

Future Cities

# The Next Chapter: Retail and Logistics in Europe's e-commerce future

EUROPE

CBRE RESEARCH  
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CBRE



# Key findings

## 01

While **e-commerce sales volumes in Europe continue to rise**, and as of year-end 2025, were close to their 2021 peak, the **share of e-commerce** as a percentage of total retail sales has converged to **the pre-pandemic growth rate** in most major European markets.

## 02

There are three notable exceptions: **Spain, Poland, and Ireland have all seen significant e-commerce penetration growth**, with their rates currently standing well above the pre-pandemic trend. Various factors have influenced Spain's growth, such as the population's digital skills, highly developed 'Pick-Up and Drop-Off' (PUDO) point infrastructure, and rapid growth in 'Buy Now Pay Later' (BNPL) services.

## 03

**Grocery and Health & Beauty are the fastest growing e-commerce categories**, though growth in the former comes from a low base. Appliances & Electronics and Clothing & Footwear have reached high penetration rates, with a lower future growth rate expected in these categories.

## 04

In the **retail real estate sector**, the percentage of leased retail store space allocated to the stockroom will increase, as brands increasingly use physical stores to fulfil online orders. Brands will seek to bridge the gap between their in-store, website, and app experiences, leveraging improved data to enhance store performance. More retailers will begin charging for e-commerce returns to encourage returns in-store, which will lower overheads and drive footfall.

## 05

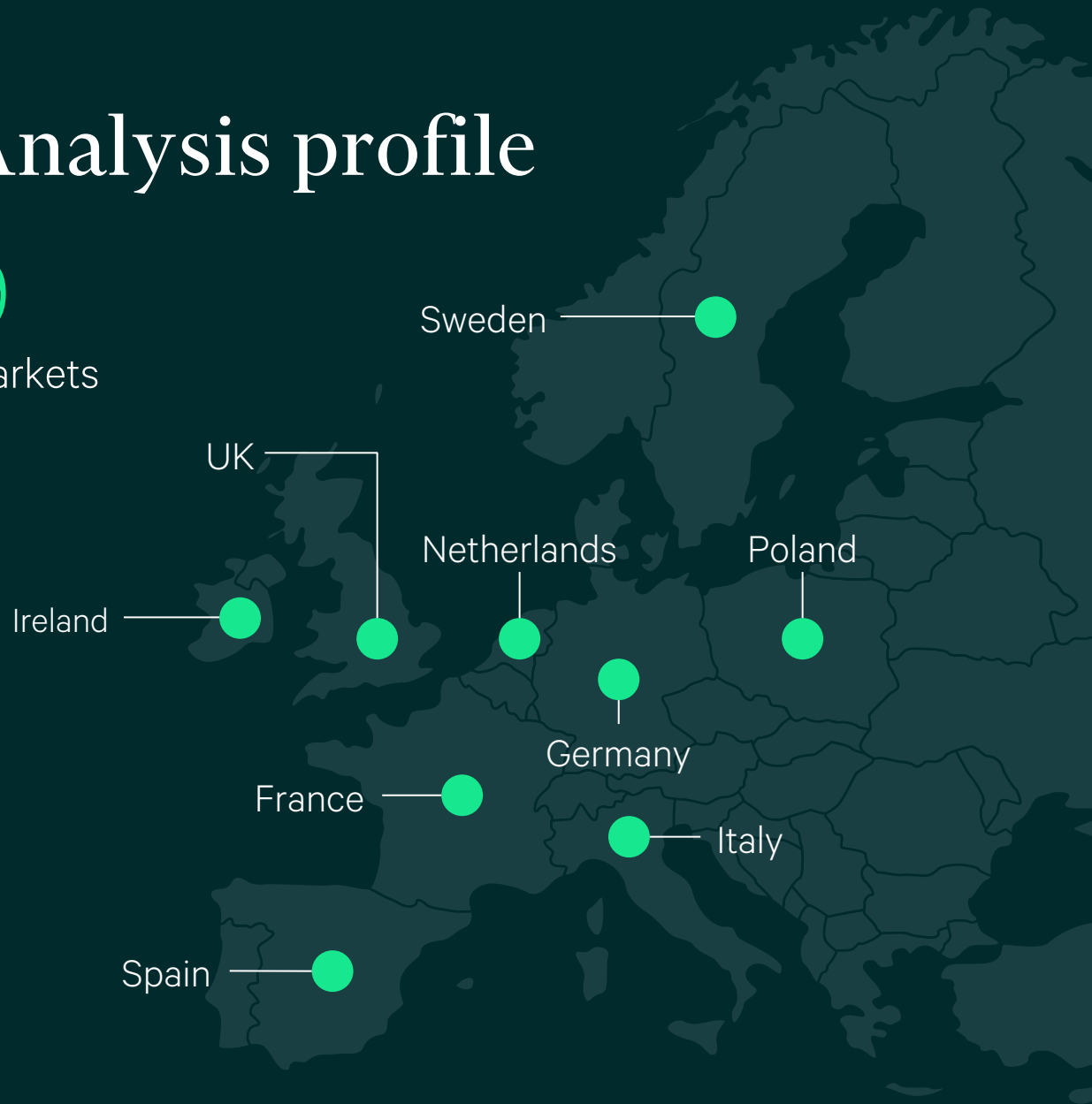
In the **logistics real estate sector**, e-commerce will continue to generate demand for space, but below the unprecedented levels seen during the pandemic. E-commerce-related take-up has increasingly shifted to third-party logistics companies (3PLs), as part of an ongoing trend towards the outsourcing and optimisation of distribution. Facilities serving online orders will focus on operational efficiency gains, favouring warehouses which enable automation and an optimised flow of goods and vehicles.



# Analysis profile

9

Markets



5 Goods Categories

- Appliances & Electronics
- Clothing & Footwear
- Grocery
- Health & Beauty
- Home & Garden



2 Real Estate Sectors

- Retail
- Industrial & Logistics

Note: CBRE's analysis in this report is based primarily on online and offline retail sales data from Euromonitor. The data covers goods sales and excludes online spending on services. While Euromonitor is not the only source CBRE uses when forming views on or forecasting e-commerce, it provides a useful comparable dataset across countries, at both an overall market and category level.

## European e-commerce spending still growing, dominated by key markets

European e-commerce spending continues to grow in constant price terms and now stands just 1% below the peak seen in 2021. The continued increase in online sales volumes is an important demand driver of logistics space due to the more intensive use of warehouse space for single picking of online orders compared with other retail channels.

