

Occupier and investment market trends in the West Yorkshire & The Humber logistics and industrial sector.



LOGIC: West Yorkshire & The Humber 2022 Review

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CGI image: Switch, Castleford
Indicative Image Only

MARKET OVERVIEW

West Yorkshire & the Humber industrial market was characterised by the shortage of quality stock in 2022, resulting in record low take up of under 1 million sq ft.

908,000 sq ft
Occupier take up 2022

£902 million
Investment total 2022

11%
Prime annual rental
growth

Supply shortage leads to record low take up

The industrial and logistics market in West Yorkshire & the Humber in 2022 was characterised by the critical shortage of good quality, large stock, with occupiers continuing to face limited options. This resulted in record low take up levels, with under 1 million sq ft of space occupied during the year, compared to 5.7 million in 2021 (units over 50,000 sq ft). The annual total stands 71% below the five-year average. This also contrasts with neighbouring South Yorkshire, in which 76% of take up in 2022 comprises new-build space, compared to just 7% in West Yorkshire.

The final quarter saw just one deal take place, with event transportation company, Stage Freight, leasing 100,000 sq ft at Towngate PLC's Copperworks 2 in Leeds. The distribution sector accounted for the majority of take up in 2022, 63%.

Mostly older, smaller units available

Total availability of units over 50,000 sq ft stood at 1.6 million sq ft at end-December, resulting in a vacancy



IAIN MCPHAIL, PARTNER,
LEEDS INDUSTRIAL & LOGISTICS

"It's been an interesting 12 months in the West Yorkshire & Humber market. On one hand, there's continued healthy enquiry levels and rental growth, yet due to the region being starved of grade A buildings, it has resulted in a significant reduction in take up, a scenario we predicted in 2021. It is widely agreed that the dearth of grade A availability is the root cause of the reduction. This is further evidenced by neighbouring South Yorkshire posting continued strong 2022 take up levels, reflecting more availability in that region."

rate of 2.4%. This compares to 1.9% recorded in Q4 2021, and while supply levels increased on an annual basis, the vast majority (92%) of space is second-hand grade B or C, while there are no units over 250,000 sq ft available.

Development uplift alleviating supply-side pressures

The latter half of 2022 saw developers respond to the shortage of stock in West Yorkshire & the Humber with a number of developments commencing construction. At end-December, 2.5 million sq ft of space was under construction speculatively across 16 units, compared to just 186,000 sq ft recorded one year ago (units over 50,000 sq ft). A further 556,000 sq ft is in the planning pipeline.

Ten developments commenced in Q4, including Konect 62, Selby, which on completion will provide over 1.1 million sq ft of industrial floor space across four units. The largest of these is the 735,000 sq ft 'Big K' unit. Other notable speculative developments underway include Velocity Point in Leeds, S42 in Sherburn in Elmet, Howden 62 in East Riding and Thornbury Business Park in Bradford.

Investment activity at an all-time high

Underpinned by the strong demand by occupiers in the region, investment activity reached a new record-high in 2022, of £902 million. This was 69% higher than 2021, though largely boosted by transactions in the first half of the year. The most notable of these included the acquisition of the 2 million sq ft Amazon distribution centre at Wakefield Hub, by Arrow Capital Partners, for £233 million / NIY 3.25%.

2023 Outlook

The underlying supply/demand imbalance in West Yorkshire & the Humber has led to rental growth across all size units. Prime rents in Leeds for units over 50,000 sq ft rose by 11% annually in 2022, with new builds quoting £7.50 - £8.95 psf at year end. Despite the wider economic conditions, we anticipate a greater level of take up towards the end of 2023, as much needed speculative development enters the market, including the six unit mid-box scheme at Leeds Valley Park in Leeds, and the completion of Super B and Interchange 26 in Bradford, amongst others.

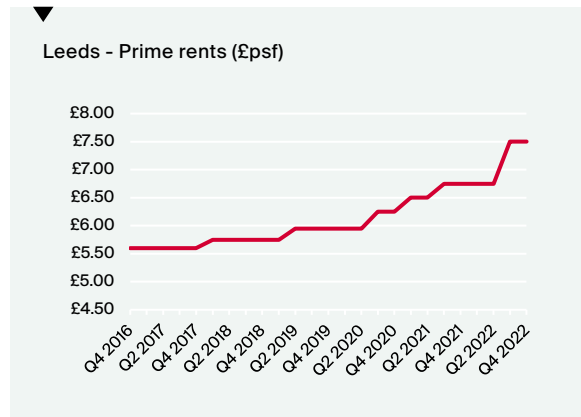
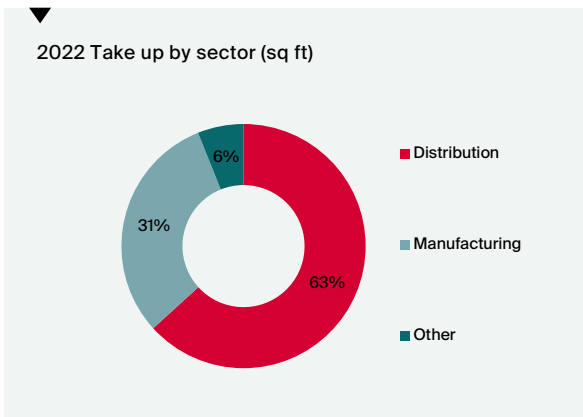
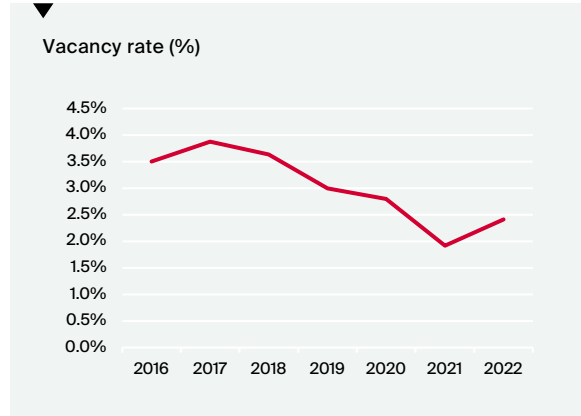
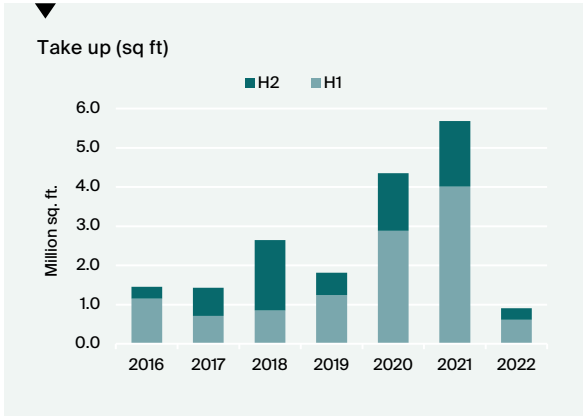
OCCUPIER MARKET

