

# FOR SALE

Naylors   
Gavin Black

## Multi-Let Investment Portfolio on Prime Estate

The Avenues, Eleventh Avenue North, Team Valley Trading Estate, Gateshead NE11 0NJ



# Investment Highlights



- **Reversionary Industrial and Office portfolio** located on the North East's prime commercial estate
- Within a **10 minute** drive time of **central Newcastle** and **2 minutes from the A1**
- Total passing income of £126,440 pa exc. VAT (a low £6.00 psf on the industrial space and low average £7.47 psf on the offices)
- The offices are priced at low capital value, offering potential for break-up sale premium to smaller investors, or sale to owner occupiers
- The modern industrial space is considered under-rented, with consistently low supply on Team Valley
- Seeking offers over **£1,300,000 (one million and three hundred thousand pounds)** reflecting a net initial yield of **9.18%** (reversion to 11.35% at ERVs) and low blended capital value of £62.53 per sq ft
- Consideration may be given to sale of the industrial and office assets separately

# Location & Communication

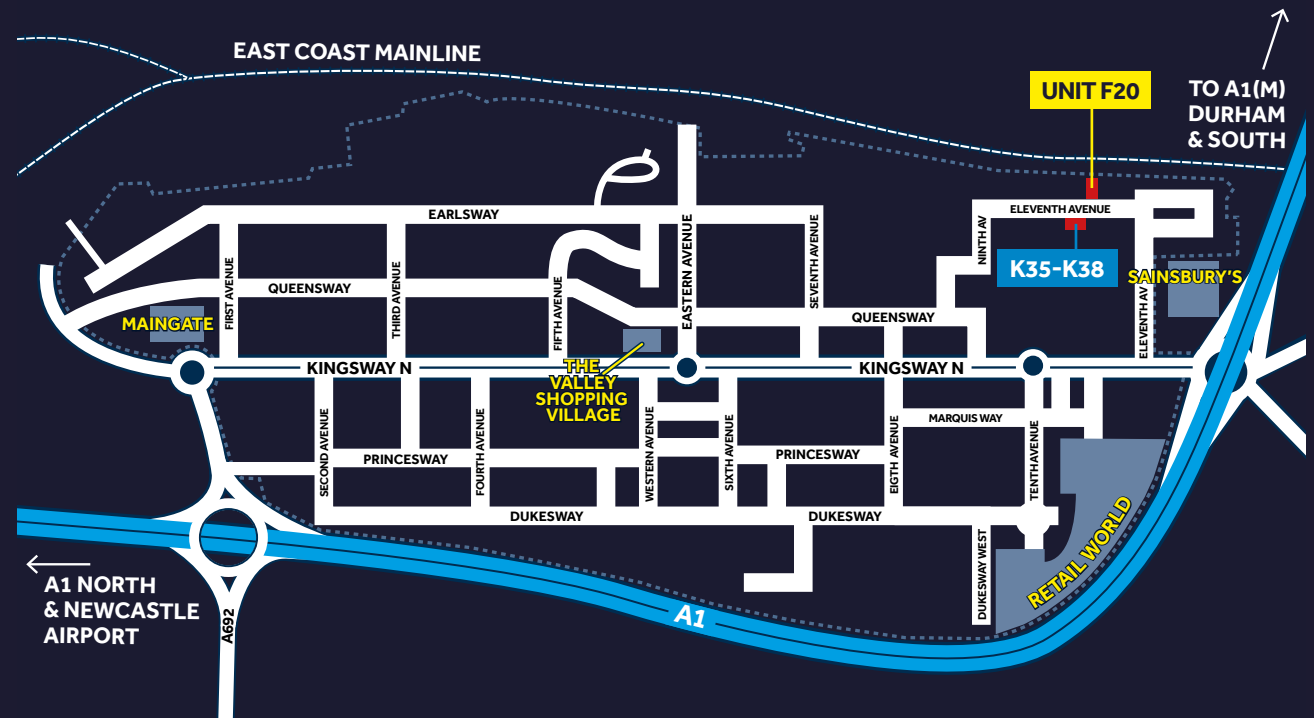
The property is located within the Team Valley Trading Estate, one of the North East's busiest and most important commercial areas. It covers a total of approximately 238 hectares and provides in excess of 650,000 sq m of commercial accommodation.

The estate lies approximately 4.5 miles south of the Newcastle Gateshead conurbation and has direct access onto the A1 trunk road linking the North and Scotland with the Midlands and the South.

