

March 2020

BOURNEMOUTH DEVELOPMENT COMPANY

Winter Gardens Bournemouth

RESIDENTIAL AND COMMERCIAL OPPORTUNITY



OPPORTUNITY TO FORWARD FUND PART OF THIS RESIDENTIAL-LED MIXED USE DEVELOPMENT



KEY DEVELOPMENT FUNDAMENTALS

- Residential accommodation and amenity space spread across four buildings
- In excess of 350 apartments providing a mix of 1, 2 and 3 bedroom flats and penthouse apartments
- Place making development with over 4000m2 of leisure space
- A range of A3 restaurant units split and fronting Exeter Road
- A small convenience store for all residential needs
- Basement parking with separate decks for public parking and residential parking beneath attractive public realm landscaping and footpaths
- Steps away from Bournemouth BIC and 7 miles of award winning beaches
- Prime location within central Bournemouth close to prime retail and leisure amenities
- Mix of Open Market units with Private Rented Sector units (PRS) and Age Friendly Opportunities across four individual blocks.
- Bournemouth Development Company will oversee the delivery of the project
- Morgan Sindall Investments as Development Manager
- Main Contractor: VINCI Construction UK
- Long leasehold interest of 250 years
- Full planning secured in March 2019
- At an advanced stage of design and procurement
- Part land banked by the Winter Gardens Development SPV and part Bournemouth Development Company LLP Land Option with Bournemouth Christchurch and Poole Council

DEVELOPMENT OVERVIEW

The Development consists of four Blocks, A (split into A1 and A2), Block B, Block C and Block D as illustrated below.



The four blocks are currently split to enable the option for two construction phases however the current plan is to have minimal phasing between the blocks by using different tenures to reduce the occupation period. The basement car parking and commercial uses will be built first followed by Blocks A and B and shortly after Blocks C and D. This is demonstrated in the indicative programme below: -

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 |
| Pre-construction | | | | | | |
| Planning | | | | | | |
| Contractor Procurement | | | | | | |
| Detail Design | | | | | | |
| Option Execute | | | | | | |
| Phase 1 | | | | | | |
| Car Park construction | | | | | | |
| Block A1&2 construction | | | | | | |
| Block A1 Sales | | | | | | |
| Block B Construction | | | | | | |
| Block B Sales | | | | | | |
| Phase 2 | | | | | | |
| Block C Construction | | | | | | |
| Block D Construction | | | | | | |

DEVELOPMENT OVERVIEW

There are a number of different opportunities, which include A3 retail, being made up of five restaurants, a small convenience store, leisure facilities which are a planning requirement, along with the public car park.

In addition two sections of the development have been identified as being ideal for PRS units. These are set out in the table below with the public car park rental income information: -

Commercial Rent Roll

| Section | Units/ Space | GIA Sqm | NIA Sqm | Estimated rent P.A (£) | Avg. £psm pa |
|---------------------------------|-----------------|------------|---------|---------------------------|--------------|
| Public car park | 225 | - | - | £533,704 (net) | - |
| Block A2 PRS | 65 | 4917 | 3858 | £899,438 | £233 |
| Block B (first 4 floors) PRS | 58 | 4460 | 3564 | £816,105 | £229 |

DEVELOPMENT STRUCTURE

There will be a mix of leases in regards to the car park spaces being leased with the residential units and the public car park. This structure is not unknown within BDC where public car park space re-provision is a standard requirement.

The scheme has a mixed use of Commercial A3 and Leisure units along with a Convenience Store and Residential Units. The residential units are expected to be a mix of open market sales, PRS and age related units.

The open market sales units are to be senior debt funded geared with BDC member's equity along with the Commercial A3 Retail units, Leisure units and Convenience Store.

PRS and age related units are to be forward funded from the appropriate stage of construction to mitigate stamp duty on purchase of the assets.

PUBLIC CAR PARK

In order to carry out the Winter Gardens development there is a requirement for the re-provision of public car parking, for a total of 225 spaces. This takes into account the 175 already provided on the BH2 development. The cost of re-providing the car park spaces is c. £12m plus fees.

