

Industrial & logistics take-up 49% above the long term average in 2022

3 years ago



According to [Savills](#) latest Big Shed Briefing, UK take-up of industrial & logistics space (units of 100,000 sq ft +) reached 45.73 million sq ft in 2022, 49% above the long term annual average, which pre-Covid sat at 26 million sq ft.

Despite a number of macro-economic headwinds, this has been the third best year on record for the sector.

Savills figures show that supply now stands at 25.6 million sq ft across 131 units, reflecting a nationwide vacancy of 3.96% an increase of 85bps on 2021 year-end figures. There is also a further 20.77 million sq ft of speculative development due for delivery across 2023 and in to 2024, 12% of which is already under offer.

From an occupier perspective, Savills notes that 3PLs accounted for 32% of all new leases signed in 2022, the highest proportion ever recorded. What's more, 86% of these units are considered Grade A, against a long-term average of just 60%. This highlights that, more than ever, 3PLs need to accommodate high-quality space to provide better staff welfare and ESG-compliant facilities in order to retain key client contracts.

The firm has also seen real evidence of a resurgence of manufacturing led deals, which accounted for 10.7 million sq ft of take-up, 62% higher than the long term average. This suggests businesses are seriously considering near-shoring as they firm up their supply chains in the face of increasing economic uncertainty.

Kevin Mofid, head of industrial & logistics research at Savills, comments: "The occupational market

continues to perform well, with yet another new take-up record set in the first half of the year. Whilst H2 has seen demand return to more normalised pre-Covid levels there are some interesting occupier trends starting to emerge, which we should see continue into 2023.”

Furthermore, just 22% of take-up was for second hand units, the lowest level ever recorded. This suggests that occupiers continue to require modern, well designed and well located warehouse space. Also, as ESG continues to play a greater role in requirements, Savills believes that available Grade A stock will continue to be in high demand into 2023.

Kevin Mofid adds: “Given the wider economic landscape, there is little doubt that the sector will continue to face challenges in 2023. However, occupier requirements remain strong and vacancy in all markets remain well below historical levels. Essentially, with occupiers continuing to look for Grade A facilities we expect the market to maintain its equilibrium moving forward.”