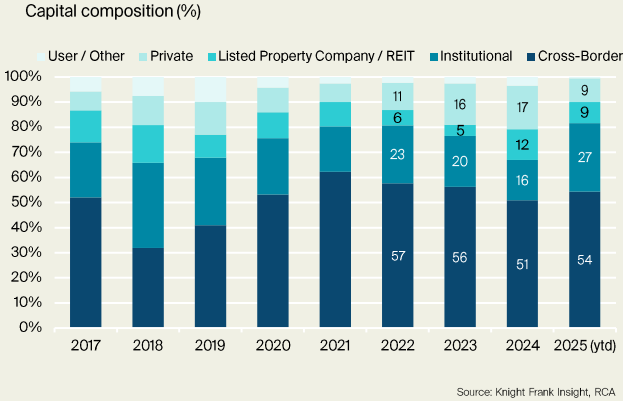
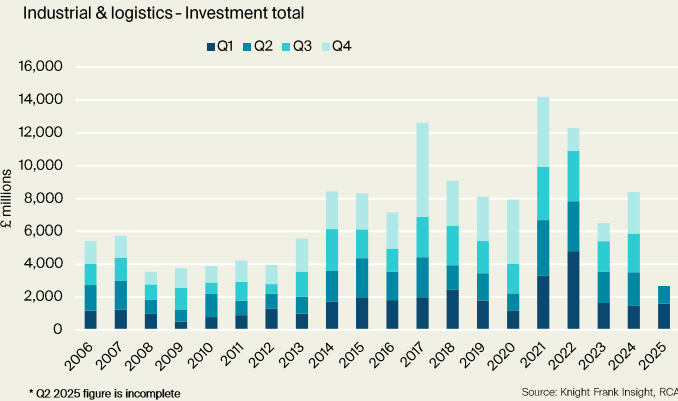


UK Logistics Market Dashboard

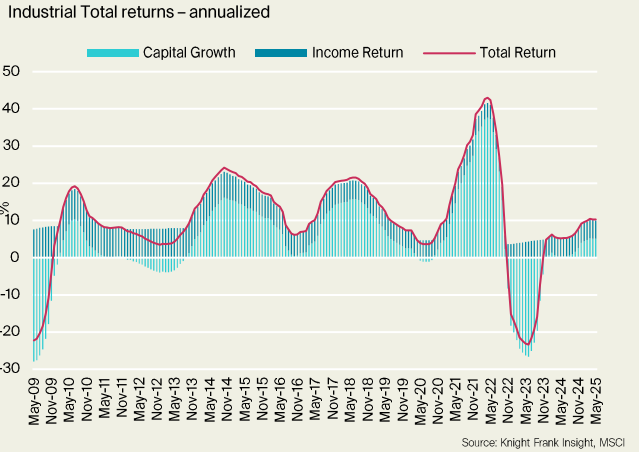
June 2025



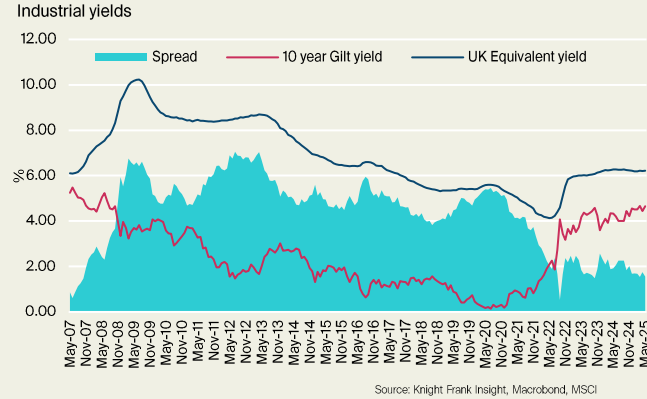
Investment market



Performance



Yields



Knight Frank Prime yield guide (%)

–June 2025

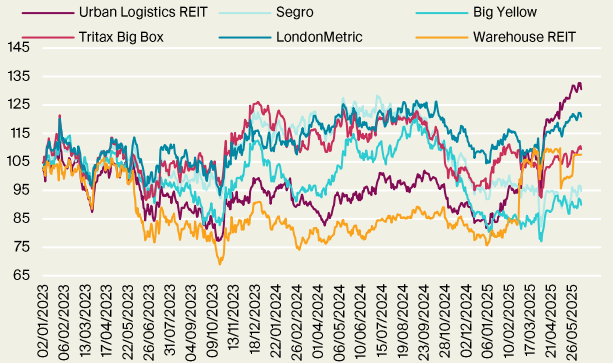
	June 2024	April 2025	May 2025	June 2025	Sentiment
Warehouse & Industrial					
Prime Distribution / Warehousing (20 yr [NIY], higher OMV/index)	5.00	5.00	5.00	5.00	Stable
Prime Distribution / Warehousing (15 years, OMRs)	5.50	5.25	5.25	5.25	Stable
Secondary Distribution (10 years, OMRs)	6.00	6.00	6.00	6.00	Stable
Greater London Estates	5.00	4.75	4.75	4.75	Stable
South East Estates	5.25	5.00	5.00	5.00	Stable
Good Modern Rest of UK Estates	5.00	5.00-5.25	5.00-5.25	5.00-5.25	Stable
Good Secondary Estates	6.75-7.25	6.50-7.00	6.50-7.00	6.50-7.00	Stable

