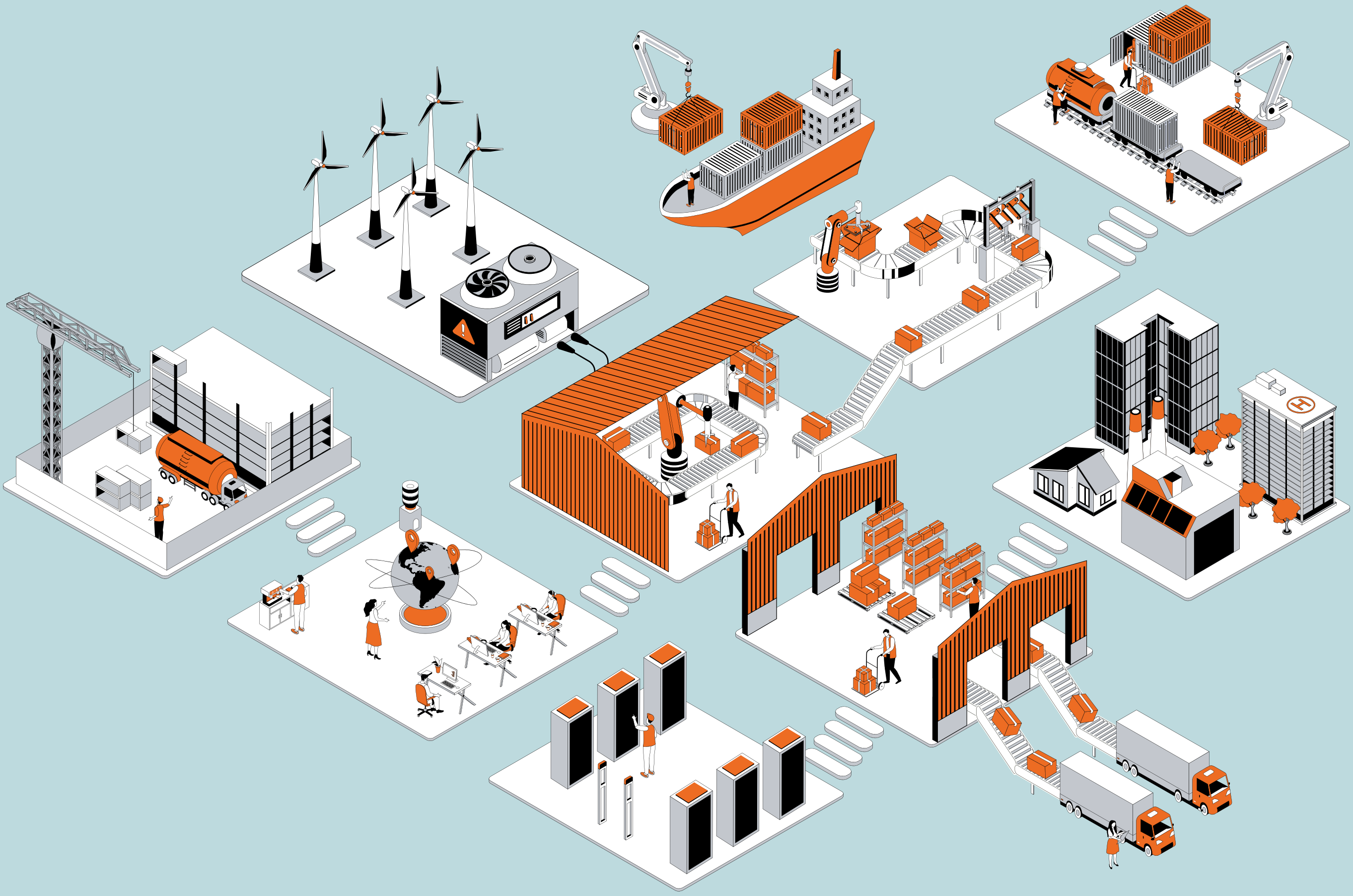
# INDUSTRIAL AND LOGISTICS: THE INFRASTRUCTURE OF EVERYTHING

THE CRITICAL INFRASTRUCTURE UNDERPINNING THE UK'S INDUSTRIAL STRATEGY



# CONTENTS



# INDUSTRIAL & LOGISTICS: THE INFRASTRUCTURE OF EVERYTHING

The UK's ability to deliver economic growth at pace, attract investment and remain globally competitive is fundamentally linked to the strength and availability of its industrial and logistics infrastructure.

**PAUL WESTON**
Regional Head of Prologis UK - Chair of the BPF Logistics Property Board

**BEN TAYLOR**
Head of Planning at Newlands Developments - Chair of the BPF Industrial Committee

Often overlooked, the sector is embedded in the DNA of the UK economy, enabling the speed, resilience and scalability on which modern growth depends. From manufacturing and processing to storage and distribution, industrial and logistics assets are not peripheral support functions but core economic infrastructure.

The industrial and logistics sector is one of the UK's most productive and fastest growing economic foundations, underpinning investment decisions, supply chain resilience and the UK's attractiveness as a destination for global capital. It generates around £84.4 billion in tax revenues each year and supports approximately 4.5 million jobs.
The sector is also fundamental to the delivery of the Government's Industrial Strategy. The eight priority growth sectors identified by Government rely, both directly and indirectly, on industrial and logistics activity, which accounts for around 22 percent of the inputs they purchase, equivalent to approximately £250 billion.

In practice, industrial and logistics is the common foundation that enables these sectors to scale, innovate and operate at speed, yet it remains undervalued in policy and planning despite its central role in delivery.

Beyond its economic contribution, the industrial and logistics sector has an important role to play in supporting inclusive growth and improving living standards. Development is geographically dispersed across the country to a much greater extent than other commercial uses, helping to spread jobs and investment. This regional presence means the sector is well placed to tackle disparities in productivity and pay, while supporting pathways back into work for those who are economically inactive. This geographically distributed footprint also means the sector can deliver growth faster than many others, provided the planning and policy environment enables timely development.

This latest BPF report builds on previous research and policy work, setting out the case for industrial and logistics as the infrastructure of everything. It demonstrates how the sector can unlock growth, jobs and international investment, while supporting the transition to a more sustainable economy. Crucially, it sets out practical policy actions required over the next two years to create a more responsive and effective planning system. With the right framework in place, the industrial and logistics sector stands ready to work with government to deliver growth at pace, strengthen the UK's economic foundations and secure long term national resilience.

# EXECUTIVE SUMMARY

The industrial and logistics (I&L) sector is the backbone of the UK economy and should be recognised as critical national infrastructure. It powers modern life, supporting hospitals, businesses, and households, and underpins the Government's Industrial Strategy by supporting supply chains for priority growth sectors.

Despite wider economic challenges, I&L remains one of the UK's most productive and fastest-growing sectors. It contributes £287 billion to gross domestic product (GDP) (direct and indirect), supports 4.5 million jobs, and delivers £84 billion in annual tax revenues. Jobs in the sector are diverse, well-paid (around £4,000 above the all-sector median), and increasingly high-skilled, which can help to address regional inequalities and social mobility.

The sector is also a major magnet for investment: attracting £137 billion annually, accounting for 25% of domestic investment and 22% of net foreign direct investment. It drives innovation, representing 48% of UK research and development (R&D) spending, and supports the success of the eight priority sectors identified in the Industrial Strategy.

However, the sector's full potential is constrained by planning delays and land supply shortages, leading to 'suppressed demand', costing the UK an estimated £9.7 billion in gross value added (GVA) and 140,000 jobs over the last decade. Addressing these barriers could unlock billions in additional tax revenues and thousands of new jobs.

> The I&L sector is not just warehouses and factories – it is the infrastructure of everything. With targeted policy support and strategic planning, it can deliver even greater economic growth, investment, and resilience for UK Plc.
>
> **MARK POWNEY, SAVILLS ECONOMICS**

INDUSTRIAL AND LOGISTICS

# INTRODUCTION

This report is the latest in the BPF's thought leadership series concerning the industrial and logistics (I&L) sector and its role in contributing to sustainable economic growth, supply chain efficiency and the transition to a low-carbon economy. It follows on from previous publications including:

- Delivering the Goods (2015)
- What Warehousing Where? (2019)[1]
- Delivering the Goods (2020)[2]
- Levelling Up – The Logic of Logistics (2022)[3]
- The BPF Manifesto for Logistics (2024)[4]

The UK, like much of the world, is having to face up to multiple economic and geopolitical challenges. These challenges are now impacting everyday life, from the cost of daily goods and services, job security and the quality of, and level of access to key public services.

The UK Government is aware of these challenges and is taking steps to address them, including through its Industrial Strategy. While some of these issues are longstanding, such as those stemming from the Global Financial Crisis and demographic shifts like an ageing population, they have been made more complex by recent events, including the Covid-19 pandemic, the cost of living crisis, and ongoing global conflicts.

Given this context, the aim of this report is to shine a light on the role that the I&L sector can play in helping all levels of Government address the economic challenges of today.

The I&L sector powers modern life and provides the premises and supply chain support for the eight priority growth sectors outlined in UK's Industrial Strategy. I&L premises range from advanced manufacturing and data centres to last-mile delivery hubs and hybrid spaces for small and medium enterprises (SMEs). These facilities support hospitals, businesses, and household consumption - they are truly the infrastructure of everything.

It is our view that the sector should be considered as critical national infrastructure. It is a sector with a consistently strong growth profile (supporting 4.5 million jobs), needs little financial support from Government to come forward, is a key conduit for new investment into the UK (£137 billion per annum), supports a diverse range of quality jobs (paying between £3,900 and £4,300 above the all-sector median) and as a result, is a key contributor to the finances of UK Plc (£84 billion in tax receipts per annum). With further support the I&L sector can deliver even more into the future.

**WHAT DOES THE I&L SECTOR INCLUDE?**

When we refer to the industrial and logistics (I&L) sector we mean Light Industrial (formerly B1c use class, now Class E(g)(iii)), General Industry (B2 use class) and Storage and Distribution (B8 use class). Effectively the primary use classes that require warehouses and factories (including ancillary offices) and associated yard spaces. These use classes typically cover the diverse range of industrial, manufacturing and logistics companies that operate within England[5].

Modern I&L buildings encompass everything from advanced manufacturing and prototyping facilities, large-scale data centres, national, regional or last mile logistics centres to hybrid modular units combining office, R&D, light industrial space, life sciences, and high-tech engineering (such as robotics designers and operators) for small and medium enterprises.

Aligned to this diversity of occupiers, I&L premises can range in size from less than 500 sqm and a few metres tall, to more medium and large sized units up to 10,000 sqm and 25 metres tall, with the largest units extending well over 100,000 sqm in floorspace and heights reaching above 40 metres.

# THE UK ECONOMY FACES MANY CHALLENGES

It is the view of the BPF members that the I&L sector can play a key role in supporting and benefiting from the Government's pro-growth policy initiatives, which in turn will help to address the key economic challenges facing the UK.

Unlike other commercial sectors, I&L requires minimal direct financial support from the Government in order to grow, yet it serves as a highly effective conduit in attracting new investment into the UK to deliver quality jobs. It is critical infrastructure that facilitates the functioning of a modern economy through its vital supply chain support to other sectors of the economy. For these reasons, its contribution to Government finances (Chapter 3), foreign and domestic investment (Chapter 4), the upskilling agenda, alongside its role in reducing economic inactivity and improving productivity (Chapter 5) is substantial, though often overlooked.

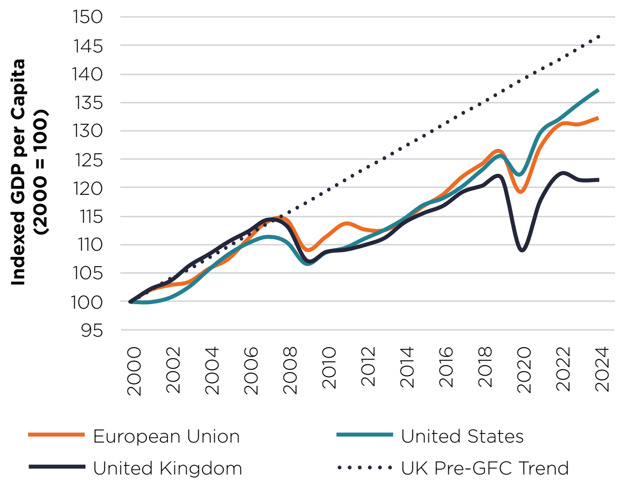
The aim of this chapter is to shed light on some of the key economic challenges being faced in the UK and how the Government is seeking to address them.

## STAGNANT PRODUCTIVITY, LOW WAGE GROWTH, AND REGIONAL INEQUALITY

The UK is falling behind Europe in terms of economic growth measured through real Gross Domestic Product (GDP) per capita, especially since the Global Financial Crisis (GFC) (Figure 1). A major reason for this is that the UK has had the lowest level of domestic investment[6] in the G7[7] for 24 of the last 30 years (Figure 2). The last time the UK's level of investment was above the median for the G7 was in 1990. This lack of investment has contributed to stagnant productivity, weak wage growth, and lower living standards.

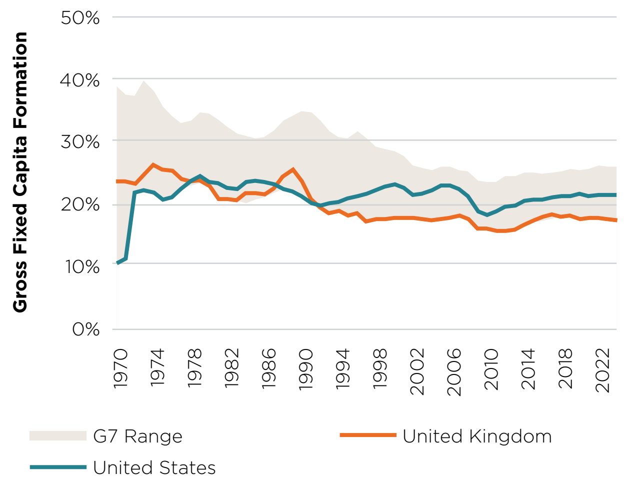
UK wage growth has lagged behind two key measures of inflation, the Retail Price Index (RPI) and Consumer Price Index (including Housing) (CPIH), since the GFC (Figure 3). In simple terms, this means that a large proportion of UK workers are finding the goods and services they purchase more expensive today than in the past, resulting in a lower standard of living.

**FIGURE 1 INDEXED REAL GDP PER CAPITA**



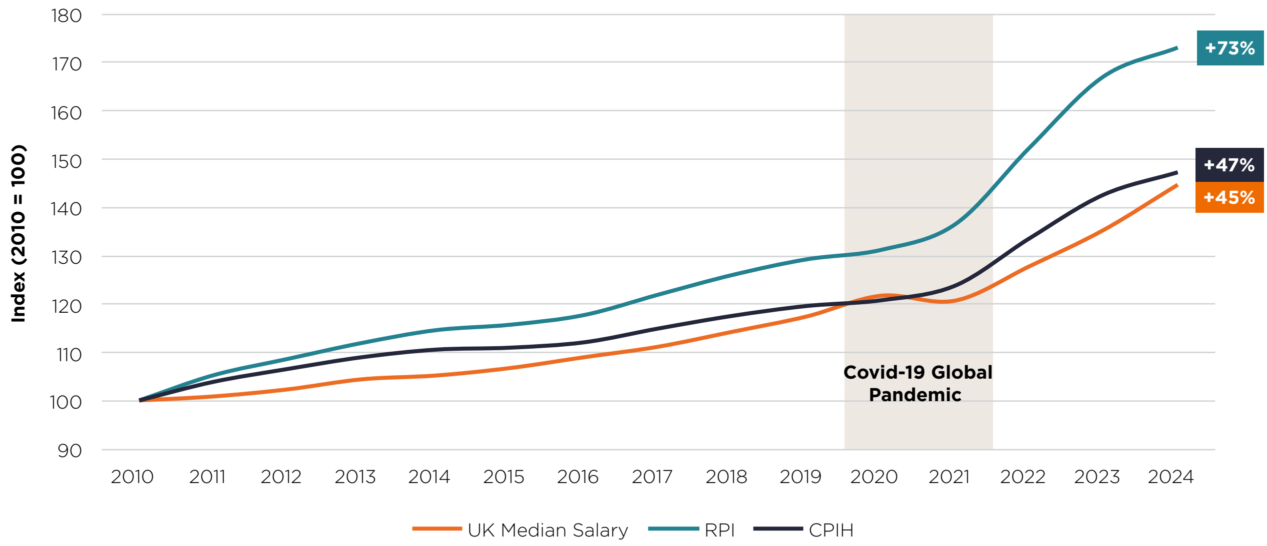

**Source:** ONS, Oxford Economics, IMF

**FIGURE 2 DOMESTIC INVESTMENT IN THE UK VERSUS THE G7 AVERAGE (GROSS FIXED CAPITAL FORMATION)**




**Source:** OECD

**FIGURE 3 UK MEDIAN SALARY GROWTH HAS LAGGED INFLATION METRICS (RPI AND CPIH)**



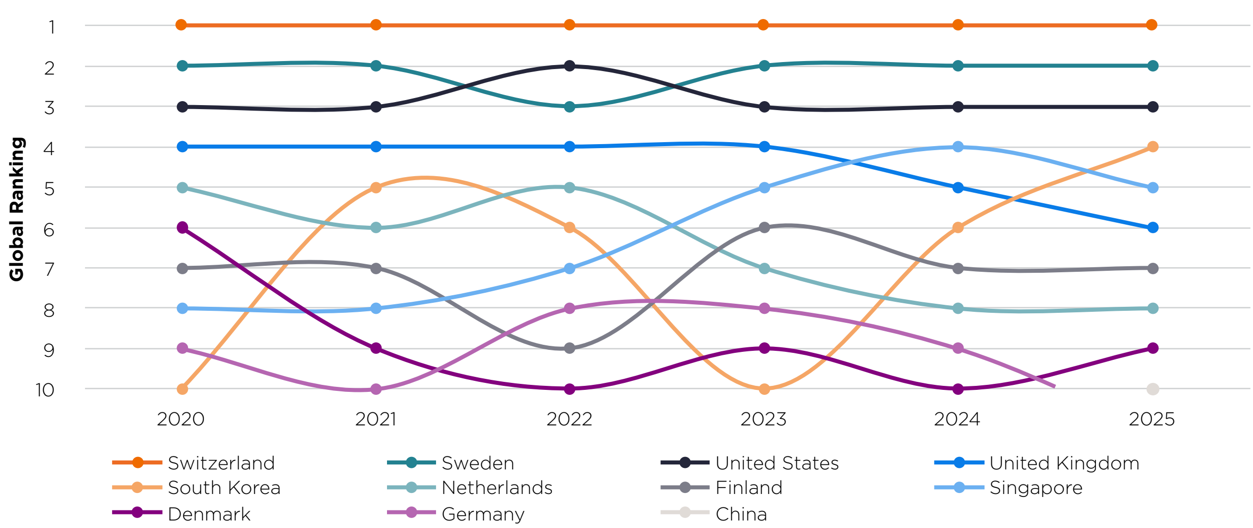

**Source:** Savills analysis of ONS (2025) Annual survey of hours and earnings; OBR (2025) Economic and fiscal outlook – June 2025

Despite these investment, productivity and wage challenges, the UK continues to produce world-leading research and fosters innovative start-ups. Between 2020 to 2024, the UK ranked second in the world (behind the US) on the Global Start Up Ecosystem Index, with particular strengths in human capital and research, market sophistication, knowledge and technology outputs, and creative outputs.

