

UK REGIONAL LOGISTICS AND INDUSTRIAL OUTLOOK

SUMMER 2021

ECONOMIC DATA

Annual Indicators & Forecasts

GDP

1,958.6	2,079.0	2,210.7	1,872.8	2,172.5
Last Year	This year	Next year	Min	Max

GDP growth

-9.8	6.1	6.3	-9.8	2.9
Last Year	This year	Next year	Min	Max

Industrial production index

90.9	98.2	103.8	90.9	100.0
Last Year	This year	Next year	Min	Max

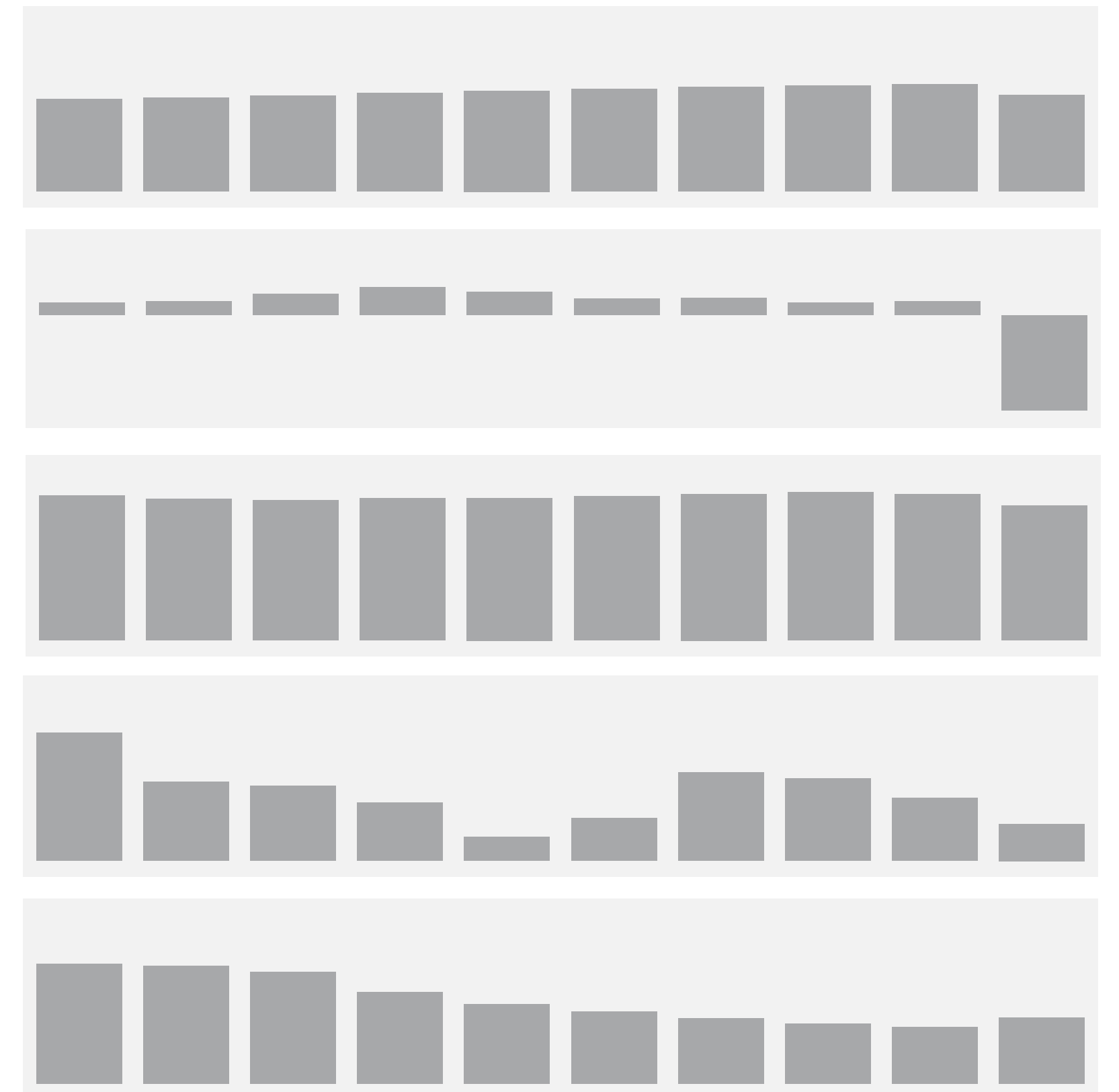
RPI

1.5	2.9	2.8	1.0	5.2
Last Year	This year	Next year	Min	Max

Unemployment rate

4.5	5.8	6.3	3.8	8.1
Last Year	This year	Next year	Min	Max

Last 10 years trend



ECONOMIC DATA

Monthly Indicators

Consumer Confidence

-9.0

Latest

-30.0

Same Month Last Year

-34.0

Min

-1.0

Max

Manufacturing PMI

63.9

Latest

50.1

Same Month Last Year

32.6

Min

66.1

Max

Online Sales Growth

-8.7

Latest

75.2

Same Month Last Year

-8.7

Min

78.4

Max

Share of Online

26.7

Latest

32.1

Same Month Last Year

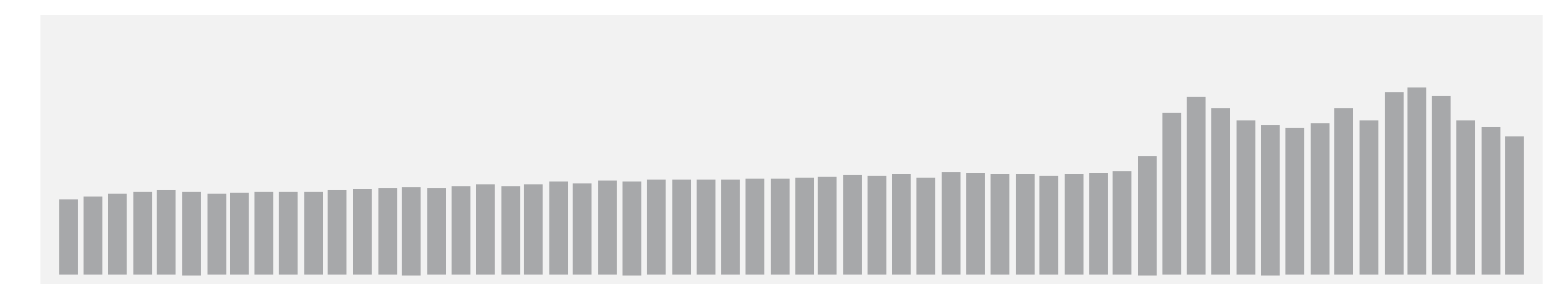
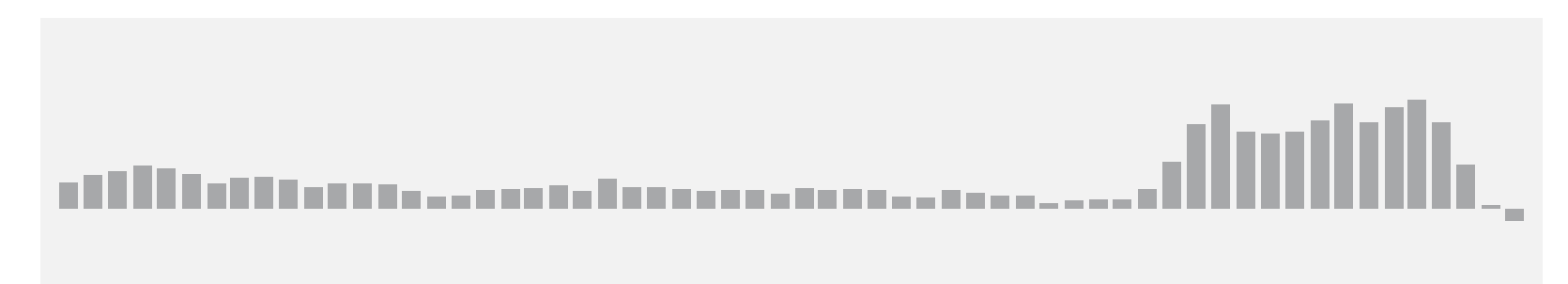
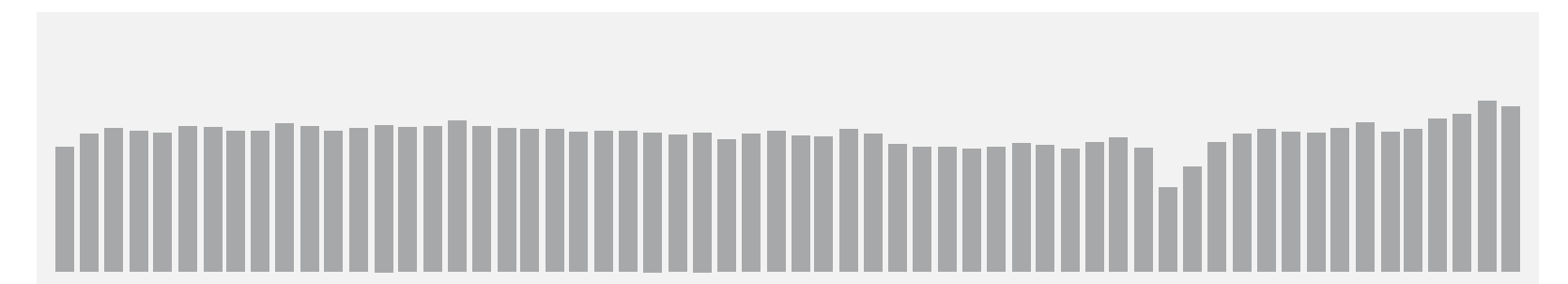
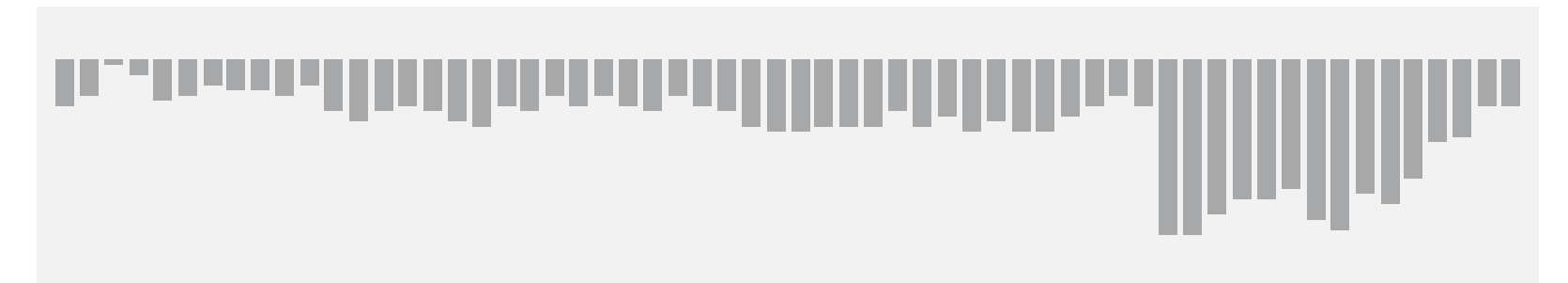
14.5

Min

36.1

Max

Last 5 years trend



Source: ONS, Markit, GfK

NATIONAL OVERVIEW

Occupier Market

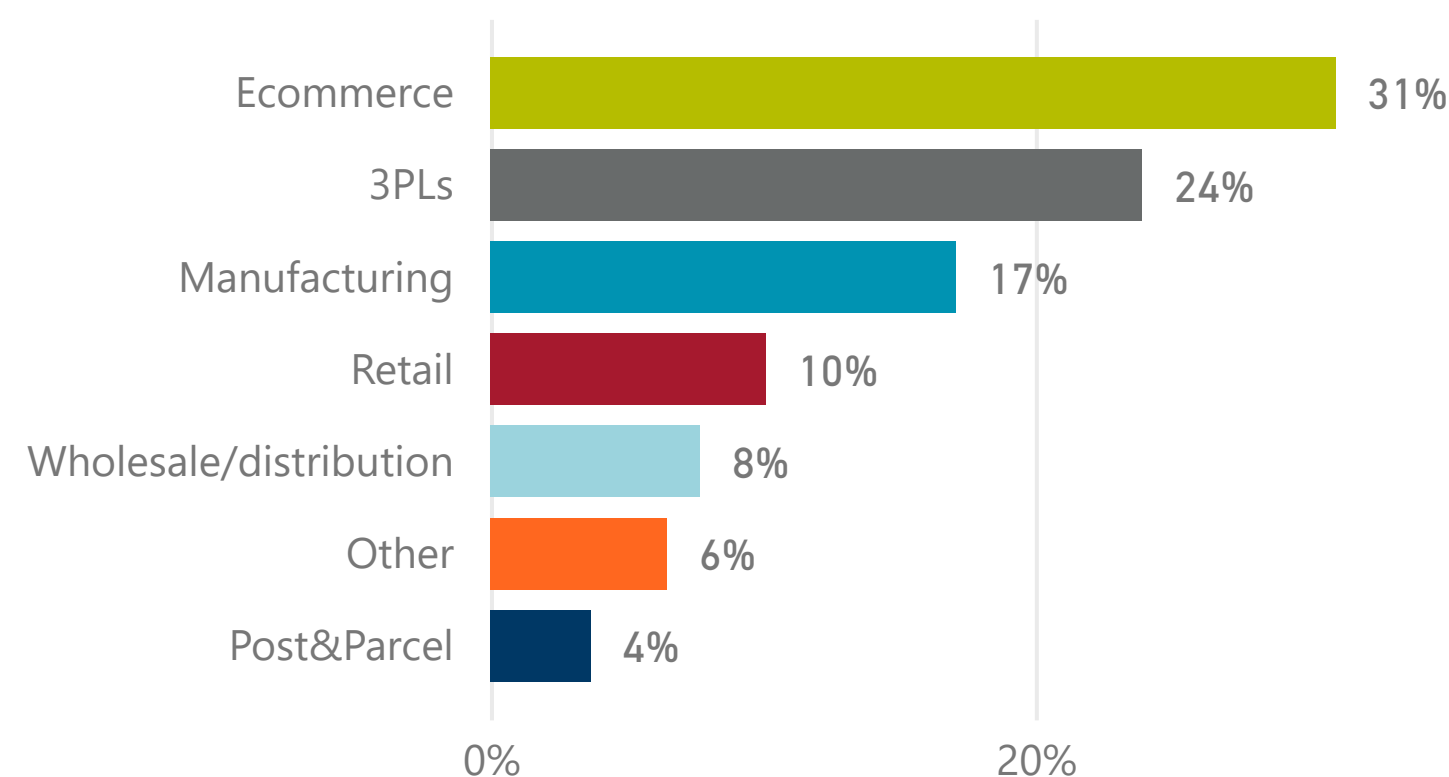


Availability is at an all-time low, with no Grade A units above 300,000 sqft available for immediate occupation across the country as at the end of Q2.

Richard Evans, International Partner, Head of UK Logistics & Industrial

Take-up	Take-up	Availability	Under Offer
19,430,053 Sqft	32,420,656 Take-up YTD	54,449,346 Sqft	29,285,473 Total Sqft
50% Q-o-Q	19,299,818 Last Year	-9% Q-o-Q	15,034,834 Stock
44% Y-o-Y	68% Change	-26% Y-o-Y	14,250,639 Pre-let
118% 10Y		-18% LT Average	

Take-up by Sector (YTD Sqft)

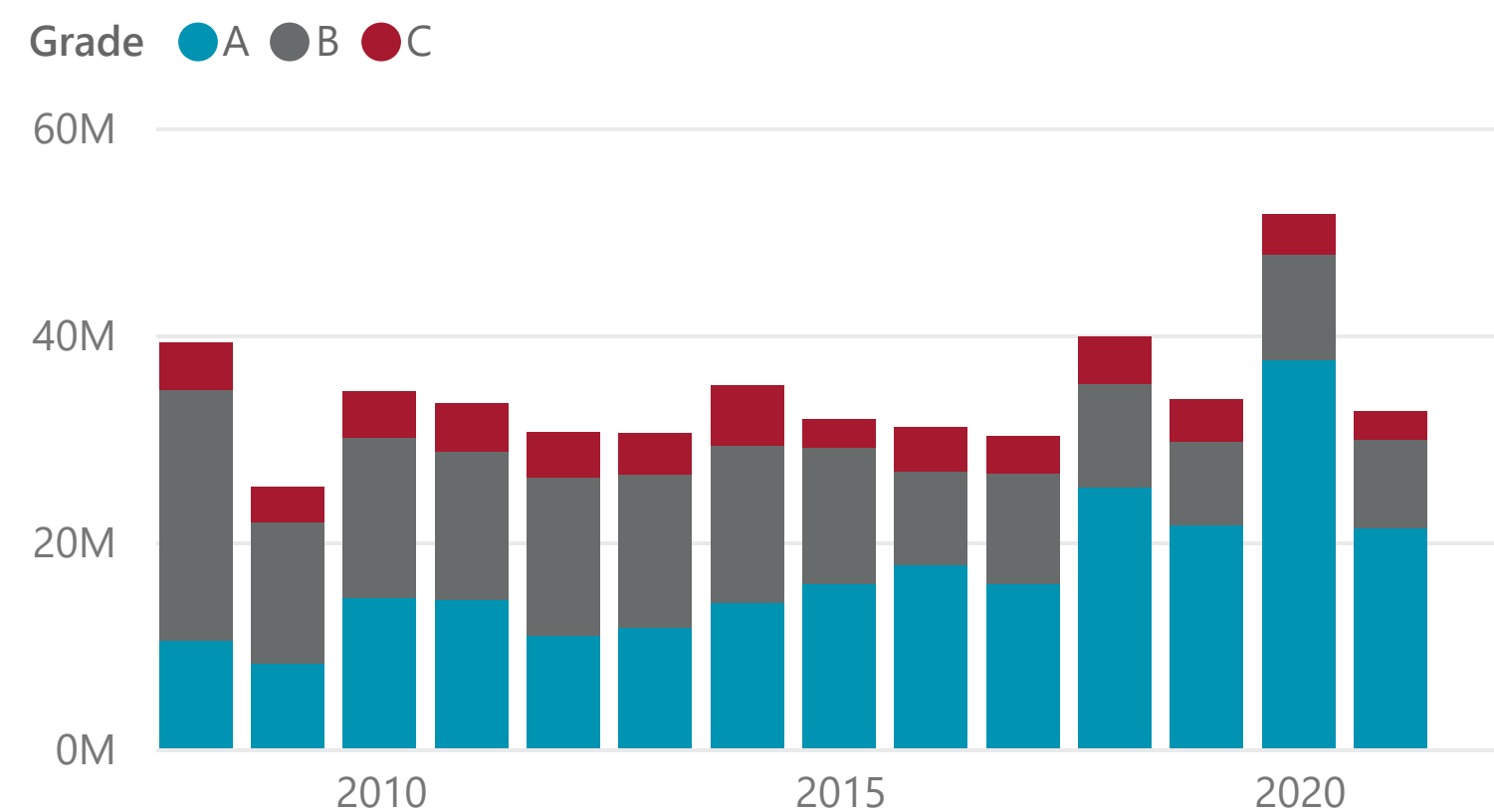


Source: C&W

DEMAND

Q2 was nothing short of an extraordinary quarter for the UK L&I market. Take-up totalled 19.4 million sqft across 118 deals, setting a new record for a single quarter. Over 32 million sqft have transacted so far in 2021 as a result. This amounts to a year worth of take-up pre-Covid. The flight to quality continues, with Grade A accounting for over 65% of H1 take-up. Not so surprisingly given the depth of the current development cycle, over a third of the buildings taken over the same period were speculatively-built, a record high. Such is the strength of demand, many of these units have let prior to completion, and 40% within nine months of PC. E-commerce continued to drive activity, accounting for over 40% of quarterly take-up volume. Amazon alone is estimated to have taken over 4 million sqft in Q2, including a 2 million sqft pre-let. 3PLs remained extremely active, accounting for over 20% of quarterly and year-to-date take-up.

