

H2 2018 REVIEW

- Although deals involving units over 50,000 sq ft were few in H2, overall occupier activity in 2018 registered a 16% year-on-year increase. Take-up had reached 2.1m sq ft at year end. Notably, this total is 20% above the 10-year average for the region.
- Occupational demand remains strong for small to medium sized units (sub 30k), which continues to be underpinned by the lack of new stock entering the market. We have seen rental growth both in respect of new units but also good quality second accommodation and expect this trend to continue.
- We have started to see a developer response to the shortage of supply although viability of small unit schemes continue to prove challenging.
- The 30-100k sq ft development response is notable, St Modwen are speculatively building at Parkside Doncaster. Trebor Developments are due to build 76,000 sq ft are at Atomic, 31 East, J31 M1 and PLP are on site with the speculative development of two units (44,000 sq ft and 133,000 sq ft) at Bessemer Park, Sheffield J34 M1
- Demand for industrial buildings within the 30k -100k sq ft range is coming from expanding local companies as well as inward investment. Local companies will consider design and build projects meaning a sustained appetite for land.
- Demand is coming from a variety of sectors. Manufacturing across the region continues to be an active sector. The Advanced Manufacturing Park has been successful with headline rents on the park now at £7.75 per sq ft. The parcel carriers and packaging companies are also active in addition to general warehousing. South Yorkshire reflects well in terms of labour and location particularly in respect of road connectivity with the M1 / M18 / A1(M) corridors and links to the East Coast Ports.
- Investor appetite for both single and multi-let industrial assets remains robust. A lack of opportunities and limited development pipeline across all size bands is underpinned by strong occupational fundamentals, with rental growth being fuelled by the exponential growth of e-commerce. Notable transactions include NFU's acquisition of Amazon's distribution facility at First Point Business Park in Doncaster for £37.95m (4.85%) and Cadagan's acquisition of Gateway 36 in Barnsley for £15.807m (4.76%). Local authorities also continue to be attracted to the defence characteristics of the industrial sector as evidenced by Nottingham City Council's acquisition of Thetford's manufacturing facility at Brookfields Park in Rotherham for £7.875m (5.54%).

REGIONAL OUTLOOK



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South Yorkshire continues to see sustained demand across all size ranges and we have seen rental growth and hardening of incentives.

We are anticipating further developer response to the lack of stock, particularly around the 40,000 - 100,000 sq ft size range as developers look to capitalise on this and drive rents forward.

Whilst Brexit has caused caution for some occupiers at the larger end of the market, particularly in respect of large capex projects, we anticipate these requirements to reignite once certainty is in place. On the flip side we have seen increased interest particularly from the 3PL sector in fitted facilities as they look to house short term contracts.



Bessemer Park, Sheffield, J34 M1 - PLP are on site with the speculative development of 44,000 and 133,000 sq ft

SELECTED OCCUPIER TRANSACTIONS, H2 2018

Address	Occupier	Size sq ft	Rent / price (per sq ft)	Date
One Langham Park, Chesterfield	Utopia	167,274	P&C	Dec-18
Aspect, Doncaster	MH Star	123,811	£4.95	Dec-18
Capitol park, Barnsley	NHS	78,000	P&C	Nov-18
R-evolution @ The AMP, Rotherham	Bodycote	26,000	£7.75	Nov-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
Sheffield	£5.75 ▲	£5.50 ◀	£5.50 ◀
Doncaster	£5.50 ▲	£5.50 ◀	£5.50 ◀
Rotherham/ Barnsley	£5.50 ▲	£5.50 ◀	£5.50 ◀



On-line retail continues to have a major influence on the scale of market activity. As delivery and supply operations are further refined to improve customer experience, new space requirements will continue to develop