

REGENERATION HOUSE

COLESHILL INDUSTRIAL ESTATE, GORSEY LANE, BIRMINGHAM, B46 1JU

- 9.00% NET INITIAL YIELD
- 6 YEARS TO BREAK / 9 YEARS TO EXPIRY
 - RPI LINKED REVIEW
- UNDERPINNED BY INDUSTRIAL LAND VALUE



KEY DETAILS

Investment Summary

- A value add / redevelopment opportunity offering an attractive net initial yield of 9%.
- Situated in a prime industrial location on the outskirts of Birmingham, providing the potential for redevelopment to industrial.
- A 2 storey office building extending to 18,316 sq ft (1,702 sq m) on a freehold site of 1.383 acres (0.56 hectares).
- Secure income to a very strong covenant (5A2) with a group company guarantor. 15 year FRI lease with a tenant break option on 14th July 2028 and expiring on 14th July 2031.
- Low passing rent of £13.82 psf (£148.76 psm) showing strong reversionary potential.
- Offers sought in excess of **£2,645,000** (two million five hundred thousand pounds) subject to contract and exclusive of VAT. This reflects a net initial yield of **9.00%** after allowance for purchasers costs of **6.40%**. A capital value of £144 psf and an underlying site value of £1,900,000 per acre.



KEY DETAILS

Location & Situation

Coleshill is strategically positioned approximately 12.3 miles north east of Birmingham, located in the M42 corridor and is the city's principal out of town office location. It benefits from unrivalled accessibility to the national motorway network including the M5, M6 and M42 motorways.

Regeneration House is situated off Gorsey Lane on the Coleshill Industrial Estate and is accessed via the A446. The property is strategically positioned close to Junction 9 of the M42 and Junction 4 of the M6 and is in a prime logistics location.



Description

Regeneration House comprises a modern office building featuring the following specification:

- Steel portal frame construction with a pitched tile roof
- Arranged over two floors providing open-plan space
- Suspended ceiling with CAT II Lighting
- Raised access floors
- Air conditioning
- Car park with 108 spaces (1:169 sq ft)
- 8 person passenger lift

Site

The site extends to approximately 1.383 acres (0.56 hectares) and is accessed via Gorsey Lane.

Tenure

The Property is held freehold.

Accommodation

Floor	SQ FT	SQ M
Ground Floor	10,236	951
First Floor	8,080	751
Total	18,316	1,702

TENANCY

Tenancy

The property is let to EQUANS Regeneration Limited (guaranteed by EQUANS Holding UK Limited) from 15th July 2016 to 14th July 2031 with a tenant option to break on 14th July 2028, providing an unexpired lease term of 9.00 years to expiry and 6.00 years to break.

The current passing rent is £253,177 per annum equating to £13.82 psf (£148.76 psm) and is subject to an RPI-linked review in July 2026, collared and capped at 2.00% and 4.00% respectively.

We understand EQUANS are considering undertaking a light internal refurbishment of the property demonstrating a level of commitment to their occupation.

Covenant Strength EQUANS Regeneration Ltd

	YE12/2021 £000's	YE12/2020 £000's	YE12/2019 £000's
Sales Turnover	£869,849	£622,623	£689,927
Profit before taxes	£62,607	£(78,794)	£(2,818)
Tangible Net Worth	£212,346	£88,917	£148,947
Net Current Assets	£153,809	£60,842	£109,729

Covenant Strength EQUANS Holding UK Ltd

	YE12/2020 £000's	YE12/2019 £000's	YE12/2018 £000's
Sales Turnover	£-	£-	£-
Profit before taxes	£(9,722)	£(42,067)	£6,774
Tangible Net Worth	£567,893	£554,934	£420,699
Net Current Assets	£8,005	£9,547	£12,247

Office Occupational Market

The Solihull / M42 office market in the first quarter of 2022 was topped by the largest Birmingham Business Park letting in over two decades, to an unnamed government department. The market as a whole achieved 85,183 sq ft across 11 office space transactions which is significantly above the Q1 10 year rolling average of 65,122 sq ft demonstrating a returning momentum to the market.

