



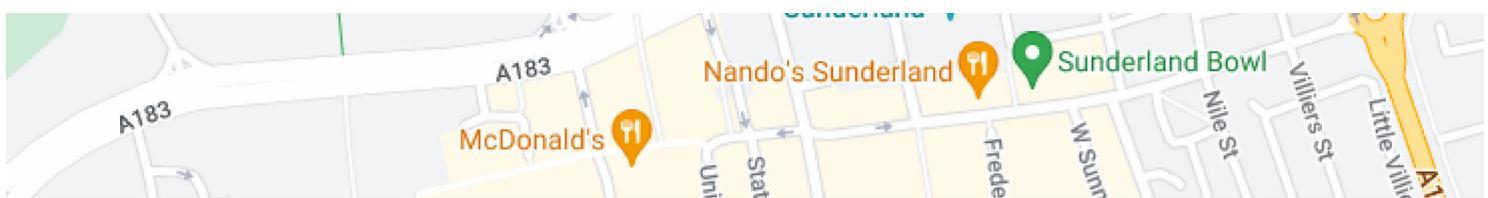
High Yielding, Well Secured Retail Parade Investment, offered on behalf of Administrators

 **Station Buildings, 6-32 Market Square, Sunderland, United Kingdom, SR1 3HW**

FOR SALE  **PRIVATE TREATY**

£ 3,300,000 Guide price

Location



Sunderland is a port city in Tyne and Wear. The city is 10 miles (16 km) from Newcastle-upon-Tyne and is on the River Wear's mouth to the North Sea.

Sunderland station has five direct trains to London King's Cross on weekdays (five on Saturday / four on Sunday), taking about 3 hours 30 minutes.

Newcastle is a 30-minute Tyne & Wear Metro ride (see above) from Sunderland city centre, and has connecting services to London every half hour that take approximately 2 hours 45 minutes.

The city's main road is the A19, which is a dual carriageway running north-to-south west of the city, crossing the River Wear at Hylton. The A1231 leaves the city and takes 20 minutes to reach the motorised A1 linking to the national motorway system.

Newcastle Airport is a 55-minute Metro ride from Sunderland city centre; there is a Metro train connecting with the airport every 12–15 minutes in both directions until 11pm. Also, Teesside International Airport can be reached in less than one hour by car.

Summary

- On behalf of Administrators, acting as agent without personal liability
- Multi-let retail parade
- Located within the heart of the city centre
- Secure income – let to national occupiers Nationwide, Poundland, KFC, Costa, CeX and Admiral
- Asset management opportunities
- £3,300,000, subject to contract
- 11.06% net initial yield
- 12.57% reversionary yield upon letting vacant unit

Situation

The subject property is situated in a prominent position within Sunderland Centre on the pedestrianised Market Square.

The parade is between the main national train station feeding the city and a Metro line station allowing direct access to Newcastle city centre.

The property is also immediately opposite the busy indoor shopping centre – The Bridges. This position combined with the proximity to the transport links situates the property on a convenient thoroughfare for a large percentage of the city's footfall.

Surrounding occupiers include Burger King, HSBC, Greggs, Halifax and Caffe Nero.

The Bridges Shopping Centre comprises approximately 52,026 sq m (560,000 sq ft) of retail and leisure space with over 90 stores and 900 car parking spaces. Attracting over 250,000 shoppers each week, retailers include Primark, TK Maxx, H&M, Iceland, JD Sports, Boots, New Look and River Island (www.thebridges-shopping.com).

Market Commentary

Sunderland was named Smart City of the year 2020 as well as a key player in innovative sectors that attract international businesses from around the world. Over 5,500 businesses call Sunderland home, including 80 international corporations employing more than 100,000 people.

Global businesses like Nisa, Berghaus, Ocaso, Rolls Royce, Barclays and EDF Energy each have a base in Sunderland, which continues to attract a well-educated workforce thanks to the employment opportunities on offer.

Understanding future demand in the city plans were made public in 2022, including a 10,000-capacity arena, a food hall, restaurants, a hotel and studios. The venue is earmarked for the site of the old Crowtree Leisure Centre, with the ultimate aim of attracting hundreds of thousands of visitors to the city every year.

Description

The property comprises a terrace of six retail units originally constructed in the 1980's, refurbished in 2000 and subdivided in 2017 and 2018 to provide additional units. The buildings are steel framed construction and arranged over ground floor with ancillary accommodation on first floor.

