

EUROPEAN VOLUMES UP 10%

*Lenders Open
for Business*

**BONDS REPRICED,
PROPERTY NOT**

**EPC 2027
Deadline Dropped**

*Reprice Before
You're Told*

**KEEP
COMPARABLES LIVE**

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Europe Up 10% in Q2

EUR 59.1bn

European real estate investment reached EUR 59.1bn in the second quarter, up 10% year on year, with rolling twelve-month volumes 18% ahead of the prior year.

Source: CBRE

Two Houses, Two Numbers

EUR 53bn

Savills puts the same quarter at EUR 53bn and up 6%, against CBRE's EUR 59.1bn and 10%. Different definitions, same direction, so pick one house and stay with it.

Source: Savills, CBRE

Living Leads Again

The living sector was the most active in Europe for the third consecutive quarter, holding its place as the asset class investors reach for first.

Source: CBRE

Offices Find a Bid

Office investment showed renewed momentum in the second quarter, the clearest sign yet that the sector has found a clearing price after three years of repricing.

Source: CBRE

Delayed, Not Derailed

Savills describes geopolitical uncertainty as delaying rather than derailing the European recovery, with transactions pushed into later quarters rather than abandoned.

Source: Savills



Lenders Want to Lend More

72%

CBRE surveyed 134 European lenders and found 72% plan to increase origination this year, with only 7% expecting a decline. Expected volume is around EUR 70bn.

Source: CBRE Lender Intentions Survey 2026

Offices Climb the Table

Office jumped from sixth to third in lender sector preference, the biggest move in the survey, behind only living and industrial. Office loan margins also compressed.

Source: CBRE

Loan-to-Value Creeps Up

Median loan-to-value ratios rose year on year for prime offices, hotels and data centres, a straightforward signal that lenders are willing to take more risk again.

Source: CBRE

Retail Sentiment Recovers

Retail recorded the largest improvement in lender sentiment of any sector, while student accommodation and hotels held their existing positions in the ranking.

Source: CBRE

Test Your Refinancing Date

Debt availability is improving while the cost of it is not. Map every loan maturity against both the market rate path and a lower path before you assume a refinancing.

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Bonds Have Repriced Faster

5.40%

The ten-year gilt traded near 5.40% and the US ten-year near 5.18% this week, the highest since 2008 and 2007. Property yields have not moved nearly as far.

Source: UK and US bond markets

A Global Repricing

4.04%

The average yield on Bloomberg's global sovereign bond index reached 4.04%, its highest since 2000. Every discount rate in every valuation model sits on top of that.

Source: Bloomberg indices

The Spread Is Thin

With prime yields broadly stable and bond yields at two-decade highs, the risk premium for owning property rather than gilts has compressed to uncomfortable levels.

Returns Downgraded

7.2%

Capital Economics cut its UK all-property total return forecast to about 7.2% a year for 2026 to 2029 on the view that gilt yields stay higher for longer.

Source: Capital Economics, November 2025

Income Does the Work

4.9%

Target Healthcare's portfolio rose 4.9% on rental growth rather than yield movement. That is the shape of returns now: income and indexation, not yield compression.

Source: Target Healthcare REIT



Beds Beat Sheds and Desks

Living, student accommodation and healthcare all sit at the top of both investor and lender preference. Operational property is where the capital is going.

Source: CBRE, Savills

Retail Warehousing Holds Up

Retail warehousing continues to screen well on a yield basis and remains one of the few parts of retail attracting genuine institutional competition.

Source: Capital Economics

Hotels Hold Their Place

EUR 11.7bn

Hotels were unchanged in lender preference, and European hotel investment reached EUR 11.7bn in the first half, 19.5% above the ten-year average.

Source: CBRE, Cushman & Wakefield

Care Draws Global Capital

EUR 12bn

Welltower committed more than GBP 7bn across four UK care portfolios, and the Aedifica and Cofinimmo merger created a EUR 12bn European healthcare REIT.

Source: Company announcements

Offices Split in Two

Lender appetite returned to prime offices while secondary stock still struggles to find debt. Treat office as two markets, and know which one your asset is in.

Source: CBRE



The 2027 Deadline Is Gone

The Government confirmed in June that the proposed EPC C milestone for 2027 will not go ahead, giving commercial landlords materially more time to plan works.

Source: DESNZ, 24 June 2026

EPC B by 2031 Instead

2031

Privately rented non-domestic buildings above 1,000 square metres must reach EPC B by 2031 where cost-effective. Smaller buildings stay at the existing EPC E minimum.

Source: DESNZ

Not Law Yet

The revised standard takes effect only once Parliament passes secondary legislation, so the dates could move again. Plan for them, but do not treat them as fixed.

Source: DESNZ

Ten Per Cent of the Stock

10%

Buildings above 1,000 square metres make up about 10% of commercial stock but more than half of the sector's carbon emissions, which is why they carry the target.

Source: DESNZ

Price the Works Per Square Foot

A longer runway is not a reprieve. Cost the upgrade on every asset now, while contractors are available, rather than competing for them in 2030.



Reprice Before You Are Told

Valuers follow evidence, and evidence lags. If your discount rate still assumes a four-handle on gilts, rework it before your next external valuation does it for you.

Underwrite the Operator

Living, hotels and care all depend on someone running the building well. Operator covenant and fee structure now matter as much as location and lease length.

Separate Income From Yield

Split every business plan into income growth and yield movement. Income growth is the part you can influence, and currently the part doing all the work.

Keep a Live Comparables File

Pricing evidence is moving quickly and differs between advisers. Hold a running table of deals by sector with the source and the date against every figure.

Book the Autumn Meetings

Expo Real in Munich is in early October and MIPIM follows in March. Book meetings through the event app in advance rather than relying on meeting people by chance.



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