The Avenues is situated on Eleventh Avenue North towards the southern end of Team Valley, with easy access to Kingsway, bus routes and within walking distance of Sainsburys.

## Tenancy

The property is held by way of a long peppercorn ground lease for a term of 125 years from 25th December 1989.



# Unit F20

A self-contained semi-detached unit built in the early 1990's, being of steel portal frame construction with part brick part clad elevations under an insulated steel clad pitched roof. The clear eaves height is 5.5m.

Internally the property has three phase electricity, integral offices and amenities areas. There is a mezzanine storage area above the offices extending to 102.06 sq. m (1,099 sq. ft) which we understand was erected by the tenant and therefore has not been rentalised. The property benefits from a large external loading and parking for 21 cars.

The adjoining Unit F19 forms part of the disposal but has been previously sold off on a long peppercorn lease expiring on 21 December 2114.

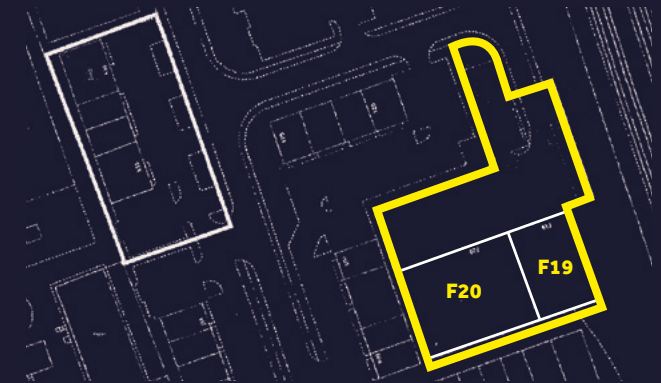


ADDRESS	TENANT/ OCCUPIER	SIZE SQ FT	START DATE	EXPIRY	RENT REVIEW	RENT €	PSF €	ERV €	ERV € PSF	COMMENTS
UNIT F19	R D Properties		Ground Lease		N/A					The tenant has the right to use 10 designated car parking bays
UNIT F20	Tyne Tees Ceramics Ltd	10,022	26/09/2017	25/09/2027	N/A	€60,000	€6.00	€70,000	€7.00	
<b>TOTAL</b>		<b>10,022</b>				<b>€60,000</b>	<b>€6.00</b>	<b>€70,000</b>	<b>€7.00</b>	

Tyne Tees Ceramics Limited is a family run business who have operated from Team Valley since they were established in 1983. The company import porcelain, ceramic and mosaic tiles which are sold to a range of customer including bathroom centres, tile shops, regional developers, trade and public. Their range is displayed in their showrooms adjacent to Unit F20 on Perth Court, as well as Wear Street, Sunderland.

For the year ending 31 December 2022, the company showed a gross profit of €62,074 and shareholders fund of €782,333.

We consider that the passing rent equating to €6.00 per sq ft is under-rented with the ERV comfortably being €70,000 pa (€7.00 per sq ft) given the continued lack of modern supply of units on Team Valley against robust demand.



# K35-K38

## The Avenues

The property comprises of a terrace of two storey offices with brick elevations under a tile pitched roofs. Externally there is demised parking for the respective tenants. The individual offices are self-contained with access from the car park and offer good quality space with double glazed windows, heating (some units also having air conditioning), suspended ceilings with recessed lighting and male, female, and accessible toilets.

The leases are on internal repairing and insuring terms with the landlord responsible for maintaining the structure, with the ability to recover the costs associated via the service charge.



ADDRESS	TENANT/ OCCUPIER	SIZE SQ FT	START DATE	EXPIRY	RENT REVIEW	RENT £	PSF £	ERV £	ERV £ PSF	COMMENTS
UNIT K35	Academy Geomatics Ltd	3,721	26/05/2023	25/05/2033	OMV on 26/05/2028	£30,000	£8.06	£30,000	£8.06	First years rent at half rate. This to be topped up upon sale. Deposit held of £7,500.
UNIT K36	Malones Electricals Group Ltd	1,623	01/08/2022	31/07/2027		£11,500	£7.09	£12,984	£8.00	
UNIT K37	Cardinal Energy Group Ltd	1,625	01/08/2019	31/07/2024		£11,500	£7.08	£13,000	£8.00	Rent currently reduced to £6,000 pa to assist tenant with cashflow.
UNIT K38 GROUND FLOOR	Team Digital Ltd	1,929	21/08/2015	20/08/2020		£13,440	£6.97	£15,432	£8.00	Tenant holding over.
UNIT K38 FIRST FLOOR	Vacant	1,870						£14,960	£8.00	
<b>TOTAL</b>		<b>10,768</b>				<b>£66,440</b>	<b>£7.47</b>	<b>£86,376</b>	<b>£8.02</b>	

