

MARKET
RESEARCH



EUROPEAN LISTED REAL ESTATE SECTOR REPORT

A Decade of Change:
European Listed Real Estate Review 2015–2025



TABLE OF CONTENTS

1. Introduction	3
2. The underlying assets: The Property Sector	4
3. Focus on Listed REITs and Property Companies	8
4. The Sector's Adaptability: Post-pandemic strategies and innovation	12
4.1 <i>The Post-Covid evolution of the sector</i>	12
4.2 <i>Office</i>	13
4.3 <i>Retail</i>	13
4.4 <i>Residential</i>	13
4.5 <i>Alternatives</i>	14
4.6 <i>Diversification vs Specialization</i>	14
5. Conclusion: A new economic environment for the next five years	15
Bibliography	18

AUTHORS

Dilek Pekdemir, PhD
Research Manager

David Moreno, CFA, CAIA
Indexes Manager

Iskren Marinov
Analyst: Indexes & Research

Giovanni Curatolo
Analyst: Indexes & Research

Nigora Baymuminova / Tejas Vaity
Research & Indexes Interns

CONTACT

d.pekdemir@epra.com

d.moreno@epra.com

i.marinov@epra.com

g.curatolo@epra.com

student@epra.com

DISCLAIMER

Any interpretation and implementation resulting from the data and finding within remain the responsibility of the company concerned. There can be no republishing of this paper without the express permission from EPRA.

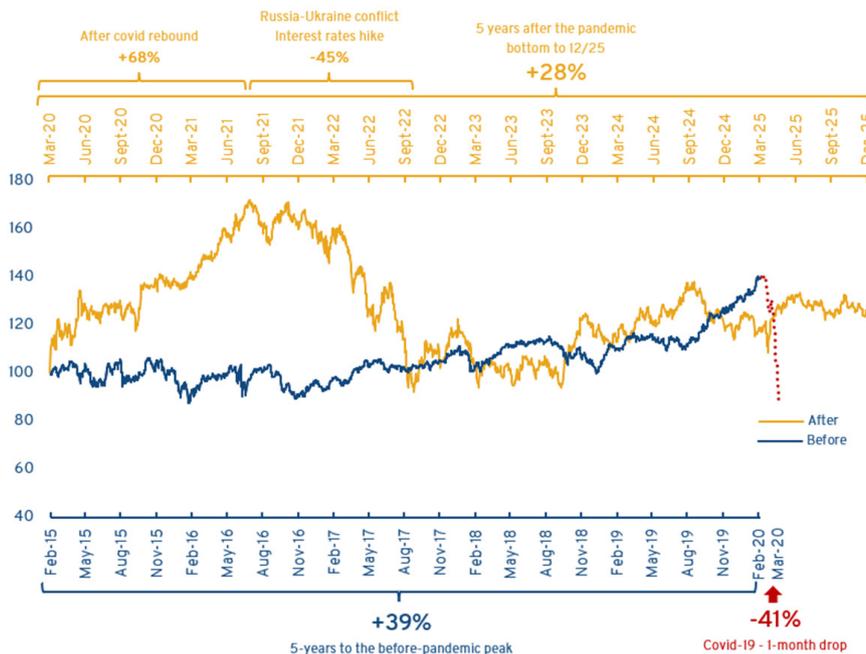
1. INTRODUCTION

After positive year end in 2025 a strong kick-off of 2026, it is worth to look back at the events that have shaped our lives and professional activities over the past few years. For listed real estate, this exercise is much more meaningful when looking at a longer horizon. Three years might still be too short, five years can be ideal for some stakeholders, but a decade provides a truly meaningful lens for understanding the dynamics of this long-term-oriented industry. In the European context, the last ten years have been quite a dynamic journey, perhaps much more than in other regions. This report aims to summarise and explore some of the main trends that defined the recent evolution of the sector and will continue shaping it in the near future.

Over the past decade, Europe has been through the thick and thin. Starting with Brexit in 2016, passing by the raise of e-commerce and the migration crisis in 2015-2019, as well as the COVID-19 pandemic in 2020-2021, and finalizing with the post-pandemic rebound and the Russia-Ukraine war burst in 2022, which drove inflation to levels unseen in over three decades and prompted record interest rate hikes by central banks, the last ten years were quite volatile and deserve a deep analysis for understanding the evolution of the listed real estate industry in the continent.

As usual, starting with historical performance is useful. To provide structure, we will review total returns in EUR across two 5-year sub-periods: pre-pandemic and post-pandemic (Chart I). From 2015 until the COVID-19 outbreak in Feb-20, the sector gained 39% (blue), a return that was entirely wiped out by the subsequent 41% decline in just one month following the announcement (red).

CHART I. FTSE EPRA Nareit Developed Europe Index, 5y before and after COVID



Source: EPRA Research.

