



UNITS 1-5 THE TRIANGLE

STIRLING WAY, PAPWORTH BUSINESS PARK, PAPWORTH EVERARD, CAMBRIDGE, CB23 3GY



NEWLY DEVELOPED LET SOUTH
EAST INDUSTRIAL INVESTMENT





INVESTMENT SUMMARY

- ▶ Papworth Business Park is located 10 miles west of Cambridge
- ▶ Prominently positioned terrace of 5 new industrial units at the front of Papworth Business Park currently combined into one unit
- ▶ Comprising 6,742 sq ft GIA in total with 5 easily sub-divisible units
- ▶ Site of 1.34 acres (0.542 hectares) with a very low site cover of approximately 12.5%
- ▶ Single let to the investment grade covenant of DHL International (UK) Ltd for a term of 5 years with a break at year 3
- ▶ Passing rent of £76,000 per annum reflecting £11.27 per sq ft overall
- ▶ Net income after ground rent of £75,950 per annum
- ▶ We are instructed to seek **offers in excess of £1,300,000** subject to contract and exclusive of VAT for our client's long leasehold interest
- ▶ A purchase at this level reflects a **net initial yield of 5.51%** and a capital value of £192 per sq ft assuming purchaser's costs of 5.99%.

LOCATION

Papworth Everard is located on the A1198 close to the junction with the A428 around 10 miles west of Cambridge, 8 miles east of St Neots and 9 miles south of Huntingdon. Road links are excellent with good access northbound and southbound, linking directly to Huntingdon and Royston respectively.

One junction to the south of Papworth Everard the A1198 provides access to the A428, in turn providing fantastic access west to St Neots and eastbound via dual carriageway to the A14, M11 motorway and Cambridge.

A14 IMPROVEMENT SCHEME



The A1198 has direct access to the A14 via the recently completed extension with the addition of the Huntingdon Southern Bypass, this in turn provides unrivalled access to the A1 and A1(M). The new £1.5bn Cambridge to Huntingdon road improvement scheme has significantly reduced drive times from the region to the rest of the UK. The A14 provides a vital road corridor between the West Midlands, East Anglia and the Port of Felixstowe and is of local, regional, national and international significance.



The nearest railway stations to Papworth are St Neots and Huntingdon which are both on the East Coast mainline, with a fastest journey time to London St Pancras International of approximately 1 hour. Cambridge Station provides access to both London Kings Cross (45 mins) and London Liverpool Street (1 hour) to the south, and Norwich (1h 20mins) and King's Lynn (45 mins) to the north east.



Papworth is within the Oxbridge Growth Arc which contains globally renowned universities at the heart of a business, science and technology ecosystem where the UK government has an ambition for up to one million high-quality new homes to be built by 2050 (Ministry of Housing, Communities and Local Government).

