

ST MARGARET'S FLATS

CROSSGATE | DURHAM | DH1 4DS



FREEHOLD STUDENT ACCOMMODATION
INVESTMENT OPPORTUNITY

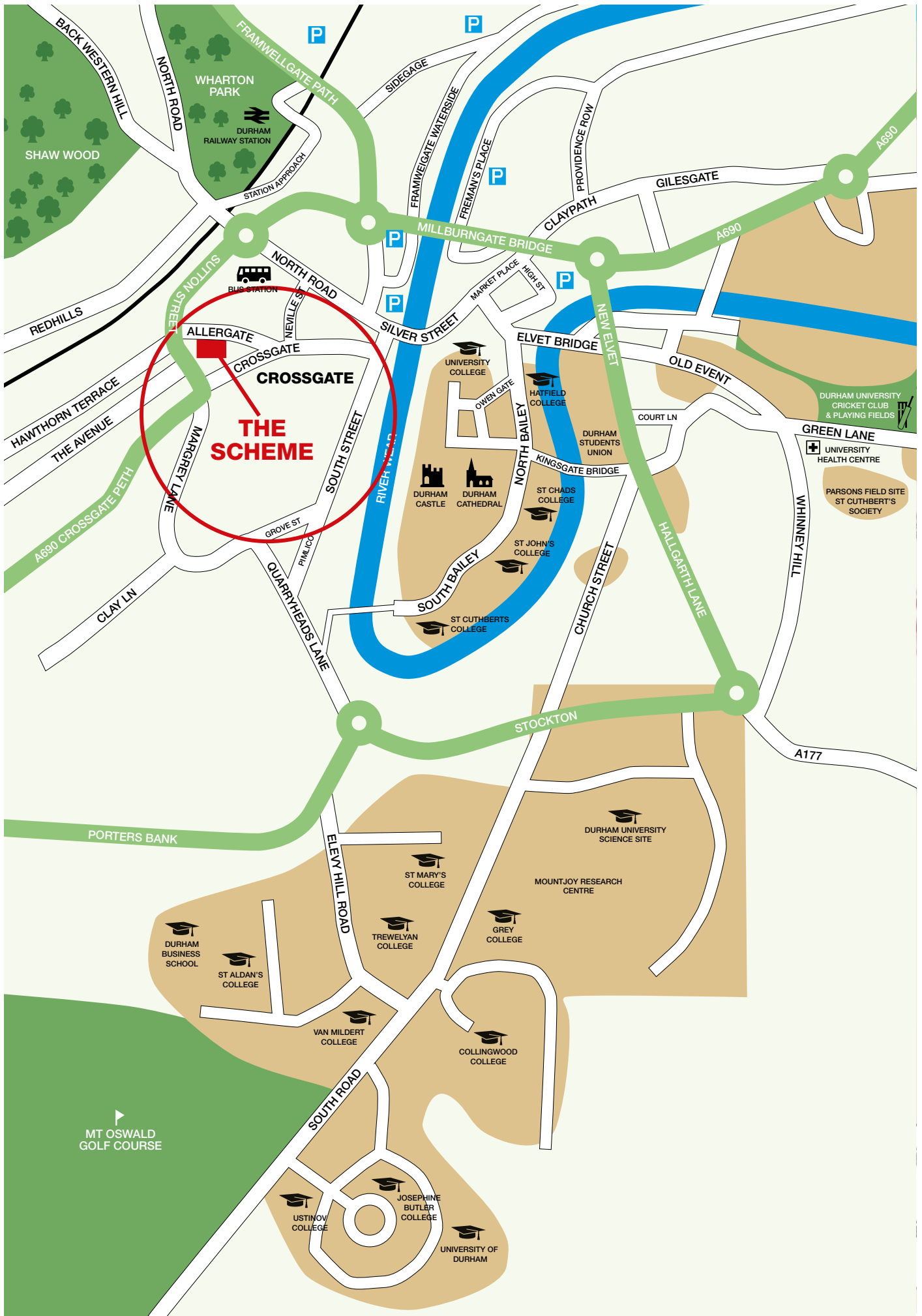


INVESTMENT CONSIDERATIONS

- Centrally located, freehold student accommodation opportunity in the world renowned university city of Durham.
- 109 non en-suite, bedrooms arranged predominantly as 5 bedroom cluster flats.
- The property is one only of two privately operated schemes in Durham and is popular with both graduate and post-graduate students.
- Since 2011, the scheme has benefitted from a referral agreement from the University.
- Durham University is a top 6 UK university and established as one of the world's top 100 universities with a 22% population of international students.
- The property is fully let and the majority of the students are non UK.
- Current net rent is £414,506 per annum (2013/14).
- Savills are instructed to seek offers in excess of **£5,900,000** (Five Million, Nine Hundred Thousand Pounds) for the freehold interest, reflecting a net initial yield of 6.65% assuming standard purchaser's costs of 5.80%.



LOCATION





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LOCATION

Durham is a historic and picturesque city and World Heritage Site in the north east of England centred around the ancient Cathedral and its world renowned University and Colleges. It is located near to the A1(M) giving direct access to Newcastle, 19 miles to the north, and Leeds, 85 miles to the south.

It is also on the East Coast Mainline rail service with direct access to London Kings Cross (fastest journey time 2 hours 44) and Edinburgh (fastest journey time 1 hour 55). Air access is also available to a variety of domestic and international destinations via Newcastle International Airport approximately 24 miles to the north.

DESTINATION	DISTANCE	WALKING TIME
BAILEY COLLEGES	0.8 MILES	15 MINS
HILL COLLEGES	1 MILE	20 MINS
HILD & BEDE	1 MILE	20 MINS
BUS STATION	0.5 MILES	10 MINS
TRAIN STATION	0.6 MILES	12 MINS
HIGH STREET RETAIL	0.5 MILES	10 MINS

SITUATION

The property is situated in the city centre of Durham, approximately 10 minutes from the main shopping area and within 15 minutes of the Central Bailey Colleges, bus and railway stations. The property is in the heart of the very popular Crossgate area.

