

FOR SALE PRIME CAR DEALERSHIP INVESTMENT

CROYDON MAZDA

8 IMPERIAL WAY • CROYDON • CR0 4RR

Barber Wadlow

Fuel and Automotive Property Advisers



- Freehold
- Let to Drift Bridge Garage Limited
- Lease expires December 2024 (5.75 years unexpired)
- High value alternative use potential (subject to planning)

Executive Summary

- Freehold Mazda car showroom.
- Highly prominent pitch in established motor trade, industrial and trade counter area.
- Adjacent to major occupiers including Ford and Toyota.
- High value alternative use potential (subject to planning).
- Property extends to 1,634m² (17,598ft²) on 0.91 acres.
- Let to Drift Bridge Garage Limited.
- Unexpired term of 5.75 years.
- Low passing rent of £192,500 (£10.93 per square foot).
- Subject to five yearly upwards only rent reviews to Market Rent. Next review on 22.07.2023.
- We are instructed to seek offers in excess of **£3,300,000 (Three Million Three Hundred Thousand Pounds)** for the freehold interest which reflects a net initial yield of **5.48%** (after purchaser's costs of 6.48%).



Location & Situation

The property is situated in the London Borough of Croydon, approximately 2.5 miles south west of Croydon town centre and 11.5 miles south of Central London. Croydon has a population of 363,378 (2011 census) and is the most populated borough in Greater London.

The property benefits from a prominent frontage to Imperial Way, which can be accessed directly from Purley Way (A23) a short distance to the east of the property. The surrounding area is of mixed commercial use including automotive, industrial and trade counter occupiers.

Nearby occupiers on Imperial Way include Ford, Toyota, Europcar, Costco, Howdens Joinery and Selco. Purley Way is a major location for the motor trade with numerous brands represented including Mercedes Benz, Hyundai, Lexus, Toyota, Fiat, Jeep and Alfa Romeo.

The Property

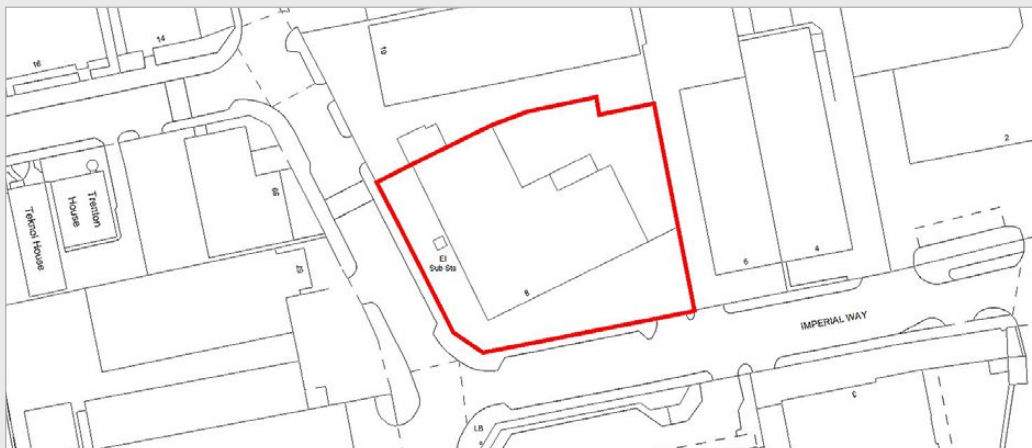
The property is a single storey building of steel portal frame construction with a multi-pitched profiled metal clad roof and metal clad elevations with full height glazing to the front and side elevations of the showroom.

Internally the property provides a double height sales showroom accommodating 12 display vehicles. There is a customer waiting area, sales reception and office accommodation.

The aftersales accommodation is situated to the rear of the building and comprises a large 12 bay vehicle workshop and trade parts warehouse.

At mezzanine level, there is a series of administrative offices and welfare facilities including kitchen, lounge, showers and changing rooms.

External areas are surfaced with tarmac and provide approximately 65 car parking spaces.



Floor Area

	M ²	FT ²
Showroom	470.5	5,065
Ground Floor Offices and ancillary	42.5	457
Parts	377.0	4,058
Workshop	457.5	4,924
First Floor Offices and ancillary	193.7	2,085
Mezzanine	93.8	1,009
GIA Total	1,634.9	17,598
Parking		
Display		28
Rear Car Parking		25
Customer Parking		10
Total		63

Site Area

The site extends to approximately 0.37 hectares (0.91 acres).

