

**DOVE HAIGH
PHILLIPS**

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PRIME INDUSTRIAL INVESTMENT

16,578 sq ft (1,540.18 sq m)

Target Components Limited,
Unit 5 Pioneer Way, Castleford, West Yorkshire, WF10 5QU



Investment Summary

- Prime industrial location circa ½ Mile from M62 J31, Castleford.
- Detached industrial warehouse extending to **16, 578 sq ft (1,540.18 sq m)** GIA
- Site area of **0.83 acres (0.34 hectares)**
- Freehold.
- Single let to Target Components Limited with an unexpired lease term of 4 years
- Rent passing of £130,000 per annum (£7.84 psf) assuming a rent of £8.50 per sq ft the rent would be £141,000 pa.
- Offers are invited in excess of **£1,900,000** reflecting a Net Initial Yield of **6.44%** with a reversion to **7%**. This reflects a capital value of **£115 per sq ft.** subject to contract and exclusive of VAT.



Location

The property is located on Pioneer Way which runs off the A655 which connects with J31 of the M62 approximately 500m South West of the property. The M62 connects with the A1 5 miles to the East and the M1 6 miles West.

In terms of rail, the Wakefield Europort rail freight terminal is 1 mile West of the property. This provides direct rail access to providing rail access to Felixstowe, Southampton, London and Tilbury ports.

The location is some 195 miles North of London, 50 miles North East of Manchester. More locally it is 4.5 miles to the north-east of Wakefield and 9.0 miles to the south-east of Leeds.

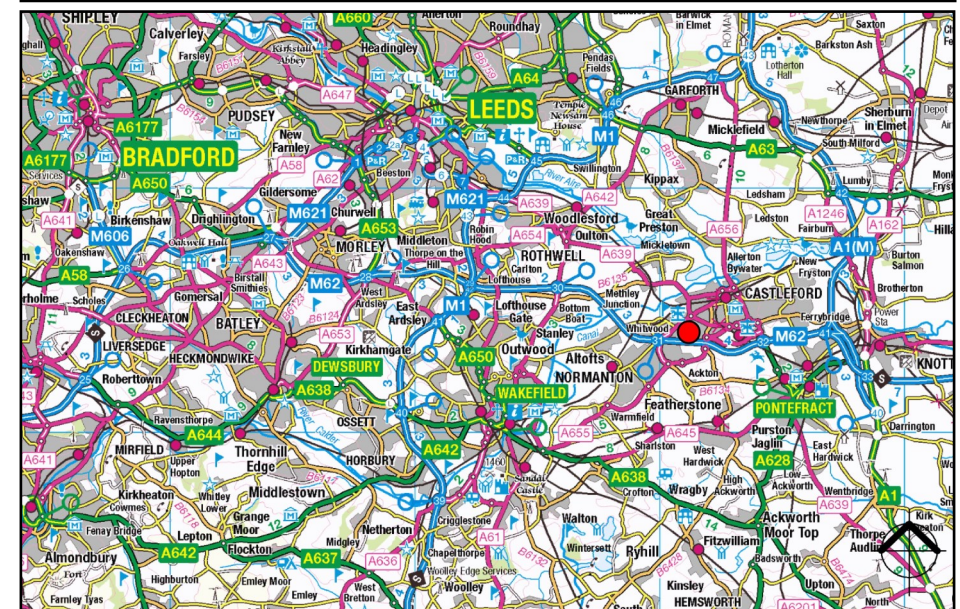
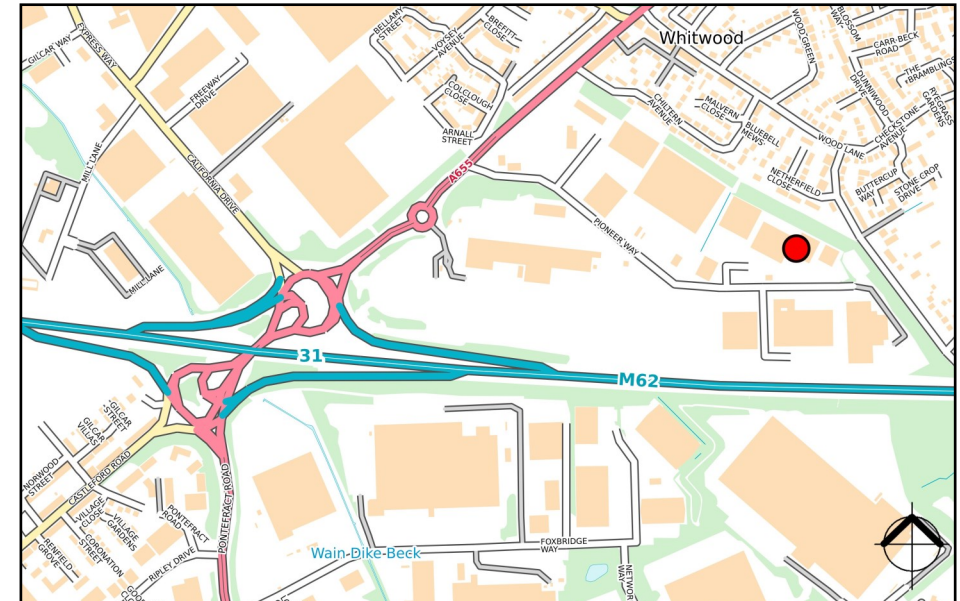
Situation

