

REVIEW

LOGISTICS MARKET

UK Q4 2025



RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



Q4 2025

LOGISTICS MARKET UK

Industrial investment volume in the final quarter of 2025 reached £4.7bn, which brings annual volume to £13.3bn, a 23% increase y/y.

Global indicators for continued investment activity in the UK industrial & logistics market remain positive. Firstly, global investors are looking to rebalance their portfolios. Secondly, geopolitical factors demand a greater focus on supply chain resilience and infrastructure

KEY FIGURES

£4.7bn 36% y/y
Q4 2025 INDUSTRIAL INVESTMENT VOLUME

5.00% - 5.25%
AVERAGE PRIME UK LOGISTICS YIELD

52% 17% y/y
Share of Investment Volume from Portfolio/M&A transactions FY2025

AdobeStock © Vladyslav



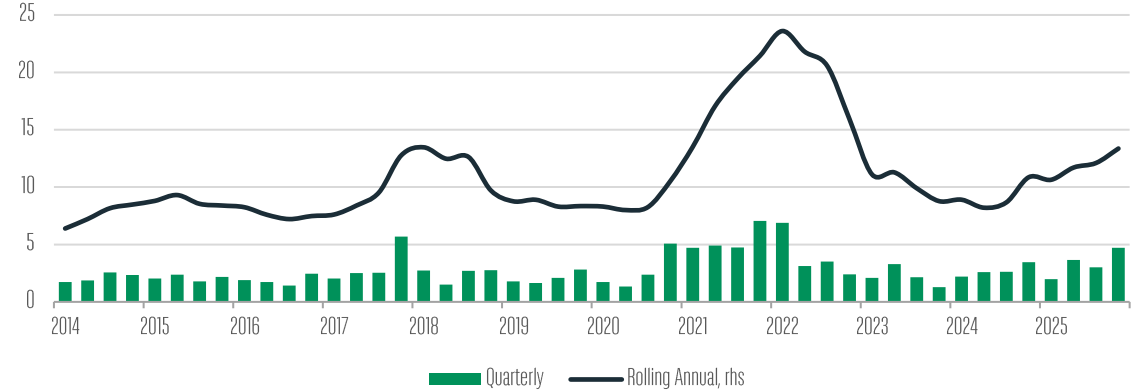
INVESTMENT

Industrial investment volume reached £4.6bn in the final quarter of 2025, 34% above the 10-year quarterly average. This took annual levels to £13.3bn, a 23% improvement on the previous year. Even excluding the highlight deal of the quarter - Tritax's purchase of a Blackstone portfolio (weighted towards urban logistics and smaller units) for £1bn (Project Centurion) - this was still the busiest quarter for over three years.

Tritax's acquisition caps what was a busy year for industrial REITs; transactions involving UK REITs account for 36% of total annual volume last year, the highest share since 2009 when the market was positioning for the post-GFC recovery. At the same time, US investment as a share of all investment into the UK industrial market has dropped to a post-pandemic low (21%, versus the previous 5-year average of 33%).

While US investors overall remain acquisitive, some of these buyers are also focused on recycling capital invested during the post-pandemic e-commerce boom. Encouragingly, they may begin to find more buyers in the UK institutional space. Activity from UK-based institutional capital rose 50% y/y last year and outpaced the trailing 10-year average for the first time since 2022. Indeed, this segment of the market were actually net buyers of industrial assets last year for the first time since the pandemic - another signal that the pool of industrial demand may be shifting again. Highlight purchases by UK institutional from Q4 include Royal London's £197m acquisition of Ares' Fradley Park in Lichfield (a 5.15% net initial yield), and DTZ Investors' purchase of Crest Distribution Park from Hillwood for £38.5m / 4.96%. The rental reversion which continues to be achievable in multi-let estates and the yield differential with traditional stabilised big-box assets has made this subsector the target for many of these funds.

UK Industrial Investment Volume - value of deals increases year-to-date despite dip in deal flow



Source: BNP Paribas Real Estate, MSCI, data as at 05.02.2026.

UK-based institutions - net investment into UK industrial CRE



Source: BNP Paribas Real Estate, MSCI, data as at 05.02.2026.



