

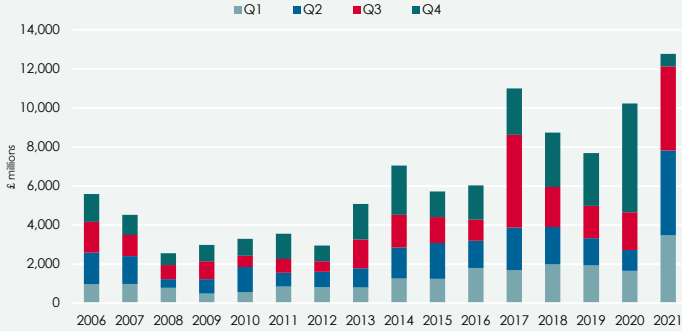
UK Logistics Market Dashboard



October 2021

Investment market

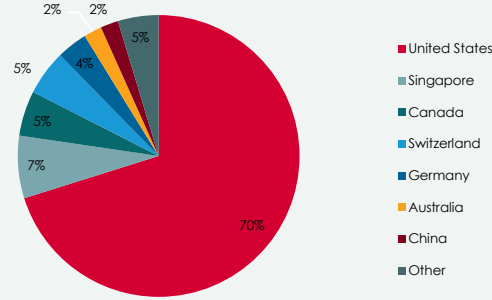
Industrial & logistics - Investment total



* Q4 figure reported as of 28/10/2021

Source: Knight Frank, Property Data

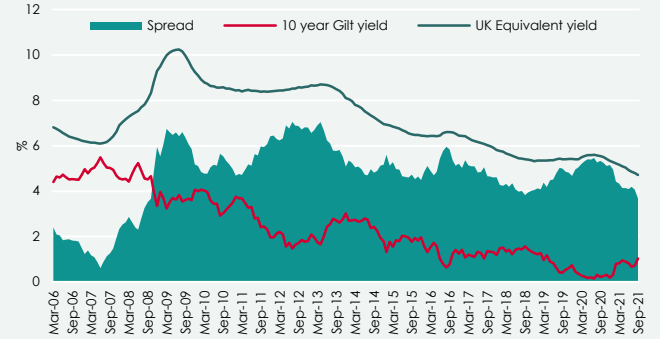
Sources of foreign capital (2021)



Source: Knight Frank, RCA

Yields

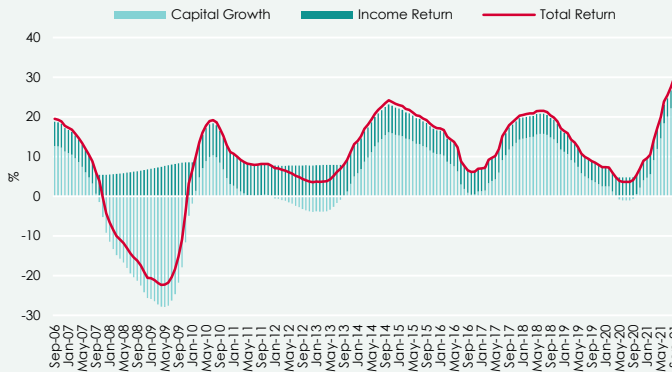
Industrial yields



Source: Knight Frank, MSCI, Macrobond

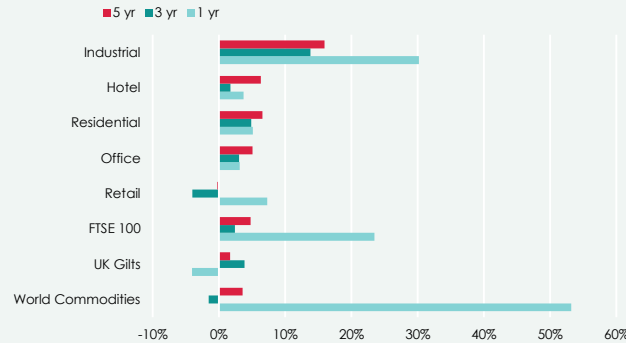
Performance

Industrial Total returns - annualized



Source: Knight Frank, MSCI

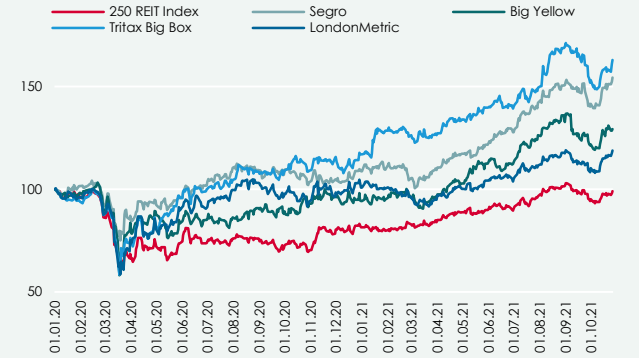
Annualized Total returns by asset class (to September 2021)



