

LOGIC: Wales



Q2 2025

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

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Occupier Market

Core fundamentals remain, including tight supply and rising rents, despite softer take up

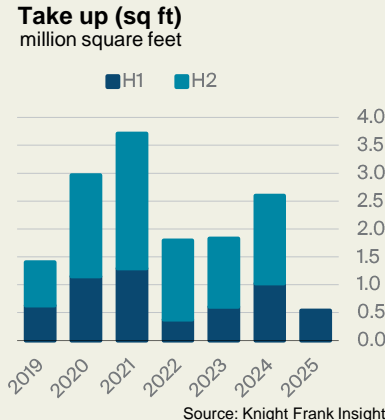
H1 TAKE UP MASKS UNDERLYING DEMAND

The Wales industrial market recorded over 239,000 sq ft of occupier transactions in Q2 2025 (units over 50,000 sq ft). This brings total take up for H1 2025 to 538,900 sq ft, 48% lower than the same period last year.

On the one hand, the dip in volumes reflects the shortage of high-quality stock available, which has been a feature of the Wales market for some time and is resulting in steady rental growth, but it is also due to increasingly elongated deal timelines. The sizable amount of space that is under offer, however, provides a strong indication of the underlying strength of demand. Nearly 850,000 sq ft (22% of supply) was under offer at the end of June, including three units over 100,000 sq ft in size. If progressed, these deals could significantly lift take up in the second half of the year.

ACTIVITY DOMINATED BY OWNER OCCUPIERS

Activity so far this year has been dominated by owner occupiers, with four of the five H1 transactions being freehold purchases. The largest transaction in Q2 was Euro Clad Ltd.'s acquisition of Units A-C

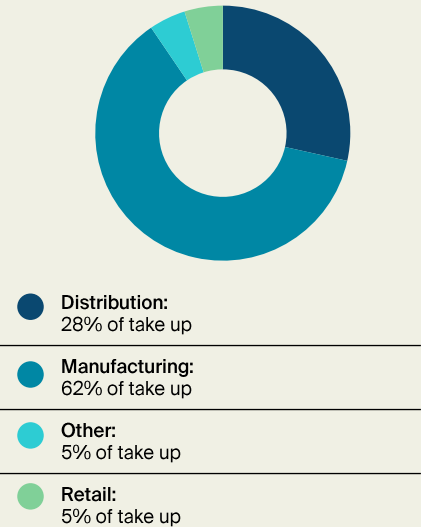


at Wentloog Corporate Park in Cardiff. The manufacturer of architectural metal building solutions has secured the long-term future of its manufacturing and distribution operations across the three units, which total 164,000 sq ft.

DEMAND ANCHORED BY MANUFACTURERS

Manufacturers remain the most dominant source of demand in Wales. Their 62% share of take up over the past four quarters to Q2 2025 is up from 46% in the same four-quarter period last year. Retailers have also re-entered the market after being largely absent over the past year. During Q2, online catering equipment reseller Adexa Direct purchased the 75,190 sq ft Unit E at Treorchy Industrial Estate, Cardiff, with the intention of bringing more of its storage functions in-house rather than outsourcing to a third-party provider.

Take up by sector Q3 2024 – Q2 2025



MARKET VIEW

Where rents need to be to make new builds viable



BY NEIL FRANCIS, PARTNER,
CARDIFF LOGISTICS & INDUSTRIAL
AGENCY

“It has been another challenging quarter with transactions for units over 50,000 sq ft significantly down on previous years. Frustratingly, there are a number of deals under offer that we had hoped would have been completed but have been slowed down by legal due diligence and/or planning.

Positively, we are seeing more owner-occupier requirements for freehold in Valleys locations like Rhondda, Caerphilly and Ebbw Vale. In addition, there are a number of agent-led leasehold enquiries for stock on the M4, so there is plenty of activity in this size range.

This quarter has seen the completion of 36,000 sq ft at Axis 32, Coryton, Cardiff. Arguably one of the best-located sites in the region, being on the M4 / A470 Junction, and whilst not 50,000 sq ft, this building has been adapted to suit the ingoing occupier who has signed a 10-year lease at a headline rent in excess of £11 per sq ft. This follows on from the levels set last year at Indurent Park and highlights the rental levels required in order to make new build viable at this current time.”

Occupier Market

538,900 sq ft

Occupier take up
H1 2025

9.6%

Vacancy rate
Q2 2025

£10.00 psf

Prime rents
Q2 2025

14%

Prime annual rental growth

“Nearly 850,000 sq ft (22% of supply) was under offer across six units at the end of June”

WALES MARKET RELIANT ON AGEING STOCK

Availability of 50,000 sq ft+ units across Wales edged up slightly in Q2, by 3.7% to 3.9 million sq ft, though it remains 25% lower than a year ago reflecting a broader trend of tightening supply. The vacancy rate edged up by 30bps in the quarter to 9.6%. Crucially, the entire pool of available space is second-hand, the vast majority (96%) of which is grade B or below. This underlines the growing mismatch between supply and the new and modern requirements of occupiers. At the larger end, there are only two available units over 250,000 sq ft, one of which is under offer.

