

LEWIS ELLIS

WATFORD BUSINESS CENTRE

GREENHILL CRESCENT & CAXTON WAY | WATFORD | WD18 8YB

SIGNIFICANT MULTI LET LONDON INVESTMENT

RARE AND HIGHLY REVERSIONARY 9.65 ACRE OWNERSHIP



INSPIRE

CROXLEY PARK

CAXTON WAY

DIGITAL REALTY DATA CENTRE

GREENHILL CRESCENT

EPSOM ROAD

CAXTON WAY

TOLPITS LANE

INVESTMENT CONSIDERATIONS

- **Highly reversionary** with rents proven at £21.00 per sq. ft.
- Opportunities to **add substantial value** by negotiating lease re-gears and rent reviews to drive rental performance.
- The site extends to **9.65 acres (3.91 hectares)** providing a **low site coverage of 39%**.
- Watford is the **principal commercial centre** in the northwest quadrant of the M25, benefitting from **excellent road and rail communications**.
- Watford Business Park is located 20 miles (32 km) northwest of Central London and contains over 100 businesses, **employing approximately 1,200 people**.
- Watford Borough Council have **committed £20m to develop** 76,000 sq. ft. at the entrance to the Business Park.
- Comprises **nine modern standalone warehouse units** built in the mid-1980s, providing a **total GIA of 164,870 sq. ft.** with individual unit sizes ranging from circa 5,462 sq. ft. to 41,811 sq. ft.
- **Multi-let to six tenants** with a very low average rent of **£12.31 per sq. ft.**
- Attractive **AWULT of 5.38 years to expiry** and **3.68 years to break**.
- 69% of rental income is from companies with D&B **risk ratings of low**.
- The property is held **long leasehold** from Watford Borough Council with circa **150 years** unexpired, subject to a head rent of 20% of rents received and redevelopment rights.
- Rents are projected to **continue an upward trajectory**, largely due to a lack of supply of quality industrial stock across Greater London.
- Surges in e-commerce, food delivery services and last mile logistics will continue to **grow London industrial rents**.



PROPOSAL

Net rental income (p.a.): **£1,624,014**

We are seeking offers in excess of

£33,000,000

(Thirty Three Million Pounds Only)

subject to contract and exclusive of VAT.

A purchase at this level would reflect the following profile (assuming 6.77% purchaser's costs):

Net Initial Yield:	4.61%
Running Yield (on settling of the two 2023 rent reviews):	5.15%
Reversionary Yield:	7.64%
Capital Value:	£200 psf
Capital Value:	£3.42m per acre

LOCATION

Watford is located 20 miles (32 km) northwest of Central London and is the principal commercial centre in the northwest quadrant of the M25. Watford is an urban borough in the southwest of Hertfordshire.

The town is home to an affluent population and benefits from a well-educated workforce of approximately 132,000 people.

Watford's strong local economy comprises around 6,115 businesses with a good mix of company size and sectors, including a higher-than-average number of large businesses and HQs. There is representation from large scale financial and professional services firms, pharmaceutical, health sciences, creative media, manufacturing and retail & leisure.



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COMMUNICATIONS



ROAD

Watford benefits from excellent road communications. The M1 motorway provides direct access into Central London to the south, and multiple major cities in the north of England, while the M25 motorway is 4 miles (6.4 km) to the northwest, providing easy access to the national motorway networks including the M40, M4 and M3.

An EV charger is located on the corner of Greenhill Crescent and Caxton Way.

Junction 5 M1	2.2 miles	(5 mins)
Junction 19 M25	4.0 miles	(9 mins)
Junction 1A M40	12.7 miles	(20 mins)
Junction 4B M4	17.9 miles	(24 mins)
Central London	20.3 miles	(35 mins)
Junction 6 M11	30.2 miles	(30 mins)



RAIL

Watford is well connected to the public transport networks and is served by two mainline stations (Watford Junction and Watford High Street) and one London underground station.



There is a direct rail service from Watford Junction into London Euston station with the fastest journey time of 16 minutes.



The London Overground serves both Watford Junction and Watford High Street.



