

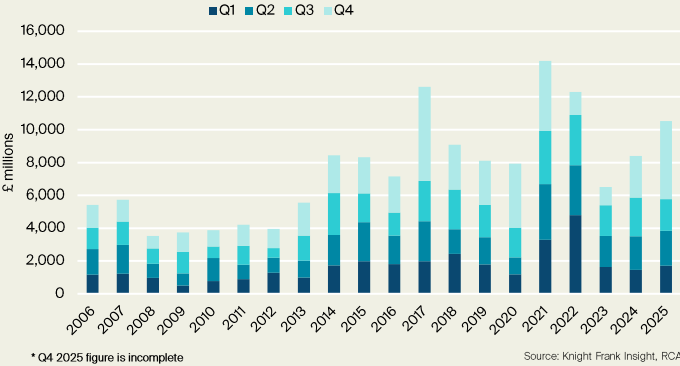
# UK Logistics Market Dashboard

January 2026

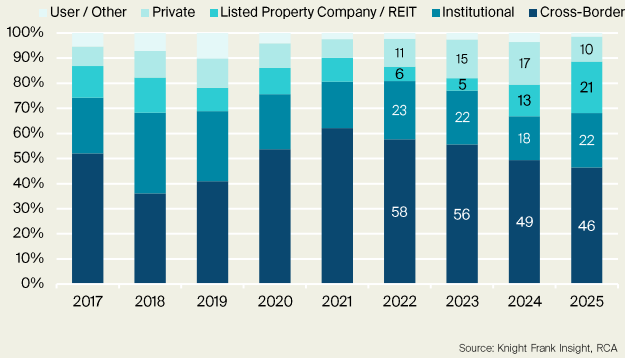


## Investment market

Industrial & logistics – Investment total

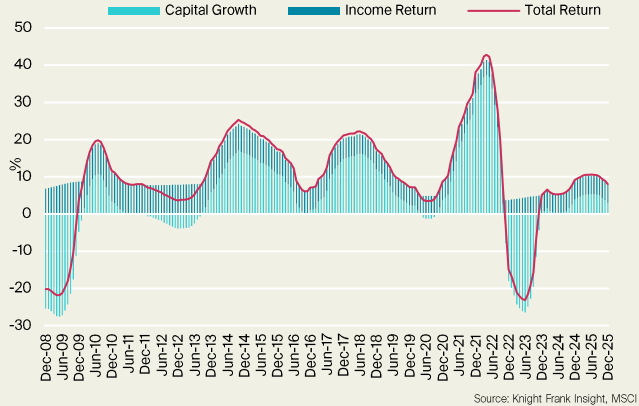


Capital composition (%)



