

LONDON AND SOUTH EAST

LOGISTICS AND INDUSTRIAL COMMENTARY



H1 2019 REVIEW

- The London and South East Logistics & Industrial market has seen another strong performance during H1 2019 for units of over 50,000 sq ft. Take up for the period stood at 4.14m sq ft compared to 4.3m sq ft for the preceding half, equating to a small 4% drop in activity. Take up of new build and second hand stock were level pegging at 46% each with preletting design & build activity accounting for just 7% of all transactions.
- Notable deals include: Amazon's acquisition of Wembley 180, a refurbished facility totalling 180,720 sq ft, Babcock Critical Services' acquisition of the new 57,520 sq ft unit at SEGRO Park, Rainham and Made.com taking 165,000 sq ft and Eddie Stobart taking 230,915 sq ft at London Gateway.
- Total supply for both new and second hand stock for the period stood at 5.28m sq ft, across 42 properties. This represents an increase of nearly 780,000 sq ft or 17% from 4.5m sq ft for the preceding 6 month period. As of June 2019 new stock accounted for 50% of the total supply both in terms of total accommodation and number of units. A marked increase highlighting the continuing reduction in

second hand stock. This represented 8 months worth of supply.

- There are currently 33 units of over 50,000 sq ft under speculative construction totalling just under 3.45m sq ft.
- Whilst demand, across the size spectrum, remained strong across the region, letting activity in Greater London was geographically mixed due the lack of available larger properties in certain areas. Much of the activity has occurred in the North East, East London and East / South East M25 fringe areas, where there was a greater supply of land and new / second hand stock. Conversely West, North West and South West London saw extremely limited new and second hand stock come to market, which has frustrated occupiers. With the exception of West London these areas saw no sizeable speculative development during the last 24 months.
- Occupier activity on larger units was centred around the retailers and ecommerce sector, with less activity from the traditional 3pl and warehouse operators. There was a marked increase in demand from the film industry for suitable long and short term solutions, whilst demand for open storage sites across the region grew.

REGIONAL OUTLOOK



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Despite political and economic uncertainty the outlook remains positive for the region's Logistics & Industrial market underpinned by:

- Continued UK population growth and the pressure on industrial stock and land for alternative use, especially housing, within the South East.
- Increased demand from ecommerce, with its rush to urban logistics solutions and adaptation of specification to meet its changing requirements.
- Continued demand from the traditional industrial/ warehouse occupier base and greater demand from the film industry.



SEGRO Park Rainham

SELECTED OCCUPIER TRANSACTIONS, H1 2019

Address	Occupier	Size sq ft	Rent / price (per sq ft)	Date
231, London Gateway	Eddie Stobart	230,915	£8.50	Jun-19
Wembley 180, 1 Hannah Close	Amazon	180,720	£15.50	Apr-19
DP World London Gateway	Made.com	165,000	NDA	Mar-19
Thurrock 88, Enfield	Tiger Logistics	87,457	£8.50	Mar-19
Union Business Park, Uxbridge	AVC Live Ltd	71,468	£12.50	Feb-19
Unit 1 SEGRO Park, Rainham	Babcock Critical Services Ltd	57,520	£10.25	Apr-19

H1 2019 PRIME HEADLINE RENTS

(£ per sq ft) ▲ / ▼ - movement expected to H2 2019



Market	Under 20,000 sq ft	20,000-50,000 sq ft	50,000 sq ft
West London	£17.50 ◀	£16.50 ◀	£16.00 ◀
East London	£15.50 ◀	£15.00 ◀	£14.50 ▲
North London	£15.00 ◀	£13.50 ◀	£12.50 ▲
South London	£16.00 ◀	£15.50 ◀	£15.00 ◀
Crawley	£14.00 ◀	£13.75 ◀	£13.00 ◀
Southampton / Portsmouth	£10.50 ◀	£10.00 ◀	£9.75 ◀
Maidstone	£9.00 ◀	£8.50 ◀	£8.25 ◀
Milton Keynes	£9.50 ◀	£9.00 ◀	£7.50 ◀
Hemel H'stead	£13.50 ▲	£12.00 ▲	£10.00 ▲
Reading	£14.00 ◀	£13.00 ◀	£11.50 ◀



With the acute demand / supply imbalance, it remains firmly a landlord's market. Occupiers simply need more choice.