



Investment Times

OUR VIEW ON THE SUPERMARKET / CONVENIENCE STORE RETAIL SUB SECTOR

TESCO • SAINSBURY'S • MORRISONS • M&S • CO-OP • LIDL • ALDI • WAITROSE

- **Strengthening investor demand** for supermarket investments amidst uninterrupted trading
- Kantar market research shows **trading was 15.1% higher** than last year for the four weeks to 21 February
- **£1.9 billion worth of supermarkets transacted** in the last year accounting for approximately a third of overall retail investment volumes. Average supermarket weighted net initial yield of 5.00%
- **UK institutions (Funds, REITS) and property companies accounted for £1.23 billion worth of transactions** over the past year which is 65% of overall supermarket transactions
- **Strong covenants let on long index linked leases are of particular appeal to investors** who see them as a safe haven amidst rising inflation, volatile markets and political uncertainty
- **Commercial leases have gradually become shorter** whilst supermarket leases typically have unexpired lease terms ranging from 10-20 years
- Having a strong underlying operational business activity and a sustainable business model **reduces covenant risk** with a depth of occupiers ready to step into a profitable trading position
- Supermarket investments let on long leases **have achieved and continue to achieve record breaking yields**
- **Some notable operators (Tesco, Aldi Lidl) have been acquisitive with overall owner occupiers accounting for £296m of supermarket transactions** over the past year. Buying stores in enables them to maintain control over their portfolio, reduce rental liabilities and add value or raise money through sale and leasebacks
- Looking forward we expect the defensive nature of supermarkets to **continue to attract substantial demand as investors search for stable long-term income** as we continue to navigate through the pandemic and interest rates remain low by historical standards

ALLSOP RECENT SUPERMARKET & CONVENIENCE SECTOR DEALS DONE



M&S PORTFOLIO

Supermarket

M&S, Lion Green, Lion Lane, Haslemere
M&S, Ringwood Road, Ferndown

Sold: £14.68m NIY: 4.00%



OCTANE PORTFOLIO

Forecourts / Convenience Stores

Four petrol stations & convenience stores let to Co-Op across the UK

Sold: £11.95m NIY: 5.55%



CROWBOROUGH

Supermarket

Tesco, Sybron Way, East Sussex

Sold: £6.60m NIY: 5.62%

DID YOU KNOW?



Allsop transacted **£2.2 billion** last year



The commercial market transacted on **£41 billion** last year, down from the 10 year average of £50 billion



Allsop offers a tried and tested **Private Treaty / Auction Hybrid service**



Allsop has a mailing list of **over 70,000** investors

DON'T MISS OUR LOCKDOWN MUSTS...



Binge Boxset

Murder Among The Mormons - Netflix



Nostalgia Listen

Notorious B.I.G.