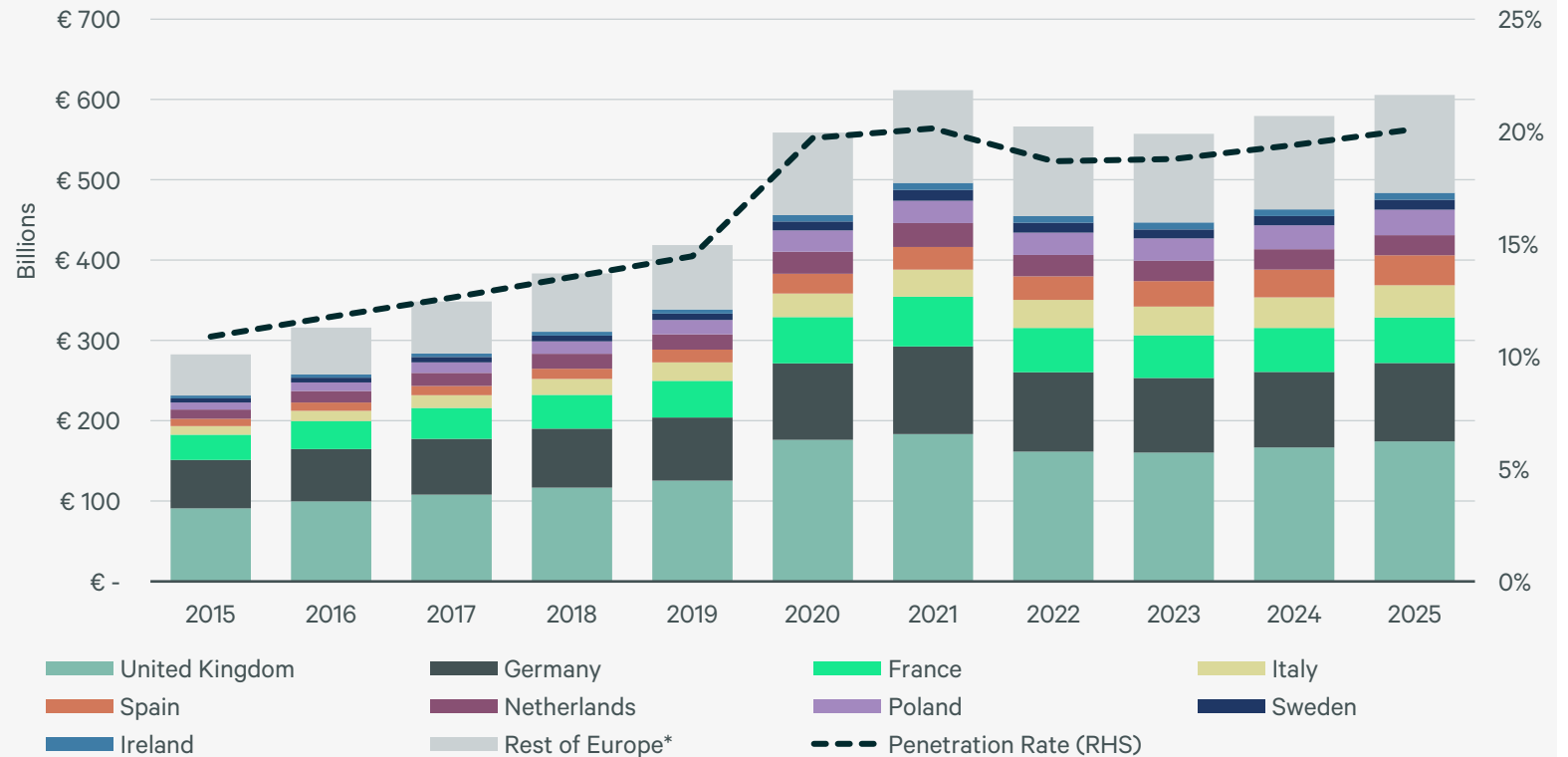
The UK, Germany, and France are Europe's largest e-commerce markets in terms of volumes, together accounting for over half of the continent's sales. Italy, Spain, the Netherlands, and Poland are also significant markets, each accounting for between 4% and 7% of the European total.

Sweden and Ireland are important growth markets, though they account for a smaller share each of approximately 1-2% of sales.

Over time, subtle shifts have emerged in the composition of European e-commerce sales. More mature markets such as the UK and Germany have seen a slight decline in their total share of the continent's spending, with less mature markets such as Italy and Spain seeing an increased share.

In line with other new technologies, online retail adoption follows an S-curve pattern. Early experimentation gives way to mass adoption and, finally, to market maturity. However, this natural progression was disrupted by the COVID-19 pandemic, which triggered a sharp and premature surge in online retail activity in 2020 and 2021, followed by a moderation in activity when physical stores reopened.

Figure 1: European e-commerce sales volumes (€bn, LHS) and overall European e-commerce penetration rate (% , RHS)



Note: Underlying data is in fixed 2025 exchange rates, and constant 2025 prices. Overall European e-commerce penetration rate is an average of the nine markets in the analysis, weighted by share of total e-commerce sales in each year. \*Rest of Europe excludes Turkey and Russia

Source: CBRE analysis of Euromonitor data

## Main markets' growth converges to trend

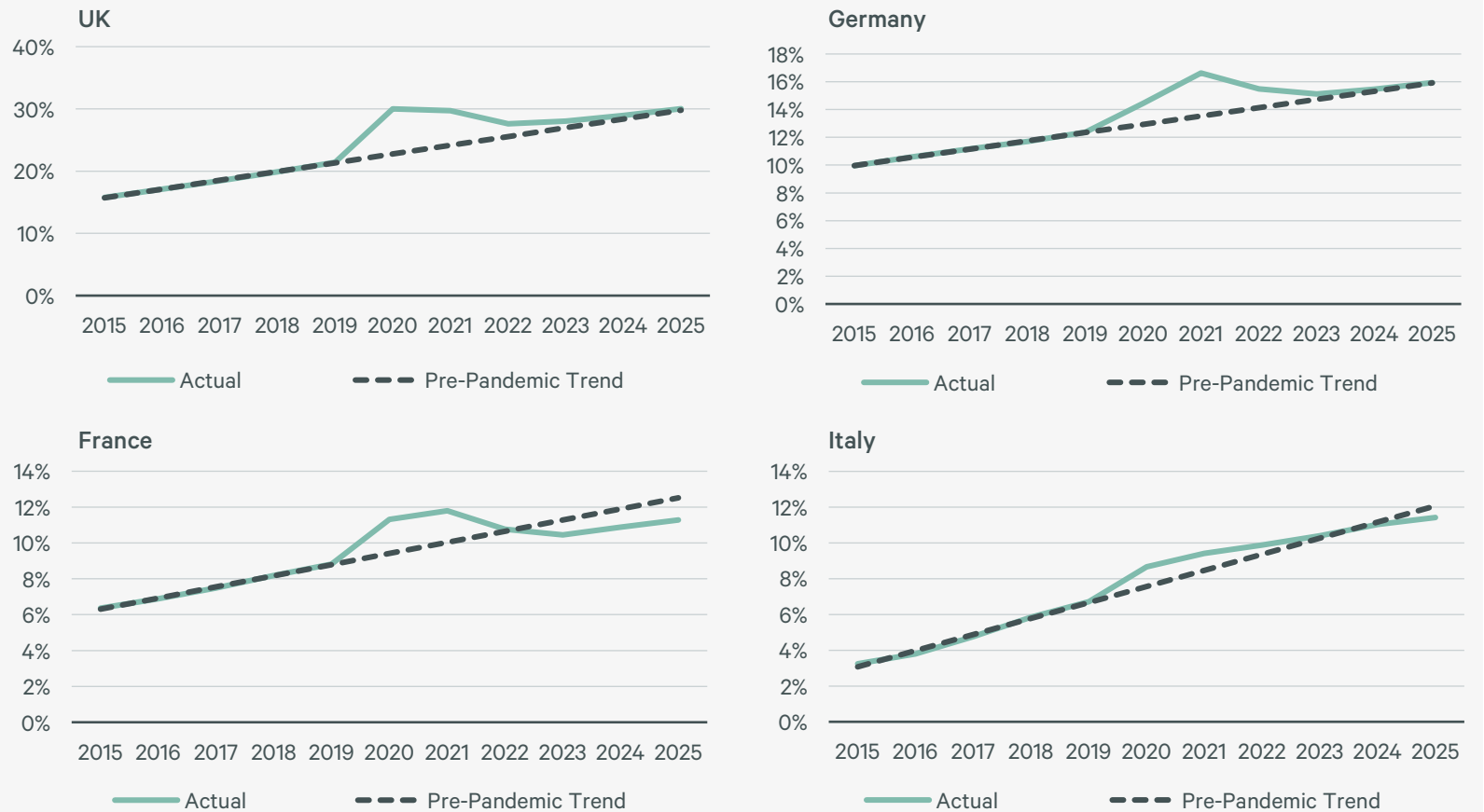
Following the COVID-19 disruption and the subsequent reversion to normality, Europe's key e-commerce markets are seeing their penetration rate (the percentage of total retail sales generated via the online channel) converge to their pre-pandemic trend. This is largely due to the more moderate growth seen since 2022, when lockdown restrictions ended. For much of the period since 2022, penetration rates were above the trend. France and Italy are notable exceptions, with penetration now just below trend.

