VANTAGE POINT

2025

WAYPOINT

GLOBAL INDUSTRIAL DYNAMICS

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Introduction

The movement of goods has always been complex, and today's intricate supply chains make it even more so. With production often far from consumption, goods must traverse long distances to arrive where and when they're needed. Shifts in consumer behaviour have further complicated product handling and last-mile delivery strategies.

Despite these challenges, one constant remains: the production and movement of goods depend on real estate. The right real estate varies by business, but understanding market conditions is crucial for negotiating transactions.

This report, Waypoint, serves as a guide for users and owners of logistics and industrial real estate to understand not only how the market is evolving, but also why. By analysing demand drivers, cost components and property market conditions, it equips stakeholders with the insights needed to create effective real estate strategies in a rapidly evolving market.

Key takeaways

Supply chain resilience and diversification

Businesses are reconfiguring supply chains to prioritize resilience and flexibility, including diversifying supplier bases and exploring nearshoring strategies.

E-commerce growth continues to drive demand

Rapid growth in e-commerce, which has surged globally by 289% over the past decade, is fuelling demand for diverse logistics facilities. It is the primary driver of space demand over the next three years in the Americas and EMEA, and the third-largest driver in APAC.

Rental growth outlook

Despite recent moderation, more than half of global logistics and industrial markets are projected to experience rental growth through 2027, driven by robust occupier demand and increasing supply in key regions.

Adapting to market conditions

Tenant-friendly conditions dominate in many markets, but a shift toward neutral and landlord-favourable conditions is expected over the next three years, particularly in North America and EMEA.

Long-term vision amid uncertainty

Businesses are balancing short-term challenges like economic slowdowns and rising tariffs with long-term strategies to optimize location, supply chain configurations, and real estate decisions for sustainable growth.

Cost pressures shaping real estate decisions

Rising costs for construction materials, energy and labour are influencing locational and operational decisions, with markets in APAC, LATAM and EMEA offering cost advantages in labour and energy expenses.

Against this backdrop, potential stakeholder strategies include:

OCCUPIERS:

- Leverage uncertainty to diversify and strengthen supply chains, including reassessing location and real estate needs.
- Act on "mission critical" sites now, as tenant-friendly conditions are expected to shift soon. Secure current assets or plan for new facilities, particularly in markets where vacancy rates may tighten.
- Prepare for rising real estate costs in the near term, including higher rents and increased fit out and construction expenses due to fluctuating material costs.

INVESTORS AND LANDLORDS:

- Understand the importance of your assets in tenants' supply chains to align with their needs and ensure retention.
- Existing assets may offer better risk-return profiles in the near term, as construction material costs become more variable. In the short term, refurbishment projects may be more viable than new builds.
- As markets shift toward neutral or landlord-favourable conditions, confidence in delivering new supply may grow, provided costs remain manageable.

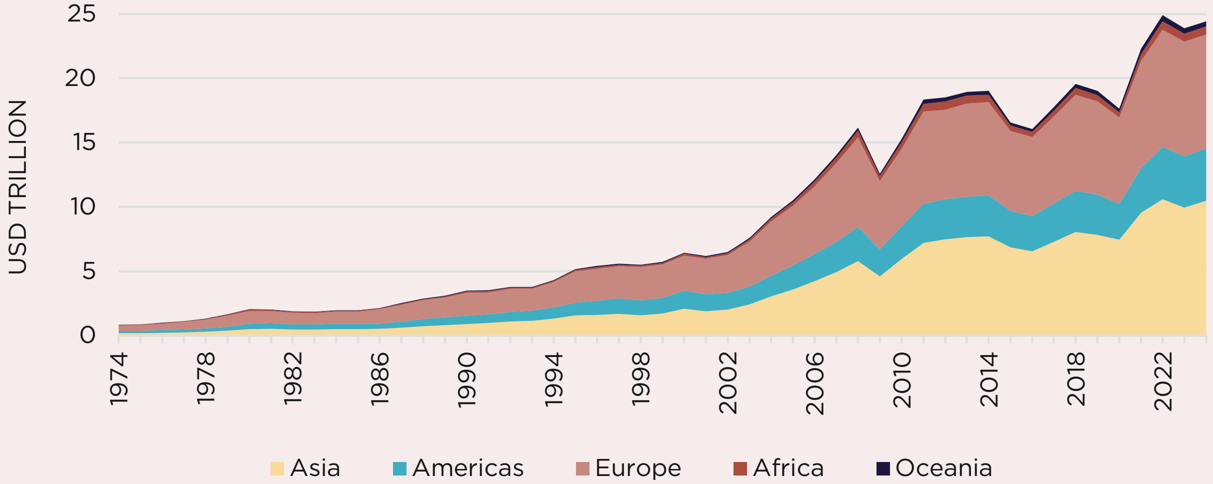
Market drivers of demand

Trade and consumption are the fundamental drivers of demand for logistics and industrial real estate. While structural drivers—such as the shift to sustainable buildings to meet ESG objectives and improve operational and cost efficiency—also influence the types of properties users seek, trade and consumption remain the bedrock of demand for this sector.

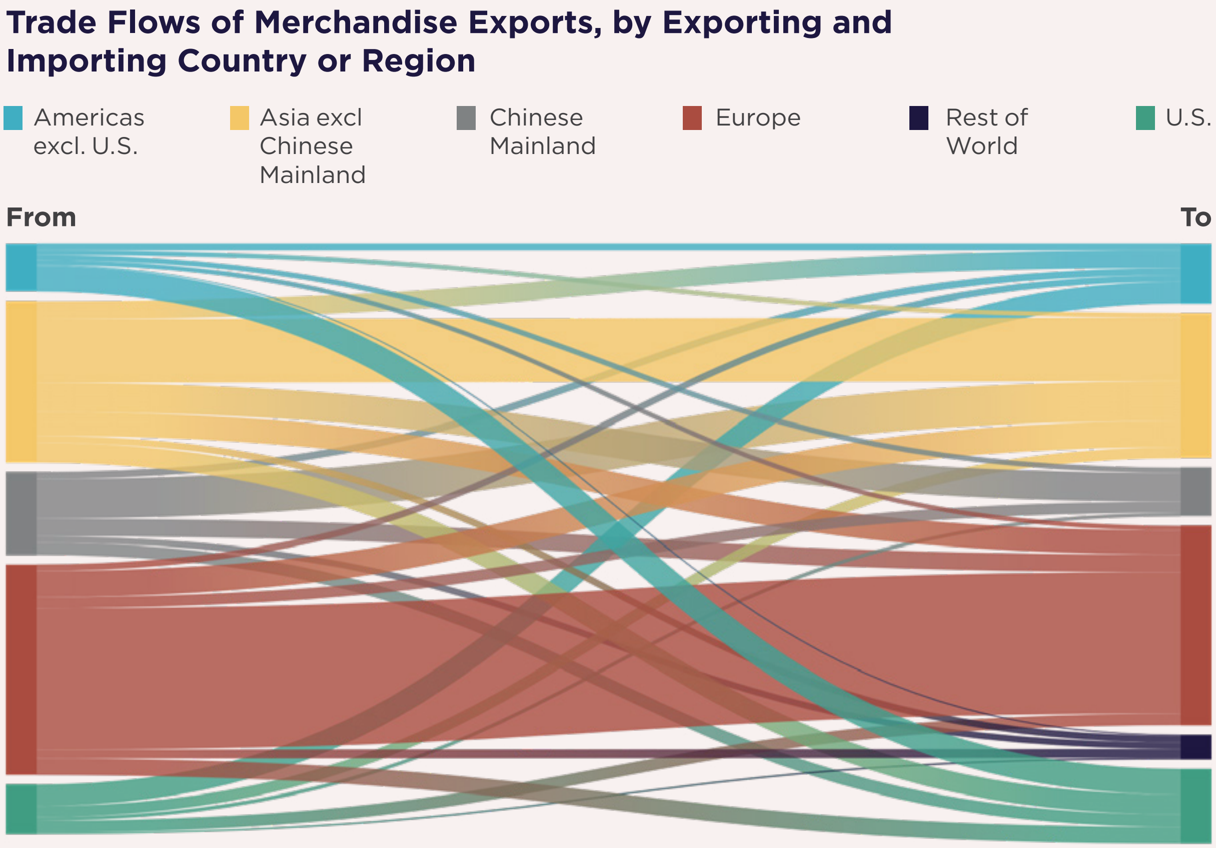
Trade

Over the past 50 years, global trade has surged, driven by advancements in logistics such as containerisation and Information and Communication Technology (ICT) networks, which reduced transaction costs and strengthened international trade links. Businesses expanded geographically, reorganising their global value chains to capitalise on lower production and labour costs in regions like APAC (particularly India, Malaysia, Vietnam and on the Chinese mainland), Latin America (especially Mexico and Costa Rica), and manufacturing hubs in Central & Eastern Europe (CEE) and Southern Europe. This shift transformed Asia into a global manufacturing hub, while the proliferation of trade agreements further shaped the global flow of goods.

