

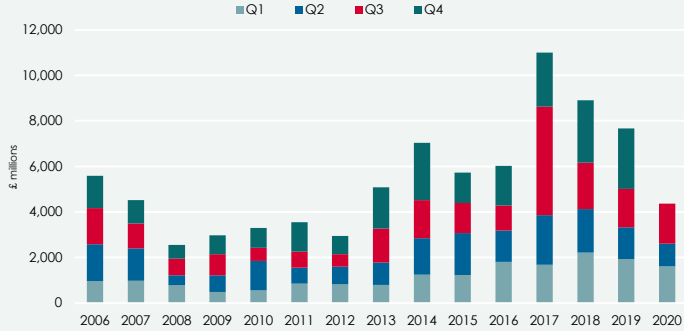
UK Logistics Market Dashboard



December 2020

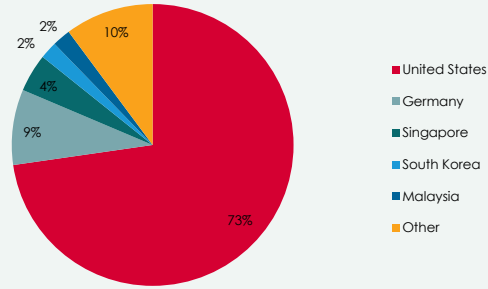
Investment market

Industrial & logistics - Investment total



Source: Knight Frank, Property Data

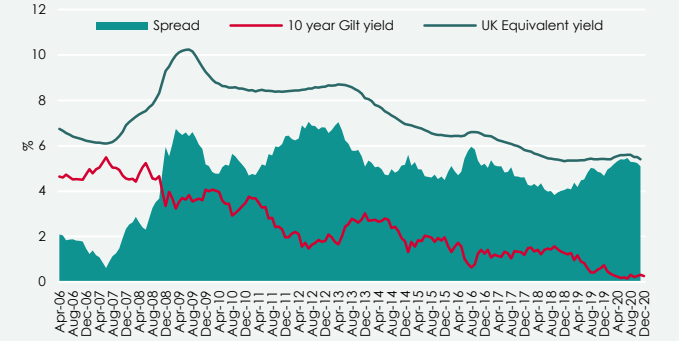
Sources of foreign capital (past 12-months)



Source: Knight Frank, RCA

Yields

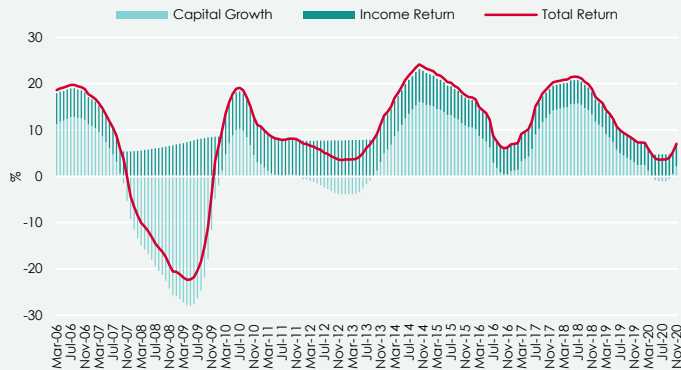
Industrial yields



Source: Knight Frank, MSCI, Macrobond

Performance

Industrial Total returns - annualized



Source: Knight Frank, MSCI

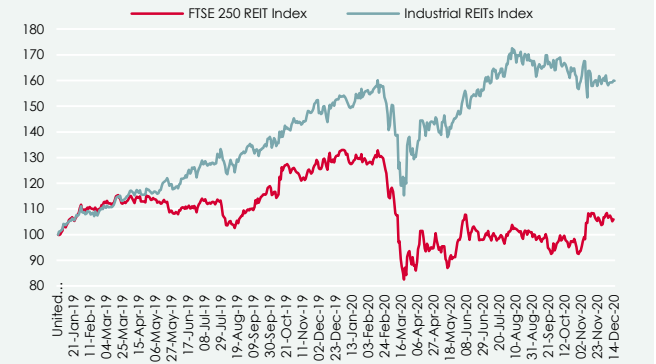
Industrial total returns by currency - Nov 2020

| | Monthly (Nov '20) | Annual | 3yr | 5yr | 10yr | 5yr Forecast ('20-'24) |
|-----|-------------------|--------|-------|-------|-------|------------------------|
| GBP | 2.2% | 7.0% | 11.1% | 11.7% | 12.2% | 5.6% |
| EUR | 2.7% | 1.8% | 10.5% | 6.4% | 11.4% | 5.1% |
| USD | 5.5% | 10.5% | 10.6% | 9.1% | 10.5% | 7.2% |
| CAD | 2.6% | 7.8% | 10.9% | 8.5% | 13.1% | 7.2% |
| HKD | 5.5% | 9.4% | 10.4% | 9.1% | 10.5% | 7.1% |
| CNY | 3.8% | 3.3% | 10.4% | 9.7% | 10.3% | 5.5% |
| SGD | 3.5% | 8.2% | 10.4% | 8.0% | 10.6% | 5.6% |
| MYR | 3.4% | 7.6% | 10.5% | 8.1% | 13.3% | 4.6% |
| KRW | 2.9% | 3.6% | 11.3% | 8.1% | 9.9% | 5.9% |

