

HIGH YIELDING MULTI LET INDUSTRIAL INVESTMENT OPPORTUNITY



COMPTON
INDUSTRIAL
ESTATE

EASTBOURNE
EAST SUSSEX
BN23 6QF



Investment Summary

- A rare opportunity to acquire a high yielding south east industrial estate, in the principal industrial area of Eastbourne.
- The property provides Warehouse and Trade Counter units ranging from 3,500 to 22,758 sq ft totalling 150,224 sq ft (13,956 sq m).
- Prominent site totalling approximately 10 acres, providing a **low site density of 34%**.
- Fully let to 11 tenants, with a high level of tenant retention.
- WAULT of **7.65 years to expiries and 3.53 years to lease breaks**.
- Currently generating rental income of £882,116 per annum, reflecting a **low average rent of £5.87 per sq ft**, which we consider to be reversionary.
- Asset management opportunities to enhance the rent and add value.
- Freehold.
- Offers sought in excess of **£11,000,000 (Eleven Million Pounds)**, subject to contract and exclusive of VAT. A purchase at this level would reflect a **net initial yield of 7.52%** and a low capital value of £73 per sq ft, assuming purchaser's costs of 6.71%.



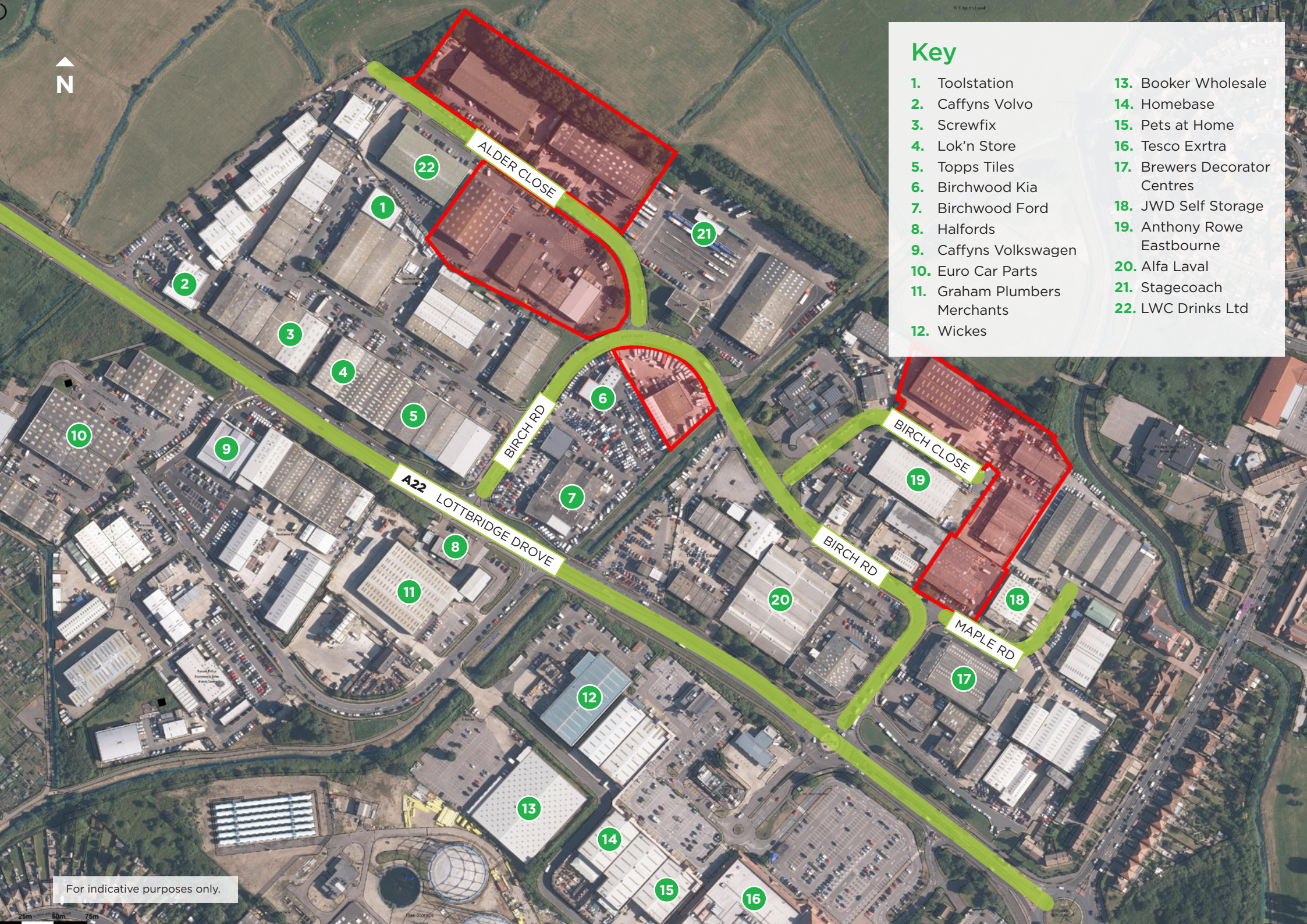


Key

- | | |
|-------------------------------|-------------------------------|
| 1. Toolstation | 13. Booker Wholesale |
| 2. Caffyns Volvo | 14. Homebase |