The London Underground serves Watford underground station via the Metropolitan line.



AIR

Watford benefits from close proximity to a number of international airports including:

Heathrow	19 miles / 31 km
Luton	21 miles / 34 km
Gatwick	55 miles / 89 km
Stansted	49 miles / 79 km

Watford is the principal commercial centre in the northwest quadrant of the M25, benefitting from excellent road, rail and air communications



SITUATION

Greenhill Crescent and Caxton Way are located within the wider Watford Business Park, where major occupiers include Corona Energy, Kodak, Laserfiche, Royal Mail, Digital Realty and GE Money. Watford Business Park is located 1.8 miles (2.9 km) southwest of the town centre.

Watford Borough Council is working with local partners to deliver a strategic masterplan across Watford Business Park, supported by £1.5 million from Hertfordshire Local Enterprise Partnership. The first phase of development known as Inspire is underway on a 4-acre (1.62 hectare) site fronting Greenhill Crescent and Hatters Lane. Watford BC have committed

£20m to develop fourteen new commercial units totalling 76,000 sq. ft, which includes a new café at the entrance to the Business Park. The council wants to entice businesses from film, TV and life sciences sectors. Intensification of the site will provide more employment capacity and have the potential to create an additional 1,300 jobs.

The subject property occupies two sites separated by Greenhill Crescent and Caxton Way. Much of the surrounding stock is light industrial, distribution, warehouse and datacentre accommodation.



DESCRIPTION

The property comprises nine modern warehouse units constructed in the mid-1980s.

The estate provides a total GIA of 164,870 sq ft (15,316.9 sq m) with individual unit sizes ranging from 5,962 sq ft (553.89 sq m) to 41,811 sq ft (3,884 sq m).

The buildings are of steel portal frame construction with metal clad elevations and profile sheet roofing with translucent roof lights.

The units benefit from the following institutional specification:

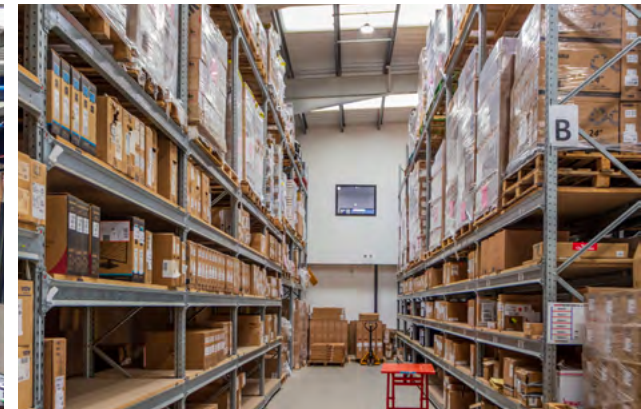
- Full height level access electronically operated loading doors.
- Hardstanding loading and servicing area to the rear of each unit.
- Dedicated staff and customer car parking bays at the front of each unit.
- Minimum eaves heights from 6.0m to 7.4m.
- Two storey internal office accommodation.

The site extends to 9.65 acres (3.91 hectares) providing a low site coverage of 39%.