Internally, the units have been fitted out by the tenants to their usual corporate style and are generally of a regular shape with fully glazed ground floor frontage onto Market Square. The property benefits from loading access to the rear, via Station Street.

There is a pedestrian walkway between Units 18-24 and 1a & 1b 26/27, which links Market Square to Fawcett Street.

Accommodation

The property has been measured by BKR Floor Plans and provides the following Net Internal floor areas:

	Sq Ft	Sq M
6 Market Square		
Ground	2099	195
First	1866	173.35
ITZA	1156	
8-12 Market Square		
Ground	3830	355.81
First	4314	400.77
14-16 Market Square		
Ground	2447	227.33
First	2577	239.4
ITZA	1252	
18-20 Market Square (Unit 2)		
Ground	1828	169.82
ITZA	820	

18-20 Market Square (Unit 3)

Ground	2380	221.1
First	4458	414.15
ITZA	978	

26/28 Market Square (Unit 1B)

Ground	1324	123
First	1158	107.58
ITZA	629	

28/30 Market Square (Unit 1A)

Ground	1569	145.76
First	1621	150.59
ITZA	727	

A full set of floor plans and measurements is available to download. The measured survey report will be re-addressed to a purchaser at a cost of £1,395 + VAT.

Tenure

Long leasehold for a term of 142 years from 20th March 2002, expiring 26th January 2144 (in excess of 120 years unexpired) at a peppercorn rent. The freeholder is Network Rail.

Tenancies

The property is multi-let to six tenants in accordance with the attached tenancy schedule, producing a total income of **£388,500 per annum**.

The current non-recoverable income in respect of the vacant unit B, 18/20 Market Place is as follows:

Service Charge	£2,867
Rates	£52,224
Insurance	£1,010.20
Others	£2,665
Total Liability	£58,766.20

CEX are paying the electricity for their unit and the vacant unit, as they are not separately metered. As a result, the current landlord has agreed an arrangement to pay an appropriate sum for non-consumption charges (ie. standard charge, climate change levy and capacity charge), this being £2,665 per annum which is in effect a cost for the vacant unit.

Therefore, the current true net income for an investor is currently **£329,734 per annum**.

We suggest that the rental value for Unit B, 18/20 Market Square is in the order of £60,000 per annum. Once a letting is completed **the income will rise to £448,500 per annum**, given there will be the benefit of income as well as no further non-recoverable costs. There is current dialogue with a potential occupier, further information available on request.

Arrears & Payment History

It should be noted that the current arrears position is as follows:

Units 5-6 (Nationwide)	(to be advised)
10-12 Market Square (Poundland)	£3,029.91
14/16 Market Square (Luxury Leisure)	-£627.75
Unit 2, 18/28 Market Square (CeX)	£18,114.82
Unit 3, 18/28 Market Square (Vacant)	£0
26 Market Square (Costa)	£1,046.73
28 Market Square (KFC)	£139.49
Total	£21,703.20

(As at 18th October 2023)

It should be noted that the purchaser is required to pay for the arrears at completion.

Service Charge

For the period 1st April 2023 to 31st March 2024 the service charge budget is £13,720. Further details are available to download from the data room. Note that the shortfall in relation to the vacant shop Unit 3 is £2,867 per annum.

Rateable Value

The rateable value for the property is as follows:

Accommodation	Description	Rateable Value
Units 5-6 (Nationwide)	Bank & Premises	£86,000
10-12 Market Square (Poundland)	Shop & Premises	£108,000
14/16 Market Square (Luxury Leisure)	Shop & Premises	£92,500
Unit 2, 18/28 Market Square (CeX)	Shop & Premises	£56,500
Unit 3, 18/28 Market Square (Vacant)	Shop & Premises	£102,000
26 Market Square (Costa)	Shop & Premises	£51,000
Gnd Floor, 28 Market Square (KFC)	Shop & Premises	£50,500
1st Floor, 28 Market Square (KFC)	Store & Premises	£9,400

The uniform business rates multiplier is 49.9 pence per pound for rateable values below £51,000 and 51.2 pence per pound for those £51,000 or more.

Covenants

Nationwide Buildings Society has reported the following figures:

Year Ending	4th April 2023	4th April 2022
Total Income	£4,887 million	£3,378 million
Pre-Tax Profits	£2,533 million	£1,011 million
Total Assets	£269,730 million	£269,072 million

Nationwide is the world's largest building society as well as one of the largest savings providers and a top-three provider of mortgages in the UK. Nationwide has around 16 million customers and 18,000 employees. For further information visit www.nationwide.co.uk.

