

WEST YORKSHIRE

Logistics and Industrial Commentary

H2 2017 Review

- 715,500 sq ft of industrial/warehouse space was transacted across West Yorkshire during H2. When combined with take-up in the first half of the year, this brings the total for 2017 to 1.4m sq ft, which is on par with 2016.
- Occupier demand has derived mainly from the traditional manufacturing and distribution sectors. Notably, there was little activity in H2 from the online retail sector.
- Availability has remained stable, as several buildings have become vacant to offset the effects of the strong take-up seen earlier in the year.
- As with other regions, high quality existing and new build industrial stock in the mid-size range (30-75,000 sq ft) remains in short supply. There has been very limited speculative development during 2017.
- There also remains a dearth of Grade A 'Big Sheds' in West Yorkshire above 200,000 sq ft, with the exception of the 215,000 sq ft Poundworld unit in Normanton. There are a few second-hand large warehouses now available above 175,000 sq ft, including the 193,000 sq ft former Astracast unit on the Euroway Trading Estate in Bradford, The Copperworks on Haigh Park Road in Leeds, which is currently under refurbishment and extends to over 300,000 sq ft, and the 175,000 sq ft former TK Maxx warehouse at Wakefield Europort.
- This lack of stock has contributed to an increase in design and build enquiries. The development sites within the Aire Valley Leeds City Region Enterprise Zone such as Muse Developments 100 acre Logic Leeds scheme and the eight-acre G3 site at Glasshoughton are well placed to accommodate this occupier demand.
- There remains a lack of investment stock in the local market and strong demand. Notable investment transactions during the last six months include Unit F Trident Park; Normanton (52,500 sq ft) sold for £6.3m, reflecting a net initial yield of 4.7% on a 15-year lease to Kelling Group. Albion Park Industrial Estate in Leeds, which is a multi-let business park (let with 1.28 years WAULT), sold for £4.9m (NIY 6.5%) and College Trade Park, a multi-let new trade counter development in North Leeds, sold for £10.5m (NIY 5.00%).



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Q4 2017 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q4 2018			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Leeds	£6.50 ◀ ▶	£6.00 ▲	£5.60 ▲
Bradford	£5.75 ◀ ▶	£5.75 ◀ ▶	£5.25 ▲
Wakefield	£6.50 ▲	£6.00 ◀ ▶	£5.35 ▲



Unit F Trident Park, Normanton. Knight Frank advised Travis Perkins Properties on the initial letting of this new build warehouse unit to Kelling Group at a new prime industrial market rent of £6.00 per sq ft and subsequently sold the investment.

Regional outlook

- The market rallied during the last three months of the year as a result of which we expect to see improved take-up figures in Q1 2018.
- Prime rents for mid-sized distribution warehouse units have now broken the £6.00 per sq ft mark with the recent letting of Unit F Trident Park to the Kelling Group. We anticipate an increase in prime rents in the near future, with quoting rents at the new units at Trilogy @Logic and design and build options now being marketed at £6.25 plus per sq ft.

Selected West Yorkshire leasing transactions, H2 2017

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Unit F Trident Park, Normanton	Kelling Group	52,500	£6.00	Nov-17
Units F1, F2 & F4 Leeds West	Various Purchasers	140,000 Combined	Private Sales	Nov-17
Unit 2 Stadium Way, South Elmsall	Ultima Furniture	43,000	£45.00	Sep-17
Units 1&2 Kinetic 45 Leeds	EHRLE UK	23,000	£100 (reported)	July - 17