

# MULTI-LET OFFICE INVESTMENT OPPORTUNITY



**Kings Court, Kingsway South**  
Team Valley Trading Estate, Gateshead, NE11 0JL



NORTH EAST  
MAINLINE RAILWAY  
PASSENGER AND  
FREIGHT

North East  
Wholesale Fruit  
& Veg Market

Kingsway  
Interchange

National Oilwell Varco

Marquis and Willow  
Court Office Park

Retail World

Graphic  
Packaging

**KINGS COURT,  
KINGSWAY SOUTH**

Fifth Avenue  
Business Park

Enterprise House and Kingsway  
House office schemes

Blakemore

UK Mail

Riverdale  
Paper

Astley  
Signs

Schawk

FOURTH AVENUE

Royal Mail

Flowserve

Former Allied Bakery

Booker  
Wholesale

Aalco

CCF

SECOND AVENUE

Junction  
68

Maingate – Mixed  
office, retail and  
leisure scheme

A1  
North

B1426 CITY CENTRE

RAIL LINK





8,142 sq ft

PASSING RENT

£78,175 pa

NET INITIAL YIELD

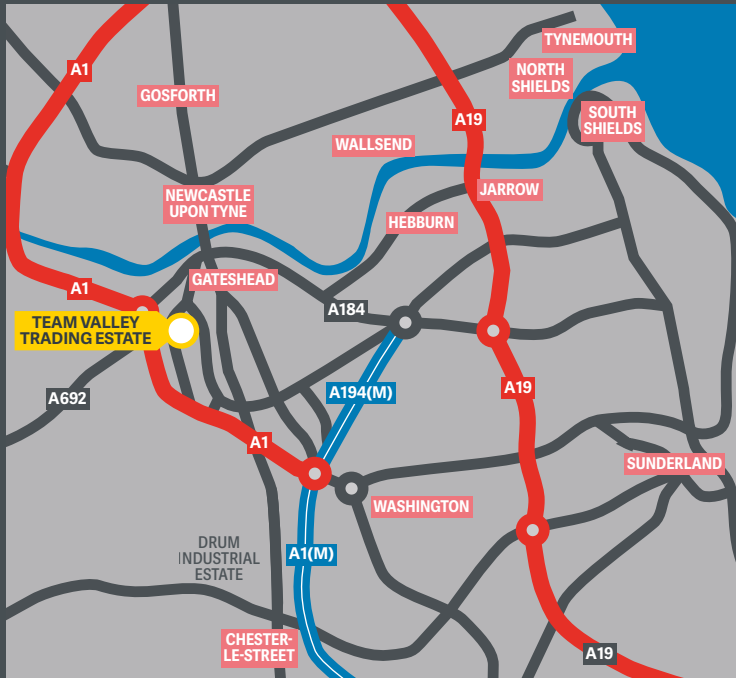
8.73 %

CAPITAL VALUE

£104.40 psf

## INVESTMENT SUMMARY

- Opportunity to acquire a multi-let office on Team Valley.
- The Property is situated in a prominent position on the main road running through Team Valley, the north east's premier commercial estate, that extends to over 700 acres and houses over 7 million sq ft of business space.
- The investment comprises a detached three storey office building, extending to 756 sq m (8,142 sq ft) with 35 on site parking spaces.
- Total passing rent of £78,175 pa.
- Rarely available 199 year long leasehold interest.
- Offers in excess of £850,000 (Eight Hundred and Fifty Thousand Pounds) subject to contract and exclusive of VAT.
- A transaction at this level reflects a Net Initial Yield of 8.73% (£104.40 psf Capital Value), assuming usual purchaser's costs.



## LOCATION

Gateshead is located on the south bank of the River Tyne, approximately 2 miles south of Newcastle upon Tyne, 13 miles north west of Sunderland and 14 miles north of Durham. Team Valley is located within Gateshead.

Team Valley Trading Estate benefits from excellent communication links, lying adjacent to the A1 to the west, providing a direct connection to Leeds to the south and Edinburgh to the north.

