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TOWER HOUSE

NEWCASTLE UPON TYNE NE1 2HW



FOR SALE - CITY CENTRE FREEHOLD MULTI-LET RESIDENTIAL INVESTMENT OPPORTUNITY



INVESTMENT OVERVIEW

- Freehold
- Prime City Centre Location
- Excellent transport connectivity
- Close proximity to both Newcastle and Northumbria Universities
- Popular with student and young professionals
- 42 Apartments let on individual ASTs
- Rare City Centre accommodation with **Private Parking for 19 cars**
- Current Gross Income of **£376,680 pa;**
 - This equates to average rent of **£743 per apartment per calendar month;**
 - and an average **£133 per bedroom per week**
- Three year average management costs of £62,831 pa and a current net income of £313,849 pa
- Low passing rent with potential to significantly increase value. A conservative ERV of **£431,340 pa;**
 - based on an average rent of **£838 per apartment per calendar month;**
 - and an average **£150 per bedroom per week**

PROPOSAL

Offers are invited in excess of **£4,000,000**, subject to contract for our client's freehold interest.

A purchase at this price reflects the following yield profile: and a price per bed of circa £74,000, assuming purchasers' costs of 6.60%.

Description	Yield	Income
Gross Initial Yield	8.83%	£376,680
Net Initial Yield	7.36%	£313,849
Gross Reversionary Yield	10.12%	£431,340
Net Reversionary Yield	8.64%	£368,509

LOCATION

Tower House is situated in Newcastle upon Tyne, in the North East of England. The city has a wider North East regional estimated population of 2.7 million.

Newcastle is located 100 miles north of Leeds, 110 miles south of Edinburgh, and 60 miles east of Carlisle. Newcastle upon Tyne is an important regional hub, and is the primary economic centre for the North East of England. The city is also home to two world class universities, Newcastle University and the University of Northumbria, both with extensive city centre campuses. As of 2024 Newcastle has an estimated full time student population of over 60,000, with students from the UK and over 140 countries around the world.

The North of Tyne Combined Authority has a catchment population of around 820,000 persons, with an economy of £22 billion. The region is fast growing with an estimated 14,000 additional jobs set to be created in the next 12 years.

60,000
Students

200,000
Employees in
the area

Science City
- One of only
6 in the UK

North East
population of
2.6M



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CONNECTIVITY

Newcastle Upon Tyne is well connected across road, rail, and air. Newcastle Central Station and Manors Station are located close to Tower House, providing excellent rail links. Manors provides regular local services, connecting to Gateshead and beyond to the South, and Northumberland to the North. Newcastle Central Station, located on the East Coast Mainline, has regular connections to London (2 hours 50mins), Edinburgh and Leeds (1 hour 30mins). The A1(M) and A19 motorways provide excellent links both North and South. International and domestic flights are provided by Newcastle International Airport, located less than 10miles from Newcastle City Centre.



SITUATION

Tower House is located on Tower Street, in the East of Newcastle City Centre. The immediate surrounding area is generally residential property, with a mix of PBSA and traditional apartment buildings. The property is located in close proximity to both the University of Northumbria (0.3 miles) and Newcastle University (0.7 miles). Tower House is also located 0.2 miles from the economic and cultural hub, the Quayside, and 0.5 miles from Grey's Monument, considered the centre of the city.

Landmarks

- 1 Northumbria University
- 2 Newcastle University
- 3 Quayside
- 4 St James Park
- 5 The Glasshouse International Centre for Music

- 6 Tyne Bridge
- 7 Newcastle Helix
- 8 Newcastle Central Station

Accommodation

- 9 Knoll Court
- 10 Garth Heads
- 11 St Anns Quay

- 12 Urban Study, Melbourne Street
- 13 Maccaroni House
- 14 City Road
- 15 Pilgrim Chambers
- 16 55 Degrees North
- 17 City Co Living
- 18 Hadrian's Tower

NATIONAL RENTAL GROWTH

- According to data from the Office for National Statistics, average UK private rents increased by 8.4% in the 12 months to September 2024.
- Average rents increased to £1,336 (8.5%) in England, £760 (8.3%) in Wales, and £973 (7.2%) in Scotland, in the 12 months to September 2024.