The UK also performs strongly in the Global Innovation Index, currently ranking sixth in the world (Figure 4). However, having ranked fourth in the world until 2023, it was overtaken by Singapore in 2024, followed by South Korea in 2025.

This demonstrates that the value of the UK's strong start-up and R&D culture is not being fully realised as the majority of these companies don't go on to grow and succeed. Failing to provide the conditions required to scale small firms into large firms has prevented the UK from alleviating its productivity problem. Instead, what has occurred is the existence of a large quantity of unproductive firms and increasing company death rates[8]. Access to affordable property in the right locations is crucial to improving this (Chapter 3).

**FIGURE 4 GLOBAL INNOVATION INDEX RANKINGS TOP 10 (2020 TO 2025)**



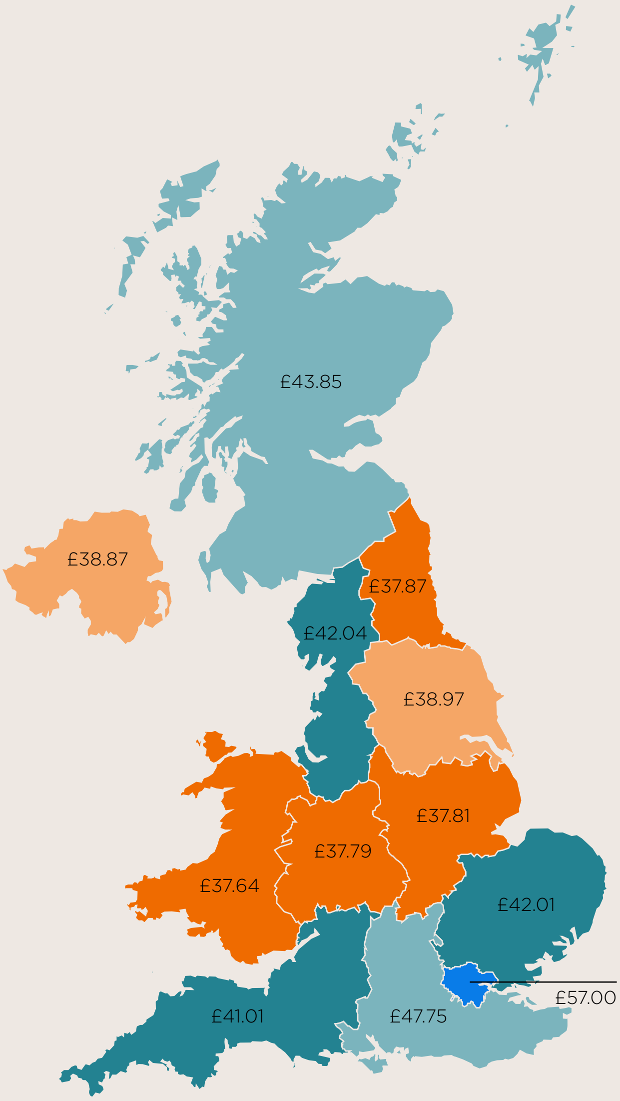

**Source:** WIPO (2025)

The UK also has a regionally imbalanced economy, wherein London and the South East are significantly more productive than other regions (Figure 5) measured by Gross Value Added (GVA) per hour, and therefore command higher levels of income (Figure 6). Again, access to affordable property in the right locations is a key consideration in helping to address these inequalities.

This is especially true for sectors that have a strong growth profile outside of London and the South East, such as I&L.

Since the Covid-19 pandemic, the UK has struggled to get people back into work, with a rise in the claimant count which stands above the long-term average (Figure 7).

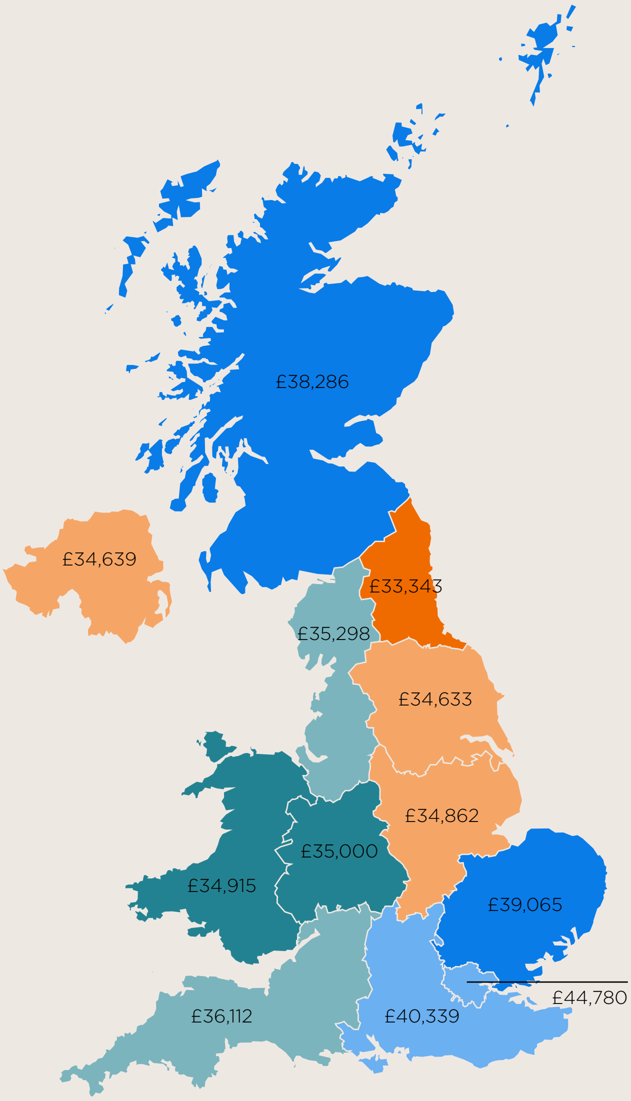
**FIGURE 5 LONDON & SOUTH EAST ARE HIGHLY PRODUCTIVE[9]**




**Regional Productivity (GVA per hour worked)**
- £37.64 - £37.87
- £37.87 - £38.97
- £38.97 - £42.04
- £42.04 - £47.75
- £47.75 - £57.00

**Source:** Savills analysis of ONS (2025) Subregional productivity: labour productivity

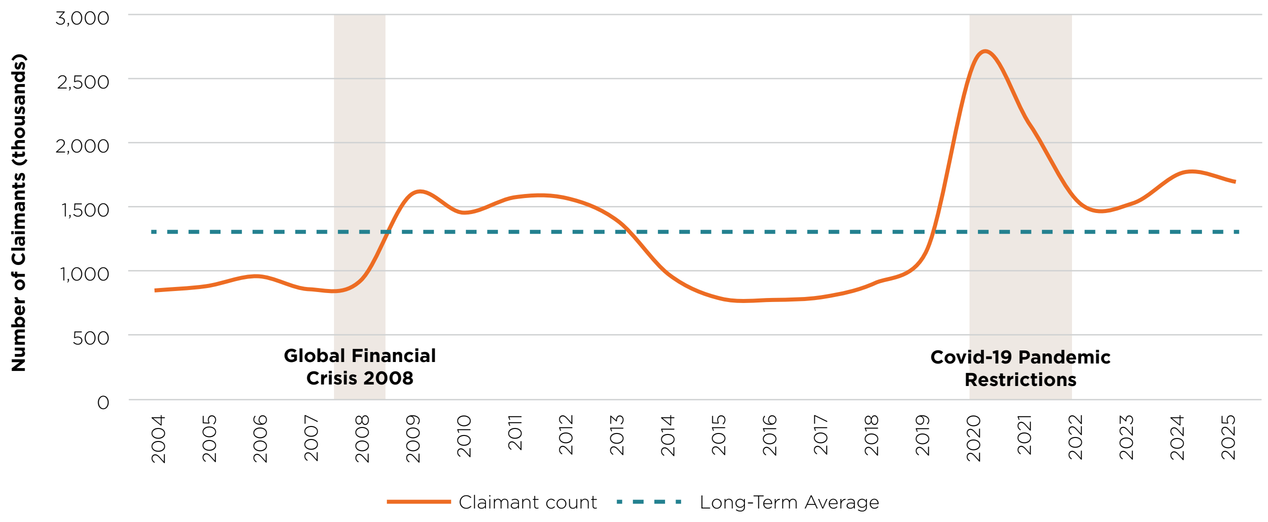
**FIGURE 6 LONDON & SOUTH EAST HAVE THE HIGHEST WAGES**




**Median Income (2024)**
- £33,300 - £34,600
- £34,600 - £34,900
- £34,900 - £35,200
- £35,200 - £38,000
- £38,000 - £40,000
- £40,000 - £45,000

**Source:** Savills analysis of ONS (2025) Annual survey of hours and earnings

**FIGURE 7 CLAIMANT COUNT HASN'T RETURNED TO PRE-COVID LEVELS**




**Source:** Savills analysis of ONS (2025) Claimant count by sex and age data

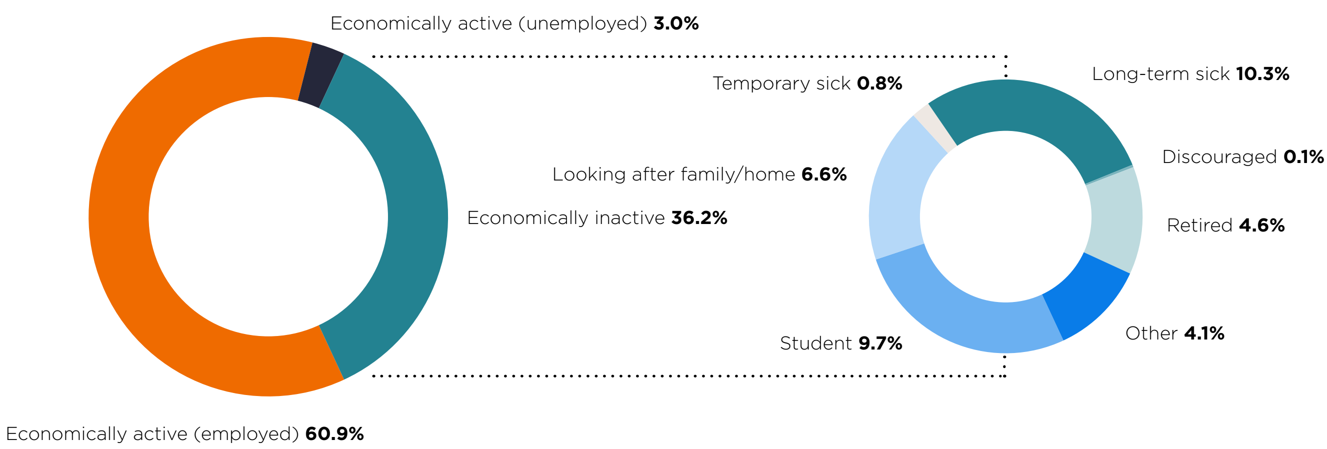
The economic inactivity rate currently stands at around 36% with long-term sick individuals, students, and individuals looking after family or home being the main contributors (Figure 8). Across these categories, it is the 50 to 64 age cohort that the Government is focusing on to try and improve economic activity levels[10]. This group represents a significant portion of the 2.8 million people currently economically inactive due to long-term sickness. Many in this age bracket face challenges such as:

- Chronic pain and musculoskeletal issues
- Mental health conditions
- Caring responsibilities, especially among women
- Lack of tailored employment support

The Government sees this group as having valuable experience and skills but being underutilised in the labour market. Bringing more of this cohort and other economically inactive individuals back into employment will not only help to improve health outcomes and living standards, but also strengthen the UK's finances. This in turn can be reinvested back into essential public services, help moderate future tax rises, and protect living standards.

As we explain in Chapter 5, the I&L sector can play a key role in bringing people back into work. It offers a diverse range of occupations, from the highly skilled to more elementary roles, with fewer barriers to entry than other sectors, and many on-site training opportunities.

**FIGURE 8 ECONOMIC ACTIVITY OF PEOPLE AGED 16+ WITH ECONOMIC INACTIVITY BY REASON**




**Source:** Savills analysis of ONS (2025) Annual Population Survey

## THE GOVERNMENT IS FACING UP TO THESE ECONOMIC CHALLENGES

The Government is keenly aware of the above economic challenges facing the UK and has been quick in its policy responses to help improve the situation under its welcomed 'pro-growth' agenda. Some of these key policy initiatives include:

Productivity & Employment

Investment & Tax Incentives

Skills & Training

Planning & Governance

### PRODUCTIVITY & EMPLOYMENT

- Employment Rights Bill – Bans zero-hour contracts, strengthens day-one rights, and improves sick pay to enhance job security.
- Minimum Wage Increase – Raised by £1,400/year for full-time workers aged 21+, with record increases for younger workers.
- National Wealth Fund – Strategic investment vehicle supporting clean energy, infrastructure, and industrial clusters to unlock private capital and boost regional productivity.
- Get Britain Working White Paper - proposals to reform employment, health and skills support to tackle economic inactivity and support people into good work.

### INVESTMENT & TAX INCENTIVES

- Modern Industrial Strategy (Invest 2035) – A 10-year plan to support key growth sectors (such as advanced manufacturing, clean energy, and defence) to build on existing strengths, raise productivity and create quality jobs across the country, and recognises the vital contribution that the freight and logistics sector makes to the UK economy.
- Upcoming Freight and Logistics Plan - The Government is seeking to deliver a new plan for freight and logistics so that the sector can continue to play its part in growing the economy.
- Corporate Tax Roadmap – Simplifies tax and customs systems to reduce burdens and encourage long-term investment in infrastructure and automation.
- National Infrastructure Strategy – £725 billion investment over 10 years in transport, clean energy, and supply chain infrastructure.
- Investment Zones and Freeports – Targeted support for logistics resilience and advanced manufacturing through tax incentives and planning flexibility.

### SKILLS & TRAINING

- Skills England – National and local skills planning aligned with the Modern Industrial Strategy.
- Growth and Skills Levy – Replaces the Apprenticeship Levy; allows flexible employer-led funding for apprenticeships and short technical courses.
- Construction Technical Excellence Colleges – Specialist further education hubs supporting local industrial clusters and logistics hubs.

### PLANNING & GOVERNANCE

- Revised National Planning Policy Framework (Dec 2024) – Reforms to 'get Britain building', including 1.5 million homes over the Parliament, and support for key sectors including laboratories, gigafactories, data centres, digital infrastructure, freight and logistics.
- Devolution Agenda – Empowers regional and local authorities to lead on infrastructure, skills, and economic development aligned with local needs and wider sub-regional needs.
- Draft National Planning Policy Framework (Dec 2025) and Planning Practice Guidance provide further support and facilitation for freight and logistics than the previous NPPF and also includes National Decision-Making Policies which standardise decision-making.

The aim of the following chapters is to demonstrate, in an evidential way, how the I&L sector can assist in addressing these economic challenges. To maximise the sector's contribution will require closer alignment between government departments and closer engagement with industry stakeholders.

# THE I&L SECTOR IS BOTH FAST GROWING AND PRODUCTIVE

It is clear that both the Government and the wider public today have a greater appreciation of the important role the I&L sector plays in the modern UK economy than in the recent past.

It is hoped that previous BPF publications, such as 'Levelling Up – The Logic of Logistics', have played a part in the evolution of this thinking. However, despite these positives, there are still many within Local Government and the wider property profession that still wrongly consider the I&L sector to be a low-skilled and low-quality employer.

As we evidence within this chapter, a lack of appreciation and consideration of the I&L sector risks missing out on sustainable economic growth. We also highlight the wider role the sector can play in helping the Government improve productivity, generate more quality jobs, support housing growth, facilitate the operations of the priority sectors identified in the Industrial Strategy, and fund social infrastructure.

## A SIGNIFICANT CONTRIBUTOR TO THE UK ECONOMY

The I&L sector makes a significant contribution to the UK economy in terms of:

| Creating employment opportunities | Tax receipts | Gross Value Added (GVA) direct and indirect | Productivity (economic output per job/hour) |
|---|---|---|---|

## CREATING JOB OPPORTUNITIES

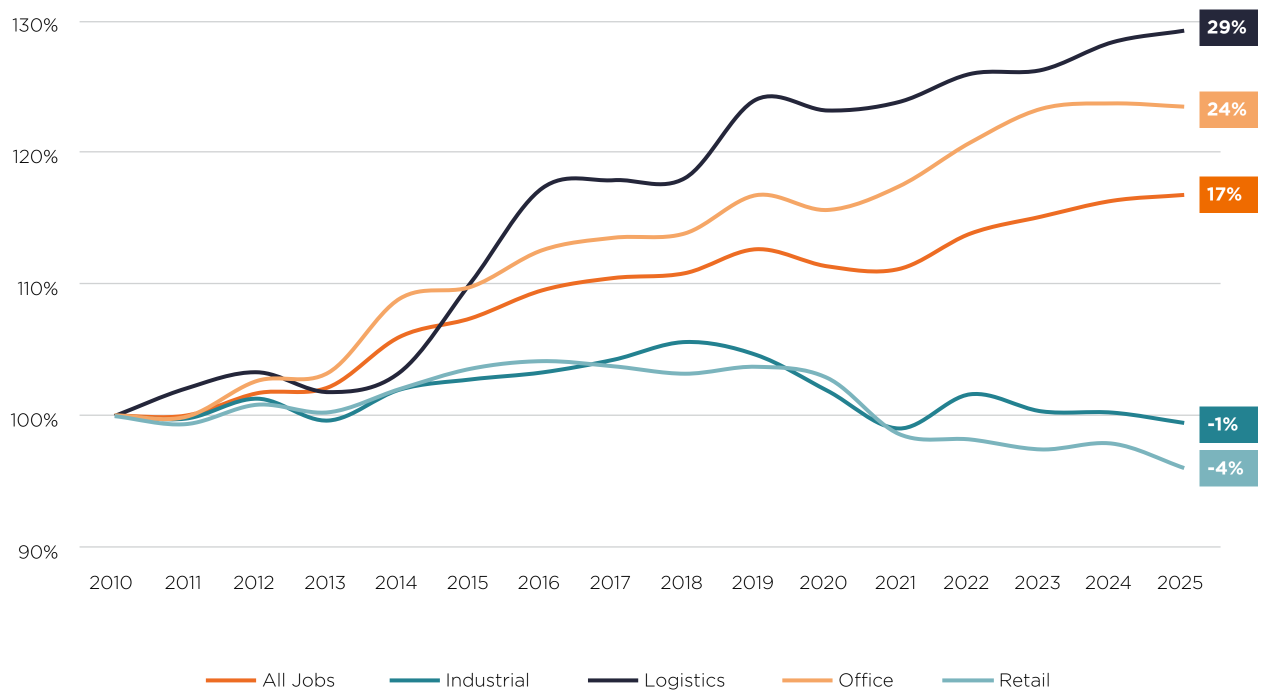
Whilst jobs in the industrial sector have remained relatively stable since 2010, jobs in the logistics sector have grown at a much faster pace than the UK average (Figure 9).

