

COB¹³ALT

COBALT 13A COBALT PARK, NEWCASTLE UPON TYNE, NE27 0QJ

Modern multi-let office investment

INVESTMENT SUMMARY

- Cobalt 13a presents an excellent opportunity to acquire a high yielding multi-let office building on the best business park in the North East.
- Occupiers located at the park include Sage Plc, Leeds Building Society, Newcastle Building Society, Proctor & Gamble, EE, Morrison Data Services, Accenture, DXC, Northumbria NHS, and North Tyneside Council. Over 14,000 people are employed at the park.
- Grade A office building comprising **30,165 sq ft across three storeys**.
- Multi-let to Det Norske Veritas, Neutron VR, Microvention and Reed in Partnership.
- **Excellent covenant strengths** with all tenants having a **minimum or lower than average risk of business failure**
- Annual rent of **£411,771** equating to a low rent of **£16.35 psf**.
- **Strong occupational velocity** following the completion of the **new letting and re-gear**.
- Added Value through letting the vacant space to increase rental income.
- **Excellent car parking provision of 1:238 sq ft**.
- WAULT on let space of **4.07 years to expiry** and **2.43 years to break**.
- EPC rating of C:65 and a BREEAM rating of 'very good'.
- 125 year long leasehold at a peppercorn rent.



Offers in the region of **£2,375,000** reflecting a **net initial yield of 16.3%** and a **capital value of £79 psf**, assuming standard purchasers' costs of 6.36%. The yield will rise to **19.56%** on letting of vacant space based on an ERV of £16.50 per sq ft.



LOCATION

Newcastle is the regional capital of the north east. The city is 98 miles north of Leeds, 104 miles south of Edinburgh and 277 miles north of London. Newcastle has a population of approximately 309,000 people.



New Northumberland rail line to re-open in the summer of 2024, with six new, fully accessible stations being built, the new line will stop at Ashington, Bedlington, Blyth Bebside, Newsham, Seaton Delaval, Northumberland Park and finally, Newcastle Central.



BY ROAD



Newcastle has excellent access via the A1 south to Leeds and north to Edinburgh. Road communications via the A19 to the south have been significantly improved by the completion of the triple decker junction at Sliverlink allowing separation of the A19 and A1058 Coast Road and the recent duelling of the Tyne Tunnel.

BY RAIL



Newcastle Central Station is strategically located on the East Coast Mainline with fastest journey times to London Kings Cross of 2 hours 40 minutes, and 1 hour 20 minutes to Edinburgh Waverley.

BY METRO



The Tyne & Wear Metro is the largest light rail system outside of London, with a total of 60 stations providing outstanding connections throughout the metropolitan area.

BY AIR

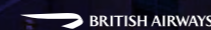


Newcastle International Airport, located to the north west of the city, has daily flights to Stansted, Heathrow and Gatwick with journey times of less than one hour. Other domestic destinations include Belfast, Dublin, Bristol, Exeter, Jersey and Southampton. With international destinations across Europe, Middle East and North America.

NEWCASTLE

Newcastle is the primary office location in the north east of England, attracting demand from private sector occupiers.

With a total office stock of approximately 16.2 million sq ft it is the 10th largest market in the UK.



The city has benefitted from significant investment projects including: Newcastle Helix, The Quayside Regeneration, the Baltic Centre for Contemporary Arts, the Hadrian Tower, the Grainger Town Project and the Gateshead Millennium Bridge. The latest project is the announcement of HMRC's pre-let of 462,000 sq ft of new office space within the city centre at Pilgrims Quarter.

The commercial focus for the city has shifted towards the service sector with companies such as Sage, British Airways, Procter and Gamble, Sky, EE and the tech and digital sector with Ubisoft, Sumo Group, Zerolight, Artic Wolf, Thoughtworks, Epic Games and BBC Tech Hub setting up significant operations.

The region has also continued to experience high levels of foreign investment. This has been demonstrated by the development of **IAMP (International Advanced Manufacturing Park)** serving Nissan at their plant at Washington and **Hitachi** recently completing their large facility for construction of rail carriages in County Durham.

Major companies that also have significant presence in the city include **Womble Bond Dickinson, Convergis, PWC, Deloitte, Brewin Dolphin, World Pay, Virgin Money, Barclays and Lloyds Banking Group.**

There is now less than 275,000 sq ft of Grade A office accommodation in the city centre reflecting a void of just 15%



COBALT PARK



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With a total office stock of approximately 16.2 million sq ft it is the 10th largest market in the UK.

Cobalt Park has developed **1,618,000 sq ft of offices** to date and is **80% let**. The park employs approximately **14,000 people** and there is no longer any brand new space available.



