

Light industrial and logistics real estate in Europe: a cornerstone for diversified investment strategies



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In the ever-changing European real estate landscape, light industrial properties have emerged as a strategically asset class. With their flexibility, multi-tenant structures and proximity to urban centres, these assets are a compelling addition to diversified investment portfolios. At Swiss Life Asset Managers, light industrial real estate is a key pillar of our investment strategy, alongside logistics, life sciences and living – the 4L strategy, underscoring its long-term relevance and performance potential.

A strategic shift rooted in Germany

The journey of focused light industrial real estate funds at Swiss Life Asset Managers began in Germany, where this asset class first gained traction. Recognising its strong track record and potential for stable income and adaptability, we launched the Swiss Life Real Estate Funds (LUX) S.A., SICAV-SIF – ESG European Industrial & Logistics fund in 2020. This fund expanded our investment scope to include not only light industrial properties but also the attractive logistics real estate sector. It marked a milestone, demonstrating that the combination of light industrial and logistics assets can deliver compelling returns while mitigating risk through diversification.

The fund's 5.6% dividend distribution over the past 12 months catalysed our broader European strategy, expanding into France, the UK, Benelux and Switzerland. It combines stable income from multi-tenant industrial properties with the scalability of logistics, both supported by a shortage of modern space.

Why light industrial real estate matters

Light industrial properties typically consist of small to medium-sized facilities used for manufacturing, assembly, storage, and distribution. Often located near urban centres, these assets are ideally suited for last-mile logistics and just-in-time production. Light industrial and logistics properties are relevant across nearly all sectors of the economy. Their versatility and diverse tenant base also contribute to their resilience in volatile markets. As a result, the limited availability of suitable space continues to underpin the sector's strength and intensify competition for these assets.

1. Multi-tenant resilience

Unlike single-use assets, light industrial properties typically accommodate multiple tenants from a variety of sectors, including SMEs in the manufacturing sector, service providers, and e-commerce operators. Having a variety of tenants reduces dependency on any single industry or lease, thus enhancing income stability and lowering vacancy risk. That being said, the current economic environment is changing rapidly and almost on a daily basis, which can impact multiple sectors and thus stability itself.

2. Nearshoring and supply chain reconfiguration

Global disruptions, from the pandemic to geopolitical tensions, have accelerated the nearshoring trend. Companies are increasingly relocating production and storage facilities closer to end markets in order to reduce supply chain vulnerabilities. Light industrial assets, with their urban proximity and flexible layouts, are ideally positioned to support this shift.

However, it is important to recognise that globalisation remains a fundamental force in the world economy. Supply chains will continue to

evolve, striking a balance between regionalisation and global efficiency. Light industrial assets, with their adaptability and strategic locations, are well-placed to support both localised production and international distribution, providing a versatile means of navigating this dynamic landscape.

3. Urban integration and flexibility

These properties are often located in or near metropolitan areas, enabling efficient distribution and access to the workforce. Their adaptability means they can be used for a variety of purposes, such as manufacturing, warehousing, R&D and office space, making them attractive to a wide range of tenants.

4. Attractive risk-adjusted returns with a sustainability edge

Light industrial real estate offers attractive risk-adjusted returns by combining stable rental income with long-term capital growth. Its multi-tenant structure and proximity to urban areas usually contribute to high occupancy rates and consistent cash flows. However, sustainability is becoming a key differentiator beyond financial performance.

Many light industrial and logistics assets are well-suited to environmental, social and governance (ESG) upgrades, such as energy-efficient retrofits, solar panel installations and improved waste management systems. Additionally, their proximity to urban centres helps to reduce transportation emissions, thereby aligning with broader decarbonisation goals.

For investors, this means financial resilience and alignment with regulatory trends and stakeholder expectations around sustainability, making light industrial real estate a future-proof component of any portfolio.

Looking ahead: the role of light industrial and logistics in a changing world

As Europe continues to navigate economic uncertainty, shifting demographics, evolving industrial demand, and rapid technological transformation are reshaping the market landscape. Several industries are regaining prominence, further increasing the need for adaptable infrastructure. Against this backdrop, demand for flexible, well-located industrial space is expected to grow. Light industrial and logistics real estate lies at the heart of these trends, offering investors a resilient hedge against volatility while enabling them to benefit from long-term structural growth. Furthermore, the sector is well aligned with ESG goals. Many light industrial assets are easier to retrofit for energy efficiency, and their urban locations reduce transportation emissions – an increasingly important factor for investors focused on sustainability.

Conclusion

Light industrial and logistics real estate has evolved into a cornerstone of modern property portfolios. With its ability to generate stable, diversified income and adapt to shifting market dynamics, it has become an essential element of any forward-looking investment strategy. At Swiss Life Asset Managers, we have been at the forefront of this evolution and remain committed to unlocking the full potential of light industrial real estate across Europe.



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