QuotedData's Real Estate Roundup

May 2025

May 2025

Monthly roundup | Real estate

Winners and losers in April

Best performing funds in price terms

	(%)
Social Housing REIT	15.7
Urban Logistics REIT	12.0
Regional REIT	10.4
Helical	9.6
NewRiver REIT	9.5
Sirius Real Estate	9.4
Primary Health Properties	9.2
Shaftesbury Capital	8.7
Big Yellow Group	7.9
Land Securities	7.7

Source: Bloomberg, Marten & Co

Worst performing funds in price terms

	(%)
Grit Real Estate Income Group	(17.6)
CLS Holdings	(10.0)
Ground Rents Income Fund	(7.2)
Globalworth Real Estate	(5.0)
Life Science REIT	(2.0)
Real Estate Investors	(1.7)
SEGRO	(1.5)
First Property Group	(0.7)
Care REIT	(0.7)
Schroder European REIT	(0.3)

Source: Bloomberg, Marten & Co

Amid the global tariff turmoil brought on at the start of April by Trump's so-called 'liberation day', real estate stocks have proved resilient, perhaps reflecting the sector's defensive characteristics and income-generating traits. The average share price uplift was 2.7% over the month, and 4.6% in the year-to-date. Leading the way was Social Housing REIT, which appears to be making strong progress under its new manager Atrato Capital. Urban Logistics REIT's share price jumped on news that it was the target of LondonMetric (see the corporate activity section for details), which, after the month end, tabled a recommended cash and shares offer for the company. Promising signs that the bottom has finally been reached in secondary office values spurred on Regional REIT's share price to a double-digit rise over the month. Its shares and the sub-sector will certainly be worth keeping an eye on over the rest of the year. Meanwhile, London office developer Helical successfully sold one of its developments for £333m during the month (see the news section for more details).

Grit Real Estate's share price seems to be on a downward spiral with yet another double-digit monthly share price fall in April. It is now down 33.3% during 2025, having already been derated significantly over the last few years. Office landlord CLS Holdings, which owns assets in the UK, France and Germany, is also struggling with downward share price momentum – not helped by severe illiquidity in its shares. Ground Rents Income Fund is another familiar name in the worst performing funds table as values continue to be hit by legacy issues and legislative changes. Life Science REIT's share price cooled in April having jumped 30%+ in March after the company was effectively put up for sale. It was a similar story for Care REIT whose shares leapt almost 40% on news of its acquisition by a US REIT, which took effect after the month end (see the corporate activity section for more details). The industrial and logistics sector would appear most exposed to US tariffs with European manufacturing and exports set to take a hit, which was likely behind weakness in SEGRO's share price in April.

Valuation moves

Company	Sector	NAV move (%)	Period	Comments
Life Science REIT	Offices/labs	(6.9)	Full year to 31 Dec 24	Like-for-like portfolio valuation down 4.0% to £385.2m
Phoenix Spree Deutschland	Europe	(10.4)	Full year to 31 Dec 24	NAV primarily due to portfolio sale during the year at substantial discount to book value

Source: Marten & Co

Corporate activity in April

LondonMetric Property made a proposal to acquire Urban Logistics REIT in a cash and shares offer. The proposal consisted of new shares in LondonMetric based on a NAV for NAV exchange ratio plus a fixed amount in cash. Under the terms of the proposal, shareholders in Urban Logistics would be entitled to receive 0.5612 new LondonMetric shares and 42.8p in cash – valuing Urban Logistics in a range of £675m to £700m (depending on LondonMetric's share price).

Care REIT's £448m acquisition by US-listed care home provider CareTrust will progress after shareholders voted overwhelmingly in favour (84.76%) of the deal at 108p per share (a 32.8% premium to the prevailing share price but a 9.4% discount to its last reported NAV). The company's last day of trading was 8 May.

Assura agreed to the terms of a recommended cash offer for the company by Kohlberg Kravis Roberts (KKR) and Stonepeak Partners. Under the terms, each Assura shareholder is entitled to receive 49.4p, in line with its EPRA net tangible assets (NTA) value at 30 September 2024, which was also a 31.9% premium to the undisturbed share price The deal values Assura at around £1,608m. In recommending the offer, Assura's board also unanimously rejected Primary Health Properties merger (PHP) offer. PHP said it would continue to explore a merger.

