



UK Industrial & Distribution Floorspace Today

 **King Sturge**

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AirWest, Edinburgh



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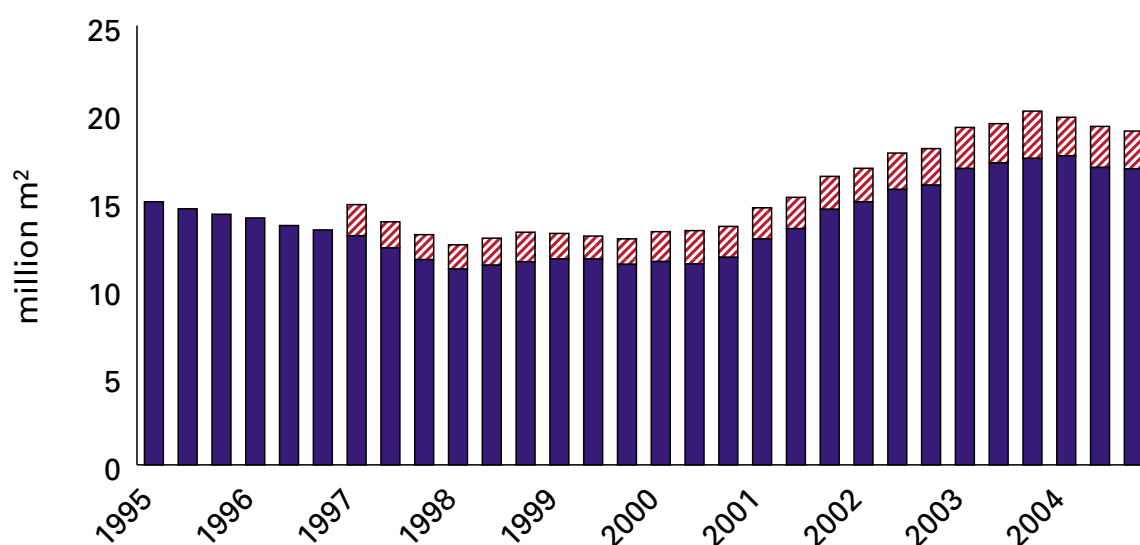
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Executive Summary

- **The total level of available industrial floorspace** decreased by 1.4% between August and December 2004 to stand at 18.996 million m² across Great Britain in December. This was the third consecutive reduction in available floorspace recorded by our surveys.
- The latest decrease compares with reductions of 2.6% and 1.7% recorded in our earlier surveys covering 2004.
- Scotland recorded the largest decrease, down by 8.1%. In England and Wales, the North West was down 7.6%, East Anglia, 6.0%, Wales, 5.0% and the South West by 1.6%. The Midlands was all but static, with the East Midlands down a marginal 0.5%. The other regions recorded an increase, notably the South East, up 2.7%, and Yorkshire & Humberside, up by 3.2%.
- **New floorspace** stood at 1.623 million m² across Britain, accounting for 8.5% of total availability. This represents an increase of 5.0%, compared with a fall of 5.9% in the previous survey.
- **Available floorspace in large units** (of 10,000 m² and over) totalled 4.332 million m² across Great Britain in December 2004, down 1.7% from the previous survey.
- Speculative development **under construction** across Britain has remained relatively static since September 2004, totalling 741,828 m² in 82 schemes at January 2005.
- Preliminary estimates show that UK GDP increased by 0.7% in the final quarter of 2004, bringing growth for the year as a whole to 3.1%, its fastest rate for four years. The output of service industries rose by 1.0% in the final quarter, but manufacturing output fell by 0.2% and was also 0.2% lower compared with the same period a year earlier.
- Industrial **rental value growth** improved growth in the 12 months to December, rising to 1.1% across the UK.

CHART 1: AVAILABLE INDUSTRIAL FLOORSPACE



Source: King Sturge Research
Surveys taken in April, August & December

■ England & Wales ■ Scotland



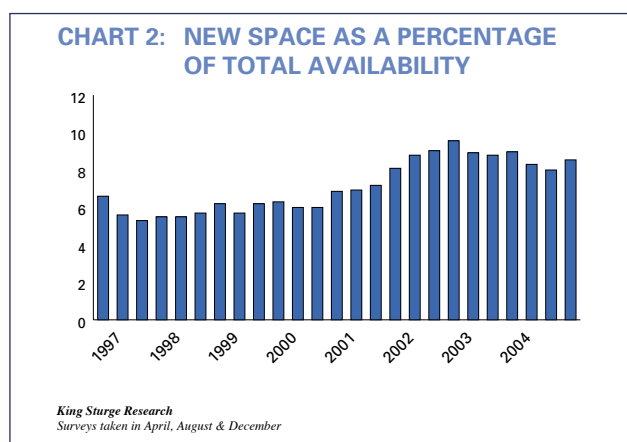


Introduction

The total level of available industrial and distribution floorspace in Great Britain stood at 18.996 million m² in December 2004. This reflected a 1.4% decline in available floorspace since August and is the third consecutive survey to record a decrease in availability. The downward trend established during the early part of the year therefore continued throughout 2004. These decreases followed continual increases recorded since December 1999 (See Chart 1).

Changes in available floorspace from the English regions and Wales were mixed, with the level of change ranging from a 7.6% decrease to a 3.2% increase. The North West again recorded the largest decrease, at 7.6%, with East Anglia down 6.0% (following an increase in our previous survey) and Wales also down by 5.0%. The South West and East Midlands recorded more modest falls of 1.6% and 0.5% respectively. The West Midlands figure was static. Increases were recorded in the South East, up 2.7%, Yorkshire & Humberside, 3.2%, and the North up by 0.8%. Contrasting with the increase in our previous survey, available floorspace in Scotland decreased by 8.1%.

Overall availability across England and Wales in December 2004 stood at 16.849 million m², a decrease of 0.4%. Albeit marginal, it is the second consecutive reduction, following continual increases recorded since August 2000.



The level of available new floorspace increased to 1.623 million m² across Great Britain, representing an

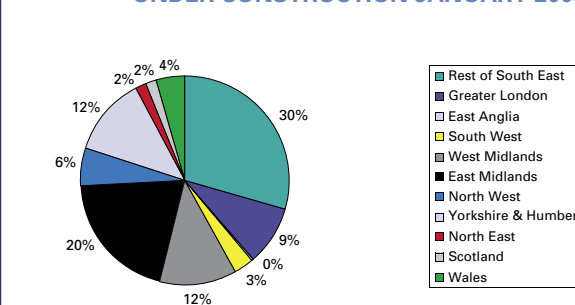
increase of 5.0% between August and December 2004. The principal factor behind this rise is the completion of two very large distribution centres in the South East. New floorspace now represents 8.5% of the total level of availability (See Chart 2.)

The total availability of large units (of 10,000 m² and over) amounted to 4.332 million m² at December 2004. This figure is down by 1.7% since the previous survey.

The level of speculative development under construction as at January 2005 totalled 741,828 m² in 82 schemes. The level of development across Britain has remained relatively static since September 2004, when 740,792 m² was under construction in 76 schemes, reflecting an increase in floorspace of just 0.1%. Chart 3 indicates the regional breakdown of speculative floorspace under construction.

The significant increase in the level of speculative development under construction since the second half of 2004 reflects an increase in the level of market confidence among developers. In particular, we have seen a new trend toward the development of speculative units of 50,000 m² plus – a trend that we expect to continue this year.

CHART 3: AVAILABLE SPECULATIVE FLOORSPACE UNDER CONSTRUCTION JANUARY 2005



Source: King Sturge Research
Figures refer to major schemes in GB

Two regions jointly account for half of all speculative development currently taking place across GB – namely the South East (30%) and the East Midlands (20%).



Table 1: Industrial property market availability (million m ²) as at December 2004			
	Total	New	Large
England & Wales	16.849	1.564	3.730
Scotland	2.147	0.059	0.602
Great Britain	18.996	1.623	4.332
North	1.169	0.106	0.270
North West	2.105	0.096	0.790
Yorks & Humberside	2.246	0.186	0.489
East Midlands	1.458	0.040	0.258
West Midlands	2.281	0.269	0.429
East Anglia	0.406	0.024	0.108
South West	1.235	0.101	0.236
Wales	1.091	0.085	0.299
South East	4.858	0.657	0.851
- Greater London	1.654	0.207	0.303
- Rest of South East	3.204	0.450	0.548

Premises below 500 m² excluded

Table 2: Industrial property market availability, percentage change on August 2004			
	Total	New	Large
England & Wales	-0.4	7.0	0.6
Scotland	-8.1	-28.9	-13.9
Great Britain	-1.4	5.0	-1.7
North	0.8	2.9	3.4
North West	-7.6	-23.8	5.1
Yorks & Humberside	3.2	13.4	3.8
East Midlands	-0.5	-31.0	-18.4
West Midlands	0.0	12.6	-5.3
East Anglia	-6.0	-7.7	-16.3
South West	-1.6	7.4	-10.9
Wales	-5.0	-4.5	-6.3
South East	2.7	16.7	15.0
- Greater London	1.7	3.0	17.0
- Rest of South East	3.3	24.3	13.9

Premises below 500 m² excluded



By contrast, there is very little speculative development under construction in East Anglia, the South West, the North East, Scotland or Wales, which together account for just 11% of development.

In terms of the economy, preliminary estimates show that UK GDP increased by 0.7% in the final quarter of 2004, bringing growth for the year as a whole to 3.1%, its fastest rate for four years.

The latest data indicates that the economy is still characterised by at least two different speeds. The output of service industries was 1.0% higher in the final quarter, and 4.0% up on the same period a year ago, but manufacturing output fell by 0.2% in quarter four and was also 0.2% lower compared with a year earlier.

The overall rate of growth looks set to moderate this year, with the average of recent forecasts showing GDP growth of 2.5% in 2005. The corresponding average of forecasts for manufacturing output growth is 1.0%.

With growth expected to slow, it is likely that interest rates are at, or very close to, their peak. While it is

possible that rates could still rise again, our expectation is that rates will end this year marginally lower than their current level of 4.75%.

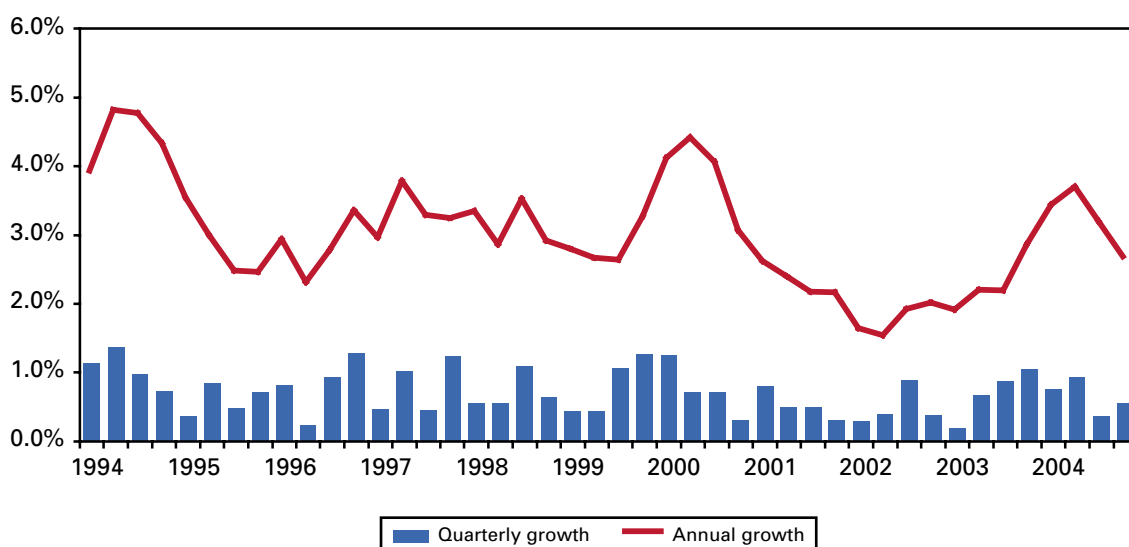
Across the market as a whole, industrial rental values saw improved growth during 2004, with the IPD Monthly Index showing growth of 1.1%. Model-based forecasts indicate that rental growth will strengthen this year, with growth between about 1.5% and 2%.

