



Industrial Outdoor Storage

Q1 2026 Update

Carter Jonas

Welcome to our Q1 2026 Industrial Outdoor Storage (IOS) Update, which provides the latest trends and our expert insight on the UK IOS market.

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We have analysed enquiries received by Carter Jonas over the last six months to create a uniquely detailed view of demand by sector and size. We have split demand into the following sectors:

Sector	Comments	% of total IOS demand*
Auto parking	Includes auto repairs, public car parks, and corporate non-HGV vehicle parking requirements	16.9%
Bulk / Aggregates / Minerals	Includes construction firms	4.2%
Containers	Includes self-storage containers and larger shipping container storage requirements	9.6%
Electrification / Alternative fuel	Includes EV charging sites	0.9%
HGV parking / 3PLs	Includes haulage / logistics requirements and other HGV parking	35.5%
Maintenance & Support	Includes pallet storage	2.0%
New Industrial	Includes recycling and sustainability uses	3.9%
Other	A broad range of requirements including manufacturers, wholesalers, utility companies, and padel court operators	14.7%
Plant hire / contractors	Storage of plant and machinery	6.3%
Serviced yards	Sites operated by specialist IOS providers	1.3%
Traditional uses	Includes building firms, builders' merchants, scaffolding firms, scrap metal dealers and skip hire	4.7%

* Proportion of total acres enquired about

Demand

Figure 1 shows the number of IOS enquiries received by Carter Jonas across the UK. This reveals a drop off in demand during summer 2025, and modest rebound during the last quarter.

Demand has been constrained in recent months by the economic and policy uncertainty prior to the November Budget, plus concerns over rising employment costs through higher employers' national insurance contributions, increases in the National Living Wage and the Employment Rights Bill. Greater post-Budget certainty and a watering down of the government's proposed "day one" unfair dismissal rights are now positive for market sentiment.

Given the more certain conditions going forward, we are optimistic that demand will remain robust during 2026.

Figure 1:
IOS enquiries since December 2024
Source: Carter Jonas

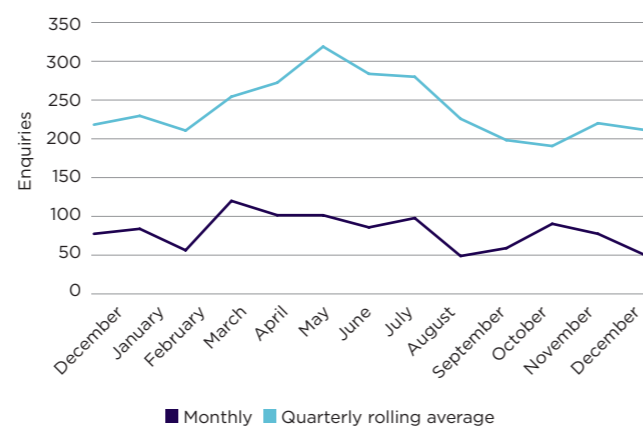


Figure 2: Classification system

		Built-in drainage system			
Location	Class	Surfacing (45%)	Planning (25%)	Accessibility (20%)	Services and Security (10%)
Investment grade ↑ Exit level ↓ Entry level	Primary	Class 1 Fully concreted surface and highway class tarmacadam	Unrestricted B8, B2, E(g)(iii)	Easily accessible for HGVs	Fully serviced with water and electricity; service building; palisade fencing and security
	Secondary				
	Tertiary	Class 3 A minimum of type 1 MOT (hardcore)	Possibly a temporary use with some restrictions and quite specific use	Reasonable access but could have limitations on vehicle movements and type of vehicles	Limited services - may include water, drainage; not fully secured, may have partial, temporary fencing
		Class 4 Poor grade; Semi-hard or soft surface (eg patchy stones)	May not have any designated use and therefore be slightly open or very temporary use	May well be remote and restricted in terms of the location	No services; low security, may well be an open site
		Natural drainage			

* CLEUD (Certificate of Lawful Existing use or Development) - this certificate is legally granted by a Local Planning Authority to retroactively legalise a previously unauthorised development. The CLEUD certifies that an existing building/use is lawful, and it will prevent any enforcement action being taken. In terms of open storage, a CLEUD certificate may benefit occupiers if a planning application was declined for a particular use and may allow a specific use such as open storage.

