

Industrial and Distribution Performance

As perhaps might be expected given the tumultuous events of 2020 and the subsequent wholesale change in household behaviour in the face of lockdown restrictions, the industrial sector has been the best performing property sector in the UK. Despite an initial slowing in activity following the lockdown restrictions, activity picked up quickly across all size bands. Take up across the south east has reached near record levels as logistics operators in particular expanded in order to keep pace with the overnight change in consumption habits.

Bericote Properties and Tritax secured consent for a 0.2 million m² (2.3m ft²) distribution facility at Littlebrook, Dartford. The facility, on which Amazon agreed a pre-let during Q2 2020, will be completed summer 2021.



CREDIT: GEORGE WILSON HOLDINGS

Hornby Hobbies Ltd is to move its warehouse and distribution facilities to Lakeside Business Park in Hersden, North East of Canterbury.

14%

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

Caxtons

While notable in its size, this transaction reflects the wider trend of distribution occupiers focusing on pre-lets or forward funded developments in the face of a limited supply of large floorplate Grade A units.

The second quarter of 2020 also saw Noatum Logistics pre-let a 13,935m² (150,000 ft²) facility at Goodman's London Medway Commercial Park, Rochester. The site will serve the company's M25 market, while providing ease of access to ports. This follows Selco's 2,787m² (30,000ft²) letting at Location 3/Hermes' Medway City Link, Rochester in July. Earlier in the year Pentagon Fresh took 4,676m² (50,341ft²) at Equinox, Crossways Business Park.

The intense competition for such sites across the south east drove another year of strong rental growth in the county. The Kent average prime industrial rent rose by 14% over the year to £104 per m² (9.70 per ft²), this reflects an increase of 32% over the last three years, equating to average annualised growth over this period of 9.6% per annum.

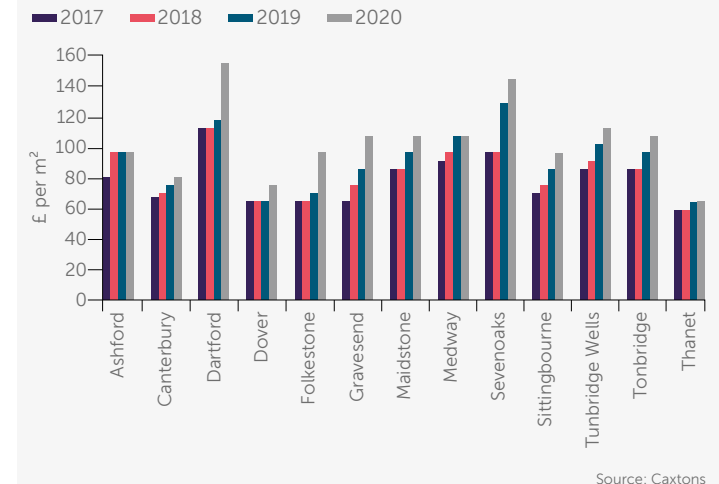
The current stock shortages will be eased somewhat by developments completing this year. Five new units across 6,782m² (73,000ft²) will be delivered at Dartford Industrial Estate, while The Mighty, Orpington will provide two speculative units totalling 9,555m² (102,856ft²). Those in the course of construction include Tavis House/Barwood Capital's 7,804m² (84,000ft²) across three buildings at Trilogy, Sittingbourne; Medway City Link providing buildings up to 6,730m² (72,420ft²); Trade City Gravesend providing 1,254m² (13,500ft²), Oakdene Trade Park, Wrotham providing 3,160m² (34,010ft²), 7,897m² (85,000ft²) on the Joseph Wilson Industrial Estate and 5,574m² (60,000ft²) of warehousing for Global Freight at Lakesview International Business Park, Hersden due for completion by George Wilson in early 2021.

71%

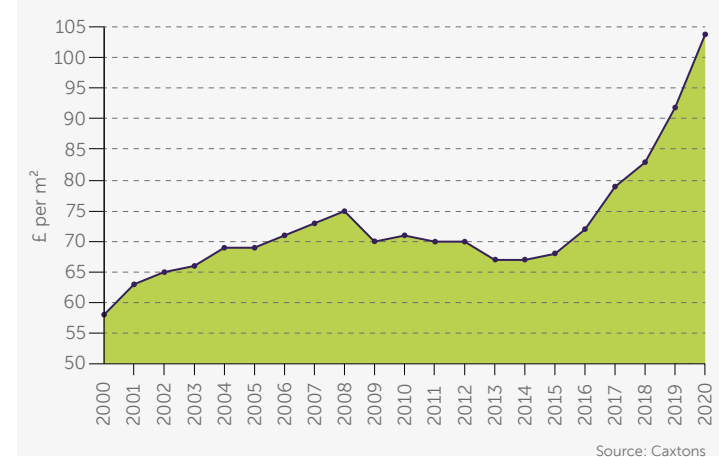
Increase in the average Dartford prime industrial rent over the last 5 years

Caxtons

Industrial and distribution rents



Kent average prime industrial and distribution rent



Lettings							
Date	Location	Landlord	Tenant	Floorspace ft ²	Rent (pa)	Lease term	Agent
Jul '20	Former Dovetail Unit, Bingham Road, Eurolink 4, Sittingbourne	Wilkinson Building Company (Leeds) Ltd	DPD Group UK Limited	23,670	£177,500	5 years	Harrisons
Apr '20	Westbourne House, North Close, Cheriton, Folkestone	The Gravesend & District Real Estate Company Ltd	Benham (VF) Ltd	21,013	£100,000 (with rental incentives)	10 years	Smith Woolley & Caxtons
Dec '19	Unit 3, Questor 80, Questor, Dartford	Aberdeen Standard	Ascott Cab Company	18,728	£12.50 psf	15 years	Altus
July '20	3, Wyvern Way, Henwood, Ashford	Apperly Estates	Tructyre Fleet Management Ltd	4,907	£42,000	5 year FRI lease	Stafford Perkins
Jan '20	Unit 8 Ballard Court, Ballard Business Park, Cuxton Road, Strood	Roger Ballard	Martin Fox	4,311	£35,000	5 years	Harrisons
Mar '20	Unit 11 Nepicar Park, Wrotham	Private	United Living (South) Ltd	2,554 plus mezz. of 1,956	£42,000	20 years, 5 yr breaks	Sibley Pares

