



NORTH WEST

Logistics and Industrial Commentary



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H1 2013 Review

- The North West saw strong take-up in H1 2013 with 4.22m sq ft transacted in units above 50,000 sq ft. Reflecting the region's dearth of new-build existing stock, a significant 1.5m sq ft of take-up was accounted for through pre-let and design and build deals.
- Omega, Warrington has provided the main focus of this activity. For example early in 2013, Hermes agreed to a 153,000 sq ft facility at Omega North, while Asda recently purchased land at Omega South to build a new 600,000 sq ft distribution hub.
- Unit 4, Matrix Court, Chester (102,028 sq ft) is the region's only brand new building over 50,000 sq ft which remains available. Furthermore, only two buildings over 100,000 sq ft are presently under construction in the region, comprising two units of 166,000 sq ft in Leyland, Lancashire, being built as part of an insurance claim.
- With Omega North now effectively full, bar a couple of small plots, design and build opportunities have come into focus elsewhere. For example, Canmoor's Trafford Point, Trafford Park extends to 17 acres and is the largest single design and build site in Traffic Park. Elsewhere, developers are purchasing strategic sites in readiness for further design and builds, such as Barwood's acquisition of the Epic site in Wigan. In addition, Aldi have finally completed the acquisition of 35 acres at Cutacre in Bolton, which will potentially unlock the balance of this site.
- We are also seeing strategic purchases of good quality buildings, as evidenced by Blackstone's acquisition of Onyx 350 at Manor Park, Runcorn. This is a fully fitted facility of 350,000 sq ft with capability for a further 100,000 sq ft of expansion.
- H1 saw a number of notable investment transactions in the North West, including Knight Frank's sale of Merlin 310 in Trafford Park on behalf of Aviva and the sale of both the Hermes and Brakes facilities at Omega North, Warrington. Investment demand for North West distribution remains strong and significantly outweighs supply.

Q2 2013 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q2 2014			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Manchester	£5.50 ◀▶	£4.95 ◀▶	£4.75 ◀▶
Warrington	£4.25 ◀▶	£3.75 ◀▶	£3.50 ◀▶
Liverpool	£4.25 ◀▶	£4.00 ◀▶	£3.75 ◀▶



In February 2013, Howard Tenens leased One 175, Winsford at an agreed headline rent of £3.50 per sq ft. It was one of the few existing new-builds available in the North West.

Regional outlook

- The availability of brand new industrial accommodation has now been reduced to simply one existing facility, albeit two buildings are under construction in Leyland.
- Design and build activity has increased in response to a severe shortage of new stock. With a number of good quality, developer-tied sites still available throughout the region, we expect this to continue throughout 2013 and beyond.
- As the supply of existing Grade A stock reduces yet further, incentive packages will continue to harden and we expect headline rental levels to increase gradually in certain size sectors, including the big-format distribution market.

Selected North West transactions in H1 2013				
Address	Occupier	Size (sq ft)	Rent (per sq ft)	Date
Omega North, Warrington	Hermes	156,000	£5.35	Jan 13
One 175, Winsford	Howard Tenens	175,375	£3.50	Feb 13
Jupiter, Knowsley IE	Toyota	143,000	£4.15	Mar 13
Unit 7 Bryn Road, South Lincs IE	SCA	210,317	Confidential	May 13
Unit 41 First Avenue, Deeside	Bellfield Furnishings	141,000	£2.65	Jun 13