Industrial Market Overview

Region: Eastern M25

Category: Research

Q2 2026

Intellectual Property

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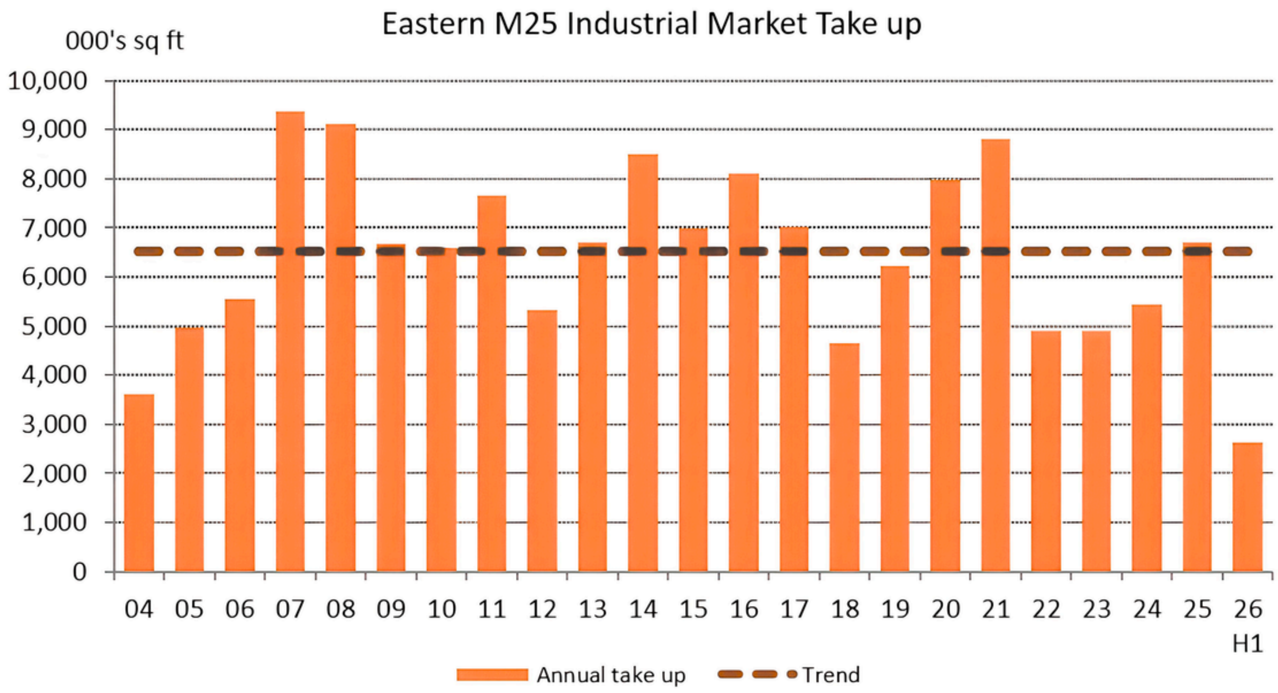
Take Up



- Last year signalled a return to trend levels of activity, with take up for 2025 reaching 6.8m sq ft, with a strong showing across most size bands. Take up has been boosted by a particularly active Big Box sector, which had a strong ending to the year with 2.1m sq ft of space acquired in seven deals.
- Big Box activity was focused on two regions, with South East London & Kent accounting for 53% (1.1m sq ft) of overall take up in five deals whilst Essex accounted for the remaining element 47% (970,765 sq ft) in two deals.
- Early indication for H1 2026 show a continuation of good levels of activity, with 2.6m sq ft of take up, which is expected to be revised up to circa 3m sq ft in future research. South East London & Kent (1.2m sq ft), North London & Herts (650,000 sq ft) and East London (360,000 sq ft) showed the strongest performance.
- There have been only two Big Box deals in H1 2026, the 264,700 sq ft letting to Morrisons at Hays Road Snodland, whilst Amazon took the 250,850 sq ft BULK 250 in West Thurrock.
- Mid Box activity has been strong in the first six months of the year with three deals totalling 218,728 sq ft, with all deals in the North London & Herts region.

