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EUROPEAN RETAIL WAREHOUSING

RETAIL - EUROPE - Q3 2026



The *attraction* of out of town

RESEARCH

OUT-OF-TOWN, DRAWING SHOPPERS IN COMING OF AGE



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Retail warehousing has proven to be one of Europe's best-performing retail formats in recent years, delivering sector-leading total returns of 7.4% in 2025. Now faced with the unwelcome return of inflationary pressures and rising borrowing costs, this report examines whether the sector's coming of age can withstand its next test, and whether capital markets will stay the course.

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INFLATION'S RETURN:
IMPLICATIONS FOR CONSUMERS AND RETAIL WAREHOUSING

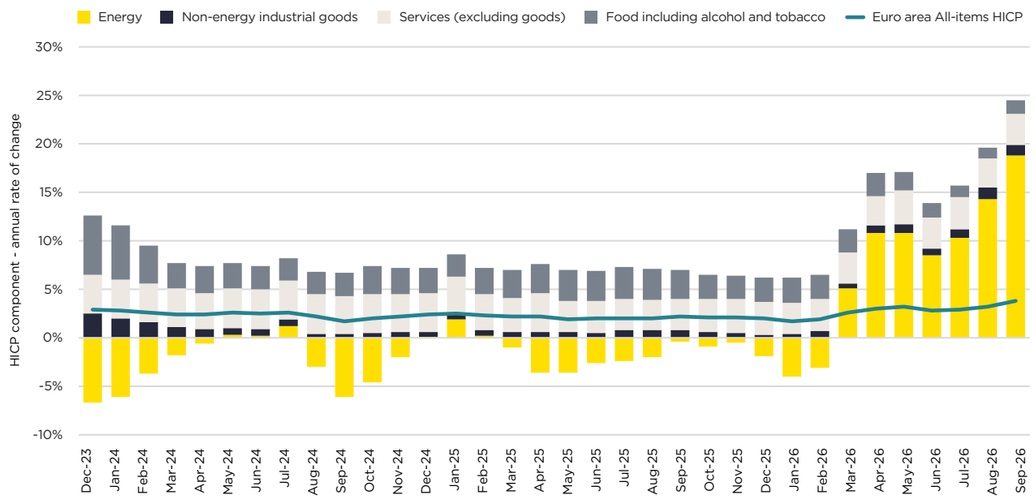
Fuel prices are once again acting as a key gauge of consumer sentiment, prompting cautious spending behaviour.

Exceeding modest expectations neatly captures the mood surrounding the European economy. Despite a fraught and complex geopolitical backdrop, growth forecasts have held up better than anticipated, with EU real GDP expected to grow by around 1.2% this year and 1.3% next.

That said, the Harmonised Index of Consumer Prices (HICP), which measures consumer price inflation and price stability across the Euro area, rose to 3.8% in September due to resurgent energy prices, exceeding the ECB's 2% target (Figure 1). While inflationary pressures elsewhere remain relatively contained, higher energy costs are still likely to erode real incomes and weigh on discretionary spending. Barring further disruption, the recent inflation spike may prove to be the cumulative high-water mark of successive tariff and oil-related effects. There are few signs, for now, of the second-round effects that characterised the 2021-22 energy crisis.

The difficulty for monetary policy is that inflation may be peaking just as economic activity remains unexpectedly resilient. Were growth truly faltering, policymakers might be more willing to look through the current inflation spike. Instead, exceptionally tight labour markets and Germany's long-anticipated fiscal stimulus have made it difficult to argue for anything other than a restrictive stance. For households and retailers, a higher-for-longer rates environment appears to be the new reality. Exceeding expectations may therefore prove something of a mixed blessing in the context of retail.

FIGURE 1: EURO AREA HICP INFLATION BREAKDOWN BY COMPONENT



Source: Research based on Eurostat



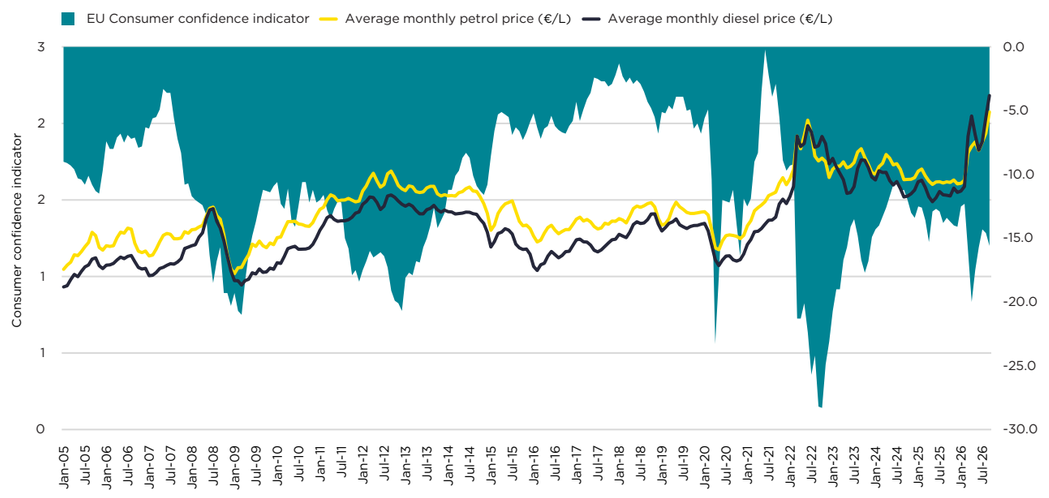
FUEL PRICES AS A RETAIL STRESS INDICATOR

Few household costs are encountered as frequently or as visibly as fuel. As such, its influence on sentiment can be disproportionately higher than on the wallet. During supply-driven energy shocks especially, the pump becomes a bellwether of wider uncertainty.

Fuel's significance therefore extends beyond its weight within household budgets. During demand-driven downturns - such as the GFC and the pandemic - fuel prices and consumer confidence decreased in-step as broader economic distress overwhelmed fuel's influence. By contrast, during supply-driven shocks, from the Eurozone debt crisis to the Ukraine-war energy crisis and the recent Hormuz disruption, the relationship inverted. In these instances, rising fuel prices coincided with weakening consumer confidence, highlighting growing concerns over inflation, household finances and future spending power (Figure 2).

Our analysis suggests the latest energy shock followed a familiar precedent. During its acute phase between January and June 2026, fuel prices maintained a strong inverse relationship with confidence (-0.97 for diesel and -0.90 for petrol). The mid-year recovery in confidence coincided with fuel prices easing from their spring highs, though they remained elevated relative to the start of the year. By August the relationship weakened, falling to -0.78 and -0.61 respectively (Figure 3).

FIGURE 2: EU CONSUMER CONFIDENCE INDICATOR (CCI) VS AVERAGE MONTHLY PETROL AND DIESEL PRICES



Source: Research based on Eurostat

This suggests that the initial shock weighed more heavily on sentiment than the price level itself. The psychological impact, strong to begin with, dissipated as households adapted to a new norm.

Recent market developments have brought that correlation back into focus. Confidence fell again in September as average petrol prices exceeded €2.00 per litre for the first time, while diesel rose to €2.18 per litre. Whether temporary or not, the risk is that fuel prices once again become a drag on consumer sentiment.

