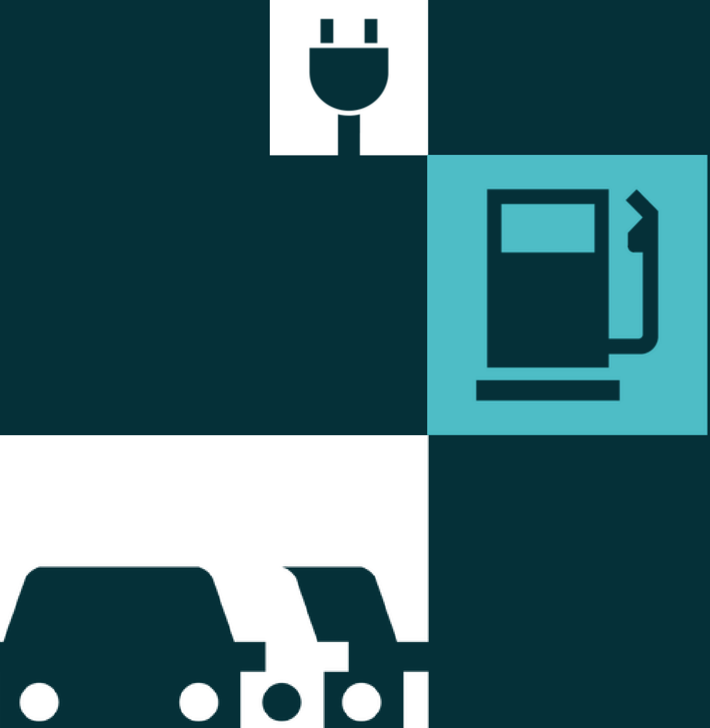
rapleys.com
0370 777 6292

An Alternatives View 2026

Insights into the UK's alternative assets

Automotive, Roadside and Future Fuels



Index

3 Executive Summary
4 Car Dealerships
7 Drive Thrus
10 EV Infrastructure
13 Motorway Service Areas
17 Petrol Forecourts
20 Self-Storage

Executive Summary

The Automotive and Roadside sectors we have covered in this report fit broadly into two categories when it comes to performance and outlook: fast-paced growth and resilience.

Those fitting into the fast-paced growth category are Drive Thrus and Self-Storage, both of which saw a continuation of the growth trajectory they've experienced over the last few years with strong investment activity and interest. Both sectors continue to be high on the list of investors looking for relatively secure income and rental growth, and both have seen a number of new entrants to the market with new platforms backed by institutional and private investors in Self-Storage, and international brands (mostly from the US), piling into Drive Thrus on top of the continued expansion of existing players. Innovation has also been key with AI-enabled Drive Thru services emerging, and tech-enabled storage access supporting a new type of customer experience.

Also in this category are Motorway Service Areas with 2025 and 2026 seeing a major positive shift in the relationship between government, National Highways and the major operators, enabling three of the four largest MSA operators to unlock combined investment programmes totalling over £1.2 billion. Innovation was also ripe in the sector with modernised schemes and enhanced retail and leisure offerings increasing footfall and spend.

In the resilience category are Car Dealerships, EVs and Forecourts; all of which have encountered challenging environments and numerous headwinds but have continued to see activity, interest and mixed levels of growth. For Car Dealerships, the core trend was one of accelerating structural transformation thanks to the ongoing pace of Chinese brand expansion, the growing tension between the Zero Emission Vehicle mandate vs actual consumer demand and the disruption caused by US trade tariffs. Yet total new car registrations were over 2 million in the last 12 months for the first time since 2019 and capital values on prime, multi-franchise or freehold sites with strong covenants remain strong with moderate rental growth expected.

Forecourts have also seen corporate consolidation amid regulatory scrutiny and energy transition but the fundamentals underpinning investor appetite have held firm. The asset class has demonstrated time and again that it is resilient through economic cycles and the diversification of revenue streams into food-to-go, EV charging, valeting and convenience retail is only reinforcing that quality. The near-term headwinds are real but with buyer demand continuing to significantly outstrip supply, average forecourt prices are up 69% over five years, and the sector is now valued at £27 billion, figures which remain compelling to investors.

The EV market is now firmly a reality, rather than a policy objective for the long term. Nearly 1.9m battery-electric vehicles are on UK roads with a further 600,000 plug-in hybrids and made up 23.4% of new UK registrations. The market value is expected to grow 18% year on year from £799m currently to almost £1.9bn in 2030 with real estate and physical infrastructure crucial. However, with planning permission required for the vast proportion of EV charging sites and the lengthy payback period affecting viability, the key action for investors and operators in this sector is strategic preparation upfront.

Daniel Cook

Daniel Cook
Head of Commercial Division

Car Dealerships

Daniel Cook
daniel.cook@rapleys.com

Alice Bennett
alice.bennett@rapleys.com

The UK Car Dealership landscape in 2026 is one of accelerating structural transformation, shaped by three converging forces: the relentless pace of Chinese brand expansion; the growing tension between the Zero Emission Vehicle (ZEV) Mandate and actual consumer demand; and the disruption caused by US trade tariffs. Against this backdrop, the market continues to demonstrate resilience, with total new car registrations exceeding two million in 2025 for the first time since 2019, rising a further 3.4% in January 2026.

The franchise network has been fundamentally reshaped by a multi-year wave of overseas consolidation that has all but eliminated the UK-listed dealer PLC. Lithia & Driveway (US) now operates the combined Jardine Motors and Pendragon (Evans Halshaw, Stratstone) networks after completing its acquisition of Pendragon in February 2024. Alpha Auto Group (Canada) owns Lookers, rebranded as Global Auto Holdings. Sytner, owned by Penske Automotive (US), consolidated further via its January 2024 acquisition of Rybrook Group, adding four BMW, four Mini, four Volvo, two Land Rover and one Porsche site, making Sytner the operator of one in every six UK BMW dealerships. Vertu Motors, having rebranded its entire Bristol Street Motors and Macklin Motors estate under the Vertu name in early 2025, stands as arguably the last significant independently operated AM100 group.

The pace of inbound international capital since 2022 is extraordinary: approximately £1.3bn flowed into the top-tier UK network alone in 2023, with further substantial sums following in 2024 as overseas groups attracted by the high proportion of freehold properties and their alternative use potential and have continued to bid for remaining assets. Five of the top 10 European dealer groups by turnover are now predominantly UK-based businesses, a reflection of the scale and sophistication of the UK market.

If overseas consolidation was the M&A story of 2023–2024, the rise of Chinese brands is the product story of 2025–2026. The UK has emerged as the most receptive major European market for Chinese manufacturers, with brands from China now holding approximately 11% of new registrations in the first five months of 2026 compared with around 9% across Europe.

Jaecoo (Chery) has been the standout performer, increasing its UK market share from 0.7% to 3.0% year-on-year to April 2026, adding over 22,000 registrations. Its sibling brand Omoda has grown its share from 0.55% to 1.47% in just 12 months, with the combined Omoda & Jaecoo network now spanning 136 UK sites. BYD has strengthened to 3.4% market share, surpassing 31,500 registrations and overtaking Tesla in European EV registrations. China accounted for 335,551 vehicle exports to the UK in 2025: an increase of 140,000 units on 2024.

