

Retail Warehouse Dashboard



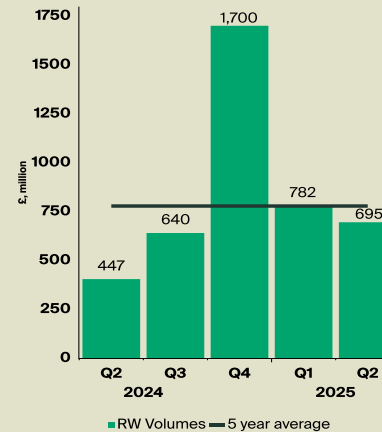
Q2 2025 | A concise quarterly synopsis of activity in the UK retail warehousing market.

Key Takeaways

- Strong occupier dynamics and property performance metrics are not fully filtering through to investment markets, which remain constrained by lack of stock.
 - Investment volumes reached £1.48bn in H1 2025, a +78% increase year-on-year and the highest H1 total since 2022. However, Q1 was stronger than Q2, with many of the transactions in the first quarter hangover deals from the bumper period of Q4 2024.
 - Demand is being driven by a diverse range of capital, including UK institutions, French SCPIs and active REITS (e.g. Realty).
 - Pricing across RWH is stable (Open A1 Parks at 5.25%, Bulky Goods Parks at 5.50% and Secondary stock at 6.50%).
- An uptick in rental growth (+0.7% vs +0.6% in Q1), but a deceleration in capital growth (+0.1% vs +0.6% in Q1). RWH Q2 total return of 1.6% was higher than all property (1.4%).
 - Datasources vary slightly (LDC 6.2%, TW 6.0%) but the direction of travel on vacancy is consistent - and that is down. Fall-out space in 2024 is being quickly reabsorbed.
 - Very erratic footfall patterns at retail parks over the quarter (Apr. +7.5%, May +0.2%, Jun. -1.1%) largely mirroring wider retail trends (Apr. +7.2%, May. -1.7%, Jun. -1.8%).
 - Retail sales tracked footfall patterns in April (+6.1%) and May (+0.0%), but diverged on the upside in June (+3.5%). Retail sales values grew by +3.2% in Q2 as a whole, while volumes were ahead by +1.9%. In both cases, this marked a positive acceleration on Q1 (+2.1%) and (+1.1%).

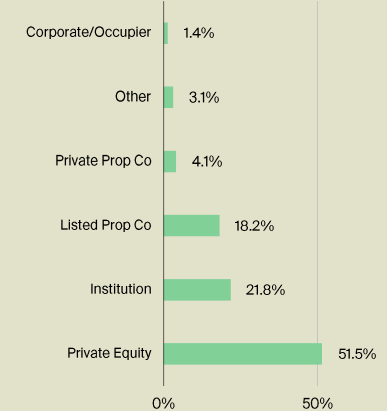
Investment Volumes

(Knight Frank) Last 5 quarters



Q2 Buyer breakdown

(Knight Frank) By deal volume



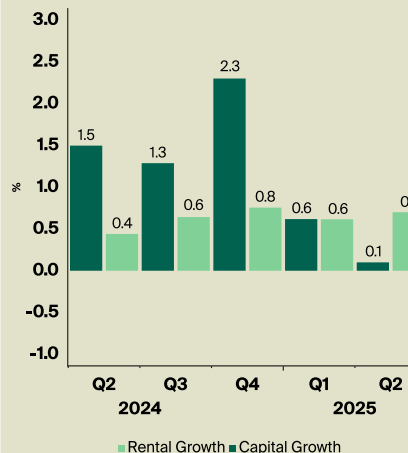
Key Deals Q2

*KF DEAL

ASSET	PRICE £M	YIELD (%)	VENDOR	PURCHASER
M7 / ICG Portfolio	£136.5m	6.20%	M7	Intermediate Capital Group PLC
Lakeside Retail Park (West Thurrock)	£114.0m	6.81%	Landsec	Goldentree Asset Management
Sears Retail Park (Solihull)	£69.6m	5.99%	Starwood Capital Group LLC	aberdeen
Warwickshire Shopping Park (Coventry)*	£23.5m	7.25%	UREF II LLP	Sofidy
West Swansea Retail Park (Swansea)*	£17.3m	7.47%	Titan Investors Ltd	Iroko Zen