The property comprises seven modern warehouse units constructed in the mid-1980s



The site extends to 9.65 acres









TENANCY

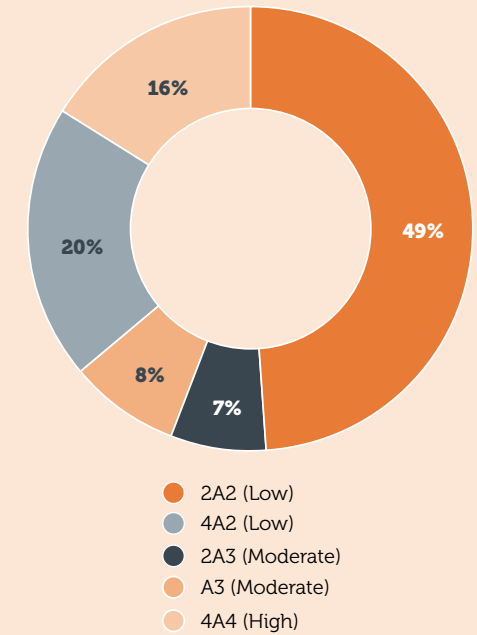
Unit	Tenant	Area (sq ft)	Area (sq m)	Lease Start	Next Rent Review	Lease Expiry	Break	Passing Rent £pa	£psf	Service Charge	Inside the L&T Act 1954?	Comments
27 Greenhill Crescent	Vape Club Ltd	12,041	1,119	22/02/2018	22/02/2023	21/02/2028		£144,168	£11.97	£13,531	No	Schedule of condition. £43,250.40 rent deposit.
29a Greenhill Crescent	Vape Club Ltd	5,962	554	01/11/2022	01/11/2027	31/10/2032	01/11/2027	£115,740	£19.41	£7,576	No	Schedule of condition.
29b Greenhill Crescent	Vape Club Ltd	5,995	557	12/06/2023	12/06/2028	11/06/2033	11/06/2028	£125,680	£20.96	£7,576	No	Schedule of condition.
31 Greenhill Crescent	Storm Technologies Ltd	13,836	1,285	13/05/2019	13/05/2024	12/05/2029		£172,350	£12.46	£6,067	No	Rent free period from and including 24 June 2023 to and including 23 July 2023.
42 Caxton Way	Arkay Windows Ltd	14,194	1,319	01/05/2018	01/05/2023	30/04/2028		£170,000	£11.98	£11,014	No	Did not operate June 2023 break option.
40 Caxton Way	Avica UK Ltd	14,215	1,321	25/09/2015		28/09/2025		£177,675	£12.50	£11,018	Yes	Schedule of condition. Tenant wishes to regear the lease for a 10 year lease with a break in year 5.
36/38 Caxton Way	Arkay Windows Ltd	27,361	2,542	21/05/2015	21/05/2025	30/04/2028		£314,650	£11.50	£19,865	No	
28 & 30 Greenhill Crescent	Panther Warehousing Ltd	29,455	2,736	22/04/2016		21/04/2026		£360,285	£12.23	£20,232	No	Schedule of condition. £146,931 rent deposit.
32 & 34 Greenhill Crescent	Gravity Mediia (UK) Ltd	41,811	3,884	28/04/2015	28/04/2025	27/04/2030	27/04/2025	£449,470	£10.75	£28,719	No	Schedule of condition.
		164,870	15,317					Gross Income	£2,030,018	£125,597		
								Net Income	£1,624,014	Net of 20% headrent.		
								WAULT to expiry	5.38			
								WAULT to break	3.68			

COVENANTS

The property comprises nine modern standalone industrial units, which are let to six tenants. 69% of the rental income is from companies with a D&B risk ratings of low.

Company Name	Company Number	D&B Rating	% of Income	Date of Year End	Turnover	Profit before Tax	Tangible Net Worth	Net Current Assets
 Arkay Windows	01238359	2A2	27%	31/12/2021	£17,881,125	£1,817,989	£5,801,875	£5,169,427
 VAPE CLUB	08131075	2A2	22%	31/07/2022	£25,110,863	£4,271,039	£5,502,604	£5,247,597
 GRAVITY MEDIA	02858161	4A2	20%	31/12/2021	£37,122,000	£7,026,000	£27,335,000	£18,711,000
 PANTHER logistics experts	07068367	4A4	16%	31/12/2021	£87,205,022	£14,507,421	£30,210,692	£28,735,191
 Avica Fast Friendly Reliable	03708767	A3	8%	31/03/2022	-	-	£490,843	£542,029
 storm technologies	03998372	2A3	8%	31/12/2021	£118,157,596	£2,733,337	£2,559,103	£5,701,232

