

FOR SALE



# OFFICETEAM DISTRIBUTION CENTRE

SMETHWICK | BIRMINGHAM | B66 1BL





## INVESTMENT SUMMARY

Rare opportunity to acquire a modern, distribution facility in a prime West Midlands industrial location.

Situated in the heart of the Birmingham conurbation with immediate access to Junction 1 of the M5 motorway.

Accommodation totalling 189,719 sq ft (17,625 sq m) in 2 distinct chambers.

Eaves heights to the underside of the haunches ranging from 7.5m to 16m.

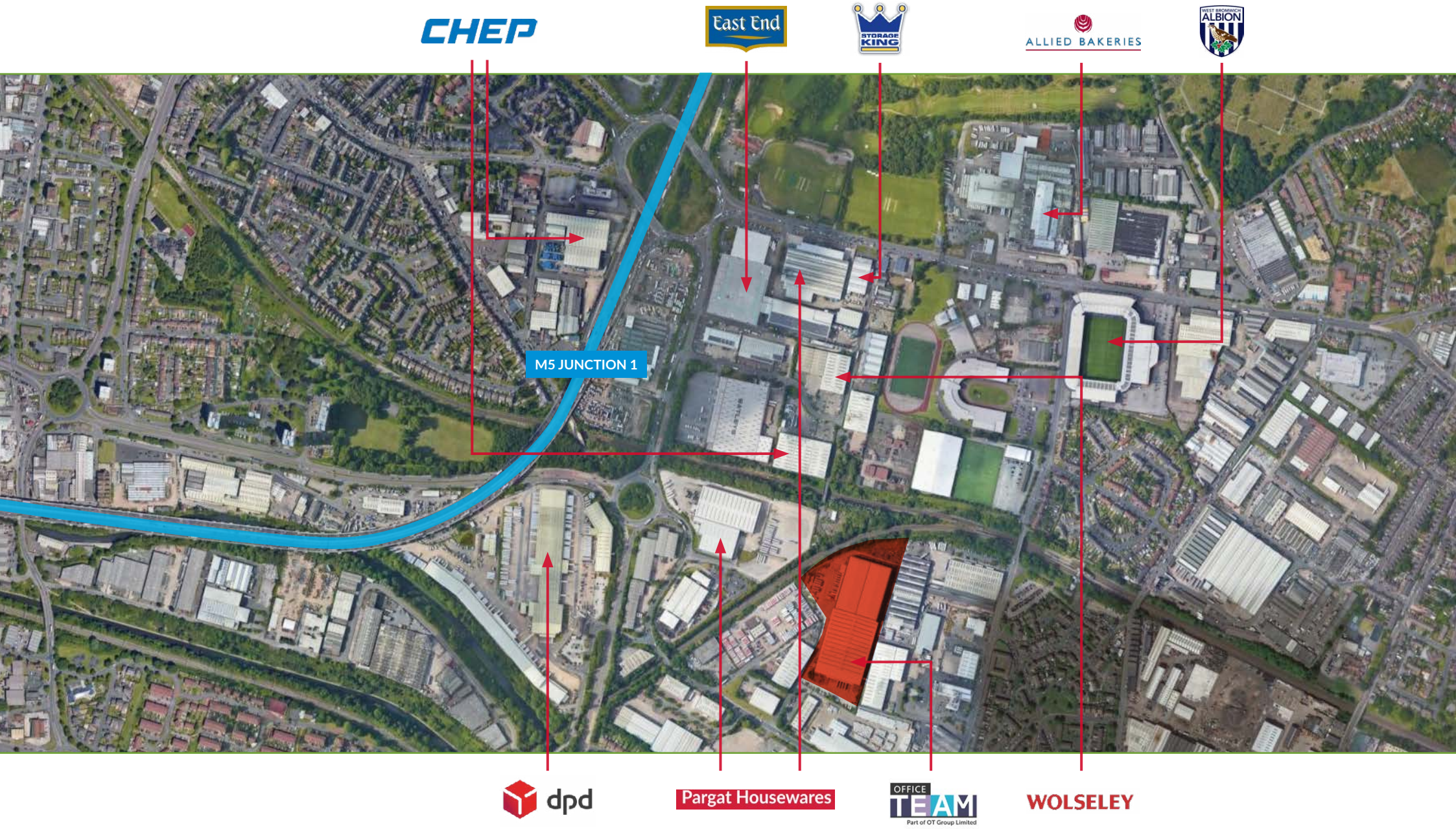
Occupied by OT Group (guaranteed by Paragon Group Limited) by virtue of a license agreement, expiring 31 December 2021.