April’s major news stories – from our website

- **Supermarket Income REIT forms £400m+ JV with Blue Owl**

Supermarket Income REIT entered into a £403m, 50:50 joint venture (JV) with Blue Owl Capital. The JV was seeded with eight properties from the company's existing portfolio, which were transferred at a 3% premium to book value. The partners will seek to grow the JV to up to £1bn over the coming years.

- **Empiric Student Property adds to Brum cluster**

Empiric Student Property acquired Selly Oak Apartments in Birmingham for £9.0m. The 63-bed mixed studio and shared apartment scheme is fully-let for the 2024/25 academic year and is expected to deliver a yield in excess of 6% from September 2025. The company now has 430 beds in the Selly Oak cluster.

- **Tritax Big Box REIT halfway there on non-core sales programme**

Tritax Big Box REIT updated on its non-core disposals following the acquisition of UK Commercial Property REIT almost a year ago. It has sold £235.7m of assets, representing half of the £475m identified, with a further £95.6m under offer.

- **Life Science REIT hits new rental level at Oxford Technology Park**

Life Science REIT let 5,600 sq ft at the Innovation Quarter at Oxford Technology Park to Oxford Expression Technologies Limited, a biotech company specialising in protein production for vaccine development, disease research, and drug testing, at a new rental record for the park of £46.50 per sq ft per annum.

- **Helical sells City office to State Street for £333m**

Helical sold 100 New Bridge Street, a City of London office development, to investment bank State Street for £333m. The 195,000 sq ft office will become the company's new London headquarters, with the purchase price reflecting a 5% yield.

- **LondonMetric forward-funds £74m M&S-let warehouse**

LondonMetric Property acquired a pre-let M&S logistics warehouse in Bristol for £74.0m, reflecting a NIY of 5.65%, in a forward-funding deal. The 390,000 sq ft regional logistics warehouse is pre-let to M&S on a 20-year lease with five yearly upward only rent reviews linked to CPI.

- **Great Portland Estates ramps up ‘fully managed’ office lettings**

Great Portland Estates announced a further nine office lettings across its 'fully managed' offering, securing £7.2m of annual rent at an average of £215 per sq ft. This was 14.1% ahead of ERV and generated a 112% premium to an equivalent traditional office lease. The lettings were across 33,500 sq ft of newly refurbished office space in six GPE buildings.

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.

Offices/labs

Life Science REIT

Claire Boyle, chair:

2024 was a challenging year for leasing across the Golden Triangle (research and development hubs of Oxford, Cambridge and London), with life sciences take up of 460,000 sq ft, just over half the amount of 2023. The uptick in confidence which followed the general election proved short-lived and sentiment weakened post the budget. However, the Government has demonstrated its support for the sector, with planned investment into the Oxford and Cambridge region, including a new rail link, and the funding environment has strengthened.

In 2024, £3.7bn was raised for UK biotech funding, making it the strongest year since the 2021 peak. £2.2bn was raised through venture capital funding and a further £1.5bn was raised through follow on financings, suggesting a preference for well established, lower risk ventures. Inevitably it takes time for the impact of a successful fund raise to filter through to real estate decision making, but by the end of 2024, 300,000 sq ft of space was under offer to life sciences companies.

Europe

Phoenix Spree Deutschland

Stuart Young, fund manager:

The Berlin property market has demonstrated a notable disparity in achievable sales values per square meter between condominiums (individually owned apartments) and PRS properties (apartment blocks intended for private rental). While condominium prices and transaction volumes have remained broadly stable, valuations for PRS properties have experienced a sharp decline since their peak in 2022. This trend was reflected in the company's disposal progress in 2024, where condominium sales achieved average per sqm valuations that were 92% higher than those of individual PRS property sales. This polarisation has shaped the company's strategy, which now prioritises unlocking value through increased condominium sales.

Although recent data indicates a recovery in transaction activity within Germany's residential real estate market during the latter half of 2024, uncertainties persist regarding the potential effects of escalating macroeconomic risks - particularly those stemming from the current US administration's imposition of higher trade tariffs - on investor sentiment and real estate asset demand.

