



DURHAM ROAD, BIRTLEY, GATESHEAD

Dominant long income foodstore investment, 19.5 years with RPI linked reviews





INVESTMENT SUMMARY

- Birtley is a town in the Metropolitan Borough of Gateshead, in the North East of England approximately **7 miles south of Newcastle Upon Tyne** and 10 miles west of Sunderland.
- The property is **well connected** via road being directly located along Durham Rd. It benefits from regular bus services.
- Loyal local **population of 130,834 people** in the critical 10 minute drive of the store.
- A **modern, purpose built foodstore comprising 61,411 sq ft GIA** (5,705 sq m) with three additional retail units comprising c.7,800 sq ft (725 sq m) with **312 demised car parking spaces**.
- Let to WM Morrison Supermarkets Limited for a term of **20 years** from 31st March 2025, expiring 30th March 2045, providing an **attractive unexpired term of c.19.5 years**.
- WM Morrison Supermarkets Limited is **one of the leading food store operators in the country** ranking as the fifth largest chain of supermarkets in the UK.
- The **current rental income is of £1,147,556 per annum** (which includes £48,000 generated by the three units directly overlooking Durham Road).
- Strong income profile with **RPI linked rent reviews subject to a collar and cap of 1% and 3%**. The next review is in March 2030.
- The **asset is held in an SPV**, which may benefit a buyer with reduced purchaser's costs.
- **EPC rating B** on all units.
- **Freehold**.

PROPOSAL

We are instructed to seek offers in excess of £16,530,000

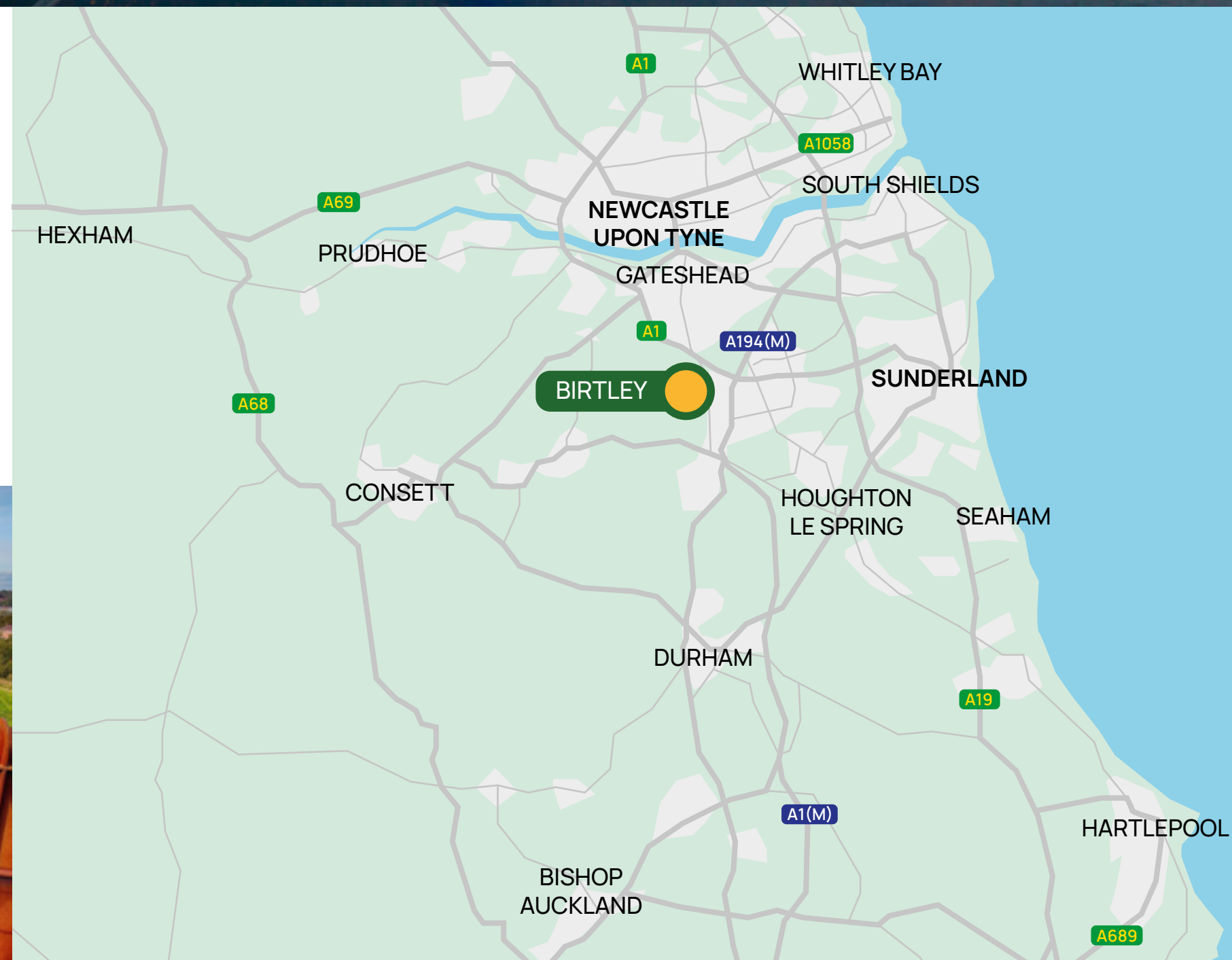
(Sixteen Million, Five Hundred and Thirty Thousand Pounds) subject to contract and exclusive of VAT, for our client's freehold interest. A purchase at this level would reflect the following attractive yield profile, assuming purchase costs of 6.78%.

