



INVESTMENT MARKET UPDATE

H2 2024

Market Returning...



A reduction in base rates, positive inflation data and a stronger economic forecast of 1.5% GDP growth in Q4 - business confidence has been improving albeit dipped this quarter likely in response to the Governments proposed tax increases.

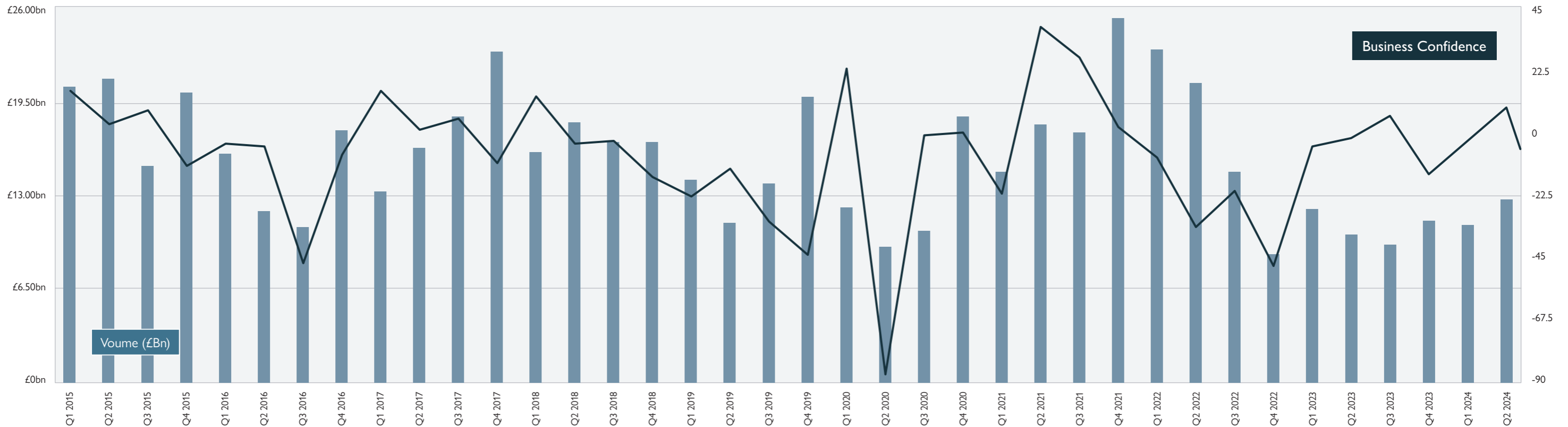


The commercial investment market is set to follow this positive trend with every sector now experiencing stronger investor interest and improved pricing.



We expect increased activity in the last quarter of this year with a great depth of buyers from UK and Overseas High Net Worths, European and UK Institutions and Property Companies.

QUARTERLY TRANSACTION VOLUME VS BUSINESS CONFIDENCE



Allsop Yields

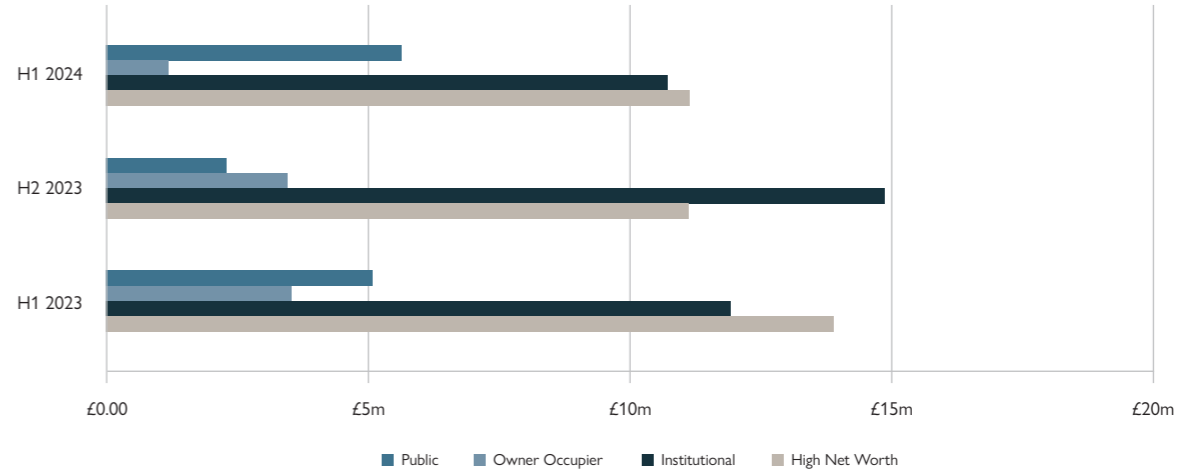
The below provides a guide for best in class rack rented properties.

