Retail Renaissance 2026

Paper #3: RWH: Sleepwalking towards a supply crisis?

2026

The third of six papers exploring key themes that are defining the Retail landscape and will play out going forward

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Paper #3: RWH – sleepwalking towards a supply crisis?

Sounding the alarm

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3 KEY TAKEAWAYS:

- RWH: low (and declining) vacancy rates, robust (and broad-based) occupier demand and a limited development pipeline – market positives or portents?
- A maximum of 2.4m sq ft of RWH floorspace (GIA) in the development pipeline over an eight year timeframe – far less than the 7.5m sq ft of RWH space absorbed in 2025 alone
- A number of towns and markets demonstrably under-supplied in RWH (esp. in Greater London), yet planning and high development costs remain major constraints.

An undersupplied retail market? An underpaid Premiership footballer? A rubbish Beatles song? How oxymoronic can you get?

Yet undersupply is something that could already be levelled at the retail warehousing market – and is likely to come increasingly to the fore going forward. The three forces of limited supply, strong occupier demand and a relatively thin development pipeline are conspiring to put pressure on the out-of-town retail property market.

Too much retail floorspace in the UK generally, but not enough of the 'right' floorspace – the great contradictory conundrum facing the retail market. Seemingly a 'nice problem to have', actually a headache with no easy cure.

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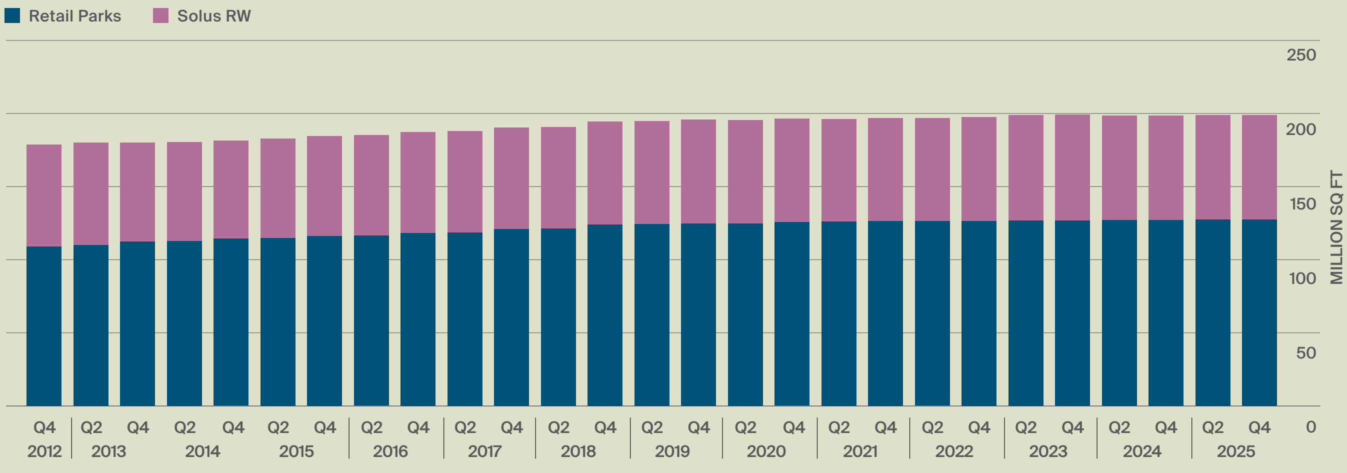
RWH VACANCY HITS RECORD LOWS

The UK is oversupplied in retail floorspace. Period. This is one of the key structural failings we identified in our original *'Price of Change'* report and one that we keep revisiting. In a nutshell: we built too much retail space in the past and there was no managed process of obsolescence, this over-supply exacerbated by wider structural change, of which online was a key (but not the only) catalyst. The net result: towns that could only support one shopping centre and a couple of retail parks having three/four+ of each.