Net Initial Yield	6.5%
Running Yield March 2030	7.49%
Running Yield March 2035	8.64%
Running Yield March 2040	9.98%

LOCATION

Birtley is a town in Gateshead, in northeast England, situated off the (A1M) approximately 7 miles south of Newcastle, 70 miles south of Edinburgh and 60 miles north of Leeds.

Gateshead has a resident population of 191,151 (2001 Census) and 663,539 people living within 10 kilometres of the centre. Gateshead offers good rail connections with trains to Newcastle within 10 minutes and London in under 3 hours.



CONNECTIONS

Birtley benefits from a strategic location, with strong transport connections to surrounding urban centres including Newcastle, Gateshead, and Sunderland:



BY ROAD

The store is situated just off the A167, a key arterial route running north-south through the town, providing direct access to Chester-le-Street to the south and Gateshead and Newcastle upon Tyne to the north. The store lies approximately 1 mile east of Junction 63 of the A1(M), which offers fast links to the wider regional and national motorway network, including the A1(M) north towards Edinburgh and south to Durham and Leeds.



BY RAIL

The nearest mainline station is Chester-le-Street, located approximately 2.5 miles south of Birtley. This station offers regular services on the East Coast Main Line, providing direct connections to Newcastle (11 minutes), Durham (10 minutes), and London King's Cross (under 3 hours). Local bus services connect the station to Birtley town centre and Morrisons.



WM Morrison Supermarkets Limited is one of the leading food store operators in the country ranking as the fifth largest chain of supermarkets in the UK.

POPULATION & DEMOGRAPHICS

Birtley has a population as follows:



Its demographic profile is relatively mid-market with the top 3 Experian classifications being



STRATEGIC SITUATION

The property is situated on the western side of Durham Road (A167), which runs directly through Birtley and links Chester-le-Street to the south and Gateshead/Newcastle to the north.

Customer access is directly via Durham Road (A167), with a dedicated car park located to the front, rear and below the store with a ramp leading to the raised service yard. The site is prominently positioned on the main retail frontage through Birtley with nearby national occupiers including Greggs, Subway, Card Factory, B&M, Savers and Post Office. The A167 is the main arterial route through the town and links directly to the A1 located less than 1 mile to the north of the town centre.

The store benefits from excellent bus services with the closest stop being on Durham Rd just a short walk away from the subject. Key services include the high-frequency 21/N21 "Angel" route connecting Newcastle, Gateshead, Birtley, and Durham, as well as the X12 express service linking Middlesbrough, Durham, and Newcastle.

