

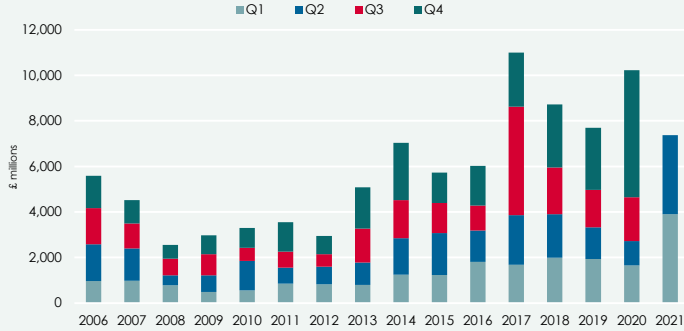
UK Logistics Market Dashboard



July 2021

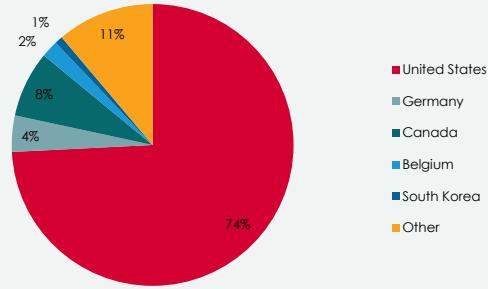
Investment market

Industrial & logistics - Investment total



Source: Knight Frank, Property Data

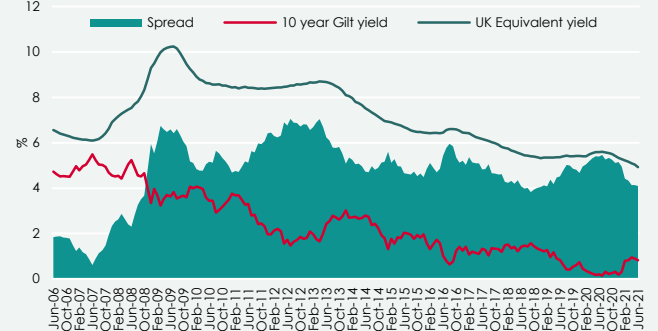
Sources of foreign capital (past 12-months)



Source: Knight Frank, RCA

Yields

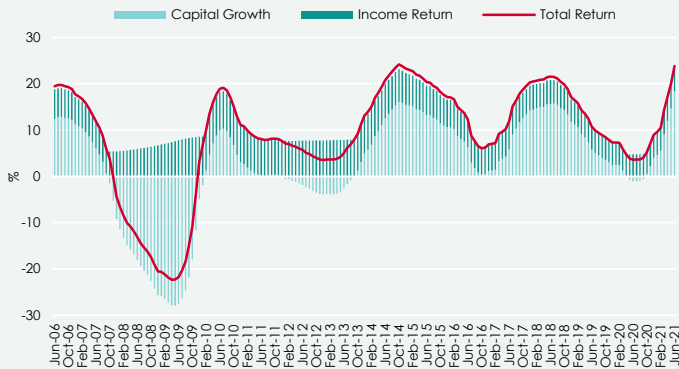
Industrial yields



Source: Knight Frank, MSCI, Macrobond

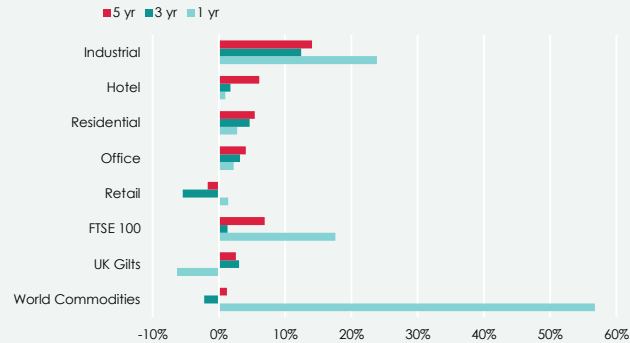
Performance

Industrial Total returns - annualized



Source: Knight Frank, MSCI

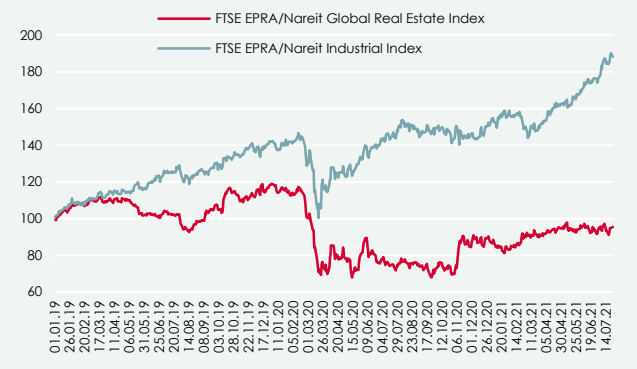
Annualized Total returns by asset class (to June 2021)



