UK LOGISTICS & INDUSTRIAL OUTLOOK

Q4 2022

Key Findings:

- **Occupier demand fell** to 10.2 million sq ft during Q4 2022, a fall of 11% on the previous quarter, and taking total 2022 take-up to 54.5 million sq ft. Despite this fall 2022 remains the second strongest year on record, surpassing the then record of 52 million set in 2020.
- **Demand dynamics shifted** markedly during the year, with manufacturing take-up growing by circa 30% on 2021 volumes. Simultaneously a fall circa 75% was recorded YoY was seen in the E-commerce sector, owed to a fall in parcel volumes, and a lull since the sectors acquisitive spree during 2020 and 2021.
- **Availability rose** for a second consecutive quarter, reaching 55.9 million sq ft. Despite this availability remains below the long term average, and supply shortages are most pronounced within the Grade B segment.
- **Investment volumes stalled** considerably during Q4 2022 reaching just £1.3 billion, the second lowest Q4 since 2012. This was largely due to widespread uncertainty within financial markets, and period of pricing transition, seeing yields decompress by circa 150bps.

CUSHMAN & WAKEFIELD

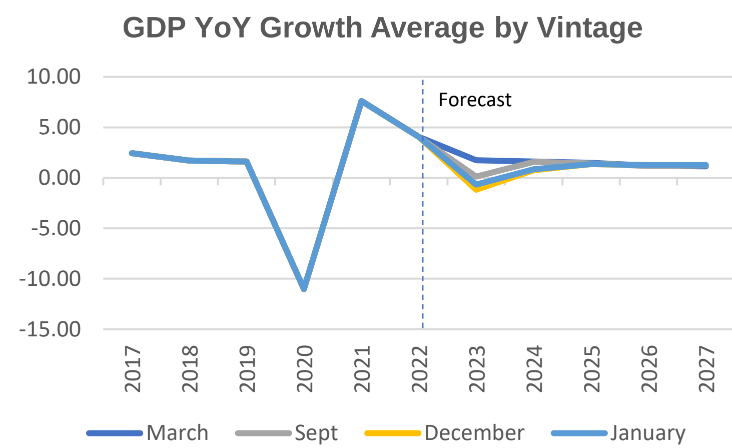
ECONOMY & OUTLOOK

Performance Indicators & Commentary

GDP forecast Annual Growth	GVA T&S* forecast Annual Growth	Industrial Production Index	Annual Online Sales Growth
-0.7% | 0.8% | 1.3%	1.6% | -6.5% | 3.5%	101.9 | 101.4 | 101.5	1.7% | -3.6% | -1.2%
2023 2024 2025	2023 2024 2025	2023 2024 2025	2023 2024 2025

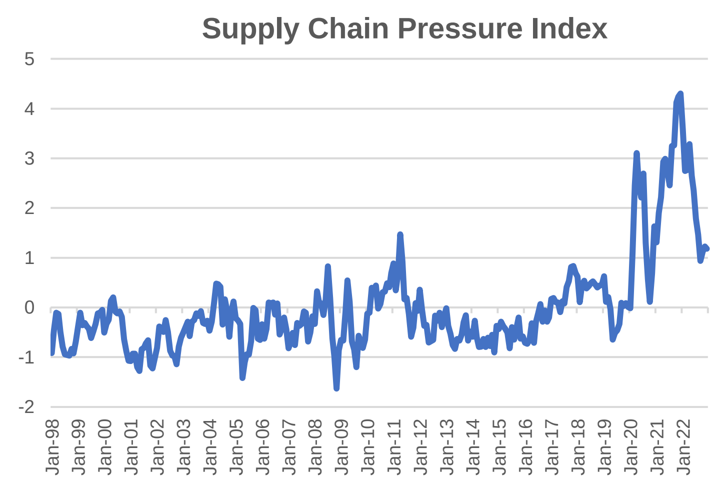
ECONOMY

A recession is likely to be confirmed once Q4 data is released by ONS. This would be driven by the squeeze on real disposable income which has seen the largest fall since the 1950's, is likely to be a shorter and shallower recession than those previously experienced. Disposable incomes are likely to be tightened further as 80% of mortgage holders are on fixed deals and are expected to renew/re-mortgage during 2023. Recovery is expected to commence during H2 2023, the timing and extent to which hinges on the Russia/Ukraine conflict, easing of supply chain pressures, and mild weather relieving pressure on energy/gas and fuel prices and thus inflation. Another key driver currently undergoing structural change is the relationship between physical and instore retail, which has shown significant variability since the re-opening of the economy post Covid-19.



OUTLOOK

The outlook for the economy of the United Kingdom remains somewhat challenging. Although low levels of unemployment will benefit the economy, providing critical household income a key challenge will be ensuring that this income re-enters the economy through spending, particularly as household savings are eroded as the year progresses. Close timing to the Covid-19 pandemic brings with it heightened risk of business failures and bankruptcy, with many exhausting borrowing options during this time and now facing higher debt servicing costs. Whilst inflation is anticipated to fall back to its naturally occurring rate during late 2023 and early 2024, many businesses will be exiting this period with significant increases to their cost base, whilst simultaneously facing an erosion of their operating margins. The result requiring a significant focus on supply chain safe-guarding and risk mitigation, and a requirement for business to holistically review their current supply chain network.



*Transportation & Storage

Source: Moody's Analytics October 2022, Federal Reserve Bank of New York 2022

NATIONAL OVERVIEW

Occupier Market

"The sector demonstrated its resilience during the second half of 2022, performing robustly despite the fierce challenges facing both occupiers and landlords. However, the market remains substantially more active than pre-pandemic days, and has seen promising signs from key sectors such as manufacturing and retail."

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

Take-up	Take-up	Availability	Under offer
10.2m sq ft Q4 2022	54.5m sq ft 2022 YTD	55.9m sq ft Q4 2022	7.5m sq ft Q4 2022
-11% Q-o-Q	70.6m sq ft 2021 YTD	+13% Q-o-Q	5.3m sq ft Stock
-45% Q4 22 vs Q4 21	-23% Change	+26% Q4 22 vs Q4 21	2.2m sq ft Under Constr.
+0.62% Q4 22 vs 10yr av		-6% Q4 22 vs 10yr av	

DEMAND

Occupational demand fell to 10.2 million sq ft during Q4, a fall of 11% QoQ, and 45% decrease on the same period last year. Despite this, total take-up volumes for the year are the second highest on record, surpassing 2020.

Unsurprisingly, the Golden Triangle (Midlands & M1 Corridor) continued to prove highly sought after during the year, accounting for circa. 50% of total take-up. The North West also proved highly sought after, accounting for 15% of total take-up volumes.

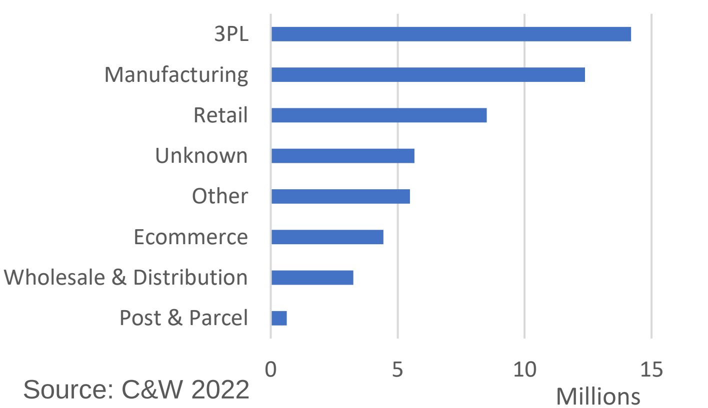
2022 saw a large shift in demand dynamics and source of take up. The E-commerce and Post and Parcel sectors both recording significant reductions in the level of new space required, falling sharply from record levels observed during 2020 and 2021. However, there was strong growth in demand from the manufacturing sector which saw take-up volumes grow 30% on their 2021 levels.

PIPELINE & AVAILABILITY

Supply remains relatively tight across the United Kingdom, but has been eased somewhat by a rise in availability which now stands at 55.9 million sq ft, a 26% increase compared to the same period last year, and a quarterly increase of 13%. The majority (62%) of this new availability is in Grade A space, which has risen by 56% YoY. Grade B shortages remain prevalent, with a number of occupiers renewing existing leases in order to avoid re-location costs, or higher rents in more recently completed units.

