

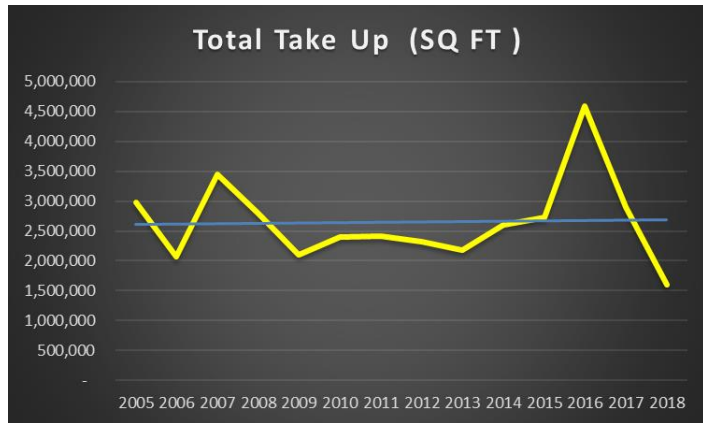
# Greater Bristol – Industrial Market Review 2018

## Apec “Braking” Headline Rents

Welcome to the **2018 Greater Bristol Industrial Market Review** which was definitely a year of two halves. Brexit certainly caused mixed levels of demand in the “Big Box” market yet the smaller end continued robustly.

2018 Take Up was **1,606,192 sq ft** down on the 10-year average 2,667,371 sq ft. This comprised H1 617,645 sq ft from 95 deals and H2 988,547 sq ft from 78 deals. Unlike previous years there weren’t numerous Big Box deals until August with **Apec Braking** taking Unit G2 - 115,000sqft - at Horizon38 setting a new rental level of **£7.25psf** for new build Big Box which was the main highlight. New Build prime rents for smaller units is **£8.50psf**.

Below shows a comparison of Annual Take Up with the 10-year average highlighted in blue. The size of average transactions reduced below the 10-year average of 14,006 sq ft because of fewer transactions of +100,000sqft. There were in total 173 transactions - up on 2017 - compared to the 10-year average of 191.



### The highlights of 2018 v 2017

Item	2017	2018
Leasehold Demand	78%	83%
Average Deal Size	19,218 sq ft	9,284 sq ft
Number of Deals	167	173
Use Class B8	76%	60%
Use Class B1	18%	34%
Use Class B2	6%	6%

(Source: IAS Western Branch)



#### Skills

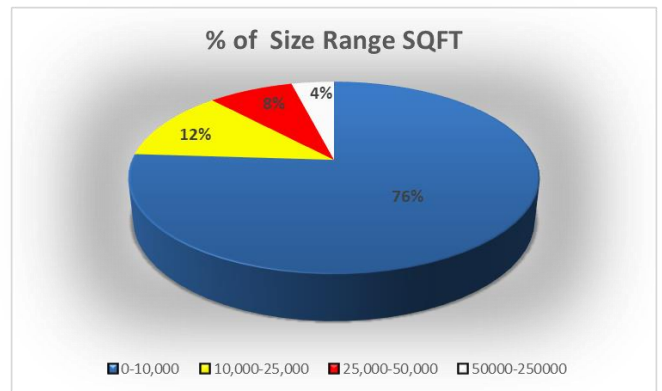
- Disposals - Letting / Selling • Acquisitions • Relocations / Mergers • Lease Renewals • Development • Consultancy
- Maximising property returns • Investment • Residential Land • Trade counter • Roadside

**“To become unavoidable within the industrial sector in Bristol and the South West”**

Leasehold demand outstripped freehold due to the sheer lack of availability and many occupiers simply compromised and took leases to aid company growth. The most fascinating data was the huge shift in Use Class from **B8 to B1** driven by the Hi-Tech engineering industry supporting aerospace and R&D. B2 Take Up continued to be stable which is encouraging news for a tough sector. Clearly B8 remains the dominant use and expected to continue.

Vacancy increased to **c5-6%** as a result of completed speculative development increasing supply, with approximately **+1.8m sqft** coming on over the next 12 months taking Bristol’s existing standing stock to **c55m sqft**.

Greatest activity size range remained sub 10,000sqft at 76%. Compared to H1 2018 this figure was down due to increased activity in the larger mid-size ranges. The chart below shows a break down of size range and percentage of transactions.



## Speculative Development Update

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

- **Western 105 at Western Approach** developed by **Curtis Hall/Richardson** 106,890 sq ft completed in November 2018 with B2/B8 and up to 2mva on freehold/leasehold terms.
- **Barberry/Richardson More+** at **Central Park**. Phase 1 under construction comprising 5 building totaling c170,000sqft offering from 13,200 to 55,200 sq ft due to PC April 2019 available freehold or leasehold.

- Horizon 38 in Filton developed by St Francis Group and iSec completed Phase A & B totaling c324,000sqft with additional recent deals for a car supermarket for Sytner and GKN is to build a new Global Technology Centre extending to approximately 100,000sqft and ready for 2020 on the remaining land.
- Vertex Park at Emersons Green developed by Chancerygate providing 11 warehouse/industrial units from 4,188 sq ft - 33,928 sq ft. PC early 2019.
- Chancerygate developing Warmley Business Park comprising 15 warehouse/ industrial units 3,703-34,930 sq ft. PC Q1 2019.
- Access 18 Avonmouth by St Modwen comprising 15 units totaling 266,745 sq ft – a unit of 150,000sqft due Q2 2019.
- Barwood Capital and Trebor Developments will start work in Q1 2019 at Portside Park in Avonmouth on a new industrial development providing from 12,500 sq ft to 87,247 sq ft.
- Barwood Capital acquired 11.5 acres on the new M49 junction. The scheme will deliver a hotel, petrol filling station and several drive-thru offers. They will commence the build of a warehouse of 130,000 sq ft, known as “The Junction”.
- Trebor and Hillwood Capital acquired 14.50 acres located at Western Approach Distribution Park, and will develop a range of c32,000 – 128,000 sq ft.

## Multi-Let in Multi-Demand

### Case Study – Severnside Trading Estate



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 **M7/Collingwood Rigby**, RPC advise on the leasehold marketing of Severnside Trading Estate in Avonmouth

- 16 units totaling approximately 114,354sqft
- Major roadside prominence

- Comprehensive refurbishment providing new roofs
- Rental growth from £3.69psf to £6.00psf
- Reduced the vacancy rate from **16% to fully let**

## The Investment Market

The industrial sector continued 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.

2018 saw very little single sale activity with assets being placed in larger portfolio sales, such as CBREGI who sold Cala Trading Estate and Kingsland Trading Estate in the order of **4.00%-4.50%**.

## RPC News

2018 concluded with fantastic news as we were again awarded The South West Insider Industrial Agency Team of the year 2018. We were recognised for increased market share and “punching above their weight”. Our market share of industrial market in Bristol is up from **14% in 2017 to 23% in 2018**. Thank you to all our clients for their ongoing support.

We launched a new website earlier this year 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 the leg-work
- Chris or Rob handle all the marketing
- Increased market share in 2018
- The Insider Industrial Agency Team of the Year 2017 & 2018

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