LOGIC - RESEARCH

NORTH WEST

Logistics and Industrial Commentary

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H2 2016 Review

- North West take-up of units over 50,000 sq ft during the second half of 2016 totalled 2.3 million sq ft, up 10% on the same period in 2015. This brings total take-up across the region for the whole of 2016 to 4.2 million sq ft, compared with 5.1 million sq ft in 2015.

- Almost half of the take-up during the second half of 2016 has been for brand new space. Speculatively developed space such as DB Symmetry's M6 Epic (111,000 sq ft) and Harbert's T1 Trafford Point (140,000 sq ft) scheme have both been let. There has also been a resurgence of Design and Build transactions - such as Gefco who have committed to 125,000 sq ft in Speke.

- There is continued occupier demand for speculative development in key distribution locations across the region. Evidence of rental growth has certainly been seen for brand new space with the £6.00 per sq ft mark reached at Trafford Park with the letting of T1 Trafford Point to SIG, and surpassed at Heywood Distribution Park with the letting of H1 Heywood Distribution Park to Moran Logistics.

- In terms of brand new space, at the time of writing there is 2.2 million sq ft of space under construction or due for completion, which is less than six months' supply, and almost half of this is understood to be under offer, which could once again lead to supply constraints over the coming year.

- While take up for H2 2016 has been very much driven by leasehold transactions, we are starting to see demand increase from owner occupiers, who are finding it difficult to secure the right premises to satisfy their requirements.

Q4 2016 Prime headline rents (£ per sq ft)
▼/ ▲ - movement expected to Q4 2017

Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Manchester	£6.75 ▲	£6.50 ▲	£6.15 ◄ ►
Warrington	£7.00 ▲	£6.50 ▲	£6.25 ◄ ►
Liverpool	£5.50 ▲	£5.50 ◄ ►	£5.50 ◄ ►

Unit 1 M58 Distribution Centre in Skelmersdale where Knight Frank are joint agents has been let to UKI Transport on behalf of landlord Orbit Developments. The Unit was fully refurbished and let after a short marketing period.

Selected North West transactions in H2 2016

Address	Occupier	Size (sq ft)	Rent /Price (per sq ft)	Date
M6 Epic Wigan	MDA	111,151	£5.75	Nov-16
T1 Trafford Point Trafford Park	SIG	140,544	£6.00	Oct-16
Unit 1 M58 Dist. Centre Skelmersdale	UKI Transport	100,427	£5.00	Sep-16
Revolution Park Chorley	GA Pet Food Partners	185,191	£5.45	Sep-16
Big Stan Stoke	Amazon	219,686	£5.00	Aug-16

Regional outlook

- The outlook for Q1 2017 looks very positive with over one mlllion sq ft already under offer, a large proportion of which is brand new space.

- If the current deals under offer proceed to completion there will be a lack of supply at the larger end of the market (units over 200,000 sq ft).

- We anticipate further rental growth on new build space, which will have a knock on effect on good quality second hand space in the region.