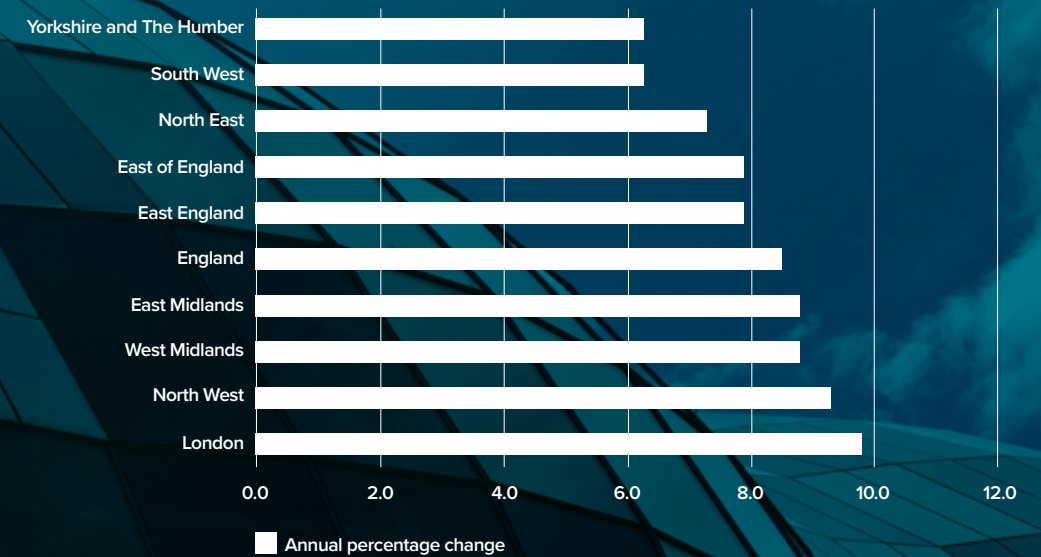
Price Index of Private Rents (PIPR)



REGIONAL RENTAL GROWTH

- North East private rents increased by 7.3% in the 12 months to September 2024.

Private rents annual inflation, English regions, September 2024



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ACCOMMODATION

The property comprises an early 1900's four storey building constructed in brick under a pitched and slated roof with valley gutters. There are areas of render to the lower floors. The windows throughout the property are predominantly uPVC double glazed with some timber framed single glazed units. Doors are timber. Rainwater goods are formed in uPVC.

The building comprises a central courtyard and benefits from 2No. undercroft parking areas to the ground floor, accessed via electric controlled gates to the side of the building and providing a total number of 19 spaces. The parking spaces operate on a permit basis with permits being allocated on a first come first served basis. The building benefits from a secure entry phone system. The apartments are accessed via common landings and hallways which comprise painted walls, suspended ceilings, and commercial grade carpets to the floors.

Arranged over four stories, Tower House has 42 apartments comprising:

- 25 One Bedroom Apartments
- 9 Two Bedroom Apartments
- 1 Two Bedroom Duplex Apartment
- 1 Three Bedroom Apartment
- 3 Studio Apartments
- 3 Studio with Bed Deck Apartments (Mews)

13 units are currently on periodic rolling tenancies. The remaining 29 units are let on individual standard AST's, giving the option to rapidly increase income.



