

Worcestershire Commercial Property Market Report 2020

ft²

Total
Take-up



Vacancy
Rate

%

£

ft²

Droitwich Spa
Malvern
Kidderminster
Evesham
Stourport-on-Severn
Pershore

Pershore
Worcester
Bromsgrove
Redditch
Bewdley
Droitwich Spa
Malvern



Market Rent



Worcestershire Commercial Property Market Report 2020



John Dillon

Managing Director,
GJS Dillon

Whilst many across the country had a difficult 2019, there has been a lot to shout about in the Worcestershire commercial property market. The county is attracting new occupiers and those established here are continuing to grow, reaping the rewards from being centrally located within the country and having excellent communication links.

This report provides in-depth analysis into the trends and performance of the office and industrial markets within the county and its districts. There are also valuable insights from the Worcestershire LEP and BDO.

We at GJS Dillon are proud to have been serving the business community of Worcestershire for 10 years and we are delighted to see that it is going from strength to strength. Please contact our team of experts for further information.

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Top 5 take-aways

- 1** Worcestershire's central location attracts occupiers
- 2** Property take-up is capped by lack of opportunities
- 3** Low vacancy rates across all sectors show demand
- 4** New developments (particularly for the SME market) must be encouraged
- 5** Stability in 2020 will provide a springboard for business growth

Promoting Worcestershire's commercial opportunities on a global scale



Worcestershire's network of big name brands

Over a year ago, Worcestershire Local Enterprise Partnership (LEP) launched the new 'Worcestershire' brand to help promote the county as the ideal investment location, to audiences in the UK and across the globe.

Now, the LEP is working together with hundreds of local businesses to promote the brand and its 'Worcestershire 1000' membership, in order to highlight the many excellent opportunities that exist for all those who live, work and invest in Worcestershire.

The free to join membership acts as a network of organisations championing the county, from private sector to public sector. With so many businesses and organisations exporting their products and services across the world, Worcestershire LEP knows that the county should be known for being more than just the home of a tasty bottle of sauce.

To help shift this perception of the county, each and every member that joins the Worcestershire 1000 membership gets up-to-date information and promotional materials, covering a wide variety of sectors and geographical locations. With 400 members already signed up to the brand and an accessible directory designed for networking, the initiative is quickly growing in popularity, reach and influence.

Indeed, some of the county's biggest businesses have already signed up to the brand, including Worcester Bosch, Worcestershire County Cricket Club, Hewett Recruitment, Malvern Panalytical and Heller Machine Tools. There are also plans in place to highlight how the county is home to leading brands, and a planned campaign known as 'Made in Worcestershire' will specifically highlight the many innovative and life-changing products which are made in the county.

An engaged global audience

As the county's brand continues to grow, an impressive catalogue of international delegations are meeting with Worcestershire LEP and its network of businesses.

It's clear that investors around the world are taking an interest in the county. During April last year, an Israeli cyber technology delegation visited Worcestershire as part of an inward investment mission. The delegation made the journey with the excitement of visiting Worcestershire's world-renowned manufacturing businesses. Worcestershire LEP has also welcomed delegations from Japan and Ireland within the past 12 months, giving them the opportunity to meet with the county's thriving cyber and med-tech businesses, and discuss opportunities to invest.

Worcestershire is also forging a strong business relationship with the State of Maryland, who have become well renowned as America's leaders in cyber and defence business. The relationship has been built on the foundations of a Memorandum of Understanding, which has committed Worcestershire and Maryland to a series of trade delegations designed to boost trade between the two regions' businesses, as well as offer investment opportunities to those who are looking to expand their international presence and launch new offices.



Worcestershire
Local Enterprise Partnership



More connected than ever

Without a doubt, one of Worcestershire's main attractions for international delegations is the county's digital connectivity, particularly with the new 5G testbed.

Led by the Worcestershire LEP team as part of a consortium, the testbed is the UK's first Government-funded testbed to specialise in Industry 4.0 and is helping business to significantly boost their productivity.



"The international delegations that we welcome are always impressed by the county's innovations in digital connectivity. Worcestershire excels when you couple this offer of digital connectivity with a high quality of life and close proximity to major economic markets and international airports."

Phoebe Dawson, Director of Inward Investment and Partnerships for Worcestershire LEP

This physical connectivity is set to improve even further when Worcestershire Parkway station opens this year and provides faster journey times to London and new routes from Cardiff to Nottingham.

On a more local level, Worcestershire LEP is also investing in a number of other transport infrastructure projects including the Pershore Infrastructure Improvement Scheme, Pinvin Junctions, Pershore Northern Link Road, Churchfields and the A38 in Bromsgrove.

To hear the very latest news on how Worcestershire LEP is working to promote the county across the world, register to attend Worcestershire LEP's Annual Conference event for free by visiting www.wlepconference.co.uk

To join the Worcestershire1000 membership for free, visit the brand website www.oneworcestershire.com/join

A TWO-HORSE RACE?

Manufacturing has done it again. The sector that has historically been Worcestershire's prime engine for corporate growth has once more seen off competition from a vibrant retail industry that is snapping at its heels.

This year's top 50 fastest-growing Worcestershire companies include 19 manufacturing and precision engineering businesses, compared to 12 retail, wholesale and leisure players. Jointly the two sectors account for 62% of the number of businesses in the top 50.

SECTORS IN THIS YEAR'S TOP 50 FASTEST-GROWING COMPANIES

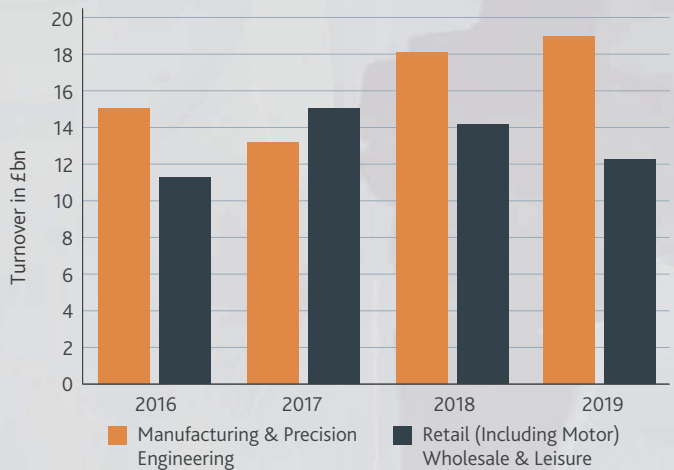


The number of retail companies in the top 50 has been declining over the past three years. In BDO's 2017 Growth Report, retail companies outnumbered manufacturers by 15 to 13.

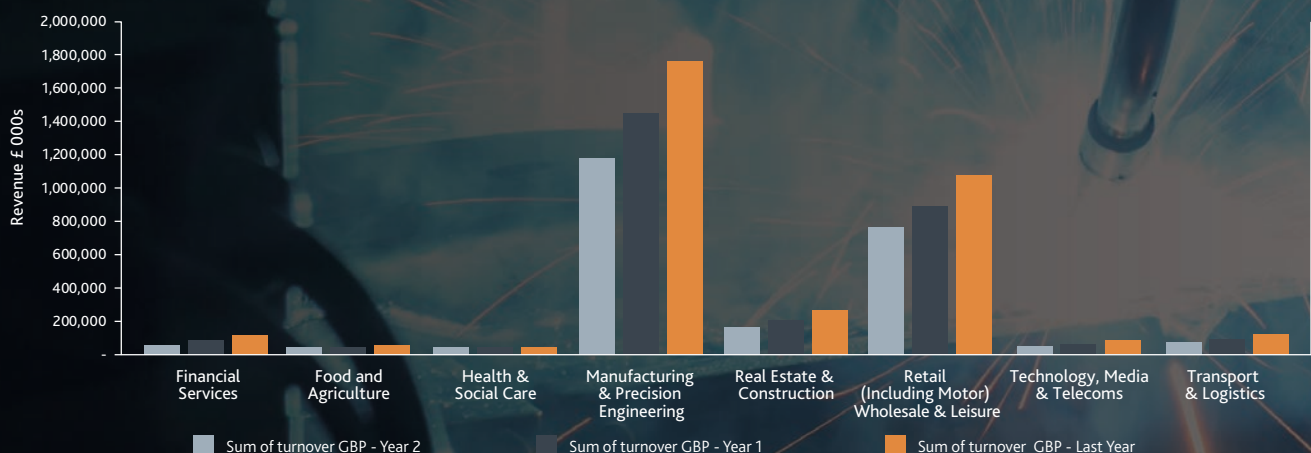
The top 50's manufacturing companies have always had the edge over retail in terms of combined turnover and revenue growth, however even in 2017, manufacturing and precision engineering businesses in Worcestershire's top 50 fastest-growing companies were pulling in a combined £782m, compared to £672m for retail, wholesale and leisure.

