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## **Hayes Industrial Market Overview – May 2023**

### **Introduction**

Colliers and Kimmre have been asked by Wrenbridge to provide a Market Overview in relation to the Greater London Industrial and Logistics market, having regard to the proposed re-development of the subject site at 84 Swallowfield Way in Hayes.

### **Location**

The subject site comprises 2.92 acres of low-density employment land in a key industrial zone within Hayes, which forms a major part of the Greater London logistics market. The site benefits from excellent transport links, connecting swiftly with the A312, Stockley Road, the M4 and M25. The area is well known for companies seeking last mile/urban logistics facilities, positioned close to great amenity, a strong local workforce and excellent sustainable transport links. Furthermore, Heathrow Airport is approximately 3 miles to the south west, Central London is 14 miles to the east and the site is positioned only a 15 minute walk to Hayes & Harlington Railway Station, which provides fast access to central London via the Elizabeth Line.

### **Subject Property**

The subject site is currently underutilised, comprising a low-density open storage depot. There is an opportunity to bring additional jobs to the area, improve the street scene and commit to sustainable development that will push the boundaries of what a last mile logistics and industrial development is. We have included below drone photography of the existing site compared to the proposed development.



Aerial photo of existing site



Indicative aerial CGI of proposed 4-unit scheme

Wrenbridge and Fiera are proposing an 80,074 sq ft (GIA) warehouse building split into 4 secure units ranging from 14,844 to 24,456 sq ft (GIA). The scheme offers 61 parking spaces in total, 20% of which will benefit from active EV charging pillars and 80% passive to future proof the scheme for full electric charging. The scheme has been designed to offer occupants flexibility in unit sizing, being able to combine two units or more if a larger requirement presents itself.

An indicative CGI of the completed scheme is featured below. This image demonstrates the high quality of finishes being targeted, inclusive of Photovoltaic panels applied to provide tenants with lower operational costs and signifies a push for strong Biodiversity Net Gain on site. Wrenbridge have introduced cargo bike charging facilities, a separate access point for pedestrians and green roof cycle shelters to encourage occupants to champion the excellent sustainable travel options that Hayes offers. The development will target BREEAM Outstanding and an EPC rating of A+. As lettings experts in this area of London, existing smaller units in the West London market, which are in short supply, offer a considerably poorer specification and do not focus on the importance of a quality finish, user experience and a sustainable future. Wrenbridge are seeking to push the bar and bring forward a new standard of urban logistics units to this thriving location.

