

# AMAZON PARCEL HUB DISTRIBUTION INVESTMENT



**FINN  
& CO.**

UNIT 7 | STIRLING ROAD | SOUTH MARSTON PARK | SWINDON | SN3 4TJ



## INVESTMENT SUMMARY

- + Swindon is the principal town and commercial centre in the county of Wiltshire and is strategically situated in the M4 corridor
- + South Marston Park is Swindon's premier distribution park, adjacent to the Honda manufacturing facility
- + The property was originally constructed in 1988 and extended in 1996
- + Comprehensively refurbished by the landlord in 2016 at a cost of circa £2.8m
- + An additional cost of circa £1m has been spent by the tenant on fit out
- + Total GIA of 209,239 sq ft and a total rentalised GIA of 205,791 sq ft
- + Let to the excellent covenant of Amazon UK Services Ltd
- + The lease is drawn on FRI terms and is let for 10 years from 2 May 2017, with a tenant break option at year 5 (subject to a schedule of condition)
- + Commencing rent of £977,507 pa (£4.75 psf)
- + A stepped rent is payable from 2 May 2017 with the full rent payable from 15 November 2017. There is a further 6 months rent free if the tenant does not activate the break option.
- + CPI review in the fifth year (subject to a cap and collar of 1% and 2.5% pa compounded)
- + The property serves as the regional distribution hub for the county of Wiltshire including Swindon, West Reading, Salisbury and East Bristol
- + We are instructed to seek offers in excess of £12,200,000 (Twelve Million, Two Hundred Thousand Pounds), being subject to contract and exclusive of VAT.
- + The price reflects an attractive NIY of 7.51% (based on purchaser's costs of 6.71%) and a low capital value of £58.30 psf

 **amazon.com**

A419 (SOUTH TO THE M4  
EASTBOUND TO LONDON AND  
WESTBOUND TO BRISTOL)

A419

(NORTH TO GLOUCESTER  
AND THE M5)

HONDA MANUFACTURING PLANT

OAK FURNITURE LAND

HONDA

ALDI

TETRONICS

CALLAWAY

FEDEX

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WINCANTON

SUPERMARINE SPORTS CLUB

## LOCATION:

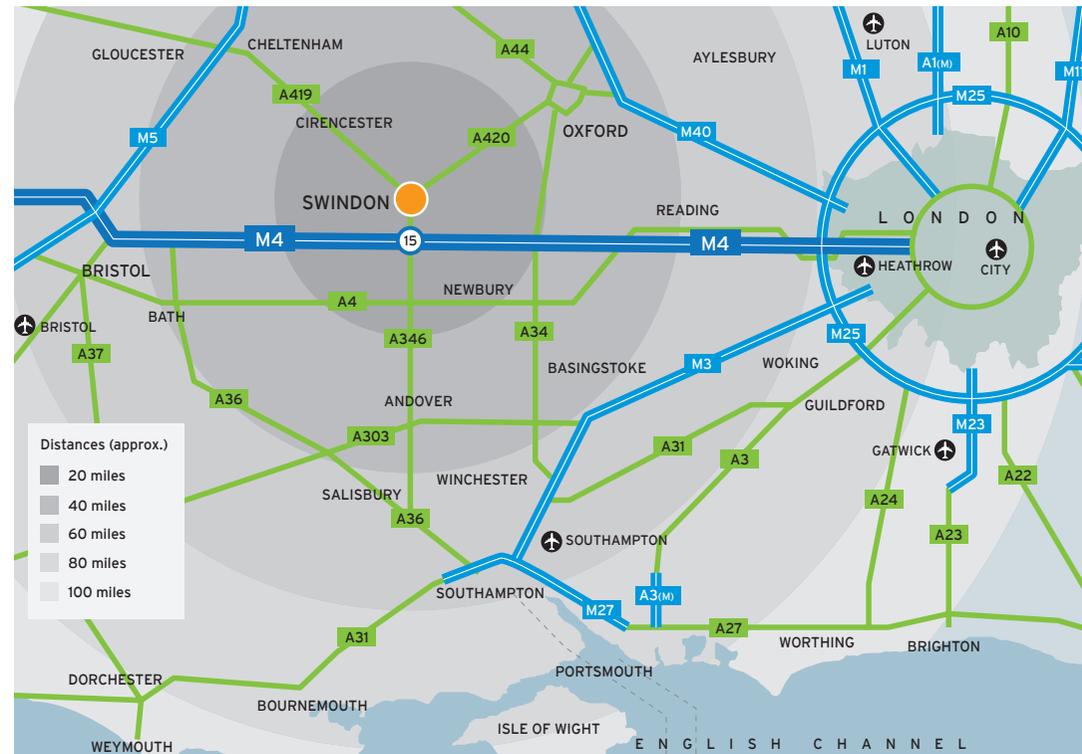
Swindon is the principal town and commercial centre in the county of Wiltshire and is strategically situated in the M4 corridor.

