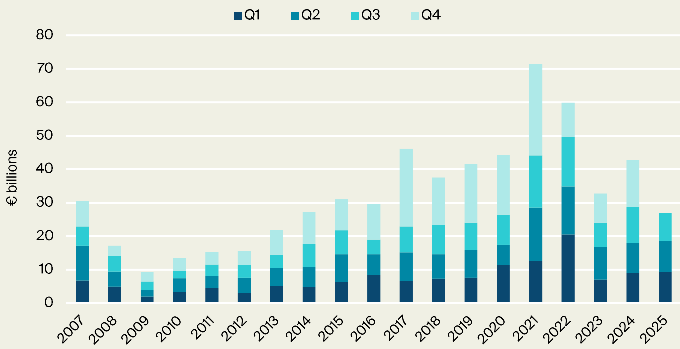
European Logistics Market Dashboard

December 2025

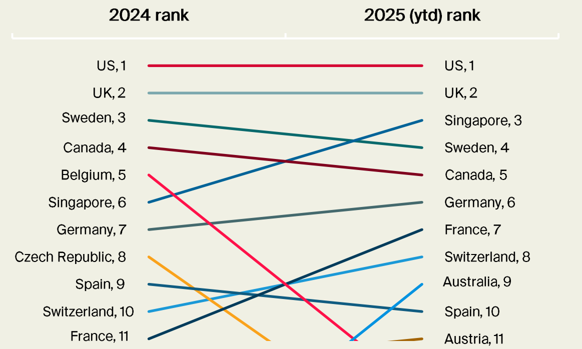
Investment market

Industrial & logistics - investment total



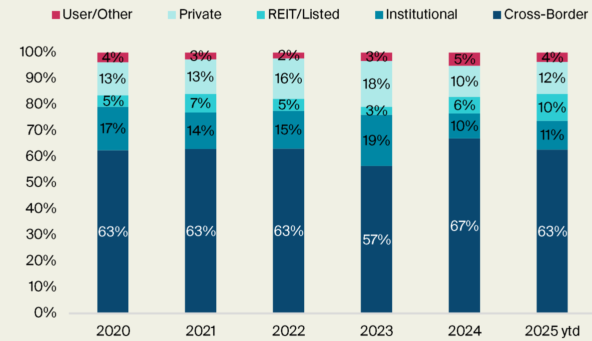
Source: Knight Frank, RCA

Top 10 sources of cross-border capital



Source: Knight Frank, RCA

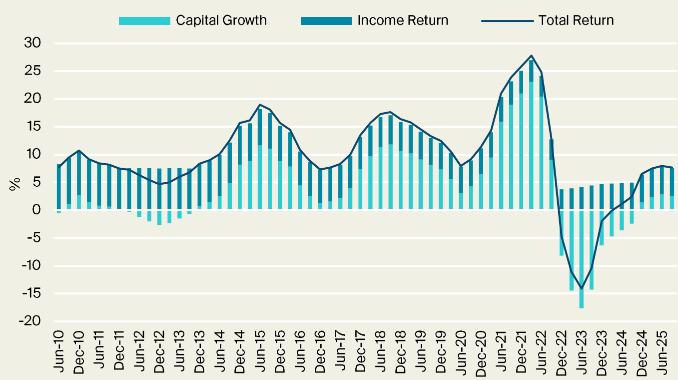
Composition of buyers



Source: Knight Frank, RCA

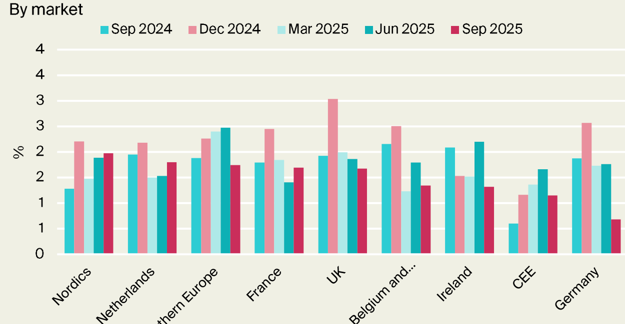
Performance

European industrial total returns – annualized



