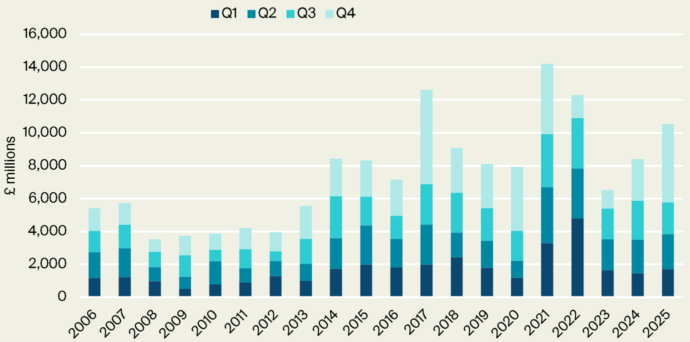
UK Logistics Market Dashboard

February 2026

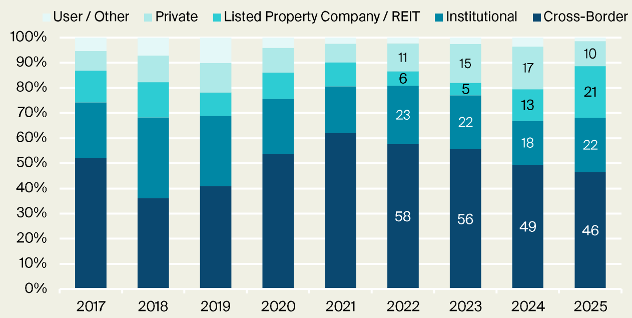
Investment market

Industrial & logistics - Investment total



Source: Knight Frank Insight, RCA

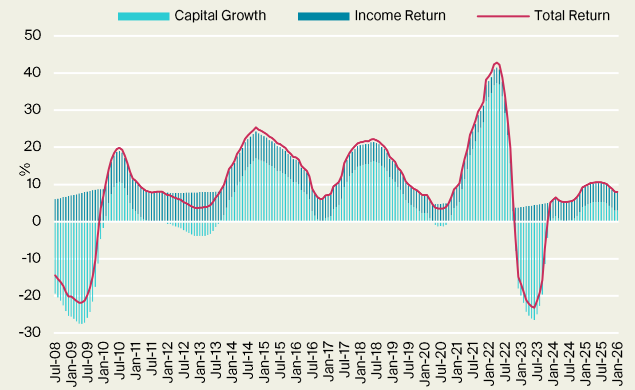
Capital composition (%)



Source: Knight Frank Insight, RCA

Performance

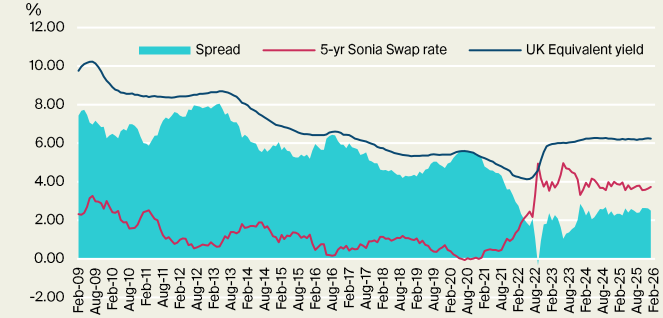
Industrial Total returns – annualized



Source: Knight Frank Insight, MSCI

Yields

Industrial yields



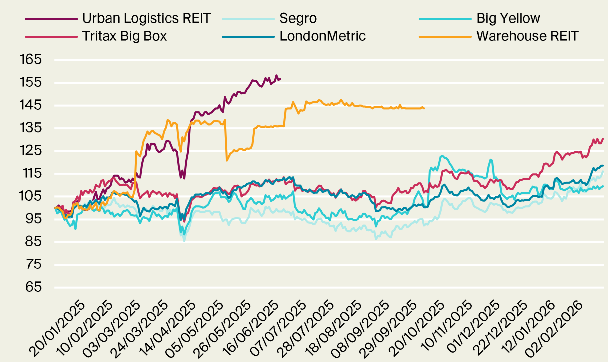
Source: Knight Frank Insight, Macrobond, MSCI

