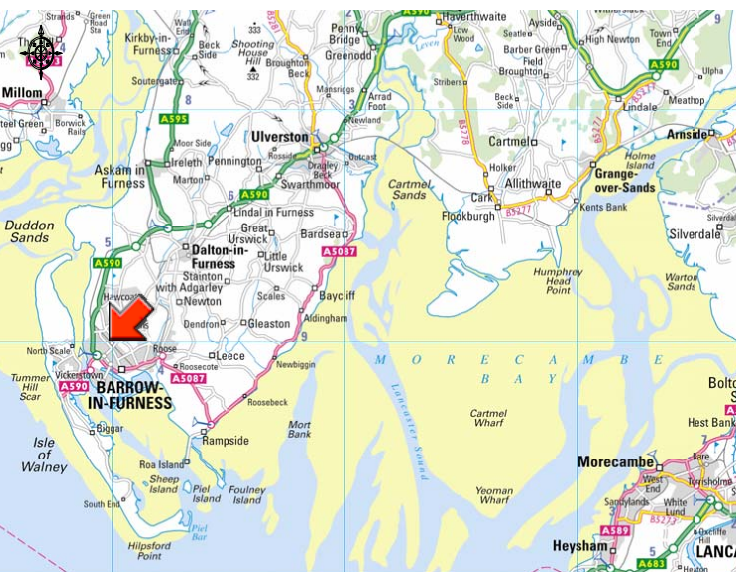




**Matalan** Walney Road, Barrow-in-Furness

Retail warehouse investment, let to Matalan Retail Ltd





# Matalan Walney Road, Barrow-in-Furness, Cumbria, LA14 5UN

Retail warehouse investment, let to Matalan Retail Ltd

## Investment summary

- Established retail warehouse location on Walney Retail Park with nearby occupiers including Argos, Asda, Home Bargains and Poundstretcher
- Freehold
- Purpose built retail warehouse comprising approximately 20,049 sq ft (1,862.6 sq m), with 104 car parking spaces
- Open A1 (non-food) planning consent
- Let on FRI terms until December 2025 (14.5 years unexpired)
- Secured to the undoubted covenant of Matalan Retail Ltd, rated 5A1 by Dun & Bradstreet
- Passing rent of £220,440 per annum, equating to £11.00 per sq ft (£118.35 per sq m)
- Offers are sought in excess of **£2,880,000** (two million, eight hundred and eighty thousand pounds) subject to contract and exclusive of VAT
- A purchase at this level would reflect an attractive net initial yield of 7.23%, assuming standard purchasers' costs of 5.80%

## Location

Barrow-in-Furness is an historic industrial town located in Cumbria, on the western edge of the Lake District National Park. The town is located approximately 30 miles south-west of Kendal, 55 miles south-west of Carlisle and 45 miles north of Liverpool.

The town can be reached via the A590 from junction 36 of the M6 motorway, which is approximately 30 miles to the east, providing easy access to the national motorway network. Rail services are available to London, with a journey time of approximately 4 hours and 30 minutes.

## Demographics

Barrow-in-Furness grew to prominence from around 1850 with the production of first iron, then steel. The presence of the steel industry led to the creation of a major shipyard building naval vessels. The iron and steel industries ceased trading in Barrow following the Second World War but the town retains the only submarine production facility in the UK. Manufacturing, allied with the Royal Navy, is therefore a key employer within the town.

According to PMA, the total population within the Barrow primary catchment area is 108,000. The estimated shopping population of Barrow is 71,000.

The age profile of the primary catchment population includes a particularly high proportion of the retired, aged 65 and over and older working aged adults aged 45-64. In contrast, young adults aged 15-24 and adults aged 25-44 are under-represented within the Barrow area.

## Situation

The unit itself is prominently situated one mile north-west of the town centre, on Walney Road (A590). It sits within Walney Retail Park, immediately adjacent to a Stollers furniture store. The A590 links with the M6 to the north and provides access to the town centre to the south-east.

