



NEWMARK

UK Logistics Conditions & Trends

Q4 2025



NMRK.COM/UK

Market Overview

Steady occupational market recovery as supply tightens and confidence continues to improve

The UK occupational market continues its steady recovery, supported by falling supply and improving occupier confidence. The UK availability rate eased further to 7.6% in Q4 2025, with Q2 likely to have marked the cyclical peak. Solid demand, increasing space under offer and subdued speculative development point to further tightening in 2026, though the ongoing release of secondary space will moderate any sharp contraction.

UK take-up was 12.2m sq ft in Q4, down 8% on Q3 but 15% higher than the 10-year pre-Covid quarterly average. Annual take-up for 2025 was fractionally ahead of 2024, shoring up the longer-term recovery since 2023. Demand is considered and strategic but is broad-based and mostly expansionary, led by logistics and e-commerce operator requirements along with new overseas entrants and defence-related manufacturers.

Prime annual rental growth is at a cyclical low but stabilised at 3.2% in Q4 2025. A wide gap between prime and secondary rents persists, with rental uplift concentrated on new completions. Fit-out quality and power availability are key differentiators, with strong grid connections now as valuable as effective transport links to some occupiers. Speculative development was a subdued 11m sq ft in 2025, which the lowest since 2017. This continues to support prime headline rents along with significant incentives.

Industrial investment in 2025 was dominated by large portfolio transactions, notably M&A and recapitalisations. Single asset activity was subdued and largely confined to smaller, last-mile units. Investor sentiment improved post-Autumn Budget, and pricing was stable in Q4. Deferred year-end sales and residual portfolio stock should support a modest uplift in single asset transaction activity in 2026, though capital targeting logistics remains highly selective.



Contents and Overview

Click on a section for more detail or [click here for the regional breakdown](#)



50.2m sq ft

2025 take-up

^ 1% on 2024

Demand

Occupiers remain cost conscious but are increasingly confident making long-term strategic decisions. 2025 annual demand was the strongest since 2022 and focused on automation-ready spaces, with efficient layouts and power availability.



7.6%

UK availability rate

✓ 7.8% in Q4 2024

Availability

Q2 2025 marked the cyclical peak in availability as the UK rate fell again from 7.9% in Q3 to 7.6% in Q4. Further incremental falls are expected in 2026, though the ongoing release of secondary space as occupiers trade-up will moderate any sharp contraction.



11.2m sq ft

2025 speculative starts

✓ 22% on 2024

Development

2025 was the weakest year for speculative development starts since 2017. Subdued activity will likely persist into 2026, though several large development sites are being prepared which will support the longer-term pipeline.



3.2%

Annual rental growth

✓ 4.5% in Q4 2024

Prime rents

The prime rental market has stabilised at long-term low single-digit average annual growth rates. Growth is concentrated on new developments, and incentives remain elevated as landlords seek to assuage occupier cost concerns.



5.48%

Average prime yield

^ 5.25% in Q4 2024

Investment

Pricing was broadly stable in Q4, though investor sentiment improved post-Budget. The late timing of end-of year sales combined with unsold portfolio stock will support trading in 2026, though the buyer pool for core logistics remains shallow.

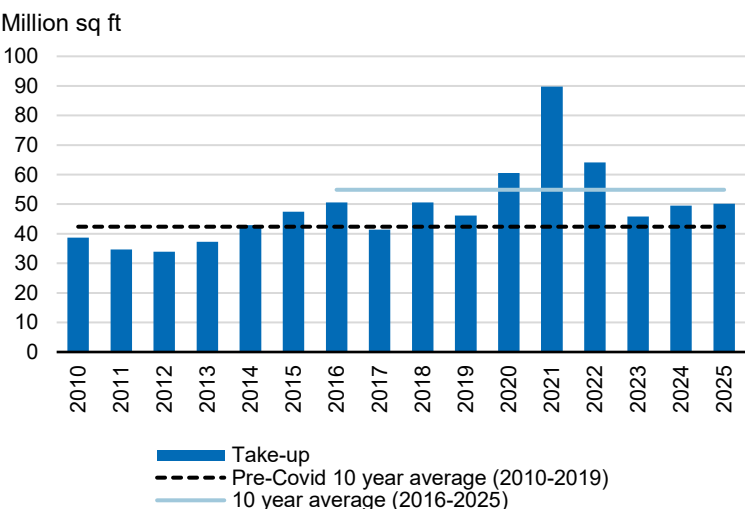
Occupier Demand

The strongest year for take-up since 2022

Take-up fell 8% quarter-on-quarter in Q4, but the underlying trend remains one of gradual recovery, with quarterly volumes throughout 2025 exceeding the pre-Covid average and making it the strongest annually since 2022. There is depth and diversity to demand, driven by occupiers restructuring and upgrading their distribution networks, new international market entrants and expansion across defence and infrastructure-related sectors. Space under offer and forward-looking indicators more generally are improving. Fit-out quality, power connectivity, operational efficiency and automation-readiness remain central to occupier decision-making.

Annual occupier take-up and long-term averages

Source: Newmark

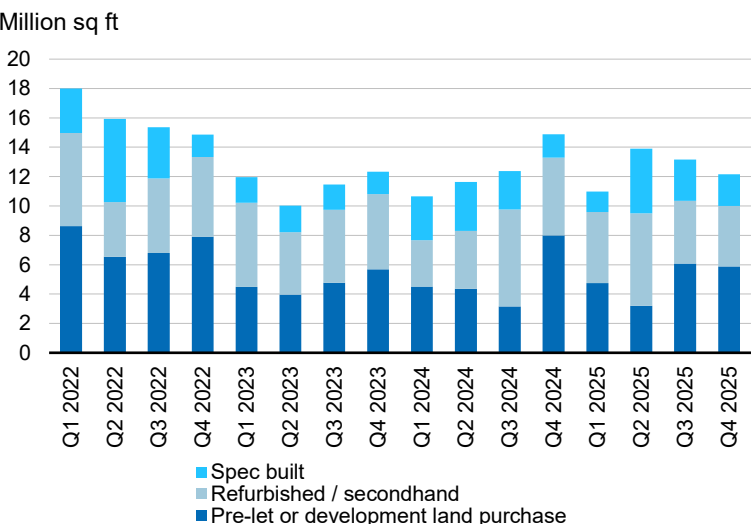


Demand increasingly driven by build-to-suits

Leasing activity continues to be driven by occupiers seeking greater operational efficiency, driving demand toward modern, energy-efficient buildings with strong power grid connections. In Q4, this translated into strong take-up of high-quality, well-fitted space in central locations with good transport connectivity and an increase in forward-commitments. Around half of occupier activity in Q4 involved build-to-suits, reflecting a growing willingness to commit early to bespoke facilities, particularly where power, automation and fit-out requirements are more complex.

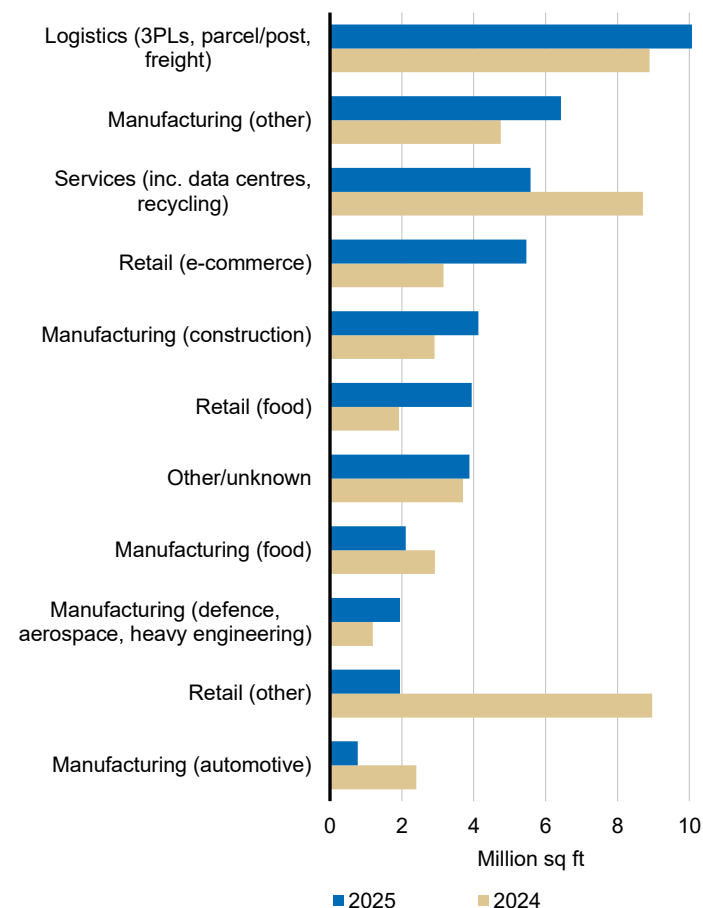
Quarterly occupier take-up by building quality

Source: Newmark



2024 and 2025 take-up by occupier sector

Source: Newmark



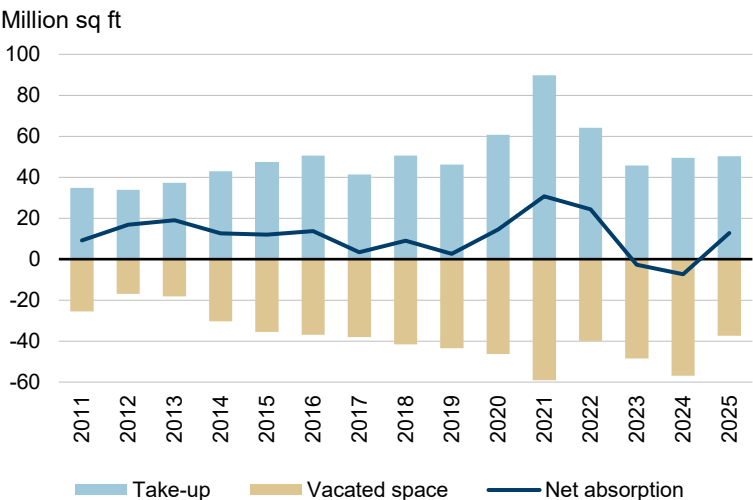
Occupier Demand

More space taken-up than vacated in 2025

Annual net absorption turned positive in 2025 for the first time since 2022, as take-up exceeded space returned to the market. This reflects the largely expansionary nature of leasing decisions and general slowdown in second-hand space return in 2025. Logistics operators and manufacturers were the primary drivers here, while demand from traditional retailers (outside of e-commerce and new international market entrants) remained more contractionary. Looking ahead, growth from sectors such as the defence industry and the data centre supply chain, alongside ongoing supply chain restructuring is expected to keep net absorption positive in 2026.

Annual take-up and 'net absorption'

Source: Newmark

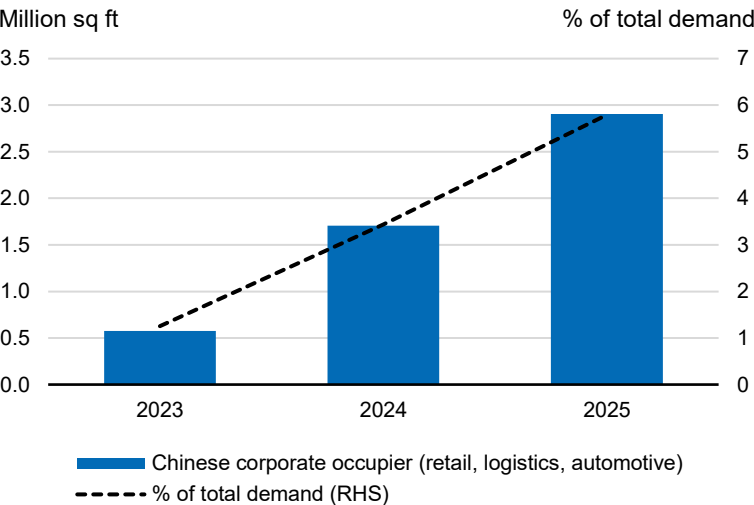


Expansionary demand from Chinese occupiers

Demand from Chinese occupiers has increased in recent years, accounting for around 6% of total take-up in 2025. Their footprint spans many sectors, including food retail and wholesale, manufacturing (notably electric vehicles and solar panels) and electronics. More recently activity has been led by online retailers and logistics operators establishing UK operations. Demand could strengthen further given UK Treasury reforms to the 'de minimis' rule exempting imports under £135 from customs duties, prompting retailers to shift towards bulk shipping, UK-based inventory holding and domestic fulfilment.

Occupier take-up by Chinese corporates

Source: Newmark



Active Chinese occupiers

Source: Newmark



Occupier Demand: 2023-2025 relative to pre-Covid averages

REGION: Strong demand for space in the East Midlands

Take-up in the East Midlands over the past three years has been 48% above the 10-year pre-Covid annual average (2010 and 2019). During the post-Covid adjustment period, occupiers focused on optimising supply chains and strategically positioning themselves for future operating conditions. This directed demand toward prime national distribution markets such as the East Midlands. Occupiers also sought to make efficiencies and consolidate costs where possible, with some occupiers favouring more competitively priced locations in the South East over London.

BUILDING SIZE: Increased demand for bigger boxes

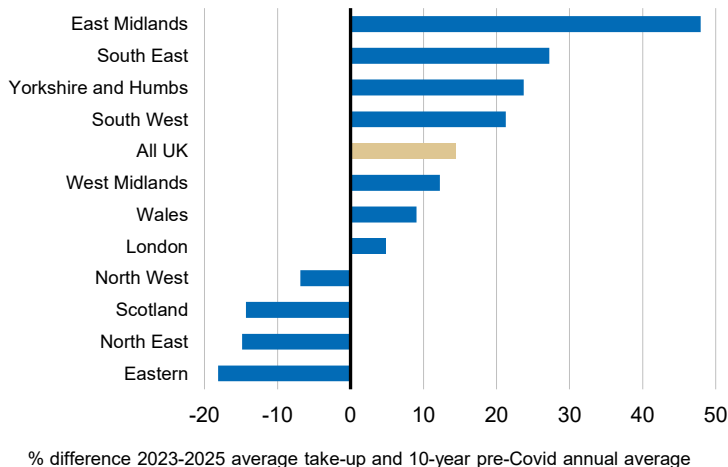
Demand for buildings over 250,000 sq ft has strengthened materially relative to the pre-Covid 10-year average. Requirements for large-scale production facilities, more efficient national supply chains and sizeable pre-lets by logistics operators and e-commerce specialists have increasingly channelled demand towards big box assets. While some earlier activity reflected operational consolidation in 2023 and 2024, more recent transactions have been predominantly expansionary in nature.

