

### H2 2018 REVIEW

- Market activity increased in H2 2018 with take-up reaching 1.25m sq ft. Notably, the H2 total was double that of H1 2018 and a similar level to the same period in 2017.
- The H2 2018 total was boosted by two of the largest industrial sales recorded in the last 12 months. Associated British Ports acquired Neptune Works development in Newport, 190,000 sq ft on 10 acres as part of their strategy to develop port facilities around the country and deliver an increased commercial property provision. Whilst Figsand Limited relocated their manufacturing facility to 188,000 sq ft at Merthyr Industrial Park, Merthyr.
- Transcend Packaging committed to their growth in South Wales by agreeing a new lease on the 167,000 sq ft former council facility at Dyffryn Industrial Estate, Ystrad Mynach.
- Of all the transactions in H2 2018, close to 50% were on a leasehold basis which is a shift from the first half of the year where only one leasehold deal over 50,000 sq ft was recorded.
- Local companies expanding their presence within South Wales also continued, with Wild Water Logistics and Owens Road Services acquiring 130,000 sq ft and 101,000 sq ft respectively. These moves highlight the growing demand from operators in the rapidly growing urban logistics market.
- With the abolition of the Severn Bridge Tolls, we expect further warehouse transactions into 2019.
- On the supply side, within Wales as a whole, there is now approximately 3m sq ft available for units above 50,000 sq ft, which is only 300,000 sq ft less than the figure reported at the end of 2017. Grade A space only accounts for circa 5% of this availability and continues to highlight the need for large scale development within the area.
- Notably, demand for industrial properties within the 20,000-50,000 sq ft sizeband continues to be strong, which is generating upward pressure on rents.

## REGIONAL OUTLOOK



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Decisions on the M4 Relief Road will be important in supporting new development and increasing activity. There are a number of units over 50,000 sq ft currently under offer to occupiers which, should they complete, will result in a positive start to activity in 2019.

2019 will see three speculative developments within South Wales. St Modwen are progressing two units of 30,000 sq ft and 100,000 sq ft at Celtic Business Park, Llanwern, Welsh Government with 50,000 sq ft in Ebbw Vale and Border Group constructing circa 52,000 sq ft in Oakdale.

Occupiers are increasingly prepared to consider new build options, as opposed to waiting for better quality second-hand stock. With a number of development sites close to the M4 Motorway ready for immediate development, we anticipate that commencement of a number of new projects will be announced in 2019.



### SELECTED OCCUPIER TRANSACTIONS, H2 2018

Address	Occupier	Size sq ft	Tenure	Date
Clarion Close, Swansea	Euro Foods	124,000	Sale	Dec-18
Nash Mead, Newport	Urban Myth Films	50,000	Letting	Oct-18
Merthyr Industrial Park, Merthyr	Figsand Limited	188,000	Sale	Sep-18
Neptune Works, Newport	Associated British Ports	190,000	Sale	Aug-18
Dyffryn Industrial Estate Ystrad Mynach	Transcend Packaging	167,000	Letting	Aug-18

### H2 2018 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	£6.00 ◀▶	£5.50 ◀▶	£5.00 ◀▶
Swansea	£4.50 ◀▶	£3.50 ◀▶	£3.00 ◀▶
Heads of Valleys	£3.50 ◀▶	£2.50 ◀▶	£2.50 ◀▶



With Grade A space accounting for less than 5% of availability, the need for large scale development is rising.