



WELL SECURED FREEHOLD LEISURE INVESTMENT WITH DEVELOPMENT POTENTIAL



**LA FITNESS**

WAKERING ROAD, THORPE BAY, SOUTHEND, ESSEX



LA FITNESS Waking Road, Thorpe Bay, Southend, Essex





## Investment Summary

- Health and Fitness Club with 2 tennis courts and indoor swimming pool.
- Secured to L A Fitness Ltd for a further 30.5 years.
- Annual fixed uplifts at 2.5% per annum compound until December 2016.
- Passing rent reflects £74.28 per sq m (£6.90 per sq ft).
- Highly reversionary ERV at £107.64 per sq m (£10.00 per sq ft).
- Total net internal area of 2,811 sq m (30,248 sq ft).
- 102 car parking spaces providing an excellent ratio of 1:28 sq m (1:297 sq ft).
- Site area of 0.93 hectares (2.29 acres).
- Capital value reflects £1,410 per sq m (£131 per sq ft) and £4.3 million per hectare (£1.7 million per acre).
- Situated in an affluent residential suburb of Southend-on-Sea.
- Residential potential, subject to the necessary consents.
- Purchase price in excess of £3,950,000.
- Net initial yield of 5.0%.
- Reversionary yield of 7.2%.
- True equivalent yield of 6.6%.



## **Location**

Southend-on-Sea is the principal commercial centre in Essex and a popular tourist resort. The town is situated approximately 72.0 kilometres (45.0 miles) east of Central London, 32.0 kilometres (20.0 miles) south-east of Chelmsford and 25.6 kilometres (16.0 miles) east of Basildon.

Southend-on-Sea has been identified as an area for major inward investment and regeneration. As part of the Thames Gateway initiative, plans for the town include increased housing, a new passenger terminal with rail station at London Southend airport and the expansion of the University of Essex campus. Local government proposals include the development of Southend's beach, leisure and tourism facilities as well as improvements to the road and rail infrastructure.

Thorpe Bay is an affluent residential suburb of Southend-on-Sea. The area is a desirable commuter location benefiting from a wide range of shopping, educational, recreational and transport facilities.

## **Demographics**

Southend has a district population of approximately 625,000 (1994 estimate). The town has an affluent demographic with above average home and car ownership.

The local economy is largely centred around retail and tourism, providing approximately 1 million sq ft of retail accommodation including The Royals Shopping Centre and Victoria Plaza. It is estimated that the retail spend in Southend is approximately £500 million each year. In addition, as an established seaside resort, the town attracts 6.1 million visitors spending £200 million each year.

Source: Focus & CBRE NSLSP

## **Communications**

The north east quadrant of the M25 provides access to Southend via the A12 at Junction 28, the A127 at Junction 29 and the A13 at Junction 30. The A127 provides a direct link to the town, connecting with both the A12 and A13 via the A130.

There are direct rail services from Southend to London Liverpool Street and Fenchurch Street stations with a fastest journey time of approximately 50 minutes.

London Southend Airport currently provides regular flights to Jersey. Further routes are planned after the new terminal completion in 2008. London Stansted airport is approximately 64.0 kilometres (40.0 miles) north west of Southend providing flights to various international destinations.

## **Situation**

Situated within the prosperous suburb of Thorpe Bay approximately 4.0 kilometres (2.5 miles) east of Southend's town centre, the immediate area is predominantly residential including a number of schools, sports grounds, cricket pitches and two golf courses.

The property occupies a prominent position at the junction of Wakering Road and Bournes Green Chase (A13) located just north-east of the roundabout where Southchurch Boulevard (A13), Bournes Green Chase (A13) and Artillery Way (A1159) intersect.

Thorpe Bay mainline station is 0.8 kilometres (0.5 miles) south of the property.



### Description

The building was constructed in 1968 as the Courtlands Country Club. In 2001 L A Fitness completed a comprehensive refurbishment and conversion of the two storey building.

The health and fitness club comprises the following;

- 2 outdoor tennis courts
- Indoor swimming pool (17 metres)
- 4 squash courts
- Cardio / Fitness / Aerobics / Free weights area
- 2 conference rooms
- Expansion land
- Large car park

Illustrative floor-plans are available on our website [www.dbaprop.co.uk](http://www.dbaprop.co.uk). To access click on the property and see section 'Other Documents'.

