

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



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# LOGIC: South West 2022 Review

**Research, January 2023**



# MARKET OVERVIEW

*Annual take up in the South West industrial market stood at 3.1 million sq ft in 2022, 23% higher than the five-year average.*

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

**£423 million**  
Investment total 2022

**12%**  
Prime annual rental  
growth

## Occupier take up ahead of five-year average

Take up in the South West industrial and logistics market totalled 3.1 million sq ft in 2022 (units over 50,000 sq ft). This has surpassed 2021 levels by 10% and is also 23% ahead of the five-year annual average.

After a strong start to the year, a quieter fourth quarter was recorded with just two deals, totalling 193,500 sq ft, completing. Hermen Miller signed 99,000 sq ft at Canal Road, Trowbridge, at £5.00 psf, while waste management company, Viridor, signed 94,531 sq ft at 1-3 Crowley Way, Avonmouth at £4.00 psf. 2022 saw quite an even mix of occupiers taking space, with less traditional occupiers such as energy and waste processing companies locating to the South West.

## Vacancy rate at an all-time low

The South West region saw supply levels more than halve over the course of 2022, to stand at 1.6 million



RUSSELL CROFTS, PARTNER,  
BRISTOL COMMERCIAL

“During 2022 we saw an increase in corporate firms searching for better quality buildings with strong ESG credentials. Healthy occupier demand for units in the pipeline, combined with the limited options immediately available and a record low vacancy rate for the South West region, should maintain moderate rental value growth for 2023.”

sq ft at year end (units over 50,000 sq ft). This represents an 11% fall over the final quarter and a 58% decline year on year, and results in a record low vacancy rate of 2.3%. This can be attributable to a 70% gradual diminish in the availability of second hand units during 2022. In addition, there is only one unit over 250,000 sq ft in size immediately available to satisfy larger occupier requirements.

## Development uplift to soften supply-side pressures

A marked uplift in development activity was seen in the latter half of 2022 as developers responded to the shortage of stock in the South West. At end-December, 1.3 million sq ft of space was under construction speculatively across 10 units, compared to just 186,000 sq ft recorded one year ago (units over 50,000 sq ft). Developments under way include four units totalling 801,300 sq ft at St. Modwen Park Chippenham, and three units totalling 249,700 sq ft at More+ Central Park, Avonmouth.

A further 2.3 million sq ft is in the planning pipeline, most notably Panattoni's 882,000 sq ft unit at Panattoni Park, Avonmouth.

## Slowdown emerge in investor activity

It was very much a year of two halves for investor activity. Following a strong first half where £318 million transacted, the second half saw £105 million invested, bringing the year end total to £423 million, a 24% annual decline. Overseas buyers account for 46% of 2022 investment. A notable deal in Q4 was the acquisition of Unit 1, Symmetry Park, Swindon, by CBRE Global Investors for £31.2 million / NIY 4.65%. Iceland is currently occupying the property.

## 2023 Outlook

Prime rents in Bristol for units over 50,000 sq ft saw 12% growth annually to Q4 2022, at £8.95 psf. Healthy occupier demand for new units combined with the limited options immediately available for occupiers should sustain moderate rental value growth for the year ahead. Based on the latest RealFor average rental growth forecasts for Q3 2022, 2.0% and 2.7% growth is predicted for the South West and Bristol respectively.

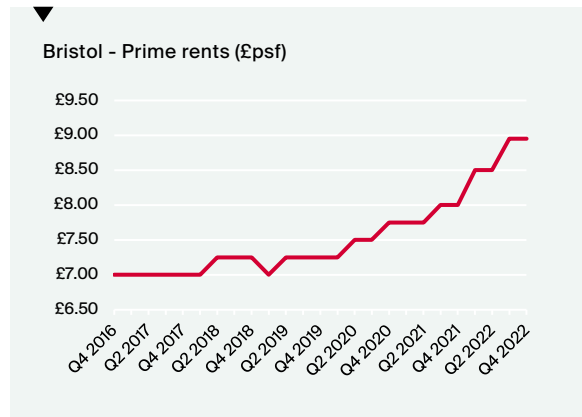
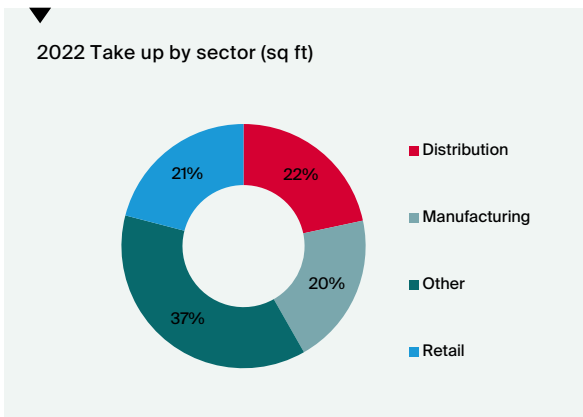
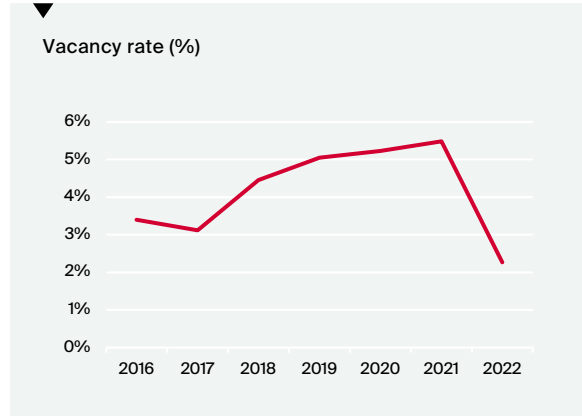
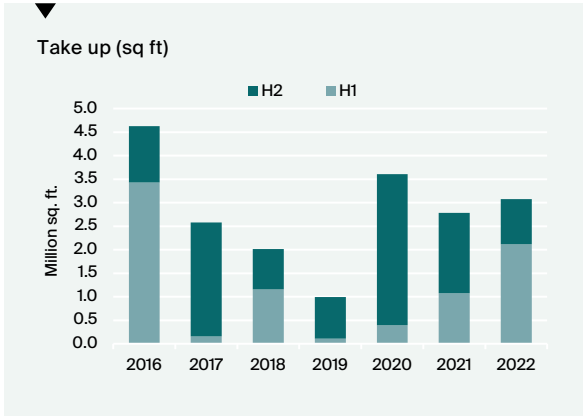
# OCCUPIER MARKET