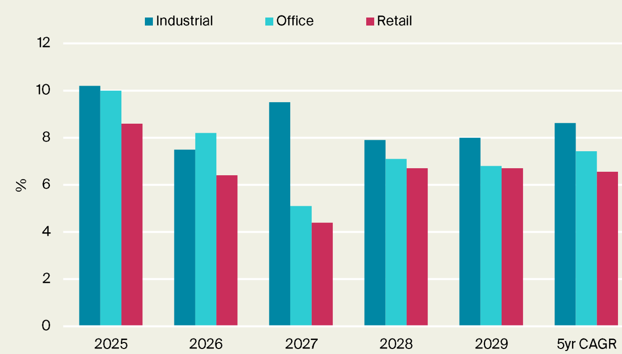
Source: Knight Frank, MSCI

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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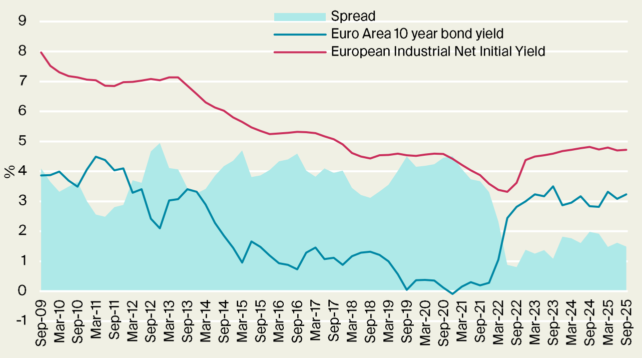
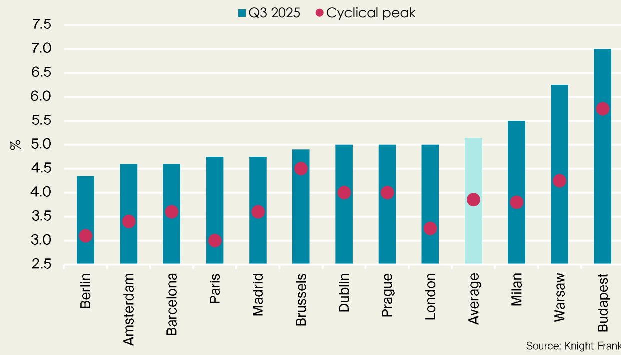
Yields

Europe - industrial yields



Source: Knight Frank, MSCI, Macrobond

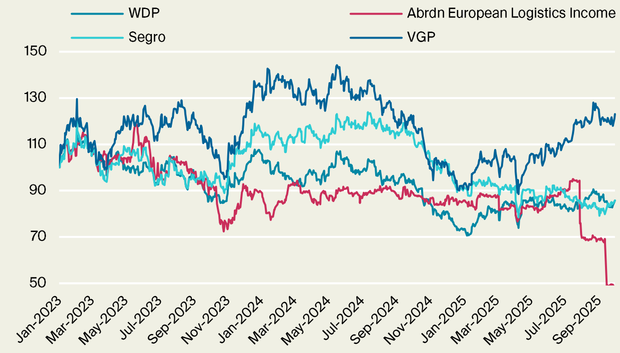
Prime European yields – Q3 2025



Source: Knight Frank

Listed real estate

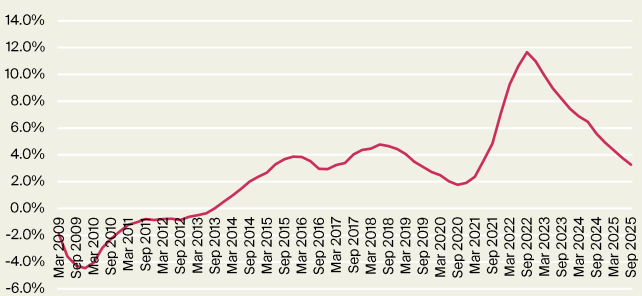
Listed real estate – price indices
01/01/2023 = 100



