

Get Back: Why control is displacing 3PL outsourcing



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Part two of a four-paper series on corporate transformation and its real estate consequences.

Supply chains are becoming shorter, more regional and more complex. At the same time, volatility in energy costs and trade flows is challenging the economics of long-distance logistics. Together, these forces are prompting a reassessment of where control sits within the operating model – particularly the balance between outsourced provision and leasehold control. This edition of (Y)OUR SPACE Talking Points explores how occupiers are responding, and why logistics real estate is becoming a more active part of portfolio strategy.

In EMEA, this reassessment is particularly pronounced. Europe represents a high-cost but highly regulated and increasingly resilience-focused operating environment, where energy price volatility, carbon regulation and supply chain transparency requirements are actively shaping location decisions. At the same time, the emergence of Central and Eastern Europe, Turkey and North Africa as nearshore manufacturing and logistics extensions is reinforcing a more regionally structured network model, rather than a purely global one.

Five Key Themes

01

A Structural Rebalancing is Underway

Corporate occupiers are moving away from default reliance on 3PLs and towards leasehold control of critical logistics nodes, either by bringing operations fully in-house or by holding the lease and commissioning a 3PL to operate within it.

02

The Economics Pivot at Scale

3PL models can be efficient when volume is volatile or when a network is being built quickly, but at higher, steadier throughput, they can become expensive and opaque, pushing occupiers to seek cost determinism through leased facilities and internally governed operations.

03

The Macro Backdrop has Changed and now Reinforces the Shift

As Faster growth in large Asian demand engines (e.g., India, China, Indonesia) is pulling supply chains and distribution networks deeper into Asia, even as global trade is being rerouted and diversified. At the same time, in EMEA, regulatory pressure, energy cost volatility and nearshoring into CEE and North Africa are reinforcing a parallel shift towards more regionalised and controllable networks.

04

Fuel and oil-linked transport Costs are a First-Order Constraint

Higher oil prices feed directly into freight rates, surcharges, insurance, and inventory strategy, pushing organisations towards shorter, more regional supply chains and more tightly controlled distribution footprints.

05

The End State is Hybrid rather than Binary

The emerging 'best practice' model is increasingly a leasehold core + flexible, outsourced edge: occupiers lock down strategic sites and processes through leases, while keeping 3PL capacity for peaks, new lanes and tactical overflow.



Get Back: The End of Default Outsourcing

In January 1969, The Beatles entered Twickenham Film Studios with an idea that sounded deceptively simple. After years of increasingly elaborate studio work, they would strip the process back, rehearse together as a band and prepare new material for a return to live performance. The project became more difficult than its premise suggested, but the instinct behind it was revealing: when complexity begins to obscure what matters, the answer is not necessarily to dismantle the entire system. It may instead be to get back to the essential capabilities that need to remain under direct control.

The eventual culmination on the roof of Apple Corps in Saville Row was both improvised and purposeful. The band returned to something elemental: people, instruments, a shared space and a live performance. It was not an attempt to recreate their earliest years or to deny everything the studio experimentation had made possible. It was an effort to reconnect with the underlying machinery of how the group worked. The final rooftop concert took place on 30th January 1969 and became The Beatles' last public performance.

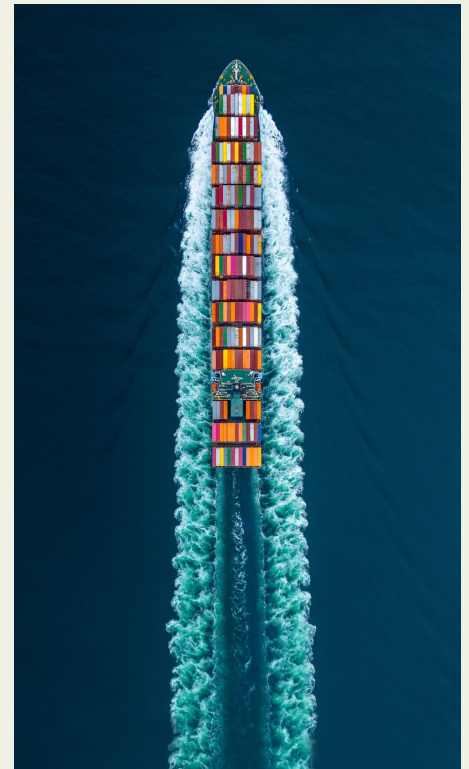
There is an echo of that instinct in the way companies are now reconsidering their logistics networks. After three decades in which outsourcing, scale efficiencies and globally distributed supply chains became the prevailing model, occupiers are asking a more fundamental question: which parts of the network are so important to cost, service, resilience and customer experience that they should be controlled directly?

