FOR SALE

Bond Wolfe

MK2 REAL ESTATE

Long-Income Student Accommodation Investment
119 Years Unexpired Lease Term

Virginia House, The Butts, Worcester, WR1 3PA

OFFERS BASED ON:

£1,950,000

KEY FEATURES

Rare long income student investment with 119 years unexpired

Asset management and development potential via proposed extension (STP)

Recently converted and refurbished to a high specification

15,332 sq. ft. comprising 42 rooms with ground floor Cinema room, Gym, Dining and recreational areas

Situated in Worcester City Centre, adjacent to The Hive Library and only 450m from The University of Worcester City Campus

Let to Virginia House Limited, part of the Living Worcester Group, at a passing rent of £145,000 per annum

Yearly upward only rent reviews

Offers based on £1,950,000 equating to a net yield of 7.00% after purchasers costs

LOCATION

Worcester is a Cathedral City and is the commercial and administrative hub for Worcestershire. The city has a population of 100,300 (2020) and is located approximately 135 miles north west of London, 32 miles south west of Birmingham and 25 miles north of Cheltenham.

Worcester city centre is situated approximately 3 miles to the west of the M5 Motorway (Junctions 6 and 7). The M5 Motorway connects with the M42 Motorway approximately 16 miles north of the property and to the M50 Motorway approximately 12 miles to the south.

Virginia House is situated in a highly prominent corner position on The Butts, one of the principal routes linking the inner ring road, Crowngate Shopping Centre and Worcester City Centre. The property is positioned in the heart of Worcester City Centre within walking distance of The Hive Library and The Crowngate Shopping Centre which incorporates Worcester Bus Station.

TENANCY

The property is let to Virginia House Limited (company registration number 11487209) on a FRI lease term of 125 years from 10 March 2020 until 9 March 2145, reflecting an unexpired lease term of 119 years.

The current passing rent is £145,000 per annum, subject to annual (10th March) upward only rent reviews. The rent will increase by a percentage of the gross rent received by the tenant, Virginia House Limited. This opportunity provides long term income security with minimal asset management input.

TENURE

This property is held Freehold under Land Registry
Title number: WR22172

PRICING

Offers are invited based on £1,950,000 for the Freehold interest, equating to a net initial yield of 7.00% (allowing for purchaser's costs of 6.26%).

THE PROPERTY

Virginia House is a former office building that has been refurbished to a high specification including full replacement of mechanical and electrical installations and windows.

The accommodation is arranged over ground and three upper floors and extends to approximately 15,332 sq ft (Gross Internal Area) in total containing 42 letting rooms in 3 distinct styles and layouts. Each apartment is self-contained and comprises: bedroom, bathroom, kitchen and integrated storage.

The ground floor provides open plan communal living accommodation incorporating: gym, cinema room, dining area, kitchen and games room. There are laundry facilities located on the upper floors and 10 car parking spaces (includes 1 disabled space).

There is a passenger lift for access to the upper floors and dual entrances in the north and south elevation.

The tenant is currently exploring the potential to add two additional floors to the property which would deliver a further 28 rooms.

APARTMENTS	FIRST FLOOR	SECOND FLOOR	THIRD FLOOR
Studio Apartments	6	6	6
Studio Deluxe Apartments	4	4	4
Double Apartments	4	4	4
AVERAGE	14	14	14

EPC

D-80

COVENANT INFORMATION

Virginia House Limited was incorporated in 2018 (company registration number 11487209). The company was established for the sole purpose of operating a student letting business from the property. The company operates as a student accommodation provider and is part of The Living Worcester Group Limited (company registration number 12841293). The group operates two sites within Worcester City Centre, Virginia House and Farrier House.

Virginia House is the flagship property and occupiers of Farrier House are permitted to use the modern gym facilities located at Virginia House. Additional information is available on the Virginia House website: https://virginiahouse.new/

The current rent payable by Virginia House Limited (£145,000 per annum) is significantly lower than the rent generated from the student letting accommodation which currently stands at circa £375,000 per annum.

Virginia House has maintained 100% occupancy since trading commenced in 2020. The scheme's success has prompted the tenant to explore the possibility of adding an additional two floors to Virginia House.

LEGAL COSTS

Each party is to be responsible for their own legal costs that may be incurred in this transaction.

VAT

We are advised that VAT is payable, although it is anticipated that the transaction will be dealt with by way of a TOGC.

ANTI-MONEY LAUNDERING

In accordance with anti-money laundering regulations, two forms of identity and confirmation of the source of funding will be required from the successful purchaser.

University of Worcester Campus
University of Worcester Business School
The Hive Library
Crowngate Shopping Centre and Bus Station
Heart of Worcestershire College

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