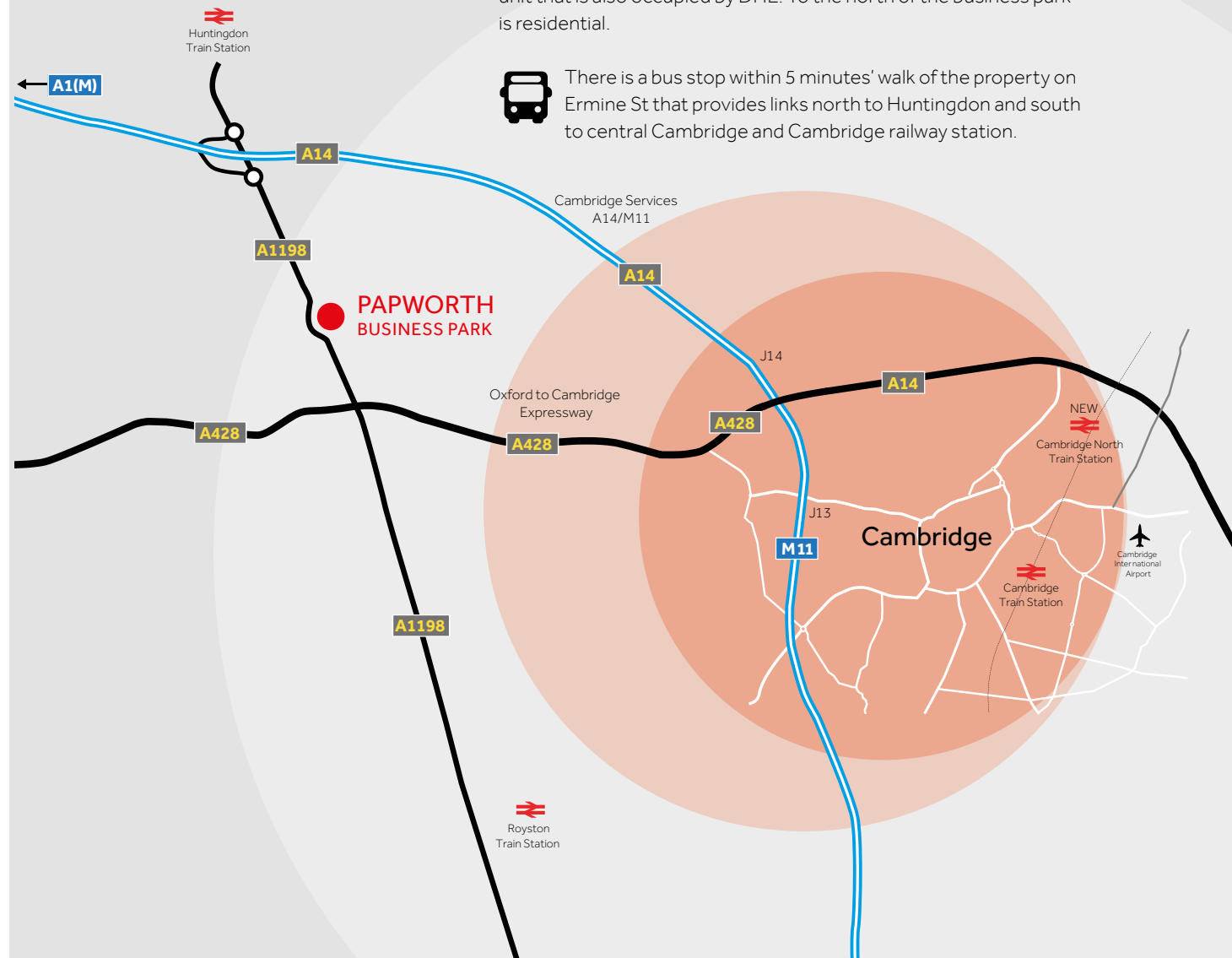
SITUATION

The property is situated at the front of Papworth Business Park off Stirling Way, with a prominent frontage to Ermine Street close to its junction with the (A1198) Papworth by-pass.

To the north of the property is Unit 2a, a circa 16,000 sq ft industrial unit that is also occupied by DHL. To the north of the business park is residential.



There is a bus stop within 5 minutes' walk of the property on Ermine St that provides links north to Huntingdon and south to central Cambridge and Cambridge railway station.



