

BEDFORD

UNITS 1&2, HAMMOND ROAD,
ELM FARM INDUSTRIAL ESTATE,
BEDFORD, MK41 0UD

LEWIS ELLIS



SOUTH EAST, VALUE ADD INDUSTRIAL REPOSITIONING OPPORTUNITY

INVESTMENT CONSIDERATIONS

- Opportunity to acquire a single-let distribution warehouse located in the south east.
- Elm Farm Industrial Estate is an established commercial location with strong transport links. Nearby occupiers include Home Hardware, Terinex, Howdens, Edmundson Electrical and Lecico Bathrooms.
- The property comprises a detached industrial warehouse with ancillary office accommodation totalling 60,008 sq ft (5,574.9 sq m) GIA on a self-contained site.
- 2 level access loading doors, 6 dock level access loading doors and minimum eaves height of 7.1 metres.
- Let to PW Gates Distribution Limited on a 10 year lease expiring 24th December 2027, with a tenant break option on 25th December 2022 providing approximately 1.5 years unexpired.
- Current passing rent of £375,050 per annum which represents a low £6.25 per sq ft.
- PW Gates Distribution Limited (Company Number 04552128) is a third-party logistics provider serving the food and drink industry.
- The site extends to 1.6 acres (0.65 hectares) providing a low site coverage of 42%.
- Freehold.
- Bedford is currently a development hotspot and has experienced strong growth in recent years. Prime rents currently stand at £8.50 per sq ft.

Offers sought in excess of **£6,280,000 (Six Million, Two Hundred and Eighty Thousand Pounds)** subject to contract and exclusive of VAT.

This reflects an attractive **net initial yield of 5.60%**, after deduction of purchaser's costs of 6.63%, equating to a **low capital value of £105 per sq ft**.





SOUTH EAST, VALUE ADD INDUSTRIAL REPOSITIONING OPPORTUNITY

LOCATION

Bedford is the county town of Bedfordshire, located 18 miles (29 km) north east of Milton Keynes (29 km) north east of Milton Keynes, 21 miles (33.8 km) east of Northampton and 50 miles (80.5 km) north of Central London.

ROAD

The town is strategically located on the recently improved A421 dual carriageway, which provides direct access to the A1 8 miles (12.8 km) to the east and the M1 motorway (Junction 13) 10 miles (16.1 km) to the south west, which in turn links the town with the wider national motorway network including the M11 and M25 motorways.

Road Links	Distance (M)	Distance (Km)
A1	8	12.8
M1 (J13)	10	16.1
Milton Keynes	18	29.0
Northampton	21	33.8
Luton Airport	22	35.4
M11 (J13)	27	43.5
Cambridge	30	48.3
M25 (J21)	34	54.7
London	50	80.5
Birmingham	75	120.7

RAIL

Bedford benefits from an excellent and well connected rail network. The station is served by three

operators: East Midlands Trains, London Midlands and Thameslink. The fastest journey time to London St. Pancras takes approximately 35 minutes. The station also provides direct services to Luton Airport Parkway (14 minutes) and Gatwick Airport on the Thameslink Route.

AIR

Bedford is served by Luton Airport 20 miles (31 km) south via the A6. London Stansted Airport, 45 miles (72 km) to the south east via the A1 and London Heathrow 55 miles (88 km) south via the M11 and M25.

SEA

The East Coast ports of Felixstowe and Harwich are 100 miles (160 km) east of Bedford via the A14, while Thurrock is 77 miles (124 km) to the south east via the M1 / A1 and M25.

Bedford forms a key component of 'the Oxford Cambridge Knowledge Arc'. The new housing and transport infrastructure planned for the Arc will be a catalyst for future growth, delivering one million new homes and 700,000 additional jobs by 2050. Transport communications are set to improve further with the completion of the East West Railway line and the Oxford to Cambridge Expressway by 2030. These intersections with existing major infrastructure will create new opportunities for logistics and distribution in Bedford and Milton Keynes.





SITUATION

The property sits within the established Elm Farm Industrial Estate which is located 3.3 miles (5.3 km) east of Bedford town centre. Elm Farm is well connected to the A421 dual carriageway (via St Neots Road A4280) which provides access to the A1 in the north east and the M1 (J13) in the south west.

