



Sainsbury's

131 HIGH ROAD, CHADWELL HEATH, LONDON RM6 6PB

**GREATER LONDON FOODSTORE INVESTMENT WITH
ASSET MANAGEMENT AND DEVELOPMENT POTENTIAL**

 **MONTAGU
EVANS**

INVESTMENT HIGHLIGHTS

- Chadwell Heath is located 12 miles north east of Central London and is situated along the **newly opened Elizabeth Line**, providing direct access to **Liverpool Street in 23 minutes** as well as other Central London destinations.
- Prominent position, with 400 ft frontage along A118 / High Road.
- Purpose built foodstore totaling **53,410 sq ft GIA** and including 301 surface car parking spaces.
- Freehold, **3.68 acre** site.
- Lease secured against the desirable J Sainsbury Plc covenant at a low passing rent of **£1,129,000 pa**, reflecting a main store rate of **£19.00 per sq ft**.
- **Significant asset management potential** and optionality, including re-gearing the lease with Sainsbury's, or securing a letting to another major foodstore operator.
- **Residential redevelopment potential**, with VP securable in c. 1.5 years.
- **The property is allocated in the LB Barking and Dagenham Draft Local Plan** for residential-led mixed use development delivering **c. 365 new homes** with a positive pre-application response.



We are instructed to seek offers in excess of

£16,250,000

(Sixteen Million Two Hundred and Fifty Thousand Pounds) subject to contract and exclusive of VAT for our client's freehold interest. A purchase at this level would reflect an attractive **net initial yield of 6.50%** and a **land value of £4.42m per acre**, assuming standard purchase costs at 6.73%.



CANARY WHARF

CITY OF LONDON

STRATFORD

ILFORD



CHADWELL HEATH RAIL
ELIZABETH LINE STATION

FRESHWATER INDUSTRIAL ESTATE



AT18 / HIGH ROAD

ST CHAD'S PARK

FORMER WHITE HORSE PUB
- PROPOSALS FOR UP TO 11
STOREY RESIDENTIAL

THE PINNACLE
10 STOREY RESIDENTIAL

NEW ENTERPRISE HOUSE
8 STOREY RESIDENTIAL



LOCATION

Chadwell Heath is located approximately 12 miles (19 km) north east of Central London in the London Borough of Barking and Dagenham.