OCCUPIER SECTOR: Manufacturers, data centre specialists and logistics occupiers ramp up activity

Take-up from manufacturers, data centre specialists and logistics occupiers has strengthened significantly relative to the 10-year pre-Covid average. Manufacturers, particularly those in the defence and construction industries, have been among the most active over the past three years. Activity from data centre specialists, and to a lesser extent, recycling firms, has also increased, while 3PLs have expanded as corporates outsource distribution in response to elevated costs and strong order volumes.

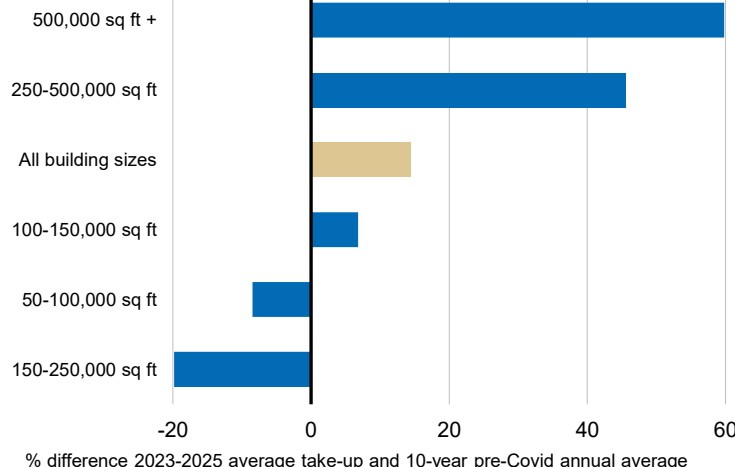
2023-2025 take-up relative to pre-Covid 10-year average

Source: Newmark



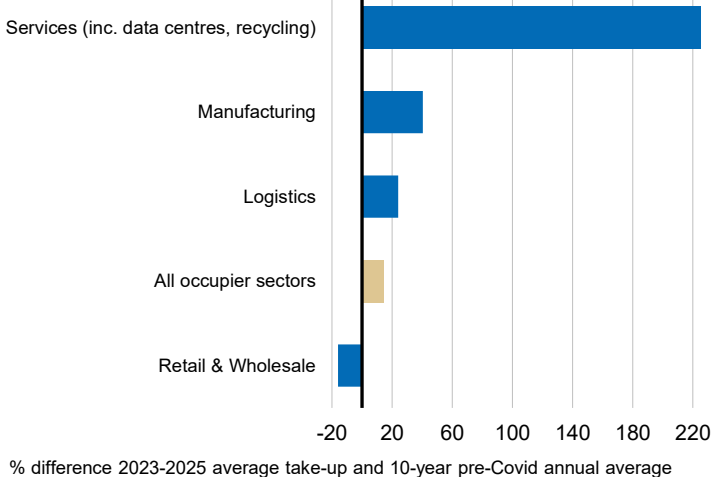
2023-2025 take-up relative to pre-Covid 10-year average

Source: Newmark



2023-2025 take-up relative to pre-Covid 10-year average

Source: Newmark



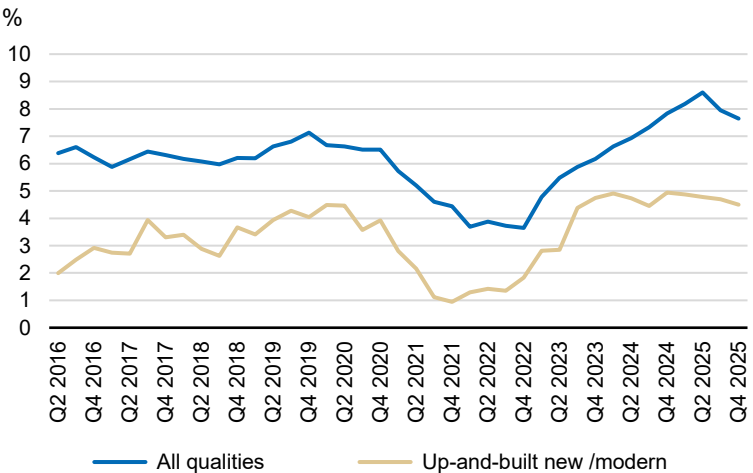
Availability

Availability falls again in Q4 to 7.6%

The UK availability rate declined for the second consecutive quarter, falling from 7.9% in Q3 to 7.6% in Q4. Availability decreased across all grades of space, including units under construction and second-hand stock. The availability rate for up-and-built new or modern buildings has now been trending lower for over a year. While some older units were temporarily withdrawn for refurbishment in Q4, the primary driver was occupier demand, reflected in robust letting activity and increased space under offer. Availability fell across most regions in Q4, with the most pronounced declines recorded in the smaller South East markets.

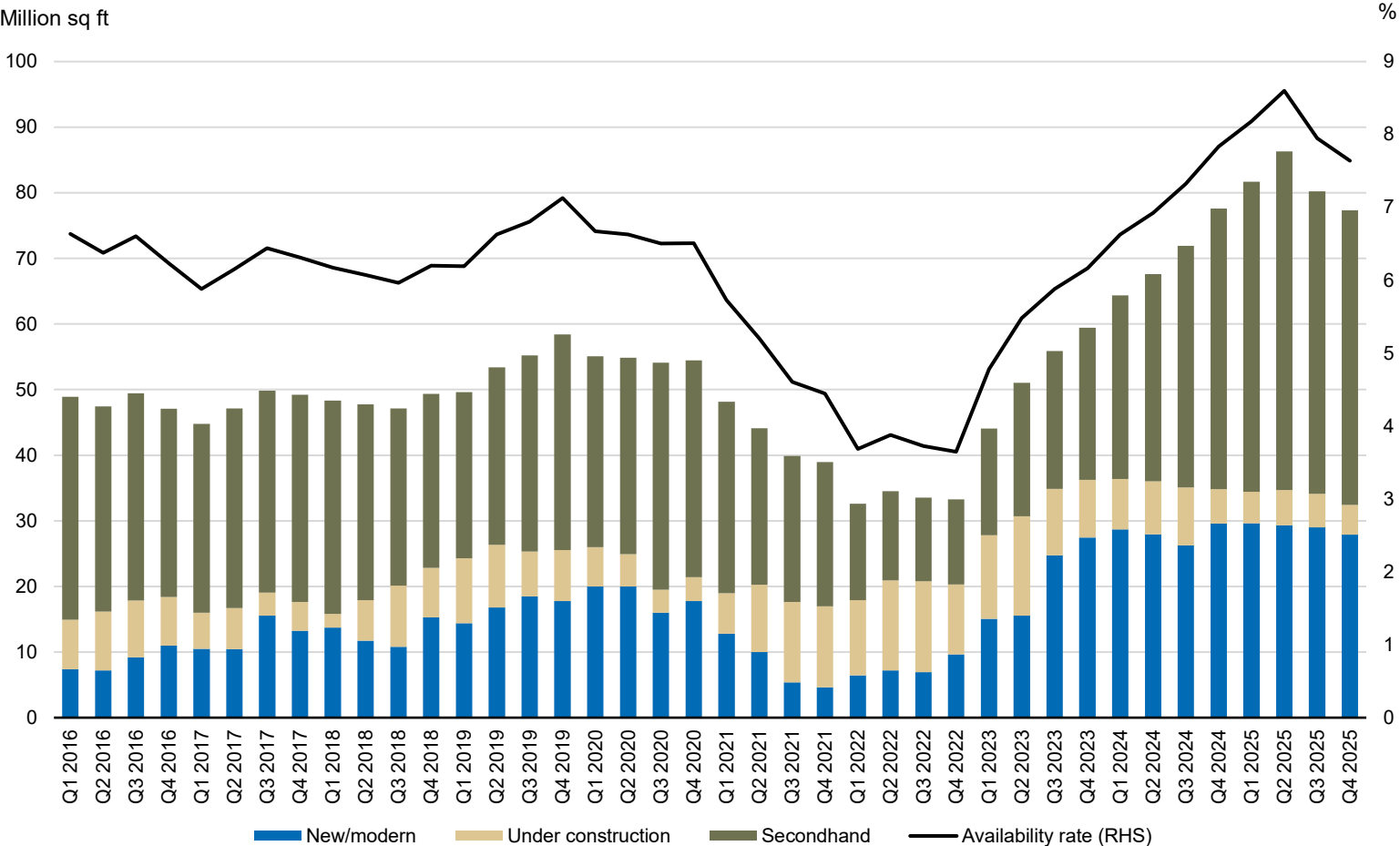
UK availability rate by building quality

Source: Newmark



UK volume of available space by building quality and rate

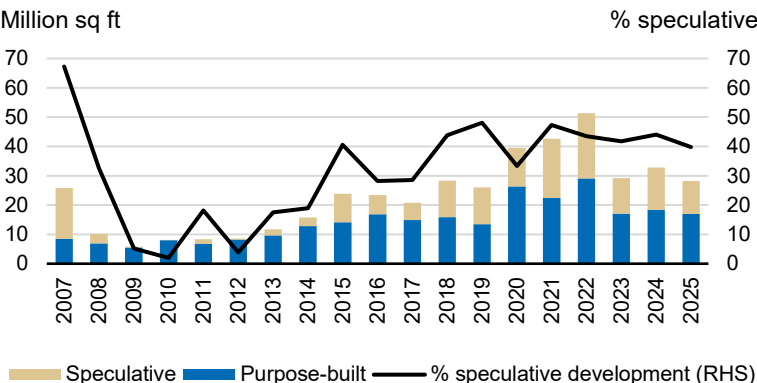
Source: Newmark



Development

Annual development starts by type and % speculative

Source: Newmark

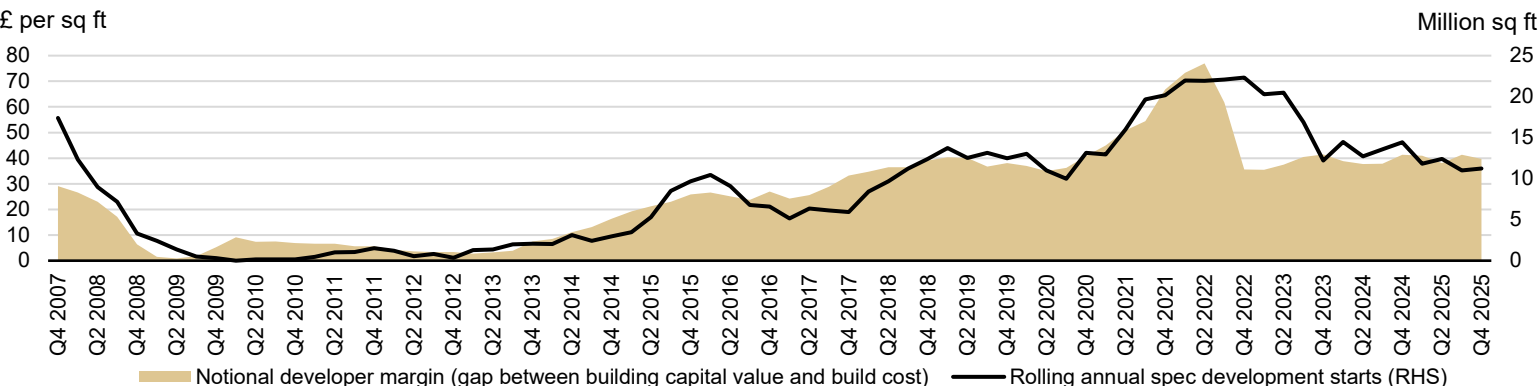


Lowest annual volume of speculative starts since 2017

Speculative starts rose by 21% quarter-on-quarter to 2.2m sq ft in Q4, but activity remains subdued in a longer-term context and well below the five-year quarterly average of 4m sq ft. On an annual basis, speculative development in 2025 was the lowest since 2017, reflective of cautious perceptions around tenant demand and the narrow margin between build costs and capital values. The volume of purpose-built development starts in Q4 was up on Q3, at 3.9m sq ft as M&S got underway on their building at DIRFT and Tesco started on site at London Gateway.

UK warehouse notional developer margin and rolling annual speculative development starts

Source: MSCI, BCIS, Newmark



Developer margins back to 5-year pre-Covid average

In the absence of yield compression, capital growth in the UK warehouse sector has been subdued over the last few years. Combined with elevated build costs and more cautious occupational sentiment, and the conditions for speculative development have weakened from the Covid peak and reverted to long-term average rates. Incentives remain relatively high, prompting developers to scrutinise margins and potential void risk more closely, which is a dynamic likely to persist in the near term.

Several large schemes announced in Q4

Alongside existing consented projects, several major new schemes, planning applications and speculative intentions were announced in Q4. These include schemes in Workson, Warrington, Reading, Maidstone, Cambridge and Durham. Such schemes will support the longer-term pipeline and are already attracting occupier interest though many remain subject to extended local authority planning timescales.

Rents

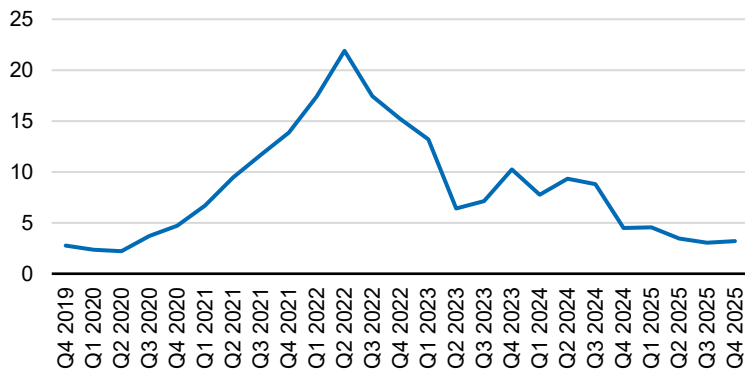
Q4 prime headline rental growth stabilises at 3.2%

UK prime headline rents rose by 1% in Q4, resulting in annual growth of 3.2%, which is back to pre-Covid long term averages. Growth was concentrated on lettings of newly completed, high-specification developments, particularly in cost-sensitive South East markets. This growth has further eroded the 'London premium' over South East prime rents, though the spread remains relatively wide. Incentives remain elevated, with rent-free periods typically exceeding 12 months on a 10-year lease, as landlords push to support occupancy and headline rent levels. Fit-out quality and power availability are key differentiators and rental drivers, with strong grid connections now as valuable as strong transport links to some occupiers.