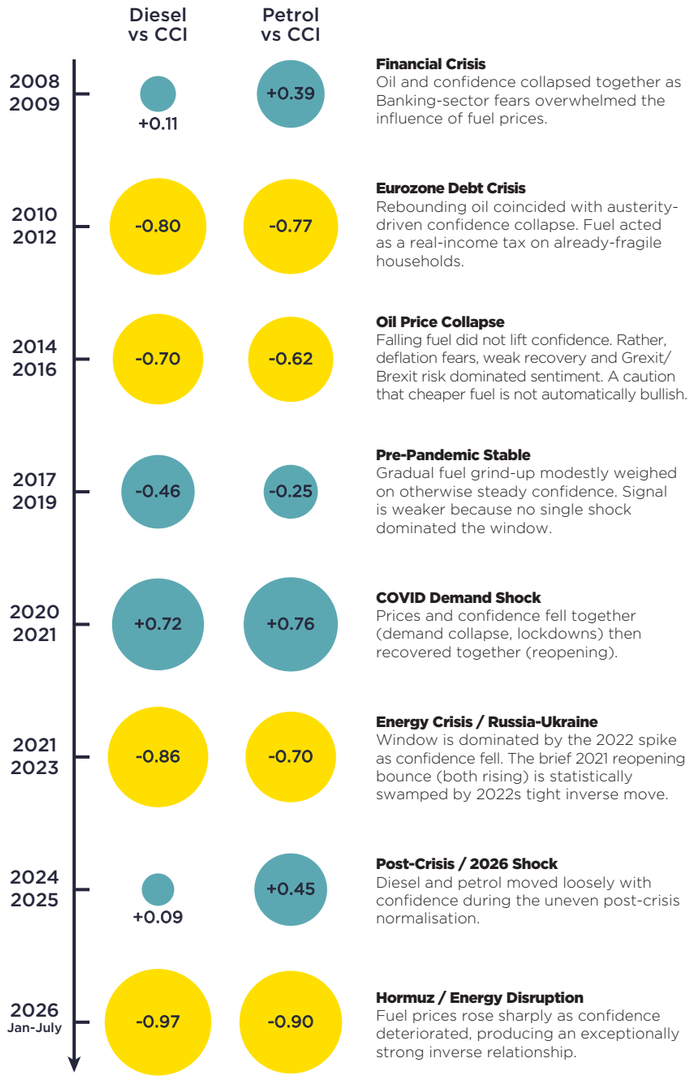
In diesel's case, the relationship is particularly pronounced. Its influence extends far beyond the forecourt, feeding directly into freight, distribution and business costs. Rising diesel prices can therefore provide an early warning that inflationary pressures are spreading through the wider economy, amplifying concerns around future purchasing power.

RETAIL PARKS' APPEAL DURING FUEL PRICE SHOCKS

For retailers, a key consequence of rising fuel prices lies in consumer psychology and subsequent spending behaviour. When fuel costs absorb a greater share of household expenditure, consumers exhibit greater caution towards discretionary and big-ticket purchases. By contrast, everyday and value-led spending, often essential in nature, tends to prove more insulated. This provides an important source of resilience for the sector during periods of energy-induced economic stress.

A second fuel-related consequence relates to the cost of mobility for consumers driving out-of-town. Trips are planned with greater purpose, and spending tends to concentrate within fewer, more productive journeys. While this may reduce the frequency of visits to some out-of-town destinations, it increases the importance of schemes capable of supporting multiple shopping missions and encouraging longer dwell times. It follows that fuel-price shocks need not be destructive for a sector whose appeal combines value, convenience and everyday utility.

FIGURE 3: EU FUEL PRICES VERSUS CONSUMER CONFIDENCE INDEX (CCI) - KEY PERIOD CORRELATION COEFFICIENTS



Source: Savills Research based on Eurostat. Pearson correlation coefficients, calculated using contemporaneous monthly price and confidence levels

VALUE RETAIL FINDS FOOTING OUT-OF-TOWN

Heightened caution surrounding major purchases is influencing occupier demand, creating opportunities for value-led retail.

STRUCTURAL DECLINE IN MAJOR PURCHASE APPETITE

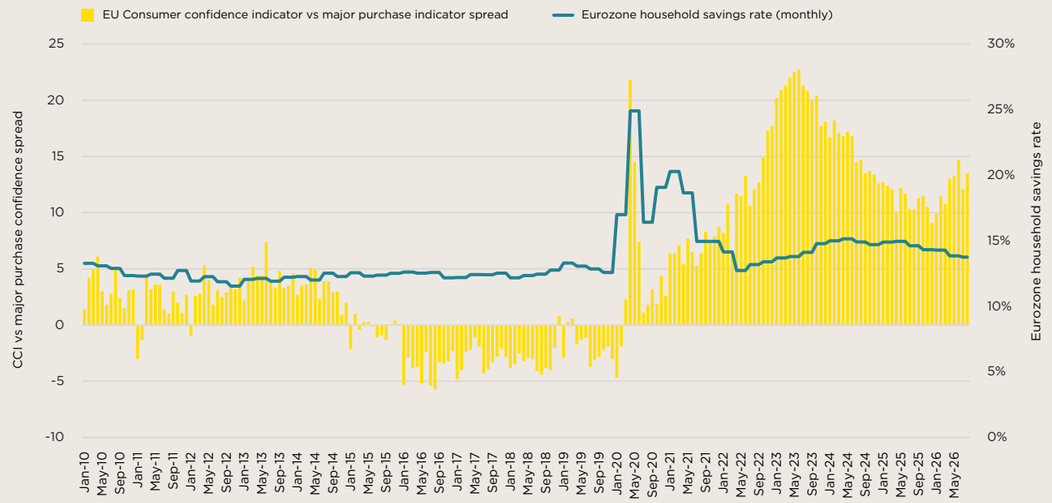
Value now sits more firmly at the heart of the retail park proposition. In reaching this point, though, the sector has loosened its historic affinity with traditional bulky-goods and homeware retailing.

Catalysing change are two closely related behaviours: a greater propensity to save and a more cautious attitude towards major purchases. Since 2020, the eurozone household savings rate has averaged 15.4%, well above the 12.4% average during the previous decade. Similarly, the gap between the EU's headline consumer confidence indicator and households' assessment of whether the current economic situation is adequate for making major purchases rarely exceeded five index points before the pandemic (Figure 4).

Since then, the major purchases measure has persistently lagged overall consumer confidence, by as much as 23 index points in 2023. The divergence suggests consumers have become materially more selective in how discretionary spending is deployed, particularly on larger-ticket items. Successive inflationary and geopolitical shocks appear to have left a lasting imprint psychologically, encouraging precautionary saving and bolstering the appeal of value retail.

> "The post-pandemic consumer has become harder to tempt, but in some respects easier to understand: purchases are increasingly judged through the lens of value and necessity."
>
> **Chris Nichols**

FIGURE 4: HOUSEHOLD SAVINGS RATES, CCI SPREAD ABOVE MAJOR PURCHASES CONFIDENCE INDICATOR*



Source: Savills Research based on Eurostat, Oxford Economics. *Major purchase confidence indicator: 'Household's assessment of whether the current economic situation is adequate to make major purchases.'



VALUE RETAIL FINDS FOOTING OUT-OF-TOWN

TRADITIONAL BULKY GOODS CATEGORIES CEDE GROUND

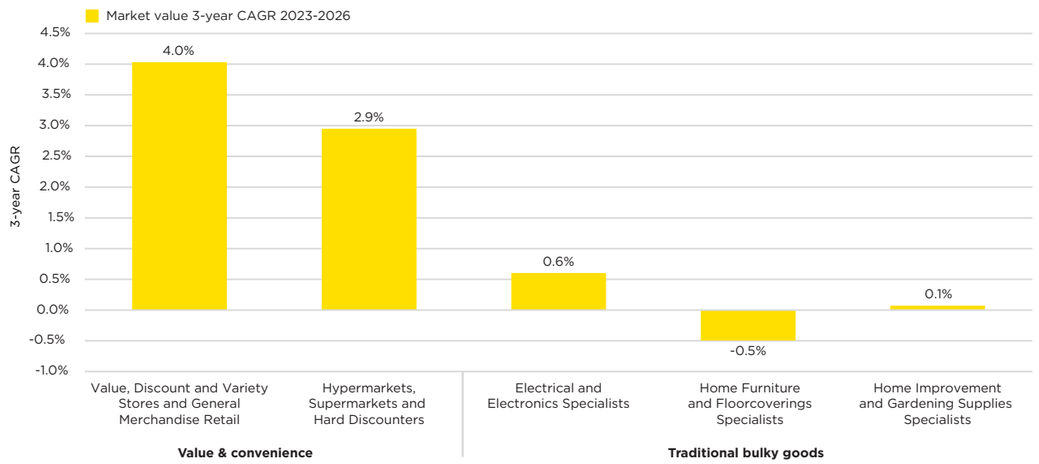
These behavioural adjustments have clearly filtered through into retail sales and, by extension, occupier mix. Over the past three years, necessity-led and budget-oriented categories have outperformed traditional bulky-goods segments in terms of European market growth (Figure 5). This is consistent with heightened price sensitivity and the postponement of big-ticket purchases, lending credibility to the trends outlined in Figure 4.