Source: Knight Frank, MSCI, RealFor, Macrobond, Oxford Economics
*Returns are annualized except for the monthly figures

Listed real estate

REIT total returns indices 01/01/2019 = 100



Source: Knight Frank, Macrobond

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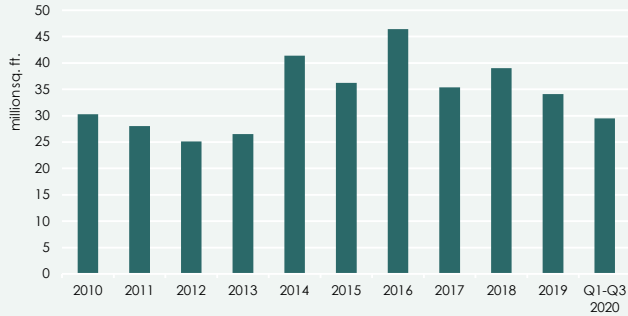
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UK Logistics Market Dashboard

December 2020

Occupier market

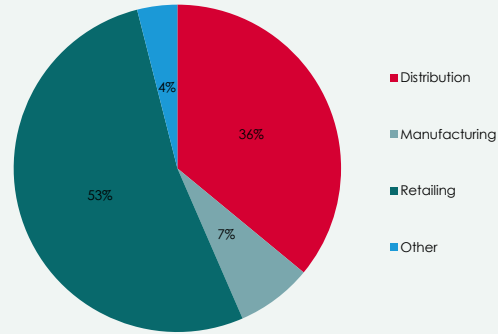
Take up (units over 50,000 sq. ft.)



* Preliminary figure

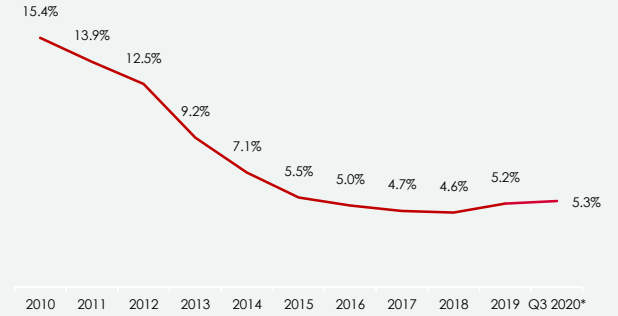
Source: Knight Frank

Take up by occupier type 2020 (YTD)



Source: Knight Frank, PMA

Vacancy Rate (%)



Source: Knight Frank

Rents

Average market rental growth
Jan 2010 = 100



Source: Knight Frank, MSCI

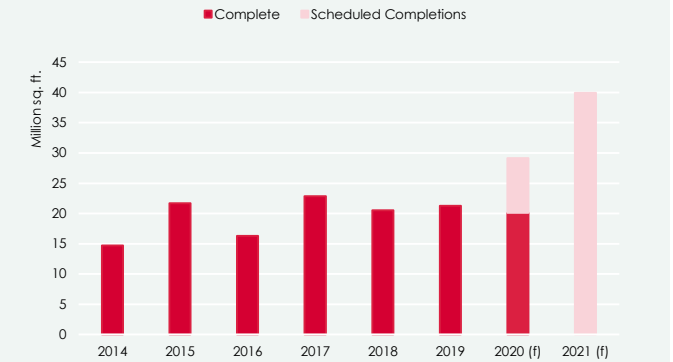
Average rental growth forecast
- Q3 2020

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2021-2024 (annualized) |
|---------------------------|------|------|------|------|------|------------------------|
| UK | 0.8 | 0.3 | 1.9 | 2.6 | 2.7 | 1.9 |
| London | 1.4 | 0.7 | 2.4 | 3.5 | 3.5 | 2.5 |
| South East | 1.2 | 0.5 | 2.0 | 2.9 | 3.0 | 2.1 |
| South West | 1.1 | 0.0 | 1.2 | 1.9 | 2.0 | 1.3 |
| Eastern | 1.4 | 0.7 | 1.8 | 2.4 | 2.5 | 1.8 |
| East Midlands | 0.1 | -0.2 | 1.3 | 2.1 | 2.3 | 1.4 |
| West Midlands | 0.2 | -0.1 | 1.3 | 2.1 | 2.2 | 1.3 |
| North West | 0.7 | 0.0 | 1.3 | 2.2 | 2.2 | 1.4 |
| Yorks & Humber | 0.2 | -0.2 | 1.1 | 1.9 | 2.1 | 1.2 |
| North East | -1.0 | -0.5 | 1.0 | 1.9 | 2.2 | 1.1 |
| Scotland | 0.3 | -0.2 | 1.1 | 1.9 | 2.0 | 1.2 |
| Wales | 0.7 | 0.1 | 1.4 | 2.2 | 2.3 | 1.5 |