Take-up by Grade (Sqft)

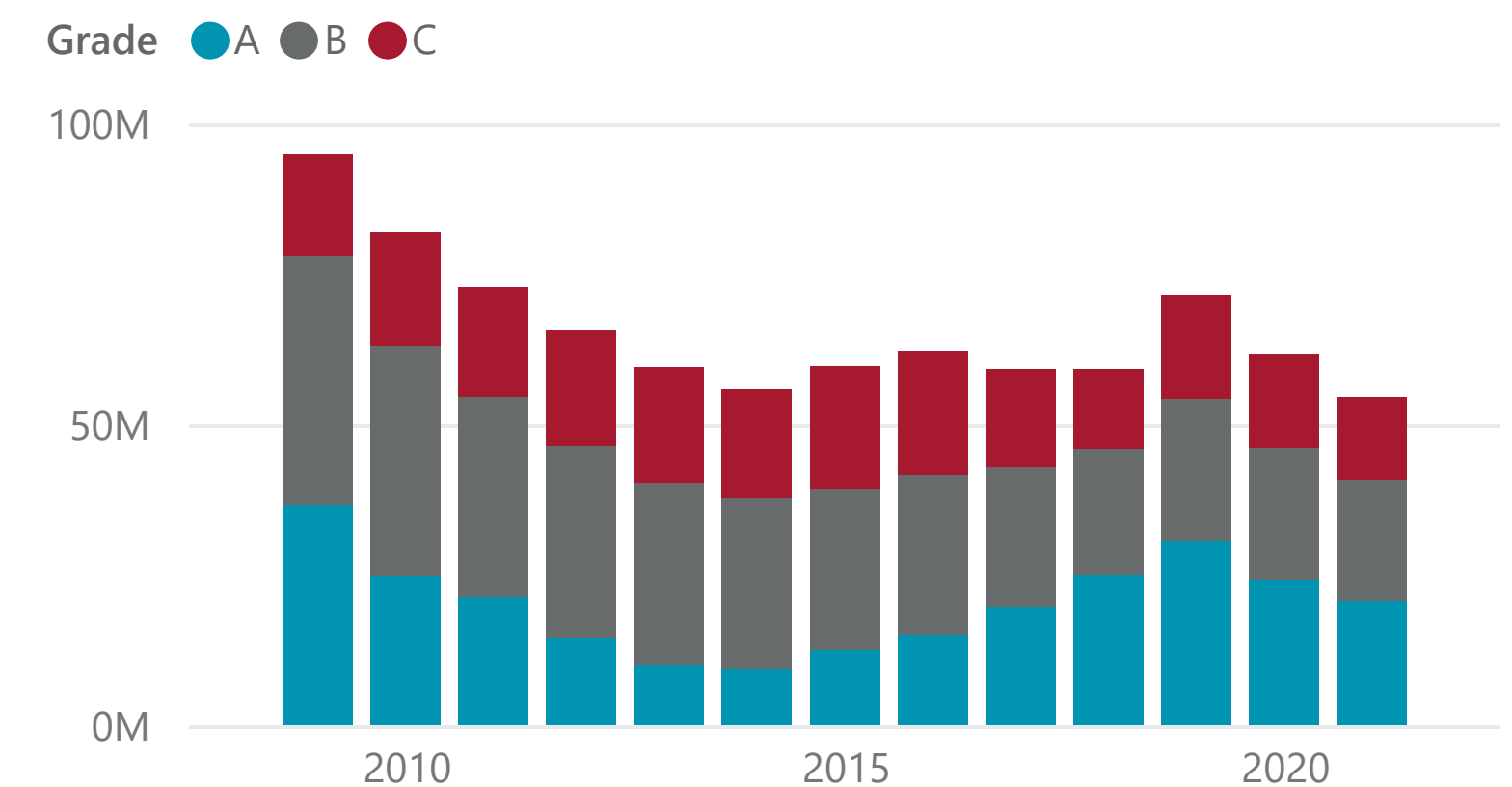


Source: C&W

AVAILABILITY

Robust leasing activity has depleted availability to an all-time low of 54.4 million sq ft during Q2. Of this, 15 million is currently under offer plus another 14 million sq ft of pre-lets, taking the total amount of space under offer to 29 million sqft. As such, unless new stock is brought to market, availability could fall to critically low levels in the coming quarters. Complicating matters further is the ongoing construction material shortage that has the potential to impact delivery schedules. Exemplifying just how tight the market is, there were no Grade A buildings larger than 300,000 sq ft available for immediate occupation at the end of the quarter (excluding stock under offer). Rents are moving on quickly as a result, with some landlords keen to trade letting certainty for an higher rent. In the same vein, land values continue to soar, with sites in the regions going under offer for £1.5-2 million/acre, and for much more than that across London/South East.

Availability by Grade (Sqft)



Source: C&W

NATIONAL OVERVIEW

Investment Market



We estimate there is in excess of £20 billion of capital wanting to invest into the sector. Investors are seeking bigger lot sizes as well as looking at M&A.

Ed Cornwell, Partner, UK Logistics & Industrial Capital Markets

Investment

3,243,902,592
£ Volume

12%
Q-o-Q

248%
Y-o-Y

142%
10Y

Investment YTD

6,131,112,520
£ Volume

2,378,698,144
Last Year

158%
Change

Pipeline

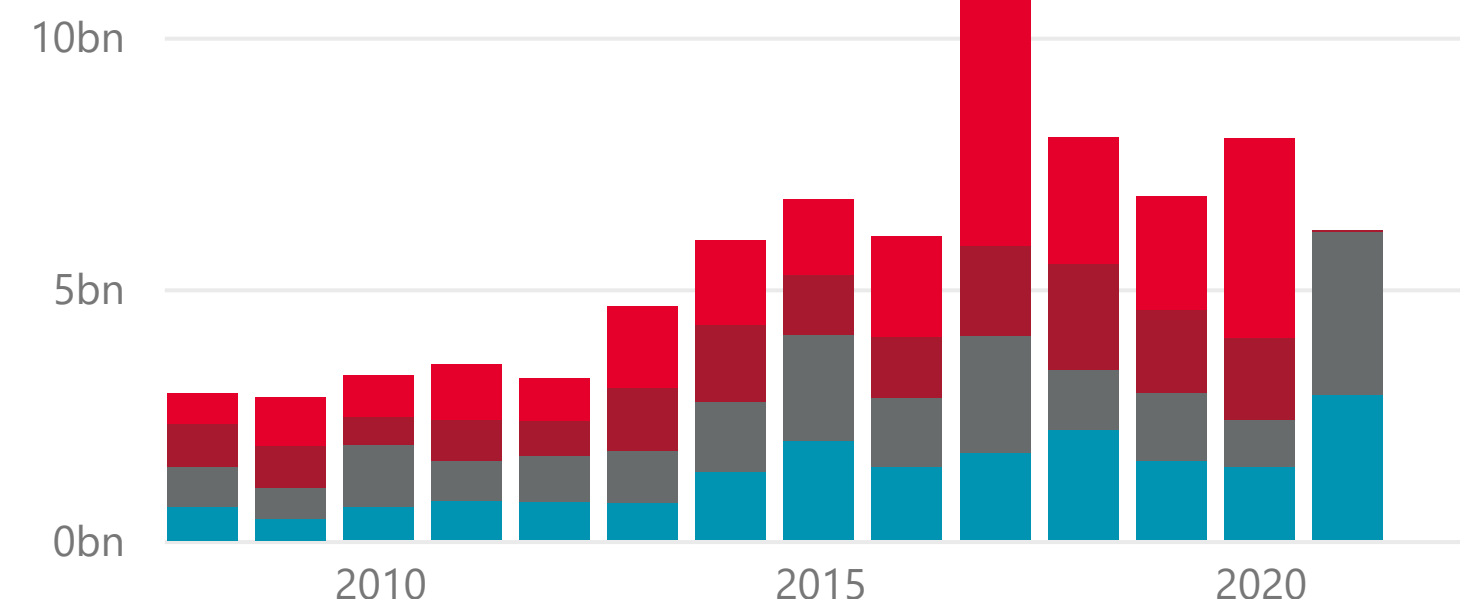
2,770,575,500
Under Offer

276,220,000
At Bids Stage

1,242,278,000
Available

Total L&I Investment

Quarter ● Q1 ● Q2 ● Q3 ● Q4



Source: RCA, C&W

VOLUMES

Insatiable investors' appetite for UK logistics assets produced the third strongest quarter on record, with some £3.2 billion transacted during Q2. As a result, volumes surpassed £6 billion in H1. The average deal size has increased (to over £40 million in Q2) with a number of trophy assets and portfolios changing hands. Notable examples include the £160 million acquisition by GLP of Phase 2 at Panattoni Park Northampton, and the purchase of Amazon DC in Bardon from Savills IM on behalf of Malaysia's KWAP for £150m+. Overseas investors remained active across the risk spectrum, accounting for 56% of H1 volumes. The pool of overseas buyers has broadened: the largest overseas investor (Blackstone/Mileway) accounted for just over 20% of overseas investment so far in 2021, compared to over 40% in 2020. Domestic investors are not standing on the sidelines. Abrdn has recently stepped up acquisitions and was the most active buyer in Q2, while British Land made its

Investment by Region (%)

● YTD ● YTD Last Year



Source: RCA, C&W

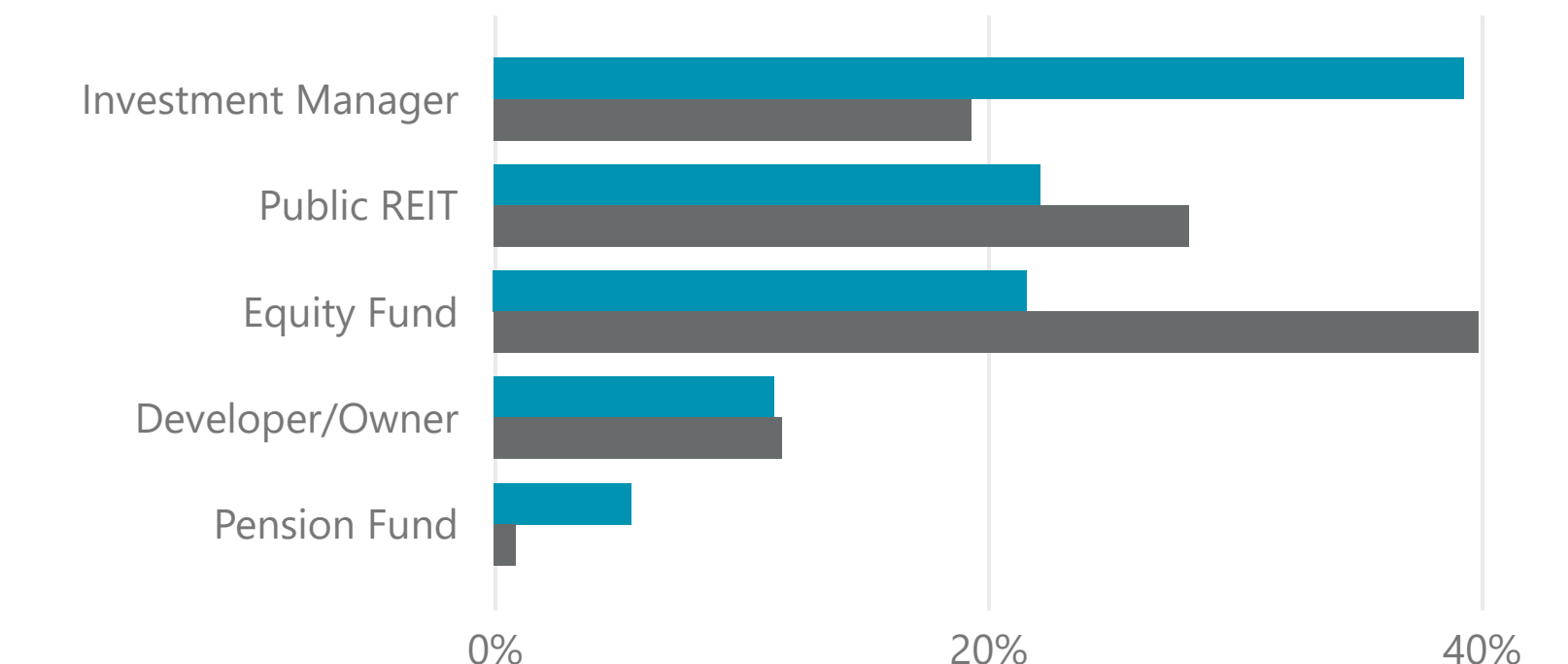
first foray in the sector acquiring a £87 million warehouse in Enfield. Highlighting investors' confidence in the market's fundamentals, we are seeing more parties prepared to fund and/or buying speculative development projects. Their preference is to forward-commit, thereby limiting development/construction risks whilst taking on 100% of the letting risk.

PRICING

The weight of capital is placing unprecedented pressure on yields. C&W Average Prime Yield has moved in by 50 bps since the beginning of the year and further compression is expected in H2. In addition, we are seeing a levelling of yields across the regions, particularly for longer term income streams i.e. 10+ years. Values are soaring as a result, boosting returns: MSCI's Monthly Index posted a total annualised return of 25.7 in June.

Top 5 Buyer Groups (%)

● YTD ● YTD Last Year



Source: RCA, C&W

NATIONAL OVERVIEW

Rents & Yields Trends, Performance

C&W Prime Rent 100k+

8.45
Average

2.2%
Q-o-Q

7.3%
Y-o-Y

C&W Prime Rent 50-100k

9.05
Average

3.2%
Q-o-Q

9.6%
Y-o-Y

C&W Prime Yield

4.36%
Average

-0.37%
Q-o-Q

-0.71%
Y-o-Y

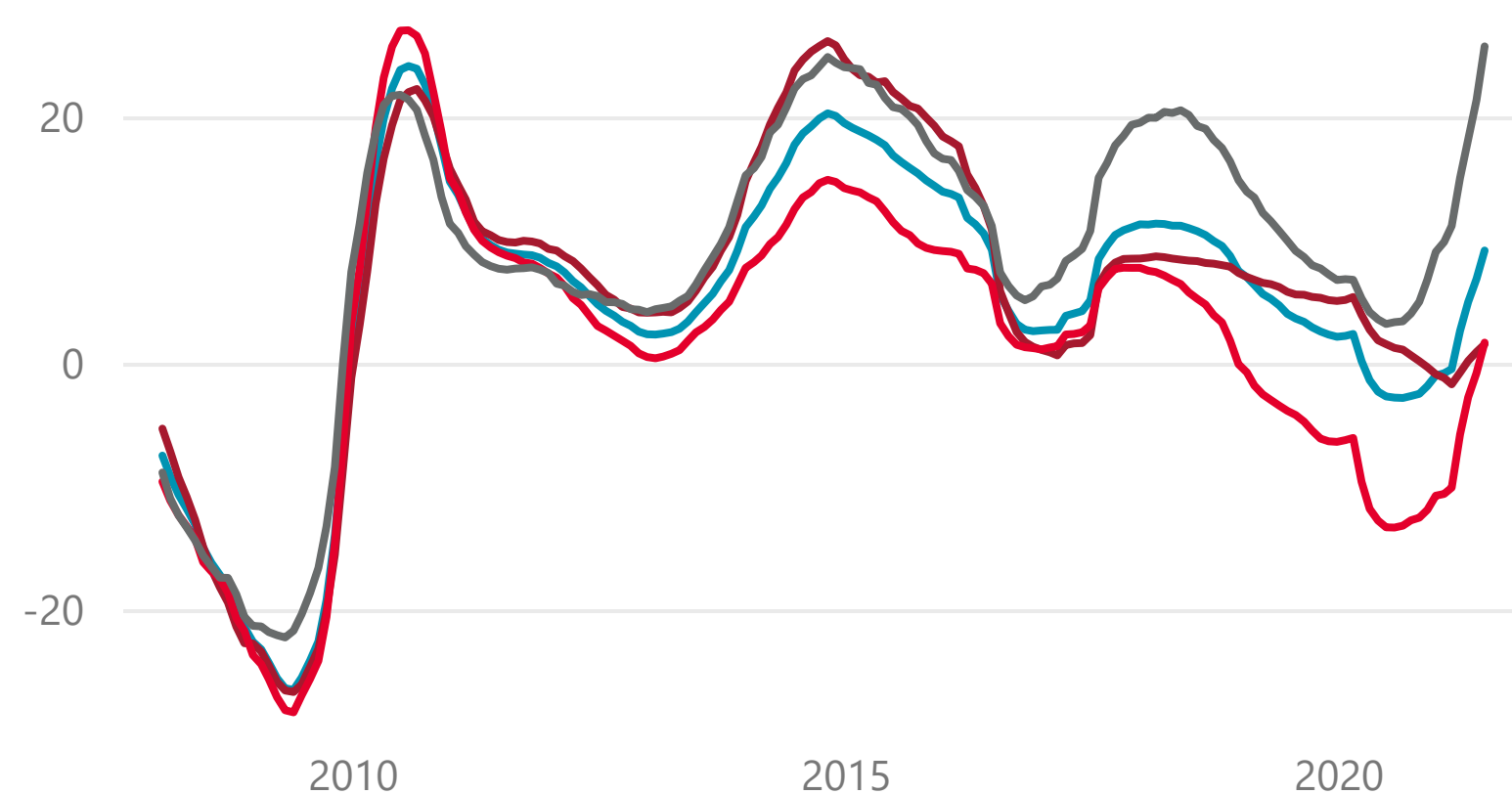
MSCI Total Return (MI, %)

25.7
Latest

3.15
Last Year

Total Annual Return (%)

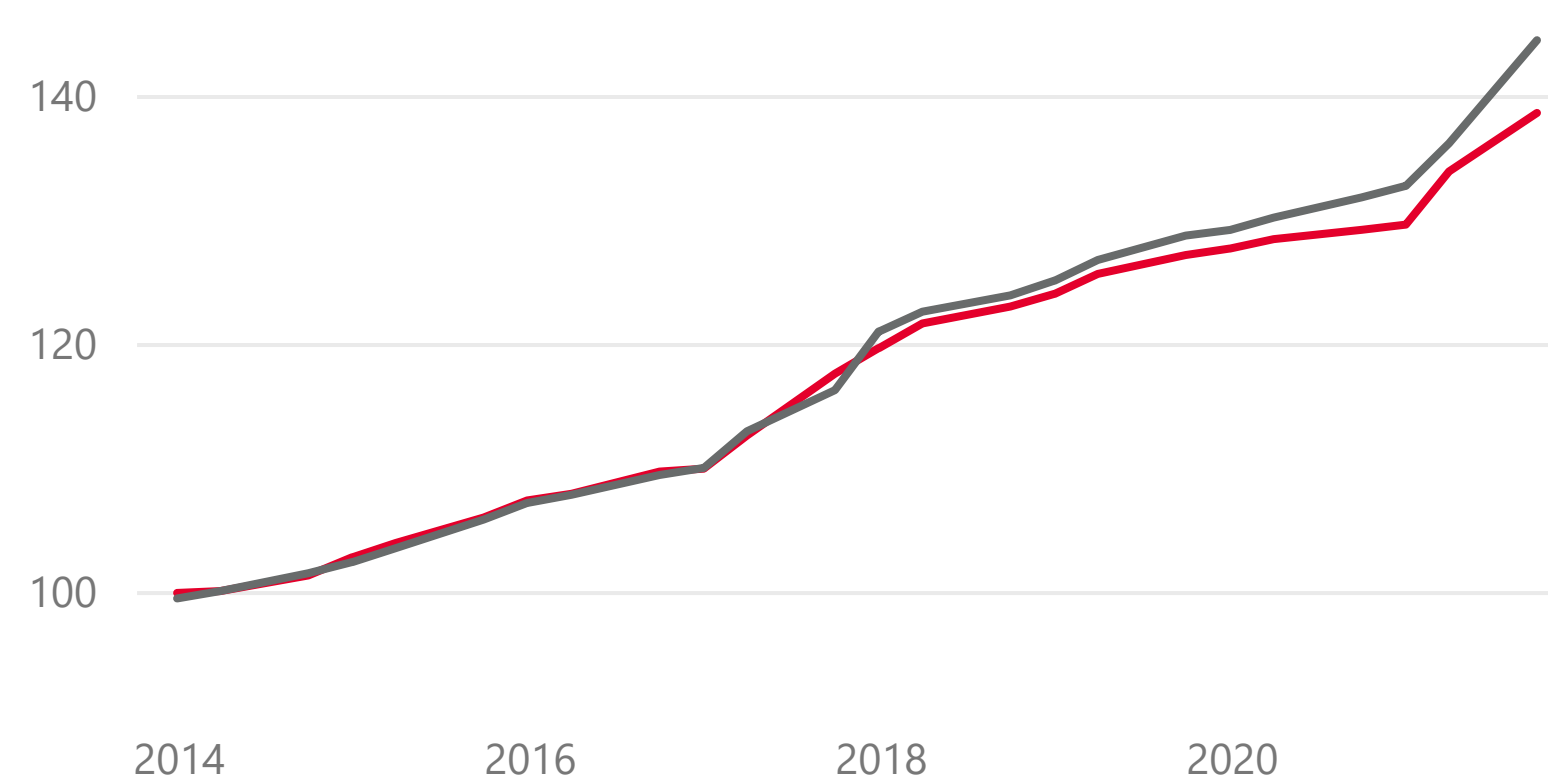
Segment ● All ● Distribution Warehouse ● Office ● Retail



Source: MSCI, C&W

C&W Prime Average Rent Index (Dec 13=100)

