



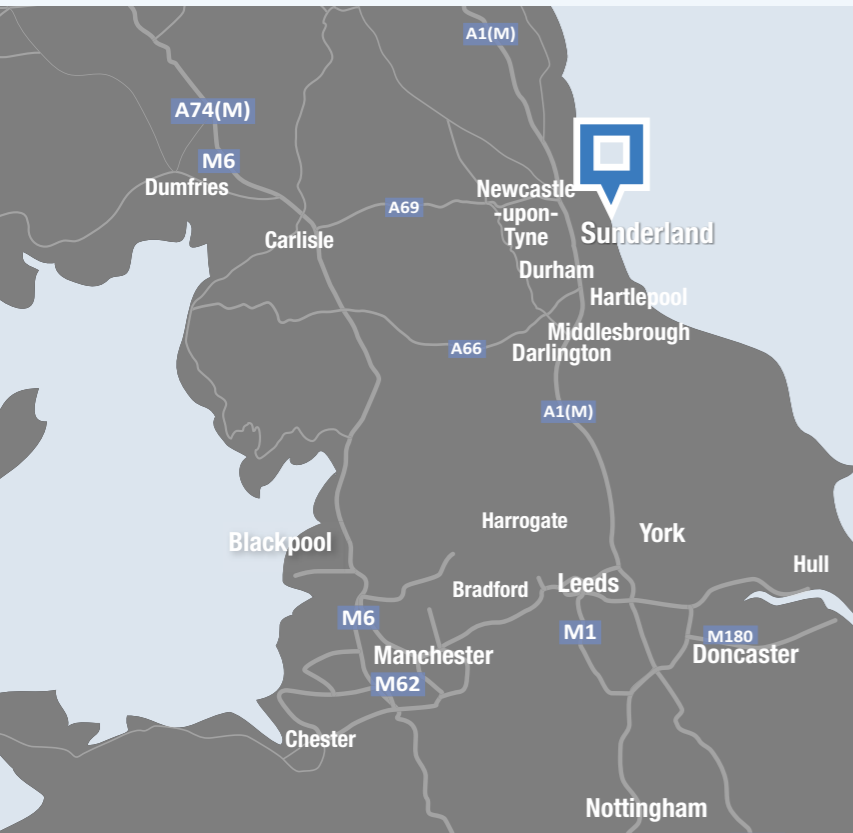
**COSTA** **bm** **GREGGS**

# DEVELOPMENT FUNDING OPPORTUNITY DURHAM ROAD SUNDERLAND SR3 1TJ

## PROPERTY HIGHLIGHTS

- Convenience & Roadside **development funding opportunity**
- Anchored by **B&M, Costa, Greggs**
- WAULT of **14 years** to expiry
- **32,100 sq ft** of accommodation on **4.18 acres**
- **8 electric vehicle charging points**
- Annual rent of **£599,500pa**
- **76%** of the income secured to **B&M** and **Costa** for **15 years**
- **31%** of the income benefits from **indexed linked reviews**

We have been instructed to seek a total commitment of **£10,219,500**, which will provide the funder with an initial yield of **5.74%** upon completion.

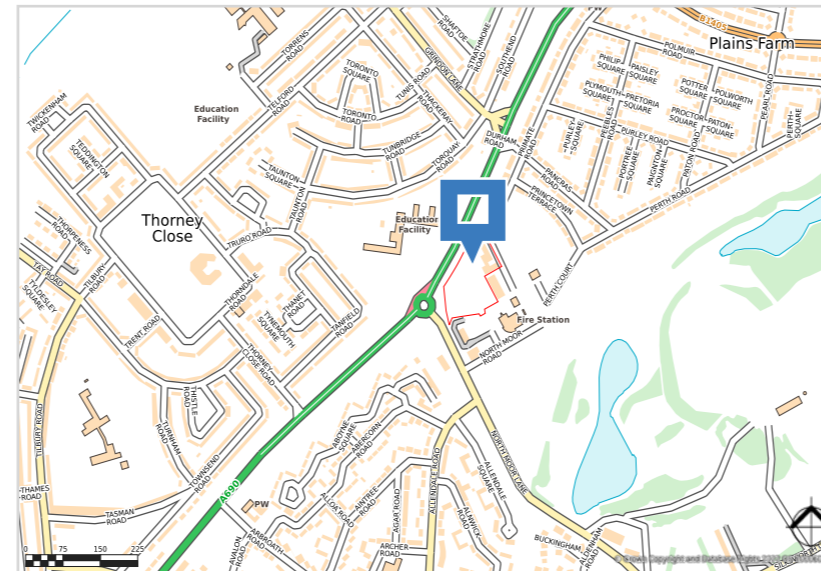


## LOCATION

The city of Sunderland is situated on the North East coast and is one of the major centres within the North East region. It is situated 19 Kilometres (12 miles) south east of Newcastle upon Tyne, 40 kilometres (25 miles) north of Middlesbrough and 432 Kilometres (269 miles) north of London. The city has a population of 275,500 people (Census 2011) and is part of the wider Tyne & Wear Conurbation, which has a combined population of 1,113,577 people.

