

Change of use to generate super-profits

Property: Single-let warehouse in Sheffield
Client: Institutional Fund Manager
Project: Relocation of the warehouse occupier in order to redevelop for retail change of use



Problem	Solution	Results
<ul style="list-style-type: none"> The warehouse unit provided 88,000 sq ft of manufacturing and warehouse space on a site of 6.55 acres, allowing room for a unit extension. The site adjoined Drakehouse Retail Park and was 400m from Crystal Peaks Shopping Centre, Mosborough town centre. It was let under a 10 year lease from the 25th May 2006 at a current rent of £436,619 pa. The client's interest was long leasehold, with the Freehold owned by a London-based private property company. Tesco had submitted a planning application on land allocated for housing on a site in the catchment, 2 miles to the south 	<ul style="list-style-type: none"> Agreed terms with ASDA to sell the site, subject to planning consent for a food store, acquisition of the freehold and relocation of the existing occupier. Negotiated with the Freeholder to acquire their interest, before they became aware of ASDA's interest (this was necessary because the freeholder had control over redevelopment). Negotiated an agreement with the existing tenant to relocate it to a new site, construct a new 110,000 sq ft warehouse facility to enable their expansion and grant it a new 15 year lease with RPI rent reviews. Negotiated and agreed the acquisition of a 5.35 acre site from a construction company and a build contract price for the new unit on a turn-key basis. Whilst the freehold acquisition was completed early, all other agreements were simultaneously contracted. Contracting simultaneously removed excessive risk exposure for the client. 	<ul style="list-style-type: none"> On final completion, the total net profit generated for the client was circa £6m, generating a return on capital employed of circa 150%. Binding contracts were exchanged within 13 months of project commencement. The client benefitted from a single point of contact throughout the project, with Howlings Hodgson directly responsible for all negotiations and professional team appointments.
<p>Managed Space 88,000 sq.ft.</p>	<p>Super profit realised £6 million</p>	<p>Return on Capital 150%</p>