

# SOUTH WEST

## Logistics and Industrial Commentary

### H2 2017 Review

- Take-up of units above 50,000 sq ft in the South West slowed to 245,595 sq ft during the second half of the year. This brings the total for 2017 to 1.9m sq ft, which represents a decline of 40% over the previous year.
- The slowdown in occupier activity was mainly due to a number of big box requirements being satisfied in H2 2016 and H1 2017, culminating in Amazon's 1.25m sq ft unit at Central Park, Bristol.
- Looking beyond the headlines reveals a lack of supply in key areas of the market, which is limiting take-up across the region. There were no significant deals in excess of 50,000 sq ft in H2 2017.
- Developers are responding to the shortfall in supply of units in the 100,000-250,000 sq ft size range. These include DB Symmetry's 217,000 sq ft unit at Swindon; St Francis & iSec's 115,000 sq ft unit at Filton, Bristol; Richardson's 105,000 sq ft unit at Severnside, Bristol; and St Modwen's 150,000 sq ft development at Avonmouth. All are either completed or due for practical completion in 2018.
- Together with the increase in development activity, Logicor are bringing two refurbished units of 248,000 sq ft and 312,000 sq ft, respectively, to the Bristol market in H1 2018.
- Land acquisition and development in the mid-box (50,000 sq ft to 100,000 sq ft) category have been a feature of H2 2017. The most notable development has been the joint venture between Barberry and Richardsons, who acquired c.35 acres at Central Park, Bristol for a total development of c.550,000 sq ft units ranging between 30,000 sq ft and 100,000 sq ft. Construction is due to start in H1 2018.
- Rents have continued to rise across the size ranges in both the prime and secondary market, although growth has been at a slower rate than witnessed over the previous two years. Rental growth has been most pronounced in the new small and mid-box categories where very low levels of supply have allowed developers to secure higher rents in the range of £7.25 to £8.50 per sq ft.
- Land values have again risen, although the supply element of the market is starting to be a concern. Strategic development sites have been identified in a number of major B8 locations, including Swindon, Gloucester and Bristol.



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Q4 2017 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q4 2018			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Bristol	£9.50 ◀▶	£8.00 ▲	£7.00 ◀▶
Swindon	£8.25 ▲	£7.25 ◀▶	£6.75 ▲
Exeter	£7.25 ▲	£6.75 ▲	£6.25 ▲
Plymouth	£5.75 ◀▶	£5.50 ◀▶	£5.00 ◀▶



Central Park, Bristol; Barberry & Richardsons plan 550,000sqft of mid-box units

### Regional outlook

- The reduction, and ultimate loss, of the tolls from the Severn Crossings will impact on the market in 2018.
- The region relies heavily on labour supply from South Wales, and there will be opportunities for occupiers to exploit this by locating in South Wales.

#### Selected South West leasing transactions H2 2017

Address	Occupier	Size (sq ft)	Rent (per sq ft)	Date
Hennock Road, Exeter	Travis Perkins	113,418	n/a	Dec-17
Chippenham79, Chippenham	Wincanton	79,177	£5.50	Oct-17
Former Thales, Weston Super Mare	Somerset Wood Recycling	53,000	£4.00	Aug-17