



# SOUTH COAST MULTI-LET INDUSTRIAL INVESTMENT

1 – 10 Fleming Close Industrial Estate, Segensworth, Fareham PO15 5SB

## INVESTMENT SUMMARY

- South Coast multi-let industrial estate.
- Located in the Segensworth industrial area, on the outskirts of Fareham, midway between Southampton and Portsmouth and within half a mile of Junction 9 of the M27.
- 10 industrial units, constructed in the mid 1980's providing a total of approximately 25,907 sq ft (2,406.82 sq m)
- Long leasehold.
- Let to 7 tenants on a range of leases with a weighted average unexpired lease term of 3.2 years to expiries and 2.9 years to breaks
- Current net annual passing rent, including rental guarantee, of £176,065.34 per annum, with an average rent of £8.30 per sq ft.
- Offers are invited in excess of **£1,750,000**, subject to contract and exclusive of VAT.
- A purchase at this level would reflect a net initial yield of **9.50%** after costs at 5.80%.



## LOCATION

Fleming Close Industrial Estate is located in the Segensworth industrial area to the west of Fareham on the South Coast, midway between the major commercial centres of Southampton and Portsmouth.

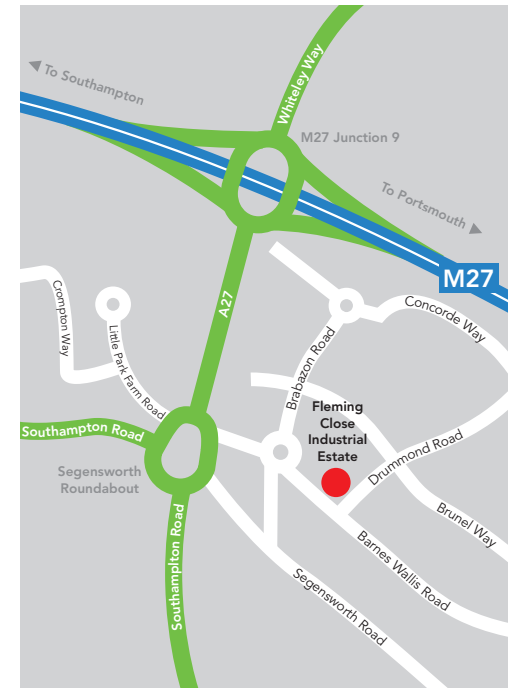
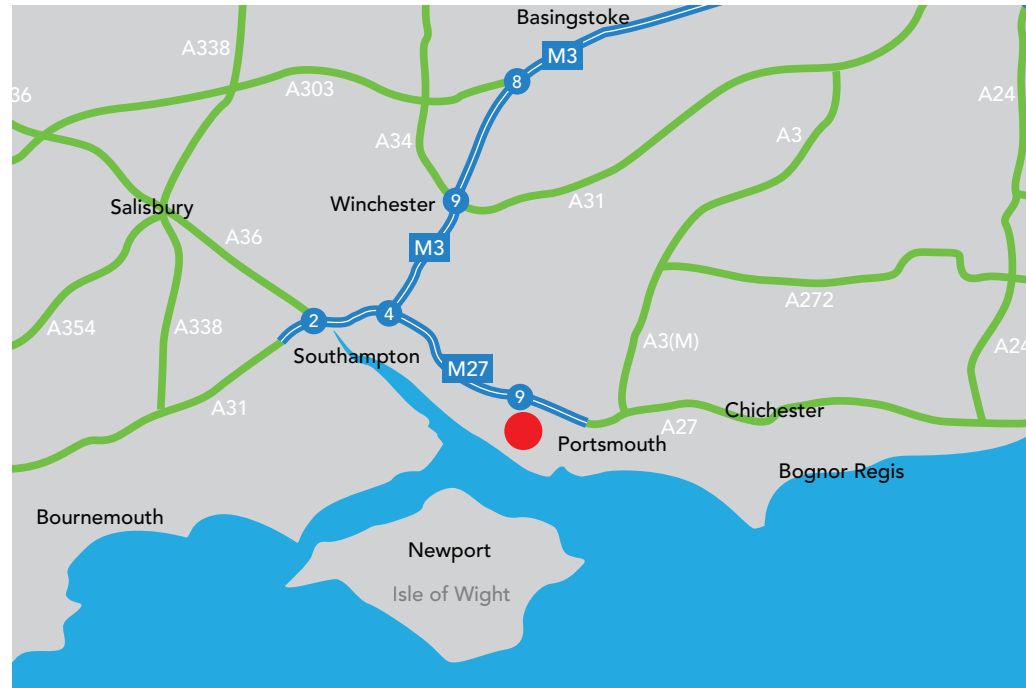
Fareham is strategically located at the north west tip of Portsmouth Harbour and is within less than a mile of Junction 10 of M27, which provides excellent access to the UK national motorway network via the M3 to the West and A3 (M) to the East. The town is located approximately 80 miles south west of London, 15 miles east of Southampton and 8 miles west of Portsmouth.