The post-pandemic period has seen slower growth in the penetration rate than the pre-pandemic period, suggesting that the saturation point for each market is either lower than was assumed in previous years, or that it will take longer to reach. The lack of above-trend growth runs contrary to predictions made in prior years and potentially signals a move to a more mature part of the S-curve in more developed markets, such as the UK.

Owing to the large share of total spending they account for in Europe, the UK, Germany, France, and Italy are crucial consumer markets for online retailers. Movements in the share of online retail in these markets will have an outsized impact on the value of e-commerce sales in the region.

While further growth in e-commerce penetration is expected in all markets, growth will come at a more moderate rate than was seen in recent years.

Figure 2: E-commerce penetration rate and 2015-2019 trend (%)



Source: CBRE analysis of Euromonitor data

## Above-trend growth in three markets

Three markets in Europe stand out as having seen their e-commerce penetration rates grow above their pre-pandemic trend. **Spain, Poland, and Ireland** are outliers, seeing a lasting additional growth effect since the pandemic.



Spain and Poland in particular stand out as their e-commerce penetration rates are now materially higher than the peaks observed during the pandemic. Ireland meanwhile saw a surge during the pandemic, with little moderation thereafter. Its penetration rate has remained broadly flat since 2022.

While the above-trend growth in these markets may partially be attributed to a catch-up effect coming off a low base, markets such as France and Italy started from a similarly low base but have not seen the same sustained progress.

Each of these three markets therefore have unique factors that explain their evolution.

## Spotlight on: Spain

The Spanish population's [highly developed digital skills](#), ranking well above both the EU average and comparable economies, have contributed to the country's strong e-commerce growth. Rapid online adoption has also been seen among older users and those in rural areas, in a country with a historical cultural preference for physical retail.

Spain's **high internet penetration rate** has also helped. According to the latest available [World Bank data](#), 96% of the country's population uses the internet. This figure is significantly higher than nearby countries such as Portugal (88%), France, or Italy (both 89%).

According to a [report by Last Mile Experts](#), Spain has **the largest number of PUDO ('Pick-Up and Drop-Off' points)** of any country in Europe. PUDO points are retail locations, such as convenience stores, pharmacies, and newsagents, where customers can pick up parcels and drop off returns. The highly developed PUDO infrastructure increases customer convenience when shopping online.

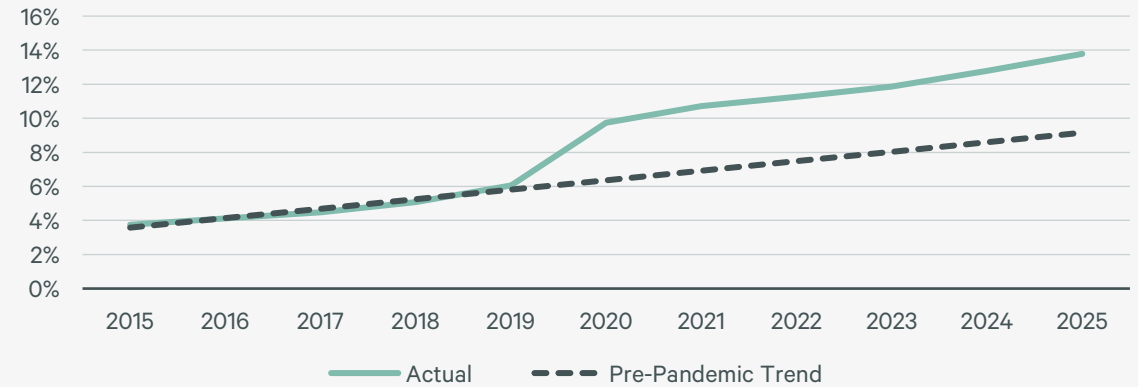
In addition, Spain has seen an **influx of consumers from countries with more developed e-commerce markets**. Data from the Ministry for Inclusion, Social Security, and Migration suggests that Spain's number of "digital nomads", foreigners who work remotely from anywhere in the world, [increased by 42% in 2024](#), and has grown fifteenfold over the past decade. While this will have acted to stimulate e-commerce, the affluence of these consumers would also benefit brick-and-mortar sales.

The country has also seen **rapid growth in 'Buy Now Pay Later' (BNPL)** services, such as those offered from PayPal, Klarna, or Scalapay. It is estimated that the BNPL market in Spain [grew by a CAGR of 26.7% between 2022 and 2025](#). However, the implementation of the [EU's CCD II directive](#) will increase regulation in this sector, mandating BNPL operators to assess a consumer's creditworthiness before lending.

Finally, Spain's largest publicly traded company by market capitalisation, the **Inditex group**, has been instrumental in advancing e-commerce in Spain. The company has been a pioneer in advanced just-in-time production, integrated logistics, and user experience. The group recently opened a new mega logistics hub in Zaragoza. Inditex's success has helped set a benchmark for other retailers to follow.

