

1-27 Station Parade, Elm Park
Hornchurch
RM12 5AB

Rare opportunity to acquire an Unbroken Freehold
Retail Parade with Residential Upper Parts in an
improving East London suburb.

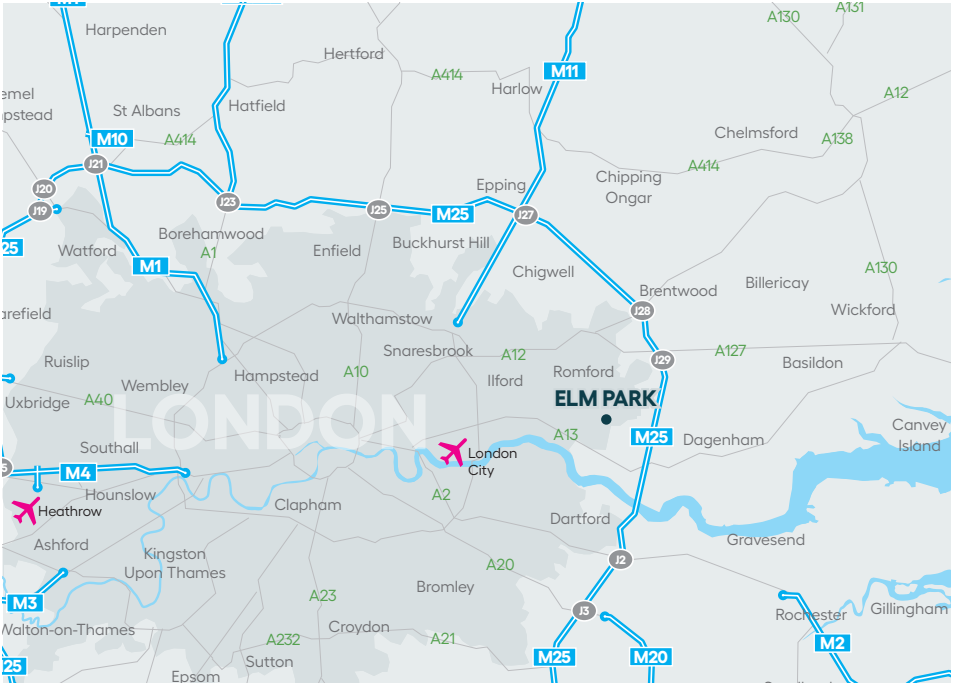


Investment Considerations

- > **An unbroken retail parade comprising 27 retail units together with 31 self-contained flats above, accessed via a dedicated front entrance situated to the centre of the parade**
- > **Hornchurch is an improving East London commuter town 14.5 miles north east of the City of London**
- > **Elm Park Station (District Line) is a 2-minute walk, 140m north of the subject property which provides Westbound services into Central London**
- > **Total contracted rent of £770,010 per annum with a current net operating income of £739,536 per annum after service charge and insurance shortfalls on the flats**
- > The parade is currently arranged as 17 single unit shops, 1 double unit, 1 triple unit and a large Co Op supermarket
- > Estimated rental value of £842,520 per annum implying a net ERV of £812,046 per annum after allowing for shortfalls
- > The building extends to 47,642 sq ft which breaks down to 23,442 sq ft gross internal area on the flats and 24,200 sq ft net internal area on the commercial
- > WAULT of 7.57 years to expiry and 5.30 years to break on the commercial accommodation
- > The property is likely to qualify for Permitted Development rights, to add up to two floors on top of the existing structure, which could qualify for up to 40 flats
- > Residential development potential on the unused garages and car parking spaces to the rear subject to obtaining the necessary consents and vacant possession
- > Freehold with a site area of 1.09 acres
- > All the flats are let on AST's with the majority recently refurbished
- > Opportunity to continue to drive the income upwards on both the retail and residential accommodation

Proposal

Offers are sought in excess of **£12,000,000 (Twelve Million Pounds)** subject to contract and exclusive of VAT. This represents a net initial yield of **6.01% on the passing rent** allowing for purchasers costs of 6.61% and a **low capital value of £252 psf** on the total floor area inclusive of the commercial accommodation measured NIA and the flats measured GIA.