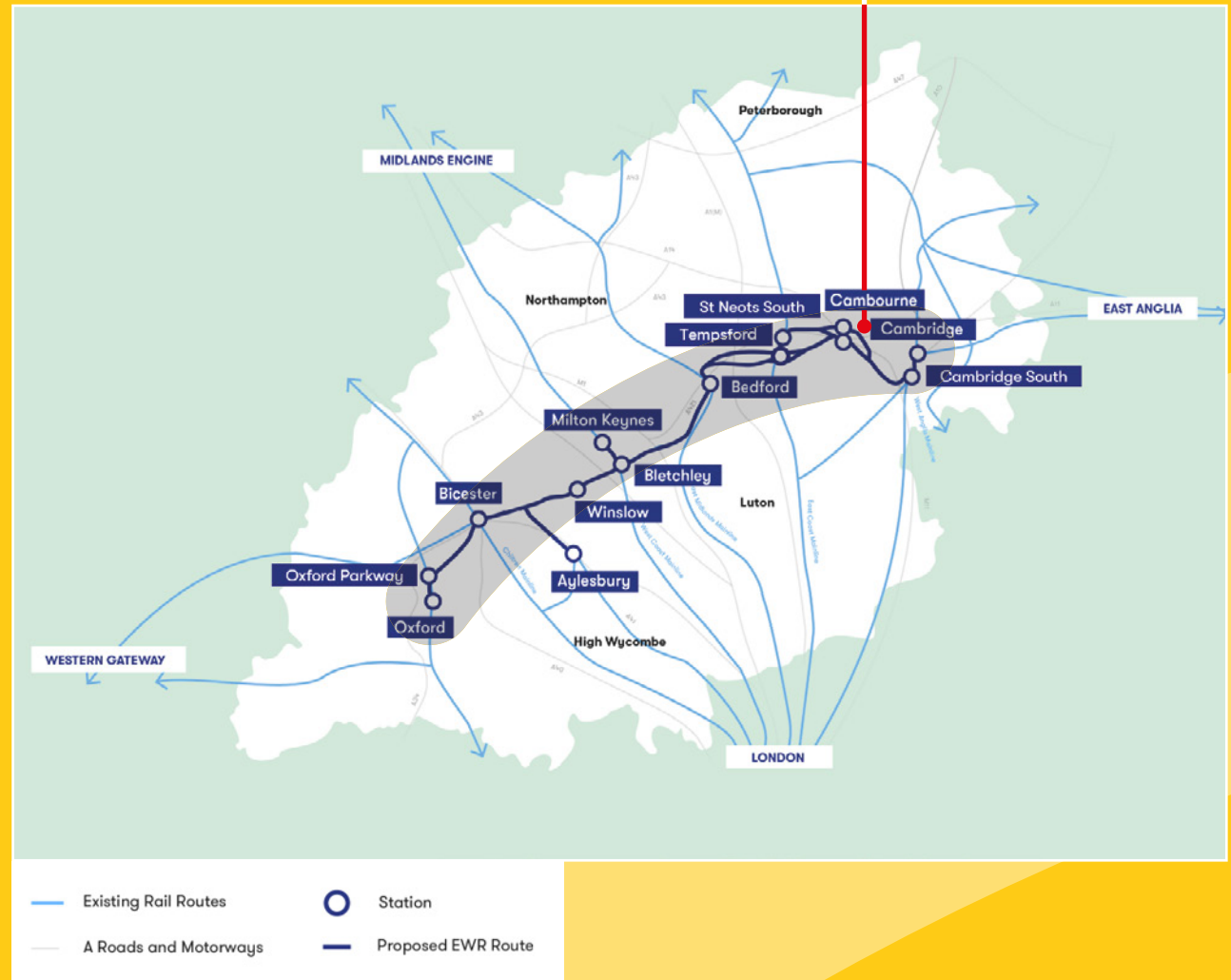
OXBRIDGE GROWTH CORRIDOR

The Oxbridge Growth Corridor is of vital economic importance in the UK; home to leading international universities and science and technology companies. Reflecting its significance, a strategic vision for the Oxbridge Growth Corridor was delivered by national Infrastructure Commission (NIC) and received Government support in the November 2017 Budget. The Oxbridge Growth Corridor is becoming a powerful new economic supercentre. Estimates by the National Infrastructure Commission (NIC) suggest that, with the right interventions, annual output of the corridor in 2050 could be £163 billion higher than in 2014, approximately doubling the growth expected without intervention.

The development of the new east-west Varsity Rail Line by 2030, and over a million new homes within the Knowledge Arc by 2050, will provide a huge boost to the local economy and employment pool. Infrastructure, planned alongside housing and jobs growth, will drive productivity and provide the capacity needed to mitigate congestion and enable clustering of businesses.

