

**Royal Mail  
Delivery Office  
Maritime  
Industrial Estate**



Pontypridd, CF37 1AA  
1,393.34 sq m (14,998 sq ft)

**INDUSTRIAL INVESTMENT OPPORTUNITY**



## Executive Summary

- ▶ Single let industrial investment located in Pontypridd
- ▶ Strategic location for servicing the Rhondda and Taff Valleys, just 7.5 miles to the M4, 1 mile to the A470 and 0.5 miles to Pontypridd town centre.
- ▶ Delivery office / warehouse measuring 1,393.34 sq m (14,998 sq ft) on a site of c. 1 acre, benefitting from a large forecourt parking area and a secure rear loading yard.
- ▶ A new 10 year lease in place from 29th September 2021 to the undoubted covenant (5A1) of Royal Mail Group Limited, with a 5th year tenant only break option.
- ▶ Reversionary rental level - currently passing off £72,500 per annum (£4.84 per sq ft), but with rents for stock of a similar size in the surrounding geography reflecting as high as £6.50 per sq ft.

We are instructed to seek offers in excess of **£1,250,000 (One Million Two Hundred and Fifty Thousand Pounds)** for the freehold interest, subject to contract and exclusive of VAT.

A purchase at this price would reflect a net initial yield of **5.47%** (accounting for purchaser's costs of 6.09%), a capital value of **£83.37 per sq ft** and potentially rising to a (reversionary) yield of **6.22%** at the next review.

## Location

Maritime Industrial Estate is a recognised and established industrial location positioned to the south west of Pontypridd town centre. The estate is accessed via Sardis Road, which in turn links to A4058. The A4058 serves the Rhondda valley to the north and west of Pontypridd and connects to the A470 to the east, which provides dual carriageway access to Merthyr Tydfil, 12 miles to the north, and Cardiff, 12 miles to the south. The M4 (Junction 32) is 7.5 miles to the south, 11 minutes journey time by car. Pontypridd train station, which provides direct access to Cardiff Central (30 minutes journey time) is 0.5 miles to the north east and within walking distance of the estate. Nearby estate occupiers include National Plastics, Andrew Sykes Hire and Wolseley.

Pontypridd itself is positioned at the junction of the Rhondda and Taff Valleys, making it a strategic base from which to service those locations further into Rhondda Cynon Taff. The town has a population of approximately 31,500 (2021) and sits as part of the Cardiff Capital Region, a regional programme aimed at promoting collective economic prosperity across 10 local authorities in South East Wales, working with a combined population of 1.5 million. Pontypridd, with its location as a major hub on the Core Valley Lines, is also at the heart of the fast developing South Wales Metro plans, a multi-million pound project aimed at upgrading a number of the existing railway lines across the region to improve connectivity and reduce journey times across the Cardiff Capital Region. Pontypridd is also home to two of the University of South Wales campuses.



## Travel Times/Distances

	Pontypridd Town Centre	0.5 miles	1 minute
	A470	1 mile	3 minutes
	Treforest Industrial Estate	3.5 miles	6 minutes
	M4 (Junction 32)	7.5 miles	11 minutes
	Cardiff	12 miles	20 minutes
	Merthyr Tydfil	12 miles	18 minutes



## The Property

The property comprises a detached warehouse of 1,393.34 sq m (14,998 sq ft) GIA on a site of approximately 1 acre (c. 34% coverage). The site is configured to provide a large tarmac surfaced car park to the front of the property, consisting of 36 marked car parking spaces together with 2 accessible parking spaces in addition. To the rear of the property is a large, securely fenced / gated loading yard, which is used by the tenant for van parking / loading, with a total of 37 marked spaces. The property itself sits centrally on the site and is arranged over single storey accommodation comprising a customer entrance area, main warehouse, ancillary offices, canteen, WCs and stores. The property is of steel portal frame construction with a combination of profiled steel and blockwork elevations. Minimum eaves height is 5.40m, height to the haunch is 5.93m and to the pitch is 7.91m. Loading to and from the warehouse is undertaken via a single level access pedestrian loading door, sufficient for trolley loading. The property has been well maintained by the tenant throughout the period of their occupation.



