

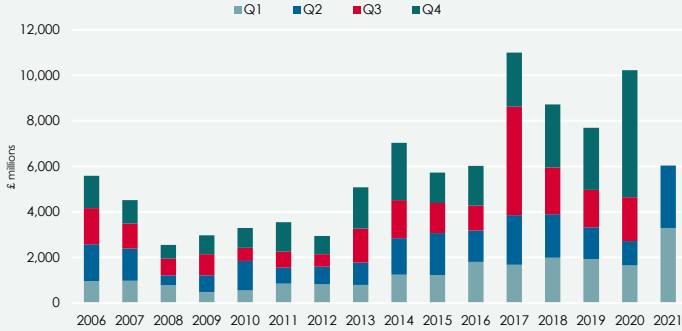
# UK Logistics Market Dashboard



June 2021

## Investment market

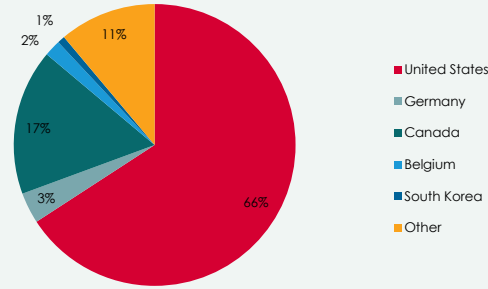
### Industrial & logistics - Investment total



\* Preliminary Q2 2021 figure

Source: Knight Frank, Property Data

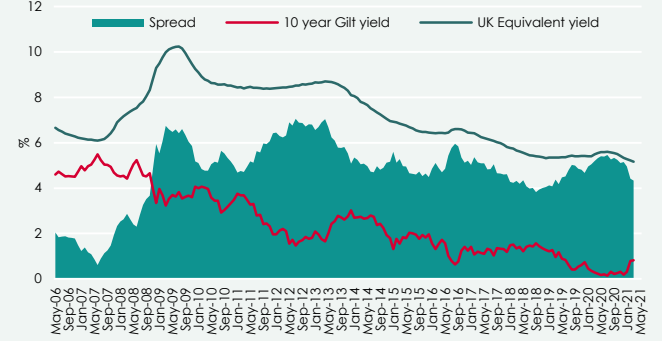
### Sources of foreign capital (past 12-months)



Source: Knight Frank, RCA

## Yields

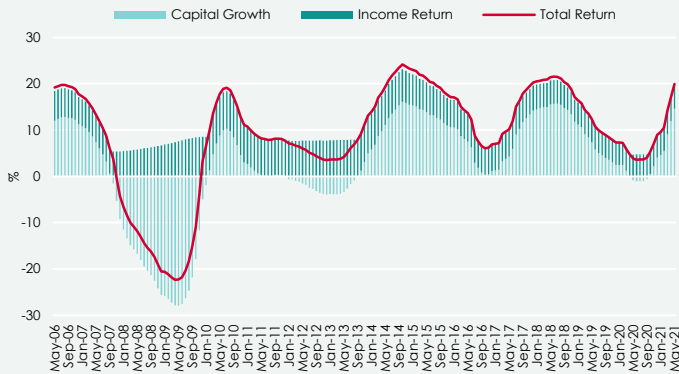
### Industrial yields



Source: Knight Frank, MSCI, Macrobond

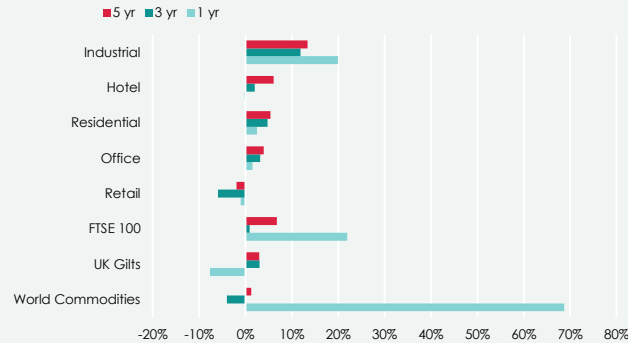
## Performance

### Industrial Total returns - annualized



Source: Knight Frank, MSCI

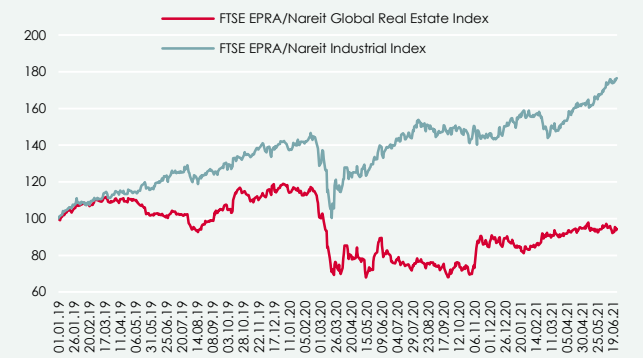
### Annualized Total returns by asset class (to May 2021)



