

Bids due for Ascot assets

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The next big test of investment appetite for the booming logistics sector comes today when indicative bids must be lodged for the 28-property Ascot Capital portfolio, forecast to fetch at least \$800 million.

Up to a dozen formal bids are expected from leading Australian and international investors, both publicly listed and private, with high initial interest from across the property spectrum.

Companies understood to have canvassed the opportunity include Mirvac, Lendlease, ESR, GIC, Manulife, Nuveen, Allianz, Charter Hall, Capitaland, Centuria and GPT.

It has been put on the market by Ascot Capital following a series of major industrial deals, including the \$3.8 billion purchase of the Milestone Logistics portfolio from Blackstone by ESR and GIC in mid-April.

A few days later, Blackstone sold its 90 per cent stake in the so-called Fife industrial and logistics portfolio to PGIM Real Estate and Manulife for about \$850 million at a capitalisation rate of 4.5 per cent.

At the same time, investors seeking logistics and industrial opportunities were lobbying Ascot Capital, a syndications and funds management company based in Perth.

"We were getting a lot of approaches on various properties and this led us to do a strategic review of our holdings," director Peter Agostino said.

"We then formed a view that there's strong demand from major funds both onshore and offshore for portfolios with scale.

"Our portfolio built to a reasonable size in terms of scale and has long WALEs [weighted average lease expires] and high-quality tenants.
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Bids due for Ascot portfolio

"So we came to the conclusion that offering the portfolio as a whole would deliver the best outcome to our investors."

The portfolio, which is being marketed by Morgan Stanley and CBRE, is fully leased and includes 24 logistics properties and four offices across all states and territories, generating \$36 million in net operating income.

There's 200,000sq m of gross lettable area with 20 tenants locked into an average WALE of 9.2 years.

Most bids are expected to take out the entire portfolio.

However, there is a chance the portfolio could be broken up into logistics and office parcels.

Domestic interest is believed to be particularly strong, with the portfolio offering diversification for Australian fund managers and operators seeking an alternative to the under-pressure office and retail sectors.

Conversely, logistics and industrial assets have been the major beneficiaries of the e-commerce boom fuelled by COVID-19, with demand for distribution and storage facilities soaring to all-time highs.

Investors are also chasing long-term leased investments featuring reliable tenants and returns.

Australian commercial property still represents value compared with key international markets, hence strong international interest.