

Intelligent Investment

# UK Logistics Q1 2024

MARKET SUMMARY

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CBRE RESEARCH  
APRIL 2024



# Content



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Highlights



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Authors and research links



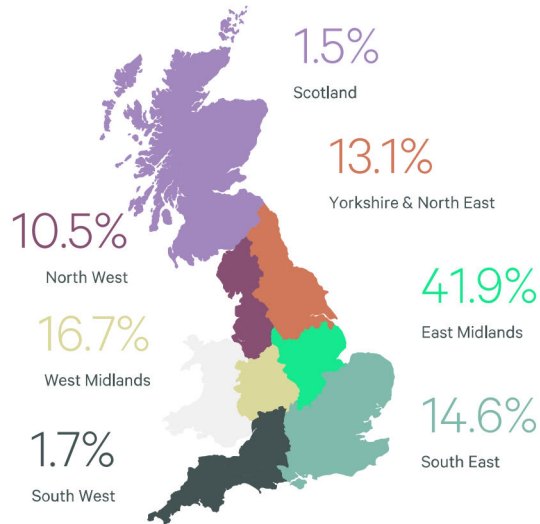
For queries regarding data contained in this report, please contact [Miranda Botcherby](#)



# Highlights

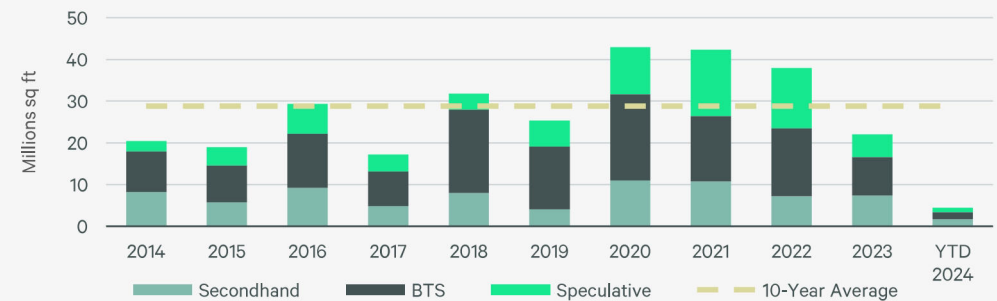
- Take-up in Q1 2024 totalled 4.5m sq ft, down by 49% QoQ and 31% below the five-year average Q1 take-up (6.6m sq ft). There was a nearly even split between take-up of secondhand and Build-to-Suit (BTS), each contributing 38% and 37%, respectively
- Availability increased slightly by 73k sq ft across the UK. Speculative builds represented 79% of available space with 24% under construction compared to 29% last quarter
- The East Midlands remained dominant in its share of UK take-up. This quarter's share (29.5%), however, was below the rolling twelve-month average of 41.9%

UK Logistics take-up share by region, 12 months to end Q1 2024



Source: CBRE

UK Logistics take-up – Q1 2024



Source: CBRE

UK Logistics availability – Q1 2024



Source: CBRE

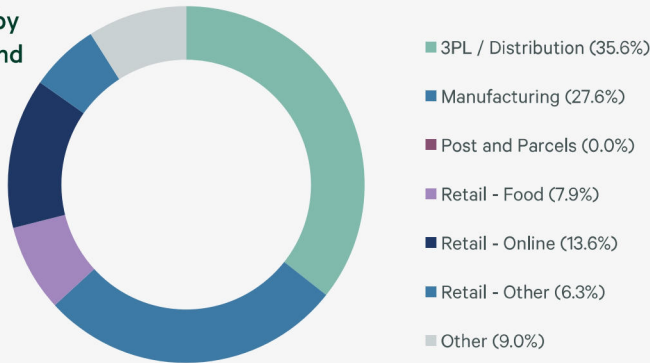
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# Highlights

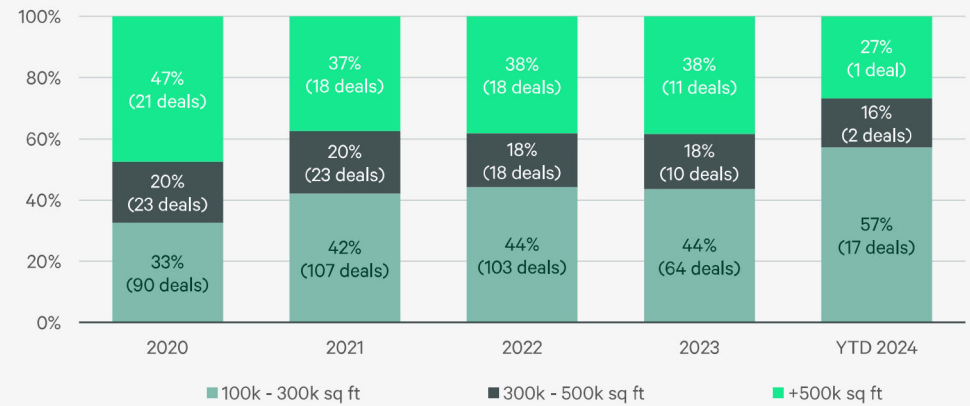
- 20 deals completed in Q1 2024, slightly lower than Q1 2023 where we saw 25 deals completed. A total of 35 units were under offer by the end of Q1 2024, totalling 14.2m sq ft
- Q1 2024 has seen a larger proportion of smaller box (100k-300k sq ft) units being taken this quarter. The average deal size in the quarter was 223k sq ft, this is lower than the 12-month rolling average of 273m sq ft
- The majority of Q1 2024 take-up was in the 3PL (56.5%) and manufacturing (26.7%) sectors

