

9 October 2018

Orchard Street acquires multi-let Fitzrovia freehold for £38.5 million

Orchard Street Investment Management ('Orchard Street'), the specialist commercial property investment manager, has completed the acquisition of 27-35 Mortimer Street, a mixed-use office and retail building in London's Fitzrovia, for £38.5 million from Great Portland Estates plc. The purchase price reflects a net initial yield of 3.90% and the acquisition was made on behalf of St. James's Place UK PLC.

The property provides approximately 22,000 sq ft of office accommodation across four upper floors and 9,000 sq ft of retail space on the ground and basement let to Sainsbury's. Originally developed behind the retained facade in 1998, the building was subject to a comprehensive refurbishment of the reception and common parts in 2014 including the addition of bike storage and shower facilities. The building is fully-let and provides a total rental income of £1,602,365 per annum, reflecting a low £57.70 per sq ft on the offices and £36.69 per sq ft on the retail unit. The asset provides a WAULT of 1.8 years to breaks and 3.0 years to expiries.

Occupying a prominent position fronting Mortimer Street, Fitzrovia has become increasingly popular with the creative and design industries. The property is situated equidistant from Oxford Circus and Tottenham Court Road, the latter set to benefit from the imminent arrival of Crossrail (the Elizabeth Line) less than 10 minutes walk from the property, whilst further upgrades at Tottenham Court Road station and mixed-use developments in the local area will increase the area's long-term appeal.

Harry Buxton, Acquisitions Manager at Orchard Street, commented: "Securing this property reflects our strategy of acquiring well-located, mixed-use assets within resilient markets which offer a range of potential asset management initiatives and good prospects for rental growth. We believe Fitzrovia will continue to thrive as a market owing to nearby developments enhancing the public realm, major infrastructure upgrades coming to fruition and Fitzrovia's mixed-use environment appealing to a wide range of tenants, all of which will benefit the property in the long-term".

Orchard Street was advised by CBRE, whilst the vendor was advised by Michael Elliott.

-Ends-

For more information:

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Notes to Editors:

Orchard Street Investment Management

Established in 2004, Orchard Street Investment Management LLP is a leading specialist commercial property investment manager focused on the UK market, with assets under management in excess of £4 billion. It acts on behalf of institutional clients world-wide to advise on investing in and the active management of property assets, including industrial, retail warehouses, offices and shopping centres.