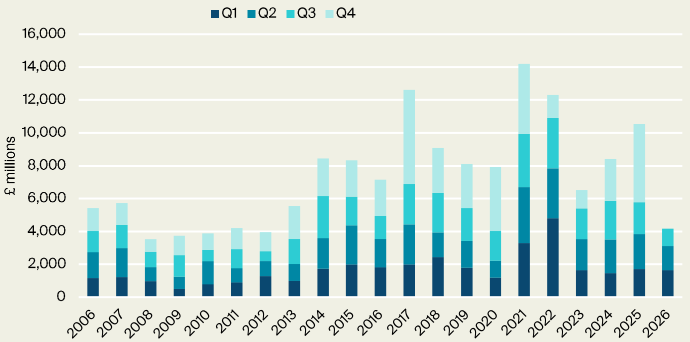
UK Logistics Market Dashboard

August 2026

Investment market

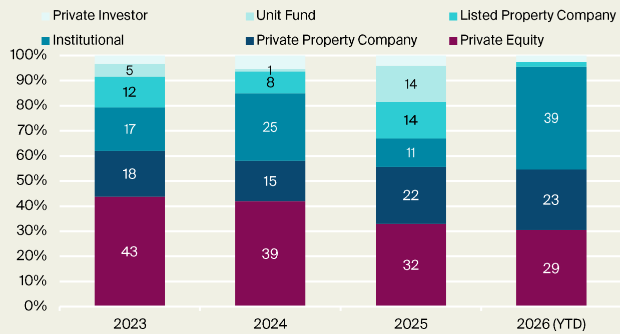
Industrial & logistics - Investment total



*Q2 2026 Investment volumes are incomplete

Source: Knight Frank Insight, RCA

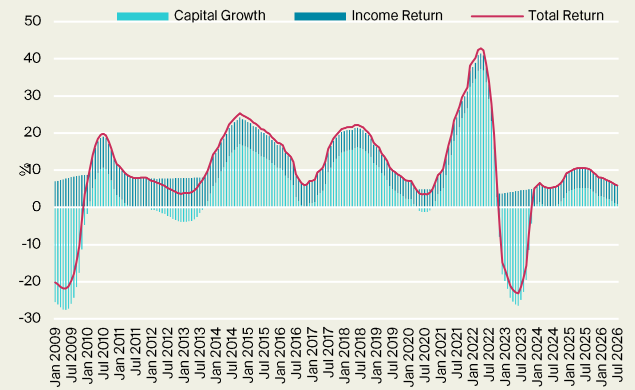
Capital composition (%)



Source: Knight Frank Insight

Performance

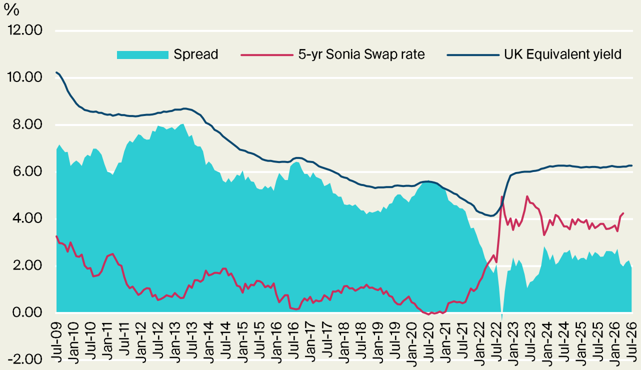
Industrial Total returns – annualised



Source: Knight Frank Insight, MSCI

Yields

Industrial yields



Source: Knight Frank Insight, Macrobond, MSCI

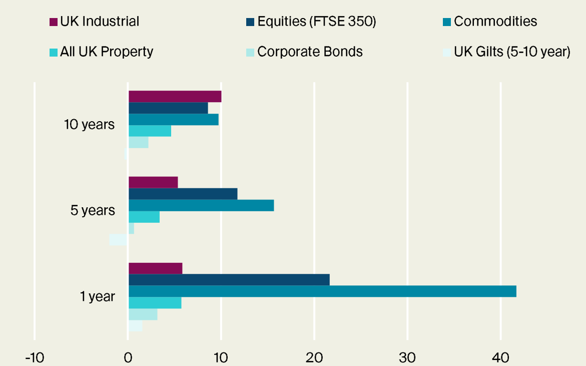
Knight Frank Prime yield guide (%) - August 2026

