

LOGIC: Scotland



Q2 2025

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

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Occupier Market

Strengthening take up highlights growing demand and acute scarcity of new units

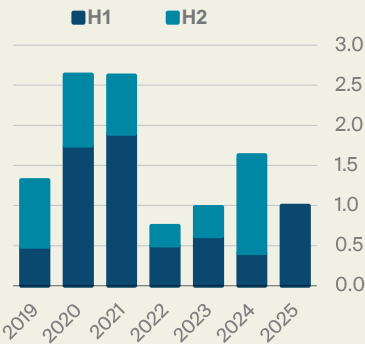
HIGHEST H1 TAKE UP RECORDED SINCE 2021

Following a strong Q1 2025 for occupier take up of industrial and logistics units over 50,000 sq ft in Scotland, a further 613,700 sq ft of space transacted in Q2. This brought the H1 total to just shy of 1 million sq ft, more than double the volume recorded in H1 2024 and the highest first-half figure recorded in Scotland since 2021.

Seven transactions completed during the second quarter, two pre-lettings and the remaining five across second-hand units.

At Westway Business Park, Glasgow Airport, new builds Westway 90 (88,017 sq ft) and Westway 200 (202,230 sq ft) were committed ahead of practical completion. Pulpex, a packaging technology company, signed a 20-year lease for Westway 90, while an undisclosed occupier secured Westway 200 on a similar long-term deal. Both units are targeting BREEAM ‘Excellent’ and EPC ‘A’ ratings. As the only two units over 50,000 sq ft under construction in Scotland, and both taken before completion, these lettings once again highlight the continued acute shortage of new build stock along the Central Belt.

Take up (sq ft)
million square feet



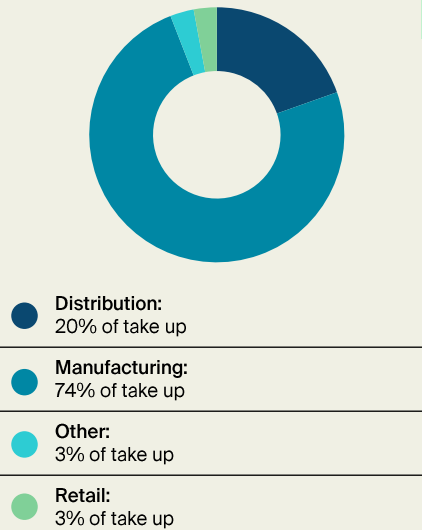
Source: Knight Frank Insight

MANUFACTURERS REMAIN THE PRIMARY DRIVER

Manufacturers remain the primary drivers of industrial activity across Scotland, accounting for nearly three-quarters of the total space transacted over the past year. Odfjell Technology is strengthening its operational footprint in the North Sea by committing to a 67,376 sq ft facility at Badentoy Industrial Estate, Portlethen, for 10 years. Energy transition is increasingly driving industrial demand in Scotland’s key energy hubs.

Distribution firms also remain active, representing an additional 20% of the market. Third-party logistics provider Romac Logistics secured a 92,930 sq ft unit at 5 Brittain Way, Eurocentral in Motherwell, as part of its strategic expansion across Scotland. The 10-year lease was signed in Q2 at £8.75 psf.

Take up by sector
Q3 2024 – Q2 2025



Source: Knight Frank Insight

MARKET VIEW

External factors have drawn out decision-making timeframes



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

“Although continued strong demand exists overall, a nervousness from occupiers - likely in reaction to external factors - has cooled demand for pockets of the market and has drawn out decision-making timeframes. We believe this to be short-term and is more prevalent at the small to medium end of the market.

Whilst the above is true, occupier demand continues to outstrip supply, particularly at the larger end of the market. Further development in the larger lot sizes is required.”

Occupier Market

997,500 sq ft

Occupier take up
H1 2025

5.3%

Vacancy rate
Q2 2025

£10.75 psf

Prime rents (Glasgow)
Q2 2025

7.5%

Prime annual rental growth

“New build supply remains critically low, with just one new unit available”

SPECULATIVE DEVELOPMENT HAS NOW DRIED UP

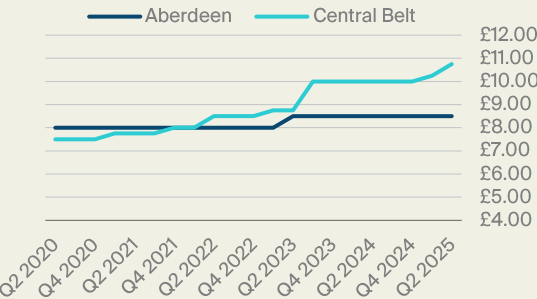
Total supply of existing units over 50,000 sq ft declined by a marginal 1.0% in Q2 2025 to 3.4 million sq ft. As a result, the vacancy rate remained unchanged in the quarter, at 5.3%, though it remains ahead of the 4.9% recorded one year ago due to a number of second-hand buildings returning to the market earlier this year. New build supply, however, remains critically low, with just one new unit available and 89% of all available stock graded second-hand B or below. This highlights a continued mismatch between modern occupier requirements and new available stock. Speculative development has all but dried up, with both new builds at Westway Business Park at Glasgow Airport now accounted for and no further development underway.