More telling still is how the occupier base has adapted. While bulky goods, homewares and electrical retailers remain central to the retail park proposition, they no longer dominate in the way they once did. In mature retail warehousing markets such as the UK, these categories accounted for almost half of retail warehouse floorspace in 2012. By 2025, that share had fallen to 31%, as grocery, particularly discount grocery and discount variety operators, captured an increasing share of space. While the precise composition varies across Europe, many markets track the same movement towards a higher weighting of value-led and essential retailing (Figure 6). In doing so, the sector has become more closely aligned with prevailing consumer spending habits and better equipped to withstand periods of economic stress.

RETAILERS DRIVING EXPANSION MOMENTUM

A handful of occupiers stand out for both the pace of their growth and the extent to which their offer aligns with retail warehousing. Unsurprisingly, the common thread appears to be a highly affordable proposition combined with an operating model capable of scaling (Figure 7).

FIGURE 5: RETAIL MARKET VALUE GROWTH BY PRODUCT CATEGORY (12 EUROPEAN COUNTRIES)



Source: Savills Research based on GlobalData. 12 countries include Belgium, Czech.R, France, Germany, Italy, Netherlands, Poland, Portugal, Romania, Spain, Sweden, UK

FIGURE 6: TENANT MIX EVOLUTION IN KEY EUROPEAN MARKETS

	Measure, timeframe	Value/Discount	Traditional bulky goods
UK	Share of retail warehousing floorspace (2019 – 2025)	Discount & discount variety: **15% - 22%**	Bulky goods & homewares: **34% - 28%** Electricals: **37% - 31%**
Spain	Share of new openings in retail parks (2015-2020 vs 2021-2026)	Low-cost brands from: **5% - 12%**	Homewares: 26% - 16%
Italy	Share of retail warehousing units (2019 vs 2024)	'Other' (incl. discount): **8.6% - 12.5%**	Electronics & household appliances: **17% - 8%**

Source: Savills Research

FIGURE 7: RETAILERS DRIVING EXPANSION MOMENTUM

sinsay	ACTION	TEDi	pepco group	JYSK
H1 2026	**H1 2026**	**TARGET 2029**	**TARGET FY26**	**FY 2025**
314	121	5,000	250	148
New stores opened	**New stores opened**	**Total stores targeted**	**New stores targeted**	**New stores opened**
1,500+ openings in 2026	384 openings in 2025	More than one opening per working day	Growth following German restructuring	Expansion across CEE

Source: Savills Research based on various retailers

RETAIL PARKS EMBRACE A MULTIFUNCTIONAL FUTURE

A broader occupier base, evolving consumer missions and fulfilment capabilities are expanding the role of retail parks.

Retail parks now attract a broader mix of occupiers; many geared towards everyday needs and repeat custom. F&B, health and beauty, pet care, fitness and leisure all play a role. The latter two, in particular, are often hallmarks of a maturing market. Distinct from other retail categories, they generate recurring demand that is less dependent on a specific purchase, creating reasons to visit throughout the week.

In Spain, fast-food operators are increasingly appearing alongside health and beauty brands. Leisure operators are also gaining ground, with formats such as trampoline parks helping push dwell times closer to those seen in shopping centres. In the UK, low-cost fitness brand PureGym was the second most acquisitive out-of-town non-food retailer last year. Finland has seen operators such as Liikku and Fitness24Seven broaden tenant mixes, while France has seen the number of leisure complex openings and redevelopments double in just two years.

Critically, none of this comes at the expense of the format's established strengths. What is changing is that retail parks are less dependent on large, infrequent purchases to generate footfall. Rather, the growing presence of recurring-visit categories expands the range of reasons consumers have to engage with a scheme, helping attract footfall more frequently and retain it for longer.

A HIERARCHY OF OCCUPIER ROLES

Among successful retail parks, a relatively consistent hierarchy of occupier functions has emerged. Grocery and foodstore anchors generate footfall, while a core layer of discount, affordability-led and traditional bulky-goods retailers provides the commercial ballast. Beneath this sits a growing collection of ancillary uses, from health and beauty and fitness to leisure, F&B and services. Individually, these complementary functions may occupy relatively little space. Collectively, however, they can have an outsized influence on how consumers use and perceive a scheme. Though the hierarchy is unlikely to change materially, competitive advantage will increasingly be won and lost at its margins, through the mix of complementary uses layered around the core retail offer.

BLURRED BOUNDARIES

The differences between retail parks and other formats remain obvious enough, yet in France, for example, polarisation is beginning to muddy the distinction. At one end sit highly functional, value-led schemes, with bazaar and discount operators accounting for a large share of rental income. At the other are premium destinations that place greater emphasis on architecture, F&B and leisure. Here, fashion is often the principal income driver, bringing them closer to shopping centres in both tenant mix and consumer appeal. The recently opened Valvert scheme is perhaps the clearest expression of this next-generation style.

Retailers, too, now appear less bound by format; the commercial logic of customer reach, economics and portfolio strategy may supersede any stigma around where certain brands 'belong'. The current cycle has brought a greater willingness among traditionally high street-focused brands to expand out-of-town. In the UK, brands such as Next, Superdrug and M&S have become more comfortable doing so, reflecting both a more integrated approach to portfolio strategy and a broader appreciation of retail parks' advantages.



RETAIL PARKS EMBRACE A MULTIFUNCTIONAL FUTURE



Across continental Europe, international retailers traditionally associated with shopping centres are selectively venturing out-of-town. Taking France as an example, rents are significantly lower than in shopping centres and service charges are roughly half, so the attraction is economic. Inditex recently opened the region's largest Zara flagship at Steel Saint-Étienne. Meanwhile, in Spain, the limited availability of space in prime shopping centres, combined with the strong performance of the retail park format, has led some international brands, such as JYSK, Homa and Action, to choose retail parks for their first Spanish store.

None of this suggests retail parks will become shopping centres, or that the role of the high street is diminishing in any way. It does, however, suggest that, for a variety of reasons, retailers are becoming less rigid in how they think about the space between formats.

OMNICHANNEL AND FULFILMENT

The growth of omnichannel retailing has reinforced several of retail warehousing's longstanding advantages. Out-of-town locations, easy accessibility, extensive parking and large-format units make retail parks particularly well suited to click-and-collect, returns and store-based fulfilment. Although car-dependence and exposure to e-commerce were once viewed as potential vulnerabilities, both have worked in the sector's favour as retailing has evolved digitally.

In the UK, Europe's most mature omnichannel retail market, online journeys culminating in a store visit generated meaningful sales uplifts across electricals (52%), furniture (22%) and homewares (16%) last year according to GlobalData. This points to the growing halo effect between digital and physical channels.

While many European markets remain earlier along the omnichannel adoption curve, the opportunity is much the same. As fulfilment capabilities expand, the distinction between store and warehouse becomes less defined. Large, accessible units can support stockholding, collection, returns and last-mile fulfilment, helping retailers meet consumers' expectations of a seamless cross-channel shopping journey. Each digital interaction, in turn, can create another opportunity for an in-store sale.

DEMOGRAPHIC TAILWINDS MOVE CLOSER TO HOME

Suburbanisation, household formation and intergenerational wealth transfer will provide long-term structural support.

GROWING SUBURBAN CONSUMER BELTS

Since 2015, population growth in cities such as Paris, London, Rome and Warsaw has favoured suburban and commuter catchments over urban cores (Figure 8). A growing share of consumers now live, work and spend time in these suburban belts. Weekly grocery shopping, click-and-collect and everyday services all lend themselves to accessible, car-oriented locations, while hybrid working has increased the amount of time many consumers spend closer to home. In effect, population growth is occurring precisely where retail parks are best positioned to capture convenience-led and routine spending.