Elm Farm Industrial Estate is considered a strong commercial location and is home to national trade counter occupiers including Screwfix, Howdens, Wolseley and Topps Tiles. Other nearby industrial occupiers include Home Hardware, Terinex, M&G Construction Group, Richardson Milling and Booker.

There are a number of foodstore, retail warehouse and car showrooms fronting Godlington Road dual carriageway (A4280) with notable occupiers including Waitrose, Tesco, Lidl, BMW, Volvo and Go Outdoors.

Total Developments are currently on site building Total Park, which will comprise a brand new three unit industrial/logistics development totalling 235,000 sq ft with units ranging from 49,400 sq ft to 105,000 sq ft available. Practical completion for the site is expected in Q3 2021.

DESCRIPTION

The property comprises a detached industrial warehouse with ancillary office accommodation totalling 60,008 sq ft (5,574.9 sq m) GIA on a self-contained site.

The building is of steel portal frame construction with part brick/part metal clad elevations and profile sheet roofing with translucent roof lights.

The property benefits from the following institutional specification:

- 2x level access loading doors.
- 6x dock level access loading doors.
- Minimum eaves height of 7.1 metres.
- 2 storey ancillary office accommodation.
- Secure, self-contained site with perimeter fencing.

The site extends to 1.6 acres (0.65 hectares) providing a low site coverage of 42%.



ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and comprises the following gross internal floor (GIA) areas:

DESCRIPTION	Sq ft	Sq m
Warehouse	55,808	5,184.7
Office	4,200	390.2
TOTAL	60,008	5,574.9

TENANCY

The property is let by way of a 10 year lease to PW Gates Distribution Ltd from 25th December 2017 expiring 24th December 2027 with a tenant only break option at the anniversary of the 5th year (subject to 6 months written notice). There are approximately 6.5 years to expiry and 1.5 years to break.

The current passing rent is £375,050 per annum, reflecting £6.25 per sq ft. There is an upward only open market rent review at year 5. The lease is subject to a schedule of condition and is held outside of the L&T Act 1954.

TENURE

Freehold.



COVENANT INFORMATION

PW Gates Distribution Limited (Company Number 04552128) is a third-party logistics provider serving the food and drinks industry. The company is headquartered in Welwyn Garden City, Hertfordshire and has three warehouses in the UK.



The tenant is up to date on their rental payments and there are no arrears.

PW Gates Distribution Limited has a Dun & Bradstreet rating of B3. The company has recorded the following recent accounts:

	31 March 2020 £	31 March 2019 £	31 March 2018 £
Sales Turnover	12,529,069	10,446,100	-
Pre-Tax Profit (Loss)	559,895	273,771	-
Current Net Assets (Liabilities)	(469,223)	(816,018)	(920,882)
Tangible Net Worth	247,281	44,110	(40,778)