That is the national picture – but there are significant regional and local differences and substantial nuances

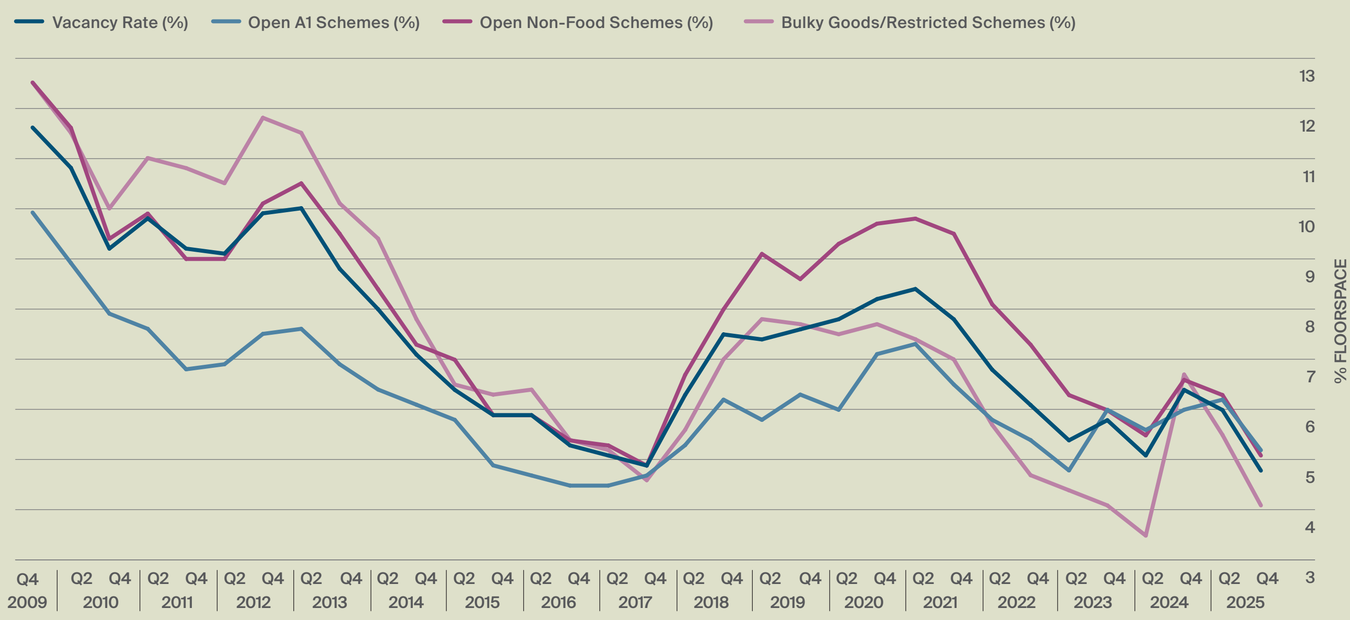
Retail warehousing supply is static

RWH Supply 2012-2025



Source: TW Associates, Knight Frank Insight

RWH – Vacancy rates by scheme type 2009 – 2025



Source: TW Associates, Knight Frank Insight

"Increasing supply in an over-supplied retail market would ordinarily raise a red flag, but in the case of retail warehousing, it is primarily a reflection of strong occupier demand rather than over-zealous development."

between retail sub-sectors. According to TW Associates, there is currently 199 million sq ft of retail warehousing in the UK, split between retail parks (127 million sq ft) and solus RWH sites (72 million sq ft). The needle on this has barely moved since 2022 (198 million sq ft) and since COVID (Q4 2019) supply has increased by just +1.6% or 3.2 million sq ft in absolute terms.

Increasing supply in an over-supplied retail market would ordinarily raise a red flag, but in the case of retail warehousing, it is primarily a reflection of strong occupier demand rather than over-zealous development. The market moving in tandem with the occupational base that underpins it.

Vacancy rates are the most telling barometer of these dynamics. According to TW Associates, RWH vacancy rates were just 4.8% at the end of 2025, the lowest level on record. On bulky goods parks, the rate is lower still (4.1%), while many parks across the country are at full capacity.

The headline statistics tell one story, the underlying factors another. RWH has not been immune to retail occupier fall-out and there were two major casualties in 2024 in the shape of Homebase (residual 71 stores, ca. 2.5 million sq ft of floorspace) and Carpetright (174 stores, ca. 1.7 million sq ft of floorspace). The demise of two large, long-standing RWH occupiers saw a spike in vacancy to 6.4% by the end of 2024. However, the pace at which this space has already been reabsorbed has been phenomenal and serves as proof of the depth of occupier demand for RWH space.

