Midlands

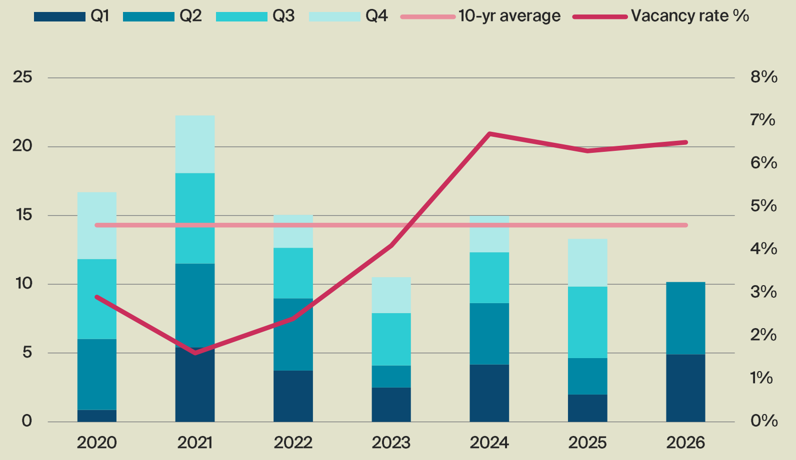
5.2m sq ft
Occupier take up Q2 2026

6.5%
Vacancy rate Q2 2026

£12.50 psf
Prime rents Q2 2026

4.2%
Prime annual rental growth

Take up and vacancy (Units 50,000 sq ft+)
Million sq ft



Source: Knight Frank Insight

CONTINUED MOMENTUM IN OCCUPIER DEMAND

Take-up of units over 50,000 sq ft reached 5.2 million sq ft in Q2 2026, bringing the H1 total to 10.2m sq ft, the strongest first half since 2021. This marks a 119% y/y increase and points to renewed occupier confidence across the region.

While new and Grade A space continues to dominate activity, lower-quality second-hand stock accounted for a greater share of take-up this quarter, representing 29% of floorspace transacted.

Third-party logistics providers and online retailers remained particularly active. Notable deals included Bleckmann's 761,361 sq ft letting at Magna Park North Lutterworth and ID Logistics' acquisition of Rugby 673, a refurbished 673,270 sq ft facility formerly occupied by Gap and Sainsbury's. Both facilities will support ecommerce contracts.

Super Smart Service has agreed a 645,000 sq ft pre-let at M1 XL East Midlands on behalf of Shein, alongside commitments at Link 205 Fradley Park and Unit A, Doranda Way.

Elsewhere, M&S acquired Fradley 437 in Lichfield from ASOS for £67.5m. The 437,000 sq ft automated distribution centre will support the retailer's ambition to double online sales.

QUALITY SPACE IN SHORT SUPPLY

Availability across the Midlands fell during the quarter as fewer new units were brought to market, although second-hand availability increased slightly.

While the overall vacancy rate has edged up since the end of 2025, q/q trends have improved. A clear divergence remains between newer and older stock. There is currently 12.7m sq ft of Grade B or lower-quality space available, compared with just 6.3m sq ft of new and Grade A accommodation.

Grade A vacancy fell from 3.5% last quarter to 3.2%, highlighting the continued shortage of high-quality logistics space.

For an occupier seeking large (400,000 sq ft +), Grade A units there are just three available with one of these currently under offer.

There are 15 speculative units under construction, totalling 2.4m sq ft, down from 17 units and 2.6m sq ft in the previous quarter.

RENTAL GROWTH CONTINUES AS MARKET REBALANCES

Prime industrial rents in Birmingham increased by 4.2% y/y to £12.50 psf for units over 50,000 sq ft, reflecting continued demand for high-quality space in core Midlands locations.

Looking ahead, Knight Frank Insight expects rental growth to moderate, with average rental growth of 2.5% in the East Midlands and 2.3% in the West Midlands is forecast for 2026, down from 2.9% and 4.3% respectively in 2025.