

# LOGIC: Wales



Q3 2025

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

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Image: Dyffryn Business Park, Ystrad Mynach

# Occupier Market

Increase in momentum in Q3, but market remains starved of new builds

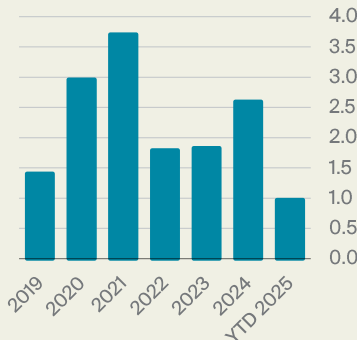
### A BUSIER-THAN-EXPECTED SUMMER FOR TAKE UP

After a relatively soft first half of 2025, a busier-than-expected summer saw the Wales industrial market gather pace in Q3, with six transactions totalling 432,500 sq ft completed (units over 50,000 sq ft). This was well above Q3 of last year and lifted year-to-date (YTD) take up to just over 971,000 sq ft. However, YTD 2025 volumes remain 26% below YTD 2024.

A further 544,000 sq ft, equivalent to 14% of total supply, was under offer at quarter-end, providing a strong indication of the underlying strength of demand. Even so, take up for 2025 is expected to fall short of the region’s long-term average.

Caerphilly was the stand-out submarket for activity in Q3. The largest deal of the quarter was the sale of a 148,878 sq ft unit in Dyffryn Business Park, Ystrad Mynach to Caerphilly County Borough Council, which plans to create a new state-of-the-art processing and recycling facility. At the same park, a 53,081 sq ft unit was leased to another occupier in the recycling industry. These deals brought the share of take up by ‘other’ (non-traditional) occupiers to 16%, from 12% last year.

Take up (sq ft)  
million square feet



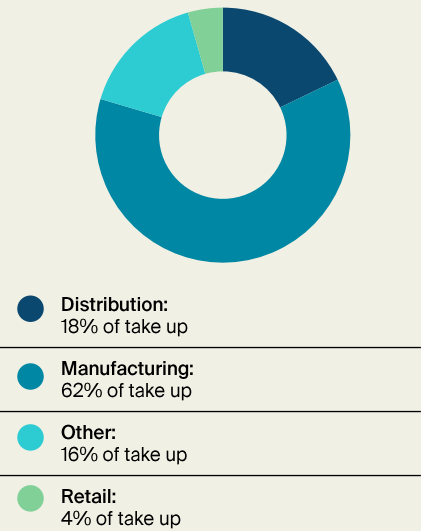
Source: Knight Frank Insight

Manufacturers, however, remain the dominant source of demand. Take up by manufacturers has risen by 40% annually and comprises 62% of activity in the four quarters to Q3 2025. This compares with 45% in the equivalent period last year. Lettings to manufacturers in Q3 include Unit 2A Parkway (59,880 sq ft) at Pen-Y-Fan Industrial Estate in Caerphilly, to European pharmaceutical company Norgine for 10 years at £5.50 psf. In addition, Unit A at Parc Bedwas, Bedwas House Industrial Estate (50,000 sq ft), was let to local steel processor Dyfed Steels for a 10-year term at £4.50 psf.

### WALES MARKET STARVED OF NEW STOCK

With 97% of YTD activity consisting of second-hand stock, the Welsh market continues to depend on existing buildings amid a severe lack of new, high-quality space. Only one new unit is available in Deeside, North Wales, while South Wales has no new supply, and there is no speculative development underway.

Take up by sector  
Q4 2024 – Q3 2025



Source: Knight Frank Insight

### MARKET VIEW

Perfect storm for the market that will impact take up figures



BY NEIL FRANCIS, PARTNER,  
CARDIFF LOGISTICS & INDUSTRIAL  
AGENCY

“The summer period was busier than expected, with four transactions we were involved with (for units over 50k sq ft) all completing. Two were sales to owner-occupiers and two were lettings to local companies expanding within the area.

Frustratingly, we are continuing to see the impact of a lack of new build stock, with a number of requirements actively searching for good quality units along the M4, that just are not there. With delays in new build development due to planning timescales and increased construction costs, this is a perfect storm for the market that will only impact take up figures moving towards the end of the year.”



# Occupier Market

971,400 sq ft

Occupier take up  
YTD 2025

9.7%

Vacancy rate  
Q3 2025

£10.00 psf

Prime rents  
Q3 2025

11%

Prime annual rental growth

“Caerphilly was the stand-out submarket for activity in Q3”

