The next logistics cycle is being shaped by Europe's new supply chains



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For decades, global supply chains were primarily designed around efficiency. Production was concentrated in the most cost-effective locations, inventories were minimized and logistics networks were optimized for speed and scale. Recent geopolitical tensions, trade conflicts and supply chain disruptions have challenged this model. As companies rethink resilience, flexibility and security of supply, European logistics real estate is entering a new phase of growth.

The ongoing trend towards deglobalisation does not imply a reversal of international trade. Rather, companies are redesigning supply chains to reduce vulnerabilities and improve operational resilience. This includes diversifying suppliers, increasing inventory buffers and relocating selected production and distribution activities closer to end markets through nearshoring and reshoring strategies. These changes are creating new requirements for logistics infrastructure across Europe.

At the same time, logistics facilities are assuming a more strategic role within corporate operations. Warehouses are no longer simply storage locations. They have become critical nodes that enable companies to manage inventory, respond to changing demand patterns and ensure reliable product availability. Modern logistics assets increasingly require advanced automation, digital infrastructure, reliable power supply and strong ESG credentials. A significant share of Europe's existing warehouse stock does not meet these requirements, creating an ongoing need for modern facilities.

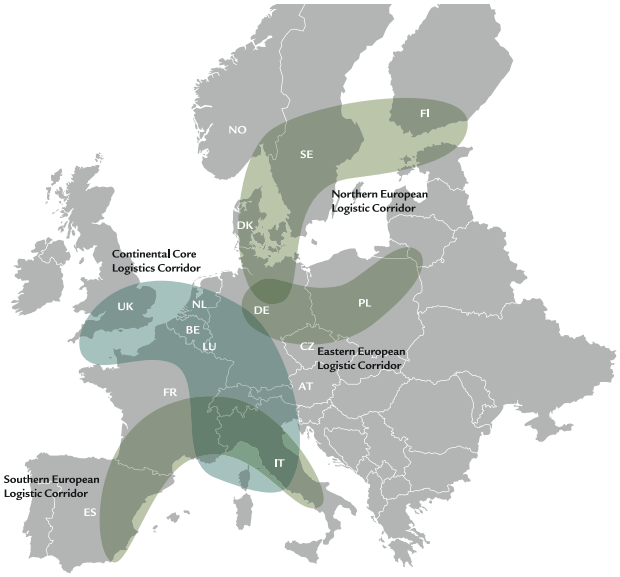
The geography of this demand is far from random. Europe's logistics market is structured around a network of major transport corridors that connect manufacturing centres, consumer markets, ports and distribution hubs.

The core European logistics corridor remains the backbone of continental goods flows. Stretching from the Benelux countries through Germany into Northern Italy, it links many of Europe's largest population centres and industrial regions. Germany occupies a particularly important position due to its central location, extensive transport infrastructure and diversified economic base. Additional logistics corridors increasingly connect this core region with Northern and Eastern Europe, reflecting the ongoing evolution of European trade routes and supply chains. Switzerland also plays an important role as a transit hub connecting Northern and Southern Europe.

A second corridor is developing along the Mediterranean, supported by major port locations and the gradual relocation of selected manufacturing activities closer to European end markets. As supply chains become more regionalised, these gateway locations are gaining strategic importance for both occupiers and investors.

For investors, however, demand is only part of the story. Equally important is the increasingly constrained supply of modern logistics space. After a period of weaker occupier demand in 2023 and 2024, developers significantly reduced new construction activity. As a result, the development pipeline across Europe has contracted sharply. Development is increasingly focused on pre-let and build-to-suit projects, while speculative construction remains limited.

This reduction in future supply is occurring just as occupier demand begins to recover. European logistics take-up increased during the first half of 2026, supported by a return of larger leasing transactions and continued demand from third-party logistics providers. Market activity remains



selective, with modern facilities in established logistics hubs attracting the strongest interest. Across many core markets, occupiers are increasingly prioritising quality, sustainability and operational efficiency when making location decisions.

The combination of recovering demand and constrained supply is creating favourable conditions for rental growth. Particularly in established logistics hubs, limited land availability and planning restrictions continue to restrict new development. This supports pricing power for owners of high-quality assets while reinforcing the competitive position of modern buildings relative to older stock.

From an investment perspective, market conditions are also improving. Following the repricing that took place in 2022 and 2023, European logistics real estate now offers investors a more attractive entry point than during the peak of the previous cycle. While higher interest rates continue to influence pricing, occupier market fundamentals are gradually reasserting themselves as the primary driver of long-term performance.

Taken together, these developments suggest that the next logistics cycle has already begun. Deglobalisation, nearshoring and supply chain diversification are generating new demand for strategically located and technologically advanced logistics facilities. At the same time, years of underinvestment and a sharply reduced development pipeline are limiting future supply.

For long-term investors, Europe's logistics corridors remain among the most compelling real estate themes. As supply chains evolve, logistics infrastructure is becoming an increasingly essential component of economic resilience, and a sector that is well positioned to benefit from the next phase of growth.

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