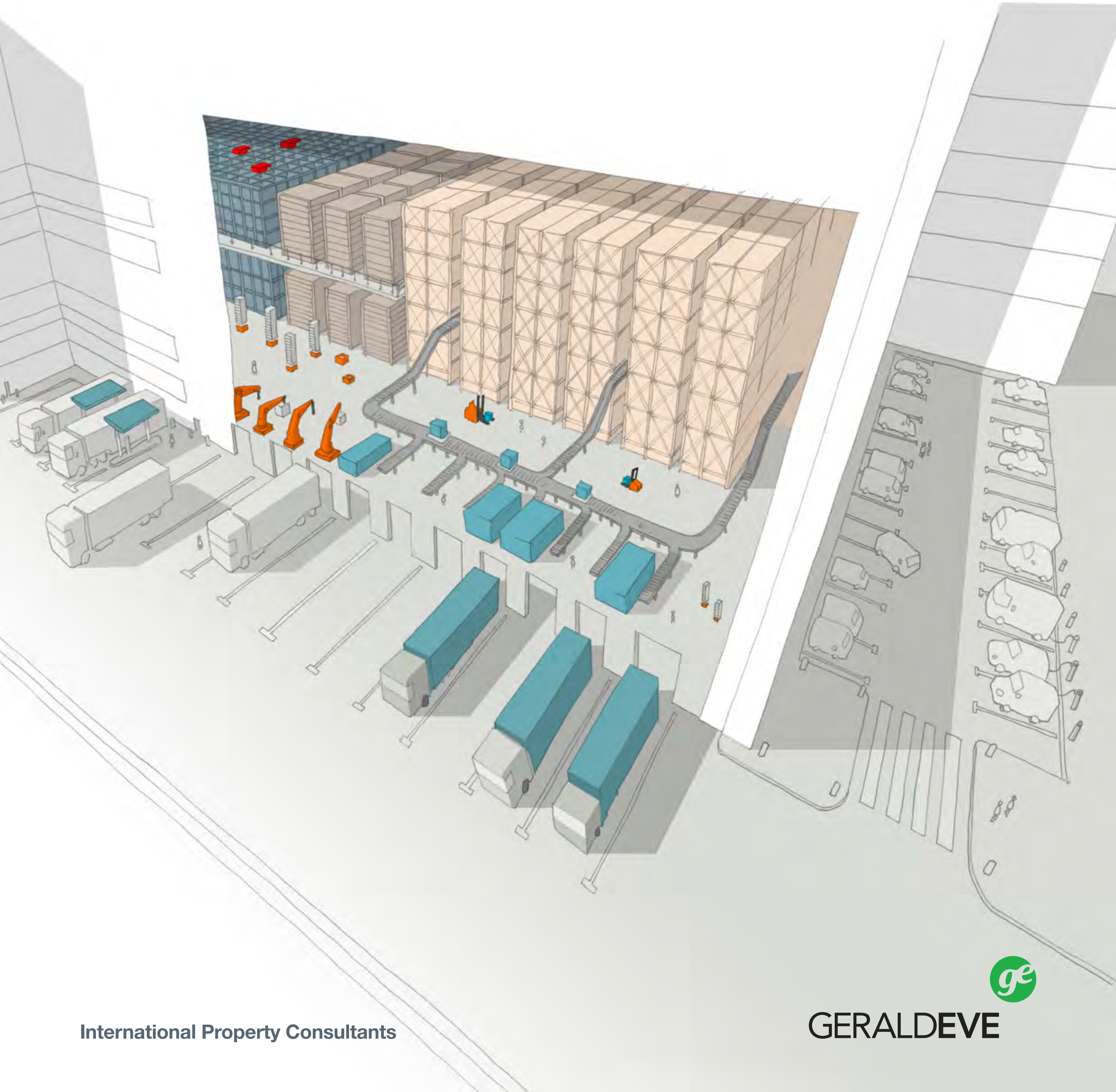
PRIME LOGISTICS

The definitive guide to the UK's distribution property market

Spring 2018



International Property Consultants

GERALDEVE

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INTRODUCTION

Now in its fourteenth year of production, Prime Logistics has become the hallmark for detailed and impartial logistics property analysis. For the logistics property market over 50,000 sq ft in size, we can now offer our clients detailed regional analysis for each of our 26 Gerald Eve regions and have a long historic time series of data on which to draw. We have been helping to inform the market through the good times and the bad and we hope this research will help you to identify the threats and opportunities in this sector.

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Never before have we seen such interest in the sector from occupiers, developers and funds. The changing nature of the way we shop, with growing internet retail sales and ever-quicker delivery times, has had a profound effect on the logistics property market. Retailers need the most efficient supply chains to meet customer expectations and logistics property is now a critical part of the supply chain which can make or break businesses.

As such, prime logistics property is a compelling investment proposition and investors from all over the world are attracted by the strength of the asset's underlying fundamentals. This weight of capital has created strong competition and meant that new yield benchmarks have been set in several locations. We expect that the sector will continue to attract capital, however, yields are at record lows in several markets and for many, the sector is too competitive. Reports such as this, which provide you with granular, market-specific intelligence, will be even more important in helping you identify areas of potential outperformance.

Just as the market is evolving, so are we. Gerald Eve has welcomed several new faces to the team this year and we can now offer a true 'cradle-to-grave' service to clients. From initial research, through to planning and development, agency, investment, building consultancy, lease consultancy and dilapidations advice, we have logistics property covered.

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The availability of logistics accommodation remains in short supply across the country and we continue to see demand from a range of occupier sectors. Whilst we saw occupier take-up fall from the record-breaking total achieved in 2016, taken in isolation, 2017 was another strong year and the continuing imbalance between supply and demand has placed considerable upward pressure on rents. Indeed, 2017 was a record year for prime rental growth.

The nature of the demand recorded in 2017 has been noticeably different to previous years. We have seen an increase in activity from manufacturers, a relatively quiet year for take-up by dedicated internet retailers and an increase in occupier development land purchases. We have also seen technology play an increasingly important role in operations within warehouses.

Logistics facilities are becoming more automated, with predictive ordering and picking systems a necessity for modern retailers. The specification and design of warehouses to adapt to these new technologies is changing and we are seeing the increased adoption of multi-storey facilities and a greater need for a strong and reliable supply of power to new developments. The market is moving quickly and if you would like to talk to us about our views on any of these topics, or if you have a location in mind you would like to find out more about, please do not hesitate to get in touch.

> “We have invested heavily in our logistics business and can now offer clients the full range of advisory services. Our market-leading specialists can help you identify the threats and hunt out the pockets of value in this sector.

2017 HIGHLIGHTS

42.3m
2017 take-up down 16% on 2016

34%
of all take-up by manufacturers in 2017 up on 25% of 2016 take-up

5.0%
of all take-up by dedicated internet retailers in 2017, down 21% of 2016 take-up

23.0%
of all development completions in 2017 were speculative down 46% on 2016

6.3%
UK availability rate (Q4 2017) up on 6.2% in Q4 2016

6.8%
annual growth in prime rents in 2017 up on 2.9% in 2016

2.6%
forecast annual growth in prime rents 2018 - 2022

4.0%
Heathrow prime yield (Q4 2017) down on 4.35% in Q4 2016

£3.3bn
of distribution warehouses transacted in 2017 down on £2.5bn in 2016

UK MARKET OVERVIEW

In this section we provide a long term national overview of the UK logistics market of buildings over 50,000 sq ft in size within our 26 Gerald Eve regions. This includes a review of the following topics:

- Occupier demand
- Market supply
- The development market
- Rents & incentives
- The investment market
- A five year outlook for rents
- Technology & innovation

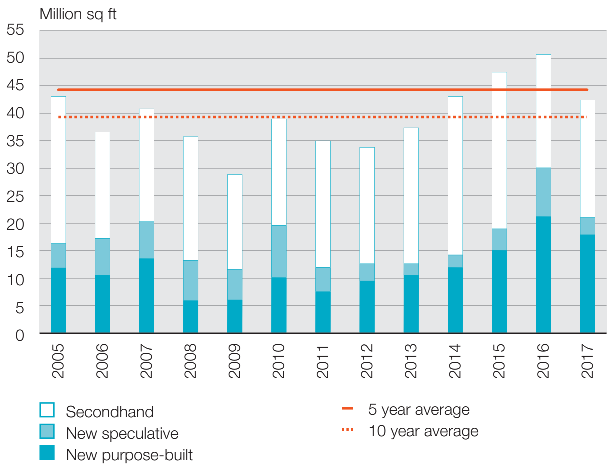
OCCUPIER DEMAND

Take-up

- 42.3 million sq ft of occupational space was transacted during 2017, 16% down on the record-breaking 2016.
- This ended the four year run of annual growth in the take-up of logistics property, but, 2017 remained in excess of both the five year and ten year annual averages.
- Taken in isolation, 2017 was a good year for logistics, with strong levels of pre-letting activity and healthy levels of take-up of secondhand space. Coming off 2016, which was the most active year on record for demand, has to a certain extent masked the underlying health of the sector.
- We continue to record healthy levels of demand for warehouse space and despite the annual reduction seen in 2017, the structural increase in volumes seen over the last five years has continued.

Total annual occupier take-up, by property quality, 2005-2017

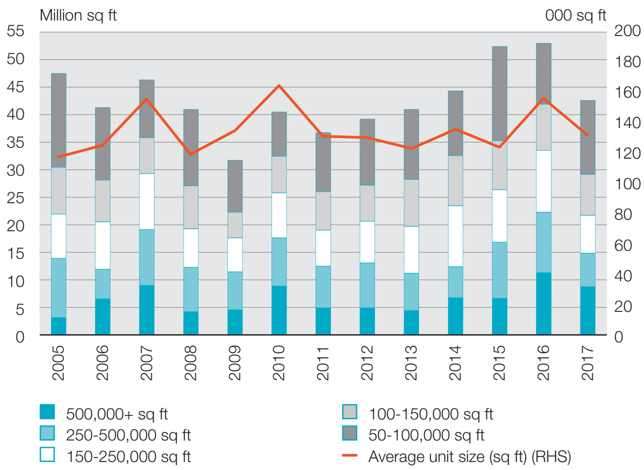
Source: Gerald Eve



- The continuing shortage of available space meant that during 2017 we saw the take-up of new speculative and purpose-built space account for 49% of all occupier activity.
- Occupiers continue to occupy space to maximum capacity and activity is increasingly driven by letting activity of good quality or new accommodation.
- It was only really the much reduced take-up of new speculatively developed space which could be considered a negative in 2017, however, this is perhaps more down to the limited availability of such space.
- To this end, pre-lets remain an important part of the market, particularly for larger buildings which are in short supply, but we also saw an increase in occupiers purchasing buildings for their own occupation.
- Over the last two years we have also seen an increase in the number of occupiers purchasing land on which tenants intend to develop their own warehouses. Key internet retailers such as Amazon and household name occupiers such as Lidl and DHL have favoured this option to secure logistics space, citing the supply shortage and the offer of more choice as to location and building specification as the rationale.
- Such activity kept the volume of take-up of buildings over 500,000 sq ft in size at elevated levels, however, the increased number of smaller lettings had a negative impact on the average deal size, which fell to 131,700 sq ft in 2017 from 156,000 sq ft in 2016.
- In terms of building size, the reduction in space taken-up of mid-sized buildings between 150,000 sq ft and 500,000 sq ft was noticeable during 2017, reflective in many ways of the limited availability of such space which was on offer to occupiers.

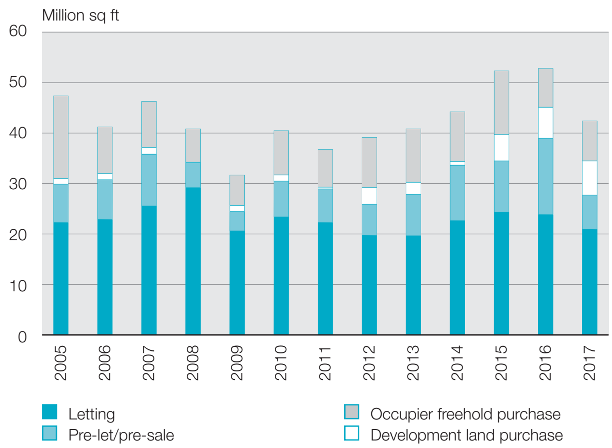
Annual occupier take-up by unit size and annual average unit size, 2005-2017

Source: Gerald Eve



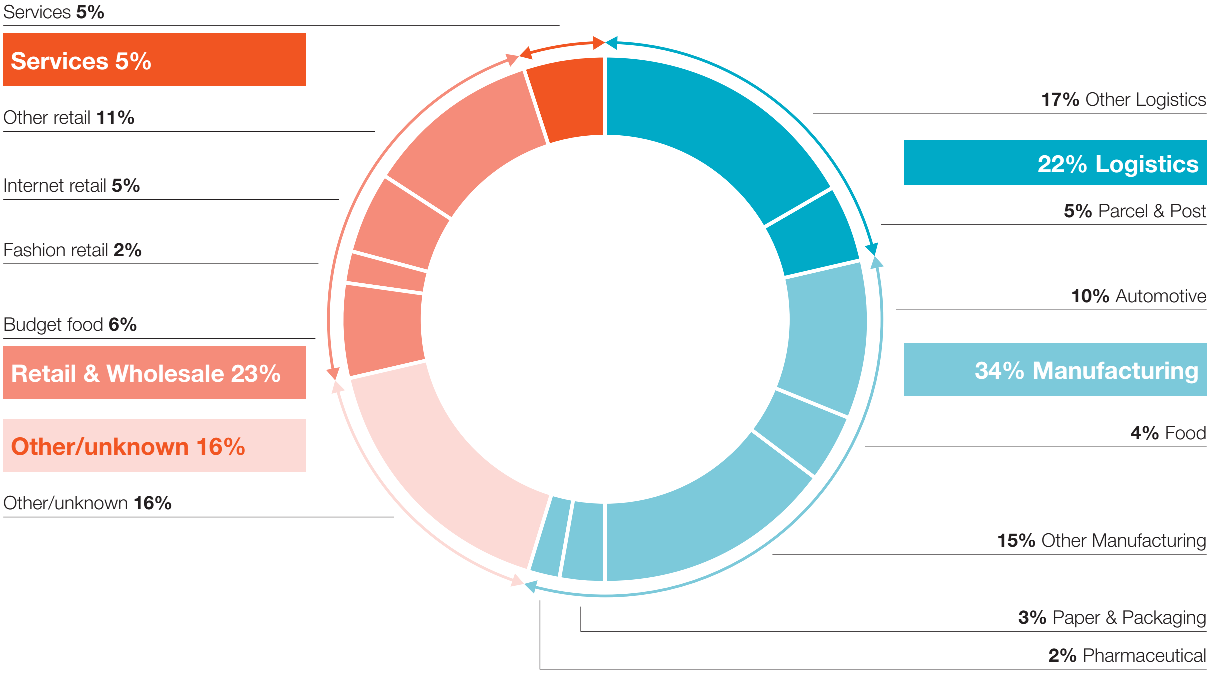
Total annual occupier take-up, by event, 2005-2017

Source: Gerald Eve



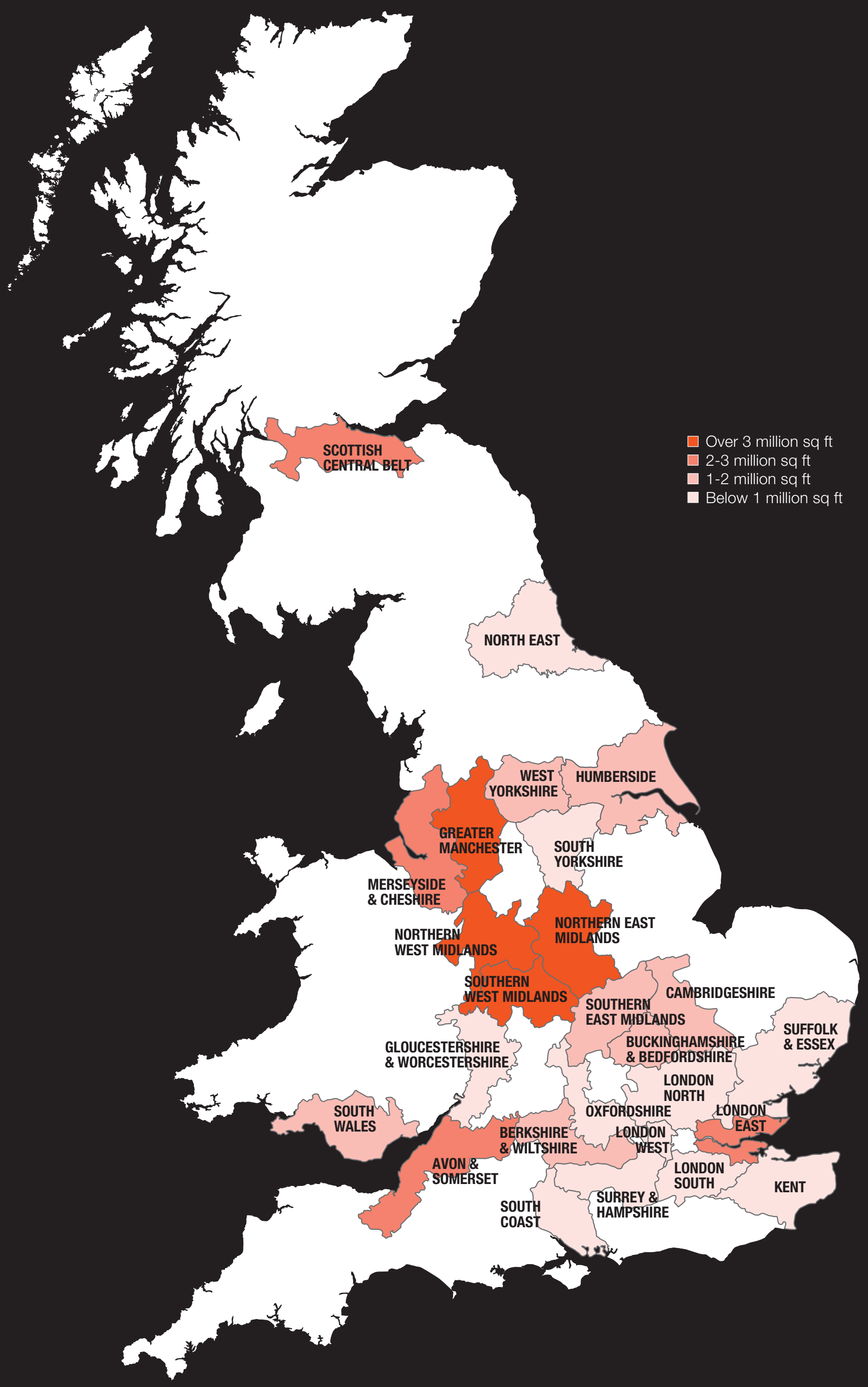
OCCUPIER DEMAND

2017 take-up by occupier business sector
Source: Gerald Eve



- At the smaller end of the spectrum, we recorded an increase in the volume and number of buildings taken-up in buildings between 50-100,000 sq ft during 2017. This was driven by increased activity by manufacturers in this size category as well as an uptick in the amount of space taken-up by parcel and post logistics companies within easy reach of major conurbations.
- We have recorded a noticeable shift in the nature of occupier take-up during 2017. Where 2016 was driven by activity of retailers & wholesalers, particularly internet retailers, 2017 was more defined by an increase in take-up from manufacturers and budget food retailers.
- The manufacturing sector accounted for 34% of all take-up during 2017, up from 26% in 2016. This has been across all manufacturing sectors, including automotive, but we have picked up on some new industries driving totals during the year too. Companies in the medical or pharmaceutical sphere took space, as did paper and cardboard manufacturers and even house builders who need space to construct modular homes.
- It was budget food retailers rather than dedicated internet retailers, particularly Lidl and Aldi, who have been acquisitive during the year, by and large following the theme of purchasing land to develop facilities. Not to be outdone, it was Amazon who committed to the largest warehouse of the year, with its purchase of 33.5 acres at Central Park in Avonmouth to develop a 1.35 million sq ft warehouse.
- The continued rise of internet retailing (in the UK, internet retail sales accounted for a peak 20% of all retail sales in November 2017) continues to feed through into demand for warehouse space. However Amazon has been less acquisitive in 2017 compared to 2016, which has driven down the direct importance of the sector to 5% from 21% during 2016.
- Whilst we have seen this drop in dedicated internet retailers taking space during 2017, we have seen companies supplying and distributing goods on behalf of such retailers continue to be active during the year. Parcel and post delivery companies have been particularly busy.
- Whilst the nature of the occupier base has shifted during 2017, it continued to be the established locations which saw the most growth in take-up. The West Midlands and North West in particular continued to see elevated volumes of space taken-up.
- In terms of annual growth, the regions which saw the strongest jump in activity during 2017 were Buckingham & Bedfordshire, the South Coast and Cambridgeshire. Decisions by occupiers such as H&M to pre-let space in Milton Keynes and the recording of several development purchases in Cambridgeshire by the likes of Lidl and Smart Garden Products has raised the profile of these regions.
- Given the supply shortage in many established markets, both of up-and-built product and land, occupiers have instead looked to these locations to secure appropriate land for development.

Total occupier take-up by region 2017
Source: Gerald Eve



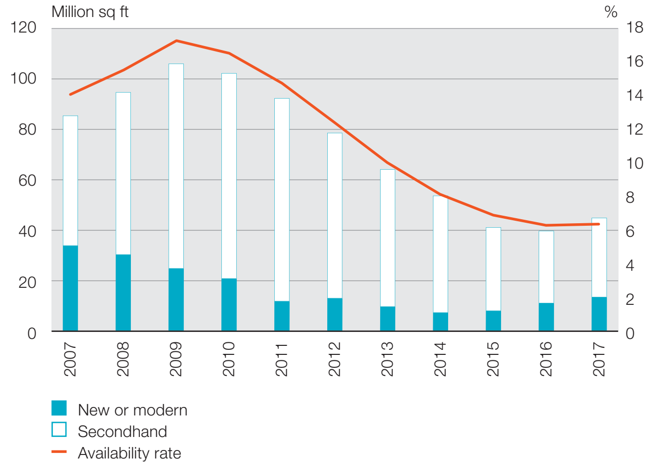
SUPPLY

Availability

- By and large, the supply of available logistics floorspace has been on a downward trajectory since 2009. Following the influx of speculatively developed space recorded in 2006-2009 we have since reported on a steady erosion of such space and have chalked-up commensurate falls in the annual availability rate. This culminated in a record low availability rate of 5.9% in Q1 2017.
- Throughout 2017, we have seen the addition of speculatively developed buildings to our supply figures and the volume of available space on the market has started to creep up. 2017 seems to have marked the natural low point of availability in the current cycle.
- This is especially so given that the amount of speculatively developed space in the pipeline due to complete in 2018, which, whilst it is expected to generate occupier interest, is still likely to enter our availability figures throughout 2018.
- The availability rate at the end of 2017 was 6.3%, which remains low in the context of the last five years, but throughout 2017 was increasingly driven by the return of secondhand stock.
- This increase in available secondhand stock has had a knock-on effect on the secondahnd availability rate, which increased to over 8% at the end of 2017.
- To date, we have not seen the wholesale return of secondhand stock to the market that could be expected in times of strong pre-letting activity. Occupiers are occupying their existing facilities to maximum capacity and the majority of demand has been as a result of expansionary activity. Warehouse inventory levels are high and efficiency of use of logistics buildings is a crucial part of supply chain management.
- Regionally, it was those markets which had seen the combination of an increase in speculative activity and the return of secondhand space which ended the year with the highest availability rates, with regions in the North West seeing the effects of this the most.
- At the other end of the spectrum, key regions in the south east, such as Kent, Suffolk & Essex and Surrey & Hampshire are particularly restricted in terms of supply, but do experience below average levels of take-up.
- We have however seen a supply response from developers and there are several speculative schemes under construction which in turn is likely to affect the future profile of availability. However, on a rolling basis, demand is still significantly outpacing supply, despite showing some fall off from the highs of 2016. This supply/demand gap is evident across most regions and is conducive to further rental growth across most markets.

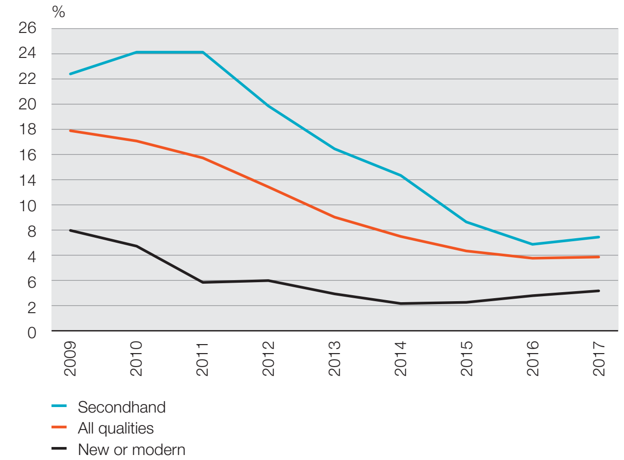
Annual volumes of availability by building quality, 2007-2017

Source: Gerald Eve



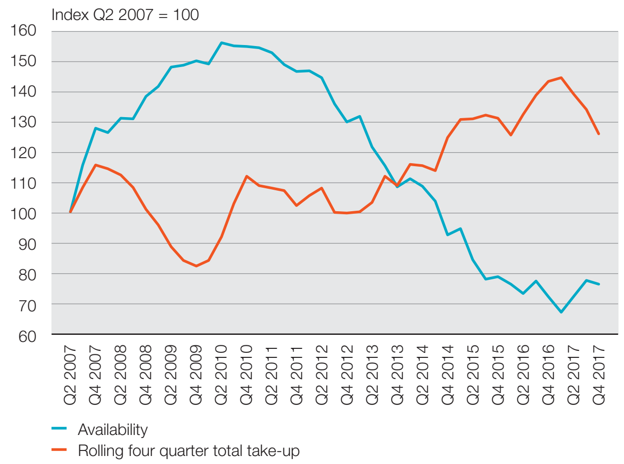
Availability rates by building quality, 2009-2017

Source: Gerald Eve

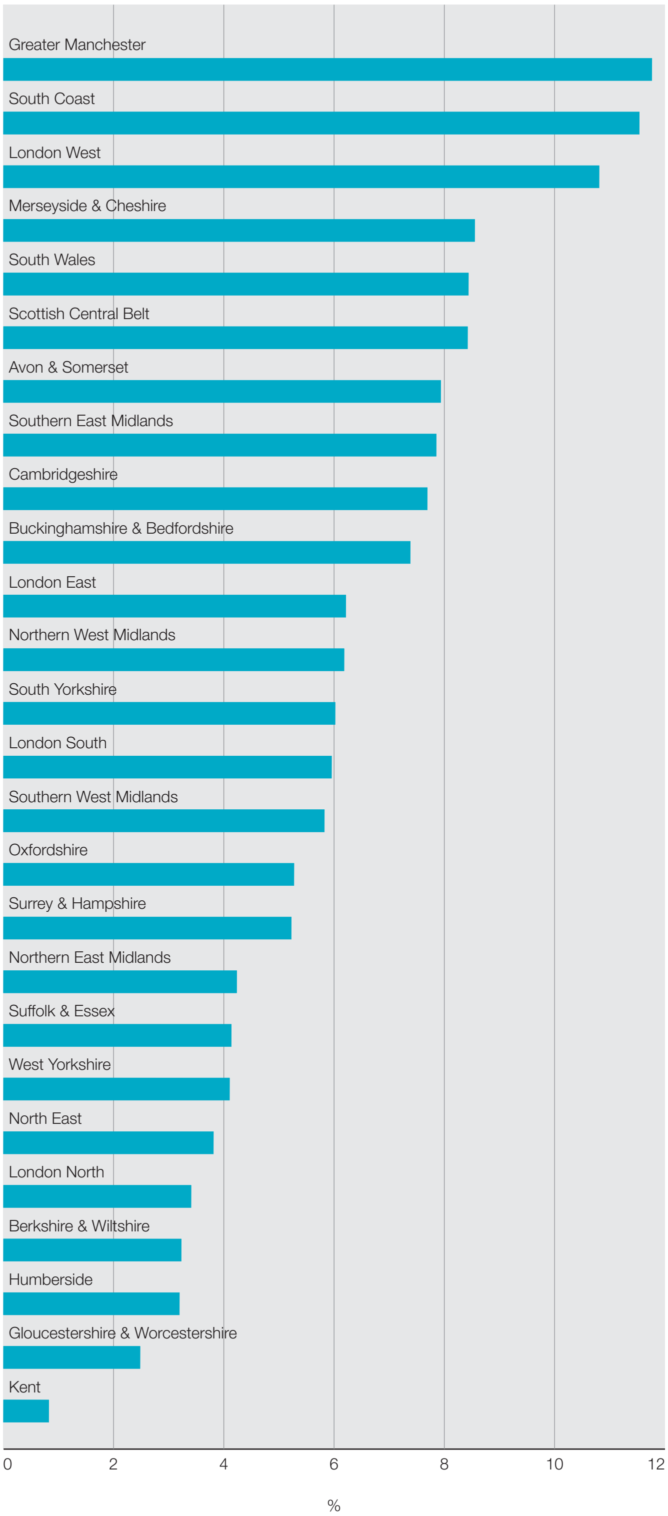


Indexed supply and demand, Q2 2007-Q4 2017

Source: Gerald Eve



Availability rates by Gerald Eve region, Q4 2017
Source: Gerald Eve



Stoford Developments completed on The Range's 1.2 million sq ft RDC at Central Park in Avonmouth in 2017

Roxhill completed on Amazon's 2.2 m sq ft multi-storey facility at London Distribution Park at the end of 2017

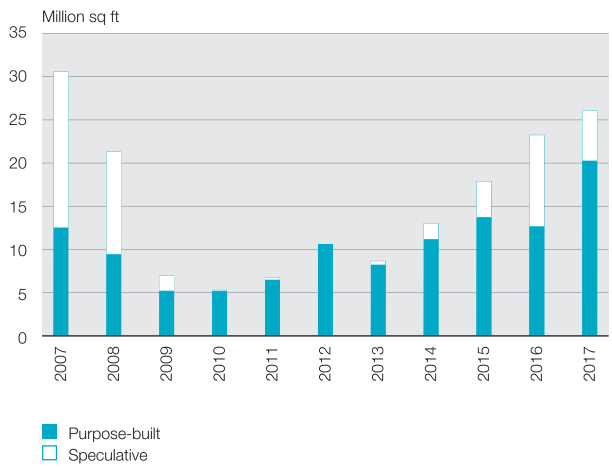
Stoford Developments completed the speculative development of Liberty 163, at Worcester Six during 2017

Tritax Big Box REIT purchased 124 acres of development land at Littlebrook in Dartford in 2017 and with partner Bericote Properties plans to deliver facilities on a pre-let basis

DEVELOPMENT

- 2017 marked the fourth consecutive year of growth in the volume of annual development completions. This was driven by purpose-built developments, as over 20 million sq ft of such completed in 2017, the most such space reaching practical completion in one year since our records began in 2006.
- This record-breaking total was the result of the intrinsic shortage of supply forcing occupiers to design-and-build premises for themselves and is the end result of the significant levels of pre-letting activity recorded in 2016.
- The volume of speculative development completions however, fell by 45% in 2017, which is surprising given the supply/demand dynamics and the increased levels of occupier demand for modern accommodation.
- We saw a total of 46 buildings complete development speculatively during 2017, totalling 5.7 million sq ft, the average unit size of which was 127,000 sq ft. This is under a third of the volume of space completing speculatively during 2007 and is a much smaller average unit size of speculative developments in 2007 which was 166,000 sq ft.
- Developers have proved themselves willing to develop speculatively but have been very measured and targeted in their supply response. The larger developers have thoroughly assessed local and regional demand profiles before commencing any speculative development and despite the supply/demand imbalance, have not flooded the market with speculative stock.
- By size of unit completing development, proportionately it was purpose-built units over 500,000 sq ft in size which drove overall completions. This is on the back of two large developments for Amazon completing in Tilbury and Doncaster and the Range completing on their RDC in Bristol, all of which were over 1 million sq ft in size.
- The measured response of developers continued through 2017 and whilst we recorded a similar level of purpose-built development starts, we also recorded a 40% reduction in the amount of space getting underway speculatively. Again, this is surprising, but such a judicious approach of developers has

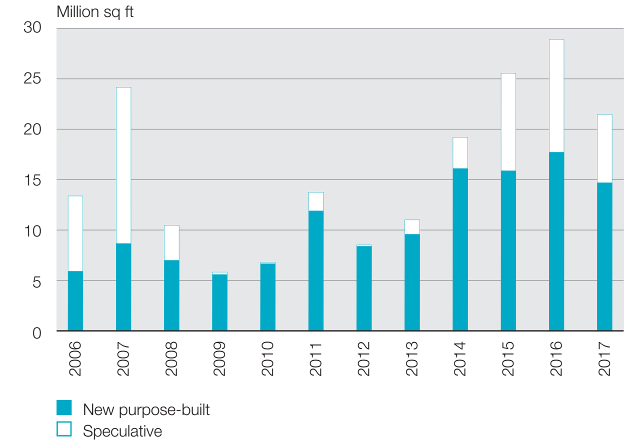
Development completions, by type, 2007-2017
Source: Gerald Eve



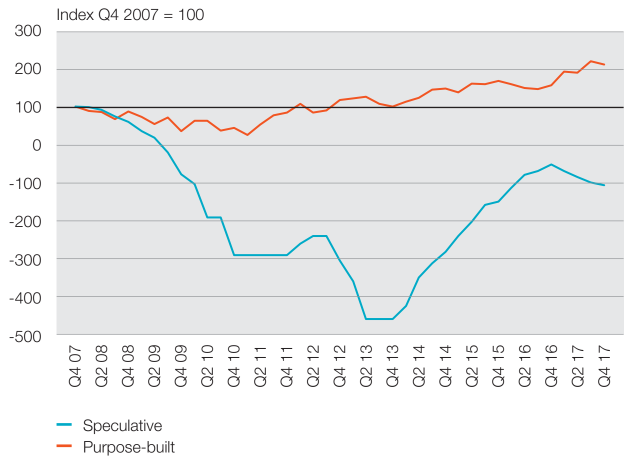
also helped to keep the market dynamics conducive to further rental growth. Current levels of development activity suggest that there is no prospect of oversupply and on an indexed rolling annual basis, speculative development activity is far below the levels being developed at the end of 2007.

