

LOGIC: West Yorkshire & The Humber



2024 Review

Occupier and investment market trends in the West Yorkshire & the Humber logistics and industrial sector.

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Image: Switch 490, Wakefield Europort

Occupier Market

Robust year for take up, but supply constraints loom

TAKE UP RETURNS TO PRE-PANDEMIC NORMS

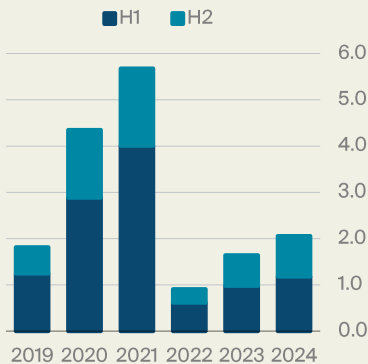
A robust year for the industrial and logistics market in West Yorkshire and the Humber saw take up reach a three-year high of 2.1 million sq ft (units over 50,000 sq ft). This represents a 25% increase from 2023 levels and exceeds the five-year pre-pandemic average by 1.7%.

Although Q4 was a quieter quarter, with just two transactions totalling 200,000 sq ft, an additional 932,000 sq ft of space was under offer at year-end, boding well for a strong start to 2025.

MORE CHOICE FOR OCCUPIERS

The delivery of new speculative schemes to the region over the past 18 months has played a crucial role in boosting take-up volumes. Five speculatively built units were signed in 2024—contributing to 23% of the year’s total—compared with just one in 2023. In addition, the return of second-hand space has also provided occupiers with more choice, resulting in a 45% annual uplift in take-up of second-hand space.

Take up (sq ft)
million square feet



Source: Knight Frank Research

HEADLINE RENTS CONTINUE TO RISE

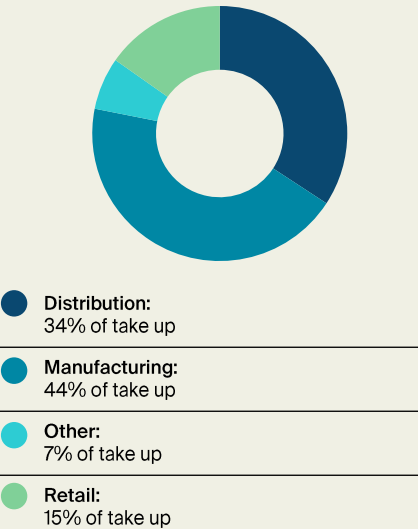
Prime rents in Leeds grew by 5.1% in 2024, to £9.20 psf (units 50,000 sq ft+). Prime rents across West Yorkshire and the Humber have grown by 36% over the past three years, driven by the dearth of new, prime units available.

INCREASED DEMAND BY MANUFACTURERS

While distribution firms accounted for 34% of 2024’s take up, some large transactions by manufacturers boosted their share of the total to 44%, from 25% the previous year. During 2024, manufacturers took 859,000 sq ft of space, up from 407,000 sq ft in 2023 and 262,000 sq ft in 2022.

Overall, demand was highest for 50,000 - 100,000 sq ft units, accounting for 10 of the 18 units transacted during the year.

Take up by sector
2024



Source: Knight Frank Research

MARKET VIEW

Prime, new build space has performed well this year



BY IAIN MCPHAIL, PARTNER,
LEEDS LOGISTICS & INDUSTRIAL
AGENCY

“2024 has seen industrial and logistics take up in the region return to the pre-pandemic average of around 2 million sq ft (units 50,000 sq ft+). We have seen several large units transact to manufacturers (notably on a freehold basis), including the former Hallmark Cards facility in Bradford (315,000 sq ft), sold to Airedale, and the former Ilke Homes factory (275,000 sq ft) in Knaresborough, acquired by Shepley Spring.

Whilst the distribution (3PL) market continues to transition from the super-charged COVID conditions as well as focus on back-filling ‘grey-space’, there have been a handful of property transactions in this sector during the year. Notably, Oakland International and Campeys of Selby have taken two of the three speculative new-build units at Konect 62 in Selby, amounting to around 200,000 sq ft of space.

Prime, new build space has performed well this year with four out of the six speculative mid-box units at Leeds Valley Park either let or under offer, 4th Industrials’ two-unit Interchange 26 development in Cleckheaton has now been fully let, and UBS’ Velocity Point scheme in Leeds centre has only one unit remaining.”