Location

Elm Park is an attractive suburban planned community within the London Borough of Havering (population: 257,000) located 16 miles north east of Charing Cross. It was created as part of the Elm Park Garden City in the 1930's and is identified as a district centre in the London Plan.

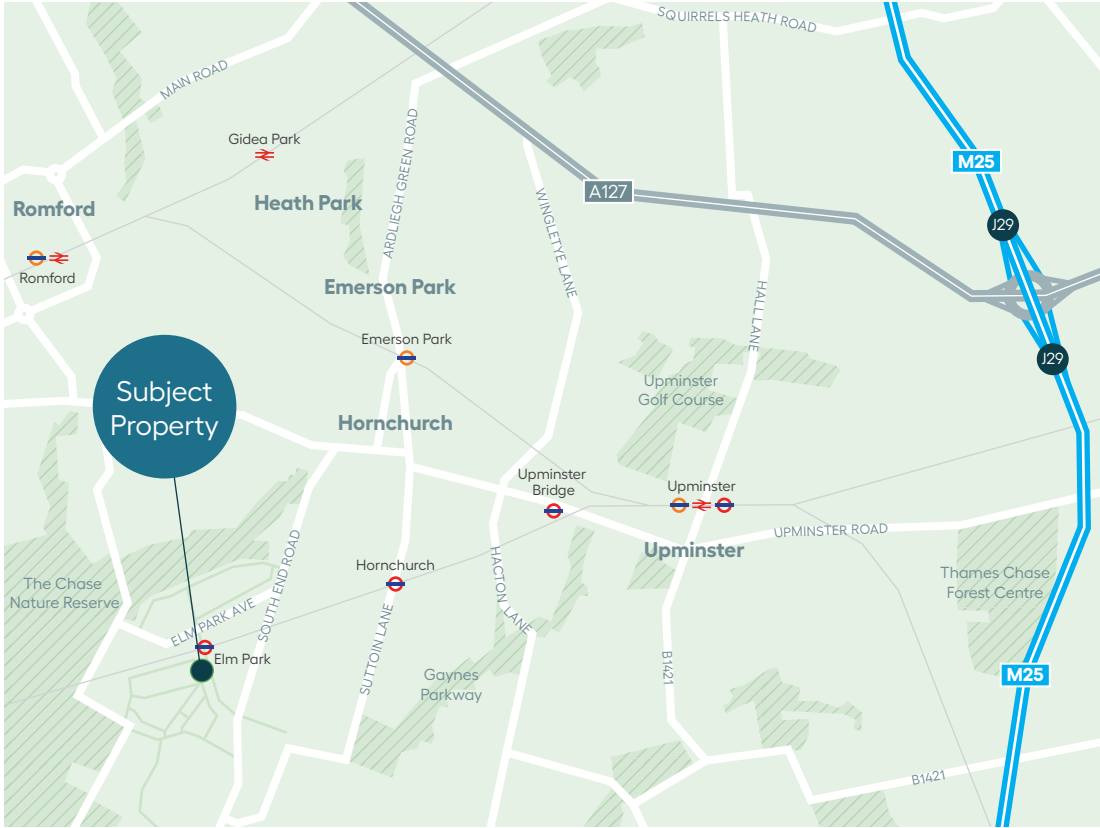
The town is situated approximately 1 mile west of Hornchurch, an improving East London commuter town 14.5 miles northeast of the City of London, 1.5 miles west of Upminster and 4.3 miles north of Rainham.

The area benefits from excellent road communications with the A127 (Southend Arterial Road) which runs east towards Junction 29 of the M25 London Orbital and Southend. The A12 to the north runs northeast towards Chelmsford and Colchester and southwest towards Stratford. The A13 (Stanford Le Hope Bypass) runs west towards Central London and eastbound towards Benfleet.

Rail transport links are excellent, with Elm Park Station (District Line) 25m to the north of the property, a 2-minute walk.

Journey times from Elm Park Station are as follows:

- **12 mins**
BARKING STATION
- **23 mins**
WEST HAM STATION
- **41 mins**
CANNON STREET STATION
- **57 mins**
VICTORIA STATION



Situation

The property is situated on Station Parade which runs parallel with The Broadway set within a densely populated residential suburban neighbourhood. The Broadway (to the north of Elm Park Station) provides extensive amenities to include a Sainsbury's, a Post Office, Costa Coffee and a myriad of other independent retailers to include cafes, dry cleaners, newsagents and much more.

