



PROPERTY INVESTMENT WITH DEVELOPMENT POTENTIAL
Mill Wharf, Mill Street, Birmingham, B6 4BS

MK2
REAL ESTATE

PROPERTY WITH
DEVELOPMENT
POTENTIAL

Mill Wharf | Mill Street
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INVESTMENT SUMMARY

- > Rare opportunity to acquire an income producing property investment in a prominent position with excellent redevelopment prospects.
- > Direct access off the A38M Aston Expressway onto Mill Street in Birmingham, adjacent to the Canal and within close proximity of Birmingham Innovation Campus and Aston University.
- > Freehold two storey office and training centre extending to 20,758 sq ft including a large adjacent car park with a total site area of 0.9 acres.
- > Let to JTL on a 5 year lease expiring on 14th August 2023 with a tenant's break clause at 15th February 2021 on giving 12 months notice. The lease is contracted outside of the security of tenure provisions of the Landlord and Tenant Act 1954.
- > Current passing rent of £186,825 per annum equating to £9.00 per sq ft.
- > Excellent redevelopment opportunities (subject to planning) to student, residential or offices.
- > Offers in excess of **£2,600,000 (Two Million Six Hundred Thousand Pounds)** which reflects a **net initial yield of 6.75%** and a low capital value per sq. ft. of £125.



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LOCATION

The property is located in Birmingham, the second largest city in the UK and the commercial and financial centre of the Midlands region. The city has a population of circa 1,073,045 (Census 2011) and is the largest regional centre in the UK. Birmingham is located approximately 19 miles north west of Coventry, 51 miles south west of Nottingham, 90 miles south of Manchester and 117 miles north west of London.



ROAD

Birmingham benefits from easy access to the A38M, M6, M5, M42 and M40 Motorways.

Typical drive times are as follows:

London	2 h 32 m
Heathrow Airport	2 h 11 m
Bristol	1 h 40 m
Manchester	1 h 41 m
Leeds	2 h 11 m
Solihull	20 m

AIR

Located 8 miles to the south east of the City, Birmingham International Airport (BHX) is a major regional airport in the UK, serving over 140 destinations in Europe, North America, Asia and the Middle East with more than 10 million passengers a year. The airport has recently undergone a £65million runway extension doubling capacity and enabling it to directly compete with London Heathrow and Manchester for long haul flights to China, India and the West Coast of America.

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The property occupies a prominent position on Mill Street, immediately adjacent to the A38M Aston Expressway which is the main arterial route into Birmingham city centre from the M6 and Spaghetti Junction. Positioned adjacent to the canal, the property is very close to Birmingham's

Innovation Campus one of the city's leading office locations outside of the central business district. Aston University, home to approximately 10,950 students, (undergraduate) is within 500 metres and nearby student housing development schemes include Bagot Street Campus

Living Villages, The Heights and IQ Studios 51. The property is located within a 10 minute walk of Birmingham City Centre providing an extensive variety of retail and leisure offerings together with excellent transport links include Birmingham New Street, Moor Street and Snow Hill train stations.



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PROPERTY

Constructed during the 1980s, the property comprises a two-storey office building of steel frame construction with concrete floors, brick and clad elevations under a flat felt covered roof with a mixture of steel framed double glazed and wooden casement single glazed windows. The tenant added a small single storey extension in 2014.

The building was refurbished in 2009 with a new lift, new ceilings and lighting together with air conditioning added to the majority of the rooms. The tenant has fitted out the accommodation as a training facility with a variety of workshops, offices, classrooms, toilets, kitchen and refectory.

To the rear and side of the building is a block paved car park with 30 marked spaces. To the north east of the building is an additional secure and surfaced car park. This is accessed via a sliding gate off Mill Street and forms part of the sale.



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ACCOMMODATION

The property has been measured to provide the following Net Internal Areas;

NET INTERNAL AREAS

	AREA (sqm)	AREA (sqft)
Ground Floor	957.8	10,310
First Floor	970.7	10,448
Total	1928.5	20,758
Ground Floor Extension (tenants' alteration)	64.5	694

The site extends to approximately 0.9 acres
(0.36 hectares)

TENURE

Freehold



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TENANCY

The property is let to JTL from 15 August 2018 for a term of 5 years, on an FRI basis expiring 14 August 2023. There is a tenant only break option on the 15 February 2021, which is subject to 12 months prior written notice. The passing rent is £186,825 per annum, equating to a low rate of £9.00 psf. Under the provisions of the lease the tenant has a limited dilapidations liability and the lease is contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954.