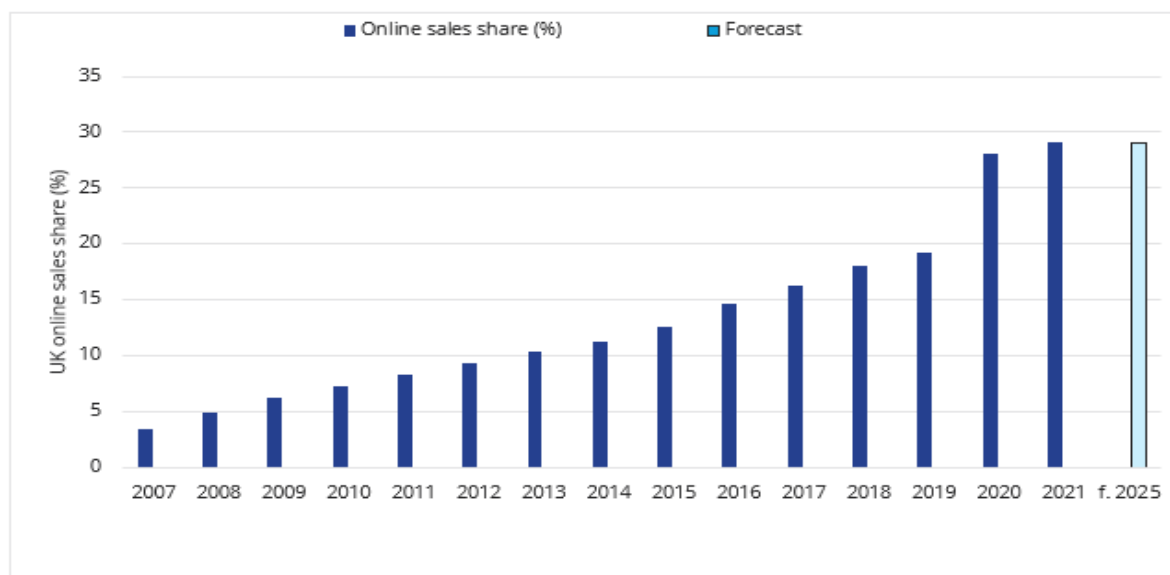


Indicative CGI of completed 4-unit scheme from Rigby Lane

## Overview of Market Activity

The occupational market continues to be driven by changes brought forward by the accelerated structural transition to online retail sales, Brexit restructuring, UK population growth and increased online fulfilment into the wider retail market.

The rise of e-commerce and the developing consumer market are dramatically transforming the industrial and logistics market. Technological advances and changes in consumer preferences have been driving demand for warehouse space to new highs, which has left available supply at critical levels.



Online retail sales share of total (%) (Source: ONS)

ONS data continues to support the pre-pandemic consumer spending behaviour and we expect this share to be in line with what the market has seen in the past two years by 2025.

This data demonstrates that the UK warehouse market supplies will continue to struggle to keep up with strong demand for e-commerce deliveries and take-up is expected to remain high as occupiers expand their distribution networks. Based on our analysis, to support this strong consumer demand for online deliveries, the UK market will require an estimated additional 50m sq ft of additional space introduced by 2025. Occupiers seeking to outperform on delivery times, offer best facilities and lifestyle for their staff and keep ESG at the top of their agendas need high quality smaller last mile logistics buildings to satisfy the high standards expected from the consumer in the modern online world.



### Local Market





Hayes is a last mile industrial and logistics destination, benefitting from a strong local workforce and mix of uses, which complement the ecosystem of this sought after destination.

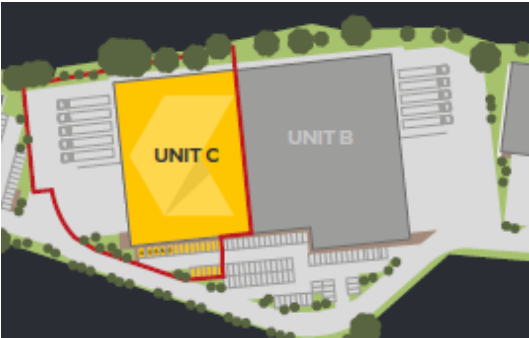
### Supply

For this report, we have focused specifically on local supply within Hayes, Poyle and Southall. Our analysis demonstrates that there is currently several c. 80,000 sq ft units that are either available, soon to completed or expected in the near future. We recognise there is some demand for this size of unit in West London, but our advice is to target last mile urban logistics occupiers looking for smaller units between 14,000 and 25,000 sq ft, of which we believe there is a starved supply in the local market.

Evident from the table below, there are a handful of medium sized buildings that are available or close to being let. We expect these units to be fully let when the subject proposed development is completed and delivered to the market. There will be a turnover of old dated units in the immediate area that will appeal to some occupants, but there is a severe lack of new build net zero carbon small urban schemes coming forward and the subject development will, in part, satisfy the strong list of enquiries that we see but cannot place. There is a mismatch in supply versus the heavy demand for high quality smaller urban logistics space.

PROPERTY	SIZE (SQ FT)	COMMENTS
<b>84 Swallowfield Way, Hayes, UB3 1DQ (Subject Property)</b> 	1: 22,174 2: 14,844 3: 18,600 4: 24,456 <b>Total: 80,074 (GIA)</b>	4-unit scheme targeting BREEAM Outstanding, EPC A+ and net carbon zero construction.  12.5m minimum clear height.
<b>Poyle Point, Blackthorne Road, Poyle, SL3 ODU</b> 	<b>Poyle Point 1</b> Total: 52,420 sq ft  <b>Poyle Point 2</b> Total: 30,032 sq ft	A new two-unit carbon neutral warehouse scheme in Poyle.  Available in Q2 2023.  10m Minimum Clear Height.  EPC Rating A.  BREAAM Rating Very Good.

