

7-8 Broad Street

READING

RG1 2BH



100% Prime Foodstore Opportunity in Dominant South East Market

forge

Investment Summary

- Reading is a large, affluent town situated in the South East of England, and is **located just 40 miles west of Central London**.
- The Town benefits from **superb connectivity following the opening of the Elizabeth Line**, which provides direct services to **Bond Street, Liverpool Street and Canary Wharf**.
- Situated in a **100% prime trading location on Broad Street**, with notable national occupiers in the immediate vicinity including: **John Lewis, Marks & Spencer, JD Sports and Primark**.
- **27,409 Sq ft (2,546.4 sq m)** GIA spread across three floors, providing **well configured retail accommodation**.
- **Let to Sainsbury's Supermarkets Limited** until 23rd June 2028, providing an **unexpired term of 4 years**.
- Sainsbury's is the **second largest supermarket operator in the United Kingdom** (Turnover: £26.7 billion).
- **The Property provides a number of asset management initiatives**, including the re-gear of the occupational lease and/or conversion of the upper floors to alternative uses (STPP).
- **Strong ESG credentials**, with an EPC of B.
- **Virtual Freehold** (986 years unexpired) at a peppercorn.

Proposal

Offers are sought in excess of:

£6,772,000

(Six Million Seven Hundred and Seventy Two Thousand Pounds), subject to contract and exclusive of VAT.

Allowing for purchaser's costs of 6.64%, a purchase at this level would reflect an **Attractive Net Initial Yield of 9.00%** and a **low Capital Value of £247 per sq ft**.



Location

Reading is a large, affluent town located in the South East of England and is the administrative and commercial centre of Berkshire and the wider Thames Valley. Central London is located just 40 miles to the east and Oxford 26 miles to the north.



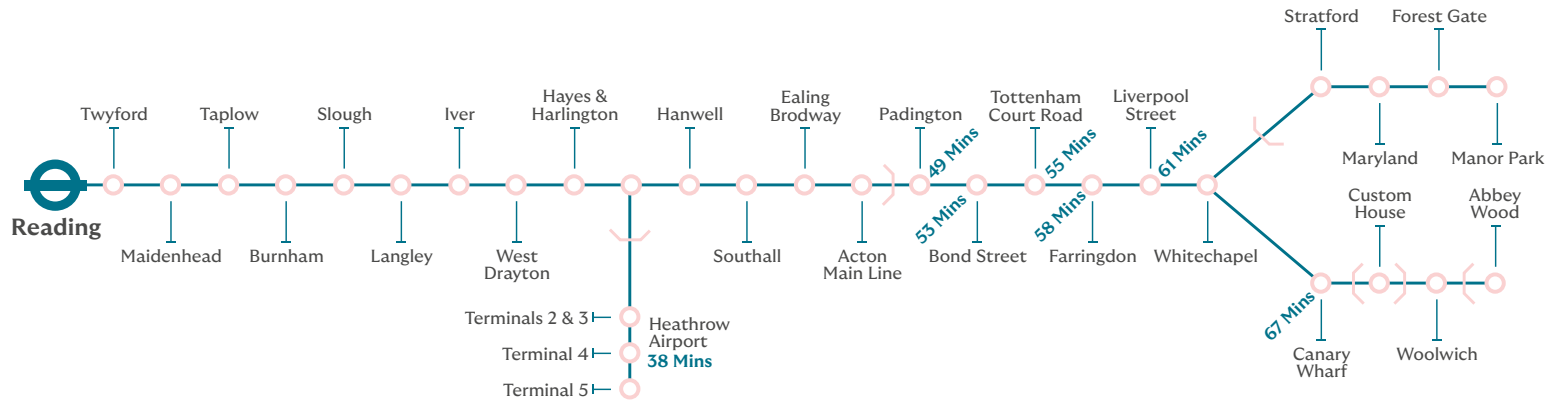
Reading is extremely well connected to the national road network, with the M4 running to the south of the town, which provides connectivity to London in the East and Bristol in the West.



