



WOLSELEY UK LIMITED
UNITS 8B & 9

COSGROVE WAY INDUSTRIAL ESTATE
COSGROVE WAY, LUTON, BEDFORDSHIRE, LU1 1XL



MILTON KEYNES / NORTH

DUNSTABLE ROAD

CHAUL END LANE RETAIL PARK

HATTERS WAY RETAIL PARK

LUTON TOWN CENTRE / LUTON AIRPORT

A505 HATTERS WAY

LUTON- DUNSTABLE BUSWAY

M1

M25 J21

COSGROVE WAY INDUSTRIAL ESTATE

COSGROVE WAY, LUTON, BEDFORDSHIRE, LU1 1XL

- | | |
|--------------------------------|-----------------|
| 1. NORTHGATE VEHICLE HIRE | 5. SAFESTORE |
| 2. MR CLUTCH MOT | 6. TOPPS TILES |
| 3. EURO CAR PARTS | 7. AJC TRAILERS |
| 4. TLC ELECTRICAL DISTRIBUTORS | 8. UPS |

INVESTMENT SUMMARY



An opportunity to acquire a well let south east industrial investment let to the undoubted covenant of Wolseley UK Ltd

- Strategically positioned on the established Cosgrove Industrial Estate, 2 miles west of Luton town centre and 1 mile east of Junction 11 of the M1 Motorway
- Unit 8B and 9 were both built in 1980s providing attractive unit sizes of 6,009 sq ft and 11,664 sq ft respectively
- Total accommodation of 17,673 sq ft
- Site area of both units combined 0.93 acres
- The properties are let to Wolseley UK Ltd on two separate leases on Full Repairing and Insuring (FRI) terms
- AWULT to breaks of 2.64 years and 4.01 years to expiries
- Wolseley UK Ltd has a Dun and Bradstreet rating of a 5A 2 covenant, representing a lower than average risk of business failure
- Wolseley UK Ltd have recently renewed their lease on Unit 9 (December 2019) and have not actioned their break in June 2020 on unit 8B, thus showing their long term commitment to this location. Furthermore, the tenant has been in occupation since 2001
- Current passing rent of £143,000 per annum, reflecting a low level of £8.09 per sq ft
- Tenure : Freehold
- We are seeking offers in excess of £2,444,000 (Two Million Four Hundred and Forty Four Thousand Pounds) subject to contract and exclusive of VAT
- A purchase at this level reflects a Net Initial Yield of 5.50% and a low capital value of £138 per sq ft, assuming purchasers' costs of 6.37%

