

Press Release 2023



INDUSTRIAL AND LOGISTICS MARKET UPDATE Q1 2023

Despite economic uncertainty at the end of last year and a reduced appetite from investors, the FHP industrial team has managed to deal 625,664ft² in the first quarter of 2023 with 24 properties either completed or under offer, showing that the East Midlands industrial market remains resilient to the economic changes the country has faced recently as deals are still being done and activity remains high.

This trend is in line with current market conditions. The industrial/logistics market at present has returned to pre-pandemic levels as the warehouse 'space race' has ended and a more settled and balanced market has risen. Activity in Q1 has been down on the first quarters of the last two or three years, reflecting economic uncertainty and the general cost of living issue, with Q1 of 2023 also seeing lower investment volumes than in recent times. However we are now seeing an upturn in activity and as the year progresses, hopefully as economic conditions improve, we will see this trend accelerate as investors are starting to come back into the market.

There still remains an imbalance between supply and demand and whilst some speculatively built space is still in situ and not occupied, there are numerous conversations going on in the background and there is a real lack of good quality or even mid-range second-hand space available across all areas of our East Midlands patch. Freeholds are virtually impossible to find still and we regularly see occurrences where when they do become available, we generate interest quickly leading to best bids scenarios.

We are seeing a reduction in speculative development of warehouse and manufacturing space primarily due to the lack of opportunities as land and development possibilities remain in short supply. Whilst demand has dropped, the supply of the next phase of speculative industrial and distribution space throughout the region is a concern. We are already turning our sights towards trying to unearth new development opportunities for clients given the confidence we have that the market will return shortly. From proposals that we have submitted to potential occupiers on speculatively built units, we have to have regard to where the next phase of development will come from and more sites throughout the East Midlands need opening up to meet what we know is strong latent demand.

ENDS

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