The current licence fee is £85,000 per month (£1,020,000 pa / £5.38 per sq ft) increasing on the 14 May 2021 to £91,666 per month (£1,100,000 per annum), reflecting £5.80 per sq ft.

Freehold.

We are instructed to seek offers in excess of £14,000,000 (Fourteen Million Pounds) subject to contract and exclusive of VAT. A purchase at this price would reflect an attractive net initial yield of 6.82% rising in May this year to 7.35% after purchaser's costs of 6.8%.

The price reflects a low capital value of only £73.79 per sq ft.



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## LOCATION

Located in the centre of the United Kingdom, with the largest regional population outside of London, Birmingham is regarded as the UK's second city. With an economy of £24.8 billion, it forms a substantial part of the broader Midlands economy and is a key component of the 'Midlands Engine'.

Birmingham sits in the heart of a world class multi-model transport infrastructure, providing access to 90% of the UK's economy within a travel time of only 4 hours.

The city is served by an excellent transport infrastructure including the M5, M6, M6 Toll and M42 motorways.

Birmingham International Airport is located 7 miles to the South East and provides extensive UK, European and transatlantic flight schedules. The airport is the seventh busiest in the UK with approximately thirteen million passengers passing through the airport each year.

Birmingham New Street station is located approximately 5.4 miles (8 km) east of the property. A frequent train service operates to London Euston with a journey time of approximately 1 hr 13 minutes. Furthermore, HS2 will reduce rail travel times to London by approximately 30 minutes, as well as giving a significant boost to the regional economy.



### MAJOR TOWNS AND CITIES BY ROAD

Birmingham city centre	5.4 miles	(21 min)
Coventry	28.4 miles	(41 min)
Northampton	60.6 miles	(1h14 min)
Manchester	81.8 miles	(1h 50 mins)
Liverpool	94 miles	(2 h)
London	130 miles	(2 h 3 min)

### PASSENGER RAIL

Birmingham New Street	5.4 miles	(21 min)
Birmingham International	20 miles	(30 min)

### FREIGHT RAIL

Hams Hall	17.3 miles	(33 min)
DIRFT	44.1 miles	(55 min)

### AIR

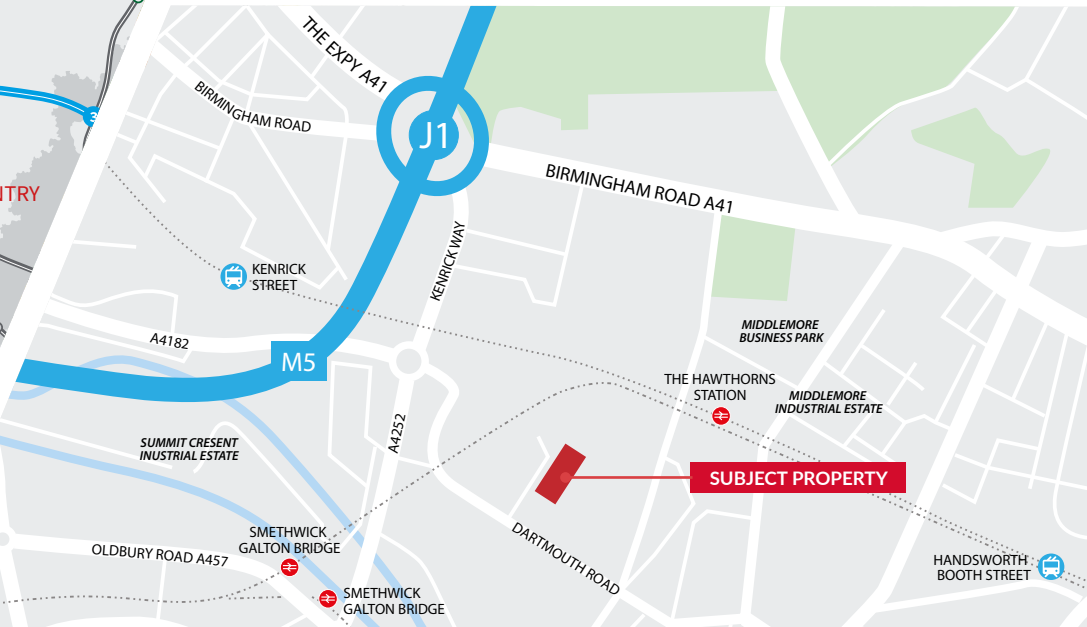
Birmingham Airport	20 miles	(30 min)
Coventry Airport	32.5 miles	(48 min)
East Midlands Airport	44.6 miles	(1 h)
Manchester Airport	74.5 miles	(1 h 28 min)



