

UK LOGISTICS & INDUSTRIAL OUTLOOK

Key Findings:

- Demand for Logistics and Industrial has continued to improve throughout H1 2024, with **10.8m sq ft of demand recorded during the second quarter** taking the half year total to 20.1m sq ft.
- Recovery has been driven by **improved appetite for larger big box** buildings, with the volume of space acquired within units of 300,000 sq ft and bigger almost doubling versus levels seen in H1 2023.
- A second consecutive contraction in the levels of availability has seen total available space fall to 63.2m sq ft, driven by a reduction in the supply of Grade B and Grade C space.
- The development pipeline continues to contract, with new starts falling to 2.6m sq ft, down from 3.7m sq ft during Q1 2024.
- **Investment volumes remain muted** totalling £3.1bn during 2024, marginally outperform H1 2023, but well below the £4.5bn long term H1 average.

Q2 2024

ECONOMY & OUTLOOK

Performance Indicators & Commentary

GDP forecast Annual Growth
1.73% | 1.21% | 1.35%
2023 2024 2025

GVA – T&S* forecast Annual
-1.58% | 3.41% | 3.92%
2024 2025 2026

GVA - Manufacturing Annual Growth
2.98% | 0.58% | 0.65%
2024 2025 2026

Annual Online Sales Growth
-5.21% | -3.56% | -1.13%
2024 2025 2026

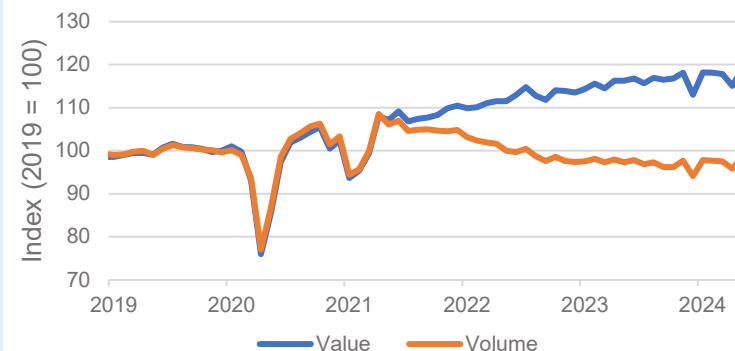
ECONOMY

On 4th July, Labour won the general election with 412 seats and the second largest majority (174 seats) post-war. The results of the General Election were priced in by markets well in advance, with little to no immediate impact on sterling and gilts, although there was a rally in stocks, particularly for housebuilders, as a result of promises around planning reform and housing targets. The results of the election were preceded by the reporting of CPI falling to 2% in May, in line with Government targets. The MPC has now voted to keep rates stable at 5.25% for seven consecutive meetings, with market expectations now solidified that this marks the peak. The most recent MPC vote was 7-2, with market expectations now veering towards a first cut in August, revised outwards from initial expectations for a June cut. Global supply chain pressures remain elevated, following a period of heightened geopolitical tension with re-routing and extended fulfilment times continuing to affect the Logistics and Industrial sector.

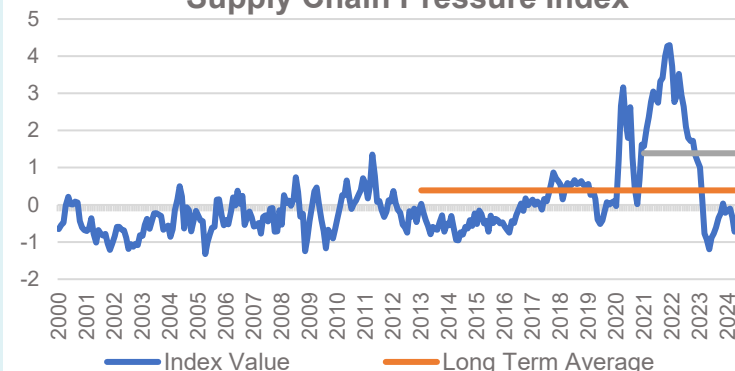
OUTLOOK

As with 2023, the outlook for 2024 remains cautious as the economy remains vulnerable to both external and internal shocks. Through the second quarter of 2024 sentiment towards economic recovery has continued to improve which along with a backdrop of falling levels of inflation marks a significant improvement on where economic conditions were during mid 2023. Although it is anticipated the MPC will begin cutting the base rate in the latter half of the year, it is likely that the process will be relatively modest and drawn out. The transition to a recovery and growth mindset will result in improvements in both the occupational and capital markets, however material impact on the market is likely to be gradual with momentum returning during late H2 2024. The Logistics and Industrial sector will continue to actively monitor the ongoing conflict in the middle east, as key shipping routes continue to be impacted, affecting lead times and cost and resulting in increased demand for space. As the speculative pipeline reduces some markets will continue to be characterised by pockets of under-supply maintaining upward rental pressure.

Retail Sales Value & Volume Indices



Supply Chain Pressure Index



NATIONAL OVERVIEW

Occupier Market



“The re-emergence of demand that we’ve seen throughout the first half of the year is incredibly encouraging. It points to growing market confidence and demonstrates the sector’s resilience over recent years. The return of some key occupier groups and improved big box demand point to a steady recovery trajectory”

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

Take-up	Take-up	Availability	Under offer
10.8m sq ft Q2 2024	20.1m sq ft H1 2024	63.2 sq ft Q2 2024	5.8m sq ft Q2 2024
+17.5% Q-o-Q	15.4m sq ft H1 2023	-2.5% Q-o-Q	3.4m sq ft Existing stock
+60.2% Q2 24 vs Q2 23	+30% H1 2024 vs H1 2023	0% Q2 24 vs Q2 23	2.2m sq ft Spec Built / UC
+30.5% vs 10yr Q2 Av		+5.3% Q2 24 vs 10yr av	

Take-up by Sector H1 2024

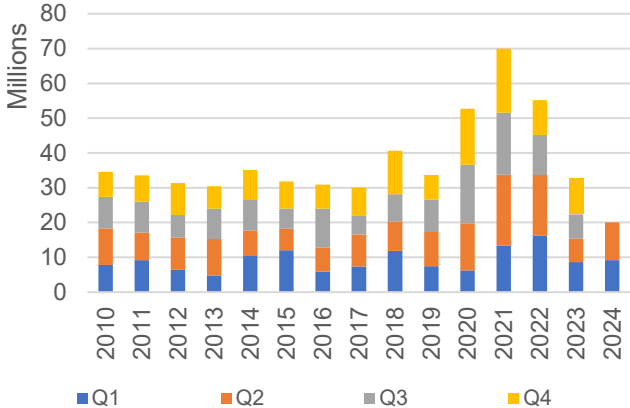


Source: C&W 2024

DEMAND

Occupational demand has continued to show signs of improvement throughout 2024, with both the Q1 and Q2 values outperforming their 2023 equivalent. A total of 10.8m sq ft of demand was recorded during the second quarter, growth of 17.5% on the previous quarter and 60% above the Q2 2023 value. Take-up for the first six months totalled 20.1m sq ft, 18% above the five year pre pandemic H1 average. The recovery in occupier demand has been driven by improved appetite for larger buildings with 8.8m sq ft being signed for within buildings of 300,000 sq ft or larger during the first half of 2024, up from 4.5m sq ft during 2023. Recovery was also recorded over a wide range of occupier types, and although manufacturing accounted for the largest share of take-up during Q2, practically all sectors saw an improvement. A sustained focus on acquiring high quality modern facilities also saw the share of demand facilitated by speculatively developed units continue to increase accounting for circa 30% of total take-up during 2024, up from 27% in 2023.

