

*Occupier and investment market trends in the North West logistics and industrial sector.*



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# LOGIC: North West 2022 Review

**Research, January 2023**



CGI image: Connect 6, Preston

# MARKET OVERVIEW

*Annual take up in the North West industrial market stood at 7.3 million sq ft in 2022, with take up of new speculative units dominating.*

**7.3 million sq ft**  
Occupier take up 2022

**£1.2 billion**  
Investment total 2022

**7.3%**  
Prime annual rental growth

## Annual take up ahead of the five-year average

The North West region saw its second highest year for industrial and logistics occupier take up in 2022, of 7.3 million sq ft (units over 50,000 sq ft). This is just 13% lower than the record levels seen in 2021 and is 23% ahead of the five-year annual average for the region, of 5.9 million sq ft.

The final quarter of 2022 saw over 1.3 million sq ft of take up. The most notable deal included the pre-letting of Canmoor's Connect 6 in Preston. The 544,000 sq ft building is expected to be completed later this year. Supreme Imports also signed a 15-year lease at the 164,370 sq ft ARK at Trafford Park, setting a new headline rent for the region.

E-commerce and retail occupiers continue to drive demand for space, accounting for 44% of take up in 2022, up from 39% in 2021. A further 28% of take up was by distribution firms.



SAM ROYLE, PARTNER,  
MANCHESTER COMMERCIAL

“As we enter 2023, demand is slightly more subdued compared with levels seen in 2021/22. However, with supply increasingly constrained as a result of continued volatility in the capital markets and pressure on viability, demand continues to outstrip supply. We expect overall take up to be lower in 2023 due low availability, however we are still seeing demand from major occupiers who are seeking to consolidate and acquire better quality and more sustainable buildings.”

## New, high quality industrial space dominating

The shortage of large, readily built stock in the North West region in 2022 has led to an increase in pre-let activity, rental pressure and longer lease agreements. A combination of new speculative buildings, build-to-suit units and pre-lease agreements comprised 70% of take up in the year.

## Slowdown in development activity

While developer activity steadily rose over the past 18 months in response to the shortage of large, Grade A units, a slowdown was seen towards the end of 2022 due to funding challenges. There was approximately 2.4 million sq ft of space under construction speculatively at year end, 31% lower than at end 2021 (units 50,000 sq ft+). This spans across 14 units, only two of which commenced in the final quarter and both at Imperial, Kingsway Business Park in Rochdale (164,305 sq ft and 75,000 sq ft).

## Shortage of new, large available product

Availability in the North West stood at 5.1 million sq ft at year end (units over 50,000 sq ft), with a vacancy rate of 3.5%. Supply levels are relatively stable on an annual basis due to a steady number of development completions earlier in the year, however, there was only one new, Grade A unit over 250,000 sq ft in size immediately available at the closing of 2022. The supply of second hand units also declined by 22% annually.

## Investment volumes ahead of five-year average

Investment into industrial property in the North West in 2022 totalled £1.2 billion. Although slightly down on 2021 levels, it represents the second highest year on record and is 26% ahead of the five-year annual average for the region. Overseas buyers accounted for 43% of investment activity.

## 2023 Outlook

Prime rents for units over 50,000 sq ft increased by 7.3% over the course of 2022, to £8.05 psf. Further modest average rental growth is anticipated for 2023 for the North West, of 3.1%, as a result of the low supply of stock coming to the market (RealFor).

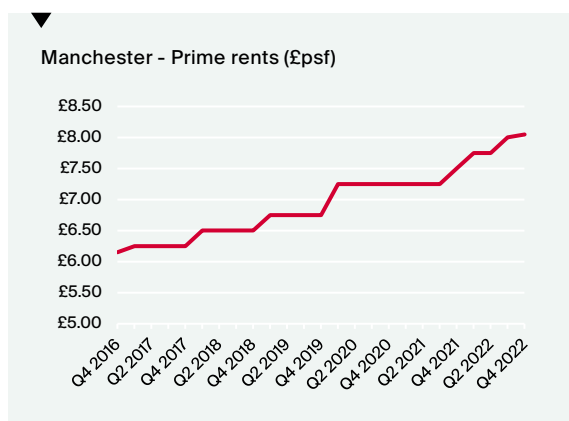
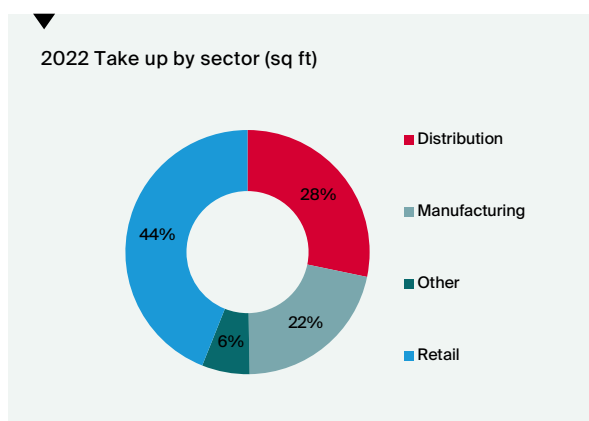
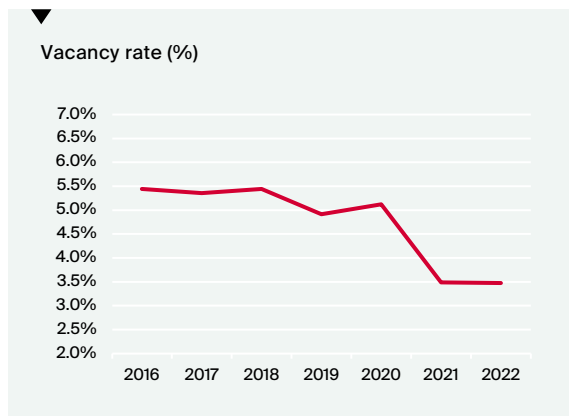
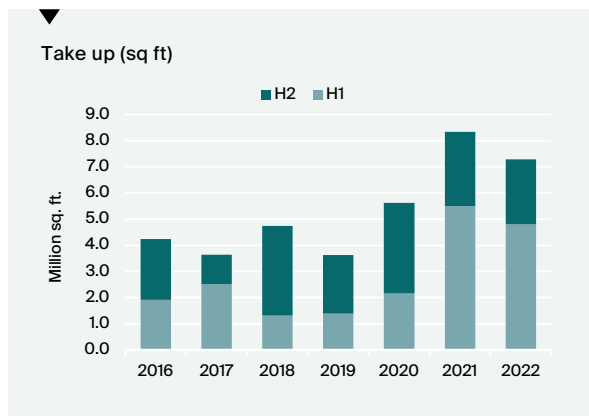
# OCCUPIER MARKET

