



FOR SALE
MULTI-LET
OUT OF TOWN
OFFICE INVESTMENT

NEWCASTLE HOUSE
NEWCASTLE BUSINESS PARK
NEWCASTLE UPON TYNE
NE4 7YB



NEWCASTLE HOUSE

INVESTMENT SUMMARY

- Multi Let Out of town office Investment situated on a popular city fringe business park
- Combined passing rent **£194,950 per annum** reflecting a low £7.06 per sq ft **increasing to £211,444** upon completion of the 2nd floor lease renewal from January 2024
- Strong asset management initiatives Including tenant relocation, refurbishment and re-letting opportunities
- WAULT of 1.26 to expiry increasing to 3.3 years to expiry and 2.3 to break on completion of lease renewal
- Totalling 31,571 sq ft with 71% occupied with a number of long standing tenants
- Excellent parking provision with 124 spaces providing a ratio of 1:254 sq ft
- Partial LED upgrade throughout the building
- Two passenger lifts from communal atrium
- Virtual Freehold, held on a 999 year long lease

We have been instructed to seek offers in excess of **£1,500,000 (One Million Five Hundred Thousand Pounds)** for our client's long leasehold interest. A purchase at this level reflects a **NIY of 12.25%** and a low capital value per sq ft of £47.51, **reverting to 13.30% in January 2024** on completion of the lease renewal to Your Move UK.

LOCATION

Newcastle upon Tyne is the commercial and administrative capital of the North East of England and is 1 of 7 key regional cities in the UK. The city is situated 104 miles south of Edinburgh, 98 miles north of Leeds and 277 miles north of London. Newcastle has a resident population of around 300,000 people with a further 1.4 million living within 12 miles of the city centre.

ROAD

The city benefits from excellent road communications with the A1 and A19 providing principal routes from the south, the A69 which extends westwards and the A1 providing the main route north to Scotland.

