

# CHESTER-LE-STREET

UNIT 30, DRUM INDUSTRIAL ESTATE,  
CHESTER-LE-STREET, DH2 1AG

LEWIS ELLIS

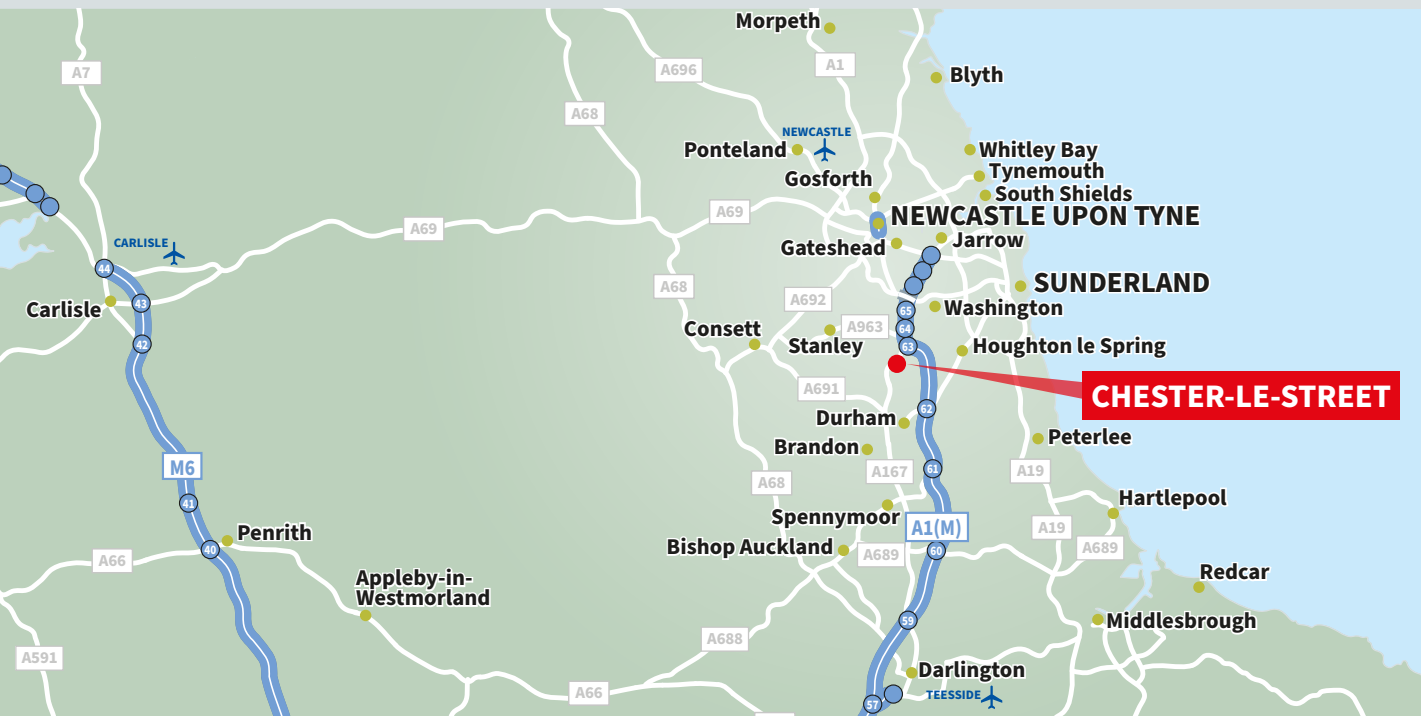


WELL SECURED, NORTH EAST INDUSTRIAL INVESTMENT OPPORTUNITY

## INVESTMENT CONSIDERATIONS

- Opportunity to acquire a single let distribution warehouse located in the north-east.
- Drum Industrial Estate is an established commercial location with strong transport links. Nearby occupiers include Co-Op, Parcelforce, Paccor UK and Batleys.
- The property comprises a detached industrial warehouse with two-storey ancillary office accommodation totalling 14,906 sq ft (1,384.78 sq m) GIA on a self-contained site.
- Let to DX Network Services Limited on a 10-year lease expiring 24th December 2030, with a tenant break option on 24th December 2025 providing approximately 9.25 years to expiry and 4.25 years to break.
- Current passing rent of £115,848 per annum which represents £6.76 per sq ft (allowing for low site cover).
- DX Network Services Limited (Company Number 05026914) is a third-party logistics provider operating from 70 locations across the UK and Ireland.
- The site extends to 1.77 acres providing a low site coverage of 23.7%.
- Freehold.
- The North East has experienced strong growth in recent years. Prime rents across the region currently stand at £7.00 per sq ft.
- Offers sought in excess of **£1,745,000 (One Million, Seven Hundred and Forty-Five Thousand Pounds)** subject to contract and exclusive of VAT.
- This reflects an **attractive net initial yield of 6.25%**, after deduction of purchaser's costs of 6.20%, equating to a **low capital value of £117 per sq ft.**





## LOCATION

Drum Industrial Estate is considered one of the best commercial locations in the North East of England, located approximately one mile from J63 of the A1(M) motorway. The location is ideal for logistics occupiers in terms of motorway proximity and accessibility to major conurbations.

