

FOR SALE

LUSTRUM HOUSE & UNIT 1 SEDGEFIELD WAY

Portrack Interchange | Stockton On Tees | TS18 2SG



NorthCap

Prime, freehold mixed-use investment
anchored by secure, indexed income

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Executive Summary

- > A mixed use investment opportunity providing 13,705 sq ft of industrial, offices and workshop accommodation across three units.
- > Let to two tenants with a WAULT of 13.35 years to expiry (8.35 years to break).
- > Located at Portrack Interchange Business Park, the absolute prime commercial location in Stockton On Tees.
- > Majority (83%) let to the strong covenant of Integrated Utility Services Limited, part of the Northern Powergrid Group, on a new fifteen year lease with five yearly RPI-linked rent reviews (subject to tenant break at year ten).
- > The asset comprises a mix of office (58.4%), industrial (21.2%) and workshop (20.4%) space, alongside secure yardage and separate parking.
- > Freehold with low site coverage of 33.2%.
- > **Offers sought in excess of £1,460,000 (One Million, Four Hundred and Sixty Thousand pounds), equating to a net initial yield of 7.02% after purchaser's costs of 6.08%.** The opportunity to acquire constituent parts may be entertained subject to vendor approval preference.



Location

The subject property is located on Sedgefield Way, to the north of the A1046 Portrack Lane in the heart of Portrack Interchange Business Park, Stockton-On-Tees.

Portrack Interchange is the undoubted prime commercial pitch for the Teesside region, with strong representation across the industrial, trade, retail warehousing and office sectors.

Sedgefield Way is accessed via Holme House Road directly from Portrack Lane, which links in turn to the A19, the area's principal north / south trunk route, at Portrack Interchange less than 1 mile to the east.

Portrack Lane is an established trading location for a range of national trade and industrial operators, with nearby occupiers including B&M, Tile Giant, Smyths Toys, Magnet, Wolseley, Dunelm, B&Q, Wren Kitchens and Wickes. The success of the location and excellent transport connectivity has attracted a range of F&B occupiers including Starbucks, Greggs and McDonalds. The local offices market is also buoyant, with tenants in the immediate vicinity of the subject property including The Probation Service, Mitsubishi, and Mandale Homes.



Description

The subject property comprises an estate of three buildings with associated yardage and parking.

Lustrum House is split to provide a modern two storey office with integrated ground floor workshop and dataroom in the attic area. The office facility has been recently refreshed to a high standard, including LED lighting and air conditioning throughout. The workshop features roller shutter access to the rear service yard.

To the rear of the office is a secure yard which provides access to a fully refurbished warehouse facility, benefitting from two roller shutters to the western elevation. The layout of the yard and warehousing permits the site to be split in the future.

Unit 1 Sedgefield Way comprises a self-contained workshop with frontage onto Sedgefield Way. Given the current use, the internal accommodation is maintained to the standards associated with a dance studio, featuring vinyl floor covering, painted plaster walls and LED lighting. This part of the property has the potential for conversion to light industrial use in the future and features a double width loading door to the eastern elevation.

29 parking spaces are provided immediately outside Lustrum House and 1 Sedgefield Way, with a further 16 spaces provided within a dedicated parking area to the west.

Accommodation

The property provides the following floor areas:

Lustrum House

Floor	Use	Basis	sq m	sq ft
GF	Offices & Workshop	NIA	287.99	3,100
1F	Offices	NIA	299.97	3,229
2F & 3F	Storage / Data	NIA	248.04	2,670
Sub-Total			836.01	8,999
GF	Warehousing	GIA	269.97	2,906
Total			1,105.97	11,905

The offices rent breaks back to £9.97 per sq ft, when applying £3 per sq ft to the attic areas and £6.50 per sq ft to the warehousing.

Unit 1 Sedgefield Way

Floor	Use	Basis	sq m	sq ft
GF	Workshop	GIA	167.22	1,800



Tenure

Freehold.

Tenancies & Covenant

Unit	Tenant	Start	Review	Break	End	Rent PA	Notes
Lustrum House	Integrated Utility Services Ltd	23/08/2021	23/08/2026 23/08/2031	23/08/2031	22/08/2036	£90,000	Rent reviews to higher of OMR or uncapped RPI. 6 months break notice.
1 Sedgefield Way	Geneva Brasswind Ltd	01/07/2018	01/07/2023	01/07/2023	30/06/2028	£18,700	Assigned to Eclectic Dance Academy. 9 months break notice. IUS have expressed interest in taking this unit should it fall vacant.
Total						£108,700	

Integrated Utility Services (IUS) are a subsidiary of Northern Powergrid, owned in turn by Berkshire Hathaway Energy. IUS deliver power solutions to substations and systems up to 132kV, ranging from design, through procurement and construction to operation and maintenance. IUS have an excellent track record in providing adding value for high quality customers, including Yorkshire Water, Wm Morrison Supermarkets, Durham University, Leeds City Council and Unilever among others.

