

# 55-57 NORTHUMBERLAND STREET



## NEWCASTLE UPON TYNE

PRIME REVERSIONARY HIGH STREET INVESTMENT







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# INVESTMENT SUMMARY

- Newcastle is the regional capital and principal economic focus providing the main cultural and commercial centre for the north east of England
- Significant primary catchment population in excess of 1,502,000, ranking 3<sup>rd</sup> in the UK
- Excellent retail offer with anchor tenants including:  
M&S  John Lewis Waitrose  
PRIMARK<sup>®</sup>  DEBENHAM'S  
EST. 1884 BRITAIN'S FAVOURITE DEPARTMENT STORE
- 100% prime retailing location on the pedestrianised Northumberland Street
- Card Factory have recently reported a 6% increase in total sales
- Well configured retail unit
- Unexpired term of 7.1 years
- Reversionary asset
- Freehold

## PROPOSAL

Net Income:	£275,000 per annum
Offers in excess of:	£5,150,000 (subject to contract)
Net Initial Yield:	5.00%
Equivalent Yield	5.55%
Reversionary Yield	5.62%










# LOCATION

The city of Newcastle is the regional capital and principal economic focus of the north east of England and is one of the most dynamic cities in the UK.

Newcastle is located approximately:

**277 MILES** north of London  
**93 MILES** north of Leeds  
**103 MILES** south east of Edinburgh

-  The city benefits from excellent road communications served by the A1(M) which links to the UK's motorway network providing access to Edinburgh in the North and London, Manchester and Leeds in the south.
-  Newcastle is served by 2 city centre railway stations, Newcastle Central Station and Manors Station. Both are on the East Coast Mainline, offering a fastest journey time of 2 hours 37 minutes to London Kings Cross and 1 hour 25 minutes to Edinburgh Waverley. Newcastle benefits from an underground rail network, connecting the city centre with the wider Tyneside area, stretching from Sunderland in the south east and the airport in the north west.
-  Newcastle International Airport is approximately 6 miles north west of the city centre, servicing 4.6 million passengers who fly to more than 80 destinations.

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# DEMOGRAPHICS

Newcastle has an extensive primary catchment area with a total population of 1,502,000, whilst the shopping population is 616,000, ranking 3<sup>rd</sup> and 6<sup>th</sup> in the UK, respectively. **The city also ranks 3<sup>rd</sup> in terms of the volume of comparison retail spend available in the catchment area.** The city benefits from a further influx of 17,000,000 tourist per annum, adding £1.4 billion of spending per year to the local economy.

Rank	1	2	3	4	5	6
Primary Catchment Population *	Glasgow	Manchester	<b>Newcastle</b>	Leeds	Birmingham	Cardiff
Shopping Population *	Glasgow	Manchester	Birmingham	Liverpool	Leeds	<b>Newcastle</b>
Per Capita In-Store Comparison Retail Expenditure *	Glasgow	Manchester	<b>Newcastle</b>	Leeds	Birmingham	Cardiff

\*Excluding London



# RETAILING IN NEWCASTLE UPON TYNE



Newcastle is one of the UK's leading retail centres and is the primary destination for shoppers in the North East of England, generating a retail spend of £1 billion per annum.

The city centre's retail space is approximately 2,600,000 sq ft, ranking as the 6<sup>th</sup> biggest in the UK (Promis).

The prime retailing pitch is centred on the pedestrianised Northumberland Street and Intu Eldon Square Shopping Centre. Northumberland Street is anchored by M&S, Fenwick, Primark and H&M, where rents have historically peaked at £330 Zone A.

Intu Eldon Square is one of the largest city centre shopping destinations in the UK and comprises of 1,400,000 sq ft of retail space. **The shopping centre is anchored by John Lewis with both Fenwick and Marks and Spencer having entrances into the centre.** The scheme has been transformed by a £170m investment involving a series of development projects. The centre has an estimated annual footfall of 34 million and includes tenants such as:

John Lewis TOPSHOP Fenwick Boots  
 Apple next Superdry. RIVER ISLAND

The Aberdeen Standard Investments owned Monument Mall has undergone a significant redevelopment and is anchored by TK Maxx, with entrances onto both Blackett Street and Northumberland Street. Tenants include Hugo Boss, Jack Wills, Fat Face, Jamie's Italian, Sports Direct, Michael Kors and Molton Brown. The block was purchased by Standard Life in December 2015 for £75 million, which reflected a net initial yield of 4.3%.

