



MULTI-LET INDUSTRIAL INVESTMENT OPPORTUNITY

Pinnacle Point, Stafford Road, Wolverhampton WV10 7EL

MK2
REAL ESTATE

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MULTI-LET
INDUSTRIAL
INVESTMENT
OPPORTUNITY

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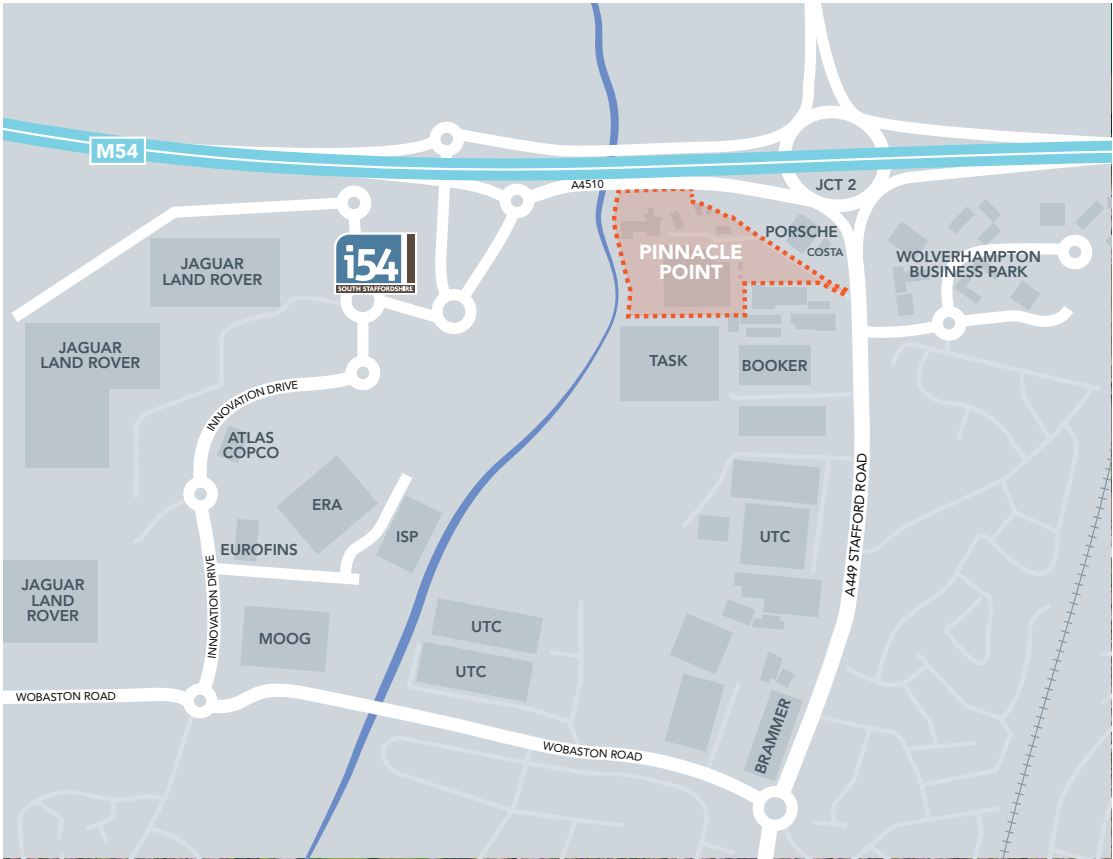
INVESTMENT SUMMARY

Rare opportunity to acquire an exceptionally well located multi-let industrial estate with asset management potential.

- > Prominently positioned just off Junction 2 of the M54 motorway, opposite Wolverhampton Business Park and next to the recently developed Porsche Car Dealership and Costa Coffee. The estate is close to i54 which includes the recently completed two million sq ft Jaguar Land Rover engine plant, Moog, Eurofins, ISP, ERA and Atlas Copco occupiers.
- > Freehold extending to 12.5 acres in total and comprising 155,889 sq ft of industrial accommodation in 15 buildings together with extensive storage yard areas.
- > Virtually fully let to 6 tenants and producing a rent of £853,400 per annum. Rents range from £3.76 to £6.17 per sq ft on the industrial accommodation with a WAULT of 2.30 years.
- > Reversionary potential to an estimated £952,952 per annum assuming an industrial ERV of £4.75 per sq ft on the majority of units and £35-£40,000 per acre on the let land.
- > Current site developed density of only 28.6% overall providing the opportunity for further development on site.
- > We are instructed to seek offers in excess of **£11,750,000 (Eleven Million Seven Hundred and Fifty Thousand Pounds)** subject to contact and exclusive of VAT.
- > A purchase at this level reflects a **net initial yield of 6.81%** and a **reversionary yield of 7.60%** assuming standard purchasers' costs of 6.71%.