**UK Logistics take-up by sector, 12 months to end Q1 2024**



Source: CBRE

**UK Logistics take-up (%) and number of deals by size band**



Source: CBRE

**UK Logistics selected deals – Q1 2024**

Town	Size (sq ft)	Occupier
Knaresborough	275,413	Penmoor UK Limited
Hemel Hempstead	161,000	Food Services Logistics
Doncaster	173,012	Dusk

Source: CBRE

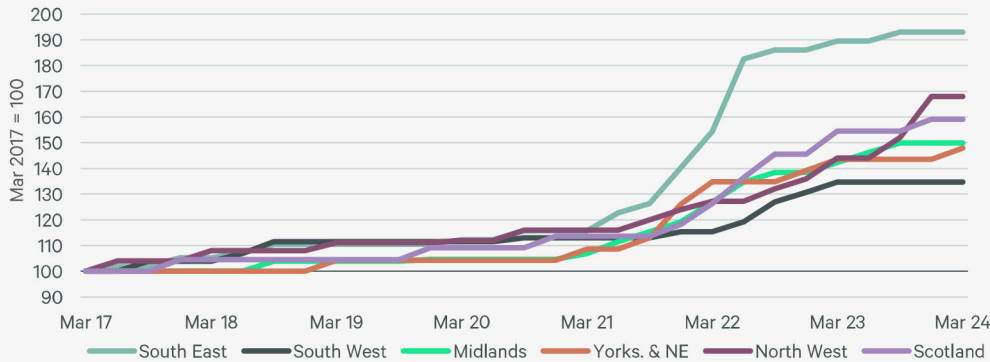
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# Highlights

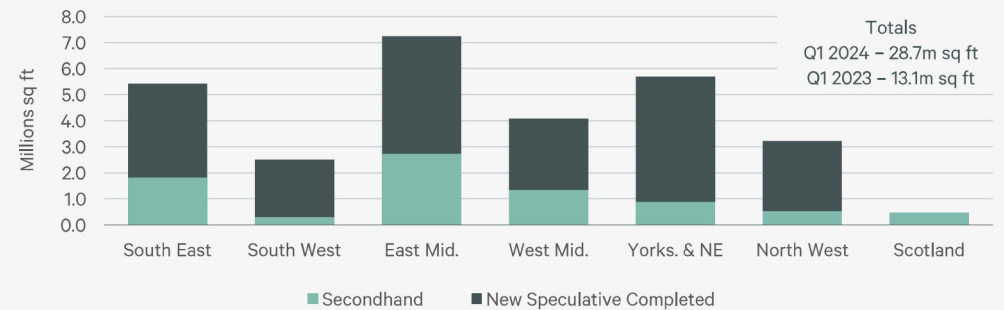
- In Q1 2024 the UK vacancy rate rose 22bps to 5.28%, this rise is less sharp than the previous quarters' increases of 53bps in Q4 and 117bps in Q3 2023
- The total space under construction this quarter was 19.2m sq ft, 10.4% down QoQ, of which BTS space totalled 9.7m sq ft. Space under construction is now broadly in line with the pre-pandemic averages of 21.2m sq ft in 2018 and 19.1m sq ft in 2019
- Prime rents remained stable throughout the UK, only the Yorkshire and the North East region saw an increase of 3% QoQ

Regional prime rental growth (index)



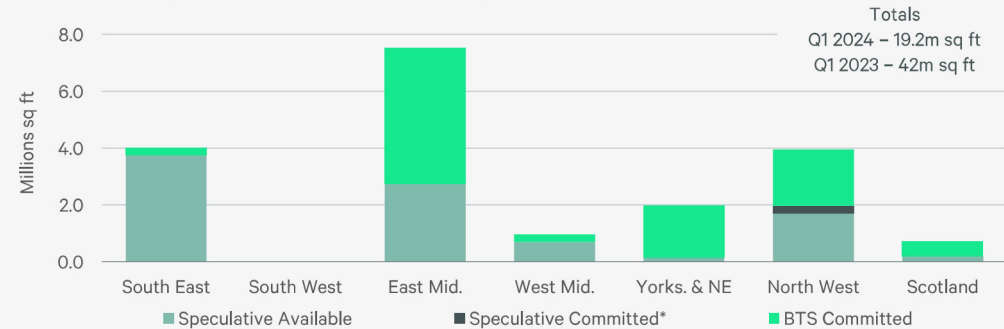
Source: CBRE Big Box Logistics Rents

Ready-to-occupy supply – end Q1 2024



Source: CBRE

Development pipeline (under construction) – end Q1 2024



Source: CBRE

\*Committed indicates either pre-let or under offer

Note: UK vacancy rate refers to the buildings that are physically built and standing, capable of being utilised by an occupier immediately.



