

REVIEW

LOGISTICS MARKET

EUROPE H1 2025

RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



H1 2025

LOGISTICS OCCUPIER MARKET EUROPE

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

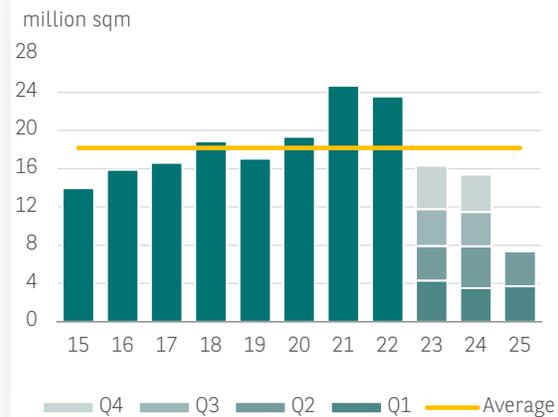
TAKE-UP -8%

H1 2025 vs H1 2024



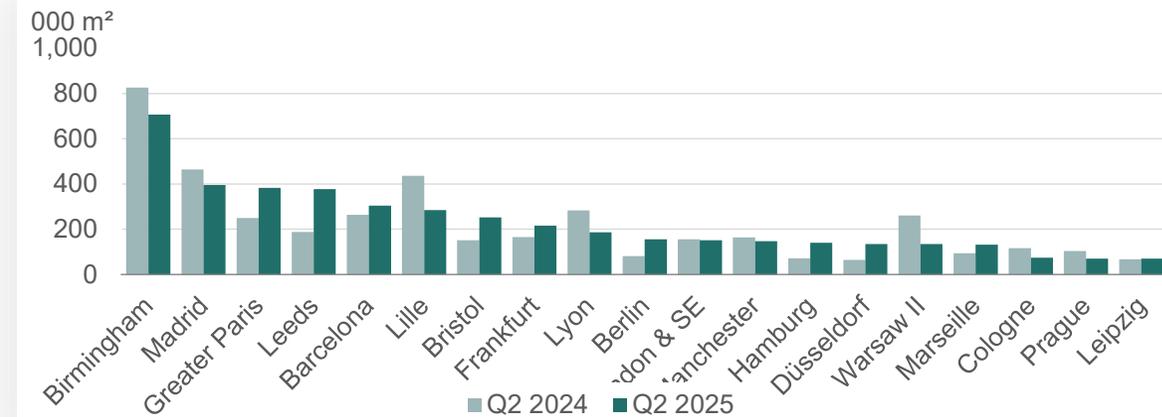
TAKE-UP*

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



Warehouses over 5,000 sqm

(*take-up in rolling year)



Germany

The market recorded a good second quarter with more activity compared to the previous year. The positive sentiment and confidence of companies is noticeably increasing, and more large-scale deals are occurring. Prime rents stabilised mostly in the second quarter whilst average rents showed significant growth of 4% compared to mid-2024.

+10%

France

Demand has been subdued by concern in tariff and trade agreements and political uncertainties. Greater Paris bounced back in Q1 after 24 months of slower activity. Q2 confirmed its leading position. Vacant space continued to increase and has almost doubled over the past 18 months. This resulted in the growth in the French vacancy rate to 6% in Q2 2025.

-17%

United Kingdom

Take-up is picking up compared to the end of last year. The signs of improvement in Q1 were confirmed in Q2. The Midlands remains the chief driver of industrial space. The other main markets have seen demand strengthen in Q2 2025. After increasing steadily since 2022 supply has been stable over the past 3 quarters. Rents have stabilised.

+1%

The Netherlands

Slow delivery of new units into the logistics market is still impacting activity. The market is restrained by limited new developments, which take longer due to tougher planning processes. The short supply of new buildings is still exerting pressure on rents. Prime rents increased in most markets while incentives continue to be stable.

-51%

Spain

The Spanish market posted a strong start to 2025 with take-up above the 1million mark, close to the best years historically. It makes Spain one of the most dynamic markets in Europe for logistics. Vacancy rates remained low in Barcelona and Valencia. In Madrid, the vacancy rate is peaking at 9% but future supply is dropping. Prime rents rose in the main markets.