Global Trade in Merchandise
By Region

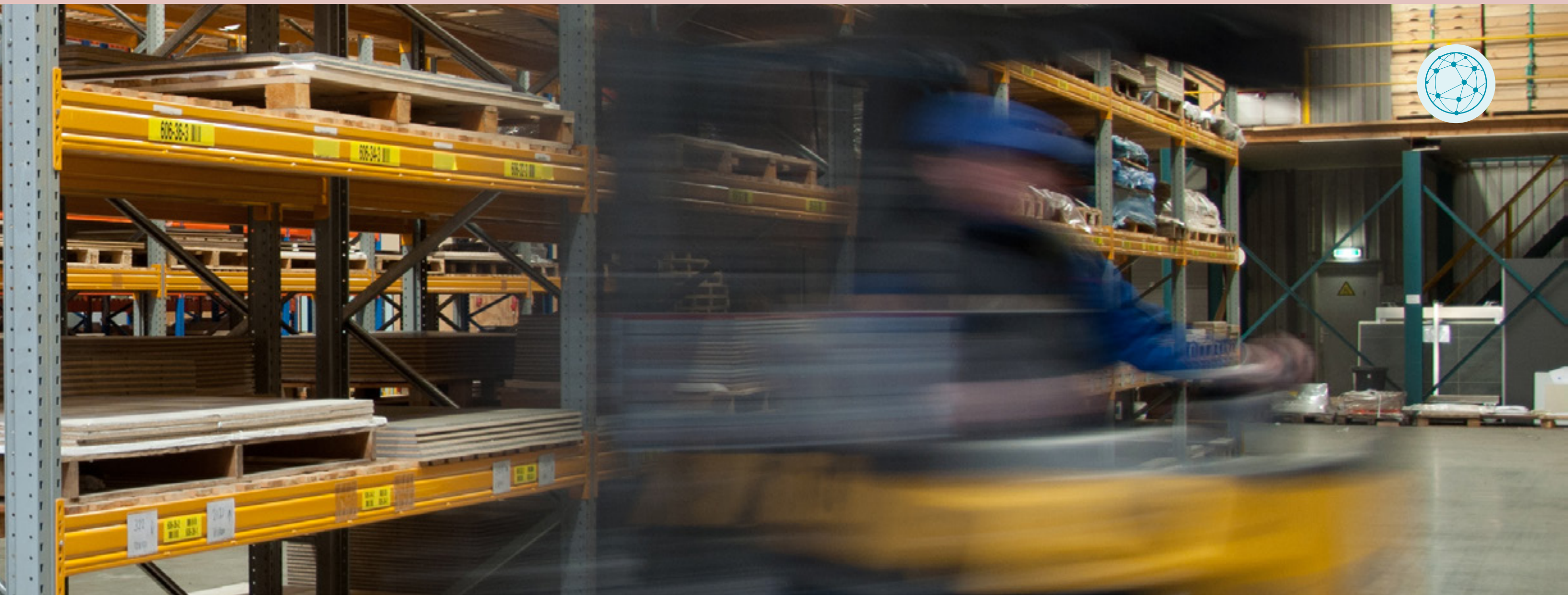


Source: UNCTAD

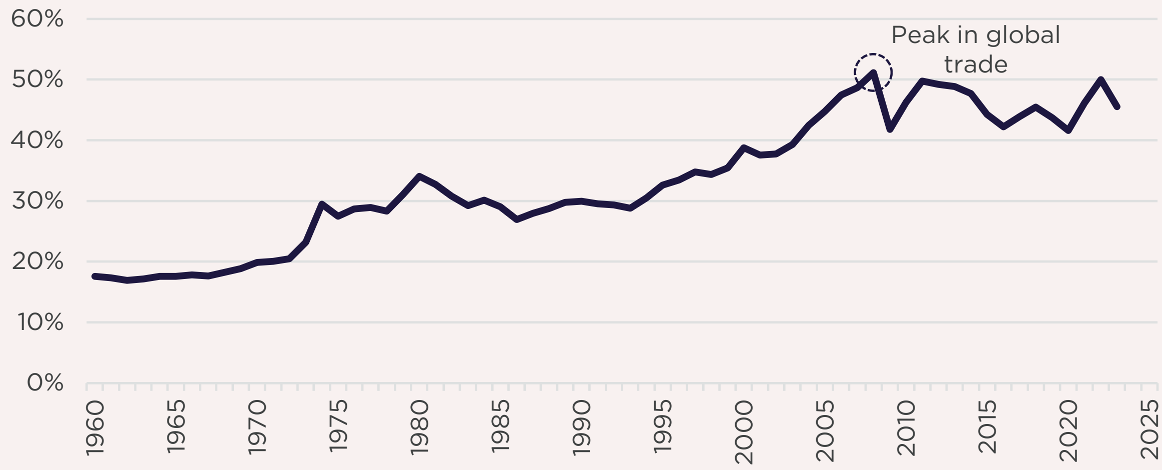


Source: ITC World Map

Recent disruptions have highlighted the vulnerabilities of long and complex supply chains. Global trade began slowing in the late 2000s following the Global Financial Crisis (GFC), which exposed risks associated with extended financial and trade networks. Analysis of trade trends suggests that the world economy has entered a phase of **"post-peak globalisation,"** where global trade is expected to continue to grow, but at a slower pace than in previous years.



Global Trade in Merchandise as % of GDP



Source: World Trade Organization, World Bank

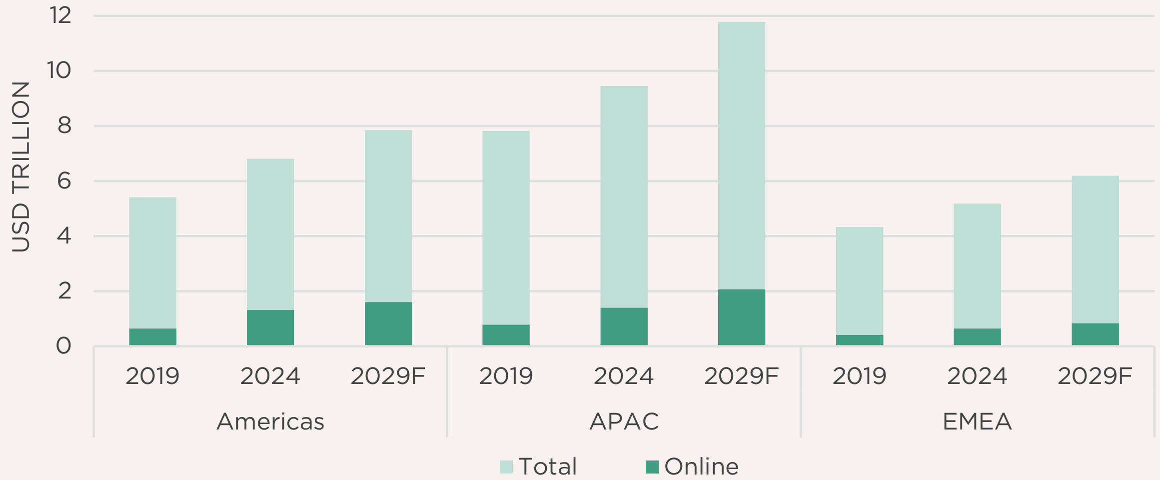
In this changing era of globalisation, new priorities such as resilience, diversification and flexibility are reshaping supply chain strategies. Businesses are increasingly **diversifying supplier bases** to reduce reliance on single geographies and mitigate risks of disruption. **Nearshoring has also gained traction, bringing production closer to markets of consumption** to enhance control and flexibility. Regions like CEE and Southern Europe, North Africa, Mexico, Costa Rica and other LATAM countries are key beneficiaries of this trend.

The rapid pace and scale of disruptions have underscored the critical need to adapt supply chain and logistics networks swiftly and effectively to meet changing conditions and expectations. As a result, **location strategy continues to evolve, with significant implications for real estate requirements on the ground**.

Consumption

Retail typically accounts for 25-30% of new logistics and industrial leasing activity, with third-party logistics providers contributing an additional 27-33%. While traditional "bricks and mortar" retail remains dominant, online retail is the fastest-growing retail segment and a key driver of logistics space demand.

Total and Online Retail Sales by Region



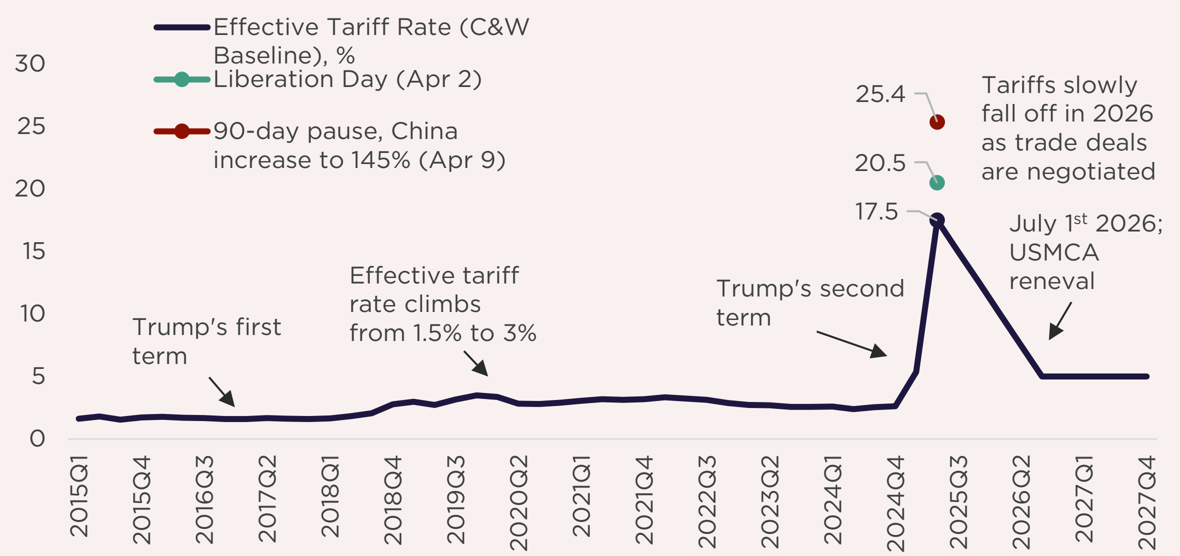
Source: GlobalData

Regardless of retail channels, retailers' logistics decisions revolve around two key principles: **maximising customer experience and minimising cost to serve**. Amid this complexity, retailers must make strategic real estate choices, including the **location** of logistics nodes, the **specification** of the buildings and the **ways in which they operate** them—including the use of people and technology—to satisfy these two competing demands of experience and cost. This may also involve using retail spaces for online fulfilment functions such as delivery-from-store, in-store collections and customer returns processing.

The Challenge of Uncertainty

Over the past two decades, events like the GFC, the COVID-19 pandemic, major conflicts and extreme weather have disrupted the movement of goods around the world. More recently, the Trump administration, following a hard economic shift, introduced **significant shocks to the global economy** via unilateral tariffs on U.S. imports. Trade disruptions are not new, and supply chains have consistently adapted to changing trade dynamics in the past—and will continue to do so.

U.S. Effective Tariff Rate on All Goods Imports, %



Source: Moody's Analytics, Cushman & Wakefield Research

The current trade and macroeconomic environment remains highly fluid. Accordingly, it is appropriate to take a broader view of current conditions to identify key issues, rather than focusing on specific outcomes:

- Dynamic tariff changes suggest they may have peaked and are likely to ease over time. Therefore, business decisions should be made with a broader, long-term lens.
- Should any tariffs remain, the impact on businesses, consumers, economies and property markets will depend on any differentiation between products and countries. This is highly nuanced and will require granular analysis.
- Globally, confidence has weakened, slowing near-term economic growth, but potential central bank interventions could drive a rebound in 2026.
- Emerging demand for logistics and industrial real estate is expected, with increased defence spending in EMEA as a key example.