15,600+
Used car & LMV businesses in the UK (2026)

70
Car brands now represented in the UK

~11%
Chinese brand market share (Jan–May 2026)

22.4%
BEV share in Q1 2026 vs 33% ZEV mandate

This is not merely a volume story. Chinese brands now dominate plug-in hybrid sales in the UK, holding 43% of the PHEV market in 2026 versus 25% across Europe. Franchise networks are growing rapidly and customer experience indices now rank Omoda, Chery and Jaecoo ahead of many established mainstream and premium rivals. More than half of UK used car dealers report that the rise of Chinese brands will be the biggest used car market trend of 2026. For existing franchise holders, particularly those representing volume European brands such as Stellantis marques, this represents a direct competitive threat that is reshaping sourcing, logistics and Original Equipment Manufacturer (OEM) relationships.

The ZEV Mandate remains one of the most contentious regulatory issues facing dealerships. The mandate requires 33% of new car sales to be zero-emission in 2026, rising to 38% in 2027 and 52% by 2028. BEV registrations reached a record high in March 2026 and achieved their highest monthly share to date (27.3%) in May 2026, yet this still falls materially short of the annual 33% target.

On the positive side, consumer EV choice has expanded significantly. More than 160 BEV models are now available in the UK, up from 130 at the start of 2025, and at least 60 further models are due in 2026 including new entrant AION. Used EV sales reached a record in February 2026, with volumes having more than doubled since 2024 as second-hand supply grows and affordability improves. Charging infrastructure passed 50,000 public points at end-2024 and continues to expand, though range anxiety and cost of ownership uncertainty continue to weigh on private buyer demand.

The Trump administration's imposition of a 25% tariff on all imported cars from April 2025, alongside a 25% levy on steel and aluminium and a 10% baseline tariff on UK goods, sent significant shockwaves through the UK automotive sector in the months following. The US is the second-largest export market for UK-built cars, accounting for over 101,000 units worth £7.6 billion in 2024. Premium and luxury manufacturers are most exposed: Jaguar Land Rover paused exports while assessing the impact, Aston Martin cut volumes to the Americas, and Bentley and Rolls-Royce face ongoing pricing pressure.

A partial UK-US trade agreement announced in May 2025 provided some relief for car exporters, but the situation remains fluid and unpredictable. While dealerships themselves are largely insulated from direct tariff exposure (as they sell into the domestic market) the downstream effect on manufacturer profitability, production volumes, supply chains and new model pipelines is material. Dealer margin pressure and supply disruption for affected premium brands are the most immediate operational consequences.

Despite the volume of change, the fundamentals of the physical dealership model remain intact. According to Mintel's 2026 UK Car Purchasing Report, 69% of purchases still occur through main and independent dealers, and customer service is the most important differentiating factor for 59% of buyers rising to 72% among those aged 55 and above. Consumer demand for the see-feel-test experience has not been eroded by digital channels; instead, online research now typically precedes a physical visit, creating a richer, more informed buyer at the point of sale. Buyers now have a choice of more than 425 car models from 70 brands (up from 45 brands in 2019), intensifying the advisory role of the dealership.

Operationally, multi-franchise consolidation has accelerated as operators seek to reduce running costs and share economies of scale. Sites capable of housing only one or two legacy volume brands are increasingly unviable and are coming to market for repurposing. Adaptive reuse of former dealership sites into industrial, retail, care and retirement and even residential uses continues, with around 200 sites lost to alternative uses over the prior two-year period.

Revenue per transaction continues to grow across the used car market. The UK used car market reached just over £88 billion in 2026 and is forecast to grow at a compound annual growth rate (CAGR) of 12.15% to 2031, driven by certified pre-owned programmes, emissions zone fleet renewal and accelerating migration to digital marketplaces alongside, not instead of, physical retail.

Capital values on prime, multi-franchise or freehold sites with strong covenant tenants remain supported and are gradually improving as interest rates ease. Secondary sites face downward pressure. Rental values are expected to see modest growth, reflecting operator consolidation and the continued appetite from international franchise brands for good locations. Planning applications for new developments will remain subdued; instead, repurposing of legacy single-brand sites will drive activity across industrial, retail and living sectors.

EPC and Sustainability Compliance: Still a Live Issue

MEES regulations continue to pose a challenge for secondary and legacy dealership stock. Commercial properties require a minimum EPC rating of C to transact by 2028 and, as just proposed, a B by 2031. A significant proportion of older secondary dealership buildings remain rated E or F. Green lease structures drafted for traditional commercial or residential use continue to create friction, particularly around energy provider clauses for multi-site operators. Operators and investors should treat EPC compliance not as a future problem but as a live transactional and capital planning issue today.

TOP CHALLENGES

- ZEV Mandate targets materially ahead of consumer demand, threatening manufacturer and dealer margins
- US tariffs on UK car exports disrupting premium brand supply chains and OEM profitability
- Chinese brand market share growth displacing established European volume brands
- EPC and MEES compliance costs on legacy and secondary dealership stock
- Green lease friction for multi-site operators with consolidated energy contracts
- Sites being lost to alternative uses as single-brand floorplates become unviable
- Ongoing uncertainty over future franchise network restructuring by OEMs

TOP OPPORTUNITIES

- Chinese brand franchise opportunities: rapidly expanding dealer networks with strong consumer traction
- Multi-franchise consolidation reducing overheads and improving economies of scale
- Used EV market growth: volumes doubled since 2024, record February 2026 sales
- Freehold dealership sites offer significant alternative use and asset management value
- Rising demand for in-store customer experience as brands compete for loyalty
- Falling interest rates improving investment yields on well-let sites
- PropTech and data analytics enabling more dynamic inventory, pricing and demand management

OUTLOOK

Capital values
Rising on prime sites

Rental values
Modest growth

Planning applications
Falling on legacy sites

Drive Thrus

Nik Moore
nik.moore@rapleys.com

2026 marked the 40th anniversary of the first Drive Thru McDonald's opening in the UK and the sector shows no sign of slowing. The UK now has approximately 2,681 Drive Thrus, with around 300 added in the last two years alone. The format has grown by more than 40% since 2015 and continues to attract fierce operator competition and strong investor interest, underpinned by a structural shortage of good sites and robust rental growth.

The Drive Thru has firmly embedded itself as part of the UK's roadside and out-of-town retail fabric. Demand from operators is at a sustained high, planning constraints are limiting the pipeline, and the investment case: long leases, strong covenants and income growth, remains as compelling as ever. The broader context is equally supportive: the UK food-to-go market is forecast to reach £24.9 billion in 2026, growing 3.4% year-on-year and continuing to outperform the wider eating-out sector.

The most acquisitive operators in the Drive Thru market continue to be Costa Coffee and Starbucks, both of which have pursued smaller-format, lower-fit-out-cost units that command some of the highest rents per sq ft in the sector. The UK Drive Thru coffee market now encompasses 855 sites following the addition of 51 stores in the past 12 months, with Costa reaching 373 Drive Thru locations and continuing to expand. Their preference for units of around 1,800 sq ft without the need for expensive kitchen infrastructure allows them to outbid food-led operators on rent, making them the default front-runner on newly available retail park sites.