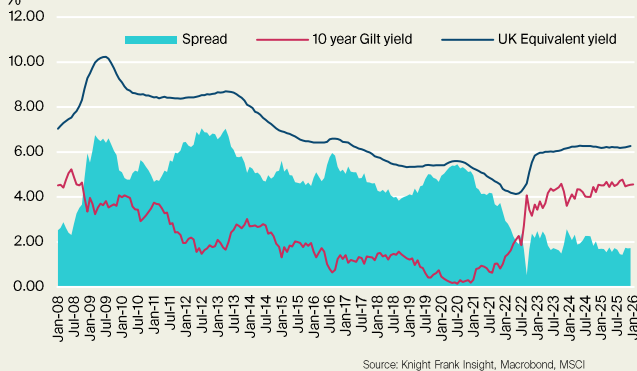
## Performance

Industrial Total returns – annualized



## Yields

Industrial yields

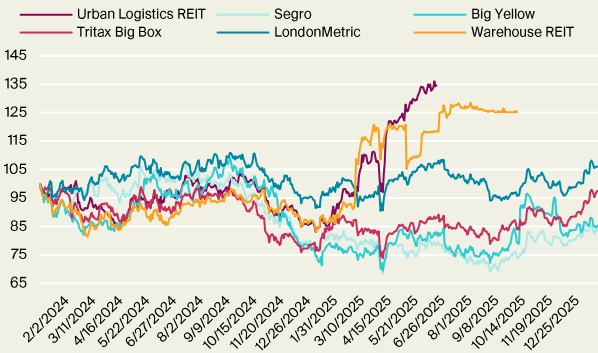


Knight Frank Prime yield guide (%)  
– January 2026

	Jan 2025	Nov 2025	Dec 2025	Jan 2026	Sentiment
<b>Warehouse &amp; Industrial</b>					
Prime Distribution / Warehousing (20 yr [NIY], higher OMV/index)	5.00	5.00	5.00	5.00	Stable
Prime Distribution / Warehousing (15 years, OMRRs)	5.25	5.25	5.25	5.25	Stable
Secondary Distribution (10 years, OMRRs)	6.00	6.00	6.00	6.00	Stable
Greater London Estates	4.75	4.75	4.75	4.75	Stable
South East Estates	5.00	5.00	5.00	5.00	Stable
Good Modern Rest of UK Estates	5.00-5.25	5.00-5.25	5.00-5.25	5.00-5.25	Stable
Good Secondary Estates	6.50-7.00	6.50-7.00	6.50-7.00	6.50-7.00	Stable

Real Estate Equities – total returns indices

01/01/2024 = 100



## Key Contacts

**Claire Williams**  
Head of UK & Europe Industrial Research  
+44 203 997 0036  
Claire.Williams@knightfrank.com

**Johnny Hawkins**  
Head of Logistics & Industrial  
+44 20 7961 1519  
Johnny.Hawkins@knightfrank.com

**Will Gubb**  
Head of Industrial & Logistics Capital Markets  
+44 20 7961 1146  
Will.Gubb@knightfrank.com

**Charles Binks**  
Partner, Head of Industrial & Logistics Agency  
+44 20 7961 1146  
Charles.Binks@knightfrank.com

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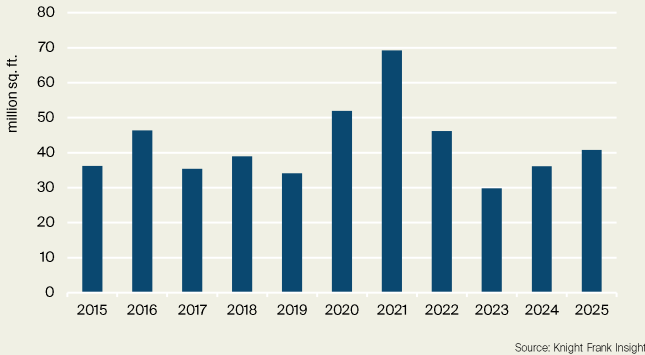
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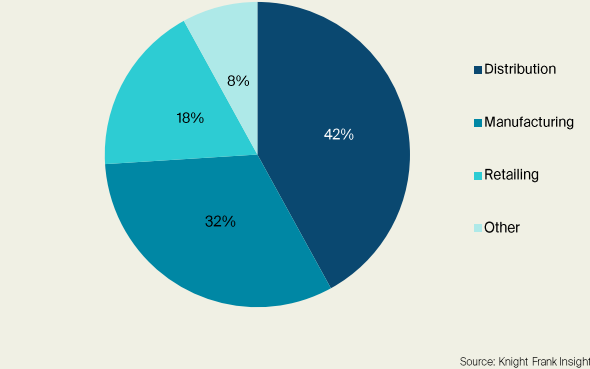
January 2026

## Occupier market

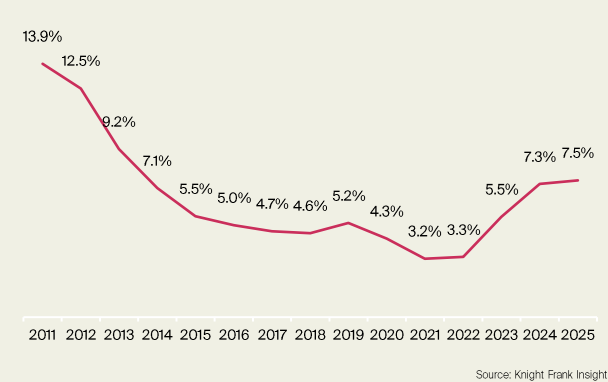
Take up (units over 50,000 sq. ft.)