UK prime logistics headline rental growth

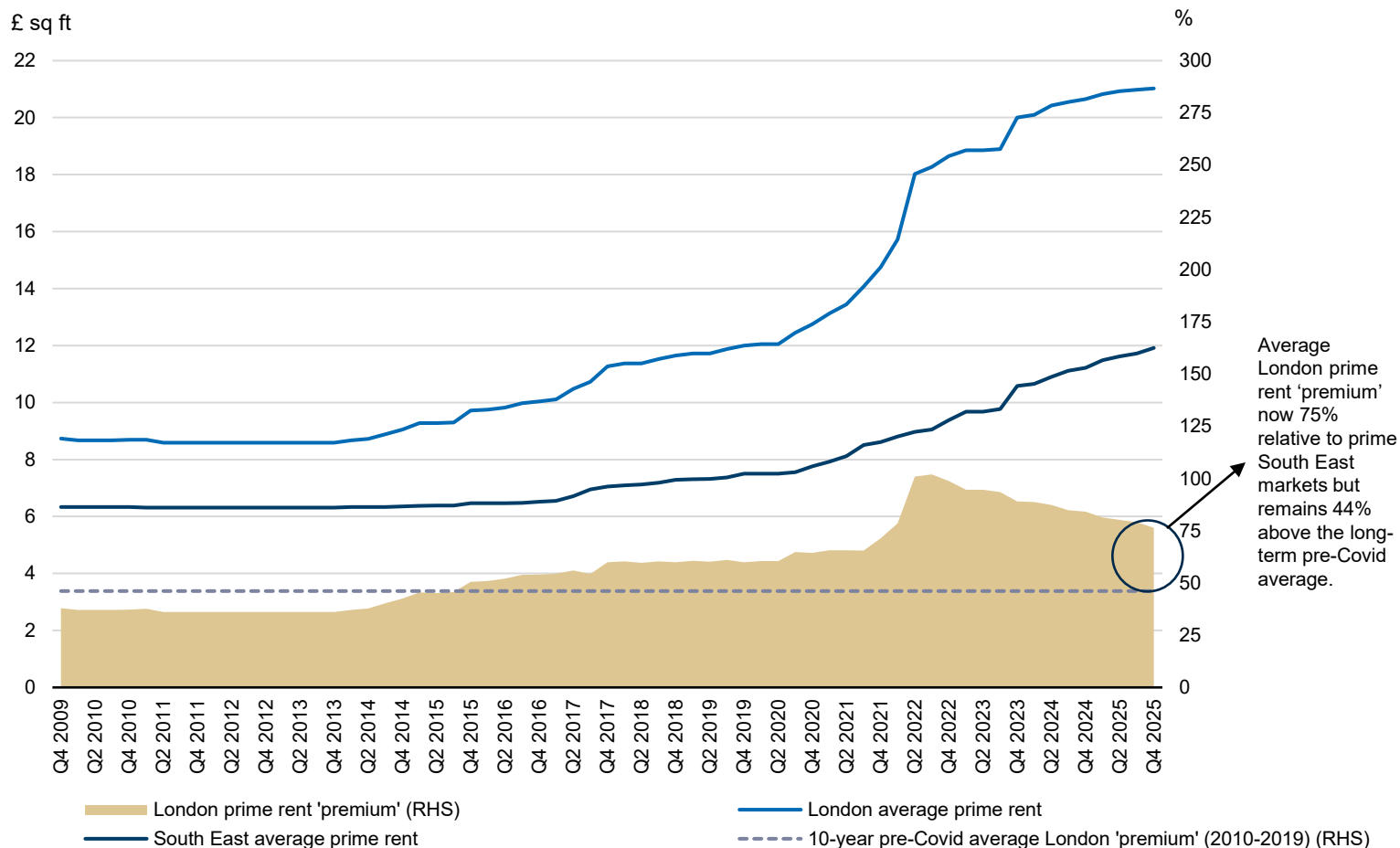
Source: Newmark

Annual growth, %



Average London and South East prime rent

Source: Newmark



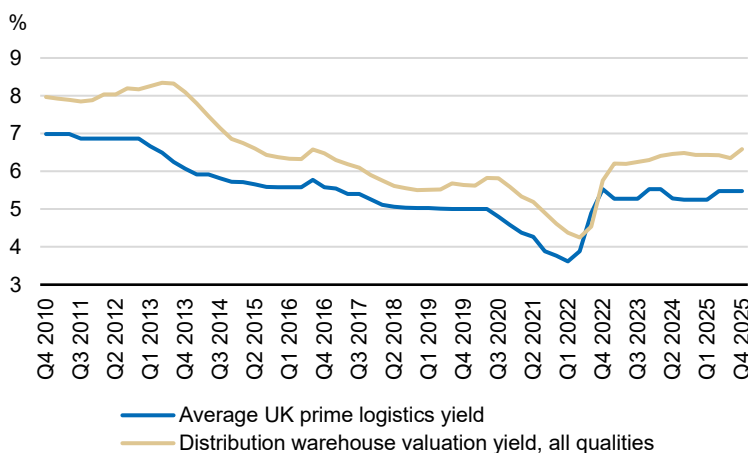
Investment

2025 a challenging year for industrial capital markets

Industrial investment in 2025 was dominated by large portfolio transactions, notably M&A and recapitalisations. While logistics assets were a core component of these deals, direct market activity was subdued and largely confined to smaller, last-mile units. Q4 activity picked up but volumes remained below a typical year-end. Budget uncertainty weighed on sentiment, leading vendors to defer launches and buyers to remain cautious amid concerns over potential tax changes. Prime yields softened by around 25bps mid-year before stabilising in Q4. Valuation yields continue to trail prime pricing, and any further yield realignment could improve liquidity and support trading momentum into early 2026.

UK average prime and valuation equivalent yields

Source: Newmark, MSCI

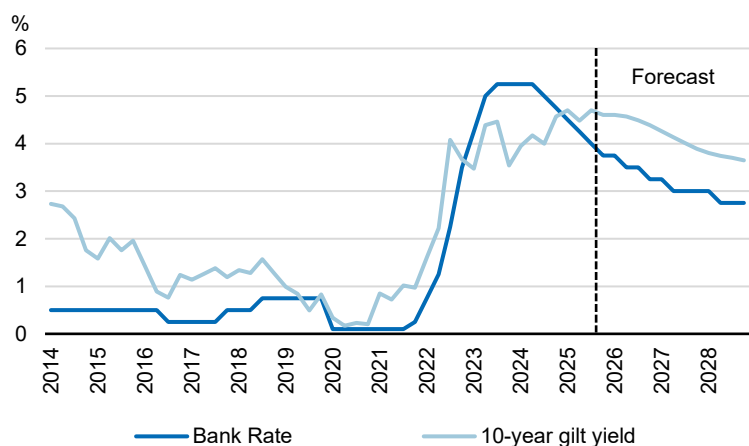


Cautious optimism heading into 2026 given increased investment supply and improving buyer sentiment

Post-Budget investor sentiment has improved, supported by greater macroeconomic clarity, especially around the outlook for UK and US inflation and interest rates, and by strengthening conditions in the occupier market. Investment supply is expected to remain elevated in early 2026 as delayed Q4 launches combine with assets released from broken-up portfolios. While buyer sentiment has improved, capital targeting logistics remains highly selective, with limited core money available. Pension funds continue to favour multi-let last mile assets with reduced appetite for single-let stock or non-core locations.

UK end-of-period interest rates outlook

Source: Oxford Economics

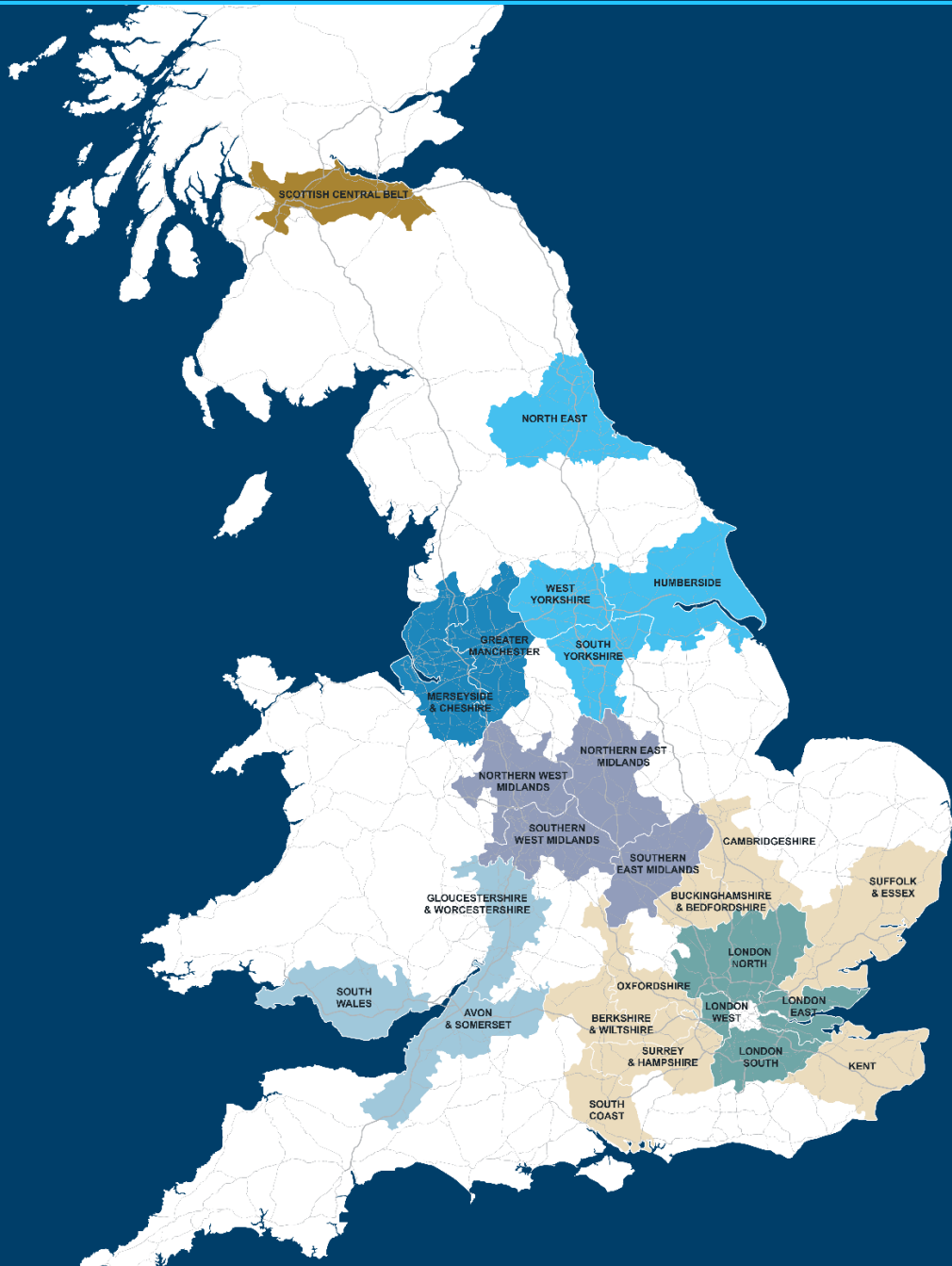


Newmark Regions



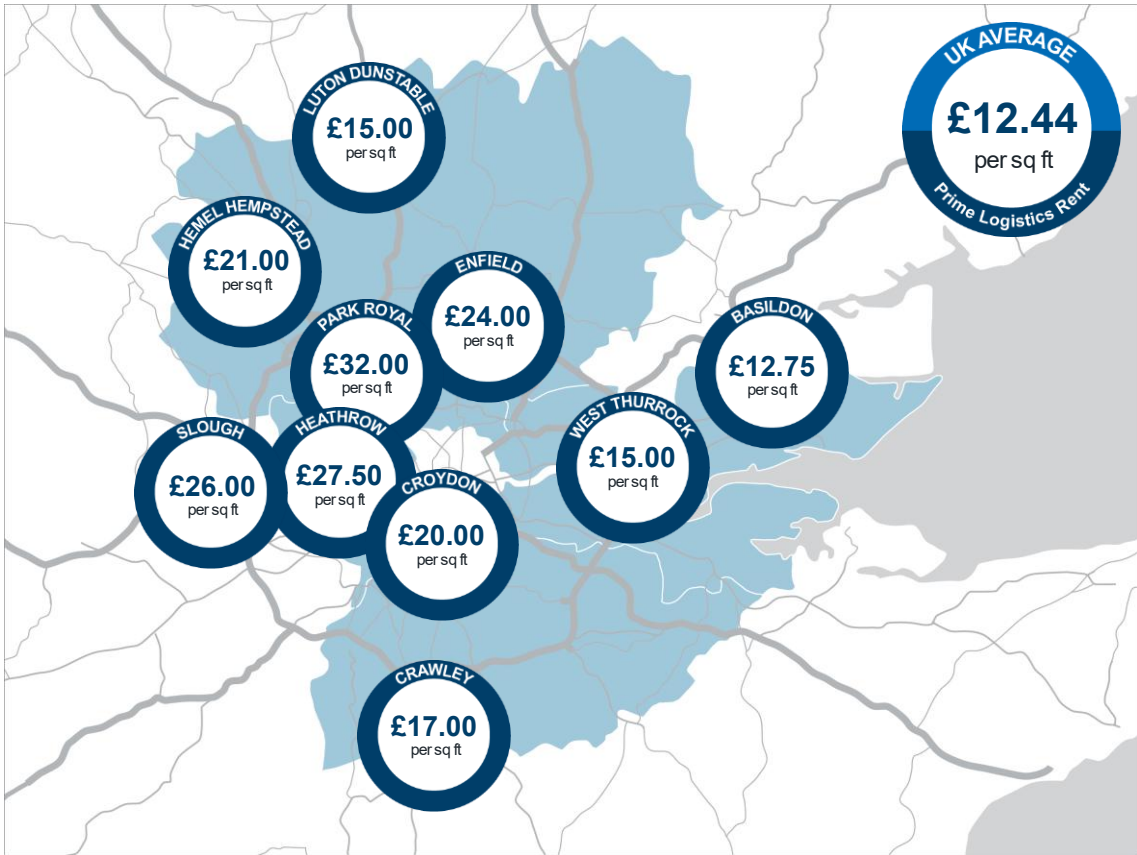
Click on a region for more detailed regional analysis & insight.

- London
- The South and East
- Midlands
- South West and Wales
- North West
- North East and Yorkshire
- Scotland



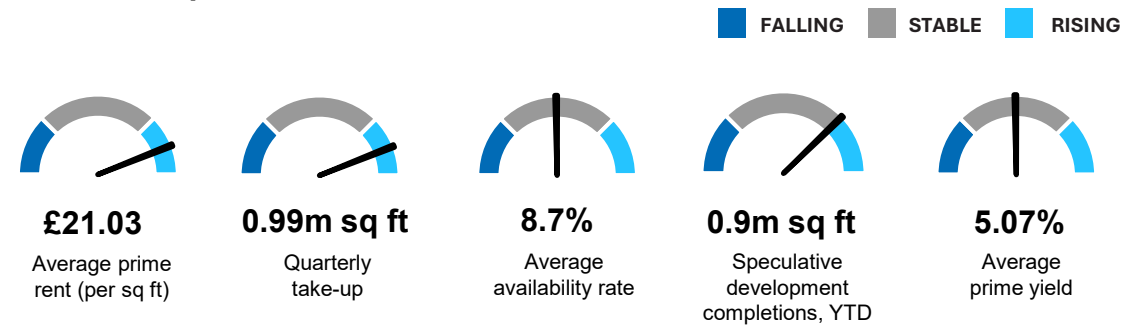
London

Prime logistics rents



Prime rent: typical achievable headline rent in £ per sq ft for units of good quality over 50,000 sq ft and let on a typical 10-year lease to a tenant of strong covenant.

