CUSHMAN & WAKEFIELD

MARKETBEAT
LOGISTICS & INDUSTRIAL
Q4 2025

Better never settles

RENEWED OPTIMISM AS OCCUPATIONAL MARKET RECOVERS IN 2025

We enter 2026 following a year in which the market continued to recover, as the key markets saw improved fundamentals and providing a renewed optimism for the year ahead. 2025 saw the highest level of take-up since 2022, following the return of notable occupier groups such as the retail and 3PL sectors. Improvement throughout the year has seen transactional activity revert to a more normalised pattern following what had been challenging years in 2024 and 2023 in which businesses opted to pause real estate transformation in the face of economic uncertainty and aggressive inflation. As we look to 2026, we expect to see further improvement in occupational market conditions, helping to support further rental growth, and improved investment into the sector.

INDUSTRIAL STRATEGY, COMPETITIVE PRESSURES, & EVOLVING GLOBAL TRADE

Economic growth, government policy, and supply chain change will dominate both market activity and commentary throughout the year. This comes as the economy continues its struggle in delivering meaningful growth, a number of significant economic policies go live, and global dynamics continue to reset. This level of structural change twinned with much improved market fundamentals point towards 2026 being a critical and formative year for the market. We anticipate sustained demand from growth sectors such as green energy and low carbon goods, digital infrastructure and data centre related products, and publicly supported industries such as defence and advanced manufacturing.

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KEY TAKEAWAYS

- Occupational demand rose to 37.4m sq ft in 2025, the highest level since 2022 and 12% ahead of the 5 year pre-pandemic average.
- Demand from key occupier groups such as retail, manufacturing and 3PLs rose by 20% to 23m sq ft.
- Rental growth outperformed expectations with annual big box rental growth reaching 4.25% YoY, up from 3.2% at the end of 2024.
- Investment activity saw gradual improvement during the year, improving each quarter with a total of £8bn in assets transacting.
- Improved market fundamentals, new economic policy, and returning competitive tension point to 2026 as an important year for the market.

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ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+4.19% RETAIL SALES VOLUMES	▲	▲
+1.48% GVA T&S	▲	▲
-0.01% GVA MANUFACTURING	▼	▲

(Average weekly sales volumes NSA, GVA YoY Change)

SUPPLY CHAIN INDICATORS

	YOY Chg	12-Month Forecast
0.51 SC PRESSURE INDEX	▲	▲
101.8 GOODS TRADE BAROMETER	▲	▶
1,870 BALTIC EXCH. DRY INDEX	▲	▲

Source: ONS, MOODYS, NY FED, WTO

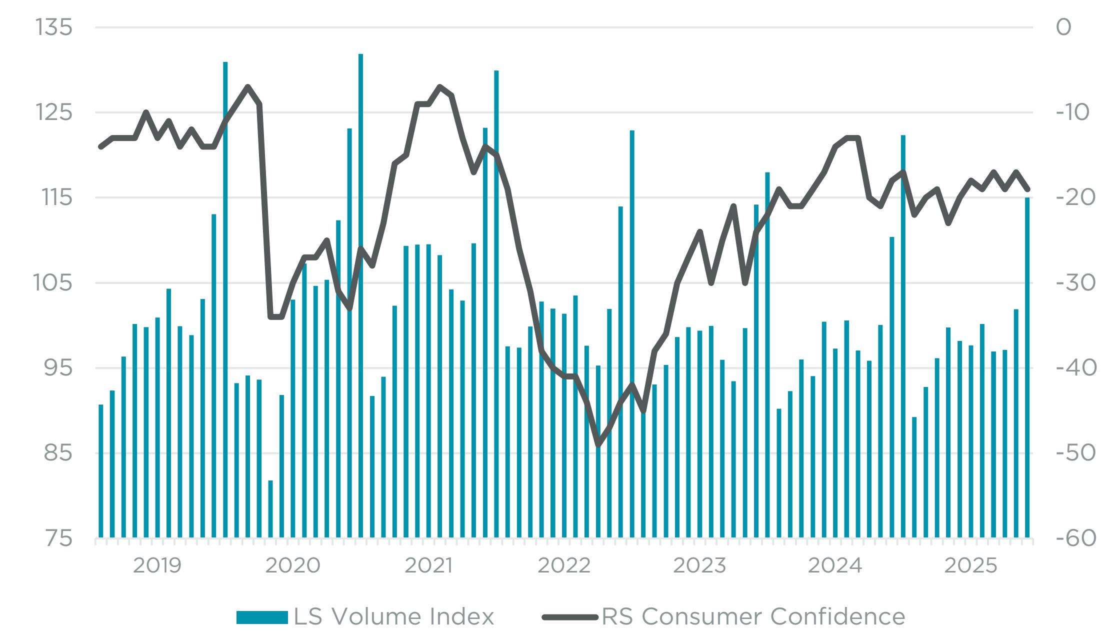
ECONOMY:

Economic growth returned to positive territory during November 2025, posting a meagre 0.1% improvement and having registered no growth in the three months to October. Improvement was driven by the services sector, which helped to offset a minor contraction in manufacturing and construction output. The latest CPI data points to another rise in inflation, with an annual rate of 3.4% largely cited as a temporary surge. Many economists remain confident in the economies ability to gradually ease away from the recent summer spike, making way for further rates cuts in 2026. Sentiment indicators such as the manufacturing PMI point to an improved 2026, with the index rising for a third consecutive month in December to 50.6 and reaching its highest level since September 2024. Consumer market conditions remain resilient, and whilst December trading results from retailers show a continued polarisation, 2025 remained a positive year for many retailers. Retail sales volumes largely outperformed those of 2024 throughout the year, with November's sales volume data pointing to a 12% improvement month on month and coming in 4.2% higher than during November 2024.

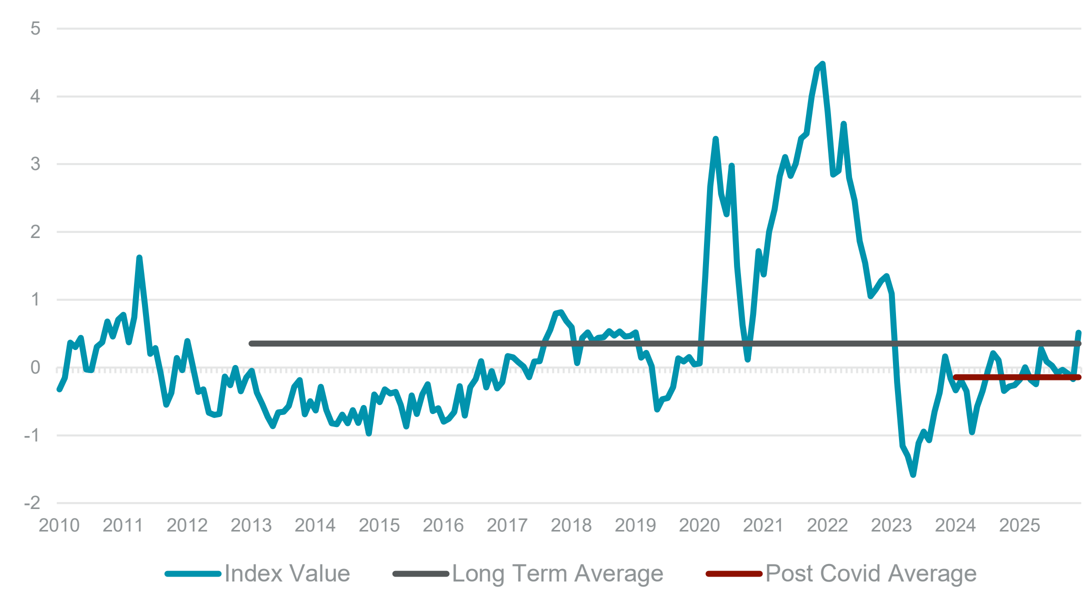
SUPPLY CHAIN:

Elevated international trade tensions, ongoing capacity constraints at key global chokepoints and renewed inflationary pressures have seen supply chain pressures continue to edge upwards in recent months. The December data points to a sharp rise in supply chain pressures once again, following another period of turbulent global trade relations and ongoing tariff uncertainty. The Baltic dry exchange index saw a significant spike during the final quarter of 2025 with shipping costs remaining elevated above recent averages as we enter 2026. Whilst supply chain pressures show no sign of abating, it is expected that many occupiers will continue to increase the level of inventory held on site, reverting towards the trend that drove exceptional occupier demand at the height of the pandemic, and supporting occupier market conditions during 2026.

