

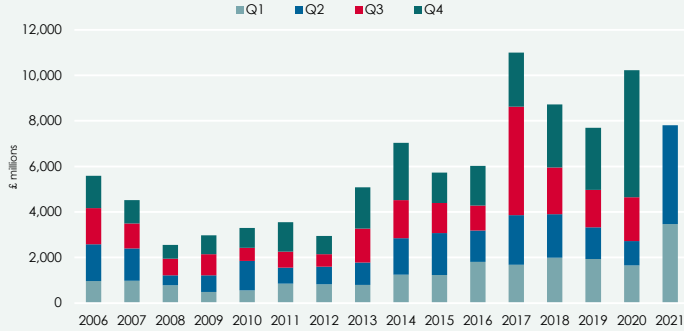
UK Logistics Market Dashboard



August 2021

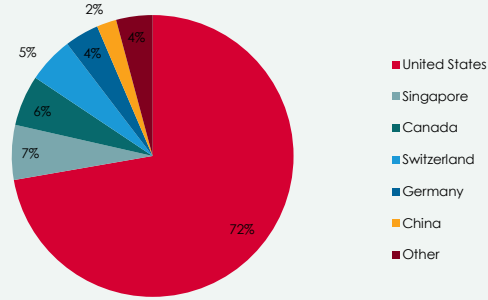
Investment market

Industrial & logistics - Investment total



Source: Knight Frank, Property Data

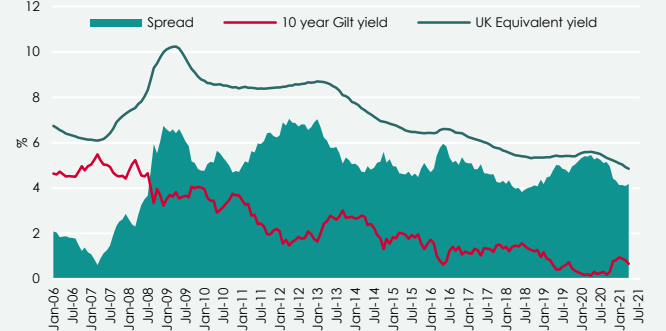
Sources of foreign capital (2021)



