

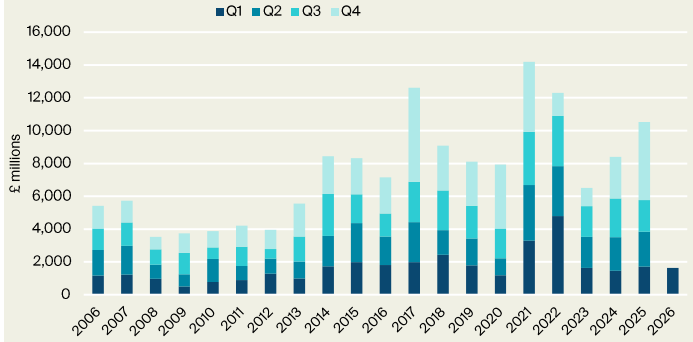
# UK Logistics Market Dashboard



May 2026

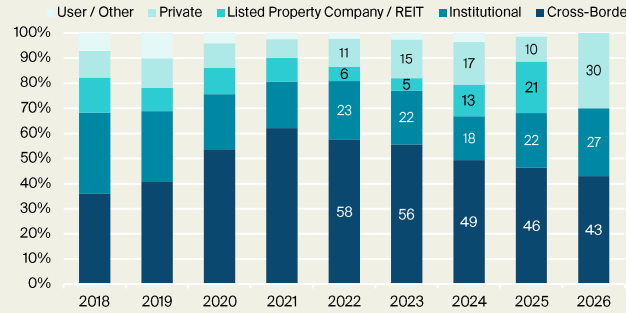
## Investment market

Industrial & logistics - Investment total



Source: Knight Frank Insight, RCA

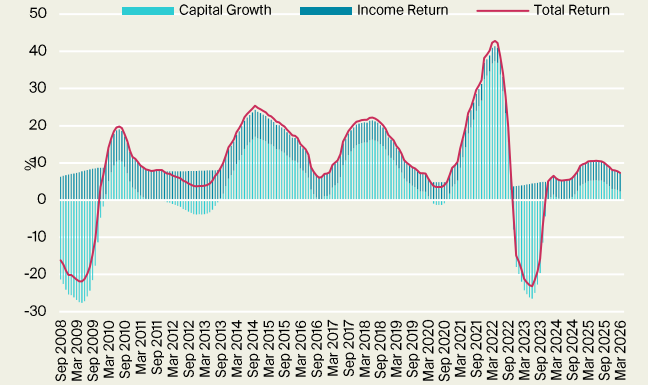
Capital composition (%)



Source: Knight Frank Insight, RCA

## Performance

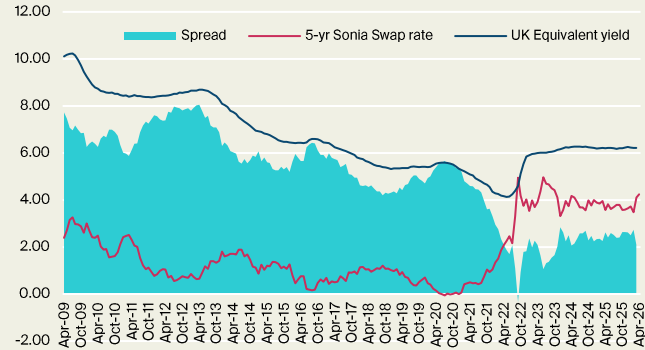
Industrial Total returns – annualized



Source: Knight Frank Insight, MSCI

## Yields

Industrial yields %



Source: Knight Frank Insight, Macrobond, MSCI

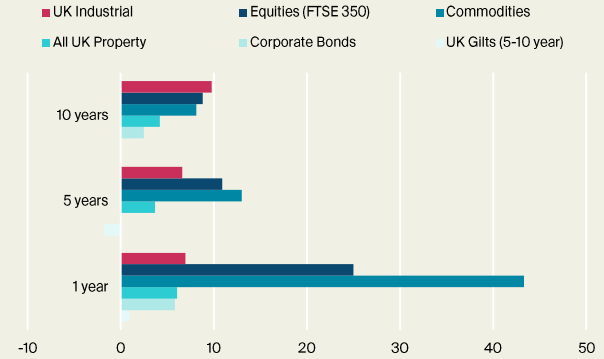
Knight Frank Prime yield guide (%) – May 2026

