

# PRIME RETAIL INVESTMENT

BEING SOLD ON BEHALF OF ADMINISTRATORS





## INVESTMENT CONSIDERATIONS

- **Prominent freehold retail investment**
- **WAULT of 11.5 years to expiry** and 9.8 years to breaks
- **47%** of the income secured to **The Gym Limited** on new **15 year lease**, with **shareholders funds of £49m**
- Newcastle upon Tyne's most **affluent suburb**
- A number of new lettings have taken place at **re-based rents**, which allow for excellent rental growth prospects
- Total initial income of **£268,600** per annum with a reversionary income of **£309,950** per annum once fully let at market rent

We are instructed to seek offers in excess of **£3,250,000** which provides a net initial yield of **7.81%**, a reversionary yield of **9.01%** and an equivalent yield of **8.73%** after deducting purchaser's costs of 5.8%.



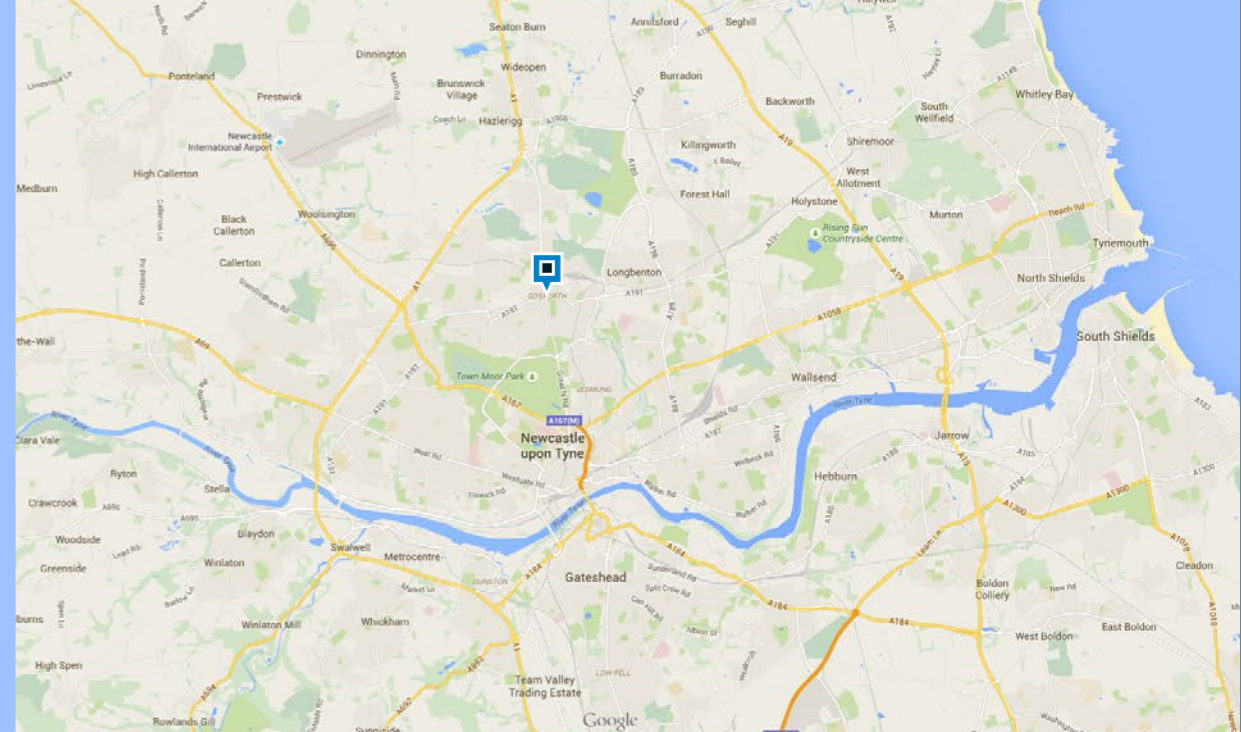
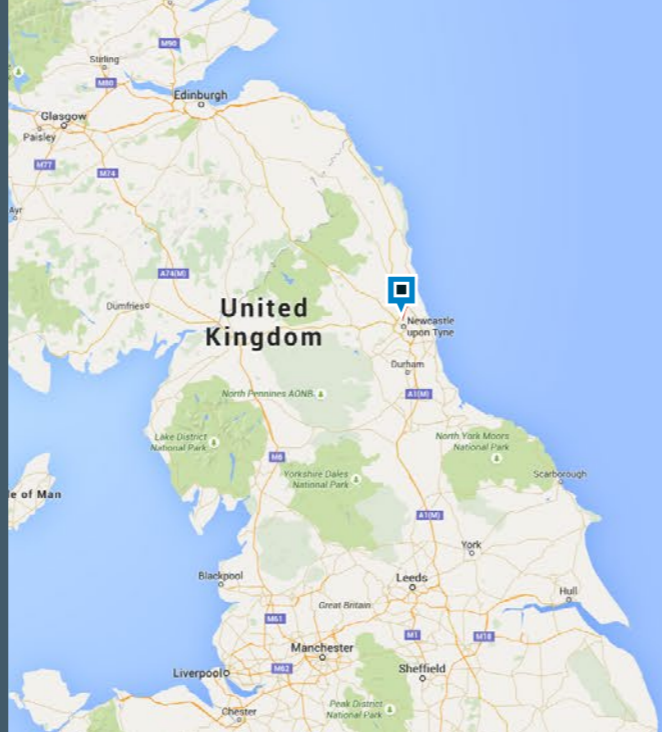