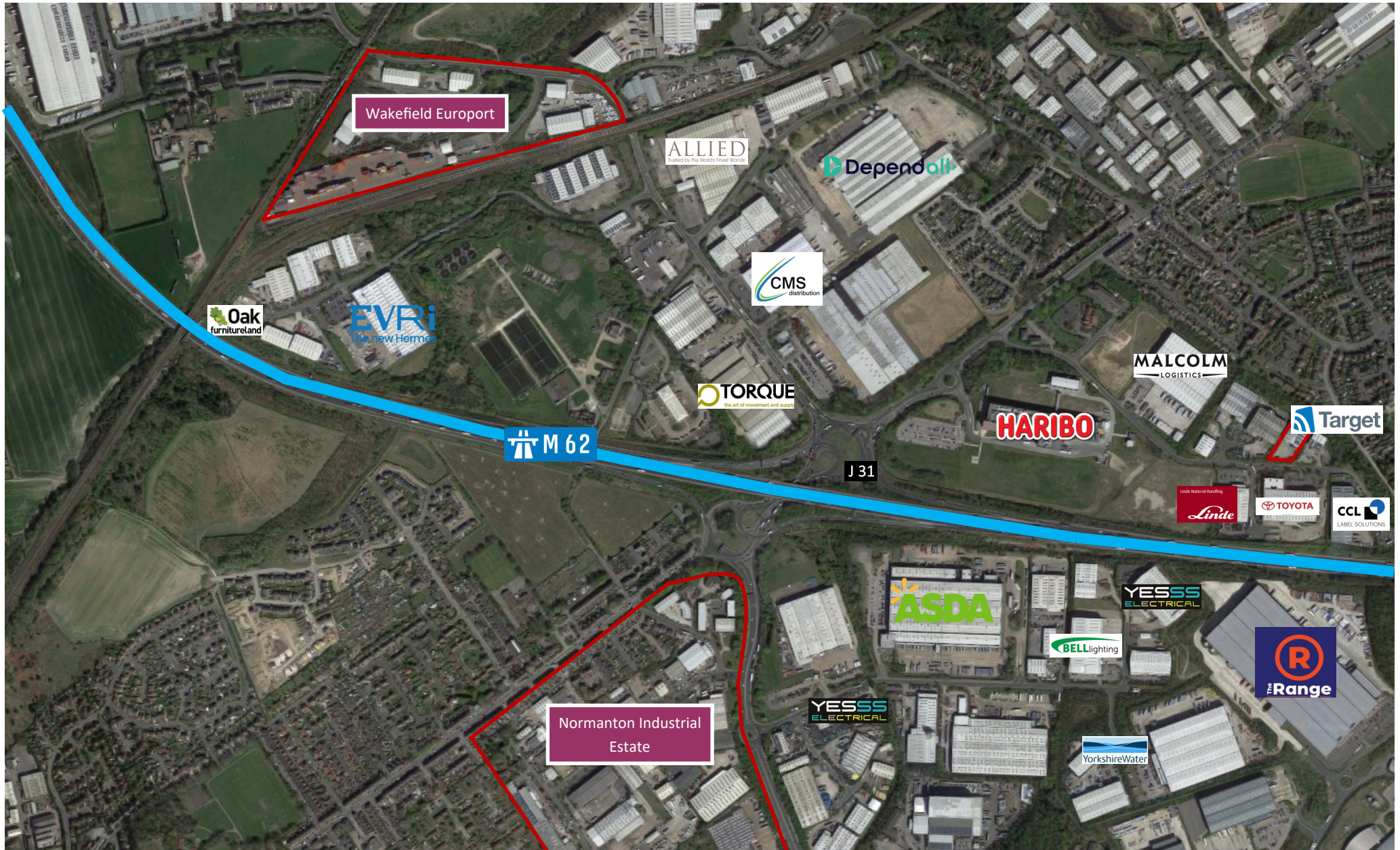
The property is positioned just behind the Haribo factory, opposite Linde and Toyota with the surrounding uses all being logistics or industrial in nature. The location forms part of the Normanton/Castleford industrial area. With excellent motorway and rail hub connectivity it is recognized as West Yorkshire's prime industrial and logistics hub. The area is home to a numerous significant occupiers including: DHL, Asda, Unipart, The Range, Yesss Electrical, Card Factory and Royal Mail.

