

Cardiff

Industrial Market Report Q1/2023



The first quarter of 2023 has seen 548,828 sq.ft of industrial accommodation transacted plus 6 land deals including two large strategic sites at Baglan (250 acres) and Aberthaw (485 acres). There were only 7 deals over 20,000 sq.ft and the average size overall was 8,500 sq.ft. (IAS Take up Stats Q1 2023).

Reflecting on recent quarters, Q1 2023 achieved a higher number of deals individually completed to the predating quarter, however the overall quantum of space transacted fell by c.100,000 sq.ft. This is consistent with continual limitation of supply serving to restrict the level of transactions beyond 20,000 sq.ft.

3 of the largest deals of the quarter include the letting of Allprint at Avondale, Owens Transport at Aberaman Industrial Park and the former Pelican Healthcare at Brindley Road, all over 50,000 sq.ft.

Whilst transactions were predominantly Leasehold there were 11 sales completed across South Wales in this quarter, representing 15% of the total transactions and seeing an average capital value price per sq.ft at £64.38.

There are pockets of development helping to unlock occupational demand with continued investment by St Modwen at Newport and Welsh Government exploring new

speculative development at sites across Wales including Ebbw Vale, Machynlleth and along the A55 in North Wales.

Private sector focus remains on activity sub 2,500 sq.ft units which is less effected by labour and material challenges experienced across the sector. Whilst some of these developments will unlock the demand there remains a need for more modern industrial developments to support occupational trends for increased sustainability expectations of the modern occupier.

We continue to see Industrial occupiers shift attention to sustainable and efficiencies buildings which, like many other commercial sectors is resulting in a "flight for quality". Occupiers are setting themselves high standards for space and at present there are only limited pockets of sufficient development across South Wales able to satisfy this.

As a result, some occupiers are securing development sites to accommodate their requirements demands, despite challenges of land availability, labour and material costs.

The result of the continued bottleneck of new stock has had a positive result on rents for Landlords. Whilst rental growth has slowed compared to previous quarters, rents remains

robust and the continued supply constrains are likely to continue to fuel rental growth across new and secondary industrial stock alike. We are seeing headline rents for smaller starter units reaching and exceeding double digits with larger new build units reaching rent of £8 per sq.ft.

The industrial outlook remains positive not just rental growth but continued occupier demand, which remains strong across all size brackets. We do not envisage this slowing throughout the new quarter and in addition we anticipate over the next 6-9 months an increase in demand for new build opportunities from occupiers who are looking to upgrade, upsize and modernise their accommodation.

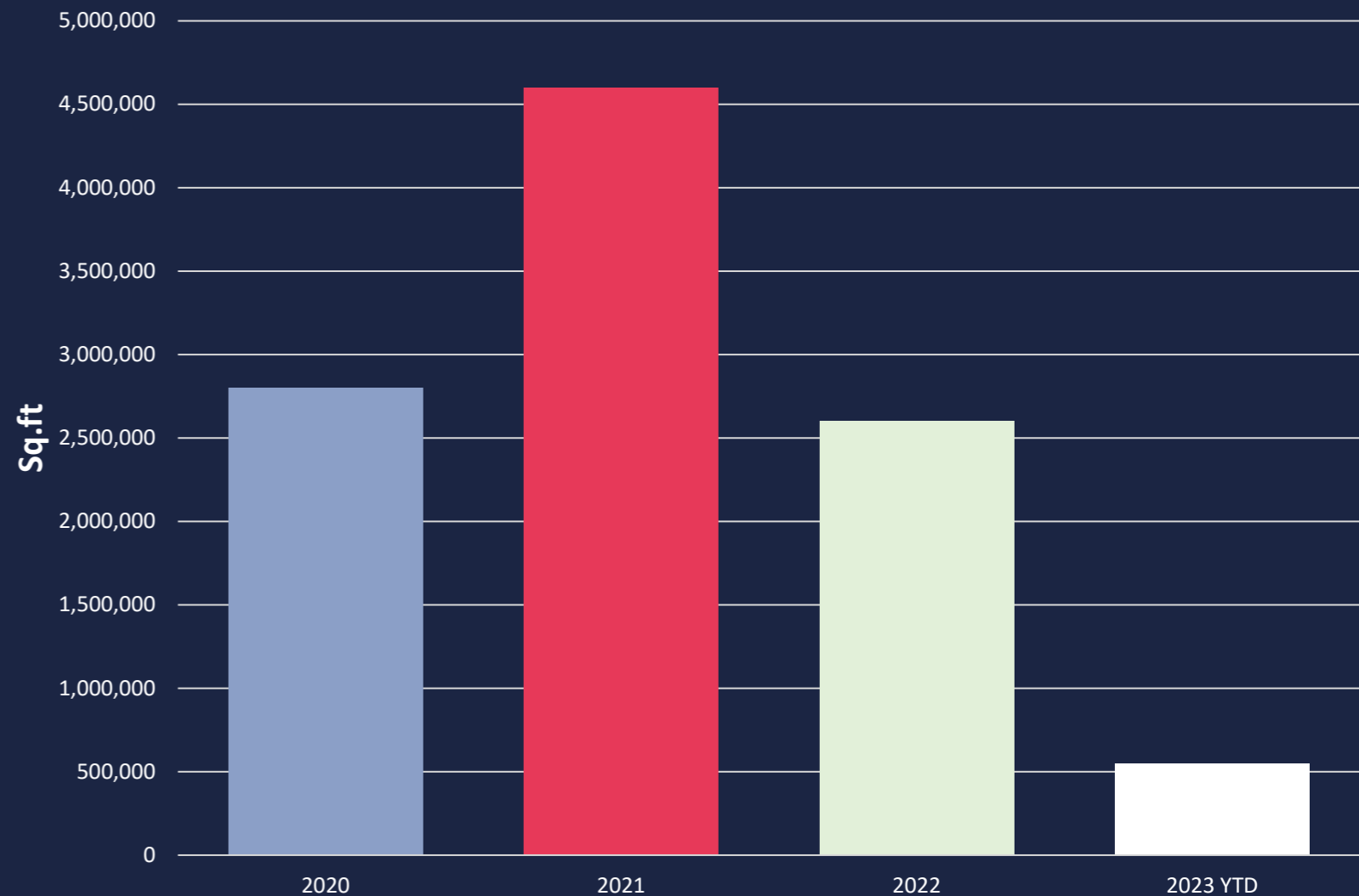


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IAS South Wales Takeup 2020-2023



Q1 2023 Industrial Take-up Stats



70 Deals



548,828 sq. ft



Average deal size
8,500 sq. ft



Headline Rent for smaller units
£10 per sq. ft



Headline Rent for larger developments
£8 per sq. ft