



WHR

For Sale

INVESTMENT

Good Quality, Well Located Industrial Investment

Extends to 1,098 sq m (11,819 sq ft)

North Shields
Units D1 and D2, Tyne Tunnel Trading Estate,
Narvik Way, North Shields, NE29 7XJ

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Investment Summary

- Recently refurbished industrial unit
- Extends to 1,098 sq m (11,819 sq ft)
- Prominent location within a popular commercial area
- Long unexpired term of over 12 years (Nov 2024 expiry)
- Rent reviews linked to RPI (open)
- Next review November 2014
- Current passing rent of £45,000 pa exclusive
- **Offers of £430,000 NIY - 10%, REV = 12.2% (Nov 2014)**

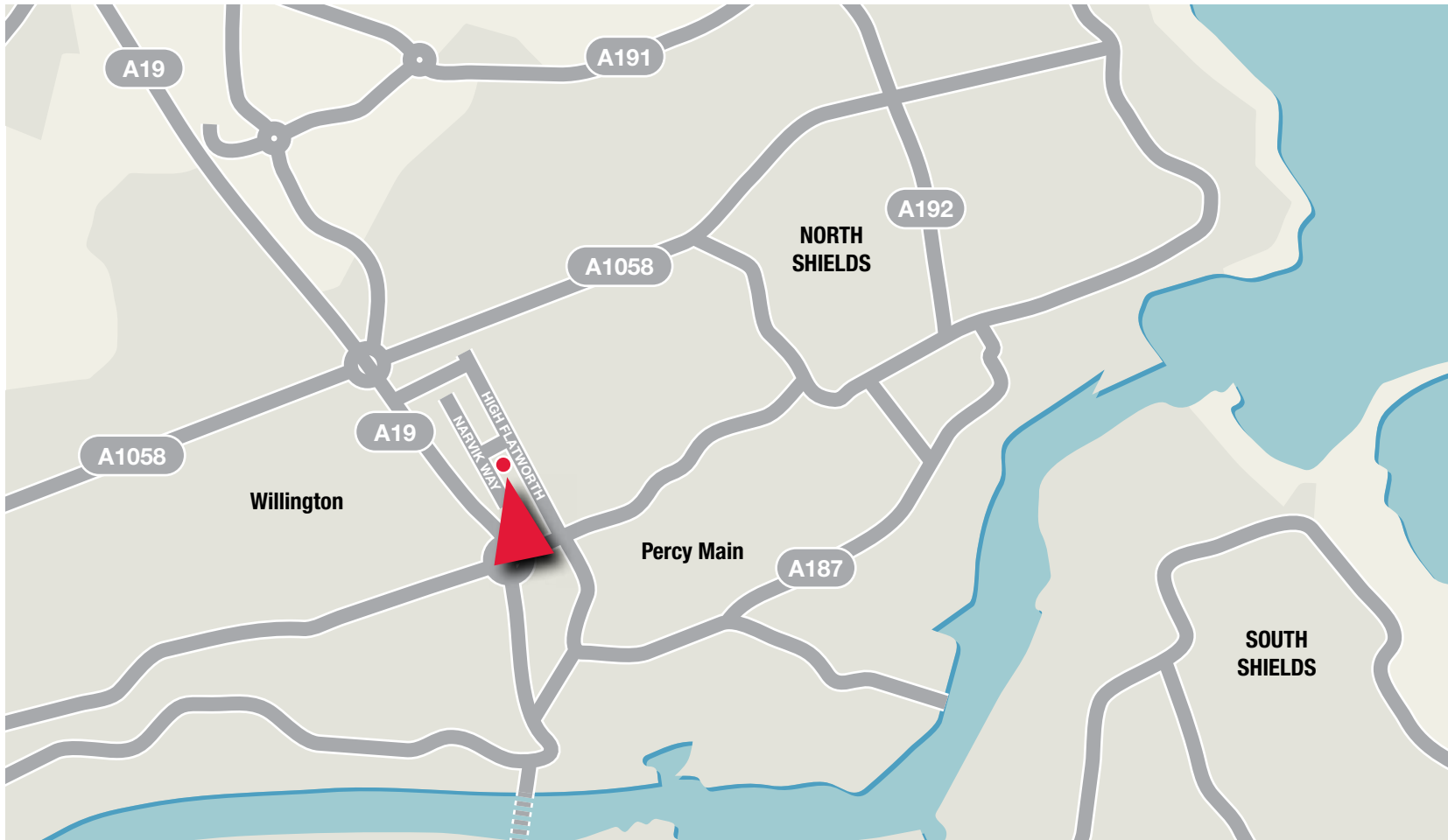
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Location

North Shields is located at the mouth of the River Tyne approximately 13km (8 miles) East of Newcastle upon Tyne, 35km (22 miles) North of Durham and 12km (7.5 miles) to the North West of Sunderland.