Bank of England Base Rate	5 year SONIA SWAP Rate	10 year Gilt Yield
5.00%	3.37%	3.75%

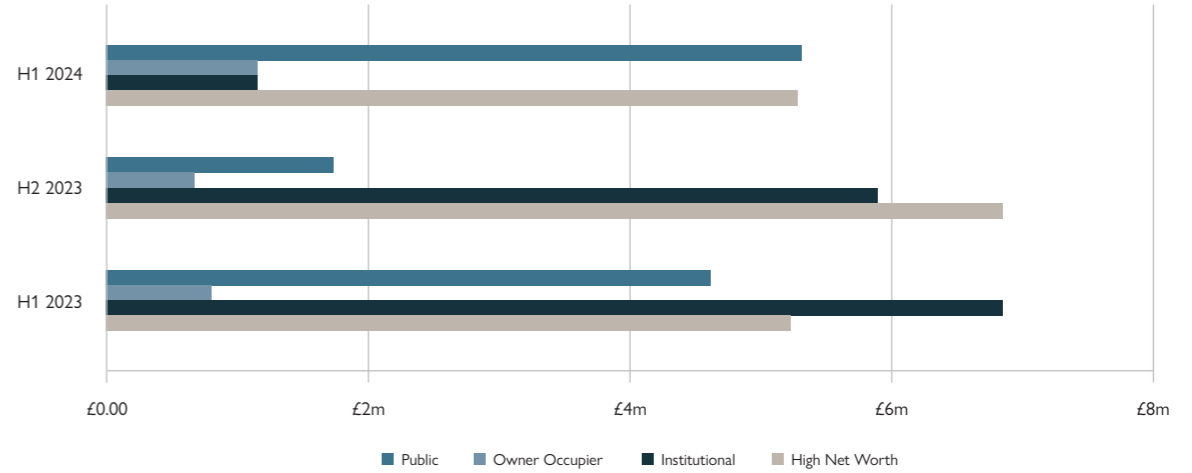
Sector		Jun-23	Dec-23	Mar-24	Jun-24
In Town Retail	Prime Shops	6.50%	7.00%	7.00%	7.00%
	Secondary Shops	8.00%	8.00%	8.00%	8.00%
	Regional Shopping Centres	8.25%	8.25%	8.25%	8.25%
	Secondary Shopping Centres	9.50%	9.50%	9.50%	9.50%
Out of Town Retail	Prime Open A1 Parks	5.50%	6.00%	6.00%	5.75%
	Prime Bulky Goods Parks	5.75%	6.00%	6.00%	5.75%
	Good Secondary Parks	7.25%	7.50%	7.75%	7.50%
	Prime Solus units (10 yrs)	6.25%	6.50%	6.25%	6.25%
Foodstores	Indexed (20 yrs)	5.25%	5.25%	5.25%	5.25%
	OMV (20 yrs)	6.00%	6.00%	6.00%	6.00%
	Discounters (20 yrs)	4.75%	4.75%	4.75%	4.75%
Industrial	Prime Distribution	5.00%	5.25%	5.25%	5.25%
	Secondary Distribution	6.00%	6.25%	6.25%	6.00%
	Prime Industrial (Within M25)	4.75%	4.50%	4.50%	4.75%
	Prime South East (Outside M25)	5.25%	5.00%	5.00%	5.00%
	Prime Regional	5.50%	5.50%	5.50%	5.50%
Offices	City Prime	5.00%	5.50%	5.50%	5.50%
	West End Prime	4.00%	4.00%	4.00%	4.25%
	Major Regional Cities	5.75%	6.25%	6.50%	6.75%
	South East Towns	7.00%	7.25%	7.25%	7.25%
	Secondary Regional Cities	10.00%	11.00%	11.00%	11.25%
Alternatives	Prime Leisure Parks	8.00%	8.00%	8.00%	8.25%
	Secondary Leisure Parks	10.00%	10.00%	10.00%	10.00%
	Car Showrooms (20 years with indexing)	6.00%	6.00%	6.00%	6.00%
	Hotels Greater London	4.75%	5.00%	5.00%	5.00%
	Hotels Regional	5.50%	5.25%	5.50%	5.50%
	Student Accommodation	4.25%	4.25%	4.50%	4.50%

