

WEST YORKSHIRE

Logistics and Industrial Commentary

H2 2015 Review

- Total take-up of units over 50,000 sq ft across the region reached 1.7m sq ft in H2; 58% above H1 and 16% higher than the same period last year. This brings take-up for the whole of 2015 to 2.8m sq ft, which is 30% below the level achieved in 2014.
- Among the main second-half deals, TK Maxx signed a lease for 635,000 sq ft at Cross Point in Wakefield and BSS acquired 50,000 sq ft at Trident Park Normanton.
- Design & Build accounted for two-fifths of take-up in H2, while take-up of second hand space more than doubled to just over one million sq ft. Design & Build has been mostly focussed on prime regional sites in Aire Valley, Leeds and Trident Park, Normanton.
- Availability of units over 50,000 sq ft stood at 3.1m sq ft at the end of 2015, 49% up on H1 and more than double the level of availability at the same time in the previous year. Of the 21 units available, only four were new grade in prime locations, the others had been available for over two years and less suited to modern industrial occupier requirements.
- Developers are struggling to acquire sites with planning permission and flat land to accommodate footprints over 500,000 sq ft are in short supply.
- There are currently no units over 50,000 sq ft being speculatively developed in West, East and North Yorkshire.
- H2 saw rental growth and reduced incentives due to persistent supply constraints and lack of development activity.
- On the investment side, industrials show a good return compared with other assets. Given the low supply and low costs of holding industrial vacant units, investors are still confident in this sector, which remains high on their list of requirements.
- Investor appetite ranges across the board from large single let distribution units to small estates occupied by local businesses. The growth in internet retailing has driven demand from both occupiers and investors and Last Mile Delivery is of particular interest.
- Significant investment deals in H2 included LondonMetric's acquisition of a 534,000 sq ft pre-let to Poundworld for £39.4m, NIY 6.30%, and Tritax's acquisition of a 635,000 sq ft pre-let to TK Maxx for £59m, NIY 5.32%.

Selected West Yorkshire transactions in H2 2015

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Hunslet	Travis Perkins	10,000	£8.50	Dec-15
Cross Point, Wakefield	TK Maxx	635,000	£4.95	Nov-15
Trident Park, Normanton	BSS	50,000	£77.00	Nov-15
Cross Green	Perspex	30,000	£5.75	Oct-15



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Q4 2015 Prime headline rents (£ per sq ft) ▼ / ▲ - movement expected to Q4 2016

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



Knight Frank sold the Former Carcraft facility in Leeds, J28 of the M62 to Available Car in H2

Regional outlook

- Occupier demand across the region has remained steady, with the majority of requirements being driven by the e-fulfilment and manufacturing sectors. Whilst there has been a distinct lack of third party logistics enquiries this is likely to change as spare capacity in the supply chain reduces.
- The mid-sized warehouse market is particularly buoyant due to banks pro-actively funding growing Yorkshire businesses and we anticipate the greatest rental growth potential in the 10,000 to 50,000 sq ft size range.