Source: Knight Frank, MSCI, Macrobond

Listed real estate

Real Estate Equities - total returns indices 01/01/2019 = 100



Source: Knight Frank, Marcbond

Research

Claire Williams
Associate, Commercial Research
+44 203 897 0036
Claire.Williams@knightfrank.com

Darren Mansfield
Partner, Commercial Research
+44 207 861 1246
Darren.Mansfield@knightfrank.com

William Mathews
Head of Commercial Research
+44 203 909 6842
William.Mathews@knightfrank.com

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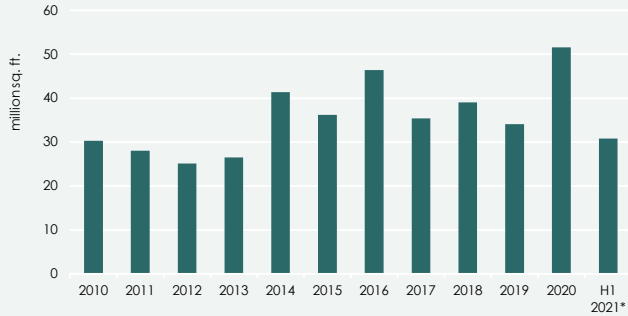
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UK Logistics Market Dashboard

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Occupier market

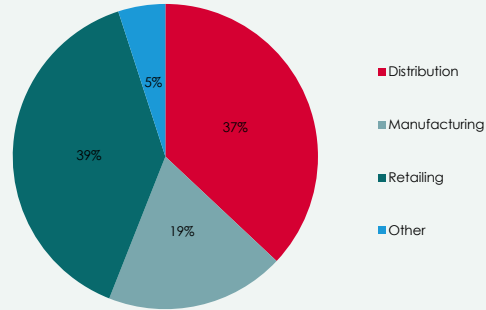
Take up (units over 50,000 sq. ft.)



* Preliminary figure

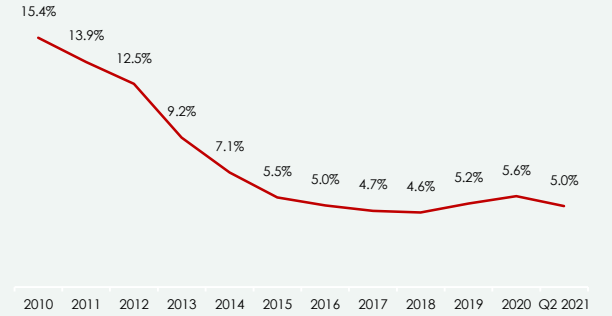
Source: Knight Frank

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



Source: Knight Frank, PMA

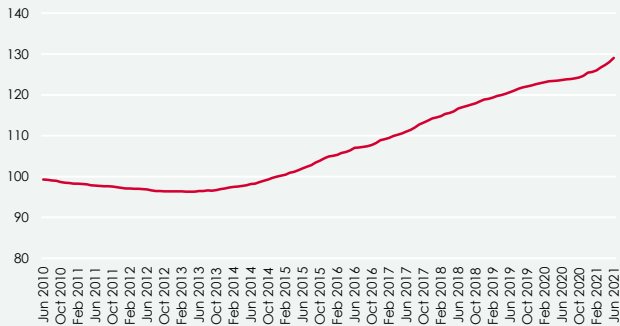
Vacancy Rate (%)



Source: Knight Frank

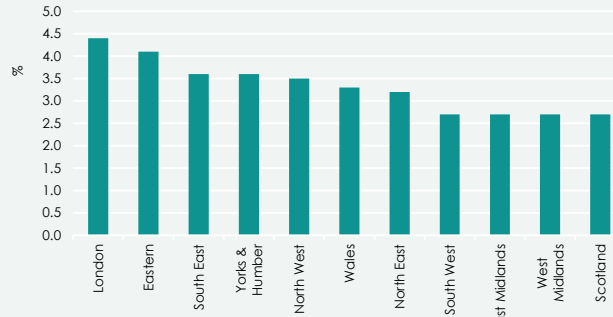
Rents

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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Claire Williams

Associate, Commercial Research
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UK Logistics Market Dashboard



July 2021

Industry, trade and manufacturing

UK Imports and Exports (goods)



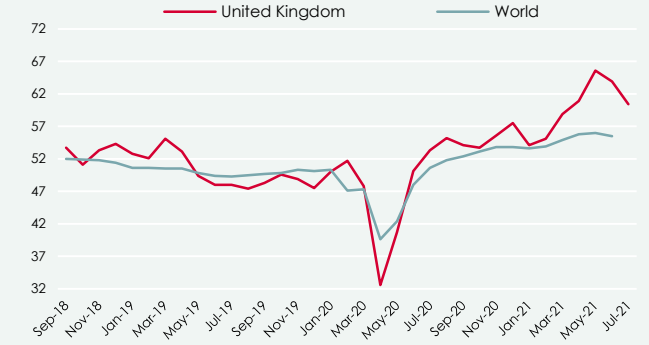
Source: Knight Frank, Macrobond

Cargo & Tanker Visits to UK Ports (per month)



