

NORTH WEST

Logistics and Industrial Commentary

H2 2017 Review

- Take-up across the North West region over both H2 and the whole of 2017 is down on 2016 volumes. A total of 1.1m sq ft of units above 50,000 sq ft was transacted during H2, bringing the annual total for 2017 to 3.6m sq ft, compared with 4.2m sq ft in 2016.
- Whilst take-up in the second half of 2017 was down on previous periods, it is worth noting that this is partly due to a lack of stock, which has fuelled a new wave of speculative development in the region. There are also a number of live requirements in the market at present that will lead to the take-up volume bouncing back in 2018.
- As mentioned above, a further wave of speculative development is underway and proposed for the region in 2018. This includes the construction of units in Crewe, Warrington, Bolton, Speke and Knowsley with further speculative development also rumoured in other locations over the next 6 to 12 months.
- Currently, the supply of new industrial units in the 40,000 sq ft to 100,000 sq ft size range is scarce in relation to demand. This shortage of supply will provide further scope for development of industrial units in the mid-range size band in the region.
- The industrial investment market across the North West region has been more active than the occupational market. During the second half of the year, the volume of investment transactions rose to £367m, bringing the total for 2017 to £627m. Notable industrial investment transactions include Aviva Staff Pension Trust's acquisition of Logistics North Bolton for £44.22m at a yield of 4.33% in November 2017.



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Q4 2017 Prime headline rents (£ per sq ft)			
▼/ ▲ - movement expected to Q4 2018			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Manchester	£7.00 ▲	£7.00 ▲	£6.25 ◀ ▶
Warrington	£7.00 ▲	£6.75 ▲	£6.25 ◀ ▶
Liverpool	£6.00 ▲	£5.75 ◀ ▶	£5.50 ◀ ▶



Talke 16, Knight Frank let this 180,000 sq ft refurbished warehouse /distribution/manufacturing at Newcastle-under-Lyme.

Regional outlook

- We expect the industrial occupational market in the North West to be strong throughout 2018 and rental growth will continue in core markets across brand new and good quality second hand stock.
- Occupiers are increasingly looking at labour supply as a priority and this will have a positive impact on demand in areas such as Haydock, Bolton, Merseyside and South Cheshire towns where there is a good supply.
- Investment demand for industrial stock remains encouraging in the early part of 2018 and we expect demand for this sector to continue. The lack of available stock should have a positive impact on pricing.

Selected North West transactions in H2 2017				
Address	Occupier	Size (sq ft)	Rent /Price (per sq ft)	Date
Talke 16, Newcastle-under-Lyme	Confidential	180,100	£4.75	Nov-17
1 Lyncastle Road, Warrington	RJ Edwards	105,100	£5.50	Oct-17
North Point, Trafford Park	Expeditors	62,254	£6.00	Sep-17
Barton Dock Road, Trafford Park	Green Transport	133,636	£5.35	Aug-17
Q92, Weston Road, Crewe	Warehouse One	92,893	£4.95	Jul-17