

63.6 M
Availability, SQFT Q2

YoY
Chg12-Mo.
Forecast

6.3 M
Take-Up, SQFT Q2



10.6%
Prime Rent Growth YoY



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

LATEST INDICATORS

-23

GfK Consumer
Confidence Index
(June 2023)

YoY
Chg12-Mo.
Outlook

46.5

UK Manufacturing PMI
(June 2023)*



25.3%

Online Share of retail.
(May 2023).



Source: GfK, S&P Global (IHS Markit), ONS

* A score below 50 indicates contraction

** Compared with same month the previous year

Take-up remains subdued as caution persists

Take-up has continued to recede amidst tough macroeconomic conditions with just 45 deals taking place throughout Q2 2023, falling back on the 62 recorded during Q1 and below the typical 53 Q2 deals a quarter recorded during the five years leading up to the Covid-19 pandemic. The fall back in demand has been less pronounced for best-in-class stock, with demand for Grade A space falling back by just 18% whilst lower quality grades B and C have fallen back by 38% and 40% respectively. Grade A space continues to account for over a 50% of total take-up through the year to date and accounted for 72% of Q2 take-up. From a regional perspective, demand in the West Midlands, North-West and South-East & East, typically key proponents of total take-up receded significantly circa 50% down on their Q1 total take-up values. Q2 also continued to highlight a shift in the composition of occupier demand, with notable trends pointing towards a decrease in the number of blue-chip 3PL's taking large units, continued demand from occupiers re-shoring production within the UK, and significant growth in the "Other" category, comprised of data centres, medical businesses, and energy and infrastructure operators all acquiring space. At the end of Q2, 51 units are under offer totalling 7.8m sq ft, a significant increase on the previous quarters value, hinting towards a recovery in demand during H2 2023.

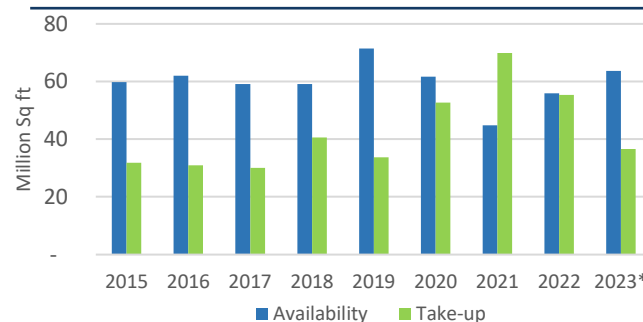
Availability continues to rise

Availability has continued to rise throughout Q2 2023, as a result of slowing occupational demand and the emergence of grey space as a result of tough macroeconomic conditions. Total availability for units in excess of 50,000 sq ft exceeded 60 m sq ft for the first time since Q1 2021, reaching 63.6m sq ft up from 59.5m sq during Q1 2023. Of this, 7.6m sq ft of grey space is available as a result of business failures and insolvency the overwhelming majority of which is being made available by way of sublet or assignment. Despite the continued increase in the headline availability figure pockets of under-supply remain prevalent across the regions, with occupiers still subject to compromise either on location or building specification and size. As such developers have continued to bring forward new space. The total volume of stock speculatively under construction increased slightly throughout Q2, currently accounting for circa 20.4m sq ft of available Grade A space.

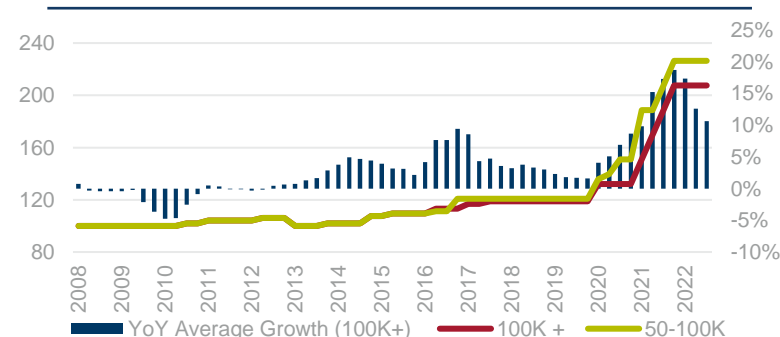
Transactions show sign of recovery as sentiment continues to improve

Investment volumes during Q2 totaled £1.6bn recovering on the circa £1.2bn recorded during Q1 2023. H1 total volumes thus amounted to circa £2.8bn the lowest H1 recorded since 2013, and marginally below the H1 2020 value of £2.9bn. Most notably the quarter's investment volumes have been buoyed by the return of high value transactions (i.e £50m+). Significant recovery was also recorded for assets with a lot size of £10-£25m, with the total volumes reaching circa £400m, a significant improvement on the £182m recorded during the previous quarter. Looking forward it is expected that the sector will continue to attract a strong blend of investors, as a result of a maintained confidence in the strength and robustness of the occupational markets.

TAKE-UP AND AVAILABILITY



C&W PRIME RENT INDEX, Dec 2008=100



Industrial Q2 2023

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	2,181,811	1,096,899	998,355	257,453	1,012,189	27.50	4.55%
South East & East	11,406,456	7,722,221	5,645,703	801,982	6,675,195	22.50	4.80%
North West	7,522,566	4,109,681	3,459,578	568,366	4,124,589	9.50	4.80%
West Midlands	8,909,713	6,085,231	5,202,391	995,747	5,939,578	11.00	5.00%
East Midlands	10,989,311	9,375,268	8,974,621	1,745,081	6,885,170	9.75	4.95%
Yorks & Humberside	8,074,144	6,710,765	5,712,976	1,104,738	5,665,991	8.50	5.00%
South West	5,767,663	3,775,683	3,331,976	541,123	2,829,289	8.50	5.10%
North East	1,932,068	935,411	935,411	146,000	1,041,635	7.75	5.80%
Wales	4,288,319	326,582	326,582	-	1,759,240	7.50	6.15%
Scotland	2,557,362	830,484	135,092	156,734	683,910	8.25	6.00%
UK Total / Average	63,629,413	40,968,225	34,722,685	6,317,224	36,616,786	10.85	5.31%

KEY LEASING/OWNER-OCCUPIER TRANSACTIONS Q2 2023

Property/Business Park	Sub Market	Tenant	Sq ft	Type
Rugby 661, Castle Mound Way	East Midlands	Confidential	661,348	Existing
Melton West Business Park	Yorks & Humber	Smith & Nephew	420,621	Freehold Development
Voltaic, Wakefield	Yorks & Humber	XPO	211,364	Existing
Apollo 2, Ansty Park	West Midlands	Staircraft	169,747	Spec (Newly completed)
Big Box 24, Bridgwater	South West	EDF	352,303	Existing

KEY INVESTMENT TRANSACTIONS Q2 2023

Property Name	Region	Buyer/Seller	Sq ft	Price
Project Spears	Portfolio	Mileway/Blackrock	946,916	£152,000,000.00
Libra Portfolio	Portfolio	Argo/Tesco	1,048,990	£95,593,943.00
Wembley 180	London	DWS/Abrdn	186,455	£74,000,000.00
Junction Six Industrial Park	West Midlands	Tritax/M&G	377,350	£59,029,388.00
Union Park, Leighton Buzzard	South East	Tritax/Tungsten	165,837	£27,900,000.00

Edward Bavister

Associate

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

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com