

# Prime Purpose Built HGV Sales & Service Centre

LONG LET INDEX LINKED FUNDING OPPORTUNITY



**SCANIA**

**STOCKTON-ON-TEES**

A development by



# INVESTMENT OVERVIEW



SCANIA FALKIRK

- › Prime HGV sales and service centre funding opportunity.
- › Strategically positioned adjacent to the A66.
- › The site is situated 11 miles west of Teesport and 12 miles east of the A1(M).
- › Pre let to Scania (Great Britain) Limited – 100/100 Experian Rating.
- › Total site area of 6.27 acres.
- › The subjects will extend to 26,920 sqft.
- › Projected low site cover of 7.25% giving potential for further development at lease expiry.
- › The premises will become the latest decarbonised facility in Scania's UK portfolio.
- › Anticipated EPC rating of A and BREEAM Very Good.
- › Practical completion scheduled for July 2025.
- › Initial rent of £730,000 per annum.
- › 15 year FRI lease from Practical Completion.
- › The lease will be subject to 5 yearly CPI rent reviews (1% - 3%).

OFFERS IN EXCESS  
OF £11,030,000 / 6.50%  
ASSUMING PURCHASER'S  
COSTS OF 1.80%.

# LOCATION

**Stockton-on-Tees is located approximately 36 miles south of Newcastle Upon Tyne, 110 miles north east of Manchester and 250 miles north of London.**

Stockton-on-Tees has an urban area population of approximately 85,000 people and a wider district population of circa 191,000 people, with an estimated 350,000 people living within 6 miles of the town centre.

The town is strategically located within the Tees Valley forming a key commercial centre within both the immediate urban conurbation and the wider region of North East England.

Situated at the intersection of the A19 and A66 trunk roads, Stockton-on-Tees is within approximately 12 miles of the A1(M) allowing access to both regional and national networks.

Rail communications are excellent with mainline services available via Darlington approximately 15 miles to the west of the subject premises giving access to the East Coast Mainline services with a fastest journey time to King's Cross of 2 hours 30 minutes and Edinburgh only 2 hours away. Regular local services to Darlington and Middlesbrough are available from Thornaby Railway Station, a short distance from the subject site.

Teeside International Airport provides a gateway to global destinations for both business and logistics with regular domestic and international passenger freight services operating from Teeside Airport some 8.5 miles to the south.

Teesport, the fifth largest port in the UK and amongst the 10 biggest in Western Europe, is positioned 4 miles to the east.

The site occupies a highly prominent position to the north of Preston Farm Business Park, with access to the A66 and A19 via the A135. Nearby occupiers include Makro, Menzies Distribution, Caterpillar UK, MAN Trucks, Porsche, Vauxhall, Audi, Kia, Land Rover, BMW and Volvo.

# DRIVE TIME

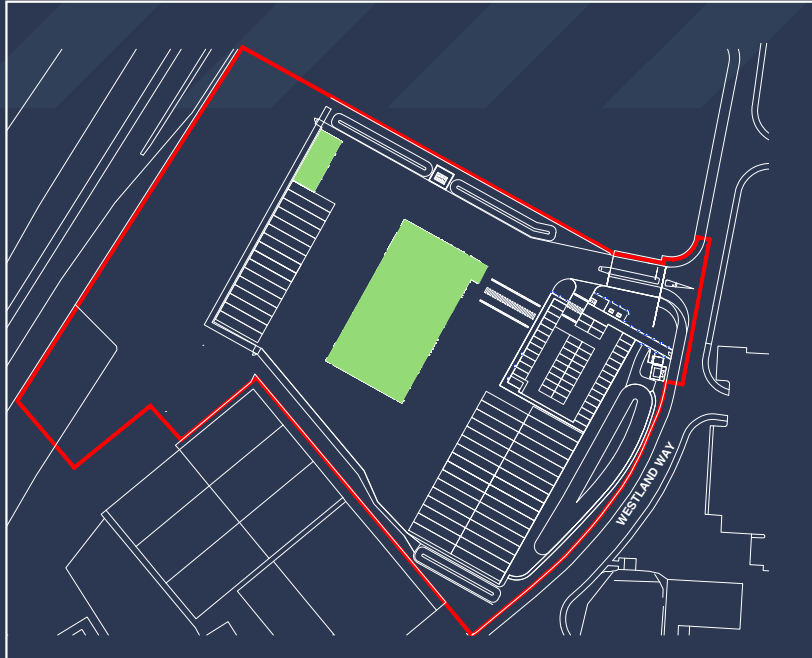
Destination	Distance	Time
Teesside International Airport	7.8 miles	11 mins
Teesport	11.3 miles	20 mins
Darlington (East Coast Mainline)	12.3 miles	21 mins
Sunderland	30.4 miles	40 mins
Newcastle	39.5 miles	57 mins
Leeds	66.9 miles	1 hr 19 mins
Manchester	114 miles	2 hrs 16 mins