This year the difference between the sectors, in terms of combined turnover, remains significant. The manufacturing and precision engineering companies in the top 50 made more than £1.8bn in the last year under review, compared to just over £1.1bn for businesses in retail, wholesale and leisure.

MANUFACTURING AND PRECISION ENGINEERING VERSUS RETAIL (INCLUDING MOTOR) WHOLESALE AND LEISURE, BY YEAR



TURNOVER BY SECTOR IN WORCESTERSHIRE



But what is perhaps more noteworthy is what is going on in other sectors in the list. Looking back over previous editions of the top 50, there is a clear consolidation of Worcestershire's corporate growth into manufacturing and retail, with other sectors gradually disappearing from view.

As an example, the food and agricultural sector accounted for £340m of turnover in BDO's first growth report, in 2016. That level dropped to £269m and then £70m in subsequent years. In this year's top 50, three food and agricultural sector businesses pulled in less than £46m.

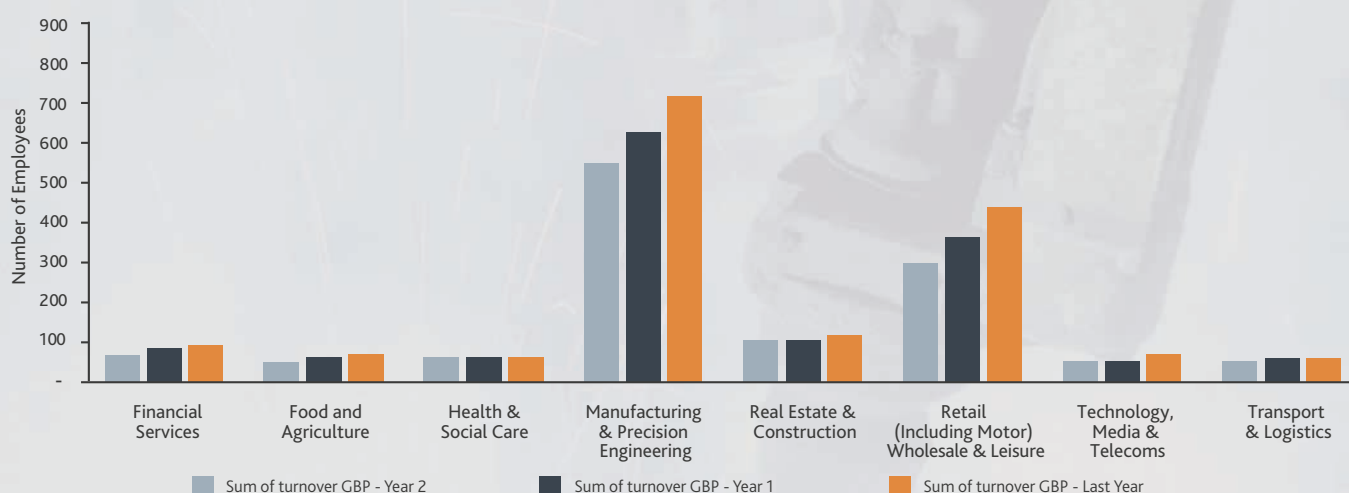
It's a similar story with professional services, which was the third-largest sector by turnover in the top 50 two years ago but does not appear at all in this year's results.

Only real estate and construction seems to have maintained its albeit minor presence in the top 50, with seven companies this year making a combined £274m, roughly the same as in BDO's last Growth Report list.

In a nutshell, a review of BDO's top 50 list over the years shows that business growth in Worcestershire is increasingly becoming a two-horse race between manufacturers and retailers. Jointly, these sectors accounted for almost 83% of turnover in this year's top 50.

This turnover trend has a direct bearing on jobs, with manufacturing and retail accounting for more than 11,800 out of the almost 15,300 workers employed by the companies in this year's top 50. Furthermore, sector growth trends do not look likely to add much diversity to the picture.

EMPLOYEE GROWTH PER SECTOR IN WORCESTERSHIRE



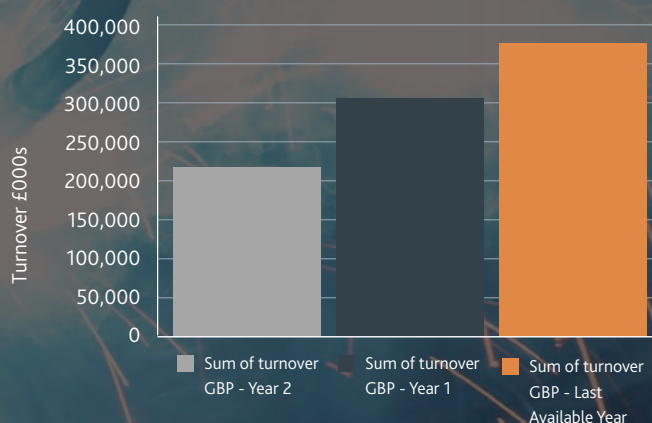
While all the companies in the top 50 are naturally notable for their high growth rates relative to the rest of the Worcestershire corporate ecosystem, the number of fast-growing manufacturers and retailers in our list makes it hard for them to be outstripped by other sectors.

This is not to say other sectors in the list are not growing quickly. In this year's top 50, for example, manufacturers have grown on average 49% over the last two years and retailers have grown 43%.

The real estate and construction companies on the list were able to beat these rates, posting 76% growth compared to three years ago, but their declining presence in the list perhaps indicates that it is harder for such businesses to sustain high growth rates in Worcestershire.

Overall, revenues across this year's top 50 have grown by more than 51% compared to two years ago. That's not far off the average growth rate of the manufacturing and retail sectors combined, once again highlighting the dominance of these two industries in the driving business growth across Worcestershire.

REVENUE GROWTH IN WORCESTERSHIRE



GARY ROUSE

DIRECTOR

+44 (0)7976 198489

GARY.ROUSE@BDO.CO.UK

Information provided by BDO LLP from their recent **Worcestershire Growth Report Oct 2019**, to see the full report go to the link below:

<https://www.bdo.co.uk/en-gb/insights/locations/birmingham/worcestershire-growth-report>