Source: Knight Frank, MSCI, Macrobond

Listed real estate

Real Estate Equities - total returns indices 01/01/2020 = 100



Source: Knight Frank, Marcobond

Research

Claire Williams
Industrial and Logistics Research Lead
+44 203 897 0036
Claire.Williams@knightfrank.com

Deirdre O'Reilly
Senior Research Analyst
+44 203 995 0785
Deirdre.O'Reilly@knightfrank.com

Darren Mansfield
Partner, Commercial Research
+44 207 861 1246
Darren.Mansfield@knightfrank.com

William Mathews
Head of Commercial Research
+44 203 909 6842
William.Mathews@knightfrank.com

Important Notice

© Knight Frank LLP 2021 - This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 6AN, where you may look at a list of members' names.

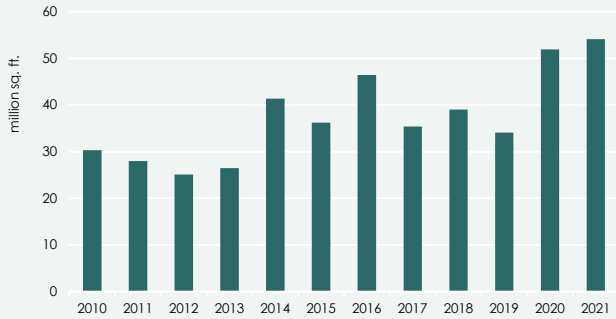
UK Logistics Market Dashboard



October 2021

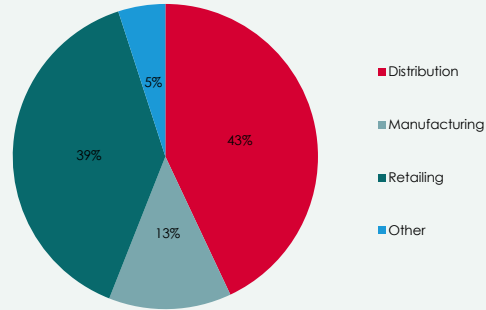
Occupier market

Take up (units over 50,000 sq. ft.)



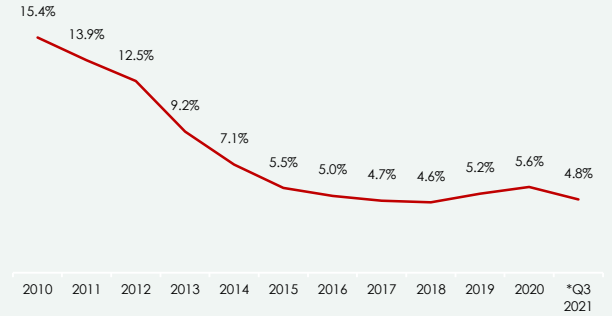
2021 (Q1-Q3) Source: Knight Frank

Take up by occupier type YTD 2021 (units over 50,000 sq. ft.)



Source: Knight Frank

Vacancy Rate (%)

