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CROYDON EST ARRIVÉE: Chinese investment underlines new-found confidence in Croydon

Massive investment by Far East companies is proof Croydon has turned the corner and shows the value of proactive promotion of the borough according to local commercial property expert Vanessa Clark.

R&F Properties has just paid £60million for a 5.5 acre site including St George's House – better known as the former Nestle Building – to bring forward an estimated £500million scheme featuring more than 1,000 homes in an area that has suffered from years of stagnation.

And Vanessa, director of consultant surveyors Sinclair Clark, says that when added to the £99million purchase of 450,000 sq ft of government offices Apollo and Lunar House by Singapore-based Ho Bee in December 2015, it underlines the remarkable shift of confidence in Croydon in recent years.

“Within the last 15 months two major deals have introduced purchases in excess of 10 acres of Far East ownership in the town centre,” she said. “It may not quite be on the scale of the Croydon Partnership but, this is nonetheless, the 'big cheese' in office market terms.”

Develop Croydon was formed in 2010 with the aim of attracting much-needed investment to the borough and has just organised the borough's representation at MIPIM 2017, the world's most prestigious real estate show in Cannes, for a seventh time.

And Vanessa adds: “As the dust settles on MIPIM 2017 and the predictable moans from the market circulate about the waste of public money, we should reflect on the latest in a line of deals which show without doubt the increasing international appeal of Croydon.

“Events such as MIPIM, giving investors immediate access to London Borough of Croydon and other stakeholders, have contributed to the current interest levels and resulting deals.”

R&F is little known to the local market but, it is understood to be based in Guangdong in China, and was established in 1994, the site it has purchased from Minerva also includes St George’s Walk and Segas House.

Meanwhile, the two buildings bought by Singaporean Ho Bee, at a yield of 5.27 per cent, are currently let to the British government on two separate leases until June 2023 at a reversionary average rent of £12.50 per sq ft.

Vanessa adds: “Interestingly, the complex is currently undergoing a rent review and the 4.7 acre site offers the opportunity for a major refurbishment or redevelopment scheme to maximise its current under-developed footprint.

“Elsewhere, investment interest in the town continues unabated with the recent successful refurbishment and letting of 8 Bedford Park to Superdrug and the resultant investment sale at a yield of 5.2 per cent.

“At Ruskin Square, Stanhope and Schroders first office building comprising 180,000 sq ft is close to practical completion and occupation by the government who have taken the entire building, bringing central government occupation back to around their peak levels of 800,000 sq ft.

“With high demand for office space and significantly reduced supply, the council is actively promoted office development having already proved it won’t shy away from innovative schemes by creating its own Brick by Brick development company to bring forward new homes.”

With a swathe of residential delivery, the successful opening of the Boxpark mall and major investment in the public realm including the East Croydon Bridge, Vanessa believes the future for Croydon is bright.

“This is a rewarding time for many who have invested in the town over the years as it finally turns a very major corner,” says Vanessa.

“All eyes are now on the timing of delivery of the Croydon Partnership and the anticipated major revamp of retail provision in the town which their £1.4billion investment will bring.”

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