

REVIEW

LOGISTICS MARKET

EUROPE Q1 2025

RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



Q1 2025

LOGISTICS MARKET EUROPE

Below its 5-year average, the market is sluggish.

In a context of slow economic activity and strong political uncertainties, there are great disparities within Europe. The lack of new developments remains supportive of rental growth in prime sectors.

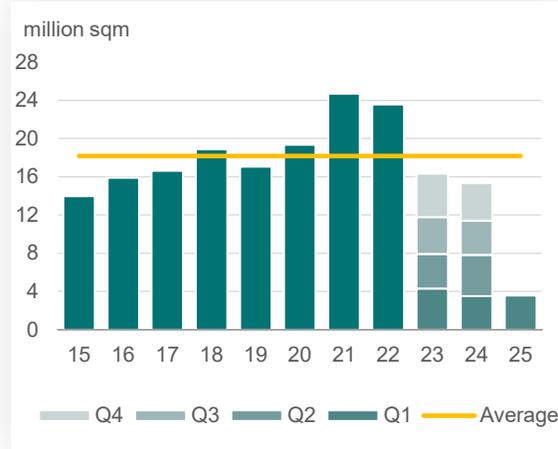
TAKE-UP +2%

Q1 2025 vs Q1 2024



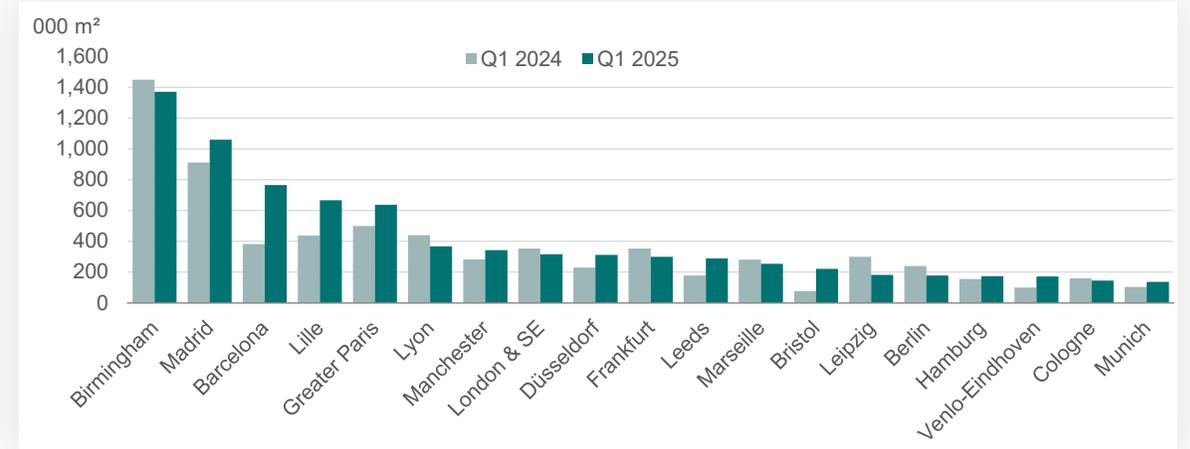
TAKE-UP*

(*France, Germany, Netherlands, Spain, UK)



Warehouses over 5,000 sqm

(*take-up in rolling year)



Germany

The market recorded a moderate start to the year. Despite a significant increase in Q1 2025, take-up remains 21% below the ten-year average. Given the continued weak economic environment and the very moderate GDP forecasts, the take-up results are encouraging. Average rents showed a stable to rising trend in the first quarter (+4% compared to Q1 2024).

+14%

France

Demand increased significantly in all the main markets. Take-up for new warehouses accounted for 75% of the French market. Greater Paris is back to its leading position after 24 months of slower activity. The vacant space for second-hand units doubled in one year whilst it increased by just 30% for new units. This resulted in the growth of the vacancy rate in France to 5.5%.

-1%

United Kingdom

Despite a decrease compared to Q1 2024, take-up has been catching-up compared to Q4 2024 and demand is showing some positive signs for Q2. Big box occupiers continue to look to pre-lets and build-to-suit where speculative developments are unavailable. Rents have stabilized.

-8%

The Netherlands

The decline of new units into the logistics market is impacting market activity. For the first time in several years take-up for new units was below the volume of transactions for second-hand warehouses. The short supply for new buildings is still exerting pressure on rents. The prime rent in Amsterdam and Venlo increased slightly in Q1.

