



LEWIS ELLIS

PELOSI HOUSE

THE CHELSEA BUILDING
MAIDSTONE ROAD, KINGSTON
MILTON KEYNES MK10 0BD



**PRIME SOUTH EAST INDUSTRIAL OPPORTUNITY
WITH STRONG REVERSION**

INVESTMENT CONSIDERATIONS

- ◆ Milton Keynes is regarded as one of the superior distribution and logistics locations in the country given its central position in the UK.
- ◆ Milton Keynes forms a key component of 'the Oxford Cambridge Knowledge Arc'.
- ◆ The Chelsea Building is located within the established Kingston industrial area, 3.9 miles (6.2 km) east of the town centre and 2.3 miles (3.7 km) south of J14 of the M1 motorway.
- ◆ The property comprises a detached industrial warehouse with ancillary office accommodation totalling 16,850 sq ft (1,565.53 sq m) GIA on a self-contained site.
- ◆ Let to Nick Pelosi Ltd on a full repairing and insuring lease expiring on 10th October 2028, providing approximately 6.4 years unexpired.
- ◆ Current passing rent is £125,000 per annum, reflecting £7.42 per sq ft. There is an upwards only open market rent review on 11th October 2023.
- ◆ The property is held freehold.
- ◆ Supply/demand dynamics are currently highly in favour of landlords. Prime rents in Milton Keynes currently stand at £10.00 per sq ft.

Offers sought in excess of **£2,350,000 (Two Million, Three Hundred and Fifty Thousand Pounds)** subject to contract & exclusive of VAT.

This reflects an **attractive net initial yield of 5.00%**, after deduction of purchaser's costs of **6.35%**, equating to a **low capital value of £141 per sq ft**.



Milton Keynes is regarded as one of the **superior distribution and logistics locations** in the country given its central position in the United Kingdom.

LOCATION

Milton Keynes is a major commercial centre located 50 miles (80.4 km) north west of London, 18 miles (28.9 km) south of Northampton and 69 miles (111 km) south east of Birmingham.



MK FACTS



One of the fastest growing economies in the UK with over £1bn of private investment committed to the city in the past decade.



Recognised as one of the fastest growing urban areas with population forecast to grow by 7.87% by 2029, significantly ahead of the UK average of 4.2%.



Young and dynamic workforce with 49% of the population under 35 years old.



Home to several major blue chip global companies.



Contributes £90bn a year to the UK economy and is forecast to grow to £250bn by 2050.



Significant residential growth is fuelling demand with 26,500 new homes planned before 2031.



Located within the Oxford - Cambridge growth corridor and identified by the UK Government as a key region for innovation and productivity growth.



Planned east-west rail link phase 2 (first direct rail link in 50 years between Oxford and Milton Keynes).

ROAD

Milton Keynes benefits from excellent connectivity to the national motorway network, enabling a population of 45.8 million people to be reached within a 4.5 hour HGV drive time. The town is accessed via two Junctions of the M1 motorway (J13 and J14) and adjoins the A5 trunk road. The A421 dual carriageway provides access to Junction 10 of the M40 Motorway, approximately 26 miles (41.8 km) to the east. The M25 and M6 motorways are both accessible in under 45 minutes.

COMMUNICATIONS	DISTANCE (MILES)	DISTANCE (KM)
M1 J14	2.3	3.7
M1 J13	4.2	6.7
Northampton	18.4	29.6
Luton	18.1	29.1
M40 J10	26.0	41.8
M25 J21	29.3	47.1
Oxford	47.1	75.8
Cambridge	43.5	70.0
Birmingham	69.0	111.0
London	50.5	81.2

RAIL

Milton Keynes benefits from excellent railway connections providing direct access to London Euston (35 minutes), Birmingham New Street (55 minutes) and Manchester Piccadilly (98 minutes).