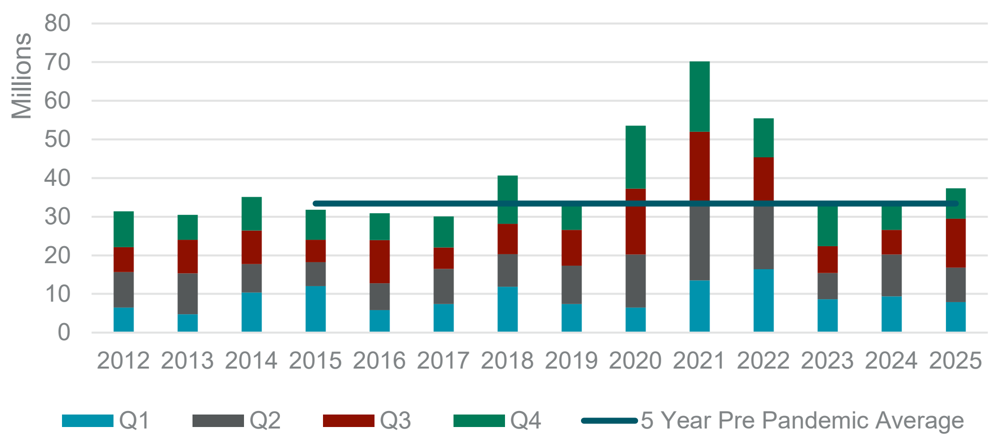
RETAIL SALES VOLUME & CONSUMER CONFIDENCE



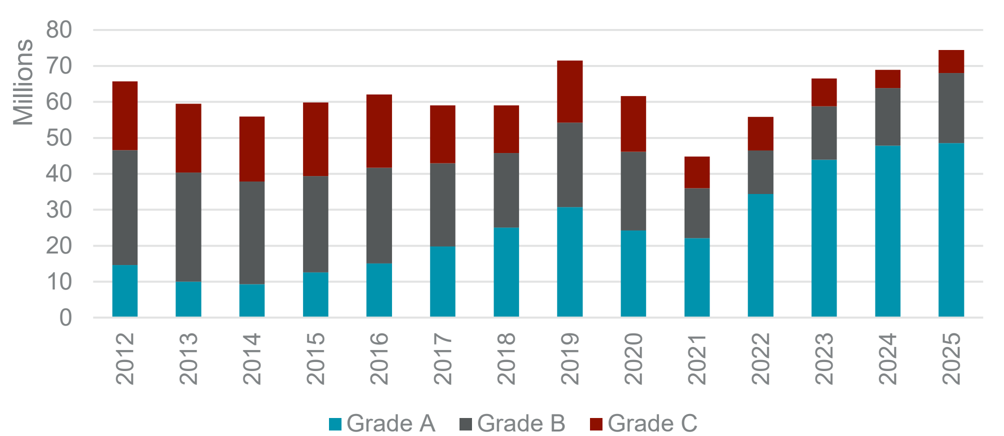
SUPPLY CHAIN PRESSURE INDEX



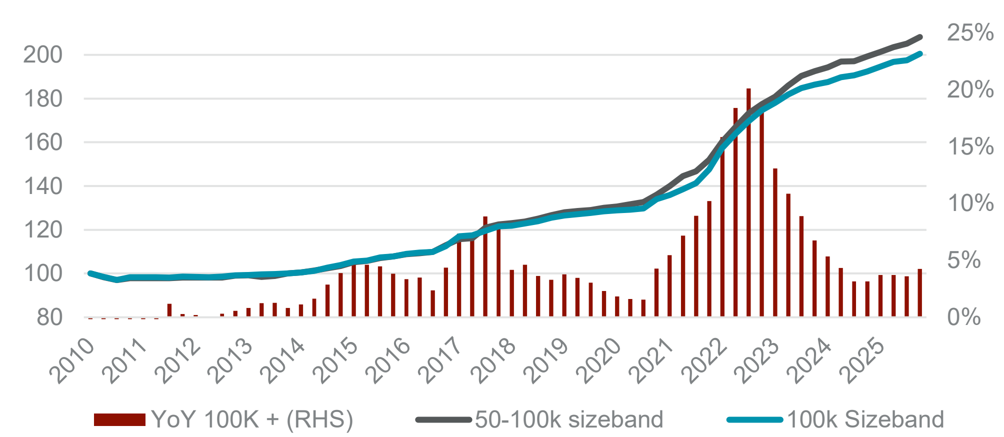
TAKE-UP



AVAILABILITY (BY GRADE)



