savills

SPOTLIGHT

2026 EUROPEAN REAL ESTATE LOGISTICS CENSUS

European Commercial – Autumn 2026

MARKET | DEVELOPERS & INVESTORS | OCCUPIERS

RESEARCH

Executive Summary

The 2026 European Logistics Census points to a slower and more selective market, not a fundamentally weaker one.

Across 628 respondents, answers fall into three key themes that will define the next phase of the cycle: occupier demand is becoming more discriminating rather than fundamentally weaker. Their decision cycle is taking longer, whether to test network requirements, fit-out and automation costs, or secure internal approvals; the definition of prime is becoming more demanding; and investment returns are becoming increasingly asset-specific.

Occupier sentiment remains broadly resilient: 38% report better business conditions than a year ago, while only 8% expect deterioration. Medium-term intentions also point to continued activity, but not uniform expansion. Although 47% expect their warehouse footprint to grow over the next one to three years, 54% also expect to vacate at least one building, indicating that consolidation and relocation will be as important as organic growth.

Occupiers will increasingly use lease events as strategic opportunities to consolidate networks, release unsuitable stock and move into more productive facilities, strengthening the case that 'flight-to-quality' trends remain active. This is especially evident in the census results, with 47% of occupiers targeting new-build and build-to-suit space, compared with 19% for second-hand buildings – a trend that will ultimately widen the market's bifurcation.

As market requirements become more specific, specialist, and modern, we expect a building's specification to look very different from what it did ten years ago. For example, more than three-quarters of respondents will require eaves heights of at least 12 metres as standard, driven by the growing use of racking and AI/automation.

Power requirements are among the most decisive factors in decision-making. The headline: 89% of occupiers expect their requirements to rise, with 26% already reporting insufficient capacity in their current portfolio.

Together, location alone is no longer enough to define prime; while important, other factors such as labour access, specification, adaptability, and automation readiness are becoming integral to occupational relevance, leasing velocity, and long-term liquidity.

Investor caution continues to suppress transaction volumes, with H1 2026 activity 10% below the long-term average and only 34% expecting volumes to rise, down from 57% in 2025.

Capital is nevertheless concentrating in prime logistics, targeted by 81% of investors compared with 73% last year, as secure income and clear occupational relevance become more valuable in a higher-for-longer rate environment with limited scope for broad yield compression.

WITH THANKS TO OUR PARTNERS:

BGRE

Analytiqa

Market Context

The 2026 European Logistics Census, produced with BGRE, draws on responses from 628 participants, including 504 occupiers, 62 developers and investors, and 62 other stakeholders.

The findings were gathered against a backdrop of geopolitical volatility, trade-policy uncertainty and a persistently elevated cost of capital. Although these pressures have lengthened decision-making cycles, the occupational market has remained resilient overall, with take-up volumes reaching 14.01 million sq m in H1 2026, up 21% year on year.

The year-on-year improvement is positive and largely driven by businesses placing greater emphasis on supply-chain resilience, nearshoring, inventory security, and network efficiency, as we've been highlighting since the onset of the Iran conflict. Supply chain resilience is a key theme shaping the market.

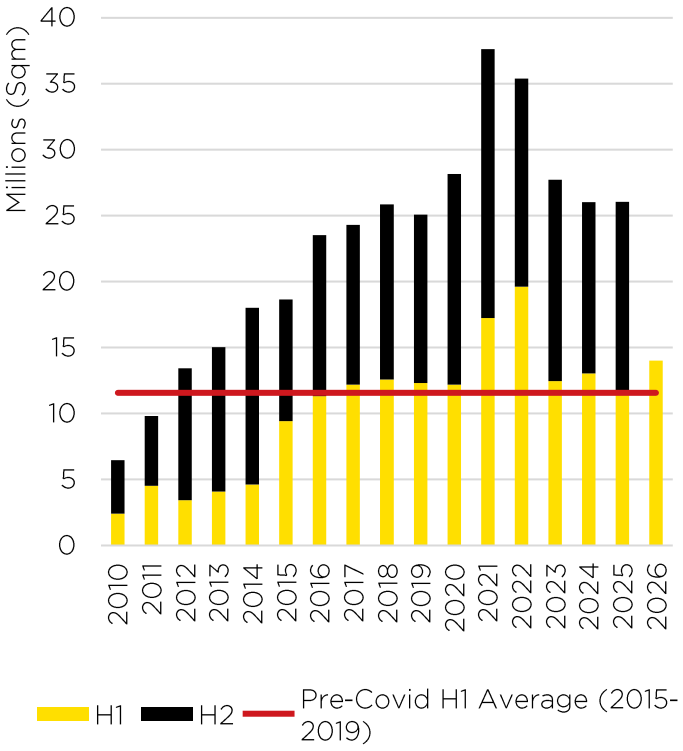
The market has experienced multiple shocks since 2020, and occupiers are proactive rather than reactive, unlike during the pandemic. This helps explain why leasing activity can remain robust even amid weaker economic growth.

