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KEYNOTE INTERVIEW

European logistics gains momentum



*Structural demand drivers and focus on supply-chain resilience are reinforcing investor confidence for modern logistics assets in core locations, says Mapletree's **Ralph van der Beek***

European logistics has entered a new phase of recovery, with capital flows returning as macroeconomic uncertainty recedes and long-term fundamentals regain prominence, explains Ralph van der Beek, chief executive officer, commercial and logistics, Europe at Mapletree.

While leasing and pricing dynamics vary by market, a clear pattern is emerging: demand is increasingly concentrated in modern, well-located and sustainable assets. Against this backdrop, the European logistics sector continues to offer resilient income for investors navigating a more selective capital environment.

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Q What market factors are giving investors the most confidence in European logistics today?

European logistics has demonstrated notable resilience despite a prolonged period of political and economic uncertainty. This performance is underpinned by a combination of structural demand drivers and signs of broader economic recovery, both of which continue to support occupier appetite for modern warehouse space.

From a macro perspective, the easing of inflationary pressures and the onset of interest rate cuts have improved overall market sentiment. Greater price clarity has helped restore confidence among investors, encouraging a gradual return of capital to the sector.

At the same time, the sector continues to benefit from enduring demand trends. E-commerce growth remains a core driver of space absorption, while supply-chain optimization is prompting occupiers to reassess and expand their logistics footprints. These dynamics are translating into tangible occupier demand, with a considerable share of tenants indicating plans to

Q How would you characterize current pricing in core markets, and are bid-ask spreads finally narrowing?

Pricing conditions across European logistics markets remain in a period of adjustment, reflecting ongoing uncertainty and risk reassessment. Portfolio-level discounts are still evident, with pricing reflecting a cautious approach from investors as they underwrite future income and exit assumptions. Capital inflow is picking up, but at a slow pace, and liquidity remains constrained. This has limited market depth and slowed the pace of recovery in some segments. However, conditions vary significantly by asset quality and location.

In prime markets, bid-ask spreads have begun to narrow, primarily due to scarcity of high-quality product and sustained investor appetite for assets offering stable income and long-term relevance. Secondary markets continue to experience more pronounced yield dispersion as weaker demand has contributed to wider pricing gaps.

These dynamics point to an increasingly bifurcated

market and suggest that investors seeking stability are likely to gravitate toward prime assets, where pricing is more resilient and liquidity is returning. Opportunistic strategies in secondary markets remain possible, but require careful underwriting and a clear understanding of risk-adjusted returns.



SOURCE: MAPLETREE

Located in Roosendaal, the Netherlands, this 34,852-square-meter (375,144-square-foot) modern logistics facility offers direct access to major European markets

expand their space requirements in the coming years, consequently driving up prime rents across the region.

Sustainability has also become a key differentiator. Both occupiers and investors are increasingly prioritizing assets with strong ESG credentials, energy efficiency and renewable integration. Buildings that meet these criteria tend to attract longer-term tenants, command rental premiums and carry lower operational and regulatory risk. In an environment of tightening disclosure requirements and evolving regulation, assets that are already aligned with sustainability expectations are better positioned over the long run.

Q To what extent has the geopolitical landscape influenced investor sentiment and capital inflows?

Geopolitical uncertainty has undoubtedly shaped investor behavior in recent years, but its influence on European logistics is now being tempered by improving financial conditions and a more constructive outlook for the region. As interest rates decline and the broader economic environment

stabilizes, optimism toward the European market has begun to return.

This shift is evident in transaction activity, which has shown a year-on-year increase, with Europe registering a stronger rebound compared with the same period last year. Capital inflows are gradually picking up, particularly for larger portfolio transactions.

This year, Mapletree significantly deepened our European logistics footprint with strategic acquisitions in the United Kingdom, the Netherlands and Spain. The group now has 82 logistics assets accounting for €1.6 billion in assets under management across eight European countries, with plans on pursuing similar investment and development opportunities to leverage the long-term growth potential in this region.

Pricing dynamics are also evolving. Prime yields are moderating, helping to narrow the gap between buyer and seller expectations. While this process remains uneven, greater alignment on pricing is supporting a gradual recovery in investment activity.

Overall, the current environment reflects a market that is moving past

its period of dislocation. While geopolitical risks have not disappeared, they are increasingly being weighed against improving fundamentals, clearer pricing signals and the long-term demand profile of logistics assets.

Q Which submarkets are demonstrating the strongest leasing, and what is driving tenant demand there?