-39%

Spain

The Spanish market posted a particularly strong start to 2025 with take-up over 600 thousand sqm. It makes Spain one of the most dynamic market in Europe for logistics. Vacancy rates eased to 4.7% in Barcelona and 8.7% in Madrid, whilst supply remained tight in Valencia. Prime rents stabilized in Barcelona and Valencia and increased in Madrid during Q1 2025.

+66%

Over Q1 2025, the market increased by 2% in the leading European markets compared to Q1 2024. In a context of slow economic activity and strong political uncertainties, there are great disparities within Europe.

Take-up in **Spain** posted more than 50% above its 10-year average whilst **Germany** has been showing some positive signs even though activity remained moderate. In **France**, activity has been slow, but Paris rebounded sharply after a slow two years. In the **Netherlands**, the market was subdued by a lack of new developments. In the **UK**, despite a slow activity in Q1 demand seems to be picking up and points to positive signs for Q2.

The risk of oversupply remains limited even though vacancy rates have been increasing in some markets. Overall, these remain relatively moderate at around 5% on average in Europe.

The strong rental growth of recent years has faded to a slower pace, +2.2% (y-o-y) during Q1 2025.

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Source : BNP Paribas Real Estate Research



Q1 2025

LOGISTICS MARKET EUROPE

Prime rents rose by 2% (y-o-y) in Q1 2025 in a panel of 46 markets covering 22 countries. Some cities continue to see rents expand but overall, the market slowdown in 2024 and early 2025 resulted in limited rental growth.

The vacancy rate remains low in most markets, but supply is rising, and demand slowing down. This is still pushing rents upwards albeit at a slower rate.

KEY FIGURES

LOGISTICS PRIME RENTS

+2.2%

vs Q1 2024

+1%

vs LAST QUARTER

Warehouses over 5,000 sqm
European average
46 markets, 22 countries

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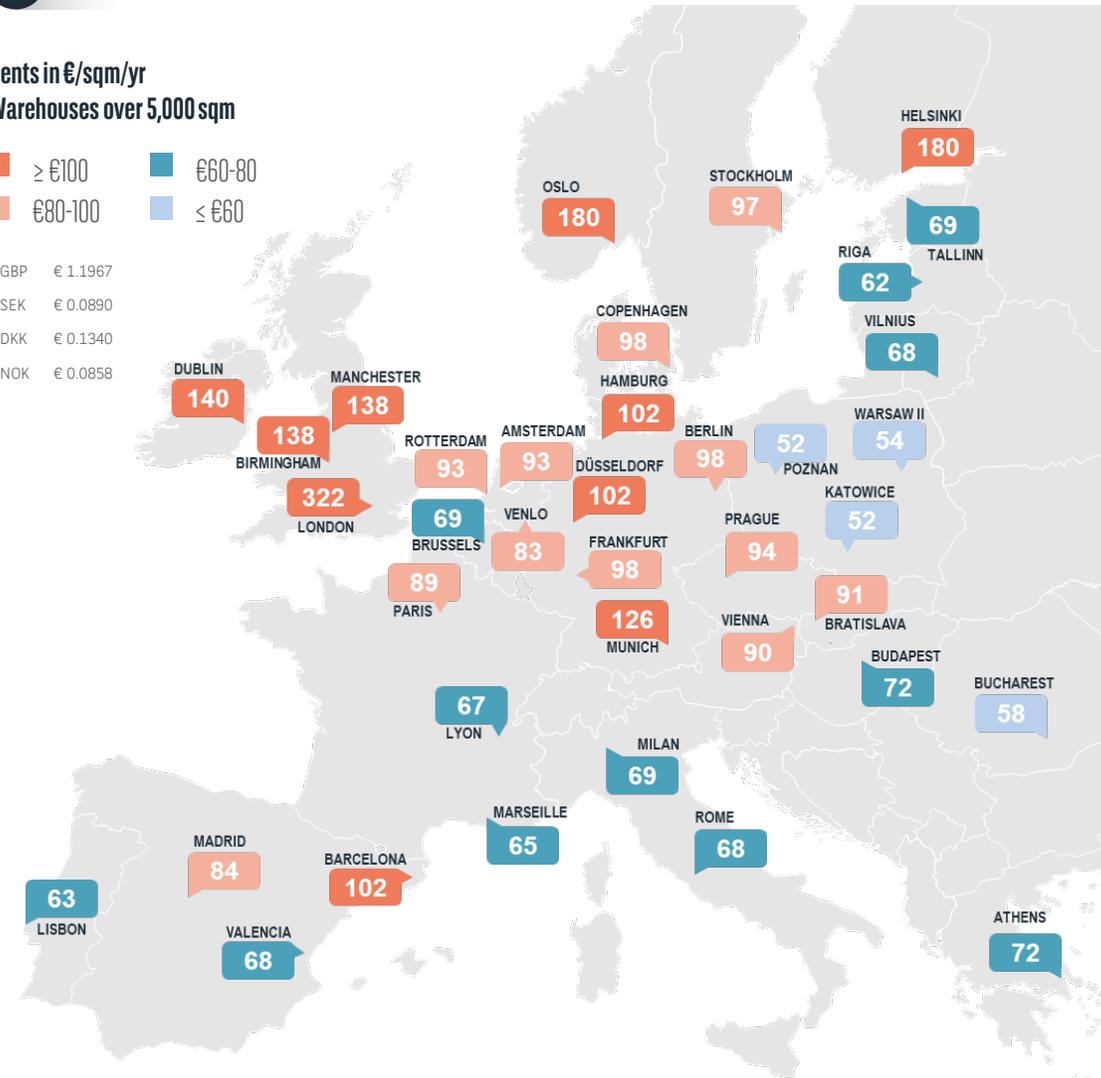