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  
+44 207 897 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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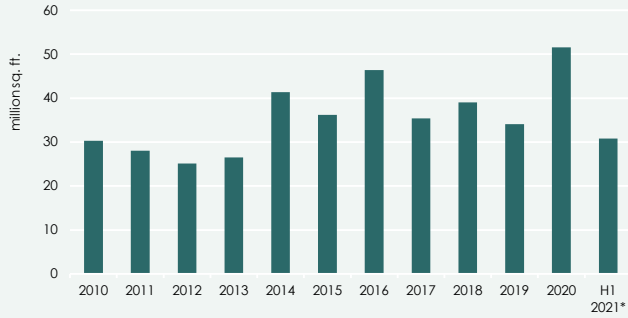
# UK Logistics Market Dashboard



June 2021

## Occupier market

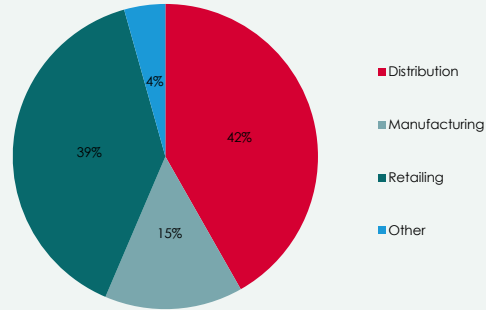
Take up (units over 50,000 sq. ft.)



\* Preliminary figure

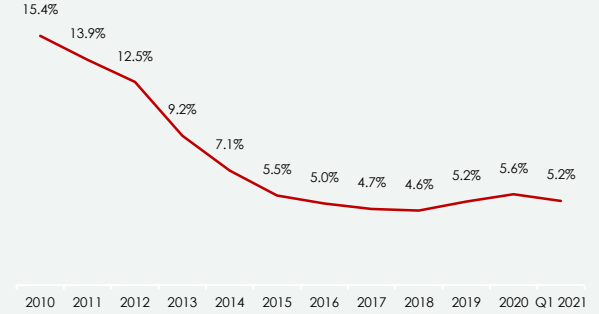
Source: Knight Frank

Take up by occupier type Q1 2021 (units over 100,000 sq. ft.)



Source: Knight Frank, PMA

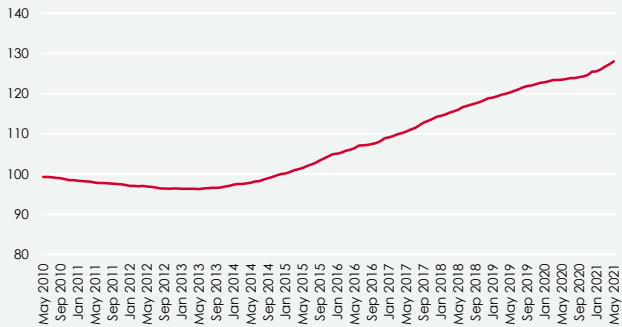
Vacancy Rate (%)



