

Waterview Park

WASHINGTON SUNDERLAND NE38 8QG

FOR SALE

Fully occupied office campus on a 20 acre site
with excellent alternative use potential



Investment Summary

Fully occupied office campus representing an excellent covered land opportunity.

Let to Newcastle Estate Partnership Limited and who have sub-let by a Private Finance Initiative to DWP.

Sub-Tenant in full occupation with mutual break option in March 2027.

Lease expiry in December 2027.

Rent commencement date of October 2024 providing in excess of 2 years of income.

A very low passing rent of only £4.50 psf compared to prime business park rents in the region of £14.50 psf and industrial rents of £7.50 psf.

Initial rent of £347,804 pa in October 2024 rising to: £621,063 pa in November 2024 £894,314 pa in January 2025.

Total minimum cumulative rent receipt to break date of £2,071,920.

Total minimum cumulative rent receipt to lease expiry of £2,505,475.

20 acre site situated in a prime industrial location and allocated for employment use.

The property represents an excellent opportunity to redevelop as a mid-box industrial scheme or office refurbishment.

Strong location within a well-established industrial estate.

Long Leasehold, in excess of 220 years remaining.

Pricing

We are instructed to seek unconditional offers for our clients Long Leasehold interest.

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WATERVIEW PARK, MANDARIN WAY, WASHINGTON NE38 8QG



Location

The North East Region has a total population of 2,680,763 and a GVA of £5.6 billion (2019). The regional economy GVA is forecast to grow by a compound annual rate of 1.1% over the 12 years from 2019 – 2031.

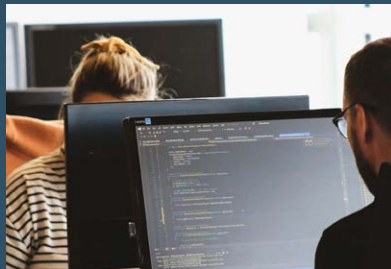
Source: Oxford Economics

With a local economy of £22 billion, the **North of Tyne Combined Authority** has a **catchment population of 820,000**.

Growing SME base that works closely with industrial partners and academic institutions, innovating in areas such as formulation, novel therapies and biologics. **Latest data highlights total R&D expenditure in the region of £742 million in 2019.**

The region has the highest proportion of computer science students in England, among over 52,000 students studying **Science Technology Engineering and Mathematics (STEM)** subjects.

Home to **digital innovation and international businesses** such as the global headquarters of FTSE 100 business software group Sage, Bede Gaming, Accenture, DXC Technology and Red Hat Solutions.



Connections

The property is strategically located between the Newcastle and Sunderland conurbations which form part of the Tyne & Wear area which has a total population of 1,145,600 persons.



Located 98 miles north of Leeds, 104 miles south of Edinburgh and 277 miles north of London.



Port of Tyne
8 miles



Newcastle International
Airport 15 miles



A1(M)
A19
A194



Situation

Sunderland town centre is situated approximately 6 miles to the east. The Pattinson Industrial Estate is an established logistics location with major occupiers in close proximity including:

The site is located along Mandarin Way on Pattinson Industrial Estate to the south of the A1231 in Washington Sunderland. The property is strategically located within close proximity to both the A19 and A1(M) which are both within 2 miles.



