

Cardiff

# Industrial Market Report Q3/2023

The third quarter of 2023 has seen 1,111,447 sq. ft of industrial accommodation transacted across 89 deals. The take up for Q3 reflects a 26% growth compared to the same point in 2022 (Q3 2022 - 875,845 sq. ft) with a growth in the number of deals completed by 56% (57 deals Q3 2022).

Despite a slow start to the year following the economic disruption in Q4 2022, take up has been building gradually and has in fact bounced back during Q3 to levels exceeding this same point last year. We have seen a year on year growth of 12% and take up now totals 2,154,181 sq. ft (2022 - 1,924,720 sq. ft).

Whilst there were limited larger transactions during Q2 this latest quarter has not continued in Q3 which has been significantly boosted by several larger transactions. 3 deals exceed 100,000 sq. ft and 2 deals were between 50,000-100,000 sq. ft taking the average size of transaction to 13,554 sq. ft.

Key deals include the sale of the Former Toyoda Gosei, Heal y mynydd, Gorseinon in Swansea of 254,700 sq. ft, Reevesland Industrial Estate in Newport where Owens took a further 173,243 sq. ft to support with their fulfilment of their brewery contract, and the expansion by Bad Wolf Studios into Bridgend who secured a letting of 117,875 sq. ft. The latter deal showcases a further evidence of the influence of the creative media industry in South Wales which continues to expand.

In addition to the completed transactions we have experienced high levels of agent lead requirements during the quarter with several active requirements in excess of 50,000 sq.ft in the market which should be a catalyst for continued strong take up in Q4.

There is a continued high level of deals across the multi let accommodation sub 10,000 sq.ft. Deals in this size bracket contributed to 65 of the 89 deals completed.

Whilst most of these are Leasehold transaction there is continued high demand for new developments for sale at Felindre Court in Pencoed which has seen occupiers and investors quickly secure opportunity to purchase newly developed units and showcase the strong demand for owner occupiers to purchase. This should give confidence

to other developers to proceed with further schemes across development sites in South Wales.

Of the 26 sales completed, an average capital value per sq. ft for the quarter stood at £136.58. This high level increase on the last quarter and was largely driven by the activity at Felindre Court.

Over previous quarters we have often highlighted supply constraints across the sector specifically for modern buildings of all sizes. It has been positive to see the practical completion of two units in excess of 100,000 sq. ft at St Modwens Newport site. However outside Newport there is still a constraint of larger developments across the M4 Corridor which is an area that requires unlocking but challenges on drifting yields and high build costs.

Economic challenges are impacting some operators who have distribution facilities, some of which have entered into administration. As a result of this we have seen an increase in the stock pipeline and expect to see more space come to the market via this route over the next few quarters.

As occupiers navigate continued economic challenges, enquiries remain steady and positively there are occupiers who are actively on the search for accommodation. This in tandem with the release of returning industrial stock will help drive transactions and take up across Q4.

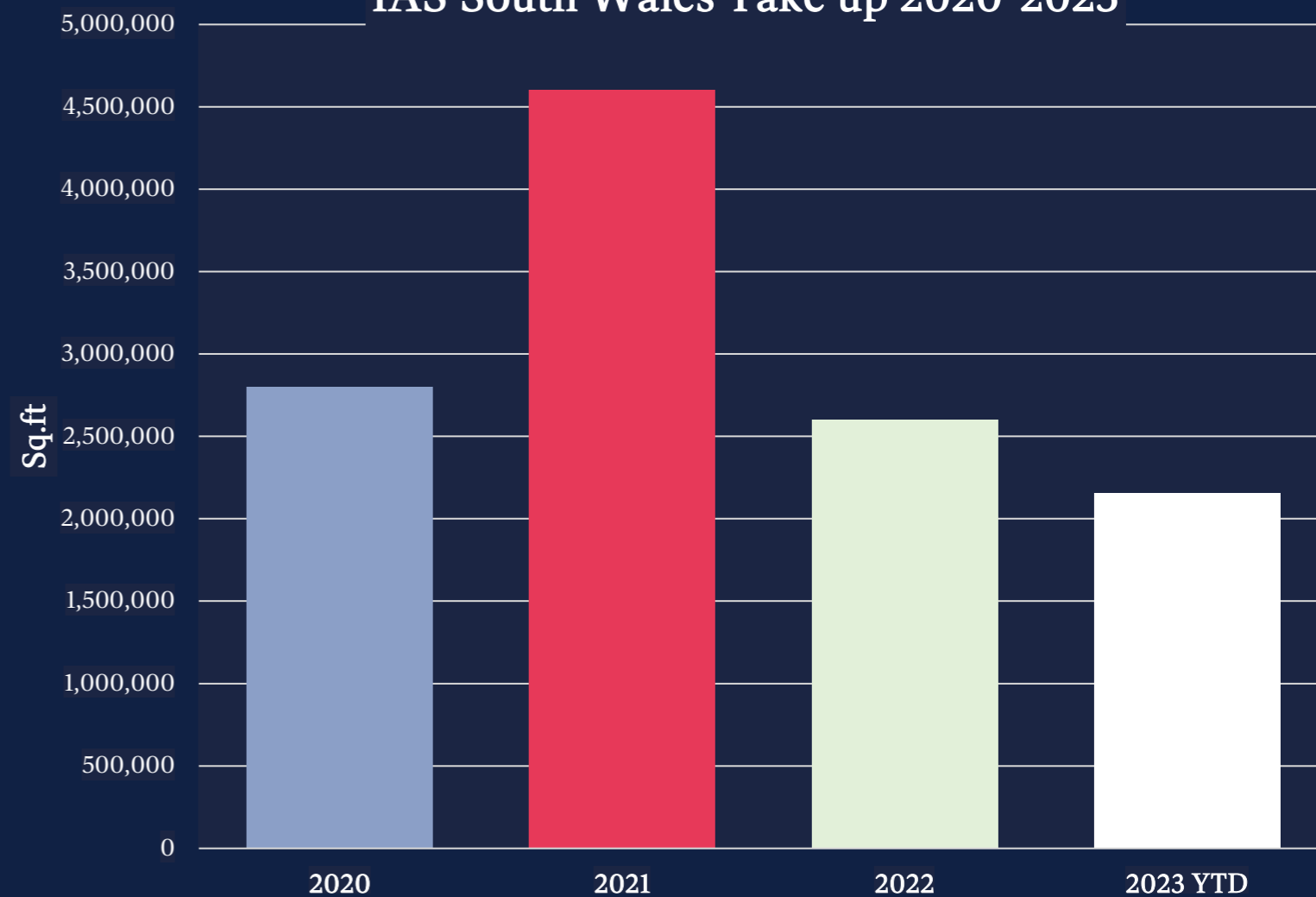


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IAS South Wales Take up 2020-2023



## Q3 2023 Industrial Take up Stats



**Total Deals**  
**89**



**Q3 Takeup:**  
**1,111,447**  
**sq.ft**



**Deals over**  
**100,000 sq.ft**  
**3**



**Average Capital**  
**Value**  
**£136.58**  
**per sq. ft**



**Average deal size**  
**13,554 sq. ft**



**Headline Rent**  
**(over 30,000 sq.ft)**  
**£8.50**  
**per sq. ft**