Take up by occupier type – 2025 (units over 50,000 sq. ft.)

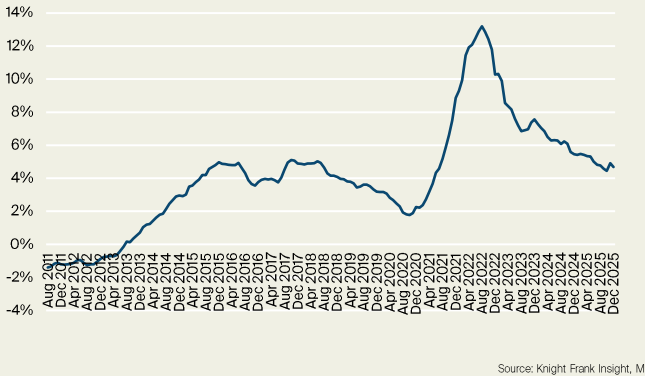


Vacancy Rate (%)



## Rents

Annual average market rental growth %



Average rental growth forecast (%) – Q4 2025

	2025	2026	2027	2028	2029	2025-29 CAGR
UK	4.6	2.9	3.3	3.2	3.5	3.5
London	5.4	3.8	3.9	3.8	3.9	4.1
South East	3.2	3.2	3.3	3.1	3.4	3.2
South West	6.2	4.1	4.0	4.0	3.8	4.3
Eastern	6.0	3.0	3.5	3.5	3.7	3.8
East Midlands	3.2	2.6	3.0	2.9	3.3	3.0
West Midlands	4.8	2.5	2.9	2.8	3.3	3.2
North West	5.9	3.2	3.3	3.4	3.7	3.8
Yorks & Humber	3.9	2.6	3.0	2.6	2.8	3.0
North East	3.6	2.5	2.7	2.5	2.2	2.7
Scotland	3.5	2.2	2.4	2.3	2.2	2.5
Wales	2.3	2.6	3.3	3.2	3.1	2.9

Source: Knight Frank Insight

## Development

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



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Head of UK & Europe Industrial Research  
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Head of Logistics & Industrial  
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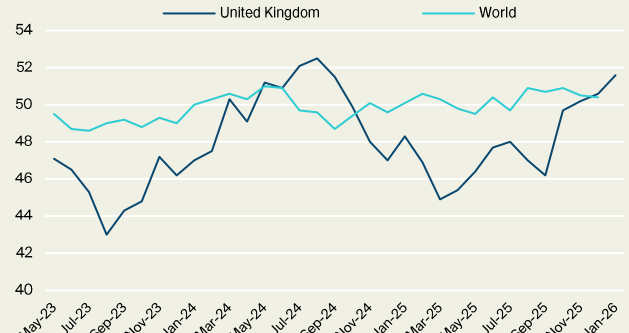
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January 2026

