



MIXED USE CITY CENTRE REDEVELOPMENT OPPORTUNITY

ON BEHALF OF E DRY & N PASK – JOINT LPA RECEIVERS AS AGENT WITHOUT PERSONAL LIABILITY

PHOENIX HOUSE · 1-7 UNION STREET · SUNDERLAND · SR1 3BT

INVESTMENT HIGHLIGHTS

- ▶ Well located City Centre Mixed use building with **Student Accommodation Potential**
- ▶ Situated next to the **Bridges Shopping Centre** and **Sunderland Railway Station**
- ▶ Current Net Rent of **£127,646pa** with tenants including **Greggs & Subway**
- ▶ Low capital value of **£36 per sq ft**

We are instructed to seek offers in excess of **£1,200,000**, which reflects a Net Initial Yield of **10%**



LOCATION

The city of Sunderland is situated on the North East coast and is one of the major centres within the North East region. It is situated 19 Kilometres (12 miles) south east of Newcastle upon Tyne, 40 kilometres (25 miles) north of Middlesbrough and 432 Kilometres (269 miles) north of London. The city has a population of 275,500 people (Census 2011) and is part of the wider Tyne & Wear Conurbation, which has a combined population of 1,113,577 people.

The city is well located for transport links, with the A19 running north south and linking the city with Newcastle to the north and Teesside and York to the south. The city is also linked to the A1 to the west via the A1231 and A690. The city also benefits from excellent rail links both locally and nationally and has a number of stations within the Tyne & Wear Metro system, linking it to Newcastle International airport. The Grand Central line gives the city direct access to London and the South East.



SITUATION

The property is situated in the heart of Sunderland's retail core fronting on to Union Street, the main link between the adjoining Bridges Shopping Centre and High Street West. The property is also directly opposite Sunderland Metro and rail station and a city centre car park to the rear.

Nearby occupiers include BHS, WH Smith, Bon Marche, Poundland and Halifax.

LOCAL ECONOMY

Whilst the Sunderland economy has a broad base of industries there is a growing focus on a number of key sectors and it is the intention of the local authority to provide the environment to specialise on the key areas of automotive, offshore energy and creative technology industries. Nissan provides a focus for the automotive industries and now manufactures the Quashqai, Juke, Leaf and Note models and has been awarded the Infiniti Q30 from 2015.

In addition there is a growing presence in the offshore energy, oil and gas sectors with the Port of Sunderland at the heart of this industry.

The University of Sunderland has very strong links with the local economy and is classed as a world leader in numerous fields including: Computer Science, Automotive, Art & Design, Pharmacy, Media, English and History.

DESCRIPTION

The property consists of an imposing 5 storey building dating from the early 1970's which provides 5 retail units at ground and basement with 4 floors of office accommodation above. The ground floor retail provides flexible good size units with rear access which are capable of being combined.

The upper floors are accessed via an entrance on the southern elevation and have the benefit of lift access and two separate stairwells.



TENANCY

Property	Tenant	Area	Sq m	Sq ft	Lease Start	Lease End	Rent	Comments
Units 1 & 2	Greggs PLC	Ground Basement ITZA	119.8 85.5 80.83	1,289 920 870	25 December 2011	24 December 2014	£62,160	Greggs have expressed interest in extending/re-gearing their lease.
Units 3 & 4	Alan Teesdale	Ground ITZA	145.84 92.69	1,570 997	25 December 2013	24 December 2016	£12,540	Rent includes service charge but not insurance. Rolling Landlord & Tenant break options at any time after 12 months, with 3 months' notice. There is a shortfall of £1,236pa
Unit 5	Subway Realty Ltd	Ground Basement ITZA	62.8 35.4 44.9	676 381 483	12 January 2007	11 January 2017	£37,000	
Unit 6	Cooplunds Bakery ltd	Ground Basement ITZA	78.3 41.2 48.6	843 443 523	23 September 1991	22 September 2016	£36,000	Tenant not in occupation.
Unit 7	Mr Muhammad Nawed & Mr Waqar Ul-Hassan	Ground Basement ITZA	60.9 27.0 41.3	656 291 455	25 December 2013	24 December 2016	£7,900	Rent includes service charge but not insurance. Rolling Landlord & Tenant break options at any time after 12 months, with 3 months' notice. There is a shortfall of £744pa.
Upper Floors	Vacant	1st Floor 2nd Floor 3rd Floor 4th Floor	591.12 592.79 591.42 592.16	6,363 (GIA) 6,381 (GIA) 6,366 (GIA) 6,374 (GIA)				There is a service charge and insurance shortfall of £25,974pa.
Total			3,024	32,553			£155,600pa	The total annual net rent after service charge and insurance shortfalls is £127,646pa.

TENURE

The property is held freehold.

