

H1 2019 REVIEW

- Following a strong end in 2019, activity was relatively subdued within the Midlands region registering a total of 3.957m sq ft of take up in H1 2019, 45% lower when compared to H2 2018. This is 39% less when compared to the five- year average. Of this total, 1.475m sq ft was pre-let, accounting for 37% of take-up. Overall, 24 deals completed, evenly split between the East and West Midlands.
- Key transactions included: Primaflow committing to a 100,075 sq ft lease at Birmingham 100. VF Corporation leasing 580,000 sq ft at Mountpark Bardon. Additionally 4PX took 335,000 sq ft at Leicester Commercial Park and Menzies acquired space at Imperial Park, Coventry.
- On the supply side, availability reached just under 10m sq ft, totalling 9.948m sq ft in the Midlands region by mid-2019. This is up by 21% from H2 2018. New speculative build increased by 19% from the previous half period, totalling 3.403m sq ft and consisting of 16 buildings.
- There are currently 17 units in the pipeline totalling 2.310m sq ft across the region. The largest of which are Prologis DRIFT (534,744 sq ft, Prologis) and Hinckley Park (532,500 sq ft, IM Properties).
- There is increasing speculative development in the mid-box market including St Modwen, IM Properties (The Hub, Birmingham), St Francis Group (Velocity 42, Redditch), Stoford (Pantheon Park, Wednesbury), Aviva (Swan Valley, Northampton) and Canmoor (Radial Park, Solihull).
- There remains strong competition for land sites from all major developers and UK institutional funds, along with private equity and overseas entrants.
- Site pricing is currently north of £1m per acre which has been achieved in Coventry and Nuneaton.
- There continues to remain strong competition for logistics and warehouse sites from well-funded developers as a majority plan to speculatively build.
- Demand remains rife in the Midlands region from both national and regional occupiers, with increasingly larger requirements in the market of 250,000 sq ft and above.

REGIONAL OUTLOOK



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- With an increase in developers looking to speculatively build they will continue to underpin land pricing which we anticipate to grow.
- Upward pressure on rents is expected in core, accessible locations.
- We expect further speculative development in the mid-box market as well as more 3PL requirements as key players approach capacity in existing networks.



SELECTED OCCUPIER TRANSACTIONS, H1 2019

Address	Occupier	Size sq ft	Rent / price (per sq ft)	Date
Birmingham 100	Primaflow	100,075	£6.25	Jan-19
Mountpark Bardon	VF Corporation	580,000	£6.00	May-19
St Modwen Park Burton	LCB	54,000	£6.25	Mar-19
Leicester Commercial Park	4PX	335,000	£6.00	Jan-19
Imperial Park, Coventry	Menzies	165,000	£6.25	Apr-19

H1 2019 PRIME HEADLINE RENTS

(£ per sq ft) ▲/▼ – movement expected to H1 2019

Market	Under 20,000 sq ft	20,000-50,000 sq ft	50,000 sq ft
Birmingham	£8.50 ▲	£8.00 ◀	£6.75 ▲
Black Country	£7.00 ◀	£6.50 ◀	£6.00 ▲
Leicester	£7.00 ◀	£6.50 ◀	£6.25 ▲
Stafford	£6.25 ◀	£6.00 ◀	£5.75 ◀
Stoke	£6.50 ▲	£6.00 ▲	£5.75 ▲
Northampton	£8.50 ▲	£7.50 ▲	£6.75 ▲
Rugby / Daventry	£7.00 ▲	£6.75 ▲	£6.50 ▲



Sustained occupier demand and the lack of good quality stock continues to support rental growth across the Midlands.