

FAVERDALE DARLINGTON CO DURHAM DL3 0PZ

MULTI-LET ROADSIDE FUNDING OPPORTUNITY



INVESTMENT HIGHLIGHTS

Tenants include McDonalds, Costa & Taco Bell amongst others

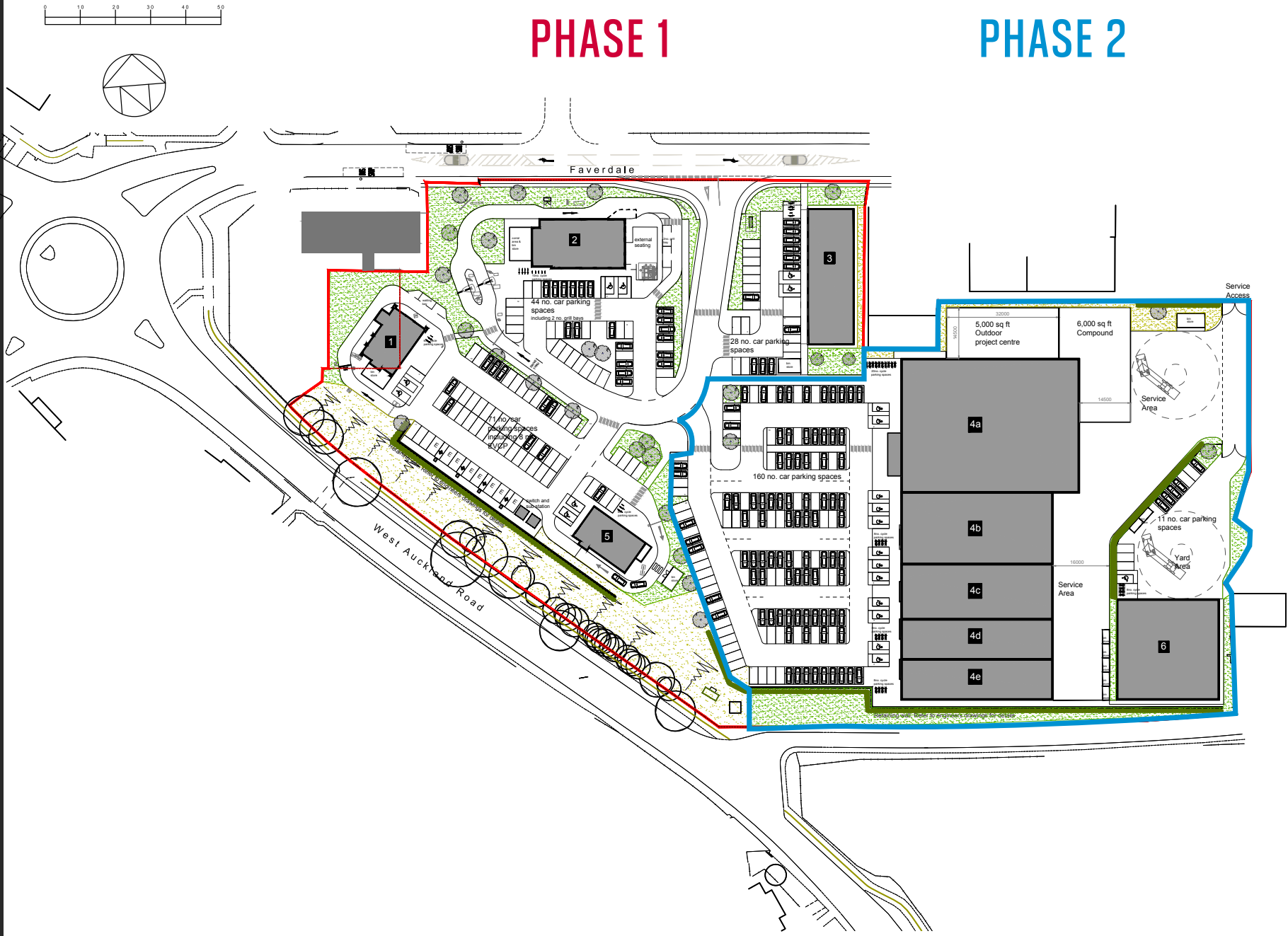
12,406sq ft + EV charging points

Annual rent of £451,250pa

47% of the income to McDonalds & Costa

WAULT of 13.8 years to expiry

We are instructed to seek offers in excess of £8,150,000 which reflects a true net initial yield of 5.38% based on a forward funding arrangement which includes a 50/50 split on stamp duty saving and based on costs of 2.86%.



home bargains





LOCATION

Darlington is an attractive historic market town situated in County Durham in the north east of England. It lies approximately 56km (35 miles) south of Newcastle upon Tyne, 26km (16 miles) west of Middlesbrough and 100km (62 miles) north of Leeds.