This is not a nostalgic return to the vertically integrated corporation, any more than the Get Back project was simply an attempt to become the early Beatles again. It is a selective recovery of control. Companies are not abandoning logistics partners or trying to operate every warehouse themselves. They are identifying the locations, capacity and operating decisions that have become too strategically important to leave entirely in someone else's hands.

For years, the appeal of outsourcing logistics to a third-party logistics provider was almost self-evident. It enabled companies to retain asset-light in the most literal sense: avoiding long-term lease liabilities, capital expenditure on racking and automation, labour-management complexity and the need to build specialist operational capabilities internally. A complex physical function could be converted into a service contract.

In a stable global trading environment, the optimisation logic held. Third-party providers aggregated demand across clients, smoothed labour and capacity utilisation and offered speed to market that was difficult for individual companies to match.

Yet the case for default outsourcing always depended on two underlying assumptions. The first was that the external operating environment would remain broadly predictable. The second was that the occupier's principal objective was to keep logistics efficient rather than to treat it as a strategically differentiated capability.



Both assumptions have weakened.

The first has eroded as global trade has become increasingly shaped by geopolitical risk, tariffs, policy uncertainty and a more explicit security lens. Supply chains are evolving within a more volatile and fragmented landscape. Nearshoring and friendshoring have not necessarily simplified trade; instead, they have introduced greater diversification and complexity. Trade continues to flow, but it is being rerouted through different corridors, partners and intermediary economies. What is emerging is a reconfiguration of globalisation rather than a straightforward retreat from it.

The second assumption has weakened because logistics is no longer simply a back-of-house function. In sectors where speed, reliability, visibility and returns are integral to the customer proposition, fulfilment performance has become synonymous with brand performance. When logistics becomes central to competitiveness, tolerance for dependency diminishes, particularly in an environment marked by volatility and rising costs.

This is where leasehold re-enters the picture. It is not a nostalgic return to traditional property ownership, but a pragmatic mechanism for regaining control over a business-critical capability without committing capital to freehold ownership. Increasingly, occupiers want to own the decision-making and operating model even when they do not own the underlying asset.

In practice, this shift is already visible in sectors where fulfilment performance is central to customer experience. Large-scale occupiers are maintaining long-term control of strategic logistics facilities while flexing operational delivery through a combination of internal and third-party capacity. The important distinction is between controlling the infrastructure and performing every aspect of the operation.

When Variable Cost Becomes Loss of Control

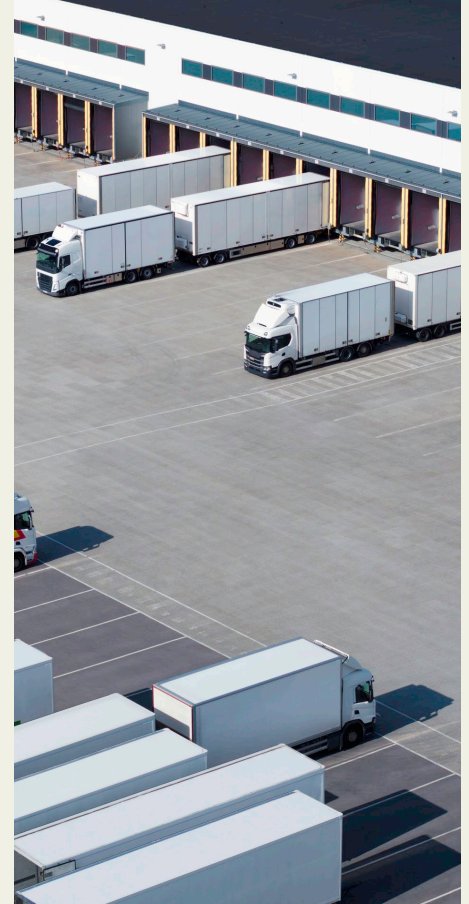
The most useful way to understand the 3PL versus leasehold shift is not to argue that one is cheaper than the other in absolute terms, but to recognise that they create fundamentally different cost architectures.