WHERE IS THE DEMAND COMING FROM?

The occupier base for RWH is larger and more diverse than is often credited. There are over 1,100 RWH tenants, of which 180 occupy more than ten units. And in 2025, these occupiers took on over 5 million sq ft of retail park space and 2.5 million sq ft of freestanding / solus RWH floorspace.

The ten most acquisitive retail park tenants collectively added more than 1.7 million sq ft in 2025, or 3.3 million sq ft since 2023. The Top 10 predictably includes the usual suspects such as Home Bargains and B&M, the latter consolidating its position as the largest RWH occupier. Traditionally less aggressive in its expansion than its fellow value operators, The Range took on an additional 330,000 sq ft of new space last year, largely through reoccupation of former Homebase units.

Slightly more surprising names on the Top 10 list include Mountain Warehouse and Superdrug, brands perhaps more readily associated with town centres, but who continue to build a significant out-of-town presence (as do many of their peers). Two gym operators (Pure Gym, The Gym)

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Top 10 Fastest growing retail park tenants 2025

2025 RANK	2024 RANK	2023 RANK	OCCUPIER	2025 RP SPACE (M SQ FT)	2024 RP SPACE (M SQ FT)	CHANGE (M SQ FT)	CHANGE (%)	2025 UNITS	2024 UNITS
3	4	4	Home Bargains	4.73	4.40	0.33	8%	265	252
5	5	6	The Range	4.55	4.21	0.33	8%	131	122
25	26	29	Pure Gym	1.67	1.46	0.21	14%	168	147
1	2	2	B&M	7.46	7.29	0.17	2%	312	309
46	52	60	Mountain Warehouse	0.55	0.40	0.15	38%	77	61
14	15	15	Iceland	2.77	2.62	0.15	6%	252	238
18	19	21	Lidl	2.14	2.01	0.13	6%	108	102
37	44	47	Superdrug	0.65	0.56	0.09	16%	97	87
30	31	33	Dreams	1.23	1.15	0.08	7%	167	159
40	45	46	The Gym	0.62	0.54	0.08	15%	63	57

Source: TW Associates, Knight Frank Insight

appear on the list, underlining: 1. how acquisitive many operators still are in this space. 2. Leisure and non-retail operators have an increasingly important role to play in the out-of-town arena.

Of the Top 50 largest retail park tenants, 29 expanded their RWH footprints last year, ten were broadly flat, while 11 contracted. The latter included CVA 'exercisers' Poundland, Hobbycraft and Pizza Hut, plus a number of other marginal downsizers (e.g. Argos, River Island, Currys and Halfords).

Collectively, the fastest growing Top 10 retail park tenants absorbed 1.72 million sq ft of space last year, by far outweighing the 0.99 million sq ft of space vacated by the Top 10 downsizers. As clear an indicator as any of demand outstripping supply and the inevitability of further declines in vacancy rates – but also warning signs of a potential or impending supply crisis.

RWH SUPPLY BY TOWN

Blanket assumptions on retail over- and under-supply tend to be very simplistic and one-dimensional. Supply metrics in isolation give no indication as to how hard that floorspace is working, how productive it is and what return it is generating. Cue my usual analogy. A $1 dollar note, a $100 note. Two bits of virtually indistinguishable paper. The same supply. One with 100x higher value.

Top 10 Highest Supplied RWH markets (on a per capita basis)

CENTRE	TOTAL RWH FLOORSPACE ('000s SQ FT)	TOTAL RWH FLOORSPACE RANK	PRIMARY RETAIL MARKET AREA POPULATION 2025 ('000s)	PRIMARY RETAIL MARKET AREA HOUSEHOLDS 2025 ('000s)	TOTAL RWH FLOORSPACE/ POP. (SQ FT)	TOTAL RWH FLOORSPACE/ POP. RANK	TOTAL RWH FLOORSPACE/ HHS (SQ FT)	TOTAL RWH FLOORSPACE/ HHS RANK
Merthyr Tydfil	603	85	46	20	13.11	1	30.15	1
Llanelli	428	127	37	16	11.57	2	26.75	2
Rotherham	804	48	84	35	9.57	3	22.97	3
Grantham	534	105	61	26	8.75	4	20.54	4
Penrith	164	226	20	9	8.20	5	18.22	6
Stockton-on-Tees	1113	32	146	61	7.62	6	18.25	5
Harlow	718	60	101	41	7.11	7	17.51	7
Llandudno	418	131	59	27	7.08	8	15.48	10
Stevenage	751	54	112	45	6.71	9	16.69	8
Warrington	1341	24	209	89	6.42	10	15.07	12

