

LOGIC: South Yorkshire & North East Derbyshire



Q2 2025

Occupier and investment market trends in the South Yorkshire & North East Derbyshire logistics and industrial sector.

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Occupier Market

Solid first half for South Yorkshire as larger units drive take up and vacancy contracts

STRONGEST H1 PERIOD FOR TAKE UP SINCE 2021

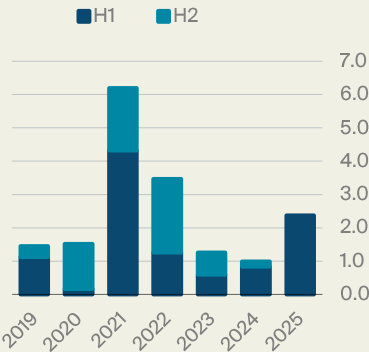
It was another solid quarter for the South Yorkshire and North East Derbyshire industrial and logistics occupier market. In Q2 2025, take up of units over 50,000 sq ft exceeded 1.1 million sq ft, a significant rise from the 422,000 sq ft transacted in the same period last year.

Building on a very strong Q1, this continued momentum has brought the total for the first half of the year to 2.4 million sq ft, nearly three times the activity seen in H1 2024 and marking the strongest H1 period since 2021.

RESURGING DEMAND FOR LARGER UNITS

Recent months have seen a resurgence in requirements for larger units, reflecting improved confidence among national occupiers. Units over 100,000 sq ft account for 86% of H1 2025 take up by count, with the 100,000-250,000 sq ft size band comprising 57% and the 250,000-400,000 sq ft band making up 29%. So far this year, four units over 250,000 sq ft have been taken; in contrast, there were no transactions of this size in 2024 and only one over 150,000 sq ft.

Take up (sq ft)
million square feet



Source: Knight Frank Insight

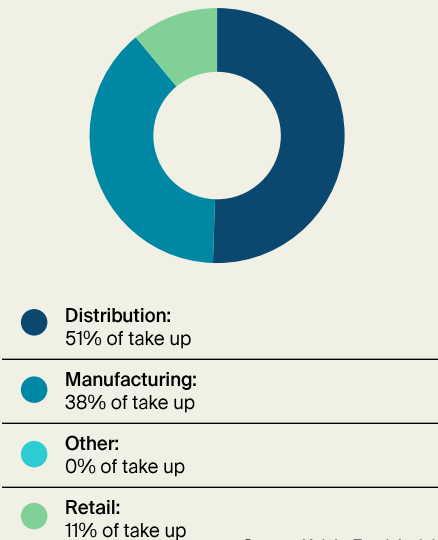
The largest unit let in Q2 was the 292,445 sq ft Unit 3a, Bessemer Park in Sheffield, to UK-based doorset manufacturer Jeld-Wen. Another prominent letting was at Unit 2 Horizon 29 in Chesterfield (133,474 sq ft), where vehicle glass repair and replacement company Cary Group agreed a 10-year lease at £8.25 psf.

Distribution firms have been the primary driver of demand over the past year, accounting for just over half (51%) of take up annually to Q2. Manufacturers are accounting for a growing share of the market with a 38% share. This is up from 12% in the comparable period last year.

POSITIVE SENTIMENT FILTERING THROUGH

Despite the headwinds that continue to be seen across the sector broadly, sentiment in the region remains resilient. Good levels of both freehold and leasing activity are filtering through to take up, and much of the surplus space that had been returned to the market over the past two years is gradually being absorbed.

Take up by sector
Q3 2024 – Q2 2025



Source: Knight Frank Insight

MARKET VIEW

Larger transactions demonstrate occupier confidence is returning



BY REBECCA SCHOFIELD, PARTNER,
SHEFFIELD OFFICE HEAD

“We are continuing to see a steady level of occupier requirements enter the market. Occupier decision-making remains slow, but we have seen positive signs emerge which is supported by the continued take up in the region.

Some size brackets have seen more activity than others. We have seen a number of transactions take place at the larger end of the market, which is positive as it demonstrates occupier confidence is returning.

Occupiers still have choice, and while headline rents remain firm or are rising, we have continued to see favourable tenant incentives being offered.

Whilst there remains choice in the market, some size brackets - such as the 100,000–150,000 sq ft bracket - are seeing more limited supply.

Demand for the region continues to be from a mixture of B8 and B2 occupiers, which we expect to continue. Availability of power continues to be a driver for both B2 and B8 occupiers.”

Occupier Market

2.4m sq ft

Occupier take up
H1 2025

10.7%

Vacancy rate
Q2 2025

£9.00 psf

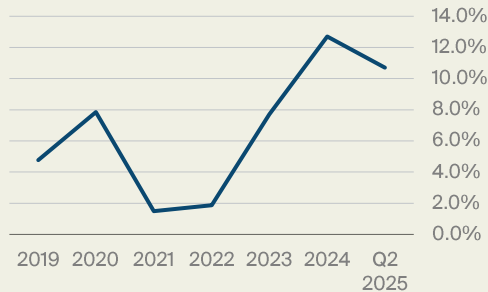
Prime rents
Q2 2025

Stable

Prime annual rental growth

Vacancy rate

% of stock



Source: Knight Frank Insight

“Take up for the first half of the year is nearly three times the activity seen in H1 2024”

DOWNWARD PRESSURE ON VACANCY

Supply levels (although elevated) have fallen for the second consecutive quarter, with both new and second-hand space edging down. At end-Q2, 7.1 million sq ft of existing stock was available, 5.7% lower than the previous quarter and producing a vacancy rate of 10.7%. This compares with 11.4% in Q1 and is 200bps sharper than at the turn of the year. Occupiers have more choice in the 50,000-100,000 sq ft bracket, which makes up 61% of units available, while Q2 saw the supply of units between 100,000 and 400,000 sq ft fall by 14%.