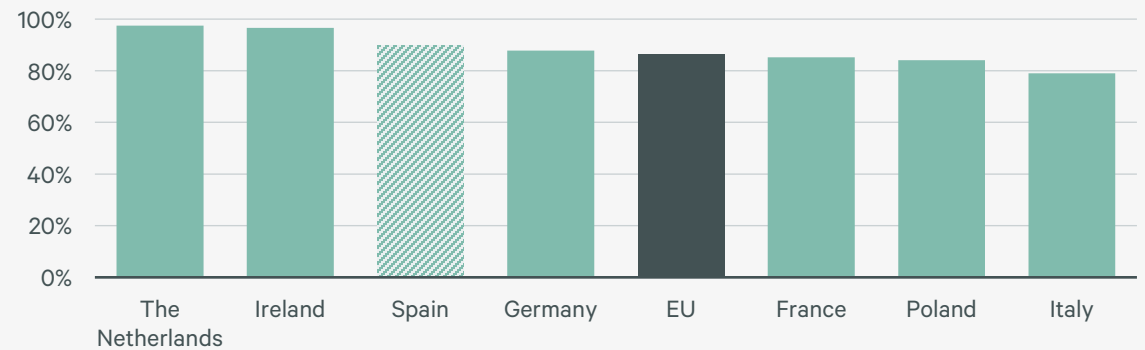
Despite above-trend growth, Spain's e-commerce penetration rate remains below that of many other large European economies, with the notable exceptions of Italy and France.

Figure 3: Spain e-commerce penetration rate and 2015-2019 trend



Source: CBRE analysis of Euromonitor data

Figure 4: Proportion of the population with basic or above basic information and data literacy skills



Source: Eurostat, CBRE Research

## Spotlight on: Poland

A key factor in rapid e-commerce growth in Poland has been a highly **developed parcel locker infrastructure**. According to a [report by Last Mile Experts](#), Poland boasts the most developed parcel locker infrastructure in Europe, in both absolute terms and on a per capita basis. The country has over 45,000 unique parcel lockers, defined as lockers available to only one carrier, with the second-biggest European market, France, trailing with around 17,500 lockers.

In Poland, the model was pioneered by local logistics firm InPost, which is now expanding throughout Europe. In February 2026, a consortium led by FedEx and Advent International announced a conditional agreement to acquire InPost and take the company private. If approved by shareholders, the transaction is expected to close in H2 2026, demonstrating that InPost's product appeals to major international investors.

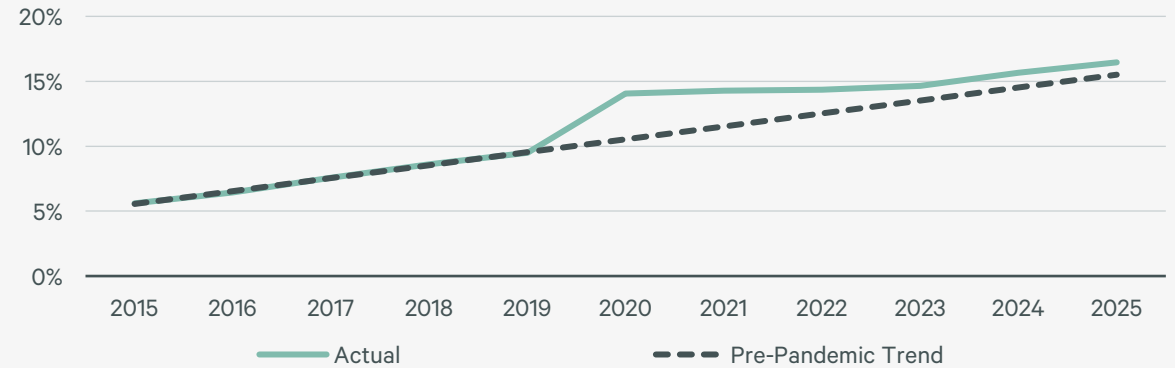
Parcel lockers allow for convenience when ordering online, guaranteeing deliveries are not missed. They also allow flexibility, and an ability to pick up orders in various locations.

The country's **advanced digital payments infrastructure** is also a contributing factor. Polish mobile payment system BLIK allows for easier payments and transfers when compared to using a credit card or bank transfer. Estimates suggest 60-70% of e-commerce payments in Poland are made using the software. Przelewy24, an instant bank transfer service, is also widely used.

Poland's **Sunday trading ban** is also a factor. In 2026, shops will only be open on eight Sundays throughout the year. With the ban limiting the opening of shops on weekends, the shift to e-commerce is incentivised. While other countries have similar laws, they have often been relaxed over time, with Poland's standing as some of the strictest.

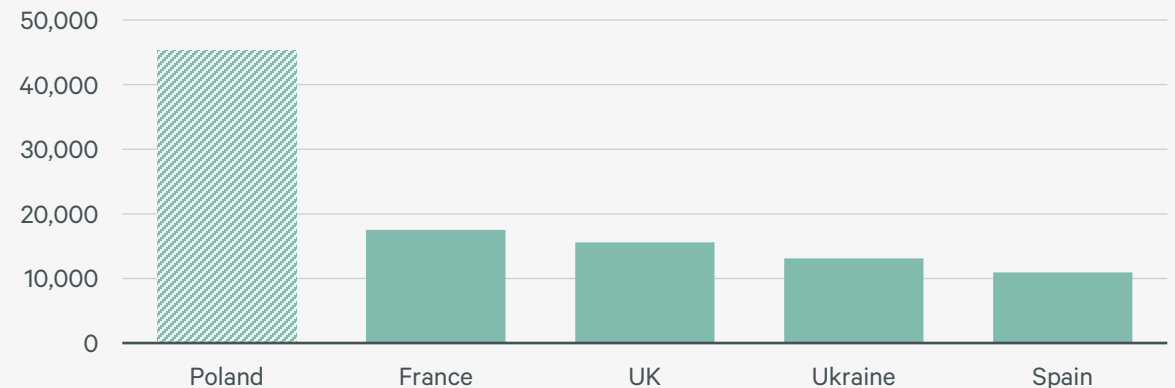
**Longer working hours** in Poland have also encouraged online retail adoption. According to [OECD data](#), working hours in Poland are the second highest in Europe. Combined with the factors outlined above, these unique market characteristics have allowed Poland's e-commerce penetration rate to grow significantly faster than many other European markets.

Figure 5: Poland e-commerce penetration rate and 2015-2019 trend



Source: CBRE analysis of Euromonitor data

Figure 6: Number of unique automated parcel lockers per country



Source: Last Mile Experts (2025)

## Spotlight on: Ireland

In Ireland, a number of successful **government schemes** have aided e-commerce expansion. The [Online Retail Scheme](#), administered by Enterprise Ireland, provided grants to Irish retailers with both a physical and online presence, to expand their online business. The scheme ran from 2018 to 2023 and provided over €30 million in funding to over 850 projects, helping with areas such as website upgrades, digital marketing and mobile optimisation.

The Trading Online Voucher Scheme, meanwhile, was aimed at assisting small businesses with up to ten employees to expand their online sales, offering financial assistance of up to €2,500 in matched funding from the business.