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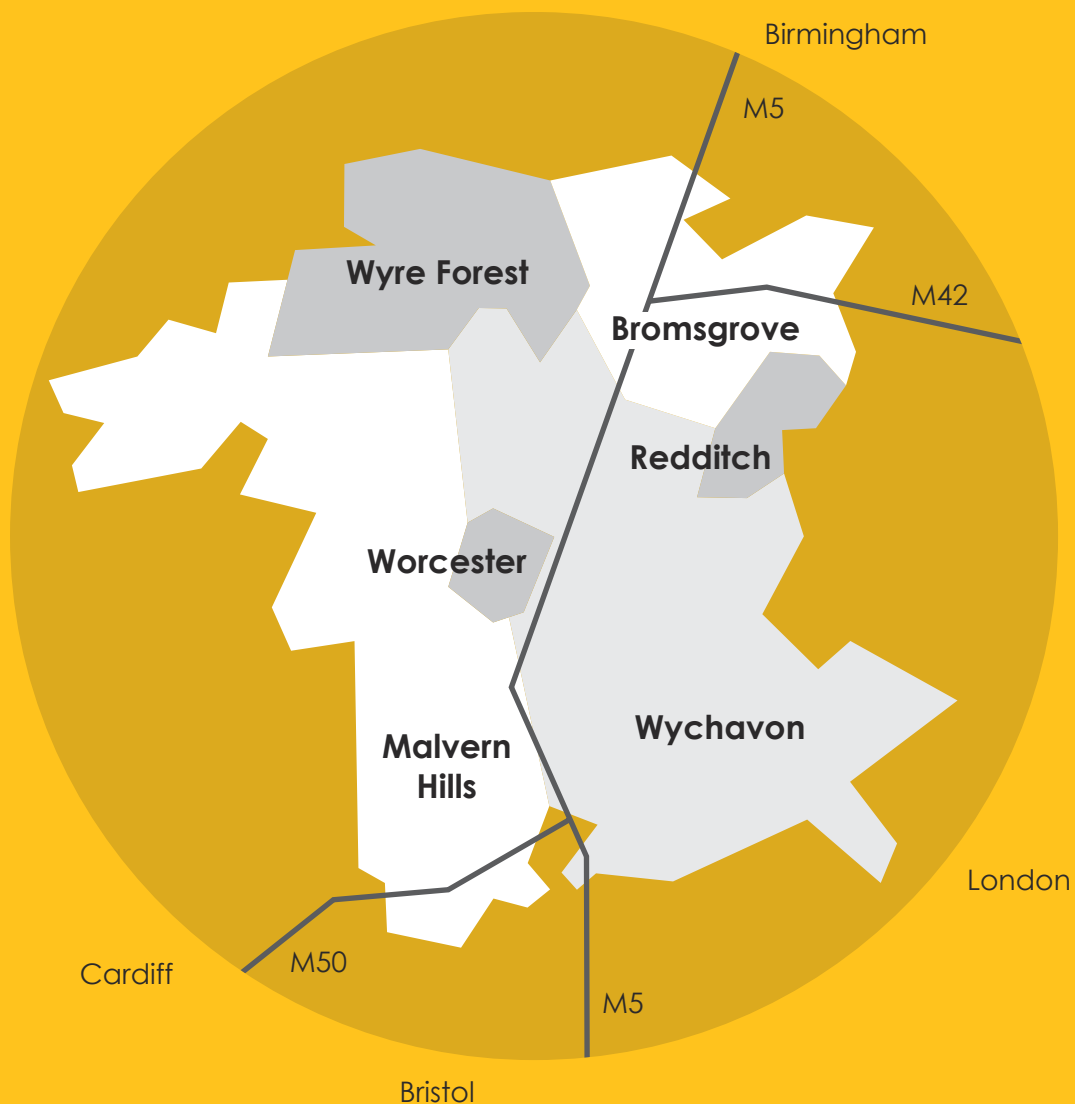
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Office Sub-Markets 2019

	Total Office Stock (ft²)	Total Take-Up (ft²)	Vacancy Rate
Bromsgrove	1,042,112	36,528	2.5%
Malvern Hills	892,253	10,876	5.6%
Redditch	1,352,942	23,286	2.3%
Worcester	2,040,795	44,871	3.0%
Wychavon	914,887	31,187	2.1%
Wyre Forest	737,062	8,724	3.3%



Bromsgrove

Bromsgrove

36,528
ft²

Total Take-up (ft²)
Freehold and leasehold

12
months

Months of Supply

2.5
%

Vacancy Rate (%)

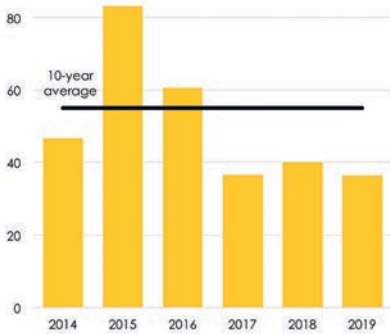
19.15
£

2019 Headline Rent
(£ per ft²)

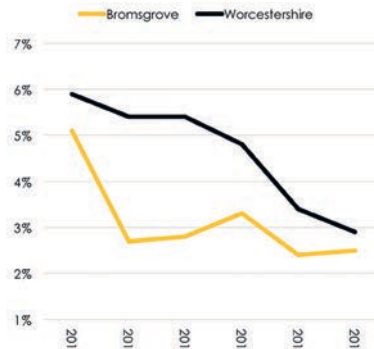
139
£

2019 Avg. Sales Rate
(£ per ft²)

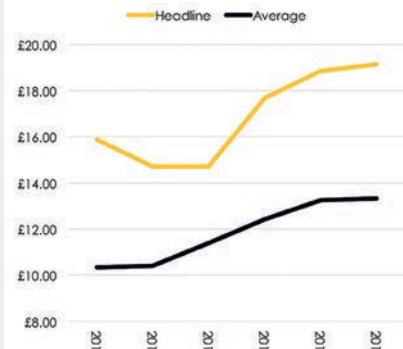
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



SME businesses are thriving, exploiting Bromsgrove's connectivity, creating the highest demand for offices in the county.

Demand

Take-up in 2019 was marginally below 2018 levels and in line with 2017, although still below the 10-year average. This is fundamentally owing to the continued lack of office stock, with Bromsgrove having the fastest transaction time in the county (the time between a property coming to market and completing); at 5.9 months (the county average is 9.0 months).

Demand is largely centred around the motorway junctions and A38 corridor, however business park locations remain strong.

Supply

Availability is up by 55% from a year ago at 53,000 sq ft, however this is distorted by a few mid-size properties that have returned to the market – such as Bellway House in the town centre, which as at the date of this report was Under Offer.

Of this 53,000 sq ft, there is no new build accommodation and a limited amount of Grade A space.

Rental and Capital Values

Despite the ageing stock within Bromsgrove, headline rents have increased on 2018 levels, showing the demand for quality, well connected space. Rents at this level are being quoted and set by schemes that have exploited the motorway junctions and connectivity of Bromsgrove, such as Topaz.

The average sales rate has fallen as a consequence of two large sales of existing, dated stock; including the sale of a 5,500 sq ft office on Saxon Business Park.

Outlook

With the existing office stock becoming dated, there is a huge opportunity within Bromsgrove to develop new or refurbished Grade A office space that can capitalise on the stock shortage. Bromsgrove has the thriving business base to support this, particularly within the SME sector.

Malvern Hills

10,876

Total Take-up (ft²)
Freehold and leasehold

60

Months of Supply

5.6

Vacancy Rate (%)

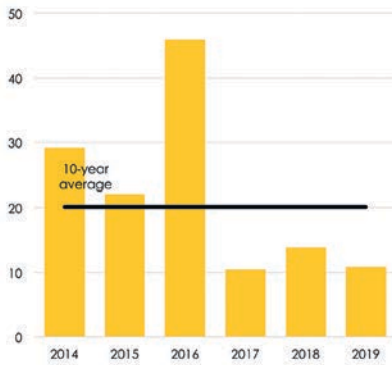
14.46

2019 Headline Rent
(£ per ft²)

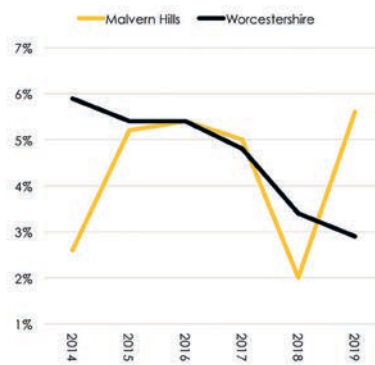
132

2019 Avg. Sales Rate
(£ per ft²)

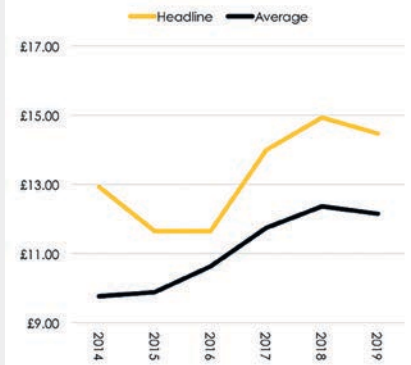
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



The Malvern Hills district is an established tech centre and is addressing this specific demand with new schemes that are centred around traditional tech hubs.

Demand

Having the smallest amount of total stock limits annual take-up in the Malvern Hills district, with 2019 levels tracking in line with the previous two years. This is set to change as the next phase of the Malvern Hills Science Park is developed, along with the final building at Enigma Science Park, which will offer quality accommodation of a suitable size.

Supply

Availability is in line with last year at circa 100,000 sq ft, however this figure is inflated by the Bernard Lovell Building – 64,312 sq ft of office space on Malvern Technology Park that is available to lease.

The supply pipeline (current availability vs. take-up) has increased to 62 months, which is reflective of the new developments mentioned above.