Newcastle International Airport which provides direct flights to 80 UK and international destinations is located approximately 10 miles away. Newcastle Central Station, approximately 2.1 miles north of the town centre, provides direct rail routes to destinations including Edinburgh and London, with a travel time of approximately 1 hour 30 minutes and 2 hours 50 minutes respectively



## SITUATION

Team Valley Trading Estate has become an anchor for the North East's commercial activity as one of Europe's largest business spaces, comprising over 7 million sq ft across a 700 acre site. It is occupied by over 700 companies, who employ more than 25,000 people. At the south west of the site is the Team Valley Retail World, with occupiers including Halfords, Wren Kitchens, TK Maxx and Decathlon.

Kingsway South is the main dual carriageway running through the estate at the south end of Team Valley Trading Estate. Vertu Motors have their Head Office on Team Valley and other occupiers on the estate include Regus, TSG, Royal Mail, DHL Parcel, Express Engineering Ltd and De La Rue.

Team Valley also benefits from an hotel, restaurants and Sainsburys supermarket.



## DESCRIPTION

Kings Court comprises a modern detached three storey office building providing a number of individual suites and ample on site parking. The Property extends 756 sq m (8,142 sq ft) of total accommodation.

The Property is of steel frame construction with brick clad elevations, beneath a pitched tile. To the front of the building is a central atrium which is predominantly glazed.

The upper floors are accessed via a central metal staircase. Separate male and female toilets are on the ground and first floor. A disabled toilet is on the ground floor.

## ACCOMMODATION

Floor Area of approximately 756 sq m (8,142 sq ft).

Individual suite sizes are noted in the table below.

Externally there is on site car parking for 35 vehicles.



## TENURE

The property will be available by way of a new 199 year premium lease at a peppercorn rent from the date of completion

## OCCUPATIONAL TENANCIES

Unit	Tenant	Area (sq ft)	Lease Start	Lease End	Break Option	Rent (pa)	Rent (PSF)	Parking Spaces**
Grnd Floor Suite A&B	Neural Pathways UK Limited	2,777	15/07/2019	14/07/2024	15/07/2022	£27,770	£10	12
1st Floor Suite A	Axis Security Services Limited	1,378	01/03/2020	28/02/2025	—	£13,780*	£10	6
1st Floor Suite B	Kinetic Recruitment Services Limited	1,725	29/03/2019	28/03/2024	—	£17,250	£10	6
2nd Floor Suite A	Mortgage Brokers (NE) Limited – Lease to complete	1,181	02/03/2020	01/03/2025	01/03/2023	£11,810	£10	5
2nd Floor Suite B	Focus Surveying & Architecture Ltd	911	01/02/2019	31/01/2022		£7,565	£8	4
<b>TOTAL</b>		<b>8,142</b>				<b>£78,175</b>		

\* Note: the Axis Security rent is £6,890 pa until 01/03/2021. The seller will top up the rent on completion

\*\* There are in addition two unallocated disabled parking bays.



## COVENANT ANALYSIS

### Axis Security Services Limited

Company Number 02933907

Axis Security Services Limited (formerly known as Littleton Limited) is one of the leading providers of integrated security solutions and related services across the UK. The company operates out of ten regional offices with a workforce of c.2,500 people.. It offers a wide range of professional security services including manned guarding, reception services, mobile patrols, key holding, remote monitoring and security systems.

Axis Security Services Limited holds accreditations with the SIA, Alcumus, SafeContractor, ISO 14001, ISO 9001 and ISO 22301. It is also a member of the Institute of Customer Service and a recognized service provider of the Living Wage Foundation. Clients of Axis Security Services include JLL, Knight Frank, CBRE, Savills and St Paul's Cathedral.

Axis Security Services Limited has a FAME Credit Score of 88, indicating a 'Secure' level of risk and a 0.9% likelihood of business failure.

	31/03/2019	31/03/2018	31/08/2017
Turnover	£82,239,000	£65,578,000	£62,912,000
Profit before Taxation	£462,000	£303,000	-£136,000
Net Tangible Assets	£3,428,000	£3,067,000	£2,832,000

### Kinetic Recruitment Services Limited

Company Number 01628477

Kinetic Recruitment Services Limited is engaged in the provision of recruitment services in the manufacturing, engineering and technical markets across the UK. This includes temporary permanent personnel recruitment, payroll management and outsourced human resource services. It also offers outplacement and career services, as well as training and consultancy.