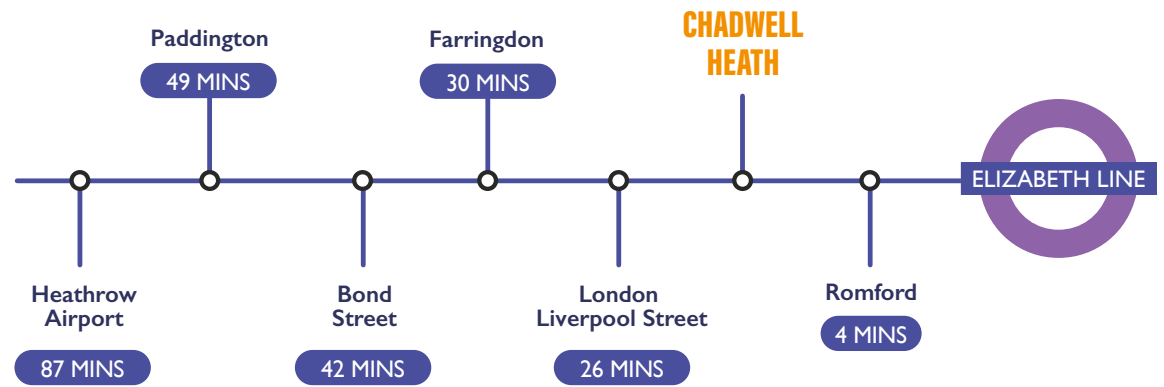
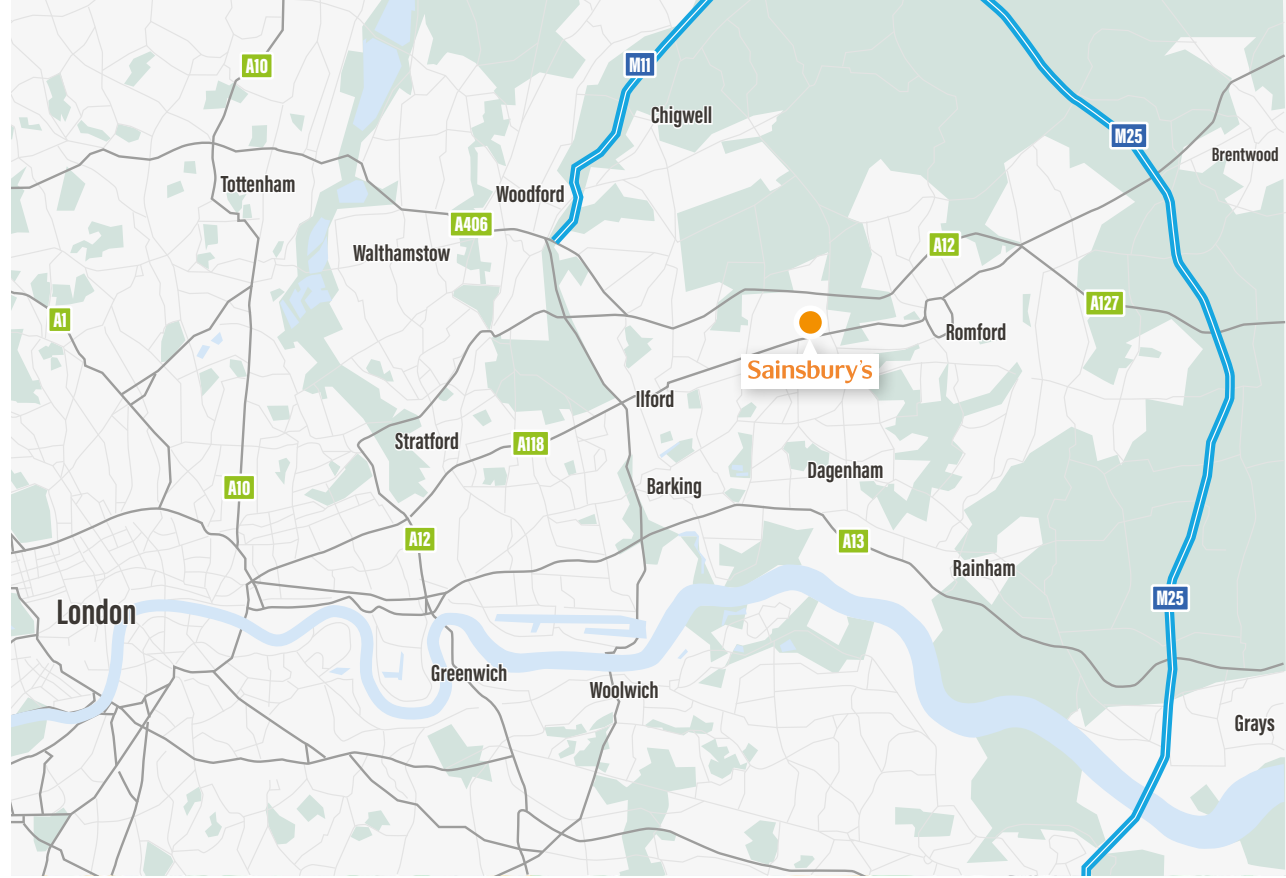
Chadwell Heath benefits from excellent road communications, with the A118 (High Road) connecting to Central London and the North Circular (A406) via Ilford and Stratford to the south west, and Junction 28 of the M25, via Romford, to the east. The A12 is also positioned just one mile north of Chadwell Heath, another core arterial route in/out of London.

