

FOR SALE – HIGH YIELDING DISTRIBUTION WAREHOUSE OPPORTUNITY



Rotherham 125
Rotherham
South Yorkshire
S66 8EL



INVESTMENT SUMMARY

Rotherham 125, Rotherham, South Yorkshire, S66 8EL

- Distribution warehouse extending to **124,966 sq ft**
- Highly prominent building, situated **only one mile from J1, M18**
- Good quality warehouse benefitting from 10.6m eaves, 11 loading doors and a secure yard
- The site extends to approximately **7.41 acres** (3 ha) providing a **low site density of 38%**
- Let to **Carlton Forest Group LLP** on a **new 5 year lease**
- Passing rent of **£437,346 per annum** reflecting a **very low £3.50 per sq ft**
- Carlton Forest Group LLP has a credit safe rating of 73 representing a **very low risk** of business failure
- Held **long leasehold** at a peppercorn rent from 01/10/1984 providing **89 years unexpired**
- We are instructed to seek offers in excess of **£4,550,000** (Four Million, Five Hundred and Fifty Thousand pounds) subject to contract and exclusive of VAT. A purchase at this level reflects a **Net Initial Yield of 9.00%** and a **low capital value of £36 per sq ft** assuming purchaser's costs of 6.57%.



LOCATION

The South Yorkshire town of Rotherham is located approximately 11 km (7 miles) to the north east of Sheffield, 30 km (19 miles) to the south west of Doncaster and approximately 55 km (34 miles) to the south east of Leeds.

Rotherham Central railway station is situated approximately 6 miles from the property and provides links with the regional and national railway network.

Robin Hood international airport is located at Finningley approximately 26 km (16 miles) to the north east, Leeds/Bradford sits 85 km (53 miles) to the north west and East Midlands airport 77 km (48 miles) to the south, are the closest airports offering a large range of both international and domestic flights.

In addition, there are two bus stops directly outside the property which provide regular services to Doncaster, Rotherham and Sheffield.





▮ SITUATION

The property benefits from a prominent frontage to the A631 (Rotherham Road), approximately 1 mile from the M18 which provides access to both the M1 to the south west and A1 to the north east. The site is bound by Rotherham road (A631) to the south, Maltby Trading Estate to the west, housing and a day centre to the north and a further housing estate to the east.

Nearby occupiers include TNT Express, Clipper Logistics, Culina Group, UPS and KP Snacks.



DESCRIPTION

The property comprises a detached distribution warehouse developed in three interlinked phases comprising steel portal framed structures, originally dating from the mid-1980s. In 2015 the property benefitted from an extensive refurbishment.

The main warehouse at the western part of the property has 10.6m eaves with 4 dock level and 2 ground level loading doors. Sitting perpendicular to the high bay warehouse is a single bay steel portal framed warehouse with split floor levels, incorporating 7 dock levellers. The eaves height ranges from approximately 3.5m to 9m. A further single bay steel portal framed warehouse is located at the north eastern part of the property and benefits from 2 ground level loading doors, one to each of its north and west facing elevations. The eaves height within this part of the property is approximately 7.5m.

To the property's south facing elevation there is a two storey office block that has been subdivided to provide cellular offices and ancillary accommodation, providing a total office content of 12%.

ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice, 6th Edition and provides the following approximate gross internal floor area:

Office / canteen / welfare	15,415 sq ft	1,432 sq m
Main warehouse	59,123 sq ft	5,493 sq m
Dispatch warehouse	34,964 sq ft	3,248 sq m
High bay warehouse	13,737 sq ft	1,276 sq m
Ancillary warehouse	1,727 sq ft	160 sq m
Total	124,966 sq ft	11,609 m



▀ TENURE

The property is held long leasehold from 1 October 1984 expiring on 27 September 2109 thereby providing approximately 89.4 years unexpired. The annual rent prescribed is a peppercorn. The leasehold interest with which the property is held is by way of an underlease.

The terms of the headlease differ from those of the underlease, in so much as the rent payable under the headlease is currently £85,000 per annum. The headlease is held from 1 October 1984 expiring on 30 September 2109.

