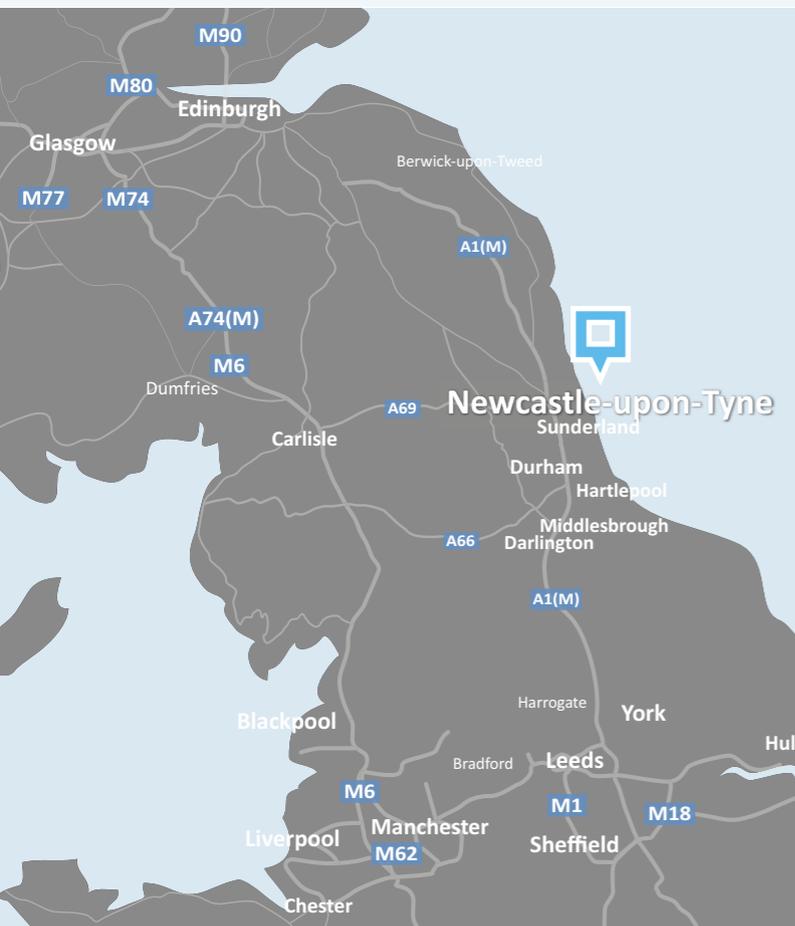




37 CLAYTON STREET NEWCASTLE UPON TYNE NE1 5PN

INVESTMENT HIGHLIGHTS

- **Prime High Street** investment let to strong covenant.
- **Opposite Eldon Square and close to Tesco, Greggs & Shoe Zone**
- Significant investment in the location with the **£100m redevelopment** of Newgate Centre.
- We are instructed to seek offers in excess of **£350,000** which reflects a net initial yield of **7.40%** after deduction of purchaser's costs of 3.8%



LOCATION

The city of Newcastle upon Tyne is the regional and commercial capital of the North East. The population of the city is approximately 259,000, whilst the wider primary catchment area is 1,502,000 rating the city 3rd in the UK. Newcastle is approximately 451km (280 miles) north of London, 160 km (100 miles) north of Leeds and 175km (109 miles) south of Edinburgh.

Transport links are excellent, with the A1 (M) and A19 providing the principal north/south routes. The A69 extends west towards Hexham and Carlisle. As well as being the focal point of a network of local rail services, Newcastle Central Station is a major staging point on the East Coast Main Line and Cross Country Network. The shortest journey time to London is 2 hours 37 minutes, and to Edinburgh 1 hour 30 minutes.

The city is served by Newcastle International Airport situated approximately 11 km (7 miles) north of the city centre. The airport is the tenth busiest of the UK's 59 airports, providing daily flights to over 80 destinations worldwide.

SITUATION

The subject property is situated on the eastern side of Clayton Street, one of the city's main thoroughfares. This section of Clayton Street links Eldon Square Shopping Centre with the Grainger Market. Clayton Street is named after John Clayton, who was a town clerk in the city during the 19th Century. He worked with Richard Grainger and John Dobson in redeveloping the city centre into what is known as the historic 'Grainger Town' today.

