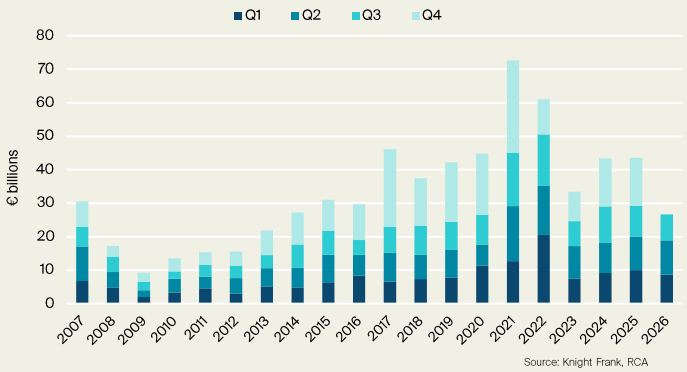
European Logistics Market Dashboard

October 2026

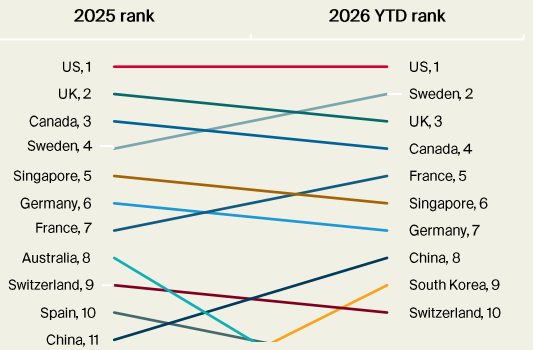
Investment market

Industrial & logistics – investment total



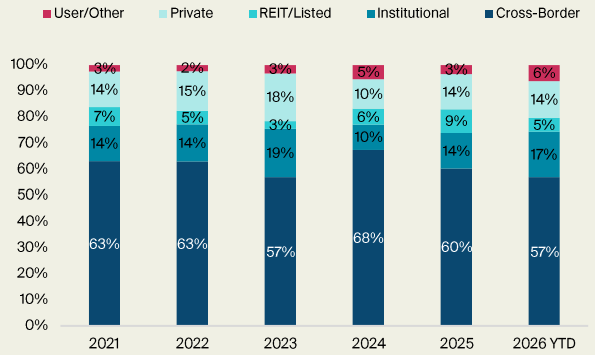
Source: Knight Frank, RCA

Top 10 sources of cross-border capital



Source: Knight Frank, RCA

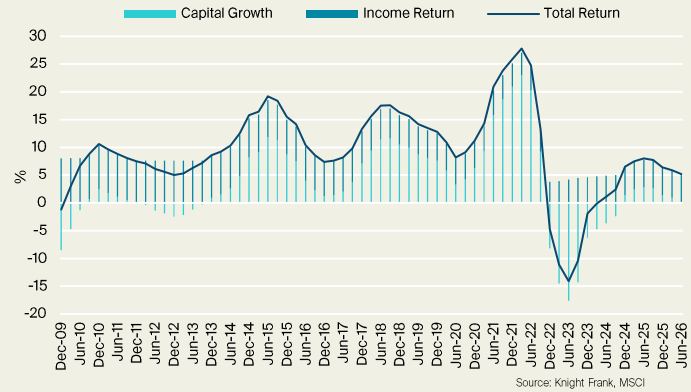
Composition of buyers



Source: Knight Frank, RCA

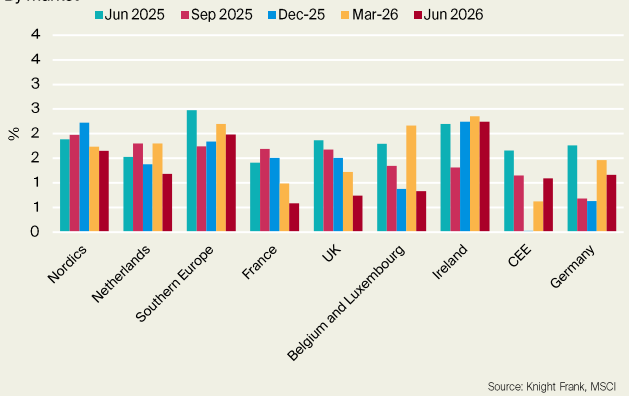
Performance