The title structure can be summarised as follows:

- ▀ Freeholder: William Varah (Transport) Ltd
- ▀ Headlessee: Glass Glover Group PLC
- ▀ Underlessee: Goodman Maltby (Jersey) Ltd
- ▀ Occupational Tenant: Carlton Forest Group LLP



▾ TENANCY

The property is let to Carlton Forest Group LLP on a new fully repairing and insuring lease for 5 years from 12 May 2020.

The passing rent is £437,346 per annum which reflects a low rate per square foot of £3.50.

The tenant will pay half rent for the first 12 months of the lease term, which is to be topped up by the vendor. The lease is subject to a Schedule of Condition.

▾ COVENANT

Carlton Forest Group is a third-party logistics operator based in Nottinghamshire and South Yorkshire, which serves the whole of the UK and Ireland. The firm originates from Carlton Forest near Worksop and now has three distribution warehouses. Services include tailored distribution and delivery services, co-packing, packaging, labelling, value added, pick and pack, fulfilment, stock management and storage.

The tenant has a Credit Safe Rating of 73 and the recent accounts are summarised below:

Carlton Forest Group LLP	31/08/2018	31/08/2017	31/08/2016
Turnover	£4,795,668	£4,014,754	£2,950,171
Profit after tax	£392,648	£599,301	£11,905
Net Worth	£4,860,250	£4,799,829	£4,518,854
Net Assets	£5,019,457	£4,866,837	£4,596,461

<https://carltonforestgroup.com/>

▾ EPC

The property has an Energy Performance Asset Rating of C-60. More information is available upon request.

▾ VAT

The property is elected for VAT and it is therefore anticipated that the transaction will be treated as a Transfer Of A Going Concern (TOGC).



▶ OCCUPATIONAL COMMENTARY

The Yorkshire distribution market has seen sustained levels of demand from occupiers. Take-up levels have remained consistent with the 5 year average currently at 3,000,000 sq ft, based on units transacted over 100,000 sq ft.

The pipeline for either consented, deliverable or speculative schemes remains constrained with supply levels for existing units currently less than 12 months. The limited supply combined with the ever growing need for businesses to adapt to the demands of e-commerce continues to drive industrial land values and headline rents for all building types.

The M1/M18 corridor is recognised as a strategic location due to its excellent motorway connectivity, large urban centres and readily available workforce. The South Yorkshire region has the largest resident and working population in the UK, outside London and the South East, with a population of 1.34m.

Below we have provided a summary of the most recent comparable industrial leasing transactions which we consider relevant to the subject property.

Building	Location	Size (sq ft)	Occupier	Headline Rent	Lease Length	Type
Wakefield 41	Brunel Way, Wakefield	134,000	Card Factory	£4.71	4 years (assignment)	Secondary
Brookfields Way	Rotherham	200,000	Pricecheck	£4.75	5 years	Secondary
Gilcar Way	Wakefield	111,600	Hermes	£4.75	15 years	Secondary



NOTABLE INVESTMENT TRANSACTIONS

Date	Property	Area (sq ft)	Unexpired term	Rent (psf)	Price	Yield (niy)	Capital value (psf)	Purchaser
Q1 2020	Knowsley Business Park, Knowsley	116,900	6.4 years	£5.10	£7.9m	7.1%	£68	Warehouse REIT
Q4 2019	Rolls Royce L&D centre, Derby	124,539	6.52 years	£6.67	£9.00m	8.70%	£72	Private Investor
Q4 2019	Unit B, Capital Park, Doncaster	84,000	2 years	£5.25	c. £5.90m	c. 7.0%	£70	Exeter Property Group
Q2 2019	Delta Court, Doncaster	20,656	10 years	£5.81	£1.68m	6.70%	£81	Warehouse REIT
Q1 2019	Parkside Ind Est, Leeds	187,794	9.90 years	£3.22	£7.32m	7.73%	£39	AEW UK REIT

PROPOSAL

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