The scheme lies to the west of the city on Brass Thill and St Margaret's Mews and is accessed off Crossgate.

DESCRIPTION

The property is a 109 bedroom, purpose built student accommodation scheme formerly owned and occupied by the University.

The property was constructed in 1994 and comprises 5 blocks of flats: Victoria, Brockwell, Marshall, Harvey and Ganister being names of local significance. The blocks are set on an elevated site of approximately 0.840 acres (0.340 Ha). Internally, the property comprises 22 flats of predominantly 5 non en-suite bedrooms. Each flat includes a living room/ kitchen area, shower room with WC and washbasin plus separate WC and washbasin. The property was refurbished for the start of the 2011 academic year and the schedule of works included comprehensive internal cosmetic refurbishment including replacement of all kitchens, bathrooms and furniture. Further details are available on request.

All bedrooms are broadly similar in size and specification and generally include $\frac{3}{4}$ size bed, night storage heater, desk and storage facilities. Plug-in internet access is provided in bedrooms by Cablecom at a speed of 4mb. A wall mounted television is provided in the living room areas. The licence is included. Key fob entry is required to access the buildings.

Externally, the property comprises pitched slate roofs with brick elevations and double glazed windows. All joinery and metalwork has recently been redecorated.

Additional facilities on site include 2 bike stores (total of 15 bicycles), small on-site management office, laundry facilities and car parking. The laundry is located at the Crossgate Centre which is opposite the property. The vendor has a lease of a basement area at this property that houses laundry facilities for a period of 15 years from 10 March 2010. Further information is held on the data room. The vendor (as tenant) can break the lease on 6 months notice at any point during the lease. A total of 22 car parking spaces are included within the demise.

The site area extends to approximately 0.840 acres (0.340 hectares).