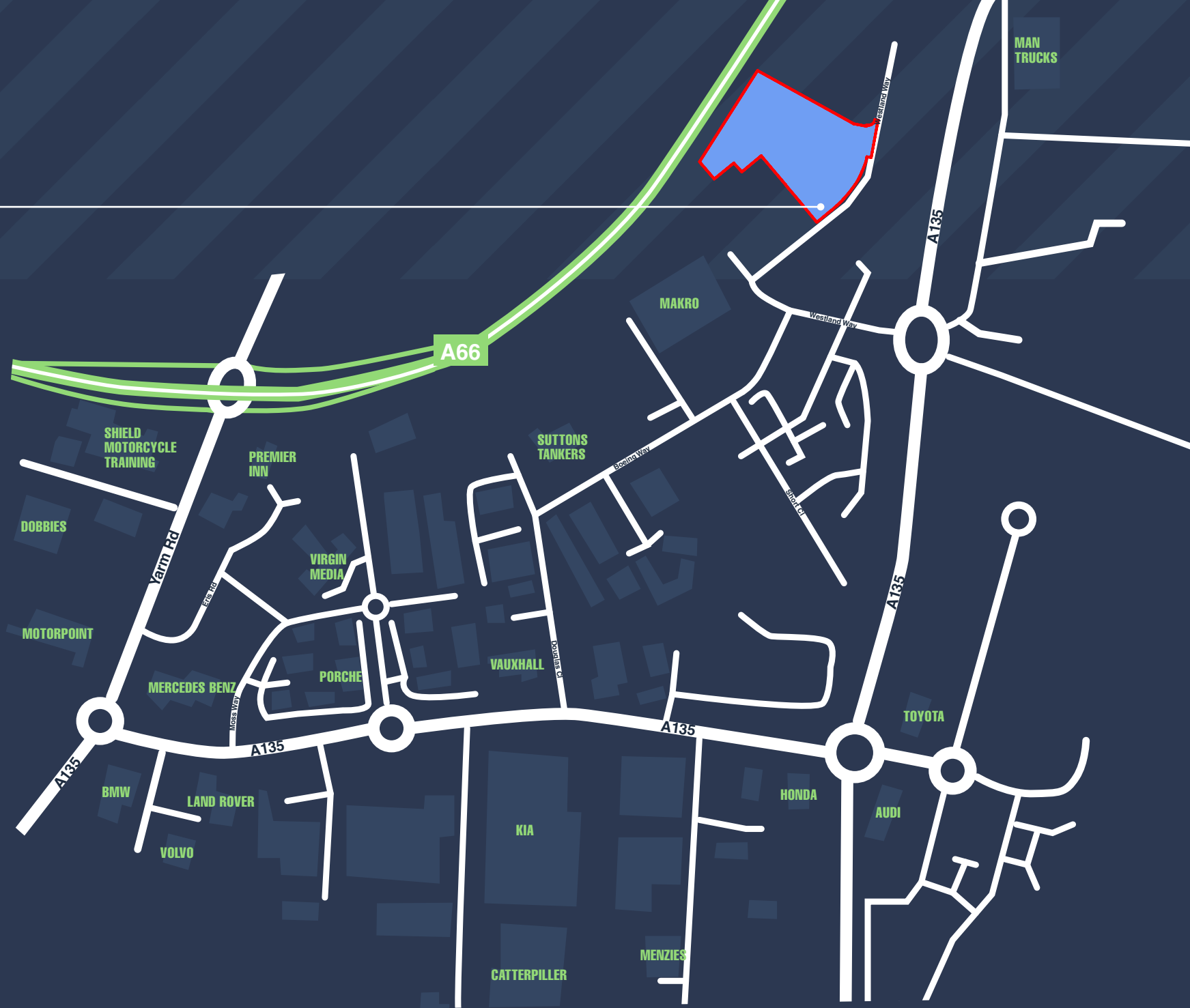


# TENURE

Freehold interest.