SITUATION

Cobalt Park is situated on the junction of the A19 and the A1058 Coast Road approximately 10 minutes northeast of Newcastle City Centre.

Cobalt 13a is centrally situated on the north section of the park with Accenture with Regus who occupy the adjacent buildings.

Amenities on the Park include a Tesco convenience store, Greggs, and a Busy Bees day nursery. Silverlink Retail Park, adjacent to Cobalt Park, provides an excellent retail and leisure offering, including an Odeon cinema, M&S, Next, Currys, Frankie & Benny's and Pizza Hut. A Village Hotel together with Spa and Gym is located at the northern entrance to Cobalt Park. A new 80 bed Travelodge hotel has also opened at the centre of the park.

OCCUPIERS

1	Santander	7	Northumbria Healthcare NHS Trust Plus Conference Centre	15	SpaMedica
2	accenture	8 & 9	E		Cybit miller homes
3	Regus	10	Leeds Building Society	16 & 17	Sage
4	North Tyneside Council Capita accenture Adopt North East	11	ABCA FIRE & SECURITY	18	Newcastle Building Society
5	North Tyneside Council	12	MORRISON Data Services	19	JAGUARS LAND ROVER
6	P&G	13	DXC technology	20	ASTON MARTIN
		14	MGroupServices	21	STEIJUM

AMENITIES

A	COBALT HOSPITAL	F	Cobalt Central
B	VILLAGE HOTEL CLUB		GREGGS The home of fresh baking™
C	Busy Bees		TESCO express
D	Travelodge		GEORDDIE BANGERS
E	CBX Cobalt Business Exchange & Conference Centre		SECURITY CBX Cobalt Business Exchange CENTRAL
			more Information and Management Centre

DESCRIPTION

Cobalt 13a is a modern three storey office building providing 2,802.4 sq m (30,165 sq ft).

The property was constructed in 2007 and provides highly specified office accommodation arranged around a centrally located core, allowing flexibility to split each floor into two wings of approximately 454 sq m (5,000 sq ft) each.

The property's specification includes:

- **Double height reception and atrium**
- **Four 13 person passenger lifts**
- **VRF air conditioning**
- **3m clear floor to ceiling height**
- **LG7 lighting**
- **BREEAM 'Very Good' rating**
- **127 dedicated car parking spaces providing a ratio of 1:238 sq ft**
- **EPC rating of C:65**



ACCOMMODATION

The property extends to 30,406 sq ft, arranged as follows:

	Sq m	Sq ft
Ground Floor Wing A	460.3	(4,955)
Ground Floor Wing B	463.1	(4,985)
First Floor	909.5	(9,790)
Second Floor	969.4	(10,435)
Total	2,802.4	(30,165)

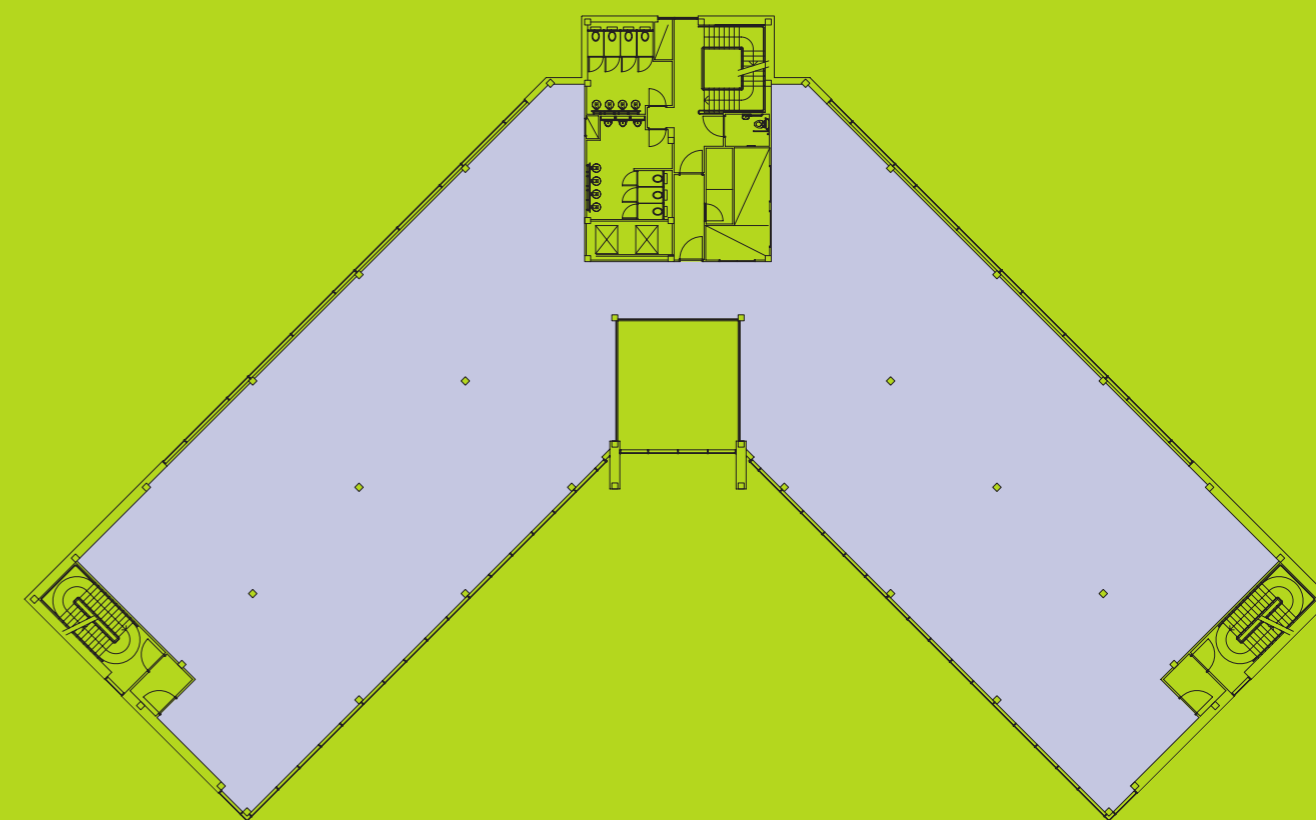
There is excellent car parking provision, with 127 spaces onsite, providing an excellent ratio of 1:238 sq ft.

