

TESCO ANCHORED RETAIL PARADE INVESTMENT

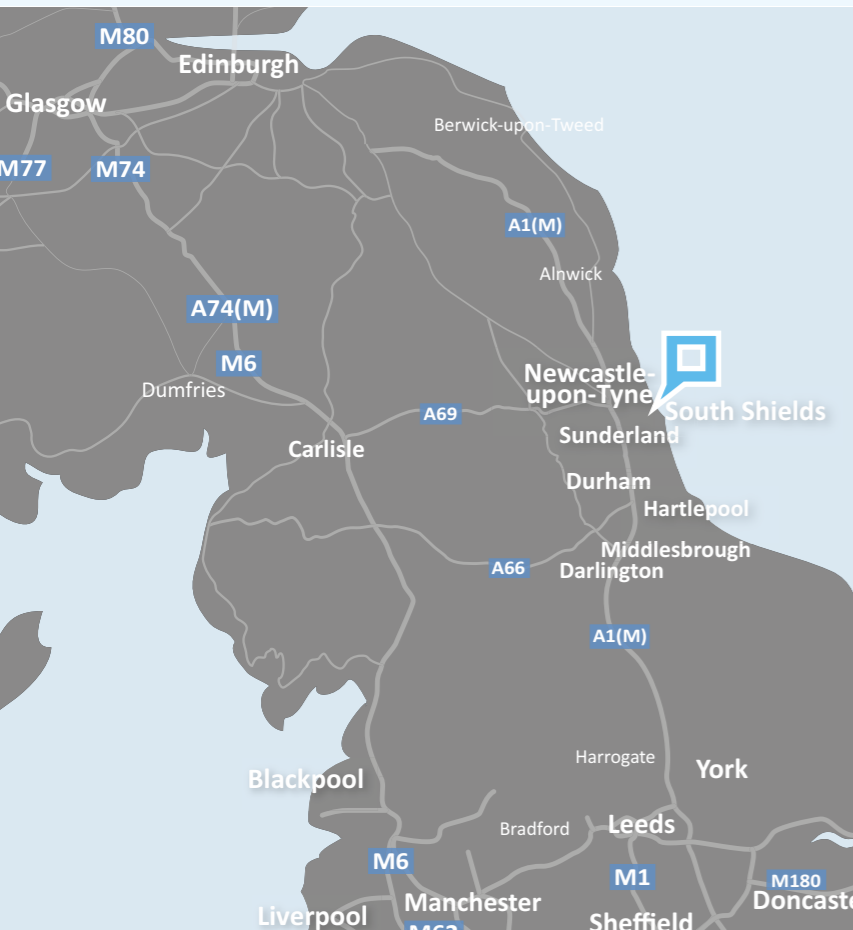


WESTOE CROWN VILLAGE RETAIL CENTRE SOUTH SHIELDS NE33 3GE

INVESTMENT HIGHLIGHTS

- Purpose Built **neighbourhood retail** parade
- **Tesco anchored scheme** with 9 additional units
- **Asset management** angles and **rental growth opportunities**
- **33% of the income to Tesco PLC with RPI linked reviews**
- **11% of the income to Coalfield Regeneration Trust for 15 years with RPI reviews**

We are instructed to seek offers in excess of **£1,850,000** which reflects a net initial yield of **8.74%**.