Q4 2025 snapshot and 12-month outlook



Occupier demand for London logistics has been relatively subdued for the best part of three years, with headline take-up supported by large scale data centre schemes and forward-commitments by supermarkets. Quarterly take-up in London was down 26% in Q4, though a flurry of lettings in London West, including Worldwide Flight Services pre-letting 122,400 sq ft within the Heathrow cargo area, drove an uptick in demand in this region. Occupiers remain highly cost-conscious, but several London-based firms cannot defer relocations or lease events indefinitely and are expected to be more active in 2026. Relatively strong rental growth across the South East has narrowed the gap with London locations, prompting some occupiers to reconsider more central options. With limited speculative development in the pipeline, market conditions continue to support a broadly positive outlook for prime rental growth.

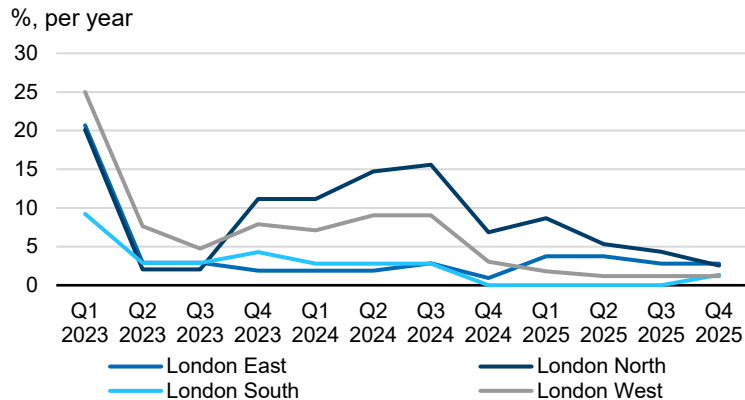


Contact **Charlie Seaton** for more information.

London

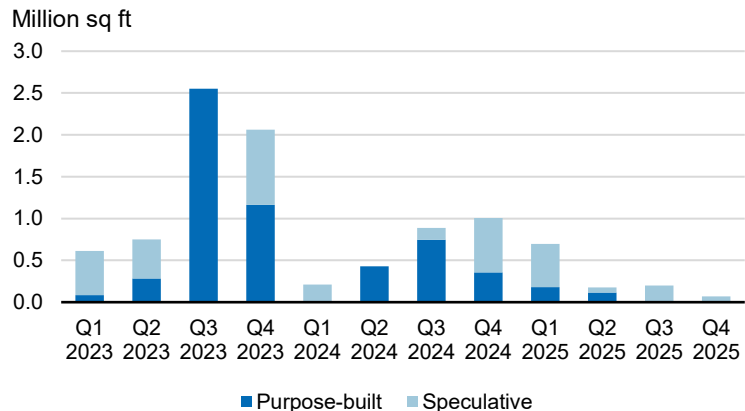
Prime logistics regional average annual rental growth

Source: Newmark



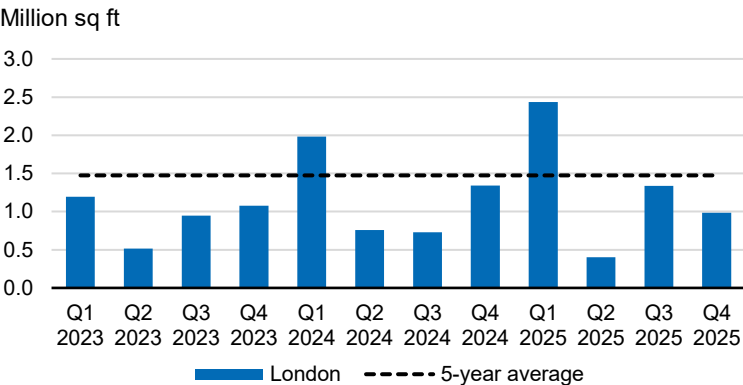
Development completions, by type

Source: Newmark



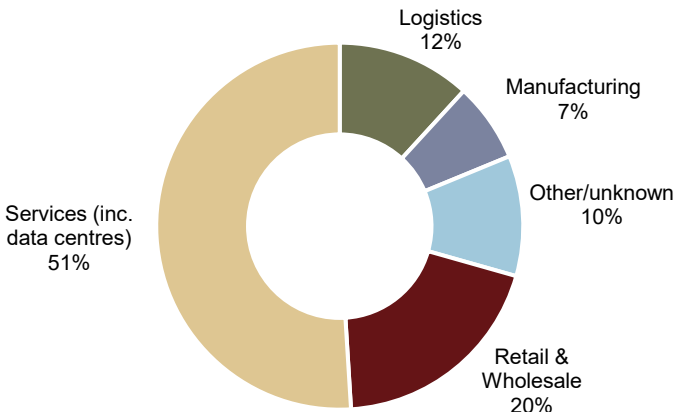
Occupier take-up

Source: Newmark



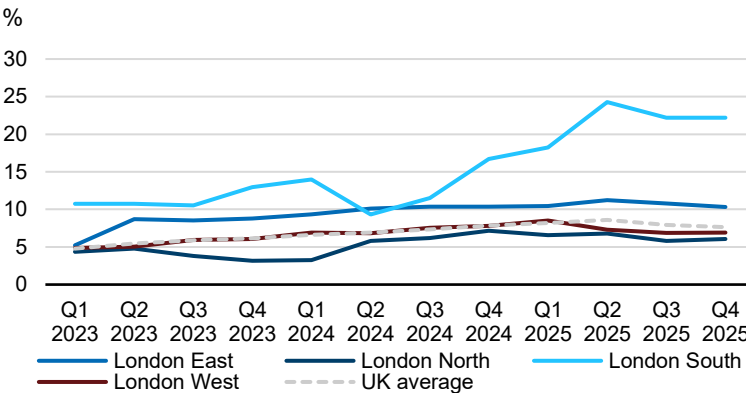
Take-up by occupier sector, last 12 months

Source: Newmark



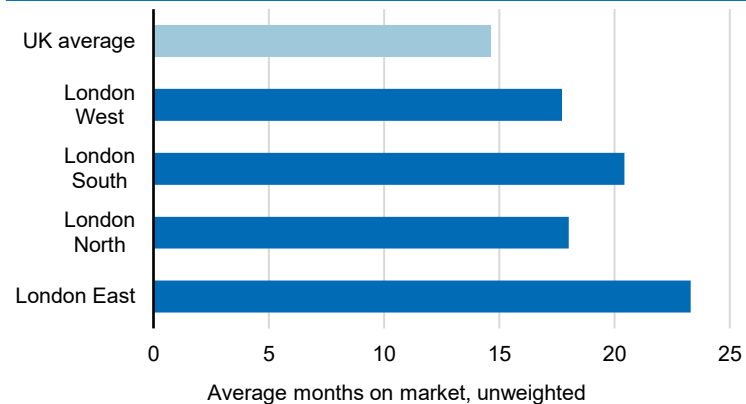
Availability rate by region

Source: Newmark



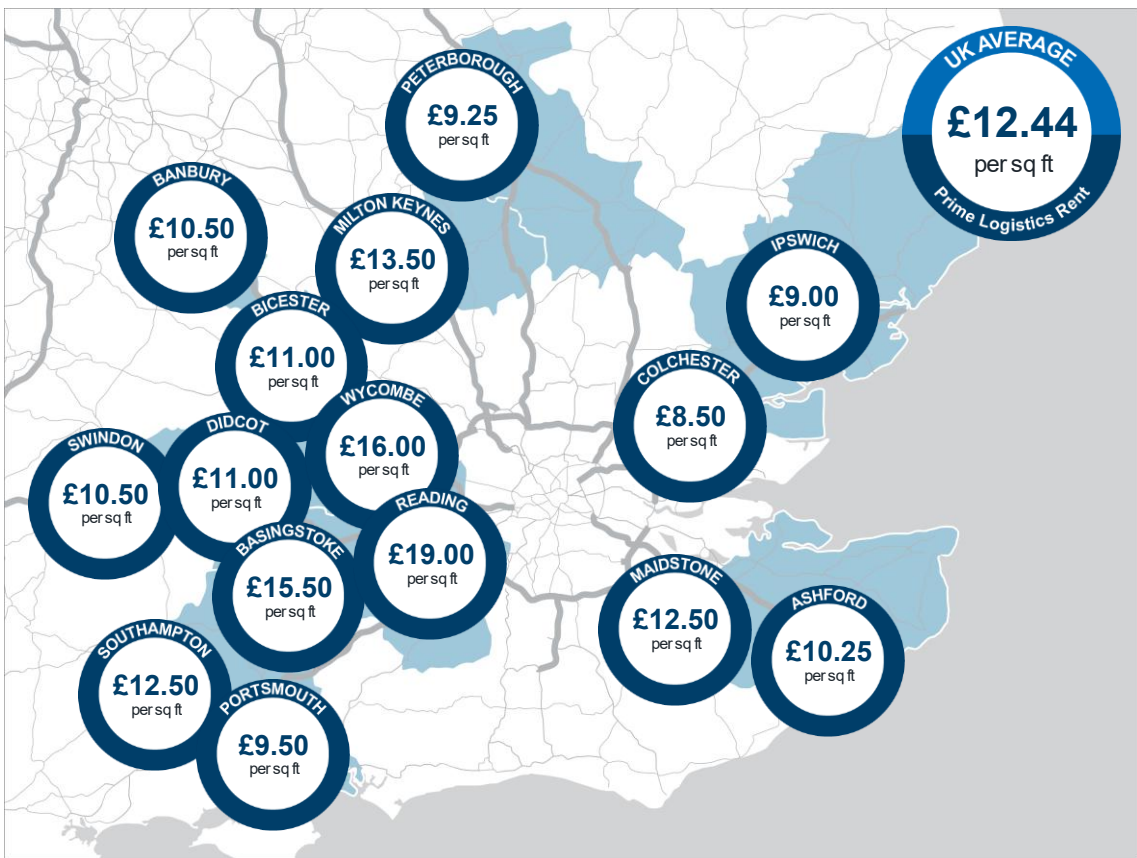
Void period by region, Q3 2025

Source: Newmark



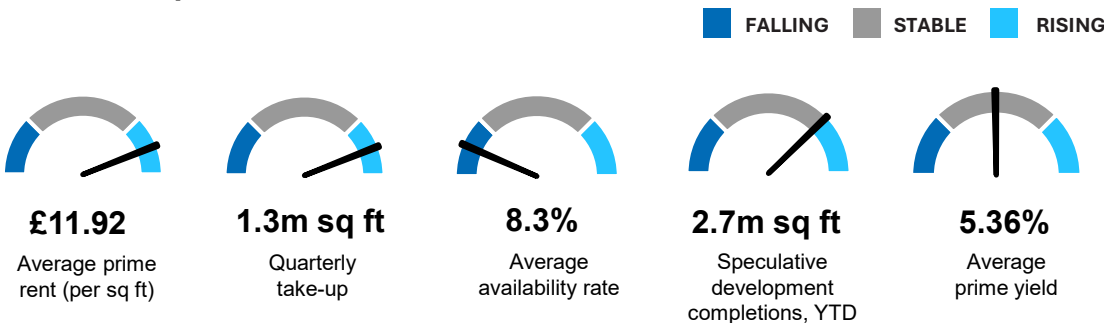
The South East and East

Prime logistics rents



Prime rent: typical achievable headline rent in £ per sq ft for units of good quality over 50,000 sq ft and let on a typical 10-year lease to a tenant of strong covenant.

Q4 2025 snapshot and 12-month outlook



Occupier demand in the South East was relatively robust in Q4, supported by large unit lettings in Kent to e-commerce specialist Must Have Ideas and logistics operator ID Logistics. Demand continues to be focused on cost-effective refurbished space within reach of London and major transport corridors, attracting a broad mix of occupiers from e-commerce and those in the cloud infrastructure supply chain through to leisure operators such as padel clubs. By contrast, demand in the Eastern region was more subdued in Q4, although a small number of speculative completions were delivered in Biggleswade and Portsmouth which are already drawing interest. In general, constrained new supply continues to underpin prime rents across most locations.



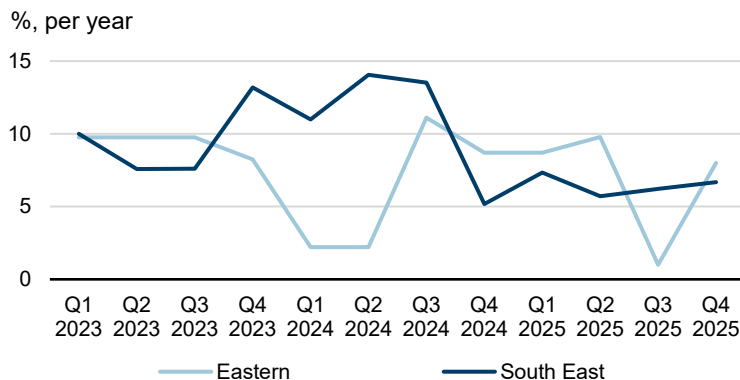
Contact **Charlie Seaton**
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The South East and East

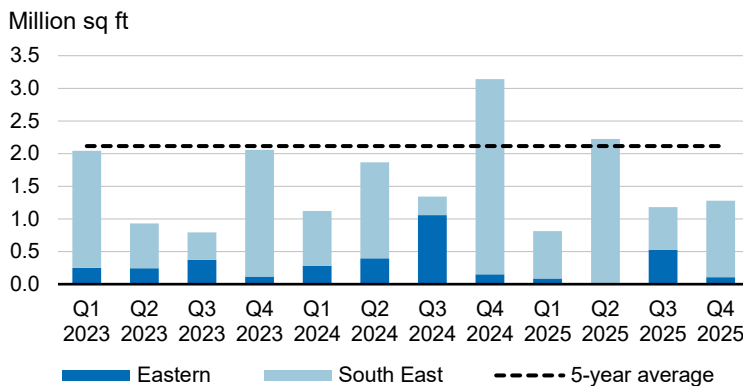
Prime logistics regional average annual rental growth

