

A FUTURE SPACE FOCUS REPORT



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ACCOMMODATING YOUR FUTURE

 **TRITAX
BIG BOX®**

MOBILISING REAL ESTATE FOR UK DEFENCE RESILIENCE

Back in 2005, The Economist reflected on what a world with “no Berlin Wall, no Soviet Union [and] a single superpower” might look like in 2026. It correctly forecast the trajectory of the US’ and China’s GDP, whilst raising the possibility that the European Union could add “big new members, such as Turkey, Ukraine and maybe one day even Russia.”¹

It’s an interesting snapshot of simpler times. Fast forward 20 years, and the geopolitical situation is uncertain to say the least — with the largest military conflict in Europe since World War Two ongoing, China and the US

locked in strategic competition, continuing instability in the Middle East and cyberspace emerging as a new frontier.

At the Hague Summit in June this year, the UK and its NATO allies agreed to commit 3.5% of GDP to ‘core’ defence spending by 2035, with an additional 1.5% allocated to broader security-related investments, including cybersecurity and intelligence. Plans set out in the government’s 2025 Spending Review show that defence spending is expected to total £62.2 billion in 2025/26, increasing to £73.5 billion in 2028/29² as it works towards this commitment.³



Increased defence spending will necessitate investment in associated infrastructure and additional demand for industrial and logistics real estate. Tritax Big Box attended the MAKE UK Defence Summit in November 2025, where the need to build domestic defence manufacturing resilience at pace was a constant refrain. Savills estimates that

the UK’s current defence logistics footprint is around 28 million sq ft, and that by 2027, an additional 1.5-3 million sq ft may be needed to meet direct and indirect logistics requirements. By their estimates, if the UK reaches the 3.5% GDP target, this translates to an annual uplift of 1-2 million sq ft.⁵



£73.5 billion

Expected defence spend
in 2028/2029



c. 31 million sq ft

Potential defence logistics
footprint by 2027



8%

Planned MOD direct spend with SMEs by 2028



£8 billion

The UK's biggest fighter jet export deal since 2007

COMPOSITION OF DEMAND

While it's difficult at this early stage to say what this demand will look like with certainty, the Ministry of Defence's (MOD's) Defence Industrial Strategy points to some core themes.

First, in the near term, we're likely to see supercharged investment in small-/medium-sized enterprises or SMEs. Whilst major primes such as BAE, Rolls Royce and Babcock will clearly be beneficiaries of additional defence spend, an emphasis on rapidly developing technology is likely to fuel the UK SME technology sector. Currently, only 4% of MOD spend is directly with SMEs; this is planned to double by 2028 and will test their adaptive logistics capacity.

Second, and over a longer time frame, specialist regional clusters are in focus. Potential high-growth frontier industry clusters have been identified by the government, some of which have been earmarked for imminent investment. Dispersed across the UK, these are focussed on specific technologies or capabilities and will not only tap into existing specialisms but also seek to stimulate place-based, sometimes regenerative, growth.

Export demand is also likely to increase. In October 2025, Minister for Defence Readiness and Industry Luke Pollard announced an agreement with President Erdoğan for Turkey to purchase 20 British-built Typhoon fighter jets. The deal, worth £8 billion, is the UK's biggest fighter jet export contract since 2007.⁶

COLLABORATING TO DELIVER

From a real estate perspective, this additional demand is a great opportunity, and the market is already seeing new requirements for buildings in core logistics locations. Delivering the necessary step-change in critical infrastructure for UK defence will, however, drive more specialist requirements and, given the strategy of dispersed regional clusters, will include locations outside of traditional logistics heartlands.

Meeting this demand requires a more strategic approach, where national and local government and the private sector work together to identify precise locations, along with details on the size and scale of infrastructure required to support individual businesses within these clusters.

