

RECORD NUMBER OF DEALS



ANOTHER QUARTER, ANOTHER RECORD

Q3 saw 180 separate industrial transactions, a record number for a single quarter. Industrial volume of £2.2bn was also the second strongest in a decade and 33% above the five-year quarterly average.

PORTFOLIOS ALSO KEY

15 portfolios changed hands in Q3, with a combined value of £751m. Notable deals included Kames Capital's acquisition of the Cedar Portfolio for £39.90m (5.85% NIY) and Ascendas REIT's acquisition of the Owl Portfolio, the largest of the quarter, for £205.01m (5.07%).

CBRE Global Investors and LondonMetric were the main sellers, with a combined value of £137.40m over four portfolios. Blackstone and Urban Logistics REIT were the main purchasers, acquiring £204.70m over four portfolios.

We expect portfolio trading to continue apace in Q4, with a further 12 currently being marketed. Vendors include CBREGI, Clipstone, IOAM and L&G.

OVERSEAS OVERLOAD

Overseas investors (£494m), Institutions (£243m) and Quoted Propcos (£93m) were all net buyers in Q3. Undisclosed and private propcos continued to seek profit, being net sellers throughout the quarter.

SOUTH EAST MULTI-LETS STRENGTHEN

South East estates dominated the multi-let sector with the main buyers including Canal & River Trust, Legal & General and Stenprop. Achieved yields in Q3 ranged from as low as 3.87% in Guildford to 7.81% in Cannock.

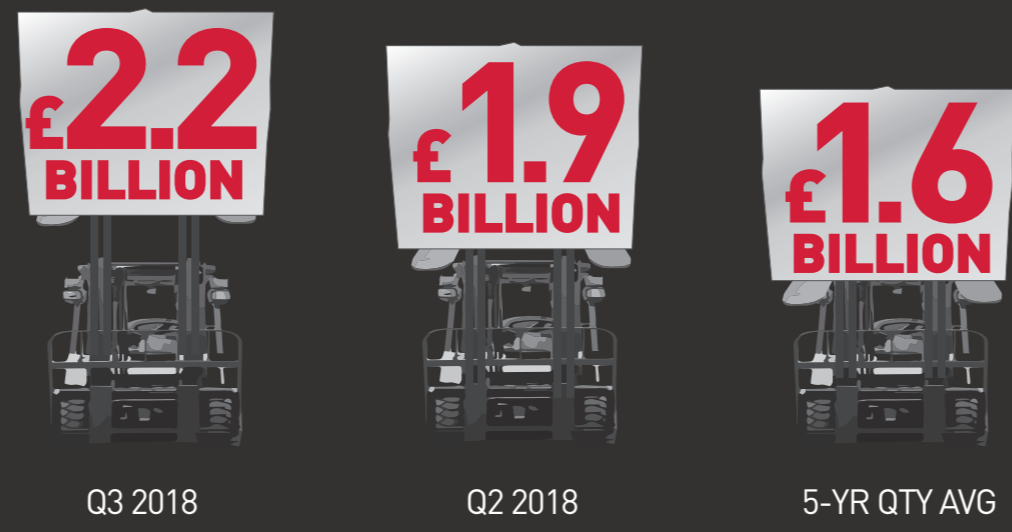
MARGINS CLOSE ON FUNDINGS

Tritax Big Box REIT continued their domination of the big box full forward funding market, acquiring two assets let to Amazon in Darlington and Haydock with a combined value of £189.40m. Net initial yields were 5.00% and 4.90% respectively, further demonstrating the depth of demand and a narrowing of the discount to built stock.

SATURATION OF STOCK?

Q4 is off to a flying start with a flurry of stock coming to the market across all three sub-sectors. With the buyer pool starting to thin, it will be an interesting test for the market as to whether everything completes before the year end.