Buyer & Vendor Focus

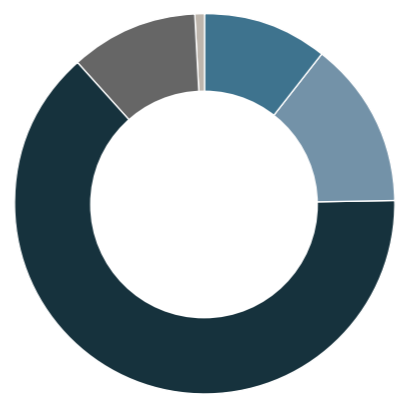
BUYERS



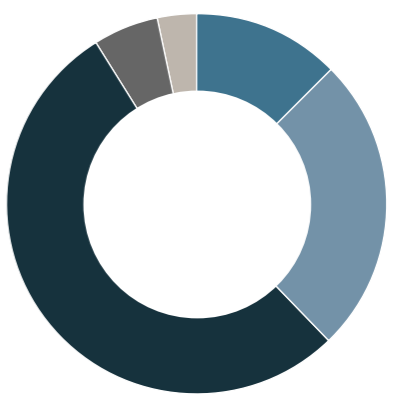
VENDORS



INSTITUTION SECTOR BREAKDOWN



UHNW SECTOR BREAKDOWN



Sector “snapshot” H1/H2 2024



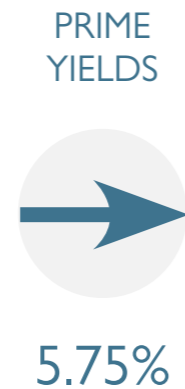
RETAIL WAREHOUSE SECTOR

H1

- Despite increased positive sentiment in 2024, transaction volumes in the UK retail warehousing market remain sluggish.
- Transaction activity in Q1 was down 33% compared to the long-term average, and Q2 has exhibited a similar trend with deal volumes at £620m, down some 38% on H1 2023 and 54% down on the 10 year average.
- The UK institutions are driving demand and are primarily focussed on core assets in the southeast and prime centres.
- Recent highlights include Tandem Centre, Colliers Wood to Abrdn for £60m / 6.50% NIY and CBRE IM, acquiring Leamington Shopping Park for £57.6m / 6.33% NIY.
- The mid-market, which continues to be dominated by Realty Income, British Land and Columbia Threadneedle.

Outlook H2

- Investor confidence is expected to strengthen, leading to increased transaction volume with yield compression anticipated.
- Strong occupier demand which has been seen with Tapi, Pure Gym and Bensons for Beds taking over the Carpetright stores nationally.



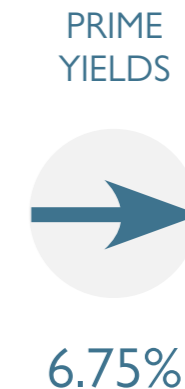
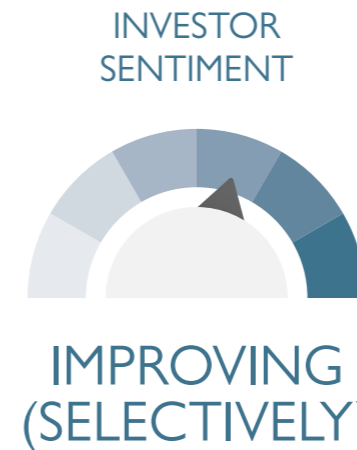
OFFICE SECTOR

H1

- Office investment across 22 transactions in the South East totalled £363 million alone.
- Notable transactions included the sale of Assembly, Hammersmith by AXA for £52 million, the sale of Windsor 1 & 2 by BA Pension Fund for c.£50m and the acquisition of 1-12 Magdalen Street, Oxford by The Crown Estate for £33m.
- The presence of seven deals exceeding £20 million was encouraging, as medium-larger deals have been scarce in recent quarters.
- Funds remained the primary sellers with High Net Worths dominating purchases.