Kinetic Recruitment Services Ltd has a FAME Credit Score of 85, indicating a 'Secure' level of risk and a 0.9% likelihood of business failure.

	31/03/2019	31/03/2018	31/03/2017
Turnover	£15,697,626	£19,830,630	£22,292,066
Profit before Taxation	-£127,062	-£86,871	£108,565
Net Tangible Assets	£4,571,142	£7,393,119	£7,494,757

### Mortgage Brokers (NE) Limited (The Mortgage Broker (NE) Limited)

Company Number 09180191

The Mortgage Broker (NE) Limited offers expert advice on residential and commercial property across the North East of the UK. In particular, the company specialises in case of bad credit, residential mortgages, purchasing, buy to let properties and purchase of commercial property.

The Mortgage Brokers (NE) Limited has a FAME Credit Score of 38, indicating a Caution level of risk and a 4.5% likelihood of business failure.

	31/12/2018	31/12/2017	31/12/2016
Turnover	—	—	—
Profit before Taxation	—	—	—
Net Tangible Assets	£7,485	£5,313	£3,107

### Focus Surveying & Architecture Limited (Focus Architecture & Surveying Limited)

Company Number 11244451

Focus Architecture & Surveying a multi-disciplinary chartered practice, specialising in Architecture, Building Surveying, Project Management and Facilities Management across the UK. The company specialises in designing and managing new schemes, as well as repairing

or refurbishing existing buildings. It provides services to clients such as UK Land Estates, Tri Construction and Jennings Motor Group.

Focus Architecture & Surveying Limited FAME Credit Score of 23, indicating a 'Caution' level of risk and 10.1% risk of business failure.

	31/03/2019
Turnover	—
Profit before Taxation	—
Net Tangible Assets	£143,429

### Neural Pathways UK Ltd

Company Number 05116536

Neural Pathways UK Ltd is one of the UK's leading national providers of high quality inter-professional neurological rehabilitation. It provides therapy for people that have any complex neurological condition, including acquired brain injuries, Cerebral Palsy, Parkinson's or spinal injury. Services include occupational therapy, physiotherapy, dietitians and clinical neurophysiology.

Neural Pathways UK Ltd has established its 'Neuro Hub' at Kings Court, which allows it to assess clients and offer tailor-made programmes for rehabilitation. This includes the provision at this 'Neuro Hub' of cutting edge rehabilitation equipment and technologies, such as The Indego Exoskeleton and MotoMed FES assisted upper and lower limb bike.

	31/03/2019	31/03/2018	31/03/2017
Turnover	—	—	—
Profit before Taxation	—	—	—
Net Tangible Assets	£592,842	£592,842	£941,774

## MARKET OVERVIEW

The market for small self-contained office suites on Team Valley has continued with strength through current market conditions.

Team Valley is a long established business park with excellent access directly onto the A1. There is a restricted supply of good quality office space on the Valley. Recent lettings at Enterprise House have consistently achieved rents in excess of £12psf. Kings Court is now fully occupied.

We anticipate demand will strengthen as out of town office locations with good road links and parking facilities become more popular.

This is a rare opportunity to acquire a high specification multilet office on the best business park in the North East housing a number of varying occupiers.

There is an opportunity to improve rents to £12.50 psf given other lettings on Team Valley. At this level this would show a reversionary yield of 11.3%.





## PROPOSAL

We have been instructed to seek offers in excess of £850,000 (Eight Hundred and Fifty Thousand Pounds), reflecting a Net Initial Yield of 8.73% and capital value of £104.40psf, assuming usual property purchaser's costs.

## EPC

Further information is available on request.

## CAPITAL ALLOWANCES

There are no Capital Allowances available in respect of the property.

## VAT

The property has been elected for VAT and it is anticipated the transaction will be treated as a transfer of a going concern (TOGC).

## FURTHER INFORMATION

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



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