

*Occupier and investment market trends in the West Yorkshire & The Humber logistics and industrial sector.*



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# **LOGIC: West Yorkshire & The Humber Q2 2022**

**Research, July 2022**



CGI Image: Switch, Castleford  
Indicative Image Only

# MARKET OVERVIEW

Take up in the West Yorkshire & the Humber industrial market is being **held up by a lack of immediately available stock**, though a development boost is on the horizon.

**615,600 sq ft**  
Occupier take up  
H1 2022

**£645 million**  
Investment total  
H1 2022

**3.8%**  
Prime annual rental  
growth

## Distribution firms driving demand for space

Despite the lack of immediately available supply, the industrial occupational market in West Yorkshire and the Humber continues to perform well, with a good level of active requirements and interest in existing and build to suit properties. The second quarter of 2022 recorded 217,300 sq ft of take up (units 50,000 sq ft+), bringing the H1 2022 total to 615,600 sq ft. While this is notably below the level recorded in the same period last year, the reduction in take up reflects the critical shortage of stock available, particularly for new, high speculative units, with 90% of H1 take up comprising second-hand units.

In the 12 months to end Q2 2022, take up totalled 2.3 million sq ft, with distribution firms dominating the market, accounting for 89% of the annual total.

## Shortage of large, high quality industrial stock

The total volume of available space (units over 50,000 sq ft) stood at 1.48 million sq ft at end-June, resulting in a vacancy rate of just 2.2%. All of this space



IAIN MCPHAIL, PARTNER,  
LEEDS COMMERCIAL

“What is evident from the first half of the year is that take up is significantly down on 2021. This is wholly reflective of the non-existent immediately available stock on the market, rather than a noticeable slow-down occupier demand or requirement levels. This is evidenced when you compare the number of transactions completing in South Yorkshire, where there is more availability. There is limited speculative development underway with the majority of this space already under offer. We expect to see more space being delivered in the region during 2023 and in the meantime, we expect to see an increase in build to suit activity as occupiers continue to struggle for space.”

comprises second-hand stock, while there are no Grade A, larger units over 250,000 sq ft available.

## Speculative development boost on the horizon

The volume of space under construction speculatively in the region remains below market requirements, with just under 360,000 sq ft (units over 50,000 sq ft) due to be delivered this year, of which nearly two-thirds is already under offer prior to practical completion.

The shortage of stock has led to a developer response, with a surge of new reserved matters planning applications submitted since the beginning of the year. Our latest figures suggest that c. 2.7 million sq ft has now been granted full consent, with a further 2.3 million sq ft proposed in the pipeline (speculative units 50,000 sq ft+).

## Investment levels remain above five-year average

Investment in the West Yorkshire industrial market reached £645 million in the first six months of 2022. This compares to approximately £225 million invested in H1 2021. Activity so far this year has been mainly driven by transactions taking place in the first quarter of the year. Looking at the 12-month period to end-June 2022, £954 million was invested, significantly ahead of the rolling five-year annual average of £392 million. Just over half of transactions over the past 12 months were from overseas investors, 51%.

The average weighted yield for assets transacted across the region continues to decline, standing at 4.7% in the twelve months to end June. This compares to 5.2% recorded in the comparable period last year.

## Rental levels & Outlook

Prime rents for all size industrial units in West Yorkshire and the Humber have risen over the past year due to the supply/demand imbalance, particularly at the smaller end (units under 50,000 sq ft), where prime mid-box industrial rents have recorded double digit annual growth and achieved a new headline rent of £8.25 psf (34,500 sq ft at 'Latitude' in Wakefield). It is widely expected that prime rents for units over 50,000 sq ft will jump again in the next quarter, with news of the next round of speculative development going under offer and creating new headline evidence. Average rental growth of 7.2% is forecast for Yorkshire & the Humber for 2022 overall (RealFor).

