





INVESTMENT HIGHLIGHTS

Prime High Street investment with 85% of income to **Virgin Money PLC**

Virgin Money have **shareholder funds of £1.2bn**

**Asset Management opportunities** to include vacant upper parts

**Pedestrianised** pitch in **strong market town**

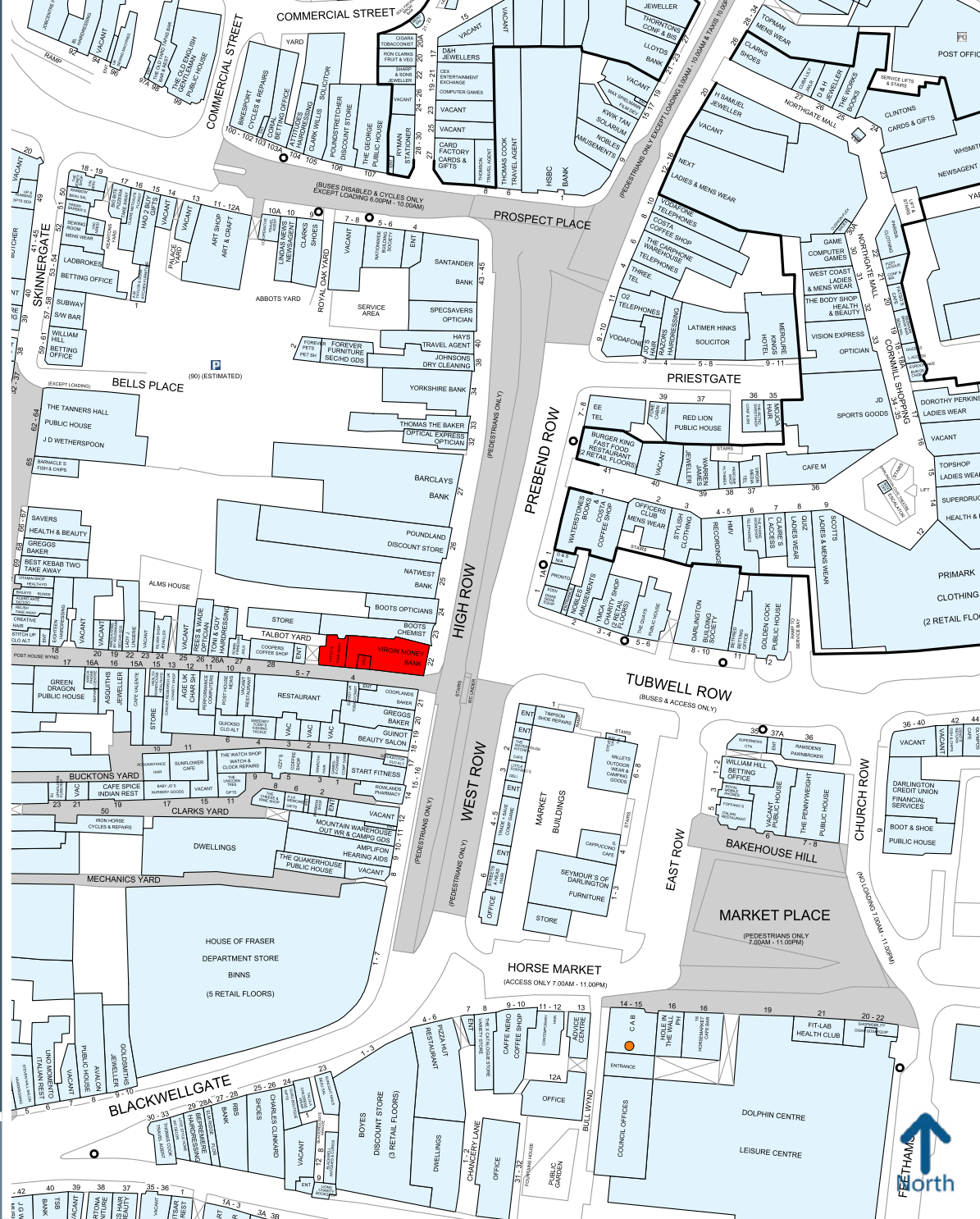
We are instructed to seek offers in excess of **£900,000** which reflects a true net initial yield of **7.12%** after deduction of shortfalls attributed to the upper floors.

LOCATION

Darlington is an attractive historic market town situated in County Durham in the North East of England. It lies approximately 56km (35 miles) south of Newcastle upon Tyne 26km (16 miles) west of Middlesbrough and 100km (62 miles) North of Leeds.

The town benefits from good road communications with junction 58 of the A1(M) some 4km (2½ miles) to the North West of the town centre and junction 57 approximately 5km (3 miles) to the South West. This provides direct access to London in the south and Newcastle upon Tyne and Edinburgh to the north. Other nearby roads include the A66 and A68 which provide excellent links with Middlesbrough to the east and Cumbria to the west and north respectively.

Darlington is also well served by the rail network being situated on the East Coast Mainline with direct and frequent services to London Kings Cross. The fastest journey time is approximately 2 hours 20 minutes. There are also regular and direct services north to Newcastle upon Tyne with fastest journey time of 28 minutes and local services which operate to nearby areas such as Middlesbrough and Thornaby. The town is also serviced by Durham Tees Valley Airport and Newcastle International Airport which open the region up to worldwide destinations.







