

H1 2019 REVIEW

- While demand for small to medium sized units (< 30,000 sq ft) has increased in South Yorkshire, activity in the “big shed” market has proved patchy. In H1 2019, take-up was 1.2m sq ft, 30% above the long-term trend albeit two thirds of this total was to Amazon.
- The largest deal in the region was Amazon’s pre-let at iPort of 731,000 sq ft on a build to suit basis. Furthermore, there were five other lettings above 50,000 sq ft totalling 360,000 sq ft during the first six months of the year.
- Demand for mid-range units has remained consistent, with requirements predominantly coming from local and regional occupiers, for both leasehold and freehold accommodation.
- Additionally, space requirements for short term storage (3-5 years) are growing, driven by Brexit Planning and 3PL providers. Such requirements are drawn to fitted units where they can secure immediate occupation.
- Overall, whilst the market continues to see strong occupier interest, political uncertainty has caused a slowdown in the decision making process, predominantly for those requiring significant cap-ex. Once greater clarification with regards to the political arena is established, occupiers will be able to consider longer term planning.
- On the supply side, there is a shortage of stock in units under 20,000 sq ft, with limited

new development coming to the market. This demand/supply imbalance has supported new headline rents to be achieved.

- Availability of mid-sized units also remains limited albeit, developers are responding to the shortage. Developers including PLP are on site at Bessemer Park, J34 M1 with the development of a 45,000 sq ft (and 134,000 sq ft unit). Similarly, Trebor are on site with Atomic at J31 M1 a new 78,000 sq ft unit and in Markham Vale, Henry Boot are developing 55,000 sq ft at J29a M1 speculatively.
- The region had approximately 1.69m sq ft of availability of new and good quality second hand units over 50,000 sq ft (across 10 units) at the close of H1 2019 and a further 340,000 sq ft across four units under construction. There was also approximately 846,000 sq ft across six units of secondary space on the market.
- In respect of land values, the general tone is £250,000- £350,000 per acre for fully serviced sites with planning consent. Albeit, there are instances of sales at £150,000 per acre. Furthermore, premium land values have been recorded for fully serviced plots. This is predominantly driven by owner occupiers who have looked to secure “ready to occupy” sites and have paid prices reflecting loss of developers’ profit to have control of delivering their own developments.

REGIONAL OUTLOOK



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Knight Frank expects that demand for units under 50,000 sq ft will continue in the second half of 2019, with rental levels moving upwards accordingly for both new and good quality second hand stock.

Demand for larger units will principally be driven by 3PL providers. But political uncertainty is set to undermine market confidence at least until October. Clarity will enable both occupiers and developers alike to better plan and prove a catalyst for an increase in market activity toward the end of the year.



Unit 1 and 2 Bessemer Park, Sheffield. A new speculative development currently on site being developed by PLP.

SELECTED OCCUPIER TRANSACTIONS, H1 2019

Address	Occupier	Rent/price per sq ft	Size sq ft	Date
Unit 1 Silkstone Court, Barnsley	P&C	£5.25	52,000	Jun-19
Enterprise 36, Barnsley	William Rowland	£85.00	57,000	Jan-19
Shepcote Lane, Sheffield	Technicut	P&C	96,278	Jun-19
Parkside Industrial Estate, Doncaster	Thornhill Engineering	£5.75	61,300	Mar-19
iport Doncaster	Amazon	P&C	731,000	May-19

H1 2019 PRIME HEADLINE RENTS

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



Market	Under 20,000 sq ft	20,000-50,000 sq ft	Over 70,000 sq ft
Sheffield	£6.00 ▲	£6.25 ▲	£5.75 ▲
Doncaster	£5.75 ▲	£5.95 ▲	£5.75 ▲
Rotherham/Barnsley	£6.00 ▲	£5.75 ▲	£5.50 ▲



Advanced Engineering announced its UK’s top high value manufacturing hotspots, with Sheffield securing the top spot. This is great for the region and recognises the significance of the Advanced Manufacturing Park and AMID.