

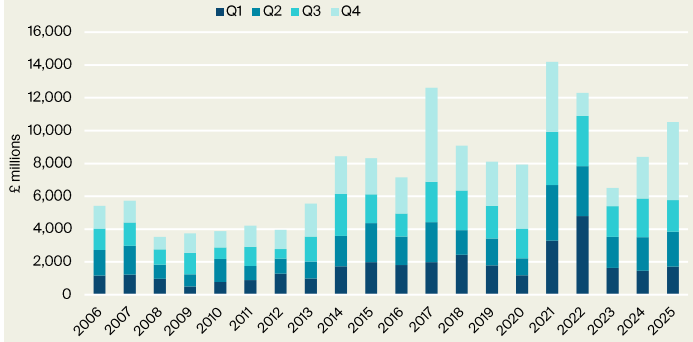
# UK Logistics Market Dashboard



March 2026

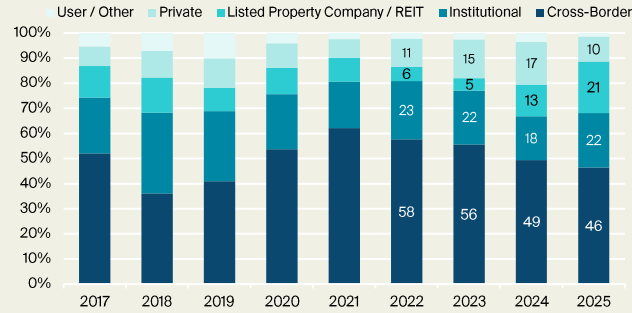
## Investment market

Industrial & logistics - Investment total



Source: Knight Frank Insight, RCA

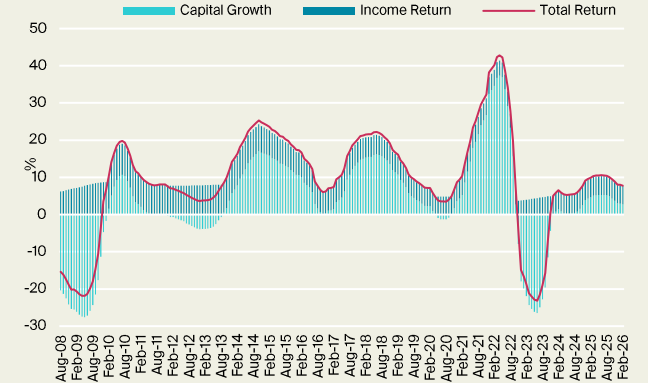
Capital composition (%)



Source: Knight Frank Insight, RCA

## Performance

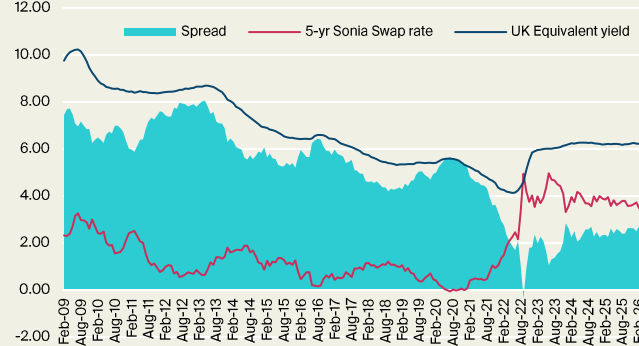
Industrial Total returns – annualized



Source: Knight Frank Insight, MSCI

## Yields

Industrial yields %



Source: Knight Frank Insight, Macrobond, MSCI

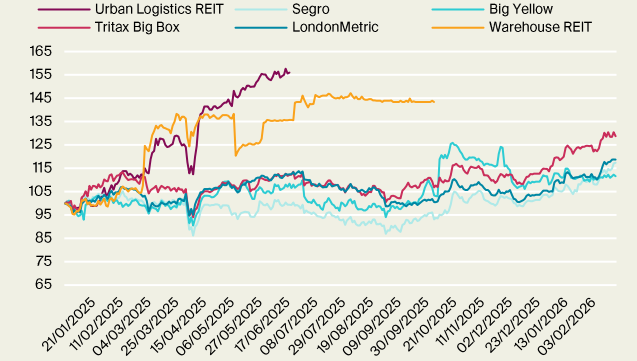
Knight Frank Prime yield guide (%) - March 2026