Warehouse & Industrial	Aug 2025	June 2026	July 2026	Aug 2026	Change
Prime Distribution / Warehousing (20 yr [NIY], higher OMV/index)	5.00	5.25	5.25	5.25	
Prime Distribution / Warehousing (15 years, OMRRs)	5.25	5.25-5.50	5.25-5.50	5.25-5.50	
Secondary Distribution (10 years, OMRRs)	6.00	6.00-6.25	6.00-6.25	6.00-6.25	
Greater London Estates	4.75	4.75-5.00	4.75-5.00	4.75-5.00	
South East Estates	5.00	5.25	5.25	5.25	
Good Modern Rest of UK Estates	5.00-5.25	5.25	5.25	5.25	
Good Secondary Estates	6.50-7.00	6.50-7.00	6.50-7.00	6.50-7.00	

Source: Knight Frank

Returns across asset classes

Annualised total returns by asset class (to end of May 2026)
% per annum



Source: Knight Frank Insight, Macrobond

Key Contacts

Claire Williams
Head of UK & Europe Industrial Research
+44 203 897 0036
Claire.Williams@knightfrank.com

Johnny Hawkins
Head of Logistics & Industrial
+44 20 7861 1519
Johnny.Hawkins@knightfrank.com

Will Gubb
Head of Industrial & Logistics Capital Markets
+44 20 7861 1595
Will.Gubb@knightfrank.com

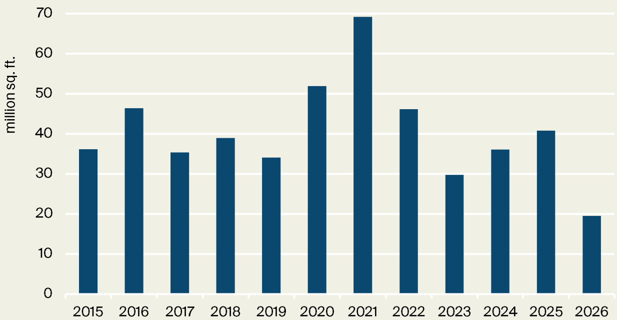
Charles Binks
Partner, Head of Industrial & Logistics Agency
+44 20 7861 1146
Charles.Binks@knightfrank.com

UK Logistics Market Dashboard

August 2026

Occupier market

Take up (units over 50,000 sq. ft.)

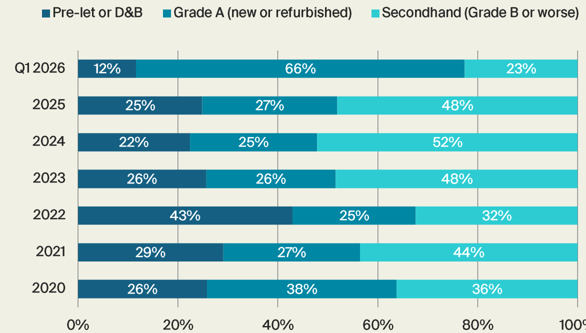


*2026 includes a preliminary Q2 total

Source: Knight Frank Insight

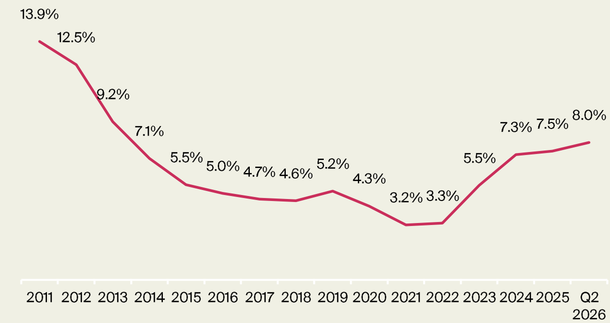
Proportion of take up by type and grade

% of total floorspace taken



Source: Knight Frank Insight

Vacancy Rate (%)

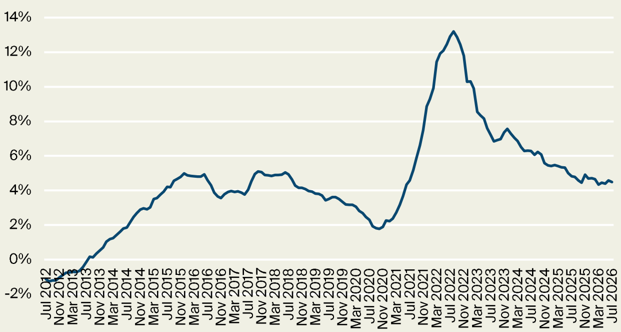


Source: Knight Frank Insight

Rents

Annual average market rental growth

%



Source: Knight Frank Insight, MSCI

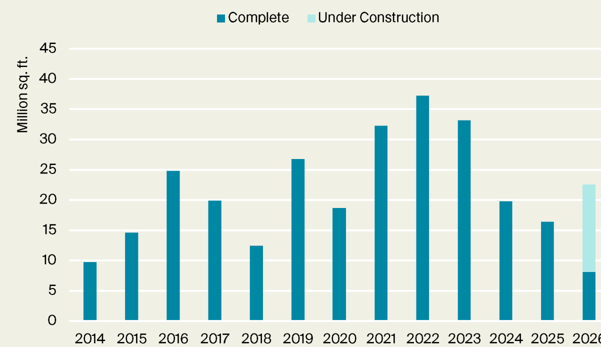
Average rental growth forecast (%) - Q2 2026

