

Prime Office Investment For Sale

53,626 sq ft (4,982 sq m) Price £5,952,500 9.5% Net Initial Yield



Cavendish House

Princes Wharf, Stockton-on-Tees TS17 6QY



Location

Stockton-on-Tees is a strategically located commercial centre with an urban area population of approximately 82,880 people and a district population of approximately 191,000 people.

Stockton-on-Tees is located approximately 58 kilometres (36 miles) to the south of Newcastle, 93 kilometres (58 miles) north of Leeds and 175 kilometres (109 miles) north east of Manchester. Stockton-on-Tees benefits from good communications, lying 1.6 kilometres (1 mile) to the east of the A19 and A66 intersection and has excellent access to the A1(M).

Thornaby Railway Station lies adjacent to Teesside Business Park and provides regular services to Darlington and Middlesbrough. Mainline rail services are available at Darlington Station approximately 24 kilometres (15 miles) to the west and provide direct services to London Kings Cross to the south (2 hours 30 minutes) and Edinburgh to the north (2 hours).

Durham Tees Valley Airport has scheduled services through KLM, Flybe and Eastern Airways. Destinations include Aberdeen, Jersey and Amsterdam.



Investment Summary

- Modern four-storey office in an established business park location
- Ground floor and first floor let to Cubic Transportation at a rent of £284,466 per annum and third floor let to Tees Valley Combined Authority at a rent of £152,000 per annum
- Current passing rent of £436,466 per annum
- Offers sought in the region of **£5,952,500** to reflect a net initial yield of **9.5%** with the rental guarantee
- The vendor will provide a rental guarantee in respect of the vacant second floor offices for a period up to 2 years or until let at a rental of £166,500 p.a. reflecting £12 psf
- Including the rental guarantee the total rental income is £602,966 per annum

Situation

Teesside Business Park is situated on the southern edge of Stockton-on-Tees town centre, on the south bank of the River Tees. The park has been redeveloped since the mid 1990's and is now regarded as the commercial centre of Teesside and consists of approximately 46,450 sq m (500,000 sq ft) of office, educational, leisure and residential development. It is estimated that approximately 5,000 people are employed on the park.

The Park has a mixed range of uses. The predominant land uses in the immediate vicinity are other office developments with residential accommodation, nursing homes and the Queens Campus of Durham University. Other nearby occupiers include Barclays Bank and Barclaycard, Santander, Standard Life, HM Revenue & Customs, the DVLA, the Environment Agency and Siemens.

Cavendish House has one of the best aspects in the development. It is positioned adjacent to the bridge linking the park and surrounding area with Stockton-on-Tees town centre, affording easy access to the property. The building has an 'L' shaped design with the corner of the L being rounded and fully glazed floor to ceiling at each floor. The property therefore affords high levels of natural light as well as benefiting from excellent views along the River Tees to the south. The property has been finished to an excellent standard and is certainly one of the best specified properties on the business park. This will ensure rents remain at the higher range of the spectrum for the area.

Description

Cavendish House was completed in September 2002 and comprises a modern four storey open plan office building with two wings from a central service core. The building is of steel frame construction, with brick and glass elevations. The property benefits from the following internal specification:

- Raised access floors
- Suspended ceiling with category II lighting
- VRV air conditioning system
- Two 10-person (800kg) OTIS passenger lifts
- Male and female toilets on each floor
- Part marble, part limestone tiled reception area

Tenure

Freehold.



Floor Areas

The property provides the following net internal floor areas:

Description	sq m	sq ft
Ground Floor	1,235	13,293
First	1,282	13,799
Second	1,289	13,875
Third	1,176	12,659
TOTAL	4,982	53,626



The site is approximately 0.862 hectares (2.131 acres) and there are 221 car parking spaces, providing a car parking ratio of 1:22.4 sq m (1:242 sq ft).

Leases

Floor	Tenant	Rent pa
Ground + First	Cubic Transportation Ltd	£284,466
Second	Vacant	-
Third	Tees Valley Combined Authority	£152,000
TOTAL		£436,466

Ground and First Floors

The ground and first floor extends to 2,517 sq m (27,092 sq ft) to include 112 car parking spaces. The offices are let to Cubic Transportation Systems Ltd for a term of 10 years from October 2018 subject to a rent review at the fifth year to open market rental value. The tenants have an option to break at the end of the seventh year, subject to nine months written notice.

The lease is drawn on effective full repairing and insuring terms by way of service charge recovery. The service charge is capped at £4 psf subject to RPI annual increases for a period of five years.

In recognition of the new lease the landlord has undertaken to contribute a maximum sum of £270,000 plus VAT for the replacement of the air conditioning system to the ground and first floors. The works are to be undertaken within the first three years of the term.

A rent-free period of 22 months has been agreed from commencement of the new lease. The vendor will make up the rent during the rent-free period or agree a commensurate reduction in the purchase price.

The rent review at the fifth year is to the lower of open market rental value or RPI annual increase based on the commencing rental.

Third Floor

The third floor extends to 12,659 sq ft and is let to The Tees Valley Combined Authority for a term of 10 years from 1st January 2017 subject to a rent review to open market rental value. There is a tenant's option to break at the fifth year, subject to six months prior written notice. The lease is on full repairing and insuring terms by way of service charge recovery.

52 car parking spaces are included with the letting.

Vacant Offices

Second Floor 13,875 sq ft (1,289 sq m).

The vendor will provide a rental guarantee in respect of the vacant second floor offices for a period up to 2 years or until let at a rental of £166,500 p.a. reflecting £12 psf.

There are 57 car parking spaces available with this floor.



Rateable Value

The Second Floor is assessed for rating purposes at Rateable Value £118,000.

Price

Offers in the region of **£5,952,500** are sought for the benefit of our client's freehold interest, subject to the existing tenancies, to reflect a net initial yield of **9.5%** with the rental guarantee for the second floor and making up the rent during the rent free period to Cubic Transportation Systems Limited in respect of the Ground and First floors.

VAT

All prices and rentals quoted are exclusive of Value Added Tax.

Energy Performance Certificate

The premises have an EPC Rating in Band C

Viewing

By prior arrangement with the sole selling agents.

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