It lies approximately 80 miles west of London, 41 miles east of Bristol and 45 miles west of Reading. The town has excellent countrywide transport links with direct access to Junctions 15 and 16 of the M4 motorway, leading west to Bristol (45 minute drive time) and east to Reading (1 hour) and London (1 hour 45 minutes). The A419 is accessible and provides access to the North and West to Cirencester and a direct route to Gloucester and the M5 motorway.

Swindon's rail services provide access from Swindon Railway Station to London, Wales and the South West with journey times of approximately 57 minutes to London Paddington, 65 minutes to Cardiff and 30 minutes to Bristol. London Heathrow Airport is also located 65 miles to the east of Swindon. Further airports accessible include London Gatwick (102 miles), Luton (95 miles) and Bristol (47 miles).

## SITUATION:

South Marston Business Park forms Swindon's premier employment location with over 250 acres of warehousing, industrial and office accommodation. Located on the eastern edge of Swindon, the Park is adjacent to Honda's manufacturing facility. Road communications are excellent with the A419 approximately one mile from the premises providing access south to Junction 15 of the M4 Motorway (5.5 miles) and north to the M5 via the recently improved A419 and A417.



## DESCRIPTION:

Unit 7 was originally built in 1988 and extended in 1996 to provide a distribution warehouse incorporating a two storey office. The property is of steel framed construction with a concrete floor and concrete blockwork walls with profile steel cladding roof above.

Over the course of the last 6 months, the property has benefited from an extensive internal and external refurbishment at a cost of £2.8m. In addition to this, the tenant has spent circa £1m on fit out works.

The property benefits from the following features and specification:

- + 5 dock level doors
- + 10 level access doors
- + Minimum eaves height of approx. 6.5 metres (21 feet)
- + Roof sheets have been recoated and replaced where necessary (10 year manufacturer warranty)
- + Steel portal frame
- + Concrete floors
- + Service yard

The property has a site area of approximately 9.86 acres which provides a site cover of 47%.

