

LOGIC: Scotland



2025 Review

Occupier and investment market trends in
the Scotland logistics and industrial sector.

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Occupier Market

Take up down year-on-year with limited new-build availability whilst vacancy rates hit lowest level recorded since Q2 2021

TAKE UP VOLUMES FOR 2025 ARE 20% AHEAD OF LONG-TERM AVERAGE

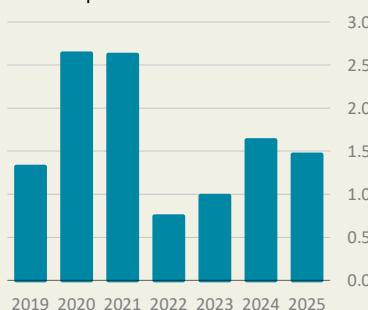
Occupier take-up for industrial and logistics units over 50,000 sq ft in Scotland totalled 186,404 sq ft in Q4 2025, bringing the annual figure to just over 1.46 million sq ft. Activity was strong in the first half of the year at over 1.2 million sq ft, but slowed in the second half, leaving take-up down 10.2% year-on-year. Despite this, 2025 volumes were 35% above the ten-year average. Both Q4 deals were sales: a 120,017 sq ft warehouse on Westlaw Road and the 66,387 sq ft Unit 1 Lomond House, both acquired by Compass Box Whisky, taking the total number of transactions for the year to 13.

NEW-BUILD SCARCITY LIMITS OCCUPIERS

Most units transacted this year have been second-hand, with only 20% of take-up coming from new-build stock. This reflects the limited availability of new-build supply. With just one new-build unit currently available, occupiers seeking new or modern space must consider build-to-suit options or turn to second-hand facilities.

Take up (sq ft)

million square feet



Source: Knight Frank Insight

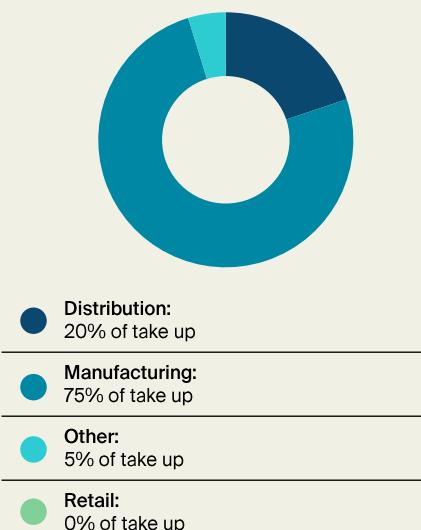
Only two speculative developments were constructed this year, both at Westway Business Park in Renfrew and were both pre-let ahead of practical completion. Promisingly, 420,000 sq ft of new developments are now in the planning pipeline. If these schemes progress, they could help reduce pressures and bring much needed modern space to the market as we move into 2026 and beyond.

DEMAND CONTINUES TO BE DRIVEN BY MANUFACTURING

Manufacturers remain the dominant driver of demand across Scotland, accounting for 75% of total space transacted in 2025, up from 64% in 2024. Food and drink manufacturers continue to be active in the Scottish market, as are manufacturers linked to the energy and defence sectors.

Take up by sector

2025



Source: Knight Frank Insight

MARKET VIEW

Continued rental growth and vacancy rates below long-term averages



BY SCOTT HOGAN, PARTNER,
CENTRAL SCOTLAND LOGISTICS & INDUSTRIAL
AGENCY

“Q4 lacked consistent momentum across Scotland, partly due to a continued lack of good-quality stock coupled with some occupier nervousness leading up to the budget, which will likely see take-up levels down year-on-year.

Strong demand for good quality stock highlights the need for further development. Continued rental growth and vacancy rates below long-term averages show Scotland remains a strong location for future development.”

Occupier Market

1.46m sq ft

Occupier take up
2025

4.3%

Vacancy rate
Q4 2025

£10.75 psf

Prime rents (Glasgow)
Q4 2025

7.5%

Prime annual rental growth

“The vacancy rate has contracted 30 basis points in the quarter, representing the lowest level recorded since Q2 2021”

LOWEST VACANCY RATE RECORDED IN OVER FOUR YEARS

2025 has seen a continued trend of falling supply, with availability in Scotland falling to 2.8 million sq ft (units 50,000 sq ft+) in the final quarter, down 12% on an annual basis. The vacancy rate contracted 30 basis points in the quarter to 4.3%, representing the lowest level recorded since Q2 2021, and is the lowest vacancy rate across all UK regional markets. The annual decline in supply was driven entirely by the absorption of second-hand buildings, while new-build availability remains unchanged and critically low at just 2% of existing available stock. Speculative development has largely stalled, highlighting the continued mismatch between modern occupier requirements and the limited stock available, at least in the short term.

