

LOGIC: South Yorkshire & North East Derbyshire



Q1 2025

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

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Occupier Market

Encouraging start to 2025, with renewing confidence and strengthening take up levels

2025 HAS COMMENCED ON A POSITIVE FOOTING

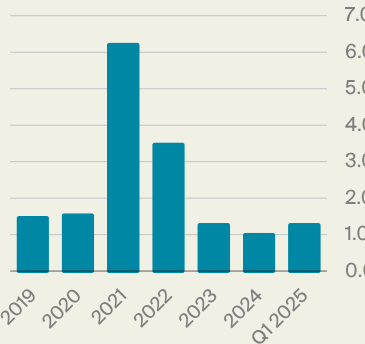
After a listless 2024 for occupier take up in the South Yorkshire and North East Derbyshire industrial market, 2025 has commenced on a much more positive footing.

Take up of units over 50,000 sq ft amounted to 1.3 million sq ft in Q1 2025, surpassing the 986,000 sq ft transacted in the full-year 2024 and marking the region’s strongest quarter since Q2 2021. Eight units were signed during the three-month period; for context, nine units were occupied in all of 2024.

SURPLUS STOCK IS STARTING TO MOVE

Much of the surplus space that returned to the market over the past two years has sat vacant for some time, and as occupiers paused for thought, only two second-hand units transacted last year. However, the supply uplift has granted occupiers more choice and negotiating power, and coupled with renewing confidence, the surplus stock is now starting to move. Six of the eight units signed in Q1 were second-hand, accounting for 66% of take up.

Take up (sq ft)
million square feet



Source: Knight Frank Insight

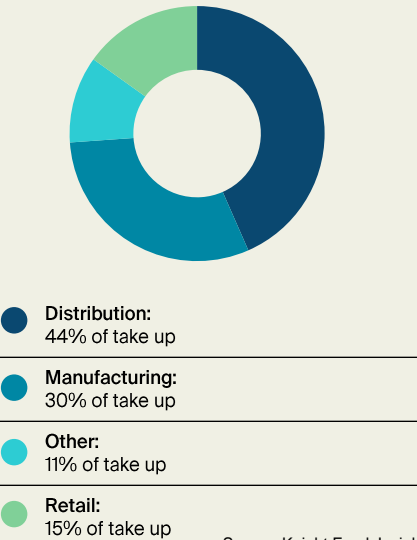
DEMAND FOCUSED IN DONCASTER

Six lettings completed in Doncaster in Q1, the largest of which was at V277 Water Vole Way. Homeware retailer Dusk expanded into the 277,232 sq ft unit, having previously taken two units at the nearby iPort logistics hub in Doncaster in 2021 and 2024. In addition, Verdion secured two new occupiers at its iPort logistics hub. Batt Cables, a global cable distribution company, signed a 15-year lease on the 259,286 sq ft iP10, while Moran Logistics took iP7 (166,872 sq ft) for 10 years. Both units are BREEAM ‘Excellent’ and EPC ‘A’ certified.

These three transactions are in stark contrast to last year when only one unit over 150,000 sq ft was signed.

Distribution firms remain the dominant source of demand, accounting for 44% of take up over the past four quarters. Manufacturers follow, representing 30% of the annual total to Q1 2025.

Take up by sector
Q2 2024 – Q1 2025



Source: Knight Frank Insight

MARKET VIEW

Improved confidence and increased enquiries



BY REBECCA SCHOFIELD, PARTNER,
SHEFFIELD LOGISTICS & INDUSTRIAL
AGENCY

“We have had a strong start to 2025 with Q1 take up already surpassing the volumes recorded for the full year 2024.

This signifies improved occupier confidence. Coupled with an increase in enquiries, this is expected to lead to further take up in coming months. Demand continues to be led by B8 and B2 occupiers.”

Occupier Market

1.3m sq ft

Occupier take up
Q1 2025

11.4%

Vacancy rate
Q1 2025

£9.00 psf

Prime rents
Q1 2025

9.1%

Prime annual rental growth

“Six lettings
completed in
Doncaster in Q1”

VACANCY RATE REVERSES DOWNWARDS

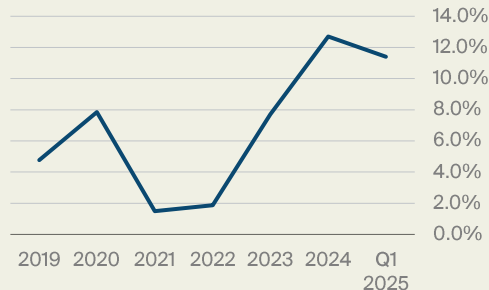
The stronger first quarter for take up resulted in a subsequent fall in supply. Following two years of exponential growth, the supply of existing stock over 50,000 sq ft fell by 10% in Q1 to 7.5 million sq ft. This decline sharpened the vacancy rate to 11.4% (-130 bps quarter-on-quarter), though it remains elevated. The availability of both new and second-hand space edged down during the quarter, and while second-hand supply remains 64% higher annually, new-build supply is now 19% lower year-on-year.

