

  
Clifton

# CENTRAL EXCHANGE

NEWCASTLE



LANDMARK FREEHOLD **FOR SALE**



# INVESTMENT SUMMARY

- Newcastle is the economic and cultural centre for the north east of England;
- Newcastle ranks 4th out of the 70 PROMIS retail centres;
- Central Exchange provides a 0.70 acre island site at the centre of Newcastle's retail and leisure pitch;
- Attractive Grade-II listed building trisected by an ornate Edwardian shopping arcade originally built in 1837;
- City centre freehold site;
- Historic rare trophy asset;
- High occupational demand led by strong F&B market;
- Rebased rents allow for strong future rental growth potential;
- WAULT of 7.29 years to expiry (6.15 years to break);
- 73% national or regional multiple income;
- 81% 'below average risk' or better Experian credit rating;
- Future asset management potential to repurpose first floor offices to alternative uses;
- Current net operating income of £1,062,096 per annum;
- Represents a low capital value of £273psf.

OFFERS IN EXCESS OF  
**£11,750,000**

(Eleven Million Seven Hundred and Fifty Thousand Pounds Only), reflecting **8.47%** net initial yield and a reversionary yield of **9.45%**, assuming purchaser's costs of 6.71%.



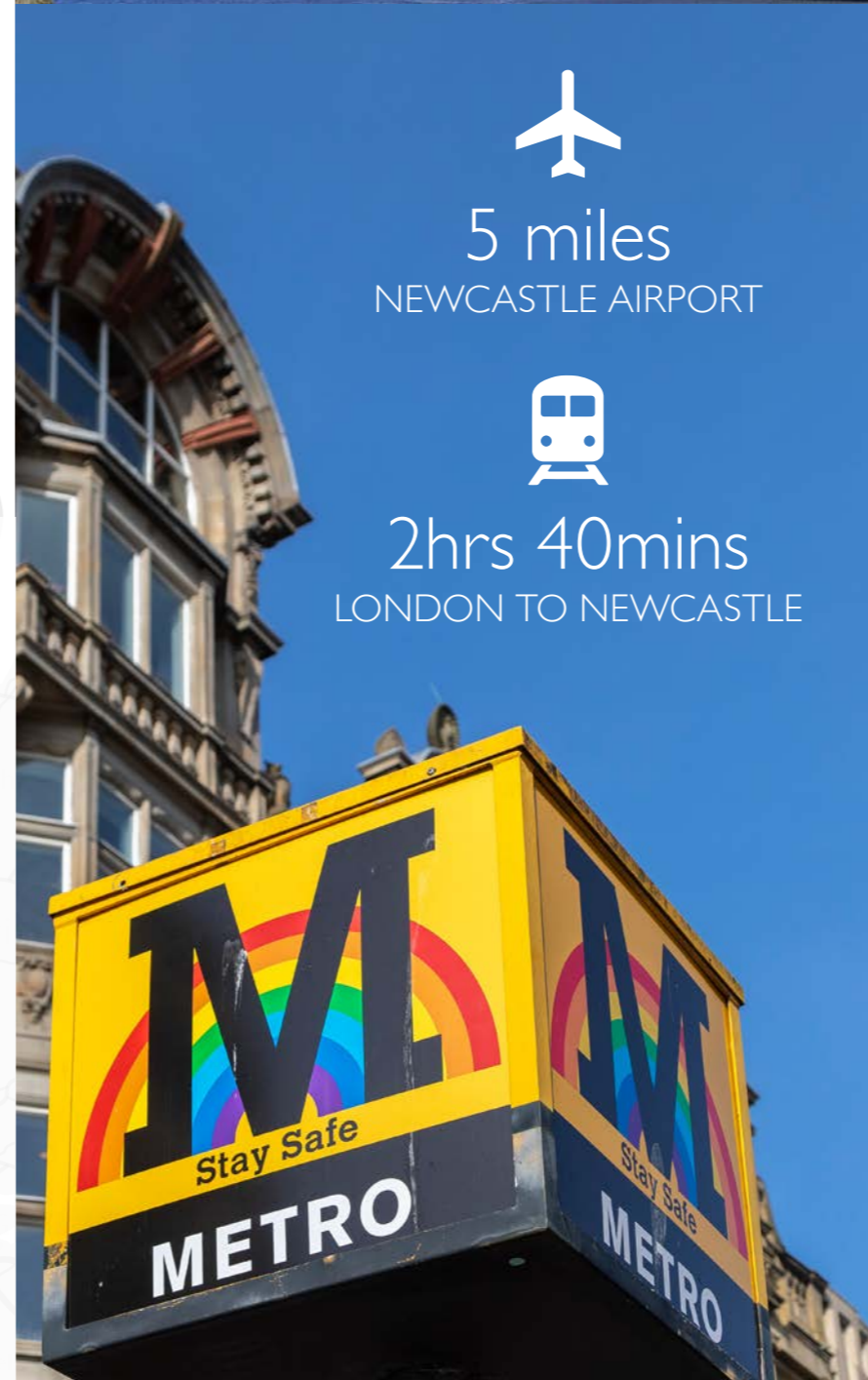
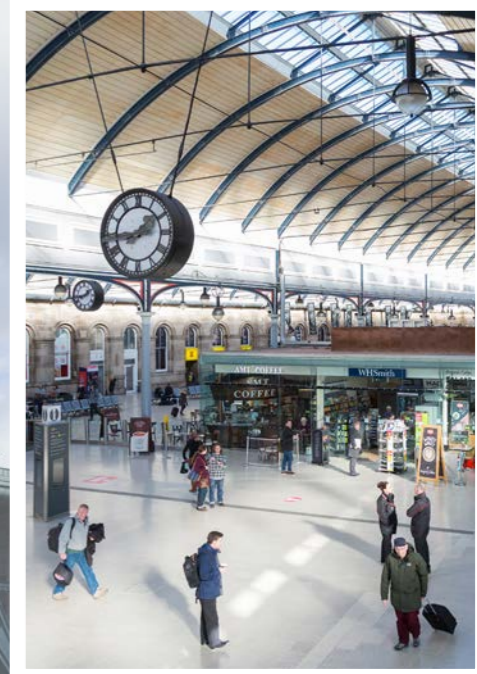
**PLAY  
VIDEO**



## NEWCASTLE

### MAJOR REGIONAL CITY

The university city of Newcastle is located some 10 miles from the north east coast, approximately 280 miles north of London, 105 miles south of Edinburgh and 100 miles north of Leeds.