RENTAL LEVELS & OUTLOOK

Prime rents in the Central Belt for units over 50,000 sq ft have risen for the second consecutive quarter, by 4.9% to £10.75 psf, representing 7.5% growth annually. In Aberdeen, prime rents remain unchanged at £8.50 psf. Forecasts by Knight Frank Insight show average rental growth of 2.7% in Scotland for 2025, with 2.6% and 2.4% predicted for Edinburgh and Glasgow, respectively, and a stronger rate of 3.0% in Aberdeen.

Scotland - Prime Rents

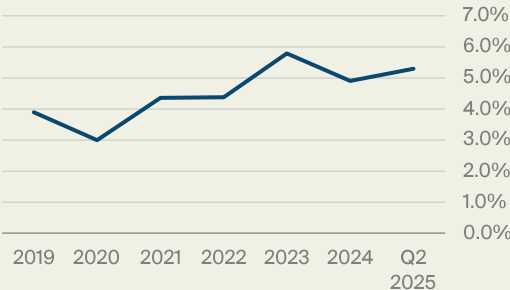
£ per sq ft



Source: Knight Frank Insight

Vacancy Rate

% of stock



Source: Knight Frank Insight

“Prime rents in the Central Belt for units over 50,000 sq ft have risen for the second consecutive quarter, to £10.75 psf”

Key Occupier Deals H1 2025

| PROPERTY | SIZE (SQ FT) | OCCUPIER | RENT (OR PURCHASE PRICE) | COMMENTS |
|---|--------------|---------------------|--------------------------|---|
| Westway 200, Westway Business Park, Renfrew, by Glasgow Airport | 202,230 | Undisclosed | Confidential | Built speculatively and pre-let ahead of PC |
| 5 Brittain 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 |
| 1 Grayhill Road, Cumbernauld | 77,480 | AIT World Logistics | £8.50 psf | Second-hand |
| Unit 2, Newbridge Industrial Estate, Newbridge | 50,000 | Kloeckner Metals UK | £9.50 psf | Second-hand refurbishment |

Source: Knight Frank Insight

Investment Market

5.75%

Prime NIY – Central Belt
Q2 2025

-25 bps

YoY movement in prime yields

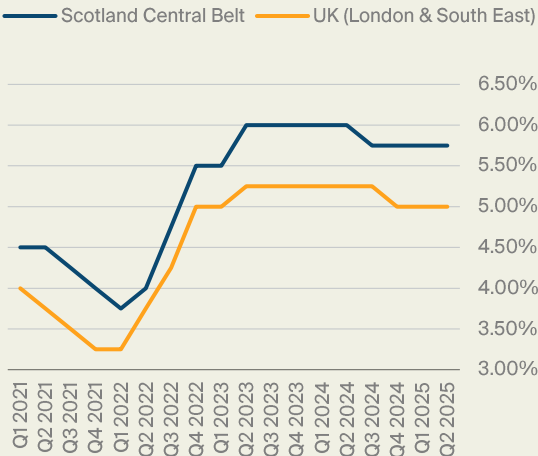
INVESTOR INTEREST BUILDS BUT STOCK REMAINS LIMITED

Although investment volumes remain subdued due to the continued lack of opportunities, some notable deals occurred in Q2.

French asset management company La Française REM acquired ABZ Trade Park near Aberdeen International Airport off-market for £5.4 million (NIY 8.50%). The park comprises 15 newly developed light industrial units totalling 39,273 sq ft and is fully let to 10 tenants, including several energy operators. In addition, Remake acquired Unit 2 Kirkhill Commercial Park in Aberdeen from Knight Property Group for £13.5 million.

Prime industrial yields in the Central Belt remained stable in Q2 2025, at 5.75%.

Prime Yields
Net initial yield (%)



Source: Knight Frank Insight

MARKET VIEW

The better-quality stock that is being launched is hotly contested



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

“Q2 was another subdued quarter from a transaction volumes point of view, but more stock has been launched recently or is due to be launched in the coming months. This should provide a positive boost to the annual totals. The better-quality stock that is being launched is hotly contested.”

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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