

# LOGIC: South West



Q2 2024

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

[knightfrank.com/research](https://knightfrank.com/research)



# Occupier Market

Take up expected to gather pace, but the pipeline of new units remains limited

## SUBDUED QUARTER FOR OCCUPIER TRANSACTIONS

Occupier take up in the South West industrial market in the second quarter of 2024 was marginally ahead of the first quarter, with 310,800 sq ft recorded (units 50,000 sq ft+). This brings the total for the first half of the year to 604,300 sq ft. H1 2024 take up is 6.7% below the level recorded in H1 2023, and 38% below the five-year H1 average.

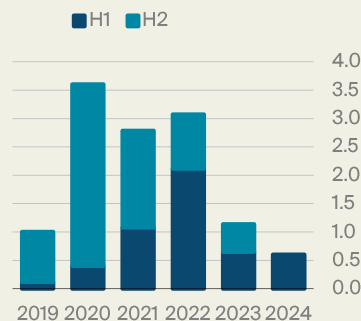
## BUT A SIZEABLE VOLUME OF SPACE UNDER OFFER

The South West industrial market has returned to more typical pre-pandemic market conditions and although the first half saw a decrease in space committed and decision-making taking longer, the occupier market remains active. Approximately 2 million sq ft of space is currently under offer in the region. If the majority of this transacts in the second half of the year, the pace of occupier take up would re-align with the region's five-year, pre-pandemic annual average, of 2.4 million sq ft.

Two lettings completed in Q2, the largest of which was the 260,000 sq ft Wincanton unit at Gloucester Business Park. Third-party logistics

### Take up (sq ft)

million square feet



Source: Knight Frank Research

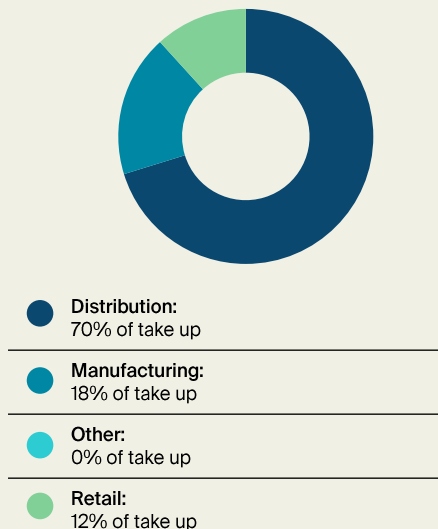
company, Wincanton, who had previously occupied the premises and exited on lease expiry, have now signed a new lease at £7.00 psf. In addition, the 50,772 sq ft Unit H, Hawksworth Trading Estate in Swindon, was let to lighting manufacturer, Kosnic Lighting, at £7.50 psf.

## TAKE UP FOCUSED ON UNITS <250,000 SQ FT

Take up over the past year has been focused on units under 250,000 sq ft. However, a number of units above this size band are currently under offer. This includes new speculative units at Panattoni Park Avonmouth, Mountpark Bristol and Central Park Bristol, which underscores the demand for large, prime units in core locations of the South West region.

Distribution firms continue to dominate the South West industrial occupier market, comprising 70% of take up over the past year.

### Take up by sector Q3 2023 – Q2 2024



Source: Knight Frank Research

## MARKET VIEW

The development market remains in a state of stasis



BY RUSSELL CROFTS, PARTNER, BRISTOL LOGISTICS & INDUSTRIAL AGENCY

“Q2 was another subdued period, with limited activity above 50,000 sq ft throughout the region. However, that is not the full story; there is over 2 million sq ft under offer. These proposed transactions are spread throughout the region, but principally focussed on the key regional centres at Bristol, Swindon and Gloucester. There is limited 3PL demand, and most enquiries are for occupiers direct.

The development market remains in a state of stasis, with a number of proposed starts being delayed for various reasons (planning, securing contractors, etc). Despite this slow development market, we are starting to see sentiment changes in the demand for land, and the continued rental growth experienced in the sub 20,000 sq ft sector is starting to drive new rental levels.”

# Occupier Market

**604,300 sq ft**

Occupier take up  
H1 2024

**7.8%**

Vacancy rate  
Q2 2024

**£10.00 psf**

Prime rents  
Q2 2024

**11%**

Prime annual rental growth

“Distribution firms comprise 70% of take up over the past year“

## NEW BUILD UNITS IN SHORT SUPPLY

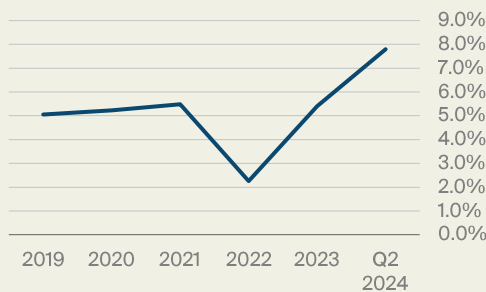
A total of 5.6 million sq ft of existing stock was available at the end of Q2 2024. This represents a 5.8% increase on the previous quarter and brought the vacancy rate to 7.8%, from 7.3% in Q1. The rise in supply was driven by second-hand space returning to the market, while the availability of new-build stock remained unchanged. In addition, 36% of total existing availability is under offer, half of which comprises new units. Panattoni’s 882,000 sq ft speculative warehouse, which completed last year and is reportedly under offer to Amazon, makes up large portion of this. Discounting space under offer leaves just nine units, totalling 1.5 million sq ft, of new-build space available.