5 miles  
NEWCASTLE AIRPORT

2hrs 40mins  
LONDON TO NEWCASTLE



Newcastle is well served by public transport. By road, junction 65 of the A1(M) is situated some 9 miles to the south of the city and provides access to the UK motorway network. By rail, the city is on the electrified East Coast Mainline railway which connects London to Edinburgh. The journey time from London to Newcastle is approximately 2 hours and 40 minutes.

Newcastle is also one of the few UK cities to have an underground railway system (Metro). Operated by Nexus, the system provides an urban transport network of 2 main lines serving 60 stations throughout the Tyne & Wear area. Services run north to the airport, south to Sunderland and east as far as Whitley Bay.

# DOMINANT REGIONAL CENTRE

Newcastle is the economic and cultural centre for the north east of England and has a primary catchment estimated to be 1.5m people. Promis classifies Newcastle as being a 'Major City' and this size of catchment is above the 'Major City average', ranking Newcastle 4th out of the 70 PROMIS retail centres throughout the UK. The city also ranks 7th in shopping catchment population.

Newcastle's shopping catchment is considered by PROMIS to be average for what they consider to be the Major Cities.

Newcastle's economy contributes around £13 billion to the UK. This figure is mostly generated by corporate activity in Newcastle's Central Business District.

Several of the UK's major accountancy and professional services firms have large regional offices in Newcastle. These include Bond Dickinson, PWC, Sage Group, Entec UK and Accenture. The city is also a popular location of choice for several call centre businesses. BT, Sky, Tesco Bank, Home Group and Sitel Corporation all have major call centres.



1.5 million  
CATCHMENT



42,000  
STUDENTS



7th Largest  
SHOPPING CATCHMENT




£13 billion  
ECONOMIC CONTRIBUTION

In November 2021, it was announced that Newcastle's Pilgrim's Quarter, part of the Pilgrim Street development, is set to become the new home for HM Revenue and Customs (HMRC) in the North East.

HMRC will occupy the whole of the nine storey Pilgrim's Quarter development, which is expected to open in 2027.

The arrival of **9,000 staff into the new 463,000 sq ft regional centre** will increase footfall past the subject property and enhance the vitality and viability of the nearby city centre retail core.

  
2.6m sq ft  
RETAIL SPACE

  
2,000  
SPACES

  
THREE  
METRO STATIONS

## SHOPPING, TOURISM & LEISURE

Newcastle is classified as a 'Major City' by PROMIS and has 2.6m sq ft of retail floorspace. The city centre is served by three Metro stations and a major bus terminal providing numerous local bus routes to the greater Tyne & Wear area. Major retail anchors are present in the form of two full line department stores (Fenwick and John Lewis) as well as the UK's main fashion variety stores (Marks & Spencer, Primark and H&M).

Marks & Spencer is one of the largest outside London and underwent a major refurbishment in 2006. The city is also home to a large indoor 6 day market and 10 city centre car parks providing in excess of 2,000 car

parking spaces. The city centre is also renowned as a night time destination and cultural venue, attracting visitors and tourists from across the UK and beyond.

The network of streets south of Blckett Street are known locally as Grainger Town and include some of Newcastle's finest buildings, epitomised by the grand Theatre Royal on Grey Street. Newcastle is legendary for its nightlife and areas such as Bigg Market, Quayside and The Gate remain major draws for local nightlife and tourists from further afield.

The city's thriving **nightlife is estimated to be worth £340 million per year** and is a major contributor to Newcastle's economy.

The city's retailing circuit was historically centred around the short section of Northumberland Street from the junction of Blckett Street and extending north to Marks & Spencer and into and through the large covered shopping centre, Eldon Square.

The award winning redevelopment of Monument Mall has extended the prime pitch towards the southern end of Northumberland Street, Blckett Street and Grey Street. The area immediately surrounding the famous Grey's Monument has become the focus of the city's high quality, aspirational retail, bars and restaurants.

Eldon Square was one of the UK's first major covered city centre shopping centres and comprises 1.4m sq ft of accommodation. The centre is anchored by a John Lewis department store and a 500 space multi-storey car park. It integrates two of the city's anchor stores, Fenwick and Marks & Spencer that both have frontages onto Northumberland Street and entrances into Eldon Square.