Source: Newmark



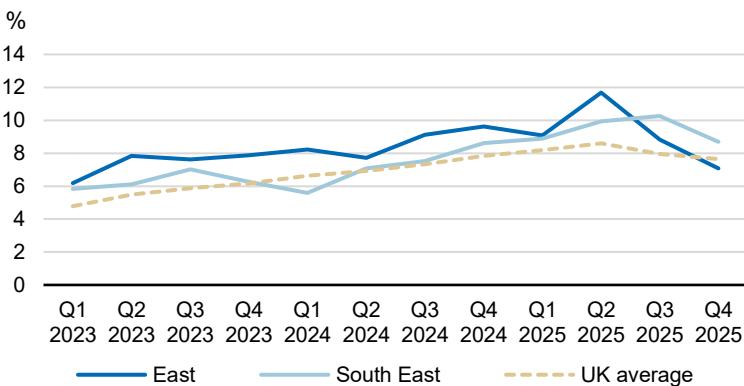
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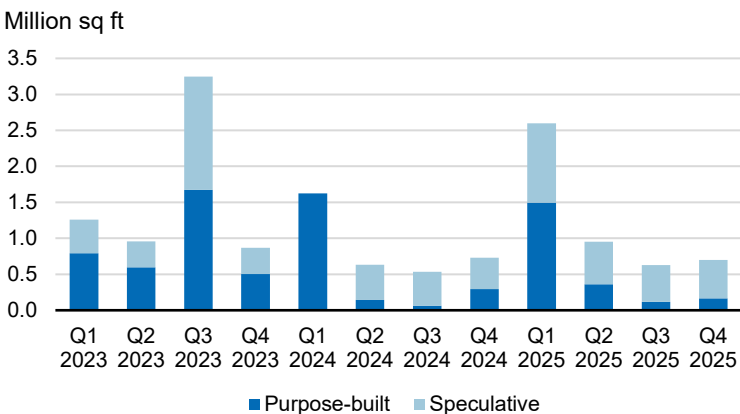
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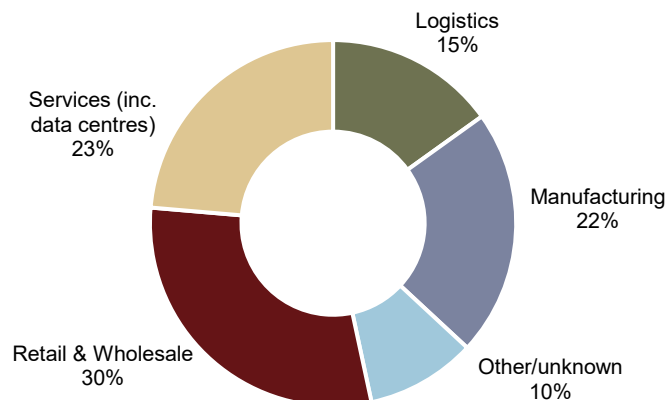
Development completions, by type

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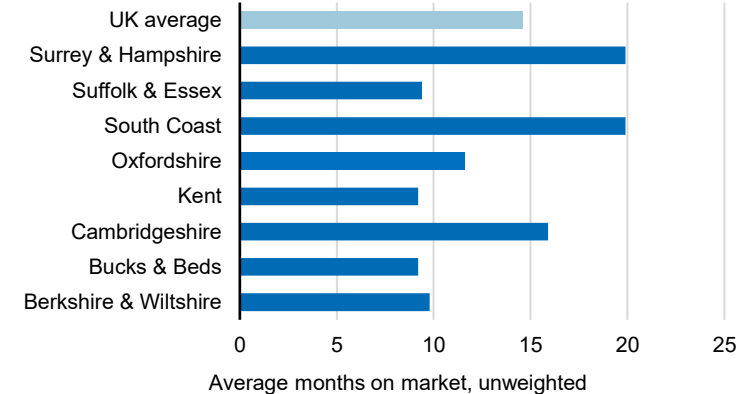
Take-up by occupier sector, last 12 months

Source: Newmark



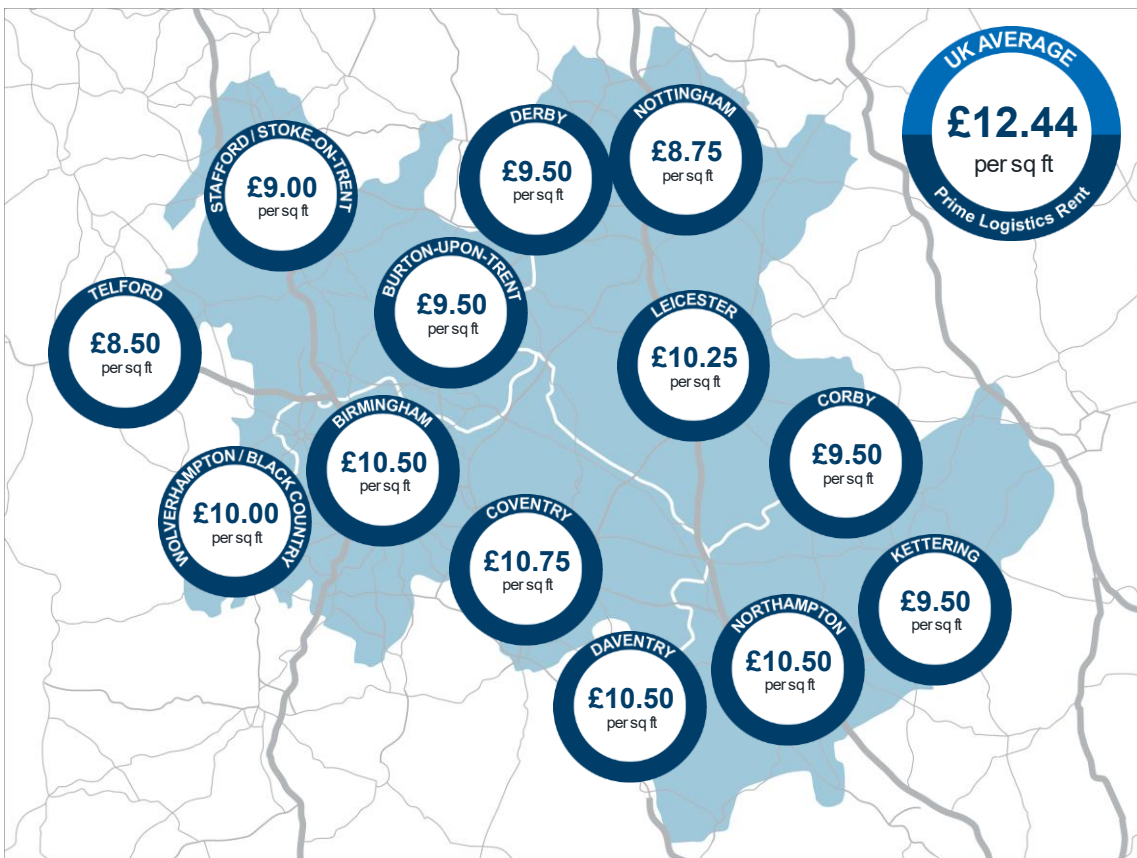
Void period by region, Q3 2025

Source: Newmark



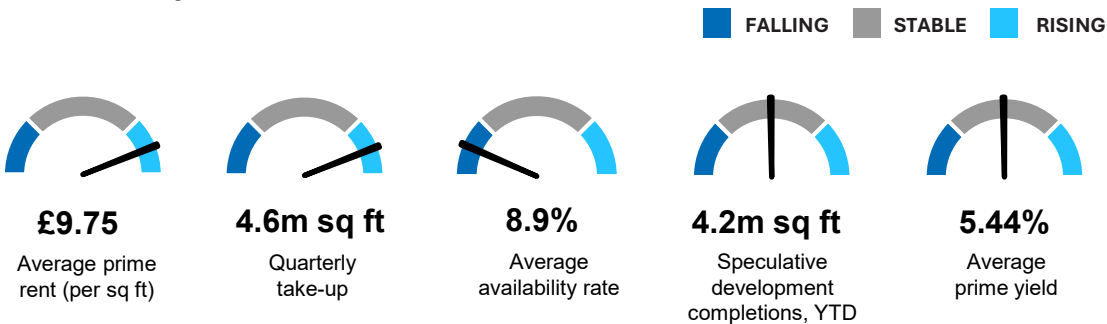
The Midlands

Prime logistics rents



Prime rent: typical achievable headline rent in £ per sq ft for units of good quality over 50,000 sq ft and let on a typical 10-year lease to a tenant of strong covenant.

Q4 2025 snapshot and 12-month outlook



The year ended on a high in the Midlands, with Q4 marking the strongest quarter for occupier demand in 2025. Large scale commitments by logistics specialists drove up the average size of building taken-up in the East Midlands in Q4, while demand in the West Midlands was more broadly spread, with occupiers such as Palletways UK, Mapei and Maersk taking space. Occupiers are increasingly focused on fit-out during leasing decisions and automation-ready spaces with power and efficient layouts are in highest demand. Occupiers continue to look to control costs but are also increasingly willing to commit to build-to-suit facilities designed around their specific operational needs, particularly where power and fit-out requirements are complex.



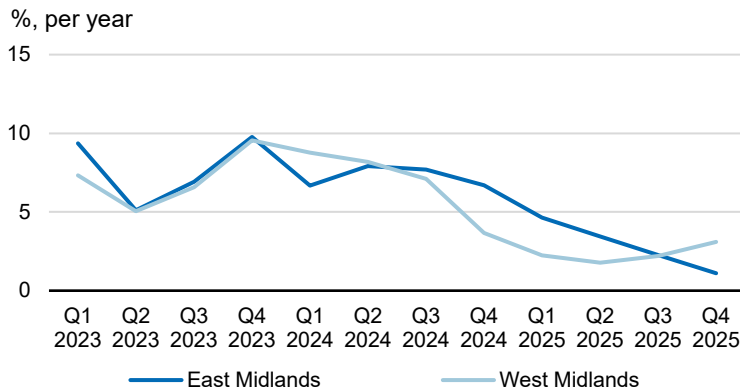
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The Midlands

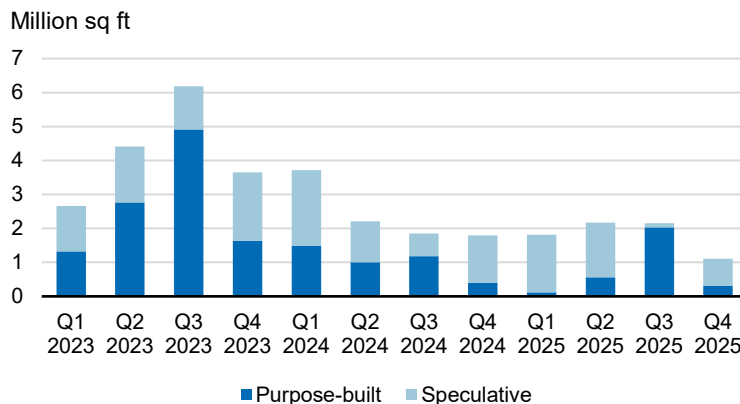
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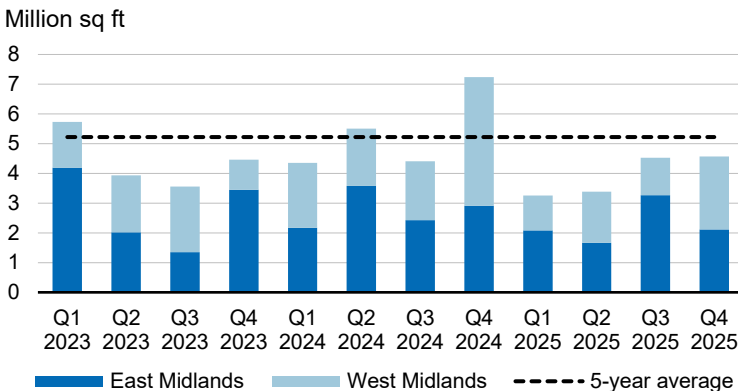
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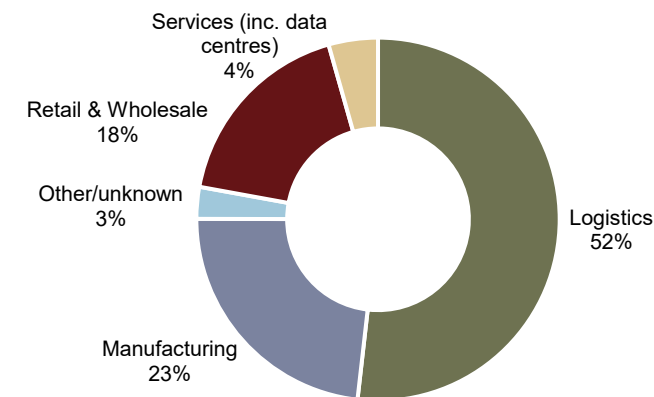
Occupier take-up