RENTAL LEVELS & OUTLOOK

Prime rents in the Central Belt remained unchanged in Q4, at £10.75 psf (units 50,000 sq ft+); however, they are 7.5% higher y/y.

Average rental growth of 2.2% is anticipated for Scotland for 2026, with growth around this level expected in the Central Belt (Knight Frank Insight).

Vacancy Rate

% of stock



Source: Knight Frank Insight

“The annual decline in supply was driven entirely by the absorption of second-hand buildings”

Scotland - Prime Rents

£ per sq ft



Source: Knight Frank Insight

Key Occupier Deals

2025

| PROPERTY | SIZE (SQ FT) | OCCUPIER | RENT (OR PURCHASE PRICE) | COMMENTS |
|-----------------------------------------------------------------|--------------|-----------------|--------------------------|---------------------------------------------|
| Footes & Telkes Building, Baldovie Rd | 211,434 | J&D Wilkie | Confidential | Second-hand |
| Westway 200, Westway Business Park, Renfrew, by Glasgow Airport | 202,230 | Undisclosed | Confidential | Built speculatively and pre-let ahead of PC |
| Mitchelson Drive, Kirkcaldy | 201,276 | Undisclosed | Confidential | Second-hand |
| 5 Britannia Way, Eurocentral, Motherwell | 92,930 | Romac Logistics | £8.75 psf | Second-hand |
| Westway 90, Westway Business Park, Renfrew, by Glasgow Airport | 88,017 | Pulpex | Confidential | Built speculatively and pre-let ahead of PC |

Source: Knight Frank Insight

Investment Market

5.75%

Prime NIY – Central Belt
Q4 2025

Stable

YoY movement in prime yields

LACK OF AVAILABILITY INTENSIFIES SUPPLY AND DEMAND IMBALANCES

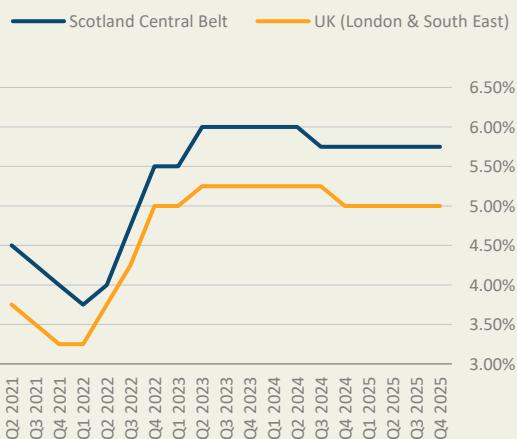
Industrial investment activity in Scotland continued to face headwinds in 2025 due to limited stock, with demand consistently outstripping supply, particularly at the prime end of the market. Despite strong investor appetite, overall volumes in the region were largely supported by portfolio transactions that included assets elsewhere in the UK.

In Q4, Alderan SCPI acquired the Total Energies logistics facility at Gateway Drive, Aberdeen, for £28.55 million, reflecting a net initial yield of 8.10%. The building totals 401,638 sq ft, comprising over 182,000sq ft of office and workshop space and a 220,000 sq ft concrete yard, generating annual rents of £2.4 million.

Prime industrial yields in the Central Belt have remained stable for the past 15 months at 5.75.

Prime Yields

Net initial yield (%)



Source: Knight Frank Insight

MARKET VIEW

A subdued 2025, but transactions expected to come as we move into 2026



BY EUAN KELLY, PARTNER,
CENTRAL SCOTLAND LOGISTICS & INDUSTRIAL
CAPITAL MARKETS

“Low transaction volumes across all grades have resulted in a subdued 2025, however there are transactions under offer or due to come in 2026 that will boost numbers and offer further evidence of where pricing is.

We are firm believers that there needs to be more speculative development as the evidence is clear - build it and tenants will come. Rents continue to grow across all grades and the sector continues to offer attractive dynamics for further investment.”

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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Methodology

This report has been prepared by Knight Frank Commercial Insight.

Data and information within this report have been provided by Knight Frank occupier and investment teams across the Knight Frank UK network. Third party data sources are also utilised.

For the purposes of this report, take-up figures refer to spaces of 50,000 sq ft or more, that are let, pre-let or acquired for occupation.

Availability refers to all space available for immediate occupation as well as space under construction (built speculatively) that will be available for occupation within the next 12 months.

Investment figures refer to industrial property purchases where the primary motivation is the generation of income. Acquisitions for occupation are excluded. Land sales are included, where the end use of the land is known.



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