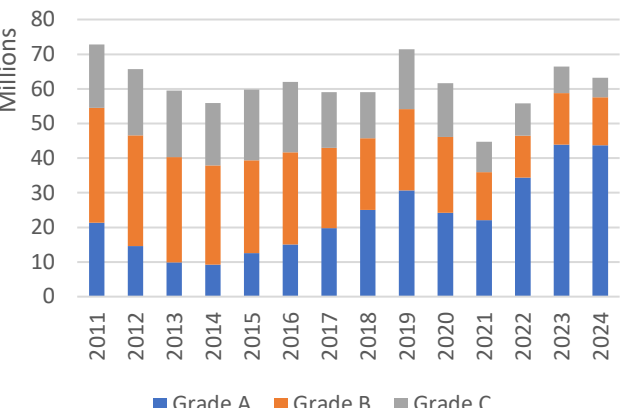
National Take-up by Quarter



PIPELINE & AVAILABILITY

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, although 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.

Availability by Grade



NATIONAL OVERVIEW

Investment Market

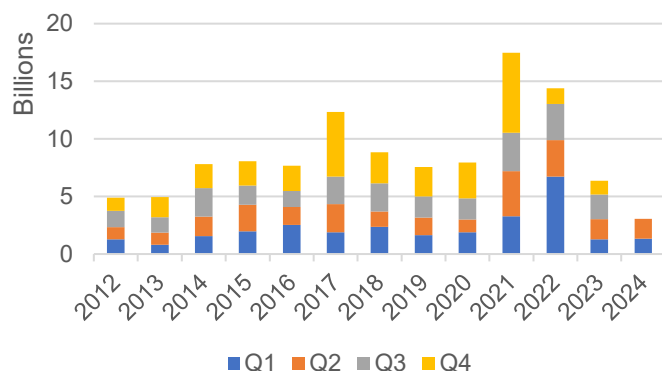


"Although investment volumes remain muted, investor sentiment remains positive. There is a significant weight of capital continuing to target the sector and as economic confidence improves, this is likely to result in improved volumes for H2 2024."

Ed Cornwell, International Partner, Logistics & Industrial Cap Markets

Volumes	Volumes	Pipeline
£1.7bn Q2 2024	£3.1bn H1 2024	£890m Under offer
+29% Q-o-Q	£3.0bn H1 2023	£1.2bn Available
-1% Q42 24 vs Q2 23	£4.5bn H1 10 yr Av	
-14% Q2 24 vs 10yr Q2 av		

Total L&I Investment (£bn)

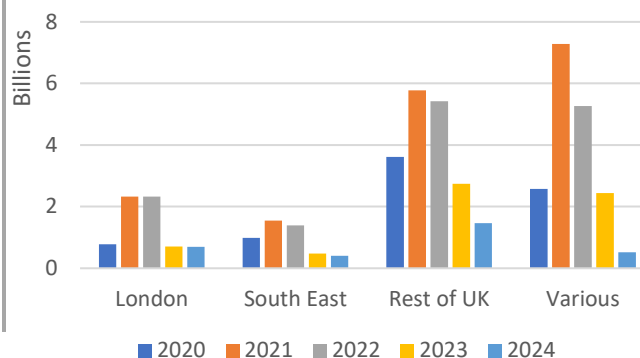


Source: C&W 2024

VOLUMES

Total investment in the Logistics and Industrial sector reached £1.72 bn during Q2 2024, an improvement of 30% quarter on quarter. Total investment in the sector amounted to £3.1bn during H1 2024 a minor improvement on the 2023 H1 value, and circa 20% below the five year pre-pandemic average. Despite the short-term recovery during Q2, there remains a gap between buyer and seller expectations albeit there is evidence from recent bid processes that may be closing. Activity through the second quarter was once again predominantly focussed around the acquisition of smaller lot sizes with 47 of the total 62 deals recorded being for assets with a total lot size of sub-£25m. The number of portfolios transaction also contracted quarter on quarter, with just 3 portfolios changing hands for a value of £205m down from 8 portfolios at a value of £396m last quarter. Further improvement is likely throughout H2, with a likely rates cut and a continued improvement in the occupational market likely to encourage liquidity.

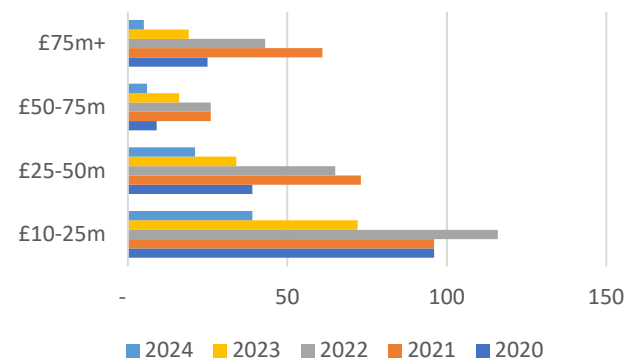
Investment by Region (£bn)



