For Sale

Single Let Industrial Investment

Unit D12 Eleventh Avenue North, Team Valley Trading Estate, Gateshead, NE11 0NJ

naylors


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Perth Court

For Sale

Industrial Investment on Prominent Estate

8,450 Sq Ft (785.09 Sq M)

- Rare opportunity to purchase on Team Valley Trading Estate
- Let to HFD Limited (Co. No. 02674152)
- 5.6 years to expiry, approx. 8 months to break
- Low passing rent of £43,400 per annum (£6.18 psf)
- Reversionary rent of £52,665 (£7.50 psf) without tenant fit out
- Tenant has been in occupation for over 25 years
- Long leasehold expiring 22 August 2116 (90 years unexpired) at peppercorn rent
- Seeking offers in excess of £475,000 exc. VAT showing a net initial yield of 8.74% after standard purchaser costs
- Reversion at rent review or to a new tenant of over 10.50% after standard purchaser costs

Location

The property is located within Team Valley Trading Estate, one of the North East's busiest and most important commercial estates. Team Valley covers a total area of approximately 238 hectares and provides in excess of 650,000 sq. m of commercial accommodation.

Eleventh Avenue North links with Eleventh Avenue which runs eastwards from Kingsway South. Junction 67 of the A1 Western Bypass is immediately to the south and is approximately half a mile from the subject property.

Situation

The property is situated on the western side of Eleventh Avenue North which runs north/south parallel and to the east of Kingsway. Kingsway is the main arterial route through Team Valley. Adjacent to the property include The Avenues and Perth Court which are multi let industrial estates with trade counter and storage operators.

Description

The property comprises of a single storey detached industrial building of steel framed construction having brick/blockwork elevations to two metres with profiled metal cladding above. The roof is of pitched design and has profiled metal decking over, incorporating 5% translucent lights. The eaves height ranges from 5.5m to 6.7m at the apex.

Internally, the warehouse is used for storage and distribution with racking throughout; there are two electric up/over shutter doors with a height of 4.9m and a width of 4m both doors go out to the yard/car park. The property benefits from a tenant-installed trade counter to the front, together with a first-floor office mezzanine. The unit is fitted with LED lighting throughout and 3-phase electricity. There is no heating within the warehouse area; however, the trade counter and office accommodation has electric wall heaters and an air conditioning unit.

Description Cont.

Externally, the property has a service yard with circa 16 parking spaces and 2 electric charging points.

The tenant has spent over £300,000 on the fit out of the trade counter and first floor office, which they received a license for alteration from the Landlord. They are also due to spend a further £50,000 on over cladding the exterior with 25-years guarantee, we can provide details on this.

Accommodation

Warehouse:	**5,588 sq. ft**	(519.17 sq. m)
Trade Counter:	**1,434 sq. ft**	(133.23 sq. m)
First Floor Office:	**1,428 sq. ft**	(132.69 sq. m)
Total:	**8,450 sq. ft**	**(785.09 sq. m)**

Tenure

The property is held on a 125-year lease from 25 August 1991 on a peppercorn rent.

Tenancy

The unit is currently let to HFD Limited on a 10-year FRI lease from 7 December 2021, at a passing rent of £43,400 per annum. There is an open market rent review and tenant break option on 7 December 2026. The current passing rent is relatively low, equating to £6.18 psf excluding tenants fitout.

HFD Limited

HFD Limited are a subsidiary of Headlam Group Plc and have been operating for 34 years. Headlam are one of the UK's leading and Europe's largest floorcovering distributor and wholesaler. They supply a large, established network of over 60,000 existing trade customers.

HFD Limited Covenant

HFD Limited have a below average credit risk with a rating of 60.

Accounts to year ending 31 December	December 24	December 23	December 22
Turnover	£478,118,000	£486,547,000	£502,875,000
Loss for financial year after tax	(£49,546,000)	(£5,726,000)	£18,928,000
Shareholder Funds	£11,334,000	£60,281,000	£65,454,000

EPC

B (36)

Legal Costs

Each party to be responsible for their own legal costs incurred in this transaction.

VAT

The property is not elected for VAT. We expect this sale to be treated as a transfer of a going concern (TOGC).

Anti-Money Laundering

In accordance with Anti-Money Laundering Regulations, two forms of identification and confirmation of the source of funding will be required from the successful purchaser.

Proposal

We are instructed to seek offers over £475,000, this shows a net initial yield of 8.74% after standard purchaser costs with a potential reversion to 10.50% at rent review.


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