

2025

Europe

# EMERGING TRENDS IN REAL ESTATE®

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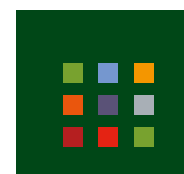




# EXECUTIVE SUMMARY

“We need to be properly embedded into all of the societies, communities, locations that we're invested in. We should be taking a broad view of who our stakeholders are.”

European real estate head of a global asset manager





Europe’s real estate leaders are drawing some comfort from a more benign interest rate environment than in previous years, and yet sentiment remains clouded by fragile economic growth and growing geopolitical uncertainty.

Geopolitics has figured significantly in recent editions of *Emerging Trends in Real Estate® Europe* but never more prominently than this year as the industry considers the potential impact of elections at home and further afield as well as the conflicts in Ukraine and the Middle East. The mood among the 1,214 property professionals canvassed for this edition is therefore one of cautious optimism. Though the survey indicates greater business confidence and profits for 2025 than a year ago, the interviews offer a more nuanced view of the market, and there are caveats at every turn.

Given the weak economic outlook for the coming year – notably in Germany – the strength of tenant demand remains an issue for 44 percent of survey respondents. Some leaders are taking more of a three-to-five-year view of recovery rather than making strong bets for 2025. Alongside the uncertain geopolitical and economic backdrop to real estate, there are recurring areas of concern, such as regulation, construction costs and availability of finance, which continue to stifle development.

Following greater clarity on monetary policy in Europe and the US the signs are that buyers and sellers of properties are edging closer to agreement on pricing in offices and retail, which are nonetheless still adjusting to the impact of structural change.

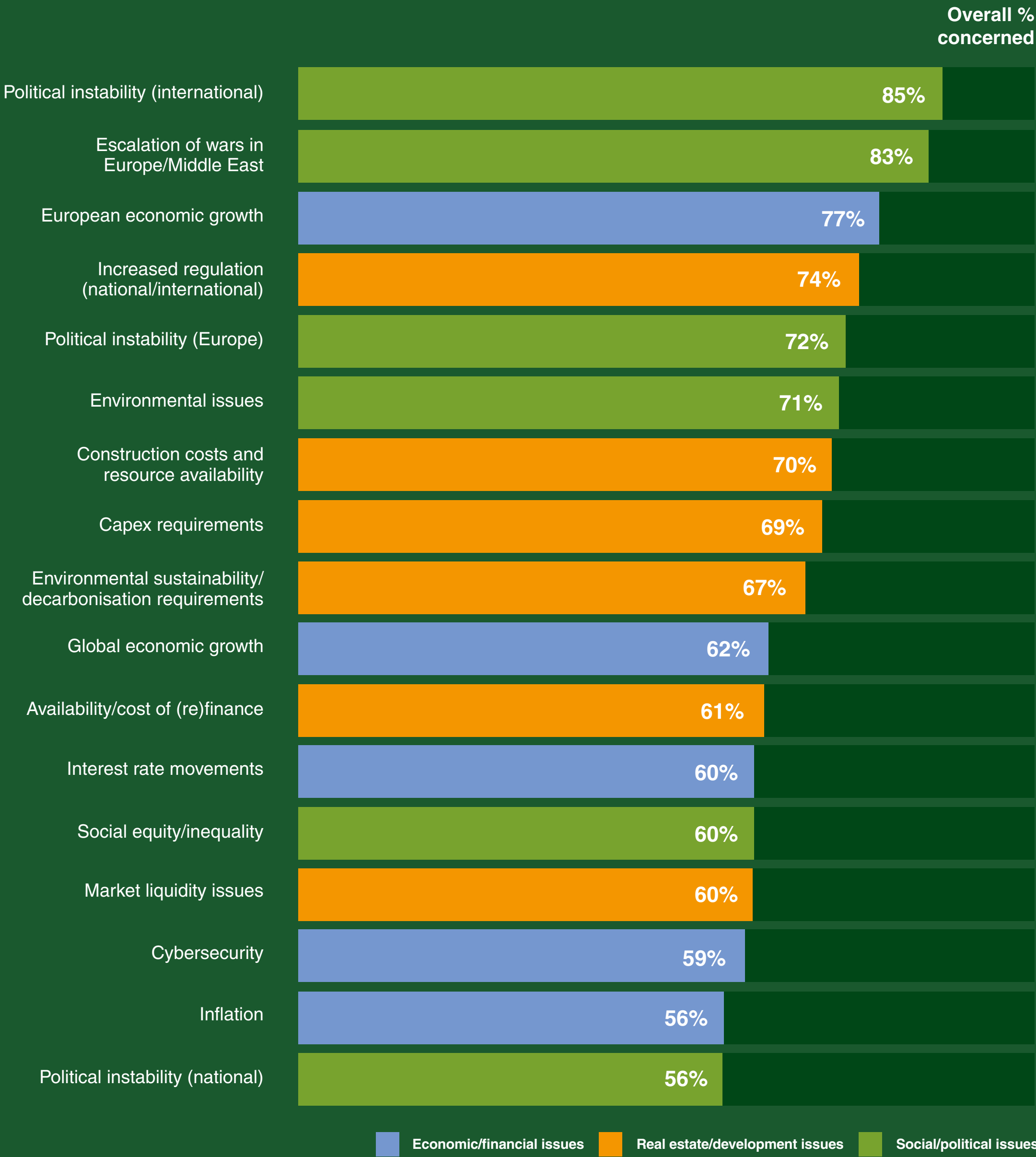
In a still-subdued investment market, logistics, storage and various forms of housing have fared relatively well – resilience that is expected to continue in the coming year. Even in these sought-after sectors, however, some investors are wary of prices being inflated by over-optimistic growth assumptions. And there is a sense among some interviewees that real estate investment generally still has to prove its worth next to other asset classes, despite the survey indicating greater availability of debt and equity capital as well as higher returns than a year ago.

In such a hesitant recovery it is no surprise that market size and liquidity are key factors in the city preferences of survey respondents, with London and Paris first and third in the rankings. Madrid also demonstrates those big-city benefits although interviewees highlight the quality of life in the Spanish capital, which has risen from eighth in 2020 to second place for 2025.

Some in the industry will always see safety in size and liquidity but an increasing number of interviewees see economic uncertainty rewarding “hands on” investors and managers. As a result, alternative sectors remain on an upward trajectory, but there is now much more emphasis on integrating operating businesses with assets.

This shift into alternative and operational real estate complements the industry’s environmental, social and governance (ESG) agenda, which remains the main focal point for the industry.

Key issues causing concern for the real estate industry in 2025



Source: Emerging Trends Europe survey 2025

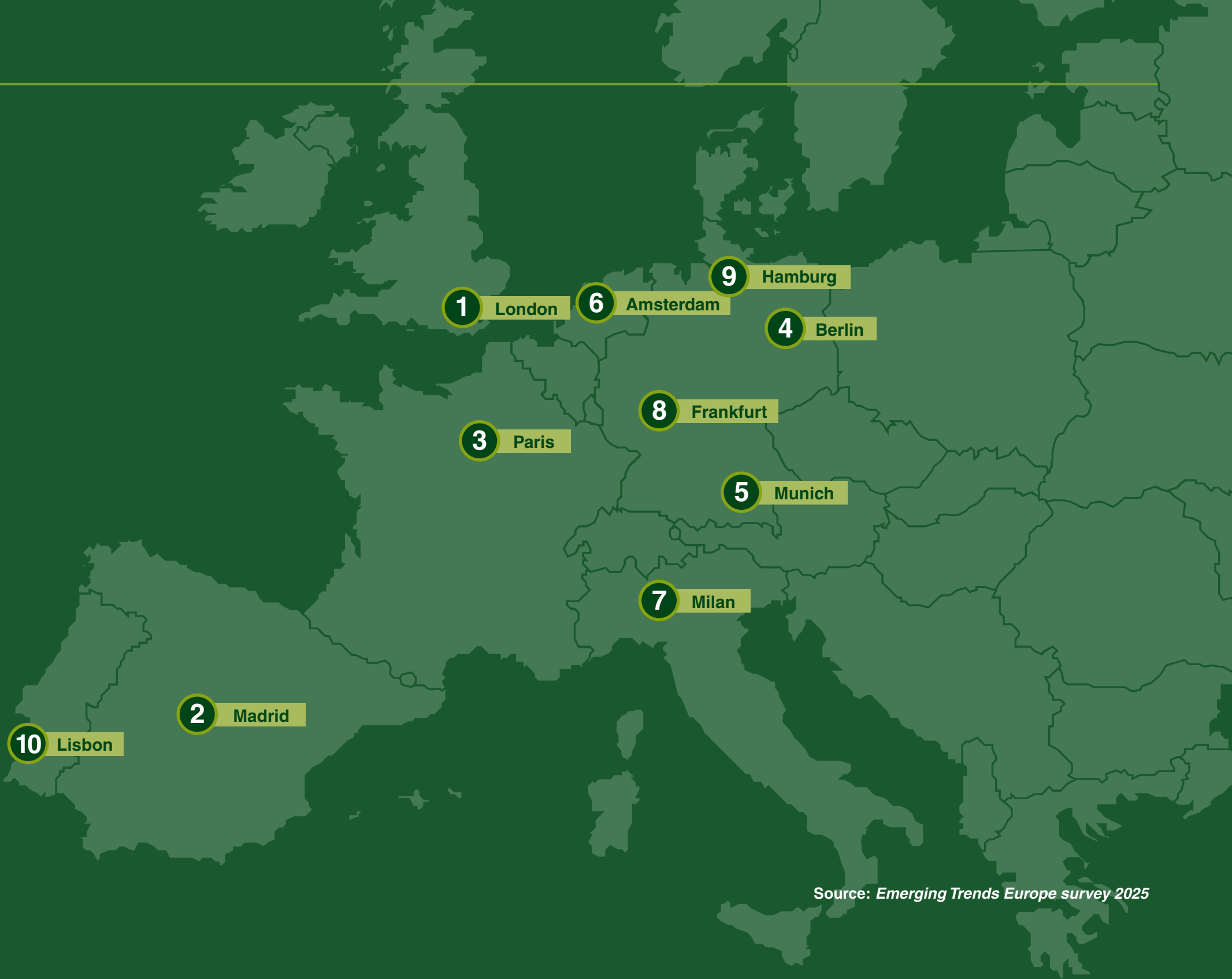


However, many stakeholders express concern that ESG may be too narrow to capture fully the broader complexities of real estate and its overall impact on society. Indeed, many interviewees express frustration that the ESG agenda often feels like a distraction from the commercial imperative to create value through delivering high-quality real estate. This is compounded by the uncertainty over “what is considered to be sustainable now could be very different in 20 years' time”. More than two-thirds of respondents are concerned about meeting environmental and decarbonisation requirements by 2025, with 70 percent flagging these concerns for the next five years. Underpinning these issues is the widespread belief among interviewees that current valuations do not accurately reflect the challenges facing the industry, including climate change, shifting occupier demand, and social impact.

The interviews also indicate, however, that the more progressive industry players are starting to meet these challenges head on. When it comes to driving profits, says one institutional investment chief, the focus now needs to be on “debt, demographics, decarbonisation, deglobalisation, and digitalisation”.

Cities to watch

| City      | Rank |
|-----------|------|
| London    | 1.   |
| Madrid    | 2.   |
| Paris     | 3.   |
| Berlin    | 4.   |
| Munich    | 5.   |
| Amsterdam | 6.   |
| Milan     | 7.   |
| Frankfurt | 8.   |
| Hamburg   | 9.   |
| Lisbon    | 10.  |



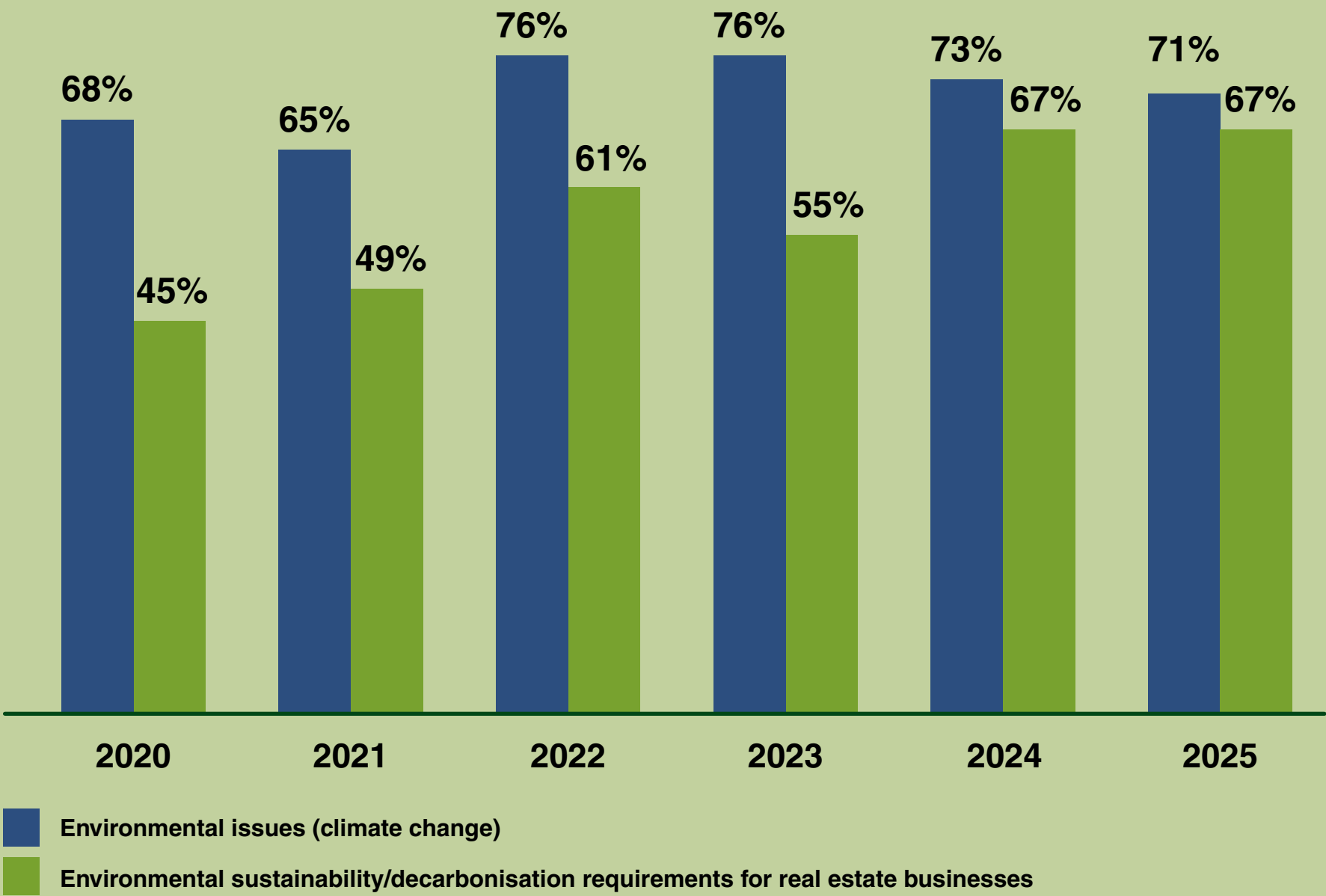
Source: Emerging Trends Europe survey 2025

Sectors to watch



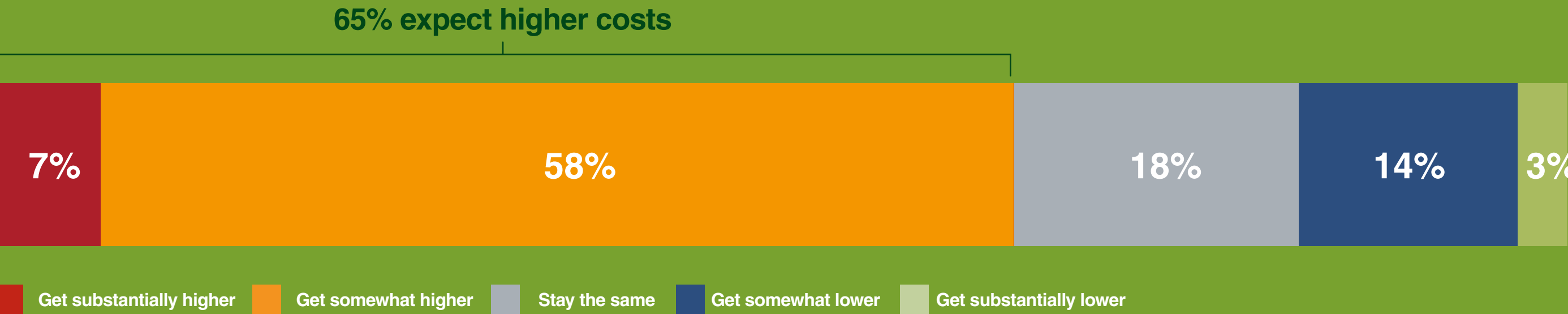


Proportion concerned with environmental, sustainability and decarbonisation issues (% overall concerned)



Source: Emerging Trends Europe survey 2020–2025

Expected prospects for cost of insurance in Europe over the next 3-5 years



Source: Emerging Trends Europe survey 2025

Key finance-ability concerns for real estate

88%



expect capex and financing requirements for the transition to net zero to be a key factor in the financing of real estate over the next five years

85%



expect regulatory hurdles (taxes, minimum energy, efficiency requirements) to be a key factor in the financing of real estate over the next five years

Calibrating energy transition and climate risk

Physical climate risk and real estate’s transition to net-zero carbon emissions have been recurring issues in *Emerging Trends Europe* but this year the report also examines the far-reaching implications for insurance and finance from these twin challenges.

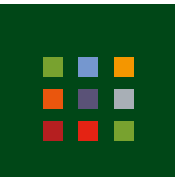
As real estate faces increased risks from the rising frequency and severity of extreme weather events alongside the transition to net zero, the impact on the industry is becoming clearer in terms of financial costs and business interruption.

According to this year’s survey, nearly two-thirds of respondents expect an increase in insurance costs over the next five years. More than half anticipate that access to insurance will get harder.

At the same time, insurers and financiers are re-evaluating their business models in the face of changing regulations and advances in technology as they seek to provide efficient insurance and financing markets to support real estate’s response to climate change.

It is evident that property owners without a net-zero pathway for their assets will struggle to obtain finance. Almost 90 percent of survey respondents expect capex and financing requirements for the transition to net zero to be a key factor in the financing of real estate over the next five years.

As we explain in Chapter 5, the issues around the insurance and financing of real estate from climate risks are widely acknowledged by the industry. However, current levels of awareness and collaboration do not reflect the scale and urgency of the challenge.



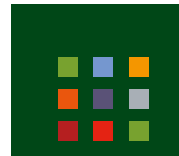


## CHAPTER 1

# BUSINESS ENVIRONMENT

“It is a great market today for people who understand real estate. Those who don’t understand it are relying on financial volatility to create value.”

Global real estate head, private markets firm



**After navigating the storm clouds of high inflation and interest rates for nearly three years, the real estate industry in Europe has a landing zone in sight.**

Central bank rate cuts and improving economies have created a degree of predictability – some would say, a new normal – around interest rates and valuations. Yet while business confidence is up, geopolitics – both close to home and further afield – increasingly represents a source of considerable volatility.

The European real estate industry has never been more acutely aware that it is part of a global machine, affected by events and developments around the world, including US Federal Reserve rate cuts, the outcome of conflict in the Middle East, evolving policies and trade relations in the rapidly growing economies of China and India, as well as election results closer to home. And with, at time of writing, the identity of the next US president still to emerge, further twists remain in this record year at the ballot box.

Despite increased optimism around the direction for interest rates, the cost and availability of finance – with its impact on valuations and transaction volumes – has proved a heavy burden for the last three years. “The last couple of years would suggest that interest rates are much more fundamental to the real estate industry and value creation,” says one global investment manager. “We’d all like to think we work so hard and try to add value, but it basically boils down to where are interest rates.”

Yet other industry leaders canvassed for *Emerging Trends Europe* frame the present moment as a window of opportunity.

“

**The last couple of years would suggest that interest rates are much more fundamental to the real estate industry and value creation.**



“

We have a market where today you can generate higher returns because yields have come up, and there’s less competition – there’s probably less money around than before.

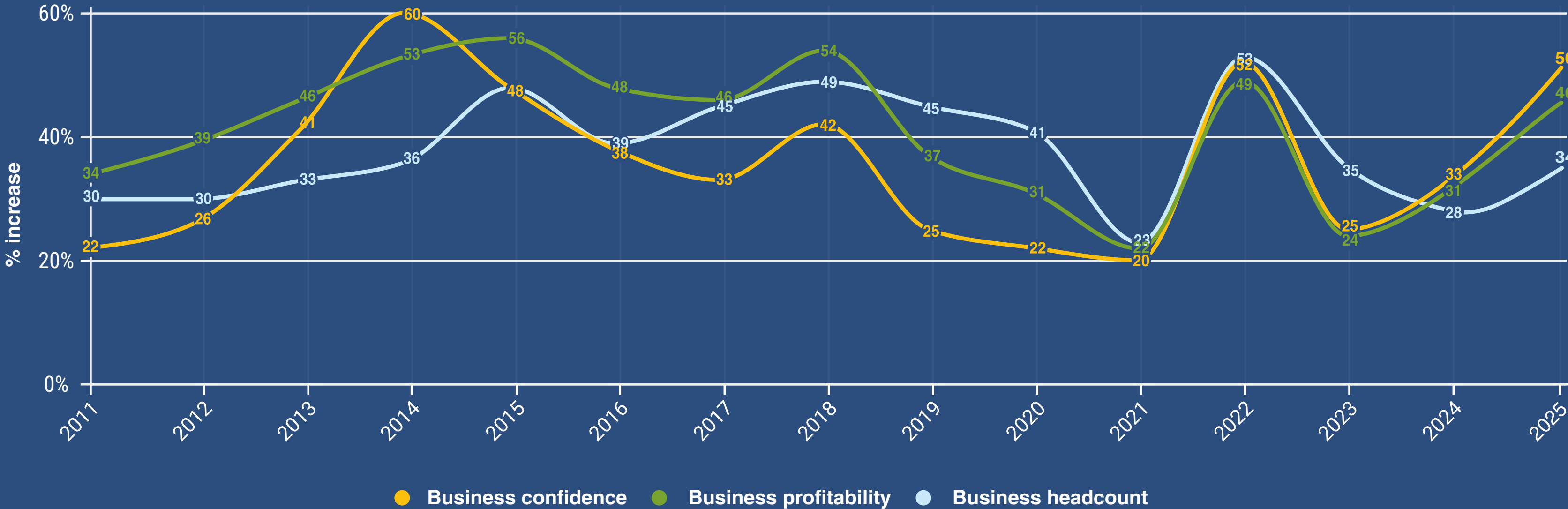
The real estate head of a private equity firm suggests that the industry should aim to “get disconnected from yields and the interest rate environment” and focus on “operational real estate”. He adds: “It’s time to be hands-on and proactive, whether it’s at the asset level, at the operational level, or at the macro level when it comes to anticipating structural trends”, noting that it is a “great market ... for people who understand real estate. Those who don’t understand it are relying on financial volatility to create value.”

Indeed, this year’s survey opens in a relatively optimistic mood, with over 80 percent of respondents expecting business confidence and profits to stay the same or rise in 2025, with around half suggesting both will go up.

“We have a market where today you can generate higher returns because yields have come up, and there’s less competition – there’s probably less money around than before,” suggests a senior executive at a private markets firm.

Figure 1-1 Real estate business sentiment, 2011–2025

Source: Emerging Trends Europe survey 2025



Although this sense of positivity in both areas has been increasing year-on-year in the survey since 2023, regional variations remain. The CEO of a pan-European investment manager, for example, cites Germany as a territory that “international investors are a bit sceptical about”, and where even distressed situations haven’t moved the dial on dealmaking. “With the Signa insolvency, we have some trades here in Germany, but it’s not as big an opportunity as everyone hoped. A lot of people are still waiting to deploy capital.”

Following a few complex years for UK politics, the country is once again generally considered to be a good place to do business. “Post-Truss, the UK has returned to economic stability,” suggests the managing director for Europe of a global private markets firm.

Other respondents counter the positive outlook with ongoing concern about a broader web of political complexities worldwide. Remarks one

pan-European real estate CEO: “Our optimism for 2025 is limited by global geopolitical risks and questions of political stability in Europe.”

The industry view on headcount is still muted, with 53 percent believing that they will stay the same in 2025 – perhaps a sign of lingering caution over the volumes of business that will be done. “We have seen our workforce halve in recent times,” admits the CEO of a Northern European real estate firm.

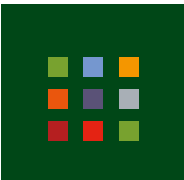
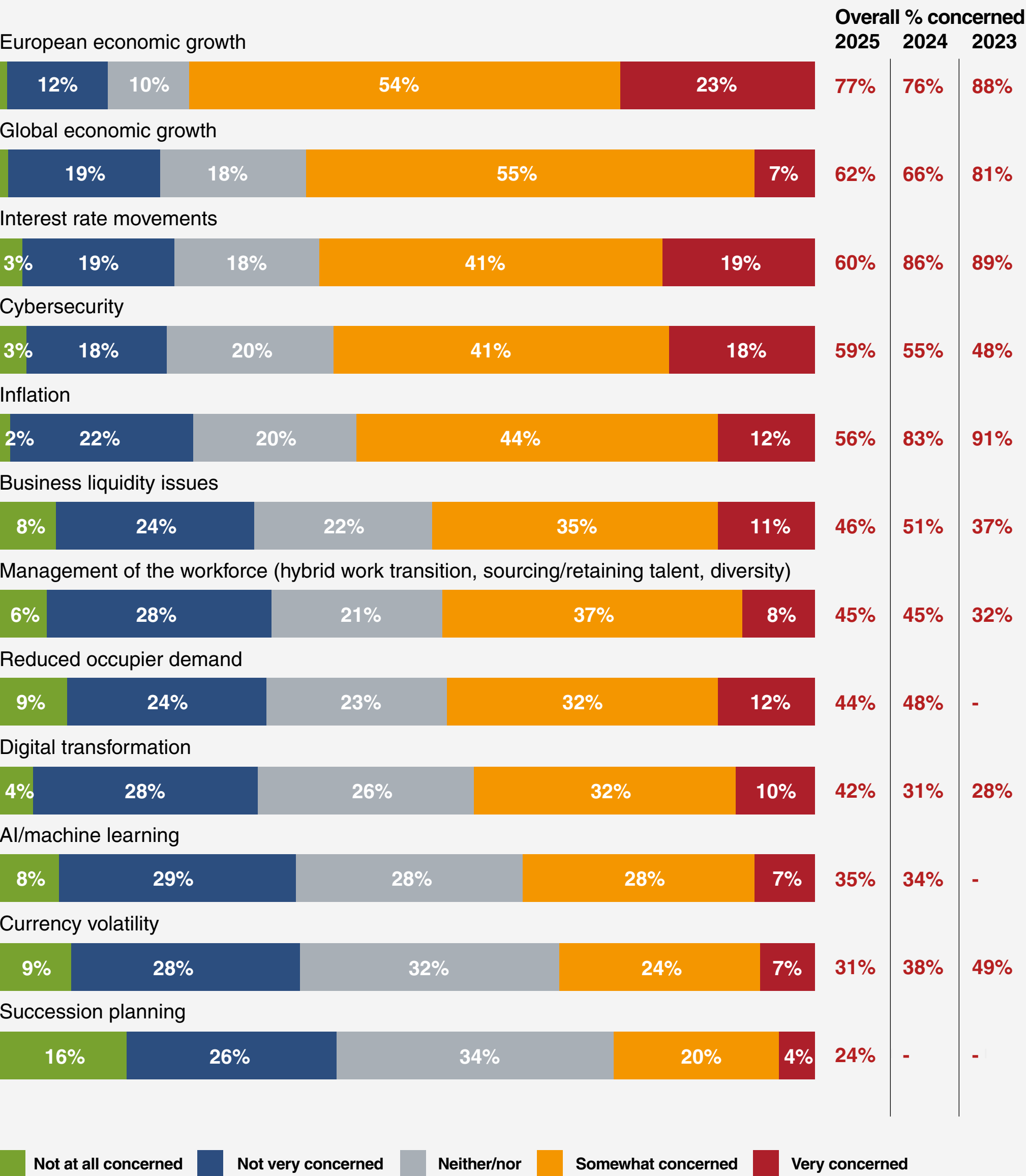


Figure 1-2 The European business environment issues causing concern in 2025



Source: Emerging Trends Europe survey 2025

Yet only 13 percent believe that headcounts will decrease. “The need for increased headcount due to regulatory changes in the EU is an important aspect that cannot be overlooked,” suggests the finance chief of a real estate fund manager.

Perhaps unsurprisingly, the industry is uneasy about European and global economic growth, which are the main business concerns for 77 percent and 62 percent of respondents respectively (Figure 1-2).

“Both in Europe and to some extent the US, growth continues to be the single most important factor that is going to drive occupational markets,” a senior executive at a private property company says. “We’ve been very lucky that despite the increase in interest rates, we haven’t seen an economic hard landing. But clearly as rates continue to stay higher for longer, there is again a risk of lower economic growth.”

The survey shows that reduced tenant demand remains a concern for 44 percent of respondents, albeit to a lesser degree than last year’s 48 percent. “At some point I think occupiers won’t be able to pay higher and higher rents. So, I suspect there will be some plateau around income growth,” says one global institutional investor.

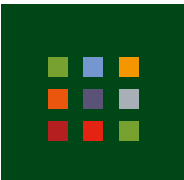
Over a three-to-five-year window, this fear is not significantly assuaged, with 42 percent of respondents still seeing a cloud over occupier markets. The CEO of a pan-European institutional investor remarks that with further ESG requirements due over the next decade, “the one that is going to pay the bill is the occupier”.

“

Both in Europe, and to some extent the US, growth continues to be the single most important factor that is going to drive occupational markets.

Another real estate business leader also alludes to the limits of the current economy from a capital flows perspective, noting: “European investors are still investing in Europe, but there’s a general trend of investors – in other markets too – staying a bit closer to home.” One fund manager has a greater sense of resolution in sight: “Economics-wise, it feels to me now as though we’re at the bottom of the cycle, and I think we’ll bump around there for a bit just as we did post GFC [global financial crisis].” They add: “I think everyone believes a recovery cycle is linear, and it isn’t ... it’s called a corrugated recovery.”

While the responses on economic factors affecting business are in line with the previous survey, increased concerns about international growth have overtaken last year’s fears about interest rate movements and inflation. Indeed, worries around the latter are greatly diminished with only 56 percent concerned about inflation for 2025, compared with 83 percent last year.



“

On interest rates, we are definitely hoping that things will moderate, even if it’s going to take longer than maybe the market is pricing.

Likewise, those concerned about interest rate movements have eased down to 60 percent, compared with last year’s chart-leading 86 percent.

“Inflation seems to be less of a topic these days, and we actually expect construction prices to come down,” says the CEO of a pan-European investment manager. “On interest rates, we are definitely hoping that things will moderate, even if it’s going to take longer than maybe the market is pricing.”

The European director of a global real estate investor also feels that the obstacle of high interest

rates may linger. “It’s not as if interest rates have moved by 10, 20 basis points. They’ve moved by hundreds of basis points and may move again by hundreds of basis points, and there really is no operating magic you can do to either offset or enhance those type of movements. Same thing with war and pandemics.”

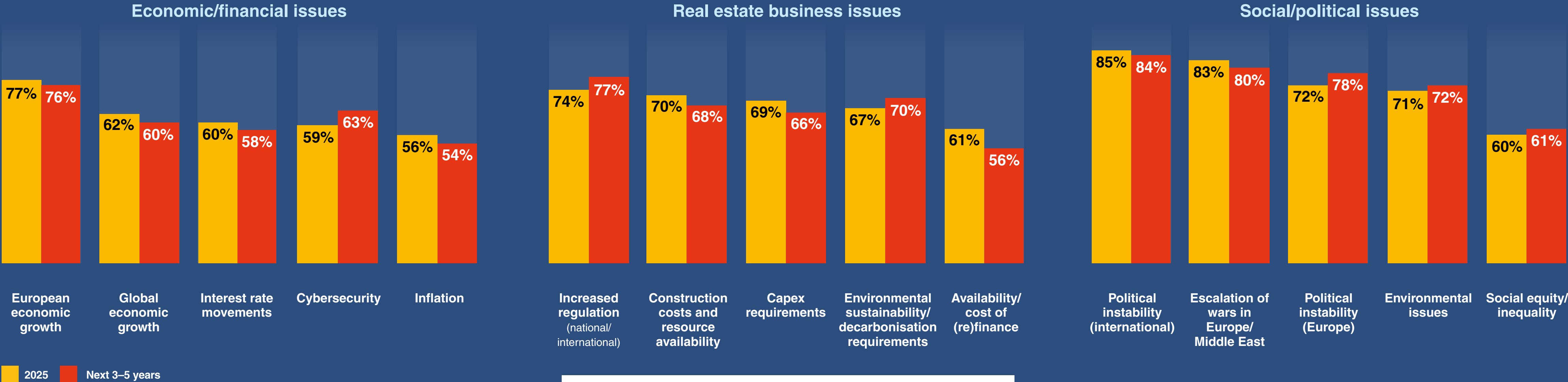
Indeed, the responses over a three-to-five-year window suggest that inflation and interest rates could still be an issue going into the next decade, with 58 percent still concerned about interest rates

over the longer term, and 54 percent still citing inflation as a worry (Figure 1-3).

While the Federal Reserve’s higher-than-expected interest rate cut of 0.5 percent in September may have boosted the markets and imply that liquidity should improve, many European investors continue to monitor the US to see if the Fed will stay the course and implement further rate cuts, seen as a necessary nudge for European institutions.

Figure 1-3 Key issues causing concern for the real estate industry in 2025 and in the next 5 years

Note: Combined percentage of “concerned” and “very concerned” respondents.



US political shifts are also of interest. “It’s hard for me to avoid being distracted by what’s going on in the US,” notes the CEO of the European arm of a global fund manager. As this interviewee says, the presidential election result in November will mean that “the country is going to move distinctly in one direction or another, which is going to have an impact outside the nation’s borders”.

Perhaps little wonder, then, that economic growth also features as a chief concern for 76 percent of respondents over the coming five years.

There are further fears that Europe is becoming less competitive. The CEO of a pan-European real estate firm adds: “Europe is perceived as much more complicated than Asia or America especially regarding sustainability targets and legislation.”

Indeed, a recent report by Mario Draghi for the European Commission calls for an €800 billion-a-year spending boost to end economic stagnation in Europe. In *The Future of European Competitiveness*, the former Italian prime minister warns that if the European Union (EU) were to maintain its average productivity growth rate since 2015, it would only be enough to keep GDP constant until 2050 – at a time when the EU is facing a series of new investment needs that will have to be financed through higher growth.

Taking a three-to-five-year view, some real estate leaders believe that recovery could take longer than experts have previously predicted. “I think the interest rate cutting cycle could be slower than we anticipate. Who knows? War may still be

“

Europe is perceived as much more complicated than Asia or America especially regarding sustainability targets and legislation.

“ongoing – no one anticipated Russia-Ukraine lasting this long,” says the European director of a fund management firm.

Meanwhile, reports of subdued economic growth in the US in recent months might indeed have translated into rate cuts but could also indicate further volatility coming out of the world’s largest economy.

Finally, while industry leaders acknowledge that “the bid-ask spread has narrowed”, increasing transaction volumes, not all values have reached the right range to drive deals. The director of transactions of a European real estate firm notes that while “values have adjusted a lot, sellers won’t sell below a certain profitability threshold”, requiring “buyers to adjust their expectations”.

A pan-European real estate CEO suggests that “the bid-ask spread is still too great for opportunistic capital” to be as active in the market as it would like.



BERLIN, GERMANY

## Counting the cost of regulation and construction

In terms of the main real estate issues affecting business, respondents to this year’s survey have placed regulation at the top of the list with 74 percent citing it as a concern, compared with 63 percent last year.

Among the interviewees, however, the shades of regulation vary quite a bit. For one German investor, the country’s leading cities – Berlin, Hamburg, Frankfurt and Munich – are all affected by regulation, making “new development extremely difficult and cumbersome”, while “regulation on rents” in those cities is stunting growth. However, the same investor recognises that to remain competitive, they need to stay abreast of the latest “taxonomy and regulation coming out of Brussels” in matters of ESG.

The survey shows that other chief real estate business concerns include construction costs and resource availability at 70 percent, although this has fallen from last year’s 79 percent (Figure 1-4). “Development in our industry has pretty much ground to a halt,” reflects the managing director of a private real estate investment firm.

While several interviewees report that “construction costs are no longer going up, land prices have adjusted”, many more share the view that at least in the short term, “there is not enough premium for engaging into development risk versus acquiring a stabilised asset”.



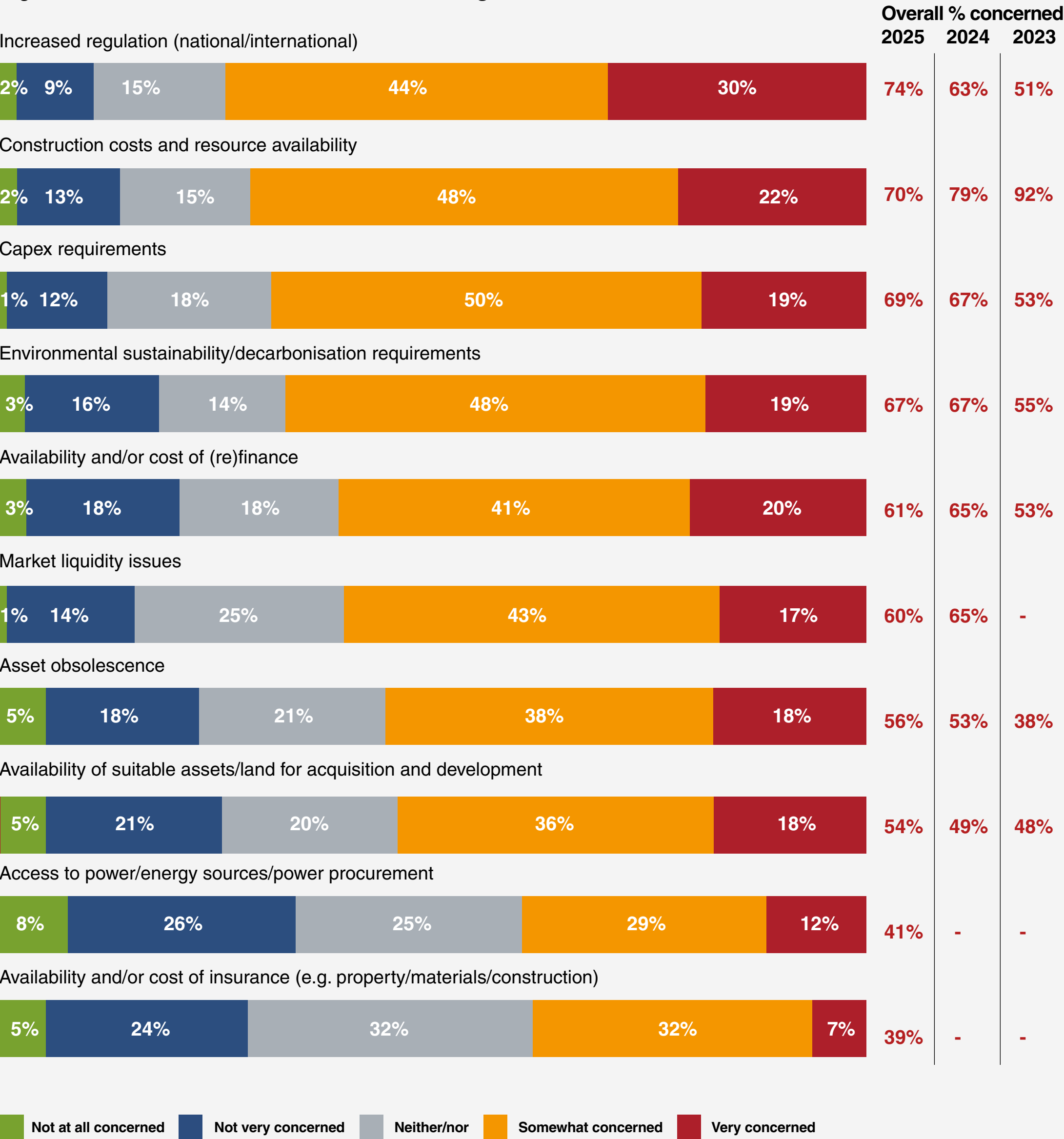
Risk margins have risen, from IRR 10 percent to 15–20 percent, [which] means that banks are finding it extremely difficult to provide financing.