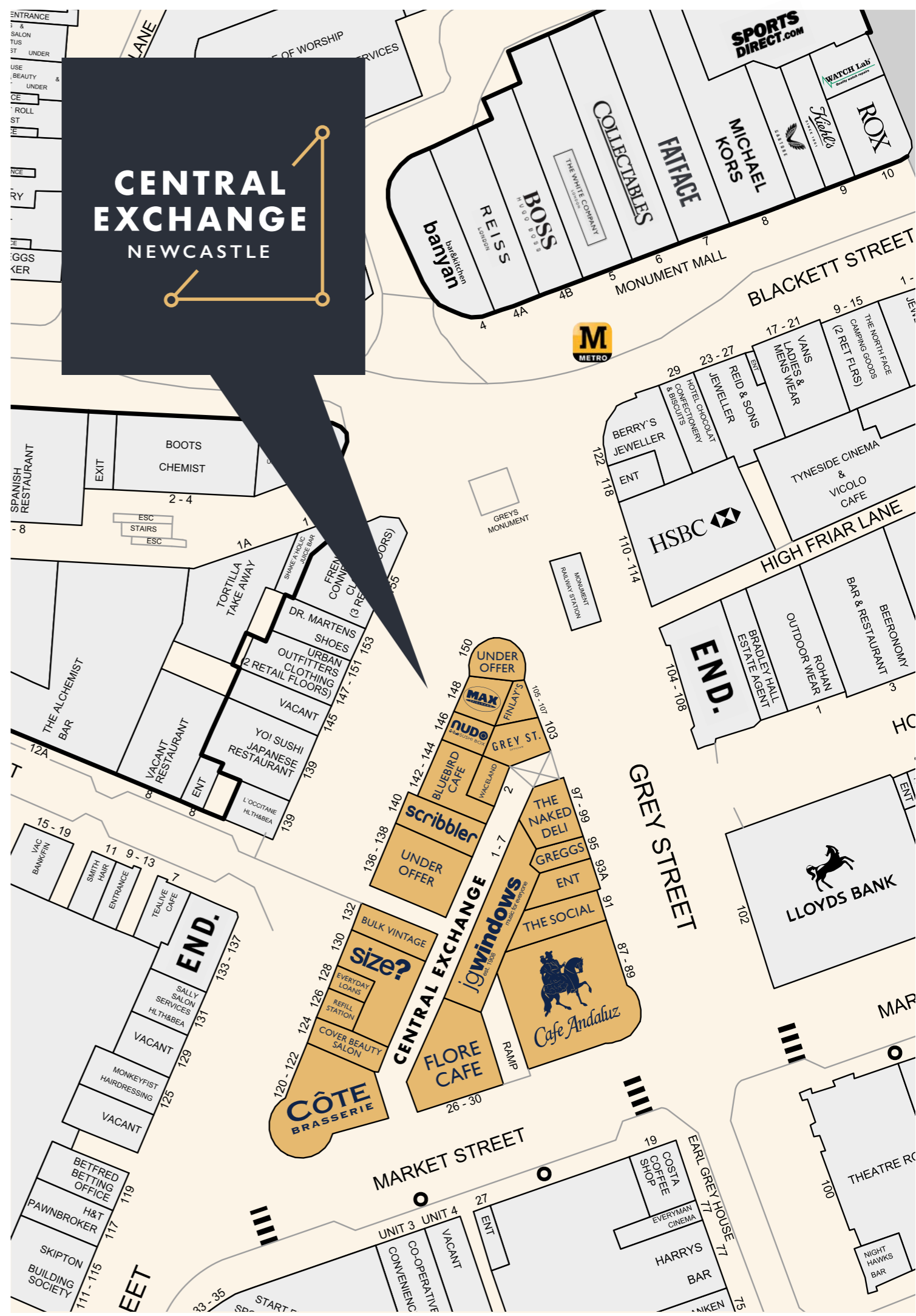
# LANDMARK ISLAND SITE

The subject property comprises a prime island site in Newcastle city centre. Bordered by Grey Street, Grainger Street and Market Street, the property is perfectly placed between the 100% prime retail pitch at Northumberland Street and infamous Newcastle leisure pitch. Grey's Monument, one of Newcastle's best-known landmarks, sits across from the property on its northern corner.

Grainger Street provides the main confluence from Northumberland Street south towards the city's main train station. Its Grainger Street frontage occupies a section of the street where other brands include names such as End, Yo! Sushi, Urban Outfitters and Grainger Market. On Grey Street, other occupiers include HSBC and Lloyds Bank.

Directly opposite the property on Grey Street is End, a thriving new online retailer which acquired the former Byron Burger shop and converted the whole building into a store incorporating their new head office. Market Street borders the south edge of the property.

Central Exchange benefits from entrances on all three frontages and internally comprises a very attractive Edwardian shopping arcade environment. The only major tenant to rely on footfall through the arcade is J.G Windows, a high end musical instrument supplier founded in 1906 and is a true destination retailer known around the world. All other retail units, apart from one, within the property have external facing frontages with visibility from street level.





The asset provides well proportioned trading units with frontages onto Grainger Street, Grey Street and Market Street. Central Exchange creates a thoroughfare from all three streets trisecting the asset.

The property comprises a block of 22 well configured shops and restaurants arranged over basement, ground and first floors. Eight of the units benefit from dual frontage internally into the arcade. The arcade has two units that only face internally, one of which is Waceland and the other being J.G Windows who have been in occupation for decades.



## GRADE II LISTED EDWARDIAN SHOPS & ARCADE

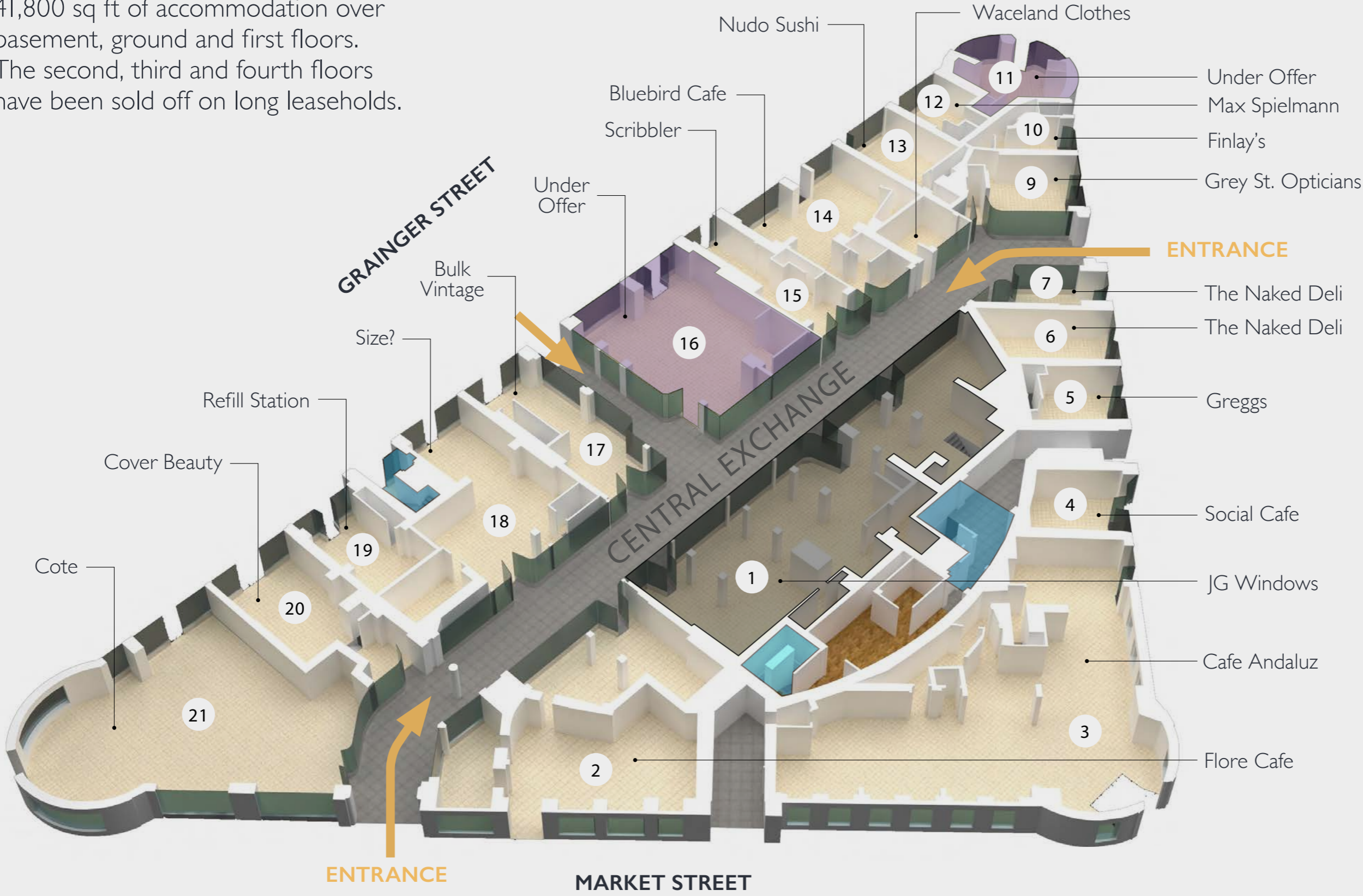
The building incorporates an impressive Grade II listed façade and an Edwardian shopping arcade that trisects the property. Originally built in 1837, the building was subsequently rebuilt in the early 20th century following a fire in 1906.



