

QuotedData's Real Estate Roundup

An aerial photograph of a city, likely London, showing a dense residential area with many terraced houses. The image is partially covered by a large blue diagonal overlay that contains the title text. In the background, the city skyline is visible under a bright, hazy sky, suggesting a sunrise or sunset. The foreground shows a mix of green trees and urban buildings.

February
2025

February 2025

Monthly roundup | Real estate

Winners and losers in January

Best performing funds in price terms	
	(%)
Ground Rents Income Fund	46.4
Tritax Big Box REIT	10.1
IWG	8.2
Urban Logistics REIT	7.0
Unite Group	6.3
Macau Property Opportunities	6.0
Care REIT	5.2
British Land	4.7
Helical	4.3
NewRiver REIT	4.2

Source: Bloomberg, Marten & Co

The year has started on a somewhat more positive footing than 2024 ended, with the median average share price across the real estate sector marginally up. The outlier was **Ground Rents Income Fund**, which has received several proposals for the company that have so far been rejected by the board (see page 3 for details). A potentially groundbreaking deal by **Tritax Big Box REIT**, which would see it become the largest data centre player in the UK (see page 4 for further details), saw its share price rise by just over 10% in the month. It was also a positive month for fellow logistics specialist **Urban Logistics REIT**, which had seen its discount to NAV widen to 35% at the end of 2024. It still trades on an unjustifiably wide 30% discount. A positive quarterly trading update from **Unite Group** saw an in-kind positive reaction in its share price, with the student sector continuing to display compelling supply and demand characteristics and rental growth prospects. Assured inflation-linked rental growth within its care home portfolio saw **Care REIT** up its dividend target. Meanwhile, **British Land** went into partnership with an Abu Dhabi investor to unlock the development of a major City of London office scheme.

Worst performing funds in price terms	
	(%)
Henry Boot	(10.9)
Life Science REIT	(10.5)
Schroder REIT	(8.7)
Conygar Investment Company	(7.2)
CLS Holdings	(7.1)
Grainger	(5.3)
First Property Group	(5.2)
Alternative Income REIT	(5.1)
Phoenix Spree Deutschland	(4.9)
Residential Secure Income	(4.8)

Source: Bloomberg, Marten & Co

Caution remains the catchword in real estate stocks, and several continue to lose substantial value, especially for those operating in perceived troubled sub-sectors. Stale house prices and concerns around the strength of the economy weighed on housing developer **Henry Boot**. Meanwhile, **Life Science REIT** continues to struggle with a further double-digit fall in its share price. Over 12 months it has lost 40.8% in value and now trades on an astonishingly wide 55% discount to NAV. Coming off a strong 2024, in which its share price rose 14.2%, diversified specialist **Schroder REIT** had a bumpy start to 2025. It was a similar story for long income specialist **Alternative Income REIT** and its discount to NAV has now widened to almost 16%. Shareholders seem to have become wary of **Phoenix Spree Deutschland**'s realisation programme, with the already depressed shares falling another 4.9%. **Residential Secure Income** is another company undertaking a sell-off of its portfolio. The almost 5% drop in its share price in January may be down to pessimism over how much it would receive for its portfolio of retirement and shared ownership homes after it reported a 5.6% write-down in their value (see page 2).



Valuation moves

Company	Sector	NAV move (%)	Period	Comments
Picton Property	Diversified	2.3	Quarter to 31 Dec 24	Like-for-like portfolio valuation increase of 2.2% over the quarter to £737.4m
AEW UK REIT	Diversified	0.9	Quarter to 31 Dec 24	1.2% like-for-like valuation increase for the quarter to £192.0m
Safestore	Self-storage	14.6	Full year to 31 Oct 24	13.6% increase in property value to £3,284.1m
Residential Secure Income	Residential	(8.8)	Full year to 30 Sept 24	Portfolio value fell 5.6% to £325.7m
Ground Rents Income Fund	Residential	(34.5)	Full year to 30 Sept 24	Like-for-like reduction in value of portfolio of 30.5%, to £71.5m, over the financial year

Source: Marten & Co

Corporate activity in January



Ground Rents Income Fund received a number of proposals to acquire the company from Victoria Property Holdings during the month, the latest of which valued it at £35.9m (or 37.5p per share). Since the month-end, it has received a fifth proposal at 40.0p per share. All have been knocked back by the board of the struggling company, which is currently in managed wind-down. The offers were all at substantial discounts to its last reported NAV (on September 2024) of 59.0p per share.