An Asda supermarket is situated directly opposite, which includes a petrol filling station. Other occupiers on the park include Argos, Home Bargains and Poundstretcher.

## Out-of-town retailing in Barrow

According to PMA, retail warehouse supply in Barrow is estimated at approximately 424,000 sq ft. Only 29% of this space benefits from non-bulky goods use.

The majority of retail warehousing in Barrow is situated to the south-west corner of the town, along the southern end of Walney Road and along Hindpool Road. The accommodation in this cluster is predominantly situated on three parks, namely: Hollywood Retail Park (73,000 sq ft), Hindpool Retail Park (70,000 sq ft) and Cornerhouse Retail Park (64,000 sq ft). Occupiers on these parks include: Comet, Currys, Dreams, Dunelm Mill, Brantano, Carpetright, Harveys, Next, Halfords, Homebase, Iceland and Pets at Home.

## Description

The property was constructed in 1993 and comprises a 20,049 sq ft (1,862.6 sq m) purpose built retail warehouse unit, with 104 customer car parking spaces (equating to a ratio of one space per 193 sq ft). The unit is of steel portal frame construction, with part brick elevations and profile metal cladding above.

The unit is predominantly arranged as sales accommodation over ground floor, with storage accommodation to the rear of the unit at ground and mezzanine levels.

A dedicated service vehicle access route is situated to the side of the property, with a roller shutter door situated to the western side of the unit fronting a substantial service yard. Customer car parking is situated to the front and side of the property.

The site extends to approximately 0.77 hectares (1.9 acres), providing a low site coverage ratio of approximately 24%.

## Town planning

The property benefits from open A1 (non food) planning permission.

## Tenure

Freehold.

## Tenancy

The entire property is let on full repairing and insuring terms to Matalan Retail Ltd for a term of 15 years from 24 December 2010, expiring on 24 December 2025. The current rent passing amounts to £220,440 pa. Rent is payable monthly in advance.

The rent is subject to upwards only reviews in every fifth year of the term, with the next review due in December 2015. The rent is reviewed to open market value, subject to a cap of 3% pa over the 5 year period.

## Rental value

The current rent passing of £220,440 pa, equates to a headline rate of approximately £11.00 per sq ft. This level of rent was set with the existing tenant at lease renewal in December 2010.

A former MFI unit, to the south-western boundary of the property, has recently been sub-divided to provide three separate units. The units have been let over the past two years on the following terms:-

- April 2009 – Argos acquired 10,000 sq ft of accommodation on a new 15 year lease at an initial rent of £130,000 pa, equating to a headline rent of £13.00 per sq ft.
- February 2010 – Home Bargains acquired 11,774 sq ft of accommodation on a new 15 year lease at an initial rent of £118,000 pa, equating to a headline rent of £10.02 per sq ft.
- February 2011 – Pound Stretcher acquired 7,500 sq ft of accommodation on a new 10 year lease at an initial rent of £90,000 pa, equating to a headline rent of £12.00 per sq ft.





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### Tenant covenant

The latest company accounts for Matalan Retail Limited are, as follows:-

Year ending	Turnover	Pre-tax profit	Tangible net worth
28/02/2009	£1,020,000,000	£53,800,000	£227,700,000
01/03/2008	£1,017,500,000	£53,200,000	£138,300,000
24/02/2007	£1,031,900,000	£28,100,000	£87,000,000

On the basis of the above, Dun & Bradstreet has denoted the company a risk rating of 5A1, which classifies it as having a net worth of £35 million or above and a minimal risk of business failure.

### VAT

The property is registered 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 (TOGC).

### Proposal

We are instructed to seek offers in excess of **£2,880,000** (two million, eight hundred and eighty thousand pounds), subject to contract and exclusive of VAT. A purchase at this level would reflect a net initial yield of 7.23%, assuming purchasers' costs of 5.80%.

### Viewing and contact information

For further information or to arrange an inspection, please contact:

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