

Industrial & Logistics: The Infrastructure of Everything



The critical infrastructure underpinning the UK's Industrial Strategy

I&L IS THE INFRASTRUCTURE OF EVERYTHING WHICH POWERS MODERN LIFE

From advanced manufacturing and data centres to last-mile delivery hubs and hybrid small and medium enterprises (SME) spaces.

The sector supports hospitals, businesses, and household consumption—it truly is the **'infrastructure of everything'**.

Premises range from **<500 sqm, to more mid-large units of 10,000 sqm, and well over 100,000 sqm mega-buildings**, with heights reaching over 40m in some units.

I&L is central to the **UK's pro-growth agenda**:

- Attracts domestic and foreign investment.
- Creates quality jobs and drives productivity

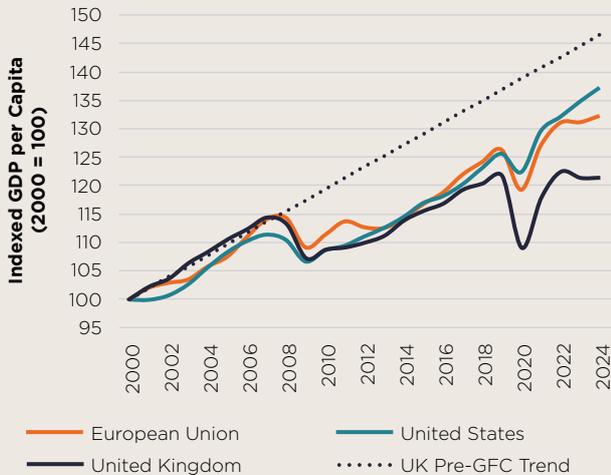
Requires **minimal direct financial support** yet delivers:

- Significant public revenues.
- Skills development and reduced economic inactivity.

UNLOCKING I&L GROWTH IS KEY TO ADDRESSING THE UK'S ECONOMIC CHALLENGES

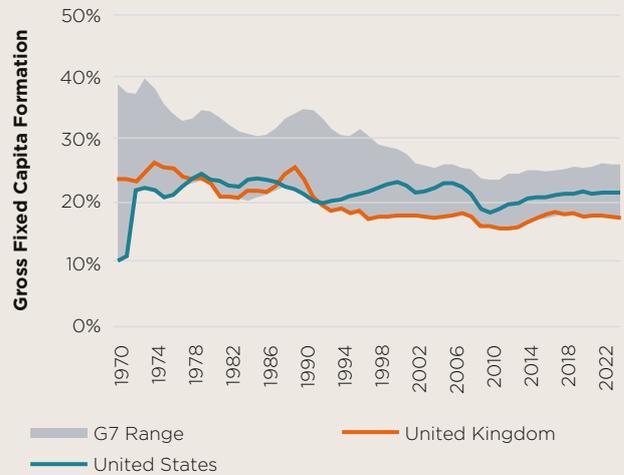
I&L's strong growth profile, higher productivity and wages, and non-London centric investment can assist the Government in navigating the UK's macroeconomic challenges

