

Greater Bristol – H1 Industrial Market Review 2018

Take Up's Down But Deals are Up!

Welcome to the H1 2018 Great Bristol Industrial Market Review. The year so far has been incredibly interesting with continued demand driving new rental tones and speculative development well underway increasing market supply.

H1 2018 Take Up stands at 617,645 sq ft and 89.11 acres in 95 deals. Below shows a comparison to previous Half Year Take Up. It shows H1 2018 is the lowest and is in fact for the past 8 years. However this is not a factor of a slowing market but again a restriction on supply as the number of transactions are up 28% on H2 2017.

The size of average transactions has marginally reduced as a consequence of no transactions at +100,000sqft. Incentives have stabilised at 3 months per 5 year term certain.



The highlights of H1 2018 v H2 2017

Item	H2 2017	H1 2018
Leasehold Demand	70%	81%
Average Deal Size	10,052sqft	7,019 sqft
Number of Deals	76	95
Use Class B8	76%	43%
Use Class B1	8%	48%
Use Class B2	16%	9%

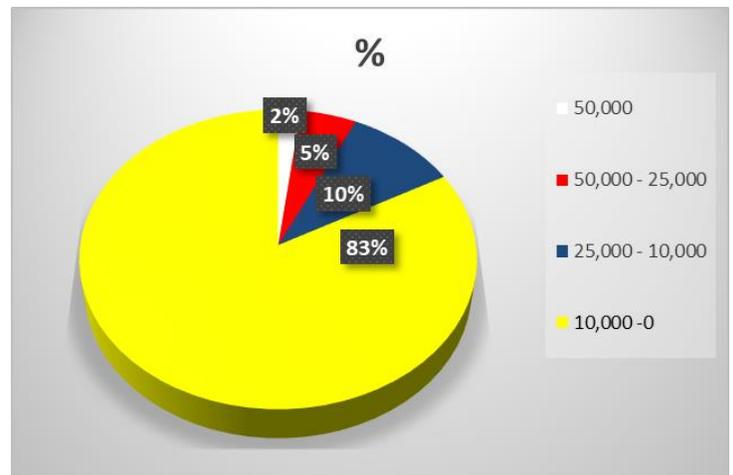
(Source: IAS Western Branch)

Leasehold demand outstrips freehold due to the sheer lack of availability and many occupiers are now simply taking leases to aid company growth.

The most fascinating data is the huge shift in Use Class from B8 to B1. Again a consequence of no Big Box transactions.

Vacancy is in the order of 4% but with speculative development underway this will increase the market by **+1.8m sqft** over the next 12 months taking Bristol's existing standing stock to c55m sqft.

Greatest activity size range was sub 10,000sqft at 83%. The chart below shows a break down of size range and percentage of transactions.



Spec Development Update

Numerous speculative schemes are under construction. A snap shot of these schemes is below;

- RPC are marketing **Barberry/Richardson More+** at **Central Park**. Phase 1 under construction comprising 5 building totaling c165,000sqft PC Q1 2019 available freehold or leasehold.
- **RPC are marketing Western 105 at Western Approach** which is being developed by **Curtis Hall/Richardson** 105,500 sq ft due to PC October 2018 with B2/B8, up to 2mva and freehold/leasehold.
- Horizon 38 in Filton developed by St Francis Group and iSec has completed Phase A&B totaling c324,000sqft with rumor of a big letting soon!
- Vertex Park at Emersons Green is being developed by Chancerygate providing 13 units totaling 107,790 sq ft PC early 2019.
- Access 18 Avonmouth by St Modwen comprising 15 units totaling 266,745 sq ft – a unit of 150,000sqft due Q2 2019



Skills

- Disposals - Letting / Selling • Acquisitions • Relocations / Mergers • Lease Renewals • Development • Consultancy
- Maximising property returns • Investment • Residential Land • Trade counter • Roadside

"To become unavoidable within the industrial sector in Bristol and the South West"

More Spec Development to Come...

Trebor Developments have recently announced the JV acquisitions of two sites in Avonmouth. Portside on Kings Weston Lane was purchased with JV partner Barwood Capital, 7.5 acres to bring forward a range of speculative industrial units totaling 153,000 sqft.

The second site in conjunction with Hillwood, acquiring 14.50 acres located at Western Approach Distribution Park, which they will be developing for a range of c32,000 – 128,000 sq ft.

Barwood Capital have also acquired the last 11.8 acres around the new M49 junction at Central Park with the proposal of 4.5 acres of roadside & petrol filling station leaving 7.3 acres for logistics unit “The Junction” which will be a single unit of c132,000 sqft.

Multi-Let in Multi-Demand

Case Study - South Liberty Lane/Brookgate



The increased demand for multi-let units during the past 12 months has continued. We are currently seeing a severe lack of availability and units are being actively marketed prior to refurbishment or the existing tenant is still in occupation. The “slack” that was once there to pick up this immediate demand is severely depleted which has resulted in rental growth.

On behalf of Caisson Investment Management & Rockspring, RPC advise on the leasehold marketing of South Liberty Lane/Brookgate.

- South Bristol’s largest single ownership multi let estate
- New South Bristol Link improves accessibility
- 36 Units extending to 269,925sqft
- Driven rental growth by **+32%** since purchase
- Reduced the vacancy rate from **9% to 1%**
- Created a new trade counter offer
- Comprehensive refurbishment program

The Investment Market

The industrial sector continues to outperform the others with investor demand still outstripping supply due to the occupational market dynamics. Investors are still seeing Bristol as an attractive option compared to the London/SE.

H1 saw very little single sale activity with recent assets being placed in larger portfolio sales such as CBREGI selling Cala Trading Estate and Kingsland Trading Estate. Both assets are highly reversionary and present well in desirable locations. Prime yields are in the order of 5% (today!) but we predict this will be sub 4.5% by the end year.

RPC News

The beginning of 2018 has provided further growth and market share up **from 14% on 2017 to 20% in H1 2018**. Thank you to all our clients for their ongoing support.

RPC has launched a new website so please do take a look and keep an eye for new instructions and Case Studies. If you wish to contribute anything such a testimonial then please do not hesitate to contact us



Why Russell Property Consultants?

- Rob and Chris have over 40 years’ combined experience
- We are the only niche industrial agency practice in Bristol
- We have excellent market knowledge
- You do not get a junior surveyor doing leg-work
- Chris or Rob handle all the marketing
- Strong 2017 performance with increasing market share in 2018

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