Lustrum House forms the new regional headquarters for IUS, having moved from their former facility in Middlesbrough. We have detailed headline financial information in the table below:

Year End	Turnover	Pre Tax Profit	Net Worth
31/12/20	£24.15M	(£206k)	£3.38M
31/12/19	£30.93M	£976k	£3.54M
31/12/18	£26.46M	£248k	£2.75M

Eclectic Dance Academy is a dance school offering a range of ballet, tap, street and musical theatre classes to both children and adults. The academy also provides graded Ballet qualifications alongside sports therapy sessions.

EPC

The property provides EPCs as below:

Unit	Rating
Lustrum House	76/D
1 Sedgefield Way	52/C

Anti-Money Laundering Regulations

In accordance with Anti-Money Laundering Regulations, two forms of identification and confirmation of the source of funding will be required from the successful purchaser.

VAT

The property has been elected for VAT and it is envisaged that the transaction will be treated as a Transfer of a Going Concern (TOGC).

Proposal

We are instructed to seek offers in excess of **£1,460,000 (One Million, Four Hundred and Sixty Thousand pounds)** subject to contract and exclusive of VAT.

A purchase at this level reflects a **net initial yield of 7.02%** assuming purchaser's costs of 6.08%.

The vendor may entertain separate offers for the constituent elements of the property as follows:

Lustrum House: £1.3M, equating to a net initial yield of 6.50% after purchaser's costs of 6.00%

Unit 1 Sedgefield Way: £160,000, equating to a net initial yield of 11.47% after purchaser's costs of 1.93%

CONTACT

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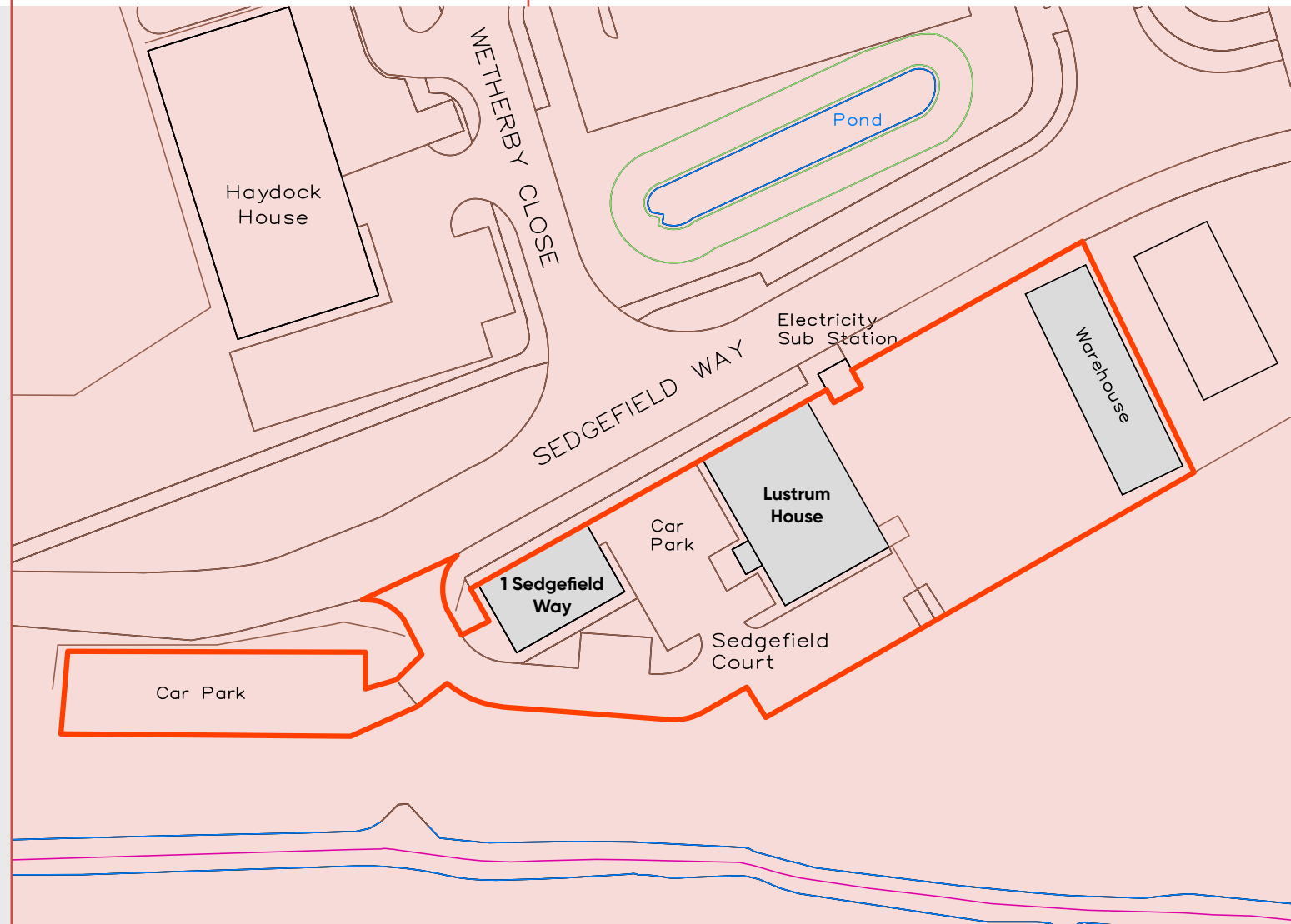
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