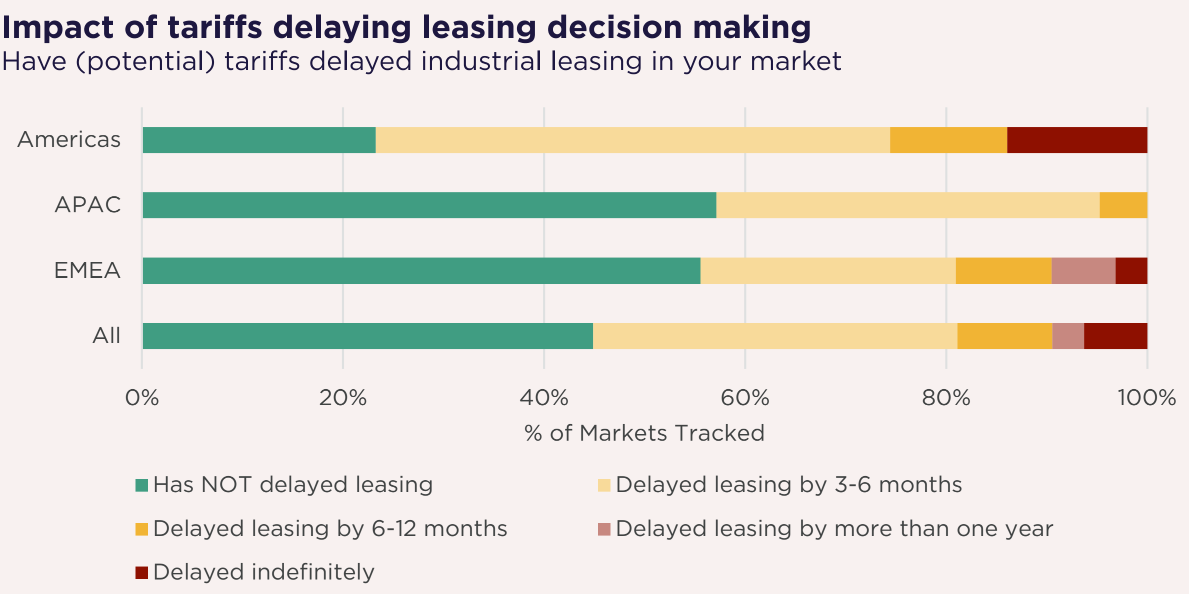
GDP Growth (Real Average Annualised)

Region	2024	2025F	2026F
U.S.	2.8%	1.1%	1.2%
North America	2.6%	1.0%	1.1%
South America	2.2%	2.4%	2.6%
Euro Area	0.8%	0.7%	0.8%
APAC	3.9%	3.4%	3.3%
World	2.7%	2.0%	2.0%

Source: Moody's Analytics, Cushman & Wakefield Research

As uncertainty and the threat of rising costs weighs on businesses and consumers, economic growth is expected to be slower in 2025; however, as these factors unwind, the outlook is for growth to start accelerating throughout 2026. Until a clearer path emerges, the **deal process is likely to slow**. Lacking confidence in order books and consumer spending, businesses are unlikely to commit to new space, opting instead to preserve capital and avoid business disruption or costs tied to relocating or expanding facilities. The impact on individual markets will depend on two key factors: the severity of tariff effects and the ability of domestic consumption to counterbalance weaker trade activity.

The leasing process, already prolonged in many markets over recent years, is expected to stretch further. In the weeks following the tariff announcements, leasing activity for logistics and industrial space has slowed as businesses await clarity. Nearly three-quarters of surveyed U.S. markets reported delays to leasing decisions due to the tariffs. While the impact is less pronounced in other regions, it is still being felt almost immediately.



Source: Cushman & Wakefield Research

Together, these factors underscore shifting manufacturing and trade patterns and the ongoing need to stress-test supply chains, which requires a holistic view of input costs and broader logistics and industrial market conditions. The key message is that while the current focus is on the tariffs announced by the Trump administration, lessons from past disruptions should not be lost. This highlights the **importance of building diversity and resilience into supply chains**, enabling businesses to adapt and navigate both short- and long-term market shocks.

Global logistics and industrial property costs

Businesses must develop and implement effective real estate strategies to address the production, sourcing and delivery of goods to consumers. Optimising logistics networks involves factors like market access, available labour, supplier proximity, logistics efficiency, inventory levels and reliable energy supply.

Financial cost plays a key role in these key decisions, particularly the operating costs of a facility. **Rent, labour and energy** are the three main cost components influencing location choices.

Rents

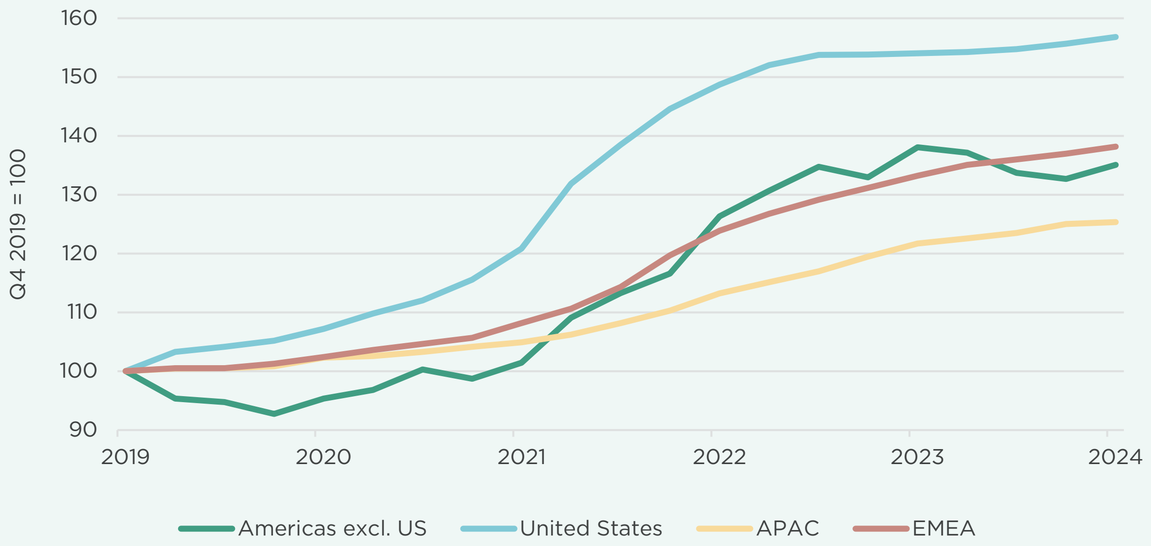
Property market trends over recent years, marked by strong occupier demand and limited space availability have driven strong rental growth across regions. **Many markets worldwide have set record-high rental levels**, with some seeing rents more than double in the past five years.

Rents, on average, are 41% higher globally compared to the end of 2019. The U.S. led this trend, with rents 57% higher than they were five years ago. Propelled by markets in New Jersey and Pennsylvania where demand was particularly strong, the Northeast region experienced particularly strong growth at an average of 84% over the five-year period, while the South and Midwest posted more modest rent growth. The West initially recorded substantial growth between 2021 and 2023, but 2024 brought notable declines due in part to cooling demand and rising vacancy rates. Rents in the rest of the Americas have been more volatile, with declines in 2020, a rebound from 2021 to 2023, and some regions reporting declines again in 2024.

Rents in EMEA have followed a similar growth trajectory, now averaging 38% above 2019 levels. Growth has been particularly strong in the UK, Czech Republic, Netherlands and Norway, while Turkey's 90% increase over five years was largely due to high inflation, peaking at 85.5% in October 2022 and standing at 38.1% in March 2025.

In APAC, rents are on average 25% higher than in 2019, with notable variation across markets. Australia and Vietnam recorded increases of over 70%, while rents in India, Japan, Thailand and the Chinese mainland have remained largely flat.

Logistics Rental Growth* (Index, Q4 2019 = 100)



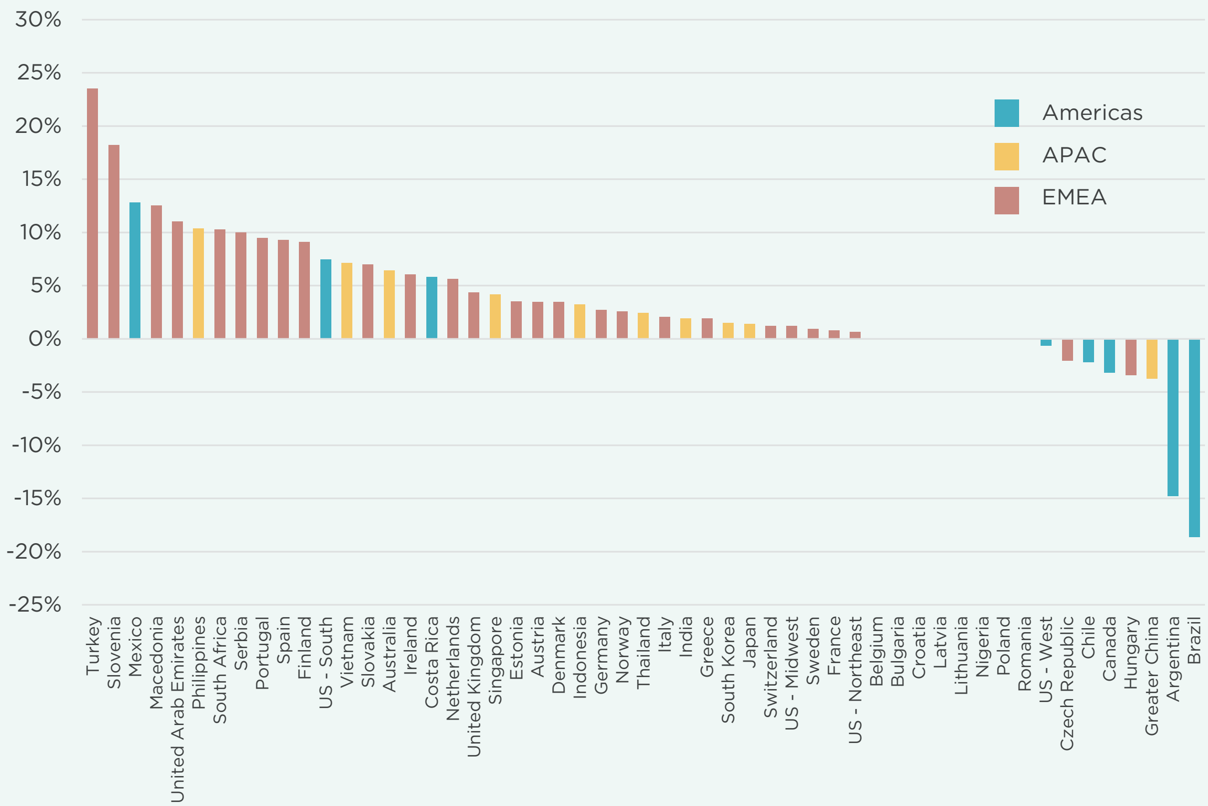
Source: Cushman & Wakefield Research
** Growth rates for each region are based the average of the representative sample included in this analysis*

Rental growth has slowed noticeably **over the past year**. Globally, rents grew by an **average of 16.1% in 2022, 6.9% in 2023** and just **2.9% in 2024**. This slowdown has been most pronounced in the Americas. In the U.S., rental growth dropped significantly from **22.6% in 2022 to 2.4% in 2024**, reflecting rising vacancy rates. Outside the U.S., markets in the Americas experienced a sharp decline, with rental growth plummeting from **23.2% in 2022 to -1.9% in 2024**. Rental levels fell in nearly every Canadian and Latin American market in 2024.

