

U.S. E-Commerce Is a Durable Driver of Logistics Demand

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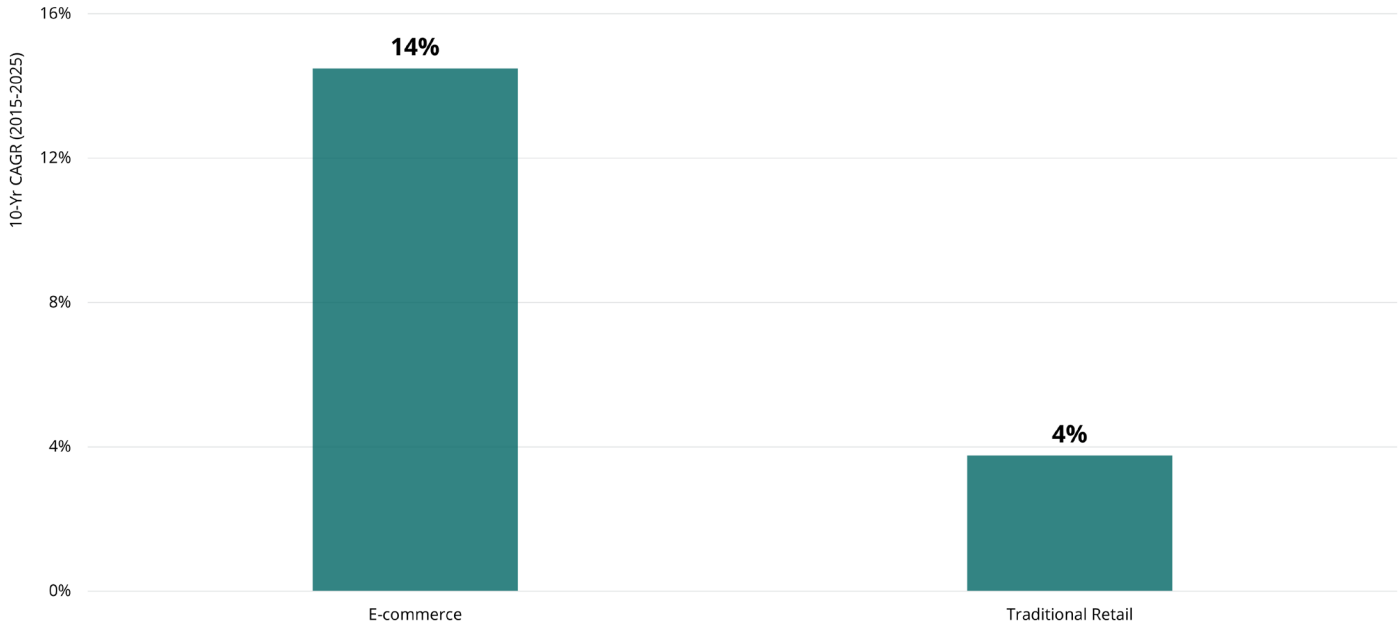
EXECUTIVE SUMMARY

Online sales are outpacing stores, and we believe demographics and sticky consumer behavioral shifts are durable tailwinds that will continue to shape U.S. commercial real estate in favor of modern logistics asset infrastructure that facilitate evolving consumer trends.

- Structural shifts in demand: Over the past decade, U.S. e-commerce grew ~14% annually versus ~4% for brick-and-mortar retail¹—a sign of a secular shift in how Americans shop.
- Demographic tailwinds: Young adults are driving the gains. Millennials make more digital purchases than any other generation (32% shopping online-only).² Gen Z is mobile-first, and their aggregate spending rose by over 50% since 2019,³ reinforcing e-commerce's tailwinds.
- Sticky post-pandemic behaviors: Expectations for speed and convenience are rising; at the same time, the ways consumers shop through e-commerce channels is fundamentally different with the average return rates of nearly 25% for e-commerce vs. over 8% in-store.⁴
- Implications for industrial real estate: Returns processing, inventory decentralization, and last-mile optimization can increase logistics intensity, which in our view drives demand for more facilities closer to end demand with higher throughput.

U.S. E-COMMERCE IS A DURABLE DRIVER OF LOGISTICS DEMAND

Over the past decade, e-commerce grew more than three times faster than traditional retail⁵



The growth of U.S. e-commerce is driven by powerful demographic tailwinds and shifting consumer preferences, which we believe serve as a durable engine of U.S. logistics demand. Over the past decade, online sales compounded at ~14% annually, versus ~4% for traditional brick-and-mortar retail (see visual below). In our view, this secular trend is not cyclical but is instead a significant shift in how Americans shop.

Who is fueling the increased growth? Young adults. Millennials make more digital purchases than any other generation (32% shopping online-only), and Gen Z is mobile-first, seamlessly integrating social media, digital wallets, and app-based discovery into nearly every step of the purchase journey. Importantly, Gen Z (born after 1997) is gliding into peak spending years; from 2019 to 2023, their aggregate spending rose by more than 50% according to the latest BLS data. We believe that these cohorts reinforce e-commerce's growth runway and support sustained, logistics-intensive fulfillment models.

Consumer expectations for the speed and convenience of home delivery accelerated during the pandemic, and we believe this could remain sticky. One clear example is "bracketing," where shoppers buy multiple sizes or styles (especially in apparel) and return what does not fit. With apparel consistently among the largest online categories, bracketing magnifies reverse-logistics volumes. The National Retail Federation estimates U.S.

consumers returned \$901 billion of merchandise in 2024, with average return rates of 24.5% for e-commerce versus 8.71% for in-store purchases. High and uneven return flows can require dedicated nodes, specialized labor, and technology to triage, refurbish, and reroute inventory.

Why it matters for commercial real estate investment. The implications for industrial real estate are tangible. Returns processing, inventory decentralization, and last-mile optimization each increase logistics intensity—more facilities, closer to end demand, with higher throughput requirements. Retailers are expanding dedicated return-processing hubs and micro-fulfillment nodes while re-configuring networks toward dense, infill submarkets that compress delivery windows. Facilities with flexible footprints, robust power infrastructure, and sorting capability are particularly well positioned as omnichannel supply chains continue to mature.

Bottom line: in our view, e-commerce is not a pandemic-era anomaly; it is a durable demand driver that continues to outperform store-based retail and reshape supply chains. We expect these dynamics to underpin resilient absorption and pricing power for well-located, modern logistics assets—especially last-mile and returns-capable facilities—in the years ahead.

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ENDNOTES

1 U.S. Census Bureau, Retail Indicators Branch. Estimated Quarterly U.S. Retail Sales (Adjusted): Total and E-commerce. Last revised: August 19, 2025.

2 Capital One Shopping Research. Online Shopping Trends. Last updated: June 17, 2025

3 Bureau of Labor Statistics, U.S. Department of Labor. April 18, 2025. The Economics Daily, *Which Generation Spends More?* <https://www.bls.gov/opub/ted/2025/which-generation-spends-more.htm> accessed on October 7, 2025.

4 Capital One Shopping Research. Online Shopping Trends. Last updated: June 17, 2025

5 U.S. Census Bureau, Retail Indicators Branch. Estimated Quarterly U.S. Retail Sales (Adjusted): Total and E-commerce. Last revised: August 19, 2025.

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