### DEVELOPMENT GROUNDS TO A HALT

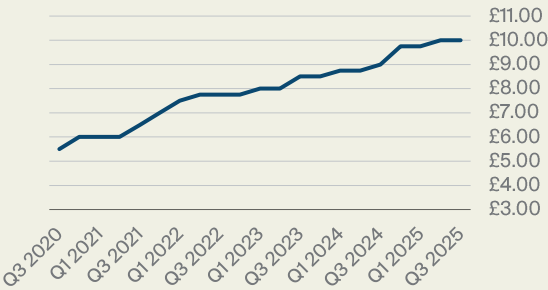
Availability of 50,000 sq ft+ units across Wales saw a marginal 0.8% gain in Q3, to 3.9 million sq ft; however, it remains 27% lower year-on-year, reflecting a continuing trend of tightening supply. The vacancy rate edged up 10 basis points to 9.7%, but this is down from 12.5% recorded a year ago. Crucially, 99% of available space is second-hand. Unit 1 Leftfield (55,000 sq ft) in Deeside reached practical completion in Q3 and provides the only new, high-quality option for occupiers searching in North Wales, while there are no Grade A options in the South. Meanwhile, development activity has ground to a halt in Wales once again. On the larger end, there are only two units over 250,000 sq ft available, one of which is under offer.

### RENTAL LEVELS & OUTLOOK

Prime industrial rents in Cardiff for units over 50,000 sq ft remained stable in Q3, at £10.00 psf. Prime rental growth of 11.1% has been recorded annually. Looking ahead, average rental growth in Wales is forecast to be 3.5% for 2025 and 2.7% for 2026, with similar forecasts for Cardiff at 3.7% and 2.8%, respectively (Knight Frank Insight). In terms of supply and demand dynamics, the lack of new development and acute shortage of Grade A units in Wales are likely to continue hindering take up performance in the short to medium term.

### Cardiff - Prime Rents

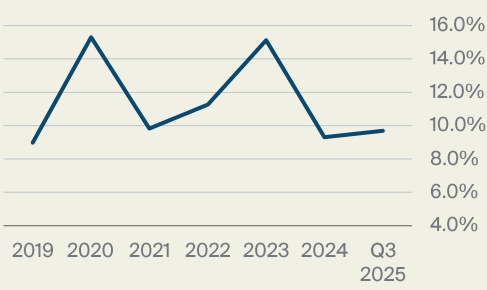
£ per sq ft (units over 50,000 sq ft)



Source: Knight Frank Insight

### Vacancy Rate

% of stock



Source: Knight Frank Insight

“There is no Grade A option in South Wales”

### Key Occupier Deals YTD 2025

PROPERTY	SIZE (SQ FT)	OCCUPIER	COMMENTS
A,B,C Wentloog Corporate Park, Cardiff	163,957	Euro Clad Ltd.	Freehold purchase - second-hand
Dyffryn Business Park, Ystrad Mynch, Caerphilly	148,878	Caerphilly County Borough Council	Freehold purchase - second-hand
Tafarnaubach Industrial Estate, Tredegar	120,000	Harpland	Freehold purchase - second-hand
Deeside63, Deeside	63,205	Meiller Boweld UK	Speculative build
Unit A, Parc Bedwas, Bedwas House Industrial Estate, Caerphilly	50,000	Dyfed Steels	Second-hand

Source: Knight Frank Insight

# Investment Market

5.75%

Prime NIY - Cardiff  
Q3 2025

Stable

YoY movement in prime yields

### QUIET THIRD QUARTER FOR INVESTMENT

It was a quiet quarter on the transactional front in Wales, with activity largely centred around units transacting as part of wider UK cross-regional portfolios.

In the single-asset market, Q3 saw Mayr-Melnhof Packaging sell its former North Wales home off Fourth Avenue in Zone 2 of Deeside Industrial Park to Knightsbridge House Estates. The 97,900 sq ft warehouse is currently vacant, and Knightsbridge House Estates plans to refurbish it into two smaller units.

Prime industrial yields in Cardiff have remained at 5.75% over the past 12 months, having compressed by 25bps in Q3 2024. Yields in Cardiff are trending 75bps softer than prime South East industrial.

### MARKET VIEW

Investors see value in the discount on their entry yield compared to other regions

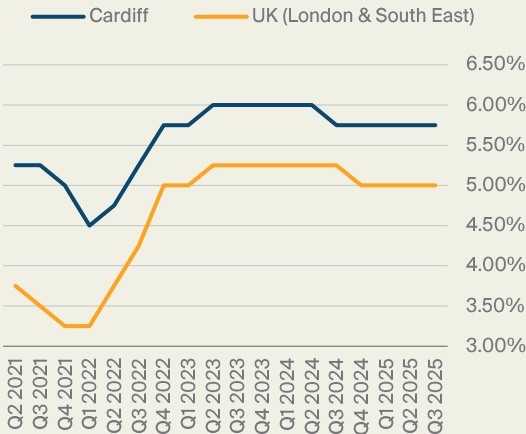


BY GARETH LLOYD, PARTNER,  
CARDIFF LOGISTICS & INDUSTRIAL  
CAPITAL MARKETS

“An increasing volume of equity continues to target the sector, with prime and good secondary opportunities - that offer scale and meet core criteria - often achieving pricing beyond expectations.

Strong rental growth continues to attract investors to Wales, who see value in the discount they can achieve on their entry yield when compared to other major regions in the UK. We expect this trend to continue as demand intensifies.”

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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