Source: PMA Promis, Knight Frank Insight

Top 10 Lowest Supplied RWH markets (on a per capita basis)

CENTRE	TOTAL RWH FLOORSPACE ('000s SQ FT)	TOTAL RWH FLOORSPACE RANK	PRIMARY RETAIL MARKET AREA POPULATION 2025 ('000s)	PRIMARY RETAIL MARKET AREA HOUSEHOLDS 2025 ('000s)	TOTAL RWH FLOORSPACE/ POP. (SQ FT)	TOTAL RWH FLOORSPACE/ POP. RANK	TOTAL RWH FLOORSPACE/ HHS (SQ FT)	TOTAL RWH FLOORSPACE/ HHS RANK
Brentwood	32	277	69	29	0.46	275	1.10	276
Clapham Junction	73	257	160	68	0.46	276	1.07	277
Edgware	47	273	118	40	0.40	277	1.18	275
Putney	37	275	128	53	0.29	278	0.70	278
Camden Town	16	279	77	33	0.21	279	0.48	279
Chiswick	15	280	73	32	0.21	280	0.47	280
Barnet	9	283	72	29	0.13	281	0.31	281
Holloway	14	281	115	50	0.12	282	0.28	282
Marlow	5	284	45	19	0.11	283	0.26	283
Brixton	12	282	131	55	0.09	284	0.22	284

Source: PMA Promis, Knight Frank Insight

"The Top 10 'well-supplied' markets cover a wide geographic spread, interestingly including two New Towns in the shape of Harlow and Stevenage."

With this strong caveat, we can at least calculate RWH floorspace provision relative to size of the market it serves in terms of population and households, the base data being PMA Promis (285 centres covered). Not an absolute science for the reasons outlined, but this process at least identifies a hierarchy of supply versus the relativities of demand.

Unsurprisingly, it is the major UK cities that have the highest quantum of RWH space in absolute terms – Glasgow 4.9m sq ft, Cardiff 3.1m sq ft, Newcastle 3.0m sq ft, Leeds 2.9m sq ft, Liverpool 2.8m sq ft.

But a very different pecking order emerges on a per capita / per household basis with Merthyr Tydfil and Llanelli two unlikely RWH supply hotspots. The Top 10 'well-supplied' markets cover a wide geographic spread, interestingly including two New Towns in the shape of Harlow and Stevenage. Post war town centre blueprints supplanted as RWH-dominated destinations – a certain irony here, surely?

Whether these towns are well- or indeed over-supplied is a moot point. It would be wrong to tar all RWH assets in these locations with the same brush or assume that they are all under-performing. They operate in a well-supplied, competitive market which will probably separate naturally any wheat from the chaff.

The opposite end of the supply spectrum is arguably more revealing and here the case can be made more forcibly for under-supply. Of the 'Bottom 10' in terms of RWH supply per capita, eight are located in Greater London. The two under-supplied centres outside London are Marlow in Buckinghamshire (RWH being concentrated far more in nearby Reading and Slough) and Brentwood in Essex (with Chelmsford and Lakeside the more recognised RWH destinations).

Whatever the nuances of the data, the analysis supports a market reality – Greater London as a collective whole is severely under-supplied in RWH floorspace. And what floorspace it does have is under pressure from other uses, particularly residential, the capital being one of the few locations nationally where values stack up sufficiently to warrant repurposing.

This imbalance is unlikely to tip towards RWH going forward. Retail parks are acknowledged in the latest iteration of a 'Towards a New London Plan' report, although largely in a negative context which undervalues the role that they play in London's wider infrastructure.