The Chase Nature Reserve is located ½ a mile west which provides 120 acres / 48 hectares of horse-grazed meadows, marshland and ponds which is a haven for local wildlife and a perfect getaway from the stresses of modern life.



Description

Built in the 1950's, the property comprises a substantial and well maintained retail parade of concrete frame construction with red brick elevations under a flat roof which extends to 42,642 sq ft (4,426 sq m) of which 24,200 sq ft (2,248 sq m) is retail accommodation (NIA) and 23,442 sq ft (2,178 sq m) is residential accommodation (GIA). The building is constructed over ground and 2 upper floors to provide 27 retail units currently arranged as 17 single units, 1 double unit, 1 triple unit and a convenience store. The upper parts comprise 31 self-contained one, two and three bedroom flats. The majority of the flats are maisonettes, situated over two floors however 8 are situated on one floor only.

The commercial units are lock-up shops with various yards and a number of ground floor extensions which provides neighbourhood shopping for the large local community and includes a large Co Op convenience store, a pharmacy and an optician.

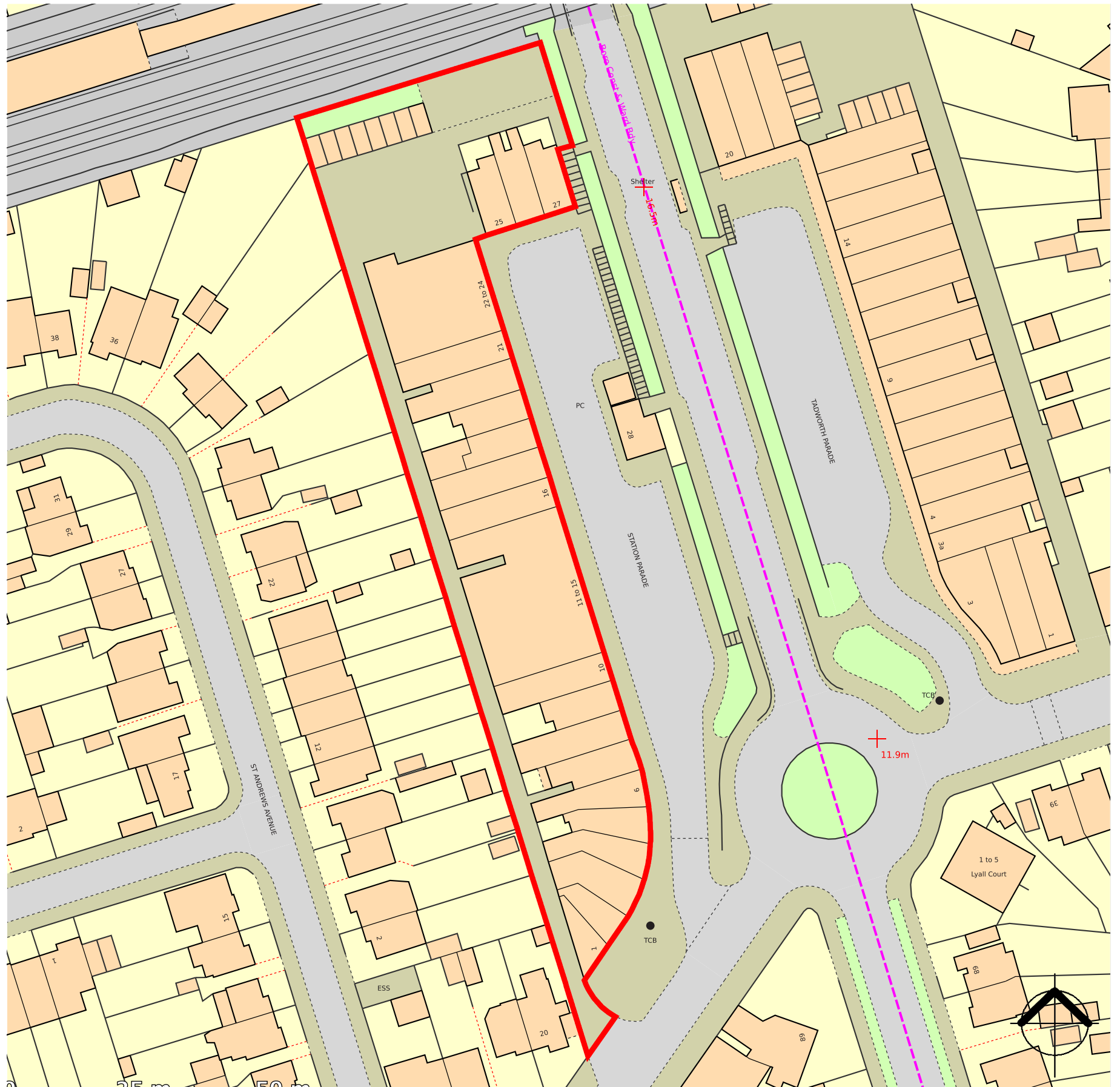
The flats are accessed via a dedicated residential communal entrance to the front and centre of Station Parade which links to a modernised rear walkway, staircase and a recently installed lift ascending to an open air first floor walkway. In addition, there are 4 external staircases to the rear of the property accessed via Rosewood Avenue through a gated entrance which also links to the walkway, and the first and second floor flats. The flats are configured as 8 x one beds, 2 x two beds and 21 x three beds and all benefit from new UPVC windows and doors, new guttering and a single pitched roof of a timber deck (roof warranty is available upon request).

