



savills

# GLOBAL CAPITAL MARKETS

LOGISTICS | ANNUAL REVIEW 2026



RESEARCH

# GLOBAL SUMMARY

## RESILIENCE AMID RISK

**Global real estate investment rose by nearly 10% in 2025 in US-Dollar terms, or around 8% on a fixed-exchange-rate basis, given the nearly 8% decline in the trade-weighted value of the US dollar.** This follows a similar increase in 2024, however, global activity remains around 20% below the pre-Covid-19 average, and 40% lower than the peak in 2021—though the latter is not necessarily a meaningful or indeed helpful benchmark.

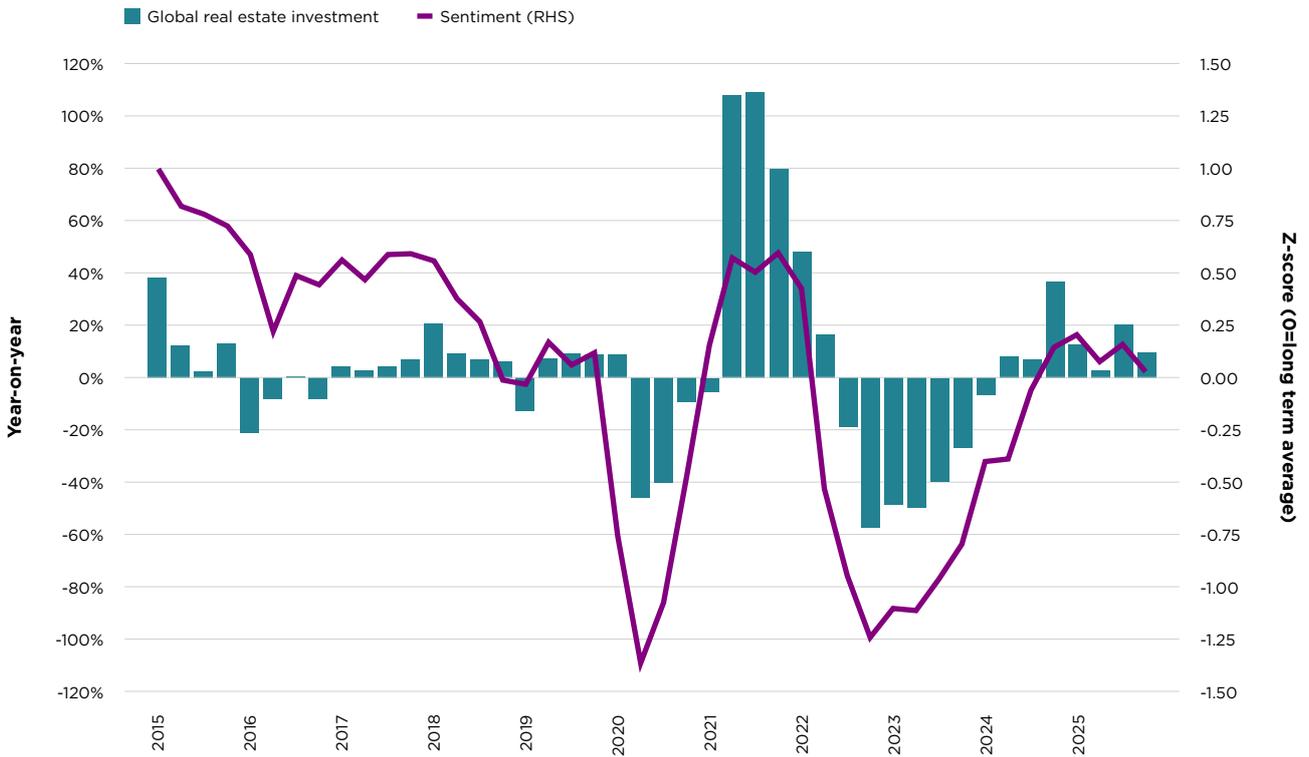
**The US continues to lead the recovery, not least because it is the world's largest and most liquid real-estate market.** Investment there increased by 18% in 2025 and now stands 30% above the 2023 low. In contrast, Europe and APAC were broadly flat on the year, although this statement masks considerable regional variation. In APAC, Greater China remains challenged by excess supply and a subdued leasing environment, while Australia, Japan, and South Korea continue to attract global capital, driven by mostly compelling fundamentals. Likewise, the narrative in Europe has been of diverging fortunes between core and peripheral markets, with the periphery outperforming.

**Overall, the market is progressing through an incremental, often uneven recovery, characterised by few easy wins and punctuated by false starts.** Volatility in early 2025, as financial markets responded to the early policy agenda from newly inaugurated US President Donald Trump—culminating in April's 'Liberation Day' tariff announcements—created some hesitation and delayed decision-making. After adjusting for the normal seasonal patterns, global real estate investment fell for two consecutive quarters at the start of the year, despite ending 2024 on a strong footing.

**Momentum strengthened again in the second half, however, as delayed transactions moved forward.** Deals are taking longer to close—a trend predating the tariff announcement—but they are still being completed. When viewed alongside other market signals, on investor sentiment, pricing, and wider liquidity conditions, the market continues to demonstrate good resilience.



GLOBAL: REAL ESTATE INVESTMENT AND SENTIMENT



Source: Savills research using Macrobond

**Indeed, a defining feature of the current economic cycle is resilience.** Despite a succession of disruptive events, economic activity has repeatedly outperformed expectations for a more pronounced slowdown. Financial markets, too, appear increasingly accustomed to the volatility. Whether recent events in the Middle East challenge this uneasy status quo remains to be seen. However, investors are increasingly showing their willingness and ability to deploy capital irrespective of the noise.

