

The CEE Advantage

How Automation & Proximity Are Transforming Europe's Supply Chain Landscape

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CEE is no longer
optional,
it is becoming
essential.

Executive *Summary*

Central and Eastern Europe (CEE) has moved from a promising alternative to an essential component of Europe's future supply chain networks. Once valued primarily for low-cost labour, the region is now recognized for robust infrastructure, strategic location, skilled workforce, and accelerating automation.

Today, multinational manufacturers, retailers, and logistics providers view CEE not as Europe's "nearshore" extension but as its operational heart. Czechia, Poland, Slovakia, Romania, and Hungary attract sustained investment because they deliver what modern supply chains require: resilience, cost efficiency, and agility, all within close reach of Europe's largest consumer markets.

As labour costs rise and technology matures, automation is the defining catalyst. At the heart of these changes is Czechia's consistent rise as a location for manufacturing, logistics and innovation.

The mix of affordability, innovation, and geographic advantage positions CEE as Europe's next logistics powerhouse.



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Why CEE is *hot and attractive*

CEE is proving its strength in 2025, balancing steady growth with adaptability in a shifting global landscape. Consumer spending remains strong, supported by rising incomes and sustained EU investment, while trade agreements earlier in the year (namely the US-EU tariff deal) helped stabilise key manufacturing sectors. Despite persistent global uncertainties, the region's diversified economies, competitive labour base, and deep integration into European supply chains keep its growth trajectory ahead of Western Europe.

In 2026 and beyond, CEE's outlook is bright: rising demand, strategic nearshoring opportunities (especially from Asian occupiers), and accelerating investment in green mobility and infrastructure position the region as a critical growth engine for Europe. Inflation is moderating, labour markets remain dynamic, and long-term prospects continue to outperform the Eurozone average.

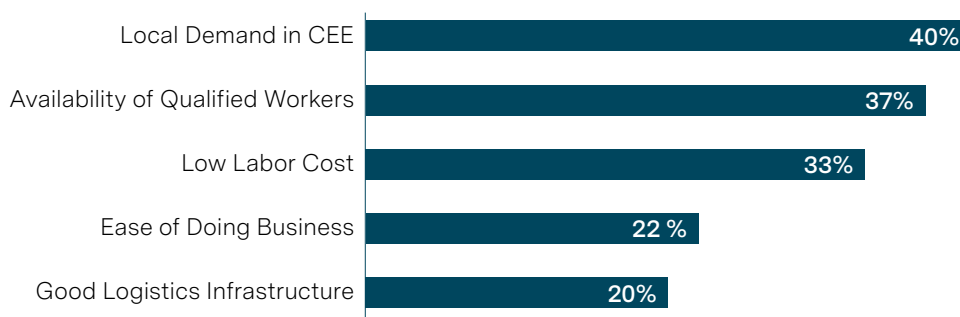
Across Europe, companies are reassessing production and logistics footprints amid cost pressures, geopolitical uncertainty, and the need for resilient networks. In this context, CEE has emerged as a clear front-runner.

CEE is emerging as Europe's front-runner, combining resilient growth, strong demand, and rising nearshoring activity to outpace Western Europe in 2025 and beyond.

Why CEE is hot and attractive!

A survey of 130 companies active in the region highlights CEE's strongest advantages.

Fig. 1: Location benefits of CEE according to 130+ companies surveyed



Source: KPMG Germany and “Ost-Ausschuss der Deutschen Wirtschaft”

Beyond that, the region's integration into the EU single market, proximity to Western Europe, and mature industrial ecosystem create high business confidence with low operational friction.

