

M&S

EST. 1884



SHORT INCOME
FOR SALE

257,319 SQ FT

WA 257 | WARRINGTON | WA1 4RF

PROJECTTRIANGLE.CO.UK




OPPORTUNITY SUMMARY.

- Single let short term **sale and leaseback** opportunity in **prime** North West logistics location.
- Excellent access to the **M6 J21 (1.3 miles) / M62 J10** (3.8 miles) providing prime connectivity and **direct links** to the UK's **major distribution** locations including Manchester, Liverpool, Birmingham and London.
- Distribution warehouse extending to **257,319** sq ft situated on a site of approximately **10.30 acres**
- Held **Freehold**.
- The sale will be subject to a short term **leaseback** to **Marks & Spencer plc** (00214436) on full repairing & insuring terms (subject to schedule of condition) for a term of **18 months** with a rolling tenant only break on 3 months notice after an initial term certain of 3 months at £1,029,276 per annum reflecting **£4.00 per sq ft**.
- The asset presents a broad range of **asset management, redevelopment**, and **owner occupation** opportunities.
- To be sold as part of a **portfolio** of assets under the instructions of Marks & Spencer Plc.

LOCATION.

Warrington is one of the North-West's most established distribution hubs, situated in the heart of the regional motorway network, approximately 17 miles east of Liverpool and 20 miles west of Manchester. The town benefits from excellent connectivity to the wider UK motorway network, providing access to the major regional consumer hubs of Liverpool and Manchester via the M62, alongside the wider UK via the M6 situated to the east of the town providing direct links to Birmingham and London.



PLACES	MILES	JOURNEY
M6/J21	0.9	2 mins
M62/J10	3.5	5 mins
Interchange	3.6	5 mins
M56/J9	4	7 mins
M60/J11	10	12 mins
Warrington Omega	8.6	11 mins
Widnes Rail Freight Terminal	4.3	12 mins
Manchester	16.8	33 mins
Liverpool	23.5	37 mins
Leeds	56.3	1h 9mins
Sheffield	57.4	1h 32mins
Birmingham	77.5	1h 39mins
London	191	3h 15mins



PORT	MILES	JOURNEY
Ellemere	24.7	31
Liverpool	28.1	34 mins
Hull	110	1h 51 mins
Felixtowe	238	3h 44 mins
London Gateway	217	3h 40mins



AIRPORT	MILES	JOURNEY
Manchester	14.3	21 mins
Liverpool	21.9	28 mins
Leeds	57.8	1h 16 mins

SITUATION.

WA257 is located 3 miles east of Warrington town centre in the established Hardwick Grange Industrial Estate. Warrington 257 occupies a strategic logistics location benefiting from immediate access to Junction 21 of the M6 which is situated a 2 minute drive to the south, accessed directly off Woolston Grange Avenue. Hardwick Grange is a prime North-West distribution location boasting a diverse and high profile range of occupiers including Iceland, FedEx, Bunzl and Grange packaging.





STRATEGIC LOGISTICS LOCATION.

WA257 is ideally situated, benefiting from prime connectivity, access to a plentiful local labour supply and a thriving regional economy.



Low cost of labour – average weekly pay of £559.20 vs. the North-West (£560.30) and UK (£587.10) averages



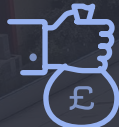
Total population of 967,714 within 30 minutes HGV drive time



Working age population of over 1 million within a 30 minute commute



Percentage of population of working age predicted to increase above the national average to 61% and overall population to increase by 2% over the next 10 years



82.6% of the resident population is economically active – higher than the wider North-West region (77.6%) and the UK (79.1%)