European industrial total returns – annualized



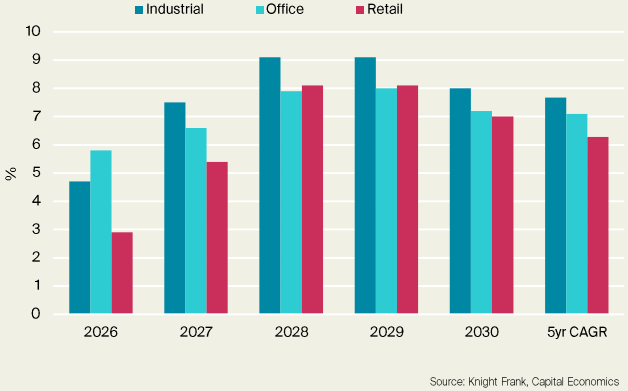
Source: Knight Frank, MSCI

Industrial total returns – quarterly
By market



Source: Knight Frank, MSCI

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



Source: Knight Frank, Capital Economics

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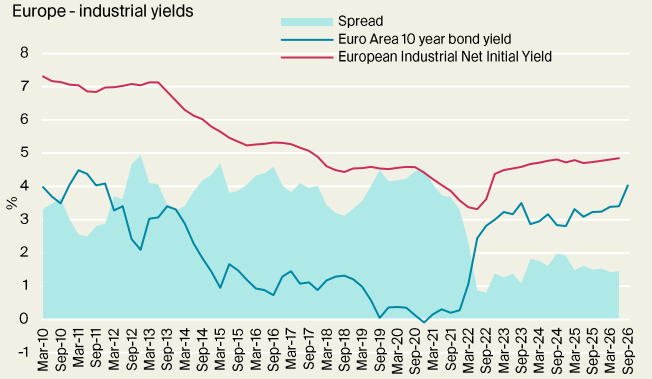
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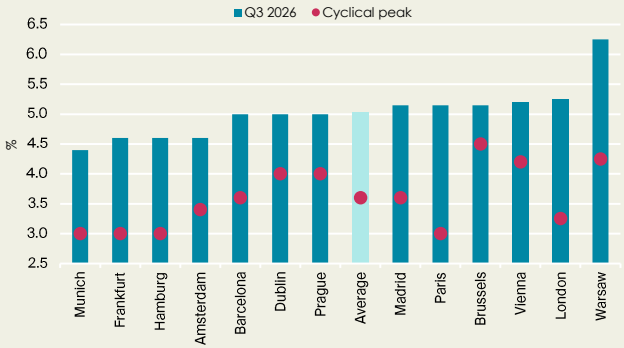
Yields