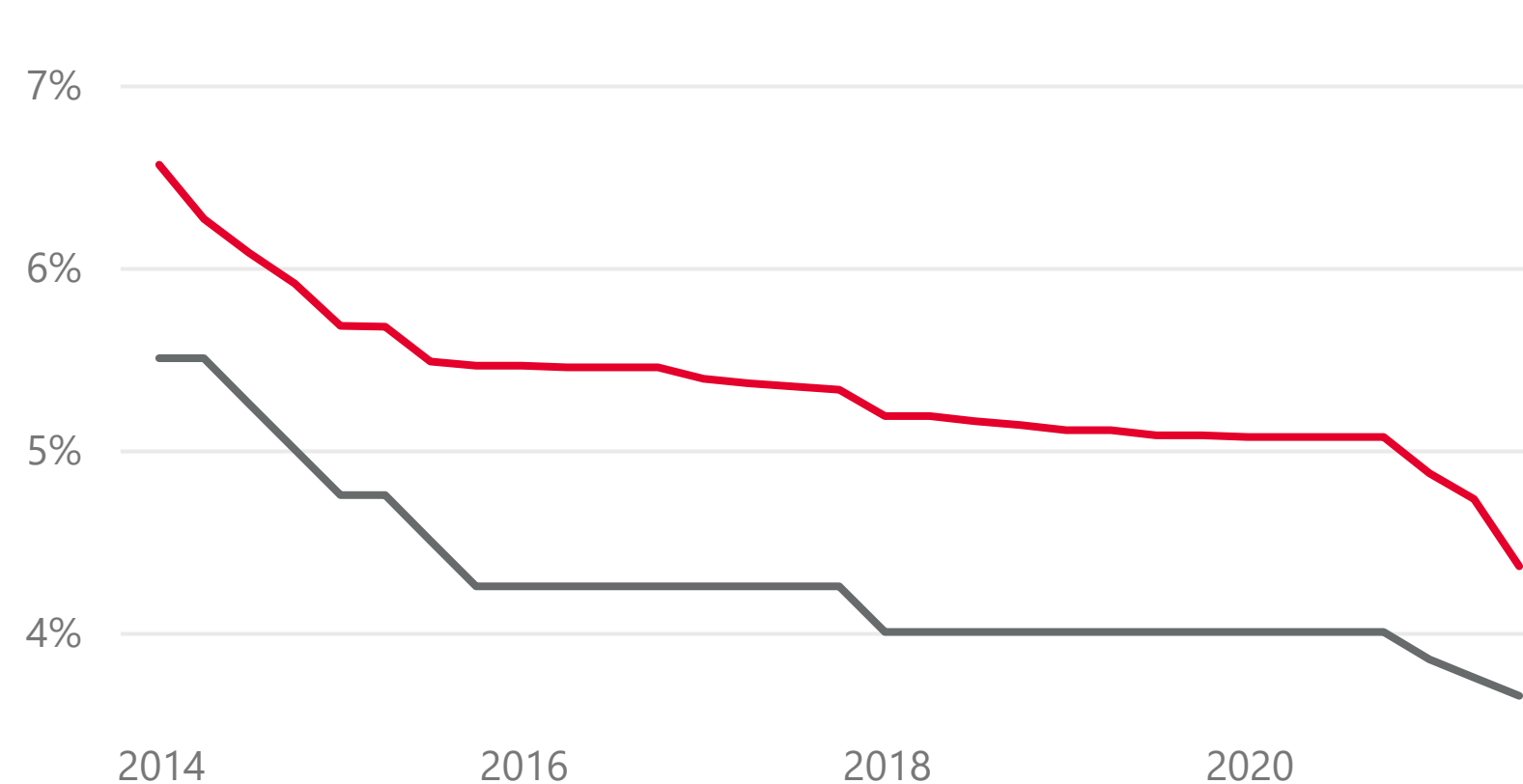
Size brackets ● 100k+ ● 50-100k



Source: C&W

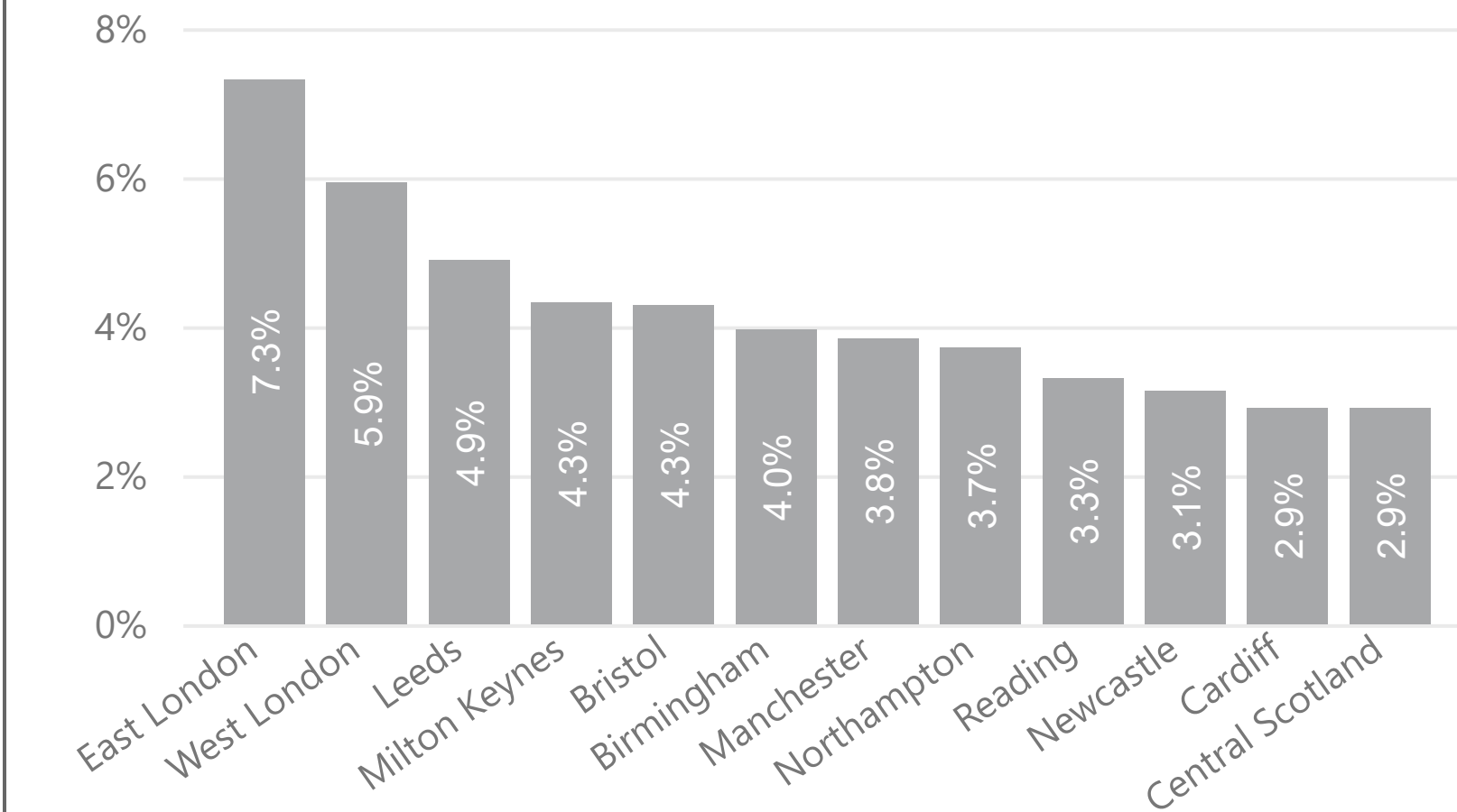
C&W Prime Yield

● Prime Average Yield ● Prime Yield



Source: C&W

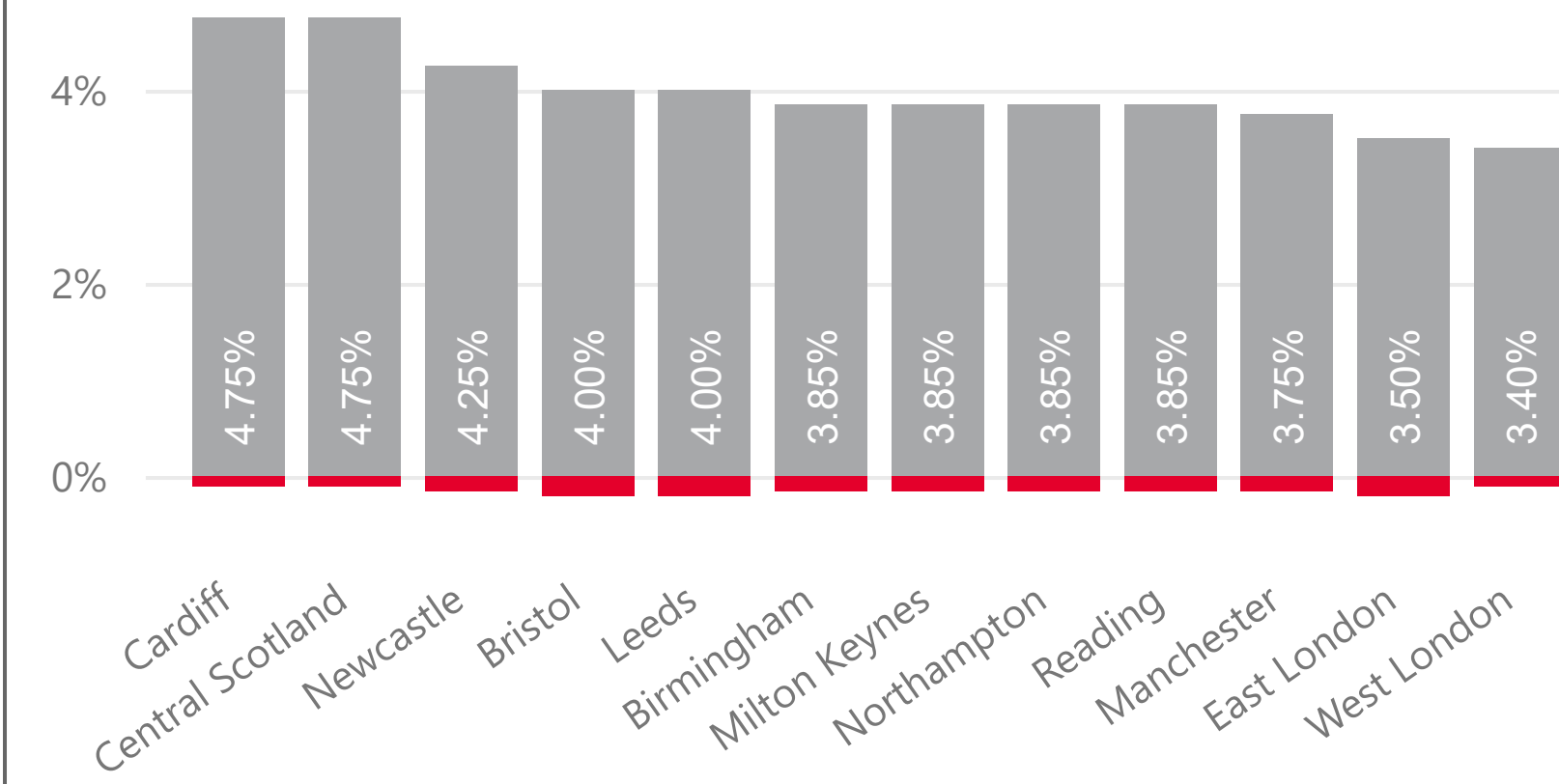
ERV Growth Forecasts (2021-2025)



Source: C&W

Prime Logistics Yields Forecast

● End 2021 yield (f) ● Yield shift to 2025



Source: C&W

C&W PRIME RENTS & YIELDS

Q2 2021

Region	Market	Prime Yield	Prime Rent 100k+	Prime Rent 50-100k
East	Cambridge	4.25%	8.50	9.00
East	Chelmsford	4.60%	8.50	9.50
East	Ipswich	5.25%	6.75	6.75
East Midlands	Corby	4.50%	6.00	6.25
East Midlands	Derby	4.50%	6.50	7.00
East Midlands	Leicester	4.25%	6.75	7.00
East Midlands	Lutterworth	4.00%	6.95	7.00
East Midlands	Northampton	4.00%	7.00	7.50
East Midlands	Nottingham	4.50%	6.75	6.75
East Midlands	Peterborough	4.25%	6.00	6.75
East Midlands	Wellingborough	4.25%	6.25	6.25
London	Croydon	3.75%	16.00	16.50
London	Dagenham/Barking	3.75%	12.75	14.50
London	Dartford	3.85%	11.50	12.50
London	Enfield	3.75%	15.00	16.75
London	Erith/Belvedere	3.80%	11.25	12.50
London	Heathrow	3.65%	16.00	17.00
London	Park Royal	3.65%	17.50	20.00
London	Thurrock	3.85%	10.25	12.00
London	Watford	4.00%	13.00	15.00
London	Weybridge	4.00%	15.00	16.00
North East	Newcastle	4.50%	5.50	6.00
North West	Crewe	4.75%	6.50	6.40
North West	Liverpool	4.75%	5.95	6.25
North West	Manchester	4.00%	7.25	7.25
North West	Runcorn	4.50%	5.75	6.00
North West	Warrington	4.25%	7.00	7.25

Region	Market	Prime Yield	Prime Rent 100k+	Prime Rent 50-100k
Scotland	Central Scotland	4.75%	6.00	6.50
South East	Banbury	4.50%	7.00	7.50
South East	Basildon	4.25%	9.75	10.25
South East	Basingstoke	4.25%	10.75	12.00
South East	Bedford	4.00%	7.95	8.50
South East	Bracknell	4.25%	11.50	13.50
South East	Crawley/Gatwick	4.00%	14.00	14.50
South East	Dunstable/Luton	4.00%	9.50	9.50
South East	Guildford	4.15%	11.00	12.00
South East	Harlow	4.15%	9.75	10.50
South East	Hemel Hempstead	4.15%	11.75	13.00
South East	Maidstone	4.50%	8.50	9.00
South East	Milton Keynes	4.00%	9.00	9.25
South East	Newbury	4.50%	8.00	8.00
South East	Oxford	4.25%	8.50	9.00
South East	Portsmouth	4.50%	9.00	9.75
South East	Reading	4.15%	11.75	13.00
South East	Slough	4.10%	15.00	16.25
South East	Southampton	4.30%	9.95	10.50
South West	Bristol	4.25%	7.35	8.50
South West	Exeter	4.75%	6.90	6.50
South West	Gloucester	4.75%	6.75	6.95
South West	Swindon	4.60%	7.50	7.50
Wales	Cardiff	4.75%	5.50	6.50
Wales	Swansea	5.00%	4.25	4.50

Region	Market	Prime Yield	Prime Rent 100k+	Prime Rent 50-100k
West Midlands	Birmingham	4.15%	7.25	7.25
West Midlands	Cannock	4.50%	5.75	6.25
West Midlands	Coventry	4.50%	7.25	7.25
West Midlands	Daventry	4.50%	6.75	7.00
West Midlands	Redditch	4.50%	6.75	7.00
West Midlands	Rugby	4.50%	6.75	7.25
West Midlands	Solihull	4.50%	7.25	8.25
West Midlands	Stafford	4.50%	5.75	6.75
West Midlands	Stoke on Trent	4.50%	5.75	6.25
West Midlands	Tamworth	4.50%	6.75	7.00
West Midlands	Telford	5.00%	5.50	5.75
West Midlands	Wolverhampton	4.75%	6.25	6.75
West Midlands	Worcester	4.65%	6.00	6.50
Yorks & Humberside	Bradford	5.00%	6.50	6.75
Yorks & Humberside	Doncaster	4.75%	6.25	6.25
Yorks & Humberside	Hull	5.25%	5.50	5.95
Yorks & Humberside	Leeds	4.50%	6.50	6.75
Yorks & Humberside	Sheffield	4.50%	6.25	6.50
Yorks & Humberside	Wakefield	4.50%	6.50	6.50

LONDON & SOUTH EAST/EAST

C&W Prime Rent 100k+

17.50
Latest

0.00%
Q-o-Q

11.11%
Y-o-Y

C&W Prime Rent 50-100k

20.00
Latest

8.11%
Q-o-Q

C&W Prime Yield

25.00%
Y-o-Y

3.65%
Latest

-0.10%
Q-o-Q

-0.35%
Y-o-Y

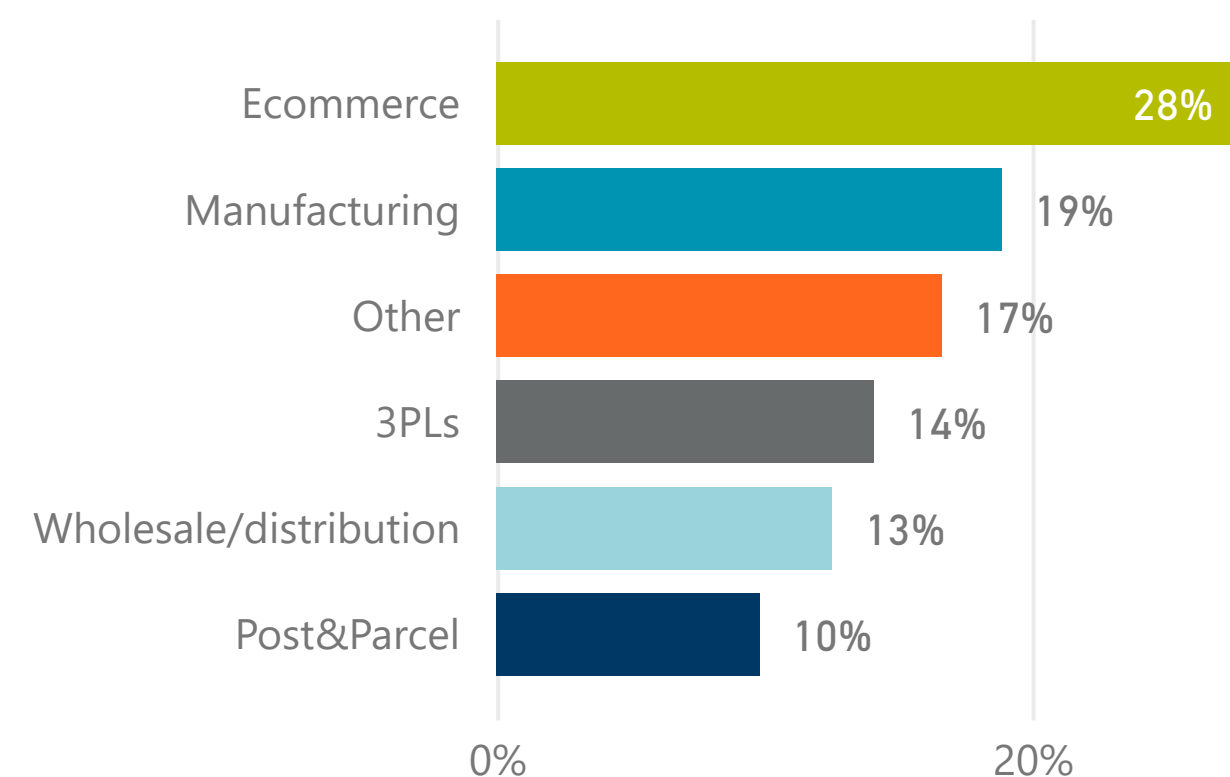


The region continues to register record levels of demand from e-commerce operators that are fast eroding availability despite a healthy development pipeline.

Chris Knight, Partner, London

Take-up	Take-up	Availability	Under Offer
2,459,355 Sqft	4,381,985 Take-up YTD	13,814,258 Sqft	7,659,345 Total Sqft
28% Q-o-Q	4,804,599 Last Year	-1% Q-o-Q	5,571,713 Stock
-40% Y-o-Y	-9% Change	2% Y-o-Y	2,087,632 Pre-let
44% 10Y		22% LT Average	

Take-up by Sector (YTD Sqft)

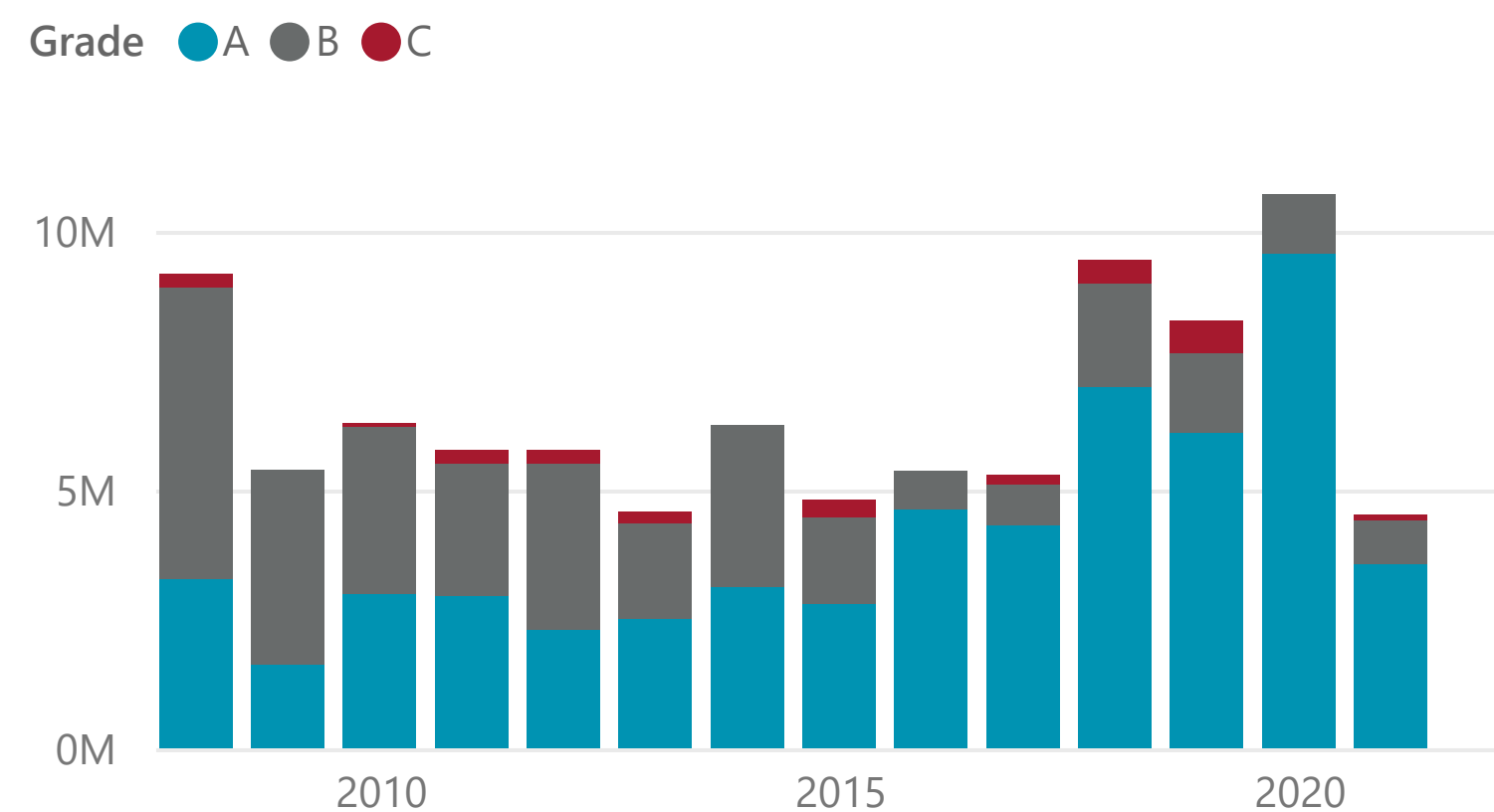


Source: C&W

DEMAND

Q2 take-up totalled 2.5 million sqft, 44% above the ten-year average, taking the H1 total to 4.4 million sqft. E-commerce related occupiers continued to fuel activity across the region. The largest deal of the quarter was the 350,000 sqft pre-let taken by Made.com at London Gateway. Parcel delivery companies also remain hungry for space, as illustrated by the letting of Unit A at Baytree Dunstable (266,947 sqft) to UPS and the duo of lettings signed by Hermes on the last two remaining units at Boxset Basildon. In London, the lettings of Goodman Enfield (187,466 sqft) and Cross-Dock 60 (61,812 sqft) to the Location Collective and MBS Equipment highlight growing demand by film studios and their suppliers for space in the capital. Online supermarkets and fast groceries start-ups also continue to scale across London. In Q2, Ocado expanded its footprint at Origin Business Park, West London, by taking the unit previously occupied by Mash Purveyors (53,150 sqft).