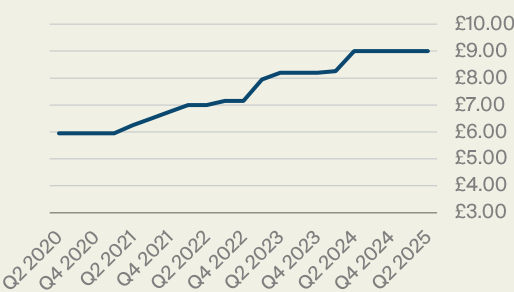
The volume of space under construction speculatively fell by 3.3% in Q2. Construction completed on two units at Total Park, Doncaster, adding 113,000 sq ft to the new-build supply. Meanwhile, construction commenced on the 56,140 sq ft Unit 2, Rockingham 36 in Barnsley.

RENTAL LEVELS & OUTLOOK

Prime rents in Sheffield for units over 50,000 sq ft have remained stable over the past year, at £9.00 psf, though growth of 3.2% has been recorded in Doncaster, Rotherham and Barnsley in Q2, to £8.00 psf. Average rental growth forecasts remain positive, with 3.9% predicted for Sheffield for 2025 and 3.7% in the wider Yorkshire & the Humber region (Knight Frank Insight).

Sheffield - Prime Rents

£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Insight

“So far this year, four units over 250,000 sq ft have been taken”

Key Occupier Deals
H1 2025

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Unit 3a Bessemer Park, Sheffield	292,445	Jeld-Wen	£7.95 psf	Speculative build
iP10 iPort, Doncaster	259,286	Batt Cables	£7.50 psf	Speculative build
iP7 iPort, Doncaster	166,872	Moran Logistics	£7.75 psf	Speculative build
Unit 2 Horizon 29, Chesterfield	133,474	Cary Group	£8.25 psf	Speculative build

Source: Knight Frank Insight

Investment Market

5.50%

Prime NIY - Sheffield
Q2 2025

-25 bps

YoY movement in prime yields

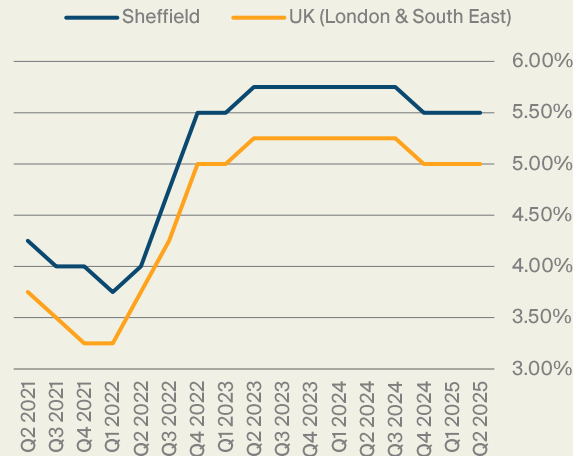
PRIME YIELDS STABLE BUT UNDER PRESSURE

Prime industrial yields in Sheffield remained stable at 5.50% in the second quarter of 2025, though limited stock for units over 50,000 sq ft is beginning to drive stronger investor competition and place upward pressure on pricing.

During Q2 2025, Network Space Investments (NIS) acquired Foremost Industrial Estate, Grange Mill Lane in Sheffield, from an owner occupier for £9 million. Comprising four vacant units totalling 103,262 sq ft, NSI plans to extensively refurbish the estate to comprise high-quality space across a range of 10,000 to 50,000 sq ft units. Another notable transaction was Glenstone REIT’s acquisition of Unit 5, Spring Hill Road in Barnsley from Rotherhill, for c. £1.8 million. The 16,558 sq ft unit has been occupied by Ambipar Emergency Response since 2015. Ambipar has recently agreed to a lease renewal for another 10 years.

Prime Yield

Net initial yield %



Source: Knight Frank Insight

MARKET VIEW

Competitive tension has started to put pricing under pressure



BY NICK WALES, PARTNER,
SHEFFIELD LOGISTICS & INDUSTRIAL
CAPITAL MARKETS

“Building on the positive sentiment we saw in Q1, and despite ongoing geopolitical uncertainty, we have seen an encouraging level of momentum in the market. Alongside a continuing theme of large-scale portfolio sales and M&A activity, Q2 has seen increased levels of activity among the aggregators for both single-let and multi-let industrial assets. However, stock levels remain limited; therefore, competitive tension for assets with strong underlying fundamentals has started to put pricing under pressure.”

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.

The South Yorkshire & North East Derbyshire market as reported by Knight Frank does not align to standard regional UK geographies and includes South Yorkshire along with Lincolnshire, North East Derbyshire and parts of the North East Midlands.



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