Rental and Capital Values

Average market rents have decreased marginally for the first time in five years, perhaps owing to the increased supply to the district. They are still outperforming neighbouring Worcester, which is reflective of Malvern's relatively modern stock.

The average sales rate also fell marginally on last year to £132 per sq ft, owing to the sale of two large existing office buildings around Spring Lane and Grovewood Road.

Outlook

Malvern has continued to draw on its identity as a place of excellence within the technology sector. This will be further strengthened in 2020 as the Malvern Hills Science Park continues its expansion. Whilst this trend has been recognised, other business sectors remain active, with existing accommodation still being occupied at levels which are affordable.

Redditch

Redditch

23,286

Total Take-up (ft²)
Freehold and leasehold

20 months

Months of Supply

2.3

Vacancy Rate (%)

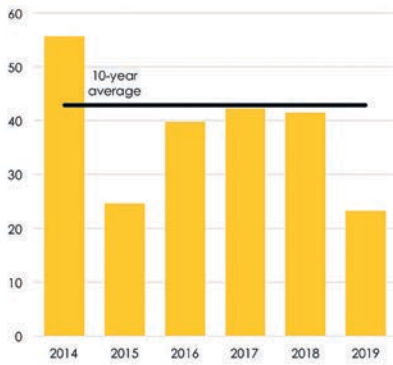
11.14

2019 Headline Rent
(£ per ft²)

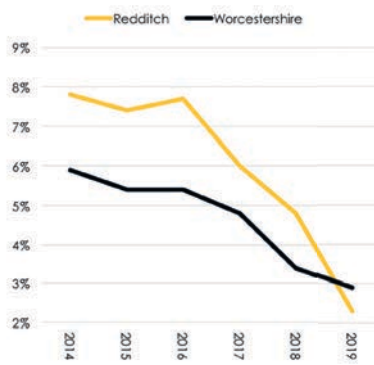
148

2019 Avg. Sales Rate
(£ per ft²)

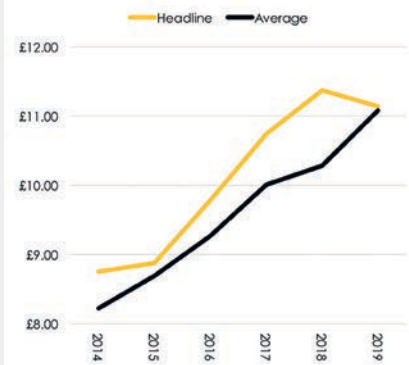
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



Demand from the existing market, Birmingham and M42 corridor has driven down vacancy rates to below the county average.

Demand

Being in close proximity to Birmingham city centre (approximately 12 miles to the north), Redditch remains popular with occupiers looking for similar connectivity at more affordable rates. Demand therefore tends to mirror large cities whereby nearly 72% of transactions were lettings over the 10 year average.

This has led to vacancy rates falling below the county average for the first time in at least five years.

Supply

Availability has fallen by almost 25% as the amount of stock available to occupiers, particularly in the freehold market, has decreased. This has created a further struggle for owner occupiers who face competition from the investment market, which is still particularly active within Redditch.

A shortage of supply of modern office accommodation has caused the disparity between headline and average rents to decrease to almost nothing.

Rental and Capital Values

Average rental levels remain strong, perhaps owing to the increased competition for good quality space.

With Redditch continuing to be the county's "hotspot" for the investment market, owner occupiers have continued to compete against this market leading to average sales rate being among the highest in the county at £148 per sq ft.

Outlook

If Redditch is to continue to attract businesses from Birmingham and the M42 corridor, it needs to address the availability of good quality space. This is particularly prevalent in the freehold market whereby opportunities need to be created to match the appetite from the owner occupier and investment markets.

Worcester

Worcester

44,871

Total Take-up (ft²)
Freehold and leasehold

30 months

Months of Supply

3

Vacancy Rate (%)

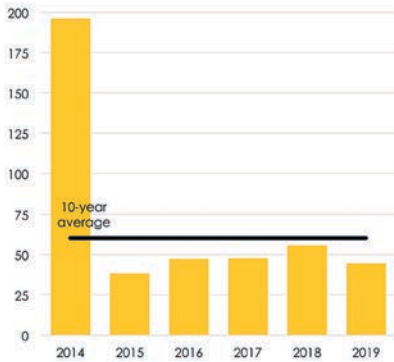
15.76

2019 Headline Rent
(£ per ft²)

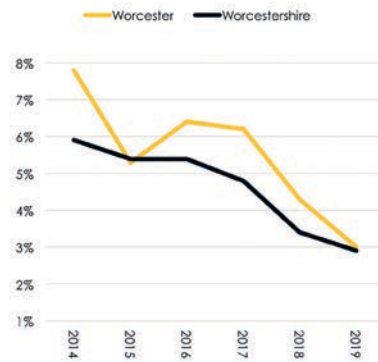
145

2019 Avg. Sales Rate
(£ per ft²)

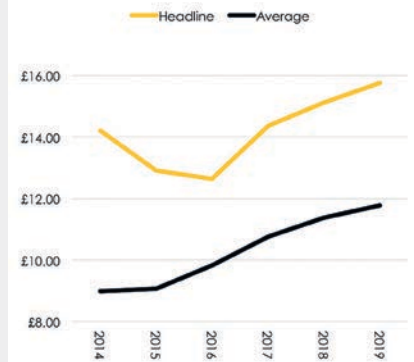
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



Rental levels and capital values remain strong as companies look to remain involved with the strong business network of the county city.

Demand

With the infrastructure and population that comes with being a county city, the average deal size is higher than the rest of the county; most notably owing to a single letting at Perdiswell Park.

However, demand still remains strong within the sub 1,500 sq ft category as occupiers look to take advantage of the multitude of period buildings which have been converted for office use.

Supply

Availability levels have been cut in half to those of last year owing to the withdrawal of the former DEFRA site development in favour of a residential scheme, which was set to introduce 160,000 sq ft of new Grade A office accommodation to the market.

Supply remains strong to the east of the city with plans for a 28,000 sq ft office building at Sixways Park.

Rental and Capital Values

The increasing disparity between headline and average rents reflects the demand for open plan floor plates on the business parks to the east of the city, which owing to the infrequency at which this space becomes available means good rents are being paid.

Average sales rates have remained consistent at £145 per sq ft, perhaps owing to the lack of brand new high quality space that can justify an increase from this.

Outlook

As the High Street struggles, Worcester needs to address the shifting geographical location of its office market in order to attract office workers to the city centre. This can be addressed by looking at the conversion of the upper floors above retail accommodation, parts of which are currently underutilised.

Wychavon

Wychavon

31,187

Total Take-up (ft²)
Freehold and leasehold

67

Months of Supply

2.1

Vacancy Rate (%)

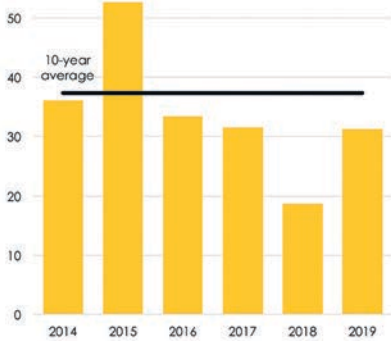
15.61

2019 Headline Rent
(£ per ft²)

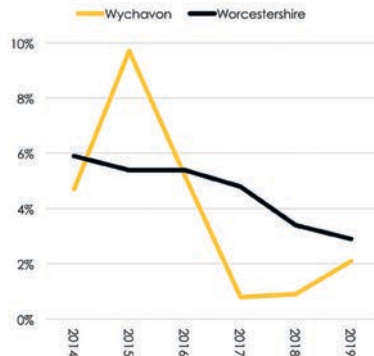
150

2019 Avg. Sales Rate
(£ per ft²)

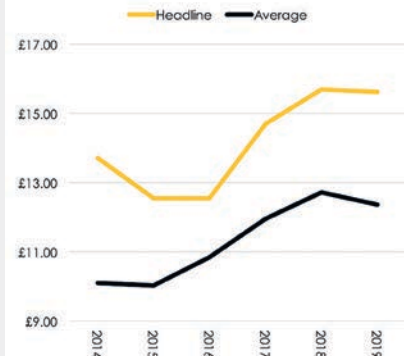
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



Wychavon is set to enter a golden era as Worcester Six continues to grow and Worcestershire Parkway station opens.

