



# HEARTBEAT DISTRIBUTION

UNIT 1, VELOCITY 42, REDDITCH, B98 7HN

MODERN DISTRIBUTION FACILITY WITH  
15 YEARS OF INDEX-LINKED INCOME





## INVESTMENT SUMMARY

- A modern, strategically located distribution warehouse facility located on a new distribution park development.
- Located within an excellent logistics network, positioned with easy access to junctions 2 and 3 of the M42 motorway, which in turn provides access to the M40 interchange to the east and the M5 interchange to the west.
- Strong labour supply dynamics, with 42.4% of residents in Redditch working in manufacturing, transport & storage, and wholesale trade.
- Built in 2019, the unit extends to 45,810 sq ft (4,255.89 sq m) GIA.
- Freehold.
- The Property is let in its entirety to The Heartbeat Manufacturing Co (Redditch) Limited for a term of 15 years on full repairing and insuring terms.
- The passing rent is £312,000 per annum, equating to £6.81 per sq ft.
- The lease will incorporate 5-yearly, upwards only rent reviews to the compounded RPI pa (subject to a collar and cap of 1% pa - 4% pa).

## PROPOSAL

We are instructed to seek offers in excess of **£5,300,000**, subject to contract and exclusive of VAT.

A purchase at this level reflects an attractive **Net Initial Yield of 5.50%** assuming standard purchasers' costs and a **capital value of £115.70 per sq ft**.





## LOCATION

Redditch is a major town in the West Midlands located approximately 15.2 miles south of Birmingham, 27.9 miles west of Coventry and 116 miles north west of London. There are approximately 6.8 million people located within a 60-minute drive time and over 57.4 million people within a 4.5-hour drive time, accounting for 90% of the UK's population.

Redditch benefits from an excellent logistics network, positioned only 4 miles south of junctions 2 and 3 of the M42 motorway (via the A441 and A435) and 5 miles south-west of junction 3a (which connects to the M40). The town is closely located to the M5 and M6, which forms the orbital motorway network around Birmingham and provides easy access to the whole of the West Midlands conurbation as well as the South West, South East and London.

Redditch Railway Station provides direct services every 30 minutes to Birmingham New Street Station, which in turn provides services to all major destinations across the country. The quickest journey time from Redditch Station to Birmingham New Street Station is approximately 35 minutes.

Birmingham International is located approximately 13.6 miles north east. Other nearby airports include Coventry, 26.9 miles to the north east and Bristol, 71.9 miles to the south west.

Traditionally, Redditch was renowned world wide for its high-quality needle production and manufacturing of related light metal products. More recently, it has become a centre of excellence in the automotive sector, with retailers such as Halfords and engineering giant GKN both locating their headquarters in the town. As a result, the town has strong labour supply dynamics, with 42.4% of residents in working in manufacturing, transport & storage, and wholesale trade.



## SITUATION

Velocity 42 is situated at the northern end of Park Farm Industrial Estate, one of the principle industrial areas within the town.

The park is accessed via a new access road directly off Old Forge Drive, which in turn leads to the A435 Birmingham Road, leading directly into Birmingham and the wider motorway network.

Junctions 2 and 3 of the M42 motorway are in close proximity to the north, which in turn provide access to the M40 interchange 3 miles east, the M5 Interchange 7.5 miles west, and the M6 interchange 14 miles north east.

Redditch Railway Station is 2.8 miles north west, within a 10-minute drive time.



### Key Links

J2 M42	7.0 miles
J3 M42	6.4 miles
Birmingham	15.2 miles
Birmingham Airport	13.6 miles
Coventry	27.9 miles
Bristol	81 miles
Manchester	101 miles
London	116 miles

The subject property is situated directly off Old Forge Drive, at front of the Velocity 42 development, with good prominence and visibility from the roadside. Nearby occupiers include Avon Freight, Transmec, DPD, Ceva Logistics and Pilkington Automotive.



## DESCRIPTION

The subject property comprises a modern, distribution facility constructed in 2019, extending to a gross internal area of 45,810 sq ft (4,255.89 sq m).

The building is of steel portal frame construction with profiled metal sheet cladding to the elevations and roof. The warehouse is arranged in two bays with two-storey office accommodation to the front of the unit, incorporating a double height atrium to the reception area with glass facade.

The warehouse area benefits from a specification including; 10 metre eaves height (to underside of the haunch), 50 kN/m<sup>2</sup> floor loading capacity, 10% roof light provision and 160 KVA 3 phase power supply. The building is accessed via 2 level access and 3 dock level loading doors.

Internally, the office accommodation is fitted to Category A standard including; comfort cooling, raised access floors, LED lighting and toilet facilities.

Externally, the property benefits from a secure, 40-metre-deep service yard to the rear of the building with two vehicle access points at the front and rear of the unit. Car parking is located to the front of the building providing approximately 38 visitor spaces, 3 disabled spaces and 2 electric vehicle charging points.

