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Dear Sirs

Property Market Overview – Huddersfield

I act on behalf of John L Brierley Limited (JLB) who are making a planning application for the redevelopment of part of their site, which lies within the newly designated Investment Zone. I have advised JLB for many years. I have been asked to provide an overview of the property market in Huddersfield with reference to the industrial and office sectors. I shall take each in turn, as follows:

Industrial Property Market

Since late 2020 there has been a significant increase in demand for modern industrial stock in the Huddersfield area, for good quality, clear span, single storey warehouse and light industrial accommodation within a 5 miles radius of the town centre.

Coupled with a lack of supply, this has had the effect of increasing rents and capital values. In some cases, relatively modern accommodation has let for more than £9 per ft^2 and sold for around £120 per ft^2 in the size range 5,000 to 15,000 ft^2.

However, despite these increased rental levels and capital values, these figures remain insufficient and financially unviable for new build to be speculatively developed in the town. Construction costs are more than £130 per ft^2 being higher than sale prices, which include the land value. Consequently, new build still requires Gap funding in the town.

Older mill accommodation, particularly with upper floors, is seen as obsolescent and it does not meet the requirements of modern industrialists. I refer you to the comments made in the accompanying letter provided by Jonathan Wilson at Bramleys.

Due to good demand and a lack of supply it is expected there will continue to be upward pressure on rents and capital values for single storey modern industrial stock in the town.

Office Property Market

Data from the Leeds Office Agent Forum (LOAF) shows the wider Yorkshire office market with concentration on Leeds. In quarter two of 2024 market sentiment remained cautious with occupiers continuing to be wary regards the wider economic climate. Agents continue to experience protracted deal and legal negotiations. Agent sentiment remains cautious as it is perceived that the market is still 'quiet' and is likely derived from the cautious nature of tenants, albeit there has been a reduction in deals not concluding.

With limited development planned in Leeds over the course of 2024 (speculative progression has seemingly been halted at Thorpe Park and Kirkstall Forge) LOAF expect to see a continued push on refurbishment and redevelopment of existing schemes where financially feasible.

In the city centre the take-up of office accommodation was 56,617 ft^2 being lower than the 10 years average, the largest deal being only 7,106 ft^2. It must be remembered that rental levels are much higher in Leeds with the highest headline rent being recorded at £38 per ft^2.

Out-of-town activity was lower than the 10 years average with take-up being 46,752 ft^2 over 25 deals, all bar one being, in the size range of under 5,000 ft^2. Rents remain mainly in the region of £10 to £15 per ft2 with Grade A refurbished stock achieving as high as £28 per ft^2.

Locally in the Huddersfield area, commercial agents are reporting "weak" levels of interest for office accommodation generally, which has been the case for many years.

The knock-on effects of the Covid-19 pandemic did see the demand for office accommodation change in the Huddersfield area. Following the outbreak and the call to "work from home" there was a tendency for larger businesses to downsize and this created some demand in the office market. More recently, there has been a trend from directors to request staff work from the office either full time or part time, and this has created some demand for office accommodation.

However, overall, there is a large supply of office accommodation and relatively weak demand with the result rental levels and capital values have remained relatively stagnant for many years.

Data from CoStar shows that there is approximately 95,604 ft^2 of existing office stock available within a 2 miles radius of Huddersfield Town Centre. This includes town centre upper floor accommodation and out-of-town accommodation in areas such as Edgerton. Suite sizes are typically 500 to 2,500 ft^2 with the average being around 1,000 to 1,500 ft^2. Rents are typically in the region of £8 to £10 per ft^2. Some properties have spent up to 60 months on the market.

The B1 pavilion style offices at Bradley are a good indicator of where rents and capital values stand for good quality office accommodation. Rents are in the region of £10 to £12.50 per ft^2 and capital values in the region of £110 to £125 per ft^2. Lower than their Leeds counterparts.

Data from CoStar shows there has been 11 deals in the Huddersfield office market since October 2022 to date, with take-up being 10,165 ft^2 equating to an average of 924 ft^2 per letting, the largest letting being 2,699 ft^2. The lowest rent was £4.59 per ft^2 with the average being £11.40 per ft^2. The average time spent on the market was 12 months with some properties taking 42 months for a transaction to complete. Take-up in Huddersfield is considerably less than that achieved in the Leeds area.

Numerous development appraisals have been considered for the William Hirst Mill building and I would refer you to my letter dated 10th June 2024. The recent development appraisals undertaken have been for a speculative office scheme, which has proved to be financially unviable given construction costs outweighing rent and capital value returns.

Given the poor take-up of office accommodation in the past two years in the Huddersfield and surrounding out-of-town locations a speculative scheme for 40,000 ft^2 plus of office accommodation cannot be recommended.

I trust the above and attachments provides a general overview of the property market in the context of trying to re-let William Hirst Mill for existing light industrial uses and the potential for alternative uses.

Yours faithfully

Jason R Metcalfe MRICS IRRV
RICS Registered Valuer
Director