

9C Cobalt Business Park

5 Quick Silver Way, Newcastle-upon-Tyne NE27 0QQ

Recently re-gearred mission critical office, secured by a globally renowned occupier (turnover in excess of £3bn).



9C Cobalt Business Park

Investment Summary

- **Recently re-gearred (May 2024)** office investment opportunity, with the tenant extending their occupation across all leases
- The property extends to **55,803 sq ft NIA**
- **Fully-let to Accenture (UK) Limited** on leases which expire on 20 December 2035, therefore **providing an unexpired term of approximately 11.75 years to expiry**
- The leases contain a tenant break option in December 2030
- Let at a **low passing rent of £920,748 per annum**, equating to just **£16.50 per sq ft**
- The property has been comprehensively fitted out by the occupier and is operational 7-days a week
- The tenant has a **5A-1 D&B Rating** with turnover in excess of £3bn, a pre-tax profit of £121m and a tangible net worth of £56m
- Provides **excellent sustainable and environmental credentials**, with no reliance on natural gas for heating the building
- The building benefits from **List X Status**, allowing the most sensitive UK Government information to be processed on-site
- Rated **EPC A** (Oct-33 expiry) and **BREEAM 'Excellent'**
- Desirable car parking ratio of 1:241 sq ft with 232 car parking spaces
- The site extends to approximately **3-acres (1.23 hectares)**
- Established business park location which continues to attract large blue chip tenants
- **Location set to be enhanced** by the opening of a **new station at Northumberland Park Transit Interchange** as part of the re-opening of the Northumberland Line, just 5 minutes drive away

Proposal

Offers are invited in excess of **£9,335,000 (Nine Million Three Hundred and Thirty Five Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level shows a **Net Initial Yield of 9.25%** assuming purchaser's costs of 6.69 % which reflects a **low capital value of only £167 per sq ft.**