ASDA



SCANIA

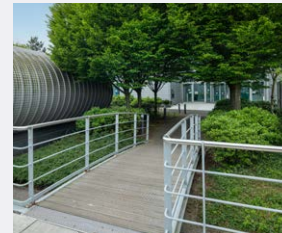


COMPANY
SHOP
GROUP

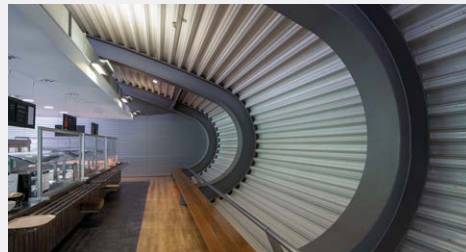


SCREWFIX

Gallery



Gallery



Description

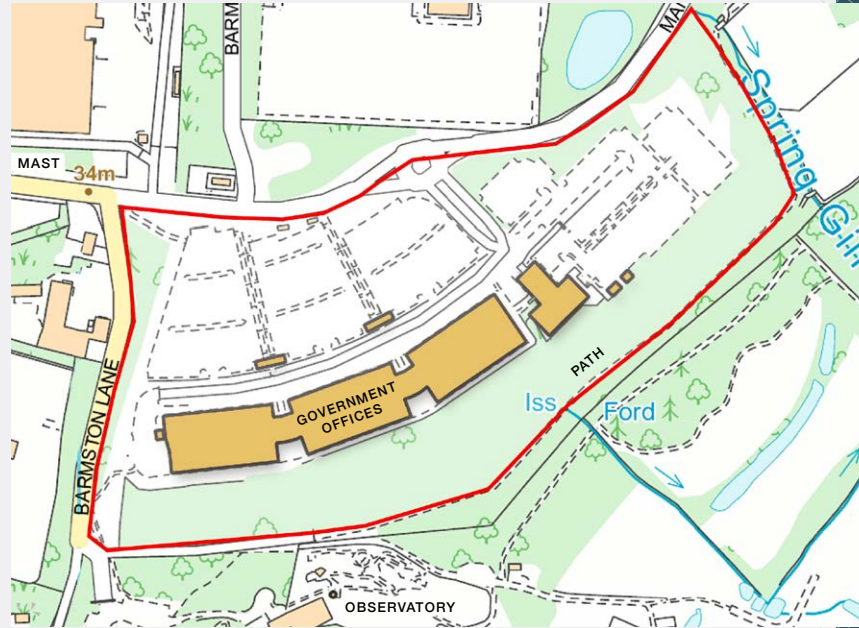
The site consists of three interlinking office buildings, constructed in 1999, totalling 182,173 sq ft with an adjacent amenity building of 16,566 sq ft containing a restaurant and a crèche. The offices have an operating capacity of 3,000 DWP employees based on site. There are 950 parking spaces providing an attractive ratio of 1:209 sq ft.

The main buildings consist of a steel frame with external walls constructed in steel sheet panels and clad in aluminium framed curtain walling with double glazed windows.

Floor Areas

The property provides the following NIA measurements:

Waterview	Size (SQ FT)
Block 1	60,724
Block 2	60,724
Block 3	60,724
Amenity building	16,566
Total	198,739



The site extends to 20 acres (8.1 hectares) and is identified in red for identification purposes only.



Specification

The internal specification of a typical office block includes:



FLOOR TO CEILING
HEIGHT OF 2.7M



RAISED
FLOORING



TOILETS TO
EACH FLOOR



DISPLACEMENT
VENTILATION SYSTEM
& CEILING VENTS



4 PASSENGER
LIFTS



SHOWER
FACILITIES

Good ESG credentials



CONTEMPLATION
AREA WITHIN
OUTSIDE SPACE



WOODLAND
AREA ON SITE



CYCLE
STORAGE

Tenure

The property is held Long Leasehold by way of the following titles. The head leases do not contain any onerous user clauses or restrictions on development and there is no head rent payable.

Title Number	Tenure	Definition
TY383599	Leasehold: Expiry 17/10/2249	Block 1
TY383600	Leasehold: Expiry 28/11/2249	Block 2
TY383601	Leasehold: Expiry 25/01/2250	Block 3
TY383602	Leasehold: Expiry 17/10/2249	Crèche/Restaurant
TY383603	Leasehold: Expiry 25/01/2250	Common Parts & Infrastructure
TY377215	Freehold	Land at Waterview Park

Newcastle Estate Partnership Limited

Newcastle Estate Partnership limited have a CreditSafe rating of 83A, representing very low business risk.

Year to Date	Turnover	Pre Tax Profit	Net Profit
31/03/2022	£14,091,000	£5,106,000	-£367,000
31/03/2021	£12,127,000	£3,354,000	-£2,084,000
31/03/2020	£17,979,000	£7,134,000	-£5,382,000

Newcastle Estate Partnership are owned by Semperian. Semperian are the largest Public Private Partnership.