## SITUATION

Dartmouth Road, Smethwick is located approximately 5 miles (8 km) to the west of Birmingham City Centre and approximately 5.5 miles (8.8 km) east of Dudley Town Centre. Smethwick is an historic industrial and manufacturing location, long being associated with high quality engineering. Many such occupiers remain in the locality, but the quality of the transport links and proximity of the national motorway network is also attracting occupiers from the distribution and logistics sector. Significant local occupiers include CHEP, East End Foods, Storage King, Allied Bakeries, Wolseley and DPD.

The subject property is situated on Dartmouth Road, only 0.8 miles (1.28 km) from Junction 1 of the M5 and a short walking distance from West Bromwich Albion's football stadium.



## DESCRIPTION

The property comprises two interconnected distribution warehouses, identified as Chamber 1 and Chamber 2.



## CHAMBER 2

Despite its name, Chamber 2 was constructed in the early 1990's as the original building and is the largest of the two chambers containing the majority of the office accommodation. The building comprises approximately 110,015 sq ft of accommodation incorporating 7,666 sq ft of first floor offices. The specification of Chamber 2 includes:

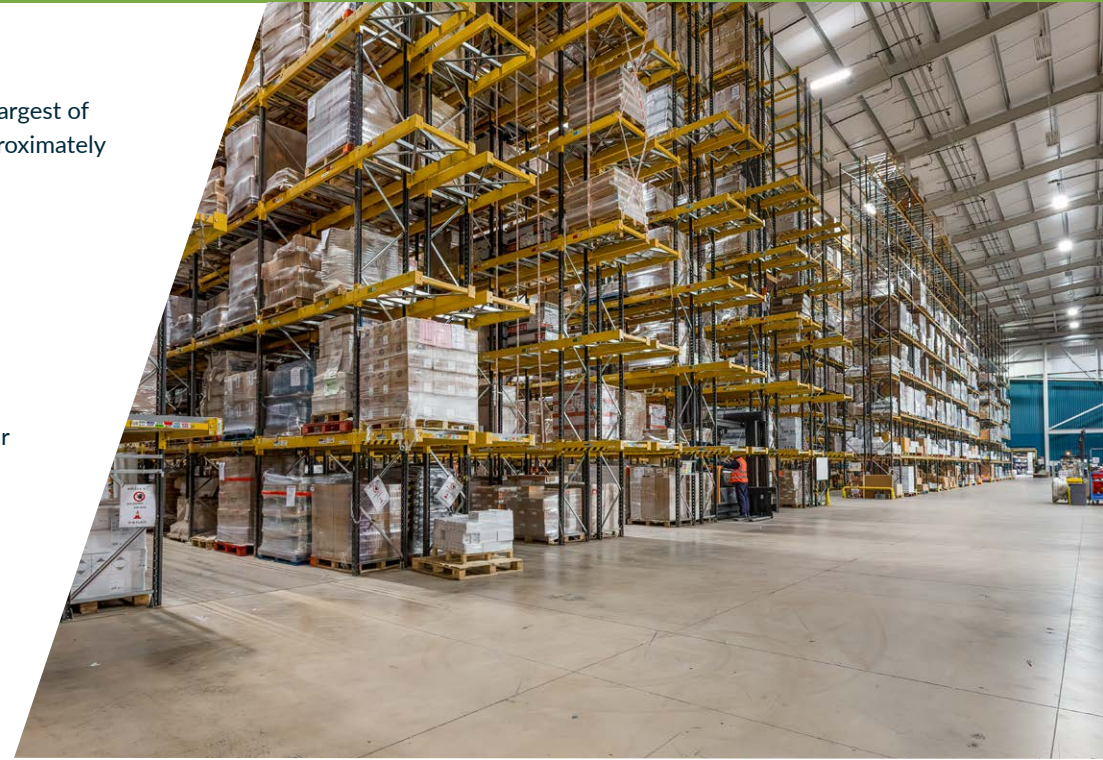
- Steel portal and trussed framed construction with profiled metal sheet clad elevations
- Eaves height to the underside of haunch of 7.5 m
- First floor air conditioned office accommodation runs the full width of the building to the front, together with reception and canteen facilities at ground floor. A passenger lift is also provided
- An additional 2 storey office and amenity block is provided within the warehouse towards the rear
- Loading is via 9 dock level access doors with 2 additional level access loading doors which are accessed from a concrete surfaced service yard.
- A dedicated car parking area is provided together with additional car parking spaces within the service yard

