

Saxon Park

INDUSTRIAL ESTATE

HOLDOM AVENUE | MILTON KEYNES | MK1 1QU

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MULTIET FREEHOLD INDUSTRIAL ESTATE

INVESTMENT SUMMARY

- Fully let well specified industrial estate comprising **12 units**.
- Prominently located fronting on to Bletcham Way in a well established industrial area, situated diagonally opposite the Milton Keynes Ikea Store, adjacent to retail warehousing and in close proximity to the MK Dons Football Stadium and the A5.
- **127,008 sq ft** GIA in total.
- Total income of **£612,798 per annum** equating to a low passing rent of **£4.82 per sq ft** overall, providing excellent potential for rental growth through asset management initiatives.
- Diverse income spread with no single occupier accounting for more than 16.8% of the overall income.
- **AWULT of 5.6 years to expiries and 2.0 years to breaks.**
- Offers in excess of **£8,510,000**, subject to contract and exclusive of VAT, which reflects a **Net Initial Yield of 6.75%** after allowing for acquisition costs of 6.68%, a **Reversionary Yield of 7.70%** and a **Capital Value of only £67 per sq ft**.



Diverse income spread with no single occupier accounting for more than 16.8% of the overall income



MK1 SHOPPING PARK
M&S, NEXT, RIVER ISLAND, NEW LOOK, H&M

MK DONS FOOTBALL STADIUM & DOUBLE TREE BY HILTON HOTEL

MK1 LEISURE PARK
ODEON IMAX, PREZZO, CHIMICHANGA, PIZZA EXPRESS, FRANKIE & BENNY'S, BELLA ITALIA, TGI FRIDAYS

A5

A5

A5

ASDA

WICKES HALFORDS

TK MAXX

SENSIENT FLAVORS

TESCO DISTRIBUTION WAREHOUSE (FENNY LOCK)

