



Hassells Street, Newcastle Under Lyme ST5 1BF



HASSELLS BRIDGE

Freehold accommodation
let to students from The
University of Keele

INVESTMENT SUMMARY



Modern student accommodation block providing 45 units (of which 8 are sold long leasehold) providing 92 beds available.

Large student population in Newcastle Under Lyme and surrounding area, attending Keele and Staffordshire Universities, Newcastle Under Lyme College, Stoke on Trent College and City of Stoke on Trent Sixth Form College

Historically well let block with 100% of units already let ahead of the 2024/2025 academic year and a current 100% occupancy rate

Excellent central location near the town's facilities, benefitting from easy access to the surrounding universities and colleges

Complex is not restricted to student use – suitable for BTR investors

Gross income of £641,074.72 pa contracted for 2024/25 academic year and estimated net operating income of £301,175 per annum

Offers invited in the region of £4,750,000 reflecting an attractive initial yield of 12.66% on gross income (assuming purchaser's costs of 6.8%) subject to contract and exclusive of VAT

LOCATION



Newcastle Under Lyme is a market town located in the county of Staffordshire in the West Midlands. The town is immediately to the north-west of the city of Stoke on Trent and together they form the major urban area in North Staffordshire. Keele is only 2 miles to the east. Newcastle Under Lyme has a population of 123,300 (2021 census) and is located approximately 42 miles south of Manchester, 44 miles north of Birmingham and 167 miles north of London. Staffordshire has traditionally been associated with industrial and manufacturing and Newcastle Under Lyme is well represented in these sectors.



CONNECTIONS



Newcastle Under Lyme benefits from excellent connectivity with the national motorway network. It is served by the M6 (Junction 15) located 3.1 miles to the south via the A519, which in turn leads to Manchester and Liverpool to the north and Stafford and Birmingham to the south. Rail services are provided by the Stoke on Trent mainline rail station, located only 2.2 miles east of Newcastle Under Lyme town centre. This provides direct rail services to London Euston (fastest journey time of 1 hour 24 minutes), Manchester Piccadilly (fastest journey time of 35 minutes) and a range of local stations. There is an extensive local bus network providing easy and regular services every 10 minutes to the surrounding area, including The University of Keele (16 minutes) and Stoke on Trent (25 minutes). Manchester International Airport, the UK's third busiest airport, is located 38 miles north of Newcastle Under Lyme and serves 175 destinations worldwide, with two runways and capacity for up to 50 million passengers annually.



REGENERATION



Newcastle-under-Lyme is among 100 places which have been selected by Government to develop proposals for “Town Deals” which Ministers say will be supported by a £3.6 billion fund. The Council have provided Capital & Centric with £2.6m to work up three schemes in the town. These comprise York Place, where plans are for 47 flats, 17,222 sq ft of commercial space, and a larger base for the Astley Performance Arts Centre. At Ryecroft, a 110 bed Ibis Hotel is to be constructed, with 36 homes and 10,000 sq ft of commercial space. The former Midway Car Park to be converted to 106 apartments, with a gym and private dining. There are additional plans for a 7th Business Innovation Centre at Keele Science Park, and occupiers are being encouraged to come forward. The Council commenced work in January 2023 for new infrastructure and new roads to further unlock the Chatterley Valley Enterprise Zone, a 240 acre brownfield development site adjacent to the A500. This will pave the way for a potential 1.17 m sq ft of development.



HIGHER EDUCATION



Newcastle Under Lyme is an important centre for Higher Education, both within Staffordshire and across the rest of the UK. The University of Keele occupies a 620 acre campus 3 miles to the west of the town. The University was voted No.1 in the UK in the Student Crowd University Awards 2022, and offers a range of undergraduate and postgraduate courses, with over 12,000 students enrolled (HESA 2021/2022) and is ranked 68th in the UK by The Sunday Times Good University Guide. The University's performance in the Teaching Excellence Framework (TEF) 2023 has been published by the Office for Students (OfS), with Keele achieving a Gold rating overall, maintaining its Gold standard achieved in the previous exercise in 2017. It is an important public research university and produces a large body of world leading research each year, particularly in the field of Medicine. The University Hospital of North Staffordshire NHS Trust is the main teaching hospital associated with Keele University and is located to the south-east of Newcastle Under Lyme and approximately a 20 minute walk from the subject property. Of the over 12,000 students, circa 3000 live on campus, with 9,000 requiring accommodation in the wider locality. Staffordshire University is also within close proximity to the subject property. There were approximately 15,675 full time students enrolled (HESA 2021/2022) a majority of which will be based in Newcastle Under Lyme.





