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# SIOR Europe Members Sentiment Report

March 2026

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## Purpose and Methods

The aim of this Report is to capture the prevailing sentiment of a representative cross-section of SIOR members across Europe in the early months of 2026 in respect to how Environmental, Social and Governance ('ESG') issues affect members' day-to-day professional work as well as members' impressions on Artificial Intelligence ('AI') and its application to real estate.

The period is characterised by structural transformation within the real estate sector, driven by evolving ESG requirements and the initial integration of AI into professional practice.

Drawing on qualitative insights from market participants, the research provides a concise assessment of current trading conditions, while also examining the shifting skill sets, client expectations and operational frameworks shaping the day-to-day realities of European real estate professionals.



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## Executive Summary

- European office markets show resilient optimism. High-quality assets continue to outperform, while investment activity remains constrained by elevated borrowing costs and restricted liquidity. This is accelerating a pronounced flight to quality, with prime, future-proofed buildings attracting demand and weaker stock facing rising reletting and liquidity risks.
- Industrial and logistics markets remain a relative bright spot, supported by persistent supply shortages, though delivery is increasingly challenged by planning delays, construction cost inflation, and in some regions power-grid constraints. These frictions are widening the divide between modern, compliant assets and those struggling to transition.
- ESG has shifted from a reputational consideration to a practical gatekeeper for financing, leasing, and long-term viability. Yet members report ongoing uncertainty, concerns about 'certification theatre', and difficulties evidencing clear pricing impacts. Non-compliant buildings already face heightened exit risk.
- Digital transformation adds a second layer of structural change. Early adopters of AI are gaining efficiency advantages, while uneven capability, limited data transparency, and concerns about credibility and governance continue to shape adoption patterns.
- Across the continent, the evidence points to a two- or three-speed market where asset quality, compliance, and digital capability increasingly determine performance. SIOR members who combine ESG transparency, AI-enabled efficiency, and strong professional judgement will be best positioned to navigate and outperform in this evolving landscape.

## Background

In December 2025 the University of the Built Environment were instructed by SIOR to undertake a review of sentiment of SIOR's European Members. This took the form of an online questionnaire that was available to all European Members, complemented by structured interviews with a selection of members who had volunteered to participate.

The objective was to provide a distinctive market sentiment report for SIOR Europe that went beyond traditional metrics (e.g. supply, demand, rents) and instead captured the evolving professional sentiment, career outlook, and industry transformation across the European real estate sector. The research focused on two key contemporary issues, namely how ESG affects members' day-to-day professional work as well as members' impressions on AI and its application to real estate. Therefore, the structured interviews were intended to understand both industry attitudes and market structure, rather than to act as a basic measure of current market conditions.

## Main Research Findings

European real estate markets are undergoing a dual transformation shaped by the accelerating (if uneven) adoption of AI and the intensifying pressures of ESG compliance. While sentiment across the continent remains generally optimistic, progress toward modernisation is advancing at distinct speeds.

Regional disparities are being driven by differing regulatory frameworks, variations in financing conditions, and uneven access to reliable data.

