



# MARKET INSITE

GREAT COMMERCIAL  
PROPERTY DECISIONS **2022**

**INNES ENGLAND** 

MAKE A GREAT DECISION



# WELCOME TO MARKET INSITE 2022

Welcome to our 2022 Market Insite, and our 15th consecutive year, of pulling together the data which is set out for your review. The thinking behind any numbers is key and we have included contact details for the team at the rear of this document if you would like to speak to the surveyors in the field day to day.

Common feedback on 2021 concluded that the market was busy and activity levels increased. Speculative building began in 2021, which is planned to complete this year with many already pre-let. Signs are promising that key sectors will continue to perform well. Nobody underestimates the looming rise in inflation and supply chain issues, including knowledge of the cost of a container from China, which we will wait to see how it plays out.

Innes England certainly had a positive year in the market, with our investment in new talent being most rewarding. Ben Robinson joined as a Director in November to head our Investment Consultancy. Kartar Soar joined as an Associate Director in our Building Surveying team to support two large portfolio wins which kick in this year.

Five new Graduates joined in the last quarter of the year in our Agency, Asset Management, Valuation and Building Surveying teams. Initial feedback is they could be our most talented group yet, and I hope they prove me right.

Whilst we started the year with a lockdown team Greek night cookalong on Zoom from all our kitchens, we ended the year with a clay pigeon shoot, followed by a pub lunch and an afternoon in the pub garden, and there is confidence that disruption due to the pandemic will be reduced this year.

Looking forward we appreciate the challenges of life and business can sometimes fall out of balance and we are delighted to be partnering with Mates in Mind as an independent resource to provide help when needed for our team.

Our charity for 2022 is Pasic who provide emotional, social and practical support to families of children and young people with cancer living in the East Midlands, to improve the quality of their lives. I hope you can join us at the events we organise for the charity during the year.

"United we do more" is an internal vision we have implemented to ensure that we provide a full service offering to our clients and more importantly, to work together more. A case study follows where a variety of colleagues have shared working together on an instruction to a successful conclusion.

Our industry has the opportunity to influence the sustainability of the existing and built environment. A group of undergraduates from the Nottingham Business School and The School of Architecture, Design and the Built Environment at Nottingham Trent University (NTU) have been into our office and will be presenting their findings at the NTU Sustainability Conference shortly.

Exciting times and we look forward to working with you during the year.

Regards

Matt Hannah, Managing Director



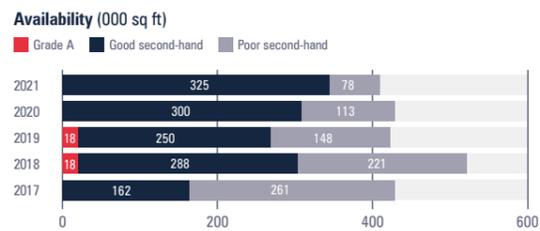
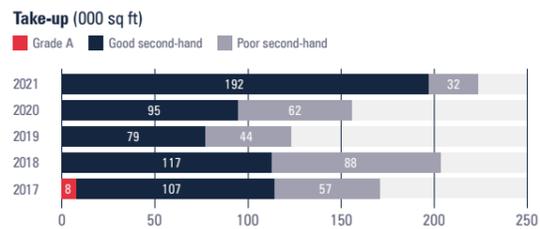
- 1. St Modwen Park | Derby
- 2. Broadmarsh Vision | Nottingham
- 3. Leicester Distribution Park
- 4. Castle Boulevard | Nottingham



# DERBY

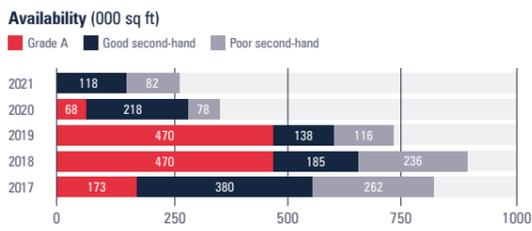
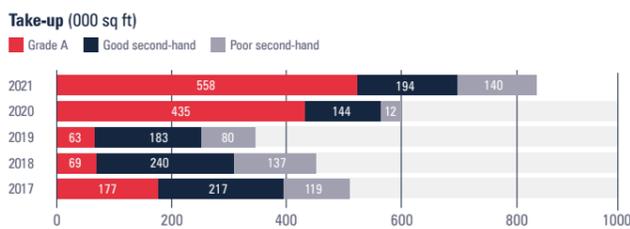
## OFFICES

