

SOUTH YORKSHIRE

Logistics and Industrial Commentary

H2 2014 Review

- Take-up in H2 reached 398,000 sq ft, down 43% on H1 and 60% on the second half of 2013. However, take-up for the whole of 2014 was influenced by limited availability of existing stock.
- Occupier confidence continues to improve across all size ranges. This is particularly evident within the manufacturing sector, where we have seen an increase in demand for small to medium sized units (up to 100,000 sq ft).
- There is also strong occupier interest from advanced manufacturers, who typically look for higher quality accommodation. We have recently seen success at the Advanced Manufacturing Park, following the speculative development of two units at R-Evolution. We are also seeing success at Sheffield Business Park following the start on site of Factory 2050.
- As a result of the shortage of supply, landlords are able to secure longer lease terms and shorter incentive packages as occupiers are faced with limited choice of existing premises. Occupiers will increasingly need to consider design and build opportunities, which generally take up to 12 months to be delivered.
- Just outside of the South Yorkshire region there has also been further success at Markham Vale (Junction 29 of the M1 Motorway), where Henry Boot has seen good demand. They are currently on site with a 100,000 sq ft unit which is let to Inspirepac along with 50,000 sq ft for Gould Alloys.
- We have started to see some speculative development come forward at the smaller end of the size range (sub 20,000 sq ft) at Vantage Park, Sheffield and Bullrush Grove, Doncaster which have been supported by ERDF. Both are on site and have good levels of interest.
- Whilst much of the good quality standing stock has been absorbed, we are yet to see a developer response. There are however a number of sites ready for immediate development such as Smithywood and G Park Doncaster. However, occupiers will have to commit to longer lease terms for development to be viable.



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Q4 2014 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q4 2015			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Sheffield	£5.50 ▲	£5.25 ▲	£4.75 ▲
Doncaster	£5.00 ▲	£4.75 ▲	£4.50 ▲
Rotherham	£5.50 ▲	£5.25 ▲	£4.50 ▲
Barnsley	£5.00 ▲	£4.75 ▲	£4.50 ▲



Midway One 68,195 sq ft let to Portwest

Selected South Yorkshire transactions H2 2014				
Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Dorehouse Industrial Estate	Symphony	52,952	£1.85	Nov 14
Midway One	Portwest	68,195	£3.50	Aug 14
Barnby Dunn	Direct Trade	41,333	Confidential*	Aug 14
V246	Victoria Plumb	277,232	£4.50 psf	Dec 14

*Freehold transaction

Regional outlook

- With occupier confidence improving, we expect take-up to strengthen across all size ranges.
- Driven by supply shortages, occupiers will need to consider bespoke design and build solutions, where lease terms are less flexible than for existing stock.
- We see prime headline rents to continue on an upward trajectory across most submarkets.
- Incentives are expected to move in further over the next 12 months.