Source: Knight Frank, Marcobond

Rents

Europe industrial - Annual average market rental growth

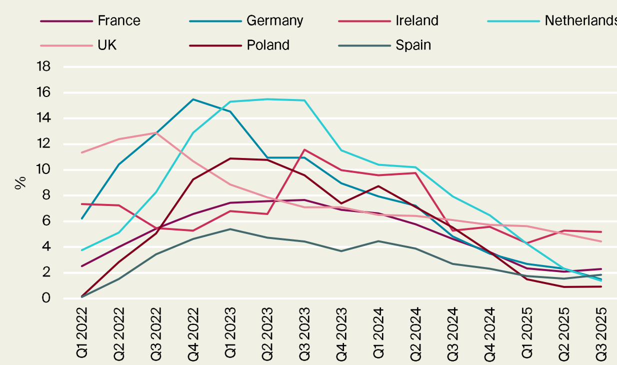


Source: Knight Frank, MSCI

Prime European industrial rents – Q3 2025
€ / sq m / annum

Source: Knight Frank

Average annual rental growth by market



Source: Knight Frank, MSCI

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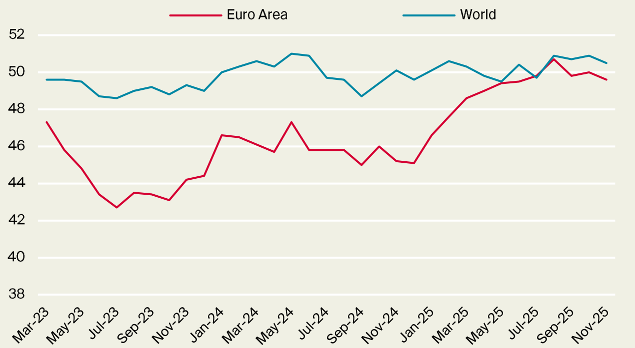
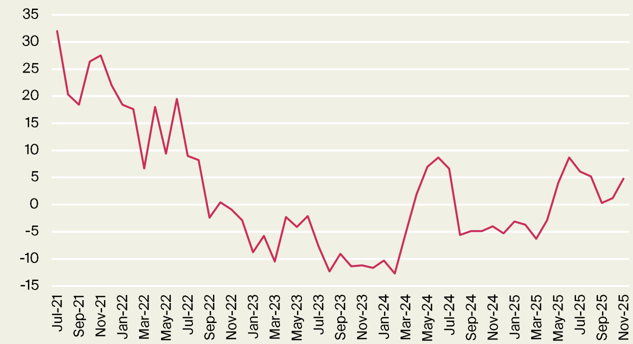
Key indicators: Transport, manufacturing and online retail