Fareham train station provides frequent direct services to London (Waterloo) and Southampton with a fastest journey time of approximately 1 hour 40 minutes and 20

minutes respectively. The town also benefits from being in close proximity to Southampton International Airport and Southampton Airport Parkway railway station.

Portsmouth and Southampton are two of the UK's busiest ports. Southampton port is the UK's second largest container port and ranked within the top ten cruise ports in the world, turning over more than 1.2 million passengers a year. It is a major economic driver for the UK economy.

Fareham, together with Portsmouth, Southampton and surrounding towns form a single metropolitan area known as South Hampshire or Solent City. Its population in 2013 was estimated at over 1.5 million making it one of the most populous metropolitan areas in the UK.



## SITUATION

Fleming Close Industrial Estate occupies a prominent triangular site at the junction of Barnes Wallis Road and Drummond Road. Barnes Wallis Road, which is one of the main estate roads of Segensworth East, provides direct access on to the A27, which in turn links to Junction 9 of the M27 motorway approximately 0.5 miles from the property.

Segensworth is a modern, well established industrial area, which is recognised as one of the premier industrial and distribution locations on the M27 and is home to a number of national and local occupiers. These include; Palmer & Harvey, YODEL, Ford, DSV, Lloyds Bank, Scottish and Southern Energy and Makro.



- |                |               |                                     |                                   |                                  |
|----------------|---------------|-------------------------------------|-----------------------------------|----------------------------------|
| <b>A</b> Makro | <b>C</b> Ford | <b>E</b> Scottish & Southern Energy | <b>G</b> Crown Records Management | <b>I</b> Cheltenham & Gloucester |
| <b>B</b> Yodel | <b>D</b> Saab | <b>F</b> DSV                        | <b>H</b> Palmer & Harvey          | <b>J</b> Lloyds Bank             |



## ■ DESCRIPTION

The property was constructed in the mid 1980's and consists of a purpose built industrial estate comprising ten units, arranged in a terrace of nine individual units and a standalone unit around a central yard area.

The buildings are of a steel portal frame construction comprising cavity blockwork and profiled metal clad elevations under pitched insulated corrugated roofs with integrated roof lights. The rear and gable elevations to the terrace are formed in full height profiled metal cladding sheets. The floors are of in situ concrete design and each unit benefits from a maximum eaves height of 5.2 metres.

The front elevation to each unit incorporates an entrance door, window opening and roller shutter door for loading access. The entrance doors and windows are of painted aluminium framed and glazed design with galvanised steel security shutters provided externally to the terraced units.

Units 6 and 7 (City Electrical Factors Limited) and units 8 and 9 (K2 Carriages Limited) have both been combined to accommodate single occupiers with a small trade element at the front of unit 7. A former roller shutter opening to the south elevation of the standalone unit (Unit 10) has been in-filled to create a bespoke entrance area. A further roller shutter door is provided to the north elevation of this unit.

