

# LOGIC: North West



Q1 2025

Occupier and investment market trends in the North West logistics and industrial sector.

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Image: Crewe 335, Weston Road, Crewe

# Occupier Market

Vacancy rate reverses downwards despite a modest opening quarter for take up

### MODEST OPENING QUARTER FOR TAKE UP

The opening three months of 2025 recorded 555,000 sq ft of occupier take up across the North West industrial market (units 50,000 sq ft+). Following a strong final quarter of 2024, when 1.2 million sq ft transacted, the Q1 total appears relatively modest.

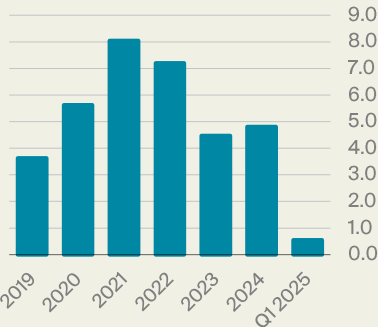
However, this has been typical of Q1 North West volumes over the past number of years, while general occupier caution has also extended transaction timelines. On an annual basis to Q1 2025, take up totalled 4.8 million sq ft, 14% higher than the same four-quarter period last year.

### BUT A HEALTHY VOLUME OF SPACE IS UNDER OFFER

Approximately 980,000 sq ft—comprising 8.5% of existing supply—was under offer at the end of March. Combined with the robust enquiry levels being observed, the second quarter is expected to see improved activity.

Take up in Q1 consisted of five leaseholds and one freehold. Finsa UK, who specialise in wood manufacturing, committed to a new 159,904 sq ft design and build facility at Birkenhead Docks.

Take up (sq ft)  
million square feet



Source: Knight Frank Insight

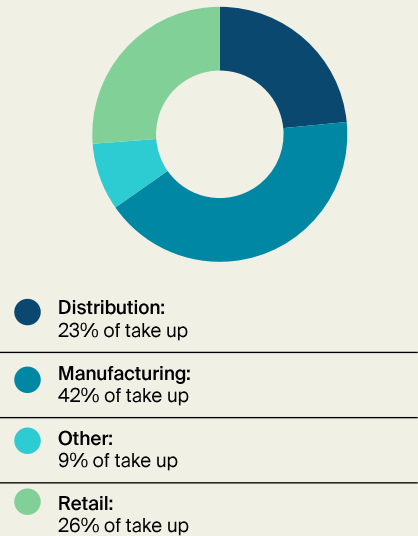
Glencar will be developing the building which will become the new UK headquarters for Finsa UK.

Other notable transactions included the 103,000 sq ft Icon 4 at Manchester Airport, which was let to event production and equipment hire company Sterling Event Group for 11 years at £10.50 psf, and the letting of Unit 6, Westpoint Enterprise Park, Trafford Park, to LUR—a specialist in locomotives—on a 10-year lease, also at £10.50 psf.

### MANUFACTURERS LEAD DEMAND

The manufacturing sector is continuing to lead the North West occupier market, accounting for 42% of take up annually to Q1 2025. This is up from a 22% share in the same period last year. The volume of space signed to manufacturers has doubled over the past year. Meanwhile, the distribution sector remains resilient, with its total volume of take up rising by 2.8% over the past year.

Take up by sector  
Q2 2024 – Q1 2025



Source: Knight Frank Insight

### MARKET VIEW

Lack of quality units in prime locations is pushing headline rents upward



BY ROB TILLEY, PARTNER,  
MANCHESTER LOGISTICS & INDUSTRIAL  
AGENCY

“An active end to the year for take up has been followed by a quieter than expected first quarter; however, there are a number of active requirements in the market that should bolster the H1 statistics.

Some of the delay with transactions has been due to protracted decision-making processes caused by general market uncertainty. However, a lack of good-quality units in prime locations is still pushing headline rents upward.

Increased availability in the second-hand market is allowing for more choice, with some landlords being forced to offer increased incentives.”

# Occupier Market

555,000 sq ft

Occupier take up  
Q1 2025

7.4%

Vacancy rate  
Q1 2025

£11.50 psf

Prime rents  
Q1 2025

15%

Prime annual rental growth

“The volume of space signed to manufacturers has doubled over the past year”

### VACANCY RATE REVERSES DOWNWARDS

Following two years of rising supply, availability of existing units over 50,000 sq ft edged down by 0.9% in Q1 2025, to 11.6 million sq ft. However, it remains elevated and is 43% higher than the level seen a year ago. The quarterly drop in supply shaved 10 bps from the vacancy rate, to 7.4%, from 7.5% recorded in Q4 2024. The supply of new space rose by 21% due to construction completing on five new units adding to the total immediately available stock. Meanwhile, the quarter saw a 7.4% decline in second-hand supply, though it is 51% higher compared with the same period last year.

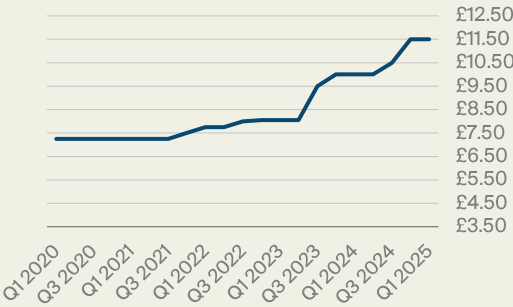
Development activity has been slowing over the past year; 10 units totalling 2.2 million sq ft were under construction speculatively at end-March, 21% lower in the quarter and 40% lower annually (units 50,000 sq ft+).

