

# GOVERNMENT LET TOWN CENTRE INVESTMENT

**FOUNTAIN HOUSE** NEW MARKET MORPETH  
NORTHUMBERLAND NE61 1LA



**14,424sq ft sq ft mixed use building in the attractive Market Town**

Morpeth is an **affluent** commuter town servicing **Newcastle upon Tyne**

87.5% of the income secured to Let to the undoubted covenant of **The Secretary of State for Communities and Local Government**

Uncapped **CPI rent review** on 87.5% of the income

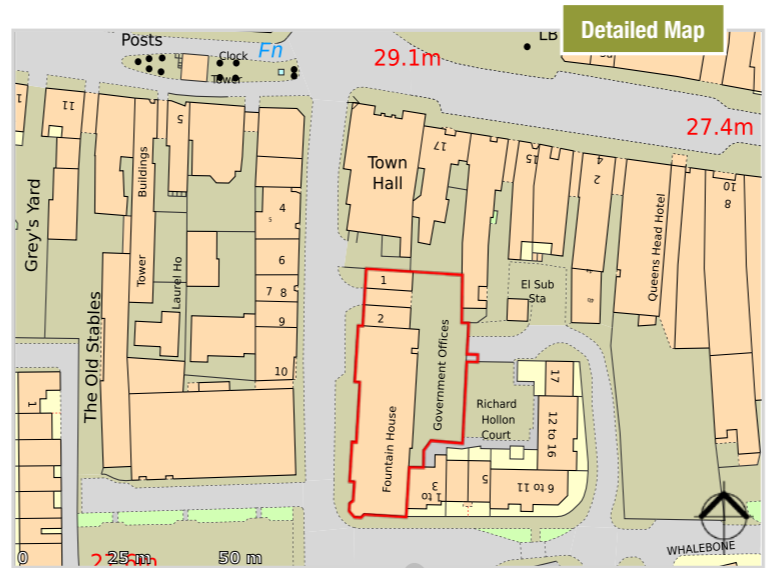
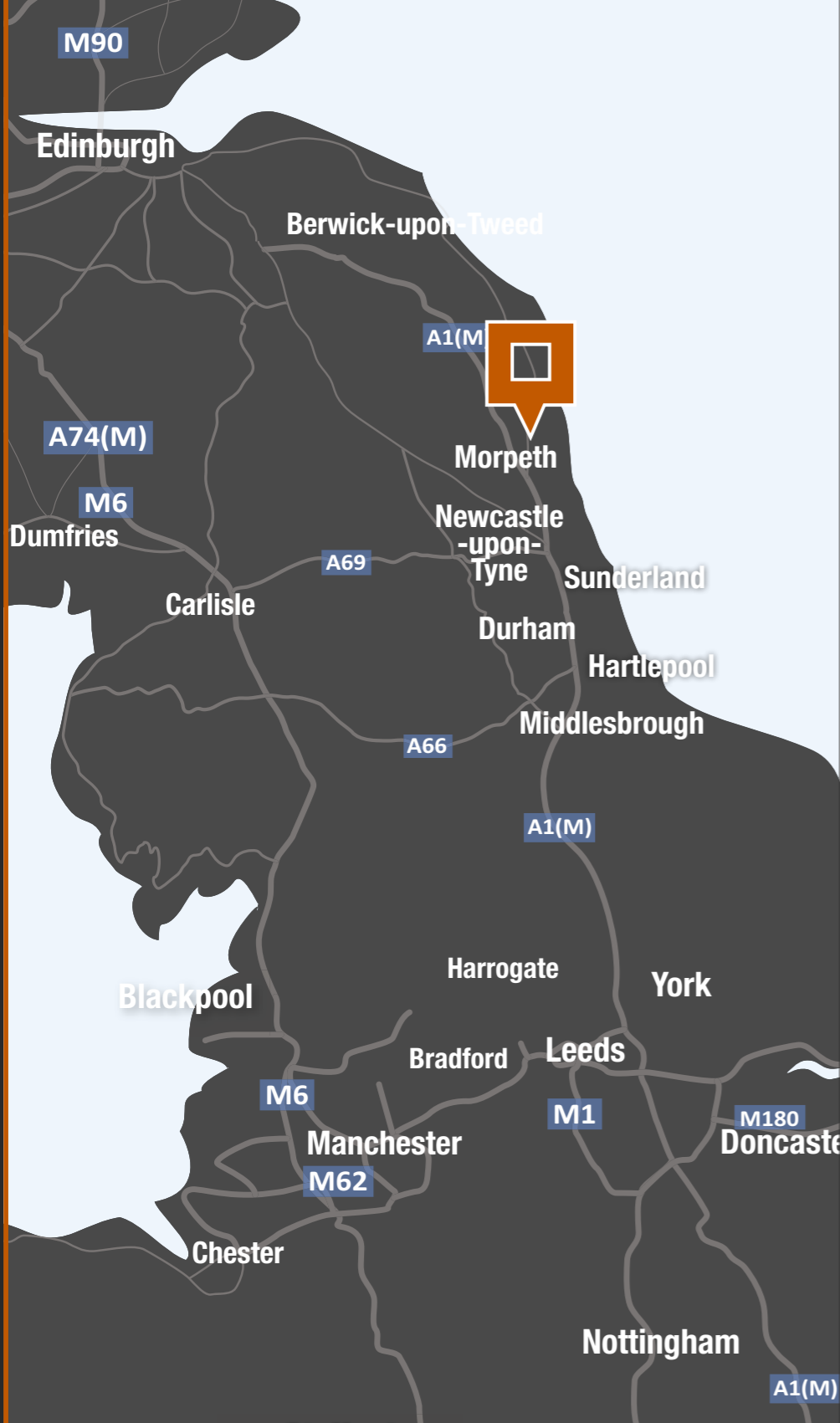
**WAULT** of **5.2 years**

