

# Knight Frank points to strong demand but lack of supply in Yorkshire industrial development

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The latest LOGIC industrial sector report for Yorkshire from **Knight Frank** reveals the region is seeing strong demand for speculative development, driven by a lack of supply and continued occupier demand.

3.58 million sq ft of speculative industrial development is under construction in Yorkshire and The Humber, with occupational demand set to continue into 2023.

South Yorkshire & North Derbyshire

**Rebecca Schofield**, Partner and Head of the Yorkshire Industrial team at Knight Frank, Sheffield, says:

“There was 1.26m sq ft of take up of units 50,000 sq ft and above in the first half of 2022. In the 12 months to the end of Q2 2022, take up totalled 3.13million sq ft, with Q2 representing approximately 635,000 sq ft of this – or 20%. Distribution occupiers remain the most active, accounting for 57% of take up in Yorkshire over the past year.

“At the end of Q2 2022 there was a total of 1.83 million sq ft of space immediately available. However, 73% of this was under offer with occupiers already in advanced discussions for available space.

“The vacancy rate for the region stands at 3.2%, a healthier level than the previous few quarters.

“Despite caution in the investment market, occupier demand and enquiries remain robust and we expect interest to continue. Overall for 2022, average rental growth of 7% is forecast for Yorkshire and the Humber, with Sheffield in particular expected to see 8.5% rental growth.”

West Yorkshire & The Humber

**Iain McPhail**, Partner in the Yorkshire Industrial team, Leeds, says: “Despite the lack of immediately available supply, the industrial occupational market in this region continues to perform well, with a good level of active requirements and interest in existing and build to suit properties.

“The second quarter of 2022 recorded 217,300 sq ft of take-up of units 50,000 sq ft plus, bringing the H1 2022 total to 615,600 sq ft. This is below the level recorded in the same period last year, reflecting the critical shortage of stock available.

“In the 12 months to end Q2 2022, take up totalled 2.3 million sq ft, with distribution firms dominating the market, accounting for 89% of the annual total.”

Commenting on the shortage of large, high-quality industrial stock, Iain added: “The total volume of available space (units over 50,000 sq ft) stood at 1.48 million sq ft at end-June, resulting in a vacancy rate of just 2.2%. All of this space comprises second-hand stock, while there are no Grade A, larger units over 250,000 sq ft available.”

“The volume of space under construction speculatively remains below market requirements, with just under 360,000 sq ft (units over 50,000 sq ft) due to be delivered this year, with nearly two-thirds already under offer prior to practical completion.

Iain says a speculative development boost is on the horizon, which will bring needed space into the region.

“The shortage of stock has led to a developer response, with a surge of new reserved matters planning applications submitted since the beginning of the year. Our latest figures suggest that c. 2.7 million sq ft has now been granted full consent, with a further 2.3 million sq ft proposed in the pipeline (speculative units 50,000 sq ft+).”

For more information, contact **Rebecca Schofield** or **Iain McPhail**.