LOGISTICS PRIME RENTS

Rents in €/sqm/yr
Warehouses over 5,000 sqm

- ≥ €100
- €80-100
- €60-80
- ≤ €60

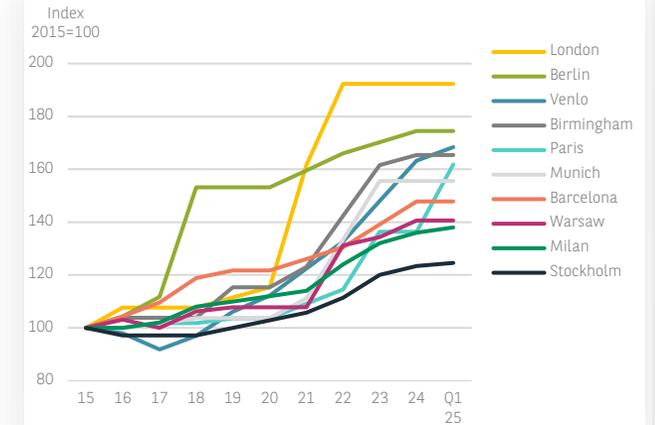
- 1 GBP € 1.1967
- 1 SEK € 0.0890
- 1 DKK € 0.1340
- 1 NOK € 0.0858



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Prime rents

Grade A warehouses (big boxes) for standard lease terms (5 to 15 years)



Source : BNP Paribas Real Estate Research



Q1 2025

LOGISTICS MARKET EUROPE

SLOW START TO THE YEAR

Improved general market conditions compared to 2023 and 2024, yet slow activity in Q1 2025 reflecting economic and political uncertainties.

INDUSTRIAL & LOGISTICS INVESTMENT

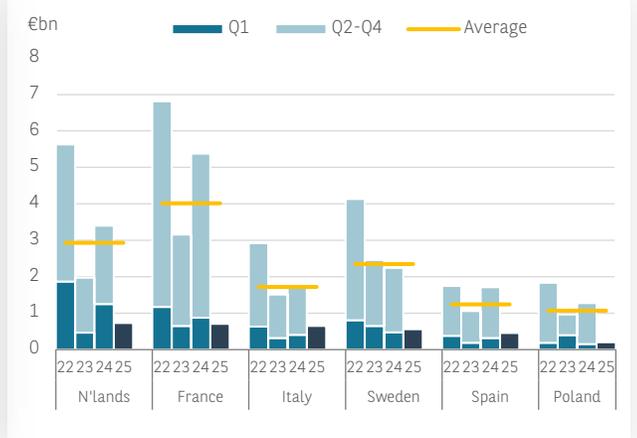
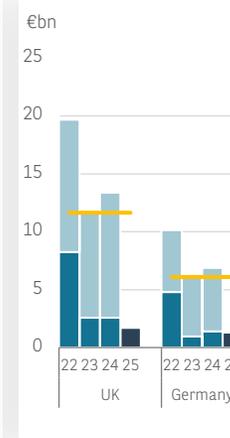
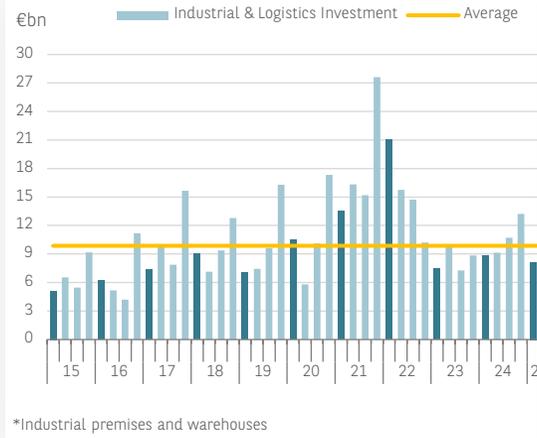
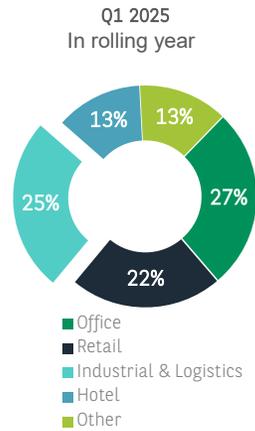
+19% over 12 months
-8% in Q1 2025 (vs Q1 2024)