	Mar 2025	Jan 2025	Feb 2026	Mar 2026	Sentiment
<b>Warehouse &amp; Industrial</b>					
Prime Distribution / Warehousing (20 yr [NIY], higher OMV/index)	5.00	5.00	5.00	5.00	Stable
Prime Distribution / Warehousing (15 years, OMRs)	5.25	5.25	5.25	5.25	Stable
Secondary Distribution (10 years, OMRs)	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

Source: Knight Frank

## Listed real estate

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



Source: Knight Frank Insight, Macrobond

## Key Contacts

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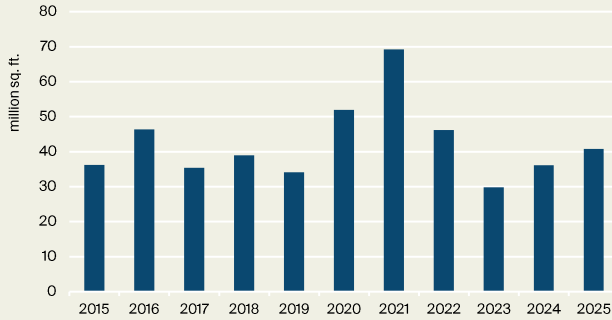
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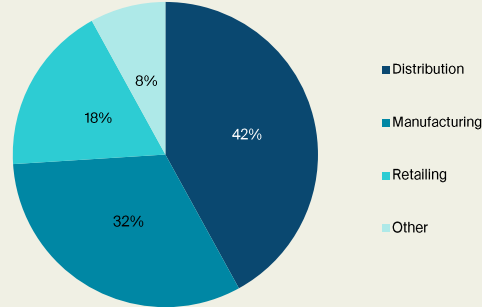
## Occupier market

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



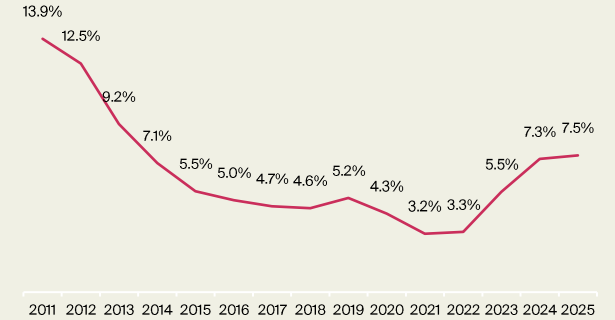
Source: Knight Frank Insight

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



Source: Knight Frank Insight

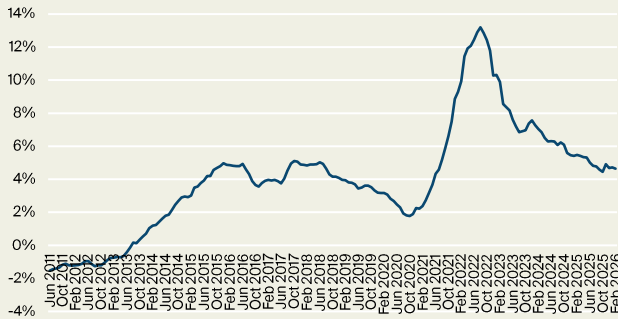
Vacancy Rate (%)



Source: Knight Frank Insight

## Rents

Annual average market rental growth %



Source: Knight Frank Insight, MSCl

Average rental growth forecast (%) – Q1 2026

	2026	2027	2028	2029	2030	2026-30 CAGR
UK	2.4	2.3	2.3	2.4	2.4	2.3
London	2.3	2.4	2.6	2.8	2.9	2.6
South East	2.3	2.3	2.3	2.4	2.4	2.3
South West	2.2	2.2	2.1	2.1	2.0	2.1
Eastern	2.5	2.4	2.4	2.5	2.5	2.5
East Midlands	2.5	2.2	2.1	2.1	2.1	2.2
West Midlands	2.3	2.2	2.0	2.0	2.0	2.1
North West	2.6	2.3	2.1	2.2	2.1	2.2
Yorks & Humber	2.4	2.2	1.9	2.0	1.9	2.1
North East	2.8	2.2	2.1	2.1	2.1	2.3
Scotland	2.3	2.0	1.7	1.6	1.6	1.8
Wales	2.2	2.1	1.8	1.7	1.7	1.9