The IMF’s latest World Economic Outlook echoes this narrative. Its 2026 growth outlook is broadly unchanged to 2025, even if overall activity is still subdued relative to pre-Covid-19 norms. In particular, they highlight the ‘adaptability’ of the private sector, a sentiment that applies equally well to real estate. In an environment of higher interest rates, persistent inflation, and geopolitical uncertainty, the sector’s inherent illiquidity might be expected to deter activity in favour of safer, income-producing assets such as fixed income. Yet buyers and sellers are still coming together and transacting. Within this, larger assets and portfolios are trading with more frequency, showing an increased appetite to risk.

**Risks do remain—from political pressure on the independence of the US Federal Reserve, to the concentrated nature of global equity markets, and the unsettled geopolitical backdrop including, at the time of writing, further instability in the Middle East.** But despite the stopstart nature of the recovery, the trend is clearly upward. With the foundations for continued growth in place, we anticipate global investment to rise by a further 15% in 2026.

# AFTER THE BOOM COMES THE ...BALANCE

## GLOBAL: INVESTOR SECTOR PREFERENCES



Source: Savills Research using INREV Investment Intentions Survey 2026. Core sectors only.

**Global investment of US\$216bn in 2025 across the industrial and logistics sector represented a 6% increase on the year.** However, following a solid rebound in activity in Q3, once a semblance of calm was restored post 'Liberation Day', the year ended on a softer note. The US\$65bn transacted in Q4 represented a 1% decline on the same period in 2024, weighed down by a near 10% decline in portfolio and entity-level deals (despite Blackstone's US\$2.7bn acquisition of a logistics platform from French investor Proudreed, which completed in December).

**Industrial and logistics real estate continues to be high on the list of the 'most wanted' sectors, with investors still buying into the underlying thematic drivers of growth.** However, there are clearly some cyclical challenges, underpinned by trade tariffs, softening labour markets, and in some markets, elevated vacancy. The latest INREV Investor Intentions Survey reflects this dynamic; industrial and logistics remains the second 'most preferred' sector for global investors in 2026, however there has been a cooling in sentiment over the last 12 months.

**Ultimately, ‘normalisation’ remains the prevailing narrative driving the market—and a fair characterisation based on the underlying data.**

Comparisons with the post-Covid-19 fervour in 2021 and 2022 are unhelpful in this context. In the US, for example, around half of all markets are experiencing falling asking rents. However, this must be considered in the context of the run up in rents over recent years; in Los Angeles, for example, despite falling by more than 5% in 2025, asking rents remain nearly 50% higher than five years ago. Meanwhile, in Japan, the post-Covid-19 construction boom has finally worked its way through the market, allowing the vacancy rate to stabilise after a near continuous rise since the beginning of the decade.

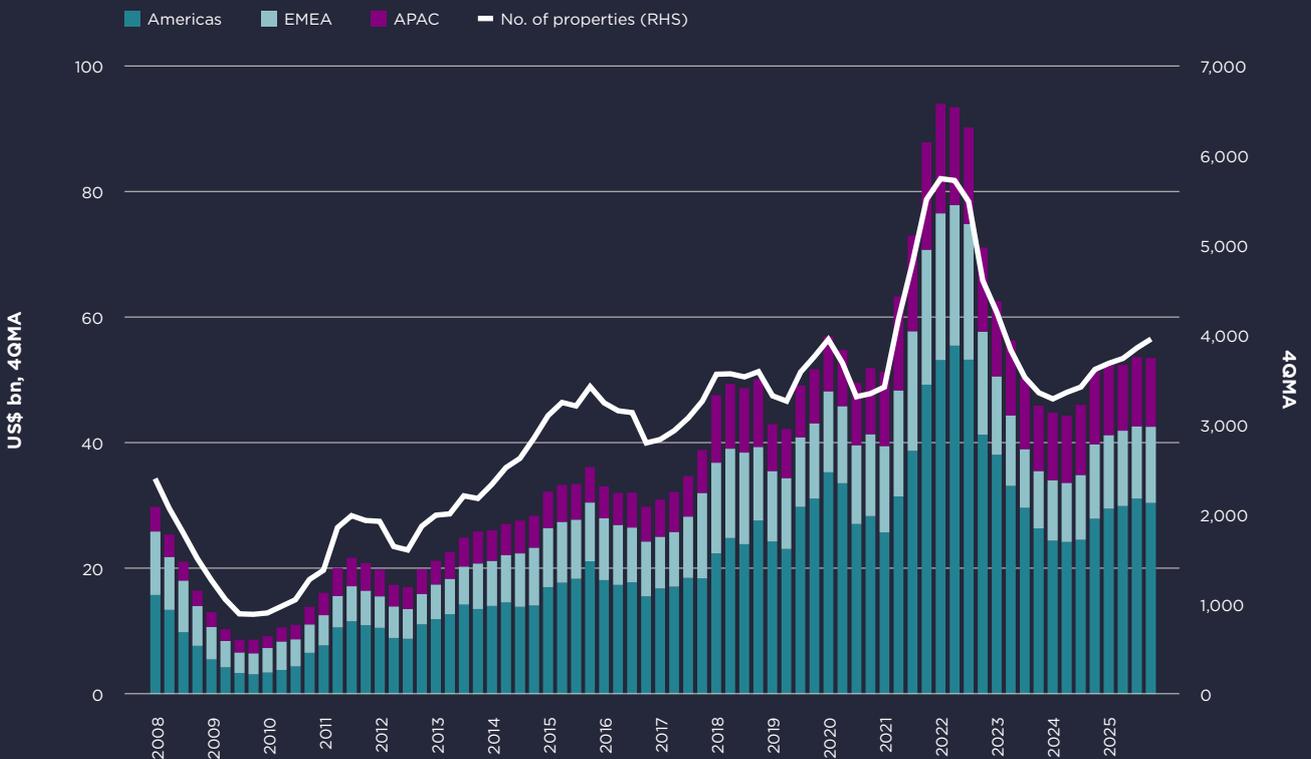
**This provides for a cautiously positive outlook for the year ahead.** Occupational markets continue to display good resilience; leasing activity in 2025 was generally similar or better than the year prior, and expectations are for further incremental improvement in 2026. Development activity has moderated—helped in part by a shift in resources towards data centre construction—allowing vacancy rates to stabilise.