Take-up by Grade (Sqft)



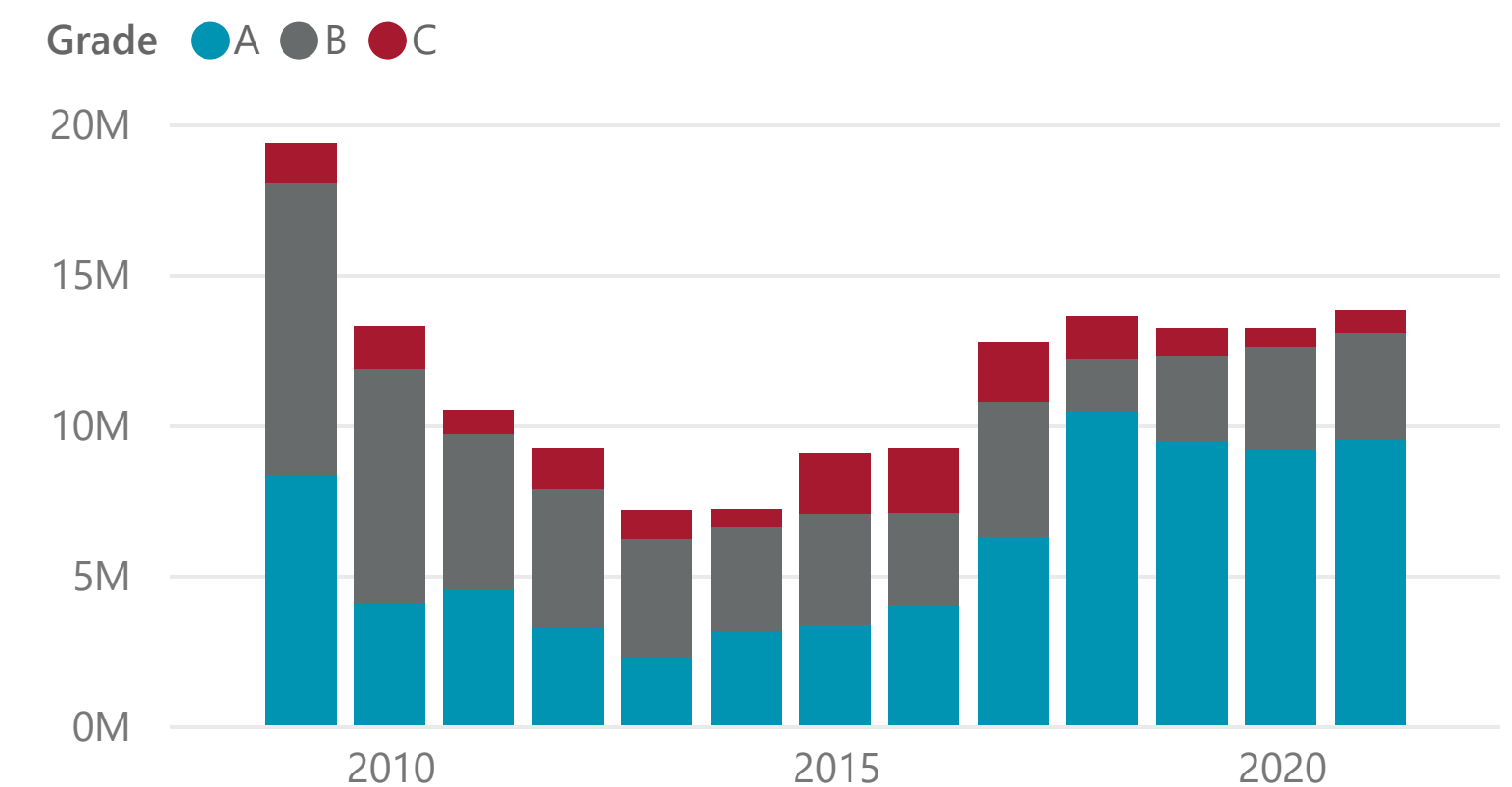
Source: C&W

AVAILABILITY

Availability was broadly unchanged during the quarter at 13.8 million sqft. London made up 2.4 million sqft of this amount. A record speculative pipeline, largely focussed on the South East/East, has so far prevented total availability from falling more meaningfully as seen in other regions. Across the region, C&W is currently tracking 45 schemes, totalling 5.6 million sqft, with a PC date in 2021.

However, the market continues to move very quickly and at end of Q2 there was a record 7.7 million sqft of space under offer, including 5.6 million sqft of space either existing or under construction. As a result, the market faces an impending supply squeeze, especially in the 300,000 sqft+ size bracket where all the units tracked by C&W were under offer at end of June.

Availability by Grade (Sqft)



Source: C&W

WEST MIDLANDS

C&W Prime Rent 100k+

7.25
Latest

0.00%
Q-o-Q

0.00%
Y-o-Y

C&W Prime Rent 50-100k

8.25
Latest

3.13%
Q-o-Q

3.13%
Y-o-Y

C&W Prime Yield

4.15%
Latest

-0.25%
Q-o-Q

-0.60%
Y-o-Y



The West Midlands are now acutely under-supplied, especially above 200,000 sqft, with only four units available within that size band at Q2.

David Binks, International, Partner, Birmingham

Take-up

2,772,000
Sqft

62%
Q-o-Q

408%
Y-o-Y

115%
10Y

Take-up

4,480,104
Take-up YTD

1,311,017
Last Year

242%
Change

Availability

5,392,683
Sqft

-30%
Q-o-Q

-62%
Y-o-Y

-40%
LT Average

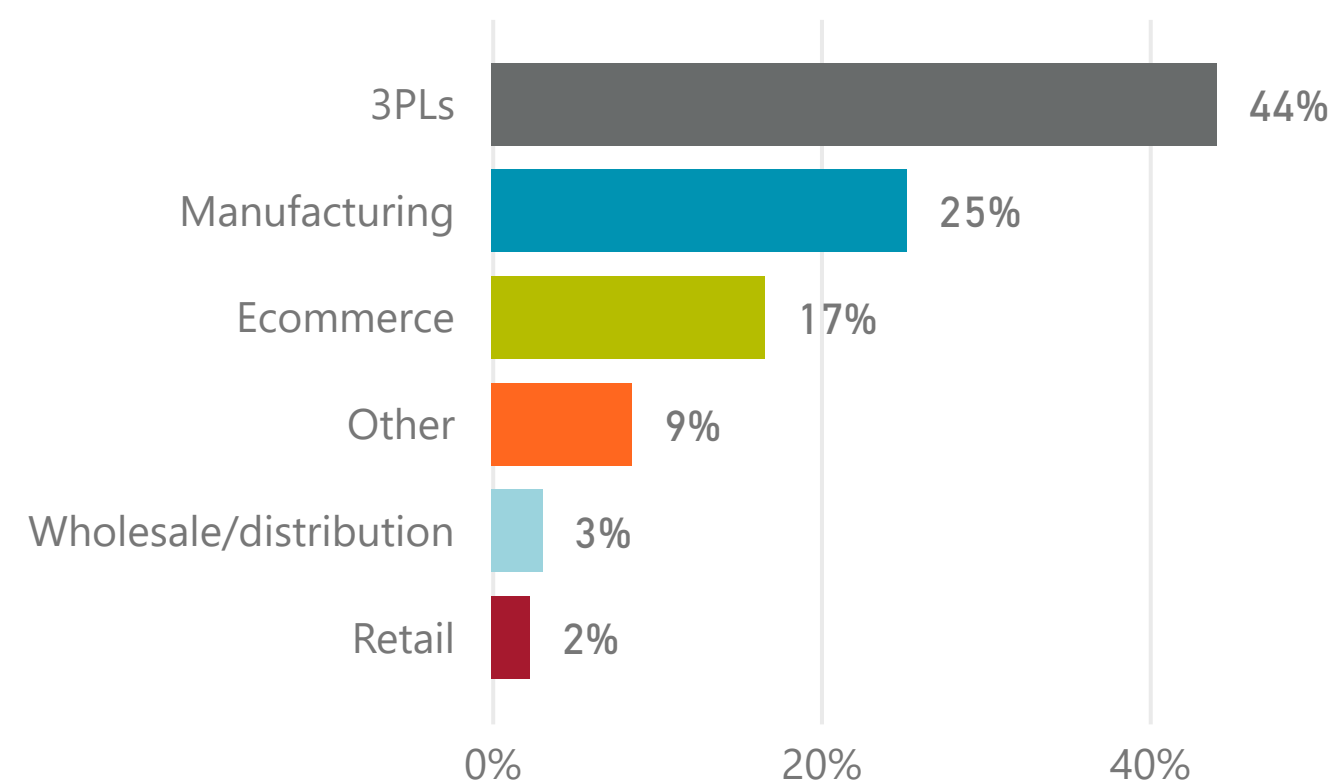
Under Offer

2,056,370
Total Sqft

1,431,370
Stock

625,000
Pre-let

Take-up by Sector (YTD Sqft)



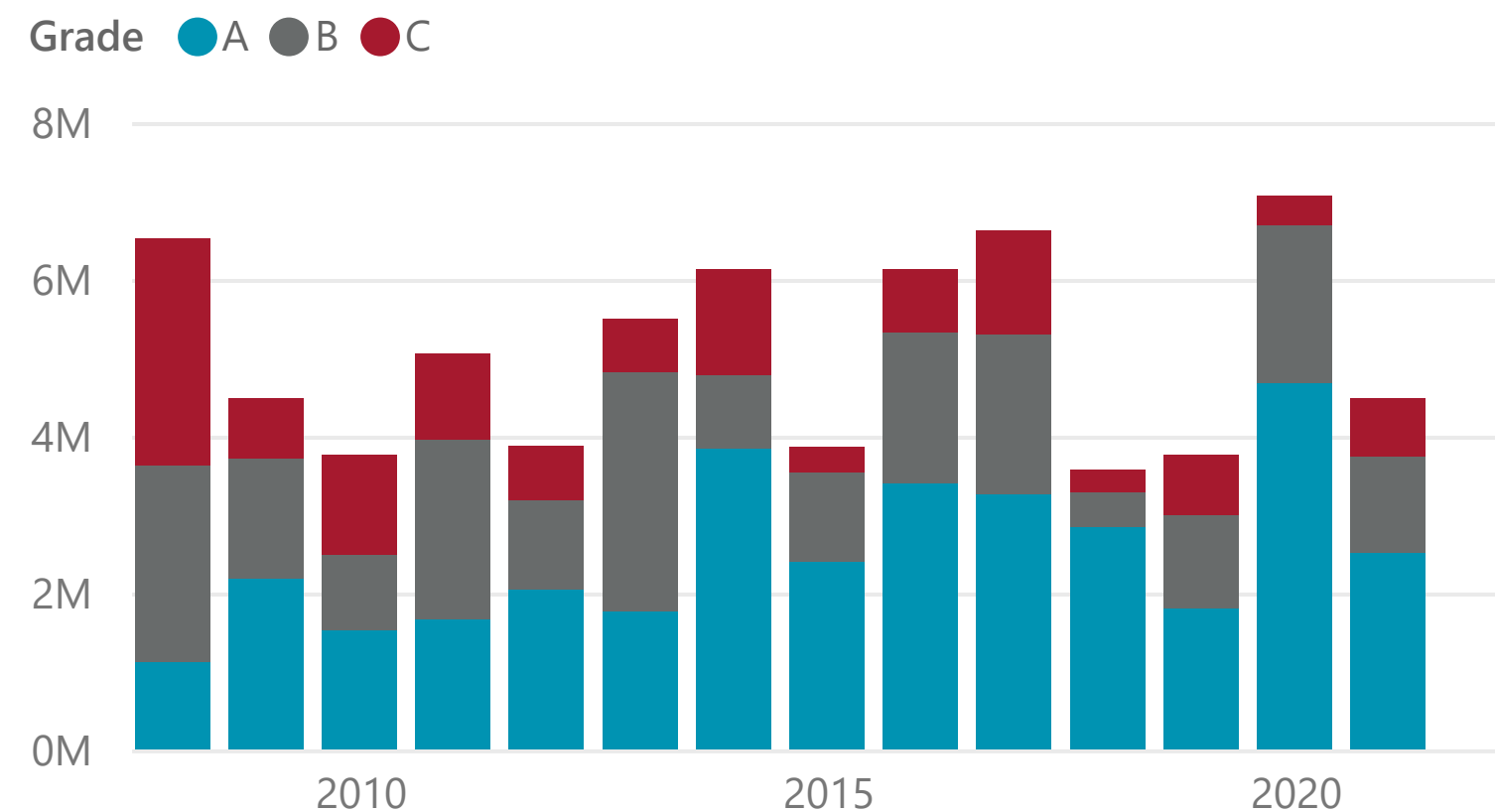
Source: C&W

DEMAND

The West Midlands L&I market is going from strength to strength. During Q2 take-up reached 2.8 million sqft across 21 deals, taking the total for the first six months of 2021 to 4.5 million sqft, nearly double the long-term average for H1.

3PLs were behind the four largest deals of the year so far, accounting for just under 50% of take-up. The largest deal of the quarter was the letting of Wolverhampton 450 to CEVA (448,089 sqft). The building had been vacant since reaching practical completion in the second half of 2018. E-commerce, led by Amazon and Chinese e-fulfillment companies, has been primarily active in the 50-150,000 sqft size bracket so far this year and continues to boast several active requirements across the region. News that plans have been recently submitted for an EV battery factory at Coventry Airport also bode well for car manufacturing that remains a key occupier across the region.

Take-up by Grade (Sqft)



Source: C&W

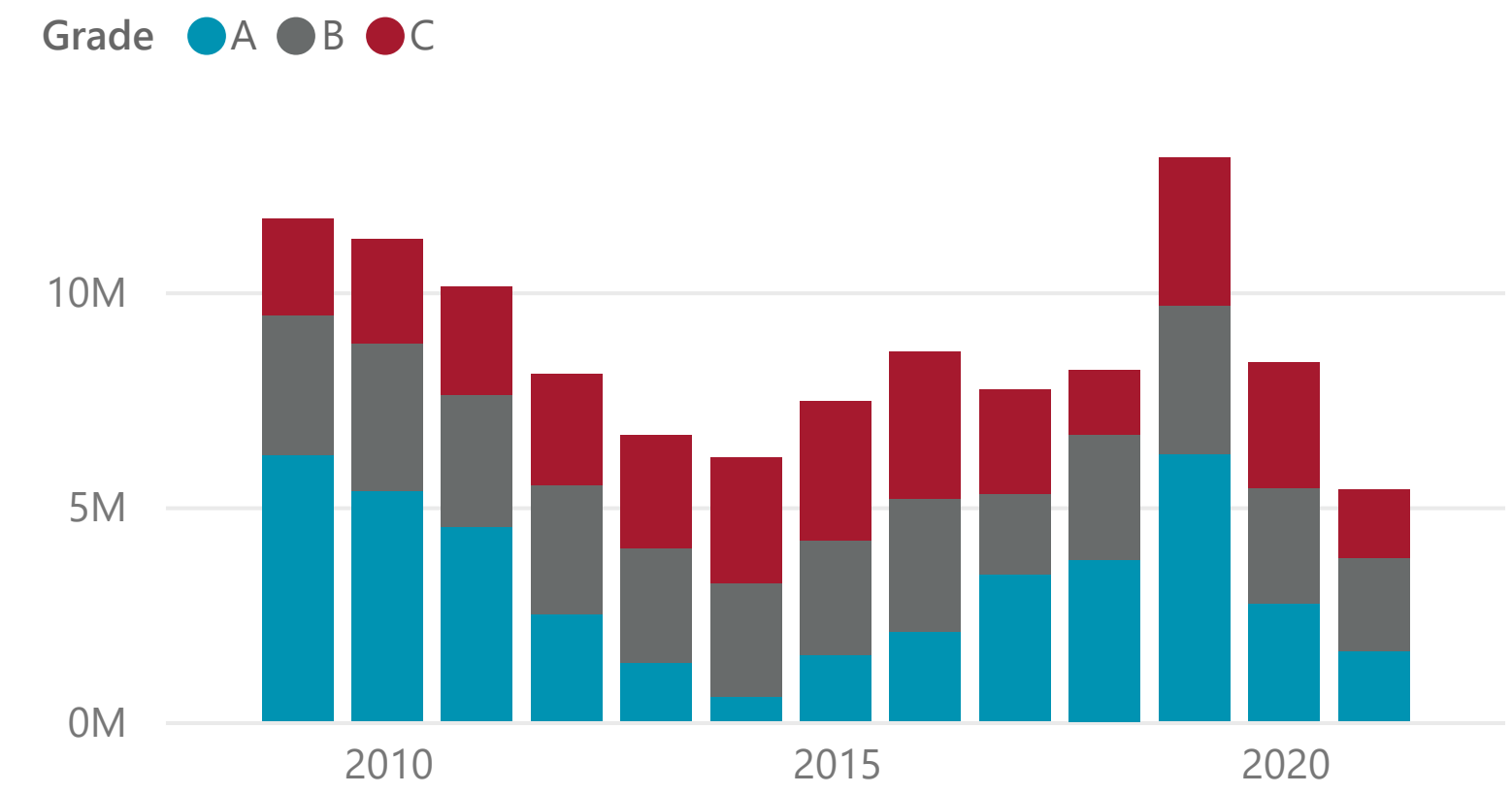
AVAILABILITY

Record levels of take-up have fast eroded supply that fell by 30% during Q2 to an all-time low of 5.4 million sqft. The lack of stock is particularly acute for units above 200,000 sqft, with only four second-hand buildings available within that size band, of which three were under offer at end of June.

The majority of the active pipeline is comprised of units below that threshold meaning supply at the larger end of the market is likely to remain constrained for the foreseeable future. Notable exception at Q2 was Panattoni's Tamworth 345 (345,414 sqft) that is due to PC in March 2022.

Generally, the quantum of space under offer at Q2 (2 million sqft of which 1.4 million sqft of existing/pipeline space) points to a continuing imbalance between demand and supply over the coming months.

Availability by Grade (Sqft)



Source: C&W

EAST MIDLANDS

C&W Prime Rent 100k+

7.00
Latest

3.70%
Q-o-Q

3.70%
Y-o-Y

C&W Prime Rent 50-100k

7.50
Latest

0.00%
Q-o-Q

7.14%
Y-o-Y

C&W Prime Yield

4.00%
Latest

-0.35%
Q-o-Q

-0.75%
Y-o-Y



Occupiers with larger requirements now face a reduced choice of readily available buildings as record take-up has curtailed supply.

David Binks, International Partner, Birmingham

Take-up

4,272,554
Sqft

97%
Q-o-Q

159%
Y-o-Y

306%
10Y

Take-up

6,437,819
Take-up YTD

2,319,428
Last Year

178%
Change

Availability

7,600,405
Sqft

-33%
Q-o-Q

-49%
Y-o-Y

-17%
LT Average

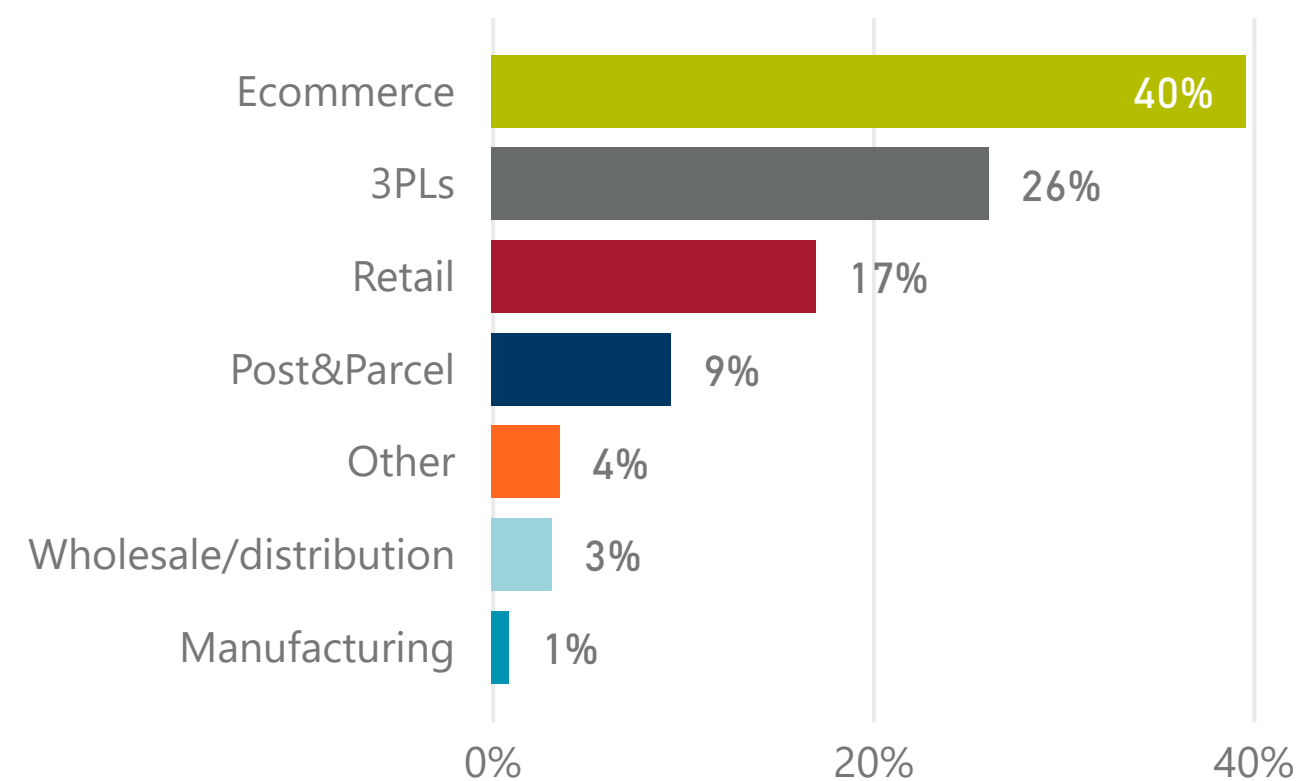
Under Offer

5,873,666
Total Sqft

2,040,659
Stock

3,833,007
Pre-let

Take-up by Sector (YTD Sqft)



