

LONG LET REVERSIONARY INDUSTRIAL INVESTMENT



UNIT 13 HOLFORD INDUSTRIAL PARK

TAMESIDE DRIVE, BIRMINGHAM, B6 7AX

INVESTMENT SUMMARY

- Strategically located, industrial warehouse facility totalling 9,353 sq m (100,674 sq ft)
- Prime industrial location, 3 miles north of Birmingham city centre with excellent transport communications and employment demographics
- Situated on the established Holford Industrial Park within 1.5 miles of Junction 6 of the M6 motorway
- Let on a new 25 year lease to Vertigrow Technology Limited from 1 October 2019
- A low initial rent of £450,000 per annum (£4.50 per sq ft) subject to 5 yearly open market rent reviews
- The property benefits from a 4 megawatt power supply
- Reversionary rental with an ERV of £503,370 per annum (£5.00 per sq ft)
- Long leasehold - 999 years from 20th February 1995 at a peppercorn rental

Proposal

We are instructed to seek offers in excess of **£5,900,000**, subject to contract and exclusive of VAT.

A purchase at this level reflects an **attractive Net Initial Yield of 7.14%**, a **reversionary yield of 8.00%** and an overall **equivalent yield of 7.77%** assuming standard purchasers' costs.

A purchase at this price would reflect a low **capital value of £58.60 per sq ft** which we believe is less than the vacant possession value.



LOCATION

Birmingham is located in the heart of the Midlands region, approximately 118 miles north west of London, 87 miles south of Manchester and 12 miles south east of Wolverhampton. Birmingham is the UK's second largest city, with a population of approximately 1.10 million in 2018 and a catchment of approximately 2.83 million living within a 12.4 mile radius.

The region has a rich industrial heritage, which by virtue of its central location, has developed into the UK's premier industrial and distribution location.

The city has excellent links to the UK's national transport infrastructure providing easy access to the M6, M5 and M42 motorways which, in turn, provide access to the M1, M40 and M54 motorways.

Birmingham International Airport is located approximately 8 miles south east of the city centre, close to Junction 4 of the M6 motorway and Junction 6 of the M42 motorway.



SITUATION

Holford Industrial Park is situated in the well-established industrial area of Witton, in the northern suburbs of the city. The Park occupies a prominent and accessible position, adjacent to the M6 motorway.

The Park is accessed via the A4040 Brookvale Road which in turn leads to the A34, leading directly into Birmingham city centre, 3.0 miles to the south.

Junction 6 of the M6 motorway is approximately 1.0 miles south of the Park. The M6/M5 intersection at Junction 8 of the M6 motorway lies just 4.5 miles to the north. Witton Railway Station is 0.7 miles to the south, within a 13-minute walk and offers a direct train service to Birmingham New Street in 10 minutes.

Key Links

J6 M6	1.5 miles
Birmingham	3.0 miles
Birmingham Airport	12.2 miles
Wolverhampton	13.0 miles
Manchester	83.8 miles
London	116.0 miles

The subject property is situated on Tameside Drive, at the front of the Park. Nearby occupiers include Make UK Ltd, AAH Pharmaceuticals, Parcelforce, Thermoseal and Beiersdorf.



DESCRIPTION

The subject property comprises a single-storey industrial unit extending to a gross internal area of 100,674 sq ft (9,353 sq m).

The building is of steel portal frame construction with profiled metal sheet cladding to the elevations and roof. The property benefits from 6m eaves (to the underside of the haunch) and a 4 megawatt power supply.

Approximately 50% of the building is currently fitted out as a data centre from a previous use. The remainder of the building is arranged as open warehouse space and is currently undergoing a fitout to the tenant's specification.

The building is accessed via 8 level access doors to the rear, two of which are unused and have been sealed. Two of these doors have the benefit of a canopy over.

Externally, the property benefits from 360-degree circulation and a large service yard to the rear of the building.

Secure car parking is located to the front of the building providing approximately 105 spaces. The boundary of the property is secured with palisade fencing and CCTV in the external areas.

The tenant is involved in the business of vertical farming and will be fitting out the building to include a mix of automated hydroponic growing areas and laboratory space.



ACCOMMODATION

The building has been measured in accordance with RICS Code of Measuring Practice (6th Edition) and provides a gross internal area of 100,674 sq ft (9,353 sq m).

The total site area comprises 5.77 acres (2.33 hectares) equating to a development density of 39.7%

FLOOD PREVENTION WORKS

The subject property currently falls within a Zone 3 flood risk area with the chance of flooding in any one year being greater than or equal to 1% (i.e. 100 to 1). Phase 2 of the Perry Barr and Witton Flood Risk Management Scheme is currently under construction. This scheme includes the creation of a flood embankment with an outlet structure in the River Tame at the Sandwell Valley Country Park together with the building of further flood defences. The scheme is designed to reduce the flood risk for approximately 1,400 properties in and around the Witton and Perry Barr area. The scheme will reduce the flood risk of the impacted area (including the subject property) to a Zone 2 perceived risk with an annual probability of flooding of between 0.1% (1000 to 1) and 1% (100 to 1).

