



DAVID BAROUKH ASSOCIATES

26-27 Mark Road, Hemel Hempstead, Hertfordshire

FREEHOLD WAREHOUSE INVESTMENT FOR SALE



Summary

- Purchase price in excess of **£2,057,000** subject to contract.
- Net initial yield of **7.25%**.
- Capital value equating to £1,031.34 per sq m (£95.85 per sq ft).
- 10.75 years unexpired to Fenton Packaging Limited.
- Freehold.
- Detached warehouse constructed in 1993/1994 totalling 1,993.8 sq m (21,461 sq ft).

Location & Demographics

Hemel Hempstead within the County of Hertfordshire is situated approximately 32.0 kms (20.0 miles) north-west of London, approximately 19.3 kms (12.0 miles) south of Luton and some 12.9 kms (8.0 miles) north of Watford.

Hemel Hempstead has a resident district population of approximately 138,000 (2001 census). The population within 10.0 kms (6.2 miles) and 20.0 kms (12.4 miles) of the town centre is 212,000 and 1,100,000 respectively (1994 estimate).

Within the CACI Lifestyle Groups the category of wealthy achievers is 27.4% as opposed to the Great Britain average of 15.0%.

Within the class groupings AB (high and intermediate managerial/administrative/professional) the Hemel Hempstead district is 29.9% as opposed to the Great Britain average of 21.7% (2001).

Communications

Hemel Hempstead benefits from excellent road communications with Junction 20 of the M25 Motorway being approximately 4.9 kms (3.0 miles) to the south-east, whilst Junction 8 of the M1 Motorway is approximately 1.6 kms (1.0 mile) to the east.

The town's railway station benefits from a direct connection to London's Euston with a fastest journey time of approximately 20 minutes.

Luton Airport, providing domestic and international routes, is situated approximately 19.3 kms (12.0 miles) to the north-west in distance.

Situation

The property is located approximately 1.2 kms (2.0 miles) east of the town centre on the well established Maylands Business Estate. Mark Road, comprising industrial and warehouse units, is approximately 2.4 kms (1.5 miles) east of Junction 8 of the M1 Motorway via Maylands Avenue and Breakspear Way. The property is situated on the west side of Mark Road opposite the junction with Cleveland Road.

Occupiers within the Maylands Business Estate include Dixons, HSBC, Pitney Bowes, McAlpines and Honeywell Aerospace.

Description

The property was constructed in 1993/1994 of steel portal frame with profiled steel cladding and a pitched corrugated roof. The warehouse area benefits from an eaves height of approximately 5.8 metres (19.0 feet) and an electronic roller shutter door.

Site

The site area is approximately 3.7 hectares (0.9 acres). The building site cover is approximately 50%.

Accommodation

We have been advised that the warehouse totals 1,993.8 sq m (21,461.0 sq ft) gross internal area. The ancillary office accommodation is situated to the front of the building on the first floor and represents approximately 15% of the total area.

The warehouse benefits from a large loading area and car parking spaces for approximately 40 cars.

Tenure

Freehold.

Tenancy

The entire property is let to **Fenton Packaging Limited** for a term of 20 years from 15 February 1995 (**approximately 10.75 years unexpired**). The current passing rent is **£157,700 per annum**. The lease is on full repairing and insuring terms with five-yearly upward only rent reviews, the next being on 15 February 2005.

Estimated Rental Value

In our opinion the current passing rent of £157,700 per annum equating to £79.10 per sq m (£7.35 per sq ft) is rack rented.

We have been advised that at Unit 3, Centro, Boundary Way, a detached warehousing unit constructed approximately 7 years ago was let at the end of 2003 on a 5 year lease with 6 months rent free. The underlying rent equated to £74.50 per sq m (£7.00 per sq ft). We have been advised that the unit totals approximately 2,322.6 sq m (25,000.0 sq ft).

We understand that at Units 3 & 4 Saracen Estate, Mark Road, comprising two inter-connecting terraced units constructed approximately 20 years ago is under offer to a single tenant on a 15 year lease with a break at the 10th year. The rent equates to £78.60 per sq m (£7.30 per sq ft). We have been advised that the units total 873.2 sq m (9,399.0 sq ft) and does not benefit from any yard.

Vacant Possession Value

We have been advised by local agents that the freehold vacant possession value of the property is in the region of £1,076.40 per sq m (£100.00 per sq ft). Many commented that the demand for freeholds is considerably high due to limited supply.