# South East

- Take-up in the South East in Q1 2024 totalled 472k sq ft, representing a 74% decrease QoQ. This is the first quarter since Q2 2018 where all take-up has come from secondhand units. Demand mainly came from the retail sector
- The region saw a 35% increase in availability QoQ, mainly driven by speculative under construction space which reached 3.7m sq ft compared to 1.6m sq ft last quarter. The vacancy rate also increased by 22bps to 4.46%, due to moderate increases in available secondhand stock (+4% QoQ) and newly completed speculative space (+6% QoQ). Despite this increase, the region's vacancy rate remains below the UK average
- The South East prime big box rent remained stable in Q1 at £27.50 psf, as did the prime yield for the region at 5.25%

South East  
Prime Big Box Rent

M25 West Area

▶ **£27.50**

per sq ft pa

Arrow indicates movement Q-on-Q

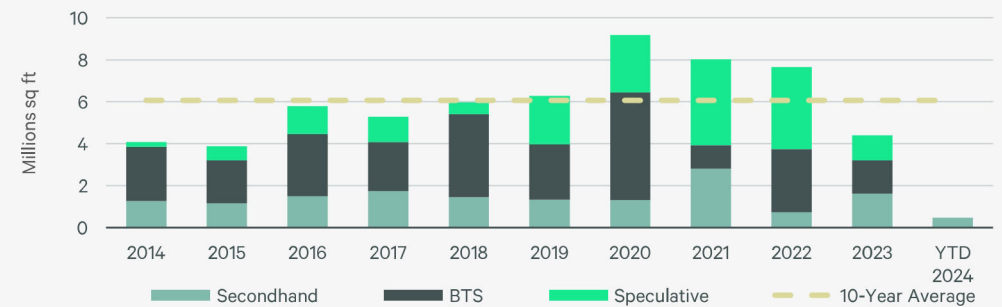
South East  
Prime Big Box Equivalent Yield

M25 West Area

▶ **5.25%**

NIY

South East Logistics take-up – Q1 2024



Source: CBRE

South East Logistics availability – Q1 2024



Source: CBRE

Note: CBRE UK Logistics data relates to units above 100,000 sq ft and minimum 10m eaves unless stated otherwise. Speculative units under construction count as available if planned physical completion is within the following 12 months. BTS stands for Build-to-Suit.



# South West

- The South West saw one secondhand deal in Q1 of 229k sq ft. This is the first deal in the region since Q2 2023. Three units also came newly under offer in the quarter, totaling 616k sq ft
- Availability in the region reduced 22% QoQ. secondhand stock remained stable QoQ. The South West vacancy rate reduced by 35bps in the quarter to 7.81%
- The South West prime rent stayed at £8.75 psf in Q1, the big box prime yield remained at 5.75%

South West  
Prime Big Box Rent

Bristol sub-market

▶ **£8.75**

per sq ft pa

Arrow indicates movement Q-on-Q

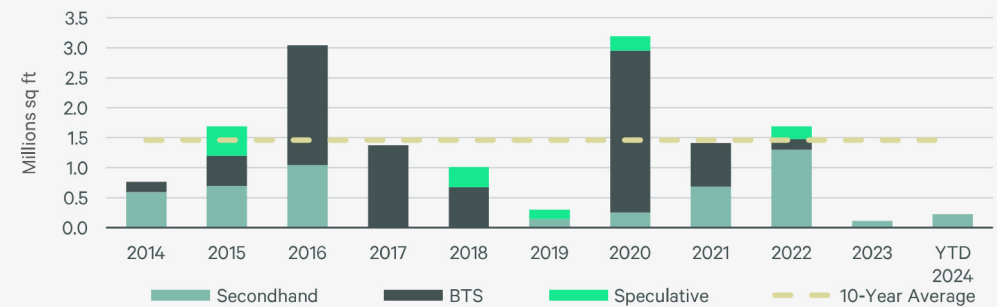
South West  
Prime Big Box Equivalent Yield

Bristol sub-market

▶ **5.75%**

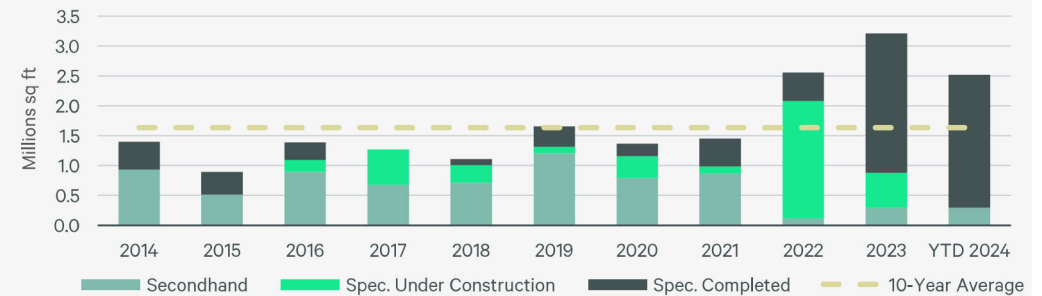
NIY

South West Logistics take-up – Q1 2024



Source: CBRE

South West Logistics availability – Q1 2024



Source: CBRE

Note: CBRE UK Logistics data relates to units above 100,000 sq ft and minimum 10m eaves unless stated otherwise. Speculative units under construction count as available if planned physical completion is within the following 12 months. BTS stands for Build-to-Suit.





