

Food Retail Update - We are aisles ahead in Food Retail

According to the latest research from Kantar Worldpanel, for the 12 weeks to September 4th, sales growth in the food sector was:

Aldi sales up 25.6% (market share 3.5%), **Lidl** sales up 12.6% (market share 2.5%), **Waitrose** sales up 8.9% (market share 4.4%), **Morrisons** sales up 5.3% (market share 11.5%), **Sainsbury's** sales up 4.8% (market share 16.1%), **Tesco** sales up 3% (markets share 30.8%) and **Asda** sales up 2.2% (market share 17.4%).

For the 13 weeks to 30th October, **Morrisons** reported total sales (excluding fuel) up 4.6%. In this period 10 new stores opened including its second convenience store, in Wilmslow. It is rumoured that **Morrisons** is one of the bidders for the **Garden Centre Group** and that it has submitted a proposal to acquire **Iceland Frozen Foods**.

For the 3 month period to 27th August, **Tesco** reported that for the first time in twenty years, its sales were down. **Tesco** added an additional 700,000 sq ft of space to its estate during the first half of its financial year and has announced that it has secured planning permission for a 900,000 sq ft distribution centre in Reading on the former **Heineken Brewery** site. **Tesco** has also announced the closure of its Japanese businesses. **Tesco** is rumoured to be looking at 'cherry picking' sites from the **Garden Centre Group**.

John Lewis reported results for the first half of its financial year show Waitrose profits down 14%. **Waitrose** has agreed to a tie-up with **Shell** to open up convenience stores on their forecourts, with the first two opening in Watford and Bayswater. It is also looking to open 12 further foodstores in the second half of its financial year.

ASDA has reported that sales at the converted **Netto** stores have risen by 45% since their conversion. It is also rumoured to have lined up **Farmfoods** to take on 200 stores in the event of its bid for **Iceland Frozen Foods** being successful.

Iceland Frozen Foods is rumoured to have sent out information memoranda to over 20 interested parties. The first round of offers for the company are rumoured to have fallen short of the £1.5bn asking price.

Although **Marks & Spencer** reported an 8% fall in half year profits to £231m, the food division's profits grew strongly on increased sales of 2.1%. It is looking to open two edge-of-town 100,000 sq ft stores in York and Stoke-on-Trent.

Sainsbury's announced like-for-like sales up 1.9% and profit before tax up 6.6%, during the 28 weeks to 1st October 2011. It has added 7 new stores, 15 extensions and 37 convenience stores, including its 400th **Local** branch to its portfolio. **Sainsbury's** has also confirmed the appointment of Philip Bell-Brown as its new Director of Property Development.

Booths is looking to add a further 10 stores over the next 5 years to the 27 it currently operates, predominantly in the north west. It is opening its first 'city' store in Salford's Media City followed by a large format store in Penrith.

The People's Supermarket is due to open its second branch in Hackney, adding to its existing Holborn store.

Planet Organic has opened a store in the city of London. This is its fifth branch.

AND FINALLY.... Rapleys has recently sold a **Budgens** supermarket in Poringland, Norwich, for £2.51m, reflecting a net initial yield of 5.65%, demonstrating the continuing high level of investor demand for well-let foodstore investments providing secure RPI linked income.

If you require any advice please do not hesitate to call 0870 777 6292 or contact one of our nationwide specialists directly, as below:

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