Source: Knight Frank Insight

## Development

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



Source: Knight Frank Insight, Glenigan

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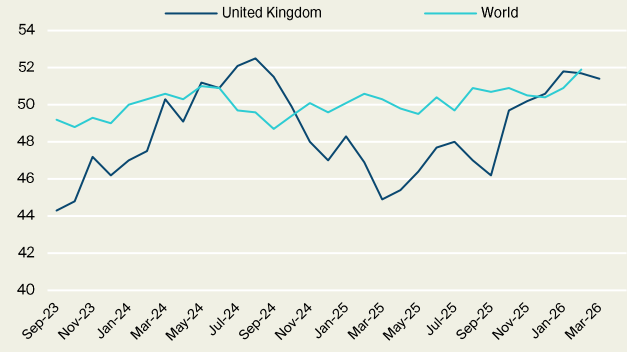
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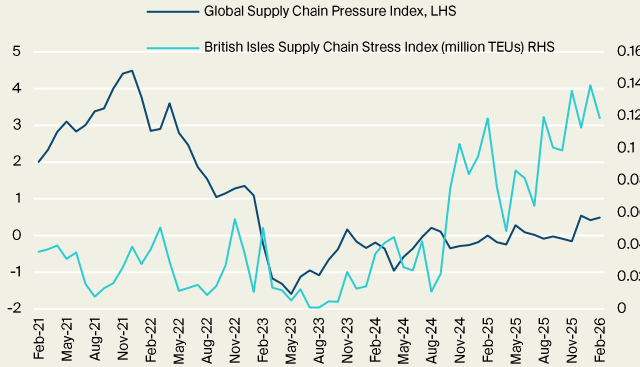
## Industry, trade and manufacturing

Manufacturing PMI Index



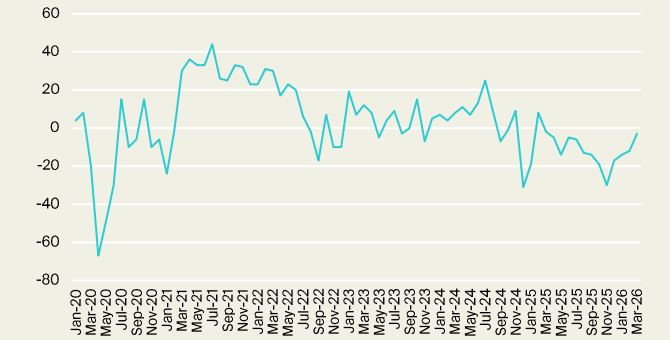
Source: Knight Frank Insight, Macrobond

British Isles - Supply chain Stress Index



Source: Knight Frank, World Bank, Macrobond

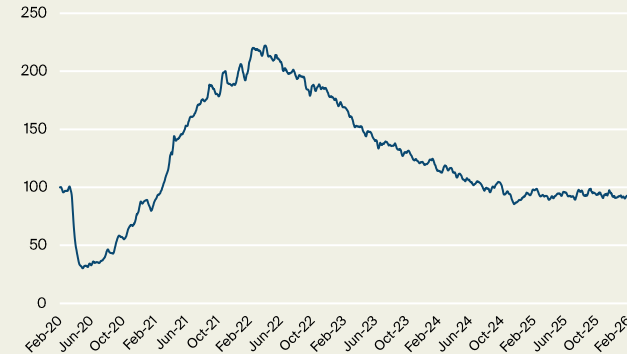
Expectations for future manufacturing output  
CBI Industrial Trends Monthly Survey  
% balance expecting improvement/deterioration



Source: Knight Frank Insight, Macrobond

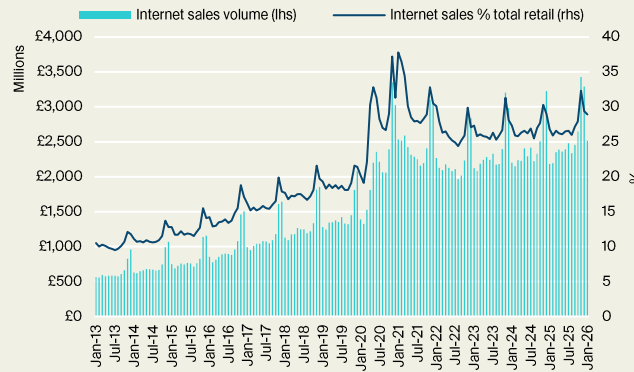
## Online retail sales

Job Postings Index - Logistics Support



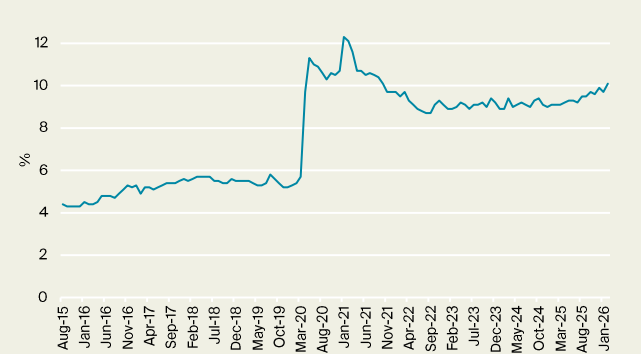
Source: Knight Frank Insight, Indeed

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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March 2026

