting Stoke Road.

133 Stoke Road comprises two retail units one of which has return

frontage on Molesworth Road, with 1st and 2nd floor offices above both units accessed from an entrance fronting Stoke Road. The upper floors are accessed from a lobby at ground floor level by a staircase or a 6 person passenger lift. The specifications of the offices include suspended ceilings with inset lighting, perimeter trunking & heating and male/female toilets on each floor.

To the rear of the property is a large car park benefiting from approximately 119 spaces and service yards for deliveries to the retail units. Vehicle access is from Molesworth Road while pedestrian access is by way of an entrance on South Street or a pedestrian street to the side of Waitrose on Stoke Road. Each tenant has demised spaces within the car park.

## Site

The property occupies a site of approximately 0.588 hectares (1.453 acres).

## Accommodation

Please see the Tenancy and Accommodation Schedule on reverse.

## Tenure

Freehold

## Tenancy

As set out in the enclosed schedule, the current passing rent total **£251,250 per annum.**

Motor World are in solicitors hands for a new lease on a retail unit (133b Stoke Road) at an agreed rent of £15,500 per annum equating £134.2 per sq m (£12.5 per sq ft) in terms of Zone A.

Blockbuster are in negotiations for a new lease on a retail unit (133a Stoke Road) and the landlord has quoted a rent of £27,300 per annum equating to approximately £133.5 per sq m (£12.4 per sq ft) in terms of Zone A, in reflection of the reversionary rent on the new lease agreed to Motor World

on unit 133b Stoke Road. The current rent of the Blockbuster unit is £21,250 per annum equating to £104.5 per sq m (£9.7 per sq ft) overall.

The September 2002 rent review on the 1st and 2nd floor offices let to Hampshire County Court (133 Stoke Road) is outstanding. The current passing rent is £34,000 per annum equating to only £45.3 per sq m (£4.2 per sq ft) overall. The landlord has served notice at £64,500 per annum equating to £85.9 per sq m (£8.0 per sq ft) overall.

The September 2002 rent review on the 1st floor snooker club let to Messrs O'Harrow and Sturgess (131 Stoke Road) is additionally outstanding. The current passing rent is £18,000 per annum equating to only £41.1 per sq m (£3.8 per sq ft) overall.

## Estimated Rental Value

In our opinion, the investment is reversionary with imminent opportunities to increase the income by settling the outstanding rent reviews on the offices, snooker club and agreeing the new rent on the retail unit let to Blockbuster.

The potential reversionary rent totals **£345,500 per annum** assuming an estimated rental value of £28,260 per annum on the snooker club, (131 Stoke Road) equating to £64.6 per sq m (£6.0 per sq ft) overall and £185,000 per annum on the supermarket (129 Stoke Road) equating to £97.2 per sq m (£9.0 per sq ft) overall.

## Covenant

TENANT	YEAR END	TURNOVER £	PRE-TAX PROFIT £	SHAREHOLDER FUNDS/NET ASSETS £	PERCENTAGE OF TOTAL INCOME
Waitrose Limited	Dec 2002	2,296,400,000	60,100,000	316,300,000	54.7%
Blockbuster Entertainment Ltd	Dec 2001	270,939,000	3,740,000	38,846,000	8.5%
Hampshire County Council					13.5%
Motor World Ltd	April 2003	43,340,000	1,103,000	1,804,000	6.2%



## Price

The freehold interest can be acquired for a price in excess of **£3,250,000 (Three Million, Two Hundred and Fifty Thousand Pounds)**, subject to contract, reflecting a net initial yield of **7.3%**, and a potential reversionary yield of **10.1%**, assuming costs at 5.7625%.

## Value Added Tax

The property has not been registered for VAT.

## Investment Considerations

- An opportunity to acquire a mixed use multi-tenanted investment on a large site benefiting from strong covenants including Hampshire County Council, Waitrose, Blockbuster and Motor World.
- Some 83% of the total income is let to undoubted covenants and household names.
- Current Zone A rents of circa £134.6 per sq m (£12.50 per sq ft) give strong future rental growth opportunities.
- A high net initial yield of 7.3% with an opportunity to increase the yield profile by settlement of the outstanding rent reviews and completing the new lease to Blockbuster at a higher rent.
- The current passing rent equates to only £60.7 per sq m (£5.6 per sq ft) overall and the purchase price reflects a capital value equating to only £785.3 per sq m (£73.0 per sq ft).
- There may be medium term opportunities to redevelop the site. We have been advised that Sunley & Berkeley Homes are developing apartments and houses within the town centre (see enclosed location plan) and are achieving prices above £2,152.8 per sq m (£200.0 per sq ft). The investment has a site area of 0.585 hectares (1.453 acres). Our enquiries with Gosport Planning Department have confirmed that they would encourage residential development on the basis that the existing retail uses continued.
- There may be opportunities to split the buildings vertically and "Break Up" the investment into smaller lot sizes.