The A194(M) provides access to Junction 65 of A1(M) approximately 16km (10 miles) to the South, which links to the national motorway network, and A188 which connects with the A69 Newcastle/Gateshead bypass and links to Carlisle and the North West. The A19/A132 provides direct access to the A1 running further North to Scotland.

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Situation

The Tyne Tunnel is a well established commercial estate located immediately adjacent to the intersection of the A19 Tyne Tunnel Approach Road and the A1058 Coast Road. The estate comprises of over 1m sq ft of commercial property and serves the North Tyneside and Newcastle conurbations.

The subject property is situated off Narvik Way, almost adjacent to the Tyne Tunnel Trade Park which is home to Screwfix, Plumb Centre and Domani Bathrooms. Other local occupiers include HSS Hire, JTF, Jewson and the Graham Group.

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Description

The subject property comprises of a modern detached industrial unit of steel portal frame construction which was originally constructed as two units. Each unit has a traditional insulated pitched roof with profile metal cladding incorporating translucent roof panels. The property also benefits from perimeter ribbon glazing at a high level on the eastern elevation.

The external elevations are predominantly brick construction, however, when the unit was comprehensively refurbished in 2009 the elevations were modernised and rendered to the lower levels with modern profile steel cladding above.

The unit has excellent loading with ground level access via an electrically operated roller shutter loading door to the front elevation and an additional two tailboard loading doors to the side elevation.

The warehouse benefits from sodium lighting and the floor is predominantly sealed concrete, however, the tenants have installed additional drainage and waterproofing for their brewing process.

The property incorporates a double glazed reception area which provides access to the office accommodation, and part of this area to the front was recently converted to a factory shop/off licence which is fitted to a high standard as a fully functioning bar and is utilised for public and customer sales.

Car parking for approximately 15 vehicles is provided to the front and side of the unit (highlighted blue on the plan).

Accommodation

The property is measured on a gross internal area (GIA) basis according to the RICS and has the following area:-

Accommodation	Sq M	Sq Ft
Warehouse/reception/offices	1,098.0	11,819

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Terms

The property is let to the North East Brewing Company (trading as Mordue Brewery) by way of a 15 year full repairing and insuring lease at a current passing rent of £45,000 per annum exclusive. The lease is subject to 5 yearly upward only rent reviews in line with the retail prices index (RPI), the next review therefore being due in November 2014.

Reversion

The current passing rent reflects a relatively low base rent of only £3.81 per sq ft, which is currently below our estimated rental value of £4.00 per sq ft. However, rent reviews are linked to the retail prices index (open), which has already established over 10 % growth from October 2009 to October 2011. If a conservative annual estimate of 3.5% is projected for the following three years, this would provide a potential rent review uplift in November 2014 of 20 % reflecting a review of £55,000 per annum exclusive.

We would therefore suggest the property should achieve a rent of **£55,000 pa** on this basis.

Covenant

The North East Brewing Company Limited (company number 06483694) was incorporated in January 2008 and enjoy small company exemption from posting full accounts. For the year ending March 2011 they reported total assets of £216,000. Further information available on request, or via their company website: www.morduebrewery.com.

Tenure

The property is held by way of a 125 year ground lease from 30 March 2005 at a fixed rent of 1 peppercorn.

VAT

We understand the property is elected for VAT and therefore VAT will be payable on the purchase price. We would anticipate the transaction to be by way of a TOGC.

Proposal

We are instructed to seek **offers in the region of £430,000** for our client's long leasehold interest which would reflect a **net initial yield of 10%**, and attractive **reversionary yield in November 2014 of 12.2%** based on the assumptions above and after usual purchaser costs of 4.8%.

Contact

For further information or to arrange an inspection of the property please do not hesitate to contact:

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