

Leechmere Industrial Estate.



FOR SALE

Multi-let
Industrial Investment

Units 1-12 Carrmere Road,
Leechmere Industrial Estate, Sunderland, SR2 9TT

Investment Summary

Leechmere Industrial Estate.

- Located 2 miles south of Sunderland City Centre in the North East of England
- Situated on Leechmere Industrial Estate, a **well-established industrial estate** 3.5 miles to the east of the A19
- The property comprises **12 industrial units** extending to **49,478 sq ft**
- Occupied by five tenants, including Wolseley Centres t/a Plumb Center, Howdens Joinery Properties Ltd, NP Alliance and Compass Community Transport Ltd
- **Anchored by** national trade occupiers of **Wolseley & Howden's** providing **53% of the overall income**
- WAULT of **6.80 years to expiry** and 6.00 years to break
- The passing rent of **£165,036 per annum**, reflects a **low average rent of c. £3.40 per sq ft**
- **Freehold**
- Asset management potential

Our client is seeking offers in excess of **£1,750,000 (One Million Seven Hundred & Fifty Thousand Pounds)** for the benefit of their Freehold interest, subject to contract and exclusive of VAT.

A purchase at this price reflects a **net initial yield** of **8.88%** assuming purchasers costs of 6.20%.

A purchase at this level equates to a **low capital value** of **£35.37 per sq ft**.



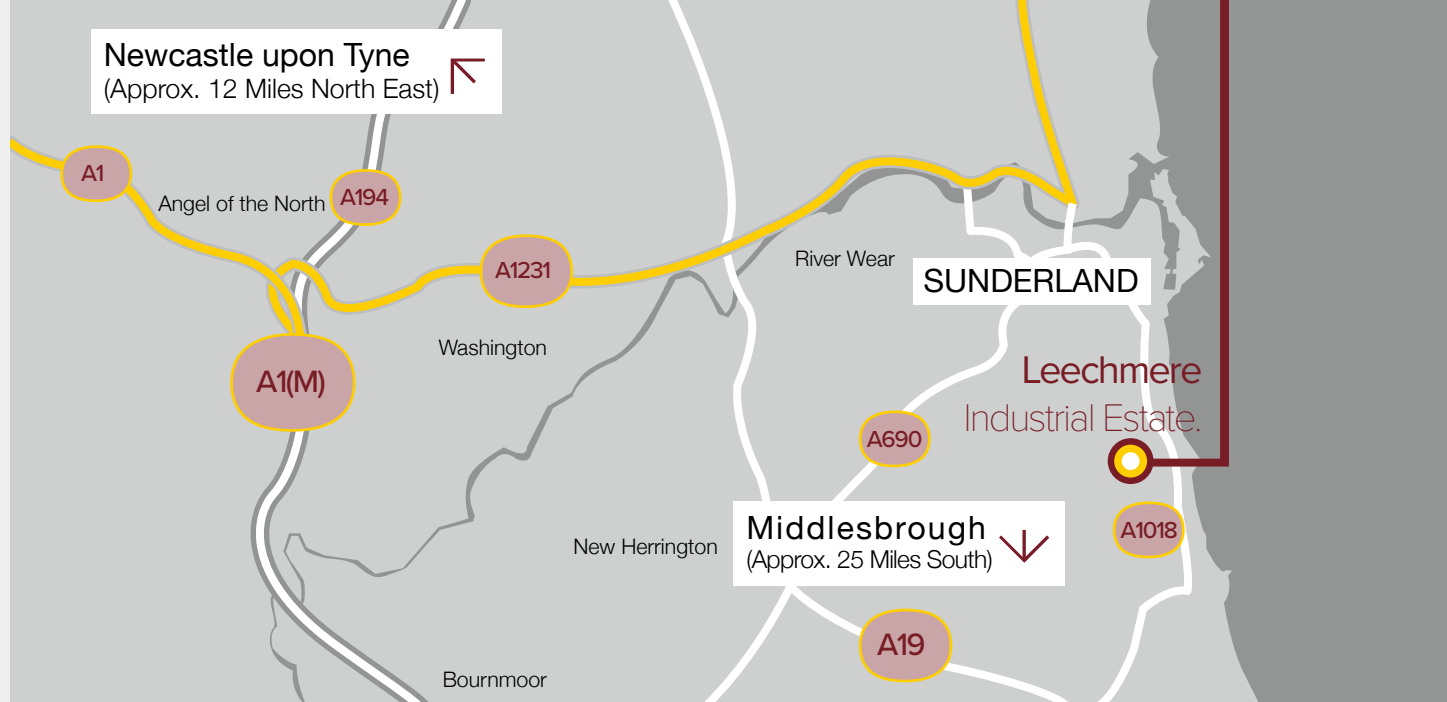
Location

Sunderland is located on the north east coast of England at the mouth of the River Wear approximately 12 miles south east of Newcastle upon Tyne and 13 miles north east of Durham.