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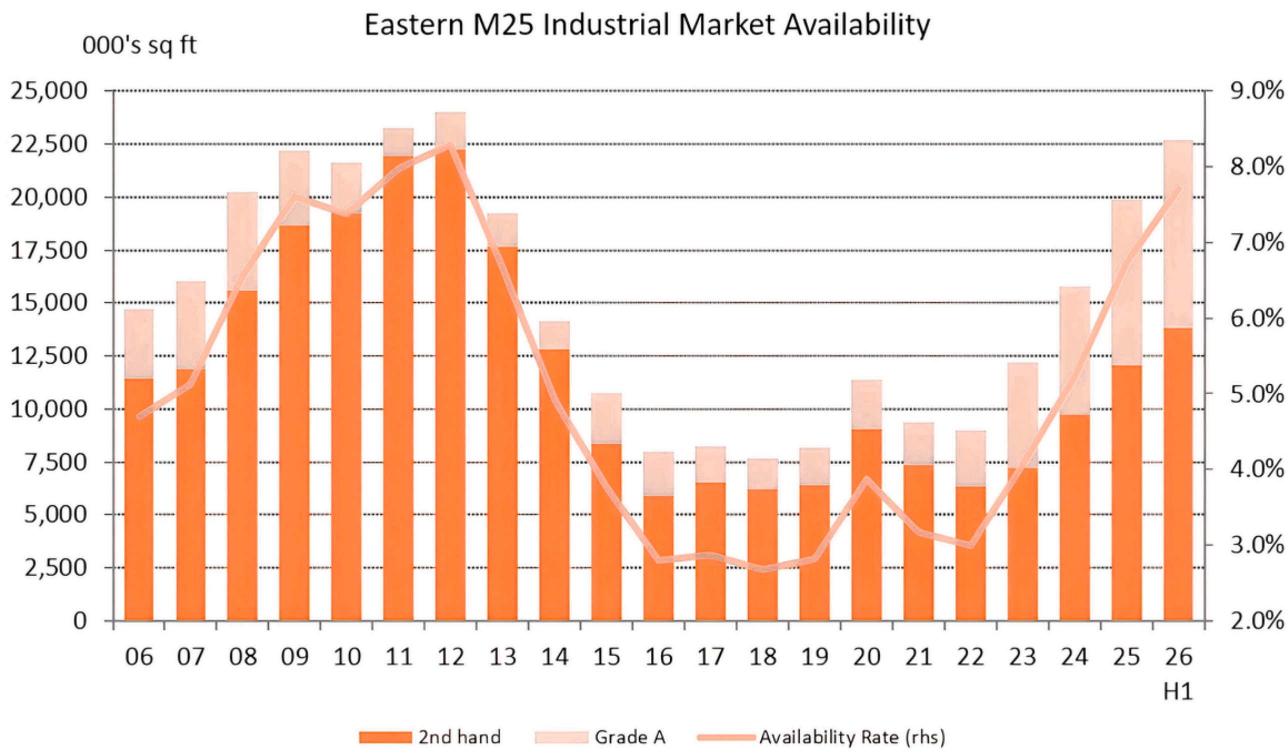
Availability



- Supply continued to move up sharply in H1 2026, rising to 22.7m sq ft, an increase of 14.2% (2.9m sq ft) since the latter stages of last year. Grade A supply accounts for 36% of the total, standing at 8.9m sq ft having risen from 7.8m sq ft at the end of the previous year.
- The first six months of 2026 has seen a sharp upturn in second hand supply, with 1.3m sq ft coming to the market, rising to 13.8m sq ft from 12.5m sq ft at the end of last year. The majority of the increase has been in units below 25,000 sq ft, which accounts for 95% of the overall increase.
- Grade A supply is heavily influenced by a number of Big Box units, which account for 4.1m sq ft of space in 22 buildings.The largest Big Box unit on the market is the recently available UltraBox in Purfleet, which is due to be refurbished to provide 505,955 sq ft. The next largest building is Purfleet 343, also at Purfleet, where 343,300 sq ft is available.
- There has been an upward shift in the availability rate in the Eastern M25 market moving up to 7.7% at the end of Q2 2026, which is now significantly ahead of the long run average availability rate, which stands at 5.0%.

