



UNITS 1-28, MITCHELL CLOSE, SEGENSWORTH EAST, FAREHAM PO15 5SE



# Well-Let South-East Industrial Estate Investment

**A 3.23 acre industrial estate, let FRI to a Council tenant for a further 7 years with 3 yearly rent reviews**

# Investment Summary



Fareham is a market town located on the M27 motorway, midway between Southampton and Portsmouth, and the Segensworth East business district is favoured by major industrial and logistics occupiers including Coopervision, Screwfix, CEF, SAAB, Yodel, DSV, Porvair Filtration, and FPT Ford Hendy Power



Mitchell Close is approximately 400m from Junction 9 of the M27, with excellent accessibility



28 industrial/warehouse starter units totalling 45,432 sq ft arranged in 7 terraces with only 32% site cover



Let in its entirety to Hampshire County Council on a full repairing and insuring lease with just under 7 years unexpired, at rents receivable, with upward only rent reviews effectively 2 yearly (3 year provision followed by a 1 year sweep up clause)



The council undertake all management and letting, covering the costs of both, together with full contractual responsibility for maintenance and any capital expenditure required for upgrading for MEES compliance



Long leasehold for 125 years from 19 December 1980 (82 years unexpired) subject to a headrent based on 20% of rents receivable



Net rent recently increased to £420,640 pa, subsequent to the rent review on 19 December 2023



Offers sought of £4,650,000 subject to contract and exclusive of VAT, to provide a net initial yield of 8.5%



The quoting terms equate to a low capital cost of £102 per sq ft





## Location

Fareham is a market town, at the centre of the South Hampshire conurbation, on the southern side of the M27, between Portsmouth and Southampton. Portsmouth is approximately 8 miles to the south-east and has benefited from considerable regeneration. It is now established as a popular destination for retailing and tourism. Shopping at Gunwharf Quays, the iconic Spinnaker Tower, Mary Rose Museum and Historic Dockyard help the city attract over nine million visitors annually. Southampton is approximately 12 miles to the west and is recognised as the commercial, cultural and retail capital of the south coast. The port is one of the country’s busiest and most successful deep-water facilities and is the UK’s leading vehicle-handling port, the principal cruise port and a major handler of bulks and containers.

Motorway access is excellent with the M27 passing immediately to the north of Segensworth East, linking with the M3 10 miles west at Southampton, which in turn leads to the M25 London Orbital Motorway. Rail services are available at Fareham Station with frequent direct services to London (Waterloo) with a journey time of 1 hour 41 minutes.

Southampton International Airport is located approximately 15 miles to the northwest, Gatwick Airport approximately 67 miles to the north-east and Heathrow 70 miles to the north.

## Situation

Segensworth East is an established commercial location situated adjacent to Junction 9 of the M27, midway between Southampton and Portsmouth. It comprises part of a larger commercial area which includes Segensworth West, North and South and is regarded as one of the primary industrial locations within Hampshire. Major occupiers located nearby include Coopervision, Screwfix, CEF, SAAB, Yodel, DSV, Porvair Filtration, and FPT Ford Hendy Power. To the north of Junction 9, Solent Business Park, one of the premier business parks in the area, provides approximately 52 hectares (110 acres) of modern industrial, logistics and business space.

Mitchell Close is situated in an excellent location, off Barnes Wallis Road, close to the entrance to Segensworth East and only 400m from Junction 9 of the M27.

## Description

Mitchell Close was built in 1980 and comprises 28 industrial units arranged in 7 terraces. The units are of steel portal frame construction with brick walls, surmounted by coated profiled steel and roofs. Each unit is accessed via a roller shutter door. There are extensive parking and loading areas and office accommodation is arranged on ground and first floors. The estate comprises 28 units varying in a mix of sizes from 486 – 5,253 sq ft, satisfying a range of occupier requirements, and providing a total 45,432 sq ft gross internal area. A breakdown is provided in the schedule of undertenancies.

The site area is approximately 1.3 hectares (3.23 acres) providing a low site cover of approximately 32%.