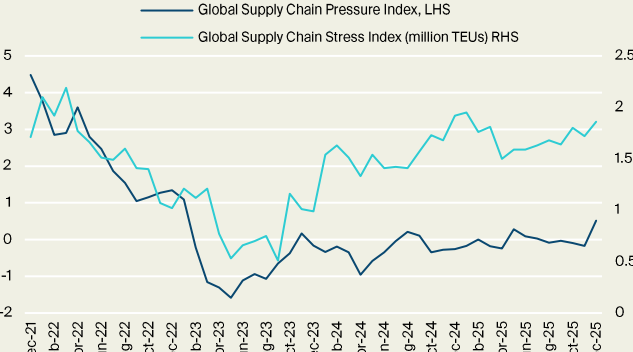
## Industry, trade and manufacturing

Manufacturing PMI Index



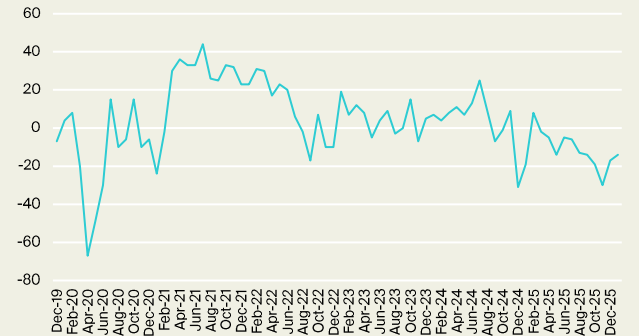
Source: Knight Frank Insight, Macrobond

Global supply chains



Source: Knight Frank, World Bank, Macrobond

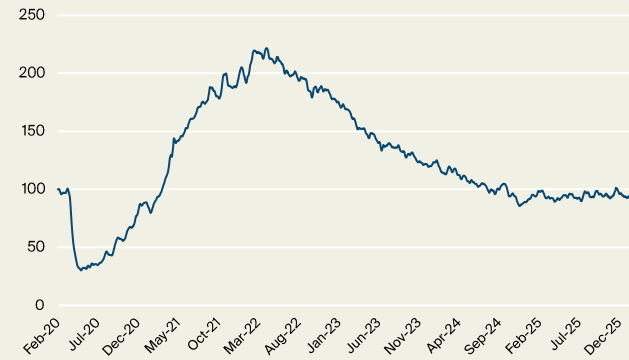
Expectations for future manufacturing output  
CBI Industrial Trends Monthly Survey  
% balance expecting improvement/deterioration



Source: Knight Frank Insight Macrobond

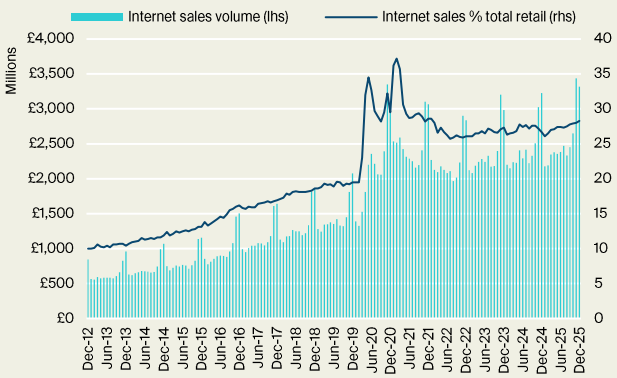
## Online retail sales

Job Postings Index - Logistics Support



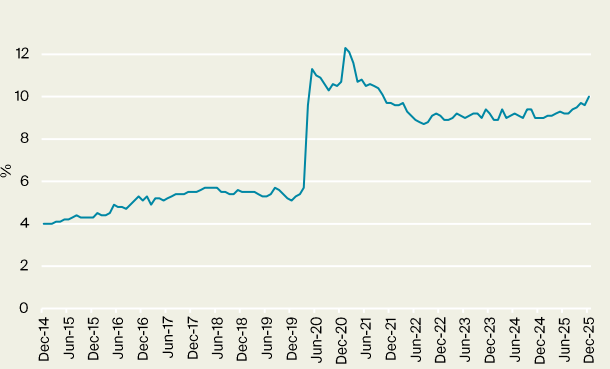
Source: Knight Frank Insight, Indeed

UK Internet Retail Sales (monthly)



Source: Knight Frank Insight, ONS

UK grocery market – proportion of online retail (%)



