UK Big Box warehouse market remains positive despite reduced take-up in first half of 2017

According to JLL's UK Big Box Industrial & Logistics research

LONDON, 24th July, 2017 – **JLL** has published its H1 2017 **UK Big Box Industrial & Logistics** research which reveals the following:

Total occupier take-up in H1 2017 was 35% down on H2 of 2016, following a record year in 2016; but still 2% higher than the long term average;
Grade A available supply rose in the first six months of the year, 24% up on the end of 2016;
Prime headline rents rose in a number of markets over the first six months of 2017;
Prime logistics yields in London sharpened in the first half of this year as the logistics market continues to remain highly attractive to investors.

Commenting on **JLL's** new research, **Tessa English, associate director, UK Research**, said: "Manufacturers were the most active source of warehouse take-up in the first half of this year, making up 35% of the total, but retailers were comparatively subdued. Grade A availability increased over the first six months of 2017, following a pick-up in both new and good quality secondhand supply. Nationally, our vacancy rate ticked up from 5% at the end-2016 to 6% at mid-2017."

Regionally JLL's research shows that overall availability of Big Box supply represented a national vacancy rate of 6% during H1 2017. The Greater South East, South West, Wales, North East, North West and Scotland all have vacancy rates below the national average.

Richard Evans, **lead director Logistics & Development, JLL UK**, added: "There are a few large requirements in the market at present and we expect this to translate into deals during the second half of 2017, however overall we anticipate demand this year to be lower than last. With a dwindling vacancy rate of 6% nationally at the end of June, we expect to see the continuing trend of occupiers signing for Build to Suit warehouse units. There will be some further big box speculative development this year but we expect

that it will be at a lower rate than that delivered to the market in 2015 and 2016. Our forecasts suggest that distribution rents overall will grow by 2.9% per annum nationally over the next five years, with growth stronger in core locations."

Joel Duncan, director National Investment, JLL UK, concluded: "Investor demand will remain strong for the remainder of 2017, however it is likely to be held back by a lack of available stock in the market. Given the strong demand for UK logistics, there is potential for yields to sharpen in the second half of the year. We believe the logistics sector looks set to continue to outperform both the offices and retail markets over the next five years."

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Notes to Editors JLL's Big Box research provides a comprehensive round-up of occupier market demand and supply, based on our tracking of Grade A quality distribution units of 100,000 sq ft and over. It also comments on investment activity and yields.

About JLL

JLL (NYSE: JLL) is a leading professional services firm that specializes in real estate and investment management. A Fortune 500 company, JLL helps real estate owners, occupiers and investors achieve their business ambitions. In 2016, JLL had revenue of $6.8 billion and fee revenue of $5.8 billion and, on behalf of clients, managed 4.4 billion square feet, or 409 million square meters, and completed sales acquisitions and finance transactions of approximately $136 billion. At year-end 2016, JLL had nearly 300 corporate offices, operations in over 80 countries and a global workforce of more than 77,000. As of December 31, 2016, LaSalle Investment Management has $60.1 billion of real estate under asset management. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit http://www.jll.co.uk.

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