

SOUTH YORKSHIRE

Logistics and Industrial Commentary



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H2 2015 Review

- In line with improving economic fundamentals, the Yorkshire market continues to see improved activity. Occupier demand from a wide variety of sectors including, warehousing, general industrial and manufacturing, remains strong, however retailers and associated logistics operators dominate demand for the larger units.
- Multi-channel retailing is becoming more relevant, often resulting in requirements for premises suitable for multiple mezzanines with increased car parking to accommodate the requirements for picking and packing / re-packing operations.
- Parcel carriers are continuing to expand to cope with the growth of on-line retailing. As a result, we are seeing increased occupier requirements often for low density bespoke sites at a local and regional level.
- Whilst we are generally seeing improved activity, we have seen some occupiers within the manufacturing sector impacted by the fall in oil prices which in turn is influencing demand.
- There is a shortage of units across all size ranges within the South Yorkshire Region. There is only 1 modern building of over 100,000 sq ft available.
- Lack of stock and strong investor appetite for large industrial accommodation is starting to facilitate speculative development. We are seeing Verdion spec two units at I-Port, Doncaster and Harworth Estates are due on site in February with a speculative 75,000 sq ft at Gateway 36, Barnsley, J36 M1.
- Improved availability of finance for commercial property has led to an increase in demand from owner occupiers looking to purchase. However there is a lack of freehold properties available.
- Whilst occupiers are willing to consider design and build options there is a disparity between existing and new build pricing. Whilst the gap between the rental levels and capital values of existing buildings and design and build options is gradually closing, not all occupiers are focussed on or able to afford new build accommodation.

Q4 2015 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q4 2016			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Sheffield	£5.50 ▲	£5.25 ▲	£5.00 ▲
Doncaster	£5.50 ▲	£4.75 ▲	£4.75 ▲
Rotherham	£5.50 ▲	£5.25 ▲	£4.50 ▲
Barnsley	£5.00 ▲	£5.00 ▲	£4.50 ▲



Arrow, Worksop – Let to Siro Uk

Regional outlook

- Construction costs will continue to be a barrier for small unit speculative development. Schemes which have come forward have witnessed good levels of demand but have had Local Authority or grant support for them to be viable.
- Incentives are reducing, headline rents are hardening in certain size brackets and lease terms are lengthening as evidenced by recent deals and will continue to do so.

Selected South Yorkshire transactions H2 2015				
Address	Occupier	Size (sq ft)	Rent/Price (per sq ft)	Date
Balby Carr Bank	Nisbets	145,819	£4.00	Dec-15
Victory Park, Sheffield	Amazon	50,656	Confidential	Oct-15
Arrow, Worksop	Siro Uk	330,318	£4.15	Sep-15
Strata, Doncaster	Howdens	137,500	£4.50	Jul-15