

*Occupier and investment market trends in the Wales logistics and industrial sector.*



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# LOGIC: Wales 2021 Review

Research, January 2022



# MARKET OVERVIEW

*Strong final quarter brings annual occupier take up in Wales to 3.5 million sq ft in 2021, a 27% increase year-on-year.*

**3.5 million sq ft**  
Occupier take up 2021

**£159 million**  
Investment total 2021

**17%**  
Prime annual rental growth

## Active fourth quarter boosts annual take up total

Across Wales, take up totalled 1.8 million sq ft in Q4 2021, bringing the 2021 annual total to 3.5 million sq ft (units over 50,000 sq ft). This compares to 2.7 million sq ft in 2020, a 27% increase year-on-year and 47% above the five-year average of 2.4 million sq ft. The manufacturing sector accounted for 28% of total take up in 2021.

## Low levels of available stock

Total availability of units over 50,000 sq ft now stands at circa 4 million sq ft at the end of 2021, with Ford at Bridgend accounting for 1.6 million sq ft of this space. With stock levels at the lowest level in years, the vacancy rate is now down below 10%, though much of this vacant stock falls short of modern occupier requirements.



NEIL FRANCIS, PARTNER,  
CARDIFF COMMERCIAL

“2021 was a great year for the industrial market in Wales. There remains a great level and demand, although the lack of good quality stock may result in less take up in 2022. Ford, Bridgend will be formally marketed early in 2022 and this will be well received by occupiers and investors.”

## Strong rental growth and pre-let activity boosts appetite for development

There is no speculative development currently under way. Though the strong level of occupier demand, particularly for well-located new build stock, is boosting appetite for development.

Power equipment distributor Genpower agreed a 10-year lease on a newly-built 102,000 sq ft unit at St Modwen Park, Newport, at a rent of £6.25 per sq ft. Unit 2, St Modwen, Newport (31,000 sq ft), has also been let on a new 10-year lease. These transactions have provided St Modwen with the confidence to progress with the next phase of development whilst also continuing dialogue with a number of occupiers seeking 100,000 sq ft plus Build to Suit options.

## Investment activity has been robust

Investment into the logistics and industrial sector in Wales totalled £159 million in 2021, compared with just £30 million in 2020. The most significant source of investment was overseas capital, which accounted for 47% of the total.

A key investment deal this year was The Bridge Portfolio. The portfolio comprised 1m sq ft of floorspace across 13 multi-let industrial assets in South Wales. Investcorp purchased the portfolio for £69 million in February 2021.

## 2022 Outlook

Strong rental growth is forecast for Wales, with average rental growth of 4.1% expected in 2022. Expectations for the Cardiff market are particularly high, with average rental growth of 4.9% (RealFor).

Despite the rising rents in Wales, the market continues to offer good value relative to other regions of the UK. Average rental growth in Wales has not been as strong as it has in other regions of the UK this year, and therefore the region will continue to offer good value, particularly for occupiers focused on regional distribution and for manufacturing occupiers with broader locational requirements.

# OCCUPIER MARKET

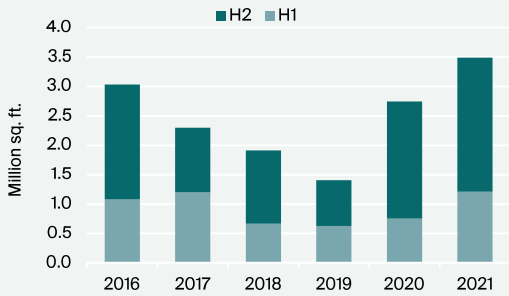
**3.5 m sq ft**  
2021 occupier take up

**28%**  
Take up from manufacturing occupiers

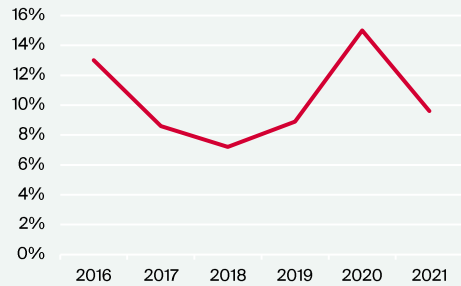
**£7.00 psf**  
Prime rents

**9.6%**  
Vacancy rate

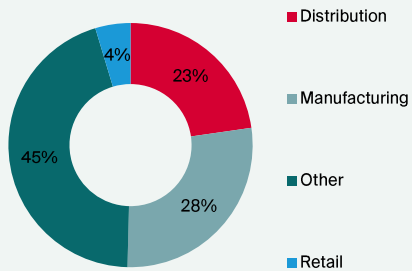
Take up (sq ft)



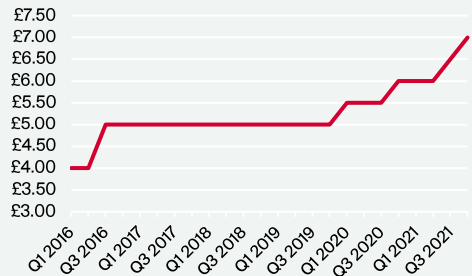
Vacancy rate (%)



