TAKE UP OF LOGISTICS PROPERTIES IN THE NORTH EAST HAS REACHED ITS HIGHEST LEVEL SINCE THE DOWNTURN BEGAN

Take up of logistics properties in the North East has reached its highest level since the downturn began, according to The BNP Paribas Real Estate Logistics Index, compiled in conjunction with IPD. By the end of Q3 2012, take up levels for 2012 had reached 2.2 million sq ft, which is almost 1 million sq ft more than the previous record of 1.2 million sq ft transacted in 2011.

The main driver of this upsurge in take up has been the level of deals in the design & build sector – so far this year, there has been 900,000 sq ft of transactions in the design & build sector of the market, compared with just 300,000 sq ft in 2011.

The UK Index covers a sample of 545 logistics properties across the UK, totalling £5.7 billion. This amounts to 28.5% of the total IPD Industrial Segment, worth £20.2bn as of the end of 2012.

Overall, however, supply has remained stubbornly high for existing buildings at around 11 million sq ft, which equates to around seven years of supply for the market, although the majority of this stock is secondary and supply of existing specialist distribution units is at an all-time low.

Aidan Baker, based within BNP Paribas Real Estate’s Newcastle office, said: “The increase in take up continues to reinforce the view that the region’s multi-modal logistics capacity is having a positive effect when it comes to attracting tenants. The main arterial routes of the A1 and A19 provide excellent access to the region and this has been further illustrated by Clipper Logistics’ recent acquisition of 350,000 sq ft at Wynard Park. Furthermore, North East ports are also continuing to increase in importance to the logistics, retail and manufacturing sectors.”

“Interestingly, 2012 has also seen sustained activity in the automotive sector underpinned by Nissan’s continued commitment to the region and the associated supply chain.. However, with the majority of requirements now satisfied for the short-term, it is not expected that the sector will challenge retail in terms of market dominance in the medium to long-term,” concluded Baker.

For a copy of The BNP Paribas Real Estate Logistics Index please email: kevin.mofid@bnpparibas.com.
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