Europe - industrial yields



Source: Knight Frank, MSCI, Macrobond

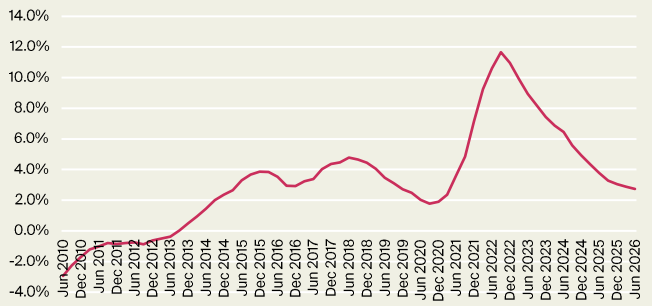
Prime European yields – Q3 2026



Source: Knight Frank Insight

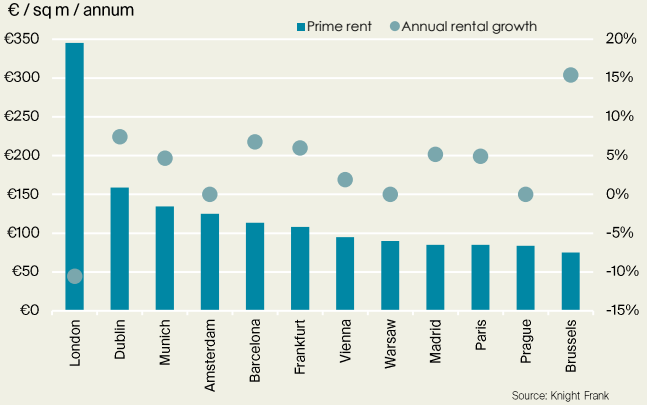
Rents

Europe industrial - Annual average market rental growth



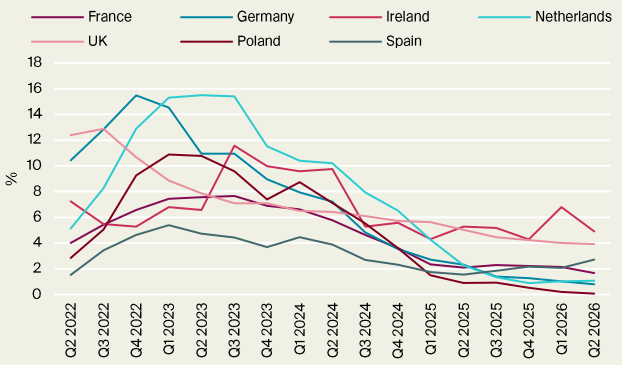
Source: Knight Frank, MSCI

Prime European industrial rents – Q3 2026
€ / sq m / annum



Source: Knight Frank

Average annual rental growth by market



Source: Knight Frank, MSCI

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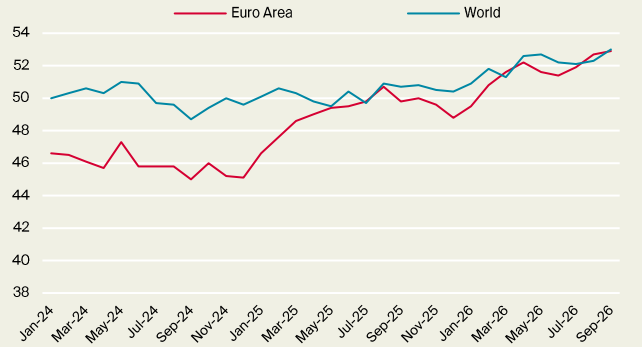
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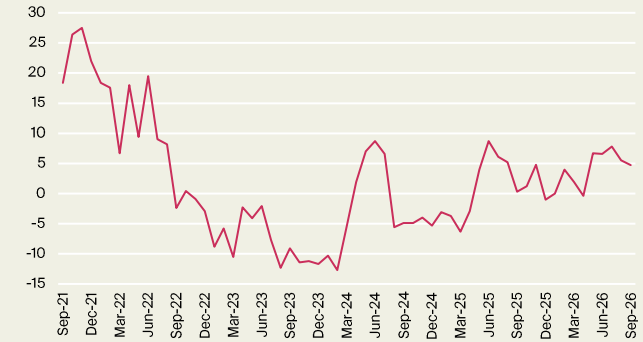
Key indicators: Transport, manufacturing and online retail