908,000 sq ft
Occupier take up
2022

63%
Take up from
distribution
occupiers

£7.50 psf
Prime rents

2.4%
Vacancy rate



KEY OCCUPIER DEALS 2022

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Dianthus House, Newport, Goole	140,232	Planatex Ltd.	Confidential	Second-hand
Copperworks 2, Haigh Park Road	100,000	Stage Freight	Confidential	Second-hand
Centre 31, Foxbridge Way, Normanton Industrial Estate, Wakefield	68,992	Bell Lighting	£6.75 psf	Second-hand modern
Northminster Business Park, York	59,250	DPD	£10.46 psf	Build-to-Suit
Astonish House, Staithegate Lane, Bradford	52,308	Confidential	£6.50 psf	Second-hand

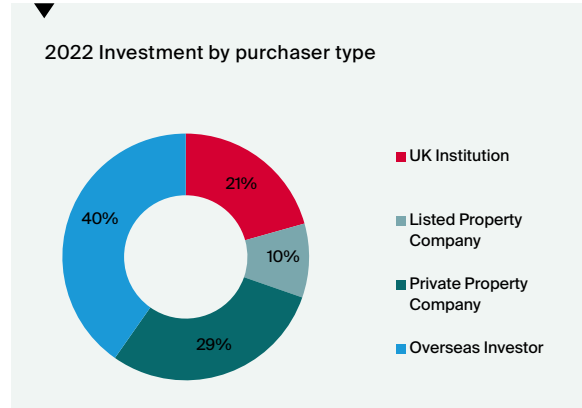
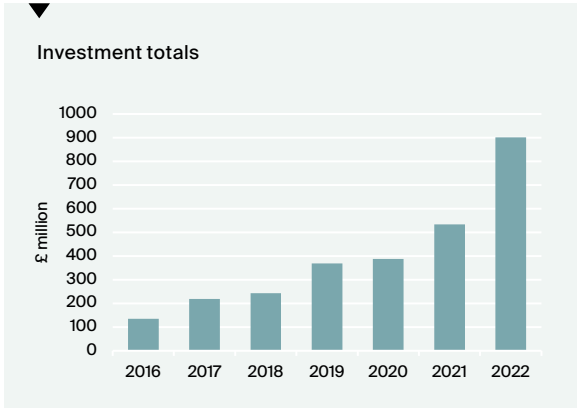
INVESTMENT MARKET

£902 million
Investment total

£23.7 million
Average lot size

40%
Overseas capital

5.50%
Prime yield



KEY INVESTMENT DEALS 2022

PROPERTY	TOWN	PRICE	YIELD	PURCHASER	VENDOR
Amazon Sortable Centre, Wakefield Hub	Wakefield	£233m	3.25%	Arrow Capital Partners	Mountpark
Leeds Valley Park	Leeds	(6 units) £49.3m	Funding	Greater Manchester PF	Caddick Developments
Phoenix Medical, Wakefield Hub	Wakefield	£43m	3.73%	abrdn	Henry Boot Developments / Yorkcourt Properties
1251 Hedon Road	Hull	£38m	5.5%	Bramall Properties	Willerby
Euroway Trading Estate	Bradford	£14.5m	5.17%	Mileway Investments	Slough Borough Council

Source: Knight Frank, Property Data

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Methodology

This report has been prepared by Knight Frank Research.

Data and information within this report have been provided by Knight Frank occupier and investment teams across the Knight Frank UK network. Third party data sources are also utilised.

For the purposes of this report, take-up figures refer to spaces of 50,000 sq ft or more, that are let, pre-let or acquired for occupation.

Availability refers to all space available for immediate occupation as well as space under construction (built speculatively) that will be available for occupation within the next 12 months.

Investment figures refer to industrial property purchases where the primary motivation is the generation of income. Acquisitions for occupation are excluded. Land sales are included, where the end use of the land is known.

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