

HIGH YIELDING SINGLE LET OFFICE INVESTMENT UNITS 2.1 - 2.3 THE PAINTWORKS

📍 The Paintworks
Bristol, BS4 3EH



INVESTMENT SUMMARY

- Opportunity to acquire a high yielding single-let office investment within Bristol's creative quarter.
- Paintworks is a unique and hugely successful mixed-use development on the site of a former Victorian paint factory.
- The property comprises 6,640 sq ft of self-contained industrial style studio/office space with 8 car parking spaces.
- Single-let to Sponge UK Limited on a 10 year lease from 07 September 2022 expiring on 05 September 2032.
- Tenant break option on 15 November 2027 subject to a 3 month break penalty.
- Unexpired term of 9.37 years to expiry and 4.56 years to break.
- Rent £155,000 per annum (£23.34 per sq ft).

PROPOSAL

Seeking offers in the region of **£1,600,000** reflecting a **Net Initial Yield of 9.07%** and a **capital value of £241 per sq ft.**



LOCATION & CONNECTIVITY



Bristol is the UK's 5th largest city and the capital of the South West. It has an estimated population of 550,000 and a larger urban zone of 1.6 million residents. Bristol is amongst the most attractive, successful and culturally prestigious cities in the UK and a highly recognised city across the globe.

The City has a relatively young population profile with the median age of people living in Bristol standing at 32.5 years. Bristol has two leading universities and a highly educated population with 49% having obtained a degree against the national average of 38%.



ROAD

Bristol is located 118 miles west of London at the junction of the M4 and M5 motorways. The city centre is 4 miles from the M4/M5 intersection via the M32. The M4 is the east-west axis from London to Cardiff, whilst the M5 is the north-south axis from Birmingham to Exeter. The M32 motorway spur links the M4 to Bristol City Centre.

| | | |
|-----------------|---------------|------------|
| M32 MOTORWAY | 6 MINS | 1.6 MILES |
| M4 MOTORWAY | 15 MINS | 7 MILES |
| BRISTOL AIRPORT | 19 MINS | 8.8 MILES |
| BATH | 35 MINS | 13 MILES |
| CHELTENHAM | 48 MINS | 42.6 MILES |
| CARDIFF | 55 MINS | 44 MILES |
| READING | 1 HR 25 MINS | 77 MILES |
| EXETER | 1 HR 35 MINS | 80 MILES |
| LONDON | 2 HRS 20 MINS | 118 MILES |



AIR

Bristol International Airport lies 8 miles south of the city centre and offers scheduled flights to 111 destinations throughout the UK. The airport handles over 6.75 million passengers each year and is one of the fastest growing regional airports in the UK. Flight times from Bristol International Airport (approximately):

| | |
|-----------|---------------|
| JERSEY | 45 MINS |
| BELFAST | 45 MINS |
| DUBLIN | 50 MINS |
| PARIS | 1 HR 5 MINS |
| AMSTERDAM | 1 HR 10 MINS |
| BRUSSELS | 1 HR 10 MINS |
| EDINBURGH | 1 HR 10 MINS |
| FRANFURT | 1 HR 35 MINS |
| MADRID | 1 HR 55 MINS |
| ROME | 2 HRS 15 MINS |