Rental values may also see increased growth this year due to increasing construction costs, in particular the cost of steel.

Note: From this year, the Industrial & Distribution Floorspace Today will be produced bi-annually, with data collected at June and December each year. In addition, a new bulletin, which will focus specifically on the distribution sector, will be published in May and November.

Michelle Ross
Senior Market Analyst

CHART 4: GDP GROWTH, 1994-2004





South East Overview

This section looks at the South East region as a whole. The two following sections provide a separate, more detailed, analysis for Greater London and the Rest of the South East.

Short-term trend in availability

- At December 2004 the total level of available space in the South East was 4.858 million m², up 2.7% (130,000 m²) since our August 2004 figures.
- The South East outside London accounted for 66% of the region's available floorspace.
- Greater London recorded a rise of 1.7% (28,000 m²), while the increase in the Rest of South East was 3.3% (102,000 m²).
- An increase of 15.0% (111,000 m²) in large units (over 10,000 m²) produced a total of 851,000 m². Large buildings accounted for 17.5% of the region's available stock as at December 2004.
- Available new floorspace increased by 16.7% (94,000 m²) since our August 2004 figures to 657,000 m². It stood at 13.5% of the available stock as at December 2004. The South East outside London recorded a significant increase in this category and accounted for 68.5% of available new floorspace in the region.

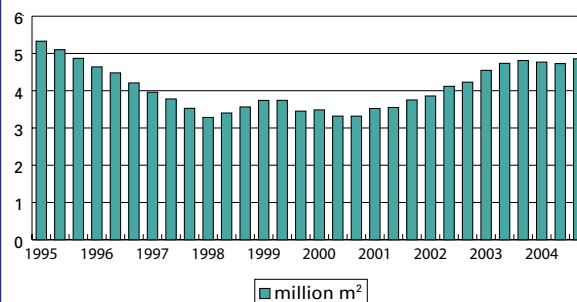
Change over 12 months

- The total level of availability in the South East increased by 1.0% (48,000 m²) in the 12 months to December 2004.
- Availability in large units over 10,000 m² increased by 8.5% (67,000 m²).
- New floorspace fell by 3.7% (25,000 m²) over this 12-month period.



Seven new units at Reading Approach, Reading, from 721 m².

SOUTH EAST AVAILABILITY - LAST TEN YEARS



Source: King Sturge



Unit 161, Milton Park, Abingdon is a warehouse/production unit of 5,475 m² to let.



One of the available units at Access 23, Croydon – See Greater London pages.



Greater London

Short-term trend in availability

- At December 2004, the total level of available floorspace in Greater London stood at 1.654 million m², up 1.7% (28,000 m²) since August 2004.
- Availability in large units over 10,000 m² was up 17.0% (44,000 m²) to 303,000 m² in December 2004. Large units accounted for 18.3% of Greater London's available stock.
- New available floorspace increased by 3.0% (6,000 m²) between August and December 2004 to 207,000 m². At the end of the year, new space accounted for 12.5% of London's available stock.

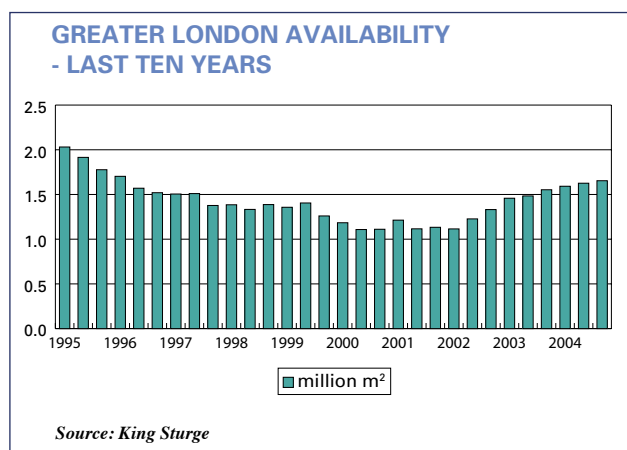
Change over 12 months

- The total level of available floorspace at December 2004 was up 6.5% (101,000 m²) compared with 12 months earlier.
- The availability of large units increased by 17.0% (44,000 m²) over the 12 months.
- Available new floorspace decreased by 12.3% (29,000 m²) between December 2003 and December 2004.

Existing schemes

New build

Access 23, Purley Way, Croydon, is an industrial/warehouse development of almost 16,000 m², fronted by two car showrooms. Deutsche Post Global occupies about 7,000 m² of Block A, where 3,756 m² is available.



Block B offers 4,952 m², capable of sub-division into two units. (See photograph on South East page.)

Gateway 3, Chessington, about 1 mile from the A3 Tolworth Tower roundabout, offers seven units in two blocks totalling 12,438 m². Individual sizes range from 1,211 m² to 3,202 m², offering scope for a variety of combinations up to almost 91,000 m² in adjacent units. (See front cover)

Integer at Park Royal offers a detached warehouse/factory of 5,876 m², including offices of 1,095 m². The facility has an internal height of 9m and is served by four loading doors.

Excalibur, Heathrow Gateway, Feltham, is a new industrial/distribution building of 8,683 m² available to let. The high-bay premises incorporates 7% offices, which can be increased to 19%, if required. The building has six dock levellers and one surface loading door.

Polar Park, Bath Road (A4), adjacent to London Heathrow Airport, offers design and build opportunities up to almost 17,000 m². Two detached buildings are envisaged, with sizes from 5,570 m² being considered. An existing building of just over 9,000 m², previously occupied by Penguin Books, has been let to Expeditors.

Secondhand

Northfields is an established estate just off the Park Royal junction of the A406, North Circular Road. A range of industrial and warehouse units from 675 m² to 1,632 m² are available to let.



Caxton Point. Hayes is a new warehouse/production building of 5,131 m² for sale or to let.



Unit 8, ProLogis Park, east London, is a modern, self-contained high-bay warehouse/distribution centre of 17,444 m² available to let on a new lease. The park is accessible via the A102(M), north of the A13.

Speculative development pipeline

The total level of speculative development in Greater London has significantly increased since the last survey, to around 66,721 m² in five schemes.

The largest single unit currently under construction in Greater London is Gazeley's 21,576 m² unit, known as 3D Magic, in Dagenham.

To the north of London, in Edmonton, ProLogis is developing Atlas, a single unit of 17,651 m².

Moving west to Park Royal, ProLogis, in a joint venture with Harbour Property, is developing a unit of 8,360 m², which will include around 1,394 m² of offices.

Also in Park Royal, phase two of Premier Park is being developed by Brixton plc. The eight units in this phase range from 1,000 m² to 2,574 m² and total 13,095 m².

To the south-west, in Hounslow, Slough Estates is constructing a five-unit scheme, comprising four units measuring 697 m² each, and one larger unit of 3,252 m².

Prime rents

Rents are highest to the west of London at Heathrow, where they are £145.30 per m², and at Park Royal, where prime rents are currently around £113.00 per m².

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
Heathrow	145.30
Park Royal	113.00
Stratford	88.80
Bromley-by-Bow	94.20
Croydon	94.20

Assumes minimum of 1,000m².

Investment market performance

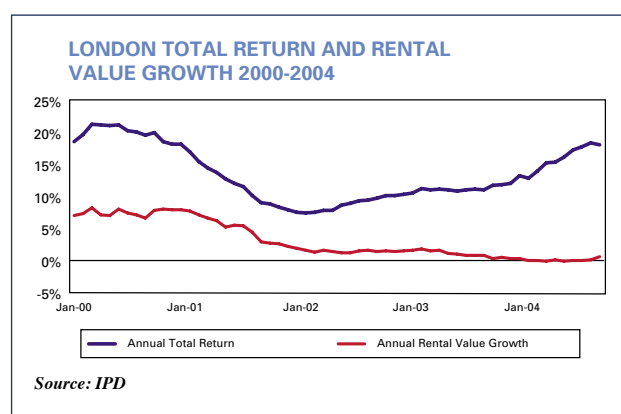
Annual rental value growth in Greater London was 0.6% in the 12 months to December 2004.

In the four months to December, rental value growth across Greater London was 0.8%.

The total return for industrial property in Greater London was 18.0% per annum at December.

In the four months to December, industrial total return was 6.1% in Greater London.

Prime yields in London are currently between 6.00% and 6.50% for industrial warehouses.





Rest of South East

Short-term trend in availability

- The total level of available space in the South East outside Greater London amounted to 3.204 million m² at December 2004. This is an increase of 3.3% (102,000 m²) since August 2004.
- Space available in large units over 10,000 m² increased by 13.9% (67,000 m²) to 548,000 m², representing 17.1% of the available stock.
- Available new floorspace increased by 24.3% (88,000 m²) between August and December 2004. This significant rise is primarily due to the completion of two ultra-large buildings. At 450,000 m² overall, new floorspace represented 14.0% of the total available stock within the South East outside London at December 2004.

Change over 12 months

- Over the 12 months to December 2004, the South East outside London saw a decrease of 1.6% (53,000 m²) in the total level of available floorspace.
- Available floorspace in large units rose by 4.4% (23,000 m²) over this period.
- There was a slight increase of 0.9% (4,000 m²) in new available floorspace over the 12 months to December 2004.

Existing schemes

New build

The latest building completed at G Park, formerly Marsh Leys, Bedford, offers 41,341 m² to let. The first speculative unit on this distribution park, which accommodates large, high-bay users, is constructed to an environmentally friendly specification. The M1 is accessed at junction 13 via the A421.

Reading Approach, about a mile from junction 11 of M4, offers seven industrial/warehouse units to let. Sizes from 721 m² are available, with scope to provide up to 4,748 m² in one block. (See photograph on South East page.)

The last remaining unit at Parkbury 100, Colney Street, near St Albans, offers 2,167 m² to let. Unit 7, the largest unit of the first phase, includes 2,259 m² of offices.

Massif is the redevelopment of a substantial site on the Goldsworth Park Trading Estate, Woking. The self-contained high-bay warehouse/industrial building, which provides 17,780 m², is to let or for sale.