	May 2025	Mar 2026	Apr 2026	May 2026	Change
<b>Warehouse &amp; Industrial</b>					
Prime Distribution / Warehousing (20 yr [NIY], higher OMV/index)	5.00	5.00	5.00-5.25	5.25	+25bps
Prime Distribution / Warehousing (15 years, OMRs)	5.25	5.25	5.25	5.25	+
Secondary Distribution (10 years, OMRs)	6.00	6.00	6.00	6.00-6.25	+
Greater London Estates	4.75	4.75	4.75	4.75-5.00	+
South East Estates	5.00	5.00	5.00	5.00-5.25	+
Good Modern Rest of UK Estates	5.00-5.25	5.00-5.25	5.00-5.25	5.00-5.25	
Good Secondary Estates	6.50-7.00	6.50-7.00	6.50-7.00	6.50-7.00	

Source: Knight Frank

## Returns across asset classes

Annualised total returns by asset class (to end of April 2026) % per annum



Source: Knight Frank Insight, Macrobond

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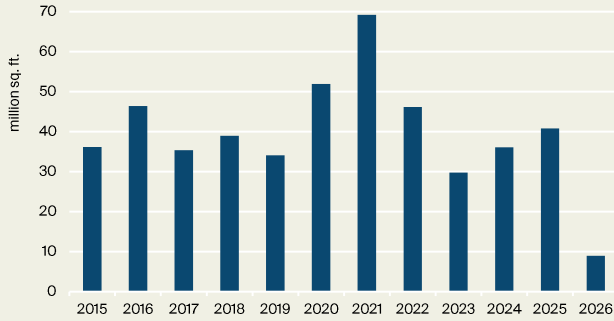
# UK Logistics Market Dashboard



May 2026

## Occupier market

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

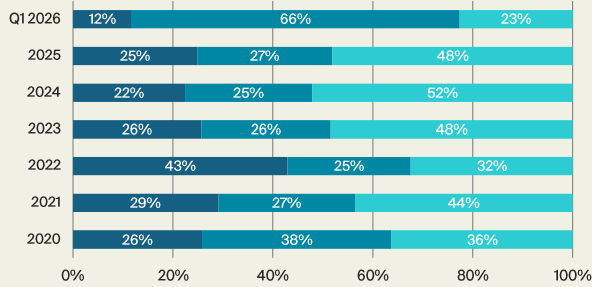


Source: Knight Frank Insight

Proportion of take up by type and grade

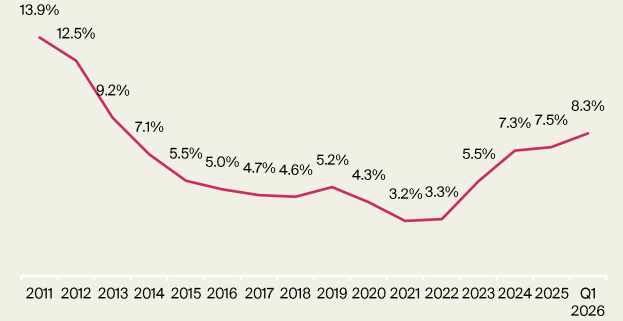
% of total floorspace taken

■ Pre-let or D&B ■ Grade A (new or refurbished) ■ Secondhand (Grade B or worse)