In addition, there are 8 garages together with 16 car parking spaces to the rear of the property accessed via a gated entrance off Rosewood Avenue and also an area of unused land on the northern elevation and to the rear of the parade which offers residential development potential subject to obtaining the necessary consents.

Council owned car parking is provided to the front of the Parade with space for 58 cars – parking is by way of a pay and display system though there is one hour free parking.

Tenure

The property is held freehold under title number EGL46973 with a site area of 1.09 acres.





Recent Improvements

The vendor undertook a package of improvements works totalling c.£350,000, which completed in December 2020. The works included the subdivision of unit 15 to create a designated residential entrance at the front of the retail parade and a single lockup shop.

By undertaking these works, the vendor was able to create a self-contained corridor for the residential element leading to a new lift and stairwell, an internal bike storage room and a building management suite. These works were accompanied by the installation of an intercom system in each flat and an external CCTV system to improve security for the residents.

The package of works significantly improved the feel of the residential accommodation and has helped drive rental growth. Two thirds of the flats have been refurbished in the past 5 years.

Asset Management Opportunities

Most of the retail units are let off £11psf - £18psf providing potential to increase the rental income across the parade as demonstrated by the recent letting of 5 Station Parade in March 2022 which let for £22 psf.

The recent letting of 07a, a refurbished 3 bedroom flat extending to 872 sq ft for £16,200 per annum / £1,350 pcm demonstrates the reversionary potential on the residential accommodation.

There is further potential to drive rental growth by refurbishing the remaining 10 flats which haven't been refurbished.

There is potential to re-let the advertisement hoarding at the flank elevation.

Residential Market Commentary

Elm Park town centre is undergoing regeneration following identification as a priority district centre in the London Plan. Havering council have launched a £1billion joint venture project with Wates Residential for 12 regeneration schemes which will provide 3,500 new homes across the borough and they will also be making upgrades to Elm Park town centre to improve the look and feel of the town centre with new street lighting, signage and additional greenery, planting and seating areas.

Some of the most notable schemes across the borough include the redevelopment of St George's Hospital into St George's Park by Bellway. It will deliver 365 units, including 291 private units and 65 affordable units. In addition, the Solar Serena Sunrise sheltered housing estate is being transformed into 175 high quality homes in a retirement community village.

Potential New Block to the Rear



Computer Generated Image.

Further Development Potential

Additional Floors

Under the General Permitted Develop Order (GPDO) there is potential for extension and addition of up to two additional floors. The GDPO permits the construction of new dwellings on terrace buildings in commercial or mixed use, subject to eligibility and a formal application. An indicative scheme comprising a total of 40 additional units is available to view within the data room. "We don't expect there to be any insurmountable issues which would dictate that prior approval should not be given. Therefore, it should be possible to demonstrate compliance against these criteria and that application should be technically capable of being approved." (Source: Montagu Evans)

A CGI showing an indicative sketch with one additional floor is shown opposite.