2021 was an excellent year for the Derby office sector as take-up continued to improve, up 43% on 2020 to finish the year at 224,000 sq ft, setting a record 5 year high. Following an understandably slow start to the year given the January lockdown, as the restrictions lifted the market gathered real momentum and with no new build Grade A availability, once again we saw take-up dominated by good quality Grade B standing stock, particularly on Pride Park and The Wyvern, which have historically proved the city's most successful office locations. The years most significant transaction was DHU's acquisition of Orbis 1, a 41,284 sq ft call centre on Pride Park. Later in the year DHU also acquired a further 13,000 sq ft HQ on Roundhouse Road as they continued their expansion. Activity also remained strong in the 5-15,000 sq ft size range, where we saw 7 transactions on Pride Park alone in the second half of the year as occupier demand continued to outstrip supply for quality product. With this record take-up office supply has fallen marginally to 403,562 sq ft, however this headline figure is skewed by the availability of Rolls-Royce's 73,000 sq ft Jubilee House. That aside, there's little good quality standing stock, no immediate Grade A office availability and continued competitive occupier interest in the best quality buildings under 15,000 sq ft.



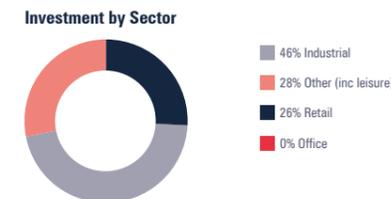
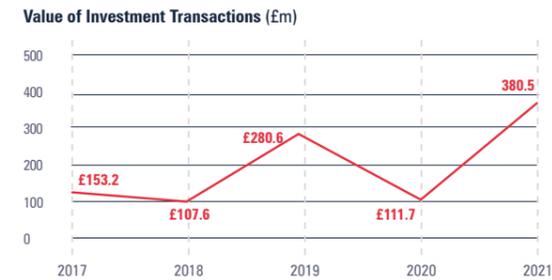
## INDUSTRIAL

Take-up within the industrial sector also reached a record high ending the year at 891,117 sq ft, up significantly from 591,400 in 2020. Once again the largest deal of the year was by Panattoni, which let the final plot at Derby Commercial Park, the hugely successful scheme off Raynesway, with JD Sports signing a 20 year pre-let on Derby 515, a 515,000 sq ft new build distribution facility. They join healthcare supply chain group Alloga UK who acquired a 370,000 facility on the same scheme the year before. The absence of other large deals within greater Derby reflected a market constrained by a lack of immediate supply, with availability down to just over 200,000 sq ft, down from 364,000 in 2020, and with no ready to occupy buildings on the market over 30,000 sq ft. This is changing with the headline news of St Modwen committing £46.5 million to the initial phase of St Modwen Park Derby, where work on site is progressing for the delivery of some 300,000 sq ft of speculative product, which will be available for occupation in late summer and meet a much needed gap in the market. The scheme will showcase St Modwen's latest Swan specification and will be industry leading in terms of sustainable development.



## INVESTMENT

Investment activity in Derbyshire rebounded strongly in 2021, recording the second highest level of turnover in more than a decade at £380.5m. Investors continued to focus on the industrial sector, which accounted for 46% of the year's activity. The two largest transactions in the year were both industrial deals, with the largest being Ares Management's purchase of the 627,000 sq ft Kuehne + Nagel unit at Derby Commercial Park for £70.8m, with the purchase price representing a net initial yield of 5.00%. The other main deal was part of a portfolio of logistics developments, with Hines forward funding schemes at Dove Valley Park, Birchwood Business Park, Alfreton and Castlewood Business Park, South Normanton.