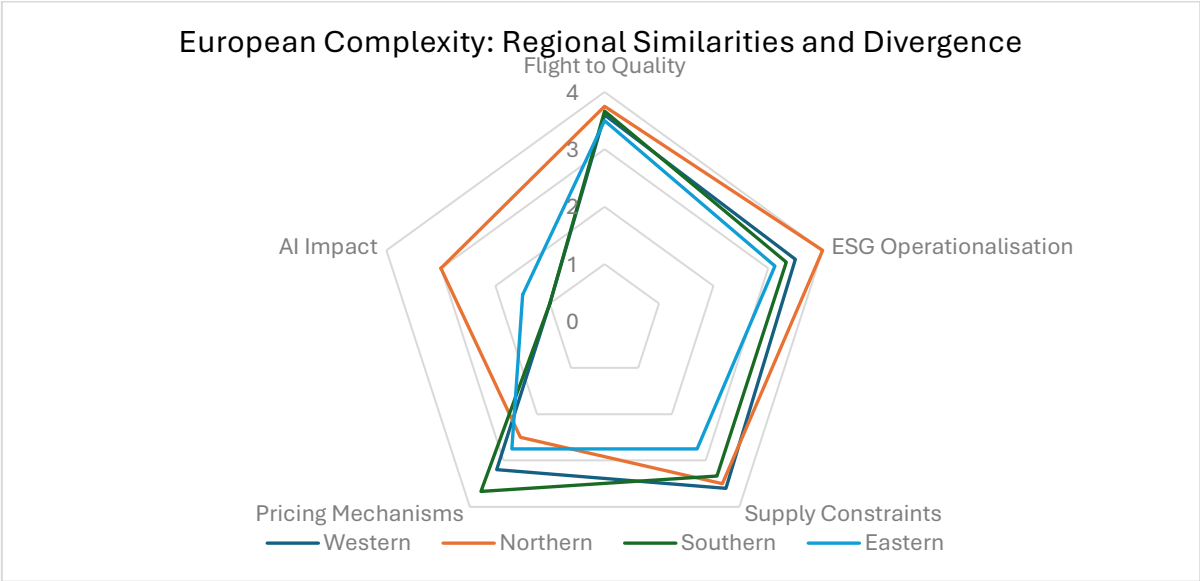


Figure 1

Across Europe, the ESG and quality imperative has become a defining market force. A pronounced flight to quality continues to reshape investment and occupational decisions, though motivations vary by location. In the UK and Northern Europe, tightening EPC1 requirements are creating new operational and capital planning challenges. Western Europe—especially Paris and Switzerland—faces deeply entrenched supply constraints due to complex planning regimes. These pressures magnify stranded asset risk, particularly in Southern and Eastern Europe, where significant volumes of secondary stock are being repositioned to Grade A in an effort to preserve liquidity. Markets such as France and Luxembourg often treat high quality ESG audits as essential to institutional capital and lending, further sharpening the divide between compliant and sub compliant assets. At the same time, European markets are grappling with a widening AI and digital divide. London, Poland, and Latvia are firmly positioned as early adopters, integrating AI into core workflows such as occupier analytics, underwriting support, and routine operational processes. In contrast, major markets in Western and Southern Europe (including Italy, Switzerland, and Ireland) remain cautious, prioritising traditional market fundamentals and deal structures over digital transformation. This divergence is underscored by a shared concern across all regions: the reputational and operational risks associated with unverified AI outputs. These risks highlight the need for stronger governance protocols and structured oversight as adoption deepens.

Further influencing performance are supply and operational constraints and these continue to shape resilience across the continent. Energy grid limitations restrict logistics expansion in the UK and Northern Europe, while Northern Italy is contending with less visible (but equally material) planning obstacles such as archaeological requirements and ground risk due diligence. In Romania and Bulgaria, escalating

<sup>1</sup> Energy Performance Certificates

construction costs and land inflation mean only highly disciplined, high specification developments remain feasible. Meanwhile, capability gaps are widening. Smaller firms, particularly in Central and Eastern Europe, struggle to match the analytical and technological resources of larger institutional platforms.

Current sentiment reflects a continent progressing at distinct speeds. The Northern Core, supported by pan European capital, is emerging as the vanguard of transformation, where rapid AI integration and disciplined ESG screening increasingly shape investment and leasing decisions. Western and Southern Europe, though moving steadily, remain structurally anchored by established planning systems, traditional leasing conventions, and complex pricing structures that materially influence net effective outcomes. Eastern European markets are in a phase of institutional maturation, working to consolidate Class A standards, strengthen governance frameworks, and manage rising cost feasibility pressures as they align with broader European expectations.

Across all regions, a consistent risk is becoming increasingly visible: a widening liquidity gap affecting sub-compliant and potentially stranded assets. These dynamics underscore that a fully integrated pan European market, while aspirational, remains constrained by local market realities. Performance, risk, and capital allocation continue to be shaped by region specific regulatory environments, capital structures, and occupational behaviours, necessitating advisory strategies that are both calibrated and market specific.

### Market Outlook: Drivers, Constraints, & Opportunities

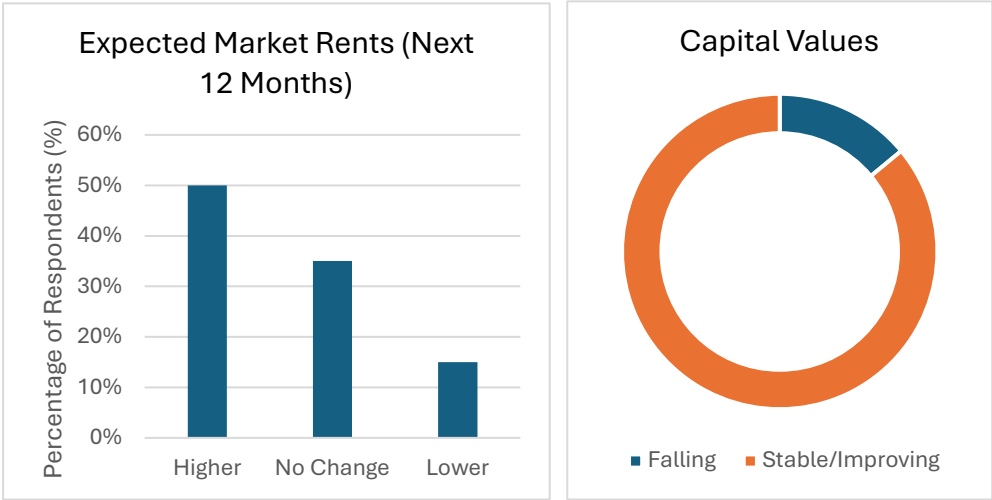
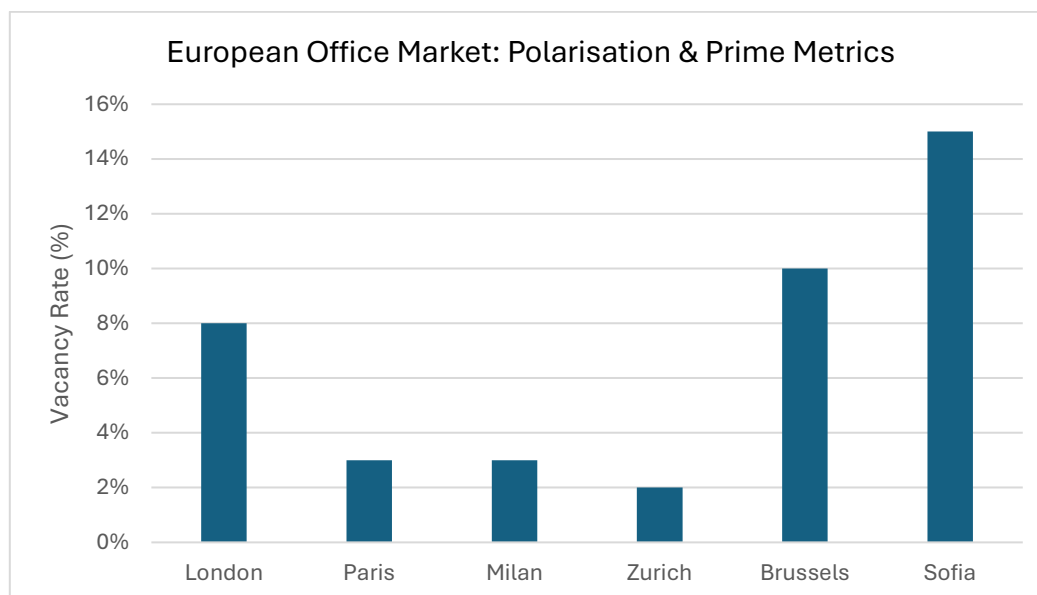


