LOGIC - RESEARCH

WEST YORKSHIRE

Logistics and Industrial Commentary

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H1 2016 Review

- Take-up of units over 50,000 sq ft totalled 1.2m sq ft across the West Yorkshire region in H1 2016, down from 1.7m sq ft at the end of 2015. However, this is 7% above the level of take-up over the same period last year and comparable to the five year average. Demand in H1 was broadly in line with post Brexit trends seen across many parts of the country.
- The majority of take-up in the West Yorkshire region during the first half of the year was for second-hand space, which accounted for almost four–fifths of the total.
- Despite the high level of take-up of second-hand space, there is demand for quality product and landlords who are prepared to invest in improving their units are enhancing their returns. For example, Schroders' refurbishment of Millshaw Park has seen new headline rents of £6.75 per sq ft achieved in Leeds, and an increased level of enquiries.
- Demand is a mixture of third party logistics/parcel delivery and retailers for the larger product in the region, but with a continued appetite in the mid-sized range from local manufacturing firms.
- Supply levels are diminishing with any speculative development or quality product coming to the market being let quickly. This is specific to the small and mid-sized range of sizes. For larger sheds in excess of 100,000 sq ft, the market is more subdued with several quality speculative buildings still unoccupied.
- Wilton Developments are speculatively developing the next phase of the Aire Valley development, which includes a 60,000 sq ft detached unit and a terrace of two 10,000 sq ft units – one of which is already understood to be under offer.
- The East of Leeds remains well served by Employment Land with Muse Developments having a further 100 acres of development land following recent successes to Amazon and John Lewis. Harworth Estates have recently bought out Keyland Developments from their joint venture with Evans of Leeds at their 165 acre Temple Green site.

Q2 2016 Prime headline rents (£ per sq ft)
▼ / ▲ - movement expected to Q2 2017

Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Leeds	£6.00 ▲	£5.75 ▲	£5.60 ◄►
Bradford	£5.50 ◄►	£5.25 ◄►	£5.00 ◄►
Wakefield	£6.00 ▲	£5.75 ▲	£5.25 ◄►

Knight Frank sold an 80,000 sq ft distribution warehouse to Amazon UK Ltd at Logic Leeds on behalf of Muse Developments Ltd.

Selected West Yorkshire transactions in H1 2016

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Logic 80, Leeds	Amazon	80,000	£5.60	Jul-16
Baildon Business Park, Leeds	Laxtons	15,000	£75	Jul-16
Unit 21, Millshaw Park, Leeds	John Commaish	2,750	£6.40	Apr-16
College Park, Leeds	Edmundson Electrical	25,000	£6.50	Apr-16
Unit 4, Stourton Link, Leeds	Troy Foods	36,500	£5.25	Mar-16

Regional outlook

- New product is driving up rents for both new and second-hand space and we expect to see rental growth in prime industrial locations throughout the region off the back of proposed speculative development, and design and build.
- We anticipate further speculative development in the mid-sized range of units. Anything over 100,000 sq ft will be dependent on the success of those speculative developments already completed along the M62.