

# LOGIC: North West



Q2 2024

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

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# Occupier Market

## Take up gains momentum, while the return of second-hand space boosts supply

### OCCUPIER TAKE UP GAINS MOMENTUM

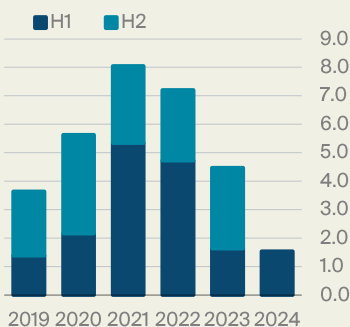
The pace of occupier take up in the North West industrial and logistics market gained momentum in the second quarter of 2024 with over 1 million sq ft recorded (units over 50,000 sq ft). This is more than double the total for quarter one and brought take up for the first half of the year to over 1.5 million sq ft. H1 2024 take up is just slightly below the 1.6 million sq ft that transacted in H1 2023. A further 2 million sq ft was under offer at the end of June providing a positive outlook for the second half of the year.

Four leasehold and two freehold deals completed in Q2, two of which were units over 250,000 sq ft in size. Stakehill 295 in Middleton, a 294,458 sq ft unit, was let to GXO Logistics at £9.00 psf, while Swedish hygiene and health product manufacturer, Essity, is relocating from Horwich to Westhoughton and secured Bolton 280 (280,698 sq ft) at £7.25 psf.

Another notable deal in Q2 included FP3, the first speculative unit to be signed at Frontier Park in Burnley. Stolle Machinery, who provides machinery for the canning industry, agreed to pre-let the 158,800 sq ft unit for 10 years at £7.75 psf.

### Take up

million square feet



Source: Knight Frank Research

### DIVERSE OCCUPIER BASE

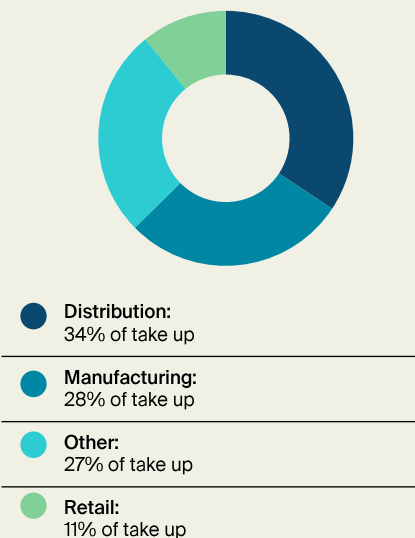
Take up over the past year has been quite evenly split between distribution, manufacturing and other, 'alternative' occupiers. The volume of space taken by distribution firms has risen by 41% year-on-year, while manufacturers have taken 37% more space. Meanwhile, retailers have been far less active in the region. Other 'alternative' occupiers account for 27% of annual take up volumes, though the new Ministry of Defence facility in Cumbria makes up a considerable portion of this.

### TAKE UP OF SECOND-HAND STOCK HAS RISEN

Space taken that is second-hand has risen by 35% year-on-year and comprised almost two-thirds of annual take up. The increased variety of available second-hand stock has provided more choice to occupiers.

### Take up by sector

Q3 2023 – Q2 2024



Source: Knight Frank Research

### MARKET VIEW

## Demand remains robust for new buildings



BY ROB TILLEY, PARTNER,  
MANCHESTER LOGISTICS & INDUSTRIAL AGENCY

“The increase in available units has been largely driven by returning second-hand units that require refurbishment.

However, occupier demand remains robust for new or good-quality refurbished buildings that better satisfy their ESG targets. We expect this will push headline rents on prime stock beyond £10.00 psf as we move through the second half of the year.”

# Occupier Market

1.5m sq ft

Occupier take up  
H1 2024

6.6%

Vacancy rate  
Q2 2024

£10.00 psf

Prime rents  
Q2 2024

24%

Prime annual rental growth

“Space taken that is second-hand has risen by 35% year-on-year”