+18%

Over H1 2025, the market remained at a low level in the leading European markets compared to H1 2024. In a context of slow economic activity and strong political uncertainties, there are great disparities within Europe.

Spain remains the most dynamic market in Europe reaching in H1 2025 the highest take-up volume recorded. **Germany** has been showing some positive signs with a strong activity in Q2 boosted bigger deals. In **France**, activity remained weak in Q2, but Paris rebounded sharply after a slow two years. In the **Netherlands**, the market is subdued by a lack of new developments. In the **UK**, after a slow start in Q1 improvement was significant in Q2 with take-up increasing in most of the main markets.

The risk of oversupply remains limited even though vacancy rates have been increasing in some markets. Overall, these remain relatively moderate between 5 and 6% on average in Europe.

The strong rental growth of recent years has faded to a slower pace, +3.8% (y-o-y) during Q2 2025.

Source : BNP Paribas Real Estate Research



H1 2025

LOGISTICS MARKET EUROPE

Market slowdown is easing the pressure on rental growth. Prime rents rose by 3.8% during Q2 2025 (y-o-y) 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 is slowing down. This is still pushing rents upwards albeit at a slower rate.

KEY FIGURES

LOGISTICS PRIME RENTS

+3.8%

vs Q2 2024

+0.6%

vs LAST QUARTER

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

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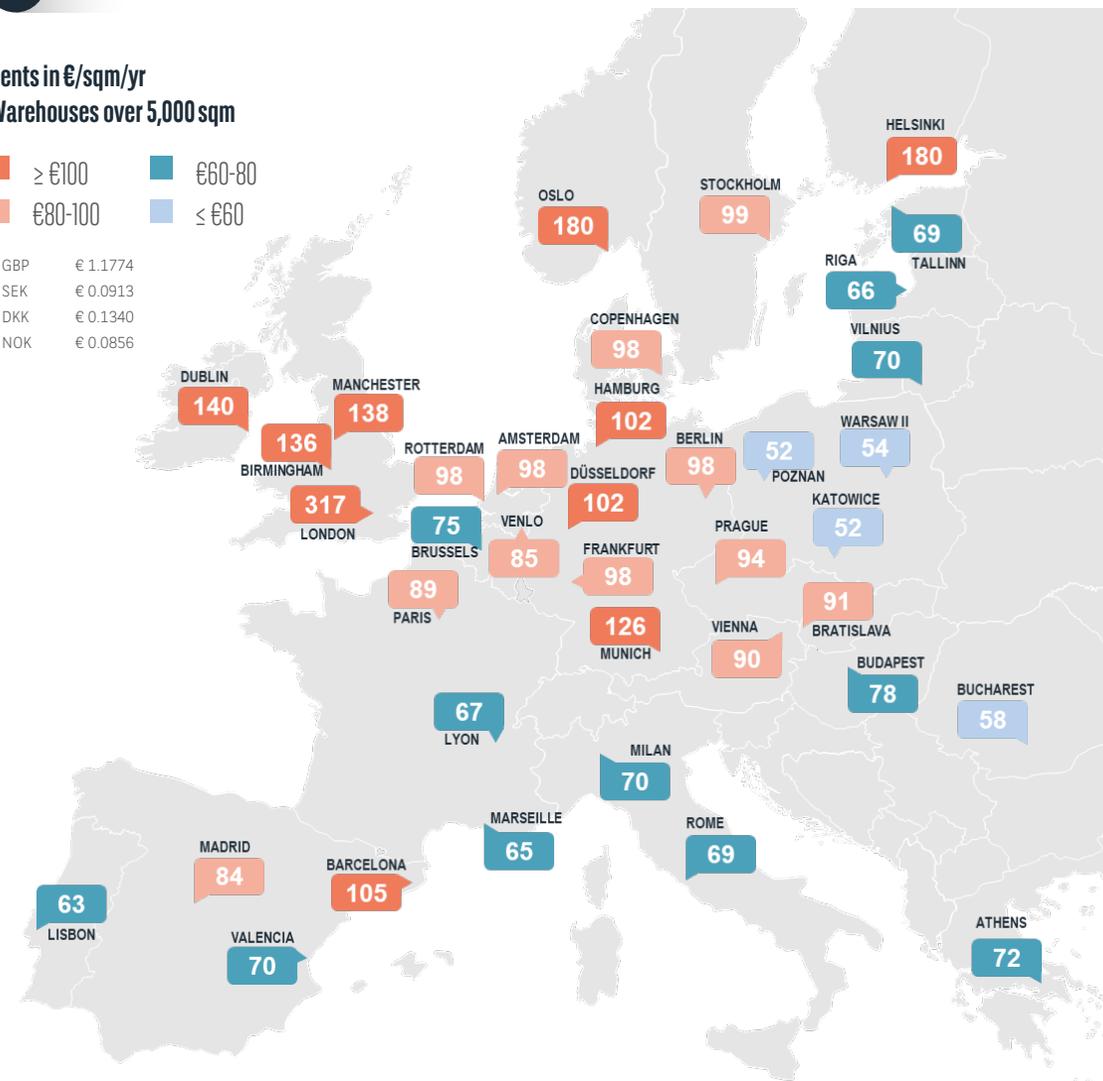