McDonald's, KFC and Burger King remain consistently active, maintaining a strong pipeline of both new-to-site and redevelopment schemes. Greggs now has around 50 drive-thru locations and, having achieved a benchmark rent of £95 per sq ft on a competitive letting in Slough, has demonstrated that its brand is fully capable of driving prime rental outcomes. Greggs' delivery sales accounted for 6.8% of total company-managed shop sales in 2025 (up from 6.7% in 2024, equivalent to approximately 100 million items couriered) and grew overall by 8.1% in 2025, underscoring how Drive Thru locations increasingly serve a dual purpose as collection points for Uber Eats and Deliveroo orders, materially extending the revenue contribution of each site.

New entrants continue to test the market. Premium speciality coffee brand Bocca Felice will open a Drive Thru coffee shop entirely operated by AI at Martin's Properties' Hadden Hill Retail Park. US fried chicken operator Popeyes opened its 100th UK store in late 2025, while Raising Cane's announced plans to introduce Drive Thru restaurants to the UK are

the latest in a wave of American QSR brands seeking to replicate stateside success in a British market that is broadly receptive to the format. Wingstop is on track to surpass 100 UK units in 2026, and brands including Chick-fil-A and Dave's Hot Chicken are backed by strong capital investment and actively acquiring sites. The diversity of operators chasing a constrained pool of suitable locations is one of the defining structural features of this market.

Rental growth in the Drive Thru sector has been a consistent theme over recent years and shows no sign of abating. Average headline rents on smaller Drive Thru units of around 1,800 sq ft continue to be achieved in the £70–80 per sq ft range, with premium lettings, such as the Greggs benchmark in Slough, reaching £95 per sq ft. On larger units of 3,500 sq ft, rents in excess of £250,000 per annum have been achieved. Average rental growth has been around 25% across five-year rent review cycles, with some examples achieving uplifts of up to 95%. Rent review and regear activity is strong, with tenants generally keen to extend leases at rental increases and with minimal incentives. This is a positive sign of occupier commitment.

The investment market for Drive Thru assets reflects this operational strength. Transactions are typically £1 million and above, with secure income from long leases of 10–15 years to well-capitalised brands making these assets attractive to a wide range of investors. The broader out-of-town retail sector delivered average returns of 9.8% over the 12 months to early 2026, with retail park vacancy rates at a historic low of around 4.3% in H1 2026. Prime retail warehouse yields have compressed by 75 basis points over the past 18 months to around 5.5% in the strongest locations, reflecting sustained investor confidence.

Comparables data on Drive Thrus specifically remains more limited than in mature sub-sectors, and this information asymmetry can present a challenge for newer investors underwriting deals. The sector still benefits from relatively specialist knowledge, and the right adviser relationships remain important.

Beyond the brand-by-brand expansion programmes, there are compelling structural reasons why demand for Drive Thru facilities has proved so durable. Van and light goods vehicle numbers are now at approximately 127% of pre-Covid levels thanks to the e-commerce delivery boom. This has created a large, time-pressured customer base that values the speed and convenience of the Drive Thru format. Hybrid working patterns have dispersed demand away from city centre lunch peaks and into roadside and retail park locations throughout the day. The ongoing recovery in commuter traffic and rail usage above pre-pandemic levels is also supporting consistent footfall at well-located sites.

Delivery integration has become a core part of the drive-thru proposition. Most Drive Thru kitchens now double up as fulfilment hubs for Deliveroo and Uber Eats, with delivery capable of increasing total turnover by up to 50% at densely populated sites.

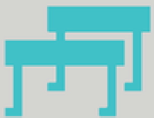
The principal constraint on Drive Thru growth is not demand but supply. Planning permission for new standalone roadside sites remains challenging to obtain, with highways objections, sustainability requirements and local authority attitudes towards car-led development all contributing to a constrained pipeline. Existing retail parks are the most common location for new drive-thru units but are increasingly operating at full capacity, with vacancy rates below 5% nationally, limiting the availability of car parking space for drive-thru development. Restrictions from existing retail tenants on car park development are another practical barrier.

Build costs remain elevated. The prefabricated 'kit drop' approach used by McDonald's and other large operators helps to offset this to some degree, but smaller and newer operators face real viability challenges on new-build schemes, particularly where ground conditions or utilities require additional investment. Staff availability also remains a challenge across the food service sector more broadly, increasing operational costs and bearing on the viability of 24-hour operation, which Costa and Starbucks have been trialling to capture round-the-clock demand.

Business rates are a further watchpoint. Because Drive Thru car parking spaces contribute to overall value but are not directly linked to income generation, Drive Thrus carry a relatively lower rates liability than larger food and beverage outlets. This is a structural advantage that has thus far insulated the format from the most disruptive effects of business rates reform.

The UK Drive Thru sector enters 2026 in a position of structural strength and operational resilience. The pipeline of demand from operators, both established brands seeking additional sites and a wave of well-capitalised US entrants, comfortably outstrips the availability of suitable locations, and this supply-demand imbalance is the primary engine of rental growth. With retail park vacancy rates at historic lows, food-to-go market revenues growing and the delivery integration model adding incremental value to each site, the fundamentals supporting Drive Thru investment are as strong as they have been at any point in the format's 40-year UK history. For investors, the message is clear: long leases, strong covenants, limited supply and proven rental growth make Drive Thru property one of the most dependable income-generating asset classes within the alternatives universe, provided the right site, the right operator and the right entry price can be secured.

TOP CHALLENGES



- Lack of suitable sites: planning constraints and full retail parks limiting the pipeline
- High build costs and utilities investment required for new-to-site development
- Staff availability and rising wage costs pressuring 24-hour operational viability
- Planning system delays and highways objections on roadside schemes
- Limited comparables data making underwriting more complex for new investors
- Car park restrictions imposed by existing retail park tenants

TOP OPPORTUNITIES

- Fierce multi-operator competition for sites supporting strong and rising rents
- Delivery integration: dual revenue from in-car service and Uber Eats/Deliveroo fulfilment
- New US QSR entrants adding to already deep occupier demand
- Long leases with strong covenants providing secure, growing income for investors
- Prefabricated off-site construction reducing build costs and programme risk
- 24-hour operation trials by coffee operators expanding revenue beyond traditional dayparts

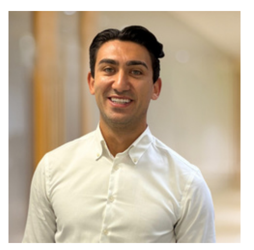
OUTLOOK

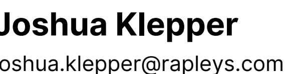
Capital values
Strong investor demand and acute site scarcity

Rental values
Structural undersupply and operator competition driving consistent growth

Planning applications
Steady but constrained by highways and sustainability policy

EV Infrastructure





joshua.klepper@rapleys.com

The UK's Electric Vehicle transition is no longer a distant policy objective: it is a market reality with measurable consequences for real estate owners, investors, and asset managers right now. In 2025, fully electric cars reached a 23.4% share of new UK registrations, up from 6.7% just five years earlier. Nearly 1.9 million battery-electric vehicles are now on UK roads, with a further 600,000 plug-in hybrids. The UK EV charging market, valued at approximately £799 million in 2025, is forecast to reach nearly £1.9 billion by 2030: an 18% compound annual growth rate (CAGR) that tracks directly to the physical infrastructure being installed in, on, and around UK property.

The question facing the real estate sector is whether it can keep pace with rising demand.

