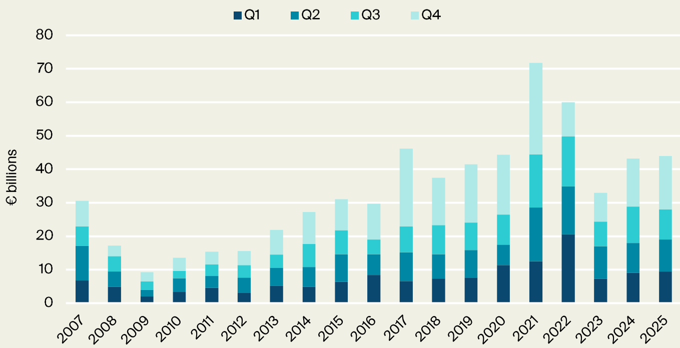
European Logistics Market Dashboard

March 2026

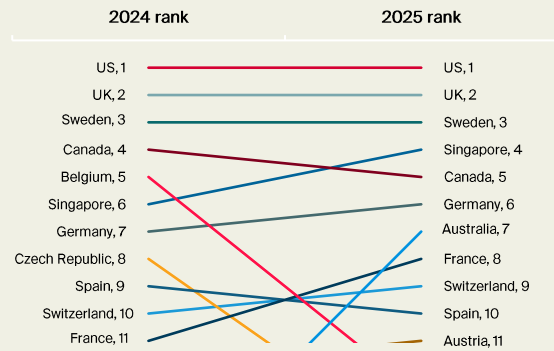
Investment market

Industrial & logistics - investment total



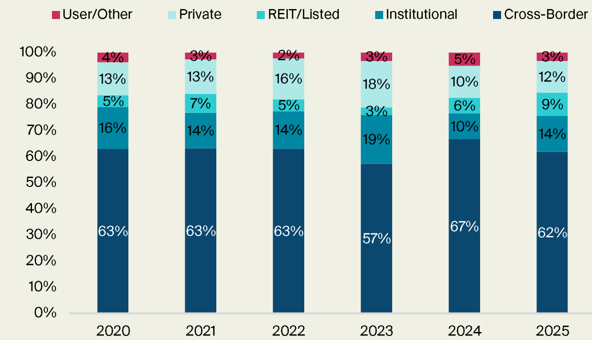
Source: Knight Frank, RCA

Top 10 sources of cross-border capital



Source: Knight Frank, RCA

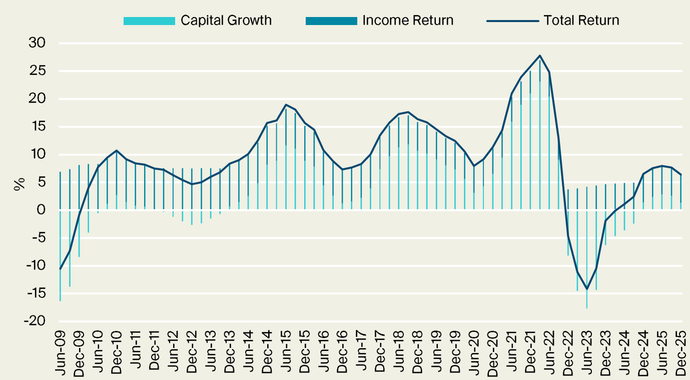
Composition of buyers



Source: Knight Frank, RCA

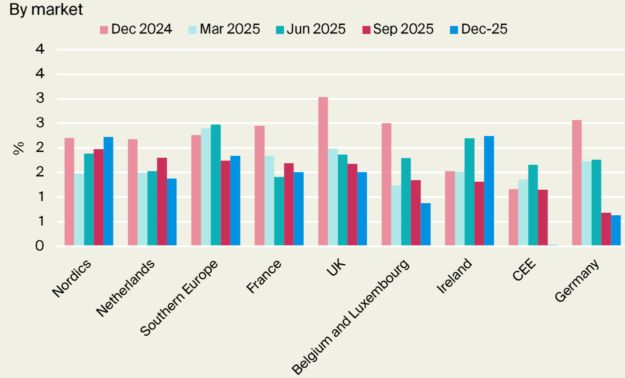