Source: Knight Frank

Listed real estate

Real Estate Equities – total returns indices

01/01/2023 = 100



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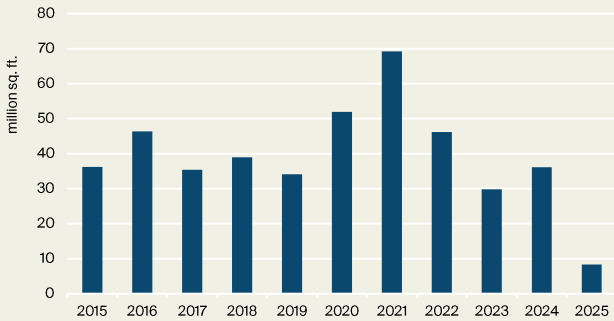
UK Logistics Market Dashboard



June 2025

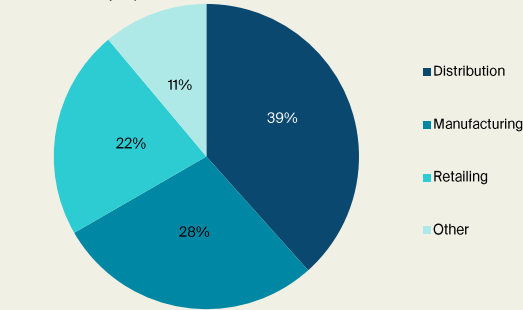
Occupier market

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



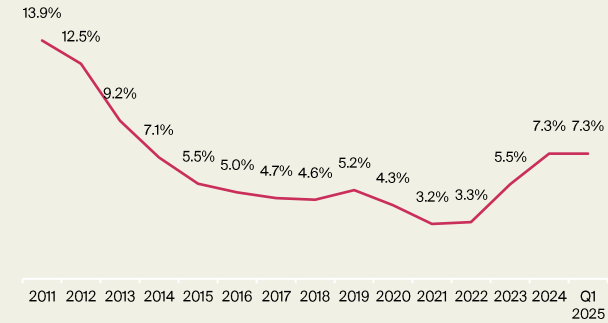
Source: Knight Frank Insight

Take up by occupier type – last 4 quarters (to Q1 2025)
(units over 50,000 sq. ft.)



Source: Knight Frank Insight

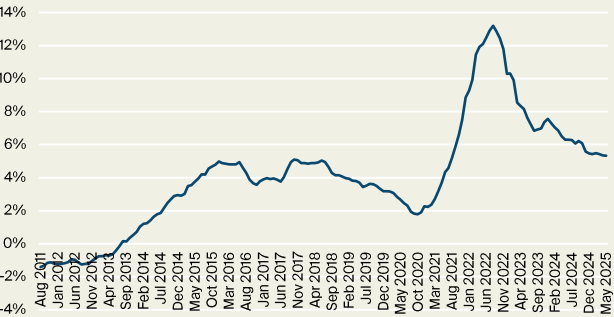
Vacancy Rate (%)



Source: Knight Frank Insight

Rents

Annual average market rental growth
%



Source: Knight Frank Insight, MSCl

Average rental growth forecast (%)
-Q4 2024

	2025	2026	2027	2028	2025-28 CAGR
UK	4.0	2.9	2.7	2.8	3.1
London	4.4	3.7	3.5	3.5	3.8
South East	4.6	3.3	3.0	3.1	3.5
South West	3.8	2.4	2.0	2.1	2.6
Eastern	4.2	3.1	2.8	2.9	3.3
East Midlands	3.4	2.4	2.1	2.2	2.5
West Midlands	3.6	2.5	2.3	2.5	2.7
North West	4.5	2.8	2.3	2.3	3.0
Yorks & Humber	3.8	2.4	2.0	2.1	2.6
North East	3.0	2.2	2.2	2.3	2.4
Scotland	2.8	2.0	1.9	2.1	2.2
Wales	3.1	2.2	2.1	2.4	2.5