As of March 2026, the UK had approximately 119,000 public charge points across 46,000 locations: a figure that has grown 13% year-on-year from around 103,000 at end-2024. The headline growth rate, however, disguises a more important structural shift: it is the ultra-rapid end of the market that is moving fastest. Ultra-rapid chargers (150kW and above) grew 41% in 2025, and the number of charging hubs (defined as locations with at least six rapid or ultra-rapid devices) rose 39% to 972 sites. Monthly charging sessions climbed from 2.5 million in early 2025 to nearly 4 million by year-end, a 60% increase in under 12 months.

Despite this expansion, the public network remains overwhelmingly geographically concentrated: around 43% of all rapid and ultra-rapid chargers are in London and the Southeast, while the Northeast has just 878 rapid or ultra-rapid units. On-street provision for the estimated 9.3 million UK households without off-street parking lags even further behind, a structural gap that the Government's £381 million Local EV Infrastructure (LEVI) Fund is designed to address, though delays have already pushed much of its anticipated rollout into 2026 and 2027.

The Government's 300,000 charger target by 2030 requires 180,000 additional units from today's base. Adjusting for the approximately 40% of households without off-street parking, the true requirement could be closer to 530,000 chargers, representing growth of over 600% from current levels. The biggest structural challenges to supply are planning consent for non-residential use and grid connectivity, both of which are examined in more detail below.

£799m
size of the UK EV charging market in 2025

18.3%
projected compound annual growth rate (CAGR) to 2030

119,000+
public charge points installed as of March 2026

300,000
charge points targeted by Government by 2030

The UK BEV fleet is forecast to grow from approximately 1.9 million today to 7 million by 2030 and over 22 million by 2040. The ZEV Mandate legally requires manufacturers to ensure 28% of new car sales are zero-emission in 2026, rising to 80% by 2030 and 100% by 2035 and provides binding

legislative pressure on the vehicle supply side, which in turn creates structural charging demand.

Critically for real estate, approximately 80% of UK EV charging takes place at home or at the workplace. This is not incidental: it reflects where people spend the majority of their time, and where charge is most conveniently and economically accumulated. The implication is that the charging infrastructure battle will be won or lost primarily on private real estate, not on public motorway corridors. Multifamily residential buildings, offices, retail parks, logistics depots and leisure destinations are the venues where demand is building fastest and where provision is, in many cases, still absent.

Van electrification is an additional demand vector that is often overlooked. Over 105,000 electric vans are now registered in the UK, with new electric van registrations up 35.5% year-on-year in 2025. As Amazon, Royal Mail and parcel logistics operators increasingly electrify their fleets, the need for depot-based charging infrastructure at industrial and logistics real estate is accelerating markedly.

It is worth noting that much of the current demand growth is driven by plug-in hybrids rather than pure battery-electric vehicles, reflecting ongoing consumer caution about charging availability and reliability, particularly for longer journeys and in areas where the public network remains thin.

The UK EV charging market is in a rapid maturation phase, increasingly defined by reliability, consolidation and retail-led dominance. Key trends over the past 12 months include the rise of retail-led charging as the dominant model, with supermarkets in particular using charge points to increase dwell time and spend. Drive-thrus, service stations and other roadside assets are following suit, either hosting EV operators on a ground rent or profit-share basis, generating income while also driving additional footfall. Sainsbury's has modelled this successfully with the launch of its Smart Charge corporate brand, achieving 99.74% uptime and setting a new reliability benchmark. MFG EV Power has mirrored this approach, expanding its forecourt offer to 300 Morrisons foodstore sites.

New entrants, including Duracell's £200 million investment plans for a new E-Charge network, are intensifying competition, whilst there has also been significant M&A activity. Be.EV's acquisition of Mer's UK public charging business, Connected Kerb's purchase of Trojan Energy's on-street charging technology, and ubitricity's takeover of FM Conway's SureCharge network have already taken place in 2026, with more consolidation expected.

Ultra-rapid charger growth is increasingly running up against grid bottlenecks, with operators warning of substantial delays to rollout. Reliability legislation – with compliance deadlines requiring a 99% average uptime standard for rapid charge point operators – has accelerated investment in monitoring and maintenance, and is placing some players under increasing pressure.

These challenges for landlords can be overcome with the right advice and early planning.

When it comes to power readiness, early assessment of the site's electrical load (green: straightforward, amber: some challenges, red: costly upgrades likely) is essential when acquiring a site or investing in EV infrastructure. Similarly, early engagement with Distribution Network Operators is essential to avoid grid delays and further cost overruns with some developers having faced costs inflated by up to 200% due to bottlenecks. Landlords often assume EV infrastructure installation takes around three months, without accounting for site assessments, grid capacity checks, planning and contractor lead times. Longer lead times and careful pre-planning are essential. This also goes for the legal frameworks, which are particularly important for leasehold and multi-tenanted buildings as third party permissions, wayleave agreements and covenant reviews are all required before installation and can provide delays if not tackled early on.

Careful upfront planning also extends to feasibility: any development with more than six EV bays will require a substation, costing upwards of £100,000 so planning this in early to the financial appraisal is key. With technology, taking a flexible long-term view will pre-empt chargers becoming obsolete and enable upgrades when required.

On the planning application side, there remains a mismatch in the system between a national drive towards EVs and the delivery of charging points at a local level. Whilst the Government has progressively loosened Permitted Development Rights for EVs, many schemes still require planning permission. Local Authorities do not currently prioritise or fast-track applications on the basis of their simplicity or national strategic importance: once the application is

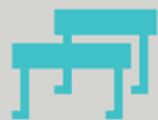
in, it is processed in queue order. The biggest support the Government could give EV charging from a planning perspective would be a nationwide strategy with clear guidelines and a framework providing a consistent approach at local level, potentially with a fast-track consent process via a digitised system.

Patient capital is required for significant investment into EV infrastructure, as payback periods can be long. However, where a landlord is investing to increase spend in retail or leisure, the return on the wider asset can offset this. EV charging is increasingly a value-add feature, and commercial landlords with the right locations can generate meaningful long-term rental income from such partnerships. The landlords who will benefit most are those who start the process early to pre-empt numerous challenges, engage Distribution Network Operators proactively, and choose lease structures carefully with good professional advice.

In conclusion, a landlord's opportunity in EV charging is not a single transaction but a spectrum from passive ground rent income at one end to full CPO ownership at the other. The right position on that spectrum depends on the landlord's balance sheet, portfolio characteristics, operational appetite, and time horizon. Overall, legally mandated EV adoption, a government committed to 300,000 public chargers by 2030, and a sector crying out for high-quality real estate represents a clear structural tailwind.

The landlord's position is genuinely distinctive in the EV charging ecosystem. Unlike a pure financial investor buying equity in an operator, a landlord already holds the most critical and scarce input in the whole value chain: the land and the footfall. That's a structural advantage, but only if it's deployed intelligently and with the right advisor and expertise at hand.