As we move through 2026, vacancy should start trending down again, restoring some pricing power for landlords. Importantly, after the boom, the market has found its balance, rather than experiencing a bust.

**Nevertheless, there is some wider moderation in risk appetite.** This is evident in leasing markets, where 3PLs are increasingly active in an environment where businesses are looking for the flexibility achieved by outsourcing their logistics needs, as well as in the development market, build-to-suit is increasingly the preferred option when breaking new ground.

In capital markets, investors are being more selective in their acquisitions. This is partly in response to changing occupier preferences for good locations and high-quality space. But it also reflects wider investor sentiment—with long income or multi-let assets generally favoured for their security of income. This is driving a growing wedge between prime and secondary yields, and will remain a defining feature of the market through the next 12 months.

**GLOBAL: INDUSTRIAL AND LOGISTICS INVESTMENT TURNOVER**



Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios. Excluding development sites.

## EMEA

# EUROPE, MIDDLE EAST, AFRICA



**Investment across EMEA fell by 2% in 2025, with €43bn (US\$48bn) in industrial and logistics assets trading over the year.** However, the €15.2bn (US\$17.7bn) transacted in Q4 was 5% higher than the same period a year earlier, and the second strongest quarterly total since Q3 2022, providing renewed momentum for deal activity heading into the new year. The final quarter was supported by several large transactions, including Blackstone's €2.3bn (US\$2.7bn) acquisition of a logistics platform from the privately owned French investor Proudreed—the largest deal of the year.

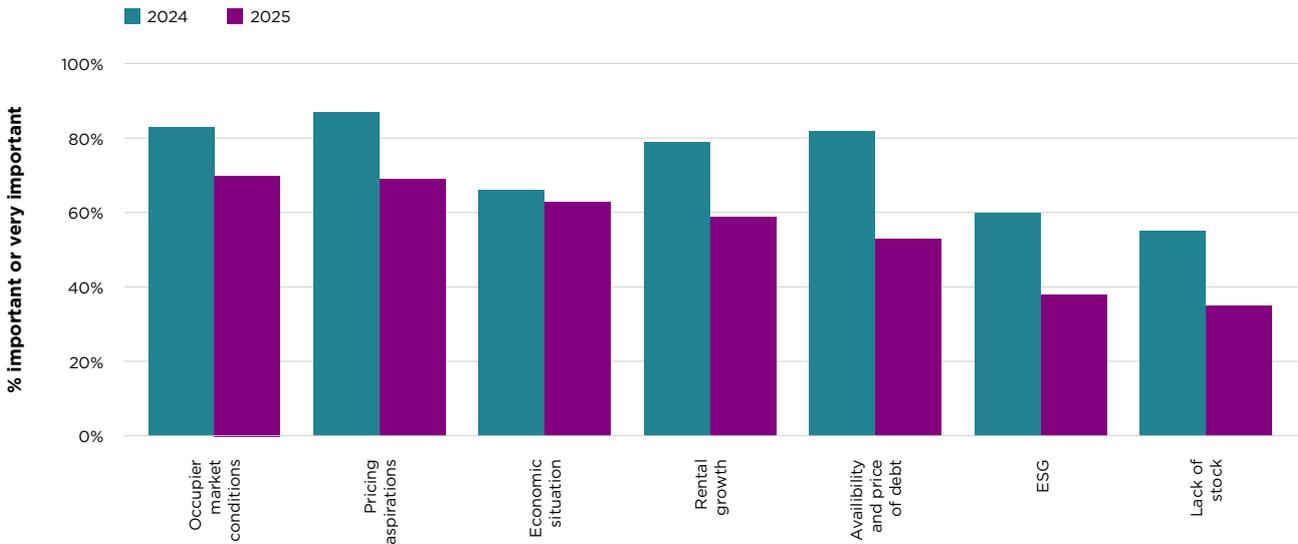
**Performance varied across the region.** The UK, France, and Sweden all recorded double-digit investment growth in 2025, but this was offset by declines in Germany, the Netherlands, Italy, and Spain. In many markets, especially France, headline performance depended on one or two major deals. Meanwhile, the UK saw three deals exceeding US\$1bn during the summer months. Across Europe, the total value of individual asset sales fell by 10% over the year.

**The strong finish top the year supports a relatively optimistic outlook for 2026.**

Investors are focused on income returns in a market unlikely to deliver meaningful yield compression. Among major markets, Paris is the only one showing potential for inward yield movement over the next 12 months. This environment favours a risk-averse strategy; long-income opportunities on a net-lease basis will attract strong demand, and multi-let assets will remain preferred over single-let properties due to their diversified income bases and multiple lease events.

Signs of improved liquidity are also emerging. According to our latest European Logistics Census, investors reported that pricing expectations, debt availability, and stock shortages were less restrictive than a year ago.

EUROPE: WHAT ARE THE BIGGEST FACTORS IMPACTING THE INVESTMENT MARKET?



Source: Savills European Real Estate Logistics Census

**Investor sentiment can be tied to the resilience in occupational markets, which displayed encouraging signs in the second half of the year.** While uncertainty around the ‘Liberation Day’ tariff announcements initially caused hesitation and inaction, requirements began to pick up again towards the end of 2025. Leasing activity is expected to match or exceed this level over the next 12 months. Structural drivers of demand remain robust, helping to offset tariff-related cyclical impacts. The defence sector is already expanding its logistics requirements in major markets such as the UK, adding further momentum into 2026 and beyond.