The limited take up and increased supply last year weakened the case for new development, and as a result, the short-term speculative development pipeline remained unchanged in Q1 2025. Approx. 1.9 million sq ft of space is underway across the region in seven units (units over 50,000 sq ft), though some submarkets face a supply shortage of high-quality prime units.

RENTAL LEVELS & OUTLOOK

Prime rents for units over 50,000 sq ft have remained stable over the past three quarters, at £9.00 psf, though they are 9.1% higher annually. Rental growth is set to continue for 2025, with 3.9% projected for Sheffield and 3.8% for Yorkshire & the Humber (RealFor).

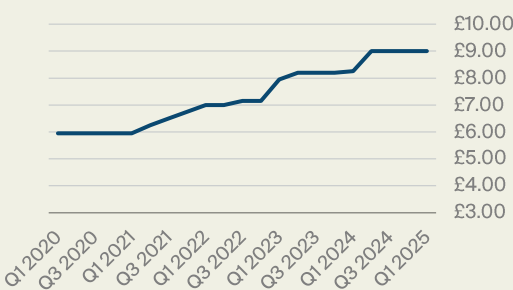
Vacancy rate
% of stock



Source: Knight Frank Insight

“Following two
years of
exponential
growth, the
supply of existing
stock over 50,000
sq ft fell by 10%”

Sheffield - Prime Rents
£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Insight

Key Occupier Deals Q1 2025

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
V277 Watervole Way, Doncaster	277,232	Dusk Ltd.	Confidential	Second-hand
iP10 iPort, Doncaster	259,286	Batt Cables	£7.50 psf	Speculative build
iP7 iPort, Doncaster	166,872	Moran Logistics	£7.75 psf	Speculative build
Trax 130, Trax Park, White Rose Way, Doncaster	130,677	Unipart	£7.95 psf	Second-hand

Source: Knight Frank Insight

Investment Market

5.50%

Prime NIY - Sheffield
Q1 2025

-25 bps

YoY movement in prime yields

ROBUST FIRST QUARTER FOR INVESTMENT

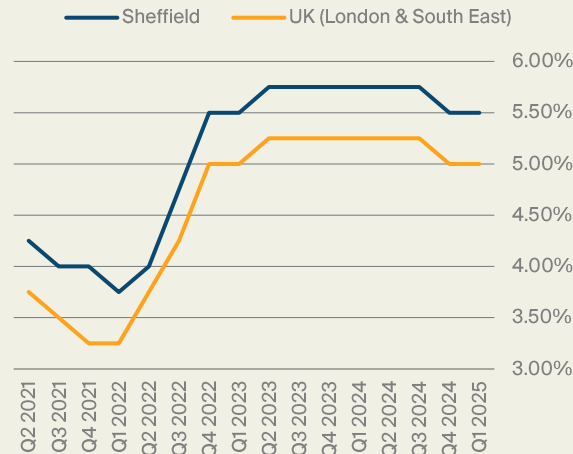
Prime industrial yields in Sheffield remained stable in Q1 2025, at 5.50%, having sharpened by 25 bps in the previous quarter. At this level, prime yields remain 175 bps softer than their previous peak of 3.75% in Q1 2022.

Some large-sized and high-profile transactions completed in Q1 2025. New joint venture (JV) Copley Point Capital and Sixth Street purchased Next's distribution centre at West Moor Park in Doncaster from Tritax Group for £73 million. Tritax Big Box REIT had acquired the 861,630 sq ft hub in Doncaster in 2014 for £60 million.

In addition, as part of an off-market NFU Mutual portfolio sale, the JV acquired a 416,000 sq ft Amazon warehouse at First Point Logistics Park in Doncaster. Alongside 512,000 sq ft across two units at Magna Park in Lutterworth (two units) the purchase price for the three assets, of £113 million, represented a blended NIY of 4.64%.

Prime Yield

Net initial yield %



Source: Knight Frank Insight

MARKET VIEW

Increasing sense that now is an opportune time to benefit from being an early-mover



BY NICK WALES, PARTNER,
SHEFFIELD LOGISTICS & INDUSTRIAL
CAPITAL MARKETS

“With pricing having largely re-based, sentiment is becoming increasingly positive, with a large volume of capital having been raised and ready to be deployed.

History has consistently shown that some of the highest returns are made during periods of turbulence, and there is an increasing sense that now is an opportune time to benefit from being an early-mover.”

We like questions, if you've got one about our research,
or would like some property advice, we would love to hear from you

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Methodology

This report has been prepared by Knight Frank Commercial Insight.

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.

The South Yorkshire & North East Derbyshire market as reported by Knight Frank does not align to standard regional UK geographies and includes South Yorkshire along with Lincolnshire, North East Derbyshire and parts of the North East Midlands.



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