

M&G provides £200 million debt financing to resilient UK logistics and retail warehousing sectors

London, 02 September 2024 – M&G’s Real Estate Finance team (M&G) today announces £200 million of prime refinancing deals in the retail warehousing and logistics sectors, capitalising on resilient tenant and investor demand against a backdrop of constrained supply in core markets.

M&G is providing a £50 million construction loan (72.5% LTV) to PineBridge Benson Elliot for the ongoing development of two prime logistics assets in Woodford and Enfield, north London. Both sites have received planning consent for seven warehouse units, which will target strong environmental credentials to deliver 175,000 sq ft of prime speculative space with practical completion expected within 18 months. London continues to face supply constraints, with vacancy rates for Grade A logistics space currently at 5%, translating to robust tenant and investor demand for high-quality assets built to the latest market standards. Nationwide, industrial asset values are up nearly 1% over the past year¹.

In a separate deal, M&G is providing Metrobox² – an urban retail warehousing joint venture between Delancey and Tritax – with a 53% LTV loan of £150 million to refinance its existing debt facility secured against four prime urban retail warehouses in Guildford, Crawley, Luton and Solihull. Amongst the top performing retail warehouse parks in the country for footfall, tenant demand and proximity to affluent areas, they are fully let to a strong mix of tenants including Next, B&Q, Halfords, Marks & Spencer, Argos, Sports Direct, Pets at Home and B&M. Vacancy rates in the retail warehousing sector are currently at circa 4.6% across the country, with the 4.4% vacancy rate in July of this year the lowest level recorded since 2017³.

Both deals demonstrate M&G’s ability to originate large loans without the need to syndicate financing packages with other third party lenders. The assets these loans are secured against also reflects the company’s real estate underwriting expertise, which focuses on investment-grade assets underpinned by positive credit profiles and growth prospects.

Dan Riches, Head of Real Estate Finance at M&G Real Estate, commented: “We are committed to financing prime logistics and retail warehousing assets in strategic locations in the UK and Europe which meet the evolving needs of modern businesses. Growth in manufacturing and e-commerce are driving demand for Grade A logistics space and our focus remains on supporting this uptick in sentiment through investments on behalf of our clients that are secured against well-located assets.”

George MacKinnon, Managing Director of PineBridge, added: “PineBridge is delighted to have completed this financing with M&G, enabling the development of two high quality, sustainable urban logistics assets in core central London sub-markets where they are much needed to satisfy the needs of modern occupiers. We look forward to working with the M&G team in delivering the assets.”

A spokesperson at MetroBox, said: “Despite the refinancing exercise being undertaken during an uncertain time in the debt market, we were pleased to see significant interest from lenders. It has been great to work with the team at M&G who provided competitive terms. This deal stems from the high quality of the assets and the asset management successes of Delancey and Tritax on our MetroBox JV”.

M&G’s £73 billion⁴ Private Markets business comprises six core centres of excellence of which M&G Real Estate is one of the world’s largest property investors, with more than £40 billion in assets under management covering both real estate equity and debt strategies. M&G Real Estate’s platform provides global market insight and the ability to deliver a variety of compelling strategies to clients. Established in 2009, the Real Estate Finance team has deployed more than £13 billion across the UK and Europe, investing on behalf of more than 100 institutional investors in the UK, Europe and Asia both pooled strategies and segregated mandates.

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If you require any further information, please contact:

M&G Media Relations
Rebecca Grundy
rebecca.grundy@mandg.co.uk
+44 (0)7827 820428

M&G Media Relations
George Greenstreet
george.greenstreet@mandg.com
+44 (0)7900 511020

1. CPPI | Commercial Property Price Index | Green Street
2. MetroBox is a joint venture between Tritax Group and Delancey that seeks to deliver compelling investment returns by investing in and actively repurposing high performing, undervalued urban retail warehousing.
3. Savills | What’s driving the resilience of the out-of-town retail market? | August 2024
4. M&G as of 30 June 2024

About M&G Investments

M&G Investments is part of M&G plc, a savings and investment business which was formed in 2017 through the merger of Prudential plc’s UK and Europe savings and insurance operation and M&G, its wholly owned international investment manager. M&G plc listed as an independent company on the London Stock Exchange in October 2019 and has £346.1 billion of assets under management (as at 30 June 2024). M&G plc has customers in the UK, Europe, the Americas and Asia, including individual savers and investors, life insurance policy holders and pension scheme members.

For nearly nine decades M&G Investments has been helping its customers to prosper by putting investments to work, which in turn creates jobs, homes and vital infrastructure in the real economy. Its investment solutions span equities, fixed income, multi asset, cash, private debt, infrastructure and real estate.

M&G recognises the importance of responsible investing and is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of the Climate Bonds Initiative Partners Programme.

M&G plc has committed to achieve net zero carbon emissions on its total book of assets under management and administration by 2050 and committed to reduce operational carbon emissions as a corporate entity to net zero by 2030.

For more information, please visit: <https://global.mandg.com/>

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