

FUTURE SPACE CENSUS SHOWS CONFIDENCE IN IMPROVING MARKET CONDITIONS IN THE I&L SECTOR: LABOUR, TECHNOLOGY AND POWER IN FOCUS

- 43% of occupiers expect market conditions will improve over 2026
- Almost two-thirds intend to grow their warehouse footprint over the next 1-3 years, with the Midlands the most popular region
- Warehouses continue to support UK job creation for a broad spectrum of skills
- Power climbs the agenda as technology/EV needs intensify

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Now in its ninth year, the *Future Space* survey was conducted in the final quarter of 2025 by supply chain market analysts Analytiqa on behalf of Tritax Big Box, owner of the UK's largest logistics investment and land development portfolio, and international real estate advisor Savills. It canvased the views of ~400 occupiers, institutional investors and developers on the key trends and factors shaping the future of industrial and logistics space over the next 12-24 months and beyond.

Henry Stratton, Head of Research, Tritax Big Box, comments: "Future Space affirms what we're hearing in the market – that occupier confidence is growing, and more requirements should emerge in 2026. High-quality, modern buildings are only increasing in importance as occupiers look to their real estate as a place where efficiency and productivity gains and competitive advantage can be achieved."

Andrew Blennerhassett, associate director in the Savills industrial & logistics research team, adds: "The latest edition of Future Space points towards improving sentiment despite ongoing macro-economic headwinds. What's more, it is fascinating to see how occupier priorities have shifted over the past nine years. In particular, we have seen power availability become critical as more businesses look to adopt AI, utilise electric vehicles fleets and incorporate automation. More traditional concerns also remain on the agenda, as rising labour costs and achieving net zero aspirations remain a challenge for many. These are all factors that will influence occupier strategy moving forward, with an emphasis on resilience."

Key occupier findings:

As occupier confidence grows, warehouse demand is expected to pick up – with global tariffs viewed as a net benefit:

- Nearly a third (32%) view market conditions as being better than 12 months ago; 51% believe they have remained the same. Looking forward, 43% are expecting improvement over 2026, whilst 52% believe conditions will remain the same.
- As confidence improves, occupiers are signalling growing demand: nearly half (47%) expect to increase their warehouse footprint over the next 12 months (50% expect no change) and almost two-thirds (64%) anticipate expanding their warehouse footprint over the next one to three years.
- In terms of future demand, 3PLs are primarily targeting existing units (newly built speculative or second-hand space) and retailers are increasingly looking at build-to-suit; the Midlands is the most popular region, followed by the South East.

- Despite ongoing global trade turbulence, tariffs are viewed as neutral or positive for UK warehouse demand. Half (52%) believe that tariffs will have no material impact on demand and 40% that tariffs will increase warehouse demand, as companies look to build greater supply chain resilience. Supporting this, 42% of manufacturers said they are considering near- or on-shoring some part of their supply chain.

Rising labour costs remain a concern for occupiers, but warehouses continue to support UK job creation across a broad spectrum of skills:

- The rising cost of labour continues to be the top business issue for occupiers. 57% identified it as a challenge, broadly consistent with 2024 (62%). Labour availability also continues to be an issue for 39% in 2025 (up from 34% in 2024). This is particularly pertinent for 3PLs – 68% of whom highlighted rising labour costs and 57% availability as challenges.
- The labour cost and availability pressures highlighted are likely to be compounded by further demand: 60% expect their workforce to grow over the next three years.
- In terms of type of employees needed, most (56%) said they wanted additional technicians and skilled labour, as more sophisticated operations drive the need for a broader skills mix.
- Traditional warehouse employees will also remain in demand with 80% of occupiers expecting to employ the same number or more people over the next three years – showing that, even with increased technology adoption, warehouses create employment opportunities for all skill levels.

While occupiers are at different stages of maturity, technology adoption is in focus – driving up power demands and reshaping logistics real estate requirements:

- While UK supply chains are becoming more tech-intensive, occupiers vary in terms of their maturity. Although 44% say their current network is highly tech-intensive, most (48%) say that their tech adoption is only at a moderate level, and 9% low.
- This suggests that the market has much further to go in terms of both network consolidation and the transition into higher quality, more modern buildings to support future technology adoption.
- AI adoption (59%), electric vans (56%) and warehouse robotics/automation (55%) were identified as key investment areas.
- As tech adoption increases and fleets transition, power requirements will grow significantly. Almost all (82%) expect their power needs to increase in the next three years. Indeed, power availability has rapidly climbed the agenda for occupiers. In 2024, 36% cited this as a barrier to securing future space, compared to 11% in 2023 and just 7% in 2022.

Occupiers have net zero in sight, but will need to evolve networks to achieve it:

- 38% of occupiers expect their warehouse property footprint to be net zero by 2035, with a further 43% by 2040. Two-thirds of occupiers cannot meet net zero within their current estate – suggesting future network evolution into buildings with higher ESG specifications.
- A further challenge is that decarbonising transport remains complex, with logistics real estate ramifications for power requirements, yard layouts, dwell times, traffic density onto highways and, consequently, planning.
- In terms of net zero priorities, three standout themes are renewable energy adoption, rooftop solar and fleet transition.

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Occupiers accounted for 47% of the 382 survey responses, with the remaining 53% split between investors, developers and other key industry players. Our occupier sample comprises a range of sectors – including manufacturers, retailers and 3PLs – giving us a broad view of the industry.

About Tritax Big Box

Tritax Big Box REIT plc (ticker: BBOX) is the largest listed investor in high-quality logistics warehouse assets and controls the largest logistics-focused land platform in the UK. Tritax Big Box targets attractive and sustainable returns for shareholders by investing in and actively managing existing built investments and land suitable for logistics development. The Company focuses on well-located, modern logistics assets, typically let to institutional-grade clients on long-term leases with upward-only rent reviews and geographic and client diversification throughout the UK. Additionally, having adopted a “power first” approach, the Company has recently secured its first data centre development opportunities (amounting to over 250MW), and has a pipeline of c.1-gigawatt of further opportunities, offering the potential to deliver exceptional returns on an accelerated basis.

The Company is a real estate investment trust to which Part 12 of the UK Corporation Tax Act 2010 applies, is listed on the Official List of the UK Financial Conduct Authority and is a constituent of the FTSE 250, FTSE EPRA/NAREIT and MSCI indices.

Tritax Big Box Developments (TBBD) is a Tritax Big Box REIT associated company dedicated to logistics development. TBBD specialises in identifying and securing strategic land, developing large-scale, best-in-class logistics facilities that meet the evolving needs of modern businesses.

Further information on Tritax Big Box is available at tritaxbigbox.co.uk

About Savills

For over 160 years, Savills has been helping people thrive through places and spaces.

Listed on the London Stock Exchange, we have more than 40,000 professionals collaborating across over 70 countries, delivering unrivalled coverage and expertise to the world of commercial and prime residential real estate.

By applying world research data and trends to local and global settings, we’re able to empower our clients with insights from the forefront of the industry – bringing their aspirations to life through innovative, tailor-made solutions.

Whether we are working with a global corporate looking to expand, an investor seeking to sustainably optimise their portfolio, or a family trying to find a new home, we help our clients make better property decisions.