Retail Warehouse Dashboard

Knight Frank

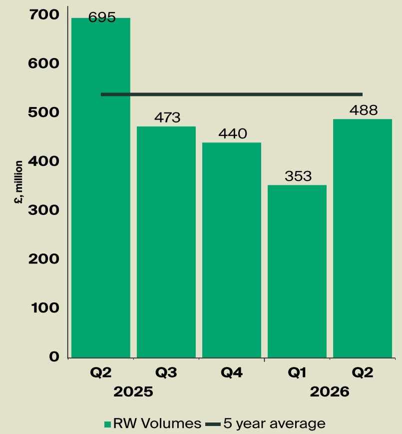
Q2 2026 | A concise quarterly synopsis of activity in the UK retail warehousing market.

Key Takeaways

- Subdued investment metrics, with sentiment still swayed by ongoing events in the Middle East. But strong operational metrics in terms of consumers and occupational markets – arguably slightly too strong.
- Q2 RWH investment volumes were £490m. Although this marked a +38% uplift on Q1, for the half-year as a whole, total volumes of £840m were ca. -43% lower than the corresponding period the previous year and around -26% below the 10-year Q2 average.
- These figures belie significant weight of demand. A handful of committed buyers still managed to identify opportunities to deploy capital in Q2, but many others sat on the sidelines awaiting greater clarity. Motivated sellers were few and far between.
- Acceleration in both QoQ capital growth (+0.5% vs +0.3% in Q1) and rental growth (+0.9% vs +0.4%). RWH achieved a total return of +1.9% in Q2, taking the 12 month annualised figure to +7.7%.
- Footfall and retail sales continue to diverge, the latter a far better barometer of actual consumer demand. RWH footfall was negative across Q2 (Apr. -9.0%, May. -0.5%, Jun. -0.3%).
- Retail sales remained buoyant. In Q2, retail sales values (exc fuel) grew +6.3% YoY, with volumes ahead by +4.1%. A number of bulky goods categories performed very well, particularly PCs & Telecomms (+42.6%), Furniture (+10.9%) and DIY (+8.0%).
- Vacancy rates have hit record lows – 4.7% in Q2, according to Trevor Wood Associates, bulky goods schemes lower still at 3.5%.

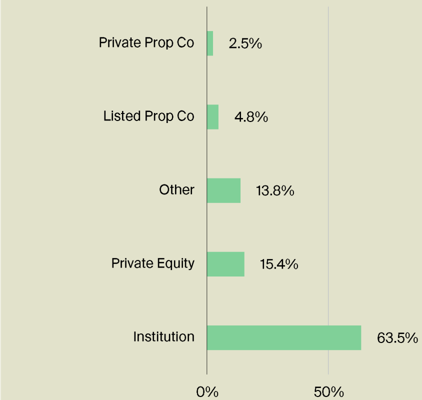
Investment Volumes

(Knight Frank) Last 5 quarters



Q2 Buyer breakdown

(Knight Frank) By deal volume

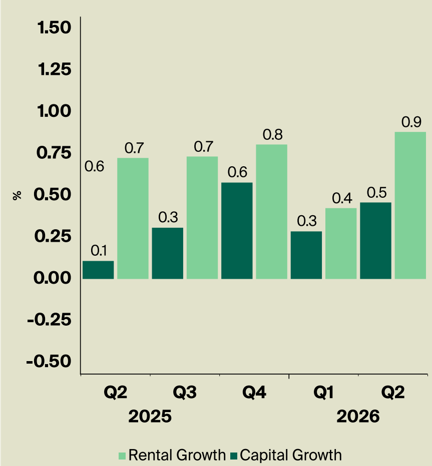


Key Deals Q2

ASSET	PRICE £M	YIELD (%)	VENDOR	PURCHASER
Tristan Portfolio	£232.9m	7.75%	Tristan Capital Partners LLP	Realty
Juno Portfolio	£69.0m	7.36%	South Street Capital (UK) Ltd	Realty
Slough Retail Park (Slough)	£55.1m	5.75%	Invesco	DTZ Investors
JLP Dev. Futura Park (Ipswich)	£28.6m	7.10%	Greenridge Investment Management Ltd	SCPI Epargne Pierre Europe
Telford Bridge Retail Park (Telford)	£27.5m	8.68%	Dimah Capital Investment Company	British Land