Occupiers are not simply adding space. They are reconsidering where they hold inventory, how they configure distribution networks, and whether existing buildings can support more automated and power-intensive operations. They are also reassessing how they configure distribution networks and whether existing buildings can support more automated, power-intensive operations.

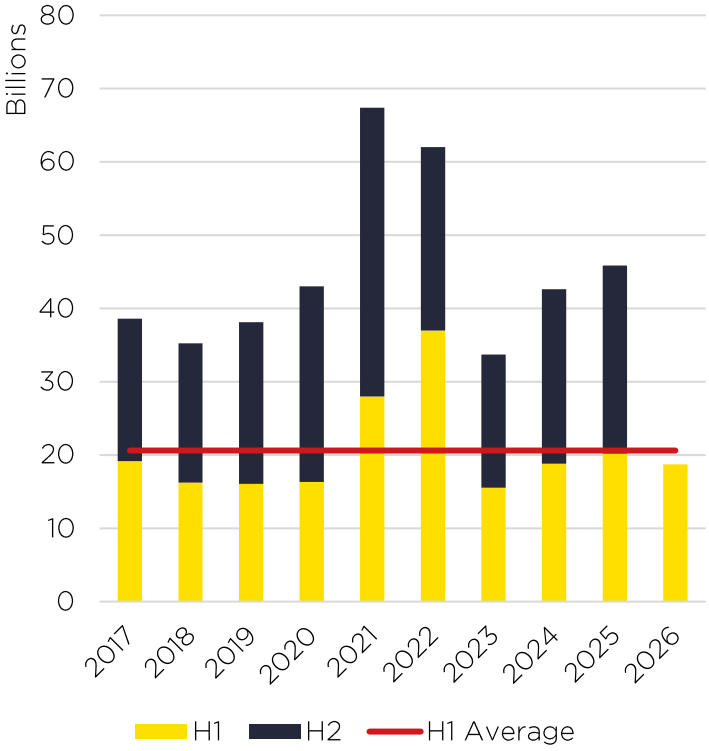
Investment activity, however, remains subdued. European industrial and logistics volumes reached €18.7 billion in H1 2026, 10% below the long-term average. Financing conditions and uncertainty continue to slow transactions, directing capital towards higher entry yields, secure income and assets underpinned by robust occupational demand – especially as operational suitability will be central to both liquidity and performance.

> Resilient demand is being driven by occupiers redesigning supply chains for greater security, efficiency and long-term resilience.
> **Kevin Mofid**

Although these pressures have lengthened decision-making cycles, the occupational market has remained resilient.



Investor activity, however, remains more subdued.



Source: Savills Research

Occupiers: resilience is driving active portfolio change

Overall occupier sentiment has changed little in aggregate, as the share reporting better conditions remains close to last year's level, while outright pessimism has declined.

Expectations for the next twelve months are more positive, with 41% anticipating improvement, compared with only 8% expecting deterioration. This is good news for warehouse demand, as optimism aligns with expectations for overall take-up by year-end, which have also edged up.

Overall, the 25–30 million sq m band remains the most frequently selected forecast for 2026. However, the share expecting more than 30 million sq m rose from about 22% to 27%, with the largest shift into the 30–35 million sq m range.

In short, this indicates a positive but measured and selective direction. Medium-term property intentions reinforce that conclusion. Some 47% of occupiers expect to require more warehouse space over the next one to three years, while 54% expect to vacate at least one building. Expansion and rationalisation are occurring as occupiers replace unsuitable facilities, consolidate operations and improve network efficiency.