# ACCOMMODATION

The property occupies an island site of approximately 0.70 acres and provides 41,800 sq ft of accommodation over basement, ground and first floors. The second, third and fourth floors have been sold off on long leaseholds.

## CENTRAL EXCHANGE NEWCASTLE

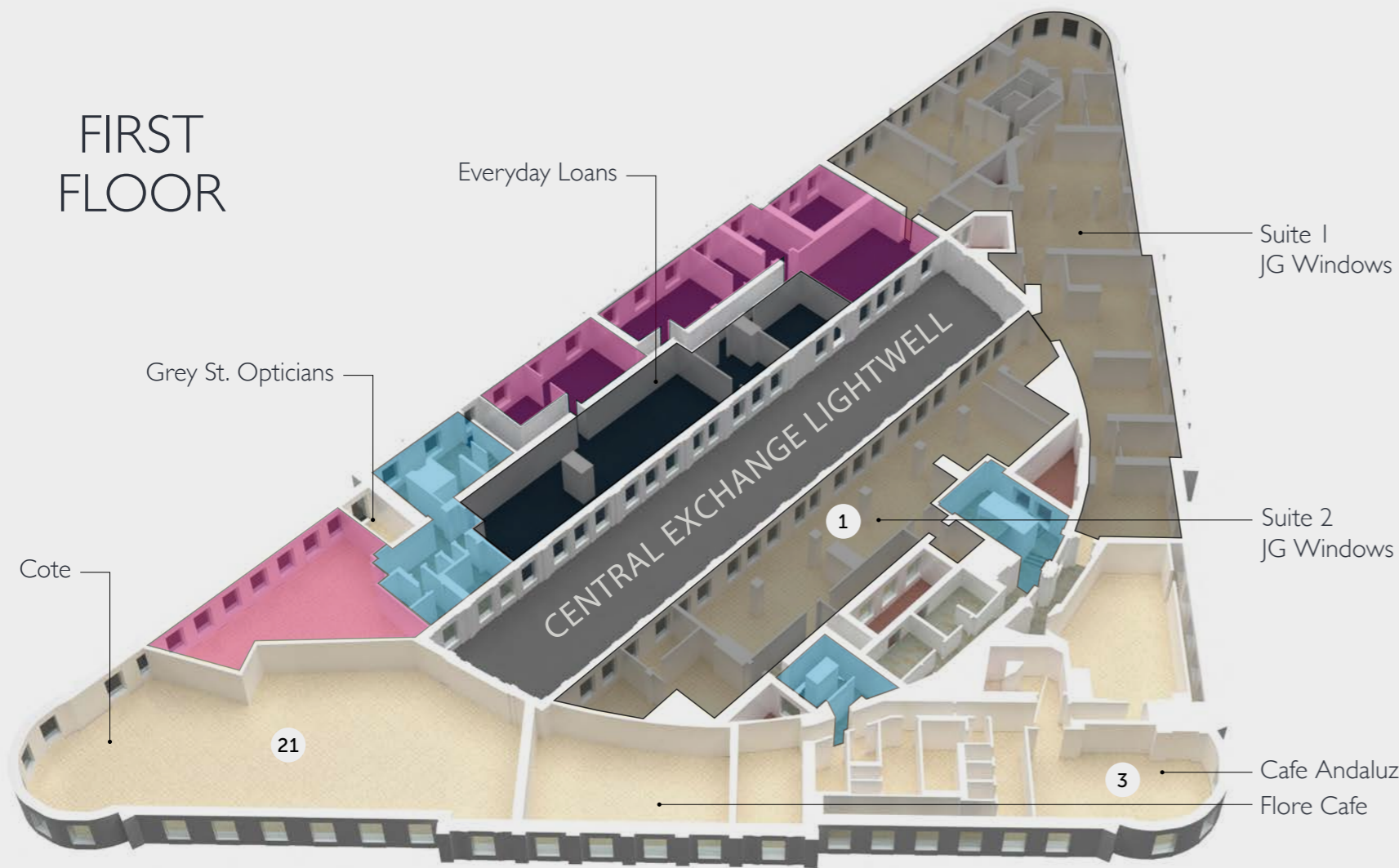


GREY STREET