EPC Rating

C-72

Tenure

Freehold.

Tenancy

The property is let in its entirety to Drift Bridge Garage Limited on FRI terms for a term of 21 years expiring on 7th December 2024 (approximately 5.75 years unexpired).

The passing rent is £192,500 per annum (£10.93 per square foot) and is subject to five yearly upwards only rent reviews to Market Rent. The next review will be on 22nd July 2023.

Covenant Strength

Drift Bridge Garage Limited (Reg. No. 00700833)

The principal activity of the tenant is the retailing of motor vehicles and the provision of servicing and parts for vehicles.

	2017	2016
Turnover	£154,326,000	£143,982,000
Operating Profit	£958,000	£165,000
Profit (loss) after Tax	£525,000	(£446,000)
Net Assets	£6,134,811	£5,609,355

*Financial Year – 12 months to 31 December

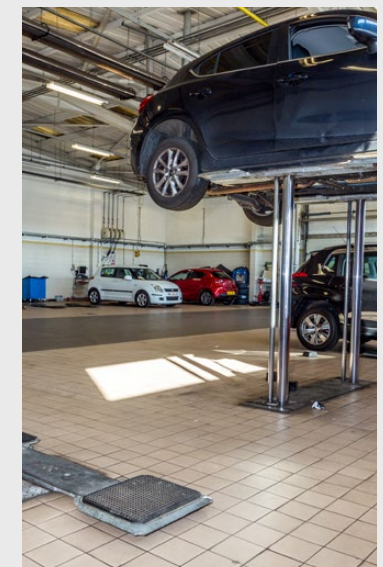
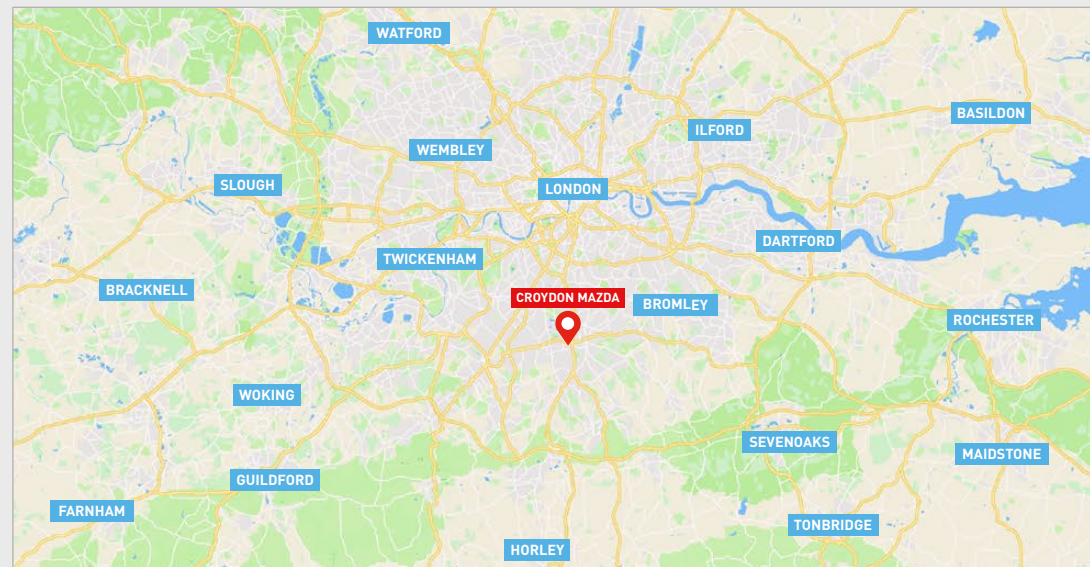
Drift Bridge Group was founded in 1936. The company is a successful regional dealer group, selling new and used Audi, Volkswagen, Honda and Mazda vehicles from locations in Croydon, Epsom, Walton On Thames, Gatwick and Redhill, as well as operating a successful automotive parts business.

Alternative Use Potential

The property sits within a Strategic Industrial Location as defined in the Croydon Local Plan 2018. The property would lend itself to a variety of B1, B2 and B8 uses, and could be adapted or reconfigured to provide circa 20,000ft² of accommodation.