Knight Frank Prime yield guide (%) – February 2026

Warehouse & Industrial	Feb 2025	Dec 2025	Jan 2026	Feb 2026	Sentiment
Prime Distribution / Warehousing (20 yr [NIY], higher OMV/index)	5.00	5.00	5.00	5.00	Stable
Prime Distribution / Warehousing (15 years, OMRRs)	5.25	5.25	5.25	5.25	Stable
Secondary Distribution (10 years, OMRRs)	6.00	6.00	6.00	6.00	Stable
Greater London Estates	4.75	4.75	4.75	4.75	Stable
South East Estates	5.00	5.00	5.00	5.00	Stable
Good Modern Rest of UK Estates	5.00-5.25	5.00-5.25	5.00-5.25	5.00-5.25	Stable
Good Secondary Estates	6.50-7.00	6.50-7.00	6.50-7.00	6.50-7.00	Stable

Listed real estate

Real Estate Equities - total returns indices
01/01/2024 = 100



Source: Knight Frank Insight, Macrobond

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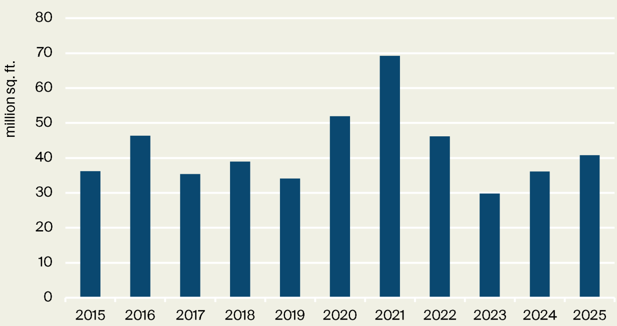
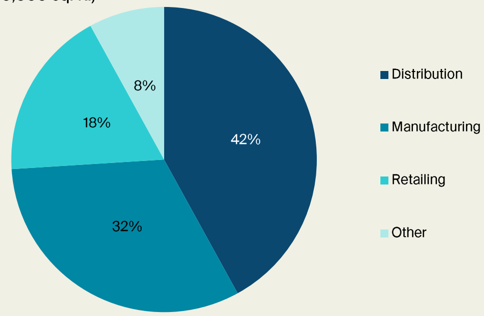
Occupier market

Take up (units over 50,000 sq. ft.)



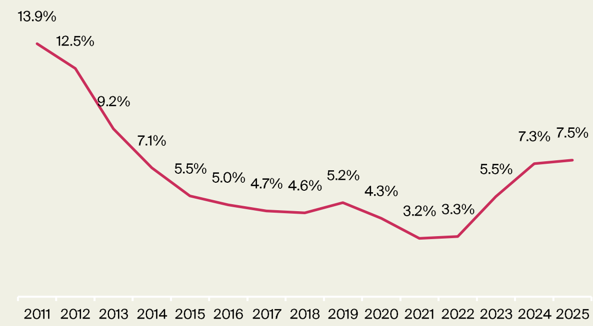
Source: Knight Frank Insight

Take up by occupier type – 2025
(units over 50,000 sq. ft.)



Source: Knight Frank Insight

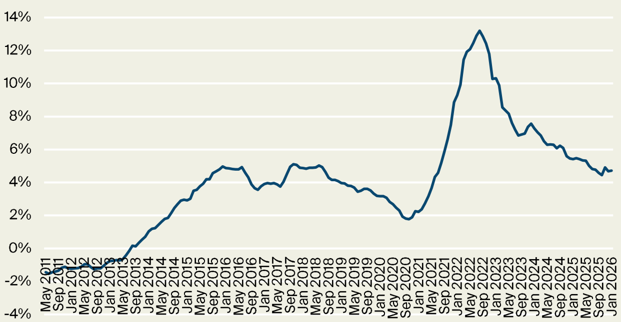
Vacancy Rate (%)