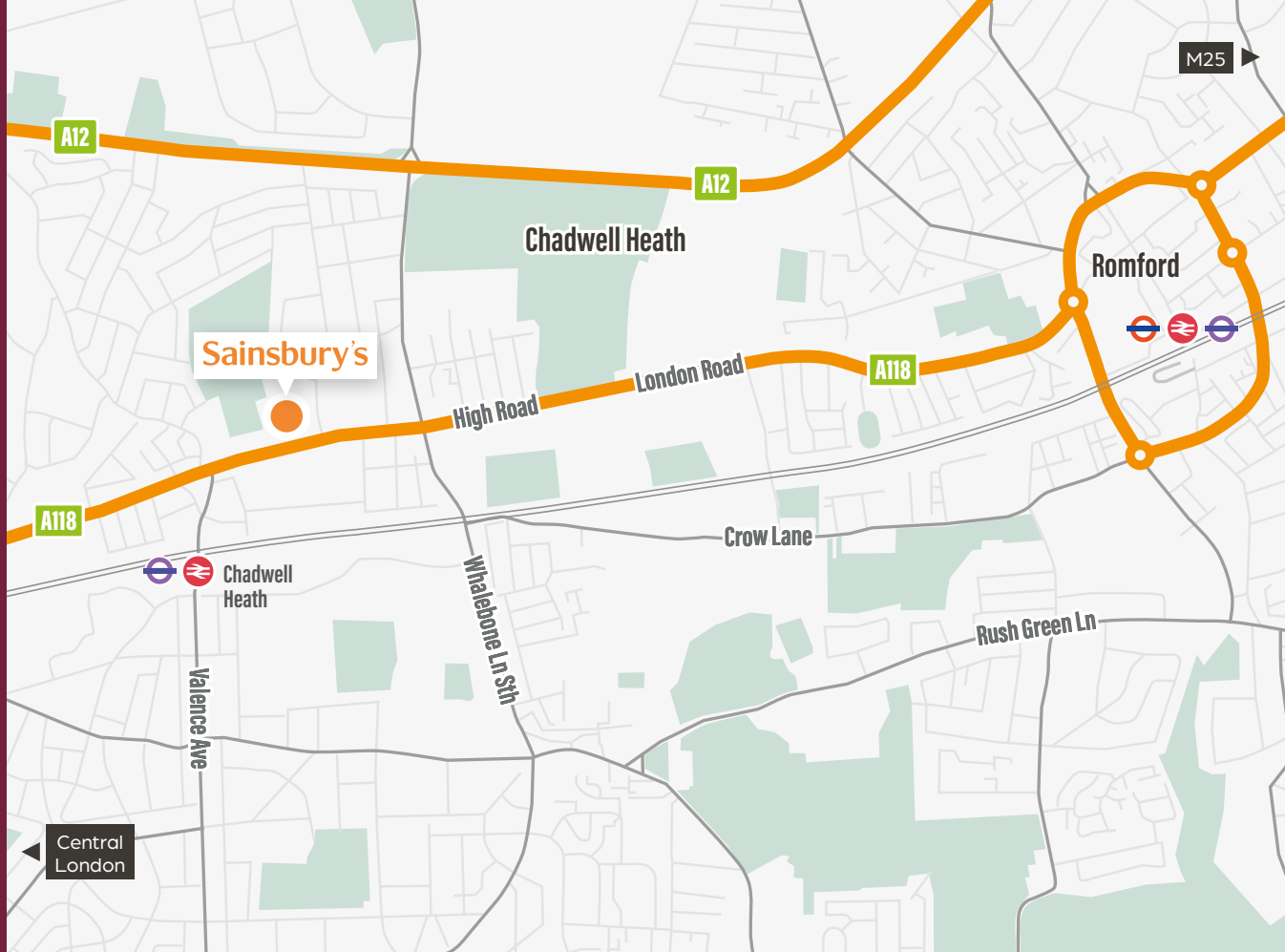


Chadwell Heath Rail / Elizabeth Line Station provides a direct service to Liverpool Street Station in 23 minutes, with other Central London destinations directly accessible via the Elizabeth Line. Trains currently run every 8 minutes.



London City Airport is positioned c. 7 miles to the south west of Chadwell Heath, whilst Heathrow Airport is also directly accessible via the Elizabeth Line.





SITUATION

The subject property is situated in a highly prominent location, with c. 400 ft frontage along the northern side of the A118 (High Road).

Vehicular access to the property is via Mill Lane, at the eastern boundary of the car park. Mill Lane also connects the A118 with the A12, 0.7 miles to the north east.

Chadwell Heath Rail Station is positioned 0.4 miles south west of the subject property, via the A118 and Station Road.



DEMOGRAPHICS

"Families", who tend to have a higher annual spend on groceries, are the dominant household type within a 10-minute drive of the store, comprising 41% of households, a 30% over-representation relative to the GB average.

The average annual household spend on convenience goods (i.e. groceries) is £3,889, 4% higher than the GB average. Within a 15-minute drive time, this household spending on convenience goods is 9% above average.

The 10-minute drive time catchment is expected to see very high population growth of almost 15% over the next 10 years, from 199,200 people to 228,200 people, an increase of 29,000 people (source: ORC).