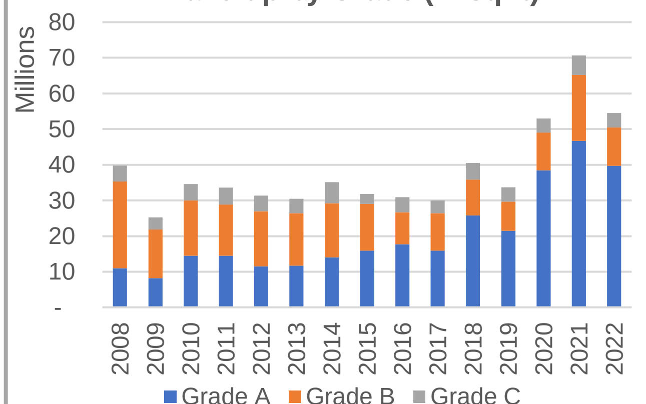
Throughout 2022, developers delivered an additional 17.5 million sq ft of speculatively developed space in 2022, the highest volume on record. However, as a result of shortages of key construction materials and labour, a number of schemes scheduled for delivery during 2022 have been delayed and are now expected to complete early 2023.

Take-up by Sector YTD (m sq ft)

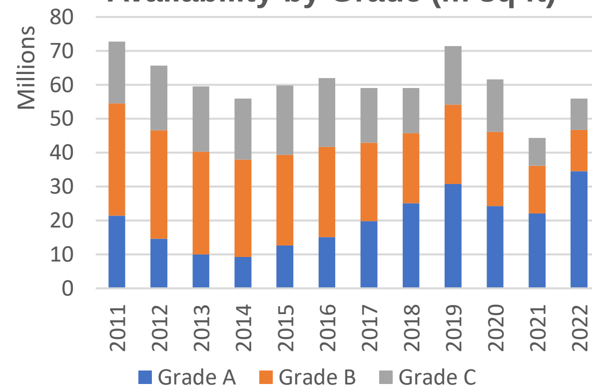


Source: C&W 2022

Take-up by Grade (m sq ft)



Availability by Grade (m sq ft)



NATIONAL OVERVIEW

Investment Market

"Widespread uncertainty and instability saw overall volumes impacted following a strong start to 2022. Having undergone a phase of significant repricing, it is likely we will begin to see the sector firmly back on the list for investors including UK / European institutions as we proceed through 2023."

Ed Cornwell, International Partner, Logistics & Industrial Cap Markets

Volumes	Volumes	Pipeline
£1.3bn Q4 2022	£14.3bn 2022 YTD	£935m Under offer
-56.2% Q-o-Q	£17.4bn 2021 YTD	£2.2bn Available
-78.9% Q4 22 vs Q4 21	-15.5% Change	
-55% Q4 22 vs 10yr av		

VOLUMES

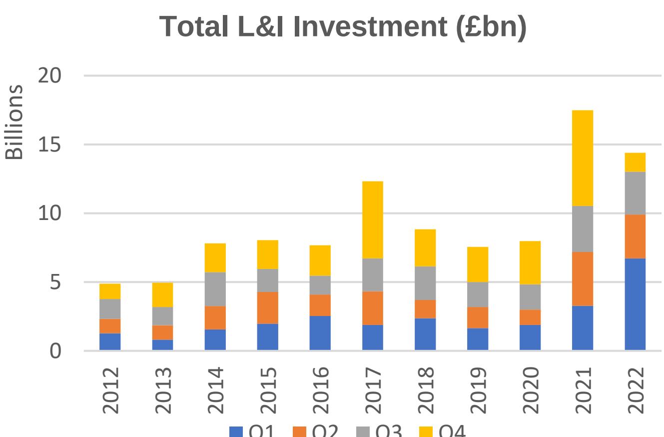
Investment volumes fell markedly during Q4, with trading conditions shaded by economic uncertainty and instability within financial markets. Q4 2022 posted a total volume of £1.3billion, the second lowest level since 2012. Bolstered by a strong start to the year 2022 (Q1 seeing £6.7 billion transacted), total investment volumes reached £14.3 billion - the second strongest year on record behind 2021, and well ahead of the £7.9 billion transacted during 2020.

The second half of the year also bought a distinct shift towards lower lot-sizes and a preference for single asset transactions, largely due to a lack of supply of large portfolios.

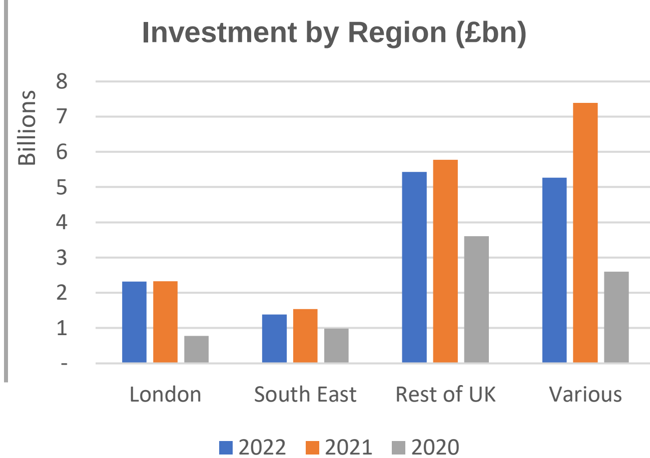
London, South East & East, and the Midlands regions all continued to prove as highly desirable locations for investment, seeing over £6.5 billion of investment throughout the year (excluding national portfolios with exposure to these regions).

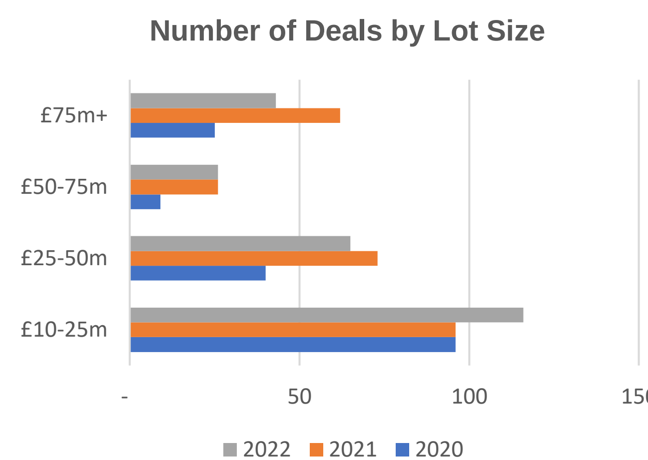
PRICING & RETURNS

The Industrial and Logistics sector has seen a fairly rapid response to macroeconomic conditions, seeing significant decompression in yields during H2 2022. It is expected that this rapid outward movement and re-pricing will closer align buyer and seller aspirations and encourage the return of investor activity in 2023. Having seen the first outward movement in yields since 2012 during H2, yields continued to decompress throughout the year now standing 150BPS higher than the same period last year. Further adjustment is expected in coming quarters, although it is expected that this will be more of a balancing act rather than a widespread re-pricing, with locations seeing small corrections throughout the year. Despite this period of change, plenty of well-considered capital continues to target the sector as investors' conviction in the market fundamentals remain strong.



Source: C&W 2022





NATIONAL OVERVIEW

Rents & Yields Trends, Performance

C&W Prime Rent 100+

£10.65
Average

3.1%
Q-o-Q

18.4%
Y-o-Y

C&W Prime Rent 50-100k

£11.12
Average

2.5%
Q-o-Q

16.8%
Y-o-Y

C&W Prime Yield

5.5%
Q-o-Q

+87bp
Q-o-Q

+151bp
Y-o-Y

MSCI Total Return (MI%)