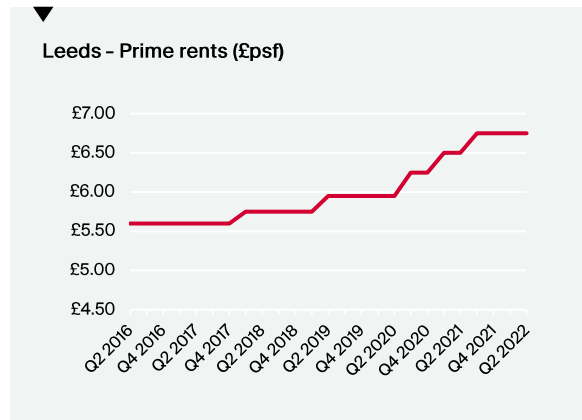
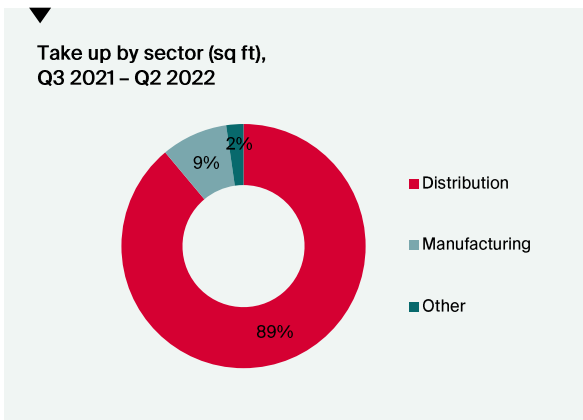
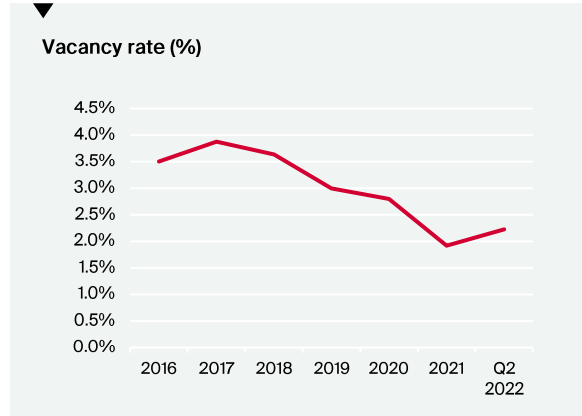
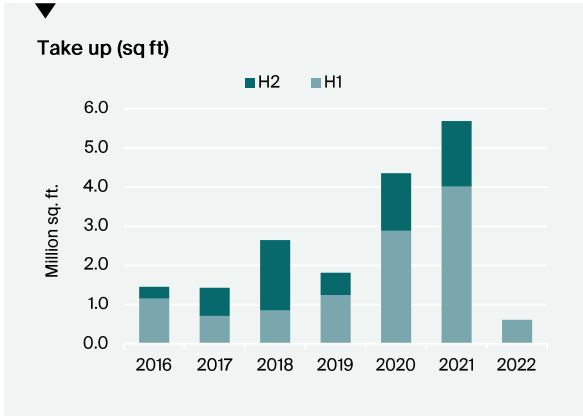
# OCCUPIER MARKET

**2.3 million sq ft**  
Occupier take up  
(last four quarters)

**89%**  
Distribution  
take up  
(last four quarters)

**£6.75 psf**  
Prime rents

**2.2%**  
Vacancy rate



## KEY OCCUPIER DEALS H1 2022

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Centre 31, Foxbridge Way, Normanton Industrial Estate, Wakefield	68,992	Bell Lighting	£6.75 psf	Second-hand modern
Northminster Business Park, York	59,250	DPD	Confidential	Build to Suit
Dealburn Road, Bradford	55,397	Leadbeater Transport	£5.00 psf	Second-hand
Unit 1, A1 Business Park, Knottingley	53,077	XPO	£5.93 psf	Second-hand modern (sublease)