C&W PRIME AVERAGE RENT INDEX



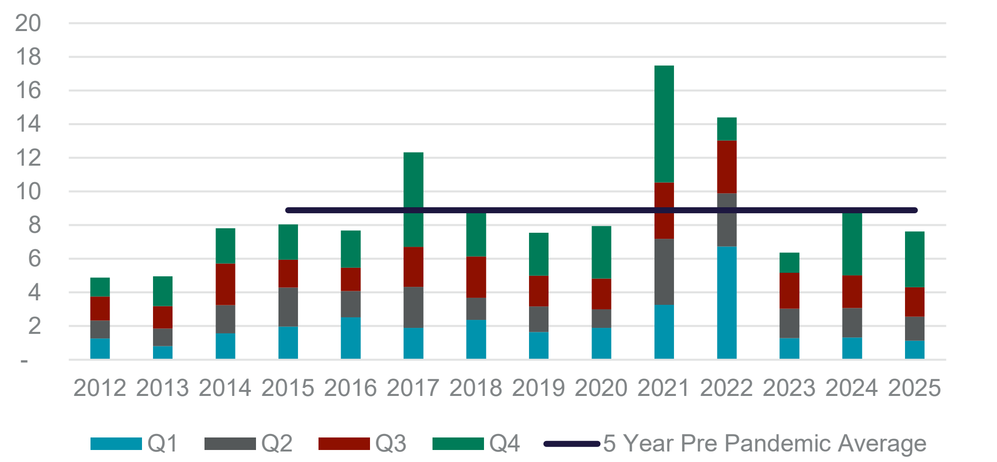
TAKE-UP: Occupier demand fell to 7.8m sq ft during the final quarter of 2025, following what had been a buoyant Q3 in which 12.7m sq ft transacted. Despite the near-term drop off in levels of take-up the Q4 volume was circa 22.5% higher than during Q4 2024. This means that 2025 was the highest level of occupational activity since 2022, with volumes sitting 12% above the five year pre-pandemic average. All building grades recorded a double digit improvement during 2025, with Grade A demand rising from 23m sq ft to 26.1m sq ft. The rebound in demand was most pronounced for units of between 200,000 sq ft and 400,000 sq ft which saw take-up increase by 56% rising to 13.7m sq ft from 8.8m sq ft during 2024. Whilst retail, manufacturing and the 3PL sectors remain key proponents of demand, 2025 marked the return of major e-commerce players with 3.4m sq ft signed for by the sector as competition between Chinese ecommerce brands and established incumbents such as Amazon heating up.

SUPPLY: Following a contraction to 71.7m sq ft during Q3 the supply of available space rose to 74.3m sq ft during Q4, a 3.71% increase. Notably the supply of Grade A space contracted marginally during this period, with the increase in headline availability attributable to the Grade B (+9.8%) and Grade C (+18.5%) segments, as poorer quality second hand space returned to market. The supply of space particularly for big box units remains elevated in regions such as the East Midlands and South East and East, which have seen strong levels of development in recent years now complemented by returning second hand space. 28.1m sq ft is available within the two regions accounting for approximately 40% of total supply.