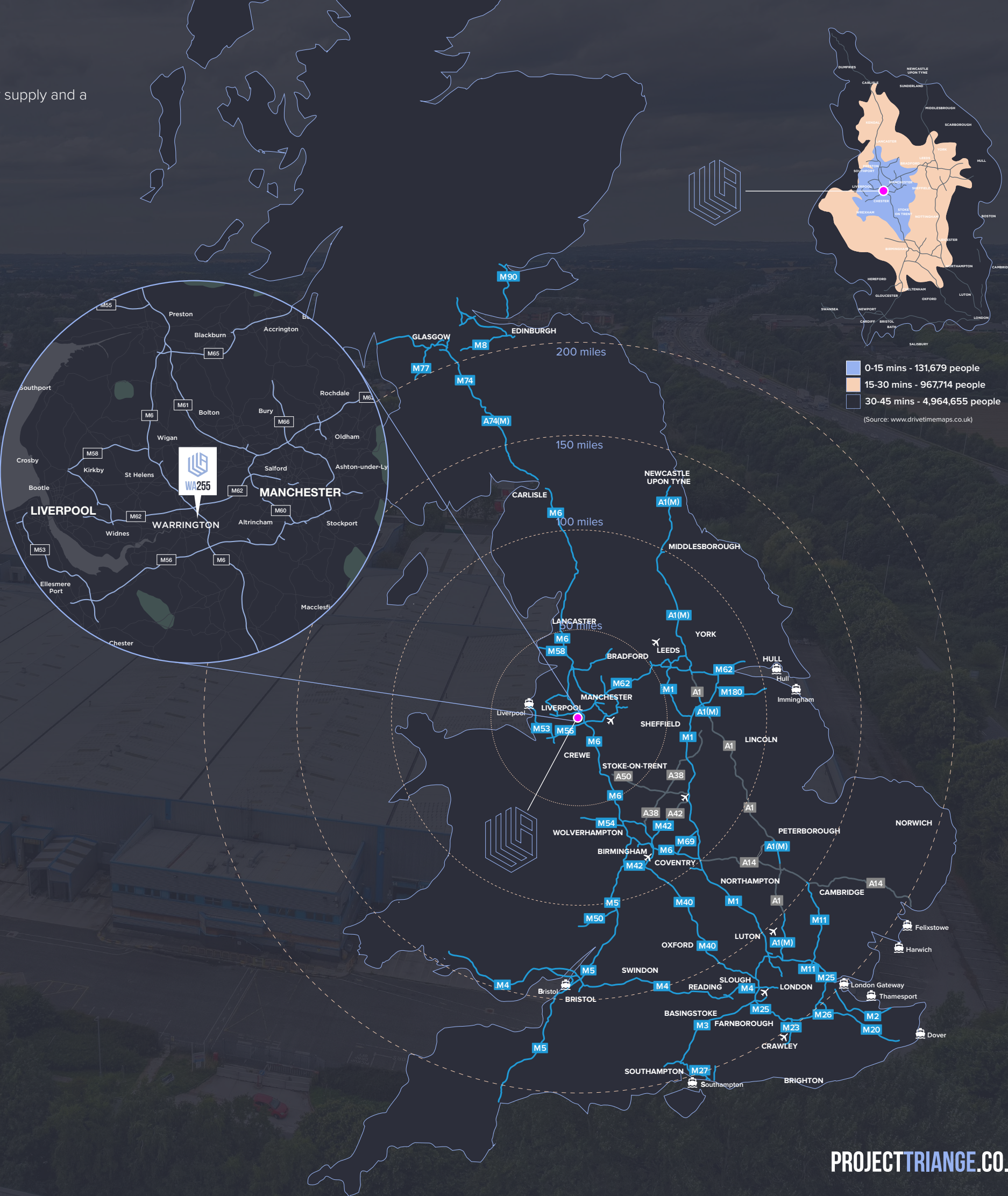
Warrington's Gross Value Add (GVA) has increased by 28% in the last 10 years (source: ONS regional economic activity)



Above average employment in logistics & storage: 7.2% of total workforce (North-West – 5.6% / UK – 4.9%) – with an estimated 28% of the working population having skills related to warehouse operations incl. elementary, engineering, and managerial roles



Population of 4.96m within a 45 minute drivetime





ASSET SUMMARY.

