MIDLANDS’ LOGISTICS MARKET

Kevin Mofid, associate director within BNP Paribas Real Estate’s research department, summarises the Midlands logistics market:

“At a national level, take up of industrial property remained relatively robust in the first quarter of this year. However, the Midlands witnessed the lowest level of take up since 2010, driven by a lack of prime supply.

Last year, the Midlands accounted for the highest proportion of take up with 7.48 million sq ft of deals in 2012, just over 28% of the market. This continued demand, coupled with a lack of modern stock, has meant that the region only accounted for 1 million sq ft of take up in this first quarter of this year - its lowest level of take up since the end of 2010.

In comparison to take up in the last quarter of 2012, which was 1.85 million sq ft, take up in the region has now fallen by 44% in Q1 2013. Take up of new space in the first quarter of this year was only 0.05 million sq ft, again this is due to a lack of suitable stock.

The sharp decrease in modern facilities is forcing occupiers to redress their requirements or opt for design & build schemes. Positively, this should help take up to rise during the rest of this year.

Looking ahead, in terms of total stock, the Midlands only has 2.6 years of supply left and only one year of new units. These figures suggest that it may be the right time for new, larger sized, speculative developments to be launched.

Current stock available on the market include Ignis’ 133,000 sq ft unit at Magna Park, Lutterworth. The last big deals to take place in the region include the sale of PRUPIM’s Hub land to IM Properties and the Duke unit in Burton to Clipper Logistics.”

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BNP Paribas Real Estate, leading international real estate provider, offers to its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.

BNP Paribas Real Estate has local expertise on a global scale through its presence in 34 countries with more than 180 offices and 3,300 employees (17 wholly owned subsidiaries and 17 by its Alliance network, that represents today more than 3,000 people).

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For more information: www.realestate.bnpparibas.com

Press contact:

Alex Tucker, UK Press Officer – Tel: +44 (0) 207 338 4086 alex.tucker@bnpparibas.com