

H2 2018 REVIEW

- In H2 2018, take-up of units over 50,000 sq ft was 3.42m sq ft, meaning the total for 2018 finalised at 4.74m sq ft. This figure was an increase from the 3.6m sq ft recorded in 2017 and reflects a number of larger deals having been completed in 2018, both on brand new and second-hand accommodation.
- Seven deals were agreed on facilities over 300,000 sq ft in 2018 which underpinned the overall take-up figure, but many of these occurred in H2 including the letting of Middlewich 353 to Go Outdoors, K-333 in Trafford Park to AK Worthington and a pre-let at M6 Major in Haydock to Amazon. The North West has seen some speculative development again in the size range over 300,000 sq ft with units at Logistics North in Bolton and M6 Major in Haydock having been, or being, developed.
- Further speculative development has continued in the region for units over 100,000 sq ft with the completion of brand new facilities at Logistics North in Bolton, Q110 in Crewe and Mountpark at Omega South in Warrington. However, as stock levels dwindle in some key areas of the North West, including along the M60 and M6 corridors, developments have been proposed or are underway in these key locations as well.
- A return to speculative development in the 'mid-box' size ranges has also seen some success, with take-up in the sub 100,000 sq ft bracket continuing to be strong, while headline rents have held firm. There may be some upward pressure on rents in the smaller size range if and when developers start to build multi-let schemes of smaller units in prime locations, but these opportunities remain limited.
- Despite the uncertainty surrounding Brexit, the industrial occupational market remains buoyant, with enquiry levels holding firm and deals still continuing to take place.
- Industrial investment demand remains robust, however transaction volumes have been restricted by scarcity of available stock. Notable investment transactions include Warrington Council's acquisition of Eddie Stobart's distribution facility at Stretton Green Distribution Park in Warrington for £25.83m (4.40% NIY) and Ribston's purchase of Taylor Business Park in Warrington for £19.2m (6.45% NIY). Tritax also forward funded Amazon's design and build fulfilment centre at M6 Major in Haydock for £68.7m (4.90% NIY).

REGIONAL OUTLOOK



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Knight Frank anticipates that take-up for the first half of 2019 to be lower than for H2 2018. This is largely due to the number of deals at the larger end of the scale completed in H2 2018 and the further lack of stock across a number of size bands and locations. Further rental growth remains a possibility in some size ranges and we expect enquiry levels to remain strong, albeit with a caveat of slight caution.



Middlewich 353 was let to Go Outdoors in November 2018. Knight Frank advised Delin Capital.

SELECTED OCCUPIER TRANSACTIONS, H2 2018

Address	Occupier	Size sq ft	Rent / price (per sq ft)	Date
Middlewich 353, Ma6nitude, Middlewich	Go Outdoors	353,497	£5.25	Nov-18
Logistics 175, Logistics North, Bolton	MBDA	175,087	£6.75	Dec-18
Link 95, Hareshill, Heywood	McCormick	95,116	£6.35	Nov-18
M6 Major, Haydock	Amazon	360,000	P&C	Oct-18
F/A Multiply, Logistics North, Bolton	PJH Group Limited	62,952	£8.00	Dec-18

H2 2018 PRIME HEADLINE RENTS

(£ per sq ft) ▲/▼ – movement expected to H2 2019

Market	Under 20,000 sq ft	20,000-50,000 sq ft	50,000 sq ft
Manchester	£7.50 ▲	£7.25 ◀	£6.50 ◀
Warrington	£7.50 ▲	£7.00 ◀	£6.50 ◀
Liverpool	£6.50 ◀	£6.25 ◀	£5.75 ◀



Occupiers continue to adopt a 'business as usual' approach, with key factors such as labour supply, power supply and connectivity continuing to drive decision making.