Potential New Block to the Rear

A development capacity study showing a new build block on the rear garage site comprising 15 flats (2 x one beds, 9 x two beds, 4 x three beds) has been prepared by 5 Plus Architects and is available for inspection in the data room. Furthermore, a Planning Note prepared by Montague Evans dated 20 May 2022 is also available in the data room which states as follows: "we are of the view that a strong case could be made to support the development of the site for housing. The site is under used brownfield land in a sustainable location within walking distance of shops, services, and public transport modes. There is significant housing need within the borough which is further reinforced that the Council is unable to satisfy it's housing delivery targets." Source: Montagu Evans.

A site plan and indicative CGI image is shown above.

Potential Additional Floor



Tenancy Schedules

Commercial

Address	Tenant	Total NIA	Lease Start	Lease Expiry	Break Date	Rent Review Date	WAULT (Expiry)	WAULT (Break)	Contracted Rent £p.a	Rent £psf	ERV £p.a	ERV £psf	Comments
1 Station Parade Elm Park	Cami and Chris Ltd trading as Elm Park Barbers	507 sq ft	12-Oct-17	12-Oct-37		12/10/2022	15.41	15.41	£11,000	£22	£12,200	£24	Inside the L&T 1954 Act. The tenant has not initiated their break dated 11/10/2022.
2 & 3 Station Parade Elm Park	Athesam Uddin Nasir trading as Nasir Optics	1,093 sq ft	25-Nov-16	25-Nov-26		25/11/2021	4.53	4.53	£19,000	£17	£22,500	£21	Inside the L&T 1954 Act
4 Station Parade Elm Park	Mr I.Manointhiran trading as Paradise Wines	702 sq ft	24-Jun-10	23-Jun-32			10.11	10.11	£11,000	£16	£12,500	£18	Inside the L&T 1954 Act
5 Station Parade Elm Park	London School of Excellence Ltd	645 sq ft	29-Mar-22	28-Mar-32		29/03/2027	9.87	9.87	£14,000	£22	£14,000	£22	Inside the L&T 1954 Act
6 Station Parade Elm Park	Newlands Pharmacies Ltd	784 sq ft	15-Jun-17	14-Jun-27		15/06/2022	5.08	5.08	£10,000	£13	£13,500	£17	Inside the L&T 1954 Act. The tenant has not initiated their break dated 14/06/2022.
7 Station Parade Elm Park	Yinen Dong trading as Joyful Chinese	854 sq ft	10-May-22	09-May-37		10/05/2022	14.99	14.99	£16,000	£19	£26,000	£30	Inside the L&T 1954 Act
8 Station Parade Elm Park	Saint Francis Hospice.	1,076 sq ft	01-Jul-17	01-Jul-22			0.12	0.12	£11,500	£11	£14,500	£13	Inside the L&T 1954 Act
