

PRIME RETAIL BANK INVESTMENT

16-20 NORTHUMBERLAND STREET

# NEWCASTLE UPON TYNE

NE1 7EL

**KEM**  
REAL ESTATE

## INVESTMENT SUMMARY

- A prime retail pitch in the heart of Newcastle's pedestrianised retail core.
- The property is opposite Fenwick Department Store and Monument Mall with retailers including Boss, Breitling and a new flagship Lloyds Bank.
- A substantial four storey building with a well configured retail unit fitted as a banking hall on ground and first floors with ancillary upper parts offering flexibility of use and configuration.
- Freehold.
- Let to the undoubted 5A1 rated covenant of National Westminster Bank Public Limited.
- The tenant has carried out extensive works under licence and has been in dialogue with the landlord to extend the lease.
- A current rent of £545,720 per annum with an unexpired term of approximately three years.



Our clients are seeking offers in the region of **£4,150,000** which will show a net initial yield of **12.31%** assuming purchaser's costs of 6.8%.

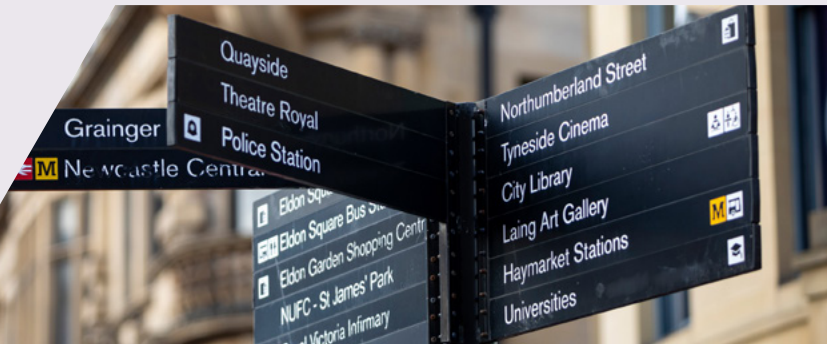




## LOCATION

Newcastle is the principal commercial centre in the Northeast and is ranked within the top 20 cities by Promis on numerous basis that include retail floor space (5), non-food retail (9) & PMA anchor store (4). It has a resident population of approximately 300,000 and a catchment population in excess of 1.3 million people.

-  The city benefits from excellent communications with immediate access to the AIM.
-  There are good mainline rail services to London King's Cross (2 hours 50mins) along with regular local rail services to Durham, (15 mins) Sunderland (30 mins), Middlesbrough and Stockton (55 mins).



## SITUATION

The premises occupy an undoubted prime location in one of the UK's busiest pedestrian thoroughfares. It is in close proximity to the stores of Primark, M&S and Fenwicks along with retailers such as WHSmith, Sports Direct, Superdrug and JD Sports.