LOGISTICS PRIME RENTS

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

- ≥ €100
- €80-100
- €60-80
- ≤ €60

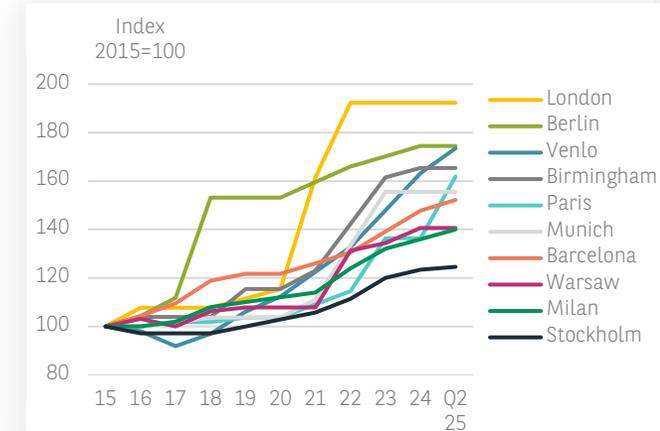
- 1 GBP € 1.1774
- 1 SEK € 0.0913
- 1 DKK € 0.1340
- 1 NOK € 0.0856



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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



H1 2025

LOGISTICS CAPITAL MARKET EUROPE

THE INVESTMENT MARKET IS PICKING UP

Improved general market conditions compared to 2023 and 2024, stimulated by the return of portfolios in H1 2025.

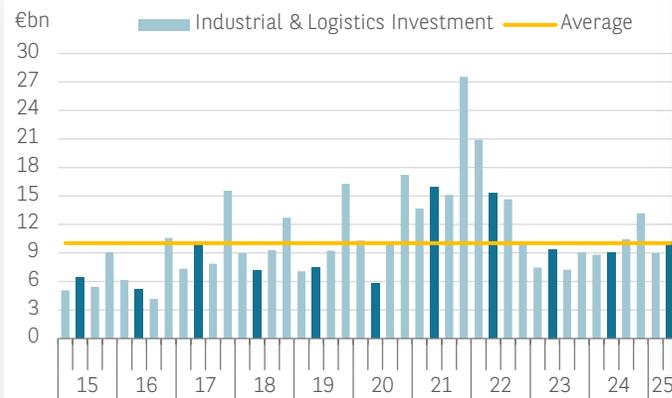
INDUSTRIAL & LOGISTICS INVESTMENT

+25% over 12 months
+7% in H1 2025 (vs H1 2024)

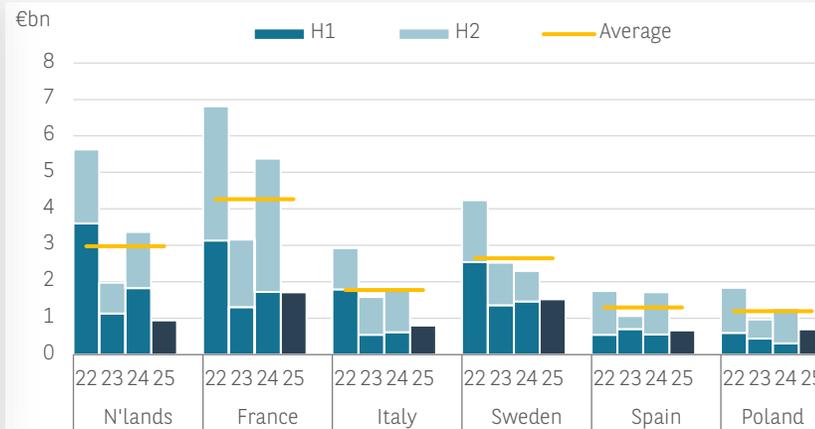
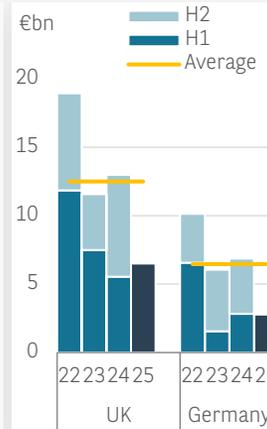
H1 2025 vs H1 2024