Although this sudden drop represented the hardest hit since the GFC (Global Financial Crisis), the FTSE EPRA Nareit Developed Europe Index returned to shine quickly, returning to the pre-pandemic peak in July 2021 and gaining 68% (yellow) in the nine months following the COVID-19 bottom. Unfortunately, the sector’s rebound was abruptly interrupted by the war and the tightening of global monetary policy; this resulted in the sector declining by 45% in 14 months and having to adapt to a new macro-economic environment, not only in terms of higher interest rates and limited economic growth, but also in terms of the impact that all these events had in each of the property sectors. In the end, the European listed real estate provided a total return of 28% from March 2020 until December 2025 (yellow) and 27% from January 2015. We review the main drivers behind this performance and the evolution of each property sector in the following sections.

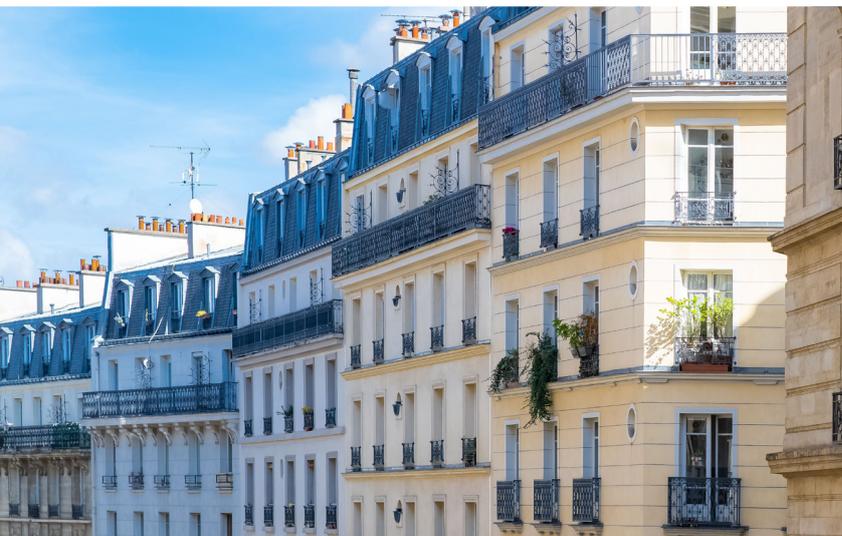
2. THE UNDERLYING ASSETS: THE PROPERTY SECTOR

Over the past decade, the real estate markets in Europe have undergone a profound transformation, shaped by macroeconomic shocks, rising geopolitical tensions, and a decisive shift in global monetary policy. What began as a prolonged low-interest-rate environment evolved into a period of elevated uncertainty, as property markets – and listed real estate in particular – navigated the combined pressures of the COVID-19 pandemic, inflation, and rapidly tightening financial conditions.

European real estate shifted from a capital-driven boom with concerns about overpriced core assets to a decade later where geopolitics, sustainability, and structural supply/demand imbalances increasingly determine strategic priorities. The industry moved from chasing liquidity and opportunistic acquisitions in distressed markets to confronting climate risk, inflation, and structural changes in how people live and work¹.

The pandemic was a pivotal turning point, exposing the vulnerability and heterogeneity across real-estate asset classes. Office and retail segments were particularly affected by travel restrictions, remote working trends, and shifts in consumer behaviour putting pressure on rental income and valuations. In contrast, logistics and residential sectors demonstrated resilience. COVID-19 accelerated structural trends in European real estate already underway, forcing the sector to reconsider asset composition, leverage and capital-allocation strategies.

Geopolitical developments, from Brexit to the war in Ukraine and the resulting broader European energy insecurity, added further complexity. These shocks influenced capital flows and supply-demand dynamics, particularly within cross-border portfolios. Heightened geopolitical risk has increased the importance of diversification across property types and geographies for listed real-estate companies and investors. At the same time, monetary policy has undergone a remarkable shift. After years of near-zero or negative interest rates, in 2022-2023 central banks raised rates aggressively to cope with higher inflation. This shift has put significant pressure on financing costs, property valuations, and the balance-sheet management across the listed real-estate universe.



In this chapter, we examine how these macroeconomic and geopolitical forces have shaped European property markets at the sector level over the past decade. Building on this analysis, the following chapter explores their implications for the evolution, performance, and strategic positioning of the European listed real-estate sector.

¹ PwC & Urban Land Institute. (2015, 2025). *Emerging trends in real estate: Europe 2015, 2025*.