Region	1Y Rental Growth* (Q4 2024 YOY)	5Y Rental Growth* (Q4 2019-Q4 2024)
U.S.	2.4%	56.8%
Americas excl. U.S.	-1.9%	35.1%
APAC	2.7%	25.3%
EMEA	4.1%	38.2%
World	**2.9%**	**40.9%**

Source: Cushman & Wakefield Research
** Growth rates for each region are based the average of the representative sample included in this analysis*

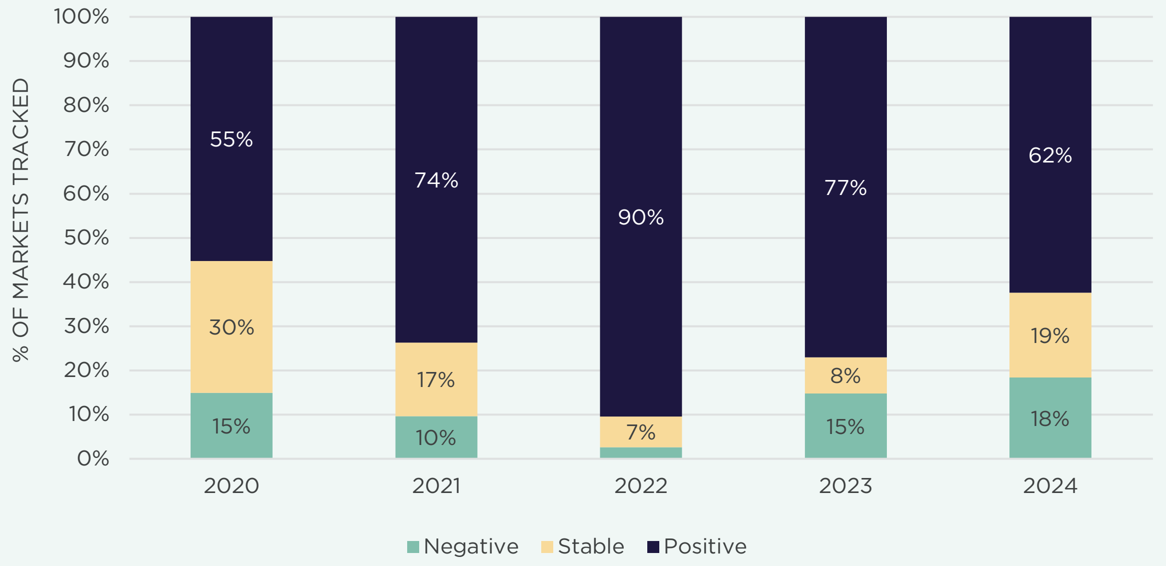
1Y Industrial Rental Growth* at Q4 2024



Source: Cushman & Wakefield Research
** Growth rates for each region are based the average of the representative sample included in this analysis*

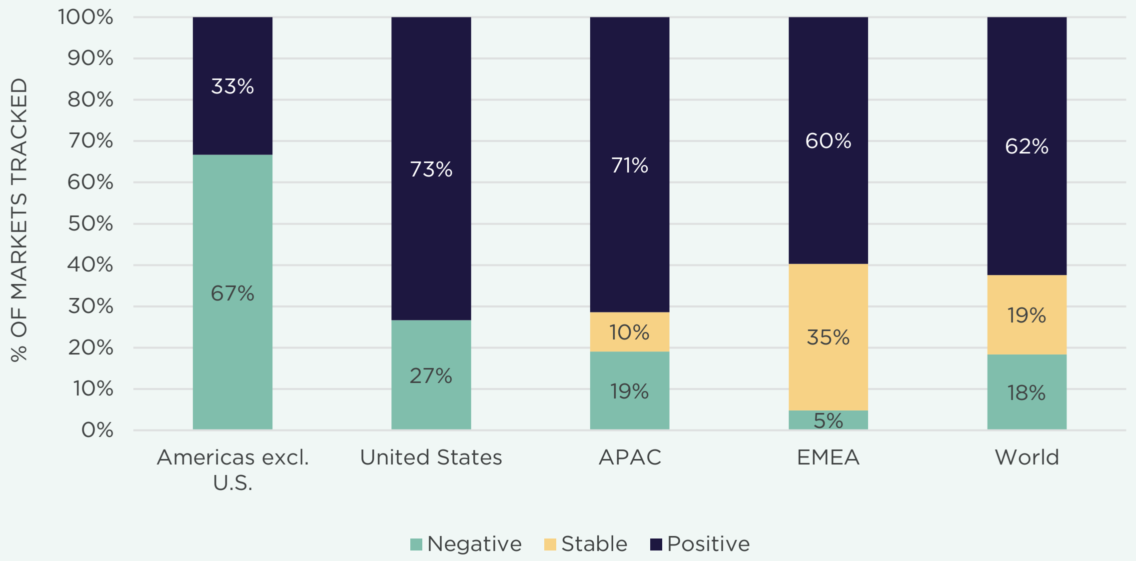
In 2024, more markets experienced rental stabilisation or moved into negative rental growth territory. Globally, 18% of markets posted rental declines, while 19% recorded flat rents. Although over 60% of markets still experienced rent increases, nearly two-thirds of these recorded slower growth compared to prior years, reflecting broader market trends. Since 2022 few markets saw growth accelerate, and those that did were typically smaller or emerging markets where growth began later.

Annual Rental Growth, 2020-2024



Source: Cushman & Wakefield Research
** Based the representative sample included in this analysis*

Annual Rental Growth by Region, Q4 2024 YOY



Source: Cushman & Wakefield Research
** Based the representative sample included in this analysis*

Rental levels vary across regions but not as widely as one might assume. Of the 126 markets analysed in this report, 76 fall within the range of US$5 and US$10 per square foot (psf) per year. This includes 71% of EMEA markets and about half of the markets in both the Americas and APAC.

Only a handful of markets exceed US$20 psf per year. These include London, the New York City outer boroughs, Hong Kong and the Swiss cities of Geneva and Zurich, where **limited land availability for logistics and industrial uses** leads to high competition for space and elevated rents. Other high-rent markets include **major port locations** like Los Angeles, New Jersey, Vancouver and Oakland, where the proximity to port operations creates inelastic demand and drives up prices.

At the lower end of the spectrum, **APAC has the most markets priced below US$5 psf per year**, including the manufacturing hubs of Vietnam, Thailand and especially India, which are highly cost-competitive globally. In the Americas, cost-effective markets include Rio de Janeiro and São Paulo, and locations in the Midwest and South of the U.S. In EMEA, Lagos, Kenya is the only market priced below US$5 psf per year, though markets in South Africa, parts of CEE, and Southern Europe are also highly competitive.

60%

of global markets have rents in the US$5-10 psf per year range

6

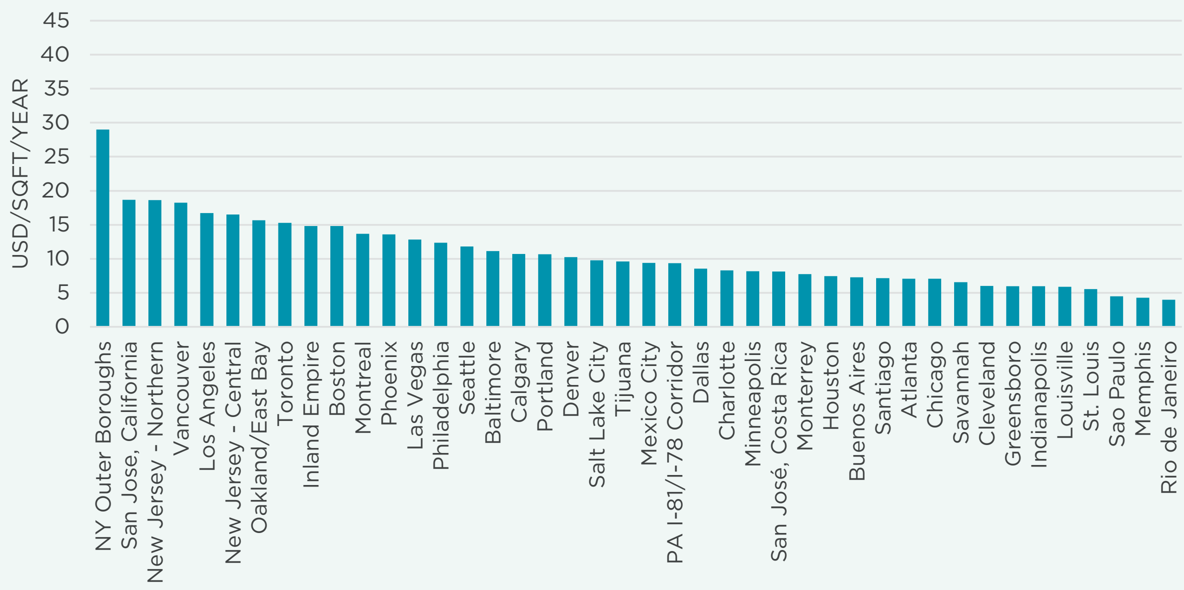
markets globally have rents over US$20 psf per year, four of which are in EMEA

