

EAST AND WEST MIDLANDS

LOGISTICS AND INDUSTRIAL SPRING REVIEW 2009

Overview

The Midland regions continue to hold the title as the distribution hub of the UK. With excellent communications and drive times allowing for access to almost anywhere in the UK, the Midlands will remain the nations big shed capital.

- East Midlands current availability: 14 million sq ft.
- West Midlands current availability: 21.9 million sq ft.
- East Midlands letting take-up 2008: 5.4 million sq ft.
- West Midlands letting take-up 2008: 4.8 million sq ft.

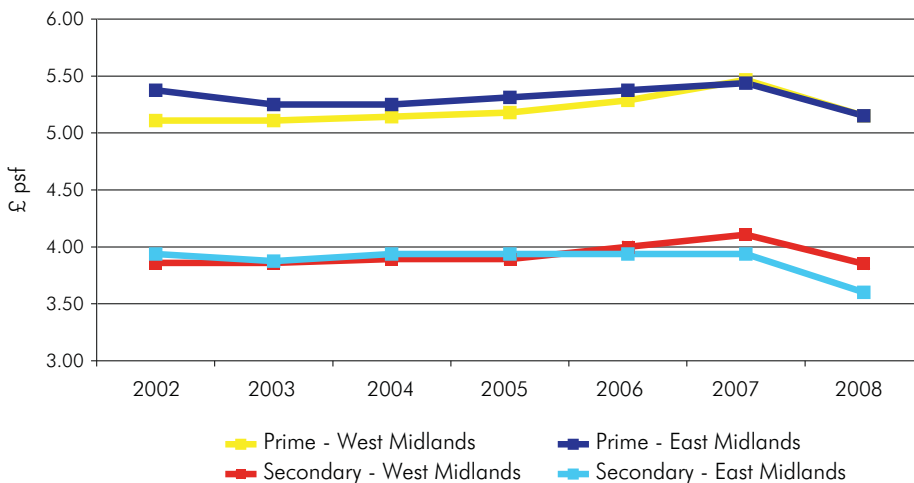
* Figures are for sheds of 50,000 sq ft and above

Rents

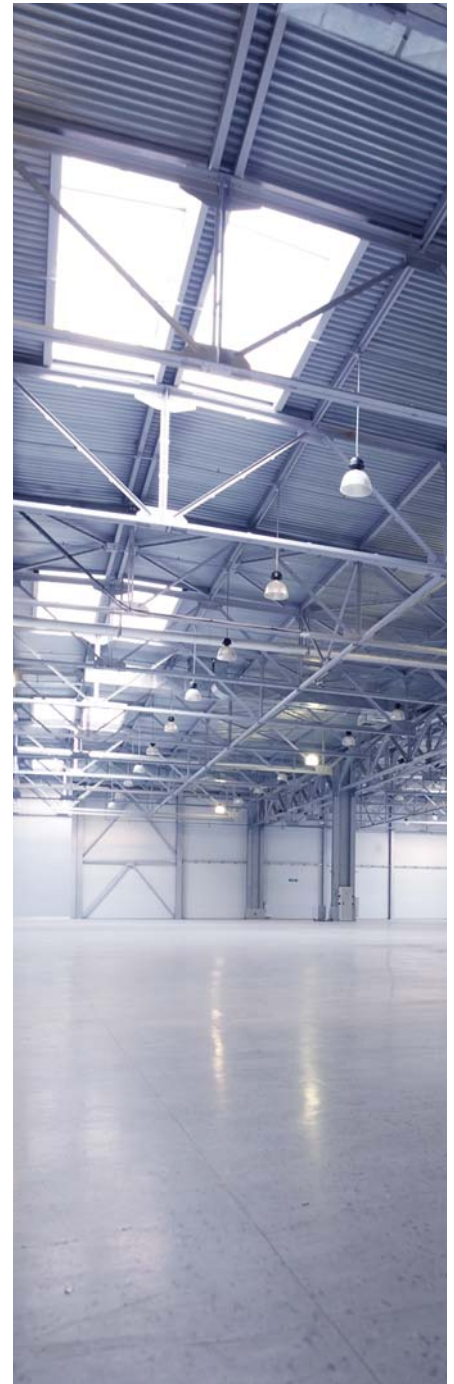
Rents in the East and West Midlands are beginning to fall where, until recently, they were being held by increased incentives. Average incentives have now pushed out to nine months plus for a five year lease where they were previously no more than six months.

- East Midlands: Current Average Prime Rent: £5.15 psf.
Current Average Secondary Rent: £3.60 psf.
- West Midlands: Current Average Prime Rent: £5.15 psf.
Current Average Secondary Rent: £3.85 psf.