Source: Knight Frank, RCA

Yields

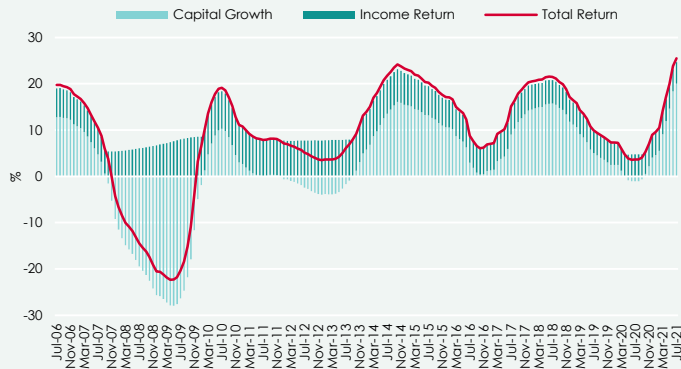
Industrial yields



Source: Knight Frank, MSCI, Macrobond

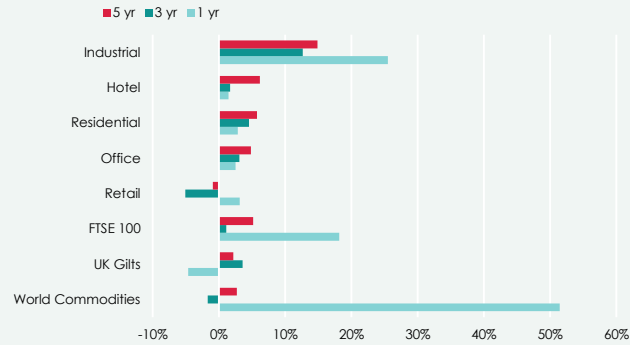
Performance

Industrial Total returns - annualized



Source: Knight Frank, MSCI

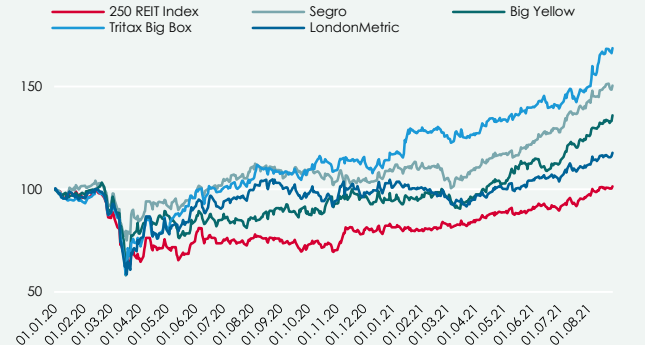
Annualized Total returns by asset class (to July 2021)



Source: Knight Frank, MSCI, Macrobond

Listed real estate

Real Estate Equities - total returns indices
01/01/2020 = 100



Source: Knight Frank, Marcobond

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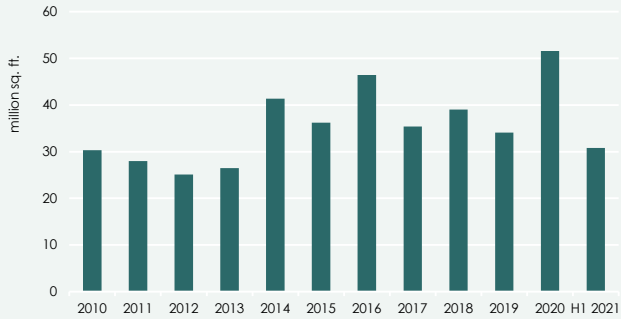
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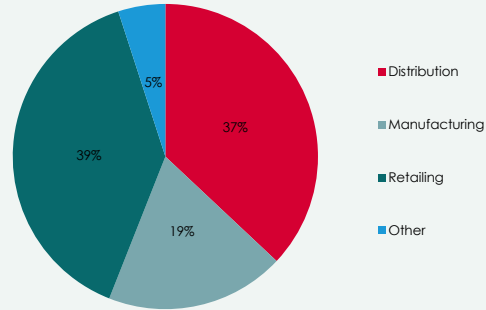
Occupier market

Take up (units over 50,000 sq. ft.)



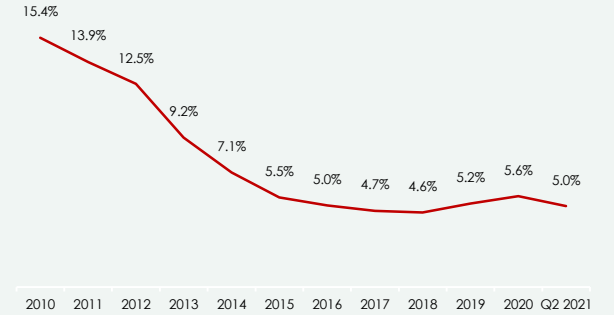
Source: Knight Frank

Take up by occupier type H1 2021 (units over 50,000 sq. ft.)



Source: Knight Frank, PMA

Vacancy Rate (%)



Source: Knight Frank

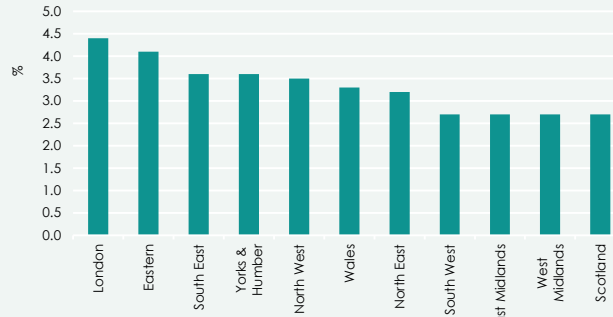
Rents

Average market rental growth
Jan 2010 = 100



Source: Knight Frank, MSCI

Average rental growth forecast per annum (2021-25)
- Q2 2021



Source: Knight Frank, RealFor

Development

Development completions (units over 50,000 sq. ft.)