## Tenure

The property is held leasehold from Hampshire County Council for a term of 125 years (99 years with an option for a further 26) from the 19th December 1980 with the rent reviewed in an upward only direction to 20% of the aggregate of rents receivable of the entire estate. There is therefore just under 82 years unexpired. The ground rent of £105,160 pa (up from £89,400 pa) has been agreed at review on 19.12.2023 with further reviews due every third anniversary, with a sweep up provision one year after.

## Tenancy and ERV

The property is sub-let in its entirety to Hampshire County Council, for a term of 30 years from the 19th December 2000, an unexpired term of just under 7 years. Reviews are upwards only to the aggregate of rents receivable from the entire estate. The rent review on the 19th December 2023 has recently been agreed at £525,800 pa (up from £447,000 pa) and subsequent reviews are 3 yearly with a sweep up provision one year after the review. The recent increase recognises the substantial rental growth on the estate over the last 3 years. The next sweep up review will be 19 December 2024.

The council has provided a schedule of underlettings as of January 2024, (below) when occupiers were paying an aggregate £467,648pa, excluding Units 9 and 15 which are under offer.



Mitchell Close	
Unit	Tenant
01	PHVC
02	
03	Corrigenda
04	Hammonds Furniture
05	Erikom Building Solutions
06	Immaculate Detailing
07	Double Glazing Services
08	Virgin Media
09	DJL Repairs
10	Unit 10
11	Velux Company
12	Global Tint
13	Unit 13
14	Screen Repair Services
15	Delec Electrical
16	Inline AV
17	Clear Electrical Services
18	Ambassador Services
19	Accolade Electrical Engineering
20	AB Trees
21	ActionVan Conversions
22	CarpetZone
23	Studio Incar
24	Timpson
25	Wellington Welding
26	HCC Technicians Service
27	HCC Technicians Service
28	Auto Brite Express Bodyshop

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 Hampshire County Council [hants.gov.uk/propertieservices](https://hants.gov.uk/propertieservices)



