

# REDLANDS BUSINESS CENTRE ULLSWATER CRESCENT COULSDON SURREY CR5 2HT



REVERSIONARY GREATER LONDON MULTI-LET BUSINESS CENTRE INVESTMENT OPPORTUNITY

**GLENNY**



## INVESTMENT SUMMARY

- Reversionary Greater London multi-let light industrial/business units estate
- Located within Coulsdon primary industrial area within close proximity to the town centre
- Excellent transport communications with access to the A23 which connects with Junction 7 of the M23/M25 interchange, approximately 3 miles to the south
- The estate totals a Gross Internal Area of 30,799 sq ft (2,861 sq m) with units ranging from 784 sq ft to 2,283 sq ft
- The property is let to 17 tenants and benefits from a long WAULT of 2.67 years to lease expiries and 2.34 years to lease breaks
- Strong tenant retention with over 45% of tenants having been located within the estate for over 3 years
- Current rent is £365,978 per annum, reflecting a low average rent of £11.88 per sq ft overall
- Reversionary potential with an estimated rental value of £394,958 reflecting an average rent of £12.82 per sq ft overall
- Freehold
- We are instructed to seek offers in excess of **£6,500,000 (Six Million and Five Hundred Thousand Pounds)**, subject to contract and exclusive of VAT
- A purchase at this level reflects a **Net Initial Yield of 5.28%** and an anticipated **reversionary yield of 5.74%** allowing for purchasers costs of 6.64%.



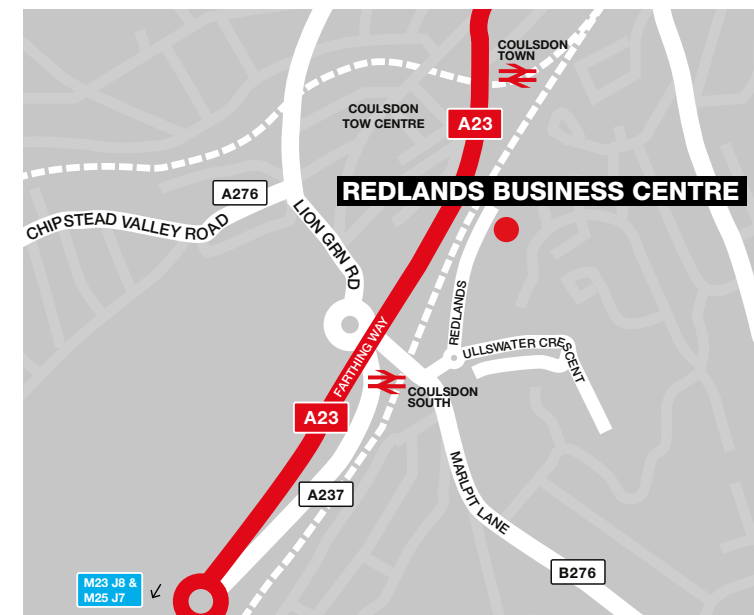
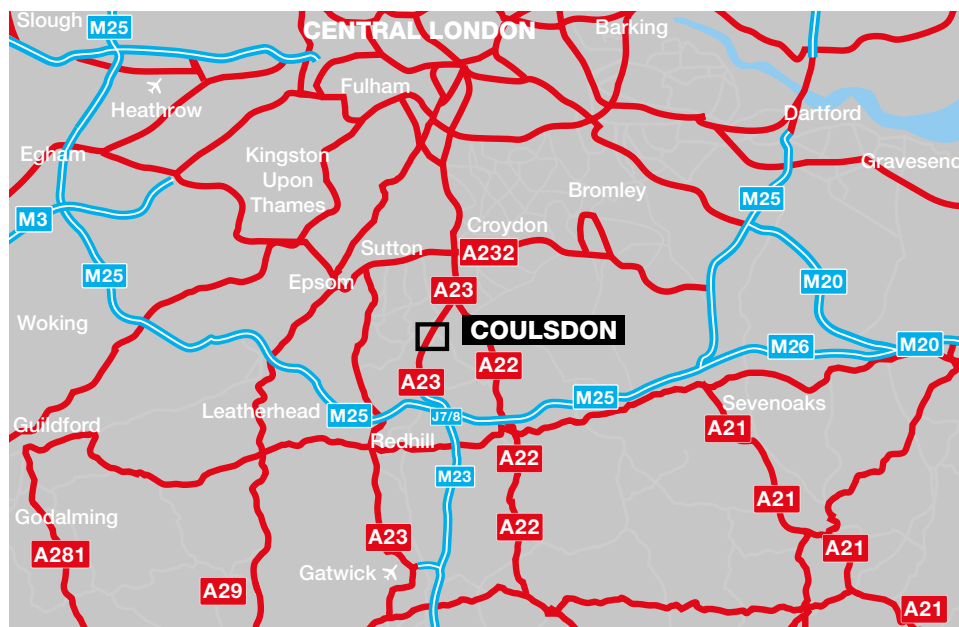


