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PRIME SOUTH EAST LONG-INCOME TRADE COUNTER INVESTMENT **FOR SALE (FREEHOLD)**

MKM, Hambridge Road, Newbury, RG14 5UP

MKM



INVESTMENT SUMMARY

- Prime freehold site in established trade counter location
- Situated in desirable Home Counties town of Newbury
- Strong financial covenant - let to MKM Building Supplies Ltd, one of the UK's largest independent builders merchants.
- C.17 years unexpired with next rent review in under two years
- Well-presented modern trade counter accommodation, substantially altered and refurbished prior to lease commencement in 2022
- 15,152 sq ft (1,407.6 sq m) on a site of 0.99 acre, providing a low site coverage of 27%
- Low rental of £200,000 p.a., reflecting only £11.99 psf
- Five yearly upward-only rent reviews linked to RPI 1% - 3% per annum (compounded)

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PROPOSAL

We are instructed to seek offers in excess of £3,450,000 (Three Million Four Hundred and Fifty Thousand Pounds) subject to contract and exclusive of VAT.

A purchase at this level reflects an attractive Net Initial Yield of 5.44%, assuming purchasers' costs of 6.50%. Based on RPI of 3% per annum over the intervening period, a purchase at this price would represent a highly attractive reversionary yield of 6.31% in September 2027.

PRIME FREEHOLD PROPERTY IN
ESTABLISHED TRADE COUNTER LOCATION





INVESTMENT
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THE SITE

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WATCH
THE VIDEO

THE SITE

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SITUATED IN DESIRABLE HOME
COUNTIES TOWN OF NEWBURY





LOCATION

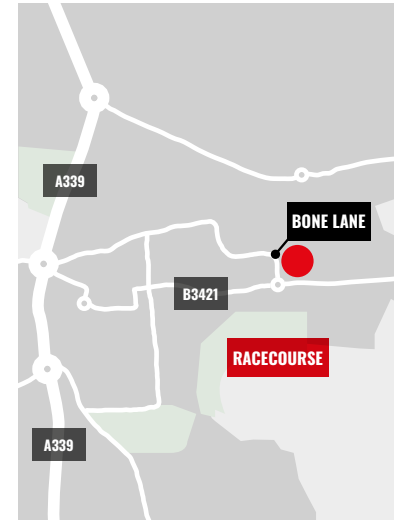
The property enjoys an excellent position, situated centrally within an extensive and established employment based area around Hambridge Road, to which the property enjoys frontage at its junction with Bone Lane.

Estimated daily traffic flows past the site are approximately 14,000 on Hambridge Road and 4,000 on Bone Lane, making this a busy and very accessible commercial location.

This area is the go-to address for trade counter, storage operators and builders merchants, amongst others, with local occupiers including Huws Gray, Wickes, Toolstation, Halfords and Jewson. Newbury Trade Park is situated diagonally opposite.

Having opened in late 2022, MKM's Newbury business became established very quickly, leading to the company expanding into the unit immediately to the rear (held on a co-terminus lease).

Newbury is situated in West Berkshire, being 20 miles west of Reading, 25 miles north of Winchester, 27 miles south of Oxford and 28 miles southeast of Swindon. London is 60 miles to the east, making Newbury a popular commuter town. The town essentially merges with Thatcham (the town centres are three miles apart) and the combined population of the urban area is in the order of 70,000.





DESCRIPTION

MKM satisfied a longstanding requirement for accommodation in Newbury when it agreed a lease on what was previously a carpets and beds retail outlet. Part of the property was demolished to create additional yard space (and enabling access to the unit behind) and the remainder substantially improved to provide dedicated showroom, trade counter and warehouse space.

The property is of steel portal frame construction, with glazed frontage to the showroom fronting Hambridge Road and having a return elevation and entrance overlooking Bone Lane, from which the site is accessed. The property is fitted out in accordance with the company's specification and operating model. There is access from the trade counter area into the main storage warehouse which is finished with a painted concrete floor under a pitched and lined roof. Internal elevations are to painted blockwork with facing brick externally. There are two vehicular doors to the eastern elevation leading out to a dedicated storage yard.

