



# WARWICK HOUSE

67 STATION ROAD, REDHILL RH1 1QU



## SITE A

- New station entrance / ticket office
- New drop-off / taxi rank
- 450 space commuter multi-storey car park

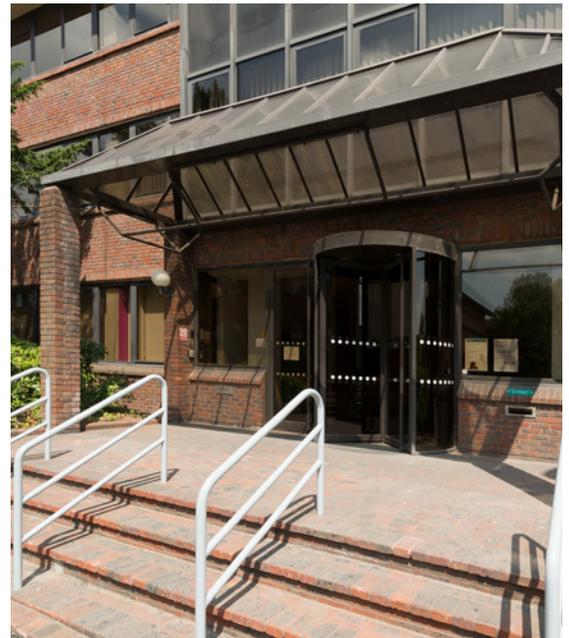
## SITE B

- New station entrance / ticket office
- 25,000 sq ft Waitrose
- Public realm improvements
- 150 new homes

# INVESTMENT SUMMARY

## GOVERNMENT LET OFFICE INVESTMENT

- An opportunity to acquire a town centre office building in Redhill, one of the premier office locations in the southern M25.
- Excellent transport links to the M25 and national motorway network.
- Prominently situated fronting Station Road, the town's premier office pitch and immediately adjacent to the pedestrianised section of the town centre.
- The building extends to 20,434 sq ft arranged over ground and four upper floors with 68 parking spaces providing an **excellent town centre parking ratio of 1:300 sq ft**.
- Let in its entirety to the undoubted covenant of **The First Secretary of State** on a lease expiring 16th October 2023 (**approximately 9.1 years unexpired**).
- The lease is subject to a tenant's only break option as at 2nd April 2021, subject to 6 months' notice therefore providing 6.6 years term certain.
- Rent passing of £430,500 per annum, equating to £21.36 per sq ft (assuming half rate on reception).
- Freehold.
- Potential for medium term redevelopment to residential use. Subject to planning.
- Offers are sought in excess of **£5,550,000 (Five million, five hundred and fifty thousand pounds)**.
- A purchase at this level reflects a Net Initial Yield of 7.33% after allowing for standard purchaser's costs of 5.80%. This equates to a capital value of £271 per sq ft.



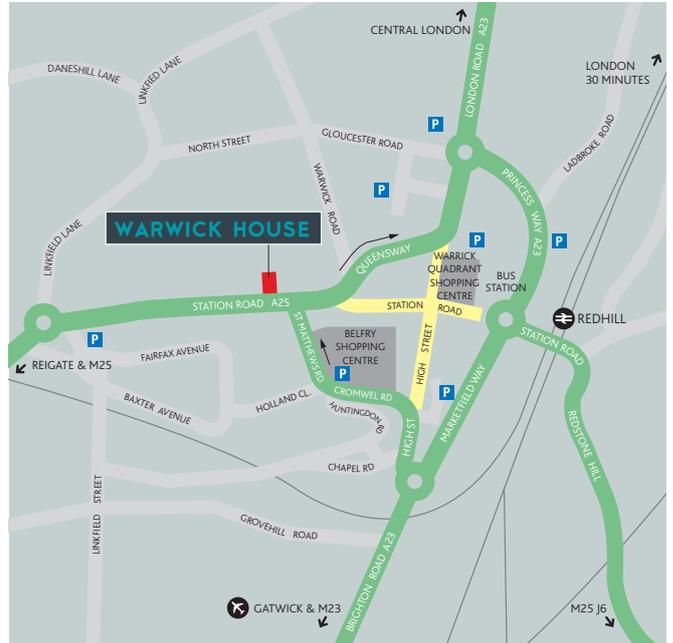
# LOCATION

Redhill lies approximately 20 miles south of central London in close proximity to the M25 motorway. Junction 8 of the M25 motorway is 2 miles to the north via the A217 providing excellent connections to the national motorway network. Junction 9 of the M23 motorway, which provides access to London Gatwick international airport, is located approximately 7 miles south of Redhill. Guildford is approximately 26 miles to the west and Crawley 10 miles to the south.