A 3PL contract is, in principle, a variable cost stack. You pay for storage, you pay for pick/pack, you pay for handling, you pay for special services – and the spend rises and falls with activity. That is powerful when demand is uncertain, but it has a shadow side: as scale increases, the fee stack becomes hard to interrogate, and the compounding nature of per-unit charges becomes more visible. Industry guides on leasing versus 3PL typically underline that the true cost of self-operation goes well beyond rent, but they also note that 3PL pricing includes multiple line items that can create cost surprises and long-term escalation risks.

Leasehold-plus-in-house flips that logic. It creates a fixed-cost base – rent, labour, systems, equipment – but it also creates the possibility of operating leverage. The more stable and higher the throughput, the more the occupier can push unit costs down through process design, automation choices, and learning effects. That is exactly why many analyses point to a ‘break-even’ dynamic where 3PL is compelling at lower volumes but can be structurally expensive at high, steady scale.

This is also why ‘leasehold control’ is such a crucial phrase. The point is not that occupiers are trying to become property owners. The point is that the lease is increasingly being used as a financial instrument that allows companies to lock down strategic capacity and design an operating model – while remaining capable of change via lease events, option structures, and portfolio rebalancing.

This distinction between controlling infrastructure and flexing operations is increasingly reflected in hybrid models, where occupiers retain control of core assets while selectively outsourcing execution layers based on volume, geography or service requirements.



The Growth Engine Shifts

A key shift in the global economy is the uneven distribution of growth, with markets such as India, China and Indonesia continuing to expand more rapidly than many developed economies. What matters for occupiers is not simply that these markets are growing, but that they are forcing corporates to reweight their supply chain geography – and when geographies change, the logic of outsourcing versus controlling infrastructure changes with them.

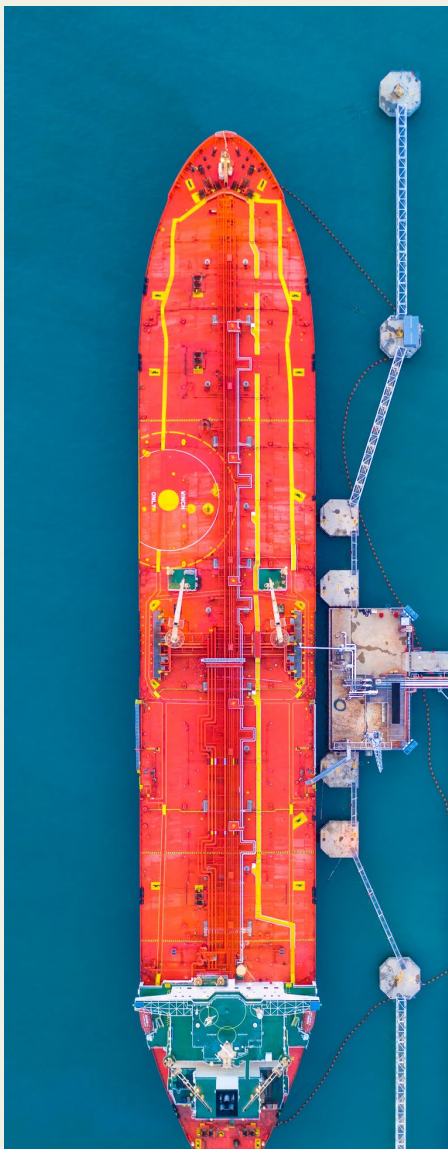
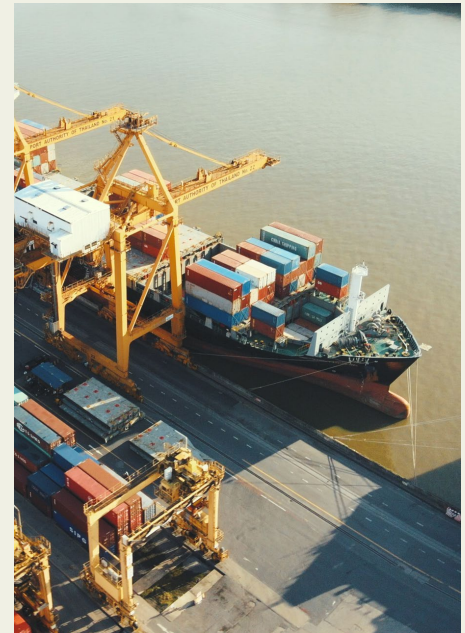
The latest IMF World Economic Outlook (April 2026) frames a global economy that remains under test, with growth slowing under conflict and disruption assumptions. Yet within that global slowdown narrative, country-level momentum is uneven. Reporting on the IMF outlook highlights India as a standout on growth expectations, with the IMF projecting 6.5% growth for 2026. China’s growth is projected at around 4.4% growth for the same period, with 5.1% growth forecast for Indonesia.