- The ten year period since 2007 has been a turbulent one for the development market. We saw the overhang of speculative space delivered early in the period remain on the market for several years and developers have been reticent to repeat previous mistakes in the current cycle. This goes some way to explaining why purpose-builds are completing at more than double the rate they were back in 2007, but speculative developers remain far below.
- There are also other concerns, such as the potential for a reduction in occupier demand and labour supply post-Brexit and the rising cost of construction which have weighed on developers' minds. The overall cost of construction has risen year-on-year since 2009, and is forecast to rise at a similar rate over the next five years to 2022. This will further pressure on the margins of developers, especially when it is only really over the last few years that we have seen prime rents grow at a similar rate.
- Whilst we expect the volume of speculative development activity to increase in 2018 as developers look to fill the gaps in supply and well-capitalised new entrants to the market look to make a statement, purpose-builds are likely to drive overall development activity. Even accounting for the different rent and incentive packages offered to occupiers of speculative and pre-let space, which can make a difference to developers' profits, the speed with which modern logistics warehouses can be built, has meant that aside from the most urgent of space requirements, a vast majority can be satisfied through design-and-builds.
- This is likely to be more relevant in those markets which, whilst availability may be low, the economics of speculative development are not viable until rents increase. In these markets, such as Scotland and Wales, we will need to see prime rents rise in order for such development to be viable on a speculative basis as it is hard to make the economic case for development work without prime rents growing.

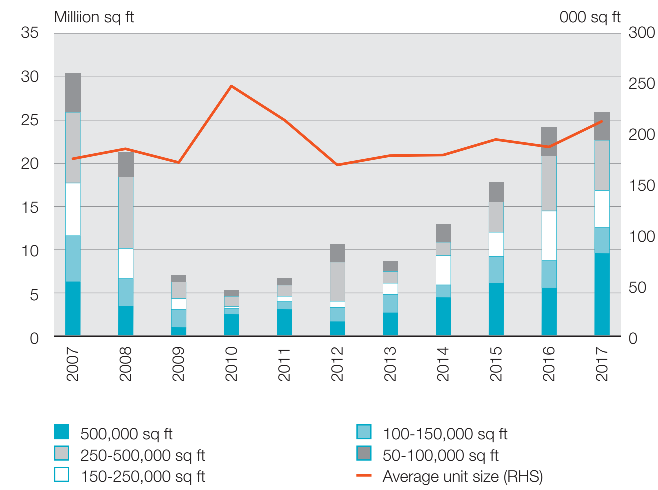
Development starts, by type, 2006-2017
Source: Gerald Eve



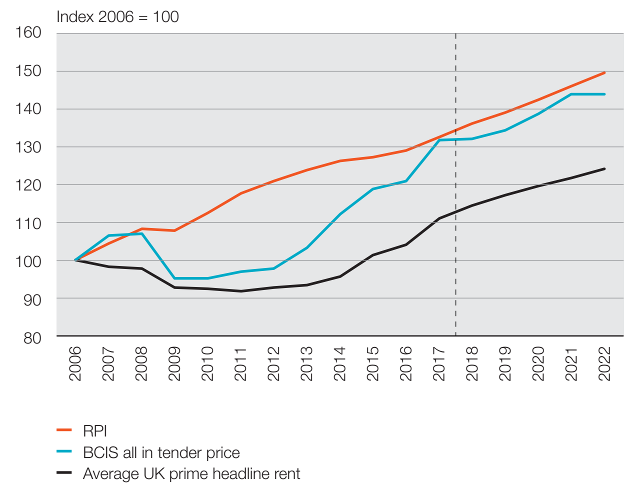
Indexed rolling four quarter development completions by type, Q4 2007-Q4 2017
Source: Gerald Eve



Development completions by unit size, 2007-2017
Source: Gerald Eve



Annual indexed cost of construction, inflation and prime rents, 2006-2022
Sources: Gerald Eve, BCIS, Oxford Economics

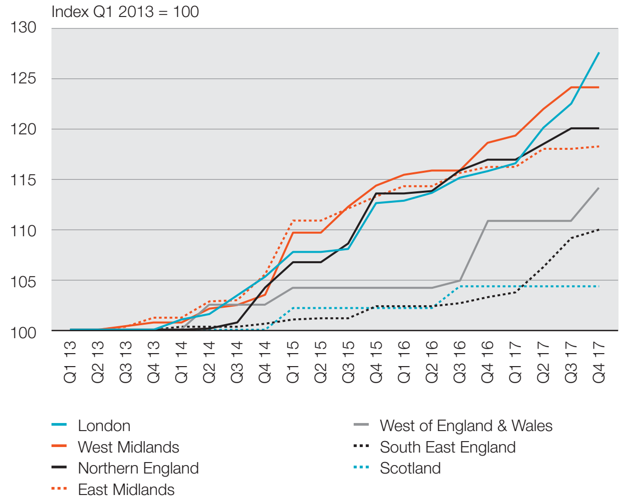


RENTS AND INCENTIVES

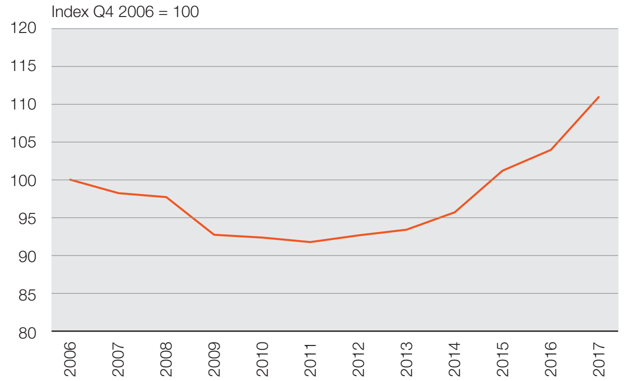
- The combination of a historically low level of availability and above average levels of occupier demand has resulted in strong levels of rental growth in the UK logistics market during 2017.
- We saw prime rents grow by an average of 7% during 2017, the strongest annual growth in prime headline rents we have recorded since our records began in 2006.
- Prime rents are now over 10% above where they were in 2006, having, on average, recovered all of the lost ground of the recession by 2015.
- Annual growth of 7% is a meaningful level of growth for a sector not known for its rental growth component and has been driven by a step-change in rental profiles in certain markets.
- We recorded over 10% prime rental growth in several regions during 2017. Those markets which have recorded the strongest growth during 2017, such as London South, Berkshire & Wiltshire and the South Coast, are all defined by an environment of very restricted supply, strong levels of occupier demand and the recent delivery of new space on which these rents could be achieved.

- The markets which have seen strong levels of pre-lets and take-up of speculative space, particularly in markets starved of new accommodation, which often command a premium rent, have experienced the strongest increases in rents in 2017, although the supply/demand imbalance prevalent in most markets has kept a general upward pressure on rents.
- Regionally, we have recorded the strongest growth in prime rents in London, which on average grew by 12% during 2017. The rental growth profile in such markets was much more driven by market forces of supply and demand than other regions, especially so given occupiers desire to take facilities with close proximity to London.
- In regions which have not seen such positive movements in rents, such as Scotland and Wales, rental profiles are much more dependent on the economic viability of development. Rising construction costs and the pressure on developers' margins has meant that we are unlikely to see growth driven to such a degree by market forces, more by an occupier agreeing to pay the required rent for a development in that region.
- Additionally, as prime headline rents have grown, we have seen tenant incentives fall to their lowest level on record. By the end of 2017, the average level of incentives offered on a ten year lease fell marginally to an average across the country of 7-10 months' rent free period.
- This is a significant reduction on the average 14-20 months' rent free incentive offered to tenants five years ago at the end of 2012 and in our opinion represents the low point for occupier inducements.
- There are very few locations which currently offer occupiers a choice of new accommodation, although based on the number and volume of units under construction speculatively at the end of 2017, we do expect an increase in the delivery of speculative space in 2018. Given the locations, sizes and timing of delivery of these units, this addition of new space is likely to drive rents in several supply-starved markets, but, in others, such as in the North West, it could offer an increased choice to occupiers.

Indexed regional prime rental growth, Q1 2013-Q4 2017
Source: Gerald Eve



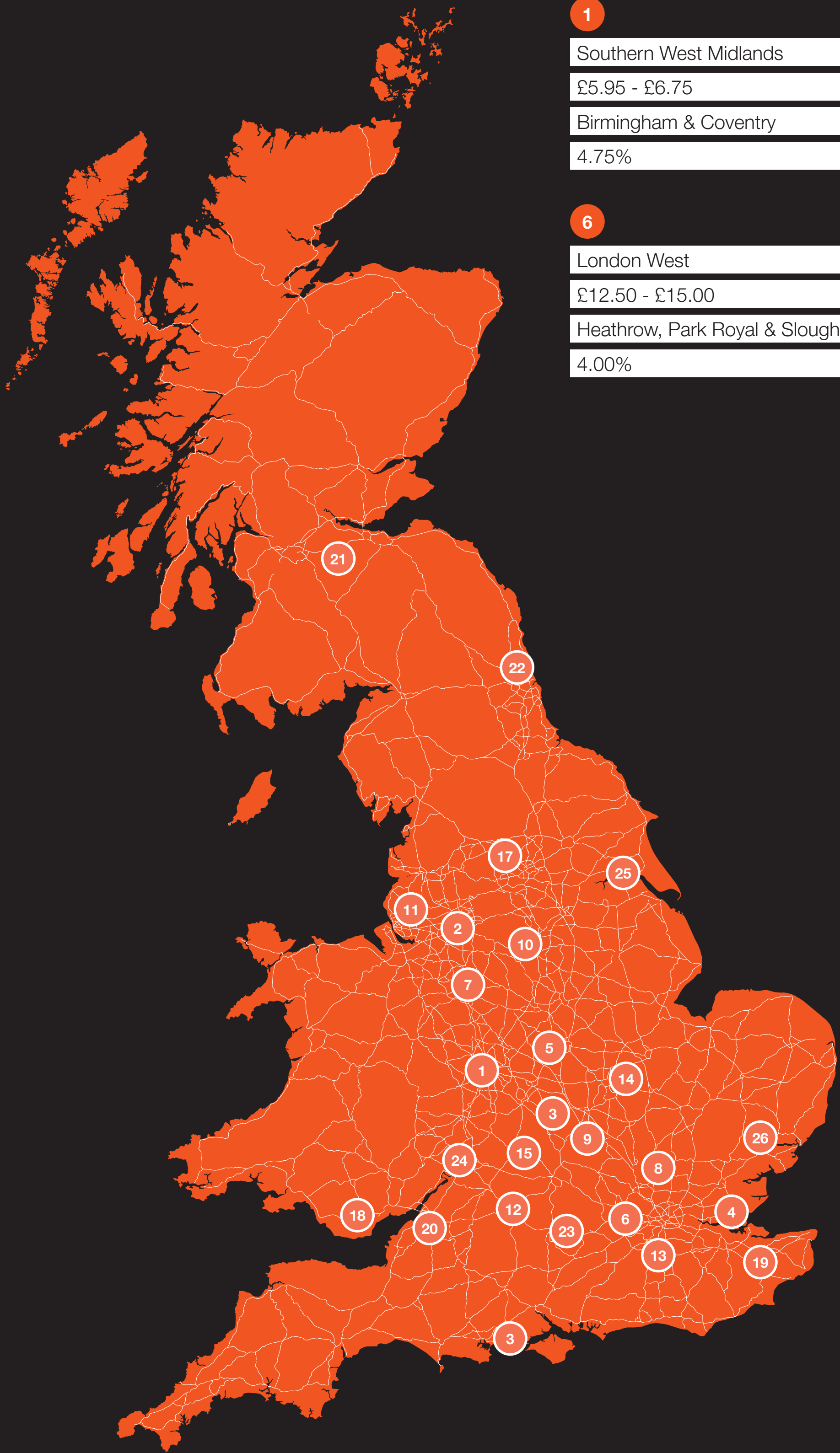
Indexed average UK prime headline rent, 2006-2017
Source: Gerald Eve



Strongest growing regions during 2017		
Region	Centres	Growth in regional prime rents 2017
London South	Crawley & Croydon	49%
Berkshire & Wiltshire	Reading & Swindon	15%
South Coast	Southampton & Portsmouth	13%
Avon & Somerset	Bristol	12%
Surrey & Hampshire	Basingstoke	10%

GERALD EVE MARKET SCORES

Gerald Eve regional property market scores, prime rents and prime yields
Source: Gerald Eve



1
Southern West Midlands
£5.95 - £6.75
Birmingham & Coventry
4.75%

2
Greater Manchester
£6.25
Manchester
4.70%

6
London West
£12.50 - £15.00
Heathrow, Park Royal & Slough
4.00%

7
Northern West Midlands
£5.00 - £5.75
Stoke/Stafford/Burton/Telford
5.25%

11
Merseyside & Cheshire
£5.75 - £6.25
Warrington & Liverpool
4.75%

15
Oxfordshire
£5.85 - £8.10
Banbury & Wycombe
5.60%

3	4	5	
Southern East Midlands	London East	Northern East Midlands	Region
£5.00 - £6.50	£7.50 - £9.00	£5.60 - £6.00	Rent (£ per sq ft)
Northampton	Basildon & West Thurrock	Leicester, Nottingham & Derby	Centres covered
4.75%	5.00%	5.00%	Yield

8	9	10	
London North	Bucks & Beds	South Yorkshire	Region
£7.25 - £10.50	£7.15	£5.75	Rent (£ per sq ft)
Enfield, Hemel Hempstead, Luton	Milton Keynes	Sheffield, Doncaster	Centres covered
4.25%	4.7%	5.15%	Yield

12	13	14	
Berkshire & Wiltshire	London South	Cambridgeshire	Region
£6.25 - £11.25	£13.50 - £14.00	£4.75	Rent (£ per sq ft)
Reading & Swindon	Crawley & Croydon	Peterborough	Centres covered
4.50%	4.25%	5.25%	Yield

16	17	18	
South Coast	West Yorkshire	South Wales	Region
£7.00 - £9.00	£5.75	£5.25	Rent (£ per sq ft)
Southampton & Portsmouth	Leeds, Bradford & Wakefield	Cardiff & Newport	Centres covered
5.50%	5.00%	6.00%	Yield

19	20	21	
Kent	Avon & Somerset	Scottish Central Belt	Region
£5.95 - £7.25	£7.25	£6.00	Rent (£ per sq ft)
Ashford & Maidstone	Bristol	Glasgow & Edinburgh	Centres covered
5.65%	4.75%	5.75%	Yield

22	23	24	
North East	Surrey & Hampshire	Gloucestershire & Worcestershire	Region
£4.40 - £4.65	£8.25	£5.40	Rent (£ per sq ft)
Newcastle & Sunderland	Basingstoke	Gloucester	Centres covered
5.50%	5.25%	5.75%	Yield

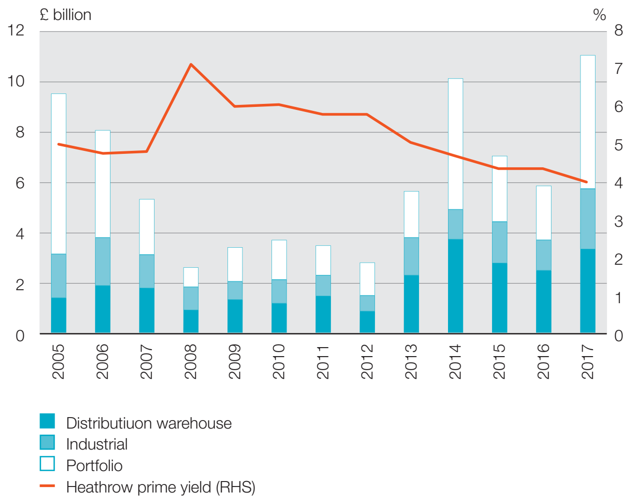
25	26	
Humberside	Suffolk & Essex	Region
£4.55	£4.25 - £5.50	Rent (£ per sq ft)
Hull	Colchester & Ipswich	Centres covered
6.15%	6.00%	Yield

Tritax Big Box REIT purchased this Royal Mail facility in Daventry for £48.82 million, reflecting a net initial yield of 5.0% in October 2017.

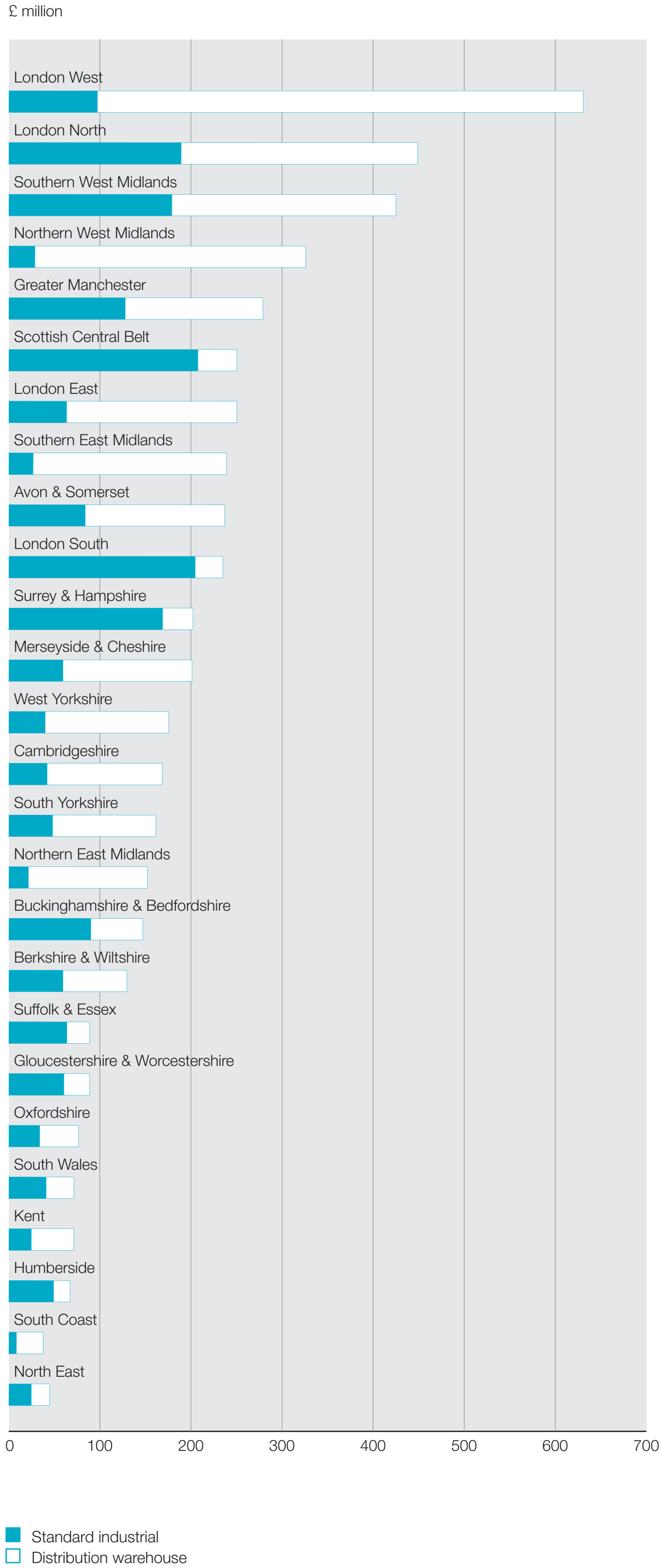
INVESTMENT

- 2017 was an exceptional year for industrial property investment, both in terms of volumes traded and overall performance. In an environment of low interest rates, political uncertainty and devalued sterling, commercial property investors sought out stable, income-producing assets, and increasingly, as 2017 progressed, with added asset management potential.
- The strong income component of industrial property's total return profile, allied to the positive occupational 'story', meant that there was a weight of domestic and overseas capital targeted at the sector.
- The ongoing occupational supply and demand imbalance and the resultant positive outlook for rental growth, together with the structural shift in the retail market to buying goods online, has significantly raised the profile of the industrial sector within the broader investment community.
- We recorded the largest volume of investment into industrial property on record, with strong levels of investor interest in portfolios, standard industrial and distribution warehouses. Even excluding portfolios from the total volume transacted, more direct standard industrial and distribution warehouses were traded during 2017 than any other year on our records and volumes grew by 55% in 2017.
- Such levels of investor interest forced further prime yield compression and on average, across the country, we recorded a 33 bps reduction in prime yields throughout 2017. Certain locations, such as Heathrow and Park Royal, achieved prime yields of 4% on rack-rented, 15 year income profiles at the end of 2017 and there have been deals agreed during the year at yields lower than this.
- Prime locations, particularly in London and the West Midlands, were the focus of investor attention and in terms of volumes, we saw a significant amount traded in West and North London and both the North and South Midlands.

Annual industrial investment volumes including portfolios and Heathrow prime yield, 2005-2017
Sources: Gerald Eve, Property Data

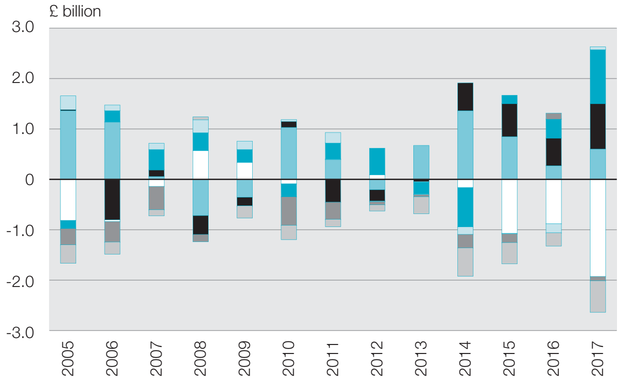


2017 investment volumes by property type and Gerald Eve region
Sources: Gerald Eve, Property Data

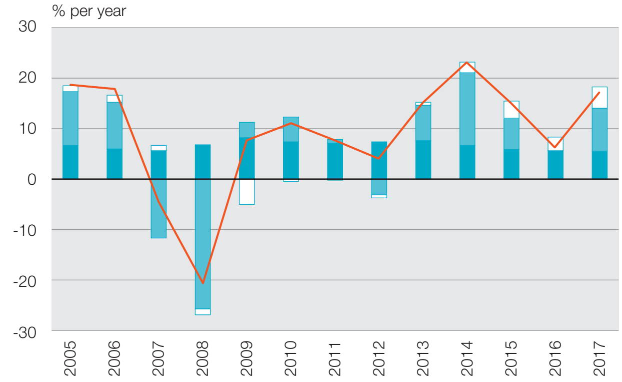


INVESTMENT

Distribution warehouse net investment by investor type, 2005-2017
Sources: Gerald Eve, Property Data



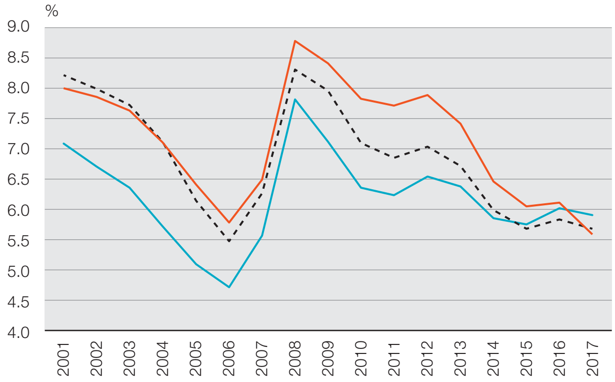
Annual distribution warehouse total return and components, 2005-2017
Sources: Gerald Eve, MSCI



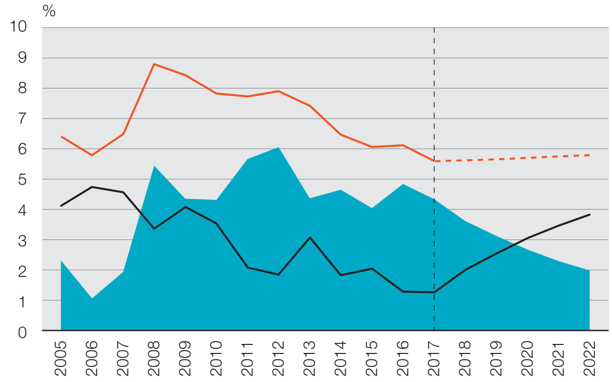
- An assessment of net investment by investor type for distribution warehouses during 2017 highlighted that on balance, it was private property companies who were sellers and a combination of REITS/quoted property companies and overseas investors who were net purchasers. We saw a number of large platform deals involving either Asian or American capital during the year and the likes of TRITAX Big Box REIT and LondonMetric continued to be acquisitive.
- We also saw several high value corporate acquisitions during 2017 – including Blackstone's sale of Logicor to China's Investment Corporation for £10.5 billion and Asia's largest logistics investment group buying Brookfield's IDI Gazeley for £2.1 billion.
- In terms of performance, 2017 showed a strong rebound in total returns according to MSCI. According to the latest quarterly figures, total returns for distribution warehouses jumped from 6.1% in 2016, to 17% in 2017. Positive yield impact and rental growth added to robust levels of income return and culminated in industrial property delivering the best set of results of all asset classes in 2017.
- Such has been the level of investor interest and competitive bidding on stock that 2017 also produced some out of the ordinary findings. For the first time, UK distribution warehouse equivalent yields fell below that being achieved by UK standard offices. Such is the pull of the sector to investors and the perceived lack of investible stock – especially when several of the more active developers are developing to hold, rather than to sell.

Tritax Big Box REIT purchased this Morrisons warehouse at Birch Coppice Business Park for £92.33 million, reflecting a net initial yield of 5.25% in June 2017.

Annual equivalent yields by selected asset class, 2001-2017
Sources: Gerald Eve, MSCI



Distribution warehouse equivalent yield, 10 year Government bond and spread, 2005-2022
Sources: Gerald Eve, Oxford Economics, MSCI



- Also unusually, and perhaps reflective of the changing nature of consumers' shopping patterns, we saw distribution warehouse yields fall below retail warehouse yields. Whilst internet retail has been of significant benefit to the logistics market, fewer shoppers seem to be visiting retail warehouse destinations and this is starting to filter through into the investment performance of these buildings.
- Given the significant levels of yield compression seen in the market during 2017, for many investors industrial is considered too keenly priced. Whilst the occupational conditions are conducive to further rental growth, it is difficult to predict the path of future investment performance, and particularly what will happen to capital values.
- We expect that the sector will continue to be a draw to investors through 2018, although it is hard to forecast much in the way of further yield compression, given the current high level of pricing (and the commensurate exit yields being priced into transactions) and the uncertainty in terms of the outlook for interest and gilt rates.
- Even if equivalent yields remain flat over the next five years, the forecast for 10-year Government bonds is for steady increases, which could reduce the spread between the two and limit the attractiveness of property as an asset class.
- Investors are going to have to continue to formulate innovative strategies in this environment.

> "The strong income component of industrial property's total return profile, allied to the positive occupational 'story', has meant that there is a weight of domestic and overseas capital targeted at the sector.

TECHNOLOGY AND INNOVATION IN LOGISTICS

Over the course of the last few years, we have seen significant advancements in both the use of technology within the warehouse and the specification of buildings to try and accommodate this changing use. From the more fanciful ideas, such as using drones resupplied by airships to deliver goods to consumers, through to actual changes we are seeing in the market, such as multi-storey logistics facilities, the way in which the market is adapting is never far from the headlines. Indeed, technology and the impact of the increased use of automation in warehouses has the potential to affect the labour market, the physical location of future logistics buildings and the specification of building design. The increased capital expenditure needed on these more technologically-advanced buildings could have knock-on effects on rates of obsolescence, lease lengths and ultimately values.

In this section we look at some of the more prevalent uses of technology in warehouses, investigate how some occupiers are adapting existing buildings to suit modern occupation and examine some of the concepts which may have significant implications for the future of logistics property.