To highlight two examples, under Paragraph 2.7, they are singled out thus: *"There is also a range of under-used sites such as low density retail parks and car parks, which offer potential for housing / mixed uses."* And under Paragraph 3.3: *"There are parts of London, particularly in outer areas, that are poorly served by local shops and services. Some locations are dominated by out-of-town retail parks which provide shopping but not a functional town centre. This increases car dependency and has a particular impact on older and disabled Londoners, expectant mothers and families with children."*

The inference from these two statements alone is that retail parks are a detrimental factor, almost 'force of evil' for communities and town centres across the capital and the land they occupy would be better served by other uses, commercial or residential. There is very little narrative that is supportive of retail warehousing in the Plan, which is as short-sighted as it is disappointing.

To address the first of these references. To classify retail parks as "under-used sites" is based upon a visual rather than financial or factual assessment. By their nature, retail parks have low site coverage, typically 30%

> "Most consumers actually like retail parks and they are shopping there by choice."

- 50% (probably more towards the latter end within London). This is because car parking is fundamental to their business model and is a prerequisite for any retail park site. To dramatically reduce car parking provision by reallocating it to other use classes would totally undermine what is a highly successful business model.

Secondly – and to speak to both references – most consumers actually like retail parks and they are shopping there by choice rather than by default, as is inferred in some of the Plan's narrative. It is absolutely no coincidence that retail parks are currently one of the best performing asset class not just in retail but of any property class in the UK. In essence, this is the product of a virtuous circle – consumers like them, retailers make money from them, landlords and investors generate a decent income and return from them. They are more a force of good rather than evil.

Retail warehousing is demonstrably under-supplied in London relative to other parts of the country. Obviously, this owes much to the unique nature of the Capital, coupled with paucity of land, high land values and strained transport infrastructure. In essence, Londoners have less access to retail warehousing than consumers do elsewhere in the country. Rather than seek to reduce this undersupply further by allocating the land to other uses, maybe the London Plan should be addressing how retail parks should be preserved and integrated more into local infrastructure.

A CONSTRAINED DEVELOPMENT PIPELINE

Nor is the current development pipeline likely to counter the risk of under-supply. TW Associates lists just 21 schemes that are likely to proceed before 2033, with a further 12 proposed at a confidential pre-planning or development phase. These

RWH Development pipeline to 2033

LOCATION	SCHEME	GIA (SQ FT)	SCHEME TYPE	OWNERS / DEVELOPERS / INVESTMENT MANAGERS
Ashford (Kent)	Drovers Retail Park	91,200	Retail Park	TJ Morris
Barnsley	Interchange Retail Park	40,000	Retail Park	Npower
Billingham	Wynyard Retail Park	116,983	Retail Park	The Northumberland Estates
Cheshunt	Brookfield Riverside	565,000	Shopping Park	Broxbourne Borough Council, Cushman & Wakefield, Hertfordshire County Council, Peveril Securities, Sovereign Centros
Chichester	Barnfield Retail Park (Phase 3)	80,000	Retail Warehousing development	Brookhouse Group
Colchester – Stanway	Tollgate Village	250,000	Retail Park	Tollgate Partnership
Coventry	City Centre South	86,000	Shopping and Leisure Centre	Coventry City Council, Shearer Property Group
Dunbar	DunBear Park	68,800	Retail Warehousing development	Hallhill Developments, Lidl Great Britain
Dundee – Kingsway	Kingsway West development	150,000	Leisure scheme	Dark Blue Property Holdings
Ely	Octagon Park	106,000	Retail Park	Frontier Estates, Healy Investments, Mantle Estates
Exeter	Moor Exchange	135,997	Retail Park	Consolidated Property Group
Leeds – Birstall	Centre 27 Retail Park	45,287	Retail Park	Lidl Great Britain
Leicester	Golden Gate Park	83,823	Retail Park	Henry Boot Developments
Liverpool	The Circus	127,217	Leisure scheme	Augur Investments
Louth	Northfields Park	53,800	Retail Warehousing development	
March	Westry Retail Park	75,700	Retail Park	Cambridge Property Group
Norwich	Sweet Briar Retail Park (Phase 2)	71,000	Retail Park	Eskmuir Group
Nottingham	Synter unit	80,045	Retail Warehousing development	Church Charities & Local Authorities Investment Management, Local Authorities' Property Fund
Peterhead	Buchan Gateway (Phase 2)	50,000	Retail Park	Triple Jersey
Porthmadog	Porthmadog Retail Park	42,000	Retail Park	Morbaine
Stowmarket	Gun Cotton Way Retail Park	52,194	Retail Park	

Source: TW Associates

figures are fairly static year-on-year and there are still question marks as to whether all will proceed as planned. For example, City Centre South in Coventry is predominantly a residential-led scheme, with consent for 8,000 sq m of commercial space, which is unlikely to be RWH in the truest sense.