India

has the highest number of markets with rents below US$5 psf per year

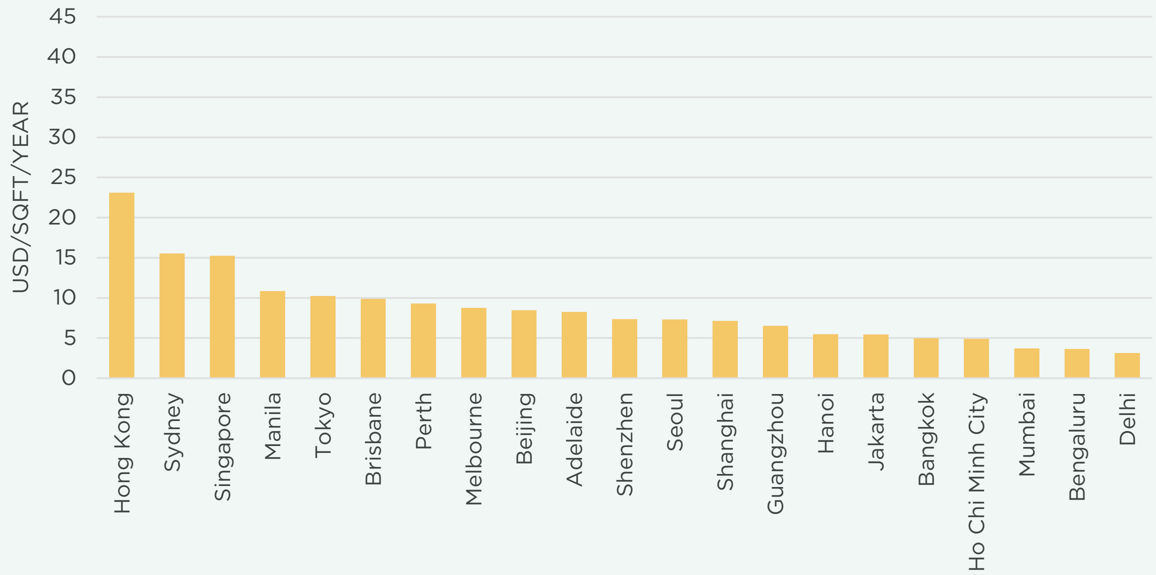
Logistics Rental Levels, Q4 2024

Americas



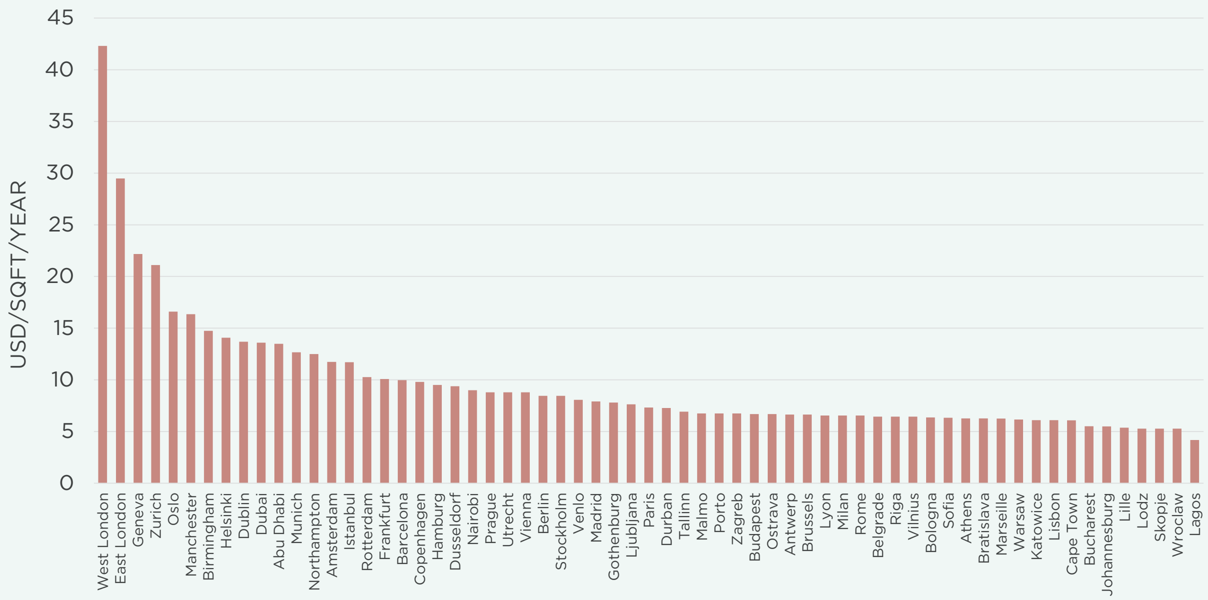
Source: Cushman & Wakefield Research

APAC



Source: Cushman & Wakefield Research

EMEA



Source: Cushman & Wakefield Research

Labour Costs

Logistics and production operations remain heavily reliant on people. Availability and cost of **labour play a critical role in locational choices and operational decisions**, such as the types of functions performed on-site and automation investments.

A comparison of average annual wages across logistics and manufacturing roles* highlights regional competitiveness:

- Americas: North American locations, especially the U.S., exceed the global average, while Latin American locations fall well below.
- APAC: Australia, Japan, Hong Kong and Singapore align with the global average, whereas manufacturing powerhouses like the Chinese mainland, South Korea, Thailand, Indonesia, India, Philippines and Vietnam are all below, some significantly so. Notably, wages in the Chinese mainland are around 50% of the global average, reflecting significant growth in the past two decades along with a shift toward higher value-added manufacturing. (Lower value-added manufacturing is now moving to lower-cost locations such as India, Vietnam and the Philippines.)
- EMEA: Markets are split into three distinct groups, each comprising about a third of the profiled locations. The group with the highest labour costs are all about 20% or more higher than the global average and include locations in Germany, Denmark, the UK, Ireland, Belgium, Netherlands, Austria and Switzerland. In the Swiss locations, labour rates are nearly double the average. The next group's labour rates are just above or below the global average and are largely located in Western and Northern European locations as well as the Middle East. The final group, however, falls significantly below the global average, comprising locations CEE, Southern Europe and Africa.

Comparing global labour rates helps to reveal the attractiveness of locations that have emerged as major production locations for export to other markets for consumption. The low cost of labour in APAC, LATAM, CEE and Southern European locations in particular helps in part to explain the rationale for manufacturing and production investment in these locations.

Interestingly, while a shift to automation is often seen as a response to labour shortages and higher labour costs, even in lower-cost markets, there is increasing adoption of automation. In part, this reflects lower entry costs to adoption but also increased speed to market, and greater quality and accuracy in production.

**Average Warehouse & Production Wage Position*
(Global Sample Median = 100)**

Region	Top Third	Middle Third	Lower Third
Americas	160	138	70
APAC	106	57	22
EMEA	131	91	48
All	146	102	41

Source: Economic Research Institute, Cushman & Wakefield Research

*This analysis is based on 11 different warehousing and production roles across each location, including operators, labourers, managers, supervisors, mechanics, and truck and forklift drivers.

Proportion of markets above global sample median, by region:

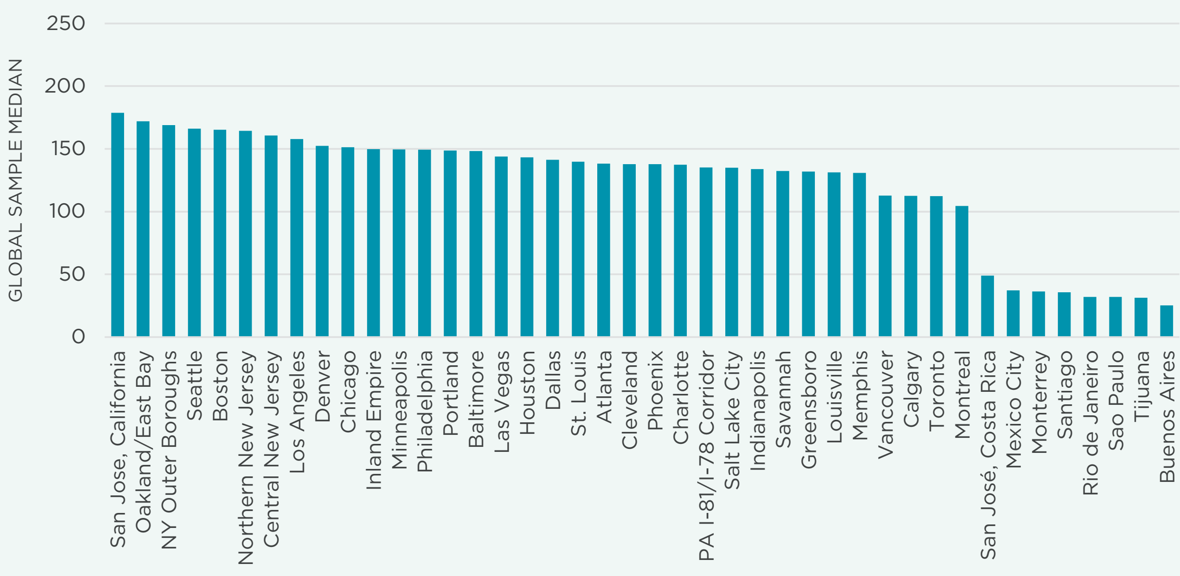
81% Americas

63% EMEA

24% APAC

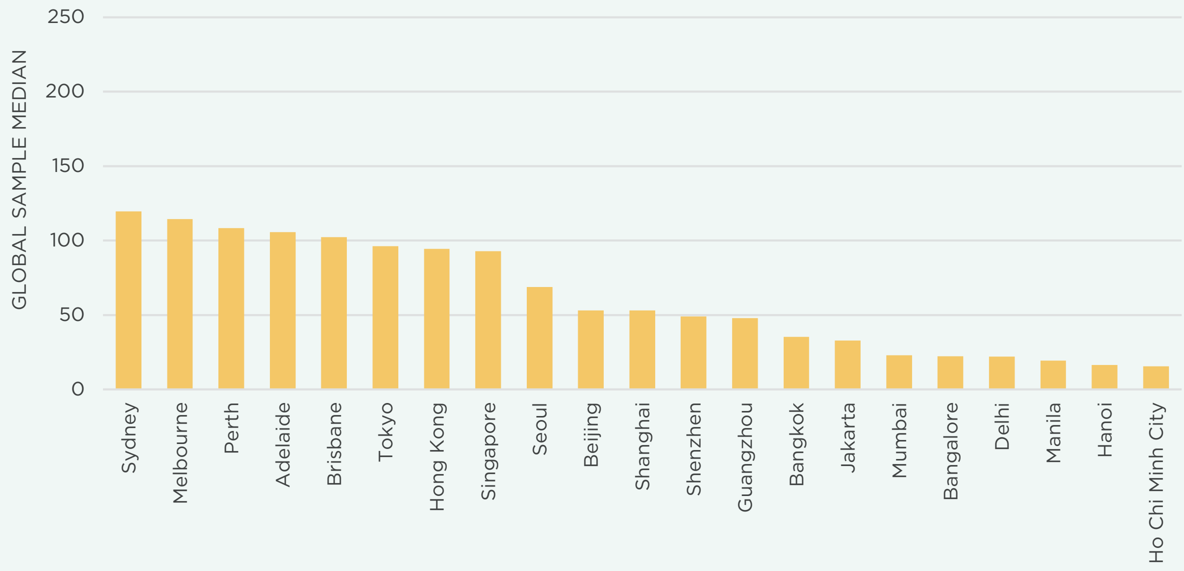
Average Warehouse & Production Wage Position (Global Sample Median = 100)