Development activity remains limited. The volume of speculative space under construction remained unchanged in Q2 and is 68% lower on an annual basis. Just three units over 50,000 sq ft are under way, totalling 422,800 sq ft.

## RENTAL LEVELS & OUTLOOK

Prime rents in Bristol remained stable in Q2 but are 11% higher annually, at £10.00 psf (units 50,000 sq ft+). Average rental growth forecasts for 2024 remain positive, with 6.2% predicted for the South West and 7.3% for Bristol, according to RealFor.

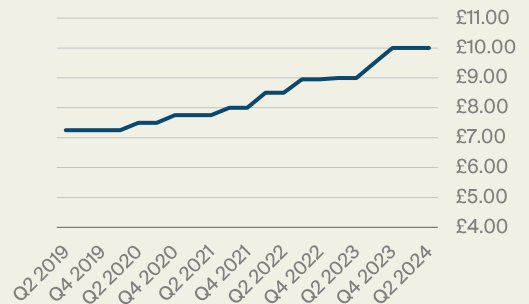
**Vacancy rate**  
% of stock



Source: Knight Frank Research

**Bristol - Prime Rents**

£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Research

“36% of existing availability is under offer”

## Key Occupier Deals H1 2024

| PROPERTY  | SIZE (SQ FT) | OCCUPIER                | RENT (OR PURCHASE PRICE) | COMMENTS                        |
|---|--------------|-------------------------|--------------------------|---------------------------------|
| Wincanton Unit, Gloucester Business Park                | 260,000      | Wincanton               | £7.00 psf                | Second-hand                     |
| Former Curver Unit, Cardrew Industrial Estate, Cornwall | 228,577      | Conway Bailey Transport | Undisclosed              | Freehold purchase - second-hand |
| Unit H, Hawksworth Trading Estate, Swindon              | 50,772       | Kosnic Lighting         | £7.50 psf                | Second-hand                     |

Source: Knight Frank Research

# Investment Market

# 5.50%

Prime NIY - Bristol  
Q2 2024

# Stable

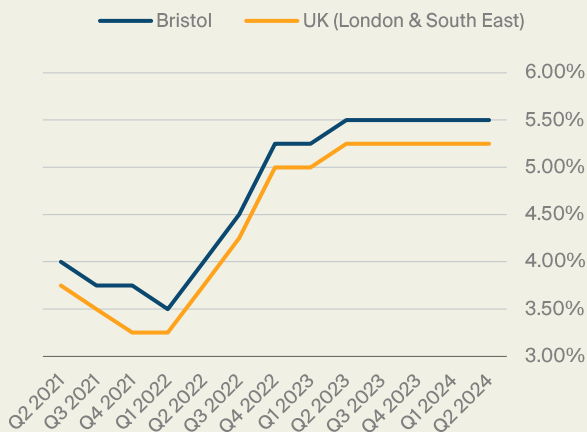
YOY movement in prime yields

## UPLIFT IN TRANSACTION VOLUMES

Industrial investment volumes increased in the second quarter, with 11 transactions completing. The largest of these included Sirius Real Estate’s acquisition of Vantage Point, a multi-let business park in Gloucestershire, for £48.3 million. The park is reportedly 81% occupied and the price reflects a net initial yield (NIY) of 10.20%. Another notable deal included Swiss Life Holding’s purchase of Supercharger, Western Approach in Bristol, from Canmoor and Tristan Capital Partners for £14.2 million (NIY 5.30%). The 107,000 sq ft unit is let to global logistics company, Expeditors International.

The second quarter of 2024 saw prime industrial yields in Bristol remain stable, at 5.50%, but with an increasing consensus that the bottom of the market has been reached terms of prime pricing. Since the turn of the investment 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

**Logistics & Industrial  
Research**

Claire Williams  
claire.williams@knightfrank.com  
+44 20 3897 0036

Deirdre O'Reilly  
deirdre.oreilly@knightfrank.com  
+44 20 3995 0785

**Bristol Commercial  
Logistics & Industrial Agency**

Russell Crofts  
russell.crofts@knightfrank.com  
+44 117 917 4535

Ed Rohleder  
ed.rohleder@knightfrank.com  
+44 117 917 4984

Thomas Park  
thomas.park@knightfrank.com  
+44 117 945 2648

**Bristol Commercial  
Capital Markets**

Nick Thurston  
nick.thurston@knightfrank.com  
+44 117 917 4536

**Valuation & Advisory**

Steve Hawkins  
steve.hawkins@knightfrank.com  
+44 117 917 4532

---

**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.



© Knight Frank LLP 2024. This document has been provided for general information only and must not be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this document, Knight Frank LLP does not owe a duty of care to any person in respect of the contents of this document, and does not accept any responsibility or liability whatsoever for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. The content of this document does not necessarily represent the views of Knight Frank LLP in relation to any particular properties or projects. This document must not be amended in any way, whether to change its content, to remove this notice or any Knight Frank LLP insignia, or otherwise. Reproduction of this document in whole or in part is not permitted without the prior written approval of Knight Frank LLP to the form and content within which it appears.