2021 Take up by sector (sq ft)



Cardiff - Prime rents (£psf)



## KEY OCCUPIER DEALS 2021

| PROPERTY   | SIZE (SQ FT) | OCCUPIER                                | RENT (OR PURCHASE PRICE) | COMMENTS  |
|--|--------------|---|--------------------------|---|
| Imperial Park, Newport                                 | 1,088,479    | Confidential                            | £35m (purchase)          | -   |
| Fforest Farm Industrial Estate, Cardiff                | 119,000      | Cytiva (Global Life Sciences Solutions) | £5.50 psf                | Cytiva is expanding their campus.               |
| Former Tech Board, Rassau Industrial Estate, Ebbw Vale | 172,000      | Welsh Govt / TVR                        | £4.75m (purchase)        | To be refurbished and used for auto manufacture |
| Unit 1, Bridgend Industrial Estate                     | 129,880      | Sigma Kitchens                          | £5.25m (purchase)        | -   |

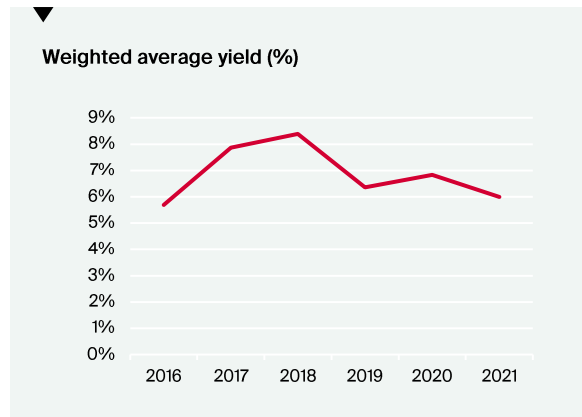
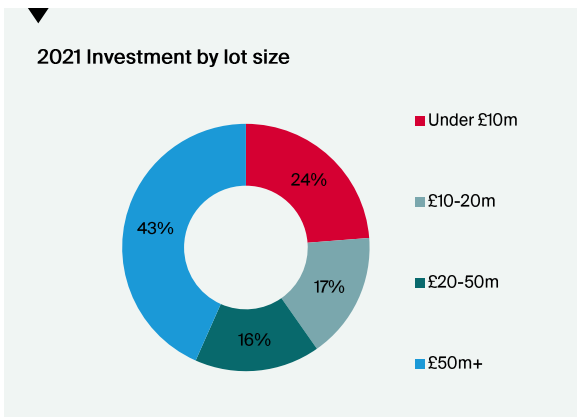
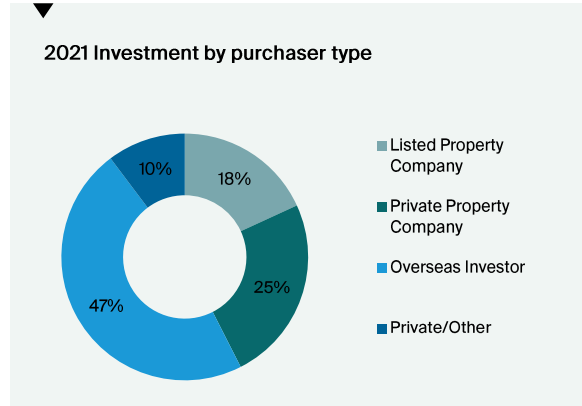
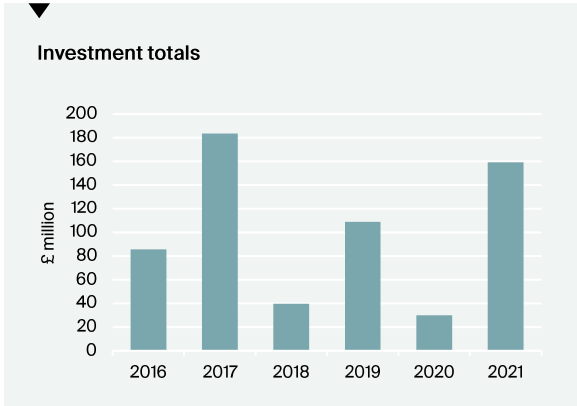
# INVESTMENT MARKET

**£159 million**  
Investment total

**£8.4 million**  
Average lot size

**47%**  
Overseas capital

**6.0%**  
Average yield



## KEY INVESTMENT DEALS 2021

| PROPERTY   | TOWN                 | PRICE  | YIELD | PURCHASER                              | VENDOR                      |
|--|----------------------|--------|-------|--|-----------------------------|
| The Bridge Portfolio   | 13 assets<br>S.Wales | £69m   | -     | Investcorp / Caisson IM                | Angelo, Gordon & Co         |
| Osprey Portfolio   | Various              | £15.2m | -     | Urban Fortune Global /<br>Powell Lloyd | Edmond de Rothschild<br>RE  |
| Former Batley cash & carry<br>Fforest Farm Industrial Estate | Cardiff              | £11.1m | 5.0%  | LondonMetric Property<br>Plc           | Garrison Barclay<br>Estates |

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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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