

2 EUROWAY
TRADING
ESTATE

PROMINENT, DETACHED SINGLE LET INDUSTRIAL INVESTMENT
2 Euroway Trading Estate, Wharfedale Road, Bradford BD4 6SG





INVESTMENT SUMMARY

- > Rare opportunity to acquire a prominent, detached single let industrial investment in a thriving commercial area.
- > Situated on one of the leading industrial estates in Bradford.
- > Excellent access to the M606/M62 and national motorway network.
- > Highly committed tenant who operates their UK HQ from the property.
- > Regular shaped warehousing and light industrial accommodation extending to 45,811 sq ft (4,256 sq m) GIA.
- > Site area of 2.86 acres (1.16 hectares) providing a low built site density of 35%.
- > Freehold.
- > Single let to Klinger UK Ltd with an unexpired lease term of just under 8 years.
- > Rent passing of £205,000 per annum, reflecting a low rent of £4.47 per sq ft.
- > **Offers are invited in excess of £3,700,000**, subject to contract and exclusive of VAT.
- > A purchase at this level would reflect and **Net Initial Yield of 5.20%** after graduated acquisition costs of 6.52%. This reflects a **low capital value of £81.00 per sq ft.**

OFFERS IN EXCESS OF

£3,700,000

NET INITIAL YIELD

5.20%

CAPITAL VALUE PSF

£81.00



LOCATION

Bradford is the second-largest city in West Yorkshire and lies approximately 15 miles (24 km) west of Leeds, 15 miles (24 km) north of Huddersfield and 38 miles (61 km) north east of Manchester. Bradford is situated equidistant between the container ports of Liverpool and Hull.

Euroway Trading Estate is regarded as Bradford's premier industrial area, with close transport links to the M606 and M62 motorways and only 2.8 miles (4.5km) from Bradford City Centre.

The 120-acre estate has been developed over the past 30 years to provide approximately 3 million sq ft of industrial accommodation. The estate has a mixture of older, mid-size distribution units as well as an abundance of smaller manufacturing units.

CONNECTIVITY	DISTANCE	BY CAR	BY TRAIN
Bradford	2.8 miles	15 min	-
Halifax	8.2 miles	26 min	23 min
Leeds	11.8 miles	20 min	57 min
Huddersfield	12.3 miles	26 min	56 min
Manchester	37.5 miles	57 min	1 hr 27 min
Port of Liverpool	70.9 miles	1 hr 23 min	-
Port of Hull	68.2 miles	1 hr 19 min	-

Euroway Trading Estate is regarded as Bradford's premier industrial area.

SITUATION

The asset lies at the northern extent of the estate a short distance from the M606 motorway. The national motorway network is easily accessible via the M62 only 1 mile (1.6 km) away. The property occupies a prominent position directly facing the access point from Wharfedale Road which is the main spine road of the estate.

The area plays host to numerous national occupiers including XPO Logistics/M&S Distribution Centre, B&Q, Expect Distribution, Barwick, Advanced Supply Chain Group and Jewson.

KEY

- | | |
|--------------------------------------|---------------------------------|
| A Expect Distribution | I Accent Wire |
| B XPO / M&S | J Quest Solutions |
| C Advanced Supply Chain Group | K Barwick |
| D Hancocks | L Micron Hydraulics |
| E Futurama Limited | M Meller Flow Trans |
| F Cotton John | N Metalcraft Engineering |
| G EPE International | O B&Q Bradford |
| H VonRoll UK | P EPE International |





BRADFORD CITY CENTRE

TO LEEDS >

EXPECT DISTRIBUTION

XPO/M&S

2 EUROWAY TRADING ESTATE

ADVANCED SUPPLY CHAIN GROUP

BARWICK

M606

EUROWAY TRADING ESTATE

WHARFEDALE RD

B&Q

DESCRIPTION

The property is a detached, regular shaped manufacturing and distribution facility with high-quality office accommodation.

PLANNING

The property benefits from permitted uses within E (B1), B2 (General Industrial) and B8 (Storage or Distribution) accommodation within the Town and Country Planning (Use Classes) Amended Regulations 2020.