The town has an established commercial centre and is home to a number of large corporations, attracted to the high proportion of skilled labour, affluent surrounding demographic and excellent transport infrastructure.

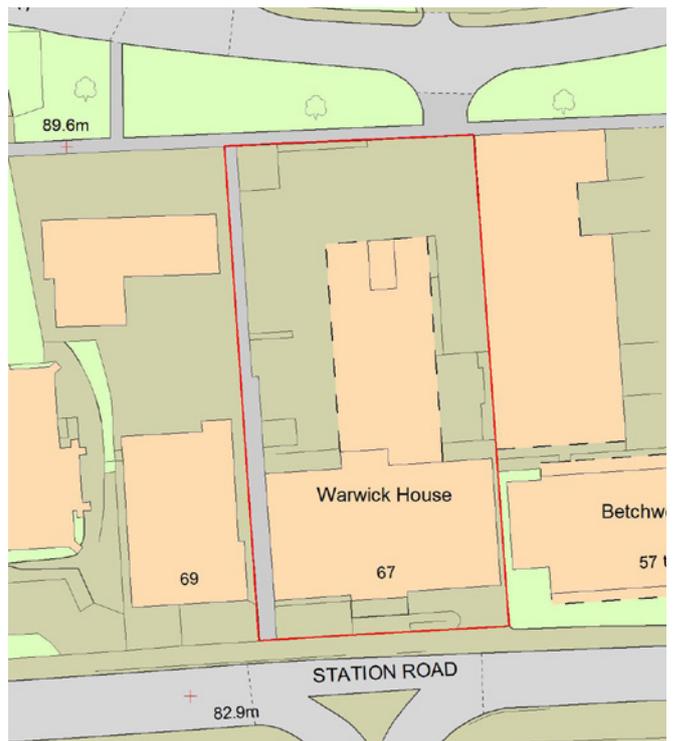
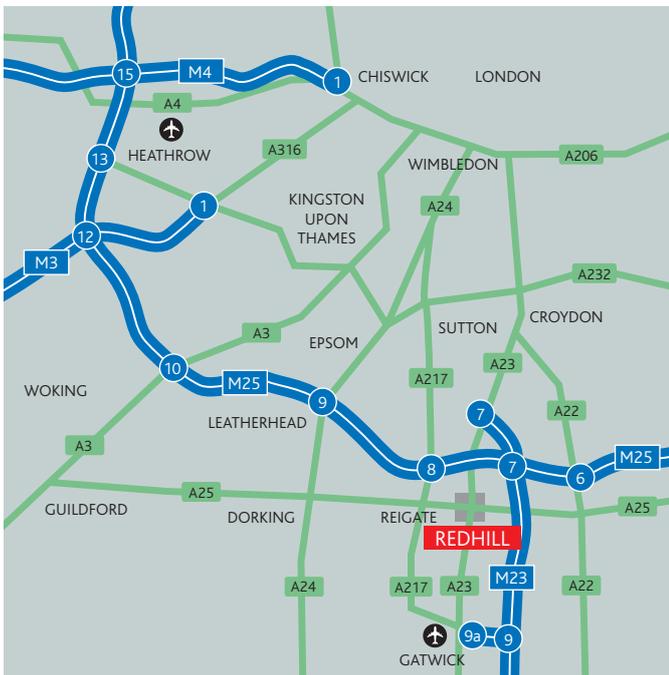
Major occupiers within the vicinity of Redhill include: Aon Risk Services, Santander, Surrey County Council, AXA Assistance UK Limited, Lombard, Balfour Beatty, Black & Veatch, Cunningham Lindsey and Travellers Insurance.

Redhill station is one of the 100 busiest stations in the country with an estimated 3.5 million passengers per annum. It is on the main London to Brighton line and at peak times there are 15 trains per hour to London Victoria and London Bridge, with a fastest journey time of 30 and 32 minutes respectively. There is also a regular service to London Gatwick which is only 10 minutes to the south.



## SITUATION

Warwick House occupies a prominent position at the Junction of Station Road (A25) and St Matthew's Road. Station Road sits within Redhill's prime office pitch and is situated to the west of the town centre with Redhill railway station located approximately 400m to the East. The property is close to the prime pedestrianised retail pitch, within immediate proximity of the Belfry Shopping Centre and the Harlequin Theatre and cinema complex.