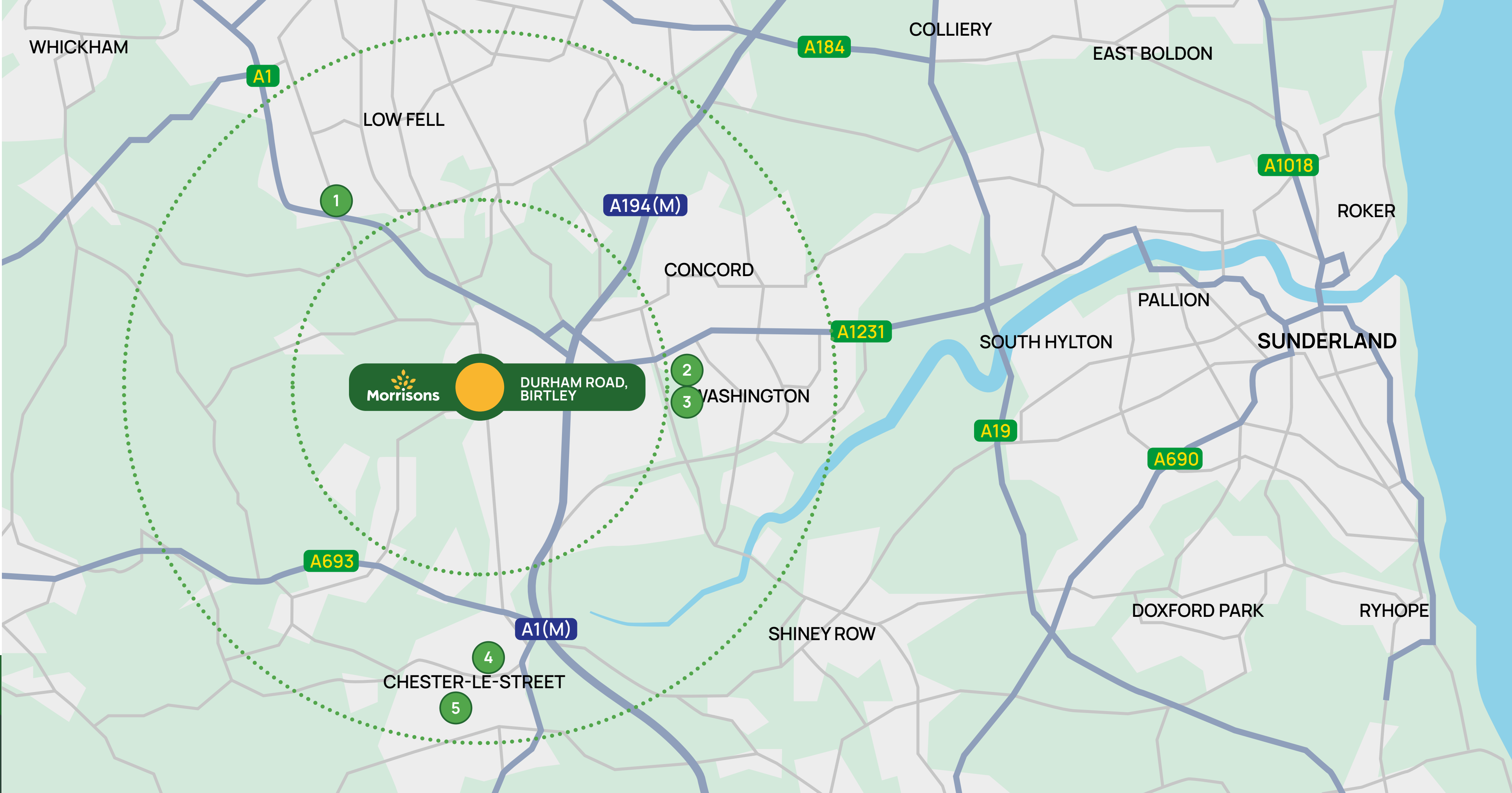


SURROUNDING FOODSTORE COMPETITION

The property occupies a dominant position within the immediate catchment, with no competition within the critical 5-minute drive time radius, ensuring exceptional trading performance and it's importance to Morrisons.

“Established dominant position in a densely populated urban centre, with limited food retailer competition.”

As we widen the radius to 10 minutes, the competing stores (in excess of 15,000 sq ft net sales) are:



Sainsbury's

1 TEAM VALLEY TRADING ESTATE, NE11 0JY
Situatied 3.3 miles (7-minute drive) to the north of the subject property. Comprises 72,872 sq ft GIA (net sales c.48,210 sq ft).

Sainsbury's

2 WASHINGTON, NE38 7RU
Situatied 3.2 miles (7-minute drive) to the east of the subject property. Comprises 125,000 sq ft GIA (net sales c.89,110 sq ft).