Source: Knight Frank, Glenigan

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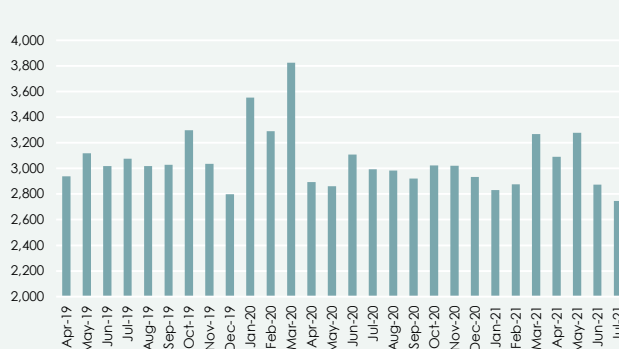
Industry, trade and manufacturing

UK Imports and Exports (goods)



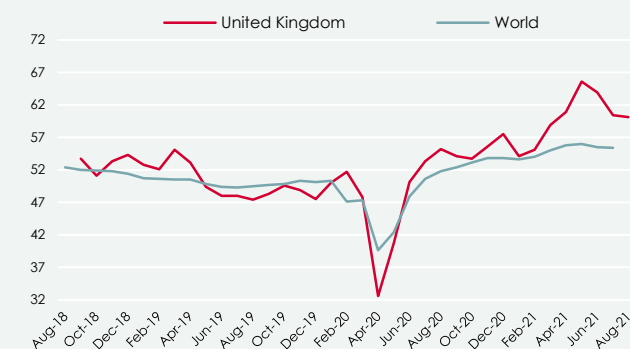
Source: Knight Frank, Macrobond

Cargo & Tanker Visits to UK Ports (per month)



Source: Knight Frank, Macrobond

Manufacturing PMI Index



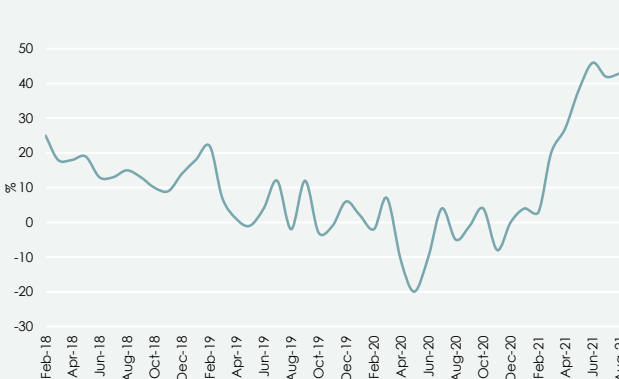
Source: Knight Frank, Macrobond

Export Order Books and Stocks Balance – CBI Monthly Survey



Source: Knight Frank, Macrobond

Manufacturing Output Prices – CBI Monthly Survey



Source: Knight Frank, Macrobond

Key comments

- The IHS Markit/CIPS UK Manufacturing PMI edged down to 60.1 in August of 2021 from 60.4 in July. Though factory activity remained strong, growth in activity was at a five-month low. Much weaker production growth was the main drag, alongside a modest slowdown in job creation.
- The Confederation of British Industry's order book balance stood at +18 in August 2021, little changed from +17 in July and an over three-decade high of +19 hit in June, according to the latest monthly CBI Industrial Trends Survey.
- UK manufacturing output volumes in the three months to August slowed from a record high in July, mainly due to the motor vehicles sub-sector. Total order books remained strong, despite a decline in export orders. Manufacturers also reported that stock adequacy worsened to its weakest on record. Expectations for output price growth over the next three months remained strong.
- The rising cost of materials and fuel are driving inflationary pressures for output prices. Severe supply chain delays and staff shortages across the manufacturing sector are driving up delivery times.