A solitary new RWH scheme opened in 2025 (Heartlands in Bathgate, West Lothian 76,500 sq ft GLA) and only two are at the actual construction stage. Brookfield Riverside in Cheshunt (565k sq ft GIA) is by far the largest scheme in the pipeline, while Tollgate Village in Colchester is the only other scheme larger than 200k sq ft (250k sq ft GIA).

14 of the 21 schemes are sub 100k sq ft GIA. Collectively, all 21 schemes cover 2.7 million sq ft, if they are all delivered to current spec and plan. Which is a big 'if'. And even if they do come to fruition as planned, they will be delivered over an eight year timeframe (2025 – 2033). Less space than was absorbed last year alone on retail parks (ca. 5 million sq ft) and far less for all RWH (ca. 7.5 million sq ft).

And none in Greater London, where supply is at its most scarce.

PREVENTION BETTER THAN CURE?

Strong occupier demand from a plethora of players, declining vacancy rates, impetus for rental growth and sustained improvement across all RWH real estate metrics – absolutely no complaints and long may it continue.

But there will come a point where lack of RWH supply becomes an issue, both for acquiring tenants looking for sites and for landlords looking to optimise their line-ups and retail mixes.

We are neither predicting nor advocating a return to mass RWH development. Even if the market is at risk of under-supply, there are a number of constraints that stand in the way of this happening. Planning is one, as previously alluded to, but elevated development costs are an even more tangible barrier. Development may only be financially viable in certain geographies and even where the numbers do stack up, planning must also align.

We are more likely to see extensions and enhancements to existing schemes, rather than a raft of new greenfield development. Landlords seeking to fully optimise existing space and land at their disposal. British Land's recent decision to expand The Fort in Glasgow by 60k sq ft to accommodate an extended M&S store and a broader leisure offer is a good example of the RWH development projects we are likely to see going forward.

Potential under-supply in an otherwise over-supplied retail market. A contradiction, but a RWH market reality. If we are sleepwalking towards a supply crisis, this should be the wake-up call.

THE AGENT VIEW

A Catalyst to Creativity

Sam Waterworth – Partner, Retail Warehousing Capital Markets

The concept of an undersupplied retail market seems perverse (especially to me having recently transferred from our High Street investment team) but is the reality. We are witnessing towns that have historically been viewed as oversupplied close to fully let, and investors regularly cite excellent and even full occupancy across their portfolios – take British Land at 99.1% across ca. 1,200 units / 10.75m sq ft.

But be careful what you wish for. With supply being so tight, high levels of tenant retention, limited new development and leases largely having 1954 Act protection, actually proving rental growth is challenging, as we have witnessed in foodstores for the past decade.

Landlords are having to employ creative asset management to achieve growth, building the threat of alternative occupier interest or plans to redevelop/reconfigure to improve their negotiating position. For example, B&Q regeared on Old Kent Road to protect an existing site from residential development, increasing their rent by 75% in the process (with index-linked reviews, no incentive and outside the 1954 Act).

Parks with space to build additional units offer potential to create rental evidence through development. However, growing build costs are putting pressure on viability. Construction costs and exit values vary dependent on geography but crudely a developer needs a rent in the late £20s/sq ft to make a development stack, though only special schemes boast existing rental tones beyond £25/sq ft. Pent up occupation demand, however, is willing to pay these rents to unlock sites, with evidence beginning to come through.

The supply/demand imbalance points towards further growth going forward and it is easy to see why the sub-sector remains one of the most sought-after across all property markets. Despite this, volumes for the first half of 2026 sit -30% below the 10-year average. Few doubt the investment case is compelling, but more stock is needed to see volumes return to historic levels.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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