Performance

European industrial total returns – annualized



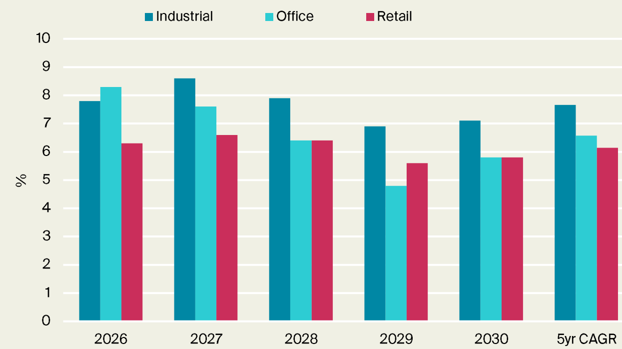
Source: Knight Frank, MSCI

Industrial total returns – quarterly
By market



Source: Knight Frank, MSCI

Euro zone total returns forecast by sector (2025-2029)



Source: Knight Frank, Capital Economics

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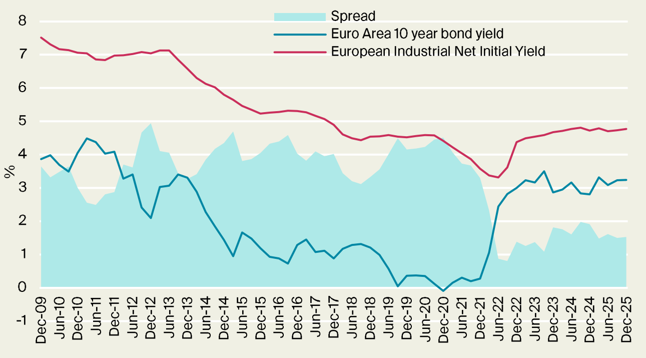
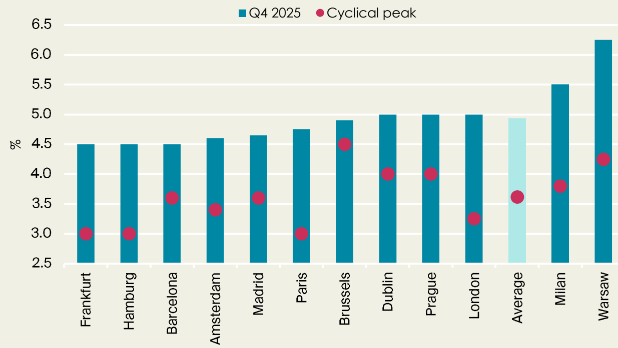
Yields