INDUSTRIAL AND LOGISTICS INVESTMENT VOLUMES



*Industrial premises and warehouses



United Kingdom

Industrial and logistics investment posted steady growth in H1 compared to last year. The market has been stimulated by the return of portfolios, which accounted for nearly half of all deals. Multi-let deals are still the top target for buyers. Prime yields are now holding firm, which should help investment activity in 2025.

+17%

Germany

Industrial and logistics investment activity has been moderate since the beginning of the year. Prime yields remained stable at 4.25% in the main logistics locations. Improvement in overall economic performance is noticeable in Germany and enhances corporate sentiment.

-2%

France

Industrial and logistics is still performing well in France indicated by several portfolio deals above €100 million. French and German players are back, showing interest in Core and Core+ assets with long lease terms located in established logistics areas. The logistics prime yield compressed by 20 bps to 4.70% in Q2 2025.

-1%

The Netherlands

The limited development pipeline has resulted in investment volumes dropping. However, there is still appetite for logistics products and several ongoing large deals are expected to boost the capital market in H2. Logistics prime yield remained stable at 4.75% in H1 with some yield compression expected for H2.

-49%

Spain

The investment market for industrial & logistics was particularly dynamic during H1 2025. The first quarter witnessed one of the largest deals signed for a Q1 at €215 million. After rising by 155 bps over the last two years, the prime logistics yield adjusted down at the end of 2024 to stabilise at 4.85% in Q2 2025.

+20%

Poland

Investment volumes picked up sharply in H1 2025 reflecting better sentiment in the market. Industrial and logistics remains a strong performing market sector in Poland. The prime yield has been stable since the beginning of the year at 6.25%.

+126%

The investment market has been improving despite uncertainties in the economic and political environment. The industrial and logistics market increased by 7% in H1 2025 (versus H1 2024) while total commercial real estate rose by 4% during the same period.

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

Demand remained dynamic in H1 in some countries including the UK, Italy, Spain, and the CEE countries.

After a slow start into the year in the biggest markets, activity picked up during Q2 versus the previous quarter: Germany (+15%), the UK (+71%) and France (+15%).

Industrial and logistics is maintaining a strong market share against other assets. Investment shifted from 15% in 2017 to 26% of total commercial real estate in H1 2025.

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Source : BNP Paribas Real Estate Research



H1 2025

LOGISTICS MARKET EUROPE

Logistics prime yields stabilised 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.

Over the past twelve months, prime yields have adjusted gradually towards stabilisation in all European countries. They decreased by just 3 bps over the last quarter in Europe.

