

SHED VOLUME BOUNCES BACK

BACK WITH A BANG

Volume more than doubled from a dismal Q2 to £1.9bn in Q3, 15% above the quarterly average and back towards the record levels of last year. We also saw the number of deals increase from 98 in Q2 to 147 in Q3, the largest being L&G's funding of Summit Park, Mansfield at £139m (4.70% NIY).

SINGLE LETS STAY ON TOP

Distribution warehouses made up 60% of the total volume across 68 transactions. The stand out deal was Equites' acquisition of Super G, Glasshoughton for £30m (4.60% NIY), a brand new speculatively developed warehouse let to Puma. Further south, Prologis continued their London expansion with the acquisition of Royal Mail in Greenford for £70m (3.20% NIY).

OVERSEAS MAKE THEIR MARK

Overseas investors were undoubtedly the largest net buyers in Q3 2019 (£433m), with the likes of Blackstone, Atlantic Leaf and Leftfield Capital all active. This was followed closely by quoted propcos (£318m), with Stenprop and London Metric acquiring seven assets between them. Institutions remained net sellers, at £120m for the quarter.

LACK OF MULTI-LETS

There is still a dearth of prime multi-let estates being marketed. The two standout deals were both acquired by Royal London, namely Blackrock's £56m sale of Tower Thurrock (3.90% NIY) and Hermes' £30m sale of Elstree Distribution Park (3.40% NIY). The quarter also saw Wandsworth, Cambridge and Sutton councils active in the multi-let market.

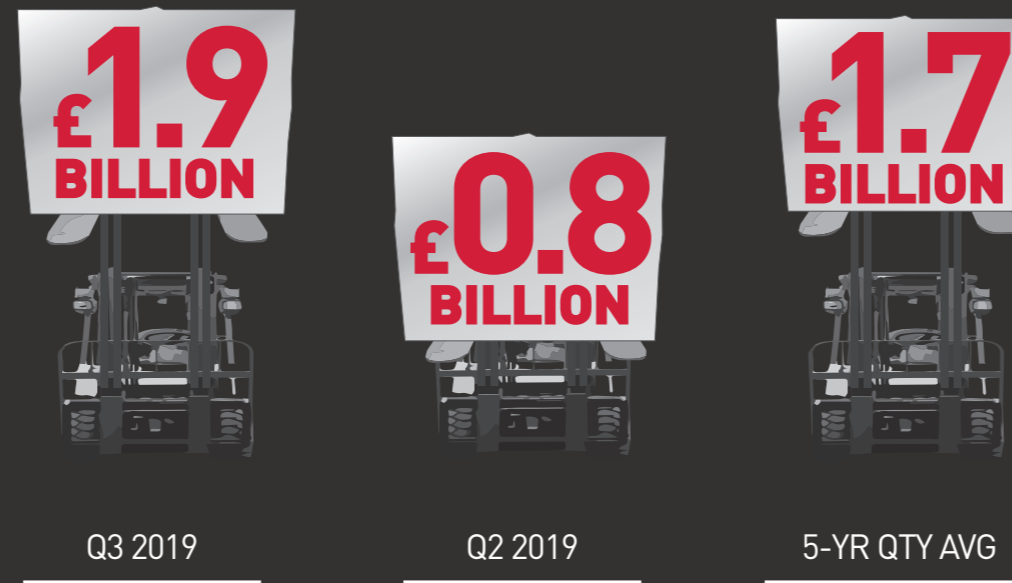
YIELDS

Average transactional yields compressed in Q3 with the All Industrial yield dropping to 5.04%, down 43 bps from last quarter and down 13bps from this time last year. While prime notional yields remained broadly stable in Q3, it is difficult to envisage increases given the strength of current pricing.

WHERE NEXT?

With ongoing lack of clarity over Brexit, we can't see Q4 being the busy quarter it normally is. While industrial investments are still highly sort after, vendors are hesitant to sell unless they have reached the end of the business plan or are experiencing redemptions.

