

Industrial and Distribution Performance

The weakness of sterling driven by Brexit uncertainty has assisted exporting manufacturing companies to an extent, but confidence and business investment remains weak. However, this has not been reflected in the industrial and logistics property sectors, which continue to deliver robust returns.

In Kent, both the industrial market and big box logistics have seen pressure on available space. The Caxtons' average Kent industrial rent rose to £990 per m² (£92 per ft²), with growth of almost 11% over the year to June 2019. This pace



PHOTO: GEORGE WILSON DEVELOPMENTS

New light industrial units, Old Wood Yard, Joseph Wilson Industrial Estate, Whitstable.

67%

Increase in the Medway prime industrial rent over last three years

Caxtons

of increase is ahead of the other property sectors in the county over the last 12 months, while CoStar analysis finds the county has outperformed nationally since 2014. Robust take-up has driven space shortages, leaving Kent with the second lowest vacancy rate in the UK in Q2, according to CoStar. The largest letting was Unit K, Springhead Enterprise Park, Northfleet, where 13,091m² (140,900ft²) was let to Berryworld Limited. Mid Kent Business Park, Snodland, saw DSG Retail take a 15 year lease on 7,058m² (75,972ft²).

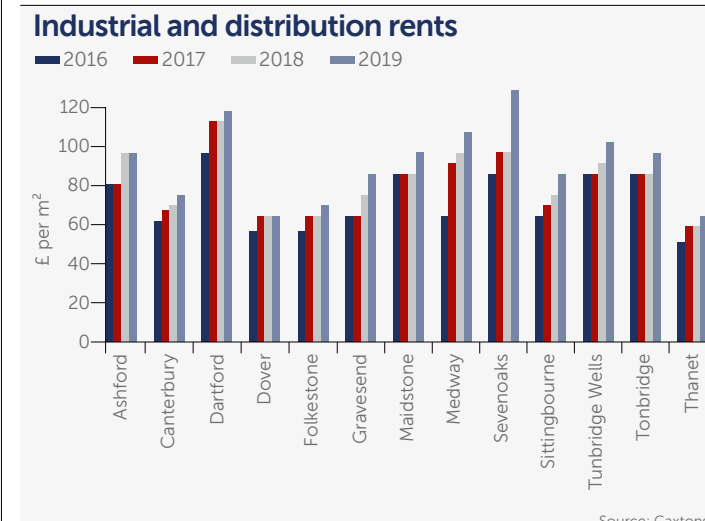
Despite anxieties of Brexit driven food stockpiling, the cold store market has not seen an upturn in demand. Fresh & Wild took the 2,311m² (24,879ft²) Sondix House, Sandpit Lane, Dartford, but this formed part of a wider strategy. Overall, there has been little space released back to the market, although John Parker & Son, one of the largest steel stockholder and processors in the UK, who occupy a large unit at Maybrook Retail Park, is facing administration.

Given the shortage of sites, an increase in construction activity across the county is welcomed, with both national and south east developers now represented in Kent. Chancerygate is particularly active with schemes at Sidcup, Crossways, Tonbridge, Rochester and Maidstone. The latter scheme, Maidstone Exchange, Parkwood Industrial Estate comprises seven new warehousing units and one car showroom totalling 5,137m² (55,296ft²). Meanwhile, Goya Developments' Aylesford Business Park provides seven new units ranging from 349m² (3,757ft²) to 3,839m² (41,320ft²) for industrial and logistics warehousing. In May George Wilson Developments completed the construction of eight light industrial units of 92m² (1,000ft²) each on the Joseph Wilson Industrial Estate, Whitstable, all of which were sold off-plan. The same developer has submitted plans for a 2.2ha (5.5 acre) extension to the estate adding 7,897m² (85,000ft²) of industrial floor space.