Source: Knight Frank Insight

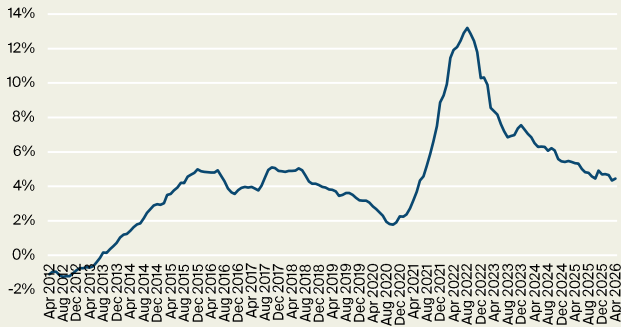
Vacancy Rate (%)



Source: Knight Frank Insight

## Rents

Annual average market rental growth %



Source: Knight Frank Insight, MSCl

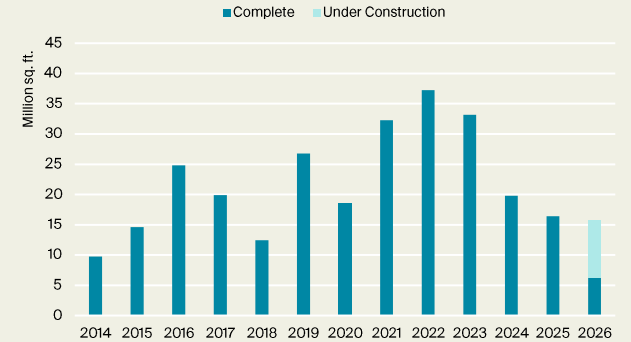
Average rental growth forecast (%) - Q1 2026

	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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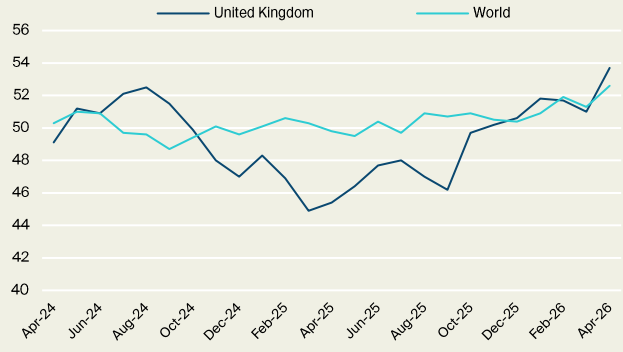
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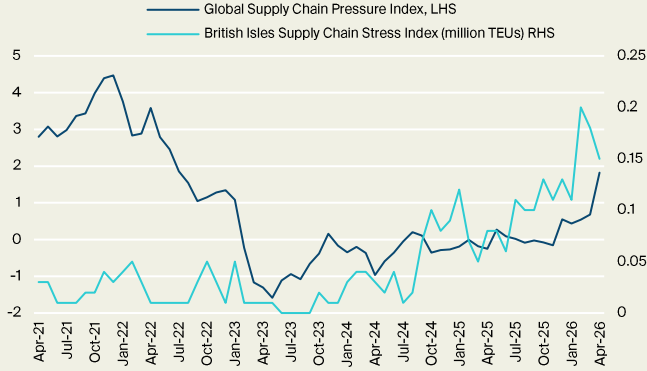
## Industry, trade and manufacturing