Figure 2

In general, members expect that offices' capital values will be stable or slightly improving over the next 12 months, with only 14% of survey respondents expecting values to fall. This matches feelings regarding market rents, with 50% of answers expecting rents to be higher, 35% expecting no change and 15% expecting lower rents. This aligns with the interview results, that most members are optimistic, although this is not uniform across all markets.

## Offices: An Increasingly Multi-Tier Europe



**Figure 3**

The most consistent pattern in office markets is increasing polarisation. Demand had concentrated in best-in-class buildings, while weaker stock is becoming progressively more difficult to sell, finance, or lease, despite being typically cheaper.

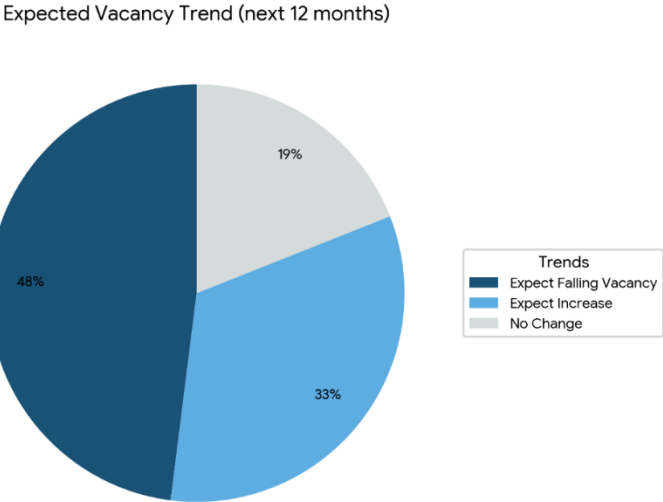
This phenomenon is demonstrated across a number of markets, many of which have seen a structural shift away from Grade B buildings (with poor ESG characteristics) towards Grade A in the years since the COVID-19 pandemic. There are widescale return-to-office strategies and efforts by employers to attract staff that are often reasons for concentrated demand, and this is particularly evidence in central **London** where rental growth is further driven by limited supply of high-quality space and by restrictive planning laws.

**Paris** demonstrates a related pattern that is characteristically European. Demand varies sharply by building age and specification rather than by a single city-wide trend. The central business district is tight, with vacancy below 3% and limited availability of modern space. Headline rents typically range from about €600–700 per sq m, with occasional transactions above €1,000 per sq m for top-tier properties. The ‘flight to quality’ therefore reflects constrained deliverability and the historic composition of the stock as much as hybrid working or return-to-office policies.

**Brussels** demonstrates that high vacancy can coexist with a shortage of suitable space. Many buildings require refurbishment, but lengthy permitting processes and risk-averse development behaviour slow new supply. New buildings may require a proportion of pre-leases in place before development can proceed, however. Similarly, **Sofia** demonstrates rental growth despite high vacancy rates, which remain above pre-pandemic levels. New supply continues to be absorbed. Another tight, yet structurally constrained market is **Zurich**. Here office vacancy is low, and rents are seen as mostly stable or rising. The city’s urban form limits the availability of modern offices with large floorplates.

In Southern Europe’s prime office markets there is again often a pronounced flight to quality. For example, in **Milan** Grade A vacancy is at approximately 3%, and new-build headline rents reported at around €700 per sq m per annum. However, headline strength masks more nuanced pricing dynamics. Incentives—commonly around 12 months rent-free—play a central role in shaping net effective outcomes.

Survey responses reinforce these patterns. Reported office vacancy rates cluster around a median of roughly 8.5% (but ranging from 3–15% across the sample). Over the next year, respondents slightly favour tightening in offices: 48% expect vacancy to fall, 33% expect an increase, and 19% no change.



*Figure 4*

Overall, the evidence suggests that European property markets are increasingly defined by asset quality, with tenants looking to pay premium prices for the best accommodation. Rents appear to be mostly stable or rising in cities regarding of the vacancy level, and there is still room for new product, however the supply pipeline can be affected by urban structure, together with lengthy planning and permitting process. Poorer grade buildings form much of the vacant stock.

### **Industrial & Logistics: Scarcity with Flexibility Pressures**

The Industrial and logistics sentiment remains positive, but two common stress points emerged from the structured interviews: on the one hand occupiers are increasingly demanding lease flexibility due to market uncertainty, while on the other is new supply, with some markets reporting that costs rise faster than rents, putting pressure on delivery of stock. That said, the sector continues to benefit from underlying occupier demand and constrained supply, even if the nature of the constraint varies materially between countries. In several locations the issue is not the inability to develop, but the weakening economics of development and changing occupier behaviour.

