

LOGIC: Midlands



Q2 2025

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

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Occupier Market

Steady occupier demand despite wider market challenges

OCCUPIER DEMAND RESILIENT

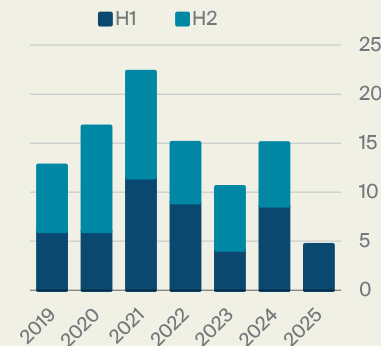
Take up of industrial and logistics space reached 2.6 million sq ft in the Midlands region in Q2 2025, bringing the total for the first half of the year to 4.6 million sq ft (50,000 sq ft+).

In square footage terms, this marks a considerable drop from the 8.6 million sq ft recorded in H1 2024. However, last year’s figure was bolstered by two exceptionally large transactions. Occupier activity has remained steady on a volume basis and continues to reflect resilient demand, albeit for smaller lot sizes.

Notably, 30 transactions completed in H1 2025, compared with 29 in the first half of 2024. The majority of H1 2025 activity has been in the 100,000-250,000 sq ft size band.

The largest transaction of Q2 was freight logistics specialist Pallet-Track agreeing to a 10-year lease on four units at Waterways Business Park in Wolverhampton. The facility, totalling 405,000 sq ft, has been recently refurbished, enhancing its sustainability credentials to EPC ‘B’ and BREEAM ‘Very Good’.

Take up (sq ft)
million square feet



Source: Knight Frank Insight

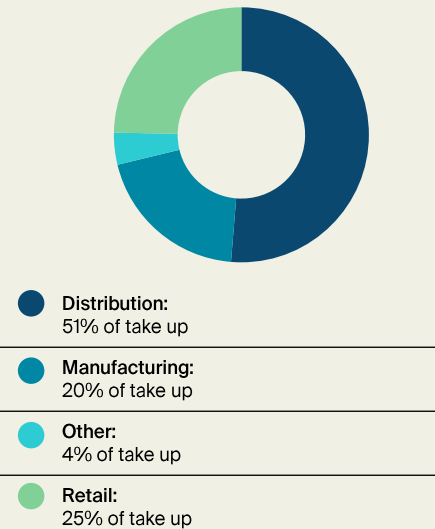
NEW HEADLINE RENTS SET IN COVENTRY

JD Property, the real estate arm of Chinese e-commerce company JD.com, secured two lettings at Ansty Park in Coventry. Online furniture retailer Daals signed a 10-year lease on Apollo 5 (300,039 sq ft) at £10.50 psf, while JD Logistics, another JD.com subsidiary, will occupy the 116,322 sq ft Apollo 7 for five years at £10.75 psf. These deals have established new headline rents for the Coventry industrial market.

In a further sign of growing Asian e-commerce activity, Top Cloud Logistics signed a 15-year lease on DC6, Prologis Midpoint, a 164,103 sq ft new build in Birmingham, at £10.25 psf.

Distribution firms and retailers combined account for three-quarters of the space committed over the past year, fuelled by e-commerce momentum and resulting demand from third-party logistics providers. Manufacturers have contributed a further 20% to take up, up from a 16% share last year.

Take up by sector
Q3 2024 – Q2 2025



Source: Knight Frank Insight

MARKET VIEW

Occupiers grapple with costs and landlords face supply competition



BY CHARLES BINKS,
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“The Midlands market is proving its resilience, with steady occupier demand across a range of unit sizes despite the wider macro headwinds.

As occupiers grapple with increased costs and landlords face more supply competition, incentive packages are being stretched accordingly.

Still, Q2 brought some headline deals, active enquiries remain steady, and our outlook for the second half remains positive.”

Occupier Market

4.6m sq ft

Occupier take up
H1 2025

7.3%

Vacancy rate
Q2 2025

£12.00 psf

Prime rents
Q2 2025

Stable

Prime annual rental growth

“38% of the space under construction speculatively is under offer”

RISING VACANCY IMPROVES CHOICE

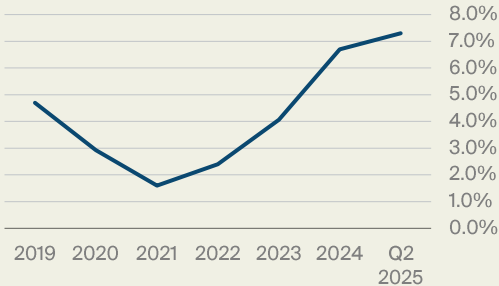
The supply of existing units rose by 7.8% in Q2 to 27.6 million sq ft (units 50,000 sq ft+), softening the vacancy rate for the sixth consecutive quarter to 7.3%, from 5.8% a year ago and 4.1% in late 2023. Occupiers benefit from improved choice with second-hand stock up 29% year-on-year and accounting for nearly two-thirds of all availability. New-build supply has also grown by 21% annually. This upward trend in availability may well reflect the extended decision-making timelines in the face of ongoing economic headwinds.