9 Station Parade Elm Park	Donna Marie Pike trading as The Party Box	656 sq ft	25-Dec-20	25-Dec-25			3.61	3.61	£11,500	£18	£13,500	£21	Inside the L&T 1954 Act
10-14 Station Parade Elm Park	Co-operative Group Food Ltd. Trading as Co-Op	6,771 sq ft	24-Dec-20	24-Dec-35	16/12/2027	17/12/2022	13.61	5.58	£60,000	£9	£60,000	£9	Inside the L&T 1954 Act
15 Station Parade	Tax Express Accounting Ltd	425 sq ft	17-Nov-21	17-Nov-31	17/11/2026		9.51	4.50	£13,000	£31	£13,000	£31	Inside the L&T 1954 Act
16 Station Parade, Elm Park	Amazing Thai Therapy trading as Lavender Thai Therapy	1077 sq ft	18-Sept-19	18-Sept-34	17/09/2024	18/09/2024	12.35	2.34	£12,500	£12	£14,500	£13	Inside the L&T 1954 Act
17 Station Parade Elm Park	Mr N.Abbas trading as Thai Orchid	1077 sq ft	31-Oct-12	30-Oct-22			0.45	0.45	£12,000	£11	£14,500	£13	Inside the L&T 1954 Act
18 Station Parade Elm Park	Sun City Tanning Ltd.	656 sq ft	21-Dec-17	21-Dec-22			0.59	0.59	£11,500	£18	£13,500	£21	Inside the L&T 1954 Act
19 Station Parade Elm Park	Vule Limited trading as Twinkle Tips Nails	656 sq ft	18-Nov-16	18-Nov-31		18/11/2021	9.51	9.51	£13,000	£20	£13,500	£21	Inside the L&T 1954 Act. The tenant has not initiated their break dated 18/11/2021.
20 Station Parade Elm Park	Dirk Richard Peachey trading as Dry Cleaner	1,025 sq ft	24-May-19	23-May-24			2.02	2.02	£11,500	£11	£14,000	£14	Inside the L&T 1954 Act
21 Station Parade Elm Park	Instant Mortgage Solutions Ltd	884 sq ft	13-Jun-21	13-Jun-31	13/06/2026		9.08	4.07	£16,000	£18	£16,000	£18	Inside the L&T 1954 Act
22-24 Station Parade Elm Park	R.G. Cole Kitchens Ltd.	3,310 sq ft	22-Jan-21	22-Jan-26			3.68	3.68	£39,000	£12	£42,000	£13	Inside the L&T 1954 Act
25 Station Parade Elm Park	Mr J.Gedrimas trading as Camilla European Delicatessen	653 sq ft	16-Aug-13	15-Aug-25		16/08/2021	3.25	3.25	£13,500	£21	£13,500	£21	Inside the L&T 1954 Act
26 Station Parade Elm Park	Elm Park Florists Ltd.	714 sq ft	22-Aug-18	22-Aug-23			1.26	1.26	£11,250	£16	£13,500	£19	Inside the L&T 1954 Act
27 Station Parade Elm Park	Zygimantas Bortkevicius trading as Elm Park Dental Care	635 sq ft	03-May-17	02-May-27			4.96	4.96	£14,040	£22	£14,040	£22	Inside the L&T 1954 Act
SUB TOTAL		24,200					7.57	5.30	£331,290	(avg. £13.68)	£370,740	(avg. £15.32)	