| 3. Screwfix | 15. Pets at Home |
| 4. Lok'n Store | 16. Tesco Exrtra |
| 5. Topps Tiles | 17. Brewers Decorator Centres |
| 6. Birchwood Kia | 18. JWD Self Storage |
| 7. Birchwood Ford | 19. Anthony Rowe Eastbourne |
| 8. Halfords | 20. Alfa Laval |
| 9. Caffyns Volkswagen | 21. Stagecoach |
| 10. Euro Car Parts | 22. LWC Drinks Ltd |
| 11. Graham Plumbers Merchants | |
| 12. Wickes | |

For indicative purposes only.

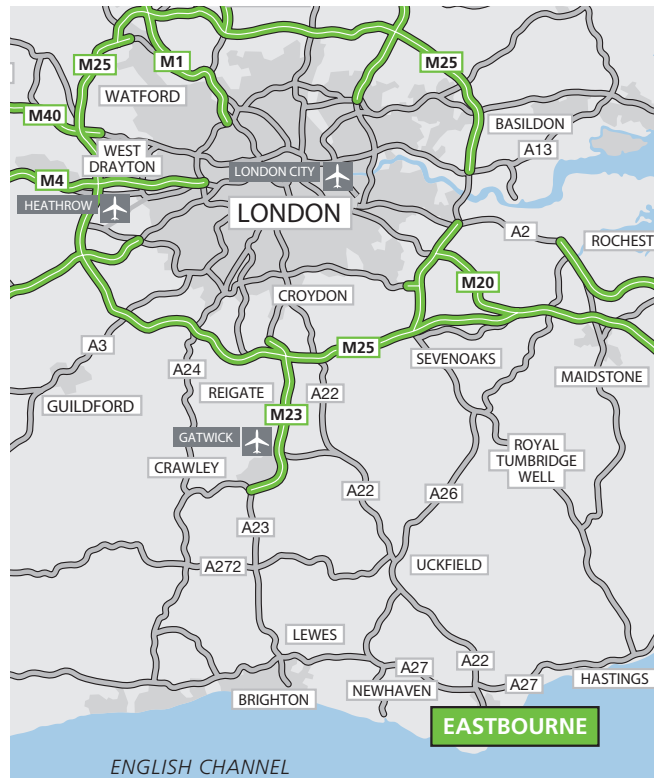
25m 50m 75m



Location

The property is located on one of the principal industrial estates in Eastbourne, which is approximately 25 miles east of Brighton, 72 miles south of London and 69 miles west of Dover. The estate benefits from good road communications being in close proximity to the A22, providing direct access to Hailsham, East Grinstead and Croydon to the north. The A27 is also easily accessible providing a route along the south coast to Brighton, Portsmouth and Southampton to the west and the ports of Folkestone and Dover to the east via the A259.

Eastbourne railway station provides a regular service to London Victoria with a journey time of 1 hour 30 minutes. Gatwick Airport is situated 41 miles north of the property. The South coast ports of Southampton, Portsmouth and Dover are all within an 85 mile radius.