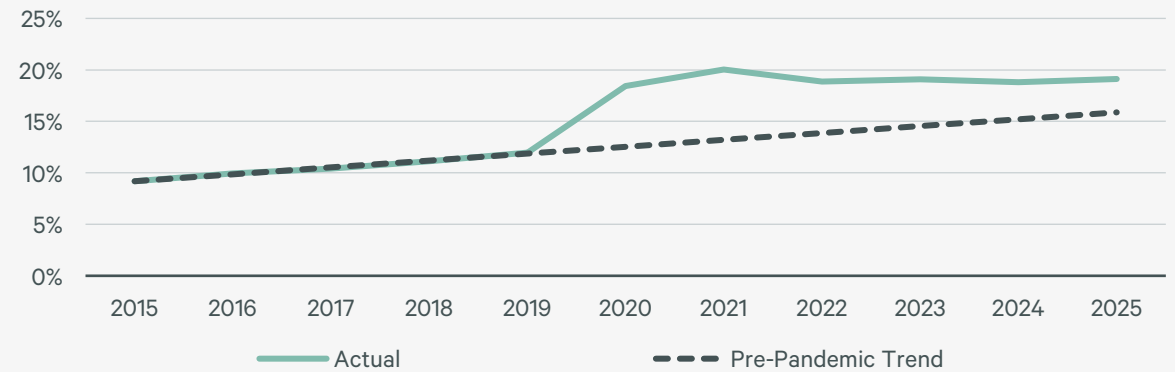
Irish consumers were slower to adapt to e-commerce pre-pandemic due to less sophisticated **delivery mechanisms** in that era. In the years since, major e-commerce players have introduced features such as next-day delivery, which other major European markets already had pre-COVID.

In addition, the pandemic-era boom in online commerce led to large expansions from 3PLs and an **improvement in logistics infrastructure**, which has helped to sustain additional momentum. Brexit is also a factor, as the UK's exit from the European Union necessitated the **development of warehousing in Ireland** in order to avoid the additional duties and complexity with fulfilment from outside the EU.

Finally, Ireland has become a European tech hub, with the world's largest firms in this sector often establishing European operation centres in the country. According to the latest available Eurostat data, from the end of 2024, 6.3% of the country's workforce was employed in the sector, above the EU average of 5% and one of the highest rates in Europe. The larger proportion of digitally-savvy talent is also highly likely to have contributed to faster e-commerce growth.

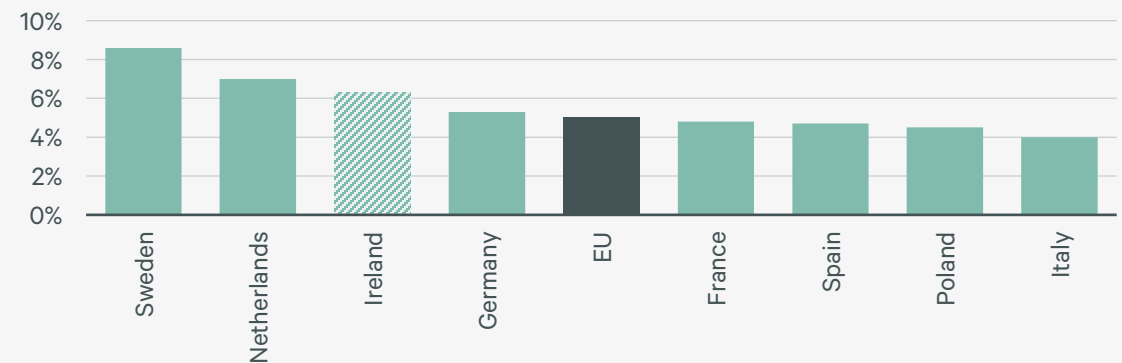
While these factors allowed for Ireland's e-commerce penetration rate to double during the pandemic years, the rate has been broadly flat since 2022, remaining at a steady c. 19%. If the rate remains unchanged in the coming years, Ireland will converge to its pre-pandemic trend between 2029 and 2030.

Figure 7: Ireland e-commerce penetration rate and 2015-2019 trend



Source: CBRE analysis of Euromonitor data

Figure 8: Employment in information and communications technology as a share of total employment (2024)



Source: Eurostat, CBRE Research

## Robust growth in certain goods types

Among various goods categories, there is a significant difference in both penetration rate and development. Appliances & Electronics has seen strong growth in recent years, with over a third of European sales now coming via the online channel. This is due to a variety of factors, including the standardised nature of the products, price transparency, and the strength of online pureplayers and marketplaces in this segment.

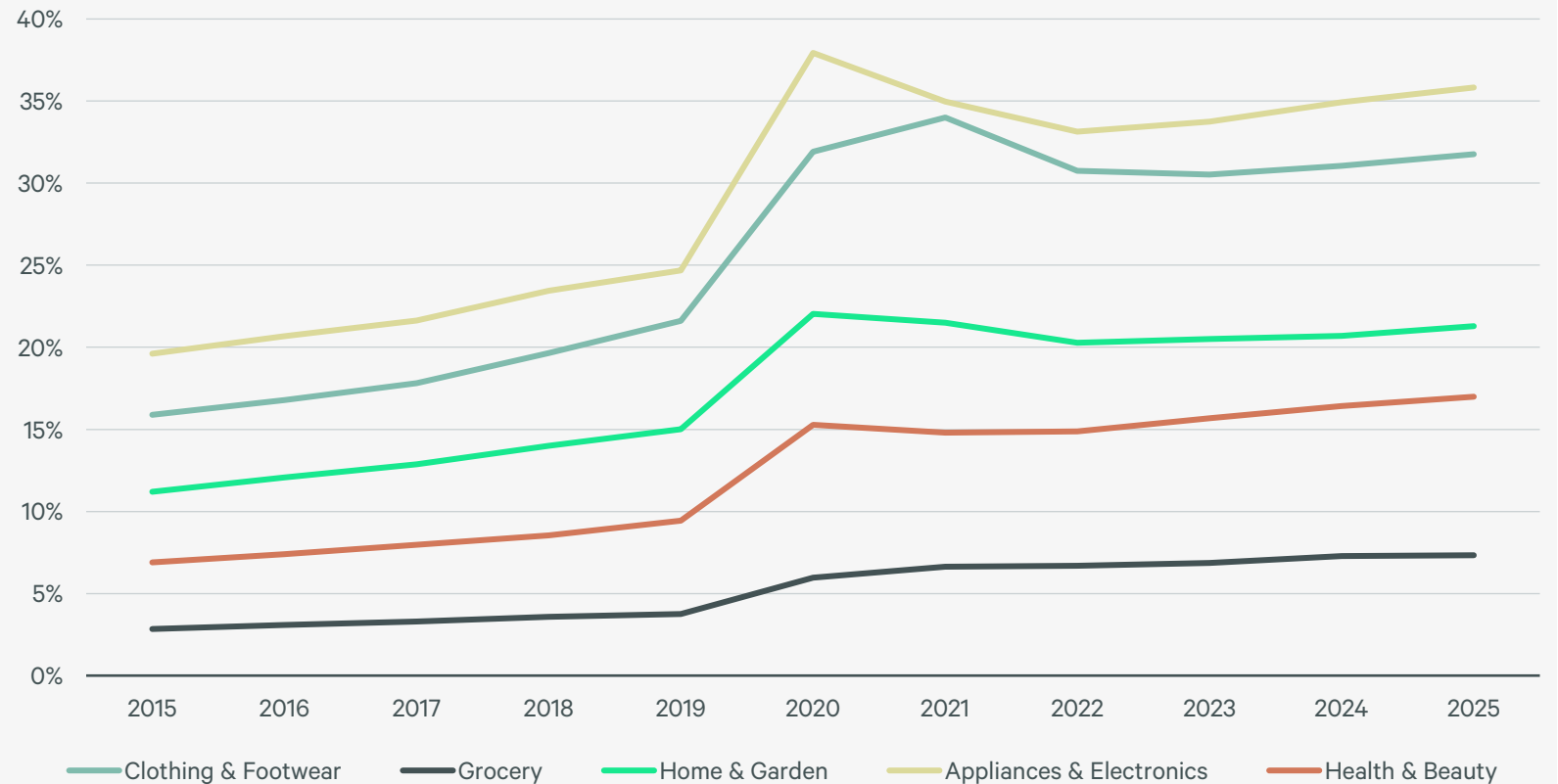
Clothing & Footwear now has a penetration rate of around 30%, although as explored later in this report, the ordering of multiple sizes and colours is often problematic for retailers in this category, where returns are most frequent among all goods types.