Autonomous mobile robots

One way to speed up the picking and packing process is to reduce the number of miles walked by staff as they look for items on shelves in the warehouse. Amazon purchased Kiva Systems in 2012 and rebranded it as Amazon Robotics. This is perhaps the most widely-adopted use of technology in warehouses and significantly helps with order fulfilment and productivity. Online grocery retailer Ocado also uses autonomous mobile robots and has created a system called the Ocado Smart Platform where robots bring the shelf stacks to human workers, who pick out the right products and package them up to be sent out. These robots travel many miles a day at speeds faster than a human can walk.

There are several different strands of robotic technology being adopted in warehouses besides autonomous mobile robots, including control software, language perception, power management, computer vision, depth sensing, machine learning, object recognition and semantic understanding of commands.

Electronic data interchange technology allows for the sharing of documents with a shared format between two computer systems. This helps with purchase orders, shipping orders and inventory advice. This system has proved to be more efficient, and helps with visibility and collaboration between parties. Voice-tasking technology is a hands-free technology that uses spoken commands for picking, putting, receiving, replenishing and warehouse shipping functions is also being increasingly adopted.

Tracking software

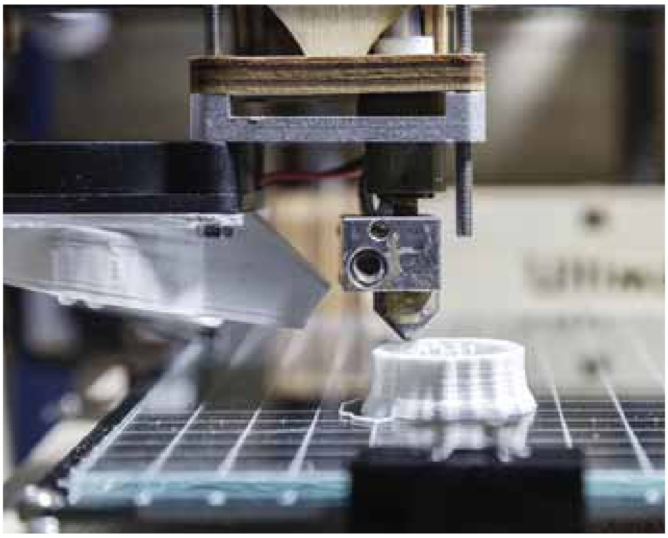
Development in consignment tracking technology now gives businesses access to greater volumes of information at much deeper levels than they used to – be that distribution information or stock data. With state-of-art tracking systems, not only are organisations able to use this data for their own benefit but it's becoming increasingly popular to allow their own customers to access certain information. With increased international trade, many supply chains are growing and now feature more than just one or two organisations. With tracking information available to all those involved, communication channels open up and data can flow seamlessly between parties. This means less time is wasted chasing information because it's all there, logged in the tracking system, allowing planning to be carried out further in advance and more accurately.

Machine-learning software and predictive ordering

Described as being more like a chessboard or a hive than a conveyor belt, Ocado's new software being used at its warehouse in Andover, is a three dimensional cube where robots roam around on top and under every square is a stack of 'totes' containing groceries which can be picked up and moved. The robots bring the totes to the side of the grid, which is a picking station for the groceries to be placed into a customer order. These robots are communicated with regularly and have software which includes machine learning that choreographs the most efficient route for the robots to take and the best place to place the totes to optimise storage.

Ocado Technology aims to harness the power of technology across the whole supply chain. New applications in development include a robot engineer that diagnoses problems with machinery and provides assembly line engineers with the tools to fix them and a robot hand-designed to pick and pack groceries without damaging them.

As retailers consumer data becomes more accurate and more timely, the use of predictive ordering to calculate future inventory patterens is proving a useful tool for leading retailers. Predictive ordering is the ability to compile, suggest and execute purchase orders with a software application. The software uses data and trends based on previous sales history, consumption patterns and other inputs to make recommendations on product mix, quantities, pricing, delivery dates or other attributes of an order. The promise of predictive ordering is that it can complement human decision-making or even replace it entirely, allowing for greater automation and more lean business processes.



3D printing / additive manufacturing

The concept of 3D printing has the potential to completely disrupt the traditional manufacturing sector. It might further reduce the demand for storage space given the potential to print stock on site and over the longer term it could result in an increase in the distribution of raw materials but a reduction in the number of deliveries to consumers. This in turn could mean that the role and form of logistics companies will have to continue to evolve and adapt to changing demand.

Driverless and electric vehicles

Another technology that many predict will affect the location and design of warehousing facilities is the autonomous vehicle, which, although some way from being fully commercialised, is the subject of significant investment both from business and government.

In August 2017, driverless lorries on motorways came a step closer to reality after the government announced £8.1m in funding for trials of 'platooning', whereby a convoy of lorries accelerates, brakes and steers in sync through the use of wireless technology. The trials will involve up to three heavy-goods vehicles travelling in convoy with acceleration and braking controlled by the lead vehicle. All lorries in the platoon will always have a driver ready to take control at any time.

Whilst there are obvious safety concerns and the concept is still in its testing phase, there are benefits to be had – including reduced fuel consumption and emissions as well as reduced traffic congestion.

Nearly all the major car manufacturers are also working on the future development of the electric car. Electric vehicles will be instrumental in eliminating fuel cost and streamlining the supply chain. Electric vehicles are growing increasingly more sophisticated, continually increasing the maximum range on a full charge, torque, and horsepower. There are two main types of electric vehicles that are vying for market dominance: traditional electrical vehicles, such as Tesla's line of vehicles, and hydrogen-powered electric vehicles, backed by major vehicle manufacturers such as Honda, Hyundai, and General Motors.

We expect that before driverless trucks are commonplace, we will likely see the rise of electric trucks, which may cut fuel cost in half, however, like the advances we are seeing in the automation within the warehouse, this will put increased pressure on the power capacity of buildings. Electric car charging points are now fitted as standard on new build properties and the power supply required on new builds can be as much as three times that required by a standard building 10 years ago. This in turn affects the provision of significantly enhanced power supplies to new build logistics facilities.

Mixed–use – industrial and residential

Industrial land, particularly in and around London is under increasing pressure from other use classes, not least residential. The sector needs to adapt to be able to maximise efficiency and be able to keep up with increased occupier demand for logistics space close to urban areas. This has brought the concept of combining industrial uses with residential. Effective planning plays a large part in the success of such schemes, but such innovative design ideas are needed to balance the competing pressures of delivering increased amount of housing and protecting traditional employment land. Whilst this concept is perhaps more relevant for smaller industrial buildings rather than large logistics facilities, we have seen the development of such a scheme in Kings Cross in London. Given the rates of population growth and the commensurate increase in the need for logistics space that this growth brings with it, and this is a design idea that could become more widely adopted in major urban areas.

Multi-storey buildings

Multi-storey facilities are commonplace in other countries such as Japan. With the increased use of technology in UK warehouses, we are seeing multi-storey warehouses – with up to 20m eaves – and structural mezzanine structures that can accommodate increased use of automation. Occupiers to date have tended to separate different uses to different floors, with more automation on the upper floors, and more traditional warehouse operations on the lower floors. Such structures need increased levels of floor loading capacity to accommodate the additional weight, and we are seeing the increased specification of floor loading and the provision of power becoming important issues to developers – particularly when trying to future-proof speculative schemes.

Potential impact on property

Over the long term, if we see more widespread use of automation in warehouses, this has the potential to affect every facet of warehouse use and design, from geographical location of buildings through to the necessary labour supply to, and specification of, those buildings. The adoption of driverless and electric lorries for instance, could mean that warehouses no longer need to be in such close proximity to large labour markets and could instead be housed in locations where land and labour are cheaper. This is unlikely to be too far out from the traditional logistics locations however, given the motorway network and current infrastructure.

We do not think however that the increased use of automation will lead to a mass reduction in the amount of labour needed to staff warehouses. Instead, the requisite skills needed by staff and the roles that they perform could change, but in our view this is unlikely to lead to fewer staff being employed. It is perhaps more likely that increased efficiency in warehouses will need a greater number of staff to monitor activities and ultimately process and approve larger numbers of orders. Modern warehouses, either multi-storey, or with intended high levels of automation are actually being planned with an increased number of staff parking space than more traditional warehouses, especially as more occupiers adopt round-the-clock processing of orders.

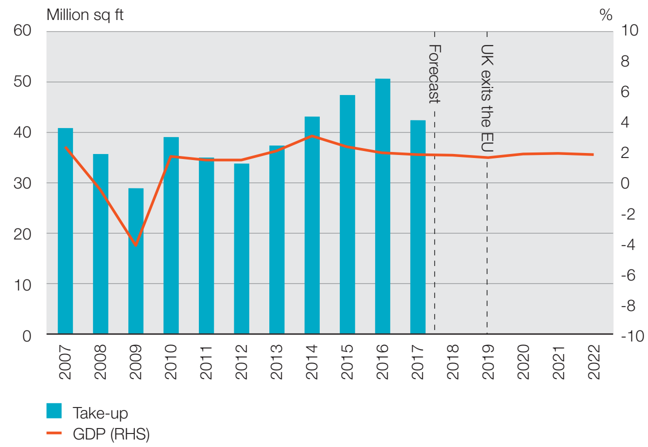
In general terms, over the longer term, we expect to see further intensification of use of warehouses driven by the profound changes in the nature of consumer shopping behaviour. We could see multi-storey buildings, an increase in shared user consolidation centres, rising demand for sites with multi-modal capability and even underground warehouses become a reality. The way in which we purchase goods has changed and warehouses will need to adapt to be able to accommodate the changes such a shift is having on occupiers supply chains and working practices.

> “Technology and the impact of the increased use of automation in warehouses has the potential to affect the labour market, the physical location of future logistics buildings and the specification of building design.

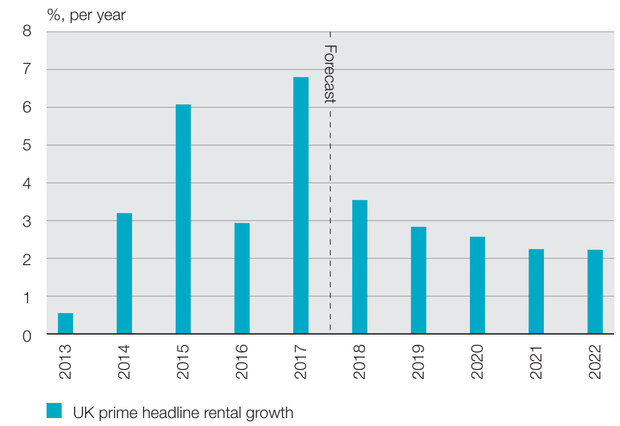
OUTLOOK

- Taken in isolation, 2017 was a good year for take-up and ended up being in between the 5 and 10 year annual averages. Coming off the record-breaking 2016 has to some extent taken the shine off what was otherwise a healthy year for demand.
- Despite a reduction in demand from internet retailers, increased levels of activity from manufacturers and budget food retailers has kept occupational activity elevated.
- Given the high levels of space under offer at the end of 2017, and the general elevated levels of requirements in the market, we expect that retailers will increase the amount of space they occupy in 2018. Amazon, quiet during 2017 by their own acquisitive standards, is again plotting more facilities throughout the country which, if completed, could significantly bolster annual demand levels.
- The companies most likely to purchase land for development of their own facilities are those that currently look set to be the most acquisitive in 2018. Amazon, Lidl, Aldi and DHL all have a history of development purchases and could be key drivers to both take-up and te volume of purpose-built development activity in 2018.
- Over a five year forecast horizon, there are structural and cyclical forces at work which could have an impact on levels of demand – not least the potential impact of Brexit in 2019. Overall, the structural shift of consumer shopping patterns to the internet and the critical importance of an effective supply chain to retailers is likely to keep demand elevated through 2018, even taking into account downside risks within the forecast horizon.
- Whilst we are likely to see supply increase throughout 2018 through a combination of the addition of new speculative space and the return of secondhand space, we expect demand will remain robust enough to continue to drive rents.
- Our baseline forecast for prime rents over the next five years is for a UK average 2.7% growth per year, with the strongest growth in rents, of 3.5%, expected in 2018. There are competing pressures at work over such a long forecast period, not least the cost pressures on occupiers to be able to afford further increases in rents.
- However, even with these pressures, we forecast that all regions will experience positive rental growth over the next five years. In the current broader commercial property environment and the likely economic uncertainty the UK is going to experience over the next few years, this in itself is a positive for the sector and one which is not replicated in other commercial property asset classes.
- Whilst in prime markets the forces of supply and demand could push rents on substantially, especially in those locations where there is an acute shortage of supply and land for future development such as London West and Cambridgeshire. There are other markets, where the costs pressures on occupiers are more acutely felt and whilst rents need to increase to make developments viable, occupiers may not be in a position to pay them. In such markets, this could limit both development activity and growth in prime rents.

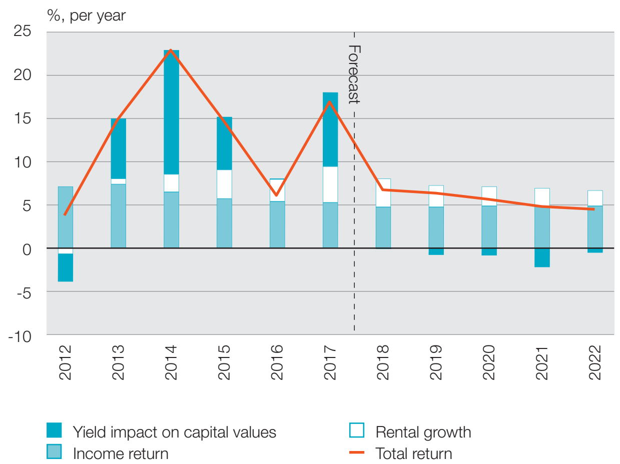
Annual take-up and GDP growth, 2007-2022
Sources: Gerald Eve, Oxford Economics



UK average prime headline rental growth and forecast, 2013-2022
Source: Gerald Eve

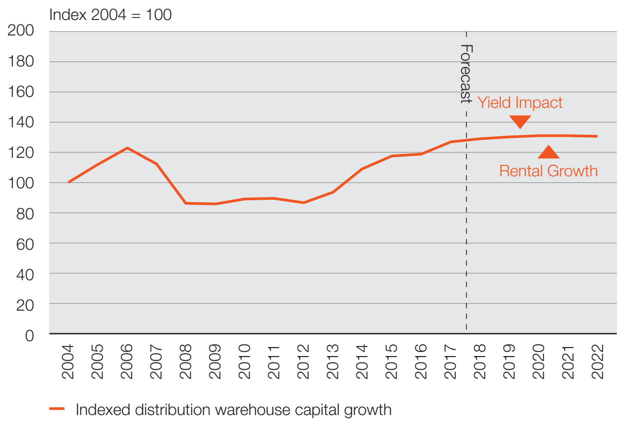


Distribution warehouse forecast total return and components, 2012-2022
Sources: Gerald Eve, MSCI

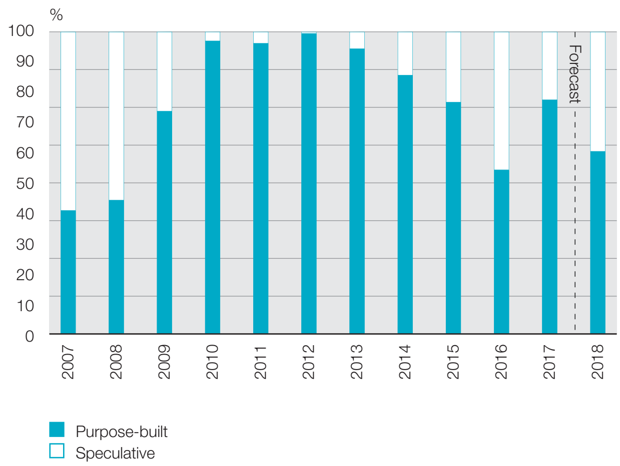


OUTLOOK

Indexed distribution warehouse capital growth, 2004-2022
Source: Gerald Eve



Annual development completions, by type, 2007-2018, (based on space under construction at end 2017)
Source: Gerald Eve



- Markets which have already seen step-changes in rents in the current cycle, such as London South, are unlikely to grow at the same high levels over the next five years, even though upward pressure on rents remains. Those markets which have not seen this significant growth can expect rents to move on in excess of the UK average.
- Those regions where there is little in the way of speculative development and below average levels of demand are likely to record below average levels of growth.
- We expect the total return profile to return to more 'normal' levels over the next five years. The outlook for capital values is likely to be driven more by the impact of positive rental growth rather than further positive yield impact. With yields as low as they are, whilst it is feasible the current level of investor activity could continue, it is unlikely that movements in yields are going to have the same impact on values as they did in 2017.
- The reliable income component of warehouse investment performance will hold it in good stead as we go through times of potentially significant political and economic uncertainty over the next few years. Whilst we expect the health of the occupier market to continue, there are competing pressures on the ability of investors to pay the yields currently being achieved.
- Warehouses are an attractive investment proposition, but over a five year forecast horizon, there are other, wider, issues at play, such as the prospects of rising bond yields and interest rates which could negatively affect the impact of yield movements on capital values.
- An unusual feature of the market during 2017 has been the relatively limited amount of speculative development activity. As a proportion of all development completions in 2017, 23% completed development speculatively. Given the supply and demand imbalance in the market, it is feasible to expect this proportion to be higher, however, the judicious approaches of developers has and will continue to help maintain the market balance, which is so attractive to investors.
- Based on the amount of space under construction at the end of 2017 and due to complete in 2018, we expect, proportionately, that speculative developments will increase in importance to overall developments. We are seeing developers move slightly up the risk curve in terms of the sizes and locations of developments, and speculative space is currently on target to account for an increased 39% of all completions in 2018.
- This will feed the market with new accommodation, however, we think it is important that purpose-built developments continue to drive overall development activity and developers remain targeted and measured. This will help regulate the market equilibrium and justify our positive outlook for prime rents.

Prime headline annual rental growth forecasts by Gerald Eve region

Region Name	Region Centres (included in averages)	Average annual rental growth 2018-2022 (per year)
Cambridgeshire	Peterborough	4.8%
London West	Heathrow, Park Royal & Slough	3.8%
Greater Manchester	Manchester	3.2%
London East	Basildon & West Thurrock	3.1%
Merseyside & Cheshire	Warrington & Liverpool	2.8%
Southern West Midlands	Birmingham. Coventry, Wolverhampton/Black Country	3.0%
London North	Enfield, Hemel Hempstead, Luton	2.7%
Southern East Midlands	Northampton	2.7%
South Wales	Cardiff & Newport	2.7%
Northern East Midlands	Leicester, Nottingham & Derby	2.7%
Northern West Midlands	Stoke/Stafford, Burton upon Trent, Telford	2.6%
London South	Crawley & Croydon	2.6%
Kent	Ashford & Maidstone	2.5%
West Yorkshire	Leeds, Bradford & Wakefield	2.5%
South Yorkshire	Sheffield/Doncaster	2.5%
Suffolk & Essex	Colchester & Ipswich	2.4%
Buckinghamshire & Bedfordshire	Milton Keynes	2.3%
Berkshire & Wiltshire	Reading & Swindon	2.2%
Surrey & Hampshire	Basingstoke	2.2%
Oxfordshire	Banbury & Wycombe	2.1%
South Coast	Southampton & Portsmouth	2.0%
Gloucestershire & Worcestershire	Gloucester	1.8%
Avon & Somerset	Bristol	1.7%
Humberside	Hull	1.7%
Scottish Central Belt	Glasgow & Edinburgh	1.6%
North East	Newcastle & Sunderland	1.5%

“Our baseline forecast for prime rents over the next five years is for a UK average 2.6% growth per year, with the strongest growth in rents, of 3.5%, expected in 2018. There are competing pressures at work over such a long forecast period, not least the cost pressures on occupiers to be able to afford further increases in rents.

THE GERALD EVE REGIONS

The following market reports provide you with in depth analysis of each of our 26 Gerald Eve regions. We take an individual look at each region and analyse recent market activity and the prospects for each market over the next 5 years.

AVON & SOMERSET

	Avon and Somerset	UK Average
Demand		
Take-up (2017)	2.01 m sq ft	1.63 m sq ft
Average size of building taken-up	223,856 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Bristol	£7.25	£7.13
Typical rent-free incentive (Q4 2017)*	6-9 months	7-11 months
Availability and stock		
Availability (Q4 2017)	8.0%	6.3%
Stock (Q4 2017)	23.6 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Bristol	4.75%	5.25%
Investment Volume (2017)	£237.2 million	£200.3 million

*10 year lease

With good motorway links and a strategic location at the western end of the English stretch of the M4, Bristol and Avonmouth offer good connections to a range of markets and are gateway locations to the South West, Wales and southern West Midlands. Large scale development purchases on the western side of Bristol by market-leading occupiers have cemented a strong year for the region, and we have seen the emergence of some small scale speculative schemes in core locations.

The largest occupier deal agreed in the region during 2017 was Amazon's purchase of 33.5 acres of land at Central Park in Avonmouth, reportedly for £427,000 per acre, where it is currently constructing a four floor warehouse totalling 1.35 million sq ft. Following the theme of occupiers purchasing land and developing facilities for themselves, DHL also purchased 15 acres at the same site from Delta Properties and is developing a 160,000 sq ft facility. The largest development completion of the year was also at this successful scheme following Stoford's completion of a 1.2 m sq ft RDC for The Range.

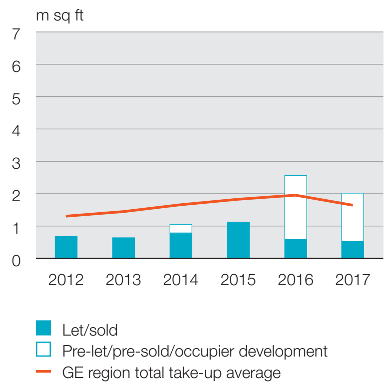
Key occupier deals

Location	Occupier	Event	Sq ft
Central Park, Avonmouth	Amazon	Development sale	1,350,000
Isleport Business Park, Somerset	Confidential occupier	Sale	165,458
Central Park, Bristol	DHL	Development sale	160,000
Unit 7-11, Knapps Lane Bristol	Absolute Leisure	Letting	65,462
Brue Avenue, Bridgwater	Confidential occupier	Letting	59,000

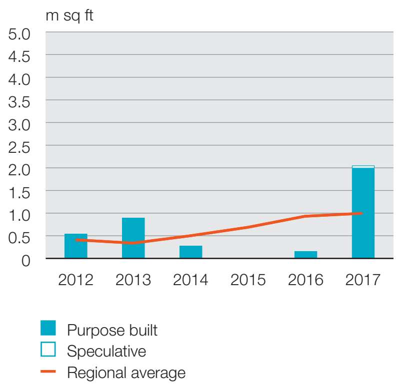
Key development completions

Location	Sq ft	Details
Central Park, Bristol	1,200,000	D&B for The Range by Stoford Development
Central Park, Bristol	528,712	D&B for Lidl by Delta Properties
Central Park, Bristol	130,000	D&B for Davies Turner by Delta Properties
Vertex Park, Bristol	68,792	D&B for DPD by Stoford
Horizon 38, Filton	63,000	Spec by St Francis Group / iSec

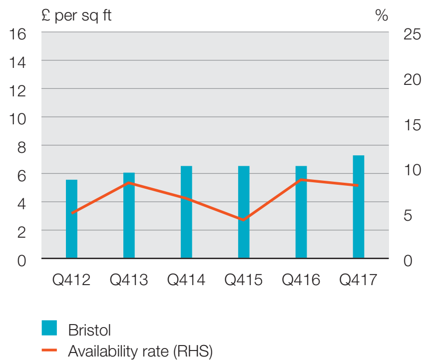
Take-up



Development completions

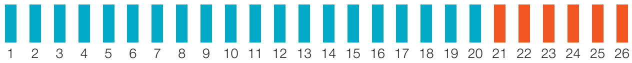


Prime rents and availability



Gerald Eve property market score*

Avon and Somerset rank 20/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
81%	55%
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.52	3.6%
UK average **£8.62**	UK average **4.6%**

Investment

The commitments by occupiers to take significant amounts of space in the region had a knock on effect on investment volumes during 2017 and we saw £237 million transact – a 103% increase on the volume transacted during 2016. Distribution warehouses accounted for a large proportion of this activity and South Korean investors in particular were active in purchasing large, well-let warehouses during the year.

Avonmouth was the geographical focus of investor attention although institutional investors also targeted Marston Park in Swindon in 2017. The largest deal of the years was NFU Mutual's sale of Tesco's warehouse in Avonmouth to South Korean investors for £71.4 million. Like the majority of regions, we recorded prime yield compression during 2017, with prime yields in Bristol ending the year 80 basis points down on 2016, at 4.75%.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Lanson Roberts Road, Avonmouth	Tesco	South Korean investors	71.40	
Accolade Park, Avonmouth	Accolade Wines	CSUK1 Holdings Ltd	62.00	6.42
Central Park, Avonmouth	DHL	BlackRock UK Property	28.10	
Central Park, Avonmouth	Amazon	Amazon	13.40	
Interface Business Park, Royal Wootton Basset	Master Removers Group	Keills Property Trust	4.00	5.75

Outlook

There is 1.7 million sq ft of space currently under construction in Avon & Somerset, all of which is purpose-built, including Amazon's multi-storey facility at Central Park in Avonmouth and two buildings for DHL. The decision by Amazon and DHL to locate in the region is likely to showcase its attractiveness as a distribution location and in turn we expect further inward capital investment.

We forecast that rents in the region will grow by 1.7% per year over the next five years, with the greatest annual growth expected during 2018. This is below the UK regional average and is demonstrative of the substantial growth in prime rents recorded over the last two years, and, the amount of land available for development. Unlike other regions, there is proportionately a lot of potential development land, particularly at the 600 acre Central Park scheme. This land will in the short term help drive rents on, however, in the longer term, it could potentially increase supply to levels which would offer occupiers increased choice and suppress rental growth.

Prime headline rental growth forecasts

Avon and Somerset *%, per year 2018-2022*	**1.7%**
UK average *%, per year 2018-2022*	**2.6%**

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BERKSHIRE & WILTSHIRE

	Berkshire and Wiltshire	UK Average
Demand		
Take-up (2017)	1.20 m sq ft	1.63 m sq ft
Average size of building taken-up	100,332 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Reading	£11.25	£7.13
Swindon	£6.25	£7.13
Typical rent-free incentive (Q4 2017)*	6-9 months	7-11 months
Availability and stock		
Availability (Q4 2017)	3.2%	6.3%
Stock (Q4 2017)	24.3 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Reading	4.50%	5.25%
Swindon	5.75%	5.25%
Investment Volume (2017)	£130.1 million	£200.3 million

*10 year lease

This region is well positioned as a gateway location for distribution to and from London as well as access points for the M25 and Heathrow. Berkshire & Wiltshire has excellent road links, with the M4 offering occupiers access to the South West as well as the South East. Key markets include Swindon, Reading and Bracknell and the completion of new speculative development schemes in the region has attracted a step-change in rents in prime markets.

The largest occupier deal agreed in the region during 2017 was Honda UK's 401,888 sq ft letting at Thornhill Road in Swindon, however, we have also seen an encouraging level of occupier interest in speculative schemes in 2017. The Island Road, Reading scheme, for instance, saw lettings to DHL and Argos during the year.

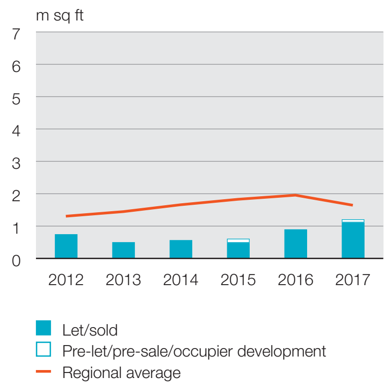
Key occupier deals

Location	Occupier	Event	Sq ft
Thornhill Road, Swindon	Honda (UK) Limited	Letting	401,888
Island Road, Reading	DHL	Pre-Let	100,370
Unit 11D, South Marston Park, Swindon	Bleckmann Logistics	Sale	100,000
Suttons Business Park, Reading	Volution Ventilation Group	Letting	80,000
Island Road, Reading	Argos	Letting	72,732

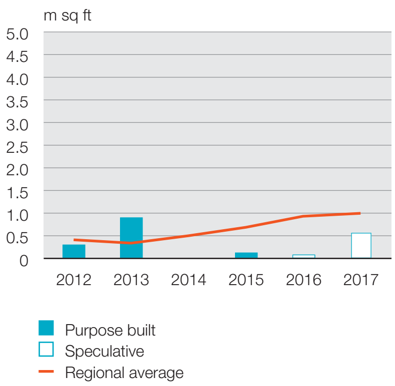
Key development completions

Location	Sq ft	Details
Symmetry Park, Swindon	217,000	Spec by db Symmetry
Island Road, Reading	130,000	Spec by Peel
SEGRO Park, Bracknell	90,000	Spec by SEGRO
Island Road, Reading	72,000	Spec by Peel let to Argos
Island Road, Reading	56,000	Spec by Peel let by UEC

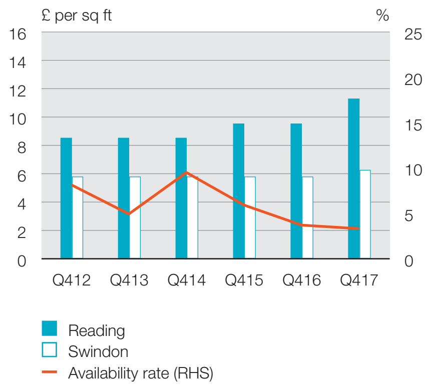
Take-up



Development completions



Prime rents and availability



Gerald Eve property market score*

Berkshire and Wiltshire rank 12/26 regions

*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
83%	**61%**
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.71	**3.0%**
UK average **£8.62**	UK average **4.6%**

Investment

The total volume of investment transactions during 2017 increased 131% on 2016, to £130 million, over half of which involved the purchase of distribution warehouses. The funding by Equites Property Fund of a DHL unit in Reading was the largest transaction during 2017, but there was interest across the region, with places like Swindon, Abingdon and Bracknell also attracting inward investment.

The region has proved attractive to investors for its excellent oad links, particularly for access into London, and locations such as Reading and Swindon have seen significant institutional interest. Like the majority of regions, we recorded prime yield compression in all centres in the region during 2017, with prime yields on average ending the year 80 basis points down on 2016.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
DHL funding, Reading	DHL	Equites Property Fund	29.00	4.30
Headley Park 10, Woodley	Undisclosed tenant	Orchard Street IM	16.64	5.29
Marston Park, Swindon	Amazon	Institutional investor	13.80	6.60
The Cube, Downmills Rd, Bracknell	Undisclosed tenant	Confidential	10.80	5.50
Bone Lane Ind Est, Unit L, Newbury	Euro Car Parts Ltd	Private investor	0.68	5.17

Outlook

The success which recent speculative schemes have had in terms of attracting household name occupiers is likely to continue to generate interest in the region, particularly given the development activity of db symmetry in Swindon. Following significant growth in prime rents in Reading during 2017, we expect the greatest capacity for growth is in Swindon, where rents could end 2018 at close to £7 per sq ft – which would represent over 10% annual growth.

