

Town Centre Office Investment with Future Development Potential

LaganHomes.

Finance House

Beaumont Road, Banbury, OX16 1RH

Colliers

white
commercial.co.uk

01295 271000

Investment Summary

- Finance House is a **town centre office building** in the historic Oxfordshire town of Banbury.
- The property comprises a self-contained office building of **21,852 sq ft** (2,030.12 sq m) arranged over ground and three upper floors.
- The property is **multi-let to Lagan Homes Limited and Lloyds Bank Commercial Finance Ltd**
- The current passing rent is **£153,920 pa** which reflects a low average rent of **£9.46 psf** on the office accommodation
- The tenancies produce a **WAULT of 3.70 years** to expiries
- Based on an **ERV of £11.50 psf**, the building has a reversionary rent of **£251,298 per annum**
- There are **127 car parking spaces** providing an excellent car parking ratio of **1:172 sq ft**.
- Banbury sits within the **Oxford-Cambridge Arc**, a “globally significant” area of investment and epicentre of the life sciences sector
- Strong future **alternative use and development potential** subject to planning
- **Site area of 1.04 acres** reflecting a low site cover of just 22%
- The property is held **freehold**.

Our client is seeking offers in excess of **£2,100,000** (Two Million, One Hundred Thousand Pounds) subject to contract and exclusive of VAT. This reflects an attractive net initial yield of **6.90%** and a reversionary yield of **9.79%**. The sale price reflects a low capital value of **£96 psf**, assuming purchaser's costs of 6.30%.



Location

Banbury is an expanding commercial hub in the north of Oxfordshire. It is located **41 miles southeast of Birmingham**, **23 miles north of Oxford** and **71 miles northwest of Central London**. It's prominent location within the 'growth corridor' and proximity to these major UK cities make it an extremely desirable business location.

The town is a key location, particularly for the technology, motorsport and automotive engineering sectors given its close proximity to Silverstone, the home of F1.

Banbury also sits in the heart of the **Oxford-Cambridge Arc**. This is one of the fastest-growing economies in England and has been described as a "globally significant" area of investment by the UK government. The Arc has attracted a number of world-leading research and development centres and is becoming the epicentre of the life sciences sector which has contributed £2.9 million to the UK economy.

Connectivity

Car

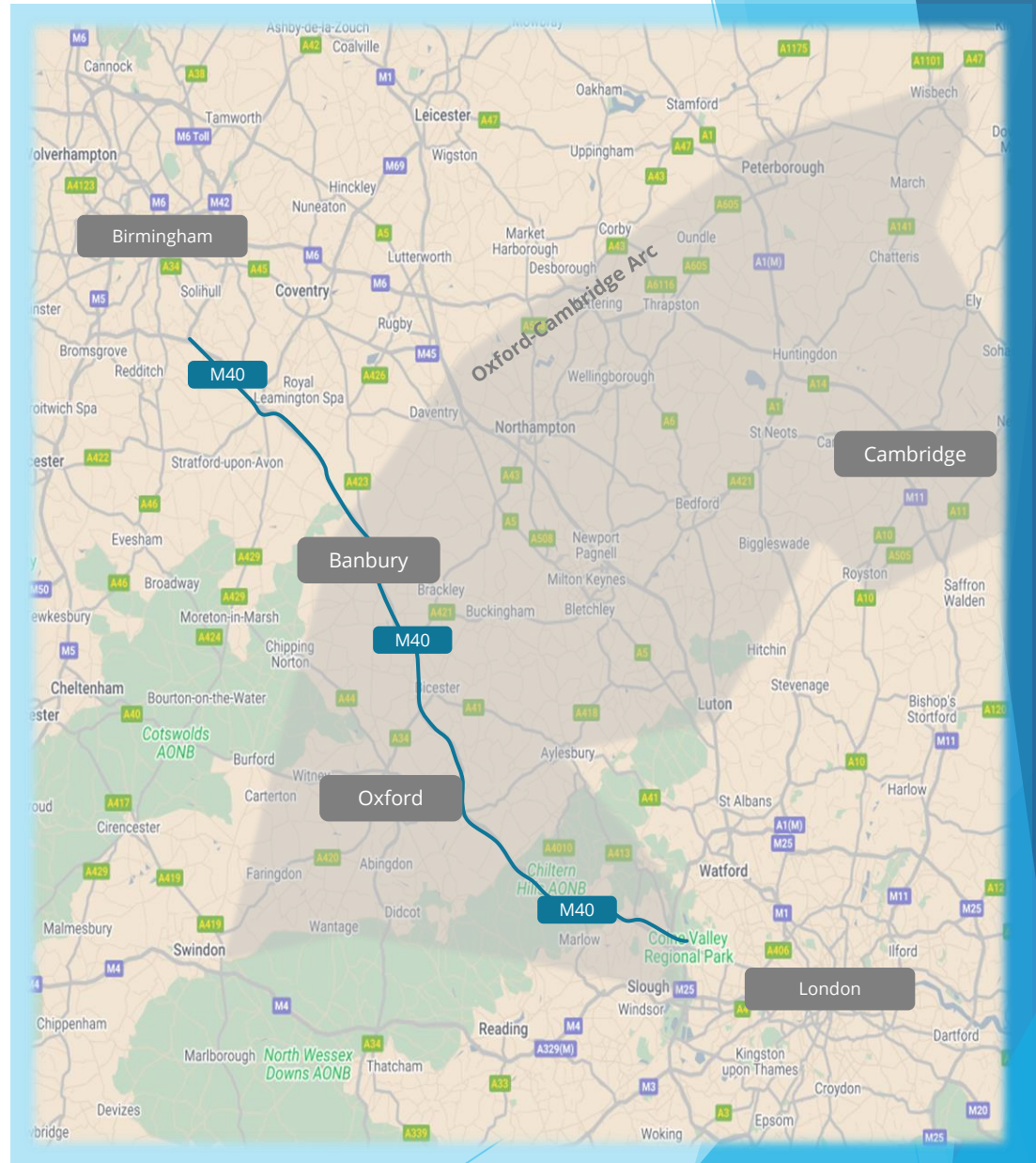
Banbury is ideally situated 1.2 miles from Junction 11 of the M40 Motorway, providing direct access to Central London and the wider national motorway network.

