

CARLISLE TRUCKSTOP

PARKHOUSE ROAD • KINGSTOWN INDUSTRIAL ESTATE
CARLISLE • CA3 0JR



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**UNIQUE STRATEGIC ROAD NETWORK INFRASTRUCTURE
AND LOGISTICS INVESTMENT OPPORTUNITY**



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UNIQUE STRATEGIC ROAD NETWORK INFRASTRUCTURE AND LOGISTICS INVESTMENT OPPORTUNITY

- Long-established truckstop incorporating a logistics depot in a prime position in Carlisle's main commercial hub

- Let to Eddie Stobart Limited with more than 12.5 years to lease expiry and annual uncapped RPI uplifts at a minimum of 3%pa throughout

INVESTMENT SUMMARY

- Well established truckstop and depot facility on a prime site of approximately 10 acres
- Carlisle (population 110,000) is the primary commercial hub for the Cumberland region
- Located in very close proximity to Junction 44 of the M6
- Prime position on the ever-popular Kingstown Industrial Estate, with nearby occupiers including Starbucks, McDonalds, Asda, Premier Inn, MKM, DPD and DHL
- Asset held long leasehold until 31 March 2073, providing in excess of 48.5 years' unexpired term
- Wholly sub-let to Eddie Stobart Limited until March 2037 (Endole credit score 89/100 – Secure)
- Passing net rental income of £319,835 per annum, with the sub-lease rent subject to annual RPI uplifts with a collar of 3% and no cap
- We are seeking offers in excess of **£3,000,000 (Three Million Pounds)**. A purchase at this level reflects a **Net Initial Yield of 10.01%** (assuming purchaser's costs of 6.45%)



LOCATION & SITUATION

Carlisle is the administrative and commercial centre of Cumbria and has a resident population of about 110,000 (2021 Census). The city is located immediately to the west of the M6 and served by three motorway junctions.

The property benefits from almost immediate access to and from junction 44, enabling access to Glasgow (93 miles) and the Central Belt to the north via the A74(M), and south to Penrith (24 miles). Here the M6 connects with the A66, the key northern cross-country route on which the go ahead has been given to complete dualling of all remaining single lane sections. The M6 continues south to Lancaster (70 miles), Preston (94 miles) and Manchester and Liverpool (approx. 125 miles).

The property occupies a high-profile position at the junction of Parkhouse Road with the A689 to the northern edge of Kingstown Industrial Estate. To the north and east is Kingstown Retail Park which includes a large Asda superstore, Premier Inn, other retail units, car dealerships and trade outlets.

To the south and west the estate is occupied by numerous well-known businesses, including a recently developed Starbucks drive thru, McDonalds, Screwfix, DHL and car dealers including Arnold Clark and Lloyd Motors (BMW / Mini).