The adjoining car park has recently been acquired from the tenant by the current owner for £310,000. This is paid by instalments to the tenant at £62,000 per annum over a 5 year period. If the tenant exercises their break option then the Landlord will make a single payment to the tenant to cover the balance owed as at 15 February 2021. It is proposed that the cost of the annual instalments will be “topped up” by the vendor at the point of sale. Further details are available on request.



COVENANT

JTL is a not-for-profit charity and is a leading provider of work-based learning in the building services and engineering sector across England and Wales. The organisation offers a range of apprenticeship schemes in electrical installation, engineering maintenance and mechanical engineering services. The company has 11 training centres and works in conjunction with approximately

3,500 employers and enroles 7,000 apprentices every year. JTL holds contracts with the Skills Funding Agency in the UK and Welsh Government funding in Wales to finance the apprenticeships on offer.

JTL have an Experian credit score of 100, Very Low Risk and a credit limit of £1,600,000 and a credit rating of £530,000.



The latest summary of their accounts are as follows;

	31/07/2018	31/07/2017	31/07/2016
Total Income	£33,069,097	£32,996,775	£25,113,564
Net Movement in Funds	£3,424,094	£3,324,319	£769,312
Net Worth	£39,734,669	£36,310,574	£32,661,580



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REDEVELOPMENT OPPORTUNITIES

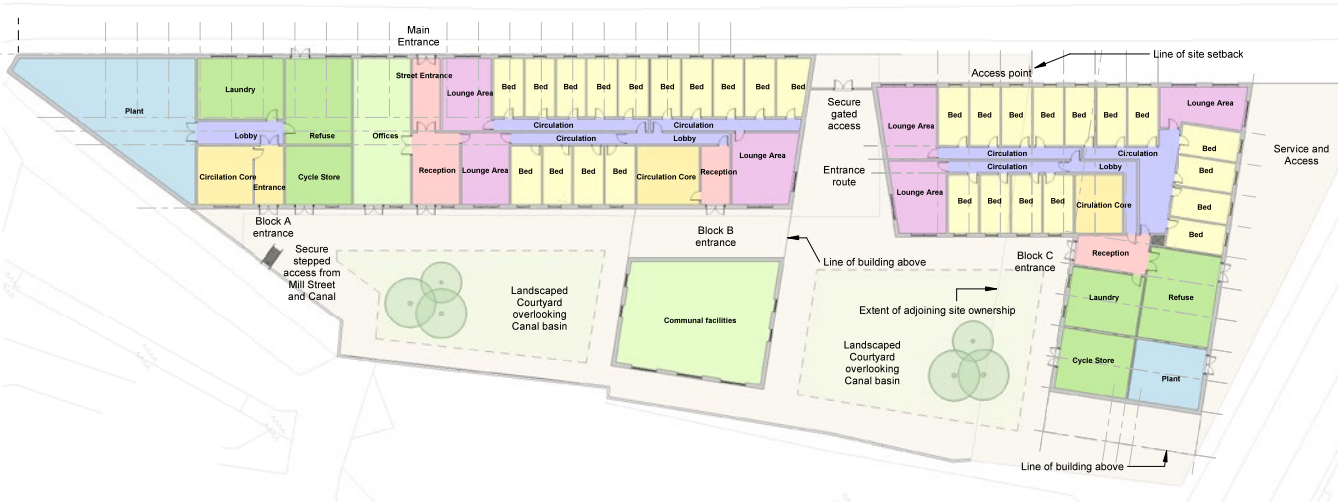
At lease expiry or on tenant break we are of the view that the property has excellent asset management / redevelopment potential (subject to planning) which could include;

STUDENT ACCOMMODATION:

The property is in close proximity to both Aston University (500metres) and Birmingham City University (0.7 mile) together with a number of large student accommodation schemes located nearby.