# East Midlands

- Take-up in the East Midlands totalled 1.3m sq ft in Q1 2024 across two deals, down by 44% YoY. Demand came from the 3PL and manufacturing sectors. The region recorded the highest number of new under offer units (6), totalling 2.2m sq ft
- The region continues to have the greatest amount of available space in the country (10.0m sq ft), however, this did decrease slightly QoQ (-3%). The vacancy rate increased from 5.14% in Q4 2023 to 5.31%, due to an increase in vacant newly completed speculative space
- There was no change to the prime rent or prime yield in the East Midlands this quarter

East Midlands  
Prime Big Box Rent

M1-M6 junction

▶ **£9.75**

per sq ft pa

Arrow indicates movement Q-on-Q

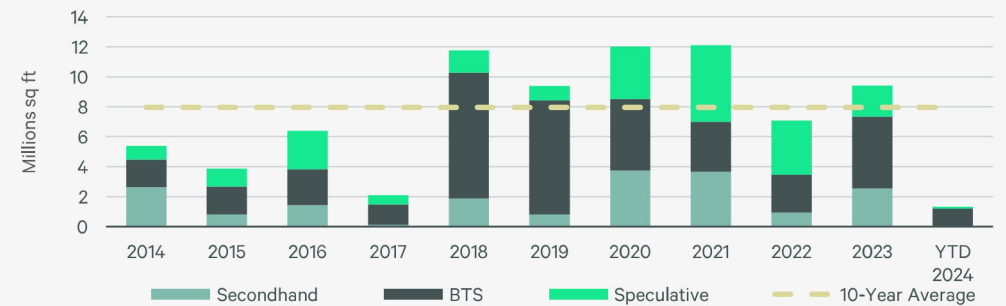
East Midlands  
Prime Big Box Equivalent Yield

M1-M6 junction

▶ **5.25%**

NIY

East Midlands Logistics take-up – Q1 2024



Source: CBRE

East Midlands Logistics availability – Q1 2024



Source: CBRE

Note: CBRE UK Logistics data relates to units above 100,000 sq ft and minimum 10m eaves unless stated otherwise. Speculative units under construction count as available if planned physical completion is within the following 12 months. BTS stands for Build-to-Suit.





# West Midlands

- Take-up in the West Midlands totalled 1.1m sq ft across five deals in Q1 2024, almost double that seen in Q4 2023. Demand predominantly came from the 3PL sector, with one deal coming from the manufacturing sector
- At the end of Q1 2024 the region saw 4.8m sq ft of available space, decreasing for the second consecutive quarter. Available space was made up of 58% new completed speculative space, 28% secondhand, and 14% speculative space under construction. The vacancy rate increased to 4.80% in Q1 (from 4.52% in Q4 2023) due to a 1m sq ft increase of available newly completed speculative stock
- Prime big box rents for the West Midlands remained stable at £9.75 psf, as did the prime yield at 5.25%

West Midlands  
Prime Big Box Rent

Birmingham

▶ **£9.75**

per sq ft pa

Arrow indicates movement Q-on-Q

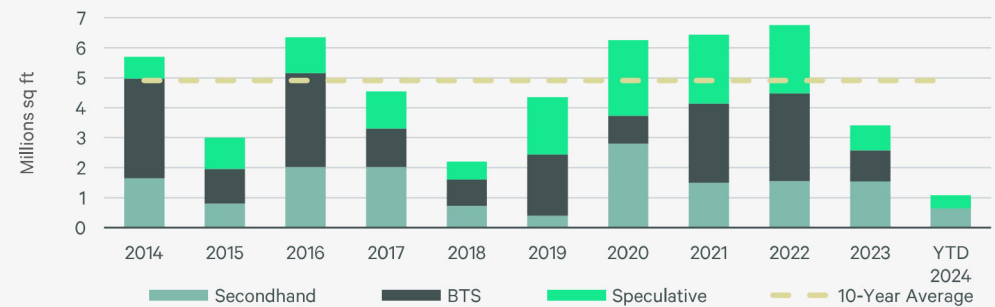
West Midlands  
Prime Big Box Equivalent Yield