	2026	2027	2028	2029	2030	2026-30 CAGR
UK	2.7	2.5	2.7	3.0	2.9	2.8
London	2.5	2.8	2.9	3.4	3.4	3.0
South East	3.3	3.2	3.4	3.6	3.5	3.4
South West	3.4	3.1	3.3	3.6	3.4	3.4
Eastern	3.5	3.1	3.4	3.7	3.6	3.5
East Midlands	2.1	1.6	1.9	2.1	2.1	2.0
West Midlands	2.5	2.1	2.4	2.6	2.4	2.4
North West	3.2	2.5	2.7	3.0	2.8	2.8
Yorks & Humber	2.4	1.9	2.1	2.4	2.3	2.2
North East	3.6	3.0	3.2	3.4	3.3	3.3
Scotland	2.2	2.0	2.1	2.3	2.2	2.2
Wales	1.9	1.5	1.7	1.9	1.8	1.7

Source: Knight Frank Insight

Development

Development completions (units over 50,000 sq. ft.)



Source: Knight Frank Insight, Glenigan

Key Contacts

Claire Williams
Head of UK & Europe Industrial Research
+44 203 897 0036
Claire.Williams@knightfrank.com

Johnny Hawkins
Head of Logistics & Industrial
+44 20 7861 1519
Johnny.Hawkins@knightfrank.com

Will Gubb
Head of Industrial & Logistics Capital Markets
+44 20 7861 1595
Will.Gubb@knightfrank.com

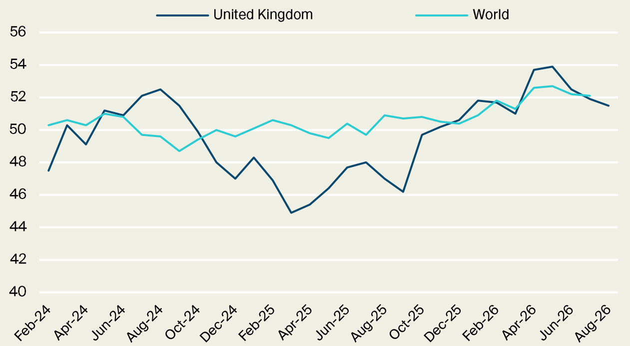
Charles Binks
Partner, Head of Industrial & Logistics Agency
+44 20 7861 1146
Charles.Binks@knightfrank.com