Q1 2025 vs Q1 2024



INVESTMENT

Industrial & Logistics Europe



United Kingdom

The difficulty that the UK has experienced in controlling inflation, higher bond yields and a challenging UK outlook continued to weigh in on investment market sentiment. Prime yields are now holding firm, which should help investment activity in 2025.

-34%

Germany

The pricing adjustment process in the changed interest rate environment is complete in Germany, and demand from foreign investors is strengthening overall. Prime yields remained stable at 4.25% in the main logistics locations.

-8%

France

Industrial and logistics has been performing well compared to retail and offices representing nearly one third of commercial real estate investment over the past 12 months. The logistics prime yield stabilized to 4.90% in Q1 2025 and is expected to compress further by 25 to 50bps in the next quarters.

-19%

The Netherlands

Although the investment market for logistics and industrial slowed down in Q1, it has still a positive outlook and is expected to be the main commercial sector attracting capital across the board. The logistics prime yield has stabilized at 4.75%.

-42%

Spain

The quarter witnessed one of the largest deals signed for a Q1 at €200 million. Over the past twelve months, this sector has consolidated its strong position as an asset, accounting for 26% of total real estate investment. After rising by 155 bps over the last two year, the prime logistics yield stabilized at 4.85%.

+45%

Poland

Investment volumes improved over H2 2024 and again in Q1 2025 reflecting better sentiment in the market. Industrial and logistics remains a strong performing market sector in Poland. The prime yield stabilized at 6.25% in Q1 2025. Yield adjustment is over in Poland.

+34%

The market remains dynamic in most European countries, €41bn were invested in Europe over the past 12 months. However, the trend in Q1 has been showing a slower activity (-8% between Q1 2025 vs Q1 2024).

Demand has been picking up again in some countries including Italy, Spain, Sweden and the CEE countries. Conversely, activity reduced in the biggest markets (Germany, the UK, France and the Netherlands).

Industrial and logistics is maintaining a strong market share against other assets. Investment shifted from 16% in 2017 to 25% of total commercial real estate in Q1 2025.

Yield correction is complete in most countries providing a more stable environment.

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Source : BNP Paribas Real Estate Research



Q1 2025

LOGISTICS MARKET EUROPE

Logistics prime yields stabilised in Europe

Over the past twelve months, prime yields have adjusted gradually towards stabilization in all European countries (+2bps y-o-y) They even decreased by 2 bps over the last quarter in Europe.

Logistics prime yield expansion over the past two years has ceased with moderating inflationary pressure and long-term government bond yields hitting a ceiling.