Description

The property comprises a square shaped industrial unit positioned at the back of a rectangular shaped site with yard and access to the front.

The building has a steel portal frame with a profiled metal sheet roof and part block part metal sheet elevations. The property has offices in the east corner of building on ground and first floor with loading from mechanical roller shutter doors on the front elevation. The site is bound by a palisade fence.





Planning

The property benefits from permitted uses within E (B1), B2 (General Industrial) and B8 (Storage or Distribution) accommodation within the Town and Country Planning (Use Classes amended Regulations 2020).

Accommodation

The property has been measured in accordance with the RICS code of Measuring Practice (6th Edition) and provides the following total Gross Internal Area:

Description	Sq M	Sq Ft
Ground Floor Warehouse	1,390.58	14,968.06
Ground floor Office	74.80	805.19
First Floor Office	74.80	805.19
Total	1,540.18	16,578.44

The tenant has installed a significant mezzanine office area. This is no contained within the landlord's floor areas.

The building has an eves height of 6m (19.69 ft).

The site extends to 0.83 acres (0.335 hectares).

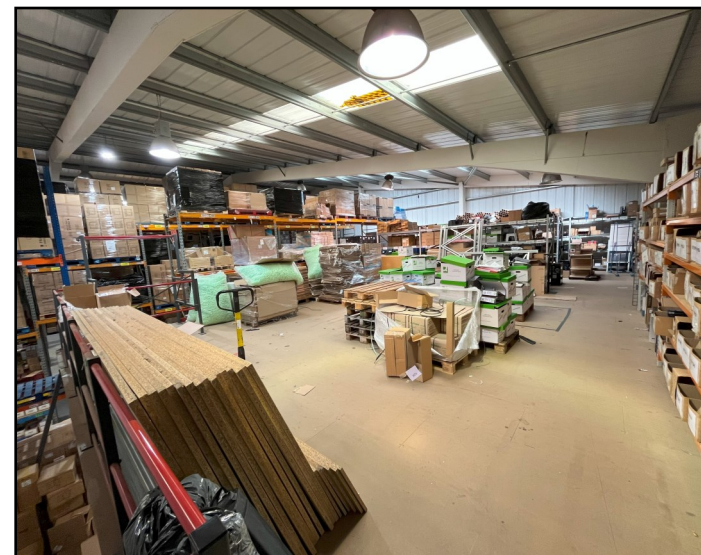
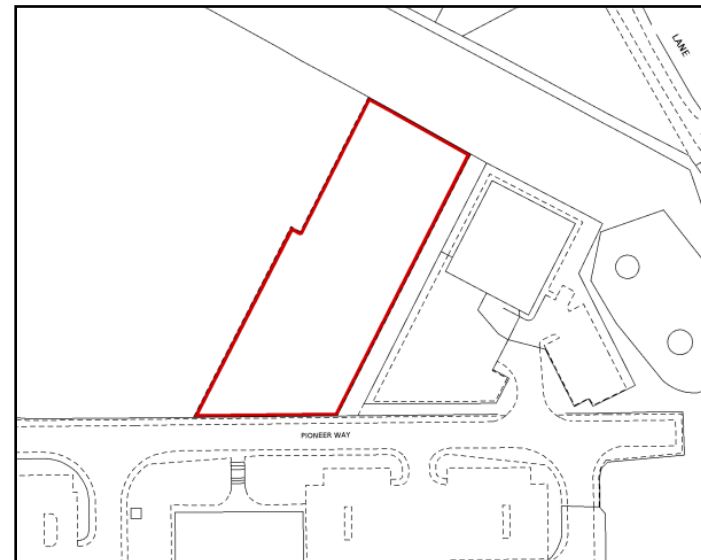
Tenancy

