

20 August 2020

Orchard Street completes acquisition of prime Portsmouth industrial estate for £19 million

Orchard Street Investment Management ('Orchard Street'), the specialist commercial property investment manager, has completed the acquisition of Merlin Park in Portsmouth for £19.0 million, representing a net initial yield of 4.50%. The acquisition was made on behalf of a pension fund client from British Airways Pension Fund.

The property comprises seven industrial units completed in 2018 totalling 88,000 sq ft, located on Portsea Island within Portsmouth's main industrial area. The estate benefits from excellent connectivity to the city centre and nearby motorway network, operating as a genuine 'last mile' logistics estate. The property is fully let to four tenants and provides robust income from a diverse range of occupiers with a long weighted average unexpired lease term of 11.9 years to breaks (12.5 years to expiries) and a passing rent of £10.40 per sq ft overall.

Merlin Park boasts strong sustainability credentials including a BREEAM rating of 'Very Good' and all units benefit from roof-mounted solar panels, cycle stores and electric car charging points.

Harry Buxton, Acquisitions Manager at Orchard Street, commented: "We consider this best-in-class asset to be an excellent addition to our Client's portfolio. The property provides resilient income from a diverse tenant mix, a long unexpired term significantly in excess of the market average, and strong sustainability credentials. This acquisition follows shortly after our purchase for another client of a multi-let industrial estate in an equally-undersupplied location, Hemel Hempstead, and reinforces our commitment to the positive fundamentals of the industrial sector."

Orchard Street was advised on the acquisition by Lambert Smith Hampton, whilst British Airways Pension Fund was advised by DTRE.

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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 worldwide to advise on investing in and the active management of property assets, including industrial, offices and retail.