Figure 3 shows the breakdown of demand by business sector. Parking remains the most significant use for open storage site enquiries, comprising 53% of overall demand by total acres. 36% of enquiries were for HGV parking, and 17% for auto parking (all other vehicles apart from HGVs). It should also be noted that parking will form an element of demand from other sectors.

Sectors classified as 'other' accounted for 15% of overall demand. This category contains a wide variety of users, including padel court operators, manufacturers, wholesalers, and utility companies.

The container sector remains important, including both self-storage and general container storage, accounting for 10% of demand.

Plant hire/contractors accounted for 6% of overall demand, and traditional uses accounted for 5% (this includes a mix

of building firms, builders' merchants, scaffolding firms, scrap metal dealers and skip hire firms).

Figure 4 shows the proportion of IOS enquiries by size (taking the mid-point size of each enquiry). Nearly half (46%) of all enquiries were for ultra-urban sites of below 1.5 acres. 37% were for standard urban sites between 1.5 and 2.9 acres. 14% were for large urban 3 to 6.9 acres, and only 3% were for large non-urban sites of 7+ acres.

There are some distinct trends in terms of the site size required by different sectors, with recycling and sustainability uses tending to seek larger sizes, which averaged 3.8 acres in our analysis. Fleet parking / 3PLs (HGV parking) required an average of 2.4 acres, whilst most other uses required an average of around 1.5 acres. This said, sites required for containers and traditional uses were a little smaller on average at circa 1 acre. This is illustrated in Figure 5.

Figure 3:

Demand by sector (acres required) 6 months to October 2025
Source: Carter Jonas

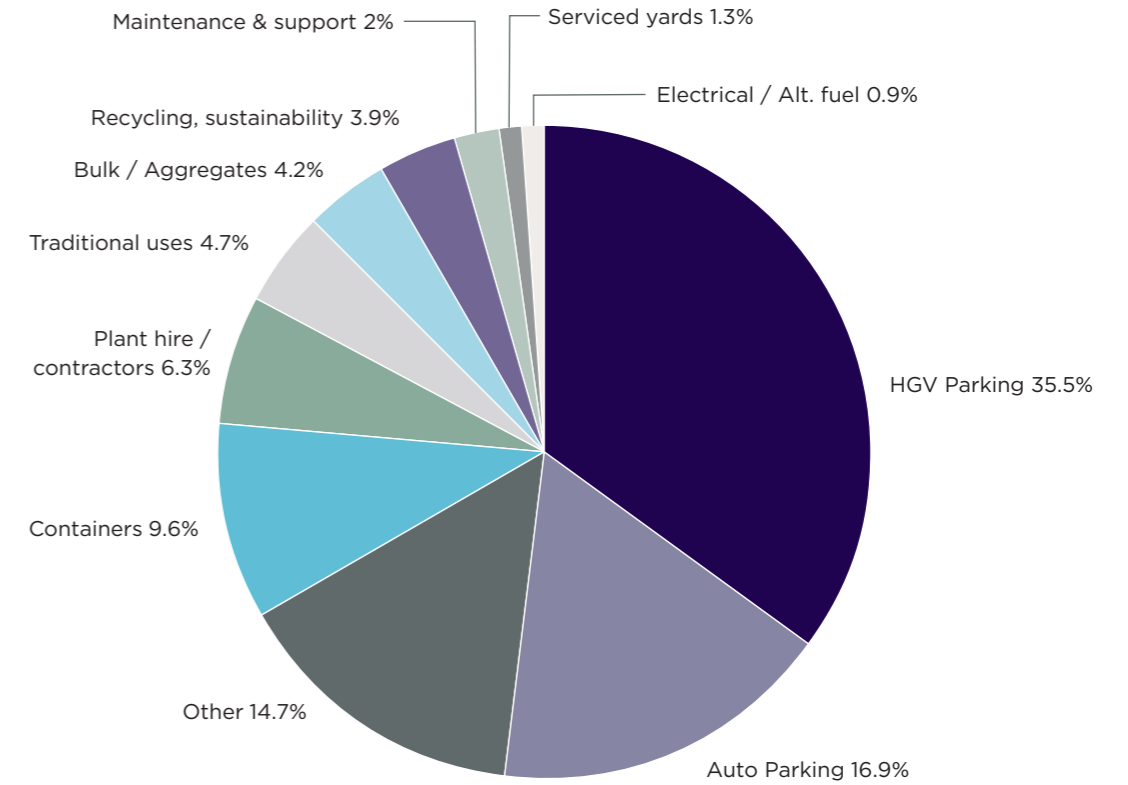


Figure 4:

Proportion of enquiries by size band
Source: Carter Jonas

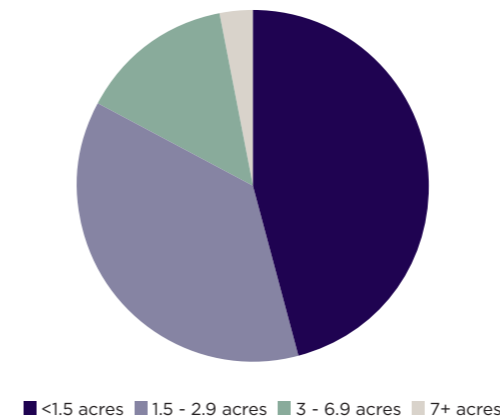
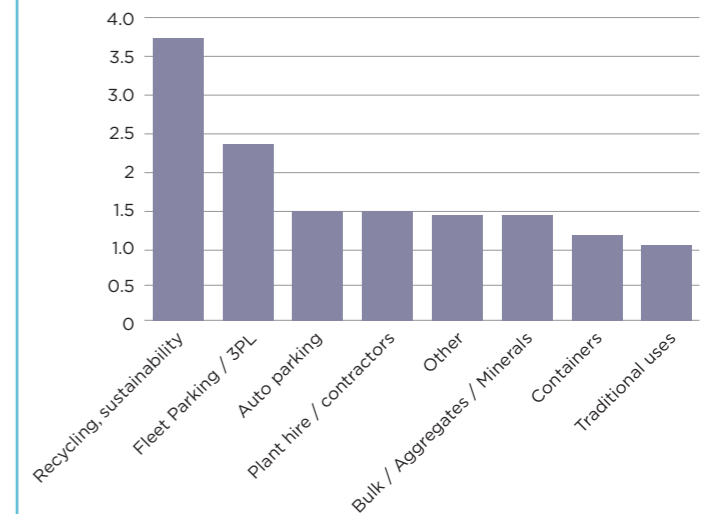


Figure 5:

Average size by sector (acres)
Source: Carter Jonas



Evolving IOS Rent Reviews: Driving Value

Introduction

Within the wider industrial market, rent reviews for IOS sites have (for the most part) flown under the radar in comparison to sheds. The focus has primarily been on pushing rents on built stock, driven by the surge in demand seen post-Covid and the subsequent increase in rents for prime and secondary industrial. IOS, in comparison, has been seen as fairly ‘easy’ – a yard is a yard, and the rent is what it is. The market can see the difference between a prime and secondary shed, but the same approach has not, historically, been applied to IOS.

In fact, as demonstrated through our research and classification system, IOS can be categorised in the same way with rental values adjusted accordingly.