We forecast that average rents in the region will grow by 2.2% per year over the next five years, with the greatest annual growth expected during 2018. This is just below the UK regional average and is demonstrative of the substantial growth in prime rents recorded over the last few years, particularly in Reading, and, the potential for locations in and around Swindon to accommodate substantial further growth.

Prime headline rental growth forecasts

Berkshire and Wiltshire *%, per year 2018-2022*	UK average *%, per year 2018-2022*
2.2%	**2.6%**

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BUCKINGHAMSHIRE & BEDFORDSHIRE

	Buckinghamshire and Bedfordshire	UK Average
Demand		
Take-up (2017)	1.79 m sq ft	1.63 m sq ft
Average size of building taken-up	178,598 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Milton Keynes	£7.15	£7.13
Typical rent-free incentive (Q4 2017)*	6-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	7.4%	6.3%
Stock (Q4 2017)	24.3 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Milton Keynes	4.70%	5.25%
Investment Volume (2017)	£146.6 million	£200.3 million

*10 year lease

Buckingham & Bedfordshire is a key regional distribution location for the south east and eastern regions of the UK. Key markets include Milton Keynes, a major market on the southern stretch of the M1, which includes areas specifically allocated for distribution and industrial uses, and, Bedford which has attracted significant levels of investment during 2017. It is a region which is highly dependent on the retail sector and home to the largest speculative scheme to have been developed in the current cycle.

The largest occupier deal of 2017 was the decision by H&M to pre-let 750,000 sq ft at Magna Park in Milton Keynes, which in turn kept the average size of building taken-up elevated at almost 180,000 sq ft. There were several deals agreed over 100,000 sq ft in size in Bedford and Milton Keynes during the year, including household name occupiers such as XPO Logistics and UK Mail.

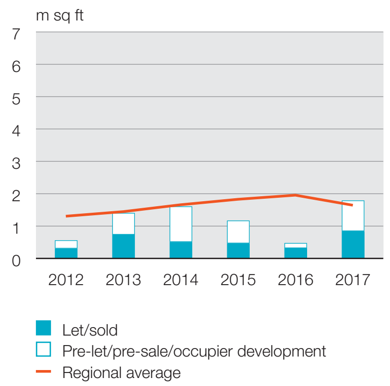
Key occupier deals

Location	Occupier	Event	Sq ft
Magna Park, Milton Keynes	H&M	Pre-Let	749,996
DC4, ProLogis Park Marston Gate, Bedford	XPO Logistics	Letting	275,000
Garamonde Drive, Milton Keynes	Apex Linvar Ltd	Letting	158,970
Great North Road, Sandy	Flamingo Flowers Ltd	Letting	147,765
Crossley Drive, Milton Keynes	UK Mail	Pre-Let	100,000

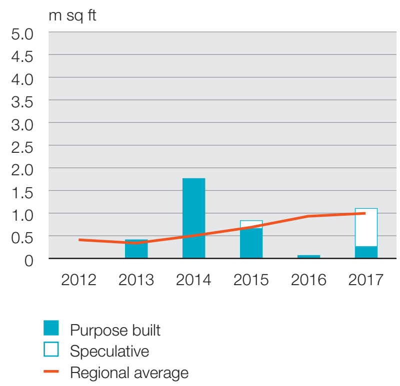
Key development completions

Location	Sq ft	Details
Phase II, Magna Park, Milton Keynes	574,258	Spec by Gazeley
Prologis Bedford, Marston Gate	275,000	Spec by Prologis (let to XPO Logistics)
Prologis Bedford, Marston Gate	151,000	D&B for Dwell by Prologis
Magna Park, Milton Keynes	102,000	D&B for UK Mail by Gazeley

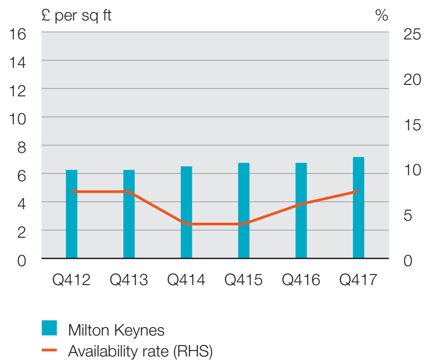
Take-up



Development completions



Prime rents and availability



Gerald Eve property market score*

Buckinghamshire and Bedfordshire rank 9/26 regions

*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time

86%

UK average **77%**

Average population within 2.5 hour HGV drive time

71%

UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)

£8.45

UK average **£8.62**

Unemployment rate (% working age)

3.8%

UK average **4.6%**

Investment

The total volume of investment transactions agreed during 2017 increased 90% on 2016, to £147 million, around a third of which is classified as distribution warehouses. Milton Keynes and Bedford were the geographical targets of investor interest during 2017, with investors such as Blackrock and LondonMetric proving acquisitive.

We recorded prime yield compression of 15 bps in Milton Keynes during 2017, with prime yields ending the year at 4.7%. Whilst the region has very strong fundamentals and we have seen key developers make large sale development commitments to the region, investors are sensitive to the fact that occupiers often cite the cost and availability of labour as a concern when assessing the region.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Apex Business Park, Bedford	Travis Perkins	BlackRock UK Property	16.00	3.80
Garamonde Drive, Milton Keynes	Whittan	Confidential	15.05	4.66
Tongwell Street, Milton Keynes	Westcoast Ltd	Shell Pensions Trust	12.78	4.71
Bedford Link, Bedford	Undisclosed tenant	LondonMetric Property	10.00	
Featherstone Road, Milton Keynes	CTDI Ltd	Private investor	3.20	7.59

Outlook

There were only two developments under construction at the end of 2017. These include H&M's purpose-built warehouse in Milton Keynes and a speculative scheme by Gazeley at G Park Biggleswade. The speculative activity of major developers such as Prologis and Gazeley has gone someway to help alleviate the supply crunch and will offer occupiers greater choice, but is unlikely to provide the investment community with any additional stock on which to trade.

We forecast that rents in the region will grow by 2.3% per year over the next five years, with the greatest annual growth (almost 5%) expected during 2018 as occupiers commit to the recently-developed space. Looking further forward, the region had a slightly above average availability rate at the end of 2017 and so the potential addition of further speculative schemes could suppress the longer term rental growth profile.

Prime headline rental growth forecasts

Buckinghamshire and Bedfordshire
%, per year 2018-2022

2.3%

UK average
%, per year 2018-2022

2.6%

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CAMBRIDGESHIRE

	Cambridgeshire	UK Average
Demand		
Take-up (2017)	1.89 m sq ft	1.63 m sq ft
Average size of building taken-up	235,713 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Peterborough	£4.75	£7.13
Typical rent-free incentive (Q4 2017)*	9-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	7.7%	6.3%
Stock (Q4 2017)	13.8 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Cambridge	5.75%	5.25%
Peterborough	5.50%	5.25%
Huntingdon	5.25%	5.25%
Investment Volume (2017)	£168.9 million	£200.3 million

*10 year lease

Cambridgeshire scores relatively well as a distribution location; the A1 offers good road access and the region is well positioned for access to ports, particularly those on the east coast. Although most of the large sheds in the region are located in Peterborough, locations further south on the A1 such as Huntingdon and St Neots appeal to occupiers requiring access to the Midlands or Felixstowe via the A14.

The region enjoyed one of its strongest years on record for occupier take-up with 1.9 million sq ft transacted during the year. This total was helped by the 745,000 sq ft development sale by Lidl at Gateway Peterborough and we saw more land purchases by occupiers such as Smart Garden Products and Thorlabs, who were keen to develop warehouses in the region.

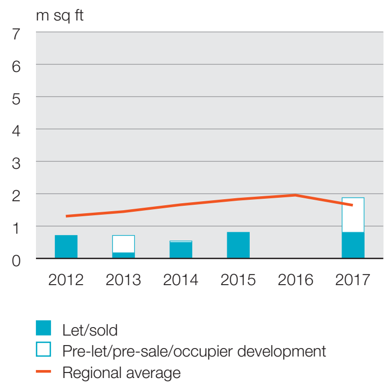
Key occupier deals

Location	Occupier	Event	Sq ft
Gateway Peterborough, Peterborough	Lidl	Development sale	745,000
The CDC Building, South Cambridgeshire	Confidential Occupier	Letting	274,951
Peterborough Gateway, Peterborough	Smart Garden Products	Development sale	241,123
Kingston 189, Peterborough	Dart Container Corp	Letting	189,697
Cygnet Park, Peterborough	European Tyre Enterprise	Sale	180,248

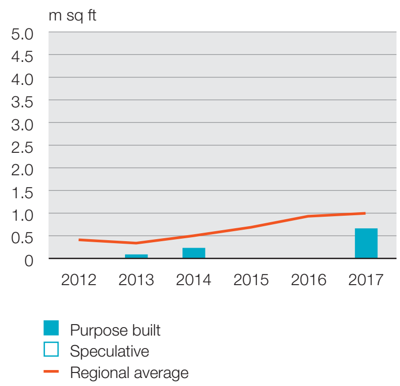
Key development completions

Location	Sq ft	Details
Peterborough Gateway	241,123	D&B for Smart Garden Products by Roxhill
Alconbury Enterprise Campus	220,000	D&B for MMUK by Urban&Civic
Peterborough Gateway	150,000	D&B for Kingsley Beverage by Roxhill
Needingworth Road, Huntingdon	50,730	D&B for Walker Transport

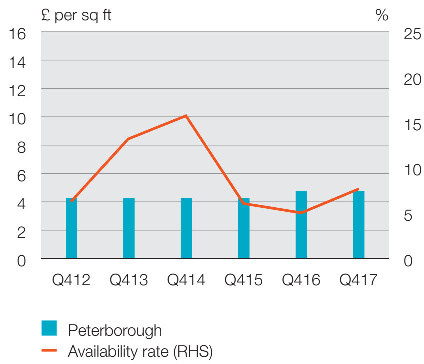
Take-up



Development completions

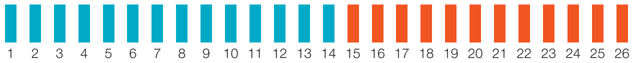


Prime rents and availability



Gerald Eve property market score*

Cambridgeshire rank 14/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time

84%

UK average **77%**

Average population within 2.5 hour HGV drive time

66%

UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)

£8.49

UK average **£8.62**

Unemployment rate (% working age)

3.8%

UK average **4.6%**

Investment

The total volume of investment transactions agreed during 2017 increased 90% on 2016, to £147 million, and around a third of which is classified as distribution warehouses. We saw a mixture of investors complete on deals during 2017 – ranging from Cambridge City Council's purchasing some small warehouses through to the Gulf Cooperation Council purchasing Debenham's unit on Kingston Park for in excess of £86 million.

We recorded an average prime yield compression of 7 bps in the region during 2017, with prime yields in Huntingdon ending the year at 5.25%. Large scale commitments to the region by household name occupiers has raised the profile of the location, but it remains a relatively small warehouse location in terms of stock.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Kingston Park, Peterborough	Debenhams	Gulf Co-operation Council	86.40	5.80
Buckingway Business Park, Cambridge	Undisclosed tenant	M&G Real Estate	23.00	5.45
Alpha Park, St Neots	Cath Kidson, Applehill	CCLA Investment Management	16.30	5.03
515 Coldhams Lane, Cambridge	Digital Printers Ltd	Standard Life	7.05	6.31
Spalding Road, Peterborough	Undisclosed tenant	Confidential	1.05	

Outlook

There was only one development under construction at the end of 2017: Kingsley Beverage's 150,000 sq ft purpose-built warehouse at Gateway Park. The majority of development activity has actually been purpose-built, and we have not to date seen much in the way of speculative development in the current phase of the cycle.

Looking forward, we forecast that the region will be the best performing in terms of the outlook for rental growth, with an average of 4.8% per year expected over the next five years. There is land in and around Peterborough which could accommodate further development and which could attract an enhanced rental profile from its current low base, particularly towards the latter end of our five year forecast horizon as more space comes through.

Prime headline rental growth forecasts

Cambridgeshire
%, per year
2018-2022

4.8%

UK average
%, per year
2018-2022

2.6%

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GLOUCESTERSHIRE & WORCESTERSHIRE

	Gloucestershire and Worcestershire	UK Average
Demand		
Take-up (2017)	0.79 m sq ft	1.63 m sq ft
Average size of building taken-up	113,275 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Gloucester	£5.40	£7.13
Typical rent-free incentive (Q4 2017)*	5-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	2.5%	6.3%
Stock (Q4 2017)	14.9 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Gloucester	5.75%	5.25%
Investment Volume (2017)	£88.5 million	£200.3 million

*10 year lease

The Gloucestershire & Worcestershire region is one of the smaller regions considered in this report in terms of warehouse stock, although it is strategically located between the major centres of Bristol and the Southern West Midlands on the M5. The key locations in the region are clustered around key junctions along the M5 and developments in locations such as Worcester have attracted significant levels of occupier interest.

The region recorded the strongest performance in five years in terms of occupier take-up with 793,000 sq ft transacted during 2017. In particular it was the interest in established Worcestershire sites that pushed the region forward to grow by 46% on the volume of space taken-up during 2016. Logistics companies were important to occupier demand and accounted for 47% of all 2017 take-up, driven by the largest deal of the year when Arrow XL (for Yodel) let 181,648 sq ft at Berry Hill Industrial Estate.

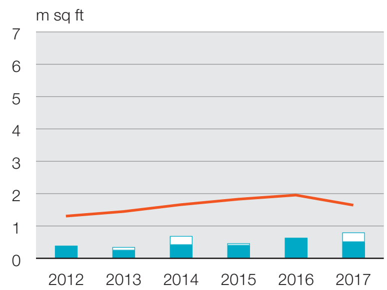
Key occupier deals

Location	Occupier	Event	Sq ft
Berry Hill Industrial Estate, Droitwich	Arrow XL (Yodel)	Letting	181,648
Worcester Six, Worcester	Kimal	Pre-let	139,995
130 Pipers Rd, Herefordshire	Confidential Occupier	Letting	132,696
Berry Hill Industrial Estate, Droitwich	DHL International	Letting	112,415
Worcester Six, Worcester	Spire Healthcare	Pre-Let	70,500

Key development completions

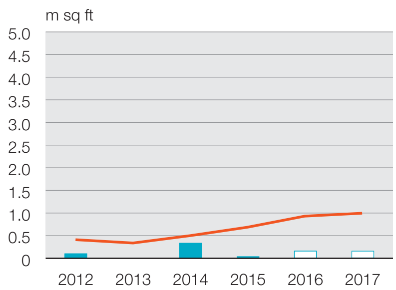
Location	Sq ft	Details
Liberty 163, Worcester Six	163,000	Spec by Stoford/Worcetershire LEP

Take-up



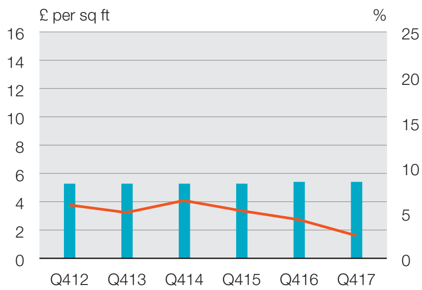
Let/sold
Pre-let/pre-sale/occupier development
Regional average

Development completions



Purpose built
Speculative
Regional average

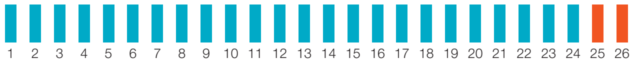
Prime rents and availability



Gloucester
Availability rate (RHS)

Gerald Eve property market score*

Gloucestershire and Worcestershire rank 24/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
87%	**72%**
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.72	**3.9%**
UK average **£8.62**	UK average **4.6%**

Investment

Since this is not one of the most established warehouse markets, the volume of investment transactions has a history of being erratic. During 2017, £88.5 million was traded within 18 individual deals; only four of which are classified as distribution warehouses.

The most important deal in the region was the acquisition of a Worcester Six property by Liberty Properties Plc for £13 million at a 5% yield. The transaction marked the lowest yield achieved in the region and is indicative of the level of investor interest in prime schemes, which has forced average prime yields to sharpen by 25 bps during 2017.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Worcester Six, Worcester	Kimal	Liberty Properties Plc	13.00	5.00
Corinium Centre, Cirencester	Undisclosed tenant	Paloma Real Estate Fund 1	8.40	5.58
Berry Hill Ind Estate, Droitwich	DHL	Harworth Group Plc	5.20	8.15
Ashchurch Ind Estate, Tewkesbury	Restore	F&C Property Growth	3.59	6.15
Blaisdon Way, Cheltenham	Nationwide Crash Repair	F&C Property Growth	2.00	7.06

Outlook

Worcester Six is emerging as a prestigious industrial estate, with planning consent granted for 1.5 million sq ft of B1, B2 and B8 uses. As part of the scheme a speculative development of 163,000 sq ft has been completed by Stoford Developments and a 140,000 sq ft pre-let unit for Kimal Plc's headquarters is expected to commence construction in early 2018.

Going forward we expect key schemes to maintain upward pressure on prime rents after a prolonged period of stagnation, especially given the fact that the region had a particularly low availability rate of 2.5% at the end of 2017. We forecast 1.8% annual average rental growth for the next five years, with the potential for greatest growth in the next couple of years as increased levels of development at key schemes come through in the region.

Prime headline rental growth forecasts

Gloustershire and Worcestershire *%, per year 2018-2022*	UK average *%, per year 2018-2022*
1.8%	**2.6%**

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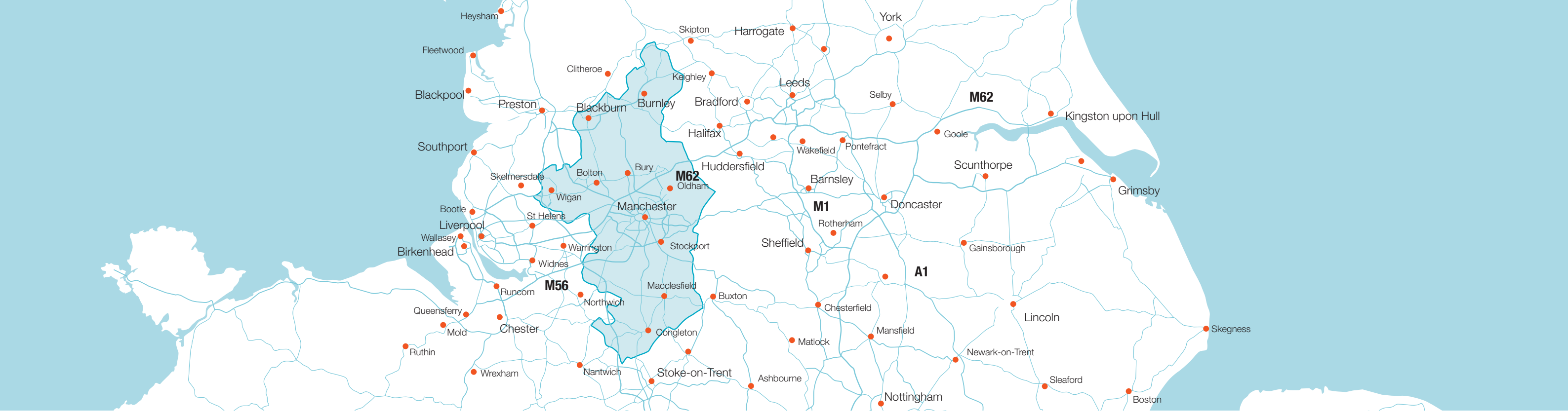


GREATER MANCHESTER

	Greater Manchester	UK Average
Demand		
Take-up (2017)	3.02 m sq ft	1.63 m sq ft
Average size of building taken-up	100,728 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Manchester	£6.25	£7.13
Typical rent-free incentive (Q4 2017)*	6-9 months	7-11 months
Availability and stock		
Availability (Q4 2017)	11.8%	6.3%
Stock (Q4 2017)	48.1 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Manchester	4.70%	5.25%
Investment Volume (2017)	£279.4 million	£200.3 million

*10 year lease

The Greater Manchester area has a vast network of motorways fanning out from the M60 ring road and is one of the larger and more active of all UK regions. Key locations are primarily to the west and north of the city, although there are several very established logistics parks throughout the region. Several leading retailers have been attracted to new developments completed in 2017 and we saw a flurry of occupier activity towards the end of the year.

Occupier take-up during 2017 fell 22% to 3 million sq ft, following two years of exceptional occupier demand. However, the total volume recorded is almost double the regional average, indicative of its attractiveness as a logistics location. 30 transactions concluded during 2017, with the largest taking place at 'Logistics North', in Bolton where Whistl signed a 10 year lease on 'Logistics 225', a speculative development of 225,000 sq ft, which completed in late 2016. Compared to 2015 and 2016, the take-up of new space was less important to take-up with letting activity on secondhand space driving demand.

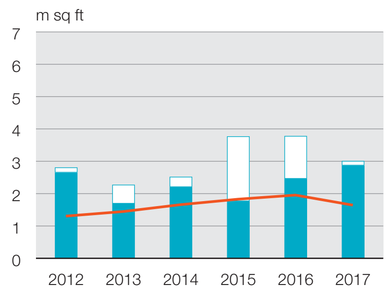
Key occupier deals

Location	Occupier	Event	Sq ft
Logistics North, Bolton	Whistl	Letting	224,938
Finlan Road, Manchester	Howard Tenens	Letting	175,000
Galaxy 173, Oldham	Confidential Occupier	Sale	173,699
Point 62 Stakehill Industrial Park, Middleton	Toolstation	Letting	146,063
Barton Dock Road, Trafford Park	Green Group	Letting	133,000

Key development completions

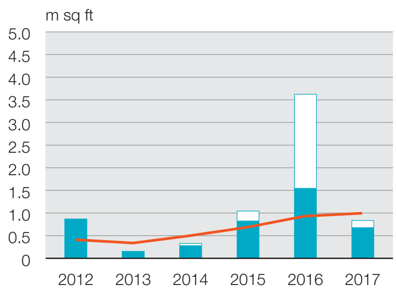
Location	Sq ft	Details
Kingsway Business Park, Rochdale	349,837	D&B for JD Sports
Heasandford Industrial Estate, Burnley	163,000	D&B for Boohoo
Burnley Bridge Business Park	92,000	D&B for Fagan & Whalley by Eshton Group
Logistics North, Bolton	65,198	Spec by Harworth
Port Salford	60,687	D&B for Rhenus Logistics

Take-up



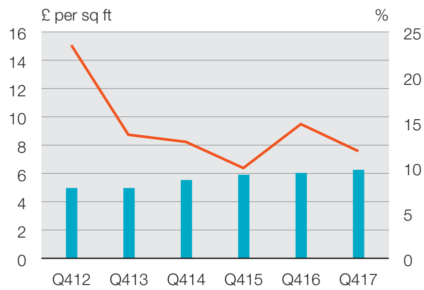
Let/sold
Pre-let/pre-sale/occupier development
Regional average

Development completions



Purpose built
Speculative
Regional average

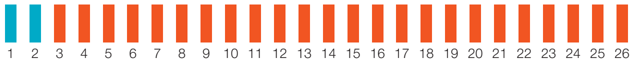
Prime rents and availability



Manchester
Availability rate (RHS)

Gerald Eve property market score*

Greater Manchester rank 2/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
77%	43%
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.54	5.6%
UK average **£8.62**	UK average **4.6%**

Investment

The robust performance of the occupier market has had a knock-on effect on the investment market which recorded £279 million of investment transactions in 2017. This is the highest annual investment transactions volume for the region for more than a decade. 13 of the 28 transactions agreed during the year were distribution warehouses.

The largest deal of the year was Aviva Investors's purchase of the Amazon facility at Logistics North, Bolton, which reflected a 4.33% yield, the lowest yield achieved in the region during 2017. This followed the broader theme of institutional investors looking to secure prime buildings let to household name retailers on long leases, a market where the region performs well. Such investment activity has had a ripple effect on prime yields which have compressed by 40 bps to 4.70% at the end of 2017.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Logistics North, Bolton	Amazon	Aviva Staff Pension Trust	44.22	4.33
Mansell Way, Bolton	Tesco	Institution	24.40	5.35
Kingsway Business Park, Rochdale	JD Sports Fashion	Canada Life Assurance	24.03	4.98
Stakehill Ind Estate, Middleton	Toolstation	Confidential	13.85	
Stakehill Ind Estate, Middleton	Footasylum	Rochdale Borough Council	10.33	6.20

Outlook

Following the record-breaking 2016, we recorded a substantial annual decrease in the volume of development completions during 2017 as overall volumes fell back to more 'normal' levels. We have seen heightened levels of activity at Logistics North, where 2 out of the 3 speculative developments completed in 2017. Currently there is around 600,000 sq ft of industrial space under construction, of which 90% is speculative.

Prime rents in the region grew by 4% during the year and the availability rate, despite being one of the highest of all regions, dropped to 11.8% at the end of 2017. We forecast average annual rental growth of 3.2% over the next five years. We expect that the healthy fundamentals of development supply and occupier demand will continue to keep upward pressure on rents.

Prime headline rental growth forecasts

Greater Manchester *%, per year 2018-2022*	UK average *%, per year 2018-2022*
3.2%	2.6%

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HUMBERSIDE

	Humberside	UK Average
Demand		
Take-up (2017)	1.06 m sq ft	1.63 m sq ft
Average size of building taken-up	117,274 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Hull	£4.55	£7.13
Typical rent-free incentive (Q4 2017)*	6-9 months	7-11 months
Availability and stock		
Availability (Q4 2017)	3.2%	6.3%
Stock (Q4 2017)	22.2 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Hull	6.15%	5.25%
Investment Volume (2017)	£67.3 million	£200.3 million

*10 year lease

Although the eastern stretch of the M62 runs through the region, it is relatively limited in terms of access and distribution and tends to therefore attract more regional occupiers. Key industrial sites in the region tend to be close to major ports such as Immingham and Hull and the region has attracted inward investment from key retailers during 2017. Speculative development in the region has been limited, with purpose-build schemes along the M62 driving activity.

The total volume of occupier demand fell for the second consecutive year to around 1 million sq ft in 2017. The majority of occupier demand involved the take-up of secondhand space by manufacturers with only two purpose-built commitments recorded during the year. The development sale of the 190,000 sq ft unit in Saltend Chemical Park, Hull to Accsys was the biggest occupier deal of the year. The region is well suited to facilitate local and regional manufacturing businesses given its large number of ports and relatively low rents. Almost half of all take-up during 2017 was to manufacturers.

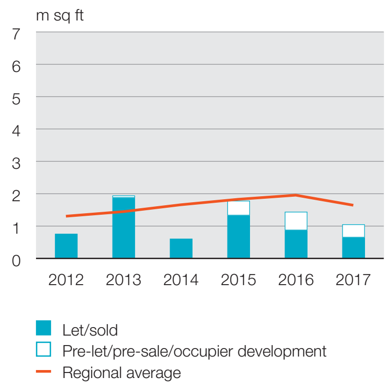
Key occupier deals

Location	Occupier	Event	Sq ft
Saltend Chemical Park, Hull	Accsys	Development sale	190,000
Cupola Way, Scunthorpe	Kestrel Building Products	Sale	151,656
Atkinsons Way, Scunthorpe	Bradbury Security	Sale	119,458
Humber Enterprise Park, Brough	Confidential Occupier	Letting	106,314
30 Freightliner Rd, Hull	Actavo	Letting	98,638

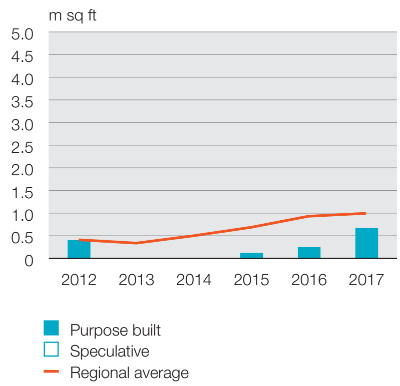
Key development completions

Location	Sq ft	Details
Priory Park East Industrial Estate, Hull	283,760	D&B for Arco by Henry Boot
Rawcliffe Road, Goole	244,254	D&B for Elite Furniture by Harrisons
Station Road, Thirsk	135,999	D&B for Property Solutions

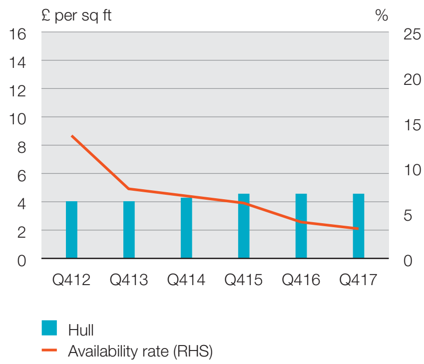
Take-up



Development completions

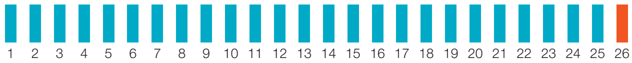


Prime rents and availability



Gerald Eve property market score*

Humberside rank 25/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time

74%

UK average **77%**

Average population within 2.5 hour HGV drive time

43%

UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)

£8.08

UK average **£8.62**

Unemployment rate (% working age)

5.3%

UK average **4.6%**

Investment

As is commonplace in regions which are not regarded as established distribution locations, the volumes of annual investment traded in a given year can be erratic. The total volume of investment transactions during 2017 was £67 million, a significant jump on the total of £3 million transacted in 2016.

The largest deal was the purchase by Warba Bank (Kuwait) of Kia Motors UK unit in Kiln Lane Industrial Estate, Immingham for £24.6 million reflecting a 5.5% yield. The regional average prime yield has followed the national trend and sharpened to 6.15% at the end of 2017.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Kiln Lane Ind Estate, Immingham	Kia Motors UK	WarbaBank (Kuwait)	24.58	5.50
Rawcliffe Road, Goole	XPO Supply Chain	Private investor	8.12	7.25
Foxhills Ind Estate, Scunthorpe	Bibby Distribution	Oxenwood Real Estate	7.23	9.14
Boothferry Road, Goole	Jablite	Vinter Estates Ltd	4.60	6.87
Britannia Way, Goole	Restore	Olo Real Estate Ltd	2.92	7.90

Outlook

Three purpose-built buildings completed in 2017, totalling 665,000 sq ft and currently there are two design-and -build units being developed. In spite of availability being one of the lowest across all our regions, Humberside has not seen any speculative development activity for the last 5 years.

For the last two years, rents have not moved significantly but we expect to see upward pressure in the coming years as infrastructure and development activity at key ports attracts higher rents. We expect the region will continue to attract key regional manufacturers, especially given the potential for further development at ports such as Immingham, and we have recorded interest from Heathrow Airport for offsite construction centres in the region. We forecast a below average annual rate of 1.7% for the five year period, with the majority of this growth taking place from 2019 onwards.

Prime headline rental growth forecasts

Humberside

%, per year
2018-2022

1.7%

UK average

%, per year
2018-2022

2.6%

Key Contact

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KENT

	Kent	UK Average
Demand		
Take-up (2017)	0.24 m sq ft	1.63 m sq ft
Average size of building taken-up	60,043 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Maidstone	£7.25	£7.13
Ashford	£5.95	£7.13
Typical rent-free incentive (Q4 2017)*	9-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	0.8%	6.3%
Stock (Q4 2017)	11.6 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Maidstone	5.65%	5.25%
Ashford	5.75%	5.25%
Investment Volume (2017)	£71.1 million	£200.3 million

*10 year lease

Kent is one of the smallest markets in the UK, with the majority of warehouse space clustered along the M20 spine road in Ashford and Maidstone. Whilst the area benefits from good access to ports and relatively low levels of road congestion, its geography limits the number of people and businesses that can be reached by road. Its relatively sparse population also limits the size of the labour pool, with industrial activity tending to be more focused on smaller multi-let units rather than logistics facilities.