Source: Knight Frank

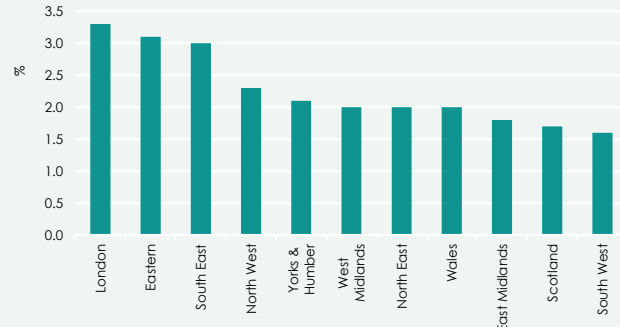
## Rents

Average market rental growth  
Jan 2010 = 100



Source: Knight Frank, MSCI

Average rental growth forecast per annum (2021-25)  
- Q1 2021



Source: Knight Frank, RealFor

## Development

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



Source: Knight Frank, Glenigan

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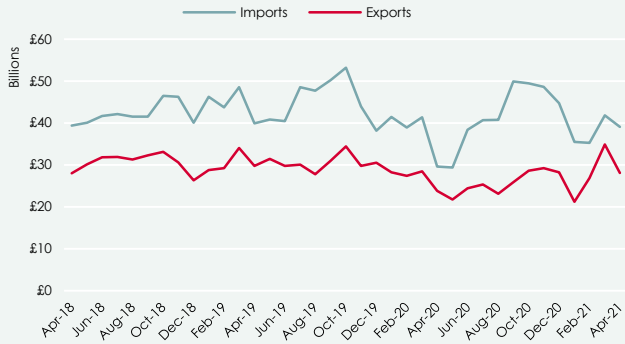
# UK Logistics Market Dashboard



June 2021

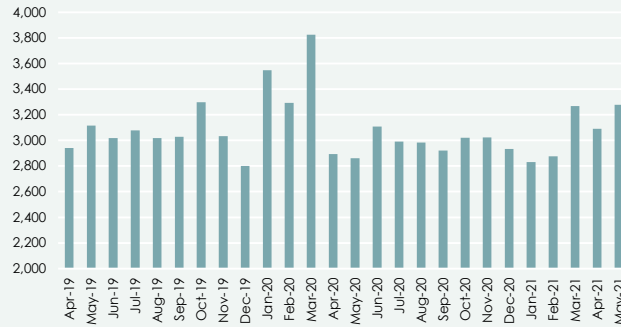
## Industry, trade and manufacturing

UK Imports and Exports (goods)



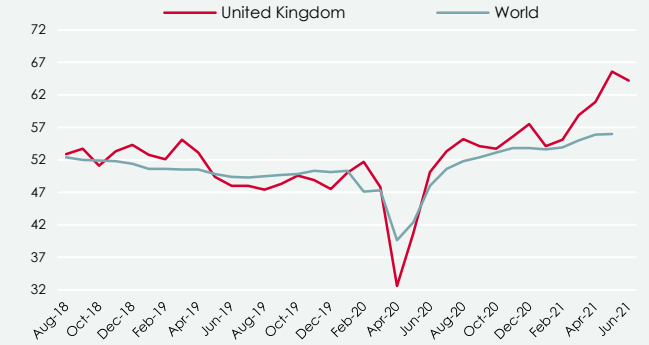
Source: Knight Frank, Macrobond

Cargo & Tanker Visits to UK Ports (per month)



Source: Knight Frank, Macrobond

Manufacturing PMI Index



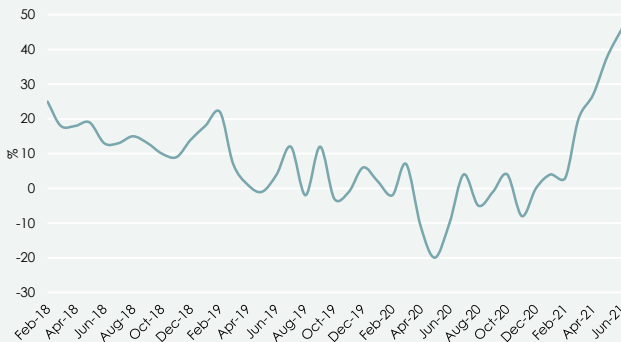
Source: Knight Frank, Macrobond

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 dipped slightly from a high of 65.6 in May, to 64.2 in June.
- UK factories have enjoyed a record surge in activity as Britain's economic recovery gears up. UK manufacturing output volumes in the three months to June grew at the fastest pace on record (since 1975), according to the latest monthly Confederation of British Industry's (CBI) Industrial Trends Survey.
- Manufacturing output volumes are expected to expand at a rapid pace over the next quarter, driven by the motor vehicles & transport equipment and food, drink & tobacco sub-sectors.
- The CBI's order book balance rose 2 points to +19 in June 2021, the highest level since an all-time high reached in May 1988. Export order books improved to their strongest level in over two years. At the same time, manufacturers reported that stock adequacy in June worsened to its weakest since 1977.
- Supply shortages continue to fuel cost pressures and output prices are expected to rise rapidly as inflationary pressures grow.