Analysis of the survey results suggests sentiment towards capital values is mostly more positive than towards rental growth with a large majority expecting capital values to rise over the next 12 months. Industrial and logistics vacancy averages about 5% (but with a wide range from 2–15%). Rental expectations are instead mixed with roughly similar responses forecasting growth or stability, with a minority expecting a decline in their markets. This sector should therefore not be viewed as a single homogeneous European asset class. Local market structures determine value and investment or developer risk, in particular local leasing practices, construction economics and occupier expectations.

In Southern Europe, the **Italian** industrial and logistics market has come to the end of a multi-year expansion and has entered a phase of stabilisation. Rents are mostly steady, however incentives, in particular rent-free periods, have slightly increased. Vacancy is low with the delivery of new stock cited as a main reason. New development can be difficult to a lengthy planning process. The industrial and logistics sector in **Greece** is currently characterised by good demand but a limited supply of modern stock. Increasingly larger occupiers require bespoke developments, which is encouraging the redevelopment of older obsolete manufacturing buildings.

In Western Europe, in **Germany**, there is a notable structural shift observed. Industrial and Logistics lease agreements are signed for shorter lengths than historically. Market participants attribute this to economic uncertainty which is making occupiers more cautious and which forces landlords to adapt their leasing strategies.

In Eastern Europe the research showed that **Romanian** rents have grown over the past three to four years, however construction cost inflation has exceeded rental growth, and this has reduced development viability. The market risk is therefore thought to be through a feared contraction in demand (which may happen if consumption weakens).

Northern Europe's industrial and logistics sector is defined by infrastructure scarcity, in particular in the **UK**, with grid capacity now acting as the dominant constraint on supply and a key determinant of asset value. This has intensified the flight to quality, favouring ESG-compliant, energy-resilient buildings designed to support labour-intensive operations. The region's risk profile is increasingly shaped by connection-certainty, creating a growing gap between modern, power-secure stock and legacy assets.

## Market Constraints – Both Sectors

After analysing the structured interviews, three clear issues emerged across **European Industrial and Logistics Markets**, albeit to varying degrees and in different combinations:

- **planning and permitting delays;**
- **cautious financing and pre-let requirements;**
- **limited availability of genuinely prime, compliant stock.**

For Western Europe, **Brussels** is possibly the clearest example of the drag from planning and permitting delays slowing down renewal and as such absorption even when the local strategic direction, i.e. upgrade and redevelopment of existing stock is obvious. In both **Paris** and **London** planning policy and the physical nature of stock further representing Western Europe respectively Northern Europe, limits the ability to create new prime product quickly, despite the large availability of capital. Faster permitting is important, but according to interviews clearer compliance pathways (for example for ESG issues) and practical mechanisms that enable refurbishment would also improve the market.

The interviews also imply that better transparency and availability of data would benefit less transparent markets, and could allow more meaningful use of AI, rather than markets being driven by incomplete comparables, anecdotes and patchy comparable transactions.

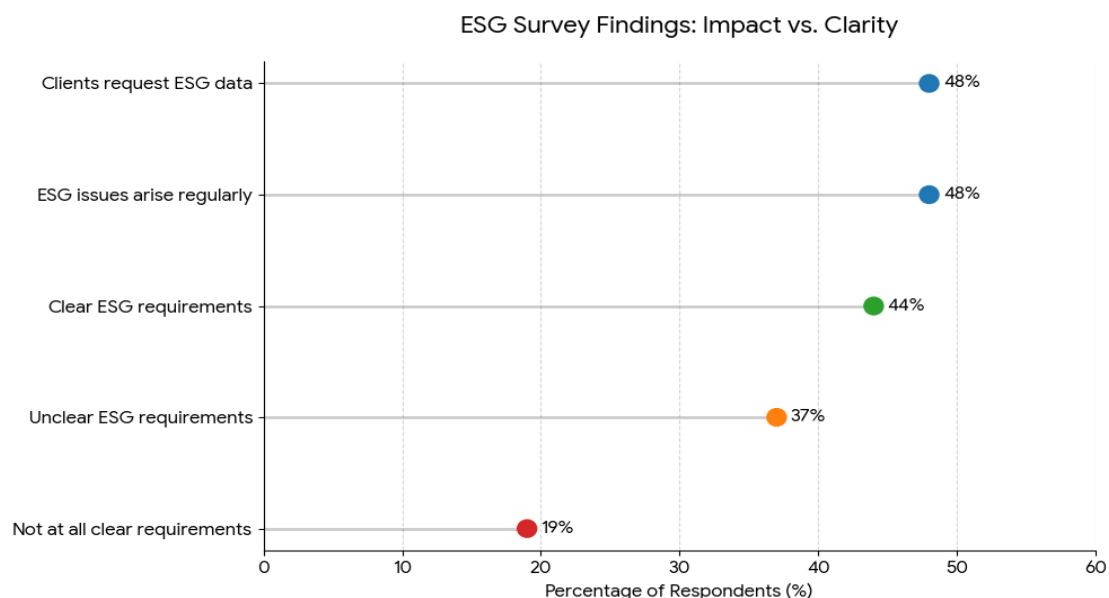
## ESG in European Real Estate: Risks and Opportunities

The research examined ESG and how it affects the current work practices of SIOR members. The interviews suggest that ESG is not a pure ethical consideration but is instead a practical factor that influences occupier demand, access to finance, future flexibility and therefore liquidity.