Source: Knight Frank Insight

Rents

Annual average market rental growth
%



Source: Knight Frank Insight, MSCI

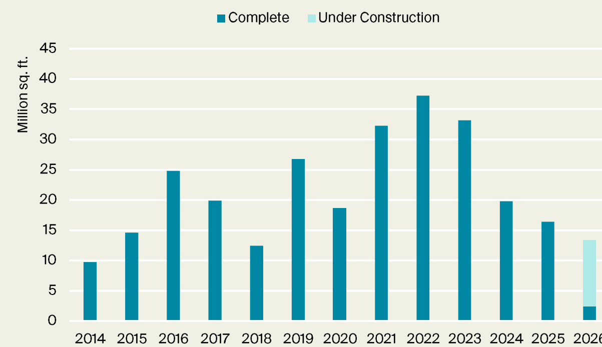
Average rental growth forecast (%) – Q4 2025

	2025	2026	2027	2028	2029	2025-29 CAGR
UK	4.6	2.9	3.3	3.2	3.5	3.5
London	5.4	3.8	3.9	3.8	3.9	4.1
South East	3.2	3.2	3.3	3.1	3.4	3.2
South West	6.2	4.1	4.0	4.0	3.8	4.3
Eastern	6.0	3.0	3.5	3.5	3.7	3.8
East Midlands	3.2	2.6	3.0	2.9	3.3	3.0
West Midlands	4.8	2.5	2.9	2.8	3.3	3.2
North West	5.9	3.2	3.3	3.4	3.7	3.8
Yorks & Humber	3.9	2.6	3.0	2.6	2.8	3.0
North East	3.6	2.5	2.7	2.5	2.2	2.7
Scotland	3.5	2.2	2.4	2.3	2.2	2.5
Wales	2.3	2.6	3.3	3.2	3.1	2.9

Source: Knight Frank Insight

Development

Development completions (units over 50,000 sq. ft.)



Source: Knight Frank Insight, Glenigan

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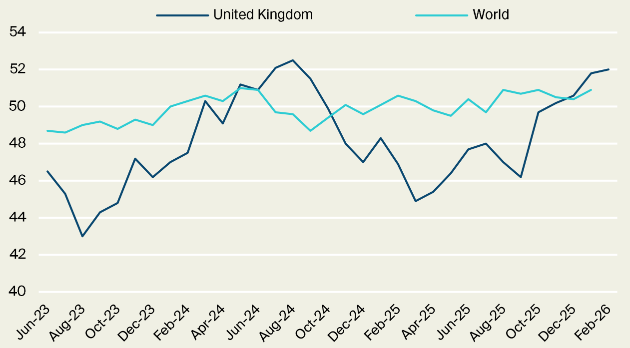
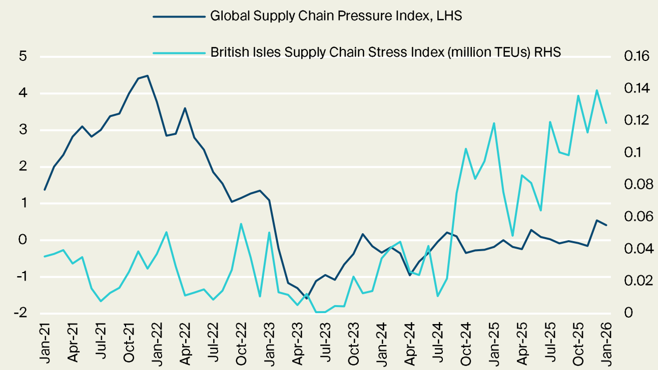
Industry, trade and manufacturing

