

*Occupier and investment market
trends in the South Yorkshire & North
East Derbyshire logistics and
industrial sector.*



LOGIC: South Yorkshire & North East Derbyshire 2021 Review

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MARKET OVERVIEW

A record year for occupier activity in South Yorkshire and North East Derbyshire region, reaching 6.2 million sq ft in 2021.

6.2 million sq ft
Occupier take up 2021

£562 million
Investment total 2021

13%
Prime annual rental growth

Record year for occupier activity

The fourth quarter of 2021 saw a further 949,400 sq ft of industrial and logistics space taken up in South Yorkshire and North East Derbyshire, bringing the total annual take up to a record total of 6.2 million sq ft (units over 50,000 sq ft). Boosted by a particularly strong second quarter, the annual total represents an almost four-fold increase on 2020 volumes and stands 135% ahead of the five-year average of 2.6 million sq ft. The distribution sector dominated, accounting for 82% of take up in 2021.

Acute levels of available stock

Total availability of units over 50,000 sq ft fell by 36% in the final quarter, to stand at 904,300 sq ft, over half of which is under offer. With stock levels now at the lowest level in years, the vacancy rate is now sub 2% and compares to a vacancy rate of 7.9% just one year previous.



REBECCA SCHOFIELD, PARTNER,
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“Whilst supply is extremely tight for immediately available space, we have started to see a developer response to the lack of stock, with 1.35 million sq ft under construction on a speculative basis. There are also a number of schemes expected to start on site shortly, at Catalyst, Sheffield Business Park, Gateway 36 Barnsley and Barnsley 340.”

Supply shortage encourages development response

The strong level of occupier demand coupled with the low levels of available stock is boosting appetite for development in the region. The largest of these is 601,761 sq ft under way at Mammoth 602, Doncaster, due for completion in March 2022. At Ergo Park, Sheffield, there are two units of 54,500 and 80,250 sq ft under construction and at iPort, Doncaster, Verdion have started on site with a further three units of 116,036 – 258,614 sq ft.

There has been a strong uptick in rents over the past year. Prime rents in Sheffield for units over 50,000 sq ft rose by 13% year-on-year, to stand at £6.75 psf.

Investors attracted by strong occupier market in the region

Investment into the logistics and industrial sector in South Yorkshire totalled £562 million in 2021, substantially higher than the past five-year annual average. Overseas capital dominated investor activity in 2021, accounting for 70% of the total.

A key investment deal this year was the acquisition of Doncaster Logistics Park, comprising 1.2m sq ft of floorspace. BentalGreenOak acquired the asset for £140 million in September 2021.

2022 Outlook

Ongoing pressure on supply and demand combined with continued construction cost increases, headline rents and capital values are expected to increase yet again into 2022. Average rental growth of 4.6% is forecast for Yorkshire & the Humber in 2022. Expectations for the Sheffield market are particularly high, at 5.7% average rental growth (RealFor).

The market is experiencing a dearth of available product which is dampening activity. However, new supply coming on stream this year will provide increased opportunities to satisfy new occupier requirements, particularly in the distribution and manufacturing sectors.

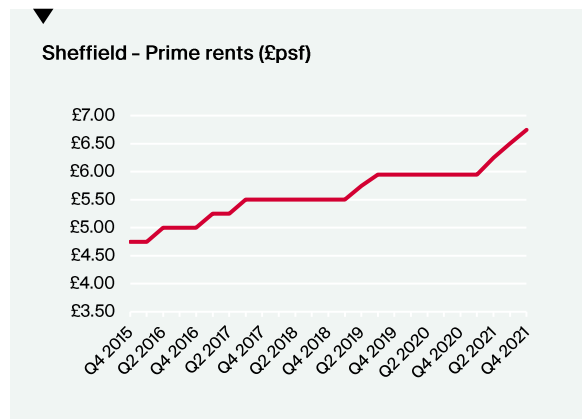
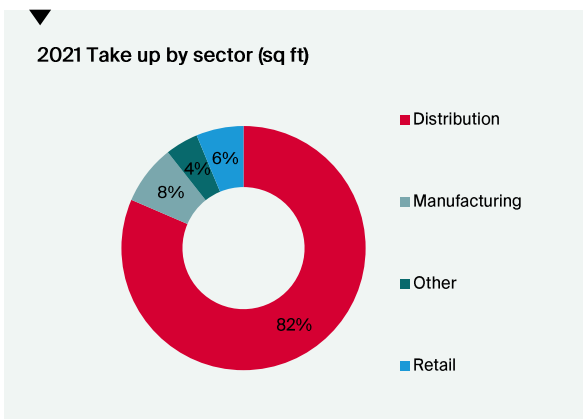
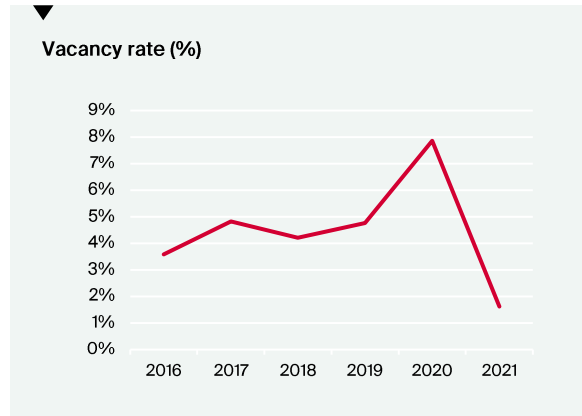
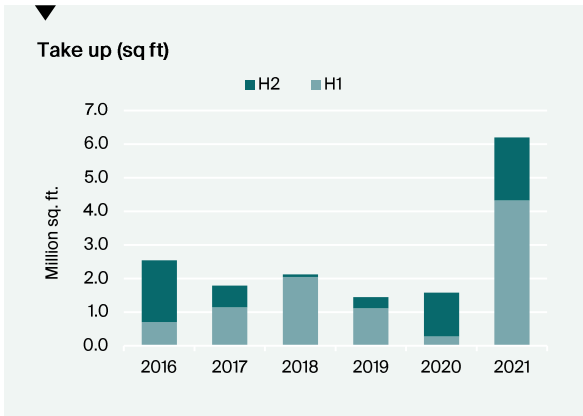
OCCUPIER MARKET