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LOCATION

Exceptionally well located on Junction 2 of the M54 motorway with direct access off the A449 Stafford Road. Junction 10A of the M6 is approximately 3.5 miles to the east providing access to the midlands motorway network. Plans for a northern link between M54 and M6/M6 toll are to be announced during 2018.

Wolverhampton City Centre is located 3.8 miles to the south of the site via the A449. The main train station provides access to Birmingham, London and Manchester City Centres along the west coast mainline.

DISTANCES	
Wolverhampton City Centre	3.8 miles
Birmingham City Centre	17 miles
London City Centre	135 miles

COMMUNICATIONS	
M54 Junction 2 (by car)	0.2 miles
M6 Junction 10a (by car)	3.5 miles
London Euston (by train)	1h 45m
Birmingham Int. Airport (by car)	26 miles

SITUATION

Pinnacle Point is situated in a predominantly industrial/commercial area with nearby occupiers including UTC, Brammer and a Bookers Cash n Carry. Immediately adjacent with frontage to the motorway junction is the new Porsche Dealership and Costa Coffee drive thru.

The i54 South Staffordshire development is located 0.5 miles distant and is home to the recently completed 2 million sq ft Jaguar Land Rover engine plant. Other occupiers include Moog, International Security Printers, Eurofins, ERA and Atlas Copco. Wolverhampton and Staffordshire

Councils have plans to extend i54 by a further 60 acres providing an additional 1million sq ft of manufacturing space.

Located on the opposite side of the A449 to the estate is Wolverhampton Business Park, the premier business park location in Wolverhampton. Facilities on the park include a Beefeater Bar/Restaurant, Premier Inn Hotel, Nuffield Health and Fitness Centre and ABC Children's Nursery/Crèche facility, and Midlands Technology Centre. Major occupiers include HSBC, Caterpillar, Bromford Group, Handlesbanken, Persimmon Homes, Santander, and Speller Metcalfe.

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DESCRIPTION

Accessed directly from the Stafford Road via an estate road which forms part of the demise, Pinnacle Point is a 12.5 acre site comprising, let yard areas to the front and rear, industrial bays 1-5, Edwin House offices and main ATE trailer depot.

The site is fenced, fully secured and is accessed via electronically operated barriers controlled from the weighbridge offices which also has a fully functioning weighbridge to the front. Electricity supply capacity to Pinnacle Point is 1445 KVA.

