

# LOGIC: West Yorkshire & The Humber



Q3 2024

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

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Image: Switch 490, Wakefield Europort

# Occupier Market

## Delivery of well-needed speculative stock fuels take up, but supply trends downward

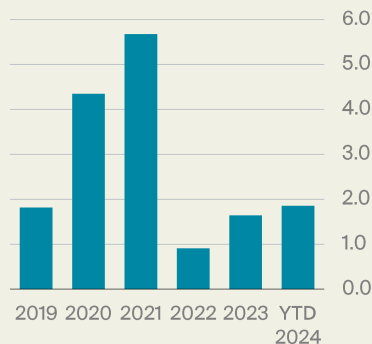
### TAKE UP AT A 3-YEAR HIGH

The industrial and logistics market in West Yorkshire & the Humber continues to perform well. After a robust first half of 2024 for occupier take up, a further 678,200 sq ft was recorded in Q3 across eight deals (units over 50,000 sq ft). This brings the total for the year-to-date (YTD) to a three-year high of 1.9 million sq ft, having surpassed the annual totals for both 2022 and 2023, with one quarter still to go. An additional 400,000 sq ft of space was under offer at the end of September.

### DELIVERY OF SPECULATIVE SPACE FUELING TAKE UP

New speculative schemes delivered to the West Yorkshire & the Humber market over the past year have been a significant factor in fueling take up volumes. Five speculatively built units have been signed so far this year, accounting for 25% of YTD take up. By comparison, just one unit was signed in the whole of 2023, comprising 4% of last year's volumes.

**Take up (sq ft)**  
million square feet



Source: Knight Frank Research

### HEADLINE RENTS CONTINUE TO TREND UPWARDS

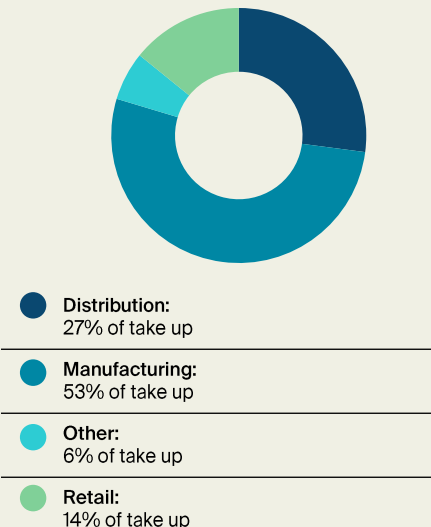
A notable transaction in Q3 was the letting of the 64,809 sq ft Unit 1 Interchange 26 in Cleckheaton to food supplier, Deli Fresh. This set a new headline rent for units over 50,000 sq ft in the region, at £9.20 psf. The unit was built last year to BREEAM 'Very Good' and EPC 'A' standards.

Prime rents in Leeds are 5.1% higher annually, while prime rents across the region have grown by 38% over the past three years, driven by the dearth of new, prime units available.

Also of note was the letting of K61, Konect 62 (60,912 sq ft) to 3PL company, Campeys of Selby, on a 10-year lease at £8.50 psf.

While distribution firms remain active and comprise 27% of take up over the past year, manufacturers now comprise 53% (1.1 million sq ft) of the floorspace signed. This marks a shift from last year, when distribution firms comprised 75% of annual take up and manufacturers, only 11%.

**Take up by sector**  
Q4 2023 – Q3 2024



Source: Knight Frank Research

### MARKET VIEW

## Occupier confidence is starting to return



BY IAIN MCPHAIL, PARTNER,  
LEEDS LOGISTICS & INDUSTRIAL  
AGENCY

“Despite a relatively quiet summer period (due to the usual school holidays and the general election), the West Yorkshire industrial market has remained ‘steady.’ With take up now surpassing the 2023 total, it will remain to be seen whether we will see a strong finish for the year. There is a general sentiment that occupier confidence is starting to return, on the back of the change in government and, more importantly, the Bank of England’s decision to reduce the base rate by 25 basis points. This has resulted in more positive conversations and some ‘on hold’ requirements being re-ignited.

Notably, most of the larger-scale activity has been in the new-build market, with two of the three speculatively built units at Konect 62, totalling over 220,000 sq ft, now let to logistics firms. There are only two units left at Leeds Valley Park in Stourton and only one unit remaining at UBS’ Velocity Point development in Armley, Leeds.

Baytree Developments are now well progressed with over 220,000 sq ft in their two-unit speculative best-in-class scheme in Stourton (Baytree Leeds). Notably, we expect regional prime headline rents to continue to grow into 2025 as supply tightens further.”