STRUCTURAL SUPPORT FOR HOME-RELATED SPENDING

The demographic story extends beyond proximity-based convenience. Broader demographic tailwinds also appear favourable for many of the home-related categories that distinguish retail warehouses and parks from other formats. By 2030, an estimated €3.5 trillion of wealth is expected to transfer between generations across Europe. Much of that wealth is tied to residential property. Whether retained, sold or inherited, a substantial volume of housing stock will require refurbishment, renovation or modernisation. This should support demand for DIY products, furniture, home furnishings and other categories that remain heavily represented in out-of-town assets.

RISING SINGLE-PERSON HOUSEHOLDS

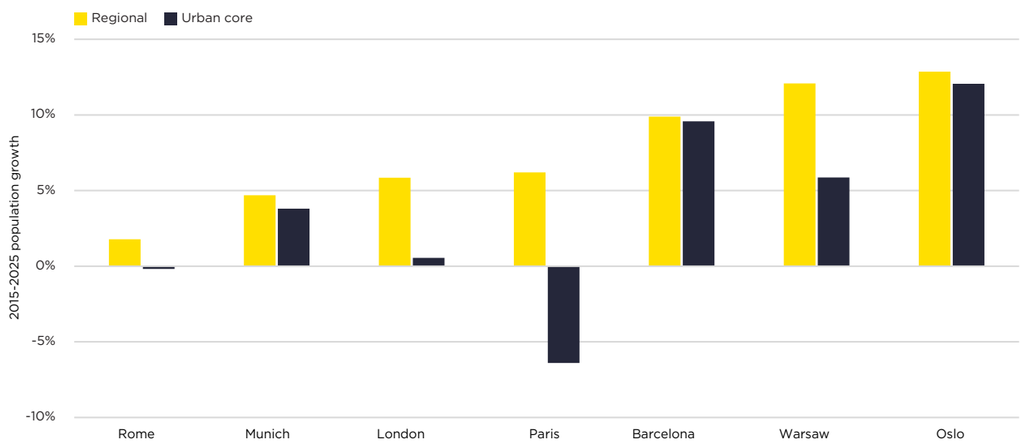
Meanwhile, almost one in three Europeans now lives alone and, while total population is projected to decline marginally by 2040, the number of households is expected to rise by more than 4% (Figure 9). Demand for furniture, appliances and household goods is determined by homes as much as people. As household sizes shrink, household formation should sustain future spending in these categories. For all the discourse around discount retailing, convenience and recurring-visit categories, the traditional bulky-goods categories that helped shape the sector still have plenty of runway.

In aggregate, structural demographic change depicts a consumer whose time, money and attention are gravitating towards the home. Much of that expenditure aligns naturally with the catchments and typical occupier profile of retail warehousing.

+4%

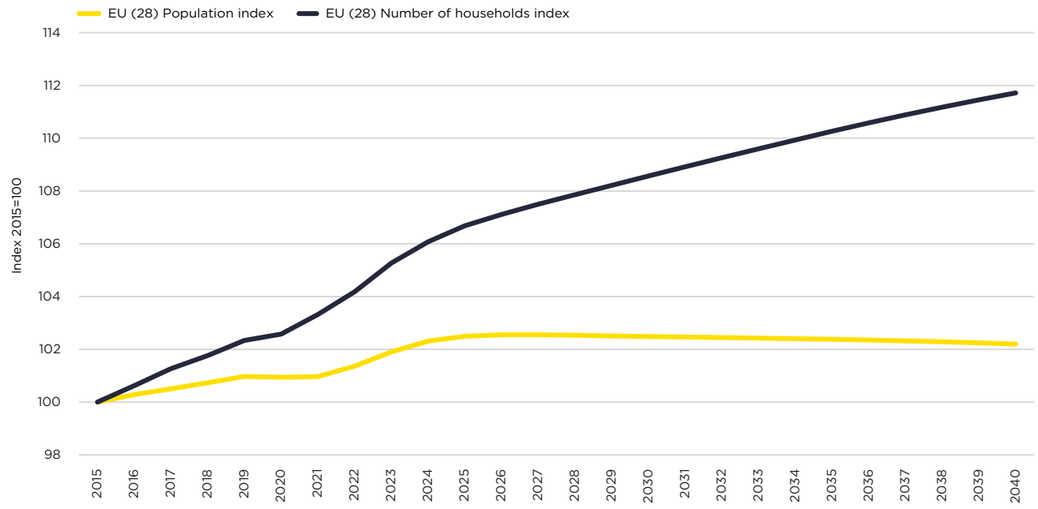
INCREASE IN THE NUMBER OF HOUSEHOLDS BY 2040

FIGURE 8: KEY EUROPEAN CITIES POPULATION GROWTH 2015-2025 REGIONAL VS URBAN CORE



Source: Research based on Oxford Economics, INSEE

FIGURE 9: EURO AREA HICP INFLATION BREAKDOWN BY COMPONENT



Source: Research based on Oxford Economics

CONVENIENCE WITHOUT THE CAR: EXTENDING THE RETAIL PARK PROPOSITION

Convenience and accessibility are not always the same thing. Out-of-town retail excels at accommodating planned shopping trips, click and collect, fulfilment and returns, but a car-oriented nature can limit exposure to younger and more urban consumers.

Some retailers are responding with a hub-and-spoke approach. Smaller city-centre showrooms, collection points and urban formats extend brand reach into dense catchments, while larger out-of-town stores continue to do the heavy lifting on range, stockholding and fulfilment. IKEA's urban formats in Sweden and, more recently, its Oxford Street store in London illustrate the idea. In France, retailers traditionally associated with out-of-town locations, such as Maxi Zoo and Decathlon, are also experimenting with urban concepts.

The logic is complementary, allowing retailers to broaden customer reach: smaller urban stores bring brands closer to younger consumers they may otherwise alienate, while big boxes remain the operational backbone.

EVOLUTION
OVER BROAD-BASED EXPANSION

A two-speed market: rapid expansion in CEE contrasting with growing scarcity across much of Western Europe.

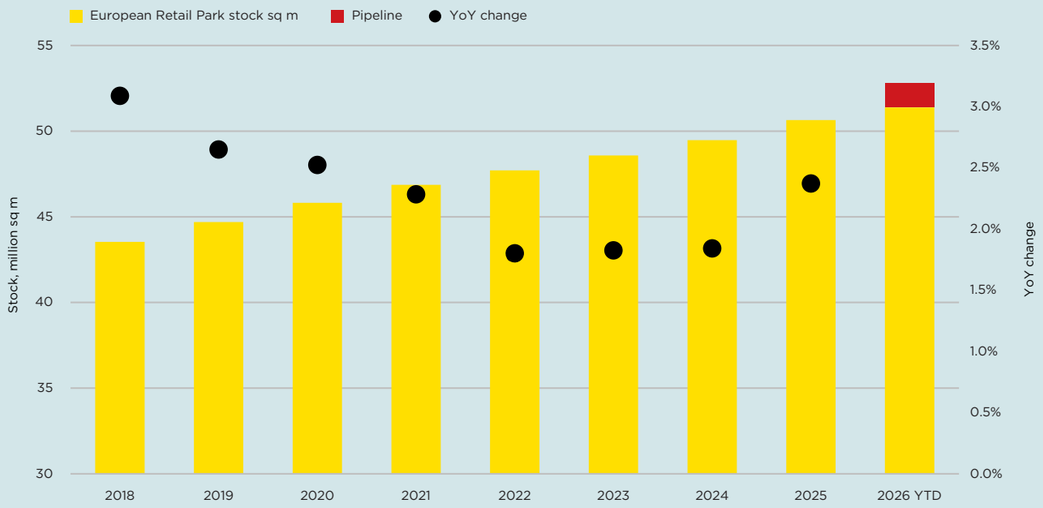
European retail park stock has now reached 51 million sq m, on the back of a 2.4% increase last year, the strongest year of development activity since 2020 (Figure 10). Although pan-European evolution spanning consumer behaviour, occupier mix and asset strategy is evident, the physical stock base is expanding more selectively.

A TWO-SPEED DEVELOPMENT LANDSCAPE

Much of the retail park supply growth since 2020 has been concentrated in Central and Eastern Europe, with Spain and France also recording notable expansion. Stock increased by around 17% in Spain and 19% in France, while Poland more than doubled its retail park stock. Romania and the Czech Republic also expanded rapidly, recording growth of 54% and 34% respectively over the same period (Figure 11). In Central and Eastern Europe, new schemes have targeted smaller towns and cities, sometimes without a dominant shopping centre, allowing the retail park to assume the role of principal retail destination within local catchments.