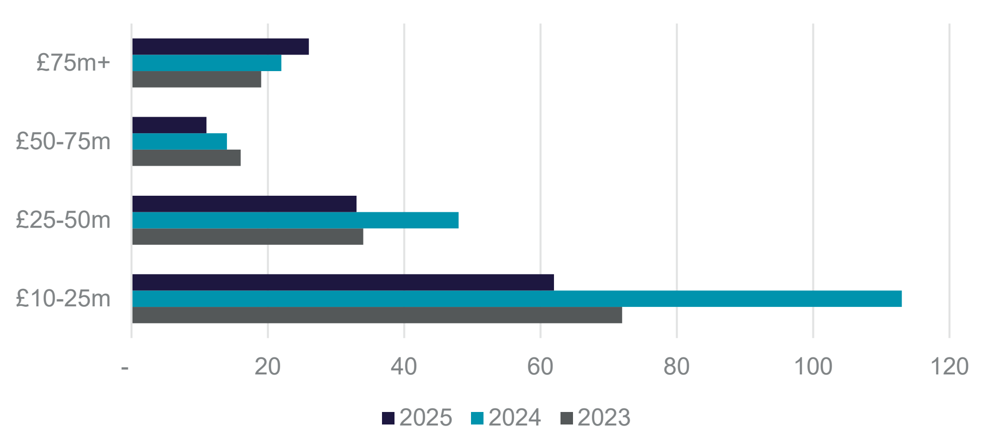
DEVELOPMENT: Development activity remains subdued following a significant tranche of activity in recent years. Just 7.7m sq ft is currently speculatively under construction the lowest volume recorded since prior the global pandemic, which comes following a number of large completions during the final quarter of 2025 twinned with a low number of new starts. Whilst strategic land banking continues to take place, a number of developers and key schemes continue to hold back on speculative development, particularly for larger space. Circa 850,000 sq ft began construction during the final quarter of 2025, predominantly comprised of smaller space and units of less than 200,000 sq ft.

RENTAL GROWTH: Rental growth remained robust during 2025, supported by a recovery in occupational demand, and continued pockets of under-supply. Annual average rental growth reached 4.25% for the big box market and 4.47% at the end of 2025, improving on the 3.16% and 3.44% recorded at the end of 2024. Whilst deal activity still remains some way off the highs seen during 2021 and 2022, 2025 continued to provide a host of deal evidence in which headline rents continue to grow, achieving new benchmark rents for a number of markets. Rental growth during 2025 proved to be backloaded with the highest level of growth recorded during the final quarter in which 28 big box submarkets and 29 mid box submarkets registered upward movement.

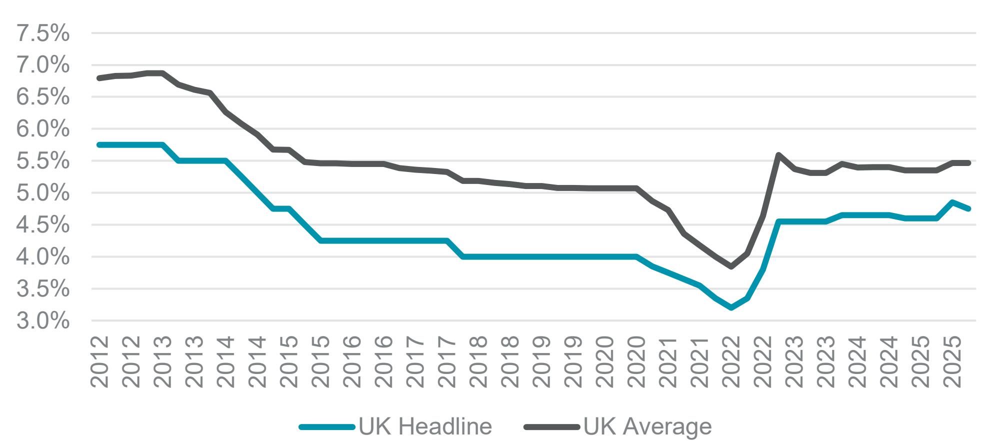
INVESTMENT VOLUMES (£BN)



NUMBER OF DEALS BY LOT SIZE



PRIME YIELD BY TYPE



INVESTMENT VOLUMES:

Investment activity for logistics and industrial property continued to improve throughout 2025, rising consistently from £1.1bn during Q1 to reach a total volume of £3.3bn during Q4 2025. Despite sustained improvement throughout the year, a total volume of £8bn showed a contraction in annual investment volumes of 9% down from the £8.8bn recorded during 2024. 2025 therefore represents a third successive year in which investment volumes have fallen short of the 5-year pre-pandemic average, reflective of the current challenges faced by those looking to deploy capital into the sector.

Despite investment volumes remaining muted, investor interest in the sector persists with some green shoots recorded during the year. Whilst core money continues to circle the sector, attracted by strong and improving fundamentals, 2025 saw significant activity for value add and opportunistic investors. 2025 also saw an improvement in the number of high value assets trading. A total of 27 transactions for assets in excess of £75m were recorded during 2025, the highest number since 2022, providing a total of £4.7bn in investment activity. It is anticipated that following a degree of stability within financial markets, further cuts to the base rate and an improved rental growth outlook, that 2026 will see buyer and seller expectations more closely aligned, in turn unlocking a higher level of transactional activity for the sector.