- ▶ The Growth Corridor supports over two million jobs and adds over £110bn to the economy every year
- ▶ The whole Growth Corridor area has delivered a 0.9% pa higher GVA expansion when compared with the UK over the period 1998-2016.
- ▶ A high-growth 'core area' has delivered a long run average GVA of 4.7% per annum, compared with 4.0% for the Corridor as a whole
- ▶ At a conservative future growth rate of 3.25 per cent - well below the long-term average for the Corridor - the area's GVA will reach £312 billion by 2050
- ▶ An estimated 15-20m sq ft of further office and lab space, across approximately 540 hectares of land, will be needed to accommodate this projected growth
- ▶ The UK Government recognize the Growth Corridor as being a major contributor to national economic recovery post COVID-19

PAPWORTH EVERARD





Supply+

Todd Research
Detect & Protect

CAMBRIDGE
UNIVERSITY PRESS
& ASSESSMENT

FREDERIC
SMART

To Huntingdon

The property
DHL

DHL

Cambridge
West Point

Atria Court

viridian
solar

SWISS

To Royston

DESCRIPTION

The property is recently (late 2020) constructed of a steel portal frame with a high performance corrugated metal roof and cladding wall system. The terrace is 1 unit that has been designed to be easily sub divisible into 5 equally sized units. There is currently a stud dividing wall separating Units 1-4 and Unit 5. Unit 5 also features part landlord mezzanine. The tenant will be removing the dividing wall and the mezzanine as part of its fit out works.

THE PROPERTY HAS THE FOLLOWING LANDLORD'S SPECIFICATION:

- ▶ 1x electric loading bay doors 3.15m high and 3.00m wide.
- ▶ 4.15m eaves height rising to 5.41m at the ridge
- ▶ Approximately 10% roof lights
- ▶ Concrete floor
- ▶ Capped water and drainage services
- ▶ Mezzanine in Unit 5
- ▶ Toilet provisions in Unit 5

THE TENANT WILL BE CARRYING OUT THE FOLLOWING FIT OUT WORKS UNDER LICENCE:

- ▶ Removal of dividing wall and mezzanine in Unit 5
- ▶ Installation of Dexeco Verteco LED lighting
- ▶ Installation of electrical radiant task heaters
- ▶ Upgrades to 3 phase power supply and distribution internally and externally
- ▶ Installation of external Dexeco LED flood lighting
- ▶ Installation of 'Armco shock' damper posts to all openings
- ▶ Construction of side gate through existing wooden fence to adjacent DHL unit



ACCOMMODATION

► The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) on a Gross Internal Area (GIA) basis, as follows:

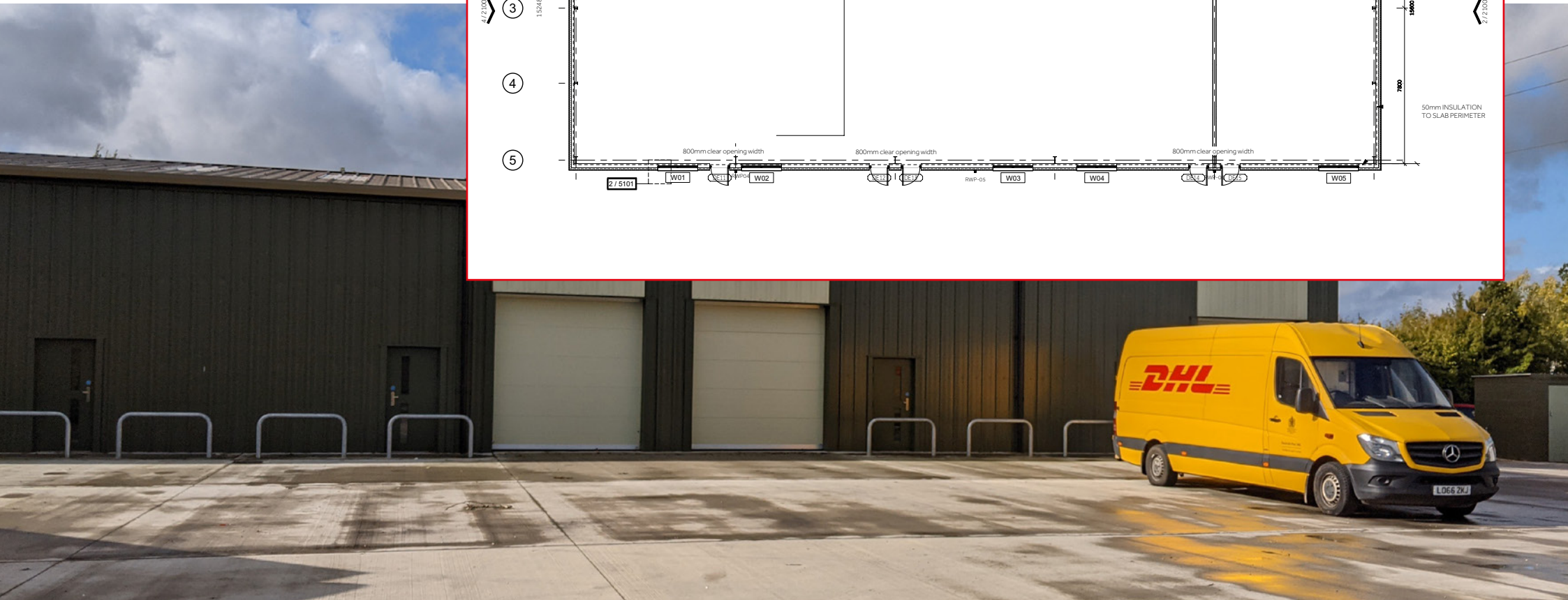
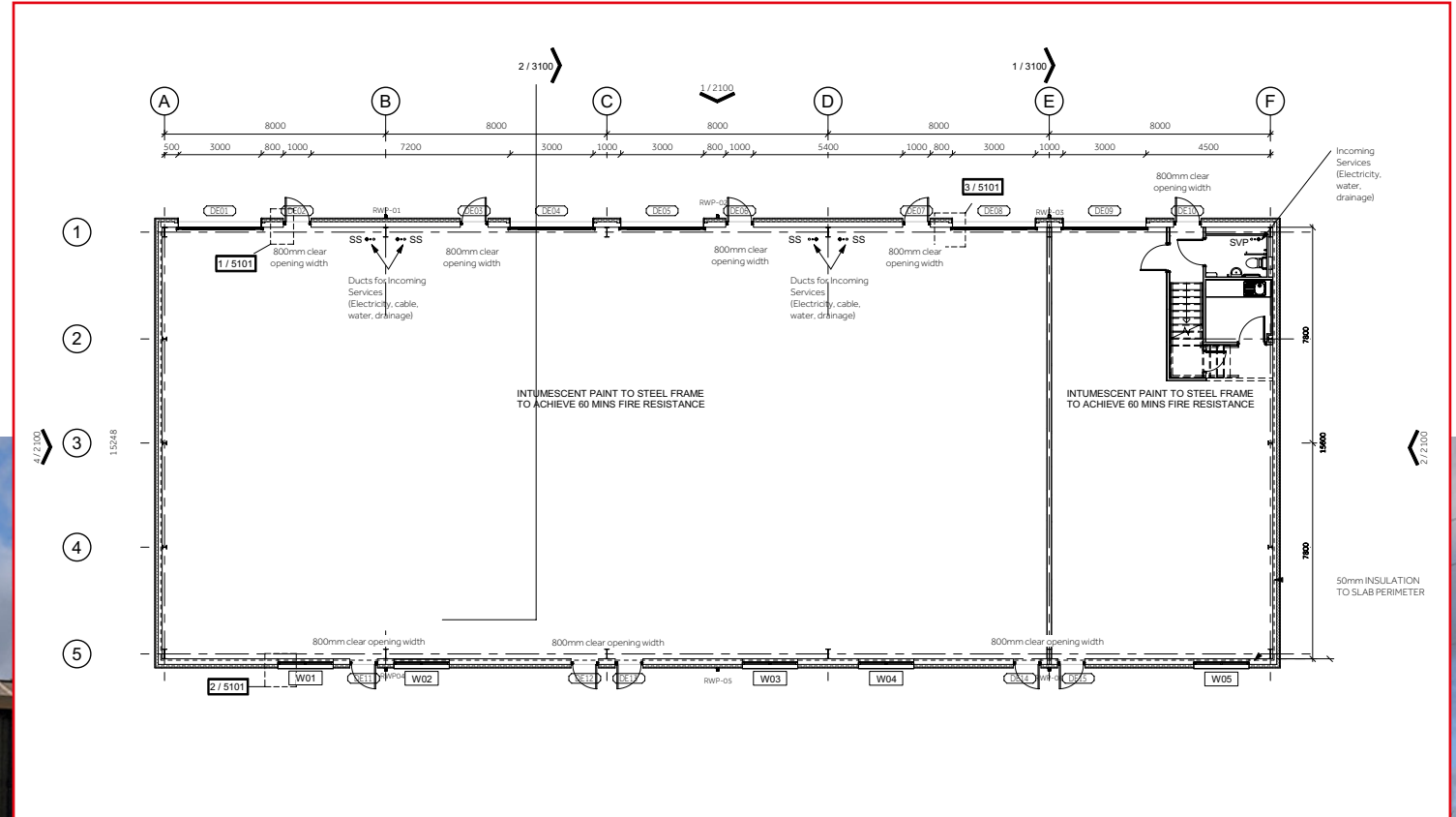
UNIT	SQ M	SQ FT
Units 1-4	499.2	5,373
Unit 5	127.1	1,369
Total (excluding mezzanine)	624	6,742
Unit 5 Mezzanine	+13.9 Mez	+ 150 Mez