Over the period 2010 to 2025, logistics jobs grew by 29%, rising to 1.9 million, whilst industrial jobs declined slightly by -1% to 2.6 million. In the same time period, office jobs grew by 24% to 11.0 million and retail jobs declined by -4% to 4.6 million jobs. Overall, jobs grew by 17% in the UK, to 36.8 million. Logistics jobs consequently comprise around 5% of all employment, whilst industrial jobs comprise around 7% of all employment.

It is important that the I&L sector's growth is supported given other commercial sectors, such as retail, are struggling. Concurrently the office sector is experiencing higher levels of homeworking and subsequently less investment in new office buildings, particularly outside of prime locations.

This highlights the role that the I&L sector can play in delivering sustainable economic growth, given the fast-growing nature and resilience of the sector in the face of macroeconomic shocks and the Covid-19 pandemic.

**FIGURE 9 LOGISTICS JOBS HAVE GROWN FASTER THAN OTHER COMMERCIAL SECTORS (2010-2025)**




**Source:** Savills analysis of ONS (2025) Workforce jobs by industry (SIC 2007)

## IT'S NOT JUST ON-SITE JOBS THAT MATTER

Whilst it is true that I&L uses generate fewer on-site jobs per square metre of floorspace compared to other uses, such as standalone office space, on-site jobs are only part of a commercial use's true economic contribution. It is also worth noting that there is significant variation within I&L, with R&D and light or advanced manufacturing facilities delivering much greater job densities.

For instance, the I&L sector's role in facilitating the operations of other sectors (such as robotics, advanced manufacturing, life sciences, and high-value R&D) means it supports significant indirect employment. Logistics premises are a critical link in all supply chains alongside the key freight modes that allow goods to enter, leave and move around the country (i.e. ports, airports, rail freight interchanges, and motorways), underpinning nearly all economic activity.

These freight-handling facilities, like warehouses, generate employment to drive the planes, trains and boats as well as jobs involved in their maintenance and repair. Jobs are also created at ports, airports and rail freight interchanges as part of their operation, as well as at retail services where goods are sold (Figure 10).

Like logistics, industrial uses also facilitate other sectors of the economy via the products they manufacture. These products are then used as inputs to upstream products and process. For example, circuit boards or battery components manufactured in I&L premises are incorporated into consumer electronics and renewable energy technologies. Elsewhere medical devices and diagnostic equipment are distributed to hospitals and clinics, supporting the delivery of healthcare services.

**FIGURE 10 THE I&L SUPPLY CHAIN: 'FROM A TO B'**

1

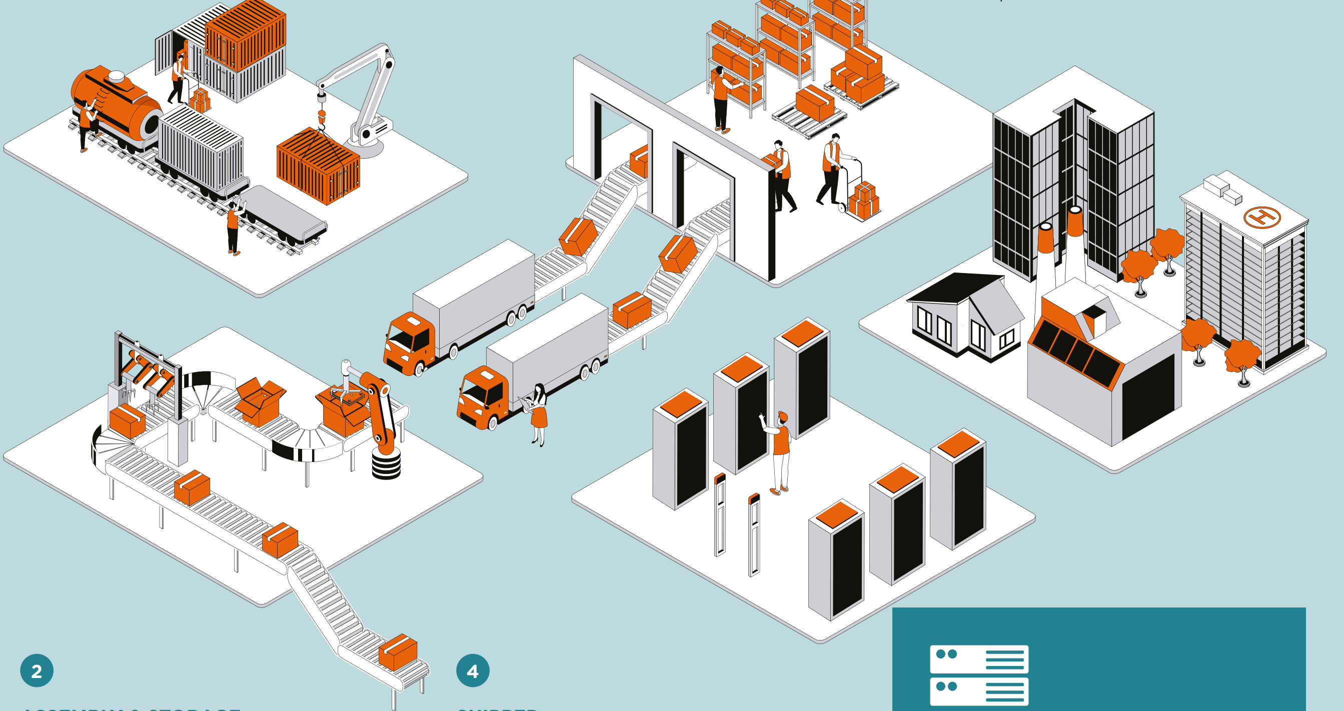
**ORIGIN OF GOODS**
Goods enter the country via airports, ports, rail freight or are manufactured in the UK.

3

**SORTED & PACKAGED**
Goods are collected, quality checked and packaged for onwards transmission.

5

**ARRIVE AT DESTINATION**
Goods are delivered to the customer, whether that be households, shops, manufacturers further down the supply chain, or critical infrastructure such as hospitals.



2

**ASSEMBLY & STORAGE**
Goods are transported from UK factories and freight infrastructure to nearby warehouses for assembly and storage.

4

**SHIPPED**
Goods are shipped across the country via road or rail freight. Data is also stored and transferred.

**Source:** Savills (2025)

Jobs are also created at data centres, enabling the flow of information across sectors, borders and devices

Indeed, for every 10 new industrial jobs created, approximately 10 further jobs are created throughout the supply chain, whilst for every 10 new logistics jobs created, approximately nine further jobs are created throughout the supply chain[11]. This is stark when compared to the retail and office sectors where for every 10 jobs created, approximately five and six jobs, respectively, are created throughout the supply chain (Figure 11).

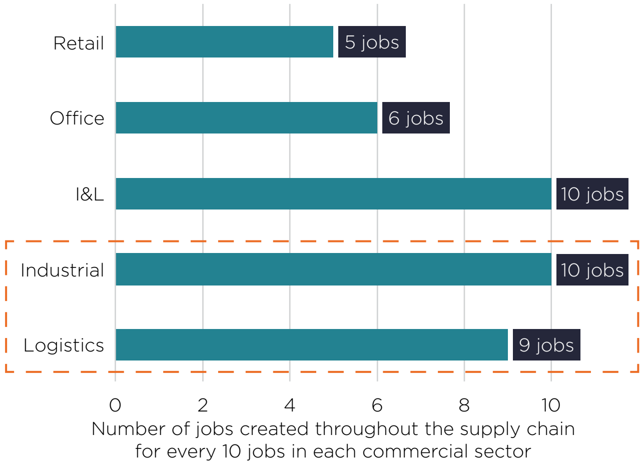
## A HIGHLY PRODUCTIVE SECTOR

The combined I&L sector contributes £128 billion annually to the UK economy (measured using GVA), which is equivalent to 6% of Gross Domestic Product (GDP).

What is even more significant is the sector's indirect GVA contribution. As with the indirect and offsite jobs discussed above, the indirect GVA captures the impact that the sector has on other segments of the economy. For example, the services that a sector procures in support of its business activities trigger a GVA contribution by its suppliers, suppliers of suppliers, and so forth, up the entire value chain. The indirect GVA generated by the logistics sector in the UK is 2.54 times higher than its direct GVA contribution. This is much higher than the indirect GVA generated by the industrial (0.95), office (0.55), and retail (0.55) sectors (Figure 12). This highlights the vital contribution that logistics in particular makes to the rest of the economy, but also demonstrates that industrial indirect GVA generation is also proportionally much higher than other commercial sectors.

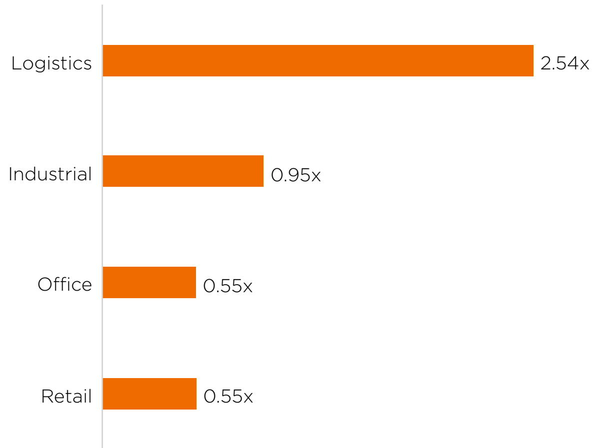
When indirect effects are included (£159 billion), the I&L sector's total contribution rises to 13% of UK GDP (£287 billion), underscoring its critical role in the broader economy. The I&L sector is also highly productive: 10% more productive than the UK average (as measured by GVA per worker). Its productivity is also estimated to grow at a faster rate into the future when compared to both retail and office-related sectors (Figure 13). Productivity is a major determinant of long-term economic growth. Higher levels of productivity are associated with higher wages, increased living standards and greater international competitiveness. One of the most effective ways to tackle the UK's economic challenges is to build on our existing strengths and facilitate further growth in the most productive parts of the economy, which includes I&L.

**FIGURE 11 I&L CREATES MORE SUPPLY CHAIN ('OFF-SITE') JOBS THAN OTHER COMMERCIAL SECTORS**



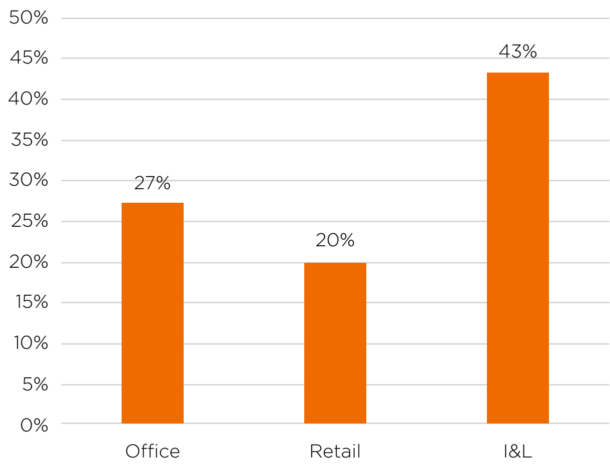

**Source:** Savills analysis of ONS (2025) Employment multipliers and effects in the UK

**FIGURE 12 LOGISTICS HIGHER INDIRECT GVA DEMONSTRATES ITS IMPACT ON OTHER SECTORS**

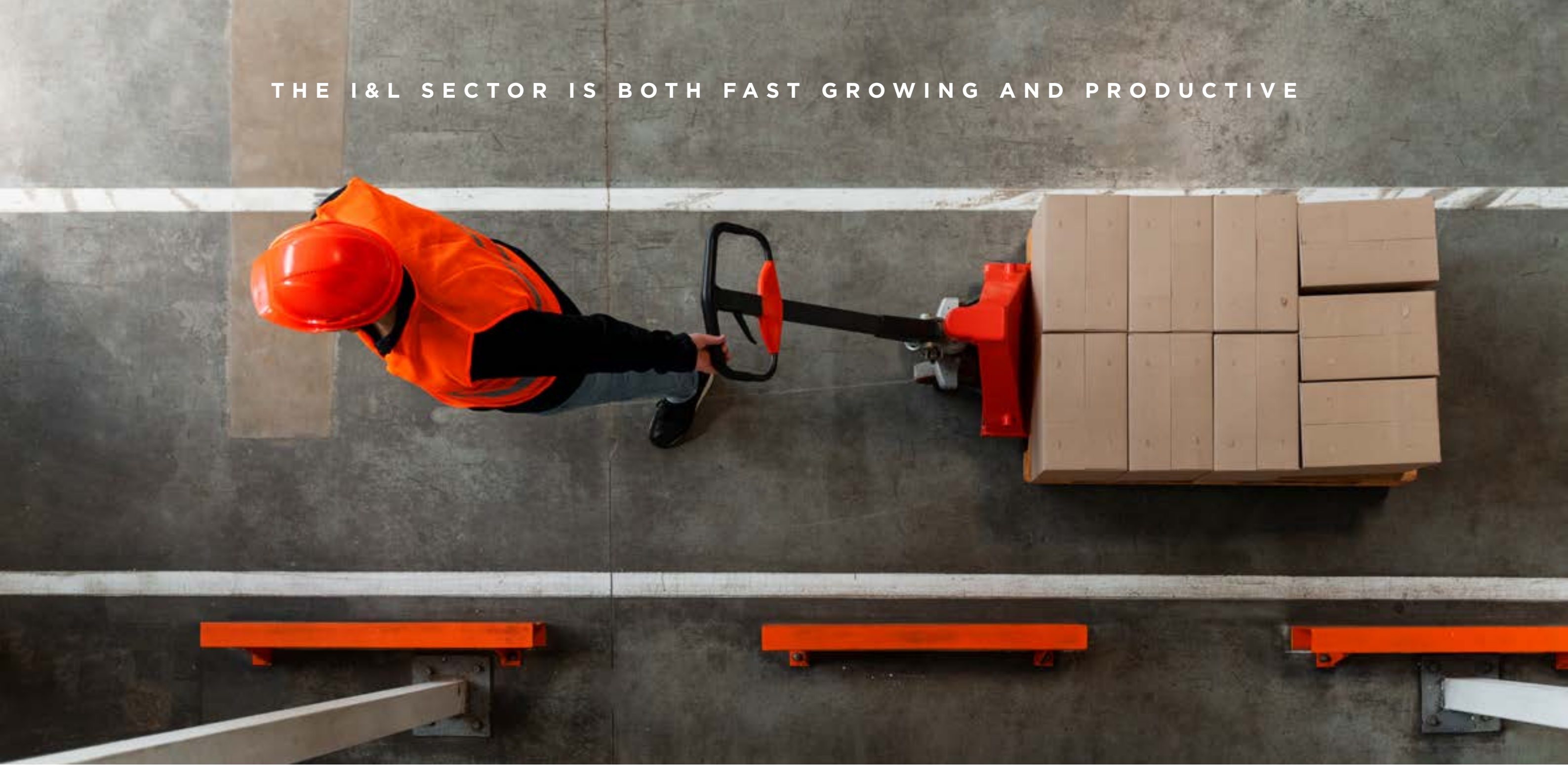



**Source:** Savills analysis of ONS (2025) UK input-output analytical tables 2022

**FIGURE 13 I&L HAS HIGHER PRODUCTIVITY GROWTH (2021-2040)**




**Source:** Source: Savills analysis of Oxford Economics (2025) data



## £84 BILLION IN TAX RECEIPTS

The I&L sector makes a significant contribution to the public purse at around £84.4 billion (Figure 14) per year, equivalent to around 12% of total public revenues[12] across:

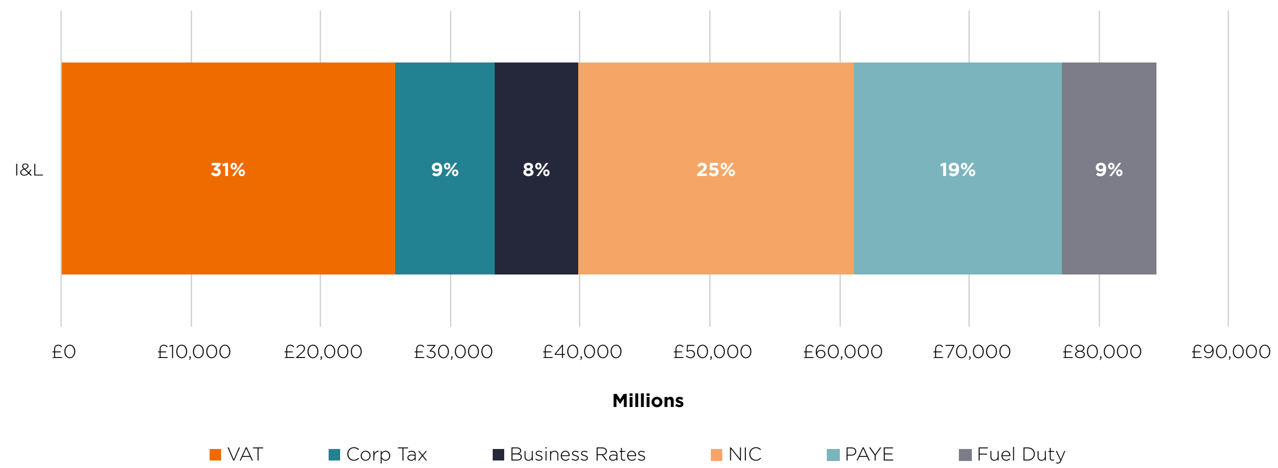
- Value Added Tax (VAT)[13]: £25.8 billion (15%)
- Corporation Tax[14]: £7.7 billion (10%)
- Business Rates[15]: £6.4 billion (28%)
- National Insurance Contributions (NIC)[16]: £21.3 billion (12%)
- Income Tax (PAYE)[17]: £16.0 billion (6%)
- Fuel Duty[18]: £7.3 billion (29%)

This revenue helps to fund public services such as the NHS, education and infrastructure, contributing to economic growth and living standards.

Supporting the growth of the I&L sector can serve to further bolster its contribution to public finances. As we discuss later, I&L demand has been 'suppressed' (or unfulfilled) by around 37% over the last decade due to historic land supply constraints. Given competing priorities for land and various environmental constraints it may be unrealistic to assume all of this demand could have been accommodated. However, if just 10% more of this demand could have been realised that would equate to around £9 billion in additional revenues for the Government annually.

This additional revenue is equivalent to the annual funding (£9 billion) being committed for the repair and upgrade of schools, hospitals and justice buildings in England under the 10-Year Infrastructure Strategy published in June 2025.

