

WEST YORKSHIRE

Logistics and Industrial Commentary



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H1 2014 Review

- The West Yorkshire region saw strong take-up in the first half of 2014. For units above 50,000 sq ft, H1 take-up reached 2.52m sq ft - four times H2 2013's level and more than twice the five year bi-annual average. The majority of H1's transactions involved Yorkshire-based manufacturing firms.
- Following a prolonged absence, the pre-let / pre-sale market also came back to the region in H1, with three deals totalling 260,000 sq ft. Of these, the largest was Fyffe's Bananas' 115,000 sq ft pre-sale at Trident Park (Jn 31, M62).
- H1 saw a number of long-registered requirements finally bear fruit, although there remain a number of major shed requirements in the region for units ranging from 200,000 sq ft to 500,000 sq ft.
- Current demand is being driven by manufacturers rather than distribution, while ecommerce based requirements are proving reluctant to commit at present.
- Close to 500,000 sq ft of H1 take-up involved new space, with total new build supply reducing by 25% during the period. Nevertheless, the market does possess an oversupply of secondhand product in the 5,000 sq ft to 10,000 sq ft size range, with numerous multi-let estates of comparable age in the region.
- However, the market for good quality product in the smaller size brackets remains strong, with schemes at prime junction locations such as Access 26, Cleckheaton, and Overland Park, Birstall experiencing strong demand. Both sites are now fully occupied with headline rents rising to a new high in this unit size category.
- The tightening of existing supply has prompted a clear hardening of incentive packages at the prime locations. Lease terms have also lengthened more generally, as the balance of power has swung back in the landlords' favour.
- Speculative development is set to make its long-awaited return to the region. Two imminent schemes are Logic Leeds by Muse Developments (80,000 sq ft) and Connect 45 (50,000 sq ft) by Wilton Developments.

Q2 2014 Prime headline rents (£ per sq ft) ▼ / ▲ - movement expected to Q2 2015

Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Leeds	£5.50 ▲	£5.25 ▲	£5.00 ▲
Bradford	£5.25 ▲	£5.00 ▲	£4.75 ▲
Wakefield	£5.50 ▲	£5.25 ▲	£5.00 ▲



A schematic masterplan of LOGIC Leeds. The speculative Development of an 80,000 sq ft warehouse is due to complete in Summer 2015

Regional outlook

- The return of speculative development will provide a much needed boost to the quality of supply in the region, and it is hoped that other development sites will start to come forward as confidence in the market gathers momentum.
- Supply constraints coupled with improving occupier demand are expected to prompt a long awaited increase in rental levels. As occupiers start to compete for the prime buildings and development opportunities, we foresee headline rents rising to new market highs.
- With the availability of cheap, short-term warehousing becoming increasingly scarce, we expect the major third party logistics providers to become more strategic with their acquisitions, perhaps even electing to take design and build solutions for shared user facilities.

Selected West Yorkshire transactions in H1 2014

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Access 63, Selby	Yodel	65,000	confidential	Jun 14
Unit 24, Millshaw Park, Leeds	Mircodat	56,464	£3.25	Jan 14
Trident Park, Normanton (pre-sale)	Fyffes	115,000	Confidential*	Jan 14
Former Carlsberg unit, Cross Green, Leeds	Lawcris	150,000	£30.00*	Apr 13
Access 26, Cleckheaton	Halo	5,000	£6.25	Apr 14

* Freehold transaction