## OFFICES

➤ Prime headline rents  
**£16.50**  
Per sq ft

➤ Secondary rents  
**£9.00**  
Per sq ft

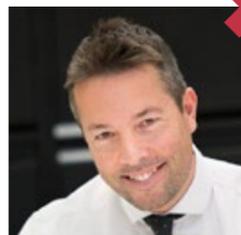
## INDUSTRIAL

➤ Prime headline rents  
**£7.25**  
Per sq ft

➤ Secondary rents  
**£5.25**  
Per sq ft

## INVESTMENT

➤ Transactions completed  
**£380.5m**

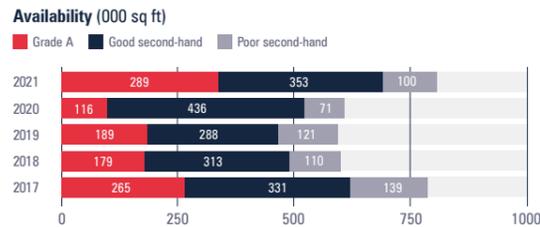
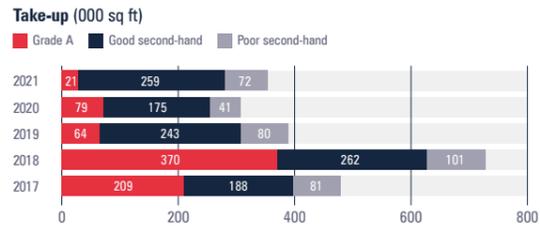


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# NOTTINGHAM

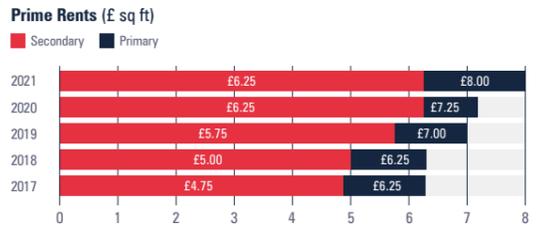
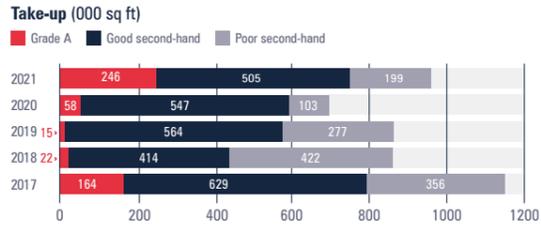
## OFFICES

Take up in the Nottingham office market recovered to pre pandemic levels with 351,505 sq ft of activity in 2021 as occupiers began to return to the office. The out of town market accounted for two thirds of letting activity, although larger lettings were focused on the city centre market, with 28,714 sq ft let at Castle Court to the Department of Work and Pensions and Blinds 2 Go taking 27,000 sq ft at Woodborough Road. Supply edged up to 742,800 sq ft due to an increase in grade A space, which moved to 289,400 sq ft following the release of a number of larger buildings to the market. Prime office rents have remained stable at £20 psf since 2017, although asking rents moved up to £22 psf during 2021 albeit this level is yet to be achieved on standing stock.



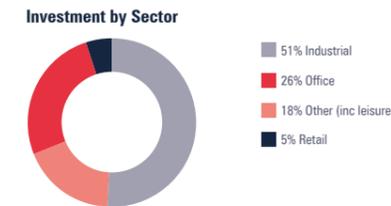
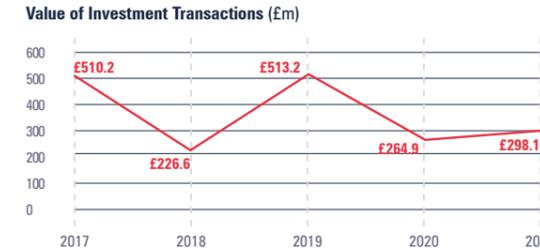
## INDUSTRIAL

Take up in the Nottingham industrial market moved above trend levels of activity for the first time in four years in 2021, with a total of 950,200 sq ft of lettings, 34% above the previous year's figure. A number of speculatively constructed schemes came on stream and were very well received by the market, and in some instances were fully committed prior to PC. The strength of the market did not lead to the release of as much secondhand stock as the market may have hoped for with new stock being taken up by expansion or new occupiers to the market rather than relocation. Where secondhand stock has been made available it has gone well. Supply has reduced by 54% over the past 12 months and now stands at a record low of 434,000 sq ft, representing an availability rate of 2.0%. Prime rents have continued to set new highs moving to £8 psf at the end of 2021 and have now increased by 39.1% over the past five years. Secondary rents remained at £6.25 psf over 2021 but shortages in supply should see further advancement during the next 12 months.



