

UK Logistics Take-up for 2021 Totals Over 42m sq ft as Vacancy Rate Remains Critically Low

3 years ago



The latest research from global real estate advisor, CBRE, shows that take-up of UK logistics space totalled 42.37m sq ft in 2021, representing a slight decrease of 1.43% compared to 2020, which saw take-up reach a record 42.97m sq ft.

However, while take-up volumes decreased in 2021, the number of deals completed reached a record high. A total of 148 deals completed in 2021, compared to 134 deals in 2020, representing an increase of 10.4%. The pipeline for 2022 looks healthy with 32 buildings under offer, extending to 9.65M sq ft.

The M1 corridor was the most attractive location for UK logistics, with take-up in the South East and East Midlands representing 47.5% of total take-up in the UK last year. This was followed by Yorkshire & North East, West Midlands, North West and South West accounting for 21.9%, 15.2%, 12.1% and 3.3% respectively.

At a sector level, online retail and third-party logistics continued to dominate take-up levels in 2021, accounting for 39.8% and 31.2% respectively, highlighting that the majority of activity took place across these two sectors. This compares to 31.3% and 29.4% in 2020, where online retail and third-party logistics also accounted for the largest proportion of take-up.

The UK vacancy rate remained critically low for Q4 2021 at 1.58%, however this is a slight improvement on Q3 2021, which saw vacancy rates plummet to 1.53%, an all-time low. Speculative under construction space remains strong at 11.76m sq ft, however circa 3.22m sq ft of this is either already let or under offer,

demonstrating that new buildings are quickly being absorbed by occupiers and the supply response is therefore not quite enough.

Paul Farrow, Executive Director, Head of UK Industrial & Logistics, CBRE, said: “Over the past two years, the UK Logistics sector has been brought to the forefront and has benefitted from long-term shifts in shopping patterns, with further e-commerce growth expected. With no short-term fix for the ongoing supply and demand imbalance, we anticipate rental growth to continue across all UK regions as we head into 2022.”

Pol Marfa Miro, Associate Director, UK and EMEA Industrial & Logistics Research, CBRE, said: “Logistics rents for the best, big-box units that serve London have increased more than 10% quarter-on-quarter, and in many locations that CBRE track the figure is now well above 20% more compared to 2020 year-end. This is a result of the extremely low vacancy rate which has also fuelled investment volumes and unlocked refurbishment opportunities.”

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