Source: Knight Frank, Macrobond

Manufacturing PMI Index



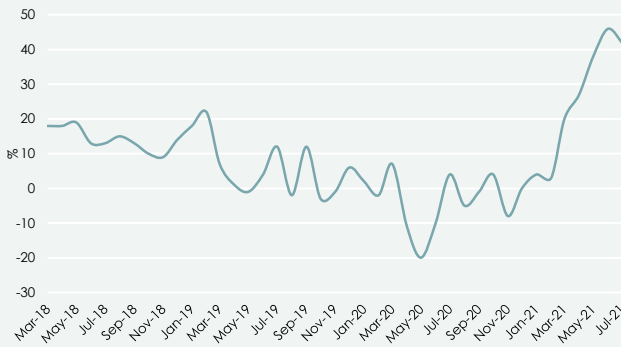
Source: Knight Frank, Macrobond

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 slid to a four month low of 60.4 in July. The rising cost of raw materials, border checks for EU trade and increased delays in global shipping all played a part in the slowdown. Though the rate of expansion has slowed, manufacturing PMI remains elevated compared to historic levels.
- Manufacturers reported strong growth in both domestic and export customers in July. Shortages of materials and component parts are cited as the key constraints on production volumes. While some manufacturers reported that Brexit-related issues had dampened EU exports, those manufacturers reporting a rise in export orders pointed to improved sales to US and Asian clients.
- The rising cost of materials are fuelling inflationary pressures for output prices. Severe supply chain delays across the manufacturing sector are driving up delivery times.
- Relative stock levels worsened further in July. The volumes of stock in relation to sales was extremely low across distributive trades, including retailers, motor trades and wholesalers.

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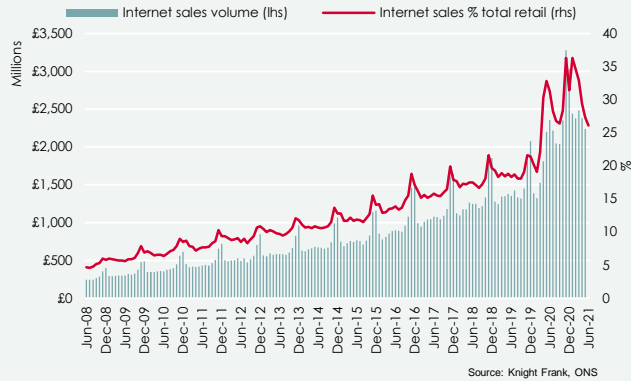
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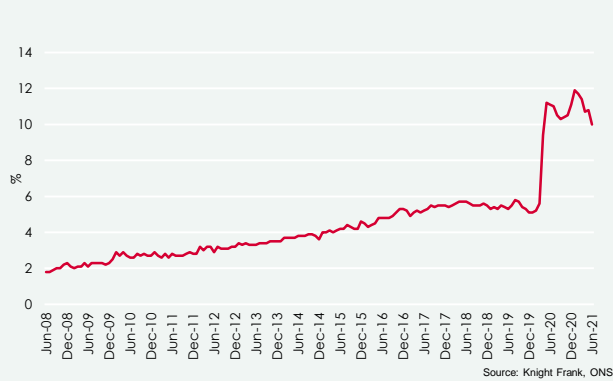
July 2021

Online retail

UK Internet Retail Sales (monthly)



UK grocery market – proportion of online retail (%)



Online Retail Sales – June 2021
Sales value, seasonally adjusted

	Year-on-year growth %	Month-on-month growth %	Online sales % total retail June 2021	Online sales % total retail June 2020
All retailing	-8.7	-4.7	26.7	31.3
All food	-9.0	-2.8	10.0	11.1
All non-food	-11.3	-8.0	23.1	33.6
Dept. stores	-37.6	-24.8	21.2	35.0
Clothing and footwear stores	5.0	0.2	29.5	40.6
Household goods stores	-2.8	-7.4	25.9	32.0
Other stores	-11.8	-4.7	17.9	29.0
Non-store retailing	-6.5	-2.6	79.6	78.7

Source: Knight Frank, ONS

Market outlook

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

Online retail sales accounted for 26.1% of all retail sales in June, this is down from 27.3% in May and down from 31.3% in June last year, when non-essential shops were closed across the UK for most of the month. However, although penetration rates are down slightly year-on-year, overall retail spend is up and online sales volumes have dipped just -9% year-on-year, despite non-essential shops being open throughout June 2021 across the UK.

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. There have also been examples of film studios taking warehousing space in Q2 2021, 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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Claire Williams

Associate, Commercial Research
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