Demand

Wychavon has the lowest vacancy rate and highest average sales rate in the county, showing the significant demand from businesses wanting to benefit from the district's first class transport links.

Demand in the district came from all ends of the spectrum, with 60% of the total number of transactions being in the sub 1,500 sq ft market. Large deals were completed for freehold and leasehold accommodation, namely a letting at Whittington Road and the sale of Innovation House in Droitwich.

Supply

Whilst the landmark development of Worcester Six has started to become the home of some warehouse and logistics operators, there is the potential to add over 100,000 sq ft of office accommodation to the district. Something that will appease those looking for large, well presented space.

Wychavon must however maintain the supply of sub 4,500 sq ft units to cater for the strong SME market within the district.

Rental and Capital Values

Rental growth in Wychavon has increased year-on-year since 2015 with headline rents now at £15.61 per sq ft. This is reflective of the demand for well connected space.

The average sales rate is the highest in the county, as the strong owner occupier market looks to take advantage of preferential buying conditions. Appetite has been particularly strong for existing courtyard schemes in Droitwich and Evesham.

Outlook

The district has the opportunity to bring more employment to the regions through the development around major infrastructure points such as its motorway junctions, the A46 and Worcestershire Parkway Station. These opportunities must however give consideration to the SME market in order to create an organic business environment within the area.

Wyre Forest

8,724

Total Take-up (ft²)
Freehold and leasehold

18 months

Months of Supply

3.3%

Vacancy Rate (%)

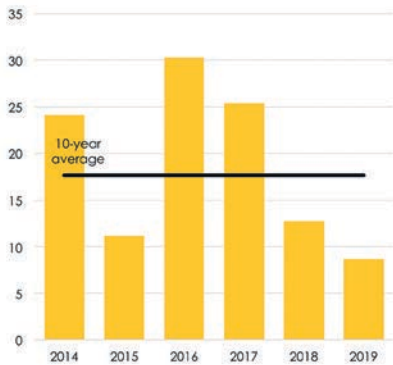
£11.38

2019 Headline Rent
(£ per ft²)

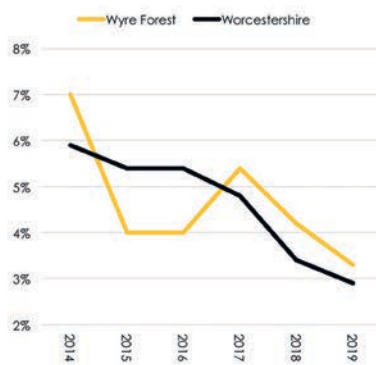
£115

2019 Avg. Sales Rate
(£ per ft²)

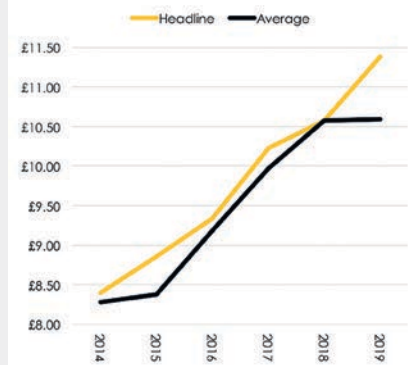
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



As the only submarket to experience both rental and capital growth in 2019, demand in the Wyre Forest is at an all-time high.

Demand

Vacancy rates within the Wyre Forest office market have fallen to their lowest for a decade, to 3.3% (compared to 4.2% in 2018). A lack of availability led to take-up in 2019 being the lowest within the previous five year period, however a notable transaction includes the letting of the former Registry Office within Kidderminster.

Supply

The Wyre Forest area has the lowest amount of office stock in the county, which is primarily attributed to its manufacturing past. However with vacancy rates hitting a record low, this presents a huge opportunity for developers to capitalise on the increasing demand.

Whilst preparing this report, it is worth noting there were no freehold opportunities available in the Wyre Forest, save for previous office schemes which have been signalled for development to alternative uses.

Rental and Capital Values

The reduced divergence between headline and average rents reflects the shortage of transactions of quality accommodation within the region. As office schemes along the Stourport Road, such as Gemini House, come to market we expect rental levels in the region to increase.

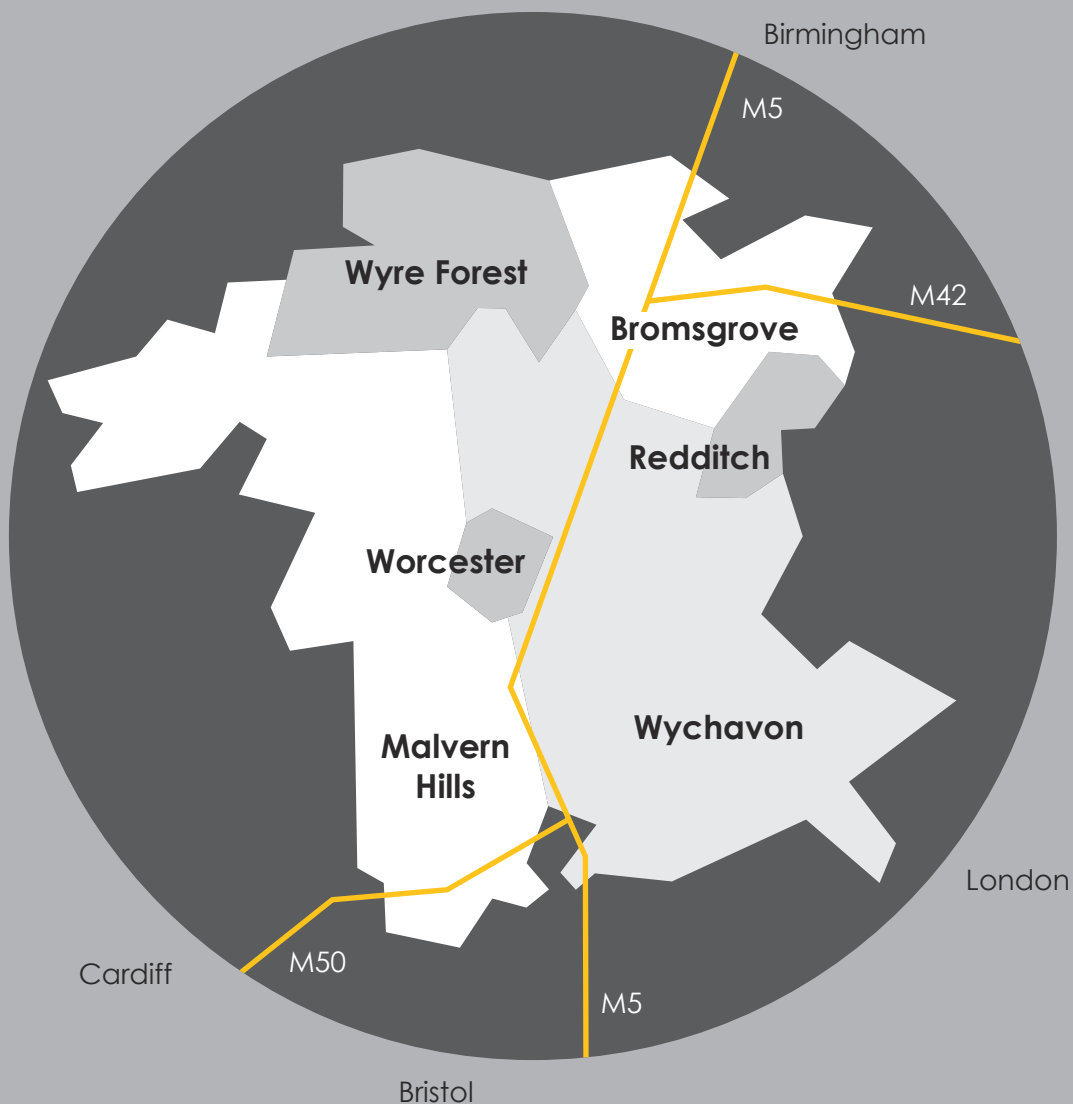
Average sales rates remain low in comparison to the rest of the county at £115 per sq ft. This reflects the dated stock of the Wyre Forest's manufacturing past and presents an opportunity to developers to introduce purpose built stock to the market.

Outlook

Despite having the lowest amount of stock in the county, the Wyre Forest office market has fared well in comparison to previous years. The increasing pressure from occupiers looking to move or grow within the district presents an opportunity for developers or Landlords to capitalise on this demand.