PROPERTY	SIZE (SQ FT)	COMMENTS
<p>Panattoni Poyle 80, Poyle</p>  <p><small>Panattoni Poyle 80 is located west of London Heathrow and close to junction 14 of the M25 on a 3.2-acre brownfield site.</small></p>	Total: 80,000 sq ft	<p>A brand-new single unit scheme in Poyle on 3.2 acre site.</p> <p>Submitting Planning.</p>
<p>Unit 1 Segro Park Hayes, North Hyde Gardens, UB3 4QR</p> 	Total: 84,289 sq ft	<p>New Grade A industrial/distribution unit.</p> <p>12.0 m Minimum Clear Height.</p> <p>EPC Rating 'A'.</p> <p>BREAAM Rating 'Very Good'.</p>
<p>Unit 2 Segro Park Hayes, North Hyde Gardens, UB3 4QR</p> 	Total: 24,565 sq ft	<p>New Grade A industrial/distribution unit.</p> <p>12m Minimum Clear Height.</p> <p>EPC Rating 'A'.</p> <p>BREAAM Rating 'Very Good'.</p> <p>Landlord targeting high rents. The unit is expected to let imminently with multiple parties offering on the space.</p>
<p>Unit A, Gateway West London, Uxbridge Road, Hayes, UB4 0JN</p> 	Total: 27,802 sq ft	<p>PC Q3 2023 - to be refurbished.</p> <p>8m Minimum Clear Height.</p> <p>EPC Rating 'A'.</p> <p>BREAAM Rating 'Very Good'.</p> <p>Second hand unit to be refurbished to a modern standard. We expect this to let prior to Practical Completion.</p>

PROPERTY	SIZE (SQ FT)	COMMENTS
Gateway West London, Uxbridge Road, Hayes, UB4 0JN 	Unit B: 64,000 sq ft  Unit C: 43,397 sq ft  Combined total: 108,000 sq ft	Refurbished units.  12m clear height.  PV roof system. Mid-sized units, which will be let prior to Practical Completion at Swallowfield Way.
Bridge Point Southall, Collet Way, UB2 4SE 	Total: 77,947 sq ft	New Grade A industrial/distribution unit.  Available in Q4 2023.  15m Minimum Clear Height.  EPC Rating 'A'.  BREAAAM Rating 'Very Good'.
Bridge Point Uxbridge, Riverside Way, UB8 2YF 	Total: 50,315 sq ft	New Grade A industrial/distribution unit.  Available: Q4 2023.  12m clear height.

## Demand

The West London logistics market is characterised by a supply and demand imbalance, which is further exacerbated by a dearth of units of the proposed size range coming through the development pipeline. Supply has been constrained and affected by the loss of traditional industrial sites to higher value high density alternative uses, which in recent years has been led by residential. Securing new units will continue to be competitive and difficult for the long list of occupiers with little availability of smaller units in the immediate area. As demonstrated, availability of high-quality smaller units is short supply and tenants seeking best space are being forced away from Hayes until new development is presented that also achieves important future proofing sustainability credentials for businesses.

## Current Live Requirements

We are currently active in the Hayes market and can list key requirements below that would suit the completed development at 84 Swallowfield Way. Many of the requirements will need to be patient until the right product is delivered. Currently, businesses have limited options but to occupy accommodation that is not fit for purpose, or located outside of the borough.

There is a demonstrable undersupply of new, ESG excelling buildings to satisfy the long list of companies looking for high quality accommodation in Hayes. We can detail a live list of requirements below.