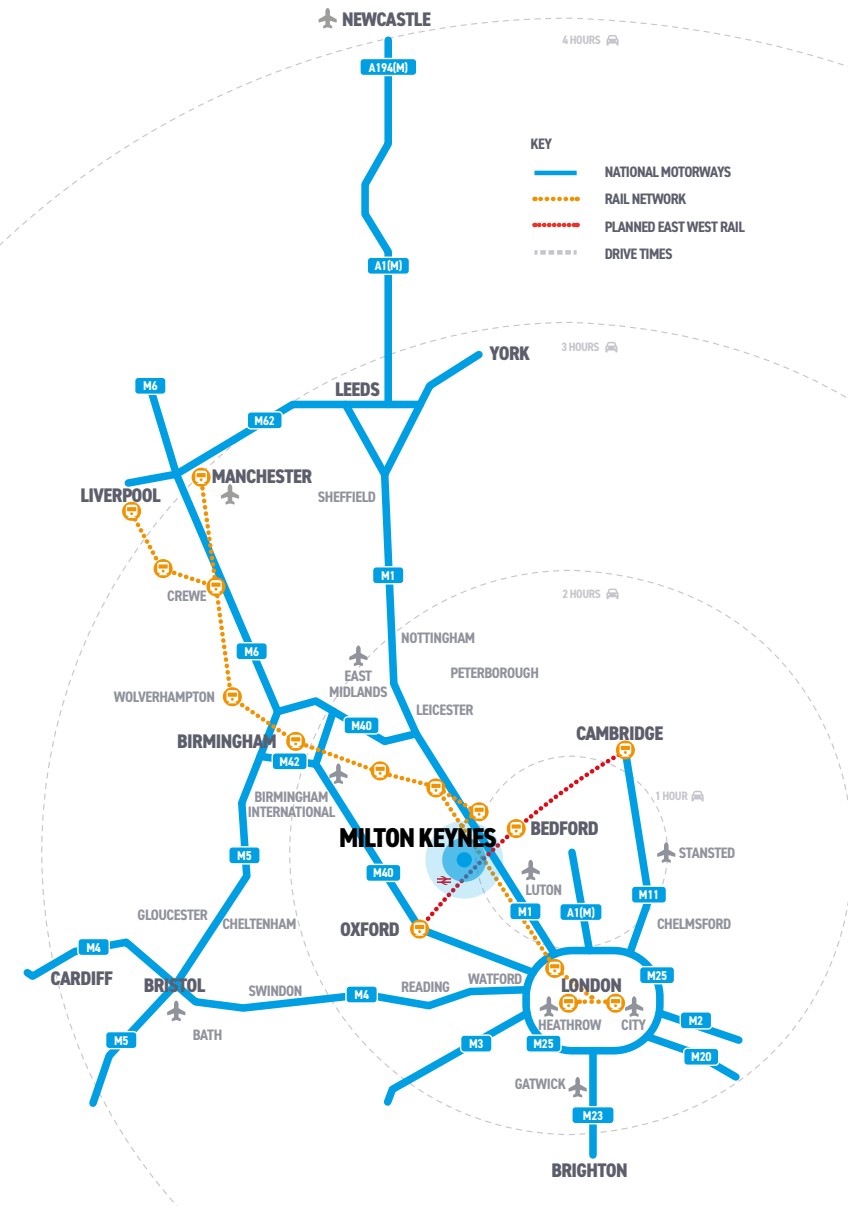
AIR

Milton Keynes is served by three international airports, all being located within a 60 mile radius. Luton Airport is 22 miles (35.4 km) south east via the A5 and M1 motorway, London Heathrow is 50 miles (80.4 km) south via the M1 and M25 motorways and London Stanstead is 53 miles (85.2 km) east via the A507 and A10.

SEA

The Port of Southampton is 109 miles (175 km) to the south and is accessed via the A34 and M3 motorway. Alternatively, the Port of Felixstowe is 113 miles (181 km) to the east and is accessed via the A421 and A14.

Milton Keynes 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.





SITUATION

The Chelsea Building is located within the established Kingston industrial area on the north side of Maidstone Road. The property is located 3.9 miles (6.2 km) east of Milton Keynes town centre and 2.3 miles (3.7 km) south of J14 of the M1 motorway.

Magna Park is considered one of the prime distribution locations in the UK and is home to major occupiers including DHL, Waitrose/John Lewis, River Island and Amazon. Other nearby industrial occupiers within the Kingston area include GXO Logistics, Wanis International Foods, Culina Logistics and Macfarlane Packaging.



DESCRIPTION

The property comprises a detached industrial warehouse with ancillary office accommodation totalling 16,850 sq ft (1,565.53 sq m) GIA on a self-contained site. The building is of steel portal frame construction with brick clad elevations and profile sheet roofing with translucent roof lights.

The property benefits from the following institutional specification:

- ◆ 1x level access loading door.
- ◆ 2x dock level loading doors.
- ◆ Yard depth of 23.28m
- ◆ Minimum eaves height of 6.2 metres.
- ◆ Two storey office accommodation with air conditioning, suspended ceilings and perimeter trunking.
- ◆ Secure, self-contained site with perimeter fencing.

The site extends to 0.92 acres providing a low site coverage of 43%.