TOP CHALLENGES



- Public charging network remains geographically concentrated
- Grid capacity bottlenecks threatening viability of major projects
- Planning system not prioritising or fast-tracking EV applications
- Unclear legislation on landlord obligations creates hesitation
- Technology obsolescence risk for longer-term investors
- Yield confusion for mixed-use EV/retail/leisure assets

TOP OPPORTUNITIES

- Retail-led charging driving footfall, dwell time and income
- Structural demand from ZEV Mandate creates long-term tailwind
- Passive infrastructure provision enables low-complexity income
- Van electrification driving strong demand at industrial/logistics assets
- Government LEVI Fund and 300,000 target backing sector growth
- Landlords hold the scarcest input in the value chain: land and footfall

OUTLOOK

Capital values

Rental values

Planning applications

Motorway Service Areas

Mark Frostick
mark.frostick@rapleys.com

The UK motorway service area (MSA) sector has entered a period of significant long-term investment and strategic repositioning, with 2025 and 2026 marking a landmark moment in the relationship between government, National Highways and the major operators. Three of the four largest MSA operators: Moto, Welcome Break and Roadchef, have all secured 75-year lease extensions on key National Highways-owned sites in the past 12 months, unlocking combined investment programmes totalling over £1.2 billion across the network. The deals represent a structural confidence in the long-term future of the MSA as an essential piece of national road infrastructure, even as the sector navigates the complex transition to electric vehicles, rising operating costs and changing consumer expectations.

There are now approximately 107 motorway service areas operational across the UK as of early 2026. Moto remains the largest operator with around 70 sites, followed by Welcome Break with 60, Roadchef with 31 and Extra with 8. Together these four operators account for the vast majority of the network, with smaller independent operators including Westmorland and EG Group accounting for the remainder.

The defining story of the past year has been the renegotiation of long-term leases between the government, National Highways and the major MSA operators. This is a process that has secured the investment needed to upgrade the network for the next generation of road users.

Moto secured 75-year lease extensions at 10 of its key sites in April 2026, unlocking a £500 million investment programme in site redevelopments, EV charging infrastructure and new openings. Having already invested over £300 million across its estate in the previous five years and launched more than 1,000 ultra-rapid charging bays, Moto now plans to quadruple its EV charging hubs and develop 15 eHGV superhub sites with up to 100 bays each to support the electrification of freight. New MSA planning consent has been secured at Swindon, and a new truck stop is consented at Wrotham in Kent.

Welcome Break secured a 75-year lease extension across eight sites in October 2025, committing to a £400 million investment programme over the next five years. It opened a new £55 million MSA at Rotherham on the M1 in January 2025 and a further £12 million facility at Hickling on the A46/A406 in July, creating 250 new jobs between them. Welcome Break is targeting over 1,000 EV charging bays across its network by the end of 2026 and has a strong pipeline of new motorway and A-road sites in

development, including a proposed new MSA near Brentwood on the M25 that would compete directly with a Moto scheme at the same location.

Roadchef negotiated lease extensions on five sites in April 2026, committing to over £300 million of investment over the next five years, with a strong emphasis on upgrading HGV driver facilities alongside EV charging infrastructure. The operator has planning permission for a new £50 million MSA at Selby Fork on the A1(M) near Leeds, is progressing revised plans for a site at Catterick on the A1(M) in North Yorkshire, despite a legal challenge from Moto, and is bringing forward plans for sites in Bridgwater and other locations. Roadchef serves over 46 million customers annually across its 31 locations.

Extra, as the fourth largest operator with eight sites, is expanding its EV charging capacity by nearly 300% through a deepened partnership with IONITY, targeting 234 ultra-rapid 350kW charging points across its estate by end of 2026. Construction of a new MSA at junction 11 of the M62 near Warrington began in early 2026 on a 38-acre site, with a 44,000 sq ft facilities building and a 100-bed hotel. Outline planning has also been approved for a new site at Solihull on the M42.

EV charging has become the defining capital expenditure challenge and opportunity for the MSA sector. With 1 in 4 new cars sold now electric and the public charging network having passed 119,000 devices across UK roads, the pressure on motorway operators to provide reliable, high-speed charging has never been greater. The Government has committed £600 million to rolling out further chargers on motorways and A-roads, and there are now over 1,000 rapid and ultra-rapid charge points within motorway service areas specifically.

The sector is moving rapidly from a fragmented patchwork of third-party charging partnerships towards operator-owned charging brands: a development that mirrors the evolution of the fuel forecourt sector. Moto launched its own 'Moto Charge' brand in December 2025, following Welcome Break and Westmorland who had already done the same. This trend signals a strategic shift: operators are beginning to treat EV charging as a core revenue stream rather than a concession, and the long-term commercial logic of owning the charging relationship with the customer is compelling.

The retrofitting challenge, however, remains significant. Adding ultra-rapid charging capacity to existing sites is expensive and technically complex, with grid connection constraints a particular bottleneck (see EV section in this report). Utilities passing directly below or over a motorway are prohibited, creating asymmetry between opposite sides of dual carriageway sites. The Department for Transport authorised the use of 'EV hub' signage on major English A-roads in September 2025, making it easier for drivers to locate charging facilities that are not part of formal service areas, and GRIDSERVE has committed to ending exclusivity arrangements after 2026, opening up greater competition in the charging market at MSA sites.

The launch of the third Road Investment Strategy (RIS3) in March 2026 provides important context for the MSA sector. The strategy commits £27 billion to England's strategic road network over the 2026–2031 period, with a deliberate shift in emphasis from new road building to maintenance, renewal and resilience of the existing network. The programme includes resurfacing over 9,000km of motorway and A-road lanes, alongside major enhancement schemes including the A66 dualling between Cumbria and North Yorkshire and the Lower Thames Crossing.

For MSA operators, RIS3's emphasis on maintaining and improving the existing network is broadly positive: a well-maintained, reliable road network sustains traffic flows and supports the case for MSA investment. New road schemes – even where they fall outside RIS3's immediate scope – tend to generate demand for new MSA provision, and the pipeline of sites in planning across operators reflects confidence that the road network will continue to grow over the medium term.

The sector continues to evolve its offer, moving away from the functional but uninspiring model of the past towards a more differentiated, experience-led proposition. Welcome Break's Rotherham MSA, which opened in January 2025, has drawn wide attention for its design concept evoking a traditional British high street, complete with stonework façades, food halls, red post boxes and telephone boxes. It represents a genuine attempt to transform the MSA visit from a necessary stop into a destination in its own right and to capture longer dwell time, particularly as EV charging extends average visit lengths.

The EV charging dynamic is, in fact, one of the most interesting commercial opportunities in the sector. Drivers charging their vehicles spend an average of 20–40 minutes at a service area (significantly longer than a traditional fuel stop) and operators who can convert that dwell time into food, drink and retail spend will be the clear winners. The race to upgrade food and beverage offers, add premium coffee concessions, and create genuinely comfortable environments in which to wait is therefore directly linked to the revenue growth potential of EV infrastructure investment.

HGV facilities are another area of focus. Lorry driver welfare has become a more prominent policy concern, with Transport Focus research confirming widespread dissatisfaction among HGV drivers with the quality and availability of parking and amenities. The lease extension agreements with Roadchef and Moto both explicitly commit to upgrading HGV driver facilities, and the development of eHGV superhub sites reflects the scale of infrastructure investment needed to support electric freight.

The planning process for new MSAs remains one of the most complex and time-consuming in the property sector. Department for Transport policy mandates MSA provision at no more than 28-mile intervals on motorways, creating a clear locational framework. However, securing consent within that framework can take five years or more. The competing applications from Moto and Welcome Break for sites on the M25 near Brentwood illustrate both the commercial attractiveness of new MSA locations and the complexity of navigating the planning system when multiple well-resourced operators are competing for the same gap.

