

L&G To Develop 600,000 Sq Ft Of Industrial Property

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Legal & General Property ("LGP") announces, on behalf of its Industrial Property Investment Fund ("IPIF"), that it has secured planning permission and is in various stages of construction for approximately 600,000 sq ft of industrial space in four sites across the UK. In two of these locations, Manchester and Welwyn Garden City, LGP has secured entire pre-lets totalling 350,000 sq ft.

In Manchester, LGP has worked to extensively redevelop Central Park to secure its pre-let with XPO logistics. The 250,000 sq ft distribution warehouse is at Trafford Park, the world's first purpose-built industrial estate, first built in the 1930s. Asset management initiatives led by IPIF and development partner, Evander, include the demolition of what was previously functionally obsolete and unusable space to create a long term institutional hold. The Fund is currently working up further phases for redevelopment which can be delivered in 2017.

LGP has also secured the 100% pre-let of its scheme at Bessemer Road, Welwyn Garden City, to occupiers Direct Line and Kane International, both of which have taken 25,000 sq ft each, and Travis Perkins Group which has taken 50,000 sq ft. Planning permission was granted for Travis Perkins Group in January 2016 who will take six units for a Travis Perkins, a Wickes and four additional trade counters. This scheme is due for delivery by the close of 2016.

The Fund has also commenced the speculative construction of "Alchemi" a 195,000 sq ft warehouse in Crick, Northamptonshire, with completion anticipated this autumn. The site lies adjacent to J18 of the M1 Motorway and is considered to be situated in one of the most highly-regarded distribution sites in the UK and given the current supply demand imbalance in the East Midlands is anticipated to receive strong occupier interest. The Fund has owned the site for a number of years and worked to secure vacant position of the site before demolishing the existing structures which were considered obsolete.

Elsewhere the Fund has commenced the speculative construction of four units at its Rochester Airport Industrial estate totalling c40,000 sq ft with completion anticipated in September this year. With little development having taken place in the immediate vicinity for the last eight years the Fund has reported strong enquiry levels and has placed one unit under offer.

Launched in 1997, IPIF was one of the first indirect specialist real estate funds and has become a leader in its sector, having outperformed its benchmark, the IPD Quarterly Industrial Benchmark, over three, five 10 and 15 years. The lowly geared fund is one of the most liquid closed-ended funds in Europe, benefitting from a strong secondary market with approximately 5% of its unit traded each quarter. The Fund aims to acquire well located, good quality multi-let assets primarily in London and the South East. IPIF has more than £1.7bn assets under management.

Jonathan Holland, Fund Manager of IPIF at LGP, said: "Our focus with IPIF has always been on strong quality income, rental growth, and opportunities to add value to our assets. These developments demonstrate our ability to navigate the planning process to produce high-quality developments that offer strong rental income to our investors and are attractive to occupiers. With all four developments due for practical completion this year we look forward to welcoming our tenants to Central Park and Bessemer Road, and progressing the already strong interest in Alchemi and Rochester."

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