

BUSINESS
INDUSTRIAL

THE IMPORTANCE OF INDUSTRIAL AND LOGISTICAL LAND TO LONDON



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Introduction

London's industrial and logistics land is often misunderstood and undervalued, too often viewed as in competition with housing development, rather than as vital infrastructure underpinning the capital's economy. Industrial and logistics land supports essential functions that keep the city running – from warehousing and distribution, to construction, waste management, and data centres. This report highlights the central role played by industrial and logistics in London's economy and its contribution to growth, productivity, and day-to-day activity.

The Government's Industrial Strategy and the Mayor's review of the London Plan both identify the importance of industrial and logistics land for economic growth and resilience, with the London Plan review recognising the need for a more strategic, pan-London approach to how this land is managed. In BusinessLDN's response to the revised [National Planning Policy Framework \(2025\)](#), we called for equal weight to be given to employment land and housing, highlighting the need to protect and optimise industrial and logistics land.

As a global city responsible for around a quarter of the UK economy,¹ London relies on its industrial and logistics land to support jobs and service a growing population. Protecting and optimising industrial and logistics space is essential to sustaining London's competitiveness and long-term prosperity.

Supply vs demand

Rising demand for industrial and logistics space, coupled with increasing pressure to maximise land for housing development, means that a more strategic approach is required to safeguard and grow industrial and logistics land. Adopting this approach will help support jobs, leverage investment, and reinforce supply chain resilience in London and beyond.



In 2020, London had around 6,800 hectares of industrial land – roughly 15% of the UK’s total – underscoring its vital role in both the capital’s and the national economy.²



Between 2001 and 2020, the capital lost 1,500 hectares of industrial land – 18% of its total stock – while demand has only grown.³ Vacancy now sits at just 6.48%, making it one of the UK’s tightest commercial property markets.⁴ The sector has also seen annual rental growth of 6.8%, far outpacing offices (1.2%) and retail (-1.3%).⁵



It has been calculated that every new home requires 69 sq ft of warehouse space to support it.⁶ Meeting London’s housing target of 88,000 homes a year would therefore require an additional 56 hectares of industrial and logistics land annually.

Supporting London's economy

London's industrial and logistics sector is a major contributor to the capital's productivity and resilience.



In 2022, London's industrial and logistics sector contributed £232 billion to the UK's Gross Value Added (GVA), accounting for about 14% of the national total.⁷



In 2024, 305,000 people were employed in the capital in industrial roles (5% of London's total employment).⁸



Full-time logistics workers earned a median salary of £35,000, outpacing the UK cross-sector median of £31,461.⁹



Data centres are an increasingly critical use of industrial land in London, supporting high-value sectors such as financial services, cloud computing, and digital industries. The sector already contributes £4.7 billion in annual GVA.¹⁰ It also supports tens of thousands of jobs, and could generate up to £44 billion in GVA by 2035.¹¹

Case Studies: The reliance of the wider London economy and households on industrial and logistics land

Behind every parcel delivery, meal, film production, and construction site is a network of industrial and logistics activity that keeps the city functioning efficiently. Below are examples highlighting how essential industrial land is to the capital, from powering major industries to supporting basic household needs.



Case Study 1: London Restaurant Chain

London's restaurants use industrial and logistics land to store food, prepare meals, manage waste, and keep kitchens operating across the city, often out of sight of customers. Without these facilities, there would be longer journey times, higher delivery costs, and increased traffic and emissions.



Distribution & delivery



Storage



Food preparation & dark kitchens



Waste & recycling



Case Study 2: NHS

London's hospitals and medical centres rely on industrial and logistics land to store and distribute medical supplies, equipment, and pharmaceuticals, ensuring that facilities can operate efficiently across the city. The provision of these facilities provides resilience in the NHS' supply chains, helping to reduce the pressure on frontline care services.



Ambulance fleet storage & servicing



Catering & food logistics



Clinical waste & recycling



Medical supplies, logistics & storage



Case Study 3 Arts & Culture/Film Studio

London's arts, culture and film sector need industrial and logistics land to store sets, props and equipment and support the behind-the-scenes operations that keep productions and studios running across the city.