## Accommodation

	SQ M	SQ FT
Customer Entrance and Office	68.50	737
Main Warehouse	1,124.00	12,099
Canteen / Ancillary / Stores / WCs	200.84	2,162
<b>TOTAL GIA</b>	<b>1,393.34</b>	<b>14,998</b>



## Tenure

The property is held freehold.

Occupational Lease Summary:



Royal Mail

<b>Tenant</b>	Royal Mail Group Limited
<b>Term</b>	10 year lease from 29 <sup>th</sup> September 2021
<b>Security of Tenure</b>	Yes (Landlord & Tenant Act 1954)
<b>Permitted Use</b>	B1, B2 and B8
<b>Expiry</b>	28 <sup>th</sup> September 2031
<b>Passing Rent</b>	£72,500 per annum (£4.84 per sq ft)
<b>Option to Determine</b>	28 <sup>th</sup> September 2026 29 <sup>th</sup> September 2026
<b>Rent Review</b>	Basis being open market, upward only.
<b>Repair</b>	Full repairing

## Covenant

Royal Mail is one of the UK's most recognised brands, stretching back nearly 500 years and employing over 140,000 people across 37 mail distribution centres and 11,200 local collection hubs across the UK. In the past year, Royal Mail have recorded strong growth in parcel revenue, driven by an acceleration in online sales. Royal Mail Group Limited has a Dun & Bradstreet rating of 5A1, based on a tangible net worth of £3,376,000,000, representing a minimum risk of business failure. Latest 3 year accounts demonstrate the following key financials.

	<b>28/03/2021</b>	<b>29/03/2020</b>	<b>31/03/2019</b>
Turnover	£8,658,000,000	£7,734,000,000	£7,748,000,000
Profit (Loss) before Taxation	<b>£320,000,000</b>	<b>-£11,000,000</b>	<b>£186,000,000</b>
<b>Tangible Net Worth</b>	<b>£3,376,000,000</b>	<b>£4,445,000,000</b>	<b>£3,518,000,000</b>

## Occupational Market

Q3 2021 provided another busy transactional quarter for the South Wales logistics and industrial sector, with take up being 13% up on Q2 2021 figures. Across all size brackets, a total of 80 deals were recorded, representing 935,734 sq ft and a year to date total take up of 2.72m sq ft. With supply levels sitting at just 6.29m sq ft for space >50,000 sq ft, this will be significantly eroded in Q4 with the recent sale of Imperial One, Newport, which will take out a further c.1 million sq ft from the regional availability. With just 3% of the region's stock being classified as 'Grade A' specification and with a number of deals either under offer or having very recently completed (in Q4 2021), the lack of quality in the region's existing accommodation remains a real challenge, with occupiers competing for space.

Looking along the M4 corridor in South East Wales in particular, the green shoots of proposed new speculative development in both Newport and Cardiff, together with more active promotion of design and build opportunities in Chepstow and Bridgend and tangible rental growth now being witnessed in multiple locations, all ought to help give further confidence to occupiers, developers and investors alike in the future of the region's industrial and logistics market.

## Investment Market

Q3 2021 was yet another strong quarter, with £3.4 billion transacted across the logistics and industrial sector in the UK. Q1-Q3 volumes have already matched the annual record take up, as set in 2017 (£10.7 billion). The average lot size was skewed by the £1.7 billion sale-and-lease back of ASDA's portfolio to Blackstone, the second largest deal ever recorded after CIO's acquisition of Logisor in 2017. Overseas investors, led by North American private equity, remain dominant, accounting for 65% of transactions so far in 2021, compared to 53% last year. UK institutions remain active, although some have temporarily paused. Sector prime yields continue to harden across the UK with the same presently standing at 3.5%.



## Proposal

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## VAT Status

We understand that the property has been elected for VAT and therefore anticipate the sale will be undertaken as a transfer of going concern (TOGC).

## EPC

The property has an EPC status of 'C' (60), valid until 22<sup>nd</sup> May 2031.

## Rateable Value

£69,000 (Post Office Sorting Centre and Premises)

Rates Payable (2021 / 2022): £36,915

## Anti-Money Laundering Checks

In order to discharge its legal obligations, including under applicable anti-money laundering regulations, C&W will require certain information of the successful bidder. In submitting a bid, you agree to provide such information when Heads of Terms are agreed.

## Contact

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