Transport Links



By Road	Distance (Miles)
Eastbourne Rail Station	2
A22/A27 Junction	3
Brighton	25
M25 (Junction 6)	48
Central London	72



Rail	Travel Time (Mins)
London Victoria	88
Ashford International	69
Brighton	33
Hastings	23



Ports	Distance (Miles)
Newhaven	14
Dover	69
Portsmouth	71
Southampton	85



Airports	Distance (Miles)
Gatwick	41
City Airport	73
Heathrow	84

Situation

The property is situated in an established industrial area approximately 1.5 miles north east of Eastbourne town centre. The estate is accessed via the A22 Lottbridge Drive. Birch Road is a principal spine road within the estate and the subject buildings are accessed from Birch Road, Birch Close, Alder Close and Maple Road. The estate is surrounded by further industrial properties to the south and east and agricultural land to the north and west.

Other occupiers on the estate vary between industrial, trade and retail uses and include Screwfix, Wickes, Argos, Pets at Home, Topps Tiles and Lok'n Store Self Storage.



Description & Specification

The property comprises 15 industrial/trade units extending to a total gross internal area of approximately 150,224 sq ft across four sites. The estate offers good flexibility in size bands to attract a wide range of occupiers with units ranging from 3,500 sq ft to 22,785 sq ft. The larger units also have the potential to be divided if occupier demand is greater for small units.

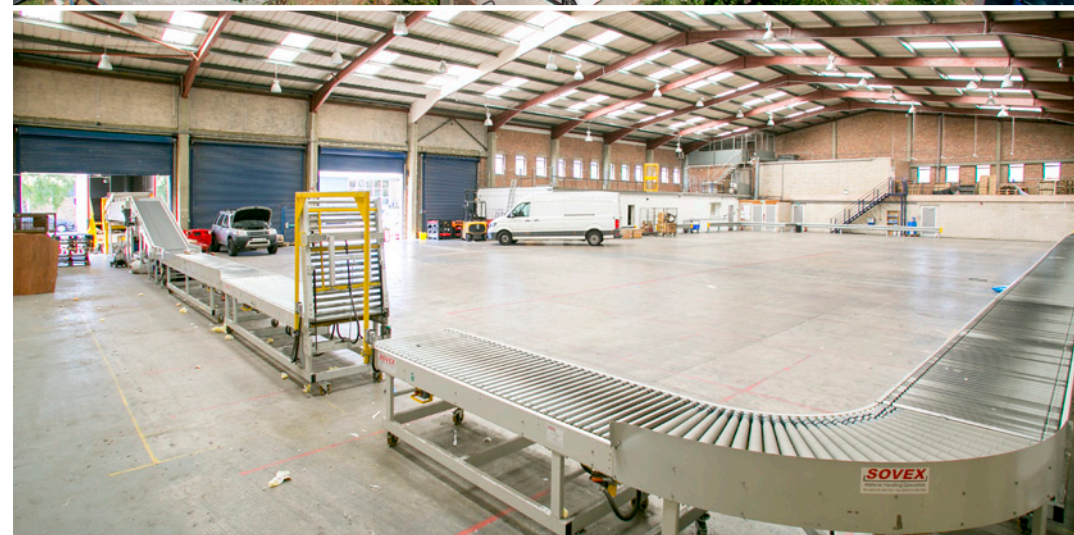
The buildings are of varying specification being reflective of their differing design, age and construction methods. The units are suited to the needs of a diverse range of occupiers.

Site

The site area of the property totals approximately 10 acres, providing an overall site density of circa 34%.



For indicative purposes only.



Tenancies

The property is fully let to 11 tenants in accordance with the tenancy schedule below, producing a total rental income of £882,116 pa which equates to an average overall rent of £5.87 psf. The tenants provide a diversified income and an average weighted unexpired term of 3.53 years to the lease breaks and 7.65 years to expiries.

The majority of the tenants on the estate have been in occupation for many years and with limited alternative available options within Eastbourne this has resulted in a high proportion of tenant retention.

There are several lease events in the near future with Units 8 & 9 and Unit 11 Alder Close approaching their expiry in 2020 and three units being subject to rent reviews within the next year. These events provide a range of asset management opportunities in the near term and with the combination of high tenant retention and low industrial availability provide strong prospects to enhance the income and value of the investment.

Tenure

Freehold.

