

Merlin Park

BIRMINGHAM



Prime Distribution Park Investment

Merlin Park, Wood Lane, Birmingham B24 9QS



Investment Summary

- Prime Industrial and Distribution Location close to the iconic Fort Dunlop, the Fort Retail Park and the M6 motorway
- High quality modern distribution units developed in 1997 totalling 184,810 sq ft
- Freehold
- AWULT to breaks 4.6yrs
- Let to 4 well recognised tenants: Iron Mountain, Hermes Parcelnet, Norbert Dentressangle and the new owners of HMV, producing £865,177 pa (average overall rent £4.68 psf)
- Asset management opportunities to re-gear leases with existing tenants
- Price £10,500,000
- Attractive Net Initial Yield of 7.75 %



All units of the subject property front onto Wood Lane providing easy access to the A38 Tyburn Road and the A4040 Bromford Lane. Junctions 5 and 6 of the M6 motorway are within 2 miles east and west respectively via either of these major routes.

Location

Birmingham, the UK's second city, is located 117 miles north west of London, 86 miles south east of Manchester and 119 miles south west of Leeds.

With more than 1,190 international firms based in the city, Birmingham is one of Europe's leading business destinations. Many major global players, including Jaguar Land Rover, JCB, Kraft, Deloitte and Cadbury, have a significant UK establishment here. As business costs and the cost of living are reported to be approximately 55% below London, the city is an efficient and attractive location. It continues to develop and prosper, and its ethnically diverse population is projected to increase to 1.17 million in 2028.

Birmingham is the major city within the West Midlands Region of the UK. It is situated at the hub of a substantial road and rail network allowing more than 4.3million people of working age to live within a one hour commute.



According to the 2011 census, transport and storage accounts for an employment rate of 6.3% within the West Midlands compared with 4.9% nationally – a reflection of the region's thriving distribution, warehousing and transport industries.

Motorway Connections



Local Area Map



Situation

Merlin Park is situated within the long-established industrial and retail district of Erdington approximately 4 miles to the north east of Birmingham City Centre.

The area has been of industrial importance since the Dunlop Rubber Co Ltd set up its tyre manufacturing plant here in 1901. The advent of the motor vehicle industry saw the company grow on a massive scale, and by the 1970s it was the largest tyre factory outside of the USA. Through the 1980s a large scale project to redevelop the site led to the construction of further industrial units, office blocks and a retail park together with excellent road links to the M6 and the wider motorway network.

To its eastern boundary, the subject site adjoins warehouse developments with major occupants including Goodyear Dunlop Tyres, Hays Information Management and ACR Logistics. The Manchester and Fazeley Canal lies at its northern boundary and further warehouses lie to the west and south.

Fort Retail Park, one of the UK's major retail parks offering over 40 shops, bars and cafes, lies less than 1km to the south within the same business zone.



Description

Merlin Park consists of three purpose built, detached distribution warehouse buildings which are divided into 5 units.

The development, completed in the late 1990s, has a total gross internal floor area of approximately 17,169 sq m (184,810 sq ft). The construction of each unit is to a high specification and includes:

- Steel portal frames with brick outer and block inner walls to 3m surmounted by insulated profiled plastic coated metal cladding
- Plastic coated, metal clad roof with shallow pitch and approximately 10% roof lights
- Warehouse space with eaves height of 8.05-8.2m
- Power floated concrete floors
- Steel roller shutter doors leading to brushed concrete loading yards
- Two-storey integral office and staff facility blocks fitted with double glazing, suspended ceilings, recessed lighting, central heating radiators and perimeter trunking

The estate is well landscaped and secured by a barrier entry system



Environmental

We understand from an RPS report dated October 2004 that the site represents a low environmental risk. Prior to its current development, the site was used for allotments and then as a sports ground. Copy of this report is available upon request.

EPCs

Unit No.	EPC Score
Unit 1A	C-52
Unit 1B	D -80
Unit 2	C-59
Unit 3A	C-58
Unit 3B	C-69

Tenure

Freehold



Tenancy

TENANT	UNIT	AREA (M SQ)	AREA (SQ FT)	LEASE START	LEASE END	RENT P.A.	Income %	NEXT REVIEW	BREAK OPTION	COMMENT
Hermes Parcelnet Ltd	1a	2,493.3	26,838	tbc	tbc	£129,945 (£4.84)	15.02%	01/07/2013	5th yr	New 10 yr lease T Break at 5th yr on 6 months notice. 16 weeks half rent*.
Hermes Parcelnet Ltd	1b	2,489.4	26,796	tbc	tbc	£129,580 (£4.84)	14.98%	24/07/2013	5th yr	New 10 yr lease, T Break at 5th yr on 6 months notice. 1 year half rent*. Schedule of condition.
Iron Mountain (UK) Ltd	2	4,017.6	43,245	07/07/1998	06/07/2018	£233,000 (£5.39)	26.93%	07/07/2013		
Norbert Dentressangle Transport Services Ltd	3a	4,278	46,048	04/08/2011	03/08/2014	£172,402 (£3.74)	19.93%	04/08/2013		Fixed rent increase to stated rent on 3/8/13 Tenant breaks 3/8/12 + 3/8/13 not activated Roof - tenant contributes max £10k pa to repairs SC cap £10k pa schedule of condition
Record Shop 1 Limited (Record Shop 2 Limited as guarantor) Trading as HMV	3b	3,891.1	41,883	28/02/2010	27/02/2020	£200,250 (£4.78)	23.15%	28/02/2015		Tenant receives 6 month rent free from 24/6/13*. Tenant did not activate the break option on 28/02/2012 . Personal concession to tenant and HMV Retail Limited-tenant pays monthly in advance and landlord cannot enforce repairing obligations until 31/5/2015.
TOTAL		17,169.4	184,810			£865,177	100%			

* Vendor to cover rent free periods

Tenant Covenant Information

Tenant	Year end	Turnover £'000	Pre-tax profit £'000	Shareholder Funds £'000
Hermes Parcelnet Ltd	29/02/2012	£261,709	£22,200	£46,584
Iron Mountain (UK) Ltd	31/12/2011	£192,172	£29,570	£73,990
Norbert Dentressangle Transport Services Ltd	31/12/2012	£236,990	(£14,883)	£37,121
Record Shop 1 Limited (Tenant trades as HMV)	28/04/2012	-	-	-
Record Shop 2 Limited as guarantor	28/04/2012	£720,958	(£31,165)	£35,299

*The HMV business entered administration in January 2013. It was subsequently purchased by business turnaround specialist Hilco. It has consolidated its national distribution supply line into unit 3b Merlin park as a core part of its re-launched business concept.

Price

We are instructed to quote £10,500,000 (Ten Million Five Hundred Thousand Pounds), subject to contract and exclusive of VAT. A purchase at this level shows a Net Initial Yield of 7.75% after allowing purchase costs of 5.8%.



Contact

Should you require any additional information or wish to arrange an inspection please contact

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