



COFTON ROAD | MARSH BARTON |  
EXETER | EX2 8WQ

# INVESTMENT SUMMARY



- Situated in a **prominent position** on the **Marsh Barton Trading Estate**, to the south of Exeter.
- **3.8 miles** from the **M5** connecting the city to the national motorway network.
- **Single let purpose built industrial warehouse** totalling **24,955 sq ft GIA**.
- **Long leasehold interest** at a **rent passing of £5,375 per annum** with **148 years unexpired**.
- **FRI 15 year lease** with a remaining **unexpired term of 2.1 years**.
- **Low passing rent of £125,000 per annum** (£5.01 psf), reflecting a **net income of £119,625 per annum**, providing **excellent growth prospects**.
- **ERV of £6.00 per sq ft, £149,730 per annum**.
- Offers in excess of **£1,670,000 (One Million, Six Hundred and Seventy Thousand Pounds)** subject to contract and exclusive of VAT for the long leasehold interest.
- A purchase at this level would reflect a **net initial yield of 6.75%**, a **reversionary yield of 8.14%** and an **equivalent yield of 7.89%**, after standard purchaser's costs of 6.17%.
- **Low capital value of £66.92 per sq ft**.

SCREWFIX

TOOLSTATION

CALENDAR CLUB

PORCHE CENTRE

BRITANNIA LANES SELF-STORAGE

ALLIANCE HEALTHCARE

STANLEY SECURITY

MERCEDES BENZ

VOLVO CARS EXETER

City Centre





## Location

Exeter is an historic Cathedral and University City located in the South West. Exeter has been identified as one of the fastest growing cities in the UK and is considered the commercial centre for Devon. The city is one of the top ten locations for business in the UK with approximately 70,600 employees and has unemployment levels below the national average.

The city is located on the River Exe, approximately 36 miles (58 km) north-east of Plymouth, 65 miles (105 km) south-west of Bristol and 174 miles (280 km) west of London. Exeter benefits from excellent levels of connectivity via road, rail and air. The city is in close proximity to junctions 29, 30 and 31 of the M5, providing access to the city and direct connection to Bristol and Birmingham to the north-east, and Plymouth to the south-west. The city is the main rail hub for the South West providing links to most branch lines in Devon and two main routes to London. Exeter International Airport is situated five miles to the east of the city centre and offers regular flights to London and a number of European Destinations.

## Situation

The property is located within Marsh Barton, the largest trading estate in Exeter located to the south of the city centre. The property is situated on the west side of Cofton Road, 2.8 miles south of the city centre. The estate benefits from good connectivity with direct access to the A30 via the A379 to the south of the estate connecting the area to the M5 and national motorway network.

The estate is occupied by over 500 diverse businesses and is a traditional industrial destination benefiting from trade counter operators and car showrooms. Local occupiers include: Alliance Healthcare, Screwfix, Plumbase, Porsche Centre Exeter, Mercedes Benz and Carrs Ferrari.



Bristol	1 hr 30 mins
London	3 hrs 36 mins
Birmingham	2 hrs 24 mins



Bristol	2hrs 34 mins
London	3hrs 24 mins
Birmingham	3hrs 16 mins



Exeter - London 1hr 10mins

# DESCRIPTION

## Description

The unit comprises a purpose built warehouse of steel portal frame construction, with brick and profiled metal elevations under profiled steel roof. The unit has two storey office accommodation to the front of the unit and has a high eaves height of 7.95 meters making it attractive to potential occupiers.

The unit benefits from a secure yard and loading area to the front and north of the site with a double height loading door at the front of the unit and extensive multi storey racking throughout.

The area of the site is 1.018 acres.

## Accommodation

The property has been measured in accordance with the RICS Code of Measuring Practice 6th Edition on a Gross Internal Area (GIA) basis. The property comprises 24,955 sq ft (2,318.4 sq m) across industrial and office space.

	sq m	sq ft
Industrial	2,223.00	23,929
Ground Floor Office	47.70	513
First Floor Office	47.70	513
<b>Totals</b>	<b>2,318.40</b>	<b>24,955</b>

## Tenure

Long Leasehold from Exeter City Council for a term of 150 years from the 9th August 2017 until 8th August 2167, leaving an unexpired term of 148.5 years at a passing rent of £5,375 per annum.

There is an upward only rent review in 8.4 years on 9th August 2027 and 5 yearly thereafter to 10% of the open market rent, or if there is no building (due to redevelopment) then the review is by reference to RPI.



## Tenancy

The property is let in its entirety to Crown Records Management Ltd by way of an 15 year FRI lease from the 31st March 2006 up to and including the 30th March 2021, leaving an unexpired term of 2.1 years. The unit produces a current rental income of £125,000 per annum which equates £5.01 per sq ft overall. The net rental income, therefore, is £119,625 per annum after allowing for the head lease payment.