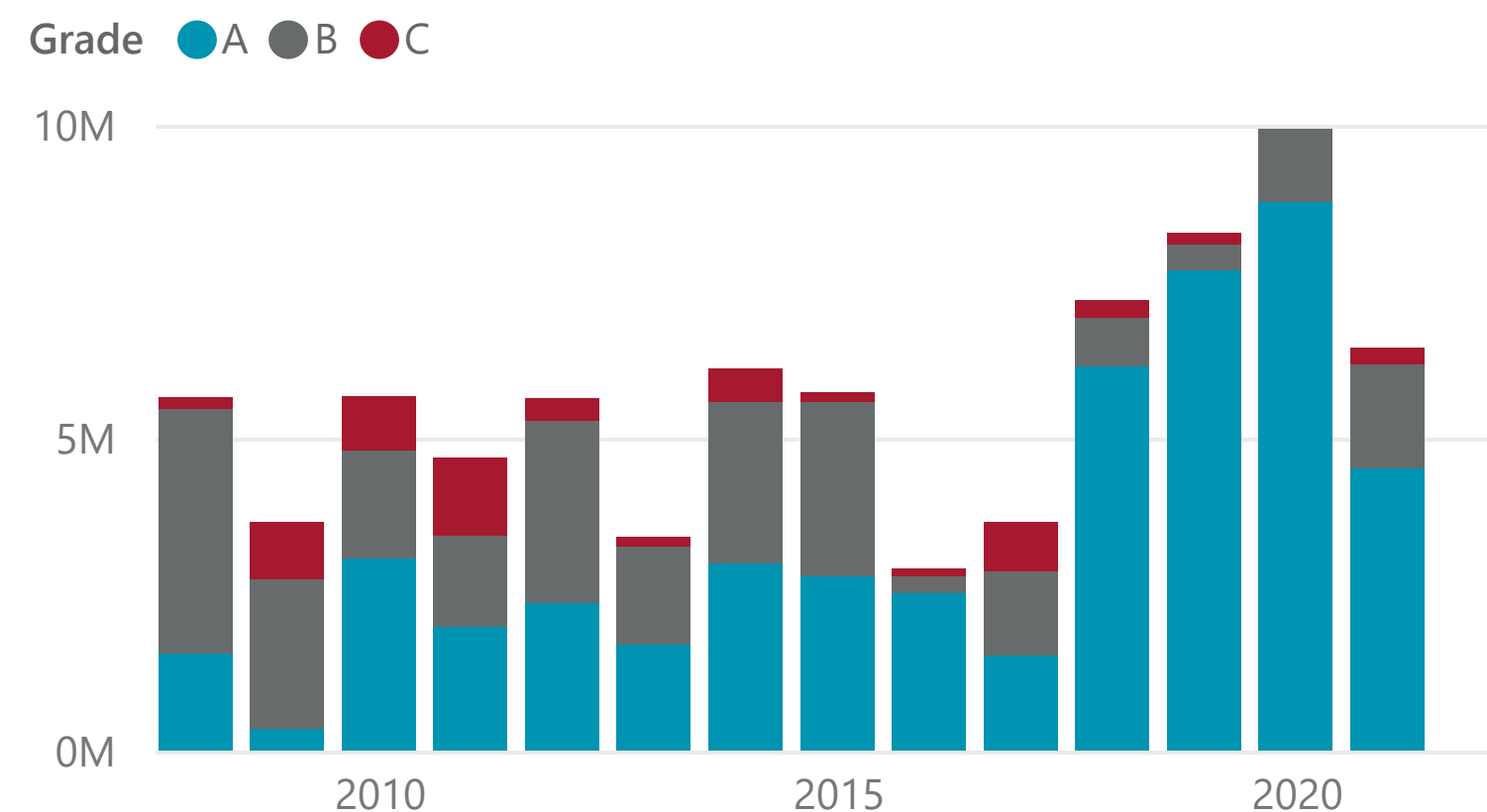
Source: C&W

DEMAND

The East Midlands L&I market continues its record-breaking run. Q2 saw nearly 4.3 million sqft of transactions across 19 deals, the second best quarter ever recorded. As a result, take-up in the first of the year reached 6.4 million sqft, a new record for H1.

The region continues to attract large requirements from pure-play and multi-channel retailers, 3PLs and parcel delivery operators that accounted for 95% of take-up so far this year. The largest deal in Q2 was the letting of Rockingham 528 (528,108 sqft) in Corby to Wincanton. The new recently completed 1.2 million sqft extension of Magna Park Lutterworth (Magna Park South) is also letting fast, with Units 2 and 3 now let to Whistl and JD.com respectively, and Unit 1 under offer at end of June.

Take-up by Grade (Sqft)

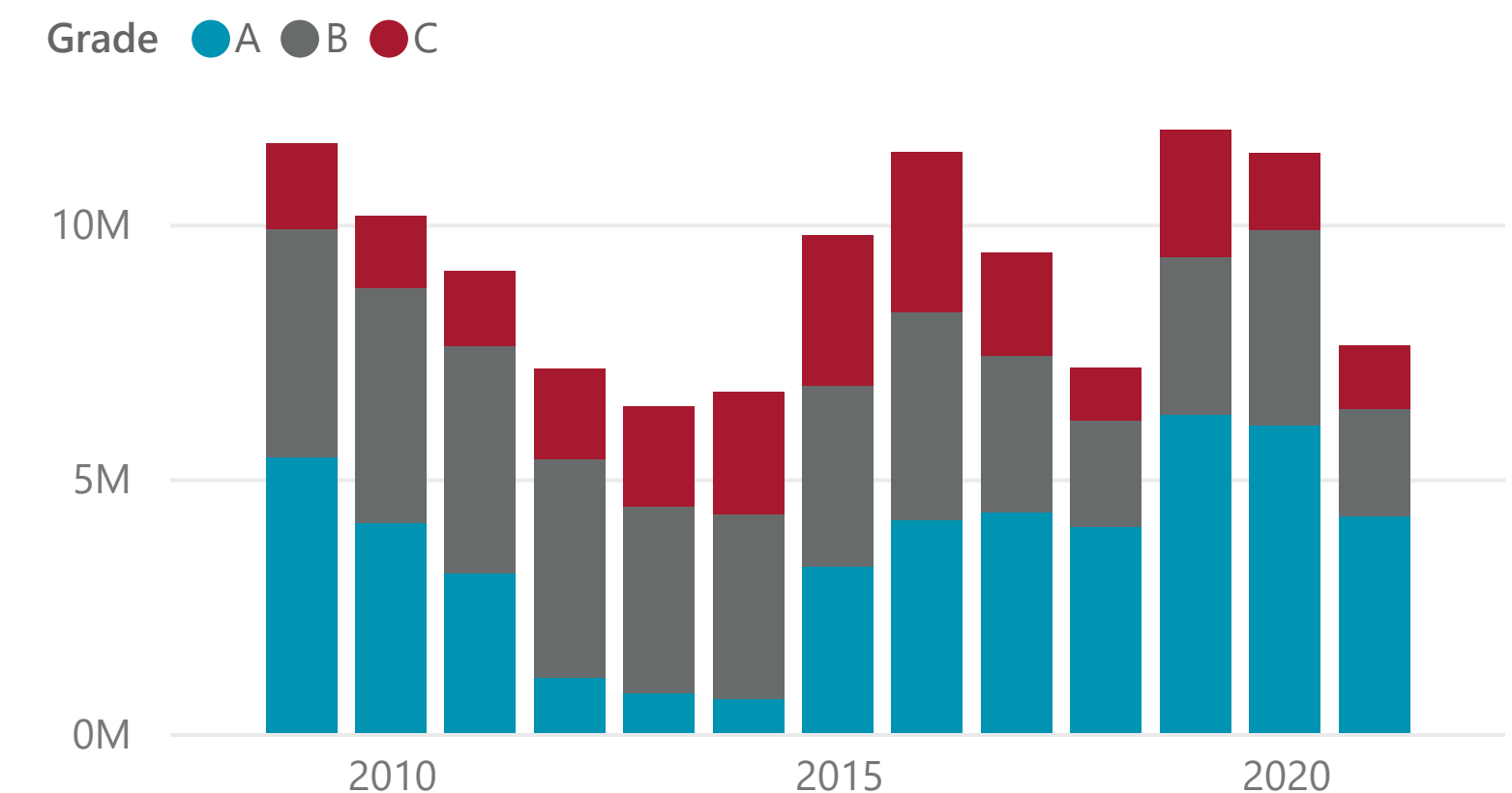


Source: C&W

AVAILABILITY

The volume of the demand has caused availability to fall by nearly 50% (or some 7 million sqft) in the space of 12 months, to 7.6 million sqft. Supply has fallen across the board, but mirroring a trend seen in other regions too, more so at the larger end of the market. At the end of Q2, there were only five units larger than 300,000 sqft available to let, of which two were under offer and only one (second-hand) available for immediate occupation. The lack of stock is unlocking further speculative development that will be welcome by occupiers: GLP recently announced an additional 1 million sqft of development at Magna Park North while SEGRO is onsite building 220,300 sqft at East Midlands Gateway, due to PC in October. Even when accounting for this pipeline, the volume of space currently under offer points to supply remaining severely constrained in the short-mid term.

Availability by Grade (Sqft)



Source: C&W

NORTH WEST

C&W Prime Rent 100k+

7.25
Latest

4.32%
Q-o-Q

7.41%
Y-o-Y

C&W Prime Rent 50-100k

7.25
Latest

0.00%
Q-o-Q

0.00%
Y-o-Y

C&W Prime Yield

4.00%
Latest

-0.35%
Q-o-Q

-0.75%
Y-o-Y



Developers are struggling to keep pace with record levels of demand and availability remains at critically low levels as result.

Rob Taylor, Partner, Manchester

Take-up

1,769,314
Sqft

-45%
Q-o-Q

528%
Y-o-Y

32%
10Y

Take-up

4,983,345
Take-up YTD

2,094,868
Last Year

138%
Change

Availability

7,415,500
Sqft

6%
Q-o-Q

-19%
Y-o-Y

-20%
LT Average

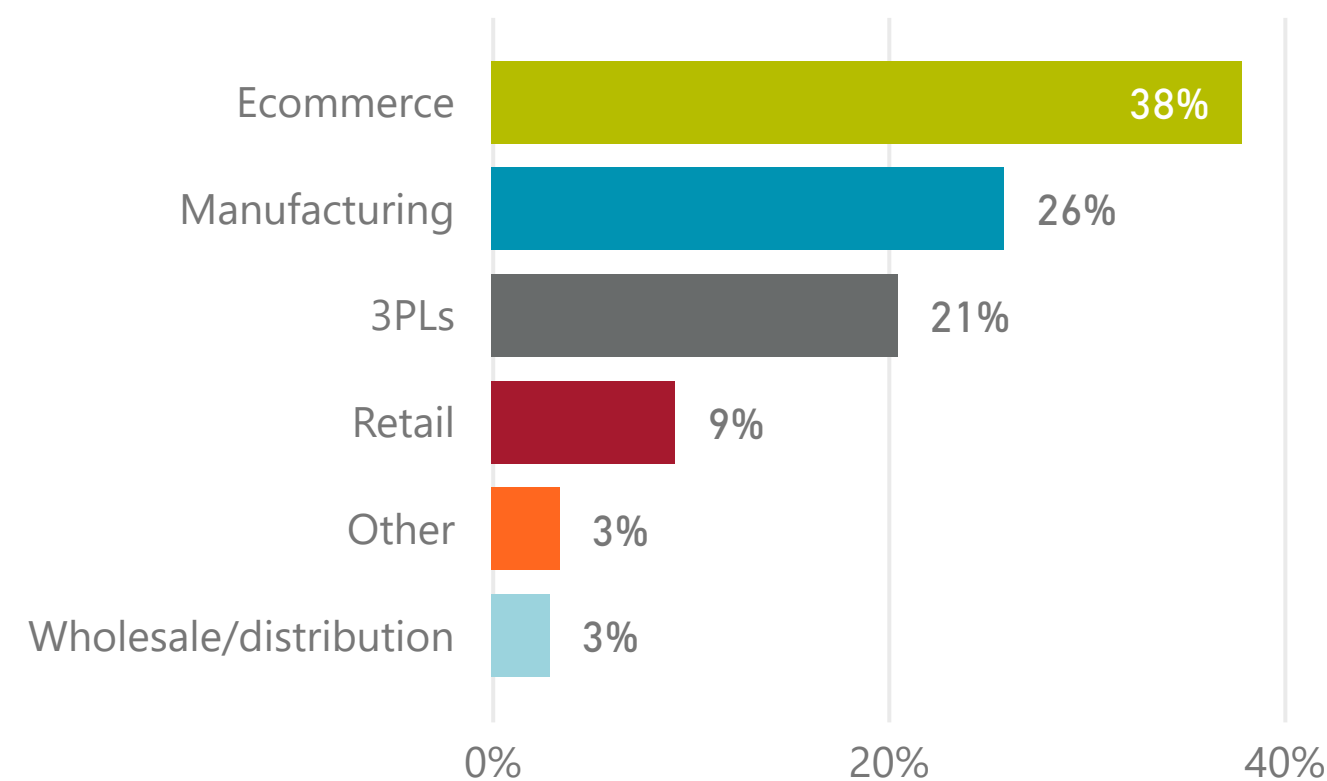
Under Offer

3,774,519
Total Sqft

2,229,519
Stock

1,545,000
Pre-let

Take-up by Sector (YTD Sqft)



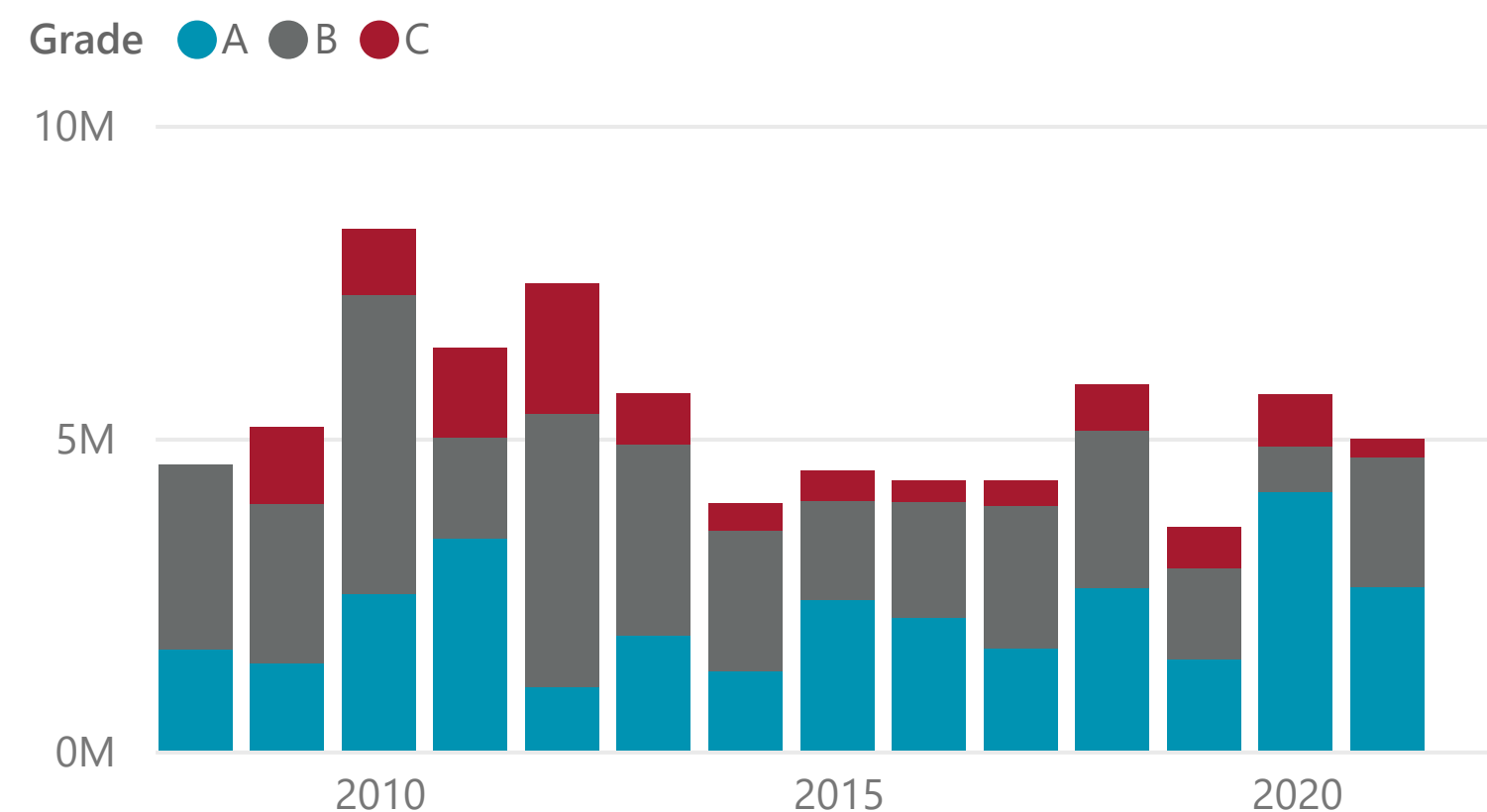
Source: C&W

DEMAND

There were no signs of demand slowing down in the North West during Q2. Take-up reached 1.8 million sqft in 14 deals, taking the H1 total to 5 million sqft, an amount that would typically represent a strong year worth of take-up.

E-commerce continued to underpin activity, accounting for 38% of H1 transactions volume. Following its mega pre-let at K800 Knowsley in Q1, Amazon took an additional 570,000 sqft in three buildings during Q2. Interestingly, these units include the recently completed Unit 2 of Phase 2 at Mountpark Warrington (203,390 sqft) but also Kingsway 216 (216,410 sqft), one of the longest standing speculative voids in the market. The largest deal of the quarter was the letting of MP350 at Marland Park (346,526 sqft) to Japanese tools manufacture Makita. Manufacturing remains a force to be reckoned with across the region, accounting for 1/4 of take-up in the first six months of the year.

Take-up by Grade (Sqft)

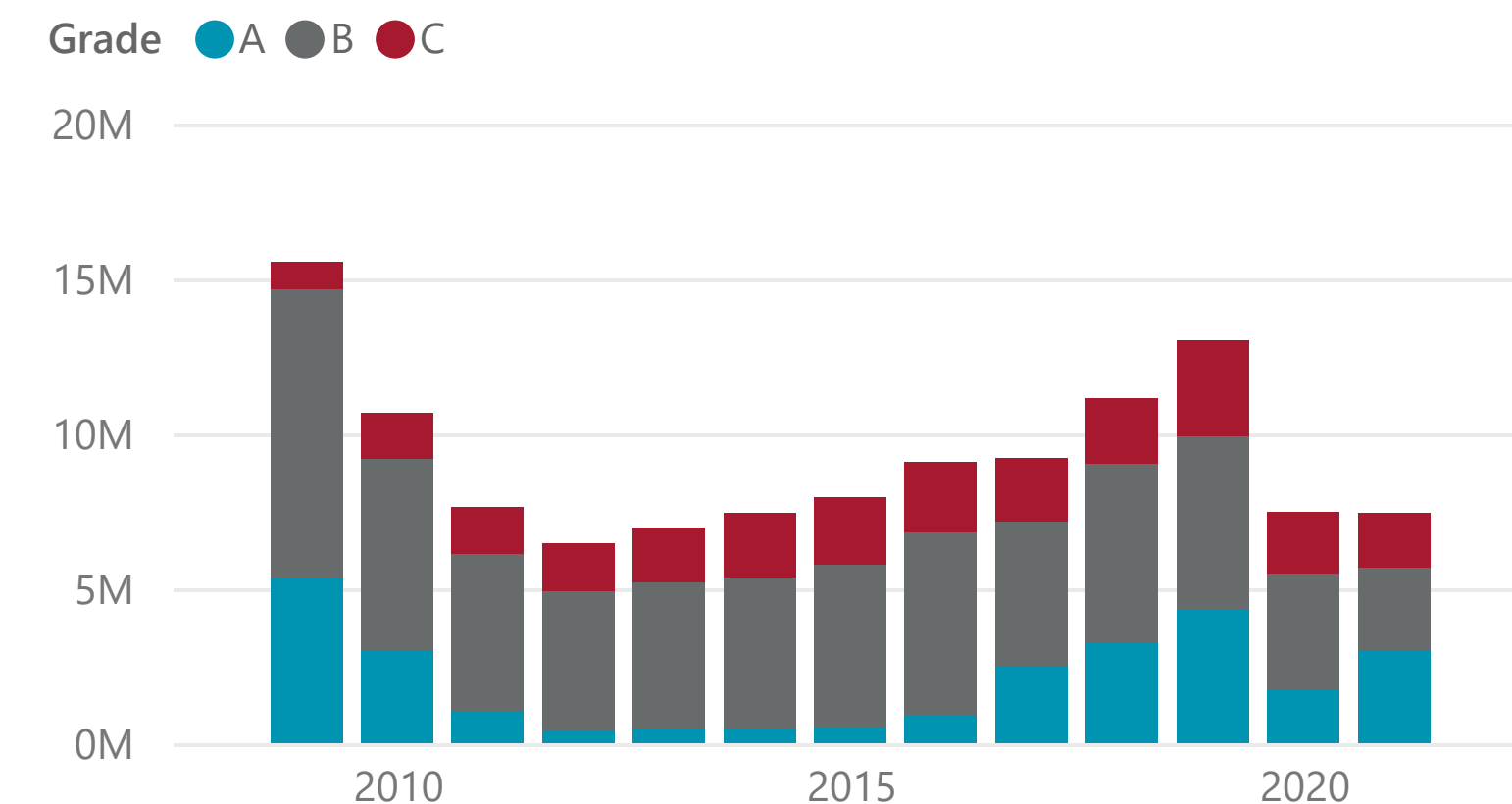


Source: C&W

AVAILABILITY

Availability edged up marginally during Q2 to 7.4 million sqft, ending a series of seven consecutive quarters of decline in supply. However, the increase was largely attributable to an influx of second-hand space. The region has seen a rise in speculative development recently but new schemes are going under offer so quickly that the current pipeline will do little to redress the current demand-supply imbalance and more stock is needed. The largest speculative unit currently under construction is Mirastar/Marshall CDP's Widnes 400 (393,000 sqft) which is due to PC in Q1 2022. Similarly, Panattoni is onsite building Crewe 305 (305,360 sqft) and a lease has already been exchanged on Bolton 280 (280,700 sqft), prior to PC. The two other 200,000 sqft+ units in the pipeline are Tungsten's Super W (243,000 sqft) and Unit 3 of Phase 2 at Mountpark Warrington (225,312 sqft) and we believe terms are close to being agreed on both.

