

WALES

Logistics and Industrial Commentary



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H1 2015 Review

- H1 witnessed continued good levels of activity for units over 50,000 sq ft with approximately 800,000 sq ft transacted, which is a similar level to that achieved in H2 2014.
- The balance between freehold and leasehold transactions remained consistent with H2 2014, with an equal split in the eight recorded deals.
- Two of the larger leasehold transactions were secured by Associated British Ports, who attracted Travis Perkins and Speedy Hire to Cardiff and Newport Docks, respectively. This accounted for 31% of total transactions with a combined size of 251,000 sq ft, highlighting the fact that this specialist Port Operator has the land availability and infrastructure in place to become a significant player in the "big shed" market.
- Purchases in the Heads of the Valleys region by Cwmtillery Glass and Gerry Jones Transport show continued growing confidence within the area with both these local companies expanding their operations into these factories.
- For units above 50,000 sq ft there remains approximately 5.5 million sq ft available in Wales with Grade A space still accounting for less than 10%. With 220,000 sq ft of Grade A space under offer at Imperial Park in Newport this figure is going to diminish even further in H2 2015.
- On a positive note, St Modwen have started construction on their speculative development of a detached warehouse at Celtic Business Park in Llanwern, which is close to Junction 23a of the M4 Motorway, measuring 50,000 sq ft and due for completion by the end of the year.
- Away from the "big shed" market, trade counter occupiers continue to have a number of requirements throughout the market. In particular Arco, Benchmark Joinery, Screwfix and Tool Station are all very active and have taken a number of units in H1.

Q2 2015 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
Cardiff	£5.50 ▲	£4.50 ▲	£4.00 ▲
Swansea	£4.00 ▲	£3.00 ▲	£2.50 ▲
Heads of Valleys	£3.50 ◀▶	£2.50 ◀▶	£2.50 ◀▶



Festival Drive, Ebbw Vale. Knight Frank advised the vendor on the sale of this 54,000 sq ft detached unit to Cwmtillery Glass.

Selected Wales transactions in H1 2015			
Address	Occupier	Size (sq ft)	Date
Waterton Point Bridgend	Owens Logistics	165,000	May-15
Newport Docks Newport	Speedy Hire	170,000	Mar-15
Festival Drive Ebbw Vale	Cwmtillery Glass	54,000	Mar-15
Cardiff Docks Cardiff	Travis Perkins	81,000	Feb-15
Tafarnaubach Industrial Estate Tredegar	Gerry Jones Transport	105,000	Jan-15

Regional outlook

- With a number of larger units currently under offer it is anticipated that take-up will be higher in H2 and we expect to see the overall annual take-up figure for 2015 pass the two million sq ft mark.
- Given the lack of freehold options available along the M4 corridor, many of these occupiers may need to consider leasehold options as an alternative.
- It is hoped that this demand and the general improvements within the market will encourage further speculative development, though Welsh Government assistance in some form is still required.