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:

	Sq Ft	Sq M
Warehouse	14,070	1,307.17
GF Office	1,390	129.18
FF Office	1,390	129.18
Total	16,850	1,565.53

There are two landlords mezzanines within the unit which provide an additional 1,521 sq ft (141.31 sq m) and 340 sq ft (31.59 sq m) respectively. These areas not included in the table above and are not realised.

TENANCY

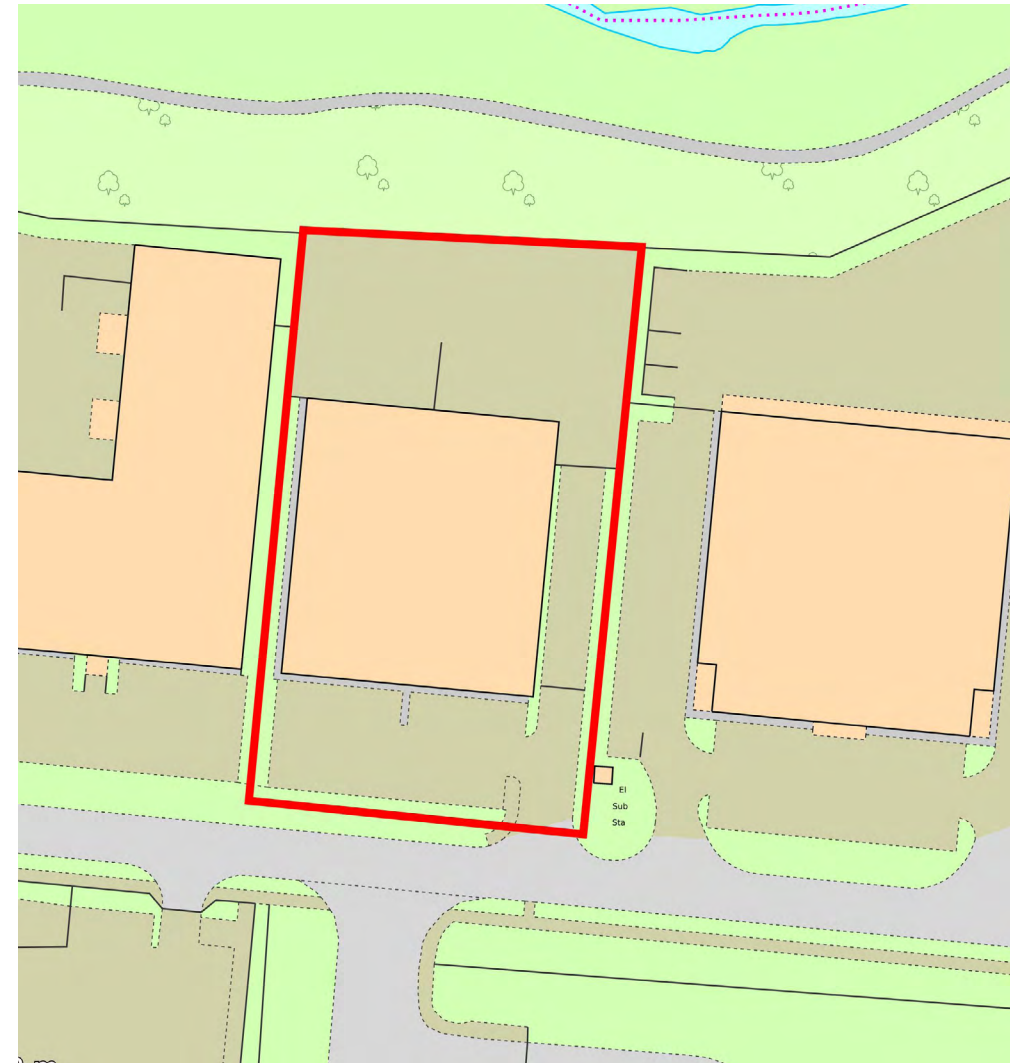
The property is let entirely to Nick Pelosi Ltd on a full repairing and insuring lease (inside 1954 L&T Act) expiring on 10th October 2028, providing approximately 6.4 years unexpired. The current passing rent is £125,000 per annum, reflecting £7.42 per sq ft. There is an upwards only open market rent review on 11th October 2023 and a rent deposit of £75,000.

TENURE

Freehold.

COVENANT INFORMATION

Nick Pelosi Limited (Company Number 10266072) was established in 2016 and provides nationwide vehicle transportation and haulage services employing 12 staff members. The company has a D&B rating of E2 representing a 'lower than average' risk of business failure. A copy of the D&B report is available in the dataroom.



OCCUPATIONAL MARKET COMMENTARY

Milton Keynes is widely considered as one of the strongest logistics and distribution locations in the country due to its excellent road and rail connectivity.