KEY

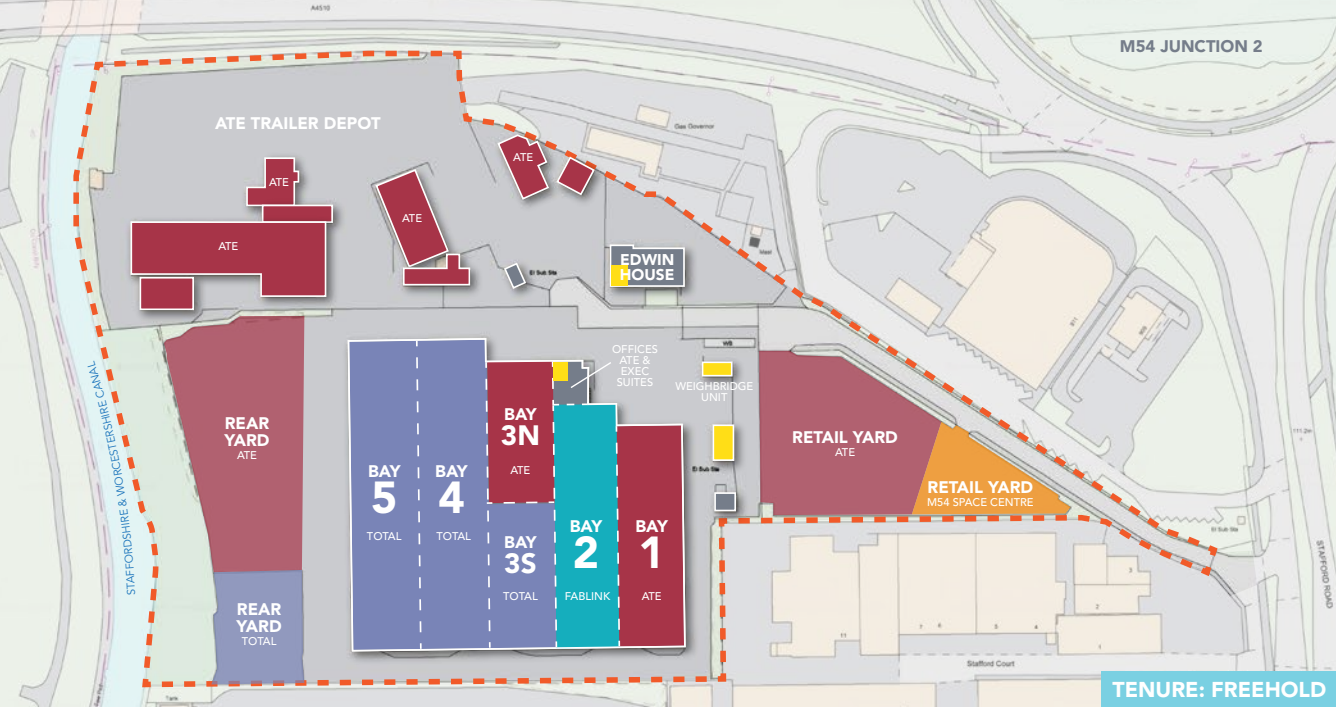
ATE

M54 Space Centre

Total Construction

Vacant

Fablink



Retail yards to the front of the estate are of tarmac surface, separately gated with flood lighting.



To the rear the yards are of gravel surface.



Edwin House office building over ground and first floor with generous car parking provision to the perimeter. Fully refurbished the specification includes, carpeted solid floors, suspended ceilings, LED / recessed lighting, perimeter trunking, double glazed windows, electric heaters and cassette air conditioning units (in part). There are male and female toilets on both floors together with kitchen facilities.

To the side of Edwin House is a refurbished industrial unit with mezzanine offices.



Split into 6 units, Bays 1-5 comprise metal re-clad industrial accommodation with concrete floors, brick and blockwork walls together with steel trussed roof, roof lights and sodium lighting. Circulation and loading is to the front and rear elevations is via roller shutter doors. Eaves height range from 7.3 to 8.3 metres. Some units have vehicle inspection pits and craneage. There are ground and first floor integral offices in unit 4. To the front of unit 2 are fully refurbished executive offices at ground and first floor levels together with canteen and staff welfare facilities at ground floor level.

To the side of unit 1 is a fully refurbished former oil tank storage unit which is available to let.



ATE Trailer Depot comprises six units on a secured site of 3.5 acres providing a mixture of vehicle workshops, spray paint facilities, offices and maintenance bays. Typically, the units are of modern steel portal frame construction with metal walls and roofs, concrete flooring, fluorescent strip lighting and access via ground level roller shutter doors. Eaves heights range from 4.5 to 5.8m. The offices are single story with solid carpeted floors, suspended ceilings, recessed lighting, electric heating, male and female WC's together with kitchen accommodation. The tenant ATE are carrying out a comprehensive refurbishment of the offices. Electricity supply to the depot is 277-415 KVA.

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TENANCIES

The property is virtually fully let to 6 tenants providing a current income of £853,400 per annum. Passing rents range from £3.76 to £6.17 per sqft on the industrial units and the property has a weighted average unexpired lease term (WAULT) of 2.30 years.

The property has reversionary potential to an estimated £952,952 per annum adopting an ERV of £4.75 per sq ft on the industrial accommodation, £35-£40,000 per acre on the let land and £15.00 per sq ft on the offices.