### GROUND FLOOR

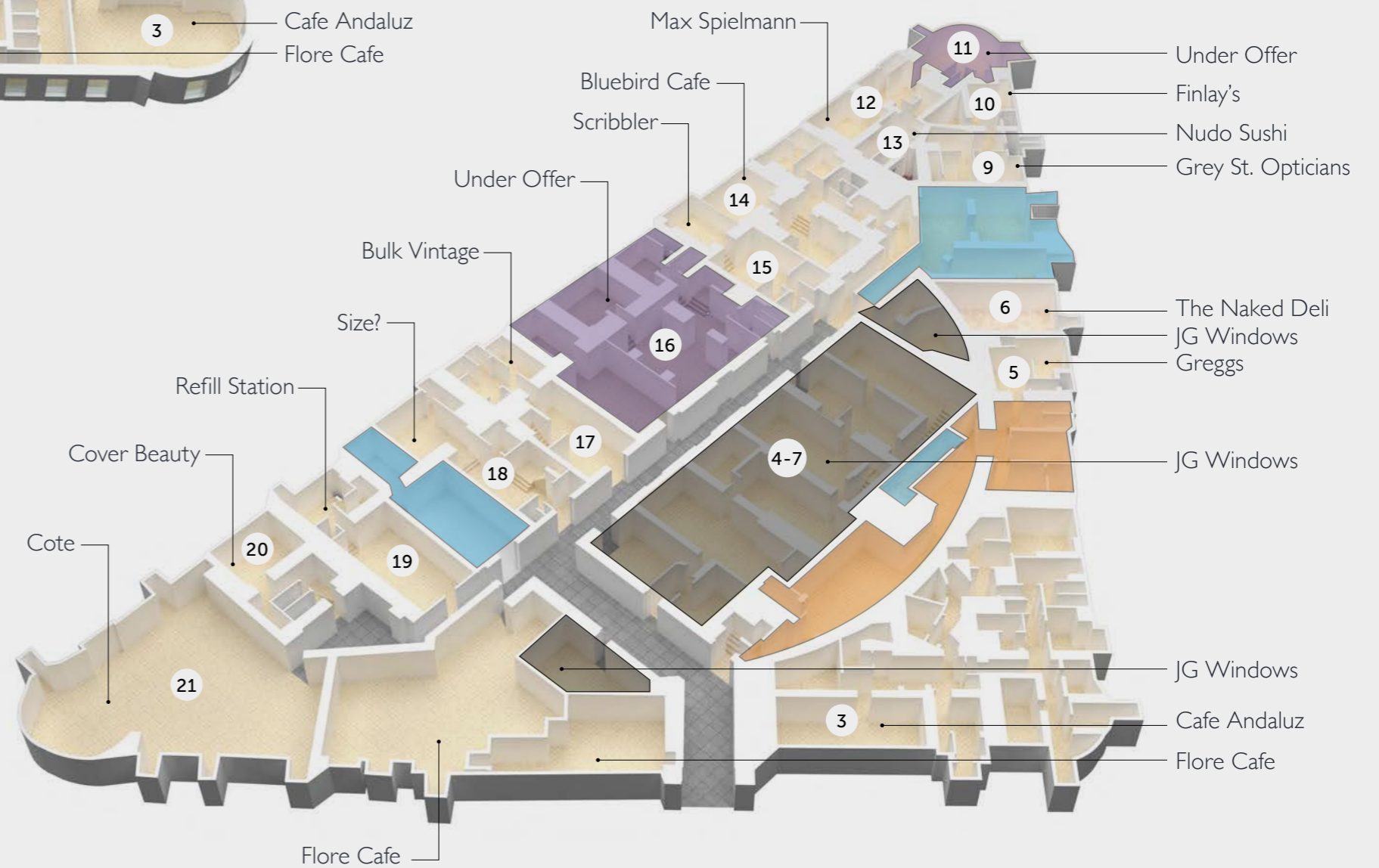
- RETAIL
- OFFICES
- CIRCULATION
- CORES
- PLANT
- MANAGEMENT
- VACANT
- UNDER OFFER

# FIRST FLOOR

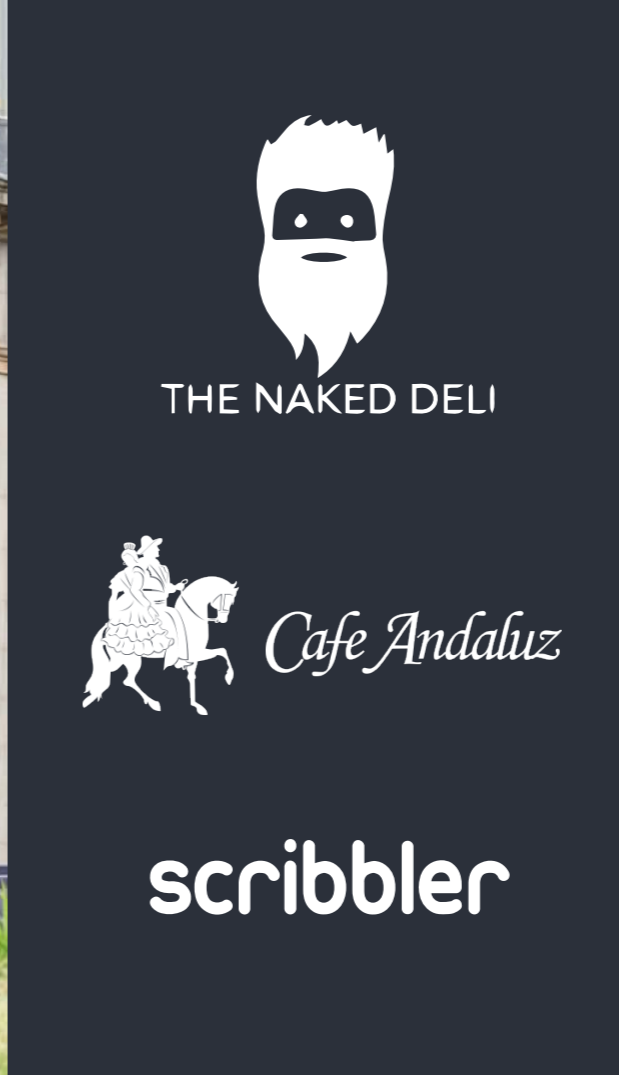


# CENTRAL EXCHANGE NEWCASTLE

# BASEMENT



- RETAIL
- OFFICES
- CIRCULATION
- CORES
- PLANT
- MANAGEMENT
- VACANT
- UNDER OFFER





size?