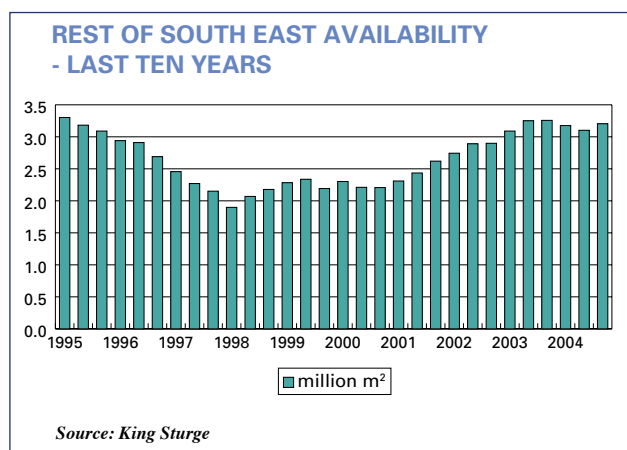
Ultrabox, Purfleet, is another ultra-large distribution facility to be completed. Providing 45,503 m² with 12m eaves height, it is served by 42 dock and four surface loading doors. A new bridge over the second phase of the Channel Tunnel Rail Link (CTRL) provides access to the Purfleet By-Pass, with junction 31 of the M25 about a mile away.

Secondhand

A refurbished detached unit of 4,645 m² on a site of 1ha is to let at Oliver Road, West Thurrock. Improved access to this location is provided by the new road link with London Road.

Pulse, the former Booker distribution depot, offers 24,206 m² at Didcot. The warehouse, which provides internal heights from 8m up to 19m, is served by 31 dock levellers and one surface loading door. (See photograph below.)

Testwood Park, Totton, Southampton, is a self-contained production/warehouse facility of 11,365 m². The refurbished and newly-built accommodation is complemented by a Grade II listed office building. It is immediately available on a leasehold basis.



Despatch area at Pulse, Didcot



Speculative development pipeline

The level of speculative development under construction in the South East, outside Greater London, has decreased since the last survey to around 219,770 m² in 22 schemes. A substantial amount of this figure can be attributed to six large units.

The largest of the big sheds is Mammoth, a 43,199 m² unit being developed in Hemel Hempstead by Astral Developments and the Blackstone Group. This is followed in size by Graftongate's 29,728 m² Hardcase on Oliver Road in Thurrock.

Gazeley has two large units under construction on G-Park in Hemel Hempstead, one unit has a floorspace of 23,601 m², the other 15,405 m². Astral Developments has a second large unit under construction in the region. Its 22,617 m² Magnitude building is being developed on New Hythe Lane in Aylesford. ProLogis is also constructing a unit of 15,602 m² on ProLogis Park, Didcot.

To the north-west of London, in Chesham, phase one of Anglo St James's Anglo Business Park is nearing completion and work on phase two has just started. Phase one comprises eight units totalling 1,914 m² and phase two consists of six units totalling 1,138 m². Work has also begun on the first phase of Anglo Business Park in Aylesbury, which totals 4,488 m².

Frontier Estates has two units under construction on Wycombe Sands in High Wycombe. One unit has floorspace of 1,391 m², the other 2,067 m².

In Wokingham work is under way on Chancerygate Business Centre. The eight-unit scheme, which totals 3,630 m², is being developed in a joint venture between Chancerygate and Friarsgate Developments. Chancerygate has also begun work on four units at its business park in Langley. The units total 4,754 m² and start at 231 m².

The Kier Group's Trade City in Waltham Abbey, is nearing completion. The 11 units total 2,632 m².

At Cranborne Road Industrial Estate, in Potters Bar, Devonshire (Stortford) is developing eight units totalling 2,038 m².

To the east of London, in West Thurrock, 14 units totalling 7,130 m² are being developed at Dolphin Point by Exton Estates.

Moving south, a 30-unit scheme totalling 7,989 m² is currently being developed by Onslow Ditchling on Mid-Sussex Business Park at Ditchling Common.

In Gosport, Favergill has 920 m² under construction in three units of 177 m² and two units of 195 m² on Heritage Business Park, Phase Three.

Prime rents

Headline rents in the region are highest in Slough, at around £123.80 per m².

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
High Wycombe	94.20
Slough	123.80
Basildon	72.65
West Thurrock	80.75
Dartford	78.00

Assumes minimum of 1,000m²

Investment market performance

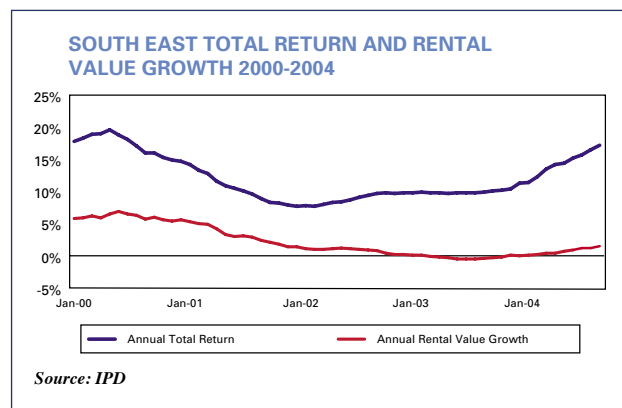
Industrial property in the South East saw rental values rise by 1.5% in the 12 months to December 2004.

In the four months to December, rental values increased by 0.8%.

The annual total return for industrial property in the region was 17.2% in December.

In the four months to December, the total return for the South East was 6.1%.

Prime yields in the South East are between 6.00% and 6.50% for industrial warehouses.





East Anglia

Short-term trend in availability

- The total amount of available floorspace in East Anglia decreased by 6.0% (26,000 m²) in the final four months of 2004 to 406,000 m².
- The large building category was down by 21,000 m² to 108,000 m². At December 2004, this category contributed 26.6% of the region's available stock.
- New floorspace was down by 7.7% (2,000 m²) at 24,000 m². This category provides 5.9% of the region's available stock as at December 2004.

Change over 12 months

- The level of available floorspace increased by 0.5% (2,000 m²) over the 12-month period to December 2004.
- Availability in large units rose 8.0% (8,000 m² net) over this period.
- New floorspace decreased by 20.0% over the 12-month period.

Existing schemes

New build

Grove Parc, Ellington, offers a site of 2.2ha with planning consent for about 8,000 m² of industrial/warehouse floorspace. Design and build packages are offered on a leasehold or freehold basis. Alternatively, individual plots are available for sale. The development is situated close to the A1/A14 junction, west of Huntingdon.

At Sawfield, Alconbury Hill, alongside the A1(M), a detached factory/warehouse of 1,905 m² is to let. Provided with three loading doors, it can be sub-divided into units from 632 m².

Cardinal West, Huntingdon, offers, to let, a detached facility of 2,787 m², including offices of 418 m². Over recent years, this scheme and adjacent developments, situated by the A14/A1198 interchange, have established this area as a distribution location. (See next paragraph regarding the re-letting of a unit on Cardinal Park.)

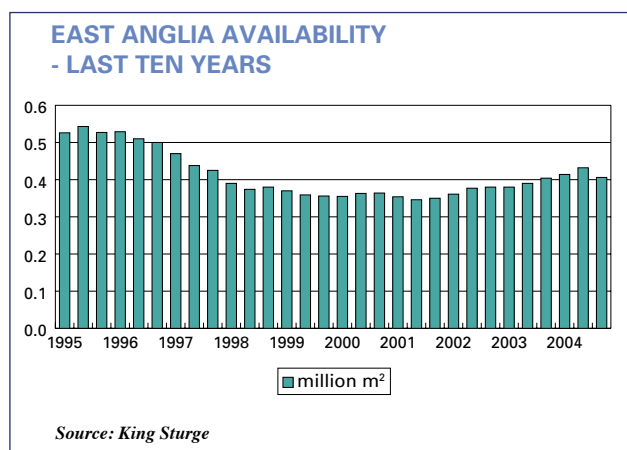
Secondhand

At Cardinal Park, Huntingdon, a modern self-contained, high-bay distribution centre of 7,465 m² has been let on a new lease to Carpetright.

Just off the A1(M) at Harrier Park, Peterborough, Unit B offers a refurbished warehouse/office building of 3,312 m² on a leasehold basis. The warehouse features a single clear portal span with an eaves height of 8m. (See photograph below.)

Celta Distribution Centre, Woodston, Peterborough, is a refurbished warehouse/distribution depot of 15,529 m² offered to let or for sale. On a self-contained, secure site of 4ha, the eaves height of the premises varies between 7.6m and 9.1m.

Bretton House, Lady Lane Industrial Estate, Hadleigh, is a modern factory of 3,922 m², including offices of 1,096 m², on a 1ha site. This established estate is just



Unit B, Harrier Park, Peterborough



off the A1071, midway between Ipswich and Sudbury. The property is offered for sale freehold on behalf of liquidators.

Speculative development pipeline

The level of speculative development under construction in East Anglia has remained unchanged since the last survey, with only one scheme currently under way.

The Dencora scheme, totalling 2,601 m², at South Cambridge Business Park, in Sawston, comprises 18 small units, ranging from 89 m² to 195 m², and is due to complete in March this year.

Prime rents

Prime rents in East Anglia are around £51.10-53.80 per m² in Norwich, £53.80 in Peterborough, and highest around Huntingdon at £59.20 per m².

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
Peterborough	53.80
Huntingdon	59.20
Norwich	51.10-53.80

Assumes minimum of 1,000m²

Investment market performance

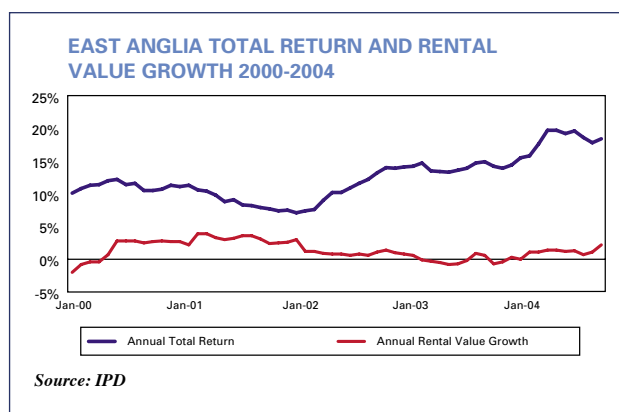
Rental value growth for industrial property in East Anglia was 2.2% during 2004.

In the four months to December, rental value growth for industrial property in the region was 0.9%.

The total return for industrial property across East Anglia was 18.4% per annum in December.

In the four months to December, industrial property in East Anglia produced a total return of 5.2%.

Prime yields in East Anglia are currently around 6.25%-6.75% for estates, and 6.50%-6.75% for distribution warehouses.





South West

Short-term trend in availability

- At December 2004 the total amount of available floorspace in the South West was 1.235 million m², a decrease of 1.6% (20,000 m²) since August 2004.
- Space available in large units over 10,000 m² was down to 236,000 m², a decrease of 10.9% (29,000 m²). Large units contributed 19.1% of the available stock in December 2004.
- Available new floorspace increased to 101,000 m² in December 2004, up 7.4% (7,000 m²). New space provided 8.2% of the region's total available stock.

Change over 12 months

- The total level of availability at December 2004 was down 0.9% (11,000 m²) since December 2003.
- Space available in large units decreased by 23.9% (74,000 m²).
- New available floorspace rose by 7.4% (7,000 m²) in the 12 months to December 2004.