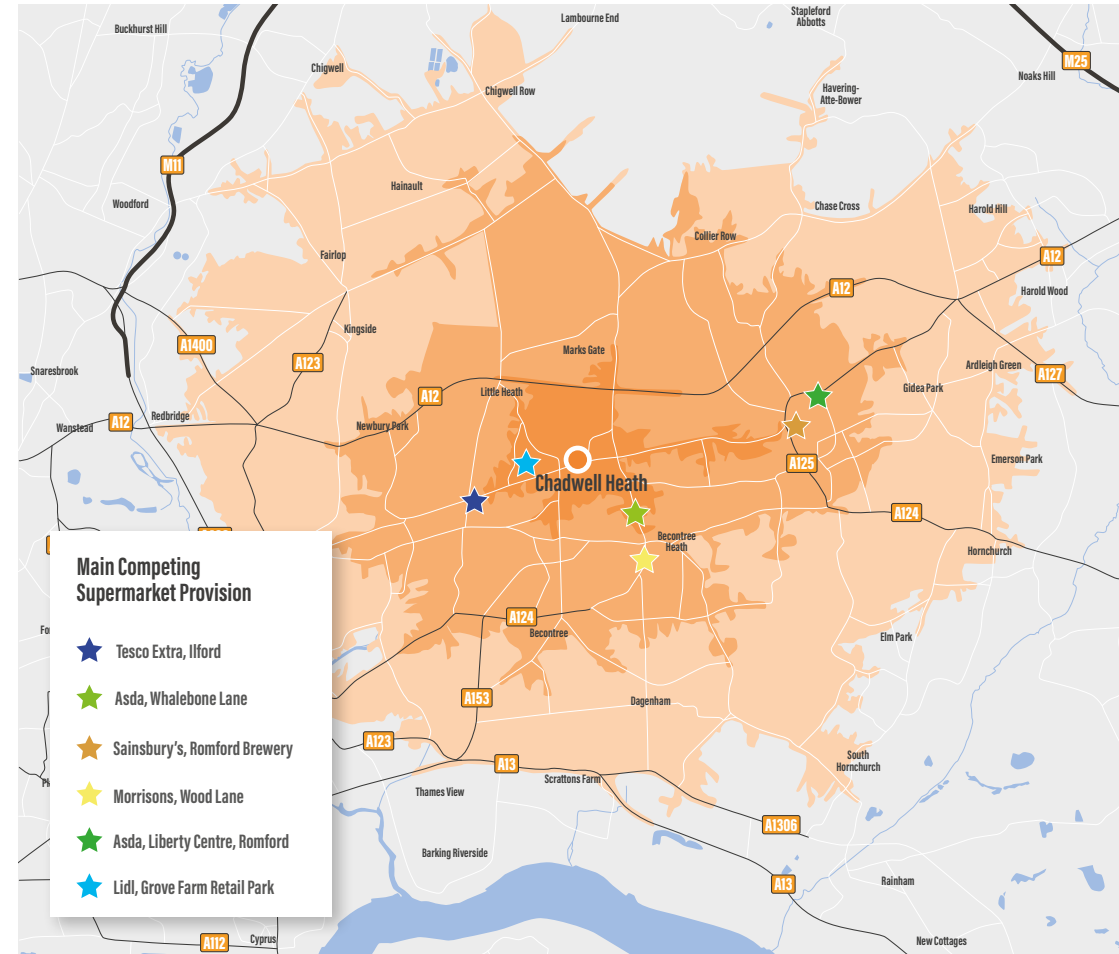
SURROUNDING FOODSTORE PROVISION

We consider the key competition to the subject property includes:

- ★ Asda, Whalebone Lane (51,000 sq ft, 5 min off peak drive)
- ★ Tesco Extra, Ilford (100,000 sq ft, 6 min off peak drive),
- ★ Sainsbury's, Romford Brewery (108,000 sq ft, 6 min off peak drive)

Lidl are also represented at Grove Farm Retail Park, a 4 minute drive along High Road / A118 to the west. At c. 13,000 sq ft, this store is undersized for Lidl and we do not consider it a key competitor.

THE 10-MINUTE DRIVE TIME CATCHMENT IS EXPECTED TO SEE **VERY HIGH POPULATION GROWTH** OF ALMOST 15% OVER THE NEXT 10 YEARS



5

Mins Drive Time
31,000
People

10

Mins Drive Time
199,100
People

15

Mins Drive Time
513,300
People

DESCRIPTION

The property comprises a purpose built foodstore, extending to 53,410 sq ft GIA, plus an external loading canopy of 1,274 sq ft. There is ancillary office and staff accommodation on the first floor, together with a surface customer car park for 301 cars (an excellent ratio of 1:177 sq ft).

