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PRESS RELEASE

ORCHARD STREET INVESTMENT MANAGEMENT BUYS WELLBAR CENTRAL, NEWCASTLE

Orchard Street Investment Management has bought the Wellbar Central office scheme on Gallowgate from a client of BNP Paribas Real Estate for just over £40m.

The deal for the prime city centre development, which derives 40% of its rental income from Sky UK, represents a net initial yield of 6%.

Built in 2010, the Grade-A office comprises 117,679 sq ft over 10 storeys, and is let to tenants including Sky UK, Global Radio, Irwin Mitchell and DAC Beachcroft.

Rents in the building range from £19 to £21.50 per sq ft, and offer good prospects for growth given the dearth of modern office stock available in Newcastle city centre.

Aidan Baker, Director in BNP Paribas Real Estate’s Newcastle office, said: “Grade-A office supply in Newcastle has diminished significantly over the past five years to just over 100,000 sq ft. Coupled with the limited development pipeline, this should have a further positive impact on headline rents.”

Research from BNP Paribas Real Estate has found that Newcastle offices investment volumes hit £170m in 2015, up 71% on 2014 and far above the five-year annual average of £57m as the city benefited from investor appetite for regional office stock.

Cushman and Wakefield acted for Orchard Street. BNP Paribas Real Estate acted for the vendor.

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About BNP Paribas Real Estate

BNP Paribas Real Estate, one of the leading international real estate providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.

BNP Paribas Real Estate has local expertise on a global scale through its presence in 37 countries with approximately 180 offices and 3,800 employees (16 wholly owned and 21 by its Alliance network, that represents today more than 3,200 people).

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