Developers are becoming increasingly selective, however, and the current pace of growth is unlikely to be sustained indefinitely. Even so, Polish schemes under construction still equate to 17.8% of existing stock. Set against just 0.8% in the UK, 1.2% in France and 2.0% in Germany, the contrast is stark. Outside a small group of faster-growing markets, development pipelines remain modest, reinforcing a more irregular pattern of expansion across Europe.

FIGURE 10: EUROPEAN RETAIL PARK STOCK EVOLUTION



Source: Savills Research & PMA LLP

FIGURE 11: EUROPEAN RETAIL PARK STOCK & PIPELINE BY COUNTRY

Stock market growth 2020-2026		Stock 2026 (million sq m)	Pipeline (% of stock)
Poland	116.5%	3.9	17.8%
Romania	54.0%	1.2	6.0%
Czech Republic	34.0%	1.8	4.0%
France	18.6%	8.3	1.2%
Spain	17.0%	3.7	1.7%
Sweden	11.0%	3.6	1.1%
Italy	4.9%	4.7	2.3%
Germany	4.4%	6.9	2.0%
Netherlands	2.1%	2.5	0.2%
UK	1.2%	10.2	0.8%

Source: Savills Research & PMA LLP

GROWTH IN CONTEXT

Framed in provision per capita terms, disparities in supply are easier to contextualise, although provision alone does not determine where development occurs. European retail park density has risen from 100 sq m per 1,000 inhabitants in 2020 to 109 sq m today, still substantially below the 261 sq m recorded for shopping centres. Country-specific figures vary considerably, ranging from 57 sq m per 1,000 inhabitants in Portugal to more than 330 sq m in Sweden, where saturation may restrict future supply (Figure 12).

Viewed through that lens, Poland's recent expansion feels less extraordinary. Energetic development activity has raised provision to 104 sq m per 1,000 inhabitants, broadly in line with the European average and still below many mature Western European markets. Rising incomes, ongoing retail modernisation and continued expansion by operators such as Action, Pepco, TEDi and Sinsay suggest that development is still responding to unmet demand.

A COMPLEX DEVELOPMENT EQUATION IN MATURE MARKETS

More mature Western markets have far less room for manoeuvre. Since 2020, retail park density has fallen by 9% in Ireland, 3% in the UK and 2% in the Netherlands, as stock growth has failed to keep pace with population growth. Occupier appetite remains healthy, but bringing additional space to market is becoming progressively more challenging.

Part of this can be traced back to policy. Planning systems in many countries have actively discouraged out-of-town retail development in an effort to preserve the vitality of historic town centres. In this sense, market maturity can be thought of as a function of density, demand and occupier mix, but also of planning culture and decades of choices about how retail should be distributed.



109 SQ M

EUROPEAN RETAIL PARK PROVISION PER 1,000 INHABITANTS

Viability adds another layer of constraint. Rising land and construction costs have been compounded by more demanding building standards and energy-performance obligations. Both new development and the upkeep of existing assets have become more capital intensive.

These constraints create a complex development equation, neatly illustrated by Valvert. At 65,000 sq m, the scheme at Sainte-Geneviève-des-Bois is the largest retail park completed in France since L'Atoll in 2012. Its significance lies in its rarity. It reflects just how infrequently developments of this magnitude now come forward across much of mature Europe.

EXISTING STOCK COMES TO THE FORE

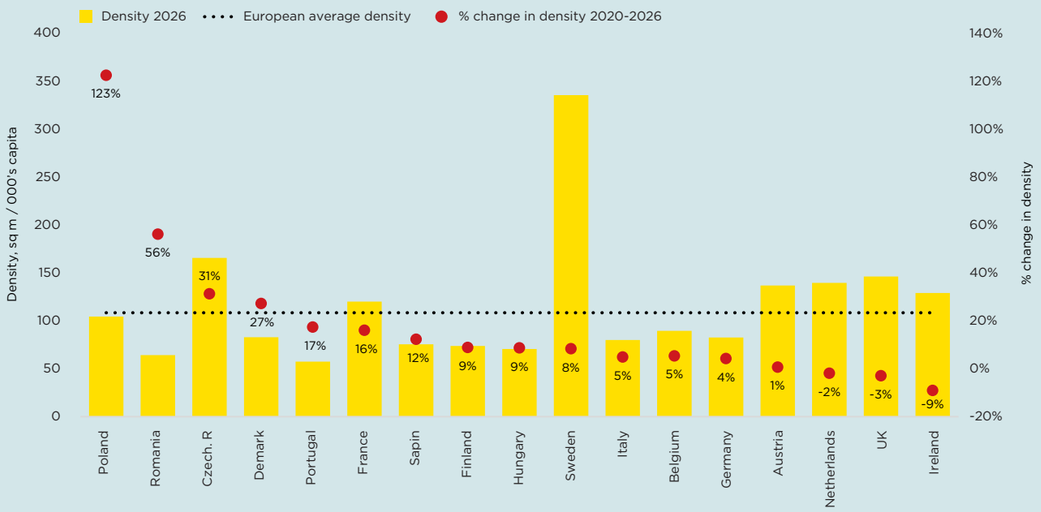
Looking to the future, the existing stock base is likely to become the focal point for evolution. Fortunately, the broadening range of ancillary uses, consistent with the European trends outlined on page 10, can require relatively little net new floorspace. A gym, leisure operator or click-and-collect facility may alter how a scheme is used without materially changing its footprint. Additional income and utility can therefore be unlocked through subdivision, extension, redevelopment and the reconfiguration of existing schemes.

Outside the high-growth CEE region, additional space is likely to be delivered in a more piecemeal fashion. The recycling of vacated big boxes, supermarkets and underutilised car parks are means through which occupier demand can be accommodated. Even then, progress can be slow. Fragmented ownership often complicates decision-making across multi-owner schemes, leaving apparently obvious opportunities stubbornly hard to unlock.

All of this implies that change within the existing stock base will run ahead of new development, placing greater weight on the enhancement of existing sites. For well-located, adaptable stock, the resulting scarcity strengthens pricing power. Such assets become more strategic and harder to replicate. This underpins growing investor demand for core-plus and value-add opportunities where refurbishment, reconfiguration and active asset management can unlock further value.

> "Where there is scarcity, the opportunities lie within existing stock, in underutilised space, evolving layouts and the ability to enrich the occupational mix."
>
> **Chris Nichols**

FIGURE 12: EUROPEAN RETAIL PARK DENSITY BY COUNTRY



Source: Savills Research, Oxford Economics, PMA LLP

DEMAND RUNS DEEPER THAN RENTAL GROWTH SUGGESTS

The greatest occupational endorsement comes from retailers' sustained appetite for renewal and expansion.

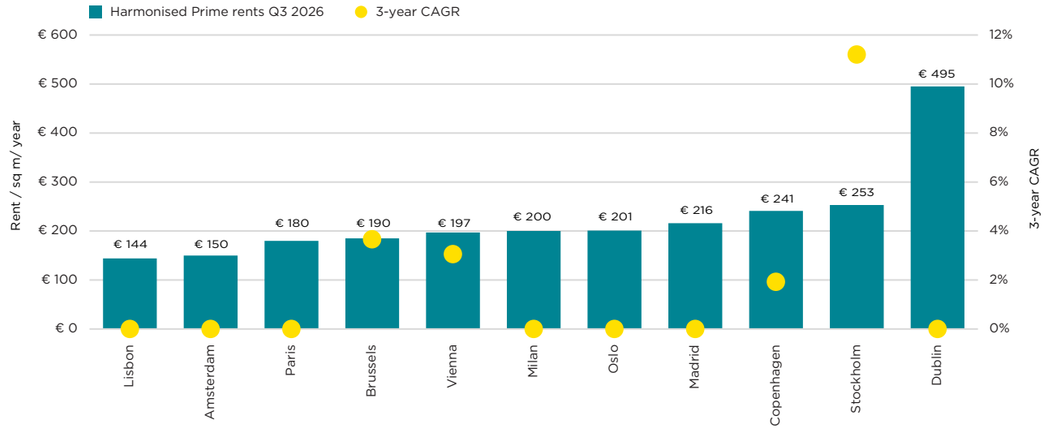
Retail warehouses and parks have found favour with occupiers seeking relative occupational affordability and operational efficiency. In mature markets, the difficulty is often finding space. Availability sits below 3% in Ireland and 4% in the UK, while vacant units are often effectively non-existent in smaller Polish schemes. Considering such conditions, rental growth appears surprisingly subdued outside of Stockholm (Figure 13).

