A **FUTURE SPACE FOCUS** REPORT

WE'RE BIG ON MANUFACTURING RESILIENCE

ACCOMMODATING YOUR FUTURE

TRITAX BIG BOX®

Opening with a transatlantic dispute over Greenland, a threatened EU 'trade bazooka', and quickly followed by strikes on Iran that caused energy prices to surge, 2026 certainly didn't come in through the back door. With turbulent newsflow the new norm in recent years, it is no surprise that UK manufacturers are focused on building resilience and capturing efficiencies at home.

Manufacturers account for around a quarter of industrial and logistics real estate demand in the UK: having first exceeded that figure in the twelve months to Q1 2024, they have remained around that level ever since. For many, their real estate is an area where efficiency and productivity gains can achieve competitive advantage through network evolution or by accommodating new technologies, processes or energy solutions.

To hear what's top of mind for some of the UK's best-known manufacturers, we attended Make UK's National Manufacturing Conference in March 2026. What we heard was very much in line with the findings of our 2026 Future Space annual survey, which canvased the views of occupiers of UK industrial and logistics real estate, including: manufacturers, retailers and third-party logistics providers (3PLs).

Formerly known as EEF, Make UK champions engineering & manufacturing in the UK, supporting businesses around the country.

FOUR KEY THEMES:

1 Manufacturers are feeling the burn of high energy costs

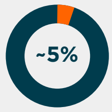
UK energy costs are among the highest in the developed world, a situation exacerbated by the conflict across the Middle East. These costs are almost two-thirds above the median of International Energy Agency countries and the highest of the G7 members.[1] This can be challenging for UK manufacturers competing in a global market. Furthermore, out of 132,000 manufacturers[2], only around 7,000 qualify for government subsidies.

These pressures are being felt at a time when energy usage is rapidly rising. Our recent Future Space survey found that 82% of occupiers across all sectors expect their power needs to climb over the next three years, as technology adoption and fleet transition/electrification increase demand.

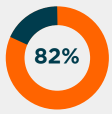
From a manufacturer's real estate standpoint, the cost and ESG implications of intensifying power needs will elevate the importance of modern buildings with intelligent management systems and features that reduce energy demand and minimise wastage.

For manufacturers looking for new space, heavy power requirements and/or complex operations may favour a build-to-suit approach, but the timings involved in delivery mean that early engagement with developers is critical.

For buildings of all types, close collaboration with a landlord's asset management team, including through data sharing, will be key to securing ongoing energy efficiencies and access to the latest renewable technologies.



Only around 7,000 or 5.2% of manufacturers in the UK qualify for government subsidies.



82% of occupiers across all sectors expect their power needs to climb over the next three years.

Our Future Space survey found that renewable energy adoption is the standout net-zero investment area for manufacturers. 39% say it is their highest immediate priority, reflecting the sector's typically high energy usage. A fifth (21%) are focused on rooftop solar.

2 Everyone is going to have to work harder for labour

The labour challenge currently faced by manufacturers is multifactorial and spans demographics, costs, supply and skills.

The average age of a worker in manufacturing is 52, with 22% of the workforce expected to reach retirement age in the next five years. There is clearly a need to attract new talent and replenish the pipeline. Yet the number of apprentices has fallen by 45% since the government introduced the Apprenticeship Levy: a 0.5% tax on employers with an annual pay bill over £3 million, designed to fund apprenticeship training. At the Make UK conference, there was a strong call for government to provide businesses with financial incentives to employ and train young people.

Labour costs are also rising. Higher employer National Insurance contributions clearly impacted manufacturers in 2025 and, while many are taking steps to mitigate these through pricing strategies and margin control, they continue to be felt. More than half (55%) of UK manufacturers in our Future Space survey said that rising labour costs are having a significant impact on their business.

These cost pressures are likely to be compounded by competition for warehouse-based employees.

59% of the UK manufacturers we surveyed expect their workforce to grow over the next three years, in line with retailers and 3PLs. 50% also require additional technicians and skilled labour, as technological and operational advancements drive the need for a broader skills mix.

Location decisions driven by access to talent will become increasingly important. For advanced manufacturers, schemes in areas with an established talent pool and pipeline – such as the Oxford-Cambridge-London Golden Triangle formed by its elite universities, as well as other manufacturing centres of excellence across the UK – will continue to be prime. Real estate providers can also help ease labour pressures for manufacturers by partnering with institutions, including technical colleges, to train future talent with relevant skills in local communities.