Existing schemes

New build

Quadrant Distribution Centre, south of Gloucester, has recently let. The high-bay warehouse/distribution centre totals 9,569 m², with expansion potential. The facility provides 10m clear eaves height and is served by six dock and four surface loading doors. The scheme provides further land or bespoke units for development from 1,394 m². Junction 12 of the M5 is accessed via the A38.

Javelin Park, by junction 12 of the M5, is a cleared site with outline planning consent for 45,150 m² for warehousing and distribution use with ancillary offices. The developers offer a range of design and build options, from a single ultra-large building to units from just under 10,000 m².

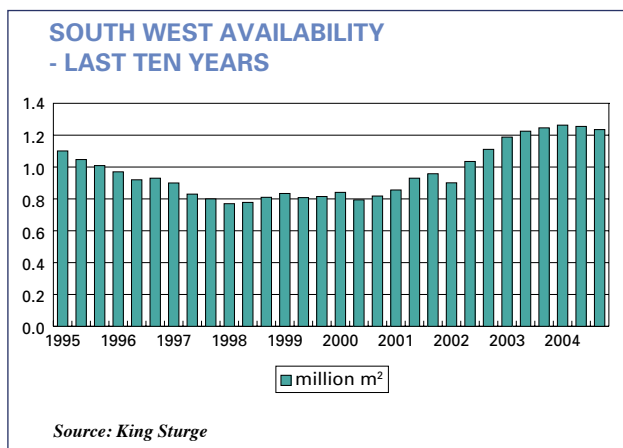
Westerngate is a new multi-unit industrial/warehouse development at Hillmead Enterprise Park, Swindon. Sizes from 950 m² to 2,325 m² are available on a leasehold or freehold basis.

Reflecting the attention being paid by major "Big Shed" developers in the town, land at South Marston Park, Swindon, has been acquired for large-scale distribution facilities. Most of the 17ha site is to be developed with two buildings providing a total of 55,740 m². The nearby A419 provides dual-carriageway access to junction 15 of M4 (5 miles).

Secondhand

Due to relocation of New Look's warehouse to the West Midlands, a major facility is available in Weymouth. Situated on Mount Pleasant Business Park, it comprises about 18,600 m² of warehousing and offices on a site of 4.7ha. To let or for sale, as a whole or in parts, the main building offers 9m eaves height and 23 dock-level loading doors.

In Bristol, 1700 Aztec West is a modern purpose-built warehouse building of 6,565 m², with offices of 1,706 m², available to let. The M4/M5 interchange is less than half a mile away.



Langage One, Langage Science Park, Plymouth, is a modern facility of 11,915 m² offered to let or for sale.



Speculative development pipeline

There are currently around 23,402 m² under construction on a speculative basis in 10 schemes in the South West, more than double the previous survey. The schemes all comprise relatively small units.

The largest unit currently under way is being developed by a private developer on Highbridge Business Park, at junction 22 of the M5 in Somerset. The 1,858 m² unit has the potential to be sub-divided into four units.

Two speculative schemes are under construction in Devizes. Grice Business Parks is developing 12 industrial units of between 96 m² and 294 m² and five trade counter units of between 281 m² and 449 m². The entire scheme totals 3,567 m² and is near to completion.

Also in Devizes, Glenmore is developing its business park on Hopton Park. The 14-unit scheme will total around 1,812 m².

In Bristol, on Bedminster Trade Park, work has begun on PMH Developments' scheme, which comprises three units of 269 m², 288 m² and 372 m² respectively.

On Plymouth Trade Park, Cattledown is developing a seven-unit scheme totalling 2,013 m², with units of between 230 m² and 460 m².

In Gloucestershire there are four speculative schemes under construction. ROKeagle is developing "Nexus", a nine-unit scheme, with dual-carriageway access from junction 11A of the M5 and the A417. The scheme totals 3,541 m² and comprises units from 217 m² to 697 m², all except one having first-floor office space.

There are also three schemes under construction on Waterwells Business Park at junction 12 of the M5. Work is under way on Glenmore's The Glenmore Centre, which consists of 31 units of between 74 m² and 465 m² totalling 6,039 m². Stag Developments is building a terrace comprising six units of around 195 m² each. A further terrace of three units is being constructed by Duo Build, which will total 1,394 m².

Samara Investments is currently developing seven units, totalling 1,080 m², on Heathfield Industrial Estate, near to Newton Abbot. One unit has floorspace of 216 m²

while the other six are each 144 m².

Prime rents

Prime rents in the South West are highest around Bristol, at around £72.65 per m². Headline rents have fallen in Swindon and currently range from £59.20 to 64.80 per m², reflecting a rental level similar to those being achieved in Exeter.

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
Bristol	72.65
Exeter	59.20-64.60
Plymouth	53.80
Swindon	59.20-64.80

Assumes minimum of 1,000m²

Investment market performance

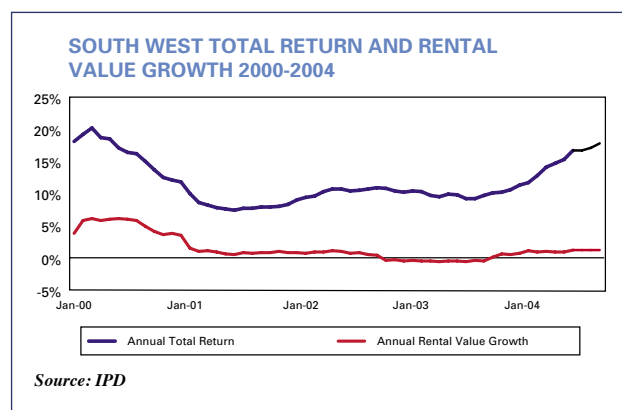
Rental value growth in the South West industrial market was 1.2% in the 12 months to December 2004.

Rental values increased by 0.8% in the four months to December.

Annual total return for industrial property in the South West was 17.8% per annum in December 2004.

In the four months to December, the total return for the South West was 5.7%.

Prime yields in the South West are currently between 6.50% and 7.00% for estates and distribution warehouses.





Wales

Short-term trend in availability

- At December 2004, the total amount of available floorspace in Wales was 1.091 million m², a decrease of 5.0% (57,000 m²) compared with August 2004.
- The availability of large units over 10,000 m² decreased by 6.3% (20,000 m²) between August and December 2004 to 299,000 m², representing 27.4% of the total available stock.
- The availability of new floorspace decreased by 4.5% (4,000 m²) to 85,000 m². At December 2004, new floorspace represented 7.8% of the total available stock.

Change over 12 months

- There was a 5.4 % decrease (62,000 m²) in the total available floorspace in the 12 months to December 2004.
- Floorspace in large buildings was down 9.7% (32,000 m²) in the 12 months to December 2004.
- The availability of new floorspace rose by 14.9% (11,000 m²) over this period.

Existing schemes

New build

At Capital Business Park, Wentloog, Cardiff, a site has been sold to Aldi, which proposes the construction of a bespoke regional office and distribution facility totalling 31,586 m². It will serve the discount retailer's expanding store network in Wales and the South West. Apart from further development land, the 30 ha park also features extensive speculative development of industrial units. A few units on the first phase remain available, while the

second phase will be completed by early summer 2005.

Gemini Court at Baglan Energy Park, Port Talbot, has been let to Remploy to expand its operations in the locality. The 5,168 m² production/warehouse facility is the first deal made by the Welsh Industrial Partnership (WIP).

At Mamhilad Technology Park, Pontypool, two new production buildings are to let or possibly for sale. Omega 250 and 500 provide 2,236 m² and 4,624 m² respectively. Both units, developed by WIP, offer scope for 100% expansion.

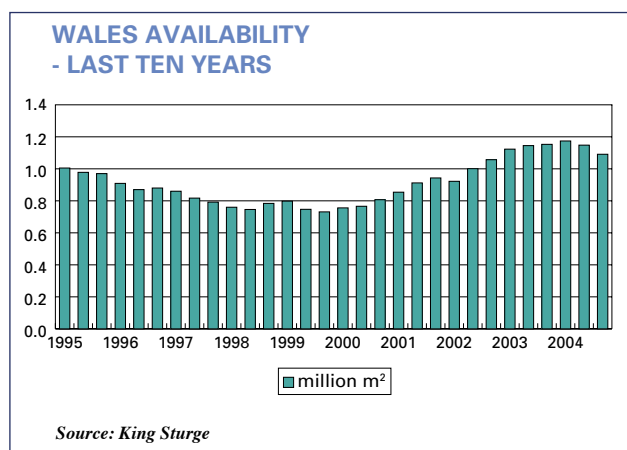
Secondhand

The 7,153 m² former Risca Foundry, Pontymister Industrial Estate, Risca, has been sold on a long lease to The Bird Group. The facility was built in 1969 on a site of 2.8ha. (See photograph below.)

Usk Valley Business Park, Pontypool, offers a number of detached production/warehouse and office buildings to let. The largest building provides 25,439 m². The complex was originally built for Parke-Davis/Warner Lambert.

A modern factory at Lower Mills Fields, Pontypool, offers 4,720 m² on a self-contained 1.3ha site to let or for sale freehold. The two-bay unit provides a 5.5m clear height and is served by four loading doors.

Valeo Park, off Gorseinon Road, Swansea, is a high-quality production facility built in 1992. Comprising 19,880 m², including offices of 3,650 m², the property stands on a total landholding of 18 ha. The unit is



Former Risca Foundry, Risca



currently under offer to an inward investor from the manufacturing sector.

At First Avenue, Deeside Industrial Park, a warehouse/distribution facility of 12,695 m² is to let. Offered with expansion land, it also has the option of sub-division from 5,105 m².

Speculative development pipeline

The level of speculative development under construction in Wales has remained relatively unchanged since the last survey, with around 32,879 m² being built across 11 schemes.

Six schemes are under construction on a speculative basis in Cardiff. Two of these are being developed by Charnwood Holdings, one scheme of six units, totalling 836 m² at Pacific Park North, and another comprising three units, and totalling 1,115 m², at Charnwood Park. Both schemes are due to complete in March of this year.

JR Smart also has two schemes under construction, one at Capital Point Business Park, where 26 units are being developed totalling 11,100 m², and another at South Point (phase three), close to the heliport at Cardiff Docks, where 24 units from 149 m² and totalling 4,877 m² are being built.

To the west of Cardiff in Bridgend, a private developer is constructing 756 m² in a single unit on Dunraven Business Park.

On Seawalls Road, CR Engl Holdings has a scheme under way, which totals 1,161 m² and will be divided into five or six units, depending on demand.

Meanwhile, a private trust is developing three trade counter units, totalling 743 m², on Colchester Avenue.

The largest unit currently under construction on a speculative basis in Wales has floorspace of 2,098 m² and is being built, along with another 2,018 m² unit, on Deeside Industrial Park. The scheme, known as Deeside 56, is being developed by Stretton Estates.

On Corporation Road in Newport, Formaction has a development totalling 5,574 m² under way. To the north of Newport, in Cwmbran, Lear Investments is developing a small-unit scheme totalling 1,301 m² on the Rising Sun Industrial Estate.

Manning Construction is building eight units totalling 1,301 m² on Talbot Green Business Park in Llantrisant.