Rail

Banbury benefits from reliable and frequent rail connections to Birmingham New Street in 48mins and London Marylebone in 1hr 5mins.

Air

Birmingham International Airport (36 miles) and Heathrow Airport (63 miles) can both be reached within an hour by car.





Banbury Train Station
& Town Centre (1.3 miles)



Birmingham
(41 miles)



WAITROSE
& PARTNERS

Oxford (29 miles)

A423

Finance House

Situation

Finance House is prominently situated just off the Southam Road (A423) with access via Beaumont Road. The A423 provides direct access to **Banbury town centre which is 1.3 miles to the south.**

The immediate vicinity comprises a mix of residential, retail, industrial and office uses. Within walking distance of the property are retailers such as Home Bargains, Currys and Tesco and occupiers such as Fisher German and Ethos Technology.

Description

Finance House comprises a self-contained rectangular shaped office building of reinforced concrete construction under a flat roof.

The property 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.

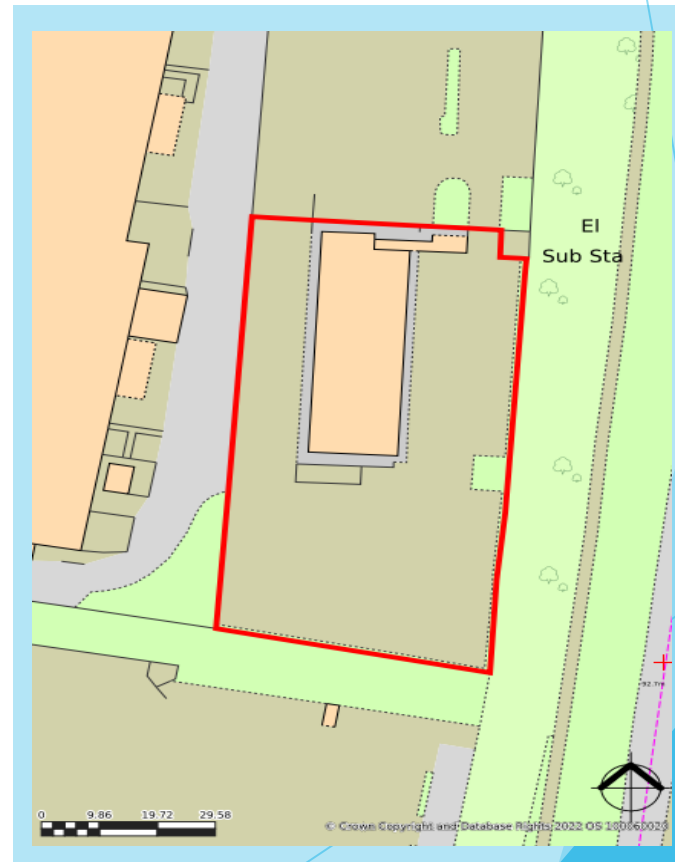
Specification

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
- New passenger lifts with access to all floors
- 127 car parking spaces (1:172 sq ft)

Site Area

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



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

Tenancy

The building is multi-let to Lagan Homes Ltd and Lloyds Bank Commercial Finance Ltd on three separate effective FR&I leases providing a **WAULT of 3.70 years**. The total passing rent of **£153,920 per annum** equates to a **very low average rent of £9.46 psf**. The leases are subject to 5 yearly upward only rent reviews and there is one outstanding rent review for Lagan Homes Ltd on 1st July 2024.

Both Lagan Homes Ltd and Lloyds Bank Commercial Finance Ltd extensively fitted out their respective floors and the landlord recently undertook refurbishments to the vacant 3rd floor.

Floor	Tenant	Area (sq ft)	Lease Start	Rent Review	Lease Expiry	Current Rent (£pa)	Current Rent (£psf)	ERV (£psf)	Car Parking
Third	Vacant	5,626	-	-	-	-	-	£11.50	30 spaces
Second	Lagan Homes Ltd	5,570	01/07/19	01/07/24	30/06/29	£48,500	£8.71	£11.50	30 spaces
First	Lloyds Bank Commercial Finance Ltd	5,455	25/04/14	-	24/04/24	£53,950	£9.90	£11.50	27 spaces
Ground	Lloyds Bank Commercial Finance Ltd	5,201	25/04/14	-	24/04/24	£51,470	£9.90	£11.50	26 spaces
Total		21,852				£153,920		£251,298*	127 spaces**

*Based on a conservative ERV of £11.50 psf for the vacant floor, we estimate the building can generate a rent in excess of £251,298 per annum