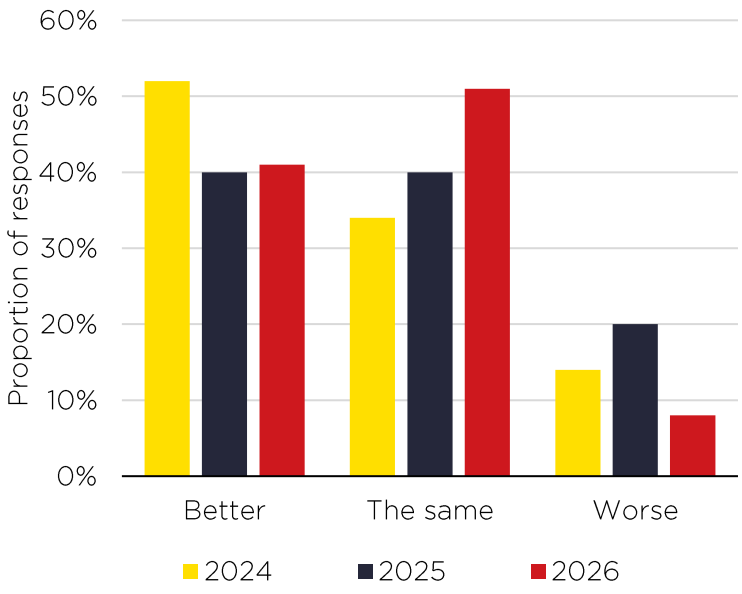
For landlords and developers, this means the addressable market cannot be assessed solely by aggregate footprint growth. A building can return to the market because an occupier is contracting, but it can equally be released because the asset no longer provides sufficient power, height, yard functionality or access to labour. This is a trend we've seen across the UK big-box market, where overall availability has risen from historic lows to Global Financial Crisis (GFC) levels as second-hand space was returned to the market.

Taken together, this highlights the importance of looking beyond the headline figure and taking a deeper dive into what makes up that availability and whether it can genuinely satisfy current requirements. Modern, well-located and sufficiently powered buildings should benefit from a deeper occupier pool, while compromised stock faces a greater risk of extended voids and higher incentives.

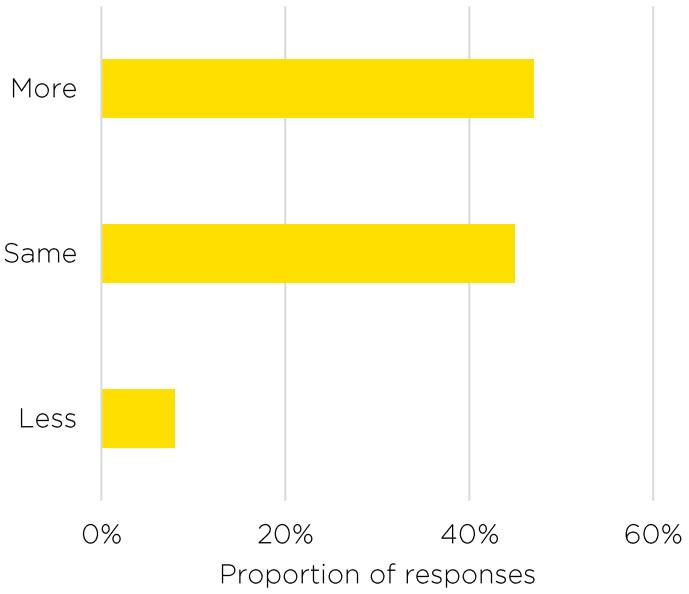
41% EXPECT MARKET CONDITIONS TO IMPROVE OVER THE NEXT 12 MONTHS — ONLY 8% EXPECT DETERIORATION

47% EXPECT TO NEED MORE WAREHOUSE SPACE WITHIN THREE YEARS, WHILE 54% ALSO PLAN TO VACATE AT LEAST ONE BUILDING

There are fewer occupiers saying "conditions are getting worse"



With most occupiers expecting their footprints to grow over the next three years or, at the very least, remain the same



Source: Savills Research, BGRE European Census 2026

Sentiment Varies By Occupier Sector

Logistics providers: confidence is translating into estate rotation.
When dissecting occupiers by group, the results show that Logistics and Third-Party Logistics Providers (3PL) respondents are the most positive occupier group. 46% report better current conditions, compared with 23% in 2025, and only 6% report deterioration. Half expect to require more space over the next twelve months and 48% anticipate growth over one to three years. This marks a significant reversal from 2025, when logistics providers were the least confident occupier cohort. We believe their more positive position reflects the flexibility of the 3PL operating model, where requirements can arise through outsourcing, new customer contracts, supply-chain reconfiguration and the transfer of activity between clients.

In the same breath, that flexibility can also drive considerable churn as they move from contract to contract; in the short-to-medium term, this is likely, as some 65% expect to vacate at least one building within three years. Based on these initial findings, logistics-provider demand is likely to remain highly active but less predictable. Contract length, geographic coverage and customer concentration will shape the nature and duration of requirements. Facilities with flexible layouts, strong transport connectivity and the ability to serve multiple contracts should be better placed to capture this demand. This is a key consideration for landlords and developers alike.