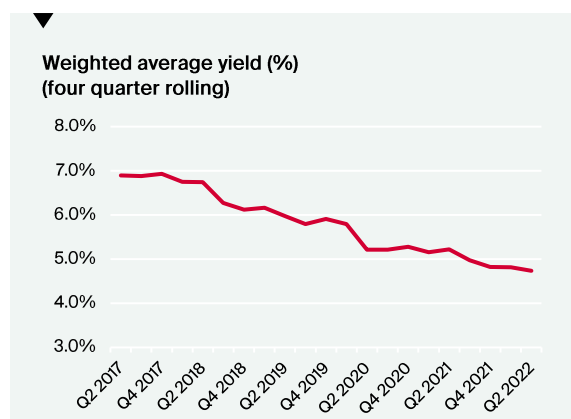
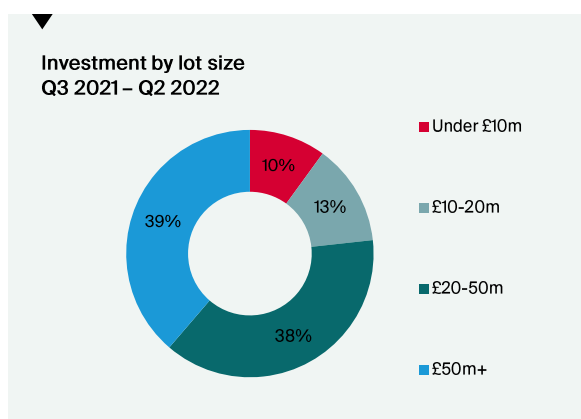
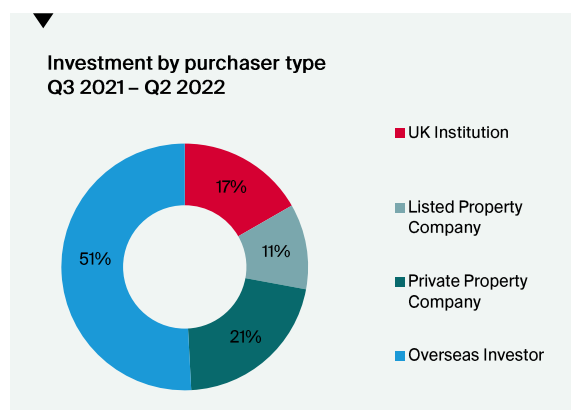
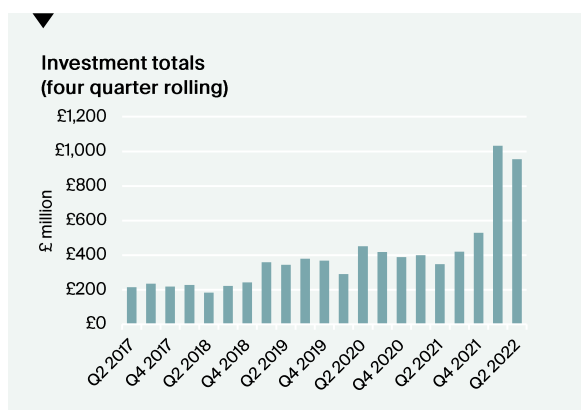
# INVESTMENT MARKET

**£954 million**  
Investment total  
(last four quarters)

**£22.7 million**  
Average lot size  
(last four quarters)

**51%**  
Overseas capital  
(last four quarters)

**4.7%**  
Average yield  
(last four quarters)



## KEY INVESTMENT DEALS H1 2022

PROPERTY	TOWN	PRICE	YIELD	PURCHASER	VENDOR
Amazon Sortable Centre, Wakefield Hub	Wakefield	£233m	3.25%	Arrow Capital Partners	Mountpark
Phoenix Medical, Wakefield Hub	Wakefield	£43m	3.73%	abr dn	Henry Boot Developments / Yorkcourt Properties
Southfork Industrial Estate	Leeds	£11.2m	4.73%	Dunedin Property	Clipstone IM Ltd.
20 Cross Green Industrial Estate, Cross Green Approach	Leeds	£8.4m	4.69%	Savills IM - Charities Property Fund	Onward Holdings Ltd.

Source: Knight Frank, Property Data

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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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