**FIGURE 14 ESTIMATED TAX RECEIPTS FROM THE I&L SECTOR**




**Source:** Savills analysis of ONS (2024) Annual survey of hours and earnings; VOA (2023) Non-domestic rating: stock of properties including business floorspace, 2023; DfT (2024) Road traffic estimates (TRA) data tables; HMRC (2024) Annual UK VAT statistics 2023 to 2024; HMRC (2024) Annual UK Corporation Tax Statistics 2023

FIGURE 15 I&L IS A VITAL INPUT TO THE IS-8 SECTORS

**LIFE SCIENCES:** I&L Input: 33% **£88.1 billion**

**ADVANCED MANUFACTURING:** I&L Input: 28% **£64.4 billion**

**DEFENCE:** I&L Input: 27% **£50.0 billion**

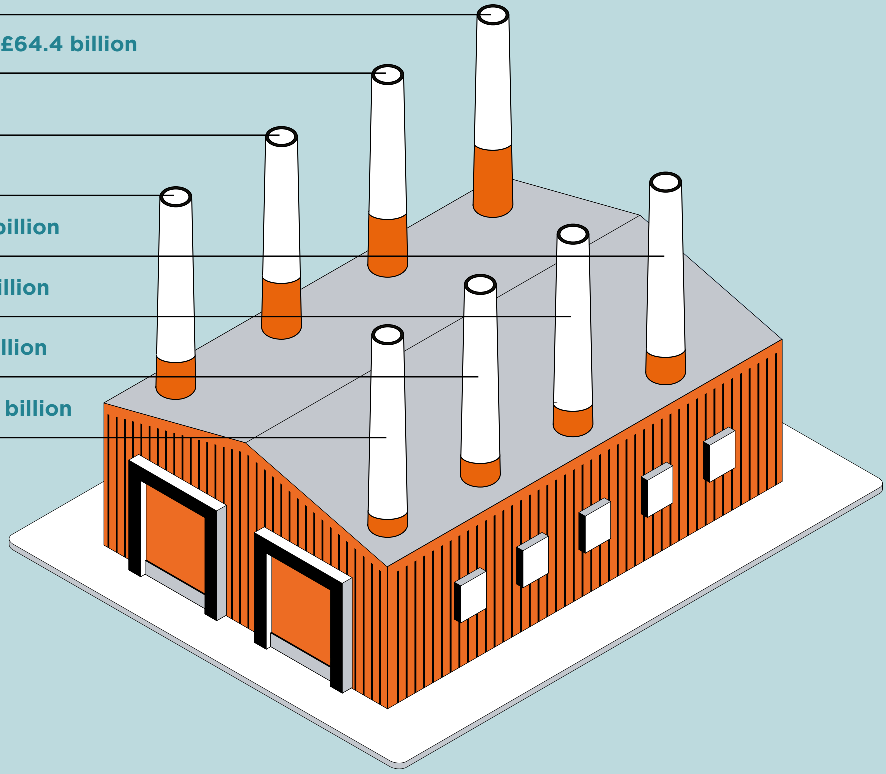
**CLEAN ENERGY**: I&L Input: 17% **£61.2 billion**

**DIGITAL & TECHNOLOGY:** I&L Input: 12% **£9.1 billion**

**CREATIVE INDUSTRIES:** I&L Input: 11% **£15.8 billion**

**FINANCIAL SERVICES:** I&L Input: 10% **£19.3 billion**

**PROFESSIONAL SERVICES:** I&L Input: 7% **£5.8 billion**



**Source:** Savills analysis of ONS (2025) UK input-output analytical tables

### I&L IS A FOUNDATIONAL SECTOR IN DELIVERING THE GOVERNMENT'S INDUSTRIAL STRATEGY

The I&L sector, and in particular the logistics element, enables the economy to function smoothly by connecting suppliers, manufacturers, and consumers across regions and industries. Without it, supply chains would not be able to function efficiently, costs would rise, and access to goods and services would be compromised – impacting economic activity at every level.

The Government's Industrial Strategy recognises the vital contribution the sector makes to the UK economy and the competitiveness of the eight identified growth sectors (referred to as the IS-8). The IS-8 are underpinned to a greater or lesser degree by I&L. This can either be directly through providing the physical premises from where these growth sectors operate, manufactured products as inputs to wider products and processes and/or indirectly via the transport of their physical goods and data to end customers.

Savills analysis of ONS Input-Output Analytical Tables show how different industries interact with each other. This analysis indicates that the IS-8 sectors combined purchased £250 billion worth of inputs from the I&L sector, which is equivalent to 22% of their overall inputs (Figure 15).

Facilitating growth in the I&L sector therefore has a two pronged impact. Firstly, through furthering its contribution to UK Plc as a highly productive sector in its own right. Secondly, by facilitating and enabling growth in other productive sectors which rely on it.

For these reasons, it should be considered critical national infrastructure, and should be planned for accordingly in Spatial Development Strategies. The role (direct and indirect) that the I&L sector plays in supporting the IS-8 sectors is explored through case studies on the following pages.

DIRECT AND INDIRECT IMPACTS OF THE I&L SECTOR ON THE IS-8

## ADVANCED MANUFACTURING

**Direct Impact**
High-spec premises for R&D activities, prototyping and manufacturing.

**Indirect Impact**
Relies on logistics sector for storage and movement of physical goods from origin to destination.

**Case Study**
Siemens Healthineers has announced a new 56,000 sqm facility in North Oxfordshire that will design and manufacture superconducting magnets used for MRI patient scans in healthcare facilities globally. With an investment of £250 million, the site will be home to proprietary technology that minimises the use of helium, making scanners lighter, easier to install and more sustainable.

## CLEAN ENERGY

**Direct Impact**
Clean energy technologies rely heavily on R&D and advanced manufacturing facilities for innovation, prototyping, and testing activities.

**Indirect Impact**
The sector is responsible for the physical movement of renewable energy infrastructure and components (e.g. solar panels and wind turbines) from manufacturers to installation sites.

**Case Study**
Vaillant, a global heating and cooling solutions provider, has expanded its UK manufacturing presence to meet the growing demand for low-carbon heating solutions. The company opened a £40 million manufacturing plant in Derby (12,200 sqm) to produce hot water cylinders, including the new uniSTOR high-recovery range, which will play a role in advancing the UK's low-carbon transition.

## LIFE SCIENCES

**Direct Impact**
The Life Science sector relies on dedicated R&D, advanced manufacturing and warehouse premises which are temperature-controlled and meet regulatory standards for sensitive products.

**Indirect Impact**
Pharmaceuticals, including medicines and vaccines, require precise supply chain management to ensure that they reach healthcare providers, pharmacies, and patients in a timely manner and in optimal condition.

**Case Study**
AstraZeneca is a pioneering global company driving innovation in biopharmaceuticals. The company is headquartered in an R&D facility known as the Discovery Centre, totalling 39,200 sqm located in Cambridge. AstraZeneca played a key role during the Covid-19 pandemic working alongside Oxford University to develop and distribute a vaccine. Underpinning this success was precise and resilient supply chain management.

## CREATIVE INDUSTRIES

**Direct Impact**
The flexibility of I&L floorspace means it provides the physical premises to support creative industries, such as film studios and art studios.

**Indirect Impact**
Events such as art exhibitions, filming/media production and trade shows, are all dependent on logistics for transporting stages, instruments, lighting, artwork, displays, and other equipment.

**Case Study**
Faced with limited storage the British Museum has commissioned a purpose-built research space and collection facility to safeguard and study its holdings. The British Museum Archaeological Research Collection (BM_ARC) is located in Reading and totals 15,500 sqm. The BM_ARC now holds over 1.3 million objects and has space to accommodate further collection moves in the future.

## DEFENCE

Ministry of Defence

**Direct Impact**
Storage is a critical aspect for the sector, encompassing secure, efficient, and strategically located facilities for keeping various assets (e.g. weapons, ammunition, vehicles, medical supplies) ready for deployment.

**Indirect Impact**
I&L, along with the various freight modes (i.e. motorways / vehicles, ports, rail and air) underpin the movement of goods from manufacturing plant to frontline delivery, both domestically and abroad. This is vital to maintaining operational readiness and resilience of the UK defence force.

**Case Study**
The Defence Fulfilment Centre covering 80,000 sqm is located in Hadley. This site includes two large warehouses and a support building, designed to centralise and streamline the storage and distribution of defence supplies. This facility is transforming the development of military logistics, enabling the Ministry of Defence to manage increasingly complex supply chains with greater efficiency.

## DIGITAL AND TECHNOLOGY

arm

**Direct Impact**
Data centres are specialised facilities that house computer systems and associated components such as telecommunications and data storage systems. As a result the digital and technology sector is itself dependent on facilities and floorspace encompassed within the wider I&L sector. Data centres facilitate homeworking, entertainment and streaming services, along with traditional business activities.

**Indirect Impact**
Supporting digital infrastructure such as data centres is likely to lead to major positive spillover effects for the economy, increasing dynamism into new sectors, and supporting the creation of new jobs.

**Case Study**
ARM Holdings is a global leader in semiconductor intellectual property and chip architecture, powering billions of devices, including those used in other IS-8 sectors such as advanced manufacturing. The company is headquartered in Cambridge, with an R&D facility spanning 18,000 sqm. The global distribution of ARM's technology depends on a highly specialised and resilient logistics network that supports movement of raw materials and finished chips across continents.

## FINANCE/PROFESSIONAL AND BUSINESS SERVICES

asanti

**Direct Impact**
These sectors are heavily reliant on digital platforms for banking, trading and payment systems, which all require data centre infrastructure to operate. The finance industry is also expected to be one of the leading users of big data, AI and cloud computing.

**Indirect Impact**
The I&L sector plays a critical role in supporting business functions by ensuring the secure and efficient movement of documents and data. There is also heavy reliance on digital infrastructure for real-time transaction processing and compliance with data privacy laws.

**Case Study**
Asanti is a UK-based data centre headquartered in Scotland, with key facilities in locations such as Reading with a facility spanning over 1,200 sqm. The company provides secure, scalable infrastructure solutions tailored to the needs of the financial services sector. One of its core offerings is colocation services, which allows firms to rent physical space to host their IT infrastructure within Asanti's data centres, enabling secure data storage, high speed connectivity and resilience performance.

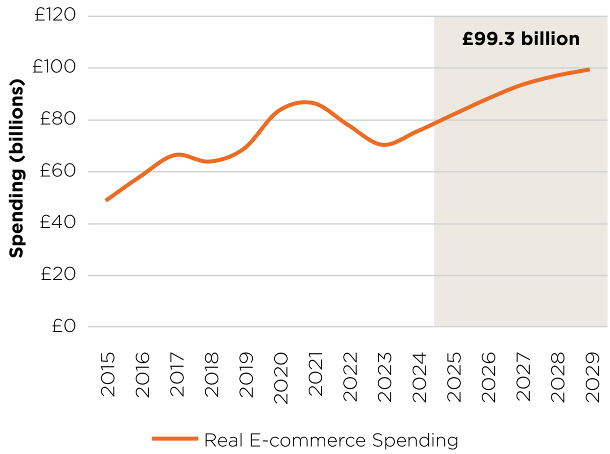
## I&L GROWTH IS STRUCTURAL, NOT CYCLICAL

The past decade has seen the I&L sector undergo a remarkable transformation, reshaping operating models and occupier requirements. The sector is also 'critical national infrastructure' that supports the functioning of our economy and the way we live our lives. Demand is being driven by a number of factors.

## E-COMMERCE

E-commerce has grown substantially over the past decade, with the Covid-19 pandemic accelerating this trend. Statista, a respected source of online retail projections, estimate that inflation adjusted online retail will grow from around £76 billion currently to £99 billion by 2029 (Figure 16).

**FIGURE 16 HISTORIC AND FORECAST E-COMMERCE SPENDING**




**Source:** Savills analysis of Statista, DfT, MDS Transmodal, Boeing data (2024)

## FREIGHT FLOWS

Freight flows are another key driver of I&L floorspace demand. Significant growth is forecast across all freight modes (Figure 17). Freight arriving and leaving the UK needs to be sorted, packaged and distributed via a network of freight handling infrastructure (i.e. ports, airports, rail freight interchanges and motorways) and conveniently located I&L premises to reach end customers.

## HOUSING GROWTH

A growing population and shrinking household sizes are driving the need for more housing. Each additional property is a potential delivery address that generates additional demand for I&L premises. Society's increasing desire for rapid parcel deliveries further compounds this demand.

**FIGURE 17 FORECAST GROWTH IN FREIGHT BY MODE**


Retail Economics[19] survey of 2,000 UK households in 2024 found that consumers ranked next-day delivery as the most influential factor when deciding where to shop online for the second consecutive year. To meet this demand for rapid parcel deliveries requires more I&L premises in close proximity to urban conurbations.

Therefore, it is clear that housing growth will have a significant influence on future logistics demand in particular. Based on our analysis, we estimate that the Government's 1.5 million homes target will account for 49% of future logistics demand (10.4 million sqm) by the end of the current Parliament. This is equivalent to 6.9 sqm of floorspace per household, accounting for continued productive improvements.

This analysis is significant for two key reasons. Firstly, it demonstrates that planning for new housing must go hand-in-hand with planning for new logistics space—one cannot be done effectively without the other. Secondly, it reveals that approximately half of future logistics demand is unrelated to new housing. This includes business-to-business activity, broader freight movements, and increased demand from existing households, which are spending more online and expecting faster parcel deliveries.

As discussed below, current methods used by local authorities to estimate future logistics demand rely heavily on population growth and historical trends. As a result, they tend to capture only the demand generated by new housing, overlooking the remaining 51% of logistics needs.

### INCREASED NEARSHORING & RESHORING

I&L companies serving the UK market continue to move towards nearshoring and reshoring[20] their operations in response to global transportation bottlenecks and geopolitical tensions. According to the latest Nearshoring Index produced by Savills, the UK ranks 10th globally in terms of attractiveness for nearshoring; which has already started to be observed with demand for I&L floorspace from the manufacturing sector rising by 32% since 2021[21].

### DEFENCE SPENDING

The UK has pledged to raise defence spending to 2.5% of GDP by 2027, while NATO has set a more ambitious target at 3.5% of GDP. Currently, the UK's defence I&L footprint is estimated at 2.4 million sqm. Based on the UK's current target, this would require an additional 137,000 to 285,000 sqm of floorspace by 2027[22]. Should the target be revised upward, the required uplift in space would exceed these estimates.

### DATA CENTRES

Data centres, a relatively new and rapidly growing subset of the I&L sector[23], are specialised facilities that house computer systems and associated infrastructure, including telecommunications and data storage. Put simply, they provide the physical space that powers the digital world: from everyday cloud storage and increasingly prevalent AI tools, to the critical systems relied upon by essential services such as the NHS.

As such, data centres are not only a vital component of the I&L sector, but also a cornerstone of the wider UK economy. The Government has recognised this through its delivery of AI Growth Zones which would help to facilitate and accelerate the delivery of data centres.

### GROWING IMPORTANCE OF DATA CENTRES

Analysis by TechUK shows that data centres currently contribute £4.7 billion in Gross Value Added (GVA) annually to the UK economy. Their impact extends far beyond direct economic output—they also drive productivity across other sectors. For every £100 of GVA generated directly by data centres, an additional £17 to £164 of GVA is created elsewhere in the economy[24]. These indirect benefits stem from supply chain interdependencies, as data centres provide the computing power behind technologies such as cloud computing, artificial intelligence (AI), and the processing, storage, and transfer of vast volumes of data.

Research by Savills[25] suggests the data centre market is set for significant expansion, driven largely by the rapid growth of AI. Europe's AI market is forecast to reach quadruple between 2025 and 2031, expanding at a compound annual rate of over 26%[26]. This points to an increasing reliance on digital infrastructure, with data centres—and by extension, the I&L sector—becoming ever more critical to the UK's economic future.

### PLANNING CHALLENGES AHEAD

Looking forward, a key challenge is the competition between data centres and other I&L uses for finite employment land and infrastructure. As data centre developments scale up, their need for uninterrupted, high-capacity power supply becomes increasingly pressing. However, this should not be framed as a binary choice. Each plays a distinct and complementary role in supporting the UK's economic and digital future. Data centres are critical to enabling digital transformation, AI, and cloud computing, while traditional I&L premises underpin physical supply chains, manufacturing, and distribution. As the economy becomes increasingly hybrid — blending digital and physical infrastructure — strategic planning must ensure that both sectors are supported. A balanced approach is needed to accommodate the growth of data centres without displacing the essential functions of the I&L sector.

The above factors are significantly driving demand for more I&L floorspace which the current planning system is failing to facilitate (as we discuss in the following chapter).

### I&L'S ECONOMIC CONTRIBUTION COULD BE EVEN GREATER IF CERTAIN BARRIERS ARE ADDRESSED

The economic contribution the sector makes in terms of jobs and GVA, as well as the tax revenue it generates for UK Plc, could be increased if historic land supply constraints are addressed and we have a more responsive planning system.

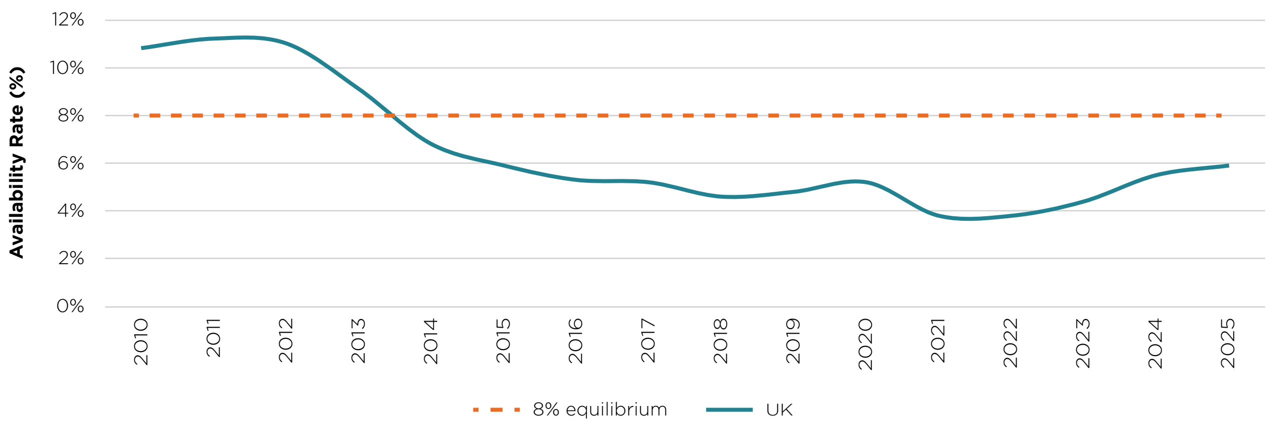
We would advocate for the creation of a National Supply Chain Infrastructure Framework to drive growth, sitting alongside the NPPF as a material consideration in planning decisions in order to provide decarbonised, reliable and resilient supply chains across the UK.

### HISTORIC SUPPLY CONSTRAINTS NEED TO BE ACCOUNTED FOR IN LOCAL PLANS

Between 2010 and 2024, availability of I&L floorspace has been below the 8% equilibrium, where demand and supply are considered to be in balance, for a significant period. This indicates that the market for I&L floorspace has been supply-constrained over this period (Figure 18).