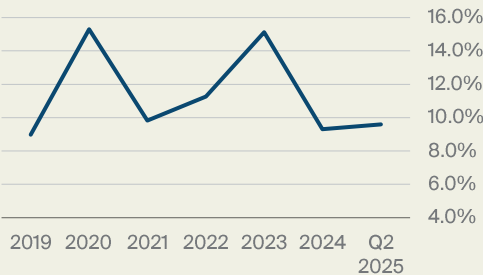
The speculative pipeline remains thin. Unit 1 Leftfield (55,000 sq ft) in Deeside, North Wales, broke ground in Q2, with practical completion expected in Q3 2025. There is no 50,000 sq ft+ development activity in South Wales.

RENTAL LEVELS & OUTLOOK

Prime industrial rents in Cardiff for units over 50,000 sq ft reached double-digits in Q2, rising by 2.6% to a new headline of £10.00 psf. This represents 14.3% growth year-on-year. Average rental growth of 3.3% is forecast for Wales for 2025, with 3.4% expected for Cardiff (Knight Frank Insight).

Vacancy Rate

% of stock

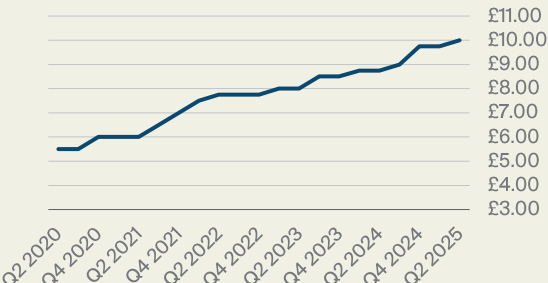


Source: Knight Frank Insight

“Prime industrial rents in Cardiff for units over 50,000 sq ft reached double-digits in Q2”

Cardiff - 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	COMMENTS
A,B,C Wentloog Corporate Park, Cardiff	163,957	Euro Clad Ltd.	Freehold purchase - second-hand
Tafarnaubach Industrial Estate, Tredegar	120,000	Harpland	Freehold purchase - second-hand
Unit E Treorchy Industrial Estate, Treorchy	75,190	Adexa Direct	Freehold purchase - second-hand
Deeside63, Deeside	63,205	Meiller Boweld UK	Speculative build

Source: Knight Frank Insight

Investment Market

5.75%

Prime NIY - Cardiff
Q2 2025

-25 bps

YoY movement in prime yields

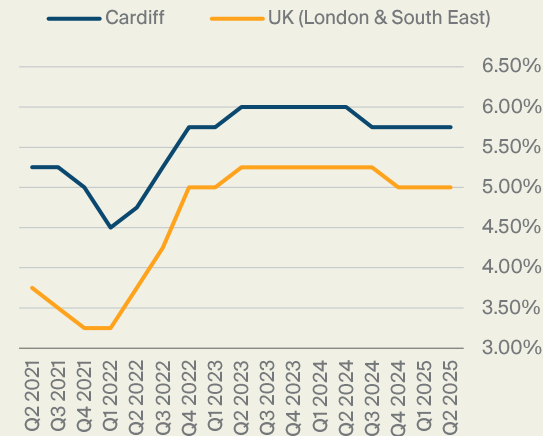
YIELDS FOR PRIME INDUSTRIAL STABLE, BUT TRENDING DOWNWARDS

Prime industrial yields in Cardiff held steady at 5.75% over the first half of 2025, though they are trending downwards. At this level, prime yields are 125 bps softer than their previous low of 4.50% in Q1 2022.

A key transaction in Q2 was Clearbell Capital and Deva Capital’s joint venture expanding their logistics portfolio with the acquisition of Glynstell Park, Hadfield Road in Cardiff from Ashfield Land Ltd.

The 100,555 sq ft multi-let industrial estate comprises eight units, with tenants including Selco, M&P Direct and Wilkinton. The purchase price of £9.75 million reflected a net initial yield (NIY) of 6.79%.

Prime Yields
Net initial yield (%)



Source: Knight Frank Insight

MARKET VIEW

Investors are showing a clear preference for prime stock



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

“An increasing volume of equity continues to target the sector, with best-in-class assets that offer scale and meet core criteria often achieving pricing beyond expectations.

Currently, investors are showing a clear preference for prime stock, rather than adjusting their lot size requirements or broadening their focus to include secondary assets. This is creating a temporary pricing gap between prime and secondary. However, as more capital enters the market and competition for prime opportunities intensifies, we expect investor strategies to evolve, bringing well-located, good-quality secondary assets into sharper focus.

Increased geopolitical uncertainty and volatility have unsettled some investors. However, if the landscape begins to stabilise, we anticipate a boost in investor confidence and conviction, and this may pave the way for a stronger second half to the year for transaction volumes.”

We like questions, if you've got one about our research,
or would like some property advice, we would love to hear from you

**Logistics & Industrial
Research**

Claire Williams
claire.williams@knightfrank.com
+44 20 3897 0036

Deirdre O'Reilly
deirdre.oreilly@knightfrank.com
+44 20 3995 0785

**Cardiff Commercial
Logistics & Industrial Agency**

Neil Francis
neil.francis@knightfrank.com
+44 29 2044 0147

Rhys Price
rhys.price@knightfrank.com
+44 29 2044 0951

**Cardiff Commercial
Capital Markets**

Gareth Lloyd
gareth.lloyd@knightfrank.com
+44 29 2044 0141

Tom Griffiths
tom.griffiths@knightfrank.com
+44 29 2044 0140

Cardiff Valuation & Advisory

Owen Griffiths
owen.griffiths@knightfrank.com
+44 29 2044 0134

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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