Leasing activity within the industrial market has been strong over the last 12 months with record levels of take up achieved. The continued depth of demand is outstripping supply of both new build and refurbished stock and this combined with the lack of available land to develop continues to drive rental growth.

Prime rents in Milton Keynes currently stand at £10.00 per sq ft and secondary rents (refurbished) at £8.50 per sq ft.

Recent industrial lettings in Milton Keynes include:

PROPERTY	DATE	TENANT	SIZE (SQ FT)	RENT (PSF)
Unit B, Maidstone Road, Milton Keynes	Under Offer	TBC	26,386	£10.00+
Heathfield, Milton Keynes	Apr-22	Southern Render Supplies	5,285	£9.00
Bradville Industrial Estate, Milton Keynes	Dec-21	Beardow Adams	3,664	£8.75
Stacey Bushes Industrial Estate, Milton Keynes	Aug-21	Sevroll UK	3,804	£9.00
Twizel Close, Milton Keynes	Aug-21	Jora Collection	7,399	£8.00
Brudenell Drive, Milton Keynes	May-21	Pioneer	26,747	£7.77
5 Fitzhamon Court, Milton Keynes	May-21	Amey Recycling	6,125	£8.50
Clarke Road Industrial Estate, Milton Keynes	Apr-21	Selva Foods	5,108	£8.50
Murdoch Court, Milton Keynes	Dec-20	DPD	28,000	£10.00
Unit 2, Velocity, Milton Keynes	Dec-19	Arnold Laver	22,750	£8.50

INVESTMENT MARKET COMMENTARY

Investor sentiment towards UK industrial remains extremely positive with buyers 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, appetite for well let industrial assets in core markets remains very strong and COVID-19 has highlighted the sectors vital importance in servicing end consumers and critical supply chains.

Industrial assets located in the South East are highly liquid. Supply/demand dynamics are currently highly in favour of landlords and the weight of money targeting the sector continues to put pressure on yields.

Recent investment transactions include:

PROPERTY	DATE	TENANT	SIZE (SQ FT)	AWULT (BREAK)	PRICE	NIY	CAP VAL (PSF)
Units 8-16 Eldon Way, Crick	Under Offer	XPO / Patrick Shoes	53,926	3.6 years (2.3 years)	c. £5.575m	c. 4.35%	c. £104
Island Drive, Thorne Park, Doncaster	May-22	Stuncroft	27,589	7.5 (2.5)	£3.325m	4.46%	£121
Knaves Beech, High Wycombe	Dec-21	Dreams	42,570	8.3 years	£7.82m	4.50%	£184
Home Farm Estate, Aylesford	Dec-21	Homeleigh Building Supplies, Howdens, TNT	26,502	3.7 years (1.5 years)	£5.7m	4.20%	£215
Centrus, Dunstable	Sept-21	Kelerbay / Restore	50,756	3.2 years	£10.15m	3.60%	£200
Units 1&2, Hammond Road, Elm Farm Industrial Estate, Bedford	Sept-21	PW Gates	60,008	6.15 years (1.15 years)	£7.4m	4.75%	£123
Saint Gobain, Bradbourne Drive, Milton Keynes	Aug-21	Saint Gobain	39,473	4.0 years	£6.3m	4.18%	£159
Units 10/10A Foster Avenue, Dunstable	May-21	Deralam Laminates	18,619	4.4 years	£3.0m	4.07%	£161



PROPOSAL

Offers sought in excess of **£2,350,000 (Two Million, Three Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT

This reflects an **attractive net initial yield of 5.00%**, after deduction of purchaser's costs of **6.35%**, equating to a **low capital value of £141 per sq ft.**

VAT

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

EPC

The property has an EPC rating of 29 (Band B). A copy of the EPC is available in the data room.

DATA ROOM

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

FURTHER INFORMATION

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

Simon Lewis

Tel: 0207 493 3330

Mob: 07831 527 960

Email: slewis@lewisellis.co.uk

David Kos

Tel: 020 7493 3330

Mob: 07709 813 267

Email: dkos@lewisellis.co.uk

Lewis Ellis LLP for themselves or nominees or lessors of this property whose agents they give notice that: (1) the particulars are set out as a general outline only for the guidance of the intending purchasers or lessees, and do not constitute part of an offer or contract; (2) all descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other 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 satisfy themselves by inspection or otherwise as to the correctness of each of them; (3) no person in the employment of Lewis Ellis LLP has any authority to make or give any representation or warranty whatever in relation to the property. Designed and Produced by Creativeworld. Tel: 01282 858200. May 2022.