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

**22%**  
Take up from  
distribution  
sector

**£8.95 psf**  
Prime rents

**2.3%**  
Vacancy rate



## KEY OCCUPIER DEALS 2022

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Bix Big 24, Bridgwater	352,303	EDF Energy	£6.50 psf	Second-hand
TITAN, Yate	255,686	Graphic Packaging International	£6.75 psf	Second-hand
Cheney Manor / SN200, Swindon	203,200	Amazon	£4.00 psf	Second-hand
St Modwen Park, Gloucester	167,000	ProCook	£6.75 psf	Build-to-suit
Unit 3 More +, Avonmouth	62,900	Huboo	£8.95 psf	Pre-let

Source: Knight Frank

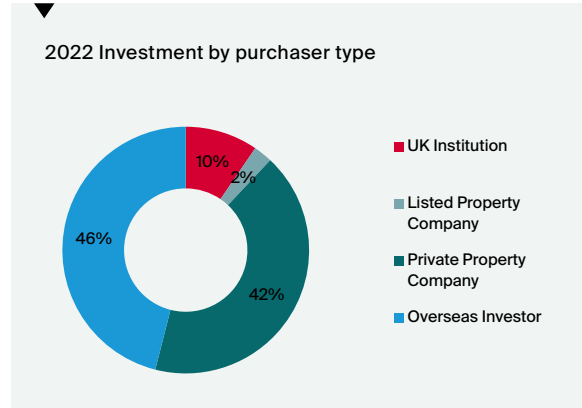
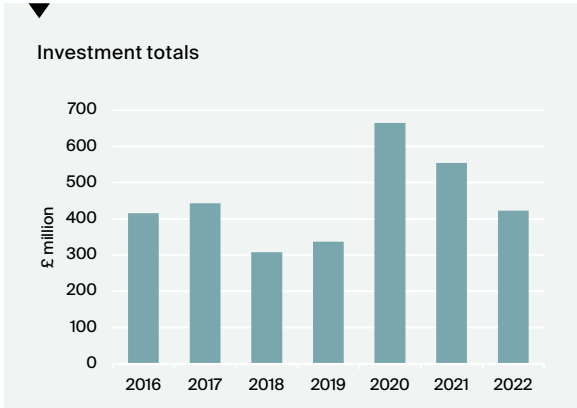
# INVESTMENT MARKET

**£423 million**  
Investment total  
2022

**£15.7 million**  
Average lot size

**46%**  
Overseas capital

**5.25%**  
Prime yield



## KEY INVESTMENT DEALS 2022

PROPERTY	TOWN	PRICE	YIELD	PURCHASER	VENDOR
Tesco Distribution Centre, Lanson Roberts Road	Avonmouth	£104.7m	4.02%	Realty Income Corporation	Roebuck Asset Management
Former Morrisons Distribution Centre, Lysander Road	Bristol	£53m	5.00%	Fortress Investment Group	Hines UK
Unit 1, Symmetry Park	Swindon	£31.2m	4.65%	CBRE Global Investors	Delancey
Hampton Park West	Melksham	£9m	4.89%	ARA Dunedin Ltd.	Urban Logistics REIT Plc
Poole Trade Park	Poole	£7.7m	5.20%	Hargreaves Group	Eskmuir Properties Ltd.
20 Flowers Hill	Bristol	£3.65m	4.50%	Canal & River Trust	Pears Property

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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