Prime rents

Headline rents in Wales are highest in Cardiff at around £59.00 per m². In Newport, prime rents are around £51.00 per m², around £48.50 per m² at Swansea, and between £45.70 and 48.40 per m² in Wrexham/Deeside.

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
Cardiff	59.00
Newport	51.00
Swansea	48.50
Wrexham/Deeside	45.70-48.40

Assumes minimum of 1,000m²

Investment market performance

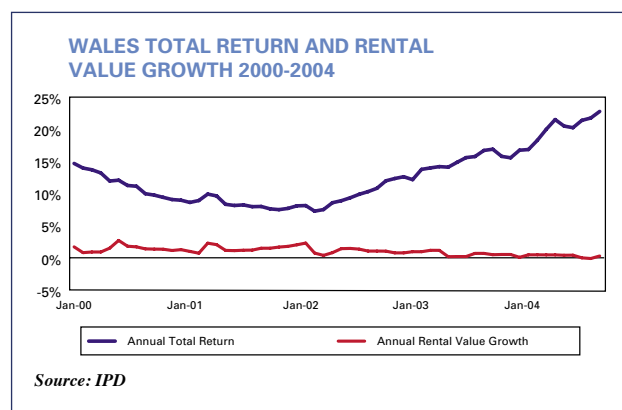
Annual rental value growth for industrial property in Wales was 0.3% per annum in December 2004.

In the four months to December, Wales recorded rental value growth of 0.2%.

The total annual return across the Welsh industrial market was 22.8% at December.

In the four months to December, the industrial market recorded a total return of 8.1%.

Prime industrial yields in Wales are currently between 7.00% and 7.50% for estates and distribution warehouses.





East Midlands

Short-term trend in availability

- The amount of available floorspace decreased by 0.5% (7,000 m²) to 1.458 million m² between August and December 2004.
- Space available in large units over 10,000 m² fell by 18.4% (58,000 m²) to 258,000 m². Large units accounted for 17.7% of the total stock available in the region.
- The amount of new available floorspace decreased by 31.0% (18,000 m²) to 40,000 m². At December 2004, new floorspace accounted for 2.7% of the region's total.

Change over 12 months

- The level of available floorspace in the East Midlands increased by 1.1% (16,000 m²) over the 12 months to December 2004.
- Availability in large units of more than 10,000 m² fell by 15.4% (47,000 m²) over the same period.
- Availability of new floorspace was down by 54.0% (47,000 m²).

Existing schemes

New build

Markham Vale, North Derbyshire, is a major new scheme straddling the M1, with a dedicated junction (29A) under construction. The phased development will accommodate both speculative and bespoke premises and can accommodate up to 92,900 m². Plot 1 will be

available by mid-summer with capacity for a total of 55,740 m².

The first speculative phase of Max Park at Corby has been let to logistics provider Wincanton to service a contract with Argos. This cross-docked distribution facility of 46,450 m² is one of number of ultra-large speculative buildings that have been recently constructed, or are under construction, in England.

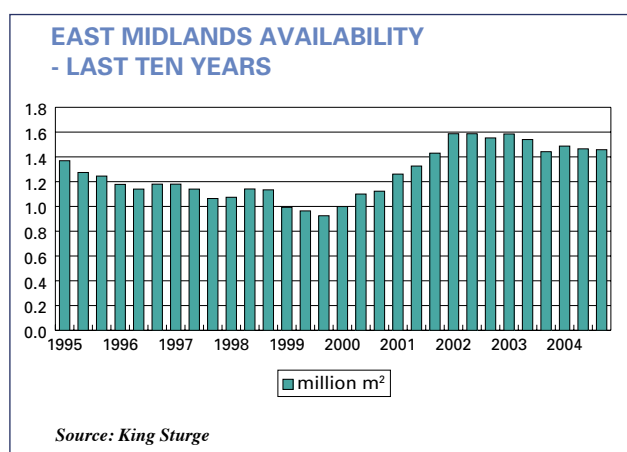
Also at Max Park, a bespoke warehouse of 14,864 m² has been taken by Neat Ideas, part of the Staples Group. Further speculative development at the 20 ha scheme comprises Phase Two, which provides two distribution centres totalling about 39,000 m².

Riverside Prime, alongside the A45 at Northampton, offers the last two remaining units of this speculative development. The warehouse/industrial units, with offices, total 2,915 m².

Secondhand

On the Denington Industrial Estate, Wellingborough, a detached warehouse of 2,047 m², with a high office content, is available on a leasehold basis. The premises are a short distance from the A45.

Unit 2 at Sunningdale Business Park, Leicester, offers 53,231 m² of warehousing to let on flexible terms. The park is situated close to the M1, a mile from the nearest interchange (junction 21a).



Riverside Prime, Northampton



At The Balderton Depot, Newark, two detached warehouse units are offered to let on flexible terms. The smaller building provides 4,013 m² and the larger one, 8,026 m². The premises are situated close to the A1 junction at Balderton.

Speculative development pipeline

There has been a decrease in the level of speculative development under construction in the East Midlands since the previous survey. The figure now stands at 149,208 m² in 10 schemes. Four of the schemes are large units over 10,000 m².

The largest unit under construction is Gladman Developments' 46,500 m² unit at Barlborough in Chesterfield. This is followed by Gazeley's Hydro building (previously known as Jet) on Magna Park in Lutterworth, which has floorspace of 39,111 m². Both are nearing completion.

Also in Leicestershire, on Interlink Business Park in Bardon, Wilson Bowden Developments is constructing a single unit of 5,853 m². Another Wilson Bowden Development is under way on a 3,854 m² unit, capable of sub-division, on Willow Farm Business Park.

Moving south to Northamptonshire, Rosemound has a large unit, of 22,761 m², under construction on Daventry North. Work has begun on Folkes Properties' 4,205 m² unit at Wendel Point (phase three) on Park Farm, in Wellingborough. Phase Two of Lodge Farm is also under way in Northampton. The scheme is being constructed by a private developer and consists of six units of between 288 m² and 1,968 m² totalling around 4,645 m².

To the north, in Nottinghamshire, Sladen Estates is constructing a single unit of 15,979 m² at Point 28 and another of 5,202 m² on Station Park in Kirkby-in-Ashfield. Tier Construction is building a five-unit scheme totalling 1,099 m² on Brookhill Road in Pinxton, with units from 176 m² to 293 m².

Prime rents

Prime rents in the East Midlands are highest in Northampton at around £53.80-£59.20 per m², and £56.50 per m² in Leicester, Derby and Nottingham.

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
Northampton	53.80-59.20
Leicester	56.50
Derby	56.50
Nottingham	56.50

Assumes minimum of 1,000m²

Investment market performance

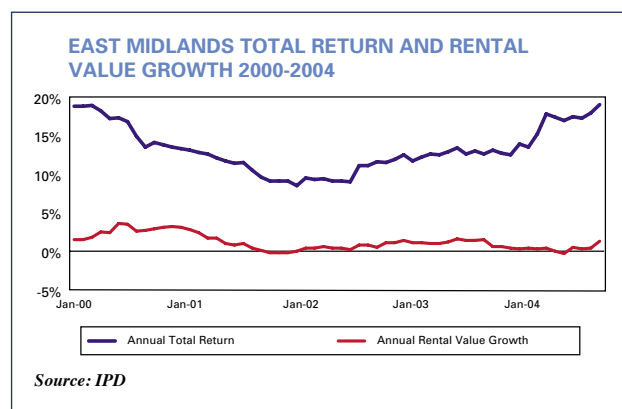
The East Midlands industrial market recorded rental value growth of 1.3% in the 12 months to December 2004.

In the four months to December, rental values recorded growth of 1.5%.

Industrial property in the East Midlands produced an annual total return of 19.0% as at December.

Total return for industrial property in the East Midlands was 6.4% in the four months to December.

Prime yields in the East Midlands are currently 6.25%-6.75% for estates and between 6.00% and 6.50% for distribution property.





West Midlands

Short-term trend in availability

- Available floorspace in the West Midlands remained static at 2.281 million m² at December 2004. This follows a period of fluctuation in the region, where sizeable decreases and increases have been recorded in recent surveys.
- Floorspace availability in large units decreased by 5.3% (24,000 m²) to 429,000 m², being 18.8% of the region's total available stock at December 2004.
- The amount of available new floorspace increased by 12.6% (30,000 m²) to 269,000 m², equating to 11.8% of the region's overall total.

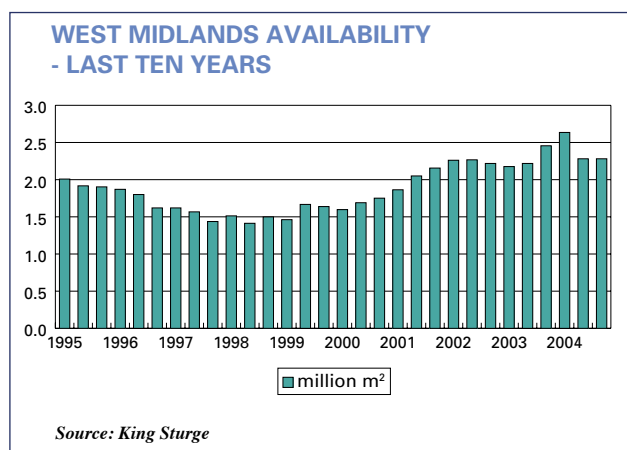
Change over 12 months

- The level of available floorspace in the West Midlands decreased by 7.1% (175,000 m²) during the 12 months to December 2004.
- Floorspace available in large units fell by 6.9% (32,000 m²) during this period.
- New available floorspace decreased by 6.3% (18,000 m²) during the 12-month period.

Existing schemes

New build

Atoglas, part of the Total group, has relocated to one of the second phase units at Solar Park, Solihull. With the letting of this detached unit of about 2,900 m², one unit remains, offering 2,883 m² for immediate occupation. The motorway system is accessed via junction 4 of the M42.



Two new production/warehouse buildings on Ravensbank Business Park, Redditch, offer sizes of 5,295 m² and 8,500 m². Available to let or for sale, the park is accessible via junction 3 of the M42.

Nexus Point, Holford, Birmingham, offers units of 2,788 m² and 3,970 m² for immediate occupation on a leasehold or freehold basis. The last plot on this scheme can accommodate bespoke units up to 16,258 m².

B8, at Hams Hall, the 174 ha distribution park, is a distribution building of 21,012 m². Junction 9 of the M42/T1 of the M6 Toll is within 1 mile.

At ProLogis Central Park, Rugby, alongside the M6 at junction 1, a speculative distribution facility of 20,810 m² has been let to third-party logistics provider, The Pallet Network.

ProLogis Park, Stoke-on-Trent, offers a distribution depot of 23,225 m², with scope for expansion up to almost 47,000 m². Land is also available for bespoke buildings.

Secondhand

Vector Point, North Moons Moat, Redditch, is a distribution/production building of 10,224 m² on 4 ha



Cirrus, Stafford Park One. Telford is a warehouse/production building of 9,507 m² for sale or to let.



(with expansion potential) available to let or for sale. The M42 is about 3 miles via junctions 2 and 3.

Hunter Douglas, which specialises in architectural products, has acquired 9,569 m² of freehold warehousing at Jewson Distribution Centre, Cannock.

