

266/267 Oxford Street, Swansea
Prime High Street Retail Investment - Next

M&S

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266/267 Oxford Street, Swansea SA1 3BS Prime High Street Retail Investment - Next

INVESTMENT CONSIDERATIONS

- Swansea is Wales' second city
- The property occupies a **100% prime location**
- Let to the undoubted covenant of **Next plc**
- A new **10 year lease** from **March 2011**
- Re-based rent at **£120 Zone A**
- Substantial improvements to be rentalised at 2021 lease renewal
- Attractive net initial yield of **6.4%**
- Offers of **£2,825,000** are sought, subject to contract



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LOCATION

Swansea is Wales' second city and one of the principality's foremost administrative, commercial and industrial centres. The City is located approximately 42 miles west of Cardiff, 51 miles west of Newport and 85 miles west of Bristol.

Swansea has excellent road and rail communications with the M4 motorway passing some 4 miles to the north and access being available from Junctions 44 to 47. The mainline railway network provides a direct service to London Paddington with a fastest journey time of circa 2 hours 50 minutes.

The estimated shopping population of Swansea is circa 537,000 persons and it ranks 29th out of the Promis centres.

SITUATION

Swansea City Centre comprises approximately 1.65 million sq ft of retail accommodation. The prime retail facilities are focused on the pedestrianised section of Oxford Street which runs west to east between Union Street and Castle Gardens. Retailers in this location include Marks & Spencer, Next (subject property), Top Man, River Island and BhS.

The subject property occupies a prime retail location on the north side of the pedestrian section of Oxford Street, adjacent to Marks & Spencer and directly opposite Whitewalls which is one of the two principal streets leading to the Quadrant Shopping Centre and bus station.

DESCRIPTION

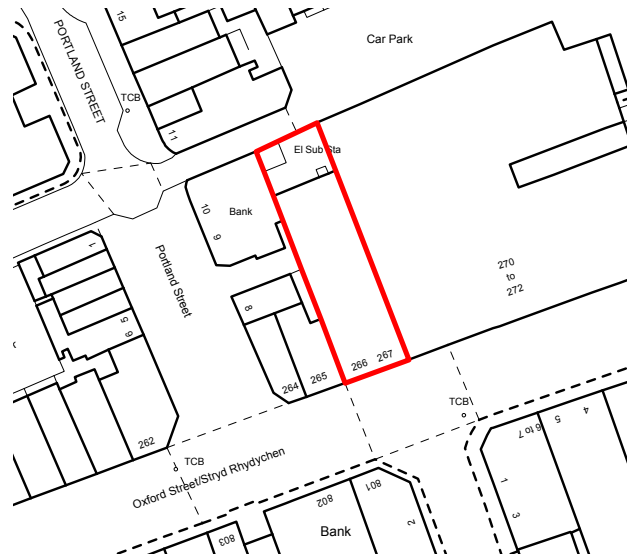
The property comprises a well configured rectangular shop unit constructed on ground and two upper floors and provides the following approximate floor areas and dimensions:-

Gross Frontage	45'	13.71 m
Net Frontage	42'	12.80 m
Shop Depth	125'	38.10 m
Ground Floor Sales	5,670 sq ft	526.76 m ²
Ground Floor ITZA	1,740 sq ft	161.65 m ²
Ground Floor Ancillary	165 sq ft	15.32 m ²
First Floor Ancillary	1,154 sq ft	107.21 m ²
Second Floor Ancillary	864 sq ft	80.26 m ²

NB: These are the floor areas prior to the undertaking of tenant's improvements which have extended the first floor to provide a total of 4,845 sq ft of which some 3,420 sq ft is used as sales.

The property has the benefit of rear access from Portland Street.

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TENURE

The property is held on a long lease from Swansea City Council for a term of 125 years from 22nd January 2008. The lease contains provision for rent review as at 25th March 2014 and 5 yearly thereafter. The passing rental is £26,300 per annum, however the 2014 rent review is documented at a rental of £21,750 per annum. Future rent reviews are on the basis of 10% of the rent received (if vacant 10% of ERV).

TENANCY

The entire property is let to Next Group plc for a term of 10 years from 10th March 2011. The lease contains provision for a 5 yearly upward only rent review and full repairing and insuring covenants. The passing rental is £217,500 per annum.

The net income is therefore £191,200 pa rising to £195,750 pa in March 2014.

RENTAL VALUE

Rentals peaked in Swansea at circa £165 Zone A which was the historic tone for some years. The passing rental in respect of the subject premises reflects a Zone A of £120.00.

The most recent lettings (November 2010 and February 2011) at 256 and 259 Oxford Street to Office and Carphone Warehouse reflect Zone A levels of £120.00 and £129.43 respectively.

Assuming the tenant's improvements are included at lease renewal in 2021 on the same basis as existing, ie £120 Zone A and A/12 on 1st floor sales, the rental will rise to circa £240,000 pa.

COVENANT

Next Group plc have a D&B Rating of 5A1 and for the year ending 30th January 2010 had a turnover of £182,800,000, a pre-tax profit of £677,000,000 and a net worth of £1,276,500,000.

VAT

The vendor has elected to waive exemption to VAT and therefore VAT will be payable on the purchase price, it is expected that the transaction will be dealt with by way of a transfer of a going concern.

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PROPOSAL

We have been instructed to seek offers in the region of **£2,825,000** (two million eight hundred and twenty five thousand pounds), subject to contract, reflecting a net initial yield of **6.4%**, rising in 2014 (on reduction of ground rent) to **6.55%**, subject to contract, and after deduction of purchaser's costs of 5.8%.

FURTHER INFORMATION

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SUBJECT TO CONTRACT

Misrepresentation Act

Messrs Savills Commercial Ltd for themselves and for the vendors or lessors of this property whose agents they are, give notice that:

1. The particulars are set out as a general outline only for the guidance of intending purchasers or lessees and do not constitute, nor constitute part of, an offer or contract.
2. All descriptions, references to condition and necessary permission for use and occupation and other details are given in good faith and are believed to be correct but any intending purchasers should not rely on them as either statements or representation of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them. All dimensions are approximate.
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