Availability by Grade (Sqft)



Source: C&W

YORKSHIRE & THE HUMBER

C&W Prime Rent 100k+

6.50
Latest

0.00%
Q-o-Q

4.00%
Y-o-Y

C&W Prime Rent 50-100k

6.75
Latest

0.00%
Q-o-Q

3.85%
Y-o-Y

C&W Prime Yield

4.50%
Latest

-0.30%
Q-o-Q

-0.50%
Y-o-Y

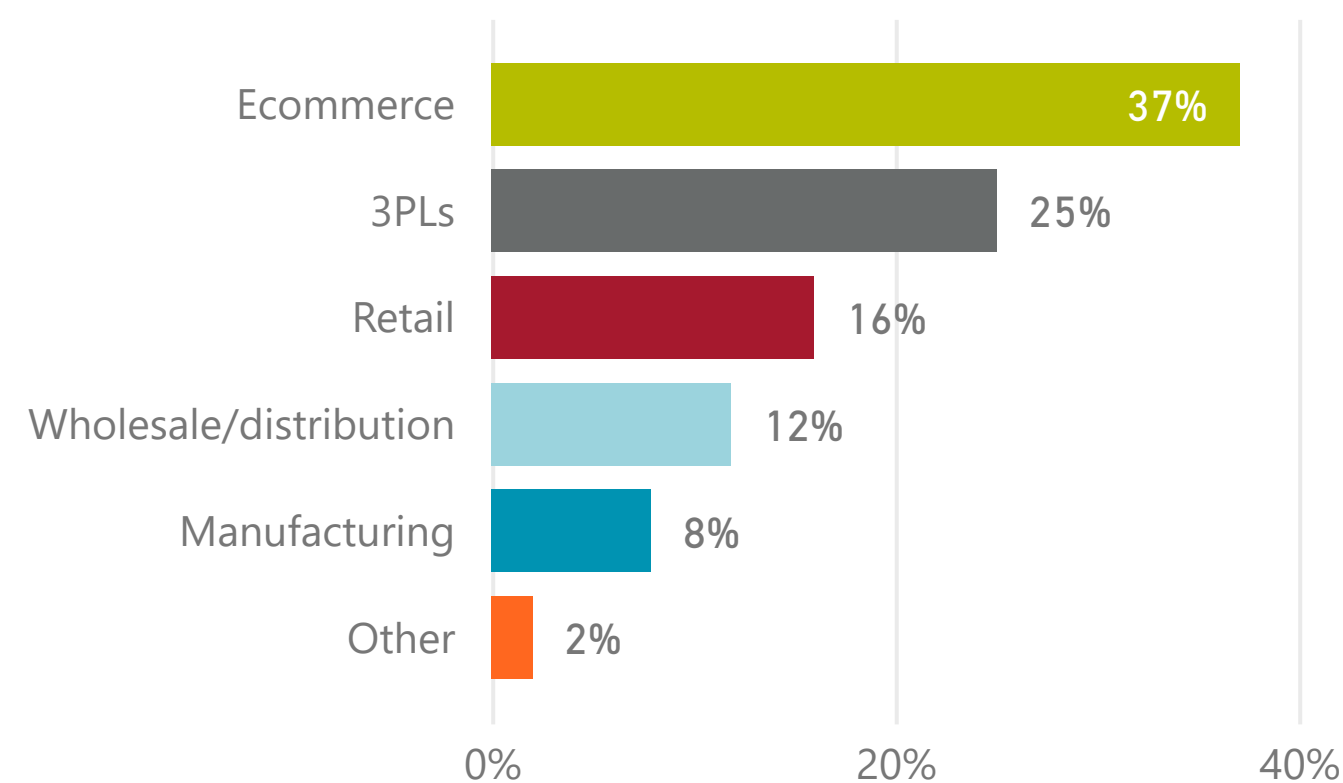


David Robinson, Partner, Leeds

There are virtually no ready-to-occupy Grade A buildings above 100,000 sqft across the region, and no new schemes coming off the ground until late 2021.

Take-up	Take-up	Availability	Under Offer
5,506,430 Sqft	7,877,071 Take-up YTD	2,030,533 Sqft	3,689,603 Total Sqft
132% Q-o-Q	4,169,589 Last Year	-49% Q-o-Q	189,603 Stock
61% Y-o-Y	89% Change	-61% Y-o-Y	3,500,000 Pre-let
436% 10Y		-69% LT Average	

Take-up by Sector (YTD Sqft)



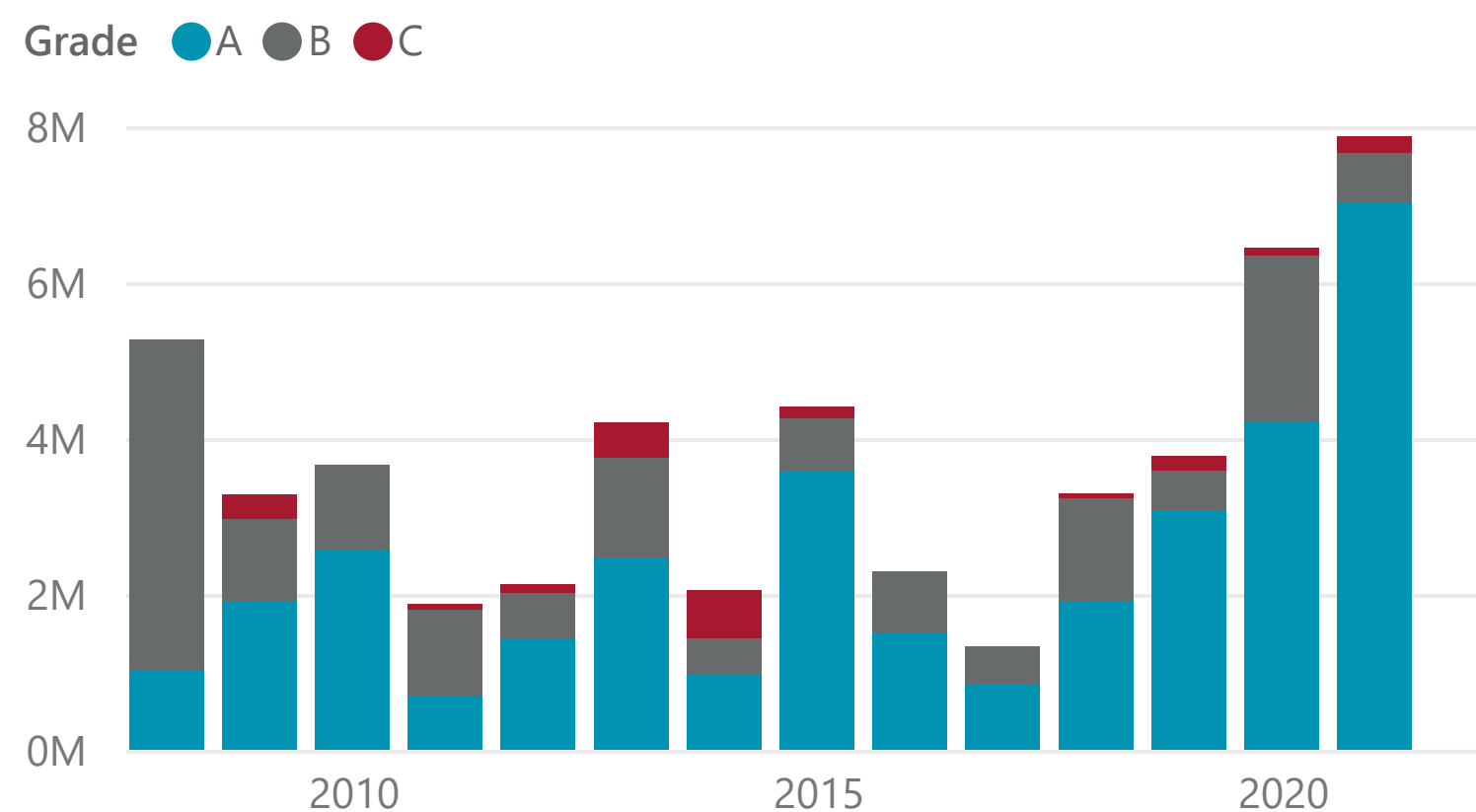
Source: C&W

DEMAND

In what was a recording breaking quarter, the Yorkshire L&I market saw more space transacted during Q2 than any calendar year since our records began in 2008. Buoyed by e-commerce that accounted for over half of quarterly deal volume, take-up soared to 5.5 million sqft, taking the H1 total to 7.9 million sqft.

Amazon alone snapped up over 3 million sqf of space, including a 2 million sqft pre-let at Mountpark's Wakefield Hub. A remarkable feature of the Yorkshire market is the speed at which new developments have let, often within six months from completion or on PC. This was the case for Wakefield 515 (512,850 sqft) and PLP Silkwood Business Park (311,000 sqft over two units). Both schemes reached practical completion during Q2 and have been taken by Amazon.

Take-up by Grade (Sqft)



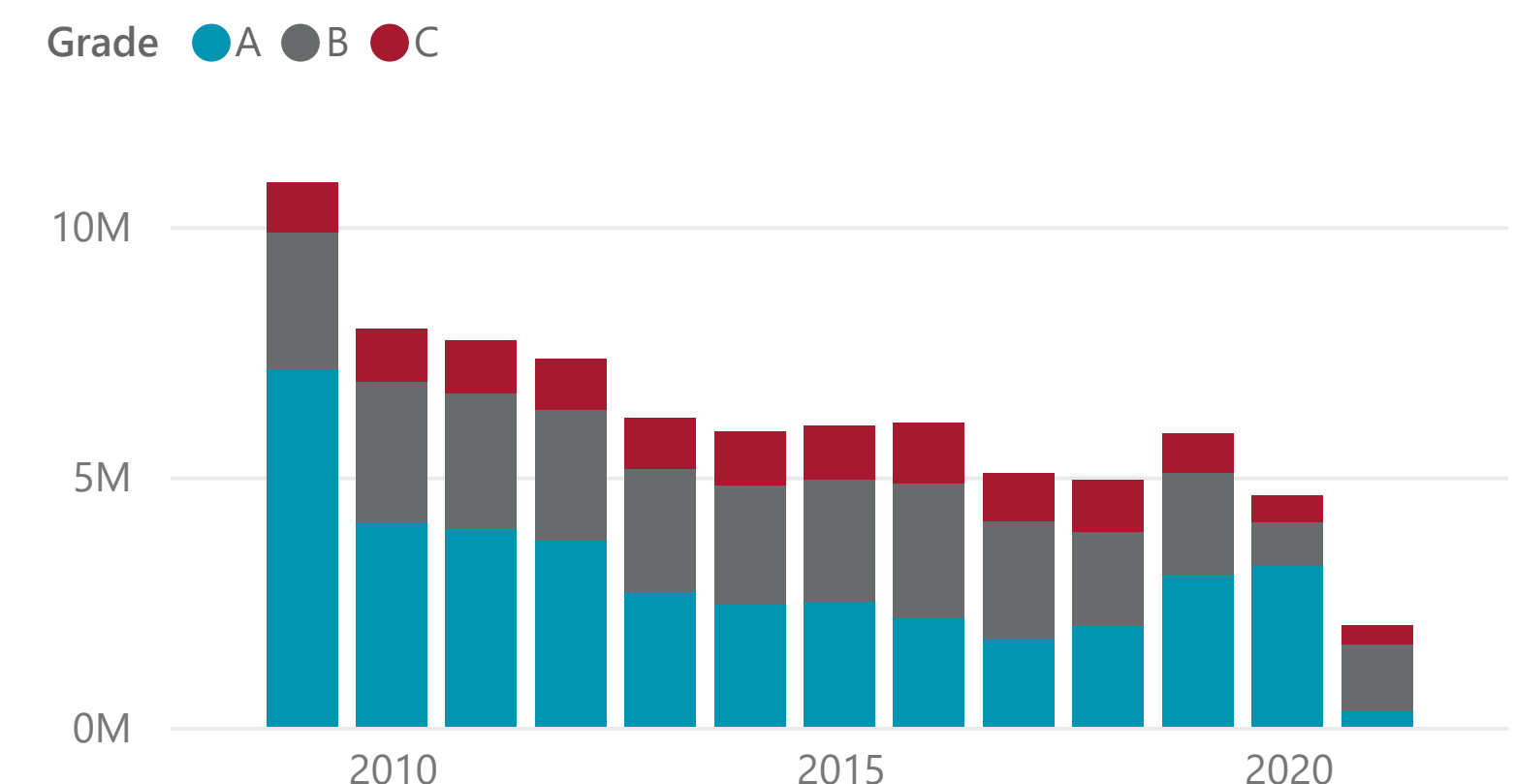
Source: C&W

AVAILABILITY

Following this flurry of deals, availability halved during Q2 to an all-time low of 2 million sqft. Across West and South Yorkshire there were only four buildings larger than 100,000 sqft available at end of June, of which one was under offer and the remaining three were second-hand.

Developers are starting to respond to the lack of stock. Verdion have just announced the latest phase of speculative development at Iport Doncaster (680,000 sqft over four buildings). Similarly, PLP are due to begin soon construction of 605,000 sqft in four units as part of Phase 2 at Bessemer Park, Sheffield. With the first of such units delivering during Q4 the earliest, availability will remain acutely restricted for some time to come, especially at current take-up rates.

Availability by Grade (Sqft)



Source: C&W

SOUTH WEST

C&W Prime Rent 100k+

7.50
Latest

0.00%
Q-o-Q

3.45%
Y-o-Y

C&W Prime Rent 50-100k

8.50
Latest

0.00%
Q-o-Q

13.33%
Y-o-Y

C&W Prime Yield

4.25%
Latest

-0.25%
Q-o-Q

-0.75%
Y-o-Y

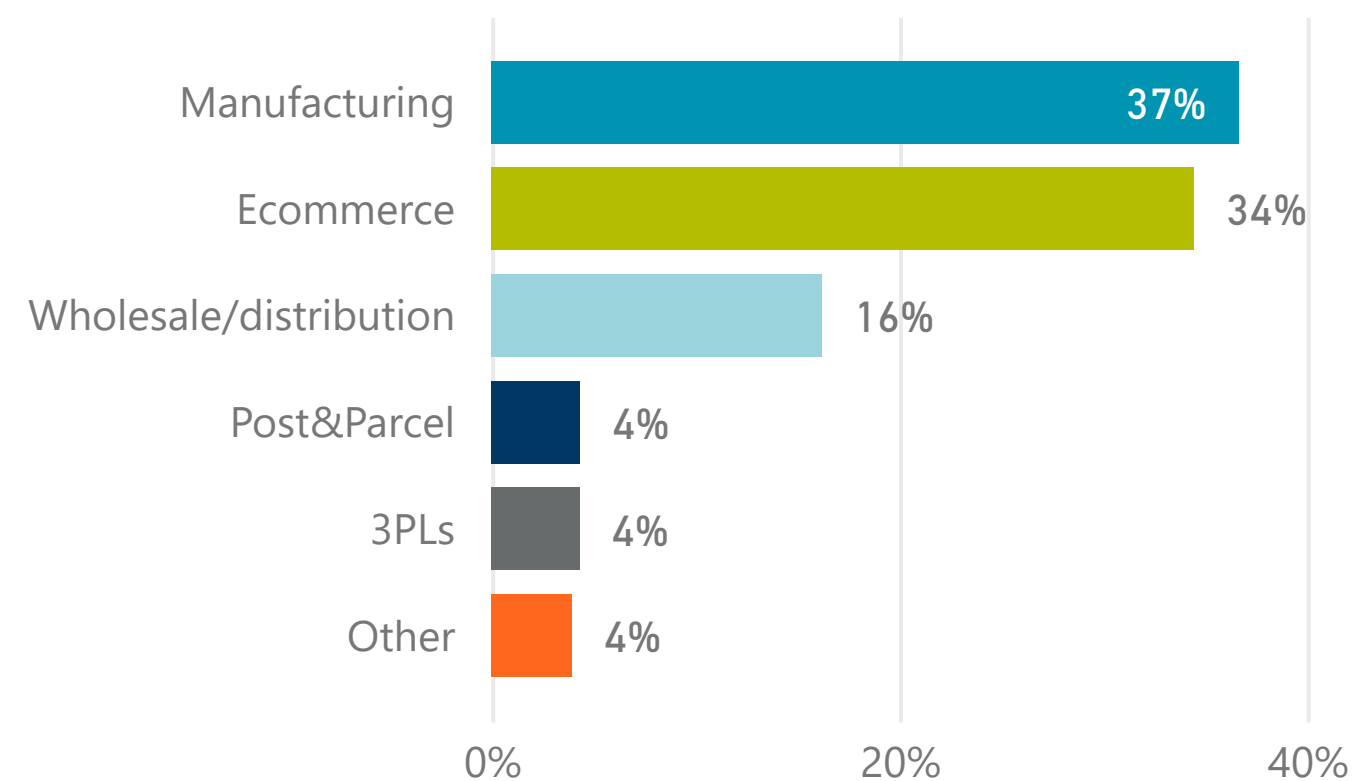


Speculative development is accelerating in the Greater Bristol area which should help replenish the levels of Grade A stock, from Q1 2022 onwards.

Chris Yates, Partner, Bristol

Take-up	Take-up	Availability	Under Offer
1,071,049 Sqft	1,350,249 Take-up YTD	6,671,531 Sqft	1,037,876 Total Sqft
284% Q-o-Q	479,513 Last Year	23% Q-o-Q	1,037,876 Stock
159% Y-o-Y	182% Change	7% Y-o-Y	(Blank) Pre-let
37% 10Y		-2% LT Average	

Take-up by Sector (YTD Sqft)



Source: C&W

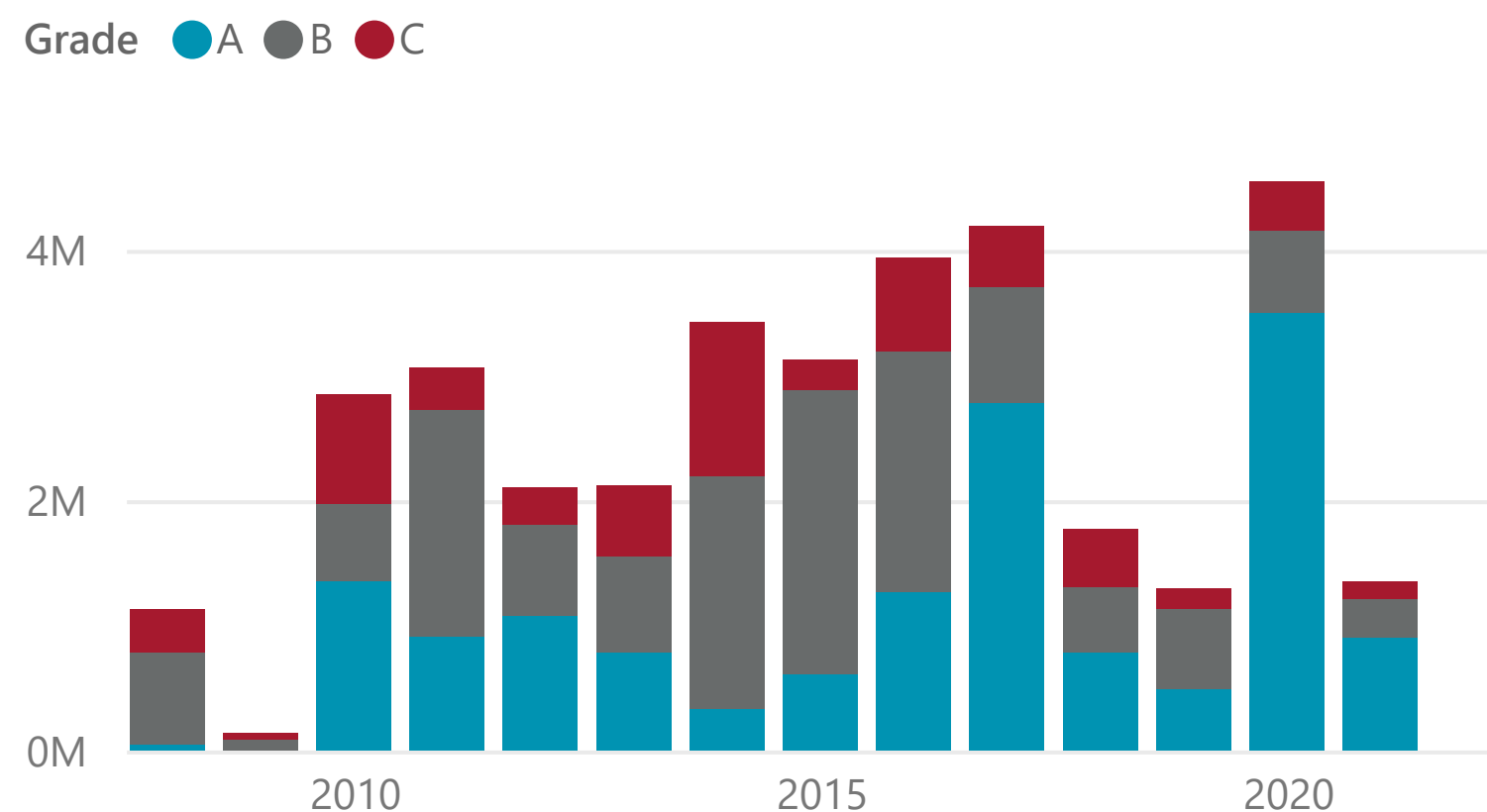
DEMAND

E-commerce continued to underpin South-West L&I take-up that surpassed 1 million sqft in eight deals during Q2. The sector accounts for nearly 35% of the 1.4 million sqft transacted so far this year, a volume which is in line with the long-term average for the period.

In what was the largest deal of the quarter and the year so far, Amazon let WA316 at Western Approach, Avonmouth (316,128 sqft). The e-commerce giant also signed for a 120,000 sqft purpose-built facility in Barnwood, Gloucester.

High-tech manufacturing also remains an important source of activity across the region, as exemplified by the pre-lets taken by Leonardo Helicopters at Yeovil (215,278 sqft - expansion space) and Oxford Instruments at Central Approach (108,000 sqft - relocation).