## Research

Claire Williams

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

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Partner, Commercial Research  
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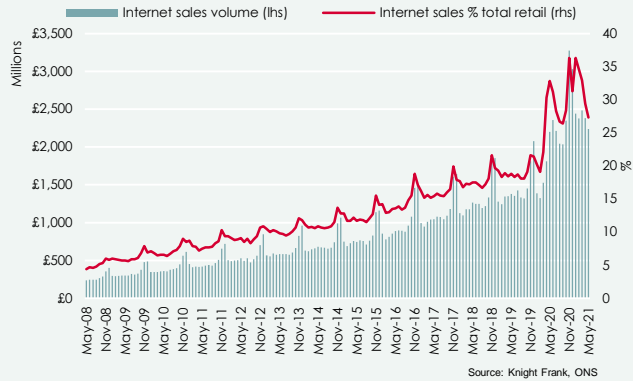
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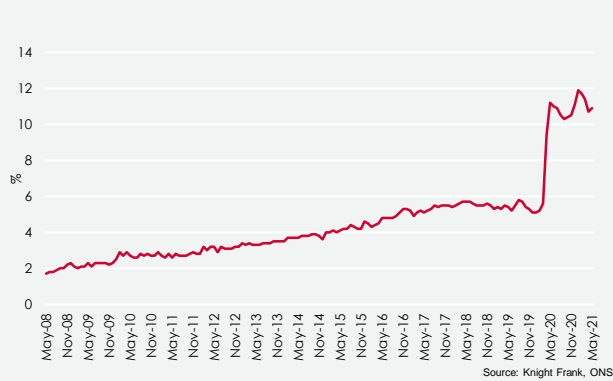
June 2021

## Online retail

UK Internet Retail Sales (monthly)



UK grocery market – proportion of online retail (%)



Online Retail Sales – May 2021  
Sales value, seasonally adjusted

|                              | Year-on-year growth % | Month-on-month growth % | Online sales % total retail May 2021 | Online sales % total retail May 2020 |
|------------------------------|-----------------------|-------------------------|--------------------------------------|--------------------------------------|
| <b>All retailing</b>         | 2.0                   | -5.7                    | 28.5                                 | 33.4                                 |
| <b>All food</b>              | -6.9                  | -4.4                    | 10.9                                 | 11.3                                 |
| <b>All non-food</b>          | 8.1                   | -7.5                    | 25.0                                 | 41.5                                 |
| Dept. stores                 | -3.0                  | -1.4                    | 26.9                                 | 31.2                                 |
| Clothing and footwear stores | 46.6                  | -3.8                    | 28.8                                 | 49.4                                 |
| Household goods stores       | 6.5                   | -8.3                    | 25.3                                 | 41.6                                 |
| Other stores                 | -9.4                  | -14.4                   | 20.7                                 | 47.3                                 |
| <b>Non-store retailing</b>   | 0.4                   | -4.6                    | 79.9                                 | 75.2                                 |

Source: Knight Frank, ONS

## Market outlook

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

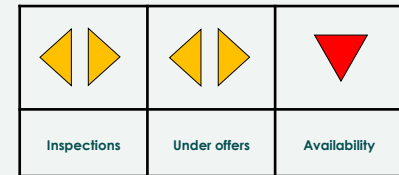
Online retail sales accounted for 27.3% of all retail sales in May, a slight decrease from 29.4% in April and continuing the downward trend observed over the past few months. Online penetration rates in May were down slightly when compared with May 2020, when non-essential shops were closed. However, rising consumer confidence has driven an uptick in total retail spend and despite shops reopening, the total amount spent online has increased year-on-year. 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.

The manufacturing sector has also been more active in taking space so far this year, accounting for 15% of take-up (units over 100,000 sq ft) in the first quarter. Manufacturing outputs and orders are rising on the back of easing COVID-19 restrictions, rising consumer confidence, and an uptick in trade with the EU. 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.

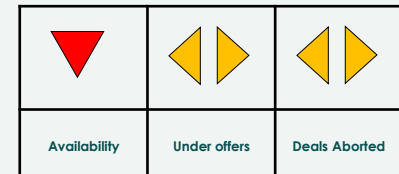
Strong occupier demand is driving development, on both a speculative and build to suit basis. However, construction materials have recorded sharp price rises in recent months due to materials shortages. This is impacting build schedules and the delivery of new space to the market. Availability is currently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

## Market sentiment survey (monthly)

### Leasing Market



### Investment Market



## Research

### Claire Williams

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

### Darren Mansfield

Partner, Commercial Research  
+44 207 861 1246  
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