



## HIGH QUALITY MULTI-LET OFFICE INVESTMENT

Unit 1 & 15-18 Lumley Court, Chester le Street, Co Durham DH2 1AN

## Investment Highlights

- **Excellent Location** 1 mile from Junction 63 of the **A1(M)**
- Situated in the established **Drum Industrial Estate** development with major occupiers including Parcel Force, Co-op Distribution Centre and Batleys Cash & Carry
- **5 modern office** buildings let to 3 tenants
- Current net **rental income of £148,500** reflecting an average rate of just £9.83 per sq ft

We are instructed to seek offers in excess of **£1,500,000**, which reflects a Net Initial Yield of **9.35%** after purchaser's costs of 5.80%, reflecting just £99.33 per sq ft capital value.



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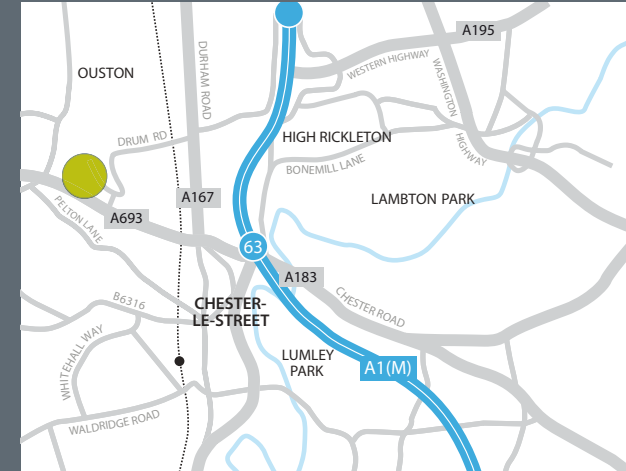
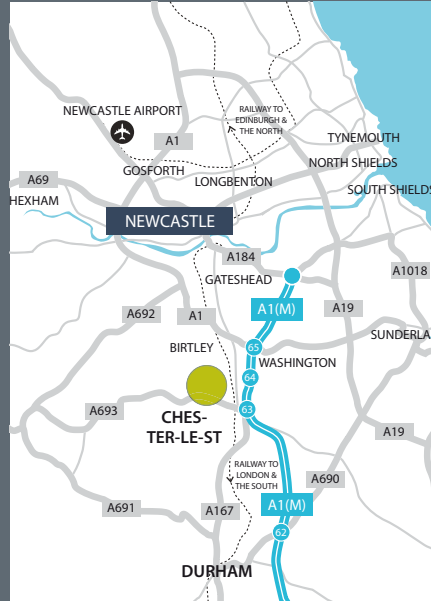
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## Location

Chester-le-Street is an historic market town dating from Roman times and located in County Durham, approximately 13 km (8 miles) south of Newcastle upon Tyne, 9 km (5.6 miles) north of Durham and 384 km (240 miles) north of London. Chester-le-Street has a resident population of approximately 36,000, rising to over 325,000 within 10 km (6 miles) and 1.4 million within 20 km (12 miles).

The town benefits from excellent transport communications, with Junction 63 of the A1(M) motorway located immediately to the north of the town centre and providing direct access to the national motorway network beyond.



Chester-le-Street railway station also provides a regular, direct service to Newcastle (fastest journey time of 10 mins); Durham (6 mins) and York (50 mins), which in turn offer direct services to London. Newcastle International Airport is located approximately 20 km (12 miles) to the north west of the town centre and offers flights to 85 destinations worldwide, including Dubai.

In addition, the Emirates Durham International Cricket Ground 3.2 km (2 miles) to the south east is now a regular destination on the English Test Match circuit and has also hosted an Ashes Test Match in 2013, further raising the profile of the town.

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## Situation

Lumley Court is situated on Drum Industrial Estate in an excellent location fronting the A693, 1 mile from Junction 63 of the A1(M) at Chester-le-Street. The estate benefits from good transport links with the A167 within close proximity providing access to the rest of the regional road network.

Drum Industrial Estate extends to around 130 acres of commercial accommodation and has been steadily developed since the 1970's. In the last 10 years developers have undertaken large speculative schemes on the estate, demonstrating the market confidence in the location and tenant demand. Nearby occupiers include Carillion, Parcel Force, Co-op, Batleys and Simpson Bros.

Chester-le-Street town centre is 2.5 km (1.5 miles) to the south and provides a range of shops together with the usual high street amenities.