**Live requirements between 15,000 and 50,000 sq ft:**

May 23	c/o Gerald eve	15,000-30,000	West London	West London focus, need a modern unit with a large external yard area
May 23	Mobiles Master UK	15-30,000	West London	Wholesale electronic and telecommunications equipment and parts business based in Southall.
May 23	c/o Rock RE	20-35,000	W / NW London	Seeking modern / refurbished industrial units, with a minimum eaves height of 6m.
May 23	Mastermedia UK	25,000-45,000	West London	Polish food logistics/supplier for retail stores/wholesalers, currently based in Southall.
May 23	c/o GEP	25,000 +	Hayes	Digital supply chain business with a Fortune Top 500 client seeking suitable buildings for a datacentre operation.
May 23	Hiteq Ltd	25,000	West London	Freight and warehousing operation.
May 23	Northstar Removals	15-25,000	NW/W London	Commercial and Domestic removal company.
April 23	c/o Innes England	15-25,000	NW / W London	Modern Warehouse premises, good height eaves for mezzanine floor, good parking provisions with EV Charging.
April 23	Yun Express	20,000-50,000	Heathrow and surrounds	Freight/logistics company relocating from Riverside Cargo Centre. Within 5-mile radius of Heathrow.
Mar 23	c/o Savills	20-40,000	West London	Vehicle maintenance and repair, need occupation asap.
Mar 23	Jaw Hawk Fine Art	20-30,000	West London	Fine art logistics. Have a West London requirement. Were previously out looking. Hayes is a preferential location.
Mar 23	c/o DJ Levy	25-50,000	Greater London	Minimum of 6m eaves - ideally 8m plus.
Mar 23	c/o Telsar	15-20,000	Hillingdon – 6-mile radius	Minimum 8m eaves. Timing Q3 2023 / Q4 2023. Recirculated requirement after no success in finding space.
Mar 23	c/o Metric RE	15-25,000	London	Clean Energy Technology business seeking 15-25k for a laboratory use inside the M25. Must be within 10-minute walking distance to a well-connected tube/train station. 4.5m internal height. Good quality/new refurb condition preferred capable of a significant lab fit out. 10 year+ term.
Feb 23	Café Connections	20-30,000	West London	Require unit for distribution of food and drinks packaging. Based in Iver at Ridgeway and have upcoming lease expiry.
Feb 23	Whistl	30-50,000	West LDN	Two units on Saxon Way in Harmondsworth. Keen to consolidate, expiry in 2024.

## Live requirements between 50,000 and 150,000 sq ft:

May 23	c/o CBRE	80-120,000	West London	On behalf of a confidential occupier for occupancy by Q4 2024. All options considered within a 60-minute drive of Heathrow.
May 23	c/o CBRE	60-80,000	Heathrow	Heathrow requirement, Need 12m eaves, timing immediate.
April 23	c/o DTRE	50-150,000	W London/N M25, M4 corridor	On behalf of a confidential occupier for occupancy by Q1 2024.
Mar 23	Rock It Global	70-100,000	Bedfont & surrounds	Bedfont based freight forwarder.
Mar 23	c/o Vail Williams	80-100,00	West London & surrounds	Client looking for expansion space.
Feb 23	Shop TJC	50-100,000	West London	Based in Feltham in 3 units. Seeking to consolidate.

Between February and May 2023, the requirements for smaller units in the region of 15,000 to 30,000 sq ft far outweighed larger requirements, which supports our expert advice to proceed with a smaller unit urban logistics scheme to help satisfy the significant demand in the market for the proposed product at 84 Swallowfield Way, Hayes.

### Conclusion

Supply of industrial land in Hayes is scarce due to the current occupational supply/demand imbalance, which is exacerbated by a lack of development in the pipeline and sites lost to alternative uses. Occupiers are desperate to get hold of Grade A space for last mile delivery, particularly smaller units that appeal to urban logistics operations. These companies rely on a fantastic local workforce and seek to offer their staff the best facilities with sustainable travel options and a quality destination for their operations.

We consider the proposed re-development in Hayes is situated in a great location and provides a perfect opportunity to bring forward much needed new build, multi-let logistics space to a starved local market. Demand will continue to thrive for smaller units, stimulated by lease events, business re-structuring and ongoing requirements for better quality buildings, which support more efficient operations and lower energy consumption and carbon emissions.

We hope the contents of this report addresses the market dynamics in Hayes and highlights the demonstrable requirement for units measuring between 14,000 and 25,000 sq ft to satisfy an overspill of demand for next level space in a brilliant and thriving local market.

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Kimmre Industrial and Logistics

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