At 4 Horizon Point, Swallowdale Road, Hemel Hempstead, a recently constructed unit of approximately 1,765.1 sq m (19,000.0 sq ft) sold on a 999 year lease at the end of January 2004 to Piccadilly Design at a price equating to £1,130.20 per sq m (£105.00 per sq ft).

At Pitstone Business Park, Westfield Road, Tring, developers have recently pre-sold a 3,716.1 sq m (40,000.0 sq ft) unit with 5% office content with practical completion due in May. Scorpion Bathrooms acquired the long leasehold at a price reflecting £979.50 per sq m (£91.00 per sq ft). We understand the developers are close to exchanging on a 1,858.0 sq m (20,000.0 sq ft) unit at a price equating to £1,022.60 per sq m (£95.00 per sq ft).

Agents commented that Hemel Hempstead is a superior location than Tring.

Covenant

Fenton Packaging Limited reported the following accounts:

	Year end September 2002
Turnover	£13,492,000
Pre-tax Profit	£500,000
Net assets	£2,196,000

Price

The Freehold interest can be acquired for the price in excess of **£2,057,000 (Two Million & Fifty Seven Thousand Pounds)** reflecting a net initial yield of **7.25%** (cost @ 5.7625%).

Value Added Tax

The property has been registered for VAT. It is anticipated that the property will be treated as the transfer of a going concern (TOGC).

Investment Consideration

- A price of £2,057,000 reflects a high net initial yield of 7.25%, and a capital value of £1,031.20 per sq m (£95.85 per sq ft) a discount to the vacant possession value which we have been advised is in the region of £1,110.00 per sq m (£100.00 per sq ft).
- The warehouse is situated within the established Maylands Business Estate in Hemel Hempstead benefiting from a superb connection to the M25 and M1 Motorways.
- The property benefits from being a modern detached warehouse with large yard area and potential to enclose benefiting additional security.
- The investment has approximately 10.75 years unexpired to Fenton Packaging Limited who have been trading since 1945. The company have premises in Leeds and employ a total of approximately 40 staff.
- The passing rent equating to £79.10 per sq m (£7.35 per sq ft) should show strong rental growth prospects. We have been advised that the industrial letting market has improved since the New Year and many agents suggested that comparables in the near future may reflect the rent to be reversionary.

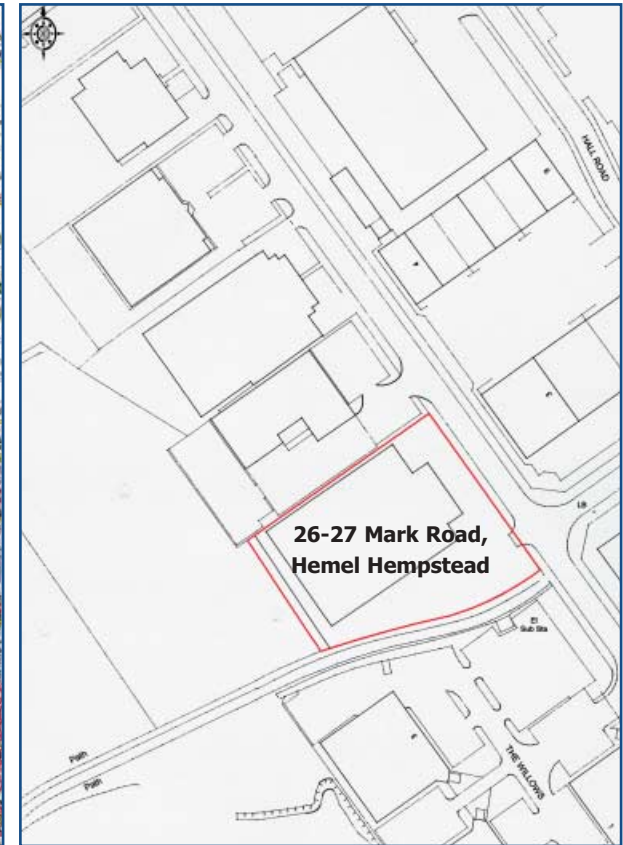
Contact Information

David Baroukh/Alex Bard
David Baroukh Associates
6 Wimpole Street
London W1G 8AL

Telephone: 0207 323 1010
Facsimile: 0207 323 6600
E-mail: david@dbaprop.co.uk
alex@dbaprop.co.uk



- 26/27 Mark Road Hemel Hempstead
- Units 3/4 Saracen Industrial Estate Mark Road Hemel Hempstead
- Centro Boundary Way Hemel Hempstead
- Horizonpoint Swallowdale Lane Hemel Hempstead



All maps are for identification purposes only.



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**Subject to Contract
April 2004**