**Development activity remains challenging, and the speculative pipeline has contracted sharply.** Surging demand for data centres is adding further pressure, with power-enabled land increasingly being diverted away from industrial and logistics towards data centre development. Some existing industrial and logistics sites are also being repurposed for the same reason. These dynamics should help stabilise the market and vacancy rate, which appears to have peaked at below 7% across the region.

**Tenant requirements increasingly focus on Grade A, future-proofed space.** Automation-ready fit-outs are now often essential, and—as in the office sector—location remains a key differentiator. Newly delivered speculative development will depend heavily on location, with Greater Paris, the Rhine-Ruhr region, and the UK’s Golden Triangle expected to outperform. In Southern European markets, where development has lagged over the past decade, limited availability of modern stock will continue to drive disproportionate demand.

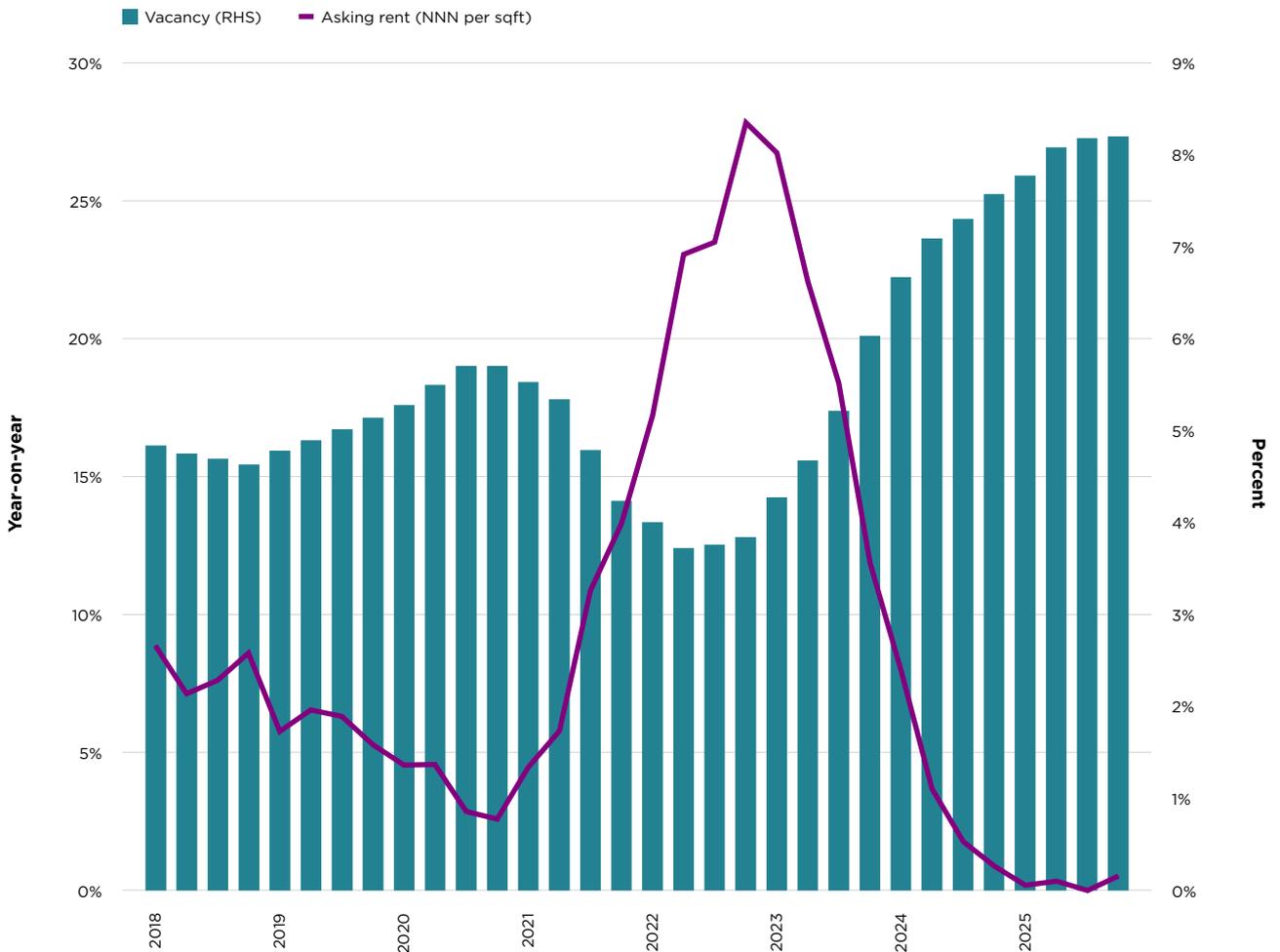
**Overall, the market has become more selective on both the tenant and investor sides,** reinforcing the growing divergence between prime and secondary yields. Institutional investors are re-engaged but remain highly selective, while cross-border investors continue to dominate activity, having acted as strong net buyers of regional assets over the last 12 months. US-based capital remains particularly active, especially in the UK and core Western European markets, complemented by several large transactions backed by APAC investors.

# NORTH AMERICA

**Investment in the US industrial and logistics market totalled US\$111bn in 2025, a 14% increase on 2024.** However, momentum ebbed as we moved through the year, with the US\$34bn transacted in the final quarter just 3% higher than the same period in 2024. This is perhaps unsurprising given the macro backdrop, with the ‘Liberation Day’ tariff announcements clouding the outlook in a sector that was already facing some supply risk. The largest deal of the year was completed on the first day of the year, with NBIM acquiring CPP Investments’ 45% stake in a 1.3m sqm portfolio for just over US\$1bn.