As we have tracked in our research, IOS rents in many locations have jumped significantly. This has a knock-on effect at lease events where the initial passing rent has been eclipsed by the market. For leases granted in 2020/2021 with a five yearly (or more regular) open market review mechanism, now is the time for landlords to capitalise on this market growth. Landlords are typically pushing for rent reviews every three years, at the higher of open market rent or CPI linked.

Key considerations with rent reviews

Availability of Evidence: Unlike with sheds, market evidence of IOS transactions is limited. The information is not yet available on industry databases and has always been hard to come by. It is still not easily available and is very much a case of knowing agents leading on IOS lettings, as well as lease advisory surveyors, who have built up their own database of evidence over time. At Carter Jonas, we have been at the forefront of the IOS market evolution have developed an extensive database of comparable data.

Educating the Market: Another challenging element of the rent review process is the transformation of the traditional belief that ‘a yard is a yard’. To those operating in the sector, both from a landlord and tenant perspective, there is a lot more to an IOS site than some may think. The Carter Jonas classification system has set out the key components of an IOS site – surface, services, security, planning, and accessibility. Each of these elements has an impact on rental value and when presented as part of the negotiations is very difficult to argue against. When undertaking a rent

review of a Class 1 site, if evidence of a Class 2 or Class 3 site is used then there is clear scope for a positive adjustment to the rental value. The same principle would apply to a prime vs. secondary shed where the configuration, eaves height and specification was far superior.

IOS rents don't only apply to sites without buildings. Low coverage sites of 20% to 30% are in high demand by numerous occupiers. These are in seriously short supply, especially where newer industrial developments see developers build out as much of the site as possible to maximise the unit's rent. For sites with a low site cover, rents should be applied for any excess yard over the standard ratio of 40% or 50%, depending on the location. For example, in constrained London markets we have seen this ratio being as high as 60%. Increases in IOS rents have also helped to push on the rents for these sites at rent review, particularly where sites benefit from a Class 1 yard.

Final thoughts

IOS has historically been the underappreciated element of the industrial market. However, the amount of capital now chasing IOS has demonstrated that there is serious investor appetite for these sites. Early entrants are now seeing their beliefs vindicated at reviews and renewals for sites which have historically passed off very low rents. Going forward there is even more potential to capitalise on the market growth for those landlords looking to challenge the traditional views and push rents.



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Rental levels

Although growth in the rental market has softened somewhat this year, we are seeing increasing evidence of upward pressure on rental levels in some locations, for example in London's Park Royal and Manchester.

Table 1 illustrates current Class 1 rental levels for key locations across England. However, some tenants do not require a Class 1 site and will not be prepared to pay these rental levels. Landlords are also able to be flexible on wider lease terms whilst maintaining the headline rent.

Table 1: Class 1 IOS rents, Q1 2026

Source: Carter Jonas

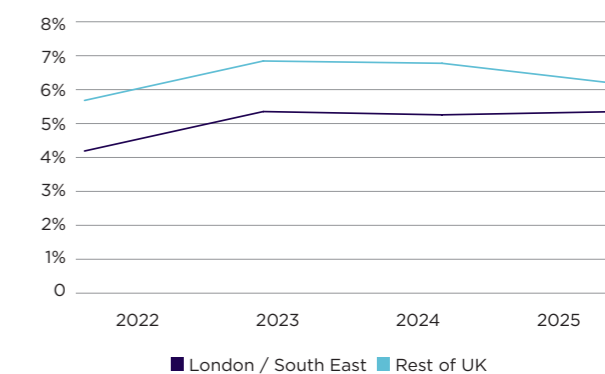
Location	ERV (£ psf)
London / Inner South East	
Barking & Dagenham	£5.75
Croydon	£10.00
Dartford	£5.00
Enfield	£8.00
Heathrow	£10.00
Park Royal	£10.75
Slough	£6.00
Regional markets	
Birmingham	£3.75
Bristol	£2.50
Bradford / Wakefield	£2.75
Cambridge	£2.75
Cheltenham	£2.75
Leeds	£3.00
Leicester	£2.50
Liverpool	£2.25
Manchester	£3.75
Nottingham	£2.25
Oxford	£2.75
Peterborough	£2.15
Southampton / Portsmouth	£3.50
Swindon	£2.00