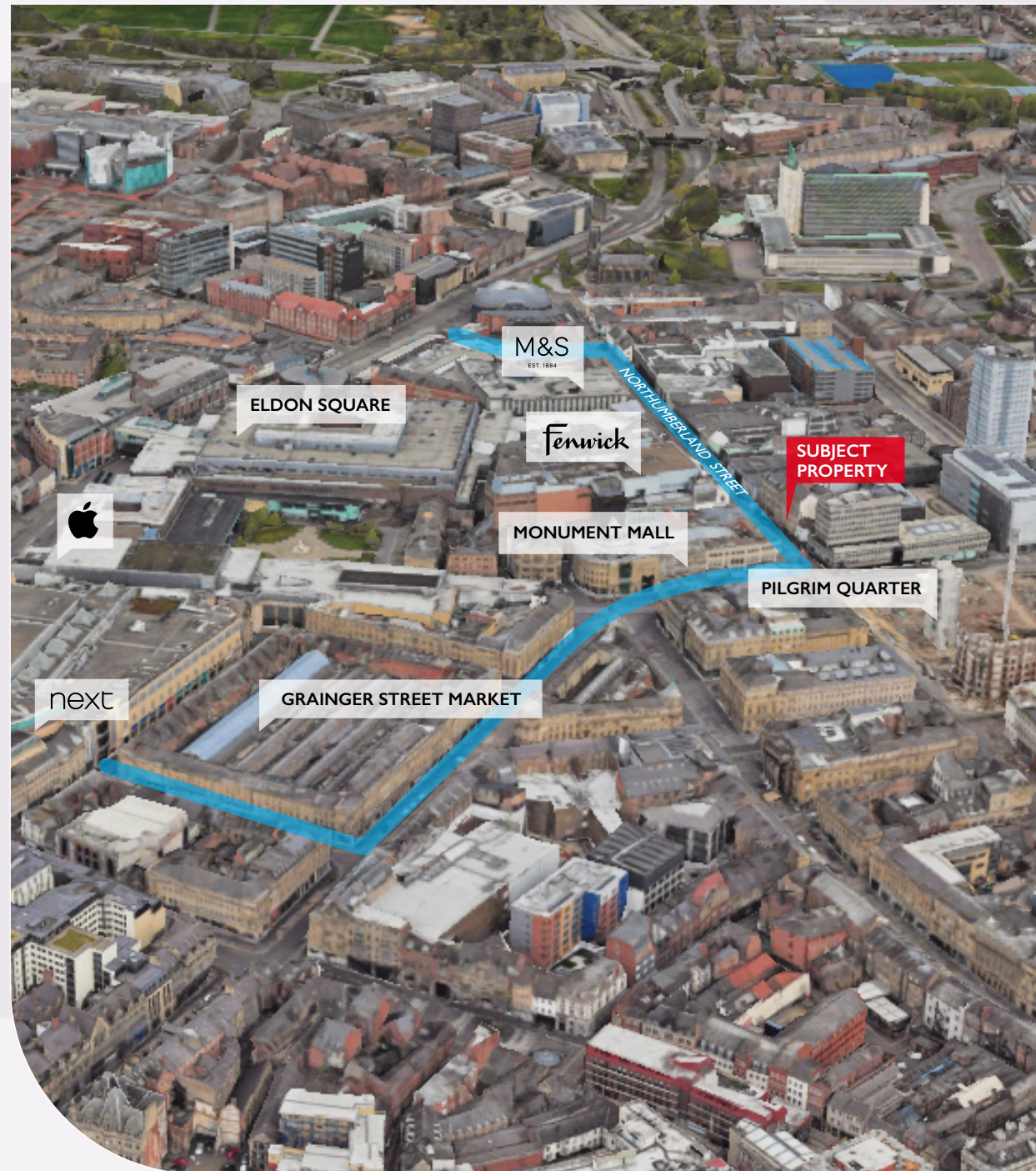
The entrance to the Eldon Square shopping centre fronts Northumberland Street and is a short distance from the property. The extension to Eldon Square shopping centre which was completed in 2010 now opens on to Clayton Street and whilst successfully attracting retailers such as Apple, Superdry, River Island and Hollister to Newcastle, it has been successful in creating a circular pedestrian flow through to what has been named the Grainger Renaissance, linking Grainger Street, Grey St and the Grainger Street Market and in turn through to Blckett Street and the lower section of Northumberland Street. The footfall is now substantial at the lower end of Northumberland St.



PILGRIM QUARTER DEVELOPMENT

[www.pilgrimsquarternewcastle.com](http://www.pilgrimsquarternewcastle.com)

This footfall set to increase with the opening of the Pilgrim Quarter; a new HMRC HQ office at the junction of Northumberland Street and Pilgrim Street. It will total 460,000 sqft relocating approximately 9,000 employees from Longbenton and Washington. It was chosen as the new home for HMRC in the Northeast as part of the Government Hub Network Program and will be handed over in Autumn 2025.



## THE PROPERTY

The property comprises a mid-terrace High Street retail unit arranged over basement, ground and four upper floors.