KEY FIGURES

LOGISTICS PRIME YIELDS

+130 bps

SINCE Q1 2022

-2 bps

vs LAST QUARTER

Warehouses over 5,000 sqm
European average
47 markets, 23 countries

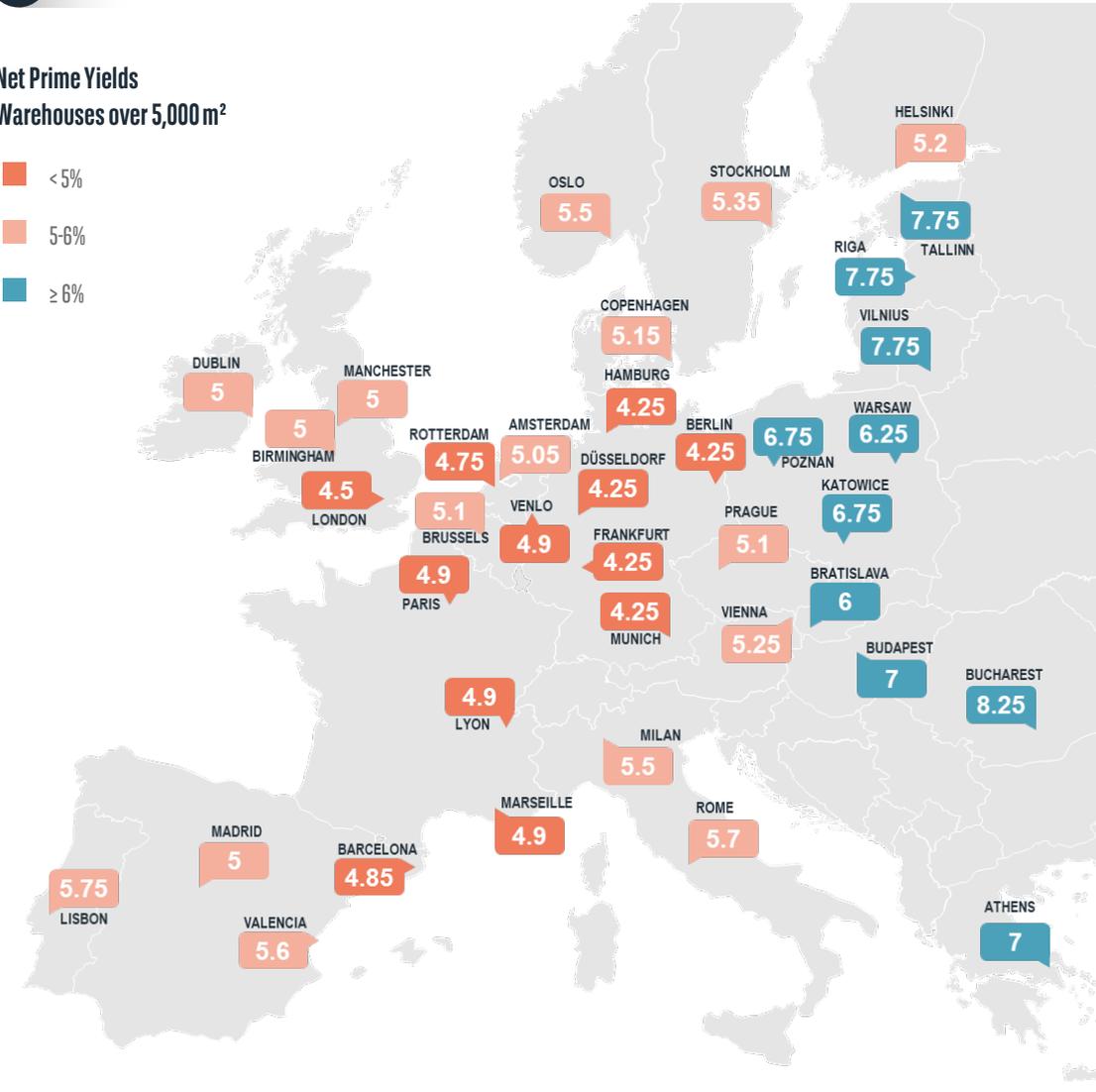
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LOGISTICS PRIME YIELDS

Net Prime Yields
Warehouses over 5,000 m²

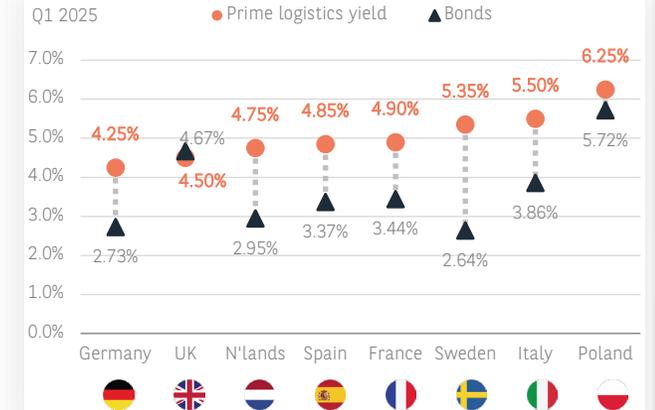
- < 5%
- 5-6%
- ≥ 6%



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Prime yields

Grade A warehouses (big boxes) for standard lease terms (5 to 15 years)



Source : BNP Paribas Real Estate Research



Q1 2025

LOGISTICS MARKET EUROPE



GLOSSARY & DEFINITIONS

BNP Paribas Real Estate continually works to produce indicators which are as comparable as possible. This is a complex issue, due to cultural differences from market to market. Our goal is to actively contribute to market transparency. Consequently, we present those definitions and indicators which are strictly comparable, so that our readers can understand BNP Paribas Real Estate market data.