jgwindows  
est. 1908 music for everyone

 Cafe Andaluz

CENTRAL  
EXCHANGE  
NEWCASTLE



CÔTE  
BRASSERIE



GREY ST.  
OPTICIAN

FLORE  
CAFE & PATISSERIE

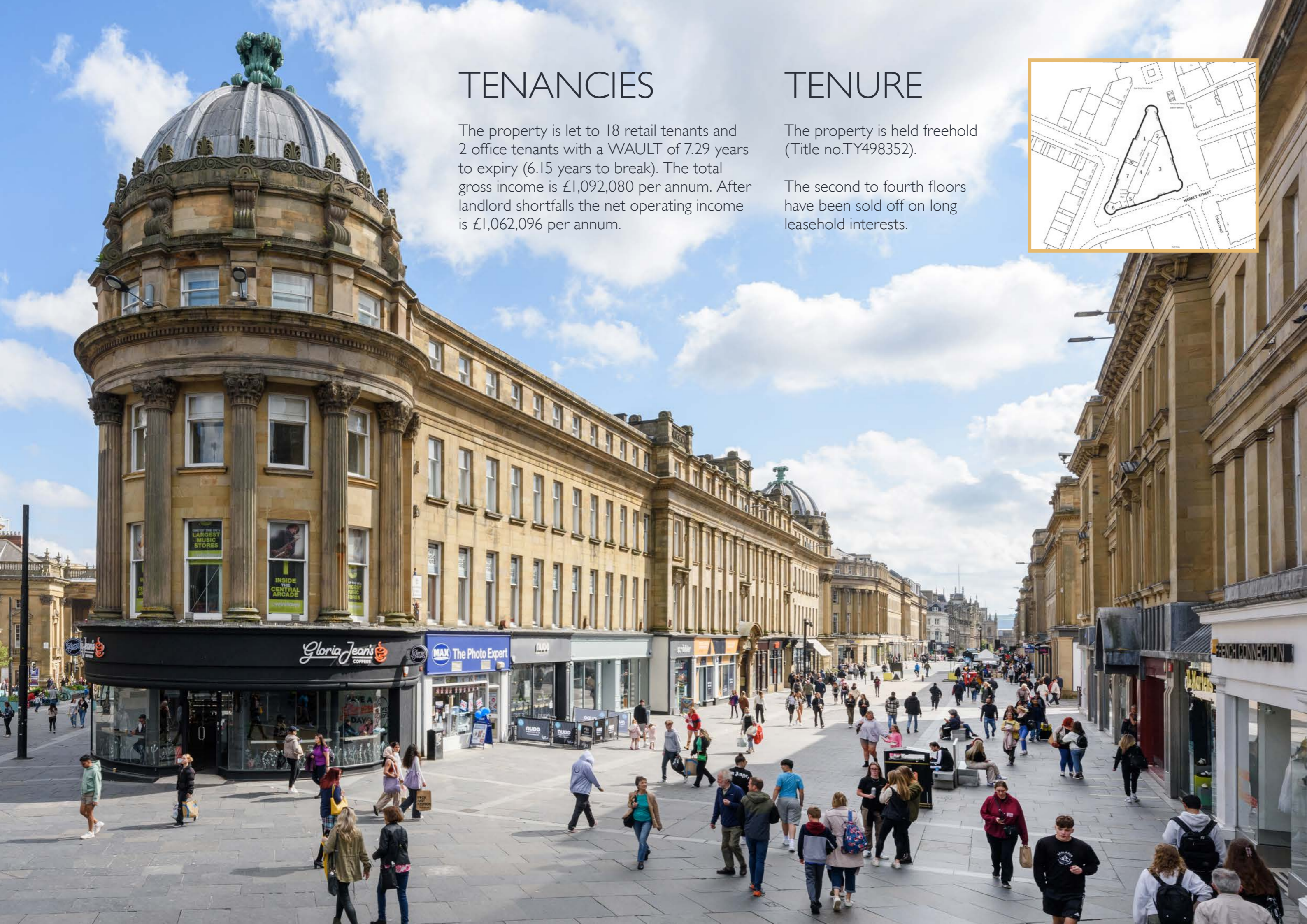
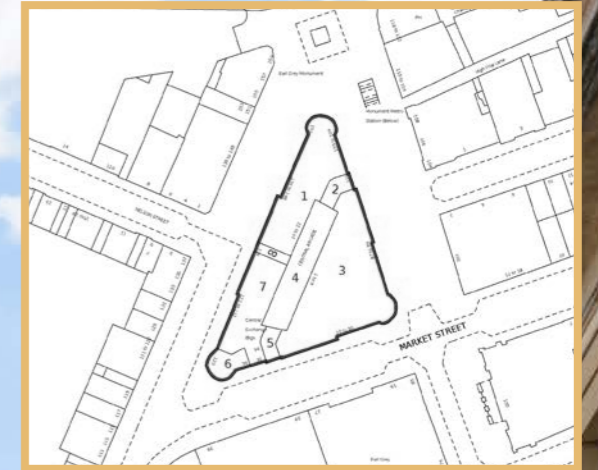
# TENANCIES

The property is let to 18 retail tenants and 2 office tenants with a WAULT of 7.29 years to expiry (6.15 years to break). The total gross income is £1,092,080 per annum. After landlord shortfalls the net operating income is £1,062,096 per annum.

# TENURE

The property is held freehold (Title no.TY498352).

The second to fourth floors have been sold off on long leasehold interests.