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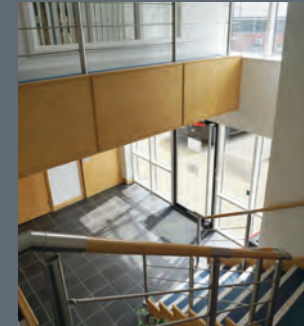
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## Description

The wider Lumley Court development comprises 17 units and totals 3,763 sq m (40,504 sq ft) of high quality office accommodation. The subject property comprises five units (Units 1 & 15-18) located together to the north of the development.

The properties were constructed in 2008 and comprise a mix of detached and semi-detached buildings. The buildings are predominantly brick built with an attractive full height glazed entrance lobby under a pitched tiled roof.

Internally the accommodation is finished to a high standard including, suspended ceilings, recessed lighting, full access raised floors and air conditioning.



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## Tenure

The buildings are to be sold Freehold. The Freeholder has the right to use 62 car parking spaces into perpetuity.

## Tenancy

Unit	Tenant	Sq ft	Sq m	Lease Start	Lease Exp	Break Date	Rent	Rent PSF	EPC
1	Barnardo's	6,100	566.70	21 Jan 2013	20 Jan 2019	20 Jan 2016	£55,000	£9.01	B – 50
15 & 16	North East Autism Society	4,500	418.06	10 Nov 2011	09 Nov 2021	09 Nov 2016	£45,000	£10.00	B – 49
17 & 18	Key Property Solutions Ltd	4,500	418.06	04 May 2010	03 May 2016		£48,500	£10.77	B – 49
<b>TOTAL</b>		<b>15,100</b>	<b>1,402.82</b>				<b>£148,500</b>		



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## Covenant

Barnardo's (00061625)

Banardo's is a charity founded by Thomas John Barnardo in 1866, to care for vulnerable children and young people. In 2013, it spent over £191 million on more than 900 local services, aimed at helping these same groups. It is the UK's largest children's charity and has more than 500 shops, over 8,000 staff and some 15,000 volunteers.

The year ended 31st March 2013 showed a turnover of £209,543,000, a profit of £6,190,000 and shareholder funds of £21,417,000.

North East Autism Society

North East Autism Society is a public service organisation established in 1980 to provide educational and residential programmes to children with ASC. Their services were extended in 1994 with the provision of Adult Services to provide educational and vocational programmes to adults over the age of 19 years. They now employ over 400 people.

The year ended 30th April 2013 showed a turnover of £16,689,047, a profit of £1,052,980 and shareholder funds of £13,693,178.

Key Property Solutions Ltd

Key Property Solutions Ltd are part of the Bowmer and Kirkland Group of companies and provide fit out and refurbishment services to a wide range of clients in the retail and commercial sectors. Their extensive client list includes Tesco, Sainsbury's, Aldi, RBS, Royal Mail, Newcastle and Sunderland Universities and Morrisons.

The year ended 31st August 2013 showed a turnover of £22,808,892, a profit of £326,447 and shareholder funds of £3,102,348.



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## Rental and Investment Commentary

In May 2014 Unit 11 Lumley Court let to Victus Solutions. The lease is for a term of 5 years at a passing rent of £24,750 pa which reflects £118.40 per sq m (£111.00 per sq ft).

There have been a number of recent investment sales on Lumley Court. In December 2013 Unit 10 was sold to PHP Architects for their own occupation. The building measures 209.03 sq m (2,250 sq ft) and sold for £280,000 representing a capital value of £1,345 per sq m (£125 per sq ft). There are currently two further investments under offer on Lumley Court reflecting net initial yields of sub 7% and capital values of £1,345 per sq m (£125 per sq ft).

Elsewhere in May 2013 Unit 4 Berrymoor Court, Northumberland Business Park sold. The unit is let to ABS Europe on a 10 year lease with a break at year 5. The building sold for £300,000 reflecting a net initial yield of 8.94% and a capital value of £1,431 per sq m (£133 per sq ft).

## Proposal

We are instructed to seek offers in excess of **£1,500,000**, which reflects a Net Initial Yield of **9.35%** after purchaser's costs of 5.80%. A capital value of **just £99.33 per sq ft**.

## VAT

The property is elected for VAT and it is anticipated that the sale will be treated as a TOGC.



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Misrepresentation Act: These particulars shall not form part of any offer or contract and no guarantee is given as to the condition of the property or the accuracy of its description. An intending purchaser or tenant is not to rely on any representation made in these particulars and must satisfy himself as to their accuracy by his own investigation before entering into any contract.

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