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# SITUATION

The property is situated in a prominent position in the centre of the pedestrianised Northumberland Street, which is considered the 100% prime retail pitch in the city centre. The property is adjacent to EE and H Samuel and opposite JD Sports, Superdrug and H&M.

# DESCRIPTION

The subject property is an attractive and well configured retail premises based over basement, ground and two upper floors. The tenant is trading from the ground floor only. The property benefits from a sales staircase down to the basement, which the tenant has currently covered up.



# ACCOMMODATION

We have measured the property in accordance with the RICS Code of Measuring Practice 6<sup>th</sup> Edition which provides the following net internal areas:

Floor	Uses	Area (sq m)	Area (sq ft)
Ground	Sales	184.1	1,981
ITZA			1,056 (units)
Basement	Ancillary	134.9	1,452
First	Ancillary	185.7	1,999
Second	Ancillary	166.9	1,796
Total		671.6	7,228





# TENURE

The property is held freehold.

# TENANCY

The property is let in its entirety to Sportswift Ltd, trading as Card Factory. The unit is let on a lease expiring 21<sup>st</sup> June 2025, by way of an existing lease to 21<sup>st</sup> June 2020 and a reversionary lease for a term of 5 years from 22<sup>nd</sup> June 2020, providing an unexpired term of 7.1 years. The passing rent is £275,000 per annum and the lease is subject to an upwards only rent review on 22<sup>nd</sup> June 2020, at the commencement of the reversionary lease.

Further information available on request.

# RENTAL COMMENTARY

We have analysed the passing rent of £275,000 per annum to reflect £215 Zone A. This assumes A/20 for the basement and first floor ancillary areas and A/40 for the second floor ancillary area.

Historically, prime rents on Northumberland Street reached £330 Zone A. Currently, there are no void units on this section of Northumberland Street and we are of the opinion an open market letting would achieve a rent reflecting £240 Zone A.

Intu's Eldon Square has achieved £293 Zone A on a letting in 2017 and the Metro Centre has achieved £264.50 Zone A. Additionally, prime Zone A rents are currently £300 in Manchester, £285 per sq ft in Birmingham and £250 per sq ft in Leeds and Liverpool.

At today's date, we are of the opinion that the subject property would achieve an ERV of £309,000 per annum, reflecting £240 ZA.

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Card Factory  
has recently  
reported a 6%  
increase in  
total sales

# COVENANT

**Sportswift Limited** (Company No 03493972) t/a Card Factory, is a chain of greeting card and gifts stores in the UK. First opened in 1997, the company is listed on the London Stock Exchange, and is a constituent of the FTSE 250 Index. The company operates from approximately 900 stores.

	2017	2016	2015
Turnover	£379,540,000	£362,226,000	£336,676,000
Pre Tax Profit	£81,718,000	£92,210,000	£61,347,000
Net Worth	£62,010,000	£80,967,000	£56,745,000

Sportswift Limited has a Creditsafe Rating of 62 representing a 'low risk' of business failure.