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Newcastle upon Tyne →

Sage

Proctor & Gamble

NHS

EE

Morrisons
Data Services

A19

DXC

North Tyneside Council

DNV

Regus

Accenture

Siemens Gamsa

Northumberland Park
Transport Interchange

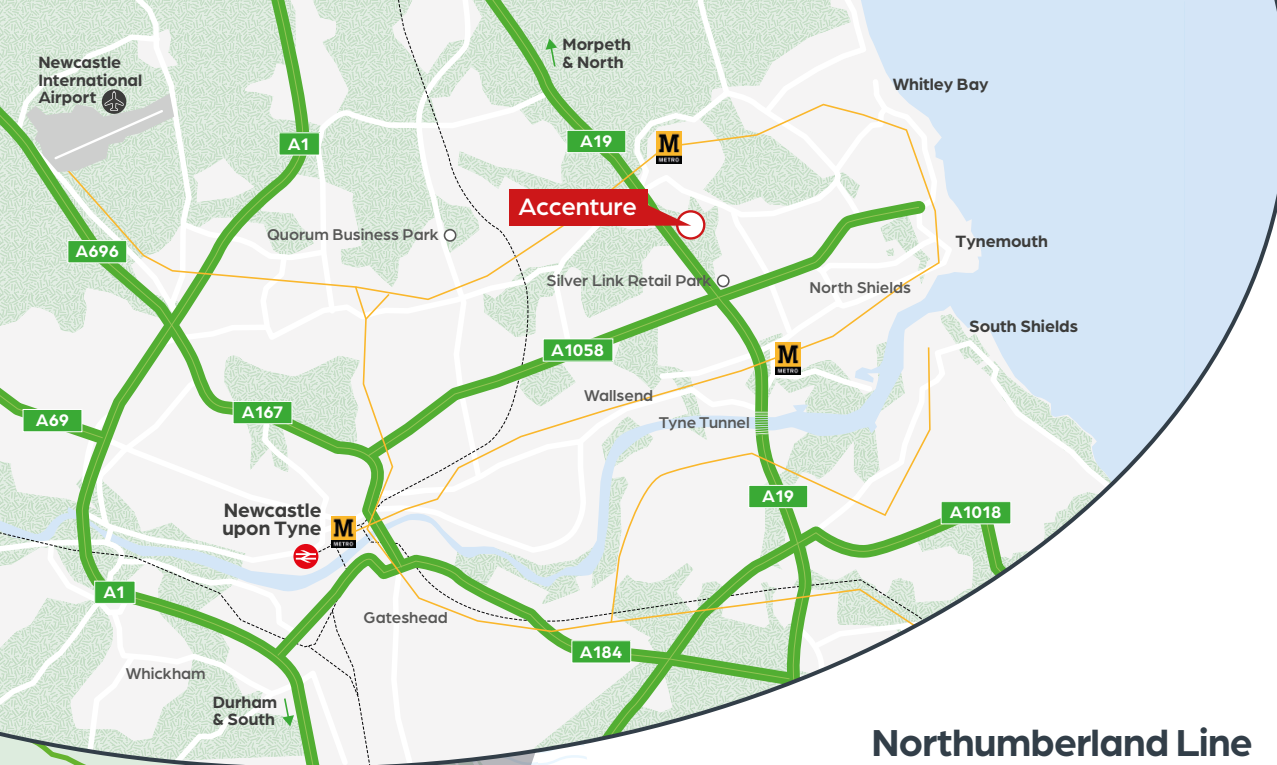


Allotments

9C Cobalt Business Park

Location

Newcastle upon Tyne forms the heart of the Tyne and Wear district and is the regional, commercial and administrative capital of the North East. Newcastle has a resident population of 300,100 people, which is a 7.1% increase on 2011 figures meaning Newcastle upon Tyne's population has seen the largest percentage increase in the North East. The city forms part of the wider Tyneside conurbation with a total population in the region of 1.14 million people, making the city region the 8th largest in the UK. Newcastle upon Tyne is located approximately 95 miles north of Leeds, 104 miles south east of Edinburgh, 213 miles north of Birmingham and 276 miles north of London.



Northumberland Line

Construction of the Northumberland Line has been on-going since August 2022, and once finished the route will allow the reintroduction of the Ashington to Newcastle service servicing six new stations along the way. A new station is being constructed at Northumberland Park Transport Interchange, the site of the existing Metro station, which is approximately 5 minutes' drive from Cobalt Business Park. Fast and reliable services along the new line will add to the existing connectivity already provided by the Tyne & Wear Metro at the same location, which is the largest light rail system outside of London.

Road



Newcastle has excellent access links via the A1(M), south to Leeds and north to Edinburgh. The dualling of the Tyne Tunnel, which completed in 2012, has significantly improved the road communications. The tunnel links North Tyneside to South Tyneside and the wider region via the A19 dual carriageway.

Rail



The city benefits from being on the East Coast Main Line, with fastest travel times to London (Kings Cross) in 2 hours and 36 minutes and Edinburgh in 1 hour and 4 minutes. The city also has the Metro, the North East's urban transit system, supporting 60 stations throughout Tyne and Wear extending as far as Newcastle Airport (45 minutes from Cobalt Business Park and 28 minutes from the city centre).

Air



Newcastle International Airport is located 6 miles north west of the city centre. It has been ranked the 10th busiest airport in the United Kingdom and the second busiest in Northern England, following Manchester Airport, handling 5.2m passengers in 2019. The airport has daily flights to Heathrow, Stansted and Gatwick with journey times of less than an hour. The airport serves other domestic destinations including Southampton, Jersey, Exeter, Bristol and Belfast as well as international destinations including Amsterdam and Dubai.

Newcastle upon Tyne



Newcastle upon Tyne has a population of approximately 300,000.

Cobalt Business Park

9C Cobalt Business Park

The property is located on Cobalt Business Park, considered to be one of the most successful out of town office locations in the UK. The park is situated 7.3 miles north east of Newcastle upon Tyne. The park is exceptionally well connected to the regional road network with its principal access being at the intersection of the A19 (one of the 2 north-south arterial routes through the region) and the A1058 Coast Road. There is also a dedicated fleet of 'Cobalt Clipper 309' buses passing through the park each day.

The park measures approximately 175 acres (72.9 hectares) and includes over 1.53m sq ft of offices employing over 14,000 people. There is an extensive offering of retail and leisure facilities in close proximity at Silverlink Retail Park and Middle Engine Lane Retail Park, totalling 280,000 sq ft, with a range of 20 national retailers including Marks & Spencer, Next, Boots and Currys/PC World, 9 screen Odeon cinema and restaurants.

