

LOGIC: Wales



2024 Review

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

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Image: Central Park, Bridgend

Occupier Market

Strong final quarter for take up, but a critical shortage of new stock poses a challenge for Wales

STRONG FINISH TO THE YEAR FOR TAKE UP

Occupier take up of industrial units over 50,000 sq ft in Wales reached almost 2.7 million sq ft in 2024, surpassing the 2023 total by 45% and the long-term average by 11%.

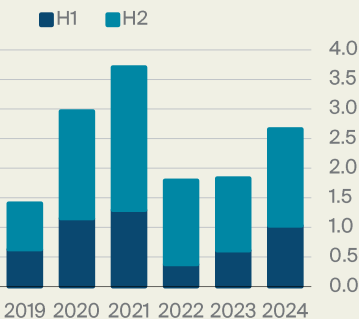
The final quarter saw a notable uplift in activity, with 1.3 million sq ft of take-up recorded across both North and South Wales. This reflects a notable uplift on the previous quarter's 342,214 sq ft and marks the strongest quarterly total recorded for Wales since Q3 2022. Demand for larger industrial properties was particularly strong in Q4, with six of the 13 transactions involving units over 100,000 sq ft in size.

NO GRADE A SPACE CURRENTLY AVAILABLE

Notably, the last available unit across the existing phases at Indurent Park, Newport - Unit 10 (106,000 sq ft) - was let to security distributor Oprema on a 10-year lease at £9.00 psf.

The only other speculatively developed mid-box unit in Wales over the past year was the 52,000 sq ft RYB 1 in Ebbw Vale. Constructed to BREEAM 'Excellent' standard by the Welsh Government, the unit was

Take up (sq ft)
million square feet



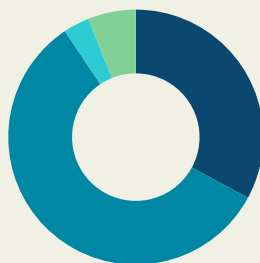
Source: Knight Frank Research

let in Q4 2024 to engineering company Halton Group on a 10-year lease at £6.50 psf, surpassing any rental tone in the Heads of the Valleys area. These two deals mean that there is now no Grade A stock available in Wales.

Over the past three years, Indurent has speculatively developed nine units ranging from 15,000 to 110,000 sq ft in Newport. These have attracted strong demand from occupiers seeking high-quality space in South Wales, resulting in a new prime rent achieved with each transaction. Prime rents in Newport for units over 50,000 sq ft rose by 2.9% in 2024, to £9.00 psf, with prime rents for 20,000-50,000 sq ft rising by 8.6% to £9.50 psf. In Cardiff, prime rents are 15% higher annually, at £9.75 psf.

The Wales industrial market has also seen an increase in pre-let and build-to-suit activity. At Central Park, Bridgend Industrial Estate, Evri agreed to pre-let an 81,000 sq ft unit in Q4, on a 20-year lease.

Take up by sector
2024



- Distribution: 33% of take up
- Manufacturing: 58% of take up
- Other: 3% of take up
- Retail: 6% of take up

Source: Knight Frank Research

MARKET VIEW

Lack of Grade A space to impact take up in 2025



BY NEIL FRANCIS, PARTNER,
CARDIFF LOGISTICS & INDUSTRIAL
AGENCY

“It was satisfying to see the final quarter of 2024 show an upturn in deals for larger industrial properties and this led to an improved year overall for the Welsh industrial property market.

In terms of supply, 2024 saw 2.5 million sq ft of industrial space in Ford, Bridgend and Wilko, Magor removed from the availability schedule, but not included in the take up statistics as both sites are being redeveloped for Data Centre usage.

There is no Grade A stock currently available in Wales and this may impact take up in 2025. We are likely to see owners of second-hand stock who are willing to refurbish reap the rewards of increased rents. We also expect an increase in pre-let activity; these are generally rare in the region, but such is the lack of Grade A space that, over the past 12 months, developers like Robert Hitchins and LondonMetric have been able to offer attractive packages to occupiers to secure long-term lettings.”

