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Clarion Partners Europe re-enters UK warehouse market with £52 million double acquisition

Clarion Partners Europe (Clarion), the real estate investment fund manager specialising in logistics and industrial assets, has acquired two modern, institutional quality distribution warehouses, totalling 438,444 sq ft, in Peterborough, UK, for £52 million, from Equites Property Fund. The investments represent the first by Clarion Partners Europe in the UK since 2016, a market where it has historically had a significant allocation.

Located on Peterborough Gateway industrial park in the East Midlands, the single-tenant properties, constructed in 2018 and 2019, are both EPC A rated and have achieved a BREEAM “Very Good” certification.

The larger of the two properties totals 302,723 sq ft and is let on ten-year term, with 5.4 years remaining, to a wholly owned subsidiary of DSV A/S, a Danish transport and logistics company listed on the Danish Stock Exchange.

The second property totals 135,721 sq ft and is let on a ten-year term, with 6.3 years remaining, to a subsidiary of Coloplast, a Danish medical device developer and manufacturer listed on the Danish Stock Exchange. Both leases are subject to upward only open market rent reviews.

Peterborough Gateway is an 180-acre core logistics hub providing over 4 million sq ft of modern warehouse space, immediately adjacent to Junction 17 of the A1(M) roadway, with 85% of the UK population within 4.5 hour HGV drivetime. The wider park is occupied by a diverse mix of national and international mix occupiers, including Urban Outfitters, Oatly, Lidl, and Amazon.

According to CBRE, the UK logistics market will experience continued occupational demand in 2023 above long-term averages, reflecting ongoing supply chain configuration. The lack of supply of Grade-A space is especially acute, with only two months of ready-to-occupy space available at current take up levels.

Matthew Tatlock, Vice President, Clarion Partners Europe, commented: “This was a rare opportunity to acquire two highly reversionary, tenant critical distribution centres, strategically located within two hours’ drive time of the UK’s key metropolitan areas. With vacancy rates in the region at near historical lows, and the speculative development pipeline subdued due to ongoing inflationary pressures and rising financing costs, the rental growth story remains highly compelling.”

Rory Buck, Managing Director, Clarion Partners Europe, added: “We see an attractive entry point back into the market, where we have historically deep exposure and experience. This acquisition is fully consistent with our investment strategy of building a portfolio of best-in-class warehouses across Europe that are let to highly credible counterparties, with strong ESG credentials in supply constrained markets.”

Clarion Partners Europe was advised by ACRE. The vendor was advised by Cushman & Wakefield.

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For further information

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Properties may pay registration and certification fees to pursue and maintain ESG rankings, ratings and certifications.

About Clarion Partners Europe

Clarion Partners Europe Ltd. is focused on investing in logistics and industrial properties located across Germany, the Netherlands, France, Spain, Italy and other European countries. Clarion Partners LLC (Clarion Partners), an SEC registered investment adviser with FCA-authorized and FINRA member affiliates, has been a leading U.S. real estate investment manager for 40 years. Headquartered in New York, the firm maintains strategically located offices across the United States and Europe, and owns a majority stake of Clarion Partners Europe. With more than \$82.4 billion in total assets under management, Clarion Partners offers a broad range of real estate strategies across the risk/return spectrum to its 500 domestic and international institutional investors. Clarion Partners and Clarion Partners Europe collectively manage a 995+ property portfolio in the U.S. and Europe consisting of more than 223 million square feet. More information about the firm is available at www.clarioneurope.com and www.clarionpartners.com.