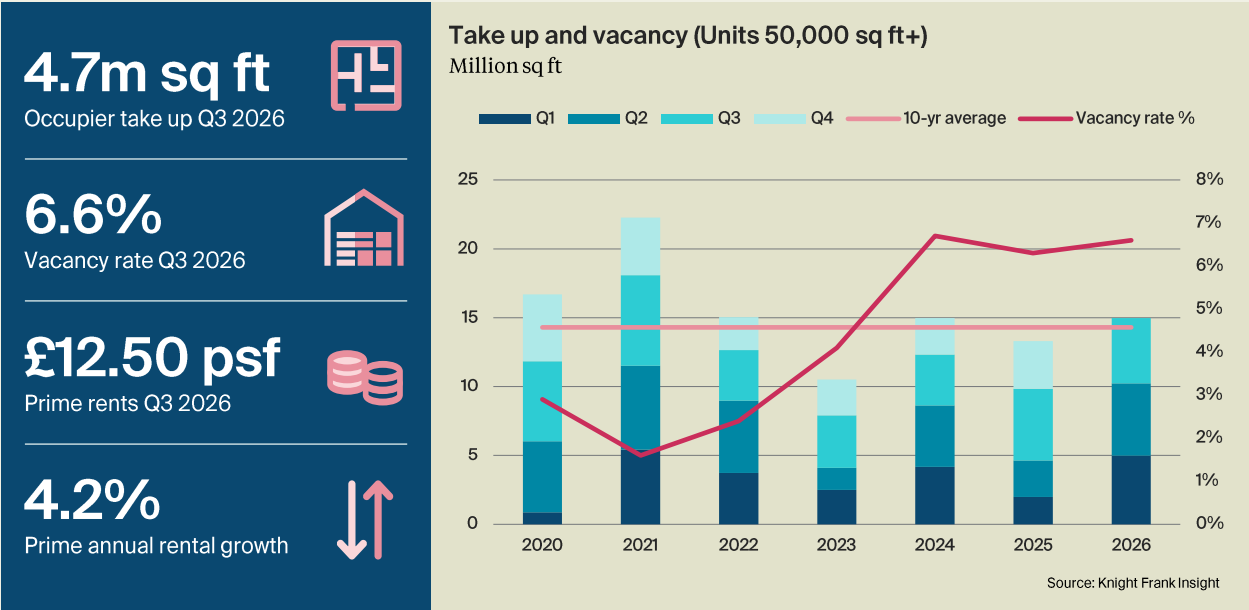


Midlands



LARGE-SCALE DISTRIBUTION DEMAND DRIVES ACTIVITY

Take up of units over 50,000 sq ft in the Midlands totalled 4.7 million sq ft in Q3 2026, marking a 9.6% decline q/q. Despite the slight decline, activity at the larger end of the market was particularly strong, with 2.7 million sq ft transacted in the 250,000-400,000 sq ft size band, the highest quarterly volume since 2019.

Distribution firms accounted for 57% of transactions this quarter, supported by a cluster of Chinese ecommerce requirements, while retail and manufacturing occupiers also contributed to activity.

Notable deals included global logistics operator DSV taking the 474, 593 sq ft second-hand Stafford 475. TikTok also leased the newly completed 250,400 sq ft Rugby 251 for its ecommerce fulfilment operations, at £11.50 psf. The Grade-A unit, rated

BREEAM excellent, adds to the recent cluster of Chinese-owned ecommerce requirements in the Midlands and highlights the regions' importance to large-scale distribution networks.

DEVELOPMENT PIPELINE EXPANDS

Availability across the Midlands fell by 7% during Q3 as fewer units came to market. Grade-A vacancy was broadly unchanged at 3.3%, compared with 3.2% in Q2. The composition of available supply remains heavily weighted towards older stock, with 19.5 million sq ft comprising Grade B or lower-quality accommodation.

The development pipeline, however, points to an improvement in modern supply. Some 5.5 million sq ft is now under construction across 26 speculative schemes, almost double the 2.8 million sq ft recorded a year ago. As these schemes complete, occupiers

should have a wider choice of modern accommodation.

RENTAL GROWTH CONTINUES AS MARKET REBALANCES

Prime industrial rents in Birmingham remained stable in Q3, with headline rents for units over 50,000 sq ft holding at £12.50 psf for a third consecutive quarter, supported by continued demand for high-quality space in core Midlands locations.

Looking ahead, Knight Frank Insight expects rental growth to remain positive across the Midlands, with average rents forecast to rise by 3.1% in the East Midlands and 3.5% in the West Midlands in 2026, compared with 2.9% and 4.3% respectively in 2025.