

Property Week 25th September 2009

Has the market's ship come in?

Andrew Gent, a partner at Gent Visick, the Yorkshire-based industrial agency, has been taking a closer look at freight movements

From 1993 to 2008 the total trade tonnage imported annually through UK ports rose from 273 million tonnes to 337 million tonnes. This reflects the amount of goods now being produced in eastern Europe and the Far East, rather than these shores. It also accounts for the increase in warehouse space in the UK and explains the amount of speculative space built in 2006 and 2007.

Figures published last week by the Department for Transport show a decline in the total figure of imports, which fell by 8% over the last four quarters alone. However, a closer look suggests the rate of decline in container traffic is actually slowing. Felixstowe port reported a 13% decrease, up from a drop of 19% in the last quarter.

The figures correspond with the lack of construction in the market and that occupiers are taking up more space.

With around 5.5m sq ft of vacant modern warehousing in the main motorway corridors in the Yorkshire and Humber region alone, it is easy to suggest that there is an oversupply of shed space.

However, there has been an increase in the number of large units being let across the UK in the last quarter. Marks & Spencer took 380,000 sq ft in Stoke last month and wholesaler VOW Europe let 255,012 sq ft at ProLogis's Wakefield Europort last week.

Lettings like these are partly down to the fall in rental and capital values and the increased level of incentives on offer. But with imports of 316.43 million tonnes in the last 12 months alone, a stabilising market and healthy retail sales, demand for space could soon be outstripping supply.

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