Tenancy Schedule

The property is let to Newcastle Estate Partnership Limited (NEPL) who are the PFI provider to the Department of Work and Pensions (the sub-tenant). DWP occupy 100% of the site. NEPL provide a range of services to the DWP under 5 PFI agreements at the site and charge the DWP for these services. NEPL receives the rent as part of the PFI charge from DWP and transfers this element to the Landlord.

The rental payments are 'Government backed'.

Building	SQ FT	Rent £/pa (£/psf)	Rent start date	Lease expiry date	Break options
Block 1	60,724	£273,259 (£4.50)	19/10/2024	31/12/2027	Mutual option to break each lease from 31/03/2027 on three months' notice. Conditional on occupier terminating the underlying Occupancy Agreements.
Block 2	60,724	£273,259 (£4.50)	30/11/2024	31/12/2027	
Block 3	60,724	£273,259 (£4.50)	27/01/2025	31/12/2027	
Crèche/Restaurant	16,566	£74,545 (£4.50)	19/10/2024	31/12/2027	
Common Parts and Infrastructure		£0	27/01/2025	31/12/2027	
		£894,314			

The cumulative rental receipts to break date and lease expiry are £2,071,920 and £2,505,475 respectively.



Business Plan

Waterview Park provides a flexible and defensive business plan with the opportunity to retain as existing offices or redevelop to provide an industrial or residential scheme, subject to the necessary planning consents.

Office

The North East is a premier office destination with key employers in the region including Sage Group PLC, Home Group, HMRC, Just Eat, and Barclays. The occupational market has seen a marked increase in activity and demand over the course of the last 18 months as the regional markets recover from Covid 19. The volume of enquiries from businesses looking to locate into the region from other locations, including north-shoring projects are starting to move forward.

Nearby office parks including Rainton Bridge Business Park and Doxford International Park have now established headline rents at £14.50 psf. The passing rent at Waterview Park reflects only £4.50 psf, which represents a large discount to the other competing schemes, creating an excellent opportunity to significantly enhance the reversionary income return. The buildings offer highly flexible floorplates to allow a rolling refurbishment programme across separate floors and buildings. Alternatively, the buildings could be re-let with the existing specification at very competitive rental levels compared to other business parks in the region.

Industrial

The micro location on Pattinson Industrial Estate within a well established industrial conurbation and excellent motorway connectivity supports the redevelopment of the site for industrial use. The site extends to 20 acres therefore providing a large scale redevelopment opportunity to create further industrial stock in an area of low supply. Prime rents in the area are currently at £7.50 psf.

Residential

Permitted Development - Class O of the GPDO (as amended) allows for the conversion of office floorspace to any number of dwellings. Therefore, as the building is currently in use for office purposes (former Use Class B1a), change of use to residential (Use Class C3) may be permitted subject to considerations.



Planning

The site is situated within the allocated Pattinson North Primary Employment Area where land will be promoted and safeguarded for employment, activities and operations which support the retention, expansion and consolidation of the Pattinson Industrial Estate and the jobs associated with the Estate will be supported.

Proposals for '(Business – excluding B1a), B2 (General Industrial) and B8 (Storage and Distribution)' employment uses will be encouraged on site.

Policy EG1 specifically excludes uses falling within Use Class B1a (*now Use Class E(g)*) from Primary Employment Areas however given the established use of the site as a major office development, the Council may accept proposals for replacement office schemes where the design and scale is considered acceptable.

Demolition of the current buildings and a rebuild for employment purposes to comply with Local Plan Policy EG1 and allocation PEA4 would likely be acceptable.

Purchasers should make enquiries of Sunderland City Council and rely on their own planning due diligence.



Data Site

Access to the data site is available upon request.

AML

The successful purchaser will be expected to comply with all relevant anti-money laundering regulations.

EPC

Each building has an EPC rating of 'D'.

Proposal

We are instructed to seek offers for our client's Long Leasehold interest.



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

Eleanor Smith
07971 527 983
eleanor.smith1@jll.com

Mathew Atkinson
07900 226 885
mathew.atkinson@jll.com