Manufacturing PMI index



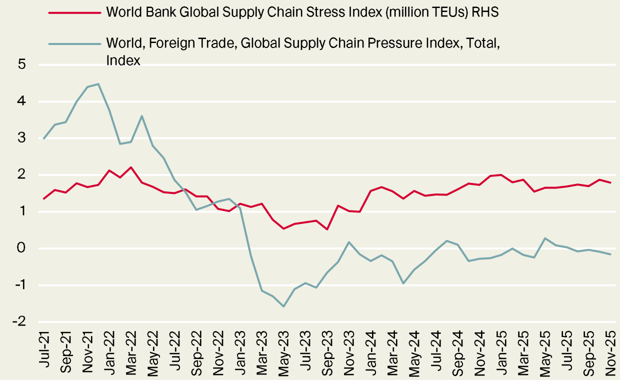
Source: Knight Frank, Macrobond

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



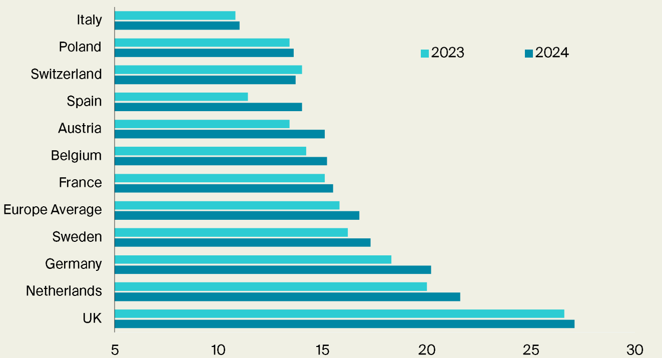
Source: Knight Frank, Macrobond

Global supply chains



Source: Knight Frank, World Bank, Macrobond

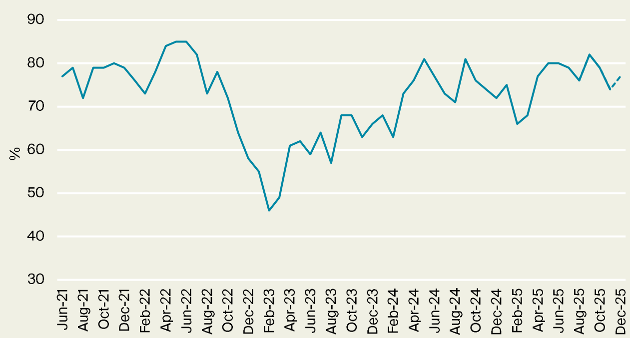
Online retail as a share of retail sales, %



* 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 eased slightly to 49.6 in November of 2025, from 50 in October. This extends a volatile trend that has fluctuated between marginal expansion and contraction since August.
- Business confidence within the EU's warehousing and support activities for the Transportation sector reached 4.8 in November, up from 1.2 in October, signalling rising confidence.
- The Global Supply Chains chart compares two indexes of supply chain frictions: the World Bank's Global Supply Chain Stress Index (GSCSI) and the New York Fed's Global Supply Chain Pressure Index (GSCPI). Over the past 18 months, the indexes have diverged. GSCPI is near normal levels, while the GSCSI indicates stress similar to 2021–22. GSCPI is a broader measure, incorporating shipping costs, airfreight, and manufacturing surveys (e.g., delivery times, inventories, backlogs), while the GSCSI focuses on maritime disruptions, particularly container shipping delays, using port-level traffic data. The divergence highlights the acute impact of Red Sea disruptions on maritime freight in particular and may also suggest improved supply chain resilience, with firms more able to manage disruptions due to improved inventory management and increased stock holdings etc.

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Market commentary

Investment

- Transaction volumes in the first three quarters of 2025 are down 6% year on year and down 5% when compared with the ten-year average. However, they're 12% higher than in 2023, and higher than any pre-pandemic year on record, underscoring both liquidity and ongoing investor confidence.
- 63% of capital invested in 2025 (ytd) has come from cross-border investors, with US and UK-headquartered investors dominating once again.
- Singaporean cross-border capital flows strengthened through 2025 (to Q3), moving upwards from 6th to 3rd in the rankings, largely due to favourable swap rate movements that improved funding conditions and boosted investor appetite. France followed suit, rising from 11th to 7th (ytd), with Australian investors continuing to rise up the cross-border investor rankings, improving to 9th. Belgium has seen a significant drop in cross border capital flows so far in 2025, falling from 5th to 13th in the rankings, with the 2024 total boosted by a number of sizeable portfolio acquisitions by WDP and Montea (Belgian Industrial REITs).
- The number of properties transacted slightly slowed through Q3, with 538 properties transacted (down 10% from Q2). However, y/y, properties transacted are up 4.7%, signalling that despite quarterly slowdown, overall activity remains resilient with strong investor sentiment towards industrial demand (MSCI).
- Single property transactions drove activity in Q3, with €5.1 billion invested. Portfolio transactions fell sharply to €3.4 billion, down 29% y/y, marking a major shift from the volumes recorded through the first half of this year (MSCI). However, we expect portfolio transactions to pick back up in Q4 and account for a larger share of the market as we move into 2026.