RAIL

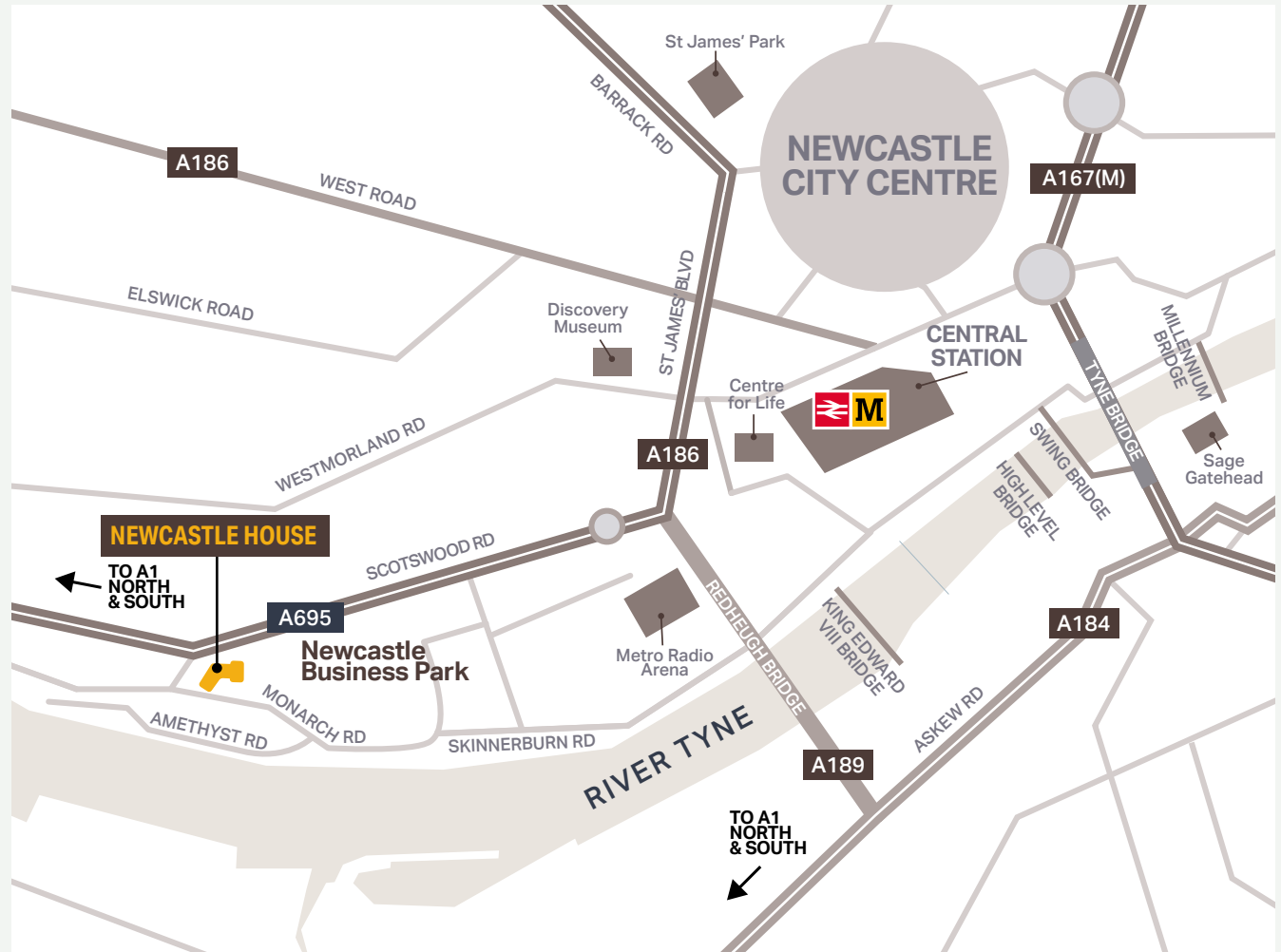
Newcastle upon Tyne is a major transport hub and is a key location on the East Coast mainline providing direct routes across the country with a travel time to London Kings Cross of approximately 2 hours and 50 minutes and 1 hour and 20 minutes to Edinburgh.

METRO

Newcastle Central Station is the main interchange for the Tyne and Wear Metro, a regional rail system that reaches across 60 stations through Tyne and Wear, extending to Newcastle Airport in the west and Sunderland to the southeast.

AIR

Newcastle International Airport provides flights to over 85 destinations across Europe and worldwide, serving 5.4 million passengers annually. The airport is located approximately 7 miles northwest of the city centre and is accessed by both road and rail networks.





SITUATION

The property is situated on Newcastle Business Park, approximately 2 miles south of Newcastle city centre. Newcastle Business Park is accessed via Scotswood Road, a main thoroughfare connecting the city centre to the A1 to the west providing excellent communication links, with easy access to the region's main road network.

Notable occupiers on the park include, Atkins, The Environment Agency, Natural England, Erudus, and Story Homes.

The immediate area surrounding Newcastle Business Park comprises predominantly commercial uses with numerous trade and light industrial parks, manufacturing warehouses, automotive and retail showrooms.

DESCRIPTION

Newcastle House comprises a three storey office building arranged in a 'V' configuration around a central reception and lift lobby. The building is of steel frame and concrete block construction with brickwork elevations under a pitched tile roof.

Internally, Newcastle House is accessed via a communal reception via secure keypad and fob entry system. The layout of the property allows for a variety of suite sizes ranging from 1,000 sq ft to whole floorplates of 11,300 sq ft.

The property has undergone partial LED upgrades throughout as part of tenant's fit out, with opportunities to further roll out upgrades as and when suites become vacant.

Externally, Newcastle House benefits from a large car park comprising 124 parking spaces of which 88 are demised to tenants via leases. The car park is arranged around the perimeter of the property, via a one way system. The site benefits from mature and well maintained landscaping, with maintenance covered under the wider estate charge.



