

Logistics Occupational Market Remains Resilient Despite Rebalance in Take-up Levels

3 years ago



Take-up of UK logistics space totalled 7.67m sq ft for Q3 2022, according to the latest research from global real estate advisor, [CBRE](#).

The aggregate for the first nine months of 2022 stands at 30.25m sq ft, which equates to 95.8% of 2021 and 92.1% of the record-breaking year of 2020 for the same period, signalling the sectors resilience.

This represents a decrease of 30% compared with Q3 2021, which saw take-up reach 10.9m sq ft. A total of 29 deals have completed this quarter, a decrease of 25.6% compared with Q3 2021, which saw 39 deals complete. Speculative schemes accounted for almost half of total take-up at 46.9%, followed by build-to-suit at 34.7% and secondhand accounting for the remaining 18.4%.

Third-party logistics dominated at a sector level, accounting for 56.3% of total take-up for the quarter. This was followed by retail at 21.3%. The remaining 22.4% was split across supermarkets, manufacturing, motor and other, demonstrating that demand for logistics space is wide-ranging and that competition for units remains strong.

Take-up was widespread across the regions for the quarter. Yorkshire & North East led the way at 27.1%. This was followed by West Midlands at 20.7%, East Midlands at 19%, South East at 16.3%, North West at 9.3% and the South West at 7.5%.

Vacant available space increased from 5.73m sq ft at Q2 2022 to 6.51m at Q3 2022. This was due to a number of speculative buildings reaching practical completion during the quarter. However, with only 21

built speculative units available, there remains a significant under supply. The increase in completed units resulted in the UK vacancy rate increasing fractionally from 1.18% to 1.32%.

Jonathan Compton, Senior Director, UK Industrial & Logistics Intelligence, CBRE, said: “Despite the ongoing economic uncertainty, the logistics occupational market remains strong with a wide range of occupiers securing space across the country. The decrease in take-up this quarter points to a degree of normalisation in the market following a prolonged period of record-breaking numbers, however the under-offer pipeline signals towards another robust year for the sector.”

Annabel Nash, Senior Analyst, UK Industrial & Logistics Research, CBRE, said: “We have seen a significant shift in the type of occupier taking space following a dominant display from online retail. Third-party logistics providers are now leading the pack, accounting for more than a third of total take-up year-to-date. Ongoing supply chain and shipping disruptions are resulting in longer lead times, driving retailers to extend their stock profile in the UK. Therefore, companies that do not have the sufficient infrastructure are turning to third-party logistics providers for fulfillment on their behalf.”