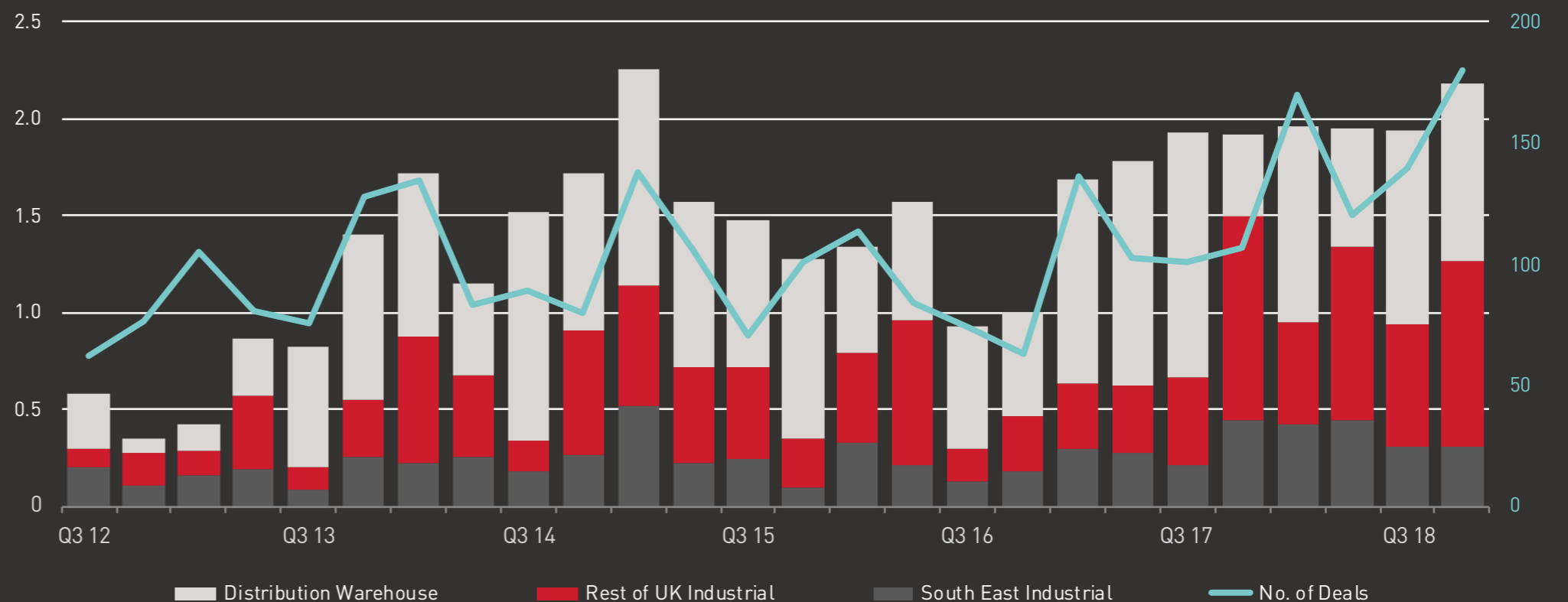
INVESTMENT VOLUME



PRICING

PRIME YIELDS	END Q3 2018	3 MONTH CHANGE (BPS)	12 MONTH CHANGE (BPS)
South East Estates	3.75%	0	-50
Rest of UK Estates	4.75%	0	-50
Distribution Warehouses	3.75%	0	-50
TRANSACTION YIELDS		3 MONTH CHANGE (BPS)	12 MONTH CHANGE (BPS)
South East Estates	4.72%	42	-27
Rest of UK Estates	6.49%	-28	-42
Distribution Warehouses	5.29%	12	-106

INVESTMENT MARKET ACTIVITY, £BN



KEY Q3 DISTRIBUTION DEALS

PROPERTY	TERM CERTAIN (YEARS)	TENANT	PRICE	NIY	DATE	VENDOR	PURCHASER
Blackburn Industrial Estate, Sherburn in Elmet	17.25	Eddie Stobart	£31.75m	5.00%	Sep-18	NFU Mutual	Palmer Capital
Prospero, Ansty	30.00	Meggitt	£73.40m	3.40%	Aug-18	Opus / Manse	Aviva Investors
Flex Meadow, Harlow	2.90	Clipper Logistics Plc	£11.30m	4.30%	Aug-18	Legal & General	BMO
Michigan Drive, Milton Keynes	10.10	Royal Mail	£12.00m	2.80%	Jul-18	UK & European	London Metric
12 Waxlow Road, Park Royal	5.40	AFM Group Ltd	£14.65m	2.81%	Aug-18	Kingston Estates	Oxford University Endowment

KEY Q3 MULTI-LET DEALS

PROPERTY	SIZE (SQ FT)	AWULT (YEARS)	PRICE	NIY	DATE	VENDOR	PURCHASER
Lineside Industrial Estate, Littlehampton	207,356	3.00	£21.00m	5.25%	Aug-18	Cording Real Estate	Legal & General
Gateway 36, Barnsley	145,282	18.25	£15.80m	4.76%	Jul-18	Harwood	Mayfair Capital
Nexus Park, Newbury	79,801	13.50	£27.50m	4.80%	Jul-18	Canmoor	Hermes
Deacon Way Industrial Estate, Reading	72,910	4.80	£11.40m	4.49%	Sep-18	Canmoor	DTZ Investors
The Moorfield Centre,* Guildford	23,025	2.90	£6.30m	3.87%	Jul-18	Westbrook	LSHIM*

KEY Q3 PORTFOLIO DEALS

PROPERTY	AWULT (YEARS)	NUMBER OF PROPERTIES	PRICE	NIY	DATE	VENDOR	PURCHASER
Column Portfolio	-	50	107.70m	7.00%	Jul-18	M7 Real Estate	Blackstone
Graphene Portfolio	4.20	6	£16.30m	5.70%	Sep-18	BMO	Clearbell Capital
Mitre Portfolio	6.30	5	£17.90m	4.35%	Aug-18	Milton Group	Left Field Capital
Atlas Portfolio	4.80	7	£62.00m	4.24%	Aug-18	CBRE Global Investors	KF Investors
Owl Portfolio	11.75	12	£205.01m	5.07%	Aug-18	Oxenwood	Ascendas REIT

*LSH Acted

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