

LOGIC: South West



Q3 2025

Occupier and investment market trends in the South West logistics and industrial sector.

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Occupier Market

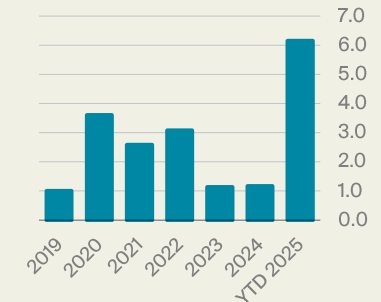
The highest volume of take up recorded in a calendar year, with three months still to go

2025 IS ALREADY THE STRONGEST YEAR ON RECORD

There is no let-up for industrial and logistics take up performance in the South West region. A significant addition to the Q2 figures has seen H1 figures revised up to 5.4 million sq ft. After a stellar H1, momentum continued in Q3 with 773,000 sq ft recorded. This brings year-to-date (YTD) 2025 take up to nearly 6.2 million sq ft, the highest volume ever recorded in a calendar year, with three months still to go. Already, it stands five times higher than the annual totals for both 2023 and 2024, with a further 662,000 sq ft of space under offer at the end of September.

Two significant lettings boosted the Q3 total: Waitrose signed for Mountpark 360 (360,926 sq ft) in Avonmouth, Bristol. This will be the retailer's fifth regional distribution centre and marks its first location in the South West. The building has BREEAM 'Outstanding' and EPC 'A+' certifications, with the 10-year lease signed at £8.65 psf. In addition, Tekever is expanding its UK footprint with its fourth and largest facility, converting the historic 254,000 sq ft Spectrum Building in Swindon to serve as a defence drone manufacturing hub. The building is set to open in summer 2026 as part of its five-year "OVERMATCH"

Take up (sq ft)
million square feet



Source: Knight Frank Insight

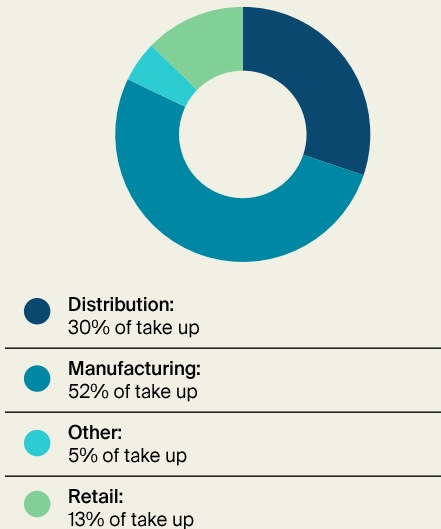
initiative, which aims to invest £400 million in British drone production and advanced AI warfare capabilities.

RENEWED APPETITE FOR NEW AND LARGER UNITS

These substantial lettings come just months after the UK's largest speculative leasing deal in 2025, in which GXO Logistics signed Panattoni's 882,000 sq ft unit in Avonmouth to service an Amazon contract. Nine transactions so far this year comprise units over 250,000 sq ft, compared with just one in 2024 and none in 2023, while the proportion of take up that is new space has risen to 78% YTD 2025, from 25% YTD 2024.

Manufacturers account for the majority of demand (52%), bolstered by the construction of a 2.6 million sq ft plant at Puriton near Bridgwater in Somerset by the owners of Jaguar Land Rover for electric battery manufacturing. Meanwhile, take up by retailers has doubled over the past year, boosted by lettings to M&S and Waitrose.

Take up by sector
Q4 2024 – Q3 2025



Source: Knight Frank Insight

MARKET VIEW

Q3 has been “more of the same” in an exceptional year



BY RUSSELL CROFTS, PARTNER,
BRISTOL LOGISTICS & INDUSTRIAL
AGENCY

“Is it the time for the South West’s Big Shed market to come of age in the 2020s?

Annual take up continues to outperform and looks on course for the best in recent times. The recent letting of Mountpark 360, Central Park, Avonmouth has seen one of the region’s long-term voids occupied by Waitrose, to satisfy their long-term requirement for a new RDC. Furthermore, BGO/Equation has an occupier identified for their speculative Matrix235 unit, alongside other identifiable deals throughout the region. (Even) Swindon has seen its successes with the letting of AEW’s Spectrum building (256,000 sq ft), and Logicor putting their Keypoint 177 building under offer.

Q3 has been “more of the same” in an exceptional year, with much more to come in Q4.”