Reading is a major railway hub in the UK, with regular and direct connections to London Paddington (23 minutes), Oxford (21 minutes) and Bristol (62 minutes).



Reading Station now facilitates Elizabeth Line (Crossrail) services to central London. Bond Street is accessible in 53 minutes, with services to London Heathrow Airport in 38 minutes and Liverpool Street in 61 minutes.



Heathrow, the 4th busiest airport in the world, is located just 22 miles to the east of the town centre, accessed within a 30-minute drive.



John Lewis

PRIMARK

The Oracle
Centre

M&S

Sainsbury's



Market Place
Square



SUBJECT PROPERTY

Demographics

Reading is home to a population of 174,200, reflecting an increase of nearly 12% between 2011-2021. With its proximity to London, alongside the improved transport links via Crossrail, population forecasts indicate a significant spike in the Towns growth over the next decade.

The Towns population is highly affluent, with a significantly above average proportion of working age adults categorised within the AB social grouping.

The estimated workforce of 1 million people is largely focused within the private sector, which accounts for 70% of local employment which is significantly above average for comparable towns. Business Services and Finance sectors together account for approximately 18% of total employment. This in turn has attracted a number of major global businesses to operate from Reading, these include: Deloitte, PwC, Prudential, Huawei, Cisco Systems, Microsoft, Pepsico, P&G and Gillette.



Extremely Affluent Population, significantly above the UK average



Positive growth forecasts, driven by improved transport links to Central London and the City



Major employers in Reading include: Deloitte, PwC, Microsoft and Pepsico

Investment and Development in Reading

The near £900m refurbishment of Reading Station, alongside the opening of the Elizabeth Line (Crossrail) has proved to be a major stimulus for inward investment into Reading.

Notable projects include the redevelopment of Thames Tower, the refurbishment of Aquis House and Forbury Works and the redeveloped One Valpy. These are all located within a 5 minute walk from the station providing circa 200,000 sq ft of new town-centre office accommodation.

In addition, there are a significant number of residential led developments, including the £850 million redevelopment of Station Hill, a 6.5-acre site immediately next to Reading Station, which is set to provide a major mixed-use scheme, including 1,300 new homes. The joint venture between Lincoln Property Company and MGT Investment Management has completed the first 115,000 sq ft of office lettings, taking One Station Hill to 40% pre-let ahead of PC in October 2024.

Further, a section of Friar Street and Queen Victoria Street is set to be redeveloped to incorporate a new market square as well as the development of a 100-bed hotel on Friar Street.

Finally, there are ongoing re-development proposals for the Bristol & West Arcade, situated directly to the rear of the subject property with frontage to Town Hall Square. The developer have recently secured planning permission to convert the upper floors from offices, to 26 residential apartments, together with two retail units at ground floor level.





Retailing in Reading

Town centre retail floorspace in Reading is estimated at 1.8 million sq ft, ranking the town 19th of 200 major UK centres (Source: PMA).

The prime Broad Street pitch runs east to west from the Oracle entrance to Broad Street Mall.

The Oracle Shopping Centre provides 764,000 sq ft of retail and leisure accommodation over two floors and 102 units, together with two multi-storey car parks providing 2,300 spaces. Major retailers with representation include: Next, H&M and Zara. The scheme also has a sizeable leisure element, known as Riverside, with numerous bars, restaurants and cafes, as well as a Vue Cinema.

The scheme's owner, Hammerson, has submitted plans for the re-configuration / re-development of the scheme to provide 436 new apartments and 94,000 sq ft of reconfigured retail, leisure, and co-working space. The former House of Fraser has been sub-divided with lettings agreed to Hollywood Bowl, TK Maxx and potentially an upsized Zara.