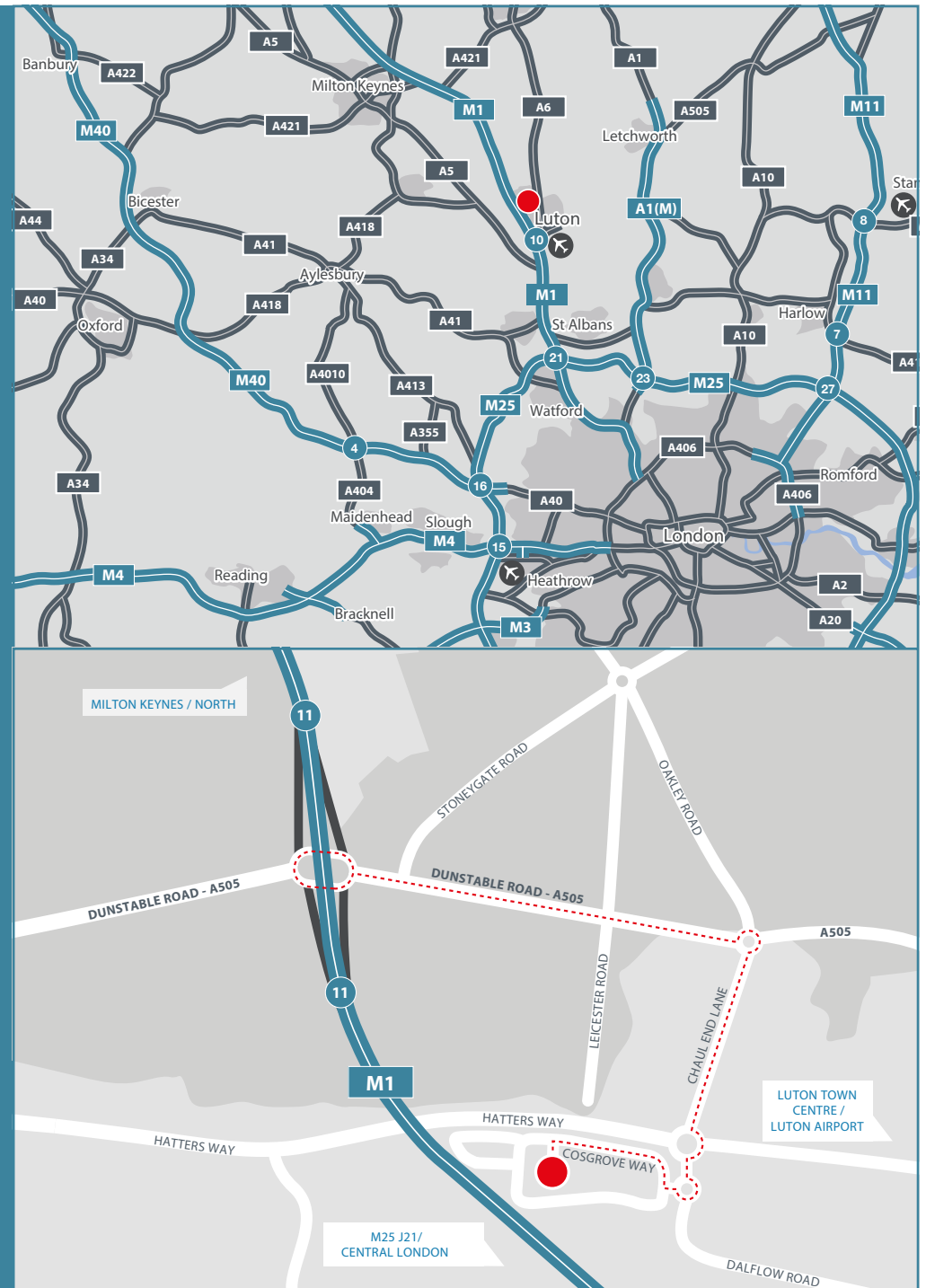
LOCATION & SITUATION

Cosgrove Industrial Estate is situated on Cosgrove Way which forms one of Luton's main industrial and business locations approximately 2 miles west of the town centre, and 1 mile east of Junction 11 of the M1 motorway accessed via Dunstable Road. The surrounding uses include industrial, residential and retail warehousing. Local occupiers include B&Q, Travis Perkins, Dreams, DFS, Jewsons and Safestore.

Luton is a major commercial centre located in Bedfordshire within the South East of England, located 33 miles north of London and situated adjacent to Junction 10 and 11 of the M1 motorway.

Luton benefits from excellent road communications located adjacent to the M1 Motorway. The M1 Motorway provides access to the M25 Motorway Junction 21, some 12 miles to the south. The M6 Motorway Junction 19 is 52 miles to the north west.

The town benefits from direct rail links to London St Pancras International, with a fastest journey time of 26 minutes and London Luton Airport. Luton Airport is located approximately 2 miles to the east of the town centre.



DESCRIPTION

The property comprises two independent industrial units, originally developed in the 1980s and are constructed around a steel portal frame with a mixture of brick and steel cladding elevations. The warehouses provide clear and unencumbered accommodation, with concrete floor throughout and level access loading doors that lead out onto the yard that provide parking for commercial vehicles. The units provide total accommodation of 17,673 sq ft on a total site area of 0.93 acres.