6.2 m sq ft
2021 occupier
take up

82%
Take up from
Distribution
sector

£6.75 psf
Prime rents

1.6%
Vacancy rate



KEY OCCUPIER DEALS 2021

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Mulberry Logistics Park, Doncaster	565,000	Culina	£5.15 psf	Pre-let
Mulberry Logistics Park, Doncaster	550,000	Eddie Stobart	£4.75 psf	Pre-let
Gateway 4, Doncaster	411,470	Geodis	£5.95 psf	Speculative
PLP Smithywood, Sheffield	346,330	Advanced Supply Chain	£6.15 psf	Speculative

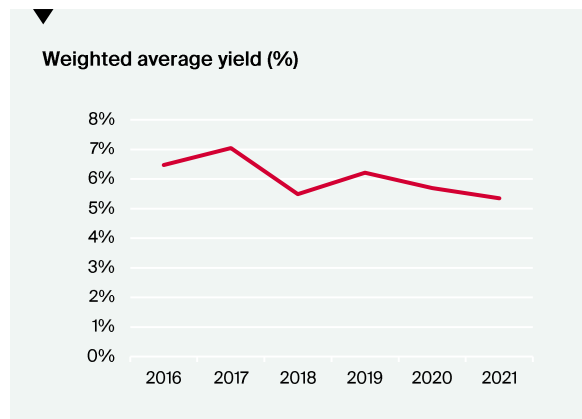
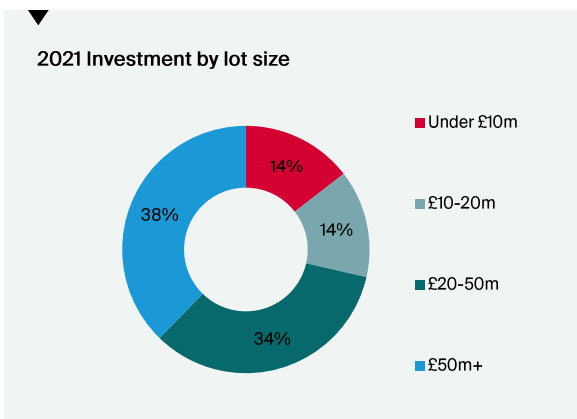
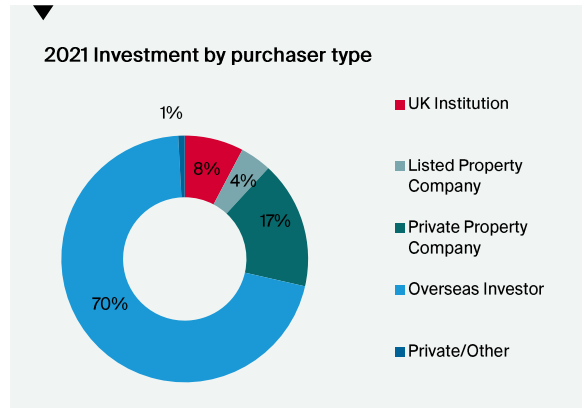
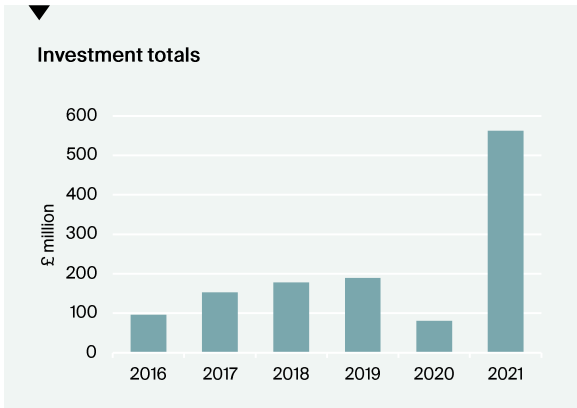
INVESTMENT MARKET

£562 million
Investment total

£16.1 million
Average lot size

70%
Overseas capital

5.4%
Average yield



KEY INVESTMENT DEALS 2021

PROPERTY	TOWN	PRICE	YIELD	PURCHASER	VENDOR
Doncaster Logistics Park	Doncaster	£140m	-	BentallGreenOak	Mulberry Developments
White Rose Portfolio	7 assets S.Yorkshire	£33.5m	5.87%	Northern Trust Company	Carnell Management Serv
Blyth Road, Doncaster South	Doncaster	£31.2m	4.38%	EQT Exeter	Legal & General Property

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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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