TENURE

The property is held long leasehold being 999 years from 20th February 1995 at a peppercorn rent.



TENANCY

The entire property has been let to Vertigrow Technology Ltd for a term of 25 years from 1 October 2019. The initial rent is £450,000 per annum equating to £4.50 per sq ft.

The lease is drawn on FRI terms and is subject to 5 yearly open market rent reviews.

ESTIMATED RENTAL VALUE

Based upon current market evidence, we believe the true ERV of the subject property to be £503,370 per annum (£5.00 per sq ft) meaning the property is immediately reversionary.



COVENANT INFORMATION

Vertigrow Technology Ltd are a new company, incorporated in March 2019.

Vertigrow are a start-up company in the business of vertical farming. Vertical farming is the practice of growing crops in vertically stacked layers. It incorporates high levels of automation in a tightly controlled environment, optimising plant growth using soilless farming techniques such as hydroponics, aquaponics and aeroponics.

No historic financial information is currently available but further information on the tenant can be provided upon interested parties signing a non-disclosure agreement.

OCCUPATIONAL MARKET

The Midlands logistics market is one of the largest in the UK, both in terms of employment and volume of stock. The market's strength lies in its central location nationally and the excellent transport infrastructure, which provides unrivalled access to the north and south of the country. This has attracted a broad range of occupiers looking to establish large national and regional distribution centres in the region.

Over recent years the Midlands logistics market has been the stand-out performer, recording the highest level of take-up on record across the UK. The surge in occupational demand and restricted supply of well-located logistics in the Midlands has helped drive rental growth, with prime quoting rents ranging between £6.75 and £7.25 for best in class product.

Property	Date	Tenant	Area (sq ft)	Term (Break)	Rent (PSF)	Comment
Leofric Business Park Coventry	Q2 2020	Socotec	47,279	15 (12) yrs	£6.50	Modern, second hand unit
T49, Tamworth Logistics Park Tamworth	Q2 2020	Euro Pool Systems	49,825	10 (5) yrs	£7.25	New speculative Grade A unit
The Hub 120 Birmingham	Q2 2020	Beeswift	119,499	16 yrs	£6.00	Modern, second hand unit
Velocity 42 Redditch	Q4 2019	Avon Freight	92,500	15 yrs	£6.50	New speculative Grade A unit
Redditch Gateway Redditch	Q4 2019	Amazon	360,873	15 yrs	£6.57	New speculative Grade A unit
Sixways Park Worcester	Q2 2019	DHL	74,965	10 yrs	£6.00	Brand new pre-let building
Warrior 110 Wainwright Rd Worcester	Q2 2019	Transmec	110,345	10 (5) yrs	£5.25	Modern, second hand unit
Unit 1 Wainwright Road Worcester	Q1 2019	Springpack	47,278	10 yrs	£5.86	Modern, second hand unit
Worcester Six Worcester	Q3 2018 Q2 2018	Siemens Siemens	45,000 72,500	10 yrs 20 yrs	£5.95 £6.05	New speculative Grade A unit

INVESTMENT MARKET

The industrial market has shown strong resilience post the impacts of covid-19 as the market has reacted to the surge in internet retailing.

Supply chains are being shortened and greater 'On Shoring' of goods is being evidenced, all driving the need for more good quality warehousing. The deals outlined below are just a few examples of the strong pricing currently being achieved for logistics investments.

Address	Date of completion	Area (sq ft)	Term certain (years)	Tenant	Purchase Price	NIY	Capital Value (£ psf)
Southgate Way, Peterborough	Q1 2020	81,028	10.5	EPD Insulation Group	£7,250,000	5.8%	£89
Quayside Drive, Walsall	Q2 2020	30,290	10+ RPI linked uplifts	Carrier Rental Systems Limited	£2,350,000	5.80%	£76
Units 1 & 2 Gelderd Road, Leeds	Q2 2020	90,464	3.70	Clipper Logistics Plc	£8,600,000	5.70%	£95
Unit 3220 Magna Park, Lutterworth	Q1 2020	159,956	3.1	DHL	£15,900,000	5.75%	£99



VAT

The property has been elected for VAT. It is envisaged the sale will be treated as Transfer of a Going Concern (TOGC).

EPC

The property's EPC rating is G (202). A copy of the Certificate is available upon request.

DATAROOM

Access to JLL's sale data-room is available upon request.

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