Outlook H2

- The market is now primed to see an increase in activity on large transactions with valuations appearing to have bottomed out.
- Strong occupational take-up for Grade A accommodation and continued rental growth due to supply constraints.
- Central Square in Leeds is believed to be under offer at c.£80 million.
- UK Institutions have offered to acquire CEG’s best in class office scheme on Victoria Street in Bristol, EQ, that is being marketed at c.£120 million.
- Meanwhile, recently we have seen QVC Studios on Chiswick Park trade for £48m / 8.88% NIY and the Mint, Edinburgh trade for c.£41.6m / 5.90% NIY.



Sector “snapshot” H1/H2 2024



ALTERNATIVE SECTOR

H1

- Investor appetite for the sector is strong and particularly so for the Hotel market which offer long leases with inflation linked rent reviews.
- The Premier Inn in Oxford received significant interest from Institutional and HNWs and sold for sub 4%, arguably surpassing pre Covid pricing.
- Strong interest from HNWs for other markets include Children’s Nurseries achieving pricing reflecting NIYs of 5.5% whilst long let Car Showrooms secured to Volkswagon achieving 6-7% in Bury-St-Edmunds and Nottingham.

Outlook H2

- Looking forward we expect investor appetite to remain and as interest rates fall and stock remains limited we will see further yield compression with continued buyer competition.
- The Premier Inns at Stansted and Tottenham Hale we understand are under offer at pricing reflecting a NIY of 5% and 6% respectively with strong interest from HNWs and Institutions, and similarly the Volkswagen car showroom , Citygate, London also received competitive interest at levels at c.£35m sub NIY 6%.
- The Care home sector continues to be popular given the UKs aging population, as is the Children’s Nursery sector with more parents needing to work and take the benefit of the governments free 30 hour childcare for 3 and 4 year olds.



INDUSTRIAL SECTOR

H1

- Transaction volumes were relatively subdued for the first half of this year with £3.1bn transacted in 130 deals, currently 20% down on the 5 year average. However, we estimate there to be c.£1bn of industrial deals currently under offer and over £1.3bn currently available, providing a positive outlook for later this year.
- The current average deal size is c.£20m with the most notable transactions being L&G’s funding 1.3m sq ft pre-let to Nike at Magna Park for £168m, Ares acquisition of a single & multi-let industrial portfolio from Royal London for £200m and KKR’s & Mirastars purchase of Warrington Omega II from Mount Park for £110m.
- The buyer pool continues to be dominated by Private Equity largely stemming from North America. Blackstone remain a dominant figure having transacted over £1bn alone with KKR, Mirastar and Ares being very acquisitive.
- UK Institutions like M&G, L&G and Royal London have been the largest seller.

Outlook H2

- The sector has already experienced yield compression this year and there is an expectation this will continue as finance costs fall and rental growth remains.
- Private equity will continue to dominate the buyer pool as overseas capital looks to scale-up quickly and benefit from forecast yield compression and rental growth in the short-medium term.
- While average annual rental growth has decelerated from its peak of 13.2% in August 2022, it remains strong at 6.3% as of May 2024, outpacing inflation. This is projected to continue with an annual growth rate of 5.1% for 2024/25.



Sector “snapshot” H1/H2 2024



RETAIL SECTOR

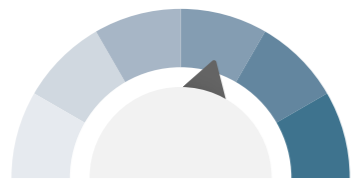
H1

- British Land selling £360m / 50% stake in Meadowhall to Norges Investment bank at c.7.50% NIY
- Land Sec upped its stake in Bluewater Shopping Centre following a £120m deal with GIC increasing ownership to 66.25%
- M&G is buying the remaining 50% stake in Bristol Cribbs Causeway, paying approximately £100m for the stake currently controlled by the investors behind fallen Intu

Outlook H2

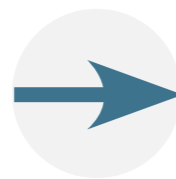
- At the smaller end of the market, LCP and Evolve Estates has purchased Bridges Shopping Centre in Sunderland for £37m from AEW.
- c.£885m of shopping centre have traded in H1 which is already c. 75% of the total transacted in 2023 of £1.2bn
- Retail conditions continue to improve with overall sector vacancy remaining stable and pockets across the country outperforming the wider market
- Improving levels of investor demand has seen prime yields sharpen, a trend we expect to continue across outperforming locations

INVESTOR
SENTIMENT



IMPROVING

PRIME
YIELDS



7.00%



FOODSTORE SECTOR

H1

- There is strong and broad investor demand for the sector but due to the leveraged buyouts of ASDA and Morrisons we are seeing the largest ever pricing variance between covenants.
- Investment levels have normalised following the unusually high level of sale and leaseback seen in 2023.
- We are now seeing a high levels of over rent on stores which agreed a S&L in the 2000's as they approach the end of their lease term.