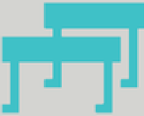
For investors, direct ownership of MSA assets remains structurally limited. The major operators control their portfolios tightly, and the concentration of ownership among a small number of groups, backed by institutional capital including CVC Capital Partners and the Universities Superannuation Scheme in the case of Moto, and European pension funds for Extra, means that transactional activity is rare. The primary investment opportunity in this

sector therefore continues to lie in the supply chain: food and beverage concessions, EV charging infrastructure, hotel development on adjacent land, and the specialist property advisory and planning functions required to navigate the sector's unique regulatory environment.

The UK motorway service area sector is undergoing its most significant transformation since privatisation in the 1990s. The combination of £1.2 billion in committed operator investment, 75-year lease extensions that provide the long-term certainty to plan and build, a government road investment strategy that will sustain and improve the network, and the structural tailwind of EV adoption creating longer dwell times and new revenue opportunities, all point to a sector with strong medium-term fundamentals.

The challenge and the opportunity lies in execution: upgrading ageing estates, meeting the grid infrastructure demands of ultra-rapid charging, attracting and retaining staff, and designing customer experiences compelling enough to generate the dwell spend that makes the capital investment work. Those operators who get that balance right, and who invest in the quality of their estates with the same ambition demonstrated at Rotherham, will define the sector's next chapter.

TOP CHALLENGES



- Planning complexity: new MSA consents routinely take five or more years
- Grid connection constraints limiting speed and cost-effectiveness of EV charging roll-out
- Rising operating costs: labour, energy and sustainability compliance
- HGV driver facility shortfall: demand for secure parking and welfare facilities far exceeds supply
- Retrofitting ultra-rapid EV charging to legacy sites, particularly across dual-carriageway infrastructure
- Limited direct investor access to MSA assets given concentrated operator ownership

TOP OPPORTUNITIES

- EV charging dwell time creating new food, drink and retail revenue opportunity per visit
- Over £1.2 billion of committed operator investment transforming the quality of the estate
- 75-year lease extensions providing long-term platform for development and refinancing
- eHGV superhub development supporting the electrification of UK freight
- Emerging operator-owned charging brands opening new revenue streams
- Hotel, foodservice and concession opportunities within expanding and redeveloped MSA estates

OUTLOOK

Capital values
Underpinned by long-term leases and sustained traffic flows

Rental values
Growing as EV dwell time extends spend per visit

Planning applications
Active pipeline but lengthy consenting timescales remain

Petrol Forecourts

Mark Frostick
mark.frostick@rapleys.com

The forecourt asset class remains one of the most resilient corners of the UK alternatives market, though 2025 and early 2026 have brought a more complex operating environment than in recent years. High-profile corporate consolidation continued to reshape the sector, regulatory scrutiny intensified and the energy transition narrative became increasingly pressing yet the fundamentals underpinning investor appetite have held firm.

The defining corporate story of the period has been the continued growth of Motor Fuel Group (MFG). Having completed its landmark £2.5 billion acquisition of 337 Morrisons forecourts in April 2024, MFG now operates over 1,200 sites across the UK making it the largest independent forecourt operator in the country and reportedly the fifth largest retailer by store count. The integration programme for the Morrisons estate continued throughout 2025, with a focus on retail upgrades, food-to-go concessions and the deployment of ultra-rapid EV charging bays across the 421 plots of associated land acquired alongside the petrol stations. MFG's EBITDA is expected to reach approximately £700m in the current financial year, and its owner Clayton, Dubilier & Rice has been working with advisers on the potential sale of a 25–30% minority stake, with indicative valuations in the region of £7 billion.

Asda continues to strengthen its forecourt position following its £2 billion acquisition of the EG Group's UK business in 2024. EG Group itself has since rebranded its retained sites under the 'EG On The Move' banner and completed its acquisition of Applegreen, further reshaping the competitive landscape. The sector therefore remains in the grip of major consolidation, with CD&R Firefly Holdco Ltd (through MFG and its related businesses) now the single largest operator by market share according to IBISWorld's May 2026 industry report, which values the UK petrol stations sector at £27 billion.

Fuel margins remained persistently high through 2025 and into 2026, a finding the CMA highlighted in its first annual road fuel monitoring report published in December 2025. The regulator concluded that retail spreads (the difference between pump prices and wholesale costs including duty and VAT) were more than double the 2015–19 average of 6.5 pence per litre, and could not be explained by higher operating costs alone. Average petrol prices across 2025 were 135.69p per litre, with diesel at 142.96p, both down on 2024, though a fresh geopolitical shock with rising crude oil prices connected to Middle East tensions in early 2026 has pushed pump prices back up. Revenue for the sector is forecast to spike by 5.3% in 2026–27 as a result. Average unleaded petrol stood at around 155p per litre as of June 2026.

Supply of sites to the open market remained tight throughout the period, with buyer appetite continuing to significantly outstrip the availability of operational assets. New-to-industry (NTI) development has consequently picked up, though planning and highways constraints continue to act as a natural brake on new supply. Sites that do come to market tend to transact quickly and at strong values, particularly those let to the dominant operators.

A significant structural change for the sector took effect in February 2026 with the launch of the Government's Fuel Finder scheme under the Motor Fuel Price (Open Data) Regulations 2025. From 2 February 2026, all petrol stations in the UK are legally required to report any change in pump prices to a central government database within 30 minutes of the change occurring. The scheme, run by appointed aggregator VE3 Global, feeds near-real-time pricing data into third-party apps, satellite navigation systems and mapping services.

The Competition and Markets Authority (CMA), which has statutory enforcement powers under the scheme, granted a three-month grace period from launch to 1 May 2026 to allow operators to embed compliance. Since May, enforcement is active, with potential fines of up to 30% of UK turnover for persistent non-compliance. The CMA has been explicit that it 'stepped up monitoring' of prices in response to the crude oil price spike of early 2026. Government estimates suggest the scheme could save the average car-owning household around £40 per year if drivers actively use the data to shop around. The initiative is widely seen as an attempt to reignite retail competition following the CMA's finding that the market was not functioning well for consumers.

For operators, Fuel Finder represents a new compliance burden and a meaningful shift in the competitive dynamic. Historically, information asymmetry between forecourt operators and consumers provided a degree of pricing power, particularly for sites with limited local competition. Greater price transparency is likely to compress margins at secondary locations over the medium term and reward operators who compete on service, convenience and non-fuel income rather than relying on pump price opacity.

The evolution of forecourts into multi-revenue assets has accelerated markedly. Convenience retail, food-to-go concessions, valeting, car washes, parcel lockers and ATMs are now common across the major operators' estates, and the Lumina Intelligence UK Forecourt Market Report 2026 identified food-to-go as among the highest-growth categories. MFG's focus on leveraging the land acquired through the Morrisons transaction illustrates the direction of travel: the group is developing EV charging hubs, valeting centres and fast-food concessions on the 421 associated plots and plans to install around 400 ultra-rapid 150kW-plus bays per year through to the end of the decade.