Given the competition for labour and a changing skills mix, it is more important than ever that warehouse spaces are attractive places to work in – with amenities like cafés and sports/recreational spaces, features like comfortable office space and natural daylight, and benefits like free EV charging all playing a significant role in employee wellbeing, retention and productivity.

3 Access to finance is key to accelerating growth

Manufacturers, particularly small to medium size enterprises (SMEs), would benefit from better access to finance to support capital investment.

The National Wealth Fund, an operationally independent policy bank owned by HM Treasury that invests in capital-intensive infrastructure, supply chains and businesses across the UK, was recognised for its positive role by participants at the Make Conference. The British Business Bank, which supports small businesses to scale and stay in the UK, was also highlighted. It was clear, however, that many continue to seek additional sources of funding to facilitate operational growth.

One solution that manufacturers can explore is to leverage the opportunity to partner with well-capitalised real estate providers, leaving them to focus on raising capital to invest in products and process.

The UK has an advantage in having one of the most mature, established real estate markets globally – with investors still keen to own logistics facilities. This means that manufacturers can bridge the capital gap to deliver quality buildings that can unlock value – through proximity to talent and markets or by facilitating new technologies or ways of working – either through new build-to-suit requirements or by improving existing units.

Only 27% of the manufacturers we surveyed think that market conditions will improve over the next 12 months, compared to 43% across all occupier types. Their end-users are more optimistic, however: 47% of 3PLs and 42% retailers are expecting improvement, suggesting that positivity may ripple down the supply chain.

4 Building domestic resilience is critical for manufacturing success

A clear message from both Peter Kyle, Secretary of State for Business and Trade, and Make UK's Chief Executive, Stephen Phipson, is that a strong, secure and resilient domestic manufacturing base is critical to the UK's economic and national security in today's turbulent geopolitical environment.

> **As companies adjust to a new global trade environment:**
>
> **40% of occupiers in our survey (across all sectors) expect that tariffs will increase warehouse demand, as companies look to build greater supply chain resilience.**
>
> **Backing up this view, 42% of manufacturers said they are considering nearshoring or onshoring some part of their supply chain.**

While Stephen Phipson called for greater pace from the Government in delivering its Industrial Strategy and a new national strategy for resilience to achieve this goal, Peter Kyle stressed the importance of investment by manufacturers in robotics and smart manufacturing.

There are some notable UK companies leading the way.

Rolls-Royce is driving aerospace design through digital twins: advanced, AI-enabled virtual replicas of physical engines and components that simulate real-world behaviour using live sensor data. Schneider Electric UK, as another example, opened a new smart plant in North Yorkshire in 2025, producing electrical equipment for the clean energy transition, following a £42 million investment.

In October 2025, Tritax Big Box Developments delivered one of the most significant advanced manufacturing projects in the UK: a £250 million facility for Siemens at Tritax Park Oxford that will be used for the research, design and production of superconducting magnets used in MRI scanners. The site will be the UK's first major production site for its new DryCool technology, which reduces the amount of helium required in an MRI scanner, making the process more sustainable. With specialist fit-out now underway, Siemens plans to begin operations at the facility in early 2027.

For the sector more broadly, however, our Future Space survey shows that there is scope for both greater technology adoption, and for manufacturers to optimise their industrial and logistics footprint to facilitate it.

Just 25% of the manufacturers we surveyed consider themselves to be highly tech intensive, compared to 44% across all occupier groups. In terms of which technologies are in focus: 61% expect to invest in more AI adoption, and just 39% in more robotics – low compared with 73% of 3PLs and 55% of retailers. For manufacturers with access to capital, there's clearly an opportunity to capture greater efficiencies through technology.

