



NORTH WEST

Logistics and Industrial Commentary H1 2012

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H1 2012 market commentary

- North West take-up was a respectable 3.25m sq ft during H1 2012, although it was down on the 4.1m sq ft of take-up seen in H2 2011, a period which saw a number of large shed deals take place.
- The North West saw two of the UK's largest shed deals in H1 – B&M Bargains took Highcross' Deacon Park, Knowsley (456,350 sq ft), while Jaguar Land Rover leased Phoenix, Ellesmere Port (405,365 sq ft).
- The first months of 2012 saw robust enquiry levels reflecting more positive sentiment, especially in the 30,000 sq ft to 70,000 sq ft size range. However, since March, uncertainty has returned to the market linked to fresh concerns surrounding the Eurozone, impacting on demand.
- However, the slight softening of transactional activity in H1 2012 was arguably as much a consequence of the limited supply of Grade A sheds in the region as it was from any weakening of sentiment.
- Despite the supply constraints, large-scale speculative development remains off the agenda as funding continues to be difficult, if not impossible for large schemes - even in some of the most sought after locations, such as Trafford Park.
- There are a range of design & build opportunities in the region; including Trafford Point at Trafford Park, Gemini 8 in Warrington, Revolution Park in Chorley, Kingsway in Rochdale, Ashton Moss in Ashton-under-Lyne, G-Park Liverpool and Heywood distribution park. In addition, at Omega North, Warrington, planning consent has been sought for a warehouse of circa 220,000 sq ft, believed to be on behalf of Brake Brothers.
- H1 2012 saw a number of large investment sales in the North West, reflecting investors' demand for good quality industrial sites in the region. Deals included SEGRO's disposal of their Trafford Park and Heywood assets to Canmoor / Harbert; and Aviva's disposal of Stakehill to Commercial Estates Group.

Q2 2012 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q2 2013			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Manchester	£5.50 ◀▶	£4.95 ◀▶	£3.75 ▲
Warrington	£4.00 ◀▶	£3.50 ◀▶	£2.75 ◀▶
Liverpool	£4.75 ◀▶	£4.25 ◀▶	£3.75 ◀▶



In June 2012, B&M Bargains leased 456,350 sq ft at Deacon Park, Knowsley at an agreed rent of £1.50 per sq ft. It was one of the UK's largest deals in H1 2012.

Regional outlook

- As evidenced with the recent lettings at Phoenix, Ellesmere Port and Deacon Park, Knowsley, the current scarcity of brand new or Grade A warehouse accommodation is shifting occupiers' attention to secondhand stock. We expect this trend to continue over the next 12 months.
- There are a number development sites now available in the North West which are able to deliver design and build solutions in strategic, sought-after locations. Moving forward, it is likely that larger shed requirements will need to be satisfied via design and build solutions.
- Take-up has remained relatively robust in the region, with only a small fall recorded over the last two periods. Despite the softening in demand since Easter, there are plenty of good quality requirements active in the market which should support healthy take-up in H2 2012.

Selected North West transactions in H1 2012

Address	Tenant	Size (sq ft)	Rent / Price (per sq ft)	Date
Deacon Park, Knowsley	B&M Bargains	456,350	£1.50	Jun 12
Phoenix, Ellesmere Port	Jaguar Land Rover	405,365	£3.75	Jun 12
Sector 40, Chapter Street, Manchester	Budget Greeting Cards	187,557	£24.00*	Apr 12
Walkden 61, Worsley, Lancs.	Georgia Pacific	163,000	Confidential	Jun 12
Link Six 56, Warrington	Eddie Stobart	145,122	£4.25	Feb 12

*Freehold transaction