Occupier Market

2.1m sq ft

Occupier take up
2024

6.2%

Vacancy rate
Q4 2024

£9.20 psf

Prime rents
Q4 2024

5.1%

Prime annual rental growth

“2024 take up
represents a
25% increase on
last year”

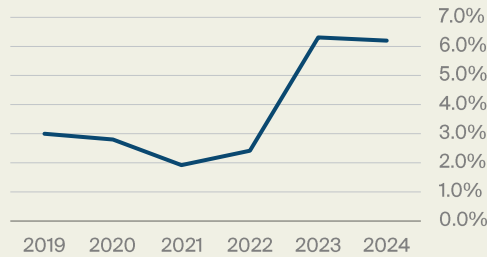
SUPPLY LEVELS STABLE YEAR-ON-YEAR

The completion of two new units (222,000 sq ft) at Baytree Leeds in Q4 nudged the availability of existing stock up by 3.0% to 4.2 million sq ft (units 50,000 sq ft+) and the vacancy rate up by 10bps to 6.2%. The supply of second-hand space declined by 3.3% during Q4. Despite the delivery of new stock and return of second-hand space during 2024, robust take up levels left availability at year-end 2024 roughly on par with the same time last year. With 22% of all supply under offer, this leaves only eight new units available, all of which are under 200,000 sq ft. Further to this, just 13 months' worth of existing supply is now available based on the region's five-year average annual take up, reducing to eight months' supply for new or grade A space.

2025 OUTLOOK

Development activity has come to a halt for now, with the only two commencements during 2024 now complete and no speculative development underway at year-end. Take up is expected to be robust during the opening months of 2025, supported by the considerable volume of space under offer. Combined with a slowdown of second-hand stock, the region's vacancy rate is likely to edge down in the first half of the year. The latest average rental growth forecasts for Leeds predict 4.1% growth for 2025 and 3.6% growth across the region of Yorkshire & the Humber.

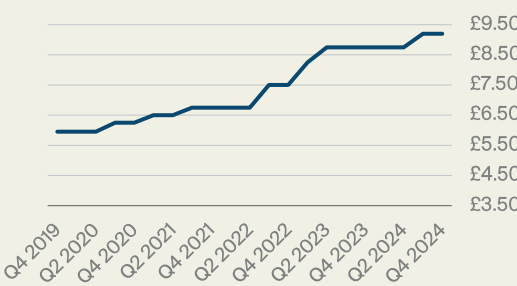
Vacancy rate
% of stock



Source: Knight Frank Research

Leeds - Prime Rents

£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Research

“22% of all
supply is under
offer”

Key Occupier Deals 2024

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
K161, Konect 62, Selby	161,578	Oakland International	£8.35 psf	Speculative build
Unit 5 Velocity Point, Leeds	108,500	Hazel 4D	£8.15 psf	Speculative build
Unit 2 Leeds Valley Park, Leeds	70,000	NHS	Undisclosed	Speculative build
Unit 1 Interchange 26, Cleckheaton	64,809	Deli Fresh	£9.20 psf	Speculative build
K61, Konect 62, Selby	60,912	Campeys of Selby	£8.50 psf	Speculative build

Source: Knight Frank Research

Investment Market

5.25%

Prime NIY - Leeds
Q4 2024

-25 bps

QoQ movement in prime yields

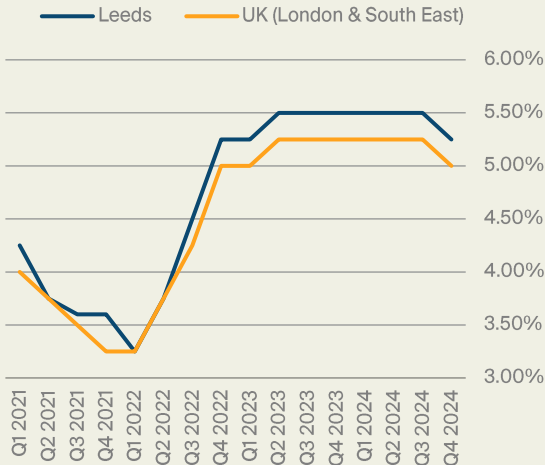
PRIME YIELDS SHARPEN DURING Q4

Prime industrial yields in Leeds sharpened by 25 basis points (bps) in Q4 to 5.25%, having bottomed out at 5.50% for six consecutive quarters between Q2 2023 and Q3 2024. At 5.25%, prime yields remain 200 bps softer than its previous peak of 3.25% in Q1 2022. Sentiment improved during the second half of 2024, with the base rate reductions providing confidence to investors around pricing and some more aggressive bidding taking place.

A significant transaction in the final quarter was Leftfield Capital’s acquisition of Prism Park in Wakefield, from Equation Properties for £32 million. At this level, the price reflected a net initial yield of 5.25%. The park comprises two newly constructed units rated BREEAM ‘Excellent’ and EPC ‘A’ with the larger 150,000 sq ft let to IFCO Systems until 2039 and the 57,000 sq ft unit available.

Prime Yield

Net initial yield %



Source: Knight Frank Research

MARKET VIEW

Buyers and sellers are aligning in their pricing expectations



BY GRAHAM FOXTON, PARTNER,
LEEDS CAPITAL MARKETS

“West Yorkshire & the Humber has experienced strong levels of investment activity in 2024, with year-on-year figures showing roughly double the investment volume seen in 2023 at the time of writing. This shows that buyers and sellers are aligning in their pricing expectations, and we expect demand for the industrial sector to continue throughout the region in 2025.”

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 Research.

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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