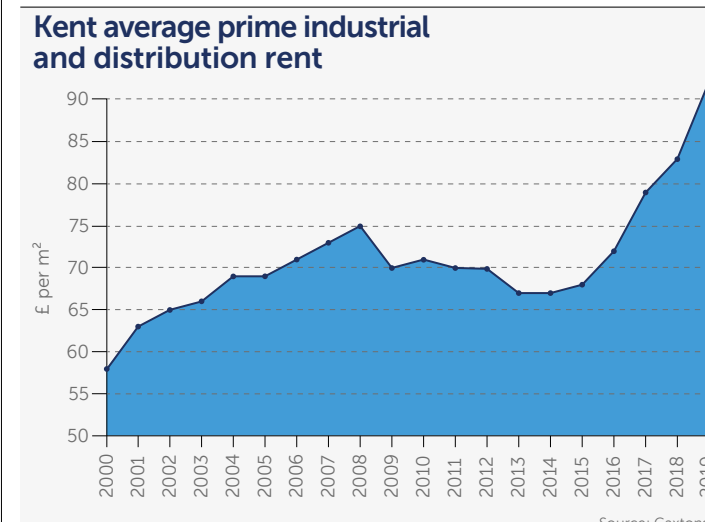
11%

Increase in the average prime Kent industrial rent over last 12 months

Caxtons



Source: Caxtons



Source: Caxtons

Lettings						
Location	Landlord/Vendor	Tenant/Purchaser	Floorspace ft ²	Rent (pa)	Lease term	Agent
Unit K Springhead Enterprise Park, Northfleet	LaSalle Investments	Berry World	140,900	£7.55 psf	15 years	Altus Group / DTRE
Units 17 & 18, Decimus Park, North Farm Industrial Park, Tunbridge Wells	Percival Drake Ltd	Childrensalon Ltd	12,360	£130,000	10 years	Durlings
Warehouse, Caesars Way, Folkestone	Private investor	J H Young Ltd	18,078 with yard	£85,000	15 year lease 5th & 10th year break	Smith-Woolley
1 & 2 Mid Kent Business Park	Private	Everydog Ltd	3,469 + 1,497 Mezz	£31,645 rising to £37,440	10 years, break at 3rd year	Michael Parkes Surveyors Ltd

Sales						
Location	Landlord/Vendor	Purchaser	Floorspace ft ²	Capital value	Agent	
3 Laker Road, Rochester	Mr R Mills	ALO Properties	10,176	£1.1m	Harrisons	
Bridge House, Hop Pocket Lane, Paddock Wood	Thermo Group	SCS UK Ltd	11,029	£890,000	Martine Waghorn	
Unit 29, John Wilson Industrial Estate, Whitstable	Jaytee Biosciences	Mr and Mrs I Morris		Ground floor: 1,970 mezzanine: 1,810	£230,000 Caxtons	
Unit 4, Herne Bay Business Park, Canterbury Road, Herne Bay	Lilley Tile & Stone	N/A	2,054	£175,000 long leasehold interest	BTF	

Development activity in the county has been assisted by a positive funding market with M & G, Orchard Street, Standard Life and Buccleuch backing developer-led schemes. Meanwhile, there are a number of substantial sites coming forward. These include Vantage Point, Snodland and Aylesford Newsprint, a 42ha (105 acre) site. Development opportunities for sale include 6.6 acres (2.67 ha) at Crittalls Corner, Sidcup and 3.6 acres (1.45 ha) at Lower Road, Northfleet. At Junction 8 of the M20 Segro/Roxhill has a planned scheme with space to accommodate up to 41,806m² (450,000ft²) at Woodcut Farm.

The strong rental performance of Kent industrials relative to other south east markets, has paved the way for higher land values and lower yields and established the county's credentials amongst institutional investors. However, the outperformance of the sector has deterred disposals, resulting in relatively few transactions over the last year.

In August, Quadron, Littlebrook, a new build multi-let estate, let to Network Rail, totalling 4,239m² (45,636ft²) was sold by Buccleuch Property and Wrenbridge to Aberdeen Standard, delivering a new low yield of 4.25% for multi-let industrial in the county. Larkfield Mill Industrial Estate, Aylesford, which comprises 29,561m² (318,194ft²) was sold by Threadneedle to M7 in October for a quoted £33.5m, (5.23% NIY). The same fund is selling Units 1-8, Wincheap Trade Park, Canterbury, totalling 6,493m² (69,893ft²) for £6.425m (6.25% NIY).

A 3,315m² (35,680ft²) unit on Maidstone Road, Rochester sold in February to Corefresh Limited for £4m. Threadneedle sold a single-let unit, occupied by Hermes Parcelnet on Quarry Wood Industrial Estate, Aylesford for £4.95m (5.5% NIY) in July to Marchmont IM. Meanwhile, the summer also saw the 7,058m² (75,972ft²) unit let earlier in the year to DSG Retail Ltd, at Mid Kent Business Park, Snodland, sell for £10.5m (4.92% NIY).



Aylesford Business Park.

PHOTO: MAIDSTONE BOROUGH COUNCIL