



FREEHOLD B8 DISTRIBUTION INVESTMENT OPPORTUNITY  
21-22 Parkhouse West Industrial Estate, Newcastle-under-Lyme ST5 7EF

MK2  
REAL ESTATE



## INVESTMENT SUMMARY

- Prominently located on the established Parkhouse West Industrial Estate, Newcastle Under Lyme
- 40,770 sq ft freehold former parcel distribution depot
- Let to DS Smith Corrugated Packaging Ltd on a full repairing and insuring lease until August 2022. The property is sub-let to DPD Group Ltd until March 2016.
- Strong covenant strength, asset management angles.
- Passing rent of £148,000 per annum (£3.63psf)
- Seeking offers in the region of **£1,800,000 (One Million Eight Hundred Thousand Pounds)** which shows a net initial yield of 7.77% and a capital value of £44.15 psf after purchaser's costs of 5.8%.

## LOCATION

Newcastle-under-lyme is an established town located in Staffordshire with a population of 125,000. Located in the region commonly referred to as the Potteries, the wider area has a population of 559,000 providing an excellent local labour supply. The Potteries has derived its name from its industrial and manufacturing heritage and in recent times it has benefited from its central position 34 miles south of Manchester and 40 miles north of Birmingham.

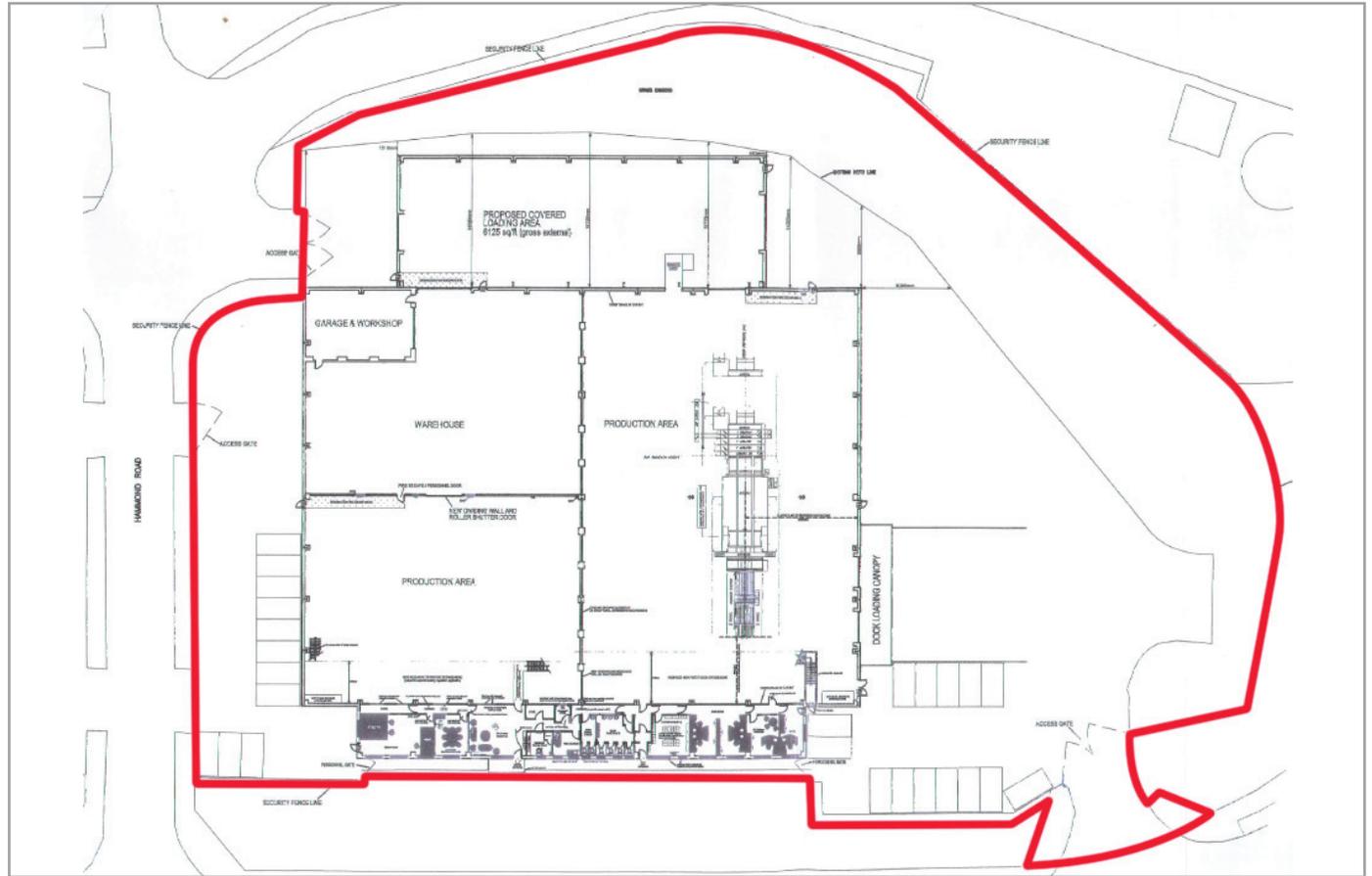
The strategic location circled by the A500 and the M6 motorway has attracted a number of major distribution operations including Asda, New Look, Screwfix, TK Maxx, Smyths Toys and Pets at Home.



