PEEL RETAIL PARK

SPIRE ROAD, WASHINGTON, NE37 2PA

Modern retail warehouse investment let to two 'Very Low Risk' covenants

- **10.6 years WAULT** (8.3 years WAULTC)
- **Highly reversionary with contracted rental growth**

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PEEL
RETAIL PARK

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We are instructed to seek offers in excess of **£3,450,000 (Three Million, Four Hundred and Fifty Thousand Pounds),** subject to contract and exclusive of VAT, for our client's freehold interest.

A purchase at this level reflects a **Net Initial Yield of 7.57%** after purchaser's costs of 6.50% and **very low capital value of £74 per sq ft.**

INVESTMENT SUMMARY

- **Freehold** retail warehouse investment in Washington, Tyne & Wear, situated on the Sunderland Highway to the immediate north of Washington town centre and providing **excellent access to the A1(M), A194(M) and A19**.
- Purpose-built two-unit estate extending to 46,428 sq ft (GIA) over ground and first floor, completed in 2008/09.
- Fully let to two Creditsafe 'Very Low Risk' rated tenants: **British Heart Foundation and JD Sports Gyms** Ltd.
- Attractive **WAULT of 10.6 years to expiry (8.3 years to break)**.
- Total passing rent of £278,008 per annum, reflecting a **very low average of £5.99 psf**.
- 46% of the income benefits from contractual fixed uplifts in December 2029 and December 2034; the balance of the income is subject to an upwards only rent review in December 2029, offering further reversionary potential from a low base.
- Situated within an established and complementary retail cluster including Lidl, B&M, The Food Warehouse, McDonald's Drive Thru and Costa Coffee.
- **No recorded retail warehouse vacancy in Washington**, underlining the depth of occupational demand and the strength of the underlying rent.
- Very low capital value of £74 psf; materially below replacement cost.

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LOCATION

Washington is an established North East town of approximately 70,000 people, situated some 7 miles south of Newcastle Upon Tyne and10 miles north of Durham, at the heart of the A1(M) and A19 corridor.

The town sits within one of the region's principal economic hubs, with strong road connections to Newcastle, Sunderland, Gateshead and Durham and to the ports of Tyne and Wear. Sustained investment in housing, infrastructure and business space (including the Nissan plant and the surrounding automotive and advanced manufacturing supply chain) continues to support population and employment growth across the catchment.

The combination of a substantial resident population, high car ownership and straightforward access from the wider Tyne and Wear conurbation makes Washington an increasingly sought-after location for value retailers, trade occupiers and leisure operators.

175,640 PEOPLE LIVE WITHIN A 10 MINUTE DRIVE OF THE PROPERTY

ROAD

The property occupies a prominent position off the A1231 Sunderland Highway, with direct access to the A1(M) at Junction 64 and to the A19, placing Newcastle upon Tyne, Sunderland and Durham within a 20 minute drive.

RAIL

Newcastle Central station lies approximately 7 miles north, with frequent services to London King's Cross, Edinburgh and the wider UK network. Chester-le-Street station is approximately 4 miles away for regional services.

AIR

Newcastle International Airport is approximately 15 miles north-west via the A1(M), serving a full range of domestic and international destinations.

SITUATION

The property is prominently situated on the northern side of the A1231 Sunderland Highway, immediately off a roundabout junction, approximately one mile east of Washington town centre and Junction 64 of the A1(M).

It forms part of an established and well-maintained retail cluster which includes Lidl, B&M, The Food Warehouse, a McDonald's Drive Thru and Costa Coffee, generating strong and consistent footfall across the day. The scheme benefits from good visibility from the highway, generous surface car parking and straightforward vehicular access.

THE WASHINGTON RETAIL WAREHOUSE MARKET

- Washington supports approximately 354,000 sq ft of retail warehousing across three principal schemes, all of which are fully occupied.
- There is no recorded retail warehouse vacancy in Washington and zero availability of >15,000 sq ft units within 8 miles of the subject.
- The subject property offers value led proposition at materially lower passing rents than the surrounding schemes, protecting the income against relocation risk.