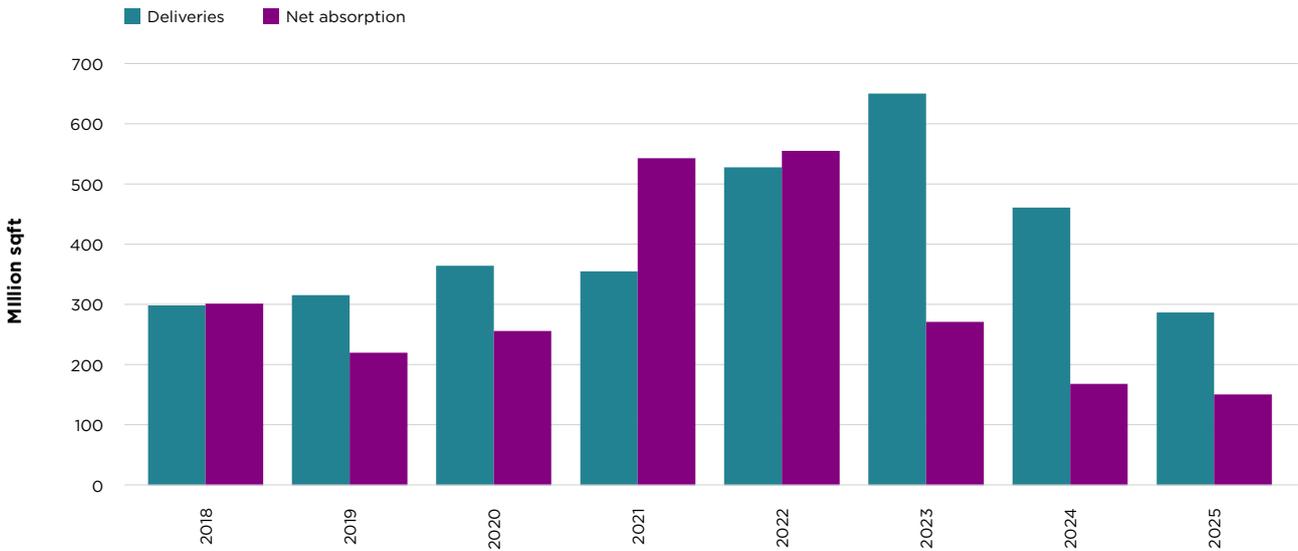
**There is however a sense of cautious optimism surrounding the occupational market,** with vacancy topping out in many major markets in the second half of last year. The national vacancy rate was stable at 8.2% in Q4, marking the end of a three year period of outward movement. This was underpinned by a combination of steady tenant demand—with leasing volumes rising by 7% in 2025—and a slowdown in the onboarding of new supply.

## US: VACANCY AND ASKING RENT



Source: Savills research

US: DELIVERIES AND NET ABSORPTION



Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios. Individual property transactions only.

Nevertheless, in a sign of the times, 3PLs continue to retain a high share in overall leasing activity (over 40% in 2025, compared with around 27% in 2021), as businesses look for increased flexibility by outsourcing their logistics requirements. Decision-making remains slower than normal, and many occupiers are favouring short-term extensions. In those markets that have seen a significant run up in asking rents over the last five years, tenants are even more cautious on lease expiry.

This narrative is likely to characterise the market again in 2026. Absorption should continue at a moderate pace; enough to offset new deliveries and keep sublease availability in check, but not enough to significantly alter the market dynamics. While construction activity has fallen back from recent highs, it is stabilising at pre-Covid-19 levels, although the share of speculative development has fallen. Most of the current vacancy is concentrated in Class A stock following the construction boom, which will provide some leverage to those tenants looking to upgrade in quality.

Rents have stabilised at the national level, although this masks some regional variation. The West Coast is experiencing the largest correction, although this in part reflects the strong base, with the region also seeing the strongest growth during the post-Covid-19 boom. Sun Belt markets, by contrast, have outperformed the national average, despite elevated levels of supply.

Investor activity is broadly aligned with the occupational fundamentals. Across the top 50 markets in the US, investment in the Sun Belt region was more than 50% above the pre-Covid-19 average, whereas the West Coast was 14% lower. Prime yields were unchanged throughout the last 12 months, with the last change having taken place in Q3 2023 in the more tightly priced markets of Los Angeles and Northern New Jersey. Our outlook for the next 12 months is for no change. The sharp increase in rents over recent years means that there remains very little distress in the market.