Annual income from the existing temporary public car park has been gathered from the Commercial Finance team at BCP Council for the past three years. As set out below:-

Project

Code K1036 Winter Gardens/Priory Road

| Year | Income | Expenditure | Net Income |
|-----------|-------------|-------------|-------------|
| 2016-2017 | £486,686.04 | £84,835.20 | £401,850.84 |
| 2017-2018 | £697,224.95 | £84,523.35 | £612,701.60 |
| 2018-2019 | £741,255.04 | £55,849.00 | £685,406.04 |

The forecast revenue has been based on the current net income per space of £2,965 on the 225 spaces re-provided totalling £667,722. An increased expenditure of 20% has been assumed reducing the net income to £533,704. This net income has been capitalised using a yield of 4.5% to total £11,646,599 with an allowance of 1.8% for purchaser costs.

RESIDENTIAL PRIVATE RENTED SECTOR UNITS

Located just 0.1 miles from Bournemouth's main square, less than 1.5 miles from Bournemouth's mainline station and less than a five minute walk from Bournemouth's award winning beach. With bars, restaurants and entertainment on the door step Winter Gardens is in a prime position for privately rented homes.

The 2011 Census results showed that Bournemouth's Central ward has an extremely active private rental market, with 51% of households renting privately. This reduces to 31% when considering the whole Borough of Bournemouth. Of those that rent privately the largest demand comes from the 16-34 age group due to both the population size of this group and the proportion of that age group renting privately. The 35-49 age group are also active renters however above this the proportion of people renting drops off. The highest use for rental accommodation in Bournemouth is for 1 and 2 bed properties with the use of larger properties being significantly lower. The mix at Winter Gardens reflects these apparent preferences for 1 and 2 bedroom homes.

BDC have recently completed a Build to Rent scheme in Bournemouth called Berry Court which consisted of 113 units made up of Studios, 1, 2 and 3 bedrooms. Radian, the investor / operator, were able to make reservations for over 75% of the homes prior to completion, an indication of the high demand for good quality, professionally managed privately rented accommodation in Bournemouth.

Both Blocks A2 and B's first four floors are suitably designed for the build to rent market with a mix and size of accommodation to suit market demand. However, there is the ability for any investor to work with BDC to maximise the internal layouts to suit.

At Berry Court the following rental values were achieved at completion in August 2018.

| | Studio | 1 bed | 2 bed | 3 bed |
|------------------------|--------|--------------|---------------|---------------|
| Monthly Rent Range | £750 | £850 - £1250 | £1050 - £1450 | £1350 - £1750 |
| Average Rent per month | £750 | £980 | £1150 | £1500 |

The rental ranges within a mile of Bournemouth are currently as follows:

| | Studio | 1 bed | 2 bed | 3 bed |
|--------------------|-------------|-------------|--------------|--------------|
| Monthly Rent Range | £375 - £775 | £450 - £990 | £650 - £2000 | £795 - £3500 |

BDC estimates rents at Winter Gardens to have the following values:

| | Studio | 1 bed | 2 bed | 3 bed |
|--------------------|-----------|------------|---------------|---------------|
| Monthly Rent Range | £775-£825 | £900-£1250 | £1200 - £1650 | £1350 - £1750 |

DELIVERY TEAM

Developer: The Bournemouth Development Company LLP

The Bournemouth Development Company LLP partnership was formed between the Bournemouth Christchurch and Poole Council (formally Bournemouth Borough Council) and Morgan Sindall Investments Limited. To date five successful developments have been developed or are still in construction within Bournemouth providing secure investment for both external investors and the Council.

Track Record

- Citrus Building, Horseshoe Common
- Student Accommodation, Madeira Road
- MSCP, Madeira Road
- Berry Court, St Peters Road
- Tree Tops, St Stephens Road



Contractor: VINCI Construction UK

VINCI is a world leader in concessions and construction. The company employs approximately 185,000 people in 100 countries. VINCI's UK companies turn over circa £2 billion per annum and employ around 900 employees. VINCI Construction UK is the largest British subsidiary of VINCI and is a national construction and facilities company.

Track Record

- BH2, Bournemouth
- Eastbourne College
- New Covent Garden Market
- Olympic Stadium



Architect: Bright Space

BrightSpace Architects are united by a shared belief that good design can elevate everyday places. With a talented team of over 20 architects, designers, technologists and support staff working out of a purpose-built studio in Fordingbridge, Hampshire.

Track Record

- Zen, Southampton High St
- Berry Court, St Peters Road
- Waterlooville



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