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CABOT PROPERTIES RESEARCH FEATURE | Q2 2026

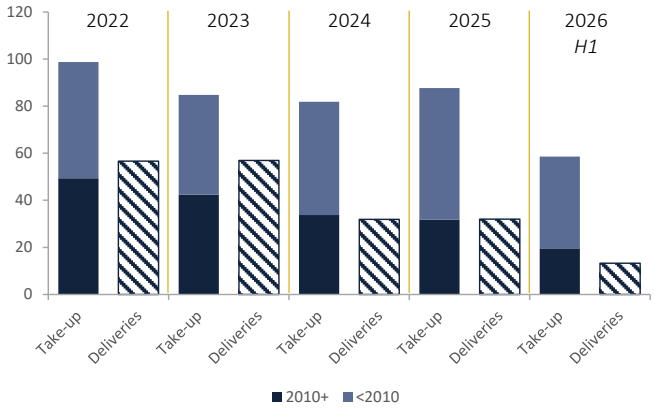
UK Market Pulse

Following a subdued start to the year, UK logistics demand rebounded sharply in the second quarter. Net absorption increased to approximately 5.1 million square feet, the strongest quarterly performance since 2022 Q4, representing a meaningful inflection from the restrained demand environment of recent years. The improvement was due in large part to occupiers advancing previously delayed space requirements, as reflected in CoStar's quarterly months-to-lease measure, which decreased by one month, falling below the trailing 12-month trend.

The rebound remained concentrated in modern logistics facilities. Buildings completed in 2010 or later generated approximately 12.7 million square feet of net absorption during the first half of 2026, more than offsetting continued weakness in portions of the secondary market. Occupiers continue to prioritize properties offering stronger energy performance, efficient loading and yard configurations, greater power capacity, and specifications capable of supporting automation and evolving distribution requirements. As a result, the market saw an approximately 70 basis-point decline in modern stock vacancy and further widening of the performance gap between modern and functionally obsolete inventory.

Building size was another important driver of leasing velocity. Facilities between 50,000 and 300,000 square feet recorded more than 15 million square feet of leasing during the first half, accounting for 69% of activity and more than twice the volume recorded in buildings larger than 300,000 square feet. This segment appeals to the broadest occupier base, including 3PLs, national retailers, regional distributors, manufacturers, and locally focused businesses, providing a deeper and more diversified source of demand. Combined with a 49% quarterly decline in deliveries, these trends support continued emphasis on well-located, modern, small to mid-sized logistics facilities as the UK market enters an early phase of occupancy recovery.

UK Take-Up and Deliveries by Building Vintage
(square feet in millions)



Industrial Market Fundamentals

5.1 million square feet in 2026 Q2 net absorption.
The strongest quarterly performance since 2022 Q4, a meaningful stride towards market equilibrium.

70 basis point decline in year over year vacancy rates for modern stock.[1]
Modern Stock1 continues to represent the lions share of net absorption as tenants continue to consolidate out of secondary space.

15 million square feet of first half leasing in small to mid-sized buildings.[2]
Small to mid-sized buildings2 accounted for 69% of 2026 H1 leasing, as this segment of the market appeals to the largest pool of occupiers.

Source: CoStar as of 6/30/26.
[1]Modern stock defined as buildings with a vintage of 2010 or younger.
[2]Small to mid-sized buildings in the UK defined as 50,000-300,000 SF.

Endnotes + Disclosures

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