ASDA

3 WASHINGTON, NE38 7NF
Situatied 3.2 miles (7-minute drive) to the east of the subject property. Comprises 114,054 sq ft GIA (net sales c.62,957 sq ft).

TESCO

4 NORTH BURNS, DH3 3TF
Situatied 2.8 miles (8-minute drive) to the south of the subject property. Comprises 38,594 sq ft GIA (net sales c.22,695 sq ft).

Morrisons

5 ST CUTHBERT'S WALK SHOPPING CENTRE, DH3 3YQ
Situatied 2.8 miles (8 minutes drive) south of the subject property. It comprises 28,331 sq ft GIA (net sales 16,175 sq ft).

THE PROPERTY

Developed and constructed by Morbaine Limited in 2014, the property comprises an attractive, purpose built food store extending to 61,411 sq ft GIA with three retail units fronting onto Durham Road.

The property is arranged with undercroft parking at ground floor, with a travelator and lifts leading directory into the main store sales area at first floor with a secure and dedicated service yard at first floor level.

There are 312 car parking spaces at grade, which are free to customers, reflecting a strong ratio of 1:197 sq ft.

The property provides the following Gross Internal Floor Areas:

Unit	Tenant	Area (sq ft)	Area (sq m)
Unit 1	Morrison's	61,411	5,705
Unit 2	Subway	902	84
Unit 3	The Children's Society	1,413	131
Unit 4	Card Factory	1,377	128
		65,103	6,048



The property includes 312 car parking spaces, at a ratio of 1:197 sq ft.

The store's size enables Morrisons to carry their full food offer, as well as their Nutmeg clothing range and an in-store bakery, butcher, fishmonger and café. The store accommodates grocery click and collect, with a dedicated drive-thru collection bay in the car park, and Amazon collection locker.

Morrison's opening hours are as follows;