Due to relocation to Wales and the European mainland, Dailycey's facility at Halesfield Industrial Estate, Telford, totalling about 24,000 m² on 8.5 ha, is for sale freehold.

Speculative development pipeline

There has been a significant decrease in the level of speculative development under construction in the West Midlands, with around 88,766 m² currently being built in six schemes. The majority of this floorspace is accounted for by four large units.

Two of these are being developed by ProLogis. The largest, on Bermuda Park in Nuneaton, has floorspace of 28,149 m², while The Fort in Birmingham provides 15,236 m².

The other two large units are both under way at Erdington, where Sladen Estates is constructing a 16,722 m² unit on Radial Park, and 9,755 m² is being built by Astral Developments on Wood Lane.

In Coventry, on the Blackhorse Road Industrial Estate, Zyox has a 5,110 m² under construction, with units starting at 743 m².

Further south in Redditch, Wrenbridge and Gleeson have two units under construction at Ravensbank, of 8,500 m² and 5,295 m² respectively.

Prime rents

In the West Midlands, headline rents remain highest in Solihull at £67.30 per m², around £59.20 per m² in Birmingham and are lowest in the Black Country, where prime rents of around £51.10 per m² are currently being achieved.

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
Birmingham	59.20
Black Country	51.10
Solihull	67.30

Assumes minimum of 1,000 m²

Investment market performance

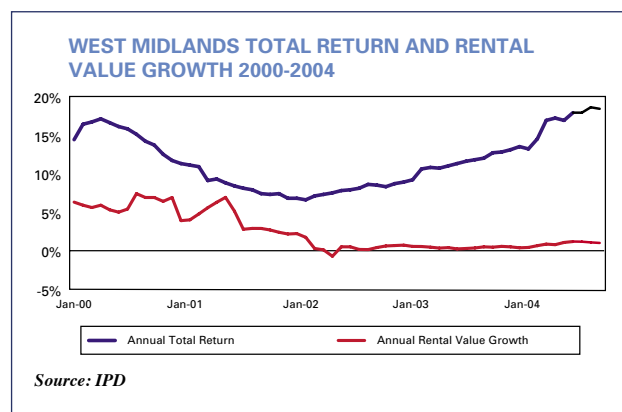
The West Midlands property market saw rental value growth of 1.0% in the 12 months to December 2004.

In the four months to December, rental value growth was 0.6%.

The total return across the West Midlands industrial market was 18.4% per annum in December.

In the four months to September, the West Midland industrial market produced a total return of 6.4%.

Prime yields in the West Midlands are between 6.25% and 6.75% for estates, and between 6.00% and 6.50% for distribution warehouses.





North West

Short-term trend in availability

- A further decrease was observed in the North West, down 7.6% (174,000 m²) to 2.105 million m² at December 2004.
- Floorspace available in large units over 10,000 m² increased by 5.1% (38,000 m²) between August and December 2004. The total of 790,000 m² provided 37.5% of the region's available stock.
- Available new floorspace decreased by 23.8% (30,000 m²) to 96,000 m². New floorspace accounted for 4.6% of the total available stock at December 2004.

Change over 12 months

- The total level of availability at December 2004 was down 15.9% (398,000 m²) compared with the December 2003 figure.
- Floorspace in large units over 10,000 m² decreased by 10.9% (97,000 m²) over this period.
- The amount of new floorspace on the market decreased by 49.5% (94,000 m²) compared with December 2003.

Existing schemes

New build

Phase 3 of Axis, Liverpool, offers bespoke freehold/leasehold premises with planning consent for up to 65,000 m² on the 16 ha site. Previous phases have provided a total of almost 42,000 m² for T J Morris

and Carcraft. The 61 ha scheme fronts the A580, East Lancashire Road, and the M57, with interchange facilities via nearby junctions 4 and 5.

Ashton Moss, east Manchester, is a major 81ha mixed-use development with separate designated areas, straddling the M60 orbital motorway at junction 23.

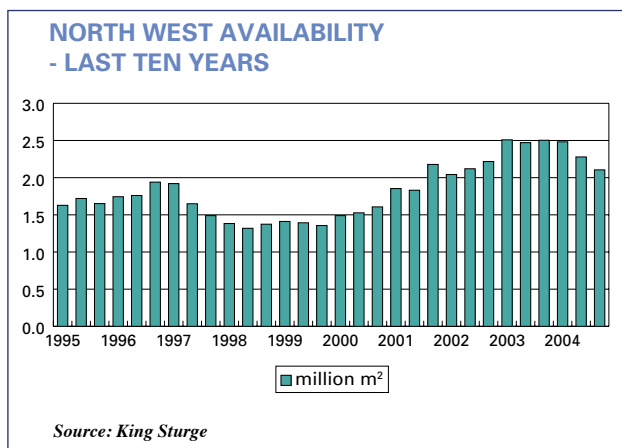
At Ashton Commerce Park, the last available site offers design-and-build opportunities up to 9,290 m², while the Industrial Park can accommodate up to 32,515 m², available to let or for sale.

Secondhand

Magnum at Walker Park, Blackburn, offers, to let, refurbished industrial and warehouse premises totalling almost 44,000 m². This established park, which provides both existing and new floorspace, is alongside junction 5 of the M65. (See photograph below.)

At Trafford Point, on Manchester's Trafford Park, JM Logistics has leased the Altai building of 10,632 m² on a new lease. It has also taken a unit of 560 m² at the Altai complex.

A high-bay warehouse of 9,700 m² is to let at Appleton Thorn Trading Estate, Warrington. Scope exists for expansion up to 16,722 m², and a unit of 3,200 m² is also available. The intersection of the M6/M56 is within one mile.



Magnum, Walker Park, Blackburn.



On Winsford Industrial Estate, between Winsford and junction 18 of the M6, a detached warehouse of 13,823 m² on Road Three is to let or for sale. Four surface and 12 dock-level loading doors serve the building. Offices of 1,318 m² are included.

Moorgate Point, Knowsley, offers warehousing to let on flexible terms from 2,787 m² to 31,200 m². Eaves heights vary between 7m and 9m, depending on the unit.

Speculative development pipeline

The level of speculative development currently under construction in the North West is around 43,606 m² in six schemes, which represents an increase on the last survey's figure, and is dominated by smaller unit schemes.

In Heywood, at the Broadfield Distribution Centre, Northern Trust has two units of 3,016 m² and 3,996 m² respectively under construction, with a further three units totalling 5,017 m² about to start on site shortly.

Two speculative schemes are currently being developed on Trafford Park. Ashburton Point (previously known as Liquorice Park), totalling 9,149 m², is being built by Marshall Construction and has been pre-sold to Arlington. The scheme comprises 10 units from 465 m² to 3,482 m². Phase Three of Kings Park is also under way. This scheme is being developed by Earl Estates, and comprises seven units of between 626 m² and 3,622 m², totalling 10,004 m².

To the west of Manchester at Warrington, CDP is constructing seven units on phase three of Eagle Park. The units range from 511 m² to 1,719 m² and total 6,015 m². CDP is also developing phases three and four of Speke Approach in Widnes. The two phases, which each comprise four units totalling 4,181 m², are due to complete in April and August respectively.

The joint venture between Amerdale and PPG Land is under way on Centurion Park in Leyland. The three-unit, 3,065 m² scheme consists of two 743 m² units and one 1,579 m² unit.

Prime rents

Headline rents in the North West are around £64.60 per m² in South Manchester, around £61.90 per m² at Trafford Park and £59.20 per m² at Warrington.

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
South Manchester	64.60
Trafford Park	61.90
Warrington	59.20

Assumes minimum of 1,000m²

Investment market performance

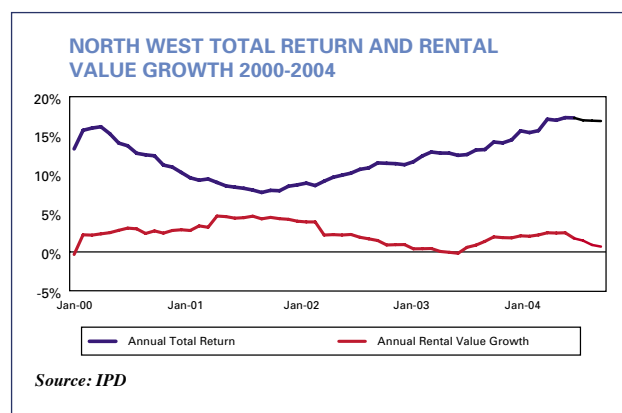
Industrial property in the North West recorded rental value growth of 0.7% in the 12 months to December 2004.

Rental values were unchanged in the North West over the four months to December.

The industrial market in the North West produced an annual total return of 16.9% in December.

In the four months to December, the total return for the region was 5.2%.

Prime yields in the North West are currently 6.50%-7.00% for multi-let estates and 6.50%-6.75% for distribution property.





Yorkshire & Humberside

Short-term trend in availability

- At December 2004 available floorspace was 2.246 million m², up 3.2% (70,000 m²) since the previous survey.
- Space available in large units over 10,000 m² increased by 3.8% (18,000 m²) to 489,000 m². This category represented 21.8% of the total available stock in the region.
- Available new floorspace increased by 13.4% (22,000 m²) to 186,000 m² at December 2004, representing 8.3% of the region's available floorspace.

Change over 12 months

- In the 12 months to December 2004, available floorspace decreased by 2.4% (53,000 m²).
- The availability of large units was up by 5.2% (24,000 m²).
- Available new floorspace was up 17.7% (28,000 m²) over the 12-month period.

Existing schemes

New build

At Cortonwood Enterprise Zone, Dearne Valley, Barnsley, an industrial building of 4,877 m² is available on a design and build basis. The park fronts the Dearne Valley Link Road (A6195-M1/A1 link) with junction 36 of the M1 4 miles to the west.

Quadrant, West Moor Park, Doncaster, offers detached industrial/warehouse units of 2,044 m² and 4,374 m² to let. Neighbouring occupiers include IKEA and Next. The park is alongside junction 4 of the M18.

Unit 2 at Eurocam, Bradford, is a 2,508 m² detached industrial/warehouse building with two storey offices, available to let or for sale. Junction 26 of the M62 is accessible via the M606.

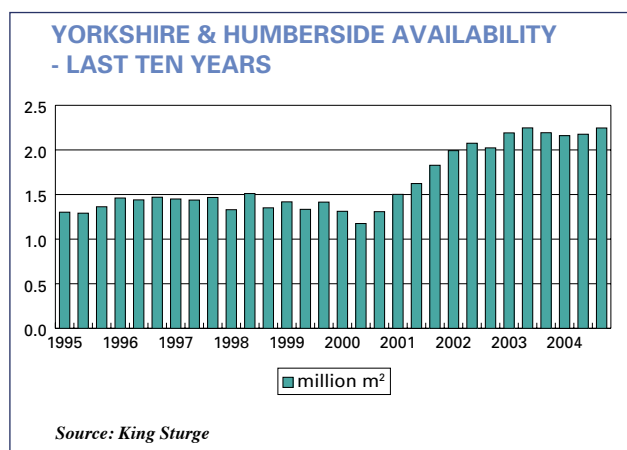
Access 26, Cleckheaton, at junction 26 of the M62, offers Unit 4, a detached industrial/warehouse building of 2,486 m², to be built. Freehold or leasehold terms are available.

