

26 HEMPSTED LANE GLOUCESTER GL2 5JA



SINGLE LET TRADE COUNTER INVESTMENT OPPORTUNITY



INVESTMENT SUMMARY

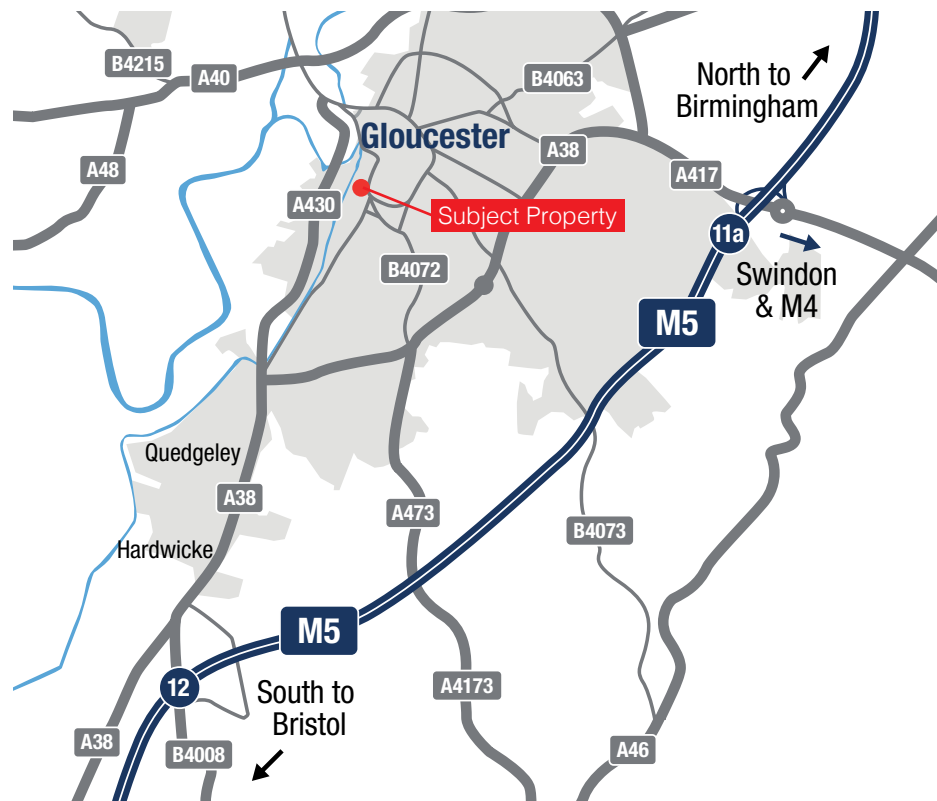
- Well located property, close to the Gloucester ring road and two M5 Junctions
- Rare and valuable site of **2.10 acres (0.49 hectare)** reflecting a low site cover of only **13%**
- Four industrial and office buildings totalling **11,936 sq ft (1,108.93 sq m)** GIA plus substantial surplus yard
- Freehold
- Let to **Buildit Gloster Limited** (D&B rating 2A1) until November 2025
- Passing rent of **£82,128 per annum** equating to a low rent of **£4.36 per sq ft** for the buildings and £35,000 per acre for the surplus yard
- Unexpired term of **4.55 years**
- **£1,200,000 (One Million Two Hundred Thousand Pounds)** subject to contract and exclusive of VAT
- Net Initial Yield of **6.46%**
- Purchase equates to only **£570,000 per acre**



LOCATION

Gloucester is the administrative centre of Gloucestershire and considered one of the principal commercial centres of the South West of England. Gloucester is situated on the River Severn and lies close to the Welsh Border, approximately 10 miles west of Cheltenham, 32 miles to the north east of Bristol, 45 miles south west of Birmingham and 94 miles west of London.

Gloucester benefits from excellent road communications, being located at the intersection of the A40 and A438, providing a direct link to the M5 at Junctions 11, 11A and 12. The M5 provides further links to the national motorway network including the M4, M50, M6 and M42. Gloucester's railway station provides regular services to London Paddington with a fastest journey time of approximately 1 hour 45 minutes. Direct services also operate to Bristol (54 minutes), Birmingham (55 minutes) and Cardiff (1 hour).