BUSINESS RATES

The business rates for the property are £4.30psf.

SERVICE CHARGES

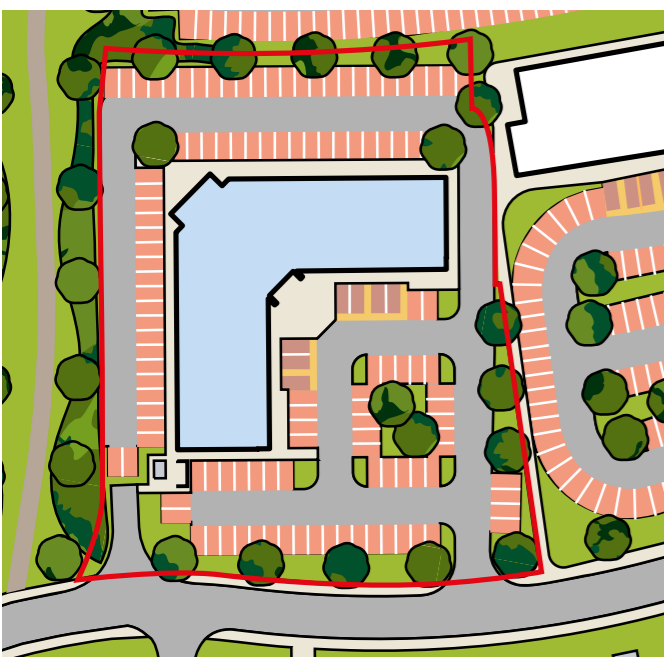
The service charge for the property is £6.50psf.



Typical Floor Plate

Double height feature reception and atrium

Open floor plates



TENURE

The property is held long leasehold for a term of 125 years less 20 days from 29th March 1996 at a peppercorn rent. The unexpired term is therefore approximately 98.5 years.

The lease will be extended back to 125 years as part of the purchase.

The property sits on a 1.33 acre (0.54 hectare) site.
(Not to scale, for identification only)



TENANCIES

The property is let according to the following tenancy schedule:

Demise	Size (sq ft)	Tenant	Term	Break Date	Rent pa (psf)	ERV (psf)	Comments
Ground Floor Wing A	4,955	Microvention UK Limited	21/03/24 – 20/03/34	20/03/2029	£81,758 (£16.50)		6 months rent free followed by stepped rent to be topped up by the vendor, as follows:- Year 1 £49,550 per annum Year 2 £59,460 per annum Year 3 £64,415 per annum Year 4 £71,847 per annum Year 5 £81,758 per annum
Ground Floor Wing B	4,985	3T Transfrom Limited	05/12/19 - 04/12/29	N/A	£81,000 (£16.25)		Lease recently regearred and break clause removed. Stepped rent to be topped up by the vendor, as follows:- Year 1 £59,950 per annum Year 2 £32,500 per annum Year 3 £59,500 per annum Year 4 £81,000 per annum
First Floor	9,790	DNV GL Ltd	05/03/15 - 04/09/24	N/A	£159,088 (£16.25)		Not in occupation and will be exiting the property on lease expiry.
Second Floor Wing A	5,450	Reed in Partnership	05/10/21 - 31/07/27	31/07/24 31/07/25 31/07/26	£89,925 (£16.50)		
Second Floor Wing B	4,985	Vacant	N/A	N/A	-	£82,250 (£16.50)	
TOTAL	30,165				£411,771 (£16.35)	£494,021	

