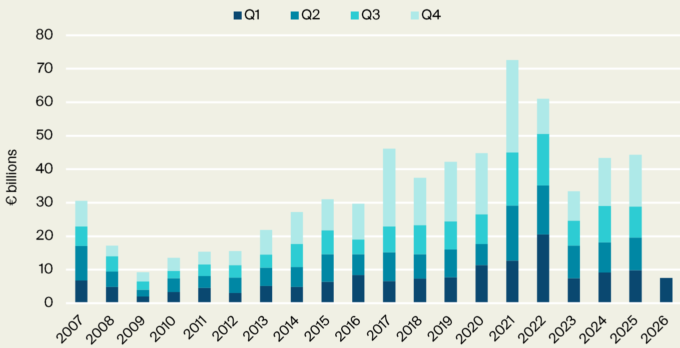
European Logistics Market Dashboard

June 2026

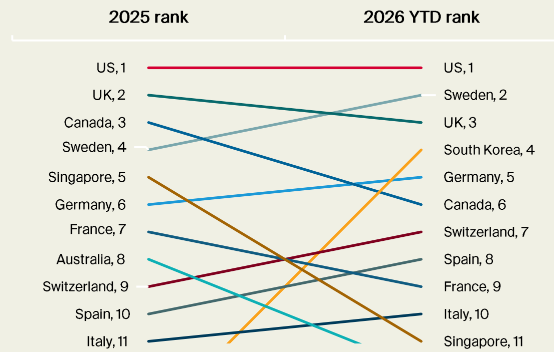
Investment market

Industrial & logistics - investment total



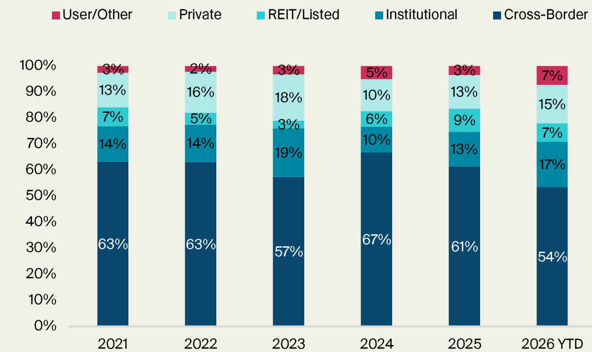
Source: Knight Frank, RCA

Top 10 sources of cross-border capital



Source: Knight Frank, RCA

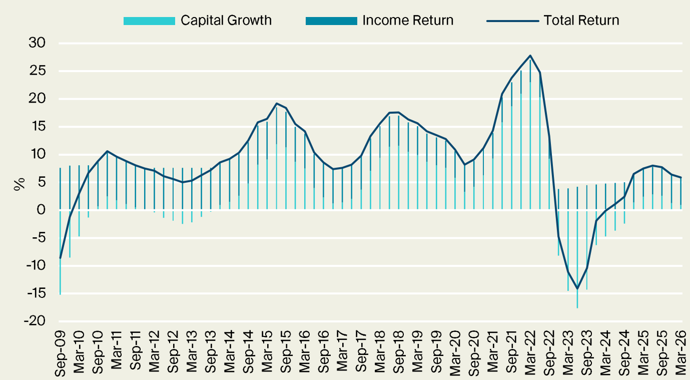
Composition of buyers



Source: Knight Frank, RCA

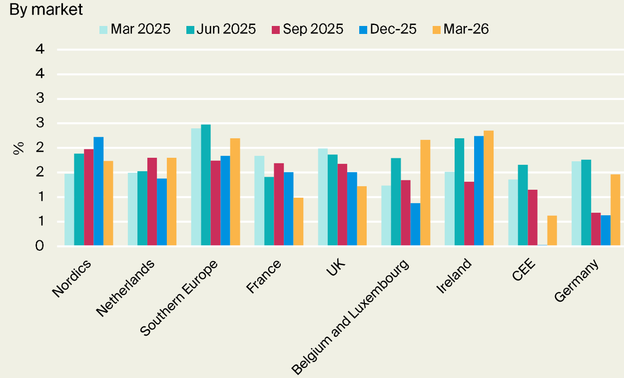
Performance

European industrial total returns – annualized



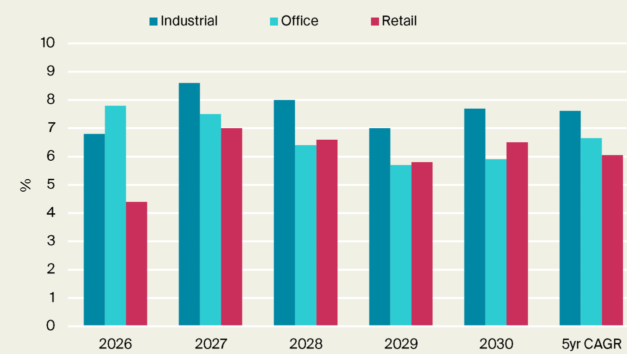