We recorded modest levels of take-up during 2017, with only four deals totalling 240,000 sq ft reaching conclusion. This represents a significant drop on 2016's heightened volume of take-up. Over the last few years, we have seen heightened levels of activity in the region from manufacturers and retailers specialising in home development and related products. The region's proximity to London, where there is a pressure to offer more housing has translated into increased demand from this particular occupier sector.

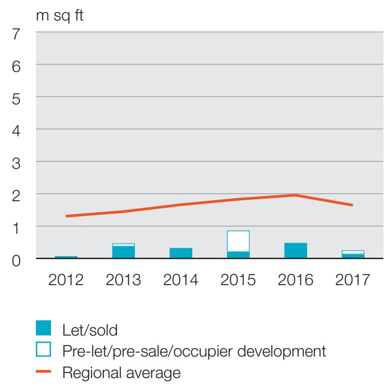
Key occupier deals

Location	Occupier	Event	Sq ft
The Boulevard, Ashford	Brooke Homes	Letting	64,966
London Medway Commercial Park, Kent	Sicame	Pre-let	64,417
Invicta Riverside, Aylesford	DFS	Pre-let	59,346
Bounty House, Roman Way, Rochester	Cellecta	Sale	51,443

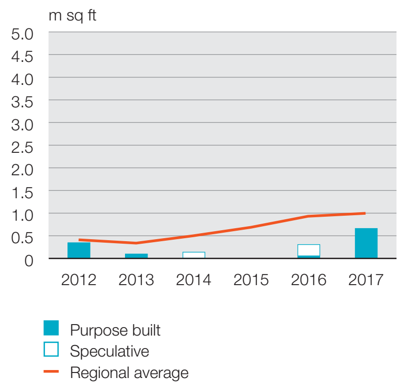
Key development completions

Location	Sq ft	Details
Neats Court, Queensborough	666,299	D&B for Aldi

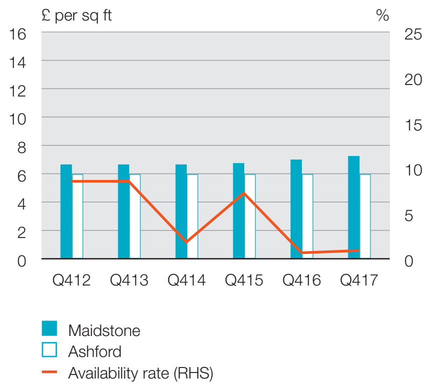
Take-up



Development completions

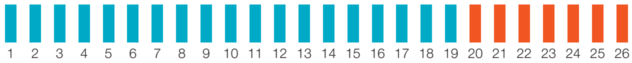


Prime rents and availability



Gerald Eve property market score*

Kent rank 19/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
65%	**41%**
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.75	**5.7%**
UK average **£8.62**	UK average **4.6%**

Investment

The volume of industrial investment transacted during 2017 increased to £71 million in 2017. This was made up of 9 transactions, of which 3 are classified as distribution warehouse. The highest value transaction was Oxenwood Real Estate's purchase of XPO Supply Chain's unit in New Hythe Business Park, Aylesford for £27.50 million.

Average prime yields only came in by 0.18% during 2017. This is despite key towns, most notably Ashford, receiving elevated levels of inward investment by key investors such as Columbia Threadneedle and Valor Real Estate Partners.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
New Hythe Business Park, Aylesford	XPO Supply Chain UK	Oxenwood Real Estate	27.50	
Geodis, Ashford	Geodis	Valor Real Estate Partner	13.00	
Orbital Park, Ashford, Kent	Undisclosed tenant	Columbia Threadneedle	6.55	6.37
1-5 Millen Road, Sittingbourne	B&M Steel	Columbia Threadneedle	5.95	6.17
Link 20, Aylesford	Undisclosed tenant	CBRE Global Investors	2.90	5.40

Outlook

Development activity in Kent has typically been one of the lowest among our 26 regions. The low level of occupier activity seen over the last few years has been mirrored in the low levels of development activity recorded during 2017. In terms of completions, Aldi's 666,299 sq ft warehouse at Neats Court Queensborough was the largest development of the year. There is currently only one purpose-built development under construction – Sicame's 64,417 sq ft unit in London Medway Commercial Park.

At the end of 2017, the region recorded a very low overall availability rate of 0.8%, and a very restricted supply of modern stock. This shortage could lead to developers bringing forward development schemes and we expect that prime rents will experience upward pressure as a result, with a forecasted 2.5% annual growth.

Prime headline rental growth forecasts

Kent *%, per year 2018-2022*	UK average *%, per year 2018-2022*
2.5%	**2.6%**

Key Contact

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LONDON EAST

	London East	Regional Average
Demand		
Take-up (2017)	2.04 m sq ft	1.63 m sq ft
Average size of building taken-up	127,742 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
West Thurrock	£9.00	£7.13
Basildon	£7.50	£7.13
Typical rent-free incentive (Q4 2017)*	6-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	6.2%	6.3%
Stock (Q4 2017)	29.3 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Basildon	5.00%	5.25%
Investment Volume (2017)	£250.0 million	£200.3 million

*10 year lease

The London East region is one of the smallest geographical regions considered in this report but, taking in the eastern arc of London inside the M25 as well as major Essex towns such as Basildon and Southend, it is also one of the most densely populated. The region is home to a number of very active ports, including London Gateway and Tilbury, but roads in the region, including the M25 and the Dartford Crossing, are also some of the most heavily congested in the country. More centrally towards London, the region continues to suffer from the loss of industrial employment land to higher value uses.

At 2 million sq ft, take-up fell during 2017 compared to 2016, although total take-up remained well above the average of all 26 regions. There were 16 deals in total of which 5 of them were on new purpose-built units. The biggest occupier deal of the year was at London Gateway at Stanford-le-Hope, where a 316,000 sq ft design-and-build unit was committed to by Dixon Carphone. The deal is suggestive of the strong interest in the region from retail and wholesale occupiers, which were key drivers of occupier demand in 2017.

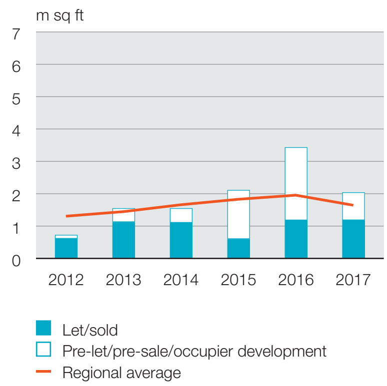
Key occupier deals

Location	Occupier	Event	Sq ft
London Gateway, Stanford-le-Hope	Dixons Carphone	Pre-Let	316,000
Bramston Link, Basildon	Great Bear Distribution	Sale	207,347
London Gateway, Stanford-le-Hope	Lidl	Letting	187,000
Goresbrook Park Industrial Estate, Dagenham	Eddie Stobart	Pre-let	180,000
10 acre site, Northfleet	Berkeley Homes	Development sale	165,000

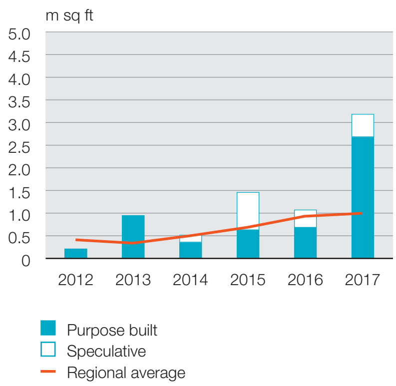
Key development completions

Location	Sq ft	Details
London Distribution Park, Tilbury	2,200,000	D&B for Amazon by Roxhill
London Gateway, Stanford Le Hope	345,000	D&B for UPS by DP World
London Gateway, Stanford Le Hope	187,000	Spec by DP World let to Lidl
Capacity, Dartford	132,000	D&B for TNT by Exton/CWC
SEGRO Park, Rainham	100,635	Spec by SEGRO

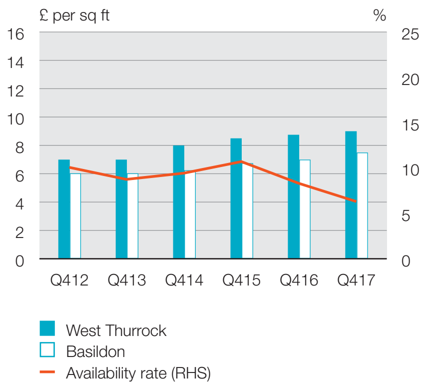
Take-up



Development completions



Prime rents and availability



Gerald Eve property market score*

London East rank 4/26 regions

*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
76%	53%
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.55	5.4%
UK average **£8.62**	UK average **4.6%**

Investment

The volume of investment transactions reduced slightly to £249 million in 2017 but still exceeded the national average. There were a total of twenty-one deals, with interest on distribution warehouse units particularly important in driving investment volumes. The largest deal in terms of value was on the 124 acre development site at Littlebrook Power Station, Dartford, which was purchased for £65 million by Tritax Big Box REIT for future development on a pre-let basis.

The lowest recorded yield in the region during the year was CBRE UK Property PAIF's purchase of Logistics City, West Thurrock for £33.1 million, reflecting a yield of 4.63%. The region managed to attract the attention of a broad range of investors, ranging from institutions such as M&G Real Estate through to AEW UK and Compagnie du Parc. Overall prime yields have come in by 40 bps during 2017 given this range of investor interest.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Littlebrook Power Station site, Dartford	Undisclosed tenant	Tritax Big Box REIT	65.00	
Logistics City, West Thurrock	Undisclosed tenant	CBRE UK Property PAIF	33.10	4.63
London Medway Commercial, Rochester	Wincanton	Torbay Council	29.63	5.50
Klinger Industrial Park, Sidcup	Undisclosed tenant	M&G Real Estate	21.04	
Axion Building, Belvedere	Undisclosed tenant	St James's Place PF	11.30	

Outlook

The volume of development completing during 2017 was driven by purpose-built schemes, mainly because of the 2.2 million sq ft Amazon facility completing at Tilbury, which took total completions to an elevated volume of 3.2 million sq ft. Speculative development activity was important during 2017, as 6 out of the 9 buildings delivered were done so speculatively.

Currently there are 5 buildings under construction of which 4 are speculative. Rainham Park, London Gateway and Belvedere Wharf are some of the more important schemes in the region and have helped rents increase by 5% on average during 2017. The development land owned by the GLA at London Riverside and being developed by SEGRO, and Tritax and Bericote's Littlebrook site is likely to offer occupiers increased choice for design-and-build schemes. We forecast that rents will continue to rise by 3.1% annually over the next five years and expect the region to be one of the best performers over the five-year period.

Prime headline rental growth forecasts

London East *%, per year 2018-2022*	UK average *%, per year 2018-2022*
3.1%	2.6%

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LONDON NORTH

	London North	UK Average
Demand		
Take-up (2017)	0.85 m sq ft	1.63 m sq ft
Average size of building taken-up	94,434 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Enfield	£10.50	£7.13
Hemel Hempstead	£9.50	£7.13
Luton/Dunstable	£7.25	£7.13
Typical rent-free incentive (Q4 2017)*	6-9 months	7-11 months
Availability and stock		
Availability (Q4 2017)	3.4%	6.3%
Stock (Q4 2017)	34.2 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Enfield & Haringey	4.25%	5.25%
Hemel Hempstead	4.50%	5.25%
Luton	4.85%	5.25%
Investment Volume (2017)	£448.9 million	£200.3 million

*10 year lease

London North is an exceptionally good distribution location, especially for a market located within an urban area and is one of the larger regions considered in this report in terms of stock, population and output. The region takes in a broad area across the north of London, including the southern parts of the M1, M11 and A1 as well as other key roads such as the A10 and the North Circular. It is home to key industrial locations such as Hemel Hempstead and Enfield.

After two years of strong take-up, the region returned to its usual annual levels of demand with around 850,000 sq ft taken-up during 2017. Retailers & wholesalers and to a lesser degree, logistics providers, were the most acquisitive occupier sectors of warehouse space in 2017. Most of the units taken-up in 2017 were secondhand with the largest deal of the year being the letting on a 152,000 sq ft unit at Edinburgh Way, Harlow for Industrial Tool Supplies.

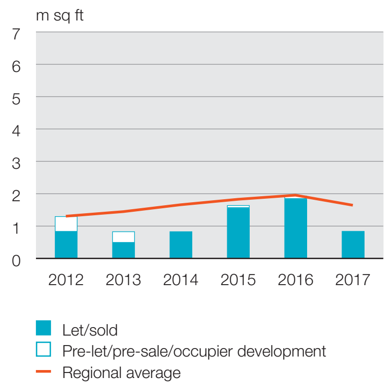
Key occupier deals

Location	Occupier	Event	Sq ft
Edinburgh Way, Harlow	Industrial Tool Supplies	Letting	152,000
Prologis Hemel Hempstead	Cormar Carpets	Letting	122,730
19 Crown Road, Enfield	DHL	Assignment	100,832
Navigation Park, Enfield	UK Mail	Letting	68,080
Watchmead, Welwyn Garden City	Ocado	Letting	61,192

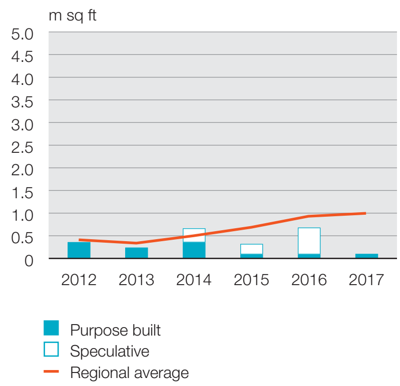
Key development completions

Location	Sq ft	Details
Enfield Distribution Park	96,000	D&B for DFS by Graftongate

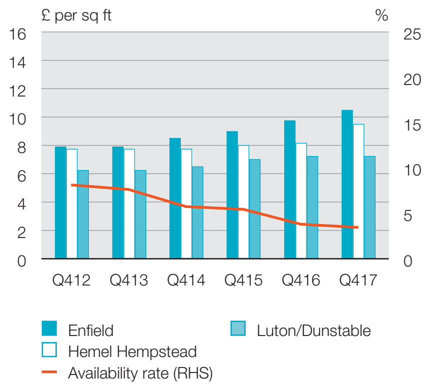
Take-up



Development completions

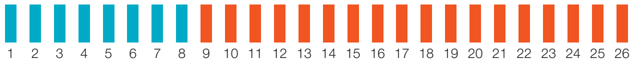


Prime rents and availability



Gerald Eve property market score*

London North rank 8/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time

81%

UK average **77%**

Average population within 2.5 hour HGV drive time

59%

UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)

£8.91

UK average **£8.62**

Unemployment rate (% working age)

4.3%

UK average **4.6%**

Investment

The region was the second strongest out of all 26 GE regions in terms of investment activity in 2017as £449 million of industrial space was transacted in 31 deals, half of which were classified as distribution warehouses. The largest deal in 2017 was the purchase by Enfield Council of Urban Logistics.London, a 12.9 ha site for future development for £70 million.

Tritax Big Box REIT was also acquisitive in the region during 2017, purchasing Wincanton's unit at Harlow Logistics Hub for £44.4 million. At the end of 2017 prime yields in Enfield were the sharpest of the region at 4.25%, although across all locations average prime yields came in by 50 bps during 2017.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Harlow Logistics Hub, Harlow	Wincanton	Tritax Big Box REIT	44.40	
DC380, Edinburgh Way, Harlow	Industrial Tool Supplies, Wincanton	Ares Management LLC	34.60	7.70
Centennial Park, Elstree		CCLA	28.00	6.00
City Park, Welwyn Garden City	Ocado, Swisspost, Parcelforce	Legal & General Property	27.00	5.42
GSK South, Harlow	Glaxo Smithkline	Palmer Capital	7.75	4.85

Outlook

The region saw only one design-and-built unit complete in 2017, DFS's 96,000 sq ft warehouse at Enfield Distribution Park. This is a historically low level of activity for the region and significantly lower compared to previous years, which in many ways is reflective of the land constraints in the region. For the year ahead we expect development activity to increase as work has started on 6 speculative units, the majority of which are at Prologis Park Hemel Hempstead and Enfield Distribution Park.

Prime rents in the region grew by an average 8% during 2018 as occupiers proved themselves willing to pay the rents necessary to secure space with good access to London. We forecast further growth over the next five years, at an annual average rate of 2.7%, with greatest growth expected in 2018. The region has one of the lowest availability rates of all regions in the country which is expected to feed through into continued upward pressure on rents.

Prime headline rental growth forecasts

London North
%, per year
2018-2022

2.7%

UK average
%, per year
2018-2022

2.6%

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LONDON SOUTH

	London South	UK Average
Demand		
Take-up (2017)	0.34 m sq ft	1.63 m sq ft
Average size of building taken-up	67,354 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Crawley	£13.50	£7.13
Croydon	£14.00	£7.13
Typical rent-free incentive (Q4 2017)*	6 months	7-11 months
Availability and stock		
Availability (Q4 2017)	6.0%	6.3%
Stock (Q4 2017)	4.1 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Croydon	4.25%	5.25%
Investment Volume (2017)	£234.8 million	£200.3 million

*10 year lease

In terms of warehouse stock and geography, London South is one of the smallest regions considered in this report. However, it is also home to over 2 million people, giving it one of the highest population densities in the country. The region has an enormous catchment of consumers and businesses and has good connections to several motorways and Gatwick airport. Development in the region has been hampered by the severe lack of available land and redevelopment opportunities and the few schemes that have been delivered have attracted significantly enhanced rents.

The annual volume of take-up in the region has been far below the regional average for over 5 years. Availability of built stock and land suitable for industrial development is very low. This has culminated in comparatively low levels of occupier take-up and we only recorded a handful of occupational deals during 2017. All of the deals involved smaller buildings, reflective of the availability profile in the region with the largest deal agreed at Gatwick Cargo Centre, where Gatwick Airport Ltd (DHL) took 72,000 sq ft at Gatwick Cargo Centre during the year.

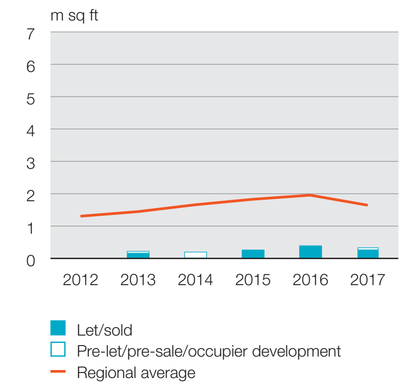
Key occupier deals

Location	Occupier	Event	Sq ft
Gatwick Cargo Centre	Gatwick Airport Ltd (DHL)	Letting	72,438
Marlowe Way, Croydon	Confidential Occupier	Letting	68,166
Unit 2, Tom Cribb Road	BidVest	Letting	59,165
100 Clements Road, Bermondsey	Crisis at Christmas	Letting	55,000

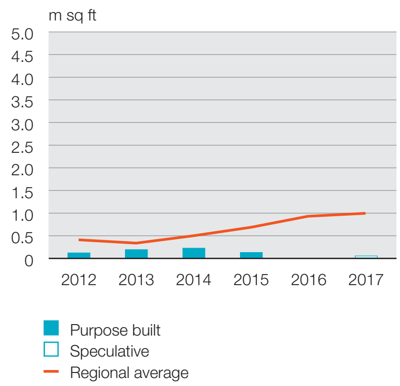
Key development completions

Location	Sq ft	Details
Gatwick 55, Crawley	56,316	Spec by Goya let to Barker & Stonehouse

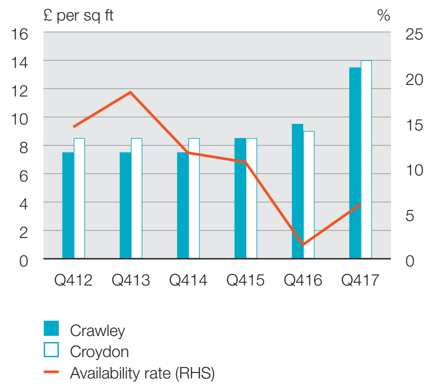
Take-up



Development completions

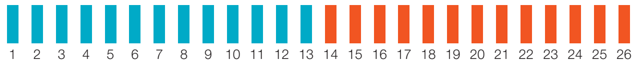


Prime rents and availability



Gerald Eve property market score*

London South rank 13/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
73%	54%
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.54	4.6%
UK average **£8.62**	UK average **4.6%**

Investment

Despite low levels of occupier demand, investors recognise the attractiveness of the location and the prospects for growth in rents given the current supply pipeline. Both occupiers and investors recognise the market as a key location in terms of proximity to London and Gatwick Airport. Investment transactions in the region totalled £235 million, driven by such deals as the purchase of Focal Point, Crawley for £17.2 million by Valor Real Estate Partners.

The volume of industrial transactions agreed in the region is one of the highest amongst the Gerald Eve regions. Like most markets, prime stock remains limited compared to demand and subsequently average prime yields for the region have hardened by 70 bps, one of the sharpest regional falls recorded in 2017.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Focal Point, Crawley	DPD, Fray & Sons	Valor Real Estate	17.20	3.15
Belvedere, Bexleyheath		Rockspring PIM	7.00	
Newton Road, Crawley	TNT	LondonMetric Property	6.40	6.20
Mitcham Industrial Estate, Mitcham	Go Karting For Fun	Private investor	4.25	5.19

Outlook

The region had only one speculative unit of 56,316 sq ft in Crawley reaching practical completion during 2017, which was taken by Barker & Stonehouse. Currently there is no industrial space under construction in the region as the long standing issue of industrial land loss to other higher-value land uses persists.

Even though we saw the release back to the market of small volumes of secondhand stock, the region's underlying fundamentals; limited supply and high occupier demand for prime stock, has caused significant step-changes in rents. We anticipate further rental growth over the five year forecast horizon, particularly if land becomes available for further speculative development, however occupier cost pressures are likely to be a factor limiting rental growth levels.

Prime headline rental growth forecasts

London South	UK average
%, per year 2018-2022	*%, per year 2018-2022*
2.6%	2.6%

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LONDON WEST

	London West	UK Average
Demand		
Take-up (2017)	**0.43** m sq ft	**1.63** m sq ft
Average size of building taken-up	**71,130** sq ft	**132,465** sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Park Royal	**£15.00**	**£7.13**
Heathrow	**£14.00**	**£7.13**
Slough	**£12.50**	**£7.13**
Typical rent-free incentive (Q4 2017)*	**6-9** months	**7-11** months
Availability and stock		
Availability (Q4 2017)	**10.8%**	**6.3%**
Stock (Q4 2017)	**15.0** m sq ft	**30.0** m sq ft
Investment		
Prime Yields (Q4 2017)		
Park Royal	**4.00%**	**5.25%**
Heathrow	**4.00%**	**5.25%**
Slough	**4.50%**	**5.25%**
Investment Volume (2017)	**£631.4** million	**£200.3** million

*10 year lease

London West is a critical business location within Greater London. The region is home to several large industrial areas, mostly servicing the London consumer and business markets, which is reflected in the above average proportion of employment operating in wholesale trades. The region also includes London Heathrow Airport, a major focus of economic and employment activity and transport employment in the region is over three times the national average. Three key areas – London Heathrow Airport, Park Royal and Slough – dominate distribution in the London West region and its strategic location means that it will maintain its position as one of the most highly sought after, and expensive, locations in the country.

Since 2014, which was an exceptional year for occupier take-up for the region, the volume of new industrial space occupied annually has been diminishing. The restricted availability of land has constrained development activity and during 2017 the total volume of take-up fell slightly to 426,778 sq ft. The key lettings in the region were by Virtus Data Centres, which let two speculative units at Prologis Park West London totalling 198,110 sq ft.

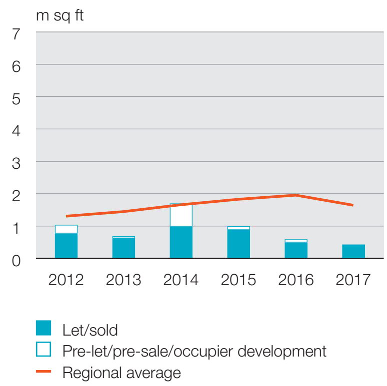
Key occupier deals

Location	Occupier	Event	Sq ft
Prologis Park West London	Virtus Data Centres	Letting	116,637
Prologis Park West London	Virtus Data Centres	Letting	81,473
1 Plane Tree Crescent, Feltham	Ricoh UK	Letting	55,803
606 North Feltham Trading Estate	World Courier	Letting	52,851

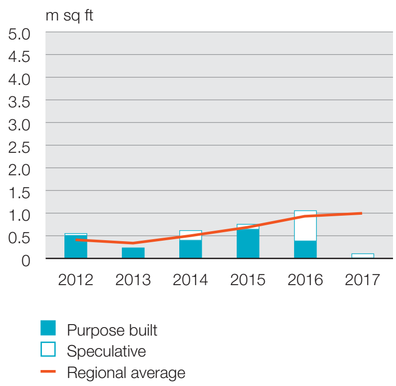
Key development completions

Location	Sq ft	Details
Hayes 180, Hayes	107,669	Spec by Royal London

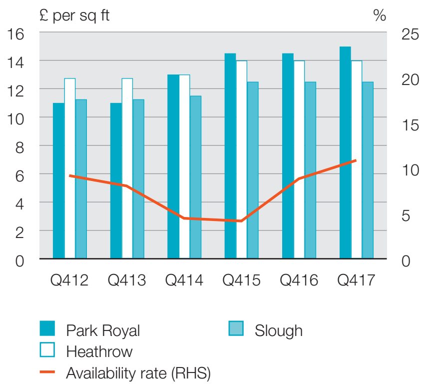
Take-up



Development completions

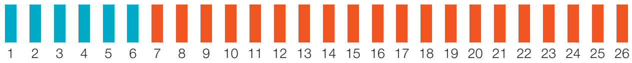


Prime rents and availability



Gerald Eve property market score*

London West rank 6/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
81%	**59%**
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£9.45	**5.9%**
UK average **£8.62**	UK average **4.6%**

Investment

The total volume of investment transactions recorded exceptionally strong levels of annual growth in 2017, largely as a result of Segro's £365 million purchase of the APP portfolio, which included the majority of the Heathrow Airport's airside cargo facilities. Outside of this keynote transaction, the region also continued to attract a number of institutional investors including as Legal & General and Aviva.

Such strong levels of investor interest, seeking prime buildings in the best location, coupled with a shortage of investable stock, forced further prime yield compression in the region, with prime yields falling 34 bps to 4%, the sharpest yield across all 26 GE's regions.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
APP JV, Heathrow		SEGRO Plc	365.0	3.60
Priestley Way, London	JVCKENWOOD	Legal & General UK PF	51.85	6.13
Grand Union Business Park, Uxbridge		Aviva Investors	32.60	
Dawley Park, Hayes	Lufthansa Technik	Valor Real Estate	27.30	
Poyle Industrial Park, Heathrow	Adelie Foods & Universal Packing	Rockspring PIM	11.00	

Outlook

Only one unit of 107,669 sq ft completed speculatively in 2017, a development by Royal London at Hayes 180, Hayes. Currently there are two facilities under construction, a purpose-built unit of 91,500 at Heathrow Cargo Centre for IAG Group and a 50,865 sq ft speculative development by Segro at Slough Trading Estate.

The addition of a handful of secondhand buildings to availability towards the end of 2017, combined with the supply of new units at locations such as Heathrow Logistics Park has pushed the availability rate above the UK average. However, strong occupier demand and the restricted availability of land means we are likely to see further growth in rents during 2018. The region is expected to be one of the best performers over the next 5 years with forecasted 3.8% average annual growth in rents.

Prime headline rental growth forecasts

London West	UK average
%, per year 2018-2022	*%, per year 2018-2022*
3.8%	**2.6%**

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MERSEYSIDE & CHESHIRE

	Merseyside and Cheshire	UK Average
Demand		
Take-up (2017)	2.96 m sq ft	1.63 m sq ft
Average size of building taken-up	118,580 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Warrington	£6.25	£7.13
Liverpool	£5.75	£7.13
Typical rent-free incentive (Q4 2017)*	6-9 months	7-11 months
Availability and stock		
Availability (Q4 2017)	8.6%	6.3%
Stock (Q4 2017)	48.2 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Warrington	4.75%	5.25%
Liverpool	5.50%	5.25%
Investment Volume (2017)	£201.4 million	£200.3 million

*10 year lease

The Merseyside & Cheshire region extends from as far south as Crewe to Preston on the western end of the M65. Key locations include Liverpool, Warrington Skelmersdale, Ellesmere Port, Runcorn, Widnes and Haydock, on the A580, which is a key route between Manchester and Liverpool. The North West has benefited from increased interest as a distribution location as occupiers and developers look for alternative locations for larger schemes where there is proportionately more available land and labour. Strong levels of occupier activity in the region have in turn attracted the attentions of developers who have increased their exposure to speculative development throughout 2017.

The region has consistently outperformed regional average levels of take-up over the last five years. During 2017 the volume transacted increased to almost 3 million sq ft. Manufacturers remain the driving occupier sector for the region, accounting for 56% of overall demand in 2017. Key deals include the secondhand letting of the 370,000 sq ft M58 Skelmersdale unit to Accrol Paper, a paper manufacturer, and, Prowell, a cardboard manufacturer, pre-letting 328,000 sq ft at Ellesmere Port.