In addition there are three Sixth Form Colleges in the area, offering AS/A Level Study. Newcastle Under Lyme College is located on a new £65 million campus in the town centre with over 8,000 students enrolled each year. Stoke on Trent College is also in the vicinity with 15,000 students enrolled per year. Furthermore the City of Stoke Sixth Form College offers courses to 1,800 students. The location of these educational centres in and surrounding Newcastle Under Lyme provides a large student population of nearly 45,000 students per year, generating substantial demand for student accommodation.

The University of Keele campus has 5 purpose built student accommodation blocks on site, however these are only able to provide 2700 beds, with the rest of residential students seeking accommodation in the town centre. Staffordshire University similarly does not have capacity to meet the housing demand from its students, with only 1,300 beds in Leek Road Halls, Clarice Cliff and the new SUSV scheme and 15,675 students

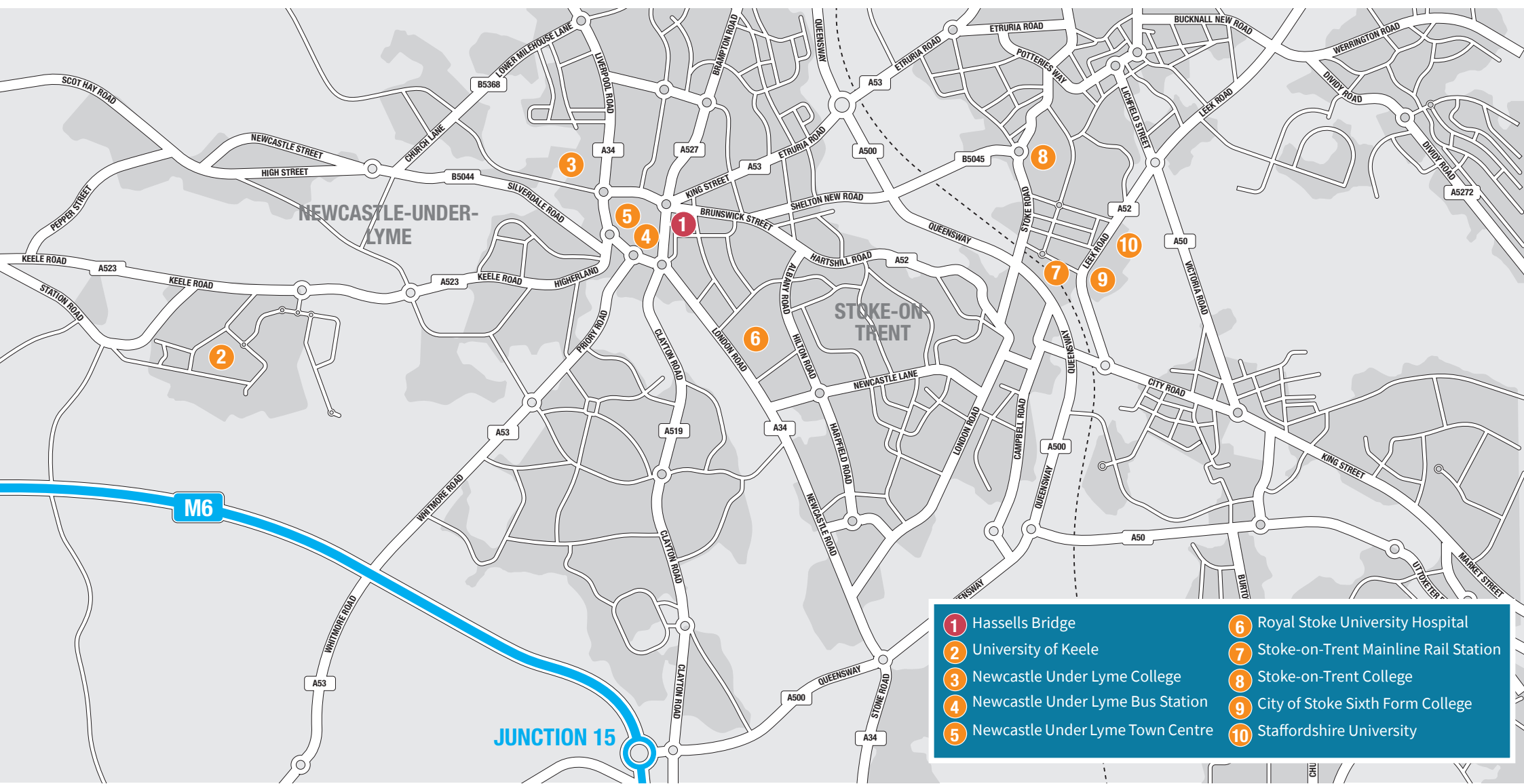
SITUATION



The property is situated within close proximity to the town centre, on the north side of West Street and just to the east of Barracks Road (A527) which forms the eastern section of the town's inner ring road. The subject property adjoins the 'Old Mill', a small student accommodation scheme. The town centre is easily accessed, located within a 5 minute walk. The bus station is located approximately 160 metres to the east of the scheme providing quick access to both Keele and Staffordshire Universities. The immediately surrounding area is predominantly residential, with some nearby commercial uses. There are a number of amenities available to the students including two gyms, a cinema, supermarket, a large range of shops on the high street as well as a variety of restaurants and takeaways.