Source: Knight Frank, RealFor

Development

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



Source: Knight Frank, Glenigan

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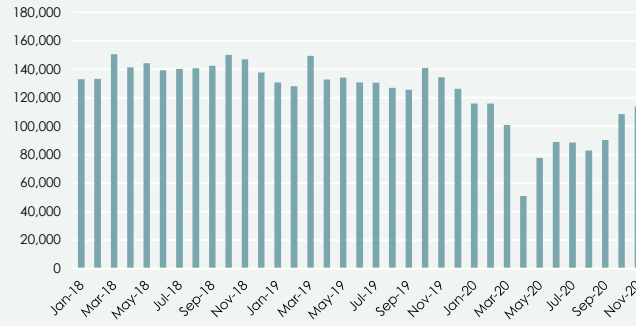
Industry, trade and transport

UK Imports and Exports (goods and services)



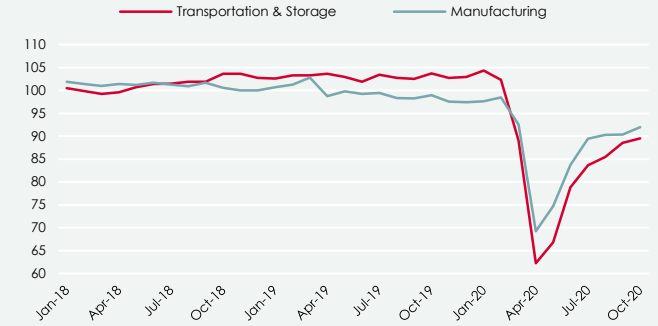
Source: Knight Frank, Macrobond

Heathrow Air Cargo (tonnes)



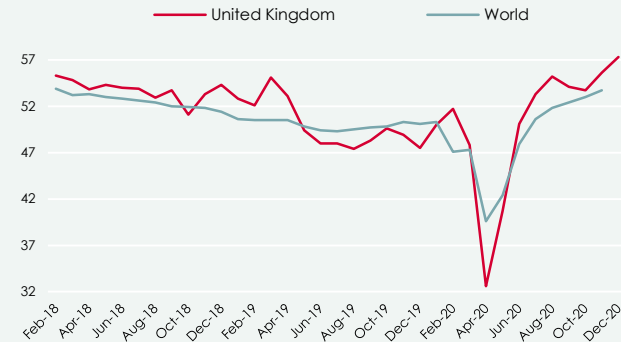
Source: Knight Frank, Macrobond

GDP Monthly Estimates Indices (01/01/2017 = 100)



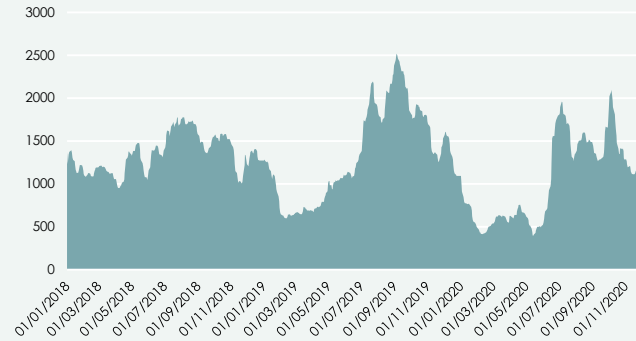
Source: Knight Frank, Macrobond

Manufacturing PMI Index



Source: Knight Frank, Macrobond

Baltic Dry Global Shipping Index



Source: Knight Frank, Macrobond

Key comments

- UK Manufacturing PMI rose to 57.3 in December of 2020 from 55.6 in November and a low of 32.6 in April 2020. The reading pointed to the strongest growth in factory activity in near 3 years as output and new business accelerated and the downturn in employment slowed.
- The upcoming end to the Brexit transition period meanwhile led to rising levels of input purchasing, stockpiling of raw materials and stronger gains in new export business as EU-based clients brought forward orders.
- UK Import and Export volumes remain depressed compared with pre-Covid levels, despite the lifting of restrictions in Q3 2020.
- The EU is the UK's largest trading partner. In 2019, UK exports to the EU were £294 billion (43% of all UK exports). Imports from the EU were £374 billion (52% of all UK imports) (Source: ONS, Pink Book 2020).
- Even if a zero-tariff trade agreement is reached, additional costs will still be imposed on bilateral exports through non-tariff barriers (NTBs), such as customs or regulatory bureaucracy. Without a deal, tariffs would be imposed and NTBs would be even higher. However, the additional impact of no trade deal is relatively minor.