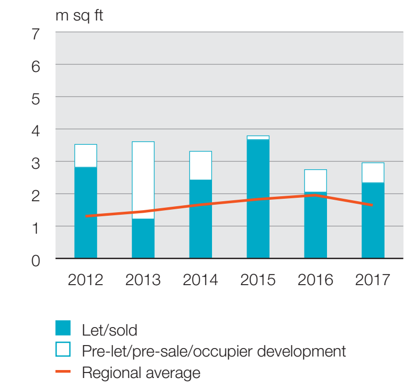
Key occupier deals

Location	Occupier	Event	Sq ft
M58 Skelmersdale	Accrol Paper	Letting	370,000
Ellesmere Port, Pioneer Business Park	Prowell	Development sale	328,000
Parkway, Deeside	Mondi	Sale	174,129
Building 3.2, Lancashire Business Park	Confidential Occupier	Letting	168,254
Preston Brook, Runcorn	Teva UK	Sale	133,311

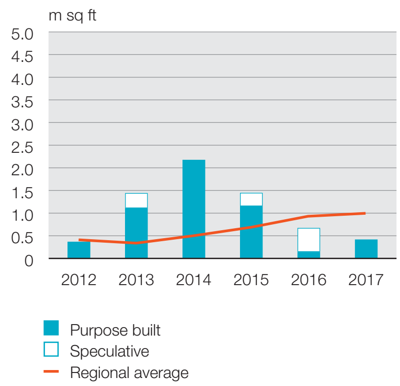
Key development completions

Location	Sq ft	Details
Senate Business Park, Bootle	170,001	D&B for Domino Printers by Redsun Developments
Haleswood, Speke	129,168	D&B for Gefco servicing JLR contract
Omega South, Warrington	117,005	D&B for Dominos Pizza Group

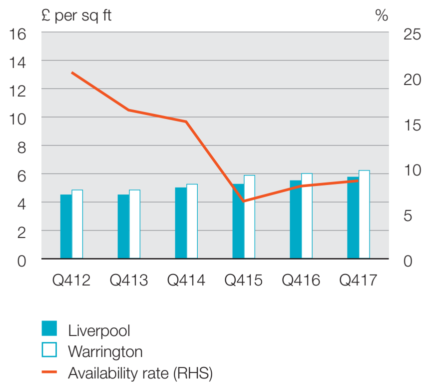
Take-up



Development completions

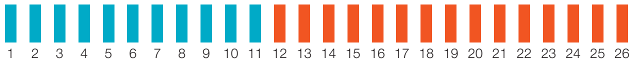


Prime rents and availability



Gerald Eve property market score*

Merseyside and Cheshire rank 11/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
80%	**43%**
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.79	**4.4%**
UK average **£8.62**	UK average **4.6%**

Investment

Industrial investment transactions fell to £201 million in 2017, just above the regional average, but the market remains one of the most important in terms of industrial investment activity. During 2017, 39 investment deals completed out of which 14 were classified as distribution warehouses.

A key deal concluded in the region in 2017 was a Korean consortium's purchase from Crewe Assets of Radway Green Drive in Crewe for £56 million, reflecting a 5% yield, one of the sharpest yields recorded in the region in 2017. Prime yields have come in by an average 45 bps, driven by strong investor interest in Warrington which ended the year at 4.75%.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Radway Green Drive, Crewe	BaE	Korean consortium	56.00	5.00
DC1 Prologis Middlewich	Optima Logistics	Cabot Properties	13.35	6.35
Huyton Business Park, Knowsley	Antolin Interiors	LondonMetric Property	11.76	5.90
Gateway 14, Crewe	Buffaload	Atlantic Leaf Properties	11.38	7.00
Estuary Boulevard, Liverpool	Gefco	LondonMetric Property	10.60	

Outlook

During the year the region saw three purpose-built units reach practical completion totalling over 400,000 sq ft. 5 buildings are currently under construction and expected to reach completion in 2018, two of which are being speculatively-built at Academy Business Park, Liverpool and totalling 220,000 sq ft.

The return of secondhand space to the market during the year raised the availability rate to 8.6% at the end of 2017. Even though availability rose slightly during the year, it is still at low levels compared to the history of the region. New or modern availability also remained low at 3.8%, which will likely keep upward pressure on rents. This year we have seen rents grow by 4% and going forward, we project a 2.8% annual average rental growth to 2022 in line with regional averages.

Prime headline rental growth forecasts

Merseyside and Cheshire
%, per year 2018-2022
2.8%

UK average
%, per year 2018-2022
2.6%

Key Contact

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NORTH EAST

	North East	UK Average
Demand		
Take-up (2017)	0.95 m sq ft	1.63 m sq ft
Average size of building taken-up	118,855 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Newcastle	£4.65	£7.13
Sunderland	£4.40	£7.13
Typical rent-free incentive (Q4 2017)*	6-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	3.8%	6.3%
Stock (Q4 2017)	40.2 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Newcastle	5.50%	5.25%
Sunderland	6.00%	5.25%
Washington	6.00%	5.25%
Investment Volume (2017)	£44.3 million	£200.3 million

*10 year lease

North East England has three deep-sea ports, all of which are highly strategic hubs for businesses serving Northern England and Scotland. The Port of Tyne has three rail terminals and five commercial business areas. The Port of Sunderland is located beside an extensive impounded dock system and boasts 24/7 access to deep water river berths. The Port of Blyth is focused on renewable energy facilities, which in conjunction with automotive manufacturing have historically been important drivers of demand for logistics space in the North East. The A1 national highway connects the region to London and Edinburgh, whilst Manchester can be accessed via the M62, Birmingham via the M6 and the A19 links with Yorkshire.

We have recorded annual falls in occupier demand over the last two years and only around 1 million sq ft was transacted during 2017. This volume was on the back of 8 deals, the majority of which involved secondhand buildings. However the largest deal of the year was the pre-let by Smulders, a steel manufacturer, who committed to a facility of 461,128 sq ft at Hadrian Yard, Wallsend. In a break with tradition for the region, we have also recorded significant requirements from key internet retailers for space in the region in the early part of 2018.

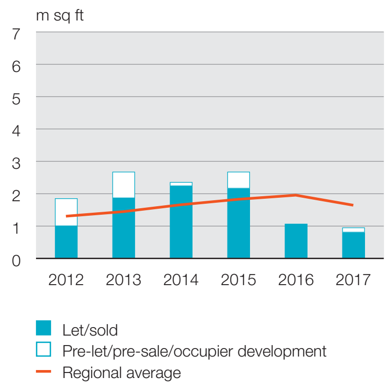
Key occupier deals

Location	Occupier	Event	Sq ft
Hadrian Yard, Wallsend	Smulders	Lease	461,128
Port of Tyne, South Shields	Confidential Occupier	Letting	91,892
Faverdale Industrial Estate, Darlington	Aldi	Dev sale	80,000
Bailey Industrial Estate, Newcastle	LV Valenbeck	Sale	76,960
North Nelson Industrial Estate, Cramlington	PII Pipeline Solutions	Pre-let	74,110

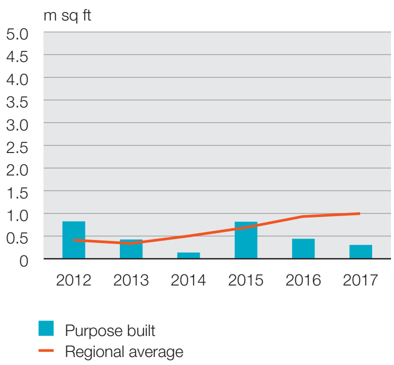
Key development completions

Location	Sq ft	Details
Washington Road, Sunderland	298,507	D&B for Nissan

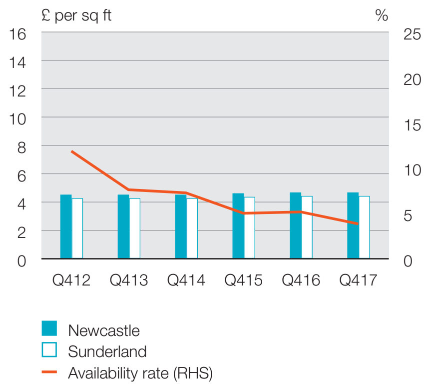
Take-up



Development completions



Prime rents and availability



Gerald Eve property market score*

North East rank 22/26 regions

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26

*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
49%	28%
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.22	7.1%
UK average **£8.62**	UK average **4.6%**

Investment

The total volume of investment in 2017 recorded a small increase to £44.3 million within 14 transactions. This is one of the smallest volumes recorded out of all regions and significantly below the regional average. The largest deal to complete in the year was the purchase of Royal Mail's facility in Team Valley Estate in Gateshead by Teeside Pension Fund for £16.15 million at a 5.22% yield, which was also one of the lowest yields achieved in the region in 2017.

Average prime yields moved in by 47 bps in 2017 with Newcastle alone achieving 80 bps prime yield compression during the year. A lack of suitable prime stock on which investors could trade continued to create an environment of downward pressure on yields in 2017.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Team Valley Estate, Gateshead	Royal Mail	Teeside Pension Fund	16.15	5.22
Rainhill Road, Sunderland	SNOP UK	Standard Life PIT	5.50	6.40
Balliol Business Park, Newcastle-Upon-Tyne	Royal Mail	Buccleuch Property	2.46	8.16
Sanderson Street, Newcastle-Upon-Tyne	PTS	Hanro	1.24	6.45
New York Estate, Newcastle-Upon-Tyne	Wolseley UK	Kildrummy Property	1.19	7.11

Outlook

Nissan completed a 298,507 sq ft unit in Sunderland in the first half of 2017, but aside from this, there has been limited design-and-build development activity in the region during 2017. We did however see the first speculative development start in several years in 2017, when db symmetry started a 150,000 sq ft development at Symmetry Park in Blyth, on the northern fringe of the region.

As can perhaps be expected with smaller markets, availability rates can often be erratic and the availability rate decreased throughout 2017 to 3.8% at the end of Q4, with availability for modern space falling to zero. Despite this chronic shortage, rents have been flat since 2016 as there has been little evidence of prime occupational transactions. We forecast a 1.5% annual rental growth for the five year forecast horizon given the expected uptick in occupier demand and the growing number of requirements for space in the market.

Prime headline rental growth forecasts

North East *%, per year* *2018-2022*	UK average *%, per year* *2018-2022*
1.5%	2.6%

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NORTHERN EAST MIDLANDS

	Northern East Midlands	UK Average
Demand		
Take-up (2017)	3.62 m sq ft	1.63 m sq ft
Average size of building taken-up	164,565 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Derby	£5.90	£7.13
Leicester	£6.00	£7.13
Nottingham	£5.60	£7.13
Typical rent-free incentive (Q4 2017)*	5-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	4.2%	6.3%
Stock (Q4 2017)	58.5 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Derby	5.25%	5.25%
Leicester	5.00%	5.25%
Nottingham	5.25%	5.25%
Investment Volume (2017)	£152.5 million	£200.3 million

*10 year lease

The Northern East Midlands region includes the major urban centres of Leicester, Nottingham and Derby as well as large towns such as Loughborough. The region offers occupiers excellent road connections, with the M1 acting as the spine road of the region. The majority of demand has centred on locations with good direct access to the M1 or locations connecting the M1 to key areas such as the A5 and A42. The southern part of the region has long been established as the centre of the Golden Triangle.

After two very strong years of high demand, this, which is one of the most established industrial markets in the country, has seen an annual drop of 20% in total take-up during 2017. However, overall demand totalled 3.6 million sq ft which was still well above both the the national average and the five year average for the region. By number, most of the deals were agreed on secondhand units, although the largest deal of the year was Neovia Logistics's development purchase of a 1.2 million sq ft unit in Desford.

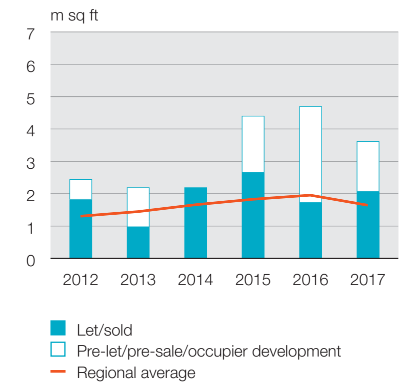
Key occupier deals

Location	Occupier	Event	Sq ft
Peckleton Lane, Desford	Neovia Logistics	Dev sale	1,240,938
East Midlands Gateway, Derby	XPO Supply Chain	Pre-let	600,000
Mountpark, Bardon	Eddie Stobart	Letting	317,587
205 Optimus Point, Leicester	Matel Toys	Letting	205,760
4 Boston Rd, Leicester	Marks Electrical	Sale	190,253

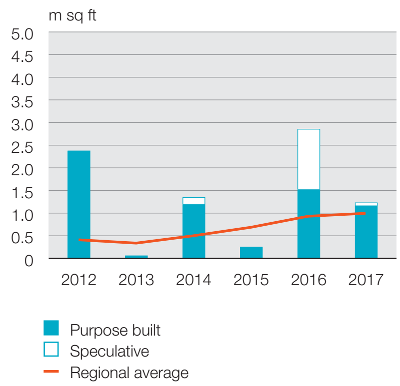
Key development completions

Location	Sq ft	Details
East Midlands Airport, Derby	322,414	D&B for DHL Aviation by Barton Willmore
Optimus Point, Leicester	275,623	D&B for Boden by Wilson Bowden
Leicester Distribution Park	165,000	D&B for Samworth Brothers
East Mids Distribution Centre, Nottingham	115,000	D&B for Moran Logistics by Clowes
East Mids Distribution Centre, Nottingham	87,141	Spec by Wilson Bowden

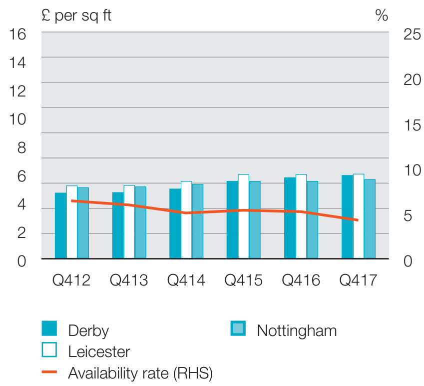
Take-up



Development completions

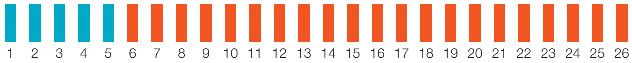


Prime rents and availability



Gerald Eve property market score*

Northern East Midlands rank 5/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
88%	75%
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.27	4.3%
UK average **£8.62**	UK average **4.6%**

Investment

A total of £152 million investment transaction deals were completed during the year, a 17% drop from the record-breaking 2016. However, despite this annual drop, the region attracted major industrial investors such as Tritax Big Box REIT, institutional investors such as Legal & General and Aberdeen Asset Management and even local councils, who all purchased well-let buildings in 2017.

A strong occupier market and continued levels of investor interest resulted in average prime yields sharpening by 20 bps during the year, standing at an average 5.17% for all locations at the end of 2017. The lowest yield achieved during the year was Legal & General's purchase of Rolls Royce's distribution warehouse in Castle Donington for £9.65 million reflecting a 3.7% yield.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Riversdale Road, Atherstone	Royal Mail	Tritax Big Box REIT	32.68	6.10
M1 Access, Lutterworth		Aberdeen Asset Management	12.00	6.00
Dove Valley Park, Derby	TopHat Industries	Nottingham City Council	10.00	5.75
East Midlands Airport, Castle Donington	Rolls Royce	Legal & General Property	9.65	3.67
21A Willow Drive, Nottingham	SPS Aerostructures	Nottingham City Council	9.37	5.85

Outlook

Overall 9 units reached practical completion during the year, totalling 1.2 million sq ft, only one of which was speculative. Development activity during 2017 had a weighting towards Leicester with 5 buildings completing in the area, including Optimus Point and East Midlands Distribution Centre. As we enter into 2018, there are two schemes underway for DPD, and two speculative schemes under construction, including Nickel 28, which is a 261,000 sq ft unit in Alfreton and the largest speculative unit to get underway in several years.

Prime rents have grown by 2% during 2017 and we forecast a similar annual rate of growth over the five year period, of 2.7%. We expect this strategically important location to continue to attract key occupiers to new developments and, within the 5-year forecast horizon, we could see more strategic planning once further details emerge on phase 1 of HS2, linking London to Birmingham.

Prime headline rental growth forecasts

Northern East Midlands
%, per year 2018-2022
2.7%

UK average
%, per year 2018-2022
2.6%

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NORTHERN WEST MIDLANDS

	Northern West Midlands	UK Average
Demand		
Take-up (2017)	3.88 m sq ft	1.63 m sq ft
Average size of building taken-up	155,309 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Stafford	£5.50	£7.13
Burton upon Trent	£5.75	£7.13
Telford	£5.00	£7.13
Typical rent-free incentive (Q4 2017)*	9-15 months	7-11 months
Availability and stock		
Availability (Q4 2017)	6.2%	6.3%
Stock (Q4 2017)	44.1 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Stoke-on-Trent	5.25%	5.25%
Burton upon Trent	5.25%	5.25%
Telford	6.10%	5.25%
Investment Volume (2017)	£326.5 million	£200.3 million

*10 year lease

The M6 offers the Northern West Midlands region exceptional reach, with 88% of the country within a 4.5 hour HGV drive time. This has made it one of the best locations in the country to locate a national distribution centre and we have seen new multi-modal schemes in the region attract headline manufacturers and retailers. Key markets include Cannock, Tamworth, Lichfield and Burton upon Trent, and the region is home to several large schemes with marketed land, with the added potential to incorporate a rail offering, which could accommodate future development.

The region consistently outperforms the regional average in terms of tenant demand and 2017 marked one of its best years in terms of occupier take-up. The region has seen a number of large units let to household name occupiers during the year. Key deals include Molson Coors committing to 487,716 sq ft in Burton and Top Hat Industries letting just over 300,000 sq ft at Dove Valley Park. As such, manufacturers have been a key driver of take-up, accounting for 71% of all demand in 2017.

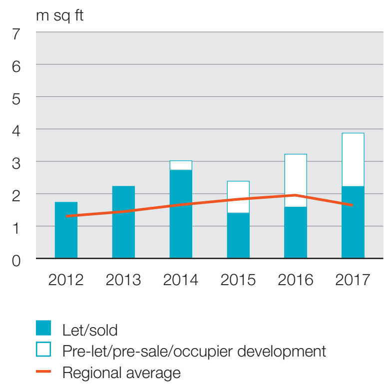
Key occupier deals

Location	Occupier	Event	Sq ft
Wellington Road, Burton upon Trent	Molson Coors	Letting	484,716
Dove Valley Park, Foston	Tophat Industries	Letting	302,853
Talke 16, Jamage Industrial Estate, Stoke on Trent	Centaur Services	Letting	180,000
Campbell Road, Stoke-On-Trent	Michelin	Pre-let	137,000
T54, Telford	Polytec	Dev sale	136,690

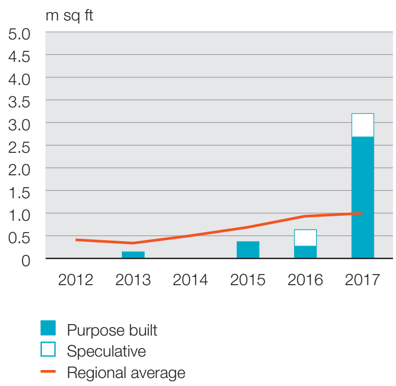
Key development completions

Location	Sq ft	Selected key deals
Donnington Wood, Telford	877,850	D&B for Ministry of Defence
Prologis Park, Fradley	562,000	D&B for Screwfix by Prologis
M6DC, Cannock	372,000	Spec by Graftongate
Centrum West, Burton-On-Trent	258,370	D&B for Palletforce by Goodman
Prologis Park Sideway, Stoke	213,821	D&B for DSV by Prologis

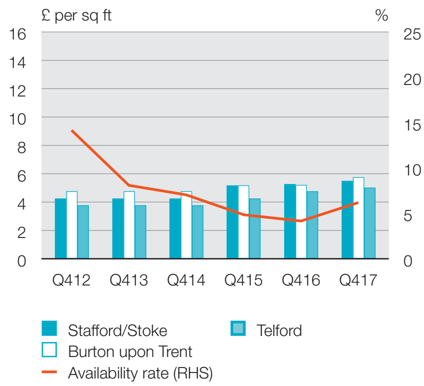
Take-up



Development completions

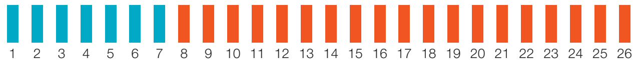


Prime rents and availability



Gerald Eve property market score*

Northern West Midlands rank 7/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
88%	69%
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.43	5.5%
UK average **£8.62**	UK average **4.6%**

Investment

Investment transactions totalled £362 million during 2017, a small decrease on the volumes transacted in 2016, but significantly ahead of the regional average. Strong levels of inward investment from leading investors such as Tritax Big Box REIT, who have been very acquisitive in the region in 2017, have made this one of the most active regions for distribution warehouse investment.

Tritax completed 3 acquisitions in 2017 which accounted for the 66% of total investment transactions. Deals agreed were on good quality distribution warehouses in Tamworth, Stoke and Cannock and let to high quality tenants such as Morrisons, Marks & Spencer and Unilver. As a result of such investor interest, we saw prime yields sharpen by 20 bps during the year.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Birch Coppice, Tamworth	Morrisons	Tritax Big Box REIT	92.33	5.25
Prologis Park Sideway, Stoke-On-Trent	Marks & Spencer	Tritax Big Box REIT	78.50	5.13
Hickling Road, Cannock	Unilever	Tritax Big Box REIT	44.25	
Centrum 100, Burton-Upon-Trent	Molson Coors	Private investor	33.40	5.01
Centrum West, Burton-Upon-Trent	Palletforce	UK CPT	22.20	5.80

Outlook

The amount of space reaching development completion in 2017 rose significantly to 3.2 million sq ft, strongly driven by purpose-built developments. These include the 877,850 sq ft purpose-built unit for the Ministry of Defence and the 562,000 sq ft Screwfix facility at Prologis Park, Fradley. We also recorded some speculative development in the year, including the 372,000 sq ft M6DC building by Graftongate at Kingswood Lakeside Business Park.

There are currently 8 buildings under construction in the region, of which 5 are speculative. We expect that developers will continue to capitalise on the historically low availability rate of new or modern stock and develop space to satisfy latent tenant demand. This is likely to continue to drive rents and we forecast 2.6% annual growth over the next five years. 2018 is projected to see the strongest growth rate in rents given development activity and we forecast 3.7% growth this year.

Prime headline rental growth forecasts

Northern West Midlands *%, per year 2018-2022*	UK average *%, per year 2018-2022*
2.6%	2.6%

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OXFORDSHIRE

	Oxfordshire	UK Average
Demand		
Take-up (2017)	0.41 m sq ft	1.63 m sq ft
Average size of building taken-up	81,226 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Banbury	£5.85	£7.13
Wycombe	£8.10	£7.13
Typical rent-free incentive (Q4 2017)*	9-15 months	7-11 months
Availability and stock		
Availability (Q4 2017)	5.3%	6.3%
Stock (Q4 2017)	6.7 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Oxford	5.60%	5.25%
Investment Volume (2017)	£76.1 million	£200.3 million

*10 year lease

Oxfordshire is one of the smallest Gerald Eve regions and occupier demand is typically below the regional annual average as a result. The M40 corridor, which is one of the least heavily warehouse-populated motorways in the country, has to date been constrained by the lack of availability of land for development of larger warehouses. Industrial areas tend to be located in and on the outskirts of major centres, which include Banbury and High Wycombe. We have seen speculative schemes in Banbury prove attractive to occupiers, keen to capitalise on the region's access to London.

The total volume of take-up in 2017 was just over 400,000 sq ft, which represented a drop of 62% on the record-breaking volume transacted during 2016. All of the 5 occupier deals agreed in 2017 were on new or refurbished units, vindicating developers' decisions to develop in the region and highlighting the latent occupier demand. Given the land supply restrictions, the largest unit taken in the year was by Charge Automotive who let 111,560 sq ft at Logicor's Banbury Cross development, for its first electric truck assembly plant.

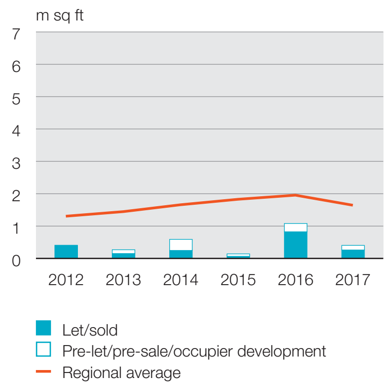
Key occupier deals

Location	Occupier	Event	Sq ft
The Cross, Banbury	Charge Automotive	Letting	111,560
Unit A1, Symmetry Park, Bicester	Bentley Designs	Pre-let	88,000
Skimmingdish Lane, Bicester	British Bakels	Sale	79,998
Mitre, Kingston Industrial Estate	Wincor-Nixdorf	Letting	73,573
95 Park Drive, Milton Park, Milton	Immunocore	Pre-let	53,000

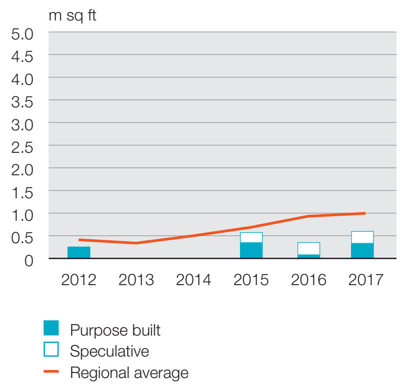
Key development completions

Location	Sq ft	Selected key deals
Former Didcot power station	242,067	D&B for Hachette UK by Graftongate/Clowes
Symmetry Park, Bicester	110,000	Spec by db symmetry
Symmetry Park, Banbury	95,000	Spec by db symmetry
Symmetry Park, Bicester	88,000	D&B for Bentley Designs by db symmetry
Symmetry Park, Banbury	78,000	Spec by db symmetry

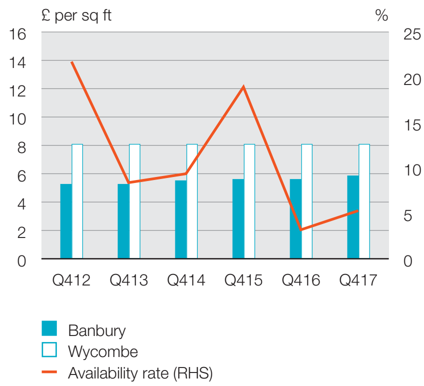
Take-up



Development completions

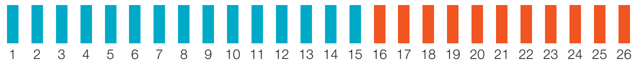


Prime rents and availability



Gerald Eve property market score*

Oxfordshire rank 15/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time

84%

UK average **77%**

Average population within 2.5 hour HGV drive time

66%

UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)

£8.58

UK average **£8.62**

Unemployment rate (% working age)

3.7%

UK average **4.6%**

Investment

The above average levels of occupier demand recorded in 2016 provided the investment market with some additional stock on which to trade and we recorded a 17% increase in investment activity in 2017. Tritax Big Box REIT was again acquisitive in the region and completed on two out of the seven deals agreed in the year.

The forward-funding by Tritax of Hachette's facility at Signia Park, Dicot for £29.2, reflecting a 5.8% yield, was the largest deal agreed in 2017. Prime yields in Oxford moved in by 15 bps to 5.6% at the end of 2017 given investor interest.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Signia Park, Didcot	Hachette UK	Tritax Big Box REIT	29.24	5.82
Purchas Road, Didcot	Better Bathrooms	Tritax TPIF	17.25	
Knaves Beech Estate, High Wycombe	Dreams Plc	Brydell Partners	4.69	6.62

Outlook

db symmetry has been the most active developer in the region over the last few years, with 3 speculative units and 1 purpose-built unit for Bentley Designs completing development at their schemes in Banbury and Bicester in 2017. The pipeline of speculative development looks thin, with one 110,000 sq ft speculative building under construction in Bicester due to complete early 2018. Albion Land has, however, secured planning consent for purpose-built opportunities at Link 9 in Bicester which could prove of interest to occupiers.

At 5.3%, the availability rate in the region is below the regional average, which has seen average rents increase by 2% over 2017. However, this growth was strongly driven by movement in rents in Banbury, given the recent levels of occupier activity. We forecast rental growth to continue on an average annual rate of 2.1% for the five-year period, driven by occupier interest in new developments in the north of the M40 corridor in Banbury and Bicester.

Prime headline rental growth forecasts

Oxfordshire
%, per year
2018-2022

2.5%

UK average
%, per year
2018-2022

2.6%

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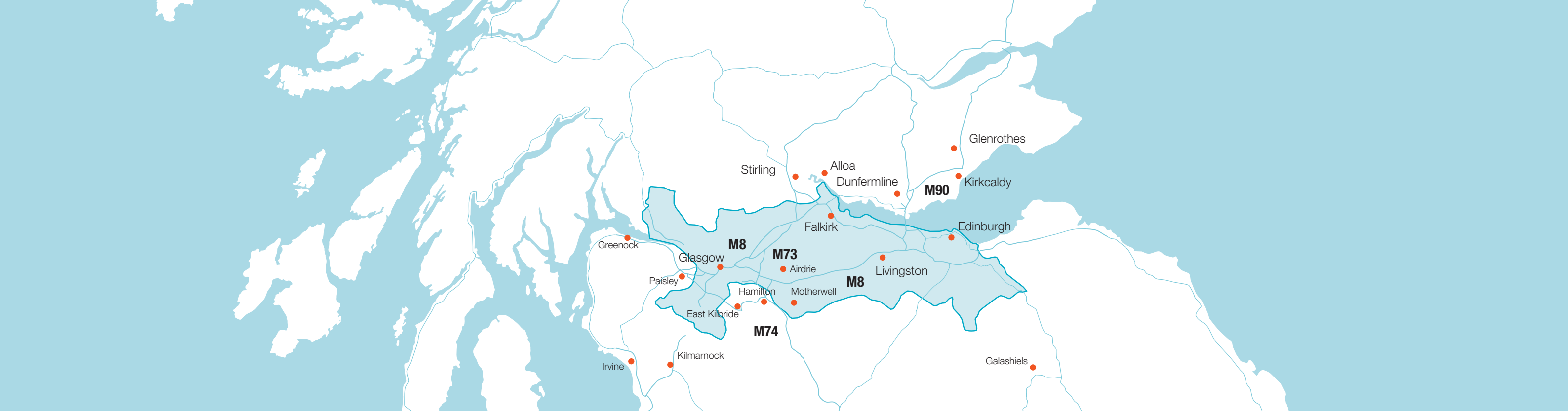


SCOTTISH CENTRAL BELT

	Scottish Central Belt	UK Average
Demand		
Take-up (2017)	2.17 m sq ft	1.63 m sq ft
Average size of building taken-up	180,980 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Edinburgh	£6.00	£7.13
Glasgow	£6.00	£7.13
Typical rent-free incentive (Q4 2017)*	9-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	8.4%	6.3%
Stock (Q4 2017)	35.1 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Edinburgh	5.75%	5.25%
Glasgow	5.75%	5.25%
Investment Volume (2017)	£250.1 million	£200.3 million

*10 year lease

The Scottish Central Belt region largely follows the M8 corridor between Glasgow and Edinburgh. Key schemes in the region include Eurocentral at Motherwell, Houstoun and Deans Industrial Estates at Livingston and Newbridge Industrial Estate, close to Edinburgh Airport. Motorway network improvements to the M8, M73 and M74 have made significant differences to journey times. A large proportion of existing industrial stock is located on the western side of Glasgow close to the M8 and M77 and at Glasgow Airport.

Annual occupier take-up totalled 2.2 million sq ft in 2017, driven by the activity of discount retailers such as Lidl. Lidl have demonstrated across the UK their desire to purchase land for development and we have seen this replicated in Scotland. Lidl's decision to develop a RDC at Eurocentral will replace its existing warehouse in Livingston and dramatically improve its supply chain infrastructure to get more of a foothold in the region. Other occupiers committing to space in 2017 include UPAC Group, GIST and GAP Group.