# APAC

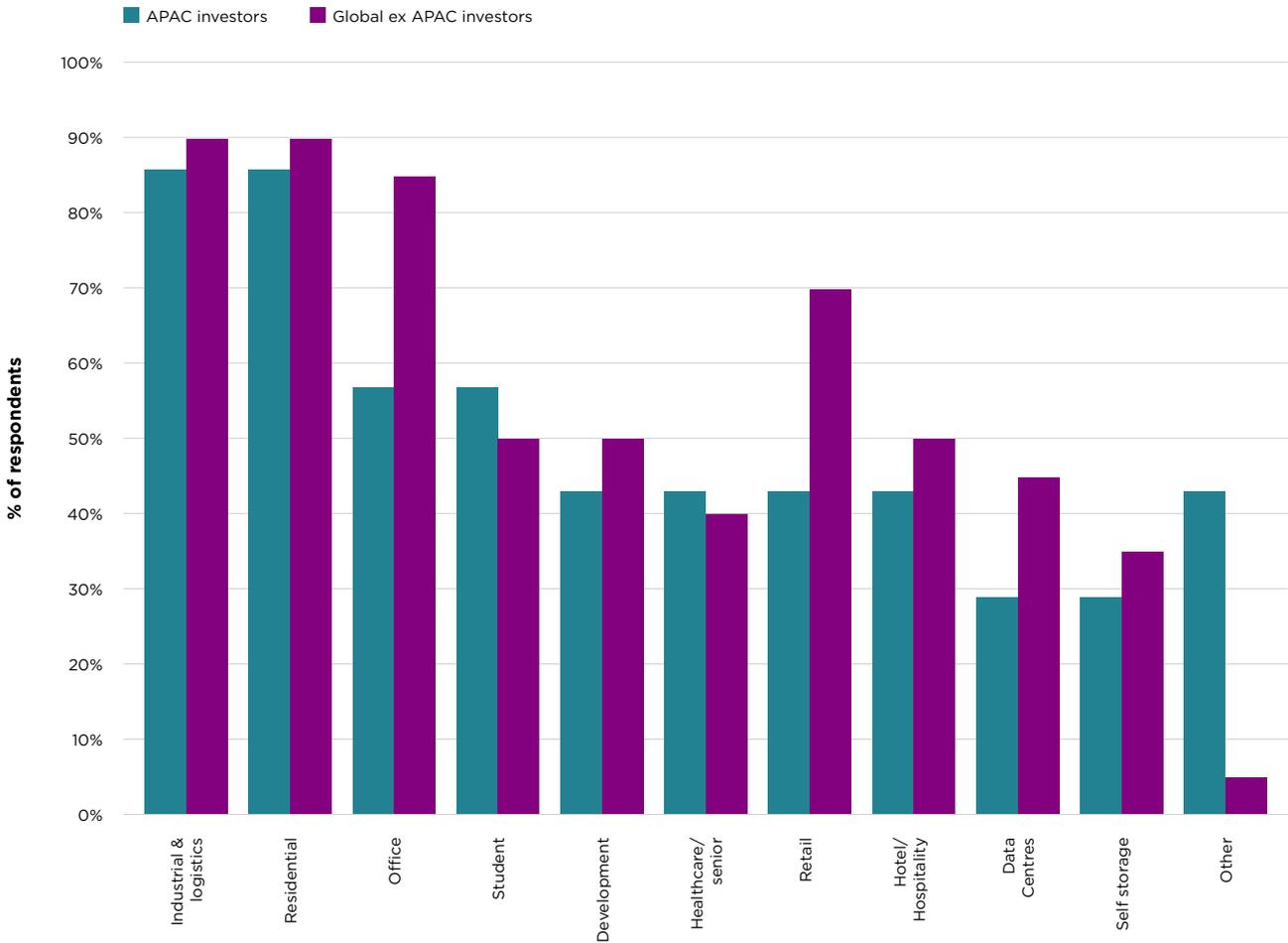
# ASIA PACIFIC

**Investment in the APAC industrial and logistics sector totalled US\$44bn in 2025, a 6% annual decline.** Solid growth in Australia and Japan helped to partially offset weaker activity in Greater China, South Korea, and Singapore. As in other global regions, the introduction of ‘Liberation Day’ tariffs created mid-year uncertainty and inactivity; Q2 turnover of US\$8.1bn marked the weakest quarter since the height of the Covid-19 pandemic. Activity recovered meaningfully in the second half, however, with investment up 7% year-on-year, with all major markets recording a stronger H2.

**Cross-border interest remains a defining strength of the sector, particularly long-haul capital.**

Investment from non-APAC domiciled buyers rose nearly 30% over the year, concentrated in Australia, South Korea and, to a lesser extent, China, where activity was dominated by the privatisation of ESR Group by a consortium of mainly US-based investors. This trend is likely to continue, with foreign investors again showing strong appetite for regional industrial and logistics.

