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Global Research | Highlights

# The future of global logistics real estate

Demand, decarbonization, digitization, design



# Introducing JLL's global logistics survey

The logistics sector is in the spotlight. It is witnessing truly impressive growth, with occupational and investor demand at record levels across the globe.

In response, JLL has launched its inaugural **survey on global logistics real estate** to test sentiment in the market and to gather fresh insights across a range of issues that could affect future occupier demand in this highly dynamic sector.

The survey, conducted in April 2021, was completed by 720 logistics experts in 43 countries and territories across JLL's global network.

The survey covers:

- demand by industry sector
- demand by building size requirements
- demand constraints and opportunities
- the future of urban logistics
- the adoption of sustainable practices
- the outlook for building design and technology
- the potential for cold storage
- and the impacts of supply chain realignment.



## Some of the key findings ...

# 1

### Bullish outlook for logistics demand



Sentiment about the fundamentals driving occupational demand is overwhelmingly positive. Our survey points to corporate demand for logistics space continuing to grow over the next three years, even compared with the elevated levels seen over recent years:

**74%**

of respondents expect **growth** (of more than 5%) in logistics demand over the next three years, including

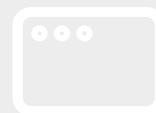
**28%**

that predict **significant growth** in logistics demand (over 20% higher).



# 2

## Broad-based demand from multiple sectors



E-commerce is universally expected to be the standout growth driver:

**71%** anticipate demand from **e-commerce to be significantly higher** over the next three years.

While JLL's industry leaders expect the e-commerce sector to drive demand, growth across the globe is predicted to be broad-based:

**70% +** expect further growth in demand from the **Express & Parcel Delivery, Third-Party Logistics, Healthcare & Life Sciences and Construction & Materials** sectors.





# 3

## Land supply constraining demand



Developers are struggling to secure suitable development land and planning permission for logistics facilities in many markets globally and leasing decisions are being put on hold due to a lack of the right space.

These concerns are strongly echoed in our survey:

**43%** of respondents consider **‘limited availability of entitled land’** as the number one constraint on occupier demand.

**36%** see a **‘lack of available speculative buildings’** to be the main constraint.





# 4

## The journey to decarbonization



While sustainability is rightly considered an increasingly important element of supply chains and logistics real estate, our survey shows that concrete action and sustainable solutions currently play a limited role in driving occupier decision-making. But Europe is signaling the direction of travel.

**40%** of respondents **in Europe** observe that some occupiers are already **taking significant action**.

Our survey also highlights that the sustainability agenda in the logistics sector will be driven by those elements offering the highest potential cost savings:

**73%** identify **improving energy efficiency** as the highest sustainability priority, ahead of other priorities by a significant margin.



# 5

## Technology transforming design and operations



Implementation of technologies that enable companies to improve efficiency, provide greater operational flexibility and increase the speed of supply chains are helping to shape how modern, high-specification logistics facilities are designed.

Our survey respondents identify smart technologies and automation and robotics as having the greatest impact on warehouse design and operations over the next five years:

**58%** expect **smart technologies** to be very important for building design.

**49%** expect the **use of automation and robotics** to be very important.

Investing in automation and robotics is seen to be the first choice to improve supply chains:

**90%** agree or strongly agree that **automation and robotics** will have a high impact on supply chains.

Given the recent disruption to the global supply chains, there is also an urgent need to increase transparency in the flow of goods across regions through increasing digitization:

**87%** of respondents anticipate **increasing digitization of supply chains**.

For more information on JLL's Global Logistics Survey or how JLL can help you in your decision-making, please reach out to one of JLL's business experts or specialist research professionals.



## JLL global logistics and industrial team

JLL's Logistics and Industrial team covers the full breadth of the market and can support you invest in, develop, lease, and manage industrial property, as well as develop supply chain strategies. To find out more how we can advise on industrial real estate leasing and investment deals, please contact us.

### Americas

#### **Craig S. Meyer, SIOR**

President – Industrial & Logistics,  
Americas  
Chair, Global Industrial Board  
craig.meyer@am.jll.com

### Europe, Middle East and Africa

#### **Guy Gueirard**

EMEA Logistics Lead  
Global Lead, Logistics Occupier  
guy.gueirard@eu.jll.com

### Asia Pacific

#### **Tom Woolhouse**

Head of Logistics & Industrial  
Asia Pacific  
tom.woolhouse@ap.jll.com

### Richard H. Thompson

International Director,  
Supply Chain & Logistics Solutions  
rich.thompson@am.jll.com

### Patrick Remords

Head of Supply Chain &  
Logistics Solutions, France  
patrick.remords@eu.jll.com

### Michael Ignatiadis

Head of Supply Chain &  
Logistics Solutions  
michael.ignatiadis@ap.jll.com

## JLL global logistics research team

### Americas

#### **Mehtab Randhawa**

Raleigh, U.S.  
mehtab.randhawa@am.jll.com

### Middle East and North Africa

#### **Zenah Al-Saraeji**

Dubai  
zenah.alsaraeji@eu.jll.com

### Global

#### **Jeremy Kelly**

London  
jeremy.kelly@eu.jll.com

### Asia Pacific

#### **Peter Guevarra**

Singapore  
peter.guevarra@ap.jll.com

### Sub-Saharan Africa

#### **Michael Scott**

Johannesburg  
michaelc.scott@eu.jll.com

### Matthew McAuley

London  
matthew.mcauley@eu.jll.com

### Europe

#### **Jon Sleeman**

London  
jon.sleeman@eu.jll.com

### Rupert Davies

London  
rupert.davies@eu.jll.com

### Alexandra Tornow

Frankfurt  
alexandra.tornow@eu.jll.com

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### About JLL Research

JLL's research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 450 global research professionals track and analyze economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fueled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

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