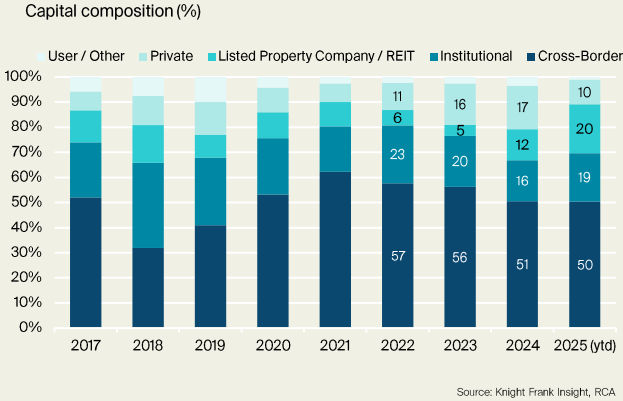
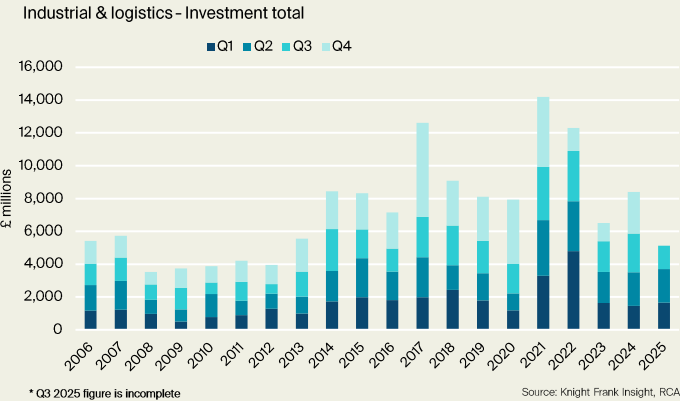


# UK Logistics Market Dashboard

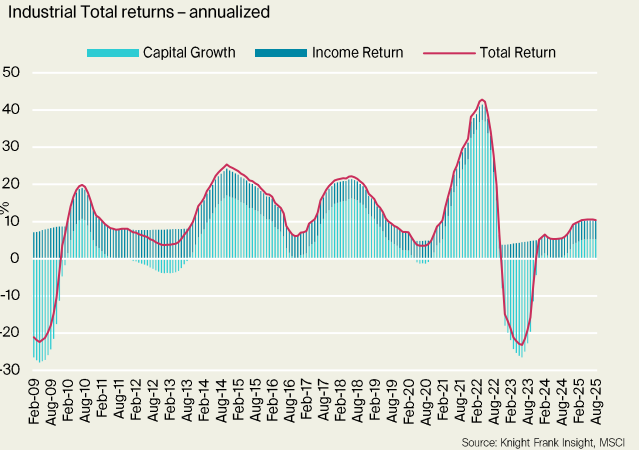
September 2025



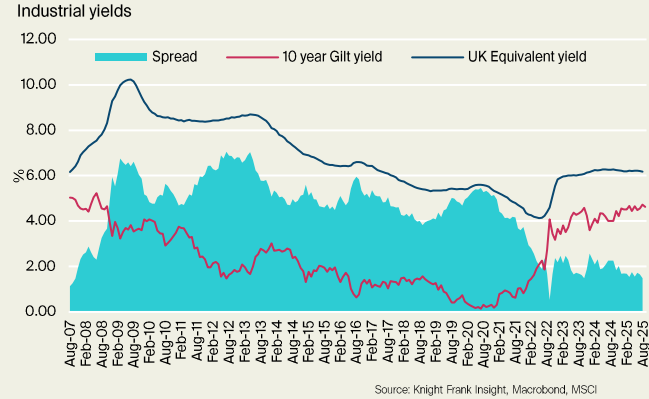
## Investment market



## Performance



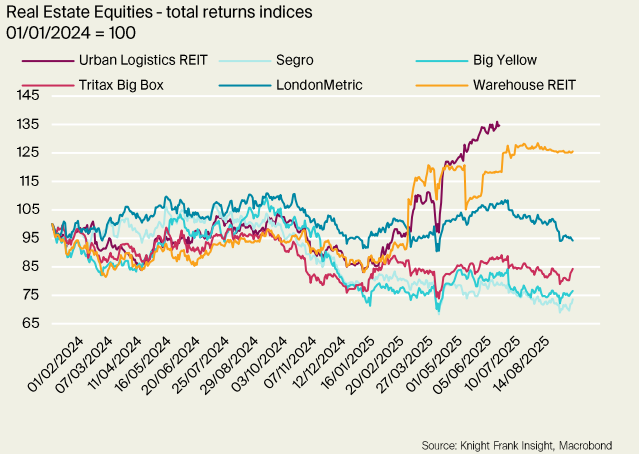
## Yields



### Knight Frank Prime yield guide (%) -September 2025

	Sept 2024	July 2025	August 2025	Sept 2025	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, OMRRs)	5.50	5.25	5.25	5.25	Stable
Secondary Distribution (10 years, OMRRs)	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	5.25	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