Take-up by Grade (Sqft)

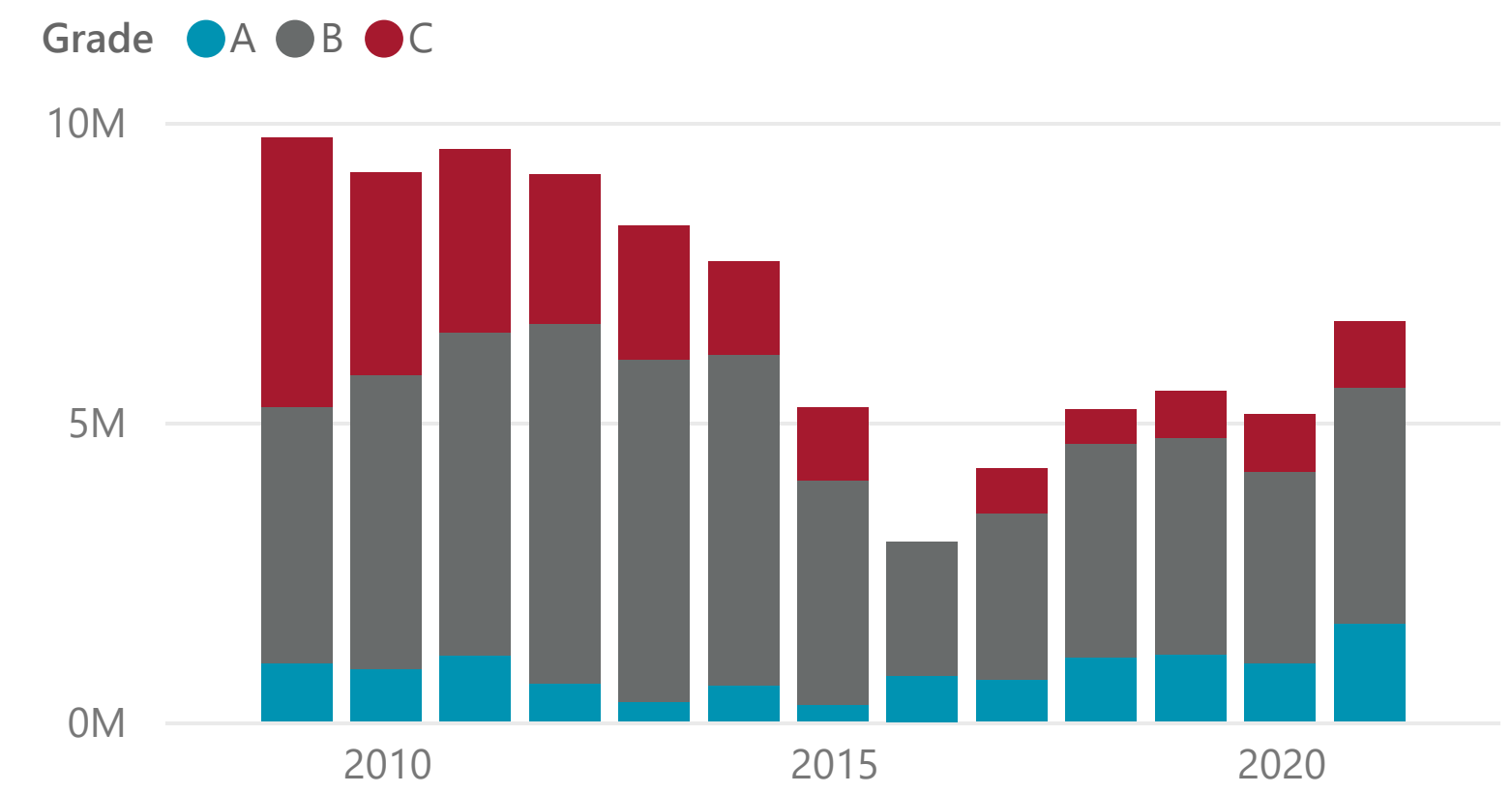


Source: C&W

AVAILABILITY

During Q2, a combination of surplus second-hand accommodation and speculative development halted the steady decline in supply seen since Q1 2020. Availability rose by over 20% to 6.7 million sqft, a level which is in line with the long-term average and would certainly not class as an oversupply. These figures conceal a continuing lack of good quality stock across all size bands. In the core market of Avonmouth there was only one newly-built unit larger than 50,000 sqft available for immediate occupation at Q2. However, following a number of land deals, speculative development is accelerating again and should help alleviate the shortage of Grade A space in the area, albeit no earlier than Q1 2022. Significant new schemes being brought forward include Tristan/Canmoor's Phase 2 at More+ (384,925 sqft), BentallGreenOak/Equation Properties' Phase 1 at Matrix 49 (305,815 sqft) and Mountpark's Bristol XL scheme (1,180,610 across three units).

Availability by Grade (Sqft)



Source: C&W

WALES

C&W Prime Rent 100k+

5.50
Latest

0.00%
Q-o-Q

0.00%
Y-o-Y

C&W Prime Rent 50-100k

6.50
Latest

0.00%
Q-o-Q

0.00%
Y-o-Y

C&W Prime Yield

4.75%
Latest

-0.30%
Q-o-Q

-0.50%
Y-o-Y



The return of speculative development is welcome but more will be needed to satisfy pent-up demand for good quality space across the region.

Rob Ladd, Partner, Bristol

Take-up

600,810
Sqft

-4%
Q-o-Q

53%
Y-o-Y

6%
10Y

Take-up

1,225,282
Take-up YTD

751,724
Last Year

63%
Change

Availability

6,247,429
Sqft

0%
Q-o-Q

9%
Y-o-Y

-20%
LT Average

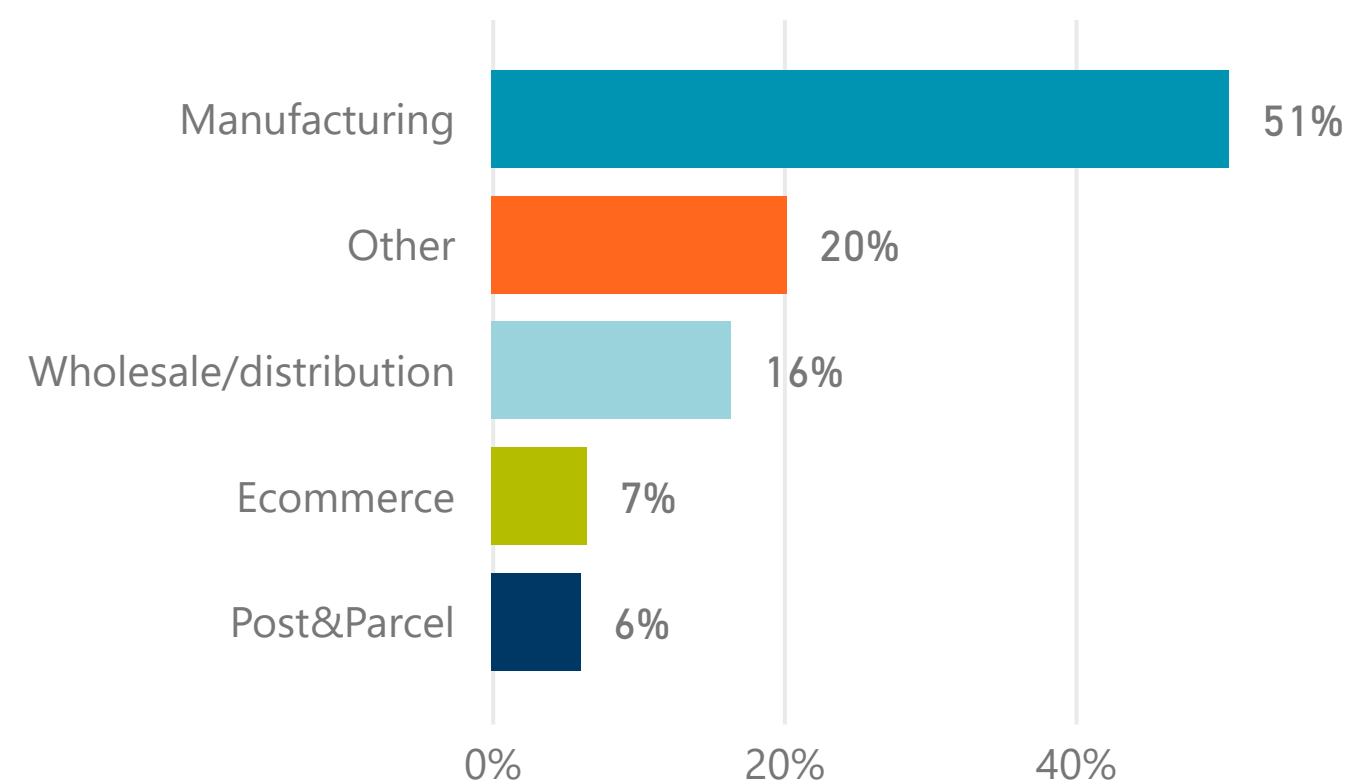
Under Offer

1,751,776
Total Sqft

1,751,776
Stock

(Blank)
Pre-let

Take-up by Sector (YTD Sqft)



Source: C&W

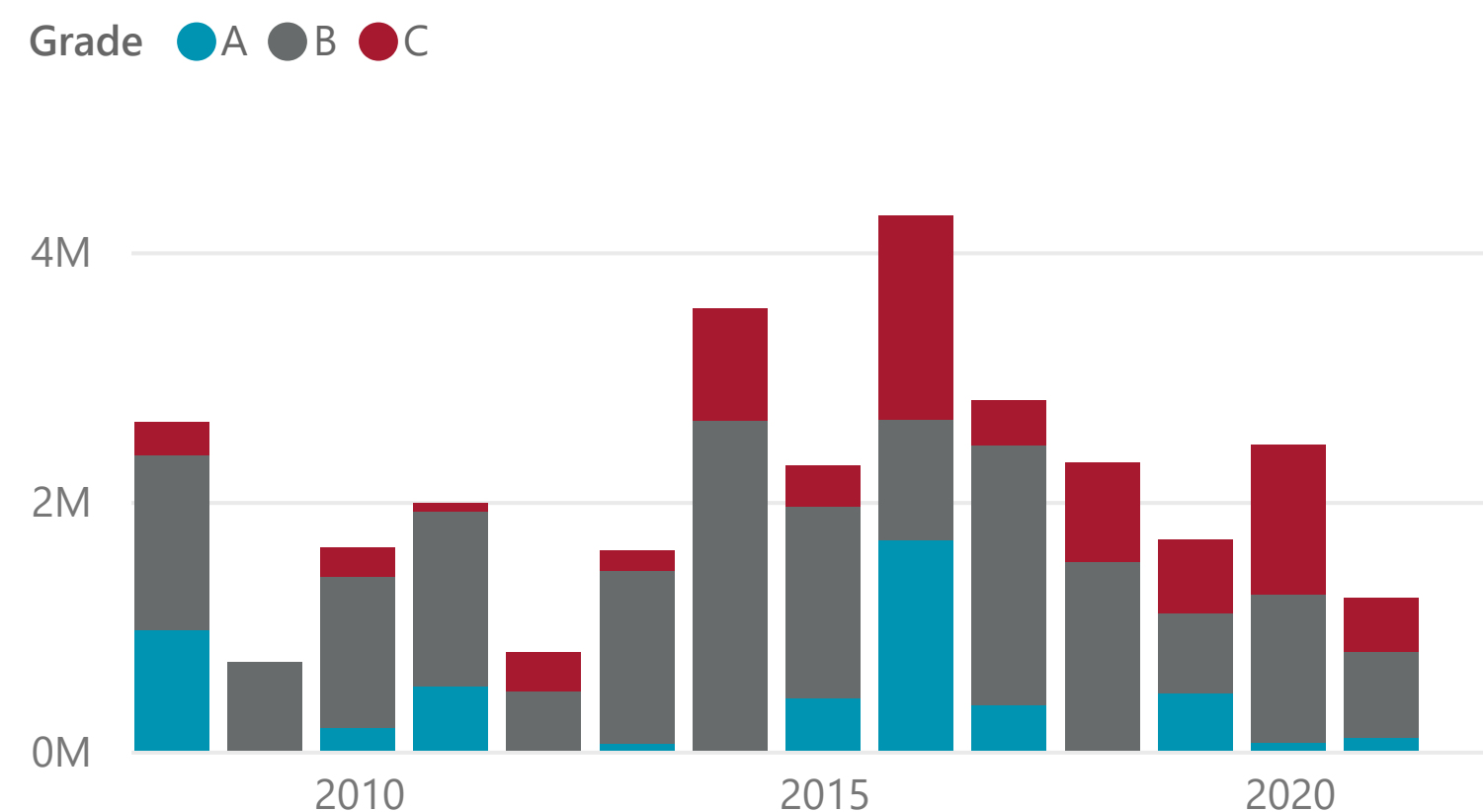
DEMAND

Take-up across region totalled 600,000 sqft in seven deals during Q2, taking the total for the first six months of the year to 1.2 million sqft. This amount is in line with the ten-year average for the period.

The largest deal of the quarter was the letting of the Former Bestway Cash and Carry premises (119,074 sqft) in Coryton, Cardiff, to life-sciences company Cytiva. In another notable deal, Crane Process Flow Technologies signed for a new 108,200 sqft manufacturing facility to be purpose-built in Cwmbran.

While manufacturing remains the main driver of activity, the region is also seeing more B8 requirements including from sectors such as e-commerce. The film industry also remains active especially in the Cardiff's area.

Take-up by Grade (Sqft)



Source: C&W

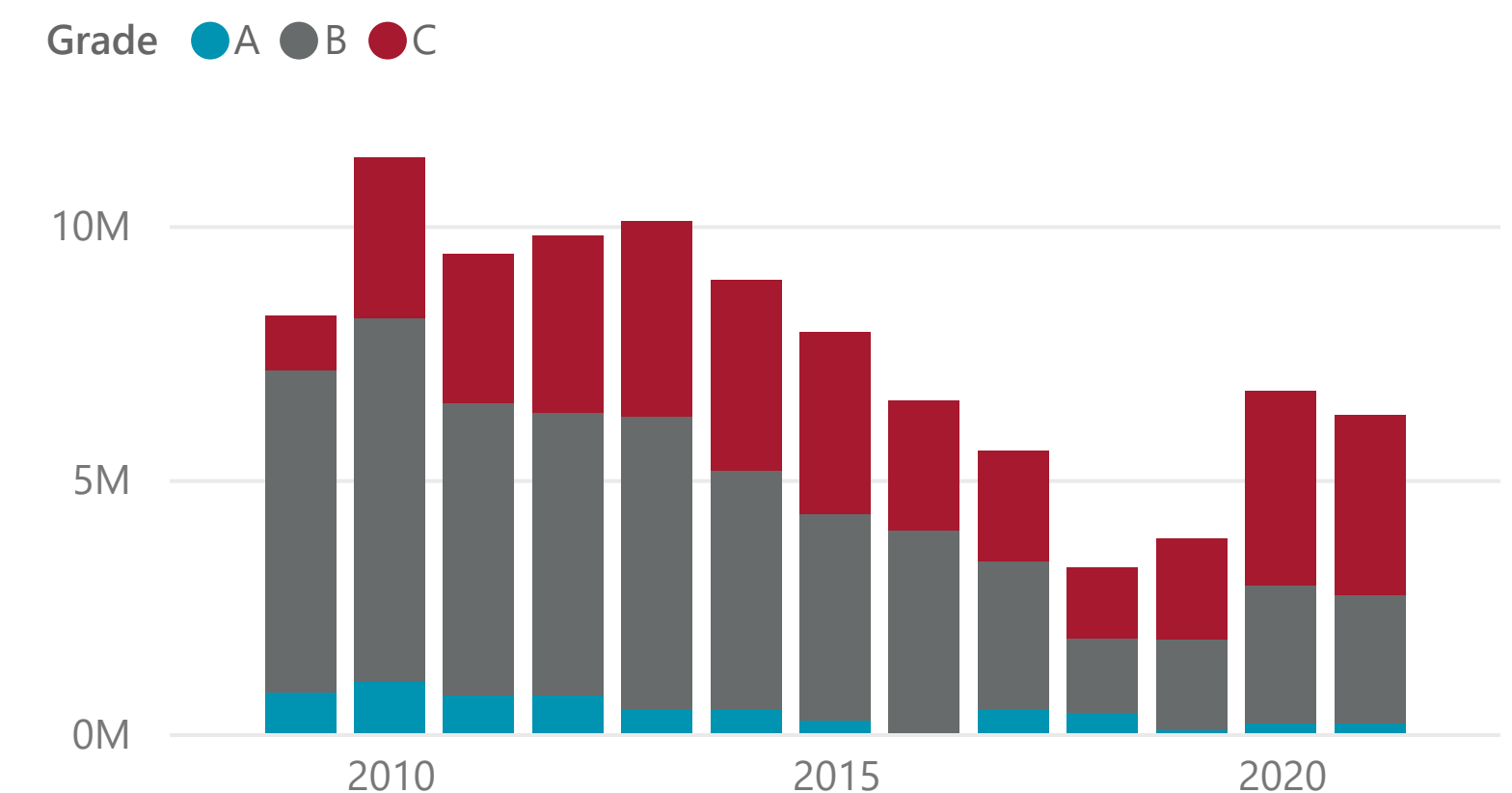
AVAILABILITY

Availability was unchanged during the quarter at 6.2 million sqft. It is worth noting that a large chunk of this amount (2.6 million sqft) comprises the industrial facilities recently vacated by Quinn Radiators and Ford in Newport and Bridgend respectively.

However, much of the remaining available stock is of inferior quality/not fit for purpose anymore meaning that larger occupiers looking to upgrade/consolidate into modern premises have limited options other than purpose-built solutions.

The only 50,000 sqft+ speculative development currently in the pipeline is Unit N101 (101,008 sqft) at St Modwen Park Newport, quoting £6.50 sqft/year and due to PC in Q3 this year.

Availability by Grade (Sqft)



Source: C&W

NORTH EAST

C&W Prime Rent 100k+

5.50
Latest

0.00%
Q-o-Q

0.00%
Y-o-Y

C&W Prime Rent 50-100k

6.00
Latest

0.00%
Q-o-Q

9.09%
Y-o-Y

C&W Prime Yield

4.50%
Latest

-0.25%
Q-o-Q

-0.75%
Y-o-Y



The North East continues to cement its position as e-commerce distribution hub but the lack of good quality space remains unaddressed.

Dave Robinson, Partner, Leeds

Take-up

473,835
Sqft

-9%
Q-o-Q

-81%
Y-o-Y

-43%
10Y

Take-up

993,842
Take-up YTD

2,728,736
Last Year

-64%
Change

Availability

2,205,506
Sqft

16%
Q-o-Q

-0%
Y-o-Y

-39%
LT Average

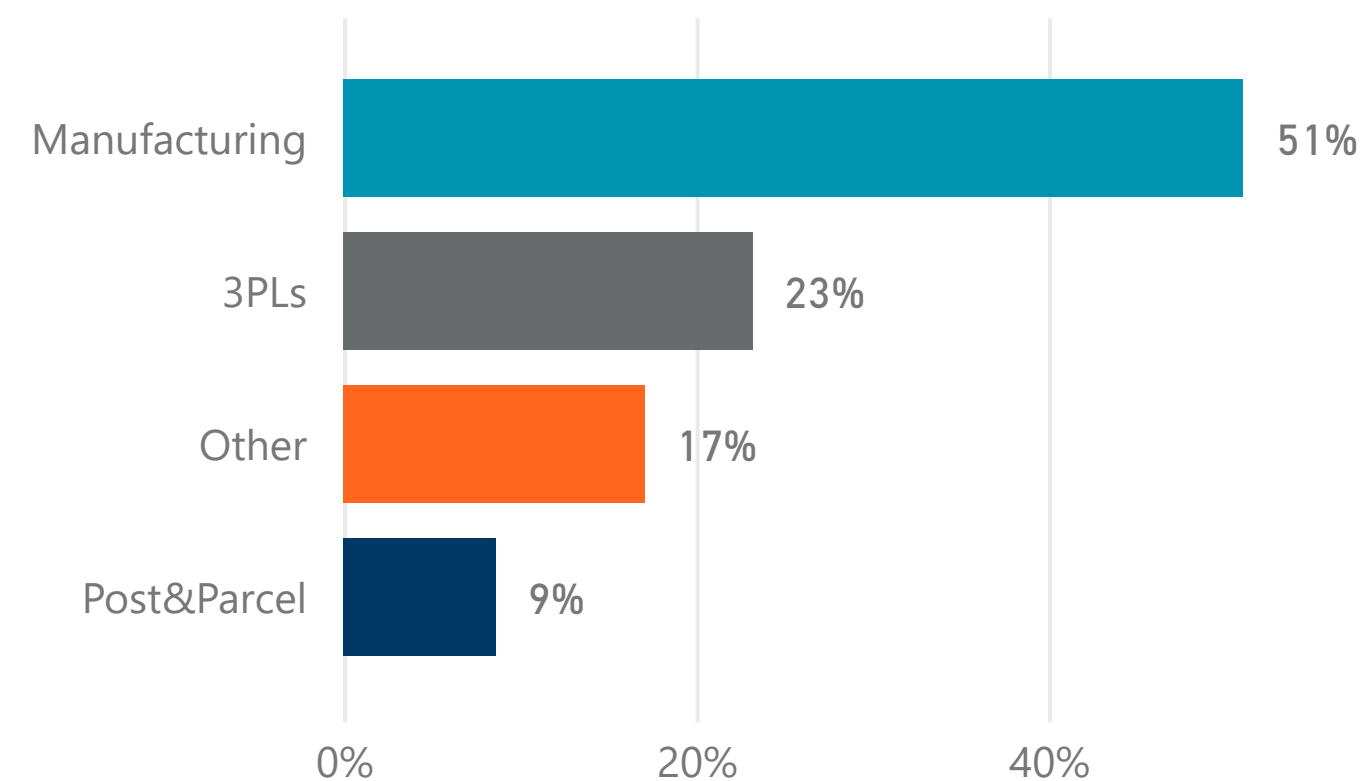
Under Offer

2,000,000
Total Sqft

(Blank)
Stock

2,000,000
Pre-let

Take-up by Sector (YTD Sqft)