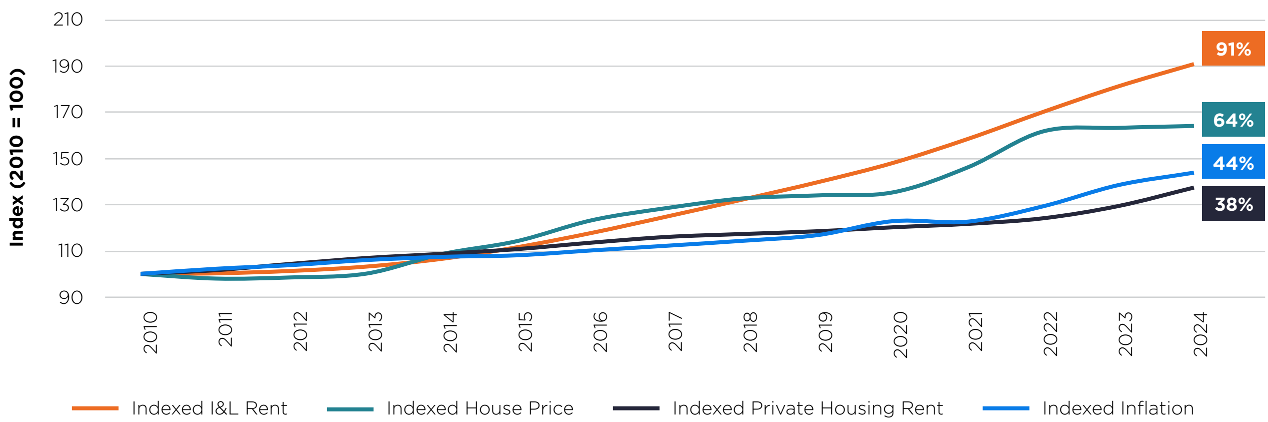
Whilst availability has ticked up over the last few years as a result of the cost of living crisis, elevated inflation, and geopolitical tensions, it has still remained below the 8% equilibrium rate, indicating the sector's resilience and the fact that its growth profile is structural rather than cyclical.

FIGURE 18 AVAILABILITY HAS REMAINED LOW NATIONALLY DESPITE MACROECONOMIC CHALLENGES




**Source:** Savills analysis of CoStar (2025) data

FIGURE 19 I&L RENTAL GROWTH HAS OUTPACED HOUSING VALUES & INFLATION




**Source:** Savills analysis of CoStar (2025) data and ONS (2025) UK House Price Index; Index of Private Housing Rental Prices

The fact that rental growth has been more than double the rate of inflation (Figure 19) is further evidence that the sector is supply constrained. Such high levels of rental growth is, in part, a byproduct of occupiers having to compete for limited available stock.

A key impact of this sustained above-inflation rental growth is increasing unaffordability for occupiers, especially for small and medium enterprises (SMEs) and non-blue-chip companies. Whilst the housing affordability crisis is well documented in the UK, less is known about these affordability struggles within the I&L sector. I&L rents have grown faster than private housing rents and house prices in the last decade (Figure 19). These affordability challenges can lead to companies delaying expansions plans, having to move to more affordable premises even if not ideal for their operations or staff, or in the worst cases contribute to business failure.

Historic supply constraints have 'suppressed' demand for I&L land and floorspace. Effectively, not all demand can be met, resulting in lost investment, job creation, and GVA.

Whilst it's easy to recommend that local authorities simply allocate more land for I&L uses, it is important that the way Local Planning Authorities (LPAs) estimate future demand is modernised and standardised to account for suppressed demand. This will ensure that future demand is not underestimated and the needs of the sector are planned for positively and in a robust manner.

Savills have developed a model which can estimate how much I&L demand has been lost ('suppressed') due to historic supply constraints, which is advocated by the BPF. This model can be applied to any geography, (whether at the national level, local authority, devolved authority level, or bespoke market areas), and to other commercial uses such as office.

The East and West Midlands have the highest levels of suppressed demand, which is problematic given these are two of the most important locations for I&L in the UK due to their geographic centrality (Figure 20).

**FIGURE 20 SUPPRESSED DEMAND (IN SQM) BY UK REGION (2010-2024)**

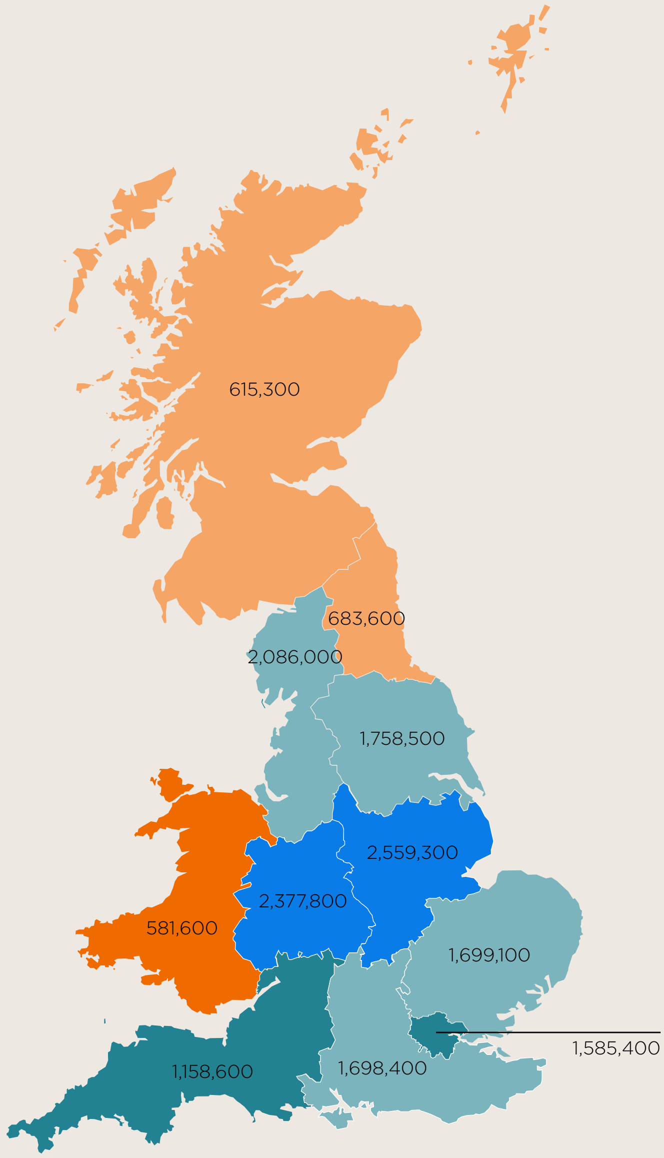
**Total Regional Suppressed Demand 2010-24 (sq.m)**
- Up to 0.6 million
- 0.6 million - 1 million
- 1 million - 1.6 million
- 1.6 million - 2.1 million
- 2.1 million - 2.6 million

**£9.7B**

In GVA lost from I&L Suppressed Demand across the UK

**140,000**

Jobs lost from I&L Suppressed Demand across the UK 2010 - 2024




**Source:** Savills (2025) analysis using CoStar (2025) data

London and the South East also have high levels of suppressed demand. This is concerning given London is the largest population and business hub in Europe. London's current housing target is 88,000 homes per annum, which means there will be an increasing demand for I&L space to serve this growing population.

The total suppressed demand across the UK equates to lost economic potential in terms of 140,000 jobs[27] and £9.7 billion in GVA between 2010 and 2024.

A GVA loss of £9.7 billion to the UK economy is roughly equivalent to the lost output of a local authority such as Southampton or Derby. Effectively, an entire city's worth of output has been lost due to the suppression of demand through lack of supply.

Whilst it is unrealistic to assume that all of this suppressed demand could be accommodated given competing pressures for land in the UK, it does help to demonstrate that the I&L sector could make an even larger economic contribution to UK Plc with additional supply.

## MORE LAND NEEDS TO BE ALLOCATED IN THE RIGHT LOCATIONS

Planning for the right quantum of land is important. However, it is equally important that land is allocated in the right locations. A supply of numerous small, irregular shaped sites, located away from the strategic transport network will not address the larger, expansion, or strategic requirements of many businesses, particularly those which meet a regional or national need.

While the inclusion of grey belt in the new NPPF is useful, these sites are generally smaller in size and not typically located close to motorway junctions, thereby limiting their suitability for larger or 'strategic' I&L premises.

As a result, there is a strong case for targeted Green Belt release for I&L uses. Currently around 47% of land within 2 km of the UK's busiest motorway junctions (the northern section of the M25, the M6, the M1 and the M62) is designated Green Belt.

Selective Green Belt release in these locations (and Greenfield land release in non-Green Belt locations) for development would enable new job opportunities to be created in the most attractive locations for I&L occupiers and critically help to meet strategic I&L demand. This in turn will have knock on effects for the wider economy, including the IS-8, given they are all to some degree dependent on I&L activity. This requires a cross-government departmental approach, to ensure that the wider objectives of the Government's Industrial Strategy can be realised.

The introduction of strategic planning by the government is welcomed as the current planning system has failed to adequately deal with strategic 'larger than local' employment sites[28]. The current system relies on effective co-operation between neighbouring local authorities which is rare.

Planning strategically is particularly beneficial for the I&L sector given that most occupiers have expansive supply chains linking themselves with their suppliers and end customers of between 1 to 4 hours travel time. Even this shorter 1 hour timeframe, more akin to smaller occupiers, is far larger than most local authority boundaries.

The English Devolution White Paper[29] states that Strategic Authorities (regionally-based bodies made up of groups of Local Authorities) must cover sensible economic geographies with a particular focus on functional economic areas, reflecting current and potential travel-to-work patterns and local labour markets. This suggests that I&L needs will be assessed at a wider geography than local authority level, where supply chains can be better considered.

However, travel to work patterns and labour market considerations are not the only factors. Market attractiveness and what makes a prime I&L site will also need to be part of the assessment to ensure that these geographies are meaningful for planning purposes. The rollout of the strategic planning system will help to ensure that I&L development is better aligned with strategic infrastructure provision and housing growth.

Ideally, the relevant strategic authority should set an overall minimum employment land delivery figure, which would then be distributed among local authorities by identifying or allocating land for development, mirroring the approach used for housing through the standard method.

## A MORE RESPONSIVE PLANNING SYSTEM

Planning delays are identified in the Government's Industrial Strategy as a cost of doing business in the UK, resulting in investors having a 'perception of the UK as a place where it is hard to get anything built – too slow, uncertain and expensive'[30]. These delays impact the pace at which new supply comes forward and therefore is a contributing factor to the supply constraints the sector has faced historically as discussed above. Additional implications include:

- Suppressing demand, resulting in lower investment and lower productivity as a result of suboptimal stock utilisation;
- Affordability issues for occupiers, particularly SMEs, as a result of significant rental growth; and
- Poor quality floorspace that does not meet emerging EPC standards.

Speeding up planning determination periods will be essential to having a more responsive system. Based on a sample of 50 recent I&L planning applications across the country, only 18% of these were decided within the 16-week statutory time requirement[31], with many extending far beyond this time frame (Figure 21). Over 26% of applications took more than one year to be decided.

The Government's Industrial Strategy is seeking to make planning decisions more timely. Called-in applications will have a 13-week target for determination, whilst funding for 300 new planning officers will help to increase the capacity of LPAs. Furthermore, I&L planning applications contribute significant planning application fees to LPAs, which should more effectively be directed towards resourcing and recruiting planning officers and improving overall planning service delivery levels.

Increased capacity of LPAs to determine applications is important, but a significant challenge that needs to be addressed is the widely-held negative perceptions of the I&L sector, typically held by local residents and councillors (see Chapter 5).

More agile or flexible planning policy mechanisms should also be deployed to enable employment sites to come forward outside of the formal Local Plan cycle via criteria-based policies, safeguarded sites or supplementary plans.

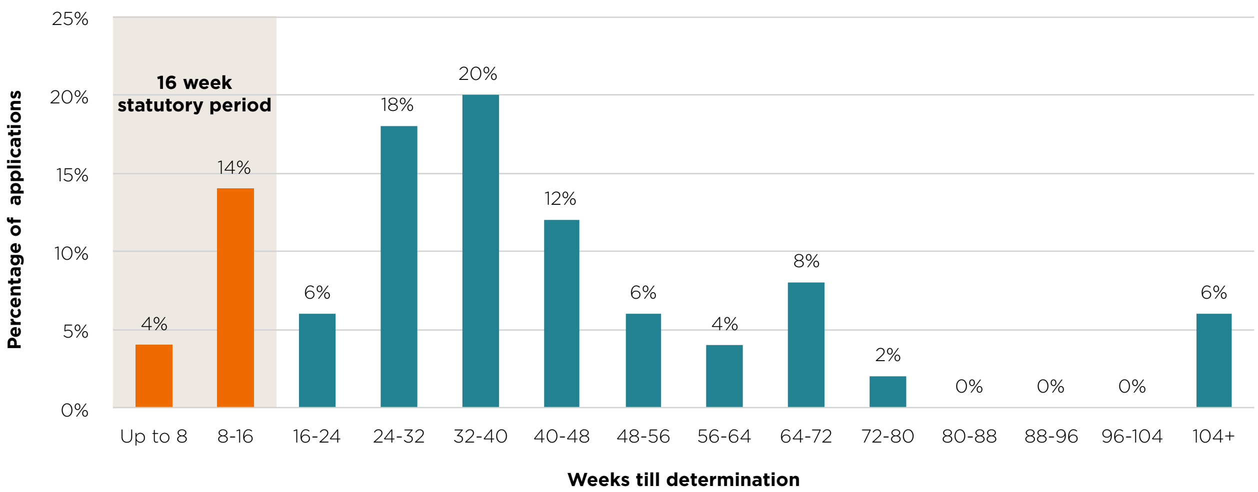
A standardised approach to pre-application advice and planning performance agreements can also ensure a greater degree of certainty. Strategic planning will also enable more efficient and timely production of local plans, which will provide the detail and broad areas of growth and opportunity areas to support the spatial strategy set out in Spatial Development Strategies.

## GOVERNMENT INTERVENTION ON EPCS IS NEEDED

As a result of technical innovations in the I&L sector, occupiers are increasingly demanding higher quality I&L floorspace, including high-quality ancillary office floorspace, larger yard sizes and minimum clear heights. Given increasing operating costs, occupiers are also gravitating towards buildings with strong environmental credentials (eg: EPC rating of A or A+, BREEAM Outstanding).

However, given not enough land is coming forward, and by extension, not enough modern floorspace, many I&L occupiers are having to occupy older buildings which do not fully meet their operational needs. Subsequently, many older buildings are fully occupied making it difficult for their owners to refurbish or redevelop them to meet modern occupier requirements and emerging EPC requirements. These tenants would find it difficult to find alternative space while the unit is refurbished or redeveloped whilst the owner would lose income while the works take place.

FIGURE 21 DETERMINATION PERIODS FOR I&L PLANNING APPLICATIONS




**Source:** Savills (2025) analysis of relevant planning applications

This is a significant issue for the commercial sector at large and the Government. Without more land supply, the existing aging stock will be difficult to replenish and the proposed EPC standards, designed to meet decarbonisation targets, will not be met.

The UK Government's 2021 consultation on Minimum Energy Efficiency Standards (MEES) proposed that all non-domestic rented properties achieve a minimum EPC rating of B by 2030, with an interim rating of C by 2027. A formal response to this consultation, originally due to be announced in early 2025, is still pending and the Department for Energy Security and Net Zero (DESNZ) has continued to signal that this remains the preferred trajectory.

Under these plans, Savills analysis, based on current EPC records suggests that around 70–80% of commercial property, and approximately 73% of I&L floorspace, would fall below EPC B. If unaddressed, this stock would be legally unlettable from 2030, leading to significant disruption across the sector.

Whilst there are no easy fixes to bringing the UK's I&L stock up to standard, the following may help to ease this transition:

- Confirmation of policy direction and timelines: we would welcome an approach which drops the intermediary 2027 deadline (minimum EPC C), focusing on 2030 deadline (minimum EPC B). This would reduce the level of burden placed on landlords and occupiers and ensure they can meaningfully engage with deeper and more substantial work to meet the 2030 deadline. There could also be scope to review the 2030 deadline and move it to 2032 or 2035. New regulations should only apply at certain trigger points to prevent contractual issues and ensure that businesses can run as smoothly as possible throughout the process. These trigger points would most obviously be lease renewals and building sales.
- Amendments to the General Permitted Development Order to increase the level of permitted development allowance given to warehousing. This would make it easier to upgrade existing warehouses for market requirements without the need for planning permission.
- Financial incentives to retrofit existing premises: including green leases, extending capital allowances for energy upgrades, and transition grants for SMEs.
- Prioritising 'fabric first' retrofits: roof and wall insulation, air-tight loading bays, insulated doors, upgraded glazing, LED lighting with motion sensors, smart building management systems (BMS), solar PV on roofs (see Chapter 4).

Retrofitting may be part of the solution, especially as the cost of retrofitting an existing I&L unit to raise its EPC rating to B is often around the same as the cost of demolishing and rebuilding, resulting in the main 'cost' difference being the high carbon cost of demolishing and rebuilding. However, retrofitting alone cannot solve the problem.

In cases where the I&L stock no longer meets modern occupier requirements, due to factors such as the clear height of the building or the internal or external layout of the buildings and its associated infrastructure, demolition and rebuild may be the only viable solution to ensure the property is marketable to modern I&L occupiers. Furthermore, in order to demolish and rebuild a property, the existing tenants would need to be evicted, resulting in the loss of rental payments received by landlords and operational difficulties for occupiers. Due to supply constraints in the I&L market, occupiers may struggle to find alternative premises and may have to cease operations.

Modern I&L developments are routinely built to EPC A+ and BREEAM Outstanding/Excellent standard. These schemes incorporate solar PVs, heat pumps, natural ventilation, and EV infrastructure and utilise low-carbon materials during construction. Modern premises have modular, flexible layouts which allow them to evolve with occupier needs without the need for redevelopment. Therefore, facilitating the development of new I&L premises will not only help to address supply constraints in the market, but also meet the Minimum Energy Efficiency Standards.

# A CONDUIT FOR DOMESTIC AND INTERNATIONAL INVESTMENT

The UK is a magnet for international capital, thanks to its strong legal protections, global connectivity, dynamic start-up culture, and commitment to the transition to a low-carbon economy[32]. It leads Europe both in venture capital investment (receiving over twice as much as Germany since 2010[33]) and Foreign Direct Investment (FDI)[34].

In contrast, domestic investment is more muted. The UK has the lowest domestic investment rate in the G7 (see Figure 2). This reflects underinvestment by domestic firms in machinery, intellectual property (IP), and infrastructure, planned reductions in public investment and policy uncertainty (most notably Brexit).

Much of this investment supports a vibrant research and development (R&D) and start-up ecosystem, but companies struggle to scale-up and commercialise their ideas into marketable products that can be produced and distributed in the UK and abroad. Contributing factors include high electricity costs, grid constraints, and a lack of suitable and affordable commercial floorspace.

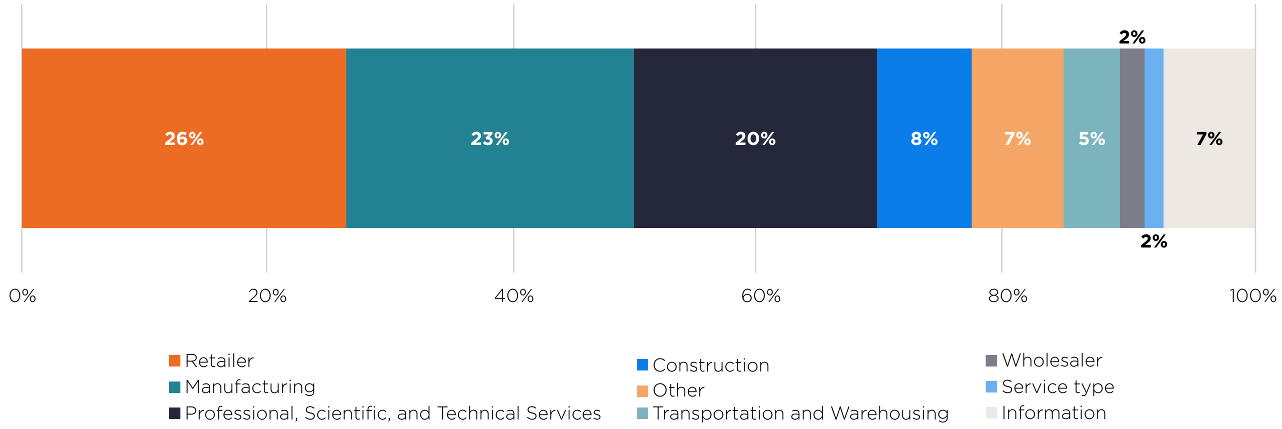
This chapter explores how the I&L sector acts as a conduit for both international and domestic investment, and its role in providing flexible floorspace for a diverse range of business sectors. More of this space in the right locations can help to ensure we manufacture and distribute the fantastic products and services developed in the UK and contribute to economic growth.