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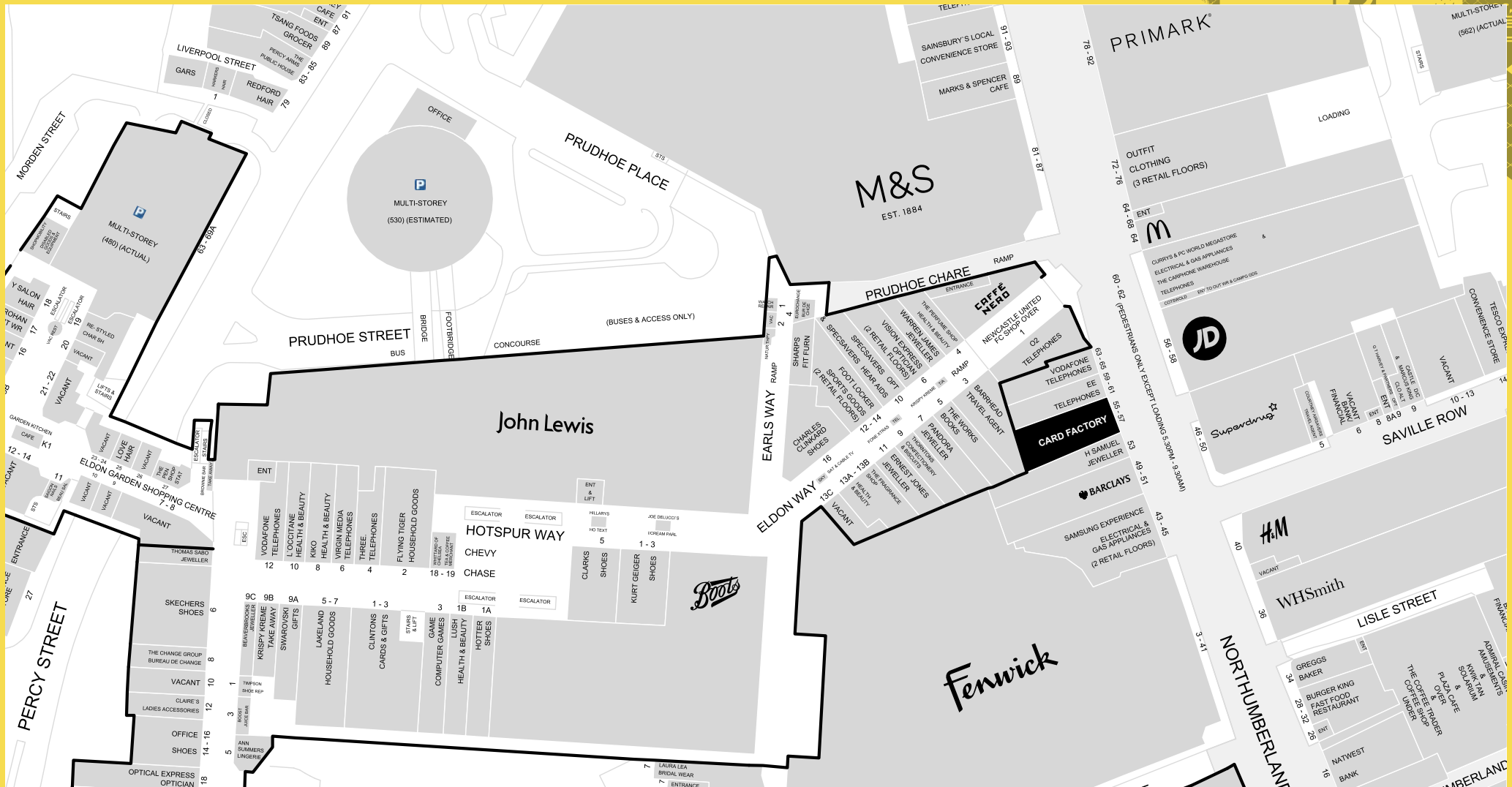
## INVESTMENT COMPARABLES

Address	Date	Tenant	Price	Net Initial Yield	Comments
50-52 Northumberland Street, Newcastle	On the Market	Superdrug	£4,375,000 (quoting)	5.50%	Over-rented
36-40 Northumberland Street, Newcastle	April 2018	H&M, WH Smith, Clas Ohlson	£31,500,000	5.43%	Clas Ohlson had vacated
49-51 & 53 Northumberland Street, Newcastle	Dec 2017	Barclays, H Samuel	£7,100,000	5.11%	Long leasehold
54-55 Briggate, Leeds	Dec 2017	H Samuel	£5,800,000	5.18%	Over-rented
64-70 Northumberland Street, Newcastle	Jan 2017	PC World/Currys, Cotswold Outdoor	£12,650,000	4.99% (4.44% Equiv)	Over-rented



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## EPC

An EPC for the property can be provided upon request.

## VAT

The property is not elected for VAT purposes.

# PROPOSAL

We are instructed to seek offers for our client's freehold interest in excess of **£5,150,000** (Five Million, One Hundred and Fifty Thousand Pounds), subject to contract and exclusive of VAT. A purchase at this level would reflect a **Net Initial Yield of 5.00%** and a **reversionary yield of 5.62%**, after allowing for purchasers costs of 6.60%.



## FURTHER INFORMATION

For further information or to arrange an inspection of the property, please contact:

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