

MIS

Magdalen Street Colchester

An opportunity to forward fund a fully consented student development of 230 beds in Colchester town centre.





Statistics

13,795

University of Essex student
intake

37%

of full time students are
international

£200m

ongoing investment in the
University campus

50%

planned increase in student
numbers over the next 5 years





Savills are instructed to seek full funding offers in excess of £17,400,000 (Seventeen Million Four Hundred Thousand Pounds) which reflects a net initial yield of 6.50%.

Investment summary

- + Freehold student accommodation development in Colchester town centre, in close proximity to Colchester Town Railway Station and located on Magdalen Street
- + A resolution to grant planning was achieved in September 2016, subject to the signing of a S106 Agreement. The scheme is due to be delivered ahead of the 2018/19 academic year
- + The consented scheme will comprise **230 bed spaces**, of which 17 beds are studios (7%) 38 beds are twodios (17%), 175 beds are arranged in 3, 4, 5 or 6 bed clusters (76%)
- + The scheme will offer excellent shared space and common amenity including laundry, reception room and communal common room, a private gym, quiet study area and seminar room for use by residents
- + The developer, Victoria Hall Management Limited (VHML), is a long established and integrated developer / operator in the sector. They have drawn on their extensive experience in designing the scheme
- + The scheme will be developed to a high specification with sustainable credentials. The scheme is designed to achieve BREEAM 'Very Good'
- + Colchester is considered a growing student market. The main Higher Education Institution within the town is the University of Essex (ranked 30th in the Times Good University Guide 2018)
- + The location of the property allows fast access to the University of Essex's main campus – some **2.2 miles / 12 minutes** bus ride to the south east (source: Google)
- + We would expect the units in the proposed scheme to be attractive to a variety of students from the University of Essex, due to the highly convenient location in close proximity to the town centre with easy access to the University Campus
- + The University of Essex has **13,795 students**, of which **87% are full time** (HESA 2015-16)
- + VHML will offer a 2018-19 net income **guarantee of £1,168,000** to provide investors with certainty on the first year's income
- + In addition, VHML intend to underwrite the operating costs for two years, based at £1,725 per bed per annum for year 1 to be indexed upwards for the second year
- + **Savills are instructed to seek full funding offers in excess of £17,400,000 (Seventeen Million Four Hundred Thousand Pounds) which reflects a net initial yield of 6.50%**, assuming purchaser's costs of 3.26%. It is anticipated that SDLT will be payable on the land purchase only



Location

Magdalen Street is situated close to Colchester town centre and runs west from St Botolph's Circus to Wimpole Road/Brook Street.

The Magdalen Street Student Residence is on the site of the old bus station which is situated on the southern side of the road, at the western end of Magdalen Street. The site stretches in parts to Military Road and backs on to Kendall Terrace to the rear.