Europe - industrial yields



Source: Knight Frank, MSCI, Macrobond

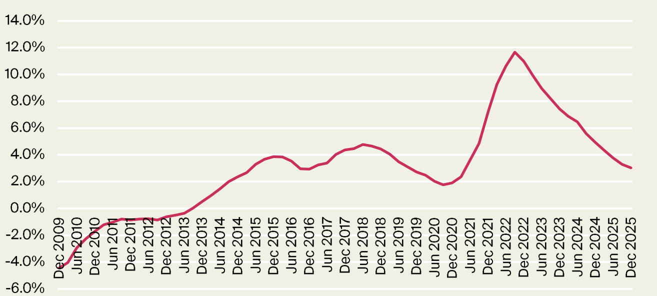
Prime European yields – Q4 2025



Source: Knight Frank Insight

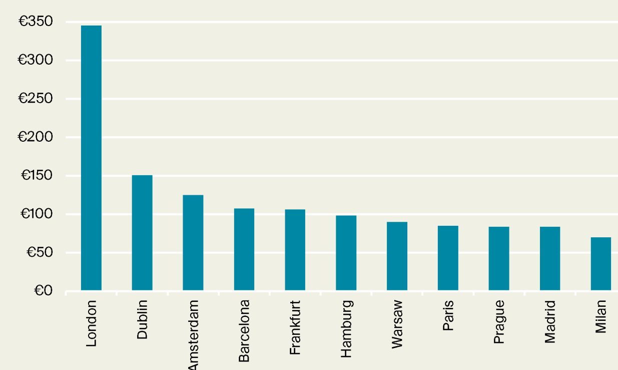
Rents

Europe industrial - Annual average market rental growth



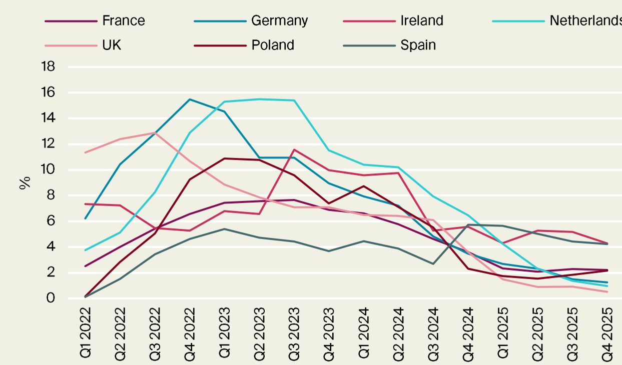
Source: Knight Frank, MSCI

Prime European industrial rents – Q4 2025
€ / sq m / annum



Source: Knight Frank

Average annual rental growth by market



Source: Knight Frank, MSCI

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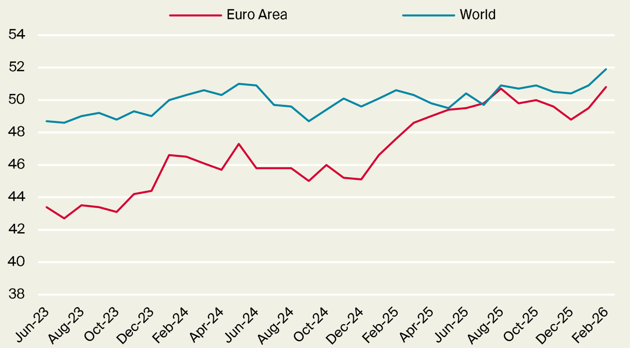
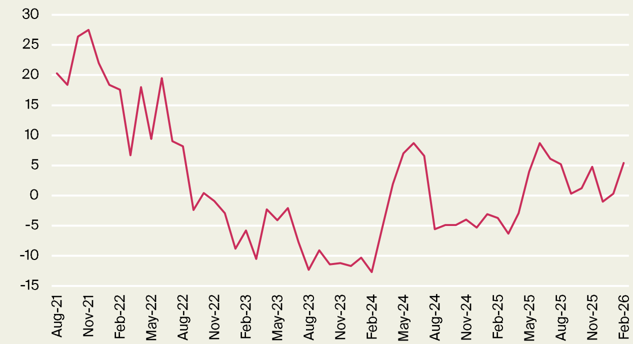
Key indicators: Transport, manufacturing and online retail

Manufacturing PMI index



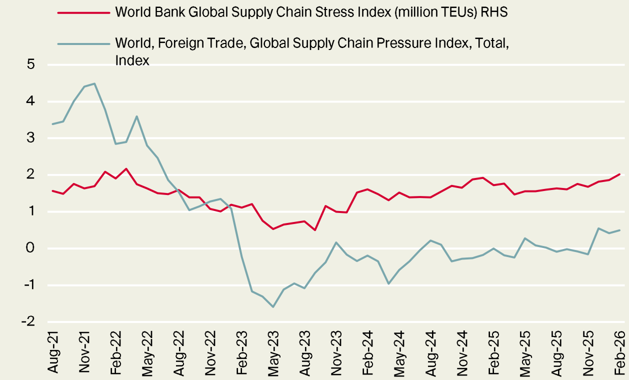
Source: Knight Frank, Macrobond

Warehousing and support activities for transportation – confidence index - EU business survey