IKEA

BLETCHAM WAY

BOND AVE

BILTON RD

SPORTS DIRECT
PETS AT HOME
HOME BARGAINS
ARGOS

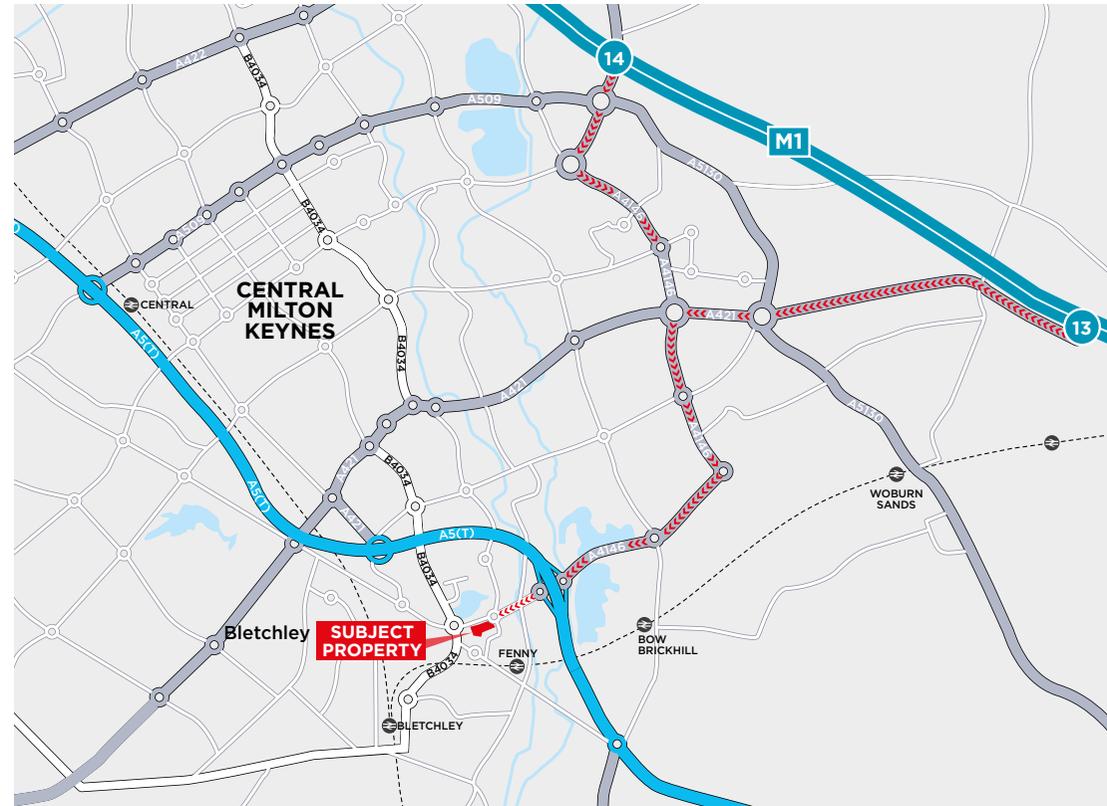
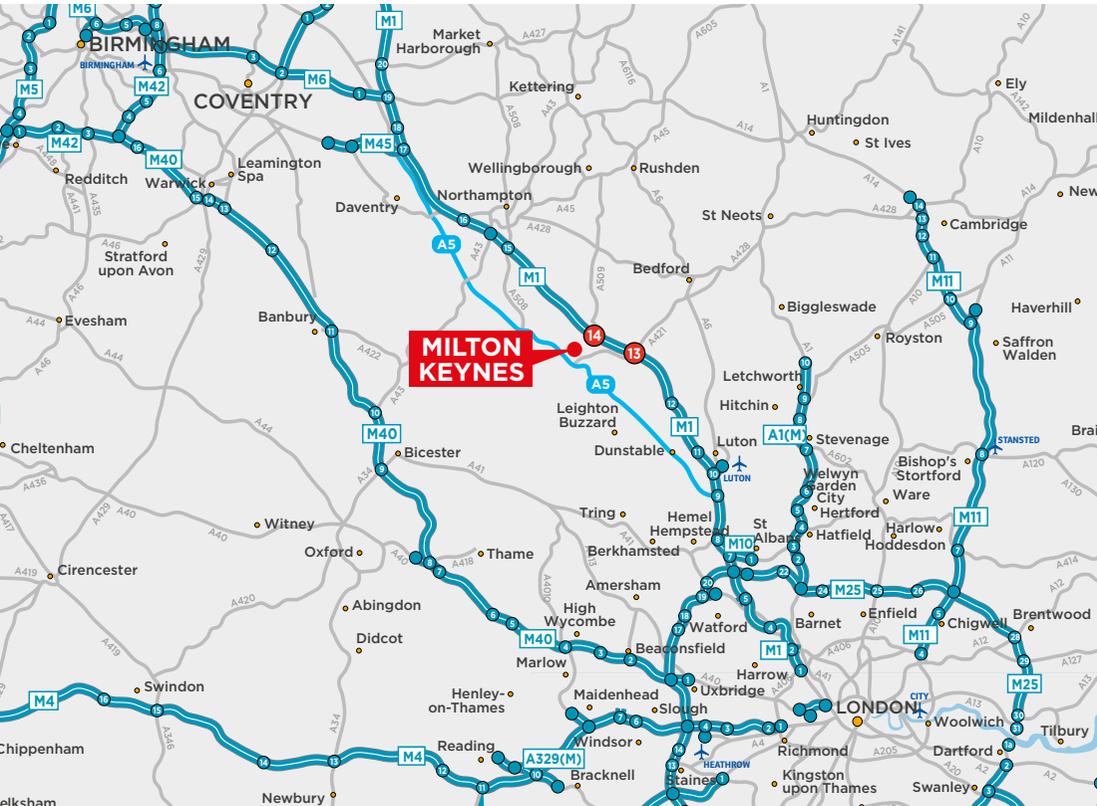
CITY GLASS

AB TURNKEY SOLUTIONS

TESCO

WATLING ST

MATALAN



LOCATION

Milton Keynes is located adjacent to Junctions 14 and 15 on the M1 motorway. Saxon Park is situated on the west side of Milton Keynes in very close proximity to the A5.



SITUATION

Saxon Park is prominently located fronting onto Bletcham Way which links directly onto the A5 to the east, just to the south of central Milton Keynes in Bletchley. The immediate surrounding area is a mix of industrial and retail uses with retail warehousing immediately behind Saxon Park where occupiers include TK Maxx and Halfords. The Milton Keynes Ikea store is situated diagonally opposite Saxon Park on Bletcham Way and adjacent to Ikea is an Asda Superstore. The MK Dons Football Stadium is also located in close proximity which has undergone substantial new development in recent years, to include the MK1 Shopping Park, MK1 Leisure Park and Double Tree Hilton Hotel. Other occupiers in the immediate vicinity include Formula One Autocentres, Safestore Self Storage, Sensient and National Tyres.

DESCRIPTION

Saxon Park comprises a well configured multilet industrial estate of **12 units** arranged in four blocks with associated servicing yard areas and car parking. There are separate parking areas along the estate road which provide plenty of parking provision. The estate was constructed in the 1980's and extends to a site area of approximately **6.4 acres** equating to a **site cover of 45%**. The estate presents well and the units are in a good condition.