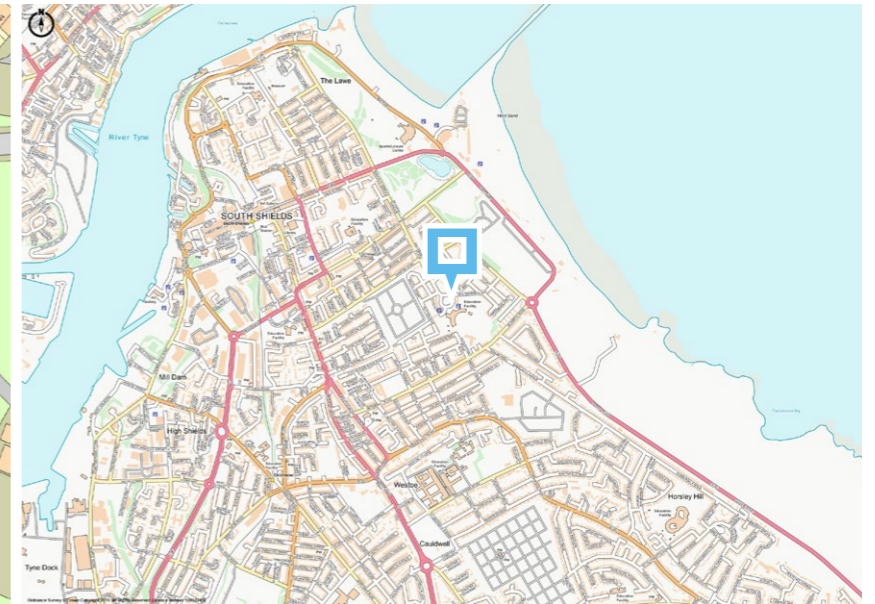
LOCATION

South Shields is an important coastal town and one of the North East's most popular seaside resorts. The town lies within the Tyne & Wear Conurbation and is located on the south bank of the River Tyne estuary. The town currently has a population of 75,000 people, whilst Tyne and Wear has a wider population of 1.13 million people.

South Shields is the administrative and commercial centre of South Tyneside. It lies between the cities of Newcastle upon Tyne (12

miles) and Sunderland (10 miles). It is also close to Washington (10 miles) and Gateshead (10 miles).

The town has excellent transport links to the wider region, being situated on the Tyne & Wear Metro line with 3 stations servicing the town. South Shields also has the benefit of excellent links to North Tyneside with the Tyne Tunnel and the ferry crossing. The road network is also excellent with the A194 and the A19 linking the town to the wider region. There is also easy access to Newcastle and Sunderland railway stations and Newcastle International Airport.



SITUATION

Westoe is a suburb of South Shields. The subject property is situated in the heart of the newly developed Westoe Village which was developed by Taylor Wimpey. The development includes new housing and community facilities. The retail parade is at the centre of this redevelopment and close to The Westoe Crown Primary School, local parks and the sea front.

DESCRIPTION

The property consists of 2 blocks forming a parade of 10 units at ground floor with two floors of residential situated above to first and second floors. The properties are attractive blocks of brick and reconstituted stone situated under pitched tiled roofs. To the front there are ample car parking spaces. To the rear there are secure yards for the benefit of the retail units and parking for the residents. The retail element provides a total of 12,813 sq ft. The majority of this accommodation is ground floor, with a small element of first floor stores above the Tesco unit.





ACCOMMODATION & TENANCY

Unit	Tenant	Lease Start	Lease End	Break	Next Review	Repair	EPC	Area (Sq ft)	Rent	Rent per Sq ft	ERV	Comment
0	Tesco Stores Ltd	01.08.11	31.07.26		01.08.21	FRI	B(48)	4,256	£55,815	£13.11	£63,150	RPI linked reviews. Cap & collar between 1% & 4%.
1	Vacant					FRI	B(36)	1,003	£14,500	£14.46	£14,500	18 month rental guarantee from completion.
2	Church of England's Childrens Society	30.04.13	29.04.23		30.04.18	FRI	B(34)	1,031	£15,750	£15.28	£14,500	
3	KC Beauty & Retail Ltd	01.02.19	31.01.29	01.02.22	01.02.22 01.02.24	FRI	B(40)	1,038	£12,000	£11.56	£14,000	£10,000 yr 1 £11,000 yr 2. The vendor will top the rent up to £12,000 pa upon completion. 2 months rent free if break not exercised.
4	Vacant						B(40)	1,079	£14,000	£12.51	£14,000	18 month rental guarantee from completion.
5	Caroline Joyce	18.12.17	17.12.22	18.12.20		FRI	B(43)	764	£12,500	£16.36	£12,500	6 months notice to break.
6	GCB (NE) Ltd	21.12.18	20.12.28	21.12.23	21.12.23	FRI	B(37)	1,813	£21,000	£11.58	£21,000	2017 Review not triggered.
7&8	Coalfields Regeneration Trust							934 (U7) & 895 (U8)	£20,000	£15.43	£27,500	Coalfield Regeneration Trust will put a 15 year lease in place on these 2 units at £20,000 pa from completion with 5 yearly RPI reviews between 1-3%. They will then be sublet to the 2 existing tenants at £27,500pa, which is the current passing rent paid by the 2 tenants.
Upper Floors Block A & B	Westoe Crown Village Centre Management company Ltd	01.01.11	11.01.2161		01.01.21				£6,168		£6,168	RPI linked review every 10 years, upwards & downwards but not falling below the intial (current) rent of £5,100pa. The lease covers the residential accommodation and common parts of Block A and Block B. Upon completion the vendor will top up the rent to latest RPI figure. The rent of £6,168 is based on the September 2020 RPI. the appropriate figure will be calculated upon completion with the November 2020 figure if available.
								12,813	£171,733		£187,818	