## Listed real estate



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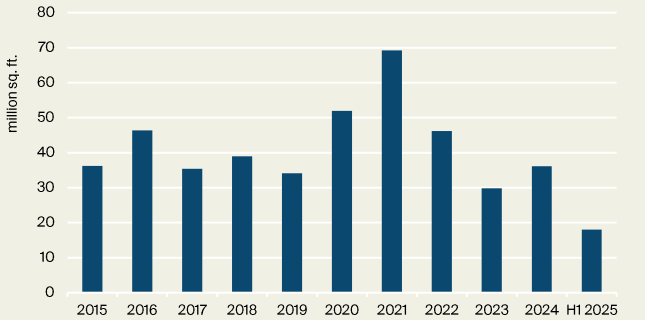
# UK Logistics Market Dashboard



September 2025

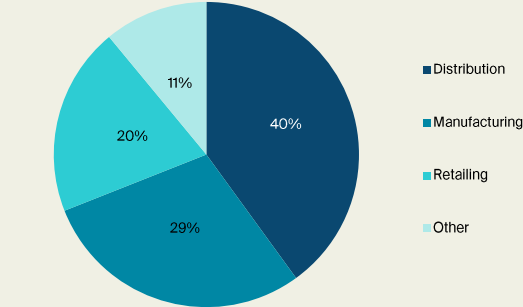
## Occupier market

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



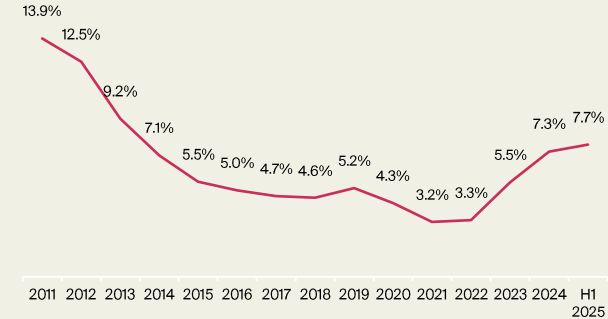
Source: Knight Frank Insight

Take up by occupier type – last 4 quarters (to Q2 2025)  
(units over 50,000 sq. ft.)



Source: Knight Frank Insight

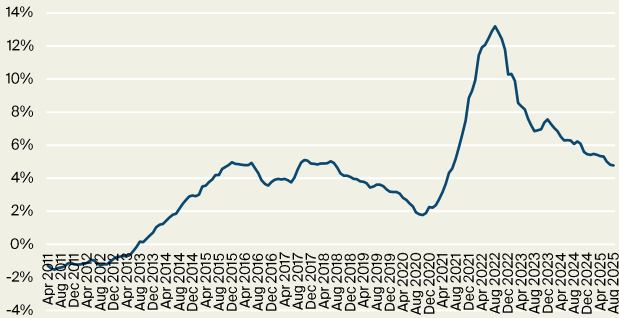
Vacancy Rate (%)



Source: Knight Frank Insight

## Rents

Annual average market rental growth %



Source: Knight Frank Insight, MSCl

Average rental growth forecast (%)  
-Q3 2025

	2025	2026	2027	2028	2029	2025-29 CAGR
UK	4.2	3.1	3.2	3.4	3.5	3.4
London	3.0	2.2	2.6	3.2	3.6	2.8
South East	4.4	3.3	3.5	3.6	3.7	3.6
South West	4.0	3.0	3.2	3.3	3.4	3.3
Eastern	4.9	3.6	4.0	4.3	4.6	4.2
East Midlands	4.0	2.6	2.7	2.8	2.9	3.0
West Midlands	4.7	3.5	3.5	3.6	3.6	3.7
North West	4.8	3.4	3.3	3.4	3.5	3.6
Yorks & Humber	3.6	2.3	2.3	2.3	2.4	2.5
North East	2.2	1.9	2.1	2.1	2.0	2.0
Scotland	2.3	2.0	2.1	2.1	2.0	2.1
Wales	3.5	2.7	2.9	2.8	2.8	2.9