Q4 2025

LOGISTICS MARKET UK

"If the expected cuts to the Bank of England's interest rates are forthcoming, momentum in the industrial and logistics space could accelerate rapidly. We are seeing core investors and UK institutions preparing to deploy capital in best in class assets – however availability of prime stock may continue to be the issue. We are yet to see substantive evidence of significant volumes of prime investments coming to market, and therefore we anticipate downwards pressure on prime yields and investors struggle to satisfy requirements for core product."

Will Robertson
Head of National Investment



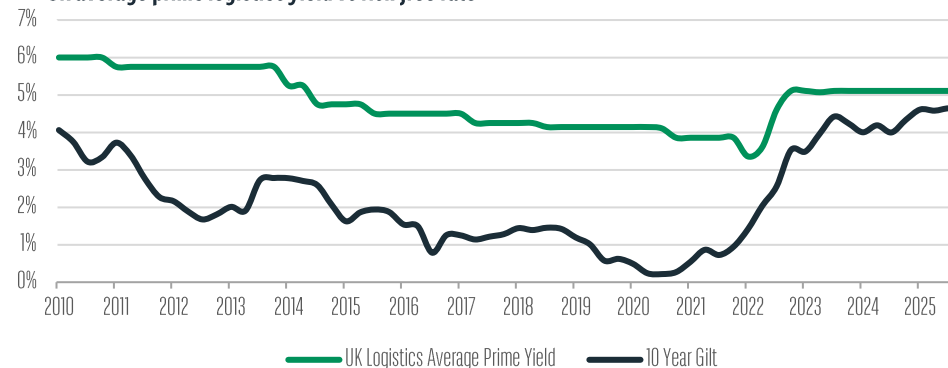
INVESTMENT

While volume when measured by combined transaction lot sizes rose strongly in 2025, the actual number of deals remains below average. Portfolio sales and Mergers and Acquisitions (M&A) reached a total of £7bn investment volume in the sector, making up the majority of all activity at 52% - a record high. This is the result of cross-border investment seeking to invest in the market at scale. In contrast, the number of sales of individual assets remains suppressed. However, with debt costs for investors continuing to trend downwards, supply levels stabilising, and more industrial-based businesses reporting improving sales and capacity usage, liquidity in this segment of the market should continue to improve this year.

Looking to the future, prospects for a continued gradual recovery in investment activity are positive. Investor portfolios have become imbalanced following strong equity returns, and heightened macroeconomic volatility is increasing the appeal of private asset with lower correlations to public markets. Moreover, a greater focus on supply chain resilience and infrastructure as a means of ensuring self-sufficiency in a more fragmented geopolitical landscape, not to mention the ongoing ramping up of defence spending, means capital is increasing targeting European and UK infrastructure. Global fundraising for infrastructure strategies rose strongly last year and even outpaced real estate fundraising for the second year running, while Europe took a record share of private capital.

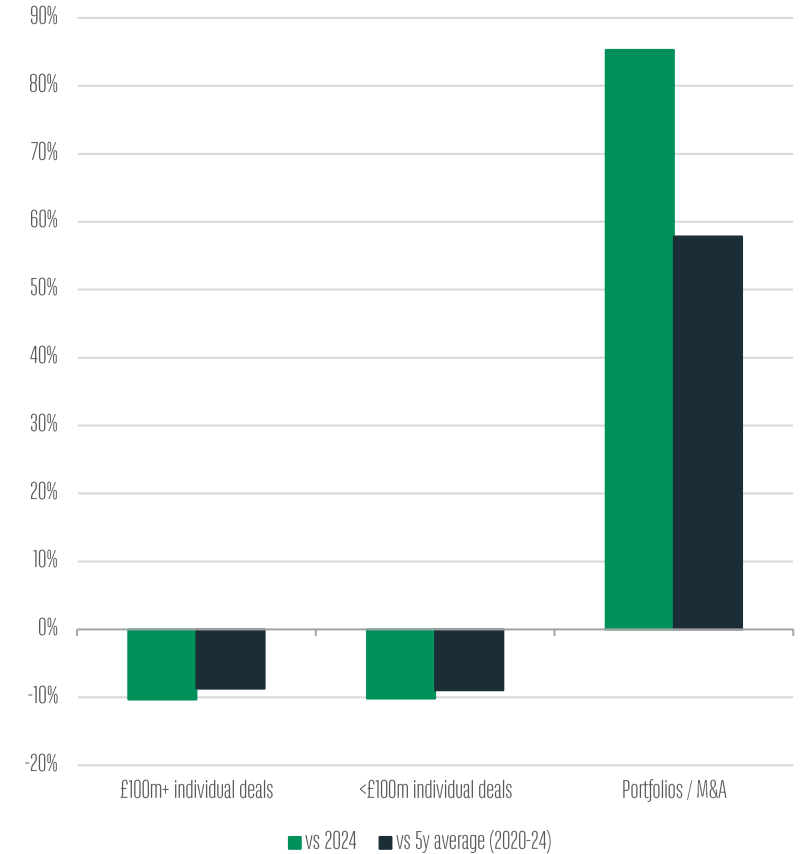
With industry surveys reporting stable or increasing real estate target allocations, investors are therefore increasingly likely to rebalance portfolios by increasing their focus on real assets closely linked to the infrastructure build-out and defence industry spending. This provides good news for the industrial and logistics sector and should accelerate the gradual return of core capital into the sector, with institutional investors looking for reliable, low-volatility income growth.