There is a gate in the northeastern corner linking the premises with MKM's additional space to the rear (excluded from this demise but held under a coterminous lease from a third-party landlord).

There is first floor accommodation in the form of a large mezzanine, installed by the landlord, which looks out over the warehouse from which there is an open stairwell.

Externally, there are 21 marked customer parking spaces, adjacent to the showroom. Much of the yard is taken up by external storage.



SCHEDULE OF ACCOMMODATION

	SQ M	SQ FT
Warehouse	674.2	7,257
Trade Counter	420.8	4,530
Mezzanine	454.5	4,892
GIA	1,549.5	16,679

SITE AREA

0.99 acre, representing a low site cover of 27%.





STRONG FINANCIAL COVENANT - LET TO MKM
BUILDING SUPPLIES LTD, ONE OF THE UK'S
LARGEST BUILDERS MERCHANTS

TENURE

Freehold under title number BK294711.



TENANCY

The property is let to MKM Building Supplies Ltd on standard institutional full repairing and insuring (FRI) terms for 20 years from 30th September 2022. The initial/ passing rent is £200,000, subject to five-yearly upward-only rent reviews to RPI (subject to annual cap and collar of 1% and 3%, respectively). This equates to only £11.99psf overall.

We have calculated, by reference to actual and predicted RPI, that the rent is expected to increase to £231,854 with effect from the next rent review on 30th September 2027 (assuming RPI continues at or above 3% pa until July 2027), making for an attractive reversionary yield in under two years' time.

The permitted use is "as a Builders Merchants with a trade and retail counter together with ancillary offices and related purposes or any other uses within Use Classes E(g)(ii), E(g) (iii), B2 and B8 of the Town & Country Planning (Use Classes) Order 1987."



WATCH
THE
VIDEO



C.17 YEARS
UNEXPIRED WITH
NEXT RENT REVIEW
IN UNDER
TWO YEARS

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MKM



COVENANT

MKM Building Supplies Ltd has a Creditsafe Risk Score of 100/100, representing a very low risk of business failure.

MKM was founded in 1995 and is a supplier of building and construction materials, including kitchens and bathrooms, to the Repairs, Maintenance and Improvement (RMI) construction market. It has a network of 135 branches across the UK. Part of the group's sustained success is due to the fact that every MKM branch is led by local Branch Directors who are responsible for the selection of their teams and who have part-ownership of that particular business. The company significantly outperformed the sector in 2024 and achieved growing revenues, retaining its focus on great customer service and product availability.

The company's growth accelerated over recent years following its partnership with Bain Capital. MKM's goal is to be number one in every local market it serves, growing only when it "finds the right people, in the right places, with the right opportunity to make a difference".

Further information can be found on the company's website: **MKM Building Supplies | Your local experts.**

MKM BUILDING SUPPLIES LIMITED

Year to 30th September 2024

TURNOVER
£986,171,000
2023: £926,830,000

PRE-TAX PROFIT
£12,202,000
2023: £23,366,000

NET WORTH
£64,897,000
2023: £71,169,000



EPC

The property's current energy rating is B.

VAT

The property is elected for VAT purposes and it is anticipated that the transaction will be treated as a Transfer of a Going Concern (TOGC).

AML

To comply with our legal responsibilities for Anti-money laundering, the successful bidder will need to provide all information necessary for us to undertake such checks prior to completion including corporate structure and ownership details, identification and verification of ultimate beneficial owners and satisfactory proof of the source of funds for the purchaser and (if appropriate) funder(s).

FURTHER INFORMATION

Please contact Latitude for copies of lease documentation and any further information.

PROPOSAL

Offers are invited in excess of £3,450,000 (Three Million Four Hundred and Fifty Thousand Pounds), subject to contract and exclusive of VAT, reflecting a net initial yield of 5.44% after purchaser's costs of 6.50%.

Based on RPI of 3% per annum over the intervening period, a purchase at this price would represent a reversionary yield of 6.31% in September 2027.

For further details or to arrange a viewing please contact:

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