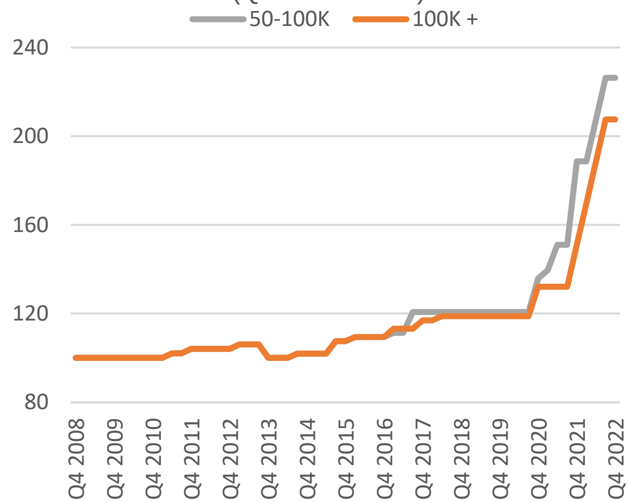
-14.9%
Annualised to Dec 2022

19.9%
Annualised to Sept 2022

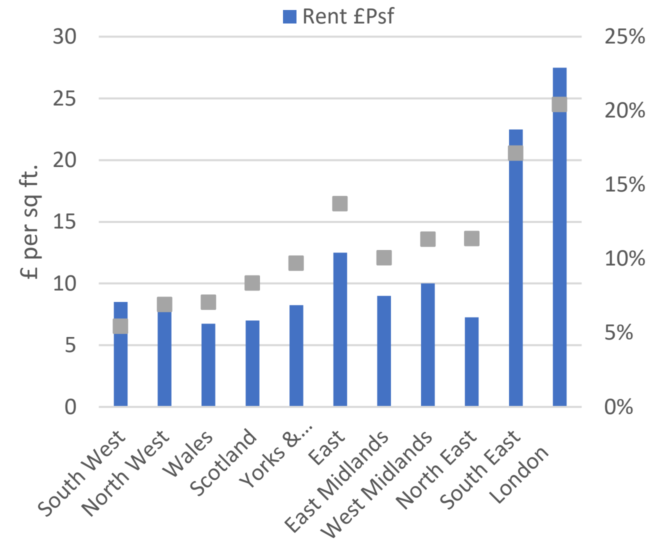
38.8%
Annualised to June 2022

Rental Growth Index

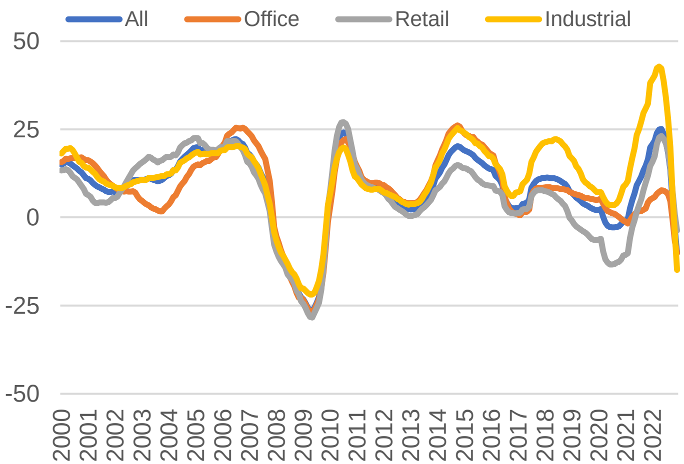
(Q4 2008 = 100)



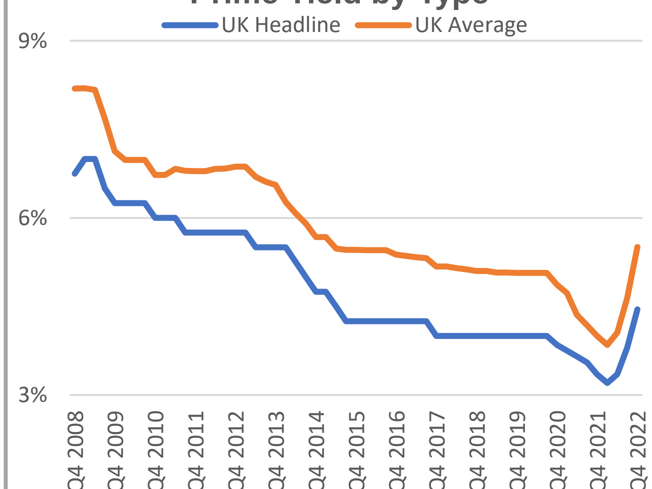
Rents by Region (100K sq ft +)



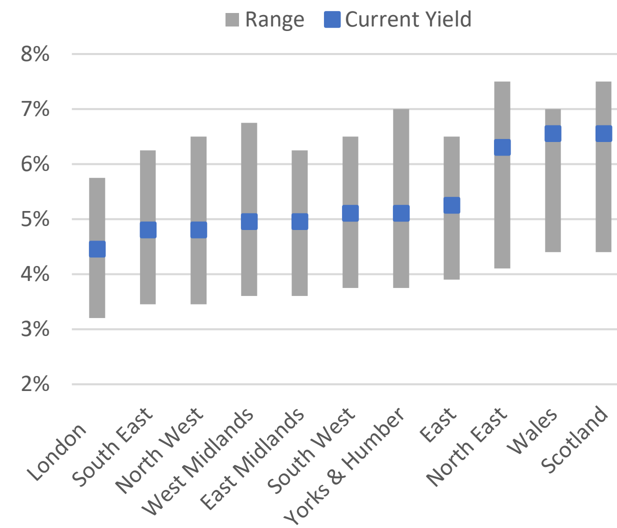
MSCI Total Annual Return (%)



Prime Yield by Type



Yield by Region vs 10 yr. spread



Source: C&W 2022, MSCI UK Monthly Index

LONDON & SOUTH EAST/EAST

C&W Prime Rent 100k+		
£27.50	+0%	+37.5%
Latest	Q-o-Q	Y-o-Y

C&W Prime Rent 50-100k		
£30.00	+0%	+20%
Latest	Q-o-Q	Y-o-Y

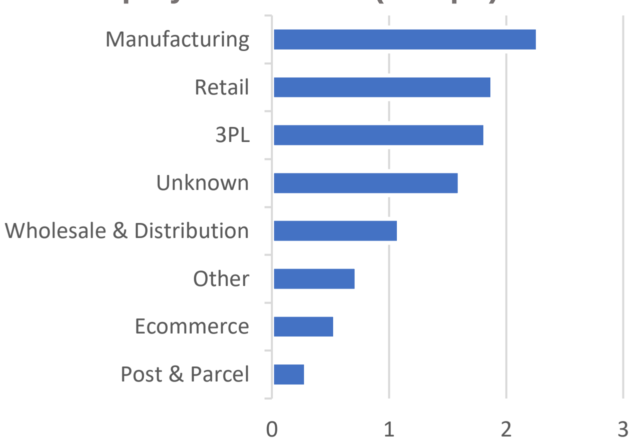
C&W Prime Yield		
4.45%	+65bp	+110bp
Latest	Q-o-Q	Y-o-Y

"Market conditions in London and the South East continue to be impacted by tight supply, and robust occupier demand. The market is expected to lead in terms of rental growth during 2023."

Chris Knight, Partner London

Take-up	Take-up	Availability	Under offer
2.6m sqft Q4 2022	10.2m sq ft 2022 YTD	11.5m sqft Q4 2022	1m sqft Q4 2022
25.9% Q-o-Q	14.9m sq ft 2021 YTD	-3% Q-o-Q	
-41% Q4 22 vs Q4 21	-32% Change	+30% Q4 22 vs Q4 21	
-28% Q4 22 vs 10yr av		+10% Q4 22 vs 10yr av	

Take-up by sector YTD (m sq ft)

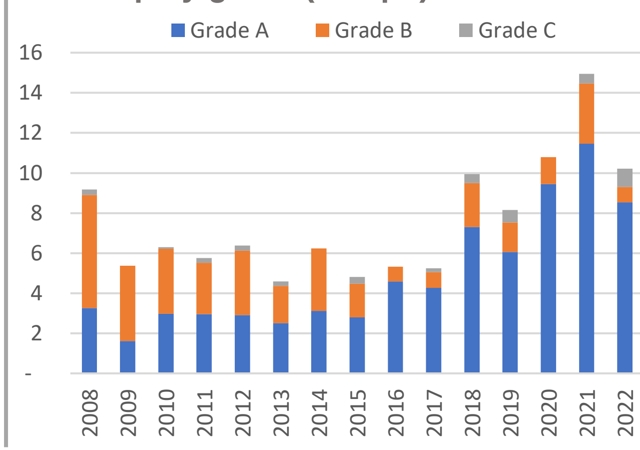


DEMAND

Occupier take-up in London, South East & East reached 10.2 million sq ft during 2022, a fall of 32% when compared to a stellar 2021. The majority of this decline was attributed to Q4 where activity stalled largely as a result of instability within financial markets, and apprehension around the economic outlook. Demand remained focussed on Grade A space, accounting for 87% of take-up during the year. The majority of demand came from manufacturing, retail and 3PLs, who combined accounted for 61% of total take-up. The largest deal was the start of development of 1.2 million sq ft by The Range at Suffolk Gateway in Stowmarket , a newly established Freeport location.

Demand within London was focussed on smaller units, a bi-product of significant supply constraints resulting in no deals for units over 200,000 sq ft throughout 2022. Typifying this lack of supply in and around the capital, the majority of take-up was seen within existing standing stock.

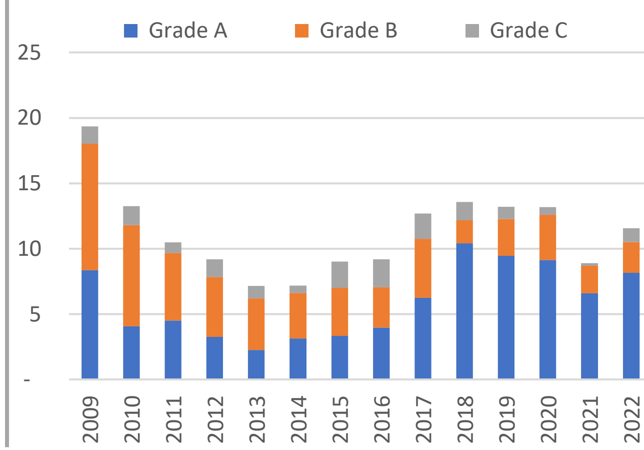
Take-up by grade (m sq ft)



PIPELINE & AVAILABILITY

Availability rose to 11.5 million sq ft at the end of 2022, aided by the delivery of additional Grade A space, and some existing Grade C stock becoming available once again. As a result of robust occupier demand and strong rental growth, developers have continued to commit to the region, and in 2022 delivered an additional 5.1 million sq ft of space that had begun construction speculatively. Of this space 3.1million sq ft has now been signed for, a further 3 million sq ft is currently under construction with delivery expected in the next 18 months, which will further ease supply constraints. The majority of space currently available is located within units ranging from 50,000 sq ft – 150,000 sq ft with just one unit in excess of 500,000 sq ft available at Kingston Park Peterborough, which is available by way of sublease. For 2023, key developments are expected to get underway at sites in Croydon, Barking, Hemel Hempstead, and Luton.