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# TEESPORT

The fifth largest port in the UK and amongst the 10 biggest in Western Europe, Teesport is a major deep sea maritime complex in the North East of England, contributing over £1.4 billion to the UK economy each year.

Facilitating the movement of over 28 million tonnes of cargo annually, Teesport is the only major port in England to handle more exports than imports, and is actively engaged in a vast array of sectors including free flowing bulks, containerised cargo, liquid bulks and offshore.

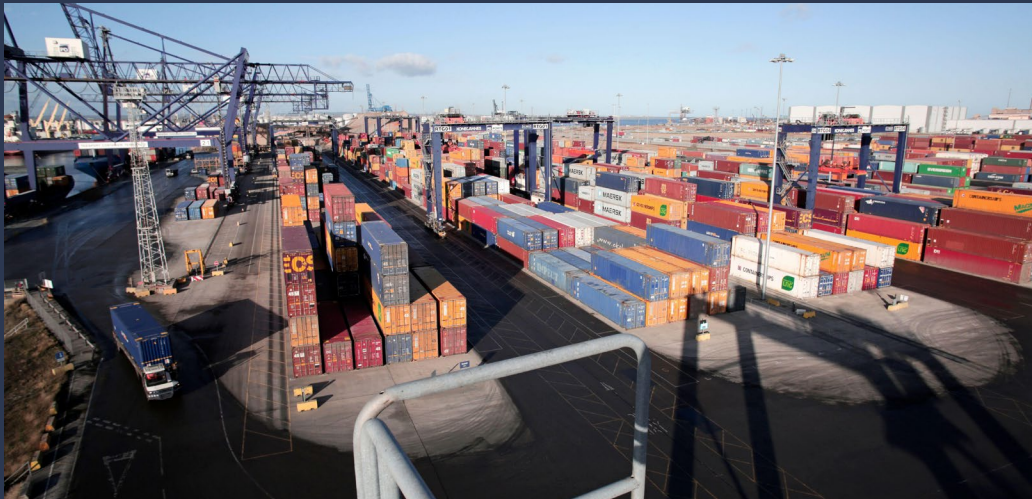
Home to an expansive range of businesses including port operators, shipping agents, energy providers and support services, the River Tees is at the heart of a region that remains a major centre for manufacturing and production whilst also sitting at the forefront of new advancing technologies such as hydrogen and offshore wind.

Offering lock-free access to the North Sea, Teesport is also complimented by over 5,000 acres of strategic development land, making the Tees Valley region an ideal spot for investment opportunities.

## THE UK'S NORTHERN GATEWAY TO THE WORLD

Containers, logistics, chemicals, energy, renewables: the multi-modal hub that is Teesport plays a pivotal role in countless complex supply chains connecting the UK to key global markets.

The best-connected port in the North, Teesport boasts excellent onwards distribution links for domestic cargo moving around the UK, hosting numerous on-site intermodal rail terminals and multiple facilities that allow direct access to the A66 Trans-pennine East and West routes and A19/A1 M1 national motorway links for North and South.



£1.4  
BILLION

Contributes £1.4 billion to the UK economy each year

22,000

Supports 22,000 UK jobs

12%

12% growth year on year container volume over the last 8 years

28  
MILLION  
TONNES

Handles 28 million tonnes per year

50%

Due to popularity of the rail freight, its anticipated rail services will see 50% growth over the next 10 years

£120  
MILLION

£120 million has been invested in the container platform over the past decade to improve infrastructure

£1  
BILLION

£1 billion of private investment in the last decade to make the River Tees the most successful port by 2030

# PLANNING

- > Planning permission was obtained on the 11th January 2024 – Application Number 23/1819/FUL.
- > Approval for the Erection of one industrial unit to accommodate use classes B2 and B8 with associated yard space, access and landscaping at Westland Way, Stockton-On-Tees, TS18 3TG.