Industrial Sub-markets 2019

	Total Office Stock (ft ²)	Total Take-Up (ft ²)	Vacancy Rate
Bromsgrove	3,979,645	60,067	3.8%
Malvern Hills	1,924,338	43,832	4.3%
Redditch	8,561,234	251,679	5.8%
Worcester	6,769,426	227,999	2.1%
Wychavon	13,583,944	541,959	3.8%
Wyre Forest	5,816,244	241,366	4.6%



60,067

Total Take-up (ft²)
Freehold and leasehold

8 months

Months of Supply

3.8

Vacancy Rate (%)

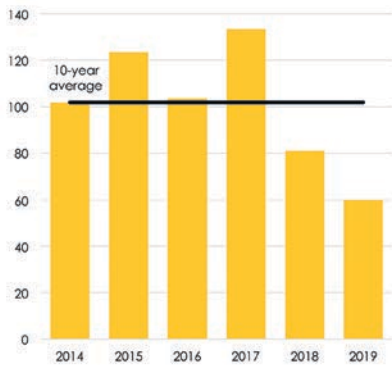
7.47

2019 Headline Rent
(£ per ft²)

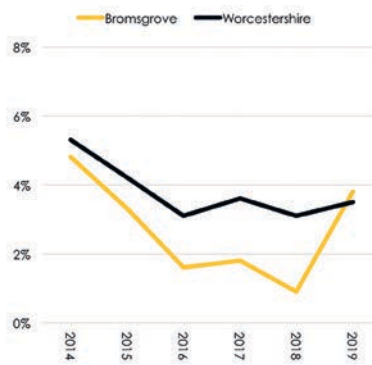
94

2019 Avg. Sales Rate
(£ per ft²)

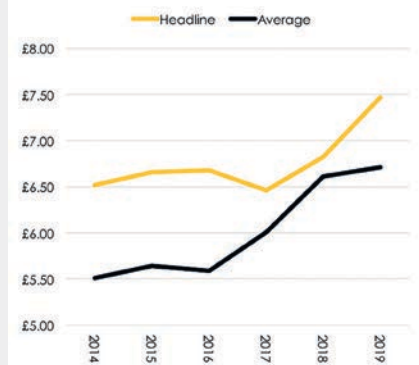
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



Other submarkets can take lessons from how well Bromsgrove has catered for the SME market. Bromsgrove must continue to supply this market and also look at schemes which could accommodate the growth of these businesses.

Demand

Bromsgrove remains the most in demand industrial location for SME businesses with only one of the 19 transactions in 2019 being above the 10,000 sq ft mark; the letting of 11,500 sq ft at Buntsford Drive.

Take-up was at its lowest for six years, owing to the lack of supply. However, the split between freehold and leasehold opportunities remained consistent at around 30% of all transactions.

Supply

Availability levels are comparative to the same time last year, however there are fewer freehold opportunities on the market. The supply of industrial property against average take-up remains the lowest in the county at 8 months, with the next lowest being the Wyre Forest at 13 months.

This presents a huge opportunity for investors to take advantage of the highest average sales rate in the county.

Rental and Capital Values

Rental values across all industrial submarkets increased this year, which perhaps represents the shift in commerce and growing need for distribution warehousing. Bromsgrove increased its disparity between headline and average rents to a headline rent of £7.47 per sq ft. This is a consequence of a number of transactions at Sapphire Court, a good quality scheme on Bromsgrove Enterprise Park.

Capital values remained high as SME businesses look to acquire property and take advantage of preferential buying conditions.

Outlook

There is still a severe stock shortage which is putting pressure on supply and values. Despite the lack of opportunities, Bromsgrove continues to attract SME businesses which acknowledge the strong sub 10,000 sq ft market the district has created, particularly at schemes such as Saxon Business Park.

Whilst schemes such as this need to continue to be made available, the district must also look at the next level of accommodation in terms of size, in order for these growing businesses to have premises to grow into.

Malvern Hills

Malvern Hills

43,832

Total Take-up (ft²)
Freehold and leasehold

50

Months of Supply

4.3

Vacancy Rate (%)

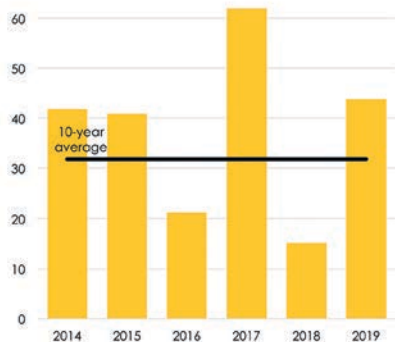
7.30

2019 Headline Rent
(£ per ft²)

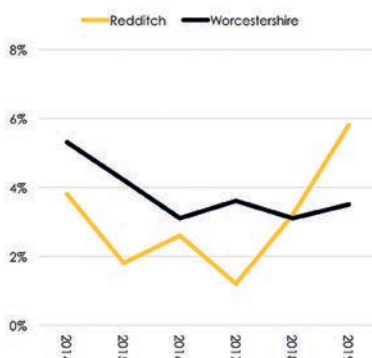
67

2019 Avg. Sales Rate
(£ per ft²)

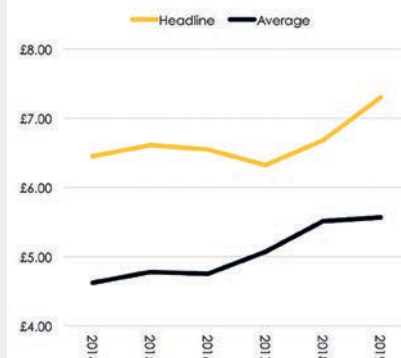
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



The improvements to the Southern Link Road will further open up the Malvern Hills as a commercial destination and the area needs to be ready to cater for this demand, offering freehold and leasehold opportunities across all sizes.

Demand

The Malvern Hills district traditionally has the lowest take-up levels owing to its smaller commercial market, with the total amount of industrial stock being 1,924,338 sq ft, compared to the second lowest (Bromsgrove) at 3,979,645 sq ft.

Take-up exceeded the 10 year average owing to the letting of 24,250 sq ft on Sparrowhawk Close, being one of only 6 deals in the past five years to be over 10,000 sq ft.

Supply

Supply within the Malvern Hills district has increased dramatically since last year owing to the proposed development at Broomhall Business Park, which falls within the district. If we disregard this scheme, availability falls from 50 months to 15 months.

Although landmark schemes such as this are good for the district, smaller developments must also be considered in order to cater for the strong SME sector.

Rental and Capital Values

Rental levels are increasing with headline rents being above £7.00 per sq ft for the first time in five years. This is more a reflection on the increased demand as opposed to the influx of new accommodation to the area.

Capital values have fallen slightly, perhaps reflecting the above whereby there is little new stock coming to the market.

Outlook

As infrastructure projects such as the Southern Link Road improve the attraction to businesses looking to move to the area, opportunities must be made available to occupiers looking at all sizes of accommodation.

Malvern itself is still growing as a centre of excellence for technology companies and what is being done in the office market to cater for these businesses needs to be reflected in the industrial sector.

Redditch

Redditch

251,679

Total Take-up (ft²)
Freehold and leasehold

35

Months of Supply

5.8

Vacancy Rate (%)

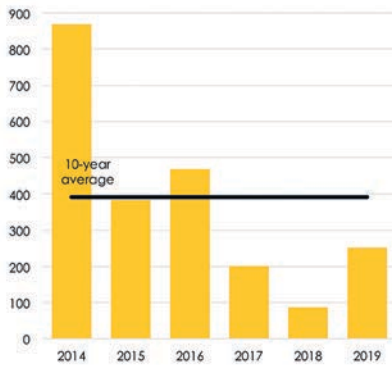
7.95

2019 Headline Rent
(£ per ft²)

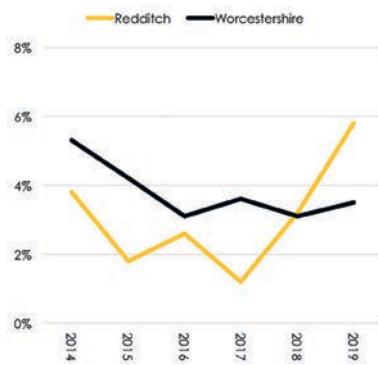
75

2019 Avg. Sales Rate
(£ per ft²)

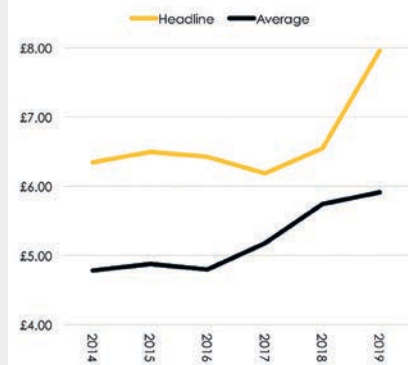
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



New developments are breathing new life into the Redditch industrial market across the entire business spectrum with regards to size. This therefore presents the opportunity to refurbish existing stock and take advantage of momentum.