Drum Industrial Estate is in the county of Durham, located 1.6 miles (2.5 km) north of Chester-Le-Street, 8.4 miles (13.5 km) north of Durham and 9.6 miles (15.4 km) south of Newcastle-upon-Tyne.

Chester-Le-Street is well connected to the national rail network. The station is served by two operators Northern Trains and the Trans Pennine Express and provides fastest journey times to Durham and Newcastle Railway Stations in approximately 6 and 11 minutes respectively.

Newcastle airport is located 15.9 miles (25.5 km) to the north via the A1 and Teesside Airport, 29.3 miles (47.1 km) to the south via the A1(M).

The East Coast ports of Tyne and Sunderland are located approximately 11 miles (17.7 km) to the north east of Drum Industrial Estate via the A194(M) and A1231 respectively.



## SITUATION

The subject property benefits from a central location within the established Drum Industrial Estate which is home to several major warehouse/distribution occupiers including Co-Op, Parcelforce, Paccor UK and Batleys.

Junction 63 of the A1(M) is located 1.3 miles (2.1 km) to the east and can be accessed in under three minutes.

Drum Industrial Estate services the Tyneside, Wearside and Teesside conurbations and their population of over 2 million people all within just over 30 minutes drive time.

## DESCRIPTION

The property was constructed in the 1980's and comprises a detached industrial warehouse with two storey ancillary office accommodation totalling 14,906 sq ft (1,384.78 sq m) GIA on a self-contained site.

The property benefits from the following specification:

- Cross-docked loading capability
- 47 dock level access loading doors.
- Two storey ancillary offices.
- A disused outbuilding is being demolished (planning consent granted).
- Tenant is upgrading the WC facilities and refurbishing the offices.
- Part of the storage land is due to be concreted to provide extra trailer parking.

The site extends to 1.77 acres providing a low site coverage of 23.7%.

## 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	12,006	1,115.36
Office	2,900	269.42
<b>TOTAL</b>	<b>14,906</b>	<b>1,384.78</b>

## TENANCY

The property is let to DX Network Services Limited on a 10-year FRI lease expiring on 24th December 2030, with a tenant break option on 24th December 2025 (subject to six months written notice), providing approximately 9.25 years to expiry and 4.25 years to break.

The current passing rent is of £115,848 per annum. Due to the low site cover, we have applied £15k to the additional storage land which devalues the rent to £6.76 per sq ft. There is an upwards only rent review on 24th December 2025 (geared to 66.67% of the rent that could be achieved on a hypothetical letting of a comparable industrial / warehouse unit with a typical institutional specification covering 37.5% of the total site area). The lease has security of tenure under the L&T Act 1954.



## TENURE

Freehold. The area edged blue is used by DX as trailer storage but is unregistered land and does not form part of the owners title.

## COVENANT INFORMATION

DX Network Services Limited (Company Number 05026914) is a third-party logistics business providing parcel freight, secure courier and logistics services. The business was established in 1975 and now operates from over 70 locations across the UK and Ireland employing over 3,700 staff members.