The Health & Beauty segment has seen exceptionally strong growth relative to its pre-pandemic baseline. A large proportion of sales in this category are Direct-to-Consumer (DTC).

Grocery has also seen robust growth, with the online penetration rate in this category roughly doubling since 2019, though from a very low base. However, as the grocery sector typically accounts for approximately 40% of all retail sales, growth in the e-commerce share of this category will have an outsized impact on revenue.

In the UK, Ocado has been a pioneer in the online grocery space, particularly with regards to warehouse automation and AI-driven logistics. In continental Europe, Picnic from the Netherlands has a focus on sustainability, using electric vehicles and prioritising local sourcing. The company has expanded to France and Germany. There has been a lower level of success among pioneering ultrafast grocery delivery firms however, with certain groups retrenching from major European markets in recent years.

Figure 9: E-commerce penetration by category, weighted average of the nine markets analysed



Note: markets weighted by share of total e-commerce sales in each year.  
Source: CBRE analysis of Euromonitor data

## Grocery and Health & Beauty have seen the strongest growth

When comparing growth in category sales volumes with overall e-commerce growth in each market since 2019, Grocery & Health and Beauty have seen the strongest growth.

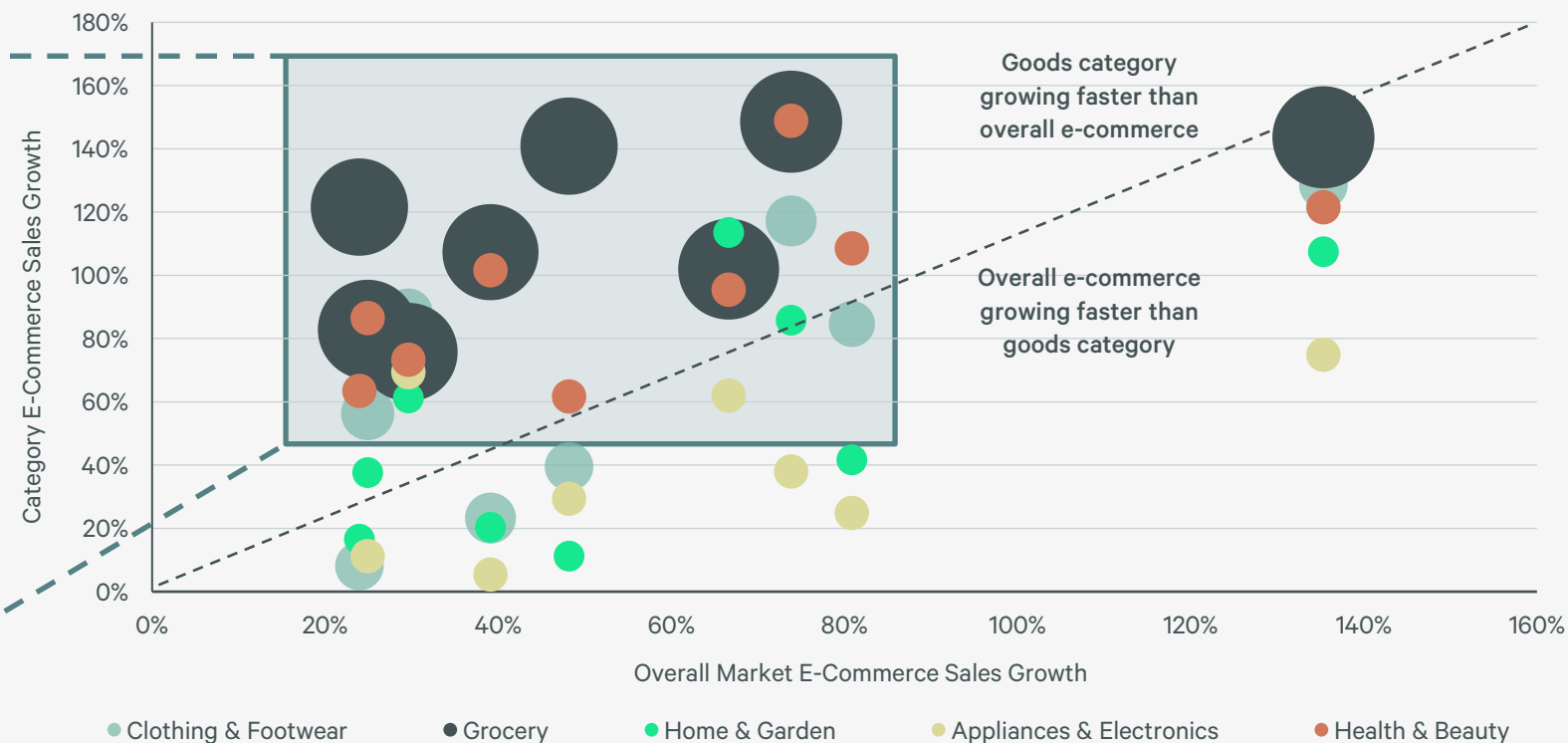
These two categories have grown far more strongly than overall e-commerce in the majority of the markets included in our analysis.

Despite its low e-commerce penetration rate, grocery accounts for a significantly larger share of overall retail spending than any other goods category, typically making up around 40% of all retail sales. This means that even a small percentage increase in e-commerce spending will have a big impact on sales values.

Grocery sales have seen higher growth than overall e-commerce sales in all markets analysed.

In Poland, growth in grocery e-commerce has been far more robust than in the other markets included in the analysis (Polish grocery sales exceed the scale on the chart). The growth in Poland came off a lower base, however.

Figure 10: E-commerce sales volume growth - goods category vs overall market, 2019-2025 (%)



Note: each point represents the sales volume growth (in EUR) of one goods category in one of the markets analysed. Bubble size corresponds to the overall share of retail sales accounted for by that category. Source: CBRE analysis of Euromonitor data

## Implications for Retail real estate

While e-commerce penetration rates stand below the peak levels seen during the pandemic in most markets, growth continues at a moderate rate. Continued steady growth is expected by the industry and factored into decision-making by occupiers and investors. We anticipate several key implications to unfold over the coming years.