### Accommodation

We have been advised of the following gross internal floor areas;

	sq m	sq ft
Ground Floor	1,470	15,814
First Floor	1,341	14,434
<b>TOTAL</b>	<b>2,811</b>	<b>30,248</b>

In addition, the property benefits from 102 car parking spaces providing a ratio of 1:28 sq m (1:297 sq ft).

The site area is 0.93 hectares (2.29 acres).

### Tenure

Freehold.



### Tenancy

The property is let in its entirety to L A Fitness Ltd for a term of 35 years from 24 December 2001 therefore having 30.5 years unexpired. The lease is on full repairing and insuring terms subject to annual fixed increases at 2.5% per annum compound until the first of the 5 yearly open market rent reviews in 24 December 2016. The vendor will 'top-up' the rent to £208,745 per annum equating to £74.28 per sq m (£6.90 per sq ft) until 25 March 2009.

### Covenant

L A Fitness Ltd have a Dun & Bradstreet rating of 5A1 and have reported the following accounts:

Covenant	Date of Accounts	Turnover	Pre tax profit	Net Assets
L A Fitness Ltd	31 July 2005	£83.9 million	£9.1 million	£49.2 million

L A Fitness was established in 1990 and has since become one of the fastest growing and most successful health club operators in the UK. The company has demonstrated consistent and rapid growth over the last seven years; turnover has increased by 864%, membership numbers by 557% and number of clubs by 487%.

Originally quoted on the London Stock Exchange, in May 2005 the business was taken private in a £141 million management buyout backed by the private equity firm MidOcean Partners. The current management's objective is to continue to build on the company's existing model and grow the business significantly. In February 2006, the company acquired the Crown Sports group and its 21 clubs for £38 million.

The Group now consists of 88 clubs, over 200,000 members and 3,500 staff.

Further information is available at [www.lafitness.co.uk](http://www.lafitness.co.uk).

### Estimated Rental Value

The total estimated rental value of the investment is approximately £302,000 per annum equating to £107.64 per sq m (£10.00 per sq ft).

We are aware of the following recent rental evidence for health and fitness clubs in the South East:

Date	Location	Tenant	Size (sq ft)	Rent (£ per sq ft)	Transaction Type
Sep 05	Ashford	Livingwell	35,000	£9.81	Rent review
Jun 04	Chelmsford	Cannons	37,214	£9.81	Rent review
Jun 04	Cambridge	L A Fitness	20,000	£10.25	Open Market Letting
Mar 04	Swindon	Cannons	25,000	£9.87	Rent review



### Residential Development Potential

We have been advised that values for sites with residential planning within Thorpe Bay are in the region of £6.2 million per hectare (£2.5 million per acre) to £8.0 million per hectare (£3.25 million per acre) depending on the density achieved.

### Proposal

We have been instructed to seek offers in excess of **£3,950,000 (Three Million, Nine Hundred and Fifty Thousand Pounds)** reflecting the following yield profile based upon costs at 5.7625% :

Net initial yield	£208,745	5.0%	
25 March 2009	£213,964	5.1%	Fixed Increase
25 March 2010	£219,313	5.3%	" "
25 March 2011	£224,796	5.4%	" "
25 March 2012	£230,415	5.5%	" "
25 March 2013	£236,176	5.7%	" "
25 March 2014	£242,080	5.8%	" "
25 March 2015	£248,132	6.0%	" "
25 March 2016	£254,336	6.1%	" "
24 December 2016	£302,480	7.2%	Open market review
True equivalent yield		6.6%	

### Value Added Tax

The property has been elected for VAT.