RAIL

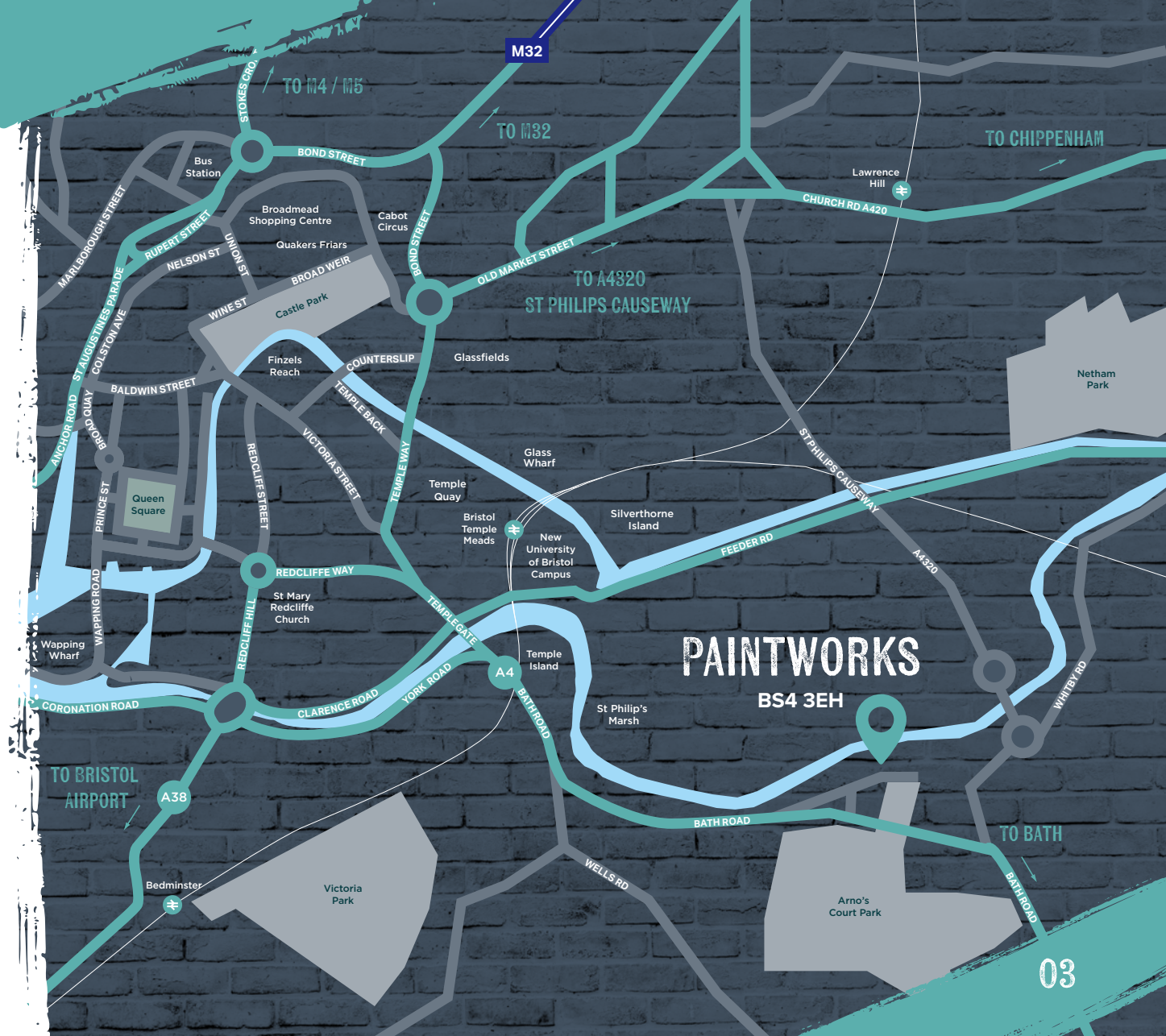
Bristol Temple Meads is on the Great Western mainline railway and handles 10 million passengers per year. The £5.5bn electrification of the Great Western Mainline between London Paddington and Cardiff completed in December 2019, reducing the journey time between Bristol Temple Meads and London Paddington by 14 minutes and increasing capacity with an extra 15,000 seats during weekdays.

SITUATION



Paintworks is a unique development on the edge of Bristol City Centre, close to Temple Meads Station. Paintworks is an exciting development comprising a mixture of former brick built workshops and new build accommodation which encompasses Bristol's creative quarter.

Located on the A4 Bath Road on the South East side of the City Centre and approximately 1.4 miles from Temple Meads Railway Station, this development provides great transport connections within a creative environment. The property is located within a short drive to a number of facilities within the City Centre and extensive retail park facilities within the Brislington area which is less than 1 mile away.



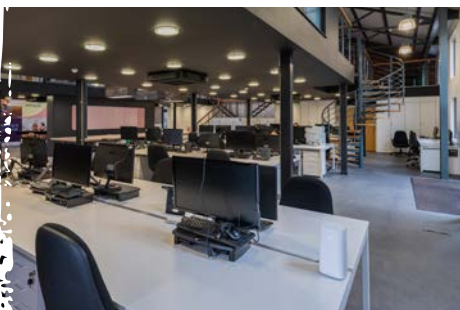
DESCRIPTION

Located on the site of a former Victorian paint factory, Paintworks is a vibrant and hugely successful mixed use development comprising studio/offices, live/work and residential spaces, representing Bristol's creative quarter.

For further information please visit www.paintworksbristol.co.uk

Units 2.1-2.3 forms part of Phase 1 of the Paintworks development, which comprises a mix of office and live / work accommodation in converted former light industrial buildings.

The property forms an end of terrace building totalling 6,640 sq ft, originally built as 3 self-contained units with separate entrances which have now been interlinked to provide well specified offices arranged over ground and mezzanine levels. Externally, the Property includes 8 car parking spaces providing a generous parking ratio of 1:830 sq ft.