The units provide the following specification:

- Steel portal frames with metal sheet cladding under profiled metal roofs
- Integral 2 storey offices within each unit
- Roller Shutter loading doors
- **Eaves heights** of approximately **5.5m / 18ft**
- Suspended hot air blowers
- Units have been refurbished in conjunction with new leasing activity







ACCOMMODATION

The estate has been measured in accordance with the RICS Code of Measuring Practice and provides a Gross Internal Area of **127,008 sq ft** overall across a variety of unit sizes ranging from **6,300 sq ft - 20,750 sq ft**, which caters for a wide variety of occupier requirements.

TENURE

Freehold Interest.



TENANCIES

The estate is fully let to **10 different occupiers** on standard **Full Repairing & Insuring terms** as set out below. There is a service charge in place which covers all common items of expenditure and this is currently running at a budget of £70,140 per annum / £0.55 per sq ft.

The Average Weighted Unexpired Lease Term (AWULT) is **5.6 years to expiries** and **2.0 years to breaks**.

Unit	Tenant	GIA Sq Ft	Lease Start	Lease Expiry	Break Option	Next Review	Rent pa	Rent per Sq Ft	% of Income	1954 Act	EPC Rating	Schedule of Condition	Comments
1	UK Planet Tools Ltd	6,376	10/4/2015	9/4/2025	10/4/2020	10/4/2020	£38,000	£5.95	6.2%	No	C67	No	New letting in 2015. Rent Deposit of £22,810.
2	Axe & Status Machinery Ltd	6,390	5/2/2014	4/2/2024	4/2/2019	4/2/2019	£32,200	£5.03	5.3%	Yes	D93	No	
3	Plumbing & Heating Supplies (Milton Keynes) Ltd	6,338	1/3/2015	28/2/2025	29/2/2020	29/2/2020	£38,500	£6.07	6.3%	No	C52	No	Lease renewal in 2015. Rent Deposit of £23,107.
4	Travis Perkins (Properties) Ltd	6,385	25/3/2009	24/3/2024	25/3/2019	25/3/2019	£39,555	£6.20	6.5%	Yes	C65	No	
5	Zarges (UK) Ltd	11,002	11/8/2009	24/12/2019	n/a	n/a	£51,600	£4.69	8.4%	Yes	D93	No	Guarantor - Zarges GmbH
6	Format Graphics Ltd	11,019	13/2/2013	12/2/2018	n/a	n/a	£47,450	£4.30	7.7%	No	D87	No	
7	Sensient Flavors Ltd	11,026	18/2/2015	5/1/2021	5/1/2018	18/2/2020	£53,000	£4.80	8.6%	No	C75	Yes	New letting in 2015 - stepped rent, 6/1/18 - 5/5/18 £26,500 pa, 6/5/18 - 17/2/20 £53,000 pa. RPI rent review - no cap or collar.
8	Zarges (UK) Ltd	10,983	11/8/2009	24/12/2019	n/a	n/a	£51,600	£4.70	8.4%	Yes	D100	No	Guarantor - Zarges GmbH
9	Eurovision Ltd	20,748	23/12/2013	22/12/2023	23/12/2016	23/12/2018	£95,000	£4.58	15.5%	No	C59	No	Tenant has operated the break clause - tenant must pay £15,833 + VAT to complete break option. Rent deposit of £57,058.
10	Mechoshade Systems (UK) Ltd	20,651	7/12/2011	6/12/2021	7/12/2016 (Mutual)	n/a	£82,248	£4.00	13.4%	Yes	C65	Yes	Tenant has operated the break clause. Guarantor - JB Industries Inc.
11	Pace Europe Ltd	8,200	17/5/2015	16/5/2020	17/5/2018	n/a	£42,645	£5.20	7.0%	No	D90	Yes	Lease renewal in 2015. Service charge cap - £6,000 for the current year and then annual RPI uplifts.
12	Sensient Flavors Ltd	7,890	29/12/2014	5/1/2021	5/1/2018	29/12/2019	£41,000	£5.20	6.7%	No	D96	Yes	Stepped rent - 6/1/18 - 5/5/18 £20,500 pa 6/5/18 - 28/12/19 £41,000 pa. RPI rent review - no cap or collar.
		127,008					£612,798	£4.82	100%				