Americas



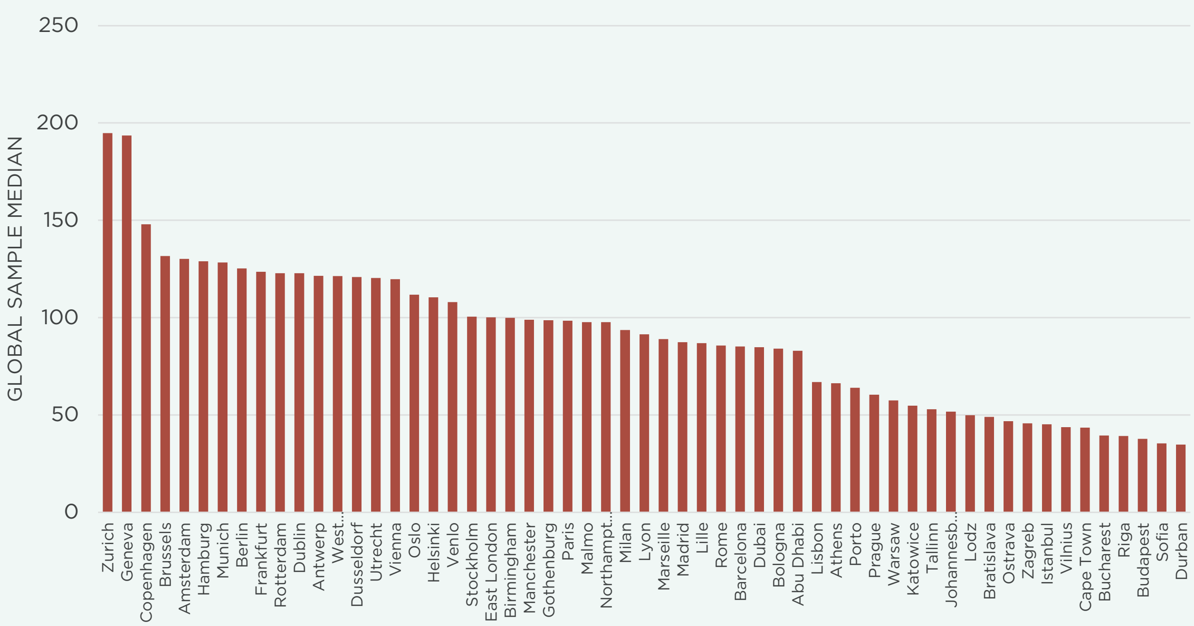
Source: Economic Research Institute, Cushman & Wakefield Research

APAC



Source: Economic Research Institute, Cushman & Wakefield Research

EMEA



Source: Economic Research Institute, Cushman & Wakefield Research

Electricity Costs

Access to energy is becoming a critical factor in occupiers' decision-making processes. The growing energy demands of modern warehouse operations—driven by automation, warehouse management systems, material handling equipment, and the shift to electric vehicle technologies—are increasing overall energy costs.

Electricity costs are highest in Europe, driven by many countries' reliance on imported gas to generate power, as well as regulatory taxes, and transmission and distribution costs. While prices have moderated in some countries, they remain above pre-pandemic levels.

Countries at the lower end of the price spectrum typically have access to primary fuels like gas and coal or investments in nuclear and renewable energy like wind, solar and hydro, which benefit from lower electricity costs.

The focus on securing energy with lower financial and environmental costs is shaping locational choices, even down to the asset level. Whether it be through greater proportions of renewables in the transmitted energy source mix or through the on-site creation of energy for individual use (such as solar PV on warehouse roofs), occupiers are looking closely at the type of energy available for individual sites as well as the cost and reliability of supply.

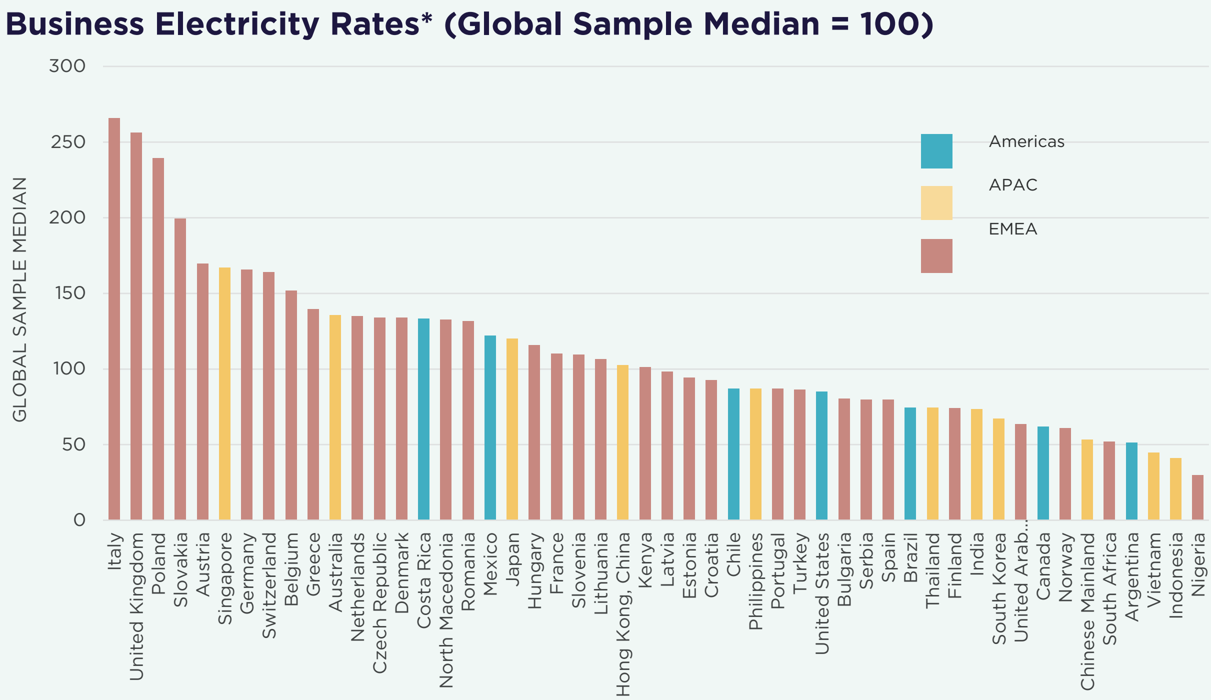
Business Electricity Rates (Global Sample Median = 100)

Region	Top Third	MiddleThird	Lower Third
Americas	114	74	52
APAC	127	72	46
EMEA	184	113	74
All	168	99	62

Source: GlobalPetrolPrices.com, Cushman & Wakefield Research analysis

63%

of European locations have business electricity prices above the global median



Source: GlobalPetrolPrices.com, Cushman & Wakefield Research analysis
** Data not available for Sweden & Ireland; Index based on 2023-2025 average price*

Global logistics and industrial market conditions

In our inaugural global survey of Cushman & Wakefield logistics and industrial market-facing colleagues, we gathered assessments of current and expected market conditions and indicators for over 120 locations worldwide.

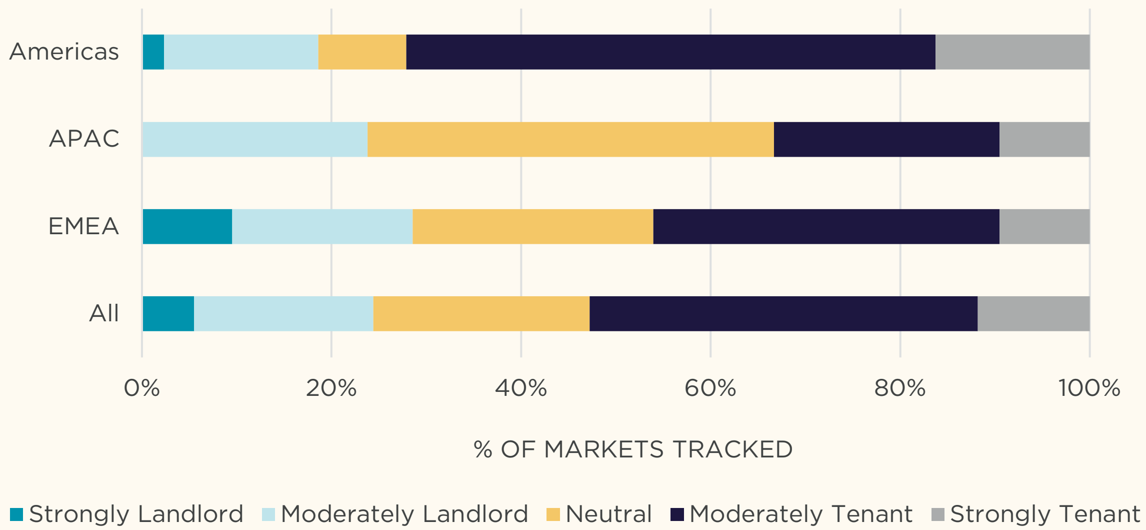
Current market conditions

Globally, **over half of the profiled markets are tenant-favourable**, driven by a recent slowdown in occupier demand, which has pressured landlords to secure deals. This trend is **most pronounced in the Americas, especially in the U.S.**, where declining occupier demand, along with a high volume of new space delivered or in the pipeline, allows tenants to negotiate favourable terms.

Only 25% of markets are landlord-favourable, with EMEA leading due to supply constraints, either from a lack of available land for delivery or developers' hesitation to launch new projects.

APAC offers more balanced conditions, with 43% of markets neutral, 24% favouring landlords and 33% favouring tenants. Rapidly expanding markets in India remain neutral as new supply keeps pace with healthy occupier demand. However, tighter vacancy and limited supply pipelines across Australia and Southeast Asia give landlords the upper hand. In contrast, the remainder of the region faces weaker demand or an influx of new supply, enhancing tenant leverage.

What is the overall condition of your overall industrial market today?