UK average prime logistics yield vs risk-free rate



Source: BNP Paribas Real Estate, Macrobond.

Change in investment volume by sale type and lot size



Source: BNP Paribas Real Estate analysis of MSCI data. Data as at 05.02.2026.

AdobeStock © Vladyslav



Q4 2025

LOGISTICS MARKET UK

Despite reduced take-up, the final quarter of 2025 saw annual demand exceed that of 2023-2024 and the pre-pandemic average.

We would expect supply to decline in 2026 as sustained occupier demand outpaces new availability.

KEY FIGURES

4.7m sq ft DEMAND IN Q4 2025 9% y/y

75% Q4 2025 GRADE A DEMAND

63.6m sq ft EXISTING AVAILABLE INDUSTRIAL SPACE 5% q/q

6.5m sq ft UNDER-CONSTRUCTION FOR 2026 PC

AdobeStock © Vladyslav



TAKE-UP

UK demand for industrial units over 100,000 sq ft exceeded 30m sq ft for the first time since peak pandemic take-up. Annual big box demand of 31.7m sq ft represents a 16% increase year-on-year. While this falls short of the 10-year average, it represents an 8% increase on the 5-year pre-pandemic average (2015-2019). Despite this, Q4 2025 take-up of 4.7m sq ft for big box units was 9% down on the same period last year and can be explained by a combination a knock-on from the 3-year quarterly demand high seen in Q3 as well as the occupier uncertainty from the later-than-usual UK Autumn Statement in November. Industrial infrastructure is critical to the UK economy and we would expect demand to improve in the first half of 2026 as UK Budget and US tariff uncertainty subsides with a number of large units currently under offer.

Big box occupiers continue to seek the best units available, with c.70% space taken new to the market, including BTS and pre-let opportunities. This includes global logistics firm DSV's pre-let of IM Properties of c.600,000 sq ft in Mercia Park, Derby. Another Q4 2025 pre-let includes Ares management's refurbished Aylesford 245, a significant deal in the South East (SE). Also in the SE, Panattoni have let their 420,000 sq ft speculatively developed unit in their Sittingbourne Park.