Tenancy Schedules

Residential

Address	Tenancy	GIA (sq ft)	Bedrooms	Tenancy Start	Tenancy Expiry	Current Rent £p.a	Current Rent £pcm	ERV £p.a	ERV £pcm	EPC Rating
01a Station Parade	AST	871 sq ft	2	01-Feb-22	31-Jan-23	£13,200	£1,100	£13,800	£1,150	D
02a Station Parade	AST	811 sq ft	3	09-Dec-21	08-Dec-22	£15,000	£1,250	£16,200	£1,350	D
03a Station Parade	AST	390 sq ft	1	04-Mar-20	03-Mar-21	£10,800	£900	£10,800	£900	C
03b Station Parade	AST	459 sq ft	1	02-Oct-20	01-Oct-21	£10,200	£850	£11,400	£950	D
04a Station Parade	AST	385 sq ft	1	08-Sept-21	08-Sept-22	£10,800	£900	£11,400	£950	D
04b Station Parade	AST	442 sq ft	1	31-Mar-22	30-Mar-23	£11,400	£950	£11,400	£950	D
05a Station Parade	AST	872 sq ft	3	11-Sept-21	11-Sept-22	£16,200	£1,350	£16,200	£1,350	D
06a Station Parade	AST	931 sq ft	3	28-Nov-17	27-Nov-19	£15,000	£1,250	£16,200	£1,350	E
07a Station Parade	AST	872 sq ft	3	10-May-22	09-May-24	£16,200	£1,350	£16,200	£1,350	E
08a Station Parade	AST	872 sq ft	2	01-Jun-21	31-May-22	£15,000	£1,250	£16,200	£1,350	D
09a Station Parade	AST	872 sq ft	3	06-May-22	05-May-23	£16,200	£1,350	£16,200	£1,350	D
10a Station Parade	AST	872 sq ft	3	12-Nov-21	11-Nov-22	£16,200	£1,350	£16,200	£1,350	D
11a Station Parade	AST	872 sq ft	3	21-Jan-22	20-Jan-23	£15,000	£1,250	£15,600	£1,300	E
12a Station Parade	AST	872 sq ft	3	25-Aug-21	24-Aug-22	£15,000	£1,250	£16,200	£1,350	D
13a Station Parade	AST	872 sq ft	3	25-Feb-22	24-Feb-23	£16,200	£1,350	£16,200	£1,350	D
14a Station Parade	AST	872 sq ft	3	20-Mar-21	19-Mar-22	£16,200	£1,350	£16,200	£1,350	D
15a Station Parade	AST	880 sq ft	3	12-Jun-21	11-Jun-22	£15,000	£1,250	£15,600	£1,300	D
16a Station Parade	AST	880 sq ft	3	22-Jun-21	21-Jun-22	£15,000	£1,250	£16,200	£1,350	D
17a Station Parade	AST	872 sq ft	3	25-Mar-22	24-Mar-23	£16,200	£1,350	£16,200	£1,350	D
18a Station Parade	AST	880 sq ft	3	11-Jul-21	10-Jul-22	£15,000	£1,250	£16,200	£1,350	D
19a Station Parade	AST	872 sq ft	3	27-Jun-21	26-Jun-22	£15,000	£1,250	£16,200	£1,350	D
20a Station Parade	AST	880 sq ft	3	10-Aug-21	09-Aug-22	£15,000	£1,250	£15,000	£1,250	D
21a Station Parade	AST	880 sq ft	3	23-Oct-15	22-Oct-16	£12,000	£1,000	£16,200	£1,350	D
22a Station Parade	AST	872 sq ft	3	01-May-21	30-Apr-22	£15,000	£1,250	£16,200	£1,350	C
23a Station Parade	AST	872 sq ft	3	09-Nov-21	08-Nov-22	£16,200	£1,350	£16,200	£1,350	D
24a Station Parade	AST	872 sq ft	3	01-May-21	30-Apr-22	£15,000	£1,250	£15,000	£1,250	D
25a Station Parade	AST	850 sq ft	3	14-Jun-21	13-Jun-22	£15,000	£1,250	£16,200	£1,350	D
26a Station Parade	AST	407 sq ft	1	19-Dec-14	18-Jun-15	£8,700	£725	£11,400	£950	D
26b Station Parade	AST	455 sq ft	1	07-Apr-15	05-May-23	£11,400	£950	£10,800	£900	D
27a Station Parade	AST	403 sq ft	1	01-Nov-21	31-Oct-22	£10,200	£850	£10,800	£900	C
27b Station Parade	AST	430 sq ft	1	13-Jul-19	13-Jul-20	£10,800	£900	£11,400	£950	C
SUB TOTAL		23,442 sq ft				£434,100		£456,000		

Parking & Garages

Unit Description	Contracted Rent (£p.a)	ERV (£p.a)	Comments
Eight garages and sixteen car parking spaces	£4,620	£15,780	Mostly vacant. Two garages and two car parking spaces are subject to tenancies. All the tenancies are outside the L&T 1954 act.
TOTAL		£770,010	£842,520 NET OPERATING INCOME (£P.A): £739,536

*A more detailed schedule is available to download from the dataroom.

Service Charge

The last three years of service charge budgets and reconciliation are available to download from the data room.

EPC

The EPC certificates are available to download from the dataroom.

VAT

The property is elected for VAT and therefore will be payable on the purchase price. It is anticipated that subject to qualification the sale will be treated as a TOGC.

AML

A successful bidder will be required to provide information to satisfy the AML requirements when Head of Terms are agreed.

Data Room

For access to the Allsop data room please use the following link:
<https://datarooms.allsop.co.uk/register/ElmPark>

Proposal

Offers are sought in excess of **£12,000,000 (Twelve Million Pounds)** subject to contract and exclusive of VAT. This represents a net initial yield of **6.01% on the passing rent** allowing for purchasers costs of 6.61% and a **low capital value of £252 psf** on the total floor area inclusive of the commercial accommodation measured NIA and the flats measured GIA.

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