SOUTH WEST

Logistics and Industrial Commentary

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H2 2014 Review

- Across the South West, H2 take-up for units above 50,000 sq ft was 605,000 sq ft, its lowest half year total since H1 2011, comprised of eight transactions all of which were second hand bar one pre-let for 60,000 sq ft.
- H2 2014 followed a very strong first half however, bringing the total for the whole of 2014 to 1.67m sq ft, up 21% on 2013.
- H2 2014 has been punctuated by take up of the remainder of stock in the 75,000 – 100,000 sq ft size range. While a number of transactions completed in this size range, crucially nothing over 100,000 sq ft.
- Availability is now limited to just two buildings providing a total of 604,000 sq ft of space - Crossflow (336,000 sq ft) and DSG (268,000 sq ft), both built in 2008.
- At the large end of the market The Range have submitted a planning application for a new 775,000 sq ft RDC at Chippenham.
- The mid-range market has been under considerable pressure from demand, and supply is severely restricted. The core markets are recording sub 5% void in the sector. In the midrange St Modwen are the first movers in the Bristol market with construction underway of 3 x 40,000 sq ft to be completed by November 2015. In Gloucester, St Modwen have completed the sale/letting of three buildings in the mid-size range, which were a combination of speculative and pre-let buildings. Rental growth is now present across the board with the strongest growth in second hand refurbished buildings, which have grown by 10% in the last six months.
- Land supply remains strong in areas like Bristol, but very poor in areas like Exeter and Bridgwater.
- We await the final sign off for Hinkley Point Nuclear Power Station which we predict will add further demand throughout its nine year construction period.

Q4 2014 Prime headline rents (£ per sq ft)
▼ / ▲ - movement expected to Q4 2015

Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Bristol	£8.00 ◄►	£7.25 ◄►	£6.25 ◄►
Swindon	£6.75 ▲	£6.00 ◄►	£5.50 ◄►
Exeter	£6.25 ◄►	£5.50 ◄►	£4.75 ◄►
Plymouth	£5.25 ◄►	£4.50 ◄►	£3.00 ▲

Access 18, Avonmouth where St Modwen are speculatively building 130,000sq ft in three buildings

Selected South West transactions H2 2014

Address	Occupier	Size (sq ft)	Rent (per sq ft)	Date
Gpark, Swindon	TNT	60,000	NA	Dec-14
Western Approach, Bristol	Nisbets	70,000	£4.50	Sep-14
Estuary Park, Avonmouth	Boomeco	75,000	NA	Oct-14
Goodrich Way, Yate	Amazon	63,300	£6.00	Nov-14
Link Warehouse, Avonmouth	Malcolm Group	61,000	£4.00	Jul-14

Regional outlook

- We predict speculative building in the 100,000 – 200,000 sq ft size range will be commenced during 2015, where strong demand exists but no buildings are currently available and there is no prospect of immediate availability.
- Further low density deals will be announced to reflect the demand of the parcel operators
- Infrastructure investment will increase in more marginal locations as demand and pricing remains strong.