PRICING & RETURNS

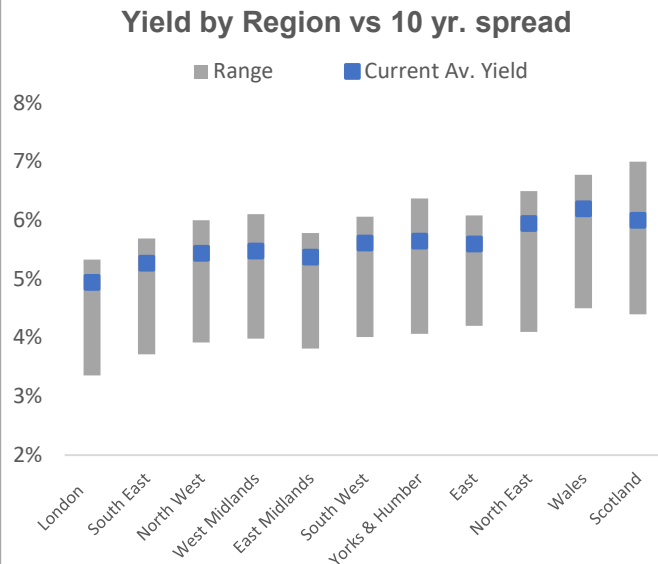
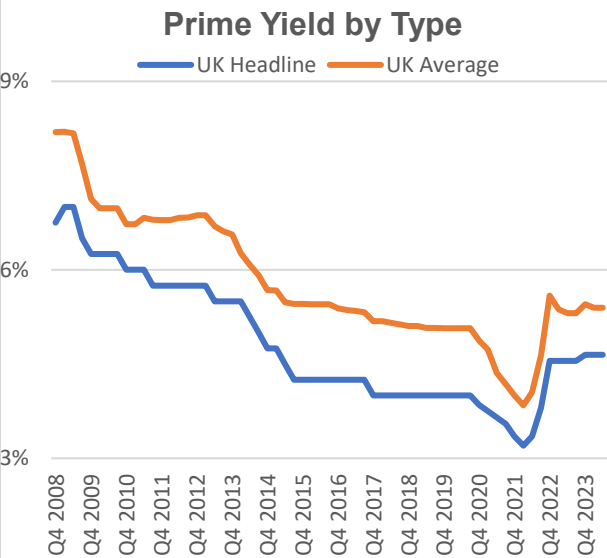
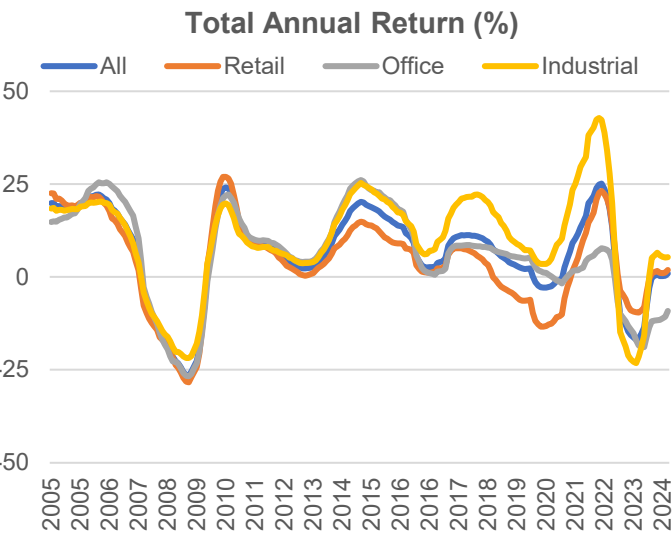
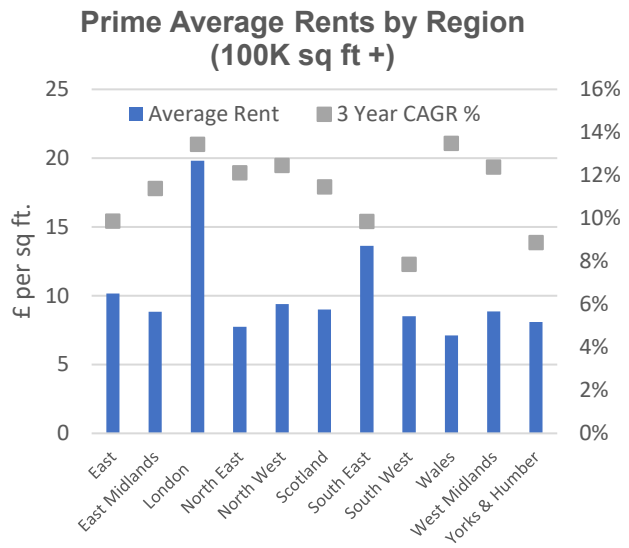
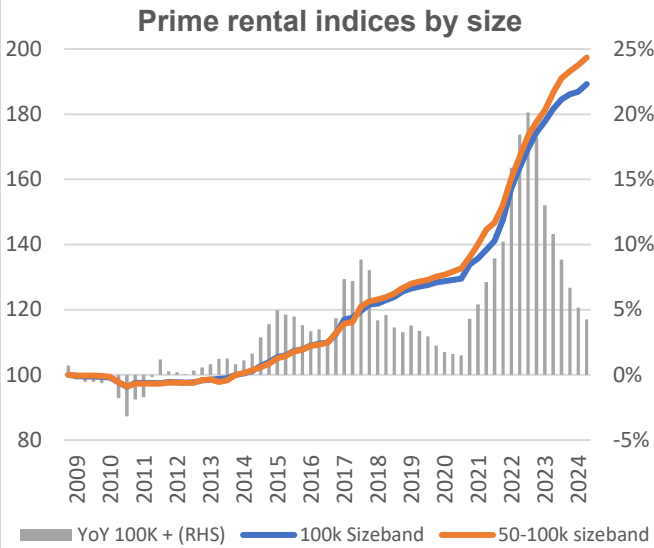
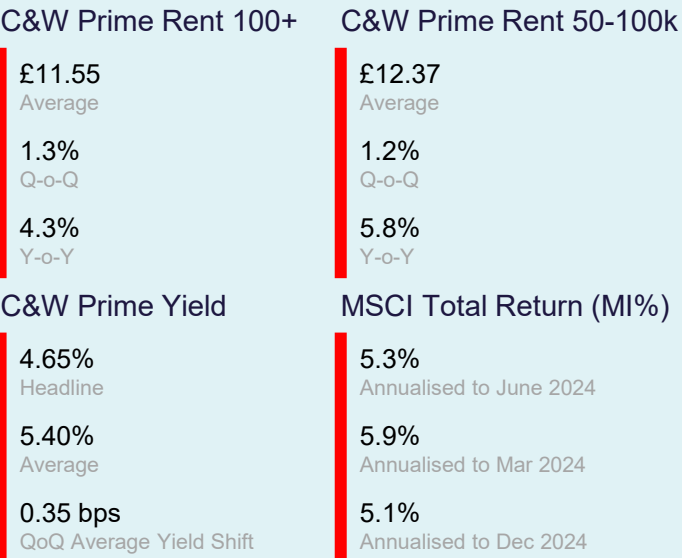
The re-pricing of Logistics and Industrial assets in the UK has now largely run its course, with the average prime yield in the UK currently standing at 5.40%. The keenest pricing can still be found in London and the South East where prime yields are 4.65% and 4.95% respectively, owing to the sustained prospect of rental growth. Nationally some minor contraction had been recorded throughout 2023 as the market made adjustments between prime / secondary assets and locations. Through 2024 pricing has held relatively stable, as sentiment has continued to improve. However, a reduction in transaction levels during H1 2024 has posed challenges for the pricing of Logistics and Industrial assets, particularly in the absence of truly prime rack rented evidence in some markets. With total returns heavily impacted throughout 2023 as a result of movement in pricing, stability in the pricing market and the return of some income growth has seen annual total returns enter positive territory according to the latest date released by MSCI.

Number of Deals by Lot Size



NATIONAL OVERVIEW

Rents & Yields Trends, Performance



Source: C&W 2024, MSCI 2024

LONDON & SOUTH EAST/EAST

C&W Prime Rent 100k+

£28.50
Latest

+0%
Q-o-Q

+3.6%
Y-o-Y

C&W Prime Rent 50-100k

£33.00
Latest

+0%
Q-o-Q

+10.0%
Y-o-Y

C&W Prime Yield

4.65%
Latest

+0bp
Q-o-Q

+10bp
Y-o-Y



"Although day to day market conditions remain challenging, we were delighted to see an improvement in demand during H1. Economic recovery, and easing pressures for businesses is likely to spur renewed interest for those occupiers that have put activity on hold"

Chris Knight, Partner London

Take-up	Take-up	Availability	Under offer
1.7m sqft Q2 2024	3.8m sq ft H1 2024	15.3m sqft Q2 2024	642k sqft Q2 2024
-17.6% Q-o-Q	3.0m sq ft H1 2023	4% Q-o-Q	
+62.1% Q2 24 vs Q2 23	+26% Change	+19% Q2 24 vs Q2 23	
+9.5% Q2 23 vs 10yr av		+45.7% Q2 24 vs 10yr av	

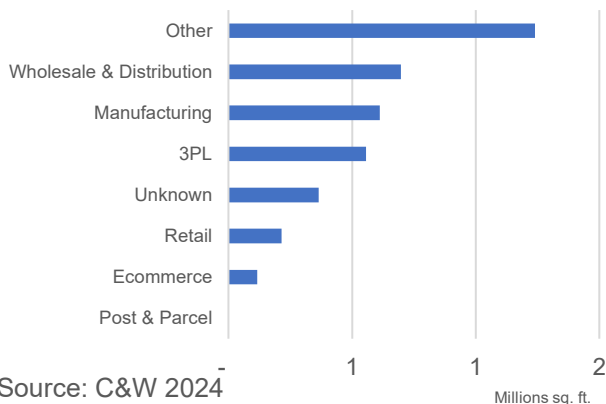
DEMAND

Occupier take-up in London, South East & East amounted to 1.7m sq ft during the second quarter of 2024 taking the H1 2024 total to 3.8m sq ft through 25 deals. In line with national conditions, both quarters take-up figures mark an improvement on what had been a challenging 2023 in which take-up fell to its lowest level since 2017. However, the H1 total for 2024 is 10% ahead of the five year pre-pandemic average, pointing towards further improvement throughout H2. Recovery was driven by a significant uplift in demand for larger buildings with 1.2m sq ft of space being signed for within buildings between 200,000 sq ft – 400,000 sq ft. However, occupier demand within the M25 for units in excess of 50,000 sq ft remains subdued, principally as a result of challenges around affordability. More broadly the region has benefitted from strong demand from the food and beverage sectors with occupiers such as Brakes, Food Service Logistics, Kegstar and Warburtons all signing for space during 2024.