Source: Knight Frank Insight, RealFor

Development

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



Source: Knight Frank Insight, Glenigan

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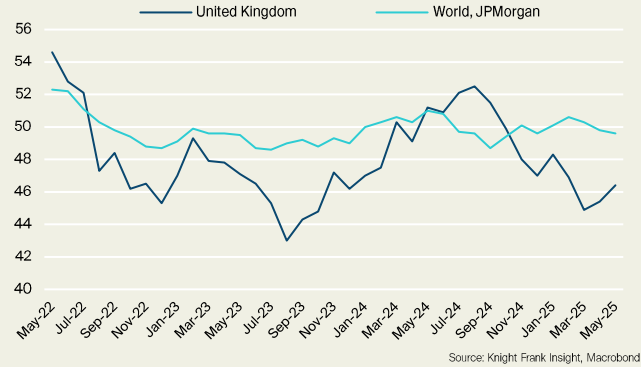
UK Logistics Market Dashboard



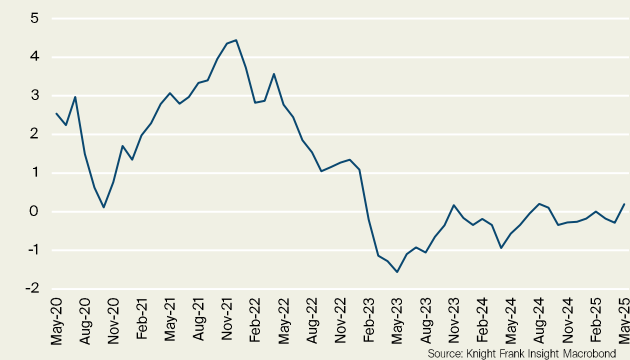
June 2025

Industry, trade and manufacturing

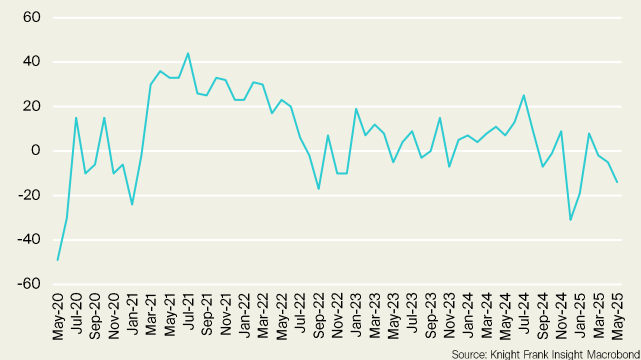
Manufacturing PMI Index



Global Supply Chain Pressure Index (GSCPI)
Standard deviations from average value

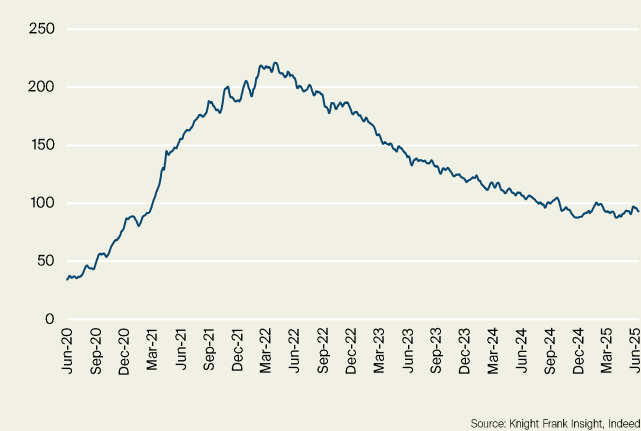


Expectations for future manufacturing output
CBI Industrial Trends Monthly Survey
% balance expecting improvement/deterioration

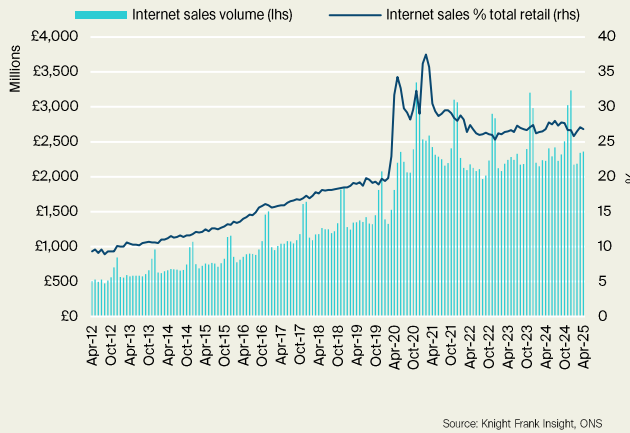


Online retail sales

Job Postings Index - Logistics Support



UK Internet Retail Sales (monthly)



UK grocery market – proportion of online retail (%)