## INVESTMENT

Investment activity in Nottinghamshire remained below £300m for the second successive year, with a total of £298.1m of property transacting in 2021. The industrial sector accounted for the majority of activity, with a number of schemes being forward funded in the light of severe grade A shortages of industrial stock in the area. The largest transaction was Oxenwood Real Estate's funding of the Henry Boot Developments' New Horizon scheme at the former Imperial Tobacco site on Thane Road. The scheme will provide a total of 426,000 sq ft across seven units ranging from 30,000 sq ft to 145,000 sq ft. Nottingham also saw the largest office deal across the major East Midlands locations, with the University of Nottingham purchasing the former HMRC campus on Castle Meadow Road for £36m. The university is to create a new city centre campus when the site is vacated at the end of 2022. The alternative real estate sector continues to play a significant role in the investment market, with Study Inn Group's £35m forward funding of a new 270 bed purpose built student residence at the former Triumph Road Tyres site.



## OFFICES

➤ Prime headline rents  
**£20.00**  
Per sq ft

➤ Secondary rents  
**£15.00**  
Per sq ft

## INDUSTRIAL

➤ Prime headline rents  
**£8.00**  
Per sq ft

➤ Secondary rents  
**£6.25**  
Per sq ft

## INVESTMENT

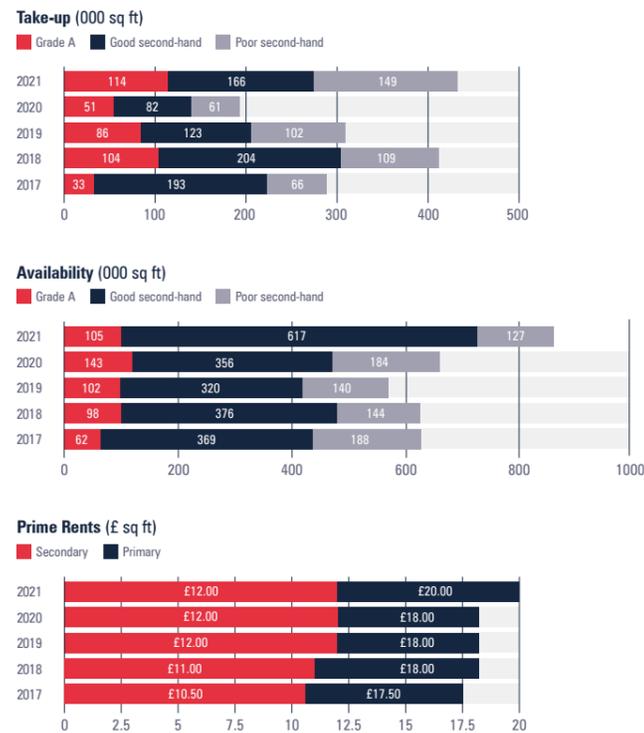
➤ Transactions completed  
**£298.1m**



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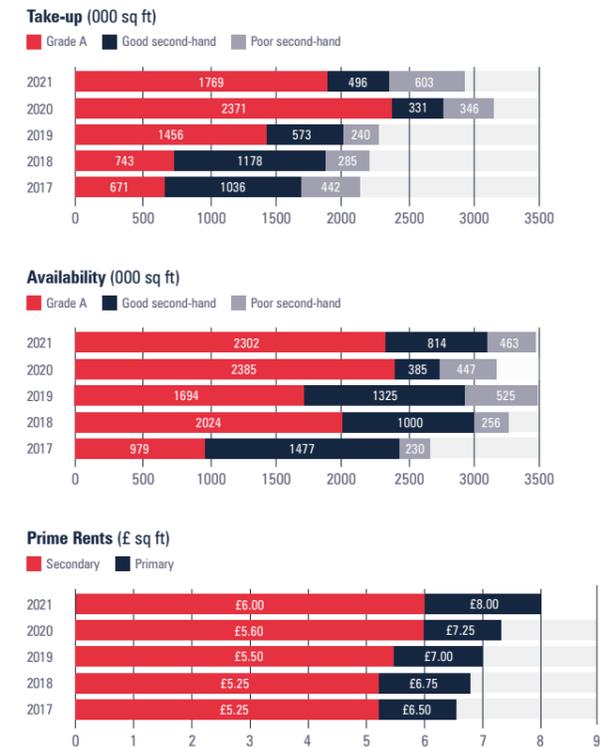
OFFICES

Take up in the Leicester office market has recovered strongly in 2021, with 429,100 sq ft of activity recorded, the highest annual total since 2016. The out of town market continued to dominate activity, accounting for 60% of the years take up. The two largest transactions in the year were both out of town, with the largest being at the science and technology enterprise park Charnwood Campus in Loughborough, where Almac Pharmaceutical took 62,500 sq ft. The other major letting was at Carlton Park, Leicester, where Honeywell took 34,634 sq ft Building 5. Availability edged out over the year rising to 848,700 sq ft, with the increase due to the release of second hand space following the pandemic.



INDUSTRIAL

Take up in the Leicester industrial market remained above trend levels for the second successive year, with a total of 2.8m sq ft of activity recorded in 2021 and a further 595,500 sq ft under offer at the end of the year. The 'Big Box' market continued to see good levels of activity, with five deals totalling 1.5m sq ft, with the 746,478 sq ft letting to Amazon at the speculatively built MPS1 at Magna Park South in Lutterworth representing the largest transaction in the year. Availability remains good, with more than 3.5m sq ft currently available and almost two thirds of pace in grade A buildings. The largest unit on the market is the 503,210 sq ft MPN2 at Magna Park North, although this went under offer at the end of the year. Rents continue to move ahead, with prime rents moving up by 13.8% over the year to £8.00 per sq ft, whilst secondary rents now stand at £6.00 per sq ft.