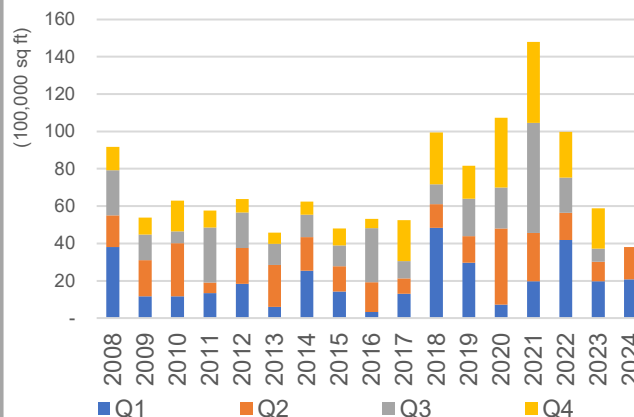
PIPELINE & AVAILABILITY

Availability in London the South East & East rose to 15.3m sq ft during Q2 2024, an increase of 4% quarter on quarter, and is now 19% higher than Q2 2019. Of the 15.3m sq ft currently available, 12.4m sq ft is located within the broader South East & East market, whilst just 2.9m sq ft is available within the M25, the highest level since December 2018. A strong developer response within the South East & East, twinned with the continued displacement of older grade B and C industrial space from within the M25 has meant that the region now has a high proportion of modern Grade A supply accounting for 78% of total supply. As such, 5.4m sq ft is available within Existing second-hand buildings whilst circa 7m is available within space either currently under construction or having recently completed. Despite continued expansion in the levels of supply in recent quarters, pockets of under-supply remain prevalent particularly for larger units within the M25, which has likely held back the market in recent years.

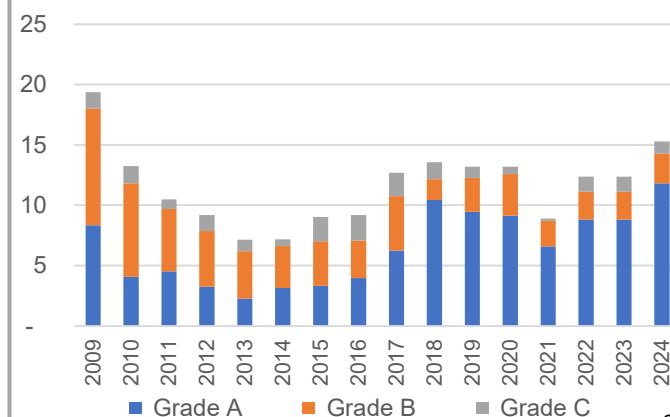
Take-up by Sector H1 2024



Take-up by Quarter



Availability by grade (m sq ft)



WEST MIDLANDS

C&W Prime Rent 100k+

£11.00
Latest

0%
Q-o-Q

+0%
Y-o-Y

C&W Prime Rent 50-100k

£12.00
Latest

0%
Q-o-Q

+0%
Y-o-Y

C&W Prime Yield

5.10%
Latest

+0bp
Q-o-Q

+10bp
Y-o-Y



"Although limited occupier choice, and tough macroeconomic conditions continue the West Midlands remains a key logistics destination owed to its connectivity and modern supply."

David Binks, International Partner, Birmingham

DEMAND

Occupational demand in the West Midlands reached 1.7m sq ft during Q2 2024, a reduction of 11% on the previous quarter. Total take-up during the first quarter reached 3.7m sq ft during 2024, a minor reduction on the 3.8m sq ft recorded during the first half of 2023. Despite the slight reduction year on year, take-up in the region remains 47% above the pre-pandemic five year average. Demand in the region continues to focus on high quality modern facilities with 71% of take-up during H1 being facilitated by Grade A buildings, accounting for 2.6m sq ft of the total. Demand in the region continues to focus on larger buildings, with the share of demand facilitated within the mid box market falling to 13% during 2024, whilst take-up within buildings of 200,000 sq ft – 400,000 sq ft rose to 1.9m sq ft. The region remains an attractive locations for logistics occupiers requiring strong connectivity, as such sectors such as e-commerce, 3PLs, and Wholesale continue to serve as key proponents of demand. Four manufacturing deals were recorded during 2024.

PIPELINE & AVAILABILITY

Following an increase in the levels of available supply throughout 2023, availability has continued to contract during 2024. Total available space in the region now stands at 7.6m sq ft, falling from 7.8m sq ft during Q1 2024, and significantly below the peak of 9.6m sq ft at the end of 2023. Availability in the region continues to be typified by a mix of building qualities, with 3.7m sq ft of the regions total being accounted for by space within second-hand buildings. The saturation of building qualities has resulted in limited occupier choice in recent years, especially for those occupiers looking for Grade A space. Supply also remains heavily geared towards smaller buildings with 25 of the 53 units available providing accommodation of between 50,000 sq ft – 100,000 sq ft. Speculative development has continued within the region owed to persistent pockets of under-supply, with 1.9m sq ft currently under construction and due to complete in 2024, taking total 2024 completions to 2.2m sq ft, slightly behind the 2.5m sq ft delivered during 2023.

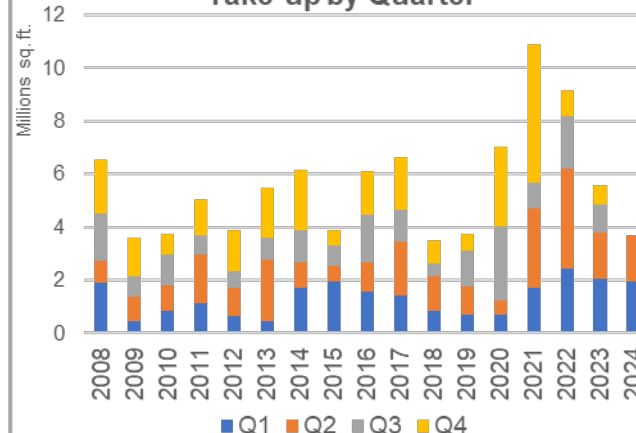
Take-up	Take-up	Availability	Under offer
1.7m sqft Q2 2024	3.7m sq ft H1 2024	7.6m sqft Q2 2024	318k sqft Q2 2024
-11% Q-o-Q	3.8m sq ft H1 2023	-3% Q-o-Q	
+62% Q2 24 vs Q2 23	-3% Change	-15% Q2 24 vs Q2 23	
+10% Q2 24 vs 10yr av		-12.0% Q2 24 vs 10yr av	

Take-up by Sector H1 2024

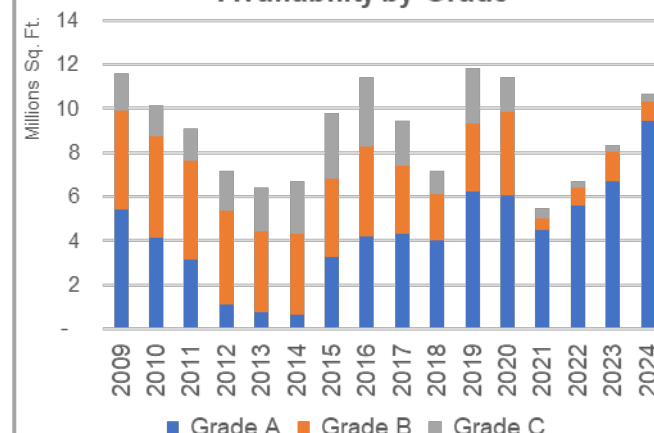


Source: C&W 2024

Take-up by Quarter



Availability by Grade



EAST MIDLANDS

C&W Prime Rent 100k+

£10.50	+5.0%	+7.7%
Latest	Q-o-Q	Y-o-Y

C&W Prime Rent 50-100k

£10.50	+2.4%	+7.7%
Latest	Q-o-Q	Y-o-Y

C&W Prime Yield

5.20%	+10bp	+25bp
Latest	Q-o-Q	Y-o-Y



“Occupational demand in the East Midlands has proven robust in spite of macroeconomic headwinds. Relative affordability, and strong levels of supply continue to benefit the region relative to some comparable markets”