THE UK HAS RECOVERED MORE SLOWLY FOLLOWING THE GLOBAL FINANCIAL CRISIS



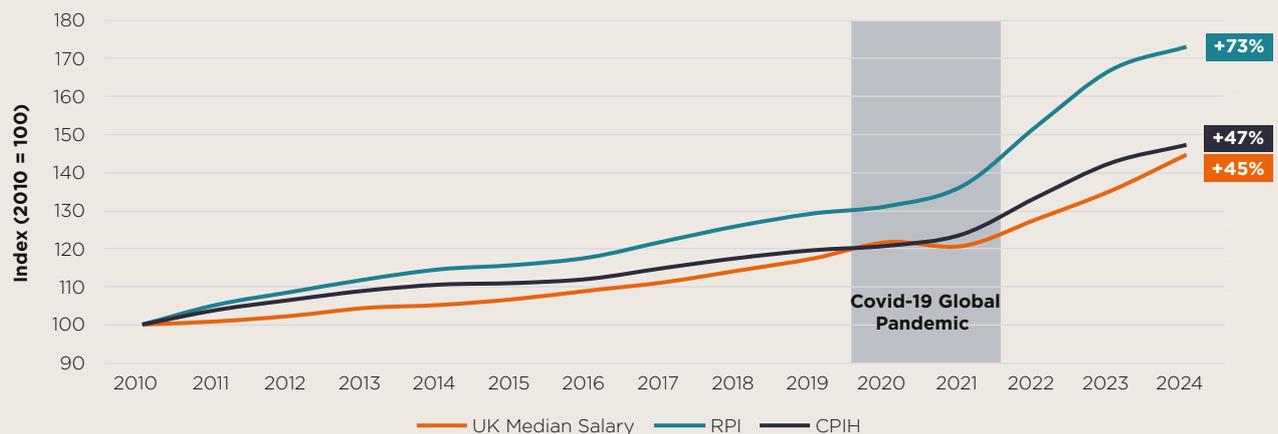
Source: ONS, Oxford Economics, IMF

THE UK HAS HAD THE LOWEST LEVEL OF DOMESTIC INVESTMENT IN THE G7



Source: OECD

THIS SLOWER GROWTH AND LACK OF DOMESTIC INVESTMENT HAS IMPACTED WAGE GROWTH AND ULTIMATELY LIVING STANDARDS



Source: Savills analysis of ONS (2025) Annual survey of hours and earnings; OBR (2025) Economic and fiscal outlook - June 2025

THE I&L SECTOR IS BOTH FAST GROWING AND PRODUCTIVE



Significant contributor to the economy

- **£84bn/year** contribution to public revenues (12% of total).
- **29% job growth** in logistics between 2010 and 2025 vs. 17% across all sectors
- Jobs are **10% more productive** than UK average

The key to the Government's Industrial Strategy

- The I&L sector accounts for **22% of inputs (equal to £250 million)** purchased by the Government's identified growth sectors (referred to as the IS-8) per annum, demonstrating its role in unlocking and delivering the Industrial Strategy.