The important occupier implication is straightforward: if demand growth is strongest in these markets and their surrounding regions, then distribution strategy must increasingly be built around them – not merely served from legacy global hubs. That tends to favour leasehold in two ways.

First, it increased the value of ‘right first time’ location decisions. When you are building a distribution platform into fast-growing demand basins, the penalty for a poorly designed network is higher: you pay in service failures, cost overruns and lost optionality. Second, high-growth markets tend to compress time. Occupiers increasingly need strategic hubs and micro-fulfilment near consumers to reduce delivery time and total logistics costs, and they are increasingly pursuing multi-supply chain and dual sourcing strategies as they diversify beyond the Chinese mainland.

That combination – growth + time compression – is a classic trigger for internalisation of critical nodes. Not necessarily internalising everything, but internalising enough to control throughput, service levels, and the decision-making cadence.

While Asia represents the primary driver of demand growth, the implications for EMEA are equally significant. European occupiers are increasingly designing networks that combine global reach with deeper regional anchoring – using Western Europe as a coordination and consumption layer, Central and Eastern Europe as an extension for distribution and light manufacturing, and select nearshore markets such as Turkey and North Africa to reduce exposure to long-distance supply chains.



Distance has a Cost Again

A Rising oil costs are not a peripheral macro-observation. For logistics-heavy businesses, oil and fuel behave like a tax on distance, and when that ‘distance tax’ rises, it changes the economics of everything: sourcing, inventory placement, route selection, and the physical location of distribution space.

External energy sources have recently emphasised the scale of the disruption risk. The IEA’s Oil Market Report (April 2026) describes major disruption and explicitly frames the Strait of Hormuz constraint as a severe shock to supply and pricing dynamics, with knock-on effects on demand and product markets. The EIA’s Short-Term Energy Outlook commentary similarly links disrupted navigation through Hormuz to higher transport costs and forecasts higher retail gasoline and diesel prices, noting that crude prices are a major component of pump prices.

From an occupier perspective, higher oil costs matter in three distinct ways.

First, transport and freight become structurally more expensive – and more volatile. Freight providers explicitly flag fuel costs as a key driver of pricing pressure and execution variability. Volatility is particularly problematic because it makes budgeting and contracting harder; it also encourages companies to build ‘buffers’ (inventory and capacity) as a hedge against future spikes.

Second, higher oil costs reward proximity and punish distance. When the cost of moving goods rises, the relative value of holding inventory closer to demand rises too. That is one of the reasons leasehold control becomes attractive: it allows occupiers to engineer high-performing, near-demand distribution capacity rather than relying on generic shared networks. This is evident in sectors such as retail and consumer goods, where companies like IKEA have been expanding local fulfilment and urban logistics capabilities to reduce delivery times and mitigate the impact of transport cost volatility.

Third, oil costs push nearshoring up the decision hierarchy. The more expensive it is to move product, the more attractive it becomes to shorten the chain – provided labour, regulatory and risk considerations can be managed. Higher transport costs sharpen focus on operational efficiency and increase the relevance of intermodal/rail-served locations, while energy and power resilience climb the checklist for modern logistics facilities (particularly where automation and EV charging create additional power needs).