The city is well located for transport links, with the A19 running north south and linking the city with Newcastle to the north and Teesside and York to the south. The city is also linked to the A1 to the west via the A1231 and A690. The city also benefits from excellent rail links both locally and nationally and has several stations within the Tyne & Wear Metro system, linking it to Newcastle International airport. The Grand Central line gives the city direct access to London and the South East.

Adding to the accessibility of the city is the newly completed £180m Northern Spire Bridge linking the A1231 across the river to the west of the city centre. This is part of a plan to create a continuous dual carriage way link between the A19, City Centre and the Port of Sunderland.



## SITUATION

The development is situated on the A690 Durham Road which links the A19 to Sunderland City Centre which lies approximately 3 miles to the north east of the site

Nearby occupiers include McDonalds, The Co-op and Farrington Community Fire Station. The location is predominately residential and the scheme will provide a new convenience centre for the local community.



## SUNDERLAND

Sunderland is home to Nissan, the UK's biggest and most productive car plant. The city is also a European centre for electric vehicle research and production.

Sunderland is the second largest City in the North East by population and attracts a wide variety of businesses, including more than 80 internationally-owned companies. With sectors such as software and data technology, Sunderland sustains innovative and ambitious companies, from gaming studios to online retail support as well as the financial and customer services sector.

Sunderland is a city benefiting from an extensive regeneration programme, with over £1.5bn of investment scheduled in the next nine years to further support economic growth and create over 20,000 jobs. Significant regeneration schemes include the Vaux Site, a phased development of the former Vaux brewery which comprises a 26-acre City Centre office, retail, residential and leisure quarter.

The city will also benefit from the 370-acre International Advanced Manufacturing Park (IAMP) which will provide in excess of 1.6m sq ft of industrial space adjacent to Nissan and the A19 corridor.

## ACCOMMODATION & TENANCY

Unit	Tenant	Size Sq ft	lease length	Break	Rent	Rent per sq ft	Review	Rent free	% of rent	Service Charge	Comment
Supermarket	B&M Retail Ltd	24,000	15 yrs		£336,000	£14.00	5 yrly OM capped at 12%	18 mnths	56%	capped at £1.25per sq ft with annual RPI's	7,000sq ft garden centre in addition to the 24,000sq ft store. Tenant has an option for a further 15 years. Service Charge based on 24,000sq ft.
Drive Thru	Costa Ltd	1,800	15 yrs		£90,000	£50.00	5 yrly RPI 1-3%	9 mnths	15%	based on floor area. No cap	Operational break Clause relating to letting to Starbucks, Caffe Nero, Greggs (drive Thru), Tim Hortons or Coffee#1.
Unit 1	Greggs PLC	1,800	10 yrs		£45,000	£25.00	5 yrly OM	9 mnths	8%	based on floor area. No cap	
Unit 2	The Feel Good Group Ltd	1,500	10 yrs		£37,500	£25.00	5 yrly CPI 1-3%	9 mnths	5%	based on floor area. No cap	
Unit 3	Guarantee	1,200			£30,000	£25.00			5%		2 year rental guarantee from completion if not let prior.
Unit 4	Westway Veterinary Centres Ltd	1,800	15 yrs	10 yrs	£45,000	£25.00	5 yrly CPI 1-3%	6 mnths	8%	based on floor area. Cap of £1.50per sq ft +CPI	Rent free to be by way of reduced rent in years 1 & 2 to 75% of headline rent. Lease term of 15 years less 7 days.
Charging Points	Fastned Uk Ltd	8 spaces	30 yrs		£16,000		5 yrly RPI 1-4%		3%		Initial rent of £16,000 rising to £20,000pa in year 6. There is also a variable top up of 0.5p/kWh, which may rise to 1p/kWh and a rent cap of £75,000 indexed to RPI in line with the RR at 1-4%. Exclusivity given to Fastned over the site in relation to EV charging points.
		<b>32,100</b>			<b>£599,500</b>				<b>100%</b>		

## TENURE

The property is Freehold.

## DEVELOPMENT

The development provides a new purpose build roadside and convenience scheme of **2,982 sq m (32,100 sq ft)**. There are pre-Let's in place with **B&M** (Supermarket & Garden Centre), **Costa** (Drive Thru), **Greggs** (Baker) together with **The Feel Good Group** (Tanning) and **Westway Veterinary Centres** (Vets). There is one further unit of 111.48 sq m (1,200 sq ft) to let. If not let prior a 2-year rental guarantee will be provided on this unit.

Timeline:

- Planning Permission will be submitted by April 2022.
- The construction is **due to commence in Q4 2022**.
- Build Period of **10 months**.
- Practical Completion anticipated end of **Q4 2023**.