Internally, each of the units comprise an open plan industrial warehouse with an ancillary cellular accommodation block formed in concrete blockwork located behind the main entrance door. This area comprises a reception/office and male and female WCs.

Each unit has been fitted out by the respective tenant to meet their corporate and operational requirements with additional offices and tenant installed mezzanines for extra storage.

Externally the scheme is well landscaped with servicing and individually allocated car parking to the front of each unit. The service yard to the north of Unit 10 is enclosed by a steel palisade fence.





UNIT 1



UNIT 2



UNITS 8/9



UNIT 5

## ■ ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th edition) and extends to 25,907 sq ft (2,406.82 sq m) as per the Schedule of Accommodation and Tenancies.

The site is triangular in shape and extends to 0.68 hectares (1.69 acres), which represents a low site cover of 35%. The property benefits from 63 parking spaces.

## ■ TENURE

The property is held leasehold from The Hampshire County Council for a term of 99 years from 25th March 1982, expiring 24th March 2081. The lessee has an option to extend the lease by a further 26 years within 6 to 12 months of lease expiry, therefore providing and unexpired term of over 92 years.

The head rent is reviewed annually to the greater of £19,250 or 20% of the rent received, net of all non-recoverable property costs, including marketing and management expenses.

For the year ending the 24 March 2014 the head rent was calculated as **£39,461.16** per annum.

## ■ TENANCIES

The property is let to 7 tenants producing a total annual gross rent (inclusive of the rental guarantee on Unit 2) of £215,526.50 per annum, with individual rents ranging from £8.14 per sq ft to £8.49 per sq ft.

The current weighted average unexpired lease term is approximately 3.2 years to expiries and 2.9 years when accounting for break options.

The net current passing rent is therefore **£176,065.34** per annum.

## SCHEDULE OF ACCOMMODATION AND TENANCIES

Unit	Tenant	Area sq ft	Area sq m	Lease Start	Rent Review	Lease Break	Lease Expiry	Rent £pa	Rent £psf	Comments	
1	MCM Productions Limited	2,364	219.62	12/08/2014	11/08/2017	11/08/2017	11/08/2019	£19,500.00	£8.25	4 months rent free (by way of half rent for 8 months) to be topped up by the vendor. Additional 2 months rent free if break not operated (by way of half rent over 4 months). Break subject to 6 months notice. Outside the Act.	
2	Vacant (Rental Guarantee)	2,315	215.07	-	-	-	-	£19,677.50	£8.50	Vendor to provide 1 year rent, rates and service charge guarantee.	
3	Ball Roller & Transmission Bearings Limited	2,302	213.86	06/06/2008	06/06/2016	05/06/2016	05/06/2018	£19,206.00	£8.34	Break subject to 6 month's notice. Rent deposit of £4,801.50. Outside the Act.	
4	Abshot Engineering Ltd (Mr B Coupe Guarantor)	2,355	218.78	26/12/2010	-	-	25/12/2020	£20,500.00**	£8.70	Reversionary lease outside the Act. New 5 yr lease from 25/12/2015. Yrs 1-3 - £20,500 p.a. (£8.70 psf), Yrs 4-5 - £20,875 p.a. (£8.86 psf). 4 months rent free (by way of half rent for 8 months).	
5	Clear Vision Limited	2,413	224.17	17/02/2011	-	-	16/02/2016	£19,650.00	£8.14	Rent deposit of £4,913. (Feb 2014 break not served). Outside the Act.	
6/7	City Electrical Factors Limited	4,714	437.94	05/08/2008	-	-	04/08/2018	£38,825.00	£8.24	Inside the Act.	
8/9	K2 Carriages Limited	4,657	432.65	21/07/2011	-	-	20/07/2016	£38,668.00	£8.30	Rent deposit of £9,825. Inside the Act.	
10	MB Air Systems Limited	4,787	444.72	24/05/2010	24/05/2015	-	23/05/2020	£39,500.00	£8.25	Outside the Act.	
<b>TOTALS</b>		<b>25,907</b>	<b>2,406.82</b>					<b>£215,526.50</b>	<b>£8.30</b>		

\* The head rent is reviewed annually to the greater of £19,250 or 20% of the rent received, net of all non-recoverable property costs, including marketing and management expenses. For the year ending the 24 March 2014 the head rent was calculated as **£39,461.16** per annum.