Manufacturing PMI Index



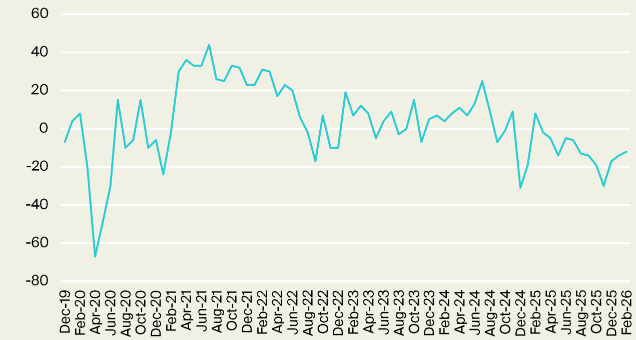
Source: Knight Frank Insight, Macrobond

British Isles - Supply chain Stress Index



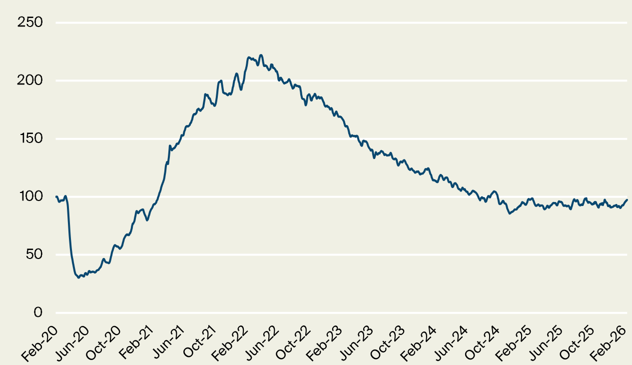
Source: Knight Frank, World Bank, Macrobond

Expectations for future manufacturing output
CBI Industrial Trends Monthly Survey
% balance expecting improvement/deterioration



Source: Knight Frank Insight Macrobond

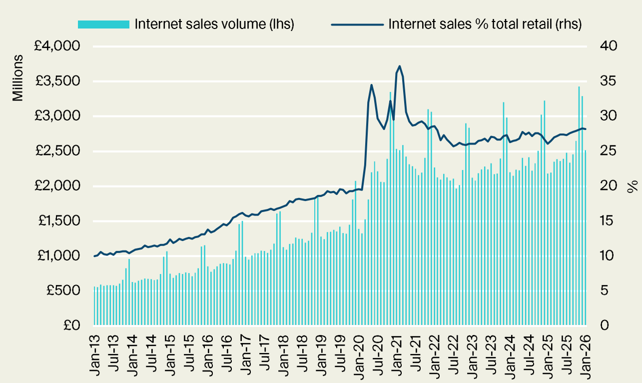
Job Postings Index - Logistics Support



Source: Knight Frank Insight, Indeed

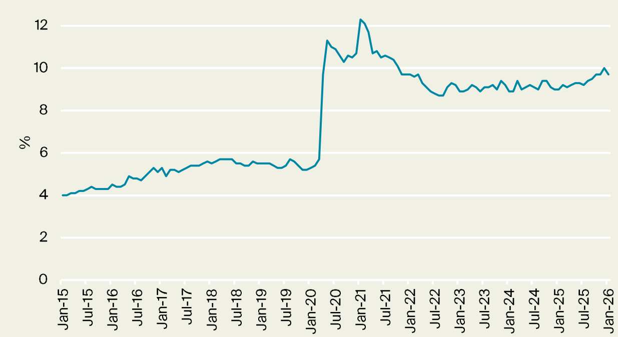
Online retail sales

UK Internet Retail Sales (monthly)



Source: Knight Frank Insight, ONS

UK grocery market – proportion of online retail (%)



Source: Knight Frank Insight, ONS

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February 2026

Market commentary

Investment

- A total of £4.75 billion in transactions was recorded in Q4, bringing the full year 2025 total to £10.5 billion, 27% higher than the 2024 total and 11% above the ten year average. Investment activity in 2025 was largely driven by portfolio transactions, which represented around half of the year's transaction total.
- Portfolios and off-market transactions have continued to dominate market activity through the start of the 2026. At present, Q1 has a total of £719 million worth of transactions either closed or pending.
- A notable trend observed in the market has been the return of core capital. Increased competition in the lending market coupled with falling swap rates is reducing borrowing costs and making debt more accretive for transactions in this segment of the market. Five-year SONIA swap yields ended January at 3.72%, however, the latest reading is down at 3.56% (20th February) and compares with 3.99% a year ago (21st February 2025).
- The UK Industrial equivalent yield was 6.23% at the end of January, while this is 5bps softer compared with January 2025, the month-on-month comparison shows a 3bps compression. At the end of January, the yield spread over the five-year swap was 251 bps, up from 233 bps in January last year, and compares with a ten-year average of 386bps.
- Inflation fell to 3.2% (CPIH) or 3.0% (CPI) in the year to January 2026, down from 3.6% and 3.4% respectively in the year to December 2025, boosting hopes of another base rate cut in March. Financial markets and economists are currently expecting two interest rate cuts this year, with Oxford Economics forecasts a base rate of 3.25% by year end, while the latest implied policy rate stands at 3.24%. Oxford Economics forecast further rate cuts in the coming years, with the base rate moving in to 2.5% by mid-2029.