## LOCATION

Newcastle upon Tyne is located approximately 436 kilometres (271 miles) north of London, 148 kilometres (93 miles) north of Leeds and 172 kilometres (107 miles) south of Edinburgh. The city benefits from excellent road communications, being immediately adjacent to the A1(M) and at the hub of the North East regional road network. Rail communications are also excellent, being situated on the east coast mainline with the shortest journey time to London Kings Cross of under 2 hours 37 minutes. Newcastle International Airport is situated approximately 9 kilometres (5.5 miles) to the north-west and provides daily flights to the main domestic and major European centres and Dubai, opening up the region to the Far East.

The subject property lies approximately 2 miles north of Newcastle City Centre in the suburb of Gosforth, Newcastle's most prosperous suburb. Gosforth is also the home to some major corporations, such as Greggs PLC, Virgin Money and Sage PLC.

Newcastle upon Tyne has a district population of approximately 283,000, whilst the Tyne & Wear conurbation has a population of 1.3 million persons making it the seventh largest in the country.



HIGH STREET





## SITUATION

The property occupies a prominent location at the junction of High Street and Ivy Road, between Gosforth's two main car parks. The majority of buses travelling north out of the City Centre pass along Gosforth High Street with a number of bus stops in close proximity to the subject property. There are also two Metro stations within walking distance of the High Street, which provide excellent transport links to the wider region.



## DESCRIPTION

Constructed in the mid 19th Century, the property is an attractive stone fronted parade of retail units over ground and first floors totalling 2,337 sq m (25,167 sq ft).

The property consists of 8 retail units fronting Gosforth High Street. 169 High Street provides the main access to The Gym with a further frontage on Ivy Road. 2 Ivy Road also provides the access to the studio/office unit at first floor with independent access. The layout of the property provides flexibility in reconfiguration or redevelopment in the longer term.





