After six months of silence from the 3PL corner, the property market is starting to see a faint but encouraging flutter of interest around the M1/A1 corridors. JESSICA DAVIES reports.

Enquiries start to **grow**

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The past six months may have been tough in the property market but now a glimmer of renewed interest is appearing along the M1/A1 corridors. "We're seeing some encouraging signs," says Andrew Gent of Gent Visick, "after a dearth of interest from 3PLs over the past six months, we are now seeing a re-emergence of activity, and more new enquiries."

Rob Oliver of GVA Grimley agrees, and points to the sub-50,000 sq ft sites as being particularly active. However, although the trend towards increasing enquiries is positive, the market must wait for these to materialise into "done deals" before it can push forwards. "The market certainly isn't stagnant, there's plenty of work to be done, it's just a case of converting that work into deals," says Oliver.

That said, activity is astir in the region. Earlier this year Croda Chemicals snapped up an 83,500 sq ft distribution centre in Capitol Park, Thorne, South Yorkshire, on a ten-year lease, for which Gent Visick and King Sturge were joint agents.

And Marks & Spencer is now pressing ahead with the construction of its one million square foot facility at ProLogis Park, Bradford. The retail giant had announced it was delaying the construction start date late last year, as a result of financial pressures.

Not much is happening on the design and build side of things, although Oliver does point to D&B as being a popular enquiry. "There aren't necessarily done deals in the pipeline, but there are a good amount of enquiries from some of the more healthy sectors, particularly food, waste, recycling, and energy companies.

There are also more prospects from the manufacturing industry. Gent says these deals are "enough to keep the market ticking over".

Oliver sees a trend towards de-globalisation, which is helping to bolster the market, as more and more companies are looking to rent in the UK rather than overseas.

Nonetheless, the region is still spilling over with unfilled

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Name: **Hurricane**
Size: **261,000 sq ft** Rent: **£4.75 per sq ft**
Location: **Redhouse Interchange, Doncaster.**
Agents: **Gent Visick, Knight Frank.**

Name: **Quattro**
Size: **163,950 sq ft** Rent: **£4.75 per sq ft**
Location: **West Moor Park, Doncaster, (M18, J4).**
Agents: **GVA Grimley, Jones Lang LaSalle, Knight Frank.**

Name: **Nimbus P227**
Size: **227,000 sq ft**
Location: **Nimbus Park, Thorne, Doncaster**
Agents: **Gent Visick, M3.**

Name: **Sherburn 190**
Size: **190,000 sq ft**
Location: **Sherburn-in-Elmet, Leeds (A1, J42)**
Agents: **CB Richard Ellis, DTZ, M3.**

Name: **Sherburn 666**
Size: **666,898 sq ft**
Location: **Sherburn-in-Elmet, Leeds (A1, J42)**
Agents: **CB Richard Ellis, DTZ, M3.**

Name: **G.Park Sheffield–Blade**
Size: **412,519 sq ft** Rent: **£4.75 per sq ft**
Location: **Shepcote Lane, Sheffield (M1, J33&34)**
Agents: **Knight Frank, M3.**

Name: **Prologis Barnsley Crossflow 530**
Size: **530,168 sq ft** Rent: **£2.95 per sq ft**
Location: **Barnsley, M1 J36.**
Agents: **BNP Paribas Real Estate, Dove Haigh Phillips.**

Name: **Hawke Street**
Size: **119,000 sq ft**
Location: **Lower Don Valley, Sheffield (M1, J34).**
Agents: **Campbell & Co, GVA Grimley.**

Name: **SIRFT**
Size: **1x 334,781 + 1x 291,143 or 647,000 sq ft**
Location: **Sheffield, South Yorkshire, (M1, J33).**
Agents: **GVA Grimley, King Sturge, M3.**

Name: **Hellaby 140**
Size: **141,845 sq ft** Rent: **£4.75 per sq ft**
Location: **Rotherham, (M18, J1).**
Agents: **GVA Grimley, Knight Frank.**

Name: **Magna 34**
Size: **151,123 sq ft** Rent: **£4.75 per sq ft**
Location: **Rotherham, (M1, J34).**
Agents: **Knight Frank, M3.**

Name: **Foxcover Distribution Park**
Size: **10,759 sq ft to 353,441 sq ft**
Location: **Seaham, Co Durham, (A19, J182).**
Agents: **GVA Grimley, King Sturge.**

Source: LM-Sheds database. Full details of these sites and more are available at: www.lm-sheds.com

space, particularly around Doncaster in South Yorkshire. "We're blighted with oversupply of brand new space," says Oliver. And this will be the case for some time. "Occupiers are having a fantastic time of it, since there are some cracking deals to be had," he says.

Occupiers are becoming more and more savvy about the deals they can expect to attain. "Terms are getting ever more aggressive," says Oliver. Most developers are putting on what he describes as "soft deals" for the next few years.

Incentive-wise, most developers are avoiding giving any kind of capital contribution, he says, but are looking at giving "rental holidays". For example, "for a 20-year lease, an occupier can expect a two to three-year rent-free period; and for a ten-year lease, 12 to 18 months rent-free."

However, Gent says there are some "distressed landlords" who are doing deals at £1 per sq ft, for example, to cover their costs in the short term. This may seem like an unsustainable, quick-fix solution, but Gent thinks otherwise. "These deals will be on an excluded lease basis, which means there will be no security of tenure," he says. The danger then for occupiers that opt for these deals, is that they lose their right to extend the lease at the end of the contract.

"On the one hand there's oversupply, and on the other there's the cessation of future supply," he says. It will be a few years before we see any speculative building. Considering there isn't much building of any kind going on, once the market does strengthen, companies are going to be competing for buildings again – which puts landlords in a stronger position.

"So if a landlord then decides to put the rent up from, say £1 to £4 per sq ft, the occupier will have no choice but to pay it, or face having to vacate the property," says Gent.