More recently, revised plans have been submitted by AEW and McLaren Living for the redevelopment of Broad Street Mall, located at the western end of Broad Street. Following purchase of the site from Moorgarth in 2022, the revised plans include the development of 644 flats across four tower blocks above the shopping centre.

vue

next

H&M

PRIMARK®

ZARA

M&S

Sainsbury's

TKmaxx

Situation

The property is situated on the pedestrianised Broad Street in the centre of Reading, directly opposite the main entrance to The Oracle Shopping Centre. The prime retail area is focused on the pedestrianised Broad Street, where retailers include John Lewis, Marks & Spencer, Primark and JD Sports.

Description

The property comprises a 27,409 sq ft (2,546 sq m) retail unit arranged over ground, first and second floors. The Tenant trades from Ground floor (comprising 11,875 sq ft), with the upper floors (totalling 15,534 sq ft) comprising largely unused ancillary / storage accommodation.

The retail offer includes a bakery and salad bar, as well as offering provision for Click & Collect / Food to Order and an ATM.

There is a second customer entrance to the rear of the property via Market Way which leads to Market Place Square. There is also a service yard area utilised for staff parking and refuse storage.

There is a sub-divided and self-contained element at the front of the property (that is within Sainsbury's lease demise) that is accessed via a dedicated entrance on Broad Street.

We are of the opinion this provides potential for conversion to residential or other alternative use (Subject to Planning Permission).

Accommodation

We understand that the Property comprises the following Gross Internal Areas (GIA):

Floor	Use	Sq ft	Sq m
Ground	Sales	11,875	1,103.2
First	Ancillary	11,998	1,114.6
Second	Ancillary	3,536	328.5
Total		27,409	2,546.4



Tenure

The Property is held on a 999-year long leasehold interest from Reading Borough Council from 23rd September 2010 (986 years unexpired), at a peppercorn (Title Number: BK441118).

The Property is also subject to a 999-year lease of the Clock Tower Accessway (from 28th September 2004) at a peppercorn.

Tenancy

The Property is let to Sainsbury's Supermarkets Limited (t/a Sainsbury's) on an effective FRI lease for a term expiring 23rd June 2028, providing an unexpired term of 4 years. **The current passing rent is £650,000 per annum.**



Second Largest Supermarket in the UK



J Sainsbury's is a **FTSE 100** Company



600 Supermarkets and **800** Convenience Stores in the UK

Covenant

Sainsbury's

Sainsbury's is the second largest supermarket operator in the UK, occupying over 600 supermarkets and 800 convenience stores, totalling 23 million sq ft of retail accommodation.

Sainsbury's Supermarkets Limited is the principal operating company of J Sainsbury's PLC, a FTSE 100 listed UK company (Turnover: £31 billion).

Sainsbury's Supermarkets Limited displays a CreditSafe rating of A-100. Below are the companies most recently published accounts:

	YE Mar-2023 (000's)	YE Mar-2022 (000's)	YE Mar-2021 (000's)
Turnover	£26,693,000	£25,238,000	£23,823,000
Pre-Tax Profit	£137,000	£244,000	-£56,000
Shareholders' Funds	£4,312,00	£5,107,000	£4,042,000