Source: Knight Frank, MSCI

Industrial total returns – quarterly
By market



Source: Knight Frank, MSCI

Euro zone total returns forecast by sector (2026-2030)



Source: Knight Frank, Capital Economics

Research

Claire Williams
Head of UK & Europe Industrial Research
+44 203 897 0036
Claire.Williams@knightfrank.com

Capital Markets

Richard Laird
Partner, Co Head European Capital Markets
+44 20 7861 1663
richard.laird@knightfrank.com

Agency

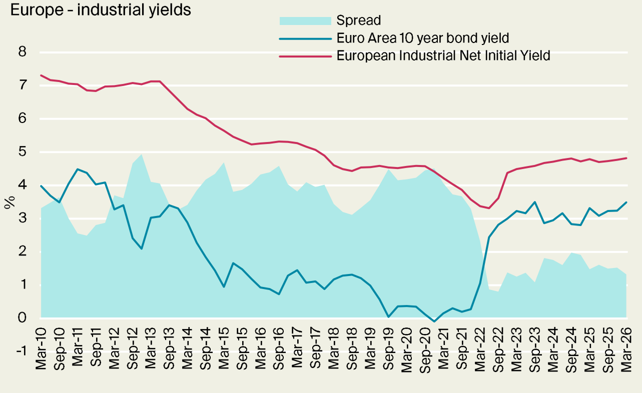
Charles Binks
Partner, Industrial & Logistics Agency
+44 20 7861 1146
charles.binks@knightfrank.com