Unit	Tenant	Floor Area		Start	Lease Terms			Rent Passing	
		Sq M	Sq Ft		Rent Review	Break	Expiry	£ pa	£ psf
Unit 2A & 2B, Birch Close	Links Waste Management Limited	854	9,192	05/27/15	27/05/20	27/11/20	26/05/35	£50,000	£5.44
Unit 2C, Birch Close	Eastbourne Coach Finishers Limited	416	4,477	09/29/13			28/09/23	£28,076	£6.27
Unit 3A, Birch Close	Eastbourne Coach Finishers Limited	330	3,556	09/29/13			28/09/23	£21,120	£5.94
Unit 3B, Birch Close	Eastbourne Coach Finishers Limited	330	3,554	09/29/13			28/09/23	£28,820	£8.11
Unit 4, Birch Close	DPD Group UK Ltd*	1,763	18,972	01/11/17	11/01/22	11/01/22	10/01/27	£110,000	£5.80
Unit 6, Alder Close	All Pallets Limited	2,117	22,785	05/31/13			30/05/23	£125,600	£5.51
Unit 7, Birch Close	Rossetts (UK) Limited	796	9,591	06/24/16	23/06/21	23/06/22	23/06/26	£75,000	£7.82
Unit 8 & 9, Alder Close	Millbrook Furnishing Industries Limited	968	10,950	05/05/15			30/09/20	£60,000	£5.48
Unit 10, Alder Close	Williams Trade Supplies Limited	381	4,105	01/25/13			24/01/23	£26,000	£6.33
Unit 11, Alder Close	Fast Heat International (U.K.) Ltd	875	9,421	10/1/17			30/09/20	£55,000	£5.84
Unit 12, Alder Close	LWC Drinks Ltd	1,758	18,924	11/27/14	27/11/19	27/11/24	26/11/39	£110,000	£5.81
Unit 14, Alder Close	Level Exhibitions Limited	1,814	19,527	09/1/14			31/08/24	£110,000	£5.63
18 Maple Road	Howden Joinery Properties Ltd	1,409	15,170	03/27/15	27/03/20	26/03/25	26/03/30	£82,500	£5.44
Total		13,956	150,224			3.53	7.65	£882,116	£5.87

* Sub-let to JMT Same Day Express Limited.

Covenant Information

The estate provides diversified income let to 11 tenants, with 85% of the income attributed to businesses with “minimum risk” or “less than average risk” of business failure.

The table below outlines the key financial metrics from the tenants’ most recent recorded accounts along with their Dun & Bradstreet credit ratings.

Unit	Tenant	D&B Rating/Risk of Failure	Latest Accounting Year	Net Sales	Pre-Tax Profit	Net Worth	Current Rental Income	% of Total Income
Unit 2A & 2B Birch Close	Links Waste Management Limited	G3 - Above average	30/04/2018	-	-	£9,898	£50,000	5.67%
Unit 2C, 3A & 3B Birch Close	Eastbourne Coach Finishers Limited	C3 - Above average	30/04/2018	-	-	£188,334	£28,076	8.84%
Unit 4 Birch Close	DPD Group UK Ltd	5A 1 - Minimum	31/12/2017	£894,717,000	£143,868,000	£89,992,000	£110,000	12.47%
Unit 6 Alder Close	All Pallets Limited	1A 1 - Minimum	31/05/2018	£17,842,541	£1,570,904	£1,321,034	£125,600	14.24%
Unit 7 Birch Close	Rossetts (UK) Limited	2A 2 - Lower than average	31/12/2017	£41,478,097	£651,295	£4,813,020	75,000	8.50%
Unit 8 & 9 Alder Close	Millbrook Furnishing Industries Limited	3A 1 - Minimum	30/06/2018	£114,360,000	£1,059,000	£13,954,000	£60,000	6.80%
Unit 10 Alder Close	Williams Trade Supplies Limited	4A 1 - Minimum	30/11/2018	£73,334,245	£2,994,899	£16,802,295	£26,000	2.95%
Unit 11 Alder Close	Fast Heat International (UK) Ltd	1A 1 - Minimum	31/12/2018	-	-	£740,559	£55,000	6.24%
Unit 12 Alder Close	LWC Drinks Ltd	4A 1 - Minimum	30/09/2018	£300,443,057	£10,463,119	31,902,009	£110,000	12.47%
Unit 14 Alder Close	Level Exhibitions Limited	C2 - Lower than average	30/06/2018	-	-	£182,122	£110,000	12.47%
18 Maple Road	Howden Joinery Properties Ltd	1A 1 - Minimum	29/12/2018	£56,366,000	£2,093,000	£1,285,000	£82,500	9.35%
Total							£882,116	



Occupational Market

The industrial market on the south coast is highly competitive and has witnessed notable rental growth over the last few years. The Sussex industrial market is currently experiencing a shortage of available industrial property in the area. A result of this lack of supply, coupled with good occupational demand, saw Q2 2019 vacancy levels in the East Sussex market hit a 2-year low. The East Sussex market is very much dominated by smaller deals for workshop type premises, with deals on units over 50,000 sq ft relatively rare.