Demand

Take-up in the Redditch industrial market improved on 2018 levels however it still tracked below the 10 year average. With Redditch offering a number of well-connected large industrial units, these have a significant impact on take-up. As schemes such as Velocity 42 reach practical completion, we expect take-up to improve next year.

Supply

Supply levels in Redditch are good and sit marginally above the county average at 35 months. It is encouraging to see that new build schemes in the area are catering for all ends of the business spectrum. Examples include Crescent Trade Park supplying the SME market and Velocity 42, and the proposed Redditch Eastern Gateway, supplying larger occupiers.

Rental and Capital Values

Headline rental levels in Redditch have increased dramatically over the past year, showing the effect that new schemes such as Crescent Trade Park can have on a property market. Schemes such as this and Royal Enfield Business Park show the appetite for accommodation in the sub 5,000 sq ft market.

Capital values remain strong with an average sales rate for 2019 of £75 per sq ft. These values are driven by the demand that has come from occupiers competing with the investment market.

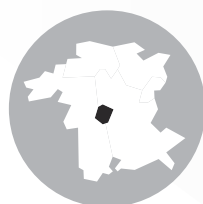
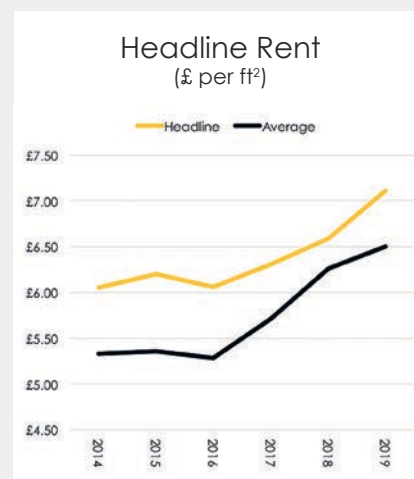
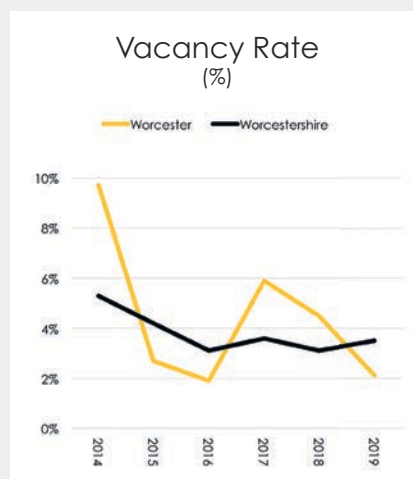
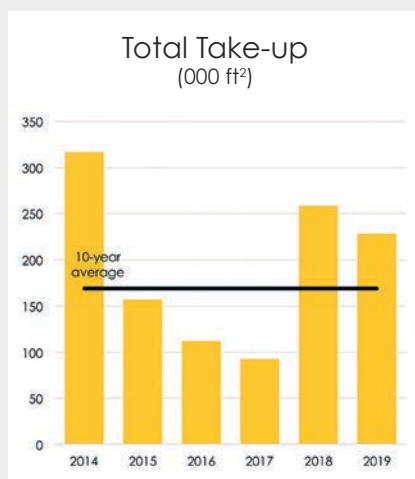
Outlook

Redditch is a hotspot for occupiers looking for a variety of well-connected space that is in the centre of the country. As the schemes mentioned above approach completion, the profile of the town as an industrial location will increase, sustaining the growth seen in rental values and sales rates.

With Redditch lying close to other alternatives, these schemes should satisfy the leasehold market, however opportunities must continue to be made available to those looking to buy.

Worcester

Worcester



Commercial developments will always be fighting a battle with residential demand in Worcester. However the market remains strong, taking advantage of the local workforce and proximity to transport links.

Demand

For the second year running take-up exceeded the 10 year average, with notable transactions including the pre-let at Sixways Park and letting at Berkeley Business Park, both close to Junction 6 of the M5 motorway. This is where Worcester's industrial market has been centred around in recent years creating a geographical "sweet spot".

As a consequence of estate ownership in Worcester, only one freehold sale was recorded in 2019 against over 20 leasehold transactions.

Supply

Supply appears good with 36 months of stock available and a vacancy rate of 2.1% being the lowest in the county. However, with the average available lot size being above 15,000 sq ft, this paints a distorted picture. Industrial units below the 10,000 sq ft are scarce, presenting an issue for start-up businesses and those looking to grow.

Rental and Capital Values

A strong leasehold market and demand to be around the motorway junctions has put upwards pressure on rental levels, with headline rents pushing past the £7.00 per sq ft mark for the first time in five years.

Capital values have remained constant, but, with few transactions, any significant gains have been capped.

Outlook

Given the small geographical size of the Worcester submarket, take-up levels were good in 2019. However increased pressure on the city's motorway junctions means other existing sites need to be looked at, for example those to the east of the river and around the Southern Link Road and A449 corridors.

Wychavon

Wychavon

541,959

Total Take-up (ft²)
Freehold and leasehold

35

Months of Supply

3.8

Vacancy Rate (%)

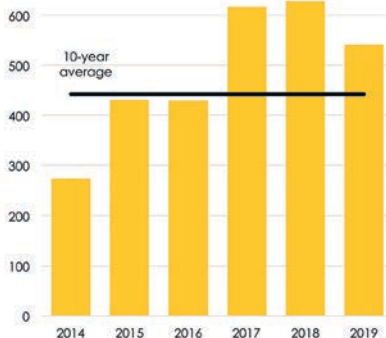
9.74

2019 Headline Rent
(£ per ft²)

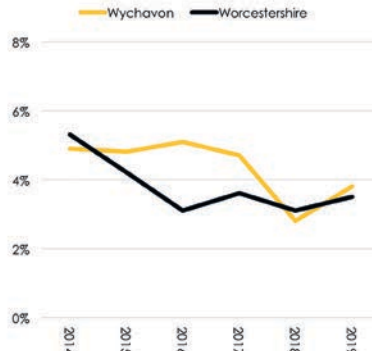
65

2019 Avg. Sales Rate
(£ per ft²)

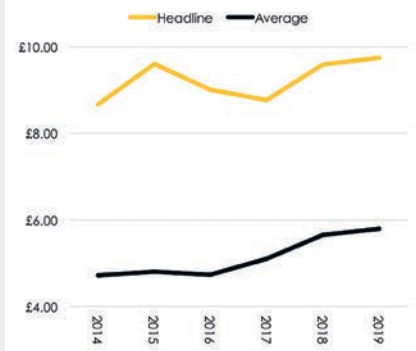
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



Wychavon's industrial market remains a roaring success catering for small businesses at sites such as Keytec 7 in Pershore and large businesses at Worcester Six, Stonebridge Cross and Hartlebury Trading Estate. As more developments such as Vale Park in Evesham come forward, consideration must still be given for the entire business community.

Demand

Take-up in Wychavon was the highest out of all six submarkets, owing to the size of the district and high profile developments such as Worcester Six and established estates like Hartlebury Trading Estate.

Wychavon is catering well for all types of businesses with incubator schemes at Hartlebury, Pershore and Evesham sitting alongside developments such as Worcester Six and Stonebridge Cross.

Supply

As land has become available and commercial developments promoted, supply has remained good across Wychavon. Whilst Worcester Six lies adjacent to the M5, developments across the district such as Vale Park in Evesham and the latter development phases at Hartlebury Trading Estate, offer premises in all locations.

With the institutional developments listed above catering well for the leasehold market, freehold opportunities need to be made available.