# TENANCY SCHEDULE



Address	Tenant	Trading As	Total Area (sq ft)	Lease Start	Lease Expiry	Break	Current Annual Rent	Current Shortfalls	Comments
<b>Retail</b>									
87-89 Grey St	Cafe Andaluz Restaurants (Newcastle) Ltd	Café Andaluz	6,807	01/06/2021	31/05/2036		£117,500	£0	Rent free to be topped by the vendor.
93 Grey Street	The Social Ltd	The Social	344	21/02/2022	20/02/2027		£31,000	£0	Rent free to be topped by the vendor.
95 Grey Street	Greggs Plc	Greggs	688	26/12/2016	25/12/2026		£35,000	£0	
97 + 99 Grey Street	The Naked Deli Ltd	Naked Deli	1,633	01/12/2021	30/11/2031		£62,500	£0	
103 Grey Street	Grey St. Optician Ltd	Grey St. Optical	857	01/08/2018	31/07/2028		£60,000	£0	
Suite 1B, First Floor, Grainger Street	Grey St. Optician Ltd	Grey St. Optical		29/10/2018	24/05/2023		£0	£0	
105 Grey Street	R & S Enterprise PVT Limited	Finlay's Newsagents	491	01/06/2007	31/05/2022		£35,000	£0	Lease renewal in sols - new 10 yr (5yr TBO) lease at same rent.
150 Grainger Street	Under Offer	Under Offer	932				£0	£0	Under offer to a national coffee operator at a rent of £65,000 per annum.
148 Grainger Street	Photographic Retail 2008 Ltd	Max Spielmann The Photo Expert	763	03/04/2019	02/04/2029	31/03/2024	£38,000	£0	
146 Grainger Street	Nudo Sushi Box Ltd	Nudo Sushi Box	626	16/10/2017	15/10/2032		£55,000	£0	Oct-22 break removed.
142-144 Grainger Street	Sayturk Ltd	Bluebird Café	735	26/10/2021	25/10/2031		£85,000	£0	Rent free to be topped up by the vendor. Stepped rent: 26 October 2023 - £95,000; 26 October 2024 - £110,000.
140 Grainger Street	Scribbler Holdings Ltd	Scribbler	1,105	01/01/2022	31/12/2032	31/12/2026	£30,000	£0	
136-138 Grainger Street	Under Offer	Under Offer	1,786	04/07/2022	04/07/2023		£87,500	£0	Under offer to national restaurant chain at £87,500 per annum. Vendor will provide a rental guarantee for 12 months.
132 Grainger Street	Bulk Clothing	Temp License	1,241	10/02/2022	09/08/2023	10/06/2022	£0	£0	Under offer at a rent of £44,500 per annum on a new 10 year lease.
130 Grainger Street	JD Sports Fashion Plc	Size?	1,853	14/09/2020	13/09/2030	13/09/2023	£80,000	£0	6 months rent free if the October 2023 break is not exercised. Base rent of 62.5% of the principal rent (£80k). Turnover top up of 6.5% thereafter.
124 Grainger Street	Ram Dusk Ltd	Cover Beauty	969	03/11/2017	02/11/2022		£30,000	£0	Lease renewal in sols - new 5 yr lease at same rent.
126 Grainger Street	SRS Newcastle	Refill Station		05/07/2019	04/07/2022		£25,000	£0	Lease renewal in sols - new 5 yr lease at £28,000 per annum.
120 Grainger Street	Cote Restaurant Group Ltd	Cote	1,311	28/07/2017	27/07/2037		£110,000	£0	
26-30 Market Street & 8/9 Central Arcade	Minhoco 59 Ltd	Flore	2,776	17/12/2020	16/12/2030	16/12/2025	£45,000	-£12,520	Turnover top up of 10% if T/O exceeds £1m in each T/O period. Contracted rent of £45,000 (inc of service charge).
4-7 Central Arcade	J.G.Windows Ltd	J.G.Windows	4,030	25/03/2019	24/03/2024		£63,750	£0	
Suite 2, 93a Grey Street	J.G.Windows Ltd	J.G.Windows	1,411	25/03/2019	24/03/2024		£12,750	£0	
1-3 Central Arcade	J.G.Windows Ltd	J.G.Windows	2,754	25/03/2019	24/03/2024		£39,500	£0	
Suite 1A, 93 Grey Street	J.G.Windows Ltd	J.G.Windows	4,737	27/03/2015	26/03/2020		£19,280	£0	Regear been agreed with J.G.Windows oin 6 leases at a total rent of £140k per annum on a new 10 year lease from 1st Apr 22. 3 month landlord rolling break option which can be enacted on individual parts providing flexibility of space.
Basement Store Room	J.G.Windows Ltd	J.G.Windows		26/09/2018	25/09/2023		£150	£0	
Basement Store Room	J.G.Windows Ltd	J.G.Windows		26/09/2018	25/09/2023		£150	£0	
19 Central Arcade	Waceland Ltd	Waceland Clothes	240	17/05/2022	16/05/2025	16/05/2023	£17,500	£0	
<b>Office</b>									
Suite 1A First Floor Offices	Everyday Loans Ltd	Everyday Loans	2,641	06/07/2017	05/07/2027	06/07/2022	£12,500	£0	
Part Suite 1B First Floor Offices	Vacant	Vacant	1,157	30/12/2022	29/12/2027		£0	-£7,165	
Part Suite 1A, Part 1B, First Floor, Grainger Street	Vacant	Vacant	1,156				£0	-£10,299	
4th Floor Offices - Suite 8 4th Floor	Simpson Property Ltd	Simpson Property Limited		24/06/2000	23/06/2150		£0	£0	
<b>Residential</b>									
Units 18 + 19 and Suites 4-6, 128 Grainger Street	Rea Brothers Development Ltd	Rea Brothers		24/06/2000		23/06/2150	£0	£0	Sold off residential on long leasehold interest.
2nd, 3rd, 4th Residential	Central Exchange Buildings Newcastle Management Ltd	Central Exchange Buildings Newcastle Management		24/06/2000		23/06/2150	£0	£0	Sold off residential on long leasehold interest.
<b>TOTAL</b>			<b>43,043</b>				<b>£1,092,080</b>	<b>-£29,984</b>	