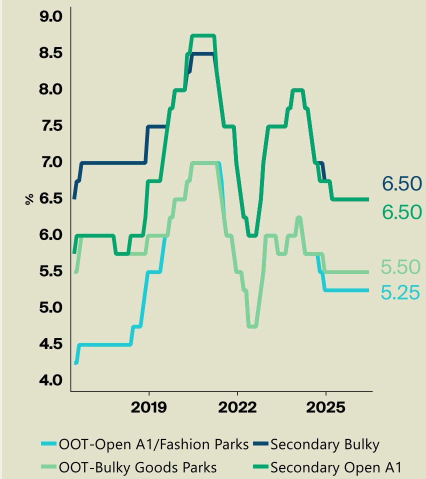
Rental & Capital value growth

(MSCI) QoQ change



Yields (guide available online here)

(Knight Frank) Last 10 years



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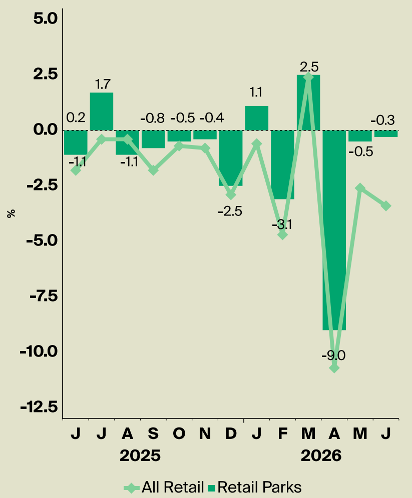
Research Commentary

A supply crisis? As explored in our *'Retail Renaissance: Sleeepwalking towards a Supply Crisis?'* report, seemingly positive metrics are starting to raise some red flags, with occupational demand in danger of significantly outstripping current and future supply. According to Trevor Wood Associates, the RWH vacancy rate fell to another record low of 4.7% in Q2 2026 (with Open A1 schemes at 5.3% and Bulky Goods Parks at 3.5%). Stripping out space that is under offer or earmarked for redevelopment gives a 'real-terms' headline vacancy rate of just 3.0%.

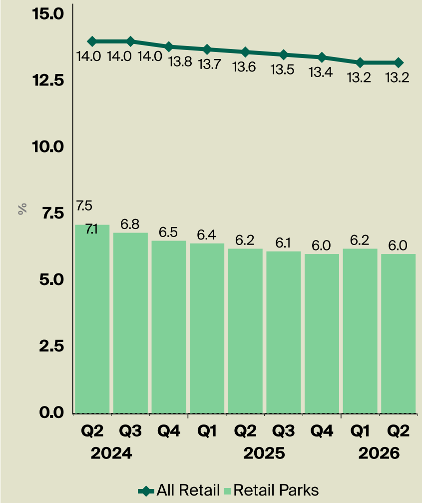
Inertia in investment markets. Volumes appear depressed, certainly in the context of some bumper quarters in 2024 and early 2025, but belies strong, ongoing investor demand. However, this demand is not mirrored in stock availability, with many landlords and would-be sellers under no motivation to do deals in the current environment. The current RWH investment market is characterised by larger, but fewer trades. Yields remain stable.

Delivering the goods. Consumer markets are resolutely avoiding all the pitfalls that were anticipated and occupational markets are similarly resilient, with next-to-no OOT fall-out in the first half of the year. RWH property metrics also remain strong, with a holy trinity of rental growth (+2.9% in the 12 months to June 2026), capital value growth (+1.6%) and high income return (+6.0%) crystallising in a better than decent total return (+7.7%). With no distress in the market and decent returns proving sustainable, there is limited impetus to sell.

Footfall
(BRC) Monthly YoY change*



Vacancy Rate
(BRC-Green Street) Units



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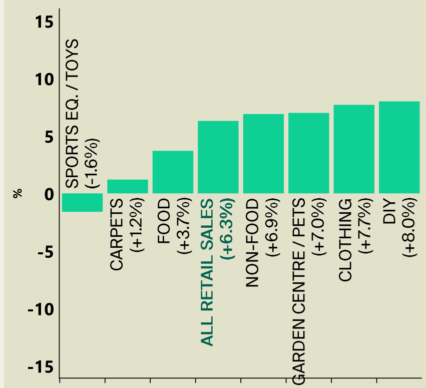
" A victim of its own success? Strong occupational performance, with a supply vs. demand imbalance, in a property market delivering healthy returns – why sell now? "

RESEARCH VIEW
STEPHEN SPRINGHAM
Partner, Head of UK Markets Insight

Retail Sales Categories
(ONS) Quarterly Sales YoY Change



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