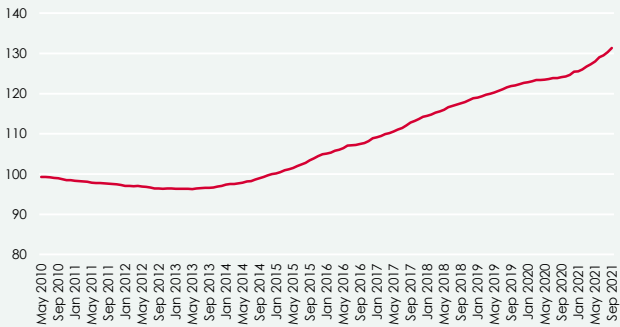


* Preliminary figure

Source: Knight Frank

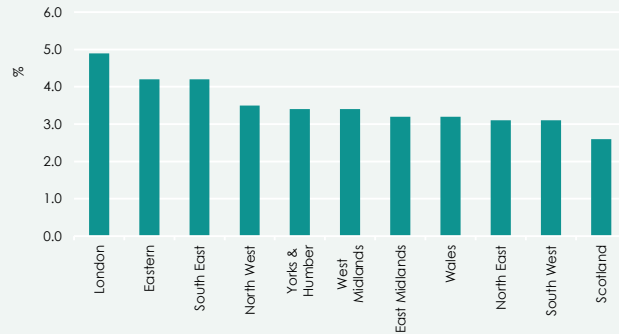
Rents

Average market rental growth Jan 2010 = 100



Source: Knight Frank, MSC1

Average rental growth forecast per annum (2021-25) - Q3 2021



Source: Knight Frank, RealFor

Development

Development completions (units over 50,000 sq. ft.)



Source: Knight Frank, Glenigan

Research

Claire Williams
Industrial and Logistics Research Lead
+44 203 897 0036
Claire.Williams@knightfrank.com

Deirdre O'Reilly
Senior Research Analyst
+44 203 995 0785
Deirdre.O'Reilly@knightfrank.com

Darren Mansfield
Partner, Commercial Research
+44 207 861 1246
Darren.Mansfield@knightfrank.com

William Mathews
Head of Commercial Research
+44 203 909 6842
William.Mathews@knightfrank.com

Important Notice

© Knight Frank LLP 2021 - This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 6AN, where you may look at a list of members' names.

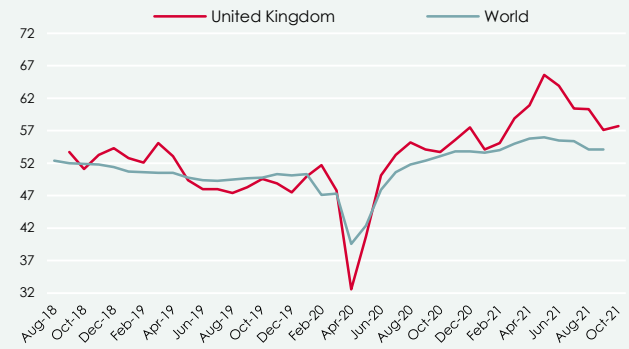
UK Logistics Market Dashboard



October 2021

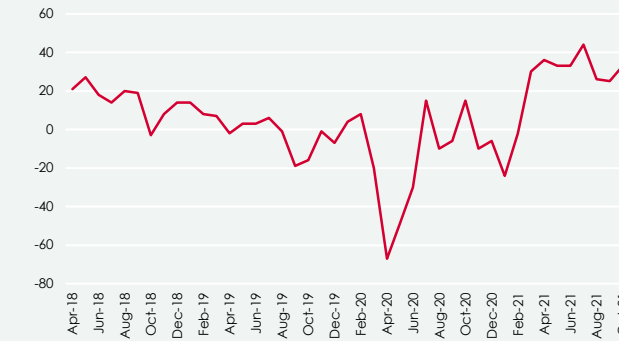
Industry, trade and manufacturing

Manufacturing PMI Index



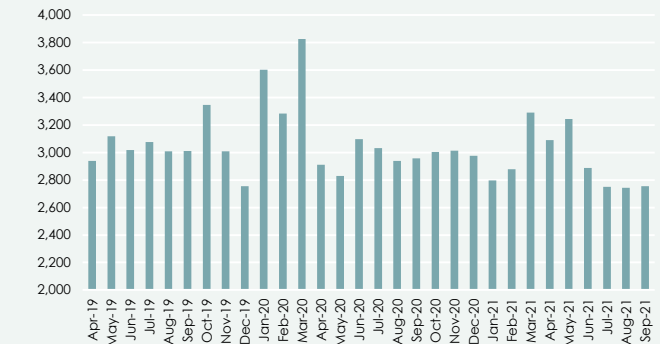
Source: Knight Frank, Macrobond

UK Manufacturing Output Next 3 months (balance)



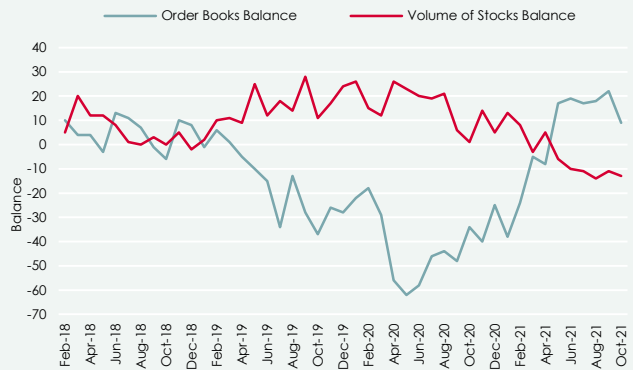
Source: Knight Frank, Macrobond

Cargo & Tanker Visits to UK Ports (per month)