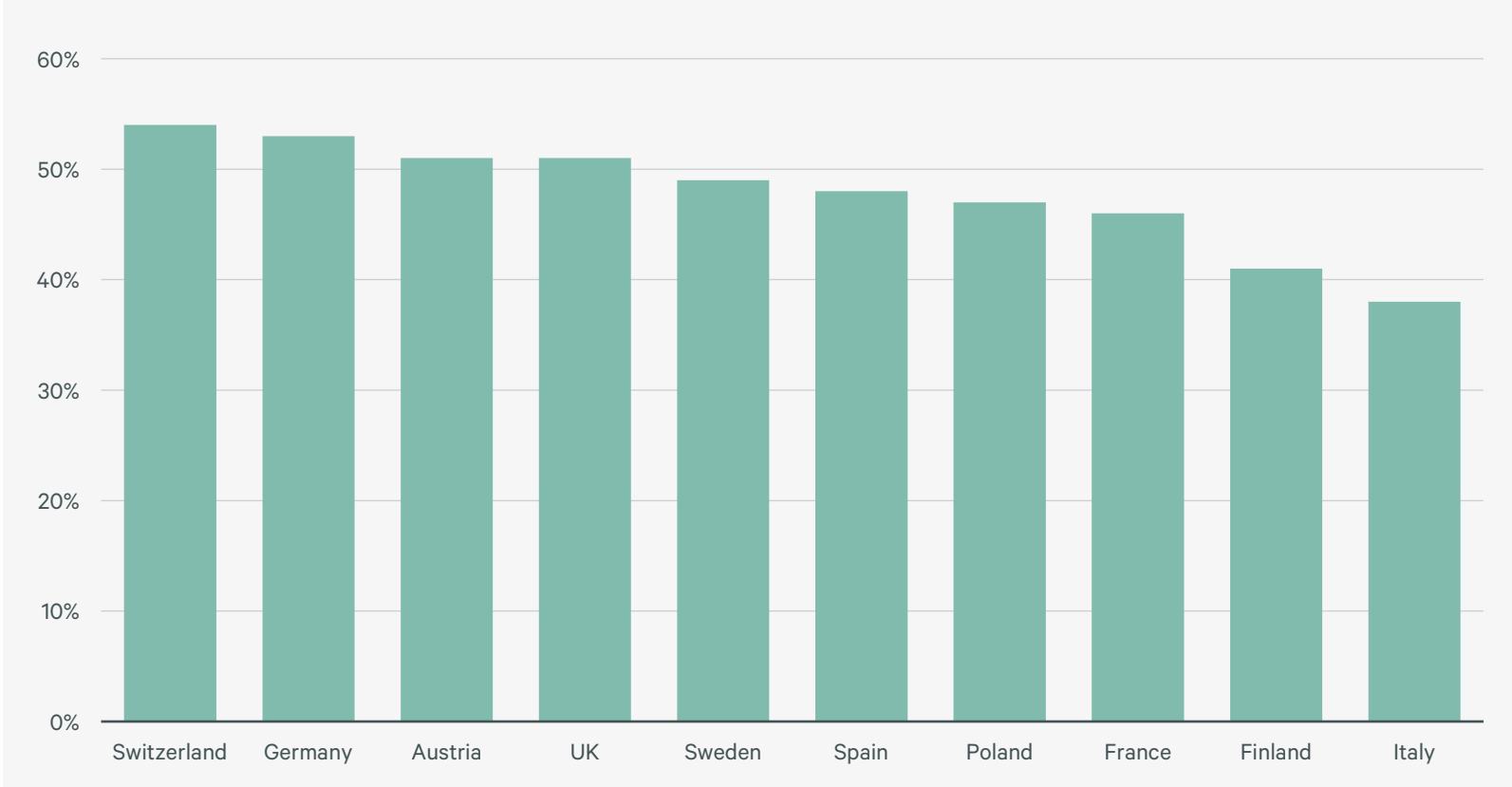
### Increased focus on flagship store formats

Retailers will implement continued rationalisation of store portfolios to focus on the very best locations. A greater emphasis will be placed on larger flagship locations, and top quality fit-out. The “halo effect” of brick-and-mortar stores on consumers’ perception of brands will be leveraged to maximum effect. Investors will in turn focus on the prime segment of the market, owing to stronger occupational fundamentals. The gap between prime and secondary retail space is expected to widen further.

### Charging for returns to drive more consumers in-store

The shift towards charging for e-commerce returns will continue. In our most recent European Retail Occupier Survey, 45% of retailers surveyed reported either already introducing fees for online returns, or planning to. The figure rises to 55% for clothing and footwear retailers. With reverse logistics costs estimated at 20-30% of the total value of online purchases, return fees reduce costs for retailers, and encourage store visits.

Figure 11: Proportion of respondents reporting returning an online purchase in the past 12 months



Source: Statista Consumer Insights Global Survey (2025), CBRE Research

## Implications for Retail real estate

### Physical store to increasingly play a role in online fulfilment

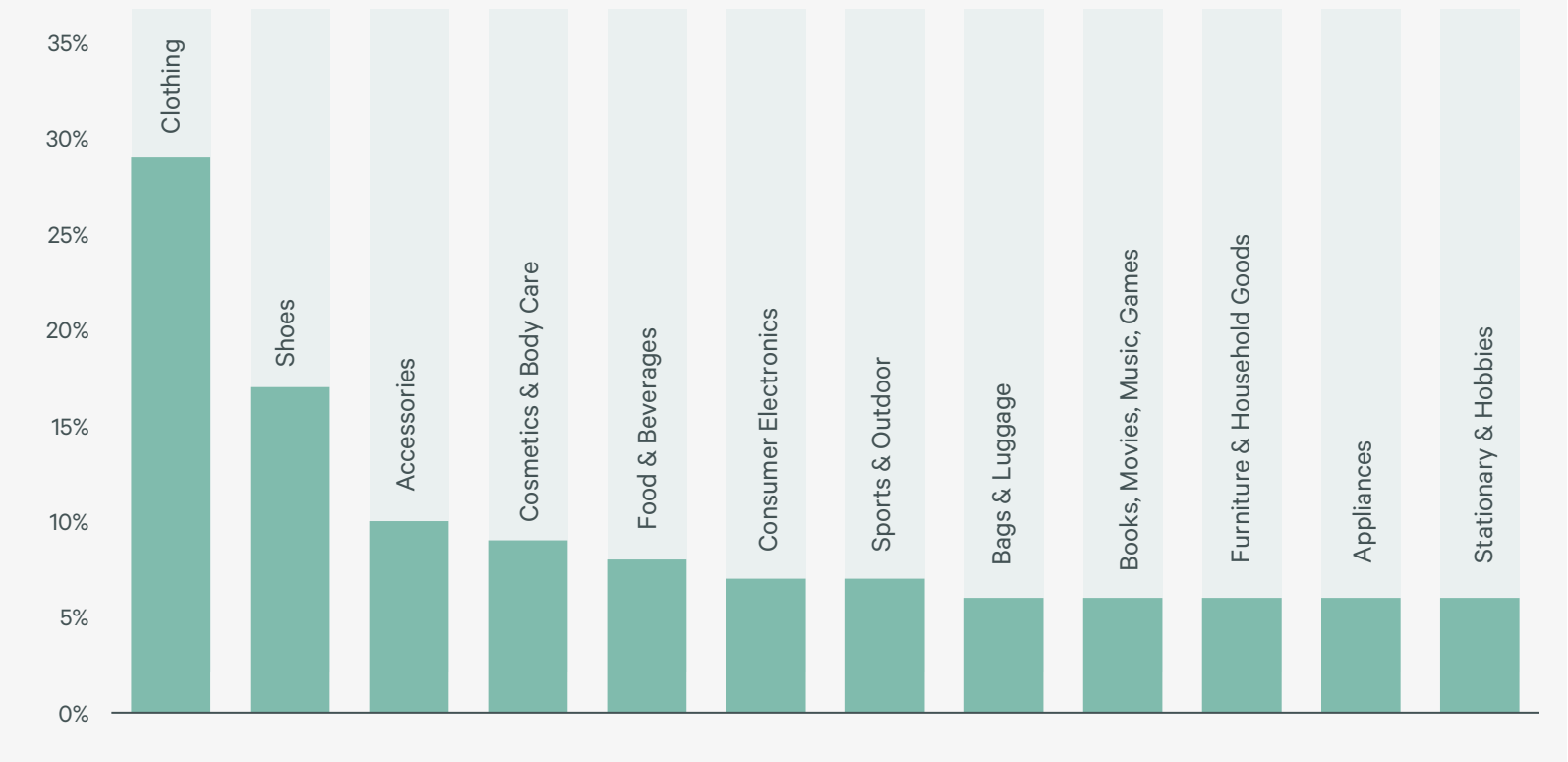
Brands will also increasingly use their stores to fulfil online orders, and will dedicate a larger proportion of Gross Leasable Area (GLA) to stockroom space in order to fulfil online orders in-store. We have observed major retailing groups that would typically allocate around 15% of their total leased space to stockroom space now taking up to 25%, as the physical store becomes a vehicle for fulfilment.