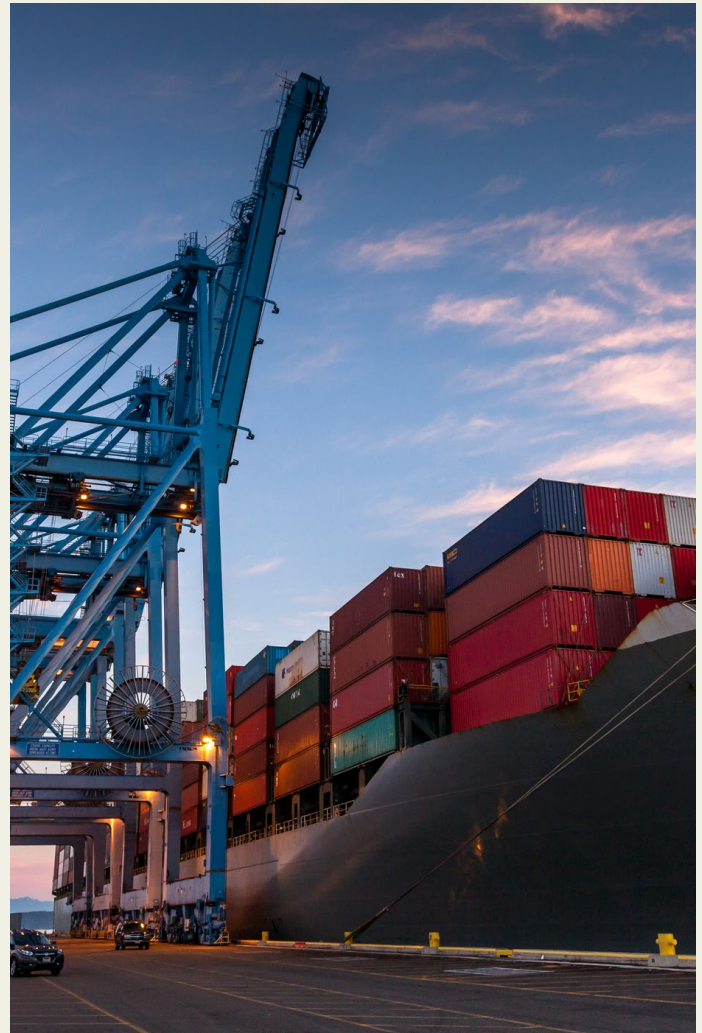
The consequence is that oil is no longer just a background macro variable. It is a direct factor shaping footprint design – and it pushes in a direction that favours control, optionality and network agility, all of which leasehold models can support.

Re-anchoring the Network

Nearshoring is often described as a relocation trend, but for most corporates it functions less as a single decisive move and more as a design principle for reducing exposure to distance, disruption and policy risk. In practice, companies are not 'bringing everything back', they are rebalancing supply chains so that a greater share of production, assembly and inventory sits closer to end markets, even if upstream sourcing remains global.

Two forces are doing much of the work here. The first is the rising costs of moving goods. When oil markets tighten and fuel costs rise, transport becomes a more material component of total landed cost. The economics of long-distance supply chains deteriorate quickly – not just through fuel itself but through knock-on effects such as rerouting, insurance premiums and schedule unreliability. In that environment, nearshoring is not simply about 'cheaper labour closer to home', it becomes a way to compress the physical footprint of risk by shortening the distance over which volatility can compound.

The second force is the changing structure of global trade. Rather than a clean split into neat blocs, the evidence points to a messier reality: trade relationships continue to reconfigure, with companies and countries shifting partners, adding intermediaries, and building redundancy across multiple corridors. UNCTAD's analysis emphasises that supply chains are evolving under geopolitical pressure and policy shifts, and that corporate responses increasingly involve rethinking sourcing and routing rather than assuming a stable 'global baseline'. McKinsey's trade-geometry update similarly notes continued reconfiguration, including shifts in the United States' trade away from China towards other economies and the increasing role of intermediary steps in trade flows – a signal that supply chains are being rerouted and re-layered, not simply shrunk.



Put these together, and a clear operational implication emerges: as supply chains become more regional and more multi-hub, the warehouse stops being 'space' and becomes a node in a designed system – one that must perform under higher costs, tighter timelines and greater uncertainty. This is precisely where leasehold control becomes attractive. The occupier's goal is not property ownership: it is governance over the critical nodes – location, specification, throughput design, power capacity, automation readiness, and the ability to integrate data and decision-making across the network.