Key competition for Coleshill is at Birmingham Business Park which spans 2.4m sq ft of high quality office space with headline rents reaching £24 psf. Key office letting comparables include:

Date	Address	SQ FT	Rent PSF	Term (Break)	Tenant
Jun 2022	The Crescent	8,401	£22.50	2.5 (N/A)	Align
Apr 2022	The Crescent	15,274	£18.50	10 (N/A)	Gov Body
Apr 2022	The Crescent	22,235	£24.00	10 (5)	Gov Body
Dec 2021	T3, Trinity Park	7,003	£25.00	10 (5)	Tilbury Douglass
Oct 2021	1320, Solihull Parkway	5,574	£19.50	3 (N/A)	Morrisons Energy Services

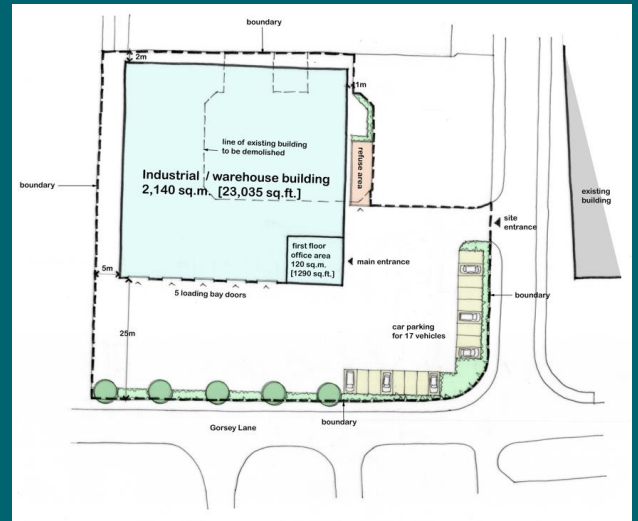
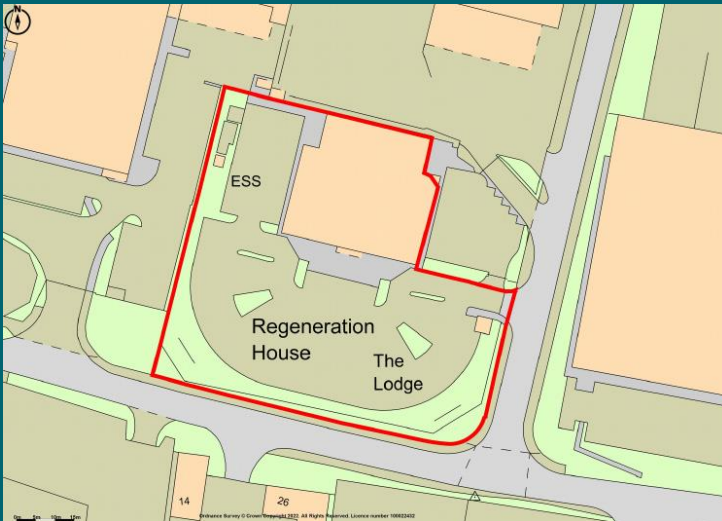
ALTERNATIVE USE

Industrial Redevelopment

The Property shows clear potential for industrial redevelopment. It benefits from a prominent roadside position, bound on its north, east and western boundaries by large scale industrial units with eaves in excess of 10m.

Indicative drawings suggest scope for c. 20 - 25,000 sq ft of Grade A industrial / manufacturing space, facilitated by 17 car parking spaces, 5 loading bay doors and a 25m yard depth.

Any development would be subject to obtaining full planning consent.



Industrial Market

There is an extremely limited supply of mid box industrial units in the prime central and east Birmingham region. The availability of development land is also severely restricted. The only new build Grade A stock available within the prime M42 corridor of c. 20,000 – 40,000 sq ft at the present time is at Connexion 1 and 2 at Blythe Valley Park where quoting rents are £10.50 - £11.50 psf.

Recent comparable evidence within the wider West Midlands region is as follows:

Date	Address	SQ FT	Rent PSF	Term (Break)	Tenant
U/O	Unit 2, Connexion 2, Blythe Valley Park	42,000	£11.00	Unknown	Unknown
U/O	Unit 3 Coventry Logistics Park	47,544	£10.00	Unknown	Unknown
Jun 2022	Unit 1 Radial park, Birmingham Business Park	26,921	£9.00	20 years (N/A)	Cadent Gas
Oct 2021	Unit 3 Radial park, Birmingham Business Park	22,115	£8.50	10 years (N/A)	Control Equipment Limited



Further Information

For more information, or to arrange a viewing, please contact:

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