

Cardiff

Industrial Market Report Q2/2023



The second quarter of 2023 has seen 493,906 sq.ft of industrial accommodation transacted across 65 deals 6 of which were land only deals which saw 18.5 acres of land transacted. This take up reflects a 10% fall from the Q1 take up of 548,828 sq.ft. The average size of transaction was 8,371 sq.ft.

Combining the first two quarters stats we have therefore reached an Industrial take up of 1,042,734 sq ft. which is a near identical take up as last year, whereby at the mid year point take up was 1,048,875 sq.ft.

The quarter saw a reduction in the number of larger deals with just 6 deals exceeding 20,000 sq.ft and of these only 3 transactions exceeding 40,000 sq.ft. The market leading deal at Pencoed which saw Sainsburys occupy a newly developed 46,338 sq.ft distribution unit specifically for Argos which benefited from excellent proximity to the road network being adjacent to the M4. Two of the other larger transactions were FH deals Walters acquiring the former Steelworks in Pontardulais (96,000 sq.ft on a site of 13 acres) and Starburst acquiring Unit 4 Newbridge Road Ind Estate.

Reflecting on the recent quarter, Q2 2023 has seen the highest number of deals falling in the sub 10,000 sq.ft size bracket which accounts for 46 transactions accounting for 71% of the total deals completed. This is consistent with the stock across South Wales which is typically made up of multi let accommodation and shows a continued churn transactions. Whilst transactions were predominantly Leasehold there were 8 Unit sales completed, seeing an average capital value price per sq.ft at £51.89.

Where the sector continues to struggle is with the availability of larger, modern buildings. Remarkably just one deal over 50,000 sq.ft. This is not necessarily due to market inactivity but more so due to limitations of good quality stock and the continued limited development across the region. We continue to see a number of requirements 20,000 sq.ft + which struggle to identify accommodation. Demand to purchaser remains high, with many favouring buying properties and refurbishing off a more affordable capital value per sq.ft when compared to developing and being exposed to continued high build costs.

There remains limited pockets of development helping to unlock occupational demand outside of the proposed development by Cubex in Wentloog, Phase 3 of St Modwen Park at Newport and Welsh Government at Ebbw Vale all of which are at varying stages of the development cycle. Localised developers continue to focus on activity sub 2,000 sq.ft units which is less effected by labour and material challenges experienced across the sector with a model of buying to sell.

As we look forward towards the second half of 2023 we are aware of several larger transactions which should complete in Q3 which will bolster the YTD take up. Whilst enquiries levels have been impacted by the market challenges we continue to see a good level of activity in the multi let estates despite the abundant economic challenges being faced by occupiers along with the increased business rates following this year's reassessment.

Due to the continued economic instability and increased costs pressures we anticipate further business closures and failures which will result in an increase in availability as we see more second hand stock returning to the market. Despite these challenges facing many occupiers there are a continued flow of requirements and we ourselves are working hard to help occupiers identify accommodation in a tight market.

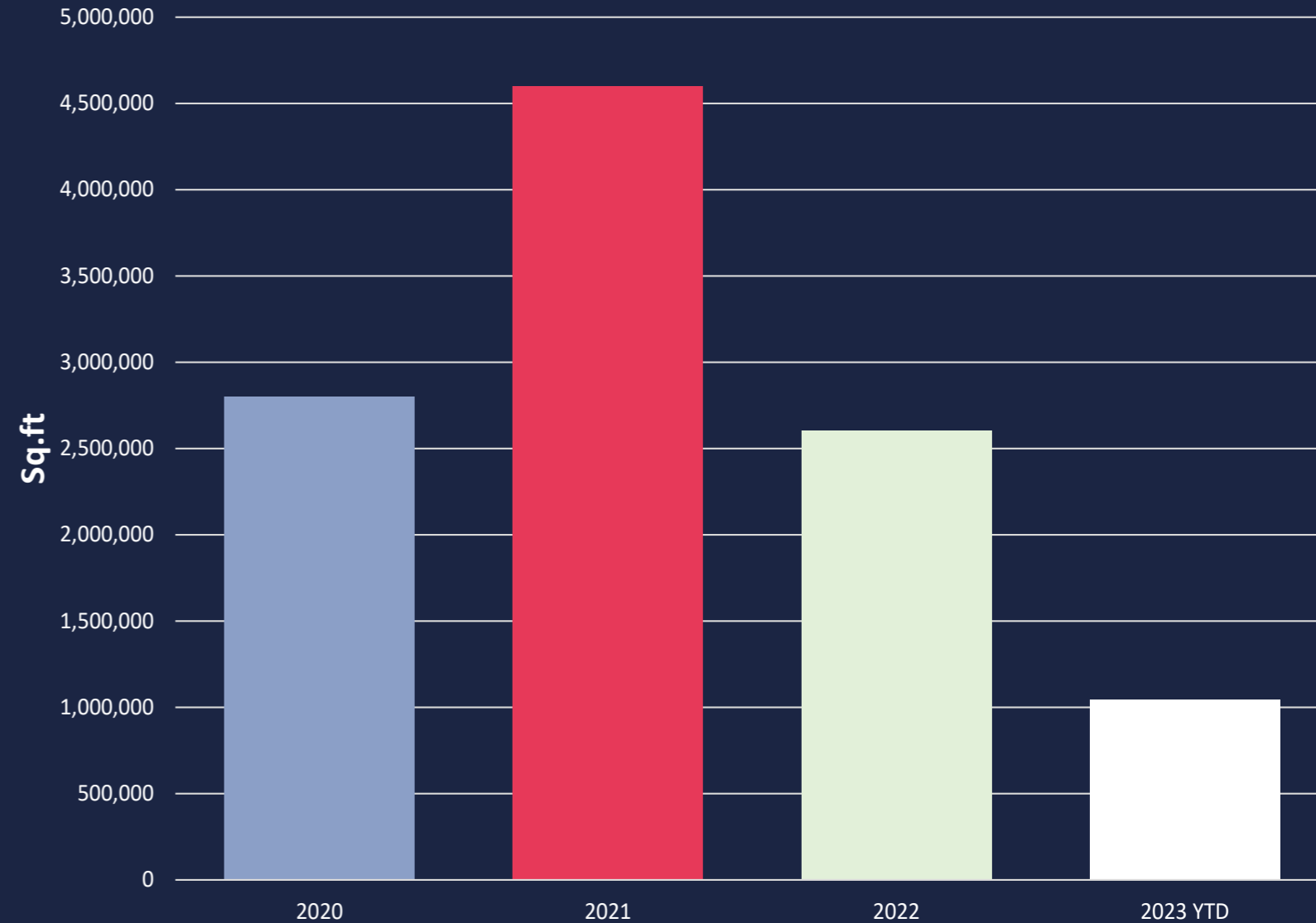


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IAS South Wales Takeup 2020-2023



Q2 2023 Industrial Take-up Stats



65 Deals



493,606 sq. ft



Average Capital Value
£51.89 per sq. ft



Average deal size
8,371 sq. ft