Source: Knight Frank Insight

## Development

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



Source: Knight Frank Insight, Glenigan

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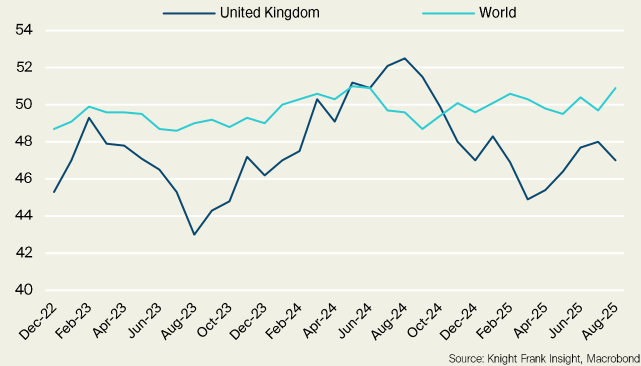
# UK Logistics Market Dashboard



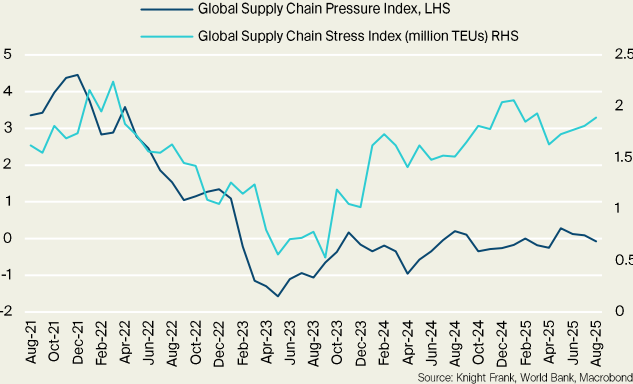
September 2025

## Industry, trade and manufacturing

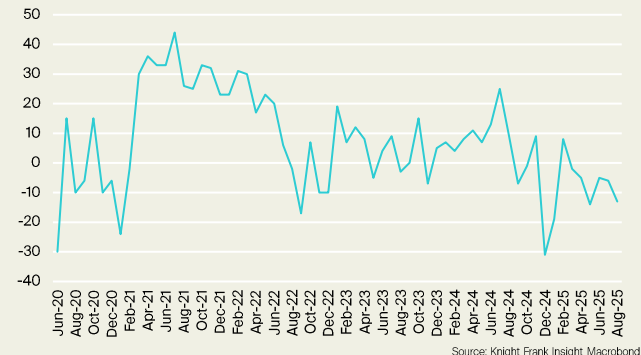
Manufacturing PMI Index



Global supply chains

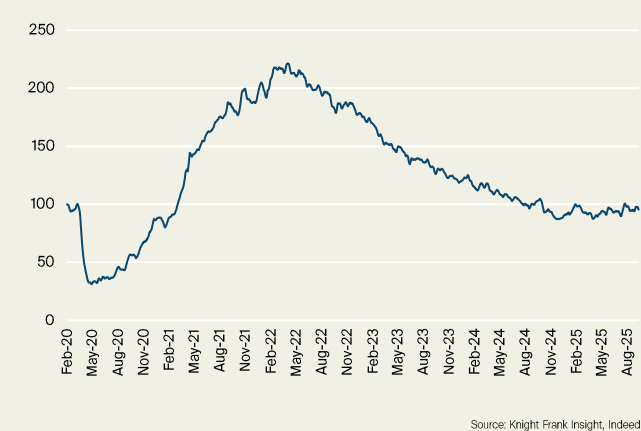


Expectations for future manufacturing output  
CBI Industrial Trends Monthly Survey  
% balance expecting improvement/deterioration

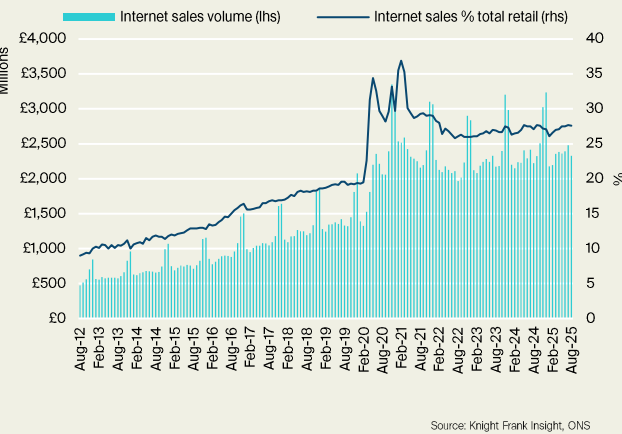


## Online retail sales

Job Postings Index - Logistics Support



UK Internet Retail Sales (monthly)



UK grocery market – proportion of online retail (%)



