

UK Vacancy Rate Falls to New Low in the Midst of Another Record Breaking Half Year for UK Logistics Take-up

3 years ago



The latest research from global real estate advisor, CBRE, shows that take-up of UK logistics space climbed to new highs of 22.56m sq ft in H1 2022, representing an increase of 10% compared to H1 2021, which saw take-up total 20.5m sq ft.

As well as achieving record-breaking take-up volumes, the first half of the year has also seen the UK vacancy rate drop to a new low of just 1.18%, showing the acute lack of available stock in the market.

A total of 80 deals completed in the first half of the year, mirroring that of H1 2021. However, 64 different occupiers took logistics space in H1 2022 compared to 53 for the same period last year, showing a wider mix of occupiers securing units.

Whilst the number of deals completed has remained consistent with the same period last year, there has been a significant shift in take-up levels by sector. For H1 2022, third-party logistics accounted for the largest percentage of take-up at 27.6%. Manufacturing accounted for 15%, followed by online retail at 13.6%. This is a large decrease when compared with the first half of 2021, which saw online retail account for 42% of take-up, demonstrating that the reduction of online demand has not impacted overall take-up volumes.

In an attempt to accommodate the ongoing levels of demand, build-to-suit accounted for almost half of total take-up for H1 2022 at 46.9%. Speculative followed at 33.3%, with secondhand accounting for the remaining 19.8%.

At a regional level, take-up was widespread. The West Midlands led the way following a flurry of activity, accounting for 21.9% of H1 2022 take-up. This was closely followed by East Midlands at 18.0%, North West at 17.8%, South East at 16.9%, Yorkshire & North East at 16.8%, Scotland at 4.4% and the South West at 4.3%.

Paul Farrow, Executive Director, Head of UK Industrial & Logistics, CBRE, said: "Over the last two years, online retail has been the dominant force behind the rising demand for logistics space as a result of the recent e-commerce boom. However, the pendulum has swung and the shift in both occupier type and regional spread of take-up shows the true depth of the UK logistics market."

Annabel Nash, Senior Analyst, UK Industrial & Logistics Research, CBRE, said: "This is the fifth quarter in a row in which take-up has exceeded 10m sq ft, showing the fundamentals of the sector remain strong. The current availability of built vacant units represents just 47 days of supply and with the UK vacancy rate continuing to fall, we anticipate further upward pressure on rental levels."