



## Market Facts

### Speculative Development

Strong rental growth in both new and second hand stock plus increased freehold prices

### Secondhand Space

Limited availability of second hand space due to tight supply, thus the Midlands markets have proven resilient

### Occupiers

Occupiers for buildings in this size range tend to strongly favour existing units and usually are unwilling to consider design and build

### Last Mile Logistics

Occupiers prefer to be close to urban conurbations in order to be able to provide last mile deliveries

Grade A mid box space (30,000 - 99,999 sq ft) is being speculatively developed across the East & West Midlands after years of limited availability

Despite weaker economic growth, the East and West Midlands market saw a high level of activity throughout 2018 with developers such as Barberrry, IM Properties, Panattoni, St Modwen, St Francis, Stoford and Trebor deciding to speculatively develop 'Mid Box' buildings. This is in response to strong occupier demand for new space after years of limited availability in the new build and second hand markets.

This has resulted in units letting or selling quickly as the developers react to occupier's limited choice.

Occupiers looking for buildings in this size range tend to strongly favour existing space and are usually unwilling to consider design and build.



# Midlands Mid Box Round-up Market Commentary

## Significant Rental & Freehold Growth

Prime quoting rents for units between 30,000 sq ft up to 99,999 sq ft have now reached as high as £8.00 psf. We expect to see rents between £7.00 psf and £7.75 psf regularly achieved in the best locations in 2019.

Leases of 10 years plus are now being regularly achieved, however some landlords may well consider a 5 year term certain via a break clause, subject to premium rental levels where occupiers can offer a stronger covenant.

Furthermore, there is strong freehold demand in this size range, which has resulted in sales prices rising, with £118.00 psf and £120.00 psf achieved in two freehold deals last year. We expect to see in excess of £120.00 psf achieved in the near future.

30,000 - 99,999 Sq Ft (Mid Box) Prime Rents (£psf)		
Market	Current	Quoting
Birmingham	£7.25 psf	£7.50 psf
Coventry	£6.95 psf	£7.50 psf
Solihull	£8.00 psf	£8.00 psf
Leamington	£7.50 psf	£8.00 psf
Leicester	£6.25 psf	£6.75 psf
Northampton	£6.50 psf	£7.50 psf



### RECENT KEY DEALS

Occupier	Address	Building	Size Sq Ft	Rent/ Price Psf
Gymshark	Connexion, Blythe Valley Solihull	Speculative	38,580	£8.00
Crown Forklift Trucks	Barberry 46 Birmingham	Speculative	45,875	£118
Conglon	Seven40, Seven at Pineham Northampton	Speculative	41,097	£120
Mayflex	Barberry 65 Birmingham	Speculative	65,500	£6.82
Pharmacy2U	Unit 3, Mountpark Bardon	Speculative	65,015	£6.75
Hermes	Nottingham 75 Panattoni Park Nottingham	Speculative	75,402	£6.75

### RECENT MAJOR SPECULATIVE DEVELOPMENTS

Address	Size Sq Ft	Landlord / Developer	Rent Psf	Completion
Connexion, Blythe Valley, Solihull	221,944 (5 units)	IM Properties	£8.00	Completed
Prologis Interchange, Birmingham	76,975 (1 unit)	Prologis Developments	£7.50	Completed
Panattoni Park Nottingham	164,268 (2 units)	Panattoni	£6.25	Completed
Spa Park, Leamington	180,000 (4 units)	Stoford / Blackrock	£8.00	Completion Q3 2019
Barberry 55, Wednesfield	55,575 (1 unit)	Barberry	£6.50	Completion Q4 2019
Leicester Distribution Park	210,000 (3 units)	Graftongate / Blackrock	£6.75	Completion Q3 2019
Velocity 42, Redditch	314,903 (5 units)	St Francis / Richardsons	£6.75	Completion Q3 2019

# Midlands Mid Box Round-up Market Commentary

## Investment

The investment market remains buoyant with strong demand for prime buildings with investment yields further hardening in 2018. We expect demand to continue for the right product in this sector with strong fundamentals. E-commerce, for retailers and last-mile logistics, continues to drive demand on the occupational side and in turn fuels the appetite for investment products.

Prime 15 year income - 4.50% - 4.75%

Prime 10 year income - 4.75% - 5.00%

Major investors in the East & West Midlands include:

■ Aberdeen Standard  
■ BMO

■ Harmsworth Pooled PUT  
■ LXI REIT

■ M&G Real Estate  
■ Urban Logistics REIT

### KEY INVESTMENT TRANSACTIONS

Address	Size	Tenant	Lease Term	Rent	Price	Yield
Apollo Birmingham	95,013	Salts Healthcare	15 year lease 10 year break	£617,584 (£6.50 psf)	£12,300,000 (£129.46 psf)	4.71%
Tachbrook Park Leamington Spa	82,506	Grupo Antolin	15 year lease 10 year break	£524,000 (£6.35 psf)	£9,750,000 (£118.17 psf)	4.8%
Worcester Six Worcester	72,500	Spire Healthcare	20 year lease	£638,625 (£6.05 psf)	£9,575,000 (£132.07 psf)	4.29%
Barberry 65 Birmingham	65,710	Mayflex UK Ltd	10 year lease	£448,275 (£6.82 psf)	£9,000,000 (£136.97)	4.67%
Blenheim Park Nottingham	60,010	DPD	25 year lease	£594,099 (£9.90 psf)	£11,050,000 (£184.22)	4.96%



#### Meir Point, Stoke

Avison Young instructed by CCLA on 69,296 sq ft unit  
Letting



#### Odette 58 Swan Valley, Northampton

Avison Young instructed by Aviva Investors on 58,080 sq ft unit  
Letting

# Midland Big Box Round-up Market Commentary

## Recent Avison Young Deals



Derby Commercial Park  
Two units totalling 101,901 sq ft  
Letting / Investment



Optimus Point, Leicester  
60,010 sq ft  
Investment Pre-let to DPD



Unit 3 Mountpark, Bardon  
65,015 sq ft  
Letting



LP48, Liberty Park, Lichfield  
48,000 sq ft  
Development / Letting

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