Manufacturing PMI index



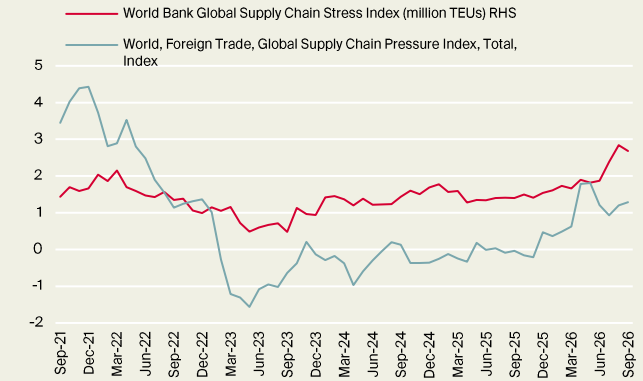
Source: Knight Frank, Macrobond

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



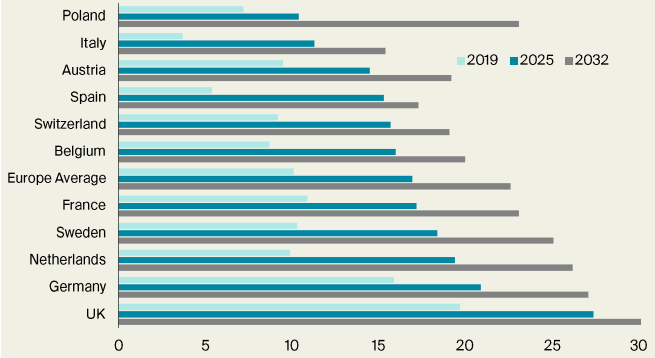
Source: Knight Frank, Macrobond

Global supply chains



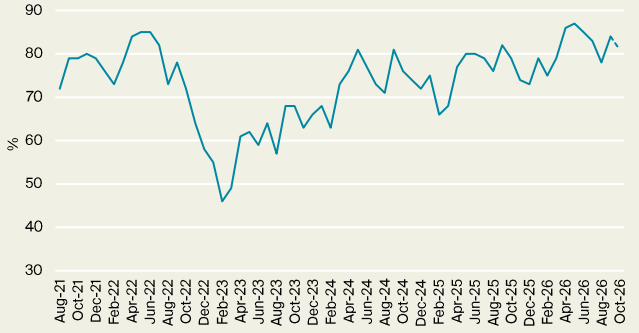
Source: Knight Frank, World Bank, Macrobond

Online retail as a share of retail sales, %



Source: Knight Frank, Oxford Economics

European freight transport barometer
Freight to vehicle space ratio



Source: Knight Frank, TIMOCOM

Key comments

- The S&P Global Eurozone Manufacturing PMI rose to 52.9 in September 2026, its highest level since May 2022. Improving demand conditions boosted new orders, exports and production pipelines, resulting in the fastest rise in backlogs in nearly four-and-a-half years. Manufacturers increased employment and input purchasing accordingly, while business sentiment reached a seven-month high despite firmer input and output price inflation.
- The TIMOCOM Transport Barometer tracks the real-time ratio of freight offers to available vehicle space across 46 European countries. In October, the Freight to vehicle space ratio reached 81%, marking a 3% increase compared to October 2025. The market remains heavily weighted toward freight demand rather than available truck space. Vehicle space offers have faced pressure due to driver shortages, high energy costs, and shifting market dynamics.
- Between January and August 2026, the Global Supply Chain Stress Index (GSCSI) rose by 76% to 2.84 million TEU of delayed capacity, the highest level on record and notably higher than the peak reading of 2.15 million TEU's in March 2022, during the 2021–22 supply chain crisis. The latest reading in September marks a slight decline to 2.68 million TEUs. The ongoing conflict in Iran and the blockade of the Strait of Hormuz, coupled with extreme weather events over the summer have driven up supply chain stresses.

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European Logistics Market Dashboard

October 2026

Market commentary

Investment

- A preliminary total of €7.8 billion was invested in the European industrial sector in Q3 2026, down from €10.2 billion in Q2 2026 (Source: RealCapitalAnalytics). However, this is subject to revision as additional transaction information comes to light. Q1–Q3 2026 YTD volumes total c.€26.6 billion, down 8.8% on the same period in 2025.
- Cross-border investors accounted for 57% of capital invested in 2026 YTD, down from 60% in 2025 and 68% in 2024. US-headquartered investors continued to dominate cross-border capital flows, followed by Sweden, the UK and Canada. Investors from Sweden, France and China have become more active this year compared with last year.
- 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.
- Despite accounting for a smaller share of overall investment, Cross-border capital remains active in the market, but is being deployed across a more concentrated set of markets than in previous cycles. Together, the top 5 destinations (UK, Germany, France, Netherlands and Italy) accounted for 76% of the cross-border total, the same proportion as last year.