Some SIOR members highlight a tension, however, particularly in smaller markets where ESG requirements are increasingly expected by landlords, tenants and investors, and where the financial benefits are difficult to evidence consistently. Most SIOR members report that players in their markets mostly agree on the direction of travel but differ on timing and pricing, still, there remain risks of delaying transition to fully ESG-compliant buildings and greenwashing.

Tenants who take space in low EPC rated buildings may find their ability to assign or sublet surplus space is limited due to regulatory restrictions (as expressed by one of the interviewees, a London office market specialist). Such an example in effect moves ESG from a capital-expenditure issue on behalf of a landlord to a tenant's exit risk. This is said to be not reflected sufficiently in valuation or leasing discussions.

The survey findings support the above points. Almost half (48%) of respondents state that ESG issues arise regularly in their day-to-day work while the same proportion state that clients more and more frequently request ESG data on potential properties. Expectations on ESG requirements remain partially defined, even if only 44% considering needs with regards to ESG are clear, with 37% unclear and 19% not at all clear. ESG is therefore influential and contentious at the same time.



*Figure 5*

### Western Europe: Compliance Pressure Meets Deliverability

Across the Western Europe region, SIOR members are typically reporting that ESG consideration increasingly drives market reality, having moved on from being reputational or compliance driven factors. In **Brussels**, ESG drivers are confronted with ageing office stock and a slow planning and permitting regime. Regardless, a large proportion of buildings require refurbishment to meet modern environmental standards. ESG targets, or regulations such as the EU Taxonomy are not likely to immediately translate into ESG delivery. The scale of required capital to bring obsolete buildings up to standard can be huge, especially without the ability for developers to execute redevelopment quickly.

ESG is well embedded within the market framework in **Paris**, in terms of quality and occupier demand. The CBD is characterised by a large proportion of converted or older buildings, where transition to sustainable stock is tempered by technical feasibility and cost as much as it is stimulated by end-user demand. This also creates market segmentation between assets that can be redeveloped and repositioned competitively with those which suffer from structural limitations.

In **Luxembourg**, a market dominated by institutional ownership and HQ occupiers, ESG compliance is almost always non-negotiable. Occupiers are often large public sector institutions or multi-national firms subject to corporate and regulatory governance. The market is smaller and less liquid with fewer transaction to signal price and performance, which limits the conclusions that can be drawn regarding premiums/discounts from ESG initiatives.

In **Switzerland**, the interviews highlight the local structural perspective. The national ownership and taxation environment facilitates longer-term holding periods encouraging best practice stewardship and sustainable asset management. Switzerland is not subject to the EU's ESG regulations and consequently

it is believed that tenant demand drives the shift to high ESG rated buildings. While it is difficult to find empirical evidence of ESG premiums, the country is small with only a handful of big players. They are noticeably reorienting their holdings towards Grade A stock through investing and upgrading while disposing of poorer quality buildings. Within the mid-market segment ESG is less of an issue, where landlords target price-sensitive tenants who are likely averse to spend on better quality space.

In the Western Europe region, sustainability outcomes are not only shaped by regulation, but also by market behaviour. Asset-owner strategies can be as important as regulatory compliance in determining portfolio sustainable performance.

### Northern Europe: ESG as a Baseline Expectation, with Finance and Talent as Enforcers

In the United Kingdom (**London**), several SIOR members commented that ESG issues are increasingly formed by the need to avoid functional obsolescence rather than securing a measurable green premium. Larger occupiers are reluctant to commit to substandard space (often due to future flexibility concerns as mentioned in the risks and opportunities section above), which fuels growth in the prime segment. ESG ratings are critical to marketability, especially as ESG regulatory requirements are expected to continue becoming more stringent.

The interview results reveal that markets of the Baltic nations (especially **Latvia**) ESG dynamics more closely mirror those seen in Nordic countries as market expectations are shaped by financing institutions who are often Scandinavian banks. The labour market also increasingly favours quality workplaces, with importance given more to the 'S' of ESG, i.e. prefer to work in an environment with high social characteristics. The result is that buildings that do not meet baseline sustainability expectations risk being excluded from initial consideration by market participants.

Across the region, the sentiment is that the financial sector plays the leading role in ESG adoption. Lenders are increasingly offering terms that encourage environmentally compliant developments. This is thought to have a 'pull' effect, possibly driving change faster than regulatory requirements.

### Southern Europe: ESG Drives Value-Creation in Grade A, but with Constraints

In **Greece**, SIOR members report that ESG is tied closely to the redevelopment and institutionalisation of the Grade A office sector. Market activity has concentrated on new and refurbished stock with recognised certifications, chiefly LEED and BREEAM. These certifications are supporting rental growth in the prime segment. Until recently the market has experienced a strong phase of expansion, nonetheless SIOR member belief is that momentum is now moderating. Some reasons are thought to be geopolitical uncertainty which has caused occupiers and investors to temporarily act more cautiously. Member sentiment is that ESG-upgrading will be an important indicator of quality, albeit one that will continue to operate in a market subject to broad macroeconomic risks and high ESG ratings may not fully insulate landlords from external pressures.

SIOR members in **Italy** cite that feasibility and planning constraints have the greatest effect on ESG transition. This is exemplified in the industrial and logistics sectors, where vacancy remains low and the market is stable, but there are lengthy delays in new stock. Local sentiment is that high quality properties will enjoy a scarcity value until these barriers can be overcome.