The property comprises a detached steel portal frame warehouse facility with a two storey fronted office block in the south elevation. The building benefits from the following specification:

The warehouse is currently fitted out with a two storey mezzanine. We understand the sprinkler system has been decommissioned however the tanks are still on site.



10.30 ACRE SITE



EAVES HEIGHT OF
8.94M



LOADING ON 3
ELEVATIONS



27 DOCK LEVEL
LOADING DOORS



1 LEVEL ACCESS
LOADING DOOR



UP TO 48M SERVICE
YARD



30 HGV SPACES



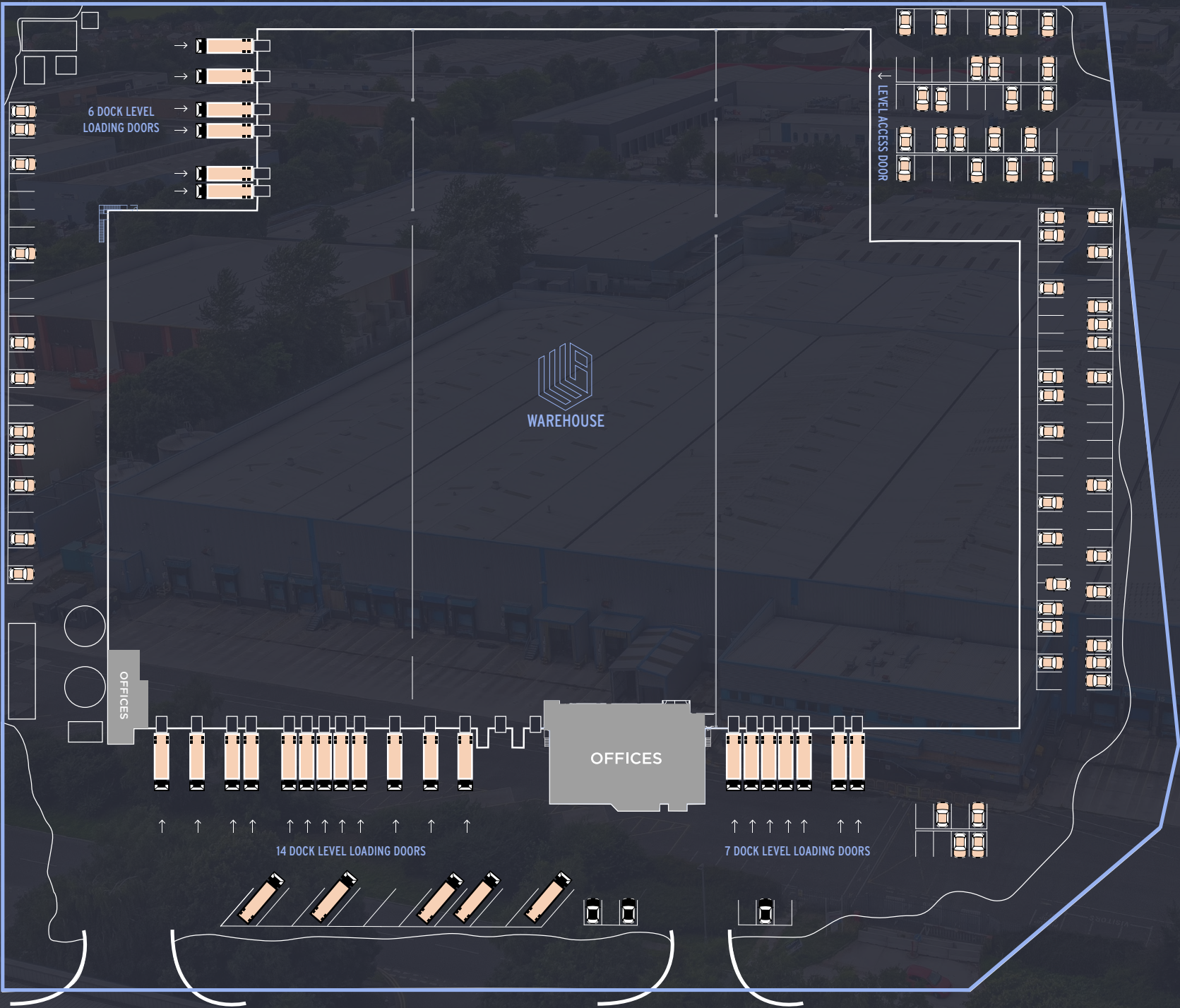
250 VISITOR AND
EMPLOYEE CAR
PARKING SPACES