Returns

- Annual UK industrial capital growth slowed to 2.95% in January 2026, down from 2.98% in December 2025 (MSCI).
- Annual total returns reduced marginally, by 4bps, reaching 8.00% in January 2026 (MSCI).

Occupier Market Activity

- The start of 2026 has brought renewed optimism, with occupier sentiment appearing to strengthen. Total take-up reached 40.8 million sq ft in 2025, representing a 13% year-on-year increase, and several notable transactions have already been recorded this year.
- Two-man home delivery specialist BJS Distribution has taken a 261,912 sq ft unit at Bescot Industrial Estate in Wednesbury, West Midlands.
- Pharmaceutical logistics provider Allogoa has secured 231,191 sq ft at Panattoni Park J28 Central M1 in South Normanton, East Midlands. Panattoni is actively targeting the pharmaceutical sector, seeking to capitalise on the structural growth of this specialist market by delivering facilities capable of providing validated, climate-controlled and secure environments, including cleanrooms and temperature mapping.
- In the South West – which recorded record levels of take-up in 2025 – EDC and development partner Stoford have completed a freehold turnkey transaction for a 209,319 sq ft unit at Axis Works to an undisclosed occupier, with Knight Frank acting as joint agents. EDC and Stoford are also developing the £74 million, 390,000 sq ft M&S logistics facility at Axis Works on behalf of LondonMetric, which is pre-let to M&S on a 20-year lease.

Rental Growth

- Average UK industrial rents continued to rise, with annual growth of 4.71% in the year to January 2025, slightly down from 4.69% in December and 5.52% in the year to January 2025. Growth has continued to moderate but the pace has not been as rapid as expected.
- Rental growth is forecast to slow in 2026, with annual growth projected at 2.9% (December 2025 forecast). However, growth is expected to accelerate 2027-2029.
- The strongest rental growth in 2025 is forecast for the South West (4.1%), followed by London (3.8%), the South East (3.2%), and the North West (3.2%).

Development

- Total completions in 2025 reached 16 million sq ft, the lowest annual total since 2018. Currently, around 2.4 million sq ft has completed at the start of 2026, with a further c.11 million sq ft under construction and expected to complete this year.
- At the end of Q4 2025, 8.3 million sq ft of speculative space was under construction across 56 units, a slight increase from 8.2 million sq ft across 53 units at the end of 2023.

Industry/Trade

- UK manufacturing momentum improved, with the S&P Global UK Manufacturing PMI rising to 52.0 in February, its highest level since August 2024. Output grew at the fastest pace in 17 months, supported by stronger new orders and a sharp rebound in export demand, particularly to the US, Europe and Asia. However, employment and backlogs continued to contract, despite business optimism reaching a 1.5-year high.
- A 10% US import levy came into effect on 24 February. Although a proposed increase to 15% was not implemented following legal and international pushback, US trade policy uncertainty remains elevated, and continues to pose ongoing risks to UK manufacturing exports.
- Global supply chain pressures intensified late last year, with the GSCPI turning positive in December for the first time since January 2023. January saw the GSCPI reduce slightly though it remained above 0.
- Supply chain stress in the British Isles has trended higher since mid-2023, broadly mirroring global patterns, although January 2026 showed some easing. December operations were disrupted by adverse weather and other incidents.
- Despite trade uncertainty and port disruptions, there is rising appetite from private capital groups to back infrastructure assets, which are viewed as offering stable income driven returns. Canadian pension funds CPPIB and OMERS are exploring a sale of their majority stake in ABP, the UK's largest port operator and a major industrial real estate developer. With a target valuation above £10bn, this could be one of the UK's largest infrastructure transactions and may influence future port expansion and industrial/logistics developments at these ports.

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