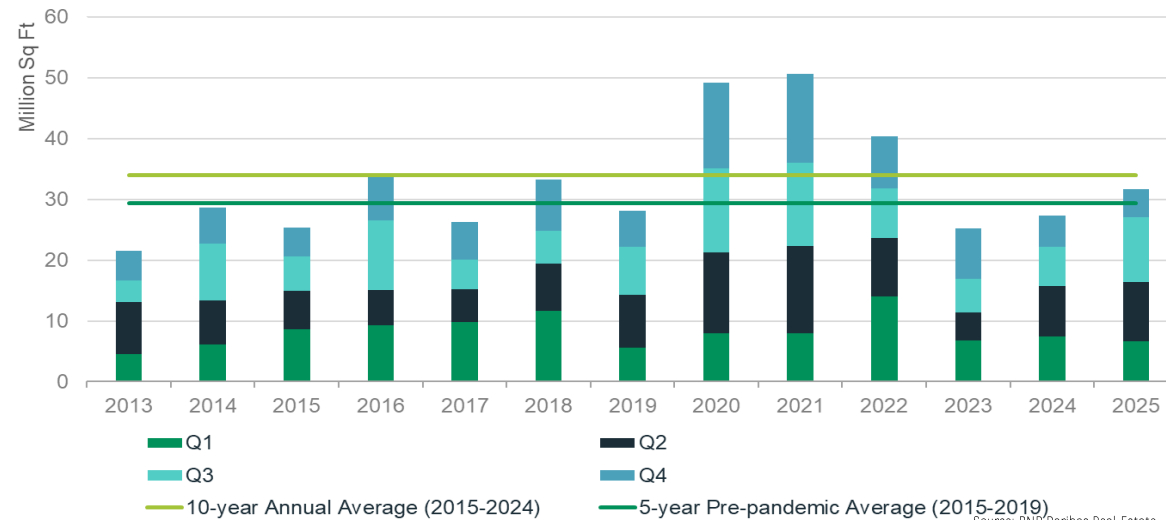
Logistics deals made up 70% of all Q4 2025 big box transactions in what was the lowest quarter for UK occupier demand. This included expansion from Chinese 3PL JD.com who have consolidated their position in Ansty Park, Coventry. Demand from Chinese logistics firms have been a real factor in 2025's strong take-up, from firms such as Supersmart Services. The impact of the removal of 'de minimis' tax in the UK is likely to impact these companies most, potentially leading to demand for more space as goods are imported in bulk. However, this policy, announced in the Autumn Statement, is only due to come into effect in 2029. In the meantime, UK retailers must continue to battle with Chinese e-commerce 'dumping' goods in the UK as the US and EU have removed their own 'de minimis' tax with more urgency.

UK manufacturing demand has been resurgent across 2025 with one-third of total take-up. This slowed in the final quarter of the year, occupiers may have been waiting for the Chancellor's Autumn budget before making commitments, however the Manufacturing PMI now shows an improvement in manufacturing activity as US tariff uncertainty begins to ease off.

Q4 regional demand was highest in the Midlands (c.52%), true of the year as a whole (45%). However, it is Yorkshire and the Humber and the South West which have had the largest growth in demand. Along with the North West these regions have seen the strongest prime rental growth across the UK in 2025.



UK Big Box Take-Up Reaches highest quarterly demand since 2022



"The stage is set for another positive year in the industrial sector. Growing supply is likely to level off in the short-term before dropping in the face of reduced construction activity. For expanding tenants, the time to act is now while there is a healthy availability of Grade A space in prime locations."

Ben Wiley
Head of Agency





Q4 2025

LOGISTICS MARKET UK

UK PRIME RENTS (£/sq ft)*

£25.00
LONDON & SOUTH EAST

£11.00
NORTH WEST

£10.75
WEST MIDLANDS

£9.75
YORKSHIRE & HUMBER

£0.75 q/q

£10.50
SOUTH WEST

*HEADLINE RENT IN UNITS OVER 100,000 SQ FT

AdobeStock © Vladyslav



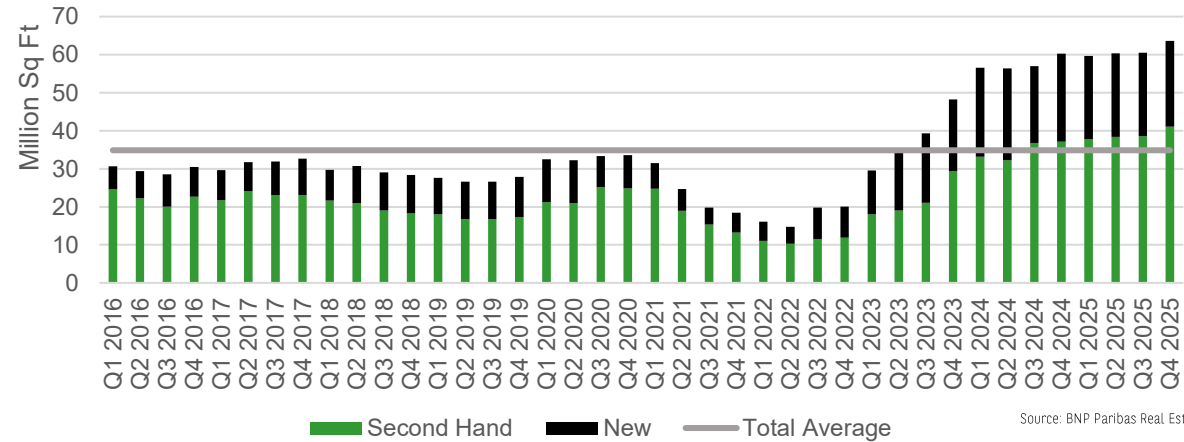
SUPPLY & DEVELOPMENT PIPELINE

Supply of units over 100,000 sq ft have increased c.5% q/q due to second-hand stock returning to the market (65% of all stock). This increase has come following a year of existing supply stabilising. The lack of new developments and relatively low supply of new, grade A units to the market mean that competition for best-in-class supply will encourage moderate rental growth and a continued drive towards build-to-suit opportunities.

