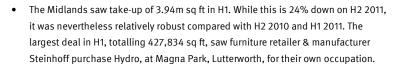


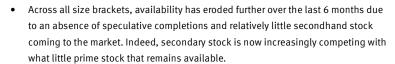
## **MIDLANDS**

Logistics and Industrial Commentary H1 2012

## **Knight Frank**

## H1 2012 market commentary





- The growing lack of choice means occupiers are having to decide between staying
  at their existing premises (and negotiating competitive terms) or pursuing a
  design and build option. However, occupiers are finding it find it difficult to plan
  so far in advance and put the necessary approvals in place for a D&B.
- There are a number of readily available sites in the Midlands. For example, The
  HUB, Birmingham can provide up to 750,000 sq ft of industrial / warehouse space.
  The site, owned by PruPIM, is available for immediate development following
  completion of remediation and infrastructure works.
- Prime headline rents across the West Midlands have been broadly stable over the last 12 months, supported by the steady erosion of supply. However, to achieve the desired headline rental levels and to retain occupiers at their existing accommodation, landlords continue to offer generous incentive packages.
- Increased production at Jaguar Land Rover & BMW has stimulated an increase in automotive related enquires in the West Midlands, primarily in the wider Birmingham area. However, beyond DHL's 149,383 sq ft lease at Stirling 150 in Solihull, many of these are yet to bear fruit.

Selected Midlands transactions H2 2011						
Address	Tenant	Size (sq ft)	Rent / Price (psf)	Date		
Hydro, Magna Park Lutterworth	Steinhoff	427,784	Undisclosed	Mar 12		
Alto 415, Newcastle Under Lyme	Smyths Toys	414,877	£3.95	Mar 12		
Stirling 150, Solihull	DHL	149,383	£5.15	Apr 12		
Athena Point, Birmingham	Aggmore Datacentres	101,582	£50.00*	May 12		
Unit B, Eddision Rd, Hams Hall	Davis Turner	72,556	£70.00*	May 12		

<sup>\*</sup> Freehold purchase



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▼ / ▲ - movement expected to Q2 2013					
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft		
Birmingham	£6.00 <b>∢►</b>	£5.50 ▲	£5.00 A		
Black Country	£5.25 <b>∢▶</b>	£4.75 <b>∢▶</b>	£4.75 <b>∢►</b>		
Leicester	£5.50 <b>∢▶</b>	£5.25 <b>◆▶</b>	£5.00 ▲		
Northampton	£5.75 ▲	£5.50 🛦	£5.25 ▲		
Stafford	£4.95 <b>▼</b> ▶	£4.50 <b>▼</b> ►	£4.25 <b>∢▶</b>		
Stoke	£4.95 <b>▼</b> ►	£4.50 <b>∢▶</b>	£4.25 <b>∢▶</b>		
Rugby / Daventry	£5.75 <b>◆▶</b>	£5.25 <b>∢▶</b>	£5.25 🛦		

Q2 2012 Prime headline rents (£ per sq ft)



In March 2012, Steinhoff purchased Hydro, Magna Park, Lutterworth from the receiver for their own occupation. Knight Frank acted for the LPA receiver.

## **Regional outlook**

- The next 12 months may well see the last of the region's new sheds being taken-up, leaving availability restricted to secondhand accommodation. This is likely to kick the design and build market back into life, as occupiers will have no other means to acquire new space.
- The notable rise in automotive enquiries suggests that this sector will replace the retailers & e-tailers as the most significant driver of activity in Midlands over the next 12 months.
- In certain markets, evidence suggests that some developers are now ready to consider developing new units speculatively. However, due to prevailing economic conditions, developers are still unwilling to consider largescale speculative development.