ACCOMMODATION



TENANT	FLOOR	SQ M	SQ FT
City Fibre Holdings	Ground	411.09	4,425
Novo Technologies	Ground	94.20	1,014
VACANT	Ground	82.78	891.00
RMS Estate Agents Limited	Ground	309.09	3,327
VACANT	First	546.08	5,878
VACANT	First	161.74	1,741.00
Eliesha Training Ltd	First	277.13	2,983
Your Move Co. UK Ltd	Second	1,050.91	11,312
Total		2,933	31,571

TENANCY SCHEDULE

The property is let in accordance with the following tenancy schedule.

UNIT	TENANT	FLOOR AREA SQFT	LEASE START	LEASE EXPIRY	NEXT BREAK	CURRENT RENT	RENT PSF	COMMENT	
Ground Floor	City Fibre Holdings	4,425	15/07/2020	14/07/2025		£44,570	£10.07	15 parking spaces demised in lease SC cap £6.00 per sq ft	
Ground Floor	Novo Technologies	1,014	01/04/2022	31/03/2027	31/03/2025	£10,330	£10.19	Excluded from L&T 54 Act (24 - 28) Mutual L&T Break 6 parking spaces demised in lease	
Ground Floor	VACANT	891							
Ground Floor	RMS Estate Agents Limited	3,327	25/12/2021	24/12/2026	24/12/2024	£29,250	£8.79	Lease renewal Subject to schedule of condition Initial service charge £5 psf	
First Floor East	VACANT	5,878							
First Floor West	VACANT	1,741							
First Floor West	Eliesha Training Ltd	2,983	23/06/2015	22/06/2025		£25,000	£8.38	20 parking spaces demised in the lease Lease stipulates floor area at 2,945 sq ft	
Second Floor	Your-Move Co. UK Ltd	11,312	31/01/2011	18/01/2024		£85,000	£7.51	42 parking spaces. Your Move have agreed a lease renewal to remain on the 2nd floor on a new 5 year term commencing 19/1/2024 at an annual rent of £102,294 reflecting £9 per sq ft. TBO agreed in Year 3.	
		31,571				£194,150			
						£211,444*	*Rental increase following completion of Your Move lease renewal		

TENURE

The property is held virtual freehold on a 999 year long lease from 2nd December 1991.

TENANTS COVENANT

YOUR-MOVE.CO.UK LTD (01864469)

Your Move is a multi-award winning estate agency with a network of branches across the UK, providing services to landlords and tenants in the residential market. Newcastle House is the Head Office for Your Move, who have in excess of 159 branches UK wide.

	31/12/2021	31/12/2020	31/12/2019
TURNOVER	£47,800,000	£40,323,000	£51,613,000
PROFIT/LOSS	£52,000	-£5,664,000	-£6,850,000
SHAREHOLDERS' FUNDS	£12,095,000	£12,057,000	£17,243,000

NOVO TECHNOLOGIES LTD (10305880)

Founded in 2016, Novo Technologies provides communication and security infrastructure solutions. With offices in both Scotland and England, their projects span across the UK. Novo Technologies Limited are a partner of City Fibre Holdings Limited.

	31/08/2022	31/08/2021	31/08/2020
TURNOVER			
PROFIT/LOSS			
SHAREHOLDERS' FUNDS	£357,107	£254,269	£145,083

RMS ESTATE AGENTS LIMITED (08756469)

Rook Matthews Sayer are an independent estate agency based in the North East of England and provide services for both residential and commercial property. Rook Matthews Sayer trade from 16 branches across the region.

	31/12/2022	31/12/2021	31/12/2020
TURNOVER	£4,928,000	£5,323,000	£4,608,000
PROFIT/LOSS	£112,000	£684,000	£404,000
SHAREHOLDERS' FUNDS	£781,000	£686,000	£681,000

ELIESHA TRAINING LTD (04161029)

Eliesha Training is an international learning and development company specialising in management and leadership solutions with offices in Cardiff and Newcastle upon Tyne.