**Government** recently **removed** their **break clause**

**Low office rent of just £13.56per sq ft**

Offers sought in excess of **£3,250,000 (Three Million, Two Hundred & Fifty Thousand Pounds)** reflecting a net initial yield of 7.20% assuming purchaser's costs of 6.48%.



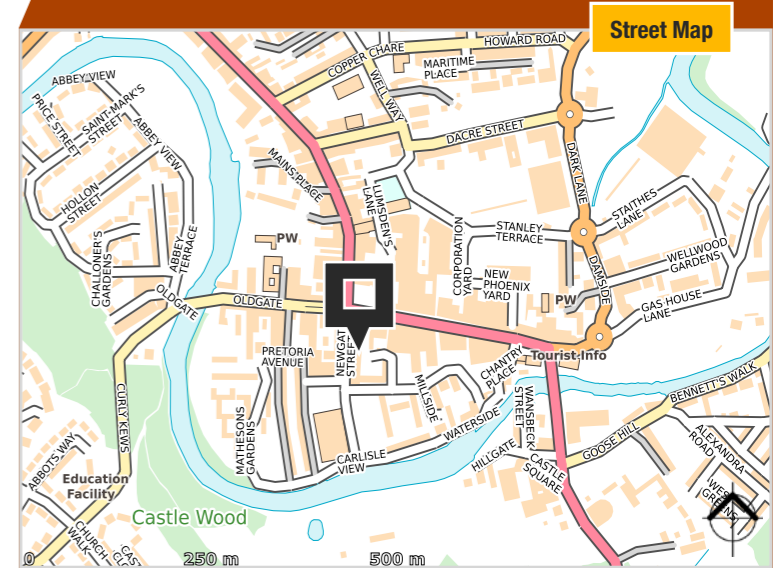


**LOCATION**

Morpeth is an affluent and attractive Market Town situated 15 miles North of Newcastle upon Tyne and 20 miles South of Alnwick. The town has easy access being situated just off the A1 North South link road. The North Morpeth Bypass has also improved transport links with the wider area. Newcastle is less than 30 minutes drive.

