NORTH WEST

Logistics and Industrial Commentary

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H1 2015 Review

- H1 2015 saw take-up for units over 50,000 sq ft reach 3 million sq ft, representing a 13% increase on H2 2014 and the highest half-yearly take-up since 2013.
- This in turn was mainly due to the significant rise in occupier-led enquiries which emerged towards the end of 2014, a reflection of the improvement in the overall economic environment.
- Two of the largest leasing deals in H1 came from B&M, one of the fastest growing discount retailers in the UK. The company took 343,312 sq ft at the Onyx350 building in Runcorn and secured 436,115 sq ft at the 'Midpoint 460' unit in Middlewich in Cheshire by way of a sub-lease from Tesco, which is the main tenant.
- A number of 'Design and Build' transactions were also agreed in H1. This included Nice-Pak, which agreed to take a new lease at Westwood Park (c. 400,000 sq ft) in Wigan while Culina Logistics secured a 280,000 sq ft warehouse at Peel's Port Salford Development.
- Buoyant occupier activity over the last 12 months will place upward pressure on rents for the remainder of 2015.
- There is over 1 million sq ft under-construction, which will come as a boost to the region following a period of limited development. This includes the 250,000 sq ft distribution warehouse at Trafford Park, which has been pre-let to Norbert Dentressangle on a 15-year lease. This development is due to be completed by March 2016.
- Other speculative developments include the 110,000 sq ft industrial unit at M6Epic, which commenced in May and is due in Q4. This scheme is already attracting strong interest from potential occupiers, and it is expected that a number of deals will be agreed in the second half of the year.

Q2 2015 Prime headline rents (£ per sq ft)
▼ / ▲ - movement expected to Q2 2016

Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Manchester	£5.75 ▲	£5.50 ▲	£5.25 ▲
Warrington	£5.50 ▲	£5.25 ▲	£5.25 ▲
Liverpool	£4.95 ◄ ►	£4.95 ◄ ►	£4.95 ◄ ►

Talke 16 is a 180,100 sq ft distribution facility currently being marketed on a leasehold basis following a comprehensive refurbishment.

Selected North West transactions in H1 2015

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Midpoint 460, Middlewich	B&M Bargains	436,115	£4.00	Jun-15
Onyx 350 Runcorn	B&M Bargains	343,312	£4.75	Feb-15
Westwood Park Wigan	Nice-Pak	399,519	£4.70	Jan-15
DC1 Prologis Midpoint 18	Optima Logistics	185,396	£4.75	Jan-15

*Freehold transaction

Regional outlook

- Design & build opportunities will continue to become more prevalent as the market sees more occupiers agreeing to long term leases.
- In terms of speculative development, we are likely to see a number of smaller units brought to market over the next 12 months.
- While we await the completion of a number of schemes, prime headline rents on existing space will continue to face upward pressure.