UNIT SPECIFICATION



HISTORY

Originally built in the late 1970's and has been substantially refurbished since



ROLLER SHUTTER DOORS

Four 3.5m high doors, one of which is glazed and is currently utilised as a reception entrance



OFFICE ACCOMMODATION

Office accommodation, 2.5m floor to ceiling height, with raised floors and suspended ceilings



EAVES

6.5m eaves height with clear 5.8m to underside haunch. 9m ridge with clear 8.4m underside



EXTERNAL

Large, secure fenced yard which also allows for an ample 50 employee parking spaces



CONSTRUCTION

Steel portal frame construction



BAYS

Formed of three internal bays



PROFILING

Part profiled panelling, part brick clad elevations at first floor



FLOORING

Cast in situ concrete floor slab



ROOF

Relined composite panel roof

ACCOMMODATION

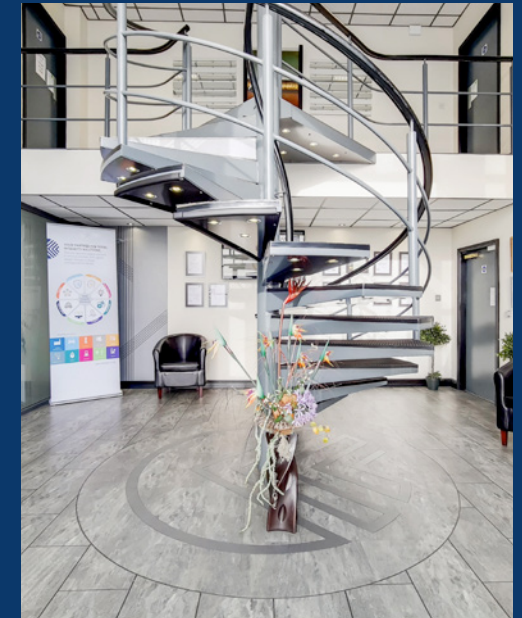
The property has been measured in accordance with the RICS code of Measuring Practice (6th Edition) and provides a total Gross Internal Area of 45,811 sq ft (4,256 sq m). There is 4,436 sqft (412 sqm) of office accommodation reflecting a ratio of 10%.

A copy of an assignable Stak area report is provided in the data room.

The site extends to 2.86 acres (1.16 hectares) providing a low built site density of 35%.

TENURE

Freehold under title number WYK915647.



TENANCY

The property is single let to Klinger UK Ltd (01021936) guaranteed by Klinger Holdings Ltd (02729611) on a 20 year lease expiring 30 November 2029, providing an attractive unexpired lease term of just under 8 years.

The rent is £205,000 per annum, reflecting a low rent of £4.47 per sq ft providing a potential reversion at the next review in 2024.

The lease benefits from 5-yearly, upwards only rent reviews to the higher of passing rent or Market Rent, assuming a 10 year hypothetical term. The lease is excluded from the security provisions of the Landlord & Tenant Act 1954.



COVENANT

Klinger UK was established in 1923, with the Klinger group having been in operation since 1886 in Europe. Klinger is the world's leading developer and manufacturer of quality sealing products for the oil and gas, petrochemical, aerospace and defence, utilities, pharmaceuticals, and chemical industries.

The UK manufacturing and distribution network is coordinated from the Bradford head office where the company holds extensive stocks of metals and non-metallic sheeting materials. The company manufactures their sealing products using cutting-edge robotic equipment from the Bradford property.

An additional six regional manufacturing facilities span the UK including Aberdeen, Grangemouth, Middlesbrough, Runcorn, Southampton, and Immingham.

Creditsafe determine the company to have a score of 81/100 or 'Very Low Risk' with shareholder funds of c.£15M in 2020. The Guarantor, Klinger Holdings Limited is determined to have a credit safe score of 91/100 of 'Very Low Risk' with shareholder funds totalling c.£4.2M in December 2020.



The tables below show the tenants and its Guarantors financial performance over the previous three years.

KLINGER UK LIMITED	2020	2019	2018
Turnover	£23,838,143	£27,837,620	£28,119,819
Pre-Tax Profit	£2,487,426	£4,435,233	£3,484,696
Shareholder's Funds	£14,983,484	£14,808,419	£13,111,339

KLINGER HOLDINGS LIMITED	2020	2019	2018
Pre-Tax Profit	£1,999,668	£1,865,831	£2,005,470
Shareholder's Funds	£4,274,970	£4,275,302	£4,409,471

Klinger is the world's leading developer and manufacturer of quality sealing products.