### I&L PREMISES PROVIDE FLEXIBLE FLOORSPACE FOR DIFFERENT FUNCTIONS UNDER ONE ROOF

I&L premises are fundamentally uniform and flexible spaces that can be adapted or fit-out to meet the needs of a diverse range of businesses. This allows them to serve a wide range of industries and occupiers, from traditional manufacturers and logistics firms, innovative R&D companies, laboratories and service oriented businesses, to data centres (which have stricter locational requirements).

This conclusion is evidenced by the fact that almost every business sector of the economy has leased I&L floorspace within England since 2019 (see Figure 22). Over half (57%) of the I&L floorspace leased has been in sectors outside of the traditional manufacturing and transportation and warehouse sectors, with a significant proportion (around 15%) in service based sectors including professional, scientific and technical activities. Given the sector provides premises ranging in size from a couple of hundred square metres to over 100,000, it caters to companies of all sizes and at all stages of the supply chain to operate efficiently within.

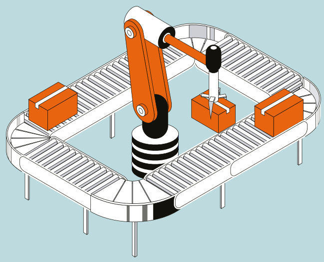
#### FIGURE 22 A DIVERSE RANGE OF SECTORS LEASE I&L FLOORSPACE (2019-2024)




**Source:** Savills analysis of CoStar (2025) data

This sectoral diversity within the I&L sector is often overlooked and helps to explain why it is so successful in attracting both domestic and international investment. The activities that take place within I&L premises are as diverse as the occupier base. Modern I&L buildings encompass everything from advanced manufacturing and prototyping facilities, large-scale data centres, national, regional or last mile logistics centres to hybrid modular units combining office, R&D and light industrial space for SMEs.

These premises are also home to cutting-edge technologies and processes, such as:



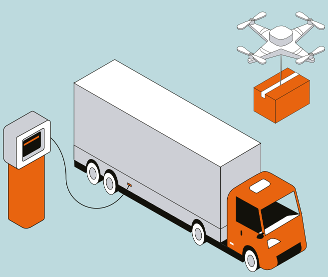
### AUTOMATION AND ROBOTICS IN WAREHOUSING

Warehouses are increasingly using robots for picking, packing, and sorting, along with automated guided vehicles (AGVs) and autonomous mobile robots (AMRs) to move goods.

These technologies boost speed, reduce errors, and drive productivity—while creating high-skilled jobs such as robotics technicians and engineers (see Chapter 5).

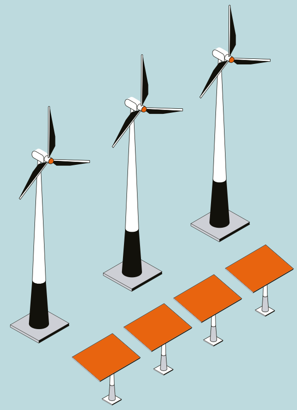
### DATA ANALYTICS AND INTERNET OF THINGS (IOT)

AI, data analytics, and IoT are essential for tracking shipments and managing inventory. With next-day delivery now standard, smarter, faster supply chains are required.



### ENERGY EFFICIENT VEHICLES

Transport is both a major cost and environmental concern. Logistics firms are investing in electric trucks, biofuels, autonomous vehicles, and last-mile drones to cut emissions and improve efficiency.



### SUSTAINABILITY PRACTICES

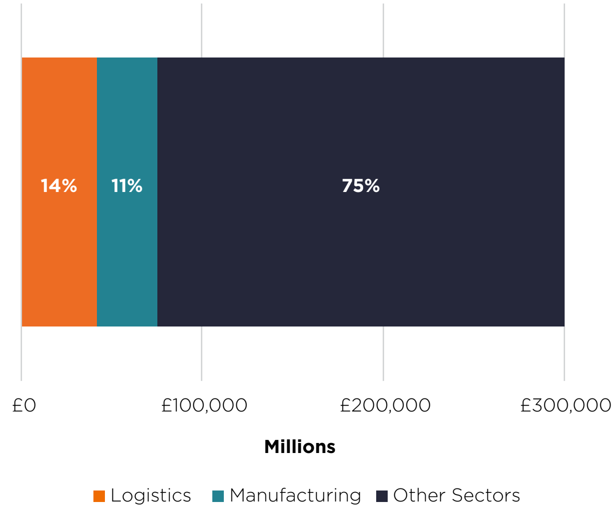
Green warehousing and packaging are gaining traction. Eco-friendly practices not only reduce environmental impact but also lower long-term costs and enhance productivity.

These technological advancements and processes drive productivity and ultimately profitability and will be critical to the success of the IS-8 sectors identified in the Government's Industrial Strategy. They will also be a key focus of further investment (both international and domestic) going forward.

## THE I&L SECTOR ATTRACTS DOMESTIC AND FOREIGN INVESTMENT

Within the UK, the industrial and logistics sectors, when combined, form the largest source of domestic investment (25% or £75.4 billion), followed by real estate (Figure 23). Domestic investment in I&L has a powerful multiplier effect — each pound invested supports not only the construction and operation of I&L space, but also enables wider supply chain activity, exports, and job creation as discussed in Chapter 3.

**FIGURE 23 UK DOMESTIC INVESTMENT SECTOR BREAKDOWN**




**Source:** Savills analysis of ONS (2025) Business investment by industry and asset

### CASE STUDY: MAGNA PARK LUTTERWORTH

Magna Park Lutterworth is one of the great success stories in UK logistics and regional development. It has supported and delivered jobs and growth and is home to 30 global occupiers including Amazon, Bleckmann, Centrica, Unipart, DHL, ASDA, Wayfair, Nissan and Renault.

Earlier this summer it completed its 50th building marking the latest milestone in what has become the largest dedicated logistics park in Europe, with over £1 billion invested over 38 years.

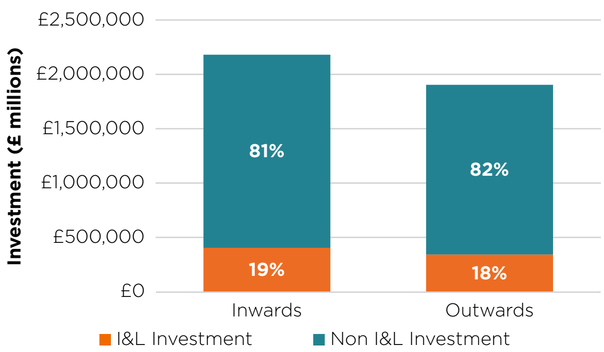
The Park contributes between £1.13 and £1.36 billion annually to the UK economy, supports between 10,000 and 12,000 direct jobs, (up to 26,000 jobs when the impact of supply chains and spending is included), and generates annual business rates income of £50 million (rising to £60 million at full build-out).

GLP has established the Centre of Logistics Education and Research (CLEAR) at Bittesby House in Magna Park providing training and skills programmes in partnership with North Warwickshire & South Leicestershire College, Wincanton, and the East Midlands Chamber of Commerce. Further additions of an Innovation Centre and HGV Truck Park with EV charging are coming through in the next 12 months. Local communities have been strengthened by targeted social initiatives, including a £1.3 million community fund supporting over 100 local charities and projects.

The I&L sector accounts for £62 billion of net Foreign Direct Investment (FDI) (i.e., inward investment flows minus outward investment flows). This level of net inward investment signals that the UK is a highly attractive location for I&L investors especially as it comprises 22% of overall net FDI into the UK. This is reinforced by the fact that:

- The UK has one of the highest e-commerce penetration rates in Europe and the Midlands 'Golden Triangle' offers access to 90% of the UK's population within 4 hours – this makes the country attractive for e-commerce and logistics investment.
- The UK is a gateway to Europe and global markets with major ports (Felixstowe, Southampton, London Gateway, Port of Liverpool) and international freight airports (Heathrow, East Midlands).
- The commercial property market is transparent and mature, with strong protection of property rights.
- The UK I&L sector is a leader in tech innovation (automation, robotics, AI) and sustainability (aligning with global ESG investment strategies).

**FIGURE 24 INWARD FOREIGN DIRECT INVESTMENT IN I&L EXCEEDS OUTWARD INVESTMENT**




**Source:** Savills analysis of ONS (2025) Foreign direct investment, UK subnational estimates: 2023

The sector also accounts for almost half (48%) of all R&D spending in the UK[35]. This is mainly driven by investment in manufacturing (particularly in pharmaceuticals) which is not surprising given the UK's strength in life sciences. R&D spending is a key driver of innovation, competitiveness and long-term economic growth.

## I&L INVESTMENT COULD BE MAXIMISED IF CERTAIN BARRIERS ARE ADDRESSED

The I&L sector is a conduit for both domestic and international investment, and the members comprising the BPF's Logistics Board plan to increase investment by 50% over the next 5 years to meet demand.

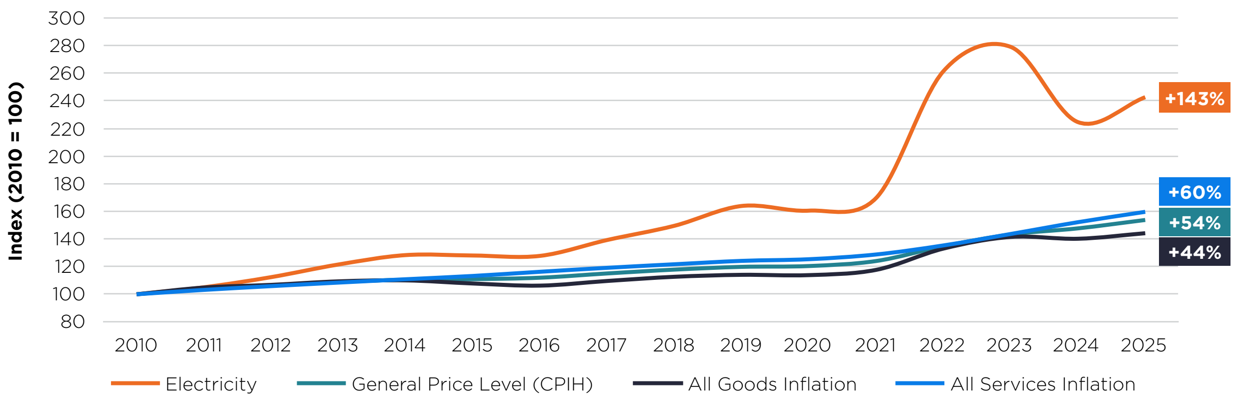
To support these plans, we would recommend the formation of a cross-departmental Freight Planning Forum comprising public and private sector partners as part of the upcoming Freight and Logistics Plan, which places investing in I&L property at its heart as part of the UK's critical infrastructure.

Along with this, the following barriers should be addressed to maximise investment into the sector.

## ELECTRICITY COSTS AND GRID CONNECTIONS

A major constraint preventing further adoption of technology, investment and supply chain efficiency in the I&L sector is the cost of electricity. Electricity has been one of the major drivers of inflation in the UK economy in recent years (Figure 25).

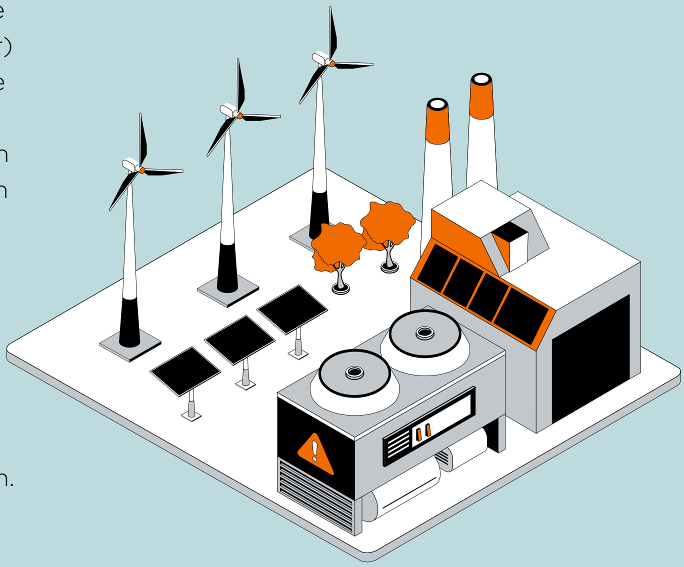
**FIGURE 25 ELECTRICITY COSTS HAVE SIGNIFICANTLY OUTPACED INFLATION**




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

Indeed, based on Savills 2025 European Real Estate Logistics census, cost pressures (energy and labour) were identified as the biggest operational challenge for I&L occupiers[36]. For developers, power supply was ranked as the third most important factor when considering new I&L developments (after the length of the planning process and a lack of development sites)[37]. Access to power is also the single largest determinant behind the development of data centres.

The Government's Industrial Strategy recognises that high electricity prices and grid connection delays are a barrier to investment and electrification. The Government has therefore proposed a number of initiatives to address these problems, including:



**LOWER ELECTRICITY COSTS**
British Industrial Competitiveness Scheme (from 2027): Cutting electricity costs by up to £40/MWh for 7,000+ electricity-intensive businesses in automotive, aerospace and chemicals.

**EXTRA SUPPORT FOR ENERGY-INTENSIVE INDUSTRIES**
British Industry Supercharger Programme: Raising network charge discounts from 60% to 90% by 2026 for energy-intensive sectors including steel, glass and chemicals.

**STABLE LONG-TERM ENERGY PRICES**
Corporate Power Purchase Agreements (CPPAs): Government support to expand the CPPA market, helping businesses secure stable long-term electricity prices and reduce market volatility.

**FASTER GRID CONNECTIONS**
Connections Accelerator Service: Speeds up grid access for major industrial and investment projects, reducing delays when firms expand or build new facilities.

**REDUCED ENERGY LEVIES**
Reduced Energy Levies: Targeted exemptions from schemes such as the Renewables Obligation, Feed-in Tariffs and the Capacity Market to cut electricity bills for qualifying firms.

**PRIORITY ACCESS FOR STRATEGIC PROJECTS**
Planning & Infrastructure Bill (Proposed Powers): Enables grid capacity to be reserved for strategically important projects, preventing delays caused by limited network capacity.

---

On-site solar photovoltaic (PV) generation can supplement these measures by offering an immediate, decentralised source of electricity, helping to offset grid demand and reduce dependency on constrained local substations (and does not take up valuable agricultural farmland). I&L premises are particularly well-suited to this, due to their large, unshaded roof areas that can accommodate significant solar arrays which are capable of meeting a meaningful share of daytime operational loads (see case study below). I&L buildings have the roof space for up to 15GW of new solar, equivalent to about 25% of the UK's power requirements[38].

By generating electricity on-site, solar installations can release pressure on the grid and enable development where connection capacity is limited, particularly when designed to maximise self-consumption rather than export. Government support for innovation in battery and other local energy storage solutions (for example by providing grants) could also enable logistics parks to become self-sufficient, thus reducing the need to draw energy from the grid. We would also recommend opening up the market for physical connection to the grid to competition and setting a higher feed-in tariff to further incentivise export of green energy to the grid.

**CASE STUDY: SOLAR DEPLOYMENT IN I&L WAREHOUSING**

I&L developer and operator Indurent has rolled out rooftop solar across 557,400 sqm of its UK logistics portfolio, supporting over 100 occupiers in improving energy resilience and reducing operational costs.

The initiative reflects growing occupier demand for sustainable, energy-efficient buildings and aligns with broader sector trends toward decarbonisation.

The installations include features such as rooftop PV arrays and EV charging infrastructure, helping tenants lower energy bills and strengthen ESG performance. While full rooftop coverage is not yet commercially viable for all sites due to grid constraints and limited onsite consumption, Indurent's refurbishment-led approach has enabled solar deployment where it delivers clear value.

Cross-functional collaboration between planning, development, ESG, and asset management teams is key to identifying viable opportunities and aligning capital investment with sustainability goals.

Planning barriers have eased for non-domestic rooftops and since late 2023 rules were relaxed so that most industrial rooftop PV falls under permitted development (Class J), with prior-approval focused mainly on design/glare. The previous 1 MW cap on industrial rooftops was removed in 2023 to speed up deployment. Fiscal incentives such as extending capital allowances to solar PV and battery storage systems could further encourage installations and simplifying grid connections will be particularly important.

The current grid connection queue is a major obstacle as permission is required from the Distribution Network Operator (DNO) and larger roofs need to be registered with the National Grid Electricity System Operator (ESO). The system was designed decades ago for centralised power plants, not for a distributed network of warehouse solar rooftops, which has resulted in long connection queues, a complex approval process and cost uncertainty.

For many operators, this means rooftop solar cannot be installed or used at full capacity, even when technically feasible. We therefore welcome reforms to speed up and simplify grid access for solar PV projects, including the ESO and Ofgem clearing speculative or stalled projects from the connection queue and better data-sharing between DNOs and the ESO to improve visibility of local capacity and prevent double-handling of applications.

While not a replacement for long-term grid investment, rooftop PV offers a pragmatic, scalable and low-carbon means of alleviating immediate power-connection challenges for occupiers, while also accelerating the energy transition more efficiently.

## SUPPORTING TECHNOLOGY ADOPTION AND SCALING UP

As stated, the UK, and the I&L sector in particular, attracts large volumes of R&D and Venture Capital (VC) investment and produces world-leading research. However, this research is largely not translated into new products that are ready for market, that can then be scaled and mass produced from within the UK. In other words, we are good at the research and development phases, but not as good at scaling and commercialising (Figure 26). This wasted economic potential can also explain why the UK's productivity growth has been constrained historically.

**FIGURE 26 THE START UP LIFECYCLE**


**Source:** Savills (2025)

The Government's Industrial Strategy aims to tackle difficulties with technology adoption by expanding on proven interventions such as the Made Smarter Adoption Programme (which supports manufacturing SMEs to take up new technologies). It also wishes to take a greater role in coordinating technology adoption activity, building on the Technology Adoption Review. Innovate UK will also play a central role in accelerating commercialisation of new technology.

Another barrier to innovative companies scaling up is a lack of affordable, flexible, mid-sized premises in the right locations. The result is occupiers having to remain in their existing premises, even if not ideal for their operational requirements which negatively impacts growth, productivity and supply chain efficiency. Higher rents also mean less productive investment in skills and software, for example.