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## Market commentary

### Investment

- A total of £1.4 billion in transactions has been recorded so far in Q3, with more likely to be closed or recorded before the quarter concludes. The first two quarters this year have both seen improvement y/y and with strong activity in Q3, we could see this trend continue. Portfolio transactions have continued to dominated activity this quarter, as they did in Q2.
- Activity from REITs and listed property companies is notably improved this year, accounting for 20% of investment ytd. Notable transactions to date include LondonMetric’s acquisition of Urban Logistics REIT in June, and Blackstone is in the process of acquiring Warehouse REIT for £489 million in an all-cash takeover.
- Significant transactions in August include the purchase of the Gigha Portfolio by GIC and Chancerygate for £120 million. Also in August, the Hartlebury Trading Estate was acquired by German investor, Sirius Real Estate for c.£101 million. The large, 171-acre industrial park features predominantly warehouse accommodation and open storage plots. Sirius plans to increase the estate’s income through its value-added asset management strategy, which includes modernising the property and leveraging its existing infrastructure. While in September, Click Aylesford was acquired by DWS Group for £80 million.
- Ten-year gilt yields stood at 4.72% at the end of August, the highest end of month figure since April 2008. highly volatile due to various international and domestic factors. Yields have remained elevated so far in September, with rising inflation, uncertainty around government borrowing and expectations that interest rates will remain higher for longer than previously anticipated.
- In August 2025, industrial equivalent yields firmed slightly, for the third consecutive month. At 6.17%, the equivalent yield represented a 149bps premium over gilt yields, the lowest premium since October 2023, and compares with a ten-year average of 373bps.

### Returns

- Annual UK Industrial capital growth slowed in August 2025, with 5.21% growth recorded, down from 5.29% in July (MSCI).
- Annual total returns declined slightly to 10.43% in August 2025 (MSCI).

### Occupier Market Activity

- Take-up in Q2 2025 totalled 10.0 million sq ft (units over 50,000 sq ft), the highest quarterly total since Q3 2022. This brings H1 take-up to just over 18 millionsq ft, on par with H1 2024. Despite continued economic uncertainty and cost pressures, occupiers are increasingly confident, moving forward with expansion and upgrade plans and committing to new facilities.
- Despite rising occupier activity, the UK vacancy rate increased in Q2, reaching 7.7% from 7.3% in Q1—its highest level in 11 years.
- Significant occupier deals in August include Inpost leasing 120,000 sq ft at City Box 120, Railpen’s logistics development in Greenwich, this represents the largest logistics letting inside M25 for two years. A positive signal for the Greater London market. Also in August, Marks & Spencer (M&S) has announced a landmark £340 million investment in a new, state-of-the-art, automated food distribution centre to be built at the Prologis Daventry International Rail Freight Terminal (DIRFT), in the East Midlands.

### Rental Growth

- Average rents for UK industrial properties continue to grow. The annual growth rate for the year to August 2025 stands at 4.8%, slowing from 6.1% in August last year.
- Rental growth is expected to slow throughout the remainder of 2025 and into 2026, with annual growth forecast at 4.2% in 2025. This latest forecast represents an upward revision since last quarter (4.0%). Rental growth is expected to slow further in 2026 (3.1% growth forecast), before accelerating 2027–2029.
- The strongest average rental growth this year is forecast for the Eastern region (4.9%), followed by the North West (4.8%). The Eastern region is also anticipated to record the strongest growth over the five-year horizon (2025–2029) with a CAGR of 4.2%.

### Development

- As of the end of August, an estimated 11 million sq ft has reached PC (with some schemes still pending verification). A further 17 million sq ft is under construction and expected to complete later this year. This figure includes owner-occupied facilities, pre-lets, and speculative developments and may be revised as completion dates change.

### Industry/Trade

- The S&P Global UK Manufacturing PMI for August 2025 was 47.0 down from 48.0 in July. The result indicated the 11th consecutive contraction in manufacturing output in the UK. Firms cited subdued client confidence due to caution on costs following the increase in minimum wages and employer contribution to the National Insurance. Consequently, the lower demand for capacity drove factories to cut employment levels.
- Logistics job postings on the other hand, continue to show signs of improvement, reaching their highest level since the budget last autumn.
- The Global Supply Chains chart compares two indexes: the World Bank’s Global Supply Chain Stress Index (GSCSI) and the New York Fed’s Global Supply Chain Pressure Index (GSCPI). Over the past 18 months, these indices have diverged, and over the past few months, the GSCPI has trended down, while the GSCSI has trended up and over the past year has been at similar levels to 2021–22. GSCSI focuses on maritime disruptions, especially container shipping delays, using port-level data, while the GSCPI includes shipping costs, airfreight, and manufacturing surveys (delivery times, inventories, backlogs).
- The online retail penetration rate was 27.6% in August, up from 27.1% in August last year. Online grocery penetration rates are considerably lower, but at 9.6% in August, it’s at its highest level since March 2022.

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