Manufacturing PMI Index



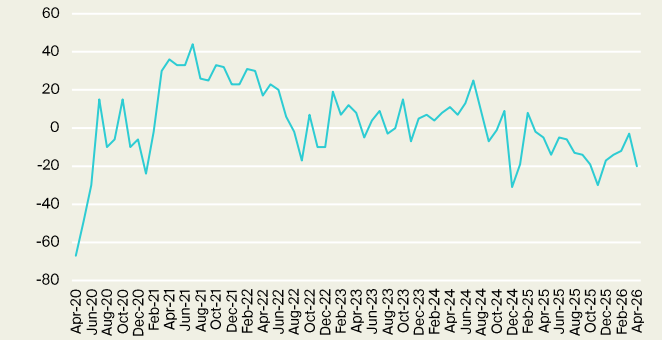
Source: Knight Frank Insight, Macrobond

British Isles - Supply chain Stress Index



Source: Knight Frank, World Bank, Macrobond

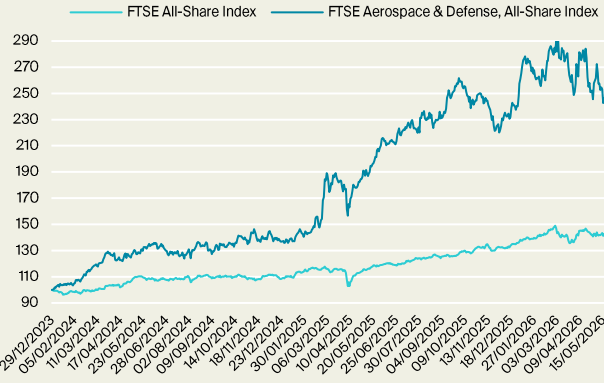
Expectations for future manufacturing output  
CBI Industrial Trends Monthly Survey  
% balance expecting improvement/deterioration



Source: Knight Frank Insight, Macrobond

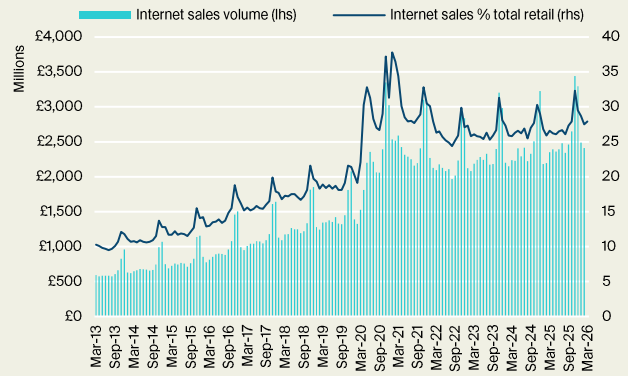
## Online retail sales

Total Returns – Defence and Aerospace  
01 Jan 2024 = 100



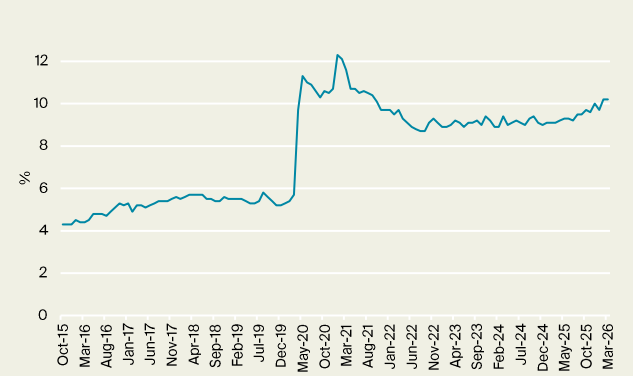
Source: Knight Frank Insight, Macrobond

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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May 2026

## Market commentary

### Investment

- A total of £1.64 billion transacted in Q1 2026, approximately 5% below the Q1 2025 total and significantly below the total last quarter. The momentum we saw building in the market in Q4 continued into the start of the year. However, while Q4 volumes were boosted by some sizeable platform transactions and M&A activity in the REIT market, this segment of the market has been notably quiet in the first quarter of 2026.
- Five-year SONIA swap yields ended February at 3.49%, however, the latest reading is up at 4.36% (18th May) and compares with 3.82% a year ago (19th May 2025). At the same time, 10-year gilt yields have risen to c.5.1%, narrowing the spread between logistics and the “risk-free” rate. This is causing investors to question pricing, particularly at the core end of the market.
- The UK Industrial equivalent yield was 6.22% at the end of March, this compares with 6.21% at the end of February. At the end of March, the yield spread over the five-year swap was 211 bps, up from 272 bps in February, and compares with a five-year average of c.382bps.
- The outbreak of conflict in the Middle East in late Q1 saw a shift in the geopolitical environment and rise in swap rates, and alternative asset yields. As a result, investors are now scrutinising deals more intensely. That said, many investors have raised capital to invest into the sector and will be under pressure to deploy. Heightened uncertainty and volatility have become the backdrop to the market and investors are become more accustomed to navigating the market despite these volatility spikes.
- Although we are only half way through the second quarter, there have been some notable transactions demonstrating continued investor appetite. In May, a portfolio of five single let distribution centres, located across the UK was acquired by a fund managed by ICG Real Estate for £200.5 million, equating to a yield of 5.5%. The properties are located in Coventry, Barnsley, Burgess Hill, Reading and Castleford with tenants including EVRI, GXO, DHL and Puma.

