

LOGIC: Scotland



Q1 2025

Occupier and investment market trends in the Scotland logistics and industrial sector.

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Occupier Market

Steady growth in take up, but new-build supply constraints loom

STEADY FIRST QUARTER FOR TAKE UP IN SCOTLAND

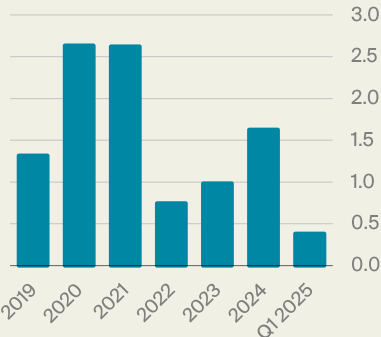
A steady opening quarter for industrial and logistics occupier take up was recorded in Scotland of 383,800 sq ft across four transactions (units over 50,000 sq ft). Q1 2025 take up is ahead of the 232,000 sq ft recorded in the first quarter of last year.

Quarter one saw Kloeckner Metals UK sign the 50,000 sq ft Unit 2, Newbridge Industrial Estate in Edinburgh at £9.50 psf, having previously taken 100,000 sq ft at Unit 1 at the Newbridge estate in 2023. Unit 2 has undergone extensive refurbishment and will be used by Kloeckner Metals as a stockholding and processing facility. In addition, a 77,480 sq ft unit on Grayshill Road in Cumbernauld was let to freight forwarding company AIT World Logistics at £8.50 psf.

ALL TRANSACTIONS INVOLVE SECOND-HAND STOCK

All four units signed in the quarter were second-hand - either lower-quality or refurbished facilities, with the significant lack of new-build stock providing little other

Take up (sq ft)
million square feet



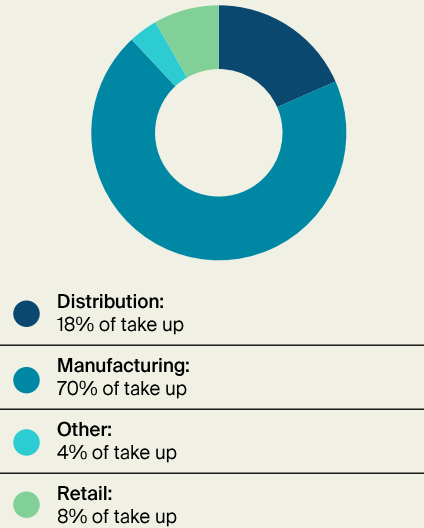
Source: Knight Frank Insight

choice for occupiers. Still, demand for 50,000 sq ft+ units is robust, but supply constraints continue to hamper take up in Scotland. All but one transaction over the past year involved second-hand stock, with the exception of Sumitomo Electric Industries’ site acquisition in the final quarter of 2024 to develop a new 625,000 sq ft manufacturing facility.

MANUFACTURING SECTOR DOMINATING TAKE UP

Take up annually to Q1 2025 amounts to 1.8 million sq ft, significantly ahead of the four-quarter total to Q1 last year, of 958,000 sq ft. Manufacturers remain active, signing two of the four units transacted in Q1 2025. This, combined with the Sumitomo Electric Industries transaction, has significantly boosted manufacturers’ share of annual take up to 70%, from 22% last year.

Take up by sector
Q2 2024 – Q1 2025



Source: Knight Frank Insight

MARKET VIEW

Two potential occupiers for every available building



BY SCOTT HOGAN, ASSOCIATE,
CENTRAL SCOTLAND LOGISTICS &
INDUSTRIAL AGENCY

“Demand remains strong, but supply continues to hold back take up volumes. Two new speculatively built units in the west that are currently close to practical completion are already accounted for.

Recent examples of demand for buildings over 50,000 sq ft suggest that there are a minimum of two potential occupiers for every available building.”

Occupier Market

384,000 sq ft

Occupier take up
Q1 2025

5.5%

Vacancy rate
Q1 2025

£10.25 psf

Prime rents (Glasgow)
Q1 2025

2.5%

Prime annual rental growth

“All but one transaction over the past year involved second-hand stock”

NEW SUPPLY REMAINS ACUTELY LOW

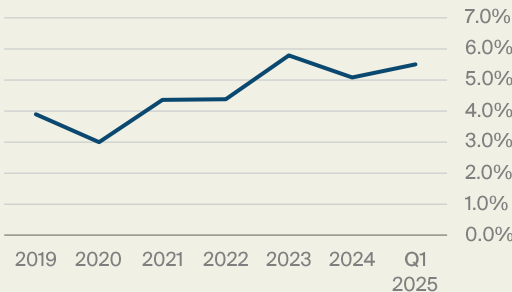
The supply of existing units over 50,000 sq ft rose by 7.8% in Q1 2025, reaching 3.5 million sq ft. This increase was entirely driven by the return of second-hand space, most notably Units 1, 2, and 3 at 103 Westerhill Road in Bishopbriggs, which together total 759,000 sq ft. As a result, the vacancy rate edged up to 5.5%, compared to 5.1% in the previous quarter. In contrast, the supply of new space remained unchanged and continues to be acutely limited. Currently, 14% of total supply (both existing space and units under construction) is under offer, including two new developments at Westway Park - the recently completed Westway 90 (88,017 sq ft) and Westway 200 (202,230 sq ft), which is nearing practical completion. This leaves just one new speculative unit available and there is no further development underway.