East and West Midlands Logistics Rents



Source: Colliers CRE



Supply

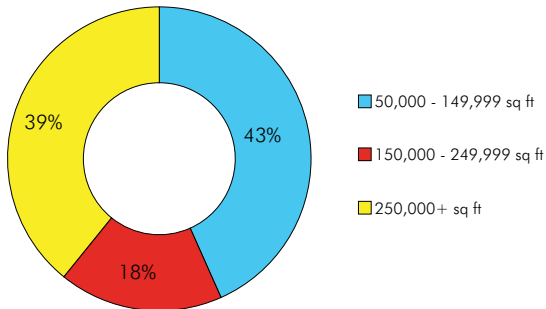
There were a number of key completions in 2008 including 541,000 sq ft at Prologis Park, Midpoint, Birmingham and 506,000 sq ft at Prologis Park Pineham, Northampton.

- Colliers CRE is currently marketing 1.1 million sq ft within nine properties.

Demand

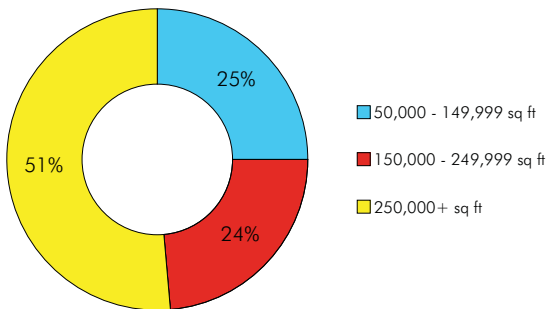
- West Midlands: Most take-up in sheds between 50,000 and 149,999 sq ft.
- East Midlands: Most take-up in sheds above 250,000 sq ft.
- Largest Transaction: Letting of the Ikea distribution building in Thrapston to Primark, at a rent of £4.50 psf.

West-Midlands 2008 take-up by transaction size



Source: Colliers CRE / Focus

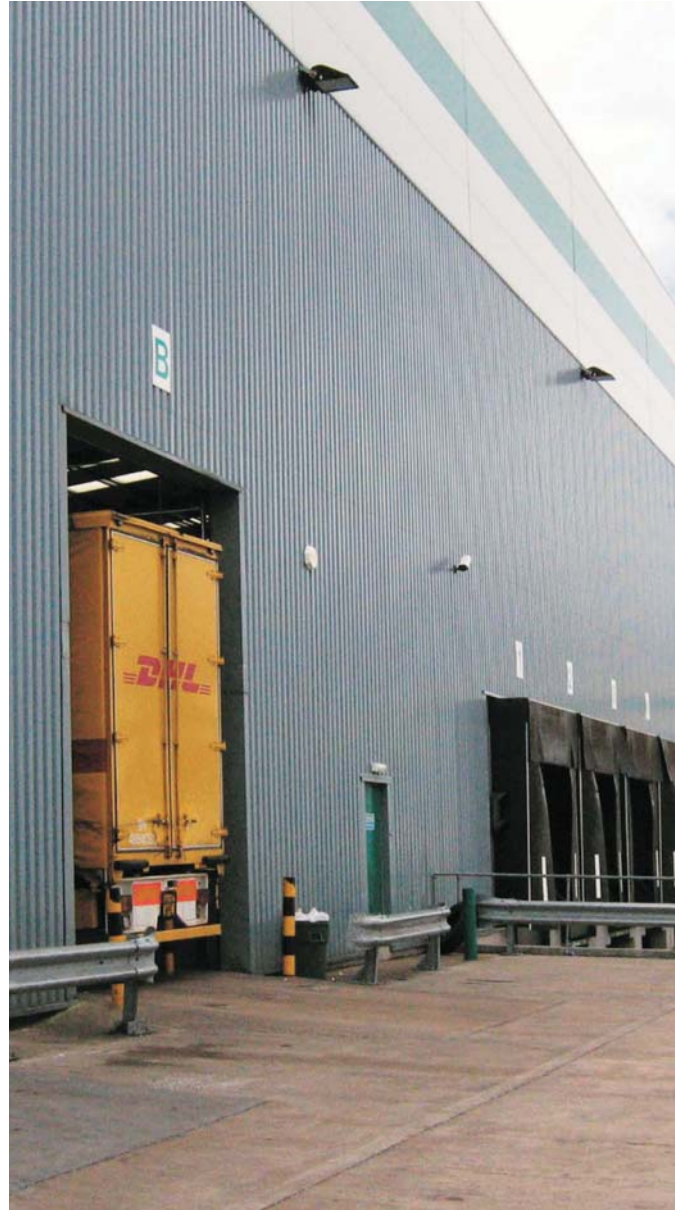
East-Midlands 2008 take-up by transaction size



Source: Colliers CRE / Focus

Outlook

There is likely to be an intensifying downward pressure on rents going into 2009 with expectations of at least a 5% fall in headline rents. With a large amount of space currently on the market occupiers have a lot of choice and will endeavour to achieve highly competitive deals.



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