Less Head Rent Passing*	<b>£39,461.16</b>
<b>Net Rent</b>	<b>£176,065.34</b>

\*\* Passing rent of £18,000 per annum to be topped up by the vendor to £20,500 per annum.

## TENANTS FINANCIAL INFORMATION



### MCM Productions Limited (04141562)

MCM Productions Limited form part of the MCM Creative Group, a creative communications agency. The business is head quartered in Shepherds Bush Road, Hammersmith in London and has been trading for 16 years.

For the year ending 31st July 2013 the company reported net assets of £727,494 (2012 - £563,370) of which £350,645 was cash held on account.



### Ball Roller & Transmission Bearings Limited (00912230)

The BRT Group have been trading in the UK since 1967. They are the largest family owned business of bearing, power transmission and pneumatic components in the UK. The business currently operates through 21 outlets of which Fareham covers the M27, Solent corridor.

For the year ending 31st August 2013 the company reported a turnover £20.146m (£24.035m), net assets of £7,896,144 (£7,902,645) and an operating profit of £138,416 (£371,777).



### Abshot Engineering Limited (01149826)

Abshot Engineering Limited is a family run precision engineering company originally founded in 1973. The company provide bespoke milling and turning facilities serving Marine, Motor-sport, and Petro-Chemical sectors.



### Clear Vision Limited (07424559)

Clear Vision manufacture and distribute windows, doors and conservatories. The business is family run and has been trading successfully in Fareham for over 25 years. Unit 5 Fleming Close is their only production and distribution facility.



### K2 Carriages Limited (07599435)

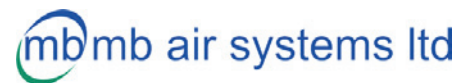
K2 Carriages is a motoring workshop that specialises in diagnostic work, servicing, all types of repair work including clutches, brakes, tyres, electrics, exhausts and valeting.



### City Electrical Factors Limited (00336408)

City Electrical Factors Ltd is a private limited company established in 1951. They are the leading Electrical Wholesale Network in the UK with now over 400 branches and 2,851 employees, almost twice as many outlets as their nearest competitor.

For the year ending 30th April 2013 the company reported a turnover of £437.3m (£484.1m)



### MB Air Systems Limited

MB Air Systems was formed following the management buyout of the business and assets of Motherwell Bridge Air Systems Limited in 2002, which was originally established in 1973, from the Motherwell Group. The business specialises in the fields of Compressed Air, Industrial & Offshore Lifting, Power Tools, Pneumatics and Product Finishing Systems.

## SERVICE CHARGE

A recoverable service charge is in place to cover the maintenance of the common areas. The budget for the year ending 31/12/2015 equates to £21,450 per annum (£0.83 per sq ft.)

Further information is available within our dedicated data room.

## VAT

The property has been elected for VAT and VAT will be chargeable on the purchase price. It is therefore anticipated that the acquisition will be treated as a Transfer of Going Concern (TOGC).

## EPC'S

The property has been assessed and provides the following EPC ratings;

Unit	Rating
1	D97
2	C73
3	D97
4	D92
5	C67
6/7	D87
8/9	C62
10	E114

EPC reports are available within the dataroom supporting the sale.



## PROPOSAL

We are inviting offers in excess of **£1,750,000**, subject to contract and exclusive of VAT.

A purchase at this level would reflect a NIY of **9.50%**, allowing for usual purchasers costs of 5.80%.

This reflects a low capital value of **£67.50 per sq ft**.

**Subject to Contract.**

## FURTHER INFORMATION

Further information to support the sale can be found in the secure data room hosted at [www.claystreet.co.uk](http://www.claystreet.co.uk). Access details can be provided upon request.

Should you have any queries or wish to arrange an inspection please contact:

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