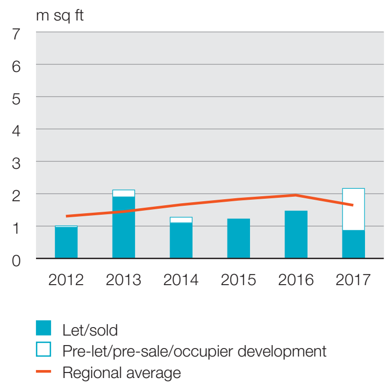
Key occupier deals

Location	Occupier	Event	Sq ft
Eurocentral, Motherwell	Lidl	Development sale	624,000
Earls Road, Grangemouth	WH Malcolm	Sale	250,763
Craigton Industrial Estate, Glasgow	UPAC Group	Letting	119,996
Eurocentral, Motherwell	GIST	Sub-letting	91,955
Block 13, Symington Drive, Clydebank	GAP Group	Sale	80,972

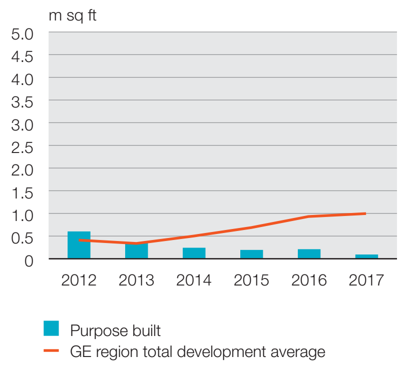
Key development completions

Location	Sq ft	Selected key deals
Hillington Industrial Estate, Glasgow	85,477	Spec by Oaktree Capital Management/Patrizia

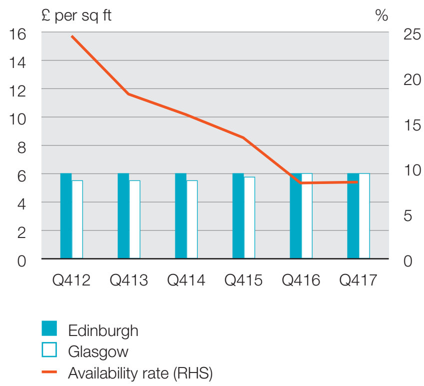
Take-up



Development completions

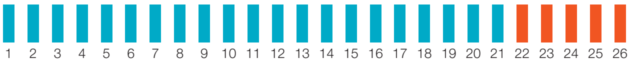


Prime rents and availability



Gerald Eve property market score*

Scottish Central Belt rank 21/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
27%	**12%**
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.40	**4.3%**
UK average **£8.62**	UK average **4.6%**

Investment

The region saw £250 million of industrial investment transactions complete during 2017, almost 3.5 times the volume transacted during 2016 and driven by activity on smaller, multi-let industrial properties. Investors, keen on acquiring good quality warehouse assets let to strong tenants and long leases, moved attention to the region in 2017, given the more attractive yield profile on offer. These fundamentals have attracted investors such as Legal & General Property, Custodian REIT as well as private investors.

Parabola Capital LLP completed one the largest warehouse transactions in the region during 2017, with its £15.9 million purchase of the M8 Interlink estate, including a warehouse let to Boots unit and additional development land. A private investor also recorded a yield of 5.75% on the purchase of Royal Mail's building at Netherton Industrial Estate in Wishaw. Outside of the region Kamco and Rasmala acquired Amazon's largest UK warehouse in Dunfermline for £54 million, reflecting a yield of 5.25%. As a result of the improved investor interest during the year, prime yields for the region have moved in 20 bps to an average 5.75%.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
M8 Interlink, Glasgow	Boots	Parabola Capital LLP	15.90	7.95
Eurocentral, Motherwell	DPD	Aberdeen Standard	11.75	5.75
Dale Avenue, Cambuslang	Tradeteam	Legal & General Property	9.00	7.48
Netherton Ind Estate, Wishaw	Royal Mail	Private investor	8.76	5.75
Eurocentral, Motherwell	Hovis	Columbia Threadneedle	7.30	7.01

Outlook

The only units completing speculative development during 2017 were at Evolution Court on Hillington Industrial Estate in Glasgow, which is Scotland's first simplified planning zone. Currently Lidl is developing its 750,000 sq ft building in Eurocentral and Aldi too have submitted plans for planning approval on a 130,000 sq ft unit in Bathgate.

Prime rents have remained flat at £6 per sq ft during 2017 given the low level of traditional take-up of modern stock and the increase in land purchases by occupiers. Despite the availability of modern stock remaining low, any future increases in rents are going to be highly dependent on development viability. Prime rents will need to increase to make developments economically viable, but occupiers may struggle to match this, so the five year outlook for prime rents is below the UK average, at 1.6% per year.

Prime headline rental growth forecasts

Scottish Central Belt *%, per year 2018-2022*	UK average *%, per year 2018-2022*
1.6%	**2.6%**

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SOUTH COAST

	South Coast	UK Average
Demand		
Take-up (2017)	0.70 m sq ft	1.63 m sq ft
Average size of building taken-up	100,552 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Portsmouth	£7.00	£7.13
Southampton	£9.00	£7.13
Typical rent-free incentive (Q4 2017)*	9 months	7-11 months
Availability and stock		
Availability (Q4 2017)	11.6%	6.3%
Stock (Q4 2017)	12.7 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Portsmouth	5.50%	5.25%
Southampton	5.50%	5.25%
Investment Volume (2017)	£37.3 million	£200.3 million

*10 year lease

The South Coast is one of our smaller regions, but is home to the port of Southampton, which is one of the UK's largest in terms of the volume of goods handled, over 75% of which are bulk goods. Southampton is also the country's leading vehicle-handling port and the UK's second largest container port, handling over 1,400 TEUs per year. As a result, occupiers who utilise the port tend to locate in areas around the M3 or M27 motorway junctions that afford good connections to the port.

Take-up totalled 703,866 sq ft in 2017, which was more than double the volume transacted in the region in 2016. The largest occupier deal agreed in the region during 2017 was Rich Products's development land purchase for a 225,750 sq ft unit at Andover Business Park. The region attracted traditional manufacturers as well as important logistics providers such as DHL in 2017.

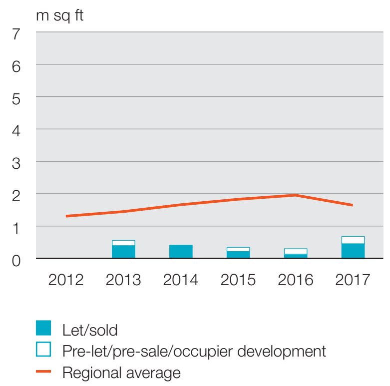
Key occupier deals

Location	Occupier	Event	Sq ft
Andover Business Park	Rich Products	Development sale	225,750
Velocity, Havant	Confidential Occupier	Sale	120,000
Unit 1, Mountpark, Southampton	CooperVision	Letting	100,660
Standard Way, Fareham	Confidential Occupier	Letting	61,986
Unit 2, Mountpark Southampton	Berendsen	Letting	60,000

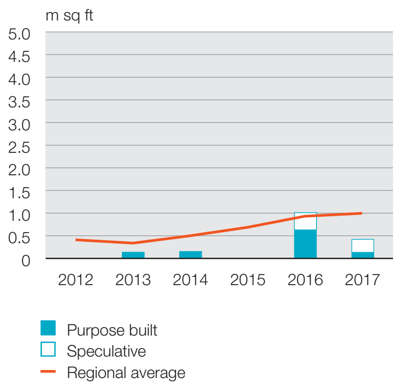
Key development completions

Location	Sq ft	Selected key deals
Dunsbury Park, Havant	120,000	D&B for FatFace
Unit 1, Mountpark Southampton	100,660	Spec by Mountpark let to CooperVision
Unit 3, Alpha Park, Southampton	84,311	Spec by Bericote
Unit 2, Mountpark Southampton	60,000	Spec by Mountpark let to Berendsen
Voyager, Farnborough	58,860	Spec by Canmoor

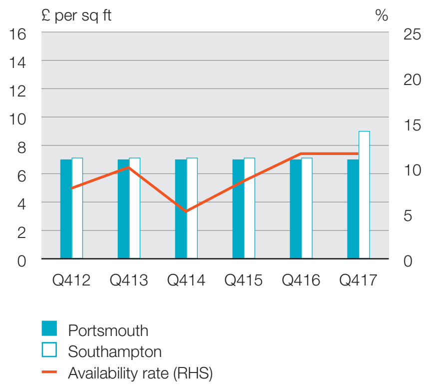
Take-up



Development completions

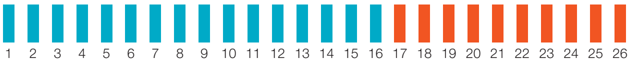


Prime rents and availability



Gerald Eve property market score*

South Coast rank 16/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
74%	**54%**
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.63	**4.1%**
UK average **£8.62**	UK average **4.6%**

Investment

The volume of completed investment transactions dropped significantly to £37.3 million in 2017, following two strong years of investment activity. Distribution warehouses were the focus of investor interest, with £29.1 million of warehouse space or land capable for warehouse development traded.

Investment transactions completed in 2017 included the land purchase by Mountpark Logistics of Mountpark, Southampton for £8 million. However, the largest deal of the year was the purchase of the last mile urban logistics facility in Stoke Park, near Southampton, for £10.1 million by Oxenwood Real Estate, which reflected a 5.5% yield. The region's average prime yield during the year moved in by 30 bps, with both Southampton and Portsmouth ending 2017 at a 5.5% prime yield.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Pioneer Park, Portsmouth		Confidential	11.00	5.75
Stoke Park, Eastleigh	DHL, Freightroute	Oxenwood Real Estate	10.10	5.50
Mountpark Phase 2, Southampton		Mountpark Logistics	8.00	
Unit 17 Goodwood Road, Eastleigh	James Hardie	Private investor	4.00	7.40

Outlook

Whilst development completions recorded during 2017 fell by 58%, this is on the back of a record-breaking 2016 and unusually for the region, it was speculative development which drove activity. Encouragingly, we have seen strong levels of occupier interest in these speculative schemes, especially given the low availability rate of new or modern stock. This has kept upward pressure on prime rents, which recorded large increases in 2017.

Development activity by Mountpark has been pivotal in supplying this region with much-needed new stock. As more speculative space is under construction and expected to be delivered during 2018 in Southampton, this could drive rents on further and we forecast annual rental growth of 2.0% to 2022.

Prime headline rental growth forecasts

South Coast *%, per year 2018-2022*	UK average *%, per year 2018-2022*
2.0%	**2.6%**

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SOUTH WALES

	South Wales	UK Average
Demand		
Take-up (2017)	1.65 m sq ft	1.63 m sq ft
Average size of building taken-up	110,010 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Cardiff	£5.25	£7.13
Newport	£5.25	£7.13
Typical rent-free incentive (Q4 2017)*	6-9 months	7-11 months
Availability and stock		
Availability (Q4 2017)	8.5%	6.3%
Stock (Q4 2017)	25.8 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Cardiff	6.00%	5.25%
Newport	6.00%	5.25%
Investment Volume (2017)	£71.2 million	£200.3 million

*10 year lease

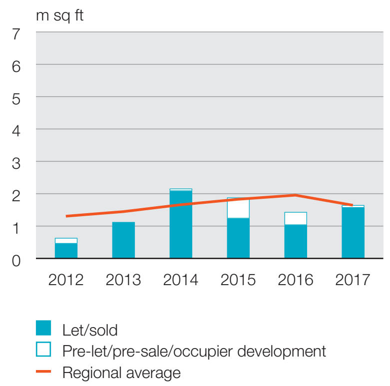
The main centres of logistics activity in South Wales are located around centres of population on the M4, principally in Cardiff, Newport and in close proximity to the Severn Bridge Crossing. Traditional industrial areas are still largely used for manufacturing and production although distribution warehouses for serving local and regional markets have become more prevalent. Whilst the ports are accessible and well located for access to the motorways and key industrial areas, freight handled through South Wales' main ports Cardiff, Barry, Newport, Swansea and Port Talbot – is mostly bulk goods. Reduced tolls on the Severn Second Crossing are already making a positive impact on the market, which is only likely to increase further when the tolls are fully abolished.

Annual take-up in 2017 increased 15% to 1.7 million sq ft, almost exactly the same as the UK average for all regions. The majority of the deals concluded during 2017 were on secondhand units, including two large buildings taken by the Welsh Government. Manufacturers and logistics providers, such as CM Downton, which agreed a four year sublease on the former 282,297 sq ft Tesco facility in Newhouse Farm Distribution Centre, were also significant to demand in 2017. Aston Martin's decision to undertake the second phase of the redevelopment of MOD St Athan has the potential to keep take-up elevated given occupier requirements in the dependant supply chain.

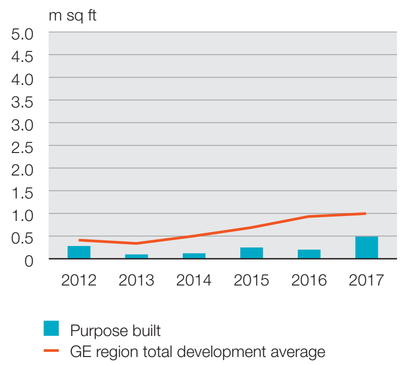
Key occupier deals			
Location	Occupier	Event	Sq ft
Newhouse Farm Distribution Centre, Chepstow	CM Downton	Sub-let	282,297
Trident Park, Cardiff	Welsh Goverment/Bad Wolf	Letting	250,000
Rassau Industrial Estate, Ebbw Vale	Welsh Government	Letting	185,000
Imperial Park, Newport	IQE	Sale	132,978
Aviation House, Brocastle Avenue, Cardiff	Confidential Occupier	Sale	123,431

Key development completions		
Location	Sq ft	Selected key deals
Capital Business Park, Cardiff	492,169	D&B for Aldi

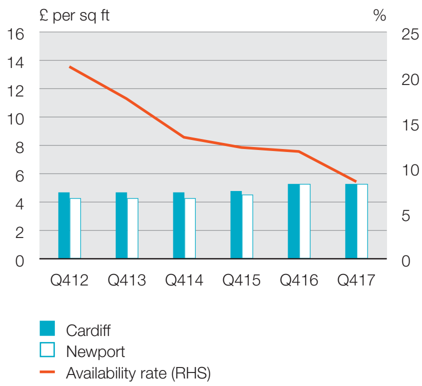
Take-up



Development completions

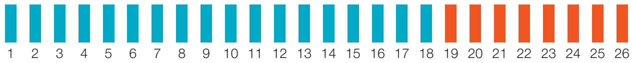


Prime rents and availability



Gerald Eve property market score*

South Wales rank 18/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
75%	37%
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.54	5.5%
UK average **£8.62**	UK average **4.6%**

Investment

The 2017 volume of industrial investment was the highest level of annual investment activity the region has seen since 2006. The largest deal agreed in 2017was Howard Tenens's purchase of Tesco's facility in Newhouse Farm Distribution Centre (sub-let to CM Downton) for £14 million, although the majority of investment transactions were smaller, with an average lot size of just under £4 million. The sharpest yield recorded in 2017 was Mendip District Council's purchase of Unit 1 at Newhouse Farm Distribution Centre for £8.71million, reflecting a 5.9% yield.

Prime yields moved in by 45 bps to 6.0% in both Cardiff and Newport at the end of 2017. South Wales, like most markets, has seen an increase in interest from investors for good quality warehouse stock, but also like most markets, has not had the stock to satisfy this demand.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Newhouse Farm Estate, Chepstow	Tesco	Howard Tenens	14.00	13.46
Newhouse Farm Estate, Chepstow		Mendip District Council	8.71	5.90
Trident Park, Cardiff	Nippon Glass Building	Welsh Government	6.00	
Hawtin Park, Blackwood, Gwent	British Airways	Overseas investor	5.15	7.83
Celtic Business Park, Newport	Amazon	Tilstone Investments	3.93	6.33

Outlook

Development activity has been limited in the region, with only one 492,000 sq ft purpose-built unit for Aldi at Capital Business Park in Cardiff completing in the year. Apart from CAF's 150,000 sq ft new facility at St Modwen's Celtic Business Park, there is little industrial space under construction and the take-up of secondhand space throughout the year has further eroded the availability rate, which ended the year at 8.5%. Almost all of the available units on the market are secondhand in quality.

Prime rents remained flat during 2017at £5.25 per sq ft. Any future increases in rents are going to be highly dependent on development viability as well as infrastructure initiatives such as the £1.5 billion Cardiff Capital Region City Deal. Prime rents will need to increase to make developments economically viable, which, given the flat rental growth profile over the last few years and the uptick in occupier interest, is likely within the five year forecast horizon.

Prime headline rental growth forecasts

South Wales *%, per year* *2018-2022*	UK average *%, per year* *2018-2022*
2.7%	2.6%

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SOUTH YORKSHIRE

	South Yorkshire	UK Average
Demand		
Take-up (2017)	**0.88** m sq ft	**1.63** m sq ft
Average size of building taken-up	**110,264** sq ft	**132,465** sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Doncater	**£5.75**	**£7.13**
Sheffield	**£5.75**	**£7.13**
Typical rent-free incentive (Q4 2017)*	**6-9** months	**7-11** months
Availability and stock		
Availability (Q4 2017)	**6.0%**	**6.3%**
Stock (Q4 2017)	**48.9** m sq ft	**30.0** m sq ft
Investment		
Prime Yields (Q4 2017)		
Doncaster	**5.15%**	**5.25%**
Sheffield	**5.50%**	**5.25%**
Investment Volume (2017)	**£160.9** million	**£200.3** million

*10 year lease

A significant number of logistics operations, including Verdion's successful iPort scheme, are located around Doncaster which forks between the A1(M) and the M18, leading to the M180 to the east and M1 to the west. This positions the town between two key national north-south routes and the ports of Grimsby, Hull and Immingham to the east. Doncaster also benefits from a major rail freight port, connected to the East Coast Main Line and onward to the Channel Tunnel. Sheffield and Rotherham are other key markets well positioned on the M1, situated opposite each other at J34.

Total take-up in 2017 fell 79% on the record-breaking 2016 to the lowest annual level recorded in the region in over 5 years. It was demand from occupiers in the manufacturing sector for both new and secondhand space which drove take-up in the region during the year. We saw leading manufacturers such as Boeing and McLaren commit to new space, although it was Unilever's sale and leaseback of 263,000 sq ft at Trax Park in Doncaster which was the largest recorded deal in 2017.

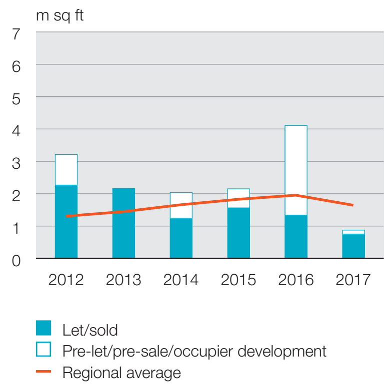
Key occupier deals

Location	Occupier	Event	Sq ft
Trax Park, Doncaster	Unilever	Sale & leaseback	262,883
Sheephouse Wood, Sheffield	Confidential Occupier	Sale	185,895
Noel Village, Doncaster	Confidential Occupier	Sale	103,028
Advanced Manufacturing Park, Waverley	McLaren	Pre-Let	75,000
Greasbrough Street, Rotherham	Ancon Special Alloy Steels (Gabbro Precision)	Sale & leaseback	71,373

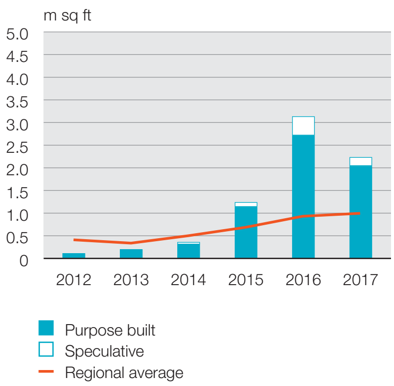
Key development completions

Location	Sq ft	Selected key deals
IP1, iPort, Doncaster	1,080,000	D&B for Amazon by Verdion
Markham Vale, Chesterfield	479,285	D&B for Great Bear Distribution by Henry Boot
IP2d, iPort, Doncaster	215,800	D&B for Ceva by Verdion/HOOPP
Markham Vale North, Chesterfield	212,771	D&B for Ferdinand Bilstein by Henry Boot
IP2E iPort, Doncaster	195,000	Spec by Verdion

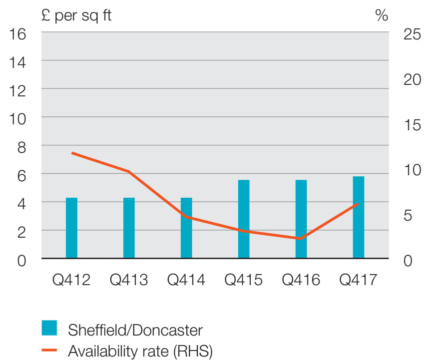
Take-up



Development completions

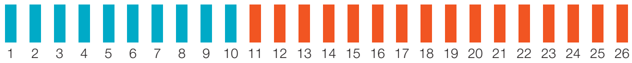


Prime rents and availability



Gerald Eve property market score*

South Yorkshire rank 10/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time

85%

UK average **77%**

Average population within 2.5 hour HGV drive time

49%

UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)

£8.26

UK average **£8.62**

Unemployment rate (% working age)

6.1%

UK average **4.6%**

Investment

The volume of industrial investment in the region reached £161million in 2017, an 83% increase on the amount transacted in 2016. Distribution warehouses accounted for 70% of the total transaction volume, representative of the stock on offer to investors in the region.

Some of the most active investors in the country were acquisitive in the region in 2017, including Oxenwood, which purchased the Synseal facility in South Normanton for £23.7 million, reflecting a 6.4% yield, and Tritax Big Box REIT, which purchased a warehouse at Trax Park in Doncaster, let to Unilever for 15 years. On average prime yields moved in by 30 bps to 5.33% during 2017 as investor interest remained strong for well-let, good quality stock.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Common Road, South Normanton	Synseal	Oxenwood Real Estate	23.70	6.37
Trax Park, Doncaster	Unilever	Tritax Big Box REIT	20.90	5.61
Clay Lane West, Doncaster	Adagh Glass	Investcorp (Bahrain)	18.20	6.75
Brookfields Park, Rotherham		Legal & General Property	12.95	7.15
High Common Lane, Doncaster	DHL Supply Chain	Clearbell Capital	11.00	10.23

Outlook

A total of 2.2 million sq ft of industrial space completed development during 2017, down 29% on the record amount of space reaching practical completion during 2016. Only one unit was completed speculatively in 2017, a 195,000 sq ft by Verdion Properties at iPort. However, Verdion Properties is on site with another 2 speculative units of 120,000 sq ft and 60,000 sq ft at iPort, where the 628,000 sq ft facility for Lidl is also under construction. db symmetry is also set to complete on its 150,000 sq ft speculative development at Symmetry Park, Doncaster later in 2018.

Availability in the region remains restricted and was below the regional average at the end of 2017. Rents grew by an average 5% during 2017 and are forecasted to continue to grow by 2.7% annually over the next five years as additional speculative space comes through and occupiers continue to be attracted to the region.

Prime headline rental growth forecasts

South Yorkshire
%, per year
2018-2022

2.5%

UK average
%, per year
2018-2022

2.6%

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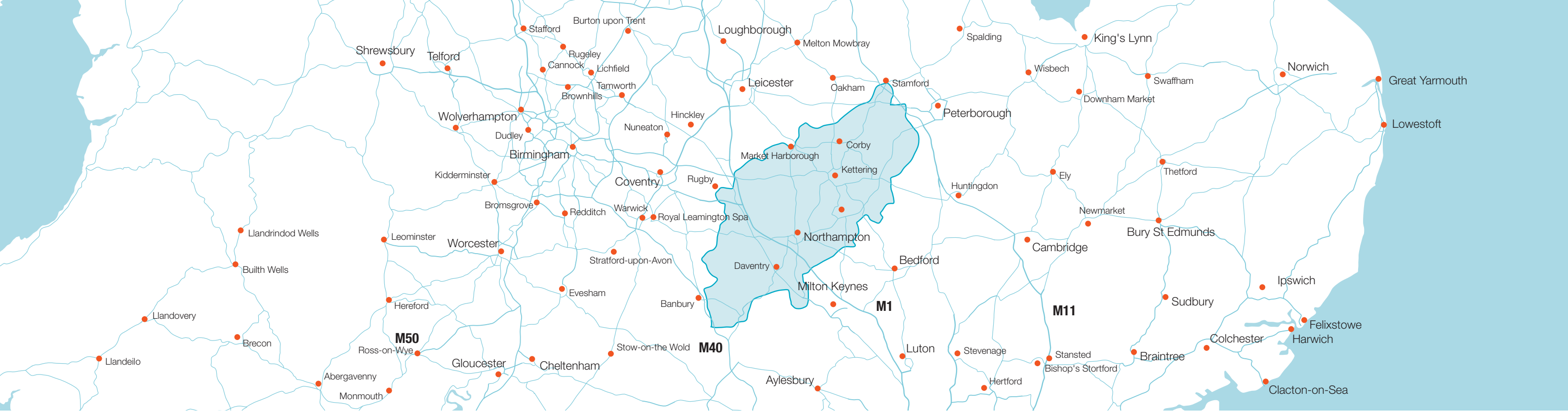


SOUTHERN EAST MIDLANDS

	Southern East Midlands	UK Average
Demand		
Take-up (2017)	1.12 m sq ft	1.63 m sq ft
Average size of building taken-up	159,435 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Northampton	£6.50	£7.13
Kettering	£5.60	£7.13
Corby	£5.00	£7.13
Daventry	£5.75	£7.13
Typical rent-free incentive (Q4 2017)*	5-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	7.9%	6.3%
Stock (Q4 2017)	48.2 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Northampton	4.75%	5.25%
Investment Volume (2017)	£239.3 million	£200.3 million

*10 year lease

Its central location and excellent motorway links has made the Southern East Midlands one of the UK's key distribution locations. Northampton has long been a popular warehouse destination and is a key location along the M1 corridor. However, other Northamptonshire locations, such as Kettering, Corby and Wellingborough are also very popular with occupiers. Daventry and Crick have attracted demand due to their proximity to the M1 and the offer of proportionately more land for future development. Daventry International Rail Freight Terminal (DIRFT) is located in the region and is one of the largest rail freight terminals in the country.

Total warehouse take-up dropped sharply to 1.2 million sq ft in 2017, the lowest volume of occupier demand recorded in the last 5 years. Proportionately, pre-lets by retailers continued to be important to demand, with the drop more reflective of the shortage of up-and-built space and land rather than any real waning of occupier demand. The decision by Gardman, a garden supplies company, to pre-let 416,412 sq ft at Apex Park in Daventry was the stand out deal of the year, although we recorded several smaller deals on secondhand units by logistics companies such as iForce in 2017.

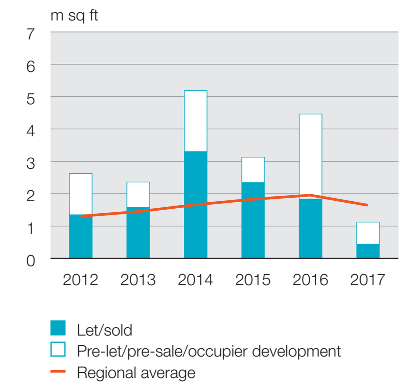
Key occupier deals

Location	Occupier	Event	Sq ft
Apex Park, Nasmyth Road, Daventry	Gardman	Pre-let	416,412
Brackmills, Northampton	Decathlon	Pre-Let	330,000
Max Park, Corby	iForce	Letting	160,000
Darwin Road, Corby	Confidential Occupier	Letting	85,680
Weldon North Industrial Estate, Corby	Confidential Occupier	Sale	71,365

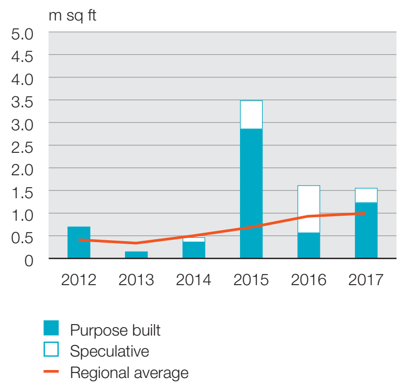
Key development completions

Location	Sq ft	Selected key deals
Warth Park, Raunds	654,995	D&B for Howdens by Roxhill
Apex Park, Daventry	416,412	D&B for Gardman by Prologis
Prologis Park Kettering	156,670	Spec by Prologis
Prologis Park Pineham	149,996	D&B for BMW by Prologis
DIRFT DC115, Daventry	115,824	Spec by Prologis

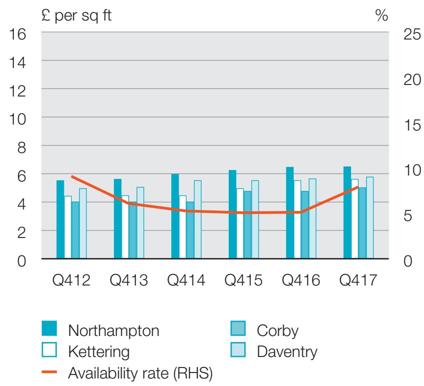
Take-up



Development completions



Prime rents and availability



Gerald Eve property market score*

Southern East Midlands rank 3/26 regions

*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
87%	77%
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.72	6.3%
UK average **£8.62**	UK average **4.6%**

Investment

Even though total investment transactions in 2017dropped 22% to £239.3 million, this is more a reflection of the lack of investible stock rather than any drop off in investor demand. As one of the most established logistics locations in the country, investor interest for distribution warehouse space has been high and we have seen competitive bidding on stock that does come to the market.

The largest deal agreed in 2017 was the purchase of the Royal Mail building at DIRFT in Daventry by Tritax Big Box REIT for £48.82 million, reflecting a 5% yield. Segro was also active and completed the purchase of the Butchers Pet Care facility in Crick for £41.3 million, reflecting a yield of 5%. We recorded 15 bps inward movement in prime yields to 4.75% during 2017 which, whilst not a huge movement, is reflective of the fact that the region does already have one of the sharpest prime industrial yield profiles outside of London.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
DIRFT, Daventry	Royal Mail	Tritax Big Box REIT	48.82	5.00
Dockham Way, Crick	Butchers Pet Care	SEGRO	41.30	5.00
Mitchell Road, Corby		Confidential	35.40	
Plot 1, Brackmills Point, Northampton	Decathlon	Barjam	26.00	
Plot 2, Brackmills Point, Northampton		Cabot Properties	16.36	

Outlook

Development completions for 2017 reached 1.6 million sq ft, broadly in line with 2016, but with much more heavily driven by design and built activity than the delivery of speculative space. Prologis has been particularly active in 2017, completing on two purpose-builds and two speculative units. At the start of 2018, there was only 1 speculative172,000 sq ft unit under construction at Brackmills, but 4 purpose-built facilities, including the 650,000 sq ft Howdens warehouse in Warth Park.

Overall availability increased slightly in 2017 and ended the year at 7.9%, however, average prime rents also increased by 2% over 2017. We forecast rents to grow at the UK annual average rate of 2.7% over the next five years, as the location remains one of the strongest warehouse locations in the country and is likely to attract further development and high levels of occupier interest.

