



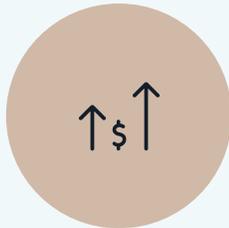
# Aerospace and Defense Trends to Watch

**2026 Global Real Estate Outlook**

Global Research  
December 2025



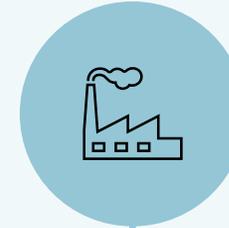
# 2026 Aerospace and Defense Trends to Watch



Surging defense spending is accelerating the globalization of the defense industry at a historic pace



Workforce upskilling for tech is the secret weapon in the defense industry talent war



Soaring demand and innovations in automation force overhaul of industrial assets for the defense industry

# Aerospace and Defense | Surging defense spending is accelerating the globalization of the defense industry at a historic pace

- Global defense expenditures are accelerating with G7 countries seeing an increase of nearly 25% from 2017 to 2024 as priorities are focused national security investments and defense capability enhancements.
- Germany and Japan are leading the increases in investment with 28% and 21% annual growth, respectively, from 2023 to 2024, while other European markets such as the United Kingdom and France maintain substantial expenditure levels.
- Defense contractors will prioritize strategic global positioning to capture a variety of opportunities such as supporting U.S. next-generation space capabilities or meeting comprehensive modernization and rearmament efforts throughout Europe and Asia.
- As the industry becomes increasingly globalized, defense firms will need to prioritize innovation as a key driver of growth with technologies and solutions that can successfully navigate varied international market conditions.

## G7 countries defense expenditures: 2017 - 2024

Total defense expenditures (\$\$ million)

\$100,000

\$80,000

\$60,000

\$40,000

\$20,000

\$0

2017

2018

2019

2020

2021

2022

2023

2024

2024 YoY growth

28% Germany

3% United Kingdom

6% France

21% Japan

1% Italy

7% Canada

6%

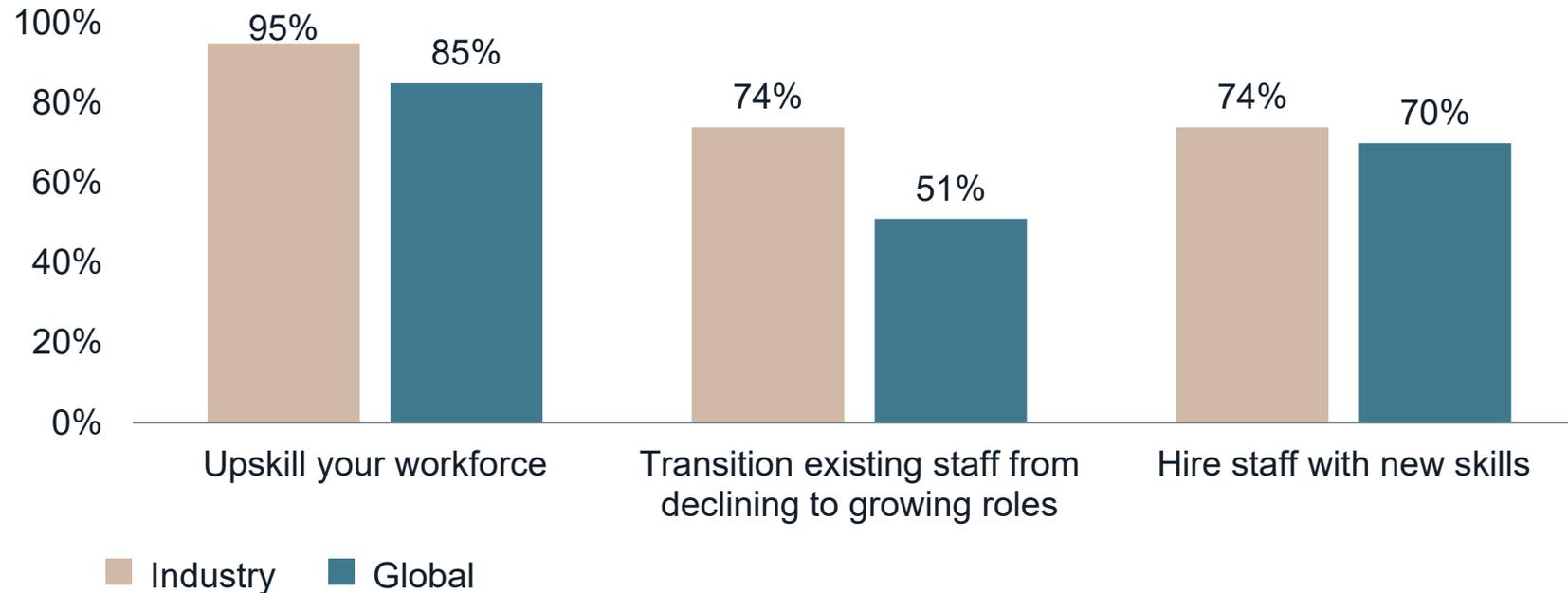
Total annual increase from 2023 to 2024 of defense expenditures in the United States