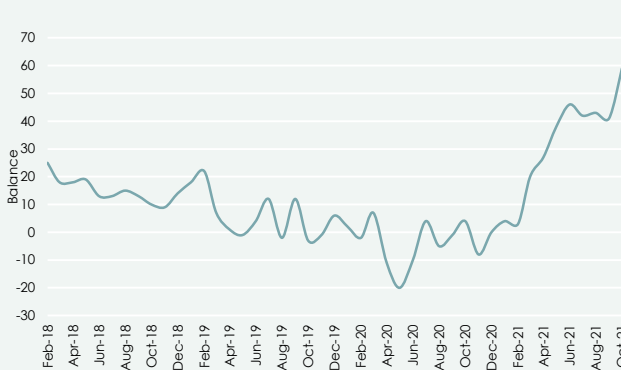
Source: Knight Frank, Macrobond

Order Books and Stocks Balance – CBI Monthly Survey



Source: Knight Frank, Macrobond

Manufacturing Output Prices – CBI Monthly Survey



Source: Knight Frank, Macrobond

Key comments

- The IHS Markit/CIPS UK Manufacturing PMI edged up 57.7 in October of 2021. However, supply chain delays, slowing new order growth and rising material and labour shortages remain a constraint on the UK manufacturing sector.
- However, manufacturers expect output growth to accelerate in the next three months (+33%, up from +25% in September).
- Manufacturers are reporting very low levels of stock adequacy, with stock volumes down on last month (September) and close to the survey low recorded in August.
- Total order books weakened (+9% from +22% in September). Export orders declined from -2% to -7% in October.
- Manufacturers' expectations for output price growth in the next three months rose sharply in October, to a record high of 59% up from 41% in September.

Research

Claire Williams
Industrial and Logistics Research Lead
+44 203 897 0036
Claire.Williams@knightfrank.com

Deirdre O'Reilly
Senior Research Analyst
+44 203 995 0785
Deirdre.O'Reilly@knightfrank.com

Darren Mansfield
Partner, Commercial Research
+44 207 861 1246
Darren.Mansfield@knightfrank.com

William Mathews
Head of Commercial Research
+44 203 909 6842
William.Mathews@knightfrank.com

Important Notice

© Knight Frank LLP 2021 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305634. Our registered office is 55 Baker Street, London, W1U 6AN, where you may look at a list of members' names.

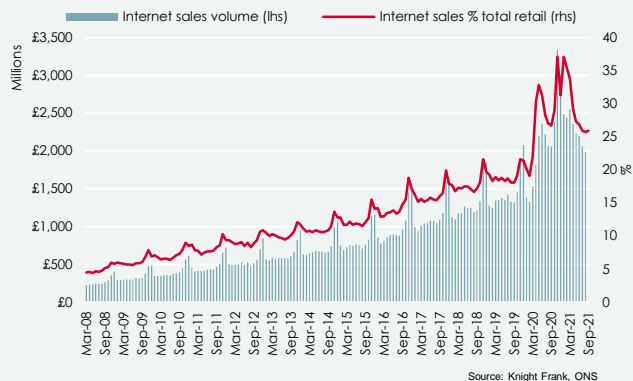
UK Logistics Market Dashboard



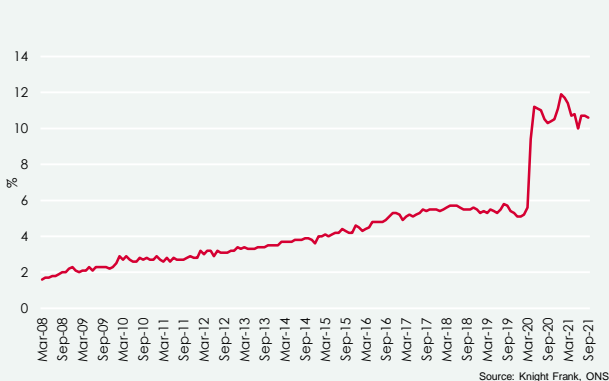
October 2021

Online retail sales

UK Internet Retail Sales (monthly)

