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Chelsea stalwart Martin's Properties buys first hotel as part of expansion drive

Martin's is on the hunt for opportunities to diversify £375m portfolio



Martin's is the second largest private landowner in Chelsea after the Cadogan Estate

Martin's Properties, the family owned retail-to-property company that has traditionally focused on a major portfolio on the King's Road and Chelsea in London, has bought its first hotel as it continues to diversify its £375m property portfolio into other sectors and geographies, *CoStar News* can reveal.

Martin's, which recruited its first managing director – Richard Bourne – outside of the family in 2017, has paid £3.5m for the Alton Travelodge in Four Marks, representing a 5.86% net initial yield.

The property is let to Travelodge Hotels for a further 11 years with a landlord reversionary option for a further eight years. The 1.55 acre site is in Four Marks near Alton.

Coffer Corporate Leisure acted on behalf of the private seller. HSM advised Martin's Properties

The acquisition follows the acquisition of the group's first industrial scheme in Oxford recently as well as offices in Oxford and Sevenoaks and underscores plans to grow and diversify the portfolio.

Martin's was established in 1946 as a retail business and has grown to become the owner of one of the largest property portfolios in Chelsea with a particular focus on the King's Road, where alongside the Cadogan Estate it is spearheading a drive to modernize and reinvigorate the key London thoroughfare.

MD Richard Bourne is driving plans to expand the portfolio across London and the South East and into a variety of sectors.

He said: "Following the acquisition of our first industrial scheme, our first hotel acquisition marks another investment milestone on our journey to diversifying our property portfolio. Whilst this is a relatively small lot size for us, the current lease benefits from uncapped RPR rent reviews offering excellent income growth and future investment performance. The large site also benefits from future development opportunities and alternative uses including residential or senior living. We are actively looking to secure similar investments and additional forward funding deals in a variety of sectors."

Martin's is targeting growth of the portfolio from £350m to £450m by 2024 as part of its strategic plan.

Since the strategy to diversify and grow the portfolio was launched in March 2017 rental income has lifted by 33.1% from £10.5m to £13.8m, while the running yield has increased 96 bps.

Martin's has traditionally been focused mainly on retail and then residential. Since 2017 the share of the portfolio targeting residential has decreased from 34% to 30% while the proportion of income from offices has lifted from 12% to 23%.

The share of properties outside of Chelsea has decreased slightly.

The group is focused on bringing in a senior level development director to build its development capabilities.

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