

Secondhand space bulks up figures as new developments dry up

Planning restraints choke retail warehouse supply

Samantha McClary

The retail warehouse pipeline is starting to dry up as planning restrictions hit the sector.

Secondhand supply, where businesses have failed or relocated, is now more than four times the supply of uncommitted, newly built retail warehouse space, according to FPD Savills' *Definitive guide to retail and leisure parks 2005*, produced with TW Research Associates.

Almost 8m sq ft built before 2004 is vacant, or occupied but available, compared with just under 2m sq ft of newly built available space.

There was a slight increase in new retail warehousing, rising from 152m sq ft in 2003 to 160m sq ft in 2004. But with government restrictions on out-of-town "big-box" schemes, the report found that most of

Retail warehouse availability (m sq ft)

Little new space is on the way

	2004 (est)	2003	2002	2001
Secondhand space available	7.95	7.5	6.75	6.15
New-built space available	1.95	1.8	1.85	1.95
Vacancy rate	6.2%	6.1%	5.9%	5.8%
Consented and likely to be built in next two years	3.3	3.4	3.3	2.9
Total	13.2	12.7	11.9	11

Source: FPD Savills/TW Research Associates

the space available to expanding operators was secondhand.

Secondhand space is also greater than the overall supply of new warehousing projected to come on stream next year.

Trevor Wood, senior partner at TW Research, said: "If the trend continues over two or three years we may find that people are scrabbling to find units, which will force up rents."

Planning restraints are likely to force the further growth of

retail warehouse clusters instead of the development of new parks, the report says.

The largest 28 clusters now cover more than 500,000 sq ft of space each. Lakeside in Thurrock, Essex, is the largest, at more than 1m sq ft.

The report also found that Morley Fund Management remains the number one investment manager of retail warehouses, with 6.9m sq ft, up from 6.6m sq ft last year.