



# OFFICE INVESTMENT

TYNESIDE HOUSE ■ SKINNERBURN ROAD ■ NEWCASTLE BUSINESS PARK ■ NEWCASTLE UPON TYNE ■ NE4 7AR



## INVESTMENT HIGHLIGHTS

- Modern office building extending to 3,491.86 sq m (37,587 sq ft)
- Located on the established Newcastle Business Park with excellent access to both Newcastle City Centre and the A1
- Future development in Newcastle City Centre focussed on the western side closing the gap between Newcastle Business Park and the City
- Let to the Environment Agency until 15th June 2020
- Large under developed site with significant river frontage
- Offers sought in excess of **£3,675,000** reflecting a net initial yield of **9.00%** assuming purchaser's costs of 5.8%





## LOCATION

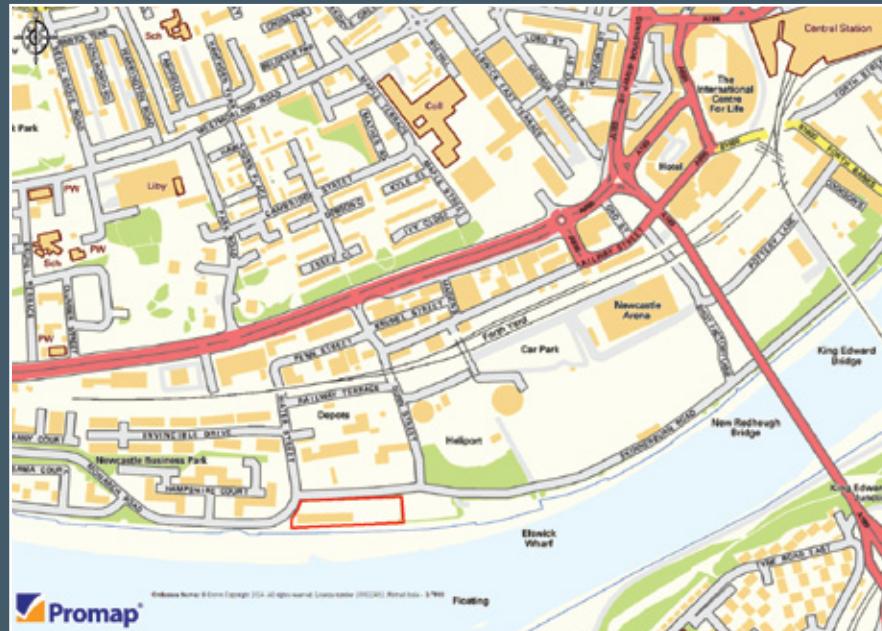
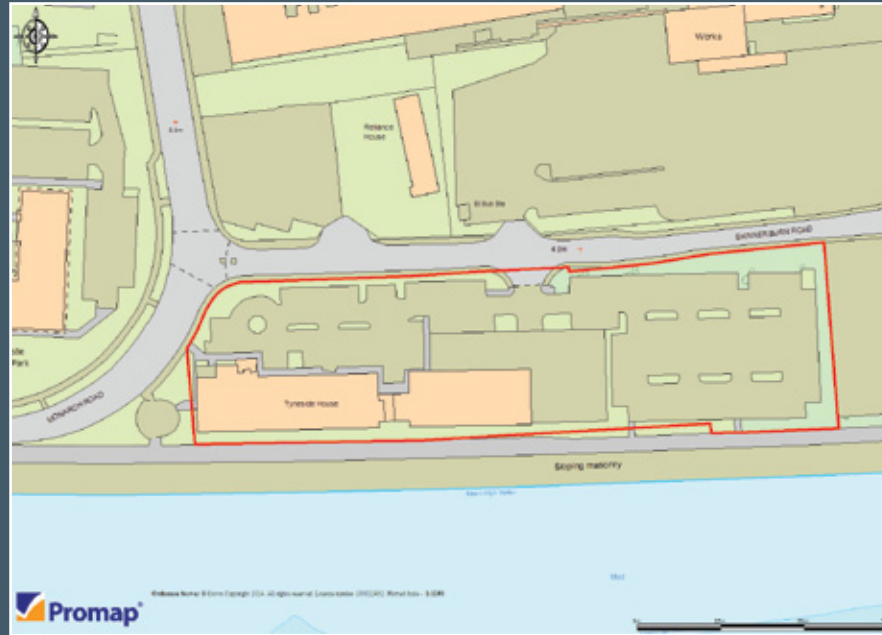
Newcastle upon Tyne is the regional capital of the North East of England and comprises one of the five metropolitan districts, which make up the Tyne & Wear conurbation. The Tyne & Wear conurbation has a resident population of 1,104,800 persons, while the Borough of Newcastle upon Tyne has a resident population of 280,200. [Source: 2011 Census]

The City is well served with communications to the rest of the country, being situated at the hub of the regional road network. Rail communications are also excellent, situated on the East Coast Mainline with the shortest journey time to London of under 2 hours 40 minutes. The City has an international airport approximately 11 kilometres (7 miles) to the north west, which provides daily flights to the main domestic and European centres.

Newcastle is home to two major Universities with Newcastle University being one of the UK's leading establishments and part of the 24 strong elite Russell Group, the country's most highly regarded universities. The City has a student population of over 50,000 and has been voted best place in the UK for students three years running.