### Eastern Europe: Uneven ESG Demand

ESG adoption in Eastern Europe remains highly uneven. In several markets, SIOR members believe that ESG considerations are still treated as a procedural necessity rather than a driver of tenant or investor behaviour. This is more likely when the client base is smaller and/or more locally focussed. Furthermore, some members feel that ESG is secondary to economic factors. ESG issues are often a ‘tick box’ exercise and construction cost inflation with occupier demand dominate development decisions. Without a profit to be realised there would be no building at all. Unless lenders or occupiers (most likely only the larger multinationals) require high ESG standards sustainability will never be at the forefront of any deal. Further regional impediments include scale and market transparency. Here access to sufficient reliable data is cited as constraining the adoption of good ESG practice.

### The ESG Problem

On a pan-European basis, the interviews suggest that the next phase of ESG implementation will be less determined by new sustainability clauses in contracts or requirements for certification and more by the industry’s ability to turn incentives into actual tangible outcomes. In other words, progress will depend on demonstrating performance improvements rather impressive volumes of ESG compliance paperwork. Several respondents mentioned a potential ‘cliff’ in which assets that cannot be credibly repositioned towards high ESG compliance could become increasingly difficult to lease, finance or dispose regardless of income generation. Signs of asset stranding are already visible in some exit-risk considerations, meaning this could be higher in markets where lengthy planning and permitting process dampen renewal activity.

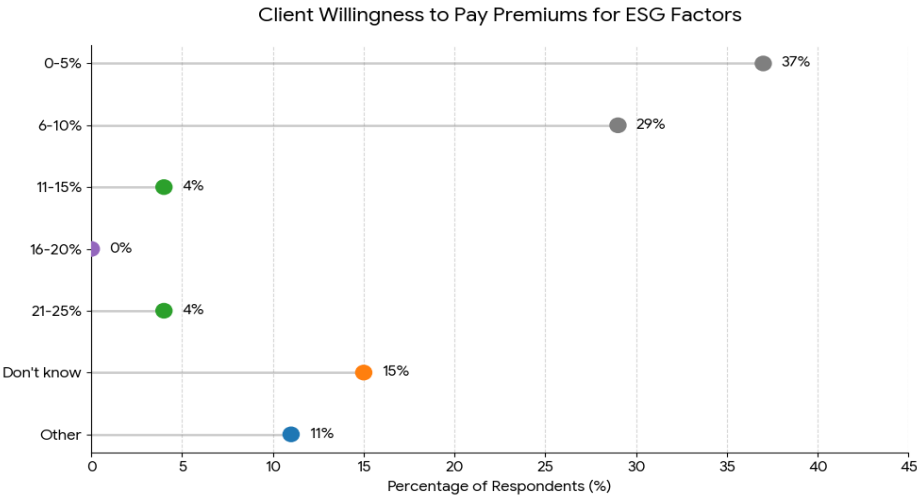


Figure 6

Although the financial markets of London and Paris mention high ESG ratings are necessary for their client base, most other survey respondents indicated that clients are willing to pay only modest premiums for assets with good ESG ratings. The majority (67%) selected any premium as being below 10% over poorer stock, with a sizeable proportion uncertain (15%). The conclusion then is that investors and occupiers see ESG compliance as important to retaining finance and remaining lettable, even if market player sentiment shows that it is difficult to translate this into clear rents or yield differential.

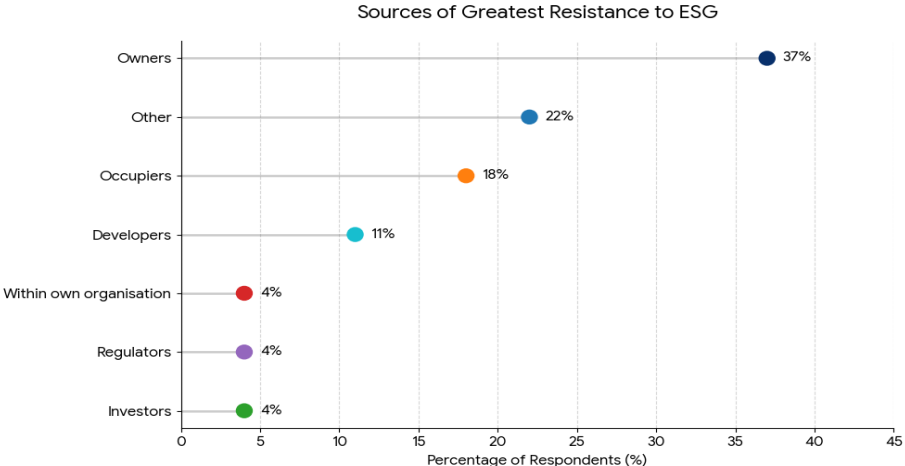


Figure 7

The survey sought to identify where SIOR members perceive the greatest resistance to ESG progress. The most frequent answer was asset owners (37%), followed by occupiers (19%), with 22% selecting 'other'. The remainder mentioned developers, regulators and internal organisational resistance. This can be explained through the example of green leases – there is a misalignment of incentives. Where ESG-related expenditure is viewed by a landlord as unrecoverable and by an occupier as a burden, any additional lease clauses require clearer indicators of cost and benefits or risk unsatisfactory outcomes. They should produce and return clearer operational information and work with lines of finance that reward performance rather than compliance.

