

## **Marketing Report of**

Building 2  
Enterprise House  
North Hylton Road  
Sunderland  
SR5 3JE

20 February 2024



Sanderson  
Weatherall

Sanderson Weatherall LLP  
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Thank you for inviting SW to consider our views on marketing the subject property for letting purposes. We set out below some market commentary, recommendations as to how we would propose to market the unit and confirmation of our fees and terms of appointment.

### Location

The property is located in Sunderland which is situated on the River Wear some 15 miles south east of Newcastle upon Tyne and is a well-established retail and commercial centre. The city enjoys excellent access to the region’s major road networks lying immediately adjacent to the A19 and approximately 3 miles east of the A1(M). In addition, Sunderland benefits from regular rail and metro services.

Building 2, Enterprise House is situated within the Southwick area of Sunderland. Southwick is a small suburb of Sunderland located approximately 2 miles north west of the city centre. North Hylton Road and Wessington Way (A1231) provide direct access to the A19. Southwick is predominately a mixture of residential and industrial uses with a Lidl Supermarket in close proximity to the subject property.

The general location of the property is illustrated on the following Ordnance Survey extract.



### Description

As you know the property well we will not go into too great detail, however, would comment as follows:



The property comprises a two-storey self-contained office building of brick construction with the benefit of 5 dedicated car parking spaces.

Internally the property benefits from a spacious reception area with WC facilities to both ground and first floors. There is a passenger lift and kitchen to the first floor. The general specification of the offices is new carpet tiles, suspended ceilings with fluorescent strip lighting, gas central heating and raised access flooring. We understand that a new boiler is needed once a tenant has been identified.

## Accommodation

Based on our recent measured survey, the subject property comprises the following approximate net internal floor areas.

Description	Approximate Net Internal Floor Area	
	sq m	sq ft
Ground Floor	98.98	1,065
First Floor	110.02	1,184
Reception	13.91	150
<b>Total</b>	<b>222.91</b>	<b>2,399</b>

## Market Commentary

### Commercial Property Market Overview

In terms of the UK commercial property market, until the onset of COVID-19, one of the biggest challenges facing the property market was the uncertainty created by Brexit, however, the sudden onset of the COVID-19 pandemic created significant immediate challenges for the commercial property market.

The COVID 19 pandemic further highlighted existing trends that were already present in the market, and, with hindsight, it is clear that the sector which was worst affected was retail, which had been in decline for a number of years, due to the continuing increase in online shopping, which was further accelerated over the periods of lockdown. In addition, the office sector has faced changes, with hybrid working being seen as the 'new normal' for many businesses, and whilst occupancy levels are still not back at pre Covid-19 levels, recent statistics have suggested that approximately 40% of businesses are now 'back in the office' full time. However, the return of businesses to the office has highlighted another common trend, being the flight to quality, perhaps at the expense of floorspace, but with no real loss in productivity due to hybrid working models. The industrial and logistics market has however performed very strongly, with continued demand outstripping supply in many localities.

The economic uncertainty that occurred in the UK in 2022 and into 2023, following the 'mini budget' by the Chancellor of The Exchequer at that time, Kwazi Kwarteng, had a marked effect on the commercial property market, with transactional activity coming to a very abrupt halt in the days following the publication of the papers and the immediate impact on the foreign exchange and stock (FTSE) markets. Whilst the cessation in activity was marked, the rapid change in the leadership of the Conservative Government of the UK, did



steady the markets and the level of activity in the UK commercial property market showed a very rapid recovery.

Whilst there is little empirical market evidence that the late 2022 economic crisis severely affected commercial property investment yields, market sentiment suggests that property investment yields have softened from the very sharp pricing that was seen through 2021 and early 2022 and perhaps it could be argued that have returned to a more realistic and 'normal' level. Although the extent of the yield shift will vary from asset class to asset class, and will be dependent upon a variety of other elements such as asset quality, unexpired lease term, covenant strength, etc.

The ongoing geopolitical conflicts in the Ukraine and Gaza continue to have an impact on the Global and UK economy, as do the inflationary pressures that remain prevalent in the UK. The Bank of England base rate, which remains elevated, in comparison to recent history, at 5.25%, has been set at that level to try and control inflation, but also has the unintended effect of curtailing transactional activity in the property market as commercial mortgage interest rates are also consequently high, although there have been reports of a reduction in margins recently, that have reduced the costs of borrowing. Traditionally there is a delay between the implementation of monetary policy decisions and the bite being felt in the real economy and property markets, but the increases in interest rates over the first 9 months of 2023 have now manifested in the level of transactional activity across most sectors.

The political landscape in the UK will also be having an effect on commercial property transactions, with a General Election having to be held before 17 December 2024, creating additional uncertainty, although many commentators are predicting a change in government, what is unknown is where the balance of power will sit, and whether an incoming Government will have a clear majority, which will enable it to bring through legislative changes with limited opposition, or whether a hung or coalition parliament will occur, which will make implementing policy and passing legislation more difficult.

## Market Rent & Recommendations

We understand that the unit is currently being marketed at £18,000 per annum reflecting £7.50 per sq ft. Hylton Park on Hylton Park Road, a building SW have been involved with in the past, is a similar building with suites in the region of 2,800 sq. ft available to rent from £8.00 psf. Whilst the building is of a slightly similar specification, it is arguably situated within a slightly better location lying just off the A1231 and has a better parking provision (currently a ratio of 1:250 sq. ft.). We therefore believe £7.00/£7.50 psf is on par with the current market rental level for the area.

Following a thorough inspection of the premises, we would recommend that the building presents well internally as first impressions are key to attracting tenants. We would recommend that all furniture/rubbish is removed from the premises and the accommodation is made to appear clean and tidy.

## Suggested Marketing Strategy

We would intend to utilise the following marketing strategies to ensure the maximum exposure of the property if you chose to dispose of the units on a freehold basis:

## To Let Board

Marketing boards are always a good tool to utilise on any commercial property in order to generate greater interest, however, this tool generally attracts interest from the local market. We would recommend a 4x3 V-Angle board on stilts to be placed at the entrance to the estate on North Hylton Road. The cost for this would be 275 + VAT.

## Details

We will create marketing particulars in house and circulate the details to local, provincial and regional commercial agents together with requirements on our files and in response to enquiries. Marketing particulars would be drafted and sent through for approval prior to going live to the market. This would be free of charge.

## Internet

The property will be uploaded on to a number of property websites, including Rightmove, Zoopla, the SW website and Loopnet. We receive a good proportion of our enquiries through these internet platforms. This comes at a cost of £350 + VAT.

## Viewings

Viewings would be undertaken and accompanied by a member of Sanderson Weatherall Commercial Agency team – James Fletcher (Surveyor).

## Fees

Sanderson Weatherall would be delighted to undertake the work on your behalf and our fees would be calculated at 10% of the headline rent subject to a minimum fee of £1,500 + VAT exclusive of marketing expenses, disbursements, and VAT.

We trust the above is sufficient for your requirements at present however if you require any further information or have any questions / queries please do not hesitate to ask.

We look forward to hearing from you at your earliest convenience.

Yours sincerely

For and on behalf of Sanderson Weatherall LLP



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