

2018

INDUSTRIAL OVERVIEW

SCOTLAND: Town/Area	*ERV - Prime Rents	**LV
Aberdeen	£9.00	£500,000
Edinburgh	£8.50	£275,000
Glasgow	£7.50	£225,000

NORTH: Town/Area	*ERV - Prime Rents	**LV
Bradford	£5.75	£300,000
Doncaster	£5.75	£300,000
Leeds	£6.50	£350,000
Liverpool	£6.00	£325,000
Manchester	£7.00	£510,000
Newcastle-upon-Tyne	£5.75	£300,000
Sheffield	£6.25	£325,000
Skelmersdale	£5.75	£300,000

WALES: Town/Area	*ERV - Prime Rents	**LV
Cardiff	£6.50	£275,000
Swansea	£5.75	£225,000

SOUTH WEST: Town/Area	*ERV - Prime Rents	**LV
Bath	£12.00	£650,000
Bristol	£9.25	£600,000
Cheltenham	£6.50	£475,000
Exeter	£7.50	£375,000
Gloucester	£6.75	£350,000
Plymouth	£7.00	£300,000
Swindon	£7.50	£375,000



MIDLANDS: Town/Area	*ERV - Prime Rents	**LV
Birmingham	£6.75	£550,000
Coventry	£7.00	£600,000
Derby	£6.00	£350,000
Didcot	£7.50	£650,000
Leicester	£6.50	£525,000
Northampton	£6.50	£525,000
Nottingham	£5.95	£375,000
Oxford	£10.00	£1,000,000
Rugby	£6.25	£550,000
Stafford	£5.50	£275,000
Stoke-on-Trent	£5.25	£250,000

EAST OF ENGLAND: Town/Area	*ERV - Prime Rents	**LV
Bury St Edmunds	£6.00	£500,000
Cambridge	£12.50	£800,000
Colchester	£6.75	£450,000
Felixstowe	£6.75	£450,000
Ipswich	£6.75	£500,000
Norwich	£6.50	£400,000
Peterborough	£7.25	£500,000

SOUTH EAST: Town/Area	*ERV - Prime Rents	**LV
Brighton	£12.00	£1,500,000
Chelmsford	£8.00	£825,000
Croydon	£14.50	£3,000,000
Dagenham & Barking	£10.50	£1,500,000
Dartford	£10.50	£1,250,000
Enfield	£13.00	£2,500,000
Guildford	£12.00	£1,650,000
Heathrow	£16.00	£4,000,000
Luton	£11.00	£1,800,000
Park Royal	£17.50	£4,000,000
Portsmouth	£8.50	£775,000
Reading	£11.50	£1,600,000
Slough	£14.00	£2,850,000
Southampton	£9.50	£850,000

*ERV Estimated Prime Rents

Based on 10,000 (GIA) sqft brand new unit in a prime location, with 45-50% site cover and 10% office content, and a lease term of 5-10 years.

**LV Land Value

Based on land with an unrestricted B1(c), B2, & B8 planning consent with a 45-50% site cover and in a prime location.

Also based on no abnormal cost for any environmental issues, site levelling, S.106 (CIL) or S.278 commitments etc.

All data correct as at March 2018

FURTHER RENTAL GROWTH ANTICIPATED ACROSS THE UK IN 2018, AS THE SUPPLY AND DEMAND IMBALANCE PERSISTS

The occupier market in the UK's industrial sector remained resilient during 2017, and any Brexit-related uncertainties were kept to a minimum. According to MSCI's Q4 digest, rental and capital growth during the year reached 5.3% and 13.9% respectively, ahead of other core property sectors. There are also signs of further rental growth ahead as occupier demand remains healthy with a high volume of known requirements together with increased investment into the sector.

The weak pound continued to encourage activity, with assets still 10-15% cheaper for European, American and Asian investors than two years prior. While the online retail sector continues to be the most dominant for occupancy, demand for open storage sites has risen, particularly in the South East where the quality of sites available has been increasingly challenging for prospective occupiers. The manufacturing sector has also seen a rise in the volume of requirements across the UK, most notably in the South Western areas.

Within the M25, rents in Enfield experienced the strongest growth of 13.6% during 2017, driven by the extreme shortage of supply after two big shed deals took place during Q2 – the letting of almost 170,000 sq ft of space to Amazon in the North London Distribution Centre and the 100,000 sq ft letting to DHL. Rents, not only in Enfield but for most of this region, look like they are nearing their peak thus rental growth is likely to be limited to only very sought after hot spots, or in locations where developments, focused on smaller unit sizes, occur.

Looking further afield, outside the M25 and towards other key industrial locations, Peterborough led the way for rental growth. Relatively smaller deals during the year, including lettings from both Mays Furnishing and Horsch UK, caused rents to increase by almost a third. As with the rest of the country, supply was constrained and vacancy rates reduced significantly during 2017 following the 190,000 sq ft letting by Dart Products Europe on Kingston

Park, Peterborough in Q3.

In the investment market, a total of £10.9 billion across 714 deals was invested into the industrial sector, the highest volume since records began in 2000. This was heavily boosted by the sale of the Logicor UK portfolio to China Investment Corporation (CIC) in July for £2.4 billion, although excluding this deal still puts transaction levels at an all-time high. Other significant deals during 2017 included Blackstone's purchase of the Light Industrial portfolio for £559 million and SEGRO's acquisition of the APP portfolio located in Heathrow for £365 million, reflecting a yield of 3.60%.

As we approach ten years since the global financial crisis, industrial property - the sector that performed best during that period - continues to strengthen and much of the same is expected in 2018. While rental growth is broadly projected across the country, the supply and demand imbalance will continue to be the story for the UK's industrial sector, at least in the short- to medium-term.

For further information, please get in touch:



Andrew Smith SIOR
National
Partner
020 7518 3242 / 07919 326085
andrew.smith@carterjonas.co.uk



Joe Skinner
South East
Associate
020 7518 3284 / 07725 653023
joe.skinner@carterjonas.co.uk



Harry Torrance
North Midlands and North Wales
Partner
01939 210131 / 07801 666132
harry.torrance@carterjonas.co.uk



Ben Le Coq
East
Associate
01223 558035 / 07776 181799
ben.lecoq@carterjonas.co.uk



Alison Williams
South West & South Wales
Associate Partner
01225 747241 / 07917041109
alison.williams@carterjonas.co.uk



Chris Hartnell
North
Associate Partner
0113 203 1079 / 07800 572007
chris.hartnell@carterjonas.co.uk



Jon Silversides
South Midlands
Partner
01865 404458 / 07720 537141
jon.silversides@carterjonas.co.uk



Frederic Schneider SIOR
International
Partner
0207 518 3243 / 07733 124489
frederic.schneider@carterjonas.co.uk

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