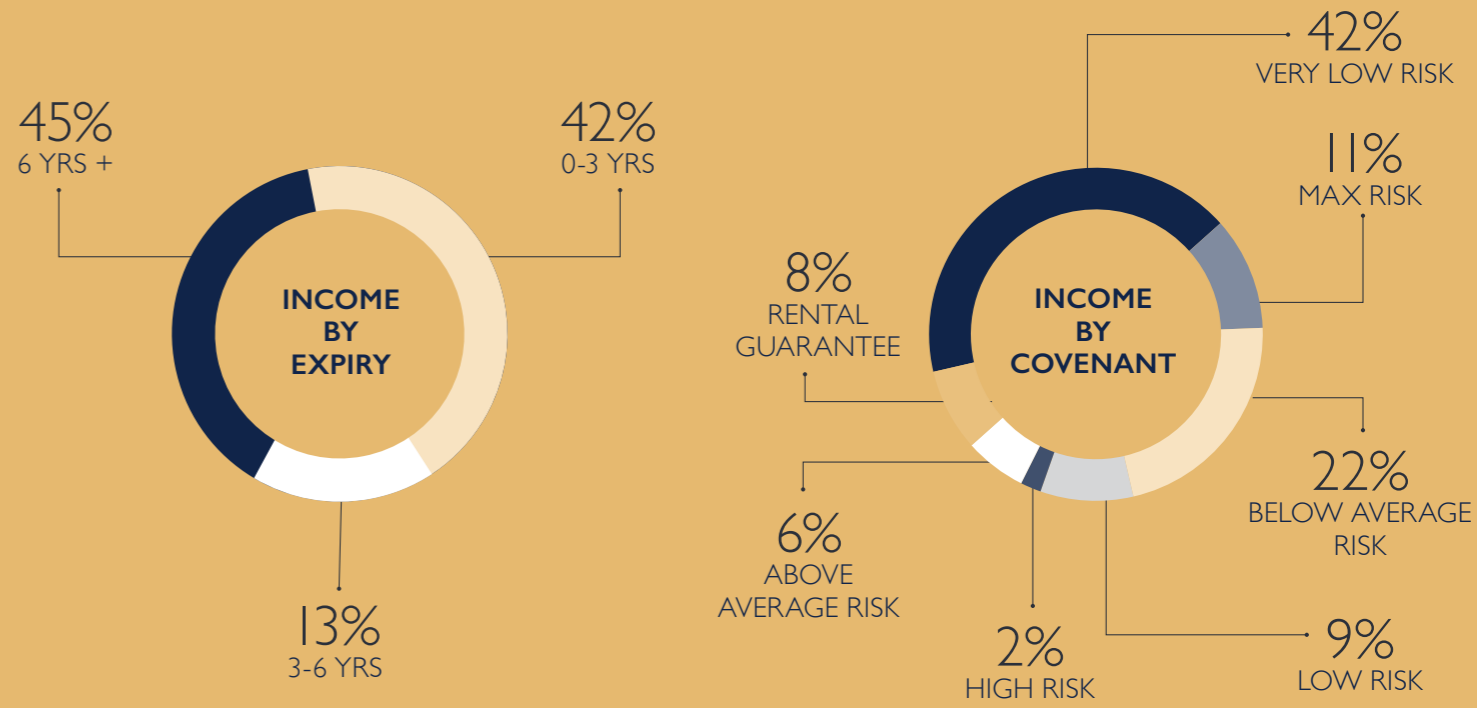
Full tenancy and accommodation schedule available upon request.

Contracted Income	£1,004,580
Topped Up Income	£87,500
Shortfalls	£29,984
Net Operating Income	£1,062,096



# COVENANTS

# INCOME ANALYSIS



The top 8 income producing tenants account for **65% of the total income.**

Trading As	Company Number	Company Description	Gross Passing Rent p.a.	% of Total Income	Experian Rating	Experian Credit Score (/100)
jgwindows <small>est. 1908 music for everyone</small>	00206416	Opened in 1908, J.G.Windows Ltd is one of the UK's longest established music stores and is a worldwide supplier. The flagship store is set out over three floors in the subject property and shop celebrated its one hundred year anniversary in 2008.	£135,580	12%	Very Low Risk	93
Cafe Andaluz	SC677902	First opened in Glasgow's West End in 2002, Café Andaluz is a highly successful and locally renowned tapas restaurant, now operating from locations in Glasgow, Edinburgh, Aberdeen and Newcastle.	£117,500	11%	Below Average Risk	66
CÔTE BRASSERIE	12873009	Cote has been a household brand in the UK for over two decades. Recently sold to Partners Group in April 2021, the Cote brand has received a new lease of life and trade from over 90 locations nationwide.	£110,000	10%	Maximum Risk	2
<b>THE BLUEBIRD.</b>	08135908	Bluebird café recently opened as a "Instagrammable" café, the first of its kind in Newcastle, in order to appeal to influencers in the city. The café is backed by Sayturk Ltd, who have a "Very Low Risk" Experian credit rating.	£85,000	8%	Very Low Risk	93
size?	01888425	Size? are the original community shoe store, founded in 2001, they operate from 31 locations across the world with 20 of those stores in the UK. The company is wholly owned by JD Sports Fashion Plc, a publically listed company on the FTSE 100 and an undoubted covenant.	£80,000	7%	Very Low Risk	100
THE NAKED DELI	07896885	Aims to provide clean, healthy and nutritious food and drinks. They operate from 4 branches across the north of England.	£62,500	6%	Below Average Risk	71
GREY ST. OPTICIAN	06146987	Grey St Optical are a boutique, high end opticians who have been operating from this location since 2007. They have an experian credit rating of Low Risk and continue to trade very well at the store.	£60,000	5%	Low Risk	88
NUDO SUSHI BOX	08053518	Nudo Sushi opened their first branch in 2009 and have been thriving ever since. Specialising in freshly made to order sushi products, they now operate out of 9 locations in the North East and Manchester.	£55,000	5%	Very Low Risk	98

## VAT

The property is elected for VAT and the sale will be treated as a Transfer Of a Going Concern (TOGC).

## EPCs

Available upon request.

## AML

Prospective purchasers will be required to fulfil the vendors' anti-money laundering requirements in accordance with the Money Laundering Regulations 2017.

### Misrepresentations Act:

Clifton Partnership LLP for themselves and for the vendors/lessors of the property whose agents they are, give notice that: 1. These particulars are set out as a general outline for the guidance of the intended purchasers or lessees, and do not constitute part of, an offer or contract; 2. All descriptions, dimensions, reference to, tenure, tenancies, condition and necessary permissions for the use and occupation, and other details are given without responsibility and any intending purchaser or tenant should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them; 3. No person in the employment of Clifton Partnership LLP has any authority to make or give any representations or warranty in relation to this property. JULY 2022



## PROPOSAL

OFFERS IN EXCESS OF

**£11,750,000**

(Eleven Million Seven Hundred and Fifty Thousand Pounds),

reflecting **8.47%** and a reversionary yield of **9.45%**, assuming purchaser's costs of 6.71%.



PLAY  
VIDEO



# VIEWINGS & DATAROOM

Viewings are strictly by arrangement with the sole selling agents.  
An online data room will be available for accessing detailed due diligence information.

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