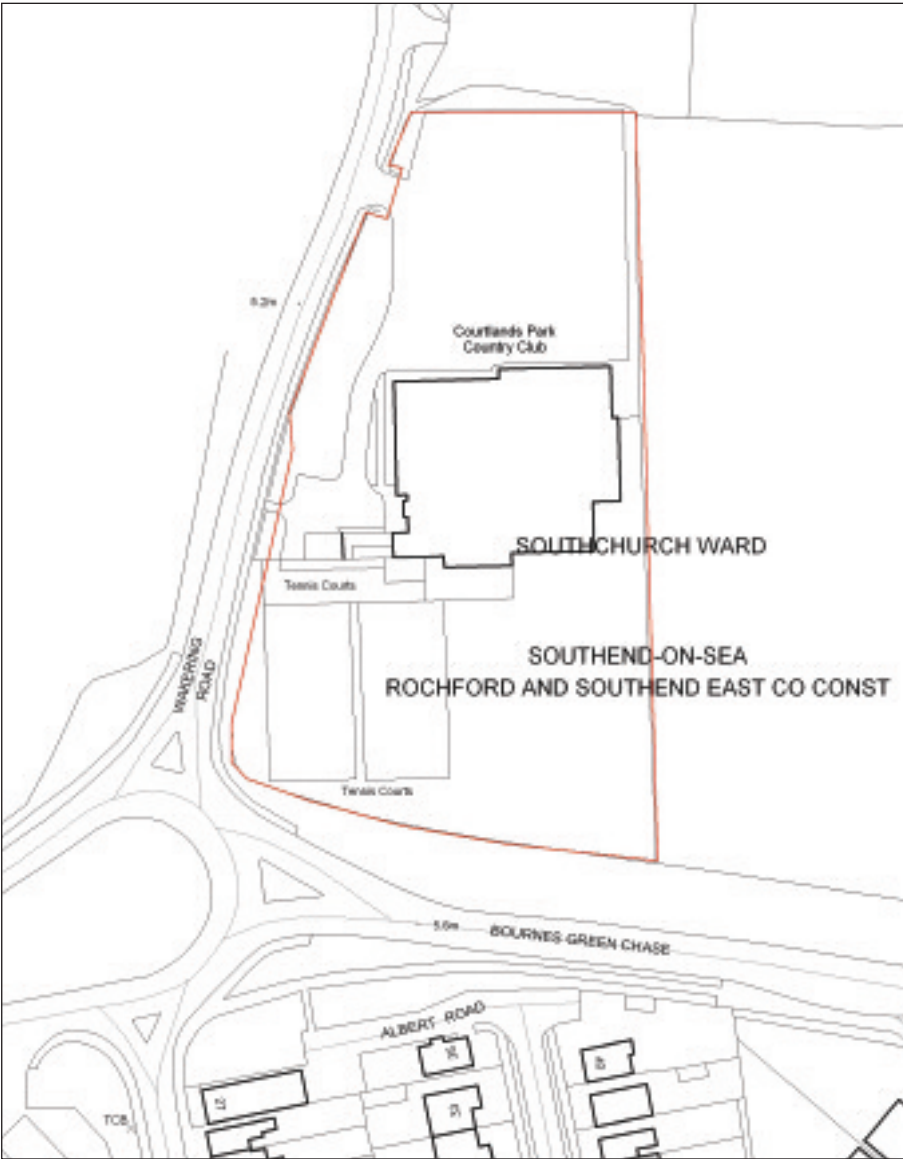


## Investment Considerations

- Located in affluent residential suburb of Southend-on-Sea.
- Well secured to a D&B 5A1 covenant for a further 30.5 years.
- Attractive yield profile; true equivalent yield of 6.6% and reversionary yield of 7.2%.
- Highly reversionary passing rent of £74.28 per sq m (£6.90 per sq ft).
- Extensive site area of 0.93 hectares (2.29 acres).
- Low capital value reflecting £1,410 per sq m (£131 per sq ft) and £4.3 million per hectare (£1.7 million per acre).
- High vacant possession value.
- Possibility of alternative uses on the site subject to the necessary consents. We understand that site values with residential planning have achieved upto £8.0 million per hectare (£3.25 million per acre) depending on the density achieved.
- Development potential on expansion land within the site.
- Opportunity of large scale site-assembly by acquiring adjoining land.
- Membership levels for the club rank as one of the highest in the L A Fitness group at approximately 4,100 members.
- Only two other L A Fitness clubs include tennis and squash courts.

SUBJECT TO CONTRACT AND EXCLUDING VAT







Not to Scale. For Indicative Purposes Only



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