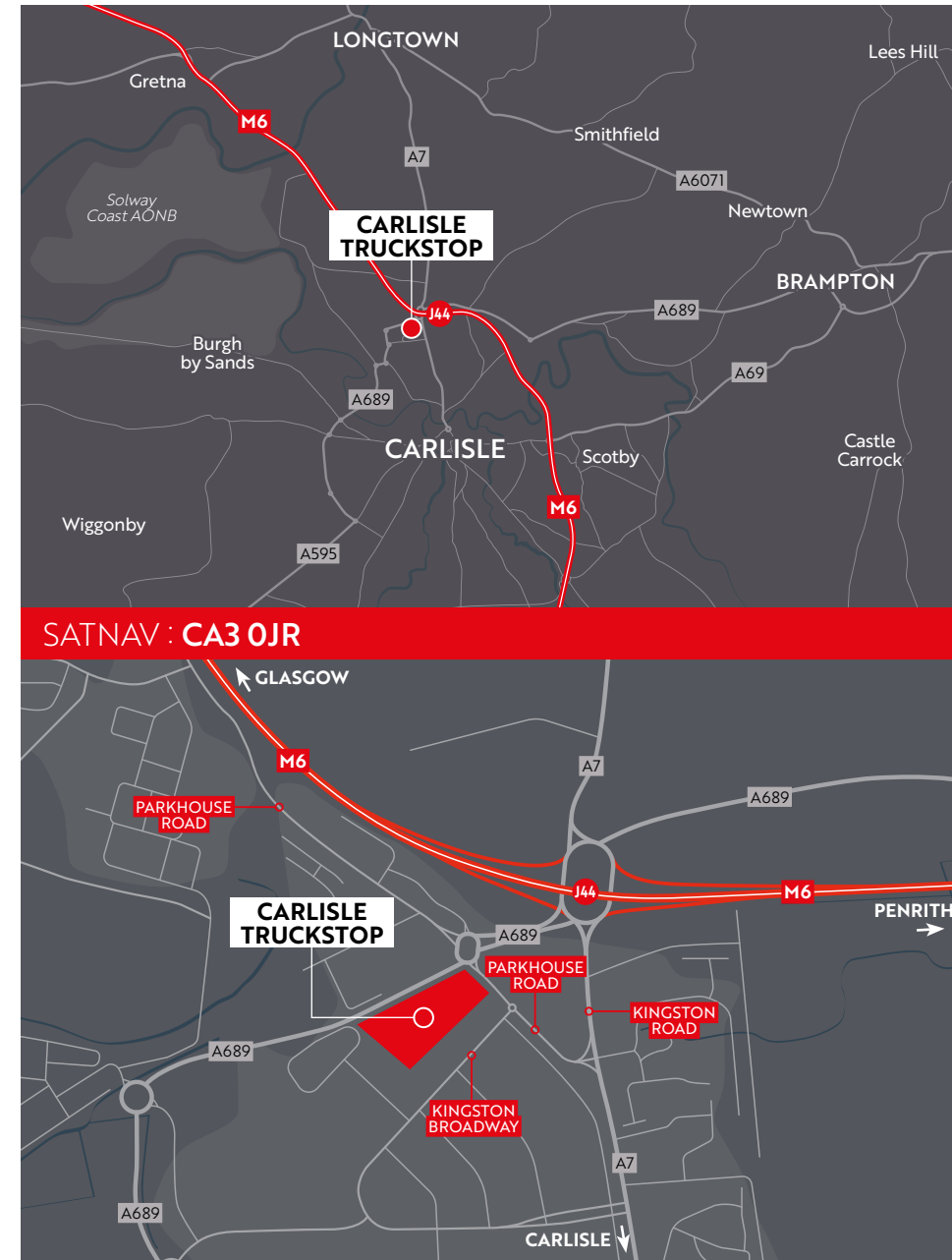
Further to the west, Kingmoor Park is an Enterprise Zone and is seeing significant expansion, with a new DPD depot recently opened and other occupiers including MKM, Edinburgh Woollen Mill, Mercedes and Carlisle City Council.



Click here for Google map link



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DESCRIPTION

The property comprises a truckstop facility, including amenity building with restaurant and shop, 42-bedroom motel, motorist car park, circa 120 overnight HGV parking spaces and an automated refuelling forecourt.

In addition, it also serves as a depot for Stobarts' logistics business, with a separate compound for approximately 80 HGVs, while three of the pump islands on the forecourt are given over to exclusively refuel Stobart fleet vehicles. Part of the amenity building is used as a logistics operations centre and office space, having been converted and refurbished in the late 2010s.

INTERNAL AREAS

Description	Sq.m	Sq.ft
Lobby and shop	122.4	1,318
Restaurant, kitchen and back of house	268.3	2,888
Stobart Depot Offices	281.0	3,025
Welfare and ancillary	110.2	1,186
Motel rooms and back of house offices	441.4	4,751
Total	1,223.3	13,168



SITE AREA

The site occupies an area of approximately 10 acres (4.05 hectares). The site boundary plan below is indicative only.

TENURE

Long leasehold. In common with most of the Kingstown Estate, the property is held from Carlisle City Council on a ground lease. The lease expires on 31 March 2073 at a passing rent of £158,000 pa, subject to rent reviews every 14 years based on market ground rental value. The next review is due in September 2029.

TENANCY

The property is sub-let to Eddie Stobart Limited (co. no. 00995045) until 20 March 2037, therefore providing in excess of 12.5 years' unexpired term certain.