Nearby occupiers include Debenhams, Tesco, Caffé Nero, Greggs, Poundland, Shoe Zone Starbucks and Wilko.

In addition to this McAleer & Rushe are currently redeveloping the former Newgate Centre at the junction of Clayton Street and Newgate Street. The development comprises:

- 575 bed purpose built student accommodation occupied by Unite
- 265 Bed hotel occupied by Maldron Hotels
- 20,000sq ft of retail & leisure space
- Public Amenity Space

The scheme is £100m in terms of Gross Development Value and is due for completion during 2019. The completion of the scheme will further enhance the location.



DESCRIPTION

The property is a traditional stone built Grade I listed mid terraced building sitting under a pitched slate roof. The property provides accommodation over ground, basement and 3 upper floors. The ground floor provides traditional retail space with glazed frontage. The upper floors provide office accommodation. The original staircase has been removed and there is currently informal access via the adjoining entrance to the residential upper floors of 39 Clayton Street.

NEWCASTLE RETAIL MARKET

Traditionally the Newcastle retail market was centred around the Grainger Town core which included streets such as Clayton Street, Grainger Street and Grey Street. However as the city developed emphasis shifted towards Northumberland Street and Eldon Square shopping centre which was built during the 1970's. However the Grainger Town Project which was set up in 1997 regenerated these streets to their former glory and was hailed as an 'Urban Renaissance'. These streets now provide much of the retail and leisure space in the city with a blend of complimentary office and residential space to the upper floors.

The extension to Eldon Square shopping centre, which opened in spring 2010, has been successful in attracting retailers such as Apple, Superdry, Paperchase, Adidas and Hollister to the city. To add to this, the 39,483 sq m (425,000 sq ft) extension has been anchored by a new 16,722 sq m (180,000 sq ft) Debenhams and Tesco which fronts Clayton Street. The area has been strengthened further with the Greys Quarter leisure offer created within Eldon Square and its frontage onto Nelson Street.



TENURE

The property is freehold.

TENANCY

The property is let by way of a 15 year FRI lease from 24th June 2007 at a current rent of £26,900 per annum.

ACCOMMODATION

Area	Sq Metres	Sq Ft
Basement	69.7	750
Ground Floor	62.6	674
ITZA	51.3	552
1st Floor	40.1	432
2nd Floor	44.4	478
3rd Floor	36.3	391
Total	253.1	2,725

RENTAL COMMENTARY

We have analysed the passing rent to be £43.55 per sq ft in terms of Zone A. In arriving at this figure we have assumed £3.50 per sq ft on the first floor, £2 per sq ft on the second floor, £1 per sq ft on the 3rd floor and nil on the basement. The rent is in line with other lettings in this location.

ASSET MANAGEMENT

The majority of upper floors on Clayton Street have been converted to residential. There is an opportunity to convert the upper floors to residential which would add considerable value. There is currently a surge in city centre living. Newcastle upon Tyne has been ranked as the 7th City in terms of jobs and population growth by the Centres for Cities think tank. The city centre living in Newcastle has increased 112% since 2002 and there continues to be strong demand for city centre living.

COVENANT

Luxury Leisure (Company No 03701482)

Creditsafe Score: 86/100

Creditsafe Rating: A (Very Low Risk)

Luxury Leisure is part of the Novomatic Group following its acquisition from the Noble Organisation in 2014. Novomatic is one of the UK's largest gaming industry operators, covering the full gaming spectrum to include manufacturing, operating and distribution of amusement equipment. The Novomatic Group of Companies, and Austrian based company which employs a total of 3,800 staff. A summary of their last three years accounts are set out below:

Year End	31st December 2017	31st December 2016	31st December 2015
Turnover	£68,678,152	£60,339,711	£53,544,645
Pre Tax Profit	£5,386,836	£7,439,386	£6,668,056
Shareholder Funds	£19,669,204	£17,491,025	£13,656,183

EPC

The property has an EPC rating of G-232.

PROPOSAL

We are instructed to seek offers in excess of **£350,000** which reflects a net initial yield of **7.4%** after deduction of purchaser's costs of 3.8%.

VAT

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

CONTACT



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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. October 2018.

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