

# Well Secured Industrial Investment



## INVESTMENT SUMMARY

- **Purchase price in excess of £1,220,000 subject to contract.**
- **Net Initial Yield of 6.75%.**
- **Immediate Reversionary Yield of 8.9%.**
- **4.75 years unexpired to John Lewis Plc.**
- **Freehold.**
- **Total net internal floor area of 2,364 sq m (25,448 sq ft).**
- **Low capital value of £516.03 per sq m (£47.94 per sq ft).**
- **Low base rent of £36.85 per sq m (£3.42 per sq ft) overall.**
- **Suitable for investors and owner occupiers.**
- **Active management opportunities.**

## LOCATION

The City of Sheffield is the principal financial and commercial centre in South Yorkshire and is approximately 270.9 kilometres (168.3 miles) north of London, 78.9 kilometres (49.0 miles) east of Manchester and 55.4 kilometres (34.4 miles) south of Leeds.

Sheffield's economy was traditionally dependant upon the steel industry, however the city has experienced significant diversification in recent years. Benefiting from the expansion within the service and distribution sectors the city still retains a strong manufacturing base. Sheffield has also benefited from development including the construction of the Supertram system. Furthermore, the urban regeneration company 'Sheffield One' in partnership with Hammerson Plc has put forward proposals to develop a large section of the city centre.

Major employers in Sheffield include Corus UK, Stanley UK Holdings Ltd, Norwich Union and the head office of HSBC.

## DEMOGRAPHICS

Sheffield is the fourth largest city in England with a district population

of 513,234 and approximately 1,105,822 within a catchment area of 20.0 kilometres (12.4 miles) of the city centre.

The unemployment rate in Sheffield is 9.3%, which is lower than the national figure of 11.3%. (Focus 2001).

Source: Focus 2001

## COMMUNICATION

The A61 dissects Sheffield which provides access to the M1 at Junction 34, approximately 13.7 kilometres (8.4 miles) north-east of the city centre, providing routes to Leeds to the north and London to the south. Junction 32 of the M1 connects with the M18 approximately 35.6 kilometres (22.1 miles) to the east providing a route to Doncaster.

Rail services to Manchester, Leeds and Doncaster run frequently from Sheffield railway station. A direct service from Sheffield to London St Pancras has a fastest journey time of approximately 2 hours and 25 minutes.

Sheffield City Airport is situated some 8.4 kilometres (5.2 miles) east of the city centre providing flights to various UK and European destinations.

## SITUATION

The property is situated on Greasbro Road in the established Junction 34 Industrial Estate and is located at the entrance of the estate opposite the shared car park. Greasbro Road links with Shepcote Lane (A631) providing access to the M1 and the town centre. The unit is adjacent to the Junction 34 (Tinsley Viaduct) of the M1 and is in close proximity to the Meadow Hall Shopping Centre.

The town centre and railway station are approximately 8.1 kilometres (5.6 miles) south-west of the property.

Local occupiers in the immediate vicinity include Ancon Steel and Mears Group Plc.

## DESCRIPTION

The property comprises a high quality detached warehouse unit with office/ancillary accommodation, built in 1974 of steel portal frame construction with brick elevations surmounted by profile metal sheet cladding. The unit benefits from a four bay steel portal frame with an eaves height of approximately 7.0 metres (23.0 feet), an external lift platform, 13 roller shutter loading doors, dock levellers, a canopy and raised loading bays.

Situated on the first floor is a kitchenette and staff room. The property benefits from male and female toilets and a secure yard to the side of the property.



## ACCOMMODATION

We have been advised the total net internal floor area of the property is 2,364 sq m (25,448 sq ft).

In addition, the property benefits from 13 designated parking spaces located opposite the unit.

## TENURE

Freehold.

## TENANCY

The property is let in its entirety to **John Lewis Plc** for a term of 15 years commencing 18th September 1995 and expiring on 18th September 2010, (**approximately 4.75 years unexpired**). The lease is drawn on full repairing and insuring terms and is subject to five yearly upward only rent reviews. The September 2005 break has not been exercised by the tenant and the rent review is outstanding. The vendor has served notice at £115,000 per annum equating to £48.65 per sq m (£4.52 per sq ft) overall.

The current passing rent is **£87,125 per annum** equating to **£36.85 per sq m (£3.42 per sq ft)** overall.

## COVENANT

John Lewis Plc is one of the UK's top ten retail businesses. The company is the UK's largest department store group with a network of shops stretching from Aberdeen in the North East of Scotland to Bristol in the South West of England. John Lewis has 27 department stores with over 5 million square feet of accommodation. ([www.johnlewispartnership.co.uk](http://www.johnlewispartnership.co.uk))

Covenant	Turnover £'s	Pre Tax Profit £'s	Net Assets £'s
John Lewis plc	5,333.6m	215.3m	1,611.5m

## ESTIMATED RENTAL VALUE

The estimated rental value of the investment is currently **£115,000 per annum** equating to **£48.65 per sq m (£4.52 per sq ft)** overall.