Commercial construction saw the fastest downturn in activity in over 5 years in the final quarter of 2025 with employment in the sector also declining (S&P Global UK Construction PMI). There are 6.5m sq ft big box developments due to complete across the UK in 2026, including megabox units Panattoni's 915,000 sq ft site in Swindon and the Indurent/PLP 645,000 sq ft M1 XL development in the golden triangle.

Vacancy is tightest in this 500,000 sq ft+ category however the market is more in need of spec development in the 250,000-500,000 sq ft size band in which there is minimal construction underway.

UK Industrial Supply of Units over 100,000 Sq Ft Still Slowly Rising



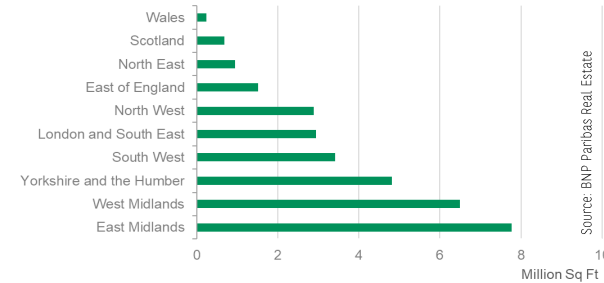
Source: BNP Paribas Real Estate

UK Development Pipeline of Units over 100,000 sq ft, Q4 2025*



Source: BNP Paribas Real Estate

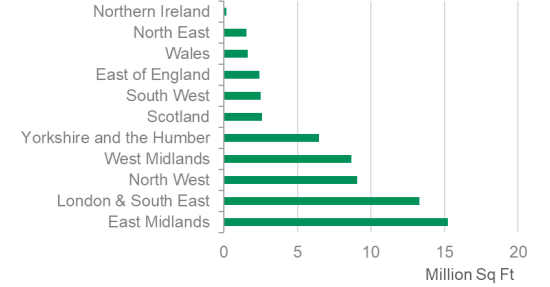
UK Regional Demand over 100,000sq ft, FY2025



Source: BNP Paribas Real Estate

*Units expected to reach project completion by end of 2026

UK Regional Supply of Units over 100,000 sq ft, Q4 2025



Source: BNP Paribas Real Estate





Q4 2025

LOGISTICS MARKET
UK



KEY TRANSACTIONS

INVESTMENT
LOGISTICS

DATE	PROPERTY	TENANT	SIZE (SQ FT)	WAULT	RENT (£ PSF)	PRICE (M)	YIELD	PURCHASER	VENDOR
Dec-25	Pin 54 Wolverhampton	P.J.H Group Ltd	200,000	15.00	£8.50	£28.95	5.50%	Titan Investors	Pin Property
Dec-25	Evri Avonmouth	Evri	113,600	14.75 (9.75)	£8.75	£16.19	5.75%	Swiss Life	Hillwood
Oct-25	PLP Knowsley	Amazon	850,000	17.75	£4.76	£81.00	5.00%	Pontagedea	PLP
Oct-25	PRI Park Royal	Classic Fine Foods	61,611	-	-	£43.90	c.4.50%	Tritax	Patrizia

MULTI-LET

DATE	PROPERTY	SIZE (SQ FT)	WAULT (BREAK)	RENT (£ PSF)	PRICE (M)	YIELD	PURCHASER	VENDOR
Dec-25	The Merlin Centre High Wycombe	213,000	-	£12.91	£53.00	c.4.85%	Argo	Aberdeen
Oct-25	Admiral Hyson Industrial Estate Bermondsey	42,010	-	£22.02	£19.25	4.50%	DTZ Investors	L&G
Oct-25	ID Centre Swindon	123,753	4.0 (1.9)	£8.53	£17.50	5.65%	Chesham Capital Partners/ Meadow Partners	Swindon Borough Council