Innovative activities (from high growth sectors such as the IS-8) are increasingly being located within modern I&L buildings given their inherent flexibility (sometimes referred to as 'mid-tech' units). Therefore, it will be important to facilitate the development of these premises.

## FREEPORTS, INVESTMENT ZONES AND TAX INCENTIVES

The Government's Industrial Strategy will provide more support for the UK's Freeports and Investment Zones (collectively called Industrial Strategy Zones) equating to £160 million of funding over 10 years. These zones will have streamlined planning processes, better-targeted investment promotion, support for accessing finance, and coordinated support on skills.

This support will be particularly beneficial for the I&L sector given that customs advantages such as exemptions from tariffs, VAT, and customs duties are attractive for companies that manage global supply chains, bonded warehouses, and distribution hubs (e.g., automotive, electronics, or life sciences).

Relief from business rates, reductions in employer National Insurance Contributions and enhanced capital allowances will enable relatively lower cost development of I&L premises within these Zones, and will also provide significant operational cost savings for occupiers.

The strategic location of the Industrial Strategy Zones (near key freight handling infrastructure such as airports, ports, and strategic rail freight interchanges) will also be beneficial for many I&L occupiers by encouraging clustering.

This will result in agglomeration benefits such as improved efficiency and supply chain integration. The Government is looking to bring more investible sites forward through its Strategic Sites Accelerator which should help to address some of the supply constraints faced by the I&L sector discussed in Chapter 3.

There is also scope for Local Development Orders (LDOs) to play a greater role in facilitating I&L development in the right locations by reducing planning delays and uncertainty for investors and occupiers. Greater coordination with the new proposed Strategic Authorities could also help to provide consistent planning frameworks for regionally significant employment sites and logistics corridors.

# HELPING PEOPLE BACK INTO WORK AND IMPROVING LIVING STANDARDS

The Government's Get Britain Working White Paper aims to ensure everyone has access to secure, rewarding, and fulfilling work[39]. It outlines measures to help the long-term sick return to employment, expand training and apprenticeships for young people, support upskilling and retraining, and assist employers in addressing labour and skills shortages.

The Paper highlights that labour market opportunities are often shaped by geography. Areas with higher deprivation tend to have lower educational attainment, which affects employment rates, earnings, and overall living standards.

As a result of historically low unemployment, the UK faces persistent labour shortages, worsened by rising economic inactivity post-Covid. Inflation and the cost-of-living crisis have further strained wages and deepened regional disparities.

This chapter explores how the I&L sector can help tackle regional inequality and serve as a springboard for re-engaging economically inactive individuals back to the workforce.

## THE I&L SECTOR CAN HELP TO TACKLE REGIONAL DISPARITIES

The UK has a regionally imbalanced economy, whereby London and the South East are home to the majority of high-value economic activity, resulting in higher levels of productivity.

Subsequently, their residents benefit from a higher standard of living when compared to other regions.

Tackling regional inequality has been a key goal of successive Governments. I&L can play an important role in this regard given new investment in buildings is more evenly spread throughout the UK compared to other major commercial sectors such as offices and retail (Figures 27-29). I&L investment is more footloose as to where it will locate as long as it can serve population and business hubs, typically with a 1 to 4 hour travel time.

On the other hand, offices and retail are town centre uses and by their nature are more geographically focused. Offices are a prime example whereby 74% of new development has been concentrated in just 10 city centre locations, since 2020. Offices and retail are also facing structural challenges meaning investment in these sectors, especially outside of super-prime locations, has been modest. Data centres, whilst a growth industry, will also be limited to where there is power availability, with most of this investment to be concentrated in Availability Zones and AI Growth Zones.

**FIGURE 27 I&L**

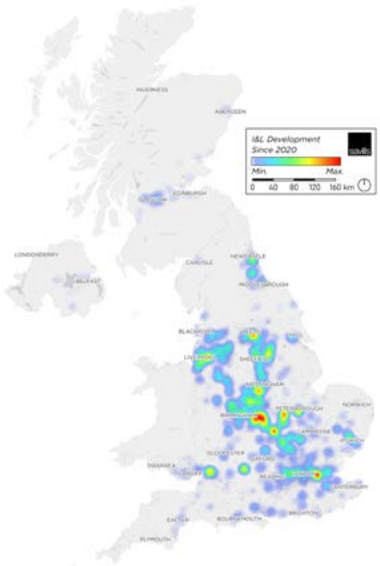



**FIGURE 28 OFFICE**

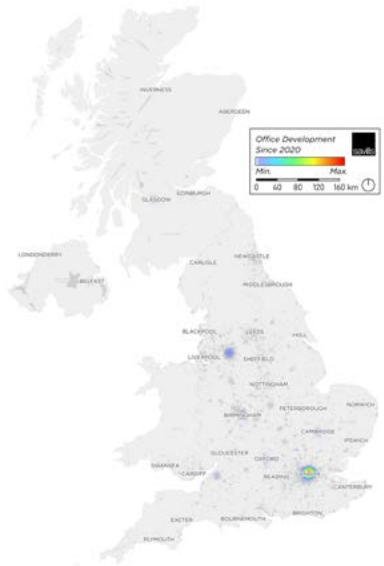
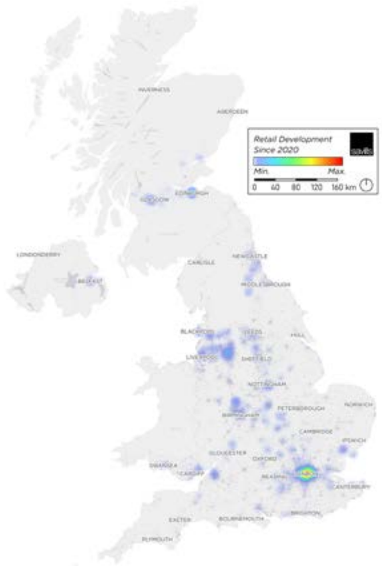



**FIGURE 29 RETAIL**



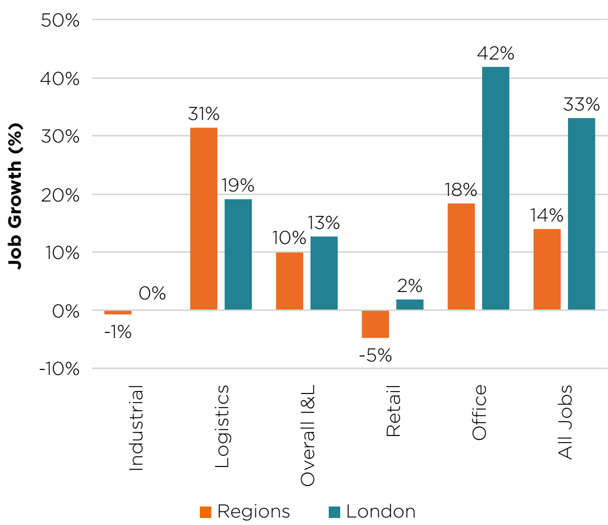

**Source:** Savills analysis of CoStar (2025) data

## THE SECTOR PROVIDES DIVERSE, WELL-PAID AND GOOD-QUALITY JOBS

The I&L sector is also an engine for sustainable growth outside of London and the South East. Logistics is the only sub-sector that has seen more jobs growth outside of London: 31% growth in the regions vs 19% in London (Figure 30). In contrast, job growth has been stronger for office and retail in London, given that investment has been largely concentrated in the capital for these uses.

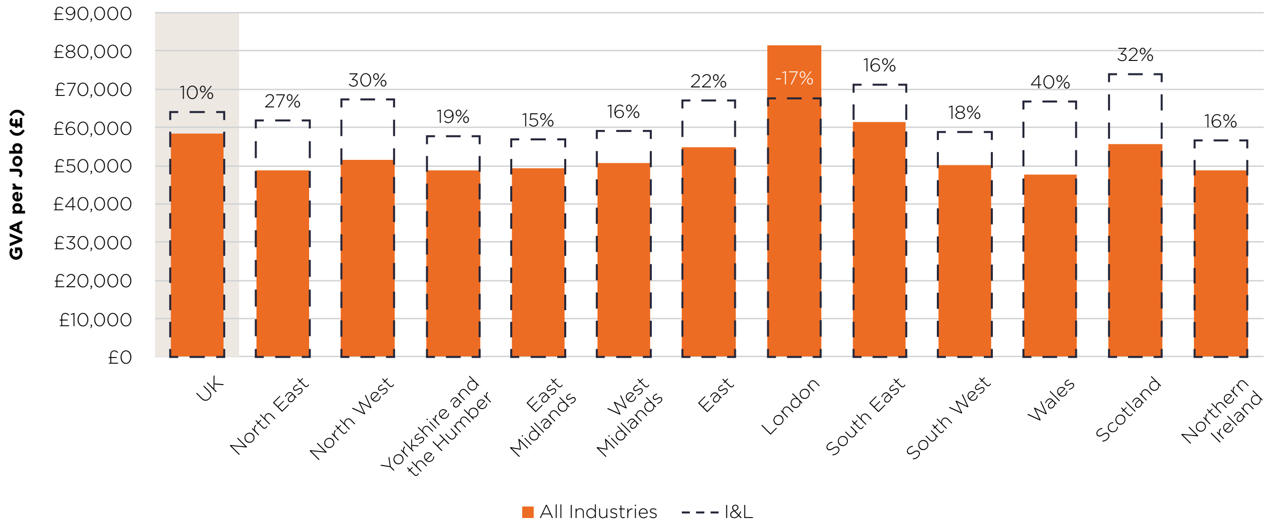
I&L jobs are also more productive, with GVA per job (£64,110) higher than the all-sector average (£58,260) in the UK and all regions other than London (Figure 31). This means not only is investment more evenly spread throughout the UK, this investment results in good-quality and productive jobs to the benefit of local economies and areas of deprivation.

**FIGURE 30 LOGISTICS IS THE ONLY SECTOR WITH HIGHER JOBS GROWTH IN THE REGIONS THAN LONDON (2010-25)**




**Source:** Savills analysis of ONS (2025) Workforce jobs by industry (SIC 2007)

### FIGURE 31 GVA PER FILLED JOB IS HIGHER FOR I&L IN ALL REGIONS OTHER THAN LONDON



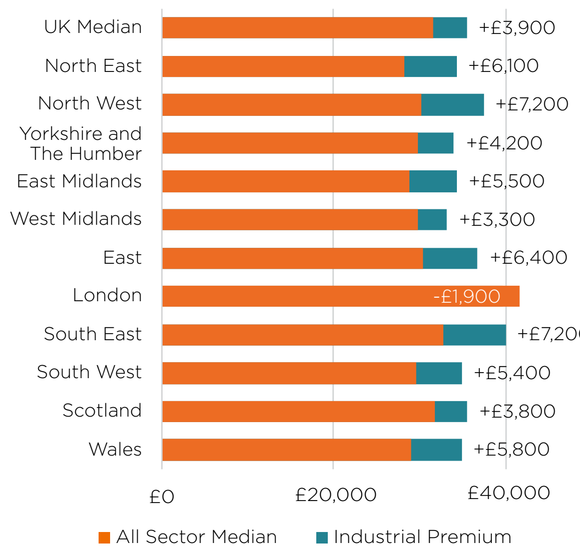

**Source:** Savills analysis of ONS (2021) Region by industry labour productivity

Contrary to many people's perceptions, I&L jobs are well-paid and diverse. At the national level, when compared to all sectors, median industrial and logistics wages stand at £35,520 (+£3,900 vs the all-sector median) per annum and £35,870 (+£4,300 vs the all-sector median) per annum, respectively (Figures 32 and 33).

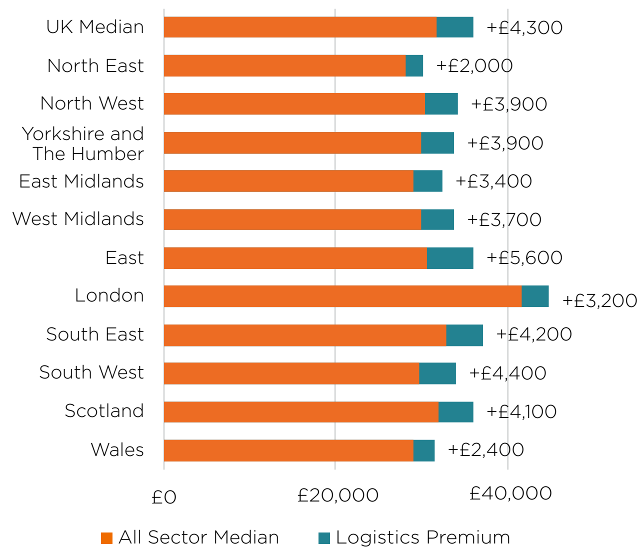
The I&L sector has become higher skilled in part due to I&L roles and processes shifting away from manual labour towards managing machinery and technology. These higher skilled roles fuel productivity in the more traditionally 'lower skilled' roles through increased use of technology and faster and more efficient processes.

As a result, most of the job growth has been in professional occupations such as Supply Chain Managers, Procurement Specialists, Warehouse Managers, Automation Engineers, Health & Safety Managers, etc. Between 2005 and 2025, occupations in Standard Occupational Classification (SOC) groups 1-3 (higher skilled) have increased by 40%, whilst SOC groups 4-6 (mid skilled) have decreased by 30%, and SOC groups 7-9 (lower skilled) have decreased by 19% (Figure 34).

### FIGURE 32 REGIONAL INCOME PREMIUM FOR INDUSTRIAL JOBS

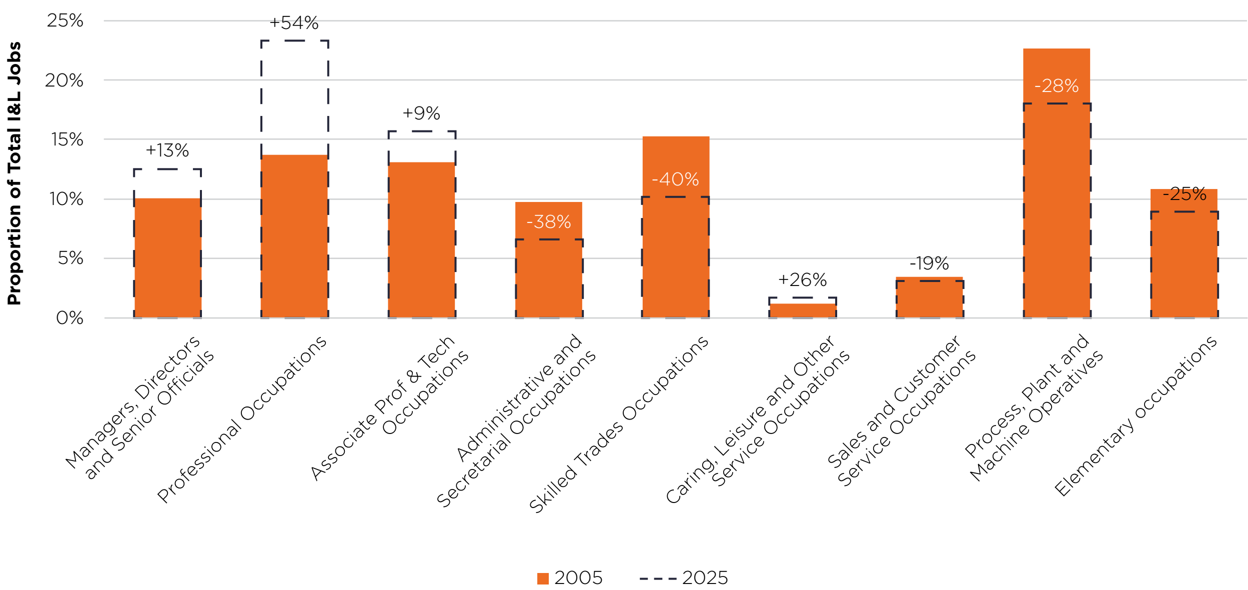



### FIGURE 33 REGIONAL INCOME PREMIUM FOR LOGISTICS JOBS




**Source:** Savills analysis of ONS (2025) Annual survey of hours and earnings

**FIGURE 34 I&L JOBS ARE INCREASINGLY HIGHER SKILLED**




**Source:** Savills analysis of ONS (2025) Annual population survey

## STOPPING THE BRAIN DRAIN

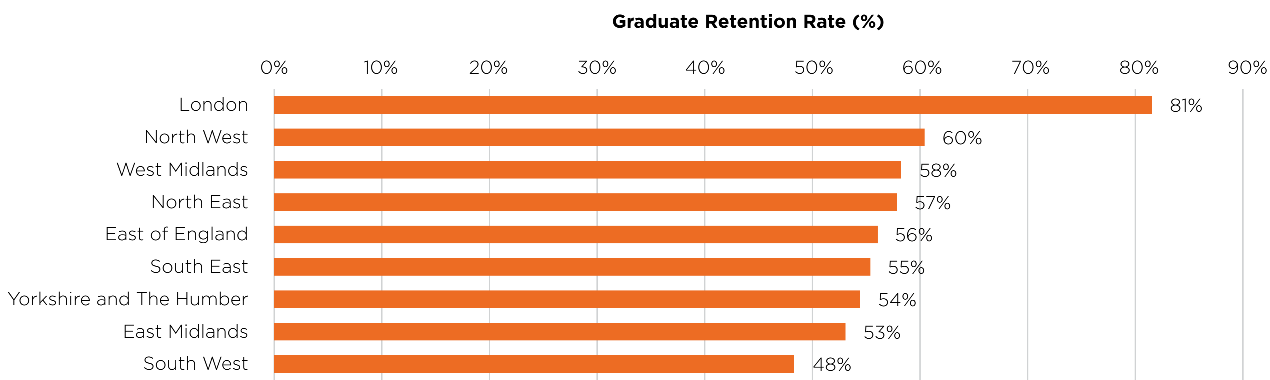
Regions outside of London have significantly lower graduate retention rates (Figure 35) which can be attributed to a lack of quality employment opportunities. Facilitating the development of good quality I&L premises in the regions can play a role in reducing the brain drain of graduates to London, especially given the sector supports a range of different skilled occupations, is better paid, more productive and is one of the few commercial sectors that is growing faster in the regions than in London.

Given logistics is one of the few commercial sectors with a strong growth profile in the economy, it offers the opportunity to anchor talent locally rather than lose them to London and the South East.

This makes I&L development not just a physical investment, but a strategic lever for inclusive, skills-led regional growth.

I&L premises are changing too, in response to the changing nature of operations and the types of occupations it now accommodates. One of the most notable changes is increased office co-location which now accounts for around 10% on average of new I&L premises. Businesses are increasingly co-locating their HQ and R&D functions with their I&L operations, which requires high-quality (Grade A) office floorspace. Co-location and the move to higher quality floorspace can play a role in helping to attract skilled staff.

**FIGURE 35 GRADUATE RETENTION RATES BY REGION (2024)**




**Source:** Savills analysis of ONS (2024) data

However, it is important to note many I&L roles do not require university level qualifications. This is not to say employees get stuck in more elementary roles, in fact quite the opposite. The I&L sector demonstrates a unique capacity to upskill entry-level workers and promote career progression without requiring formal higher education. According to written evidence submitted by Logistics UK to Parliament, around 35,000 logistics workers were promoted to managerial roles in 2021, and notably, 63% of those promoted did not hold a university degree[40]. This highlights the sector's ability to offer structured, experience-based advancement pathways.

