

Europe Logistics: Resilient Performance with a Promising Outlook



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“ The European logistics market has performed resiliently despite political and economic uncertainty, with structural trends and a recovering economy supporting the growing demand for modern warehouse space. With rate cuts, easing inflation and an improvement in price clarity, the market has also seen greater capital inflows. Mapletree endeavours to strengthen our foothold in this region to bring value to our investors. ”

Macro Monitor A Brighter Outlook

The European economy is exhibiting green shoots of a sustained recovery alongside a declining interest rate environment, after a period of heightened geopolitical uncertainties and stubborn core inflation. In Q4 2024, seasonally adjusted GDP in the EU region recorded a year-on-year (y-o-y) increase of 0.9%, exceeding expectations. As of January 2025, the European Central Bank (ECB) expects real GDP growth for 2025 and 2026 to gradually increase to 1.0% and 1.3% respectively.

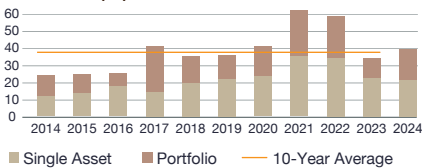
■ Economic Growth¹ (% Change)

Economies	2024E	2025F	2026F
EU Region	0.9	1.0	1.3
Germany	-0.2	0.2	0.8
UK	0.9	1.6	1.5
France	1.1	0.9	1.3
Italy	0.5	0.8	1.1
Spain	3.1	2.5	1.9
The Netherlands	0.9	1.5	1.5
Poland	3.0	3.5	3.4
Hungary	2.3	3.3	3.0

Source: ECB and IMF, January 2025

As inflation eases, the ECB has cut benchmark rates several times since June 2024, with additional cuts anticipated in 2025 to enhance financing accessibility and drive investor fundraising.

■ European industrial & logistics investment volumes (€b)



Source: CBRE Research

Pricing for real estate has begun to stabilise at different rates across markets, after a period of significant adjustment. Prime yields are moderating, leading to a gradual recovery in investment activity. In 2024, total investment in European real estate reached €206b, a 23% increase from 2023. Notably, the industrial and logistics sector rose by 21% to €40.5b in 2024 from €33b in 2023 and accounted for 20% of the European total.

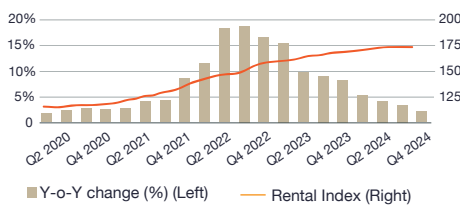
Tides are turning within the European investment market with improved pricing conditions, growing investor appetite and greater alignment between buyers and sellers.

¹Data taken from the European Central Bank. Data for the UK, Poland and Hungary taken from the International Monetary Fund.
²Based on markets where MUSEL operates in.
³Mapletree's first foray into the UK was in 2015, but first investment into the UK logistics market was in 2024.

Real Views Leveraging Enduring Fundamentals

Buoyed by enduring demand trends and strong fundamentals such as the continued growth of e-commerce and supply chain optimisation, the logistics sector continues to perform more resiliently than other sectors in Europe. This momentum is expected to build throughout 2025, as investors increasingly focus on larger portfolio transactions.

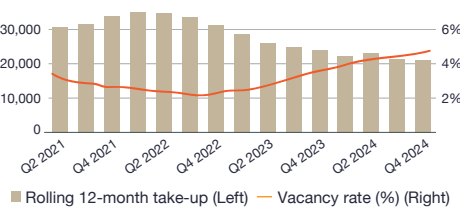
■ Europe logistics prime rental index



Source: CBRE Forecasting

Amid economic recovery and technological advancements, occupiers are prioritising sustainable, modern and more efficient warehousing to future-proof their operations. In Q4 2024, prime rents² increased by around 3.3% y-o-y and is expected to increase at a measured pace. With reduced construction completions resulting in constrained supply, rental growth is forecasted to outpace inflation in 2025. As the market recovers, quality buildings with high specifications will continue to command rental premiums.

■ Take-up [(000) square metres (sqm)] vs vacancy rate



Source: CBRE Research

Despite a subdued leasing environment in Q4 2024 and reduction in net absorption, recovery is underway in the market, with the rolling 12-month European logistics take-up stabilising across all quarters in 2024. Vacancy rates have risen slowly, with further stabilisation expected in 2025. As market volatility moderates alongside favourable financing conditions and improving occupier sentiment, Mapletree believes that these factors are set to provide positive momentum for the logistics market in the near term.

Mapletree's Approach A Stronger Foothold

Logistics has always been an anchor asset class within Mapletree's portfolio, spanning the Asia Pacific, United States and European markets. Alongside its growing footprint, the Group has also strengthened its operational capabilities with experienced and knowledgeable local teams on the ground in the United Kingdom (UK), the Netherlands and Poland. The teams help establish strong partnerships and work closely with local stakeholders, while leveraging a comprehensive understanding of the markets to enable the Group to effectively source land, develop assets and manage them upon completion.

	UK	The Netherlands	Poland
Year Entered	2016 ³	2018	2018
Mapletree Employees	72	41	28



Zalando Gluchow, a single storey warehouse in Poland with a total Net Lettable Area (NLA) of 125,460 sqm.

Since entering the European logistics market in 2018, the Group has now 81 assets across eight countries. In 2019, it successfully closed Mapletree US & EU Logistics Private Trust (MUSEL) – a logistics-focused fund with a total assets under management (AUM) of US\$4.3b at fund inception, comprising 262 logistics assets across 26 states in the US and 20 European cities. Last November, Mapletree acquired its first logistics warehouse in the UK. In January 2025, the Group acquired a portfolio of 10 logistics assets in Spain, and a second warehouse in the UK in February 2025.

