

WEST YORKSHIRE

Logistics and Industrial Commentary



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H1 2015 Review

- Take-up in West Yorkshire for units above 50,000 sq ft reached 1 million sq ft, representing a 60% reduction from H2 2014. This trend follows a period which has seen take-up decline since July 2014.
- Although, while H1 was characterised by fewer leasing transactions compared to H2 2014, market sentiment has remained robust. Limited activity has been largely attributed to the absence of good quality stock as opposed to a lack of occupier interest.
- Activity in H1 was largely driven by major retailers, which have shown strong interest in large format units together with a number of foreign direct investment projects such as the FedEx and XPO Logistics acquisitions.
- There are a number of units available in the second-hand market but in sub-prime locations. However, if the level of quality premises in prime locations continues to decline, then an opportunity to enter the second-hand market could emerge, as the next best alternative for potential occupiers.
- It comes as good news that there are schemes under development, which will help add much needed new stock to the market. This includes Mountpark Wakefield, a new 133,000 sq ft logistics warehouse which is expected to be completed by Q4 2015 and Logic Leeds, where Muse Developments are well advanced on-site with the construction of an 80,000 sq ft facility.
- In the meantime, prime headline rents are expected to rise across the size spectrum, with deals in H2 2015 expected to consist of fewer incentives and higher rental packages.
- As for the West Yorkshire investment market, the industrial sector continued to see the price of assets harden. Multi-let industrial estates made up the majority of deals in H1 but the highest levels of investment were in the big box market. Notable deals include the £47m investment for a Tesco Distribution Centre in Goole (£47.1m) and the Next Distribution Centre, Doncaster, which was acquired by LondonMetric for £29m. Both deals were completed in June 2015.

Q2 2015 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q2 2016			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Leeds	£5.75 ▲	£5.50 ▲	£5.25 ▲
Bradford	£5.50 ▲	£5.25 ▲	£5.00 ▲
Wakefield	£5.75 ▲	£5.50 ▲	£5.25 ▲



Baildon Business Park, Shipley. Pre sales have been completed of approximately 70,000 sq ft to 6 occupiers.

Regional outlook

- Despite relatively weak take-up in H1, the region is currently experiencing strong interests for industrial space. As new developments are brought to market, we expect take-up to be back on the ascendancy during H2.
- There is a shortage of stock particularly for assets at the smaller end of the scale which has begun to have an impact on occupiers in search of good quality small space. This could prompt the speculative development of multi-let estates, which was commenced by the development of Overland Park.
- The design and build market should also pick up in H2, which will put upward pressure on rents in the secondary market, as availability becomes acute.

Selected West Yorkshire transactions in H1 2015

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Overland Park	Leodis Stairlifts	5,260	£6.00	Jun-15
Sussex Avenue Leeds	Pemsa	30,118	£4.75	Jun-15
Connex 45	Fedex	50,000	£5.75	Jun-15
XL Normanton	Pound World	524,000	£4.85	Jun-15
Ossett	Simpsons Packaging	32,300	£76.00	May-15

*Freehold purchase