Investment trends

- Private equity funding currently dominates the IOS investment market. This is unlikely to change in the short-medium term, although we are now seeing some family offices exploring potential opportunities in the sector. We also expect at least one major US operator to enter the UK in 2026.
- Carter Jonas maintains a comprehensive database of IOS investment transactions. This shows transactions well in excess of £250 million were completed in 2025, compared with £150 million in 2024.
- Carter Jonas has been analysing the trend in IOS net initial yields since 2022. Figure 5 shows the trend in London / South East versus the rest of the UK. This suggests a broadly flat yield profile for London / South East since 2023, with some downward movement in the rest of the UK in 2025.
- The 2025 IOS net initial yields of 5.4% for London / South East and 6.2% for the rest of the UK compare with net initial yields of 4.1% and 4.9% respectively for all industrial property in those respective regions on the MSCI Quarterly Index during 2025.
- There is still a lack of comparable evidence for stabilised IOS assets, and these yields represent 'best in class'.

Figure 6:
IOS net initial yields

Source: Carter Jonas



Outlook for 2026 and beyond

The UK's IOS market continues on its evolutionary journey. We expect to see the following key trends over the next year and beyond:

- **Lease Events:** there is positive sentiment for rental growth at rent reviews and lease renewals. For leases granted 3 – 5 years ago, now is the time for landlords to drive rents.
- An increase in the number of 'serviced yards' operated by specialist IOS providers – both in terms of the number of sites operated on this basis and the variety of operators.
- Market polarisation will increase, with some occupier groups prepared to pay a premium for a higher specification, whilst others will become increasingly price sensitive, valuing flexibility in pricing over the specification (most notably in regional markets). Some occupiers, particularly those servicing long-term contracts (such as the infrastructure sector), are increasingly prepared to pay a premium for longer-term security of tenure.
- **Relocation:** as IOS rents increase (for example at rent review or renewal), some occupiers will be willing to relocate further afield in order to secure lower rents.
- **Planning Challenges:** IOS continues to have a poor perception within the planning system, and obtaining planning consent for IOS sites will remain a key challenge. We believe that educating local planning authorities on the economic and sustainability benefits of IOS will be a vital activity in 2026.
- We are seeing a trend towards more occupiers purchasing IOS sites as a 'defensive play' in order to have long-term control, particularly in locations where they are deemed as business critical.
- Some occupiers, notably infrastructure firms and utilities, have been increasing their demand for larger oven-ready IOS sites of up to 10 acres. They may be prepared to pay a premium in order to save the lead-time and cost of taking sites through the planning system.
- On the investment side, the UK IOS market will continue to see new entrants, notably established US portfolio operators, with continued strong demand for quality assets.
- The journey of the IOS sector towards acceptance as a specific asset class within commercial property has been further cemented by an increasing number of IOS industry events. In 2025, these included the National Association of Industrial Outdoor Storage conference in Dallas, and Carter Jonas' recent "Understanding IOS - A Valuation Perspective" event in London – which will be repeated in Birmingham this February.
- Established UK players are starting to see traction in Europe, and some are partnering up – particularly in the Netherlands and Spain.

Carter Jonas and Industrial Outdoor Storage

Carter Jonas works extensively in the IOS sector across the Southeast and nationally. We have identified that there is demand for high end IOS (Class 1 and 2) and have successfully helped clients acquire, asset manage and let sites across the country. We have helped attract a variety of tenants from various sector groups including Amazon, LPR La Palette Rouge, ALTRAD, Hoyer Logistics, Titan Containers, Sembcorp and others.

We are the leading and largest dedicated industrial outdoor storage team in the UK.

Contact us to find out more about the opportunities in this nascent asset class.

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