Road & rail

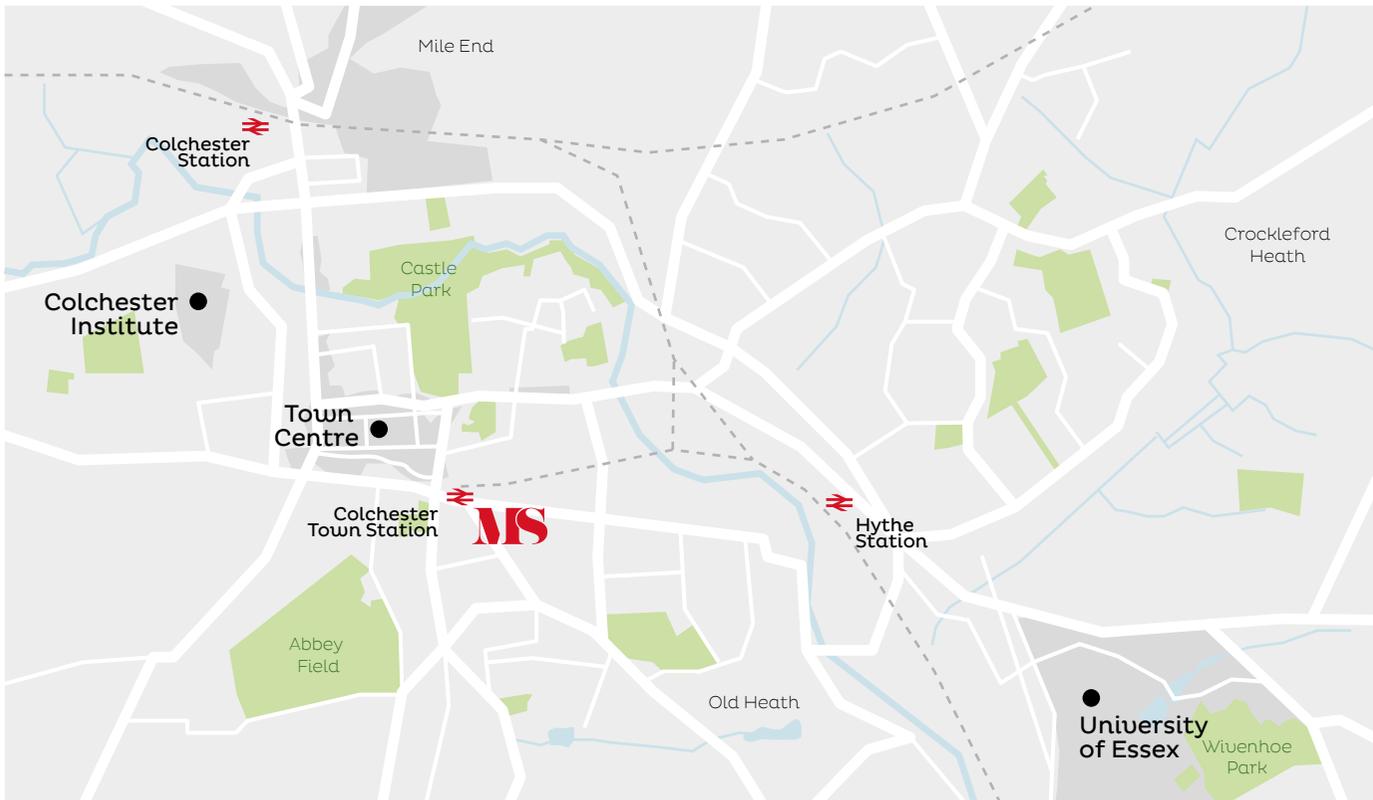
The site is well located for transport links, being only 0.2 miles from Colchester Town Station, which provides links to London Liverpool Street as well as other local destinations including Walton on the Naze and Clacton on Sea.

There are several bus stops in the vicinity on both Magdalen Street and Military Road, which provide both services into the town centre and to the University campus to the east which takes approximately 12 minutes.

The micro-location is currently a mix of light industrial and residential property and benefits from an Aldi supermarket immediately to the east.

There are a limited number of high quality properties within the town centre which cater purely for students who wish to be off campus and near the main leisure and shopping amenities.

We believe that Magdalen Street offers a unique opportunity for students looking for alternative accommodation away from the quieter surroundings of the University campus.