Availability by grade (m sq ft)



WEST MIDLANDS

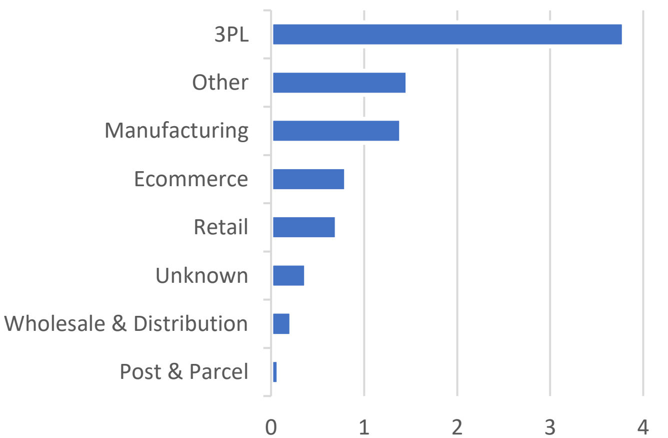
C&W Prime Rent 100k+			C&W Prime Rent 50-100k			C&W Prime Yield		
£10.00	0%	+17.6%	£10.75	+2.4%	+26.5%	4.95%	+75bp	+110bp
Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y

"The West Midlands continues to attract a range of occupiers, despite macro-economic factors. 2023 will continue to see high demand in the market."

David Binks, International Partner, Birmingham

Take-up	Take-up	Availability	Under offer
903.4k sqft Q4 2022	8.8m sq ft 2022 YTD	7.4m sqft Q4 2022	455k sqft Q4 2022
-48% Q-o-Q	11.1m sq ft 2021 YTD	+50% Q-o-Q	
-83% Q4 22 vs Q4 21	-20% Change	+38% Q4 22 vs Q4 21	
-10% Q4 22 vs 10yr av		-10.23% Q4 22 vs 10yr av	

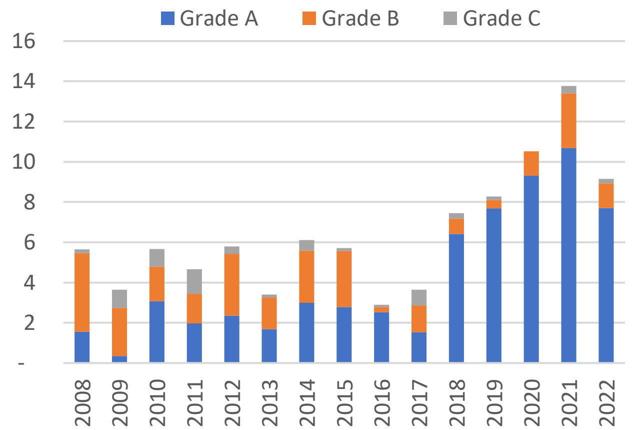
Take-up by sector YTD (m sq ft)



DEMAND

Occupational demand in 2022 reached 8.8 million sq ft, with activity remaining considerably ahead of the 3.5 - 3.7million sq ft recorded in 2018 - 2019. The market saw the drive to quality continue, with take-up in Grade A units accounting for 80% of take-up in 2022. The West Midlands again proved to be a hot-spot for third party logistics providers, who signed for a total of 3.7 million sq ft, last year. The largest deal in the market saw Rhenus Logistics sign for 981,000 sq ft, spread over two units at Baytree Nuneaton, extending their presence in the Midlands having acquired 258,000 sq ft at Hurricane 258 last year in the East Midlands. In line with the national trend, the number of manufacturers signing for space rose to 1.15 million sq ft (up from 700,000 sq ft in 2021), from a range of manufacturers, including; offsite construction, cabling production, and aluminium processing.

Take-up by grade (m sq ft)

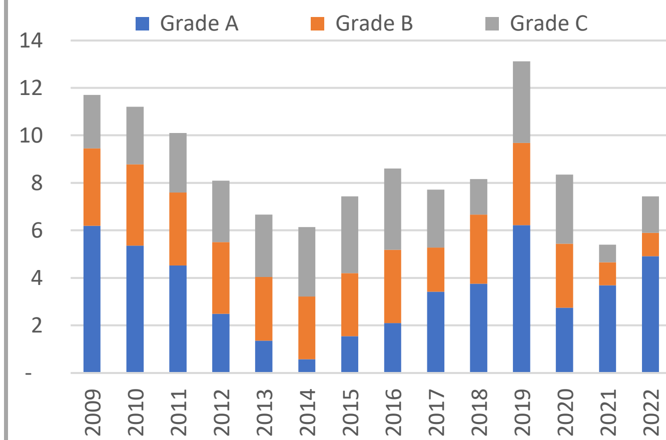


PIPELINE & AVAILABILITY

Availability rose considerably throughout 2022 reaching 7.4 million sq ft as of year end, compared to 5.3 million sq ft at the end of 2021. The majority of this space is available in Grade A units, but the market also as a significant supply of Grade C space. Despite this, availability remains below the long term average of circa 8 million sq ft.

Owing to the strength shown in the occupational market, developers have continued to deliver space to the market speculatively, totalling 2.6 million sq ft during 2022, of which 1.3m sq ft has already been signed for. A further 2.1 million sq ft of development has either already broken ground, or awarded construction contracts and is expected to complete during 2023 and 2024. Further announcements have been made for developments at Redditch, Coventry and Lichfield.

Availability by grade (m sq ft)



EAST MIDLANDS

C&W Prime Rent 100k+			C&W Prime Rent 50-100k			C&W Prime Yield		
£9.00	0%	+12.5%	£9.00	0%	+12.5%	4.95%	+75bp	+120bp
Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y

"The East Midlands continues to perform well above its long term average, and saw a strong 2022. We expect the delivery of key schemes to bolster the market further in 2023."

Tom Kimbell, Partner, Northampton

Take-up	Take-up	Availability	Under offer
1.9m sqft Q4 2022	9.2m sq ft 2022 YTD	8.6m sqft Q4 2022	900k sqft Q4 2022
+49% Q-o-Q	13.7m sq ft 2021 YTD	+69% Q-o-Q	
-43% Q4 22 vs Q4 21	-34% Change	+57% Q4 22 vs Q4 21	
+14% Q4 22 vs 10yr av		-1.4% Q4 22 vs 10yr av	

DEMAND

Occupier take-up in the East Midlands reached 9.2 million sq ft during 2022, a noticeable decrease from the near 14 million sq ft recorded during 2021. A total of 49 deals were recorded during the year, falling from the 64 seen in 2021.

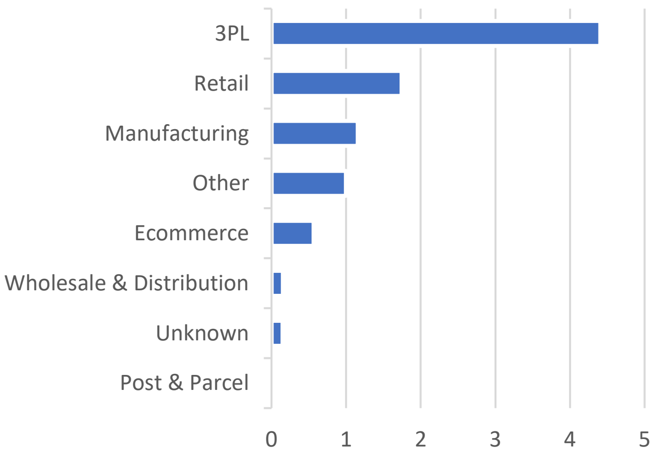
As of Q4 2022 just 4 units remain under offer, accounting for 900,000 sq ft. In line with the wider Midlands region a considerable proportion of this demand came from third party logistics providers, manufacturers, and retailers who combined accounted for 70% of total space taken. Notable 3PL occupiers taking space in 2022 in the region included Maersk, GXO and DSV. Much of the demand in the East Midlands was focussed on Grade A space, which accounted for 84% of total take-up, a considerable proportion of which was developed speculatively, highlighting developers confidence in the market's fundamentals.

