CABOT PROPERTIES RESEARCH FEATURE | Q2 2026

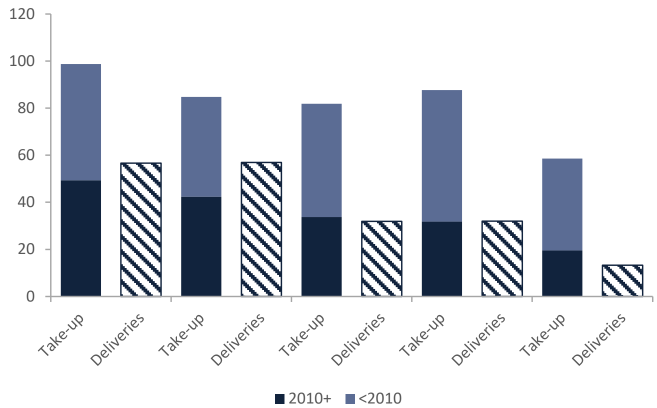
UK Market Pulse

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.

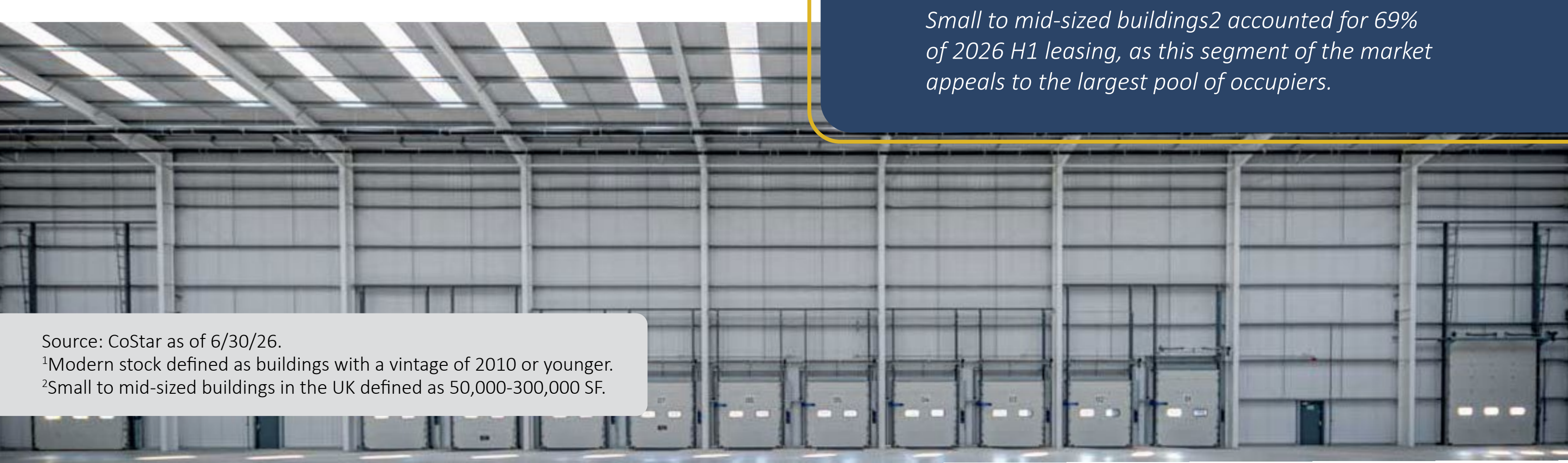
Building size was another important driver of leasing velocity. Facilities between 50,000 and 300,000 square feet recorded more than 15 million square feet of leasing during the first half, accounting for 69% of activity and more than twice the volume recorded in buildings larger than 300,000 square 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

Past performance is not indicative of future results. This document is intended for informational purposes only, is not financial or investment advice, and is not intended to and does not constitute an offer or solicitation to purchase, subscribe for or sell any securities, service, investment or product, or to provide any recommendations or information to be relied upon as financial, securities, investment, or any other advice. Cabot expressly disclaims all liability in respect to actions taken based on any or all of the information in this document. It should not be assumed that any investment strategy, in any property or other asset or asset class, was or will be profitable. Investment in real estate involves significant risk, including the risk of loss. Investors should consider their investment objectives, and seek independent advice in relation to any investment, financial, legal, tax, accounting, or regulatory risks and evaluate their own risk tolerance before investing.

This document is not an offering of interests or invitation to subscribe shares of any current or future investment vehicle advised by Cabot. An offering of interests may be made by means of definitive offering memoranda and would accompany material information not set forth herein, including certain risk factors and potential conflicts of interest relating to any such investment.

Views expressed within are those of the Cabot Properties team as of the date on the cover page of this document based on the information available to them as of such date and are subject to change. The views within are not intended to be a forecast of future events or a guarantee of future results, and due to various risks and uncertainties, forward-looking statements are not reliable indicators of future events and no guarantee is given that such activities will occur as expected or at all.

Certain information contained herein has been obtained or is derived from sources prepared by third parties. While such information is believed to be reliable for the purposes used herein, accuracy and completeness of the information cannot be guaranteed and Cabot does not assume any responsibility for the accuracy or completeness of such information nor has it investigated or verified the assumptions on which the information is based.

All content in this document, including logos and trademarks, is the property of Cabot or others and is protected by copyright and other laws. Reproduction or distribution of this document, in whole or in part, is not permitted without prior written consent of Cabot.