## SITUATION

The property is situated on a prime pitch in the heart of the retail core within Darlington town centre.

The property is on the pedestrianised section of High Row opposite the entrance to the 220,000 sq ft Cornmill Shopping Centre anchored by Primark. Nearby occupiers include House of Fraser, Boots, Mountain Warehouse, Greggs, Costa, Waterstones, Barclays and Nat West.

Prebend Row, which forms the lower part of High Row has a number of bus stops and is the focal point for buses within the town centre.



## DESCRIPTION

The property is an attractive retail unit over basement, ground and 3 upper floors. The building is of brick and stone construction under a series of flat and pitched slate roofs. The roof to the front elevation has the benefit of attractive ornate stone dormer windows.

To the side of the property is 31 Post House Wynd which comprises 2 further units. The ground floor of Post House Wynd is a retail unit let to Silverdale Enterprise Ltd trading as Fatso's. The upper floors have the benefit of a large entrance lobby/show room area with a traditional retail frontage. To the rear of the property there is a shared access yard.

The upper floors were previously let as a photography studio. They lend themselves to a number of uses to include residential conversion subject to obtaining the necessary consents.





ACCOMMODATION

The property provides the following areas:

Area	Area	Square metres	Square feet
21 High Row	Ground Floor	127	1,367
Virgin Money	ITZA	87.7	944
	Basement	66.7	718
31 Post House Wynd	Ground Floor	24.8	267
Fatso’s	ITZA	24.8	267
31 Post House Wynd	Ground Floor	15.9	171
Vacant	1st Floor	120.3	1,295
	2nd Floor	65.8	709
	3rd Floor	39.8	429

TENURE

The property is freehold.

TENANCY

The property is currently let by way of the following tenancies:

Unit	Tenant	Lease Start	Lease End	Term	Rent	Comment
21 High Row	Virgin Money Plc	25th December 2005	24th December 2020	15 years	£65,500pa	The rent devalues to a Zone A rate of £65.96 per sq ft
31 Post House Wynd – Ground Floor	Silverdale Enterprises Ltd	1st April 2003	31st March 2013	10 years	£11,750pa	The tenant is currently holding over
31 Post House Wynd – Upper Floors	Vacant					Previously let as a photography studio. ERV of £12,000pa. The premises have a rateable value of £12,250 and shortfalls of £9549.59
Total					£77,250pa	

RENTAL COMMENTARY

The rent on 21 High Row of £65,500 per shows a Zone A rate of £65.96 per sq ft. This is in line with the rents currently being achieved in Darlington. The town had previously reached a peak of £106 Zone A prior to the recession. Recent lettings have achieved Zone A rates of circa £65 per sq ft in the vicinity and £80 per sq ft on the pedestrianised section of Northgate. In our opinion the unit is currently rack rented off a level that can expect future rental growth.

RETAIL MARKET

Darlington is a strong retailing centre and is anchored by the likes of House of Fraser, Marks & Spencer, Primark, Next and TK Maxx. The shopping centre opposite has recently been acquired by New River Retail. The town will soon see the opening of the Feethams leisure scheme. The scheme sits within the town centre only a short walk from High Row and is to be anchored by a Vue Cinema and Premier Inn, with restaurants such as Nando’s, Purple Pig, Bella Italia and Prezzo.

COVENANT

Virgin Money PLC

Virgin Money was born out of the acquisition of Northern Rock and then listed on the London Stock Exchange in November 2014. The bank now has 2.9 million customers, operates from 75 branches and has a large online offer supported by its Virgin Money lounges. They have a CreditSafe score of 87/100. A summary of the last 3 years financial information is set out to the right:

Year End	31st December 2014	31st December 2013	31st December 2012
Turnover	£840,200,000	£888,200,000	£650,900,000
Pre-Tax Profit	£52,900,000	£275,900,000	(£70,000,000)
Share-holders’ Funds	£1,225,600,000	£1,168,700,000	£869,100,000

Silverdale Enterprises Limited

Silverdale Enterprises Limited is a North East based food chain trading as Fatso’s. The company currently trades from 17 outlets throughout the north of England.

The company has a CreditSafe score of 90/100 and Shareholder funds in excess of £1m.

ASSET MANAGEMENT

The upper floors lend themselves to residential conversion with a separate access from Post House Wynd. They provide 241.9sq m (2,604sq ft) of accommodation which could be converted to residential subject to obtaining the necessary planning permissions. Alternatively they could be let as an office/studio or showroom. The previous rent was £15,000pa. In our opinion the current ERV is £12,000pa.

Fatso’s have been holding over but continue to trade well from the unit and are a growing business. It is expected that they will continue to trade from the location, but agreeing a new lease would add considerable value.

Discussions are on-going with Virgin Money about extending the lease in return for not electing the property for VAT.



## EPC

21 High Row has an EPC rating of E-103.

31 Post House Wynd has an EPC rating of G-173.

## PROPOSAL

We are instructed to seek offers in excess of **£900,000**, which reflects a Net Initial Yield of **7.12%** after purchaser's costs of 5.63%. If the upper floors are let at £12,000 and Fatso's renew at the passing rent, this would provide a reversionary yield of **9.4%**.

## VAT

The property is not elected for VAT and therefore the transaction will not be subject to VAT.

## CONTACT

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