## ACCOMMODATION:

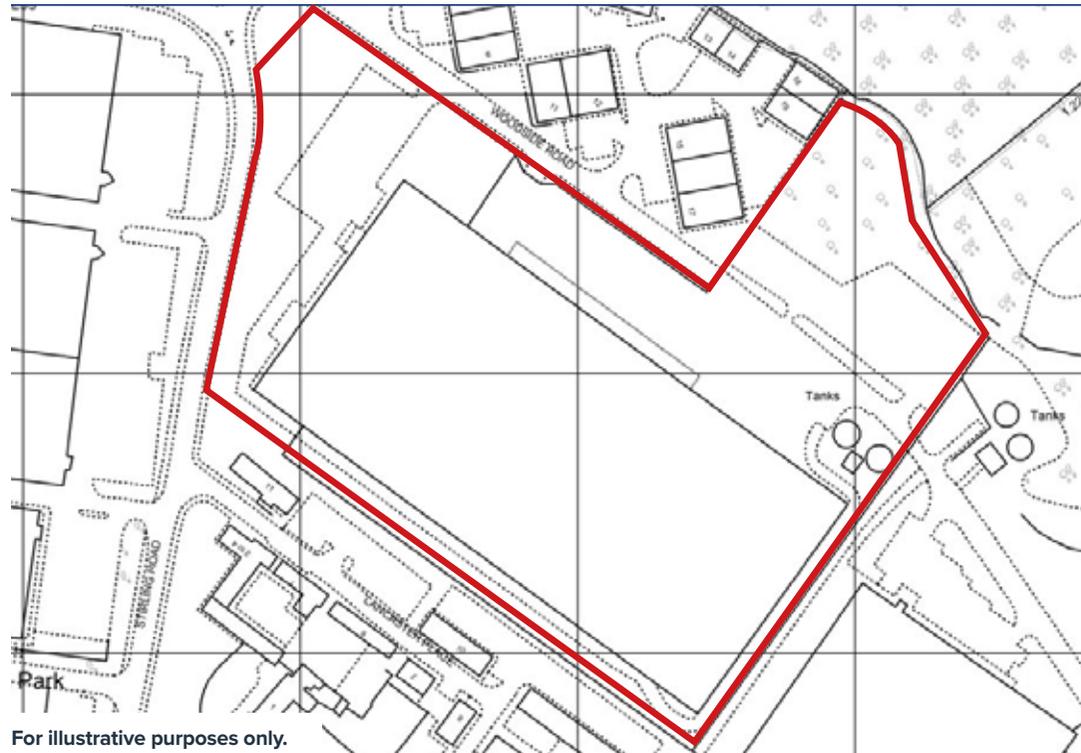
The property was measured in February 2017 by Pure Real Estate Services and benefits from the following approximate areas:

Description	Sq ft (GIA)
Warehouse	176,901
Ground Floor Offices	14,693
First Floor Offices	17,645
<b>Total GIA</b>	<b>209,239</b>
<b>Total Rentalised GIA</b>	<b>205,791*</b>

\*There is a redundant office area of the first floor amenity block totalling 3,448 sq ft which is included within the tenants demise, but is not rentalised.

The measured survey is available for assignment to the purchaser.

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For illustrative purposes only.



## TENURE:

Freehold

## TENANCY:

The entire property is let to Amazon UK Services Limited on a Full Repairing and Insuring lease for a term of 10 years from 2 May 2017 at a rent of £977,507 per annum (£4.75 psf), with a tenant option to break at the fifth anniversary of the term. A stepped rent is payable from 2 May 2017 with the full rent payable from 15 November 2017. The vendor will top up to the full rent from completion of the transaction. There is a further 6 months rent free should the tenant not exercise their break option. The lease is subject to a schedule of condition.

The rent is reviewed at year 5 in line with the Consumer Prices Index (CPI), subject to a cap and collar of 1% and 2.5% pa compounded. The minimum uplift would therefore be £1,017,198 pa (£4.94 psf) in May 2022.

Amazon will be taking a phased occupation over the next 3 months.

The subject property serves as the regional distribution hub for the county of Wiltshire including Swindon, West Reading, Salisbury and East Bristol.

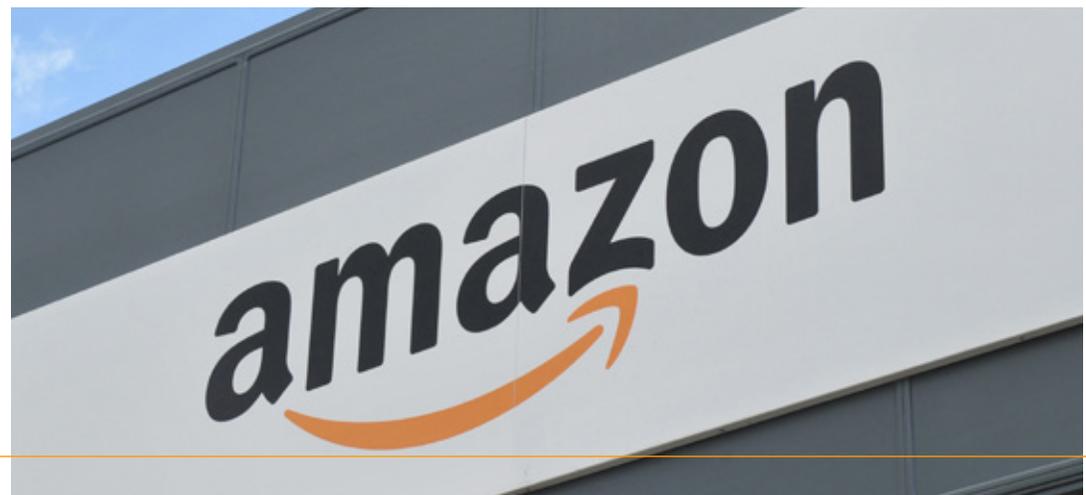
## COVENANT INFORMATION:

Amazon are the UK's largest internet based retailer with online revenues in 2015 of £4.4 billion. The company employs approx. 12,000 people across the UK.

The last 3 years accounts for Amazon UK Services Limited are summarised below:

### Amazon UK Services Limited ( registered number 03223028 )

	31/12/15	31/12/14	31/12/13
Turnover	£946,458,000	£679,111,000	£449,118,000
Pre tax Profits	£48,510,000	£34,393,000	£17,079,000
Net Assets	£256,978,000	£184,885,000	£135,796,000
Shareholders Funds	£256,978,000	£192,150,000	£151,590,000



## INVESTMENT MARKET:

The UK Logistics investment market has emerged as the strongest performing sector since the EU referendum vote. Favourable occupational market dynamics fueled by the growth of e-commerce are illustrating the resilience of the sector.

Below we highlight recent comparable investment transactions with similar lease profiles:

Address	Area (sq.ft)	Rent (pa)	Rent (psf)	Unexpired term in years (break)	Price	NIY	Purchaser
Amazon, 30 Watchmead, Welwyn Garden City	22,291	£188,105	£8.43	10 (5)	Quoting £2.60m	6.80%	Available
Amazon, Droitwich 125, Droitwich, Worcestershire	112,586	£557,301	£4.95	10 (5)	£7.00M	7.47%	Threadneedle
Amazon, Victory Park, Lower Don Valley, Sheffield	140,000	£1,000,000	£5.25	10 (5)	£14.80M	6.20%	Oxenwood
Amazon, Logic Leeds, Leeds	80,840	£452,704	£5.60	10 (5)	£6.20M	6.75%	Leeds City Council
Amazon, Knowsley, Liverpool	110,428	£577,500	£5.23	9.67 (4.67)	£8.31M	6.50%	Knight Frank IM

## OCCUPATIONAL MARKET:

Swindon is a key distribution location in Southern England with virtually all of the South East, South West and South Wales within a 2.25 hour drivetime. Due to excellent road and rail links, the town is a distribution centre for a number of the UK's major retailers and logistics companies.

B&Q have their 800,000 sq ft southern research and development centre at Gazeley's G Park, whilst the Royal Mail operate one of the UK's most technologically advanced mail centres from a 200,000 sq ft unit at Dorcan Industrial Estate.

Other key occupiers on South Marston Park include Oak Furniture Land, Aldi, Fedex and Wincanton.

Total supply in Swindon is estimated at 22m sq ft and the average annual take up over the last 10 years has been approximately 1m sq ft. There is currently no new distribution space being speculatively developed and availability has fallen to a historic low of just 1m sq ft across all size ranges reflecting an overall vacancy rate of just 4.5%.

Prime rents are now £6.25 per sq ft for large format new build whilst rents for good quality refurbished units have reached £5.50 per sq ft as evidenced by the recent letting of 103,000 sq ft at Groundwell Industrial Estate.



## VAT:

We understand the property is elected for VAT. It is intended that the sale will be treated as a Transfer of a Going Concern (TOGC).

## EPC:

B – 35. Certificate available upon request.

## PROPOSAL:

- + We are instructed to seek offers in excess of £12,200,000 (TWELVE MILLION, TWO HUNDRED THOUSAND POUNDS), subject to contract and exclusive of VAT.
- + An acquisition at this level would reflect a net initial yield of 7.51% after allowing for purchasers costs at 6.71% and a low capital value of £58.30 psf.
- + Assuming the tenant break option in 2022 is not exercised, the minimum reversionary yield will be 7.81%.

## FURTHER INFORMATION:



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