Birmingham

▶ **5.25%**

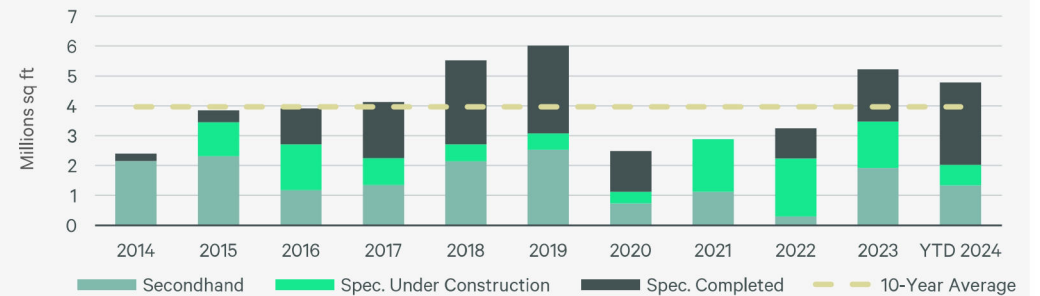
NIY

West Midlands Logistics take-up – Q1 2024



Source: CBRE

West Midlands Logistics availability – Q1 2024



Source: CBRE

Note: CBRE UK Logistics data relates to units above 100,000 sq ft and minimum 10m eaves unless stated otherwise. Speculative units under construction count as available if planned physical completion is within the following 12 months. BTS stands for Build-to-Suit.



# Yorkshire and North East

- Yorkshire and the North East saw the greatest quarterly increase in take-up of all regions, reaching 1.2m sq ft (across eight deals) in Q1 2024, 30% above the 12-month rolling average
- Availability in the region stood at 5.8m sq ft at the end of Q1 2024, a 3.9% decrease QoQ. With an additional 1.1m sq ft of available newly completed speculative space added to the region's stock, the vacancy rate rose by 88bps QoQ to 6.43%
- The prime rent in the Yorkshire and North East grew by 3% to £8.50 psf in Q1, making this the only region to register prime rent growth. The region's prime yield remained at 5.50%

Yorkshire and North East  
Prime Big Box Rent

Wakefield sub-market

▲ **£8.50**

per sq ft pa

Arrow indicates movement Q-on-Q

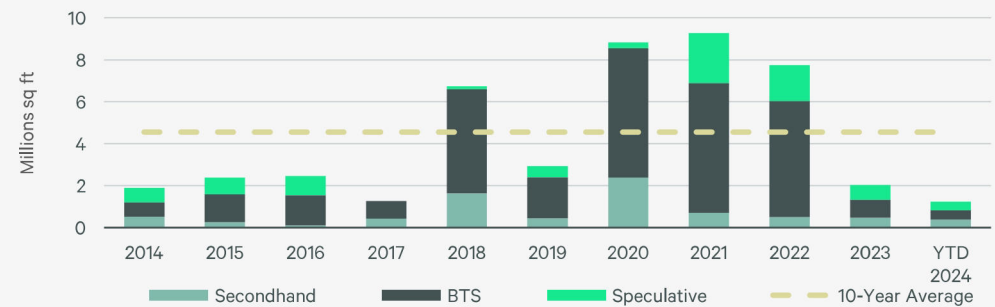
Yorkshire and North East Prime  
Big Box Equivalent Yield

Wakefield sub-market

▶ **5.50%**

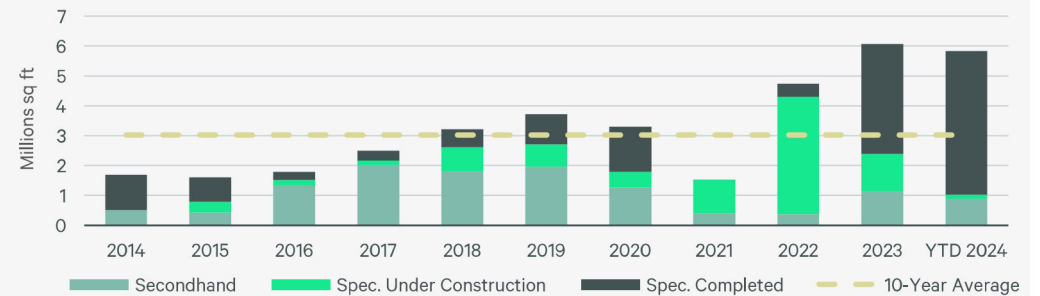
NIY

Yorkshire and North East Logistics take-up – Q1 2024



Source: CBRE

Yorkshire and North East Logistics availability – Q1 2024



Source: CBRE

Note: CBRE UK Logistics data relates to units above 100,000 sq ft and minimum 10m eaves unless stated otherwise. Speculative units under construction count as available if planned physical completion is within the following 12 months. BTS stands for Build-to-Suit.



# North West

- There were no new big box deals in the North West in Q1 2024, the first time since Q1 2018. Space marked as under offer rose QoQ in the region to 1.6m sq ft across 6 deals
- Availability in the region totaled to 4.9m sq ft, 5% lower than the previous quarter (5.1m sq ft). However, with an additional 524k sq ft of available newly completed speculative space and no new deals in the quarter, the region's vacancy rate rose by 30 bps to 4.88%, slightly below the UK average of 5.28%
- The North West prime rent and yield remained stable at £10.50 psf and 5.25%, respectively