# SPECIFICATION

- > The subject property will become the latest decarbonised facility in Scania's UK portfolio after Eurocentral and Falkirk (both of which were developed by West Ranga Property Group).
- > Scania are market leaders in the design and manufacture of electrified HGVs. The company has an ambitious ESG agenda of which the facility will play a critical part.
- > Construction is due to commence in July 2024 and the anticipated date for practical completion is July 2025.
- > The service centre will sit centrally within a concrete yard specified to accommodate HGV storage and movement, with segregated staff and visitor parking adjacent to the entrance.
- > The property will comprise 6 bays of workshop space, complete with access pits, various items of integrated test equipment and integrated water/liquid consumable provision.
- > The structure will be formed in a steel portal frame structure, incorporating a crane rail. The roof is to be clad in a profiled composite panel system. The elevations clad in two Scania corporate colours of insulated composite panels.
- > Each workshop bay will be provided with electrically operated insulated sectional overhead doors on either side.
- > Workshop heating shall be provided to the building via an Air Source Heat Pump system. The workshops will be heated using a combination of under floor heating integrated into the slab and Door Air Curtains.
- > Central to the plan are two storeys of ancillary and office space providing reception, office, support, WC, canteen, plant and shower/changing spaces, to be constructed to a CAT B level.
- > The offices will be provided with a combination of natural and mechanical ventilation to suit the fit-out layout, heating provided via wet radiators and underfloor heating plus a comfort cooling system supplied by an Air Source Heat pump system.
- > The building envelope is to be insulated and sealed to meet the required technical standards and include the provision of high performance windows to meet Scania's natural daylight and sustainability requirements.
- > Scania have a full reinstatement obligation at lease expiry.

# CONSTRUCTION WARRANTIES

- > There will be a full pack of construction warranties capable of assignment to the purchaser.

# SUSTAINABILITY

- > The building is designed for optimum energy efficiency, with an enhanced level of building fabric performance that goes beyond Building Regulations Part L compliance.
- > Opportunities to enhance occupant wellbeing, whilst further reducing the energy demand by harnessing natural daylight and natural ventilation, are integral to the building design.
- > The property is fully decarbonised for Net Zero Carbon emissions in operation, using Air Source Heat Pumps for heating and comfort cooling.
- > It has been projected that the building will achieve an EPC rating of 'A' and BREEAM Very Good.

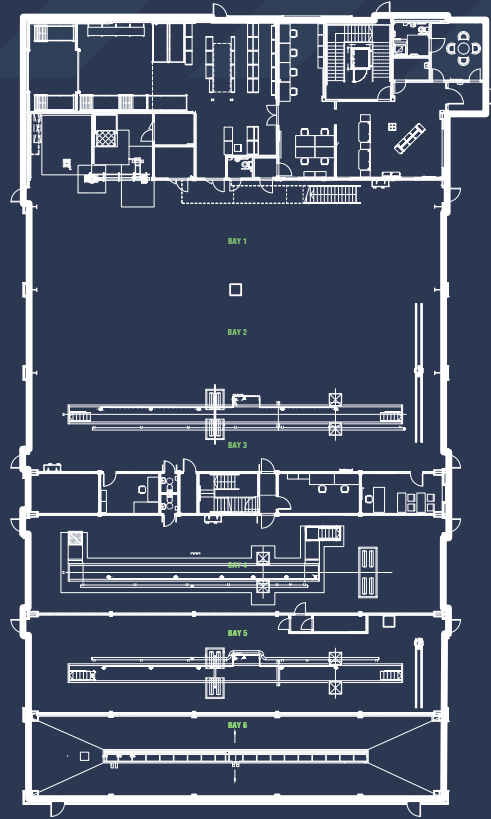
# DEVELOPER



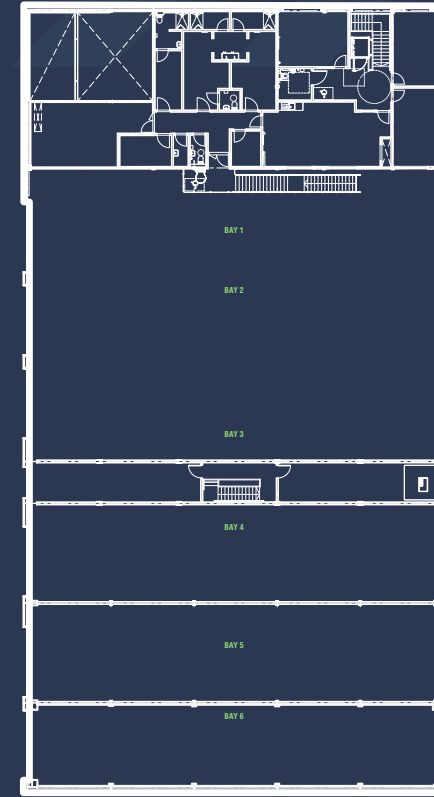
- > West Ranga Property Group are one of the most active property development companies in the UK. They are widely considered best-in-class at delivering complex design & build solutions for a range of major occupiers and across all recognised sectors having completed successful developments within the Industrial & Logistics, Retail, Motor Trade, Leisure and Office sectors.
- > The company's current development pipeline has a Gross Development Value (GDV) of in excess of £400M.
- > West Ranga developed Scania's Scottish Headquarters at Eurocentral in November 2021 and Scania's new state-of-the-art depot in Falkirk in July 2023.
- > Further information can be provided on request