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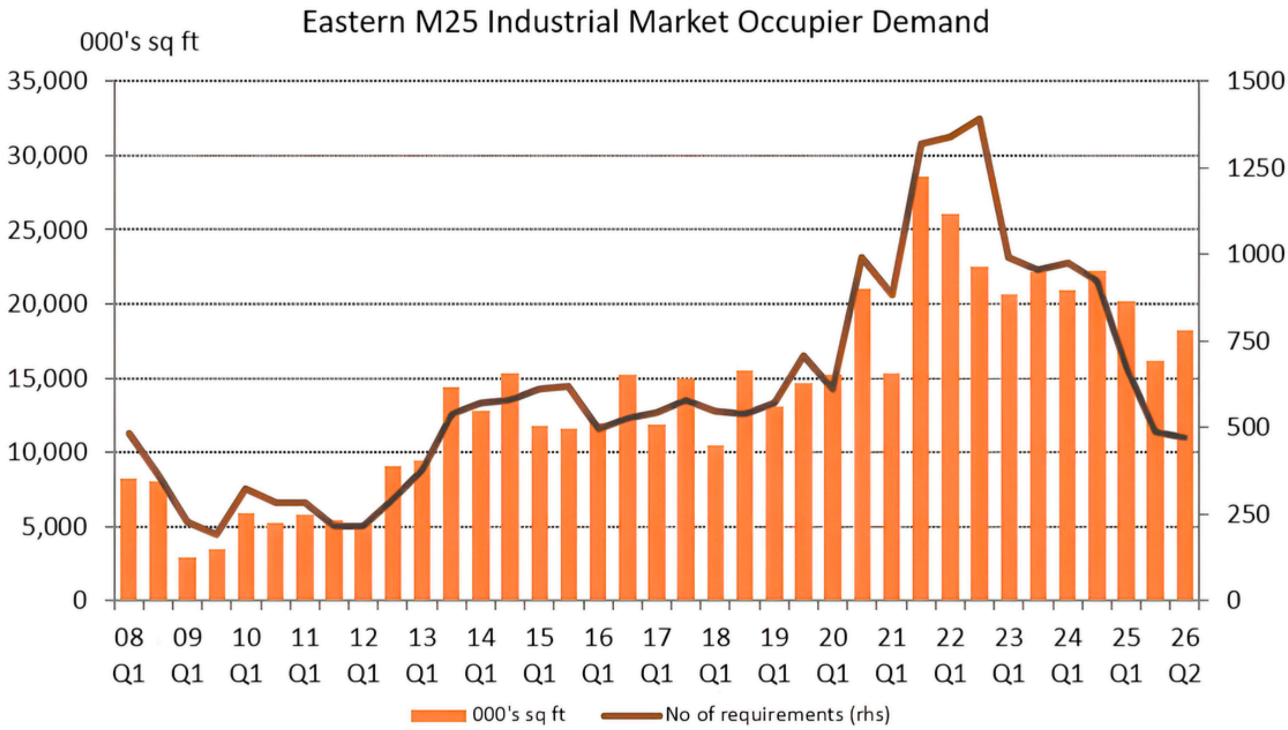
Demand



- Demand in the Eastern M25 industrial rebounded in the period to the end of June 2026, rising by 12.6% to stand at 18.3m sq ft. The demand for Big Box units has remained relatively strong, standing at 11.6m sq ft in 50 separate requirements, an increase of 27.6% on the latter months of last year. The strengthening in demand has become polarised, with requirements for buildings above 25,000 sq ft rising by 23.2%, whilst requirements for units below 25,000 sq ft have eased by 30.3%.