# Tenancy Schedule

Unit No:	sq ft	m2	Tenant	Lease Commencement Date	Expiry Date	Term	Current rent pa	Existing rent psf	Rent Review	Rent Commencement Date	Tenant break date	Break notice	Notes
1	4,837	449.37	PHVC Ltd	01/11/15	31/10/25	10	£40,000	£8.27	-	01/05/16	12 months	No	
2	5,010	465.44	Cold Fleet Logistics Limited	10/03/23	09/03/30	7	£46,500	£9.28	10/03/26	10/06/23	6 months	No	
3	5,253	488.02	Corrigenda Ltd	08/06/18	07/06/24	6	£43,000	£8.19	08/06/21	17/09/07	6 months	Yes	
4	4,851	450.64	Hammonds Furniture Limited	16/11/22	15/11/27	5	£45,560	£9.39	16/11/25	16/02/23	6 months	No	
5	1,047	97.27	Erikom Building Solutions Ltd	02/09/22	01/09/30	8	£17,000	£16.24	02/09/25	02/09/22	6 months	No	
6	1,047	97.27	DLEC Electrical Ltd	07/07/23	12/12/30	7.44	£14,500	£13.85	07/07/26	13/06/20	6 months	No	
7	1,047	97.27	Colin Blackburn t/a Double Glazing Services	01/10/18	30/09/24	6	£14,000	£13.37	-	01/10/18	6 months	No	
8	476	44.22	Virgin Media Limited	05/11/18	04/11/24	6	£5,500	£11.55	05/11/21	05/11/18	6 months	Yes	Outstanding rent review in progress
9	476	44.22	VACANT	21/07/21	20/07/27	6		£-		21/07/21	6 months	No	Under Offer at £8,000 pa
10	476	44.22	On Trading Limited	23/06/22	22/06/25	6	£7,000	£14.71	23/06/25	23/06/22	6 months	No	
11	476	44.22	Velux Company Limited	04/07/22	03/07/28	6	£7,250	£15.23	04/07/25	04/07/19	-	No	
12	476	44.22	Global Tint Limited	22/05/20	21/05/23	3	£6,000	£12.61	-	22/05/20	-	No	Lease renewal in progress at new rent £7,500 pa from May 23.
13	476	44.22	Carl Shakespeare	28/02/23	27/02/26	3	£7,500	£15.76	-	28/02/23	-	No	
14	476	44.22	Screen Repair Services Ltd	01/02/18	31/01/24	6	£5,355	£11.25	01/02/21	01/02/18	-	No	Rent review outstanding
15	476	44.22	VACANT					£-		13/08/20	6 months	No	Under Offer at £8,000 pa
16	476	44.22	InlineAV Limited	26/07/22	25/07/25	3	£7,000	£14.71	-	26/07/22	6 months	No	
17	476	44.22	Clear Electrical Services Limited	03/09/21	02/09/24	3	£7,000	£14.71	-	03/09/21		No	
18	2259	209.87	Ambassador Services Ltd	26/04/19	25/05/25	6	£24,750	£10.96	-	26/04/19	6 months	No	
19	1,047	97.27	Dean Legge	17/04/23	16/04/30	7	£14,500	£13.85	17/04/26	17/04/23		No	
20	1,047	97.27	AB Trees Ltd	08/07/21	07/07/30	9	£14,153	£13.52	08/07/24	08/07/21	-	No	
21	2,259	209.87	Stephen and James Philips t/a Actionvan Conversions	23/12/20	22/12/25	5	£20,500	£9.07	23/12/23	23/01/21	6 months	No	
22	2,259	209.87	CarpetZone Ltd	04/10/22	03/10/27	5	£24,500	£10.85	04/10/25	04/01/18	3 months	No	
23	1,047	97.27	Carl Shakespeare	26/07/18	25/07/23	5	£13,950	£13.32	-	26/07/18	-	No	
24	1,047	97.27	Timpson Limited	15/07/14	14/07/24	10	£12,000	£11.46	-	15/09/14	6 months	Yes	
25	2,259	209.87	Wellington Welding	20/06/21	19/06/30	9	£20,500	£9.07	20/06/24	20/06/21	6 months	No	
26	2,259	209.87	HCC Technicians Service	16/02/98		-	£21,500	£9.52	01/04/22	01/04/22	-	No	HCC Occupied
27	1,047	97.27	HCC Technicians Service	16/02/98		-	£13,500	£12.89	01/04/22	01/04/22	-	No	HCC Occupied
28	1,051	97.64	StJohn Heathorn	01/12/22	30/11/2030	8	£14,000	£13.32	01-Dec-25	01/12/22	6 months	No	
Elec Substn	326	30.29	Southern Electricity Power Distribution	26/10/17	11/12/30	13	£630	£1.93	26/10/22	26/10/17	-		
						45,432.69		4220.80				£467,648	

## ERV

The Council have recently agreed an ERV for the premises with our clients at £525,800 pa. Deducting a 20% headrent gives a net ERV of £420,640 pa.

## Tenant Covenant

Hampshire County Council was formed in 1889 and is the upper-tier local authority for the non-metropolitan county of Hampshire in England. It is responsible for 1.42 million residents and has a 2023/2024 budget of £2.6 billion.

The Council manage the property to encourage smaller businesses in the locality, and arguably take the approach that terms of leases are not aggressive but promote economic growth in the locality.

## The Market

Units 1-10 Fleming Close comprises a nearby small unit scheme of similar age to Mitchell Close, with tenants including Screwfix and CEF. We understand recent lettings comprise:

Unit 8 – 2352 sq ft, let in March 2023, at £30,000pa on a 15 year lease with break at year 5. This equates to £12.76 psf.

Unit 9 – 2374 sq ft, let to another local covenant in February 2023, at £12.23 psf, on a 10 year lease.

Confidence in the Fareham Market is displayed by the recent acquisition of Kier's 50,443 sq ft "Logistics City" development on Fulcrum 6, Solent Way, Fareham by Tritax at a price we understand was £10,525,000 reflecting a 5.3% net initial yield.



## EPC

A summary of the individual EPC ratings are available in the dataroom and are in the range B to E.

The Council has full responsibility for maintenance and any capital expenditure required for upgrading for MEES compliance.

# Proposal

Our clients are seeking offers of £4,650,000 subject to contract and exclusive of VAT for their long leasehold interest, reflecting a net initial yield of 8.5% (based on a net income of £420,640 pa).

The quoting terms equate to a low capital cost of £102 per sq ft.

## Further Information

To arrange an inspection, for further information, or access to the dataroom please contact either:



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