Rental and Capital Values

Wychavon has achieved the highest headline rents in the county owing to successful small unit schemes across the district. Aside from distorting the figures, this shows that county-wide more of these types of units are required as demand is high. Alongside this, average rental values are increasing towards the £6.00 per sq ft mark owing to the popularity of the district.

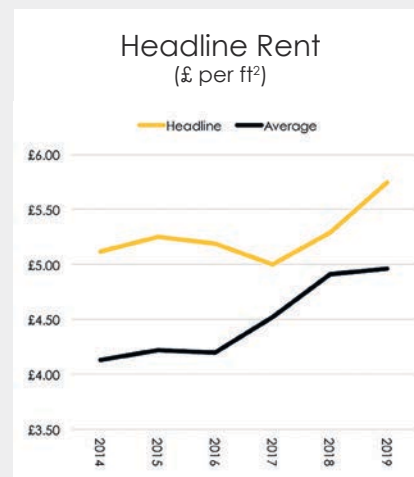
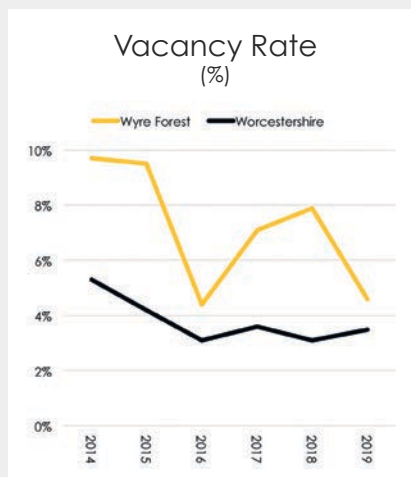
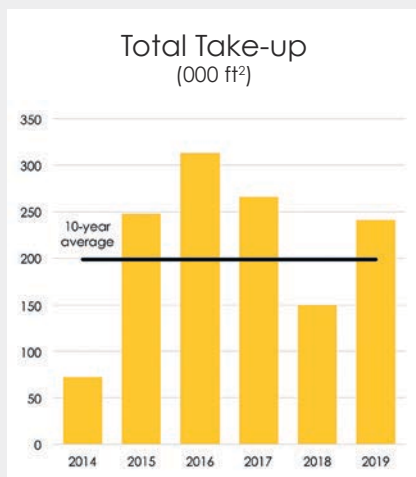
Capital values have decreased slightly owing to a number of large unit sales such as 20 The Furlong in Droitwich and units on Pershore Trading Estate.

Outlook

Wychavon is capitalising on its fantastic connectivity by creating opportunities for all alongside landmark developments. Whilst the success of these developments cannot be ignored, the district needs to continue to cater for the SME market by providing units in the sub 25,000 sq ft category.

Wyre Forest

Wyre Forest



Landmark deals in Kidderminster have a positive effect on the market with take-up, vacancy rates and rental levels moving in the right direction.

Demand

Take-up in 2019 was up 60% on 2018 and above the 10 year average at over 240,000 sq ft. The highlight being the landmark sale of Zortech, a 130,000 sq ft warehouse unit. This sale had an impact on vacancy rates and availability, both of which fell by almost 50%.

Demand remains popular around the Stourport Road area, with there being notable transactions at Finepoint Way and Ratio Park.

Supply

As at the start of the year, the amount of available space per sq ft is down by 50% on the same time last year. Of the stock that is available, it is encouraging to see that a third of this is available to the freehold market; which is positive given that over the past 10 years this market has accounted for only 25% of transactions.

The existing stock and development opportunities will appeal to nearby Black Country occupiers who are struggling to expand and need space.

Rental and Capital Values

Rental levels have increased along with the gap between headline and average rents. Headline rents have been achieved along the Stourport Road, with transactions such as 14 Finepoint Way proving that occupiers are prepared to pay for quality accommodation.

Average sale rates are low in comparison to the remainder of the county, which is reflective of the large units that remain from Kidderminster's manufacturing past. As smaller units are presented to the market, we would expect the average sales rate to rise.

Outlook

Areas such as Kidderminster have catered well for the larger occupiers however smaller schemes, such as Ratio Park, must continue to be promoted. Further development and take-up at Bewdley Business Park is proof of the demand within this sector.

The Wyre Forest must continue to offer good quality accommodation, with the conversion of former manufacturing facilities providing possible 'easy wins'.

Why Choose GJS Dillon?



Asset Management



Under the direction of Adam Jones, a Chartered Surveyor and RICS Registered Valuer with over 15 years of experience, the Asset Management Team works closely with Landlords and Tenants to ensure all parties are being provided with a proactive and tailored management service whilst also maximising investment returns.

Working with a range of property owners across Worcestershire and the West Midlands, the Asset Management Team strives to bring a professional and forward-thinking approach to their clients.

Asset Management

We will maximise the value of your assets using an innovative and bespoke management approach. Whether office, industrial, retail/retail parks or leisure premises, we will seek to improve occupational efficiencies and reduce operating costs.

Tenant Management

We will advise on your responsibilities as an effective Landlord by managing lease negotiations, rent reviews and sourcing new tenants. We also manage your typical accounts' functions.

Accounting and Audit

We have a bespoke web-based software package to manage the collection of rent, insurance and service charge payments. This is administered in accordance with RICS best practice, providing detailed reporting and audit facilities.

Fully Regulated

The firm is fully regulated by the Royal Institution of Chartered Surveyors and our Directors are fully qualified RICS members, undergoing regular training in line with RICS Regulations.

Commercial Property Specialists

Our Asset Management Team, combined with our Agency Team, Professional Services Team and Building Surveying Team are able to offer a complete range of services to Landlords, Investment Managers, Pension Funds and Property Companies.

Across the Region

We have three strategically placed offices – a Head Office in Droitwich with satellite offices in Worcester and Bromsgrove.

Why choose us

- ▶ Maximising asset values
- ▶ Tailored and innovative approach
- ▶ Best practice accounting
- ▶ Full range of professional services in-house
- ▶ Local expertise
- ▶ Fully regulated by RICS
- ▶ Customer service

Ethos

The underlying ethos at GJS Dillon is to provide invaluable local knowledge and property expertise. Our outstanding professional and personal service is based on our extensive knowledge of the regional property market.



Types of work undertaken



Day to Day Property Management

We have a dedicated, professional and fast acting team ready to deal with any issues. Regular and detailed property inspections are undertaken to ensure these are kept to a minimum.



Financial

Our range of services include: rent and service charge invoicing, arrears collection and management, supplier payments, service charge budgeting and reconciliation.



Landlord and Tenant

A full range of advice is provided on rent reviews, surrenders and lease renewals, lease term obligations, letting strategies, tenant vetting, and dispute resolution.



Compliance

Statutory regulation compliance, health and safety and insurance is paramount for any owner or occupier. We are able to bring together our specialist network to provide comprehensive advice.



Project and Maintenance Works

We are able to budget, tender, benchmark and supervise all aspects of project or maintenance works. Whether it be ongoing, planned, preventive, ad-hoc or emergency works, we work with our in-house building surveying team and a number of approved contractors to provide the best value solution for our clients.



Strategy

A short, medium and long term asset management strategy is developed with the Client from the outset. This strategy is constantly evolving as economic, property and client influences are forever changing.

What our clients say

"The private property market within the Worcestershire area offers extensive opportunities for investors like myself. GJS Dillon's Property Asset Management services have helped me to ensure that I gain maximum value from my investments and I would not hesitate to recommend them."

Frankie Tsang, Lyppard Grange Properties Ltd

"An invaluable resource when it comes to property investment."

"With their outstanding local knowledge and unrivalled research data of the property market, GJS Dillon and their Asset Management team have proved an invaluable resource when it comes to property investment."

Gary Taylor, Altitude Real Estate Ltd

"An exceptional service both to us as landlords but also to the numerous tenants on our sites"

"The team at GJS Dillon has managed Wildwood Triangle Business Park on behalf of Maximus for several years. They coordinate not only the management of the buildings themselves but also the tenants' service charge management and they have done an exceptional job."

"GJS Dillon took over from a well known national surveying practice which really wasn't interested in managing an asset within Worcestershire. GJS Dillon have provided an exceptional service both to us as Landlords but also to the numerous tenants who are situated on our sites."

Jon Hickton, Maximus

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