PIPELINE & AVAILABILITY

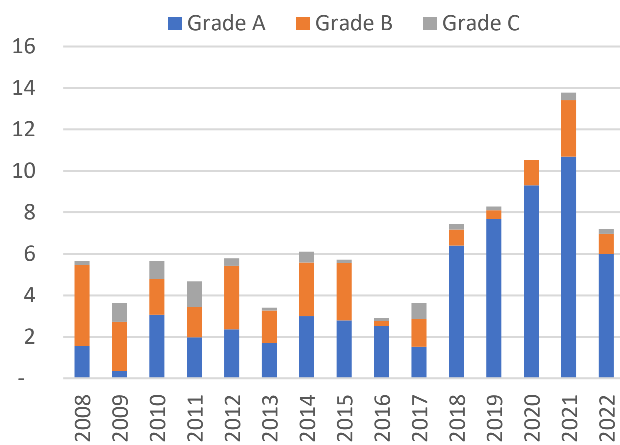
Availability rose significantly during 2022, with some 8.6 million sq ft of space available as of the end of Q4, rising from the 5.4 million sq ft that was available as of the end of 2021. The majority of this space is in units of less than 200,000 sq ft, although there are some larger warehouses on the market, particularly within the 300,000-400,000 sq ft bracket.

Most of the available space is actually under construction, with just 1.5 million sq ft available in standing stock. Developers continued to commit to new speculative builds in the East Midlands during 2022, with 6.1 million sq ft of space being delivered throughout the year, of this 3.9 million sq ft has already been signed for. A further 4.7 million sq ft is currently under construction for delivery during 2023. Further development in the region is expected to come forward throughout the year.

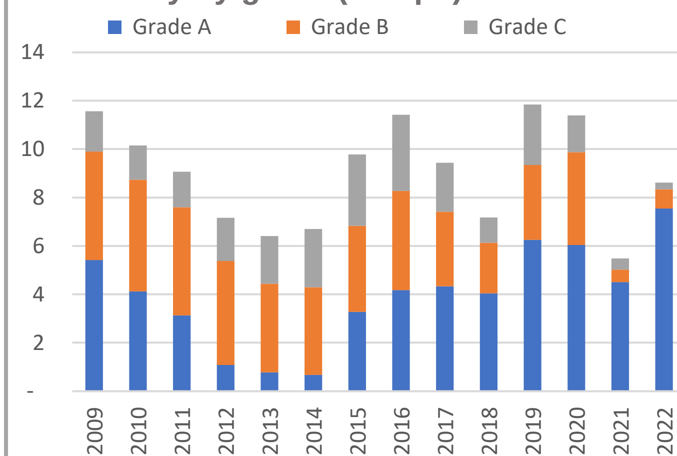
Take-up by sector YTD (m sq ft)



Take-up by grade (m sq ft)



Availability by grade (m sq ft)



NORTH WEST

C&W Prime Rent 100k+			C&W Prime Rent 50-100k			C&W Prime Yield		
£8.25	+3.1%	+10.0%	£10.00	+5.3%	+21.2%	4.85%	+75bp	+120bp
Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y

"The North West has proven a highly sought after spot for retailers and manufacturers, and emerged from 2022 as a key growth area for industry. We expect 2023 to further demonstrate the resilience of the North West region."

Rob Taylor, Partner, Manchester

Take-up	Take-up	Availability	Under offer
1.3m sqft Q4 2022	8.1m sq ft 2022 YTD	8.3m sqft Q4 2022	1.2m sqft Q4 2022
+28% Q-o-Q	9m sq ft 2021 YTD	+18% Q-o-Q	
-7% Q4 22 vs Q4 21	-11% Change	+16% Q4 22 vs Q4 21	
-1% Q4 22 vs 10yr av		-2.13% Q4 22 vs 10yr av	

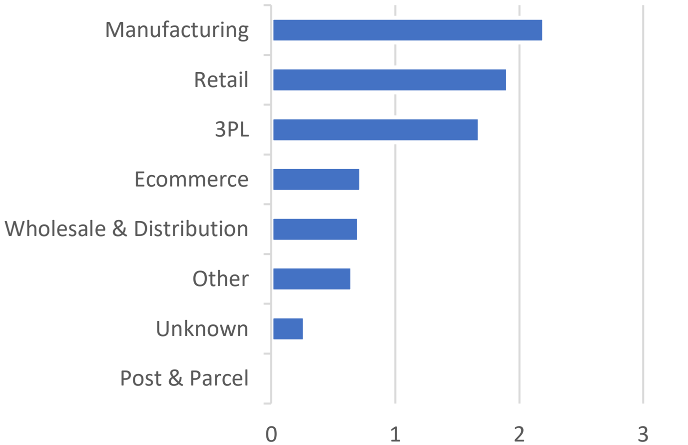
DEMAND

Occupational demand remained relatively strong in the North West, continuing the momentum from 2021. Total take-up reached 8.1 million sq ft during 2022, down slightly from the 9 million sq ft recorded in 2021, achieved in just 39 transactions, compared to 58 in 2021. Demand was most prevalent from the manufacturing and retail sectors, which combined accounted for 50% of total take-up. Both Grade A and Grade B units were in demand, with Grade B accounting for 1.7 million sq ft of take-up, owed to the relative supply shortages facing the market. Notable retailers acquiring space in the market included Home Bargains (878,000 sq ft acquired at Omega West in Warrington), Iceland, B&M, and Castore. Another notable deal was that of manufacturer Industrie Cartarie Tronchetti Group, who took over 700,000 sq ft in Deeside.

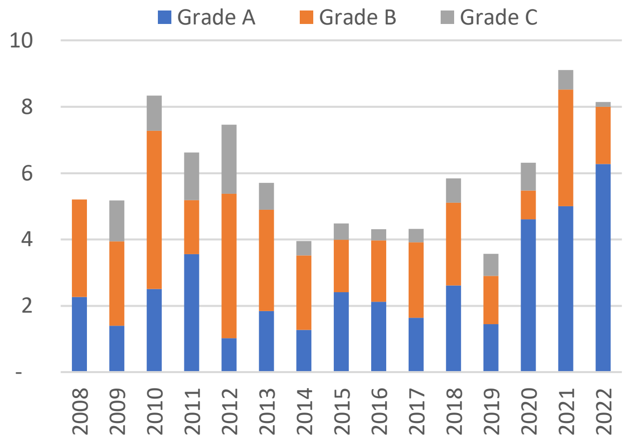
PIPELINE & AVAILABILITY

Availability rose to 8.3 million sq ft during 2022, up from the 7.4 million sq ft that was available at the end of 2021. The majority of this space (60%) is available within units of Grade A quality. Furthermore, the market continues to face a shortage of larger units, with 59% of total available space, available within units of 50,000 – 200,000 sq ft. The two largest units currently available are both located within Merseyside, providing 1.2 million sq ft of Grade A space. Developers remained active within the North West during 2022, delivering 3.1 million sq ft, of which 1.5 million sq ft is already let. Further development is expected in 2023 with 2.7 million sq ft having either broken ground or seen construction contracts awarded. Further key developments have been announced for Carrington, Trafford Park, Speke, and Wigan, and are expected to be delivered in the next 2-3 years.

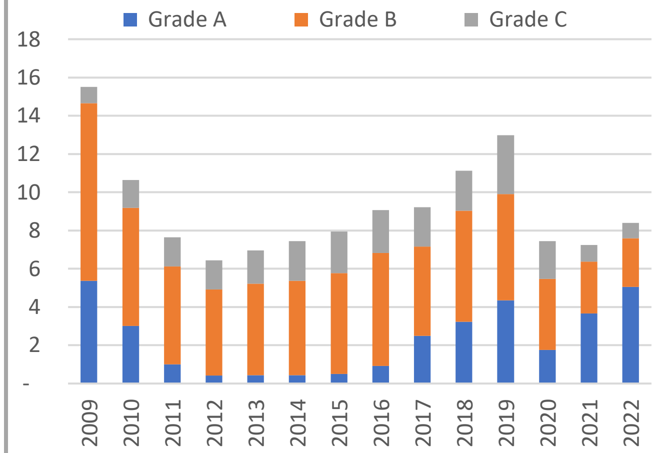
Take-up by sector YTD (m sq ft)



Take-up by grade (m sq ft)



Availability by grade (m sq ft)



YORKSHIRE & THE HUMBER

C&W Prime Rent 100k+			C&W Prime Rent 50-100k			C&W Prime Yield		
£8.25	+3.1%	+22.2%	£8.50	+6.3%	+17.2%	5.10%	+75bp	+110bp
Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y

"Yorkshire and The Humber continues to benefit from demand from a diverse range of occupiers. New stock scheduled for 2023 will help to place this demand and evidence further rental growth."