YIELDS & PRICING:

The pricing of prime logistics and industrial assets remained relatively unchanged during the final quarter of 2025, with a limited number of prime submarkets recording a minor correction. As a result the prime headline yield contracted by 10BPS during Q4 to 4.75%, the correction reflective of improved sentiment, and improved H2 investment volumes as we enter 2026. The average headline yield across the 71 markets tracked by C&W remained stable at 5.46% circa 11BPS higher than at the end of Q4 2024.

The outlook for 2026 remains cautiously optimistic, following the December base rate cut, and a circa 10BPS improvement within the bond market. In addition to improving financial market indicators, the availability of debt also continues to improve with lenders becoming increasingly competitive when lending into the sector. As a result the "all in" cost of debt continues to fall gradually, which will likely support investor demand during 2026. Whilst income is expected to remain the key driver of performance, the sector is expected to see modest yield compression.

REGIONAL OUTLOOK

Q4 2025

North West

A 35% improvement in demand for Grade A space helped take-up recover during 2025, rising to 4.5m sq ft in line with the 5 year pre-pandemic average. Most notably demand for the 100,000 – 150,000 sq ft proved the strongest, growing by 140% during the year. Whilst retailers and manufacturers remain dominant proponents of demand, recovery in the wholesale & e-commerce segments helped to broaden demand during the year.

Prime Rent	5 Year CAGR	2025 Take-up	Total Availability
£10.55 (+11.6%)	10.9%	4.5m sq ft (+8%)	11.7M (+2%)

West Midlands

Total take-up breached 6.5m sq ft for the first time since 2022, as 37 deals were recorded during the year. Recovery was most pronounced during Q4 in which 16 deals provided some 2.7m sq ft of take-up. Most notably demand for large units in excess of 400,000 sq ft returned within the region, with 1.6m sq ft signed for across 3 deals. The 3PL sector accounted for over 2.7m sq ft of demand during the year growing by 164%

Prime Rent	5 Year CAGR	2025 Take-up	Total Availability
£9.65 (+6.8%)	9.4%	6.6m sq ft (+14%)	10.2M sq ft (+15%)

South West & Wales

2025 saw a record year for the region as 4.6m sq ft was signed for, the highest volume since 2022, buoyed by demand for the food retail sector. As well as key deals to major food occupiers, recovery was recorded across a broad range of building sizes. The South West continues to account for the lions share of activity, whilst Wales continues to grapple with a lack of Grade A availability.

Prime Rent	5 Year CAGR	2025 Take-up	Total Availability
£8.84 (+9.6%)	8.8%	4.6m sq ft (+59%)	8.9M sq ft (+11%)

London

London continues to face a lack of deal activity, with just four deals being recorded during 2025, of which all took place during Q3. Despite this the total volume just shy of 500,000 sq ft represents a 75% improvement year on year. The return of the ecommerce, post and parcel and wholesale sectors nationally provide reason for optimism that 2026 may see occupational market conditions improve.

Prime Rent	5 Year CAGR	2025 Take-up	Total Availability
£20.18 (+1.5%)	8.9%	462k sq ft (+75%)	3.7M sq ft (+9%)

Using this map:

Average regional rent (£psf) big box & YoY big box Rental Growth

5 year compound annual growth rate big box

H1 2025 Take-up volume sq ft and % change vs H2 2024

Total availability volume sq ft and % change year on year

North East

Over 1m sq ft of space was signed for in the region over 7 deals during 2025, which represents a 35% improvement in take-up year on year. Despite this take-up remains at levels well below the 5 year pre-pandemic average, as occupiers continue to face a lack of quality space available within the region, instead forced to explore build to suit options or poorer second hand space.

Prime Rent	5 Year CAGR	2025 Take-Up	Total Availability
£8.25 (+6.5%)	8.4%	1m sq ft (+35%)	1.7M (+7%)

Yorkshire & Humberside

2025 served as a record year for the region as 25 deals resulted in a total volume of 4.7m sq ft of take-up. The recovery was aided by significant growth in demand for Grade A space, which accounted for 4.3m sq ft of the total volume. The improvement in demand was largely driven by the 3PL and Manufacturing sectors, who once again signalled the importance of the region. Improvements in the level of Grade A supply, appears to be aiding businesses looking to relocate or expand within the region.