AdobeStock © Zixp@ck



Q4 2025

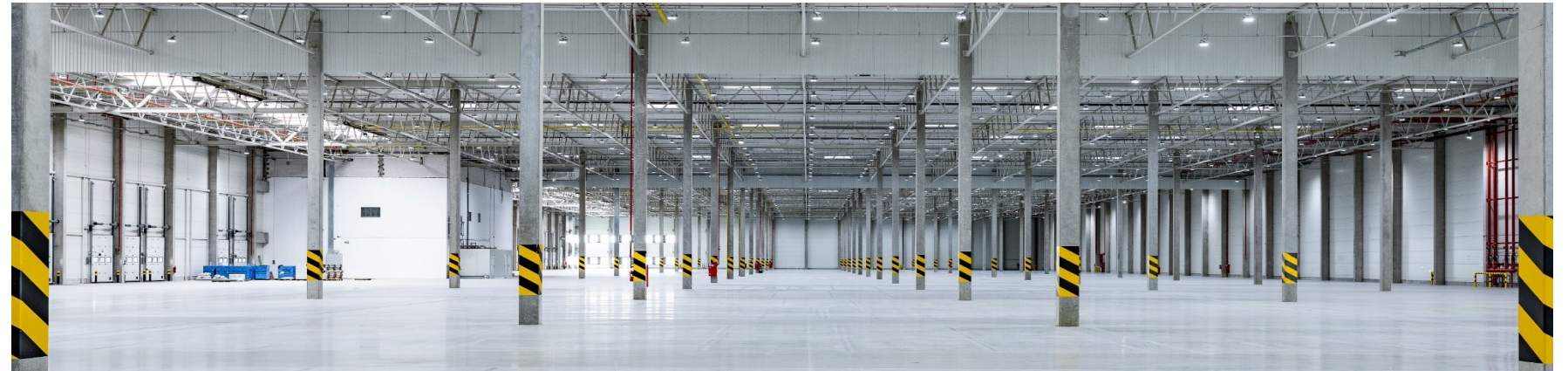
LOGISTICS MARKET
UK



KEY TRANSACTIONS

OCCUPIER

DATE	PROPERTY	TENANT	SIZE (SQ FT)	REGION	SECTOR	SPECIFICATION	DEVELOPER
Dec-25	Mercia Park Derby	DSV	605,000	West Midlands	Logistics	Pre-let	IM Properties
Dec-25	Panattoni Park Sittingbourne	ID Logistics	420,000	South East	Logistics	Spec	Panattoni
Dec-25	Ansty Park Coventry	JD.com	270,000	West Midlands	Logistics	Spec	Fiera
Jul-25	Aylesford 245 Aylesford	Must Have Ideas	245,000	South East	Retail	Spec	Ares
Aug-25	Segro Park Coventry	DPD	220,000	West Midlands	Logistics	Spec	Segro



AdobeStock © Zixpack



Q4 2025

LOGISTICS MARKET
UK



CONTACTS

RESEARCH



Eoghan MORGAN
Associate Director,
Industrial Research
M: (0) 7721 599279
eoghan.morgan@realestate.bnpparibas



Charlie TATTERSALL
Senior Associate Director,
Capital Markets Research
M: (0) 7818 539188
charlie.tattersall@realestate.bnpparibas

INDUSTRIAL & LOGISTICS



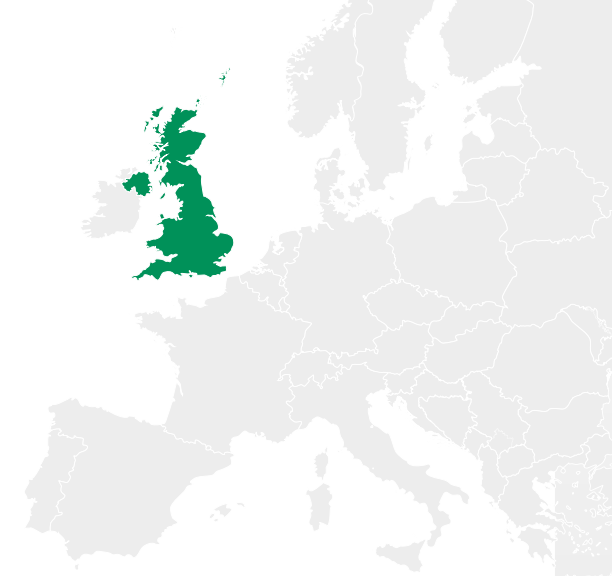
Will ROBERTSON
Head of National Investment
M: (0) 7970 822274
will.robertson@realestate.bnpparibas