The town benefits from good road communications with junction 58 of the A1(M) some 4km (2½ miles) to the north west of the town centre and junction 57 approximately 5km (3 miles) to the south west. This provides direct access to London in the south and Newcastle upon Tyne and Edinburgh to the north. Other nearby roads include the A66 and A68 which provide excellent links with Middlesbrough to the east and Cumbria to the west and north respectively.

Darlington is also well served by the rail network being situated on the East Coast Mainline with direct and frequent services to London Kings Cross. The fastest journey time is approximately 2 hours 20 minutes. There are also regular and direct services north to Newcastle upon Tyne with fastest journey time of 28 minutes and local services which operate to nearby areas such as Middlesbrough and Thornaby. The town is also serviced by Durham Tees Valley Airport and Newcastle International Airport which open the region up to worldwide destinations.

The town will benefit considerably from the relocation of the treasury to the new Darlington Economic Campus which is due to be fully occupied by 2025.

Darlington has a resident population 106,000 and a wider catchment area of 296,000 people.

SITUATION

The property is situated on Faverdale just off the A68 which is one of the main arterial routes through Darlington linking the site to the A1(M) the main north south route connecting London to Edinburgh. Nearby occupiers include Lidl, Home Bargains and Starbucks. Other nearby retailers include M&S and Aldi.

The location is predominately residential with a substantial amount of new housing allocation to be developed out in the coming years.

DEVELOPMENT

Phase 1

Phase 1 of the scheme will consist of 12,406sq ft of accommodation in 3 drive thru units let to McDonalds, Costa and Taco Bel. There is a further inline parade of 3 units let to Harrison Vets and Indigo Sun with one unit still to be let. This unit will benefit from a 2 year rental guarantee if not let by practical completion. In addition there will be 8 EV charging points let to Fastned.

The scheme will benefit from 136 car parking spaces, giving it a parking ration of 1:91sq ft.

Phase 2

Phase 2 of the scheme will provide 46,000sq ft of additional bulky goods retail space with a 10,000 sq ft industrial unit. There will be a further 170 car parking spaces with the retail element. This will be retained by the developer.

Planning

Planning has been submitted for the scheme under reference 20/00852/FUL and it is expected to receive planning consent summer 2023

TENANCY & ACCOMMODATION

Unit	Use	Tenant	Lease length	Break	Rent	Size sq ft	Rent per Sq ft	Reviews	Rent free	Comment
1	Drive Thru	Costa Ltd	15 years		£92,000	1,800	£50.00	5 yrly OM capped @ 3% pa.	6 months	
2	Drive Thru	McDonald's Restaurants Ltd	25 years	20 yrs	£120,000	3,671	£32.69	5 yrly OM.	3 months	
3a	Retail	Guarantee			£25,000	1000	£25.00			2 year rental guarantee if not let by completion.
3b	Retail	Indigo Sun	10 yrs		£37,500	1,500	£25.00	5 yrly CPI	9 months	
3c	Retail	Harrisons Vets	15yrs		£60,000	2500	£25.00	5 yrly CPI 1-3%	10 months	
5	Drive Thru	Taco Bell - Northgate Fast Foods T/A	10 years		£96,750	1,935	£50.00	5 yrly CPI 1-3%	6 months	Guarantee in place for the first 5 years from Fieldrose Ltd. Service charge capped at 1st years rate + RPI annually.
EV	Charging Points	Fastned UK Limited	30 years		£20,000		-	5 yrly review. RPI 1-4% thereafter		5 year extension option. There will be a variable rent element linked to 1p/kWH sold also subject to 5 yrly RPI 1-4%. Total rent cap of £75,000pa. Exclusivity on the site to Fastned.
					£451,250	12,406				

TENURE

The property is freehold.



COVENANT INFORMATION

Costa Limited

Company No – 01270695

Creditsafe Score – 80/100

Rating – **A – Very Low Risk**

Costa was founded in 1971 by brothers Sergio & Bruno Costa who had relocated from Italy to London. It now trades from in excess of 3,400 stores across 31 Countries. The brothers sold to Whitbread in 1995, who subsequently sold to Coca Cola in 2019 in a deal worth £3.9bn. A summary of their last three years accounts are set out below:

Year End	31st December 2021	31st December 2020	31st December 2019
Turnover	£923,174,000	£603,588,000	£880,587,000
Pre-Tax Profit (Loss)	(£42,370,000)	(£222,103,000)	£5,336,000
Shareholders Funds	£227,606,000	£275,461,000	£464,872,000

McDonald's Restaurants Limited

Company No – 01002769
Creditsafe Score – 100/100
Rating – **A – Very Low Risk**

McDonalds dates back to 1948 when it was founded by Dick and Mac McDonald. It has since grown to become one of the world's most recognisable brands. It opened its first UK restaurant in 1974 and has grown to operate from 1,270 restaurants in the UK today and employs 120,000 people. A summary of their last 3 years accounts are set out below:

Year End	31st December 2021	31st December 2020	31st December 2019
Turnover	£1,500,141,0000	£970,266,000	£1,402,777,000
Pre-Tax Profit (Loss)	£163,295,000	(£20,444,000)	£405,994,000
Shareholders Funds	£846,576,000	£977,046,000	£1,014,114,000

Indigo Sun Retail Ltd

Company No – SC124986
Creditsafe Score – 100/100
Rating – **A – Very Low Risk**

The first Indigo Sun salon was opened in 1993 and has grown to become a national chain of award winning sunbed shops with stores throughout the UK. The company was voted the UK's best tanning centre by the European Tanning Awards. A summary of their last 3 years accounts are set out below:

Year End	30th September 2022	30th September 2021	30th September 2020
Turnover	£26,014,782	£13,393,948	£10,623,281
Pre-Tax Profit (Loss)	£5,531,053	£2,021,870	(£1,012,630)
Shareholders Funds	£12,941,811	£10,206,324	£9,466,627

Harrison Health Clinics Limited

Company No – 12108952
Creditsafe Score – 40/100
Rating – **C – Moderate Risk**

Harrison Health Clinics Limited was founded by Tim Harrison in 2019. Tim was a former founder of Vets4Pets and managing director of Petsco. The company currently operates from 4 outlets with more schemes in the pipeline. A summary of their last 3 years accounts are set out as follows:

Year End	31st March 2022	31st March 2021	31st March 2020
Turnover			
Pre-Tax Profit (Loss)			
Shareholders Funds	-£242,469	-£37,737	-£4.370

Northgate Fast Food Ltd T/A Taco Bell

Company No – 02841815
Creditsafe Score – 62/100
Rating – **B – Low Risk**

Northgate Fastfood is a QFM company. QFM Group was started in 1982 with their initial KFC restaurant in Sheffield. They have grown into a multi franchise business including Costa, KFC and Taco Bell The company now operates over 100 units employing 2,500 staff. A summary of their last 3 years accounts are set out below:

Year End	30th September 2021	30th September 2020	30th September 2019
Turnover	£15,139,703	£10,300,452	£9,429,573
Pre-Tax Profit (Loss)	£6,220,484	(£692,278)	(£1,637,975)
Shareholders Funds	£262,427	-£5,717,397	-£5,055,930

Fieldrose Limited

Company No – 02729271
Creditsafe Score – 91/100
Rating – **A – Very Low Risk**

Fieldrose Limited is the parent company of Northgate Fast Food and is the guarantor for the first 5 years of the term. A summary of their last 3 years accounts are set out below:

Year End	30th September 2021	30th September 2020	30th September 2019
Turnover	£90,080,324	£64,348,599	£69,849,029
Pre-Tax Profit (Loss)	£10,706,961	(£303,045)	(£2,963,577)
Shareholders Funds	£11,896,273	£5,586,898	£6,624,276

Fastned UK Limited

Company No – 11140404

Creditsafe Score – 32/100

Rating – **A – Moderate Risk**

Fastned are a Dutch electric vehicle charging site operator. They have 250 stations across Europe with a target of 1,000 by 2030. A summary of their last 3 years accounts are set out below:

Year End	31st December 2021	31st December 2020	31st December 2019
Turnover	£225,200	£588,022	£1,451,103
Pre-Tax Profit (Loss)	(£1,205,798)	(£484,152)	(£544,682)
Shareholders Funds	-£1,951,790	-£1,083,760	-£599,608

EPC

EPC's will be provided on completion of the scheme.

CAPITAL ALLOWANCES

The purchaser will have the benefit of all capital allowances.

PROPOSAL

We are instructed to seek a funding for the scheme with a total commitment of **£8,150,000** which would show the purchaser an initial yield of 5.38% upon completion. This is based on a purchase price of **£8,000,000** with a further **£150,000** of stamp duty saving based on a 50/50 split.

This will be structured with an upfront site purchase of £2,000,000 with the stamp duty saving of £300,000 to be split 50/50 between developer and funder/purchaser.

The funding will take the form of an initial site purchase followed by a phased schedule of payments throughout the scheme with a final payment taking it up to the total commitment level.

Any rent-free periods will be covered by the vendor and deducted from the commitment figure.

VAT

The property is elected for VAT and is anticipated VAT will be payable on the transaction.

CONTACT



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Misrepresentation Act: These particulars shall not form part of any offer or contract and no guarantee is given as to the condition of the property or the accuracy of its description. An intending purchaser or tenant is not to rely on any representation made in these particulars and must satisfy himself as to their accuracy by his own investigation before entering into any contract. April 2023.

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