Dave Robinson, Partner, Leeds

Take-up	Take-up	Availability	Under offer
1.3m sqft Q4 2022	7m sq ft 2022 YTD	4.7m sqft Q4 2022	350k sqft Q4 2022
-40% Q-o-Q	10.6m sq ft 2021 YTD	-7% Q-o-Q	
+1178% Q4 22 vs Q4 21	-33% Change	+67% Q4 22 vs Q4 21	
+27% Q4 22 vs 10yr av		-15% Q4 22 vs 10yr av	

DEMAND

Occupational take-up in the Yorkshire and Humber reached 7 million sq ft during 2022, recording a total of 27 transactions. Whilst the figure is 33% lower than 2021, the market outperformed 2020 and continues to show activity well above the long term average. Take-up continues to focus on Grade A space, with the region providing good value when considering its strong connectivity.

Notable occupier activity included Amazon and Next, who both secured development sites to provide in excess of 1 million sq ft, whilst Alliance Automotive and Maersk both acquired units of over 600,000 sq ft.

A lack of supply within the market, has also seen sustained interest in existing Grade B space, take-up in existing units accounting for 15% of total demand. However, the volume of take-up within Grade C units fell dramatically, accounting for just 2% of take-up.

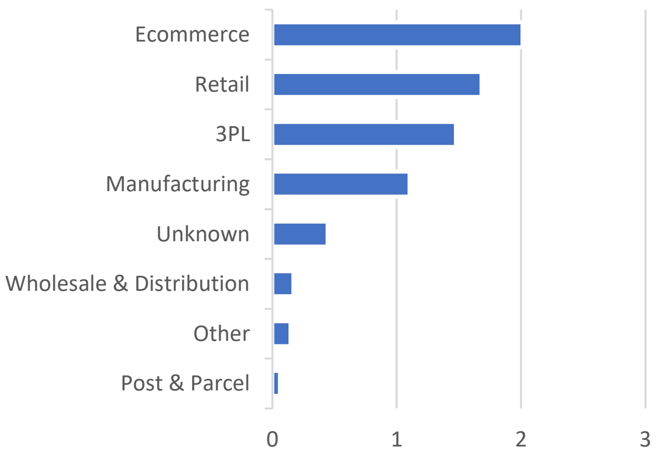
PIPELINE & AVAILABILITY

Availability rose to 4.7 million sq ft during 2022, up from the 2.8 million sq ft that was available at the end of 2021. However, supply remains significantly below the long term average which has typically seen 5.6 million sq ft of space available at any given time. 3.3 million sq ft of this space has either recently been completed, or is under construction. Consequently, the majority of space currently available is Grade A.

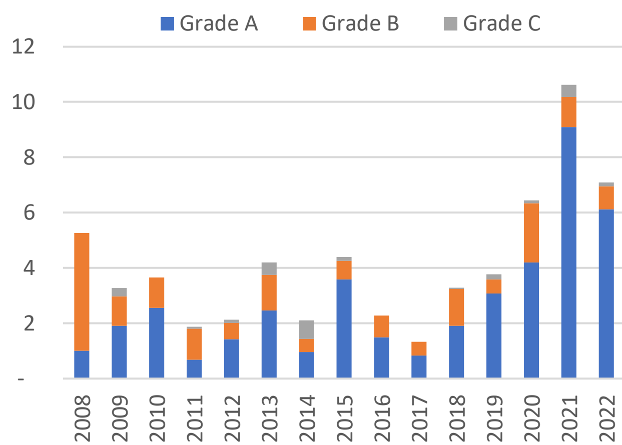
Developers continued to deliver space to the Yorkshire and Humber market during 2022, completing 1.4 million sq ft of space. The largest schemes being 679,000 sq ft at iPort Doncaster, over four units, and the 134,000 sq ft within units 3&4 at Ergo Park Sheffield.

Looking forward a further 2.3 million sq ft has broken ground and is expected to complete over the next 12 months, of which a small portion has already been signed for.

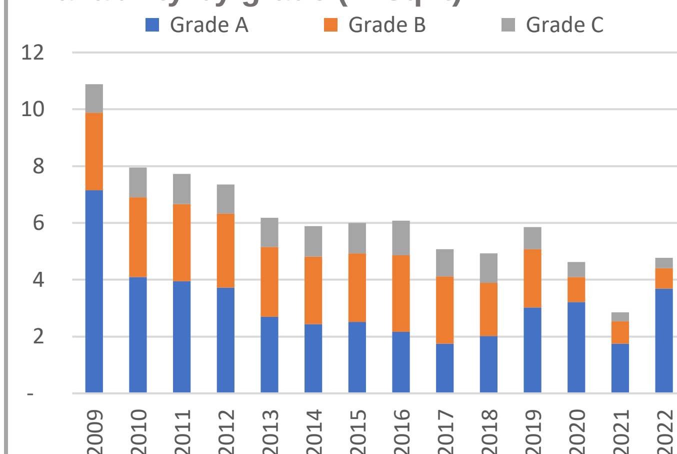
Take-up by sector YTD (m sq ft)



Take-up by grade (m sq ft)



Availability by grade (m sq ft)



NORTH EAST

C&W Prime Rent 100k+			C&W Prime Rent 50-100k			C&W Prime Yield		
£7.25	0%	+26.1%	£7.50	+7.1%	+20%	6.3%	+105bp	+205bp
Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y

"2022 was a mixed year for the North East, seeing two busy quarters in Q2 and Q4, but otherwise challenged by a lack of good quality stock. However there is potential for rental growth in 2023 owing to this lack of supply."

Dave Robinson, Partner, Leeds

Take-up	Take-up	Availability	Under offer
571k sqft Q4 2022	2m sq ft 2022 YTD	3.1m sqft Q4 2022	411k sqft Q4 2022
+467% Q-o-Q	3.4m sq ft 2021 YTD	-1% Q-o-Q	
+11% Q4 22 vs Q4 21	-43% Change	+67% Q4 22 vs Q4 21	
-5.2% Q4 22 vs 10yr av		-4% Q4 22 vs 10yr av	

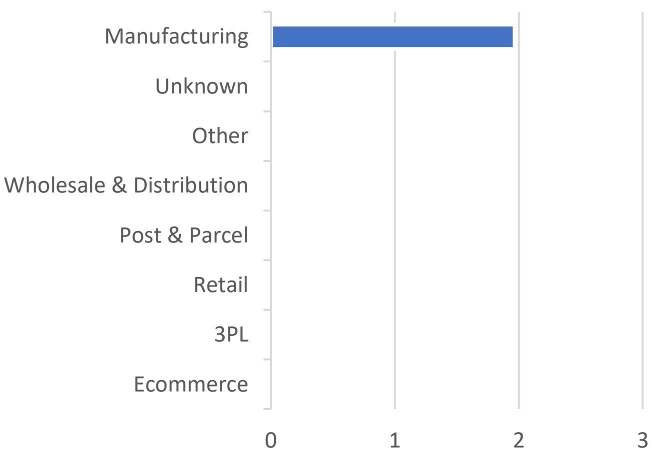
DEMAND

Having attracted significant demand during 2020 and 2021, demand in the North East during 2022 fell to 1.9 million sq ft, recording just 5 transactions, down from the 17 recorded during 2021. The entirety of this demand came from manufacturers, targeting the area for its technical manufacturing labour pool.
The largest deal during the quarter was the acquisition of a freehold development site, acquired by SeaH Wind a South Korean steel manufacturer. The 1 million sq ft facility will be the largest of its kind and will produce the key components for offshore wind turbines. JDR Cables, another component producer within the renewable and energy space acquired 571,000 sq ft in Blyth, highlighting the regions importance for British industry.

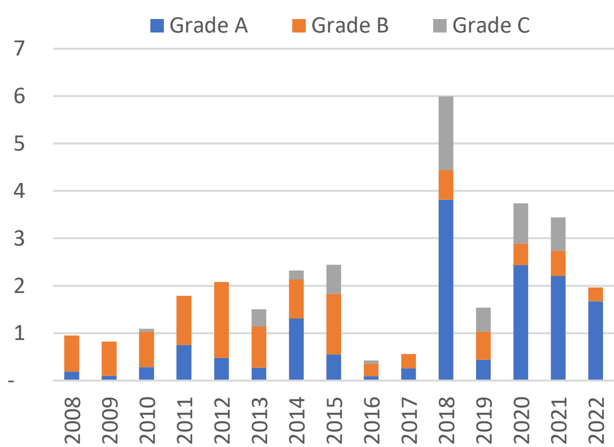
PIPELINE & AVAILABILITY

Supply in the North East remains relatively low, at 3.1 million sq ft, when compared to recent levels of take-up and the long term supply average. Approximately two-thirds of this space is available within older stock - 23% and 43% of the market supply being within Grade B and Grade C units respectively.
Furthermore the vast majority of this space is available within smaller units, with just one unit in excess of 250,000 sq ft available as of year end.
Development in the North East remains modest with completions during 2022 and 2023 expected to reach just under 1 million sq ft. Looking forward, further development is expected in 2023 and 2024, with Aycliffe Business Park expected to deliver 830,500 sq ft of space as part of its first phase.