Newcastle is also a dominant retailing location benefitting from extensive city centre provision centred around Northumberland Street and Eldon Square Shopping Centre. With approximately 241,545 sq m (2.6 million sq ft) of City centre retail accommodation, the City ranks fourth of the provincial cities and is fifth of the 100 PROMIS centres in both spend and number of retailers.

The City has also proven robust as a business location being home to many high profile office occupiers including Barclays Bank, Sage Group, PWC, Procter & Gamble and Virgin Money. Despite being known as a public sector location the City continues to attract private sector occupiers, with recent additions including BSKyB, DAB Beachcroft and Qubic.





## SITUATION

Newcastle Business Park is situated on the north bank of the River Tyne, approximately 1.60 kilometres (1 mile) to the west of the City Centre. The park was constructed in the late 1980's and early 1990's and comprises a total of 52,955 sq m (570,000 sq ft) of predominantly office accommodation.

Tyneside House occupies a prominent site close to the City Centre to the east of the Park on Skinnerburn Road, overlooking the River Tyne.

Major occupiers on Newcastle Business Park include, AA Insurance Services, British Airways and the Rural Payments Agency. More recently the park has attracted occupiers from Newcastle City centre with notable examples including Ubisoft.



## DESCRIPTION

Tyneside House was constructed in the mid 1990's. The property is a purpose built self-contained office building arranged over ground, first and second floors. A garage with first floor mezzanine office and storage space is attached to the office building at its eastern elevation. The garage has separate access, a roller shutter door and an external hard-surfaced compound area.

The building is of steel framed construction supporting a trussed pitch roof with concrete tile covering and UPVC rainwater goods. External elevations are of facing brickwork. Both windows and doors are double glazed with powder coated aluminium frames. Internally the open plan office accommodation provides male, female and disabled toilets to each floor, an 8 person passenger lift, full access raised floors, suspended ceilings incorporating Cat II lighting and gas central heating.

The garage building is connected to the main office building at both ground and first floor levels and has separate access and WC facilities. Heating is provided by electric storage heaters. The building is predominantly used for boat and vehicle storage.

The tenant has invested steadily in the building since occupation. At present they are undertaking a full refurbishment of the staff toilet, changing room and shower facilities at ground floor. In addition they are due to begin construction of a jet wash facility to the eastern end of the garage building. All of which demonstrates the tenants continuing commitment to the building.

The property is situated on a site of approximately 0.97 hectares (2.39 acres), giving an excellent site ratio of just 17% and offering the prospect of further development in the future.

In addition, the property benefits from 195 car parking spaces, providing an overall car parking ratio of 1 space per 173 sq ft.







## TENURE

The property is held long leasehold for a term of 299 years from 7th December 2006 at a peppercorn rent. There is an option to acquire the freehold interest for a nominal sum at 1st October 2019. The vendor is currently in discussions to acquire the Freehold prior to this date. Further details available on request.

## TENANCY

The property is let in its entirety to the National Rivers Authority now known as the Environment Agency which reports to Secretary of State for Environment, Food and Rural Affairs. Tyneside House is home to approximately 250 staff and is responsible for the North East region stretching from Berwick upon Tweed down to Hull.

There are two leases, one in respect of the office building and associated car park and another in respect of the garage building. Both are FRI leases for a term of 25 years from 16th June 1995 and incorporate 5 yearly upwards only rent reviews.

The current passing rents are £310,646 for the office building and associated car parking and £39,354 for the garage, giving a total passing rent of **£350,000** per annum.

In analysing the rents against the agreed floor areas this reflects a rate of approx £128.73 per sq m (£11.96 per sq ft) for the offices and £64.64 per sq m (£6.00 per sq ft) for the garage. The garage rent is reviewed to 125% of industrial rents within the Newcastle City Council boundary.

## ACCOMMODATION

The property provides the following net (office) and gross (garage) internal floor areas respectively:

Accommodation	Sq m	Sq ft
<b>Office Building</b>		
Ground	807.88	8,696
First	830.80	8,942
Second	830.80	8,942
<b>Sub Total</b>	<b>2,469.48</b>	<b>26,580</b>
<b>Garage Building</b>		
Ground	608.77	6,553
First	413.61*	4,452*
<b>Sub Total</b>	<b>1,022.38</b>	<b>11,005</b>
<b>Total</b>	<b>3,491.86</b>	<b>37,585</b>

\*The tenant has improved the accommodation by adding a first floor mezzanine to the garage which is used as offices and stores. This adds a further 413.61 sq m (4,452 sq ft) to the accommodation. The garage area for rental purposes is therefore 608.77 sq m (6,553 sq ft).

For the purpose of rent review, a maximum floor area of 2,412.90 sq m (25,973 sq ft) is to be assumed for the office building. This figure was agreed between the landlord and tenant at the time of practical completion.

## PROPOSAL

We are instructed to invite offers in excess of **£3,675,000 (Three Million Six Hundred and Seventy Five Thousand Pounds)** which reflects a net initial yield of **9.00%** assuming purchaser's costs of 5.8%.

## VAT

We understand that the property is elected for VAT and it is envisaged that the sale will be dealt with under the TOGC regulations.

## EPC

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## CONTACT

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