## CHAMBER 1

Chamber 1 was constructed as an extension to Chamber 2 in 2012 and provides a further 79,704 sq ft of modern high bay accommodation. The specification of Chamber 1 includes:

- Steel portal framed construction with profiled metal sheet clad elevations
- Eaves height to the underside of haunch of 16 m
- The warehouse incorporates an area of ground floor offices
- Loading is provided via 10 dock level and 2 level access loading doors, opening onto a second concrete surfaced service yard
- The service yard has a maximum depth of 58 m
- 26 Lorry parking bays
- Further car parking is provided in a dedicated surfaced car park at the rear of Chamber 1

The total site area is 8.27 acres (3.35 hectares) providing for a development density of 50.5%.



## ACCOMMODATION

The property benefits from the following Gross Internal Area (GIA):

Chamber 1	Sq ft	Sq m
Warehouse	78,683	7,310
Ground floor offices	1,021	94.8
Sub total	79,704	7,404.8

Chamber 2	Sq ft	Sq m
Warehouse	99,724	9,264.6
Ground floor canteen	944	87.7
Ground floor reception	1,682	156.3
1 <sup>st</sup> Floor offices (front)	6,649	617.7
1 <sup>st</sup> Floor offices (rear)	1,017	94.5
Subtotal	110,015	10,220.7
Total	189,719	17,625.5

A total of 116 car spaces are provided on site.





## TENANCY

The entire property is currently Occupied by OT Group (guaranteed by Paragon Group Limited) by virtue of a license agreement, expiring 31 December 2021.



The current licence fee is £85,000 per month (£1,020,000 pa / £5.38 per sq ft) increasing on the 14 May 2021 to £91,666 per month (£1,100,000 pa / £5.80 per sq ft).

Either party can determine the licence upon 3 months' notice.



## TENURE

Freehold





## TENANTS COVENANT

Spicers-OfficeTeam Group (OT Group Limited), one of the UK's largest suppliers of professional and legal stationary, was acquired by Paragon Group in May 2020.



OT Group had previously operated out of the subject building for in excess of 20 years as owner occupier and the new merged business continues to trade from the building under a temporary licence agreement with the expectation of lease negotiations to follow.

Smethwick's central location is key to OT Group being able to deliver its industry leading service levels with the majority of orders delivered next day. OT Group also provide 3PL for Paragon Communications, this has allowed Paragon to exit several sites and consolidate into Smethwick.

Paragon Group is a leading provider of Customer Communications, Identification, Graphics and Workplace Services. Paragon Group combines generations of experience with the latest innovations in technology and smart data to enable responsive and meaningful interactions between organisations and their customers.

The acquisition is already paying dividends for Paragon e.g. OT Group's central location in Smethwick allowed Paragon Group and Royal Mail to tender for the Crown Commercial Services 'Covid Kit distribution' contract. The multi million pound tender was successfully won and is a vital part of the Government's national testing program.

The key parts of the OT Group based in the subject property are:

OfficeTeam – a trusted supply chain partner for businesses large and small, across the UK for over 130 years.

OT Wholesale – built on a core wholesale offering, OT Warehouse provides dealers with a stable reliable supply and distribution platform, giving them access to over 10,000 product lines.

Paragon Group have an ambitious programme of growth for OT Group, aiming to leverage the many synergies between the businesses, with a target of doubling the size of the business in the next 2/3 years.

For the last 3 financial years, Paragon Group Limited have reported the following:

Paragon Group Limited	31/12/2019	31/12/2018	31/12/2017
Turnover	£706,233,142	£567,342,380	£386,493,314
Pre-tax profit	£8,446,561	£7,563,216	£11,975,352
Shareholders' Funds	£85,772,927	76,762,475	£71,495,499

Paragon Group Limited have a Dun & Bradstreet rating of 89, representing a low company risk level.

## OCCUPATIONAL MARKET

Take up of industrial & logistics in 2020 totalled 35.8 million sq ft of Grade A space, 64% higher than 2019's total and 43% higher than the longer term 5-year annual average.








The Midlands industrial & logistics market is one of the largest in the UK, both in terms of employment and volume of stock. The markets 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. In 2020, take-up in the Midlands in 2020 accounted for 35% of total GB logistics take-up.