Source: C&W

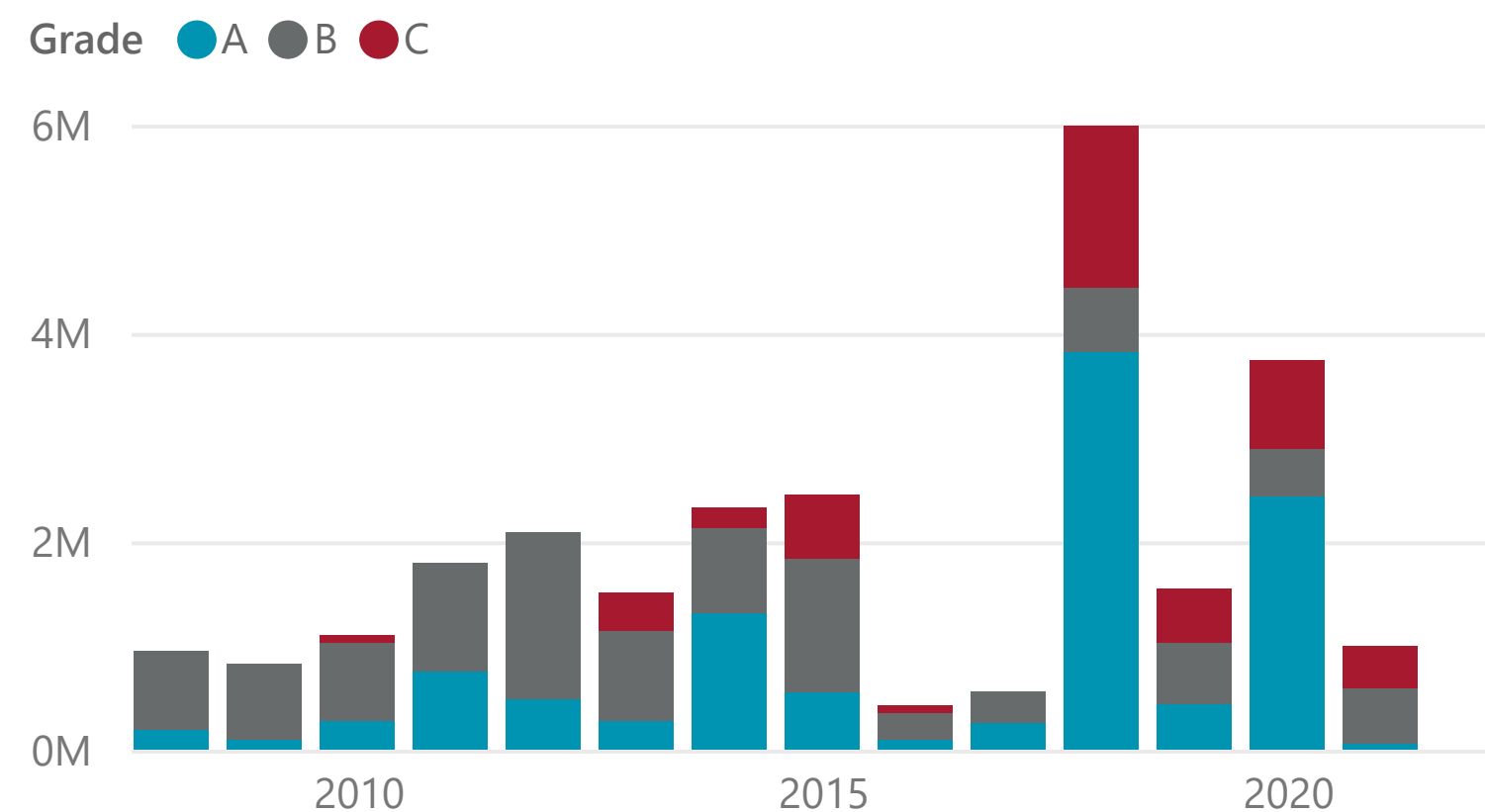
DEMAND

The absence of mega-deals that bolstered take-up last year and in 2018 have seen take-up return to its long-term average during H1, with 1 million qft transacted over the period. One of the most notable deals of the quarter was the pre-let taken by DPD at Velocity 194, a new 63,206 sqft development brought forward by Buccleuch properties and Argon Properties in Sunderland. In the same area, logistics services provider Kinaxia let 102,444 sqft at Doxford International Business Park.

Take-up is set to spike again in the second half of the year.

Underscoring once more the region's credentials as e-commerce distribution hub, Amazon is understood to be in negotiations with Helios Properties for a 2 million sqft facility at Wynyard Business Park in Stockton-on-Tees. This would be the online retailers' fourth XL fulfillment centre in the region.

Take-up by Grade (Sqft)



Source: C&W

AVAILABILITY

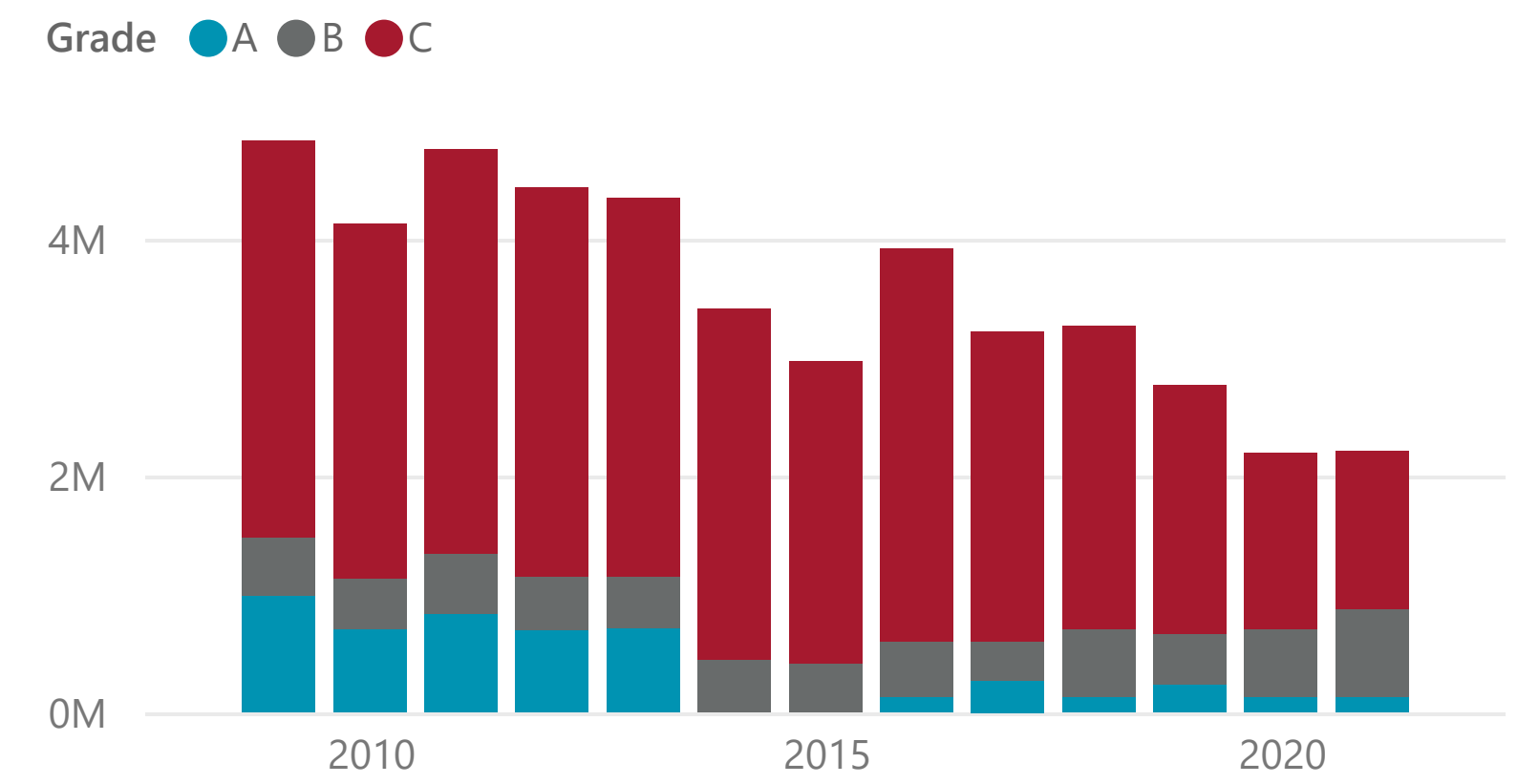
Availability rose by 16% over the quarter to 2.2 million sqft, largely due to the release of second-hand space. Nonetheless, availability remains some 40% below its long-term average.

Supply of modern distribution space is virtually non-existent, with only one unit classified as Grade A as at the end of Q2.

Encouragingly, we are starting to see the first green shoots of speculative development that should help alleviate the current supply shortage.

L&G and Sunderland Council for example are bringing forward 610,000 sqft over two phases at Hillthorn Business Park, with phase 1 (309,500 sq ft across five buildings) due to start later this year.

Availability by Grade (Sqft)



Source: C&W

SCOTLAND

C&W Prime Rent 100k+

6.00
Latest

0.00%
Q-o-Q

9.09%
Y-o-Y

C&W Prime Rent 50-100k

6.50
Latest

0.00%
Q-o-Q

8.33%
Y-o-Y

C&W Prime Yield

4.75%
Latest

-0.60%
Q-o-Q

-0.85%
Y-o-Y



The acute shortage of Grade A stock continues to constrain activity, forcing occupiers to compromise on the quality of premises.

Fergus Maclellan, Partner, Glasgow

Take-up

504,706
Sqft

171%
Q-o-Q

125%
Y-o-Y

52%
10Y

Take-up

690,959
Take-up YTD

640,344
Last Year

8%
Change

Availability

3,071,501
Sqft

21%
Q-o-Q

10%
Y-o-Y

-7%
LT Average

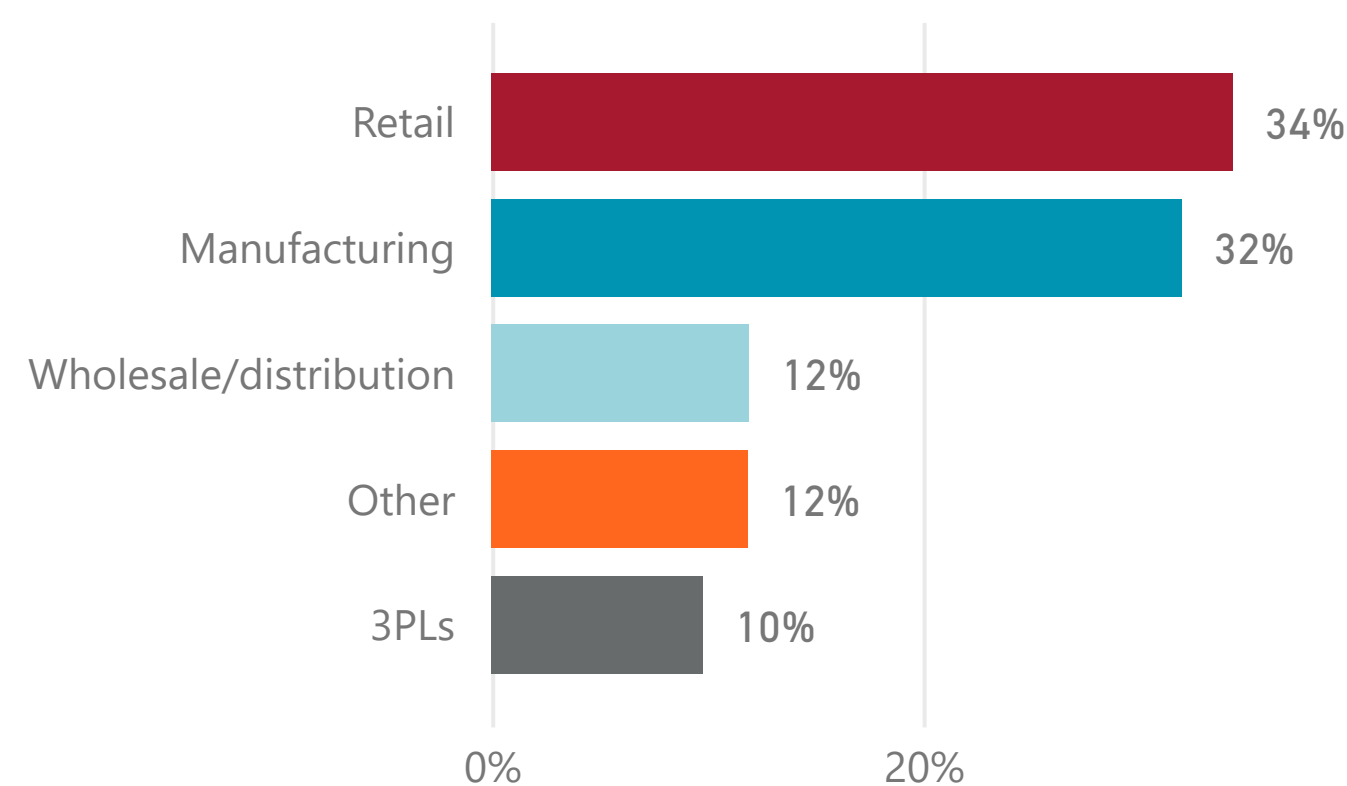
Under Offer

1,322,318
Total Sqft

782,318
Stock

540,000
Pre-let

Take-up by Sector (YTD Sqft)



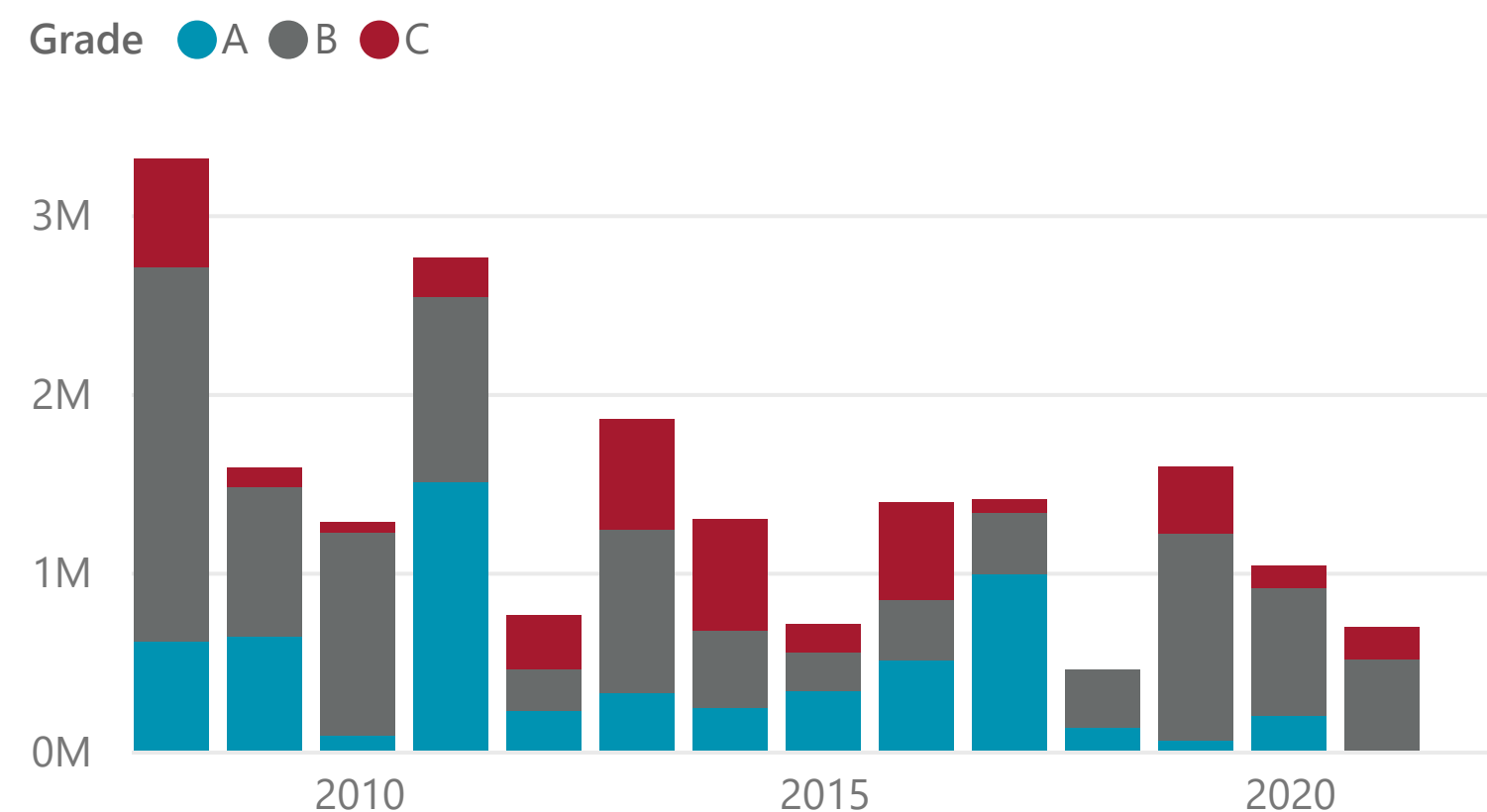
Source: C&W

DEMAND

Take-up amounted to just over 500,000 sqft during Q2, taking the total for the first six months of the year to 690,000 sqft, 8% above the corresponding period in 2020.

One of the most notable deals of the quarter was the sub-letting of Atlas (56,986 sqft) at Eurocentral to Clipper Logistics for a five-year term at a rent of £6.35 sqft/annum. The remaining transactions focussed largely on poorer second-hand stock. With over 1.3 million sqft under offer as at end of June, including a 500,000 sqft+ pre-let at Symmetry Park Glasgow, however the year could end on a high note.

Take-up by Grade (Sqft)



Source: C&W

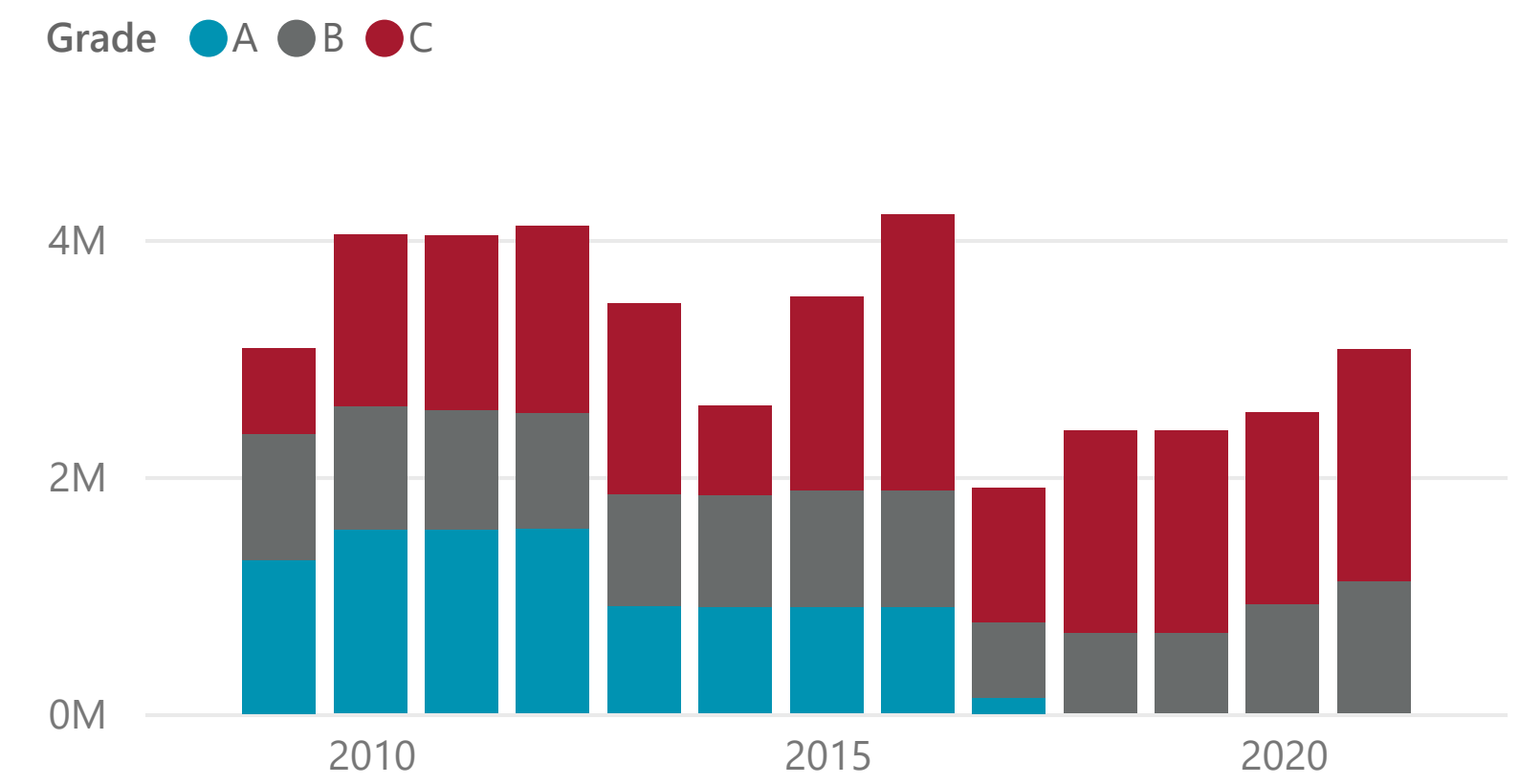
AVAILABILITY

An influx of second-hand space caused availability to reach 3 million sqft as at end of Q2, a level that nonetheless remains 7% below the long term average.

Generally, occupier activity continues to be hampered by the shortage in the size and quality profile of available stock. Of the 25 units available tracked by C&W at end of June, 16 were in the 50-100,000 sqft size band, and only two above 300,000 sqft, both under offer.

Grade C accounted for over 60% of availability in Q2 and with no speculative development in the pipeline, the lack of modern stock remains unresolved. As a result, occupiers with pressing property requirements have no option other than settling for lower quality space.

Availability by Grade (Sqft)



Source: C&W

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