The units benefit from the follow specification;

- Steel portal frame construction
- Part brick/part steel clad elevations
- Profile sheeting roof incorporating roof lights
- Minimum internal clear eaves height of approximately 5m
- Level access loading doors
- Internally the units benefit from two storey office accommodation
- The units benefit from dedicated yard and parking areas



ACCOMMODATION

The properties have been measured in accordance with the RICS Property Measurements Standard 2nd Edition and have an approximate Gross Internal Area (GIA) of 17,673 sq ft.

Unit	Tenant	Sq ft	Sq m
8B	Wolseley UK Ltd	6,009	558
9	Wolseley UK Ltd	11,664	1,084
Total		17,673	1,642

Unit 8B has a tenant's mezzanine of 1,559 sq ft which is excluded from the above measurements.

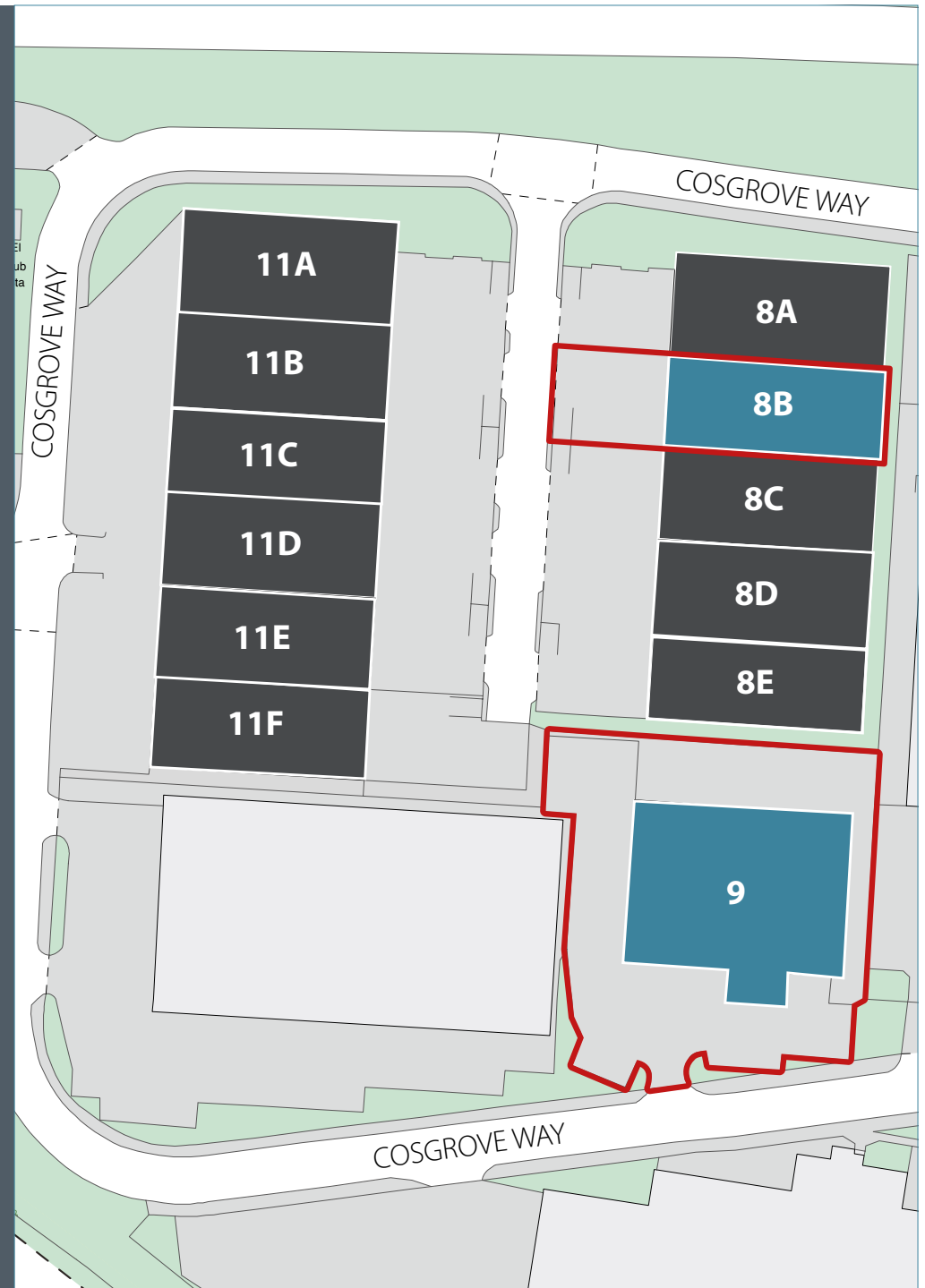
Unit 9 has a tenant's mezzanine of 4,427 sq ft which is excluded from the above measurements.