Exchange Rates into € are the average value observed over the quarter.

LETTINGS & SALES

Take-Up represents the total floor space known to have been let or pre-let, sold or pre-sold to tenants or owner-occupiers during the survey period.

It does not include space that is under offer

- A property is deemed to be "taken-up" only when contracts are signed, or a binding agreement exists
- Pre-let refers to take-up that was either in the planning or construction stage
- All deals (including pre-lets) are recorded in the period in which they are signed
- Contract renewals are not included
- Sales and leasebacks are not included as there had been no change in occupation
- Quoted take-up volumes are not definitive and are consequently subject to change.

The breakdown of take-up by business sector is compatible with the European NACE code.

Vacant space represents the total floor space in existing properties, that is physically vacant, ready for occupation in the next three months (this period covers fit-out time) and being actively marketed at the survey date. Vacancy includes sublet space (except in Germany), and where possible, vacant sub-let space is recorded separately.

Vacancy Rate represents the total vacant floor space divided by the total stock at the survey date.

Development Pipeline represents the total amount of floor space for all developments under construction and/or schemes including major refurbishments (see definition below) that have the potential to be built in the future. Proposed schemes must have secured planning permission but remain unimplemented at the survey date. It includes all proposed new buildings, those constructed behind retained facades and buildings (or parts of buildings) undergoing a change of use.

Completions represent the total amount of floor space that has reached practical completion and is occupied, ready for occupation or an occupancy permit where required has been issued during the survey period.

Under Construction represents the total amount of floor space in properties where construction has commenced on a new development or a major refurbishment at the survey date. It does not include sites being cleared for possible development in the future. Property that is under construction but pre-let or for owner occupation is recorded separately where appropriate.

Rent: common annual headline rent, expressed per square metre per year, and excluding taxes and charges.

Average rent: weighted average of rented area. The average featured is a moving average over three quarters, to smooth out the changes.

Prime rent: represents the top open-market rent at the survey date for a real estate unit and should be representative at around 3 to 5% of the market volume (sqm):

- of standard size commensurate with demand in each location.
- of the highest quality and specification.
- best location in a market.

Actual transactions are used to support the headline prime rental quoted, but one-off deals, which do not represent the market, are disregarded. If there are no prime transactions during the survey period a hypothetical rent is quoted, based on expert opinion of market conditions;

INVESTMENT

Commercial Real Estate investment volume covers all commercial properties BNP Paribas Real Estate is aware of, whose owner has changed during the studied period. It includes **office buildings, retail, industrial and logistic warehousing, hotels and others** (healthcare, senior housing, data centres, life science, leisure, car parks, parts of portfolio which can not be split up by product and development sites). This classification is applicable to Pan-European studies; however local market practices may vary across countries. Quoted investment volumes are not definitive and are consequently subject to change.

Initial Net Yield is defined as Net income (or NOI) over purchase price plus all other costs of acquisition.

Prime Yield represents the low open-market yield at the survey date for an office unit. Its calculation follows the same rule as the prime rent.

ASSET TYPES & LOGISTICS

Warehouses: buildings intended for storage, distribution or packaging.

- **Distribution centres:** national or regional used for storage located in the outskirts of cities with good transport connections.
- **Fulfilment centres:** allow additional activities, often automation driven. Typically, larger than standard logistics to allow other activities than storage.
- **Cross-dock:** Little storage time. Properties used to unload goods and reassemble / move them directly for outbound distribution.
- **Last mile:** for city distribution. Includes a wide range of warehouses and storage units including older space.
- **Cold storage:** Storage for fresh or frozen products, with thermal insulation and specific equipment as part of the warehouse. Involves higher construction costs.

Logistics: the process of planning, implementing, and controlling procedures for the efficient and effective transportation and storage of goods, and related information from the point of origin to the point of consumption. Includes inbound, outbound, internal, and external movements.

Supply chain: all the elements in the process of supplying a product to a customer. The chain begins with the sourcing of raw materials and ends with the delivery of finished merchandise to the end-user. It embraces vendors, manufacturing facilities, logistics service providers, distribution centres, distributors, wholesalers, other intermediaries, etc.

Supply chain management: Encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities.



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Q1 2025

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