Pedestrian access to the property is available via the A118 (High Road) or via a separate entrance to the store via the car park.

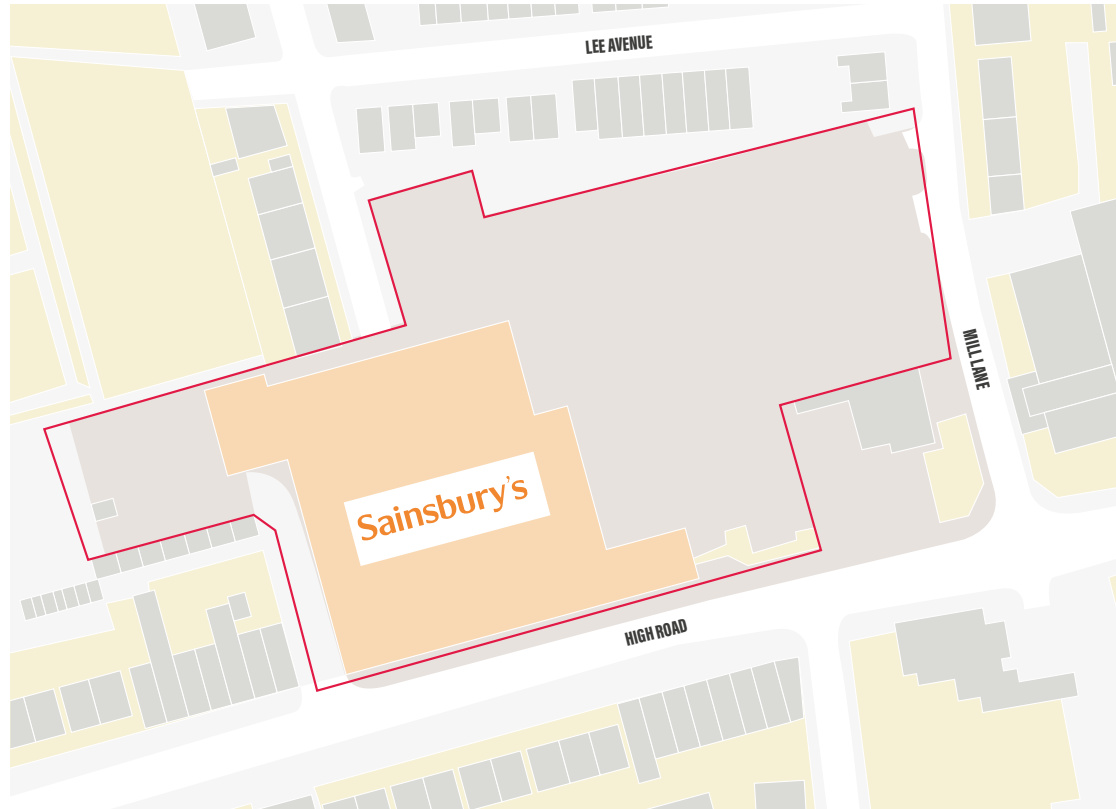
The service yard benefits from a separate access, via the A118 (High Road). Internally, the store is fitted out in Sainsbury's standard corporate specification, with in-store Argos and Lloyds Pharmacy concessions.

The service yard is generous in size and would lend itself well to an on-line fulfilment / delivery function.

ACCOMMODATION SCHEDULE

	Sq ft	Sq m	Comments
Ground Floor	46,332	4,304.4	–
First Floor	7,078	657.6	–
Total GIA	53,410	4,962.0	
Canopy	1,274	118.4	External loading canopy





TENURE

The property is held freehold under Title Numbers NGL37554 and EGL308072. The site area extends to 3.68 acres, equating to a site coverage ratio of 29%.

EXISTING PLANNING CONSENT

The property benefits from an open A1 (including food) retail consent (now Use Class E).





TENANCY

The property is let to the desirable J Sainsbury Plc covenant for a period of 35 years, commencing on 25th March 1989 and expiring on 24th March 2024. The unexpired term is therefore currently c. 1.5 years. The rent was previously reviewed every five years to the higher of the passing rent or open market value, though there are no further rent reviews during the remaining term of the existing lease.