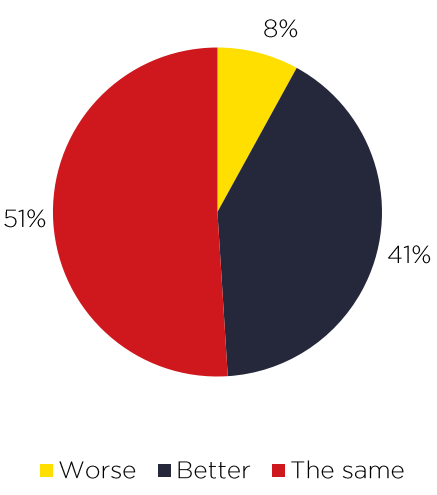
Retailers: expansion remains conditional on productivity.
Given their inherent ties to consumer confidence, consumer spending, inflation and costs, retailers are more cautious about current conditions, with the share reporting improvement falling from 42% to 37%. That said, they are the most optimistic occupier group about the next twelve months: 48% expect conditions to improve, while 49% anticipate needing more space over the next one to three years. However, implementing those expansion plans will remain closely tied to cost control. Some 41% identify rent or rising costs as a barrier to taking additional space, and 35% cite market conditions.

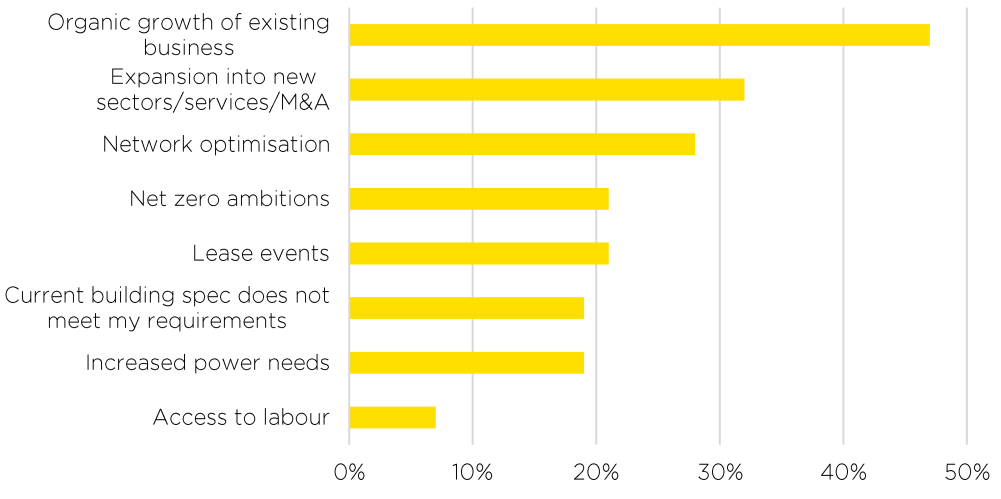
As with logistics providers, more than half of retailers expect to vacate at least one building over the next three years. These lease events are likely to consolidate networks, improve inventory control, and support both store replenishment and direct-to-consumer fulfilment from fewer, more productive facilities. For owners, the strongest retail requirements may therefore favour buildings that reduce transport costs, increase throughput, or support greater automation, rather than those offering the lowest rent in isolation.

Manufacturers: caution is delaying, not removing, requirements.
Among the three groups, manufacturers report the weakest assessment of current conditions. The share reporting improvement has fallen from 41% to 33%, while 20% report deterioration. Only 34% expect conditions to improve over the coming twelve months. Nevertheless, 45% expect their warehouse footprint to grow over one to three years, and 50% cite organic growth as a reason for taking additional space. This sentiment may also reflect further evidence that manufacturers are considering nearshoring operations – not only to domesticate, but to shore up and remove single points of failure in China and Taiwan.

Ultimately, manufacturing requirements are tied to longer investment cycles involving production, trade, energy and capital expenditure. Decisions may be delayed while businesses seek greater certainty over costs and supply chains, but the underlying requirement is not necessarily removed. Once committed, these projects can also be more location-dependent and operationally specific than conventional distribution requirements. For manufacturers, rising power demand is particularly acute: 93% expect their requirements to increase over the next three years. Grid capacity and resilience, yard functionality, security and proximity to production facilities will therefore determine whether buildings can support advanced and defence-related operations as European spending rises towards NATO's 3.5% of GDP target.

Occupiers feel more optimistic about the next twelve months, with organic growth as their main driver of needing new space





Source: Savills Research, BGRE European Census 2026

Geography and specification

The survey asks occupiers where they are looking to take new space and in which country. Occupier requirements remain concentrated in Europe's established logistics markets – this is, to an extent, unsurprising given their maturity, networks, geographic advantages and access to domestic markets.

France is the most frequently targeted country for new buildings at 22%, followed by Germany at 19%. Spain, Italy and the Netherlands each account for 13%, while the UK accounts for 12%. However, interestingly, the pattern differs by occupier type. Logistics providers have the broadest expansion appetite, with 34% targeting France, 24% Germany and 21% Spain.