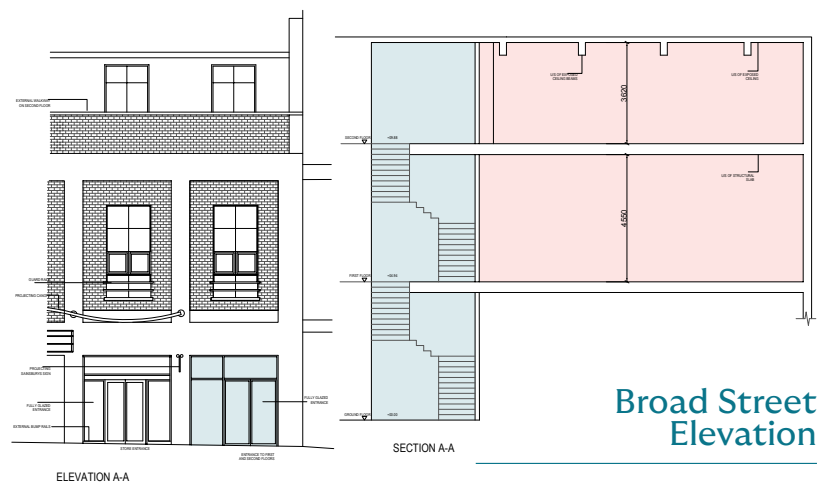


Asset Management

There is a short-term opportunity to regear the lease with Sainsbury's Supermarkets Limited, who have shown an interest in extending their lease term (further information available upon request).

Further, the Property offers significant potential for conversion and/or re-development of the upper parts to residential, or other alternative use (subject to obtaining the necessary planning consent).

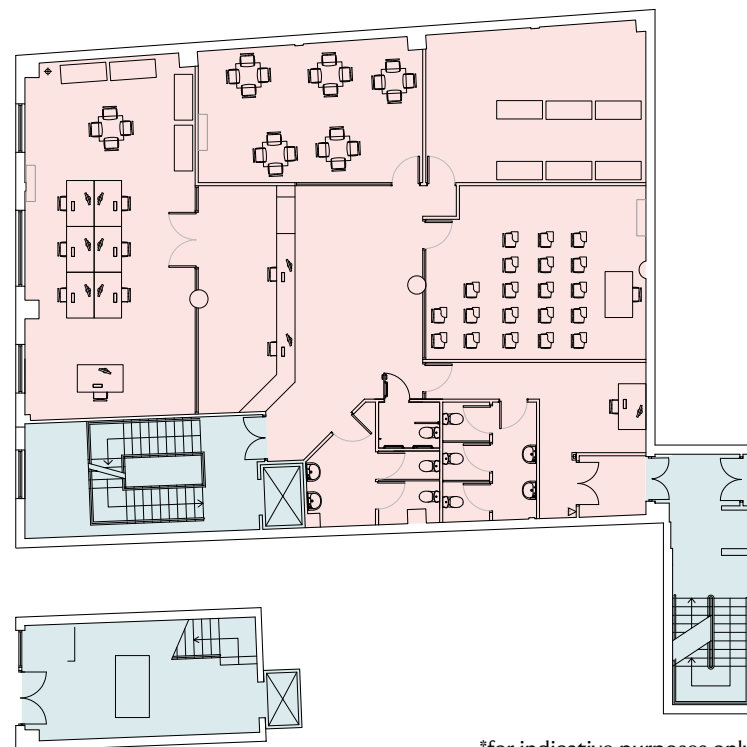
There is dedicated access to the front section of the self-contained upper parts via Broad Street, as illustrated by the indicative architect's drawings displayed below:



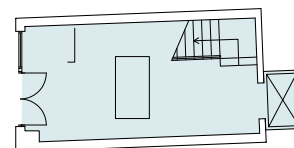
Second Floor



First Floor



Ground Floor



*for indicative purposes only.

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Energy Performance Certificate

An EPC is available upon request.

VAT

The property has been elected for VAT and we anticipate that the transaction will be treated as a transfer of a going concern (TOGC).

Anti Money Laundering

In order to comply with anti-money laundering legislation, the successful purchaser will be required to provide certain identification documents. The required documents will be confirmed to and requested from the successful purchaser at the relevant time.

Misrepresentation Act - Forge act for themselves and for the vendors and lessors of this property whose agents they are, give notice that (i) these particulars are produced in good faith, are set out as a general guide only and do not constitute any part of an offer or contract. They are believed to be correct but any intending purchasers or tenants should not rely on them as statements or representations of fact but must satisfy themselves as to the correctness of each of them. (ii) no person in the employment of Forge has any authority to make or give any representation or warranty in relation to this property. © 2024. Designed by Creativeworld. T 01282 858200.



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