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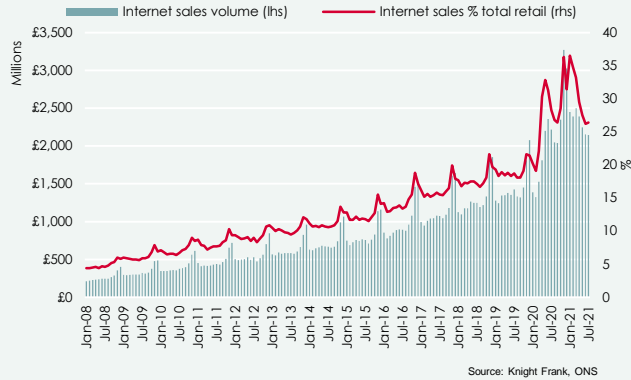
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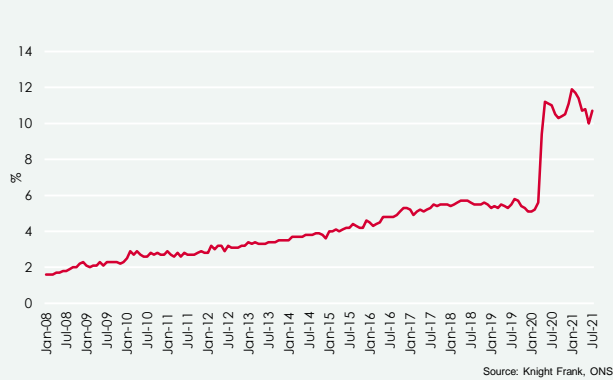
August 2021

Online retail

UK Internet Retail Sales (monthly)



UK grocery market – proportion of online retail (%)



Online Retail Sales – July 2021 Sales value, seasonally adjusted

	Year-on-year growth %	Month-on-month growth %	Online sales % total retail July 2021	Online sales % total retail July 2020
All retailing	-3.2	0.3	27.9	28.9
All food	-1.3	4.5	10.7	11.0
All non-food	-2.8	-0.6	24.7	25.7
Dept. stores	-6.0	13.1	28.2	29.7
Clothing and footwear stores	7.2	-1.9	29.0	30.9
Household goods stores	14.4	-3.2	24.9	22.7
Other stores	-20.1	-6.6	19.2	22.1
Non-store retailing	-4.1	-0.3	79.7	77.7

Source: Knight Frank, ONS

Market outlook

Online retail continues to drive take up but the occupier base is broadening

Online retail sales accounted for 26.4% of all retail sales in July, on a par with last month with 26.2% in June, and down slightly on the 28.3% recorded in July last year. However, although penetration rates are down slightly year-on-year, overall retail spend is up (5.4%) compared with July last year. Online sales volumes have dipped just -3% year-on-year and are 62% higher than pre-COVID levels (February 2020). Despite non-essential stores now allowed to open across the UK and most in-store restrictions (such as mandatory masks and closed changing rooms) now removed, many shoppers are continuing to shop online rather than visit stores.

E-commerce and online shopping platforms will continue to play a much bigger role in the retail market than they did pre-pandemic and online retailers and distribution firms continue to drive take up as they expand the capacity of their networks for the long term. In the first half of 2021, distribution firms and retailers have accounted for 76% of take-up in units over 50,000 sq ft.

The manufacturing sector has also been more active in taking space so far this year, accounting for 19% of take-up (units over 50,000 sq ft) in the first half of the year. Manufacturing outputs and orders are rising on the back of easing COVID-19 restrictions, rising consumer confidence, and an uptick in trade has been reported, particularly with US and Asian clients. Electric vehicle manufacturers have been taking space in 2021, as have manufacturers or suppliers of construction products. One of the largest vertical farming facilities in Europe is being built in Bedford and there have also been several examples of film studios taking warehousing space, as the occupier base broadens and diversifies.

Strong occupier demand is driving development, on both a speculative and build to suit basis. However, construction materials have recorded sharp price rises in recent months due to materials shortages. This is impacting build schedules and the delivery of new space to the market. Availability is currently very low, particularly for large (350,000 sq ft +) units.

Market sentiment survey (monthly)

Leasing Market

Inspections	Under offers	Availability

Investment Market

Availability	Under offers	Deals Aborted

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