A German real estate financier agrees that development in their domestic market is still only for the few. Ongoing “high construction costs” and the fact that “risk margins have risen, from IRR [internal rate of return] 10 percent to 15–20 percent, [which] means that banks are finding it extremely difficult to provide financing”. They conclude: “The development sector is the hardest hit.”

Other growing issues of concern in this area include asset obsolescence, a worry for 56 percent of respondents, compared with 53 percent last year. “We will increasingly need to be opportunistic because there is going to be some distress and some special situations around obsolete assets, around leverage,” predicts the senior executive of a private real estate business.

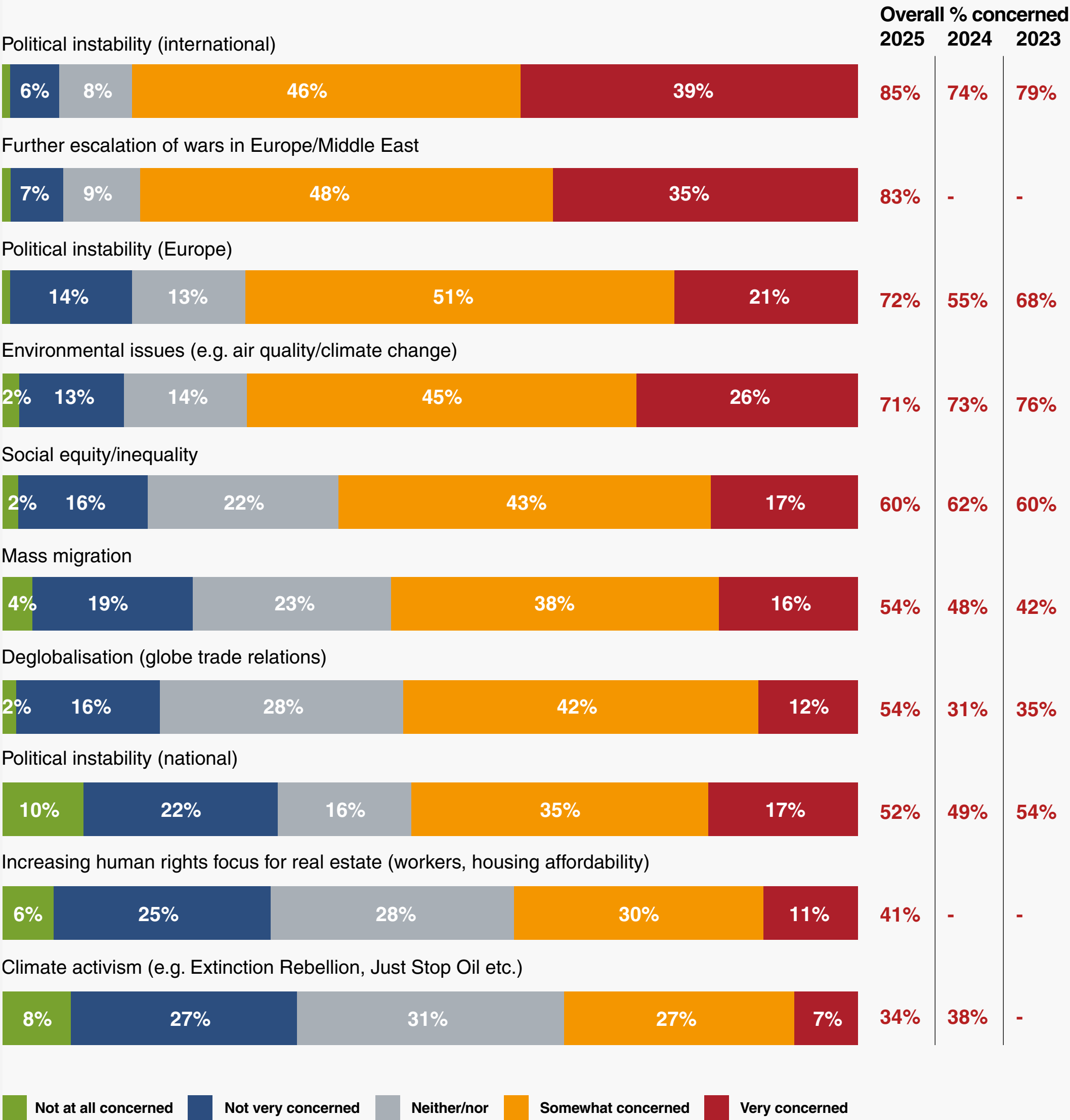
This year’s survey also presents respondents with two other areas of real estate business to consider, which reflect the expanding web of climate-related worries.

Figure 1-4 Real estate business issues causing concern in 2025



Source: Emerging Trends Europe survey 2025

Figure 1-5 Social/political issues in 2025



Source: Emerging Trends Europe survey 2025

Around 41 percent of respondents say that access to power and energy sources is an increasing concern, while 39 percent cite the availability and/or cost of insurance as a growing issue, which is examined in detail in Chapter 5. “With climate change, insurance costs increase,” explains the real estate head of a pensions giant, reflecting: “What if a fully let, low-levered office building in Miami is one day uninsurable? Does it still remain a core asset?”

Addressing the top social and political concerns, 85 percent of respondents cite international political instability as the chief issue, followed closely by a new response category, the further escalation of wars in Europe and the Middle East (83 percent). These figures show that geopolitics matters even more than last year, when it was selected by 74 percent of respondents (Figure 1-5). And over five years, more than three-quarters of respondents expect the situation in Europe to get worse. “Geopolitics is top of the agenda,” says the head of Europe at an institutional investment firm. “Over a three-to-five-year horizon, geopolitics is the main issue [affecting business],” adds another pan-European real estate leader at a major institution.

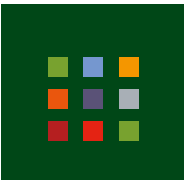
Among property leaders, a few common opinions on the topic emerge. “While geopolitics is very relevant for everything we do, it’s very difficult to invest against the background of that or change one’s investment behaviour,” says one global investor.

Over a three-to-five year horizon, geopolitics is the main issue affecting business.

One strategy they suggest is “maybe being less focused on investing in areas that require economic drivers for growth – more of the GDP correlated stuff”. Another executive surmises that “it’s partly a decision, do we invest in certain countries or not?” They add: “But beyond that, it’s almost more a volatility that you need to deal with going forward, because it’s hard to mitigate that risk, and not investing really isn’t an option.”

Many interviewees agree, however, that war in Ukraine has altered the investment landscape in Europe in a significant way. “Central and Eastern Europe (CEE) is completely off the table – there’s much greater focus on the core European countries,” says the VP of a global investment manager. A logistics-focused pan-European investor is more sanguine, suggesting that the presence of NATO makes CEE a safe bet.

While many in the industry are concerned by the impact of global politics, one real estate head at an institutional investment firm offers a different perspective: “Whether Trump gets elected, or Harris gets elected, it is just a headline in a way. To focus as a long-term investor, you need to stay away from those headlines and look at the trend lines.”



Avoiding the headlines, however, is easier said than done. The Geopolitical Risk Index, which is constructed by using automated text-search results from newspaper articles that relate specifically to geopolitical risk, such as “crisis”, “terrorism” or “war”, has seen a notable uptick since 2022 following Russia’s invasion of Ukraine. It remains elevated with the ongoing conflict in the Middle East and a shifting political order in Asia (Figure 1-6).

While global geopolitical events are frequently top of mind for real estate professionals, local

political shifts are also of interest for this year’s respondents. One European real estate chief cites “increasing political volatility in France following elections” as a potential fly in the ointment for investment decisions. In Germany, the rise of the far-right Alternative for Germany (AfD) in local elections is seen as a reminder that populism is still very much present in politics.

But the geopolitical sentiment is not always negative. The UK-based CEO of a private property firm says that the outlook for the UK has changed quite rapidly due to ballot box outcomes.

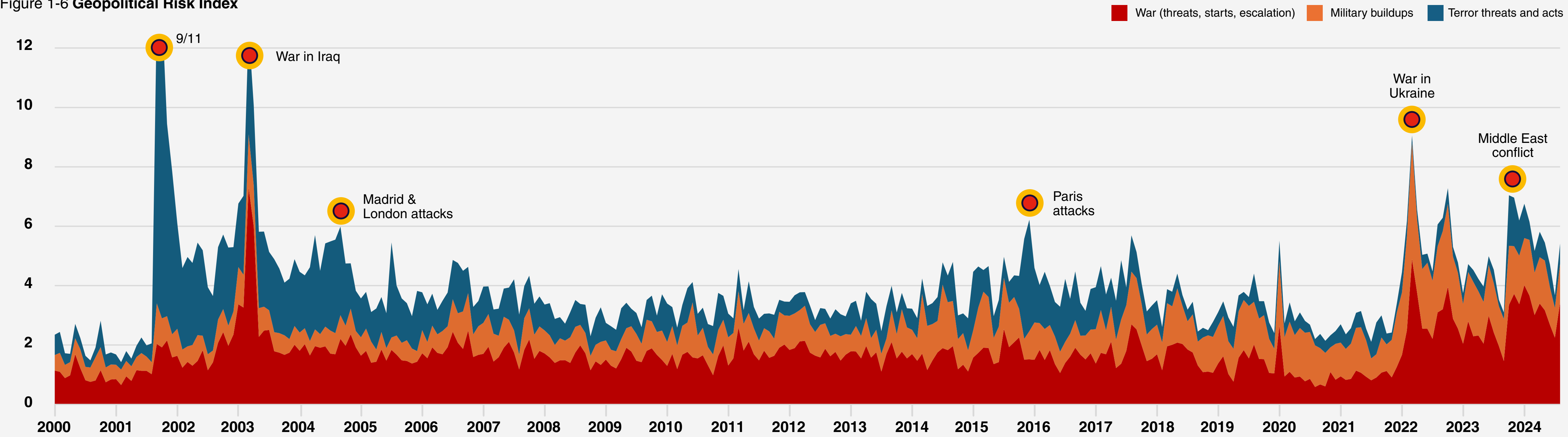
“For the last three years I’ve been talking to investors about why they should invest in the UK, but everything from the Scottish independence referendum to Liz Truss’s reign have left them asking if they can take the country seriously. Now it suddenly looks like one of the most stable countries in Europe because the Labour government has a big majority.”

Another new survey category reflects the increasing human rights focus for real estate professionals, bringing together such issues as the rights of workers and housing affordability.

This enlarged subject area is a matter of concern for as much as 41 percent of respondents, which is noteworthy if not wholly surprising. Access to housing, as a specific issue, has been a major concern for survey respondents for years, often interpreted as a “demographic megatrend” driving investment allocation decisions.

One UK real estate executive comments: “The housing crises across Europe will soon need to be rebranded as housing emergencies, because as it stands the current levels of delivery cannot sustain the needs of tomorrow.”

Figure 1-6 Geopolitical Risk Index



Source: Caldara, Dario and Matteo Iacoviello (2022), “Measuring Geopolitical Risk,” American Economic Review, April, 112(4), pp.1194-1225. Data downloaded from <https://www.matteoiacoviello.com/gpr.htm> September 2024.

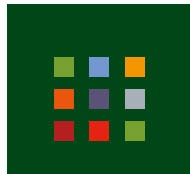
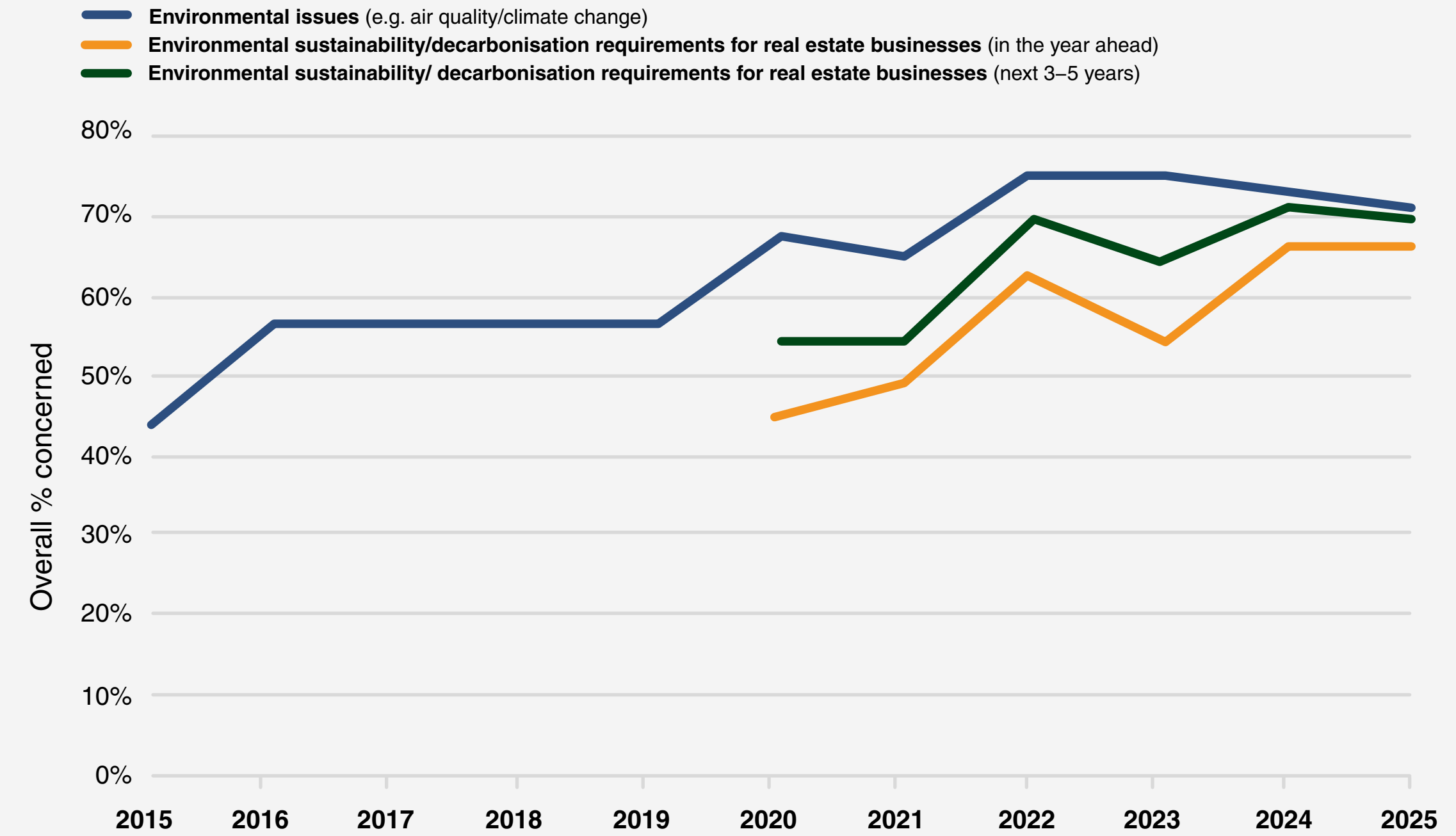


Figure 1-7 **Issues causing concern in the real estate industry\***



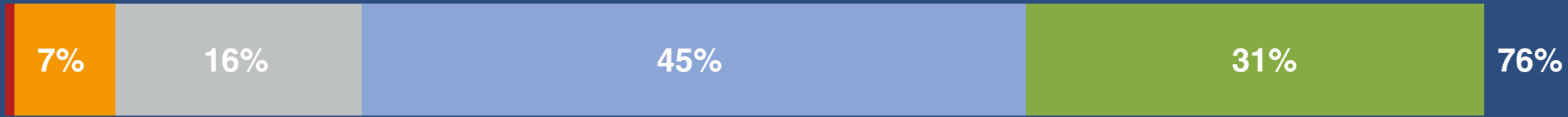
\*Survey only began tracking “Environmental sustainability/decarbonisation requirements for real estate businesses” from 2020 onwards.  
Source: *Emerging Trends Europe survey 2015 - 2025*

Figure 1-8 **Valuation change**

ESG credentials will have a material effect on asset valuations in the next 12–18 months



Current valuations do not accurately reflect current challenges and opportunities impacting real estate such as climate change, social impact and occupier demand fundamentals



Strongly disagree Disagree Neither/nor Agree Strongly agree

Source: *Emerging Trends Europe survey 2025*

The other side of the industry’s concern over housing affordability is its enthusiasm for the sector as an investment. “In Europe and to some extent in the US as well, there’s a huge lack of housing, particularly affordable housing,” says a senior executive at a private real estate firm. “But there’s also lack of housing for seniors, that really caters for the needs of the older generations that are only getting bigger and bigger.”

“

I think climate change will have an impact on liquidity. At some point, it’s going to get very binary about what you can and can’t transact.

## Under pressure from ESG

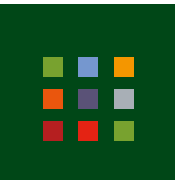
**ESG remains the major challenge for real estate, both in the short and long term.**

More than two-thirds of respondents are concerned about environmental sustainability/ decarbonisation requirements in 2025, with 70 percent flagging the issue for the next five years (Figure 1-7). A northern Europe real estate manager states: “We make no purchase without getting the ESG story.” Notes the finance chief of

a Nordic developer: “We are only going to have to increase our focus on ESG in the coming years.”

Indeed, the industry indicates that if action is required now on ESG, it is because the long-term picture is relatively bleak. When asked about the importance of adopting renewable energy technologies in the next 12 months and then over the next five years, respondents believe that it will be even more important for the longer horizon, at 82 percent versus 73 percent. “Renewable energy is being increasingly included in our investment decisions,” says the CEO of an investment bank. “Even if ESG is not factored in now by valuers and banks, it will be very soon,” warns a pan-European acquisitions chief. Adds the global real estate head of a private equity firm: “I think climate change will have an impact on liquidity. At some point, it’s going to get very binary about what you can and can’t transact.”

Even so, some in the industry are struggling to keep environmental concerns top of mind when investment returns are harder to reach, and business profits are under pressure. Perhaps reflecting this more complex picture, there is a slight decline in the expected impact of ESG on valuation in this year’s survey, compared with last year, with 77 percent rather than 79 percent “agreeing” it affects values (Figure 1-8). “‘Brown’ asset discounts are to be expected in the future. You simply need to comply with ESG standards to ensure stable valuations,” is the pragmatic view of one senior executive at a German asset management firm. Yet another real estate chief counters: “Social aspects aren’t affecting valuations.”



Indeed, there is no change year-on-year in terms of the view that “current valuations don’t accurately reflect the current challenges facing real estate”, including climate change, occupier demand and social impact – 76 percent of respondents still feel strongly about this. “Climate risks aren’t being priced in,” asserts a pan-European property CEO. “In some cases, there is still a lack of evidence [about the impact of ESG] but it is not yet being taken into account in valuations,” adds the European investment chief of a global fund manager.

“Valuations are always in a ‘queue’, they are always behind the market,” suggests the director of a Spanish REIT. The issue also perhaps reflects transaction sluggishness, says a European real estate firm’s chief investment officer: “Valuations are not reflecting the market price, as there is no benchmarking due to lack of deals.”

On top of this, 74 percent of respondents strongly consider the social and environmental impact when considering the overall return of an investment. A northern European real estate manager says that the climate crisis has created a need for “clear regulation ... because it is associated with future devaluations”. However, a real estate country manager for Germany feels that there are “unequal valuations in European countries” connected to ESG and that “regulations must improve and become more comparable for the reorganisation of stranded assets, as many can no longer be financed”.

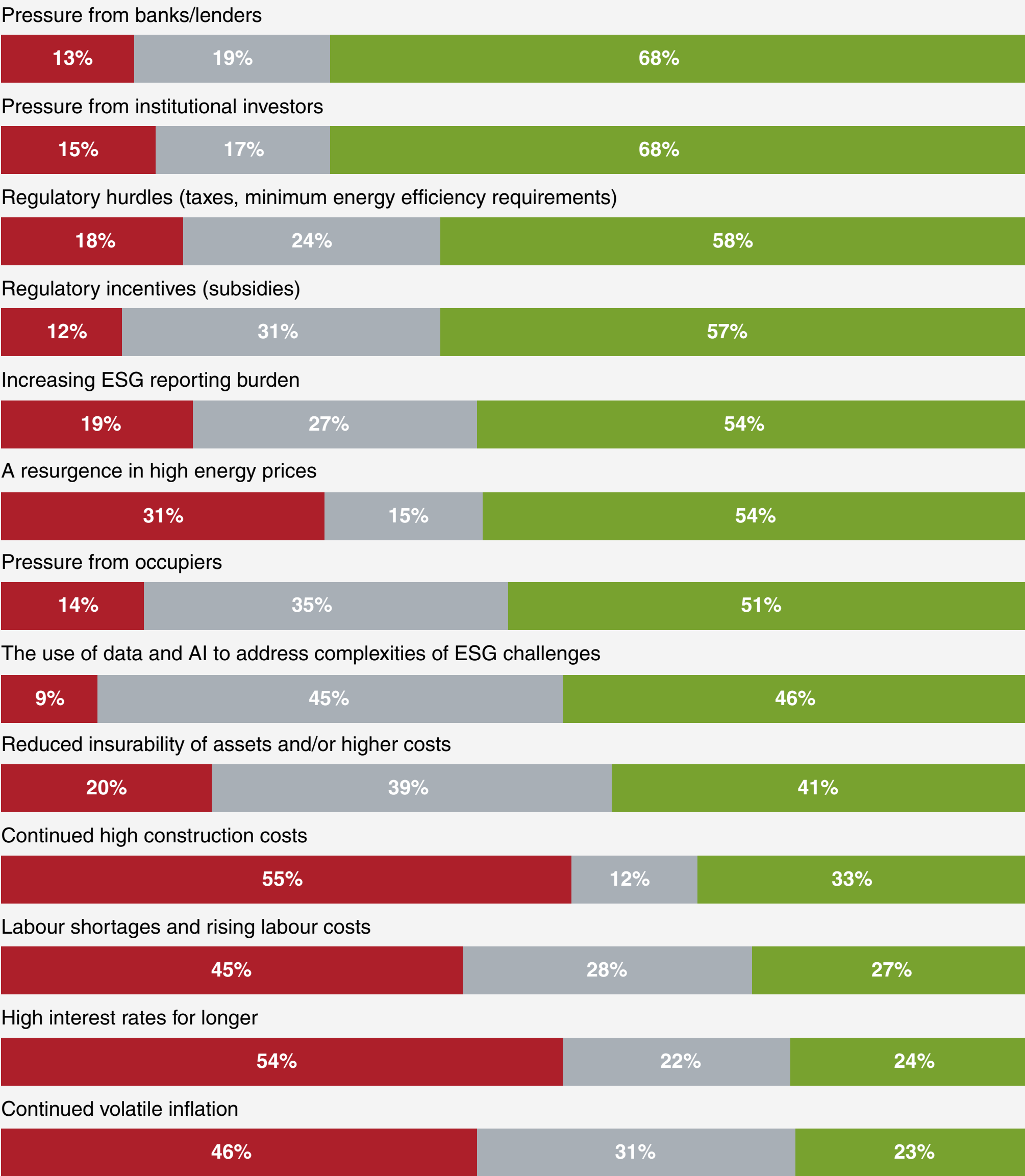
“In some cases, there is still a lack of evidence about the impact of ESG, but it is not yet being taken into account in valuations.

Looking at the broad web of factors influencing pricing, “it’s still not clear to me whether valuations make sense,” confesses the CEO of a pan-European private real estate company.

As for the factors affecting the implementation of ESG, 68 percent of respondents – in line with last year – believe that pressure from lenders will accelerate its application (Figure 1-9). The finance chief of a Nordic real estate firm says that it is “difficult to get finance for ‘brown’ assets – assets must be green and future-proofed”.

“Lenders who are sensitive to [the impact of] climate change, speak our language,” says the real estate head of a private equity firm. While institutional investor requirements are also seen to add pressure, regulatory factors feature slightly more prominently than last year, with 58 percent feeling they will accelerate the implementation of ESG. But according to Danish property leaders canvassed for this report, “ESG regulations need to be tighter, not tougher”.

Figure 1-9 Factors affecting the implementation of ESG



Decelerate No impact Accelerate

Source: Emerging Trends Europe survey 2025

Figure 1-10 Top 5 themes which will drive real estate investment decisions and strategic planning



Another challenge around keeping up with changing regulations is that whatever you decide to spend on today, may be insufficient for the future.

“Asset obsolescence is a problem due to European regulations on carbon,” affirms the transactions chief of a real estate firm, adding: “The biggest drivers of ESG are regulations and occupiers.”

Indeed, there remains an industry-wide push for real estate to be fit for purpose, which was a big theme in last year’s report. Changing customer demands are seen as the principal factor driving real estate activities over the next five years, with 47 percent of respondents citing them among their top three concerns. Corporate financial health is second on 43 percent, while ESG is third on 40 percent (Figure 1-10).

ESG was seen as the primary influence last year on 48 percent, so what has changed? “There is less capital available, and that capital is not necessarily focusing on ESG,” suggests a global institutional investor. Adds the CEO of a global investment manager: “ESG investments are taking longer; they are being pushed back a little, as people need to balance out how they spend money.”

The prioritisation of occupier needs in this context reinforces the key survey finding that “European economic growth” is the most important general business issue in the short and medium term: it remains vital for occupancy growth.

Decarbonisation has also fallen in importance by 5 percent to 19 percent for respondents. One institutional player expresses a sense of fatigue on the topic: “Another challenge around keeping up with changing regulations is that whatever you decide to spend on today, may be insufficient for the future.”

Despite all the challenges associated with ESG, this year’s survey sees the S in ESG rising in relevance, although the environmental aspect remains the chief focus.

Nearly 60 percent of respondents believe the health and well-being of occupiers and users will increase in importance over the next 18 months, with two-thirds expecting it to become increasingly significant in the future. The CEO of a global investment manager notes: “The social aspect is an underestimated theme within the industry. We see a lot of runway left for that in all asset classes, but especially within the living sector.”

A transactions chief at another investment manager says that the social part “is being significantly developed within our business ... not as a matter of reputation within the industry, but to be attractive to employees”.

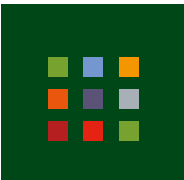
Meanwhile the finance chief of a European REIT notes that there will be “plenty to do in the future” to realise the myriad aspects of S, such as “the social component of regeneration projects ... citizen participation in strategic plans should inform the entire development process”.

Yet when it comes to incorporating ESG into operations, supporting social equality or community engagement are well down the list of priorities of those surveyed, with employee wellbeing at 19 percent and supporting social equality, inclusion and diversity at 14 percent. Community engagement is a business priority for just 9 percent of respondents.

The CEO of an institutional investor says that they do, to a degree, look at “the health and wellbeing perspective for employees and assets, but we’re probably not quite there really in terms of the social impact”.

The investment director of a private equity real estate player admits that, at least in their company, “the S is the least monitored criteria, limited to working conditions on construction sites”.

Such views are commonly held. If anything, the survey and interviews betray the fact that many in the industry have yet to acknowledge the full social impact of real estate.



## Trending topics

### Taking aim at AI

**The arrival of chatbots and virtual assistants like ChatGPT in the last couple of years has brought artificial intelligence (AI) into the public arena, but it has also made its presence felt in the business world.**

For most real estate companies using AI today, the experience is positive, if prosaic. Speaking for many, one finance chief of a European firm says: “With AI, we are developing a few internal projects, mainly aimed at simplifying and streamlining key business processes.”

Other interviewees are more enthusiastic and optimistic: “Artificial intelligence is amazing in terms of predicting when a tenant is going to leave, why people are renting or why they choose one property over another,” says the senior partner of a private real asset investment firm. “Our hotels’ AI algorithm predicts when a reservation will be cancelled, allowing us to maximise our occupancy.”

Yet alongside the increasing digitalisation of real estate, there are some questioning it. In the first camp are those who see real estate as dragging its feet. Notes a European real estate CEO: “I subscribe to the view that the US innovates, Asia manufactures, Europe regulates. Europe is a bit behind in adopting new technologies.”



**With AI, we are developing a few internal projects, mainly aimed at simplifying and streamlining key business processes.**

The other challenge is connected to digital risks, and chiefly, matters of cybersecurity. The topic is now a key real estate industry concern for 59 percent of survey respondents, with digital transformation attracting 42 percent of votes and AI standing at 35 percent. According to the survey, all three will become of greater concern to the industry over the next five years.

Industry leaders see potential risks in operational disruption, financial losses, reputational damage and matters of regulatory compliance, the latter particularly an issue for businesses in the EU.

The concern is that in the midst of the industry’s rush to embrace proptech and AI, real estate firms may not have been paying sufficient attention to the vulnerabilities that come with it.



TESTING NEW VR SOFTWARE IN DUBLIN, IRELAND

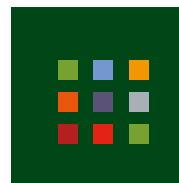


Figure 1-11 Proportion of real estate industry that has used AI/machine learning to assist in real estate activities (e.g. investment decisions, transactions, asset management, deals etc) in the past 12 months

Yes No

Source: Emerging Trends Europe survey 2024 - 2025

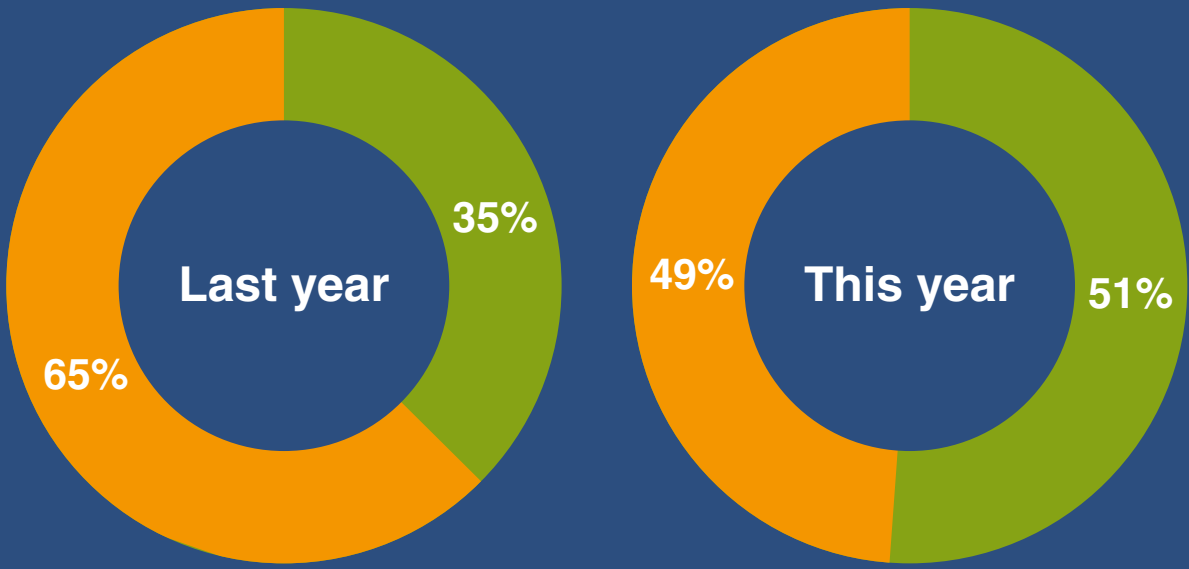


Figure 1-12 To what extent will AI/machine learning affect the following parts of the real estate value chain over the next 5 years?

Marketing and leasing



Planning/design



Asset management



Property/operational management



Overall real estate operating/delivery model



Investment



Development/construction



Occupier experience



Not at all To some extent To a large extent

Source: Emerging Trends Europe survey 2025

One emerging strand of cybersecurity is cyber-insurance, designed to protect business against major IT incidents and outages. In a world where insurability is an increasing concern for real estate owners, as we investigate in Chapter 5, cyber protection is an additional safety net to consider.

The chief operating officer of a real estate consultancy notes that their firm is “constantly refreshing training, systems and structures to protect from growing cyber threats”, identifying an environment of “sustained, low-level attacks on organisations with money or information”.

On a more positive note, the survey shows that greater numbers of respondents are using AI today than a year ago (Figure 1-11). The vast majority expect AI to have a large impact on all areas of real estate over the next five years (Figure 1-12).

“AI will be an extraordinary tool in terms of analysing markets and deals,” suggests the CEO of a private real estate investor, “as a mass data cruncher and in drawing intelligent conclusions from all that mass data.” Another real estate CEO sees its applications as widespread, potentially helping in “everything from rent collection to collating energy numbers and water usage numbers and aspects of property management”. The head of global real estate for a private markets firm points to its potential for specific sector deployment: “There will be more demand for last-mile logistics than big-box logistics, due to the ability of AI to anticipate consumption from the end user.”

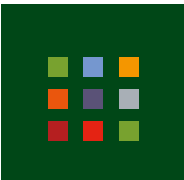
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We are under constant pressure to deliver more information more quickly to our clients, while they want to pay lower fees. The only way that we can do that is by being more efficient and being more automated.

Some believe it will impact employment – including in the real estate industry. A senior executive at a professional services firm says: “We are under constant pressure to deliver more information more quickly to our clients, while they want to pay lower fees. The only way that we can do that is by being more efficient and being more automated.”

The CEO of a pan-European institutional investor suggests that AI could bring more challenges to the office sector by eliminating jobs, suggesting that “office is most at risk given the overall context”.

Other interviewees suggest that it is still a nascent area for real estate firms, and not worth too much investment yet: “We don’t necessarily have to be a leader in the sector, but rather a follower, as you often invest in the wrong things,” reflects the CEO of a European real estate company. “We would prefer to have higher costs for longer than try and experiment ourselves.”



## The ESG elephant in the room

**“Is there a backlash against ESG? Some firms are trying to avoid the term altogether,” remarks one global real estate investment manager interviewed for this year’s *Emerging Trends Europe*.**

While no one surveyed suggests that ESG has been “cancelled”, increased squeamishness around semantics, geographical divergence over its primacy and a visible reordering of priorities are weighing on its assumed centrality in the industry.

Beyond real estate, Bloomberg reports that BlackRock has started just four new ESG funds this year, compared with 36 in 2022 and 23 last year, suggesting that “ESG fund launches are quietly stalling”. Yet within European property, building owners say that EU legislation is keeping sustainability matters firmly on the table. “ESG is critically important. We have a sustainability portion on every investment committee memo now,” notes a global investment manager.

There is nuance on the interpretation and application of ESG, however. The European CEO of a global institutional investor says that while it is still “on people’s agendas, there’s a realisation that it may take longer to execute these plans because it’s just a tougher environment to operate in”. They add: “We’re more careful about it in the US because not everyone believes that sustainability should eat into the returns of an investment.”

“

ESG is critically important. We have a sustainability portion on every investment committee memo now.

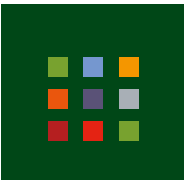
Another global player also sees some push-back on ESG in some parts of the world, including the US. They note that “the bit that’s proven controversial is the environmental part ... we’re learning to be careful with what language we use so it doesn’t set off alarm bells with those who question climate change or think that it’s a politicised issue.”

One solution, suggested by America’s Business Roundtable, is a focus on “stakeholderism” rather than a shareholder-first approach, asking companies to address both profits and purpose. In a recent statement, this association of top US CEOs reminded members to “invest in their workers, suppliers, and communities”.

Adds another senior investment manager with a global view: “In Australia some years ago ... they didn’t talk about sustainability, but resilience. That worked pretty well.”



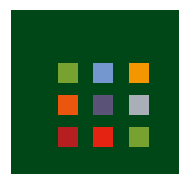
ELECTRIC BIKE IN PARIS, FRANCE





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**Protecting biodiversity is one of our goals at the fund level, including the oceans, but in real estate ... we prefer to focus on where we believe we can have an impact, chiefly carbon reduction.**



Another issue is the “lack of clarity” around increasingly stringent ESG requirements. UK-based ULI members canvassed for this report describe “confusion around ESG accreditation and badges”. They also question the actual “value upside” of “doing the right thing” and conclude that “what is considered to be sustainable now could be very different in 20 years’ time”.

Despite the reservations, there has been a conspicuous push across real estate to expand environmental stewardship to ensure that climate change and biodiversity also receive attention. For example, the UK already has a biodiversity net gain (BNG) requirement for new developments of 10 percent. The Kunming-Montreal Global Biodiversity Framework – an historic agreement committing nations to halt and reverse nature loss by 2030 – was signed by 196 nations in 2022.

“Thinking about the nature element and the biodiversity element are part of doing the right thing,” says the CEO of a pan-European private real estate company. The global real estate head of a private equity firm professes to being “obsessed” with climate change, adding: “It will have an impact on liquidity at some point.”

Other investors are still sorting through their ESG priorities, explains the European chief of a global institution: “Protecting biodiversity is one of our goals at the fund level, including the oceans, but in real estate we prefer to focus on where we believe we can have an impact, chiefly carbon reduction.”

## Operational opportunities

Industry leaders interviewed for this year’s report offer a mixed view of the prevailing business environment.

For the more pessimistic players, “interest rates have had a huge impact on valuations ... markets are muted”. But for others, “it’s a great moment for operational real estate ... which is how you create value”. Who’s right?

While the high-interest rate environment of the last two years has resulted in a well-documented and significant effect on transaction volumes across Europe, many industry experts see current macroeconomics rewarding “hands on” investors and managers. “Often the opportunities that arise require a high skill set – so it’s stepping into your ongoing developments rather than a distressed situation where you can just easily come in with bridge capital and take a very passive role,” suggests the European CEO of a global institutional investor.

Says a senior executive at a private real asset investment firm: “In some markets you are going to find a lot of distress, but overall it’s a good entry point for those segments where you are going to be able to drive rental growth – probably the best entry point we’ve seen in real estate in Europe in the past five years.” “We find these environments to be a very fruitful time to continue to invest,” notes one real assets specialist with a European remit. “We don’t look at an asset and think, it’s got five years left on the lease, at that rent and that yield.” The aim instead is to “buy a group of assets and an operating business and then grow the

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We’re looking more and more at fully integrated operating/real estate platforms, so that we can create this double performance, both the real estate and operational performance.