Tom Kimbell, International Partner, Northampton

Take-up	Take-up	Availability	Under offer
3.9m sqft Q2 2024	6.2m sq ft H1 2024	10.6m sqft Q2 2024	354k sqft Q2 2024
+68% Q-o-Q	2.8m sq ft H1 2023	+6% Q-o-Q	
+112% Q2 24 vs Q2 23	+120% Change	-3% Q2 24 vs Q2 23	
+100% Q2 24 vs 10yr av		+22.4% Q4 23 vs 10yr av	

Take-up by Sector H1 2024



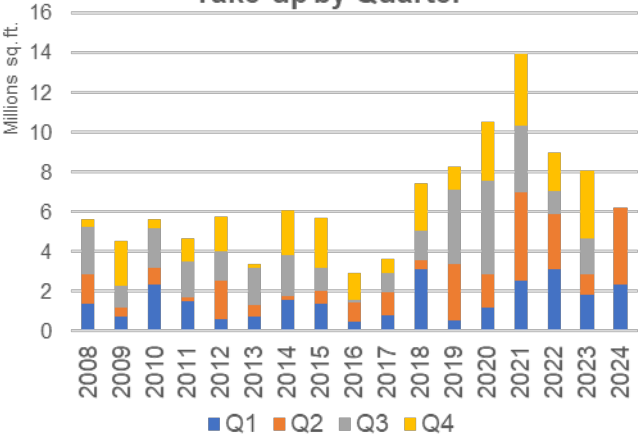
Source: C&W 2024

Millions sq. ft.

DEMAND

Occupier demand in the East Midlands recovered during Q2 2024, amounting to 3.9m sq ft the highest level since Q2 2021. The Q2 figures marks a 68% improvement on the Q1 figure, taking total take-up during H1 to 6.2m sq ft. Owed to the strong supply of modern Grade A space, and relative affordability when compared to locations in the West Midlands, the region continues to see demand focus on acquiring modern space. 92% of space taken during 2024 was within Grade A accommodation. The region has also been buoyed by the return of activity for larger buildings with circa 5m sq of demand through 2024 being recorded within buildings of 200,000 sq ft and bigger. Two deals in excess of 1m sq ft were recorded during 2024, building on the improved sentiment bought by Amazons acquisition of over 2m sq ft during late 2023. Sentiment has also been bolstered by the return of the 3PL sector, which had seen take-up levels renege during 2023, amidst tough market conditions, 4.6m sq ft has been signed for by the 3PL sector during 2024.

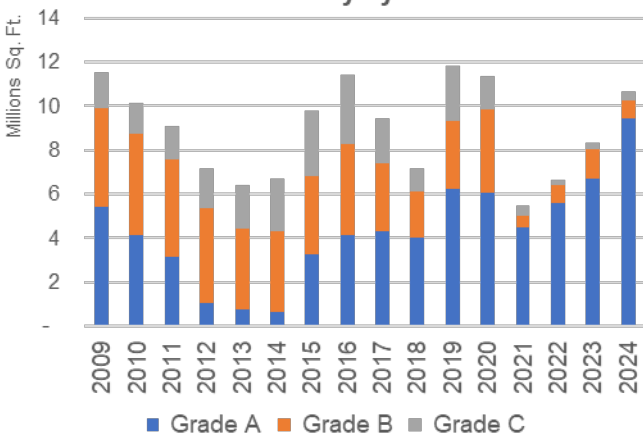
Take-up by Quarter



PIPELINE & AVAILABILITY

Supply in the East Midlands rose to 10.6m sq ft during Q2 2024, a rise of 6% on the Q1 value, but 3% below the volume recorded during Q2 2023. The region continues to benefit from a strong developer response in recent years, with a larger proportion of availability being accounted for by speculatively developed units either currently under construction or having recently complete. As such available space within existing second-hand units accounts for just 18% of total supply. The region also offers the highest level of occupier choice for buildings in excess of 200,000 sq ft, with 6.7m sq ft available within units ready for immediate occupation, and a number of design & build and pre-let options. Development activity is expected to continue over coming years with 4.5m sq ft currently under construction, and a healthy pipeline of schemes being announced for further afield. Total spec completions for 2024 are expected to reach 3.4m sq ft, a reduction on the 5.4m sq ft that delivered during 2023.

Availability by Grade



NORTH WEST

C&W Prime Rent 100k+

£10.75
Latest

+2.4%
Q-o-Q

+13.2%
Y-o-Y

C&W Prime Rent 50-100k

£12.50
Latest

+6.4%
Q-o-Q

+19%
Y-o-Y

C&W Prime Yield

4.90%
Latest

+0bp
Q-o-Q

+10bp
Y-o-Y



"The recovery in demand recorded in Q2 confirms the strength of the market in the North West. We're delighted to see manufacturers return following a subdued 2023 and expect demand to hold firm through H2."

Rob Taylor, International Partner, Manchester

DEMAND

Occupational demand in the North West rebounded during Q2 2024 amounting to 1.6m sq ft, following what had been a quiet Q1 in which just 5 deals were recorded. As such total take-up through H1 totalled 2.1m sq ft, falling just 7% short of the five year pre pandemic H1 average. Although demand for modern Grade A space has grown in recent years, demand in 2024 has been more varied across different building qualities, with just 58% of demand being facilitated by space within Grade A buildings, a fall from 67% during 2023, and significantly below the 78% recorded during 2022 at the markets peak. The region has also seen an increase in the level of self-build and freehold activity with 5 deals being recorded in Q2 2024 alone, including deals to Kerakoll, HTI Group and Mornflake. Both the Manufacturing and 3PL sectors have become more active than in recent quarters, accounting for 1.3m sq ft of demand during 2024.

PIPELINE & AVAILABILITY

Availability in the North West contracted marginally during the second quarter of 2024, with 9.9m sq ft available within the region. Despite the minor contraction quarter on quarter, availability is now 31% higher than it had been during Q2 2023, and is 8% above the five year pre-pandemic average. Of the 9.9m sq ft currently available, 41% is available within second hand existing buildings, with a further 2.8m sq ft under construction, and 3m sq ft available within speculatively built units that have recently completed. The supply of Grade B and C space continues to decrease within the region, as developers continue to bring new space to the market meaning just over a third of available space is within Grade B and C quality buildings. Space available for immediate occupation continues to be heavily weighted towards smaller building sizes with 41 of the 74 available buildings, providing accommodation between 50,000 sq ft – 100,000 sq ft. Total completions during 2024 are expected to reach 2.1m sq ft, a minor fall in 2023.