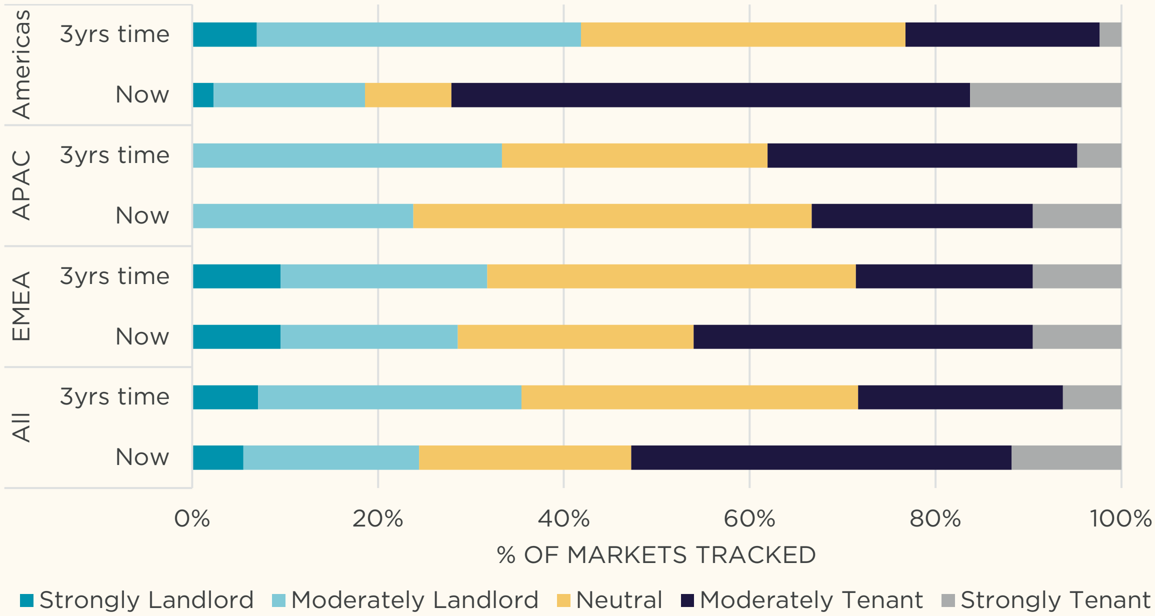
Source: Cushman & Wakefield Research

Expected market conditions in next three years

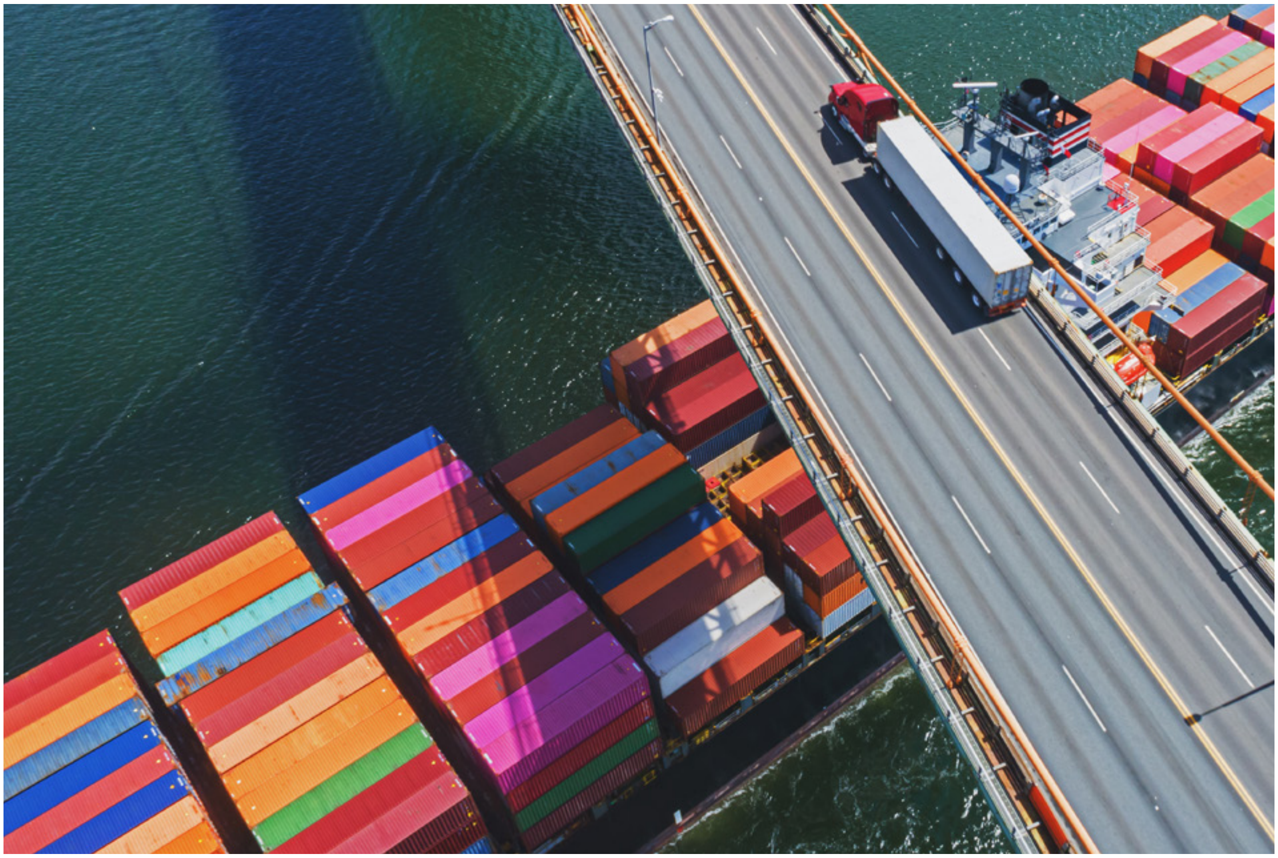
Globally, **the market is expected to shift toward neutral and landlord-favourable conditions, moving away from the current tenant-favourable trend**. In three years, market expectations are as follows:

- Only 28% of markets will remain tenant-favourable, down from the current 52%.
- Landlord-favourable markets will rise to 35%, compared to 24% now.
- Neutral market conditions will increase to 36%, up from 23% currently.

What do you expect the condition of your overall industrial market to be in three years (compared with conditions now)?



Source: Cushman & Wakefield Research



In the **Americas**, a major shift is expected **from the current tenant-favourable market conditions toward neutral and landlord-favourable positions**. Currently, 72% of markets are tenant-friendly, but this is expected to drop to 23% in three years. This shift is particularly pronounced in the U.S., where 19 of the 26 markets currently favouring tenants are expected to move to neutral or landlord-favourable conditions in the next three years. Landlord-favourable markets are expected to rise to 42%, compared to the current 19%.

In **EMEA**, around half of all markets expect a shift in market tenor. Similar to the Americas, a decline in tenant-favourable markets is expected over the next three years, with an increase in **landlord-favourable conditions**. Most markets (40% compared with 25% now) foresee neutral conditions, suggesting a more balanced position than in recent years.

In **APAC**, expectations differ from those in EMEA and the Americas. Over the next three years, the market is expected to **move away from a balanced, neutral position toward more polarising tenant- and landlord-favourable market conditions**. Neutral markets are expected to decline to 29% from the current 42%, while tenant-friendly markets are anticipated to grow to 38% from 33%. Similarly, landlord-favourable markets are expected to rise to 33%, up from 24% today.

Expected changes in vacancy

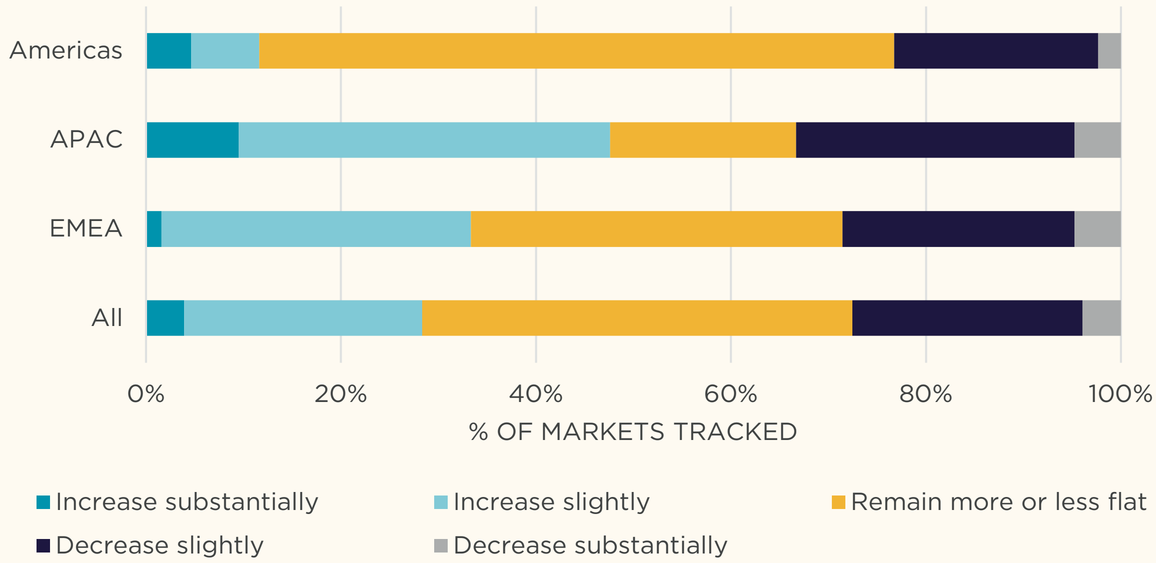
Globally, **around half of all markets expect vacancy rates to remain stable**, with 28% expecting an increase and another 28% expecting a decrease.

In the Americas, 65% of markets expect vacancy rates to stay stable, largely due to a balance between supply and demand. Just 12% of markets expect an increase in rates over the next five years, driven mainly by reduced occupier activity. In the U.S., this aligns with a slowdown in new space delivery. Conversely, 23% of markets expect vacancy rates to decline, influenced by limited supply and growing tenant activity. These markets are also largely expected to shift from tenant-friendly to neutral or landlord-favourable conditions.

In APAC, nearly half of the markets expect vacancy rates to increase in the next three years, often from a low base. This is primarily due to slowing occupier activity or excess new supply, corresponding with many markets becoming more tenant-friendly. Conversely, 33% of markets expect falling vacancy rates, driven by increasing occupier activity and a lack of new supply.

In EMEA, expectations for vacancy rate movements are balanced across the region. Stability is projected in 38% of markets, driven by balanced supply and demand. Around 33% expect vacancy rate increases, mostly due to slower occupier activity, with these areas likely to see tenant-friendly market conditions emerge. Declines in vacancy rates are expected in 29% of markets, where low supply and rising occupier activity are contributing factors. These markets are expected to move toward neutral or landlord-favourable market conditions in the next three years.

Over the next three years, what is the expectation for the change in vacancy rate in your overall industrial market?