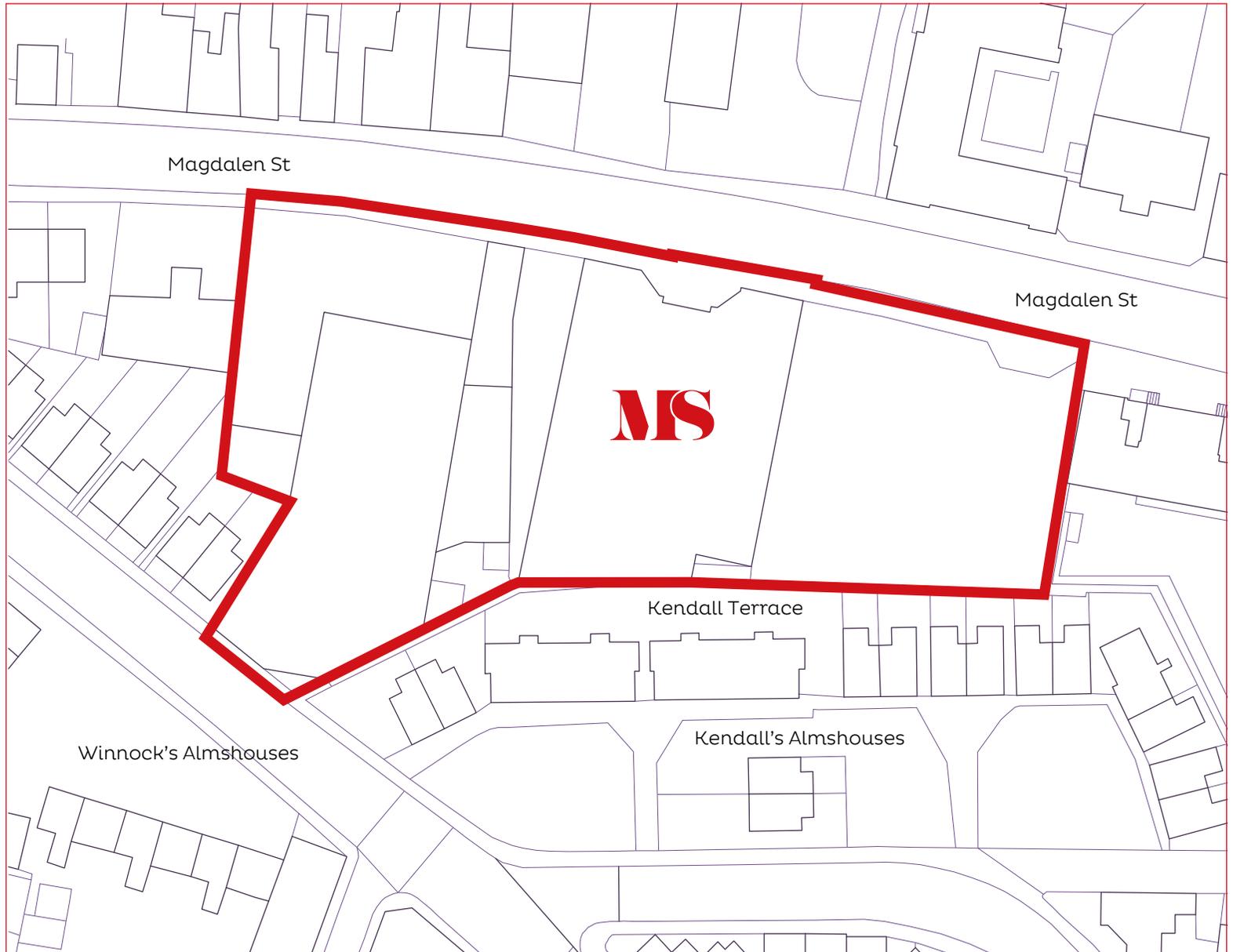


Planning

The scheme is consented to provide 'Demolition of existing buildings and redevelopment of the site to deliver student accommodation'.

This is across five blocks of one, two, three and four storeys to provide 230 bedspaces (59 cluster flats and 17 studio flats), communal facilities (to include bin stores, cycle stores, site management office, gym and communal amenity areas) as well as undercroft car park (20 car parking spaces), landscaping and a new public pathway through the site.'

The application reference is 160103.
(Colchester Borough Council).





Higher Education in Colchester

Colchester houses the University of Essex's main campus, which is home to approximately 12,005 full time students (HESA 2015-16).

The University of Essex is ranked 30th in the UK by the Times Good University Guide 2018 and has a total student intake of 13,795. There are 4,460 international students who equate to 37% of the full time student population - dramatically above the average rate of 26%.

The University of Essex is one of the top ten fastest growing universities in the UK and plans to increase student numbers by 50% over the next five years.

The University is investing heavily in its campus with £200 million committed. Recent expenditure includes a new gym, student union bar and cafe with adjoining learning space. Future projects include a £10 million science, technology, engineering and mathematics building and new teaching centre.

Colchester is also home to the Colchester Institute which offers both full time and part time higher education courses alongside BTECs, apprenticeships and other vocational courses. The institute had acceptances from over 300 applicants in 2015 however full enrolment figures are not publically available.

The University of Essex's current purpose built student accommodation (PBSA) provision caters for approximately 33% of the University's student population with over 3,970 beds located on and around the Colchester campus.

There are additional private schemes within the town which add an additional 1,200 bed spaces, which increases provision to 43%. The remaining 57% of students not in PBSA tend to opt for accommodation within local Houses of Multiple Occupancy (HMOs).