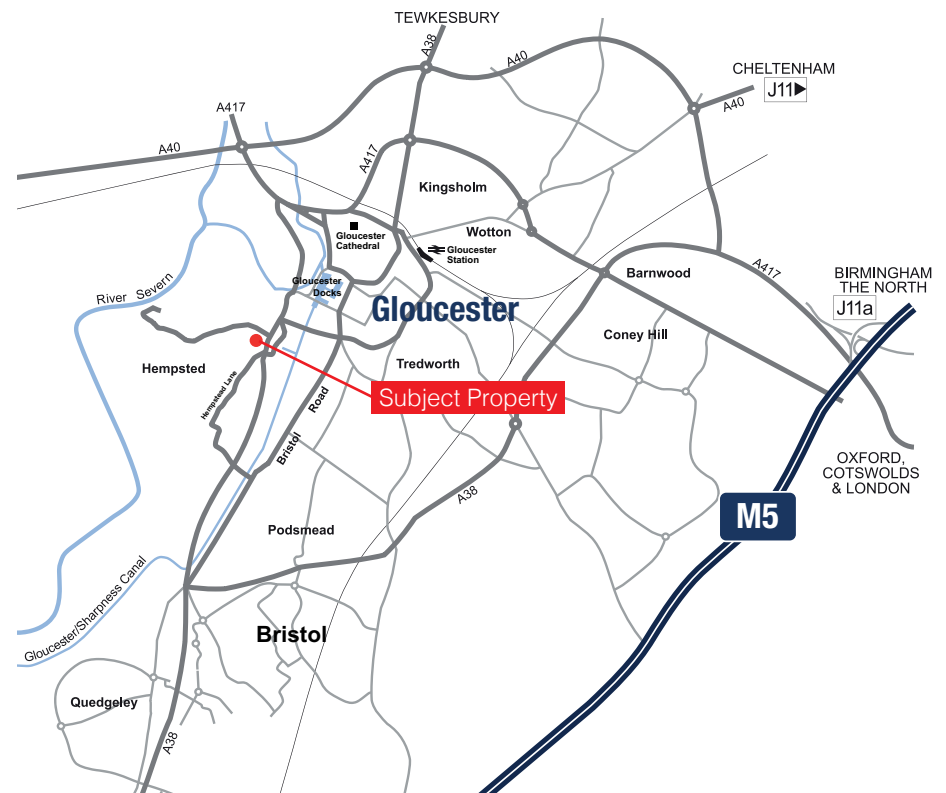


SITUATION

The property is situated on Hempsted Lane, approximately 1.5 miles to the west of Gloucester city centre. Hempsted Lane links into of the A430 which is the main ring road to the west of Gloucester city centre and leads directly on to the A38 to the south.

The property is located approximately 4 miles from both junctions 11A and 12 of the M5 Motorway and benefits from swift and unencumbered access via the A38 directly to the south and the A417 to the east of the property. Nearby occupiers include Motus Commercials, Europcar Gloucester and Hydro Components.

The land immediately to the south of the site has been granted planning permission for 85 dwellings. In addition, the land to the east of Hempsted Lane has planning permission for a further 50 dwellings which is due to be developed by Bellway homes.





DESCRIPTION

The property consists of four commercial and industrial storage buildings totalling 11,936 sq ft (1,108.93 sq m) GIA, which together with the yard area totals 2.10 acres (0.49 hectares).

The main warehouse was constructed in circa 2000's and is split to provide a well specified showroom with trade counter and a storage warehouse. The building is constructed of steel portal frame with an eaves height of 5.35 metres. The trade counter element benefits from suspended ceilings and recessed strip lighting, and a first-floor mezzanine area provides further storage accommodation.

The office accommodation has brick elevations with suspended ceilings and perimeter trunking in part. The two ancillary industrial storage units consist of steel and concrete frame construction with corrugated asbestos elevations, with eaves heights of between 3.5 – 4.7 metres.

The tenant has undertaken their own improvements to the buildings and the roofs, including refurbishing the ancillary office accommodation. The tenant has also installed a further timber storage unit totalling 102.54 sq m (1,104 sq ft) GIA.



ACCOMMODATION

The Property benefits from the following Gross Internal Areas:

Building	Description	Sq m (GIA)	Sq ft (GIA)
Building 1	Main Trade unit Mezzanine	432.82 94.62	4,659 1,018
Building 2	Office Building	31.67	341
Building 3	Storage Warehouse	200.31	2,156
Building 4	Storage Warehouse	349.51	3,762
Total		1,108.93	11,936

The tenant has installed an additional timber storage unit totalling 102.54 sq m (1,104 sq ft).



SITE AREA

The site extends to approximately 2.10 acres (0.49 hectares) which equates to a low site cover of approximately 13%. Of the 2.10 acres, we have estimated that 1.57 acres is currently usable, with potential to increase this further.

A Government Pipeline and Storage System (GPSS) Oil pipeline crosses through the site, just inside its eastern boundary. A plan showing its location can be made available upon request.

TENURE

Freehold.

TENANCY

The property is let to Buildit Gloucester Limited for a term of 10 years from 25th November 2015, expiring 24th November 2025, providing an unexpired term of 4.55 years. The lease is on FRI terms, subject to a schedule of condition.

The total passing rent is £82,128 per annum following the recent RPI linked uplift on 25th November 2020. We have devalued this rental to a level of £4.36 per ft for the buildings, after an allowance of £35,000 per acre to reflect the surplus usable yard area of 0.86 acres (over 45% site coverage).