	Supply		Demand	Market Imbalance
	Grade A	Total		
<5,000 sq ft	186.7	1,572.8	439.6	257.8%
5,001 - 10,000 sq ft	247.5	2,287.6	539.6	323.9%
10,001 - 25,000 sq ft	810.2	4,685.1	1,250.9	274.5%
25,001 - 50,000 sq ft	1,604.2	4,251.3	2,485.4	71.1%
50,001 - 99,999 sq ft	1,912.9	3,893.3	1,964.7	98.2%
>100,000 sq ft	4,065.1	6,000.5	11,581.7	-48.2%
TOTAL	**8,853.5**	**22,690.7**	**18,262.0**	**24.3%**

The table above illustrates the relative imbalance between supply and demand through the different size bands of our analysis. A positive market imbalance figure indicates that there is a greater level of supply than demand currently in the market, whilst a negative figure shows that the level of requirements in the market currently outweighs the overall supply of floor space.

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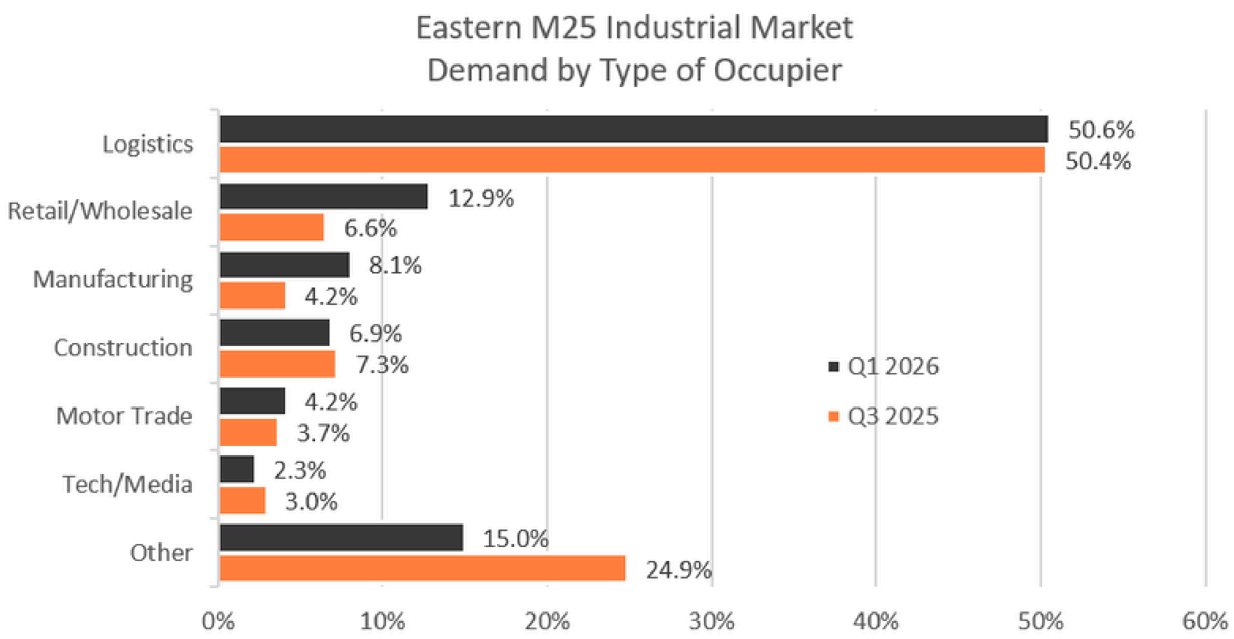
Demand by Occupier Type



- The demand for floor space across the Eastern M25 continues to be dominated by the logistics sector in the six months to the end of Q1 2026, accounting for just over 50% of overall demand (20.7m sq ft).
- The main impetus behind demand in the Logistics sector is now dominated by Food & Drink distribution (55% of Logistics demand) and 3PL (26% of Logistics demand) requirements.Requirements for Big Box units dominates Logistics sector demand, accounting for 70% of overall demand from the sector.
- The major upturn in demand has been seen in the Retail/Wholesale category, where the share of overall demand has increased to 12.9% from 6.6% in Q3 2025. The most significant upturn in demand in the Retail/Wholesale sector is requirements from Online Retailers, which has increased fourfold.
- The most significant slowing in demand has been seen in the Other sector, which includes requirements from Leisure, Healthcare & Waste Management companies, where demand is down by 20% and now accounts for 15.0% of overall demand.
- Demand from the manufacturing sector has strengthened, rising to 8.1% of overall demand and remains a complex picture, with Food and Drink Manufacturing and Light Manufacturing remaining the most significant sectors in the category.
- Demand from the Motor Trade and Construction sectors has also strengthened, rising by 52% and 23% respectively, with an increase in both the number of requirements and the total sq ft demanded.