A general lack of supply in the Croydon market has supported substantial rental growth in the industrial sector. Based on current availability, a new build industrial scheme on the subject property could exceed £16.00 per square foot:

Address	Property	Status	Rent (PSF)
Affinity, Beddington Lane, Croydon	New Build – Speculative industrial development of two units: 23,680 ft ² and 22,570 ft ²	Available (March 2019)	Quoting £16-£16.25
Prologis Park, Beddington Lane, Croydon	New build - Speculative industrial development comprising 6 industrial units of 13,210ft ² up to 78,350ft ²	Available (March 2019)	Quoting £15-£16.00
44 Imperial Way, Croydon	4,372ft ² industrial unit – newly refurbished	Available (March 2019)	Quoting £14.00
69 Imperial Way, Croydon	19,000ft ² industrial unit – quoting rent on the basis that the landlord will refurbish the unit	Available (March 2019)	Quoting £14.00





Automotive Occupational/Investment Market

Car sales reached an all-time high in 2016 and, whilst there has been a softening of the market during 2018, the 2019 forecast is 2.313m units, which is still comfortably above the mean annual average since the millennium of circa 2,300,000 units. (Source: SMMT)

Demand for prime dealership investments let to good-quality tenants on long term leases has been sustained over the last 12 months. Yields at 4.5% to 4.75% have been recorded in a variety of locations throughout the UK (not just the South East).

Investments with under 10 years' term-certain have also performed well, with yields ranging from 5.0% to 6.0%, which demonstrates investors' appreciation of strong property fundamentals, retailer commitment to specific outlets and future lease re-gear opportunities.

Date	Location	Tenant	Unexpired Term (Years)	Price	Yield (NIY)
Under Offer Feb-19	Peugeot, Cribbs Causeway, Bristol	Peugeot Motor Co. Limited	8.5	Quoting £3.50m	Quoting 5.40%
Mar-19	Peugeot, Edgware, London	Peugeot Motor Co. Limited	9.0	£7.95m	4.80%
Dec-18	Honda, Hendon, London	Honda Motor Europe Limited	10.0	£9.40m	4.38%
Dec-18	Peugeot, Brighton Road, Croydon	Peugeot Motor Co. Limited	9.0	£4.32m	4.50%
Nov-18	Volkswagen, Cheltenham	Inchcape Estates Limited	6.0	£4.05m	5.90%
Nov-18	Volkswagen, Camberley	Volkswagen Group UK Limited	6.8	£5.15m	5.25%
Aug-18	Tesla, Chiswick, London	Tesla Motors Limited	5.0 (to break)	£10.05m	4.43%
Jun-18	Audi, Cardiff	Volkswagen Group UK Limited	6.0	£8.00m	6.04%

VAT

We understand that VAT will be applicable to the purchase price. Subject to the buyer's VAT status, the property may be transferred as a going concern.

Further Information

If you require further information on this property, please do not hesitate to contact:

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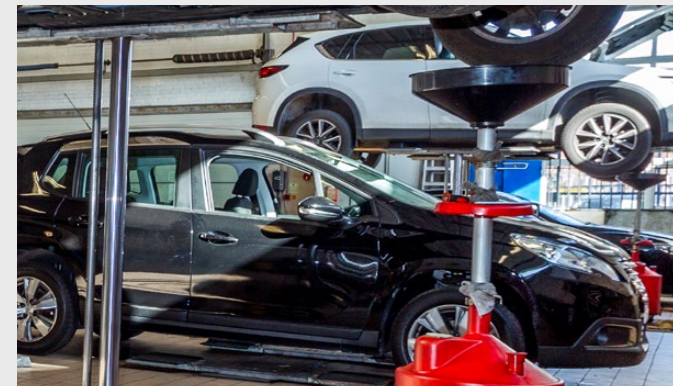
Subject to Contract . AGW/2016/0031/569 . March 2019

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Proposal

We are instructed to seek offers in excess of **£3,300,000** (Three Million Three Hundred Thousand Pounds) for the freehold interest, subject to contract and exclusive of VAT.

A purchase at this level reflects a Net Initial Yield of **5.48%** (after purchaser's costs of 6.48%).



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