We have been advised of the following recent rental evidence for a warehouse unit in close proximity to the property:

In October 2004, at Unit 1 Foremost Industrial Estate, located at Junction 34 of the M1, Bartons completed a 3 year lease of 4,663 sq m (50,194 sq ft), with a tenant break in the second year, at a rent of £200,776 per annum equating to a headline rent of £43.05 per sq m (£4.00 per sq ft) overall.

In September 2004, at Unit 2 Parkway One Business Centre, Arnold Wragg completed a 10 year lease of 1,491 sq m (16,060 sq ft), with a tenant break in the fifth year, at a rent of £72,270 per annum equating to a headline rent of £48.44 per sq m (£4.50 per sq ft) overall.

In June 2004, at Parkway One Business Centre, Dannaher completed a 10 year lease of 1,486 sq m (16,000 sq ft), with a tenant break in the fifth year, at a rent of £68,000 per annum equating to headline rent of £45.75 per sq m (£4.25 per sq ft) overall.

## PRICE

The freehold interest can be acquired for a price in excess of **£1,220,000** reflecting a **net initial yield of 6.75%** and a **reversionary yield of 8.9%** upon settlement of the outstanding rent review based upon costs of 5.7625%.

## VALUE ADDED TAX

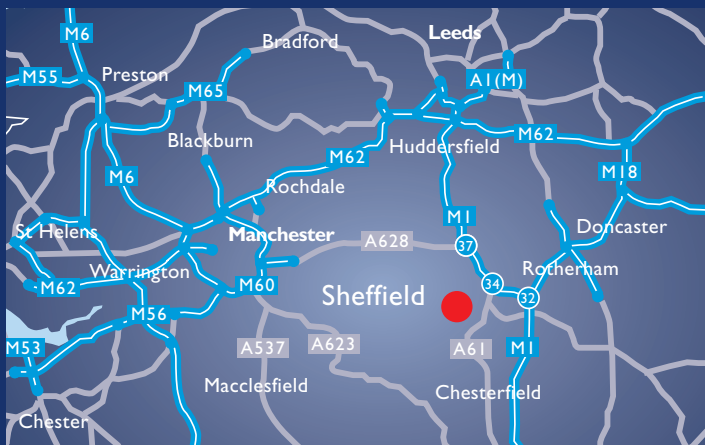
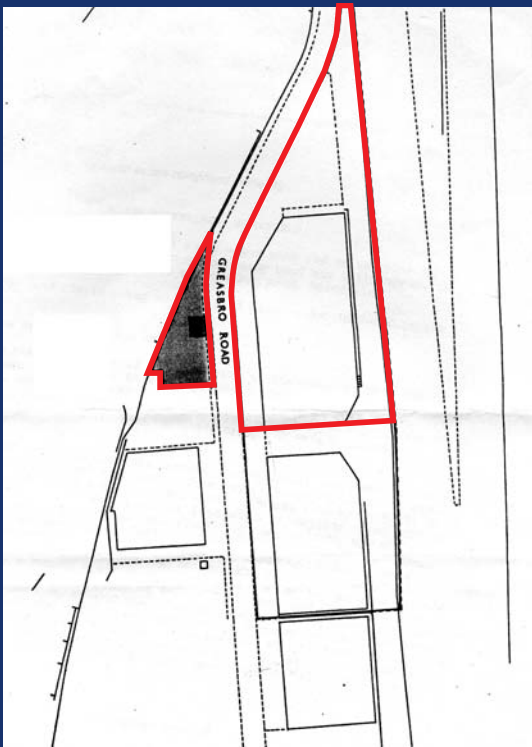
VAT will not be applicable to this sale.

## INVESTMENT CONSIDERATIONS

- **The City of Sheffield is the principal financial and commercial centre in South Yorkshire.**
- **The property is strategically located in close proximity to the M1 and the Meadowhall Shopping Centre.**
- **Well secured income, let to John Lewis Plc for a further 4.75 years.**
- **Potential to increase the rent by converting the property to trade counter use subject to obtaining planning consent.**
- **Attractive yield profile; a net initial yield of 6.75% and an immediate reversionary yield of 8.9%.**
- **Low capital value of £516.03 per sq m (£47.94 per sq ft).**
- **Low base rent of £36.85 per sq m (£3.42 per sq ft) overall.**

## SUBJECT TO CONTRACT AND EXCLUDING VAT





## CONTACT INFORMATION

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