The passing rent is £1,129,000 pa, which devalues as a shell rent on the main store to £19.00 per sq ft, as follows:

Description	*Floor Area Sq Ft	Rate	Rent (£ pa)
Foodstore	53,741	£19.00	£1,021,079
10% Addition – Fully Fitted	N/A	N/A	£102,108
Canopy	1,232	25% (£4.75)	£5,852
Total	54,973		£1,129,000

*Floor areas agreed at 2014 rent review. Measured floor area is 53,410 sq ft GIA, plus external loading canopy of 1,274 sq ft.

COVENANT

Sainsbury's

Sainsbury's are the second largest grocery retailer in the UK, with a current market share of 14.6% (Kantar).

Sainsbury's annual results (52 weeks to March 2022) reported 3.4% retail sales growth versus the previous year. Strong performance is attributed to corporate strategy including Food First (offering high quality, great value food wherever and however customers want to shop with Sainsbury's), Brands that Deliver (refocusing portfolio brands including Argos, Habitat, Tu and Nectar) and Save to Invest (working towards lower operating costs). In a first quarter trading statement for Sainsbury's current financial year (Q1 22/23), grocery sales were down marginally, by 2.4% on the previous year (elevated by Covid-19), but up 8.7% on a three year / pre-pandemic basis. Sainsbury's profit forecast for the full FY22/23 financial year remained unchanged, expecting a pre-tax profit of £630m to £690m.

A summary of J Sainsbury Plc's recent accounts are included below:

Year Ending	05/03/2022	06/03/2021	07/03/2020
Sales / Turnover (£000s)	£29,895,000	£39,048,000	£28,993,000
Pre-Tax Profit (£000s)	£854,000	(£261,000)	£255,000
Tangible Net Worth (£000s)	£7,417,000	£5,690,000	£6,761,000



RETAIL ASSET MANAGEMENT

The property offers a number of asset management opportunities.

- Initial discussions have been had with Sainsbury's over a lease regear. Further information is available upon request.
- Alternative supermarket demand has been identified. If vacant possession could be secured, there is the opportunity to progress this interest. Further information available upon request.
- Alternatively, the property offers significant redevelopment potential for alternative uses.



DEVELOPMENT OPPORTUNITY

The site presents an outstanding redevelopment opportunity in East London with convenient access to Elizabeth Line services. The relatively short unexpired term of just 1.5 years provides a significant opportunity for residential-led redevelopment.

Elizabeth Line Regeneration

The introduction of the Elizabeth Line in the area has led to significant and planned regeneration of the locality. Key schemes in the area include:



Romford – Proposed Development

- **Waterloo & Queen Street Regeneration** comprising 1,380 residential units (consented);
- **Angel Way Retail Park** for the development of 350 homes (under construction);
- **Bridge Close Industrial Estate** comprising 1,070 residential units (pre-planning);
- **Rom Valley Gardens** proposal of a medical centre, 972 residential units, retail amenities, a gym and café (consented);
- **Romford Gas Works** comprising up to 1,000 homes (pre-planning).

The average house price in Romford was £402,918 over the last year, 5% higher than the previous year and 12% up on the 2019 peak (Rightmove).

Iford – Proposed Development

- **Mill Road Car Park** for redevelopment of 239 residential units (consented);
- **One Station Road** comprising self storage units and 380 homes (consented);
- **Iford Western Gateway** for the development of c. 1,000 homes (pre-planning);
- **Lorimer Village** for the development of 1,280 residential units (consented);
- **Sainsbury's Iford** for redevelopment of c. 1,000 homes (pre-planning).

Average house prices in Iford have increased by 14% compared to the 2018 peak of £415,059 (Rightmove).

Chadwell Heath – Proposed Development

- **Former White Horse Pub** proposed development site, to comprise 104 new homes, in blocks up to 11 storeys, opposite the subject property (pre-planning).

PLANNING CONTEXT

The site is located within the administrative boundary of the London Borough of Barking and Dagenham. As stated in the Draft Local Plan 2019 – 2034:

- Policy SPDG1: The Council is pro-actively encouraging housing delivery, with a minimum target of 44,051 homes.
- Policy SPP4: Chadwell Heath and Mark's Gate are identified as having development potential with an indicative capacity for 4,839 new homes over the plan period. The site specifically is identified as forming part of a Transformation Area to become a new livable mixed-use neighbourhood to deliver new homes and jobs.
- The Council will support development that offers:
 - New homes supported by social infrastructure;
 - An appropriate massing strategy;
 - Improvements to pedestrian connections;
 - Improvements to the green infrastructure including a variety of public realm spaces that are pedestrian and cycle friendly;
 - The site is located within the District Centre, which remains a focus for retail development and complementary cultural, commercial and community uses.