North West  
Prime Big Box Rent

Warrington sub-market

▶ **£10.50**

per sq ft pa

Arrow indicates movement Q-on-Q

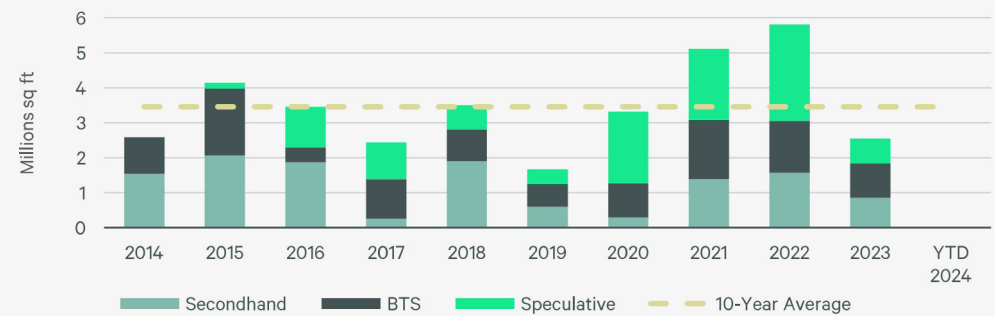
North West  
Prime Big Box Equivalent Yield

Warrington sub-market

▶ **5.25%**

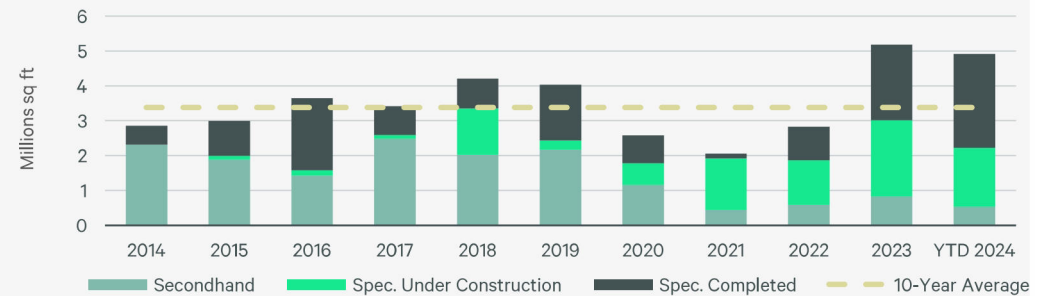
NIY

North West Logistics take-up – Q1 2024



Source: CBRE

North West Logistics availability – Q1 2024



Source: CBRE

Note: CBRE UK Logistics data relates to units above 100,000 sq ft and minimum 10m eaves unless stated otherwise. Speculative units under construction count as available if planned physical completion is within the following 12 months. BTS stands for Build-to-Suit.



# Scotland

- One big box deal took place in Scotland during the first quarter of 2024, totaling 127k sq ft of newly completed speculative space. A further two units are currently under offer in the region, both of which are secondhand
- Availability for the region decreased by 37% QoQ to 476k sq ft. As a result, Scotland's vacancy rate nearly halved, sharpening from 6.53% in Q4 2023 to 3.55% in Q1 2024 – now well below the national average
- The Scotland big box prime rent remained steady at £8.75 psf, as did the prime yield at 6.25%.

Scotland  
Prime Big Box Rent

Glasgow sub-market

▶ **£8.75**

per sq ft pa

Arrow indicates movement Q-on-Q

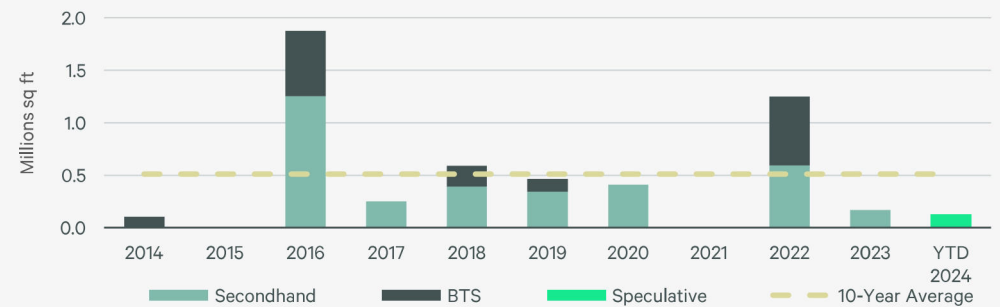
Scotland  
Prime Big Box Equivalent Yield