EV charging remains the sector's most debated topic. MFG now has over 200 sites equipped with charging infrastructure, and the broader market has seen sustained investment from multiple operators. That said, charging is still only a supplementary income stream for most forecourts: margins per charger remain modest compared to fuel retail, and the capital cost of retrofitting existing sites is significant, with payback periods of 10-15 years in many cases. New-to-industry sites have a natural advantage here, as charging infrastructure can be incorporated from the outset at far lower incremental cost. Some smaller operators continue to adopt a wait-and-see approach, wary of the upfront investment required and uncertain about the pace of EV adoption.

The smaller operators who have remained in the market are finding ways to add revenue streams on and around their sites. Amazon and other delivery brand collection boxes, hotel developments on adjacent land, and drive-thru food concessions are all being explored. This mirrors the broader trend in roadside property toward compound yield: extracting multiple income streams from a single operational asset.

The investment market saw a 24% increase in the number of petrol filling stations brought to market in 2025 compared to 2024, and a 50% increase in completions, with the average price of forecourts increasing 69% over the last five years. Additionally, more investment transactions took place in the first three quarters of 2025 than all of 2024 combined. Institutional funds have re-entered the market, drawn by the sector's consistent performance and resilience, and longer-lease assets with indexation approaching renewal are generating strong rental growth. With forecourts becoming an increasingly mainstream investment class, 2026 looks set to continue to show more activity in this sector.

Values remain robust, especially for well-let sites operated by the largest brands. With interest rates having fallen from their 2023 peak, property investment generally and forecourts specifically have become more attractive on a relative basis. For sites let to operators in the lower tier of the market, existing use value typically exceeds investment value. We expect demand from buyers to continue to outstrip supply and for this imbalance to support capital values.

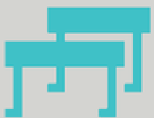
The number of UK petrol filling stations has continued its long-term structural decline, with IBISWorld recording 2,221 businesses in the sector with a decline Compound Annual Growth Rate (CAGR) of 1.3% between 2021 and 2026. There are approximately 8,300 operational forecourts on the Fuel Finder registry. While the net count falls year on year, new-to-industry projects and reopened dormant sites are partially offsetting closures: a nuance worth noting when tracking total site counts.

Looking ahead, we expect one or two large corporate deals to continue dominating headlines, with MFG's minority stake process a key transaction to watch. Fuel duty is frozen until September 2026, with the Chancellor confirming a phased introduction of RPI-linked increases from April 2027. This is a development that may shift consumer and operator behaviour as the deadline approaches. Planning applications for NTI sites will continue, with EV provision increasingly incorporated from day one.

The Fuel Finder scheme will take time to materially shift competitive dynamics, but its long-term impact on pricing transparency and margin discipline is likely to be meaningful.

The UK petrol forecourt sector enters the second half of 2026 in a position of structural strength, even as the operating environment grows more complex. The asset class has demonstrated time and again that it is resilient through economic cycles and the diversification of revenue streams into food-to-go, EV charging, valeting and convenience retail is only reinforcing that quality. The near-term headwinds are real but with buyer demand continuing to significantly outstrip supply, average forecourt prices up 69% over five years, and the sector now valued at £27 billion, the fundamentals are compelling. For investors, the message is clear: forecourts are no longer a niche alternative: they are an operationally resilient, income-generating asset class with a credible long-term future.

TOP CHALLENGES



- Fuel Finder compliance and margin pressure from price transparency
- Planning delays on new or converted sites
- EV conversion on existing sites remains expensive with long payback periods
- Supply of available operational assets remains constrained
- Fuel duty freeze ending April 2027 may dampen consumer demand
- Competition from supermarket forecourts sharpening on price

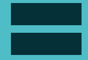
TOP OPPORTUNITIES

- Multi-revenue diversification: food-to-go, valeting, parcel lockers and EV hubs
- NTI development on new roads and adjacent to major housing schemes
- Reopening of historically closed sites where operational margins justify reinstatement
- Institutional investor appetite growing; funds re-entering the market
- EV charging infrastructure investment on land-rich estates
- Ancillary income streams including drive-thru concessions and hotel development

OUTLOOK

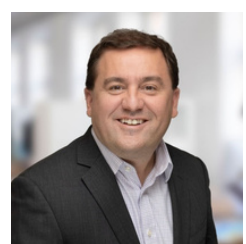
Capital values
Strong investor demand and constrained supply

Rental values
Stable with indexation-linked growth at lease renewal



Planning applications
Steady for NTI sites; EV provision increasingly standard

Self-Storage



Jason Lowes
jason.lowes@rapleys.com

The UK Self-Storage market has continued to grow through 2025 and into 2026, reinforcing its reputation as one of the most resilient and investor-friendly alternative asset classes in the UK property market. Driven by structural demand from households, businesses and emerging new demand from older and younger persons, the sector is now generating annual turnover of £1.2 billion having surpassed the £1 billion milestone in 2024, and total floorspace has grown to 64.3 million sq ft, a 7.2% increase year-on-year according to the Self Storage Association UK (SSA UK).

There are now approximately 5,100 Self-Storage facilities across the UK, making it the largest market in Europe by facility count, though still significantly undersupplied relative to more mature markets. The US has around 5.8 sq ft of Self-Storage space per person; the UK has just 0.82 sq ft. This is a gap that continues to underpin the long-term growth case for the sector. Occupancy rates sit at around 75.1% nationally, a slight softening from prior years as new supply has come to market, though urban locations and university towns are maintaining higher occupancy due to structural space constraints and transient populations.

Demand for Self-Storage in the UK continues to be underpinned by a combination of structural and cyclical forces. Small and shrinking home sizes (among the smallest in Europe) remain a persistent driver, while rising renter numbers, increasing e-commerce activity, life-event transitions such as divorce, bereavement and downsizing, and the continued growth of the Build to Rent and later living sectors all contribute to a wide and diversified customer base. The sector's anti-cyclical characteristics remain a key attraction for investors: in periods of economic stress, storage demand often rises as people move more frequently, downsize or store goods during business contractions.

Growth in business usage has been a notable trend. Flexible working has prompted SMEs and sole traders to reduce commercial footprints, with Self-Storage filling the gap for stock, equipment and

archive needs. The average rental return has increased by 6% to £29.13 per sq ft according to the SSA UK's 2025 report, reflecting continued pricing power at well-located, well-managed facilities. Container-based storage has also expanded rapidly, offering operators lower setup costs and customers greater flexibility, particularly in and around cities where land values make traditional warehouse formats less viable.

Big existing brands in the UK continued to invest and add floorspace with Shurgard doubling its UK presence over the last two years, Sirius taking several new sites for its BizSpace brand, Safestore adding 13 new stores and Big Yellow announcing a new pipeline of London developments. Blackstone explored a potential takeover of Big Yellow in late 2025 before withdrawing, a development that nonetheless underscores the level of institutional interest in the sector.

2026 has already seen a flurry of new entrants to the market, focused on delivering more modern, tech-enabled and easily accessible facilities. Among them are Canadian institution QuadReal, who announced a new UK platform in a JV with ClearSky, having acquired 27-asset UK Self-Storage assets from Padlock Euro Storage Fund in March 2026, whilst UK investor and developer Martin's Properties launched its own integrated platform with two new development sites and a pipeline for others.