Prime headline rental growth forecasts

Southern East Midlands *%, per year 2018-2022*	2.7%
UK average *%, per year 2018-2022*	**2.6%**

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SOUTHERN WEST MIDLANDS

	Southern West Midlands	UK Average
Demand		
Take-up (2017)	6.45 m sq ft	1.63 m sq ft
Average size of building taken-up	161,244 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Birmingham	£6.75	£7.13
Coventry	£6.75	£7.13
Black Country	£5.95	£7.13
Typical rent-free incentive (Q4 2017)*	5-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	5.8%	6.3%
Stock (Q4 2017)	78.7 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Birmingham	4.75%	5.25%
Coventry	4.75%	5.25%
Investment Volume (2017)	£425.8 million	£200.3 million

*10 year lease

This is the premier distribution warehouse location in the UK, with strong transport networks, the highest levels of occupier demand of all our regions and several established prime logistics parks. Historically, the central and eastern locations within the region have been the most highly sought-after, in locations such as Coleshill, Minworth, Nuneaton and Coventry, which forms the western most corner of the Golden Triangle. However, centres to the south and east of the region such as Rugby and Redditch have also been successful in attracting occupiers. Its strategic location in the heart of the country offers quick access to large proportions of the population and several key retailers and manufacturers have located their main UK facilities in the region.

Total take-up in 2017 reached 6.5 million sq ft, the most space taken-up in the region since our records began in 2006. This was driven by almost 40 individual lettings on secondhand space. In terms of new space, it was decisions by manufacturers, such as Jaguar Land Rover, who received planning permission to develop almost 1 million sq ft in Solihull, and Meggit who committed to 440,000 sq ft at Prospero at Ansty Park who drove demand.

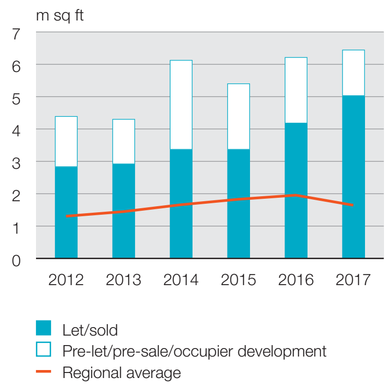
Key occupier deals

Location	Occupier	Event	Sq ft
Damson Parkway, Solihull	Jaguar Land Rover	Dev sale	988,135
Tamworth 594, Bonehill Road, Tamworth	XPO Supply Chain	Letting	644,995
Tyrefort Dunlop Minworth, Birmingham	Jaguar Land Rover	Letting	555,000
Prospero, Ansty Park, Coventry	Meggitt	Dev sale	440,000
Prologis Park Ryton	Network Rail	Sale & leaseback	302,038

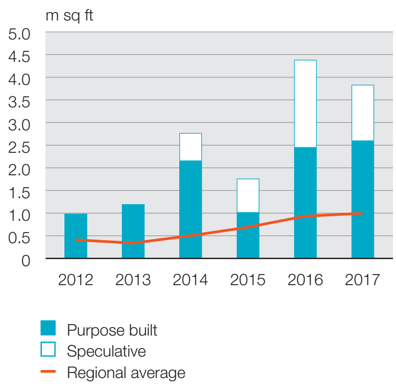
Key development completions

Location	Sq ft	Selected key deals
Four Ashes, Wolverhampton	543,692	D&B for Gestamp Tallent by Bericote
Phase 2, Opus 9, Wednesbury	470,049	D&B for Lidl by St Francis Group
Lyons Park, Coventry	470,000	D&B for Amazon by Goodman
Ansty Park, Coventry	350,000	D&B for London Taxi Company
Imperial Park, Coventry	346,927	Spec by Evander/Rigby Real Estate

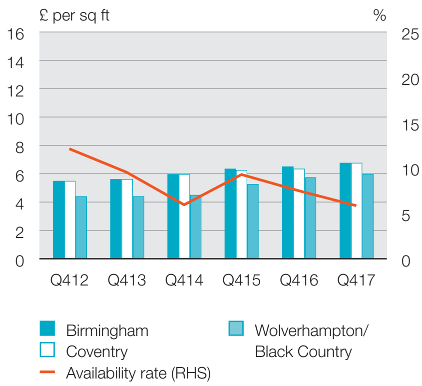
Take-up



Development completions

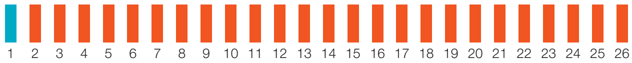


Prime rents and availability



Gerald Eve property market score*

Southern West Midlands rank 1/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
88%	**75%**
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£9.19	**5.1%**
UK average **£8.62**	UK average **4.6%**

Investment

Such a strong year for occupier demand fed through into the investment market in 2017 and total investment transactions recorded a 28% annual increase to £425.6 million in 2017. This was on the back of 57 individual investment transactions, which was a record number of deals for a single region and made it the most actively traded of all Gerald Eve regions in 2017. The region offered suitable stock to investors seeking out long, secure income in 2017.

A Korean consortium's purchase of Sainsbury's warehouse at Hams Hall in Coleshill for £102 million reflecting a yield of 5.23% was the single largest transaction of the year and is representative of the weight of global capital targeted at the sector. South African Equites Property Fund's purchase of Kuehne + Nagel's warehouse in Whitley Business Park at 4.54% yield was the lowest yield recorded in 2017, again demonstrative of overseas interest in the asset class. Average prime yields, already low at the start of 2017, ended the year 25 bps lower at an average 4.75%.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Hams Hall, Coleshill	Sainsburys	Korean consortium	102.0	5.23
Whitley Business Park, Coventry	Kuehne + Nagel	Equites Property Fund	41.0	4.54
Prologis Park, Coventry	Network Rail	West Midlands Pension	35.8	4.89
Ravensbank Business Park, Redditch	iForce	Royal London	25.5	5.35
Midland Road, Wednesbury	Yodel	Local authority	18.0	5.25

Outlook

Development completions for the year fell slightly to 3.8 million sq ft, but were far in excess of the regional average and were comfortably driven by purpose-built developments. We recorded the funding of speculative units by investors such as Blackrock, LaSalle and M&G Real Estate, representative of the confidence of institutional investors in the region.

Currently there are 6 buildings under construction of which 5 are speculative. We have seen the availability rate of both new or modern and secondhand stock fall throughout the 2017 and average rents in the region have increased by 5%. The inherent attractiveness of the region and the development coming through is likely to push rents on further and we forecast an average annual rate of 3% over the next five years.

Prime headline rental growth forecasts

Southern West Midlands *%, per year 2018-2022*	UK average *%, per year 2018-2022*
3.0%	**2.6%**

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SUFFOLK & ESSEX

	Suffolk and Essex	UK Average
Demand		
Take-up (2017)	0.08 m sq ft	1.63 m sq ft
Average size of building taken-up	83,000 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Colchester	£5.50	£7.13
Ipswich	£4.25	£7.13
Typical rent-free incentive (Q4 2017)*	6-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	4.1%	6.3%
Stock (Q4 2017)	9.3 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Colchester	6.00%	5.25%
Ipswich	6.25%	5.25%
Investment Volume (2017)	£89.1 million	£200.3 million

*10 year lease

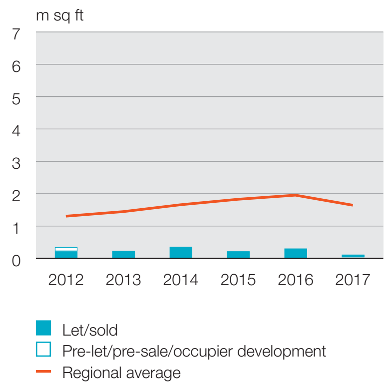
In comparison with other regions, Suffolk & Essex has a relatively poor motorway infrastructure. However, the region is home to Felixstowe, which is the UK's largest container port and handles a large proportion of the country's container traffic. Whilst the port is a major influence on traffic, it does not generate significant warehouse requirements itself. The development of warehousing at UK ports has been constrained because land has tended to be protected for port expansion rather than development of warehouses. As a result, the market has developed toward movement from the port to distribution locations elsewhere in the country – typically by road and rail. Other markets include Ipswich, which is mainly for distribution to the local market or for port-related activities and there are relatively few large warehouses. Colchester and Chelmsford's proximity to London and the M25 make them local or regional distribution locations, but, again, these locations do not have a critical mass of warehouse stock.

Take-up in the region has a history of being below average and 2017 was no exception. We only recorded one occupational deal in 2017, a letting of an 83,000 sq ft secondhand unit at Ransomes Europark in Ipswich by Marexport UK, a freight forwarding company. Historically, the region has a lower than average size of building taken-up, with the majority of lettings agreed below 100,000 sq ft in size. Whilst the majority of recent letting activity has been as a result of freight forwarding and logistics companies, several retailers do occupy warehouses in the region.

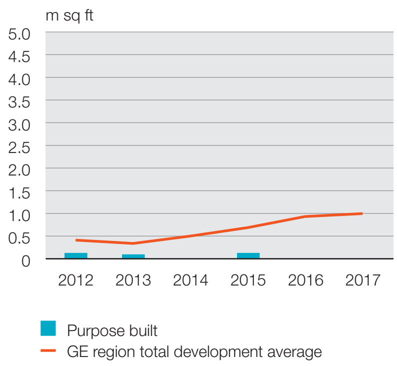
Key occupier deals			
Location	Occupier	Event	Sq ft
Ransomes Europark, Central Avenue, Ipswich	Marexport UK	Let	83,000

Key development completions
No development completions were recorded in this region in 2017

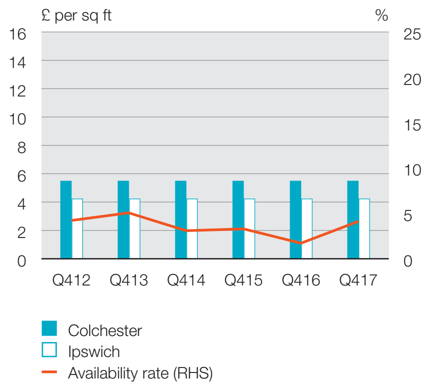
Take-up



Development completions

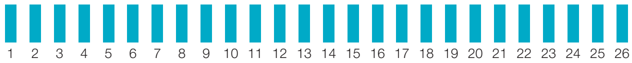


Prime rents and availability



Gerald Eve property market score*

Suffolk and Essex rank 26/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
71%	**47%**
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.58	**5.2%**
UK average **£8.62**	UK average **4.6%**

Investment

Whilst occupier demand was weak in 2017, the volume of industrial investment transactions almost doubled to £89.1 million following the completion of 7 individual deals. The largest distribution warehouse deal recorded was the purchase of the RD Trading unit at Springwood Drive in Braintree for £14.45 million at a yield of 6.5%. The largest deal was Tesco Pension Fund's purchase of space at Boreham Interchange from Goldman Sachs for £36.7 million, reflecting a 5% yield.

Smaller industrial estates, particularly those on the western edge of the region have attracted the interests of institutional investors in 2017. Given recent activity and this continued level of interest, prime yields in the region sharpened marginally in all markets in 2017, but remain higher than the regional average.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Springwood Drive, Braintree	RD Trading	Aberdeen Asset Management	14.45	6.48
Stowmarket		Bracknell Forest Council	11.50	
ICS Buildings, Maldon	Rockwell Automation	MCR Property	3.90	9.10

Outlook

The addition of a handful of smaller secondhand buildings in 2017 increased the availability rate to 4.1% at the end of 2017. However, this remains far below the UK average and proportionately, there are very few available buildings on the market. We have not recorded any development activity since 2015 and prime rents in most markets have been flat for more than 5 years.

The approval of detailed planning at Suffolk Park in Bury St Edmunds, which is being developed by Jaynic and First Panattoni, can accomodate built-to-suit options up to 750,000 sq ft and could help drive on rents. Demand for port-related space and warehouses in Ipswich, Braintree and Chelmsford could also offer occupiers a cheaper alternative for access to London and we forecast prime rents will grow by 2.7% annually over the next five years.

Prime headline rental growth forecasts

Suffolk and Essex *%, per year* *2018-2022*	UK average *%, per year* *2018-2022*
2.4%	**2.6%**

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SURREY & HAMPSHIRE

	Surrey and Hampshire	UK Average
Demand		
Take-up (2017)	0.14 m sq ft	1.63 m sq ft
Average size of building taken-up	135,260 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Basingstoke	£8.25	£7.13
Typical rent-free incentive (Q4 2017)*	9-12 months	7-11 months
Availability and stock		
Availability (Q4 2017)	5.2%	6.3%
Stock (Q4 2017)	6.5 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
Basingstoke	5.25%	5.25%
Investment Volume (2017)	£202.5 million	£200.3 million

*10 year lease

The Surrey and Hampshire market starts inside the M25 with the A3, to eventually reach Basingstoke on the M3. The region is one of the smallest in terms of warehouse stock, with only a total of 6.5 million sq ft of warehouse accommodation. Limited land supply, high land values and a relatively expensive labour market has channelled the development of large distribution warehouses outside this market. The majority of stock is located in Weybridge, Camberley and Basingstoke and is relatively small in size compared to other regions. The two main industrial areas in Basingstoke are Houndmills – to the north west of the town centre – and Daneshill, to the east. The Daneshill area has attracted mostly manufacturing and production businesses, and the quality and size of stock varies. Houndmills, however, has seen more distribution warehousing development activity in recent years.

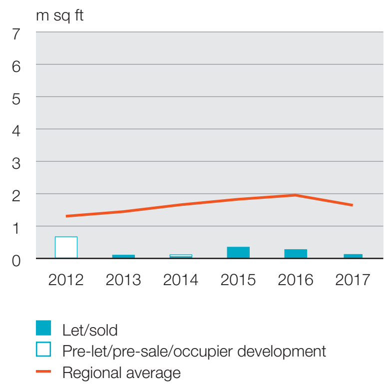
As with the other smaller markets, take-up activity was considerably below the regional average in 2017. During the year, we only recorded one occupational deal, a letting of a 1950's-built, 135,260 sq ft secondhand unit in Bordon.

The region suffers from high costs in terms of warehouse staffing and transport congestion, however, several leading retailers and logistics companies do have facilities in the region. As well as Basingstoke, Weybridge is another location of interest to occupiers and offers direct access to London.

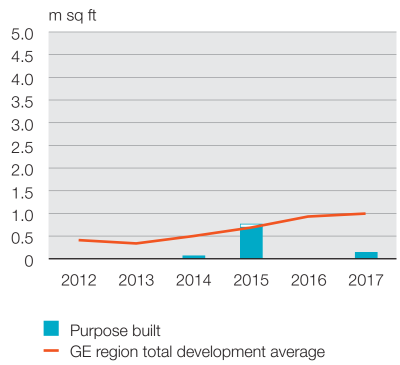
Key occupier deals			
Location	Occupier	Event	Sq ft
84N & 84S, Whitehill & Bordon Enterprise Park	Confidential Occupier	Letting	135,260

Key development completions		
Location	Sq ft	Selected key deals
Shepperton Eco Park, Surrey	138,060	D&B for SITA

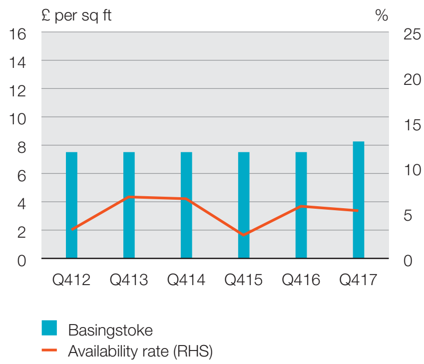
Take-up



Development completions

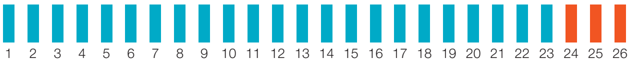


Prime rents and availability



Gerald Eve property market score*

Surrey and Hampshire rank 23/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
80%	58%
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.90	4.0%
UK average **£8.62**	UK average **4.6%**

Investment

Despite low levels of occupier activity in 2017, we saw relatively strong levels of investor activity, which doubled on the volume transacted in 2016. The total volume traded increase to £202.5 million, heavily driven by investor appetite for smaller, multi-let parks rather than distribution warehouses. Such investment opportnuties in the region have been fiercely fought over.

The largest distribution warehouse deal of 2017 was London Metric's purchase of units A and B at Logistics City in Frimley for £12.6 million, reflecting a 5.5% yield. We also recorded significant levels of investor interest at Kingsland Business Park, Orchard Business Park and Daneshill Industrial Estate. Such interest compressed average prime yields across all markets in the region, with Basingstoke in particular sharpening by 70 bps to 5.25%.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Orchard Business Park, Woking	McLaren Auto	Royal London	20.86	4.44
Units A&B Logistics City, Frimley	Natural Instinct	LondonMetric Property	12.64	5.50
Abbot Close, West Byfleet	AIM Aviation	Knight Frank IM	10.65	4.96
Lister Road, Basingstoke	Bunzl UK	IRP Holdings	9.56	5.20
Daneshill Estate, Basingstoke	Boots UK	Tilstone Investments	6.30	8.32

Outlook

A 138,060 sq ft design-and-built waste facility for SITA at Shepperton Eco Park, Surrey was the only development completion during 2017. Currently, there are not any other developments under construction despite the availability rate being below the regional average at 5.2%.

The environment of limited supply and growing occupier demand put upward pressure on prime rents, which grew by10% in 2017, albeit from a low base. Looking forward, the market is unlikely to grow at the same pace, with our forecasts suggesting a more muted 2.2% annual growth rate for the next five years. There are proposals by developers such as St Modwen in Basingstoke, which, in time, could provide occupiers with good quality accomodation.

Prime headline rental growth forecasts

Surrey and Hampshire *%, per year 2018-2022*	UK average *%, per year 2018-2022*
2.2%	2.6%

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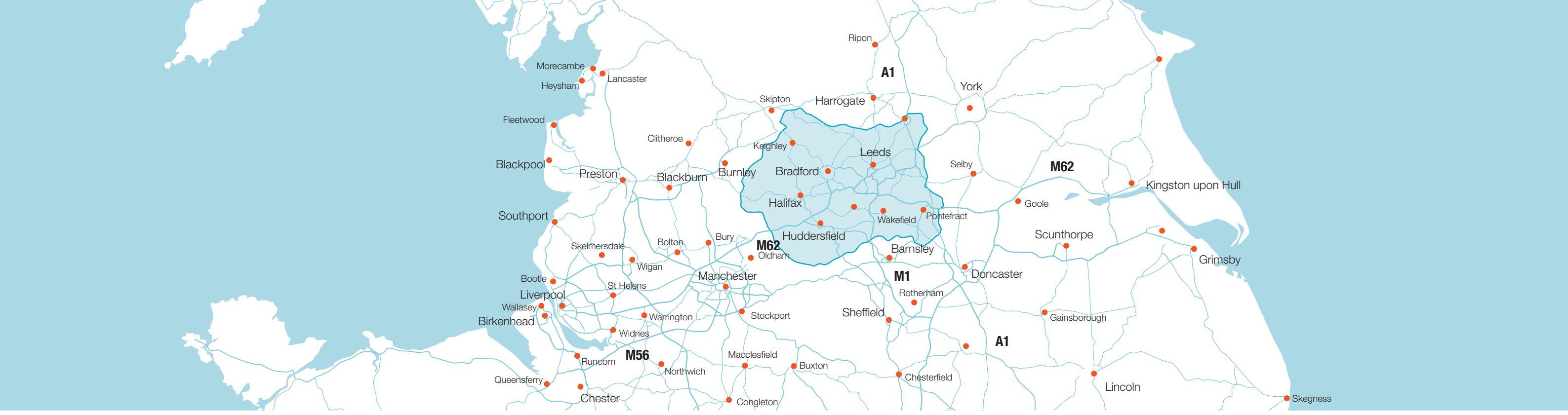


WEST YORKSHIRE

	West Yorkshire	UK Average
Demand		
Take-up (2017)	1.58 m sq ft	1.63 m sq ft
Average size of building taken-up	87,870 sq ft	132,465 sq ft
Prime rents and incentives		
Rents (Q4 2017)	per sq ft	per sq ft
Leeds	£5.75	£7.13
Wakefield	£5.75	£7.13
Typical rent-free incentive (Q4 2017)*	6-9 months	7-11 months
Availability and stock		
Availability (Q4 2017)	4.1%	6.3%
Stock (Q4 2017)	50.9 m sq ft	30.0 m sq ft
Investment		
Prime Yields (Q4 2017)		
South Leeds	5.00%	5.25%
Wakefield	5.00%	5.25%
Bradford	5.50%	5.25%
Investment Volume (2017)	£175.9 million	£200.3 million

*10 year lease

The established distribution locations in West Yorkshire tend to sit close to key motorway junctions, of which the region is well served, and around the ring road. The east of the region is well established and offers occupiers the benefits of transport upgrades and improved road connectivity. The towns of Wakefield and Leeds dominate distribution activity in this region and have seen strong levels of developer and occupier demand in recent years. Bradford is another key location in the region, benefitting from good transport links with motorway connections from the town's ring road via the M606 to the M62.

Occupier take-up during 2017 totalled 1.6 million sq ft, in line with both the volume traded in 2016 and the 2017 regional average. Most demand was concentrated in Leeds with half the number of transactions taking place at industrial parks around the city. Out of the 18 deals agreed, only five were new or refurbished buildings. The largest of which was glass bottle manufacturer Allied Glass's letting of the refurbished 190,000 sq ft unit at Wakefield Europort which was taken on a ten year lease at a rent of £4.25 per sq ft.

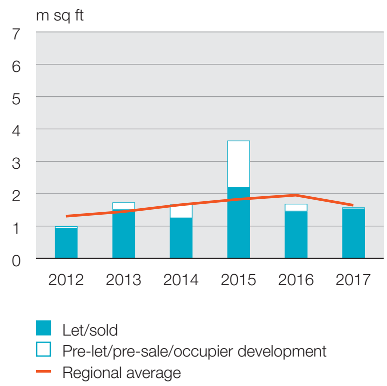
Key occupier deals

Location	Occupier	Event	Sq ft
Whitehall Road, Leeds	Confidential Occupier	Sale	192,733
California Way, Wakefield Europort	Allied Glass	Letting	190,000
Lowfields Business Park, Elland	Buyitdirect	Sale	126,000
Oakwell 27, Birstall	Cubico	Letting	110,000
Gelderd Road, Leeds	Global Autocare	Letting	105,000

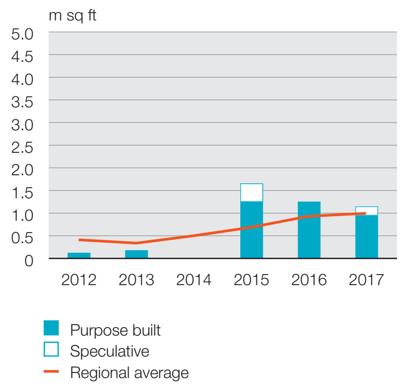
Key development completions

Location	Sq ft	Selected key deals
Ferrybridge, Wakefield	638,000	D&B for TK Maxx by Caddick/Wakefield Council
Coal Road, Leeds	94,000	Spec by Marshall CPD let to Vision Alert Automotive
Peel Park, Wakefield	70,106	D&B for OE Electrics by Peel
Summit 24 Business Park, Huddersfield	65,000	D&B for Lesjofors by Marshall Construction
Howley Park Estate, Leeds	60,000	D&B for DPD by J Pullan & Sons

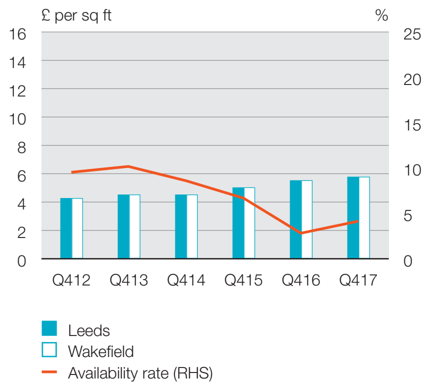
Take-up



Development completions

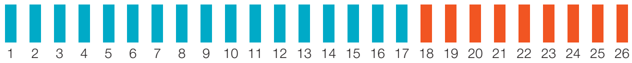


Prime rents and availability



Gerald Eve property market score*

West Yorkshire rank 17/26 regions



*see Glossary for definitions of scoring methodologies

Distribution market

Average population within 4.5 hour HGV drive time	Average population within 2.5 hour HGV drive time
81%	**43%**
UK average **77%**	UK average **54%**

Labour market

Average cost of a warehouse/forklift operative (per hour)	Unemployment rate (% working age)
£8.61	**4.5%**
UK average **£8.62**	UK average **4.6%**

Investment

The volume of investment transactions reached £175.9 million on the back of 38 deals in 2017, representing an annual increase of 83%. The largest deal recorded in 2017 was by Moorfield REF III on the acquisition of the Kirklees BC/Instore Plc's unit at Trident Business Park, Huddersfield for £25.85 million at a 6.65% yield.

Transactions on distribution warehouse buildings accounted for 78% of the total investment volume in 2017 and we recorded the interest of several leading investors such as M&G, London Metric and Standard Life Aberdeen. One of the sharpest yields recorded in 2017 was Lothbury IM's purchase of Connex 45 in Leeds for £9.15 million reflecting a yield of 4.73%. On average, prime yields in the region moved in by 30 bps in the year reaching 5% by the end of 2017.

Key investment transactions

Location	Tenant	Purchaser	Price (£m)	Yield (%)
Trident Business Park, Huddersfield	Kirklees BC	Moorfield REF III	25.85	6.65
Normanton Brook Road, Normanton	Alloga	Aberdeen Asset Management	15.16	
Wakefield Europort, Wakefield		Local Authorities PF	11.80	6.39
Wakefield Europort, Wakefield	Allied Glass	Undisclosed	11.60	6.50
Colne Bridge Road, Huddersfield	Mamas & Papas	Undisclosed	10.35	8.00

Outlook

The volume of development completions in 2017 recorded an annual fall of 8.5% in 2017, however unlike 2016, we saw three speculative buildings complete, totalling 206,000 sq ft. Leeds was the focus of speculative development activity, although we saw purpose-built schemes complete across the region in locations such as Wakefield and Bradford.

Gateway 45 in Leeds, a 105,000 sq ft speculative development by Harworth, was the only building under construction at the end of 2017. Despite availability increasing slightly during 2017, to 4.1%, availability in the region is significantly more restricted than the regional average, especially for new or modern units. Prime rents recorded a 5% increase in 2017and we forecast that new developments will continue to attract increases in rents, at a 2.5% annual growth rate over the next five years.

Prime headline rental growth forecasts

West Yorkshire	UK average
%, per year 2018-2022	*%, per year 2018-2022*
2.5%	**2.6%**

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GLOSSARY

Prime Logistics
This publication covers the market for industrial and distribution warehouse properties over 50,000 sq ft in size within the 26 Gerald Eve regions as depicted on the map opposite. All information relates to buildings being used or capable of nbeing used for industrial and logistics purposes.

Availability
Property stock being marketed for sale or lease (including assignments and sub-lets), including vacant stock and stock in current occupation but where the occupier will be vacating the space, as well as units under construction speculatively.

Availability rate
Total built floorspace marketed as available as a proportion of total logistics space.

Average population within a 4.5 and 2.5 hour HGV drive time
Using Experian Micromarketer mapping software, 2.5 and 4.5 hour HGV drivetime isochrones were created around several locations in each region. The average population reachable within these drive time radii was taken for this analysis to demonstrate a region's population reach.

Average cost of a warehouse/forklift operative
For each centre within our regions, we have undertaken a thorough review of job vacancy advertisements of both warehouse operatives and forklift truck drivers. The average of all advertised jobs that fall within these categories in each geographic centre has been averaged to give an idea of the cost of staffing in warehouses in each region. Where minimum and maximum ranges were offered in advertisements, the average was used for the purposes of this calculation.

Development completions
Sum of all floor space of logistics units over 50,000 sq ft added to total stock, observed from the date of practical completion of a development. Speculative development refers to the construction of a warehouse without an incumbent occupier. Purpose-built developments or design-and-build developments refer to developments where an occupier has pre-committed to occupy the space.

Development sales/purchases
Refers to situations where occupiers purchase land for development of their own logistics facilities, the recording of which is triggered on the granting of planning permission on the building.

Gerald Eve property market score
An assessment of the relative attractiveness of the logistics property market in a given region, based on activity levels and value. Scores are based on the following measures of activity, which are evenly weighted:

- Occupier activity, using average annual occupier take-up over the past five years.
- Developer activity, using total speculative floorspace completed over the past five years as well as that which is currently under construction.
- The current prime rent and the five year forecast for prime rents in a given region

The values for each measure are then rebased around the average of the 26 Gerald Eve regions and the index calculated by summing and rebasing the overall score around the average of 100 for all 26 Gerald Eve regions.

Gerald Eve region
Gerald Eve regions are made up of local authority areas, determined according to appropriate relationships between locations within the boundaries. Regions tend to concentrate around and along major transport connections as well as major population centres. Region names are indicative of the location of the regions.

Grade
Quality of stock based on the following definitions:

- GRADE A: Built within the last 5-7 years to a high quality with clear heights of at least ten metres and approximately one loading door per 10,000 sq ft. Significant yard depth in front of loading doors and ample parking space.
- GRADE B: Built 7-12 years ago to a reasonably high quality with clear heights of at least ten metres and approximately 0.5-1 loading door per 10,000 sq ft. Some yard depth in front of loading doors and some parking space.
- GRADE C: Built 12-20 years ago to a reasonably high quality with constrained door access and clear height less than ten metres. Some yard depth in front of loading doors and some parking space.
- GRADE D: Built over 20 years ago with poor building configuration and door access and clear heights less than ten metres. Poor yard provision and little to no parking space.

HGV
Heavy goods vehicle.

NDC
National distribution centre, typically located within 4-4.5 hour isochrone from end destinations.

Prime rent
Typical achievable rents for units of good quality over 50,000 sq ft and let on a typical 10-15 year lease to a tenant of strong covenant.

Prime rent forecast
Gerald Eve’s forecast for average annualised prime rental growth between 2018 and 2022.

Prime yield
Net achievable yield on units of good quality let to a tenant on a lease of 10-15 years.

RDC
Regional distribution centre, typically located within 2-2.5 hour isochrone from end destinations.

SRFI
Strategic rail freight interchange

Stock
Sum of all floorspace of units over 50,000 sq ft observed as industrial or logistics space within the 26 Gerald Eve regions.

Take-up
Occupational transactions including buildings let (covering pre-lets, sub-lets and assignments) or sold to an eventual occupier, developments pre-let or pre-sold to an occupier, and owner-occupier purchases of a freehold or long leasehold. For 'multi-storey' warehouses, where the floors are permanent and are structural additions to the fabric of the building rather than normal mezzanines, and rent is paid on all the occupied space, the entire occupied floorspace is used when calculating the volume of take-up.

Unemployment rate (% working age)
This is sourced from the ONS population survey updated at the end of 2017 and refers to the rate of unemployment of men and women between 16-64 years of age. Data is provided at local authority level, which is then averaged and aggregated into Gerald Eve regions.

GERALD EVE REGIONS

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WHAT GERALD EVE CAN DO FOR YOU

Our team of highly experienced professionals offer expert advice across all areas of the industrial and logistics sector including:

- Corporate real estate strategy
- Planning and development
- Development agency
- Building consultancy
- Occupational agency
- Investment agency
- Valuation
- Lease consultancy
- Rating
- Asset management
- Research

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