Prime Rent	5 Year CAGR	2025 Take-Up	Total Availability
£8.63 (+5.6%)	7.3%	4.7M sq ft (+70%)	7.2M (-15%)

East Midlands

Occupational demand fell back during 2025, as 34 deals resulted in a total volume of 8.2m sq ft a 15% reduction on the volume recorded in 2024. Despite this, demand remains comfortably ahead of the 5 year pre-pandemic average. The slowing in occupational demand was most pronounced during the final quarter in which just two deals were signed for smaller units. A number of large units remain under offer in the region, which provide every indication the low Q4 volume may prove to be a temporary anomaly.

Prime Rent	5 Year CAGR	2025 Take-Up	Total Availability
£9.38 (+4.2%)	8.7%	8.3M sq ft (-15%)	16M (+19%)

South East & East

Occupational demand within the South East & East remained resilient during 2025, with 14 deals providing a total volume just shy of 2m sq ft. Demand remains resilient within both the mid box sector which recoded a 30% improvement rising to 1.7m sq ft during 2025, whilst demand for larger units also returned. Space signed for within units of 400,000 sq ft and larger rose to 1.2m sq ft, also posting a 30% improvement.

Prime Rent	5 Year CAGR	2025 Take-Up	Total Availability
£12.44 (+2.5%)	7.1%	6.3M sq ft (+9%)	12M (+12%)

MARKET STATISTICS Q4 2025

UK Region	Availability (SQFT)	Grade A (SQFT)	Spec Grade A U/C (SQFT)	Current Quarter Take-up (SQFT)	12 Month Rolling Take-up (SQFT)	Prime Rent (BIG BOX)	Prime Equivalent Yield
London	3,672,462	2,846,493	149,471	-	462,390	29.00	4.75%
South East & East	11,985,585	8,183,225	579,087	1,941,501	6,332,577	23.75	5.10%
North West	11,689,888	6,010,306	967,986	1,297,371	4,486,738	11.75	5.00%
West Midlands	10,154,362	7,490,440	1,866,006	2,680,619	6,599,835	12.00	5.10%
East Midlands	15,981,256	11,893,224	1,556,099	206,264	8,265,639	10.50	5.25%
Yorks & Humberside	7,224,915	5,912,913	-	902,356	4,716,808	9.75	5.30%
South West	5,121,645	3,887,942	2,551,267	530,967	3,794,332	10.25	5.35%
North East	1,671,417	986,168	-	138,000	1,024,186	8.25	6.00%
Wales	3,858,781	160,978	-	122,707	797,607	9.00	6.20%
Scotland	3,050,751	1,136,429	-	-	858,629	9.50	6.10%
UK Total / Average	74,411,062	48,508,118	7,669,916	7,819,785	37,338,741	12.24	5.46%

**market activity for units of 50,000 sq ft and larger*

KEY LEASING TRANSACTIONS Q4 2025

Address (building name/park)	UK Region	Tenant	Size (SQFT)	Classification
DSV Mercia Park Pre-Let	West Midlands	DSV	600,000	BTS/Pre-let
Panattoni Sittingbourne, 440	South East & East	ID Logistics OBO Amazon	440,000	BTS/Pre-let
276 Stoke, Stanley Matthews Way	North West	Amazon	275,815	Existing
Apollo 6, Ansty Park	West Midlands	JD.com	269,882	Spec (Newly completed)
Aylesford 245	South East & East	Must Have Ideas	245,000	Spec (Newly completed)

**Renewals not included in leasing statistics*

KEY INVESTMENT TRANSACTIONS Q4 2025

Property Name	UK Region	Buyer/Seller	Size (SQFT)	Price
Fradley Park, Lichfield	West Midlands	RLAM/Canmoor	1,654,965	£197,000,000
K800, Knowsley	North West	Pontegadea/PLP	835,675	£80,750,617
Mountpark Bristol 360	South West	Leftfield/Mountpark	360,926	Confidential
PR1 Park Royal, London	London	Tritax/GLI	61,611	£43,900,000
Dukes Road Industrial Estate, London	London	M&G/Blackrock	72,244	£39,000,000

Source: RCA & C&W 2026

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