OCCUPATIONAL MARKET COMMENTARY

The industrial sector remains the strongest performing sector of the market driven by an acute lack of supply and increased demand from online retailers, 3PL's and distribution servicing companies.

Bradford is one of the largest industrial submarkets of Leeds and remains one of the 10 largest in the UK. The road, rail and port connections places Bradford as a key industrial location in Yorkshire and the North East.

Current vacancy rates in the Bradford Submarket have reached their lowest level in a decade at just 1.8% putting a significant strain on the existing supply. Supported by historically low vacancy rates, rental growth has been increasingly positive in recent years, remaining in line with the market and national average for the industrial and logistics sector. However, with prime rents for units at £7.00 per sqft, Bradford is seen as a providing a significant discount to the wider Leeds market.



DATE	ADDRESS	AREA (sq ft)	TERM	LEASE TYPE	RENT (sq ft)	RENT (pa)	TENANT
Jun-21	Unit 19, Norquest Industrial Estate, Birstall	35,005	10	Lease	£5.25	£183,776	Unknown
Jun-21	Unit 1, Leftfield Park, Park Road, Pontefract	35,004	15	Lease	£6.50	£227,526	Joule UK Limited
May-21	Trilogy 33, Logic Leeds, Skelton Moor Way, Leeds	33,084	15	Lease	£6.75	£223,317	Cloud RX Ltd
Mar-21	Units 6, 62 Leeds, Gelderd Road, Leeds	57,500	15	Lease	£6.50	£373,750	Argos
Mar-21	Kinetic 45, New Market Lane, Leeds	60,240	16	Lease	£6.25	£376,500	Fenton Packaging Limited
Dec-20	TL5, Towngate Link, Leeds	17,500	20	Lease	£7.50	£131,250	Co-op
Sep-20	Unit 1, Speedwell Road, Castleford	37,555	10	Lease	£5.50	£206,552	DTD Logistics Solutions
Aug-20	Unit 5, Willowbridge Lane, Castleford	29,326	5	Lease	£5.50	£161,293	Jayhawk Ltd
Jul-20	Street Record, Leeds	50,000	3	Lease	£5.57	£278,500	Ford Retail Limited
Mar-20	TL3, Towngate Link, Leeds	55,000	10	Lease	£6.08	£334,400	Van Line Ltd



INVESTMENT MARKET COMMENTARY

The accelerated structural shift in the retail market towards e-commerce has heightened investor demand for industrial and logistics.

The heat of the southeast market has led investors to look further afield to generate enhanced returns. Investor appetite has intensified based on the positive market dynamics of a combination of lack of stock and an increased demand for warehousing accommodation. This has proliferated strong rental growth across all industrial sub markets in

the UK. In addition, the weight of institutional and private equity finance seeking exposure to the sector has further driven record yield compression.

Single-let distribution warehouses accounted for 78% of the £6bn traded up to Q3 in 2021, highlighting the level of investor demand for single let industrial assets. Industrial and logistics significantly outperformed all other sectors over the past year posting a total return of 22.6% compared with 6.4% for property overall.



