

Midlands Industrial Market

Research, Q1 2020

DEMAND



Take-up Q1 2020 (sq ft)

1.94m

ON A PAR WITH Q1 2019



Number of deals

6



Prime rent (£ per sq ft)

£8.00



Forecast - Nominal rental growth

1.94%

SUPPLY



Availability (sq ft)

16.0m



Under construction (sq ft)

4.6m



Vacancy rate (%)

4.5%



Vacancy Rate Outlook



INVESTMENT



Investment volumes Q1 2020

132.8m



Number of deals

27



Prime yield (%)

4.25%



Forecast - Total return 2020

5.95%

Note: Units over 50,000 sq ft

Source: Knight Frank, RealFor

OUTLOOK

The vacancy rate has reduced slightly in the first quarter of 2020. It now stands at just 4.5% though it is expected to rise over the next quarter. Covid-19 is having an adverse impact on many retailers and manufacturers and we are likely to see some secondhand space return to the market. Well located secondhand buildings have proved appealing however, there has been a reluctance for firms to spend on cap-ex and being able to take advantage of a previous tenants fit out allows them to become operational quickly and cheaply. There are a number of shorter term requirements in the market at the moment as occupiers react to immediate demand from customers. We expect these to increase and only begin to slow as the country begins to relax restrictions.



James Clements

Partner Birmingham Commercial

+44 121 233 6460

james.clements@knightfrank.com



Darren Mansfield

Partner Commercial Research

+44 20 7861 1246

darren.mansfield@knightfrank.com

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