**B&M Retail Ltd**

Company No – 01357507  
Creditsafe Score – 94/100  
Rating – **A – Very Low Risk**



B&M was formed in 1978 in Blackpool and has grown to occupy over 700 stores employing in excess of 35,000 staff. They serve over 4m customers every week. A summary of B&M Retail Limited last 3 years accounts are set out below:

Year End	27th March 2021	28th March 2020	30th March 2019
Turnover	£4,085,024,000	£3,148,497,000	£2,801,499,000
Pre-Tax Profit	£531,888,000	£262,360,000	£273,406,000
Shareholder Funds	£599,040,000	£812,464,000	£760,585,000

**Costa Limited**

Company No – 01270695  
Creditsafe Score – 80/100  
Rating – **A – Very Low Risk**



Costa was founded in 1971 by brothers Sergio & Bruno Costa who had relocated from Italy to London. It now trades from in excess of 3,400 stores across 31 Countries. The brothers sold to Whitbread in 1995, who subsequently sold to Coca Cola in 2019 in a deal worth £3.9bn. A summary of their last three years accounts are set out below:

Year End	31st Dec 2020	31st Dec 2019	31st Dec 2018
Turnover	£603,588,000	£880,587,000	£1,344,138,000
Pre-Tax Profit	(£222,103,000)	£5,336,000	£139,523,000
Shareholder Funds	£275,461,000	£464,872,000	£528,119,000

**Greggs PLC**

Company No – 00502851  
Creditsafe Score – 55/100  
Rating – **B – Low Risk**



Greggs was founded 75 years ago as a family bakery and has grown into one of the country's leading food on the go companies, trading from over 1,700 outlets throughout the UK employing 20,000 staff. A summary of their last three years accounts are set out below:

Year End	2nd Jan 2021	29th Dec 2019	28th Dec 2018
Turnover	£811,300,000	£1,167,900,000	£1,029,300,000
Pre-Tax Profit	(£13,700,000)	£108,300,000	£82,600,000
Shareholder Funds	£321,600,000	£341,100,000	£333,800,000

**The Feel Good Group Ltd**

Company No – 05891329  
Creditsafe Score – 65/100  
Rating – **B – Low Risk**



The Feel Good Group was originally founded in 1990 and has grown to a chain of 90 stores around the country under the banner of The Tanning Shop. The group also includes wholesale brands Sunshine Supermarket and Blue Tanning & Beauty. A summary of their last three years accounts are set out below:

Year End	31st Dec 2020	31st Dec 2019	31st Dec 2018
Turnover	£8,512,318	£18,812,930	£16,288,882
Pre-Tax Profit	(£1,951,719)	£2,034,665	£1,932,766
Shareholder Funds	£6,644,922	£8,337,043	£6,400,978

**Westway Veterinary Centres Limited**

Company No – 07177168  
Creditsafe Score – 92/100  
Rating – **A – Very Low Risk**



Westway vets was established in 1975 and now operates out of 19 branches across Tyne & Wear, Durham and Northumberland. Westway is now part of the Vet partners group which turns over £430m per annum and has shareholders' funds of £144m. A summary of Westway Veterinary Centres Limited's last three years accounts are set out below:

Year End	30th June 2020	30th June 2019	30th June 2018
Turnover	£9,065,905	£9,058,112	£8,281,944
Pre-Tax Profit	£655,660	£539,538	£271,533
Shareholder Funds	£4,269,296	£3,613,636	£3,074,098

**Fastned UK Ltd**

Company No – 11140404  
Creditsafe Score – 32/100  
Rating – **C – Moderate Risk**



Fastned was founded in the Netherlands in in 2012 when it was granted the right to build 201 highway locations. It launched its first site in the UK in 2019. It also operates out of France, Belgium and Switzerland. They will benefit significantly from the UK's £950m rapid charging fund as one of the main operators in the UK market, operating from 22 locations. A summary of their last 3 years trading figures are set out below:

Year End	31st Dec 2020	31st Dec 2019	31st Dec 2018
Turnover	£588,022	£1,451,103	N/A
Pre-Tax Profit	(£484,152)	(-£544,682)	(£131,576)
Shareholder Funds	-£1,083,760	-£599,608	-£131,476



## EPC

EPC's will be provided on completion

## CAPITAL ALLOWANCES

The purchaser will have the benefit of all capital allowances.

## PROPOSAL

We have been instructed to seek a **funding** for the scheme, with a total commitment of **£10,219,500** which would show the purchaser an initial yield of **5.74%** upon completion. This is based on a £10m purchase price and a 50/50 split on the stamp duty saving. This will be structured as an up-front site purchase of a £1,220,000, with the stamp duty saving of £439,000 to be split 50/50 with the vendor.

The funding will take the form of an initial site purchase followed by a phased schedule of payments throughout the scheme with a final payment taking it up to the total commitment level.

Any rent-free periods will be covered by the vendor and deducted from the total commitment figure.

## PROFESSIONAL TEAM

Architect	SMR Architects
Planning Consultant	DPP Planning
Structural Engineer	HJCE
Solicitor	Square One Law
Client Monitoring Surveyor	Inform Surveying
Contractor	Build will be tendered

## VAT

The property is elected for VAT and it is anticipated VAT will be payable on the transaction.

## CONTACT



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