INCOME BY D&B RISK RATING





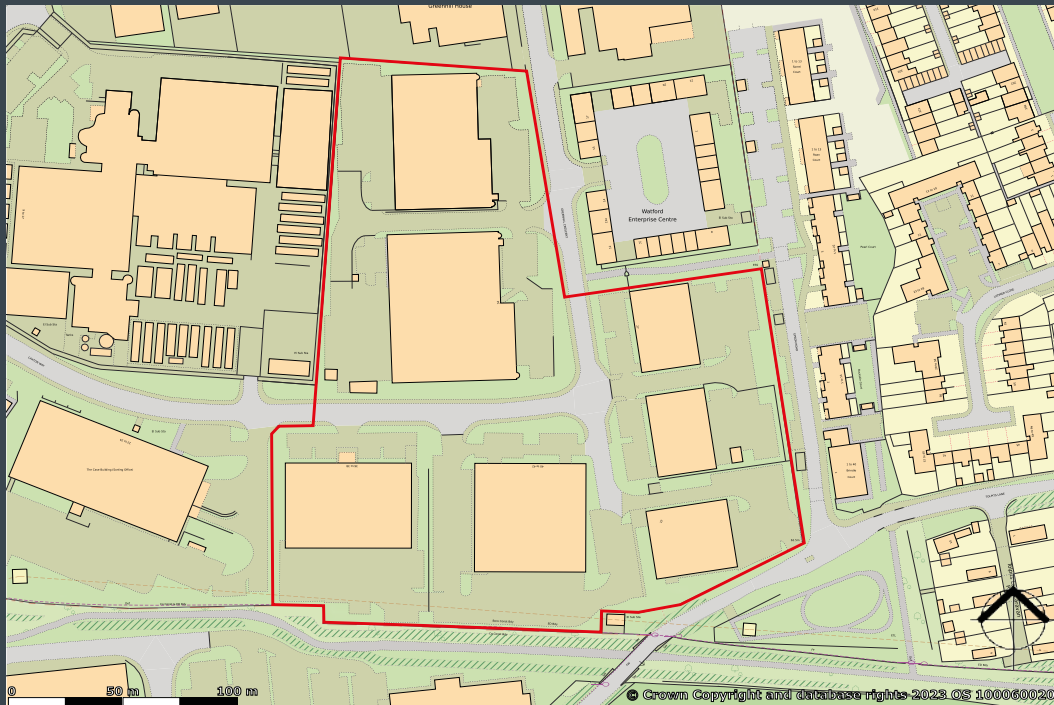
ASSET MANAGEMENT INITIATIVES

5-year hold period

- Sub-divide Units 28/30 and 32/34 Greenhill Crescent and relet to achieve premium rents
- Settle the outstanding 2023 rent reviews with Vape Club and Arkay Windows.
- There are four lease events due in 2024 and 2025, which reflect 58% of the Market Rent for the estate.
- Re-gear lease with Avica at 40 Caxton Way prior to expiry in Sept 2025.
- Remove the 2025 break option with Gravity Media.
- Re-gear lease at 27 Greenhill Crescent (Vape Club) to co-terminate with the other units the tenant is occupying, extending the lease term by 5 years.
- Panther 2026 renewal.

TENURE

The property is held long leasehold from Watford Borough Council for 150 years expiring 28 March 2172 and 13 June 2173 (148.8 and 150 years unexpired), subject to a head rent of 20% of rents received and redevelopment provisions. Details in Data Room.



*Leasehold interest excludes the extent of the adopted highway within the redline boundary.



OCCUPATIONAL MARKET COMMENTARY

The occupational market in Watford remains fiercely competitive and the lack of available land on which to develop warehouse and industrial stock has resulted in a demand and supply imbalance driving rental growth, particularly in the last twelve months. Currently there are no units available over 8,000 sq. ft.

Occupiers are attracted by the excellent connectivity to major road networks and the easy access into Central London to serve their growing customer base. The consumer now requires ever quicker delivery times, putting pressure on businesses to build efficient logistics operations and to locate close to their target markets, increasing competition between tenants for the best industrial buildings in the most accessible established locations.

Guiding rents on new schemes, including Watford Logistics Hub and 16 Colonial Way (a full refurbishment) are £25.00 to £27.00 per sq. ft.

The subject property has benefited from excellent rental growth over the past 5 years and evidence on the estate, set in early 2023, proves the tone at £21 psf: the asset is circa 65% under-rented based on today's Market Rent.

