



# NORTH WEST

Logistics and Industrial Commentary H2 2012

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## H2 2012 market commentary

- In H2 2012, take-up of units above 50,000 sq ft was a healthy 3.62m sq ft in the North West, taking the annual total for the region to 6.87m sq ft in 2012 – a very respectable figure given the challenging economic backdrop.
- However, the vast majority of H2 take-up involved existing secondhand stock, with occupiers able to source this kind of space on favourable terms from landlords and vendors.
- Design and build activity was relatively limited in H2. However, Omega in Warrington landed its first design and build deal in H2 with Brake Brothers agreeing to circa 200,000 sq ft on the North side of the development. There is also growing speculation that the development has three other deals in the pipeline.
- The availability of large sheds in the North West has reduced significantly and occupiers have been left with few options at key locations such as Trafford Park and Warrington. Just three Grade A sheds are available totalling 425,000 sq ft, of which two are reportedly under offer. With the availability of good quality space steadily reducing, we anticipate pre-let activity to increase in 2013.
- Other design & build opportunities are available in areas where current supply is scarce. Examples include Trafford Point in Trafford Park, where Canmoor has 17 acres available; Gemini 8 in Warrington, where 14 acres are available through Marshall CDP; land in Chorley through Evander; Heywood Distribution Park through Canmoor and 31 acres in Wigan with Barwood.
- H2 also saw a few notable industrial investment transactions in the North West including Orchard Street's sale of the Walkers Crisps unit at Risley to Blackstone and the sale of the 21 unit scheme on Roundthorn Industrial Estate, South Manchester and Unit 1 Merlin Park in Trafford Park. The supply story in the North West has translated into pent up investment demand for good quality industrial stock, with demand significantly outstripping buying opportunities.

| Q4 2012 Prime headline rents (£ per sq ft) |                    |                        |                |
|--|--------------------|------------------------|----------------|
| ▼ / ▲ - movement expected to Q4 2013       |                    |                        |                |
| Market                                     | under 20,000 sq ft | 20,000 to 50,000 sq ft | 50,000 + sq ft |
| Manchester                                 | £5.50 ◀▶           | £4.95 ◀▶               | £4.00 ▲        |
| Warrington                                 | £4.00 ◀▶           | £3.50 ◀▶               | £3.00 ▲        |
| Liverpool                                  | £4.75 ◀▶           | £4.25 ◀▶               | £3.75 ◀▶       |



In July 2012, Davis Haulage leased 213,291 sq ft at Crewe 213, Crewe Gates Industrial Park at a headline rent of c. £3.45 per sq ft.

## Regional outlook

- The availability of both Grade A and good quality secondhand space has diminished significantly in the North West and we fully expect the focus to turn towards design and build deals as we move through 2013.
- There remains a healthy supply of development sites in prime locations in the North West which can deliver solutions to the occupier market. As the recent activity at Omega demonstrates, these development sites should see steady take-up as demand shifts increasingly towards design and builds deals.
- The supply crunch in the 50,000 sq ft plus sector may put upward pressure on rental levels, albeit the most likely outcome will be a hardening of incentives in the short term.

### Selected North West transactions in H2 2012

| Address   | Tenant              | Size (sq ft) | Rent (per sq ft) | Date   |
|---|---------------------|--------------|------------------|--------|
| Crewe 213, Crewe Gates Industrial Park          | Davis Haulage       | 213,291      | c.£3.45          | Jul 12 |
| Walker Park, Blackmoor Road, Blackburn          | Sally Hair & Beauty | 194,000      | £2.50            | Jul 12 |
| Centrepont, Marshall Stevens Way, Trafford Park | Kuehne & Nagel      | 179,173      | £4.00            | Nov 12 |
| Unit 261 Walton Summit Centre, Preston          | Parcel Force        | 96,899       | £3.90            | Nov 12 |
| Satellite Park, Chadderton                      | Mono Pumps          | 333,000      | Confidential     | Dec 12 |