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Market commentary

Investment

- So far, Q2 has recorded approximately £1.1 billion in transactions, with portfolios dominating activity, accounting for approximately 64% of the total – compared with just 14% across the last four quarters.
- Institutional investors have accounted for 27% of total investment to date in 2025, their highest market share recorded since 2019.
- Some sizeable portfolios changing hands recently include Copley Point and Sixth Street acquiring a portfolio from Barings for approximately £100 million. Meanwhile, Barings has purchased the 750,000 sq ft Access portfolio, comprising four multi-let logistics assets, from Blackstone for £145 million.
- Several additional large portfolios are currently on the market, including Blackstone's Solstice Portfolio for approximately £430 million.
- Ten-year gilt yields rose (month-on-month) in May to 4.66% (month-end), from 4.44% at the end of April. Yields are around 45bps higher than a year ago, but it is difficult to ascertain any trends in recent monthly figures, which have proved highly volatile due to ongoing international and domestic factors – a situation that looks set to continue.
- In May 2025, industrial equivalent yields softened from 6.20% in April to 6.22% in May, reversing the 2bps hardening recorded the previous month. The equivalent yield represented a 156bps premium over gilt yields at the end of May.

Returns

- Annual UK Industrial capital growth slowed in May 2025, with 5.10% growth recorded, down from 5.13% in April (MSCI).
- Annual total returns declined slightly for the second consecutive month to 10.23% in May 2025 from 10.29% in April (MSCI).

Occupier Market Activity

- Take-up in Q1 2025 totalled 8.3 million sq ft (units over 50,000 sq ft). Compared with recent quarters, occupier activity was relatively weak in Q1, with many occupiers holding off expansion plans due to growing cost pressures. Geopolitical issues and uncertainty around future trade relationships may also have impacted business confidence – particularly for manufacturing or logistics firms focused on import/export operations.
- The UK vacancy rate stood at 7.3% at the end of Q1 2025, remaining stable quarter-on-quarter.
- The second quarter has seen a large number of sizeable buildings taken up – notably, GXO taking Panattoni's Avonmouth 885 near Bristol, and ID Logistics taking Sherburn 550 in Elmet, Yorkshire in April.
- Supermarkets are active in the market, expanding and upgrading their distribution infrastructure and investing in technology to improve operational efficiency and enhance the sustainability of their assets and operations. In May, Tesco agreed to pre-let 491,926 sq ft at Mountpark Hinckley, while in Bristol, Mountpark360 (Central Park) is currently under offer to another supermarket.

Rental Growth

- Average rents for UK industrial properties continue to grow. The annual growth rate for the year to May 2025 stands at 5.3%, slowing from 6.3% in May last year. Monthly rental growth of 0.33% was recorded in May, up from 0.29% in April (MSCI).
- Rental growth is expected to continue slowing throughout the remainder of this year and into next, with annual growth of approximately 4.0% anticipated for 2025.

Development

- In 2024, around 20 million sq ft of new stock was completed. Development completions are expected to rise this year but will likely remain below the levels recorded in 2021–2023. So far this year, an estimated 8.2 million sq ft has reached PC (the status of some schemes is still to be verified). Just under 21 million sq ft is under construction and expected to complete later this year (this figure is subject to change as completion dates are revised).

Industry/Trade

- The S&P Global UK Manufacturing PMI for May 2025 was 46.4 – a three-month high, following weak figures in March and April. Business confidence rebounded from April's recent low, which had seen sentiment collapse to levels not seen since the Truss Budget of 2022. The UK manufacturing sector continued to face tough operating conditions in May. Survey respondents cited tariff uncertainty, government policy, global market turbulence, and rising cost burdens as factors behind reduced levels of output, new orders, export business, and employment.
- Job losses were sustained, but at a slower rate. The S&P survey's employment index signalled a drop in private sector employment for an eighth successive month in May. Although the survey showed the pace of job losses moderated slightly, the rate of decline remained among the steepest seen since the global financial crisis of 2008–09, barring only the pandemic.
- Falling job postings and business survey signals of a sluggish UK economy and deteriorating labour market are now corroborated by official data showing mounting job losses and declining GDP. Inflation, meanwhile, has risen compared to earlier in the year.
- The Global Supply Chain Pressure Index (GSCPI) rose above 0 in May, indicating global supply chain pressures are slightly higher than historic averages. Shipping costs have surged as the Israel–Iran conflict fuels additional risk in the Gulf. Insurance prices for ships transiting the Strait of Hormuz – which connects the Gulf to the Arabian Sea between Iran and Oman – are reported to have risen by more than 60%. The Strait of Hormuz is one of the world's most vital oil transit routes, with nearly a fifth of global crude passing through its narrow waters. Any disruption or escalation of hostilities in the area could have profound consequences for global energy security and freight logistics.
- Online retail penetration rates stood at 26.8% in April – the same as April last year. Penetration rates are now back in line with their long-term pre-pandemic trend. Grocery online penetration rates were 9.4% in April, compared with 9.0% a year ago.

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