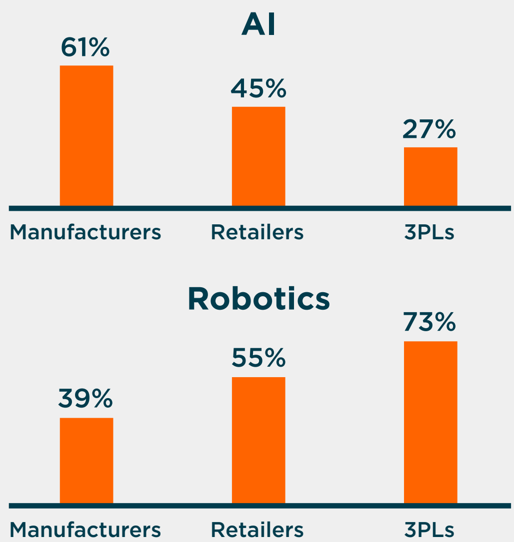
Increased technology adoption is likely to drive rotation into higher quality, more modern buildings that offer power resilience, excellent floor quality and eaves heights to accommodate robotics and automation. This rotation will not only help manufacturers to integrate new technologies but also to achieve additional efficiencies through network consolidation.

Additionally, our survey found that a significant proportion (25%) of UK manufacturers have more than 15% excess capacity in their real estate network, compared to only 6% of retailers. Likewise, whilst the majority of retailers (57%) have less than 5% excess capacity, this number falls to 25% for manufacturers. This suggests that, for some manufacturers, a property reset might be required to optimise their existing networks.

Currently consider themselves tech intensive:

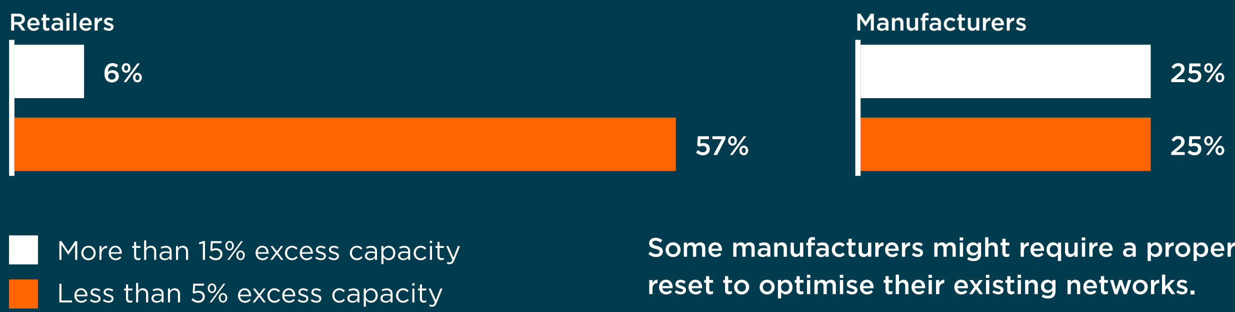
There is scope for greater tech adoption within the manufacturing vertical.

Where will occupier groups be investing in tech:



AI investment will be largest driver of tech adoption amongst manufacturers.

Excess capacity: retailers vs manufacturers



Some manufacturers might require a property reset to optimise their existing networks.

KEY TAKEAWAYS:

Building quality and actively engaged asset management teams are key to securing energy efficiency, power resilience and access to renewables, as manufacturers face elevated energy costs from geopolitical shocks and higher demand requirements from technology adoption and electrification. Manufacturers looking for new space, heavy power requirements and/or complex operations may favour a build-to-suit approach, but the timings involved require early engagement with developers.

The labour challenge currently faced by manufacturers is multifactorial and spans demographics, costs, supply and skills. Real estate providers can help ease labour pressures for manufacturers by partnering with local academic institutions to support local skills building and by designing/maintaining attractive workspaces that help to attract and retain a changing labour force.

Whilst additional policy/economic development banks would be welcome, well capitalised real estate investors can help manufacturers to bridge the capital gap by offering quality buildings that can unlock value, either through new build-to-suit requirements or by improving existing units. Lease length is also an important consideration, with the capital-intensive nature of bespoke fit-outs making longer leases a more attractive option.

For some manufacturers, a property reset might be required to optimise existing networks and accelerate technological change.

WANT TO FIND OUT MORE? GET IN TOUCH:

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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 advisors 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.

Occupiers (manufacturers, retailers and 3PLs) accounted for 47% of the 398 survey responses, with the remaining 53% split between investors, developers and other key industry players.

References

1 https://www.theguardian.com/business/2026/feb/22/high-energy-prices-threaten-uks-status-as-manufacturing-power-business-groups-say

2 https://www.ciip.group.cam.ac.uk/manufacturing-report/uk-manufacturing-key-figures/