TENURE

The property is freehold.

RENTAL COMMENTARY

The rents range from between £11 and £16 per sq ft. There are a number of similar schemes where the rents are £15 and in some cases closer to £20 per sq ft. In our opinion the rents at Westoe Village should be in the region of £15 per sq ft and some of the rents within the scheme are already close to these levels. With the asset management opportunities set out below carried through we would expect £15 to be achievable.

ASSET MANAGEMENT

The property has a number of asset management opportunities which will both improve income and enhance the value. These include:

- Improved market awareness of the scheme. Let the vacant unit and move rents on to market levels.
- Target hot food and takeaway operators and capitalise on the growth of the takeaway market. The North is witnessing 12.3% year on year growth in this sector.
- Re-gear leases, remove breaks and improve tenant line up. There are a number of obvious omissions from the tenant line up to include, Medical & Pharmacy, Hot Food, Estate Agents, Bookmakers and Health & Fitness.

COVENANT

33% of the income is provided by Tesco and 11% to Coalfields Regeneration Trust. The remainder is let to independent retailers.

Tesco Stores Ltd CreditSafe Score 73/100

Tesco Stores Limited is a wholly owned subsidiary of Tesco PLC which is the UK's leading supermarket chain with 27.4% of the grocery market. Tesco PLC has an annual Turnover of £57bn, a pre-tax profit of £1.3bn and Shareholders funds of £10bn. A summary of the last 3 years accounts for Tesco Stores Ltd follows:

Year End	29/02/2020	23/02/2019	24/02/2018
Turnover	£64,760,000,000	£63,911,000,000	£41,367,000,000
Pre Tax Profit (loss)	£1,315,000,000	£1,647,000,000	£417,000,000
Shareholder's Funds	£13,275,000,000	£13,456,000,000	£4,563,000,000

Coalfields Regeneration Trust (CRT Property Investments Limited) CreditSafe Score 91/100

The Coalfields Regeneration Trust was set up in 1999 following the recommendations made by the Governments Coalfields Task Force as a result of the decline in Coalmining. Today it is an independent charity focusing property development. A summary of CRT Property Investments Limited last 3 years accounts are set out below:

Year End	31/03/19	31/03/2018	31/03/17
Turnover	£3,027,000	£2,695,000	£2,362,000
Pre Tax Profit (loss)	£841,000	£3,467,000	£1,772,000
Shareholder's Funds	£16,501,000	£17,548,000	£16,276,000

PROPOSAL

We are instructed to seek offers in excess of **£1,850,000**, which reflects a net initial yield of **8.74%** after purchaser's costs of 6.23% and a reversionary yield of **9.5%**.

VAT

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

CONTACT



James Metcalf
e: james@mhpi.co.uk

Simon Harland
e: simon@mhpi.co.uk

t: 0191 255 7770

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