SITE

The site totals approximately 1.34 acres (0.542 hectares). It is securely fenced and provides for ample parking on a mixture of concrete, gravel and grass. The main yard is of concrete construction with a double entrance for ease of vehicle access and egress without turning.

The property benefits from an extremely low site cover of approximately 12.5%.



TENURE

The site is held on a long lease for a term of 150 years from 1st April 1999 and expiring on 31 March 2149 (approximately 128 years remaining). The current rent is £50 per annum, doubling every 25 years. The next increase is on 1st April 2024 at which point the rent rises to £100 per annum.

A copy of the head lease is available on request.

TENANCY

The property is fully let to DHL International (UK) Limited for a term of 5 years from 08/11/2021. There is a tenant only break on the 3rd anniversary of the term, subject to 6 months' notice. The lease is on FR&I terms subject to a schedule of condition. The lease is excluded from the provisions of sections 24 to 28 of the 1954 Act.

The initial rent is £76,000 per annum exclusive, reflecting an overall rate of £11.27 per sq ft. The net income is therefore £75,950 per annum.

TENANT COVENANT

DHL International (UK) Limited (Company Number: 01184988) has 31 trading sites and in excess of 4,500 employees. Experian give DHL International (UK) Ltd a Credit Risk Score of "Very Low Risk". Its financial accounts for the last 3 years are highlighted below:



	31/12/2020 (£000'S)	31/12/2019 (£000'S)	31/12/2018 (£000'S)
Sales Turnover	£1,259,672	£1,150,825	£1,074,291
Profit / (Loss Before Taxes)	£25,412	£24,727	£24,850
Total Equity / Shareholders Funds	£97,473	£87,061	£112,334
Net Current Assets (Liabilities)	£19,051	£7,656	£40,842

ESTATE SERVICE CHARGE

The estate service charge is payable under the terms of the long lease. For the financial year ending 31/03/2022 the estate service charged totalled £257.40 reflecting £0.04 per sq ft. This is fully recoverable from the tenant under the terms of the occupational lease.

OCCUPATIONAL MARKET

There has been a fundamental change in the dynamic of the industrial market across the Eastern Region in recent years, as online retail is reshaping the geography of the logistics and last mile distribution markets. To establish quicker and more efficient delivery service into stores and customers, companies are now focussing their final mile delivery and fulfilment centres closer to major population centres.