	31/03/2023	31/03/2022	31/03/2021
TURNOVER			
PROFIT/LOSS			
SHAREHOLDERS' FUNDS	£443,988	£391,429	£860,741

CITYFIBRE HOLDINGS LIMITED (07488363)

CityFibre was founded in 2011 and provide purpose-built fibre connectivity for both domestic and commercial uses. They are currently the UK's largest open access, fibre only operator.

	31/12/2022	31/12/2021	31/12/2020
TURNOVER	£5,403,000	£3,874,000	£4,028,000
PROFIT/LOSS	-£112,441,000	-£74,880,000	-£55,374,000
SHAREHOLDERS' FUNDS	-£298,255,000	-£186,514,000	-£111,634,000
NET TANGIBLE ASSETS	£2,817,289,000	£1,645,601,000	£780,104,000

SERVICE CHARGE

There is a service charge in place and provision in all leases for recovery of these costs. The City Fibre lease has benefit of a service charge cap of £6.00 per sq ft.

The Service Charge for Newcastle House includes the Estate Charge for the wider Newcastle Business Park. Full information is available upon request.

ASSET MANAGEMENT INITIATIVES

- Progress negotiations with Your Move lease renewal to remain on 2nd floor
- Undertake full refurbishment of the 1st floor vacant suites subdividing the floorplate into smaller suites
- Negotiate lease extensions with Eliesha Training and City Fibre
- Potential to relocate Eliesha Training into a smaller unit
- Continue LED upgrade throughout
- Consider relocating City Fibre to a larger space as part of possible lease regear



MARKET OVERVIEW

Newcastle upon Tyne is the commercial and administrative capital of the North East of England, and forms part of the UK's top 7 regional cities.

With a local economy in excess of £22 billion the North of Tyne Combined Authority has a catchment population of 820,000 people and is one of the country's fastest growing cities with an estimated 14,000 jobs set to be created over the next 12 years. Notable occupiers in the region include P&G, Sage, Ocado and Ubisoft, with the region becoming one of the fastest growing digital and tech sectors in the UK.

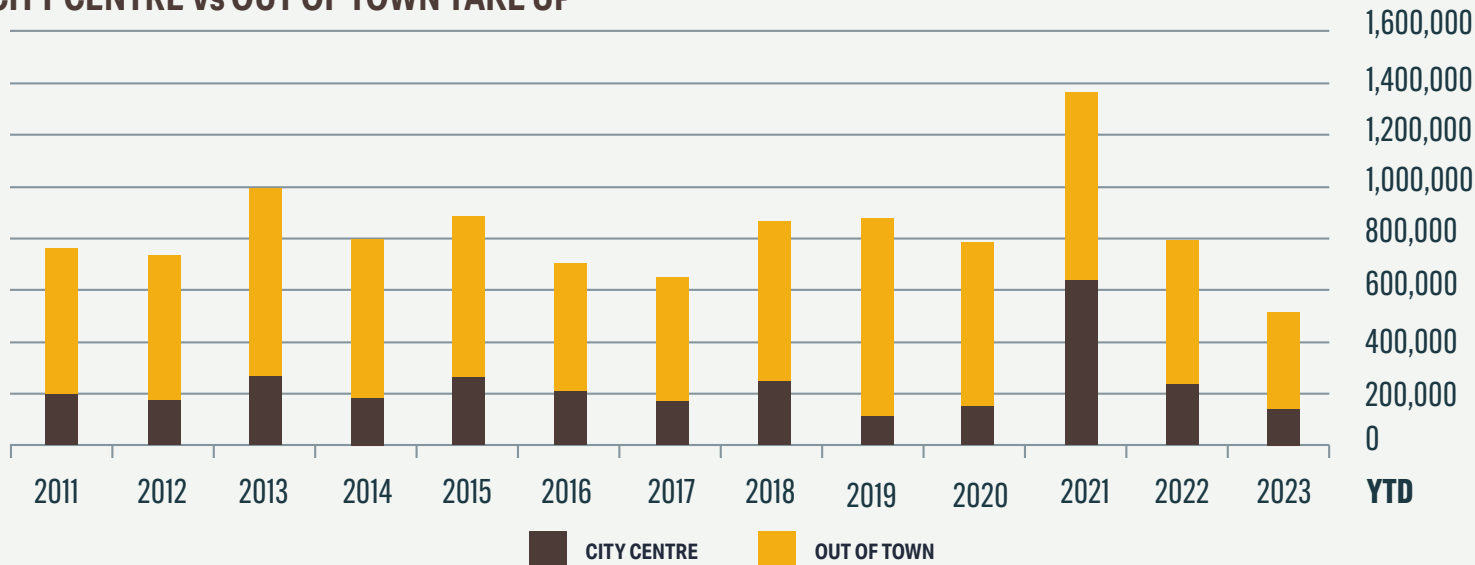
The North East region as a whole has seen a healthy increase in supply of office accommodation over the last 18 – 24 months with further developments in the pipeline. Newcastle City Centre has seen a significant increase in prime office accommodation which has boosted take up figures and fuelled a notable flight to quality in occupier demands.