The property comprises a total site area of 0.64 acres.







DESCRIPTION

Hassells Bridge comprises a modern purpose built development of 45 apartments arranged over four storeys of which 37 apartments provide 92 bed spaces in total. The scheme is constructed around a central car parking area which benefits from a secure gated entrance and CCTV. There are five entrance points and stairwells at the property which interconnect via a covered walkway which wraps around the property internally. Two of the entrance blocks provide street access, to Hassells Street and West Street, and also include two 8 person lifts. Each apartment is arranged around a central entrance hall which leads into an open plan lounge and kitchen area and the bedrooms, some of which are en-suite. A full break down of the accommodation is provided on page 13. The apartments are furnished and also include white goods. A number of the apartments also benefit from a balcony. Each has an electricity and water meter. The property benefits from 37 parking spaces each allocated to specific apartments.

Whilst currently let to students, there is not a planning restriction to student use, and the apartments may be occupied by anyone, making the asset suitable for BTR investors.



ACCOMMODATION



The property comprises 45 apartments, 8 of which have been sold off on 125 year leases.
Out of the 37 remaining the direct student let elements provide a total of 92 beds.
As detailed in the schedule below.

These units are let to students for 51 weeks.



TENURE



Freehold. Eight of the apartments have been sold off on 125 year leases from 2008 each with a ground rent of £191.84 per annum. The ground rent is reviewed every 10 years to uncapped RPI, with the next review in 2028. We understand the long leaseholders of these apartments also let their units to students.





INCOME

Contracted Gross Income from the direct lets for the academic year 2024/25 is £639,540 pa based on the breakdown of rents detailed below. In addition the property generates ground rents of £191.84 per annum each from the 8 leasehold flats providing an additional £1,534.72 per annum. This gives a total Gross Income of £641,074.72 per annum.

The accommodation is typically let to University of Keele students. We are advised that as at March 2024, 100% of the units at the subject property are let for the upcoming 2024/25 academic year, following 100% occupancy during the 2023/2024 academic year. There is a significant international student population in the town and we are advised that approximately 26% of the beds at Hassells Bridge are let to overseas students.

Type	Number of Beds	Let 2024/2025	Total Rent
1 Bed Apartment	2	100%	£17,340
2 Bed Apartment	25	100%	£175,950
2 Bed Apartment En Suite room	25	100%	£182,325
4 Bed Apartment	25	100%	£160,650
4 Bed Apartment En Suite Room	15	100%	£103,275
Ground Rents	n/a	100%	£1534.72
TOTAL	92		£641,074.72



SERVICE CHARGE / OPERATING COSTS

Budgeted operating costs for academic year 2024/2025 are £292,355, plus £46,547 management fees for the property manager.

Accordingly it can be expected that Net Operating Income before management fees will be circa £348,720 during the 2024/2025 academic year, and £302,173 after management fees.



MANAGEMENT

The apartments are let and managed by a commercial agency on a direct let basis. Obviously if a purchaser takes marketing and management in house, there is a considerable potential saving.

Although with most courses for three years, approximately a third of students leave University each year, Hassells Bridge has an excellent rate for renewal bookings, currently at about 48% of occupants from year to year confirming the desirability of living there.



MARKET COMMENTARY

Deakins Yard, Newcastle Under Lyme, is currently undergoing construction to 273 studios and one bedroom apartments, highlighting the demand for student accommodation in the area. These studios are being offered to investors as forward sales, providing a 8.25% return.

Transactional evidence from the leasehold units at the subject property supports an aggregate figure in excess of our quoting terms:

Apartment	Description	Sale Date	Price
3	2 bed, 2 bath, 1 reception	May 2008	£150,000
4	2 bed, 2 bath, 1 reception	May 2008	£150,000
5	2 bed, 2 bath, 1 reception	May 2008	£115,000
22	2 bed, 2 bath, 1 reception	May 2008	£132,500
23	2 bed, 1 bath, 1 reception	June 2008	£132,500
25	2 bed, 1 bath, 1 reception	June 2008	£132,500
43	4 bed, 2 bath, 1 reception	January 2016	£170,000

Source: Zoopla.



EPC

EPC information is available in the data room.



PROPOSAL

We have been instructed to seek offers in the region of £4,750,000 for the freehold interest subject to contract and exclusive of VAT, reflecting an attractive yield of **12.66%** on gross income after acquisition costs of 6.8% ,6.89% on Net Operating Income before management fees, and circa 5.95% on Net Operating Income. This reflects a **low £51,630 per bed.**

FURTHER INFORMATION



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