### RENTAL LEVELS & OUTLOOK

Prime rents in Manchester for units over 50,000 sq ft remained stable in Q1 but are 15% higher annually, at £11.50 psf. Rental growth is expected to continue this year, with 4.5% average growth predicted for the North West region for 2025 and stronger growth of 5.6% predicted for Manchester, according to RealFor.

### Manchester - Prime Rents

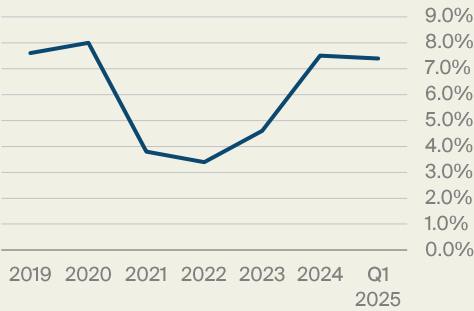
£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Insight

### Vacancy rate

% of stock



Source: Knight Frank Insight

“The quarter saw a 7.4% decline in second-hand supply”

### Key Occupier Deals

Q1 2025

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Finsa HQ, Birkenhead	158,904	Finsa UK	Undisclosed	Pre-let – Build-to-Suit
Icon 4, Manchester Airport	103,000	Sterling Event Group	£10.50 psf	Second-hand
Stone Cross 73, Warrington	72,740	Ansell Lighting	Undisclosed	Second-hand
Unit 6, Westpoint Enterprise Park, Trafford Park	63,299	LUR	£10.50 psf	Second-hand

Source: Knight Frank Insight



# Investment Market

5.25%

Prime NIY - Manchester  
Q1 2025

-25 bps

YoY movement in prime yields

### BUSY QUARTER FOR INVESTMENT ACTIVITY

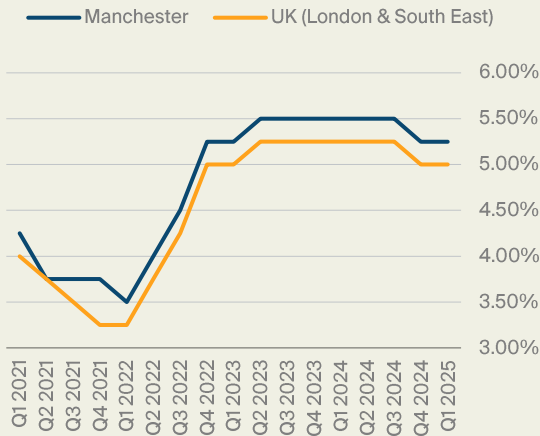
Prime industrial yields in Manchester remained stable in Q1 2025, at 5.25%, having sharpened by 25 bps in the previous quarter. At this level, prime yields remain 175 bps softer than their previous peak of 3.50% recorded in Q1 2022.

The opening three months of 2025 was another busy period for investment activity in the North West. Copley's new joint venture with Sixth Street acquired the Omega building on Weston Road, Crewe, from Tritax Group for £42 million. The 388,000 sq ft distribution hub was built in 2016 and is let to online electricals retailer, AO World.

In the multi-let market, Network Space sold Units 1-4 Europa Way in Trafford Park, Manchester, to LBA Realty. The units are fully let and the purchase price of £9.65 million represents a net initial yield of 3.91% with strong reversionary potential.

#### Prime Yield

Net initial yield %



Source: Knight Frank Insight

### MARKET VIEW

Continued strong demand from overseas investors



BY MATT STRETTON, PARTNER,  
MANCHESTER LOGISTICS & INDUSTRIAL  
CAPITAL MARKETS

“The strong levels of investment activity in the final quarter of 2024 have continued into the first quarter of 2025, albeit volumes are down on the same period in 2024. The total invested in the first quarter of 2025 was approximately £285 million, compared with £405 million in Q1 2024.

Key transactions in the first quarter include Network Space’s sale of Broadheath industrial estate at Altrincham to M7 for £47.4 million, reflecting 5.04% NIY, and Tritax Big Box REIT’s acquisition of a Sainsburys 626,000 sq ft distribution unit at Haydock for £74.25 million, reflecting 6.00% NIY.

Whilst transaction volumes are down over the same period in 2024, we are witnessing a good depth of investor demand, particularly for well-located assets. We continue to see strong demand from overseas investors, whilst institutional capital has so far been underrepresented compared with previous years. However, we expect this to shift as the year progresses.”

We like questions, if you've got one about our research,  
or would like some property advice, we would love to hear from you

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## **Methodology**

This report has been prepared by Knight Frank Commercial Insight.

Data and information within this report have been provided by Knight Frank occupier and investment teams across the Knight Frank UK network. Third party data sources are also utilised.

For the purposes of this report, take-up figures refer to spaces of 50,000 sq ft or more, that are let, pre-let or acquired for occupation.

Availability refers to all space available for immediate occupation as well as space under construction (built speculatively) that will be available for occupation within the next 12 months.

Investment figures refer to industrial property purchases where the primary motivation is the generation of income. Acquisitions for occupation are excluded. Land sales are included, where the end use of the land is known.



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