## LOCATION

Located in the London Borough of Croydon, Coulsdon is approximately 24 km (15 miles) south of Central London, 20 km (12.5 miles) south east of Kingston-upon-Thames, 10.5 km (6.5 miles) south of Mitcham and 9 km (5.5 miles) south of Croydon.

The town benefits from good road communications and is located on the A23 north / south arterial route which links Croydon directly with Junctions 7 and 8 of the M25 and M23 Motorways. In addition, Coulsdon South and Coulsdon Town stations are both connected to the national railway network with a fastest journey time to London Bridge of 24 minutes. Both stations are within easy walking distance of the property.

Coulsdon is also strategically located for access to Gatwick Airport being situated approximately 21.5 km (13.5 miles) to the south.



## SITUATION

Redlands Business Centre is located on the established Ullswater Industrial Estate which is accessed from Marlpit Lane which in turn gives access to the A23 which connects with Junction 7 of the M23/M25 interchange, approximately 3 miles to the south.

Coulsdon South Railway Station is a short walk away providing access to Gatwick Airport and the South Coast, also to East Croydon, London Bridge and London Victoria. Coulsdon Town Station is also a short distance away providing more local services to Purley and Reigate.

Occupiers within Ullswater include Waitrose, TLC Electricals, James Knight of Mayfair, Jewson and Symphony Coatings.

## DESCRIPTION

The estate is formed as a single unit which has been split into 20 units. All units are arranged over two floors and provides ground floor warehouse accommodation with a full floor of offices above. The estate provides 20 individual units ranging in size from 784 sq ft to 2,283 sq ft.

The specification of the units is standardised to a modern industrial requirement and we would highlight the following specification across the majority of the estate:-

- Minimum of 4.27m eaves on the ground floor on all units
- Up and over roller shutter doors on all units providing industrial accommodation
- Allocated and visiting parking on-site
- Carpeted and suspended ceiling office accommodation on all units
- Three phase electricity supply to each unit
- Secure estate

## ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice 6th Edition and provides a Gross Internal Floor Area of 30,799 sq ft.







## SITE

The site extends to approximately 1.682 acres (0.68ha).

## TENURE

Freehold.

## SERVICE CHARGE

The total anticipated service charge for the year ending 31/12/2018 is £33,920 per annum which equates to £1.10 per sq ft.



## TENANCY

The property is multi-let to 17 tenants on 19 separate leases and produces a total rental income of £365,978 per annum, reflecting a low average rent of £11.88 per sq ft overall. The estate has an estimated rental value of £394,958 per annum reflecting an average rent of £12.82 per sq ft overall. The property benefits from a weighted average unexpired lease term of 2.67 years to lease expiries and 2.34 years to lease breaks.