TENANT'S COVENANT



Buildit Gloster Limited, trading as Buildit Trade & DIY is a regional business with three branches located throughout the South West in Gloucester, Cam and Wiltshire. The business is well established with 10 years of trading and remained open during the Covid-19 pandemic with high levels of trade. At the start of 2021, Buildit Trade & DIY was purchased by Grant & Stone Limited, to create the largest independent builders' merchant group in southern England.

The acquisition of Buildit Trade & DIY follows on from other recent expansion deals by Grant & Stone Limited, including their acquisitions of CRS Building Supplies and 3Counties Timber & Building Supplies in autumn 2020. The enlarged group owned by Grant & Stone Limited has circa 74 branches stretching from West London to Cornwall, with a combined revenue approaching £250million.

Buildit Gloster Limited has a Dun & Bradstreet rating of 2A 1 based on accounts dated 31 December 2019, the last three years of accounts are summarised here:

Buildit Gloster Limited	31/03/2019	31/03/2018	31/03/2017
Sales / Turnover	£13,663,770	-	-
Profit / (Loss) Before Taxes	£2,053,768	-	-
Tangible Net Worth	£4,667,332	£3,679,910	£2,814,697

For further information please refer to www.builditonline.co.uk

Grant & Stone

Grant & Stone Limited are not a party to the lease but are the parent company. They have a Dun & Bradstreet rating of 4A 2 based on accounts dated 31 December 2020, the last three years of accounts are summarised here:

Grant & Stone Limited	31/03/2020	31/03/2019	31/03/2018
Sales / Turnover	£87,664,913	£86,267,442	£72,157,075
Profit / (Loss) Before Taxes	£2,603,368	£5,582,232	£6,404,166
Tangible Net Worth	£19,819,994	£18,341,092	£16,524,640

For further information please refer to www.grantandstone.co.uk



OCCUPATIONAL MARKET

Prime rents stand at circa £7.50 per sq ft in Gloucester, as demonstrated by the leasing evidence below. The property is currently let at £82,128 per annum equating to a low rent of £4.36 per sq ft for the buildings and £35,000 per acre for the surplus yard, offering excellent scope for future rental growth.

This type of low site coverage site is becoming increasingly in demand with tenants seeking the flexibility of warehousing plus surplus land/yard. The high development cost of building this type of facility means that rentals for existing sites are considerably below the required rentals on new builds.

Property	Date	Tenant	Area (sq ft)	Term (break)	Rent (£psf)
Unit 7, Eastern Avenue Trading Estate, Gloucester	Q4 2020	Hermes	6,425	5 (3)	£7.50
Unit 4, Gloucester Trade Park, Gloucester	Q3 2019	Benchmark	7,194	10 (5)	£7.30
Unit 4a, Gateway 12, Gloucester	Q1 2019	PI Transport	34,227	10 (5)	£6.50
Unit 4, Gateway 12, Gloucester	Q1 2019	Rochling Engineering Plastics UK	24,154	10 (5)	£6.75

INVESTMENT MARKET

The following table illustrates the most recent comparable investment evidence:

Property	Date	Area (sq ft)	Term Certain (years)	Tenant	Purchase Price	NIY	Capital Value (£psf)
Saltash Industrial Estate, Saltash	Q1 2021	27,400	10	Righton Blackburns	£2,500,000	6.15%	£91
26 North Road, Yate	Q4 2020	47,459	10	Yate Disposables	£4,620,000	6.44%	£97
Gateway 12 Business Park, Gloucester	Q3 2020	43,627	20	ProCook	£5,150,000	5.47%	£118
Unit D1-D6, South Marston Industrial Park, Swindon	Q3 2020	41,001	5	Hermes Parcelnet & Royal Mail	£3,600,000	6.95%	£87
39 Cater Road, Bristol	Q3 2020	51,712	15	Selco Tarde Centres	£5,150,000	5.69%	£99
Fitzherbert Road, Farlington, Portsmouth	Q1 2020	12,391	2.75	Jewson (t/a Gibbs & Dandy)	£1,626,000	5.65%	£131
Great Western Road, Gloucester	Q4 2019	32,389	2.4	We Move Bikes	£1,800,000	6.88%	£55

EPC

The Energy Performance Certificates are available on request and provide the following ratings.

Main Warehouse **65 C**
Office Building **61 C**

VAT

The Property has been elected for VAT and the purchase price is exclusive of any VAT that may be chargeable. It is anticipated that the transaction would be treated as a transfer of a Going concern (TOGC).

PROPOSAL

We are instructed to seek **£1,200,000 (One Million Two Hundred Thousand Pounds)** subject to contract and exclusive of VAT, reflecting a **Net Initial Yield of 6.46%** (assuming purchaser's costs of 5.92%). This reflects a land value of only **£570,000 per acre**.



FURTHER INFORMATION

For further information, please contact the sole agent;

Simon Bennett

T: +441179 305 717

M: +44 7808 290 869

E: Simon.j.bennett@eu.jll.com

Shannon Johns

T: +441179 305 659

M: +44 7849 636 665

E: Shannon.Johns@eu.jll.com



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