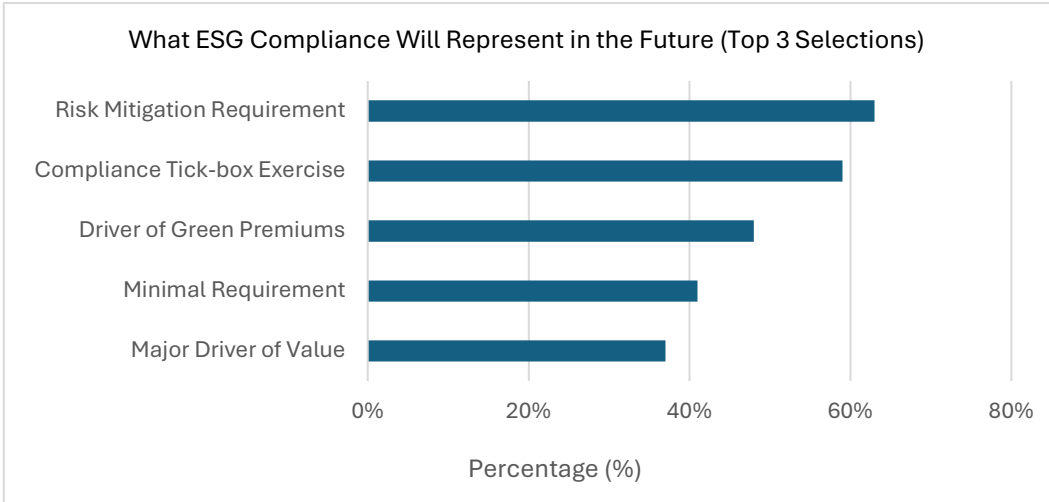


Figure 8

SIOR members hold views that are often contradictory, but this could be said to reflect a market in transition and one which covers numerous national, sector and city submarkets. When asked which three descriptions best capture what ESG compliance will represent in future, the most frequently selected was 'risk mitigation requirement' (63%), while selecting 'compliance tick-box exercise at a very similar rate (59%). Almost half selected 'driver of green premiums' (48%), a smaller number selected that ESG compliance will be a 'minimal requirement (41%), followed by 'major driver of value' (37%). This illustrates an industry where ESG expectations are embedding but where implementation is administratively burdensome and where it is difficult to link cost with measurable performance improvements.

On the whole, SIOR member sentiment is positive (although not strongly confident) on ESG's influence on the profession. On a scale of 1-5, survey respondents average positivity is 3.37. Responding to a follow-up question about confidence in advising clients, the average rate is 3.22. This could be evidence that ESG is accepted as a structural reality, but again uncertainty persists about how to translate client ESG requirements into decision-making advice.

## Artificial intelligence: Use, Opportunities & Threats

During the interviews respondents were asked about artificial intelligence and its current role in their day-to-day work. This was intended to start a discussion where the thoughts of SIOR members could be gauged. Are members using Artificial Intelligence (AI) currently? If so, then in what capacity? Are members optimistic on the implications that new advances in software capability or do they see this new phenomenon as a threat to industry jobs?

### How AI is Actually Being Used

The interviews indicate an uneven but increasingly practical adoption of AI across the industry. Many members report AI functioning as a tool to improve productivity. For brokers, this can mean creating promotional content, letters and emails, or even performing local market analysis. Most report that younger colleagues are often the most frequent users.

Several interviewees clearly highlight limitations and behavioural risks. Some are concerned that junior staff may be becoming too reliant on AI-generated output, and the members worry that traditional workplace skills, chiefly communication, will be lost. There is a broad belief that AI could disrupt routine professional tasks, reducing staffing needs in some areas as some members report that this job shift is already observable in some areas.

The online survey did not specifically ask respondents about AI use, but some aspects of the ESG related questions might be relevant. Many respondents mentioned frequent ESG compliance documentation demands as well as limited confidence and clarity regarding client ESG expectations. This naturally could be an area where automation through AI could help. Document-heavy or time-intensive tasks such as preparing client material or compliance-related content would benefit from automation.

Activities that require personal relationship building, human judgement or negotiation skills could remain less vulnerable to AI automation.

## Regional Differences: Transparency and Scale

A clear theme that emerged from the interviews is that local professional market structure influences the usefulness of AI. For example, in a smaller market in Eastern Europe like **Sofia**, where brokers 'know the city by heart' AI has currently little scope for adding value. Relationship-based knowledge and connection remain effective. Larger markets, such as in London, representative for Northern Europe scales create environments where AI tools do provide meaningful support. The contrast between markets highlights that AI adoption will not be uniform as evidenced by the cross-region analysis.

## AI's Most Practical Opportunities

The prevailing sentiment from participants is the AI's immediate benefits will be in streamlining tasks. Where tasks are document-heavy, prone to errors and repetitive, then AI can improve speed and consistency. A more strategic opportunity will be AI's potential to assimilate and standardise inconsistent information. This could mean converting market transaction data, building records, ESG data sets etc. into comparable searchable intelligence. On a wider scale, this could help significantly reduce friction across markets. Several interview participants pointed to the recent availability of professionally focussed tools that have been developed for the built environment. These tools move beyond generic outputs and support real structured analysis.

## The AI Risks that Could Shape SIOR's Future

The most commonly cited risks with AI are credibility loss, as clients can recognise low-effort AI-generated material and may question professional judgement; confidentiality breaches and the risk of sensitive information leaking through poor AI governance; and de-skilling, where over-reliance on automated output weakens core advisory, communication, and analytical skills. Several interviewees reported distaste at reading e-mails that were obviously AI-generated and would consider deleting without reading and they are reportedly less likely to engage with social media posts that are created with AI.

