



LANGTON

BUSINESS CENTRE

AYCLIFFE BUSINESS PARK, NEWTON AYCLIFFE,
COUNTY DURHAM, DL5 6HT.

HIGH YIELDING
REVERSIONARY
MULTI-LET INDUSTRIAL
INVESTMENT

WITH SIGNIFICANT ASSET
MANAGEMENT OPPORTUNITIES

INVEST IN LANGTON

- Aycliffe Business Park is the second largest industrial estate in the North East Region and home to 500 companies employing over 10,000 people.
- Significant Asset Management Opportunities to improve Net Operating Income.
- Total site area of approximately 10.63 acres (4.3 hectares) including approximately 1.6 acres (0.65 hectares) of development land.
- The estate comprises of 24 units with a total floor area of 17,463 sq. m (187,973 sq. ft.).
- Property held by way of two ground leases for a term of 989 years from 2013. Option to buy the freehold for £100 per lease from 2030.
- Total contracted rent of £257,844 per annum equating to a low £1.67 per sq. ft. on industrial accommodation.

Offers sought in excess of £2.75m (subject to contract and exclusive of VAT)

- This reflects a low capital value of £14.63 per sq ft.
- 7.88% triple net initial yield after costs (after allowing for purchaser's costs of 6.42%)
- 14.95% attractive reversionary yield

ASSET MANAGEMENT OPPORTUNITIES

1. Opportunity to improve rental tone by letting vacant space.
2. Amalgamate units to provide better configured space.
3. Improve income profile by re-gearing existing leases - majority being outside the L & T Act.
4. Begin marketing refurbished office accommodation.
5. Alternatively demolish office block to mitigate shortfalls.
6. Explore alternative uses on vacant land.



COMMUNI- CATIONS

Newton Aycliffe is situated adjacent to the A1(M), the main north south link road serving the regions. The A1(M) provides a direct link to major centres including Newcastle upon Tyne (31 miles) and Edinburgh (136 miles) to the North and Leeds (63 miles) and London (250 miles) to the South.

Intercity Rail services are available from Darlington Station providing quick access to major cities on the East Coast Main Line. Newcastle upon Tyne and Leeds can be reached in 30 minutes and 1 hour respectively. There are three direct rail services to London Kings Cross each hour with the fastest journey time of 2 hours 21 minutes.

Newton Aycliffe is well served by airports with Newcastle International Airport located 38 miles to the North and Durham Tees Valley located only 11 miles to the South East. It also benefits from easy access to some of the UK's busiest east coast ports including Tees Port and The Port of Tyne.