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DESCRIPTION

The property comprises a purpose-built retail warehouse extending to 46,428 sq ft (GIA) arranged over ground and first floor, constructed in 2008/09 to a steel portal frame with profile metal cladding and a full height glazed entrance. The site area is 3.3 acres with 157 car parking spaces and benefits from direct access from the A1231 Sunderland Highway.

The ground floor unit of 26,439 sq ft is occupied by the British Heart Foundation as a furniture and electrical superstore. The first floor and part first (19,989 sq ft) is occupied by JD Gyms, accessed via a dedicated ground floor entrance. The two uses are highly complementary, with distinct trading patterns across the week that maximise the efficiency of the shared car park.

TENURE

Freehold. Title number TY436514

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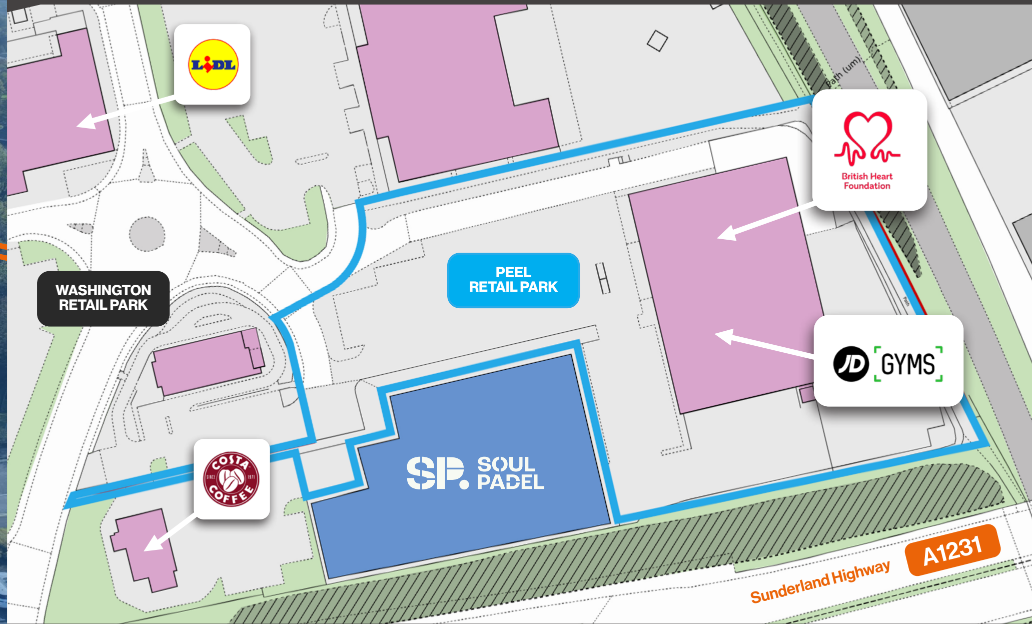
OPTION TO PURCHASE ADJACENT PADEL INVESTMENT

The vendor has exchanged on an agreement for lease with Soul Padel, an established padel operator, to deliver seven courts on the adjacent plot indicated in the plan below. Term agreed is 10 years unbroken at an initial rent of £100,000 per annum with an RPI-linked review on the fifth anniversary of the term (collar and cap at 1% and 3% respectively per annum, compounded).

This additional opportunity may be acquired alongside the subject, pricing to be agreed. A right of access will be created to benefit the padel courts on Practical Completion.

SOUL PADEL



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TENANCY

The property is fully let to two tenants, producing a total passing rent of £278,008 per annum, reflecting a very low average of £5.99 psf, with a WAULT of 10.6 years to expiry (8.3 years to break). JD Sports Gyms Limited recently removed their December 2029 break, demonstrating commitment to the estate.