SECURE YARD



TWO STOREY
ANCILLARY OFFICE
AND AMENITY
SPACE





DESCRIPTION	SQ FT	SQ M
Main Warehouse	243,460	22,618.2
Outbuilding A	1,200	111.5
Outbuilding B	59	5.5
Gas	93	8.6
Gatehouse	104	9.7
Ground Floor Office A	5,083	472.2
Plant/Maintenance	1,310	121.7
First Floor Office A	4,931	458.1
First Floor Office B	1,079	100.2
TOTAL	257,319	23,905.7
First Floor Tenant Mezzanine	210,037	19,513.1
Second Floor Tenant Mezzanine	221,991	20,623.7
Vehicle Wash	1,459	135.5
Approximate Gross Internal Area (GIA)		

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10.3 ACRE ESTABLISHED EMPLOYMENT SITE.

The site provides a rare opportunity to acquire an established prime North-West employment site extending to approximately 10.30 acres, providing an existing site cover of approximately 56%.

INTERACTIVE LINKS



MARKETING VIDEO



VIRTUAL TOUR





MARKET COMMENTARY.

OCCUPATIONAL MARKET SUMMARY.

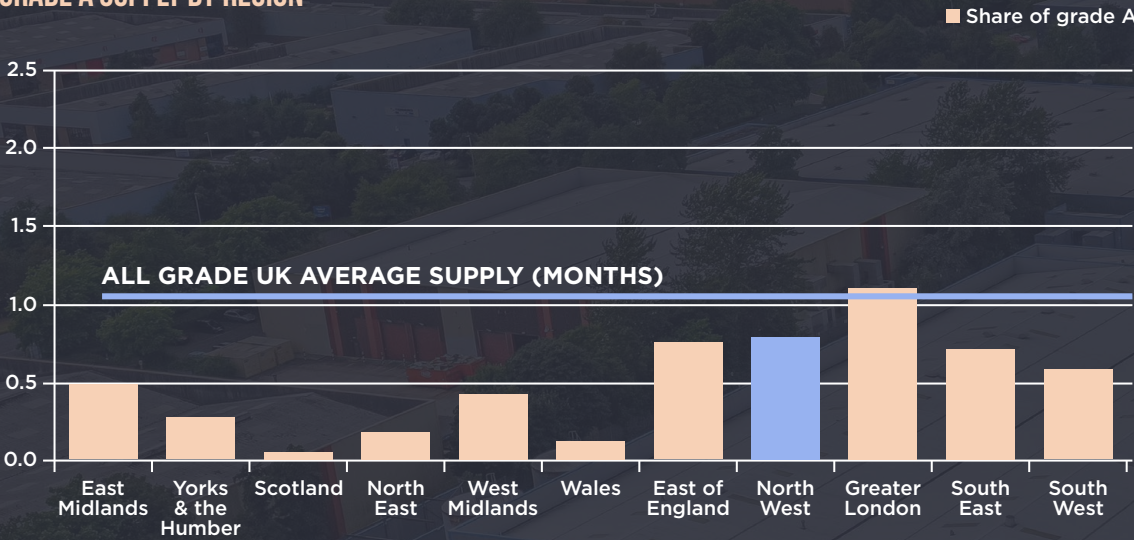
DEMAND.

Following a phenomenal year for the UK industrial & logistics market in 2020, occupier activity continued at a relentless pace in H1 2021, with strong demand fueled by accelerated structural changes triggered by the pandemic. UK-wide take-up reached 40.0m sq ft in H1, the strongest half-year total on record, and 21% up on the previous six months.