Outlook H2

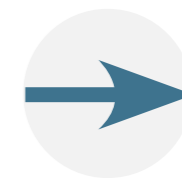
- We expect continued investor demand for the sector across the spectrum of covenants as current pricing is still significantly below the 10 year average yield for foodstore.
- With interest rates now on a downwards trajectory we expect foodstore yield to follow.
- There will be extremely strong investor demand for foodstores in a strong location let to either Tesco or Sainsburys which is not over rented.

INVESTOR
SENTIMENT



POSITIVE

PRIME
YIELDS



5.25%

Allsop National Investment

THE LAST TWELVE MONTHS

40+

TRANSACTIONS

OVER
£500M

OF TRANSACTIONS

£5M - £50M

LOT SIZES TRADED

50,000+

REGISTERED HIGH
NET WORTH INVESTORS

£12.5M

AVERAGE
LOT SIZE

**ALL
SOLD**

ENERGY, EXPERTISE
& EXCEPTIONAL
CONTACTS

ALLSOP 'ADVANTAGE'

208

COUNTRIES OR
TERRITORIES REACHED

DEDICATED

SECTOR SPECIALISTS IN
EACH KEY MARKET

USP

UNITED SALES PROCESS
WITH HYBRID AUCTION
DISPOSAL METHOD

OVER
250 YEARS

COMBINED
MARKET EXPERIENCE

**GLOBAL
PARTNERSHIPS**

WITH MILLENNIUM GROUP
AND CITI PRIVATE BANK

**OPEN,
FRIENDLY
& HONEST**

BUSINESS APPROACH

Recent Transactions



FOODSTORE

ACQUIRED

Tesco Extra, St Helens

Client: Overseas HNW
Vendor: Aviva
Net Initial Yield: 7.00%
WAULT: 12.4 years

Description: Modern foodstore constructed in 2011 providing a total floor area of 144,465 sq ft (GIA). Long-let to Tesco with the lease benefitting from fixed 2.5% annual uplifts.
Tenure: Freehold

£54M



OFFICE

ACQUIRED

Collegelands, Glasgow

Client: Overseas HNW
Vendor: Abrdn
Net Initial Yield: 7.50%
WAULT: 12 years

Description: High quality office building totalling 90,528 sq ft (NIA) single-let to Glasgow City Council. The lease is subject to 5 yearly uncapped RPI uplifts (annually compounded) with a tenant option to extend for a further 25 years.
Tenure: Heritable Interest (Scottish Freehold)

£32M



INDUSTRIAL

ACQUIRED

PINE & SPRUCE PORTFOLIO

Pine & Spruce Portfolio

Client: HNW
Vendor: UK Institution
WAULT: 70 years

Description: Industrial ground rent portfolio located in Aberdeen. Let on long leases with an average unexpired term of 70 years.
Tenure: Freehold

£25M



OFFICE

ACQUIRED

Santander House, Redhill

Client: Overseas HNW
Vendor: Abrdn
Net Initial Yield: 8.86%
WAULT: 12 years

Description: 47,000 sq ft Grade A office building single-let to Santander Consumer (Uk) Plc for an unexpired term of 10 years. The lease is subject to 5 yearly RPI linked reviews (0% - 4% pa) compounded.
Tenure: Freehold

£15M

Recent Transactions

OFFICE
ACQUIRED

Great West Road, London

<p>Client: Signal Capital / Sheen Lane</p> <p>Vendor: Dell Technologies (owner occupier)</p>	<p>Description: Significant office redevelopment providing 164,000 sq ft of vacant office accommodation over a 3.9 acre site.</p> <p>Tenure: Freehold</p>	£22.2M
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INDUSTRIAL
SOLD

NORTHERN LIGHTS PORTFOLIO

Northern Lights Portfolio

<p>Client: Columbia Threadneedle</p> <p>Purchaser: UKLE</p> <p>Net Initial Yield: 8.80%</p> <p>WAULT: 4.7 years to expiry (3.0 years to break)</p>	<p>Description: 3 Multi-Let industrial estates located in Cramlington, Sunderland and North Tyneside. The portfolio provided a contractual income of £2,253,253, reflecting an average rental rate of £5.62 psf.</p>	£24.1M
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OFFICE
ACQUIRED