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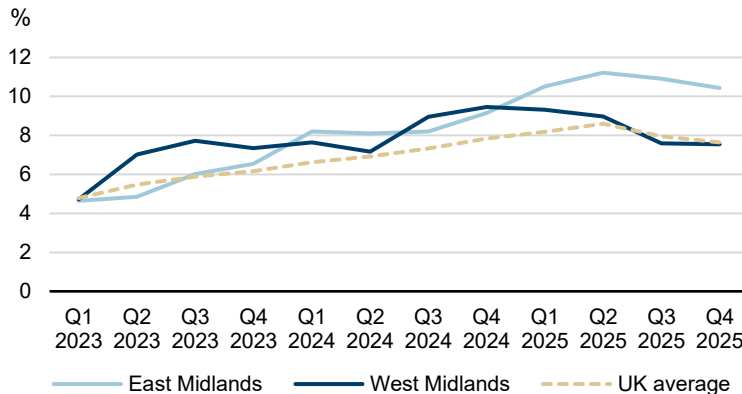
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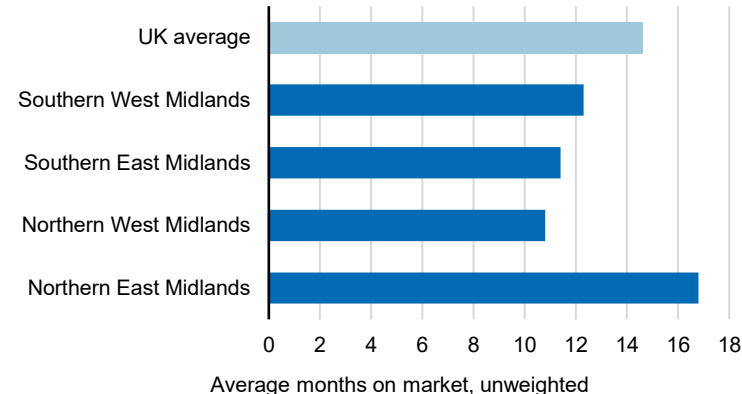
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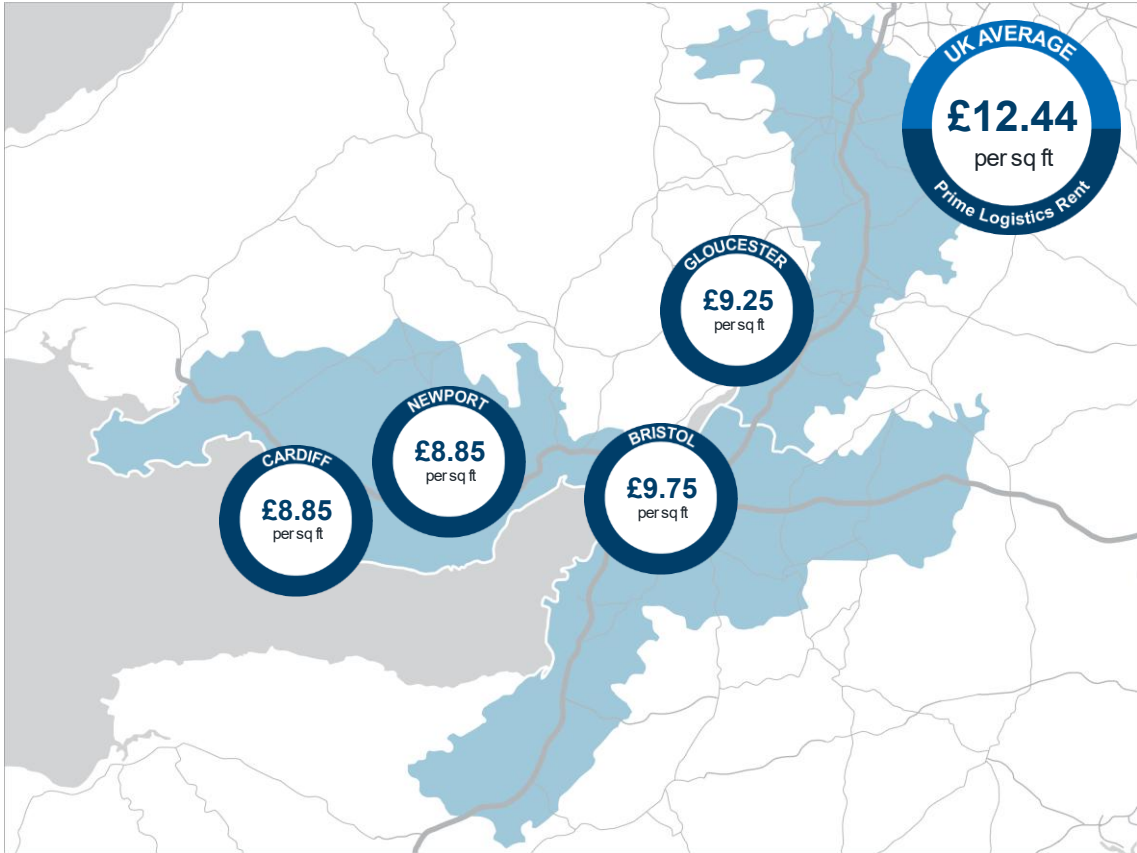
Void period by region, Q3 2025

Source: Newmark



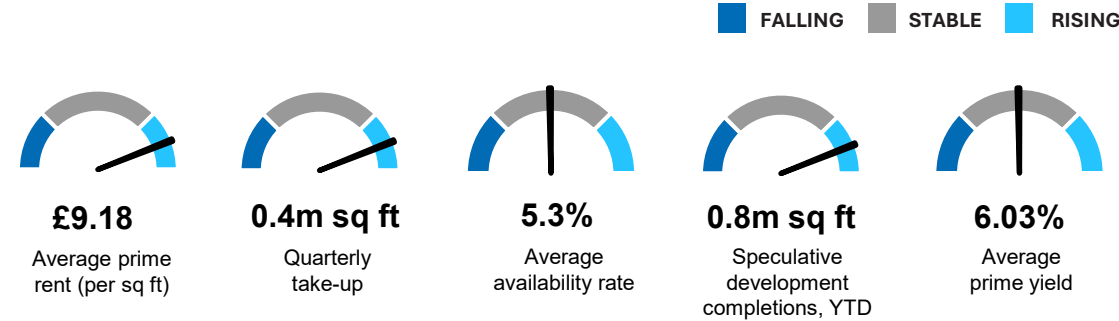
South West and Wales

Prime logistics rents



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Q4 2025 snapshot and 12-month outlook



Q4 was a relatively subdued quarter for occupier demand and the deal volume was again below the five-year quarterly average. However, on an annual basis, take-up was strong in the South West in 2025, with overall demand more than double that transacted in 2024. Several major retailers and logistics operators committed to space during the year, and new developments continue to attract tenants soon after completion. Availability rates remain below the national average across most local markets, though void periods are slightly longer on second-hand stock, particularly in South Wales. Robust occupier activity over 2025 has strengthened developer conviction in the South West, with around 2m sq ft of speculative space under construction.

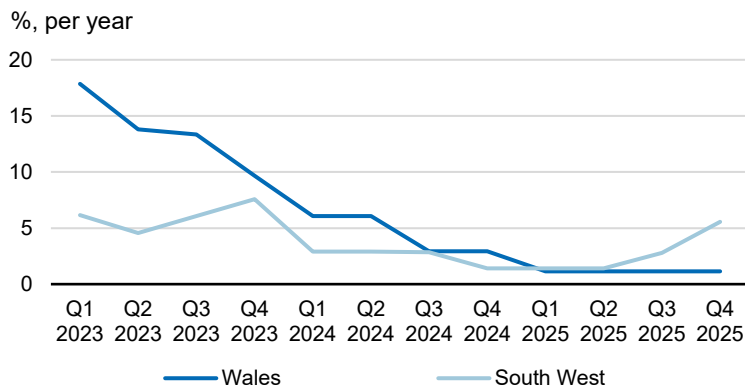
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South West and Wales

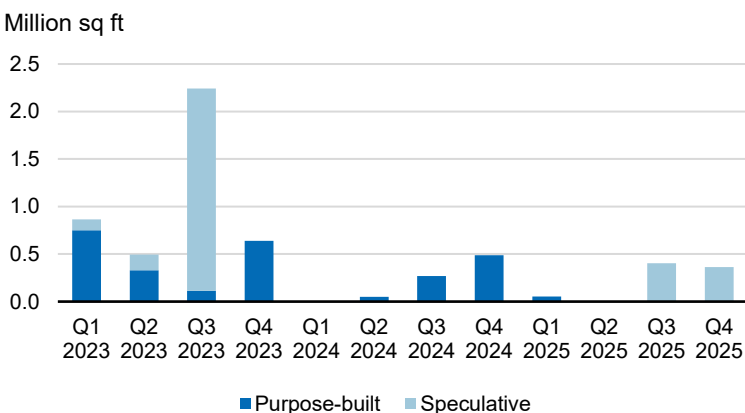
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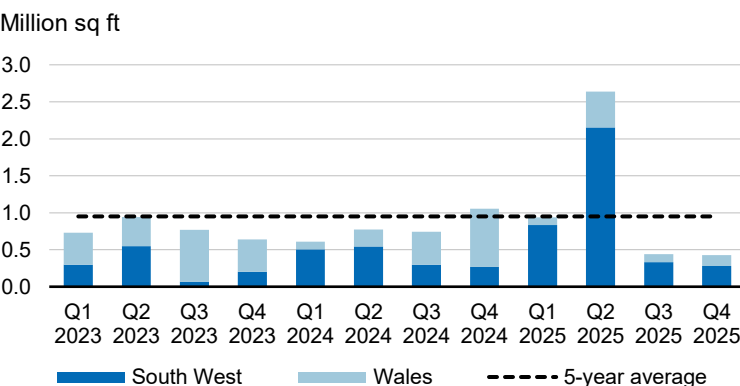
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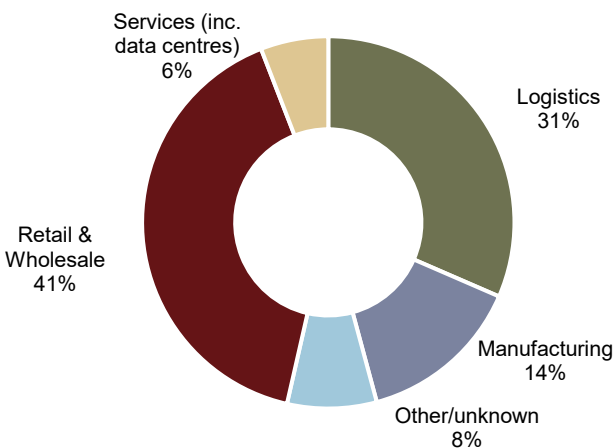
Occupier take-up

Source: Newmark



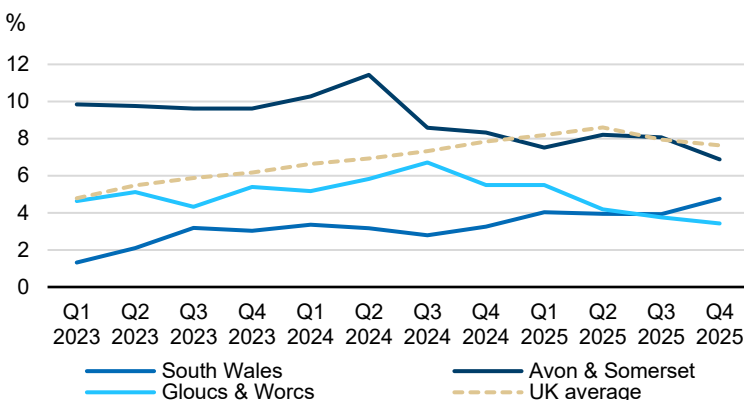
Take-up by occupier sector, last 12 months

Source: Newmark



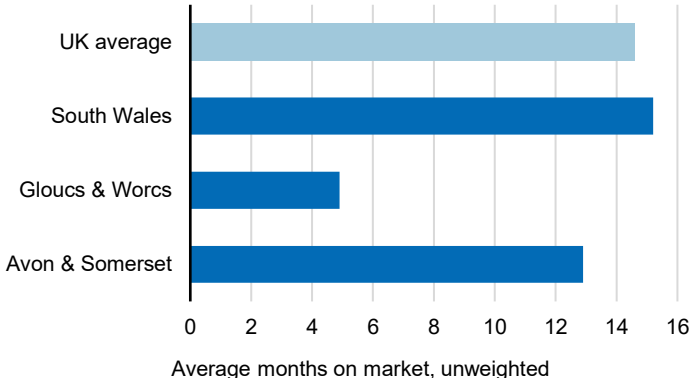
Availability rate by region

Source: Newmark



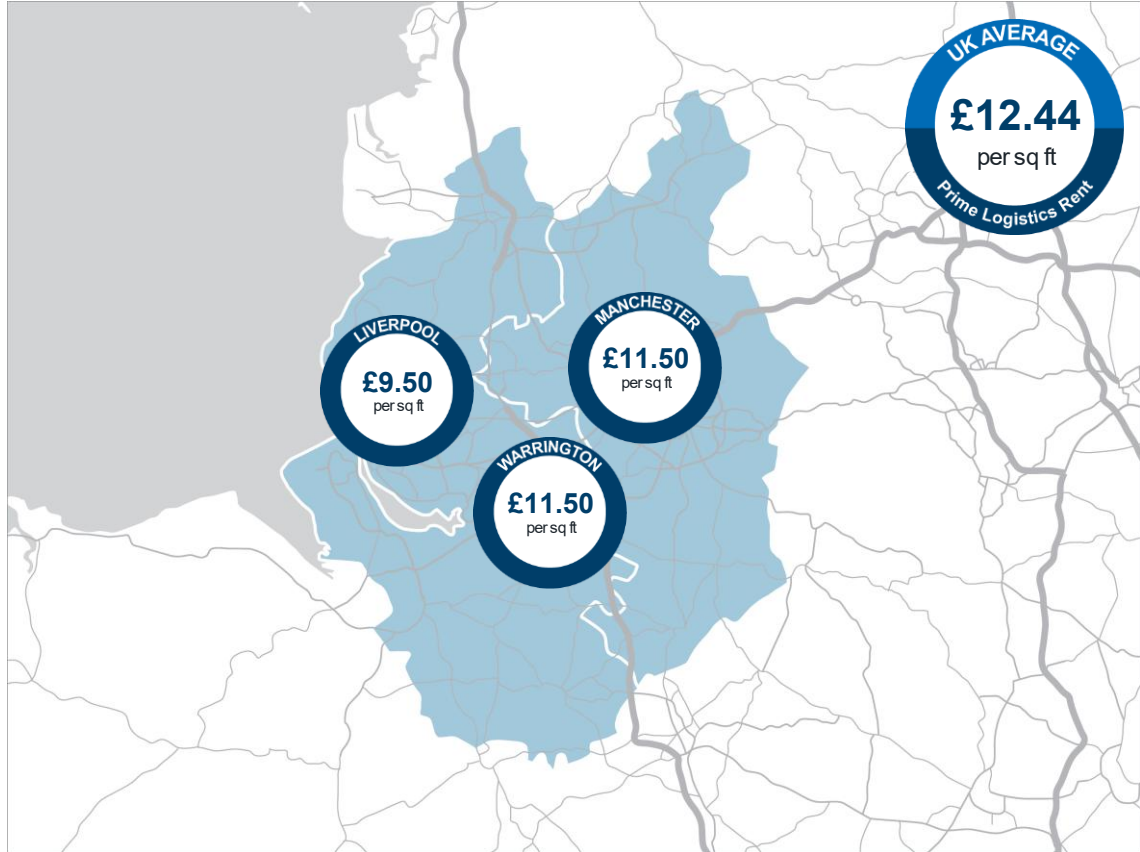
Void period by region, Q3 2025

Source: Newmark



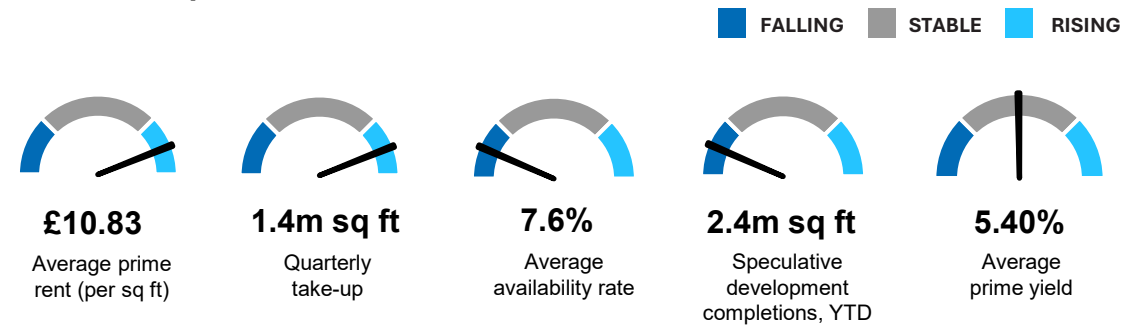
North West

Prime logistics rents



Prime rent: typical achievable headline rent in £ per sq ft for units of good quality over 50,000 sq ft and let on a typical 10-year lease to a tenant of strong covenant.