Description



The scheme will provide 230 student bed spaces in a mixture of cluster rooms, self contained studios and twodios.

The scheme will form 5 blocks that range from 3 to 4 storeys, with the tallest block to the centre of the site facing Magdalen Street.

Accommodation is accessed by an entrance hall in each block, with the ground floor of Block B reserved for communal amenity space which includes reception/lobby, office, laundry and staff area.

Double stacked bicycle storage is provided to the rear of Block E and 20 car parking spaces are provided via

undercroft parking to the east and southern side of Block A.

The remainder of the ground floor of Block B is reserved for communal amenities and includes a large communal room, two seminar rooms, gym and quiet study room. Outdoor amenity space is provided in the form of a courtyard dividing the five blocks.



Accommodation schedule

The configuration of the property is shown below.

Room type	Flats	Beds
Studio	17	17
Twodio	38	38
3 cluster beds	9	27
4 cluster beds	13	52
5 cluster beds	12	60
6 cluster beds	6	36
Total	76	230



Comparable schedule

Hall	Managed by	Beds	Accommodation	Term (wks)	Rent 2017/18 (from)
The Maltings	CLV	779	Bronze En-Suite	44/51	£134.00
			Accessible En-Suite		£140.50
			Silver En-Suite		£140.50
			Gold En-Suite		£152.00
			Studio		£165.00
			Double Studio		£190.00
			One Bed Flat		£167.50
The Meadows	University of Essex / Derwent FM	648	Standard	39	£135.80
			En-suite		£143.36
University Quays	University of Essex	768	Double Room	39	£154.56
			Standard En-suite		£128.17
			Large En-Suite		£140.14
South Courts	University of Essex	1130	Double	51	£150.64
			Standard Single		£139.51
Avon Way House	Mansion	254	2 Bed Cluster	48	£99.00
			3 Bed Cluster		£97.00
			4 Bed Cluster		£93.00
			5-6 Bed Cluster		£95.00
Candan / Forest Road House	Millennium Investments 2000	177	Single en-suite	47	£106.15
			Standard single		£83.07
			Double en-suite		£120.00
			G-room (lrg single)		£92.30
			Single en-suite		£92.30
			Standard Single		£78.46

Income

Bedroom type	Total Number of Beds	Average Contract Length (weeks)	Current Rent Per Week	Total Gross Rent
3 Cluster Beds	9	44	£145	£172,260
4 Cluster Beds	13	44	£145	£331,760
5 Cluster Beds	12	44	£145	£382,800
6 Cluster Beds	6	44	£145	£229,680
Twodio	38	44	£145	£242,440
Studio	17	51	£170	£147,390
Core Gross Student Income*				£1,476,200
Holiday income – 30% occupancy on available rooms for 7 weeks				£64,860
Sundry Income at £1.50 per bed per week				£14,940
Car parking – 18 spaces at £500 per annum				£9,000
Total Gross Income				£1,565,000
Operating and Management Costs at £1,725 per bed per annum				-£396,750
Total Net Student Income				£1,168,250

Note: *Assumes 98% occupancy

VHML will offer a 2018-19 net income guarantee of £1,168,000 to provide investors with certainty on the first year's income.

In addition, VHML will underwrite the operating costs for two years, based at £1,725 per bed per annum for year 1 to be indexed upwards for the second year. VHML's operational management activities are carried out under the Host brand.



Other information

Tenure

The site is held freehold (Title No. EX495835).

Dataroom

A dataroom including all relevant planning, legal and technical information is available at www.savills.com/magdalenstreetcolchester

VAT

TBC

Capital allowances

TBC

Project team

Service	Company
Planning	Maddox Associates
Architect	Fleming Maguire
QS / PM	Gardiner and Theobald
Engineer	Bailey Johnson Hayes
M&E	TBC
Student management	Victoria Hall Management Ltd
Main contractor	TBC

Price

Savills are instructed to seek full funding offers in excess of £17,400,000 (Seventeen Million Four Hundred Thousand Pounds) which reflects a net initial yield of 6.50%, assuming purchaser's costs of 3.26%. It is anticipated that SDLT will be payable on the land purchase only.

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Host.
Where students are at home.