Verisure, Newcastle-upon-Tyne

<p>Client: Shelborn</p> <p>Purchaser: BLME</p> <p>Net Initial Yield: 7.67%</p> <p>WAULT: 14.5 years</p>	<p>Description: Grade A HQ office building single-let to Verisure Services (UK) Ltd for a term of 15 years from 22/07/2022. Rent subject to fixed annual uplifts.</p> <p>Tenure: Long Leasehold</p>	£18.3M
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INDUSTRIAL
ACQUIRED

Bishop Portfolio

Bishop Portfolio

<p>Client: Columbia Threadneedle</p> <p>Vendor: M&G</p> <p>Net Initial Yield: 7.40%</p> <p>WAULT: 4.7 years</p>	<p>Description: Comprises four multi-let industrial estates located across Wales providing a total floor area of 362,567 sq ft (33,683.6sq m) across 72 units, equating to an average unit size of 5,036 sq ft. The asset has a gross contracted income of £1,363,822 pa, reflecting an average rent of £3.76 psf. The portfolio has an occupancy rate of c.90%.</p>	£17.5M
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Recent Transactions

INDUSTRIAL
SOLD

SEVEN PORTFOLIO

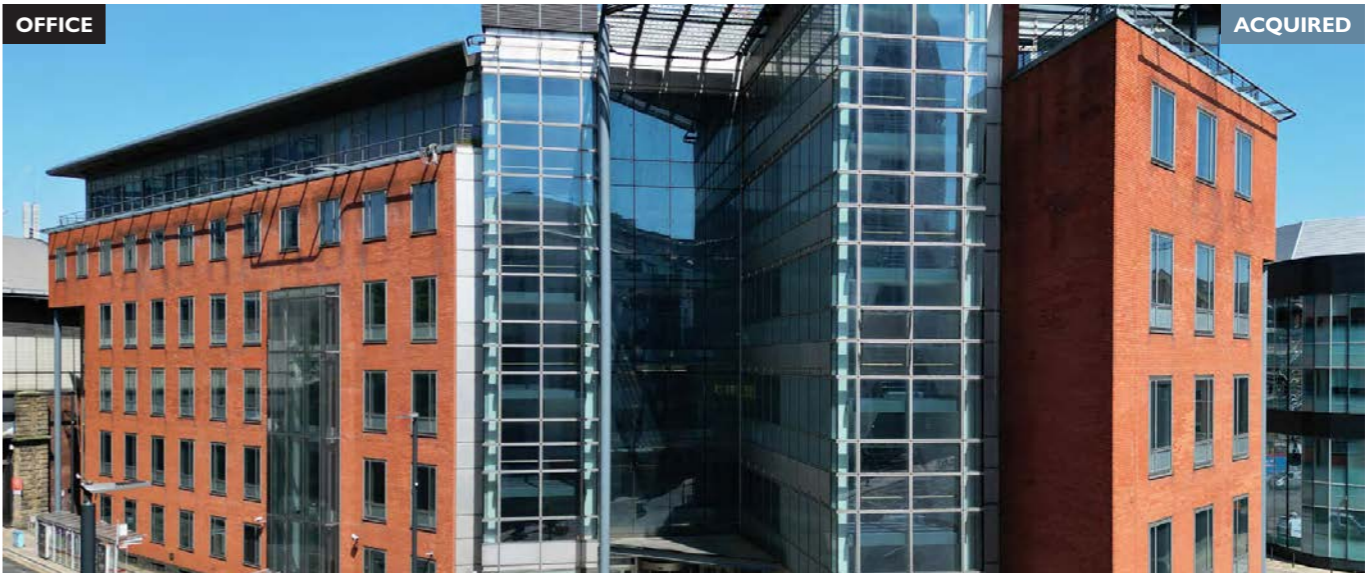
Seven Portfolio

Client: Columbia Threadneedle
Purchaser: M7 Real Estate
Net Initial Yield: 7.56%
WAULT: 5.3 years

Description: Seven industrial assets spread across the South, Midlands and North of England. The portfolio totalled 466,750 sq ft providing a total contracted income of £2,501,651 per annum (£5.36 psf).