The A19 trunk road passes approximately 3 miles to the west of the City Centre and provides access to Newcastle upon Tyne to the north via the Tyne Tunnel and Middlesbrough and Stockton on Tees approximately 25 miles to the south.

The City is also linked with the A1(M) approximately 9 miles to the west via the A690 and the A1231 dual carriageways. The City has a population of 275,300 (2011 Census).

Two international airports at Newcastle upon Tyne (25 minutes' drive time) and Durham Tees Valley (30 minutes' drive time) provide direct flights to connections worldwide. In addition, the average drive time to Newcastle upon Tyne is 20 minutes and 10 minutes to Durham where the East Coast Main Rail Line provides links to London and Edinburgh.



Situation

Leechmere Industrial Estate is situated approximately 2 miles south of Sunderland City Centre, forming part of the Grangetown area of the City. Ryhope Road (A1018) is immediately to the east and is a main arterial route into the City Centre from the south. It also links with Queen Alexandra Road (B1405) which provides links with the A690 and ultimately the A19 (3.5 miles) and A1(M) (8.5 miles) trunk roads to the west.

Leechmere is one of the most popular estates in Sunderland. There is a significant retail and trade counter presence on the Estate with occupiers including the likes of Jewson and Screwfix. In the immediate vicinity there is a Trade Point DIY Store, Asda Superstore, Family Public House, LIDL and McDonalds Drive-thru.

The subject site is situated prominently at the entrance to the Estate at the junction of Carrmere Road and Sandmere Road. The site is essentially the first visible plot and can be seen from Toll Bar Road which is the main road between Ryhope and Hillview.

Leechmere Industrial Estate.

Sunderland City Centre

To A19 & A1 (M)

Artec Engineering

Interparts

Queens Court

Crown Decorating Centre

City Electrical Factors

Jewson

Eurocell

Sixt

Safetech

Ersatz

The Picture Place

Asda

Gentoo

BD Plastics

Marine Engineering Pipeworks

Sunderland Care & Support

Wearside Plumbing Supplies

Ability Trade & DIY

2 Sisters Food Group

Screwfix

North East Accident Repair



Sunderland Regeneration

Sunderland is a city benefitting from an extensive regeneration program, with over £1bn of investment scheduled in the next 9 years to further support economic growth and create over 20,000 jobs.

The City Council, in partnership with Carillion, has embarked on a programme of city centre improvements centred around the Vaux Brewery Development Site. The phased development of the site began in December 2016 and is set to include a mixed use scheme incorporating

office, residential and ancillary uses. Phase One will be in the centre of the development site and includes a speculative 60,000 ft² office building.

The new £118m Wear Crossing development began early 2016 and is set to complete in Spring 2018. This will directly benefit Sunderland and the surrounding area.

Further future regeneration works include:

- Development of the former Crowtree Leisure Site
- Funding for a £29m improvement to the Sunderland College campus and a further £8m on the college's skills academy
- Completion of the High Street West regeneration
- Development of a hotel and retail scheme within Keel Square



Accommodation

The property has been measured in accordance with the RICS Code of Measuring Practice (6th edition) and provides the following gross internal area:-

Unit	Sq m	Sq ft
1-3	1,338.36	14,406
4-6	1,124.77	12,107
7-8	718.88	7,738
9-10	709.50	7,637
11-12	705.13	7,590
Total	4,596.64	49,478

Description

The property is arranged as a series of adjoining warehouses / workshop buildings.

The buildings are of steel portal frame construction, with brickwork and profiled metal clad elevations under pitched roofs. Loading access is via steel roller shutters into service yards.

The units feature single storey office accommodation to the front elevations. General internal specification within these areas comprises a range of vinyl and carpet floor coverings with painted plaster walls and suspended ceilings with Category II lighting.

The single storey proportions have been adapted to accommodate a combination of office, staff and trade counter facilities.

The warehouse elements of the units have eaves heights of c. 3.88m.

Site

The property occupies a regular shaped site of approximately 1.841 acres (0.745 ha).



Tenure

Freehold

Tenancy Schedule

We understand that the property is let in accordance with the below tenancy schedule:

Unit	Tenant	Rent		Lease			Comments
		Per Annum	Per Sq Ft	Commencement	Expiry (break option)	Unexpired Term (years)	
1 - 3	Wolseley Centres t/a Plumb Center	£46,870	£3.31	20.12.2012	19.12.2025	8.30	Rent reviews 20.12.2017 & 20.12.2022
4 - 6	Howdens Joinery Properties Ltd	£40,000	£3.29	29.07.2002	08.07.2027	10.00	Lease renewal in legals based on a new 10 year term with 5 yearly open market rent review. Completion to take place co-terminus with the disposal or earlier
7 - 8	NP Alliance Ltd	£26,200	£3.44	10.12.2007	09.12.2027 (09.12.2022)	10.27	The tenant has signed a new 10 year lease at the passing rent commencing 10.12.2017. There is a break option and upwards only rent review on the fifth anniversary of the new term
9 - 10	Vacant	£25,966	£3.40			1.00	12 month rental guarantee
11 - 12	Compass Community Transport Ltd	£26,000	£3.44	07.05.2014	06.05.2019	1.67	
Total Rent		£165,036					

The weighted average unexpired lease term (WAULT) to expiry is 6.80 years and 6.00 years to break. All rent free and incentives will be 'topped up' by the vendor.

