

WEST YORKSHIRE

Logistics and Industrial Commentary

H2 2016 Review

- Despite Brexit fears earlier in the year, the industrial occupier market across the West Yorkshire region continued to perform well in the second half of 2016. As with other regions, high quality existing and new build industrial stock in the mid-size range remains in short supply.
- Demand for the 'big box' market continues to derive from the third party logistics, internet retailer and parcel carrier sectors, whilst there is a mix of distribution and manufacturing requirements for the mid-size range of available units.
- Current market conditions have led to continued speculative development. On the back of the recent success of Connex 45, Wilton Developments are speculatively developing their next scheme in the Leeds City Region Enterprise Zone branded Kinetic 45, comprising a single 60,000 sq ft unit and a 23,000 sq ft semi-detached unit consisting of 11,000 sq ft and 12,000 sq ft. The quoting rents range from £5.95 per sq ft to £6.95 per sq ft.
- In terms of transactions, Unit E3 Devilliars Way, which is a new build 31,000 sq ft warehouse, was let to ITT Industries in July 16. The property has a high quality specification including dock and ground level loading doors and 8m eaves height. In addition, Unit 3 Stourton Link - a 52,000 sq ft modern second hand warehouse unit in Leeds - was acquired by RSL Steeper in November 2016.
- The lack of stock has also contributed to an increase in design and build requirements as companies struggle to identify existing units that can accommodate their needs. The development sites within the Leeds city Region Enterprise Zone in the Aire Valley are well placed to accommodate this demand, such as Muse Developments Logic Leeds, which is a 100 acre industrial and manufacturing scheme which can accommodate requirements from 30,000 sq ft to over 500,000 sq ft.
- In terms of the availability of larger sized existing warehousing in West Yorkshire, there are a small handful of buildings located close to Junction 31 of the M62 ranging from around 110,000 – 190,000 sq ft, including Wakefield Eurohub (190,000 sq ft), the two new build units, Mount Park Wakefield (133,000 sq ft), and Tri-link 140 (142,000 sq ft) and two modern second hand units Gilcar 31 (111,000 sq ft) and Normanton 108. Quoting rents range from £4.75 - £5.75 per sq ft.
- Notably there is now no availability of existing Grade 'A' stock in West Yorkshire above 200,000 sq ft.



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Q4 2016 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q4 2017			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Leeds	£6.25 ▲	£5.75 ▲	£5.60 ◀▶
Bradford	£5.75 ◀▶	£5.25 ▲	£5.00 ◀▶
Wakefield	£6.25 ◀▶	£5.75 ▲	£5.35 ▲



Unit 3 Stourton Link, Leeds - Acquisition RSL Steeper

Selected West Yorkshire transactions in H2 2016				
Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Unit 3 Stourton Link, Leeds	RSL Steeper	52,630	£5.25	Nov-16
Unit H5 Premier Way, Lowfields Business Park, Elland	Extertis UK	15,138	£5.50	Nov-16
Century House, Park 2000, Leeds	Leeds Graphic Print	13,400	£82.00	Oct-16
Unit 2 Leeds 27, Leeds	GF Genovate	21,889	£4.75	Aug-16
Unit E3 De Villiars Way, Link 62, Normanton	ITT Industries	31,660	£5.50	Jul-16

Regional outlook

- Prime rents for mid-sized distribution / warehouse units are now achieving levels of £5.50 - £5.75 per sq ft. We expect an increase in prime rents in the near future, with quoting rents for units under construction and design and build options now being marketed at a rent of £5.95 to £6.25 per sq ft.
- Given prevailing market conditions we envisage more design and build projects continuing to accommodate requirements that cannot be satisfied by the existing stock on the market and further pressure for developers to commit to speculative development.