That apparent contradiction says much about the format. Part of the enduring appeal of out-of-town retail lies in its combination of affordability, accessibility and ample parking. For occupiers, that means the ability to trade at scale without compromising the value credentials on which many rely. Landlords are understandably wary of pushing rents to a point that weakens that advantage, even where space is scarce. In the most supply-constrained markets, low vacancy and churn can also limit evidence of prime rental growth. With few high-quality units becoming available, leasing activity can disproportionately concentrate within secondary stock, where rental ceilings are naturally lower.

Headline rents consequently capture only part of the income story. CPI-linked leases have continued to lift income across many European markets, including those where prime rents have barely moved. Thus, it is possible for passing rents to rise faster than prime estimated rental values, with indexation, retention and active management supporting growth within existing leases.

By geography, limited availability is creating rental tension in mature, supply-constrained markets such as Sweden and the UK. Across Central and Eastern Europe, Spain and France, new supply has provided more room for retailers to expand. This eases the pressure that strong occupier demand might otherwise place on rents. It is actually the behaviour of retailers themselves that constitutes the strongest endorsement. Occupiers continue to seek space, retain it and build out store networks around it; a weight of commitment which is hard to discern from rental growth alone.

FIGURE 13: EUROPEAN PRIME RETAIL WAREHOUSE RENTS



Source: Savills Research

THE UK AND THE RENTAL GROWTH PARADOX



SAM ARROWSMITH
UK RETAIL RESEARCH

Strong occupational demand despite an increasingly constrained supply picture leads to selective rental growth.

The UK retail warehouse market continues to be defined by a structural shortage of available space. Outside selected roadside food and beverage schemes, drive-thru formats and bespoke discount grocery development, very little new retail stock is being delivered. Occupiers are therefore increasingly reliant on space becoming available through normal occupational churn.

That churn has reduced materially. Across the Savills dealbook of new lettings, regears and renewals, only 8% of occupiers vacated between 2023 and 2026, with 92% renewing their lease commitments. Retailers are increasingly reluctant to relinquish successful stores, recognising that securing representation on a strong retail park has become significantly more difficult. When they do move, it is typically to right-size, improve configuration or upgrade their position within a scheme, rather than exit the market altogether.

Weaker letting volumes should be viewed in this context. New lettings totalled 721 in 2025, below the long-run average of 847, while activity has remained subdued in 2026. With little additional supply and limited churn, it is important to stress the market is constrained by a lack of available space rather than any shortage of occupier appetite.

Even the headline vacancy rate overstates availability. Vacancy has fallen from 4.3% at the end of 2025 to 3.9% today, but 47.1% of vacant floorspace has been empty for at least three years, constrained by planning restrictions or no longer suited to modern occupational requirements. Excluding this stock reduces effective vacancy to 2.1%, equivalent to around 706,000 sq m of genuinely available accommodation. Against average annual net take-up of 743,000 sq m over the past three years, the market holds less than one year's effective supply.

The administrations of Homebase and Carpetright in 2024 provided a temporary test of the depth of occupier demand. While a tranche of larger units returned to the market and briefly lifted vacancy, strong pent-up demand from occupiers seeking expansion opportunities meant much of the space was absorbed rapidly. The speed at which these units were re-let underlined the shortage of suitable space available across the market. In the absence of meaningful development, the sector has become increasingly reliant on isolated restructuring and insolvency events to create the leasing opportunities that occupiers are actively seeking.

Rental performance is more nuanced at the larger-format end of the market. Units exceeding approximately 1,850 sq m recorded rental growth of 17.8% in 2024 and a further 8.2% in 2025, supported by the competition for former Homebase and Carpetright stores. In 2026, however, average rents in this size bracket have fallen by 10.3% as many of the stronger units have already been absorbed, leaving a greater proportion of secondary space to transact. Even after that adjustment, rents remain 14.3% above pre-administration levels.

3.9%

VACANCY RATE IN Q3 2026 FROM 4.3% IN 2025

Source: Savills Research

Wider rental growth has been more restrained. Net effective retail warehouse rents increased by 1.7% year to date, following growth of just 0.1% in 2025, as macroeconomic uncertainty, rising occupational costs and pressure on household spending limited occupiers' ability to absorb substantial increases. Geography and asset quality remain important. Structurally under-supplied locations achieved average rents of €270 per sq m in 2025, compared with €254 per sq m in markets with above-average provision.

The UK demonstrates how constrained supply can sharpen the value of well-located, adaptable stock without producing uniform rental growth. Retailer retention remains high, effective vacancy is exceptionally low and securing vacant possession can prove harder than generating demand. For investors, the opportunity increasingly lies where genuine scarcity, occupier depth and asset quality coincide.

In many respects, this reflects a later stage of the same evolution occurring elsewhere in Europe. While development continues to support occupier growth across Central and Eastern Europe and parts of Southern Europe, existing assets are increasingly required to absorb demand.

Similar occupational momentum can therefore translate into different investment themes: expansion in less mature markets, and the growing value of scarce, adaptable stock where supply is harder to expand.

> "Minimal development, exceptionally low effective vacancy, limited occupier churn and strong, broad-based occupier appetite mean softer trading is more likely to moderate the pace of rental growth than alter its direction."
>
> **Sam Arrowsmith**



CAPITAL FINDS VALUE OUT-OF-TOWN



LYDIA BRISSY
EUROPEAN RESEARCH

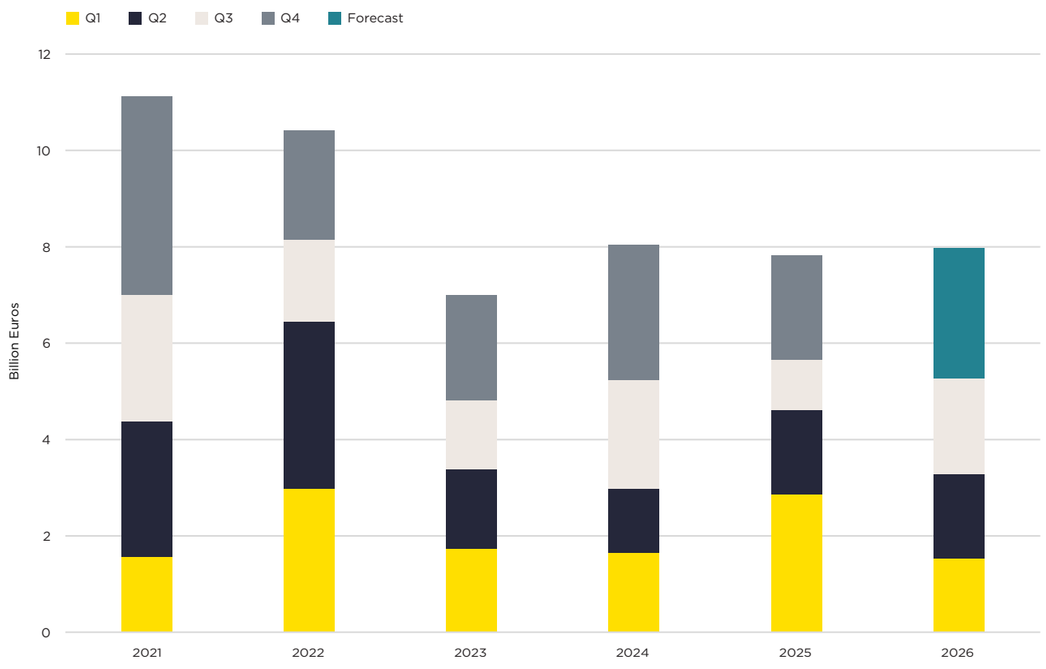
Resilient income and attractive pricing underpin retail park investment, as cross-border capital supports larger deals and activity shifts beyond Europe's core markets.