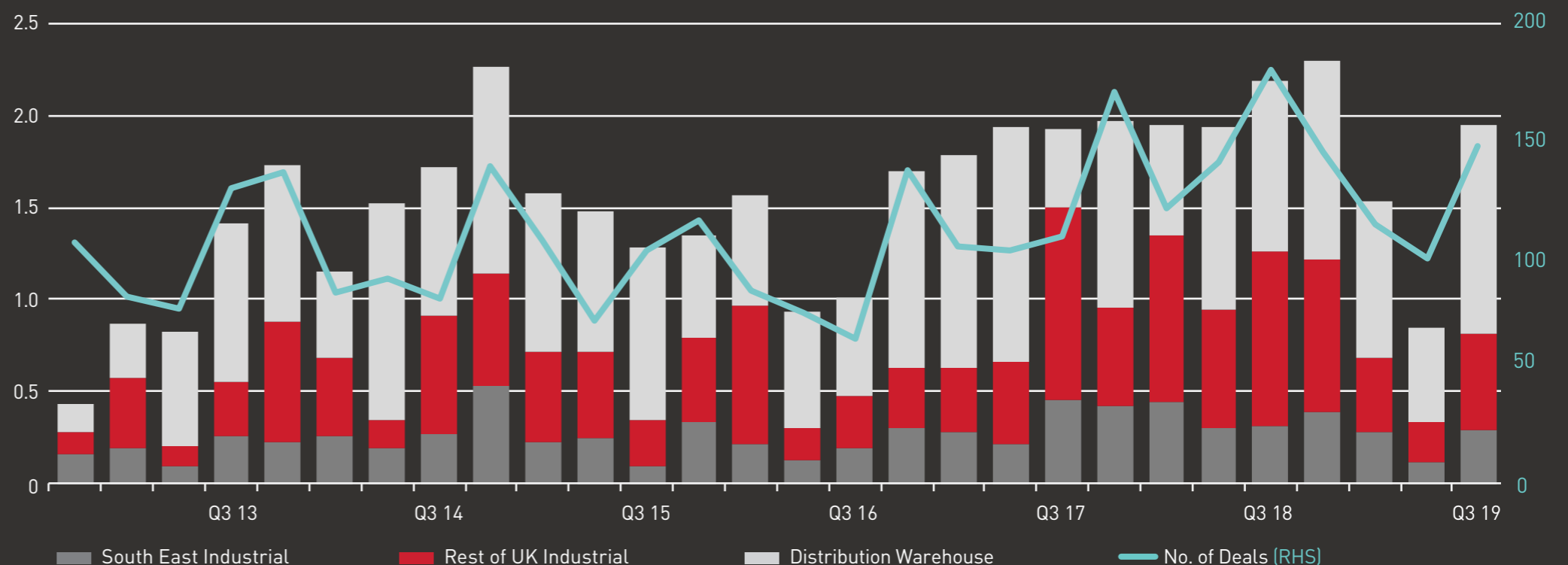
INVESTMENT VOLUME



PRICING

PRIME YIELDS	END Q3 2019	3 MONTH CHANGE	12 MONTH CHANGE
South East Industrial	4.00%	0	0
Rest of UK Industrial	4.75%	0	0
Distribution Warehouse	4.00%	0	0
TRANSACTION YIELDS		3 MONTH CHANGE	12 MONTH CHANGE
South East Industrial	4.46%	-56	-26
Rest of UK Industrial	6.73%	-65	24
Distribution Warehouse	5.11%	-7	-18
All Industrial	5.04%	-43	-16

INVESTMENT MARKET ACTIVITY, £BN



KEY DEALS



SUPER G, GLASSHOUGHTON

PRIME LOGISTICS / INDUSTRIAL FACILITY

We acquired this 13.1 acre site in 2018 for our clients BAPF and Barwood Capital. A 261,998 sq ft distribution warehouse was speculatively developed and subsequently let to Puma. The investment was then sold in August 2019 to Equites Property Fund.



MERIDIAN PORTFOLIO

GREATER LONDON MULTI LET PORTFOLIO

Acting on behalf of M7 we acquired this greater London multi let portfolio comprising 63 units across 6 estates. With a shortage of industrial stock across London, the estates provide strong reversionary potential through letting up vacant space along with carrying out various lease renewals and rent reviews.

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KEY Q3 DISTRIBUTION DEALS

PROPERTY	TERM CERTAIN (YEARS)	TENANT	PRICE	NIY	DATE	VENDOR	PURCHASER
Basil Hill Road, Didcot	7.90	Booker	£32.75m	6.50%	Sep-19	M&G	Torbay Council
Super G, Glasshoughton	10.00	Puma UK	£30.68m	4.60%	Aug-19	BAPF & Barwood Capital *	Equites Property Fund
Green Park Way, Greenford	11.00	Royal Mail	£70.20m	3.10%	Aug-19	Private Family Trust	Prologis
Majestic Road, Southampton	6.40	TW Metals	£14.70m	5.21%	Aug-19	L&G*	CBREGI
Manton Wood, Worksop	20.00	DHL Supply Chain	£67.00m	4.20%	Aug-19	DHL	Alpha Real Capital
River Road, Barking	10.50	Restore Plc	£11.90m	4.72%	Jul-19	Blackrock	LBBD c/o Be First *

KEY Q3 MULTI-LET DEALS

PROPERTY	AWULT (YEARS)	RENT (PER SQ FT)	PRICE	NIY	DATE	VENDOR	PURCHASER
Coldhams Road IE, Cambridge	5.50	£12.49	£9.24m	4.05%	Sep-19	AVIVA	USS
Sergeant IE, Wandsworth	2.20	£13.20	£28.15m	2.30%	Sep-19	Wolfe Property	London Borough of Wandsworth
Tower, Thurrock	7.70	£8.54	£56.00m	3.90%	Aug-19	Blackrock	Royal London
Haldens Parkway, Thrapston	4.00	£5.00	£17.40m	5.85%	Aug-19	M&G	Exeter Property Group
Panattoni Park, Northampton	15.00	£6.30	£80.00m	4.55%	Jul-19	First Panattoni	Gazeley
Elstree IE, Borehamwood	6.50	£9.04	£30.50m	3.40%	Jul-19	Hermes	Royal London

KEY Q3 PORTFOLIO DEALS

PROPERTY	AWULT (YEARS)	NO. OF PROPERTIES	PRICE	NIY	DATE	VENDOR	PURCHASER
The Echelon Portfolio	5.30	8	£70.00m	7.10%	Sep-19	AVIVA	Warehouse REIT
The Connect Portfolio	20.00	6	£9.86m	7.04%	Sep-19	Connect Group	Urban Logistics REIT
The Meridian Portfolio	5.41	6	£44.70m	4.28%	Aug-19	Newable Properties	Blackstone / M7 *
The R32 Portfolio	6.70	32	£100.30m	6.70%	Jul-19	Ares & Revelan	Blackstone / M7

*LSH acted

**Lambert
Smith
Hampton**