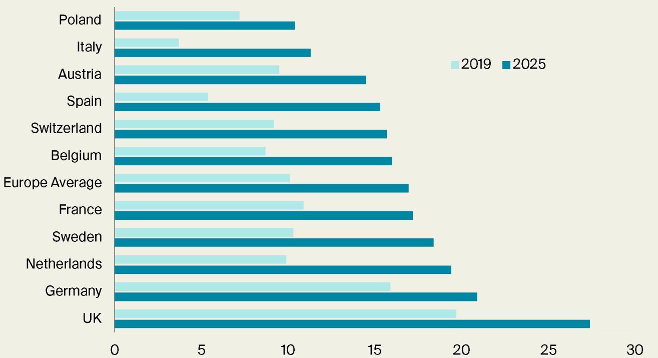
Source: Knight Frank, Macrobond

Global supply chains



Source: Knight Frank, World Bank, Macrobond

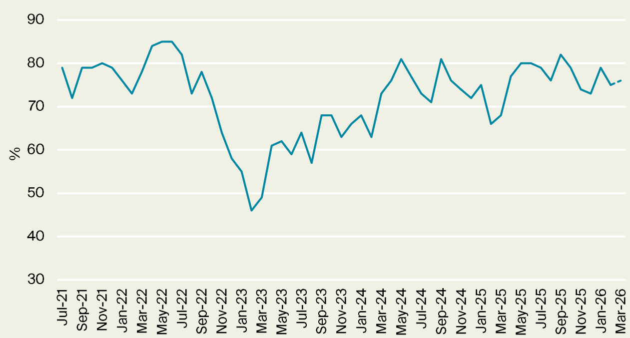
Online retail as a share of retail sales, %



* Estimated penetration rates

Source: Knight Frank

European freight transport barometer
Freight to vehicle space ratio



Source: Knight Frank, TIMOCOM

Key comments

- The Euro Area Manufacturing PMI rose to 50.8 in February of 2025 from 49.5 in January. Moving above the 50 mark, the manufacturing sector returned to expansion mode, with the strongest improvement in operating conditions for euro area factories since June, with new orders increasing at the fastest pace since April 2022.
- Business confidence within the EU's Warehousing and Support activities for the Transportation sector has shown improvement at the start of 2026, after ending the year in negative territory. It reached 5.4 in February, its highest reading since July 2025 (6.1).
- With the outbreak of war in Iran on the 28th February, there has been a focus on disruptions to energy shipments. Indeed, one-fifth of the world's oil sails out of the region via the Strait of Hormuz. However, there are also around 100 container ships stuck in the Gulf and some cargo ports and shipments within the region face significant disruption. Most container carriers, have suspended bookings for most cargo to and from the UAE, Oman, Qatar and Saudi Arabia and other countries in the Middle East. The conflict is yet to reflect in the GSCSI (which focuses on maritime disruptions, particularly container shipping delays, using port-level traffic data). Both the GSCSI and the GSCPI indices have trended upwards since mid-2023, with further upward movements anticipated in the March readings.

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Market commentary

Investment

- A total of €16.0 billion was invested into the European industrial sector in Q4 2025. This is 11% higher y/y and takes the 2025 annual total €43.9 billion, the highest annual total since 2022 (Source: RealCapitalAnalytics). Greater yield stability is giving investors confidence.
- 62% of capital invested in 2025 came from cross-border investors, with US and UK-headquartered investors dominating once again, followed by Sweden.
- Australian investors have risen up the cross-border investor rankings, due to Australia's largest pension fund, AustralianSuper acquiring a 50% stake in a pan-European logistics platform. German capital moved into sixth place for cross-border activity in 2025, after falling from third in 2023 to seventh in 2024, highlighting ongoing caution among German investors toward both foreign and domestic capital deployment.
- The UK and German markets both saw an uptick in investment volumes in 2025, as did France. However, the Netherlands, Poland, Italy and Spain all saw a decline in activity y/y.
- Despite a pickup in investment activity, heightened risk aversion persists amid the conflict on Europe's eastern flank, increasing trade fragmentation, and ongoing volatility across bond and equity markets. The renewed conflict in the Middle East is likely to intensify these pressures. For real estate investors, this reinforces a focus on income resilience and a preference for highly liquid markets with stable policy frameworks. As a result, cross-border capital is expected to be deployed across a narrower set of markets than in previous cycles.