**7.3 million sq ft**  
Occupier take up  
2022

**44%**  
Take up from  
retail sector

**£8.05 psf**  
Prime rents

**3.5%**  
Vacancy rate



## KEY OCCUPIER DEALS 2022

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
West Road, Ellesmere Port	667,185	Peugeot	£5.75 psf	Pre-let
Connect 6, Preston	544,000	Victoria Plumbing	Confidential	Pre-let
Omega West, Warrington	505,000	Iceland	£7.75 psf	Pre-let
Widnes 400, Widnes	393,000	SCCL / Unipart	£6.50 psf	Pre-let
ARK, Trafford Park	164,370	Supreme Imports	£8.05 psf	Second hand

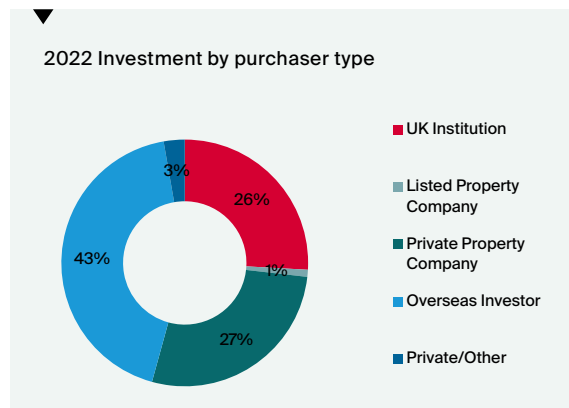
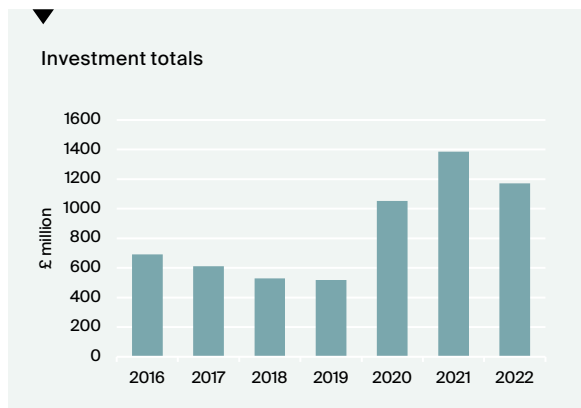
# INVESTMENT MARKET

**£1.2 billion**  
Investment total 2022

**£18.0 million**  
Average lot size

**43%**  
Overseas capital

**5.25%**  
Prime yield



## KEY INVESTMENT DEALS 2022

PROPERTY	TOWN	PRICE	YIELD	PURCHASER	VENDOR
West Road	Ellesmere Port	£101.5m	3.75%	Frasers Logistics & Commercial Trust	Stoford Developments Ltd.
Omega Business Park, Skyline Drive	Warrington	£90m	Forward-funding	Aviva Investors	Undisclosed
Centurion Way, Connect 6	Leyland	£74m	Forward-funding	Goldman Sachs	Caddick Developments
Pochin Way	Middlewich	£45m	3.59%	Brookfield Asset Management	Tesco Plc
Appleton Thorn Trading Estate	Warrington	£32.1m	4.96%	Leftfield Capital	BA Pension Fund
Domino Printing, Bridle Road	Bootle	£26.1m	3.42%	KFIM	Global Gate Capital

Source: Knight Frank, Property Data

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#### Methodology

This report has been prepared by Knight Frank Research.

Data and information within this report have been provided by Knight Frank occupier and investment teams across the Knight Frank UK network. Third party data sources are also utilised.

For the purposes of this report, take-up figures refer to spaces of 50,000 sq ft or more, that are let, pre-let or acquired for occupation.

Availability refers to all space available for immediate occupation as well as space under construction (built speculatively) that will be available for occupation within the next 12 months.

Investment figures refer to industrial property purchases where the primary motivation is the generation of income. Acquisitions for occupation are excluded. Land sales are included, where the end use of the land is known.

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