There are also regular train and bus services to Newcastle and the wider area making it a busy commuter town serving Newcastle upon Tyne. Morpeth has benefited from considerable new housing developments in recent years with a population in excess of 15,000 and more new housing in the pipeline.

Morpeth is situated in the heart of Northumberland and is well placed to benefit from the growing North East economy. The town is benefitting from the growth in Tourism with Northumberland Tourism generating in excess of £1bn for the first time in 2019. Morpeth will also benefit further from the growth in off-shore industry being serviced out of Blyth, the Britishvolt factory development and the wider investment in the North East currently being experienced.



**SITUATION**

Fountain House fronts New Market, which is accessed via Bridge Street the main thoroughfare running through the town centre. Nearby occupiers include JD Wetherspoons, HSBC Bank, Santander and Strutt & Parker. The property is also located next to the New Market car parking which provides circa 200 spaces. The leisure centre on New Market is also likely to be redeveloped in the near future with a supermarket or hotel the most likely end use.



## TENANCY

Unit	Use	Tenant	Lease length	Expiry	Rent	% of Income	Size sq ft	Rent per Sq ft	Reviews	Comment
1	Ground floor Retail	Rochdi Karaa	20 years from 16th April 2007	15th April 2027	£9,000	3.6%	330 sq ft (283 ITZA)	£31.80 (ZA)	16th April 2022	Rent review outstanding
2&3	Ground floor Office/ Retail	Carr & Co Solicitors (N.E.) Limited	15 year from 24th March 2010	23rd March 2025	£22,000	8.8%	Unit 2 - 396 (308 ITZA) Unit 3 429 (333 ITZA)	£29.85 (ZA)		Tenant is currently combining the units for own occupation having previously sub let unit 2.
4	Ground, First & Second Floor Office	The Secretary of State for Communities and Local Government	10 years from 1st April 2018	31st March 2028	£218,000	87.5%	Ground - 3,632 First - 4,918 Second -4,719 (Total - 13,269)	£13.56	1st April 2023	Rent review to uncapped CPI at the 5th year of the term. *See note below
Residential	First Floor Flat	Private Individual	99 years from 29th November 1996	28th November 2095	£100	0.04%				There are 73 years remaining on the leasehold interest
<b>Total</b>					<b>£249,100</b>	<b>100.0%</b>	<b>14,424</b>			

\*The bulk of the income (87.5%) is secured to Secretary of State. The lease provides for a rent review on 1st April 2023. The review is linked to uncapped CPI with a base month of August 2017 and a review month of February 2023 (two months prior to the review date). The latest available CPI figures show a reviewed rent of £213,500 allowing for some further growth over the next 6 months it is the vendors intension to top up the rent to a minimum of £218,000 however the current CPI trajectory is likely to produce a reviewed rent in excess of this figure.

## TENURE

The property is held Freehold.

## COVENANT

**87.5%** of the income is let to the undoubted covenant of The Secretary of State for Communities and Local Government now know as The Secretary of State for Levelling Up, Housing and Communities who have been in occupation since the property was constructed.

**8.8%** of the income is to Carr & Co Solicitors who were established in 1984. They now operate out of three offices in the North East and have built a strong reputation in the region. Carr & Co Solicitors (NE) Limited had Shareholder Funds of £257,146 at the last financial year end 30th September 2021.

**3.6%** of the income is let to Rochdi Karaa who has been trading from the property for over 20 years and runs a successful sandwich business.

There is £100 per year ground rent received from the residential flat.

## ASSET MANAGEMENT

The property offers a number of potential short and longer term value add opportunities including:

- Undertaking the outstanding rent review on Unit 1
- Re-gear and extend the lease with Carr & Co following their expansion back into both units
- Future conversion of the upper floors to residential taking advantage of the floor plate, car parking and lift access already installed

## VAT

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

## EPC

Fountain House has an Energy Performance rating of C-72.

## PROPOSAL

Offers sought in excess of **£3,250,000 (Three Million, Two Hundred & Fifty Thousand Pounds)** reflecting a net initial yield of **7.20%** assuming purchaser's costs of 6.48%.

## CONTACT



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Designed by [white button](#)