INCOME

The property is fully direct let and is 100% occupied for 2013/14 benefitting from a referral arrangement with the University for 38 beds on a rental guarantee. There is an opportunity to build on the University relationship and potential to extend the agreements. The property has been fully let since September 2010. The bedrooms are let at an average rent of £100.69 per week on 50 week contracts and the gross rent received is £548,744 per annum.



Typical Bedroom

OPERATING AND MANAGEMENT COSTS

The vendor outsources management, maintenance, repairs and cleaning obligations to CRM, who are the UK’s largest private manager of purpose built student accommodation and have managed the property for the last three years.

CRM currently manages the property for £1,382 per bedroom per annum, equating to £150,638 for the 2013/14 academic year.

NET RENT

On the basis of the above information, the net rent for the current year is anticipated to be £414,506 per annum.

STUDENT ACCOMMODATION PROVISION IN DURHAM

The vast majority of the student accommodation is provided by the University who have a total of 6,215 bedrooms for use by students. There are two private purpose built student schemes in Durham providing 221 bedrooms (including St Margaret’s Flats). There are limited new schemes in the pipeline, with the Henderson Garage expected to complete in September 2014 providing 223 bed spaces.

THE UNIVERSITY OF DURHAM

- Durham University is the third oldest university in England and has been a leading European centre of learning for 1,000 years. It was formally established in 1832.
- The University is split into 16 Colleges and has 3 faculties: Arts and Humanities, Science, and Social Science and Health.
- The University is a new member of the elite Russell Group of leading research universities after joining in 2012.
- Durham is an established and highly ranked university: 6th in The Sunday Times University Guide 2014, 5th in the

Complete University Guide 2014, 80th in the THE world rankings 2012 and 90th in QS world rankings 2013.

- Durham records 6.51 applications per place and its courses are ranked very highly including top 10 positions for Education, Law, Mathematics, History and Economics (The Times Good University Guide).
- The University is ranked top in the Bank University Quality of Life Rankings 2013.
- Part of an ongoing investment strategy to enhance the campus facilities, the University has recently completed a £48m investment at the edge of the University’s Science Site along Stockton Road. The development houses a major library extension, a new Law School and a student services building known as the Palatine Centre.
- The project is a step forward in the University’s long-term strategy to provide sustainable and world-class facilities in line with its standing as a top UK university. There are 63 Grade I and II listed buildings owned by the University in addition to the UNESCO World Heritage Site which is owned jointly with Durham Cathedral.
- The University records the following student populations:

FULL TIME UNDERGRADUATE STUDENTS	11,620
FULL TIME POSTGRADUATE STUDENTS	3,170
TOTAL FULL TIME STUDENT	14,790
TOTAL PART TIME STUDENTS	1,780
TOTAL HIGHER EDUCATION STUDENTS	16,570
INTERNATIONAL STUDENTS	22%

Source: HESA 2012/13



Typical Kitchen



Typical Bedroom



VAT

The property is not elected for VAT.

TENURE

The property is held Freehold under Title DU323528 and copies are available in the data room.

PRICE

Savills are instructed to seek offers in excess of **£5,900,000** (Five Million, Nine Hundred Thousand Pounds) for the freehold interest, reflecting a net initial yield of 6.65% assuming standard purchaser's costs of 5.80%. The property is held in a Special Purpose Vehicle and it is also possible to purchase this company.

DATA ROOM

- Sample Tenancy Agreement
- Title Information
- Floor Plans
- EPC's
- Planning
- Durham Market Report
- Refurbishment Schedule of Works
- Management and Operational Budget

The data room can be accessed at www.savills.com/durham. Interested parties will need to register briefly prior to gaining access.

Additional information on the property is available on the lettings website: <http://www.crm-students.com/crm-accommodation/durham/st-margarets-flats/>

FURTHER INFORMATION

For an information pack and enquiries, please contact:

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EPC



Viewing: Strictly by appointment with Savills.

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