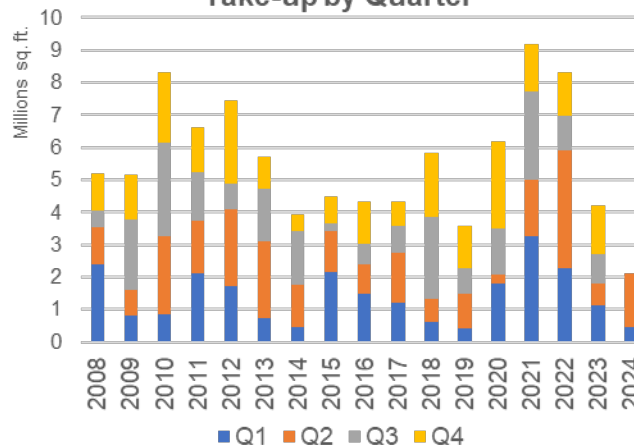
Take-up	Take-up	Availability	Under offer
1.7m sqft Q2 2024	2.1m sq ft H1 2024	9.9m sqft Q2 2024	1.1m sqft Q2 2024
+269% Q-o-Q	1.8m sq ft H1 2023	+0% Q-o-Q	
+83% Q2 24 vs Q2 24	+18% Change	+31% Q2 24 vs Q2 23	
+22% Q2 24 vs 10yr av		+8.4% Q2 24 vs 10yr av	

Take-up by Sector H1 2024

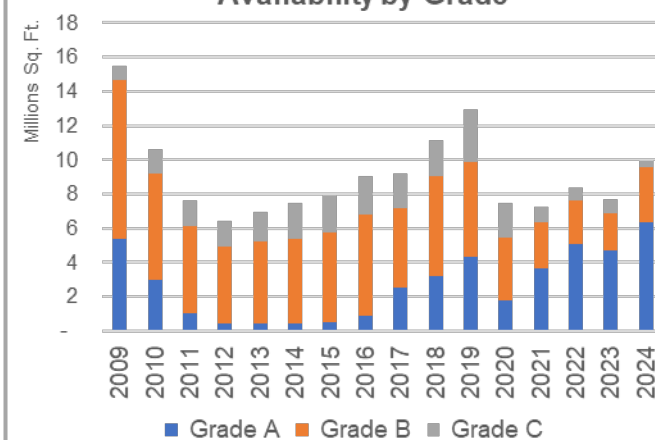


Source: C&W 2024

Take-up by Quarter



Availability by Grade



YORKSHIRE & THE HUMBER

C&W Prime Rent 100k+

£8.50 Latest
+0% Q-o-Q
+0.0% Y-o-Y

C&W Prime Rent 50-100k

£9.50 Latest
+5.6% Q-o-Q
+8.6% Y-o-Y

C&W Prime Yield

5.20% Latest
+5bp Q-o-Q
+20bp Y-o-Y



"Increased levels of modern stock in the region is helping to facilitate demand from a wide range of occupiers modernising their supply chains. Although take-up during Q2 was quiet, we expect some recovery throughout the remainder of 2024 and into 2025".

Dave Robinson, Partner, Yorkshire & North East

Take-up	Take-up	Availability	Under offer
743k sqft Q2 2024	2.0m sq ft H1 2024	7.2m sqft Q2 2024	651k sqft Q2 2024
-42% Q-o-Q	2.1m sq ft H1 2023	+1% Q-o-Q	
-21% Q2 24 vs Q2 23	-3% Change	-10% Q2 24 vs Q2 23	
-34% Q2 24 vs 10yr av		+10.2% Q2 24 vs 10yr av	

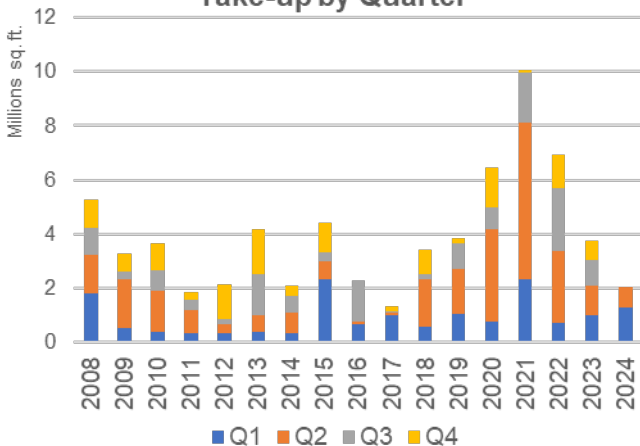
Take-up by Sector H1 2024



DEMAND

Take-up within Yorkshire & the Humber fell to 740,000 sq ft during Q2 2024, 13% below the five year pre-pandemic Q2 average. Despite this total take-up within the region reached just over 2m sq ft, outperforming the five year pre pandemic H1 average by 3%. Although appetite for modern Grade A space continues at levels above typical pre-pandemic conditions, limited occupier choice has seen a high proportion of demand being facilitated by space within Grade B buildings. Activity for large buildings also remains muted. The 3PL and Manufacturing sector continue to serve as key proponents of demand for the region with the two sectors accounting for nearly 50% of take-up over the last 12 months. Recent land acquisitions from data centres and the renewables sector is an emerging trend for suitable opportunities. This activity will have a wider impact to further constraint traditional supply by taking out consented employment land that would otherwise be developed for industrial and distribution space.

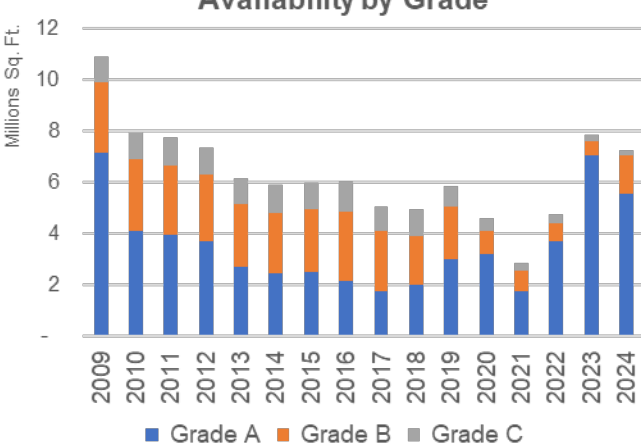
Take-up by Quarter



PIPELINE & AVAILABILITY

Availability in the Yorkshire & Humber region increase marginally during the second quarter of 2024, taking total availability to 7.2m sq ft. Despite this increase short term availability remains 10% below the levels recorded during Q2 2023. Supply continues to be focussed around smaller building sizes with 25 of the total 46 units being marketed offering accommodation within units of 50,000-100,000 sq ft. A strong developer response over recent quarters has seen a significant increase in the volume of space available within modern Grade A quality buildings accounting for 77% of total availability. The supply of space within existing buildings continues to account for approximately a third of total supply, despite the supply of Grade C space falling to its lowest level on record. Although development actively continues to slow within the region, it is expected that a total of 2.5m sq ft will be speculatively completed during 2024, a reduction on the 3.1m sq ft that was recorded during 2023.

Availability by Grade



NORTH EAST

C&W Prime Rent 100k+

£7.75
Latest

0%
Q-o-Q

+0%
Y-o-Y

C&W Prime Rent 50-100k

£8.00
Latest

+3.2%
Q-o-Q

+6.7%
Y-o-Y

C&W Prime Yield

5.95%
Latest

+0bp
Q-o-Q

+15bp
Y-o-Y



"A lack of real occupier choice continues to characterise the North East, with very little quality space readily available; the delivery of modern space is critical to improving market."

