

SOUTH WEST

Logistics and Industrial Commentary



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H2 2015 Review

- Following a very strong H1, the level of activity across the South West region slowed down during the second half of the year, with take-up of units over 50,000 sq ft down by 51% to 571,000 sq ft. This brings total take-up for the whole of 2015 to 1.9m sq ft, up 15% on 2014.
- The biggest deal by some margin in H2 was on standing stock at Crossflow, where Amazon took 338,000 sq ft.
- Demand in the region remains focussed on the 50,000 to 150,000 sq ft unit range. There is currently only one scheme planned to supply 100,000 sq ft, which is being speculatively developed by St Francis/Marcol. Horizon 38, Filton offers a single 100,000 sq ft unit and a further unit which can be split into 60,000 and 40,000 sq ft units, alongside another 50,000 sq ft unit under construction.
- Parcel companies have been particularly active in the 40,000 to 60,000 sq ft range. Activity has been focussed along the M5 corridor at Bristol; relocations have been undertaken by DHL, FedEx, Hermes and DX.
- St Modwen have speculatively developed 36,000 sq ft that has been pre-sold to Kent Foods prior to practical completion alongside a pre-let to Hermes for 43,500 sq ft. They are now speculatively building a further 33,000 sq ft and 36,000 sq ft on the same scheme - Access 18 Avonmouth.
- Prime rents are averaging £8.50 per sq ft and rising, while secondary rents have seen 20% growth throughout 2015, with incentives down a further 50%.
- In terms of land transactions, St Francis/Marcol have also bought 62 acres with approximately 40 acres forward funded by Ropemaker, while The Range has bought 55 acres at Central Park for a new 1.2m sq ft regional distribution centre.
- There are some unsatisfied retailer requirements. Historic supermarket requirements include Lidl and Waitrose, while Brake Bros are a prime candidate for a consolidation exercise.

Q4 2015 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q4 2016			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Bristol	£8.75 ◀▶	£7.75 ◀▶	£7.00 ◀▶
Swindon	£7.50 ◀▶	£6.50 ◀▶	£6.25 ◀▶
Exeter	£6.75 ▲	£6.00 ▲	£5.50 ▲
Plymouth	£5.50 ◀▶	£5.00 ◀▶	£4.50 ◀▶



Former Rolls Royce, Filton – Bought by St Francis/Marcol for a new 1.2m sq ft industrial led scheme.

Regional outlook

- We predicted speculative development during 2015, and the presale prior to practical completion of Access 18 demonstrates the strength of pent up demand. Further speculative builds in the very active mid-range will continue to be met with strong demand. The 5,000 to 20,000 sq ft range remains entirely un-addressed, and there will be some speculative activity here during 2016.
- Large footprint land sales will remain an option for those seeking to set up very large regional distribution centres. Smaller regional distribution centre requirements (100,000 to 150,000) could be met by speculative development.

Selected South West transactions H2 2015

Address	Occupier	Size (sq ft)	Rent (per sq ft)	Date
Unit 2 Interplex Bristol	Post Office	53,347	£6.00	Nov-15
Unit 1 Bristol Distribution Park	DHL	62,000	£6.50	Oct-15
Crossflow II, Avonmouth	Amazon	338,000	£5.75	Sept-15
Former Corus Unit, Yate	UK Cables	170,000	£30.00	Sept-15