Secondhand

A modern warehouse of 6,026 m² on Dale Lane Industrial Estate, South Elmsall, is to let on a new lease. The self-contained facility has an eaves height of 7.7m and includes two-storey offices of 450 m². (See photograph below.)

Unit 6, Kirkstall Forge Estate, Leeds, offers short term warehousing of 15,700 m² on flexible terms. Situated on a secure estate fronting the A65, it is about 3 miles from junction 3 of the M621.

A manufacturing/warehouse facility of 13,145 m² is for sale or to let at Bridlington on the Bessingby Industrial Estate, comprising two buildings on a site of 1.1ha. Its principal use is industrial, supported by warehousing and offices totalling 1,214 m².



Dale Lane Industrial Estate, South Elmsall.



Speculative development pipeline

The level of speculative development currently under construction in Yorkshire and Humberside has risen dramatically since the last survey to 91,186 m² in six schemes. This can largely be attributed to the construction of two big sheds in the region.

The largest unit, totalling 60,385 m², is being developed on Sherburn Enterprise Park in Leeds in a joint venture between Gladman Developments and Yorkshire Forward.

Helioslough, in association with Doncaster Borough Council, is developing a single 11,148 m² unit, with 5% office space, on Traxpark in Doncaster. The unit has the potential to be rail-connected and is due to complete in May this year.

There are currently two speculative schemes under construction in Rotherham. Phase one of the Langley Group's Vector 31, totalling 6,599 m², is under way. This phase consists of one 3,149 m² block, split into three units of 1,050 m², and two single units of 1,522 m² and 1,928 m². Aspen Court is also under construction on Centurian Business Park. This scheme is being developed by Delma Developments and comprises a terrace of three units, totalling 1,254 m², and a single unit of 466 m².

In Elland, West Yorkshire, two schemes are under construction. Northern Estates and Properties is developing four units, each of 418 m², on Heathfield Street. On Lowfields Business Park PPG Land has a 9,662 m² development under way comprising three units of 2,230 m², 2,787 m² and 4,645 m² respectively.

Prime rents

Prime rents in Yorkshire & Humberside are currently at around £64.60 per m² in Wakefield, and between £56.50 and £59.20 per m² in Leeds.

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
Leeds	56.50-59.20
Doncaster	53.80
Hull	53.80
Wakefield	64.60

Assumes minimum of 1,000m²

Investment market performance

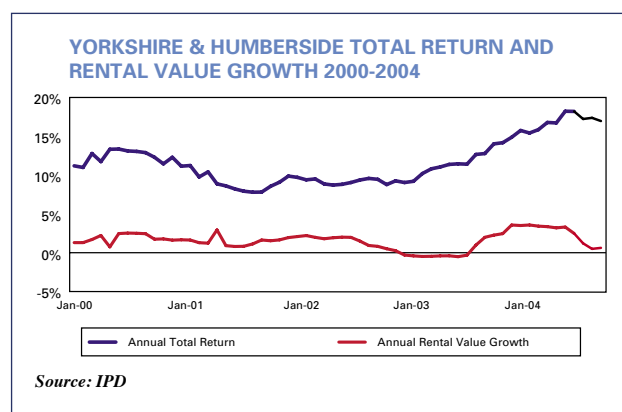
Annual rental value growth for the Yorkshire & Humberside industrial market was 0.6% in the 12 months to December 2004.

However, in the four months to December, rental values fell by 0.2% in Yorkshire & Humberside.

Annual total return across the region was 17.0% for industrial property.

In the four months to December, the total return for the region was 4.8%.

Prime industrial yields in Yorkshire & Humberside are currently between 6.50% and 7.00% for multi-let estates, and between 6.50% and 6.75% for distribution units.





North

Short-term trend in availability

- The total level of available floorspace at December 2004 amounted to 1.169 million m², an increase of 0.8% (9,000 m²) since August 2004.
- Availability in large units increased by 3.4% (9,000 m²) to 270,000 m², accounting for 23.1% of the region's available stock.
- Available new floorspace increased by 2.9% (3,000 m²) to 103,000 m². New floorspace provides 9.1% of the region's stock.

Change over 12 months

- A 5.3 % (65,000m²) decrease was recorded over the 12 months to December 2004.
- Floorspace available in large buildings fell by 15.1% (48,000 m²) during this period.
- A decrease of 1.9% (2,000 m²) in available new floorspace was recorded over the 12 months to December 2004.

Existing schemes

New build

At Follingsby Park, Gateshead, new industrial/warehouse units from 615 m² to 5,947 m² are available for immediate occupation. Secure service yards are provided, along with 24-hour security. The park, which is adjacent to the A194(M), is 3 miles from the A1(M).

Arcot Court, Nelson Road, Cramlington is a newly completed manufacturing and warehouse scheme. The nine units offer sizes from below our threshold of 500 m² to 1,858 m² and are available to let or for sale.

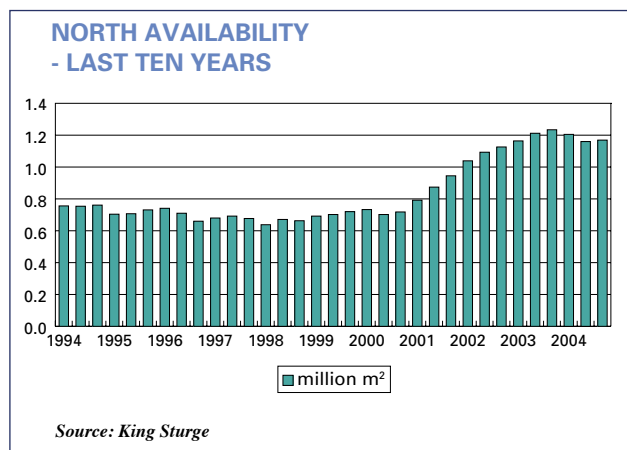
The UK Central Distribution Centre scheme at Newton Aycliffe is a substantial site for major design and build opportunities. Options include a single distribution building of 92,900 m² or two buildings of 32,515 m² and 46,450 m². The principal road artery in the region, the A1 corridor, is readily accessible at junction 59.

Orion Business Park, North Shields, has planning consent for Class B1, B2 and B8 uses with potential to provide a total of 170,000 m². Situated at the junction of the A19 and the A1057 Coast Road, the park offers land sales or design and build packages for industrial floorspace from 929 m² and 465 m² for offices.

Secondhand

On the Stephenson Industrial Estate, Washington, a factory/warehouse facility of 13,152 m² on a site of 4.1 ha is for sale or to let. This established estate is situated close to the A194(M).

At Wilton, Middlesbrough, an industrial and warehouse facility of 7,417 m² is available for sale. Formerly a chemical plant, the 12.1 ha site has been cleared of specialised structures to leave a number of buildings ranging in size from 827 m² to 3,981 m².



New unit at Whitehouse Industrial Park, Peterlee.



Speculative development pipeline

In the North the level of speculative development under construction has fallen to 11,334 m² in three schemes, which represents less than half the figure at the time of the last survey.

Whelan is constructing phase one of Cathedral Park on Belmont Industrial Estate in Durham. The four-unit scheme totals 1,858 m².

Evans Easy Space is developing a small-unit scheme on Orion Business Park, totalling 2,973 m².

The Easter Group's 6,503 m² scheme on Nelson Park in Cramlington is due to complete imminently. The units range from 372 m² to 1,858 m².

Prime rents

Prime rents in the North are highest at Team Valley, near Gateshead, where £53.80 per m² is currently being achieved. In Newcastle, Washington and Sunderland headline rents are around £48.40 per m², and around £37.70 per m² at Stockton-on-Tees.

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
Newcastle	48.40
Team Valley	53.80
Stockton-on-Tees	37.70
Washington	48.40
Sunderland	48.40

Assumes minimum of 1,000m²

Investment market performance

Rental value growth for industrial property in the North and Yorkshire & Humberside* increased by 1.5% in the 12 months to December 2004.

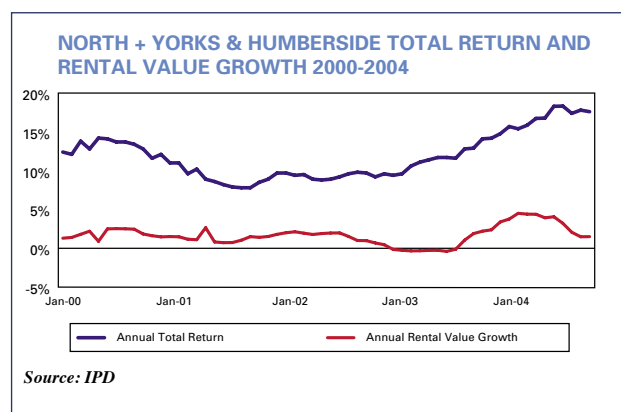
However, in the four months to December, rental values fell by 0.1%.

The annual total return for industrial property was 17.6% per annum in December.

In the four months to December, the industrial market recorded a total return of 5.2 %.

Prime yields in the North are currently between 7.00% and 7.25% for estates and distribution warehouses.

* Note: Owing to the limited number of industrial properties in the North included within the IPD Monthly Index sample, we have had to combine industrial properties in the North with industrial properties in Yorkshire & Humberside to provide an indicator of regional investment performance.





Scotland

Short-term trend in availability

- The total amount of available industrial floorspace in Scotland stood at 2.147 million m² in December 2004. Following the increase observed in our last survey, this decrease of 8.1% represents a fall of 189,000 m².
- Between August 2004 and December 2004, the level of available floorspace in large buildings over 10,000 m² fell by 13.9% (97,000 m²) to 602,000 m², accounting for 28% of the overall total.
- New floorspace decreased by 28.9% (24,000 m²) to 59,000 m², accounting for just 2.7% of Scotland's total available stock.

Change over 12 months

- The total level of available floorspace was down 20.2% (542,000 m²) in the 12 months to December 2004.
- Floorspace in large units decreased by 22.3% (173,000 m²) over the 12 months.
- Available new floorspace decreased by 37.9% (36,000 m²) in the 12 months to December 2004.

Existing schemes

New build

At the Gateway scheme, on the outskirts of Glasgow,

accessible via junction 1 of the M74, the larger of the two speculative units, providing 3,809 m² has been sold. However, the smaller 2,601 m² facility has returned to the market, following abortive negotiations, although new interest has emerged.

AirWest, Edinburgh, is a new development by BAA Lynton. The site, of about 7.1 ha, which occupies a strategic location, immediately adjacent to Edinburgh Cargo Terminal and International Airport, is situated on the A8 corridor, west of the city. Outline planning consent exists for commercial development, and air-related occupiers are being sought for design and build prelet packages. (See inside front cover for aerial view incorporating an artist's impression of the scheme.)

Imperial Park, Linwood, offers two industrial/warehouse units to let, providing 1,867 m² and 2,330 m².