Service Charge

The properties are let on Effectively Full Repairing & Insuring terms with a fully recoverable service charge. Full details can be provided on request.

Covenant Status



Wolseley UK Limited (Company No: 00636445)

Wolseley UK is the UK operating company of Wolseley Plc, the world's largest heating and plumbing distributor and also a world leading distributor of building products to the professional market.

The company now has almost 800 branches across the UK serviced by four regional distribution centres. The company is organised into trading brands that service different customer groups. Many of these brands are market leaders with outstanding reputations for supplying professionals in the construction market.

The recognised brands include: Pipe Center, Plumb Center, Parts Center, Climate Center and Drain Center.

Wolseley UK Limited are a D&B 5A1 covenant with a FAME QuiScore of 89/100 'Secure'.

The last three years accounts are as follows:-

Year End	Turnover	Pre Tax Profit	Shareholder's Funds	Net Tangible Assets
31/07/2016	£1,865,856,000	£4,559,000	£645,562,000	£927,208,000
31/07/2015	£1,852,197,000	£59,556,000	£720,149,000	£868,103,000
31/07/2014	£1,758,046,000	£84,382,000	£677,837,000	£874,083,000



Howdens Joinery Properties Limited (Company No: 05656171)

Howdens Joinery is the UK's largest manufacturer and supplier of fitted kitchens, appliances and joinery products. Trading since 1995, the firm has 630 depots supplying to trade professionals only and employs over 8,000 people nationwide. Howdens Joinery Properties Ltd is a wholly owned subsidiary of Howdens Joinery Group plc who are listed on the London Stock Exchange as part of the FTSE 250.

Howdens Joinery Properties Limited has a FAME QuiScore of 77/100 'Stable'.

The last three years of accounts are as follows:-

Year End	Turnover	Pre Tax Profit	Shareholder's Funds	Net Tangible Assets
31/07/2015	£45,202,000	£228,000	£312,000	£53,000
31/07/2014	£40,790,000	£686,000	£334,000	£789,000
31/07/2013	£36,248,000	£721,000	£1,355,000	£1,661,000



NP Alliance Limited (Company No: 04334148)

NP Alliance offer wholesale trade of motor vehicle parts and accessories.

The company trades from eight depots in the North East of England including at Stockton, Ashington, Hartlepool, Chester le Street and Richmond and cover an area from Alnwick in the north to York in the south.

NP Alliance Limited has a FAME QuiScore of 99/100 'Stable'.

The last three years of accounts are as follows:-

Year End	Turnover	Pre Tax Profit	Shareholder's Funds	Net Tangible Assets
31/07/2016	£10,117,000	£1,321,000	£2,267,000	£2,339,000
31/07/2015	£9,261,000	£1,068,000	£1,920,00	£1,978,000
31/07/2014	£8,461,000	£766,000	£1,725,000	£1,775,000



Compass Community Transport Limited (Company No: 04691498)

Compass Community Transport was launched in 2002 and is a registered charity that takes disabled people to work, sick people to healthcare, older people to the shops and provides transport for a range of clubs, voluntary bodies and care homes.

The last three years of accounts are as follows:-

Year End	Turnover	Pre Tax Profit	Shareholder's Funds	Net Tangible Assets
31/07/2016	£553,653	-£105,671	£387,427	£427,427
31/07/2015	£1,000,465	£76,740	£472,772	£472,772
31/07/2014	£1,177,177	£24,808	£396,032	£396,032

Dataroom

Access to the dataroom can be provided upon request.

VAT

The property has been elected for VAT and it is envisaged that the transaction will be treated as a TOGC.

EPC

The units have been assessed with the following ratings:

Unit	Tenant	Rating
1 - 3	Wolseley Centres t/a Plumb Center	D (92)
4 - 6	Howdens Joinery Properties Ltd	D (86)
7 - 8	NP Alliance Ltd	C (71)
9	Vacant	D (80)
10	Vacant	C (69)
11 - 12	Compass Community Transport Ltd	D (85)

Details can be provided upon request.

Proposal

We are instructed to seek offers in excess of **£1,750,000 (One Million Seven Hundred & Fifty Thousand Pounds)** subject to contract and exclusive of VAT, for our client's freehold interest.

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CONTACT INFORMATION

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