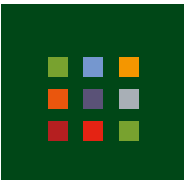
whole thing and improve operations, make them more efficient and grow earnings through adding on other services”.

Adds another European real estate chief: “We’re looking more and more at fully integrated operating/real estate platforms, so that we can create this double performance, both the real estate and operational performance.” The CEO of a European real estate developer and investor, however, warns against “platform investing” becoming a fad. He describes “bored investors, tired of low income, trying out operational real estate” without necessarily having the right skills.

Many interviewees acknowledge that the industry needs to broaden its expertise, and as one Swedish fund manager suggests, this is a matter of some urgency. “Whether you do it yourself, integrate it or outsource it, you have to understand the operational aspects of assets in a different way now – and even more in five years’ time – compared to what it was 10 and 15 years ago, if you want to stay relevant.”



CO-WORKING SPACE





WOMAN USING AN ONLINE ORDER COLLECTION POINT, UK

“

A lot of the themes that we have decided to focus on are also operational themes. In student housing and hospitality we generate real estate and operational performance from managing platforms.

Another pan-European leader is happy to explore the “operational aspects of living sectors” but shies away from segments like data centres which they describe as “getting into infrastructure ... not real estate”.

Many interviewees also concede that this kind of approach is easier for those investors that have access to “dry powder” or lower leverage, although debt is available for favoured asset classes, such as living and logistics.

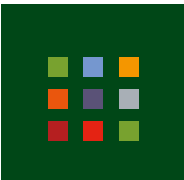
Other interviewees link a “hands-on” approach with doing due diligence on key secular trends. “Financial volatility is always part of the real estate game,” says one, “but in the last five years, we have seen a number of structural trends affecting the real estate industry that we never saw before.” These include e-commerce hurting retail real estate but boosting logistics, or the pandemic altering demand for offices, as well as demographic and digital shifts.

“You need to be a little more proactive in anticipating these structural trends,” says the real estate head of a private investment firm. “A lot of the themes that we have decided to focus on are also operational themes. In student housing and hospitality we generate real estate and operational performance from managing platforms.”

Another investment chief at a global institution says that a focus on “debt, demographics, decarbonisation, deglobalisation, and digitalisation” is driving profits.

Surging investment in data centres has shown this need to be more proactive to good effect, not least because they are at the inflection point for ubiquitous internet use and the rise and rise of AI.

Operating platforms are proliferating in this area. Mergers and acquisitions activity is also soaring, as market players including everyone from smaller data centre-focused owner-operators to global players like Blackstone and PIMCO embark on expansion strategies.

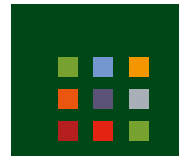


## CHAPTER 2

# REAL ESTATE CAPITAL MARKETS

“Investors may have a willingness to come back in property but if they don’t see the value proposition compared to long-term bonds, there’s a limit to how enthusiastic they’re going to be about the asset class.”

CIO, global asset manager



Europe’s real estate capital markets remain in a state of flux as investors, lenders and regulators navigate a complex landscape of geopolitical uncertainty, the reality of a new “economic normal” and the evolving needs of real estate occupiers. Industry leaders report elevated loan margins and tight lending criteria, especially for non-prime assets in traditional sectors.

This has had a dramatic effect on European investment volumes, which slumped to a 10-year low of €182 billion in 2023, according to MSCI. Volumes have since stabilised, and pockets of momentum are emerging in some smaller markets (Figure 2-1).

Among the largest markets activity has been mixed, with the Netherlands, UK, Sweden and Italy seeing volumes pick up in 2024, while France, Germany and Spain are taking longer to turn the corner.

For offices and retail, investment remains subdued amid continuing wariness about the impact of structural change. Low liquidity is limiting the flow of comparable investment evidence and hampering price discovery, leading to wide bid-ask spreads in these sectors. Without clarity on pricing some investors are reluctant to allocate more capital to real estate. Others speak of equity “stuck” in redemption queues, slowing their ability to recycle capital into new opportunities. “From a capital-raising perspective, it’s been one of the toughest markets I’ve seen in a long time,” says the CEO of a large pan-European asset owner. The latest data from Preqin show that capital raised by private equity funds is well down across all but one category of property in 2024 compared with 2023 (Figure 2-2). The exception is opportunistic real estate, reflecting the uncertainty of the times.

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From a capital-raising perspective, it’s been one of the toughest markets I’ve seen in a long time.

On the other hand, investment activity in sought-after sectors, including logistics, storage and various forms of residential, has been more resilient in 2024. If anything, investment volumes are probably being held back by a lack of available stock in these sectors, although some investors are wary of prices being inflated by over-optimistic growth assumptions: “The implicit growth rate in their pricing assumptions is so ludicrous from a long-term perspective,” says one CIO.

Optimism is growing about the outlook for capital inflows to real estate and the availability of equity and debt finance. And the survey shows that concerns about inflation and interest rate movements are reducing; most respondents believe rates will fall further within the coming year.

That all suggests brighter prospects for investment volumes, which may in turn give confidence to investors hoping and arguing that the valuation cycle is close to its nadir. Yet the asset class still faces headwinds and the recovery in sentiment is fragile, with investors and lenders fearful of more geopolitical and economic volatility hitting capital markets again.

Figure 2-1 European investment volumes by sector

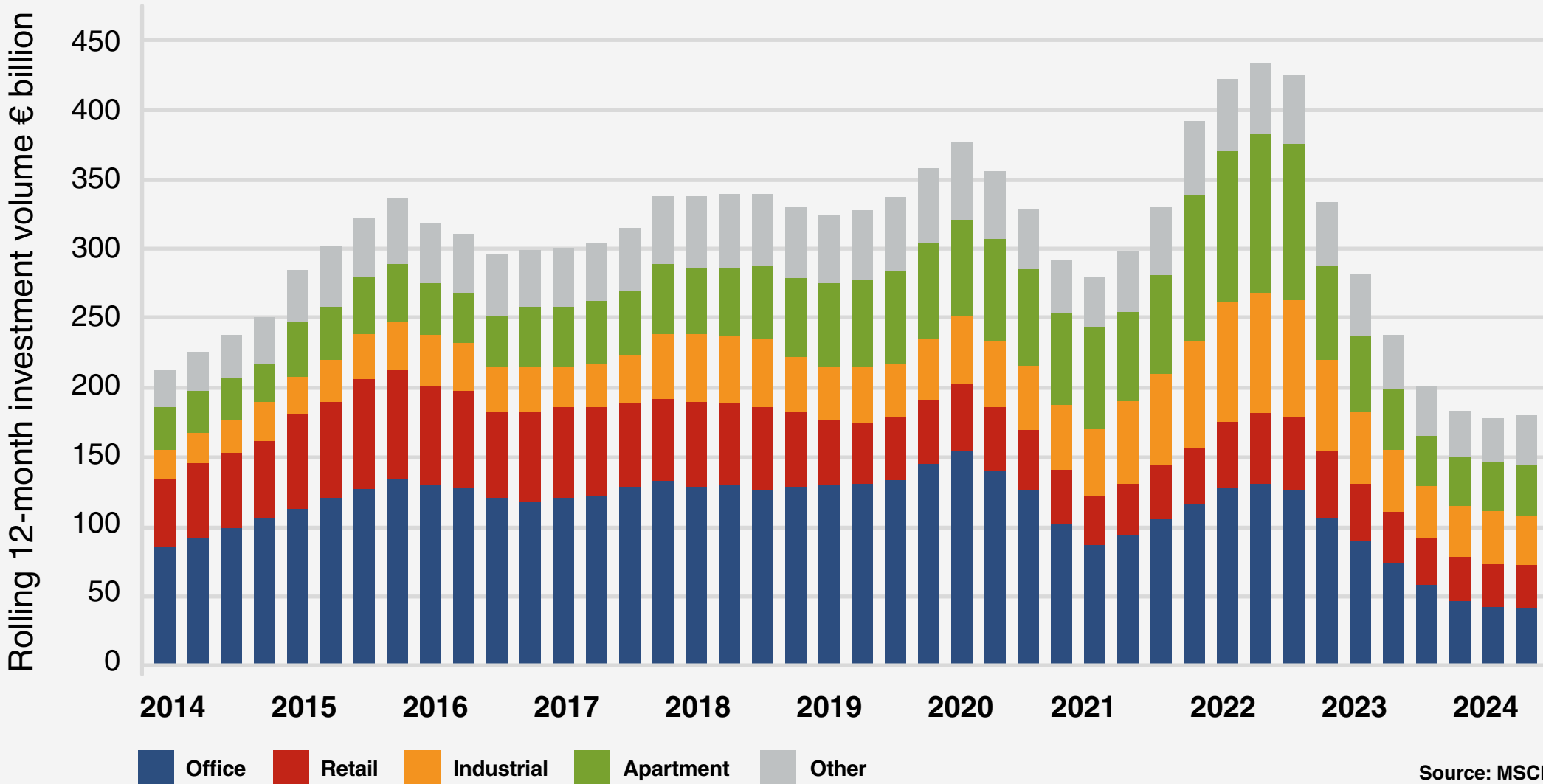


Figure 2-2 Capital Raised by private equity real estate (PERE) funds for European real estate

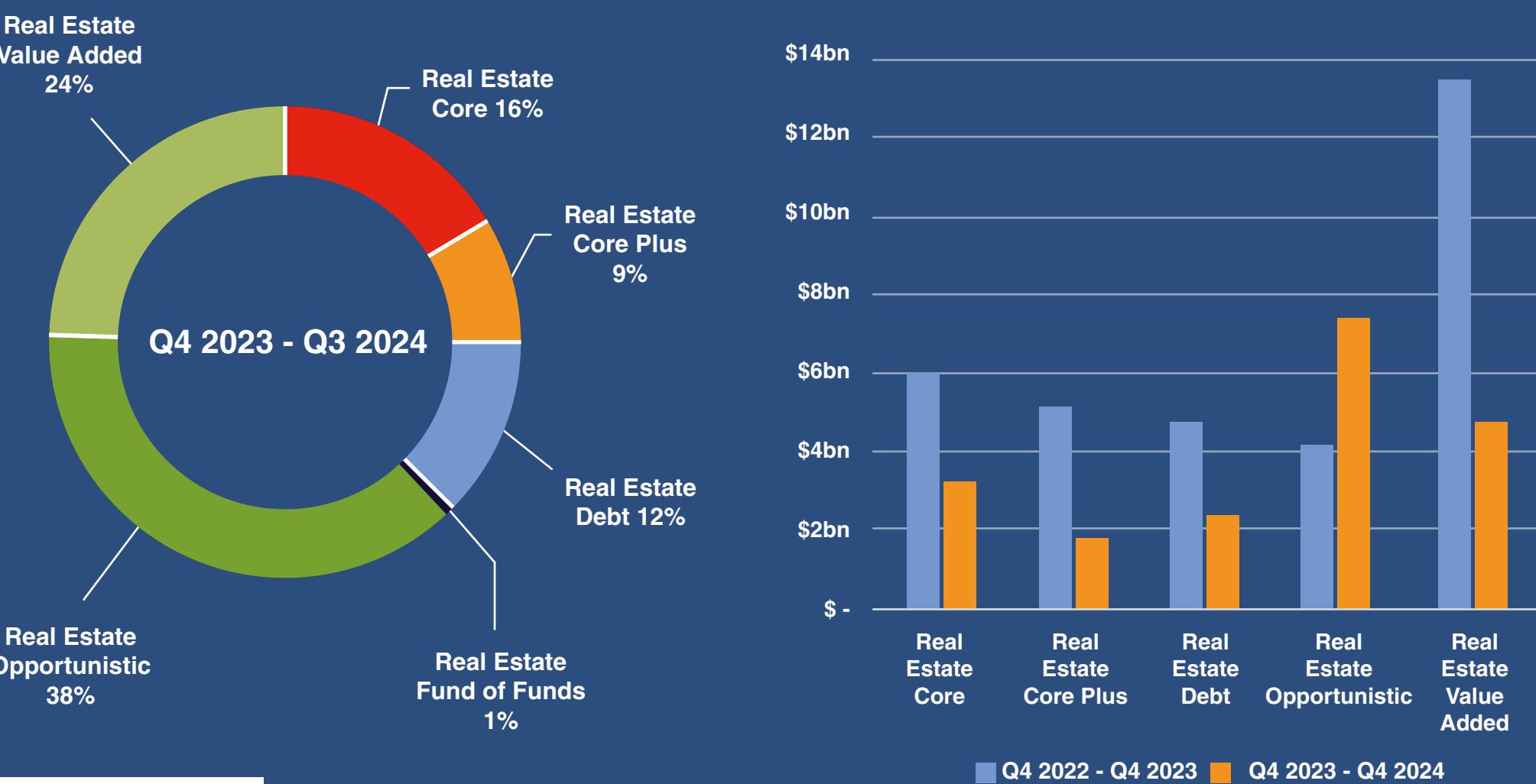
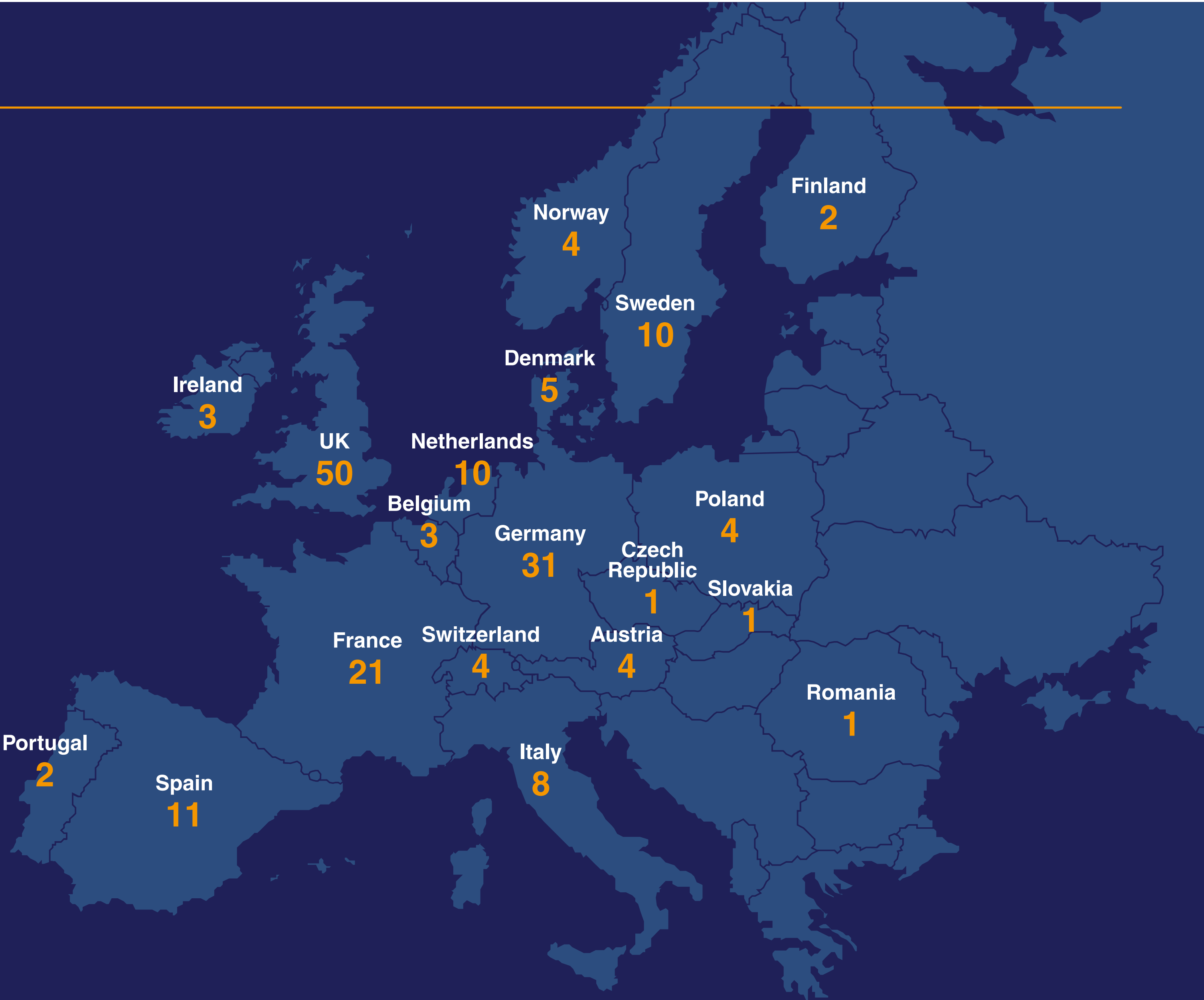


Figure 2-3 Country transaction volumes

| Country        | Q4 2022–Q3 2023 (€bn) | Displayed on map<br>Q4 2023–Q3 2024 (€bn) | % y-on-y |
|----------------|-----------------------|-------------------------------------------|----------|
| United Kingdom | 45                    | 50                                        | 10%      |
| Germany        | 37                    | 31                                        | -16%     |
| France         | 33                    | 21                                        | -38%     |
| Spain          | 13                    | 11                                        | -15%     |
| Netherlands    | 12                    | 10                                        | -18%     |
| Sweden         | 9                     | 10                                        | 3%       |
| Italy          | 6                     | 8                                         | 41%      |
| Denmark        | 5                     | 5                                         | 1%       |
| Norway         | 4                     | 4                                         | 19%      |
| Switzerland    | 4                     | 4                                         | -8%      |
| Poland         | 3                     | 4                                         | 31%      |
| Austria        | 5                     | 4                                         | -25%     |
| Belgium        | 6                     | 3                                         | -52%     |
| Ireland        | 3                     | 3                                         | -21%     |
| Portugal       | 3                     | 2                                         | -22%     |
| Finland        | 2                     | 2                                         | 25%      |
| Czech Republic | 1                     | 1                                         | 31%      |
| Romania        | 1                     | 1                                         | 31%      |
| Slovakia       | 1                     | 1                                         | -36%     |



Source: MSCI

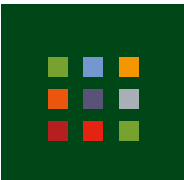
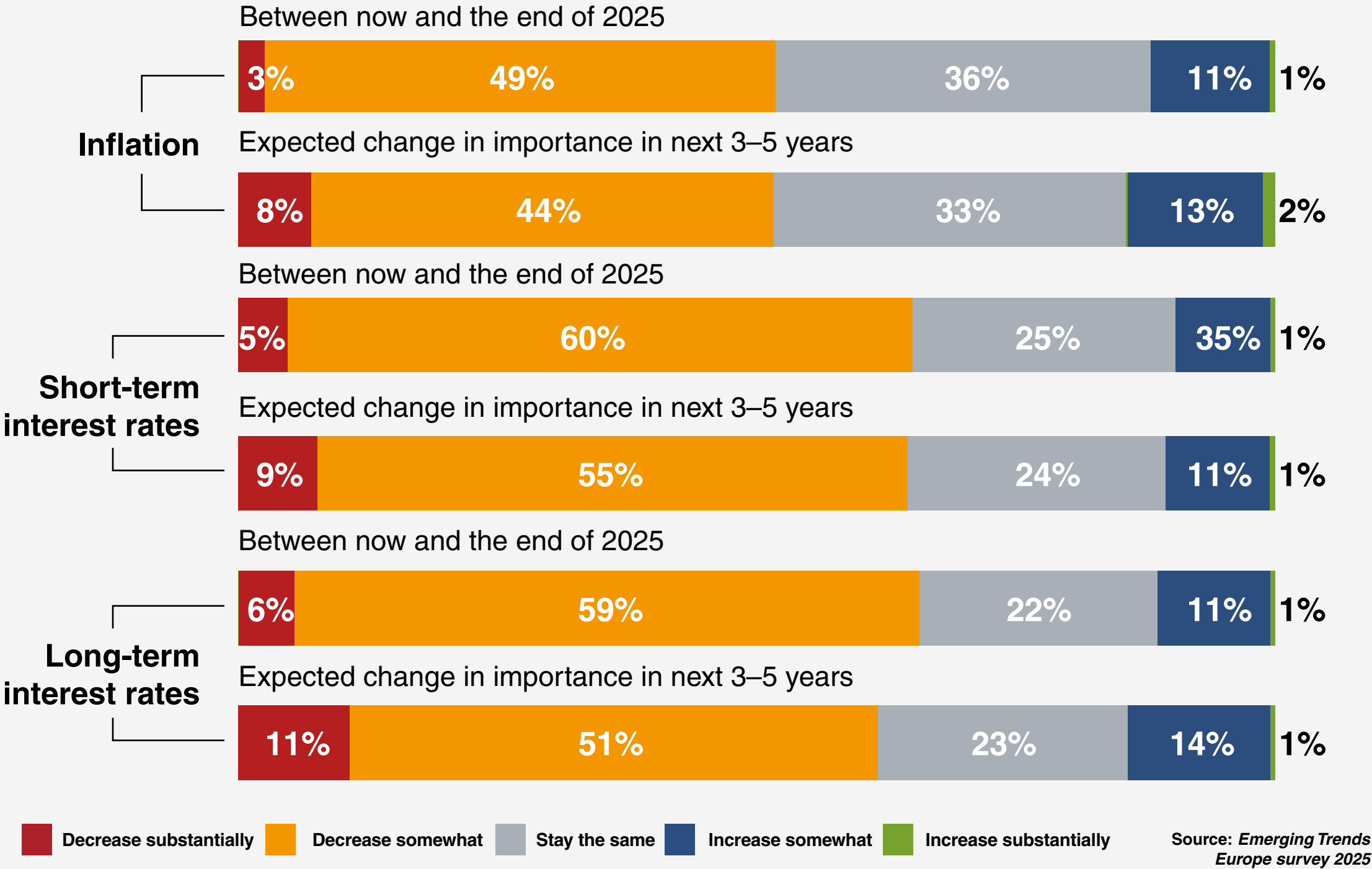


Figure 2-4 Inflation and interest rate expectations for 2025 and the next 3–5 years



### Real estate struggles to prove its worth

The latest survey shows that inflation and interest rate movements have fallen back in the list of top business concerns.

And with views more balanced on the outlook for inflation, a consensus is starting to build that interest rates will reduce over the next year (Figure 2-4). That should bode well for real estate investment performance in 2025, and indeed the industry is largely targeting higher returns than in last year’s survey. However, perceptions of value in real estate still vary considerably, and a significant minority of respondents – 25 percent – anticipate lower returns (Figure 2-5).

The relative inactivity of institutional investors might explain this divergence of views. After pulling back from real estate due to global uncertainty and the increasing appeal of other, more secure, asset classes, many are still digesting the impact of new economic norms, shifting occupier needs and tightening regulatory requirements on their real estate portfolios. “The headache associated with current real estate portfolios is still greater than the ability to see the attractive picture of investment and returns going forward,” observes the director of a major private equity house.

With the case for investing in real estate still up for debate by some, it is little wonder fundraising and investment volumes remain suppressed. A common view expressed is that real estate risk premiums still do not adequately compensate investors, especially

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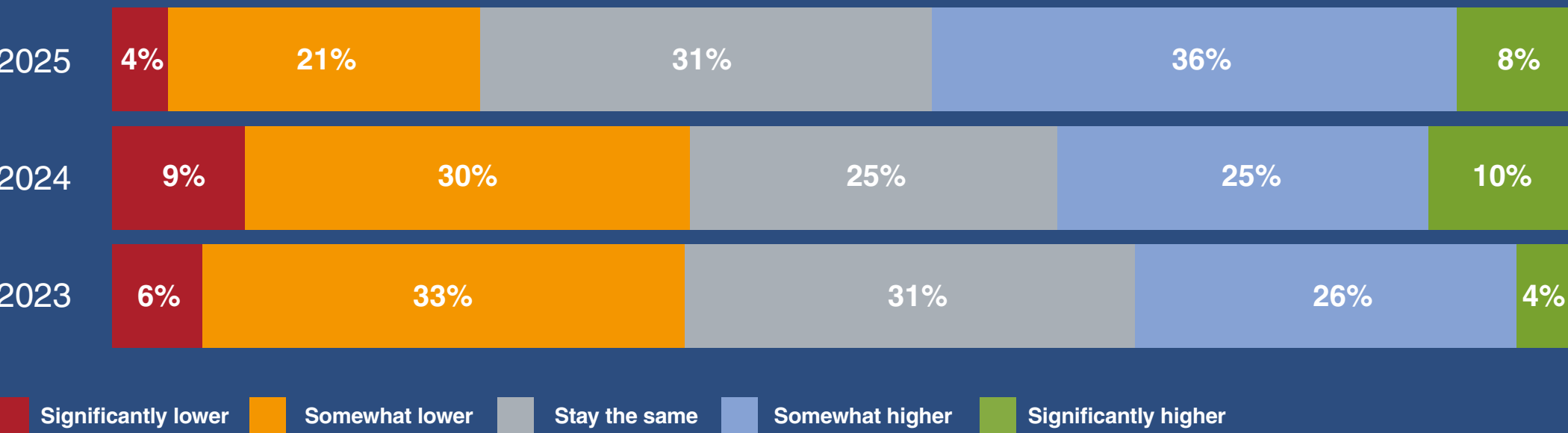
The headache associated with current real estate portfolios is still greater than the ability to see the attractive picture of investment and returns going forward.

institutions benchmarking off risk-free government bonds. Put more simply by one investment manager, “[at] today’s value, I don’t think it’s attractive enough”.

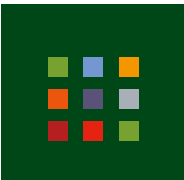
For core investors the relative value of real estate is particularly challenging. Potentially there are better risk-adjusted returns on offer in other asset classes, from corporate and sovereign bonds to social and digital infrastructure. And despite value falls in real estate, institutional investors continue to grapple with denominator effect issues (where an allocation to property, slower to be revalued than other asset classes, will increase relative to falling equity and bond values, therefore preventing further investment). Their portfolios are also sucking in more capital to meet rising capex needs and to meet the higher cost of refinancing. As a senior investment manager observes, “this is a good time to be investing, but the institutional investor community as a rule isn’t in a position to do that”.

With institutions on the sidelines and debt-driven investors constrained by the cost of finance, equity-only, long-term investors such as family offices may be enjoying their time in the sun.

Figure 2-5 Returns targeted compared with the previous year



Source: Emerging Trends Europe survey 2025



Yet they also face challenges of a limited flow of good quality stock coming to the market, and the perceived mismatch between the cost of their equity and the returns on offer. A commonly held view is that core valuations have not fully adjusted to the new economic reality of higher interest rates and lower growth. As one investor puts it: “For the first time in 20 years, you’ve got negative leverage. You’re borrowing at 6 percent or 7 percent, in theory buying at 5 percent, which means you’ve got to believe rental growth is going to be higher than inflation. That’s difficult to envision.”

Either way, there is clearly still some way to go before the relative value opportunity in real estate is obvious for institutions and other core investors.

### Hope amid the gloom

**Despite all the reservations around real estate, the survey shows a sharp rise in expectations of the availability of debt and equity to real estate – among the more remarkable changes of sentiment detected this year.**

This optimism is reflected elsewhere in the survey, with rising expectations for equity capital inflows to Europe. Asia Pacific, the Middle East and Africa stand out as major sources of equity capital, while capital flows from the Americas and from across borders within Europe are also expected to increase (Figure 2-7).

Naturally, voices of caution about this rosy outlook can be heard: “The recovery in sentiment is fragile, anything can potentially derail it,” says one fundraiser. And for some, the cross-border

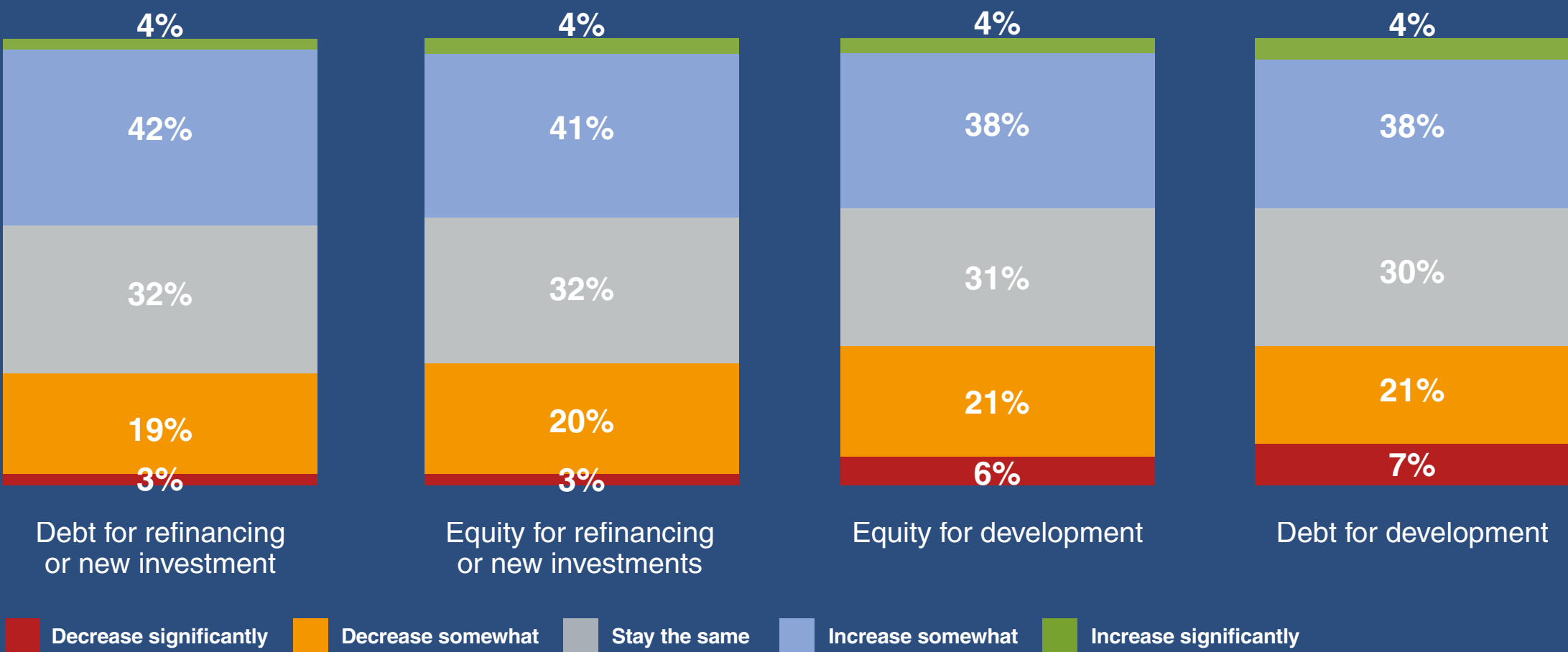
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For the first time in 20 years, you’ve got negative leverage. You’re borrowing at 6 percent or 7 percent, in theory buying at 5 percent, which means you’ve got to believe rental growth is going to be higher than inflation. That’s difficult to envision.

investment opportunity is not yet clear-cut enough: “even if you have capital for real estate, where do you put it and what do you want to do with it?” asks one director of investor relations. Others remain stuck on the question of value, with an investment banker wondering: “Why would you put more capital to work unless there was another significant leg down in valuations?”

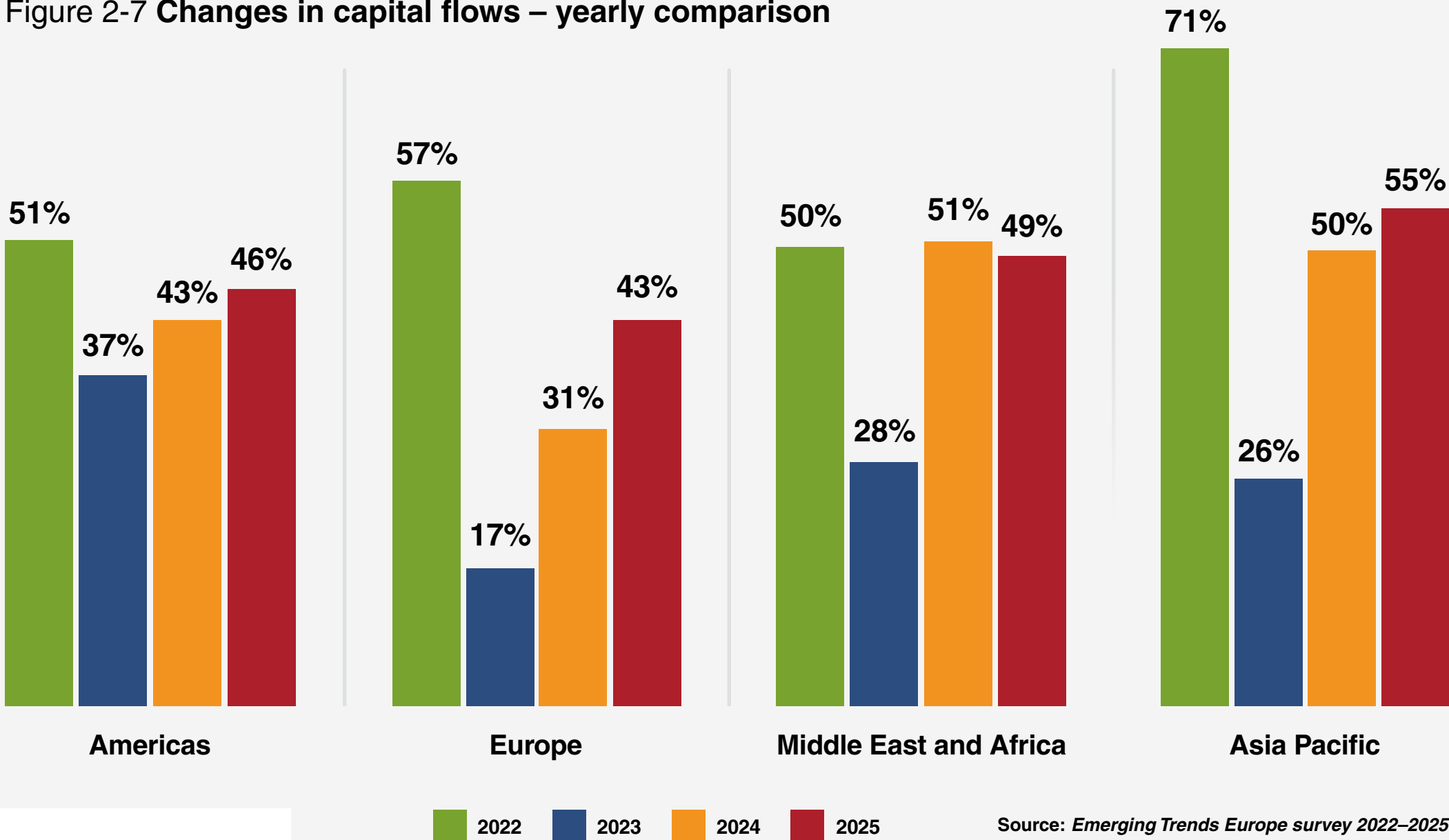
Expectations of returning cross-border investment run against the “stay-at-home” trend that has prevailed throughout this downturn. For many investors, dealing with domestic portfolio issues has taken priority while others are still scarred by recent falls in the value of their overseas assets. And with over 100 countries holding elections in 2024, geopolitics is influencing global capital flows more than usual, to the detriment of investment activity in some markets.

Figure 2-6 Availability of debt and equity in 2025



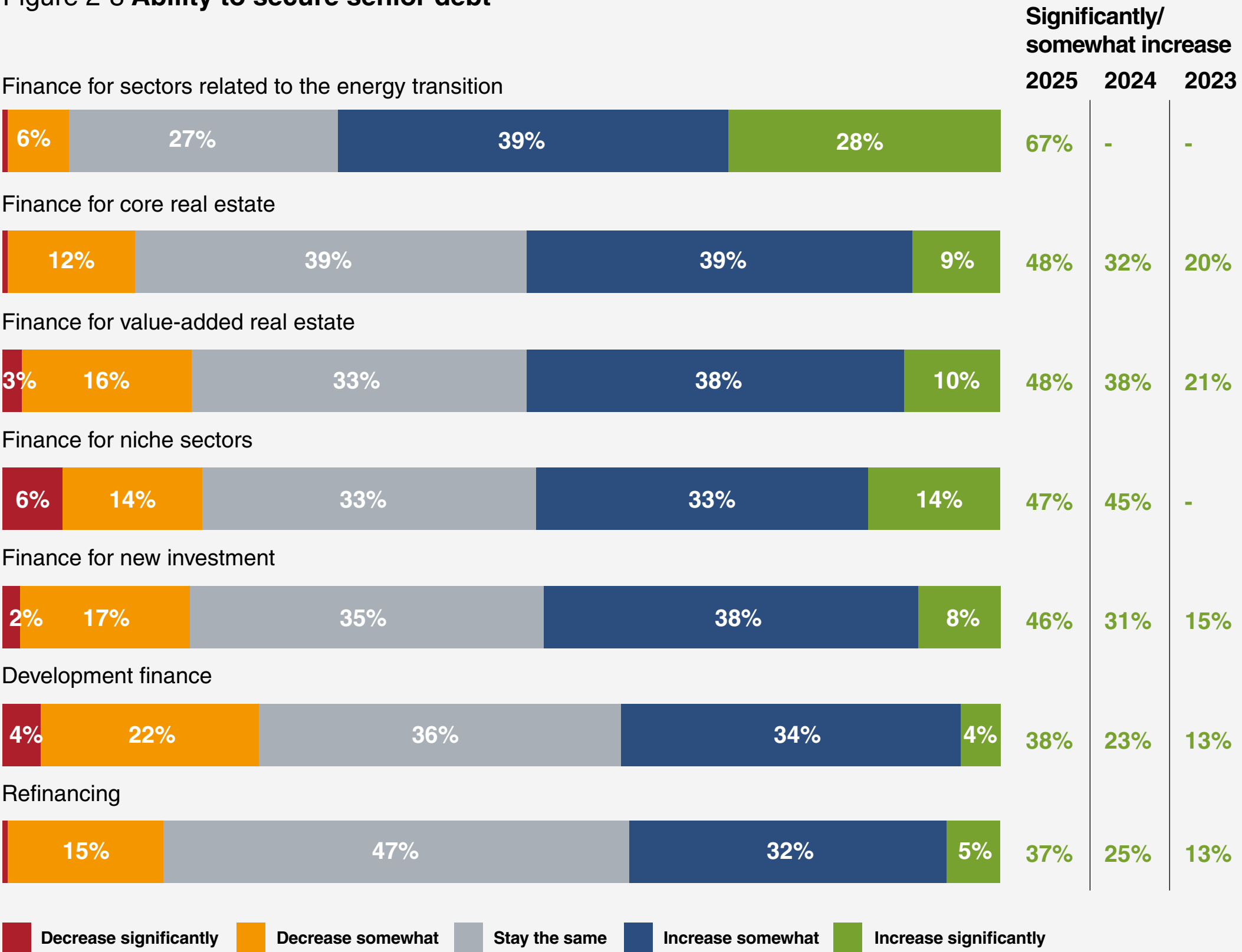
Source: Emerging Trends Europe survey 2025

Figure 2-7 Changes in capital flows – yearly comparison



Source: Emerging Trends Europe survey 2022–2025

Figure 2-8 **Ability to secure senior debt**



Source: *Emerging Trends Europe survey 2025*

Recent interest rate reductions around the world may yet prompt investors to look more favourably at the relative value prospects for real estate. But according to one global investment manager, “it requires a clear trend that interest rates are going down – probably one or two more adjustments – to have their allocation limits balanced out”. It remains to be seen whether expectations of rising equity inflows to real estate can turn a trickle into a flood.

