

H1 2019 REVIEW

- Despite political uncertainty, take-up over units over 50,000 sq ft totalled 3.22m sq ft in H1 2019. This represents a 7% increase when compared to the previous six months, and is more than double the total recorded in H1 2018. Notably, the Tritax letting to Amazon at Integra 61, Durham underpinned the rise accounting for 60% of take-up.
- Around 70% of the transactions are pre-lets. In addition to the Amazon deal, there were two new builds on the International Advance Manufacturing Park in Washington, one to Nissan supplier Faltec (131,000 sq ft) and second to the Centre of Excellence in Sustainable Advanced Manufacturing (CESAM) (126,279 sq ft).
- Other notable deals in terms of scale were the sale of the Coty factory in Seaton Delaval (370,000 sq ft) to Vbites Foods owned by Heather Mills-McCartney. This is in addition to the 180,000 sq ft the company acquired last year from Walkers Crisps. Vbites specialize in the production of Vegan food, indicating the growth of the market and need for larger units.
- The “big shed” market continued to record a decline in supply. Availability was 2.43m sq ft at the end of H1 2019, from a high of 4.2m sq ft in 2017. Significantly, only 300,000 sq ft

of this is classed Grade A. Furthermore, there is a shortage of modern units over 100,000 sq ft with only two currently in the North East region.

- Development activity remained limited although Highbridge Properties have been granted consent for 155,000 sq ft of space on their Jade site at Murton on the A19 Durham, comprising a total of 7 units, the largest of which is 45,000 sq ft. Like many of the other newly serviced estates in the region it has received significant infrastructure funding from the LEP and has Enterprise Zone status, but is still likely to require a further ‘leg up’ before we will see any buildings on site.
- The demise of British Steel has had a negative impact on the region, specifically, Teesside, which is still planning a regeneration strategy following the closure of SSI’s Redcar Steelworks. The latest Liquidation affects the Skinningrove Works at Saltburn which employs around 700 people and has existed in this location since 1874. This relatively remote location will struggle to attract new industry in the event that a buyer isn’t found for the plant.

REGIONAL OUTLOOK



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Disruption stemming from the political sphere is continuing to undermine market confidence. It is encouraging however, that although examples of new investment from the many overseas businesses located in the region are few at present, there is also little sign of any departure planning.

The North East remains competitive on an international scale, with an abundance of employees and cheaper labour. Amazon is testament to the North East as a tactical location. The on-line retailer has cemented plans for 3.5m sq ft. This in a region with a population of only 2.6m.



Unit 2 Dukesway Central, Team Valley, Gateshead – Let to All Good Group

SELECTED OCCUPIER TRANSACTIONS, H1 2019

Address	Occupier	Rent/price per sq ft	Size sq ft	Date
Unit 2 Dukesway Central, Team Valley, Gateshead	All Good Group	£760	20,112	Apr-19
Avenue Road, Seaton Delaval, Newcastle	Vbites	£12.83 (sale)	370,282	Jun-19
IAMP, Washington, Sunderland	Faltec	£6.50	131,000	Apr-19
13 Boldon Business Park, Boldon	Nuby UK LLP	£5.25	28,096	Apr-19
Unit 5 Queens Court, Team Valley, Gateshead	Tructyre Ltd	£6.51	19,207	Feb-19

H1 2019 PRIME HEADLINE RENTS

(£ per sq ft) ▲/▼ – movement expected to H2 2019

Market	Under 20,000 sq ft	20,000-50,000 sq ft	50,000 sq ft
Newcastle / Gateshead	£7.50 ◀	£7.25 ◀	£6.50 ◀
Sunderland / Washington	£7.50 ◀	£6.75 ◀	£6.50 ▲
Durham	£6.00 ◀	£6.00 ◀	£6.00 ▲
Middlesborough / Stockton	£5.00 ◀	£4.50 ◀	£4.00 ◀

“ Good quality units over 100,000 sq ft remain in short supply, encouraging firms to secure pre-lets to meet their immediate and long-term requirements.