To support its tenants' growing business needs and space requirements, Mapletree has also undertaken build-to-suit development projects such as the Metz DC1 Expansion in France and Dirks II BTS in Poland. Mapletree's international network places it in a favourable position to work with major occupiers who want to expand their operations regionally and globally, giving the Group a competitive edge over its peers.

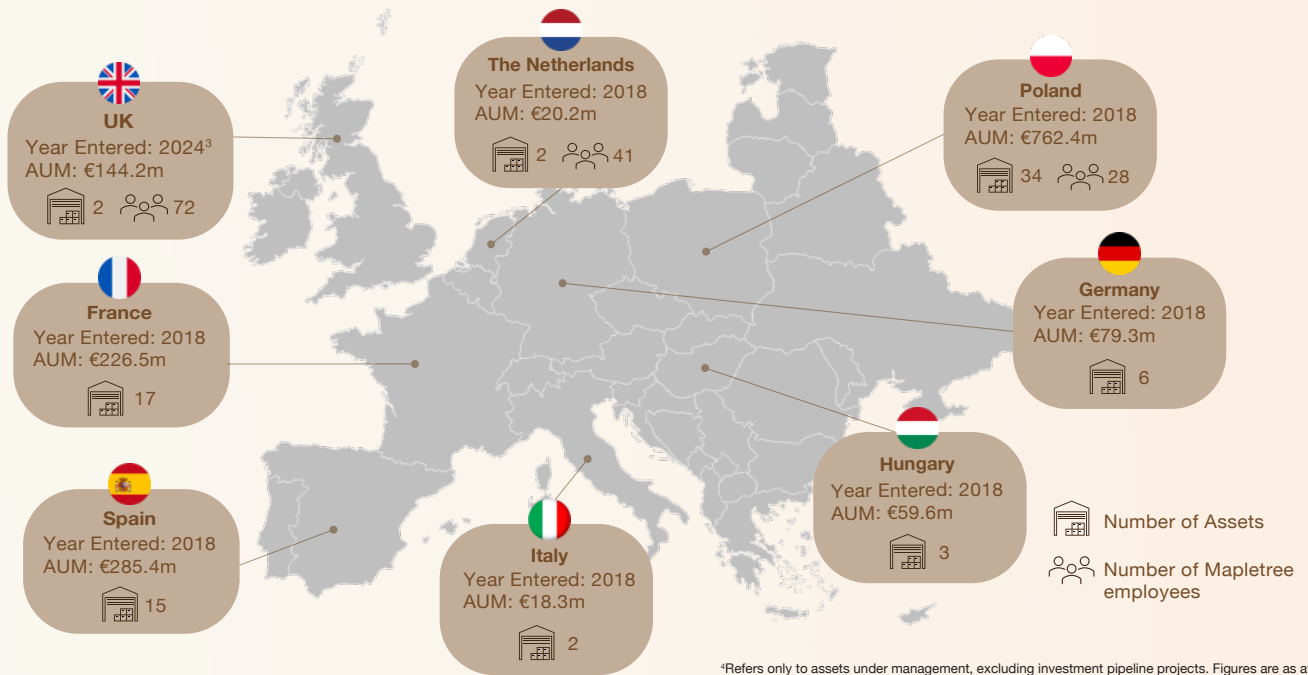
Looking ahead, the Group aims to expand and fortify its onshore development capabilities, while acquiring quality logistics assets and/or portfolios. Aligned with its growth strategy of leveraging its private funds platform to expand into core markets of strategic focus, the Group is looking to syndicate a second European logistics-focused fund.



Sector Spotlight: Europe Logistics

What We Have⁴

81 logistics assets under management **€1.6B** in AUM across 8 markets **2M** sqm of NLA



⁴Refers only to assets under management, excluding investment pipeline projects. Figures are as at 31 January 2025, further adjusted to include the acquisition of a UK warehouse in February 2025.

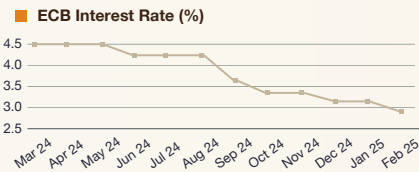
Overview

Region Outlook

1.0%

GDP Growth (Europe)

The ECB forecasts GDP growth to reach 1.0% in 2025, as Europe recovers from a period of geopolitical tensions and heightened inflation. With inflation easing in 2024, interest rates have declined, paving the way for an improved real estate landscape as values stabilise and investors regain confidence in the market.



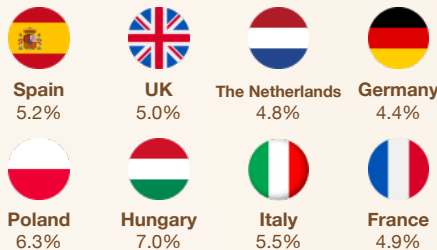
Source: ECB, 2025

Sector Outlook

Market Y-o-Y Rental Growth

~3.3%

Cap Rates



The logistics sector has remained resilient and is set to perform better with an overall market recovery and improved occupier and investor sentiment. Prime rents are expected to increase at a measured pace, and yields are expected to compress in 2025, following the effects of consecutive interest rate cuts by the central banks.

Source: CBRE, as at Q4 2024

Mapletree's EU Logistics Portfolio

Committed Occupancy **95.6%**

Committed WAULB⁵ **3.8** years

Committed WAULT⁶ **5.0** years

The Group is committed to expanding its reach in this market, with a focus on strengthening its development capabilities and capitalising on opportunities for strategic acquisitions.

⁵Weighted Average Unexpired Lease Break
⁶Weighted Average Unexpired Lease Term

