

NORTH WEST

Logistics and Industrial Commentary



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H1 2016 Review

- Take up of units over 50,000 sq ft during the first half of 2016 totalled 1.9m sq ft, down 15% on the previous six months and 37% down on the same period last year. This is largely due to a supply lag, as opposed to reduction in demand, as speculative development continues in the region.
- On-line retailer Amazon accounted for a significant proportion of demand totalling almost 450,000 sq ft of take-up with a further two warehouse acquisitions during H1. Amazon signed up for two speculatively built warehouses; 271,350 sq ft at Airport City Manchester developed by Mountpark / Stoford and 176,080 sq ft at Trafford Park Union Square, speculatively developed by M&G Real Estate.
- The largest letting during H1 was Crossflow 380 at Crewe, where appliance retailer AO.com took 386,753 sq ft from landlord Prologis. This is in addition to the 360,000 sq ft they already occupy in the Cheshire town.
- During the first half of 2016 confidence in freehold purchases continued with two units of 175,000 and 270,000 sq ft being acquired for owner occupiers in North Manchester.
- Speculative development activity for large units in key distribution locations has increased. There are, at the time of writing, nine units under construction over 50,000 sq ft totalling 1.9 m sq ft and averaging 208,000 sq ft. Three of these units are under construction at Logistics North with units of 357,700 sq ft, 225,000 sq ft and 175,000 sq ft on site.

Q2 2016 Prime headline rents (£ per sq ft) ▽ / ▲ - movement expected to Q2 2017

Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Manchester	£7.00 ◀ ▶	£6.25 ◀ ▶	£6.00 ◀ ▶
Warrington	£7.00 ◀ ▶	£6.00 ◀ ▶	£6.00 ◀ ▶
Liverpool	£5.25 ◀ ▶	£5.25 ◀ ▶	£5.25 ◀ ▶



M58 Distribution Centre in Skelmersdale where Knight Frank has been appointed agents by landlord Orbit Developments to dispose of the former Matalan Distribution facility on a leasehold basis. Overall the scheme provides over 550,000 sq ft of space across four units.

Selected North West transactions in H1 2016

Address	Occupier	Size (sq ft)	Rent /Price (per sq ft)	Date
Union Square, Trafford Park	Amazon	176,080	£5.95	May-16
Big W Royle Barn Road, Rockford	Tetrosyl	269,624	P&C	May-16
Crossflow 380, Crewe	AO.com	386,753	c.£4.95	Apr-16
Manchester Airport City	Amazon	271,350	£5.95	Feb-16
Boston Park Trading Estate Haydock	Syncreon	71,500	£5.75	Jan-16

Regional outlook

- Enquiry levels remain positive in the region and with news that some of the speculative space that is under construction at present is now under offer, this is clearly good news for the region.
- Whilst there has been a good level of concern around Brexit and how that may affect the occupier market, to date the evidence is that it is very much business as usual and transactional activity will no doubt reflect this.
- We will also see some further rental growth in the region as deals happen across all size ranges at strong headline rentals and again, this is good news for the region.