

Hermes Parcelnet Ltd - Units 1 & 2 Arran Road, Perth

Investment For Sale – April 2014

Investment Summary

- Modern Single Let Industrial Investment
- Let to strong covenant of Hermes Parcelnet Ltd
- Located on North Muirton Ind Estate in Perth close to Inveralmond roundabout
- Gross Internal Area 2,361.67 sq m (25,421 sq ft)
- Only £35.66 psf capital value.
- Gross Rent = £112,500
- Net Rent = £106,180
- Empty Rates Exempt
- Offers in excess of £900,000 (Nine Hundred Thousand Pounds sterling) ex VAT
- Net Initial yield = 11.15% (assuming 5.8% costs)

Location

The property is situated on Arran Road, the main spine road through the North Muirton Industrial Estate, just a short distance from the Inveralmond Roundabout connecting the A9 trunk road with the Perth by-pass and the M90 motorway. The vicinity is home to a range of commercial uses including trade counter and motor showrooms. Nearby occupiers include Dulux, Grahams, Jewson, HSS Hire Shops, Edmondson Electrical together with a range of car dealerships along Perth's "motor mile" on the adjacent Dunkeld Road.

Description

The property comprises a self-contained, enclosed modern industrial unit with extensive yard and circulation areas. Previously occupied by two companies, the space is now let to a single occupier, with openings created in the former dividing wall. The quality of the space is apparent from the photographs attached.

The property is built to a good standard comprising part height brick and block work walls with lined profiled metal sheeting above to a clear height of 5.90 metres. The steel portal frame is enclosed by a lined corrugated asbestos roof, the floors are concrete.

The unit has an office content just over 10% and 4 electrically operated roller shutter doors each 4.00 metres wide by 5.00 metres height. Sodium vapour units provide the lighting, whilst heating is by warm air blowers.

We calculate a gross internal floor area of 2,361.67 sq m (25,421 sq ft).

Tenure

The property is held long leasehold from Perth City Council until 31 December 2078. The ground rent is presently £6,320 and is subject to review on 31st July 2014 to 7.5% of the market rent.

Tenancy

The property is entirely let to Hermes Parcelnet Ltd on a 10 year lease from November 2013. The Lease is drawn on FRI terms but subject to a Schedule of Condition. There is an upwards only rent review in November 2018. There is also a tenant break option at this time, but with a penalty of £22,500 payable, should this be exercised.

The commencing rent of £112,500 reflects £4.46 per sq ft, but this would analyse closer to £4.00 psf if an allowance is made for the abundant yard and storage areas.

After deducting the Head Rent of £6,320 this produces a net rent of £106,180.

Covenant

We attached an Experion Credit Report for the tenant, Hermes Parcelnet which confirms a continuing improvement in financial performance in the year to February 2013. Turnover has increased to £316.6m (from £261.7m). Pre-tax profit to £31.86m (£22.20) and Net Worth has risen to £56.856m (£46.584). Experion apply a top rating of "100" (very low risk), a Credit Limit of £4,400,000 and a Credit Rating of £1,500,000. The company is engaged in the home delivery business with clients including Next Group with whom they have recently negotiated a contract extension to 2017.

Miscellaneous

EPC. The unit has an EPC rating of ?? A certificate can be forwarded to interested parties (under preparation).

VAT. The property is elected for VAT, the incidence of which we assume can be avoided by effecting a TOGC.

Price

Offers in excess of £900,000 (Nine Hundred Thousand Pounds Sterling) are sought for my client's long leasehold interest which reflects a net initial yield of 11.15%. This may fall slightly in July this year if there is an increase in Head Rent.

£900,000 reflects a very low Capital Value per sq ft of £35.66 based on our floor area calculation at 25,241 sq ft.

Viewing and Other Information

Please contact Graham Sanders 0141 221 9399 / 07710 427 336

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These particulars have been prepared as at April 2014.