### Returns

- Annual UK industrial capital growth slowed to 2.33% in March, down from 2.74% in February 2026 (MSCI).
- Annual total returns reduced by 45bps, reaching 7.33% in March 2026 (MSCI).

### Occupier Market Activity

- Occupier take up in Q1 2026 totalled 9.0 million sq ft, on a par with the 9.1 million sq ft acquired in Q4 last year and 11% higher than the 8.1 million sq ft taken up in the first quarter 2025.
- Despite heightened geopolitical and economic uncertainty, occupiers are continuing to push ahead with their real estate planning and number of sizeable occupier transactions have taken place in the first half of Q2 2026.
- Notably, M&S has agreed a purchase of a 437,000 sq ft fully automated fashion distribution centre in Lichfield for £67.5 million, in a bid to double online sales, as it accelerates transformation of its Fashion, Home and Beauty business. The former ASOS warehouse will become operational as part of the M&S network in 2027.
- Other notable transactions so far this quarter include Amazon’s acquisition of 200,000 sq ft of space at Panattoni Park in Crawley on a ten-year lease. Amazon has also agreed a 120,000 sq ft deal at the Port of Cardiff, agreed with ABP Property, and is also understood to have be behind the leasing of Bulk 250, a 250,850 sq ft unit in West Thurrock.
- The vacancy rate rose in Q1, reaching 8.3%, up from 7.5% at the end of 2025. However, while occupier demand is increasingly focused on new and grade-A facilities, rising vacancy has been driven largely by lower quality, second hand units returning to the market. Grade-A vacancy was just 4.2% at the end of Q1, with some regions recording rates at or below 1%.

### Rental Growth

- Average UK industrial rents continued to rise, with annual growth of 4.45% in the year to April 2026, accelerating from 4.34% in March 2026, though down slightly down from 4.65% in February.
- 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 6.3 million sq ft is estimated to have completed so far in 2026, with a further c.9.4 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 Q1 2026, 8.3 million sq ft of speculative space was under construction across 56 units. Speculative development activity is expected to remain suppressed, particularly in light of new inflationary pressures and increased risk to exit yields.

### Industry/Trade

- The S&P Global UK Manufacturing PMI rose to 53.7 in April 2026 from 51 in March, the highest since May 2022. Output expanded for the sixth time in seven months, supported by strong new orders, backlog clearing and rising inventories, with demand growing at one of the fastest rates in four years. However, supply chain pressures intensified due to disruption around the Strait of Hormuz, driving input costs up at the fastest pace since June 2022. Business optimism also fell to a one-year low amid concerns over geopolitical instability and its impact on global growth.
- Global supply chain pressures have intensified in March and April due to the conflict in the Middle East. The British Isles Supply Chain Stress Index has continued to trend up since early 2025, peaking in March 2026, though it declined slightly in April it remains elevated.
- UK defence and aerospace firms have outperformed in recent years, with strong growth in 2025, but have lagged year to date, returning 2.6% versus 5.1% for the FTSE All-Share. While UK defence spending is rising, it is forecast to grow by just 3% this year, below other European markets, including Germany at 35%. Despite this, the sector will remain a key driver of industrial and logistics demand, supported by the UK’s established manufacturing base and potential expansion linked to higher defence spending across Europe.

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