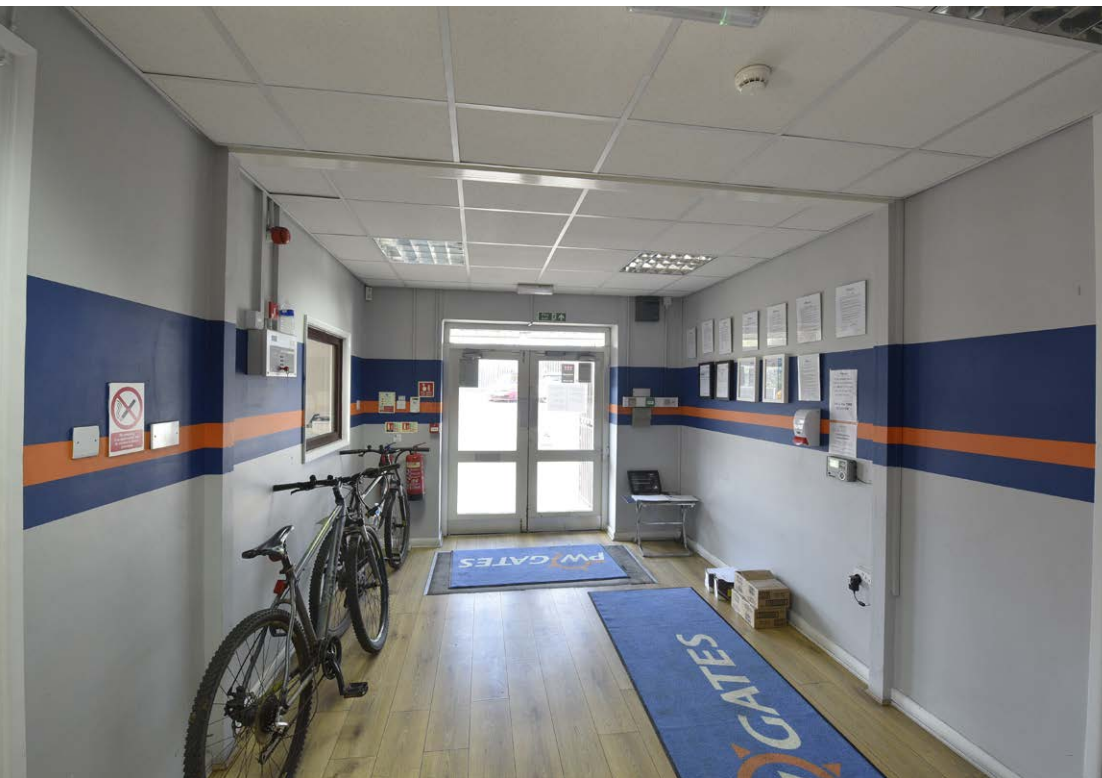
OCCUPATIONAL MARKET COMMENTARY

The Bedford industrial market has experienced strong growth in recent years. The completion of the A421 dual carriageway bypass and improvements to Junction 13 of the M1 motorway have significantly improved accessibility to the town from the A1 and M1.

These improvements to infrastructure, coupled with the comparatively low rental levels in contrast to other nearby centres (such as Luton and Milton Keynes where prime rents are £11.00 per sq ft and £9.00 per sq ft respectively) has led to increased occupier demand in recent years.

Prime rents in Bedford currently stand at £8.50 per sq ft.

Due to the strength of the market, Bedford is a hotspot for new industrial development and has been targeted by Goodman, Graftongate, GLP and Total Developments.



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INVESTMENT MARKET COMMENTARY

Industrial assets located in the South East are highly liquid and sought after. The low levels of supply, lack of development in recent years and strong rental growth prospects will continue to drive investor demand and this combined with the weight of money targeting the sector is putting further downward pressure on yields.

Recent investment transactions include:

Property	Date	Tenant	Size (sq ft)	Rent (psf)	AWULT (break)	Price	NIY	Cap Val (psf)
Unit 7 Delaware Drive, Tongwell, Milton Keynes	On Market	Supreme Wheels	42,400	£8.50	8.9 years (3.9 years)	Q. £6.9m	Q. 4.91%	Q. £163
Saint Gobain, Bradbourne Drive, Milton Keynes	On Market	Saint Gobain	39,473	£7.0	4 years	Q. £5.25m	Q. 5.00%	Q. £133
Radar Road, Leicester	May-21	MDA	70,000	£5.10	3.5 years	£6.3m	5.30%	£90
Units 10/10A Foster Avenue, Dunstable	May-21	Deralam Laminates	18,619	£6.98	4.4 years	£3.0m	4.07%	£161
C1-C3 & D, Foundry Lane, Horsham	Jan-21	Trend Control Systems, TLC	41,198	£8.37	5.5 years (3 years)	£6.1m	5.30%	£148
Bradbourne Drive, Milton Keynes	Dec-20	Sansetsu UK	33,098	£6.95	1.1 years	£4.2m	5.14%	£127
Dunlop Systems, Coventry	Nov-20	Dunlop Systems	61,191	£6.19	3.4 years	£6.855m	5.18%	£112
Units A-D Postley Road, Woburn Road Industrial Estate, Bedford	May-19	Professional Fulfilment Services, Greenmills Supply, Larson-Juhl	85,012	£6.32	5.9 years	£9.12m	5.52%	£107



VAT

The property is elected for VAT and it is proposed that the sale will be treated as a Transfer of Going Concern (TOGC).

EPC

The property has an EPC rating of 71 (Band C). A copy of the EPC is available in the data room.

DATA ROOM

There is a data room for the property with key tenancy information, title documents and EPCs. Access to it can be obtained via Lewis Ellis.



PROPOSAL

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FURTHER INFORMATION

Should you require further information or wish to view the property, please contact either:

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