BHB architects have undertaken a feasibility study demonstrating site potential for a 257 student beds scheme across two blocks which are arranged over ground and 4 upper floors. The accommodation has been designed to incorporate both internal and external communal areas.

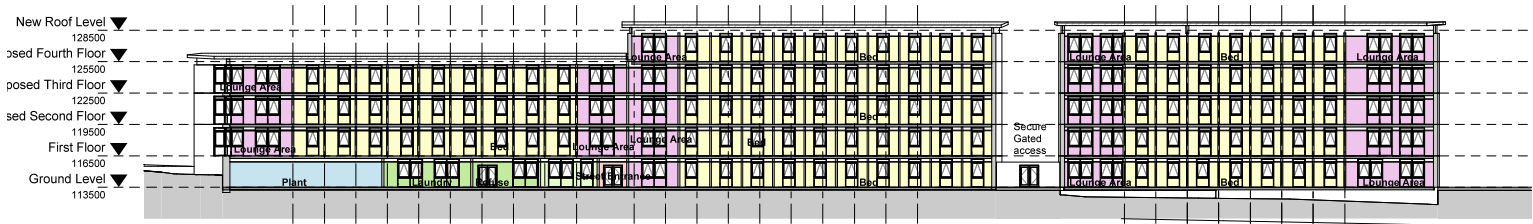
PROPOSED STUDENT GROUND FLOOR PLAN



PROPOSED STUDENT FIRST FLOOR PLAN



PROPOSED STUDENT SECTION



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REDEVELOPMENT OPPORTUNITIES

RESIDENTIAL DEVELOPMENT:

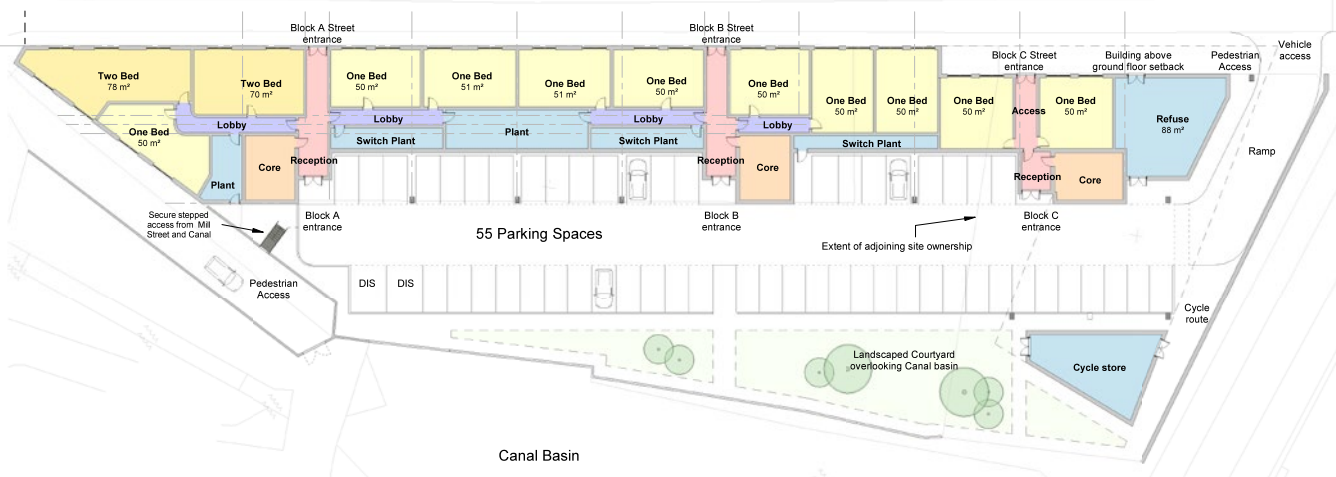
The subject site is prominent and has an attractive outlook onto the Canal. The Central Business District (CBD) is situated within a 10-minute walk of the property making it an ideal living location for professionals. The city centre provides a number of retail and leisure offerings such as the Bull Ring Shopping Centre, The Mail Box and Five Ways Leisure Complex that are all within walking distance of the property.

BHB architects have carried out a feasibility study which demonstrates the site can accommodate 101 residential units in a mixture of 1, 2 and 3 bed apartments over ground and 4 upper floors.

