



DFS, LONDON ROAD, HIGH WYCOMBE HP11 1LH

PRIME RETAIL WAREHOUSE INVESTMENT
IN AFFLUENT SOUTH EAST TOWN

KLM
KLM RETAIL



INVESTMENT SUMMARY

- High Wycombe is an affluent south east commuter town located approximately 28 miles west of central London.
- A 20 minute drive time catchment population of 321,295 with 66.9% of households within A, B or C1 demographic groups, well above the national level of 53%.
- The property is situated in the established retail warehouse and trade location for the town on the busy A40 London Road, with Wycombe Retail Park, B&Q, Halfords and the former Homebase, shortly to be Lidl, close by.
- Strong trading performance.
- Freehold.
- A modern, high specification 17,653 sqft unit with excellent visibility to the traffic on London Road, with dedicated access, servicing and parking.
- Securely let to DFS Trading Ltd, on assignment from DSG Retail Ltd, with both companies rated 100, Very Low Risk, by Experian.
- The passing rent of £457,470 pa equates to £25.91 per sqft.
- WAULT of approximately 7.75 years with no breaks.

We are seeking **£6,400,000 (Six Million Four Hundred Thousand Pounds)** for our client's freehold interest, reflecting a **net initial yield of 6.70%**, assuming purchaser's costs of 6.64%.



LOCATION

High Wycombe is a highly affluent Thames Valley town that lies 28 miles west of central London. It lies at the edge of the Chiltern Hills and draws on a relatively large area from a retail perspective, with the closest larger competing towns of Maidenhead, Slough, Oxford and Reading all beyond a 20-minute drive time from it. Heathrow airport is 18 miles to the south east.

The town benefits from excellent road and transport communications. The M40 skirts the southern edge of High Wycombe, with junction 4 at Handy Cross linking to the town centre area and junction 3 to the south east at Loudwater. The London Road is the A40 and links the two junctions.

High Wycombe is a key commuter town with excellent rail communications providing a fastest journey time from London Marylebone of just 24 minutes and to Oxford Parkway of 29 minutes.

RETAIL WAREHOUSING IN HIGH WYCOMBE

London Road has the largest concentration of retail warehousing in High Wycombe, with some 200,000 sqft of floorspace, including Wycombe Retail Park, B&Q and Halfords to the east of the subject property and a 28,200 sqft Homebase, which is under offer to be occupied by Lidl, to the west.

Wycombe Retail Park includes 107,000 sqft of retail warehouse space with units occupied by Wickes, Currys/PC World, Furniture Village, M&S Foodhall, Hobbycraft, Harveys and Pets at Home. Non-food retail rents here have reached £33 psf and the 28,000 sqft Wickes unit is let at £27.50 psf. The 47,000 sqft B&Q unit nearby is part sublet to Halfords and is let at a rent equating to £24.50 psf.

At Handy Cross, close to junction 4 of the M40, there are three large stand-alone units, comprising a John Lewis department store, an Asda superstore and a Next unit with two mezzanine floors, let at a rent of £30.92 psf over the 26,850 sqft ground floor area.

To the south east of High Wycombe is Knaves Beech Retail Park in Loudwater, close to junction 3 of the M40. The Park extends to 87,000 sqft and is occupied by Homebase, Dunelm, Home Bargains and Carpetright. Dreams also occupies a unit close by, adjacent to its corporate "bedquarters."



SITUATION

The property is prominently situated at the traffic light controlled junction of the A40 London Road with Chequers Avenue which in turn links to Ryemead Way and to Wycombe Retail Park. Chequers Avenue links to high quality residential areas to the south, known as Wycombe Marsh. Together with the retail warehousing mentioned above, there's a Tesco Express nearby on London Road and the surrounding area includes a large number of trade occupiers including The Plumb Centre, Wolseley, Howdens Joinery and Topps Tiles, as well as a Big Yellow self-storage unit and Vauxhall, Mini, Ford and BMW car dealerships.

DEMOGRAPHICS

According to Geolytix, the population within a 20 minute drive time is 321,295. This population is affluent, with 66.9% of households categorised within the AB or C1 demographic, compared to a national average of 53%. Car ownership is also much higher than average in this area, with 83% of households owning at least one car, compared to a national average of 74%. Home ownership levels at 72% and the unemployment rate of 3.1% are also better than UK averages of 64% & 4.4% respectively.