## APAC: PREFERRED SECTORS TO INVEST BY INVESTOR DOMICILE IN 2026

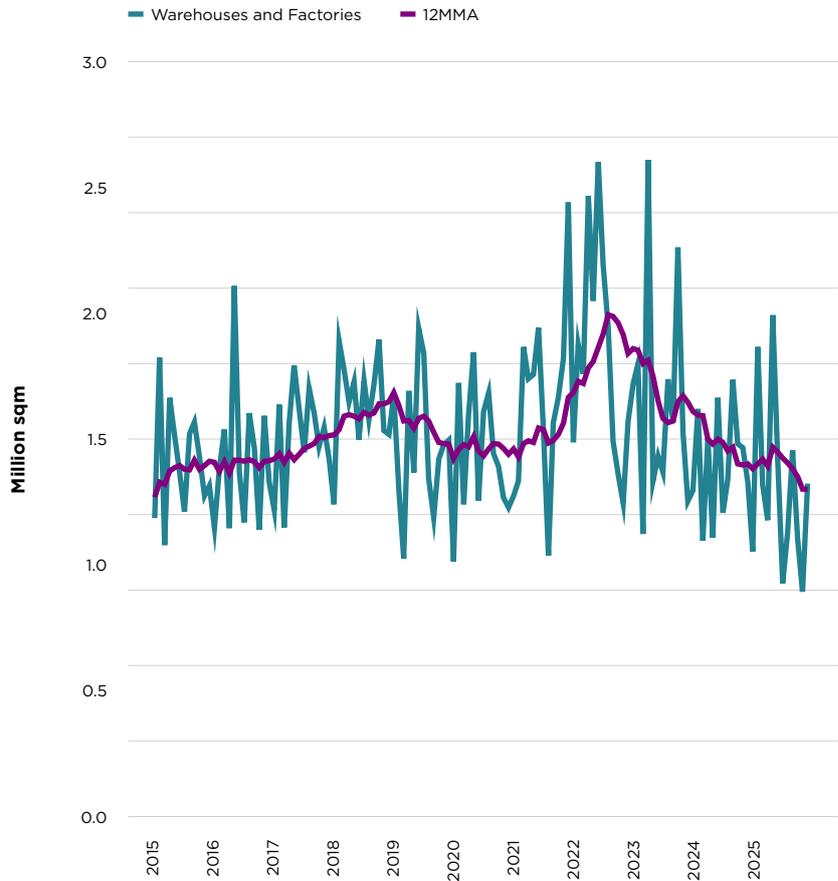


Source: Savills research using ANREV Investment Intentions Survey 2026

**Japan continues to demonstrate solid underlying demand, with a total 2025 investment of ¥1.1tn (US\$7.7bn), up 2% annually.** The industrial and logistics market is now shifting towards a more balanced supply-demand environment. Greater Tokyo vacancy ended 2025 at 8.5%, around 100bps below its peak, marking the first improvement after five years of outward movement. This momentum is expected to carry into 2026, with new supply trending down, creating room for further absorption and lower vacancy. New factory and warehouse starts in 2025 were the lowest since 2014, signalling a much-reduced completion pipeline for the years ahead.

**Rising interest rates may soften investor sentiment in early 2026.** Prime yields have held at 3.3% for several years, despite 10-year Japanese government bonds yields rising above 2.2%, their highest in nearly three decades. Although borrowing remains accretive and cash-on-cash returns compare favourably with other global markets, the spread is less compelling than before, and policy uncertainty persists with inflation still above the Bank of Japan’s target. As risk premiums compress, investors are focusing more heavily on income resilience and growth prospects. While the return of inflation will support rental growth, recent vacancy pressures in Tokyo have weighed on rents. However, with demand firming and supply easing, we expect these dynamics to shift over the next 12 months in favour of landlords.

JAPAN: CONSTRUCTION STARTS BY FLOOR SPACE



Source: Savills research using Macrobond

**Australia recorded AUD14.3bn (US\$9.2bn) of industrial and logistics investment in 2025, a near 9% annual rise.** Activity was bolstered by a surge in M&A and portfolio trades, including Frasers Property’s partial sell-downs to form a new joint venture with Morgan Stanley Real Estate Investing. Liquidity has strengthened, driven by an expanding and increasingly diverse buyer pool, including sustained offshore participation. Foreign investors accounted for roughly one-third of transactions and were again net buyers, led by US and Canadian capital.

**Strong competition has pushed yields lower,** with Sydney prime yields ending 2025 at 4.75%, 25bps tighter over the year and 50bps below the cyclical peak. Some moderation in appetite may emerge as interest rate expectations adjust, after the Reserve Bank of Australia was forced to raise rates in early 2026 in response to growing inflationary pressures. However, sentiment remains high; in the Property Council of Australia’s latest sentiment survey, a net 30% of respondents expect capital values to rise over the next year—more than double the long-term average. This confidence reflects exceptionally tight vacancy and solid rental growth prospects, particularly for modern, higher-quality assets.

# MARKET VIEW



**RASHEED HASSAN**

Head of Global Cross Border Investment  
shares his view on the market



We cannot say for certain that 2026 will be a smooth journey, and Q1 has already seen several geopolitical events unfold. However, I am feeling more positive than I have for some time. Despite all the turbulence, 2025 was better than 2024, and sitting here today, it already feels like 2026 will be better again.

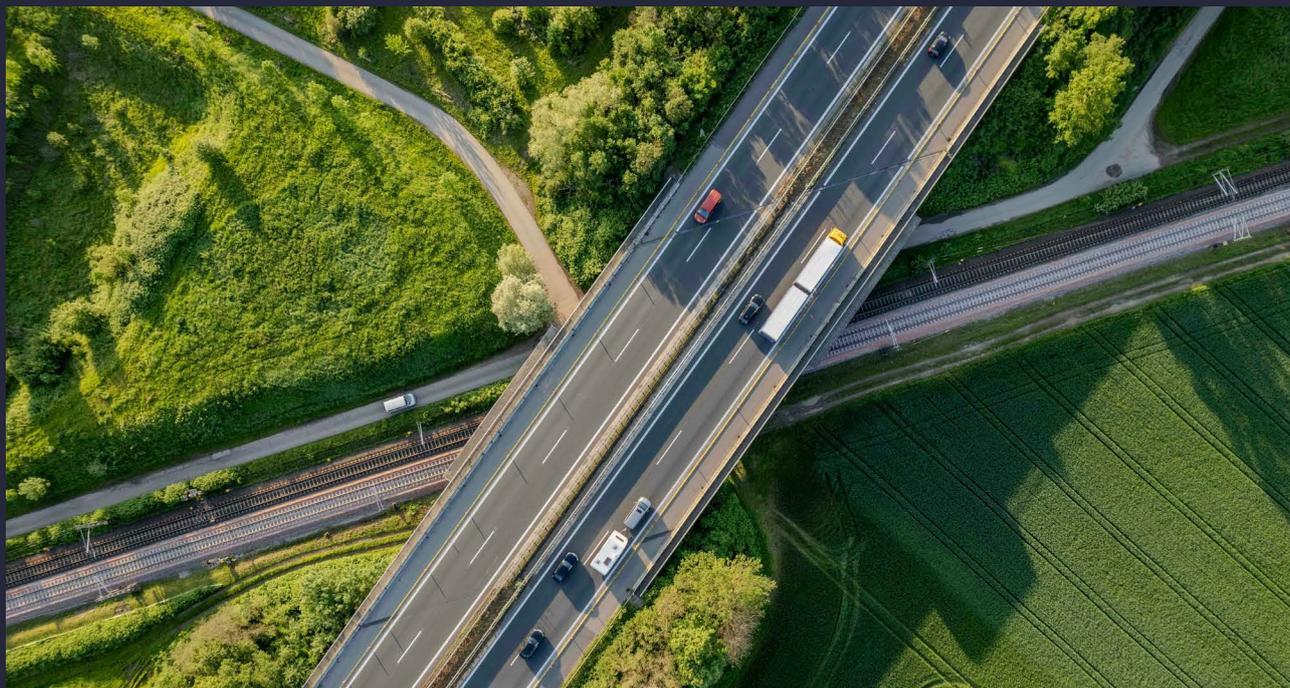
Lower interest rates and increased competition amongst lenders is reducing the cost of debt and helping to gently improve asset pricing, and there is growing confidence in market fundamentals, particularly in the momentum of rental growth.

