

H1 2019 REVIEW

- Total take-up of units over 50,000 sq ft in H1 2019 was 630,000 sq ft over 5 transactions, similar to that recorded in H1 2018.
- Interestingly, leasehold deals were dominant, with the only sale being the acquisition of IP5, Imperial Park, Newport by NHS Trust. This 270,000 sq ft unit was one of the last remaining Grade A properties in South Wales.
- On the supply side there is now approximately 2.8 million sq ft available for units over 50,000 sq ft which is 200,000 sq ft less than we reported at the end of 2018.
- Developer interest is increasing in South Wales headed by St Modwens speculative build of 30,000 sq ft and 100,000 sq ft at St Modwen Park, Newport in Llanwern and Border Groups 58,000 sq ft in Oakdale.
- In addition, Midlands-based Trebor Developments / Maple Grove Developments Joint Venture have completed the purchase of a 5.3 acre site in Deeside and will now construct three speculative industrial units, ranging from 10,000 sq ft to 50,000 sq ft on a brownfield site.
- Away from the occupier market, another significant transaction was the speculative purchase of The Box on Milland Road in Neath. The Local Authority acquired the 400,000 sq ft former factory from Crown Packaging early in 2019 and, with a loan from the Welsh Government, is planning to redevelop and refurbish to create a mix of industrial an office space close to the M4 Motorway.
- In addition to the “Big Shed” market, strong demand for new build workshop units of up to 2,000 sq ft is evident. It is consistent demand at this segment of the market that has provided confidence for developers like Formaction and Dawan Developments to progress with speculative schemes on sites of 1 to 2 acres.
- Furthermore, via a Property Development Grant, a number of Local Authorities (Blaenau Gwent, Bridgend, Caerphilly and RCT) are responding to this demand by progressing with their own 20,000 sq ft multi unit developments.

REGIONAL OUTLOOK



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With a number of larger units currently under offer and active requirements within the market it is expected that take-up in H2 2019 will rise, following the pattern of 2018.

The lack of Grade A stock within the market is encouraging landlords to refurbish their existing stock. Similarly, the lack of Grade A stock will lead to occupiers seeking new build as an option so a number of ‘Design & Build’s’ should be announced in the next 6 to 12 months.

Given the lack of good quality supply, good quality product is likely to attract strong headline rent.



Knight Frank acted for Cording Real Estate in providing advice on the new lease to Unit Superheater Engineering Ltd at Elba Business Park, Swansea.

SELECTED OCCUPIER TRANSACTIONS, H1 2019

Address	Occupier	Size sq ft	Tenure	Date
Dinas Isaf Industrial Estate, Tonypanyd	E-Cycle Limited	61,500	Lease	Jan-19
Newhouse Farm, Chepstow	Micheldever Tyres	151,500	Lease	Jan-19
Rackery Lane, Wrexham	Steve Williams Transport	60,000	Lease	Feb-19
IP5 Imperial Park, Newport	NHS Trust	270,000	Sale	Feb-19
Elba Business Park, Swansea	Unit Superheater Engineering Ltd	86,000	Lease	May-19

H1 2019 PRIME HEADLINE RENTS

(£ per sq ft) ▲/▼ – movement expected to H2 2019



Market	Under 20,000 sq ft	20,000-50,000 sq ft	50,000 sq ft
Cardiff	£6.25 ▲	£5.50 ▲	£5.00 ▲
Swansea	£4.50 ▲	£3.50 ▲	£3.00 ▲
Newport	£5.50 ◀	£5.00 ▲	£4.50 ▲
Heads of Valleys	£3.50 ◀	£2.50 ◀	£2.50 ◀



Lack of Grade A will lead to occupiers seeking new build as an option so we expect a number of D & B’s to be announced in the next 6 to 12 months.