## TENANCY INFORMATION & ACCOMMODATION

Tenant	Unit	Ground floor (ft <sup>2</sup> )	ITZA	FF &	From	Expiry	Breaks	Rent	ERV	Comments	Covenant - CreditSafe Rating & Shareholder funds
St Oswald's Hospice Ltd	161-163 High Street	737	453	284	03/04/14	02/04/24	03/04/19	£12,500	£21,000	6 months' notice to be served on break	Rating 76/100 - Shareholder funds of £16m
Bradley Hall (Newcastle) Ltd Guaranteed by Bradley Hall Ltd	165 High Street	627	326	301	03/03/15	02/03/25	03/03/20	£18,000	£18,000	Schedule of Condition attached to the lease. 6 month break notice. Rent Commencement 3/12/15.	Rating 45/100 - Shareholder funds of £86,333
Nicola Mark t/a Saks	167 High Street	498	121	317	26/02/15	25/02/25		£15,000	£15,000	Rent Deposit of £3,750 plus VAT held for first three years of the lease.	Sole trader
The Gym Ltd	169 High Street	220	220	83	-	-		-		The Gym entrance	See below
Andrew Craig Ltd	171 High Street	595	320	275	30/09/15	29/09/25		£15,000	£15,000	3 months Rent Free. Schedule of Condition attached to the lease.	Rating 91/100 - Shareholder funds of £609,311
Pikku Ltd	173/175 High Street	842	421	484	08/09/14	07/09/24	08/09/19	£15,000	£20,000	Schedule of Condition attached to the lease. Rent Deposit of £3,500 plus VAT held for the first two years of the term.08/03/2015 - 07/09/2015 - £14,000pa	Rating 49/100 - New company and no figures yet available
Subway Realty Ltd	177 High Street	605	342	305	24/02/03	23/02/18		£19,100	£16,150	Schedule of Condition attached to the lease	Rating 76/100 - Shareholder funds of £655,859
Vacant - To Let	179 High Street	380	200	88	-	-		-	£10,000	RV of £11,250 - Formerly Andrew Craig. Tenant has relocated to 171 High Street	
St Oswald's Hospice Ltd	181/183 High Street	1,115	621	498	02/02/12	01/02/27	02/02/22	£30,000	£30,000		See above
The Gym Ltd	Ground floor of 169 High Street and ground floor and mezzanine floor of 2 Ivy Road	14,544			09/04/15	08/04/30		£125,000	£135,000	15 year lease with Tenant option for further 5 years fixed uplifts (8%) at £125,000pa 14 months RF. (12 months plus 4 at half rent) Years 0-1 - £0pa -Rent Free Years 1-1.4 - £62,500pa (4 months at half rent) Years 1.5-5 - £125,000pa Years 5-10 - £135,000pa Years 10-15 - £145,800pa	Rating 95/100 - Shareholder funds of £49,117,414
Gosforth Physiotherapy & Wellness Ltd	2 Ivy Road 1st Floor	2,364			19/06/15	18/06/25		£19,000	£19,000	Schedule of Condition attached to the lease. Rent Deposit of £3,750 plus VAT held for the first three years of the term. Rent stepping from £15,000 pa to £19,000 pa over the first 5 years.	Newly incorporated
		<b>22,527</b>		<b>2,640</b>				<b>£268,600</b>	<b>£299,150</b>		

## TENURE

Freehold.

## RETAIL MARKET & RENTAL COMMENTRY

Gosforth is the most affluent suburb within Newcastle upon Tyne. Gosforth High Street is anchored by the Gosforth Shopping Centre, which is situated diagonally opposite the subject property. It extends to approximately 4,271 sq m (45,971 sq ft) and contains retailers such as Sainsbury's, Costa, Boots, WH Smith, Lloyds and Virgin Money.

Elsewhere in Gosforth the former Post Office on St Nicholas' Avenue has been converted to a JD Wetherspoons and the former church at 155 High Street on the junction with West Avenue, now houses the Loch Fyne Oyster Restaurant. Caffè Nero is also a recent addition to the High Street. However, due to a lack of good quality retail accommodation on the High Street, a great many requirements remain unsatisfied.

Rents reached a peak of circa £60 per sq ft in terms of Zone A prior to the recession and are starting to recover again. There have been a number of lettings carried out recently between £45 and £50 per sq ft in terms of Zone A within the subject block and the Gosforth Centre.

## ASSET MANAGEMENT

- Carry out the letting of 179 High Street.
- Carry out rent reviews, remove breaks and re-gear leases.
- Buy in vacant bank on corner of High Street and Ivy Road, to increase prominence.

## PROPOSAL

We are instructed to seek offers in excess of **£3,250,000 (Three Million Two Hundred and Fifty Pounds)** for our client's freehold interest. A purchase at this level would provide a net initial yield of **7.81%**, a **reversionary yield of 9.01%** and an equivalent yield of **8.74%** after deduction of normal purchaser's

## VAT

The property is elected for VAT and it is anticipated that the sale will be undertaken by means of a Transfer of a Going Concern (TOGC).

## EPC

The EPC's are available on request.

## AGENTS NOTE

The Property is sold by Administrators without title guarantee and subject only to the Buyer's own enquires and inspections.

## FURTHER INFORMATION

For further information or to arrange an inspection, please contact:

**James Metcalf** [es:james@mhpi.co.uk](mailto:james@mhpi.co.uk)

**Simon Harland** [es:simon@mhpi.co.uk](mailto:simon@mhpi.co.uk)

**0191 255 7770**

MHPI Limited | 1st Floor West Wing | City Quadrant |  
Waterloo Square | Newcastle upon Tyne | NE1 4DP

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