# REDHILL REGENERATION

A number of projects, both public and private sector funded, are currently planned for Redhill that will improve the town centre and widen its appeal as a commercial centre. A £50m redevelopment of the Redhill Station area is a key component of the Council's aspiration to regenerate Redhill. The vision is to create a new arrival point and Gateway into Redhill and to create a pedestrian friendly environment.

The station improvements are being funded by the redevelopment of the station car park areas, which will deliver: a new Waitrose foodstore with 193 car parking spaces, improved retail offering, 150 new homes for town centre living, this is projected to provide over 200 new jobs.

An additional 450 station car parking spaces will be provided in a multi-storey car park on the eastern side of the station off Redstone Hill, along with improved cycle provision.

A drop-off area will be incorporated with more space for the taxi rank and pick up/drop off area created on the eastern side. The pedestrian underpass between Redstone Hill and Marketfield Way will also be refurbished.

Planning permission has also been granted for Sainsbury's and Aviva to redevelop part of the Warwick Quadrant Shopping Centre. The scheme includes a 92 room hotel, gym complex, town centre car park and expansion / reconfiguration (increase from current 27,500 sq ft to circa 80,000 sq ft) of the existing Sainsbury's superstore and Lombard House. Planning permission has been granted for the redevelopment of a former nightclub at Station Corner, with a proposed 60 unit residential led conversion with a preletting to Tesco's Express on the ground floor.

The Department for Transport will fund a new traffic management system in Redhill town centre, to aid access and egress in light of impending additional amenities to the town centre. Reigate & Banstead Borough Council have pledged £1.4m for improvement works to Redhill's Memorial Park, in the north of the town centre, to improve the quality of existing public realm. Improvements will also be made to the entrance to the Harlequin Centre and Redhill Library.



# DESCRIPTION

Warwick House comprises a town centre office building arranged over ground and four upper floors totalling circa 20,434 sq ft. The building was originally constructed in 1987 and is of concrete frame construction with brick and tinted glazed elevations under a pitched slate tiled roof.

Internally the property benefits from the following specification:

- Fully accessible raised floors
- 2 pipe fan coil air conditioning
- Suspended ceilings with recessed lighting
- Two 10 person passenger lifts serving ground to third floors
- Comprehensive kitchen and WC facilities on all of the main office floors

## ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) comprising the following net internal areas:

Floor	Area (sq m)	Area (sq ft)
Reception	51	553
Ground	301	3,244
First	348	3,750
Second	649	6,985
Third	511	5,501
Fourth	37	401
<b>Total</b>	<b>1,847</b>	<b>20,434</b>

The property has the benefit of 68 on site car parking spaces arranged over two levels providing an excellent town centre car parking ratio of (1:300 sq ft).

## TENURE

Freehold.

## TENANCY

The property is let to the undoubted covenant of The First Secretary of State on a full repairing and insuring lease for a term of 20 years from 17th October 2003 expiring 16th October 2023, providing approximately 9.1 years to expiry.

There is a tenant's break option on 2nd April 2021, subject to 6 months' notice, providing an unexpired term of 6.6 years. The passing rent is £430,500 per annum, equating to £21.36 per sq ft (assuming half rate on reception). The rent is subject to an upward only rent review on 17 October 2018.

Part of the ground floor has been sublet to Times Resources Ltd for a term of 5 years from 27 February 2012. Further details are available on request.

In addition to the above there is a substation lease to The South Eastern Electricity Board expiring 17 December 2085 at a rent of £1 per annum.



# REDHILL OFFICE MARKET

Redhill, along with Reigate, are the principal commercial centres in the southern M25 sector and employ circa 64,000 people between them. The total office stock for both markets is estimated to be 3.4 million sq ft.

The Redhill and Reigate office market continues to show signs of growth with supply continuing to fall and sign of improving occupier demand. Prime rents hit £27.50 psf in 2000/01 and current prime rents stand at £22.00 psf; which is a notable discount to comparable competing M25 office centres.

Total available office stock in Redhill is currently c.100,000 sq ft, equating to a vacancy rate of approximately 3.4%. With average take up levels over the past 5 years being c.51,000 sq ft, this equates to a net absorption rate of just under 2 years. With no recognised out of town market, or Grade A office schemes under construction, the vacancy rate looks unlikely to increase and will result in a very strong landlord office market.

