

RETAIL EAST OF ENGLAND INVESTMENT SOUTH WEST YORKSHIRE & NORTH EAST

# Threads makes strategic move with £75m retail park play

20 Jan 2021 | by Chris Borland

UK fund manager has agreed deals to acquire four retail parks



---

**What** Columbia Threadneedle closing in on four retail warehousing deals, with an expected outlay of close to £75m

**Why** Fund manager tempted by the tantalising yield profile on offer compared to logistics

**What next** A number of large retail park portfolios are expected to be launched to tap into renewed demand for product

Columbia Threadneedle Investments has agreed deals to acquire a number of retail parks for close to £75m in a strategic move into the asset class, which is currently receiving an uptick in demand from mature capital, *React News* can reveal.

The manager, on the back of fresh fundraising last year, has highlighted the sector as an avenue to generate returns for investors in the face of challenging conditions in other asset classes.

Against a background of diminished returns in the logistics space and some investor apathy for office deals due to the current environment, Columbia Threadneedle has taken the decision to pull the trigger on four retail warehousing acquisitions.

The blended net initial yield for the acquisitions is north of 8.75%.

That equates to a 475 basis points yield spread to those on offer for prime logistics, where net initial yields are at an all-time low of sub 4% in the face of a huge weight of capital looking to access the sector on the back of heightened e-commerce demand.

## **The deals**

Columbia Threadneedle has completed the acquisition of Flowerdown retail park, Weston-super-Mare for close to £23m – a 9% NIY. Savills sold the park on behalf BlackRock, which had launched the asset for sale as part of its five-strong asset project

Carbon. The 105,000 sq ft park counts Aldi, B&Q and Sports Direct among its tenant line-up.

The fund manager has also exchanged contracts to acquire Durham City retail park from Aviva Investors for circa £27m, an initial yield of 8.75%.

Aberdeen Standard Investments has agreed terms to sell Weymouth's Jubilee retail park to Threadneedle for £14m (8.5% NIY), while the money manager picked up Lyons Farm retail park in Sussex for £9m (9% NIY).



Durham City retail park

## Why is mature capital reappearing for retail warehousing?

Aside from the significant yield arbitrage on offer compared to the logistics sector, retail warehouse assets are finding favour with buyers due to the residual land values associated with the sites. The urban and suburban plots, often significant in size, may provide future redevelopment opportunities that give investors greater comfort when underwriting deals.

This had led to more mature capital re-emerging for product with Patrizia, M7, Federated Hermes and RPMI Railpen all active of late.

There is expected to be a number of large portfolio sales launched later this year, as vendors look to cash in on renewed appetite for product and more competitive bidding processes.

Morgan Williams is understood to have advised Columbia Threadneedle on the deals at Flowerdown and Jubilee retail parks, while XPROP is advising the fund manager on the acquisition of Durham Retail park.

All parties declined to comment

## Related articles



**READ** →  
RESIDENTIAL

### Plans in to transform London shopping centre into 1,500 homes

19 Jan 2021



**READ** →  
**NORTH WEST**

**Online retailer banks on “luxury shopping” with latest property**



**READ** →  
**LOGISTICS**

**Boohoo takes former House of Fraser distribution centre**

19 Jan 2021



**READ** →  
**INVESTMENT**

## Real estate forecast to emerge strongly from pandemic

19 Jan 2021