Dave Robinson, Partner, Yorkshire & North East

DEMAND

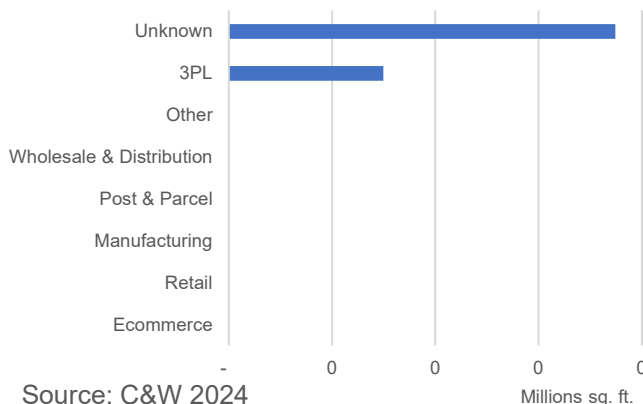
Occupational demand in the North East continues at modest levels with just three deals being recorded during the first half of 2024, amounting to a total of 210,000 sq ft all of which happened in Q2. With no deals recorded during Q1, and the Q2 value falling 67% below five year pre-pandemic Q2 average. The market remains constrained by tough macroeconomic conditions with 2024 being the lowest recorded H1 for the region so far. However, five units remain under offer in the region, accounting for 500,000 sq ft of space that is likely to complete in coming months. Of the 210,000 sq ft signed two of which were for modern speculative built units at Hillthorn Business Park, demonstrating some appetite for modern accommodation, whilst DHL took 60,000 sq ft of existing second-hand space at Princes Way in Gateshead. For developers sounding out the market this will add to improved sentiment, following pre-let deals to Envision and Amazon both being signed for during late 2023.

PIPELINE & AVAILABILITY

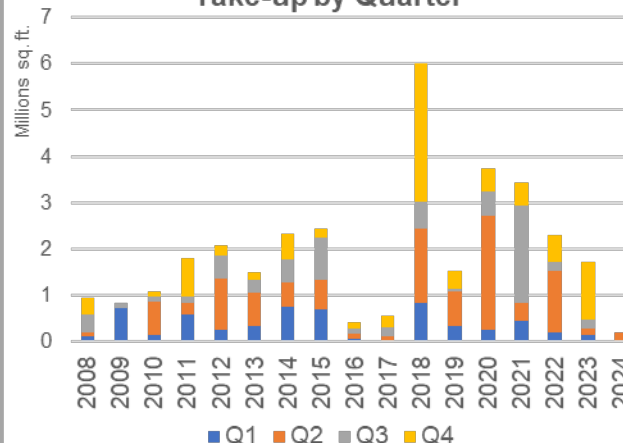
Supply in the North East contracted during Q2 2024, falling by 12% to a total of 1.9m sq ft well below the long-term average of 3.7m sq ft. A shortage of available space has served as a key challenge for the market in which availability last breached 3m sq ft during late 2022. Furthermore, a muted developer response in recent years has seen a shortage of Grade A space delivered to market, with just under 85,000 sq ft currently under construction speculatively within the region. Second hand Grade B and Grade C space continues to account for the majority of available space, with 1.1m sq ft currently available representing over 57% of total supply. Just three units are readily available that offer accommodation of over 100,000 sq ft, a pressing issue, that has historically driven occupiers towards more costly pre-let and design and build options.

Take-up	Take-up	Availability	Under offer
210k sqft Q2 2024	210k sq ft H1 2024	2.0m sqft Q2 2024	449k sqft Q2 2024
+(0 Last quarter?)% Q-o-Q	285k sq ft H1 2023	-12% Q-o-Q	
+3% Q2 24 vs Q2 23	-26% Change	+2% Q2 24 vs Q2 23	
-64% Q2 24 vs 10yr av		-47.7% Q2 24 vs 10yr av	

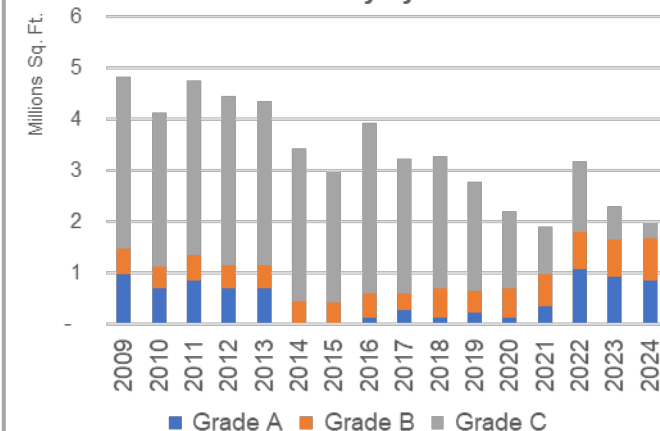
Take-up by Sector H1 2024



Take-up by Quarter



Availability by Grade



SOUTH WEST

C&W Prime Rent 100k+

£8.75
Latest
0%
Q-o-Q
+2.9%
Y-o-Y

C&W Prime Rent 50-100k

£10.50
Latest
0%
Q-o-Q
+5.0%
Y-o-Y

C&W Prime Yield

5.30%
Latest
+0bp
Q-o-Q
+20bp
Y-o-Y

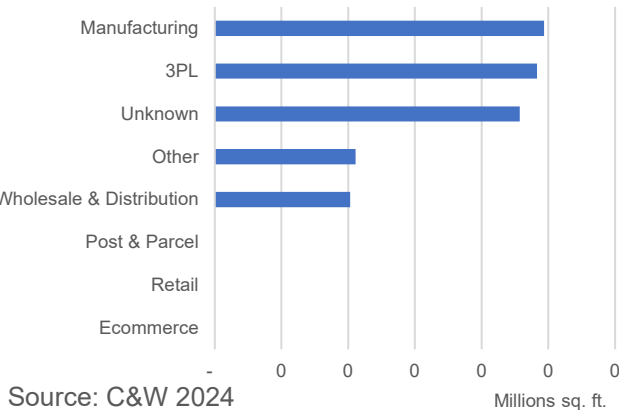


"H1 2024 saw a significant improvement on what was a challenging H1 2023 for the South West. Despite take-up remaining low, market activity is improving, pointing towards renewed interest in the region"

Henry De Teissier Partner, Bristol

Take-up	Take-up	Availability	Under offer
570k sqft Q2 2024	924k sq ft H1 2024	4.8m sqft Q2 2024	626k sqft Q2 2024
+61% Q-o-Q	663k sq ft H1 2023	-3% Q-o-Q	
+86% Q2 24 vs Q2 23	+39% Change	-17% Q2 24 vs Q2 23	
-25% Q2 24 vs 10yr av		-29.5% Q2 24 vs 10yr av	

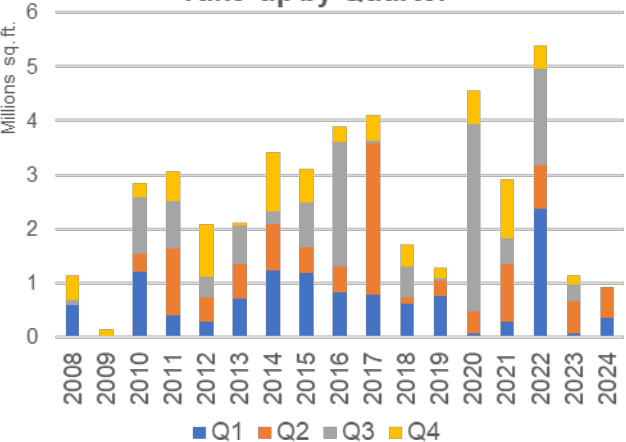
Take-up by Sector H1 2024



DEMAND

Take-up in the South West region rebounded during Q2 2024, with five deals amounting to circa 600,000 sq ft being recorded, an improvement on the 3 deals and 350,000 sq ft recorded during Q1. Total take-up during H1 2024 totalled 920,000 sq ft, falling 45% below the five year pre-pandemic average, although marking an improvement on the 2023 value which totalled 660,000 sq ft. For the first time since Q2 2023 all deals recorded were within existing second hand buildings, which has meant Grade A take-up is likely to stay at record lows for a second year with a share of 26% during 2023 falling to 14% during 2024. However, the return of the 3PL and E-commerce sectors nationally may improve sentiment signalling some recovery for the South West where typically 25% of demand is accounted for by the two sectors. Recent speculation that Amazon are likely to take a large building at Avonmouth will further improve sentiment, and boost take-up figures for a market that hasn't seen a deal over 400,000 sq ft since 2020.