Lenders ready to do business

For the first time in three years, more survey respondents expect their ability to secure senior debt will improve rather than worsen in the coming 12 months.

That’s a view expressed across a range of sectors and activities, and though optimism about development finance is more muted, there is a remarkable return of confidence in access to finance (Figure 2-8). Undoubtedly the shift towards more accommodative monetary policy by central banks, in particular by lowering base rates, is helping.

Many interviewees also believe the banking sector is better placed to handle the downturn in real estate values, compared with the global financial crisis 15 years ago. “The difference is that 15 years ago the banks didn’t make money. Now because of higher interest rates they have the money to put loan loss provisions in place,” says a senior investment banker.

Particular bright spots for debt finance include residential, industrial, hospitality and even retail, with lenders competing for business from the highest-quality sponsors and assets. High-quality office assets in major cities are also reportedly attracting finance, however the office sector in general remains a conundrum for lenders. As a senior investment banker notes, “for secondary offices in regional towns, there is tumbleweed on the debt side”.

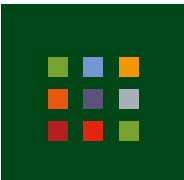
Despite concerns about banks in certain jurisdictions – mortgage banks and commercial banks in Germany and parts of Central and Eastern Europe, for example – the common refrain from the industry is of “no systemic risk in the banking system”. Many bankers speak with cautious optimism about business conditions, and as one puts it: “We’re doing better than last year, which is good, but we’re clearly not on the path we were two years ago.”

Extending loans on more attractive terms is helping banks sustain profits in these uncertain times, with typical margins for senior debt reportedly in a 2–3 percent range and loan-to-value (LTV) ratios at 50–60 percent. But there is also a sense that banks are “hopeful of improvement in the market rather than pushing too hard for an early exit”, which could trigger further losses across their portfolios.

They are also wary of increasing regulation, which the survey shows as the top business concern for industry leaders. Bankers worry that higher capital requirements for development and refurbishment loans and regulatory pressure for ESG-compliant lending could erode their competitiveness.



HELSINKI, FINLAND



As one senior banker suggests, “the closer you get to Basel IV there is a big risk that it’s not worth it for investors to look for normal bank financing”.

Does that open the door to a wave of non-bank lending to real estate? Certainly, there is continued optimism about capital raised and ready to be deployed by debt funds. However, many are seen to focus on higher returning opportunities, for example value-add situations or riskier portions of the capital stack. And while that naturally comes with a higher cost, as one fundraiser notes “the [non-bank] market does seem to be quite crowded, and actually the margins seem to be pretty competitive”.

Many lenders say they are “ready to do business” and remain positive about the availability of debt. Yet there is still caution among borrowers about loan terms and costs. As one senior institutional investor puts it, “the availability of debt will increase but you may not like the pricing”. In the core investment space, where yields have been slow to adjust upwards, many continue to see debt as dilutive rather than accretive to returns.

Overall, the banks are well capitalised and in a good financial position, non-bank lenders are capital rich and keen to deploy, and borrowers are optimistic that lenders are open for business. As a consequence, the outlook for real estate investment activity appears positive, particularly if the macroeconomic environment stabilises and bid-ask spreads narrow.

However, doubts persist over whether there is enough capital to meet the expected wall of refinancings in the coming years.

As one investment manager says, “we will see something happening in terms of a correction, because not everything can be financed”. The spectre of distressed asset sales therefore remains, despite expectations of better finance availability from bank and non-bank lenders.

## Geopolitics clouds the capital markets outlook

**Concern about political instability – national, regional and international – has sharply increased in this year’s survey, although it is not a new issue.**

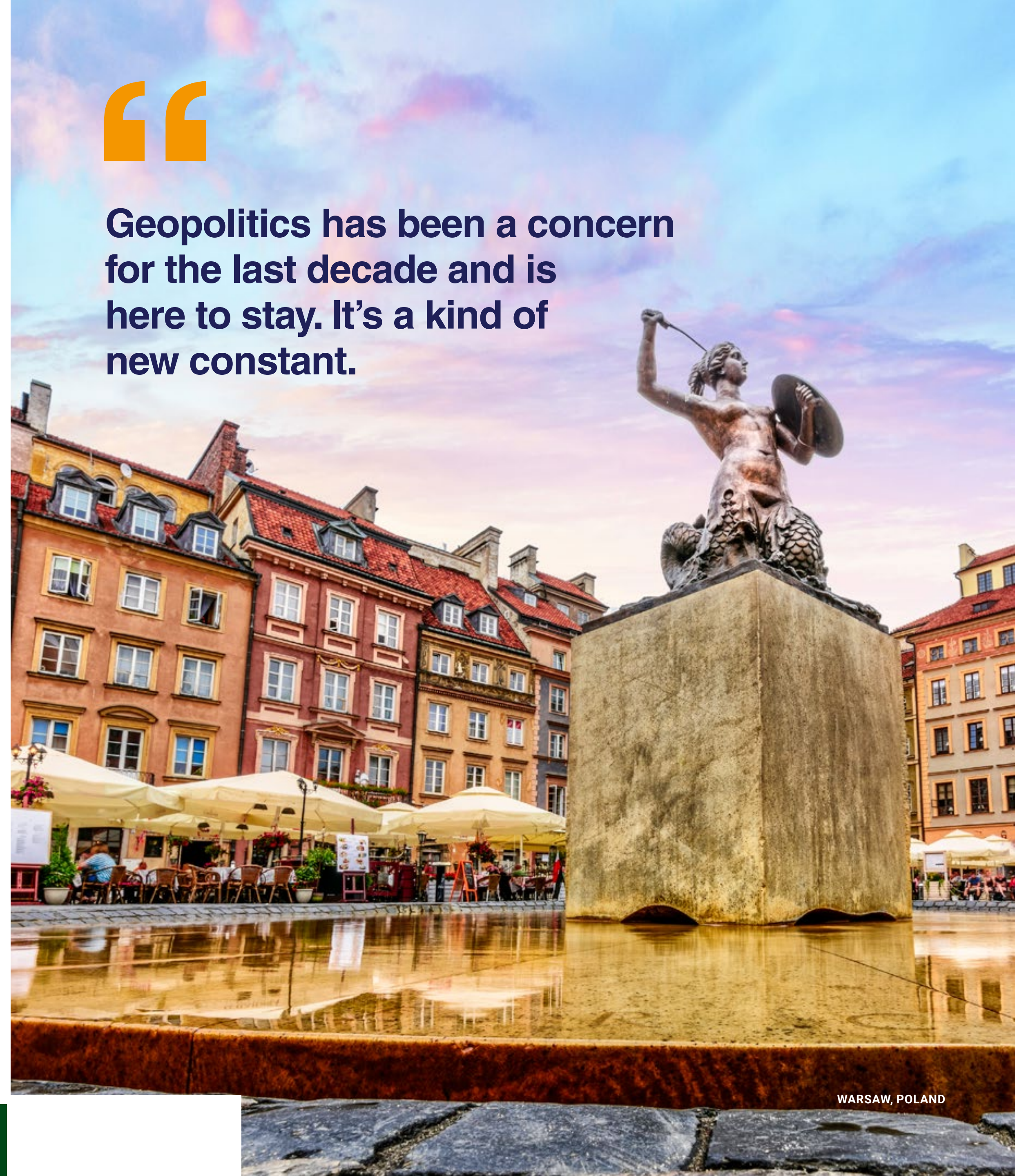
“Geopolitics has been a concern for the last decade and is here to stay. It’s a kind of new constant,” says the head of European real estate at a major institutional investor.

Yet there are mixed views about its influence and how investors are dealing with the uncertainty it causes. The survey shows that just 13 percent of respondents consider geopolitics one of their top three themes driving investment decisions and strategic planning, although this is up from 8 percent the year prior.

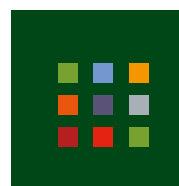
Arguably, though, this prolonged period of geopolitical instability may erode confidence while increasing the regulatory pressure that investors and lenders face. Indeed, the survey reveals increased regulation and environmental requirements as the top two real estate business issues over the next five years.



**Geopolitics has been a concern for the last decade and is here to stay. It’s a kind of new constant.**



WARSAW, POLAND





MADRID, SPAIN

“We see a big issue arising from Basel IV, which makes [real estate lending] not really efficient,” says a senior banker. Increasingly, banks are calling for a pragmatic approach to capital requirements for real estate lending, as they look to provide vital finance for the green transformation of Europe’s real estate.

The survey reinforces this need as it points to capital market players playing a critical role in accelerating progress on ESG. Lenders, investors and regulators are identified as the top three influences on ESG implementation. According to one investment manager, “you won’t get a loan today unless you have an already sustainable building or a capex programme budgeted to attain sustainability”.

Despite rising pressure from lenders and regulators, some investors still find it difficult making the short-term business case for the green transformation of their real estate portfolios. As one senior investment manager observes about EU regulations, “there’s a lot of reporting requirements which make operating the business more cumbersome ... people are getting frustrated”.

Looking forward, there are concerns that a lack of technological innovation and over-regulation in Europe could stymie the recovery, an issue also raised in the recently published report *The Future of European Competitiveness* by Mario Draghi for the European Commission, referred to in Chapter 1.

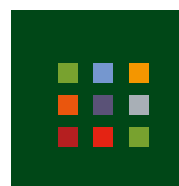
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Cheap money got us all out of trouble before, but not this time.

“Europe is not perceived as the leader in technological change, which is critical – the recovery is very slow,” says a senior investment manager.

This year’s survey backs that up, with the adoption and implementation of new technologies seen as the most important factor for successful organisational transformation.

Europe’s real estate capital market appears to be on the road to recovery. Yet optimism around capital inflows to Europe from abroad could evaporate if geopolitical events within the region trigger another inflation spike and force interest rates higher. Many therefore think the recovery will be bumpy, slow and uncertain, not least because, as one CEO says: “Cheap money got us all out of trouble before, but not this time.”

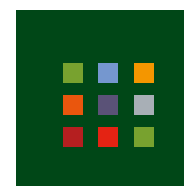


## CHAPTER 3

# SECTORS TO WATCH

“The fundamental issue for me today at a sectoral level in making judgments about where we want to be is that there is an unstable situation in our markets.”

CIO, global asset manager



When choosing how to allocate capital, a sector-focused approach still prevails for most European investors. More than half of respondents rank it within their top three criteria, and for 21 percent it is their principal consideration.

In determining which sectors will demonstrate the most favourable risk-return characteristics, investors are increasingly focused on major social and economic trends: demographics, digitalisation and decarbonisation.

For some, the experience of being caught out by technological and social change that has impacted some sectors has proved an eye-opener. An investment strategist says that where once geographic and opportunistic criteria would have played a role in asset selection, their approach now is purely thematic.

“The lesson of the last five years has been that if you’re on the wrong side of the thematic, you just get hammered,” this interviewee explains. “Having been hammered in shopping centres and on some offices as well, we’ve learned our lesson now.”

The dilemma facing investors is that from a thematic perspective two of the four established real estate sectors – offices and retail – are now problematic, while still making up significant parts of existing investment portfolios. Meanwhile the other two – residential and logistics – are widely agreed to benefit from structural tailwinds but are oversubscribed and expensive. For some investors, deploying across such a limited spectrum not

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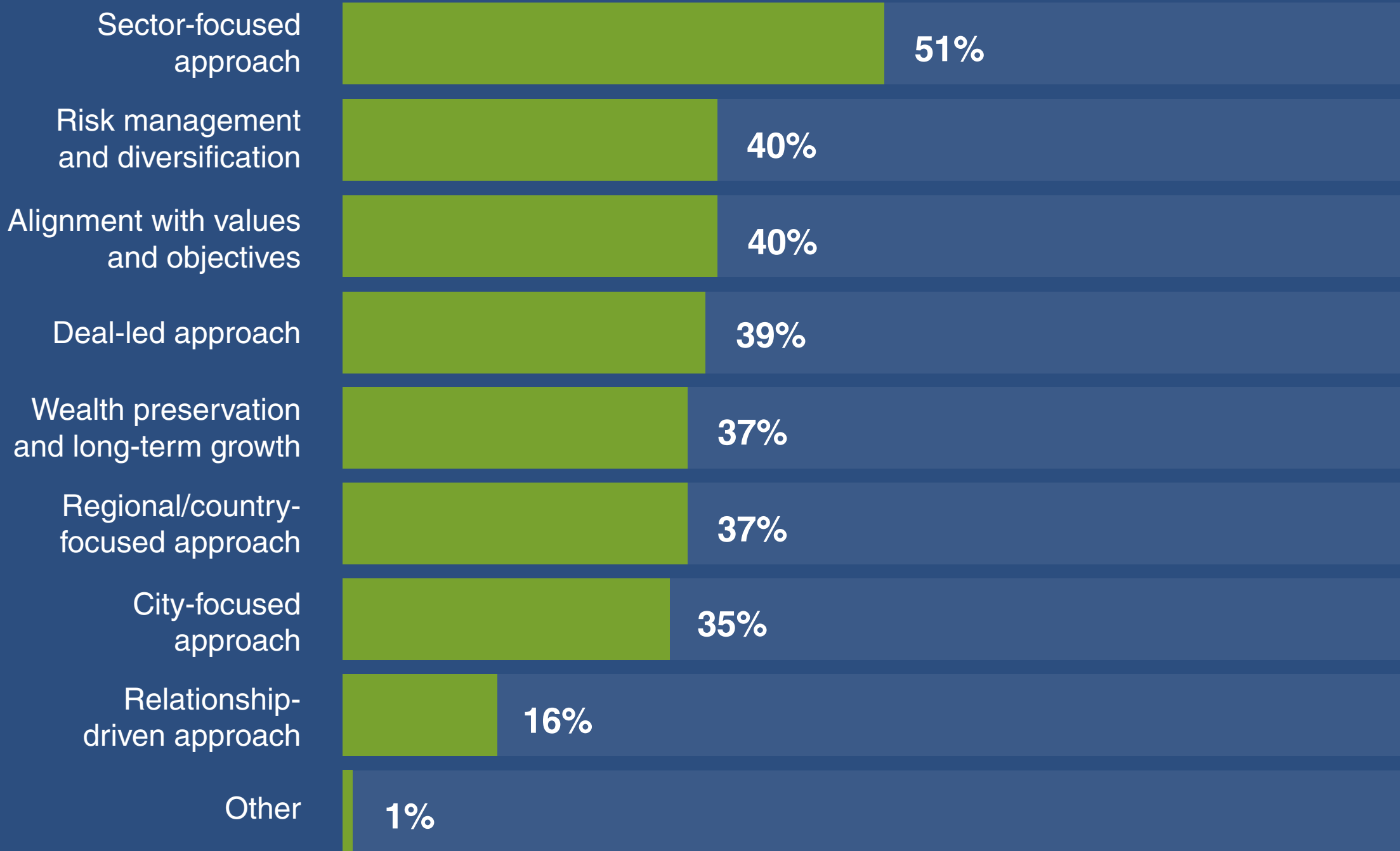
The lesson of the last five years has been that if you’re on the wrong side of the thematic, you just get hammered.

only restricts their opportunities to put capital to work, but may also carry with it the danger that they are putting too many eggs in too few baskets. Survey respondents rank risk management and diversification as their second priority for allocating capital, with 40 percent placing it among the three most important factors (Figure 3-1).

“People are going to have to find other ways of deploying money. There are only so many sheds and beds, as well, to a certain extent,” says an interviewee. One consequence over recent years is a growing tendency for investors to cast around for smaller, emerging sectors benefitting from macro tailwinds in which they aim to put their capital to work.

Many growth sectors also involve a strong operational element, which is one reason for their high rankings in this year’s survey. An investment banker notes that operational sectors such as data centres, cold storage, self-storage, hospitality, healthcare, residential and logistics are attracting strong interest because investors have come to realise in recent years that “all real estate is operational real estate”.

Figure 3-1 How investors allocate capital to real estate



Note: Percentage ranking it within their top three criteria

Source: Emerging Trends Europe survey 2025



DUBLIN, IRELAND

Figure 3-2 Sector prospects in 2025

Generally good = above 3.5

Fair = 2.5 to 3.5

Generally poor = under 2.5

| Overall prospects |                                 |       | Investment |                               |       | Development |                               |       | Overall Income |                               |       |
|-------------------|---------------------------------|-------|------------|-------------------------------|-------|-------------|-------------------------------|-------|----------------|-------------------------------|-------|
| Rank              | Sector                          | Score | Rank       | Sector                        | Score | Rank        | Sector                        | Score | Rank           | Sector                        | Score |
| 1.                | Data centres                    | 4.63  | 1.         | Data centres                  | 4.66  | 1.          | Data centres                  | 4.60  | 1.             | Data centres                  | 4.52  |
| 2.                | New energy infrastructure*      | 4.55  | 2.         | New energy infrastructure*    | 4.56  | 2.          | New energy infrastructure*    | 4.52  | 2.             | New energy infrastructure*    | 4.31  |
| 3.                | Student housing                 | 4.23  | 3.         | Student housing               | 4.27  | 3.          | Student housing               | 4.20  | 3.             | Student housing               | 4.13  |
| 4.                | Logistics facilities            | 4.09  | 4.         | Logistics facilities          | 4.16  | 4.          | Retirement/assisted living    | 4.01  | 4.             | Private rented residential    | 4.03  |
| 5.                | Private rented residential      | 4.06  | 5.         | Other storage facilities      | 4.13  | 5.          | Private rented residential    | 4.01  | 5.             | Logistics facilities          | 3.99  |
| 6.                | Self-storage facilities         | 4.05  | 6.         | Private rented residential    | 4.12  | 6.          | Logistics facilities          | 4.00  | 6.             | Co-living                     | 3.98  |
| 7.                | Retirement/assisted living      | 4.04  | 7.         | Self-storage facilities       | 4.11  | 7.          | Self-storage facilities       | 3.97  | 7.             | Serviced apartments           | 3.96  |
| 8.                | Co-living                       | 4.01  | 8.         | Education-related real estate | 4.08  | 8.          | Affordable housing            | 3.96  | 8.             | Self-storage facilities       | 3.95  |
| 9.                | Education-related real estate   | 4.01  | 9.         | Industrial/warehouse          | 4.08  | 9.          | Healthcare                    | 3.96  | 9.             | Healthcare                    | 3.87  |
| 10.               | Serviced apartments             | 4.00  | 10.        | Serviced apartments           | 4.08  | 10.         | Education-related real estate | 3.94  | 10.            | Hotels                        | 3.87  |
| 11.               | Affordable housing              | 3.99  | 11.        | Co-living                     | 4.08  | 11.         | Co-living                     | 3.93  | 11.            | Industrial/warehouse          | 3.85  |
| 12.               | Healthcare                      | 3.99  | 12.        | Retirement/assisted living    | 4.07  | 12.         | Serviced apartments           | 3.92  | 12.            | Other storage facilities      | 3.84  |
| 13.               | Industrial/warehouse            | 3.99  | 13.        | Healthcare                    | 4.02  | 13.         | Social housing                | 3.92  | 13.            | Affordable housing            | 3.82  |
| 14.               | Other storage facilities        | 3.97  | 14.        | Affordable housing            | 4.01  | 14.         | Industrial/warehouse          | 3.88  | 14.            | Education-related real estate | 3.82  |
| 15.               | Social housing                  | 3.96  | 15.        | Life sciences                 | 4.00  | 15.         | Life sciences                 | 3.82  | 15.            | Life sciences                 | 3.82  |
| 16.               | Life sciences                   | 3.90  | 16.        | Hotels                        | 4.00  | 16.         | Other storage facilities      | 3.77  | 16.            | Retirement/assisted living    | 3.81  |
| 17.               | Hotels                          | 3.85  | 17.        | Social housing                | 3.99  | 17.         | Hotels                        | 3.70  | 17.            | Leisure                       | 3.74  |
| 18.               | Leisure                         | 3.74  | 18.        | Leisure                       | 3.81  | 18.         | Leisure                       | 3.67  | 18.            | Housebuilding for sale        | 3.64  |
| 19.               | Housebuilding for sale          | 3.69  | 19.        | Housebuilding for sale        | 3.71  | 19.         | Housebuilding for sale        | 3.66  | 19.            | Social housing                | 3.61  |
| 20.               | Retail parks                    | 3.44  | 20.        | Retail parks                  | 3.70  | 20.         | Parking                       | 3.33  | 20.            | Retail parks                  | 3.59  |
| 21.               | Parking                         | 3.40  | 21.        | Parking                       | 3.46  | 21.         | Retail parks                  | 3.15  | 21.            | Parking                       | 3.44  |
| 22.               | Flexible/serviced offices       | 3.24  | 22.        | Flexible/serviced offices     | 3.38  | 22.         | Flexible/serviced offices     | 3.10  | 22.            | Central city offices          | 3.37  |
| 23.               | Central city offices            | 3.22  | 23.        | Central city offices          | 3.36  | 23.         | Central city offices          | 3.09  | 23.            | Flexible/serviced offices     | 3.23  |
| 24.               | High street shops               | 3.05  | 24.        | High street shops             | 3.23  | 24.         | High street shops             | 2.88  | 24.            | High street shops             | 3.14  |
| 25.               | City centre shopping centres    | 2.87  | 25.        | City centre shopping centres  | 3.18  | 25.         | Business parks                | 2.61  | 25.            | City centre shopping centres  | 3.11  |
| 26.               | Out-of-town retail destinations | 2.78  | 26.        | Out-of-town shopping centres  | 3.07  | 26.         | City centre shopping centres  | 2.55  | 26.            | Out-of-town shopping centres  | 2.96  |
| 27.               | Business parks                  | 2.75  | 27.        | Business parks                | 2.90  | 27.         | Out-of-town shopping centres  | 2.49  | 27.            | Business parks                | 2.82  |
| 28.               | Suburban offices                | 2.10  | 28.        | Suburban offices              | 2.16  | 28.         | Suburban offices              | 2.03  | 28.            | Suburban offices              | 2.23  |

\* e.g. solar, wind, energy storage, electric transportation

**Note:** Respondents scored sectors’ prospects on a scale of 1=very poor to 5=excellent, and the scores for each sector are averages; the overall rank is based on the average of the sector’s investment and development score. The survey also covered communication towers/fibre but the number of respondents rating the prospects for this niche sector was too small for it to be included in the rankings.

Source: Emerging Trends Europe survey 2025

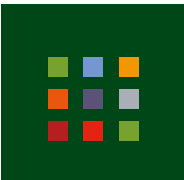
Instead of passively collecting rents, investors are increasingly leveraging the operational nature of assets as a way of enhancing returns by generating additional income and growing value. That means operational expertise is beginning to be regarded as a generator of value, says an investment manager. “Institutional capital wants [operational] real estate, and it recognises that it needs the access to the operational expertise that goes with it.”

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Institutional capital wants operational real estate, and it recognises that it needs the access to the operational expertise that goes with it.

Real estate investors are increasingly looking to access assets in growth sectors through buying operating platforms. The investment manager adds that their firm plans to own vertically integrated platforms to spearhead expansion in the data centre and student housing sectors. “It makes sense to push a bit further into the opco/propco space, particularly on the opportunistic side of our business.”

Identifying investment opportunities in the physical infrastructure that will support future technology, innovation, digitisation and decarbonisation is increasingly front of mind for real estate sector analysts. “Most CIOs will tell you that on a risk-adjusted basis, the outlook for the real estate markets is not as attractive as growth infrastructure – digital transformation, data centres, fibre, moving towards an AI world and all that that entails,” says an investment banker.



Data centres and new energy infrastructure play a critical role in supporting emerging technological ecosystems and the shift to a net zero economy. That has been reflected in the *Emerging Trends Europe* survey, with both sectors at or near the top of the rankings since 2021. This year, data centres occupy the top spot for overall prospects, after achieving the highest score for investment, development and overall income, with new energy infrastructure in second place (Figure 3-2).

Already massive demand from cloud computing hyperscalers is certain to be compounded by the growth of AI, which requires enormous amounts of computing power and data storage, as well as by the predicted expansion of edge computing infrastructure located closer to end users. Meanwhile, research by CBRE shows that data centre vacancy across Europe’s biggest markets has fallen below 10 percent for the first time and seems certain to decline further, creating an increasingly compelling investment opportunity. “The demand story is turning into a rental growth story because it’s very difficult for the supply side to keep up,” says a pan-European investment manager.

Turning on the “fire hose” of real estate capital will be crucial to “build out the railroads of the digital economy,” says a data centre specialist, who identifies a “huge land grab” currently underway for sites with an adequate power supply. The charge is being led by logistics platforms, many of which have previously dabbled in the sector on a smaller scale, and which have the advantage of already controlling suitable land and holding established relationships with data centre operators.

“

The bit that people don’t understand in data centres quite yet, is just how valuable powered land has become, relative to its prior economic use.

Because real estate is such a small element of their costs, for data centre operators acquiring buildings is like “buying pens”, says a logistics asset manager. But unlike pens, large, powered sites close to urban areas are difficult to find. “The bit that people don’t understand in data centres quite yet is just how valuable powered land has become, relative to its prior economic use,” says a head of research. It seems they are beginning to cotton on, however, with several of the largest logistics platforms setting up dedicated data centre arms recently.

The opportunity, while significant, will be a complex one for real estate investors to grasp, however. Tech companies “don’t believe real estate people understand what they want”, says an investment manager, whose firm has recently formed a joint venture with a data centre sector veteran. “It’s hard for investors to access the sector because they need an operating platform and there aren’t that many to work with,” says a data centre developer.



FREDERICIA DATA CENTRE, DENMARK



ELECTRIC CAR CHARGING FACILITY, EUROPE

For some of the developers among the interviewees the high upfront costs involved in data centre development deter them from undertaking projects. When the biggest fund managers are raising billions of dollars for data centre platforms “it’s time for a local developer to exit,” says one. The sheer scale of the investment required to build out the next generation of data centres may be beyond private real assets investors, suggests a global asset manager. “Looking forward a few years, I think it ends up having to be in the listed markets.”

“

**Pension funds are now publicly committing themselves and their money to invest in European security and defence systems.**

The Nordic countries are well-placed to accommodate growth, notes a regional private equity manager. “The fibre networks were extremely well-built out and we have abundant green power from hydro and wind.” Southern Europe offers opportunities too, says a Spanish investor. “We have great fibre optics, a lot of renewable energy and very good connectivity with Africa, with Middle East and with America.”

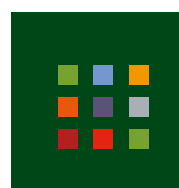
In contrast, locations such as Dublin and Amsterdam offer limited scope for expansion

because their electricity grids lack capacity, prompting municipal authorities to issue a moratorium on data centre development. In Ireland, the proportion of electricity consumed by data centres has become a “political issue”, says a local interviewee.

“Lots of new sectors are forming between infrastructure and real estate,” observes one industry player, reflecting a common theme this year. Cell towers, battery storage, solar farms, biomethane plants and electric vehicle charging stations are among the emerging sectors identified by survey participants and interviewees.

Opportunities to develop key power and digital infrastructure will be further fuelled by European politicians’ need to bolster strategic autonomy at a time of intense geopolitical instability, argues an investment analyst. In September, the UK government declared that data centres are to be classified as “critical national infrastructure”. European governments’ military spending is also set to increase. “Pension funds are now publicly committing themselves and their money to invest in European security and defence systems,” adds a fund manager.

It is still difficult to put capital to work in many emerging sectors, however, because they remain small and relatively illiquid, with few stabilised assets available to trade. “In North America, there is more of a robust opportunity set for sectors outside the main food groups,” says the European chief of a global investment company. But in Europe they have yet to become established and “it’s just less transactable if you want to be in those sectors”.





Investing in infrastructure is a growth area because obviously the demand is there, and the state and the federal authorities don't have the budgets.

Moreover, some investors express disquiet at the spectacle of large quantities of real estate capital chasing scarce assets in unproven sectors. "It cannot be healthy to take the lion's share of demand and try and squeeze it into this tiny little sleeve," says the CIO of a global asset manager. The problem with too many currently fashionable niche strategies, they argue, is that "the implicit growth rate in their pricing assumptions is ludicrous from a long-term perspective".

The US life sciences sector is cited as an example. Strong investor appetite following the pandemic fuelled a construction boom that has now created a substantial oversupply. Lab vacancy is much less of an issue in Europe, but the sector has nonetheless suffered a fall in the rankings from its position in the top three in 2021–23 to 11 last year and 16 in the latest survey. "For life sciences, 2025 will be an extremely testing year," notes a developer, suggesting it will prove the level of demand for the first generation of purpose-built European commercial lab space. They predict the sector will be a "key growth area going forward", however, propelled by the long-term structural tailwind of ageing populations in developed economies.

Other interviewees question the depth of the market. "There are a lot of people chasing not very much stock and it's priced accordingly. And relatively few people can do it well," says the head of real assets at an institutional investor.

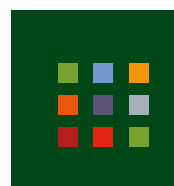
While many investors would like to invest in "trophy" life sciences assets in Europe, "it doesn't exist yet as a real sector," says a head of asset management. "Real estate is just a minor part of it, just the shed. The value is in the R&D facilities and the brains of the R&D people, and probably a lot of that will happen in US rather than here."

While life sciences is less favoured by respondents, education real estate, including lab and research spaces, makes its first appearance in this year's survey, and is ranked substantially higher at number eight. It seems investors still favour some types of R&D-driven real estate. "Engaging with institutional players around healthcare, education and research" is crucial to building thriving technology-based ecosystems, argues one interviewee.

Education facilities "are appealing due to long-term, government-secured rents and affordable construction costs", says the head of a German property company. Forming public-private partnerships to deliver schools, healthcare and justice buildings is a low-risk way to utilise capacity and generate long-term income, says a European investor-developer. "Investing in infrastructure is a growth area because obviously the demand is there, and the state and the federal authorities don't have the budgets."



HESSSEN, GERMANY





SELF-STORAGE UNIT, EUROPE

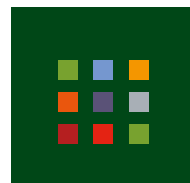
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As we get more urban in our logistics strategies everybody is looking at the big truck courts and big yards that come with the facilities, and thinking, shouldn't I be monetising that?

Self-storage is also among the preferred alternative sectors, occupying sixth place. The sector is perceived to benefit from the trend that has seen more people renting small urban apartments: “They are needs-based investments, they are supply constrained, they are driven by demographics,” says an investment manager. French industry leaders observe that the European self-storage market is still a tenth of the size of its US counterpart, so “considerable acceleration” is anticipated.

At 14 in the rankings, another entrant is “other storage facilities”. Though still focused on beds and sheds, one asset manager says those categories have broadened to encompass cold storage, self-storage and battery storage within logistics, in much the same way as student housing, senior living and care homes have become established sub-sectors of housing.

Other interviewees identify industrial outdoor storage as a growth area: “As we get more urban in our logistics strategies everybody is looking at the big truck courts and big yards that come with the facilities, and thinking, ‘shouldn't I be monetising that?’” says one.



# Offices

“Offices remain a challenged asset class,” says a property company CEO, reflecting the widespread industry concern over the uncertain future of the office in the hybrid working era.

Flexible/serviced offices and central city offices rank at 22 and 23 respectively out of 28 sectors for their prospects for the year ahead, while suburban offices are once again rooted to the foot of the rankings.

Some interviewees’ portfolios have suffered significant value destruction because of the negative sentiment surrounding the sector. “In offices, we have lost up to 60 percent in value,” complains one. And many fear the low point has yet to be reached, or as one industry leader puts it: “Office is going through a shakeout, and we are not yet out the other side.”

Some hold out hopes that point is near though: “When a demonstrable floor in the market is reached at which transactions can happen, it will attract in more long-term capital,” says the CEO of a REIT. “London adjusted relatively quickly. That is going to happen in cities across Europe in 2025.”

Survey responses indicate a market still coming to terms with changing workplace dynamics. That location is identified as the most important factor driving occupiers’ strategies would not have surprised pre-pandemic era investors (Figure 3-4). But interviewees stress that the focus on “central locations with an environment of services,

Office is going through a shakeout, and we are not yet out the other side.

amenities, and cultural offer” has become much more intense in recent years.

“Essentially, you need to give me a reason to leave my apartment and get in a train and go to work,” says a developer. “You want to go in because you feel like you have that FOMO,” says another.

Attractiveness to talent comes a close second, with employee productivity also ranking ahead of reducing overall costs. A property company head argues that the focus on enhanced workplace experience that began with tech companies like Google has now “washed through” the rest of the office market because the professional services sector is now competing for the same tech-savvy pool of young employees. Office employers may require less space, but they are perceived to be willing to spend more money to make what they have more appealing to their workforce.

Consequently, the gulf is widening between occupier and investor demand for prime office space in the best locations and secondary buildings in more peripheral areas.

Figure 3-3 Prospects for offices over the next 12–18 months

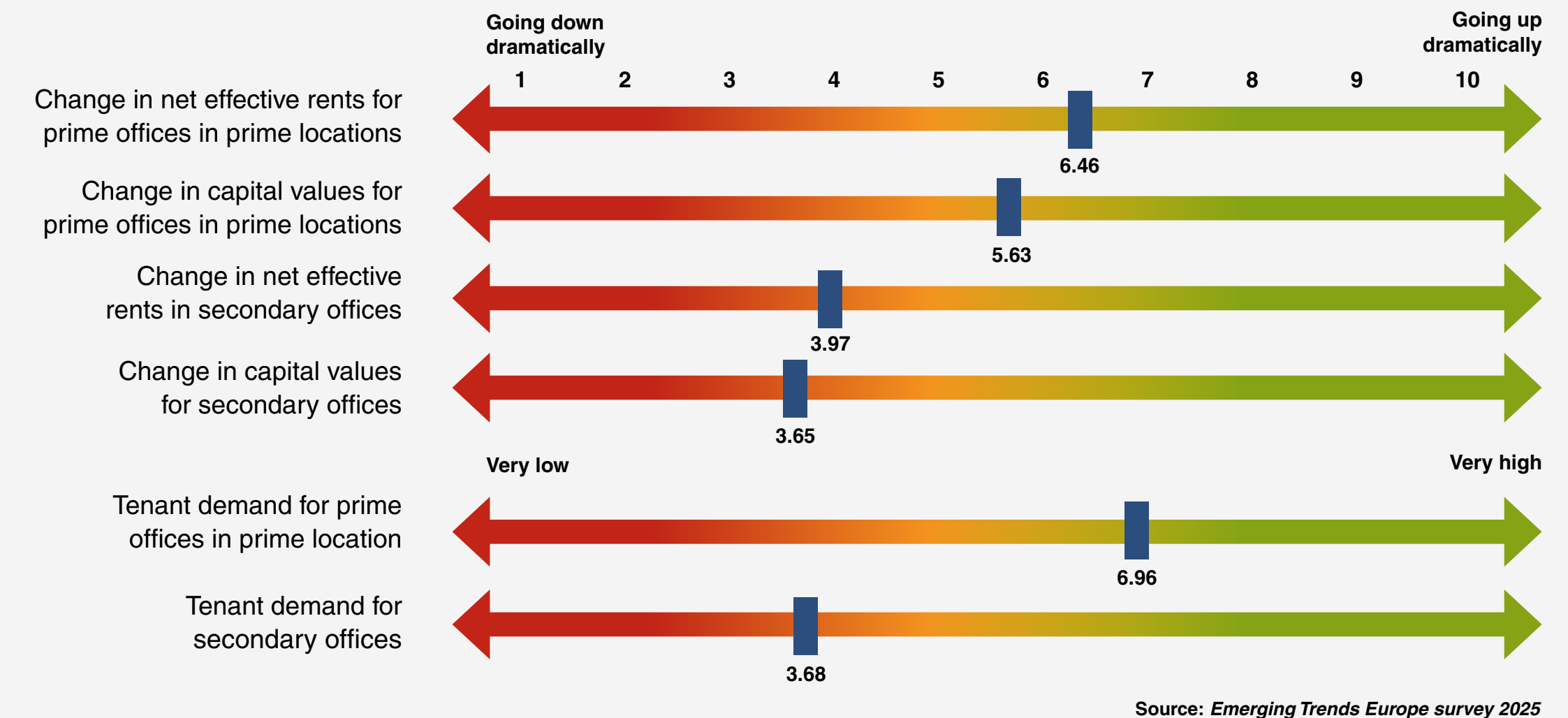
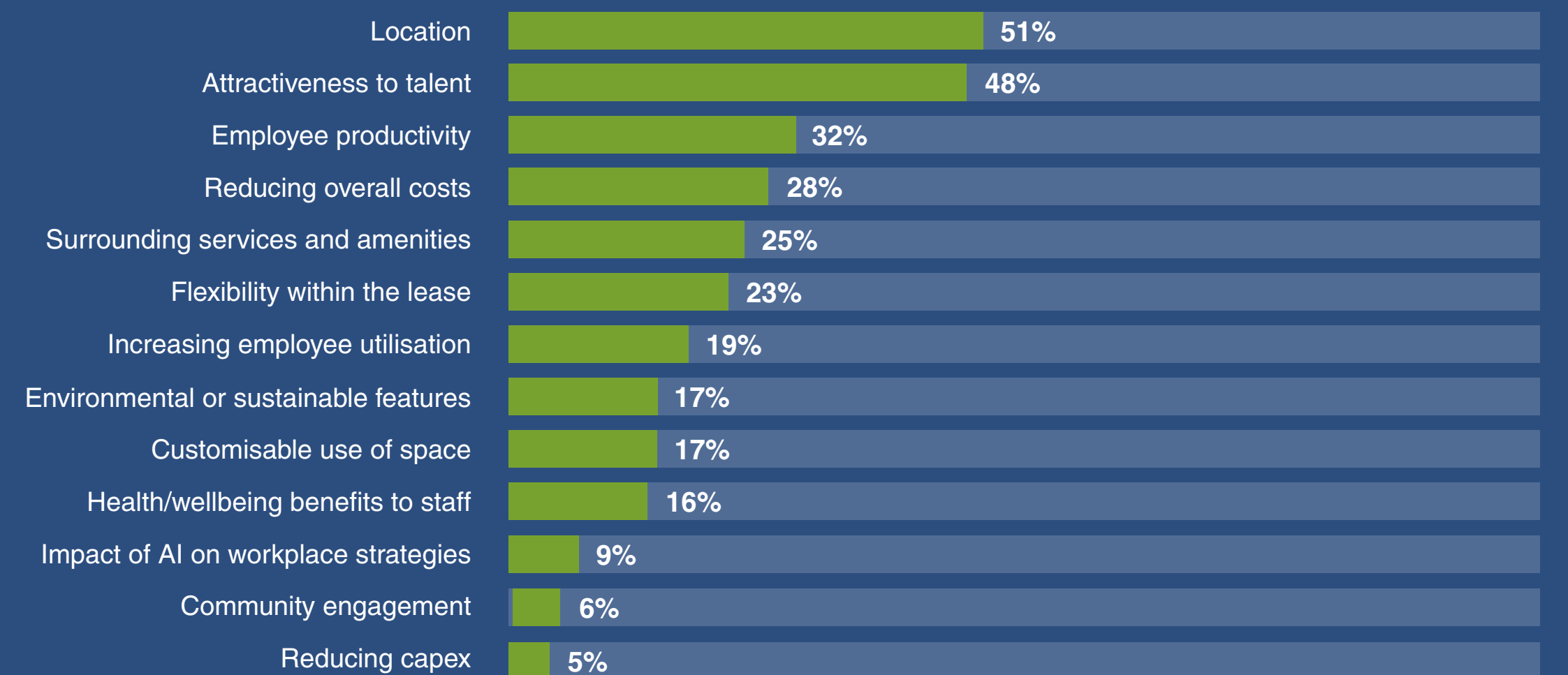


Figure 3-4 What the industry believes will drive occupiers’ workplace strategies over the next 18 months





“If you’re a passive landlord in an average location with a building with poor spec, you’re dead in the water. If you’re the opposite of that, you’re quite popular,” summarises a London office developer. Another interviewee notes that while their office investments in central Paris are doing well, a site they bought outside the city centre is currently only good for “growing potatoes”.