Production support



Catering & crew support



Post-production & editing suites



Transport fleet management



Waste & recycling



Case Study 4: Average London Household

London's households all regularly use the services provided by businesses and local government that rely on industrial and logistics land. From storing and distributing everyday goods from supermarkets through to parcels and household essentials. Modern life is predicated on the easy access and smooth running of the industrial and logistics sites that stand behind the delivery of all these services.



Postal & delivery services



Storage facilities



Vehicle servicing & repairs



Waste & recycling



Grocery & household goods delivery

How the London Plan can support industrial and logistics land

It is important that the sector's critical economic, social, and environmental role is both fully recognised and harnessed in the forthcoming new London Plan, the spatial development strategy for the capital. Set out below are three recommended changes to London Plan policy that could help to unlock investment and support economic growth.

1. Protect and modernize high-quality sites

London needs a strategic approach to safeguarding its industrial and logistics land focused on retaining well-located and high-performing sites that offer long-term economic value. To achieve this, two principles should guide pan-London industrial land use policy in the new London Plan:

- Prioritise the retention of sites that serve last-mile logistics and core city functions; and
- Encourage intensification and modernisation of existing estates to make more efficient use of land, particularly through multi-storey formats.

2. Formalise land swap policy

Land swaps can offer a pragmatic way to unlock development while maintaining overall industrial capacity, but the process remains unclear and inconsistently applied. It needs strategic direction across the capital. A land swap policy should be introduced in the London Plan, which:

- Creates a clear framework and criteria for land swaps, with minimum standards on location, accessibility, and deliverability;
- Ensures transparency and predictability in how swaps are assessed through local plans and decision-making; and
- Considers incentives to help bring forward redevelopment of existing sites, delivering higher-quality industrial and logistics space that reflects modern requirements for size, efficiency, and accessibility.

3. Make smarter use of the Green and Grey Belt

Parts of the Green Belt, particularly the 'Grey Belt' within it, that have limited environmental or civic value offer opportunities for industrial intensification. The London Plan should:

- Support limited, plan-led releases of low-performing, accessible Green Belt sites for industrial and logistics use where strong economic and environmental cases exist, and where mitigation can address the core policy objectives of the Green Belt, including preserving openness and preventing urban sprawl;
- Encourage development of underused or poorly performing Grey Belt sites – such as outdated car parks or derelict land, where they can better serve London's logistics network and provide direct links to the national and regional economic growth objectives.

Footnotes

1. Greater London Authority (GLA) and London Councils, [London Growth Plan](#) (2025).
2. GLA, [London Industrial Land Supply Study](#) (2023).
3. Avison Young, [What is the future for London's Industrial Economy?](#) (2025).
4. Savills, [The logistics market in London and the South East](#) (2025).
5. CBRE, [What is sustaining Industrial and Logistics investment and its interest as investors' preferred sector?](#) (2025).
6. Turley, [What Warehousing Where?](#) (2019).
7. ONS, [Regional Gross Value Added \(GVA\) – London](#) (2022)
8. Greater London Authority, [London's Sectors – More Detailed Jobs](#) (2025).
9. ONS, [Annual Survey of Hours and Earnings \(ASHE\)](#) (2022).
10. CBRE, [UK Data Centre Market Outlook 2026](#) (2026).
11. TechUK, [Foundations for the Future: How Data Centres Can Supercharge UK Economic Growth](#) (2023).

OUR MISSION

AT BUSINESSLDN, OUR MISSION IS TO MAKE LONDON THE BEST CITY IN THE WORLD IN WHICH TO DO BUSINESS, WORKING WITH AND FOR THE WHOLE UK.

We work to deliver the bigger picture, campaigning to tackle today's challenges and to secure the future promise of London.

We harness the power of our members, from sectors that span the economy, to shape the future of the capital so Londoners thrive and businesses prosper. We support business to succeed – locally, nationally, globally. We link up with other cities around the UK, to ensure the capital supports a thriving country.

We campaigned for the creation of the office of London Mayor and Transport for London, for the Elizabeth Line, for congestion charging, and we incubated Teach First.

Contact us

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