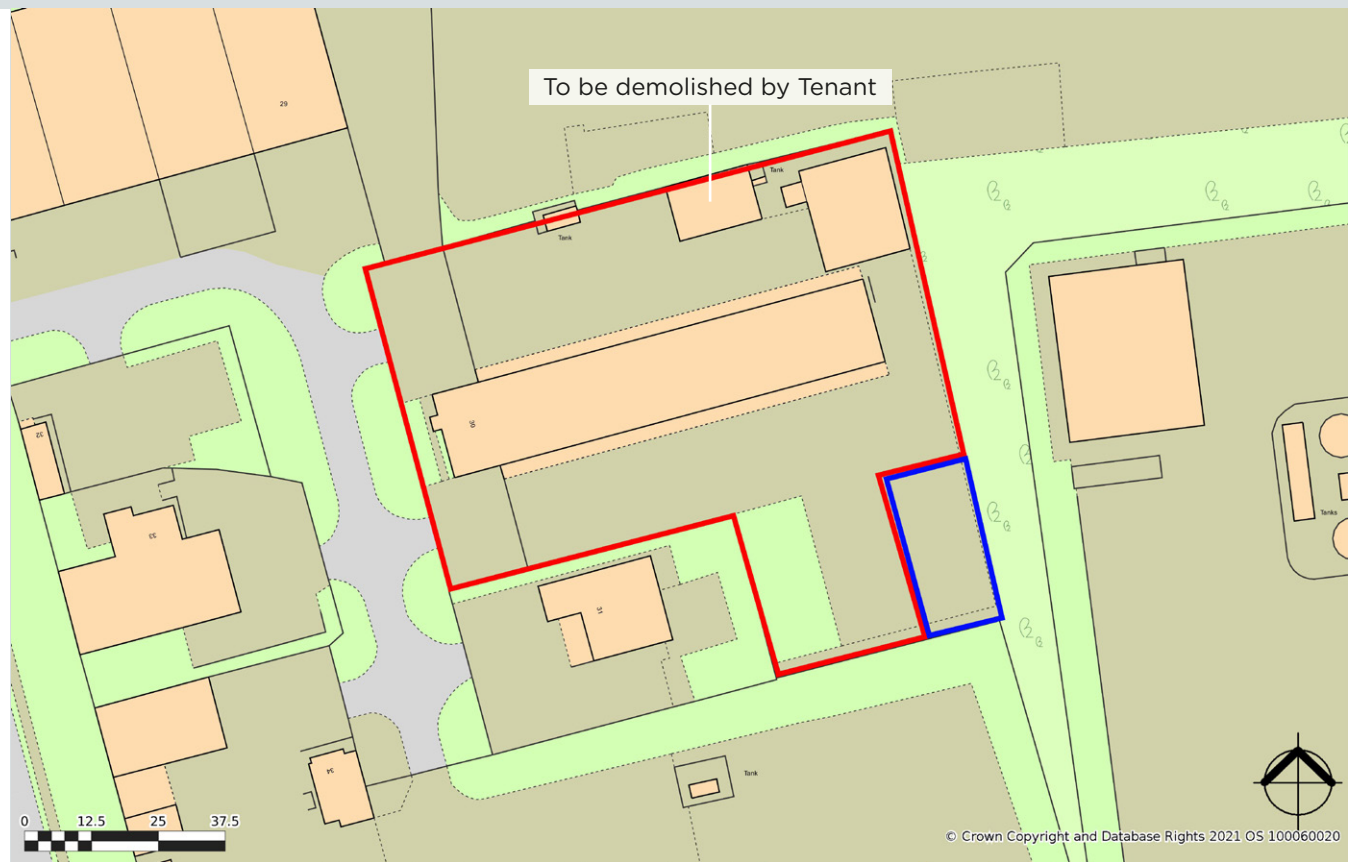
DX Network Services Limited has a Dun & Bradstreet rating of 4A2 representing a 'lower than average' risk of business failure. The company has recorded the following recent accounts:

	27 June 2020 £000	30 June 2019 £000	30 June 2018 £000
Sales Turnover	317,200	310,500	288,400
Pre-Tax Profit (Loss)	100	62,300	16,300
Net Current Assets (Liabilities)	(29,900)	(15,400)	(16,200)
Tangible Net Worth	15,500	15,400	15,900

## INVESTMENT MARKET COMMENTARY

Investor sentiment towards the UK industrial sector remains extremely positive, with investors competing for growing exposure to a sector which boasts increasingly positive fundamentals of restricted supply, low obsolescence, and compelling rental growth prospects.

Despite the effects of the pandemic on other asset classes, there is huge appetite for distribution / logistics assets in core markets and COVID-19 has highlighted the sector's vital importance in servicing end consumers and critical supply chains.



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## 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 86 (Band D). 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

Offers sought in excess of **£1,745,000 (One Million, Seven Hundred and Forty Five Thousand Pounds)** subject to contract and exclusive of VAT.

This reflects an **attractive net initial yield of 6.25%**, after deduction of purchaser's costs of 6.20%, equating to a **low capital value of £117 per sq ft.**

## FURTHER INFORMATION

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

**David Kos**  
Tel: 020 7493 3330  
Mob: 07831 813 267  
Email: dkos@lewisellis.co.uk

**Simon Lewis**  
Tel: 020 7493 3330  
Mob: 07831 527 960  
Email: slewis@lewisellis.co.uk



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