| Unit Number | Tenant                    | Gross Internal Area |        | Term       |             | Break Clause      | Next Rent Review Clause | Rent per annum | Rent per annum (per sq ft) | Comments                                                               | EPC Rating | Occupancy since |
|-------------|---------------------------|---------------------|--------|------------|-------------|-------------------|-------------------------|----------------|----------------------------|------------------------------------------------------------------------|------------|-----------------|
|             |                           | sq m                | sq ft  | Start Date | Expiry Date |                   |                         |                |                            |                                                                        |            |                 |
| G1          | Ideal Glass and Glazing   | 115                 | 1,236  | 2-Dec-14   | 1-Dec-19    |                   |                         | £13,115        | £10.61                     |                                                                        | E          | Dec-14          |
| F1          | VACANT                    | 115                 | 1,238  |            |             |                   |                         | £14,856        | £12.00                     | Rent & Service Charge Guarantee to be provided by vendor for 12 months | E          |                 |
| 2           | Securitytec               | 166                 | 1,784  | 23-Sep-17  | 22-Sep-20   |                   |                         | £21,360        | £11.97                     |                                                                        | D          | Sep-17          |
| 3           | Securitytec               | 144                 | 1,554  | 23-Sep-17  | 22-Sep-20   |                   |                         | £18,360        | £11.81                     |                                                                        | D          | Dec-14          |
| 4           | Sterling Thermal          | 206                 | 2,221  | 1-Nov-15   | 31-Oct-20   |                   | 1-Nov-18                | £26,036        | £11.72                     |                                                                        | D          | Over 13 years   |
| 5           | Rabbit Enterprise         | 212                 | 2,283  | 6-Dec-17   | 5-Dec-22    |                   | 6-Dec-20                | £28,776        | £12.60                     |                                                                        | D          | Dec-17          |
| 6           | Gizmotec                  | 207                 | 2,230  | 31-Aug-17  | 30-Aug-22   |                   |                         | £25,484        | £11.43                     |                                                                        | D          | Dec-18          |
| 7           | Marcon Construction       | 204                 | 2,197  | 3-Nov-17   | 2-Nov-22    | 03/11/20 (Tenant) | 3-Nov-20                | £26,280        | £11.96                     |                                                                        | D          | Nov-17          |
| 8           | Active Systems            | 175                 | 1,885  | 1-Apr-16   | 31-Mar-19   |                   |                         | £22,728        | £12.06                     |                                                                        | C          | Apr-16          |
| G9          | Purely Pools UK           | 73                  | 784    | 31-Oct-17  | 30-Oct-22   | 31/10/20 (Tenant) | 31-Oct-20               | £9,630         | £12.28                     |                                                                        | D          | Oct-17          |
| F9          | Phoenix (Bespoke Support) | 72                  | 779    | 29-Sep-15  | 28-Sep-20   |                   |                         | £9,630         | £12.36                     |                                                                        | C          | Sep-15          |
| 10          | Active Systems            | 175                 | 1,880  | 1-Oct-15   | 30-Sep-18   |                   |                         | £22,356        | £11.89                     |                                                                        | C          | Over 13 years   |
| 11          | KMS Services              | 87                  | 933    | 27-Oct-15  | 26-Oct-20   |                   | 27-Oct-18               | £11,500        | £12.33                     |                                                                        | D          | Oct-15          |
| 12          | SRG Electrical            | 87                  | 937    | 19-May-18  | 18-May-21   |                   |                         | £11,856        | £12.65                     | Stepped rent to £12,336 pa on 19th May 2020                            | D          | May-18          |
| 13          | Finno Medical             | 176                 | 1,895  | 11-Dec-14  | 10-Dec-19   |                   |                         | £20,055        | £10.58                     |                                                                        | D          | Dec-14          |
| 14          | Martin Fowler             | 165                 | 1,776  | 31-May-18  | 30-May-23   |                   | 31-May-21               | £20,928        | £11.78                     |                                                                        | E          | Jan-15          |
| 16          | Julian Davies             | 119                 | 1,282  | 1-Jun-15   | 31-May-20   |                   |                         | £15,348        | £11.97                     |                                                                        | E          | Jun-15          |
| 17          | Axis Mobility             | 120                 | 1,287  | 18-May-17  | 17-May-22   | 18/05/19 (Tenant) | 18-May-20               | £16,000        | £12.43                     |                                                                        | D          | May-17          |
| 18          | Teichmeister              | 123                 | 1,278  | 18-Apr-16  | 17-Apr-21   |                   |                         | £15,840        | £12.39                     |                                                                        | D          | Apr-16          |
| 19          | A & H                     | 124                 | 1,340  | 1-Jul-17   | 30-Jun-20   |                   |                         | £15,840        | £11.82                     |                                                                        | E          | Jul-12          |
|             |                           | 2,861               | 30,799 |            |             |                   |                         | £365,978       | 11.88                      |                                                                        |            |                 |





## OCCUPATIONAL MARKET COMMENTARY

Redlands Business Centre sits within the Ullswater Industrial Estate and is part of a wider industrial region formed of Mitcham, Croydon and Coulsdon.

