

H1 2019 REVIEW

- The West Yorkshire industrial market enjoyed a buoyant 2018 reaching a record take-up figure of over 2.7 million sq ft (involving units over 50,000 sq ft). Despite Brexit uncertainty earlier in the year, the market has continued to achieve deals totalling 1.73m sq ft in H1 2019. However, Exeter Property Group's acquisition of the 550,000 sq ft former Poundworld distribution centre in Normanton accounted for a large proportion of this.
- Notable transactions include Torque Logistics taking Wakefield 31 (176,000 sq ft) and CMS Distribution occupying Tri Link 140 (142,000 sq ft), both situated at Wakefield Europort in Castleford. Elsewhere, Muse Developments' flagship scheme Logic Leeds secured another 360,000 sq ft pre-let this year to a confidential occupier.
- The mid-size market has seen healthy activity with both speculative units at Towngate Link being pre-let. The scheme is located within the Cross Green Industrial Estate to the east of Leeds. TL1 (55,000 sq ft) and TL2 (62,500 sq ft) were let to London City Bond and Beer Hawk respectively.
- Demand continues to be dominated by storage and distribution and online retail sectors, with limited activity from manufacturers.
- Availability plummeted to approx. 1.7m sq ft (50,000 sq ft+). This is down 300,000 sq ft compared to last year due to continued take-up and limited speculative development.
- There remains a dearth of grade A 'Big Sheds' above 130,000 sq ft, with the exception of the 546,000 sq ft former Poundworld unit at Normanton, the 135,000 sq ft Fox's Biscuits distribution unit at Wakefield 41 Industrial Estate and Super G (259,000 sq ft) at Glasshoughton, (now let to Puma).
- In terms of speculative development, 71% of new space under construction in H1 has been either pre-let or is under offer. Tungsten/Barwood Capital's 259,000 sq ft Super G unit in Glasshoughton represents the largest new building in the region. Gregory Projects and CDP have constructed a four unit scheme in Pontefract (Park 32) at Junction 32 M62, which consists of units ranging from 12-82,500 sq ft. Finally, Onward Holdings have commenced construction of a 66,000 sq ft distribution unit (Phoenix 66) in Featherstone, situated within the Green Lane Industrial Estate located off Junction 31 of the M62.
- Prime land values generally range from £250,000 - £350,000 per acre for serviced sites with planning consent. However, we have witnessed land trading for much higher premium values of £400-650,000 per acre for fully surfaced sites in prime motorway locations. These inflated values have been driven by big box' developers looking to construct large single warehouse schemes and owner occupiers acquiring sites directly from developers and paying a higher price to reflect land value plus loss of developers' profit.

REGIONAL OUTLOOK



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We expect take-up in the region to fall during the second half of the year due to the lack of readily available opportunities as well as political uncertainty.

The continued lack of supply is placing upward pressure on quoting rents. The proposed 55,000 sq ft TL3 unit at Towngate Link in Leeds is now quoted at a new headline rent of £6.25 psf which is an increase of 30p psf on Phase 1. On the larger side of the market it is expected that quoting rents for new buildings ranging from 100,000-250,000 sq ft may increase to £5.95 psf, to mirror the recent new builds in South Yorkshire.



TL1 & TL2 Towngate Link, Cross Green Way, Leeds

SELECTED OCCUPIER TRANSACTIONS, H1 2019

Address	Occupier / Prop Co	Deal type	Size (sq ft)	Date
Tri-Link 140, Wakefield Europort	CMS Distribution	LH	142,000	Feb-19
Unit 4 Middleton Grove, Leeds	Mailing and Marketing Solutions	LH	68,000	Mar-19
TL2 Towngate Link, Leeds	Beer Hawk	LH	62,500	Mar-19
TL1 Towngate Link, Leeds	LCB	LH	55,000	Mar-19
Wakefield 31	Torque Logistics	LH	176,000	Apr-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
Leeds	£7.50 ◀	£6.25 ▲	£5.95 ▲
Bradford	£6.50 ◀	£5.75 ▲	£5.75 ◀
Wakefield	£7.50 ◀	£6.25 ▲	£5.95 ▲



Demand is being underpinned by the lack of supply, which is driving occupier and developer activity. We expect to hear announcements of further speculative development in the region in the next few months to address the supply / demand imbalance.