Social Housing REIT proposed a change to its investment policy to increase the maximum exposure to any one approved provider to 35% (from 30%) of the group's gross asset value, with the maximum aggregate exposure to the top two approved providers not to exceed 55% (previously not restricted). The reason for the change is to adequately deal with a non-performing tenant, My Space (which represents 5.3% of Gross Asset Value and 8.1% of annual rent roll and which has not paid any rent since June 2024). A general meeting has been arranged for 10 February, where the proposed changes will be voted on by shareholders.

Sirius Real Estate raised €350m through issuing a senior unsecured corporate bond with a coupon of 4% and maturity in 2032. The bond is expected to be rated BBB by Fitch and was five times oversubscribed. The company's weighted average debt maturity moves to 4.2 years (from 3.5 years), with the total average cost of debt rising to 2.6% (from 2.1%). The proceeds will be used to refinance existing debt, including in the €400m June 2026 bond, as well as for general corporate purposes, including a significant pipeline of potential acquisitions in Germany and the UK.

Both Schroder European REIT and Picton Property launched share buyback programmes during the month, in an effort to narrow their discounts to NAV.





January's major news stories – from our website

- **Tritax Big Box taps into data centre boom**

Tritax Big Box REIT bought a site near Heathrow where it plans to build one of the largest data centres in the UK. The site has the potential to house a data centre scheme with up to 147 Megawatts (MW) of power. Simultaneous to the acquisition of the land, the company acquired a 50% share in a joint venture with a leading European renewable energy power generator that has a pipeline of data centre opportunities across the UK utilising power availability of 1 gigawatt (GW).

- **British Land sells Broadgate development stake to Abu Dhabi company**

British Land announced that Broadgate REIT (its joint venture with Singaporean sovereign wealth fund GIC) has sold a 50% stake to Abu Dhabi based company Modon Holding, to deliver 2 Finsbury Avenue, a 750,000 sq ft development at Broadgate, in the City of London. BLND will remain the development and asset manager for the project, which will comprise dual high-rise towers - the 36-storey East Tower and the 21-storey West Tower and a 12-storey podium which will link the towers via a 7,000 sq ft winter garden.

- **LondonMetric makes £124m of sales and acquisitions**

LondonMetric Property sold 10 non-core properties for a total of £74.2m and acquired seven properties for £50.1m. The sales reflect a net initial yield of 6.9%, while the acquisition yield was 6.5% that is expected to rise to 7.2% over five years.

- **Great Portland Estates renews ITN lease at London HQ**

Great Portland Estates announced that ITN renewed both of its leases for 117,000 sq ft of workspace at 200 & 214 Gray's Inn Road, in London, signing a 10-year lease at a contracted annual rent of £4.1m.

- **Derwent London sets new rental benchmark with Baker Street lettings**

Derwent London pre-let the entirety of its 204,300 sq ft office development at 25 Baker Street, with two new lettings. Ahead of completion later in the first half of 2025, the building is fully let to five tenants at a rent roll of £21.2m. The average rent achieved of £104 per sq ft was a 16.5% premium to the appraisal ERV, setting a new benchmark for the area.

- **Harworth Group continues to make hay with residential plot sales**

Harworth Group sold 1,896 residential plots in the final three months of 2024 for a total of £71.7m, bringing total residential plot sales for 2024 to 2,385 for £104.1m. Alongside these residential plot sales, the group also completed land sales at Skelton Grange and Ansty for a total of £106.3m.

- **abrdn European Logistics Income sell trio of assets for €45.4m**

abrdn European Logistics Income sold the first three assets as part of its managed wind-down for €45.4m. The assets total 33,000 sqm and are located in Oss, the Netherlands and Barcelona and Madrid in Spain.