The passing annual rent is £369,815 pa, which will be subject to annual RPI increases due on 21 March each year up to and including 2036.

The sub-tenant is also obligated to pay the amount of head lease rent above £50,000 pa, and any further increase arising from the September 2029 rent review. This means that the current annual net rental income is £319,815 and will continue to grow by the amount of RPI increase in the sublease rent for the remainder of the term.





MARKET COMMENTARY

Truckstops have been the focus of considerable attention from the UK Government in recent years, with improved quality and quantity of overnight parking facilities perceived as a critical route to increase recruitment of more and younger drivers into the sector.

The DfT has confirmed full take-up of a recent grant funding offer, following an earlier round in 2023, meaning that £31m of combined investment from government and the industry is set to be spent on improving facilities. Culina has successfully applied for £315,000 of this funding for the Carlisle site and plan a total investment of £974,000, stated as largely to improve driver welfare facilities.

Many of the UK's truckstops have evolved from very basic beginnings and continue to be largely in disparate ownership and operation. A National Lorry Parking Survey in 2022 cited a "nearly critical" level of provision in the UK as a whole and an urgent need for more secure overnight parking. Even more so given the surge in value of industrial land and the high construction cost inflation of recent years, the barriers to entry to new truckstops are extremely significant.

In the context of future fuelling of HGVs, both BP and Shell have recently made acquisitions in the sector, clearly demonstrating the strategic benefit of gaining control of such well located sites.

OPERATIONAL OVERVIEW

First and foremost, we consider this asset represents an excellent mid-term income opportunity for investors across the roadside and logistics sectors. However, there is also the potential in due course to take up direct operational involvement in the site.

Truck stops typically have two key profit centres: the overnight parking and the automated refuelling. Both operate at very high gross margins, with overheads allocated largely to the amenity building where the majority of staff are deployed. Amenity provision is therefore lower profitability, albeit represents a crucial component of the offer to attract and retain the overnight parking. Here the motel is understood to operate partly on a contract basis with DPD to house their drivers linked to the nearby depot, with a reduced number of publicly available rooms.



COVENANT INFORMATION

EDDIE STOBART LIMITED

Eddie Stobart Limited (ESL) is a leading supplier of road and rail logistics solutions to UK businesses. The company operates the largest dynamic shared user transport network in the UK, achieving significant energy efficiencies resulting in carbon emissions 10% lower than the rest of the sector (eddiestobart.com). Stobart is also a key participant in Project Zero Emission North (ZEN) Freight, a pilot scheme trialling up to 70 battery electric and 30 hydrogen fuel HGVs.

ESL has an Endole credit score of 89/100 (Secure). It is a subsidiary of Eddie Stobart Group Limited, which in turn is a group company of Greenwhitestar Acquisitions Limited.

The latter was acquired by Culina Group in July 2021. ESL's last three years' published accounts show:

	FY 2022 £'000	FY 2021 (13 months) £'000	FY 2020 £'000
Sales Turnover	586,789	591,186	559,067
Pre-Tax Profit	6,639	3,317	(7,680)
Net Assets	44,726	43,457	38,566

CULINA GROUP LIMITED (ULTIMATE UK PARENT COMPANY)

Culina Group is an indirect subsidiary of the major European conglomerate Theo Muller Group and acts as the UK holding company for a range of investments primarily in food and drink logistics. It also provides recharged central management services to the other Culina Group companies, including Stobart.

Culina is the market leader in the UK FMCG and food retail logistics sector, with over 100 locations. They offer a comprehensive food and drink supply chain management service across UK and Ireland.

Other major hauliers acquired by Culina in recent years include Great Bear, Fowler Welch and Warrens and it appears set to continue its significant rate of expansion.

Culina Group's most recent published accounts show:

	FY 2022 £'000	FY 2021 £'000	FY 2020 £'000
Sales Turnover	88,348	61,746	57,927
Pre-Tax Profit	5,652	4,102	2,728
Net Assets	121,241	113,965	109,239



EPC

The property has a rating of C(62).

VAT

It is expected that the transaction will be treated as a TOGC.