The survey responses give environmental and sustainable features surprisingly little prominence in determining workplace strategies. That may be because for some, sustainability is already a given: “It has become a part of plain-vanilla property management and permeates daily operations,” as one interviewee puts it. Industry leaders in Denmark refer to the E in ESG as a “hygiene factor”, without which investments are untouchable.

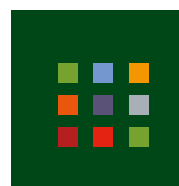
There is broad consensus among interviewees that office demand will ultimately coalesce around high-performing buildings. Speaking for many, one developer suggests “the offices that will survive” will be those that are furthest towards net zero in usage. Industry leaders in the Netherlands note that “if a building fails to meet modern standards like being ‘Paris proof’, tenants may leave”.

A London office developer suggests the picture is more nuanced, however. “It is not all about highly sustainable buildings. It is much more of a balance between ticking the specification boxes and the other aspects that make a place or a building somewhere where people want to go.”

“

It is not all about highly sustainable buildings. It is much more of a balance between ticking the specification boxes and the other aspects that make a place or a building somewhere where people want to go.

The impact of AI is another factor that is rated as of relatively low importance, perhaps because few of those surveyed yet have a clear idea of how it will manifest. This uncertainty is reflected across the interviews. It could be “another shift that the office market is going to have to swallow”, muses an investment manager. “Not necessarily in terms of amount of space needed, but it will have an impact on the type of users you want to target.”



## Residential

**In all its forms, housing has been one of the most consistently highly rated real estate sectors over the past decade of surveys for *Emerging Trends Europe*.**

“Long-term and short-term, the fundamentals are clear. There is a demand-supply imbalance, basically applicable in all European cities,” says a sector specialist. Once again, the various residential sub-sectors occupy five of the top 10 spots in the sector rankings, and seven of the top 15.

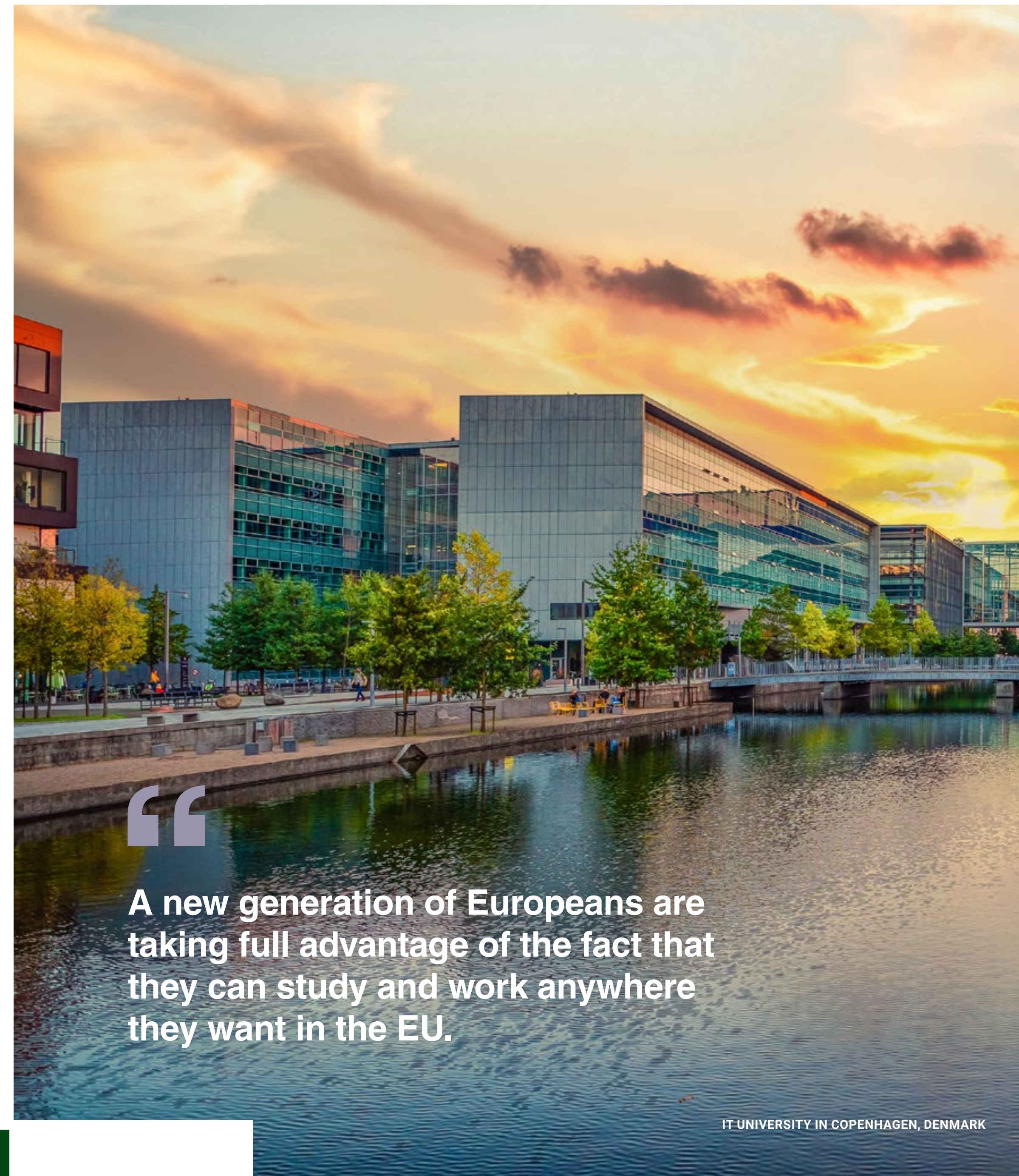
“Our higher conviction is global living across all the different cohorts,” says the CEO of an investment management firm, with each sub-sector – multifamily, single family, affordable, student, senior housing – serving a different demographic. “And the push towards more residential renting is supporting the market pretty much everywhere.”

Student housing, ranked third overall, is the most favoured residential sub-sector this year. Less regulated, with shorter contracts than standard rented housing, purpose-built student accommodation (PBSA) has proved an effective hedge against inflation. PBSA is also “counter-cyclical”, argues a fund manager, because more people study during economic downturns and treat spending on their education as an investment, not merely an expense. It also “offers higher returns than PRS [private rented sector]”, claims another interviewee.

“A new generation of Europeans are taking full advantage of the fact that they can study and work anywhere they want in the EU,” says a sector analyst. Meanwhile, more universities in EU countries have begun offering courses taught in English with the aim of appealing to international students, further boosting demand for cross-border studies.

The analyst adds that as a growing cohort of investors and managers have become comfortable with PBSA, institutional capital has begun to seek opportunities outside established markets like the UK and Netherlands. Appetite for investments in Spain and Italy is particularly strong. “Student housing continues to be interesting, especially on the pan-European scale, because it is still underserved and fragmented,” says an institutional investor.

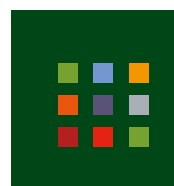
A few dissidents among the interviewees question whether the growth in student numbers and the influx of foreign students prepared to pay high prices for purpose-built accommodation will continue unabated, however. “Student numbers are going down and the cost of building is going up,” says a chief investment officer, who argues that much PBSA is dependent on Chinese students, and therefore relies on international relations between China and the West staying positive.



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**A new generation of Europeans are taking full advantage of the fact that they can study and work anywhere they want in the EU.**

IT UNIVERSITY IN COPENHAGEN, DENMARK



“

**The right balance has not yet been found. Construction costs are too high to build low-cost residences without any kind of incentive.**



CONSTRUCTION IN OSLO, NORWAY

Private rented residential has climbed five places to fifth in this year's ranking. Over the past year, elevated interest rates have led to the opening of a bid-ask gap that has suppressed transaction activity. But prices have adjusted sufficiently to encourage more deals in the year ahead, suggests a property company CEO, because the risk premium for residential investments over bond yields has widened to an acceptable level.

Survey respondents rate housebuilding for sale as the least attractive residential sub-sector. While residential mortgage rates have begun to fall, lack of affordability exacerbated by rising costs remains a serious problem in some European housing markets.

A Nordic housebuilder complains that the market is characterised by stubbornly high construction and land costs. “We are dependent on falling interest rates and real wage growth for people to be able to buy again.”

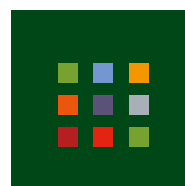
Some interviewees argue that over-regulation has stifled housing delivery. “We have just tried to do too many things at the same time,” says a developer, “increase the quality, and the sustainability, make the houses safer, more secure, and more insulated. It becomes more expensive.”

The picture is not consistent across the continent, however. In Spain, sales have been largely unaffected by rising interest rates because of the imbalance between supply and demand, says a local developer. “Nearly all of our clients in 2024 were able to get a mortgage, at a higher cost, but with no effect on cancellations.”

Most European cities suffer from a severe shortage of affordable rented housing. The affordable and social housing sectors' mid-table rankings – 11 and 15 respectively – indicate that there are investors interested in helping to meet that need but there are similar regulatory challenges to housebuilding for sale. Interviewees argue that meeting stringent standards for quality and sustainability in an inflationary period is problematic. “The right balance has not yet been found. Construction costs are too high to build low-cost residences without any kind of incentive.”

According to UK-based industry leaders, 15 years ago, it was the very lowest tier of affordable housing that required subsidy to work whereas now, it is “the entire affordable housing spectrum”.

The increasing tendency of governments and municipal authorities to act to curb rent increases is unhelpful, argues a head of research. “The way that you overcome affordability isn't through rent control, it's through supply. Then there is the affordable rent-versus-ESG dilemma. Regulating rents and asking people to improve energy efficiency just doesn't work commercially.”





LOGISTICS DISTRIBUTION CENTRE, EUROPE

## Logistics

**Logistics has almost returned to its position of pre-eminence among mainstream real estate sectors with its ranking improving steadily over the last three surveys so that it now lies fourth for overall prospects.**

If there are doubts over logistics, they tend to emanate from sluggish economic growth across the major European markets suppressing occupier activity. “Demand has slowed down compared to a year ago and tenants are taking longer over decision making,” says a sector specialist. E-commerce companies that expanded rapidly during the pandemic are now dealing with the consequences of slower than expected sales growth. “A lot of tenants are sitting in spaces which are too big, so they will need to grow into them before they take more,” says a German investor.

The latest take-up figures indicate that demand is starting to bounce back, however, and because supply remains limited in most markets, rents are still growing, albeit more slowly than before. Most interviewees still regard the sector as a good long-term bet because “the structural tailwind remains intact”.

E-commerce penetration is expected to increase, particularly in southern Europe where online shopping has been less prevalent than in northern markets. Meanwhile more industrial and logistics companies are expected to adopt nearshoring strategies to protect the integrity of their supply chains in an increasingly volatile political climate.

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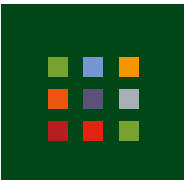
A lot of tenants are sitting in spaces which are too big, so they will need to grow into them before they take more.

“That is especially supporting central Europe because it still has a competitive cost advantage, is politically stable and part of the same economic zone,” says a pan-European logistics manager.

Interviewees identify several markets offering significant scope for growth due to a lack of modern logistics space, including Spain, Italy, Portugal, Ireland, Greece and Turkey. Constraints on development in France are pushing some occupiers eastward, says a sector specialist. “They can do the same quality of service from Poland as they can from France.”

Values for European logistics space have fallen by 23 percent over the past 12 months, says another specialist, but pricing is starting to recover as the transaction market revives.

Some investors have already moved to take advantage of what they view as a buying opportunity. “We pivoted very heavily into logistics in our last fund,” says a private equity manager. “I suspect that opportunity will run its course as some of the core money comes back.”



While logistics remains in vogue, industrial/warehouse space is ranked relatively low at number 13. Some interviewees express concern about the long-term viability of older industrial buildings. “Clients have changing needs, and the stock is extremely dated in some markets,” says the CEO of a logistics platform. “There are a lot of old warehouses, vacant space, a need for reorganising efficiencies for third-party logistics operators.”

It appears inevitable that owners of industrial assets with access to a substantial power supply, or close to a source of power generation, will explore the option of redeveloping or reselling them for data centre space. Interviewees believe competition could intensify for sites located close to conurbations that are already keenly sought-after by urban logistics operators. As one logistics developer says: “Data centres are an interesting exit for underperforming warehouses.”

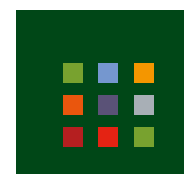
According to one head of research, the influx of “investment capital flowing towards key technology-based industries” may create opportunities on former industrial sites not only for data centres but for facilities serving industries such as microchip fabrication and battery storage. As this interviewee says, access to power has become “super important”, so that their firm has begun to undertake a “power audit” of all their buildings, alongside their ESG audit, to identify sites with hitherto unidentified potential.



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**We pivoted very heavily into logistics in our last fund and I suspect that opportunity will run its course as some of the core money comes back.**

LARGE DISTRIBUTION WAREHOUSE IN MIDLANDS, UK



## Retail

**On the face of it, the prognosis for retail reflects none of the uptick in confidence elsewhere in this year's survey.**

Despite undergoing substantial repricing, retail subsectors account for four of the eight least-fancied sectors at the foot of the ranking for overall prospects, a position they have occupied in every recent *Emerging Trends Europe* survey.

Some investors have taken the decision to write the sector off and move on. "I don't think we are going back to retail," says one global manager. Investors are finding that diversified, granular income that shopping centres used to contribute within their portfolios is now provided by residential investments, argues a German investor.

Though there is a widespread conviction among interviewees that the sector has "bottomed out" in terms of values and occupier demand, a typical observation is that "capital markets are not convinced".

Nonetheless, pockets of interest persist, in part because so few sectors are priced low enough to generate opportunistic returns. "Retail is a product for connoisseurs who tend to be opportunistic," says an Italian fund manager. Some excellent retail assets are changing hands at bargain prices, notes a consultant: "We see evidence of high-quality retail assets with de-risked capital structures trading at very high yields."

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**We see evidence of high-quality retail assets with de-risked capital structures trading at very high yields.**

The reluctance of property investors to re-engage with the sector may be due in part to lack of confidence in their ability to navigate its transformed landscape. It requires a high degree of operational competence because it is very complex and management-intensive, argues an investor involved in retail property management. "If you are brave enough to work in an industry which is not growing, and you understand the mechanics of that industry, you can probably get yourself involved in some of the strongest assets in the markets."

"Some retail markets [in continental Europe] haven't even seen a decline," observes a broker, and there are examples among the interviewees of investors who have quietly continued to make returns from the sector despite negative market sentiment. "I have always liked retail," says a Nordic investor. "The tenant covenants are really good in Finland and there are no vacancies."



LUXEMBOURG CITY, LUXEMBOURG



LONDON, UK

Luxury retail has remained lucrative throughout the sector's tribulations, and most prime retail streets in capital cities remain close to fully tenanted. "Retail is strong for us. With the level of footfall and sales we see in the West End, that's the number one place to be," says a London-based investor.

The best retail parks and outlet centres continue to attract interest from investors. "Open-air retail has really done well for us because we like cash flow, and the yields today are very high," says a fund manager. Convenience retail is another theme that has supporters. "Daily goods have proven to be a consistent market," says the head of a Nordic property company.

"No new malls are being built, so if you own a good, well-maintained asset in the right location then the cash flow is very resilient," says an investment manager, "because retailers still need a physical presence in a major destination where they can show off their goods and develop a customer relationship."

Interviewees expect opportunities to be created as malls evolve into a more mixed-use format, particularly in city centre locations. Some have followed the same path in their own businesses. "We come from a very retail-orientated background, then morphing into mixed use and living, and it's all linked to our investment thesis of consuming, living and working," says a property company chief.

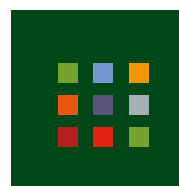
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**If you buy a shopping centre, and build 250 homes on top, you create tremendous synergies.**

For a "product-agnostic" investor, the biggest opportunity is with mixed use, argues a private investor-developer. "If you buy a shopping centre, and build 250 homes on top, you create tremendous synergies."

The residents spend in the retail outlets, bolstering their viability, and the asset value is increased because it is no longer a purely retail use.

In a sector battered by so many headwinds, it is perhaps unsurprising that interviewees indicate that there is a range of attitudes to sustainability "from 'don't know, don't care,' to 'it's everything we do'", in the words of one property company CEO. Most of retailers' emissions come from their supply chain, so it can be difficult to engage them in discussions about their shopping space, notes a head of sustainability. "It has to make financial sense for them to be on board."



CHAPTER 4

# CITIES TO WATCH

“Regional cities do well when things are good but not when there are capital market challenges and a flight to quality – then cities like London are preferred.”

Director, UK property company

**Market size and liquidity have influenced the city rankings for *Emerging Trends Europe* over many years. But they are clearly the most important factors for survey respondents when selecting a city for investment or development amid the prevailing challenging conditions.**

The diminished investment activity in many national markets is linked by interviewees to mismatched price expectations from buyers and sellers. Liquidity is seen as key at a time of relatively unstable financial markets, when there could be a need to realise assets at short notice.

Liquidity is seen not just as a function of market size but of real estate culture, particularly on valuations. Interviews suggest the UK and Ireland are viewed most positively on this, while France and the Nordics are considered to be adjusting reasonably quickly. Together with the more peripheral eastern markets, Germany is viewed most negatively, although it is the one country where much evidence of distress has been identified, even if this is often put down to “motivated sellers”. This is seen to provide some opportunistic possibilities.

So, even if their valuations move faster and they appear more volatile on the surface, larger markets like London and Paris are generally perceived as lower risk. However, those already invested in cities with relatively smaller movements, like Munich and Copenhagen, as well as perceived safe havens such as Zurich, seem to be finding comfort in that stability. Conversely, Frankfurt is occasionally criticised for its relatively small size and what a pan-European developer calls its “huge bulk risk of banks and their advisers”.

The interviews underline the complexity of choosing one city over another, not least because a sector-based approach to capital allocation still prevails across the industry, as examined in Chapter 3.

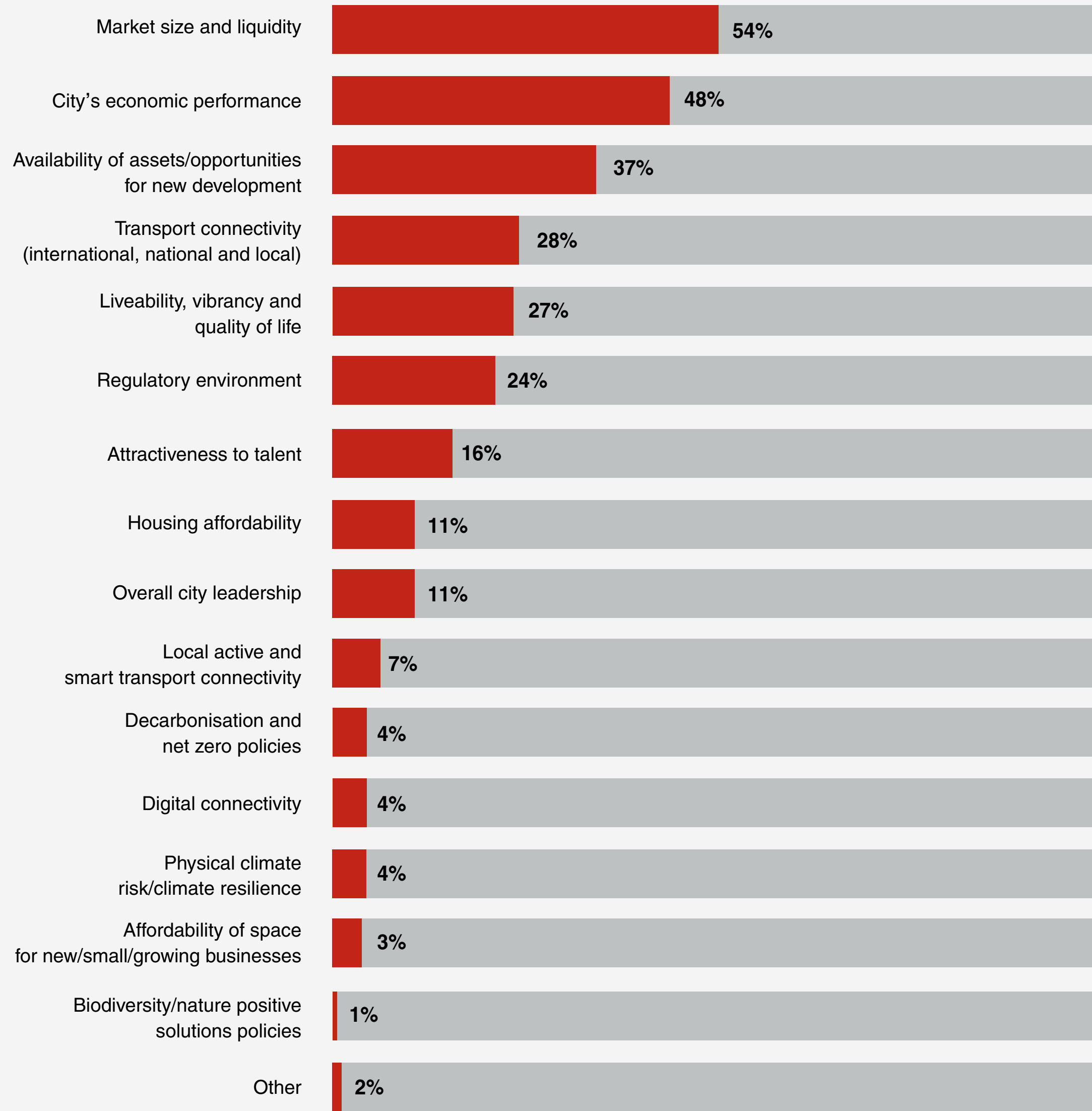
City preferences are therefore in part a reflection of sector allocations. In particular, with “beds, meds and sheds” rising up investors’ list of sector bets, many have reasons to widen the geographical profile of their portfolios beyond the major cities that historically tended to dominate office and retail holdings.

When it comes to residential, according to one global developer-investor, secondary cities are increasingly attractive. As this interviewee says: “It’s not only Milan, it’s also Florence, it can be Rome. It’s not only Madrid and Barcelona, it can be Seville, Malaga, Valencia. Our student housing portfolio is not just London, it can be Bristol.”

Meanwhile, the location of logistics assets is heavily dependent on broader-based areas of high population density and wealth, set within the framework of sound transport infrastructure, albeit with the increasingly popular last-mile logistics segment focused on the bigger cities.

Market size is clearly important for providing a wide choice of investments of a significant scale and allowing for a range of strategies – especially for international capital. Conversely, private offices, which are currently among the more active market players, often favour the smaller lot sizes to be found in more dispersed markets.

Figure 4-1 Importance when selecting a city for investment or development



Note: Percentage ranking it within their top three criteria Source: *Emerging Trends Europe* survey 2025

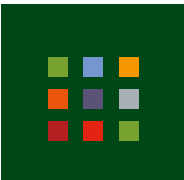
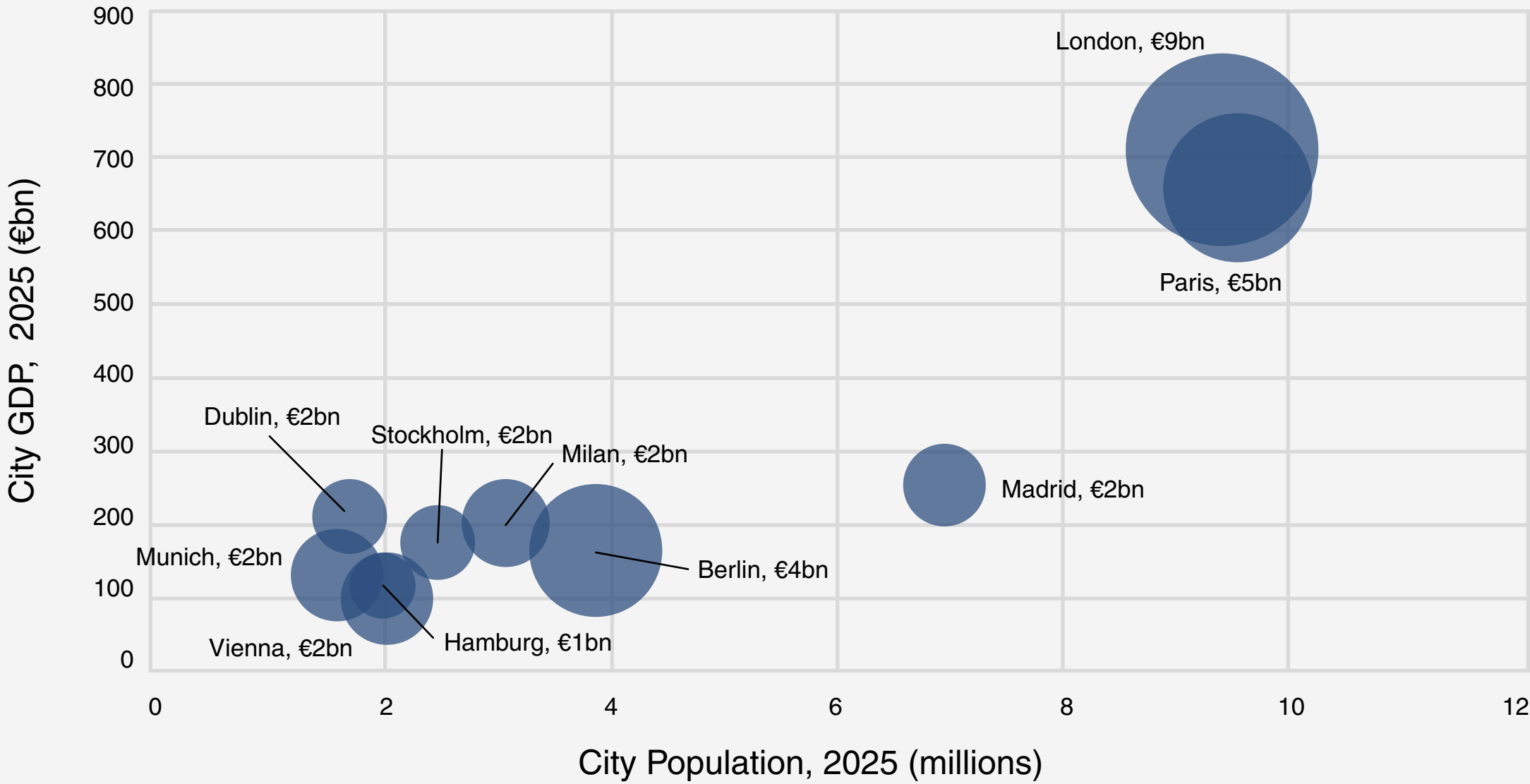


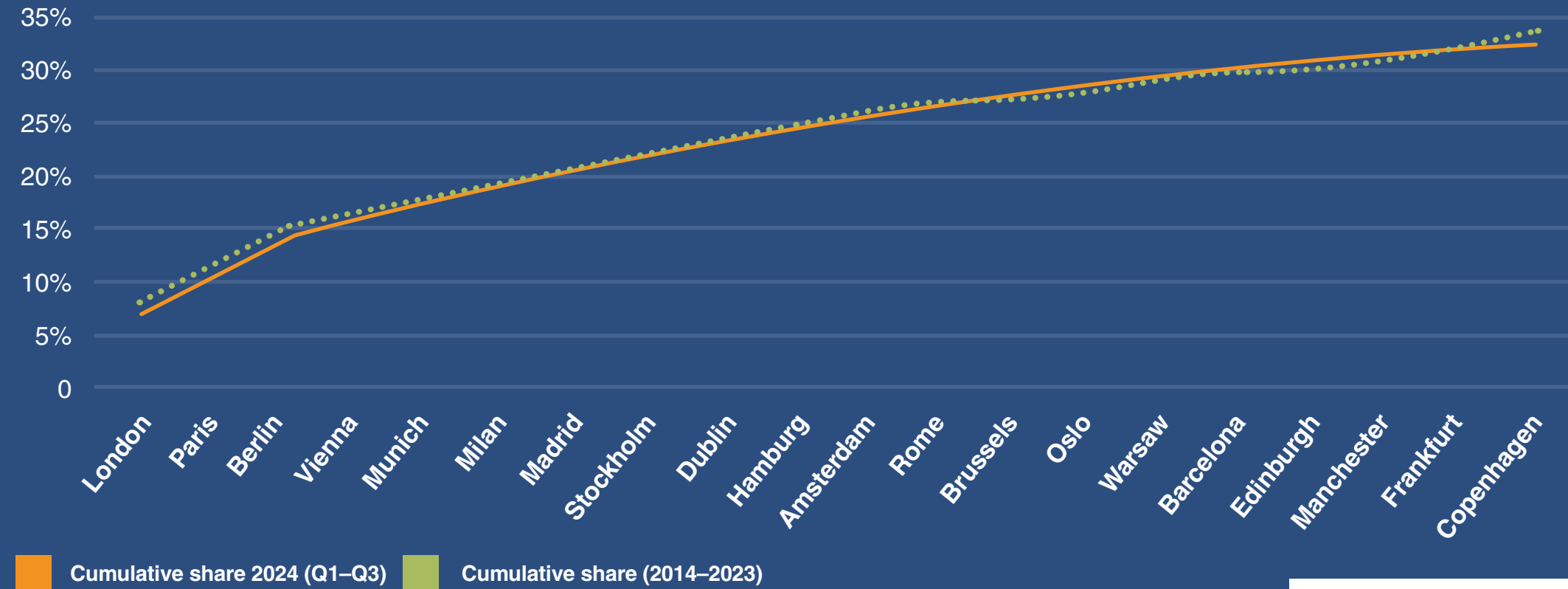
Figure 4-2 Top 10 European cities by transaction volumes



Note: Size of bubble represents transaction volumes Q1–Q3 2024

Source: City population and GDP sizes: Oxford Economics  
Transaction volumes: MSCI

Figure 4-3 Top 20 European cities by transaction volumes (cumulative share of total)



Source: MSCI

Capital and gateway cities also generally have higher rents than elsewhere, which allow for more upgrading and repurposing options. In this respect, some interviewees note that Vienna and Hamburg have relatively low rent levels, which may count against them despite their other perceived advantages of innovation and stability.

Larger cities are also seen to have the greatest agglomeration advantages, which bring greater economic growth potential. Despite the wider geographical spread of residential investments, there is undoubtedly strong demand for the sector here: “If you look at the fundamentals, the big gateway cities are all in huge need of housing,” says a global developer.

Meanwhile, one investor focuses on the slightly different concept of “lighthouse cities, which will gain momentum and offer good investment opportunities due to their young population and high concentration of capital, such as Copenhagen, Amsterdam and Vienna”.

Many interviewees highlight the potential for further urbanisation in their most favoured cities, which should lead to further increases in the size of the market. This is particularly important for residential investment, and usually results from net migration into the city, which is seen as reflecting and contributing to economic strength. Many identify demographics as a key driver of real estate performance in the long term.

Overall, Europe’s two largest markets – London and Paris – continue to attract the highest levels of investment (Figure 4-2). Together, the cities saw around €14 billion investment in the first nine months

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There are two real estate markets: London, and everywhere else. London is the global capital with a bias of allocation and economic agglomeration, while the rest of the UK struggles to raise capital because cheque-writers see risk. Liquidity is king.

of 2024, according to MSCI, accounting for 11 percent of total European transaction values during the period (Figure 4-3). As one observer says of the UK: “There are two real estate markets: London, and everywhere else. London is the global capital with a bias of allocation and economic agglomeration, while the rest of the UK struggles to raise capital because cheque-writers see risk. Liquidity is king.” For Paris, a global developer notes potential opportunities for offices in suburban as well as CBD locations, as long as one has “in-depth knowledge” of the organisations operating there.

A city’s economic performance has been among the top considerations for survey respondents over a number of years. Reflecting the rising concerns about economic prospects noted in Chapter 1, this comes through at city level in the improved rankings for Madrid and Milan, with southern Europe perceived as strengthening economically, with estimated real GDP growth for 2025 of 2 percent and 1.6 percent respectively, according to Oxford Economics forecasts.

By contrast, German prospects are seen as relatively subdued, with average real GDP growth for core cities predicted to be around 1.1 percent in 2025. One global manager does not even expect a turnaround in its fortunes within five years, while a local player puts this malaise down to specific issues with “skills shortages, [and a lack of] automation and decarbonisation”.

Some centres are credited with specific economic advantages, like Dublin as the only English-speaking capital in the EU, and Brussels due to the ongoing occupational demands of the European Commission. Meanwhile it is suggested that the service sectors of the Nordic economies may have stronger growth potential than elsewhere in Europe, given that they are relatively underdeveloped.

A similar catch-up argument is also used in support of Rome as opposed to Milan in Italy. A pan-European manager argues that “the relation between the markets has been skewed. Milan in recent years has gone through the roof and Rome has been pretty static. I don’t think it’s fully justified by the fundamentals.”

Greece and Turkey are already perceived to be going through a process of catch-up, though in Turkey this is also linked to changes in government policy.

Such geopolitical effects can be even more influential on economic performance in the case of governmental change. This has been seen as positive for the UK, where the new government is judged to have brought greater stability, and negative in France, at least initially. Some French industry leaders canvassed for this report believe the composition of the new government will have a less severe impact on the industry than speculated before the summer.

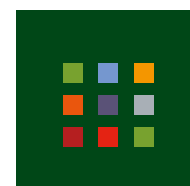
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The relation between the markets has been skewed. Milan in recent years has gone through the roof and Rome has been pretty static. I don’t think it’s fully justified by the fundamentals.

Though they acknowledge that challenges persist, “there is some optimism”, reflecting a resurgence in investment partly due to the Olympic Games.

In general, more-populist governments and less-experienced political leaders are viewed as a potential threat to the long-term competitiveness of a country and its cities. This relates particularly to the German cities and to Amsterdam, with one pan-European manager identifying a “stance and tone not seen since the second world war” compounded by “migration and the gap between the haves and have-nots”. And Dutch interviewees note that “many investors see better opportunities outside of the Netherlands, as the domestic market is hampered by gridlock and political pressure”.

Meanwhile, the war in Ukraine and Russian aggression are significantly influencing economic growth expectations for Central and Eastern Europe (CEE), Turkey, Greece and Finland in particular. Finland attracts more negative comments than other Nordic countries, partly because its past economic links to Russia have been broken.





16<sup>↑</sup>  
Up 2 places  
Copenhagen

COPENHAGEN, DENMARK

The situation is also deterring investors in the CEE on balance, with a global manager noting “an increased nervousness in going East for yield” although local investors tend to be more favourable, particularly about Warsaw, with a shift in perspective evident since last year. But for Budapest, the political risk of the Hungarian regime remains too high for most investors.

In terms of real estate financing, the rental level is seen as an increasingly important issue for the viability of refurbishments, especially in the context of ESG compliance. This tends to work in favour of the larger cities. “The prime rent in Hamburg is €35 per square metre per month and in Munich it is €60. But building costs are the same, so the business case is a lot better for Munich,” notes a pan-European developer.

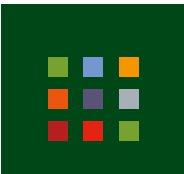
If the market size of a city influences the availability of assets and development opportunities, its structure of ownership and planning environment are arguably even more important. The availability of land in cities like Barcelona and Oslo is seen as particularly restricted, undermining other factors that may be working in their favour. The condition of the existing stock can also be an issue, with a high level of obsolescence counter-intuitively seen as an advantage for certain cities. “Milan’s level of obsolescence for offices is relatively high and there is a lack of new offices,” says a European investor. “For developments almost everything is pre-let far before delivery and vacancy in new offices is below two per cent. There is a real scarcity of state-of-the-art offices.”

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For developments almost everything is pre-let far before delivery and vacancy in new offices is below two per cent. There is a real scarcity of state-of-the-art offices.

The city’s planning regime is clearly key here, as this not only affects new developments but whether existing assets can change their use. Copenhagen’s district planning is seen as subject to long queues due to staffing shortages and political challenges, while a Germany-based manager describes the planning system in its major cities as a “bureaucratic disaster”. Meanwhile, Paris is seen as particularly inflexible on conversions from office to residential, but many other cities have their own particular challenges in updating their stock. Speaking for many in the industry, one Irish observer notes the “need to make the planning process more fit for purpose and user friendly and put workable solutions in place for those looking to retrofit existing premises and deliver sustainable development”.

Another regulatory concern is rent controls for residential assets, especially given growing investor interest in the sector. Barcelona is often compared unfavourably with Madrid on this issue. Amsterdam’s residential market – and the Netherlands generally – is seeing increasing taxes and rent controls, with their unpredictability viewed as a particular problem.



Dutch interviewees comment that politically driven decisions “often come at the expense of sectors like real estate, where the complexities are not fully understood or addressed by policymakers”.

However, rent controls may not always be negative, as long as the system is judged to be relatively stable and predictable. Indeed, such security of income is seen as an advantage, particularly in the context of a restricted supply that can keep vacancy low. This is true of Sweden and Germany, the latter often having the added possibility of passing on capex costs to the tenant. “Even if you manage your residential portfolio poorly, you have the benefits of scarcity and the increases in rent,” says one manager.

Linked to the regulation issue is city leadership, which often sets the tone for planning and placemaking in the locality. This can be important for second-tier cities in countries where there is a dominant capital, such as Manchester and Birmingham versus London in the UK. Industry players familiar with Lisbon suggest that the relatively weak political position of the city mayor makes it impossible for him to reform an inefficient planning system.

For those cities viewed favourably on office investment, good transport connectivity is paramount, given that commuting times have come increasingly into focus since the COVID pandemic. One investor in Copenhagen says that “acquiring next to a metro station or in walking distance from a metro station is a good idea. We favour cities that are growing and where the infrastructure plans are committed.”

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What makes locations work well is how people feel about the place. Variety, accessibility, scale, security and cleanliness tend to be the core drivers.

Such commitment is seen as critical in ensuring more flexible workforces are still prepared to come into city centres.

Clearly, larger cities tend to benefit from more complex and developed public transport systems, but smaller ones can gain from their more compact urban areas, something often mentioned for the Nordic region. One of the main gains for Paris from the Olympics is reckoned to be the extension of the transport network, benefitting both the CBD and outlying areas.

Cities’ attractiveness to talented employees, as well as for residents and visitors, is increasingly important. Sometimes this relates to the city’s size, but there are other important factors including cultural offer, quality of the cityscape and transport links. “What makes locations work well is how people feel about the place, both through the years and when they go there for the first time,” an investor in London says. “Variety, accessibility, scale, security and cleanliness tend to be the core drivers.”



