



Sirius Real Estate adds German and UK business parks in €40m off-market deals

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What is the context?

What are business parks?

Business parks are spaces where several business co-locate. This can take the form of a dedicated area within a city or perhaps an expanse in a suburban locale which is home to many companies in different buildings or as a conglomerate in one large structure. Business parks contain vast amounts of green spaces which allows individuals to work in comfortable and relaxing conditions yet still meeting business objectives.

In the 1980s, Britain welcomed the business park model which saw a lot of large corporate companies moving from the city to suburban areas where they could enjoy sizeable floor plates and other perks.

Who is the party involved?

This concerns the company Sirius Real Estate Limited. They are a leading owner and operator of branded business and industrial parks providing flexible working in Germany and the UK. In 2019 they joined the FTSE 250 and with the acquisition of BizSpace in November 2021, they expanded into the UK market and now own over 140 properties across Germany and the UK.

What is the deal?

Recently, Sirius Real Estate Limited has notarised the acquisition of a business park in Dresden, Germany for €23.4 million and completed another acquisition of a business park in Bedford, UK for £16.13 million, both of which were off market.

The Dresden site is a 21,158 sqm light industrial park and Sirius plans to convert the site into a multi-let industrial park which currently produces a net operating income of €2.1 million. The reason for this deal is due to a €10 billion manufacturing plant already under construction by a Taiwan manufacturing company which is generating tenant demand for Sirius's sites in the region, thus this purchase will also attract similar levels of interest.

In relation to the Bedford site, this is a 238,000 sq ft multi-let business park comprising warehouses, leisure, studios and office space with a three-acre car park. The asset is currently 96% occupied, generating a net operating income of £1.54 million and a Weighted Average Unexpired Lease Term (WAULT) of 6.05 years to expiry. The site's largest tenant, an electric components manufacturer, occupies 33% of the space with a WAULT in excess of 10 years to expiry. Notably, 67% of tenants have lease events within two years, which presents Sirius with reversionary and asset management opportunities,

including potential for future multi-let industrial development. A reason for this purchase is potentially due to the proposed Universal branded theme park which is forecasted to deliver £50 billion of economic benefit to the area over the next 20 years, which again allows Sirius to attract companies wishing to have their office bases nearby.

Additionally, the Chief Executive Officer of Sirius has commented that these two latest acquisitions represent strong additions to their German and UK portfolios, highlighting the strategic move by the company in identifying future growth opportunities.

The impact on law firms and businesses?

The primary impact on law firms is an increase in transactional and ongoing advisory work. As these acquisitions require expertise such as support with due diligence, leases and financing, drafting lease arrangements, this will allow law firms to continue benefitting and perhaps expand their expertise in recurring work related to real estate, financing loans and potential joint venture agreements. Another key impact for law firms is the opportunity to secure new, long-term client relationships. As Sirius expands its influence and brings more tenants, contractors and service providers into its business parks, they may require independent legal advice on relocations or regulatory matters, creating additional avenues for law firms to broaden their client base and strengthen their regional presence.

For businesses, they have an improved access to modern and professionally managed workspace as Sirius upgrades and re-lets the sites. This can create opportunities for expansion within well-supported business parks. At the same time, some tenants may face rent adjustments or revised lease terms as the new owner introduces new strategies, which may prompt businesses to reassess space needs or negotiate new arrangements.

Commercial word of the article

What is the FTSE 250?

It is a mid-cap stock index of the 101st to 350th largest companies on the London Stock Exchange, based on share value.



Some of the top FTSE 250 constituents include Aston Martin, Marks & Spencer Group, Royal Mail and Virgin Money UK

Furthermore, companies with a higher market cap represent a higher weight in the index and have a bigger effect on its price movements.

Companies are reviewed every three months and if one company's market capitalisation overtakes another, the composition of the index might change.

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