OUT OF TOWN, A BRIGHT SPOT

European real estate investment remains subdued heading into the final quarter of 2026, despite stronger-than-expected economic growth, improved investor confidence, and supportive occupational fundamentals. Q3 volumes reached approximately €43bn, down 10% year on year, bringing the total for the first nine months to €154bn, a modest 4% increase on the same period in 2025. Retail attracted €23bn of investment in the first nine months of 2026, down 13% year on year. The decline primarily reflects a shortage of assets available for sale rather than weaker investor appetite for the sector.

Retail parks and warehouses remain a key focus for investors, supported by an attractive risk-return profile relative to other asset classes and notably strong total return performance recorded by MSCI (7.4% in 2025). Investment in the segment

FIGURE 14: EUROPEAN RETAIL WAREHOUSE INVESTMENT ACCELERATING



Source: Savills Research

accelerated in Q3, reaching slightly more than €2bn, a 91% increase on the same period in 2025. This brought volumes for the first nine months to €5.3bn, down approximately 7% year on year. The decline reflects a particularly strong start to 2025, when several large portfolio transactions in Germany, the UK and Ireland boosted activity. The segment's growing appeal may also be reducing owners' willingness to sell assets they view as defensive and offering an attractive balance of risk and return, particularly where compelling reinvestment alternatives are scarce.

CAPITAL MOVES OUT OF CORE

Core European markets still attract substantial capital, but they no longer dominate the sector as they once did. Their combined share of retail warehouse investment declined from 80% in 2021 to 48% during the first nine months of 2026. Over the same period, Central and Eastern Europe and Southern Europe increased their combined share from 14% to 46%.

This is more than a temporary redistribution of transactions. Investors are increasingly willing to look beyond the largest and most liquid markets when underlying assets offer attractive income, established tenant demand, and pricing that compensates for added market risk.

Poland, Spain, Romania and Italy were among the clearest beneficiaries. Poland attracted €667m during the first nine months, 172% more than a year earlier and 257% above its five-year average. Q3 alone contributed €374m, supported by



the sales of six Vendo Parks and Power Park Kielce.
Spain recorded €615m, up 225% year on year and 113% above its five-year average. NEPI Rockcastle's acquisition of MegaPark Barakaldo helped lift third-quarter investment to €253.8m, following transactions earlier in the year including the €40m sale of Meixueiro Retail Park.

In Romania, investment rose to €376m, 449% above the same period of 2025 and 479% above the five-year average. Portfolio transactions drove this increase, including the six-property Value Centre portfolio and ten Brico Dépôt stores. Italy also recorded a marked rise, with €252m invested over the first nine months, up 96.3% year on year and 131% above its five-year average.

CROSS-BORDER CAPITAL RAISES THE STAKES

Larger deals and portfolio transactions are increasingly shaping European retail warehouse investment, supported by a higher share of cross-border capital than historically. In the first nine months of 2026,

> "Cross-border capital is playing a growing role in European retail park investment, supporting larger deals and portfolio acquisitions."
>
> **James Burke**

average individual deal size reached €23m, compared with €19m over the previous five years, while portfolios accounted for approximately 40% of investment volumes.

The changing capital mix is helping support larger lot sizes. Foreign buyers invested an average of €21.5m per property, compared with €14.2m for domestic purchasers. However, larger transactions have not yet been matched by a widespread increase in transaction numbers, suggesting activity remains concentrated in sizeable opportunities.

Several acquisitions illustrate this trend. In Spain, Ares Management acquired Castellana Properties' retail park portfolio for €279m. AFI Europe's acquisition of MAS's Romanian portfolio provides

another example, covering six retail parks and two extensions with a combined asset value of €281.8m.

Cross-border demand for European retail warehouses and retail parks has strengthened, even as foreign investment in the wider European real estate market has slowed. Overseas buyers accounted for 52% of investment volumes in the first nine months of 2026, above the five-year average.

North America led overseas investment, accounting for around half of cross-border volumes, while European investors contributed less than their long-term average. Alongside this geographical shift, several major core investment managers have returned to the sector, including US groups Hines, Barings and Nuveen, and European managers Aberdeen, PATRIZIA and Savills Investment Management. Hines' recent acquisitions in France and Portugal illustrate this renewed appetite, while British Land has also resumed investment in UK retail parks. Middle Eastern and Israeli capital has become more prominent, accounting for around a fifth of overseas investment, although AFI Group's acquisition of a Romanian portfolio heavily influenced this share.

Domestic investors continue to play an important role, including through sizeable acquisitions by Frasers Group in the UK and Delcore Fastigheter in Sweden. Local pension funds and private wealth are particularly important where foreign activity has weakened.

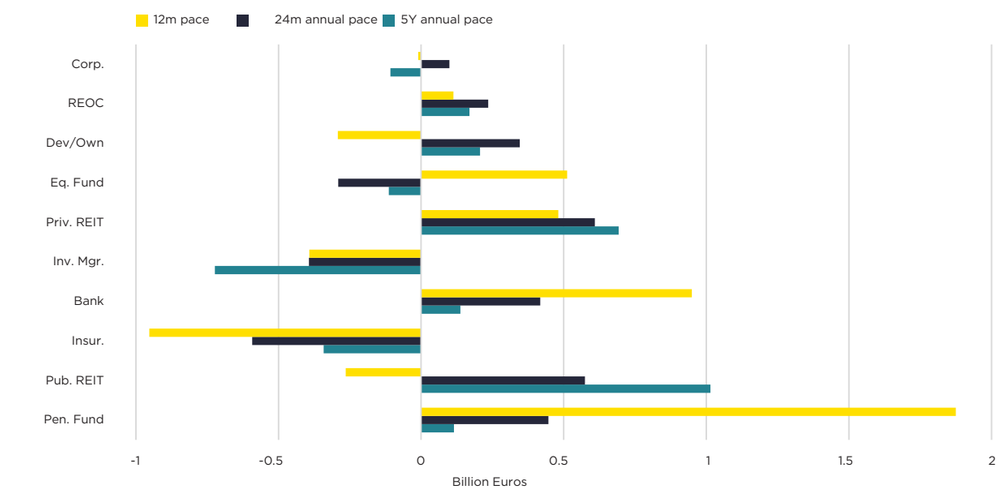
EQUITY GAINS THE UPPER HAND

More demanding financing conditions are progressively reshaping the investor mix in the European retail warehouse landscape. Buyers with available equity and limited borrowing requirements, including pension funds investing directly and equity funds pursuing low-leverage strategies, are better placed to remain active. For more highly leveraged investors, including some developers and managed property funds, higher borrowing costs and selective lending are making acquisitions and refinancing more difficult, prompting some owners to sell assets. Listed REITs have predominantly been sellers, although several have continued to deploy capital in the sector.

Over the past 12 months, pension funds recorded the strongest net buying, well above their two- and five-year averages. Banks also increased their net acquisitions, while equity funds moved from net selling to net buying. Private REITs remained net purchasers, although at a slower pace.

At the other end of the spectrum, listed REITs and developers became net sellers. Insurers increased their net disposals, and investment managers continued to reduce their exposure. Buyers' capacity to invest increasingly depends on how they fund

FIGURE 15: PENSION FUNDS LEAD NET BUYING AS INSURERS REDUCE EXPOSURE



Source: Savills Research based on RCA

CAPITAL FINDS VALUE OUT-OF-TOWN

acquisitions, rather than on investor type alone. Those able to commit equity for the long term have greater flexibility than those whose strategies rely more heavily on debt availability or refinancing conditions.

Retailers themselves are also influencing ownership patterns. Some are acquiring properties they previously occupied as tenants, while others continue to develop and own their premises. This is particularly visible in parts of Central and Eastern Europe, including Jumbo's acquisitions of occupied properties and the established ownership model of several large DIY retailers. These decisions allow occupiers to exercise greater control over strategically important locations.

FROM REMOVAL TO RENEWAL

The investment case for European retail warehouses is increasingly centred on the resilience of income from value and convenience retailers. Price-conscious shoppers drive demand for space from these retailers, while relatively affordable occupation costs, compared with other retail segments, help them expand. For investors, this strengthens the appeal of operational assets with established tenants and scope to improve their performance.