Returns

- Annual capital growth for European Industrial property declined in Q4, from 2.6% in Q3 to 1.3% in Q4 2025 (according to the MSCI European Quarterly Index), with total returns slipping from 7.7% to 6.4%.
- However, some markets saw improvement (q/q) in total returns, including the Nordics, Ireland and Southern Europe.
- Total returns for Eurozone industrial are expected to outperform the office and retail sectors over the next five years. Capital Economics forecast 7.8% total returns for industrial in 2026, rising to 8.6% in 2027. Returns for the European industrial sector are anticipated to exceed those of major property sectors over the next five years (2026-2030), with a CAGR of 7.7% per annum (Capital Economics), compared with 6.6% and 6.1% for the office and retail sectors.

Yields

- The MSCI pan-European net initial yield softened in Q4 2025, 4bps higher q/q, reaching 4.77%. This is below the recent cyclical market trough of 4.81% in Q3 '24, but significantly softer than the previous peak of 3.32% (Q2 '22).
- The ECB Eurozone 10-year bond ended the year at 3.25%. Yields rallied throughout the first two months of 2026, reaching 3.03% at the end of February. However, the conflict in the Middle East has seen this trend reverse, with a latest reading of 3.40% (23rd March 2026). The German bund yield charted a similar path, ending the year at 2.86%, it sharpened to 2.65% at the end of Feb, with a latest reading of 2.97% (24th March).
- Policymakers at the ECB, Federal Reserve, and Bank of England are widely expected to keep interest rates unchanged in the coming months, as investors seek guidance on how central banks will respond to the economic fallout from the conflict. Morale amongst European investors has weakened in March, reflecting fears that surging prices could undermine the markets' fragile recovery.
- Based on the MSCI pan-European NIY (Q4 2025), and the Eurozone 10-year government bond yields, the yield spread was 153bps at the end of Q4 2025, this compares with 191bps at the end of Q4 2024 last year and a ten-year average of c.301bps.
- Across the 11 core prime markets, yields have softened an average of 136bps from the cyclical market peak to Q4 2025. However, recent quarters have seen a hardening of yields in some markets, most notably the Spanish markets.

Occupier Market Activity

- Occupier take-up remains relatively subdued, reflecting softer demand and a sustained slowdown in development activity, which has limited the availability of high-quality space compared with pre-pandemic levels. Nevertheless, total take-up in 2025 increased by almost 5% year on year, with notable gains recorded across the UK, Germany, the Czech Republic, Italy, Spain and Ireland.
- European vacancy rates rose by an average of 72 basis points through the course of 2025, reaching an average of 5.8% at the end of Q4. However, the pace of increase has slowed, with vacancy rates stabilising or declining in some markets. Vacancy levels remain low enough to support rental growth, particularly in core locations, although the rate of growth has moderated over the past year.
- Development activity has fallen sharply in response to higher financing and construction costs, constraining future supply. As a result, occupiers seeking new space are likely to face increasingly limited options, sustaining upward pressure on prime rents. At the same time, moderating economic growth, inflation uncertainty, interest rate volatility weighted on corporate confidence, though confidence seemingly was improving at the end of 2025 and start of 2026, recent geopolitical developments and rising fuel costs are likely to delay any improvement in confidence along with a continued focus on costs and flexibility.
- Ongoing disruption to global trade flows is reinforcing the need for resilient logistics networks, supporting greater use of buffer stock, dynamic rerouting and just-in-case inventory strategies.

Rental Growth

- Prime rents continued to rise through 2025, notably Brussels, Barcelona, Madrid, Frankfurt, Munich and Paris and Dublin reported uplifts year-on-year, while London – where exceptionally strong historic growth and rising vacancy have impacted momentum - was the only core market to record a decline in 2025.
- Average rents for European Industrial continue to grow, though the rate of growth has moderated over the last two years, with 3.0% growth over the past year (to Q4 2025) compared with 4.9% growth in the year to Q4 2024 and a peak of 11.7% in Q3 2022 (Source: MSCI).
- Spain and Ireland have seen the strongest uplift in average rents over the past year, with rental growth, both exceeding 4% (to Q4 2025). The UK and the Netherlands recorded the weakest growth in average rents, both seeing less than 1% rises y/y. All markets are experiencing a slowing in the rate of rental growth.

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