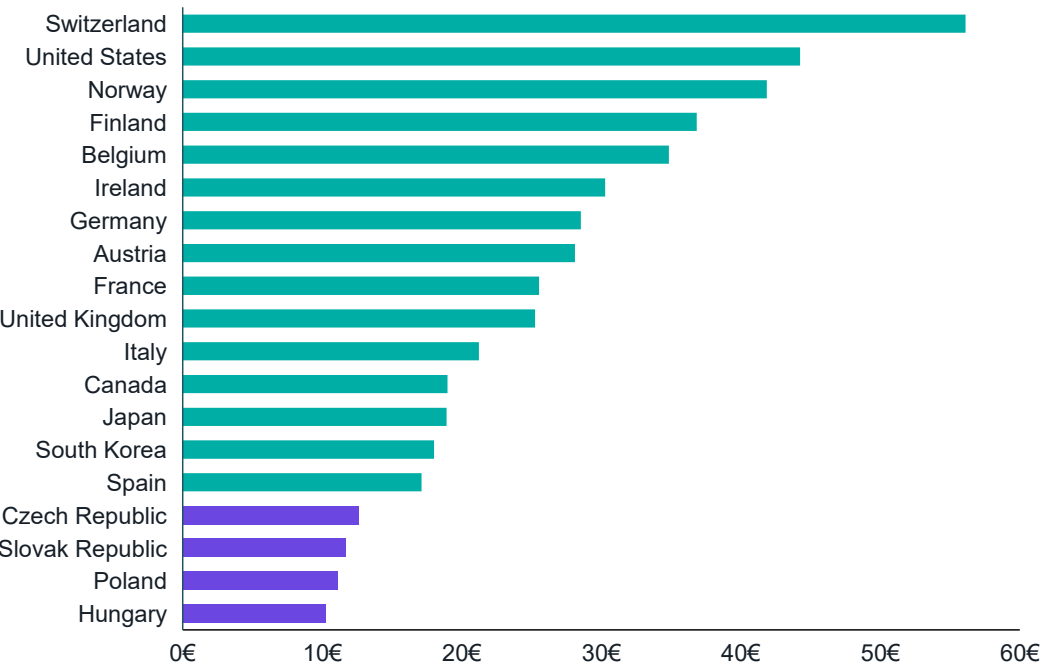
A competitive *landscape in motion*

CEE’s labour-cost advantage remains a key differentiator. Nominal hourly wages in manufacturing and logistics across Czechia, Poland, Slovakia, Romania, and Hungary are less than half of those in Western Europe and will remain so for at least the next decade.

At the same time, the workforce is increasingly skilled and technically capable, enabling complex operations in automotive, electronics, consumer goods, and e-commerce. Energy reliability and low land prices add to the edge, supported by EU-funded industrial zones and logistics parks.

Fig. 2: Labour cost advantage in CEE will remain for the foreseeable future

Nominal Hourly Wages in Manufacturing & Logistics (€, average)