Site Allocation: The site has an allocation for “residential-led mixed-use development delivering circa 365 new homes, re-provision of the current supermarket and ancillary car park, alongside flexible commercial uses”.

In addition to the site allocation, the site also has the benefit of a positive planning pre-application for a 365-unit residential-led redevelopment, along with a new reduced size foodstore (commercial space totalling 11,233 sq ft).

A copy of the response can be found in the data room.

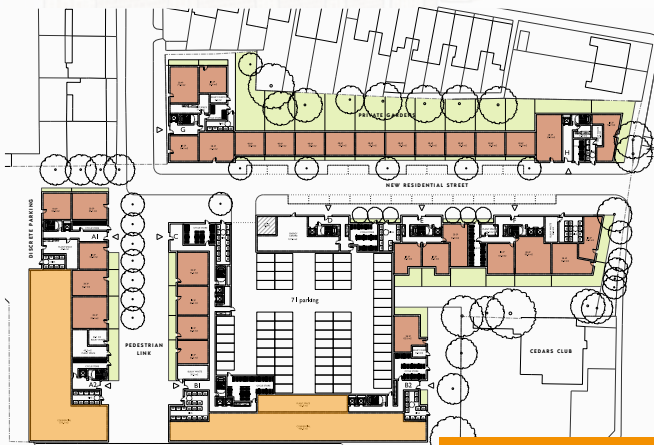
RESIDENTIAL ACCOMMODATION SCHEDULE

Type	Number of units	Average unit size sq m	Average unit size sq m	Total Sq ft
Studio	7	39	420	2,940
1 beds	110	50	538	59,190
2 beds	189	70	750	141,750
3 beds	49	86	925	45,325
4 bed Houses	10	112	1,205	12,050
Total	365			261,255

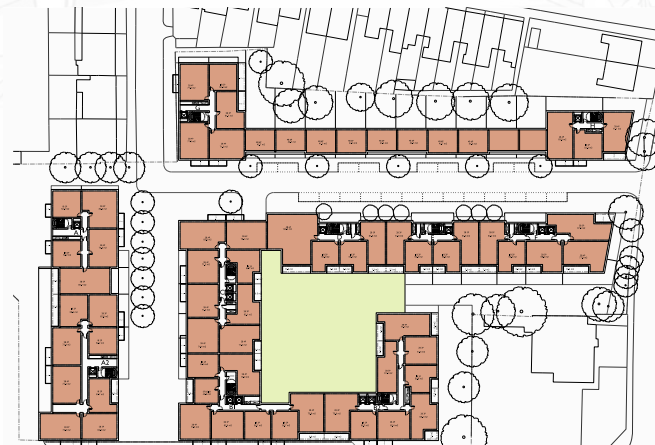


AN OUTSTANDING REDEVELOPMENT OPPORTUNITY IN EAST LONDON WITH CONVENIENT ACCESS TO THE ELIZABETH LINE

DEVELOPMENT POTENTIAL



Ground Floor Layout



Typical floorplan



DEVELOPMENT POTENTIAL



Key features of the proposed scheme include:

Award winning architects, RM_A have prepared a feasibility study for the site on the basis of a comprehensive new build development. A copy is included in the data room.

- A residential-led mixed-use development comprising **365 residential units** and commercial floorspace at ground floor level.
- **10 blocks with heights** ranging up to 12-storeys.
- Studios, 1-bed flats, 2-bed flats, 3-bed flats and 4-bed houses available.
- Total residential net sales area extending to 261,255 sq ft.
- Commercial space at ground floor level **extending to 11,233 sq ft.**
- 126 residential and 8 commercial car parking spaces available (134 total car parking spaces).
- Creation of **new pedestrian streets.**
- Residents' garden in the main quadrangle block at the centre of the site.
- Community park space at the south east corner of the site.



SURVEYS

Assignable building, environmental, measured and topographical surveys are available on request.

