



Beyond Borders: A Global Perspective of International Real Estate Valuation

CHAPTER 66:

VALUATION OF LOGISTICS FACILITIES AND DATA CENTERS IN THE GLOBAL MARKET

OCTOBER 7, 2025 | BRUCE D. GREENBERG, FRICS | MAI | SRA | ASA | ARM

In today's increasingly interconnected and digitized global economy, logistics facilities and data centers have become cornerstone assets within commercial real estate portfolios. These two property types—one driven by the physical flow of goods, the other by the digital flow of information—are witnessing unprecedented demand from investors, occupiers, and governments alike. As these assets expand across geographies, the role of accurate and globally informed valuation becomes ever more essential. Whether in Frankfurt or Shenzhen, valuation professionals must address not just income-producing potential but also operational, regulatory, and technological factors that uniquely shape the performance of these assets.

This article explores the foundational valuation approaches for logistics and data centers, the global market dynamics influencing them, and key strategies for conducting cross-border appraisals with rigor and reliability.

Valuation Fundamentals: Logistics vs. Data Centers

Logistics Properties include warehouses, distribution centers, fulfillment hubs, and specialized facilities like cold storage. Their valuation hinges on functional features—clear height, dock doors, floor load capacity—as well as location-specific elements such as proximity to ports, rail, and labor pools. The income approach (capitalizing rental income using market-derived cap rates) and direct comparison (benchmarking recent sales) are typically employed.

Data Centers, by contrast, represent a hybrid asset class, where real estate and digital infrastructure converge. Their value is driven not only by lease income but also by power density (kW per rack), fiber connectivity, redundancy (e.g., N+1, 2N), cooling efficiency, and the ability to adapt to rapid technological change. Valuers must assess infrastructure value separately, often using the cost approach to isolate high-spec equipment, alongside the income method.

Furthermore, many data centers operate under triple-net lease models with hyperscalers (e.g., Amazon, Microsoft) or are run as colocation centers. Each model has distinct implications for risk, revenue, and terminal value—elements that significantly shape valuation outcomes.

Global Demand Drivers and Investment Trends

1. E-commerce Acceleration

The explosive growth of e-commerce, especially post-COVID, has reshaped logistics demand globally. Consumers expect fast delivery, spurring demand for last-mile facilities near dense urban centers. Cities like Los Angeles, Paris, and Tokyo have seen logistics land values rise significantly due to land scarcity and delivery requirements.

2. Digital Infrastructure Expansion

As cloud computing, artificial intelligence, and IoT expand, so does the need for data centers. The rise of edge computing has also increased the value of smaller, strategically located data centers in

underserved regions. Markets such as Singapore, Dublin, and Phoenix are attracting hyperscale development due to tax incentives, power availability, and stable connectivity.

3. Institutionalization and Capital Inflows

According to recent reports from CBRE and JLL, institutional investment into logistics and data centers grew by over 300% globally between 2017 and 2023. Sovereign wealth funds, pension plans, and infrastructure investors now treat these properties as critical assets, leading to cap rate compression and higher scrutiny on valuation assumptions.

Challenges and Valuation Considerations

1. Regulatory and Zoning Variance

Cross-border valuations must account for a wide range of legal and planning frameworks. For instance, European cities often impose strict zoning rules limiting logistics development within city cores, while some Asian countries limit foreign ownership of data infrastructure due to national security concerns.

2. Technological Obsolescence in Data Centers

The average functional life of a data center is often shorter than traditional CRE assets due to evolving requirements for energy efficiency, cooling, and compute density. Valuers must analyze future adaptability and residual land value in scenarios where facilities become obsolete within 10–15 years.

3. Energy and ESG Factors

Data centers are among the most energy-intensive real estate assets. Global investors increasingly demand ESG-compliant facilities. Power Usage

Effectiveness (PUE), renewable sourcing, and water efficiency now influence value. In logistics, LEED-certified warehouses and solar-enabled roofs attract green premiums in some jurisdictions.

4. Data Availability and Market Transparency

While major markets like the U.S., UK, and Germany offer robust transaction data, emerging markets in Africa, Southeast Asia, or Latin America often lack transparent benchmarks. Appraisers may need to apply hybrid methods, blending cost, income, and market proxies.

5. Currency and Political Risk Adjustments

Currency volatility and political instability in certain markets require discounting cash flows or increasing required yields. Valuers must also consider capital repatriation rules and tax implications when advising cross-border investors.

Best Practices and Strategic Approaches

• Engage Local Expertise

Collaborate with local brokers, engineers, and tax advisors to ensure assumptions reflect local conditions, such as labor constraints, utility access, and demand elasticity.

• Disaggregate Infrastructure Components

For data centers, separate land and building shell values from fit-out components like chillers, UPS systems, and cabling. These assets depreciate differently and may have residual salvage value.

• Incorporate Scenario Modeling

Build multiple valuation scenarios to stress-test assumptions—e.g., energy price hikes, tenant default, or changes in regulatory regimes—especially relevant for hyperscale data centers.

• Standardize Across Borders with IVS/RICS

Use internationally accepted frameworks like IVS or the RICS Red Book to harmonize methodology across geographies while noting deviations in assumptions.

• Address Functional Obsolescence Upfront

Factor in the cost of retrofitting or repurposing logistics facilities or data centers, particularly in aging portfolios, to reflect accurate asset lifecycle value.

Conclusion

The global market for logistics facilities and data centers is evolving rapidly, transforming from niche real estate plays into strategic infrastructure investments. Their valuation requires not only mastery of traditional appraisal principles but also an in-depth understanding of operational, technological, and geopolitical dynamics.

By embracing international standards, leveraging local insights, and proactively modeling for risk and obsolescence, valuation professionals can provide robust, forward-looking assessments that reflect the true market position of these mission-critical assets. In a world where both physical and digital supply chains are converging, accurate valuations are essential to sound investment, policy, and operational decisions.

References

1. International Valuation Standards Council (IVSC). (2022). International Valuation Standards. <https://www.ivsc.org>
2. CBRE Research. (2023). Global Industrial & Logistics Outlook.
3. JLL. (2023). Data Center Outlook.
4. Geltner, D., Miller, N. G., Clayton, J., & Eichholtz, P. (2007). Commercial Real Estate Analysis and Investments.
5. Baum, A. (2015). Real Estate Investment: A Strategic Approach.



Bruce D. Greenberg

FRICS | MAI | SRA | ASA | ARM

Managing Director | Principal

+1-480-440-2842 Ext. 01

bdgreenberg@fourcv.com

www.fourcv.com



FOUR CORNERS VALUATIONS
REAL ESTATE ADVISORY SERVICES

Four Corners Valuations delivers exceptional valuation and advisory services across the US and globally, offering a unique blend of local expertise and international experience. Utilizing advanced technology and superior data sources, we ensure accurate and comprehensive valuations for developers, investors, lenders, and other stakeholders. With licensed professionals across the United States and experienced in more than 60 countries, we are dedicated to excellence and committed to guiding our clients towards informed and successful decisions.

+1.480.440.2842 www.fourcv.com

OFFICE LOCATIONS

USA

Chicago - Dallas - Houston - Phoenix
Tucson - Washington, DC

INTERNATIONAL

Argentina - Barbados - Brazil
Chile - Ecuador - Guatemala
India - Israel - Mexico
Morocco - Panama - Paraguay
Peru - Philippines - Puerto Rico
Spain - UAE