

Industrial Q1 2024

64.8 M
Availability, SQFT Q1

YoY
Chg12-Mo.
Forecast

9.0 M
Take-Up, SQFT Q1



5.2%
Prime Rent Growth YoY



Average UK Big Box (Units of 100,000 Sq ft +)

LATEST INDICATORS

-21
GfK Consumer
Confidence Index
(March 2024)

YoY
Chg12-Mo.
Outlook

50.3
UK Manufacturing PMI
(March 2024)



25.7%
Online Share of retail.
(February 2024).



Source: GfK, S&P Global (IHS Markit), ONS
* A score below 50 indicates contraction

Occupational market continues to hold firm

Demand for Logistics and Industrial units of 50,000 sq ft and above totalled 9.0 million square foot during the first quarter of 2024, from 55 transactions. The quarterly value outperforms both the Q1 10-year pre-pandemic average and the volume recorded during Q1 2023 but falls below both the Q4 2023 value and the 5-year pre-pandemic average. Whilst the lion's share of demand remains focussed on securing modern Grade A space, the Q1 data shows a marked increase in demand for Grade B space, which exceeded 2m sq ft, representing growth of circa 21% quarter on quarter. Demand for mid box space also remains a key proponent of total demand rising to 1.8m sq ft during the quarter, an increase of 40% on the previous quarter. The 3PL sector was most active during this period, taking over 3m sq ft for the first time since Q3 2022, whilst significant demand from the food sector and related businesses was also noted.

Supply contracts for the first time since 2022

The total availability of logistics and industrial units over 50,000 sq ft fell to 64.8m sq ft during Q1 2024, the first quarterly contraction in immediately available space recorded since Q2 2022. The contraction was primarily driven by a reduction in the volume of Grade B and Grade C space, both contracting by circa 5%, as poorer quality buildings are taken off market for refurbishment or redevelopment, and renewed demand in Grade B space continues to shrink occupier choice. The supply of Grade A space contracted by 1.3%, as a result of a slowing development pipeline, and sustained levels of demand. This marks a step change in the market, which had seen speculative development peak during 2022 before a marginal reduction during 2023 delivering just short of 40m sq ft of space over the two years of which 18m sq ft remains available at present. At present a further 12.8m sq ft of space is speculatively under construction.

Investment volumes remain subdued despite some improvement

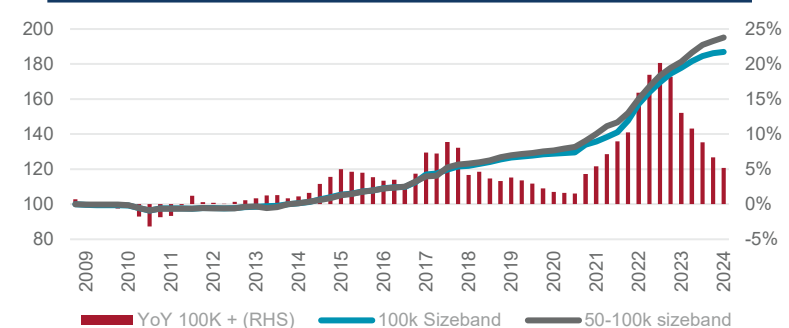
Total investment in the Logistics and Industrial sector reached £1.3bn during the first quarter of 2024, a modest improvement on the £1.2bn recorded during the final quarter of 2023. Despite this improvement in the short term, overall volumes remain muted largely due to challenges around pricing and the difference between vendor / purchaser aspirations. The £1.3bn volume falls below the £2bn Q1 5-year pre-pandemic average. As a result of such conditions purchases of single assets continue to account for the bulk of the market, and average lot sizes continue to remain low. Of the 62 transactions recorded, 47 were for lot sizes of £25m or below. Although pricing remains relatively stable given the significant re-pricing seen last year, continued price discovery and transactional evidence saw the prime average yield contract marginally by 6BPS during Q1 2024 falling from 5.45% to 5.39%.

TAKE-UP AND AVAILABILITY



Source: Cushman & Wakefield Research, Big Box = Units 100K sq ft +, Mid box = 50k-100k, *2024 Take-up shown as rolling four quarters value

C&W PRIME AVERAGE RENT INDEX, Dec 2008=100



Industrial Q1 2024

MARKET STATISTICS

	Availability (sq ft)	Grade A (sq ft)	Spec Grade A U/C (sq ft)	Current Quarter Take-up (sq ft)	YTD Take-up (sq ft)	Prime Rent (£ / sq ft)	Prime Equivalent Yield
London	2,858,921	2,028,809	1,930,265	-	575,142	28.50	4.65%
South East & East	11,895,806	8,855,051	6,976,552	2,028,401	5,360,972	22.50	5.00%
North West	9,974,686	6,943,327	6,198,090	450,936	3,552,908	10.50	4.90%
West Midlands	7,807,458	5,567,088	4,145,654	1,943,287	5,458,147	11.00	5.10%
East Midlands	9,996,084	8,853,421	8,187,581	2,329,794	8,549,223	10.00	5.05%
Yorks & Humberside	7,192,561	5,584,996	4,838,406	1,244,194	3,843,584	8.50	5.15%
South West	4,935,950	3,206,306	2,912,170	354,361	1,429,115	8.75	5.25%
North East	2,247,588	993,118	993,118	-	1,570,845	7.75	5.95%
Wales	5,093,309	355,260	269,282	511,180	1,284,116	8.25	6.15%
Scotland	2,792,835	934,199	65,092	126,960	1,210,615	9.00	6.00%
UK Total / Average	64,795,198	43,321,575	36,516,210	8,989,113	32,834,667	11.40	5.39%

* Unweighted average for the 71 submarkets tracked by C&W

KEY LEASING/OWNER-OCCUPIER TRANSACTIONS Q1 2024

Property/Business Park	Sub Market	Tenant	SQ FT	TYPE
Northampton Gateway, Segro	East Midlands	Yusen	1,191,000	BTS/Pre-let
Mammoth Boundary Way Hemel Hempstead	South East & East	Brakes	465,000	Existing
Campus 450, DIRFT	East Midlands	Open Book Logistics	450,000	Existing
LG395, London Gateway	South East & East	Ziegler	395,000	Existing
Rugby 379, DC1 Central Park Rugby	West Midlands	Candy Hoover	376,563	Existing

KEY INVESTMENT TRANSACTIONS Q1 2024

Property Name	Region	Buyer/Seller	Sqft	Price
Trilogy Fareham	South East	Aviva/Abrdn	125,084	£21,900,000.00
Velocity 42	West Midlands	Clarion/Tristan	287,062	£38,150,000.00
Crossfire 14	East Midlands	Clarion/Tristan	271,106	£42,000,000.00
Mountpark Warrington Omega II	North West	Mirastar/Mountpark	736,509	£110,000,000.00
Royal London Industrial PF	Portfolio	Ares/Royal London	1,482,732	£210,000,000.00

Edward Bavister

Associate

+44 (0) 7721 671 121 / edward.bavister@cushwake.com**Richard Evans**

Head of Logistics and Industrial UK

+44 (0) 207 152 5132 / richard.evans@cushwake.com**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

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