# K35-K38

## The Avenues

There is a healthy market for smaller 'own front door' office space on Team Valley from occupier on both lease and purchase basis. The latest letting on the subject property, K35, in May 2023 shows a rent of £8.06 per sq ft. This is a healthy discount to the rent achieved on similar schemes on Team Valley such as Marquis Court where rents are in the region of £10 per sq ft.

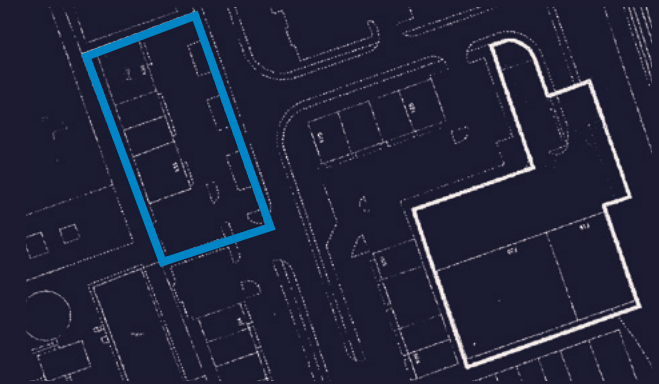
Demand from owner occupiers is also strong with capital values as high as £126 per sq ft being achieved. Recent evidence includes:



ADDRESS	DATE	SIZE (SQ FT)	PRICE (YIELD)	PRICE (SQ FT)	TENURE	COMMENTS
<b>F22 MARQUIS COURT, TEAM VALLEY</b>	Under offer	1,223	£102,500	£84	Long peppercorn leasehold with 91 years remaining	Vacant possession sale. Two storey terraced office with 6 car parking spaces.
<b>A1 MARQUIS COURT, TEAM VALLEY</b>	May 2023	2,404	£245,000 (9.57%)	£102	Long leasehold with 91 years remaining	4.5 year unexpired let to DMC Accountancy Services Limited at a rent of £10 psf. Semi-detached unit.
<b>2 CARLTON COURT, TEAM VALLEY</b>	Jan 2023	1,466	185,000	£126	Long peppercorn leasehold with 91 years remaining	Vacant possession sale. Two storey offices with 7 car parking spaces.
<b>E15 WILLOW COURT, TEAM VALLEY</b>	July 2022	2,226	£222,600 (9.80%)	£100	Long peppercorn with 92 years remaining	5 years lease to Oso Hotwater (UK) Ltd on an effective full-repairing and insuring lease.
<b>UNIT B3 MARQUIS COURT, TEAM VALLEY</b>	Dec 2020	1,247	£130,000	£104	Long peppercorn lease with circa 93 years unexpired	Vacant possession sale. Terraced two storey office. 6 dedicated car parking spaces.

As such an investor purchasing the subject offices may benefit from:

- 1) Improved income return upon new letting, renewals or rent reviews.
- 2) Break-up value via:
  - a. Sale of individual offices to owner occupiers for capital values significantly in excess of the purchase price per sq ft.
  - b. Individual investment sales at stronger yields to private investors.



## EPCs

UNIT	EPC RATING
K35	D
K36	C
K37 GROUND	D
K37 FIRST	C
K38 GROUND FLOOR	D
K38 FIRST FLOOR	C
F20	D

## Anti-Money Laundering

The successful purchaser will be required to provide information to comply with all current anti-money laundering legislation prior to agreement of Heads of Terms.

## VAT

The properties are elected for VAT.

# Proposal

Seeking offers in excess of **£1,300,000 (one million and three hundred thousand pounds)** for the vendor's long leasehold interest. This shows a **net initial yield of 9.18%** and low blended capital value value of £62.53 per sq ft. This would provide reversion to 11.35% based on estimated rental values (ERVs).

Consideration may also be given to disposal of the industrial and office (K35-K38) assets separately, with further information on request.



## Viewing Arrangements

For further information or to arrange an inspection please contact:

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