Poundland Limited has reported the following figures:

Year Ending	25th September 2022	26th September 2021
Revenue	£1,586,100,000	£1,544,694,000
Pre-Tax Profits	£33,920,000	£33,478,000
Total Assets	£178,771,000	£125,057,000

Poundland are rolling out frozen and chilled food to over 500 stores and have launched homewares goods in all stores.

For further information visit www.poundland.co.uk.

Luxury Leisure has reported the following figures:

Year Ending	31st December 2022	31st December 2021
Turnover	£111,269,288	£59,590,181
Pre-Tax Profits	£15,453,754	£6,869,939
Net Assets	£45,911,971	£33,515,419

Luxury Leisure, trading as Admiral, is a market leading provider of slots and gaming entertainment in the UK, with over 270 high street and seaside gaming centres. Luxury Leisure is also home to Kwik Tan, the market leading UV tanning brand and 10 branded catering outlets, including The Coffee Trader and Uncle Sam's American Diner. For further information visit www.admiralslots.co.uk.

CeX (Franchising) Limited has reported the following figures:

Year Ending	31st December 2022	31st December 2021
Turnover	£35,776,217	£28,042,669
Pre-Tax Profits	£2,728,673	£1,955,089
Net Assets	£19,774,670	£17,569,198

The company operates franchise shops in the UK selling second hand electronic and technology products.

CeX is the UK's biggest second-hand electronics and entertainment specialist. Starting as a single games and computer specialist shop just off of London's Tottenham Court Road in 1992, CeX has expanded over 30 years to more than 600 stores worldwide, spanning over 10 countries including the UK, Ireland, Spain, Portugal, Malaysia, Mexico, The Canaries, The Netherlands, Australia, India and Italy. For further information visit uk.webuy.com.

Kentucky Fried Chicken (GB) Limited has reported the following figures:

Year Ending	26th December 2021	27th December 2020
Turnover	£292,915,000	£225,901,000
Pre-Tax Profits	£103,180,000	£51,600,000
Net Assets	£265,834,000	£425,361,000

The principal activity of the company is the sale of KFC products through company-owned restaurants in the UK, in addition to the receipt of income from Franchisees of the KFC trademarks. KFC Corporation is the world's second largest restaurant chain after McDonald's. For further information visit www.kfc.co.uk.

Costa Limited has reported the following figures:

Year Ending	31st December 2021	31st December 2020
Revenue	£923,174,000	£603,588,000
Pre-Tax Profits (Loss)	-£42,370,000	-£227,430,000
Net Assets	£227,606,000	£263,646,000

Established in 1971, Costa Coffee is the UK's largest coffee shop chain with over 2,400 stores plus 1,400 stores in 31 international markets and 8,000 Costa Express self-service machines worldwide. The company opened 64 new stores in the latest financial year.

In January 2019 The Coca-Cola Company announced that it had completed the acquisition of Costa Limited from Whitbread PLC for **\$4.9 billion**. The Coca-Cola Company is the world's largest non-alcoholic beverage company employing over 700,000 people with more than 200 brands within its portfolio. For further information see www.costa.co.uk and www.coca-colacompany.com.

VAT

It is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC) and the purchaser will be required to submit the appropriate election to HMRC.

Proposal

We are instructed to seek a figure of **£3,300,000** (Three Million, Three Hundred Thousand Pounds), subject to contract, reflecting a **net initial yield of 11.06% which will rise to 12.57% once the currently vacant unit is let**, (purchaser's costs at 6.48%).

Please note that a purchaser will be re-charged the costs of the measured survey (£1,395 + VAT) and searches (£**3,325.71 + VAT**) which are provided in the data room.

Investment Considerations

1. A high yielding, multi-let retail investment;
2. The yield will increase further on letting of the vacant unit which is currently under offer;
3. The property occupies a prominent position in the heart of the city centre;
4. The income is secured against national occupiers including KFC, Costa, Poundland, Nationwide, CeX and Admiral;
5. A number of lettings have recently had rents re-based, providing an attractive level from which to expect good rental growth;
6. Asset management opportunities;
7. A purchase at the asking price reflects an attractive yield profile

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The affairs, business and property of the Company is being managed by the Joint Administrators Andrew Knowles and Steven Muncaster, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association and are bound by the Insolvency Code of Ethics

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