Development activity remains low by historical standards. At the end of June 2025, 3.5 million sq ft of space was under construction speculatively, one-third lower on an annual basis. Notably, 38% of this is under offer, which may lift take up for H2 2025.

RENTAL LEVELS & OUTLOOK

Prime rents across most Midlands submarkets have remained unchanged over the past year, with the exception of Leicester and Coventry, where growth of 5.9% and 10.5% has been recorded, respectively, for 50,000 sq ft+ units. Birmingham’s prime industrial rents remain unchanged at £12.00 psf. Average rental growth of 4.2% and 4.3% is forecast for the East and West Midlands, respectively, for 2025 (Knight Frank Insight).

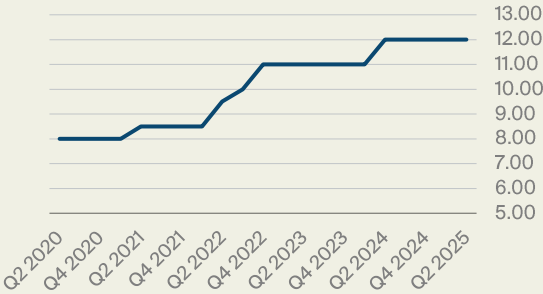
Vacancy Rate
% of stock



Source: Knight Frank Insight

“Prime rents across most Midlands submarkets have remained stable over the past year, with the exception of Leicester and Coventry”

Birmingham - Prime Rents
£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Insight

Key Occupier Deals H1 2025

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Waterways Business Park, Wolverhampton	405,000	Pallet Track	Undisclosed	Second-hand refurbishment
Central M1 Panattoni Park, Castlewood	343,185	Super Smart Service	£8.25 psf	Speculative build
EMDC 343, Castle Donington	342,741	Super Smart Service	£8.25 psf	Speculative build
Apollo 5, Ansty Park, Coventry	300,039	Daals	£10.50 psf	Speculative build
Apollo 7, Ansty Park, Coventry	116,322	JD Logistics	£10.75 psf	Speculative build

Source: Knight Frank Insight

Investment Market

5.25%

Prime NIY - Birmingham
Q2 2025

-25 bps

YoY movement in prime yields

INVESTMENT VOLUMES REMAIN SUBDUED

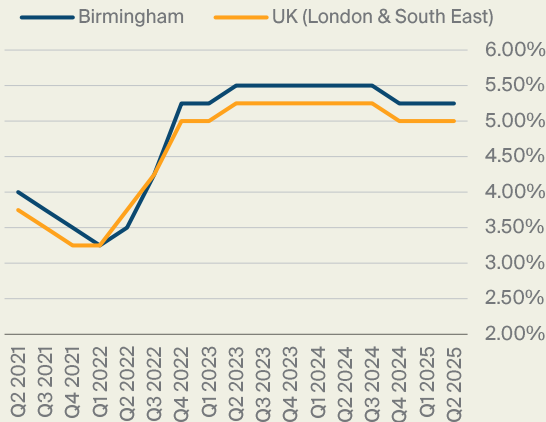
Continuing the quiet momentum from Q1, transaction volumes remained subdued across the region in Q2, with most activity focused on units exchanged as part of larger UK-wide portfolio deals.

A key transaction included Clearbell Capital and Deva Capital’s joint venture expanding their logistics portfolio with the acquisition of Glossop Brook Business Park in Glossop, Derbyshire, from Ashfield Land Ltd. Acquired alongside Glynstell Park in Cardiff, Glossop Brook Business Park totals 81,000 sq ft across 19 units and is currently occupied by 10 tenants. The purchase price of £7.3 million reflected a net initial yield (NIY) of 6.80%.

Prime industrial yields in Birmingham remained stable at 5.25% in Q2 2025. At this level, prime yields are 200 bps softer than their previous low of 3.25% in Q1 2022.

Prime Yields

Net Initial Yield (%)



Source: Knight Frank Insight

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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