



New, Long Let Convenience Store Investment

 543 Manchester Road, Baxenden | Lancashire, BB5 2QJ

FOR SALE  PRIVATE TREATY

£ 1,435,000 Subject to contract

Location



Baxenden forms one of the Accrington “townships” in the Borough of Hyndburn within the county of Lancashire. Located 2.9 km (1.8 miles) south of Accrington town centre, 8 km (5 miles) south-east of Blackburn, 11 km (7 miles) west of Burnley, and 32 km (20 miles) north of Manchester.

Baxenden benefits from good road communications, being situated on the A680 (Manchester Road) which in the north connects to Junction 7 of the M65 Motorway leading to the M6 and M61 Motorways and to the south merges with the A56 dual carriageway which connects to the M66 and the M60 Motorways.

Accrington train station lies on the East Lancashire line which provides a frequent regional service across the North West together with a service to London via Preston in approximately 3 hours. Manchester Airport is approximately 55 km (34 miles) to the south.

Accrington has a population of approximately 35,000 persons and the larger area of Accrington and Rossendale approximately 125,000 people.

Summary

- New convenience store completed in 2024
- Undoubted income – let to Tesco Stores Limited
- New 15 year lease from January 2024, without breaks
- Rent reviewed to RPI (on a compounded basis)
- EPC rating of A-21
- Prominent roadside position fronting the A680
- Provides the main convenience offering for the area with no competition from other convenience store operators
- £1,435,000, subject to contract
- 5.75% Net Initial Yield
- Rising to 6.7% in 2029 & 7.7% in 2034 (assuming 3%pa RPI cap at rent review)

Situation

The property lies in the centre of Baxenden, occupying a prominent position fronting the busy A680 (Manchester Road) which is the main arterial route linking Accrington and the M65 to the north and the A56 and M66 to the south. The A680 is subject to 11,712 vehicle movements per day.

The property benefits from being situated in a densely populated residential area. There are no main competing convenience stores close by, thus the property provides an essential food store offering to the local community. The property is located immediately opposite a local primary school.

In terms of public transport numerous bus stops are located on the A680 which provide frequent services to the surrounding area and Accrington train station lies within 2.9 km (1.8 miles).

Description

The property comprises an existing two storey building which has been redeveloped together with a large single storey extension to the side and rear to create a new convenience store. Practical completion of the development took place in January 2024.

The majority of the sales accommodation is within the new extension whilst the remainder is storage and staff accommodation. The ground floor extends to approximately 3,750 sq ft (GIA) of which 1,915 sq ft (GIA) comprises the new extension. The tenant does not use the first floor which is accessed solely for maintenance.

Externally the site extends to 0.36 acres and there is pedestrian and vehicular access from Manchester Road with parking spaces for 17 vehicles.

Store opening hours are 6.00am to 11.00pm.

A full suite of warranties will be available to the purchaser.

EPC

The property has a recent EPC rating of A-21.

Planning

The property was granted planning permission in November 2022 for the conversion and extension of the existing building to form a local convenience store (ref: 11/22/0213). A copy of the planning consent is available to download from the data room.

Accommodation

The property provides a total ground floor Gross Internal Area of 348.39 sq m (3,750 sq ft).

A floor plan is available to download.

Tenure

The property comprises of two titles. The building is held Freehold (title no. LAN215711) whilst a section of the car park is a Virtual Freehold interest (999-year lease at peppercorn rent, title no. LAN215892). A site plan is available to download. Please also refer to the title documents in the data room for further information.

Tenancy

The property is let to **Tesco Stores Limited** on a full repairing and insuring lease for a term of 15 years from 24 January 2024, expiring on 23rd January 2039.

The initial rent is **£87,500 per annum** (£23.33 per sq ft). The lease benefits from five yearly upward only rent reviews calculated in line with the All Items Retail Prices Index (RPI), compounded annually with a collar and cap of 1% and 3%.

Based on assumed annual RPI growth of 3.0% over the duration of the lease the rent could increase to:

Year 6-10	£101,436 per annum
Year 11-15	£117,592 per annum

Covenant

Tesco Stores Ltd (Company Number 00519500) is a wholly owned subsidiary of Tesco Plc the largest grocery stores business in the UK with a market share of 27%. Tesco was established in 1919 and is a multinational grocery and merchandise retailer currently operating from approximately 3,712 stores throughout England, Scotland, Wales and Northern Ireland, employs c. 330,000 people globally and has an annual turnover of £65 billion.

Tesco Stores Ltd is the principal operating company for Tesco Plc. For the year ending 25th February 2023 the company reported the following figures:

Turnover	£47,481,000,000
Pre-tax Profit	£565,000,000
Shareholder's Funds	£4,385,000,000

For the year ending February 2023 Tesco Plc recently reported revenue growth to £65,762m from £61,344m the previous year, reflecting an increase of 7.2%. For further information please visit their web site: www.tescopl.com.

VAT

The property is elected for VAT. We anticipate that the sale should be capable of being treated as a Transfer of Going Concern (TOGC).

Proposal

We are instructed to seek a figure of **£1,435,000** (One Million, Four Hundred and Thirty-Five Thousand Pounds), subject to contract, reflecting a net initial yield of **5.75%**, assuming standard purchaser's costs of 6.07%.

Assuming RPI is settled at the cap of 3% the potential return for the next two RPI-linked rent reviews would be as follows:

- Running yield (January 2029) **6.7%**
- Running yield (January 2034) **7.7%**

Investment Considerations

1. An opportunity to acquire a new convenience store investment;
2. Let to the undoubted covenant of Tesco Stores Limited;
3. New 15 year lease completed in 2nd April 2024 for a term running from 24th January 2024, without breaks;
4. The lease benefits from annually calculated 5 yearly upward only rent reviews geared to the All Items Retail Prices Index (RPI);
5. The property occupies a prominent roadside location in a densely populated residential suburb, providing the main retail provision for the immediate area;
6. The property benefits from an EPC rating of A-21;
7. A purchase at the asking price reflects an attractive yield profile;
8. Attractive lot size for an investor;

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