[www.westrangagroup.com](http://www.westrangagroup.com)

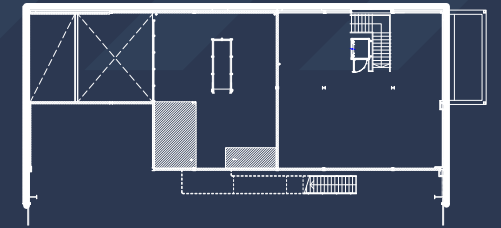
# FLOOR PLANS



GROUND FLOOR PLAN



FIRST FLOOR PLAN



MEZZANINE PLAN



# TENANCY

- > The development has been pre-let to Scania (Great Britain) Limited on a full repairing and insuring lease.
- > 15 year lease from Practical Completion in July 2025.
- > The rent on the warehouse and yard are subject to 5 yearly CPI reviews (1%-3%).
- > The initial rent will be £730,000 per annum

# ACCOMMODATION

A breakdown of the areas and rental rates which are stipulated in the lease are outlined below.

Description	Areas (sqft)	Rental Rate (sqft)	Rent (per annum)
Service Centre (GIA)*	26,920	£15.00	£403,800
Excess Yard	103,658	£2.17	£224,420
<b>TOTAL BASE RENT</b>			<b>£628,220</b>
Tenant CAT B**			£101,780
<b>UNIT TOTAL</b>			<b>£730,000</b>

## 49 car parking spaces and 50 HGV spaces

\*Notional Yard of 19,827 sqft, based on the projected building footprint, has been apportioned against the service centre accommodation. This notional yard allows a 50:50 yard to unit ratio.

\*\*Tenant CAT B rent is a fixed annual sum that ceases at lease expiry.



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SCANIA FALKIRK

# COVENANT INFORMATION



## SCANIA (GREAT BRITAIN) LIMITED

- > Scania was founded in 1891 and is now seen as one of the leading manufacturers of heavy trucks and buses.
- > It is a global company offering sales in more than 100 countries.
- > 49,000 employees worldwide.
- > Scania (Great Britain) Limited has an Experian rating of 100/100.
- > A summary of the accounts for the last 3 years is shown below:

Accounts	31/12/2022	31/12/2021	31/12/2020
Turnover	£1,097,449,000	£865,525,000	£857,344,000
Pre-Tax Profit	£130,408,000	£85,897,000	£53,627,000
<b>Total Net Worth</b>	<b>£162,993,000</b>	<b>£124,597,000</b>	<b>£78,252,000</b>

## Electric Vehicles

- > Scania are global leaders in the design, production and servicing of electric heavy goods vehicles.
- > The company has ambitious ESG agenda of which this facility will play a critical part.
- > The company are committed to accelerating the electrification of their product base with the goal of becoming the most sustainable HGV company in the world.
- > The building has been designed to facilitate the servicing and charging of electric vehicles and will form a key role in the electrification of Scania's network.

# DEAL STRUCTURE

- > The Developer is seeking a traditional forward funding arrangement.
- > A total funding commitment will be agreed with the funder to comprise:
  - 1) Initial site payment, plus reimbursement of the developer's WIP costs to date.
  - 2) Monthly construction drawdowns based upon actual expenditure incurred.
  - 3) Balancing payment to be made at Practical Completion.
- > The parties will agree a development appraisal which will form the basis of the transaction. A coupon will be payable on outstanding sums throughout the development period at the funding yield.

## Purchaser Costs

- > Purchasers costs fixed at 1.80%.

## Capital Allowances

- > All Capital Allowances will be transferred to the purchaser at PC. As the Developer is rentalising both Cat A and Cat B of the Scania specifications, the benefit to the purchaser could be substantial.



# DATA ROOM

- > An online data room is available and access can be provided upon request.

# ANTI-MONEY LAUNDERING

- > In accordance with AML Regulations, the successful purchaser will be required to satisfy the Vendor on the source of funds used to Scania Stockton.

# PROPOSAL

- > Offers of **£11,030,000** are invited reflecting a net initial yield of **6.50%** assuming purchaser's costs at **1.8%**.

# CONTACT

To discuss this opportunity further, or to arrange an inspection, please contact:

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## Subject to Contract

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May 2024

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