2017 for the region saw 347,500 sq ft of take-up across the Croydon, Coulsdon and Mitcham industrial markets, with demand remaining steady within the region. There is currently 410,000 sq ft of available space in the Croydon, Coulsdon and Mitcham area, which represents an availability level of 4.5% at the beginning of 2018.

When considering the unit sizes of Redlands Business Centre, there is an extremely limited supply of quality stock available within the region and virtually zero new stock either under construction or planned at present. As such, units of similar size are achieving rents within Mitcham and Croydon of £14.55 psf and £20.00 psf, which illustrates reversionary potential of the estate.



## INVESTMENT MARKET COMMENTARY

The industrial investment market has shown resilience to Brexit and pricing continues to harden as investors continue to acknowledge the fundamental change, where industrial is becoming one of the most robust and defensive sub sectors in the commercial market place.

As comparatively little supply is being built against the growing occupational demand, strong rental growth projections are attracting investors to locations such as Coulsdon, where outperformance against other sectors is forecast.

Below is a range of investment transactions highlighting the current market tone:

| Address                                                    | Town       | Size<br>(sq ft) | Income Length<br>(to break) | Rent                          | Achieved Price | NIY   | Cap Val<br>£ per sq ft | Date Sold |
|------------------------------------------------------------|------------|-----------------|-----------------------------|-------------------------------|----------------|-------|------------------------|-----------|
| St Margarets Business Centre                               | Twickenham | 33,368          |                             | £220,500 pa<br>(£6.61 sq ft)  | £6,000,000     | 3.45% | £180                   | Available |
| Unit 1-5, Purley Way                                       | Croydon    | 36,460          | 4.4                         | £273,059 pa<br>(£7.49 sq ft)  | £6,025,000     | 4.25% | £165                   | Available |
| Kencot Close                                               | Erith      | 36,197          |                             |                               | £7,600,000     | 5.00% | £210                   | Mar-18    |
| Sky Business Park                                          | Egham      | 27,960          | 3.70                        | £316,620 pa<br>(£11.32 sq ft) | £6,450,000     | 4.60% | £231                   | Mar-18    |
| Romford Seedbed Centre                                     | Romford    | 32,161          | 1.00                        | £427,000 pa<br>(£13.28 sq ft) | £8,000,000     | 5.00% | £249                   | Jan-18    |
| Sandown Industrial Park                                    | Esher      | 58,083          | 2.20                        | £551,932 pa<br>(£9.50 sq ft)  | £14,050,000    | 3.67% | £242                   | Dec-17    |
| Oyster Lane                                                | Byfleet    | 20,300          | 6.10                        | £229,252 pa<br>(£11.29 sq ft) | £4,300,000     | 4.90% | £212                   | Nov-17    |
| Endeavour Way                                              | Croydon    | 21,354          | 2.04                        | £156,800 pa<br>(£7.34 sq ft)  | £3,850,000     | 4.25% | £180                   | Aug-17    |
| Electron Trade Centre &<br>Oasthouse Way Industrial Estate | Orpington  | 56,632          |                             | £698,148 pa                   | £13,650,000    | 4.79% | £241                   | Jul-17    |
| Sutton Trade Park                                          | Sutton     | 14,470          | 4.50                        | £205,001 pa<br>(£14.17 sq ft) | £4,100,000     | 4.70% | £283                   | Jul-17    |
| Leyton Business Centre                                     | Leyton     | 24,943          | 2.33                        | £348,497 pa<br>(£13.97 sq ft) | £7,400,000     | 4.40% | £297                   | Feb-17    |
| Progress Industrial Park                                   | Croydon    | 31,006          | 3.20                        | £428,210 pa<br>(£13.81 sq ft) | £8,050,000     | 4.95% | £260                   | Dec-16    |





## ASSET MANAGEMENT OPPORTUNITIES

- Driving rental values, given the discount to competing markets, to increase passing income
- Regear leases with incumbent tenants
- Potential disposals of units to owner-occupiers
- Develop part of the car park, where a historic planning permission had been granted

## VAT

We understand the property has been elected for VAT and hence anticipate the sale will be undertaken as a transfer of a going concern (TOGC).

## EPC

The estates has Energy Performance Certificate ratings ranging from C to E. Further information is available upon request and individual ratings are available within the tenancy section.

## PROPOSAL

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## CONTACT

For further information or to arrange an inspection please contact:

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