For member organisations such as SIOR, these risks present an opportunity where professional AI standards can be defined and promoted. Members can be positioned as professionals who use AI responsibly without compromising judgment or ethics, reinforcing trust in members who can differentiate themselves from others in an increasingly AI-mediated market.

## Conclusions

### Europe is not in a Single Market cycle; it is in a Quality Reset

Rents and values are concentrating in a narrow band of genuinely future-proofed assets, while much of the secondary stock is drifting toward illiquidity and stranding. This is not because tenants don't exist, but because compliance, exit risk, and deliverability block the path to renewal. It is possible that 'flight to quality' is structural, not cyclical.

### The Quiet Crisis in a Multi-Speed Built Environment

Unless planning delays shorten and finance conditions ease for retrofits, Europe will entrench a small pool of compliant, liquid assets and a much larger pool of stranded or semi-stranded buildings. Exit risks are already visible in leasing, and capital markets behaviour. Prime markets experience rising rents even while secondary vacancy persists, because demand concentrates on a narrower band of acceptable products.

### ESG is a Gatekeeper without a Price Book

Often ESG factors determine what can be leased, sold and financed however the industry cannot yet consistently translate all ESG features into comparable information. While some 'E' initiatives, such as energy saving, insulation or energy generation can be easily monetised there remains a gap with the 'S' and 'G' factors. There is an over-investment in certification without measured performance and cost-benefit alignment.

### Industrial & Logistics is Strong — but the Old Story is Cracking

The sector is supported by demand and scarcity; however, lease terms are often shortening in key markets. Developments are squeezed by cost inflation and occupiers increasingly require more flexibility. Survey responses provide a picture of conditional resilience, with SIOR members generally positioned between modest improvement and stability rather than expecting extreme outcomes.

### AI will Reward Judgment and Punish Performative Productivity

The real upside to AI is not 'automated brokerage' yet, but instead is workflow efficiency in document-heavy tasks. It also offers a potential strategic improvement from standardising multiple data points and source formats into comparable, searchable intelligence. The downside is that currently low-effort AI content erodes credibility, weak information governance leaks data, and over-reliance de-skills teams. In a reputation business, this can be disastrous.

### Confidence is Capped by Frictions, not by Lack of Capital

Optimism, even if cautious, coexists with financing hurdles, planning/permitting delays, and data opacity. Markets from Northern and Western Europe like London, Paris, Brussels, Zurich—and several Southern/Eastern European cities—show that even healthy demand cannot overcome slow deliverability and weak evidence standards. Liquidity follows clarity; right now, clarity is scarce.

# Appendices

## ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

“Environmental” covers both the organisation’s impact on the natural environment and the environment’s impact on the organisation, including climate change impacts, direct impacts (the organisation’s own activities) and indirect impacts (throughout its value chain, including suppliers and customers or investments).

### **Environmental issues include:**

Climate change, Biodiversity and nature loss, Greenhouse gas emissions, Resource use and circularity, Energy consumption, carbon footprints, Waste management and pollution, Land and water management, Environmental targets and disclosures, Net zero transition planning.

“Social” covers the organisation’s interactions with, responsibilities towards, and impacts on a range of stakeholders, including society at large.

### **Social issues include:**

Diversity, equity & inclusion (both at board-level and throughout the workforce), Fair pay policies, and ethnic and gender pay gaps, Health & safety, Workforce wellbeing (both physical and mental), Workplace policies, Culture within an organisation, Duties towards customers and consumers, Ethical procurement, Modern slavery, Human rights, Social or community projects and partnerships, Charitable giving.

“Governance” is the process by which decisions are made and implemented in an organisation. It covers the compliant and ethical conduct of an organisation’s activities and the controls in place for monitoring them, in line with the organisational purpose and enabled through effective decision making and oversight.

### **Governance issues include:**

Board oversight and boardroom dynamics, Adherence to governance codes and frameworks, Effective integration of ESG into strategy and operations, Internal controls, Data privacy and cyber security, Transparency and accuracy of reporting, Management of bribery, corruption and money laundering risk, Supply chain controls, Setting and applying organisational values, culture and purpose.

*Source: Chartered Governance Institute UK & Ireland*

## Institutional Profiles

**About SIOR** ([www.sior.com](http://www.sior.com))  **SIOR**<sup>®</sup> SOCIETY OF INDUSTRIAL AND OFFICE REALTORS<sup>®</sup>

The Society of Industrial and Office Realtors<sup>®</sup> (SIOR) is the leading global society for industrial and office real estate professionals. Individuals who earn their SIOR designation adhere to the highest levels of accountability and ethical standards. Only the industry's top professionals qualify for the SIOR designation. Today, there are more than 4,100 SIOR members across 52 countries.

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University of the Built Environment is the leading specialist education provider for the built environment sector, including construction, real estate, urban planning, architecture and sustainability.

Established in 1919, the University offers professionally accredited degrees, apprenticeships, and professional development courses. All programmes are delivered online apart from the master's in architecture, which is taught through studio-based learning at the institution's London School of Architecture.

Partnering with over 500 industry organisations, the University ensures strong graduate employability and delivers education aligned with sector needs. This collaboration and integrated academic portfolio prepare skilled professionals with the knowledge and leadership required to shape a sustainable and inclusive built world.

**About Holistic** (<https://holisticgroup.co.uk/>) **Holistic**

Holistic Group is a strategic communications and research consultancy specialised in real estate. An award-winning business, it manages the corporate reputation of organisations across the built environment sector, promotes development projects and undertakes market surveys and thematic research.