

WEST YORKSHIRE

Logistics and Industrial Commentary

H2 2014 Review

- Take-up in H2 was 42% lower compared with H1. However, H2 total was more than double that of the second half of 2013. Driven by the lack of available modern premises, take up for pre-lets and D&B remained at a high level in H2, in particular for units sized 30,000-50,000 sq ft. The majority of demand in H2 came from manufacturers and distributors.
- Some of the largest deals agreed in H2 included occupiers such as Samuel Grant (50,000 sq ft), Speedy Hire (38,000 sq ft) and Express Bi Folding Doors (60,000 sq ft). We predict this trend will continue with active requirements already seen from Geopost, JLP, Matthew Clarke and ABP.
- Availability of units larger than 50k sq ft continues to diminish. Existing supply currently stands at 1.43million sq ft, down 40% on H1 and 24% on H2 2013.
- As a result, developers such as Stoford and Kier have submitted planning applications to speculatively develop new larger industrial units in the prime logistics locations. One of the largest developments in the region is taking place to the eastern side of Leeds City Centre, where the Council is supporting Muse and Wilton Developments with the development of 3 units, totalling 160,000 sq ft.
- Meanwhile, small scale speculative development has been undertaken by local developers, achieving strong rents and limited void periods. A scheme of 20,000 sq ft in Cleckheaton recently achieved full occupancy after only eight months post completion, with rents averaging around £6.25 per sq ft.
- There has been limited activity in the land sale market, with only a few significant freehold transactions in H2. A 12 acre site to the East of Leeds, and a 12 acre site at Glasshoughton were both sold at sub £300,000 per acre.
- Rental growth has returned to Yorkshire. New build warehouses in prime locations are quoting £5.75 per sq ft, which represents a £1 per sq ft increase on prime stock offered in 2013.

Selected West Yorkshire transactions in H2 2014

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Blue Steel, Cross Green, Leeds	Lawcris	135,000	£28.00*	Jul 14
Rosie Road, Normanton	Speedyhire	38,000	£5.26	Jul 14
City Park, Gelderd Road, Leeds	Travis Perkins	44,309	£4.50	Sep 14
Latitude B5, Wakefield	WH Malcolm	135,000	£4.50	Oct 14
Access 26, Cleckheaton	Northern Powergrid	10,000	£6.50	Dec 14

*Freehold purchase



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Q4 2014 Prime headline rents (£ per sq ft)

▼ / ▲ - movement expected to Q4 2015

Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Leeds	£5.50 ▲	£5.25 ▲	£5.25 ▲
Bradford	£5.25 ▲	£5.00 ▲	£5.00 ▲
Wakefield	£5.50 ▲	£5.25 ▲	£5.25 ▲



New instruction – Wakefield Eurohub

Regional outlook

- Occupier demand is expected to strengthen further on the back of improving economic conditions.
- With existing availability continuing to diminish, a much needed return of speculative development will provide a boost to the quality of supply in the region, and it is hoped that other development sites will start to come forward as confidence in the market gathers momentum.
- Supply constraints coupled with improving occupier demand are expected to lead to further increases in rental levels. As occupiers start to compete for the prime buildings and development opportunities, we foresee headline rents and freehold prices rising to new market highs.