European Logistics Market Dashboard

June 2026

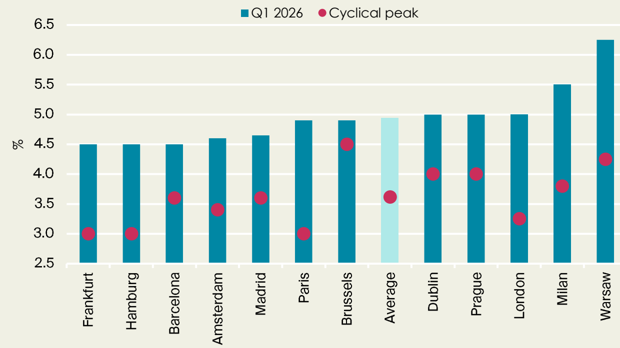
Yields

Europe - industrial yields



Source: Knight Frank, MSCI, Macrobond

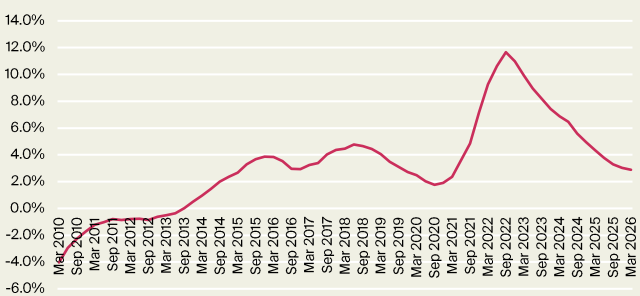
Prime European yields – Q1 2026



Source: Knight Frank Insight

Rents

Europe industrial - Annual average market rental growth

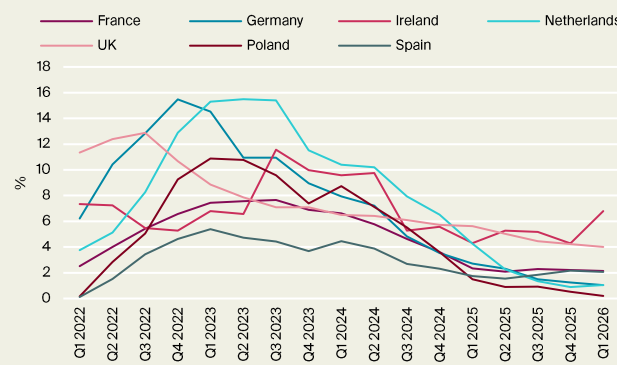


Source: Knight Frank, MSCI

Prime European industrial rents – Q1 2026
€ / sq m / annum

Source: Knight Frank

Average annual rental growth by market



Source: Knight Frank, MSCI

Research

Claire Williams
Head of UK & Europe Industrial Research
+44 203 897 0036
Claire.Williams@knightfrank.com

Capital Markets

Richard Laird
Partner, Co Head European Capital Markets
+44 20 7861 1663
richard.laird@knightfrank.com

Agency

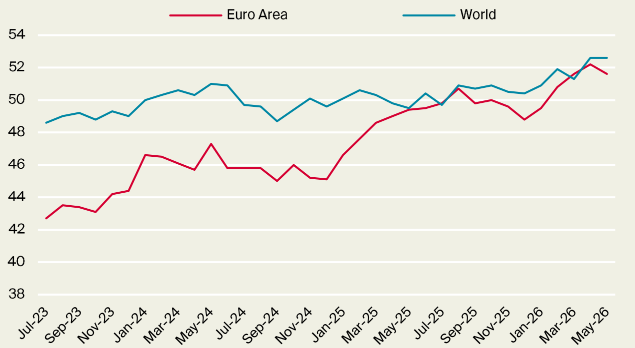
Charles Binks
Partner, Industrial & Logistics Agency
+44 20 7861 1146
charles.binks@knightfrank.com

European Logistics Market Dashboard

June 2026

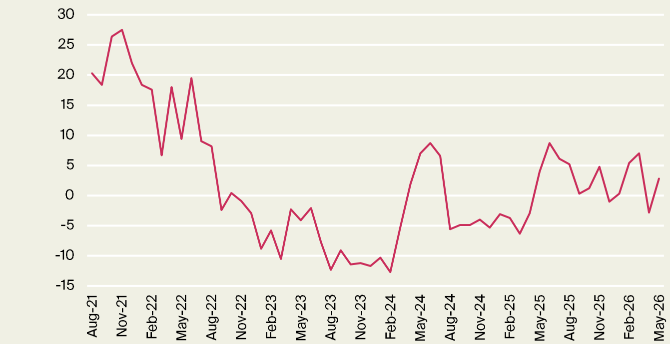
Key indicators: Transport, manufacturing and online retail

