

WEST YORKSHIRE

Logistics and Industrial Commentary



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H1 2013 Review

- Take-up for H1 2013 was 1.1m sq ft, marginally above the H2 2012 total of 1.03m sq ft and up 63% year-on-year. The majority of activity involved secondhand space, with the only deal for new space being 120,000 sq ft at Prologis Wakefield, let to One Stop.
- Headline rents and incentives are consistent with H2 2012, with landlords continuing to offer rental discounts to businesses considering relocation.
- Enquiry levels for units in excess of 100,000 sq ft are currently low, with demand focused at South Yorkshire, where stock remains available. Third-party logistics remains the most active sector, with Norbert Dentressangle leading customer enquiry levels presently.
- There is a severe undersupply of Grade A stock in the Leeds market, particularly for units ranging between 30,000-50,000 sq ft. As a result good quality refurbished accommodation is attracting healthy demand.
- A number of design and build enquiries are currently in the market, ranging in size from 80,000 to 120,000 sq ft, and primarily along the M62 corridor. Although these enquiries would prefer to purchase land, most prime locations are owned by developers. This has led to an increase in hybrid deals in which the occupier and developer agree to a land transaction that retains the developer in a project management capacity. The most notable recent completion of this kind was the SEW Eurodrive facility at Trident Business Park, Junction 31 M62, in Castleford.
- Land supply is ample, with over 500 acres allocated in the Aire Valley and further availability in the M62 corridor between Junctions 30 and 36. The majority of sites are developer controlled, with limited sites of greater than five acres available for outright purchase by owner occupiers.
- There are a small number of speculative schemes planned, the most notable by Wykeland, who are planning a trade counter scheme at Junction 32 M62. Several other developers have purchased sites around Leeds.

Q2 2013 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q2 2014			
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 H1 2013, Dobbies Garden acquired 8 acres at York Business Park in the Nether Poppleton area. Dobbies was advised by Knight Frank.

Selected West Yorkshire transactions in H1 2013

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
55 Lowfields Road, Leeds	HSS Hire	43,278	£4.50	May 13
Prologis Wakefield	One Stop	120,000	£4.75	Feb 13
Unit A, Centre 31, Normanton	British Electrical Lighting	31,977	£4.15	Jan 13
Sprint 70, Leeds	Symmingtons	70,199	£4.50	Jan 13
Plots 7, 8 & 9 York Business Park	Dobbies	8 acres	£300,000 per acre*	Apr 13

* Freehold transaction

Regional outlook

- The 'feel good' factor is slowly returning to occupiers in the West Yorkshire market. Rents and values are stable, but expected to rise, while land is readily available for development to accommodate the increase in enquiries.
- An increase in design and build as well as speculative developments is expected, albeit on a smaller scale with units up to 20,000 sq ft. Rental levels on sub 5,000 sq ft units have increased sufficiently to make development for this size range viable.
- With respect to investment, yields have hardened in recent months and we expect this trend to continue. Recently, a 100,000 sq ft secondary warehouse in Wakefield was sold to Northern Foods and is expected to achieve sub 7.5% net initial yield, a marked improvement in yields for Yorkshire.