London has experienced exceptional rental growth during the last few years and rents are forecast to continue this upward trajectory. London industrial rents are forecast to grow by circa 22%. Greater London occupational markets remain fiercely competitive and supply levels continue to diminish, amplified by the lack of available land on which to develop industrial stock. The continued poor supply and thriving demand are driving unprecedented rental growth.

The occupational market in Watford remains fiercely competitive



INVESTMENT MARKET COMMENTARY

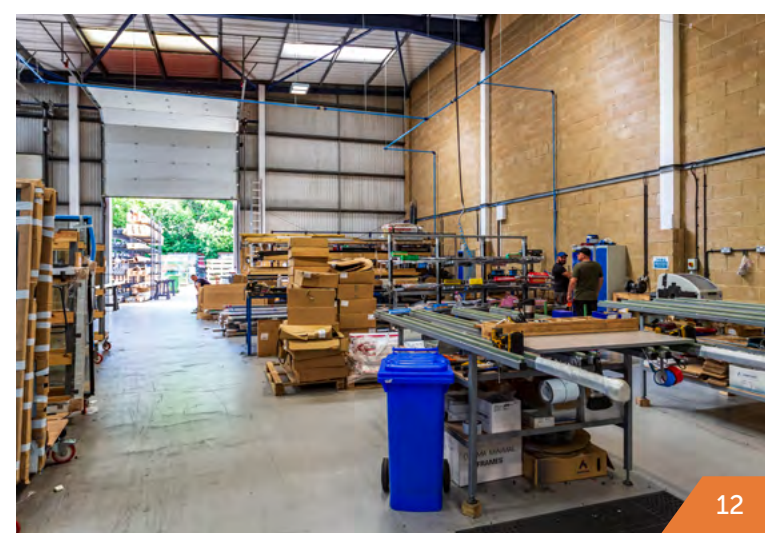
Multi-let industrial assets in London are the most attractive asset class in UK commercial property. There remains a significant weight of money targeting UK industrial assets, especially from overseas, and these buyers will again be key to driving volumes in 2023, which is particularly clear in the principal industrial and logistics markets in London and the M25, due to exceptionally low vacancy rates and a highly constrained development pipeline.

Listed below are a selection of recent market transactions demonstrating current pricing levels:

Date	Town	Address	Size (Sq Ft)	Term Certain to Expiry (Break)	Price	NIY	Cap Val £psf
Under Offer	Hayes	Units 1-3 Provident Industrial Estate, Hayes	34,500	5.61 (3.53)	£6.3m	4.44%	£320
Under offer	Sutton	IO Centre, Kimpton Industrial Park	82,000	-	£24.3m	4.90%	£296
Under offer	Bath	The Matlings Industrial Estate, Brassmill Lane	60,750	5.28 (3.29)	£11.3m	4.60%	£187
Under offer	Feltham	Pier Road, North Feltham Industrial Estate	47,000	6.1	£16.0m	4.20%	£340
May-23	Basingstoke	Tyson Park	116,000	10	£24.8m	5.00%	£214
May-23	Canning Town	Europa Trade Park	58,000	8.16 (7.5)	£25.0m	4.12%	£431
May-23	Woodford Green	Anderson Road IE	62,250	11.7 (10.9)	£23.2m	3.83%	£373
Mar-23	Heathrow	Fairway Trading Estate	99,500	3.7 (2.2)	£25.0m	4.95%	£251
Mar-23	Peterborough	Gateway Industrial Park	440,000	-	£52.0m	4.49%	£118
Feb-23	Ashford	Ashford Trade Centre, Ashford	41,200	2.7	£10.3m	4.80%	£251

SERVICE CHARGE

The service charge budget for the period ending 31st March 2024 is £125,597 per annum equating to £0.76 per sq. ft. The service charge is fully recoverable and there are no service charge caps. Further information is available in the dataroom.





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Capital Value:	£3.42m per acre

VAT

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

DATA ROOM

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

EPC

Individual copies of the EPCs are available in the dataroom.

FURTHER INFORMATION

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

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