Manufacturers are more selective, reflecting the greater importance of production infrastructure, energy availability and supply-chain links. Retailers sit between the two groups, balancing delivery coverage against network and occupancy costs. These differences reinforce the importance of local market analysis. A location with strong aggregate take-up may not necessarily provide the labour, power or connectivity required by the occupier groups most likely to expand there.

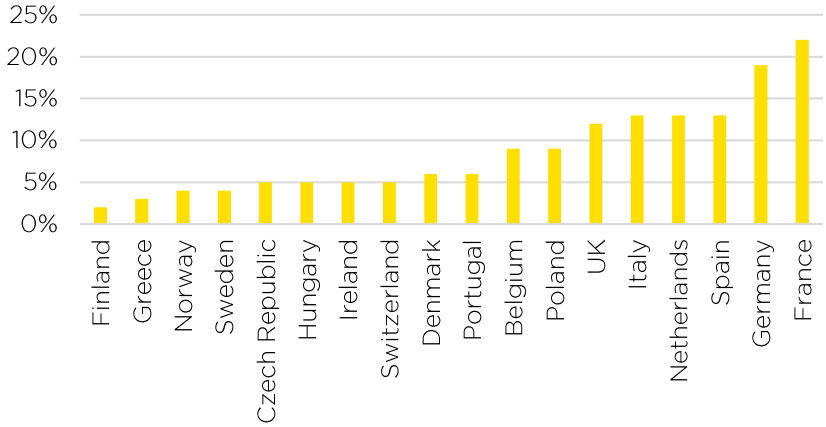
89% OF RESPONDENTS EXPECT THEIR POWER REQUIREMENTS TO GROW OVER THE NEXT THREE YEARS

Power availability is increasingly a primary determinant of suitability. Nearly nine in ten relevant occupiers expect their requirements to rise over the next three years, while 26% report insufficient capacity in their existing buildings. Half identify investment in energy infrastructure as the government policy measure most likely to support their logistics objectives. Technology will intensify this pressure.

More than half of occupier respondents plan to increase investment in AI, while 42% intend to invest more in warehouse automation. These systems can improve forecasting, labour productivity and inventory management, but they also require reliable power, digital connectivity and adaptable building layouts.

Operational capability is narrowing the pool of genuinely competitive buildings. Location and motorway access remain essential, but power, labour availability, clear height, yard depth, adaptability and automation readiness now determine whether an asset can support occupiers' planned investment. Ahead of lease events, landlords should assess these constraints at asset level and prioritise upgrades that broaden the occupier pool; where intervention is neither technically nor economically viable, obsolescence risk will increase.

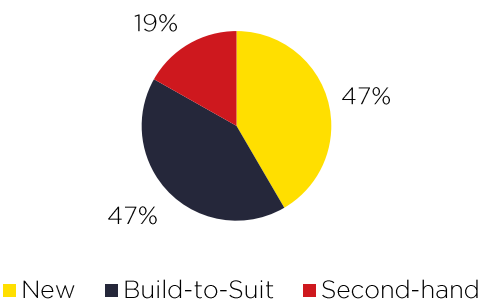
France is the top destination for occupiers who are targeting new buildings



Source: Savills Research, BGRE European Census 2026

Given the flight to quality, it is no surprise that building requirements are becoming more rigorous. Survey results show that 47% of occupiers are targeting new stock, and another 47% are considering build-to-suit space, compared with 19% considering second-hand buildings. Big-box units remain the most frequently selected format at 42%, followed by mid-box units at 37%. This is not simply a preference for newer buildings; it reflects a need for assets that can accommodate more intensive, flexible operations, particularly as height and cubic capacity become more important. Some 42% want eaves heights of 12–15 metres, and 33% require 15–20 metres. Taller buildings can support denser racking, automation and greater throughput, allowing occupiers to increase operational capacity without proportionally expanding the site footprint.

Flight to quality is evident by the proportion of respondents opting for built-to-suit or new space, but eaves height is increasing as occupiers look to go vertical with AI, racking, and automation



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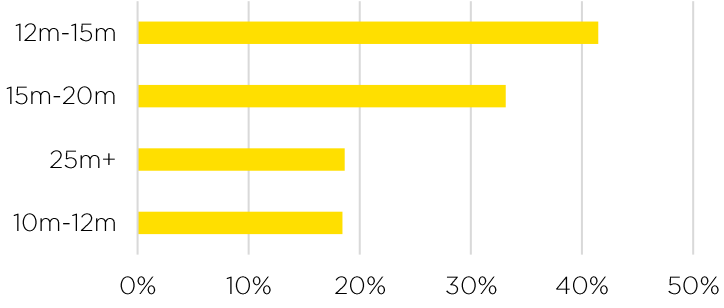


Source: Savills Research, BGRE European Census 2026

The Demand/Supply Paradox:

The market is facing a paradox, however. Demand is clear and waiting to be satisfied. The blocker is a real mismatch between what is being built, where, and how much. Working backwards, the latter point is most prevalent, as the survey results show the share of developers planning to increase speculative development easing from 36% to 31%. Ultimately, this suggests the pipeline of new space coming forward is likely to remain thin, a consistent theme shown by the Savills Speculative Pipeline Index, which has declined for a tenth consecutive quarter between Q1 and Q2 2026 and now stands about 32% below its Q3 2022 peak.