Cobalt 9C is ideally positioned in the central section of the business park providing easy access to amenities and is surrounded by a number of national and international companies including amongst others; Siemens, P&G, EE, Leeds Building Society, DXC. Technology and Northumbria NHS Trust. At the southern end of Cobalt Park is a data centre campus, illustrating the digital connectivity of the location.



Cobalt Business Park also benefits from an excellent range of on-site facilities which include:



157 bedroom 4 Star Newcastle Village Leisure Hotel incorporating conference rooms, banqueting suites, meeting and leisure facilities including a 25 metre pool, sauna, fitness studio and spa



Retail hub providing a range of convenience facilities including a Tesco Express, Greggs, coffee shop and park management offices



Busy Bees day nursery which cares for children aged 6 weeks to 5 years old



39 acre countryside park which was designated a Local Nature Reserve in 2005

For further information see www.cobaltpark.co.uk

Future Proofed Office Building on a Sustainable Business Park

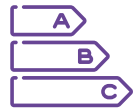
9C Cobalt Business Park

The Building

Building 9C is an office that boasts a range of features and awards that will make it an attractive home for Accenture but also other occupiers in the future:

BREEAM®

BREEAM
Excellent Rating



EPC A Rating
(expires 2033)



Rainwater
harvesting system



BMS system



The Park

Cobalt Business Park has numerous initiatives to ensure that it is at the forefront of ESG. The following initiatives have been taken:



All street lighting has
been changed to
LEDs



ACEL (Average
Commuter
Emissions Level)
rating of B



Cobalt Business
Park is within a 39-
acre biodiversity
park, with its own
bee colony



Cobalt School Safari
- an initiative to help
school children into
employment



Aspiring to achieve
the Good Work
Pledge



Excellent public
transport
access from the
Northumberland
Line (Summer 2024)
and Northumberland
Park Connection in
late 2025





Description

The property comprises a modern purpose-built Grade A office arranged over ground and three upper floors. The office has a striking three storey entrance and has broadly rectangular floor plates. The building was constructed in 2012 to a high specification and has achieved a BREEAM "Excellent" status as well as boasting an EPC A rating. The building has no reliance on natural gas for heating. The tenant has a comprehensive fit out to serve Accenture's needs for handling and processing sensitive data. Furthermore, the building benefits from List X Status which allows the occupier to process highly sensitive and 'Secret/ Top Secret' information on behalf of the UK Government, enabled due to the security provisions implemented on-site.

The specification includes:

Full access raised floors



LG7 compliant lighting



VRF air conditioning



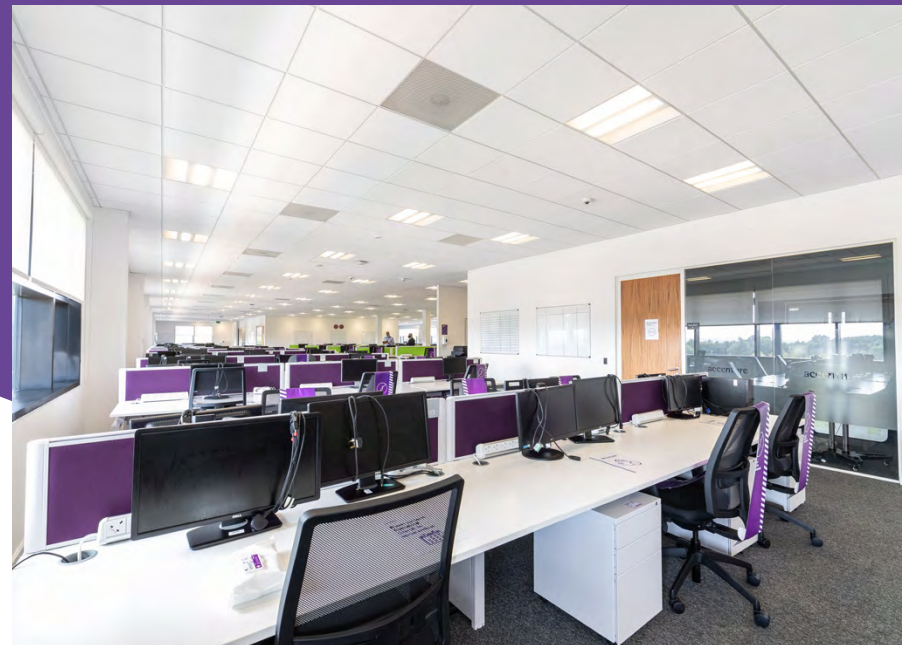
2 x 12-person passenger lifts



There are 232 car parking spaces provided which equates to an excellent ratio of 1:241 sq ft.



9C Cobalt Business Park



Photograph taken during the COVID Pandemic

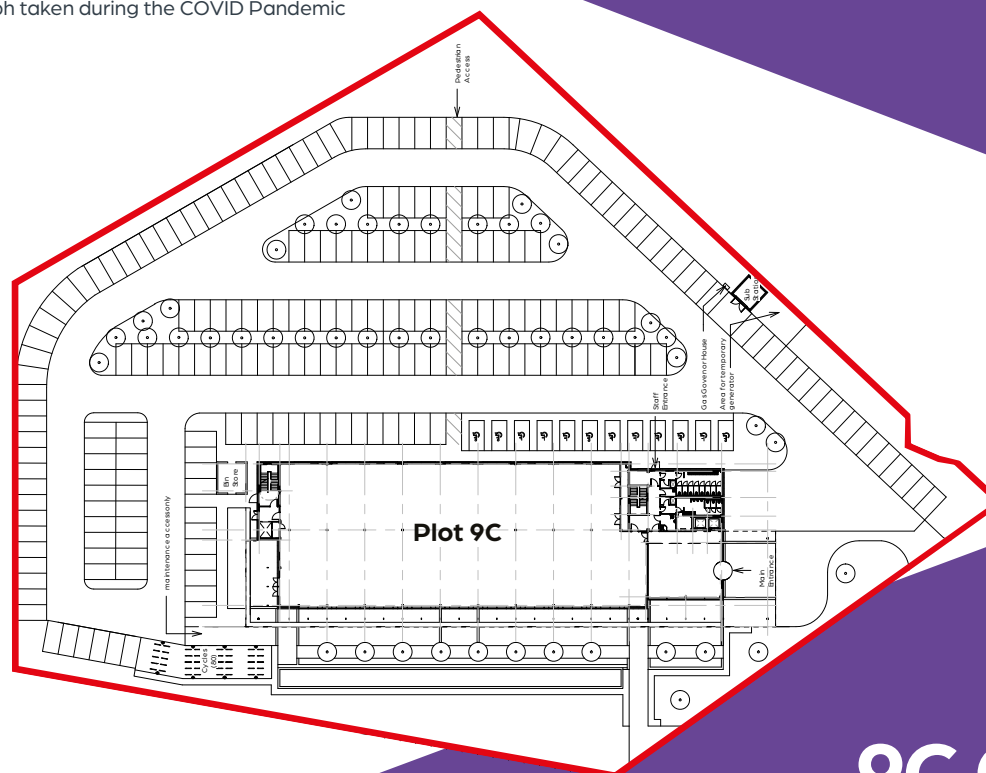


Accommodation

We have been provided with the following areas which we understand have been measured in accordance with the RICS Code of Measuring Practice (6th Edition, 2016), on a NIA basis.

Floor	SQ FT (NIA)	SQ M (NIA)
Ground	13,677	1,270.6
First	13,677	1,270.6
Second	13,677	1,270.6
Third	14,772	1372.4
Total	55,803	5,184.3

The property benefits from 232 car parking spaces which equates to an excellent parking ratio of 1: 241 sq ft.



**9C Cobalt
Business Park**

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Tenure

The property is held long leasehold for a term of 125 years from 29 March 1996 (circa 97 years unexpired) at a peppercorn rent.

Site

The property comprises a 3.05 acre (1.23 ha) site.



N.B. For illustrative purposes only.