## RETURN OF SECOND-HAND SPACE BOOSTS SUPPLY

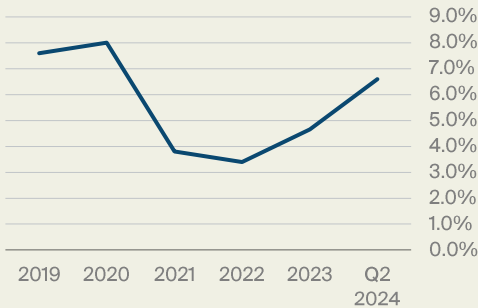
Availability of units over 50,000 sq ft rose by 26% in Q2, to stand at 10.2 million sq ft. This resulted in the vacancy rate softening by 120 bps to 6.6%, from 5.4% recorded in Q1. The uplift was driven entirely by the return of second-hand space to the market. Second-hand availability alone rose by 39% during the quarter, while the supply of new-build units remained stable. Three quarters of the available space is second-hand stock, while 90% of second-hand supply is lower quality, grade B or C stock.

Speculative space under construction was 1.9% higher in Q2, with 3.8 million sq ft under way across 23 units (units over 50,000 sq ft). Approximately 40% of this space is due to complete by the end of this year.

## RENTAL LEVELS & OUTLOOK

Prime rents in Manchester for units over 50,000 sq ft are 24% higher annually, at £10.00 psf. Average rental growth forecasts have been revised upwards, with 5.3% now forecast for the North West region for 2024 and 3.0% for 2025 (RealFor).

Vacancy rate  
% of stock

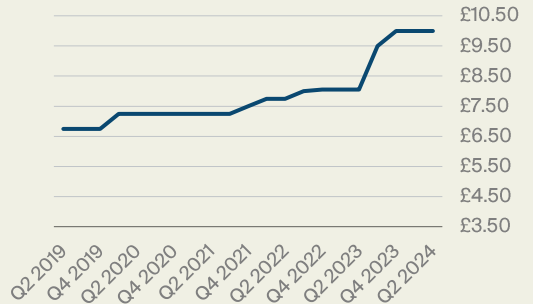


Source: Knight Frank Research

“The vacancy rate softened by 120 bps to 6.6% in Q2”

Manchester - Prime Rents

£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Research

## Key Occupier Deals H1 2024

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Stakehill 295, Middleton	294,458	GXO	£9.00 psf	Second-hand
Bolton 280, Bolton	280,698	Essity	£7.25 psf	Second-hand
FP3 Frontier Park	158,800	Stolle Machinery	£7.75 psf	Pre-let
Box 4, Manchester Airport	92,000	Confidential	Confidential	Speculative build
Building 401, Manchester Airport	84,098	Confidential	Confidential	Speculative build

Source: Knight Frank Research

# Investment Market

# 5.50%

Prime NIY - Manchester  
Q2 2024

# Stable

YOY movement in prime yields

## INVESTMENT VOLUMES REMAIN CHALLENGED

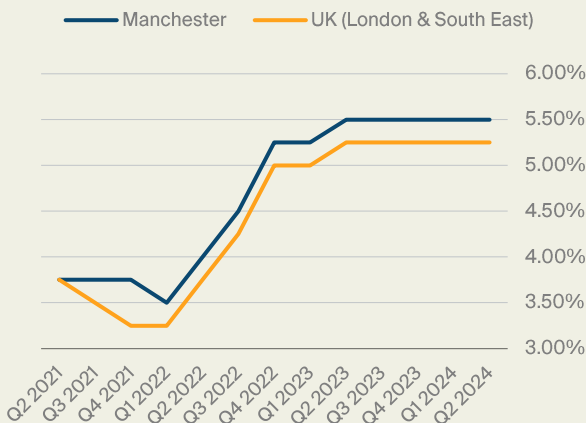
Investment volumes in the region remain relatively challenged. A total of £186 million transacted in Q2, across 14 deals. This brings the total for the first half of the year to £605 million, 43% lower than H1 2023.

Two large single-let transactions in St. Helens made up a large portion of Q2 investment. The Co-Op Foodstore at Elton Head Road was acquired by Brookfield from M&G for £59 million (NIY 5.79%), while Clarion Partners Europe purchased a 381,146 sq ft unit in Haydock from Warrington Borough Council for £50.8 million. The property is let to Movianto UK Ltd.

Prime industrial yields in Manchester remained stable in Q2, at 5.50%, though sentiment began to improve throughout the quarter. Since the turn of the market in Q2 2022, prime yields in the region have softened by circa 200 bps.

### Prime Yield

Net initial yield %



Source: Knight Frank Research

We like questions, if you've got one about our research,  
or would like some property advice, we would love to hear from you

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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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