Q4 2025 snapshot and 12-month outlook



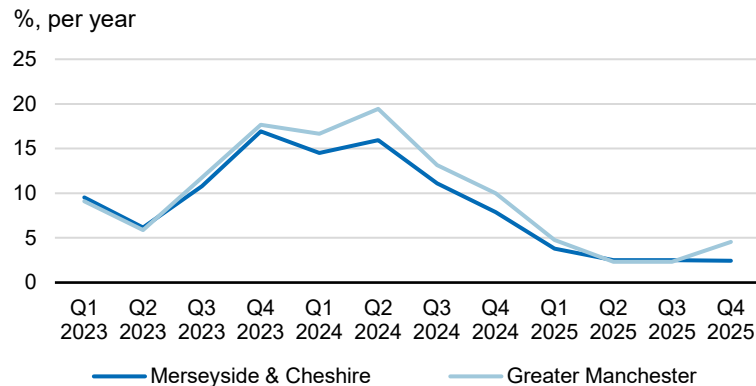
Occupier demand in Q4 was concentrated in Merseyside and Cheshire, where almost 1m sq ft transacted. Demand was from a range of sectors including logistics operators such as Denholm Good Logistics through to manufacturers such as Bells Healthcare and companies in the defence and data centre supply chains. Howdens also received planning permission to extend their factory in Runcorn. Demand was more specifically driven by manufacturers in Greater Manchester in Q4. The region's diverse and well-established industrial base continues to attract new entrants and on an annual basis, 2025 demand was up 46% on 2024. In line with national trends, availability was down to 7.6% in Q4, a marked reduction on the 8.3% availability rate recorded a year earlier. There is around 1.5m sq ft of speculative development under construction which will offer welcome new stock, but new supply remains modest and supports a positive outlook for prime rents.

Contact **Jason Print** for more information.

North West

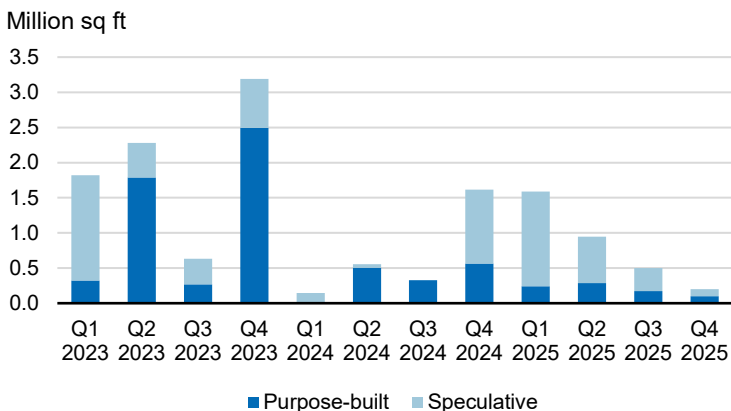
Prime logistics regional average annual rental growth

Source: Newmark



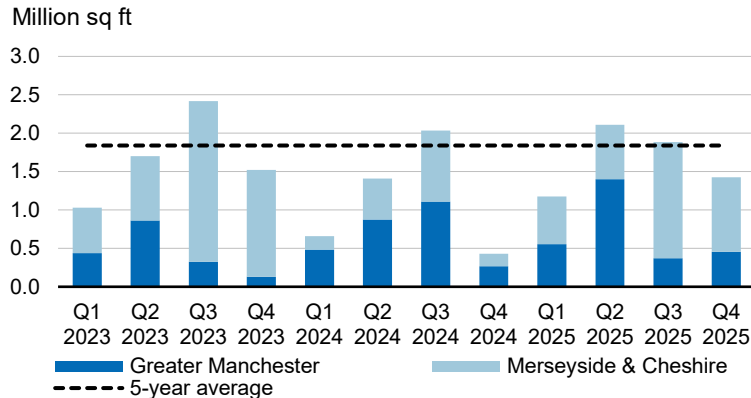
Development completions, by type

Source: Newmark



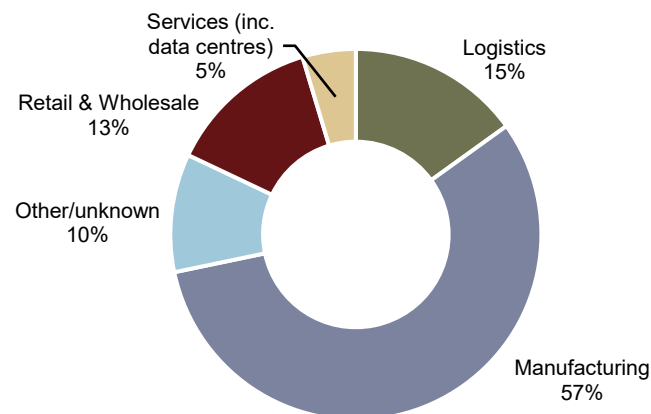
Occupier take-up

Source: Newmark



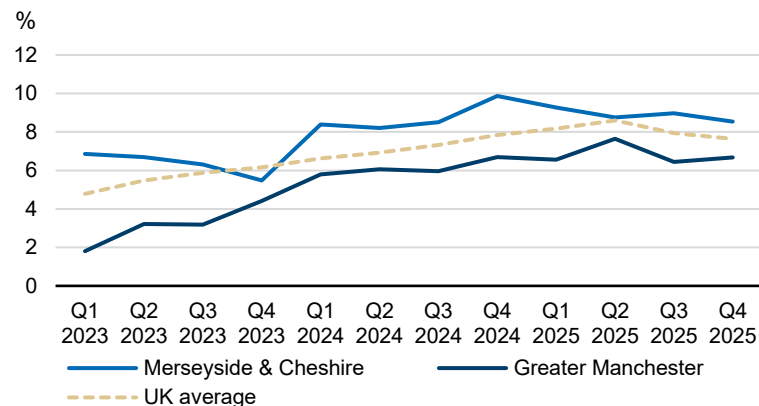
Take-up by occupier sector, last 12 months

Source: Newmark



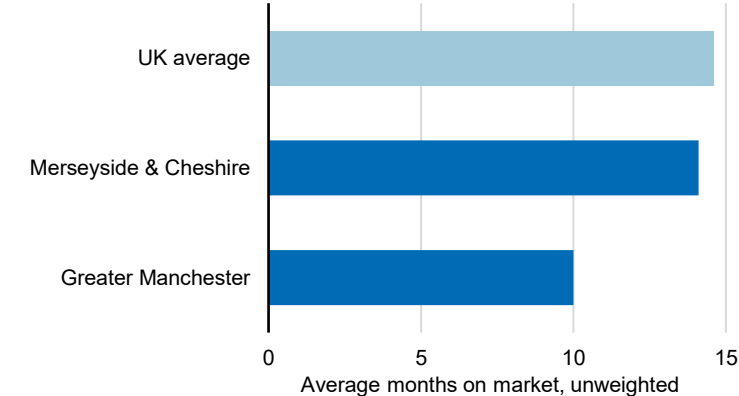
Availability rate by region

Source: Newmark



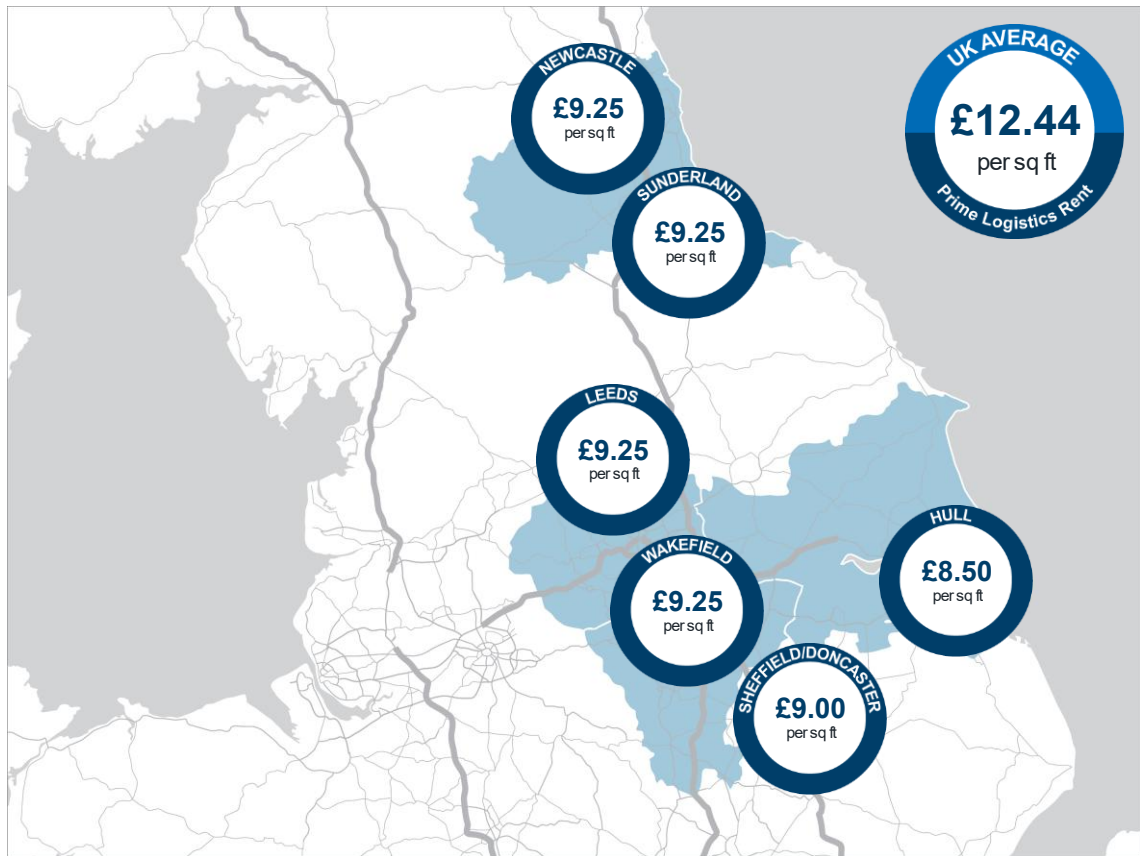
Void period by region, Q3 2025

Source: Newmark



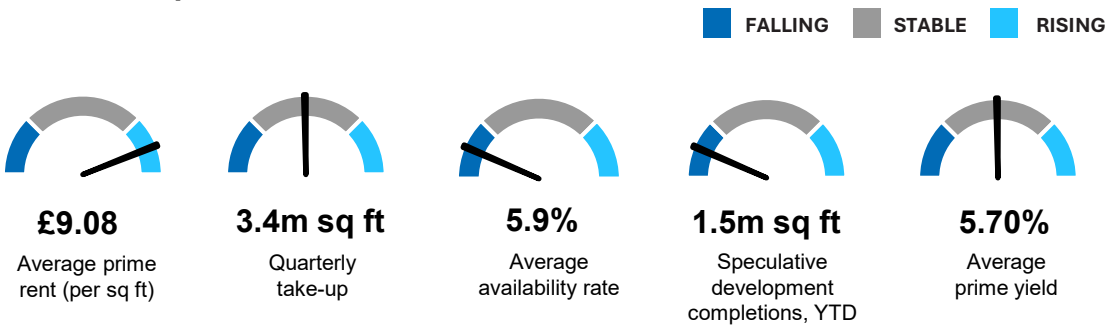
North East and Yorkshire & Humberside

Prime logistics rents



Prime rent: typical achievable headline rent in £ per sq ft for units of good quality over 50,000 sq ft and let on a typical 10-year lease to a tenant of strong covenant.

Q4 2025 snapshot and 12-month outlook



Occupier demand for space was robust in 2025, with lettings by Pyrol and Martin Brower in Darlington during Q4 topping off a strong year for the regions. Manufacturers remain the key driver, accounting for 47% of all activity over the last year, though retailers and wholesalers such as Dusk and MKM Building Supplies were also active in 2025. With the exception of South Yorkshire, availability rates are lower than the national average in most regions, though void periods remain slightly longer than the UK average. There is speculative development activity in Barnsley and Worksop, but overall development is subdued and continues to support a positive prime rental growth outlook.

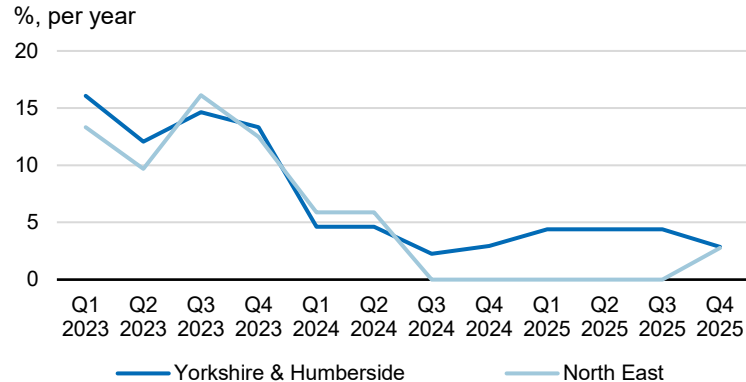
Contact **Richard Sherington** for more information.