Further evidence from investor results shows that willingness to consider speculative development funding has also softened, falling from 51% to 43%, signalling that pure-play developers and/or spec-funders are both pulling the brakes. If this continues, vacancy is expected to peak much sooner, meaning the weighted European vacancy rate, around 6.7% and edging down in the first half of the year, will fall faster, especially as deliverability is the central development constraint.

New schemes must combine the right location with the power, planning, labour access, and specification modern occupiers require, yet 77% of developers cite power availability as a barrier, 73% point to planning and permitting timescales and 62% identify construction costs. The opportunity therefore lies not in generic supply, but in schemes that can meet a defined occupational need at a viable cost and within an acceptable timeframe.

Another mismatch that will drive vacancy down is the gap between the building sizes occupiers want and what developers intend to build, which has shifted materially towards smaller units. Mid-box targeting increased from 38% in 2025 to 62%, while big-box targeting fell from 60% to 50%. Occupier preferences are more evenly distributed, with big-box the most frequently selected format at 42% and mid-box close behind at 37%.

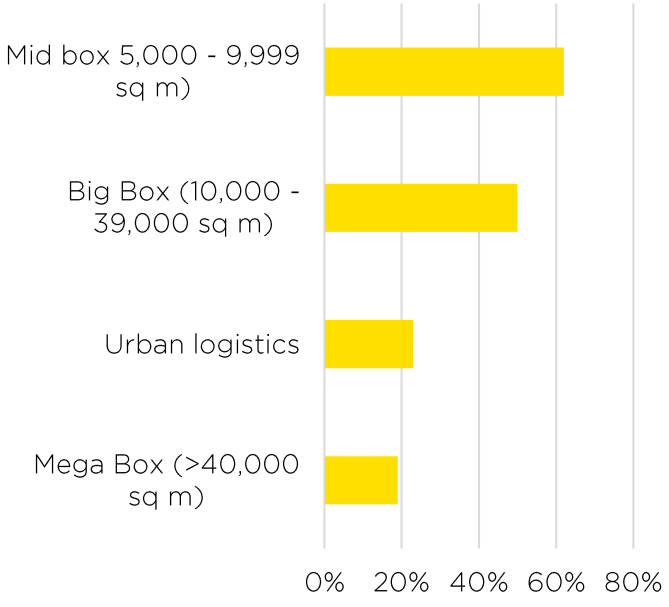
This does not point to a simple oversupply of one format and undersupply of another. A mid-box building without sufficient power, height or yard functionality may not satisfy a requirement, even if its floorspace falls within the preferred size range. Similarly, larger requirements may increasingly depend on build-to-suit delivery, where speculative development cannot carry the leasing, construction, or financing risk, but even those still face challenges around development viability and feasibility.

The most defensible schemes will establish power, planning, labour access and construction viability early. Phasing and flexibility will also matter. Buildings that can be subdivided, expanded, or adapted to different occupational uses should provide greater protection where the timing and composition of demand remain uncertain.

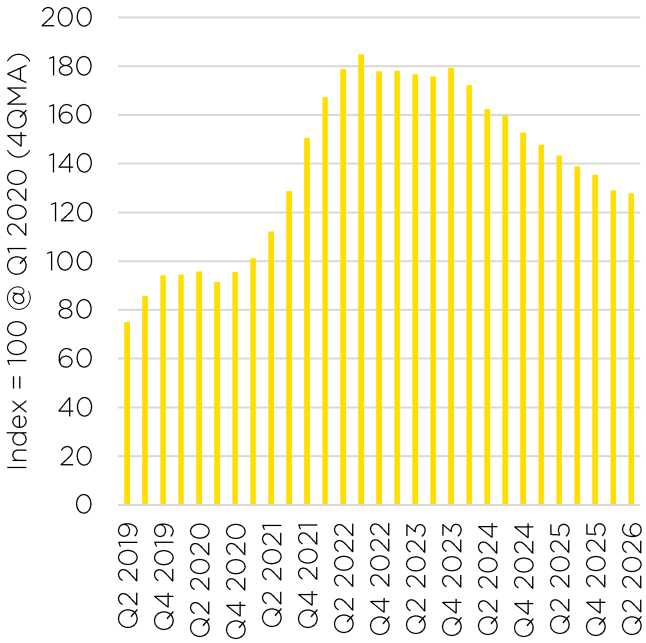
> “Size alone will not secure demand; specification and delivery will determine which buildings succeed.”
>
> **BEN SEGELMAN**

For development appraisal, this places greater weight on the depth of the relevant occupier pool rather than the market-wide vacancy rate. A scheme with secured power and a clear operational proposition may face limited effective competition even where aggregate availability appears elevated.