UK Logistics Market Dashboard

August 2026

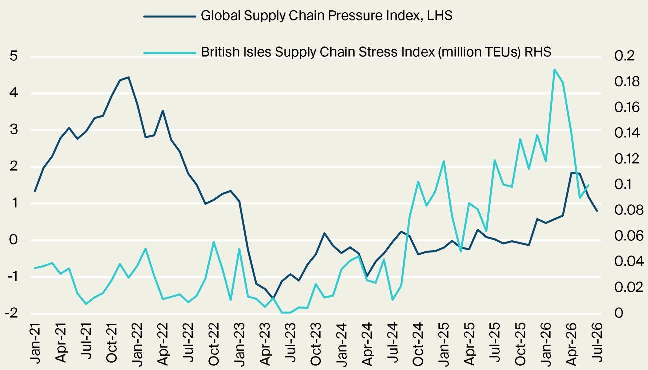
Industry, trade and manufacturing

Manufacturing PMI Index



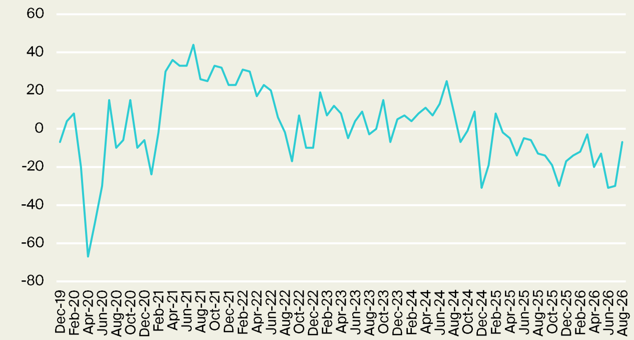
Source: Knight Frank Insight, Macrobond

British Isles - Supply chain Stress Index



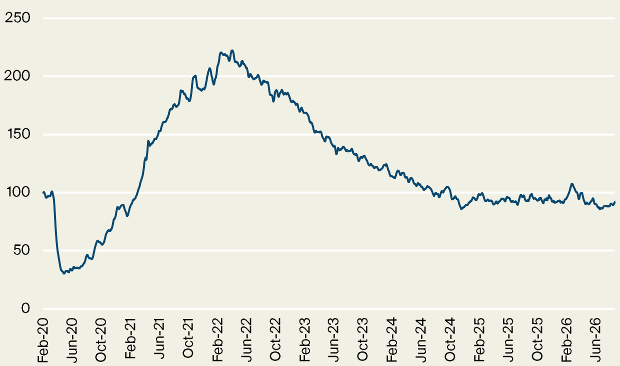
Source: Knight Frank, World Bank, Macrobond

Expectations for future manufacturing output
CBI Industrial Trends Monthly Survey
% balance expecting improvement/deterioration



Source: Knight Frank Insight Macrobond

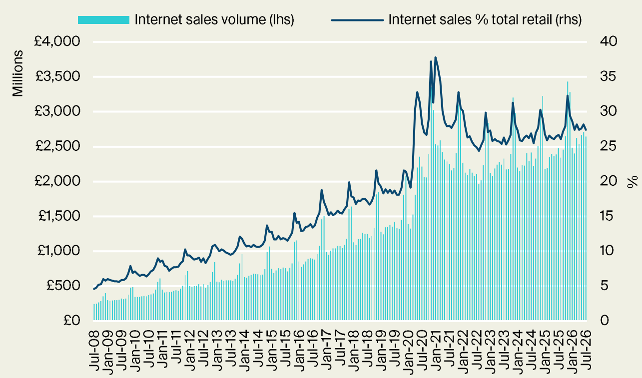
Job Postings Index - Logistics Support



Source: Knight Frank Insight, Indeed

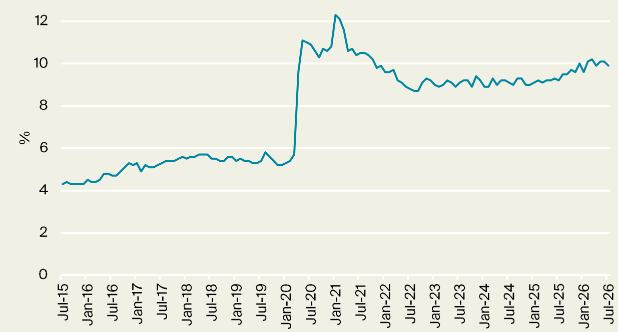
Online retail sales

UK Internet Retail Sales (monthly)



Source: Knight Frank Insight, ONS

UK grocery market – proportion of online retail (%)



Source: Knight Frank Insight, ONS

Key Contacts

Claire Williams
Head of UK & Europe Industrial Research
+44 203 897 0036
Claire.Williams@knightfrank.com

Johnny Hawkins
Head of Logistics & Industrial
+44 20 7861 1519
Johnny.Hawkins@knightfrank.com

Will Gubb
Head of Industrial & Logistics Capital Markets
+44 20 7861 1595
Will.Gubb@knightfrank.com

Charles Binks
Partner, Head of Industrial & Logistics Agency
+44 20 7861 1146
Charles.Binks@knightfrank.com