The property is single let to Target Components Ltd (Reg No 03113281) on a lease ending on the 29th March 2024. The tenant has signed a reversionary lease commencing on the 30 March 2024 for a term of 15 years with options to determine the lease on 8th November 2027 and 8th November 2032.

The passing rent is £130,000 per annum, reflecting a rent of £7.84 per sq ft.

Tenure

Freehold under title number: WYK287702



Covenant



Established in 1998, Target is a Yorkshire-based IT hardware and software distributor supplying the independent retailers as well as online retailers, system integrators and reseller customers.

Since June 2022 the majority (75%) of the shares in Target are owned by an Employee Owned Trust (Target Components EOT Ltd). Each of the 60 strong team are members of the Trust and thereby own a part of the business.

Target comprises two business units, Target Components and Servers Plus. Servers Plus specializes in servers, networking and enterprise infrastructure products, primarily selling to managed service providers (MSPs) through a dedicated sales team and website.

The company works with over 50 direct or exclusive brands including their own branded products to market. They actively stock over 1,400 products in their warehouse in Castleford.

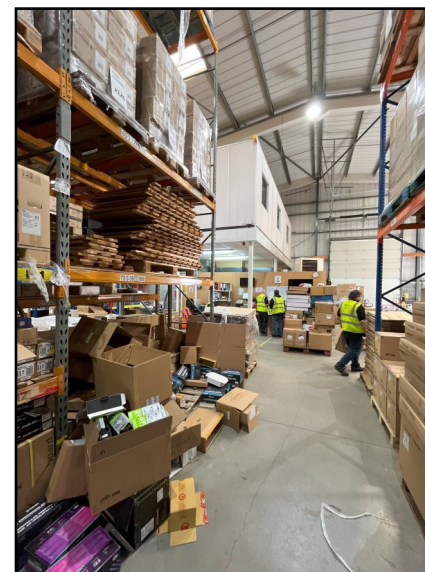
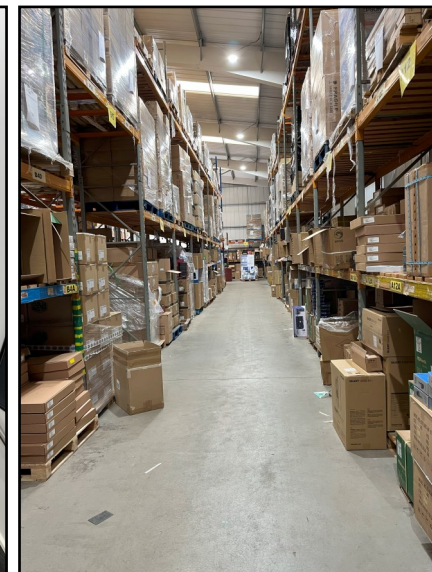
www.targetcomponents.co.uk

The tenant covenant is:

Target Components Ltd (03113281).