Tenancy

The property is entirely let to Accenture (UK) Limited on four separate FRI leases expiring on 20 December 2035, with the tenant having recently (May 2024) signed reversionary leases extending the term by 10 years across the whole building.

The leases contain a tenant break option in December 2030.

The passing rent is £920,748 per annum equating to £16.50 per sq ft overall, subject to a 5-yearly open market rent review in December 2030.

As part of the reversionary leases, the tenant benefits from a 6-month rent free period, followed by a 12-month period of half rent payable, with the vendor to top-up this at completion.

**Accenture (UK) Limited
have recently signed
reversionary leases
extending the term
certain by 5 years across
the whole building**

Covenant

Accenture (UK) Limited (Company Number: 04757301)

D&B: 5A 1

Accenture is a professional services company, headquartered in Dublin, that provides IT services and consulting. The company has a long history of growth and development, originally being formed as Arthur Andersen in the 1950s, then adopting the named Accenture in 2001.

The company has 733,000 employees worldwide and more than 9,000 clients across 120 countries. The business operates in over 200 locations across 49 countries. Accenture plc is listed on the NYSE.

	August 2023	August 2022	August 2021
Sales Turnover	£3,626,163,000	£3,399,638,000	£2,611,769,000
Profit / (Loss) Before Taxes	£120,922,000	£125,708,000	£203,459,000
Tangible Net Worth	£56,276,000	£213,321,000	(£111,092,000)

Occupational Market

Newcastle upon Tyne is able to attract a wide range of diverse businesses due to concentration of excellent quality Grade A buildings and the economics around rental levels and local wages, with a strong pool of a skilled workforce to draw upon, ultimately making it a cost-effective location for blue chip occupiers such as EE, Sage and Siemens to name a few.

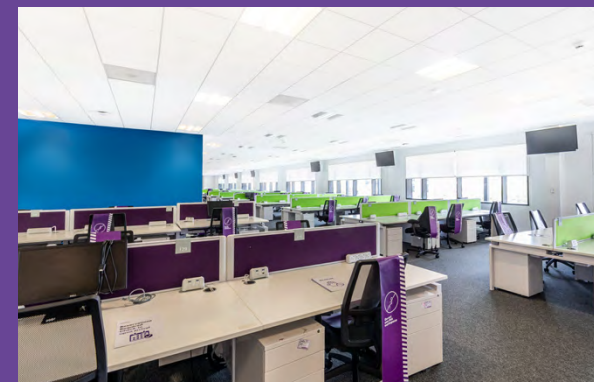
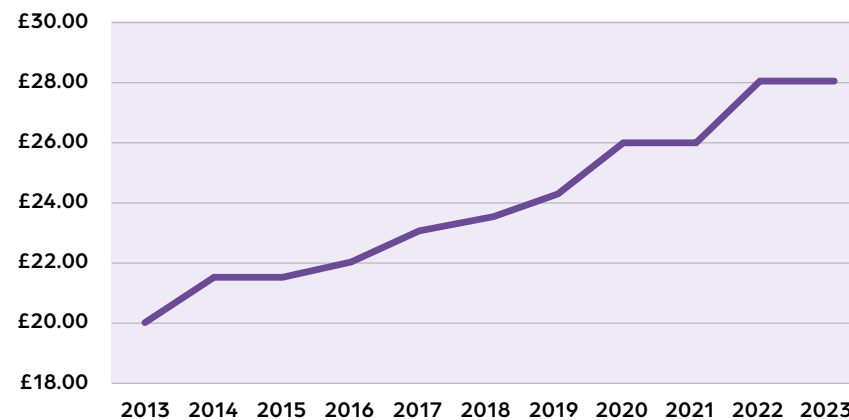
Cobalt Business Park is the most renowned business park in the North East and has a proven track record of securing quality occupiers, aided by its connectivity and transport links.

The vacancy rate in Newcastle upon Tyne stands at 4.3%, which is consistent with the ten-year average being 4.4%. There is a polarity of accommodation quality in the submarket between Grade A and secondary accommodation which justifies this level.

Rental levels in Newcastle have performed well with steady increases as new stock is delivered to the market. Current Prime achieved rents sit a £28.00 per sq ft which is a 7.7% increase from 2021 figures.