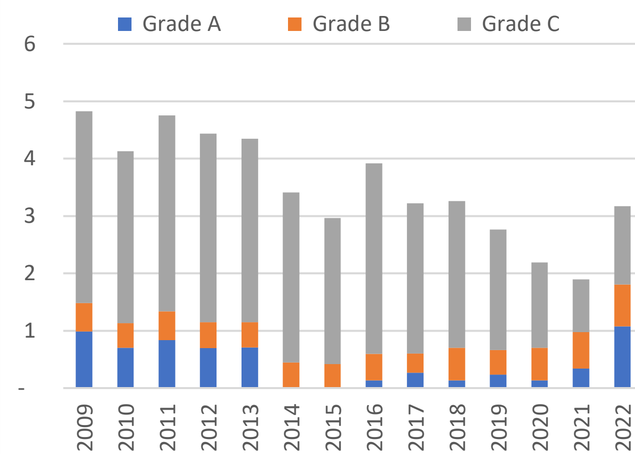
Take-up by sector YTD (m sq ft)



Take-up by grade (m sq ft)



Availability by grade (m sq ft)



SOUTH WEST

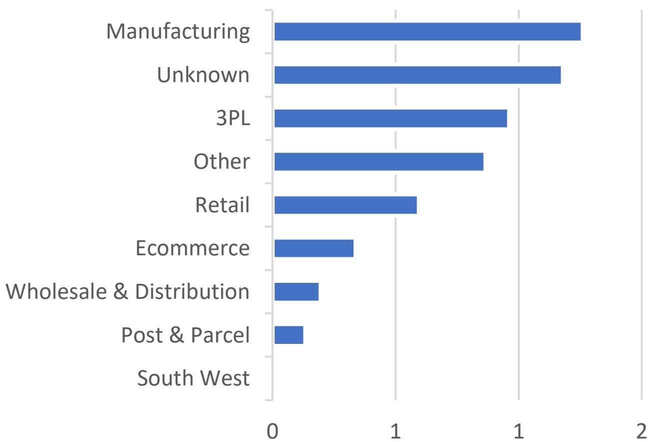
C&W Prime Rent 100k+			C&W Prime Rent 50-100k			C&W Prime Yield		
£8.50 Latest	0% Q-o-Q	+13.3% Y-o-Y	£9.00 Latest	0% Q-o-Q	+5.9% Y-o-Y	5.10% Latest	+75bp Q-o-Q	+125bp Y-o-Y

"Demand in the South West rose to the highest level on record in 2022, underpinned by a particularly strong H1. Take up was evenly spread across the wider region. Shortages of space should ease a little in 2023 as new development in key regional markets reach practical completion."

Chris Yates, Partner, Bristol

Take-up	Take-up	Availability	Under offer
341k sqft Q4 2022	5.5m sq ft 2022 YTD	5.3m sqft Q4 2022	473k sqft Q4 2022
-83% Q-o-Q	2.9m sq ft 2021 YTD	0% Q-o-Q	
-68% Q4 22 vs Q4 21	+89% Change	-15% Q4 22 vs Q4 21	
-114% Q4 22 vs 10yr av		-14.5% Q4 22 vs 10yr av	

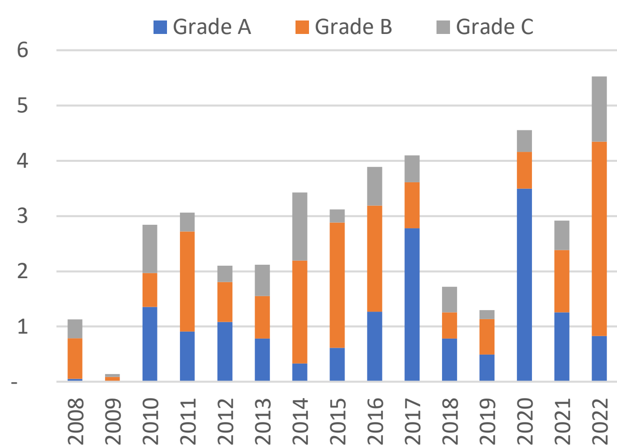
Take-up by sector YTD (m sq ft)



DEMAND

Having seen historically strong record levels of demand during 2020 (4.5 million sq ft), 2021 recorded just 2.9 million sq ft of take-up albeit seeing an increase in the number of transactions (26 transactions up from 21 during 2020). However, 2022 disproved any speculation around market performance, recording 5.5 million sq ft of space transacted. Due to a lack of Grade A supply in the South West occupiers have turned to older stock. During 2022 take-up within units of Grade B quality accounted for 64% of total demand, and take-up in Grade C units accounted for 21% (well above national averages), highlighting the acute shortages of Grade A space. The majority of this demand was focussed on units from 50,000-200,000 sq ft, primarily driven by demand from manufacturers and third party logistics companies.

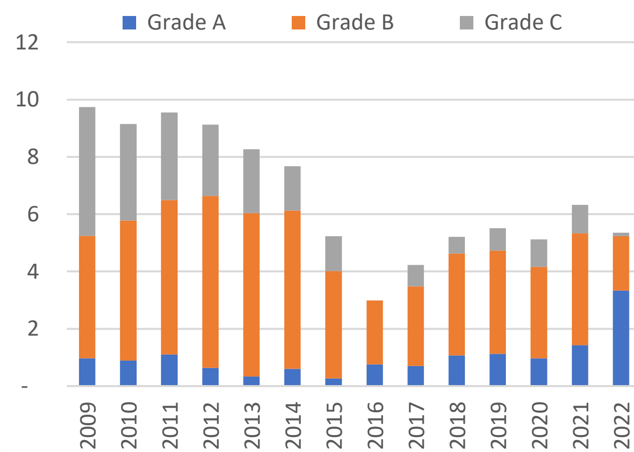
Take-up by grade (m sq ft)



PIPELINE & AVAILABILITY

The significant increase in occupational demand during 2022 led to an overall fall in availability over the year, now standing at 5.3 million sq ft down from 6.3 million available at the end of 2021. During Q2 it fell to just 3.8m sq ft, the lowest level since 2017. Current supply constitutes almost entirely good quality stock: 62% Grade A and 36% Grade B units, spread across a range of unit sizes, with a good supply of 300-500,000 sq ft complimenting 42% of space which is available in units of under 150,000 sq ft. 782,000 sq ft of space was delivered to the market speculatively in 2022, and a further 2.5 million sq ft is expected to be delivered during 2023 and 2024. Looking forward, further development has been announced at Avonmouth where both Panattoni and St Modwen have announced plans to build speculatively.

Availability by grade (m sq ft)



WALES

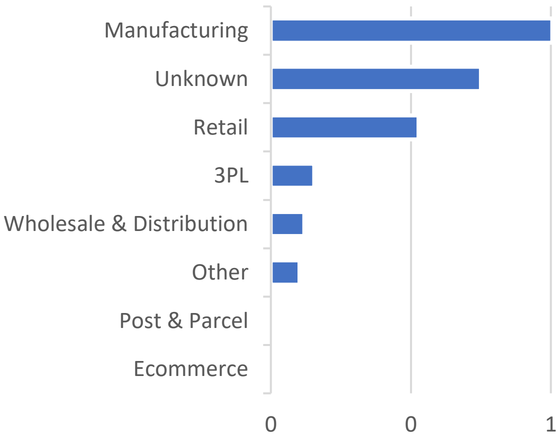
C&W Prime Rent 100k+			C&W Prime Rent 50-100k			C&W Prime Yield		
£6.75	0%	+17.4%	£7.25	0%	+11.5%	6.55%	+100bp	+210bp
Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y

"2022 was a strong year for the Welsh industrial market. Overall activity was well above its historic average, albeit falling slightly behind 2021 and 2020. The market is grappling with a real shortage of quality space which is holding back take-up."