RENTAL LEVELS & OUTLOOK

Prime rents in the Central Belt for units over 50,000 sq ft edged up by 2.5% in Q1 2025, to £10.25 psf. In Aberdeen, prime rents remain stable at £8.50 psf. According to RealFor, average rental growth of 2.8% is forecast for Scotland this year. Among the Scotland submarkets, Edinburgh and Glasgow are expected to see stronger growth of 4.7% and 4.3%, respectively.

Vacancy Rate

% of stock

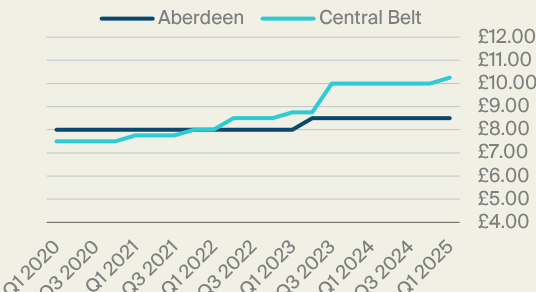


Source: Knight Frank Insight

“Prime rents in the Central Belt for units over 50,000 sq ft edged up by 2.5% in Q1, to £10.25 psf”

Scotland - Prime Rents

£ per sq ft



Source: Knight Frank Insight

Key Occupier Deals

Q1 2025

PROPERTY	SIZE (SQ FT)	OCCUPIER	RENT (OR PURCHASE PRICE)	COMMENTS
Mitchelson Drive, Kirkcaldy	201,276	Undisclosed	Undisclosed	Second-hand
1 Grayhill Road, Cumbernauld	77,480	AIT World Logistics	£8.50 psf	Second-hand
Unit 2, Newbridge Industrial Estate, Newbridge	50,000	Kloeckner Metals UK	£9.50 psf	Second-hand

Source: Knight Frank Insight

Investment Market

5.75%

Prime NIY – Central Belt
Q1 2025

-25 bps

YoY movement in prime yields

MARKET VIEW

A severe lack of stock to satisfy investor demand



BY EUAN KELLY, PARTNER,
CENTRAL SCOTLAND LOGISTICS &
INDUSTRIAL CAPITAL MARKETS

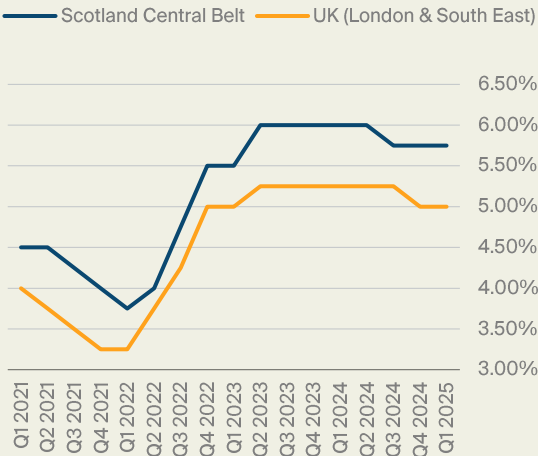
“The severe lack of stock is not satisfying the demand from investors. The prime end of the market is particularly competitive, along with assets requiring active asset management to drive returns. We do not see this demand changing, so any stock launched should be well received.”

DYNAMICS OF THE OCCUPIER MARKET
DRIVING INVESTOR DEMAND

Prime industrial yields in the Central Belt remained stable in Q1 2025, at 5.75%. At this level, prime yields are 200 bps softer than their previous peak of 3.75% recorded in Q1 2022. Robust rental growth prospects combined with the supply and demand dynamics of the occupier market—particularly at the prime end of the market—continue to drive investor demand, but a lack of investment opportunities is hampering transaction activity.

Transactions in Q1 include LondonMetric’s acquisition of The Arc, Pitmedden Road in Aberdeen, from Raiths Farm Properties for £5.65 million (NIY 8.31%) and Colquhoun Park in Glasgow, a 37,378 sq ft multi-let estate, which was acquired by 2 SRM Ltd. for £3.43 million (NIY 5.79%).

Prime Yields
Net initial yield (%)



Source: Knight Frank Insight

We like questions, if you've got one about our research,
or would like some property advice, we would love to hear from you

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Methodology

This report has been prepared by Knight Frank Commercial Insight.

Data and information within this report have been provided by Knight Frank occupier and investment teams across the Knight Frank UK network. Third party data sources are also utilised.

For the purposes of this report, take-up figures refer to spaces of 50,000 sq ft or more, that are let, pre-let or acquired for occupation.

Availability refers to all space available for immediate occupation as well as space under construction (built speculatively) that will be available for occupation within the next 12 months.

Investment figures refer to industrial property purchases where the primary motivation is the generation of income. Acquisitions for occupation are excluded. Land sales are included, where the end use of the land is known.



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