INVESTMENT

The investment market in Leicester recorded the highest level of activity in 2021 since the record year in 2014. Total activity was £629.3m, with the industrial sector accounting for more than three quarters of transactions by value. Three industrial transactions accounted for 58% of the year's activity, with Savills Investment Management's purchase of the 1.3m sq ft Amazon fulfilment centre in Bardon for £161m being the largest transaction. The other major deals were abrdn's purchase of another Amazon warehouse at Hinckley (Hinckley 532) for £103m, reflecting a net initial yield of 3.10%, whilst US specialist logistics investor Blackbrook Capital purchased the 550,000 sq ft Very Group warehouse at East Midlands Gateway for £101.4m, reflecting a 3.84% net initial yield.



OFFICES

Prime headline rents  
**£20.00**  
Per sq ft

Secondary rents  
**£12.00**  
Per sq ft

INDUSTRIAL

Prime headline rents  
**£8.00**  
Per sq ft

Secondary rents  
**£6.00**  
Per sq ft

INVESTMENT

Transactions completed  
**£629.3m**



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# RETAIL & ROADSIDE

## Market Insite Retail Review

### Overview

The high street faced continuing challenges across 2021, with occupiers and landlords alike adapting to the structural change in the retail market. The market is adapting in different ways as the increase in online sales in 2020 continued in to 2021, with the number of online sales as a % of total retail sales reaching a new high of 38% in January. Despite this, the re-opening of non-essential retail as well as the relaxation of restrictions on hospitality and leisure venues attracted consumers back to our high streets. The footfall data shows Nottingham at 83%, Leicester at 93% and Derby at 102% of pre-pandemic levels.

These changes make it difficult to assess Zone A rents on high streets as well as shopping centres, which have been the hardest hit. We are still seeing top brands moving into the region and the re-purposing of the secondary centres and re-basing of rents has given local/ independent operators the opportunity to enter the market. This was a trend seen across all three cities, with several high street names vacating and local operators occupying this space at more affordable rents. Vacancy rates have not spiked yet, but we have the end of the Covid legislation in March this year that might impact the numbers.

