



WEST YORKSHIRE

Logistics and Industrial Commentary H2 2012

Knight Frank



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H2 2012 market commentary

- For units above 50,000 sq ft, West Yorkshire saw take-up of 1.03m sq ft in H2 2012, 52% increase on the H1 2012 total and the highest since H2 2010. All of the deals in H2 involved secondhand buildings of varying quality.
- While many occupiers are seeking new-build facilities, they are being frustrated by a severe shortage of available stock. Frequently, requirements end with the occupier opting to renew its existing lease on more favourable terms, usually allowing flexibility in anticipation of a positive change in economic conditions in the next 3 to 5 years.
- Good quality units over 50,000 sq ft are in short supply in West Yorkshire, and those buildings which are available are seeing strong interest. For example, Sprint 70 - a modern 70,000 sq ft warehouse in Leeds – was occupied on a 12 month licence until very recently but is now rumoured to be under offer to Symmingtons on a new 10-year lease without ever having officially coming to the market.
- Similarly, at Wakefield Europort, Bidvest (parent to 3663) purchased a 121,000 sq ft unit for £5,000,000 in H2, reflecting a capital value of £41 per sq ft. The 10-year old building had stood vacant for 2.5 years prior to the sale.
- There are currently only six buildings available in West Yorkshire that are both over 100,000 sq ft and under 10 years old. One such example is the former Traditional & Contemporary Bathrooms unit at Bretton Park, Dewsbury. The 205,000 sq ft unit has already received multiple viewings since marketing commenced in the New Year, highlighting the lack of stock in this segment of the market.
- Rental and freehold values were largely unchanged in H2. For good quality stock, headline rents are holding at £5.00 to £5.25 per sq ft incorporating 1-2 months rent free for each year of the term. Leases are typically 3 to 5 years or, for good stock, 10 years incorporating a break at year five.

Selected West Yorkshire transactions in H2 2012

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Unit B Centre 31, Normanton	Yes Electrical	64,904	4.35	Jul 12
Park Farm Rd, Scunthorpe	Via Coldstores	92,000	22.00*	Aug 12
Unit 1 Treefield Ind est, Leeds	Progress Group	54,210	3.23	Aug 12
Locksley Works, Leeds	Cromar	50,125	22.64*	Aug 12
Express Way, Wakefield Europort	3663	121,000	41.00*	Dec 12

* Freehold transaction

Q4 2012 Prime headline rents (£ per sq ft)

▼ / ▲ - movement expected to Q4 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 ◀▶



Administrators Ernst & Young instructed Knight Frank to jointly market a 205,000 sq ft unit at Bretton Park, Dewsbury. The building, built in 2008, is attracting strong interest.

Regional outlook

- With speculative development still off the agenda, we expect occupiers to start giving greater consideration to design and build solutions. The associated costs of these arrangements will inevitably lead to a hardening of incentives, unless the occupier is a AAA-rated covenant or the product is institutionally attractive at the time of the build.
- A number of occupiers in the region have been successful in their application for the Government's Regional Growth Fund. Given that there are long-stop dates for the spending of these funds, it is hoped we will see some activity from these companies on a design and build basis. Leeds in particular is eagerly anticipating the confirmation of a science hub which will be anchored by Surgical Innovations, a successful local R&D company.