The lease is subject to a schedule of condition, details available upon request.

## Covenant



Crown Records Management is a global full service supplier of off-site storage solutions as well as the confidential and certified destruction of files in 16 sites across the UK. In the year to December 2017 Crown Records Management

Ltd posted sales of £20.925m and a net profit of £3.021m. They are awarded a 'Very Low Risk' credit rating (source: First Report).

## Guarantor



The lease is guaranteed by the global parent company, Crown Worldwide Holdings Ltd who are headquartered in Hong Kong and provide relocation services, logistics and storage from offices in nearly 60 countries. Crown

Worldwide Holdings Ltd posted sales of £307.5m and a net profit of £15.9m at year-end December 2017 and has a Dun & Bradstreet rating of 5A1, representing a 'minimum risk' of business failure.

## EPC

The property has an Energy Asset Rating of C (73). A full copy of the report is available on request.

## VAT

The property has been elected for VAT. It is anticipated the sale can be structure as a Transfer of a Going Concern (TOGC).



## Occupational Market

The industrial market in Exeter is currently characterised by a lack of supply. Headline rents in Exeter for well-located industrial properties have increased to £6.50 - £8.00 per sq ft since 2017. Supply of vacant standing stock is at a record low and it continues to be challenging for occupiers looking to expand or relocate. There is also a shortage of speculative development on any scale in Exeter. The lack of supply and speculative development has led to an increase in rents and a fall in incentives for existing stock in good locations such as the subject property. Significant construction cost inflation is expected to also result in further upward pressure on rents.

The lack of stock has caused occupiers to seek space in poorer locations in order to satisfy short term demand. There are a large number of requirements ready to come to the market for better located existing industrial property once space becomes available.

The result of these market characteristics is likely to lead to new speculative development this year, such as the development at Matford Green Business Park. Phase 3 of this development is to the south of the Marsh Barton and comprises 30,000 sq ft of industrial, distribution and trade counter units where quoting rents are at £9.00 per sq ft.

Date	Address	Size sq ft	Rent per sq ft	Comments
Nov-18	Windsor Court, Manaton Close, Exeter, EX2 8PF	11,139	£7.49	15 year lease, break at year 10, 3 months' rent free.
Nov-18	Unit A3, Kingfisher Way, Sowton Industrial Estate, Exeter Ex2 7NW	23,138	£5.80	8 year lease with a mutual break in 2021.
Mar-18	Otter Court, Manaton Close, Exeter EX2 8PF	14,212	£5.25	

Taking into account the comparables above, and that the only available space in the area for 20,000 - 30,000 sq ft is new build space quoting £9.00 psf, we believe the estimated rental value of the property to be £6.00 - £6.25 per sq ft.

## Investment Market

The UK industrial and logistics market remained resilient in 2018, despite the uncertain political climate, and continued to outperform all other sectors. Investor sentiment around the industrial and logistics sector remains positive across the UK with transactional volumes at £6.7 billion, which is just above the five year average of £6.5 billion.

Well located modern assets continue to experience good interest from domestic and overseas investors. Demand for single let industrial investments in the South West is strong and supply is limited. The under supply of industrial units in the region combined with the robust occupier demand has resulted in good levels of rental growth which has helped to increase investor interest.

EDF energy are building two new nuclear reactors at Hinkley to the north of Exeter. This development is increasing industrial demand in the surrounding area. The increased demand in the Hinkley and Bridgewater area will reduce supply in the short term, resulting in further upward pressure on rental growth. The occupational market dynamic is creating an attractive prospect for potential investors from both a short term and long term perspective.

Date	Address	Size sq ft	WALUT Break	Sale Price	Cap Val psf	Yield
2018	Units A1-A3 Kingfisher Way, Exeter	23,138	3.2	£2.155m	£93.14	5.26%
2018	Units 1-11 Heron Road, Exeter	37,485	1.76	£3.5m	£93.37	5.45%
2017	Skyways, Exeter Airport Business Park, Exeter	21,090	-	£1.9m	£90.10	4.00%

## Proposal

Offers are sought in excess of **£1,670,000 (One Million, Six Hundred and Seventy Thousand Pounds)** subject to contract and exclusive of VAT for the long leasehold interest. A purchase at this level would reflect a net initial yield of 6.75% and a reversionary yield of 8.14%, based upon an ERV of £6.00 per sq ft, showing an equivalent yield of 7.89% after standard purchaser's costs of 6.17%.

This reflects a low capital value of £66.92 per sq ft.

## Contacts

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