	31/03/2022	31/03/2021	31/03/2020
Turnover	£35,550,121	£39,841,730	£34,598,092
Pre-tax Profit	£418,773	£1,207,818	£349,568
Net Assets	£4,612,614	£4,303,556	£3,563,721

Experian Credit Score: 100/100 Very Low Risk



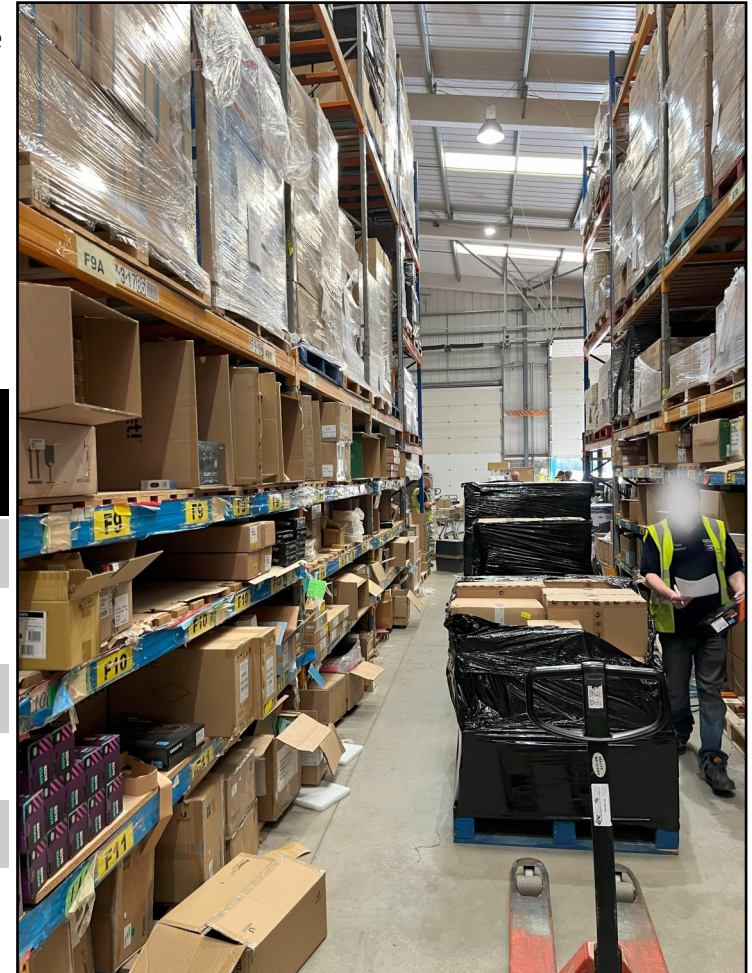
Occupational Market

Despite the significant increase in the cost of money, the occupational market has continued to be active. Rental levels have continued to increase against a backdrop of ever tightening supply.

At the end of 2022 the national vacancy rate stood at 2.00% for buildings over 100k sq ft, with 22 second-hand and 35 speculative buildings available. In Yorkshire and the North East, the vacancy rate stood at 1.00%. Take-up levels in 2022 totaled 38.0m sq ft, down 10% on 2021, although 33% above the 10-year average. Demand from occupiers continued in Q4 2022 with 8.1m sq ft of take-up, which was up 8% Quarter on Quarter, but down 25% on the record Q4 period in 2021. A further 11.9m sq ft was under offer at the end of Q4 and that momentum continued into 2023.

Date	Address	Area (Sq ft)	Term (years)	Rent (£ psf)	Rent (£ PA)	Tenant
04/07/22	Pioneer Way, Castleford	34,749	15	8.25	277,992	CCL
02/03/22	Pioneer Way, Castleford	43,357	10	8	346,856	Blue Leaf
30/09/22	Willowbridge Way, Castleford	5,494	10	7.98	183,776	Screwfix
24/01/23	Pheasant Drive, Batley	33,020	10 b5	8.50	280,670	Neolith
08/23	9D Werner Court, Castleford	13,869	10 b5	8	110,952	OMLO

Assuming a rent of **£8.50 psf** the property would have an annual roll of **£141,000**.