COVENANT STATUS

Tenant	% of Income	Year Ending	Turnover	Pre-Tax Profit	Total Assets less Current Liabilities	Shareholders' Funds
UK Planet Tools Ltd (07149901)	6.2%	28/02/16 28/02/15			£2,140,470 £919,510	£140,470 £18,645
Axe & Status Machinery Ltd (05036242)	5.3%	31/03/15 31/03/14			£416,625 £379,837	£416,625 £379,837
Plumbing & Heating Supplies (Milton Keynes) Ltd (05324031)	6.3%		No Accounts Available			
Travis Perkins (Properties) Ltd (0468024)	6.5%	31/12/14 31/12/13	£76,449,000 £76,384,000	£47,386,000 £41,752,000	£339,242,000 £312,659,000	£329,582,000 £295,024,000
Zarges (UK) Ltd (01048391)	16.8%	31/12/15 31/12/14	£5,278,699 £5,324,539	£343,255 £202,313	£1,435,517 £1,366,277	£782,303 £507,423
Format Graphics Limited (08273487)	7.7%	30/09/15 30/09/14			£576,469 £421,353	£460,086 £361,510
Sensient Flavors Limited (1514781)	15.3%	31/12/14 31/12/13	£35,832,357 £34,082,968	£1,860,534 £1,451,516	£21,198,568 £20,513,094	£7,073,090 £6,863,094
Eurovision Limited (05372233)	15.5%	28/02/15 28/02/14			(£160,261) (£118,940)	(£160,261) (£118,940)
Mechoshade Systems (UK) Ltd (03781772)	13.4%	02/01/16 02/01/14			(£2,349,831) (£2,581,584)	(£2,374,445) (£2,518,584)
Pace Europe Limited (02152467)	7.0%	31/12/15 31/12/15	£2,315,390 £2,678,336	(£29,908) £120,090	£505,731 £535,639	£505,731 £535,639

Source: Company Accounts



OCCUPATIONAL MARKET

- Availability levels in Milton Keynes are now the lowest they have been for a generation and the vacancy level is circa 5%. With limited new development activity coupled with strong occupier demand there is upward pressure on rents as the distinct lack of available stock feeds through to rental growth.
- New / refurbished schemes are now commanding rents of £7.00 - £8.00 per sq ft and even higher for very small units - at Granby Industrial Estate which is located close by to Saxon Park opposite the Asda supermarket, rents of £10 per sq ft are being achieved on units of 1,000 - 2,000 sq ft.
- Elsewhere more secondary refurbished stock in Milton Keynes is commanding rents of £5.00 - £6.00 per sq ft depending on unit size.
- Incentives are diminishing and 3 - 6 months rent free for a 5 year lease term is the market position.
- There were 4 new lettings on Saxon Park in 2015 in Units 1, 3, 7 and 11 providing the best rental evidence, but more recent rental evidence suggests rents have moved on further. As a result of the favourable occupational market dynamics Saxon Park offers excellent reversionary potential, and we believe the achievable ERV's across the estate to be as follows:

Units 1 - 4 **£6.50 per sq ft**

Units 5 - 8 **£5.50 per sq ft**

Units 9 - 10 **£4.75 per sq ft**

Units 11 - 12 **£5.75 per sq ft**



INVESTMENT MARKET

Industrial Estate transactions of note this year which provide a helpful guide on recent investor activity include the following:

Property	No. of Units	Size (Sq Ft)	AWULT to breaks	Price	NIY	Price per sq ft	Date
Voyager Park, Portsmouth		86,000	2.8 years	£12.1m	5.8%	£140 psf	Jan 2016
Manfield Park Industrial Estate, Cranleigh	13	55,600	5.1 years	£7.3m	6.06%	£131 psf	Jan 2016
Units 1-17 Eldonwall Trading Estate, Bristol	17	100,418	3.4 years	£7.45m	6.42%	£74 psf	Jan 2016
Blakelands Industrial Estate, Milton Keynes	74	565,000	5.5 years	£38.79m	6.37%	£69 psf	March 2016
Bedford Business Centre, Bedford	19	50,000	1.5 years	£4.96m	6.6%	£99 psf	April 2016
Taurus Park, Warrington	13	133,940	3.4 years	£11.495m	6.5%	£85 psf	May 2016
Gatwick International Distribution Centre, Crawley	29	222,550	3.9 years	£31m	5.3%	£140 psf	June 2016
Brackmills Industrial Estate, Northampton	21	216,118	3.74 years	Circa £13m	Circa 6.75%	£60 psf	Under Offer



ENERGY PERFORMANCE CERTIFICATES

Energy Performance Certificates are available in the Dataroom.

VAT

The property is elected for VAT and we understand the disposal will be structured by way of a Transfer of a Going Concern (TOGC).

PROPOSAL

We have been instructed to seek offers for our client's Freehold interest in excess of **£8,510,000**, subject to contract and exclusive of VAT, which reflects a **Net Initial Yield of 6.75%** after acquisition costs of 6.68%, a **Reversionary Yield of 7.70%** and a **Capital Value of only £67 per sq ft**.

FURTHER INFORMATION

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