The roadside market remains active, with strong competition between drive thru/ drive to operators to find sites on prominent routes. We act for Greggs across the East Midlands and are hungry for more roadside opportunities! Aldi and Lidl continue to show an aggressive acquisition programme, as convenience stores and associated local centres continue to be developed.

The motor market has also seen improved financial performance for the main dealer groups and there has been a rise in car supermarket and internet operators, such as Cazoo and Cinch, with the growing demand for second-hand cars and shortage of new vehicles.

### Nottingham - Overall recovery index (based on footfall): 83 Spend index: 135

The new Broadmarsh car park opened in November with 1,200 car parking spaces, bus station and ground floor retail units.

This forms part of the wider south side development, which will see the western end of the Broadmarsh demolished to create a pedestrianised walkway from the train station and new HMRC building up to the market square via Lister Gate. The long-awaited vision for the Broadmarsh site was published following the 'big conversation':-

- Proposed development set to deliver 6,000 jobs, over 400,000 sq ft of commercial and business space and 750 homes
- Green space the size of Market Square to be created
- Frame of derelict shopping centre to be retained, reimagined and rewilded into unique space to bring people together in the city
- Nottingham's unique cave network rejuvenated to boost tourism and world heritage status

Destination retail has recovered well and investors are keen on retail parks with new developments on Wilford Lane with pre-lets to Lidl, Pure Gym, The Cod's Scallops, Starbucks and Dunkin' Donuts.

Food Warehouse, Home Bargains and JD Sports have taken the former Toys R Us on Riverside Retail Park and the Outfit unit will trade as Poundland.

Whilst the hospitality sector has been hit the group behind Das Kino, Penny Lane and Magic Garden opened another unit, Blind Rabbit Bar. Other successful F&B start ups include Everyday People restaurant, Mesa and Bar Gigi.

### Derby - Overall recovery index (based on footfall): 102 Spend index: 163

2021 saw the rebrand of the Intu centre to Derbion which was completed by new owners Cale Investments. Frasers Group have taken the vacant Debenhams store with 127,000 sq ft across three floors. Frasers have also agreed to take the former 24,000 sq ft Topshop unit for its Flannels brand.

Derbion has seen several other high-end brands open their doors including:

- 3,500 sq ft Tommy Hilfiger opened in June
- Mango opened in a 5,000 sq ft unit
- Hugo Boss, Whistles and Hobbs also opened units in 2021

Demolition and construction of phase 1 of the £200 m Becketwell regeneration site is well underway and construction of the 259 BTR apartments began in July and should be completed by early 2023. Phase 2 was granted planning permission which will see a 3,500 capacity performance venue developed.

### Leicester - Overall recovery index (based on footfall): 93 Spend index: 140

The £168 million Fosse Park Extension opened in April 2021, which added 140,000 sq ft of new retail and restaurant space (overall site increase of 40%). New occupiers include:

- Frasers Group, including Flannels, Sports Direct, Evans Cycles and Game
- Next including Waterstones, Costa and Virgin Holidays
- TK Maxx
- H&M
- Clarks

Next took the former 10,000 sqft B&M at St George's Retail Park and Ninja Warrior taking the former Toys R Us.

Leicester City Council received £45.4 million from the first round of the Levelling Up Fund. £17.6 million of which will go towards the regeneration of the railway station, converting the covered entrance hall areas into space for hospitality and retail.

£8.5million will be used to fund a scheme to redevelop the former city council premises at Pilot House, in King Street, into a home for start-up and growing creative businesses.

High Cross has repurposed the former Debenhams space to incorporate over 300 residential apartments in blocks of between 8 and 11 storeys and continues to attract mainstream brands with new units for Ted Baker and Rolex.