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

Banbury Office Rents

Out of town office rents in Banbury Business Park are trending upwards of £13.00 psf, a rent that was recently achieved at Pembroke House. Banbury town centre rents have reached £14.29 psf on the latest letting in Blenheim Court and are expect to surpass £16.00 psf in Q2 2022.

Property	Area (sq ft)	Rent (£psf)	Terms
Part 1 st Floor, Blenheim Court	4,120	12.99	5-year lease effective FRI
2a Banbury Office Village	3,838	12.60	10-year lease with mid-term rent review. FRI.
Pembroke House (part), Banbury Business Park	8,830	13.00	2.5-year lease effective FRI
Part 1 st Floor, Blenheim Court	3,892	14.29	5-year lease effective FRI.

Covenant

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



Alternative Use Options

The **1.04 acres** at 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.

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.

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.

Finance House is located adjacent to Banbury Cross Retail Park and is only 1.2 miles from Banbury Gateway Retail Park.

The parks comprise retailers such as Carpetright, Next, McDonald's Primark and Tesco.

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 Finance House site as a future strategic conduit 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 and XPO Logistics.

Proposal & Investment Rationale

Proposal

Our client is seeking offers in excess of **£2,100,000 (Two Million, One Hundred Thousand Pounds)** subject to contract and exclusive of VAT. This reflects an attractive net initial yield of **6.90%** and a reversionary yield of **9.79%**. The sale price reflects a low capital value of **£96 psf**, assuming purchaser's costs of 6.30%.

Investment Rationale

- The property offers a number of future alternative uses and development angles
- Exceptionally low base rent and capital value
- Both current tenants benefit from a strong covenant and the vacant third floor was recently extensively refurbished
- Excellent car parking ratio of 1:172 sq ft with a very low site cover of 22%.
- Close proximity to retail park amenities and town centre train station
- Prominent and strategic location in growth corridor and Oxford-Cambridge Arc

Further Information

VAT

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

EPC

The property benefits from an EPC rating of C75.

Tenure

The property is held freehold

Data Room

Access to the dataroom is available upon request

Contact Information

For further information or to make viewing arrangements please contact:

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