



WEST YORKSHIRE

Logistics and Industrial Commentary H1 2012

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H1 2012 market commentary

- For units over 50,000 sq ft, H1 take-up was 676,000 sq ft in the West Yorkshire region, 18% below the H2 2011 total.
- H1 activity also consisted entirely of secondhand space. Reflecting this, achieved headline rentals ranged predominantly from £3.50 per sq ft to £4.50 per sq ft.
- While headline rental levels are broadly stable, there are specific locations where rental expectations have been exceeded. This stems from a shortage of good quality product in precise locations for which occupiers have a strong preference, such as North Leeds and Lowfields Business Park, Elland. However, these are isolated cases and the market continues to favour occupiers in terms of rental/capital values and incentives.
- Rental incentives are running at 12 months rent free per five year term. Incentives are via stepped rentals, ensuring that landlords are able to obtain an income stream from the start of the lease.
- Lease lengths are typically 3 or 5 years, with longer leases incorporating the flexibility that is required by tenants during this uncertain market.
- Only four modern high bay warehouses in excess of 100,000 sq ft remain available in West Yorkshire. Consequently, the focus of big-shed take up will inevitably turn towards build-to-suit opportunities.
- However, the only build-to-suit currently under construction in the region is at Trident Business Park, J31 M62. Here, Bosch required a 44,115 sq ft bespoke facility with a significant office component, as there was no such product available, they have entered into a new 15-year lease incorporating a break at 10 years with fixed uplifts at review. This is a true 'hybrid' deal which is being offered as an investment opportunity at 7.75% NIY and is let off £5.00 per sq ft and £12 per sq ft on the warehouse and office space respectively.

Q2 2012 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q2 2013			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Leeds	£5.25 ◀▶	£5.00 ◀▶	£5.00 ◀▶
Bradford	£5.25 ◀▶	£5.00 ◀▶	£5.00 ◀▶
Wakefield	£5.25 ◀▶	£5.00 ◀▶	£5.00 ◀▶



In June 2012, ADD Express leased 30,111 sq ft at Unit H2 Premier Way, Lowfields Business Park.

Regional outlook

- The restricted supply of new and modern units should help to maintain rental and capital values at their current levels.
- It is hoped that the West Yorkshire region's manufacturing base will provide the some of the first signs of recovery in UK economy. There were already some signs of improvement in 2011, and a continuing willingness to invest in the region will hopefully help to maintain take-up levels throughout 2012.
- West Yorkshire has a healthy land supply coming forward. The Aire Valley alone offers in excess of 300 acres of prime employment land adjacent to the M1 motorway. This land can readily accommodate design and build enquiries, which are anticipated to emerge as the economy recovers.

Selected West Yorkshire transactions in H1 2012

Address	Occupier	Size (sq ft)	Headline Rent (per sq ft)	Date
Unit H2 Premier Way, Lowfields Bs Park, Elland	ADD Express Limited	30,111	£5.25	Jun-12
Unit 1 Treefield Ind Estate	Progress Plant	54,210	£4.50	Jun-12
Unit 25 Millshaw Trading Estate	Futsal	49,584	£3.50	Jun-12
Unit 4B, Victoria Ind Estate	Pharmacy2U	20,000	£4.90	Jun-12

* Freehold transaction