UNIT	TENANT	AREAS SQ FT / ACRE	LEASE START	LEASE EXPIRY	BREAK CLAUSE	RENT PA	RENT PSF	ERV PSF	ERV	OUTSIDE LL&T 54	EPC RATING	COMMENTS
PINNACLE POINT - INDUSTRIAL												
Main Yard & Offices comprising 6 units (see breakdown)*	ATE Truck & Trailer Sales Ltd	28,363	01/02/11	08/02/21	-	£175,000	£6.17	£4.75 & £35,000/acre	£201,991	No	Various	Site area of 3.56 acres. At 40% density 1.93 acres additional land.
Bay 1	ATE Truck & Trailer Sales Ltd	18,803	01/12/17	01/02/21	04/06/19 Landlord & Tenant mutual on 6 months notice.	£90,000	£4.79	£4.75	£89,314	Yes	D-77	The tenant has sublet most areas to Riverside Truck Rental Limited apart from rear parking yard. The sub-lease does not contain a break clause.
Bay 3N		12,563				£52,500	£4.18	£4.75	£59,674		C-70	
Canteen		294				£4,800	£16.33	£15.00	£4,410		E-121	
Downstairs Office		413				£10,000	£24.21	£15.00	£6,195		D-95	
FF Executive Office (Rear)		535				£14,000	£26.17	£15.00	£8,025		D-95	
Rear Yard		1.3				£35,000	£26,923	£35,000	£45,500		N/A	
Front Retail Yard	ATE Truck & Trailer Sales Ltd	0.55	01/02/18	01/02/21	-	£35,000	£63,636	£40,000	£22,000	Yes	N/A	Lease renewal
Bay 2	Fablink	21,048	24/01/18	28/02/21	-	£90,000	£4.28	£4.75	£99,978	Yes	C-75	Lease renewal
Bay 3S	Total Construction Supplied Ltd	11,974	10/02/17	Rolling Quarterly	-	£45,000	£3.76	£4.75	£56,877	License	N/A	-
Bay 4	Total Construction Supplied Ltd	27,522	01/07/13	30/06/19	-	£110,000	£4.00	£4.75	£130,730	Yes	D-77	-
Yard		0.54									N/A	
Bay 5	Total Construction Supplied Ltd	27,363	-	Rolling Quarterly	-	£107,000	£3.91	£4.75	£129,974	License	C-72	-
Front Container Yard	M54 Space Centre	0.50	-	31/03/21	-	£20,000	£40,000	£40,000	£20,000	Yes	N/A	New 3 years lease to be completed on sale
Refurbished former oil tank unit	Vacant	861	-	-	-	-	-	£6.50	£5,597	-	TBC	-
FF Executive Office (Front)	Vacant	477	-	-	-	-	-	£15.00	£7,155	-	E-121	-
Weighbridge	Vacant	467	-	-	-	-	-	-	-	-	D-84	-
SUB TOTAL		150,686				£788,300	£887,419					
EDWIN HOUSE - OFFICES												
Office 3 (GF)	Promise Dreams	708	01/02/18	01/02/21	-	£11,000	£15.54	£15.00	£10,620	Yes	D-93	-
Office 1&2 (GF)	Assest Alliance Finance Ltd	1,053	01/02/18	28/02/21	-	£20,000	£18.99	£15.00	£15,795	Yes	D-93	Held as one lease with areas and rents apportioned individually. Tbc
Office 4&5 (1F)		1,213				£17,600	£14.51	£15.00	£18,195		D-93	
Office 6 (1F)		757				£6,600	£21.80	£15.00	£11,355		D-93	
Office 7 (1F)						£9,900					D-93	
Unit (GF)		Vacant				1,472	-	Rolling Quarterly	-		-	
SUB TOTAL		5,203				£65,100	£65,533					
TOTAL		155,889				£853,400	£952,952			*6 units. A: 1936 sq ft; B: 1430 sq ft; C: 4813 sq ft; D: 15,616 sq ft; E: 2,565 sq ft; F: 2,003 sq ft; TOTAL 28,363 sq ft		

*6 units. A: 1936 sq ft; B: 1430 sq ft; C: 4813 sq ft; D: 15,616 sq ft;
E: 2,565 sq ft; F: 2,003 sq ft; TOTAL 28,363 sq ft

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COVENANT STRENGTH

Of the 6 tenants on site 96% of the income is secured against the following tenants;



ATE Truck & Trailer Sales Limited & Asset Alliance Limited
55% of Income

Started in 1995, ATE Truck & Trailer sales are the UK's leading commercial vehicle and trailer sales company. Typically stocking between 800-1000 trucks and trailers at any one time the company sells around 200 units per month. In addition, the company carries out trailer refurbishment, fabrication, re-sprays and shot-blasting together with MOTs and conversions (curtainsiders to flatbeds).

ATE Truck and Trailer Sales Limited has an Experian rating of 87 reflecting low risk and for year ending December 16 had a net worth of £1,629,125.

The company is owned by Asset Alliance Limited a specialist in commercial vehicle asset finance. Funding is provided by Cabot Square Capital and the group has recently acquired Total Reefer, (vehicle refrigeration) and Forest Asset Finance (coach and bus sector).

The group employs over 100 people with an estimated annual asset valuation of £100million.



Total Construction Limited
32.2% of income

Are an independent supplier of specialist solutions to the construction industry. They manufacture and supply, steel reinforcement, fabric reinforcement (mesh) and prefabricated reinforcement sections predominately used in foundation solutions. The group also supplies a full range of protective workwear clothing, site safety signage and hand and contractors tools.

Total Construction Limited has an Experian Rating of 91 reflecting very low risk and for year ending Nov 16 had a net worth of £647,914.



Fablink Limited
11% of income

Is a UK based manufacturing group that supplies products ranging from light sheet metal pressing and assemblies to more complex products such as tanks, cabs and chassis. Customers include DAF, JCB, Kion, Perkins and Terex.