# 15 Up 1 place

# Zurich



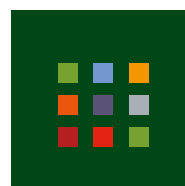
ZURICH, SWITZERLAND

An Irish fund manager also links the attractiveness of some cities to social value that is not generally considered in the context of sustainability: “You happen to go into the city for work, but you want to go because of that FOMO. It’s the factor that has made cities like Dublin, London, Paris, Munich and Amsterdam come back quicker [post-pandemic].”

These characteristics are not just relevant for offices but also for student housing, life science and residential investors, although there may be a contradiction with housing affordability in such locations, as the most desirable cities are often the most expensive. This can be an obstacle to life sciences, according to one global developer: “There’s a challenge because scientists do not make a lot of money. And cities like London and Milan are expensive and getting more unaffordable. The housing crisis is a potential threat to development of urban life science campuses.”

Major factors in the choice of city for those investing in data centres are digital and grid connectivity, as well as national and local government policy. With the possibility that the FLAP cities – Frankfurt, London, Amsterdam and Paris – are saturated, other locations such as Spain and the Nordics are coming increasingly into consideration by providing greener energy at lower cost. However, many local governments still regard data centres negatively from a sustainability perspective.

The sustainability characteristics of cities in general do not figure as strongly for the interviewees as their other requirements. Decarbonisation and net zero policies are prominent in the Netherlands and the Nordics, in particular, but are probably viewed as part of the normal business culture in any case.



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We need to get rid of cars and organise public transportation, e-mobility, bikes, et cetera.

Some mention the advantages of freeing urban centres from the tyranny of the car, including a developer active in Germany, who says: “We need to get rid of cars and organise public transportation, e-mobility, bikes, et cetera.” But this developer concedes that this kind of active or smart transport solution is a long way off, given the strength of the motor lobby in Germany.

With climate risk and resilience now included in the due diligence of most real estate buyers, such concerns regarding European cities relate primarily to flood risk, although wildfires are also considered in the south. Climate also registers increasingly in terms of the comfort level in cities, with those in northern Europe finding this an advantage, though conversely the Mediterranean climate also has its advocates, for instance for senior living and in attracting younger citizens.



23

↑

Up 2 places

Prague

PRAGUE, CZECH REPUBLIC



25

↑

Up 2 places

Helsinki

HELSINKI, FINLAND



27

↑

Up 2 places

Oslo

OSLO, NORWAY

Figure 4-4 City rankings – overall prospects

| Overall city prospects |                     |                     |        |                         | City growth prospects              |                                      | City liquidity                            |                                           |                   |
|------------------------|---------------------|---------------------|--------|-------------------------|------------------------------------|--------------------------------------|-------------------------------------------|-------------------------------------------|-------------------|
| City                   | ETRE ranking (2025) | ETRE ranking (2024) | Change | Overall prospects score | Real GDP forecast p.a. (2025–2027) | Population forecast p.a. (2025–2027) | Transaction volumes Q4 2022–Q3 2023 (€bn) | Transaction volumes Q4 2023–Q3 2024 (€bn) | % change (y-on-y) |
| London                 | 1                   | 1                   | —      | 2.72                    | 2.1%                               | 1.2%                                 | 9.8                                       | 12.1                                      | 23%               |
| Madrid                 | 2                   | 3                   | ▲      | 2.12                    | 1.8%                               | 0.4%                                 | 3.6                                       | 2.8                                       | -23%              |
| Paris                  | 3                   | 2                   | ▼      | 2.07                    | 2.0%                               | 0.1%                                 | 12.9                                      | 7.9                                       | -39%              |
| Berlin                 | 4                   | 4                   | —      | 1.95                    | 2.1%                               | 0.4%                                 | 5.5                                       | 5.2                                       | -6%               |
| Munich                 | 5                   | 7                   | ▲      | 1.93                    | 1.9%                               | 0.3%                                 | 2.9                                       | 2.7                                       | -6%               |
| Amsterdam              | 6                   | 5                   | ▼      | 1.75                    | 2.4%                               | 0.6%                                 | 1.7                                       | 1.6                                       | -4%               |
| Milan                  | 7                   | 6                   | ▼      | 1.71                    | 1.2%                               | 0.1%                                 | 1.8                                       | 2.8                                       | 56%               |
| Frankfurt              | 8                   | 9                   | ▲      | 1.63                    | 1.3%                               | 0.1%                                 | 1.0                                       | 0.9                                       | -14%              |
| Hamburg                | 9                   | 11                  | ▲      | 1.53                    | 1.5%                               | 0.2%                                 | 1.6                                       | 1.9                                       | 25%               |
| Lisbon                 | 10                  | 8                   | ▼      | 1.43                    | 1.5%                               | 0.1%                                 | 0.4                                       | 0.7                                       | 53%               |
| Barcelona              | 11                  | 10                  | ▼      | 1.41                    | 1.5%                               | 0.3%                                 | 1.5                                       | 1.0                                       | -34%              |
| Warsaw                 | 12                  | 14                  | ▲      | 1.26                    | 3.9%                               | 0.1%                                 | 0.8                                       | 1.4                                       | 76%               |
| Vienna                 | 13                  | 15                  | ▲      | 1.19                    | 2.0%                               | 0.6%                                 | 2.8                                       | 2.9                                       | 6%                |
| Brussels               | 14                  | 12                  | ▼      | 1.17                    | 1.9%                               | 0.4%                                 | 3.5                                       | 1.3                                       | -61%              |
| Zurich                 | 15                  | 16                  | ▲      | 1.16                    | 1.6%                               | 1.0%                                 | 0.6                                       | 0.7                                       | 15%               |
| Copenhagen             | 16                  | 18                  | ▲      | 1.07                    | 3.3%                               | 0.9%                                 | 1.4                                       | 1.5                                       | 13%               |
| Dublin                 | 17                  | 13                  | ▼      | 0.94                    | 3.9%                               | 1.2%                                 | 1.9                                       | 2.1                                       | 12%               |
| Luxembourg             | 18                  | 20                  | ▼      | 0.92                    | 3.6%                               | 1.3%                                 | 0.7                                       | 0.4                                       | -47%              |
| Rome                   | 19                  | 19                  | —      | 0.91                    | 0.7%                               | 0.2%                                 | 0.4                                       | 1.6                                       | 258%              |
| Stockholm              | 20                  | 21                  | ▲      | 0.91                    | 2.6%                               | 0.8%                                 | 2.4                                       | 2.0                                       | -15%              |
| Manchester             | 21                  | 17                  | ▼      | 0.86                    | 2.1%                               | 1.1%                                 | 1.9                                       | 1.5                                       | -20%              |
| Athens                 | 22                  | 23                  | ▲      | 0.75                    | 1.8%                               | -1.2%                                | 0.0                                       | 0.1                                       | 407%              |
| Prague                 | 23                  | 25                  | ▲      | 0.72                    | 3.9%                               | -0.5%                                | 0.5                                       | 0.9                                       | 101%              |
| Birmingham             | 24                  | 22                  | ▼      | 0.69                    | 1.8%                               | 0.7%                                 | 1.8                                       | 0.7                                       | -61%              |
| Helsinki               | 25                  | 27                  | ▲      | 0.65                    | 2.2%                               | 0.5%                                 | 0.5                                       | 0.3                                       | -37%              |
| Edinburgh              | 26                  | 24                  | ▼      | 0.64                    | 1.8%                               | 0.9%                                 | 0.7                                       | 1.1                                       | 48%               |
| Oslo                   | 27                  | 29                  | ▲      | 0.59                    | 2.5%                               | 0.9%                                 | 1.5                                       | 1.5                                       | 0%                |
| Lyon                   | 28                  | 26                  | ▼      | 0.49                    | 2.2%                               | 0.4%                                 | 1.0                                       | 0.6                                       | -40%              |
| Budapest               | 29                  | 28                  | ▼      | 0.48                    | 3.1%                               | 0.0%                                 | 0.5                                       | 0.2                                       | -60%              |
| Istanbul               | 30                  | 30                  | —      | 0.33                    | 2.1%                               | 0.6%                                 |                                           |                                           |                   |

▲ Went up ▼ Went down — No change

Source: *City overall prospects: Emerging Trends Europe survey 2025* Population and Real GDP forecasts: Oxford Economics Transaction volumes: MSCI

**Note:** Respondents who are familiar with the city scored the expected change for 2025 compared to 2024 on a scale of 1=decrease substantially to 5=increase substantially and the scores for each city are averages. For more detail on city scores, see [appendix](#).

## City rankings reflect the premium on liquidity

**London retains its top position in the rankings for the fourth consecutive year, underscoring its resilience, premium on liquidity and continued appeal to international investors.**

Both macroeconomic and microeconomic factors, alongside a high quality of life, have drawn real estate players to Madrid, continuing its seemingly inexorable rise from eighth in 2020 to second place this year. Despite slipping to third place, Paris remains a strong market, with Olympic-driven investment helping to restore momentum amid an environment of political instability and uncertainty.

German cities, which had slipped down the rankings since 2021, are showing signs of a modest rebound despite concerns over the country’s economy. Munich, Frankfurt and Hamburg have risen to fifth, eighth and ninth respectively, while Berlin maintains its fourth position. Conversely, Dublin and British provincial cities have seen notable declines following several years of upward momentum, with Dublin and Manchester falling four places to 17th and 21st respectively, and Birmingham and Edinburgh falling two places to 24th and 26th.

Southern European cities are facing mixed fortunes. Milan continues to reflect investor enthusiasm due to its liveability, appeal to talent, and relative economic strength, securing a strong position at seventh.

Lisbon has dropped two places to 10th, and Barcelona has slipped out of the top 10, impacted by political instability and challenging rent regulations. Rome remains entrenched at 19th, reflecting interviewees’ descriptions of a static market, while Athens has seen a modest rise to 22nd.

The Benelux cities present varied levels of optimism among respondents. Amsterdam has secured a strong sixth position, while Brussels has declined to 14th, and Luxembourg has risen to 18th. Nordic cities have seen upward movement, led by Copenhagen in 16th place, followed by Stockholm, Helsinki and Oslo.

This year’s survey also reveals a growing level of confidence in central European cities. Warsaw leads the way with a steady ascent to 12th place as Poland’s encouraging economic outlook overrides concerns over the turmoil caused by the war in neighbouring Ukraine.

Vienna and Prague have also gained prominence, jumping two places to 13th and 23rd. By contrast, Budapest’s prospects continue to be hindered by political risk, dropping to 29th.



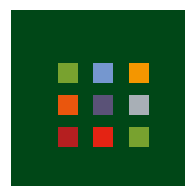
## CHAPTER 5

# CALIBRATING ENERGY TRANSITION AND CLIMATE RISK

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“You can't fundamentally change the number of weather events. What you can control is the impact on your property in those circumstances.”

Real estate insurance adviser



A growing sense of urgency is evident among industry leaders as they come to terms with the far-reaching implications for real estate insurance and finance from physical climate risk and the industry’s transition to net-zero emissions.

These twin challenges have already resulted in higher property insurance premiums and more stringent financial requirements. But investors and managers are struggling to comprehend the full consequences for real estate cash flows and, ultimately, the value of their assets (Figure 5-1).

Insurers and financiers are likewise encountering many uncertainties in a rapidly changing environment where regulation, advances in technology and predictive analytics are continually moving the goalposts. They are re-evaluating their business models as they seek to provide efficient insurance and financing markets to support the industry’s response to climate change.

The uncertainties and challenges on all sides have prompted ULI and PwC to interview leading real estate players, insurers and financiers to highlight the shared challenges and identify potential ways forward.

As one European lender observes: “The insurance sector can have a big impact on the way in which real estate companies and developers structure their projects. Because if an insurer says, ‘we can provide insurance if you do this and this, but if you don’t, we can’t’ ... that’s a big motivating factor.”

## Growing concern in Europe over physical climate risk

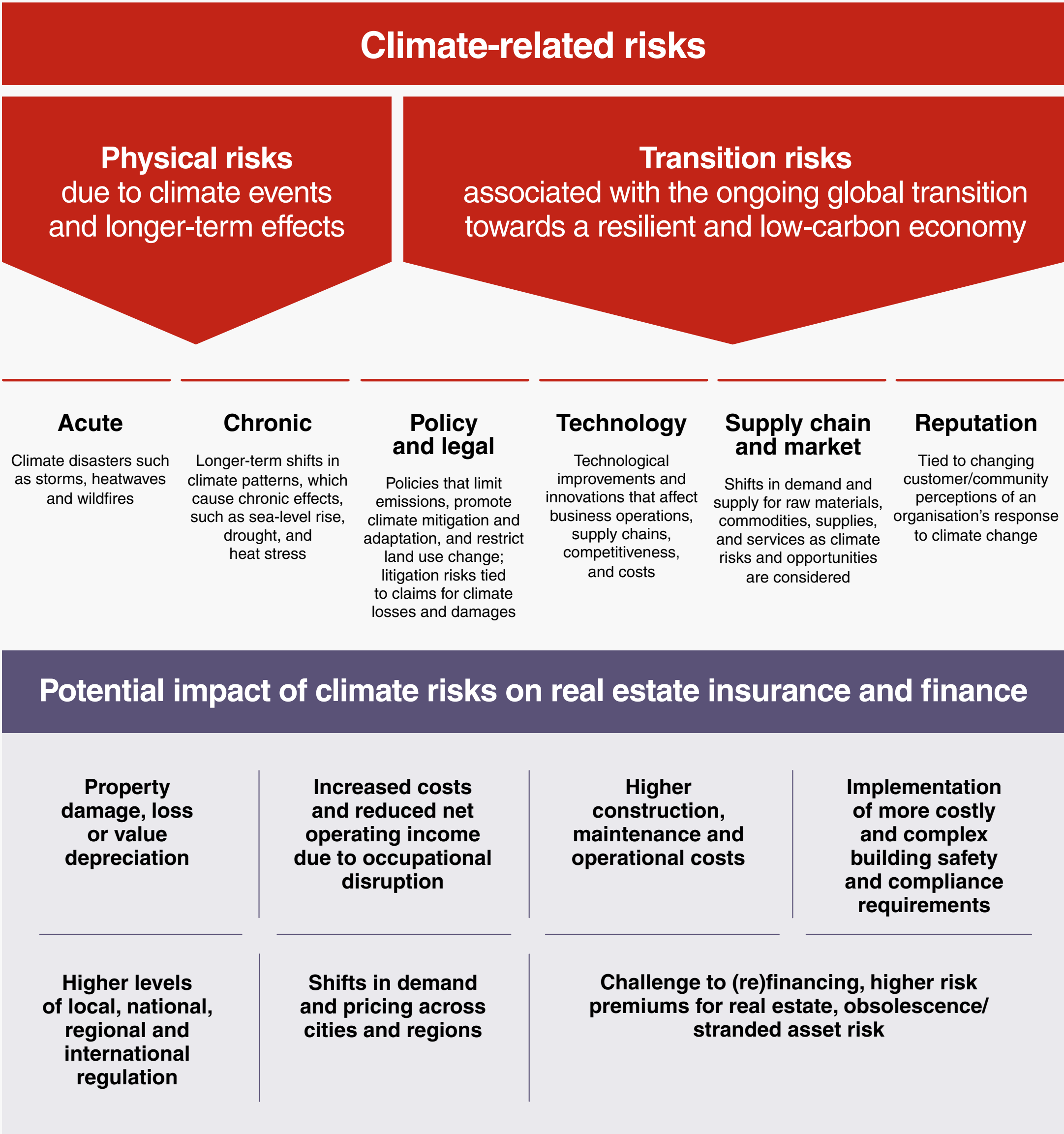
Recent events in the US where prohibitive increases in insurance premiums, particularly for owner-occupied residential properties in hurricane-exposed locations in and around Florida, have triggered greater awareness and concern among all interviewees.

An insurance crisis is already starting to play out for housing in this part of the world as well as wildfire-prone parts of California, with some insurers withdrawing from selected submarkets, forcing the introduction of state-backed insurance schemes.

While in Europe there has yet to be any wholesale withdrawal of cover from vulnerable areas, there have been some emerging cases. For example, at the beginning of 2024, around 2,000 towns and cities across France found their public buildings temporarily uninsured after insurance companies raised rates or ended contracts in line with the cost of covering damages brought by storms and flooding.

In 2023, a quiet year for hurricanes, a record-breaking 37 climate-related events were recorded worldwide costing at least €1 billion in insured losses, according to insurer Aon. Overall, global losses surpassed \$300 billion (€270 billion) for the eighth year in a row and were 22 percent higher than the long-term average.

Figure 5-1 Climate-related risks and potential impact on real estate insurance and finance



Note: Climate-related risks adapted from the Task Force on Climate-related Financial Disclosures

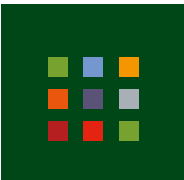
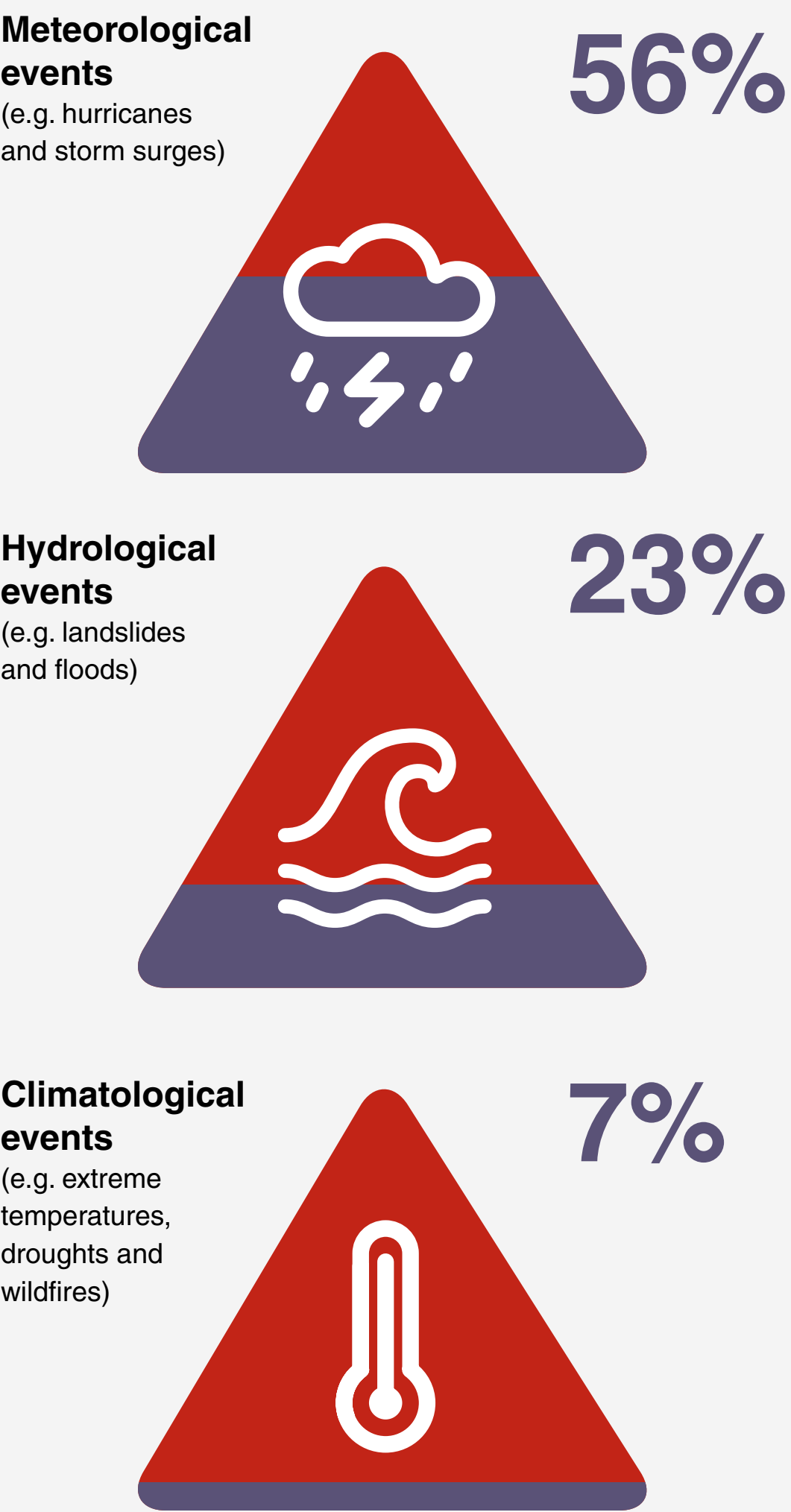


Figure 5-2 European insurance protection gap by major climate events



Covered by insurance

Source: EIOPA

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We aren’t yet seeing big increases in premiums for weather-related events, but I think there’s a certain amount of naivety when it comes to day-to-day underwriting of these risks.

Europe does not have any hurricane-prone regions, while earthquake and wildfire zones are confined largely to southern areas of the Continent. But it is not immune to a higher frequency and intensity of thunderstorms with potentially devastating effects triggered by increased heat and moisture in the atmosphere. Interviewees point out that severe convective storms can occur anywhere. In July 2021, floods in Germany, Belgium and the Netherlands caused damage of €44 billion while floods in Slovenia in August 2023 caused damage equivalent to 16 percent of the country’s GDP.

Research by Copernicus, the EU’s earth observation agency, found that rising global temperatures helped drive “extreme rainfall events” around the world in September 2024, with some areas experiencing months’ worth of rain in just a few days. Hotter air holds more moisture, causing more water to evaporate from the surface of the ocean. Europe was hit by “extreme precipitation”

as Storm Boris brought intense rainfall to central and eastern Europe, causing deadly floods in Poland, the Czech Republic, Slovakia and Austria.

Overall, North America represents approximately 70 percent of all insured catastrophic losses globally, according to data from insurance and reinsurance companies. But while interviewees believe Europe is much better positioned than North America and parts of Asia Pacific, they nonetheless acknowledge that increased frequency and severity of weather events are cause for serious concern here as well.

Flooding caused by Storm Boris in large swathes of central Europe in September 2024 is a case in point. One of the region’s most costly extreme weather events on record, the disaster prompted a pledge by the European Commission to make up to €10 billion of recovery funds available following estimates that insurers would face some €3 billion in claims.

Indeed, the increasing severity and frequency of extreme weather events in Europe is causing concern over the growing insurance protection gap on the Continent – the difference between total economic losses from disasters and the portion covered by insurance. Figure 5-2 shows the varying insurance protection gap for different climate events in Europe according to the European Insurance and Occupational Pensions Authority (EIOPA).

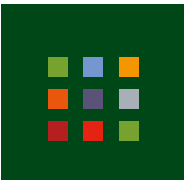
The risk of a widening protection gap also has implications for the financing of real estate through

unexpected depreciation, higher loan default risk and in some extreme cases downgrading the creditworthiness of companies or local authorities.

A UK-based insurance broker is “definitely” seeing more billion-euro, climate-related losses across the UK and the Continent. According to the broker, pricing will start to reflect this in the next few years as insurers look more closely at the type of asset and location. “We aren’t yet seeing big increases in premiums for weather-related events, but I think there’s a certain amount of naivety when it comes to day-to-day underwriting of these risks.”

This year’s *Emerging Trends Europe* survey, however, indicates that the property industry is bracing itself for change. Nearly two-thirds of respondents expect an increase in insurance costs over the next five years. More than half anticipate that access to insurance will get harder (Figure 5-3). “We see the overall trend that a small increase in temperature is leading to a big increase in the probability of extreme weather events and they are causing and driving big damages and losses,” one European reinsurer comments. Research published by the World Weather Attribution (WWA) in September 2024 found the recent rains in Europe were made at least 7 percent stronger by climate change.

Physical climate risk may not be new, but heavier rainfall, storms and flooding are becoming more frequent, a European institutional investor adds. “That’s something we’ll see in the future and has already triggered a lot of attention.”



In addition to dealing with growing incidences of acute physical risks, such as severe flooding, storms and wildfires, the real estate industry will also have to face the growing threat of chronic physical climate risks, such as sea level rise and coastal erosion. In this respect, there will be longer-term implications for the built environment, particularly as many of Europe’s major cities and urban areas lie along coasts and river deltas.

Extreme weather events can also threaten the ability of businesses to operate normally. In addition to physical damage to property, they can affect supply chains, the mobility of workforce due to disruption to transport infrastructure, access to essential digital infrastructure and power – all of which can limit the ability to remain operational and therefore affect business continuity.

### Balancing risk and reward in the transition to net zero

In addition to growing concerns about physical climate risk, interviewees are acutely aware that the European Commission’s Green Deal and the associated goal of reaching net-zero emissions by 2050 will require substantial investment.

Some estimates suggest that the overall economic burden of transitioning to a low-carbon economy in Europe could be trillions of euros over the next few decades – and that figure excludes the increased cost of insuring against climate events. How insurance premiums will develop is guesswork given that future-looking data models incorporating physical climate risks are still in their infancy and

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Everything, unfortunately, on first look, when it comes to sustainability in buildings, adds risk.

there are many unknowns about the pace and potential impact of global warming and rising sea levels. The contours of the climate change bill for the commercial real estate industry are, nevertheless, already emerging.

All the experts interviewed on this subject – real estate investors and managers, insurers and financiers – agree that the implications of climate change will play out through the insurance and financial aspects of decarbonisation programmes aimed at mitigating obsolescence and supporting the resilience and sustainability of assets. These must be green, and if they are brown, there should be a plan to make them green, a European real estate banker says. “The pathway to a loan for finance-ability has changed, probably forever.”

Insurers typically have a much shorter horizon than financiers and normally adjust their premiums from year to year. But the costs of the net-zero transition are already becoming visible as the insurance industry continues to grapple with the risks associated with environmentally friendly construction techniques and renewable energy sources. “Everything, unfortunately, on first look, when it comes to sustainability in buildings, adds risk,” a global insurance broker says.

Figure 5-3 Expected prospects for insurance over the next 5 years

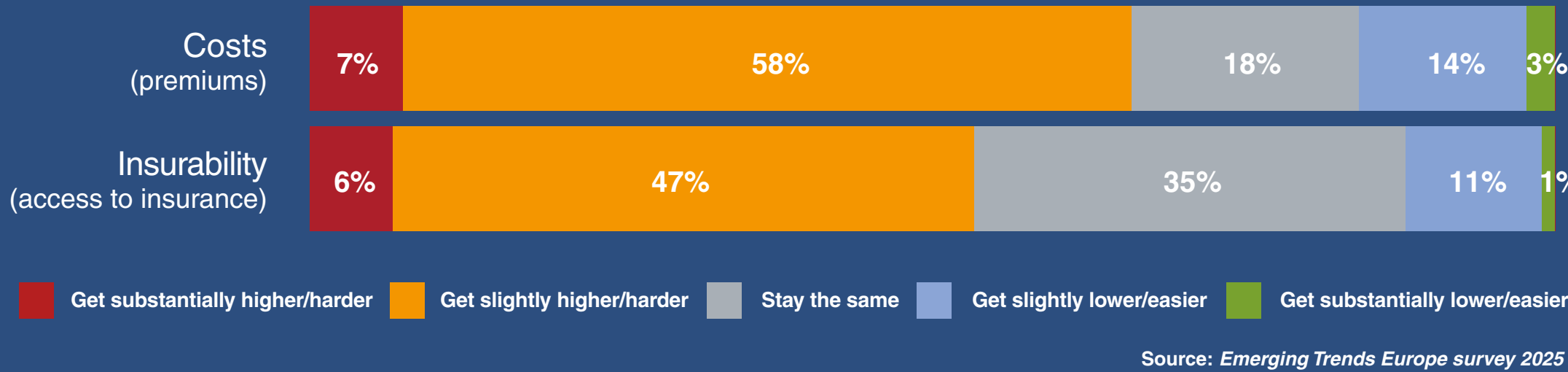


Figure 5-4 Insurance implications from extreme weather events in Europe

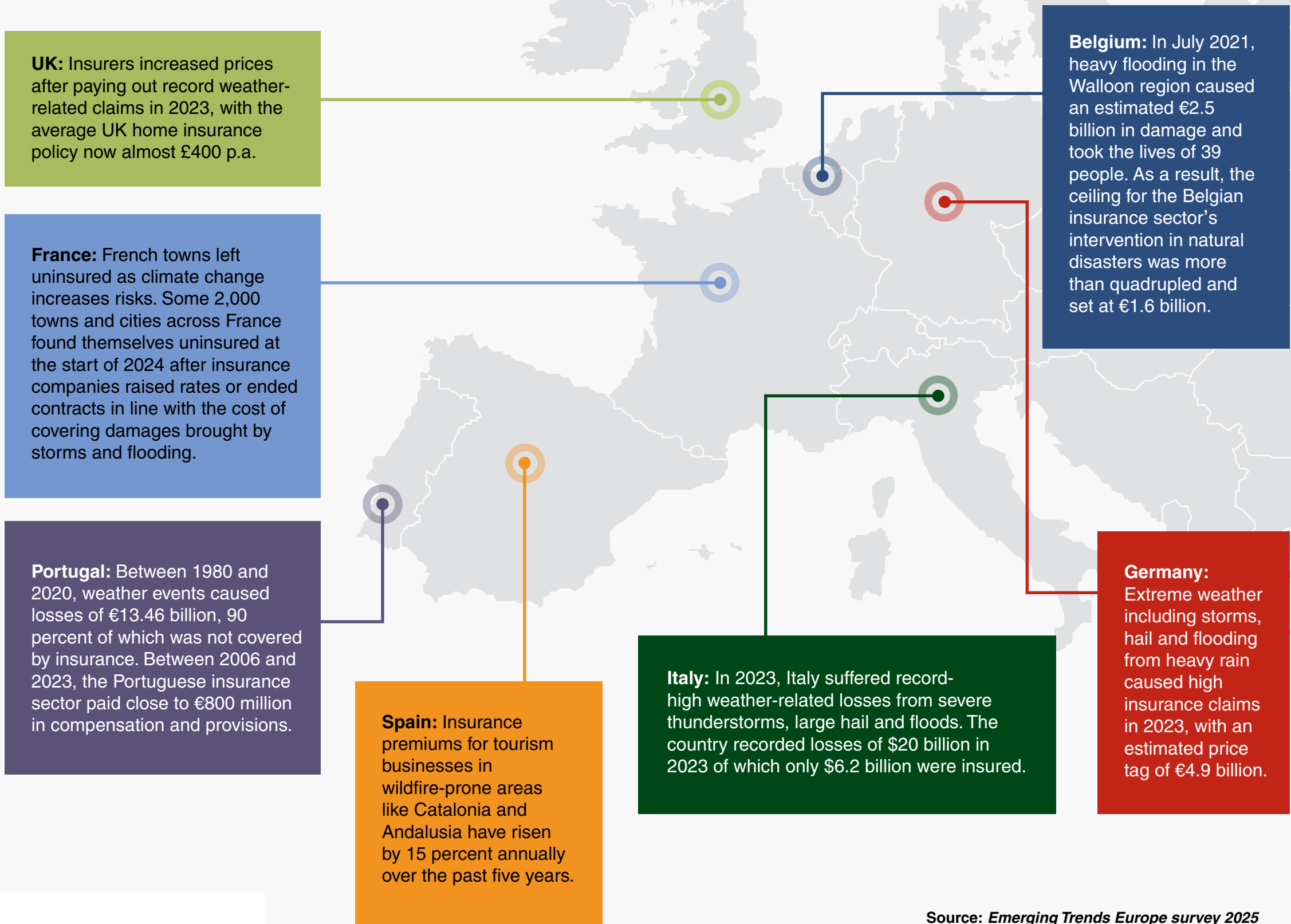
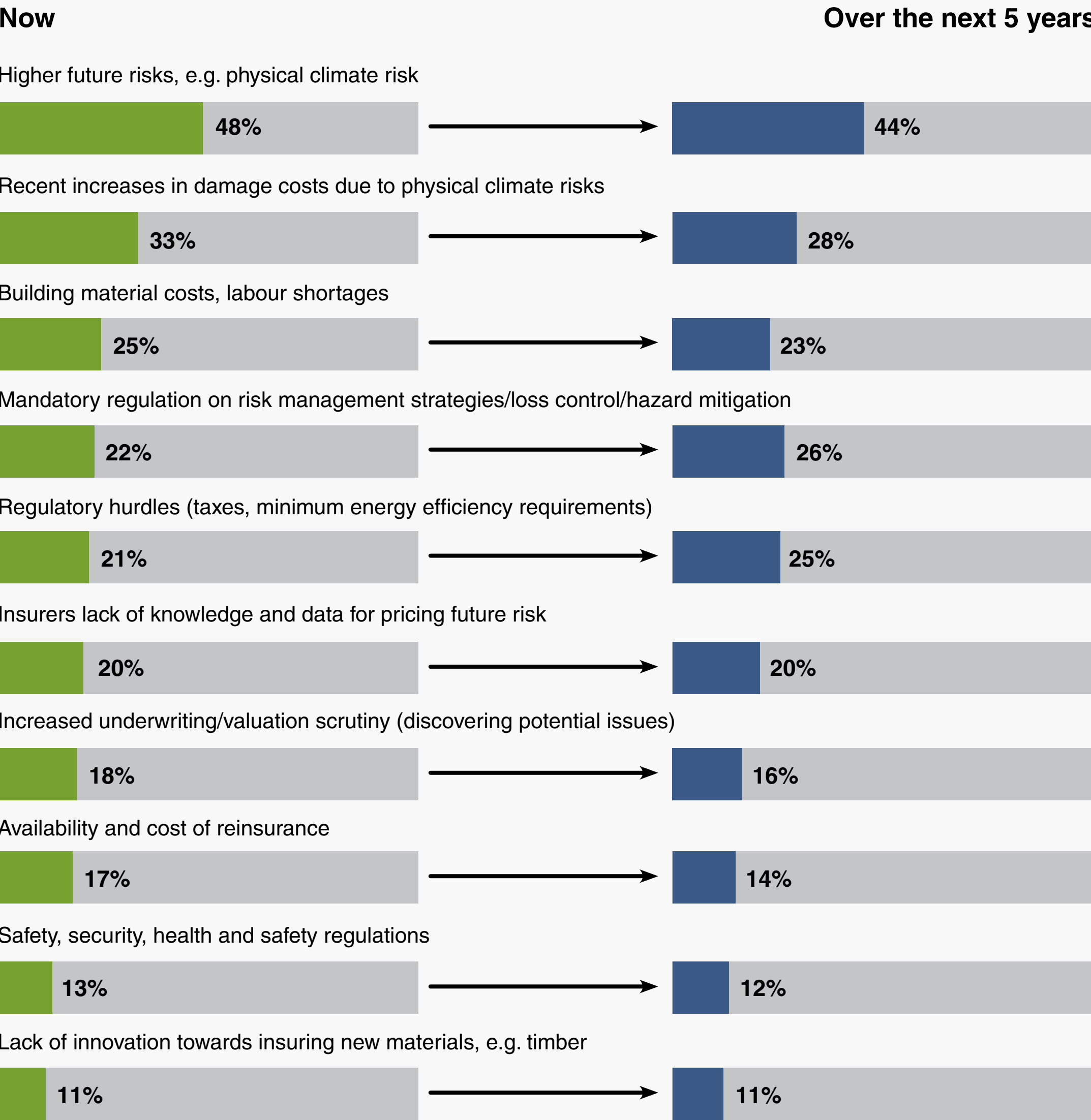


Figure 5-5 Main issues behind changing insurance costs and availability of insurance



Note: Percentage ranking it within their top three issues  
Source: Emerging Trends Europe survey 2025

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Insurers don’t have to insure anything, and they’re not going to do it if it’s not going to make them money.

All in all, there is no doubt that the growing risk of damages caused by extreme weather events will also translate into further insurance premium hikes. As this broker points out: “Insurers don’t have to insure anything, and they’re not going to do it if it’s not going to make them money.”

Across global real estate, residential is widely viewed as the most vulnerable due to the size of the sector as well as the insurance costs involved for individual residents and the prohibitive costs of adaptation and mitigation measures. Clearly, that could have implications for institutional investors moving into multi-occupancy affordable housing in Europe, but ultimately no sector can afford to ignore the warning signals.

Costly implications for insurability of property

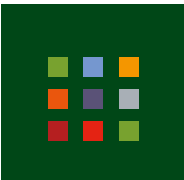
As the systemic risks for real estate increase, uncertainty is growing among landlords regarding insurance criteria for their properties as well as future costs.

Insurance for a typical real estate company is already anywhere from the fifth to the third largest expense, a global insurer says: “And it’s been the fastest growing expense item over the last five years.”

A UK-based insurance adviser claims that insurance costs have increased by 150 percent worldwide for commercial real estate since 2018, with inflation accounting for half of the figure. “The other half is due to the impact of the increased volume and severity of weather events.”

Nearly half of survey respondents report an increase in insurance premiums over the past few years, with a quarter attributing the hike to the disruptive effects of COVID and the ensuing cost of building materials and labour (Figure 5-5). As one European reinsurer notes, “construction costs have risen by at least 40 percent, in many cases 50 percent or more, and it’s only natural that insurance costs have also risen”.

Inflation is easing now, but increasingly stringent environmental, social and governance (ESG) requirements will increase construction costs and, inevitably, that will translate into higher insurance levels as replacement costs rise. Even if inflation continues to ease, most interviewees expect premiums to increase as climate risk starts to weigh in more heavily in the next five years. “Climate change will be one of the most important drivers on the pricing side,” one European reinsurer predicts.



Recent rises in insurance premiums in response to more frequent flooding in some areas are alerting investors to the implications of what has been, until recently, considered a long-term event. As one European institutional investor observes: “This question about the cost, and ultimately the ability to get insurance on a building, is starting to become a topic now. That is pretty new.”

The convergence of inflation, climate risk, and “social inflation”, sparked by litigants seeking significant financial relief for injuries or property damages, has led to “a perfect storm” in the US, a trend that insurers believe may spread to Europe. With insurance costs for commercial properties expected to increase as a percentage of total operational costs, inevitably they will also consume a greater share of net operating income and thus depress investment returns, a European reinsurer points out.

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This question about the cost, and ultimately the ability to get insurance on a building, is starting to become a topic now. That is pretty new.

While rising premiums have been front-of-mind for most real estate investors since the pandemic, availability of insurance is potentially a bigger and scarier issue for some.

“We’re seeing it expressed more in the residential sector and not necessarily institutional for rent, just home insurance in markets, typically in the south and west of the US that are very much in the front lines of climate perils,” notes a European insurer.

None of the interviewees has observed that phenomenon in Europe as yet, but a European reinsurer says awareness of the risks of catastrophic weather events in Europe in the coming decades has, nevertheless, increased “dramatically” among commercial landlords. This interviewee points out that the EU’s Sustainable Finance Disclosure Regulation requires asset owners to look at the imminent effect or evidence of climate change, the impact on their portfolio and how they are dealing with this type of risk today. “We see a clear tendency and need to get a proper risk assessment on individual assets.”

Insurance companies and real estate lenders are subject to the same regulations, a UK-based insurance adviser adds. Both insurers and real estate lenders must report on their own impact in terms of physical climate risk mitigation through their own transition to net zero as well the impact of properties that they are insuring or financing. These are called respectively insured or financed emissions.