£31M

OFFICE
ACQUIRED



BT HQ, One Sovereign Street, Leeds


Client: Overseas HNW
Vendor: Abrdn
Net Initial Yield: 7.00%
WAULT: 12 years

Description: 139,079 sq ft purpose-built Grade A HQ office building single-let to British Telecommunications Plc (BT) for an unexpired term of 12 years. The lease is subject to 5 yearly rent RPI linked reviews (1% -3%) per annum compounded.

Tenure: Freehold

£38.5M

INDUSTRIAL
ACQUIRED



Plot 4a & 4b, The Powerhouse, Dartford

Client: Logicor
Vendor: Tritax

Description: Forward funding agreement to provide a high quality Multi-Let industrial scheme comprising 20 units across 83,125 sq ft.

Tenure: Freehold

£25M

RETAIL WAREHOUSING
ACQUIRED



Harrier Portfolio

A mixed use investment portfolio

Harrier Portfolio

Client: LCP / M Core
Vendor: FProp
Net Initial Yield: 10.00%

Description: Comprises a combination of eight retail parks and convenience stores in the UK totalling over 334,000 sq ft.

£35M

Recent Transactions



FOODSTORE

ACQUIRED

Morrissions, Aldershot

Client: Overseas HNW
Vendor: L&G (British Steel Pension Fund)
Net Initial Yield: 9.65%
WAULT: 14.5 years

Description: Purpose built modern foodstore constructed in 2012 providing 77,251 sq ft of accommodation. Lease subject to 5 yearly RPI linked reviews (2.0% - 4.0%) compounded annually.
Tenure: Long Leasehold

£20M



RETAIL WAREHOUSING

ACQUIRED

Gateway Retail Park, Weymouth

Client: Colliers Global Investors
Vendor: LondonMetric Plc
Net Initial Yield: 5.75%
WAULT: 12 years

Description: 51,000 sq ft recently developed retail warehouse scheme comprising phase two of Weymouth Gateway. The property provides 4 units fully let to B&M, Dunelm, McDonald's and Costa.
Tenure: Freehold

£14.3M



FOODSTORE

ACQUIRED

Sainsbury's, Chadwell Heath

Client: Abrdn
Vendor: CBRE IM
Net Initial Yield: 5.25%
WAULT: 15 years

Description: Purpose built foodstore totalling 53,410 sq ft including 310 car parking spaces. New 15 year lease to Sainsbury's at a re-based rent, subject to 5 yearly CPI linked reviews (0% - 3%) compounded annually.
Tenure: Freehold

£17.85M



ALTERNATIVE

ACQUIRED

Thruxton Aerodrome and Race Circuit, Andover


Client: Boundary Real Estate
Vendor: HNW

Description: 462 acres of land comprising a race circuit, airfield, control towers, industrial and hanger accommodation and the HQ for BARC.
Tenure: Freehold

c.£19M

Recent Transactions

ALTERNATIVE **SOLD**



AUDI PORTFOLIO

Audi Portfolio

<p>Client: DVS Properties Vendor: Various Net Initial Yield: 7.00% WAULT: 10 years</p>	<p>Description: Two separate Audi car showrooms located in Nottingham and Bury St Edmunds. Both assets were secured to the main VW covenant providing secure income for c. 10 years. Tenure: Freehold</p>	£12.5M
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OFFICE **ACQUIRED**



Kia HQ, Walton-on-Thames

<p>Client: Overseas HNW Vendor: Abrdn Net Initial Yield: 7.00% WAULT: 7.00%</p>	<p>Description: High quality office building totalling 30,933 sq ft (NIA). Fully let to Kia Motors acting as their UK headquarters for a further 11 years. Tenure: Freehold</p>	£12.13M
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INDUSTRIAL **SOLD**



Capitol Trading Park, Knowsley

<p>Client: Flexspace Purchaser: JR Capital / Chancerygate Net Initial Yield: 8.00%</p>	<p>Description: Established Multi-Let industrial park comprising 139,742 sq ft of warehouse and workshop accommodation. Total rent of £815,386 per annum (£5.83 psf). Tenure: Freehold</p>	£9.6M
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ALTERNATIVE **ACQUIRED**



Heather View Care Home, Crowborough

<p>Client: Threadneedle Vendor: OLIM Net Initial Yield: 5.75% WAULT: 18 years</p>	<p>Description: Long income care home investment providing 74 en-suites bedrooms. Long let providing 18 years term certain with the lease benefitting from annual RPI-linked rent reviews capped at 5% p.a. Tenure: Freehold</p>	£13.625m
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We **know** the buyers



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