Source: Cushman & Wakefield Research

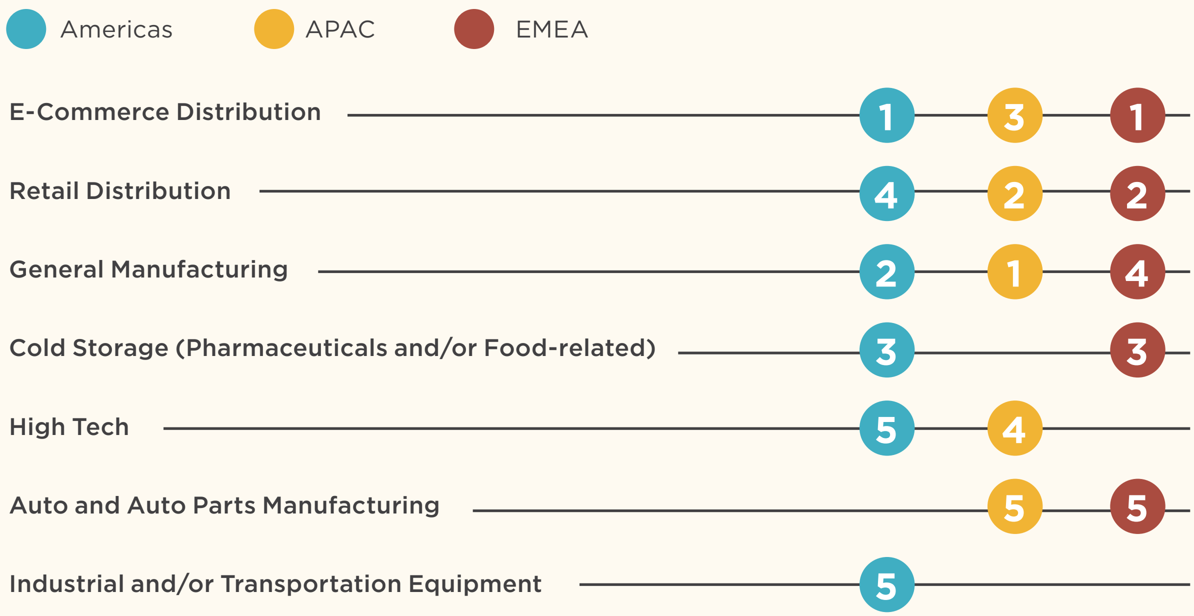
Expected drivers of demand

Across all regions, **e-commerce, retail distribution and general manufacturing** are consistently ranked as key drivers of market activity. With its broad scope of activities, general manufacturing remains a foundation for many industrial markets and is set to continue driving demand for logistics and industrial real estate.

Automotive manufacturing is identified as a significant driver of occupier demand in both EMEA and APAC. This includes demand not only for vehicle production and distribution but also for the supply of parts used in the production process and for after-sales care and maintenance. Meanwhile, **high-tech manufacturing** is expected to drive demand over the next three years across APAC and the Americas, particularly in the U.S. This trend reflects the growing demand for high-tech products like semiconductors, supported by specialised skills, established expertise ecosystems, and strong incentivisation programmes attracting investment in these sectors.

Cold storage is highlighted as an important contributor to demand in North America and EMEA. However, the relatively limited supply of cold storage facilities could pose challenges for securing these assets.

What industries do you expect to drive demand in your market over the next three years?
Top five drivers of demand by region, ranked one (top driver) through five



Source: Cushman & Wakefield Research

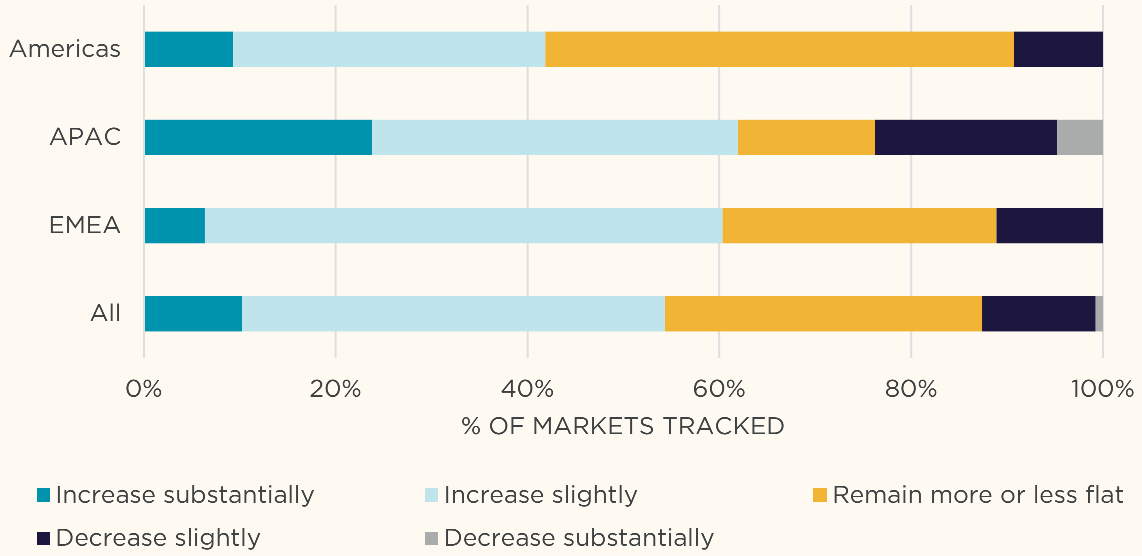
Expected rental growth

Globally, over half of all markets expect growth in logistics and industrial rental levels, while about a third anticipate rents to remain stable. Only 13% of markets foresee rental declines over the next three years.

For most markets predicting a drop in rental levels, factors such as **excess available space or weak occupier demand** are highlighted as primary causes. These conditions may compel landlords to lower prices to attract tenants. Some experts also point to a lack of quality space as a factor driving rental levels downward. Many of these markets have already experienced declining rents in 2024, and for some, even in 2023. Rising vacancy rates over the next three years are also expected in several of these areas.

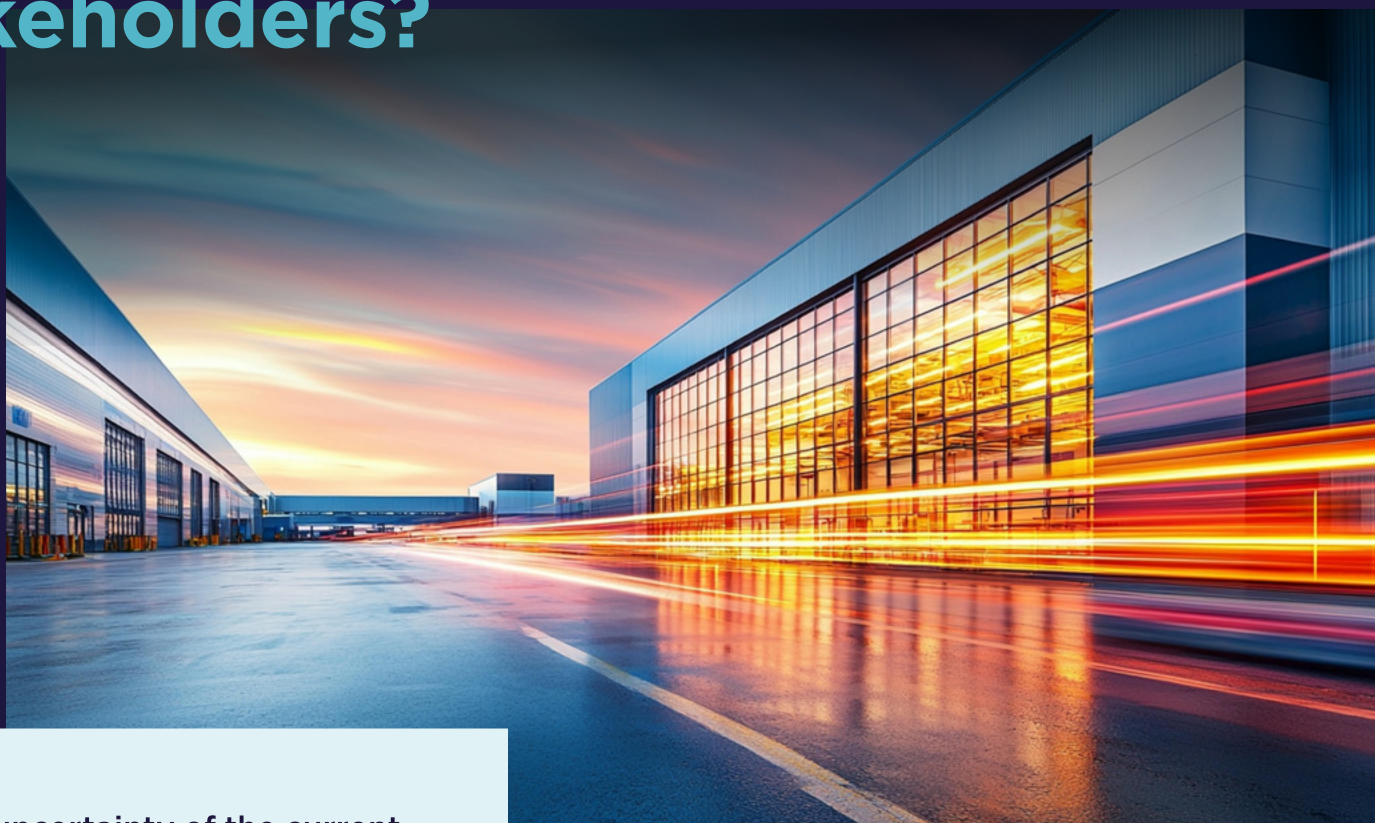
Conversely, markets anticipating **rental growth largely attribute the increase to strong occupier demand** driving pricing upward or **new supply entering the market and elevating the overall rental rates**. APAC is a key region in this regard, with 62% of markets projected to see rental growth. More than half of the experts in these markets emphasize the role of robust occupier demand in boosting rents, a sentiment echoed across the Americas. Similarly, in EMEA, where 60% of markets expect rising rental levels, new supply is frequently cited as the main factor driving higher asking rents.

Over the next three years, what is the expectation for asking rent growth in your overall industrial market?



Source: Cushman & Wakefield Research

What does this mean for real estate stakeholders?



The uncertainty of the current environment makes predicting trends in global logistics and industrial markets challenging. However, business investment decisions should focus on long-term strategies that can endure market cycles.

OCCUPIERS:

- **Leverage uncertainty to diversify and strengthen supply chains**, including reassessing location and real estate needs.
- **Act on "mission critical" sites now**, as tenant-friendly conditions are expected to shift soon. Secure current assets or plan for new facilities, particularly in markets where vacancy rates may tighten.
- **Prepare for rising real estate costs in the near term**, including higher rents and increased fit out and construction expenses due to fluctuating material costs.

INVESTORS AND LANDLORDS:

- **Understand the importance of your assets in tenants' supply chains** to align with their needs and ensure retention.
- **Existing assets may offer better risk-return profiles in the near term**, as construction material costs become more variable. In the short term, refurbishment projects may be more viable than new builds.
- As markets shift toward neutral or landlord-favourable conditions, **confidence in delivering new supply may grow**, provided costs remain manageable.

In the long term, **supply chain optimisation and sourcing diversification will remain key trends**. Countries with competitive costs and reliable trade links could benefit from these strategies, with intra-regional trade likely to grow. **Retail supply chain optimisation will remain a key driver**, as businesses balance both store-based and online channels. This is particularly relevant in emerging e-commerce markets and established markets that require efficient, high-volume product movement. **Success will depend on navigating near-term uncertainty with clarity of vision and purpose, while positioning strategically for long-term growth.**

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About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of $9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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