The market is set to further improve through the town centre regeneration and Sainsbury's and Aviva Investors plans to redevelop the existing Sainsbury's store and adjacent office block. This will not only reduce the office stock by some 140,000 sq ft but should lead to a significant increase in demand within the town on the back of existing tenant relocation.

With supply levels continuing to diminish and existing office stock reducing as a result of the redevelopment plans in place, the improving level of occupier demand, including named enquiries being The Highways Agency, Just Retirement and Partnership Assurance, should see prime rents improve and incentives tighten.

## LETTING TRANSACTIONS

Recent transactions include:

Date	Address	Tenant	Size (sq ft)	Term	Incentive	Rent (psf)
Feb 2014	Redcentral, Redhill	Lactallis Mclelland Ltd	22,300	10 years	27 months rent free	£21.50
Dec 2013	Somerset House, Redhill	Premier Tax Free (UK) Ltd	12,170	10 years, TBO 5 years	12 months plus additional 6 months if not exercised break	£20.00
Oct 2013	London Court, Reigate	Infinity Tracking Ltd	8,797	10 years, TBO 5 years	15 months rent free	£23.00
June 2013	Betchworth House, Redhill	Royal Sun Alliance	4,061	10 years, TBO 3 years	2 months plus additional 3 months if break not exercised	£21.04
Mar 2013	Kingsgate, Redhill	Balfour Beatty	17,781	11 years, TBO 6 years	18 months rent free	£22.00

## INVESTMENT TRANSACTIONS

Recent transactions include:

Date	Address	Tenant	Size (sq ft)	Lease Term Certain	Price	NIY	CV (psf)
U/O	Jellyfish House, Reigate	Jellyfish Online Marketing Ltd	10,593	4.6 years	Q£3.22m	Q6.75%	£304
Aug 2014	Perkin Elmer HQ, Seer Green	Perkin Elmer Ltd	38,343	7.8 years	£8.91m	6.80%	£232
Jul 2014	Whitbread Court, Dunstable	Whitbread	65,984	7.8 years	£10.3m	8.00%	£151
Jun 2014	Bell Tower House, Maidenhead	BCD Meetings & Incentives Ltd	14,845	4.3 years	£5.23m	6.30%	£352
Jun 2014	Rivercourt, Uxbridge	Phoenix IT Continuity Services Ltd	22,585	4.5 years	£5.31m	7.65%	£235
Jun 2014	Brunswick Gate, Southampton	Nat West Bank	58,396	5.75 years	£11.23m	7.90%	£192

# WARWICK HOUSE

67 STATION ROAD, REDHILL RH1 1QU



## EPC

The property has an EPC rating of D and a score of 80. A copy of the EPC is available on request.

## VAT

The property has been elected for VAT purposes. It is anticipated that this will be a TOGC (Transfer of a Going Concern).

## PROPOSAL

Offers are sought in excess of **£5,550,000 (Five million, five hundred and fifty thousand pounds)**.

A purchase at this level reflects a Net Initial Yield of 7.33% after allowing for standard purchaser's costs of 5.80%. This equates to a capital value of £271 per sq ft.

Subject to Contract and Exclusive of VAT.

## FURTHER INFORMATION & CONTACT DETAILS

For further information please contact:



### James Archibald

T: 020 3362 4357

M: 07979 746 791

E: jamesarchibald@brayfoxsmith.com

### Rob Bray

T: 020 7629 5574

M: 07768 800280

E: robbay@brayfoxsmith.com

Consumer Protection Regulations

(1) Particulars: These particulars are not an offer or contract, nor part of one. You should not rely on statements by Bray Fox Smith Ltd in the particulars or by word of mouth or in writing ("information") as being factually accurate about the property, its condition or its value. Bray Fox Smith Ltd has no authority to make any representations about the property, and accordingly any information given is entirely without responsibility on the part of the agents, seller(s) or lessor(s). (2) Photos etc: The photographs show only certain parts of the property as they appeared at the time they were taken. Areas, measurements and distances given are approximate only. (3) Regulations etc: Any reference to alterations to, or use of, any part of the property does not mean that any necessary planning, building regulations or other consent has been obtained. A buyer or lessee must find out by inspection or in other ways that these matters have been properly dealt with and that all information is correct. (4) VAT: The VAT position relating to the property may change without notice. September 2014.