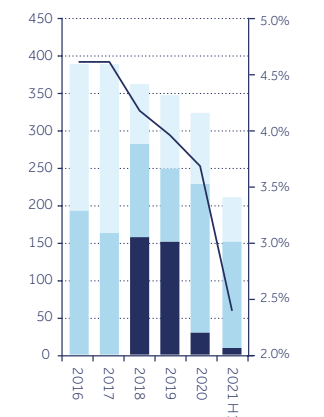
Existing supply around Huntingdon and Papworth is mostly older stock of 60s-90s build. The supply of any speculative development land in the region is also quite limited. Notable new developments in the area are Norman Park Industrial Estate at Bar Hill, providing 107,330 sq ft in units ranging from 3,000 – 31,000 sq ft and quoting rents of £9.50 – £10.50 per sq ft. Whilst

Bourn Quarter in Bourn will see a further 250,000 sq ft developed on the 25 acre former ThyssenKrupp land where units will range in size from 13,000 – 29,000 sq ft. Tower Gate, Tower Close, Huntingdon is a 2 unit scheme of 13,089 sq ft and 42,350 sq ft respectively currently in for planning with an expected delivery of Q3 2022. The guide rent on these units will be £10.50 per sq ft.

With limited supply (2.4% availability rate) and demand requirements at an all time high for the region since 2007, the industrial sector has remained robust and is witnessing strong rental growth in recent months, with prime rents increasing by an average of 7% per annum over the last five years (Bidwells Research).

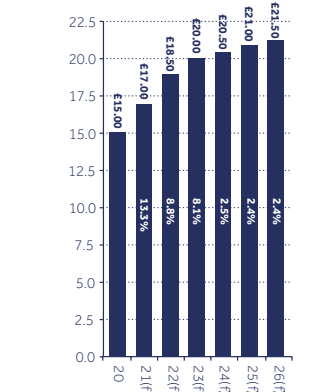
Industrial supply (June 2021)

■ New
■ 2nd hand good
■ 2nd hand poor
■ Available rate (rhs)



Availability 000s sq ft 208.0 ▼
Availability rate 2.4% ▼

Industrial rents (June 2021)



Prime £psf £15.00 ▲
Secondary good £psf £12.25 ▲
Secondary poor £psf £8.25 ▲
Annualised growth rate 6.8% p.a

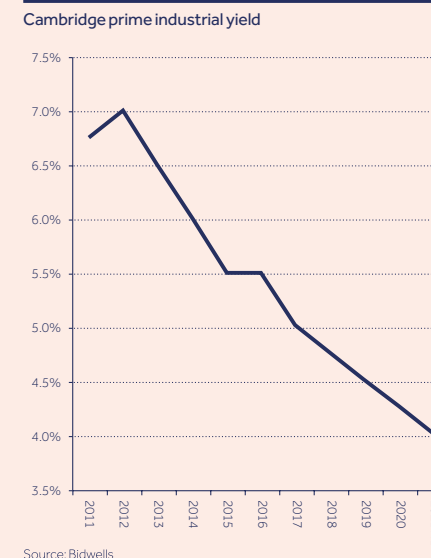
A schedule of recent comparable transactions is highlighted below:

DATE	ADDRESS	AREA (SQ FT)	LEASE TERMS	RENT £PSF	COMMENT
Exchanged	Unit 1C, Cambridge Gateway, Bar Hill	4,618	Exchanged to CB Self Storage on a 15 year lease	£13.25	New build industrial. BREEAM Excellent
Nov-21	Units 1-5 Stirling Way, Papworth Business Park	6,742	Let to DHL on a 5 year term with a break at year 3	£11.27	Brand new development, very low site cover and large yard
Sep-21	Unit 2 Kilmaine Close, Cambridge	5,416	Let to Alliance automotive UK LV Ltd	£13.00	2nd hand modern industrial unit
Sep-21	Unit 13 Clifton Road, Cambridge	3,825	Let to Quick Commerce Ltd t/a Zapp	£15.50	2nd hand grade B industrial unit
Jul-21	Rene Court, Coldhams Road, Cambridge	3,084	Let to Getir UK Ltd	£15.50	Older 1980s industrial unit
May-21	Unit 19, Halcyon Court, Huntingdon	1,091	Let to S&G Shopfitters Ltd	£9.40	2nd hand older low-rise industrial unit
Dec-20	Unit 5, Joiners Court, Nuffield Road, St Ives	1,883	Confidential	£9.98	2nd hand modern industrial unit