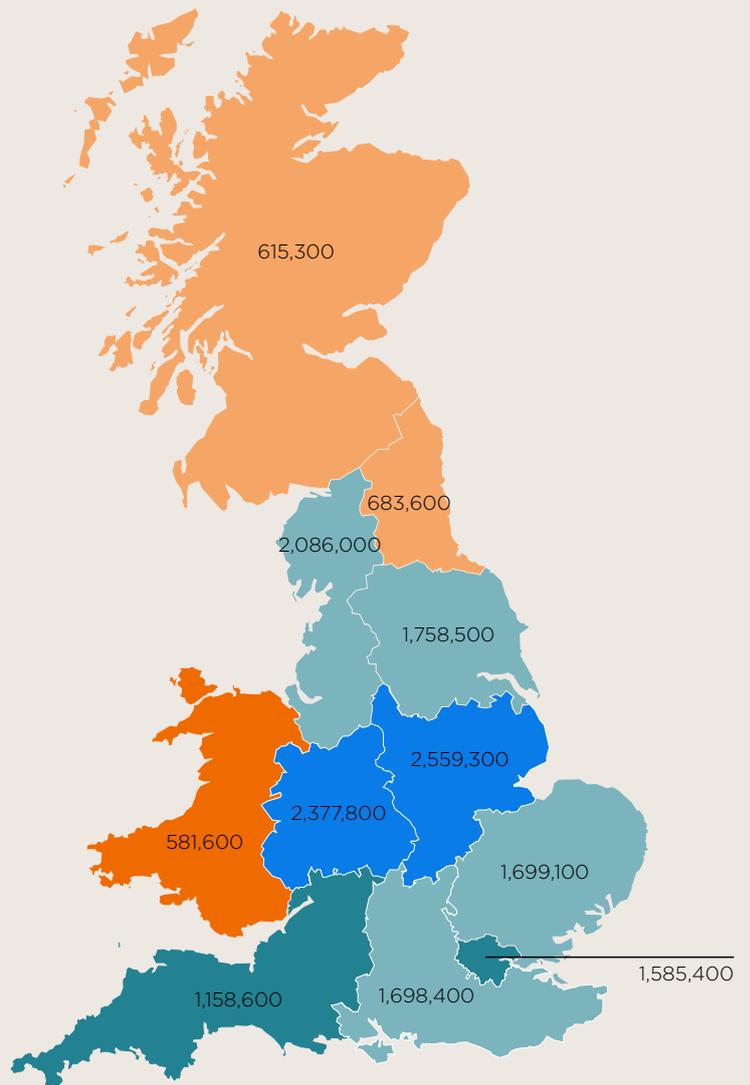
Growth is structural, not cyclical

- **E-commerce:** spend to hit £99bn by 2029.
- **Freight flows:** strong growth forecast across all modes.
- **Housing:** target of 1.5m new homes will require 6.9 sqm I&L floorspace per household.
- **Nearshoring & reshoring:** response to global supply chain risks.
- **Defence:** up to 285,000 sqm of I&L floorspace needed by 2027.
- **Data centres:** AI boom driving demand.

Barriers to further growth

- **Planning delays:** only 18% of applications decided within the 16-week statutory period; 26% take over a year.
- **Poor-quality stock:** 73% of floorspace will be unlettable by 2030 under the proposed Minimum Energy Efficiency Standards (MEES).
- **Suppressed demand:** £9.7bn GVA and 140,000 jobs lost, equivalent to the economy of Southampton or Derby due to historic supply constraints.
- If this suppressed demand was reduced by just 10%, around **£9 billion in additional revenues** could be raised.
- This is equivalent to the annual funding committed for the repair and upgrade of schools, hospitals and justice buildings in England under the **10-Year Infrastructure Strategy** published in June 2025.

Total Regional Suppressed Demand 2010-24 (sq.m)

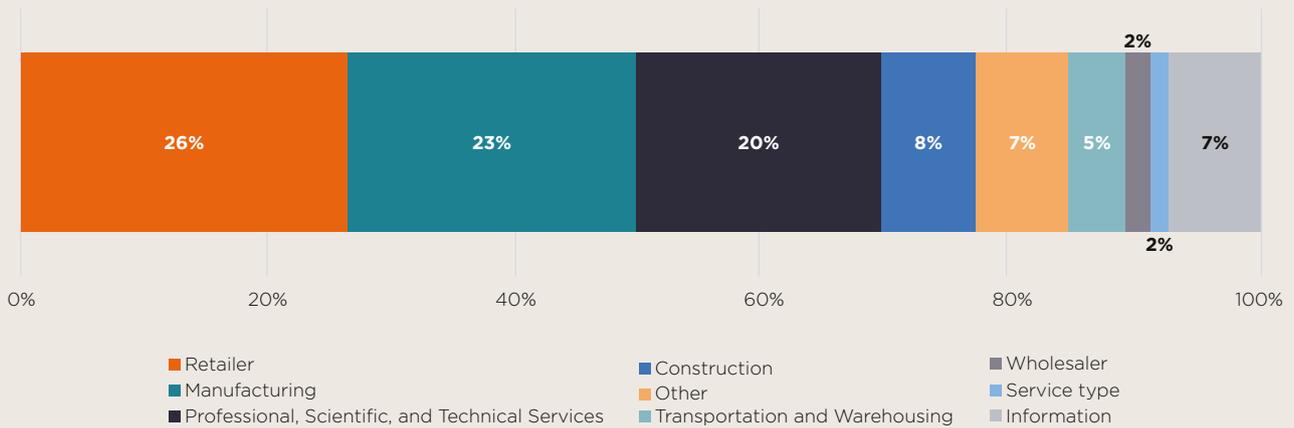




A CONDUIT FOR DOMESTIC AND INTERNATIONAL INVESTMENT



I&L FLOORSPACE LEASED BY SECTOR (2019-24)