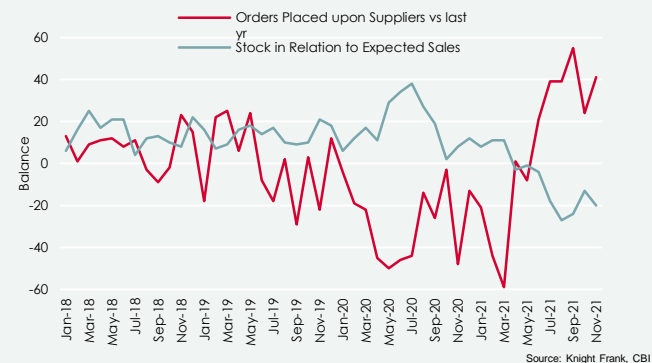


UK grocery market – proportion of online retail (%)



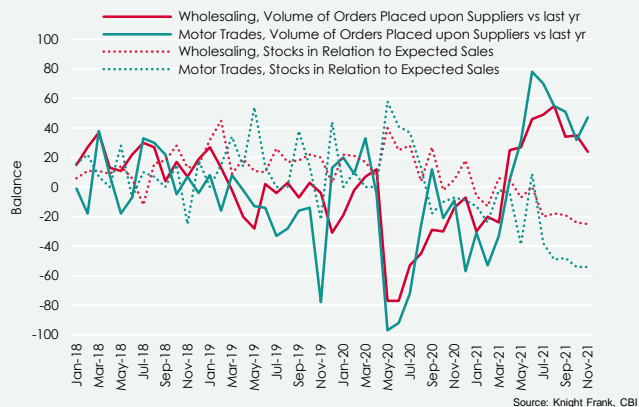
Retail distribution

Retailing – stock volumes and supplier orders (expected) CBI – Distributive trades monthly survey



Other distribution

Wholesalers and Motor Trades Stock volumes and supplier orders (expected)



Market commentary

Supply chain disruptions, depleted stock levels, and the impetus for greater resilience is driving take up

Low stock adequacy remains a concern for warehouse occupiers. Retailers, distributors and manufacturers are reporting very low levels of stock adequacy. Stock levels relative to sales across the distributive trades (including retail, wholesaling and motor trades sectors) are at record lows, the issue is particularly acute in the motor trades sector, which has been hit hard by a shortage of chips.

Manufacturers are also reporting low stock balances, down month and month and close to the record low in August. The transport and production issues that are causing these shortages are not expected to ease significantly until at least next year. The lack of materials or components is seen by businesses as the main factor likely to limit output over the next three months. As a result, manufacturers are looking to expand production and improve their supply chain resilience. They are increasing stock of component parts and materials, hiring new workers and planning further investment in plant & machinery and training, and this may require upgrading or moving to a new facility. Take up by manufacturing firms was up 54% on last quarter, with firms seeking to increase capacity and stock holdings, due to improving order books and expectations of output growth over the next few months.

Goods shortages, longer lead times, and uncertainties around delivery timeframes; coupled with rising inflation are driving firms to increase their orders with suppliers to avoid stock-outs and loss of business. CBI figures show that orders placed upon suppliers have been growing at record levels in the second half of the year.

Retail sales were seen as broadly average for the time of year in October, while sales are expected to be above seasonal norms in November. Wholesalers reported sales as above seasonal norms in October, and Motor trades also reported sales as good for the time of year. Internet sales are down 3% year-on-year but remain elevated compared to pre-Covid levels, sales in September were 51% higher than in September 2019. Online penetration rates for grocery retail remain above 10% of the market (compared with around 5% pre-Covid). Many online retailers have outstanding requirements for facilities as they look to upscale their capacity but face limited options, with falling vacancy rates and a dearth of new supply.

Research

Claire Williams
Industrial and Logistics Research Lead
+44 203 897 0036
Claire.Williams@knightfrank.com

Deirdre O'Reilly
Senior Research Analyst
+44 203 995 0785
Deirdre.O'Reilly@knightfrank.com

Darren Mansfield
Partner, Commercial Research
+44 207 861 1246
Darren.Mansfield@knightfrank.com

William Mathews
Head of Commercial Research
+44 203 909 6642
William.Mathews@knightfrank.com

Important Notice

© Knight Frank LLP 2021 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305534. Our registered office is 55 Baker Street, London, W1U 6AN, where you may look at a list of members' names.