Manufacturing PMI index



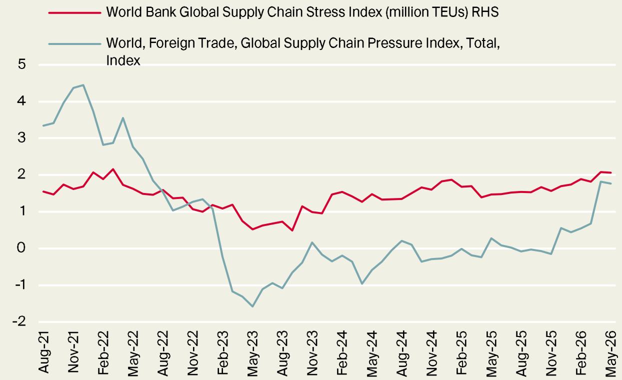
Source: Knight Frank, Macrobond

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



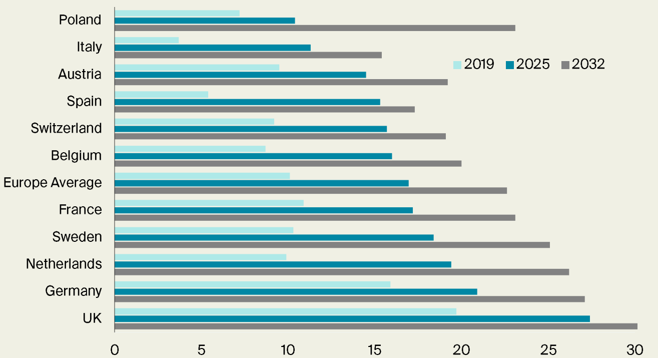
Source: Knight Frank, Macrobond

Global supply chains



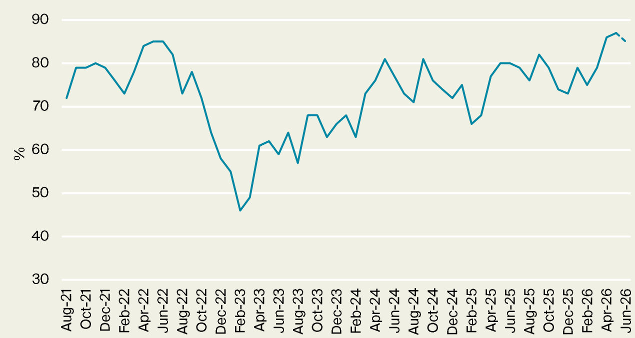
Source: Knight Frank, World Bank, Macrobond

Online retail as a share of retail sales, %



Source: Knight Frank, Oxford Economics

European freight transport barometer
Freight to vehicle space ratio



Source: Knight Frank, TIMOCOM

Key comments

- The Euro Area Manufacturing PMI declined to 51.6 in May 2026 from 52.2 in April. Despite the decline, it remains above to 50 mark, indicating continued expansion albeit at a slightly slower pace. Growth is faltering under the strain of soaring prices and supply chain disruptions tied to the Middle East conflict. While new orders stagnated, production growth slowed, and input prices and output charges surged.
- Oxford Economics forecast significant growth in online retail penetration rates across Europe, though the pace of growth is not expected to be uniform. They forecast that one third of retail sales will take place online in the UK by 2032. The strongest growth is anticipated in Poland
- The April release of the World Bank's Global Supply Chain Stress Index (GSCSI), based on March shipping activity, provides the first clear indication of disruption from the Middle East conflict and restrictions through the Strait of Hormuz. Major carriers suspended transits, rerouted services, and Gulf ports faced operational disruption, reducing effective capacity and driving congestion across global networks. Between January and April 2026, the GSCSI rose by 19.5% to 2.08 million TEU of delayed capacity, the highest level since the 2021–22 supply chain crisis. Despite a fragile ceasefire and ongoing negotiations, conditions remain volatile, with vessel traffic still below normal levels and disruption expected to persist.

Research

Claire Williams
Head of UK & Europe Industrial Research
+44 203 897 0036
Claire.Williams@knightfrank.com

Capital Markets

Richard Laird
Partner, Co Head European Capital Markets
+44 20 7861 1663
richard.laird@knightfrank.com

Agency

Charles Binks
Partner, Industrial & Logistics Agency
+44 20 7861 1146
charles.binks@knightfrank.com

European Logistics Market Dashboard

June 2026

Market commentary

Investment

- A total of €7.6 billion was invested in the European industrial sector in Q1 2026, around 23% lower compared with Q1 2025 (Source: RealCapitalAnalytics).
- 54% of capital invested in 2026 YTD came from cross-border investors, which is down from 61% in 2025 and 67% in 2024. US-headquartered investors continued to dominate cross-border capital flows, followed by Sweden, the UK, and South Korea.
- Poland and the Nordic markets saw an uptick in investment volumes in Q1 2026. However, most major European markets saw a y/y decline in activity.
- Heightened risk aversion persists amid the conflicts in the Middle East and Ukraine, increasing trade fragmentation, and ongoing volatility across bond and equity markets. 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, investors are scrutinising transactions more closely, and uncertainty around pricing is leading to protracted negotiations.
- Cross-border capital is being deployed across a more concentrated set of markets than in previous cycles, a trend that is already evident in the composition of buyers so far this year.

Returns

- Annual capital growth for European Industrial property declined further in Q1 2026, from 1.3% in Q4 2025 to 0.9% (according to the MSCI European Quarterly Index), with total returns slipping from 6.4% to 5.9%.
- However, Q1 data show most markets saw improvement (q/q) in total returns, including Germany, the CEE, the Netherlands, Southern Europe, Belgium & Luxembourg, and Ireland. Conversely, the UK, France and the Nordics recorded quarterly declines.
- Despite being expected to underperform the office sector this year, total returns for Eurozone industrial are expected to outperform the office and retail sectors over the next five years. Capital Economics forecast 6.8% total returns for industrial in 2026, rising to 8.6% in 2027. Returns for the European industrial sector are anticipated to exceed those of the major property sectors over the next five years (2026-2030), with a CAGR of 7.6% per annum (Capital Economics), compared with 6.7% and 6.1% for the office and retail sectors, respectively.

