Croydon, 137 North End, CR0 1TN

Prime Freehold Retail Investment With Development Potential

Lloyds Bank

HRH Retail

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INVESTMENT CONSIDERATIONS

- Croydon is London's largest borough and a vibrant commercial centre
- Prime pedestrianised retailing location
- Well secured to a major banking covenant
- New rebased rent
- Lease with approximately 5 years unexpired
- Offers in excess of **£2,150,000** reflecting a net initial yield of approximately **7%** assuming normal purchaser's costs

CROYDON

Croydon is a major south London commercial centre and is located approximately 10 miles south of central London, 6 miles west of Bromley and 9 miles east of Epsom. Croydon is London's largest borough and 4th largest retailing shopping destination.

The town has excellent road communications with the A23 providing direct access to Central London to the north and the M23 and junction 7 of the M25, to the south.

Croydon also benefits from first class rail links with three main line train stations: East Croydon, West Croydon and South Croydon. Together they provide regular services to London Victoria (16 mins), London Bridge (14 mins), Clapham Junction (9 mins) and Gatwick Airport (14 mins). There are also 20 bus routes that operate in and out of Central London to Croydon, as well as the Croydon Tramlink.

Croydon draws on a catchment population of approximately 380,000 ranking the town 26th out of the PROMIS centres on this measure. The age profile in Croydon has a particularly high proportion of young adults with the 25-44 bracket being overrepresented along with children between 0-14. The total population is forecast to grow 0.25% per annum over the next three years all indicating strong future economic growth.

Croydon is a designated opportunity area in the Mayor's London Plan, having been identified as a major source of brownfield land with significant capacity for new housing, commercial and other development linked to existing or potential improvements to public transport; the area now has over c.29,500 new homes planned over the next 10 years.

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RETAILING IN CROYDON

Croydon is one of the most important retail destinations within the Greater London area as well as the south east.

The prime pitch is focussed on the pedestrianised North End. Key tenants include Marks & Spencer, H&M, Next, Zara, and Primark.

There are two main shopping centres that both run parallel to North End; the Whitgift Centre and the Centrale Centre. The town is set to benefit from a future development of the Whitgift Centre with Westfield working up proposals for a new planning application, which is now earmarked to provide a "viable mix of retail, dining, leisure and uses such as hotel, offices and residential space" (Croydon Partnership).

Other notable retailing streets in Croydon include the High Street, Park Street and George Street. The High Street is found to the south of North End and has become a focus for bars, restaurants and leisure with occupiers here including Five Guys, Nando's, Turtle Bay and Vue Cinema. At the eastern end of George Street is Boxpark Croydon, which is situated adjacent to East Croydon station, Boxpark offers a wide range of food and beverage, making it a popular destination in Croydon.

LOCATION

The property is situated in arguably one of the best retailing locations in the town on the busy pedestrianised North End. Marks & Spencer is directly opposite with both the Chapel Walk entrance to the Whitgift Centre and one of the two main entrances to the Centrale Shopping Centre close by. Other major multiple retailers in the vicinity include Poundland, Specsavers, Zara, H&M Hennes and Next, as well as Costa and McDonalds.

DESCRIPTION

The property comprises a shop of frame construction with brick elevations under a flat roof.

The property is arranged on ground and basement with two floors over and comprises a large well configured double sized unit with first floor offices, second floor ancillary accommodation (unused) and basement ancillary accommodation.

The second floor space has self-contained access off North End.

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ACCOMMODATION

The property has the following dimensions and net internal floor areas:

Gross Frontage	58 ft 0 ins	17.68 m
Internal Width (max)	52 ft 0 ins	15.85 m
Shop Depth	114 ft 4 ins	34.85 m
Ground Floor	4,798 sq ft	445.75 sq m
ITZA	1,829	-
Basement Ancillary	3,905 sq ft	362.79 sq m
First Floor Sales/Offices	4,507 sq ft	418.71 sq m
Second Floor Ancillary (Unused)	1,441 sq ft	133.87 sq m
Total NIA	**14,651 sq ft**	**1,361.12 sq m**

TENANCY

The entire property is let to **Lloyds Bank plc** on a 5 year full repairing and insuring lease from 28th May 2023 (approximately 4.75 years unexpired) at a current rent of £160,000 per annum.

TENURE

The property is held freehold and has the benefit of rights of way for fire escape and servicing to the rear out onto Tamworth Road.

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COVENANT INFORMATION

Lloyds Bank was founded in 1765 and is one of Britain's leading high street banks with over 1,500 branches across the UK. The Bank is the principal subsidiary of Lloyds Banking Group which serves over 30 million customers with over 75,000 employees. The 'Helping Britain Recover' strategy embraced by the bank has proven fruitful as key performance indicators such as mortgage volume, credit card balances and retail deposit balances all increased significantly in 2021.

Lloyds Bank plc (Company No. 00002065) reported the last three years trading figures:

	31/12/2022	31/12/2021	31/12/2020
Turnover	£23,303,000,000	£17,499,000,000	£18,590,000,000
Pre-Tax Profit (Loss)	£6,094,000,000	£5,785,000,000	£1,329,000,000
Shareholder Funds	£38,977,000,000	£40,678,000,000	£41,040,000,000

Lloyds Bank plc have a Creditsafe rating of 86/100 indicating a very low risk of business failure.

ASSET MANAGEMENT POTENTIAL

The property has significant future asset management potential.

The property enjoys self-contained access off North End to the 2nd floor unused ancillary space. Subject to obtaining possession and receipt of the necessary planning consents this space could be converted into residential accommodation and could possibly also be extended out over the current 1st floor flat roof. Any future conversion plans could also incorporate the first floor.

The property currently enjoys an extensive retail frontage and subject to future retailer demand could at some stage be split into two smaller shops or various other configurations.

RENTAL VALUE

We assess the current rent of £160,000 per annum to a Zone A rate of approximately £71.95 per sq ft. This assumes a rate of £3.50 per sq ft for the first floor offices, £2 psf for the second floor ancillary accommodation and £2.50 psf for the basement.

This recently agreed new rent shows almost a 50% reduction from the previous rent of £300,000 per annum and should give an investor real prospects of future rental growth. Furthermore, Lloyds Bank continue to dominate the banking offer in the town and reinforced their commitment to continue trading in Croydon by agreeing a new five year term, without break, from earlier this year.

Croydon has maintained a strong wide ranging retail offer over the years and looks set to grow in stature in the post Covid era. The town continues to appeal to both local workers as well as London commuters and the shopping area has also seen benefits from the new working from home regime enjoyed by many.

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VAT

We understand that the property is VAT registered.

EPC

The property has an EPC Rating of 71 C.

PROPOSAL

We have been instructed by our client to seek offers in excess of **£2,150,000 (Two Million One Hundred and Fifty Thousand Pounds)** subject to contract and exclusive of VAT for the freehold interest in the property.

A purchase at this level would reflect an attractive net initial yield of approximately **7%** assuming normal purchaser's costs.

CONTACT

To view a copy of the lease, information on title, the EPC and other information please visit our website, **http://www.hrhretail.com/property/croydon**

To register interest and to carry out an internal inspection please contact:

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