Occupier Market

2.7m sq ft

Occupier take up
2024

9.2%

Vacancy rate
Q4 2024

£9.75 psf

Prime rents
Q4 2024

15%

Prime annual rental growth

“Take up for 2024 surpassed the 2023 total by 45% and the long-term average by 11%”

VACANCY RATE FALLS TO SINGLE DIGITS

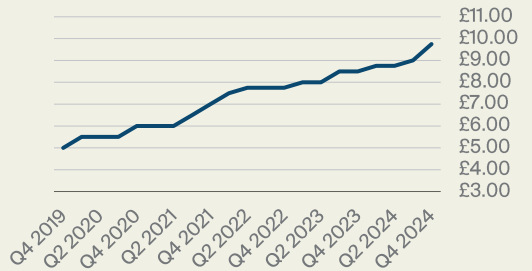
The availability of 50,000 sq ft+ units in Wales declined sharply during 2024, largely driven by the removal of 2.5 million sq ft of industrial space in Ford at Bridgend and Wilko in Magor, both of which are now redevelopment sites for data centre use. The year ended with supply standing at just 3.7 million sq ft, marking a quarterly reduction of 30% and an annual decline of 43%, and is the lowest level recorded since 2019. As a result, the vacancy rate fell to single digits of 9.2%, from 15.1% at year-end 2023. Critically, all the existing available space is second-hand grade B or C stock; there is no new or second-hand grade A stock currently available in Wales, and no speculative development is currently underway.

2025 OUTLOOK

The limited supply of grade A space is set to persist this year, which will pose challenges for occupiers searching for best-in-class or good quality stock. Take up activity in 2025 is likely to be influenced; pre-let activity may increase as occupiers show a willingness to wait for a new build tailored to their specifications. Rental growth is forecast to continue, with RealFor projecting average growth of 2.4% in Wales and 2.1% in Cardiff for 2025.

Cardiff - Prime Rents

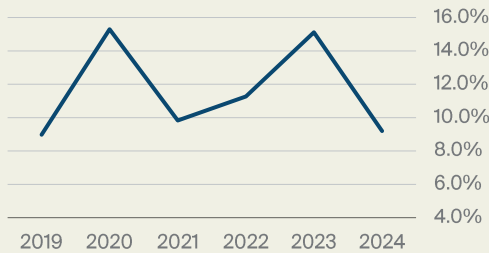
£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Research

Vacancy Rate

% of stock



Source: Knight Frank Research

“There is no new or second-hand grade A stock currently available in Wales”

Key Occupier Deals 2024

PROPERTY	SIZE (SQ FT)	OCCUPIER	COMMENTS
Bedwell Park, Wrexham	250,420	Undisclosed	Second-hand
Unit 8 St Modwen Park, Newport	110,000	AerFin	Speculative build
Unit 10, St Modwen Park, Newport	106,000	Oprema Ltd.	Speculative build
Central Park, Bridgend Industrial Estate	81,000	Evri	Pre-let - Build-to Suit
RYB 1, Rhyd y Blew, Ebbw Vale	52,582	Halton Group	Speculative build

Source: Knight Frank Research

Investment Market

5.75%

Prime NIY - Cardiff
Q4 2024

-25 bps

YOY movement in prime yields

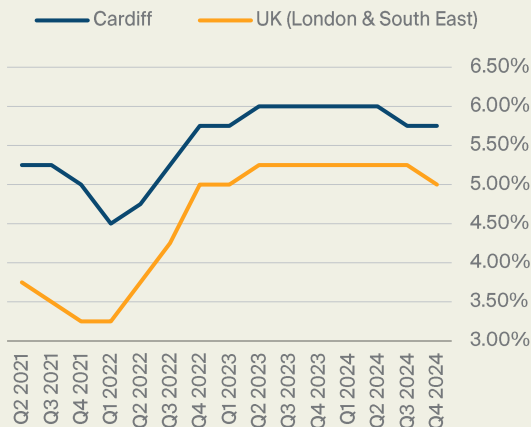
INVESTOR APPETITE DRIVEN BY OCCUPIER MARKET DYNAMICS

Prime industrial yields in Cardiff held steady at 5.75% in Q4 2024, following a 25-bps compression in Q3. Restricted supply options in the occupier market combined with improved rental growth forecasts are driving investor appetite.

A key transaction in Q4 was FI Real Estate Management (FIREM)'s acquisition of a 268,000 sq ft site at Wrexham Industrial Estate from plastics manufacturing giant Mainetti for an undisclosed sum. The 30-acre site has been renamed Bedwell Park and was previously the UK and Ireland distribution centre for Tetra Pak from the 1970s until 2013, when Mainetti acquired it. Since purchasing the site, FIREM has agreed a lease with a new tenant.

Prime Yields

Net initial yield (%)



Source: Knight Frank Research

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 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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