Programmes like Generation Logistics (see case study below), backed by the Department for Transport and led by Logistics UK and CILT (UK), have further institutionalised this approach by integrating logistics careers into school curricula and launching initiatives such as the Education Hub and Generation Logistics Week. These initiatives provide hands-on exposure and virtual learning for young people aged 13–24.

The I&L sector also saw around 33,860 apprenticeship starts in 2022/23, and between 2018/19 and 2022/23 around 170,000 individuals started I&L apprenticeships, reflecting the sector's commitment to vocational training and inclusive workforce development. The figures underscore I&L's role as a driver of social mobility, offering clear, accessible pathways from elementary roles to skilled and managerial positions — a model not as widely replicated in other sectors.

The I&L sector could make a greater contribution to reducing regional disparities and creating good-quality jobs if certain barriers are addressed.

### (RE)ENTERING THE WORKFORCE, RE-TRAINING AND UPSKILLING

As detailed below, the I&L sector provides a diverse range of higher skilled and more elementary occupations. These elementary roles are less reliant on formal qualifications which can be both costly and time consuming for employees to obtain. These types of roles are well suited for bringing unemployed persons back into work and those with fewer qualifications more easily, many of which can be upskilled on the job. Indeed, the Government intends to continue the sector-based Work Academy Programme (SWAPs) over 2025/26, with the mission to increase participation in sectors such as logistics and warehousing[41].

Jobcentres work with local training providers to deliver employer-led placements combining sector-focused employability training, a work experience placement and guaranteed job interview. SWAPs have a strong track record of supporting people to build skills and helping employers accessing a new pool of candidates.

### CASE STUDY: GENERATION LOGISTICS

Initiatives like Generation Logistics, a government-backed campaign led by Logistics UK and CILT (UK), have played a pivotal role in reshaping perceptions of logistics careers and attracting new entrants. In its first year, the campaign generated 789,000 visits to its online hub and 3.7 million social media engagements, while building a network of over 300 ambassadors who promote logistics careers in schools and colleges. The campaign's Education Hub provides curriculum-linked resources for educators and has launched Generation Logistics Week to directly engage students through virtual careers fairs and in-person events backed by major employers like Maersk and Tesco. Alongside this, organisations such as Logistics Learning Alliance and The National Logistics Academy offer accredited qualifications and experiential learning in warehousing, transport, and supply chain management, helping individuals transition into high-skilled roles and supporting workforce development across the sector. These programmes are not only vital for operational excellence but also for graduate retention, as they provide clear pathways into meaningful, future-ready careers in regional I&L hubs.

**CASE STUDY: THE HUB AT DIRFT**

The Hub at DIRFT (Daventry International Rail Freight Terminal) is a purpose-built logistics training and education facility developed by Prologis UK. It serves as the central location for the Prologis Warehousing and Logistics Training Programme (PWLTP), launched in 2021 to address skills gaps in the logistics sector and support local employment.

The Hub offers practical training in areas such as forklift operation, warehousing procedures, and employability skills. It features flexible learning spaces and supports a wide range of learners, including care leavers, ex-offenders, and women entering the industry. The programme has had a strong social impact, helping nearly 100 individuals secure employment in its first year and generating over £1.5 million in socioeconomic value.

The PWLTP aims to train 11,000 people by 2026, helping meet the sector's increasing demand for skilled workers driven by e-commerce expansion. The Hub has also earned recognition for its innovative design and community contribution, including the RTPI Best Project Award in 2022.

Examples of I&L company-specific on-the-job training and upskilling is detailed in the above case study. Apart from this, there are numerous skills and jobs brokerage services in operation (see table on the next page). These initiatives are all well thought-out and successful in their own right, however a lack of coordination across programmes is leading to duplication, inefficiencies, and missed opportunities.

There is clearly a role for Government, potentially as part of its upcoming Freight and Logistics Plan, to define a more coordinated approach to I&L skills which better connects and amplifies the good work already being done.

Singapore's Skills Framework for Logistics is considered to represent a good example of a more coordinated approach (presented in the adjacent case study).

**CASE STUDY: SINGAPORE SKILLS FRAMEWORK FOR LOGISTICS**

The Framework has been developed by the Singapore government in collaboration with industry stakeholders, and is a comprehensive sector-wide tool that maps out job roles, career pathways, and the technical and transferable skills required across the logistics industry. It provides a unified structure that supports individuals, employers, and educators in workforce planning, training alignment, and career development. Each role within the framework is linked to specific competencies and nationally recognised qualifications, enabling clear progression routes and consistent standards. This model offers a strategic blueprint for how the UK could better coordinate its fragmented logistics training landscape through a national framework embedded in policy and practice. This would not be about removing the great programmes already in place but rather connecting them better within a more unified framework.

## A MYRIAD OF PROGRAMMES AND FRAMEWORKS COVERING I&L SKILLS

| PROGRAMME / FRAMEWORK | TYPE | SCOPE | FUNDING | DELIVERY | NOTES |
|---|---|---|---|---|---|
| Generation Logistics | Awareness & Recruitment Campaign | UK-wide, logistics sector | DfT + industry | Digital media, ambassadors | Focused on perception change and youth engagement |
| Opportunity Escalator (East Midlands IGC) | Policy Framework | East Midlands, cross-sector | EMCCA | Strategic planning, investment alignment | Focus on inclusive growth and systemic barriers |
| National Logistics Academy | Training Provider | UK-wide | Government + private | HGV training, apprenticeships | Largest specialist logistics trainer in UK |
| Logistics UK Training | Industry-led Training | UK-wide | Member-funded | CPC, dangerous goods, technical skills | Covers all logistics roles from driver to director |
| Prologis Warehouse & Logistics Training Programme (PWLTP) | Free Training Programme | UK-wide | Private (Prologis) | Hands-on, employer-linked | Focused on warehousing and entry-level roles |
| Logistics Learning Alliance (LLA) | Qualifications Provider | UK-wide | Self-funded or employer-funded | CILT, IoSCM, humanitarian logistics | Offers bespoke and experiential learning |
| T Levels & BTECs in Logistics | Vocational Education | England | Government | Schools & colleges | Formal education route into logistics |
| RHA Skills | Free Training & Career Development Service | UK-wide | Government-funded | Delivered by Road Haulage Association and TRS Training | Supports career development and training across the logistics industry |
| Veterans into Logistics | Employment Support & Training | UK-wide | Charitable & corporate sponsorship | Driver training, mentoring, job placement | Helps ex-military personnel enter the logistics sector |

### APPRENTICESHIPS, APPRENTICESHIPS, APPRENTICESHIPS...

The Get Britain Working White Paper makes it clear: too many young people leave school without the skills, support, or access to high-quality learning pathways—like apprenticeships—that they need to thrive in the workplace.

Initiatives like Generation Logistics are flipping the script—showcasing the I&L sector as a dynamic career destination, with routes ranging from entry-level apprenticeships to graduate programmes. As the sector evolves, so is academia. Universities are stepping up, with 27 institutions now offering over 55 logistics-related courses, which is likely an underestimate, given the sector's overlap with engineering, business, and tech.

These courses have been built in partnership with leading employers, ensuring graduates are prepared with practical, job-ready skills that match real-world needs.

Beyond universities, specialist providers like UKWA, City & Guilds, IoSCM, and Logistics UK Training are delivering hands-on training that supports career progression and sector growth.

Logistics UK, for example, is now on the Apprenticeship Provider and Assessment Register (APAR), and is launching the Level 3 Transport Operations Supervisor programme and the Level 5 Operations Manager Apprenticeship—a direct route to Chartered Manager status.

The proposed Growth and Skills Levy will give employers more flexibility to invest in training—whether that's apprenticeships, short courses, or new foundation apprenticeships designed to open doors for young people in key growth sectors.

But there is still more potential to unlock. If the sector can overcome historic supply constraints (see Chapter 3), the scale and impact of training and apprenticeship opportunities could grow significantly. For instance, apprenticeship starts in the I&L sector has averaged around 34,000 per annum over 2018/19 to 2022/23[42]. Savills Economics have estimated that due to I&L suppressed demand, the UK has lost out on 140,000 jobs as well as 3,800 apprentices between 2010 and 2024.

This underscores the vital role that the sector can play in unlocking employment opportunities, particularly for young people.

### CHALLENGING I&L MISCONCEPTIONS

Misconceptions around job densities, skill levels and pay have long shaped how the I&L sector has been planned for, often to its detriment. These outdated views overlook the evidence that I&L is one of the UK's most productive and fastest-growing sectors, generating a wide range of increasingly high-skilled, well-paid occupations.

It is therefore important to ensure decision-makers better understand and recognise the critical role that the I&L sector plays in the economy to ensure that 'significant weight' is attributed to logistics and supply chain infrastructure through government working with local government representative bodies, the Planning Advisory Service and the sector itself.

The benefits of supporting I&L development are tangible and measurable. Through social value outcomes, local engagement, and sustainability initiatives, developments can deliver real community impact. Section 106 obligations already play a role in this—funding transport upgrades, new cycle lanes, public transport contributions, and environmental mitigation measures such as noise reduction and air quality improvements. They also support public realm enhancements and social infrastructure, including through contributions to Community Funds, employment and training initiatives, community facilities, and essential services. However, the full value of I&L development goes beyond what Section 106 can capture, such as employment creation, skills development, health and wellbeing, and environmental gains.

To unlock the sector's full potential, Planning Policy Guidance should be updated to reflect the sector's true economic contribution, moving past outdated assumptions and recognising its role in driving productivity and high-skilled employment in planning decisions. Crucially, planning obligations must evolve to capture offsite impacts (such as supply chain jobs and regional training initiatives), so that the full spectrum of economic and social value is recognised and delivered, whilst GPDO allowances and HCA Employment Densities guidelines should be updated to reflect modern conditions and market realities.

**CASE STUDY: EVRI HUB, BARNSLEY**

In May 2022, Newlands Developments completed Evri's largest European parcel sorting centre—a 31,600 sqm facility capable of processing 1.1 million parcels daily, boosting Evri's total capacity to 4.2 million parcels per day. Strategically located near key motorways and retail distribution hubs, it enables later collection cut-off times.

The site supports Evri's Compressed Natural Gas (CNG) fleet, the UK's largest, and incorporates major sustainability features including solar PV, EV charging, 25,000 trees, with zero waste during construction. A nearby 19.5-acre biodiversity site is managed under a 30-year plan.

Newlands worked with Barnsley Council to secure funding for a £25 million bypass, supporting 1,400 jobs, with over 80% local recruitment. Community benefits include new public transport, sports facilities (football pitches, archery range), educational visits for local schools (including Hoyland Common Primary School), university placements for Sheffield Hallam, Nottingham Trent and Loughborough Universities and Barnsley College, apprenticeships, and local SME procurement.

# HOW GOVERNMENT CAN HELP: SUPPORTING UK GROWTH, JOBS & INVESTMENT

This report has highlighted the role the I&L sector can play in helping all levels of Government address the economic challenges of today. It is a sector with a consistently strong growth profile, needs little financial support from Government to come forward, is a key conduit for new investment into the UK, supports a diverse range of quality jobs and as a result, is a key contributor to the finances of UK Plc.

If the following recommendations are taken forward (along with the Government's proposed policies detailed in this report), the I&L sector can deliver even more for the UK economy into the future:

## MAXIMISING I&L'S ECONOMIC CONTRIBUTION

- Create a National Supply Chain Infrastructure Framework to drive growth, sitting alongside the NPPF as a material consideration in planning decisions in order to provide decarbonised, reliable and resilient supply chains across the UK
- Modernise and standardise how future demand for I&L land is estimated to account for historic supply constraints in Local Plans, using the 'Suppressed Demand' methodology advocated by the BPF.
- More land needs to be allocated in the right locations, including through selective Green Belt release, to enable new job opportunities in the most attractive locations for I&L development.
- Deploy more agile or flexible planning policy mechanisms to enable employment sites to come forward outside of the formal Local Plan cycle via criteria-based policies, safeguarded sites or supplementary plans
- Standardise the approach to pre-application advice and planning performance agreements to ensure a greater degree of certainty
- Strategic Authorities need to cover sensible economic geographies that reflect the supply chains and site requirements of modern I&L occupiers, as well as to deal with larger than local sites and to ensure that I&L development is more aligned with strategic infrastructure provision and housing growth.
- The approach advocated in the PPG should be emphasised more strongly in the NPPF whereby the relevant strategic authority should set an overall employment land delivery figure, which would then be distributed among local authorities by identifying or allocating land for development, mirroring the approach used for housing through the standard method.
- Clarify the policy direction and timelines for Minimum Energy Efficiency Standards (MEES), with scope to drop the interim 2027 deadline and extend the 2030 deadline (minimum EPC B) to 2032 or 2035.
- Financial incentives and prioritising 'fabric first' retrofits may help to ease the transition to minimum EPC B premises, but it must be recognised that retrofitting alone cannot solve the problem without facilitating development of new I&L premises, which are routinely built to EPC A+ and BREEAM Excellent/Outstanding as the baseline.

## MAXIMISING NATIONAL AND INTERNATIONAL INVESTMENT IN THE I&L SECTOR

- Formation of a cross-departmental Freight Planning Forum comprising public and private sector partners as part of the upcoming Freight and Logistics Plan, which places investing in I&L property at its heart as part of the UK's critical infrastructure
- Accelerate grid connectivity to enable green energy to be exported back to the grid through grants for innovation in battery and other local energy storage solutions, opening up the market for physical connection to the grid to competition, setting a higher feed-in tariff to further incentivise export to the grid and expediting Ofgem and ESO's reforms to the grid connection queue
- Facilitate the development of modern, flexible and affordable I&L premises in the right locations to support innovative companies to scale up their operations in order to bring their goods and services to market.
- Greater use of LDOs in facilitating I&L development at regionally significant employment sites or along strategic corridors, with coordination between Strategic Authorities to provide consistent planning frameworks.
- Amend the General Permitted Development Order to increase the level of permitted development allowance given to warehousing and I&L units. This would enable the upgrading of existing units to market and business requirements without the need for planning permission, allowing for the careful consideration of occupier demands whilst also alleviating the burden on Local Planning Authorities.

## MAKING A GREATER CONTRIBUTION TO REDUCING REGIONAL DISPARITIES AND CREATING GOOD-QUALITY JOBS

- A more coordinated approach which better connects and amplifies the good work already being done to re train and upskill the I&L workforce such as Generation Logistics and Veterans into Logistics.
- Ensure decision-makers better understand and recognise the critical role that the I&L sector plays in the economy to ensure that 'substantial weight' is attributed to logistics and supply chain infrastructure through government working with local government representative bodies, the Planning Advisory Service and the sector itself.
- Planning Policy Guidance should be updated to reflect the I&L sector's true economic contribution and planning obligations must evolve to capture offsite impacts (such as supply chain jobs and regional training initiatives), so that the full spectrum of economic and social value is recognised and delivered.

As we evidence within this chapter, a lack of appreciation and consideration of the I&L sector risks missing out on sustainable economic growth. We also highlight the wider role the sector can play in helping the Government improve productivity, generate more quality jobs, support housing growth, facilitate the operations of the priority sectors identified in the Industrial Strategy, and fund social infrastructure.

# ENDNOTES

1 What Warehousing Where?
2 Delivering the Goods (2020)
3 Levelling Up - The Logic of Logistics
4 The BPF manifesto for Logistics
5 In Scotland and Wales, I&L covers the use classes B1(c), B2 and B8; in Northern Ireland B3 (Light industrial), B2 (General Industrial), B4/B8 (Storage and Distribution).
6 Includes public, private, household and non-for-profit investments
7 Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States
8 ONS (2023) Annual Business Survey; ONS (2022) UK Business Demography
9 The highest productivity sectors, in order, are real estate activities, finance & insurance, non-manufacturing production & agriculture, and information & communication. These jobs are concentrated within London, the South East, North West, and Scotland. This contributes to their very high levels of productivity. Outside of these sectors, and following public administration & defence, the combined I&L industry accounts for the next highest productivity sector.
10 Department for Work and Pensions, Economic labour market status of individuals aged 50 and over, trends over time (September 2025)
11 Based on analysis of ONS Type 1 FTE Multipliers
12 Proportion of total public revenues of the public revenue streams considered (i.e., VAT, Corporation Tax, Business Rates, NIC, Income Tax, and Fuel Duty).
13 Covers the UK
14 Covers the UK
15 Covers England and Wales
16 Covers England, Wales and Scotland
17 Covers England, Wales and Scotland
18 Covers England, Wales and Scotland
19 2024 Basket Abandonment Report – Retail Economics
20 Nearshoring and reshoring refer to relocating supply chain operations closer to or back within the UK—nearshoring typically to nearby countries like those in Europe, and reshoring directly to the UK—to reduce transport times, improve reliability, and strengthen supply chain resilience.
21 Savills Research (2024) Big Shed Prospects
22 Savills Research (2025) Savills Defence Logistics
23 The majority of local authorities regard data centres as B8 (because they are used for the electronic storage of data), although some consider them as a specialised use (sui-generis) due to their unique operational requirements.
24 TechUK: Foundations For The Future: How Data Centres Can Supercharge UK Economic Growth
25 Why the rise of data centres is good news for the industrial & logistics sector
26 EMEA Data Centres - Between gridlock and gold rush
27 Accounting for a 50% displacement rate
28 The BPF manifesto for Logistics
29 Ministry of Housing, Communities & Local Government (2024) English Devolution White Paper
30 UK Government (2025) The UK's Modern Industrial Strategy p.80
31 Stratified sample of 50 I&L planning applications since 2019, which due to their size met the criteria for an Environmental Impact Assessment (EIA) application, which has a 16-week time limit for determination according to national guidance
32 Industrial Strategy (2025)
33 Savills analysis of Pitchbook data
34 Industrial Strategy (2025)
35 ONS (2024) Business enterprise research and development (R&D), UK: 2023; Expenditure on R&D performed in UK businesses: detailed product groups
36 Savills Research (2025) European Real Estate Logistics Census
37 Ibid
38 The BPF manifesto for Logistics
39 UK Government (2024) Get Britain Working White Paper
40 Logistics UK, Written Evidence SMP0031, UK Parliament Committees
41 UK Government (2024) Get Britain Working White Paper para 155
42 DfE (2025). 'Apprenticeships in England by industry characteristics'

savills

## 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.

## REPORT AUTHORS


**Mark Powney**
Head of London, Economics
M: +44 (0) 797 077 0492
E: mark.powney@savills.com

**Kevin Mofid**
Head of EMEA I&L, Research
M: +44 (0) 781 224 9386
E: kmofid@savills.com

**Reyna Nayee**
Associate, Economics
M: +44 (0) 797 714 1657
E: reyna.nayee@savills.com

**Aaron Eunson**
Economist, Economics
M: +44 (0) 777 9402 623
E: aaron.eunson@savills.com


## BPF CONTACT


**Sam Bensted**
Assistant Director, Planning & Development
T: +44 (0) 20 7802 0126
E: sbensted@bpf.org.uk


## KINDLY SUPPORTED BY:


INDURENT | Harworth | PROLOGIS | newlands developments
TRITAX BIG BOX | GLP | SEGRO | LOGICOR
Quod