ROAD

NEWCASTLE	31 Miles
EDINBURGH	136 Miles
LEEDS	63 Miles
LONDON	250 Miles

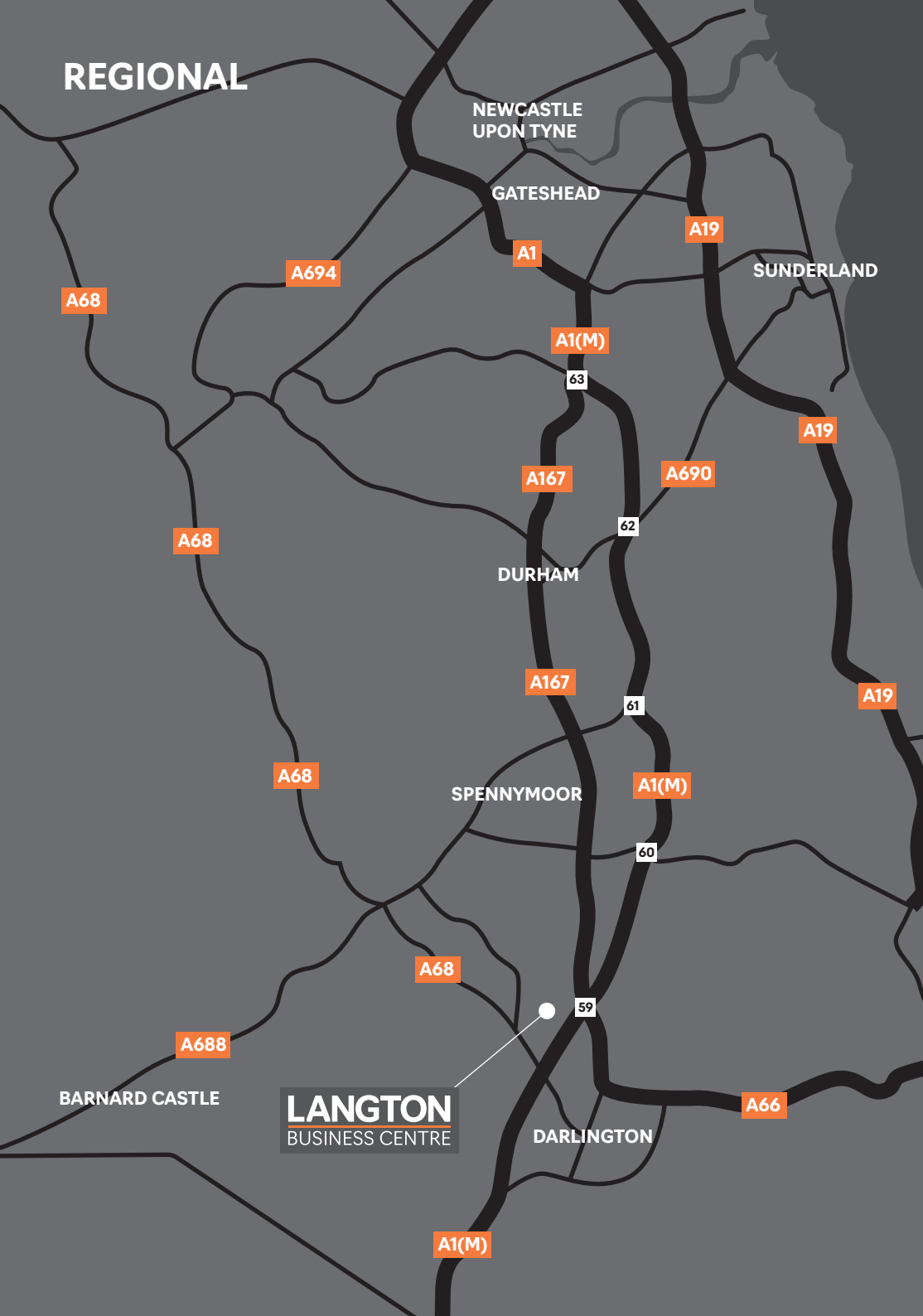
RAIL

NEWCASTLE	30 Mins
LEEDS	1 Hr
LONDON	2 Hrs 21 Mins

AIR

NEWCASTLE	38 Miles
DURHAM TEES	11 Mile
LEEDS BRADFORD	62 Miles

REGIONAL



LOCAL



AYCLIFFE BUSINESS PARK

Aycliffe Business Park extends to approximately 980 acres (400 hectares) and is home to over 500 companies employing over 10,000 people and is the largest employment location in County Durham (source ABPC, 2017).

Major national occupiers include Gestamp Tallent, Hitachi Rail Europe, EBac, Tekmar, Husqvarna and Lidl. Engineering and manufacturing remain at the core of Aycliffe Business Park, however, dozens more SME's from the services and leisure sectors have come to the park in recent years. The result is a dynamic and vibrant employment hub catering for a wider range of occupiers.

The recently constructed £82 million Hitachi Rail Europe plant in Aycliffe has significantly enhanced the location and now employs over 1,100 people. Car components manufacturer Gestamp Tallent employs over 1,300 at its Aycliffe plant. The company produce chassis, structural and body components for the likes of Jaguar, Land Rover, Volvo, Ford, BMW, Nissan and Honda.



DESCRIPTION

The property comprises of a substantial industrial facility with adjoining office building, large service yard and storage/development land.

The main building has been sub divided into a number of individual storage and manufacturing units. The adjoining office building provides a number of individual office rooms capable of single or multiple occupation. There is also ample on site car parking. The development site adjacent to the main facility extends approximately 1.6 acres, which would suit future development subject to planning permission.

TENANCIES

The scheme is let in accordance with the schedule of accommodation and tenancies provided within these particulars.

In summary, the income and outgoings are as follows:

Contracted Rent (£ per annum)

£257,844

Landlords Service Charge Liability

£23,694

Landlords Rates Liability (after mitigation)

£3,516

Net operating income

£230,634

ERV

£437,309



Langton Business Centre



SERVICE CHARGE

The service charge is apportioned as follows.

Expenditure Year 2018

Industrial
£15,970 (£0.09 per sq. ft.)

Office
£25,375 (£4.42 per sq. ft.)

Total
£41,345

TENURE

The properties are held by two ground leases each for a term of 989 years from 5th February 2013 with an option to buy the freehold for £100 per lease after **31st December 2029**.