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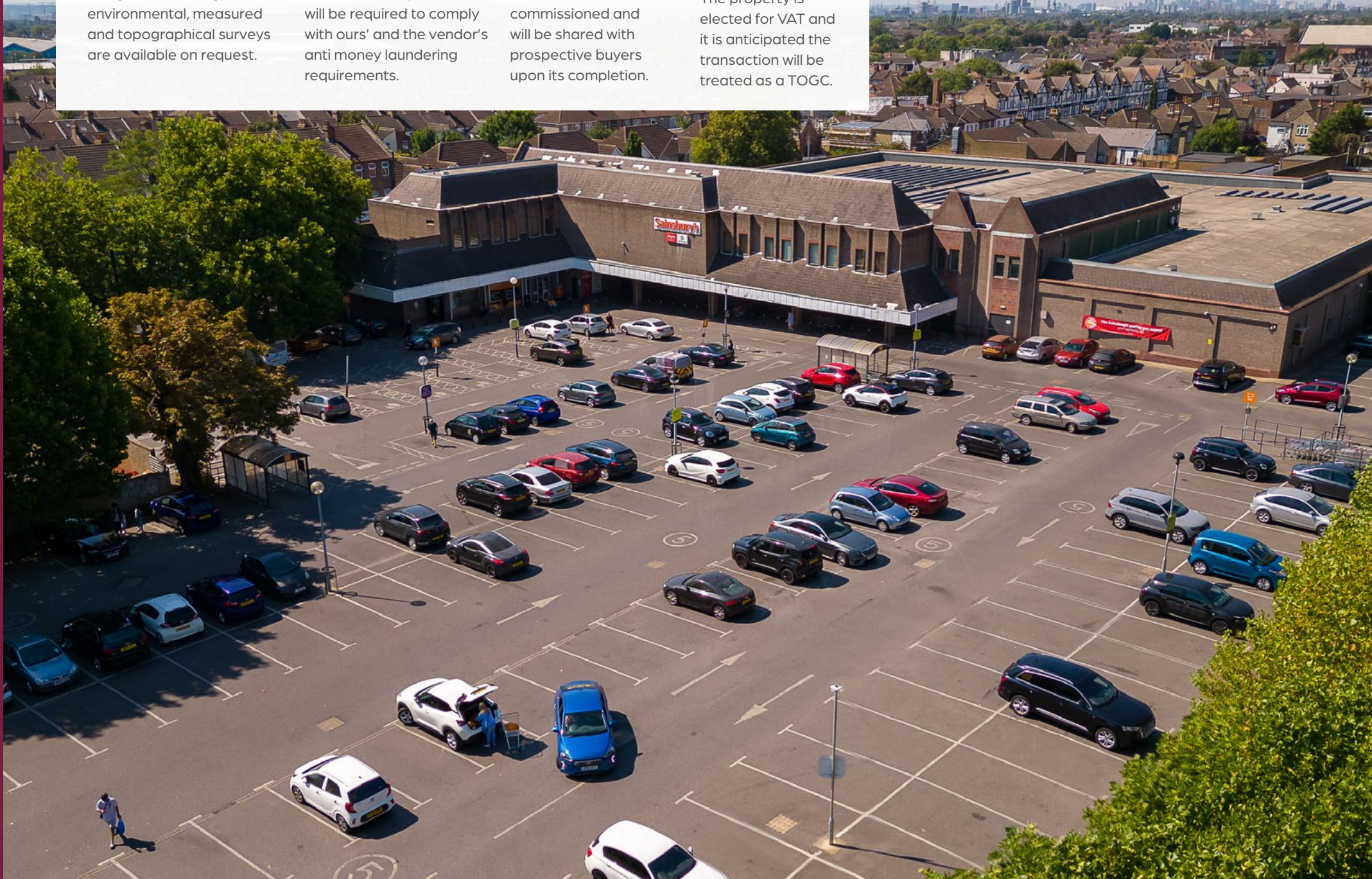
The successful purchaser will be required to comply with ours' and the vendor's anti money laundering requirements.

EPC

A new EPC has been commissioned and will be shared with prospective buyers upon its completion.

VAT

The property is elected for VAT and it is anticipated the transaction will be treated as a TOGC.





PROPOSAL

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FURTHER INFORMATION



Investment

Nick Richardson

M: 07818 012 420

E: nick.richardson@montagu-evans.co.uk

Tristan Paterson

M: 07979 179 431

E: tristan.paterson@montagu-evans.co.uk

Residential Development

Simon Rogers

M: 07795 636 858

E: simon.rogers@montagu-evans.co.uk

Georgie Dixon

M: 07423 798 429

E: georgie.dixon@montagu-evans.co.uk

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