North East and Yorkshire & Humberside

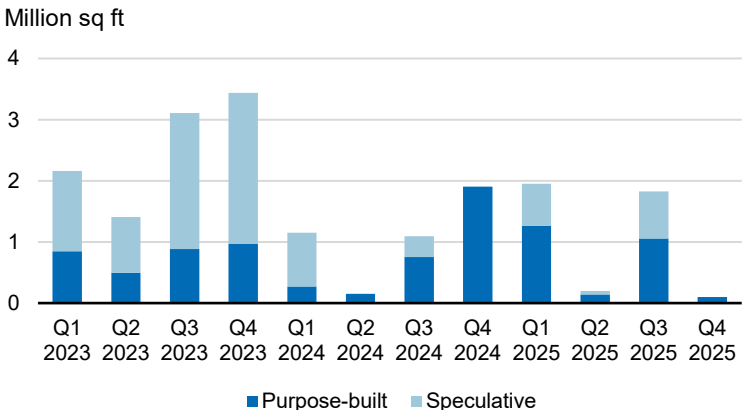
Prime logistics regional average annual rental growth

Source: Newmark



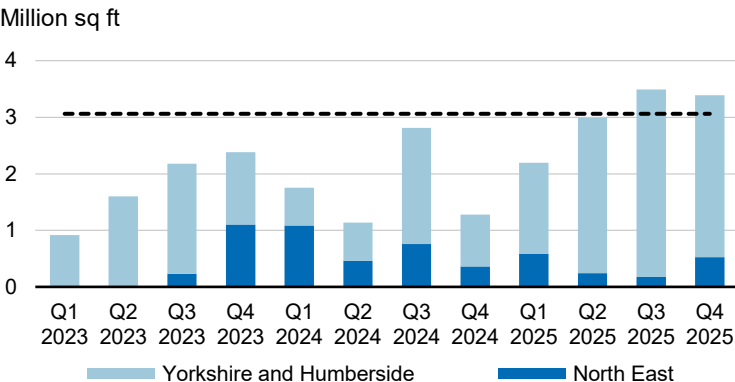
Development completions, by type

Source: Newmark



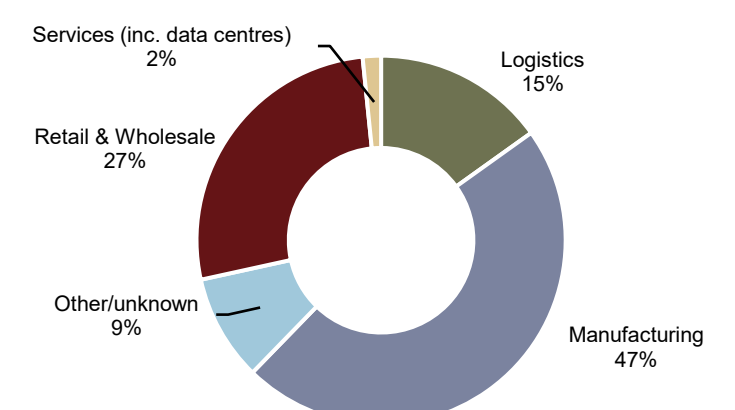
Occupier take-up

Source: Newmark



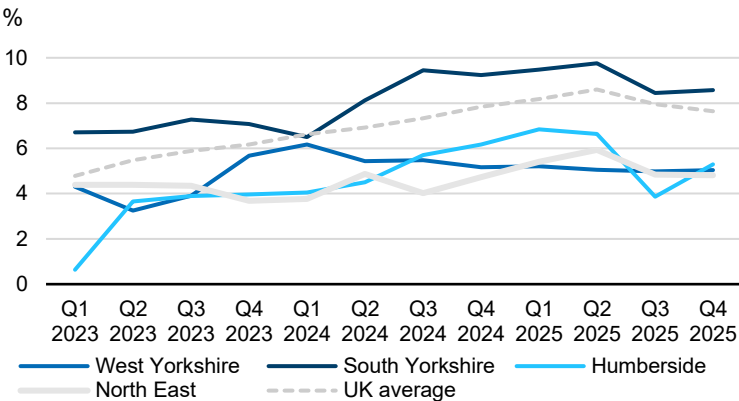
Take-up by occupier sector, last 12 months

Source: Newmark



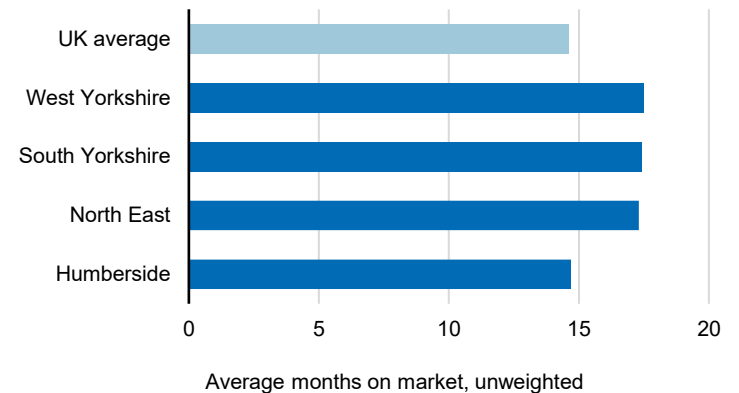
Availability rate by region

Source: Newmark



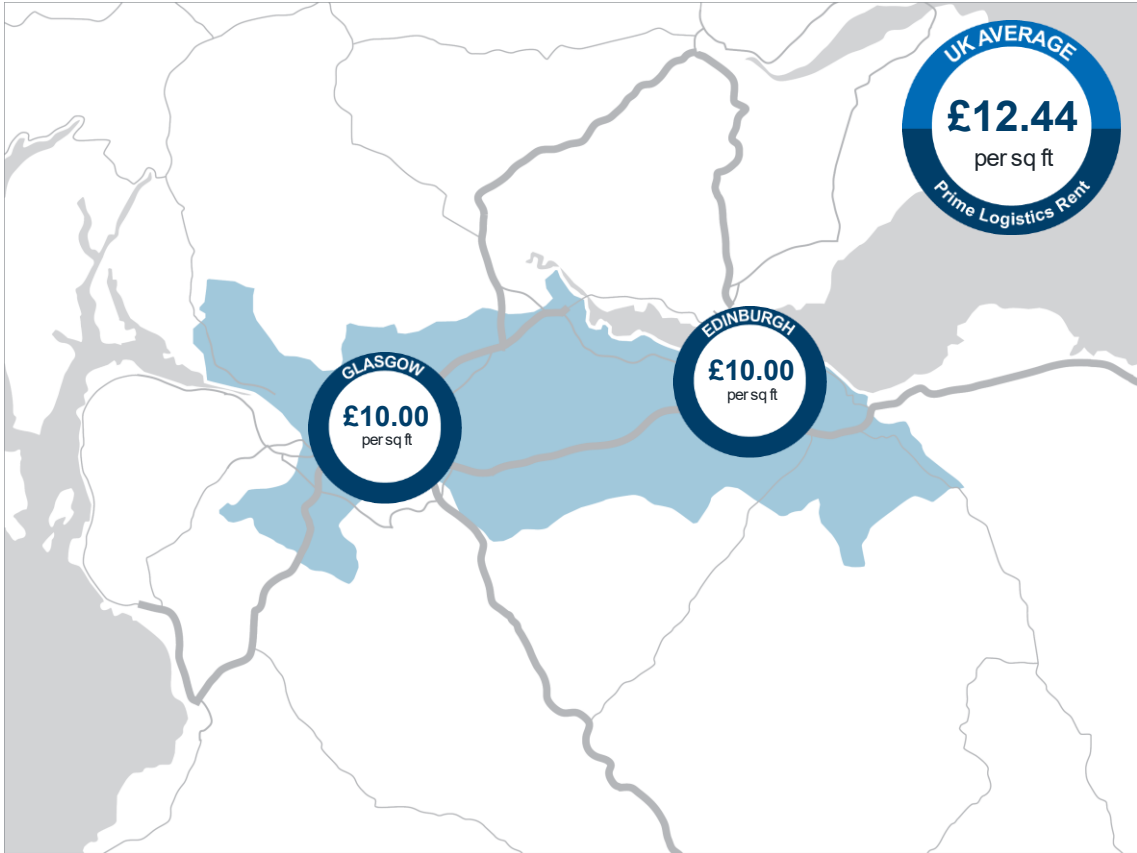
Void period by region, Q3 2025

Source: Newmark



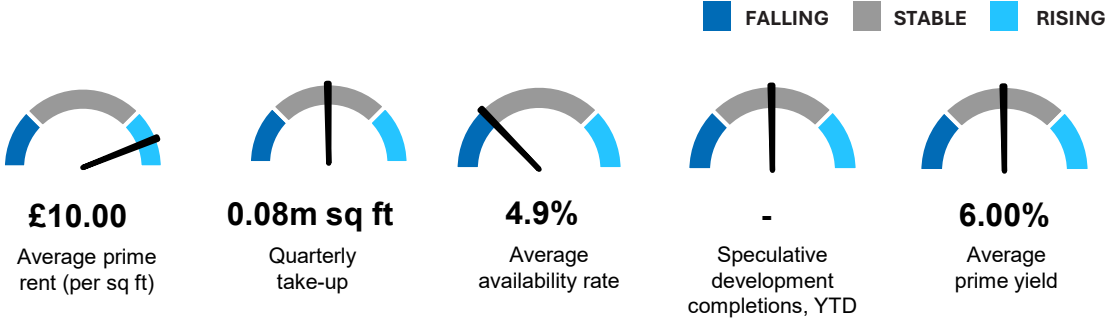
Scotland

Prime logistics rents



Prime rent: typical achievable headline rent in £ per sq ft for units of good quality over 50,000 sq ft and let on a typical 10-year lease to a tenant of strong covenant.

Q4 2025 snapshot and 12-month outlook



Demand was relatively limited in Q4, with AIT Home Delivery UK's letting in Cumbernauld the standout deal. On an annual basis, demand was down 35% in 2025 and remains below the five-year average. However, demand remains broad-based, with active requirements from occupiers across logistics, manufacturing, energy and technology sectors. Core markets such as Edinburgh, Glasgow and Motherwell continue to attract logistics operators, while battery storage and data centre firms are drawn by comparatively low land values, good transport links and access to renewable power. The availability of new or modern space remains limited, and the overall rate fell further below the UK average to 4.9% in Q4. With few speculative schemes underway, prime rental levels are expected to edge higher over 2026 as occupier competition is maintained.

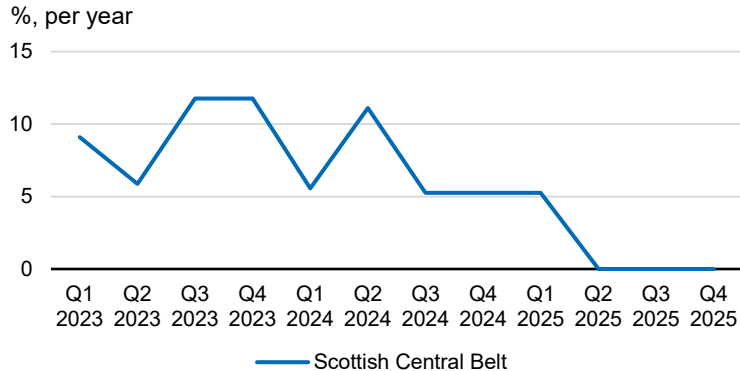
Contact **Sven Macaulay** for more information.



Scotland

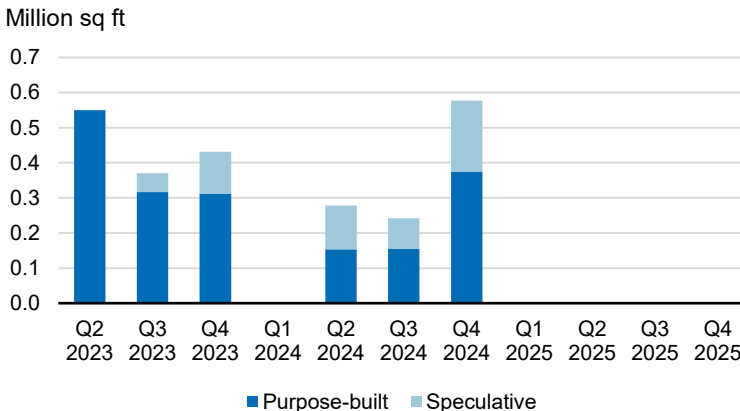
Prime logistics regional average annual rental growth

Source: Newmark



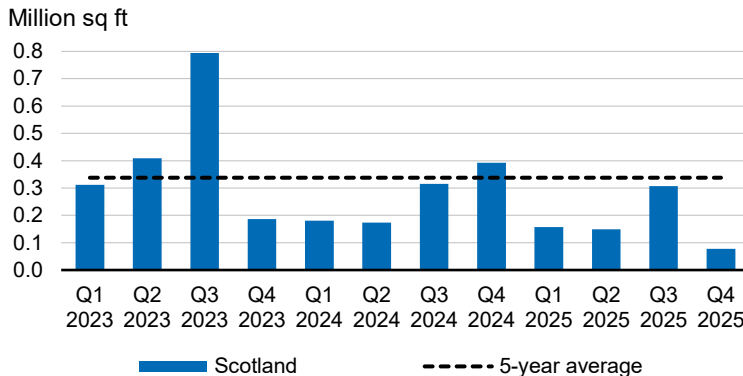
Development completions, by type

Source: Newmark



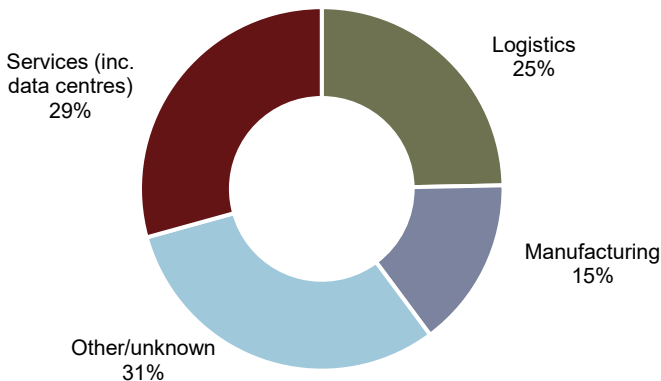
Occupier take-up

Source: Newmark



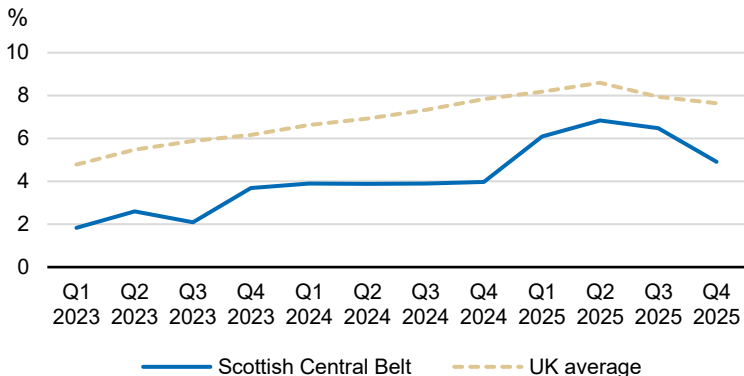
Take-up by occupier sector, last 12 months

Source: Newmark



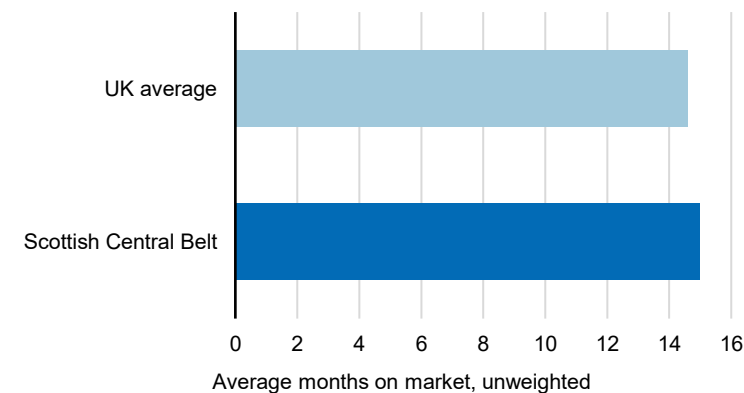
Availability rate by region

Source: Newmark



Void period by region, Q3 2025

Source: Newmark



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Further Insight



Perspectives

A collection of stories and commentary from the point of view of our people, about capabilities, expertise and insights on the ever-changing world of commercial real estate.

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