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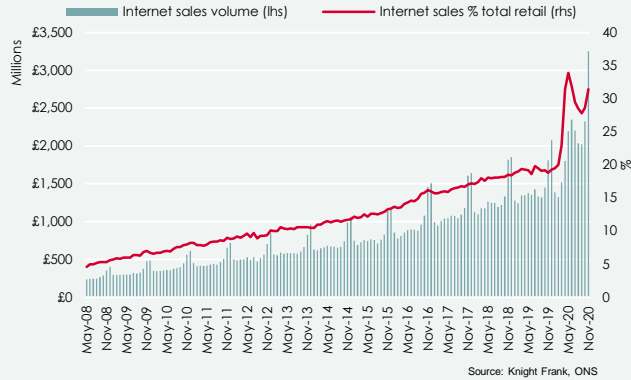
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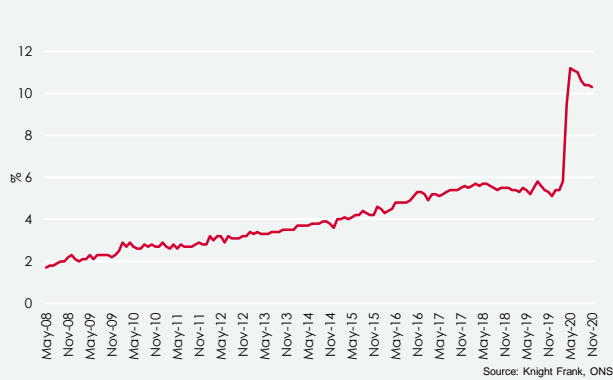
December 2020

Online retail

UK Internet Retail Sales (monthly)



UK grocery market – proportion of online retail (%)



Online Retail Sales – November 2020

| | Year-on-year growth % | Month-on-month growth % | Online sales % Nov 2020 | Online sales % Feb 2020 |
|------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| All retailing | 74.7 | 6.3 | 31.4 | 20.1 |
| All food | 107.8 | 1.5 | 10.3 | 5.4 |
| All non-food | 105.9 | 19.3 | 32.2 | 16.1 |
| Dept. stores | 157.2 | 24.7 | 38.1 | 16.6 |
| Clothing and footwear stores | 52 | 7.9 | 39.3 | 20.7 |
| Household goods stores | 124.7 | 24.2 | 28.7 | 14.5 |
| Other stores | 124.7 | 22.7 | 26.4 | 12.7 |
| Non-store retailing | 47.6 | -1.7 | 83.4 | 84 |

Source: Knight Frank, ONS

Covid-19 – Market outlook

Online retail drives a surge in demand for courier companies

In November 2020, retail sales volumes decreased by 3.8% when compared with October. England entered a second lockdown in November, with pubs, restaurants and non-essential shops closed once again. Food stores and household goods stores were the only sectors to show month-on-month growth in retail sales, with these shops selling these essentials allowed to remain open. Online retailing sales totalled £3.25 billion in November – the highest ever monthly total, accounting for 31.4% of total retailing, the value of online sales is up 74.7% on November last year.

Though shops have reopened this month, shops are unable to capitalise on the typical seasonal boost, with restrictions on customer numbers and in-store services and many shoppers reducing the amount of time they spend in shops. There is typically a seasonal uptick in online retail penetration rates in November and December and this seasonal demand, coupled with Covid related factors, will mean a very busy season for e-commerce retailers and distribution companies this year.

Parcel delivery services are struggling to meet their delivery times at present, the rise in online shopping means there are 200 million more parcels in the postal and courier system this year. DPD are investing £200m this year to expand their next-day delivery service and hiring an additional 6,000 new staff. Royal Mail have been overwhelmed, despite taking on 33,000 Christmas workers to bolster their 110,000 permanent staff.

The Post Office has announced that it will open access to other delivery companies as well as Royal Mail from March 2021 onwards. Royal Mail, the delivery company, and the Post Office, which runs the branch network, were separated in 2012 and their exclusivity agreement in March leaving the door open for other courier companies to join. Royal Mail recently launched a parcel collection service, in a move that could reduce their reliance upon the Post Office.

Market sentiment survey (monthly)

Leasing Market

| | | | |
|-------------|--------------|--------------|-----------------------|
| | | | |
| Inspections | Under offers | Availability | Rent holiday requests |

Investment Market

| | | | |
|--------------|--------------|---------------|---------------------------|
| | | | |
| Availability | Under offers | Deals Aborted | Sales withdrawn / on hold |

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