Source: Stockholm International Peace Research Institute

# Aerospace and Defense | Workforce upskilling for tech is the secret weapon in the defense industry talent war

- The aerospace and defense industry faces intensified competition for talent, as contractors are competing across industries for a skilled workforce.
- As the defense sector continues its digital evolution, the workforce must become well versed in emerging technologies such as AI, advanced networks and cybersecurity to meet the demands of next-generation systems.
- With a challenging external recruitment landscape, 95% of surveyed aerospace organizations acknowledge that upskilling the existing workforce will be the key component of a successful digital transformation.
- Organizations that prioritize upskilling and reskilling initiatives will strengthen their position in a competitive market and see continued operational improvements through more efficient integration of digital technologies.

## Key workforce strategy components by 2030



70%

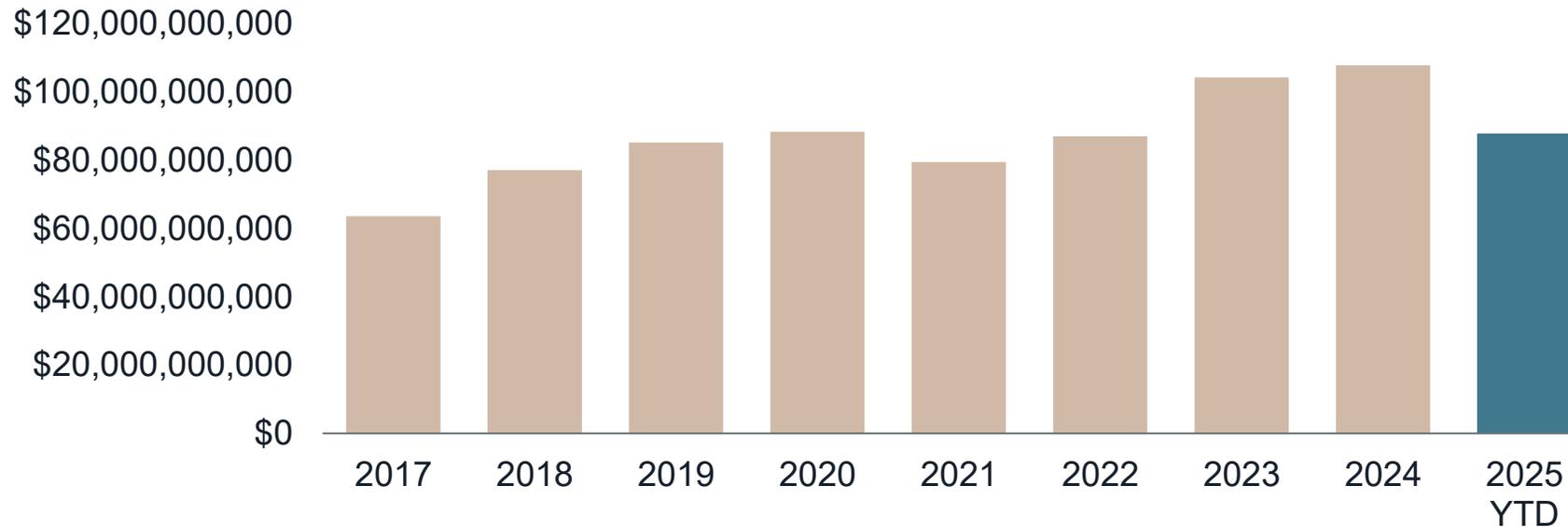
of aerospace organizations surveyed see improving talent progress and promotion processes as a top practice to improve talent availability (vs. 62% all industries)

Source: World Economic Forum Future of Jobs Report

# Aerospace and Defense | Soaring demand and innovations in automation force overhaul of industrial assets for the defense industry

- Defense manufacturing contracts have reached unprecedented levels with the Department of Defense awarding \$107 billion in 2024 as the global defense industry continues to accelerate.
- Activity has picked up substantially over the past few years as seen in the nearly 20% year-over-year growth in manufacturing contracts awarded from 2022 to 2023.
- As demand continues to increase, Defense contractors will increasingly adopt flexible and modular industrial spaces that can accommodate new programs and changing production requirements without requiring new facility overhauls each time.
- Contractors that invest in adaptable infrastructure will maintain a competitive advantage through the ability to efficiently manage workflow optimization, supply chain disruptions and the technological evolution that will continue to influence the sector.

**DOD Defense Manufacturing Contract award volume: 2017 – 2025 YTD**



**48%**

of defense manufacturing contract award volume since 2017 has been captured by 3 leading contractors

Source: Bloomberg Government

# Thank you

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