



2026 commercial real estate forecast: **retail warehousing**

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What will drive retail warehousing growth in 2026?

The commercial real estate asset class of retail warehousing, which broadly includes retail parks, big-box stores and out-of-town warehouse-style retail units, is forecast to remain one of the most attractive segments in commercial real estate investment in 2026.

While challenges such as inflation, financing costs and construction constraints persist, the sub-sector benefits from strong occupier fundamentals, with several drivers for rental and capital growth in 2026.

Marc Callaghan

Head of Commercial Mortgages at OSB Group



- **Tight supply and low vacancy rates**

The perfect storm of tight supply of opportunities and low occupational vacancy will contribute to strong investment appetite. According to CBRE, the vacancy rate for retail parks remains exceptionally low, with retail warehousing continuing to benefit from constrained new development due to cost pressures and lack of priority from developers. In its mid-year 2025 report, CBRE notes retail park vacancy declined from 6.1% in Q1 to 6% in Q2, a trend that is expected to carry into 2026.^{1,2}

- **Rental growth and income performance**

This surge in tenant competition

is expected to continue into 2026, especially in small-to-mid unit sizes (typically 7,500–20,000 sq ft), where demand remains high. As a result, robust rental growth is expected, and these strong income characteristics mean retail warehousing remains one of the safer commercial real estate assets.

- **Strong institutional investment demand**

There remains strong institutional investment appetite, with CBRE reporting that retail warehouse investment reached £1.5bn in H1 2025, a 32% year-on-year increase, driven by both domestic institutional capital and new

¹ CBRE UK Real Estate Market Outlook Mid-Year Review 2025 (Chapter 6 – Retail)

² 2025 UK Real Estate Market Outlook Mid-Year Review – August 2026

international entrants.³ Knight Frank also highlights robust institutional demand for retail-warehouse assets, especially in the £15–£40m lot-size range.⁴

- **Retail warehouse investment returns in 2026**

The IPF (Investment Property Forum) quantified its 2026 forecast for retail warehouses with a return of circa 9% for that year.⁶ That estimated return reinforces retail warehousing's appeal amid a broader commercial real estate backdrop where income and capital return dynamics are trending positively with investors.

Challenges facing retail warehousing in 2026

As with all sectors, there are a number of key risks, including rising construction costs, varying interest rates, consumer uncertainty,

sustainability pressures and competition for capital.

As a result, investors will be looking for strategic opportunities in the sector which include value add conversions, mid-sized and flexible units, institutional deployment and sustainability.

Commercial real estate opportunities in retail warehousing

Entering 2026, retail warehousing is set to remain one of the most compelling sub-sectors in commercial real estate. Its attractive yield potential, strong occupier fundamentals and constrained development pipeline create a favourable risk-reward profile. For investors looking for stable income, long-term holds or value-add plays, retail warehousing offers a differentiated commercial real estate opportunity in 2026.

³ CBRE - Retail Warehouse Investment Soars in H1, Buoyed by Wave of New Entrants

⁴ Knight Frank - The Retail Note | Retail: Back in the Game

⁵ Estates Gazette - Retail warehousing drives £2.5bn investment surge

⁶ IPF Research - Spring 2025 Survey of Independent Forecasts for UK Commercial Property Investment

“Retail warehousing continues to stand out as a resilient and attractive asset class, driven by tight supply, strong tenant demand and compelling income returns. As we move into 2026, these fundamentals position the sector well for investors seeking both stability and growth in a challenging market environment.”

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