



SOUTH YORKSHIRE

Logistics and Industrial Commentary H1 2012

Knight Frank



Rebecca Schofield, South Yorkshire Industrial Agency
+44(0)114 272 9750
rebecca.schofield@knightfrank.com

H1 2012 market commentary

- For units in excess of 50,000 sq ft, South Yorkshire saw take-up of 835,200 sq ft in H1, which is almost on a par with the full year total for 2011. While the increase is encouraging, Next's lease of the Hurricane Building, Doncaster accounted for a significant proportion of the H1 total.
- H1 take-up comprised a mixture of both leasehold and freehold deals. Some local occupiers have a preference to buy rather than rent, and those who are able to secure the necessary funding are in a strong position as they can source their accommodation relatively cheaply in the current market.
- Most of the activity in H1 involved secondhand buildings and the region remains oversupplied with new build logistics space. At the end of H1 there were 12 new units in excess of 100,000 sq ft available in South Yorkshire, totalling 2.6m sq ft, almost 30% of the UK total.
- In contrast, there is a gap in the market for good quality, well-located units ranging from 50,000 sq ft to 80,000 sq ft. As the recent pre-lets to Home Décor at Woodhouse Link and Andrew Page at Markham Vale demonstrate, occupiers are now pursuing design and build to satisfy their requirements.
- In broad terms, however, design and build remains uncompetitive in the region as favourable terms are on offer on standing stock. This is particularly relevant in respect of premises of 150,000 sq ft plus.
- The supply of good quality stock of up to 25,000 sq ft is also diminishing steadily and, while we have not seen an improvement in headline rents, incentives are beginning to harden.
- Rolls-Royce recently commenced construction of their Advanced Blade Casting Facility in Sheffield. As well as creating 150 jobs on the site, the development is also likely to start to generate activity in the local supply chains, and we can expect this to manifest itself in property market activity.

Q2 2012 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q2 2013			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Sheffield	£5.00 ◀▶	£4.75 ◀▶	£4.50 ◀▶
Doncaster	£4.75 ◀▶	£4.75 ◀▶	£4.50 ◀▶
Rotherham	£4.75 ◀▶	£4.75 ◀▶	£4.50 ◀▶
Barnsley	£4.75 ◀▶	£4.75 ◀▶	£4.50 ◀▶



In May 2012, S2S leased 44,000 sq ft at Unit B, Brookfields Park in Rotherham. Knight Frank acted for the landlord.

Regional outlook

- At the time of writing, there are number of buildings under offer from a broad range of sectors, including distribution, manufacturing and recycling, suggesting that H1's solid activity will be repeated in the second half of the year.
- Rolls Royce's commitment in Sheffield is very positive, and demonstrates the region's growing capability as a centre for advanced manufacturing.
- Over the next three to five years, it is hoped that the Sheffield Enterprise Zone will help to capitalise on this growing strength by securing a mix of international manufacturers through incentives such as business rates relief and enhanced capital allowances.

Selected South Yorkshire transactions H1 2012

Address	Tenant	Size (sq ft)	Rent / Price (per sq ft)	Date
Hurricane, Redhouse, Doncaster	Next	263,000	£4.50	Apr 12
Woodhouse Link, Sheffield	Home Décor / Henderson	110,000	£60.00*	May 12
Carlton Industrial Estate, Barnsley	Constructional Timber	84,500	£13.00*	Jun 12
Unit 15 Carlton Industrial Estate, Barnsley	Rhys Davies	55,500	£1.50	Jun 12
Unit B, Brookfields Park, Rotherham	S2S	44,000	£2.50	May 12

*Freehold purchase