Occupier Market

6.2m sq ft

Occupier take up
YTD 2025

5.9%

Vacancy rate
Q3 2025

£10.50 psf

Prime rents
Q3 2025

5.0%

Prime annual rental growth

“Nine transactions so far this year comprise units over 250,000 sq ft, compared with just one in 2024 and none in 2023”

VACANCY RATE TIGHTENS ONCE AGAIN

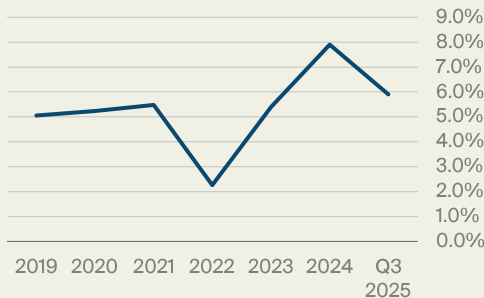
Availability in the South West has declined for four consecutive quarters, falling 10% in Q3 and 29% year-on-year, to 4.3 million sq ft. The vacancy rate tightened by 70bps in Q3 to 5.9%, down from 6.6% in Q2 and its previous peak of 8.3% recorded one year ago. New, speculative space declined by 45% annually, while second-hand space decreased by 14%. At the larger end of the scale, there are now only two buildings over 250,000 sq ft available.

Strong demand in the big-box market is giving developers the confidence to press ahead with speculative developments that may have been put on hold previously. Construction commenced on three buildings in Q3, including two at Panattoni Park, Swindon (S916 and S545) and Matrix 586 in Avonmouth. This brings speculative development in the region to 2.4 million sq ft across six units.

RENTAL LEVELS & OUTLOOK

Prime headline rents in Bristol have stood at £10.50 psf throughout 2025, though they are 5.0% higher year-on-year (units 50,000 sq ft+). Knight Frank Insight forecasts average annual rental growth of 4.0% in the South West for 2025 and 3.0% for 2026, while we expect the robust levels of demand to continue through the final quarter.

Vacancy rate
% of stock

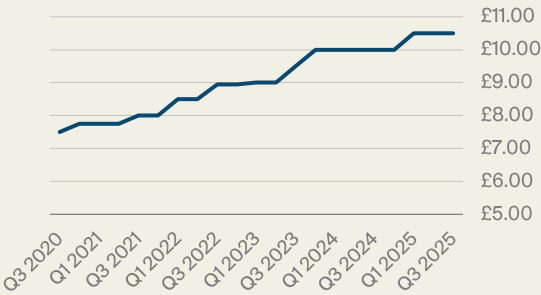


Source: Knight Frank Insight

“The vacancy rate tightened to 5.9% from its previous peak of 8.3% recorded one year ago”

Bristol - Prime Rents

£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Insight

Key Occupier Deals YTD 2025

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Agratas/Tata Facility, Bridgwater	2.6 million	Jaguar Land Rover	Undisclosed	Build-to-Suit
1 Panattoni Park, Avonmouth, Bristol	882,000	GXO	£9.75 psf	Speculative build
Plot 5 Axis Works SW, Bristol	394,669	M&S	Undisclosed	Pre-let – Build-to-Suit
Mountpark 360, Avonmouth, Bristol	360,926	Waitrose	£8.65 psf	Speculative build
25 Indurent Park Access 18, Avonmouth, Bristol	63,484	Vodafone	£10.50 psf	Speculative build

Source: Knight Frank Insight

Investment Market

5.25%

Prime NIY - Bristol
Q3 2025

-25 bps

YoY movement in prime yields

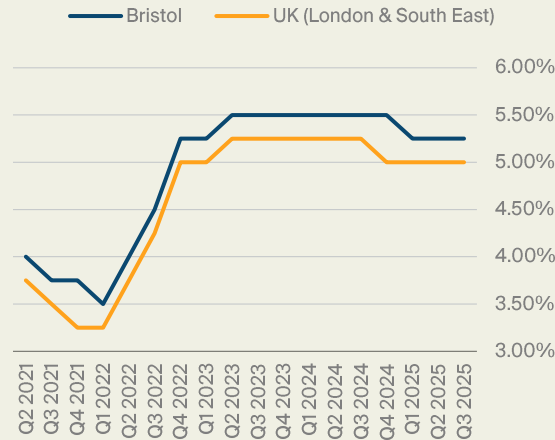
INVESTMENT MARKET STRENGTHENING

Alongside a busy 2025 so far for the South West occupier market, investment into the region has also been strengthening, with preliminary figures showing YTD 2025 volumes 60% ahead of last year.

Transactions in Q3 2025 include Marchmont IM’s acquisition of Malago Road Trade Park, in Bedminster, Bristol, from CBREIM for £10.8 million, representing a net initial yield (NIY) of 5.56%. Meanwhile, Magwich Swindon Ltd (a newly formed JV between Vengrove and Magwich) purchased Isis Trading Estate in Swindon. The 53,600 sq ft multi-let estate comprises nine units let to eight tenants, and the purchase price of £4.1 million reflects a NIY of 8.37% with strong reversion potential.

Prime industrial yields in Bristol for units over 50,000 sq ft have remained stable over the past two quarters, at 5.25%, following a 25bps compression in Q1 2025.

Prime Yield
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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