TENURE

The properties are held Freehold.

SITE

The buildings are situated on a total site area of approximately 0.93 acres.



TENANCY

The properties are let to Wolseley UK Ltd on two leases on Full Repairing and Insuring (FRI) terms with an AWULT to breaks of 2.64 years and 4.01 years to expiries. The current rent passing totals £143,000 per annum, reflecting a low average rent of £8.09 per sq ft.

Unit	Tenant	Area	Passing Rent pa	Passing rent psf	Lease Start	Lease Break	Lease Expiry	Comment
8B	Wolseley UK Ltd	6,009	£45,000	£7.49	23/06/2018	-	24/06/2023	The tenant had a break on 24/06/2020 which wasn't exercised
9	Wolseley UK Ltd	11,664	£98,000	£8.40	25/12/2019	24/12/2022	24/12/2024	Tenants break option subject to 6 months prior written notice Recent lease renewal
		17,673	£143,000	£8.09				



COVENANT INFORMATION

Wolseley UK Ltd (00636445)

Wolseley is currently part of Ferguson plc, the world's leading specialist distributor of plumbing and heating products. Ferguson has over 1 million customers served by 35,000 associates in 2,280 locations.

Ferguson PLC has announced its intention to demerge its UK operations subject to shareholder approval. On completion of the transaction Wolseley UK will become an independent listed company serving residential and commercial trade's people and customers.

Wolseley UK has a strong market position, leading customer propositions and an experienced management team with significant opportunities for development in the large and fragmented plumbing, heating and infrastructure markets.

Wolseley UK Ltd's D&B rating is 5A 2 which represents minimum risk of business failure, and their previous three years' worth of accounts can be summarised as follows;

	31/07/2019 (£000)	31/07/2018 (£000)	31/07/2017 (£000)
Turnover	£1,654,979	£1,768,178	£1,886,999
Pre-tax Profit	£26,629	£65,197	£29,909
Net Current Assets	£189,916	£204,101	£226,228





OCUPATIONAL MARKET

The South East Industrial market is witnessing a lack of industrial supply due to the significant rise in occupational demand. This has resulted in regular pre letting of space, minimal void periods, heavily reduced incentives and major rental growth. Rental growth is expected to continue within this area as availability continues to be tight across both existing and pipeline stock. We are of the opinion Luton is well positioned to capitalise on this supply demand imbalance.

Address	Unit Size	Rent psf	Comment	Date
38 & 39 Camford Way	4,800	£9.38	5 year term with a 3 year break. 3 months rent penalty if the break is not exercised. 4 months' rent free	2018
16a Cosgrove Trade Park	5,388	£9.47	Trade counter unit located on the same estate	2018

INVESTMENT MARKET

South East industrial assets have become widely considered as the most in demand subsector within all UK real estate over the past two years. Investor demand is heavily underpinned by the sector's strong underlying occupational fundamentals. These include record levels of take up, low availability rates and a constrained development pipeline. These factors have combined to result in significant rental growth, with further rent performance anticipated.