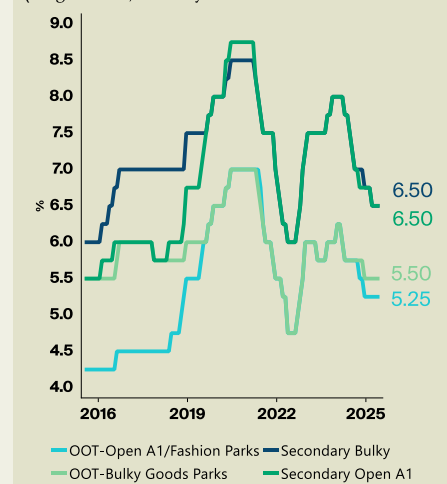
Rental & Capital value growth

(MSCI) QoQ change



Yields (guide available online [here](#))

(Knight Frank) Last 10 years



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Research Commentary

Strong occupational demand driving a sustained downwards trend on RWH vacancy. H2 2024 saw a temporary uptick in vacancy on the back of the failures of Homebase and Carpetright, but this space is being rapidly reabsorbed. Trevor Wood data show that headline vacancy has improved by -40bps to 6.4% in the first half of 2025. A total of 166 operators took RWH space in H1 2025, reflecting both the breadth and depth of demand. Accounting for space earmarked for development, TW Associates estimate that as little as 3.8% of space is currently available to let.

RWH property outperformance continues apace. In Q2, RWH registered a total return of 1.6% (Q1: 2.1%), driven by capital growth of +0.1% (Q1: +0.6%), while rents increased +0.7% (Q1: +0.6%). While capital growth lagged the wider market (Q2 +0.1% vs. all property +0.2%), superior income return meant that RWH total returns were higher (Q2 1.6% vs. all property 1.4%). RWH remains on course to again be the best performing commercial asset class in 2025 for the second consecutive year, with total returns for 2025 projected to be in the order of 11.7%.

Perversely, this outperformance is currently a constraint on investment markets. A reflection more of global geo-political uncertainty than weak sentiment, potential sellers are reaping the returns, rather than opting to sell. We expect Q2's slowdown in volumes to continue in Q3, but as we move into Q4 and beyond, we anticipate an increase in available stock, driven by early adopters beginning to recycle capital and take profits.

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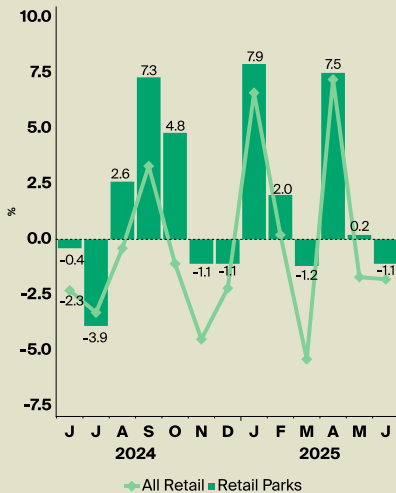
COMMERCIAL INSIGHT

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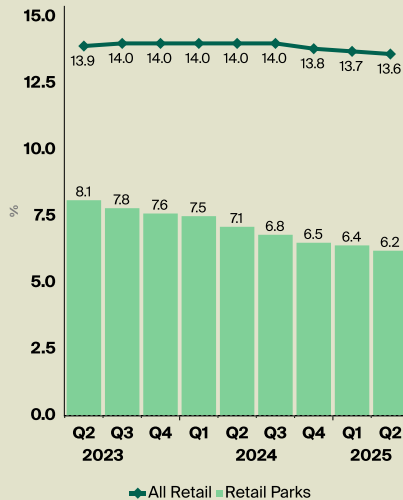
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Footfall
(BRC) Monthly YoY change*



Vacancy Rate
(BRC-LDC) Units



“All dressed up and nowhere to go. The retail warehousing market is as match fit as it has been for some time, but investment markets remain subdued. All the time RWH is delivering the goods performance-wise, there is limited motivation for would-be sellers to bring product to the market.”

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RESEARCH VIEW
STEPHEN SPRINGHAM
Partner, Head of UK Markets Insight

Retail Sales Categories
(ONS) Quarterly Sales YoY Change