Ben WILEY
Head of Industrial Agency
M: (0) 7771 662009
ben.wiley@realestate.bnpparibas



Roger YOUNG
Head of Valuations
M: (0) 7793 808786
roger.1.young@realestate.bnpparibas



 Looking for a tailor-made analysis? Click here to find out our service offer **Research on Demand** 



UNITED KINGDOM

10 Harewood Avenue
London NW1 6AA
Tel.: +44 20 7338 4000

© BNP PARIBAS REAL ESTATE ADVISORY & PROPERTY MANAGEMENT UK LIMITED. ALL RIGHTS RESERVED. No part of this publication may be reproduced or transmitted in any form without prior written consent by BNP Paribas Real Estate UK. The information contained herein is general in nature and is not intended, and should not be construed, as professional advice or opinion provided to the user, nor as a recommendation of any particular approach. It is based on material that we believe to be reliable. While every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. The information contained herein should therefore not be relied upon for any purpose unless otherwise agreed with BNP Paribas Real Estate UK and BNP Paribas Real Estate UK shall have no liability in respect of the same.



Q4 2025

LOGISTICS MARKET
UK



Locations

EUROPE

FRANCE

Headquarters

50, cours de l'Île Seguin
CS 50280
92650 Boulogne-Billancourt cedex
Tel.: +33 1 55 65 20 04

GERMANY

Goetheplatz 4
60311 Frankfurt am Main
Tel.: +49 69 29 89 90

UNITED KINGDOM

10 Harewood Avenue
London NW1 6AA
Tel.: +44 20 7338 4000

BELGIUM

Avenue Louise 235
1050 Brussels
Tel.: +32 2 290 59 59

SPAIN

C/ Emilio Vargas, 4
28043 Madrid
Tel.: +34 91 454 96 00

IRELAND

57 Adelaide Road,
Dublin 2
Tel.: +353 1 66 11 233

ITALY

Piazza Lina Bo Bardi, 3
20124 Milano
Tel.: +39 02 58 33 141

LUXEMBOURG

Kronos building
10, rue Edward-Steichen
2540 Luxembourg
Tel.: +352 34 94 84

Investment Management

Tel.: +352 26 06 06

NETHERLANDS

Antonio Vivaldistraat 54
1083 HP Amsterdam
Tel.: +31 20 305 97 20

POLAND

Grzybowska 78,
00-844 Warsaw
Tel.: +48 22 653 44 00

PORTUGAL

Avenida da República, 90 Piso 1,
Fracção 1
1600-206 Lisboa
Tel.: +35 1 939 911 125

MIDDLE EAST / ASIA

DUBAI

Emaar Square
Building n° 1, 7th Floor
P.O. Box 7233, Dubai
Tel.: +971 44 248 277

HONG KONG, SAR CHINA

63/F, Two International
Finance Centre
8 Finance Street, Central,
Hong Kong, SAR China
Tel.: +852 2909 8888

SINGAPORE

20 Collyer Quay, #17-04
Singapore 049319
Tel.: +65 681 982 82

ALLIANCES

AUSTRIA
CZECH REPUBLIC
GREECE
HUNGARY
JERSEY
NORTHERN IRELAND
PORTUGAL
ROMANIA
SLOVAKIA
SWITZERLAND
USA

BNP PARIBAS REAL ESTATE, is a simplified joint-stock company with capital of €383,071,696 and headquarters at 50, cours de l'Île Seguin - CS 50 280 - 92650 Boulogne-Billancourt - France, registered on the Nanterre Trade and Companies Register under no. 692 012 180 - APE 7010 Z Code - Identification Number CE TVA FR 66692012180. Address: 50 cours de l'Île Seguin - CS 50280 - 92650 Boulogne-Billancourt Cedex. Phone: +33 (0)1 55 65 20 04
Fax: +33 (0)1 55 65 20 00 - www.realestate.bnpparibas.com. BNP Paribas Real Estate is part of the BNP PARIBAS Group (art. 4.1 of the French law 70-9, 02/01/70)