Despite the survey pointing to rising insurance costs over five years, most interviewees do not expect major increases in premiums in the next 18 months. “I don’t see any meaningful change, certainly not in 2025, unless there’s another catastrophic or seismic event that interrupts everything,” a global insurer says.



FLOODING, POLAND



STORM SURGE, UK



The cost of reinsurance is fundamentally driven by global weather incidents, so whether you like it or not, your UK building insurance policy pricing is a function of what the windstorm season in the US has been like last year.

Given that insurers can raise their premiums on an annual basis, it cannot be ruled out, however, that insurance costs may increase significantly from one year to the next. That ability to respond relatively quickly also explains why they are less concerned than financiers about the leasing risk – or obsolescence – of the properties in their portfolios. “Our decision-making is quite short-term,” a European reinsurer notes. “We are not pricing in events that may happen in the next 10 years for example, but in the next year.”

That said, even knowing that a real estate risk may change some time in the future would normally be discounted in due diligence. Even so, a property that runs the risk of becoming stranded at a future date is not necessarily uninsurable today. “It also depends on the asset’s ability to continue to generate cashflow and profitability,” this reinsurer concludes. “We see a clear tendency towards risk identification or understanding of risk, then risk

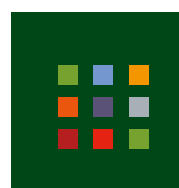
measurement and the question of risk mitigation taking quite an important role in all discussions.”

Operational carbon risk is clearly rising up insurers’ agenda due to real estate investors’ increased focus on energy transition measures, but embodied carbon is not yet a priority for interviewees. The more pertinent issue for insurers is whether they can cover the costs of damage in the event of a natural disaster or climate-related catastrophe.

Everything in the world of insurance is ultimately driven by reinsurance, which is basically insurers insuring themselves. “The cost of reinsurance is fundamentally driven by global weather incidents, so whether you like it or not, your UK building insurance policy pricing is a function of what the windstorm season in the US has been like last year,” one UK-based broker says. “So, this year’s windstorm season will affect next year’s property insurance. And [the number of] storms are going up, the damage is increasing, so the cost is increasing.”

While UK property insurers are not yet passing on global weather event costs, that will change at some point, this broker adds. “The fundamental trend will only be one of costs increasing because the world is becoming riskier.”

Set against this trend is the emergence of the so-called catastrophe bond, a form of insurance-linked security (ILS) used primarily to transfer risk from insurers to the financial markets. “Cat bonds” are already established in the US and are expected to become increasingly important on this side of the Atlantic.



At the same time, performance warranties are becoming more common for renewable energy installations while liability risks arising from parties who have suffered loss or damage can also be mitigated through liability protection and indemnity insurance.

New insurance products may well evolve to address liability risks around asset obsolescence and leasing risk due to energy performance certificate (EPC) regulation. In an industry with high capital and investment demand, an efficient use of insurance structures is essential to manage risks from data management, changing regulation and new construction materials. One European developer observes: “Real estate is a sector with constantly emerging trends, and thus constantly emerging risks that require new insurance solutions.”

Ultimately, insurance companies are primarily interested in whether they can cover their losses. If they are unable to pass on increases in pay-outs stemming from weather-related damages in a certain market, they will withdraw. In other words, real estate investors would do well to watch what insurers with big real estate portfolios are doing. If they are pulling out of a specific city, region or sector, there may be cause for alarm.

That said, it is an old adage that you can always insure something, a UK-based insurance consultant points out. “The question is whether or not people are willing to pay the price.”

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Real estate is a sector with constantly emerging trends, and thus constantly emerging risks that require new insurance solutions.

Challenges persist in underwriting buildings

One of the key insurance obstacles facing the real estate industry on its journey towards net zero is the lack of consensus on the definition of a sustainable asset and the physical risks associated with new building materials and technologies.

Examples include timber constructions, electric vehicle (EV) batteries and solar panels but also recycled building products and green cement. Interviewees all believe greater collaboration between real estate investors and insurers is vital so that innovations and investments are not held back, especially given the urgent need for the net-zero transition.

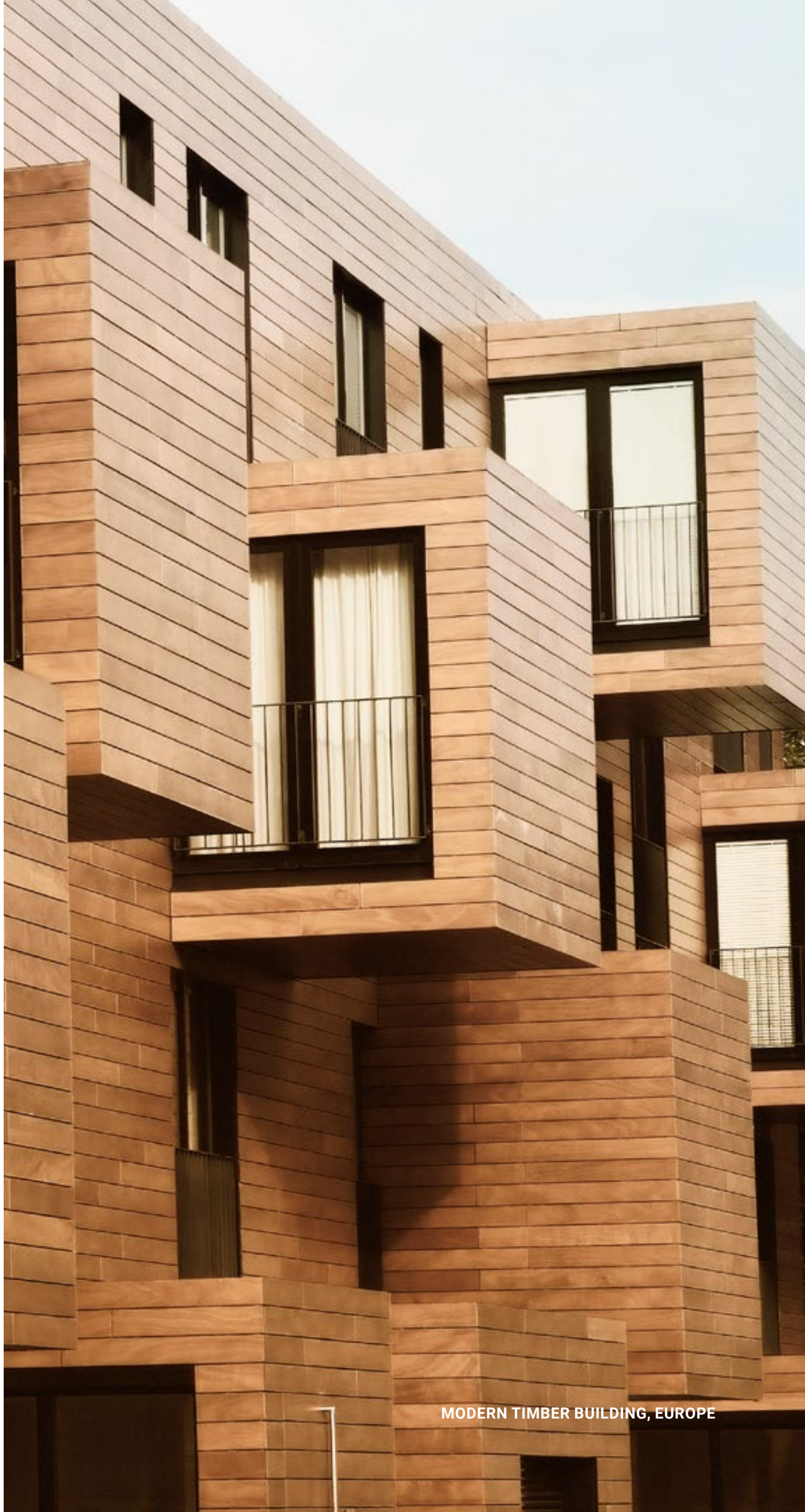
The insurance industry is often at odds with ESG. For example, a green building with an excellent LEED, BREEAM or GRESB score may not always correlate to a low insurance risk, a UK insurance broker says, pointing to

a building in Germany with the best possible accreditation for BREEAM. “When we looked at it from an insurance perspective, it was actually not a good risk.”

The property in question has timber cladding and solar panels on the roof – “the example in an insurance book for someone to sign off on the equivalent of a firework factory, because there are so many component parts that could lead to a total loss”.

Fire and water damage are not the only potential insurance risks for a building with a photovoltaic-panelled roof: storm winds and hail can also cause massive destruction and result in liability losses as well. Another potential hazard is roof leakage caused by damage during the installation of the panels. And while an innovative product such as cement-free concrete scores well from a sustainability perspective, there are limited data on its long-term performance and weather resistance.

In short, underwriting environmentally friendly materials, construction processes and real estate operations presents several challenges to insurers. The same applies to EV chargers and batteries: fires started from EV batteries are difficult to control and predict, a global insurer explains. “It’s a new territory and there’s a lack of statistical information in terms of frequency and intensity of disasters so insurers are unable to quantify the risk and be very precise in the way they assess premiums.”



MODERN TIMBER BUILDING, EUROPE



BUILDING WITH SOLAR PANELS

Simple design measures, like moving expensive or critical equipment to a higher level from the basement of a building, may well suffice as a protective measure in a flood-prone area. But greater collaboration among all parties to increase awareness of the issues and to formulate minimum standards and best practices is key, a global insurer says. “We’re big advocates of that sort of upfront collaboration.” That is the right approach, a global insurance broker agrees: “To get the best out of insurers, you need to engage with them early ... we’ve had insurers involved 18 months out before even a spade was put in the ground.”

## Making better use of data

**Assessing the impact of climate change is a constant challenge to real estate, and to that end industry leaders acknowledge that physical risk data models need to be improved.**

A key issue is that insurance companies use backward-looking data for their underwriting modelling. Moreover, little or no data exists yet for new or refurbished buildings incorporating ESG-friendly measures and installations such as rooftop solar panels or EV-charging points, which represent additional fire risks. “All the data points that we have form the decisions that are going forward,” a UK insurance broker says. “There’s a massive lack of use of data at the moment in the climate space.”

However, research published in 2022 by LaSalle and ULI found that an array of climate analytics data, software and consulting services have

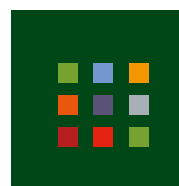
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**There’s a massive lack of use of data at the moment in the climate space.**

emerged in response to the changing climate and the attendant shifts in policy frameworks, regulatory environment and growth in investor focus on ESG issues. The report, *How to Choose, Use, and Better Understand Climate-Risk Analytics*, identified that a growing number of data providers offer a wide range of commercialised science applications (with advanced climate risk identification and modelling) designed to help the industry – institutional real estate managers, insurers and financiers – identify, measure and describe physical risk at the asset and portfolio levels.

Risk management is meanwhile expected to evolve further thanks to new AI-based technologies and predictive analysis of external data sources to complement backward-looking data. Zurich Insurance Group, for example, has teamed up with geospatial data science company AlphaGeo to identify regions with higher growth prospects based on climate risk and social resilience in a bid to enhance its investment performance.

Several insurers are meanwhile increasing their capacity to send risk engineers on site to help clients assess specific issues.



Some locations will be able to deal with climate change better than others, a European insurer notes. “They tend to be places that are affluent, that can afford to invest in infrastructure, and that historically have done a good job of that.”

## New products and solutions

**Overall, traditional insurance remains a cornerstone of risk management for real estate investors, but there is a clear trend towards exploring alternative solutions like self-insurance and “captives”, driven by the desire for greater control, cost efficiency and tailored risk coverage.**

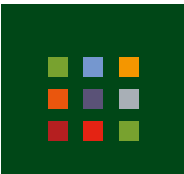
In a self-insurance arrangement, a company sets aside its own funds to pay for potential losses rather than transferring risk to an insurer. A captive insurance company is a separate legal entity created and owned by one or more businesses to insure the risks of its owners. It typically benefits large corporates with a diversified portfolio wishing to insure their own risks.

A recent survey by the National Association of Real Estate Investment Managers (NAREIM) found that almost a third of investment managers in the US were considering self-insurance or the use of a captive to address the increased cost of property and casualty insurance. Interest in alternative risk transfer via captives is now rising in Europe as well. Some big players are meanwhile trying to leverage their scale to get company-wide insurance packages for all aspects of the business.

Technology is also being put to greater use, notably by venture capital firm Insurtech Gateway, which is supporting innovative start-ups to develop and scale up new insurance technologies and solutions that address specific challenges faced by property owners, managers and investors. One example is FloodFlash, which addresses the challenge of insuring properties in high-risk flood zones. By integrating real-time data from Internet of Things (IoT) sensors with parametric insurance models (a type of insurance that pays out based on the occurrence of predefined trigger events, rather than the losses incurred), FloodFlash enables near-instant payouts after flooding.

Similarly on the energy transition side, a number of startups are emerging such as kWh Analytics, New Energy Risk and Energetic Capital, that use real-time data and AI modelling to aggregate information on energy assets for use in insurance policies. This will become more integral to modelling risk as more buildings incorporate new energy infrastructure solutions to predict battery status and health, ensuring safety and reliability. The expectation is that newcomers here will ignite a similar disruption to that caused by fintech firms in the traditional world of finance.

Parametric cover, as mentioned in the FloodFlash example, is another innovative insurance product that is starting to make waves in Europe. This type of insurance already exists in regions that are prone to natural disasters such as the US, the Caribbean, South East Asia, Australia and New Zealand.



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**Is there somebody who wants to be in that property at a price and pay money to be there? That drives finance-ability.**

STORM OVER EUROPEAN COUNTRYSIDE

Parametric cover is often used by luxury resort owners or hotel chains as it offers a practical solution for properties exposed to natural disasters and provides rapid pay-outs based on predefined triggers like wind speed, earthquake magnitude and rainfall levels. It is particularly attractive for covering risks related to natural disasters and climate change. “We don’t see too much of this at the moment in Europe, but it’ll probably increase in coming years if capacity lacks on the climate perils,” says a UK-based insurance broker.

Looking ahead, as extreme weather events continue to increase in frequency, intensity and cost, a property insurance policy can no longer be the industry’s sole risk reduction strategy.

The report *Insurance on the Rise: Climate Risk and Real Estate Investment Decisions*, published by Heitman and ULI in 2024, outlined a two-pronged approach to navigating rising property insurance costs, particularly due to physical risks. First, real estate companies should enact creative insurance solutions such as stitching together coverage from multiple insurance carriers, opting for higher deductibles or aggregate deductibles, employing self-insurance, self-insured retentions, or captives, and leveraging parametric and/or excess and surplus line coverage. Second, the companies should develop risk-aware investment strategies that examine portfolio size and geographic diversity, asset and market exposure to physical climate risk, asset and construction type, and asset scale resilience measures to facilitate the strategic building of portfolios that navigate insurance implications more effectively.

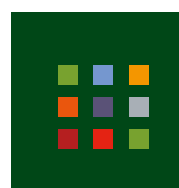
## Lenders look to climate risk in financing of property

**Real estate financing is typically a long-term play, so it is little wonder that investors are coming under greater scrutiny from Europe’s leading lenders – over two-thirds of survey respondents regard them as the biggest factor driving implementation of ESG.**

Financiers are, moreover, operating against a background of increasingly stringent regulation, notably the EU Taxonomy and SFDR – the two key regulatory frameworks within the EU aimed at promoting sustainable finance. And while the insurance industry generally adjusts pricing on an annual basis, a financier considers the sustainability of rent and the expected value of a loan for its entire duration during the underwriting process.

Lenders are pricing bonds that are backed by operational piles of bricks that need to be maintained, and climate risk has a material impact on that. Many lenders base their decisions on climate hazard maps that influence the loan to value and pricing. The only thing that matters in commercial real estate is whether it can be rented, a European banker explains. “Is there somebody who wants to be in that property at a price and pay money to be there? That drives finance-ability.”

The consensus view is that it is now much more of a market standard to consider a net-zero carbon pathway to address energy use intensity, operational carbon emissions and embodied carbon during the financing of assets.



“More and more buildings will not be able to be refinanced due to poor ESG criteria, especially with new EU directives regarding the required energy class.

“It’s less about maximising return profile and taking higher risk; it’s far more about focusing on green pathways,” a global investment manager says. The survey shows energy efficiency and decarbonisation as the top two most important ESG credentials for access to/cost of finance. But as many as three-quarters of survey respondents also rate physical climate risk as a key factor here.

One interviewee comments that “more and more buildings will not be able to be refinanced due to poor ESG criteria, especially with new EU directives regarding the required energy class”. However, others believe this may present an opportunity for new funds to step in if banks are hesitant to refinance office buildings, for example, that are not ESG-compliant.

Investors that do not have a net-zero pathway for their asset may struggle to obtain financing and almost 90 percent of survey respondents expect capex and financing requirements for the transition to net zero to be a key factor over the next five years (Figure 5-7).

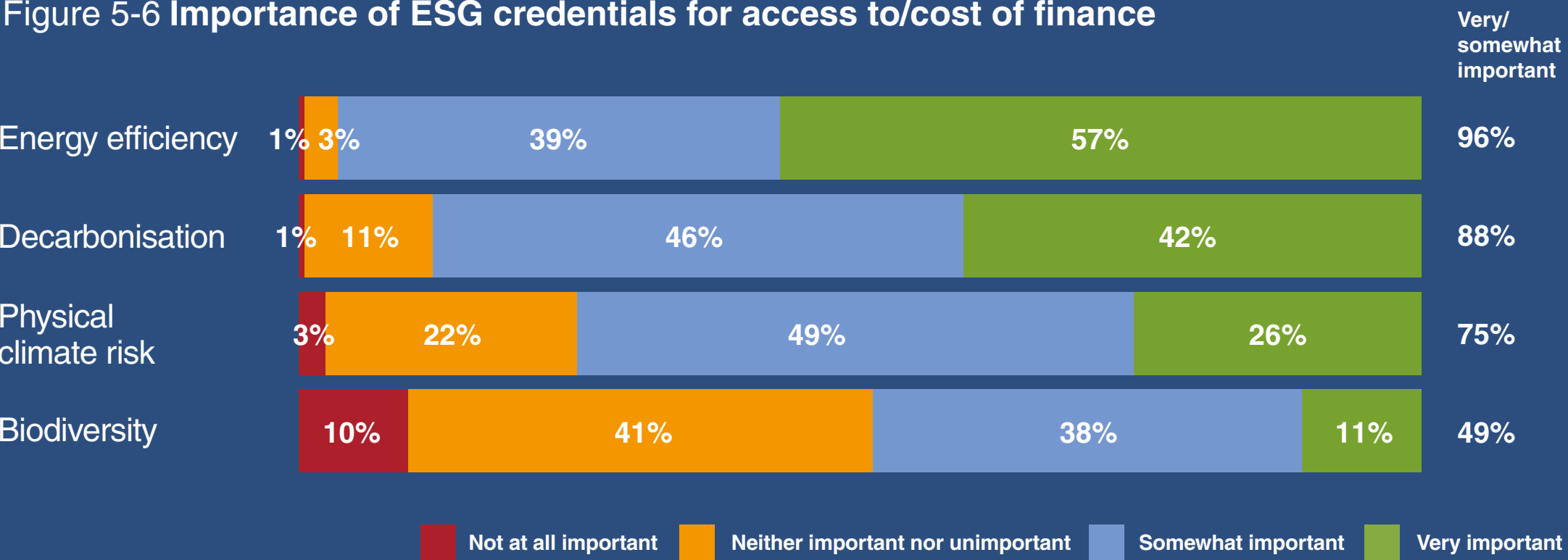
A deep pool of lenders exists, however, for those seeking to decarbonise their properties. Conversely, borrowers seeking finance for remediation work for an asset where a clear net-zero pathway is not in place will face higher rates. As one non-bank lender says, if the energy performance rating is weak, the pricing will increase because the asset is inherently in a riskier position.

The greater availability of competitive pricing for ESG-compliant buildings in the office and logistics sectors, in particular, is linked to strong tenant demand for such assets. Large occupiers have their own net-zero commitments and even small companies often have sustainability targets. “We’re seeing a little bit more value coming out of assets that are on a green path or are already green,” says one alternative lender.

Some lenders are even refusing to finance offices that are not in line with regulatory requirements, especially given the rising level of vacancies in the wake of COVID and the structural shift to hybrid working. Retail has also come under greater scrutiny in recent years, specifically outdated or obsolescent shopping centres.

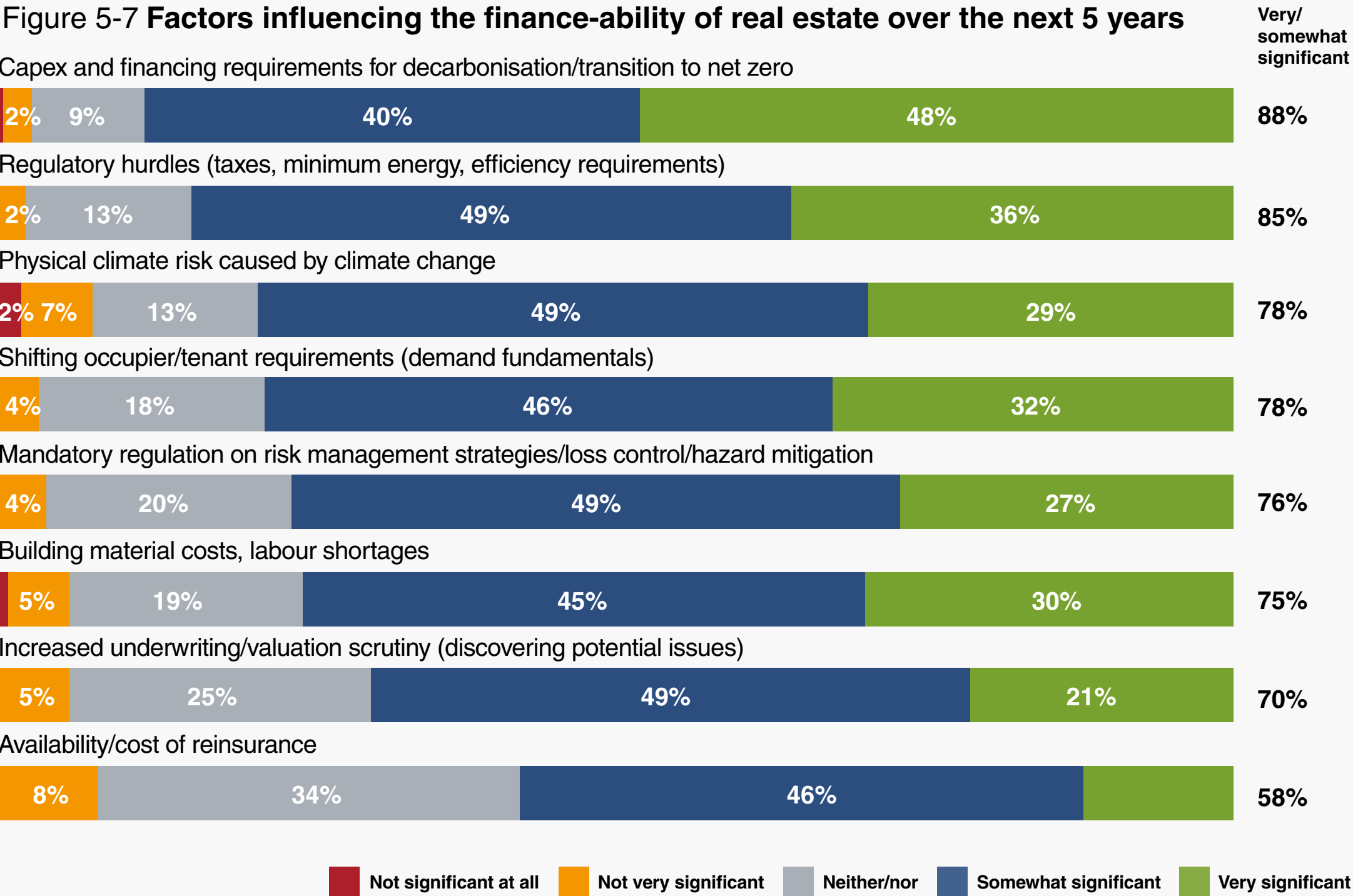
Obtaining financing for real estate is no longer simply about pricing but about whether a lender will even issue credit these days, a European lender claims. The analysis is changing because of the greater awareness of the need to target net zero: “We have been faced now with a whole series of things we never used to analyse. Suddenly, they’ve become, not quite compulsory, but part of the standard process.”

Figure 5-6 Importance of ESG credentials for access to/cost of finance

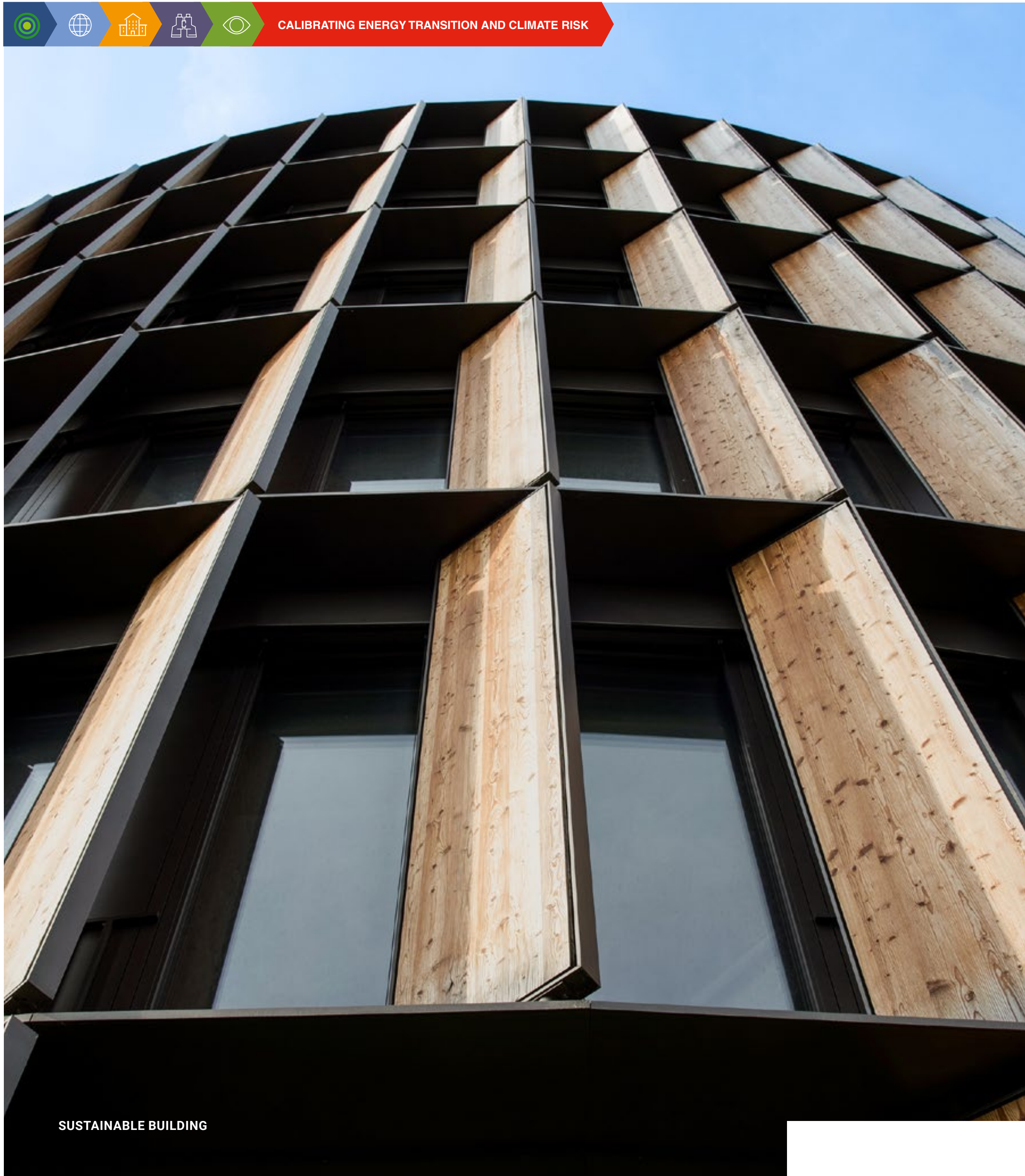


Source: Emerging Trends Europe survey 2025

Figure 5-7 Factors influencing the finance-ability of real estate over the next 5 years



Source: Emerging Trends Europe survey 2025



We won't finance investments if we are concerned that there are real vulnerabilities there that haven't been addressed or mitigated.

Indeed, Dutch bank ING recently warned 2,000 of its biggest clients, including commercial real estate developers and owners, that it would stop providing them with financing if they failed to make sufficient progress on tackling their climate impacts. The bank highlighted commercial real estate as a laggard compared with other industries when it came to disclosing climate impacts.

But as the underwriting process becomes more exacting, financiers may conclude that the prospects for a building are so poor that it is simply not financeable. Or as another lender puts it: "We won't finance investments if we are concerned that there are real vulnerabilities there that haven't been addressed or mitigated."

## Energy performance is key

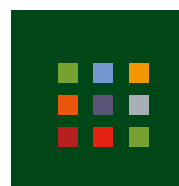
**Broad consensus exists that regulation and reporting requirements are not perfect and that standards such as LEED, BREEAM and EPCs are likewise flawed.**

Many interviewees bemoan the absence of common definitions and standards, but there is also widespread recognition that the industry is in a transitional phase and needs to stay on the net-zero path. One global non-bank lender expects the bar to be raised as the industry reaches a new equilibrium in terms of energy-performance standards.

The need to provide detailed execution plans to address the transition from brown to green assets is more than a formality that must be met as part of due diligence during loan negotiations. "The way that a lot of our green loans are structured is we'll have an agreed pathway," another alternative lender says. "And to the extent that certain things aren't met, whether it's Passivhaus, BREEAM, an EPC or whatever, by the time that they're repaying us, there will be an exit fee and that will ratchet up."

While local lenders may be more lenient, international players are already leaning in more heavily on prospective borrowers with properties that have an energy performance certificate below "C". Significant differences exist between institutional and smaller investors in terms of their understanding of the need to get onto the path to net zero, a global alternative lender says. "It depends on the market, but even in Europe, we see loans where borrowers literally don't have a plan. And we're like, how do you have no plan?"

But though a clear pathway to net zero is essential for banks and alternative lenders, some believe it is not feasible to set out a timeline to 2050 when much can change between now and then in terms of regulation, the environment and technical solutions.



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Thirty years is too long today to be a criterion to get finance, even for long-term projects.

“Thirty years is too long today to be a criterion to get finance, even for long-term projects,” says a European asset manager. “You need to have an idea or a view about what you’re going to do, but flexibility is still quite key at this point.”

While measuring embodied carbon in existing buildings is not yet a major criterion for most financiers, it is expected to become more important over time.

In some European cities, there is beginning to be a push away from new buildings by local authorities. Instead, more attention is being paid to how the existing stock can be reused and thus reduce the overall carbon footprint of the urban development.

Several countries across Europe are developing approaches and various tools exist to capture embodied carbon.

Increasingly, the discussion is focusing on whether it makes more sense to refurbish an existing building from a carbon emission perspective rather than demolishing it and building a new one, a European reinsurer says: “We see that with green bonds and EU taxonomy-aligned investments.”

## Increased scrutiny

**Given all these rules and regulations, financiers go through a different set of questions compared with five or 10 years ago.**

Sometimes lenders will refuse to finance outdated assets with a high carbon footprint unless there is a redevelopment project that could make it attractive. The capex costs and financing requirements for the decarbonisation process are sometimes very high, a European asset manager points out. “They really do need to be included in the valuation, so this is maybe one of the most important risks now.”

As the brown-to-green transition of commercial real estate gathers pace, obtaining finance is generally not an issue for assets in good locations, but properties in secondary or tertiary locations may well fail. “Over time, you should expect green financing will be the predominant way of financing, on both the unsecured lending markets as well as on the secured lending markets, which means that there will be less and less funds available for non-green financing,” a global logistics investor notes.

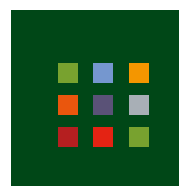
A key challenge for financiers is to work out whether the necessary capex accurately reflects the actual costs. That calculation can only be done at current terms, which is where it gets complicated, a European lender says. “Those numbers would be utterly useless to us for anything that’s not being done in the next 12 months because costs go up, specification changes, and even the industry benchmarks shift.”

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**Over time, you should expect green financing will be the predominant way of financing, on both the unsecured lending markets as well as on the secured lending markets, which means that there will be less and less funds available for non-green financing.**



SHOPPING CENTRE, GERMANY





ECB HEADQUARTERS IN FRANKFURT, GERMANY

The report *Change Is Coming: Climate-Risk Disclosures and the Future of Real Estate Investment Decision-Making*, published by Heitman and ULI in 2023, found that central banks and international institutions increasingly are addressing how climate change may affect financial system stability globally and how to address those risks. Stress testing of banks in the UK and EU includes climate risk, which could lead to different capital charges against green versus brown lending, or potentially higher capital charges against lending to sectors that are of higher physical climate risk.

Given that building materials often need to be acquired at scale for a refurbishment or upgrading, lenders also require certainty that the borrower has line of sight on how costs are evolving, a global investment manager says. “We’re not going into and lending against assets that are not planning- and design-approved, general contractor has been selected and has agreed to a fixed-price contract.”

Another key requirement from lenders is that borrowers must have insurance for damage caused by storms and other physical climate risks: the absence of coverage would be seen as signalling that the transition and/or climate risks are too great to avoid obsolescence.

That is creating an additional layer of complexity in the underwriting of a loan, a global investment manager observes. “Having available insurance is critical; we’re not going to finance an asset that’s not insured. A lot of it is driven by climate and the ability to insure assets is now coming into question more often than not.”

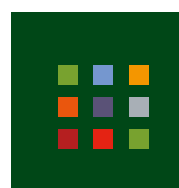
Lenders are therefore monitoring developments in the insurance sector very closely. Loan agreements contain provisions to ensure that a raft of risks is insured, and part of the closing due diligence is making sure that the insurance does, in fact, cover those risks. If it does not, that could be a breakpoint, a European lender says. “If a borrower is unable to obtain insurance anymore and there is no government backstop, we might decide to stop lending.”

## Finance-ability of ESG requirements

**Europe may be more advanced than other parts of the world in terms of its regulatory environment for the path to net zero, but that is both a blessing and a curse.**

Many interviewees complain that reporting requirements sometimes lead to box-ticking exercises while actual energy performance is not even improved due to lack of standardisation on certification such as LEED and BREEAM and different national legislative policies. While it has become standard practice to incorporate EPC requirements in any capex discussion, the methodology is viewed as being “a bit clunky” and “not always terribly accurate”.

Investors and managers are therefore using a lot of resources to build their own assessments and report on “badly defined or completely undefined data”. Regulation is sometimes counter-productive, a European institutional investor says: “There’s a disconnect between Brussels and what we want to achieve.”



A common grievance is that regulations are not being enforced everywhere and are constantly changing. But there is also recognition that the industry needs to keep sight of the final goal. Over time, the definitions will evolve, and the reporting requirements will become much more useful because the data will be more accurate, stabilised and comparable, and people will understand what they are doing, a European asset manager predicts. “It’s a long process. It won’t be done in one or two years; it will take five to 10 but when [the regulatory framework] is stabilised, it will be very useful. It’s a moving environment and flexibility is still quite key at this point.”

## The way forward

**The real estate industry’s journey to net zero carbon emissions by 2050 is strewn with obstacles but several signposts herald the way forward.**

The interviewees are united in calling for closer collaboration between industry associations and policymakers to achieve greater consistency, for example on energy performance standards and the insurance aspects of green construction materials and environmentally friendly energy installations and technologies. That is all the more important given the fast pace of technological development and the need to remain flexible as new solutions emerge.

The interviewees also stress the huge need for public investment to reduce the risks associated with climate change. As one European reinsurer

points out, with flooding becoming more prevalent, mobile and permanent defence systems are essential. “You may increase your individual level of protection, but you also need the public sector to provide and maintain defence systems to reduce flooding risk.”

Several interviewees advocate the creation of more public-private partnerships (PPPs) involving institutional investors with the sort of long-term perspectives that could future-proof public infrastructure. The creation of green belts and parks are particularly cost-effective. Relatively low capex is required in deploying “sponge tactics” where nature-focused landscaping enables urban areas to absorb and retain water. But there are far-reaching benefits in terms of climate adaptation and public health.

Public buildings such as government offices, schools and hospitals offer huge potential for commercial real estate players. This is important social infrastructure that is integral to the vitality and attractiveness of cities. As state and municipal authorities across Europe prepare plans to comply with EU legislation, massive investment opportunities will emerge to optimise energy consumption in public buildings and create smart cities. As one European asset manager says: “There will be a lot of PPP programmes or similar initiatives that need to be financed, which will be of interest to commercial players like us.”

Many interviewees believe a carbon tax or penalties for excess emissions in buildings that do not make the grade would also spur the industry’s contribution to the energy transition.



LISBON, PORTUGAL



MANCHESTER, UK

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There will be a lot of PPP programmes or similar initiatives that need to be financed, which will be of interest to commercial players like us.

A carbon tax already exists in several US cities, including New York and Boston, and the interviews indicate that some lenders and investment managers, both debt and equity, are in discussions on internal carbon cost accounting. A potential obstacle is that measuring embodied carbon is still in its infancy.

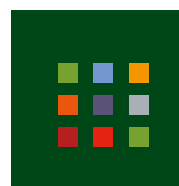
Other interviewees would prefer to see more pricing incentives from both lenders and insurers. “Ideally it should be a combination of both the carrot and the stick,” says one European lender.

International industry organisations including ULI, RICS and the World Green Building Council have a clear role to play alongside European Commission initiatives such as the New European Bauhaus in promoting data sharing, education and cooperation. ULI’s C Change Transition Risk Assessment Guidelines are already helping to standardise the treatment and disclosure of transition risks up and down the value chain of investment.

But there is also a need to establish best practices in sustainable construction materials and technologies as well as recycling of existing properties. “Wider adoption of the building passport would be a step in the right direction as well,” says a global lender.

Many interviewees also favour wide-scale adoption of the Carbon Risk Real Estate Monitor (CRREM) for net-zero pathways. Indeed, one European institutional investor believes this should become the standard worldwide so that “we talk the same language on a global basis”, adding: “If you talk the same language, then you start moving somewhere.”

As real estate faces increased climate risks, both from the rising frequency and severity of extreme weather events and transition to net zero pathways, there are clear implications for insurance and finance across the industry. With insurers and lenders putting more scrutiny on policies and loan arrangements respectively, and in some cases pulling back on offering cover or financing for certain locations or construction materials, this will force companies to consider their investment strategies more wisely.





TIMBER INDUSTRY, EUROPE

## Risk-averse insurers slow to accept sustainable materials

**Timber, particularly cross-laminated timber, is increasingly being used in commercial real estate properties in Europe due to its ability to sequester carbon and significantly reduce the carbon footprint of a building compared with traditional materials like concrete and steel.**

Though there is nothing new about this renewable construction material, many insurers lack a deep understanding of how timber buildings behave in response to risks such as fire, flooding or water leakage, an interviewee from a European non-profit organisation notes.

“Because timber has not been used in large-scale development for very long, insurers don’t have that much data about what happens when things go wrong.”

While there may be nothing wrong fundamentally within a timber building, articulating that to insurers is a challenge, a global insurance broker says. Most insurers are still nervous about taking on additional risk and prefer to stick with traditional steel-and-concrete buildings.