Glasgow sub-market

▶ **6.25%**

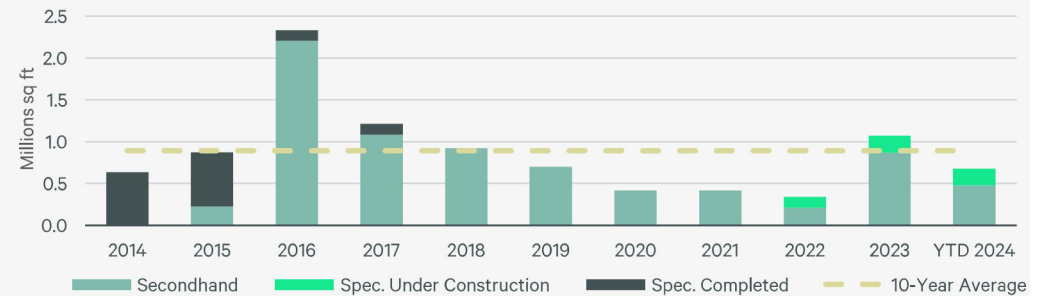
NIY

Scotland Logistics take-up – Q1 2024



Source: CBRE

Scotland Logistics availability – Q1 2024



Source: CBRE

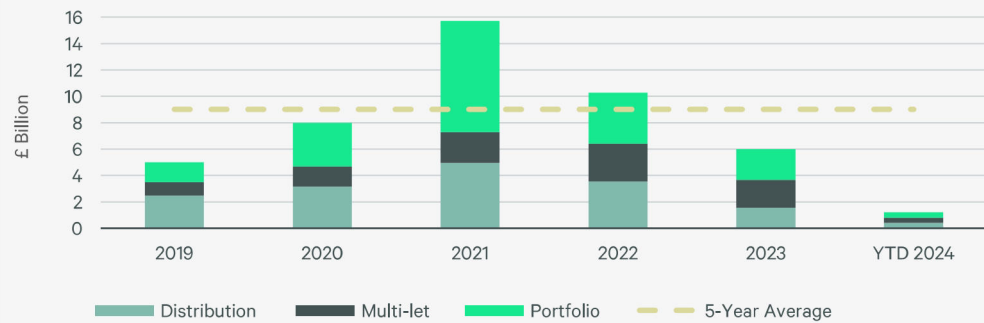
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# Investment

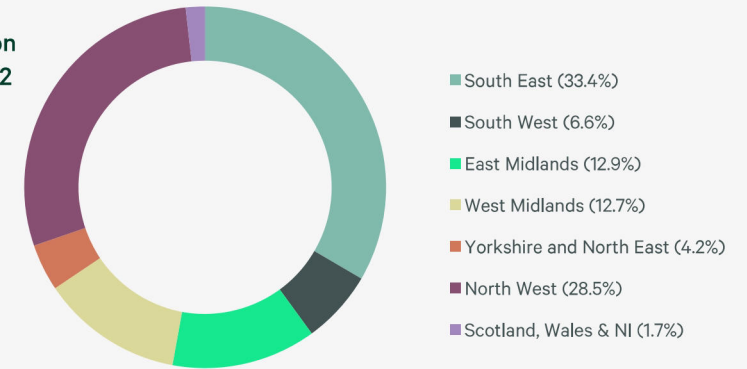
- In Q1, investment volumes (transactions over £5m) totalled £1.2bn, 23% below the rolling 12-month average (£1.6bn). There was a relatively even split between distribution (35%), multi-let (33%) and portfolio (33%) deals.
- The North West saw the largest proportion of investment this quarter contributing 33% of investment volumes (excluding portfolios). This was followed by the South East with 25%, and the East Midlands with 23%.
- The private equity sector contributed 32% of all investment in the quarter. UK institutions and property companies were the second and third largest contributors, each representing 29% and 19% of the quarter's investment, respectively

UK Logistics investment volumes



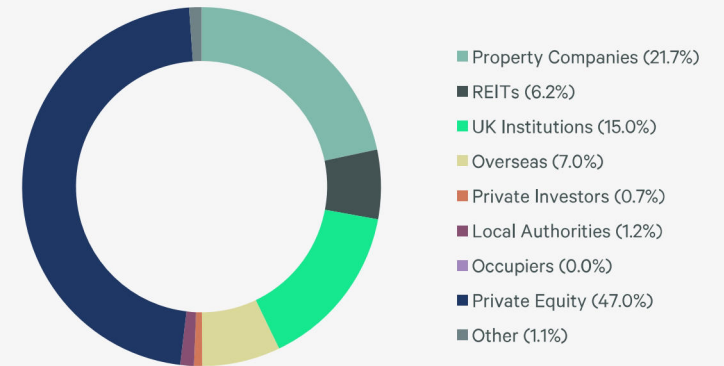
Source: CBRE

UK Logistics investment by region (excl. portfolios) – 12 months to end Q1 2024



Source: CBRE

UK Logistics investment by purchaser type – 12 months to end Q1 2024



Source: CBRE

Note: Investment data in this report relates to transactions greater than £5m.



# Investment

## UK Logistics relevant investment deals – Q1 2024

Address	Purchase price (£m)	NIY	Area (sq ft)	Purchaser
Capacity – Dartford, Central Road	£56m	4.75%	228,436	M&G
Stockport Trading Estate, Yew Street	£23.8m	5.00%	168,564	M&G
Mountpark Warrington – Warrington, Fairchild Road	£110m	4.74%	737,018	KKR, Mirastar