# Occupier Market

1.9m sq ft

Occupier take up  
YTD 2024

6.1%

Vacancy rate  
Q3 2024

£9.20 psf

Prime rents  
Q3 2024

5.1%

Prime annual rental growth

“YTD take up is at a three-year high of 1.9 million sq ft”

## SUPPLY LEVELS TREND DOWNWARDS

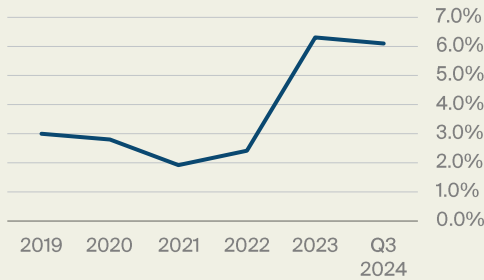
Despite the delivery of much-needed new stock to the market over the past year, supply levels are once again trending downwards. Availability of existing stock fell by 8.4% in Q3 to 4.1 million sq ft (units 50,000 sq ft+). Both new and second-hand supply levels fell in the quarter, bringing the vacancy rate down by 50 bps to 6.1%. Excluding space under offer, there are only seven new units available, all of which are under 200,000 sq ft.

## OUTLOOK

The development pipeline of units over 50,000 sq ft remained unchanged during Q3. Baytree’s two-unit scheme (76,000 and 145,000 sq ft) in South Leeds remains the only speculative development scheme underway, with practical completion expected in Q4. This is a significant reduction from one year ago when 12 speculative buildings totalling 1.4 million sq ft were under construction. Based on the region’s five-year average annual take up and discounting space under offer, just 15 months’ worth of existing supply is available, reducing to seven months for new or grade A space. Given the limited development pipeline, headline rents are expected to continue trending upward into 2025 as supply levels tighten further. Average rental growth forecasts for Leeds have been revised upwards in the latest RealFor forecasts, with 5.4% now predicted for 2024, and 3.4% for 2025.

### Vacancy rate

% of stock

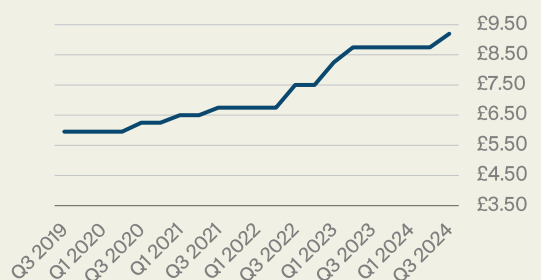


Source: Knight Frank Research

“Prime rents across the region have grown by 38% over the past three years”

### Leeds - Prime Rents

£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Research

## Key Occupier Deals

YTD 2024

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
K161, Konect 62, Selby	161,578	Oakland International	£8.35 psf	Speculative build
Unit 5 Velocity Point, Leeds	108,500	Hazel 4D	£8.15 psf	Speculative build
Unit 2 Leeds Valley Park, Leeds	70,000	NHS	Undisclosed	Speculative build
Unit 1 Interchange 26, Cleckheaton	64,809	Deli Fresh	£9.20 psf	Speculative build
K61, Konect 62, Selby	60,912	Campeys of Selby	£8.50 psf	Speculative build

Source: Knight Frank Research

# Investment Market

# 5.50%

Prime NIY - Leeds  
Q3 2024

# Stable

YOY movement in prime yields

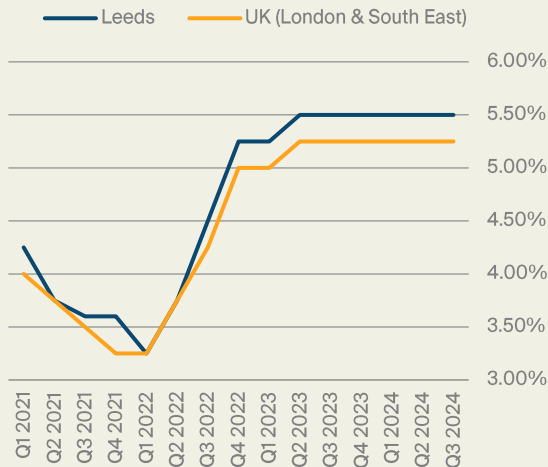
## RECENT PRICING EVIDENCE SIGNALS CONFIDENCE

Prime industrial yields in Leeds have held steady for six consecutive quarters, at 5.50%, 25 bps softer than for prime London & South East industrial. However, good levels of demand and recent pricing evidence signal confidence in the market and would indicate that a downward movement in prime yields is anticipated in the coming quarters.

A key transaction in Q3 was Arrow Capital Partners' purchase of a 296,500 sq ft Superdrug distribution warehouse at Stadium Way in Pontefract, from Columbia Threadneedle AM for £17.25 million (NIY 6.63%). The asset has strong reversionary potential; the building sits on an 18-acre site and has been occupied by health and beauty retailer Superdrug for the past 34 years (since built). Their lease expires in December 2025.

### Prime Yield

Net initial yield %



Source: Knight Frank Research

## MARKET VIEW

Acquisitions in Q3 were mainly value-add based



BY GRAHAM FOXTON, PARTNER,  
LEEDS CAPITAL MARKETS

“Investors were active during the summer period again and deals were made to pave the way for good transactional levels in Q4. Transactions which did complete in Q3 were of a continued vein to previous quarters. Acquisitions were mainly of a value-add nature, as exemplified with the Superdrug distribution unit in South Elmsall, an opportunity for a landlord with a lease expiry at the end of next year. Institutional investors have been returning to the market with some more lower-yielding deals expected in Q4.”

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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