

Record take-up of industrial space in East of England in H1 2022

4 years ago



[Savills](#) has reported, via its Big Shed Briefing, that take-up of industrial space (units of 100,000 sq ft +) in the East of England hit 2.91 million sq ft in H1 2022, the best ever recorded, with figures 223% up on the first half of last year and 409% above the long-term annual average. This significant increase can largely be attributed to the growing popularity of the eastern stretch of the A14 corridor with European-based firms.

Key deals across the region in the first half of the year saw retailer The Range take a 1.2 million sq ft freehold turnkey building at Mid Suffolk District Council and developer Jaynic's Gateway 14 scheme in Stowmarket, and online retailer Yours Clothing taking 128,567 sq ft at Orton 130 in Peterborough.

Since the Freeport East announcement, Savills has seen an increase in inquiries from a diverse range of occupiers looking to capitalise on the numerous benefits offered to those taking space within designated locations. What's more, the region has a large proportion of consented and deliverable sites for occupiers seeking bespoke builds. This availability, paired with the lack of good quality existing units has led 2022 take-up to be heavily dominated by build-to-suit transactions, accounting for 82% of the market.

Consequently, these strong fundamentals, along with the corridor's proximity to much of the UK population and major ports, has seen requirements from international businesses hoping to improve their supply chain resilience increase.

Savills notes that this confidence in the market has led to an uptick in speculative development, with five units currently under construction at schemes including Jaynic's Suffolk Park, Equation and BentallGreekOak's Orwell Logistics Park in Felixstowe and Firethorn's Peterborough South. However,

despite a relatively healthy pipeline, strong activity has seen the vacancy rate remain very constrained at 2.98%. As a result, the region is continuing to see rental growth, with Grade A quoting rents now at £8 per sq ft, an increase of 33% on H1 2021. It is likely that the current rental growth forecast of 5.2% per annum over the next five years will be eclipsed, particularly due to the surge of overseas requirements.

Phil Dennis, director in the Eastern region industrial team at Savills, comments: "The East of England is continuing to outperform with a number of significant deals transacting in the first half of this year. The influx of international and European requirements are no doubt a result of the Freeport East announcement, which has helped fuel demand along the eastern stretch of the A14 corridor, a location that historically was not considered a core industrial & logistics market. However, we cannot rest on our laurels and with vacancy remaining at critical levels, further development will be needed to maintain this level of activity moving forward."

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