Returns

- Annual capital growth for European Industrial property declined further in Q2 2026, falling to 0.2% (from 0.9% in Q1 2026), with total returns slipping further to 5.2% (from 5.9%), according to the MSCI European Quarterly Index.
- Total returns declined quarter-on-quarter across almost all markets, including Germany, the Netherlands, Southern Europe, Belgium & Luxembourg, Ireland, France, the UK and the Nordics, with only the CEE region recording an improvement.
- Capital Economics' latest total returns forecast has been revised down materially for the near term, 4.7% in 2026 and 7.5% in 2027 (vs 6.8% and 8.6% previously). Returns for the European industrial sector are still expected to outperform the Office and Retail sectors, with a 5-year forecast CAGR c.7.7% for industrial, against c.7.1% for office and c.6.3% for retail (Capital Economics).

Yields

- The MSCI pan-European net initial yield softened further to 4.85% in Q2 2026 (from 4.81% in Q1 2026), extending its run as the highest since Q4 2017 and still significantly softer than the previous peak of 3.32% (Q2 '22).
- Eurozone sovereign bond yields have followed a volatile path in recent months. The ECB Eurozone 10-year yield closed Q3 at 4.06%, up from 3.26% at the end of Q2. The German Bund followed a similar trajectory, ending Q3 at 3.58%. However, both have since recorded slight declines, with the latest readings of 4.02% and 3.34% respectively.
- The European Central Bank has continued raising rates since June 2026, hiking a further 25bps in September to bring the deposit facility rate to 2.50%, with its next decision due 29 October 2026.
- Across the core prime markets, yields have moved out by an average of c.138bps from the cyclical peak to Q3 2026 (vs 132bps to Q1 2026), with performance continuing to soften gradually. Paris has seen one of the largest adjustments of any market (c.215bps).

Occupier Market Activity

- Occupier demand remains resilient despite ongoing geopolitical and economic uncertainty. Total take-up across Europe's major logistics markets increased by 55% year-on-year in Q2 2026, with growth recorded across most markets, including the Netherlands, Spain, France, Germany and Italy.
- European vacancy rates continued to rise in Q2 2026, reaching an average of 6.8%. However, availability remains more constrained at the top end of the market, with occupiers continuing to prioritise high-quality, well-located and sustainable assets. As a result, prime rental growth has remained positive across most core markets despite higher headline vacancy rates.
- Development activity remains subdued as higher construction costs, financing costs and sustainability requirements continue to weigh on delivery pipelines. This is limiting the supply of modern, occupier-ready space and increasingly concentrating demand towards the best quality stock.
- Continued inflationary pressures and higher energy prices have renewed uncertainty around the development outlook. Rising borrowing and construction costs are likely to continue challenging scheme viability and delaying a broader recovery in speculative development activity.
- Structural demand drivers remain supportive. Businesses are continuing to prioritise supply chain resilience through greater inventory buffers, more regionalised distribution networks and inventory held closer to end markets. At the same time, the continued growth of ecommerce, expansion of Chinese retailers and rising defence expenditure are creating new sources of occupier demand across Europe.

Rental Growth

- Prime rents continued to rise through 2025 and into 2026: Brussels led with y/y growth at +15.4%, followed by Dublin (7.4%), and Barcelona (6.8%), Munich, Frankfurt, Vienna, Madrid and Paris also saw y/y uplifts. London remains the only market that has recorded a y/y decline in prime rents.
- Average rents for European Industrial continue to grow, though the rate of growth has continued to moderate: 2.7% over the past year to Q2 2026 (the latest available reading), compared with 2.9% to Q1 2026, 3.0% to Q4 2025, and a peak of 11.7% in Q3 2022 (Source: MSCI).
- Ireland remains the strongest performer, but growth has slowed to 4.9% (to Q2 2026, from 6.8% in Q1 2026); Spain has accelerated to 2.7% y/y, overtaking the UK among core markets, while Poland remains weakest at c.0.1% y/y (down from 0.2%), with Germany also still below 1% y/y. Most markets continue to see a slowing in the rate of rental growth.

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