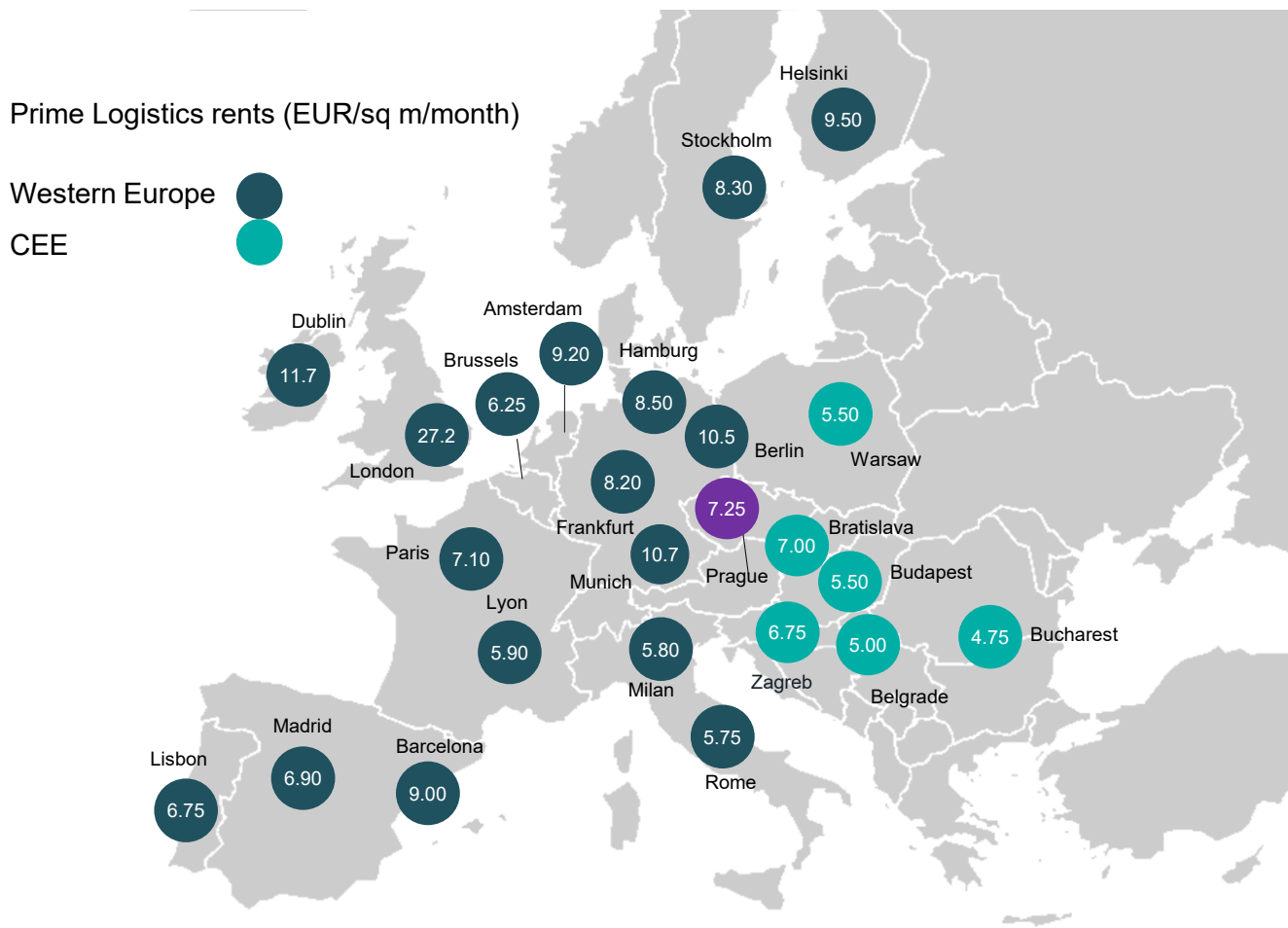


Source: Oxford Economics, OECD STAN Database, 2025

Prime logistics rents in CEE remain well below Western European averages, combining modern infrastructure with competitive land and energy costs, making the region structurally attractive.

CEE is no longer optional, it is becoming essential.

Fig. 3: Average logistics rents in CEE below Western European rents



Source: iO Partners, JLL, October 2025

From vision to investment:

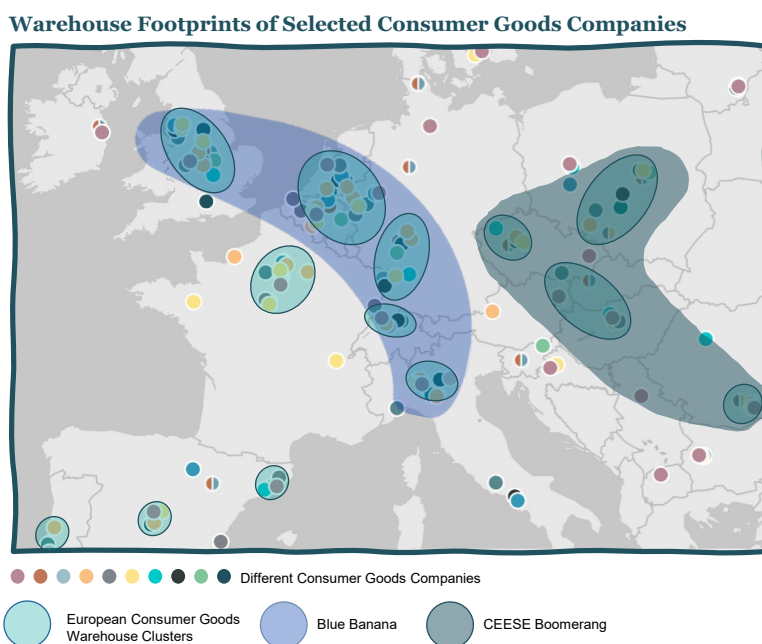
The “CEESE Boomerang”

A defining trend from the Prague Roadshow is the “CEE boomerang”. The blue banana in western europe will remain, and the CEE boomerang will become the 2nd logistics and industrial hotspot “zone”.

In consumer goods and retail, companies facing scarcity and cost pressure in Western Europe are expanding eastward, not relocating, but rebalancing their European networks.

The figure below shows major consumer-goods firms clustering warehouse operations across CEE, forming a new logistics arc that complements, and increasingly rivals, the traditional Western corridor.

Fig. 4: Western Europe remains the demand center; CEE becomes the operational core



Source: Miebach Market Intelligence, October 2025

Czechia: Europe's strategic gateway

However, at the heart of this transformation lies Czechia, the standout performer, alongside Poland, in the CEE region.

Geographic proximity is Czechia's superpower. Parcel-shipping lead times from western Czechia to Germany equal domestic German delivery times, while FTL/LTL shipments reach Germany within two days.

Regions such as Pilsen, Cheb, and Ústí nad Labem host distribution centers for global brands including Amazon, Tchibo, H&M, ZF Aftermarket, and Zalando. Highways D5/E50 and EU rail corridors provide seamless connectivity to both Prague and Germany.