Moreover, there is “zero pressure” on insurers to insure anything, according to one broker. “I think the timber building space is quite a good micro example of the macro position, generally, between property and insurance.”

Another interviewee adds: “Timber buildings, unfortunately, have tried to take off in a marketplace where insurers are more risk-averse for many reasons, and more nervous than they have been in a long time, and lacking in trust.”

Historically, timber has been used more widely in the Nordic countries, but it is still quite novel in commercial properties in many cities in Europe. Building standards and fire regulations also differ on a national basis, raising additional issues for insurers. Not so long ago, the insurance premium for a commercial timber building was up to eight times higher than for a traditional structure, but more recently it has come down to two- or threefold.

Insurance premiums for timber structures are not expected to fall much further in the short term, but a more pressing issue is the lack of skills within the construction industry in relation to using renewable construction materials more broadly. An immense need for education at industry and national levels is widely acknowledged.

However, advances are being made in construction technology facilitating timber encapsulation or coatings to improve fire resistance while moisture and leak detection systems have become very sophisticated as well as cheaper to install. Indeed, in the US landlords are legally required to install leak and moisture detection systems in timber-framed buildings to minimise potential water damage.

While timber is popular in North America, Australia and Europe due to the availability of the right types of forests, in other parts of the world, bamboo is

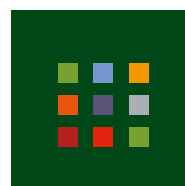
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Over the next 25 years, we need a much wider scale transition in the types of materials that we’re using in buildings. But that’s going to throw up more and more insurance issues.

set to revolutionise construction because it is fast-growing, very strong and highly flexible. Bamboo can, moreover, be engineered into similar types of products as timber.

Other promising renewable construction materials include compressed earth blocks, straw, hemp and mycelium. Straw is used in an increasing number of building systems across Europe as an insulating material while hemp is “an incredibly versatile crop” with many uses in construction. Alongside its application as an insulating material, it is also suitable for producing panelled products or hemp fibre boards. Additionally, it can be used to manufacture fabrics while the highly nutritious seeds are considered a “superfood”.

One interviewee sees timber as just the beginning of the necessary innovation in real estate. “Over the next 25 years, we need a much wider scale transition in the types of materials that we’re using in buildings. But that’s going to throw up more and more insurance issues.”

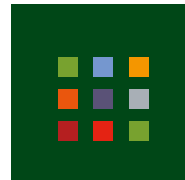




# APPENDIX

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HAMBURG, GERMANY





# City prospects

The city rankings are based on overall prospects, which are ranked according to how much they deviate from the average/mean score; these are shown in Figure 6-1.

The scoring is based on the views of both those who are familiar with the city and others who potentially could be investing or developing there but are not. The investment and development prospects provide the local outlook. For these, respondents who are familiar with the city scored the expected change for 2025 compared with 2024 on a scale of 1 = decrease substantially to 5 = increase substantially, and the scores for each city are averages.

Tier 1 cities remain strongest for investment opportunities as they continue to outperform Tier 2 cities. London dominates this year's rankings for investment, development, rent and capital values prospects. Madrid and Paris rank similarly across the four categories, but the Spanish capital takes the second spot for investment and development prospects.

Figure 6-1 City prospects in 2025

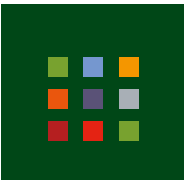
Source: Emerging Trends Europe survey 2025

| Investment |            |       |
|------------|------------|-------|
| Rank       | City       | Score |
| 1.         | London     | 2.81  |
| 2.         | Madrid     | 2.15  |
| 3.         | Paris      | 2.15  |
| 4.         | Berlin     | 2.01  |
| 5.         | Munich     | 1.96  |
| 6.         | Amsterdam  | 1.88  |
| 7.         | Milan      | 1.74  |
| 8.         | Frankfurt  | 1.69  |
| 9.         | Hamburg    | 1.56  |
| 10.        | Barcelona  | 1.47  |
| 11.        | Lisbon     | 1.44  |
| 12.        | Warsaw     | 1.27  |
| 13.        | Brussels   | 1.21  |
| 14.        | Zurich     | 1.21  |
| 15.        | Vienna     | 1.20  |
| 16.        | Copenhagen | 1.10  |
| 17.        | Dublin     | 0.97  |
| 18.        | Stockholm  | 0.94  |
| 19.        | Luxembourg | 0.93  |
| 20.        | Rome       | 0.92  |
| 21.        | Manchester | 0.89  |
| 22.        | Athens     | 0.75  |
| 23.        | Prague     | 0.74  |
| 24.        | Birmingham | 0.72  |
| 25.        | Edinburgh  | 0.66  |
| 26.        | Helsinki   | 0.65  |
| 27.        | Oslo       | 0.63  |
| 28.        | Lyon       | 0.50  |
| 29.        | Budapest   | 0.46  |
| 30.        | Istanbul   | 0.33  |

| Development |            |       |
|-------------|------------|-------|
| Rank        | City       | Score |
| 1.          | London     | 2.63  |
| 2.          | Madrid     | 2.07  |
| 3.          | Paris      | 2.00  |
| 4.          | Berlin     | 1.89  |
| 5.          | Munich     | 1.88  |
| 6.          | Milan      | 1.88  |
| 7.          | Amsterdam  | 1.67  |
| 8.          | Frankfurt  | 1.57  |
| 9.          | Hamburg    | 1.48  |
| 10.         | Lisbon     | 1.42  |
| 11.         | Barcelona  | 1.35  |
| 12.         | Warsaw     | 1.26  |
| 13.         | Vienna     | 1.17  |
| 14.         | Brussels   | 1.13  |
| 15.         | Zurich     | 1.10  |
| 16.         | Copenhagen | 1.01  |
| 17.         | Luxembourg | 0.91  |
| 18.         | Dublin     | 0.91  |
| 19.         | Rome       | 0.89  |
| 20.         | Stockholm  | 0.87  |
| 21.         | Manchester | 0.82  |
| 22.         | Athens     | 0.75  |
| 23.         | Prague     | 0.68  |
| 24.         | Birmingham | 0.66  |
| 25.         | Helsinki   | 0.63  |
| 26.         | Edinburgh  | 0.62  |
| 27.         | Oslo       | 0.56  |
| 28.         | Budapest   | 0.49  |
| 29.         | Lyon       | 0.49  |
| 30.         | Istanbul   | 0.33  |

| Rent |            |       |
|------|------------|-------|
| Rank | City       | Score |
| 1.   | London     | 2.49  |
| 2.   | Paris      | 2.00  |
| 3.   | Berlin     | 1.91  |
| 4.   | Madrid     | 1.89  |
| 5.   | Munich     | 1.84  |
| 6.   | Amsterdam  | 1.62  |
| 7.   | Milan      | 1.56  |
| 8.   | Frankfurt  | 1.55  |
| 9.   | Hamburg    | 1.48  |
| 10.  | Barcelona  | 1.39  |
| 11.  | Lisbon     | 1.31  |
| 12.  | Brussels   | 1.27  |
| 13.  | Warsaw     | 1.17  |
| 14.  | Vienna     | 1.16  |
| 15.  | Zurich     | 1.03  |
| 16.  | Copenhagen | 0.94  |
| 17.  | Luxembourg | 0.92  |
| 18.  | Rome       | 0.84  |
| 19.  | Dublin     | 0.82  |
| 20.  | Stockholm  | 0.82  |
| 21.  | Manchester | 0.76  |
| 22.  | Prague     | 0.66  |
| 23.  | Birmingham | 0.65  |
| 24.  | Athens     | 0.63  |
| 25.  | Helsinki   | 0.62  |
| 26.  | Edinburgh  | 0.61  |
| 27.  | Oslo       | 0.55  |
| 28.  | Lyon       | 0.48  |
| 29.  | Budapest   | 0.47  |
| 30.  | Istanbul   | 0.35  |

| Capital values |            |       |
|----------------|------------|-------|
| Rank           | City       | Score |
| 1.             | London     | 2.56  |
| 2.             | Paris      | 1.95  |
| 3.             | Madrid     | 1.88  |
| 4.             | Berlin     | 1.79  |
| 5.             | Amsterdam  | 1.67  |
| 6.             | Munich     | 1.67  |
| 7.             | Milan      | 1.55  |
| 8.             | Frankfurt  | 1.49  |
| 9.             | Hamburg    | 1.39  |
| 10.            | Barcelona  | 1.36  |
| 11.            | Lisbon     | 1.31  |
| 12.            | Brussels   | 1.19  |
| 13.            | Warsaw     | 1.16  |
| 14.            | Vienna     | 1.06  |
| 15.            | Zurich     | 1.02  |
| 16.            | Copenhagen | 0.96  |
| 17.            | Luxembourg | 0.88  |
| 18.            | Dublin     | 0.87  |
| 19.            | Rome       | 0.87  |
| 20.            | Stockholm  | 0.86  |
| 21.            | Manchester | 0.79  |
| 22.            | Birmingham | 0.67  |
| 23.            | Prague     | 0.66  |
| 24.            | Edinburgh  | 0.65  |
| 25.            | Athens     | 0.63  |
| 26.            | Helsinki   | 0.62  |
| 27.            | Oslo       | 0.55  |
| 28.            | Budapest   | 0.48  |
| 29.            | Lyon       | 0.48  |
| 30.            | Istanbul   | 0.34  |





# Tier 1 cities remain on top

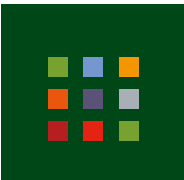
The city rankings for this year illustrate the strength of Tier 1 cities and their overall attractiveness to real estate industry professionals. London comes out on top, securing first place for the fourth year in a row due to its investment potential and economic significance in the global market. Madrid comes in second followed closely by Paris, Berlin, and Munich.

Over the last couple of years, capital cities have generally retained their economic clout even when European markets have been in a state of flux. Geopolitical uncertainty coupled with concerns about economic growth prospects has created a jittery market that appears to favour capital cities due to their global significance, access to capital and growing demand for development. Madrid has risen from eighth in 2020 to second place for 2025. Other notable gains since 2021 include Milan and Lisbon due to their emerging significance as regional gateways for finance and development.

Figure 6-2 City rankings over time

Source: Emerging Trends Europe survey 2025

| 2025 |            | 2024 |            | 2023 |            | 2022 |            | 2021 |            | 2020 |            |
|------|------------|------|------------|------|------------|------|------------|------|------------|------|------------|
| Rank | City       | Rank | City       | Rank | City       | Rank | City       | Rank | City       | Rank | City       |
| 1.   | London     | 1.   | London     | 1.   | London     | 1.   | London     | 1.   | Berlin     | 1.   | Paris      |
| 2.   | Madrid     | 2.   | Paris      | 2.   | Paris      | 2.   | Berlin     | 2.   | London     | 2.   | Berlin     |
| 3.   | Paris      | 3.   | Madrid     | 3.   | Berlin     | 3.   | Paris      | 3.   | Paris      | 3.   | Frankfurt  |
| 4.   | Berlin     | 4.   | Berlin     | 4.   | Madrid     | 4.   | Frankfurt  | 4.   | Frankfurt  | 4.   | London     |
| 5.   | Munich     | 5.   | Amsterdam  | 5.   | Munich     | 5.   | Munich     | 5.   | Amsterdam  | 5.   | Madrid     |
| 6.   | Amsterdam  | 6.   | Milan      | 6.   | Amsterdam  | 6.   | Madrid     | 6.   | Hamburg    | 6.   | Amsterdam  |
| 7.   | Milan      | 7.   | Munich     | 7.   | Frankfurt  | 7.   | Amsterdam  | 7.   | Munich     | 7.   | Munich     |
| 8.   | Frankfurt  | 8.   | Lisbon     | 8.   | Hamburg    | 8.   | Hamburg    | 8.   | Madrid     | 8.   | Hamburg    |
| 9.   | Hamburg    | 9.   | Frankfurt  | 9.   | Barcelona  | 9.   | Barcelona  | 9.   | Milan      | 9.   | Barcelona  |
| 10.  | Lisbon     | 10.  | Barcelona  | 10.  | Milan      | 10.  | Brussels   | 10.  | Vienna     | 10.  | Lisbon     |
| 11.  | Barcelona  | 11.  | Hamburg    | 11.  | Lisbon     | 11.  | Milan      | 11.  | Dublin     | 11.  | Milan      |
| 12.  | Warsaw     | 12.  | Brussels   | 12.  | Vienna     | 12.  | Vienna     | 12.  | Brussels   | 12.  | Dublin     |
| 13.  | Vienna     | 13.  | Dublin     | 13.  | Dublin     | 13.  | Dublin     | 13.  | Barcelona  | 13.  | Brussels   |
| 14.  | Brussels   | 14.  | Warsaw     | 14.  | Copenhagen | 14.  | Zurich     | 14.  | Warsaw     | 14.  | Warsaw     |
| 15.  | Zurich     | 15.  | Vienna     | 15.  | Brussels   | 15.  | Warsaw     | 15.  | Lisbon     | 15.  | Vienna     |
| 16.  | Copenhagen | 16.  | Zurich     | 16.  | Warsaw     | 16.  | Lisbon     | 16.  | Stockholm  | 16.  | Luxembourg |
| 17.  | Dublin     | 17.  | Manchester | 17.  | Zurich     | 17.  | Luxembourg | 17.  | Luxembourg | 17.  | Zurich     |
| 18.  | Luxembourg | 18.  | Copenhagen | 18.  | Manchester | 18.  | Copenhagen | 18.  | Copenhagen | 18.  | Stockholm  |
| 19.  | Rome       | 19.  | Rome       | 19.  | Stockholm  | 19.  | Stockholm  | 19.  | Helsinki   | 19.  | Copenhagen |
| 20.  | Stockholm  | 20.  | Luxembourg | 20.  | Luxembourg | 20.  | Manchester | 20.  | Zurich     | 20.  | Prague     |
| 21.  | Manchester | 21.  | Stockholm  | 21.  | Rome       | 21.  | Rome       | 21.  | Lyon       | 21.  | Helsinki   |
| 22.  | Athens     | 22.  | Birmingham | 22.  | Birmingham | 22.  | Birmingham | 22.  | Manchester | 22.  | Rome       |
| 23.  | Prague     | 23.  | Athens     | 23.  | Athens     | 23.  | Athens     | 23.  | Rome       | 23.  | Manchester |
| 24.  | Birmingham | 24.  | Edinburgh  | 24.  | Lyon       | 24.  | Helsinki   | 24.  | Prague     | 24.  | Birmingham |
| 25.  | Helsinki   | 25.  | Prague     | 25.  | Helsinki   | 25.  | Prague     | 25.  | Birmingham | 25.  | Edinburgh  |
| 26.  | Edinburgh  | 26.  | Lyon       | 26.  | Edinburgh  | 26.  | Lyon       | 26.  | Budapest   | 26.  | Lyon       |
| 27.  | Oslo       | 27.  | Helsinki   | 27.  | Prague     | 27.  | Edinburgh  | 27.  | Edinburgh  | 27.  | Budapest   |
| 28.  | Lyon       | 28.  | Budapest   | 28.  | Budapest   | 28.  | Oslo       | 28.  | Athens     | 28.  | Athens     |
| 29.  | Budapest   | 29.  | Oslo       | 29.  | Istanbul   | 29.  | Budapest   | 29.  | Oslo       | 29.  | Oslo       |
| 30.  | Istanbul   | 30.  | Istanbul   | 30.  | Oslo       | 30.  | Istanbul   | 30.  | Istanbul   | 30.  | Istanbul   |
|      |            |      |            |      |            | 31.  | Moscow     | 31.  | Moscow     | 31.  | Moscow     |





# Emerging trends, evolving sectors

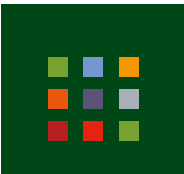
Over the last two decades, the number of sectors for real estate investment has expanded considerably.

The outlook for real estate sector investment is expected to remain diverse and will likely evolve with the industry’s emerging trends. Increasing demand for technology and energy infrastructure remain a key area for investors as new energy infrastructure and data centres continue to dominate the rankings with both sectors remaining in the top five for the fifth year in a row. Student housing has risen up the rankings considerably in recent years – from 15th in 2022 to third for 2025 – making it the most attractive living sector in the list this year.

Figure 6-3 Sector rankings over time

Source: Emerging Trends Europe survey 2025

| 2025 |                                                  | 2024 |                                                  | 2023 |                                                  | 2022 |                                                  | 2021 |                                                  | 2020 |                                                  |
|------|--------------------------------------------------|------|--------------------------------------------------|------|--------------------------------------------------|------|--------------------------------------------------|------|--------------------------------------------------|------|--------------------------------------------------|
| Rank | Sector                                           | Rank | Sector                                           | Rank | Sector                                           | Rank | Sector                                           | Rank | Sector                                           | Rank | Sector                                           |
| 1.   | Data centres                                     | 1.   | New energy infrastructure                        | 1.   | New energy infrastructure                        | 1.   | New energy infrastructure                        | 1.   | Data centres                                     | 1.   | Logistics facilities                             |
| 2.   | New energy infrastructure                        | 2.   | Data centres                                     | 2.   | Life sciences                                    | 2.   | Life sciences                                    | 2.   | Logistics facilities                             | 2.   | Retirement/assisted living                       |
| 3.   | Student housing                                  | 3.   | Healthcare                                       | 3.   | Data centres                                     | 3.   | Logistics facilities                             | 3.   | Life sciences                                    | 3.   | Co-living                                        |
| 4.   | Logistics facilities                             | 4.   | Student housing                                  | 4.   | Social housing                                   | 4.   | Data centres                                     | 4.   | New energy infrastructure                        | 4.   | Private rented residential                       |
| 5.   | Private rented residential                       | 5.   | Retirement/assisted living                       | 5.   | Retirement/assisted living                       | 5.   | Healthcare                                       | 5.   | Industrial/warehouse                             | 5.   | Student housing                                  |
| 6.   | Self-storage facilities                          | 6.   | Self-storage facilities                          | 6.   | Affordable housing                               | 6.   | Retirement/assisted living                       | 6.   | Healthcare                                       | 6.   | Affordable housing                               |
| 7.   | Retirement/assisted living                       | 7.   | Logistics facilities                             | 7.   | Self-storage facilities                          | 7.   | Industrial/warehouse                             | 7.   | Private rented residential                       | 7.   | Healthcare                                       |
| 8.   | Co-living                                        | 8.   | Co-living                                        | 8.   | Logistics facilities                             | 8.   | Affordable housing                               | 8.   | Affordable housing                               | 8.   | Data centres                                     |
| 9.   | Education-related real estate                    | 9.   | Serviced apartments                              | 9.   | Co-living                                        | 9.   | Self-storage facilities                          | 9.   | Social housing                                   | 9.   | Serviced apartments                              |
| 10.  | Serviced apartments                              | 10.  | Private rented residential                       | 10.  | Private rented residential                       | 10.  | Private rented residential                       | 10.  | Retirement/assisted living                       | 10.  | Flexible/services offices and co-working         |
| 11.  | Affordable housing                               | 11.  | Life sciences                                    | 11.  | Industrial/warehouse                             | 11.  | Housebuilding for sale                           | 11.  | Self-storage facilities                          | 11.  | Industrial/warehouse                             |
| 12.  | Healthcare                                       | 12.  | Industrial/warehouse                             | 12.  | Student housing                                  | 12.  | Social housing                                   | 12.  | Housebuilding for sale                           | 12.  | Self-storage facilities                          |
| 13.  | Industrial/warehouse                             | 13.  | Affordable housing                               | 13.  | Leisure hotels                                   | 13.  | Multi-let/flexible industrial parks              | 13.  | Co-living                                        | 13.  | Hotels                                           |
| 14.  | Other storage facilities                         | 14.  | Hotels                                           | 14.  | Serviced apartments                              | 14.  | Co-living                                        | 14.  | Student housing                                  | 14.  | Housebuilding for sale                           |
| 15.  | Social housing                                   | 15.  | Social housing                                   | 15.  | Parking                                          | 15.  | Student housing                                  | 15.  | Serviced apartments                              | 15.  | Science parks                                    |
| 16.  | Life sciences                                    | 16.  | Leisure                                          | 16.  | Healthcare                                       | 16.  | Serviced apartments                              | 16.  | Central city offices                             | 16.  | Social housing                                   |
| 17.  | Hotels                                           | 17.  | Housebuilding for sale                           | 17.  | Housebuilding for sale                           | 17.  | Flexible/serviced offices and co-working         | 17.  | Parking                                          | 17.  | Central city offices                             |
| 18.  | Leisure                                          | 18.  | Flexible/serviced offices and co-working         | 18.  | Flexible/serviced offices and co-working         | 18.  | Leisure                                          | 18.  | Business parks                                   | 18.  | Leisure                                          |
| 19.  | Housebuilding for sale                           | 19.  | Parking                                          | 19.  | Leisure                                          | 19.  | Central city offices                             | 19.  | Flexible/serviced offices and co-working         | 19.  | Parking                                          |
| 20.  | Retail parks                                     | 20.  | Retail parks                                     | 20.  | City centre offices                              | 20.  | Retail parks                                     | 20.  | Suburban offices                                 | 20.  | Business parks                                   |
| 21.  | Parking                                          | 21.  | Central city offices                             | 21.  | Retail parks                                     | 21.  | Business parks                                   | 21.  | Retail parks                                     | 21.  | Suburban offices                                 |
| 22.  | Flexible/serviced offices and co-working         | 22.  | High street shops                                | 22.  | Business hotels                                  | 22.  | Hotels                                           | 22.  | Leisure                                          | 22.  | High street shops                                |
| 23.  | Central city offices                             | 23.  | Business parks                                   | 23.  | Business parks                                   | 23.  | Parking                                          | 23.  | High street shops                                | 23.  | Retail parks                                     |
| 24.  | High street shops                                | 24.  | City centre shopping centres                     | 24.  | High street shops                                | 24.  | Suburban offices                                 | 24.  | Hotels                                           | 24.  | City centre shopping centres                     |
| 25.  | City centre shopping centres                     | 25.  | Out-of-town shopping centres/retail destinations | 25.  | City centre shopping centres                     | 25.  | High street shops                                | 25.  | City centre shopping centres                     | 25.  | Out-of-town shopping centres/retail destinations |
| 26.  | Out-of-town shopping centres/retail destinations | 26.  | Suburban offices                                 | 26.  | Suburban offices                                 | 26.  | Out-of-town shopping centres/retail destinations | 26.  | Out-of-town shopping centres/retail destinations |      |                                                  |
|      |                                                  |      |                                                  | 27.  | Out-of-town shopping centres/retail destinations | 27.  | City centre shopping                             |      |                                                  |      |                                                  |



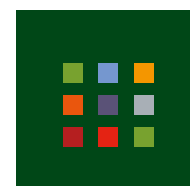


# ABOUT THE REPORT

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“AI is one of the biggest, most impactful needle movers for our industry. And if you embrace the theme, it can be a massive opportunity.”

European head of a global investment manager





# About the survey

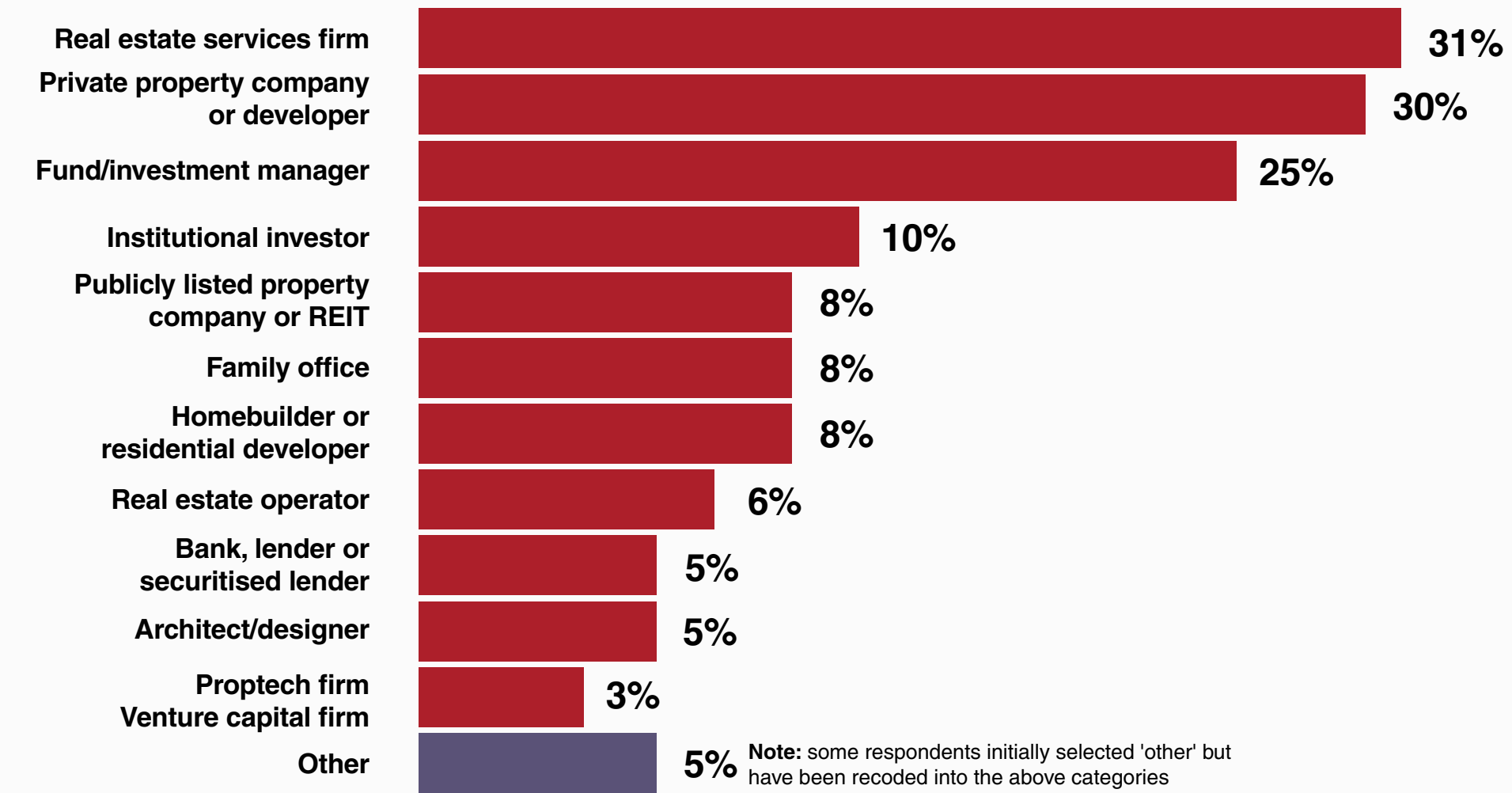
*Emerging Trends in Real Estate® Europe* is a long-standing and widely read trends and forecasts publication for people involved or interested in the built environment.

This 22nd edition of the report, which is undertaken jointly by PwC and the Urban Land Institute, provides an outlook on investment and development trends, finance and capital markets, cities, sectors and other real estate issues throughout Europe.

*Emerging Trends in Real Estate® Europe 2025* reflects the views of 1,214 property professionals who completed surveys, were interviewed, or took part in a series of roundtable meetings across Europe as a part of the research for this report. The views expressed are from these surveys, interviews, and roundtable meetings and do not express the opinions of either PwC or ULI.

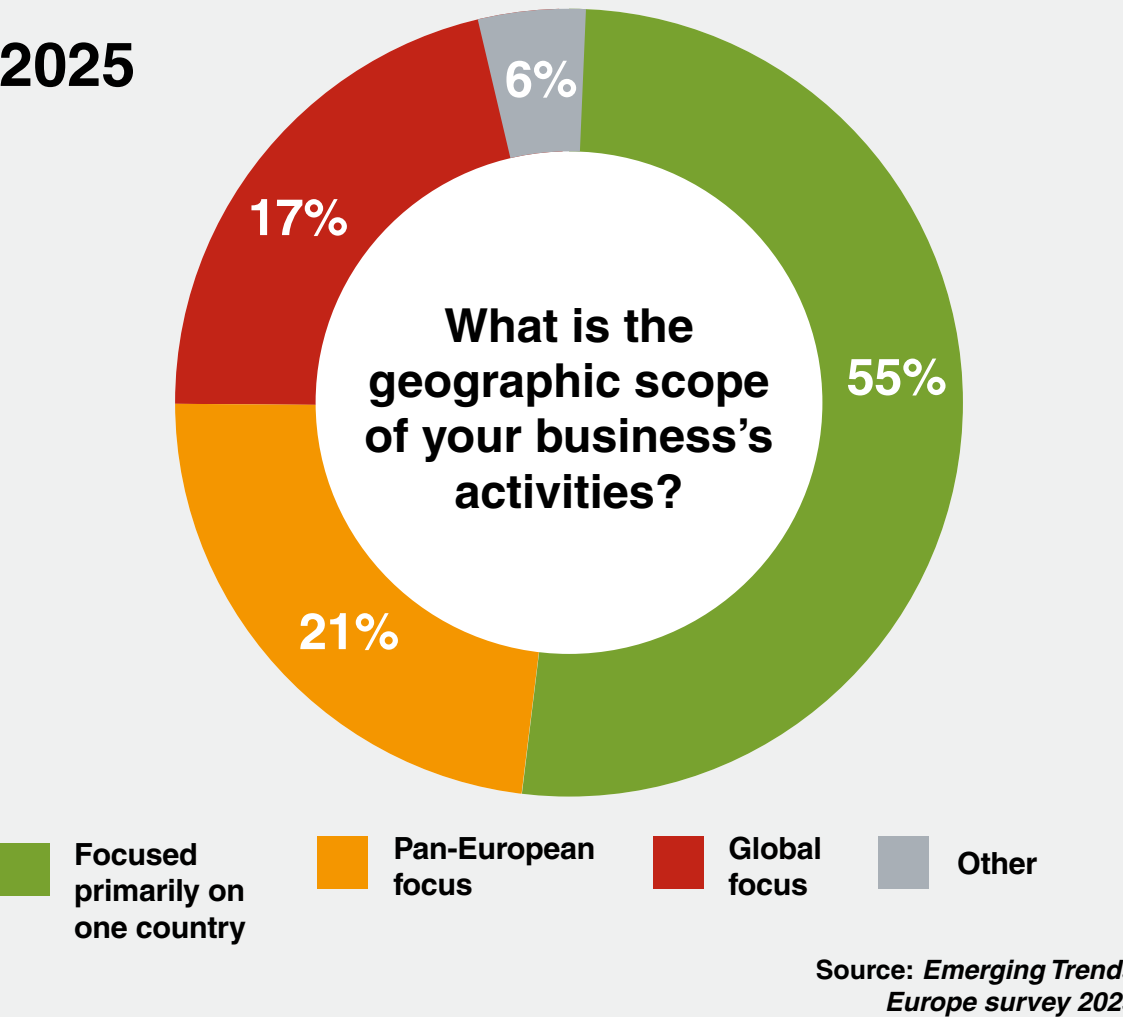
The interviewees and survey participants represent a wide range of industry experts, including investors, fund managers, developers, property companies, lenders, brokers, and consultants. A list of the interviewees and roundtable participants in this year's study appears on the following pages. To all who helped, ULI and PwC extend sincere thanks for sharing valuable time and expertise. Without their involvement, this report would not have been possible.

## What are your business's primary activities?



Source: *Emerging Trends Europe survey 2025*

## Survey responses by geographic scope of firm



## Survey responses by geographic scope of firm (%)

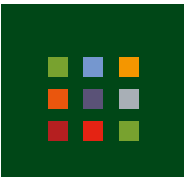
| Country        | %  | Country        | %  |
|----------------|----|----------------|----|
| Austria        | 3  | Luxembourg     | 1  |
| Belgium        | 8  | Netherlands    | 3  |
| Cyprus         | 1  | Norway         | 2  |
| Czech Republic | 1  | Poland         | 4  |
| Denmark        | 2  | Portugal       | 3  |
| Finland        | 2  | Spain          | 11 |
| France         | 4  | Sweden         | 1  |
| Germany        | 18 | Switzerland    | 9  |
| Greece         | 3  | Turkey         | 2  |
| Ireland        | 3  | United Kingdom | 12 |
| Italy          | 5  | Other          | 1  |





# Interviewees and roundtable participants

|                                                        |                                                                                |                                                            |                                                                                      |                                                                                           |
|--------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>3XN Architects</b><br>Audun Opdal                   | <b>AF Eiendom</b><br>Otto Christian Groth                                      | <b>Annexum</b><br>Jeppe de Boer                            | <b>Archer Hotel Capital</b><br>Dominic Seyrling                                      | <b>Avalon Real Estate</b><br>Federico Chiavazza                                           |
| <b>7R SA</b><br>Magdalena Uler-Kłeczek                 | <b>AFIAA Anlagestiftung</b><br>Sebastian Feix                                  | <b>Aon</b><br>Nick Jeffery<br>Kevin Madden<br>Ben Taverner | <b>Arcona Capital</b><br>Guy Barker                                                  | <b>Avant Capital Partners</b><br>Lorenz Merk                                              |
| <b>8G Capital Partners</b><br>Tassos Kotzanastassis    | <b>Affinius Capital</b><br>Justin Hildebrandt                                  | <b>Apache Capital</b><br>Ashley Perry                      | <b>AREIM</b><br>Leif Andersson                                                       | <b>Avison Young</b><br>Eri Mitsostergiou<br>Ryan Wray                                     |
| <b>A. Ahlström</b><br>Pia Lindborg                     | <b>AG Real Estate</b><br>Amaury de Crombrugghe<br>Xavier Denis<br>Gilles Emond | <b>APG Asset Management</b><br>Robert Jan Foortse          | <b>Arup</b><br>Tim Fry                                                               | <b>AXA Investment Managers</b><br>Émilie Jaskula<br>Laurent Lavergne<br>Bernard D'Ocquier |
| <b>AB Invest</b><br>Gard Utkilen                       | <b>ALFA Development</b><br>Kristian Hare                                       | <b>Apleona Real Estate</b><br>Peter Fischer                | <b>Art-Invest Real Estate</b><br>Ali Abbas<br>Johannes Nussbaum<br>Markus Wiedenmann | <b>Azimut Libera Impresa</b><br>Andrea Cornetti                                           |
| <b>AB Sagax</b><br>Jaakko Vehanen                      | <b>Alides REIM</b><br>Rikkert Leeman                                           | <b>Apollo Global Management</b><br>Roger Orf               | <b>Arwidsro</b><br>Peter Zonabend                                                    | <b>Azora Capital</b><br>Cristina García-Peri                                              |
| <b>ABN Amro</b><br>Claire van Staaij                   | <b>AM Gebiedsontwikkeling</b><br>Josje Hoekveld                                | <b>APREA</b><br>Andrea Amadesi                             | <b>Asda</b><br>Daniel Foxton                                                         | <b>Bain Capital Credit</b><br>Andrew Pain                                                 |
| <b>Accord Group Holdings</b><br>Dr. Alexander Kerscher | <b>Amundi Real Estate</b><br>Giovanni di Corato                                | <b>Aquila Capital</b><br>Till Schulz-Eickhorst             | <b>Aspelin Ramm</b><br>Henrik Brekke                                                 | <b>Baltisse</b><br>Alexander De Witte                                                     |
| <b>Advium Corporate Finance</b><br>Henrik Calton       | <b>André Jordan Group</b><br>Gilberto Jordan                                   | <b>Arcadis</b><br>Joris Winters                            | <b>AustralianSuper</b><br>Vicky Stanley<br>Paul Clark                                | <b>Bayerische Versorgungskammer</b><br>Max Beekmann                                       |





**BayernLB**  
Alexander Huber

**BECKEN Asset Management**  
Jens Hogekamp

**Befimmo**  
Jean-Philip Vroninks

**Behrendt Gruppe**  
Carina Skoglund

**Belfius**  
Annemie Baecke  
Quentin Timmermans  
Franky Tolpe

**benchmark. Real Estate**  
Stephan Plog

**BEOS**  
Andreas Kretschmann-Banck

**Berenberg**  
Ken Zipse

**Berlin High End**  
Jon Svenningsen

**Berlin Hyp**  
Assem El Alami  
Sascha Klaus

**Berlinovo Immobilien**  
Caroline Oelmann

**BESIX**  
Marjolein Beynsberger

**Birchwood Real Estate Capital**  
Lorna Brown

**BLOXHUB**  
Sofie Lynge Jespersen  
Jakob Norman-Hansen

**Bluehouse Capital**  
Iain Fanthorpe

**BNP Paribas Real Estate**  
Stephen Coticoni  
Isabella Chacón Troidl  
Silke Weber

**Bonnier Fastigheter**  
Björn Boestad  
Thomas Hermansson

**Boreal IM**  
Xavier Aubrun

**Borio Mangiarotti**  
Edoardo De Albertis

**Breevast**  
Nikolai Worp

**Bridges Fund Management**  
Henry Pepper

**British Land**  
Kelly Cleveland

**Broadway Malyan**  
Margarida Caldeira

**Brunswick Real Estate**  
Hanna Rauhala

**BT Group**  
Brent Mathews

**Building Center**  
Jordi Soldevila

**Built By Nature**  
Joe Giddings

**Byggesocietetet**  
Ole Schrøder

**Cabot Properties**  
Florian Neumann

**Canary Wharf Group**  
Becky Worthington

**Capital & Counties Properties**  
Ian Hawksworth

**Capital FIT**  
Lars Rompelberg

**Capital Park**  
Marcin Juszczyk

**CapMan**  
Juhani Erke  
Marcus Lotzman  
Ilkka Tomperi

**Catella**  
Xavier Jongen  
Timo Nurminen

**CBRE**  
Eoin Bastible  
Mark Collins  
Rik Eertink  
Jouni Levo  
Hilke Nijmeijer

**CC Real Investment**  
Markus Kuttner

**CDC Habitat**  
Nathalie Caillard

**CDP Immobiliare**  
Massimiliano Pulice

**Centre for London**  
Antonia Jennings

**ceos Investment**  
Stephan Bone-Winkel

**CFE. BPI Real Estate**  
Arnaud Regout

**Cibus Nordic Real Estate**  
Lauri Tiensuu

**Citycon**  
Henrica Ginström

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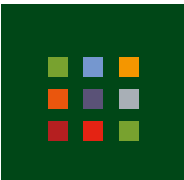
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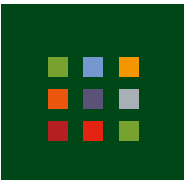
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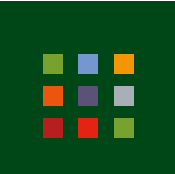
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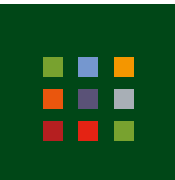
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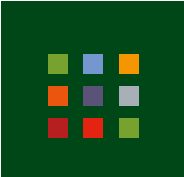
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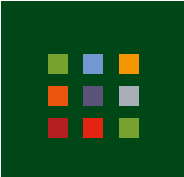
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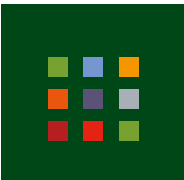
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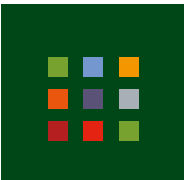
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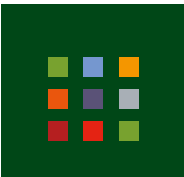
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