Monday – Saturday 7.00 am – 10.00 pm

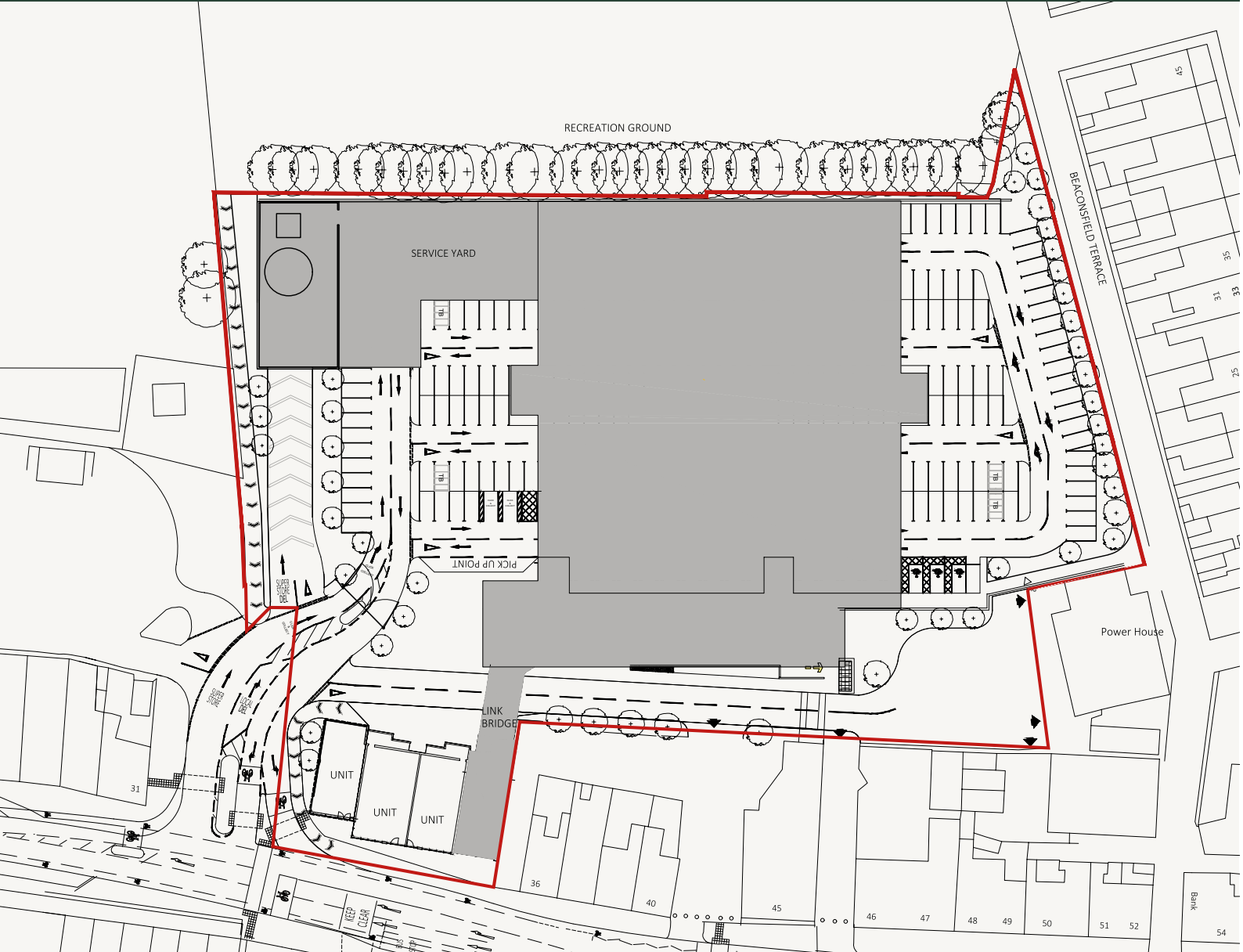
Sunday 10.00 am – 4.00 pm





Income secured against very low risk covenant with an attractive 19.5 years to expiry

The property is held freehold under title numbers TY518289, TY518287, TY518288, TY430310 and TY74457



TENANCY & TENURE

The main store is let to WM Morrison Supermarkets Limited on a full repairing and insuring lease which was recently regeared for a term of 20 years from 31st March 2025, expiring 30th March 2045, providing an attractive unexpired term of c.19.5 years. The current passing rent of £1,099,555.77 per annum reflects c.£17.90 psf and was set at the last RPI uplift in March 2025.

The rent is subject to RPI linked rent reviews (a collar and cap of 1% and 3%), providing guaranteed rental growth throughout the term.

The next rent review is 30th March 2030 (4.5 years away). There are also three additional leases, which have been summarised in the table below:

Unit	Area (sq ft)	Lease Term (yrs)	From / To	Break Date	Rent (£ pa)	Rent (£ psf)
Unit 2 Subway	902	15	20/04/2016 19/04/2031	20/04/2026	£16,000	£17.74
Unit 3 The Children's Society	1,413	10	15/03/2016 14/03/2026	-	£20,000	£14.15
Unit 4 Card Factory	1,377	5	01/12/2023 30/11/2028	15/01/2027	£12,000	£14.52
TOTAL	3,692				£48,000	£13.00

The property is held Freehold.

COVENANT ASSESSMENT



WM Morrison Supermarkets Limited (00358946)

WM Morrison Supermarkets Limited was founded in 1899 and is the UK's 5th largest supermarket chain by grocery share, with a market share of 8.4% (at 10/08/2025 – Kantar).

Morrisons is the only major supermarket operator in the UK with a vertically integrated supply chain, internally sourcing almost 50% of the fresh food sold. Today, Morrisons operate a portfolio of approximately 500 stores UK-wide, with 118,000 employees and serving over 9 million customers a week.

A summary of the last three years accounts is outlined below:

	Oct 2023 (1,000's)	Oct 2022 (1,000's)	Oct 2021 (1,000's)
Turnover	£18,358,000	£18,479,000	£13,483,000
Pre-Tax Profit	£51,000	(£33,000)	(£121,000)
Tangible Net Worth	£3,285,000	£3,762,000	£3,864,000

Their most recent trading report detailed LFL sales growth for the year of 3.9% and total sales up 4.2% to £3.9 billion. Underlying EBITDA for H1 is up to £344 million representing an increase of 7.2%.



EPC

The Energy Performance Certificates for the property are B. Copies of the certificate are available upon request.

VAT

This property has been elected for VAT purposes and it is expected that the investment sale will be treated as a Transfer of a Going Concern (TOGC).

AML

The successful purchaser will be required to comply with standard anti-money laundering requirements.

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