In EMEA, this multi-hub system is increasingly visible in practice, with networks structured across Western European gateway markets (Benelux, Northern France, Western Germany), Central and Eastern European growth corridors, and emerging nearshore extensions into Turkey and North Africa. This creates a layered regional system rather than a single, centralised distribution model.

A particularly important development is the rise of 'leasehold operator' hybrid models, where the occupier holds the lease but contracts a specialist operator to run the facility. This model is increasingly visible across large-scale occupiers, reflecting a clear separation between strategic control of infrastructure and operational execution – allowing companies to retain control over capacity, location and resilience, while still accessing specialist operational expertise where required.

For organisations navigating these changes, the implication is practical rather than theoretical. If distance is more expensive and global routes are less predictable, then the value of proximity, optionality and controllable capacity rises. In that context, leasehold is not simply a tenure choice; it becomes a strategic tool. It allows occupiers to secure the locations and capabilities that matter most, without the capital rigidity of ownership, while still retaining the flexibility to reshape their network as supply chains continue to evolve.

Designing for Control

Across supply chains, trade flows and portfolio strategy, a consistent theme is emerging: uncertainty is no longer episodic. It is structural.

The challenge for occupiers is therefore not simply to respond to volatility when it appears, but to design operating models that assume it will persist.

Nearshoring, trade reconfiguration and the rising cost of distance are all symptoms of this shift. They point to a world in which supply chains are shorter, more regional and more complex, and in which resilience is built not through scale alone but through the intentional reconfiguration of routes, partners and critical locations.

At the same time, the traditional boundaries between fixed and flexible are being redefined. Real estate is no longer a static backdrop to operations. It is an active component in the way organisations manage risk, cost and service performance.

Within this context, the question of control becomes central. This does not mean ownership in the conventional sense. It means control over the nodes that matter most, their locations, capabilities and roles within the wider network.

Leasehold structures, hybrid operating models and more deliberately designed forms of flexibility are all expressions of this shift. They allow occupiers to secure critical infrastructure while retaining the capacity to adapt as conditions evolve.

What this ultimately signals is a movement away from optimisation based on a single view of the future and towards portfolios designed for multiple possible outcomes.

The most effective strategies are therefore unlikely to be the most efficient when measured against a static set of conditions. They will be those that remain most adaptable over time, capable of absorbing shocks, reallocating capacity and rebalancing exposure without requiring wholesale reinvention.

For organisations navigating this environment, the implication is clear. Real estate decisions can no longer be treated as a downstream consequence of strategy. They are integral to it. The ability to align portfolio structure with supply-chain design, and to balance control with flexibility, will increasingly determine how effectively businesses respond to the next phase of global change.

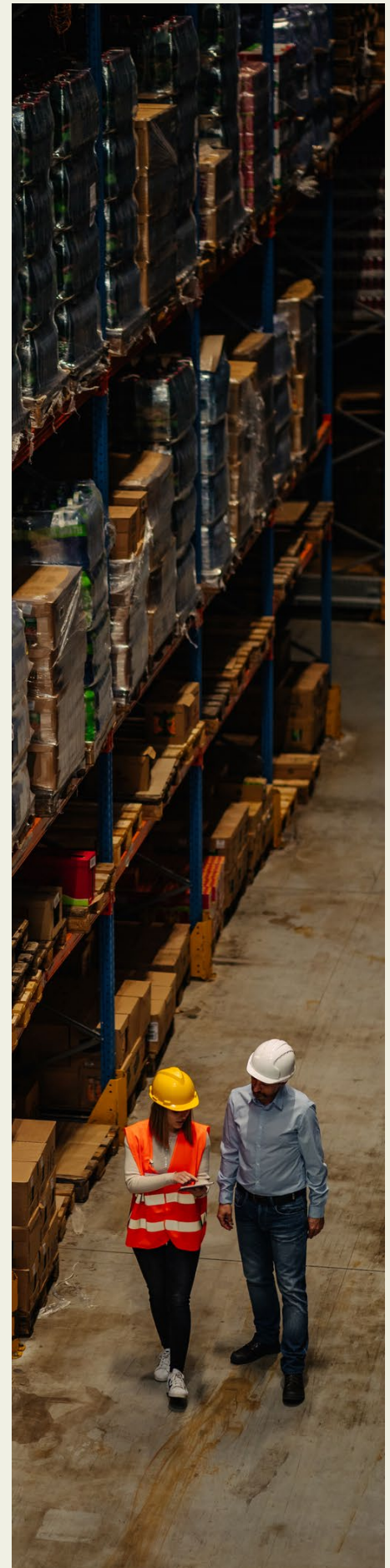
Seen through this lens, the gradual shift from fully outsourced 3PL models towards greater leasehold control is not a cyclical preference. It is a structural response to the need to anchor critical capacity while retaining flexibility in how that capacity is operated.