Analysed by quarter, Q2 was the standout, with take-up of 23.0m sq ft eclipsing Q2 2020's previous record for a single quarter of 17.4m sq ft. While Q1's take-up of 17.0m sq ft was slightly less headline grabbing, it was still an impressive 30% above the five-year quarterly average and the strongest total on record for a first quarter.

The North-West mirrors the record breaking performance of the wider UK Logistics market with take-up recording 130% above the five-year average. H1 'Big-Box' take up demand continued to soar, reaching 3.34m sq ft – an increase of 90% on 2020 and the highest H1 on record. With a similar figure currently under offer, it is expected that the 5.2m sq ft transacted during 2020 will be comfortably exceeded as occupier appetite shows no sign of easing

GRADE A SUPPLY BY REGION



RENTAL GROWTH.

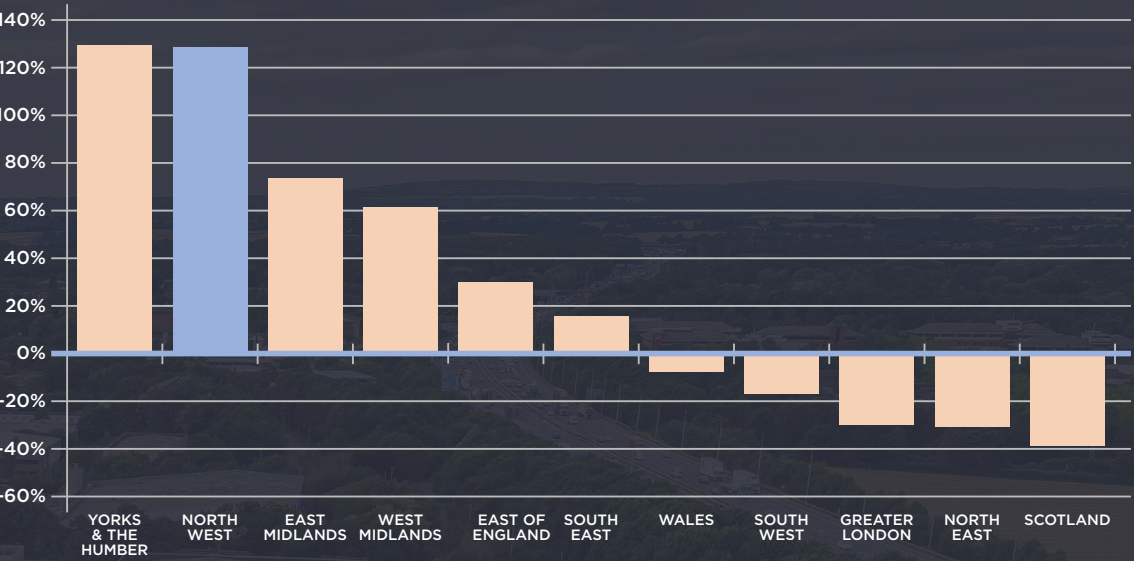
In contrast with other property sectors, the perfect storm of insatiable demand and record-low supply has driven upward pressure on rental levels. Prime rents for 50,000 sq ft+ units increased by an average of 3.3% during H1, while secondary rents increased by 3.8%. Of the 59 key locations that LSH tracks around the UK, a substantial 35 locations recorded increases in rents during H1.

Headline rents in the North-West region have hit £7.25 per sq ft in the Big-Box sector, and current projections suggest prime rents will breach £7.50 per sq ft during the course of H2 2021.

AVERAGE UK RENTAL GROWTH (%)

RENTS	CURRENT (PSF)	OUTGOING (PSF)
>90k sq ft (assumed term)		
Prime Distribution	£700 +	£700 - £750
Secondary Distribution	£575 - £595	£595 - £625

H1 2021 TAKE-UP VS FIVE-YEAR AVERAGE



SUPPLY.

Despite a marked development response since the onset of the pandemic, UK-wide supply has continued to fall. Securing space has become a business-critical issue for many occupiers, but it remains challenging given the acute supply shortages in much of the country. Supply fell by 21% over the course of H1, to stand at 55.5m sq ft at the mid-year point. Across all segments combined, current supply is equivalent to just over a year's worth of average annual take-up.