The out of town market is at a significant discount to this and hence is an excellent value proposition for companies. As such, take-up during 2023 was 14% higher than that of the city centre.

Newcastle upon Tyne Prime Rents



Photograph taken during the COVID Pandemic

Address	Date	Size (Sq Ft)	Tenant	Term (Break)	Rent PSF
9C Cobalt Business Park	Apr-24	55,803	Accenture	10 (5)	£16.50
Victoria House, Newcastle Business Park	Apr-23	15,234	Ministry of Justice	15 (10)	£16.00
Q10, Quorum Business Park	Sep-22	13,900	Evans	10 (5)	£13.50
Q3 Quorum Business Park	Aug-22	26,966	AA	10 (5)	£16.00

Investment Market

The pricing correction which the wider commercial real estate sector has witnessed over the past 18-24 months has presented investors with an excellent buying opportunity, now being able to secure good quality buildings at significant discounts to previous levels and importantly way below replacement values. To reduce risk exposure, investors have been focusing on best-in-class buildings, in strong regional locations, with good ESG credentials which are able to attract core occupiers.

The subject property offers exactly that, being let to a world-renowned blue-chip occupier which was constructed just over 12 years ago and has excellent ESG credentials in a modern fit-for-purpose building. Further stability in the debt markets and potentially further rate cuts is likely to help facilitate more activity with 5-year SONIA swaps coming in since the end of 2023.



Property	Date	Size (Sq Ft)	Tenant	Term Certain	Price	Net Initial Yield	Capital Value (PSF)	Purchaser
C16, Cobalt Business Park, Newcastle	Marketing	119,566	North Tyneside Council	19	Q.£30.25m	Q.6.50%	Q.£253	-
Cumberland Court, Nottingham	Marketing	48,715	Freeth Cartwright	5	Q.£9.70m	Q.8.00%	Q.£199	-
Horizon House, Bristol	Marketing	72,098	Environment Agency	6.5	Q.£21.84m	Q.7.75%	Q.£302	-
11-12 Lochside Place, Edinburgh	Dec-23	44,159	Diageo	6.1	£9.15m	9.29%	£207	Private Investor
Santander House, Redhill	Dec-23	47,000	Santander Consumer (UK)	10.4	£15.20m	8.74%	£264	Citi Private Bank
One Sovereign Street Leeds	Aug-23	139,079	British Telecom	12.3	£38.50m	6.95%	£278	Citi Private Bank
22 Market Street, Maidenhead	Aug-23	22,586	Techtronic Industries	10.9	£9.60m	7.30%	£423	Soor Capital
Q12, Quorum Business Park, Newcastle upon Tyne	Jun-23	94,656	Verisure Services	14.5	£18.30m	7.67%	£193	BLME

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Further Information

Estate Charge

The estate charge for the property for the year ending March 2024 is £52,901.68 (excl VAT), equating to £0.95 per sq ft.

BREEAM

In 2013 the property was awarded a BREEAM "Excellent" rating.

EPC

The property has an EPC rating of A - 22. A copy is available upon request.

VAT

The property is elected for VAT. It is envisaged that the sale will be treated as a Transfer of a Going Concern (TOGC).

Capital Allowances

Further information is available on request.

AML

To discharge its legal obligations, including under applicable anti-money laundering regulations, Cushman & Wakefield will require certain information of the successful bidder. In submitting an offer, you agree to provide such information following agreement to the Heads of Terms.

Data Room

Access to the data room can be provided upon request.

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Investment Rationale



Approx. 6.75 years' income to break and approx. 11.75 years' to expiry, secured by a 5A 1 covenant thereby offering excellent income security



Low passing rent of £16.50 per sq ft with future growth opportunities whilst providing affordable space



Future proofed building with an EPC rating of A expiring in 2033 and a BREEAM "Excellent" rating



Located on one of the most renowned Business Parks in the North East with transport links set to further improve by the opening of a new station at Northumberland Park



Benefits from List X Status allowing the handling of 'Secret/Top Secret' government information

Proposal

Offers are invited in excess of **£9,335,000 (Nine Million Three Hundred and Thirty Five Thousand Pounds)** subject to contract and exclusive of VAT.

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