INVESTMENT MARKET

Given the level of uncertainty and volatility the global Covid pandemic has placed on the economy, the importance of supply chains and the need for the logistics property sector has never been so apparent. The sector had been experiencing increasing demand in recent years due to the growth in e-commerce, however, the pandemic has caused many companies to significantly increase their capacity due to the boom in online shopping.

Despite Brexit and the various national lockdowns that have proved difficult for many other sectors, the industrial and logistics sector has continued to perform strongly, both in terms of occupiers still able to operate their businesses and with heightened investor demand, driving yields down for good quality industrial assets. Prime industrial yields in and around Cambridge continued to tighten in the first half of 2021, moving down a further 25bps to 4.00% (Bidwells Research).



A schedule of recent industrial transactions is highlighted below:

DATE	ADDRESS	AREA (SQ FT)	PRICE (PER SQ FT)	NIY	LEASE TERMS	PURCHASER
Marketing	Units 1-5 Stirling Way, Papworth Business Park	6,742	Q. £1.3m (£192)	Q. 5.51%	Let to DHL on a 5 year term with a break at year 3	
Oct-21	Units 20 & 21 Woodside Industrial Park, Letchworth	13,724	£1.765m (£129)	4.90%	Let to Eurocell and Toolstation. Outstanding rent review. WAULT of 4.75 years to break and 7.36 years to expiry.	Urban Logistics REIT Plc
Sep-21	DHL, Cardinal West, Cardinal Distribution Park, Huntingdon	251,932	£27.9m (£110)	3.88%	Single let to DHL Supply Chain for a term of 10 years from May 2017, giving 6 years unexpired and <1 year to break.	CCLA
Sep-21	1 Goddard Road, Ipswich	25,984	£2.66m (£102)	5.47%	Let to RedDOT Europe for a term of 10 years from November 2018 giving approximately 7 years unexpired.	Urban Logistics REIT
May-21	Units 10-10a Woodside Industrial Estate, Dunstable	19,000	£3.0m (£157)	4.20%	Let to Deralam Laminates for a further 4 years unexpired with a rent review in February 2022. Rent considered reversionary.	London Metric Property Plc
Mar-21	Vinces Road Industrial Estate, Diss	7,029	£0.685m (£97)	5.70%	Let to PHS Group Holdings Ltd until May 2030 giving approximately 9 years unexpired.	City Livery Company
Nov-20	4 Kilmaine Close, Cambridge	21,119	£2.4m (£114)	4.40%	Let to Bunzl UK Ltd on a 10 year term from March 2019 with a 5 year break and rent review, giving approximately 3.5 years term certain.	University of Cambridge

EPC RATING

C56.

A copy is available upon request.

VAT

The property is elected for VAT. It is assumed this transaction will be structured as a transfer of a going concern.

CAPITAL ALLOWANCES

The benefit of any capital allowances may be transferred to the purchaser by way of further negotiation.

PROPOSAL

We are instructed to seek offers in excess of **£1,300,000** subject to contract and exclusive of VAT for our client's long leasehold interest. A purchase at this level reflects a **net initial yield of 5.51%** and a capital value of £192 per sq ft assuming purchaser's costs of 5.99%.

AML / KYC

Prospective purchasers will be asked to produce identification of the intended Purchaser and other documentation in order to support any offers submitted to the vendors. Bidwells LLP accepts no liability of any type arising from your delay or other lack of co-operation

November 2021

FURTHER INFORMATION

Should you have any queries or wish to make an inspection, please contact:



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AGENTS NOTE

For clarification Bidwells LLP wish to inform prospective Purchaser(s) that we have prepared these sales particulars as a general guide. These particulars do not form part of any offer or contract and should not be relied upon as statements or representatives of fact.

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