Developer intentions versus occupier needs point to a clear mismatch



With appetite for spec-funding thinning, our Savills European Spec Pipeline Index has seen ten quarters of decline



Source: Savills Research, BGRE European Census 2026

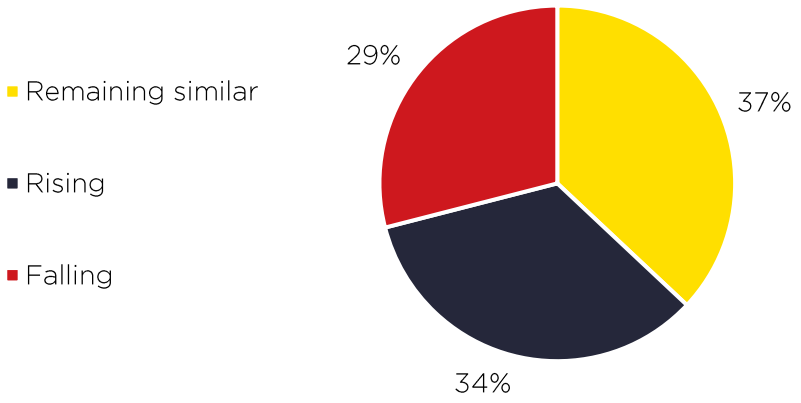
Investors: conviction is concentrating in prime

Investor expectations for transaction activity have weakened materially. Only 34% expect volumes to rise over the next twelve months, down from 57% in 2025; 29% foresee a decline, compared with 7% last year. However, while volumes may currently be down and expectations for capital deployment have softened, this caution has not translated into weaker conviction in high-quality logistics. The fundamentals remain intact in this space, which helps explain why 81% of investors are targeting prime logistics, up from 73%. Moreover, given occupational preference, prime buildings therefore have the best rental prospects, and with market-wide yield compression largely off the table, as evidenced by the fact that most investors expect prime yields to settle between 4.5% and 5.0% (57%), with the second-largest response being more bearish in 5.0%-6.0%, rental growth is driving investor appetite as tighter bid-ask spreads in the near future materialise. We're back to a market that's about rental growth, an important acquisition consideration for 78% of investors – the most cited answer.

The survey results also indicate a clear preference for prime buildings in prime, mature markets. The UK is now the most frequently selected investment market at 69%, followed by Spain at 67%, Germany at 61%, and France and the Netherlands at 56% each. The increase in UK targeting represents the largest positive shift within the matched investor results. Capital is favouring larger, more liquid markets, secure income, and buildings with a durable occupational proposition. The movement towards the UK and Spain also points to selective shifts in relative pricing and expected performance rather than a uniform geographic strategy. That underscores the importance of distinguishing between theoretical market rent growth and income you can capture. Lease structure, review provisions, expiry profile, occupier retention and the cost of reletting will all affect performance. A strong market alone will not compensate for an asset with an inflexible lease or a weak occupational proposition.

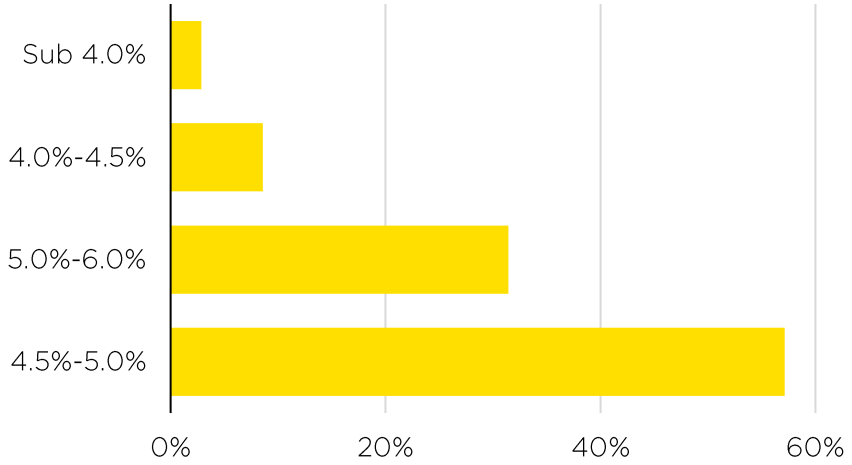
Investment underwriting will therefore need to become more operational. Headline vacancy should be considered alongside the availability of genuinely competing buildings, the depth of the local occupier pool, power capacity, labour access and the feasibility of future upgrades. The strongest opportunities are likely to combine an appropriate entry basis with secure income, occupational relevance and a credible route to rental or income growth. Secondary assets may also offer upside potential where targeted capital expenditure can restore competitiveness. Buildings without a viable improvement strategy face a different outlook: longer void periods, higher capital requirements and weaker liquidity.