01



02



03

**MORE SITES REQUIRED**  
Contact Sam Hall or Matthew Hannah



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- 1. Frasers Group, Derbion | Marketing Derby
- 2. Broadmarsh Vision | Nottingham
- 3. Greggs Drive Thru | Mansfield

# CASE STUDY

## Bar Lane Industrial Park, Basford Nottingham - Multi-million pound deal

### Brief:

Bar Lane Industrial Park features a multi-tenanted 113,000 sq ft industrial scheme sited on 8 acres. The site was originally constructed in the 1900s and the principal unit has been subdivided into 25 units and encompassing over 20 tenants.

The industrial park is situated within a 15-minute drive to the centre of Nottingham and has excellent transport links.

The site is home to a number of local businesses who have been trading from the Industrial Park for a number of years.

The vendor required advice on the best route forward to maximise the potential of the estate.

Innes England had been advising on the site for months through their development services reviewing opportunities for the vendor on the best route forward, be that residential redevelopment or a sale of the existing investment.

Immediate attention in managing the site efficiently to an improved standard was required, thereby maximising market appeal. Innes England's Property Asset Management team were delighted to support the operations of the estate, adding imminent value.

The site required a condition report which was conducted through Innes England's Building Consultancy team, providing anticipated repair works required and the best route of action moving forward.

As a result Innes England's Agency and Development team proactively advised to sell the existing estate by approaching a number of active investors and were delighted to secure the sale surpassing the client's expectations, as well as supporting in letting the industrial units moving forward.

Innes England provided considerable expertise in preparing the site for sale and managing a very well-targeted marketing campaign to secure the sale.

### Our solution:

Innes England provided an all-inclusive service that comprised three of their key departments working collaboratively, Building Consultancy, Agency and Development as well as Property Asset Management.



### The results:

Innes England provided an integrated solution for Bar Lane Industrial Park to help maximise the value of the site.

Due to its popularity, the unique freehold opportunity eventually went to best bids and was secured by Meadow Lane Services Ltd, a well-established investor in the region.

Innes England secured a multi-million-pound deal which was more attractive than vendors predictions.

Innes England's unrivalled local knowledge generated considerable interest and ultimately secured the sale.

Innes England has now been retained by the purchaser to act as agents on the site and continue to let vacant units.

Both the private vendor and investor were delighted with the professionalism, advice and commitment Innes England provided.

### Quotes:

Dritan Skenderaj, Director at Meadow Lane Services, said: *"We are really pleased to have secured the site at Bar Lane Industrial Park. As well offering large industrial space, it is in close proximity to the city centre, and will certainly appeal to a number of businesses looking for somewhere new or to expand. We are excited to provide local businesses with an excellent central hub to grow from and offer the space they need to help their business be a success."*

Brett Artus, Asset Manager for the vendor, said, *"We are delighted with this result. With our professional team at Innes England and Waymark we have worked hard to try and maximise the potential of this site and we are confident that Meadow Lane Services will make the most of that potential."*

*Innes England and Waymark have provided considerable expertise in preparing the site for sale and managing a very well targeted marketing campaign.*

*Their unrivalled local knowledge generated considerable interest and ultimately secured the sale. My client is very pleased and I would like to thank all involved at Innes England and Waymark for their professionalism and commitment throughout."*

# UNITED WE DO MORE

When it comes to commercial property advice, we want to lead the way through our unrivalled knowledge and extensive experience across the East Midlands.

We believe 'united we do more' which means through our integrated service offering, we strive to provide our diverse customers with added value at every stage of the commercial property lifecycle.

Our extensive range of services offered by our key experienced departments means we can provide an all-encompassing solution for a wide range of businesses across the East Midlands that are looking for local, tailored expert advice.

- Agency and Development
- Building Consultancy
- Professional Services
- Property Asset Management
- Investment Consultancy

We provide a friendly, localised approach through our 3 office locations in Derby, Nottingham and Leicester which means we can provide best-in-class knowledge and insight for our prestigious client list.

As a team, we never want to standstill. Our agile approach means we can respond to the ever-changing markets and customer needs, as well as keeping up with the latest industry trends, whilst striving for a sustainable future.