Each of the size segments recorded a fall in supply during H1 2021. The XL segment saw the sharpest reduction, with availability falling by 31% since the start of the year. The tightening of supply was also seen across the grades, with both grade A and secondhand supply falling, by 12% and 28% respectively.

The North-West region's strong occupational market dynamic has attracted significant investor attention with unprecedented land values being recorded in excess of £1m per acre. There is currently 7 schemes totalling c. 1.7m sq ft either committed or under construction which promises to contribute to addressing the supply / demand imbalance and deliver much needed Grade A stock to a market starved of quality supply.

OCCUPATIONAL COMPARABLES.

Quarter	Scheme Name/Unit	Market	Occupier	Size (sq ft)	Grade	Achieved Rent / Price (£PSF)
2020 Q1	Haydock 525	Warrington	Kelloggs	525,000	New build Spec	6.30
2020 Q2	375 Logistics North	Bolton	DSG Retail LTD	375,170	New build Spec	6.30
2020 Q2	Tectonic, MW300, Stakehill Industrial Estate	Middleton	Tesco	305,156	Existing	5.00
2020 Q1	Crewe 240	Crewe	Bowey Distribution	237,734	New build Spec	6.00
2020 Q2	Winnick 185, Mill Lane	Warrington	Hermes Parcelnet	185,231	Existing	6.50
2020 Q4	The Cube Preston Brook	Runcorn	Kammac	151,769	Existing Refurbished	6.50
2021 Q1	K800, Knowsley	Knowsley	Amazon	650,000	Design & Build	Confidential, B8 advised
2021 Q1	Frontier Park, Blackburn	Blackburn	Science In Sport	160,000	Design & Build	£6.00 B8 advised
2022 Q1	Academy 110, Knowsley	Knowsley	Unilin	110,000	Speculative new build	£5.75 B8 advised
2022 Q1	Kingsland 21, Warrington	Warrington	Panther Logistics	105,095	Grade B	£5.50 B8 advised
2022 Q1	F2/G Logistics North, Bolton	Bolton	Amazon	149,300	Speculative new build	Confidential, B8 advised
2022 Q1	Panattoni Park, Wingates, Bolton	Bolton	UPS	280,700	Speculative new build	7



INVESTMENT MARKET SUMMARY.