KEY FIGURES

LOGISTICS PRIME YIELDS

+125 bps
SINCE Q1 2022

-3 bps
vs LAST QUARTER

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

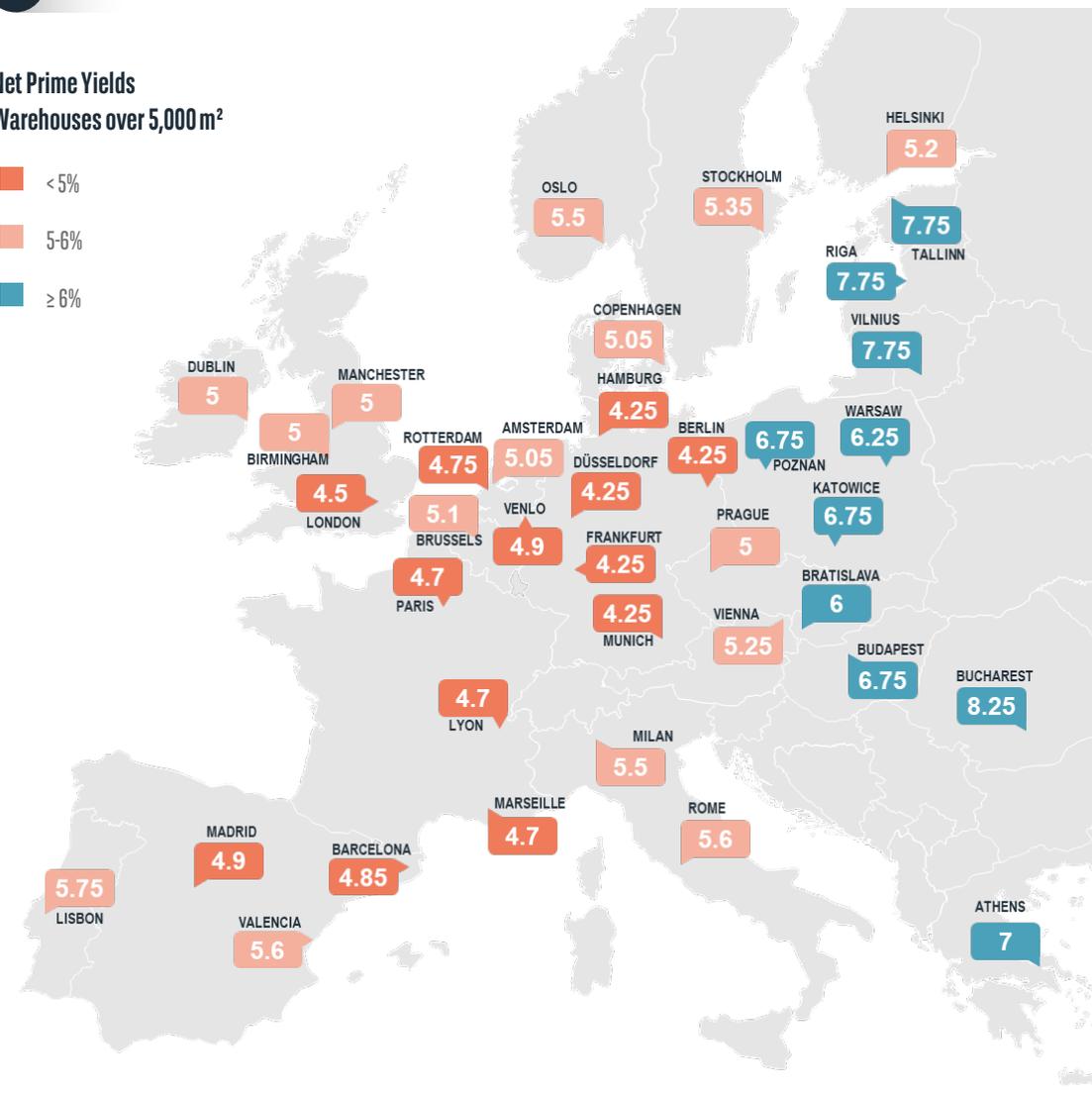
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LOGISTICS PRIME YIELDS

Net Prime Yields Warehouses over 5,000 m²

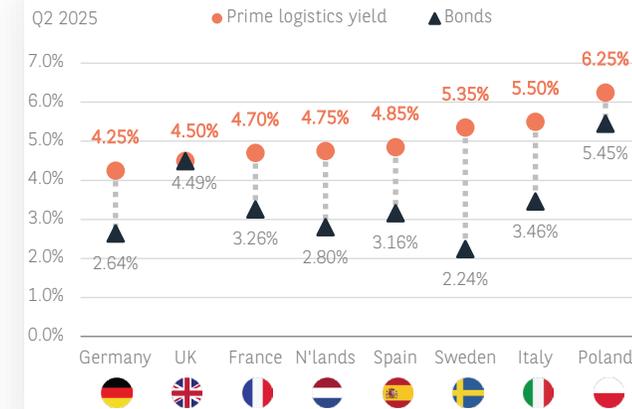
- < 5%
- 5-6%
- ≥ 6%



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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



H1 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.



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H1 2025

LOGISTICS MARKET EUROPE



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