If you would like to find out more about our integrated service offering, please visit [www.innes-england.com](http://www.innes-england.com)

## Our integrated service offering includes:-

### ▶ Agency and Development

- Acquisitions
- Disposals
- Lettings
- Land Sales

### ▶ Building Consultancy

- Dilapidations
- Commercial Building Surveys
- Development Monitoring
- Design and Project Management

### ▶ Property Asset Management

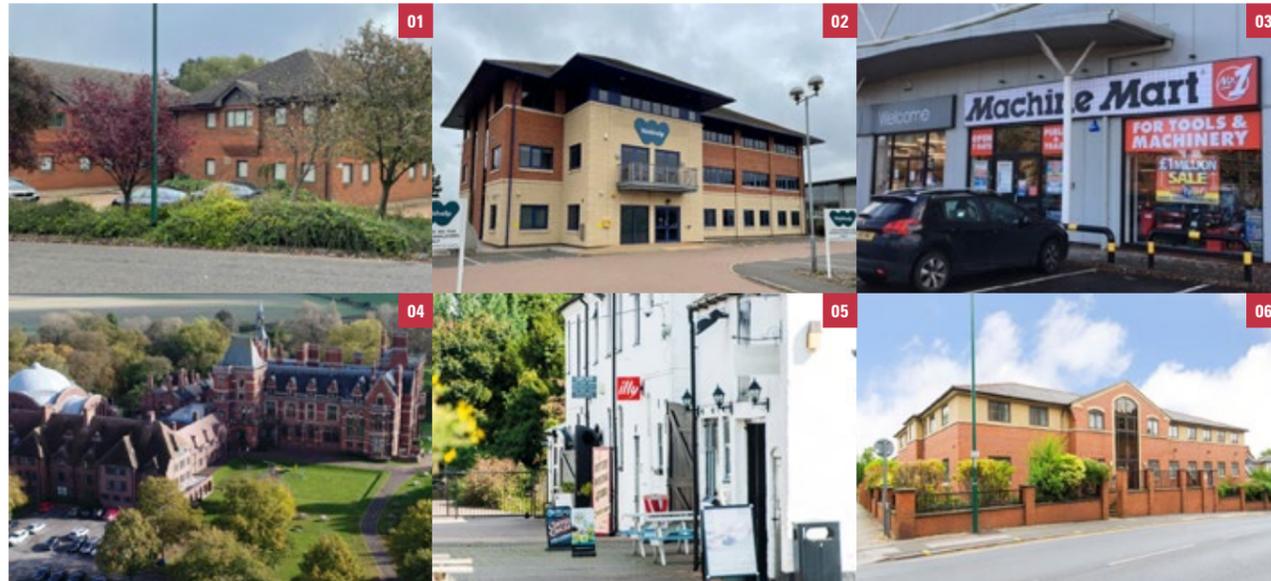
- Rent Collection
- Service Charge Management
- Maintenance & Repairs
- Statutory Regulatory Compliance

### ▶ Professional Services

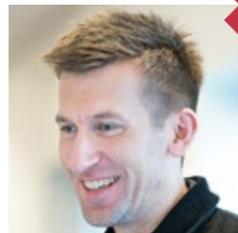
- Valuation
- Rent Reviews
- Lease Renewals
- Arbitration & Expert Witness

### ▶ Investments

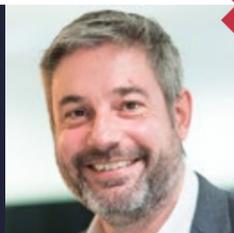
- Sales
- Acquisitions
- Asset Management & Portfolio Advice



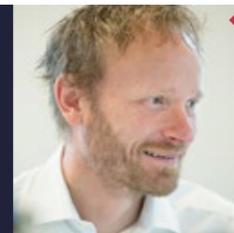
- ▶ 1. **Bell House** | Nottingham Science and Technology Park
- ▶ 2. **3 Centre Place** | Derby
- ▶ 3. **Machine Mart Store** | Northampton
- ▶ 4. **Grade I listed landmark building** | Newark
- ▶ 5. **Stoughton Grange Rural Centre** | Leicestershire
- ▶ 6. **Lancaster House** | Nottingham



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# INNES ENGLAND

MAKE A GREAT DECISION



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