The Defence Industrial Strategy acknowledges logistics and warehousing in its newly redefined 'UK defence industrial base', and the need to engage with adjacent industries to improve defence readiness and avoid barriers to scaling. In practice, this means collaboration not only between the MOD, defence companies and third-party logistics operators or 3PLs but also with providers of logistics real estate. This starts with an understanding of timescales, process and financial incentive.

"We need to look beyond traditional defence companies to redefine the industrial base, reflecting the deep range of partners and expertise both with our traditional defence sector but also those in adjacent sectors."

Defence Industrial Strategy⁷



TIMINGS AND PROCESS

Whilst some requirements will be relatively straightforward, a high-specification, build-to-suit project might take several years to bring forward — from securing land to navigating the planning process to delivery. Whether in logistics heartlands or in a specialist regional cluster, securing planning approval for the siting of sometimes sensitive defence capabilities is likely to take time and involve significant collaboration with national and local or mayoral authorities and highly invested communities.

Government agencies and defence companies, therefore, need to start the

process of engaging now. This means building relationships with established, well-capitalised real estate partners with a track-record of delivery and, ideally, a portfolio of both high-quality existing stock and land options. These conversations need to be framed around the highly specific solutions required. These relate not only to supply-chain connectivity, but also to proximity to multi-skilled labour and companies with adjacent capabilities, utility and power resilience, 24/7 security, sustainability, and the ability to accommodate advanced technologies and complex/precision manufacturing or logistics processes.



FINANCING, RISK AND INNOVATION

The challenge of delivering highly bespoke buildings, particularly in non-traditional geographies, shouldn't be underestimated, as they bring additional complexity in terms of fulfilment and significantly increase risk for private capital.

Just as the Strategic Defence Review acknowledges the need to explore new funding models to make defence innovators a more attractive proposition for private capital and reduce the cost of finance for defence companies,⁸ so a similar approach may be necessary for the associated real estate requirements.

The UK government has signalled a new era for UK defence. The logistics real estate sector is poised to be part of it and has a strong track record in innovation, helping its traditional clients to adapt to rapidly changing macro circumstances — from trade disruption to new technologies — and to meet specific strategic objectives. It is well equipped to deliver critical defence infrastructure. But doing so in the timescales set means those conversations need to start now.



CONCLUSION

The UK's current defence infrastructure has been shaped by a post-Cold War context that no longer exists. The government's spending commitments and direction set out in the Defence Industrial Strategy and Strategic Defence Review represent a landmark shift that will necessitate investment in associated infrastructure. Whilst it is too early to say what this looks like in terms of industrial and logistics real estate demand with certainty, some themes are emerging around SMEs, 3PLs and regional clusters.

It is clear that the government and MOD are seeking new ways to partner with the private sector to tap into industrial finance, capacity and capability. Providers of industrial and logistics real estate have the specialist skills required to navigate planning to unlock optimal locations and build to specifications

tailored for the defence sector. There's little doubt that they will play an increasingly important role in delivering critical infrastructure for national security. Given the scale of the UK's defence ambition and timeframes, that collaboration needs to begin without delay.



**WANT TO FIND OUT MORE?
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References

1 <https://www.economist.com/news/2005/11/18/the-world-in-2026>

2 <https://commonslibrary.parliament.uk/research-briefings/cbp-8175/>

3 As it works towards the historic NATO 2035 pledge, the government's defence spending commitments are 2.6 per cent of GDP by 2027 and 'an ambition to increase to 3 per cent in the next Parliament, as fiscal and economic conditions allow'. (MOD's Defence Industrial Strategy, p.6)

4 <https://ifs.org.uk/news/honouring-nato-defence-spending-commitment-would-reshape-british-state>

5 'From Assembly Lines to Supply Lines: What Does Increased Defence Spending Mean For The Industrial and Logistics Sector' (Savills, September 2025)

6 <https://hansard.parliament.uk/Commons/2025-10-29/debates/65A33FDA-F396-48EE-BFB4-E893635CA1ED/details>

7 Defence Industrial Strategy (Ministry of Defence), p.22

8 Strategic Defence Review (Ministry of Defence), p.53