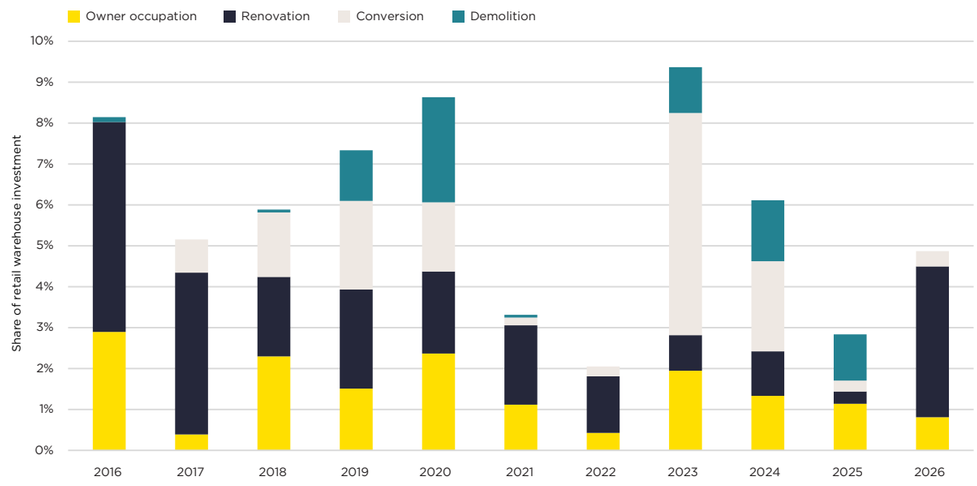
In the aftermath of the pandemic, rapid growth in online sales raised questions about the prospects for some retail sites. This drew investment towards properties that could be converted to other uses or cleared for redevelopment, removing them from the retail warehouse stock.

As online sales growth slowed, this activity has receded: acquisitions for conversion or demolition accounted for 0.4% of investment in the first nine months of 2026, down from 1.4% in 2025 and below the five-year average of 2.2%. Renovation has become the more prominent value-add strategy, rising from 0.3% of investment in 2025 to 3.7% in the first nine months of 2026, above its five-year average of 1.1%.

Forward purchases remain limited. High construction costs, scarce suitable land, and construction delays make it harder to deliver new schemes. They remain viable where tenant demand supports new space, including Sweden and where existing provision is low, such as in Central and Eastern Europe.

> "Investment rationale is shifting towards making existing assets perform better, with active management stimulating occupier demand, supporting rental growth and strengthening income resilience."
>
> **Lydia Brissy**

FIGURE 16: RENOVATION DRIVES RENEWED VALUE-ADDED INVESTMENT



Source: Savills Research based on RCA

5.72%

PRIME EUROPEAN AVERAGE RW YIELD IN Q3 2026

FIGURE 18: EUROPEAN AVERAGE PRIME YIELD CHANGE

Sector	YoY (bps)	QoQ (Bps)
Office CBD	+10	+11
Industrial	+11	+6
High street luxury	+4	+4
Shopping centre	+5	+1
Retail warehouse	**-5**	**-1**

Source: Savills Research

RETAIL WAREHOUSE PRICING HOLDS ITS GROUND

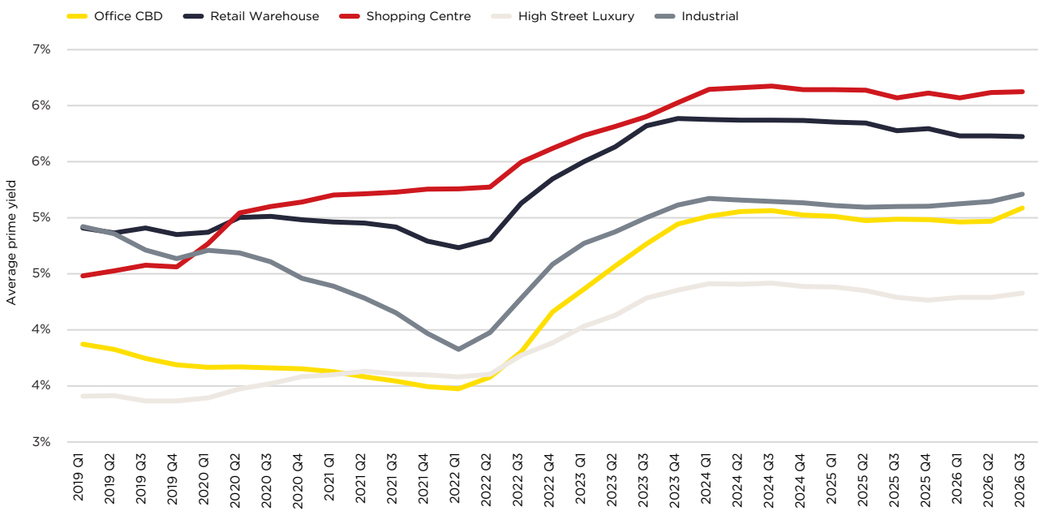
Fluctuations in bond yields and borrowing costs are prompting property-price adjustments, but rental income continues to underpin real estate returns. Across many sectors and markets, rising rents are helping to partially offset the pressure on values. With return expectations already centred on income growth and asset performance, and less reliant on falling interest rates to lift values, the underlying investment case remains relatively intact.

Retail warehouses have demonstrated particular resilience against this backdrop. The average prime yield edged down from 5.73% in Q2 2026 to 5.72% in Q3, driven by compression in Stockholm, while yields held steady in all other markets. Retail warehousing was the only commercial property sector to record inward movements quarter-on-quarter (-1 bps) and year-on-year (-5 bps). All other sectors recorded outward movements.

This divergence reflects strong investor demand and competition for retail warehouse assets. Comparatively attractive pricing against most other property types adds to the appeal of prime assets, supporting renewed appetite for the retail warehouse sector.

We expect prime retail warehouse yields to remain broadly stable over the next 12 months, with some outward movement in a few jurisdictions, particularly in core markets (UK, Germany and France).

FIGURE 17: RETAIL WAREHOUSE YIELDS RETAIN THEIR RELATIVE APPEAL



Source: Savills Research

OUTLOOK: PREPARED FOR WHAT COMES NEXT

Adaptability, consumer relevance and selective scarcity leave retail warehousing well equipped to withstand future headwinds.

OCCUPATIONAL MARKET

- The sector's adaptability should remain one of its greatest strengths, while continued occupier diversification will give consumers more reasons to visit, more often.
- Value, convenience and everyday utility will remain highly attractive in an uncertain economic environment.
- The format will align further with the modern consumer: suburban, value-conscious, convenience-driven and increasingly omnichannel.
- A two-speed development landscape is likely to persist across Europe.
- In mature markets, healthy occupier demand will increasingly run up against limited opportunities for new development, placing greater emphasis on evolving existing stock through subdivision, extension, redevelopment and reconfiguration.
- Supply-constrained markets should see further rental growth and increasing scarcity value.
- Well-located, adaptable assets will become ever more strategic and difficult to replicate.



CAPITAL MARKET

- Deals signed since October and the current pipeline support expectations of continued investment momentum through the remainder of 2026 and into 2027.
- We forecast European retail warehouse investment to reach approximately €8.0–€8.3bn in 2026, representing growth of 2-6% on 2025.
- Value and discount retailers will continue to drive occupational demand, strengthening the sector's investment appeal.
- Investors will remain selective, favouring assets with credible tenant demand and sustainable income prospects. Occupational performance and local liquidity will continue to shape pricing.
- Spain and Poland are expected to remain priority markets for investors.
- Limited new development in the Netherlands, Sweden and Italy should strengthen the position of well-located existing assets and support pricing.
- Tighter credit conditions will favour buyers with available equity and limited refinancing exposure. Pension funds are expected to remain the leading net buyers.
- We expect cross-border appetite for European retail warehouses to strengthen further.
- Portfolio acquisitions and joint ventures will remain important routes to building scale and accessing larger investment opportunities.

Savills Research

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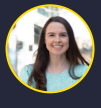
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