Demise		Tenancy Information					ERV		Management		Landlord Liabilities	Comments				
Industrial Accommodation																
Unit	Tenant	Area		Term (yrs)	Start	Break	Expiry	Net Operating Income (NOI)	Contracted Rent	Contracted Rent	ERV (Net Rent)	ERV (Net Rent)	Service Charge	RV	Total Landlord Liabilities £ (pa)	
		sq ft						£ pax	£ pax	£ psf	£ pax	£ psf	£	£		
D432(1A)	Vacant	10,248						-£898	£0	£0.00	£23,058	£2.25	£898	£11,250	£898	6 months rates mitigation from June 2019
D432(2)	Husqvarna UK Ltd	26,108	3.0	22/09/2016		21/09/2019		£52,216	£52,216	£2.00	£58,743	£2.25	£2,288	£35,250	£-00	
D432 (3 & 4)	Gestamp Tallent	52,135	3.0	11/05/2017		10/05/2020		£92,234	£92,234	£1.77	£104,270	£2.00	£4,569	£63,000	£-00	
D432(6FRONT)	Red Star Furniture & Upholstery Ltd	8,481	8.0	11/04/2012		10/04/2020		£11,257	£12,000	£1.41	£16,962	£2.00	£743	£19,750	£743	Rent inclusive of service charge
D432(6REAR)	Red Star Furniture & Upholstery Ltd	6,638	8.0	18/06/2012		17/06/2020		£8,282	£8,864	£1.34	£13,276	£2.00	£582		£582	
D432(PT1&5)	Raisco Ltd	35,453	5.0	01/04/2015		31/03/2020		£45,000	£45,000	£1.27	£79,769	£2.25	£3,107	£82,250	£-00	
D432(PT1)	Vacant	25,239						-£2,212	£0	£0.00	£56,788	£2.25	£2,212	£37,250	£2,212	6 months rates mitigation from June 2019
D433	Raisco Ltd	10,863	5.0	01/02/2019	31/03/2020	31/01/2024		£20,500	£20,500	£1.89	£24,442	£2.25	£952	£17,500	£-00	
D434	Helical plc	7,062	25.0	30/09/2004		29/09/2029		£-00	£0	£0.00	£-00	£-00	£619	£17,900	£-00	
Sub-Total		182,227						£226,378.99	£230,814	£1.27	£377,308	£2.07	£15,970	£284,150	£4,435	

Demise		Tenancy Information						ERV		Management		Landlord Liabilities	Comments		
Office Accommodation															
Unit	Tenant	Area sq ft	Term (yrs)	Start	Break	Expiry	Net Operating Income (NOI)	Contracted Rent	Contracted Rent	ERV (Net Rent)	ERV (Net Rent)	Service Charge	RV	Total Land- lord Liabilities £ (pa)	
							£ pax	£ pax	£ psf	£ pax	£ psf	£	£		
F1	Vacant	225					-£994	£0		£2,250	£10.00	£994	£1,950	£994	
F2	Vacant	436					-£2,448			£4,360	£10.00	£1,925	£3,300	£2,448	Rates mitigation ongoing
F3	Vacant	435					-£2,444			£4,350	£10.00	£1,921	£3,300	£2,444	Rates mitigation ongoing
F4	Vacant	185					-£817			£1,850	£10.00	£817	£1,600	£817	
F5	Vacant	396					-£2,224			£3,960	£10.00	£1,749	£3,000	£2,224	Rates mitigation ongoing
F10	1AB Taxis LTD	174	1.0	01/02/2018		31/01/2019	£1,832	£2,600		£1,740	£10.00	£768	£1,575	£768	
F11	Vacant	175					-£773			£1,750	£10.00	£773	£1,525	£773	
F12	Vacant	497					-£2,797			£4,970	£10.00	£2,195	£3,800	£2,797	Rates mitigation ongoing
OFFGRD	John Griffiths & Caroline Griffiths	1,385	5.0	01/04/2018		31/03/2023	£16,390	£16,390	£11.83	£16,391	£11.84	£6,116	£12,250	£-00	
G2	Vacant	220					-£1,494			£2,200	£10.00	£972	£3,300	£1,494	Rates mitigation ongoing
G3	Vacant	786					-£4,342			£7,860	£10.00	£3,471	£5,500	£4,342	Rates mitigation ongoing
G6 - STORE	Vacant	44					-£194			£440	£10.00	£194	£390	£194	
G7	Marie Coat-sworth	235	3.0	01/08/2016		31/07/2019	£1,962	£3,000	£12.77	£2,350	£10.00	£1,038	£1,975	£1,038	
G9	Victoria Richards	463	3.0	20/08/2016		19/08/2019	£2,995	£5,040	£10.89	£4,630	£10.00	£2,045	£3,550	£2,045	
G10STORE	Vacant	90					-£397			£900	£10.00	£397	Not Rated	£397	
Sub-Total		5,746					£4,255	£27,030		£60,001		£25,375	£47,015	£22,775	

OCCUPATIONAL MARKET



The industrial market on Aycliffe Business Park mirrors the market in the wider North East region where there is a recognised lack of modern and secondary accommodation across all size ranges. Demand has remained consistently strong in recent years and despite diminishing stock levels, there has been very little speculative development. Speculative development remains difficult primarily due to the costs associated and lack of gap funding and as a result, there are numerous examples of landlords improving secondary stock to capitalise on strong demand. The supply and demand dynamics are putting continued upward pressure on rents, and lowering incentives, particularly on secondary industrial assets.

PROPOSAL

We have been instructed to seek offers in excess of £2,750,000 (two million and seven hundred and fifty thousand pounds), subject to contract and exclusive of VAT. This provides a low capital value of £14.63 per sq. ft. and triple net yield on the income of 7.88% with a reversion of 14.95%. This allows for purchaser's costs of 6.42%.

VAT

The property is elected for VAT and it is anticipated that the transaction would be treated as a Transfer of a Going Concern (TOGC).

EPC

Energy Performance Certificates are available upon Request.



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NAYLORS CHARTERED SURVEYORS & GOOCH CUNLIFFE WHALE LLP

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