The ground and first floor are utilised for retail banking, with meeting rooms at the second floor and staff and storage in the basement, third and fourth floors. In 2016 the Bank carried out substantial alterations, integrating the ground floor banking area by way of a customer stairs to first floor meeting rooms with new lifts and an extensive fit out. These works are to be disregarded for valuation purposes but are subject to reinstatement on expiry of the lease.



The upper floors whilst accessed internally via both lift & staircase can, if required be self contained. There is a separate entrance lobby approached from a pedestrian walkway located along the northern boundary of the property. This walkway also provides access to the Admiral Casino to the rear.

The property is not Listed but is located in a Conservation area.

The property affords the following NIA areas and dimensions as granted under the original lease:

Floor	Use	sq ft	sq m	ITZA
Ground	Banking Hall	2,247	208.73	1276 units
First	Staff / Customers	2,321	215.61	
Second	Staff/ Customers	2,321	215.61	
Third	Ancillary Store (Not Used)	2,321	215.61	
Fourth	Ancillary Store (Not Used)	2,287	212.45	
Basement	Ancillary Store	1,500	139.34	
<b>Total</b>		<b>12,997</b>	<b>1,207.35</b>	

# TENURE

Freehold.

# TENANCIES

The property is let in its entirety to **National Westminster Bank Public Limited** at an aggregate rent of **£545,720 per annum**.

The basement, ground, first and second floors are let for a term of 21 years from 13th December 2006, expiring, 11th of December 2027. The lease is held on an effective full repairing and insuring basis. The landlord insures the property and carries out repairs as and when, recovering the costs from the tenant by way of service charge. The tenant's liability under the service charge is capped. **The rent is £459,910 per annum.**

The tenant occupies the 3rd and 4th floors on three separate leases outside the Landlord & Tenant 1954 Act. The leases expired in 2007. The tenant is in occupation on a Tenancy at Will. The total rent is **£85,810 per annum.**

The tenant covenants to maintain the accommodation clean and tidy and in a wind and water tight condition. There is no obligation to decorate. There are similar arrangements for insurance and repairing obligations to that of the lease of the floors below with recovery by way of service charge, which is again capped. The 3rd & 4th floors are not fitted & are primarily used for the accommodating the banks computer and technical facilities.

All rents and service charge demands have been paid throughout the lease and are up to date. A summary of the service charge for the year end December 2024 & budget for 2025 are available upon request.





## RENTAL VALUE

We are of the opinion that the estimated rental value is in the region of £300,000 per annum which equates to approximately £175.00 ZA. A break down is available upon request.

This is based on the recent lease renewal to Greggs at 34 Northumberland Street with effect from July 2022, which equates to £175 ZA and is further supported by a new letting to Breitling within Monument Mall on Blackett Street from December 2022 at £150 Zone A. An arguably inferior retailing location. There are a number of vacant units to the south of the property within Pearl House & being developed within the Pilgrim Quarter. These are not being openly marketed & intentionally held back until the Pilgrim Quarter is completed in Autumn 2025. These are anticipated to be competitively pursued and as a result current rental levels exceeded.

## COVENANT

National Westminster Bank Public Limited (Company no: 00929027), launched in 1968, is one of the big 4 UK banks offering a comprehensive range of banking and financial services and a strong local and regional footprint. It has over 526 branches, 57,900 employees (as of 2022) and more than 7.5 million customers.

It has a Dun & Bradstreet rating of 5A1. The business has continued to show positive growth delivering the following financial statements:

	Revenue	Pretax Profit	Operating Expense	Profit to Shareholders
<b>February 2023</b>	£14,752m	£6,178m	£7,996m	£4,394m
<b>February 2022</b>	£13,156m	£5,132m	£7,687m	£3,340m
<b>February 2021</b>	£12,123m	£4,967m	£7,578m	£3,125m



## VAT

The property is not elected for VAT.

## EPC

The Property has an EPC of C (56).

## ANTI MONEY LAUNDERING

In order to comply with Anti-Money Laundering legislation the purchaser will be required to provide satisfactory identification documentation to the vendor and their agents.

For indicative purposes only. ▲ N

## PRICING

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## FURTHER INFORMATION



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