- **CLS secure London letting to law firm**

CLS Holdings secured a 10-year lease with law firm Signature Litigation on 29,816 sq ft of office space at 138 Fetter Lane, in London's Midtown. The letting was completed at 2.3% above the latest estimated rental value (ERV).

- **Residential Secure Income sells local authority housing property**

Residential Secure Income completed the sale of Wesley House, a local authority housing property in Luton, for £15m, marginally ahead of the £14.8m valuation. The company will repay its £15m floating rate debt with Santander in full.

- **Schroder European REIT sells Frankfurt retail asset for €11.8m**

Schroder European REIT sold a grocery anchored retail asset in Frankfurt, Germany, for €11.8m, in line with the valuation.

Visit <https://www.QuotedData.com> for more on these and other stories plus analysis, comparison tools and basic information, key documents and regulatory announcements on every real estate company quoted in London

Managers' views

A collation of recent insights on real estate sectors taken from the comments made by chairmen and investment managers of real estate companies – have a read and make your own minds up. Please remember that nothing in this note is designed to encourage you to buy or sell any of the companies mentioned.



Self-storage

Safestore

David Hearn, chairman:

The self-storage market in the UK, France, Spain, the Netherlands and Belgium remains relatively immature compared to geographies such as the USA and Australia. The SSA Annual Survey (May 2024) confirmed that self-storage capacity stands at 0.89 sq ft per head of population in the UK. The most recent report relating to Europe (FEDESSA's 2023 report) showed that capacity in France is 0.41 sq ft per capita. This compares with closer to 7 sq ft per inhabitant in the USA and 2 sq ft in Australia. In the UK, in order to reach the US density of supply, it would require the addition of around another 18,500 stores as compared to 2,700 currently.

Our interpretation of the most recent 2024 SSA report is that operators remain optimistic about their trading and the future growth of the industry. The level of development estimated for the next three years is similar to that witnessed in recent years and we do not consider this level of new supply growth to be of concern, especially as we believe new supply helps to create increased awareness of what is a relatively immature product in Europe. We estimate new supply to represent around 5% to 6% of the traditional self-storage industry in the UK. These figures represent gross openings and do not consider storage facilities closing or being converted for alternative uses. We estimate that a small proportion of these sites compete with existing Safestore stores as many new developments happen in areas with lower barriers to entry in which we tend not to operate.

New supply in London and Paris is likely to continue to be limited in the short and medium term as a result of planning restrictions, competition from a variety of other uses and the availability of suitable land.

Consumer awareness of self-storage appears to be increasing but at a relatively slow rate, providing an opportunity for future industry growth. The SSA survey indicates that approximately half of consumers have low awareness about the service offered by self-storage operators or had not heard of self-storage at all. Since 2014, this statistic has only fallen 14ppts from 61%. Therefore, the opportunity to grow awareness, combined with limited new industry supply, makes for an attractive industry backdrop.

Self-storage is a brand-blind product. 52% of respondents in the 2024 SSA Survey were unable to name a self-storage business in their local area. The lack of relevance of brand in the process of purchasing a self-storage product emphasises the need for operators to have a strong online presence. This requirement for a strong online presence was also reiterated by the SSA Survey where 76% of those surveyed (76% in 2023) confirmed that an internet search would be their chosen means

of finding a self-storage unit to contact, whilst knowledge of a physical location of a store as reason for enquiry was only c. 30% of respondents (c. 30% in 2023).

There are numerous drivers of self-storage growth. Most domestic and business customers need storage either temporarily or permanently for different reasons at any point in the economic cycle, resulting in a market depth that is, in our view, the reason for its exceptional resilience. The growth of the market is driven both by the fluctuation of economic conditions, which has an impact on the mix of demand, and by growing awareness of the product.

Our domestic customers' need for storage is often driven by life events such as births, marriages, bereavements, divorces or by the housing market including house moves and developments and moves between rental properties. We have estimated that UK owner-occupied housing transactions drive around 8-13% of the group's new lets.



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