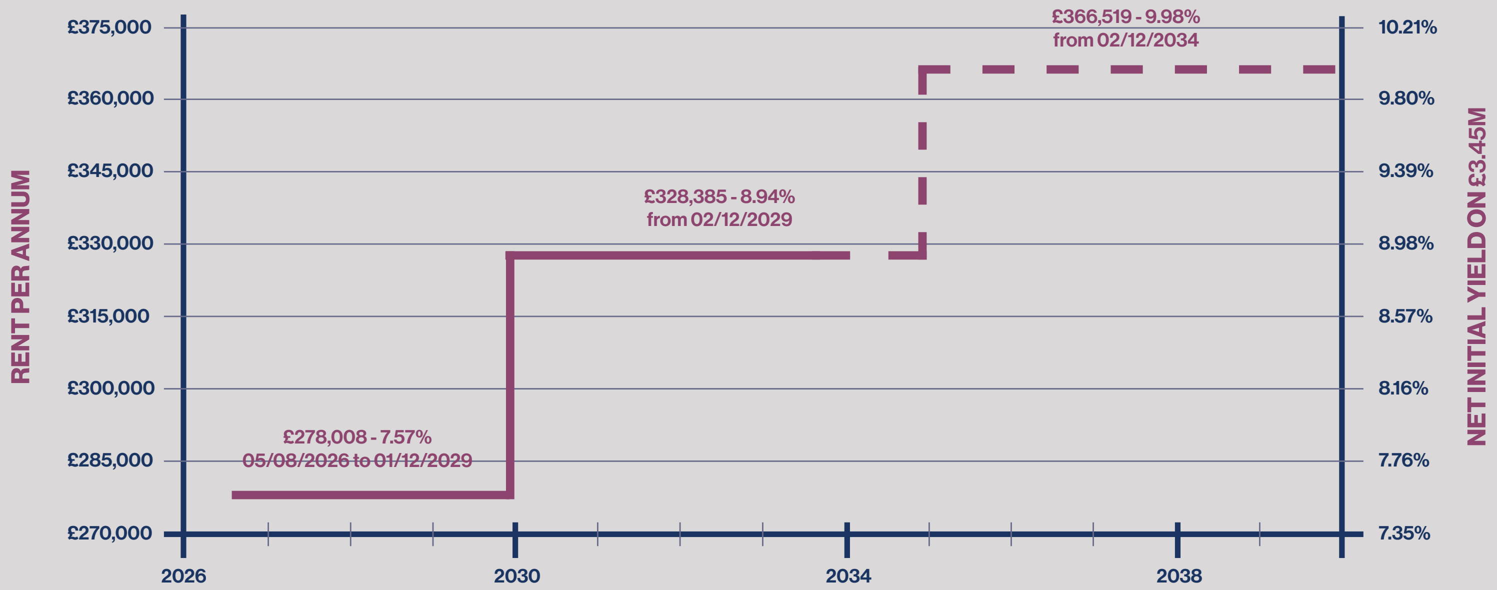
TENANT	GIA (SQ FT)	LEASE START	RENT REVIEW	BREAK	LEASE EXPIRY	TERM UNEX	RENT PA	RENT PSF	COMMENT
British Heart Foundation	26,439	02/12/24	02/12/29		01/12/34	8.3	£150,000	£5.67	Open market review
JD Sports Gyms Limited	19,989	01/12/14	01/12/29 & 01/12/34	01/12/34	30/11/39	13.3	£128,008	£6.40	Fixed increases at review to £144,830 pa (2029) & £163,862 pa (2034)
TOTAL / AVERAGE	**46,428**					**10.6**	**£278,008**	**£5.99**	

The chart (right) shows example income performance, assuming a modest ERV of £6.50 per sq ft is applied to the British Heart Foundation unit (+ annual ERV growth of 2%) .

Dashed section assumes JD do not break and British BHF renew on terms reflecting their existing lease.