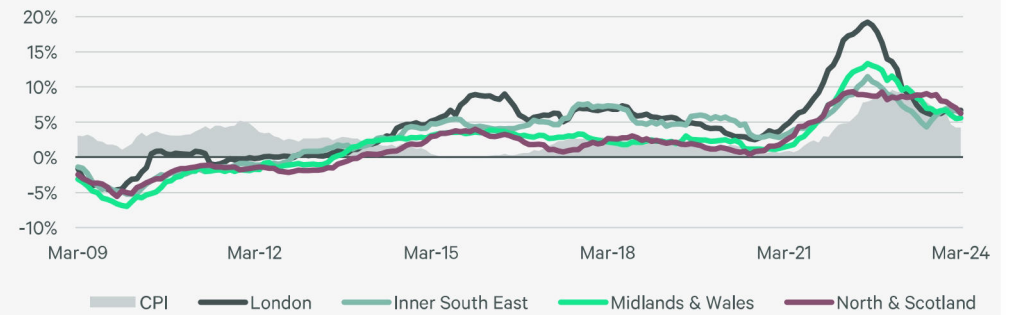
Source: CBRE

## UK prime equivalent investment yields – April 2024

Prime Distribution – Excluding M25	Prime Offices – London West End	Prime Retail – High Street Shops
5.25%	4.00%	7.00%

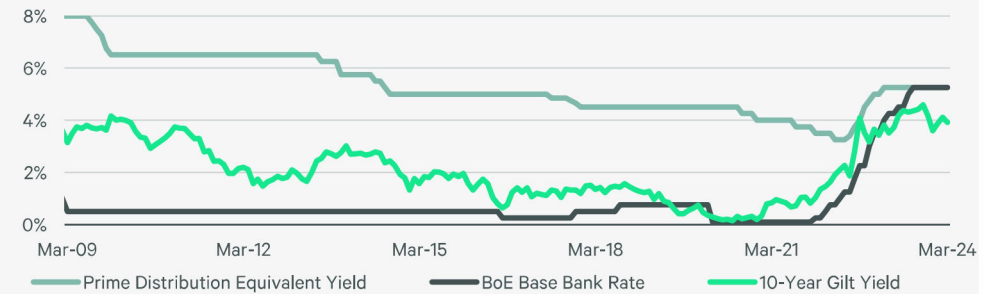
Source: CBRE

## UK industrial rental growth and inflation



Source: ONS, MSCI

## Distribution vs. Government bond yields

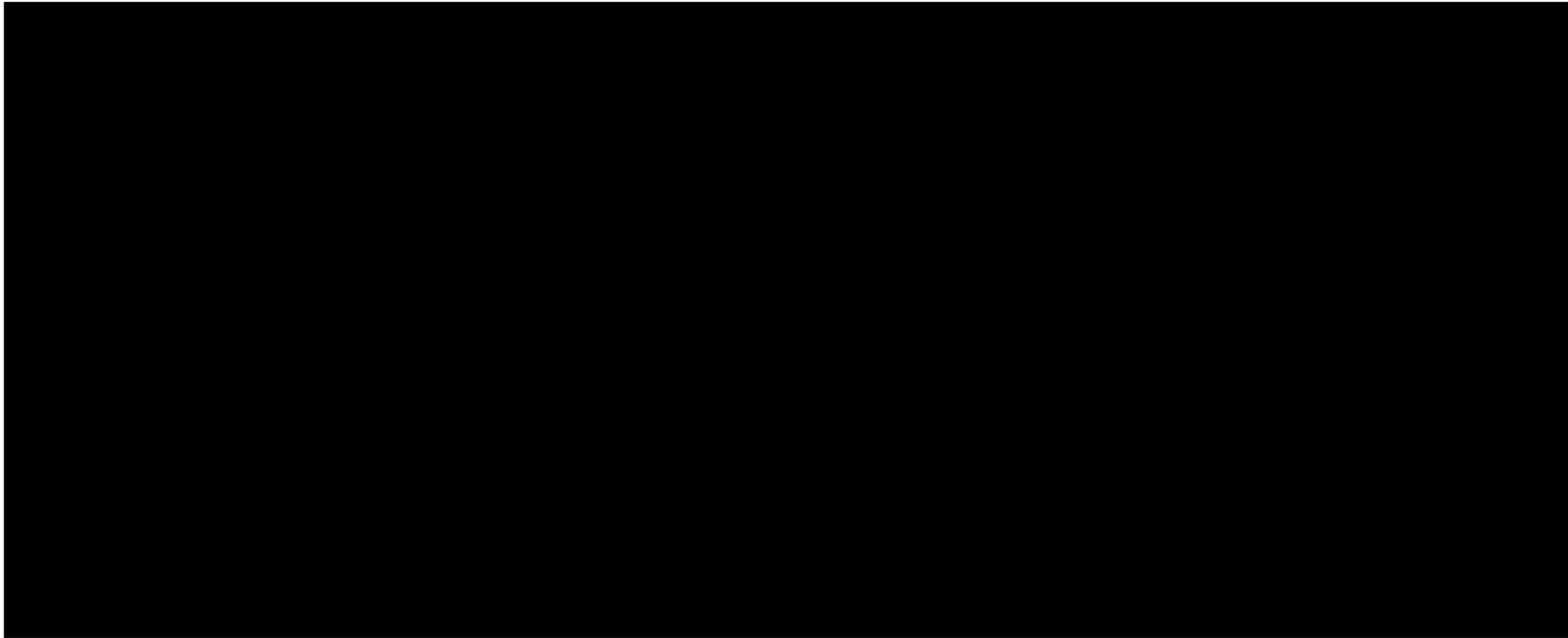


Source: CBRE, Bank of England, Macrobond





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