Source: Savills analysis of CoStar (2025) data

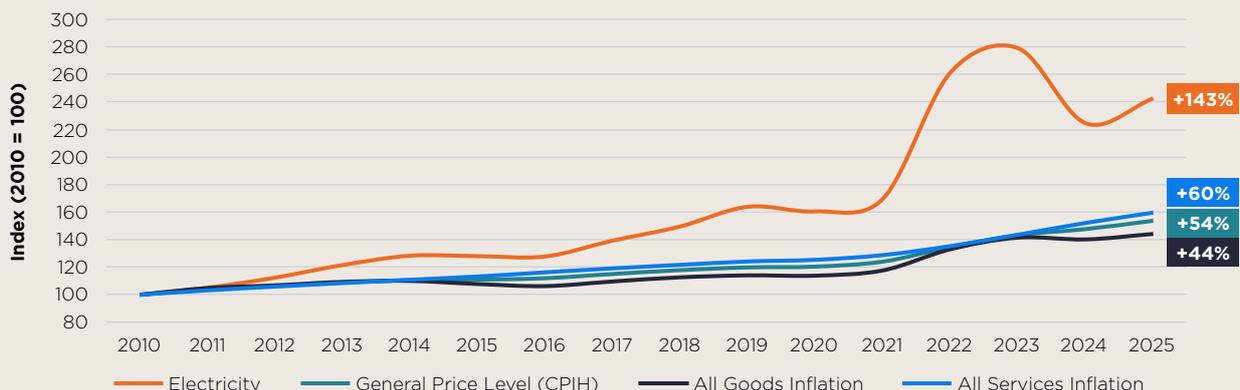
Why the UK's I&L sector attracts capital

- The UK has Europe's **highest e-commerce penetration rate**.
- Strategic location in the **Golden Triangle** and access to global markets.
- **Strong property rights and leadership in tech innovation** and sustainability.

Barriers to unlocking further investment

- **Lack of infrastructure capacity**, high electricity costs and grid delays slow tech adoption and investment.
- **Connection queues, complex approvals, and cost uncertainty** hinder rooftop solar at I&L premises.
- **Lack of affordable, flexible mid-sized premises** for scaling innovative firms.

ELECTRICITY COSTS HAVE SIGNIFICANTLY OUTPACED INFLATION



Source: ONS (2025) Consumer price inflation detailed reference tables



HELPING PEOPLE BACK INTO WORK AND IMPROVING LIVING STANDARDS



Tackling regional inequality by providing diverse, well-paid jobs

- I&L development is **geographically dispersed**, spreading benefits more evenly across the UK.
- **Logistics jobs are growing faster in the regions** (31%) than London (19%), unlike other sectors.
- Because of this, the sector offers higher median wages
- Well-paid jobs in the regions can help to **reduce the graduate brain drain** to London.

Accessible job opportunities with career progression

- Roles are increasingly **high-skilled**, driven by tech adoption and automation **which fuels productivity**.
- Many jobs **don't require degrees** but offer **strong upskilling opportunities** and **career progression**.
- **33,860 apprenticeship** starts in 2022/23, and between 2018/19 and 2022/23 around 170,000 individuals started I&L apprenticeships