## SITUATION

The Parkhouse West Industrial Estate is situated approximately 1.4 miles north of Newcastle-under-Lyme town centre and is accessed via Rosevale Road off the A34 dual carriageway. The A34 links to the A500 and J16 of the M6 to the north approximately 6 miles distant and to junction 15 of the M6, 5.5 miles to the south.

The industrial estate is well established with a number of local and national occupiers including The Co-operative, Volvo Bus & Truck Services, CCF, Regina Plastics, ID Surfaces, Aspire Housing and SPS Envirowall.



## DESCRIPTION

The property comprises a 3 bay parcel depot warehouse facility on a self contained site, with immediate access to Rosevale Road. The property is of steel portal frame construction incorporating office accommodation to the side. The warehouse has an eaves height of 5.6metres with the external envelope being of brickwork to a height of 2 metres with profile sheeting above.

The property has been built to the following specification:

### Warehouse

- Heated and lit warehouse
- 2002 extension to provide level access for vans
- 4 roller shutter access doors – 2 at dock loading level
- Mezzanine storage

### Offices

- Ground and first floor offices including conference rooms
- Customer reception area
- Kitchen and staff canteen
- Male, Female and disabled WC's

### External

- Secure palisade fencing to the perimeter of the site
- Electronic security gate controlling access to the concrete yard
- Ample car parking spaces.



## ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice Sixth Edition, on a gross internal area basis as follows;

Area	Sq m	Sq ft
Warehouse	2,738.9	29,481
Warehouse Extension	559.3	6,020
Office	267.4	2,879
Mezzanine	222.0	2,390
<b>Total</b>	<b>3,787.6</b>	<b>40,770</b>

The property also has a canopy over the dock loading area of 562 sq ft (52.2 sq m). The property has a site area of approximately 2.06 acres (0.833 ha) and provides a site density of 45%.



## TENANCY

The property has been let on a full repairing and insuring lease for a term of 20 years from 9th August 2002 expiring on 9th August 2022 having 6.5 years unexpired. The tenant is DS Smith Corrugated Packaging Limited previously known as SCA Packaging Limited and is currently producing an annual rent of £148,000 pa (£3.63 psf). The next rent review is due on 26th July 2017.

The property has been sub-let to DPD Group Limited formerly Geopost UK Limited who have a lease expiry on 25th March 2016 and pay a rent of £148,000 pa.

## TENURE

The property is held freehold.

## COVENANT

DS Smith is a leading provider of corrugated packaging in Europe and of specialist plastic packaging worldwide. The company operates across 34 countries and employs around 25,400. In 2014 / 2015 the company sold over six billion corrugated boxes.

A summary of their latest accounts is detailed below;

£000s	April 2014	April 2013	Dec 2011
Turnover	89,895	152,380	130,303
Pre-tax profit	15,880	56,185	4,890
Shareholders funds	27,837	18,483	-24,435

Nb year ending 2013 was a 16months financial year

Formerly Geo-Post, DPD Group Limited is one of the UKs leading time-critical carriers and is a major distributor in the UK. A summary of their latest accounts is detailed below:

£000s	Jan 2015	Dec 2013
Turnover	872,547	692,277
Pre-tax profit	104,329	87,206
Shareholders funds	72,764	35,321

## ASSET MANAGEMENT OPPORTUNITIES

We consider that there are a number of asset management opportunities on this property including;

- Rent review in July 2017 providing the opportunity of a rental uplift. Rents of £4.50 per sqft are being quoted on similar sized units nearby.
- The sub-tenant has recently vacated the warehouse to move to a larger facility nearby. They are required to reinstate a sub-dividing wall in the main warehouse which splits the unit into two bays.
- Possibility of agreeing a surrender with main tenant and re-letting the property on a longer term and higher rent.
- The tenant has various reinstatement obligations at lease expiry together with a repair clause which is to "put, keep and maintain the premises in good and substantial repair and condition."



## EPC

The property has an energy efficiency rating of **D-98**. Further information is available upon request.

## VAT

The property is elected for VAT however we anticipate that any transaction will be treated as a TOGC.

## PROPOSAL

We are instructed to seek offers in s in the region of **£1,800,000 (One Million Eight Hundred Thousand Pounds)** which shows a net initial yield of 7.77% and a capital value of £44.15 psf after purchaser's costs of 5.8%.



## FURTHER INFORMATION

For further information or to arrange an inspection please contact;

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