And this is where the connection to Get Back becomes clearest. The Beatles' back-to-basics project was not ultimately an attempt to reproduce the settings or circumstances of their earlier career. It was an effort to recover the directness of playing together and reconnect with the foundations of their collective strength, even as the wider context around them had changed. The rooftop performance captured that distinction: familiar capabilities expressed through a different configuration.

Occupiers face a comparable task. Getting back to greater control does not mean reinstating the vertically integrated logistics structures of an earlier era. Nor does it require the wholesale rejection of 3PL partners or the flexibility they provide. It means intensifying which elements of the network are fundamental to performance and bringing those elements within a stronger framework of control.

That framework is likely to combine leasehold control of critical locations with flexible access to operating expertise and additional capacity. It will anchor the core without hardening the entire network. It will distinguish between capabilities that need to be controlled and activities that can still be flexed. Above all, it will allow real estate, logistics and business strategy to function as parts of the same system.

For CRE teams therefore, the imperative is not to go backwards. It is to get back to what matters: the locations, capacity, infrastructure and decision-making authority upon which operational resilience increasingly depends.



Five Key CRE Considerations

As organisations take greater ownership of the capabilities that drive competitive advantage, the role of CRE will expand. CRE leaders will need to create the physical platform for a business model that prioritises resilience, control and operational effectiveness alongside efficiency.

01 | Redefine the supply chain as a strategic asset – not an operating cost

The starting point is a mindset shift. Supply chains should no longer be optimised purely for cost efficiency but positioned as a core mechanism for managing risk and maintaining performance under stress. Organisations that treat the network as a strategic asset are better able to absorb disruption and respond to volatility.

In practice:

- Elevate supply chain decisions to board-level decisions
- Align network design with business strategy, not just procurement

02 | Design for optionality, not optimisation

The era of a single 'best' network configuration is over. The priority now is building multiple fulfilment routes, enabling the organisation to pivot when conditions change. This means accepting some structural inefficiency in exchange for adaptability. Networks increasingly need to be modular, flexible and capable of real-time reconfiguration.

In practice:

- Diversify sourcing across geographies
- Build multi-node, multi-route networks
- Plan for switching, not stability

03 | Actively rebalance where control sits

Clients should move beyond the binary choice of 'outsourced vs in-house' and instead redefine where control is held across the network. The emerging model is to retain control over critical nodes (location, capacity, infrastructure) while remaining flexible in how operations are executed.

In practice:

- Identify which locations are strategically critical
- Increase leasehold or contractual control over those assets
- Use partners where flexibility is more valuable than control

04 | Build regional depth, not just global reach

Growth is becoming more regionally concentrated, and long-distance supply chains are increasingly exposed to cost and disruption. Companies are responding by bringing capacity closer to demand, reducing lead times and improving resilience. At the same time, trade is not disappearing – it is becoming more layered and complex – so the goal is not simplification but rebalancing global and regional exposure.

In practice:

- Develop regional hubs alongside global flows
- Use nearshoring to shorten high-risk routes
- Avoid over-concentration in single geographies

05 | Embed volatility in network design assumptions

Energy costs, trade policy and geopolitical disruption are no longer external shocks – they are structural design variables. In particular, rising and volatile energy costs are now directly influencing location decisions, routing and facility performance. The implication is that networks must be designed to perform under different scenarios, not optimised for a single baseline.

In practice:

- Use scenario planning and dynamic modelling
- Stress-test networks against fuel, tariff and disruption changes
- Design capacity that can scale or shift, not just operate efficiently

We like questions; if you've got one about our research,
or would like some property advice, we would love to hear from you.



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