UK Logistics Market Dashboard

August 2026

Market commentary

Investment

- A total of £1.48 billion transacted in Q2 2026, approximately 10% below the previous quarter and around 30% lower than Q2 2025. However, more than £1.3 billion has closed so far in Q3 2026 across 39 transactions. Investment activity has strengthened through the quarter, with a further pipeline under offer supporting expectations that Q3 volumes will exceed Q2 and investor sentiment will continue to recover.
- Institutional capital has re-emerged as a major source of liquidity in 2026. Knight Frank data indicates that institutions account for the largest share of year-to-date investment volumes (c.39%), reflecting growing appetite for secure income, core assets and multi-let industrial estates.
- Five-year SONIA swap yields ended July at 4.34% and rose further through August, with the latest reading at 4.39%, compared with 3.82% a year ago. Meanwhile, 10-year gilt yields are currently 5.13%, up from 4.68% a year ago, narrowing the spread between logistics and the “risk-free” rate. This is prompting investors to question pricing, particularly at the core end of the market.
- The UK industrial equivalent yield was 6.27% at the end of July, compared with 6.21% a year earlier. The yield spread over the five-year swap was 193 bps, down from 224 bps in June and below the five-year average of c.231 bps.
- Changes in the geopolitical and interest-rate environment have contributed to greater financial-market volatility and tighter spreads between logistics assets and alternative investments, encouraging closer scrutiny of pricing and underwriting assumptions. However, as the Q3 figures demonstrate, investors remain willing to deploy capital into a market underpinned by robust demand and supply fundamentals.
- Despite July and August often being quieter months, there have been several notable transactions this quarter. In July, KKR purchased a portfolio of six assets from Ares for £400 million. Previously held across GLP heritage vehicles and traditional Ares funds, the portfolio includes Mammoth 602, a 602,000 sq ft unit let to Maersk, and a 278,000 sq ft unit let to Lumira at G-Park Doncaster; Magna Park Corby 3, a 588,000 sq ft unit let to Bleckmann; and Aylesford 245, a 245,000 sq ft unit let to Must Have Ideas. In August, GoldenTree (with Farran Investments as Asset Manager) purchased a portfolio of 20 assets from Paloma Capital for £193.25 million. This portfolio included most MLI value-add estates.

Returns

- Annual UK industrial capital growth slowed to 0.97% in July, from 1.27% in June and 5.29% a year earlier (MSCI).
- Annual total returns fell by 33 bps to 5.87% in July 2026 (MSCI).

Occupier Market Activity

- Occupier take-up in Q2 2026 totalled 10.3 million sq ft, 13% above Q1 but 19% below Q2 last year.
- Several sizeable leasing transactions have already completed in Q3. Notably, Chinese 3PL Super Smart Services (CIRRO Fulfillment) has taken a 15-year lease on Barwood Capital’s 362,289 sq ft Nottingham 360 unit, close to Junction 26 of the M1.
- Meanwhile, ecommerce specialist Relay has taken Unit A at Origin Future Logistics, the HBD and Feldberg joint venture. The BREEAM Excellent, EPC A+ facility totals 249,938 sq ft. Relay, which works with online retailers including Vinted, will operate the facility as a technology-enabled logistics and parcel distribution hub.
- The vacancy rate was 8.0% at mid-year, up from 7.5% at the end of 2025. While occupier demand is increasingly focused on new and Grade A facilities, rising vacancy has been driven largely by lower-quality, second-hand units returning to the market. Grade A vacancy was just 4.4% at the end of Q2, with some regions recording much lower rates.

Rental Growth

- Average UK industrial rents continued to rise, with annual growth of 4.49% in the year to July 2026, easing from 4.57% in June and 4.82% in July last year. While rental growth is slowing, the pace of deceleration remains modest.
- Rental growth is forecast to slow through the second half of 2026, with annual growth projected at 2.7% in the June 2026 forecast, an upward revision from the previous quarter’s forecast.

Development

- Around 8.1 million sq ft is estimated to have completed so far in 2026, with a further c.14.5 million sq ft under construction and expected to complete this year. This would bring annual development to around 22.6 million sq ft, above the 16.4 million sq ft completed last year.
- At the end of Q2 2026, 7.7 million sq ft of speculative space was under construction across 56 units. The number of units rose slightly quarter on quarter from 55 in Q1, although total space declined from 8.0 million sq ft. Speculative development activity is expected to remain suppressed in the short term.

Industry/Trade

- The UK Manufacturing PMI eased to 51.5 in August 2026, a five-month low, as output growth slowed following earlier inventory build-up. Geopolitical uncertainty and higher energy-related input costs linked to Middle East supply disruptions continued to weigh on activity and order books. Despite ongoing cost pressures, output price inflation remained contained, while business confidence improved on expectations of stronger economic conditions.
- Global and British Isles supply chain stress indices remained elevated following a sharp rise during H1 2026. The British Isles index peaked at 0.19 million TEUs in March and, despite retreating, remained above historical norms in July.
- Online retail penetration continues to rise, with both total and grocery retail recording annual increases in the share of sales made online.

Key Contacts

Claire Williams
Head of UK & Europe Industrial Research
+44 203 897 0036
Claire.Williams@knightfrank.com

Johnny Hawkins
Head of Logistics & Industrial
+44 20 7861 1519
Johnny.Hawkins@knightfrank.com

Will Gubb
Head of Industrial & Logistics Capital Markets
+44 20 7861 1595
Will.Gubb@knightfrank.com

Charles Binks
Partner, Head of Industrial & Logistics Agency
+44 20 7861 1146
Charles.Binks@knightfrank.com