The subject property benefits from a **BREEAM 'Very Good' rating**.



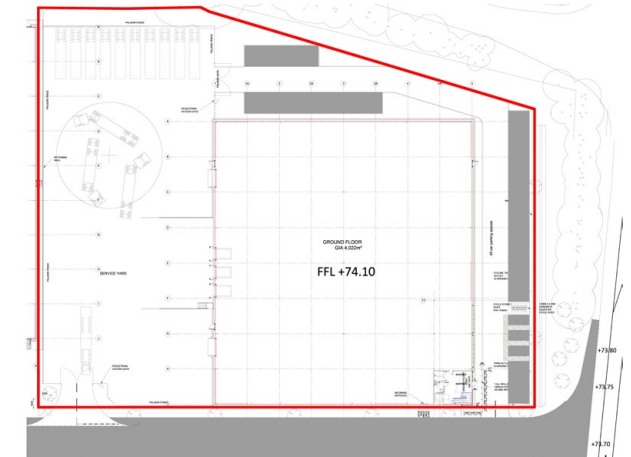


## ACCOMMODATION

The building has been measured in accordance with RICS Code of Measuring Practice (6th Edition) and provides a gross internal area of 45,810 sq ft (4,255.89 sq m).

### Accommodation Schedule:

- Warehouse: 43,495 sq ft
- First floor offices: 2,315 sq ft
- Total Gross internal area: 45,810 sq ft
- The total site area comprises 2.53 acres (1.02 hectares) equating to a development density of 39.45%.



Boundary for identification purposes only.

## TENURE

The property is held freehold.





## TENANCY

The entire property is let to The Heartbeat Manufacturing Co (Redditch) Limited on an existing lease expiring 31<sup>st</sup> October 2034. This lease will be extended to provide a term certain of 15 years from completion of the sale. The lease is drawn on full repairing and insuring terms.

The passing rent is £312,000 per annum or £6.81 per sq ft.

The lease will incorporate 5-yearly, upwards only rent reviews to the compounded RPI pa (subject to a collar and cap of 1% pa - 4% pa).

## COVENANT INFORMATION

The Heartbeat Manufacturing Co (Redditch) Limited (co. no. 01282568) is one of the leading manufacturers and distributors of retail display innovations in the UK and has been in existence for in excess of 70 years.

The company's market leading client portfolio includes a wide variety of hotels and high street retailers including;

Tesco, Asda, M&S, John Lewis, Ann Summers, Travelodge, TM Lewin, Costa, Premier Inn, Morrisons, Halfords, Waitrose and many more.



The Heartbeat Manufacturing Co (Redditch) Limited has a Credit Safe rating of A (72) representing a very low risk company.

### The Heartbeat Manufacturing Co (Redditch) Limited

Year to Date	Turnover	Pre-Tax Profit	Net Worth
31/12/2018	£18,561,318	£1,836,616	£6,375,898
31/12/2017	£16,905,209	£508,734	£5,136,274
31/12/2016	£13,712,775	£471,366	£5,237,389

## 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 was 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 rents ranging between £6.50 and £7.85 per sq. ft for best in class product.

The following table illustrates recent occupational market evidence:

Property	Date	Tenant	Area	Term (Break)	Rent PSF	Comment
T49, Tamworth Logistics Park	Q2 2020	Euro Pool Systems	49,825	10 (5) yrs	£7.25	New Speculative Grade A Unit
Spa Park, Leamington Spa	Q2 2020	Martin Sproket	40,000	10 yrs	£7.85	New Speculative Grade A 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
Bermuda Park, Nuneaton	Q3 2019	Warmflame	34,869	10 (5) yrs	£6.95	Modern, refurbished unit.
Prime Points, Pensnett	Q1 2019	Evoka	41,864	15 (10) yrs	£7.00	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.

The following table illustrates the most recent comparable investment evidence:

Property	Date	Occupier	Area (Sq ft)	Term (Break)	Price	NIY	Cap Val £PSF
Quayside Drive, Walsall	Q2 2020	Carrier Rental Systems Limited	30,290	10 yrs	£2.35m	5.80%	£76
Gateway 12 Business Park, Gloucester	Q2 2020	Procook	43,629	15 yrs	£5.257m	5.35%	£121
Southgate Way, Peterborough	Q1 2020	EPD Insulation Group	81,028	10.5	£7.25m	5.80%	£89
Stoney Cross Business Park, Derby	Q4 2019	Accrofab Limited	33,662	20 YRS	£3.4m	5.52%	£101
Vaughan Park, Tipton	Q3 2019	DPD Group UK	71,375	25 yrs	£14.7m	4.65%	£206
Redditch Gateway, Redditch	Q2 2019	Amazon	350,000	15 yrs	£24.0m	4.42%	£69





## 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 A. A copy of the Certificate is available upon request.

## DATAROOM

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

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