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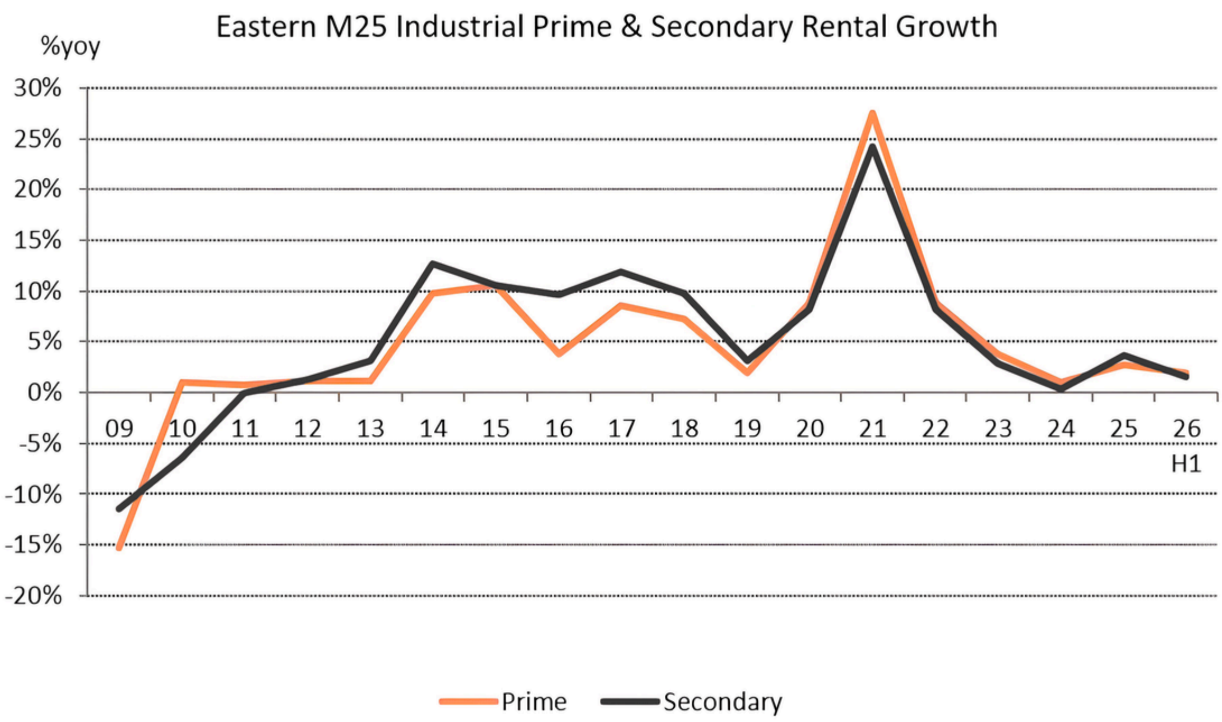
Prime and Secondary Rental Growth



- The year on year average growth in prime rents across the Eastern M25 slowed to 1.9% at end of Q2 2026 and has hovered between 1.0-3.5% over the past three years. Growth is primarily focused towards the Outer M25 locations, where rents have risen by 2.5%, compared to 1.5% in the Inner M25 locations. There are signs that the Inner/Outer M25 balance of growth may be rebalancing, with Outer M25 locations seeing a slowing in growth on average, whilst Inner M25 locations are seeing an upturn in prospects, albeit selectively.
- Secondary rents followed a similar trend, with growth increasing to 1.5% in the 12 months to the end of Q2 2026, down from 3.7% at the end of 2025. As with prime rents, Outer M25 rents showed the strongest growth, increasing by 2.9% over the 12 month period, compared to 0.6% on Inner M25 locations.

% PA	1 Year	3 Years	5 Years	10 Years
Prime Rents	1.9%	2.6%	7.6%	7.2%
Secondary Rents	1.5%	2.4%	6.9%	8.0%

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