ASSET MANAGEMENT

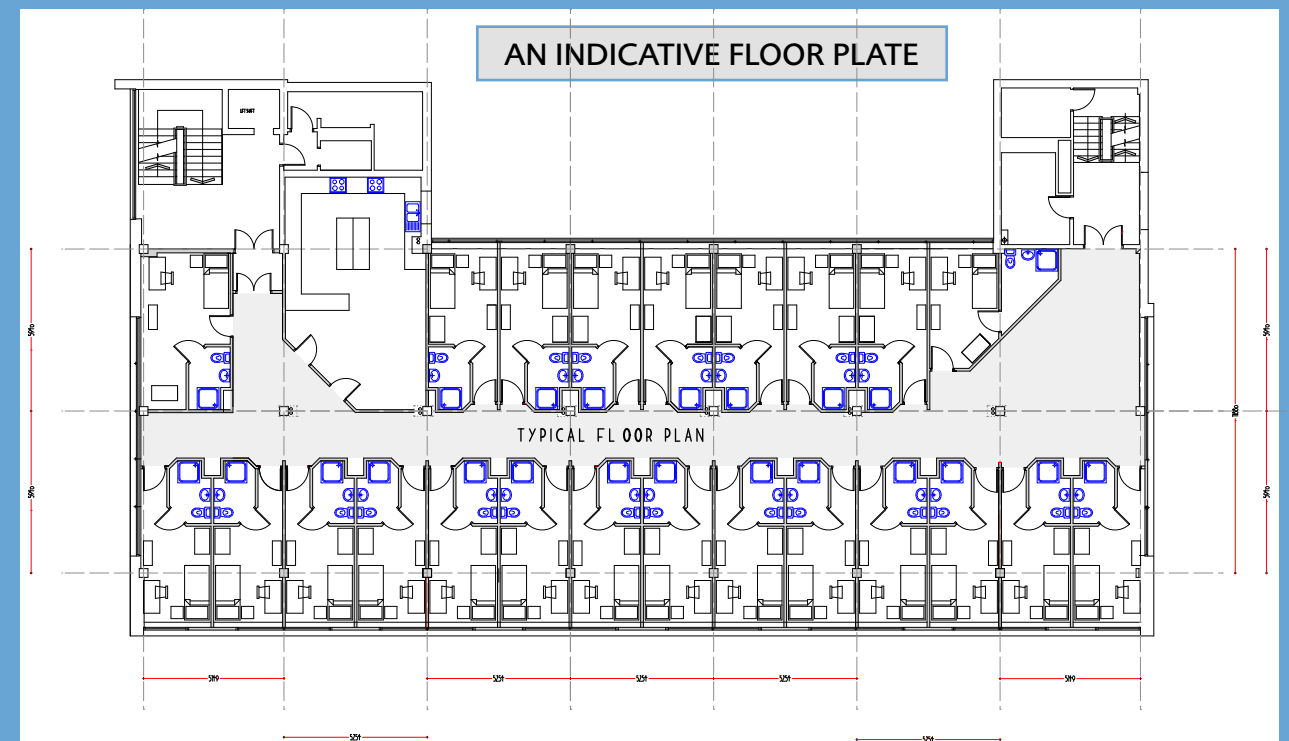
The property provides an opportunity to redevelop the upper floors for student accommodation, residential, hotel or other similar uses. The Local Authority are supportive of a change of use to student accommodation on the upper floors and we have an indicative 92 bed student scheme drawn up. There is a letter of support from Sunderland City Council regarding this opportunity which is available on request. An indicative floor plate is set out to the right. ➡

The University of Sunderland has 17,000 students, with 14,500 of those being undergraduates and over 7,000 international students. It was voted the best University in the North East in 2012 and regularly wins accolades, including 'One of the top 10 safest Universities in the UK'. At present the majority of the student accommodation sits on the outskirts of the city centre. Phoenix House is situated 0.5 miles from the University of Sunderland and is less than 10 minutes by foot. In addition to this, it is in close proximity to the retail, transport and Sunnyside Leisure complex, which is only a few minutes' walk away and houses the likes of Empire Cinema, Grosvenor Casino and a number of bars and restaurants.

Further value could be created by reconfiguring the ground floor to provide larger units. Given its proximity to the Metro and rail station the property would likely attract convenience store interest. Working with Greggs and Subway on relocations could create the necessary space for such a user and complement those occupiers and the potential student accommodation on the upper floors.

Other opportunities include taking the management in house and electing the property for VAT to allow reductions in the service charge shortfall.

We have carried out a development appraisal of the student accommodation scheme with full details available on request.



PROPOSAL

We are instructed to seek offers in excess of **£1,200,000** which reflects a Net Initial Yield of **10.0%** off the net rent after purchaser's costs of 5.80%.

VAT

The property is not elected for VAT and therefore it is anticipated that VAT will not be payable on the purchase.

EPC

EPC's have been commissioned and are available on request.

CONTACT



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On behalf of