Returns

- Annual capital growth for European Industrial property fell from 2.8% in Q2 to 2.6% in Q3 2025 (according to the MSCI European Quarterly Index), reducing total returns to 7.7%, down from 8.0% in Q2.
- Apart from the Nordics, the Netherlands, and France, all other markets have seen a reduction (q/q) in total returns in Q3 2025.
- Total returns for Eurozone industrial are expected to outperform the office and retail sectors over the next five years. Capital Economics forecast 10.2% total returns for industrial in 2025, dropping to 7.5% in 2026, marking an upward revision from their previous forecast. Returns for the European industrial sector are anticipated to exceed those of major property sectors over the next five years (2025-2029), with a CAGR of 8.6% per annum (Capital Economics), compared with 7.4% and 6.6% for the office and retail sectors.

Yields

- The MSCI pan-European net initial yield hardened in Q3 2025, reaching 4.7%, 1bp lower q/q, and the lowest it has been since Q4 2023. However, the NIY remains significantly softer than the cyclical peak of 3.3% (Q2 2022).
- The ECB Eurozone 10-year bond softened during Q3, to 3.23% at quarter end. Meanwhile the German Bund reached 2.71% (end September) from 2.57% (end June).
- The ECB has held rates for a third consecutive meeting (July, September and October), with expectations for another vote to hold in December. Inflation is stabilising, and with the interest rate cutting cycle at or nearing its end, investors have lowered their expectations of future rate cuts.
- Based on the MSCI pan-European NIY (Q3 2025), and the Eurozone 10-year government bond yields, the yield spread was 150bps, this compares with 162bps at the end of Q2 2025 and a ten-year average of c.315bps.
- Across the 11 core prime markets, yields have softened an average of 129bps from the cyclical market peak to Q3 2025. However, recent quarters have seen a hardening of yields in some markets. In Q3, four of the prime markets we track recorded some yield compression, with the rest remaining stable q/q.

Occupier Market Activity

- While take-up levels remain somewhat subdued by a combination of slower occupier demand and reduced development activity, with less high-quality space available compared with pre-pandemic years. Overall, take up volumes in Q3 2025 was down 2% on Q3 last year. However, Germany, Czech Republic, the UK and Ireland all saw notable rises year on year.
- European vacancy rates have risen, an average of 137 bps, from 5.2% in Q3 2024, up to 6.5% in Q3 this year. Despite the uptick, they remain low enough to sustain rental growth, particularly in the core markets, however the pace of growth is slowing across most markets.
- An uptick in availability, coupled with wider macro-economic conditions and a tempering in economic growth is leading to slower expansion decisions by occupiers. Economic pressures and a fall in speculative development, along with high fit out costs is driving more occupiers to consider second hand facilities, where they can benefit from a previous tenant's fit-out.
- Greater adoption of automation technology is focusing occupier demand towards larger buildings with adequate power provision, transport connectivity and (skilled) labour.
- Higher financing and build costs continue to dampen development activity, occupiers wanting new space will face increasingly limited options, and this will mean continued upward pressure on prime rents.

Rental Growth

- Prime rents remained largely stable in Q3. No core markets reported an uplift, while London and Barcelona saw prime rents decline, with strong historic rental growth and rising vacancy impacting momentum.
- Average rents for European Industrial continue to grow, though the rate of growth continues to slow as it has done over the last 2 years, with 3.3% growth over the past year (to Q3 2025). This compares with 5.6% growth in the year to Q3 2025 and a peak of 11.7% in Q3 2022 (Source: MSCI).
- The UK and Ireland have continued to see the strongest uplifts in average rents over the past year, with rental growth of 4.4% and 5.2% respectively (to Q3 2025). Poland and the Netherlands were the lowest in terms of average rental growth, with 0.9% and 1.4% respectively. Most markets are experiencing a slowing in the rate of rental growth, only France and Poland saw the growth rate accelerate in Q3, while the Netherlands saw the most marked slowdown.
- Rental growth in core/city markets has been led by UK industrial markets in Q3, as it did in Q2, with Edinburgh, Manchester and Glasgow outperforming. The markets of Glasgow, Edinburgh and Madrid have recorded the biggest accelerations in rental growth q/q, while the largest slowdowns have been seen in Birmingham, Warsaw and Leeds (MSCI).

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