

SOUTH YORKSHIRE

Logistics and Industrial Commentary



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H1 2017 Review

- Despite the uncertainty created by Brexit and the snap election call, the market has remained strong. Take-up of units above 50,000 sq ft totalled 1.14m sq ft in H1. Although this is below the exceptionally high level of take-up seen in the previous six months, it is 63% above the level of take-up in the same period last year and 27% ahead of the five year average.
- Take-up is being driven by a variety of sectors. While third party logistics (3PLs) continues to dominate demand for large distribution units, enquiries from manufacturing occupiers across the Advanced Manufacturing District have increased, driven by the success of the Advanced Manufacturing Park, which is attracting inward investment to the region.
- There is a ready supply of land across South Yorkshire. Schemes include Capitol Park, Barnsley (150,000 sq ft); Smithywood, (30 - 350,000 sq ft units); Doncaster Distribution Centre (100,000 - 1,000,000 sq ft) and Tudor Cross (up to 400,000 sq ft). A key new site to the market is Peel Logistics Park, Sheffield, which will offer up to 865,000 sq ft once it achieves planning consent towards the end of the year.
- The lack of stock has seen a return to speculative development. Recent developments include the 75,000 sq ft 'Helix' unit at Barnsley, 195,000 sq ft at iPort's IP2E premises, Vantage Phase II comprising two blocks of 18,000 sq ft and 21,000 sq ft, two 26,000 sq ft blocks at R Evolution at the AMP and the trade counter scheme at Quest Park developed by Marttree. SP1 at Symmetry Park will also provide an additional 150,000 sq ft unit on completion in Q1 2018. In general we are seeing good levels of demand on the back of recent speculative development.
- The success of R-Evolution at Gateway 36 has set the new level of premium rents at £5.50 per sq ft in Barnsley. Good quality stock across the region continues to decline as occupiers search for high quality premises.
- The shortage of supply has driven rental growth and incentives continue to harden. We are starting to see deals with 2-3 months' rent free on a five year term for sub 30,000 sq ft units, and 4-6 months on larger distribution premises. We expect this to continue as stock levels for good quality premises diminish with occupiers searching for quality stock.

Q2 2017 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q2 2018			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Sheffield	£5.50 ▲	£5.50 ▲	£5.25 ▲
Doncaster	£5.50 ▲	£5.25 ▲	£5.25 ▲
Rotherham	£5.50 ▲	£5.50 ▲	£5.00 ▲
Barnsley	£5.50 ▲	£5.50 ▲	£5.00 ▲



The Helix speculative development at Gateway 36, comprising of 75,000 sq ft

Regional outlook

- Rents are expected to continue to grow with more speculative development being delivered across the region as occupiers demand higher quality stock. Although small unit schemes are less viable more are being delivered with the assistance of grant support - such as at Vantage Park Phase II.
- We expect to see increased development of large industrial units over 50,000 sq ft as the supply of stock diminishes and as enquiry levels increase following redevelopment of sites for higher value uses.

Selected South Yorkshire transactions H1 2017

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Metro Trading Centre	ITAB	59,078	2.75	Mar-17
Markham Vale	Ferdinand Bilstein	212,771	Confidential	Mar-17
Aldwarke Wharf	Wolffe Components	24,200	4.50	Mar-17
Iport 3	Lidl	15 acres	Confidential	Jan-17
Gateway 36, Barnsley	Talurit	30,188	5.50	Jan-17

*Freehold transaction