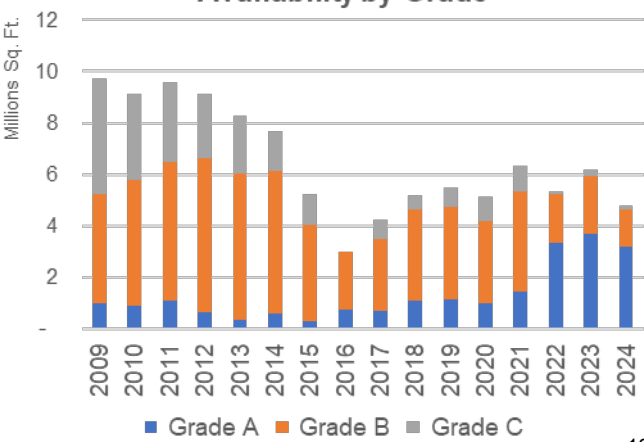
Take-up by Quarter



PIPELINE & AVAILABILITY

Availability in the South West region has continued to contract throughout 2024, with total availability now standing at 4.8m sq ft. With supply down 3% on the Q1 value of 4.9m sq ft, and 17% below Q2 2023, concerns of over-supply are beginning to dissipate, with a number of high profile buildings going under offer. Healthy levels of occupier choice will likely aid transaction volumes throughout the remainder of 2024. Of the 4.8m sq ft available, 40% is available within Existing second hand buildings, whilst the remaining 60% is available within speculatively developed either having recently completed or due to complete over coming quarters. Occupier choice for larger buildings remains scarce, with 21 of the 33 available units providing accommodation of 50,000-100,000 sq ft. Furthermore, a large share of those 21 buildings are within units of poorer Grade B and C space.

Availability by Grade



WALES

C&W Prime Rent 100k+

£8.25	0%	+10%
Latest	Q-o-Q	Y-o-Y

C&W Prime Rent 50-100k

£9.00	2.9%	+9.1%
Latest	Q-o-Q	Y-o-Y

C&W Prime Yield

6.15%	+0bp	+0bp
Latest	Q-o-Q	Y-o-Y



"The Welsh industrial market has continued to suffer throughout 2024, following what was a tough 2023. However, the success seen for the few speculative schemes to complete may encourage more activity in coming years."

Robert Ladd, Partner, Bristol

Take-up	Take-up	Availability	Under offer
234k sqft Q2 2024	880k sq ft H1 2024	3.2m sqft Q2 2024	1.5m sqft Q2 2024
-64% Q-o-Q	259k sq ft H1 2023	-37% Q-o-Q	
-56% Q2 24 vs Q2 23	+240% Change	-25% Q2 24 vs Q2 23	
-62% Q2 24 vs 10yr av		-60.1% Q2 24 vs 10yr av	

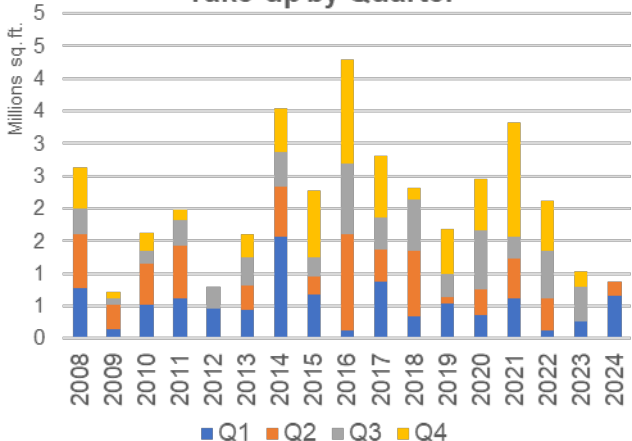
Take-up by Sector H1 2024



DEMAND

Occupational demand in Wales contracted during the second quarter of 2024, with just 3 deals totalling 233,000 sq ft being recorded. The Q2 figures represent a 64% reduction on the 647,000 sq ft recorded across 7 deals during the first quarter. Total take-up throughout H1 2024 amounted to 880,000 sq ft, 25% below the five year pre-pandemic average, but an improvement on the 260,000 sq ft recorded during a quiet H1 in 2023. Six units amounting to 1.6m sq ft are currently under offer, which will help to improve headline statistics throughout the remainder of 2024. An improvement in economic conditions and easing business pressures have helped return of the manufacturing businesses, both nationally and within the region with 3 deals being recorded for the sector. Furthermore the most recent tranche of speculative development by St Modwen at their Newport site, proves there is significant appetite for modern warehousing facilities in the region, despite Grade A demand typically accounting for less than a third of total take-up within the region.

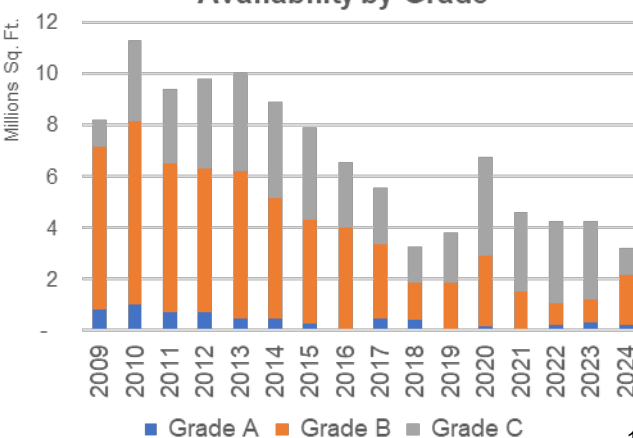
Take-up by Quarter



PIPELINE & AVAILABILITY

Total availability in Wales contracted markedly during Q2 falling from 5 sq ft to 3.2m sq ft. a reduction of 37%, and 25% below the level recorded during Q2 2023. Although this was largely the result of the Former Ford Premises in Bridgend being withdrawn following a redevelopment sale, levels of choice for occupiers within the market remain low and significantly below the long term average of 6m sq ft. The Welsh industrial market remains characterised by a lack of new speculative development, with over 90% of available space within the market being within existing second hand buildings, and just 160,000 sq ft of speculatively developed space available with Unit 10 St Modwen Newport the only building currently to offer modern 100,000 sq ft accommodation. Occupier choice for larger buildings also remains scarce with just 3 buildings available over 250,000 sq ft, of which all are Grades B or C.

Availability by Grade



CONTACTS

Richard Evans

International Partner

Head of UK Logistics & Industrial

+44 (0) 20 7152 5132

+44 (0) 7907 094 646

richard.evans@cushwake.com

Tim Crighton

International Partner

Head Of EMEA Logistics & Industrial

+44(0) 20 3296 3979

+44(0) 740 424792

tim.crighton@cushwake.com

Sally Bruer

Partner

Head of EMEA Logistics & Industrial
Research & Insight

+44(0) 20 3296 3019

+44(0) 7786 967 622

sally.bruer@cushwake.com

Edward Cornwell

International Partner

Head of UK L&I Capital Markets

+44(0) 20 7152 5103

+44(0) 7801 259 470

edward.cornwell@cushwake.com

Christopher Jones

Partner

Head of UK L&I Valuation & Advisory

+44(0) 20 7152 5014

+44(0) 7825 316 978

christopher.jones@cushwake.com

Edward Bavister

Associate

UK Logistics & Industrial
Research & Insight

+44(0) 20 3296 3000

+44(0) 7721 671 121

Edward.bavister@cushwake.com