The town has forecast high rates of population growth and Wycombe District Council has a target to facilitate the provision of over 13,000 new homes over the period up to 2033.

DESCRIPTION

The property is a stand-alone retail warehouse with its own dedicated access from Chequers Avenue and a car park and service area on a site which extends to 1.13 acres. The unit includes a gross internal area of 17,653 sqft and there is provision for 60 car parking spaces on site which equates to a ratio to gross internal area of 1:294 sqft.

The unit is of steel frame construction with 6.87m eaves. It has full height brickwork and cladding to the elevations with a significant element of full height glazing along the entrance frontage which has a canopy above.



TENURE

Freehold.

TENANCY

The property is let on a full repairing and insuring basis to DFS Trading Ltd on assignment from DSG Retail Ltd at a current passing rent of £457,470 pa, reflecting £25.91 per sqft of the measured area, expiring in approximately 7.75 years on 23rd June 2026.

There are 5 yearly upward only open market rent reviews and the lease contains a specified area for the purposes of rent review of 17,250 sqft. The passing rent equates to £26.52 per sqft on that basis and the next review is on 24th June 2021.

TENANTS' COVENANTS

The property is securely let, with both DFS Trading Ltd and DSG Retail Ltd rated Very Low Risk by Experian, each with its highest credit score of 100. The last three years' accounts for each tenant are summarised below.

DFS TRADING LTD

DFS Trading Ltd is a significant trading subsidiary of its ultimate holding company, DFS Furniture PLC. DFS is the leading furniture retailer in the UK and has the significant advantage over the majority of its competitors that it is a vertically integrated business which manufactures its own goods.

Tenant	Year To	Turnover '000's	Pre-Tax Profit '000's	Total Assets Less Current Liabilities '000's	Experian Credit Score	Experian Credit Rating
DFS Trading Ltd	Jul-17	£707,500	£59,500	£171,700	100	Very Low Risk
	Jul-16	£712,900	£72,100	£127,100		
	Jul-15	£729,900	£65,700	£76,700		

DSG RETAIL LTD

DSG Retail Ltd is a significant subsidiary company of Dixons Carphone PLC, which reported turnover of £10.5 billion, a pretax profit of £386 million and total assets less current liabilities of £64.65 billion in its most recent accounts.

Tenant	Year To	Turnover '000's	Pre-Tax Profit '000's	Total Assets Less Current Liabilities '000's	Experian Credit Score	Experian Credit Rating
DSG Retail Ltd	Apr-17	£4,345,700	£247,600	£1,473,300	100	Very Low Risk
	Apr-16	£4,237,900	£63,000	£1,370,600		
	May-5	£4,314,000	£116,800	£1,333,100		



PLANNING

Planning permission was granted in January 2001 for the development of “a retail unit with associated car park, service yard and landscaping”. The permission is for the sales of “DIY supplies; furniture, floor and wall coverings; bulky electrical goods; cycles and motor parts; camping equipment; boats; garden supplies; and other goods which are normally sold as accessories or ancillaries to those listed above.” Copies of permissions can be provided on request.

INVESTMENT COMPARABLES

Location	Date	Tenant	Retail Rent psf	Unexpired Term Certain	Price m	NIY
Station Road, Sutton in Ashfield	U/O	Wickes	£9.00	8.00	£3.60	6.00%
Hambridge Road, Newbury	Sep-18	Wickes, Dulux, Benchmarx	£11.58	9.00	£6.35	4.86%
Hertford Road, Barking	Sep-18	Wickes	£16.75	9.50	£20.20	4.00%
Babbacombe Road, Torquay	Sep-18	The Range	£13.31	21.00	£8.28	5.00%
Otterspool Way, Watford	Aug-18	Wickes, Spire	£18.54	18.22	£9.54	4.70%
Longfield Road, Tunbridge Wells	Aug-18	Wickes, Tapi	£17.68	16.57	£11.01	4.70%
South Ealing Road, Ealing	Aug-18	Wickes	£20.00	13.25	£14.50	3.99%

VAT

The property has been elected for VAT and it is anticipated that the sale will be structured as a Transfer of a Going Concern (TOGC).

EPC

The building has a rating of D94

PROPOSAL

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