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
Kingpin, Tyseley, Birmingham	Q4 2020	 Kuehne & Nagel	120,595	3 (1) years	£6.75	Brand new speculative
Nexus 122, Birmingham	Q4 2020	 Amazon	121,839	3 (1) years	£6.50	Second hand refurbished
DC2 Prologis Park, Stafford	Q3 2020	 Wincanton	128,830	2 (12 months) years	£5.50	Second hand refurbished
Triton, Stafford	Q3 2020	 Expert Logistics	113,500	2 years	£5.75	Brand new speculative
Hurricane 258, Lutterworth	Q3 2020	 Clipper Logistics	258,503	6 months	£6.00	Second hand refurbished
Campbell Road, Stoke	Q1 2020	 Pets at Home	141,121	4 (2) years	£6.00	Second hand refurbished
Cosford Lane, Swift Valley Park, Rugby	Q2 2019	 Technicolor	166,000	5 years	£5.75	Second hand refurbished

## INVESTMENT MARKET

The industrial investment 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 'onshoring' 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 industrial investments.

The following table illustrates the most recent comparable investment evidence:



Property	Date	Occupier	Area (Sq ft)	Term (Break)	Price	NIY	Cap Val £PSF
Hedera Road, Ravensbank Business Park, Redditch	Exchanged	Antolin Interiors UK Limited	90,183	4.6 years	£6,000,000	7.03%	£66.53
Bibby Distribution, Worcester	Nov-20	Bibby Distribution	92,374	5.2 years	£7,725,000	6.19%	£83.63
3220 Magna Park, Lutterworth	Feb-20	DHL	159,956	3.1 years	£25,900,000	5.75%	£161.92
Muller UK, Brickyard Way, Aldridge	Jan-20	WOLTU GMBH	62,600	3.5 years	£4,575,000	6.75%	£73.08
Crick Industrial Estate, Northampton	Dec-19	ZF Services UK Ltd	96,000	0.67 years	£7,100,000	6.60%	£73.96
Anixter, Gloucester	Aug-19	Anixter	72,635	2.5 years	£6,495,000	6.33%	£89

## OVERVIEW OF WHO IS OFFERING THE SALE

The freehold property detailed in this brochure ("the Brochure") is owned by Spicers Limited ("the Company").

The Company entered Administration on 14 May 2020 and R H Kelly and C G J King were appointed to act as Joint Administrators ("the Administrators").

The duties of the Administrators include realising the Company's assets for the benefit of its creditors, and the Administrators are offering for sale, on its behalf, the Company's freehold property distribution centre as detailed in the Brochure.

No representations or warranties will be given in relation to the sale of the Property by the Company acting by the Administrators. The sale will be without title guarantee and without provision of a standard replies to enquiries package and no reliance on any information provided will be available. The sale documents will contain the usual exclusions on liability and other provisions that are standard for a sale by administrators.



## DISCLAIMER

Certain information and opinions contained in this Brochure have been provided by the Company and/or its management ("Management") and the Brochure has not been independently verified as to its accuracy. No representation or warranty, as to the accuracy or completeness of this Brochure or anything in it, whether express or implied, is given by the Company or the Administrators or any of their respective directors, partners, officers, affiliates, employees, advisers or agents and any warranty expressed or implied by statute is hereby expressly excluded. Additionally, and for the avoidance of doubt, neither the Company, nor the Administrators are under any obligation to update the Brochure or correct any inaccuracies or omissions in it which may exist or become apparent.

This Brochure and its contents are for marketing purposes only and on a non-reliance basis and neither the Company nor the Administrators are under any obligation or commitment to proceed with the sale envisaged by the issue of this Brochure or advise of any developments in the sale process.

No responsibility or liability is accepted for any loss or damage, howsoever arising, that you may suffer as a result of this Brochure or anything in it and any and all responsibility and liability is expressly disclaimed by the Company and the Administrators and or any of them or any of their respective directors, partners, officers, affiliates, employees, advisers or agents.

Robert Hunter Kelly is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland and Charles Graham John King is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales.

The affairs, business and property of the Company are being managed by the Administrators, R H Kelly and C G J King, who act as agents of the Company only and without personal liability.

The Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Administrator. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://www.ey.com/uk/officeholderprivacy).

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## ADDITIONAL INFORMATION

Additional information is available upon request.

## EPC

EPC certificates are available upon request.

## VAT

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

## PROPOSAL

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The price reflects a low capital value of only **£73.79** per sq ft.



## FURTHER INFORMATION

For further information please contact:



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