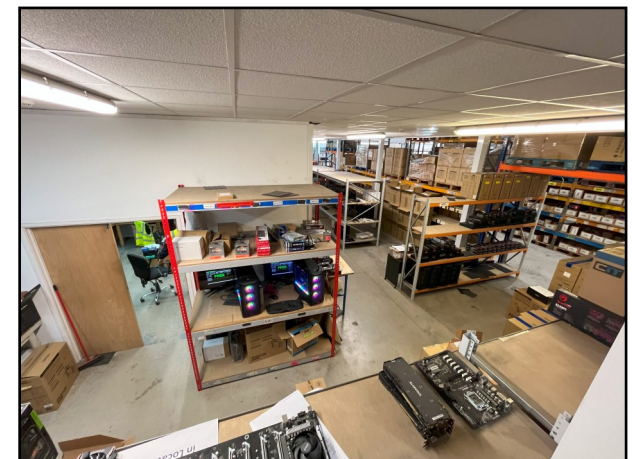
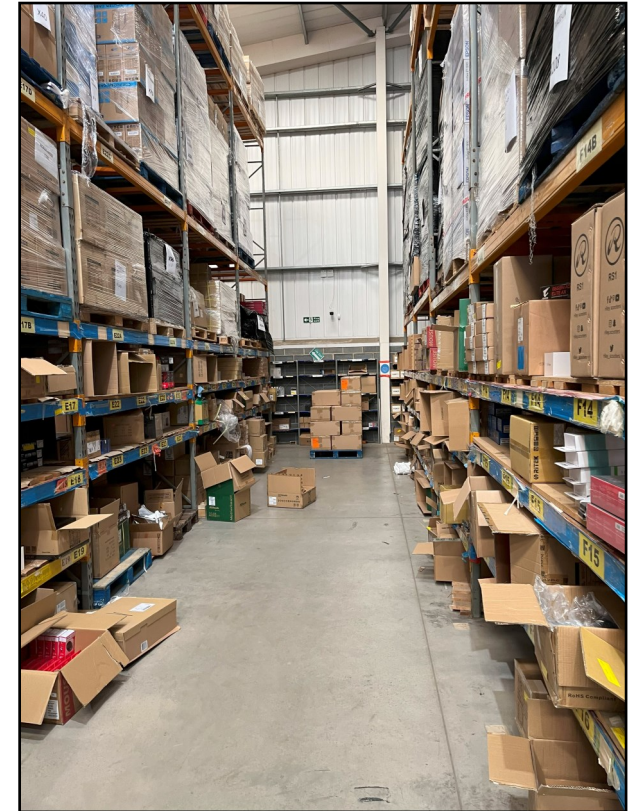
Investment Market

The accelerated structural shift in the retail market towards e-commerce has heightened investor demand for industrial and logistics.

The heat of the southeast market has led investors to look further afield to generate enhanced returns. Investor appetite has intensified based on the positive market dynamics of a combination of lack of stock and an increased demand for warehousing accommodation. This has proliferated strong rental growth across all industrial sub-markets in the UK. In addition, the weight of institutional and private equity finance seeking exposure to the sector has further driven record yield compression.

Single-let distribution warehouses accounted for 78% of the £6bn traded up to Q3 in 2021, highlighting the level of investor demand for single let industrial assets. Industrial and logistics significantly outperformed all other sectors over the past year posting a total return of 22.6% compared with 6.4% for property overall.

Date	Address	Area (Sq ft)	UXT	Price (£ M)	NIY	CV (£ psf)	Notes
21/12/22	Travis Perkins, Worktop, S80 3EZ	15,000		3,000,000	5%	200.00	
14/08/23	Barberry 14, Bristol, Avon, BS10 7SF	13,402		3,250,000	5.5%	242.50	
15/02/23	Foxbridge Way, Normanton	43,243		3,855,000	5.8%	89.15	JH Estent Ltd
22/02/23	Hermitage Way, Abbey Industrial Park, Mansfield	28,844		2,200,000	5.0%	76.27	



VAT

The property is elected for VAT and therefore VAT will be payable on the purchase price. It is anticipated that the sale will be structured as a Transfer of a Going Concern.

AML

The purchaser will need to satisfy the Anti Money Laundering policies of the sales agent and the Vendor client. This is usually two forms of Identification and confirmation of the source of funding from the successful purchaser

Proposal

Offers are invited in excess of **£1,900,000** subject to contract and exclusive of VAT. A purchase at this level would reflect a net initial yield of **6.44%** assuming graduated acquisition costs of **6.25%**. This reflects a low capital value of **£114.61 per sq ft**.

Viewings & Further information

For further information or if you wish to arrange a viewing please do not hesitate to contact:

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