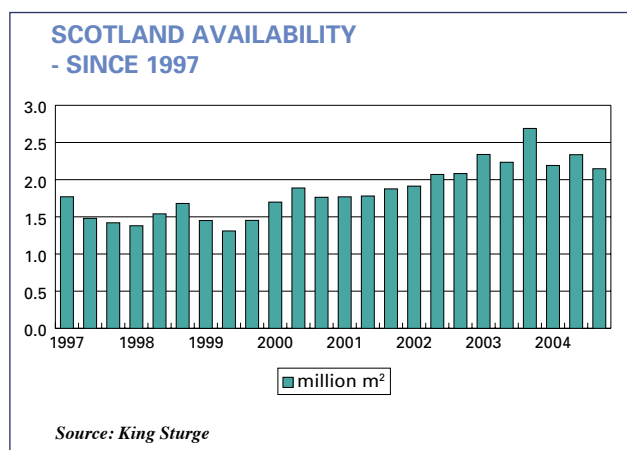
Secondhand

Within The Phoenix at Linwood, a purpose-built warehouse/distribution depot offers 16,461 m². The 14m to eaves facility is served by 12 loading docks and 50 lorry spaces.

The local council has leased a modern warehouse of 2,044 m² at Ingleston Park, Inverclyde. Built speculatively, it was previously used by the first occupier for a two-year period. A new lease has been granted.

Prominent warehouse premises of 3,902 m² are on the market at Renfrew Road, Paisley. Formerly occupied by a bonded warehouse operator for packaging, the building is served by eight loading doors.

Note: The historic availability graph covers a shorter period, as our survey was expanded to cover Scotland in 1997.



Trade Park, London Road, East Glasgow – due for completion this summer – see speculative development pipeline.



At Leith, Edinburgh, a modern engineering factory of 14,799 m² is available to let or for sale. Built in 2000 on a site of 3.5 ha, the facility offers eaves heights up to 30m and craneage up to 400 tonnes capacity.

Speculative development pipeline

The level of speculative development currently under construction in Scotland has increased since the last survey to a figure of 12,356 m² in three schemes.

Trade Park, London Road, East Glasgow, is under construction and due to complete this summer. The six-unit scheme, being developed by Glenelvan Property Co, totals 2,035 m² and it is anticipated that units will have 25% retail/trade consent. Two units of 372 m² and 465 m² respectively have already let and the remaining units range from 372 m² to 1,198 m².

Wilson Bowden is constructing a 4,645 m² unit at Gateway Glasgow, which has the potential to be subdivided into two units.

Also in Glasgow, on Hillington Park, Caledonian Land is constructing one unit of 2,341 m² and another of 3,335 m². Both units are due to complete in May this year.

Prime rents

In Scotland, headline rents are highest close to Glasgow Airport where £70.00 per m² is being achieved. Away from the airport, prime rents in Glasgow are between £59.20-64.60 per m², while in Edinburgh £61.90-64.60 per m² is being achieved.

Prime industrial rents, January 2005

Location	Prime rent (£/m ²)
Edinburgh (South Gyle)	61.90-64.60
Rest of Edinburgh	59.20
Glasgow	59.20-64.60
Glasgow Airport	70.00
Aberdeen	55.00

Assumes minimum of 1,000m²

Investment market performance

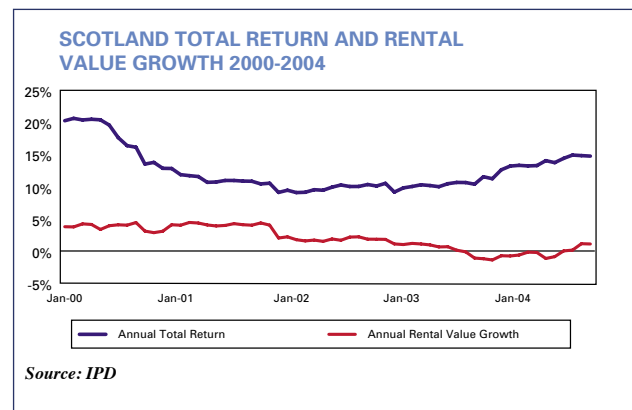
Scotland's industrial market recorded rental value growth of 1.1% during 2004.

Rental values increased by 0.8% in the four months to December.

Annual total return for the Scottish industrial market was 14.8% at December.

In the four months to December, Scotland's industrial market recorded a total return of 5.2%.

Prime yields in the Central Belt of Scotland are currently around 7.00% to 7.50% for estates, and between 6.50% and 7.00% for distribution.





CASE STUDY

Thames Gateway Scheme White Hart Triangle, Thamesmead, London SE28

White Hart Triangle is a major new 21 ha warehouse, production and office development on the West Thamesmead Business Park in South East London.

Being developed by Tilfen Land, in association with the London Development Agency and Greenwich Council, a mixture of speculative and purpose-built floorspace is envisaged. When completed, the Master Plan provides for a total of 92,900 m² of accommodation.

Within the Thames Gateway growth area, the scheme is located about 10 miles from Central London. The M25 motorway is approximately 9 miles away, at the Dartford River Crossing (junction 1a), via the South Thameside Development Route (A2016/A206). This important east/west artery is due to be dual-carriageway standard throughout by 2007.

Local buses link the scheme with Plumstead and Woolwich Arsenal stations, which offer frequent rail services between London and North Kent. London City Airport is about 3 miles, via the Woolwich Ferry – part of the link between the South and North Circular Roads.

Public-sector funding totalling £17m for the scheme comes from the London Development Agency, the European Regional Development Fund and the Woolwich and North Bexley Single Regeneration Budget.

Following decontamination of this previously derelict land, completed infrastructure works include the park's central spine road, services and a new bridge.

The development comprises two distinct areas, linked by the dedicated bridge over Nathan Way. The access road is directly off the roundabout between the A2041 and the A2016.

Plans for the proposed Thames Gateway Bridge – an entirely new crossing over the nearby River Thames to Beckton – are currently going through the town planning process. The southern approach road to the bridge will start at the park's roundabout. This

crossing is seen as a catalyst for bringing together the local communities and offering better mobility for employment opportunities.

White Hart Triangle is divided into two principal areas. The Northern area of 9.5ha offers plots either side of the spine road, prominently situated with broad frontages to the A2016, Western Way and Eastern Way. The preference is to let buildings in this area.

The southern area of 11.5ha, accessed via the bridge and spine road, also offers a range of plots for development. The preference is for freehold transactions in this area.

Both areas feature multi-unit speculative industrial/warehouse developments, which are currently under construction and due for completion during the late spring:

Cobalt will provide two blocks of terraced units. One block of five units offers sizes from 598 m² to 778 m². The other block offers five units from 642 m² to 851 m². The units are to let individually or in combinations up to 4,012 m² in one detached block.

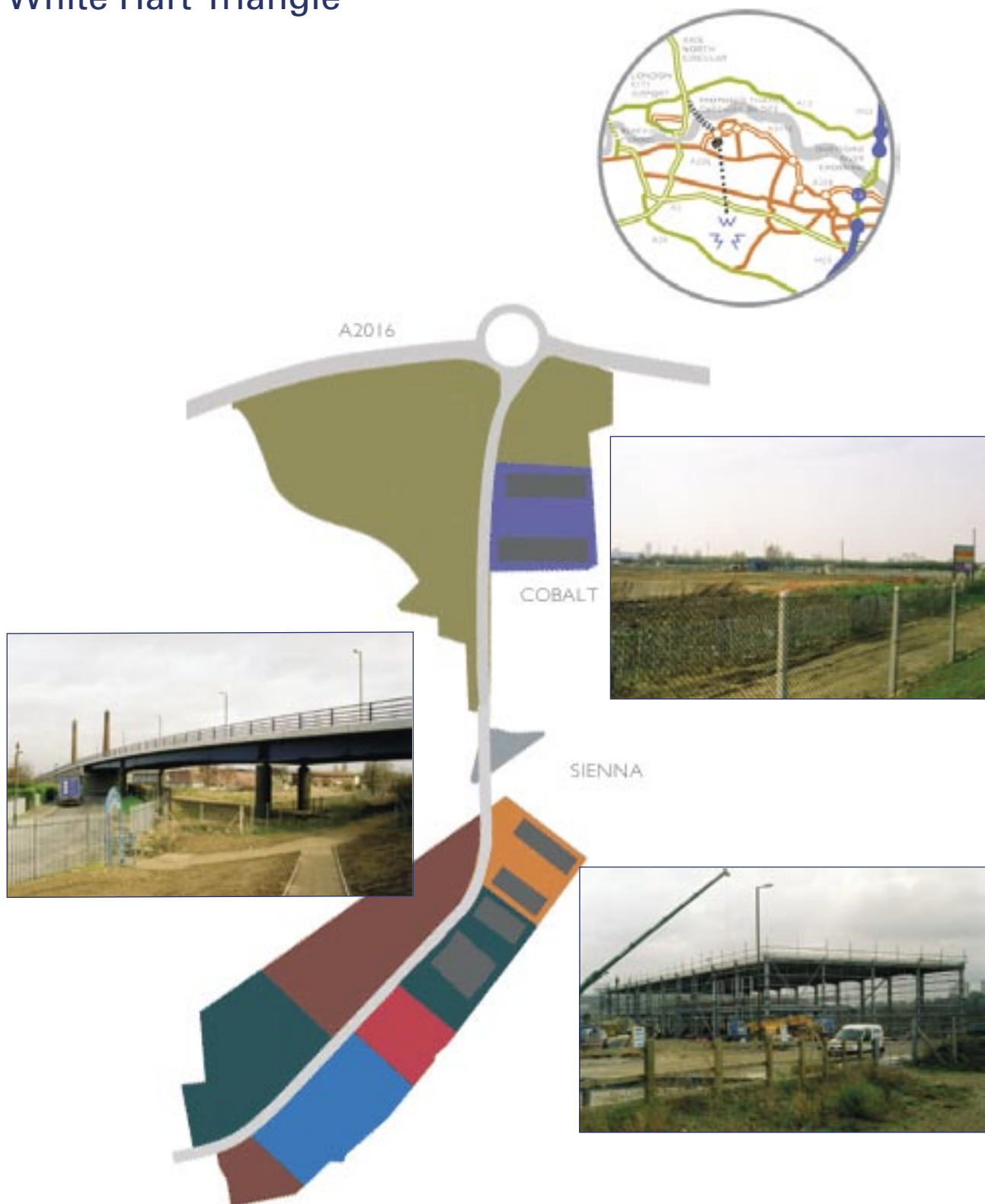
Sienna is the other speculative scheme, more advanced than Cobalt in terms of construction works. Two blocks of terraced units will be provided, offering a range of sizes to let from 544 m² to 778 m². Combinations are available up to 2,917 m² in one detached block.

The speculative building specification provides for portal frame construction with 7m eaves height and clearance, full height loading doors (about 5m high), lorry apron and car parking. Flexible office contents are offered with suspended ceilings, carpeting and perimeter trunking.

Various plots are available for design and build opportunities, ranging from 1,858 m² to 27,870 m², with either outline, or detailed planning consent. The completed buildings are offered on flexible leasehold or freehold terms.



Layout plan of White Hart Triangle





Notes

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Peter Singleton
Mike Hanson

New = "New, completed premises available for immediate occupation".

Large = "Premises with a total floor area of over 10,000 m² being offered as a whole".

INDUSTRIAL MARKET DATA

If you require bespoke market data, including forecasts of future performance, please contact Jon Sleeman for further information.

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