Newcastle City Centre is recognised as the primary office destination for the North East, with key employers including Accenture, PwC, KPMG, Deloitte, Home Group and HMRC all having significant operations in the city.

The wider economic and political instability throughout the previous 12 months has had a noted effect on city centre take-up. Whilst figures have remained steady with the city centre seeing a number of landmark deals during this time, take up remains below the general average, most notably, Q1 and Q2 2023 take up was recorded to be lower than the 10 year quarterly average.

Q3 2023 remained strong with take up expected to remain in line with the 2022, City centre take up has been buoyed by two c20,000 sq ft lettings to serviced office operators.

CITY CENTRE Vs OUT OF TOWN TAKE UP



INVESTMENT MARKET

The market has been through a significant correction over the last 12 months following the Bank of England base rate increases to manage inflation. This volatility was exacerbated following the Mini Budget where GILT's increased dramatically within a very short period leading to significant pressures on the real estate market.

The fallout from these instabilities have negatively affected yield trajectory for almost all asset classes. Newcastle prime office yields were widely anticipated to move inwards by 0.25 bps to 5.75% throughout Q2 2022 but have now moved in the opposite direction. Prime office yields for Newcastle now sit in the region of 6.25%.

We set out below a schedule of the most recent Investment comparable transactions.

ADDRESS	DATE	SIZE (SQ FT)	PRICE	YIELD	PASSING RENT	COMMENTS
Whessoe Building, Morton Palms, Darlington	31/03/2023	38,385	£3,600,000	11.34%	£435,000	Let to Whessoe Oil & Gas for further 4 years. With part sublet
Rainton Bridge Business Park, Houghton Le Spring	16/03/2022	95,178	£7,000,000	10.14%	£75,641	Multi let scheme with WAULT of 3.1 years
Cobalt 14, Cobalt Business Park	01/01/2022	45,832	£10,200,000	7.39%	£720,689	Single let to North Tyneside Council for a further 11 years, and 9.8 to break
Quadrant, Newburn Riverside, Newcastle	01/01/2022	25,903	£1,800,000	19.00%	£375,000	Multi Let, part vacant and over rented

EPC

The property has an EPC rating of C. Details and recommendation report are available upon request.

VAT

The property has been elected for VAT and we anticipate the property will be sold as a TOGC.

ANTI-MONEY LAUNDERING

In accordance with HMRC Anti Money Laundering Regulations, a successful party will be required to provide satisfactory documentation upon agreeing heads of terms.

PROPOSAL

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