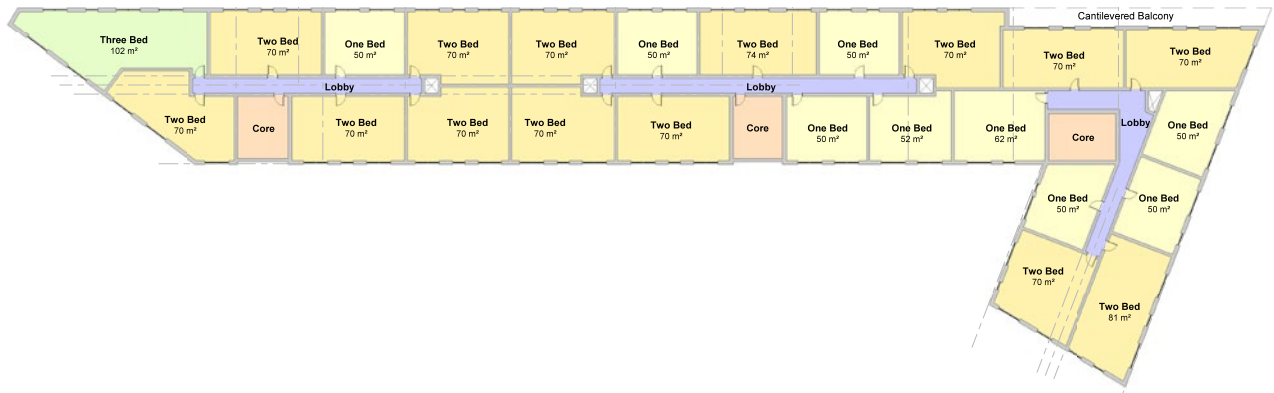
OFFICES / REFURBISHMENT:

The subject site could potentially be redeveloped to a higher density office scheme. Alternatively, the existing building could be refurbished with the potential of extending the current accommodation or constructing an additional lightweight floor on top of the existing structure. The property has three core areas allowing flexible vertical division if required.

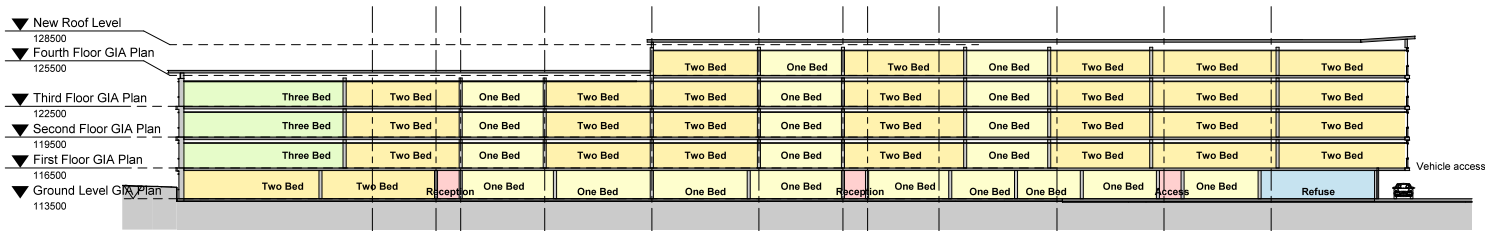
PROPOSED RESIDENTIAL GROUND FLOOR PLAN



PROPOSED RESIDENTIAL FIRST FLOOR PLAN



PROPOSED RESIDENTIAL SECTION



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VAT

The property is elected for VAT and therefore VAT will be payable on the purchase price. It is anticipated that, subject to qualification, the sale will be treated as a TOGC.

EPC

The property has an EPC rating of **C60**. A copy of the certificate is available upon request.

PROPOSAL

We are instructed to seek offers in excess of **£2,600,000 (Two Million and Six Hundred Thousand Pounds)** subject to contract and exclusive of VAT, a purchase at this level reflects a **Net Initial Yield of 6.75%** after allowing for usual purchases costs of 6.40% and a low capital value per sq. ft. of £125.



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FURTHER INFORMATION

For further information or to arrange an inspection please contact:

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