Yields

- The MSCI pan-European net initial yield softened further in Q1 2026, 5bps higher q/q, reaching 4.82%, the highest reading since Q4 2017, and significantly softer than the previous peak of 3.32% (Q2 '22).
- Eurozone sovereign bond yields have followed a volatile path. The ECB Eurozone 10-year yield closed Q1 at 3.49%, up from 3.25% at the end of Q4, having reached a low of 3.03% on 27 February, shortly before the escalation of conflict in the Middle East. The German Bund followed a similar trajectory, ending Q1 at 3.03% after falling to 2.65% in late February. More recently, following the preliminary US–Iran agreement to end their three-month conflict and reopen the Strait of Hormuz, the 10-year Bund yield eased to 2.95% on 15 June, their lowest level since 29 May.
- The European Central Bank raised interest rates by 25 basis points at its June 2026 meeting, the first increase since 2023, as policymakers emphasised their commitment to anchoring inflation at the 2% target.
- Based on MSCI pan-European NIY data for Q1 2026, the spread to the Eurozone 10-year government bond stood at 133bps, down from 148bps a year earlier and well below the ten-year average of c.301bps.
- Across the 11 core prime markets, yields have moved out by an average of 132bps from the cyclical peak to Q1 2026. However, performance stabilised over the quarter, with prime yields broadly holding firm across most markets and only limited outward movement recorded in Paris.

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 Q1 2026 increased by 16% year on year, with notable gains recorded across the UK, Netherlands, Germany, Italy and Poland.
- European vacancy rates increased by an average of 49 basis points over the year to Q1 2026, reaching 6.1% at quarter end, up from 5.8% at the end of 2025. Despite this upward trend, availability remains more constrained at the top end of the market, with grade A vacancy still relatively tight. This reflects a combination of limited recent speculative development and a continued occupier focus on best-in-class space. While rental growth has moderated over the past year, vacancy rates remain at levels supportive of further growth, particularly for prime, grade A assets in core markets.
- Development activity has fallen sharply amid higher financing and construction costs, limiting the pipeline of future supply. As a result, occupiers seeking new space are facing a narrowing range of options, underpinning pressure on prime rents.
- While developer sentiment improved towards the end of 2025 and into early 2026, supported by a more favourable outlook for interest rates and borrowing costs, recent geopolitical tensions in Iran have reversed some of this momentum. Rising borrowing costs, fuel prices and construction inputs are likely to push out development viability thresholds and delay any sustained recovery in confidence.
- Ongoing disruptions to global trade flows are increasing the focus on more resilient logistics networks, driving greater adoption of buffer stocks, flexible rerouting, and just-in-case inventory strategies, and requiring firms to position inventory closer to end markets across Europe.

Rental Growth

- Prime rents continued to rise through 2025 and into Q1 2026, notably Brussels, Amsterdam, Frankfurt, Munich, Madrid, Paris, Barcelona and Dublin reported uplifts year-on-year, while London – where exceptionally strong historic growth and rising vacancy have impacted momentum - remained the only core market to record a decline (to Q1 2026).
- Average rents for European Industrial continue to grow, though the rate of growth has moderated over the last two years, with 2.9% growth over the past year (to Q1 2026) compared with 3.0% in the year to Q4 2025, 4.3% in the year to Q1 2025 and a peak of 11.7% in Q3 2022 (Source: MSCI).
- Ireland has seen the strongest uplift in average rents over the past year, with rental growth of 6.8% (to Q1 2026), well ahead of other core markets. Poland recorded the weakest growth at around 0.2% y/y, with Germany and the Netherlands also subdued at close to 1% rises y/y. Most markets continue to see a slowing in the rate of rental growth, though Ireland has bucked the trend.

Research

Claire Williams
Head of UK & Europe Industrial Research
+44 203 897 0036
Claire.Williams@knightfrank.com

Capital Markets

Richard Laird
Partner, Co Head European Capital Markets
+44 20 7861 1663
richard.laird@knightfrank.com

Agency

Charles Binks
Partner, Industrial & Logistics Agency
+44 20 7861 1146
charles.binks@knightfrank.com