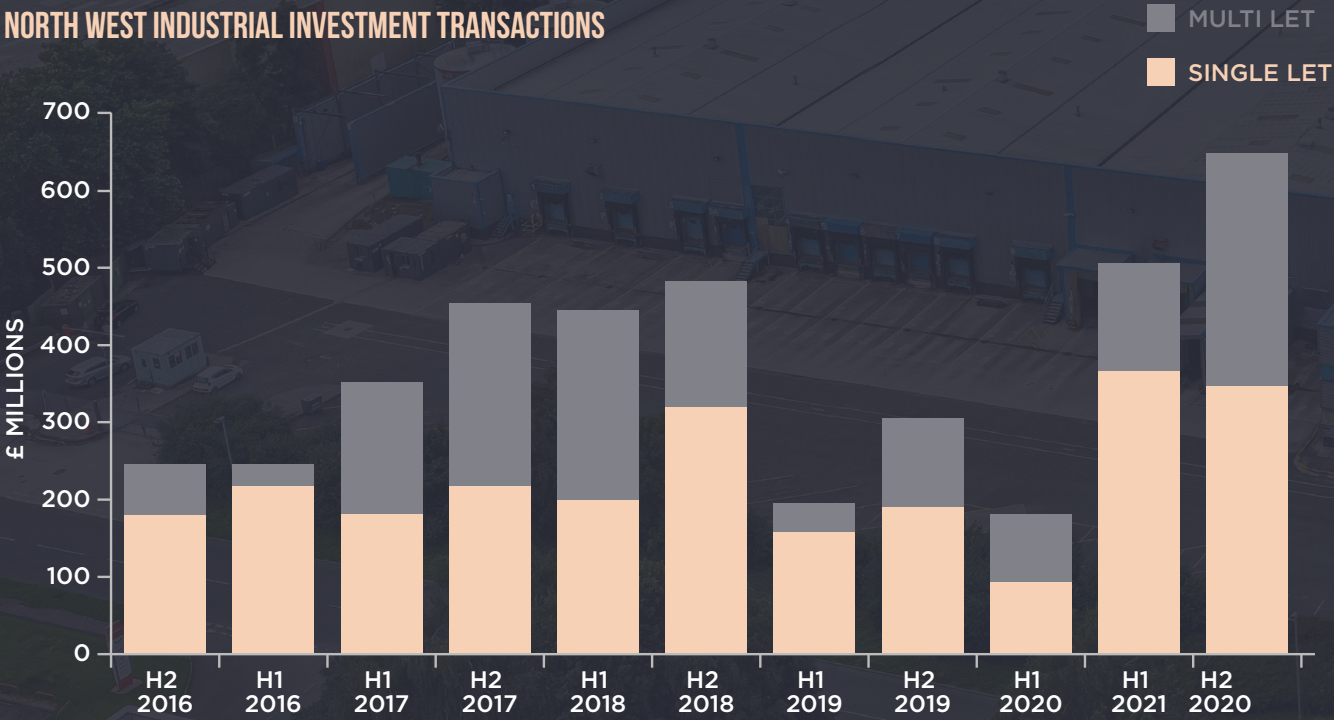
The industrial and logistics sector has continued to be the most defensive commercial property sector since the outbreak of the Covid-19 pandemic. Q2 2021 continued this trend and delivered a third successive quarter of colossal industrial volume. Turnover of £3.5bn pushed the total for H1 2021 to £7.0bn, smashing the record for a half-year period. With Q2 volume of £2.5bn, distribution warehouses dominated once again. Global appetite also continued to dominate in Q2, with overseas investors being the biggest buyers and sellers in the sector. Having been net-sellers of industrial throughout the recent boom, UK institutions also ploughed a record £898m into the sector in Q2. The current occupier market conditions of constrained supply and strong demand also present a positive outlook for continued rental growth. All of this activity resulted in the average industrial transaction yield moving in by 38bps during Q2 to an all-time low of 4.56%.

INVESTMENT COMPARABLES.