## Market commentary

### Investment

- A total of £4.75 billion transacted in Q4, taking the full year 2025 total to £10.5 billion, 27% higher than the 2024 total and 11% above the ten-year average. There are currently £1.1 billion of transactions closed or pending in Q1. While this total will see upward revision as further transactions come to light, it suggests a slowing in transaction levels in the first quarter of 2026. Though there have been some sizeable portfolios transacting in Q1, the levels of M&A activity that we saw at the back end of last year, has slowed.
- In the February edition, we noted the return of core capital. However, March has seen a shift in the geopolitical environment and rise in swap rates, and while evidence of any pricing shift is not apparent, investors are scrutinising deals more intensely.
- The direction of expected policy rates appears to have shifted with markets expecting three rate rises this year, as apposed to two rate cuts which were anticipated a month ago. Five-year SONIA swap yields ended February at 3.49%, however, the latest reading is up at 4.22% (26th March) and compares with 4.03% a year ago (27<sup>th</sup> March 2025). This is causing investors to question pricing, particularly at the core end of the market.
- The UK Industrial equivalent yield was 6.21% at the end of February, this compares with 6.23% at the end of January. At the end of February, the yield spread over the five-year swap was 272 bps, up from 251 bps in January, and compares with a ten-year average of c.400bps.
- The MPC held the base rate at 3.75% in March, as expected, with the central bank adopting a wait-and-see approach to the Middle East conflict, which has sent energy prices soaring and fuelling inflation fears. Yet while financial markets may be pricing in rate rises, economists see rates holdings steady, with Oxford Economics anticipating that rates will remain at 3.75% throughout 2026 and into 2027. Capital Economics are also not forecasting any rate rises.

### Returns

- Annual UK industrial capital growth slowed to 2.74% in February 2026, down from 2.95% in January 2026 (MSCI).
- Annual total returns reduced by 22bps, reaching 7.78% in January 2026 (MSCI).

### Occupier Market Activity

- In light of the instability in the Middle East and the potential impact on inflation and the UK economy, the renewed optimism we saw in the occupier market at the start of the year appears to have given way to more of a wait and see approach in March. However, while enquiry levels for March appear to be down month-on-month, March enquiry levels are up compared with 2025 or 2024, despite the instability in the Middle East.
- Despite the slowing in enquiries, a number of sizeable occupier transactions have taken place in March.
- Parcel delivery firm EVRI has taken Arrow Capital Partners' 266,044 ft<sup>2</sup> warehouse at its Arrow Point Barnsley development in South Yorkshire
- 3PL WS Transportation, a subsidiary of WS Group set up by William Stobart, has taken a lease on Tritax's recently refurbished Axiom 224 warehouse at Precision Park on Harrison Way, Leamington Spa, West Midlands. It will use the 223,936 sq ft facility to operate a two-man delivery service.

### Rental Growth

- Average UK industrial rents continued to rise, with annual growth of 4.65% in the year to February 2026, slightly down from 4.71% in January. 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 2.4% (March 2026 forecast). The strongest rental growth in 2026 is forecast for the North East and North West markets.

### Development

- Around 3.7 million sq ft is estimated to have completed so far in 2026, with a further c.13 million sq ft under construction and expected to complete this year. This should bring the annual total for development this year in line with that for last 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. Speculative development activity is expected to remain suppressed, particularly in light of new inflationary pressures and increased risk to exit yields.

### Industry/Trade

- Manufacturing expansion slowed to a three-month low as output growth weakened, with the Middle East conflict weighing on global demand. A quarter of manufacturers reported longer delivery times—the worst since July 2022—driven by shipping diversions from Asia and petrochemical disruptions. Softer demand and supply pressures reduced purchasing and inventories, while input costs surged, pushing output prices up.
- Global supply chain pressures will have intensified in March due to the conflict in the Middle East. The British Isles Supply Chain Stress Index has continued to trend up since April 2025, though the March reading is not yet available, a further rise is anticipated.
- Online retail penetration rates in February were notably higher than in February a year ago, at 27.5% compared with 25.9% a year ago, though they remain below levels recorded during the pandemic (2021 and 2022). Online grocery retail followed a similar pattern, the February reading of 10.1% compares with 9.1% last year and is the highest reading since October 2021.

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