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DATE	ADDRESS	TENANT	AREA (sq ft)	AVERAGE RENT (psf)	RENT (pa)	UXT	PRICE	NIY	CV (psf)	NOTES
U-O	Canal Road, Bradford	The Car Clinic	18,412	£5.57	£102,500	4.70	£1,680,000	5.75%	£89.00	-
Dec-21	Unit 2, Dealburn Road, Bradford	Transmec	73,670	£4.07	£300,000	13.90	£5,650,000	4.98%	£76.69	Acquired by Columbia Threadneedle
Jun-21	Ainsworth Street, Rochdale	Royal Mail	29,385	£5.79	£170,069	7.75	£2,850,000	5.59%	£97.00	250 year LLH sale. Acquired by Citiclient (CPF) Nominees
Jun-21	Twibell Street, Barnsley	MKM Building Supplies	19,305	£9.01	£174,000	15.00	£3,270,000	5.00%	£169.00	Acquired by STR Capital Limited
Jun-21	Mannaberg Way, Scunthorpe	MKM Building Supplies	15,730	£9.22	£145,000	15.00	£2,745,000	5.00%	£175.00	Acquired by Allenby Commercial
May-21	Nepshaw Lane South, Gildersome, Leeds	DHL	71,416	£5.12	£365,500	8.50	£7,600,000	4.51%	£106.42	Acquired by Mirastar
May-21	Lowfields Business Park, Elland, Leeds	Sunguard Data Centre	44,143	£5.49	£242,500	9.30	£4,150,000	5.50%	£94.01	Acquired by Peninsula Projects (Elland) Limited
Q2 2021	Unit 1000, Link 61, Distribution Park, Normanton	Sigma	63,147	£5.95	£375,541	3.50	£7,050,000	4.99%	£111.64	Acquired by Kennedy Wilson (Portfolio of 4 Assets)
Feb-21	Foundry Park, Dalton Lane, Keighley	Platinum Stair Lifts	39,289	£6.45	£253,500	15.00	£4,100,000	5.80%	£104.35	Acquired by MCM Investments
Aug-20	Bridge Works, Elland Road, Leeds	Saint Gobain	23,669	£6.17	£146,038	9.80	£2,617,000	5.25%	£111.00	Acquired by Ribston (RPUT)
Jul-20	Unit C Gildersom Link, Nepshaw Lane, Leeds	Walk Investments Ltd	30,314	£5.75	£174,376	5.00	£2,420,000	6.75%	£79.00	Acquired by a Private
Jul-20	Units 1&2 Gelderd Road, Leeds	Clipper Logistics	90,644	£5.06	£457,000	3.70	£8,600,000	4.99%	£94.88	Acquired by Ribston (RPUT)
Mar-20	Unit 1, Total Park, Leeds	DHL	57,383	£10.20	£585,307	15.00	£11,770,000	4.66%	£205.00	Acquired by Equities Property Fund
Feb-20	12 Millersdale Close, Euroway Industrial Estate, Bradford	Meller Flow Trans	15,356	£5.12	£78,568	4.50	£1,280,000	5.80%	£83.00	Acquired by a Private Investor

BUILDING & ENVIRONMENTAL

Black Cat have provided a building survey report to support the sale.

- > The report concludes that the property is not affected by any significant defects or issues relating to the structure of the property.
- > Items of disrepair and decoration required are the tenant's responsibility; there should not be any significant concerns preventing a purchaser proceeding with an acquisition.

CBRE Environmental produced an environmental report to support the sale.

- > The report advises that there are no material environmental concerns which would affect an acquisition of the property.
- > The property is considered to have a 'low - medium' risk of land contamination, 'very low risk' of flooding and 'low risk' with regards to Minimum Energy Efficiency Standards (MEES).

Full copies of the assignable Building and Environmental reports can be accessed on the data site, access details can be provided on request.



EPC

The property benefits from an Energy Performance Certificate rating of B (48). A full copy of the Certificate including the Recommendation Report is held on the data site supporting the sale.

VAT

The property is elected for VAT and therefore VAT will be payable on the purchase price. It is anticipated that the sale will be structured as a Transfer of a Going Concern.

AML

The purchaser will need to satisfy both the vendor and Clay Street's AML policies.



PROPOSAL

Offers are invited in excess of £3,700,000 subject to contract and exclusive of VAT.

A purchase at this level would reflect and **Net Initial Yield of 5.20%** after graduated acquisition costs of 6.52%. This reflects a **low capital value of £81.00 per sq ft.**

DATA ROOM: Further information to support the sale can be found on a secure dataroom. Access details can be provided upon request.



FURTHER INFORMATION

Viewings are to be hosted by Clay Street and arranged by appointment only.

George Freeman
george.freeman@claystreet.co.uk
M: 07787 541 437
T: 020 7935 2831

Clark Davidson
clark.davidson@claystreet.co.uk
M: 07988 996 707
T: 020 7935 2831

Rob Atkins
rob.atkins@claystreet.co.uk
M: 07703 753 088
T: 020 7935 2831

Chris Dickin
chris.dickin@claystreet.co.uk
M: 07795 114 686
T: 020 7935 2831

CLAY STREET 
PROPERTY CONSULTANTS

11 St. Christopher's Place, London W1U 1NG
T: 020 7935 2831 | www.claystreet.co.uk

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