Technology and AI are reshaping operations across the sector. According to SSA UK's 2025 report, 68% of self-storage businesses are now actively using AI, primarily for dynamic pricing, marketing optimisation and customer acquisition. Automation is also reducing headcount requirements, with an average of just 2.6 staff per store: a ratio that supports strong operating margins and makes the asset class particularly attractive to investors seeking passive or low-management-intensity income. Digital access systems, online booking platforms and AI-assisted yield management tools are now standard across the major operators and increasingly common among independent operators.

The third-party management market is also growing, with 10 operators in the UK now offering management services to site owners who lack operational expertise. Much like the rental living sector, institutional grade operations are key to performance and third party management enables smaller portfolio owners to access this model without divesting.

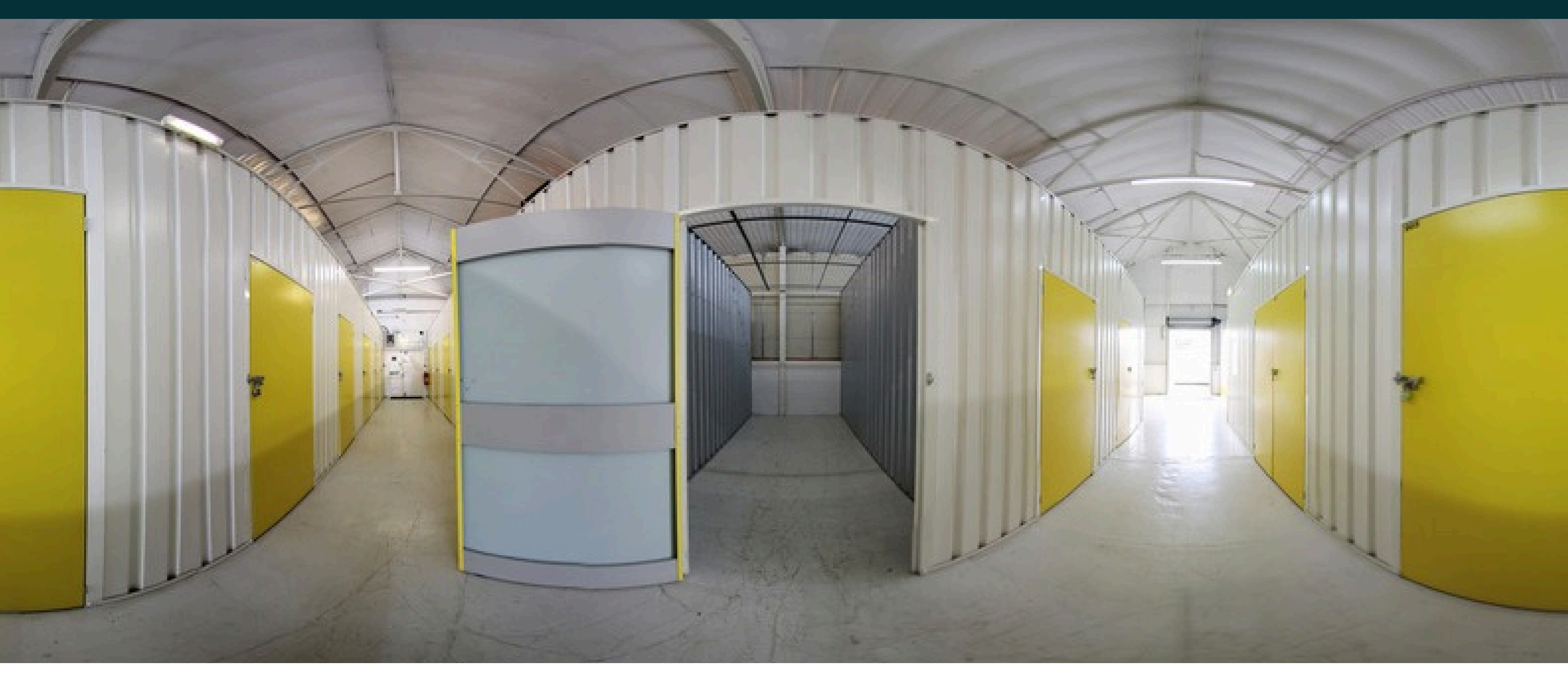
Investor appetite for Self-Storage assets remains strong, supported by the sector's income resilience, relatively low operating costs and consistent rental growth track record with capital flowing into strategically located modern developments, on the edge of cities and urban locations. Consolidation continues to be a defining feature of the investment landscape, following high-profile transactions such as Shurgard's acquisition of Lok'nStore in 2024. A number of other portfolio sales have stalled, including the c.£1.1 billion proposed sale of Access Self Storage: reflecting the bid-ask spread challenge that persists across the wider alternatives market.

Business rate reforms remain a watchpoint. The sector's strong performance means any revaluation is likely to increase the rates burden, adding to the cost pressures that operators have already been absorbing through higher National Insurance contributions, increased National Living Wage costs and rising energy bills. These headwinds have accelerated automation and the reduction of staffing levels, but they bear monitoring as part of any underwriting exercise. Changes to local zoning laws at local authority level are also expected to be clarified through 2026 and beyond.

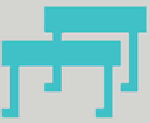
For new investors, Self-Storage remains one of the more transparent and accessible alternative asset classes. The operational model is relatively simple, the customer base is diverse and the growth outlook is significant given the UK's low per-capita provision versus the US and Australia. Those operators and investors who combine good locations with active management, dynamic pricing and ancillary income such as cafes, workspace, parcel rooms and delivery lockers, are generating the strongest returns.

The UK Self-Storage market enters the second half of 2026 in robust health. Structural demand drivers are not going away: homes are not getting bigger, the renter population continues to grow, e-commerce is expanding and life-event storage moments are multiplying as the population ages. The market is valued at £1.2 billion in annual turnover and projected to reach £2.4 billion by 2034. Occupancy softening at the national level reflects healthy new supply rather than any structural demand weakness, and average rents continue to rise.

For investors seeking resilient, income-generating operational real estate with genuine long-term growth credentials, Self-Storage remains one of the most compelling propositions in the UK alternatives landscape.



TOP CHALLENGES



- Business rate reform likely to increase cost burden given sector's strong performance
- Rising operating costs: NIC, National Living Wage and energy bills
- Availability of suitable sites for new development, particularly in urban areas
- Planning process and local zoning law changes pending clarification
- Market competition in high-density locations putting pressure on introductory pricing
- Customer awareness: a large potential customer base remains untapped

TOP OPPORTUNITIES

- Structural undersupply relative to the US and Australia - significant growth runway remains
- Ancillary income: cafes, workspace, parcel rooms, delivery lockers and leisure facilities
- AI and dynamic pricing tools driving revenue optimisation and margin improvement
- Third-party management platforms enabling passive investment at scale
- Conversion of redundant retail, industrial and agricultural assets into storage facilities
- Growing institutional appetite and consolidation creating portfolio acquisition opportunities

OUTLOOK

Capital values
Strong investor demand and limited quality supply

Rental values
Average rents up 6% year-on-year; pricing power intact

Planning applications
Constrained by site availability; conversion activity increasing

© 2026 Rapleys LLP

Registered office: Unit 4, Incubator One, Alconbury Weald, Huntingdon, Cambs PE28 4XA
0370 777 6292 I rapleys.com
LONDON I BIRMINGHAM I BRISTOL I CAMBRIDGE I CARDIFF I EDINBURGH I HUNTINGDON I MANCHESTER