The sectors that investors will deploy into are expanding, as are the target geographies. There is increasing evidence of improving allocations towards real estate and a rebalancing of commitments between debt and equity strategies. Within this, larger assets and portfolios are trading with more frequency, showing an increased appetite for risk.

So what else can we hope for? I am always focused on improvements in investment turnover. This should help boost activity through a virtuous circle; as turnover accelerates, confidence grows, and that confidence then breeds a feeling that people can be more positive in their underwriting. In turn, this will support pricing, therefore making the prospect of selling more appealing for those investors who have been holding out in recent years. In order for turnover to keep rising, we do need the motivation to sell to increase as that is the start of the cycle.

The statistics summarising last year and evolving from the start of this are supporting the fact that the base of buyers is expanding, and when coupled with the improvements in pricing, this should provoke more owners to believe that 2026 is the right time to at least test the market with assets.

## MARKET VIEW



### PRIME LOGISTICS YIELDS, Q4 2025 (AS AT END DECEMBER)

City	Prime net initial yield	Outlook for yields over the next 12 months	Typical LTV	Total cost of debt	Cash-on-cash yield	Risk premium
<b>Tokyo</b>	3.30%	No change	60%	1.6%	5.9%	3.3%
<b>Hong Kong</b>	4.09%	No change	40%	3.5%	4.5%	1.1%
<b>Cologne</b>	4.40%	No change	55%	3.7%	5.2%	1.6%
<b>Sydney</b>	4.75%	No change	53%	5.3%	4.2%	0.0%
<b>Île-de-France</b>	4.75%	Down	55%	3.7%	6.0%	1.2%
<b>Madrid</b>	4.80%	No change	55%	4.1%	5.6%	1.5%
<b>Amsterdam</b>	5.00%	No change	55%	3.7%	6.5%	2.4%
<b>London</b>	5.00%	No change	60%	5.1%	4.8%	0.5%
<b>Northern New Jersey</b>	5.25%	Down	60%	5.8%	4.5%	1.1%
<b>Los Angeles</b>	5.25%	Down	60%	5.8%	4.5%	1.1%
<b>Seoul Metropolitan Area</b>	5.30%	No change	60%	5.0%	5.8%	1.9%
<b>Chicago</b>	5.50%	Down	60%	5.8%	5.1%	1.3%
<b>Shanghai</b>	5.50%	Up	50%	3.7%	7.3%	3.7%
<b>Houston</b>	5.75%	Down	60%	5.8%	5.8%	1.6%
<b>Singapore</b>	6.50%	No change	55%	2.4%	11.6%	4.3%
<b>Dubai</b>	7.50%	No change	50%	7.0%	8.0%	3.3%

Source: Savills Research and Macrobond

Note: Yields may be different to quoted values in markets where the convention is to use a gross rather than net value. Values based on end-of-quarter data. See Methodology for details.

## ESR PRIVATISATION



**Tenant:** Multiple

**Lease length (WAULT):** N/A

**Area:** 506m sq ft (GFA)

**Price/NIY:** US\$7.1bn/undisclosed

**Vendor:** N/A

**Vendor nationality:** N/A

**Purchaser:** Starwood Capital Group, SSW Partners, Sixth Street, Warburg Pincus and Qatar Investment Authority

**Purchaser nationality:**  
US and Qatar

**Other comments:** ESR, one of the largest fund managers in APAC with over US\$70bn in fee-related assets under management, and a major owner of logistics and data centre assets across the region, was delisted from the Hong Kong Stock Exchange in July following the take-private deal from a consortium of primarily US-based investors. The ESR founders, as well as existing shareholders including OMERS and Sumitomo Mitsui Banking Corporation, retained some or all of their equity holdings in the newly privatised business.

## PROUDREED INDUSTRIAL PORTFOLIO, FRANCE



**Tenant:** Multiple

**Lease length (WAULT):**  
Undisclosed

**Area:** 2m sqft

**Price/NIY:** €2.3bn (US\$2.7bn)/  
Undisclosed

**Vendor:** Proudreed

**Vendor nationality:** France

**Purchaser:** Blackstone

**Purchaser nationality:**  
United States

**Other comments:** Blackstone has acquired an industrial portfolio from Proudreed, one of the largest private investors in the French logistics market, comprising around 500 individual assets, with an occupancy rate of 92%, and 67 development sites.

# METHODOLOGY

Net initial yields are estimated by local Savills experts to represent the achievable yield, including transaction and non-recoverable costs, on a fully let hypothetical grade A asset; for logistics, this is a big-box facility located in a prime location, let to a single good profile tenant on a 10-15-year open-market lease, for office, it is a building located in the CBD of over 50,000 sq ft in size, and for living, it is an asset of institutional scale in a prime location. The typical LTV and cost of debt represent the anticipated lending terms available in each market. Cash-on-cash returns illustrate the initial yield on equity, assuming the aforementioned LTV and debt costs. The risk premium is calculated by subtracting the end-of-period domestic 10-year government bond yield (as a proxy for the relevant risk-free rate of return) from the net initial yield. Data is end-of-quarter values.





## Savills Research

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