Germany has embarked on a historic fiscal expansion, channelling €500bn into infrastructure modernisation (transport, energy, and digital networks) and an equal sum into defence. This dual-track spending surge marks a departure from decades of fiscal conservatism, driven by geopolitical tensions and aging infrastructure. Constitutional reforms to the Schuldenbremse (debt brake) underpin these initiatives. Previously capping structural deficits at 0.35% of GDP, the revised framework permits borrowing for "future-oriented projects," including green energy and defence.

The bond market experienced significant volatility in early 2025, with German 10-year bond yields climbing 0.5% to reach 2.8% by March, as investors anticipated increased German debt issuance. This upward pressure later eased following the European Central Bank's rate reduction and heightened demand for German bunds, which have been viewed as a relatively safer haven during escalating global trade tensions.

There remains a significant and growing shortage of available residential accommodation in Berlin metropolitan areas, particularly Berlin itself, driven by persistent supply-demand imbalances. Whilst the population of Germany has grown by over 1.3 million since 2020, new construction activity has fallen significantly. Project cancellations hit a record high in 2024, and annual apartment completions are projected to fall to 175,000 by 2025 - far below the Federal Government's 400,000 unit annual target.

A widening cost-price gap has exacerbated supply challenges: since 2022 construction costs have risen by 28%, far outstripping new build price growth. This disparity has pushed tenanted multi-family property values 40% below replacement costs in many regions. New developments now typically focus on high-end or government-backed social housing, leaving Berlin's middle-market segment (the Company's core market) underserved.

Without policy support for development, supply-demand imbalances will deepen. Whilst the new coalition government aims to address the affordable housing crisis by accelerating construction through eliminating bureaucracy and financial incentives for cost-effective projects, it is unlikely that this will alleviate housing shortages in the near term. The outlook for Berlin rental values therefore remains positive.

IMPORTANT INFORMATION

This note was prepared by Marten & Co (which is authorised and regulated by the Financial Conduct Authority).

This note is for information purposes only and is not intended to encourage the reader to deal in the security or securities mentioned within it.

Marten & Co is not authorised to give advice to retail clients. The note does not have regard to the specific investment objectives, financial situation and needs of any specific person who may receive it.

Marten & Co may have or may be seeking a contractual relationship with any of the securities mentioned within the note for activities including the provision of sponsored research, investor access or fundraising services.

This note has been compiled from publicly available information. This note is not directed at any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the publication or availability of this note is prohibited.

Accuracy of Content: Whilst Marten & Co uses reasonable efforts to obtain information from sources which we believe to be reliable and to ensure that the information in this note is up to date and accurate, we make no representation or warranty that the information contained in this note is accurate, reliable or complete. The information contained in this note is provided by Marten & Co for personal use and information purposes generally. You are solely liable for any use you may make of this information. The information is inherently subject to change without notice and may become outdated. You, therefore, should verify any information obtained from this note before you use it.

No Advice: Nothing contained in this note constitutes or should be construed to constitute investment, legal, tax or other advice.

No Representation or Warranty: No representation, warranty or guarantee of any kind, express or implied is given by Marten & Co in respect of any information contained on this note.

Exclusion of Liability: To the fullest extent allowed by law, Marten & Co shall not be liable for any direct or indirect losses, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note. In no circumstance shall Marten & Co and its employees have any liability for consequential or special damages.

Governing Law and Jurisdiction: These terms and conditions and all matters connected with them, are governed by the laws of England and Wales and shall be subject to the exclusive jurisdiction of the English courts. If you access this note from outside the UK, you are responsible for ensuring compliance with any local laws relating to access.

No information contained in this note shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction.

Investment Performance Information: Please remember that past performance is not necessarily a guide to the future and that the value of shares and the income from them can go down as well as up. Exchange rates may also cause the value of underlying overseas investments to go down as well as up. Marten & Co may write on companies that use gearing in a number of forms that can increase volatility and, in some cases, to a complete loss of an investment.

QuotedData is a trading name of Marten & Co, which is authorised and regulated by the Financial Conduct Authority.

50 Gresham Street, London, EC2V 7AY
0203 691 9430

www.QuotedData.com

Registered in England & Wales number 07981621,
2nd Floor Heathmans House,
19 Heathmans Road, London SW6 4TJ