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# North East Industrial Market

Research, Q1 2021

## DEMAND

Take-up (sq ft)  
**523,000 sq ft**  
112% above Q1 2020

Number of deals  
**5**

Prime rent (£ per sq ft)  
**£6.50**

5yr Rental Growth  
Forecast  
**2.0%pa**

Note: Units over 50,000 sq ft.

## SUPPLY

Availability (sq ft)  
**1.8m**

Under Construction (sq ft)  
**0**

Vacancy Rate (%)  
**5.1%**

Vacancy Rate  
Forecast  
**▼**

## INVESTMENT

Investment Volumes  
**£31.9m**  
1081% above Q1 2020

Number of deals  
**7**

Prime Yield  
**5.25%**

5yr Total Return  
Forecast  
**6.8%pa**

Source: Knight Frank, Property Data, RealFor.

## Q1 2021 SUMMARY

The start of 2021 has been marked by robust demand levels and reduced availability. Amazon continues to dominate in the region, announcing another 2m sq ft building in Stockton, taking its floorspace in the region to nearly 8m sq ft, or 3 sq ft per person.

The problem remains lack of stock, particularly new stock, but there are some early signs of developer activity with UK Land Estates starting a 44,000 sq ft unit on Team Valley, Gateshead and another similar sized one is planned to start on the Tyne Tunnel Trading Estate, North Shields. What is now hindering the development cycle is the increases in build costs. Material prices have increased by 15% to 20%, which may encourage developers to postpone some speculative developments.

The scarcity of stock and competition for assets is starting to drive prices up and reduce incentives offered, particularly for modern units in popular locations.



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