

Industrial Q2 2024

63.2 M
Availability, SQFT Q2

YoY
Chg12-Mo.
Forecast

10.8 M
Take-Up, SQFT Q1



4.3%
Prime Rent Growth YoY



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

LATEST INDICATORS

-14
GfK Consumer
Confidence Index
(June 2024)

YoY
Chg12-Mo.
Outlook

50.9
UK Manufacturing PMI
(June 2024)



26.2%
Online Share of retail.
(May 2024).



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

Occupational market continues to recover

Demand for Logistics & Industrial units of 50,000 sq ft and above totalled 10.8 million square feet during the first quarter of 2024, from 63 transactions. The Q2 2024 volume is a 17.5% improvement on the Q1 value and also outperforms both the 10-year and 5-year pre-pandemic Q2 averages. Total occupier take-up during H1 2024 reached 20.1m sq ft, a 30% improvement on the H1 2023 value, and again outperforming both the 5 and 10-year pre-pandemic H1 averages. Notably the sector has been buoyed by the return of appetite for big box developments through H1 2024, 8.8m sq ft of space was signed for within units of 300,000 sq ft and above, a significant increase on the 4.5m sq ft signed for during H1 last year. Recovery was also recorded across a range of occupier types, with manufacturing-related take-up rising to 2.4m sq ft, from 1.6m sq ft last quarter as the trend of re-shoring and near-shoring continues. Following the return of Amazon in late 2023, the Ecommerce sector also saw a significant improvement during Q2 with over 1m sq ft being signed for. Key logistics locations continue to account for a significant proportion of demand with the Midlands accounting for over 50% of take-up during Q2.

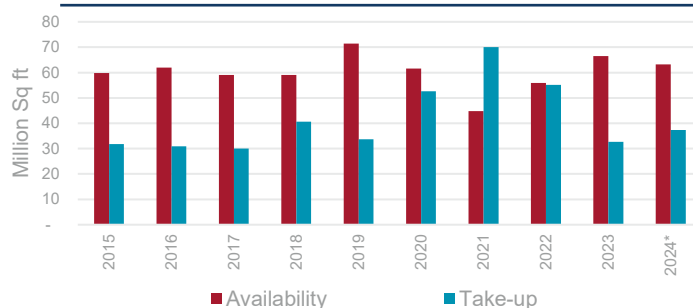
Second consecutive supply side contraction

Total availability contracted for a second consecutive quarter during Q2 2024, with 63.2m sq ft now available and being actively marketed. The quarterly reduction of 3% was driven by a fall in the volume of space available within Grade B and Grade C buildings, whilst the availability of Grade A space increased slightly during the quarter. The headline total availability figure now sits marginally above the five-year pre-pandemic average. However, a much greater proportion of this supply is now being counted for by modern Grade A facilities as a result of a strong developer response in recent years. The development pipeline has continued to slow during 2024, with new starts during Q2 falling to 2.6m sq ft down from 3.7m sq ft last quarter. Furthermore, the composition of the current development pipeline has changed significantly since the peak of the market, with 60 of the total 83 buildings under construction providing accommodation within units of 50,000-200,000 sq ft.

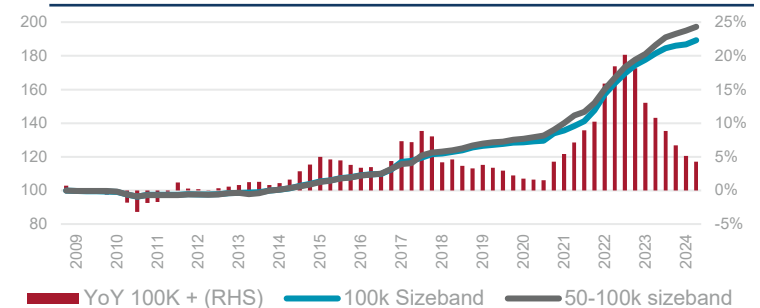
Investment volumes remain subdued despite some improvement

Total investment in the Logistics & Industrial sector reached £1.72 bn during Q2 2024, an improvement of 30% quarter on quarter. Despite this recovery, there is still a gap between buyer and seller expectations. As a result, activity through the second quarter was once again subdued and focussed around the acquisition of smaller lot sizes with 47 of the total 62 deals recorded being for assets sub- £25m lot sizes. The number of portfolio transactions also contracted quarter on quarter, with just 3 portfolios changing hands for a total value of £205m down from 8 portfolios at a value of £396m last quarter. Whilst early interest rate cuts will be welcomed, it is unlikely that investor pricing models will change significantly in the short term. However, we expect investor confidence to improve throughout H2 and further improvement in the occupational market will encourage liquidity.

TAKE-UP AND AVAILABILITY



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



Industrial Q2 2024

MARKET STATISTICS

	Availability (SQFT)	Grade A (SQFT)	Speculative U/C (SQ FT)	Current Quarter Take-up (SQFT)	YTD Take-up (SQFT)	Prime Rent (BIG BOX)	Prime Equivalent Yield
London	2,905,689	2,140,474	440,295	-	-	28.50	4.65%
South East & East	12,384,271	9,669,043	3,168,388	1,717,435	3,801,434	22.50	4.95%
North West	9,939,363	6,350,622	2,830,411	1,663,831	2,114,767	10.75	4.90%
West Midlands	7,591,466	5,413,131	1,912,272	1,724,912	3,668,199	11.00	5.10%
East Midlands	10,645,503	9,421,000	4,515,588	3,913,456	6,243,250	10.5	5.20%
Yorks & Humberside	7,247,802	5,572,722	553,709	742,990	2,025,966	8.5	5.20%
South West	4,805,859	3,159,863	339,280	569,571	923,932	8.75	5.30%
North East	1,972,477	856,168	83,000	209,652	209,652	7.75	5.95%
Wales	3,204,632	244,560	-	233,612	880,163	8.25	6.15%
Scotland	2,470,174	934,199	-	56,883	183,843	9.00	6.00%
Total	63,167,236	43,761,782	13,842,943	10,832,342	20,051,206	11.55**	5.40%

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

KEY LEASING/OWNER-OCCUPIER TRANSACTIONS Q1 2024

Property/Business Park	Sub Market	Tenant	SQFT	TYPE
Nike Campus, Magna Park Corby	East Midlands	Nike	1,300,000	BTS/Pre-let
MPC 3, Magna Park, Corby	East Midlands	Bleckman	591,272	Spec (Newly completed)
Wolverhampton 450	West Midlands	GSF Car Parts	447,491	Existing
Ergo 352 Fradley, Lichfield	West Midlands	Super Smart	352,812	Spec (Newly completed)
Kerakoll, Aptus, Roman Way Preston	North West	Kerakoll	175,000	BTS/Pre-let

KEY INVESTMENT TRANSACTIONS Q1 2024

Property Name	Region	Seller/Buyer	Size (sq ft)	Price
International Trading Estate, Southall	London	Royal London / GTR	718,862	£315,000,000
The Heathrow Estate, Hounslow	London	Segro / Kennedy Wilson	300,000	£87,400,000
Iona Portfolio		IPIF / Hines	527,090	£80,550,000
DHL Manton Wood, Worksop	East Midlands	Alpha RE / Undisc.	542,051	£55,000,000
Movianto Haydock	North West	Warrington Council / Clarion	381,146	£50,800,000

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