Leasing conditions across Europe are becoming increasingly bifurcated, with a growing divide between prime and non-prime markets. This divergence is underscoring the importance of asset quality and location selection in determining pricing power.

While rental growth has moderated compared with the initial post-pandemic surge, rents continue to trend upward in well-positioned submarkets, sustaining rental reversion potential. This is particularly evident in assets that combine strong locations with modern specifications. With tenants prioritizing operational efficiency and long-term resilience, we see that demand is increasingly concentrated in modern assets located near

key transport infrastructure and end consumers.

These dynamics are reflected in leasing performance across Europe. In Poland, Mapletree recently signed a leading furniture retailer for a 10-year lease of logistics space in one of our warehouses in Piotrków Trybunalski. Mapletree will build a 41,000-square-meter, built-to-suit facility as part of the agreement. This was the largest warehouse lease transaction in the Polish market in 2025, highlighting the resilience of the Polish logistics market.

The group's leasing performance and occupancy for the rest of its European portfolio have also trended positively. While these point to sustained demand in core locations, they also emphasize the importance of an on-the-ground team with good asset and lease management capabilities to foster trust with tenants and stakeholders.

Spain stands out as a market with particularly attractive reversion potential, especially in first- and second-ring locations around major cities such as Barcelona, Valencia and Madrid. A key driver in these submarkets is the growing shortage of cold-storage space relative to demand. Assets positioned within this niche sector benefit from strong tenant commitment, particularly from third-party logistics providers and manufacturers that rely on proximity to production facilities and specialized buildouts.

Q Which industries are expanding in Europe, and how has that changed the types of warehouses that tenants are searching for?

As occupiers seek to future-proof their supply chains and improve operational efficiency, demand is increasingly focused on modern warehouses. These requirements reflect the changing needs of a broad range of occupiers, including multinational corporates, e-commerce operators and third-party logistics providers.

Location remains a critical

consideration. Occupiers are prioritizing sites close to regional distribution hubs, major transport corridors and population centers, as well as areas with access to skilled labor. This is reinforcing demand for assets in established logistics clusters while placing additional pressure on supply in markets where land availability and planning constraints limit new development.

At the same time, the gap between demand and supply for modern logistics space continues to widen across much of Europe. This imbalance is creating opportunities for investors that can deliver assets that meet evolving occupier requirements. Development activity offers the potential to capture attractive yield spreads while responding directly to tenant demand.

Q Which markets have the widest gap between supply and demand, and how is that influencing rents and development pipelines?

Structural supply constraints continue to define several European logistics markets, particularly where regulatory and zoning challenges limit new development.

France is a clear example, where restrictions on speculative development have curtailed the delivery of new space. Despite these barriers, demand for high-quality logistics assets remains robust, keeping vacancy rates low in core areas and supporting ongoing rental growth. Competition for well-located, high-specification facilities is intense, reinforcing the pricing power of prime assets there.

Poland has a more nuanced picture. While certain regions have experienced rising vacancy levels and a slowdown in speculative development, the market continues to offer growth potential. Macroeconomic caution has tempered sentiment, but demand for modern logistics space persists. However, rental upside is likely to be more measured compared with structurally constrained markets where scarcity

exerts stronger upward pressure on rents. Across Europe more broadly, occupiers are increasingly focused on ESG-compliant, high-specification facilities. This structural preference suggests that demand for modern space will continue to outpace supply.

As a result, prime assets are likely to retain a competitive advantage, with rental growth prospects supported by persistent imbalances between demand and available high-quality stock.

Q With energy, automation and ESG requirements reshaping occupier needs, how has this influenced management strategies?

Occupier expectations around sustainability, efficiency and performance are having a profound impact on asset management and development strategies across the logistics sector. Tenants are increasingly prioritizing buildings that support lower energy consumption, operational efficiency and long-term regulatory compliance.

High-specification assets are therefore becoming more valuable, both in terms of tenant appeal and rental potential. Regulatory frameworks are evolving, particularly around energy performance and disclosure, and Mapletree aims to continue embedding ESG considerations into both acquisitions and ongoing operations. We have rolled out BREEAM In-Use preassessment across our European logistics portfolio to identify upgrades and prepare for certification. The group's newly acquired logistics assets are also equipped with industry-recognized sustainability credentials.

Beyond individual buildings, sustainability considerations are also influencing broader portfolio strategies, such as initiatives that enhance environmental performance, support biodiversity and improve community outcomes. For example, we planted over 10,000 trees across communities in the last three years, reinforcing our commitment to the environment. ■