EXPOSED SERVICES
WITH EXPOSED
BRICK/STONEWORK



SOLID FLOORS WITH
VINYL COVERING AND
FLOOR BOXES



LED
SPOTLIGHTS



AIR
CONDITIONING



WCS AND STAFF
WELFARE
FACILITIES



8 NO. CAR
PARKING
SPACES



STEEL ROOF
TRUSSES

ACCOMMODATION

The property provides the following approximate Net Internal Areas:

| | | |
|--------------|--------------------|--------------------|
| Ground Floor | 412.78 sq m | 4,443 sq ft |
| Mezzanine | 204.15 sq m | 2,197 sq ft |
| Total | 616.93 sq m | 6,640 sq ft |



MEZZANINE

2,197 SQ FT
204.15 SQ M

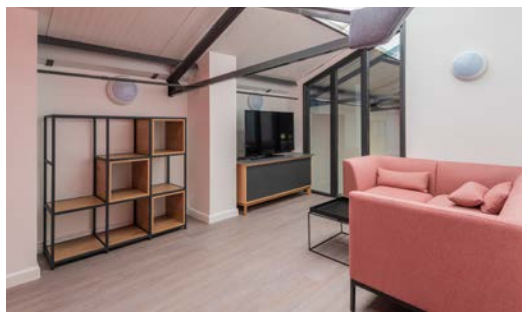
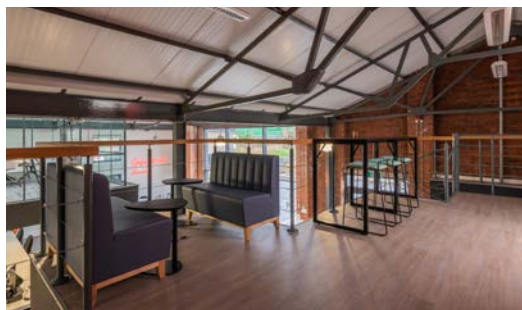


GROUND FLOOR

4,443 SQ FT
412.78 SQ M



GALLERY



TENURE & TENANCY

TENURE

999 year long leasehold from 25 March 2005 subject to a ground rent of £1,000 per annum which is subject to RPI linked rent reviews every 25 years.

TENANCY

The property is single let to Sponge UK Limited on a 10 year lease from 07 September 2022 expiring on 05 September 2032, subject to a tenant break option on 15 November 2027 with a 3 month break penalty. Therefore leaving approx. 9.5 years to expiry and 4.75 years to break. The lease is drawn on FRI terms, subject to a schedule of condition.

The headline rent is £155,000PA reflecting £23.34 per sq ft subject to upward only market review at year 5. The first two years are at half rent, which will be topped up by the vendor at the point of completion.

£155,000PA 9.37 YEARS TO EXPIRY

£23.34PSF 4.56 YEARS TO BREAK



COVENANT INFORMATION

Sponge UK Limited provide corporate learning solutions internationally. The company has reported strong growth in operations, improving from a £2m loss in the 10 month period ended 31 October 2019 to a £2m profit in the period to 30 April 2021.

Recent published accounts show the following headline financial results:

| | Apr-21 | Oct-19 | Dec-18 |
|---------------------|-------------|-------------|----------|
| Turnover | £10,716,410 | £5,230,093 | - |
| Pre Tax Profit | £2,059,286 | -£2,054,318 | - |
| Shareholders' Funds | 23,710 | -£1,936,860 | £551,567 |



BRISTOL OFFICE MARKET

Bristol is a leading Big 6 office market and the commercial capital of the South West of England, comprising a total office stock of approximately 12.8m sq ft.

Prime headline rents in the city centre are now £42.50 per sq ft following the letting to Paymentsense at EQ. Bristol has now achieved the highest rents amongst the Big 6 office markets and reflects a 30% increase in prime rents since 2017.

Current supply of immediately available stock totals approximately 700,000 sq ft which represents an overall vacancy rate of 5.60%. The current Grade A vacancy rate stands at below 1%.

Bristol recorded approximately 620,000 sq ft of office take up in 2022, a 7% increase on the 5 year average. The TMT sector continues to be the most active sector, accounting for over 40% of overall take up and has been the leading sector for the last 5 years.

Comparable transactions, sold with vacant possession

| Address | Area sq ft | Price | Price psf | Date |
|-----------------------------|------------|----------|-----------|---------|
| Unit 5.9 Paintworks | 1,807 | £525,000 | £291 | Q3 2021 |
| Units 2.5-2.6 Paintworks | 1,882 | £562,500 | £299 | Q3 2021 |



FURTHER INFORMATION

DATA ROOM

Access to the data room is available on request.

SERVICE CHARGE

There is a service charge is currently running at £1.85 per sq ft and is recoverable from the tenant under the terms of the lease. Further information is available in the data room.

EPC

The property has an EPC rating of 85 D. A copy of the EPC is available to download from the data room.

VAT

The property is elected for VAT and it is therefore envisaged that the sale will be treated as a Transfer Of a Going Concern (TOGC).

AML

A successful purchaser will be required to provide relevant information to satisfy the AML requirements when Heads of Terms are agreed.

PROPOSAL

Offers are sought in the region of **£1,600,000 (One Million Six Hundred Thousand Pounds)** reflecting a **Net Initial Yield of 9.07%** (assuming purchasers costs of 6.22%).

A purchase at this level would reflect a capital value of £241 per sq ft.

FURTHER INFORMATION



For further information or to arrange an inspection, please contact the sole agents:

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