Date	Address	Area	AWULT	Purchase Price	Yield	Price psf
March 2020	Units 1-12 Warner Drive, Braintree	27,376	3.92	£3.41m	5.42%	£125
December 2019	Unit 1 & 2, Trojan Court, Laporte Way, Luton	23,864	3.72	£3.17m	4.90%	£133
November 2019	Units 1&2 Essence House, Thorpe Industrial Estate, Egham	20,417	4.44	£4.65m	5.12%	£227
August 2019	Unit 1-10, Nuffield Close, Cambridge	31,000	4.37	£5.00m	5.00%	£161
August 2019	Unit A1&A2, Epsom Business Park & Unit D Surrey Business Park, Epsom	35,381	5.70	£7.30m	5.05%	£206
July 2018	Flyers Way Industrial Estate, Kent	49,144	2.16	£7.15m	4.81%	£146
May 2018	Leatherhead Trade Park	48,415	4.00	£10.50m	4.83%	£216
April 2018	Sky Business Park, Egham	27,960	3.70	£6.52m	4.56%	£233

Cosgrove Way Transactions

The below tables highlight recent transactions within the immediate estate. The price per sq ft achieved demonstrate investor confidence in the continuing rental growth prospects for the estate, where significant lack of supply continues.

Address	Area	Price	Price psf	Comment
11E Cosgrove Way	6,277	£880,000	£140 psf	Vacant unit sale under offer
11F Cosgrove Way	6,128	£888,560	£145 psf	Vacant unit sale completed on 20.12.2019
11A Cosgrove Way	7,563	£1,060,000	£140 psf	Investment sale completed on 07.01.2020
8D Cosgrove Way	6,160	£850,000	£138 psf	Vacant unit sale completed on 07.10.2019

EPC

The properties have an EPC rating of;
Unit 8B – D81
Unit 9 – D78

PROPOSAL

We are instructed to seek offers in excess of £2,444,000 (Two Million Four Hundred and Forty Four Thousand Pounds), subject to contract and exclusive of VAT. A purchase at this level reflects a 5.50% after allowing for purchaser's costs of 6.37%. This price equates to a low capital value of £138 per sq ft.

VAT

The property is elected for VAT and it is anticipated that the transaction will be treated as a transfer of Going Concern (TOGC).

INVESTMENT CONSIDERATIONS

- A long standing location from Wolseley UK Ltd demonstrating the properties suitability and accessibility to Luton and the surrounding area
- Let to an undoubted covenant offering secure income
- Investment value underpinned by recent vacant units sold on the estate
- Significant lack of industrial availability within Luton, which has contributed to recent rental growth and a market supply demand imbalance

CONTACT

For further information or to arrange an inspection, please contact;

**AVISON
YOUNG**

Tom Bridgman
Avison Young
0207 064 6519
07753 436 377
Tom.bridgman@avisonyoung.com

Molly Powell
Avison Young
0207 911 2005
07795390447
molly.powell@avisonyoung.com



Eamon Kennedy
Kirkby Diamond
01582 738 866
07887 835 815
Eamon.kennedy@kirkbydiamond.co.uk

Luke Tillison
Kirkby Diamond
01908 558744
07880 035090
luke.tillison@kirkbydiamond.co.uk



AVISON YOUNG (REGISTRATION NUMBER OC334 944), THEIR CLIENTS AND ANY JOINT AGENTS GIVE NOTICE THAT:

(1) The particulars are set out as a general outline only for the guidance of intending purchasers or lessees and do not constitute part of an offer or contract; (2) All descriptions, (whether in text, photographs or plans) dimensions, references to condition and necessary permissions for use and occupation and their details are given in good faith and are believed to be correct but any intending purchasers or tenants should not rely on them as statements or representations of fact, but must satisfy themselves by inspection or otherwise; (3) They are not authorised to make or give any representation or warranty whatever in relation to this property or these particulars. January 2020

ANTI-MONEY LAUNDERING

To comply with our legal responsibilities for Anti-Money Laundering, it will be necessary for the successful bidder to provide information necessary to complete these checks before the deal is completed. Information required will include.

- Corporate structure and ownership details.
- Identification and verification of ultimate beneficial owners.
- Satisfactory proof of the source of funds for the Buyers / funders / lessee.

**WOLSELEY UK LIMITED
UNITS 8B & 9**