The barriers to job creation and career progression

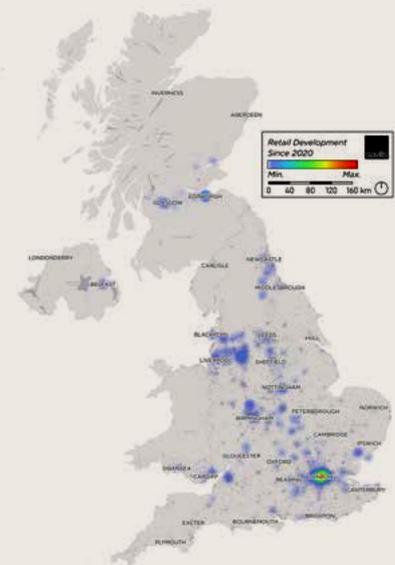
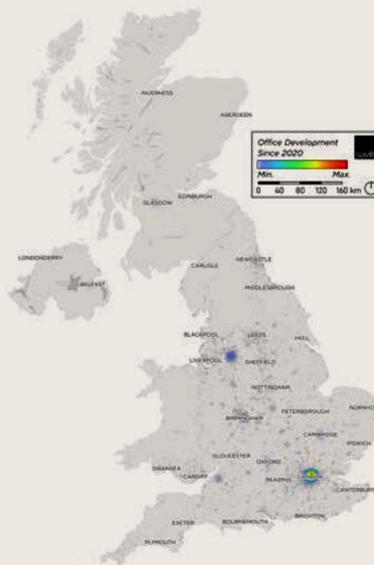
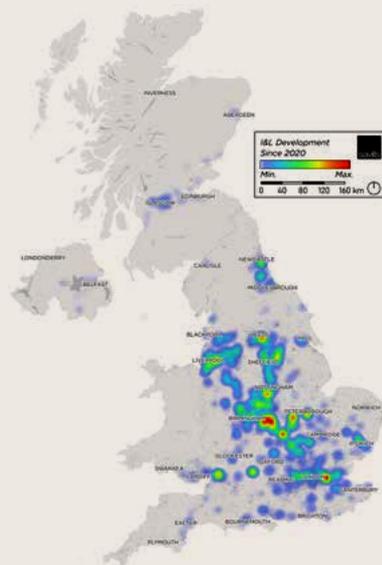
- **Fragmented training programmes** offered by the sector leads to duplication and inefficiency.
- **Misconceptions about job density** and skill levels of the I&L sector hinder planning decisions.
- **These outdated views overlook the evidence** that I&L is one of the UK's most productive, fast-growing sectors.

I&L DEVELOPMENT IS MORE GEOGRAPHICALLY DISPERSED THAN OTHER COMMERCIAL SECTORS

Industrial & Logistics

Office

Retail



How Government Can Help

SUPPORTING THE FACILITATOR OF UK GROWTH, JOBS, AND INVESTMENT



Maximising I&L's economic contribution

Create a National Supply Chain Infrastructure Framework alongside the NPPF to prioritise decarbonised, resilient supply chains.

Modernise demand forecasting using suppressed demand methodology and allocate more land in the right locations (including selective Green Belt release).

Facilitate modern, flexible, affordable premises for scaling innovative firms.



Creating policy certainty

Accelerate planning reform:

- Flexible mechanisms (criteria-based policies, safeguarded sites).
- Standardise pre-application advice and planning performance agreements.
- Strategic authorities to set employment land targets aligned with housing growth and provide strategic support for I&L facilitation.

Clarify MEES timelines and incentivise retrofits, while enabling development of new EPC A+ premises.



Maximising national and international investment

Form a cross-departmental Freight Planning Forum to integrate I&L into national infrastructure planning.

Accelerate infrastructure connectivity (i.e., electricity, road infrastructure, water) and incentivise green energy export through higher feed-in tariffs and battery storage innovation.

Expand Local Development Orders (LDOs) for regionally significant sites.



Reducing regional gaps and creating quality jobs

Coordinate training and upskilling initiatives (e.g., Generation Logistics, Veterans into Logistics).

Update planning guidance to reflect I&L's true economic contribution and capture offsite impacts (supply chain jobs, training)



BPF INDUSTRIAL COMMITTEE AND BPF LOGISTICS PROPERTY BOARD X SAVILLS ECONOMICS INDUSTRIAL AND LOGISTICS RESEARCH

This report is the latest product of the long-standing collaborative relationship between Savills Economics, Savills Industrial Research, the BPF Industrial Committee, and the BPF Logistics Property Board. Drawing on Savills analytical expertise and the Committee's sector leadership, both organisations continue to work together to produce evidence-based research that supports a deeper understanding of the UK's industrial and logistics sector.

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