

SOUTH YORKSHIRE

Logistics and Industrial Commentary

H2 2017 Review



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- Take-up of 650,000 sq ft in H2 looks low when compared with the 1.1m sq ft achieved in the first half of the year. However, it has been constrained by the shortage of supply. We expect to see a significant improvement in H1 2018, with a number of potential transactions.
- Whilst we have seen some occupiers 'take-stock' in light of Brexit, this has been in isolated pockets, and is typically linked to large capex projects.
- There remains an imbalance in demand and supply across the South Yorkshire region, particularly in respect of modern accommodation.
- We have started to see developers respond to the lack of supply. DB Symmetry are currently on site with 150,000 sq ft at Symmetry Park Doncaster, and Verdion, who recently reached practical completion on 190,000 sq ft, are considering two further units of 120,000 sq ft and 60,000 sq ft. Other schemes which could see further speculative developments include Capitol Park, Peel Logistics Park Sheffield and Doncaster Distribution Park.
- The small to medium sized sector continues to perform well, but suffers from a severe lack of stock. As a result, headline rents for second-hand accommodation are improving, particularly for estates where the landlords have invested to improve the accommodation, such as at Parkwood Industrial and Tinsley industrial Estate, Sheffield.
- Headline rents across all sectors are improving and we expect this to continue over the next twelve months, with new headline rents set by forthcoming speculative development, closing the gap between neighboring regions. Incentive levels are continuing to harden.
- The Advanced Manufacturing Park, Rotherham continues to thrive with headline rents currently at £7.50 per sq ft. A further phase of speculative development is under way with practical completion due in September 2018.
- There remains strong investor appetite for industrial stock across South Yorkshire. This is supported by improving occupational market dynamics, with stable demand converging with a shortage of vacant units, an absence of sufficient development in the region and the perceived rental growth.

| 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 |
| Sheffield | £5.50 ▲ | £5.50 ▲ | £5.50 ▲ |
| Doncaster | £5.50 ▲ | £5.50 ▲ | £5.50 ▲ |
| Rotherham | £5.50 ▲ | £5.50 ▲ | £5.25 ▲ |
| Barnsley | £5.50 ▲ | £5.50 ▲ | £5.25 ▲ |



Helix, Barnsley J36 M1 – 75,000 sq ft. Under offer

| Selected South Yorkshire leasing transactions, H2 2017 | | | | |
|--|---------------|--------------|--------------------------|---------|
| Address | Occupier | Size (sq ft) | Rent / Price (per sq ft) | Date |
| Capitol Park, Barnsley | P&C | 76,000 | P&C | Q4 2017 |
| Markham Vale North | Gist | 90,000 | P&C | Q4 2017 |
| Advanced Manufacturing Park | Bodycote | 11,000 | £7.25 psf | Q4 2017 |
| Doncaster South, Harworth | Eddie Stobart | 305,000 | £4.25 | Q3 2017 |

Regional outlook

- We expect to see a significant improvement in H1 2018, and new headline rents achieved.
- South Yorkshire already has a number of large development sites available across the M1 / M18, which together with a labour supply that compares well with other traditional logistics hubs makes the region an attractive prospect.
- On-line retail will continue to influence the market and we expect retailers, parcel carriers and packaging companies to be active occupiers.