Robert Ladd, Partner, Cardiff

Take-up	Take-up	Availability	Under offer
785k sqft Q4 2022	2.1m sq ft 2022 YTD	4.2m sqft Q4 2022	2.1m sqft Q4 2022
+10% Q-o-Q	3.3m sq ft 2021 YTD	+2% Q-o-Q	
-55% Q4 22 vs Q4 21	-36% Change	-8% Q4 22 vs Q4 21	
+20% Q4 22 vs 10yr av		-39% Q4 22 vs 10yr av	

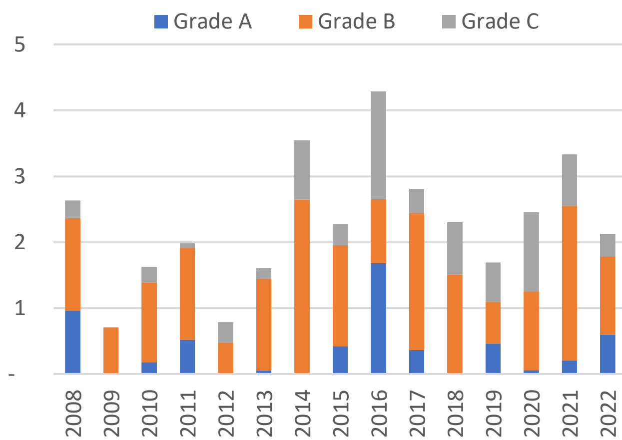
Take-up by sector YTD (m sq ft)



DEMAND

Occupational demand in Wales reached 2.1 million sq ft during 2022, a 36% decrease on a strong 2021 which saw 3.3 million sq of space signed for. As with the neighbouring South West the occupational demand continues to navigate the challenges of restricted supply most prevalent within the Grade A section of the market. As a result 55% of take-up during 2022 was attributed to the Grade B sector, and a further 16% was attributed to Grade C, both figures significantly above the national average. Wales continued to prove a favourable location for manufacturers, who during the year signed for over 800,000 sq ft of space, slightly below the 947,000 sq ft recorded in 2021. The largest deal recorded was in Ebbw Vale, where CiNER Glass acquired 442,000 sq ft of Grade A space at the Rassau Industrial Estate. Other notable occupiers acquiring space in the region where; Nisbets PLC, Energizer, Pelican Healthcare, and Owens Road Services.

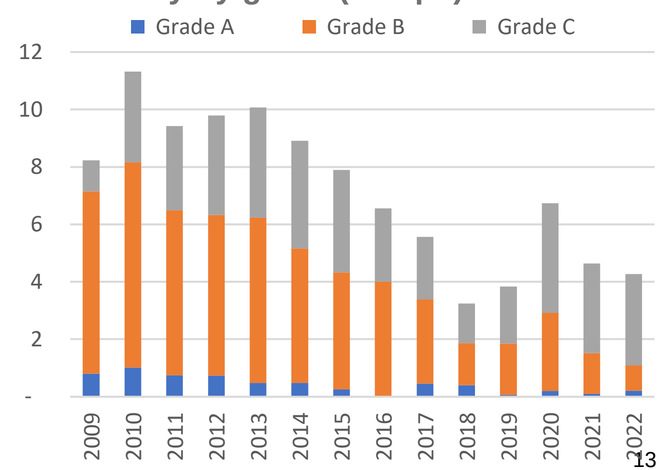
Take-up by grade (m sq ft)



PIPELINE & AVAILABILITY

Availability fell slightly throughout 2022, and now stands at 4.2 million sq ft, down from the 4.6 million sq ft that was available at the end of 2021. This value is also significantly below typical market conditions, where on average 7 million sq ft has been available at any given time. Such has been the lack of new supply within the Welsh Industrial market that the vast majority of available units are of Grade C quality, which accounts for 75% of the total space available. Furthermore, a significant amount of this space is available in units sized under 200,000 sq ft, accounting for circa 50% of supply. A lack of suitable supply has led to a distinct mismatch in supply and demand within the Welsh market, resulting in high competition for the few good quality large units that do come to market. Looking forward, 200,000 sq ft of new space has already broken ground and is anticipated to deliver during 2023, whilst further scheme announcements are expected this year.

Availability by grade (m sq ft)



SCOTLAND

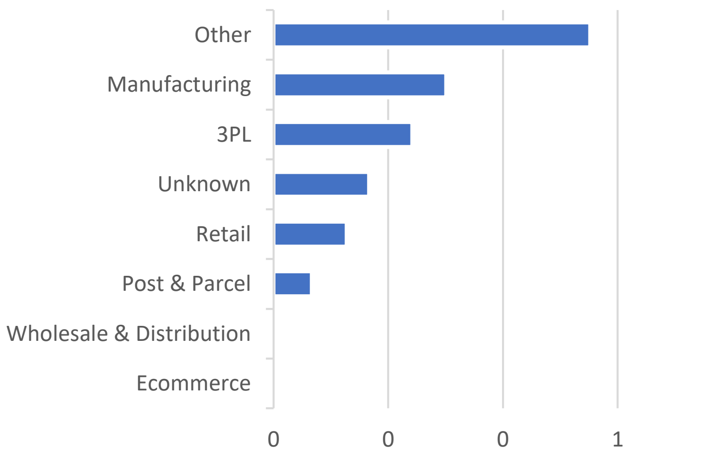
C&W Prime Rent 100k+			C&W Prime Rent 50-100k			C&W Prime Yield		
£7.00	+3.7%	+12%	£7.25	+3.6%	+11.5%	6.55%	+100bp	+205bp
Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y	Latest	Q-o-Q	Y-o-Y

"Demand for logistics and industrial property Scotland remained relatively strong throughout 2022, and is expected to continue to perform well again during 2023 despite some economic challenges"

Fergus Maclennan, Partner, Glasgow

Take-up	Take-up	Availability	Under offer
258k sqft Q4 2022	1.5m sq ft 2022 YTD	2.2m sqft Q4 2022	541k sqft Q4 2022
+18% Q-o-Q	1.4m sq ft 2021 YTD	+5% Q-o-Q	
-1% Q4 22 vs Q4 21	+3% Change	+12% Q4 22 vs Q4 21	
-15% Q4 22 vs 10yr av		-28% Q4 22 vs 10yr av	

Take-up by sector YTD (m sq ft)

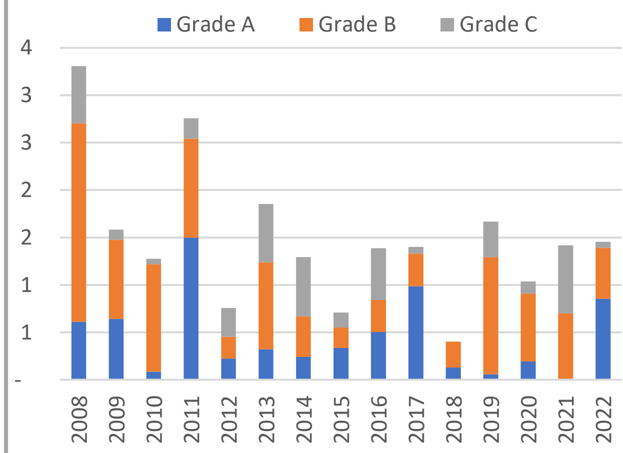


DEMAND

Occupational demand in Scotland reached 1.5 million sq ft, a marginal increase on the 1.4 million sq ft recorded during 2021. Despite the headline increase in space taken, the number of deals in the region fell by more than half. The majority of this space was taken in units sized between 50,000 sq ft and 150,000 sq ft, which collectively accounted for 62% of total demand throughout the year.

Historically, the Scottish logistics and industrial market has seen lower proportions of Grade A space transacting than the national average, however this rose significantly during 2022 with total take-up in Grade A space accounting for 59% of total demand. Demand in the region came from a range of occupier types including notable 3PLs Gist and Wincanton, and significant demand from manufacturers such as Life Technologies limited, and Walter Watson.

Take-up by grade (m sq ft)

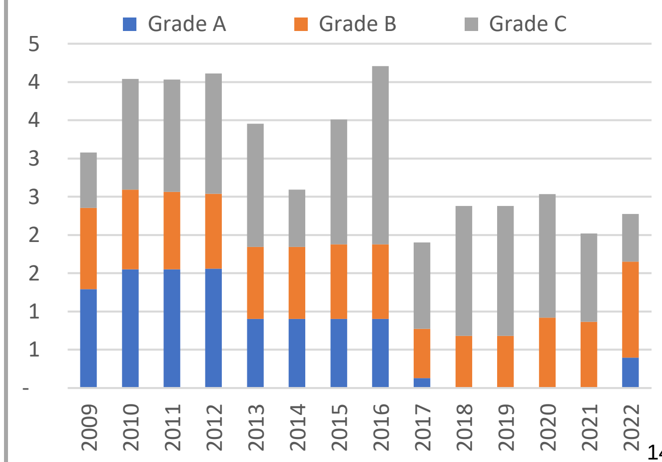


PIPELINE & AVAILABILITY

Availability of industrial and logistics space in the Scotland market rose slightly during 2022, reaching 2.2 million sq ft, up from the 2 million sq ft that was available at the end of 2021. The majority of space available is Grade B stock, which accounts for 55% of the total space available as at year end. However, the proportion of Grade A space available rose somewhat during 2022. Furthermore, a considerable proportion of this space exists in standing stock, highlighting a lack of new space entering the market. Supply in Scotland also remains focussed on key logistics hubs, such as the Eurocentral scheme in North Lanarkshire and around key transport hubs such as Aberdeen Harbour and Edinburgh Airport.

Further development is expected during 2023, which will largely focus on expanding existing logistics clusters.

Availability by grade (m sq ft)



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Cushman & Wakefield data in this report relates to units of 50,000 sq ft or more of all qualities (newly-built and secondhand existing units)