Sales						
Date	Location	Vendor	Purchaser	Floorspace ft ²	Capital value	Agent
Nov '19	Holmesdale Works, Holmesdale Road, Dartford	Evrige Engineering	TW Drainage Limited	9,849	£850,000	Caxtons
Dec '19	Airmech House, Lawson Road, Dartford	JH Pension Trust	HJT Ltd	4,690	£112,000	Altus
Jul '20	Grahams, Coombe Valley Road, Dover	Private Landlord	Suite-World.co.uk	3,136	£380,000	Smith Woolley
Jul '20	Unit 2 Castleacres, Castle Road, Eurolink, Sittingbourne	Tillett Racing Seats	Feavans Limited	2,772	£210,000	Harrisons

These schemes will complement completed developments including Chancerygate schemes at Maidstone, Crossways, Tonbridge and Sidcup; Goya in Aylesford, Dartford, Orpington and Sidcup; Wrenbridge at Aylesford and Dartford with Radial 74 and Axion and finally Katana Property in Aylesford. East Kent is well represented by George Wilson and GLE Estates

Looking further ahead, two of the South East's largest new buildings are planned for Kent. Powerhouse Dartford will provide 41,806m² (450,000ft²), while 177,000m² (1,904,520ft²) will be delivered at Pannatoni's Aylesford Newsprint complementing their Belvedere Wharf site with both London Medway Commercial Park and G Park Sittingbourne being able to accommodate buildings within the same size range. In addition, Goodman is bringing

forward its Crossways Commercial Park in Dartford on a speculative basis with three units totalling 9,383m² (101,000ft²), 12,916m² (139,000ft²) and 22,018ft² (237,000ft²).

Land sales transacted over the last 12 months will provide further opportunities for large distribution occupiers in particular those seeking south east expansion. Autumn 2019 saw the sale of a 2.67ha (6.6 acre) site at Crittalls Corner Junction, Sidcup to Coca Cola for £5.4m per ha (£2.2m per acre).

Just prior to lockdown, Coldharbour Lane, Aylesford, which will accommodate up to 19,509m² (210,000ft²) was sold to Wrenbridge, while Phase 2, Orbital Park, Ashford, a 1.1ha (2.71 acre) site, was sold for £1.323m per ha (£0.535 per acre) by Salmon to Enrolon Capital.



Proposal for four B8 units at the former Houchin site, Ashford.

CREDIT: QUINN ESTATES

Industrial and Distribution Performance

Continued

In Dartford, Littlebrook has seen further land acquisitions with Wrenbridge purchasing Plots 32 (1.1ha/2.74 acres) and 34 (1.4ha/3.46 acres), while Goya/Aberdeen Standard acquired the 1.82ha (4.5 acre) 181 Hawley Road. In June, Clearbell purchased a 13ha (33 acre) site, for 45,429m² (489,000ft²) of industrial units with some office space, at J8 of the M20 Maidstone for £5m from Roxhill. The largest site transaction was the Government's purchase of the MOJO 27ha (11 ha) site at J11a.

In contrast to the previous 12 months, the multi-let investment market has been active despite the challenging backdrop. M7 purchased the 29,561m² (318,194ft²) Larkfield Mill Industrial, Estate, Aylesford from Threadneedle in October 2019, for £33.5m (NIY 5.23%). November 2019 saw two further purchases in Aylesford. Aberdeen Standard paid £13.715m (NIY 4.77%) for the 7,097m² (76,397ft²) Burnt Ash Trade Park, while Legal & General purchased Mills Road for £8.380m (NIY 5.4%). In December Eton College paid £3.8m (NIY 6%) for F1 & F2 Sheldon Way, also in Aylesford comprising 3,574m² (38,469ft²).

During the lockdown period, not only did transactions continue, but quoting prices were being bettered in some instances. M7 purchased 1-13 Schooner Park, Crossways, Dartford in May for £6.475m (NIY 5.3%), ahead of the 6% quoting price. In June, Patrizia AG purchased 38,789m² (417,525ft²) 1 to 7 Quarry Wood Industrial Estate, Aylesford. In the same month Marchmont IM purchased the 4,494.3m² (48,376ft²) Hermes Parcelnet, Quarry Wood Industrial Estate, Aylesford for £4.95m (NIY 5.5%). Activity continued over the summer. Blackstone and M7 purchased the 1,791m² (19,274ft²) 1 Sheldon Way, Aylesford for £2.7m (NIY 5.6%) from Petchey Properties. The DSG Retail Ltd 7,058m² (75,972ft²) unit on Mid Kent Business Park, Snodland sold for £10.5m (4.92%).

9%

Average annualised growth in the Kent prime industrial & distribution rent over the last 5 years

Caxtons

Right: Martec, Swalecliffe.

Below: Eurocentre Business Park, Faversham.



CREDIT: GEORGE WILSON HOLDINGS



CREDIT: GW HOLDINGS



Construction for Noatum Logistics, Plot 1b London Medway Commercial Park.
CREDIT: Goodman