

Auto Alley cuts down walking - Financial Review 21/08/2007

Hoping to appeal to car buyers tired of walking for miles along highways, a local developer is looking to bring the auto-mall concept - made popular in car-hungry America - to Melbourne.

Construction has just begun on the first stage of the Essendon Fields Auto Alley following pre-commitments from Toyota, Ford, Mazda, Hyundai, Chrysler Jeep Dodge and Honda dealerships.

In total, the businesses have committed to almost 10,000 square metres worth of showrooms and maintenance space on more than three hectares of land.

Auto Alley also has an 18,000 sq m storage facility.

The broader 75 hectare Essendon Fields development at Essendon Airport is a joint venture between Linfox Property Group and the Beck Corporation.

Cunningham Property Consultants director Craig Cunningham, the leasing agent for the project, said it was common for new car dealerships to be located reasonably close together along a stretch of road, such as Melbourne's Nepean Highway, but often there was a large distance from the first shop to the last.

There had also been other developments which brought together a number of used car dealers but there were very few, if any, successful new car auto malls in Australia.

"[At Auto Alley] potential new car buyers will be able to walk from one dealer to another and decide which car and deal best suits them," he said.

The dealerships had signed up for initial lease terms of 10 years with two five-year options and none of the land would be sold, he said.

The existing car sales locations in the area were overcrowded and cramped. Essendon Fields development manager Peter Timms said the project would aim for initial returns of between 9 and 10 per cent on the construction cost.

The brands secured so far accounted for 50 per cent of the new car market in Australia, he said. While Holden had not yet signed up, it was being targeted for the second stage. Toyota Australia's senior executive director, David Buttner, said the dealer experience for customers was important.

The hub concept "made a lot of sense" as customers had less time to devote to "the buying experience", he said