TENANCY

Address	No. Beds	GIA (Sq Ft)	Rent Per Month	Rent Per Annum	Renewal Date	Tenant Status	ERV Per Month	ERV Per Annum
Flat 1 (1F)	2 Bed	544	£895	£10,740	12/03/2025	Professional	£1,000	£12,000
Flat 2 (1F)	1 Bed	464	£750	£9,000	30/09/2024	Professional	£800	£9,600
Flat 3 (1F)	1 Bed	500	£775	£9,300	25/10/2024	Professional	£800	£9,600
Flat 4 (1F)	1 Bed	464	£650	£7,800	Periodic	Professional	£800	£9,600
Flat 5 (1F)	1 Bed	371	£815	£9,780	27/03/2025	Professional	£815	£9,780
Flat 6 (1F)	1 Bed	271	£675	£8,100	30/04/2025	Professional	£800	£9,600
Flat 7 (1F)	1 Bed	289	£575	£6,900	Periodic	Professional	£800	£9,600
Flat 8 (1F)	2 Bed	789	£825	£9,900	Periodic	Professional	£1,000	£12,000
Flat 9 (1F)	1 Bed	511	£695	£8,340	Periodic	Professional	£800	£9,600
Flat 10 (1F)	1 Bed	520	£795	£9,540	15/08/2024	Student	£800	£9,600
Flat 11 (1F)	1 Bed	525	£735	£8,820	Periodic	Professional	£800	£9,600
Flat 12 (1F)	2 Bed	732	£845	£10,140	Periodic	Professional	£1,000	£12,000
Flat 13 (2F)	2 Bed	570	£825	£9,900	Periodic	Professional	£1,000	£12,000
Flat 14 (2F)	1 Bed	484	£710	£8,520	06/07/2025	Professional	£800	£9,600
Flat 15 (2F)	1 Bed	495	£750	£9,000	07/07/2025	Professional	£800	£9,600
Flat 16 (2F)	3 Bed	904	£1,040	£12,480	14/06/2025	Professional	£1,200	£14,400
Flat 17 (2F)	1 Bed	301	£695	£8,340	31/01/2025	Professional	£800	£9,600
Flat 18 (2F)	1 Bed	301	£675	£8,100	14/08/2024	Professional	£800	£9,600
Flat 19 (2F)	2 Bed	721	£895	£10,740	05/02/2025	Professional	£1,000	£12,000
Flat 20 (2F)	1 Bed	506	£695	£8,340	Periodic	Professional	£800	£9,600
Flat 21 (2F)	1 Bed	549	£815	£9,780	25/09/2025	Professional	£815	£9,780
Flat 22 (2F)	1 Bed	517	£725	£8,700	08/10/2024	Professional	£800	£9,600
Flat 23 (2F)	2 Bed	807	£925	£11,100	26/02/2025	Company	£1,000	£12,000
Flat 24 (3F)	2 Bed	563	£895	£10,740	21/07/2025	Professional	£1,000	£12,000
Flat 25 (3F)	1 Bed	488	£825	£9,900	10/04/2025	Student	£825	£9,900
Flat 26 (3F)	1 Bed	734	£995	£11,940	06/10/2025	Professional	£995	£11,940
Flat 27 (3F)	1 Bed	539	£875	£10,500	03/04/2025	Student	£875	£10,500
Flat 28 (3F)	1 Bed	302	£500	£6,000	Periodic	Professional	£800	£9,600
Flat 29 (3F)	1 Bed	294	£635	£7,620	Periodic	Professional	£800	£9,600
Flat 30 (3F)	2 Bed	789	£895	£10,740	05/09/2025	Professional	£1,000	£12,000
Flat 31 (3F)	1 Bed	542	£835	£10,020	06/11/2025	Professional	£835	£10,020
Flat 32 (3F)	1 Bed	539	£800	£9,600	18/07/2025	Professional	£800	£9,600
Flat 33 (3F)	1 Bed	524	£685	£8,220	13/07/2024	Professional	£800	£9,600
Flat 34 (3F)	2 Bed	672	£895	£10,740	26/01/2025	Professional	£1,000	£12,000
Mews 1 (GF)	Studio with Bed Deck	189	£525	£6,300	14/07/2025	Professional	£600	£7,200
Mews 2 (GF)	Studio with Bed Deck	215	£525	£6,300	Periodic	Professional	£600	£7,200
Mews 3 (GF)	Studio with Bed Deck	208	£625	£7,500	01/11/2025	Professional	£625	£7,500
Mews 4 (GF)	1 Bed	446	£625	£7,500	02/04/2025	Professional	£800	£9,600
Mews 5 (GF)	2 Bed Duplex	587	£810	£9,720	Periodic	Professional	£1,000	£12,000
Studio B (2F)	Studio	183	£450	£5,400	24/08/2024	Professional	£600	£7,200
Studio C (3F)	Studio	172	£450	£5,400	Periodic	Professional	£600	£7,200
Studio D (1F)	Studio	178	£595	£7,140	19/12/2024	Professional	£600	£7,200
Totals		20,299	£31,220	£374,640			£35,185	£422,220
Car Park	Spaces	19		£2,040				£9,120
Grand Total				£376,680				£431,340



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ESTIMATED RENTAL VALUE

Gross Rental Income

There are 42 apartments let on Assured Shorthold Tenancies, producing an annual income of £374,640 per annum. A large number of the leases are holding over and are currently let below market rents. The tone of the passing rents can be described as:

Unit Type	Current Average of Rent Per Month	Current Average of Rent Per Annum
1 Bed	£732	£8,786
2 Bed	£877	£10,527
2 Bed Duplex	£810	£9,720
3 Bed	£1,040	£12,480
Studio	£498	£5,980
Studio with Bed Deck (Mews)	£558	£6,700
Average	£743	£8,920

Rental Comparables

Address	No. Bedrooms	Rent £/PCM	Rent £/PA
Hadrian's Tower, Newcastle upon Tyne	Studio	£950	£11,400
City Co-Living Newcastle', Cale Cross House, Newcastle upon Tyne	Studio	£1,127	£13,524
Knoll Court, Tower Street, Newcastle Upon Tyne	Studio	£866	£10,400
Urban Study Melbourne, Melbourne Apartments, Newcastle upon Tyne	Studio	£910	£10,920
St Anns Quay, Quayside, Newcastle upon Tyne	1	£1,195	£14,340
Marconi House, Melbourne Street, Newcastle Upon Tyne	1	£1,000	£12,000
Hadrian's Tower, Newcastle upon Tyne	1	£1,200	£14,400
Hadrian's Tower, Newcastle upon Tyne	2	£1,800	£21,600
Marconi House, Melbourne Street, Newcastle Upon Tyne	2	£2,200	£26,400
55 Degrees North, Pilgrim Street, Newcastle Upon Tyne	2	£1,500	£18,000
City Road, Newcastle upon Tyne	3	£1,750	£21,000
Pilgrim Chambers, Hood Street, Newcastle Upon Tyne	3	£2,500	£30,000
Garth Heads, Dwell Student Living, Newcastle Upon Tyne	3	£1,650	£19,800

The ERV is based on the following:

Unit Type	ERV Per Month	ERV Per Annum
1 Bed	£800	£9,600
2 Bed	£1,000	£12,000
2 Bed Duplex	£1,000	£12,000
3 Bed	£1,200	£14,400
Studio	£600	£7,200
Studio with Bed Deck (Mews)	£600	£7,200
Average	£829	£9,943

ERV is based on standard 52 week AST's on a fully furnished basis and exclusive of bills.*

Net Rental Income

The property has a current Net Annual Income of **£313,849 pa** after management costs.

The property has a net annual ERV of **£368,509 pa** after management costs.

NEWCASTLE STUDENT INVESTMENT MARKET OVERVIEW

Whilst Tower House is let to largely young professional tenants the student accommodation market has some relevance to occupational demand.

The figure below demonstrates student and international student growth in Newcastle since 2016/2017.

NEWCASTLE	UK	NEWCASTLE	UK
14%	18%	39%	44%
Total student growth	Total student growth	International growth	International growth

The figure below demonstrates student and international student growth in Newcastle since 2016/2017.

University sector PBSA:		Private sector PBSA:	
Schemes	Beds	Schemes	Beds
16	6,317	56	14,530

There are roughly 60,000 full-time students in Newcastle, therefore, 65% of students in the city are unable to access PBSA. This compares with the UK average of approximately 60-65%, meaning PBSA provision is in line with the UK average, albeit at a low level.





SERVICE CHARGE

Details of the service charge / management accounts are available on request. A summary of the management costs are set out below.

	Y/E 31 March 2022	Y/E 31 March 2023	Y/E 31 March 2024
Rental Income	£301,006	£300,470	£324,478
Direct Costs			
Repairs & maintenance	£23,067	£14,983	£20,004
Insurance	£14,610	£15,341	£17,666
Heat, Light & Power	£7,954	£8,098	£11,322
Rates & Water	£2,333	£5,641	£4,764
Lift Telephone Line	£180	£204	£204
Letting Fees	£8,111	£12,616	£8,771
Cleaning	£2,826	£5,336	£4,462
	£59,082	£62,218	£67,193
Net Income	£241,923	£238,252	£257,286

Current Gross Income: £376,680 per annum

Current Net Income: £313,849 per annum

EPC

Further information is available on request.

TENURE

Freehold.

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.

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PROPOSAL

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A purchase at this price reflects the following yield profile: and a price per bed of circa £74,000, assuming purchasers costs of 6.60%.

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Net Reversionary Yield	8.64%	£368,509

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