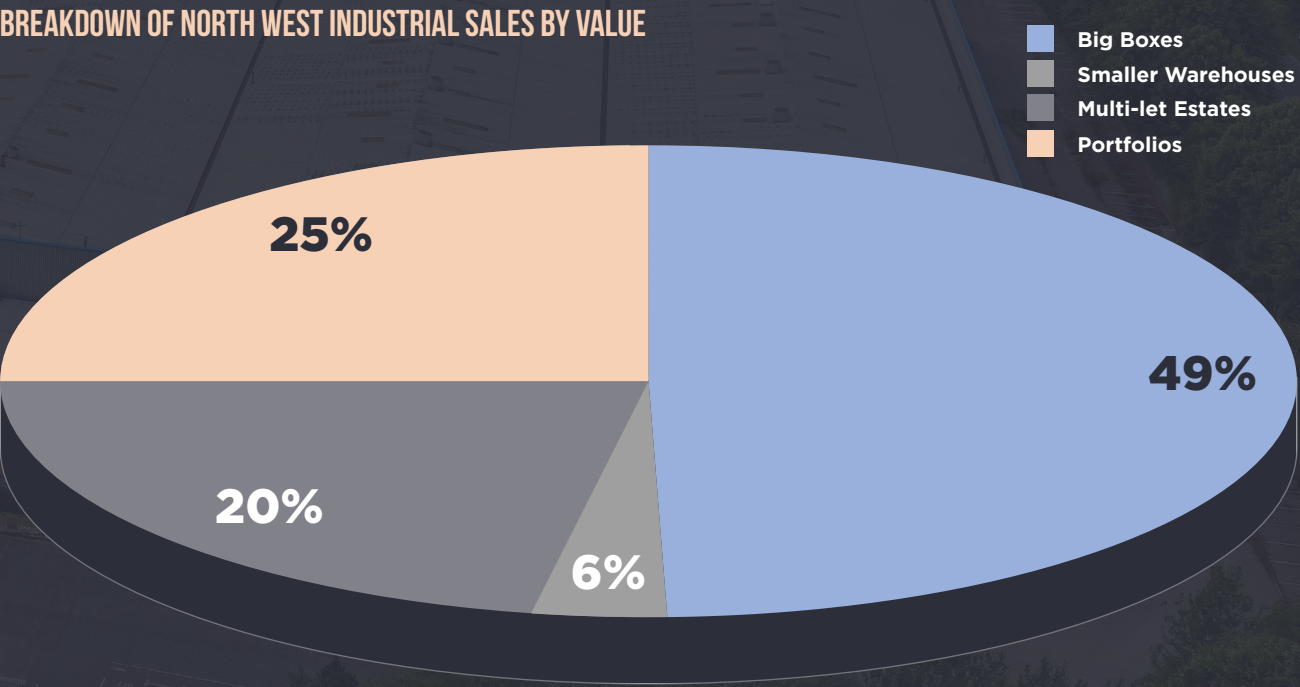
Date	Address	Tenant	Size (sq ft)	Term	Rent (sq ft)	Price	NIY	Cap Val (sq ft)
Aug-21	Kingsland 21, Warrington	Panther Warehousing	105,095	9.75 years (4.75 year)	£5.50	£10,000,000	5.42%	£95
Aug-21	Grappenhall Lane, Warrington	Mark Thompson Transport	110,859	10 years (5 years)	£4.94	£8,500,000	6.05%	£76
Feb-21	Kingsland 21, Warrington	n/a	105,095	n/a	n/a	£5,950,000	n/a	£57
Jan-21	North Road, Ellesmere Port	Jaguar Land Rover	468,047	1.5 years	£3.94	£24,000,000	7.20%	£51
Jan-21	Winwick 185, Warrington	Hermes Parcelnet	184,177	2.8 years	£6.54	£19,650,000	5.75%	£107
Nov-20	Pilsworth IE, Bury	L'Oreal UK	88,920	2.1 years	£6.48	£9,600,000	5.60%	£108



NORTH WEST INDUSTRIAL INVESTMENT TRANSACTIONS



BREAKDOWN OF NORTH WEST INDUSTRIAL SALES BY VALUE



TENURE.

The property is held Freehold under title number CH269805. The property is to be sold freehold (as part of a portfolio of assets) subject to a short term leaseback to Marks & Spencer plc (00214436) on full repairing & insuring terms (subject to schedule of condition) for a term of 18 months with a rolling tenant only break on 3 months notice after an initial term certain of 3 months at £1,029,276 per annum reflecting £4.00 per sq ft. Further lease information will be provided within the data room upon request.

BUSINESS RATES.

We have accessed the Valuation Office Agency (VOA) website and have determined that the property has the following assessment:

Description: Warehouse & Premises

Rateable Value: £1,040,000

Rates payable: £524,160 (based on the current UBR for 2021/22 of 51.2p)

Interested parties are advised to make their own investigations to confirm.

VAT.

We understand the property has been elected for VAT. The proposed transaction structure means the sale cannot be treated as a Transfer of a Going Concern.

EPC.

The property has an EPC rating of C62. Further information is available upon request.

PROPOSAL.

Offers are invited for the portfolio via sealed bids. The bidding deadline is to be confirmed and parties are advised to bid on a 'best and final' basis for the collective assets. No formal price is being quoted.

DATA ROOM.

A full suite of technical and due diligence information will be made available to interested parties upon request. No reliance is provided on the contents of the data room and interest parties are advised to rely on their own investigations in order to satisfy themselves during the course of negotiation.

FURTHER INFORMATION.

Further information is available by contacting the sole agents.



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