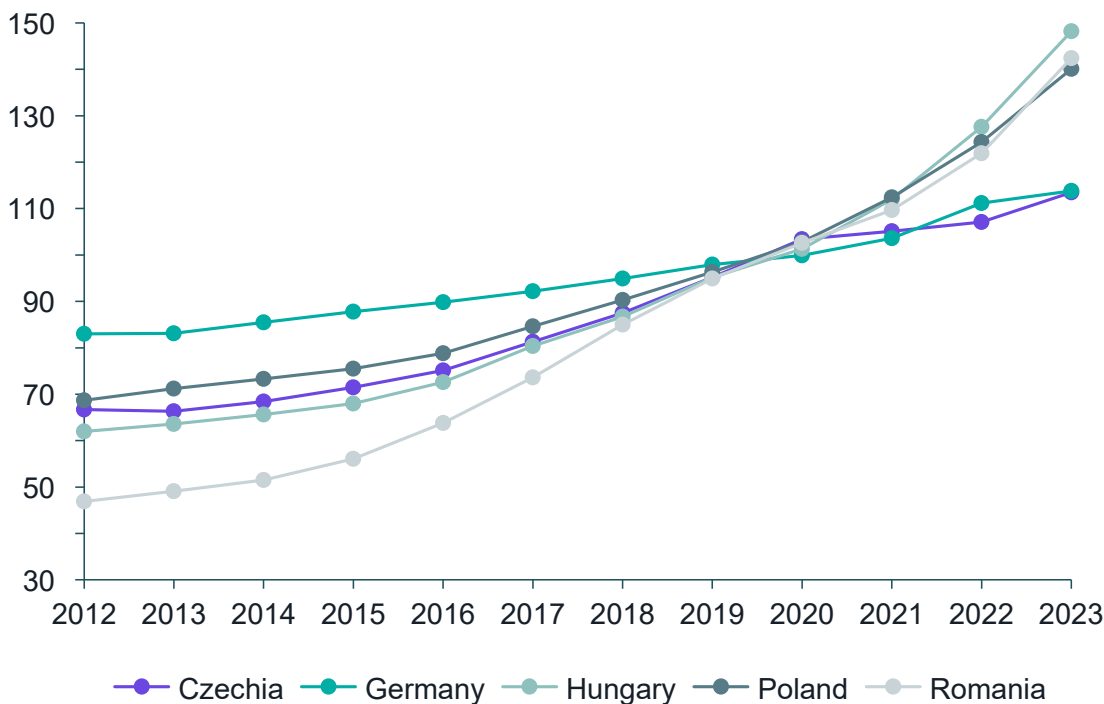
Czechia's logistics sector has evolved from peripheral advantage to core enabler of European resilience.

Automation: powering the future of CEE

While cost competitiveness fueled CEE's rise, the next wave is defined by automation. The labour-cost index shows Czechia's wages rising nearly in parallel with Germany's, making automation both economical and essential.

Fig. 5: Labour costs rise significantly in CEE, accelerating the shift towards automation

Labour Cost Index (Industry, construction and services; 2020 = 100)



Source: Eurostat

Automation investments in Czechia and Poland deliver payback within 6–9 years – this is the return on investment (ROI) reality. By combining proven automation with a skilled, cost-efficient workforce, CEE creates a hybrid advantage unmatched elsewhere in Europe.

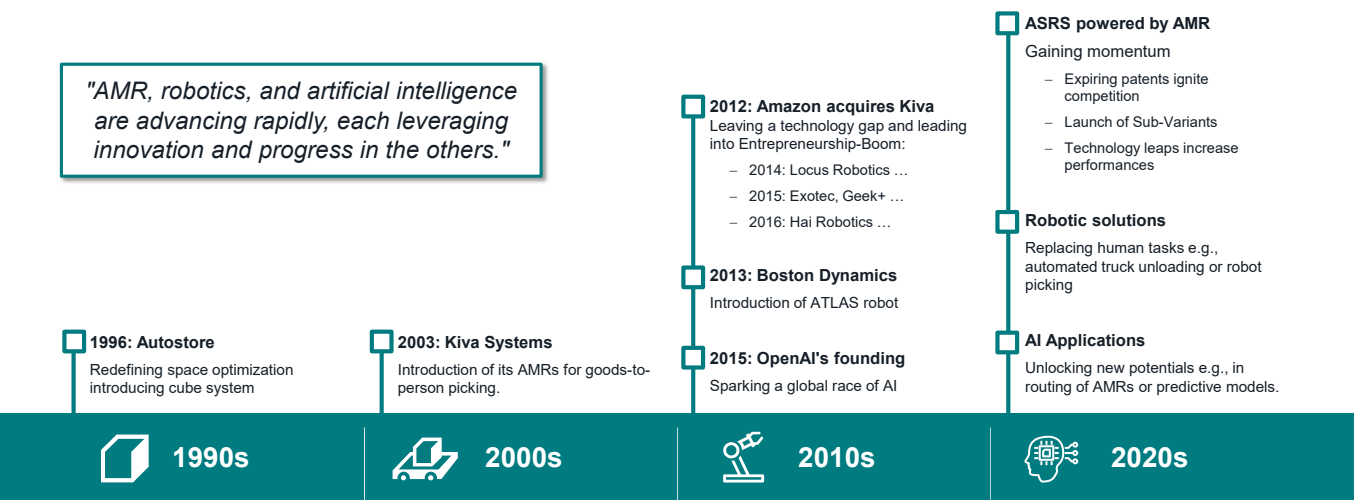
The challenge for countries in the CEE region will be ensuring that the permitting systems are ready for higher buildings (i.e. greater than 18m in clear height) to support more advanced forms of automation and technology.