Most investors believe investment volumes will remain the same over the next twelve months, with 34% expecting a recovery



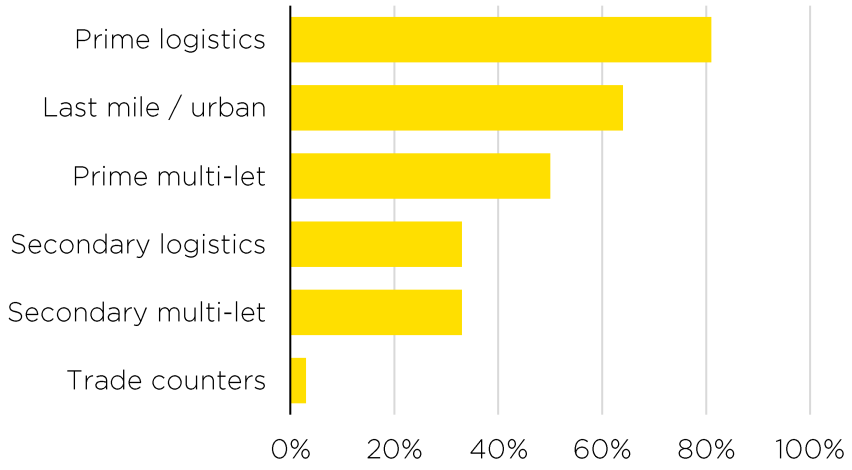
Source: Savills Research, BGRE European Census 2026

Given that market-wide yield compression is largely off the table, investors will chase income-generating assets



Source: Savills Research, BGRE European Census 2026

Investors will push prime logistics, with secondary assets falling out of favour



Source: Savills Research, BGRE European Census 2026

Outlook

The 2026 Census indicates that greater selectivity, rather than a broad withdrawal of demand, is shaping market activity. Occupiers are still planning expansion, but increasingly use lease events to consolidate networks, relocate operations and release unsuitable space. This will sustain leasing activity while producing a less uniform pattern of net absorption. For developers and investors, performance will depend less on broad market momentum and more on whether individual assets meet increasingly demanding occupational requirements.

01

Demand has slowed but is more discriminatory.
The timing of requirements has become less certain, but 38% of occupiers report better current conditions, 41% expect improvement and 47% anticipate footprint growth over one to three years. This suggests that leasing risk is shifting from whether demand exists to when and where it will materialise.

02

Portfolio churn will matter as much as net growth.
More than half of occupiers expect to exit at least one building. Take-up will increasingly reflect consolidation, relocation and trading up, creating stronger demand for modern assets while returning less competitive buildings to the market.

03

Power is redefining prime.
Some 89% of relevant occupiers expect their power needs to rise, while developers identify power availability as their leading site constraint. For investors, power is no longer an ESG overlay sitting alongside the investment case. It is part of the investment case. Secured capacity will influence leasing velocity, development viability and investment liquidity.

04

The delivery mix may not fully match the requirement.
Developers have pivoted towards mid-box space, while occupiers retain a broader preference for big-box and mid-box buildings. Size alone will not determine success: height, power, labour, adaptability and yard functionality must also match the operational brief.

05

Capital is concentrating.
Investor expectations for transaction volumes have weakened, but prime logistics targeting has increased to 81%. Asset quality, location, income durability and acquisition basis will therefore have a greater influence on relative performance.

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Kevin Mofid

Head of EMEA Industrial & Logistics Research | +44 78122 49386 | KMofid@savills.com

Lewis Rapley

Logistics Research Associate | +44 77799 28457 | lewis.rapley@savills.com

George Coleman

UK & EMEA Logistics | +44 78079 99749 | George.Coleman@Savills.com

Sam Quellyn Roberts

Global Occupier Services | +971 (0) 50 716 6417 | sam.roberts@savills.com

Ben Segelman

Senior Vice President – BGRE | +44 78272 72764 | ben.segelman@brookfield.com

Will Prewer

Vice President – BGRE | +44 7884 843672 | will.prewer@brookfield.com

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