JD GYMS RECENTLY REMOVED THEIR DECEMBER 2029 BREAK, DEMONSTRATING COMMITMENT TO THE ESTATE

PEEL RETAIL PARK, WASHINGTON - INCOME AND YIELD PROFILE



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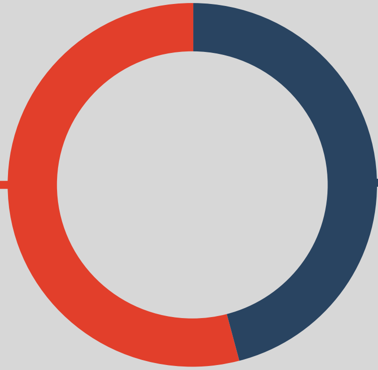
COVENANT

100% OF THE INCOME IS RATED VERY LOW RISK BY CREDITSAFE

British Heart Foundation

54% OF INCOME



46% OF INCOME

JD GYMS

BRITISH HEART FOUNDATION

Founded in 1961; the UK's largest independent funder of cardiovascular research. Registered charity number 225971

Operates over 750 stores nationally, including a growing estate of large format furniture and electrical superstores, of which the subject property is one

Creditsafe risk score of 86 out of 100 — Very Low Risk

YEAR END	31/03/2025	31/03/2024	31/03/2023
Turnover	£410,600,000	£398,900,000	£381,300,000
Pre Tax Profit	£6,000,000	£12,700,000	£7,900,000
Shareholder's Funds	130,200,000	£138,300,000	£125,600,000
Employees	4,545	4,321	4,191

JD SPORTS GYMS LIMITED

Incorporated in 2013. 97.5% owned by JD Sports Fashion plc, a FTSE 100 constituent

Trades as JD Gyms from more than 95 sites across the UK, offering open gym floors, boxing rooms, spin studios and studio classes

Creditsafe risk score of 100 out of 100 —Very Low Risk

YEAR END	01/02/2025	03/02/2024	28/01/2023
Turnover	£122,141,000	£100,877,000	£81,106,000
Pre Tax Profit	£37,977,000	£29,000	£16,402,000
Shareholder's Funds	£38,206,000	£7,976,000	£13,821,000
Employees	1,203	954	708

OCCUPATIONAL MARKET

Retail warehousing has been the strongest performing UK retail sub-sector over recent years, underpinned by value and convenience led occupier demand, restricted new supply and rents that in many locations remain materially below the cost of new development. **At £5.99 psf overall, the passing rent sits at the very bottom of the national range and provides an exceptional level of downside protection.**

We consider that the following rental evidence is comparable to the subject property:

ADDRESS	DATE	TENANT	SIZE (sq ft)	RENT (psf)	LEASE TERM
East St, Gateshead	Dec-25	Mecca Bingo	33,945	£10.02	10 years (5 year break)
Primate Rd, Sunderland	Nov-25	B&M	24,208	£13.88	15 years
Kingston Ct, Newcastle upon Tyne	Jun-25	M&S	22,881	£21.00	15 years
Darlington Retail Park, Darlington	Mar-25	Smyths Toys	20,018	£12.49	20 years (10 year break)
Northumberland Rd, Berwick upon Tweed	Mar-25	B&M	34,000	£10.44	6 years 1 month
Derwent Dr, Workington	Oct-24	B&Q	32,068	£13.56	13 years

RETAIL WAREHOUSING HAS BEEN THE STRONGEST PERFORMING UK RETAIL SUB-SECTOR OVER RECENT YEARS

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FURTHER INFORMATION

EPC

DEMISE	RATING	VALID UNTIL
JD Gyms — first floor	A20	April 2032
British Heart Foundation — ground floor	C55	May 2032

VAT

The property is elected for VAT and it is anticipated that the transaction will be treated as a Transfer of a Going Concern (TOGC).

DATA ROOM

Access to a comprehensive online data room is available on request.

ANTI-MONEY LAUNDERING

In accordance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, a successful bidder will be required to satisfy the usual anti-money laundering requirements, including verification of identity and source of funds.

PROPOSAL

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Contacts

For further information or to arrange a viewing, please contact:

Luke Symonds
Partner

+44 (0) 7852 229 433
ls@northcap.co.uk

Ben Hall
Partner

+44 (0) 7855 814 516
bh@northcap.co.uk

NorthCap

Richard Padley
Director

+44 (0) 7891 011 386
richard.padley@smithyoung.co.uk

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