TENANT COVENANTS



Microvention UK is a wholly owned subsidiary of Microvention Inc which is a US based company. The company is focused on the sale of medical equipment to both public and private sector customers in the UK. The Company's parent is Terumo Corporation who are a global medical technology company. Microvention UK Ltd offers innovative proprietary single use instruments and systems used in interventional radiology to perform minimally invasive treatment of blood vessels which help improve patient and hospital outcomes.

Microvention UK has a Dun and Bradstreet rating of 2A2 representing a lower than average risk of business failure. Recent accounts as follows:-

	31 March 2023	31 March 2022	31 March 2021*
Sales Turnover	£12,526,509	£11,799,215	-
Profit / (Loss) Before Taxes	£619,876	£826,856	-
Tangible Net Worth	£5,077,419	£4,585,685	£3,966,877
Net Current Assets (Liabilities)	£5,028,413	£4,541,364	£3,905,611

*Small business not listed



DNV GL Limited became DNV on 1st March 2021. They are a global quality assurance and risk Management Company who enable customers to advance the safety and sustainability of their business. DNV provide classification, technical assurance, software and independent expert advisory services to the maritime, oil & gas, power and renewable industries. DNV origins stretch back to 1864 with operations in more than 100 countries.

DNV has a Dun and Bradstreet rating of 4A1 representing a minimum risk of business failure. Recent accounts as follows:-

	31 December 2022	31 December 2021	31 December 2020
Sales Turnover	£58,852,017	£38,271,444	£33,847,129
Profit / (Loss) Before Taxes	£5,173,565	£43,812	£713,520
Tangible Net Worth	£21,632,688	£18,013,404	£17,671,646
Net Current Assets (Liabilities)	£18,746,075	£13,599,434	£15,990,731

TENANT COVENANTS

Reed in Partnership

Established in 1998, **Reed in Partnership Limited** delivers services that positively transform people and their communities, focused on public service contracts in areas including Employment Services, Business Support, Skills, Preventative Health, Advice and Guidance, and services providing support to young people.

Within its employment services sector, the Reed in Partnership Limited Group delivers the Work and Health Programme and Intensive Personalised Employment Support programme in the North East of England, Work and Health Programme in South London, the Steps 2 Success programme in Northern Ireland and six ESF-funded employment programmes in Hertfordshire, Greater Cambridge and Greater Peterborough, Cornwall, London and The Marches. The Group recently commenced delivery of the Job Entry: Targeted Support expansion of the Work and Health Programme to support the growth in recently unemployed participants as a result of the COVID-19 pandemic.

Reed in Partnership Limited has a Dun and Bradsheet rating of 5A1 representing a minimum risk of business failure. Recent accounts as follows:-

	30 June 2023	30 June 2022	30 June 2021
Sales Turnover	£197,249,000	£195,451,000	£72,072,744
Profit / (Loss) Before Taxes	£21,039,000	£27,129,000	£3,926,753
Tangible Net Worth	£45,401,000	£41,161,000	£19,371,857
Net Current Assets (Liabilities)	£63,280,000	£24,730,00	£16,440,368

T TRANSFORM

3T Transform Limited has a Dun and Bradsheet rating of N2 representing a lower than average risk of business failure. Recent accounts as follows:-

	31 December 2022	31 December 2021	31 December 2020
Sales Turnover	£2,310,398	£1,830,437	£919,645
Profit / (Loss) Before Taxes	£(1,789,450)	£(1,655,913)	£(810,938)
Tangible Net Worth	£(885,997)	£(4,788,533)	£(3,470,272)
Net Current Assets (Liabilities)	£(578,744)	£(4,486,336)	£(3,099,601)

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EPC

The property has an EPC rating of C:65.

Furthermore the property benefits from a BREEAM rating of 'Very Good'.

VAT

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

PROPOSAL

Offers in the region of **£2,375,000** reflecting a **net initial yield of 16.3%** and a **capital value of £79 psf**, assuming standard purchasers' costs of 6.36%. The yield will rise to **19.56%** on letting of vacant space based on an ERV of £16.50 per sq ft.

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