### Closing the analytics gap to drive store performance

Closer omnichannel integration will be key, with the website, in-store and app channels integrated more seamlessly than ever before. Brands such as Victoria's Secret are already using RFID technology in their fitting rooms. The brand is improving customer experience by allowing shoppers to request different sizes or colours via digital tablets located in each changing room. The technology also allows for improved data collection about which products, colours and sizes are proving most popular with customers.

This plays into a wider trend of bridging the analytics gap between online and in-store operations, with in-store analytics catching up with the data collection possible online. This will allow retailers to deliver significant efficiency gains in their physical store portfolio.

Figure 12: Most returned online purchases by category in the UK  
(% of consumers reported to have returned an online order in the last 12 months)



Source: Statista Consumer Insights Global Survey (November 2025), CBRE Research

## Implications for Industrial & Logistics real estate

The pandemic-era boom in e-commerce led many pureplay e-commerce retailers to rapidly expand their logistics real estate footprint to accommodate the peak in demand. This resulted in excess capacity once physical retail stores reopened, and e-commerce demand moderated. The experience from the boom is now influencing the e-commerce driven demand for warehouse space, particularly as pureplays begin to re-activate expansion plans.

### Automation to boost efficiency in warehousing

Linked to the temporary excess capacity and as part of a broader rationalisation of their logistics footprint, e-commerce retailers are increasingly opting for highly automated warehousing in pursuit of greater efficiency. During the pandemic, companies secured a wide range of facilities due to urgency and limited availability. Now, with improved availability and a clearer understanding of what works and what doesn't, online retailers are prioritising sites that can support robotic and automated solutions to optimise operations and reduce costs. These usually modern warehouses tend to have a lower environmental impact, aligning more closely with occupiers' sustainability goals, an increasing must for online retailers after the greater scrutiny they face regarding their environmental footprint.

### Warehouses serving online orders will become less bespoke

Warehouses designed for e-commerce must be equipped for single-item picking, which is more space-intensive and requires facilities and internal configurations different from traditional warehousing.

However, systems and configurations remain far from standardised, with notable variations that also extend to warehouse design, particularly in build-to-suit developments.

This has led to landlords having their asset tied to e-commerce tenants, or even to a single specific operator. As the sector matures, specifications are becoming more standardised, and pureplay e-commerce players are also seeking to streamline their requirements to gain greater flexibility.

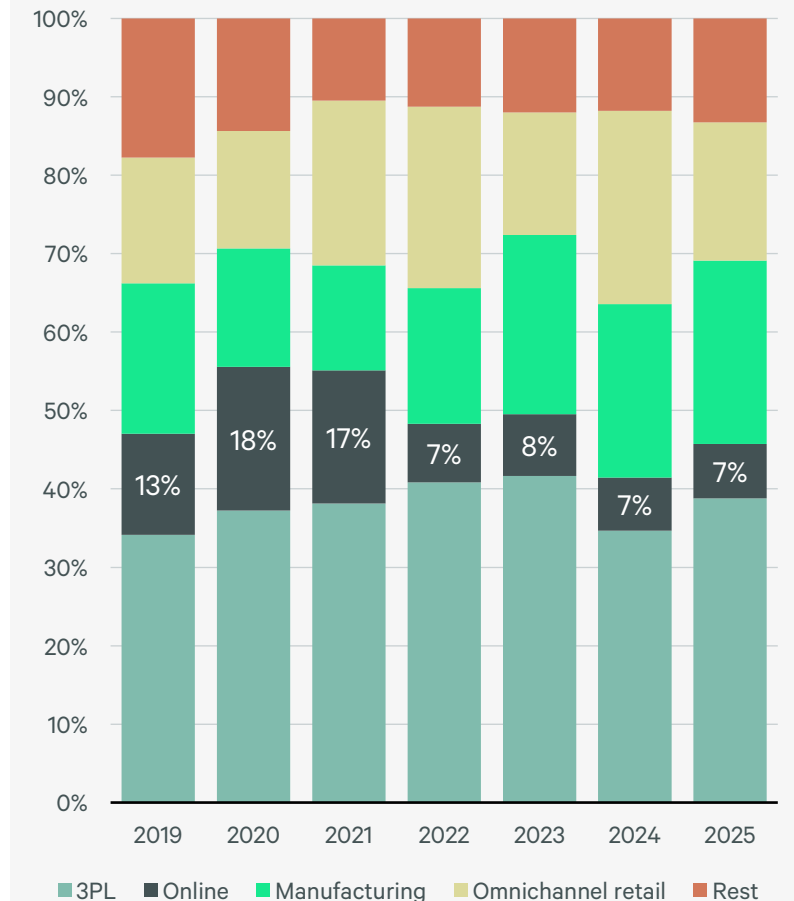
### E-commerce to continue playing a relevant role in logistics demand

To enhance flexibility, scalability, and resilience, e-commerce logistics are increasingly being outsourced to third-party logistics providers (3PLs). This shift forms part of a broader trend also affecting other sectors. While e-commerce related take-up is now distributed across 3PLs, omnichannel retailers, and pureplay e-commerce operators, it continues to be a key driver of demand for logistics space across Europe.

### The offline channel also needs logistics space

While less space-intensive than its online counterpart, the resilience of the offline retail channel continues to support demand for logistics property. As physical stores maintain their relevance, particularly in urban and regional centres, retailers continue to require efficient supply chains and distribution networks to replenish store stock and manage inventory. This sustained activity contributes to a stable source of demand for warehousing, reinforcing the broader strength of the logistics sector.

Figure 13: Sector composition of European logistics take-up (%)



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