Fablink Limited has an Experian rating of 94 reflecting very low risk and for year ending March 17 had a net worth of £1,376,102.

Further information and tenant accounts are available on request.

ASSET MANAGEMENT & DEVELOPMENT OPPORTUNITIES

There are a number of initiatives which will improve the rental income of the asset and result in capital improvements;

- > Lease regear with Total Construction which has lease expiry in June 2019.
- > Comprehensive lease restructuring with ATE Truck and Trailer Sales & Asset Alliance Finance for a longer term and potentially higher rent.
- > Potential to build additional industrial units on the let retail and rear yard areas. Current site developed density overall is only 29%.
- > Advertising income to the M54 motorway frontage.
- > Longer term redevelopment for higher value alternative uses.



EDWIN HOUSE



EDWIN HOUSE



BAYS 1 & 2



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WOLVERHAMPTON
INDUSTRIAL MARKET

The Wolverhampton industrial market remains very strong, with demand significantly outstripping supply. This has resulted in an increased number of design and build schemes with developers now speculatively building units in the region.

Rents have increased substantially across the industrial sector with headline rents of £6.00 per sq ft + being achieved for new stock.

Jaguar Land Rover's circa £950 million investment in the area and created a significant 'supply chain effect' with manufacturers needing to be located close to the main assembly plants.

Recent industrial / distribution occupational deals include;

Unit B Prime Point, The Pensnett Estate, Kingwinford	32,370 sqft let at £6.50 psf
Unit 501, Access 10 Darlaston	49,842 sqft let at £5.50 psf
Unit 3 Wednesbury One, Wednesbury	50,359 sqft let at £5.50 psf
Unit 2B & 2B Hill Top Estate, West Bromwich	76,854 sqft lease renewal £4.50 psf
Unit 4 Delta Point, Oldbury	36,676 sq ft let at £5.45 psf.

Land is at a premium resulting in strong rental growth, Costa Coffee are paying £44.44 per sq ft on the adjacent drive thru. At Wolverhampton Business Park, Charter Court Financial Services will be paying £20.25 per sq ft on a 24,000 sq ft office pre-let currently under construction which is a 23% increase on previous headline rents.

MULTI-LET INDUSTRIAL
INVESTMENT MARKET

Driven by strong rental demand, the Midlands industrial investment market remains very buoyant with a shortage of available opportunities coming to the market. With continued investor interest this has led to increased capital values over the last few years.

Recent deals of note include;

Gateway Park A45, Sheldon, Birmingham	229,810 sq ft, built 1980's average rent of £6.44 psf, WAULT of 2.9 years and held on a long leasehold interest with 15% payaway. Sold for £17,230,000 NIY 6.57%
Finepoint Kidderminster	76,909 sq ft, built 2007 average rent of £5.59 psf WAULT of 4.13 years. Sold for £5,843,000 NIY 6.93%.
Watery Lane Willenhall	145,563 sq ft older 1970s stock, average rent of £3.62 psf, WAULT of 4.2 years. Sold for £7,200,000 NIY 7.12%.
Kelvin Way Trading Estate West Bromwich	278,624 sq ft older 1970's stock average rent of £3.82 psf, includes rental guarantees on voids. WAULT of 1.95years. Sold for £12,650,000 NIY 7.48%
Lodge Farm Trade Park Northampton	173,242 sq ft built 1980's, average rent of £3.77 per sq ft, WAULT of 2.58 years. Sold for £10,450,000 NIY 5.85%
Doranda Way West Bromwich	152,311 sq ft, built 1990's average rent of £5.40 psf, WAULT of 3.4 years. Currently marketed at £12,000,000 NIY 6.42%.

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BAY 1



ATE OFFICES



ATE TRAILER DEPOT



BAY 1

EPC RATINGS

As per the Tenancy Schedule, the EPC ratings are between C-70 and E-121. There are four ratings in units let to ATE that are F & G rated. This is due to current refurbishment work and the removal of a redundant oil heating system. Post-completion of works the ratings will improve significantly.

VAT

The property is elected for VAT and therefore VAT will be chargeable on the purchase price however we anticipate that the sale will be structured by way of a transfer of a going concern (TOGC).

PROPOSAL

We are instructed to seek offers in excess of **£11,750,000 (Eleven Million Seven Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level reflects the following attractive net yield profile:

Net Initial Yield	6.81%
Reversionary Yield	7.60%
Capital Value per sq ft*	£62.29

*Excluding the let land

Assumes standard purchasers' costs of 6.71%.



NORTHERN ELEVATION

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FURTHER
INFORMATION

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arrange an inspection please
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