As with much of the south coast market, there has been limited development of new industrial space to alleviate the tightening supply. A notable exception has been Swallow Business Park in Hailsham where 83,000 sq ft has been delivered and set a new record rent for the town at £8.50 psf. This lack of development coupled with continued strong occupational demand has resulted in the vacancy rate for Eastbourne currently standing at 1.7%.

Headline rents within Eastbourne have been reacting to the positive supply and demand dynamics and increasing steadily over the recent years, with rents of £8.90 psf now being quoted at Hargreaves Business Park, Eastbourne.

Investment Market

Demand for industrial investment opportunities has remained strong throughout 2019 with high-yielding multi-let opportunities being particularly sought after. A relative lack of supply of these opportunities within the south east and on the south coast, coupled with the fact these areas are benefiting from a period of sustained rental growth and diminishing supply, has ensured investor demand has remained strong.

Set out below are summary details of a number of recent investment transactions which demonstrate current investment pricing levels:

Date	Property	Size (Sq Ft)	Number of Units (Tenants)	Unexpired Term to Expiry (to break)	Rent £ pa (£psf)	Price	NIY
Aug 2019	Wollaston Industrial Park, Wellingborough	127,542	15 (13 tenants)	4.67 (2.17)	£571,117 (£4.05)	£7,240,000	7.40%
Aug 2019	Kingston Business Park, Kingston Bagpuize	106,909	41 units	4.22 (3.12)	£933,222 (£8.73)	£12,850,000	6.81%
June 2019	North Quay, Newhaven, East Sussex	26.37 acres	19 plots (13 tenants)	11.33 (7.83)	£763,837	£9,900,000	7.23%
January 2019	Castlegrove Business Park, Bognor Regis	71,936	8 (7 tenants)	4.27 (3.28)	£402,006 (£5.59)	£4,800,000	7.86 %
December 2018	Sandhurst Industrial Estate, Sandhurst	81,822	33 (30 tenants)	5.55 (4.12)	£898,774 (£10.98)	£13,415,000	6.20%
August 2018	Lineside Industrial Estate, Littlehampton	207,356	23 (tenants)	5.20 (3.0)	£1,125,406 (£5.43)	£21,000,000	5.25%



Asset Management

The investment provides a number of asset management opportunities, which could increase the rent and add significant value.

- Opportunity to refurbish in due course and take advantage of the strong occupational market. Currently, new build/ refurbished industrial rents in the vicinity are achieving £8.50psf+.
- Underpinned by vacant possession values with the opportunity to sell to owner-occupiers at a premium.
- Re-gear short leases and remove breaks to increase the average unexpired lease term.
- The site layout may allow for value growth through acquisition or disposal opportunities, either creating a contiguous ownership in the estate or breaking up the ownership to individual investors and/or owner-occupiers.

EPC

The property has the following EPC ratings. Certificates are available on request.

Unit	Rating
Unit 2A & 2B, Birch Close	E-121
Unit 2C, Birch Close	E-104
Unit 3A, Birch Close	E-114
Unit 3B, Birch Close	E-114
Unit 4, Birch Close	E-104
Unit 6, Alder Close	D-76
Unit 7, Birch Close	D-97
Unit 8 & 9, Alder Close	C-60
Unit 10, Alder Close	D-92
Unit 11, Alder Close	C-73
Unit 12, Alder Close	C-66
Unit 14, Alder Close	D-79
18 Maple Road	D-88



Proposal

Offers sought in excess of **£11,000,000 (Eleven Million Pounds)**, subject to contract and exclusive of VAT. A purchase at this level would reflect a **net initial yield of 7.52%** and a low capital value of £73 per sq ft, assuming purchaser's costs of 6.71%.

VAT

The property is elected for VAT. It is intended that the transaction will be treated as a TOGC.

Datasite

Access to a data site containing relevant documentation including building, measured and environmental surveys available for assignment is available on request.

Contact

For further information or to arrange an inspection, please contact:

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