PROPOSAL

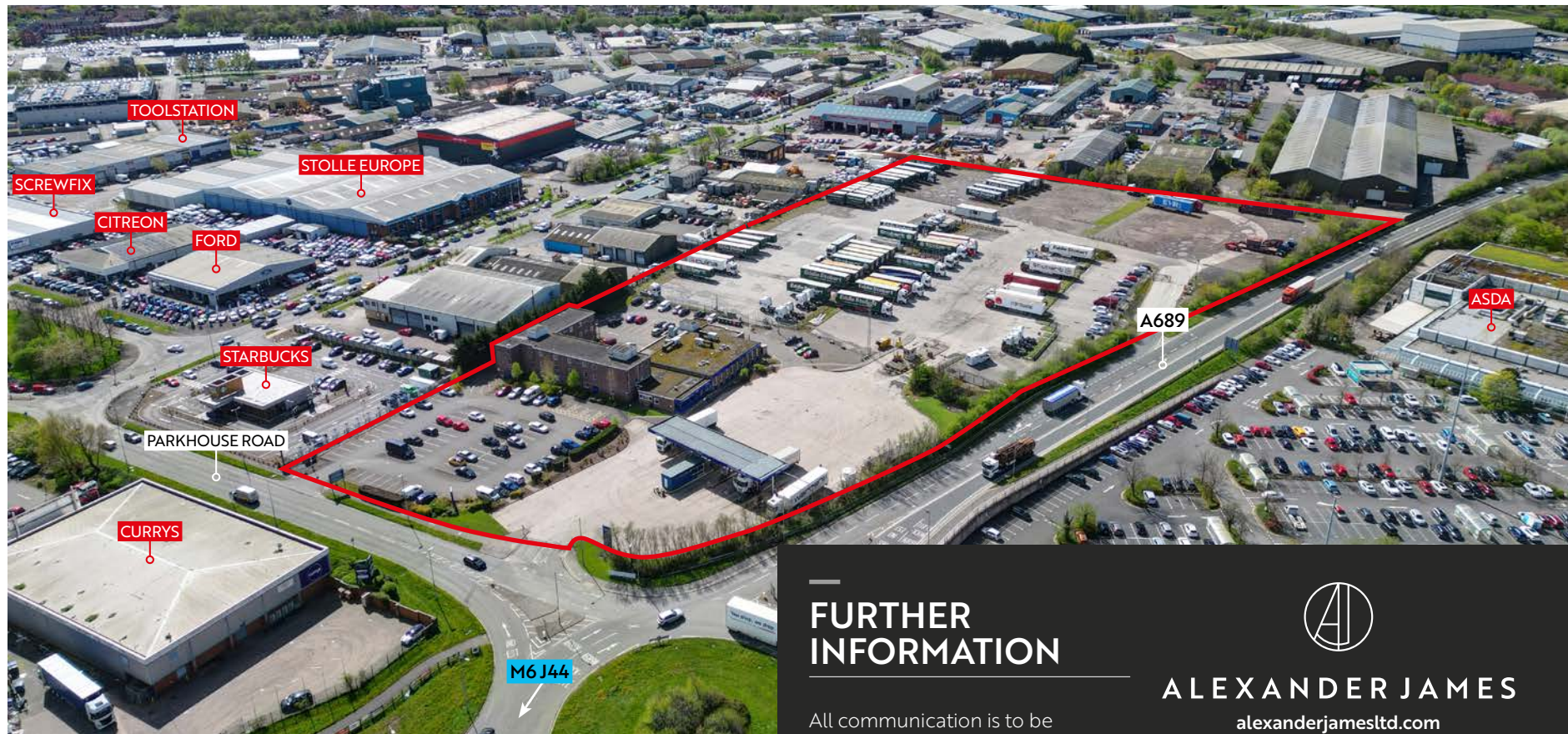
We are seeking offers in excess of **£3,000,000 (Three Million Pounds)**. A purchase at this level reflects an attractive **Net Initial Yield of 10.01%**.

Based upon the minimum annual increases of 3%, a purchase at this level will show the following running yield profile:

2024	10.01%
2025	10.36%
2026	10.72%
2031	12.68%
2036	14.94%

All yields stated assume the deduction of normal purchaser's costs of 6.45%.

Subject to contract and exclusive of VAT.



FURTHER INFORMATION

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