

M&G European Property Fund expands portfolio in Spain

[IPE staff](#) 29 May 2018

[M&G](#) European Property Fund has expanded its portfolio with the acquisition of industrial and retail assets in Spain.

The €3bn core European property fund, managed by M&G Investments' real estate arm, said it bought two industrial and two retail assets for €80m.

The two retail acquisitions are H&M Reyes Catolicos in Granada and Gran Via 68 in Madrid. Both sites, which total 3,668sqm, are leased.

The industrial sites Teka Logistics Platform and a further asset in the Getafe logistics corridor are both in Madrid. The sites have a combined size of 55,092sqm.

Fund manager David Jackson, said: "Our latest research suggests the Spanish economy will continue to perform well, with its recovery having accelerated in 2017.

"This extends to the commercial real estate market, where we predict average rental growth in both industrial and retail will range between three and four percent per year for the next three years in Madrid."

Jackson said these new acquisitions fit perfectly with our strategy to increase our exposure to Continental Europe by investing in core assets in strong growth markets.

"We see a strong correlation between the level of rental growth and tourist spend in major tourist destinations across Europe; Madrid and Granada are very good examples of this trend."

Federico Bros, a director of asset management for Spain and Portugal, said: "We have seen strong demand for high street retail in prime locations across Spain. Both of the retail sites we have purchased are in established locations and offer great rental growth prospects.

"The industrial sector in Spain also offers strong rental growth prospects as online activity accelerates and these acquisitions help us diversify our portfolio in key sectors."

M&G European Property Fund was launched in 2006, with a mandate to invest in a globally diversified portfolio of assets in mature European markets outside the UK.