Technology Highlights:

ASRS systems have become standard in large distribution centers, while AMRs and AGVs are increasingly gaining traction in factory logistics. Cube-based storage solutions such as AutoStore are now widely adopted, and AI-driven optimization is enhancing routing as well as predictive models.

Automation in CEE enhances flexibility, scalability, and data-driven control, creating smarter, safer, and more sustainable operations.

Fig. 6: The last decades have been defined by groundbreaking advancements in AMR, robotics, and AI



Source: Miebach Market Intelligence, October 2025

Beyond cost:

building future-ready supply chains

Post-COVID pandemic, resilience and speed are as vital as cost and efficiency. CEE's short lead times, stable regulations, and reliable transport networks make it a dependable hub. However, in addition to this, power stability and ESG will continue to be important considerations in building and maintaining supply chains across the region.

If we focus on Czechia, it will continue to be best suited for industries that balance moderate energy use, skilled labour needs, and streamlined permitting. Automotive and EV supply chains remain strong due to legacy expertise and proximity to Germany, while advanced manufacturing, precision engineering, and cleantech benefit from government incentives and nuclear-backed energy stability.

Logistics will continue to be attractive given the country's central location and robust infrastructure, though automation is key to offset labour shortages. However, a consistent and growing pool of logistics engineers, automation specialists, and data professionals will offset this labour challenge and enable locally developed innovation.

Less than a decade ago, sustainability was viewed as a premium on investment decisions in the broader supply chain ecosystem. However, modern parks now feature renewable energy, green certifications, and multimodal links as standard inclusions in base building specifications. This is a rapid transformation which was primarily led by the private sector.

CEE offers Western Europe's investors something rare: room to grow responsibly.

The CEE Advantage: *A Collaborative Vision*

CEE's success is built on collaboration, among governments, developers, logistics providers, and manufacturers.

Miebach and iO Partners have witnessed this evolution firsthand. Together, we guide clients from vision to investment, uniting strategy, engineering, digital insight, and market data.

As supply chains become more complex, partnership-driven models matter most. CEE combines operational discipline with innovative curiosity, a perfect reflection of both Miebach and iO's ethos.

CEE's strength lies in collaboration, proving that partnership-driven models are essential for navigating today's complex supply chains.

Conclusion & Key Takeaways



1. Sustained labour cost and competitive advantage

Rising Western European costs and advancing automation have turned CEE from cost alternative to strategic imperative. Czechia stands out as Europe's logistics gateway, blending location, labour, and infrastructure.



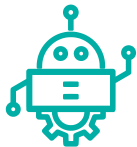
2. Ease of doing business – Czechia is perceived as pro-West

Central and Eastern Europe is no longer Europe's manufacturing backyard, it is its operational front line.



3. The CEE Boomerang in motion

The CEESE Boomerang will complement the new "Blue Banana". This means, Czechia is an essential investment area in CEE for supply chain operations.



4. Automation: Rising urgency and opportunity

As automation reshapes productivity, winning organizations will treat CEE not as an outsourcing zone but as a platform for innovation.

The question is no longer whether to invest, but how fast to act.

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About Miebach and iO Partners

Miebach designs and implements supply-chain solutions that connect strategy, engineering, and digital innovation.

iO Partners, an alliance partner of JLL, is a leading real estate advisory firm in CEE specializing in industrial, logistics, and investment services.

Together, we empower clients to realize the extraordinary potential of the CEE region, building supply chains that don't just move goods, but move business forward.

Ready to unleash your
Supply Chain Potential?

Contact us:

We build supply chains that
move at the speed of your
business.

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