Source: Knight Frank Insight, ONS

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## Market commentary

### Investment

- A total of £4.75 billion in transactions was recorded in Q4, bringing the full-year 2025 total to £10.5 billion. This is 27% higher than the 2024 total and 11% above the ten-year average.
- The increase in investment activity was largely driven by portfolio transactions, which totalled £5.3 billion, representing around half of 2025's transaction volume. Rather than direct trading of portfolios, much of this activity occurred through corporate M&A, particularly within the listed (REIT) segment. REITs are currently trading at a discount to NAV, prompting activity as larger REITs and private equity funds take the opportunity to aggregate scale. Notably, the average portfolio transaction size reached £151 million in 2025, almost double the 2024 average (£77 million).
- Despite strong reported activity levels, market sentiment remains measured. The pool of capital targeting core and core-plus strategies has stayed subdued, while uncertainty around the UK's economic outlook—driven by modest growth, persistent inflation, and rising unemployment—has weighed on investor confidence. The Autumn Statement and speculation over potential tax rises added further uncertainty in the second half of the year.
- Ten-year gilt yields ended December at 4.54%, broadly in line with the most recent reading (4.51%). The equivalent yield of 6.26% represented a 172bps premium over gilts, although this remains low compared with the ten-year average premium of 362bps.
- Inflation rose to 3.6% (CPIH) in December, up from 3.5% in November, dampening hopes of another base-rate cut next month. However, this uptick is viewed as a temporary bump rather than a shift in the broader downward trend. With the labour market weakening, financial markets and economists still expect the Bank of England to continue cutting rates in 2026. Oxford Economics forecasts a base rate of 3.25% by year-end, while the latest implied policy rate stands at 3.33%.

### Returns

- Annual UK industrial capital growth slowed to 2.98% in December 2025, down from 3.75% in November (MSCI).
- Annual total returns fell by 83bps, reaching 8.04% in December 2025 (MSCI).

### Occupier Market Activity

- Occupier take-up in Q4 2025 reached 8.8 million sq ft (units over 50,000 sq ft), bringing the full-year total to 40.8 million sq ft.
- Availability declined in Q4, with 86 million sq ft of space on the market at the end of 2025, a 4% quarterly fall. New stock availability dropped faster (-7%) than second-hand stock (-3%). As a result, the vacancy rate fell to 7.5% from 7.8% in Q3, though it remains elevated compared with the ten-year average (4.6%) and last year's level (7.3%).
- Regional performance varied significantly. The South West recorded a standout 2025, with take-up reaching 6.9 million sq ft, its strongest year on record. London & the South East, West Yorkshire, and South Yorkshire also saw year-on-year increases in take-up.
- In terms of availability, Scotland, Wales, the North East, the Midlands, and the South West all recorded year-on-year declines in vacancy. However, vacancy increased across London & the South East, the North West, and the South and West Yorkshire markets.

### Rental Growth

- Average UK industrial rents continued to rise, with annual growth of 4.7% in the year to December 2025, slightly down from 4.9% in November and 5.5% at the end of 2024. Growth moderated over the year but not as sharply as expected.
- Rental growth is forecast to slow in 2026, with annual growth projected at 2.9% (December 2025 forecast). However, growth is expected to accelerate between 2027 and 2029.
- The strongest rental growth in 2025 is forecast for the South West (4.1%), followed by London (3.8%), the South East (3.2%), and the North West (3.2%).

### Development

- Total completions in 2025 reached 16 million sq ft, the lowest annual total since 2018. There is currently 13 million sq ft under construction, expected to complete in 2026. These figures include owner-occupied facilities, pre-lets, and speculative schemes, and may be revised as timelines shift or new schemes begin.
- At the end of Q4 2025, 8.3 million sq ft of speculative space was under construction across 56 units, a slight increase from 8.2 million sq ft across 53 units at the end of 2023.

### Industry/Trade

- The S&P Global UK Manufacturing PMI has remained in expansion territory for the past three months, with the January reading rising to 51.6 - its highest level since August 2024. January's performance was supported by the strongest increase in production since October and the first rise in new export orders in four years. Business confidence also improved notably despite ongoing geopolitical uncertainty, with firms citing planned investment, a recovery in sales pipelines, improving economic conditions, and lower borrowing costs.
- Global supply chain pressures intensified at the end of last year, with the GSCPI rising above 0 in December - its highest level since January 2023. As trade relationships shift, global supply chains face heightened uncertainty, with risks linked to tariffs, key trade corridors, and cyber security or technology vulnerabilities. Geopolitical instability has continued into 2026, meaning firms cannot rely on a stable trade landscape and must plan accordingly - including measures such as positioning inventory closer to end markets.
- Online retail penetration reached 28.3% in December, the highest monthly level since October 2021. The grocery sector followed a similar pattern, climbing to 10% in December - also its highest reading since October 2021.

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**Claire Williams**  
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