## Contact Information

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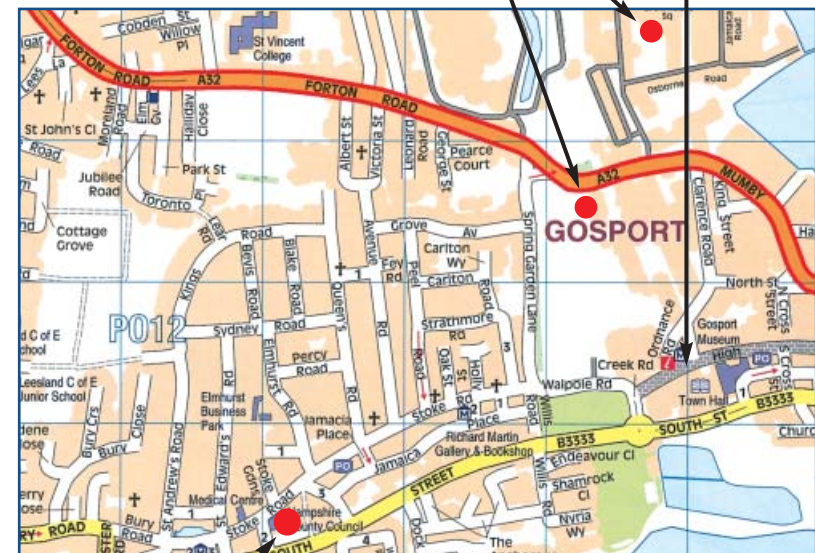




Royal Clarence Yard - Berkeley Development

The Pavilions - Sunley Homes Development

Gosport High Street



129/133 STOKE ROAD

All maps are for identification purposes only.

## 129 – 133 STOKE ROAD, GOSPORT, HAMPSHIRE

UNIT	TENANT	ACCOMMODATION			PASSING RENT P.A.	LEASE EXPIRY	RENT REVIEW	COMMENTS
129 Stoke Road (Supermarket)	Waitrose Ltd t/a Waitrose	Ground Floor Retail Ground Floor Ancillary 1st Floor Warehousing & Ancillary Sub- total	981.1 sq m 58.9 sq m 861.4 sq m 1,901.4 sq m	10,561 sq ft 634 sq ft 9,272 sq ft 20,467 sq ft	£137,500 (£6.8 per sq ft overall)	16/07/2015	16/07/2006 & 7 yearly thereafter	
131 Stoke Road (Retail)	Night-Zone Estates Ltd t/a Night-Zone	Ground Floor ITZA	428.7 sq m 205.8 sq m	4,615 sq ft 2,148.6 sq ft	£25,000 (£11.6 per sq ft ITZA)	28/2/2017	01/03/2007 & 5 yearly thereafter	Rent deposit
133a Stoke Road (Retail)	Blockbuster Entertainment Ltd t/a Blockbuster	Ground Floor ITZA	400.9 sq m 203.3 sq m	4,315 sq ft 2,188.2 sq ft	£21,250 (£9.9 per sq ft ITZA)	23/03/2004 (see comments)	N/A	In negotiations for lease renewal. Landlord quoting £27,300 per annum.
133b Stoke Road (Retail)	Motor World Ltd t/a Motor World	Ground Floor ITZA	218.9 sq m 115.4 sq m	2,356 sq ft 1,242.3 sq ft	£15,500 (£12.5 per sq ft ITZA)	2013	2008	New lease in solicitors hands. Tenant currently trading from property and paying £13,350 per annum.
1st Floor, 131 Stoke Road (Snooker Club)	Messrs O'Harrow and Sturgess	1st Floor	437.6 sq m	4,710 sq ft	£18,000 (£3.8 per sq ft overall)	28/09/2007	29/09/2002	Tenant trading approximately 9 years. 2002 rent review outstanding.
1st & 2nd Floors, 133 Stoke Road (Offices)	The Hampshire County Council	1st & 2nd Floor	751.0 sq m	8,084 sq ft	£34,000 (£4.2 per sq ft overall)	30/09/2007	30/09/2002	2002 rent review outstanding. Landlord served notice at £64,500 per annum.

**TOTAL**

**4,138.5 sq m 44,547 sq ft £251,250**

**Misrepresentation Clause**

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**Subject to Contract October 2003**