Table I. Summary of property market developments by sector

	Pre-COVID-19 Period (2015-2020)	Post-COVID-19 Period (2020-2025)
 Office	<p>The GFC recovery led cyclical expansion, supported by ultra-low interest rates and strong demand resulting in record-low vacancy levels. Prime rents peaked (average annual rental growth of 4.36%)² and yields compressed to historic supported by institutional and cross-border capital.</p> <p>Investment volumes remained strong, widening valuation gaps between core and peripheral submarkets.</p> <p>The rise of flexible and coworking operators offering short-term leases helped occupiers optimise space per employee and reduce costs.</p> <p>Early adoption of smart building technologies and digital leasing platforms began to shape demand.</p> <p>The Brexit referendum in 2016 brought uncertainty to financial services and office rents in London, with shifts in investment and leasing activity moving to financial hubs such as Paris, Frankfurt, Amsterdam³.</p>	<p>The sector moved from cyclical distress to recalibration. Shift to remote work caused sharp declines in new leases and rent collection in 2020.</p> <p>Although leasing volumes are now improving, supported by return-to-office mandates and solid corporate profits, occupancy remains highly polarised.</p> <p>Grade A, ESG-compliant assets in core CBD locations are favoured, while secondary offices face obsolescence risk. Refurbishment and adaptive reuse are now the dominant investment themes.</p> <p>Digitalisation and AI are further accelerating transformation of office environments, promoting more efficient workplaces and driving demand for technologically advanced buildings.</p> <p>Despite uncertainty, the office sector sees a gradual rebuilding of confidence, evidenced by a revival in prime locations and emerging signs of pricing clarity and returning institutional interest.⁴ Average net initial yield (NIY) for the sector during this period was 5.38%.⁵</p>
 Retail	<p>Rise of e-commerce exerted pressure on high street rents, enforced a widespread recalibration of retail stock in terms of format, scale, and tenant mix.</p> <p>Resilient formats-difficult to replicate online or serving essential needs, garnered investor attention, such as prime and luxury high streets with flagship stores or grocery-anchored retail parks and convenience centres. Over the pre-COVID-19 period, retail showed an average net initial yield of 5.84%⁵.</p> <p>Retail investment volumes in Europe dropped from EUR 80 billion in 2015 to EUR 38 billion in 2021⁶. Existing trends accelerated as the shift from physical to online retail intensified during the pandemic.</p>	<p>Retail Parks continue to outperform, maintaining record-low vacancy rates while prime high-streets benefit from resilient luxury demand.</p> <p>Discount retailers are expanding amid cost pressures while middle market segment is weakening, prompting further repurposing of underperforming assets.</p> <p>Large shopping malls are now considered as a multi-purpose destinations for all ages, combining shopping, entertainment, sports and gastronomic experiences.</p> <p>Rental growth has resumed in the prime high street and retail warehouse segments, with average rental growth in 2024 of 2.67%⁵, its highest level since 2008, signalling a positive outlook after significant repricing. Average post-COVID-19 net initial yield is equal to 7.92%⁵. The sector is rebounding selectively, supported by renewed appetite, favourable entry yields and stabilising performance.</p>

² Green Streed Data: retrieved at 15/10/2025 from (<https://eu.greenstreet.com>)

³ Hamre, E.F., & Wright, W. (2021). *Brexit & the city: the impact so far*. New Financial.

⁴ Savills. (2025). *European Investment: Q2 preliminary results & forecasts*.

⁵ PwC & Urban Land Institute. (2015, 2025). *Emerging trends in real estate: Europe 2015, 2025*.

⁶ Cushman & Wakefield (2025). *European Retail Outlook 2025*.

	Pre-COVID-19 Period (2015-2020)	Post-COVID-19 Period (2020-2025)
 Industrial & Logistics	<p>E-commerce penetration generated strong demand for warehousing and distribution facilities, particularly around major metropolitan areas and transport hubs.</p> <p>Broader industrial also benefitted from early stages of manufacturing onshoring and evolving supply chain strategies. Big-box warehouses along key transport corridors supported regional distribution and inventory storage, while urban last mile hubs emerged as key for facilitating faster delivery demand. This strong occupational demand translated into rental growth (average annual growth of 5.1% in 2019⁷).</p> <p>Capital availability and low debt costs underpinned strong investment momentum with the sector's share of the total commercial real estate investments rising from around 10% in 2015 to over 20% in 2021.</p>	<p>Surge in demand during the pandemic, boosted rental growth, followed by a shift toward moderation due to higher interest rates and geopolitical uncertainty.</p> <p>Long-term supply chain optimisation through nearshoring and reshoring continues to support occupier activity, with logistics demand increasingly concentrated around key transport hubs and urban corridors, although building permits and land scarcity represent important constraints.</p> <p>Investment volumes rose by 23% (y-o-y) to EUR 42 billion in 2024⁸.</p> <p>Prime assets are commanding premiums and attracting long-term capital, given their strategic locations and potential for renewable energy and integration such as solar or battery usage.</p>
 Residential	<p>Increase in investment volumes and yield compression, supported by long-term stable growth drivers such as urbanisation, demographic shifts and supply-demand imbalances across major cities.</p> <p>Scarcity of suitable income producing assets led investors to focus on development opportunities and corporate transactions – forward deals, M&A and portfolio specialisation and joint ventures.</p> <p>Early-stage housing undersupply and rising affordability issues started redirecting demand toward rental markets, providing support to operational, income-generating assets. Before the COVID-19, RevPAM annual growth averaged 4.08%⁹.</p> <p>Sector evolved from a niche allocation into a core institutional asset class, powered by cross-border capital expansion, operational expertise and growth of specialised sub-sectors such as Social Housing and Student Accommodation.</p>	<p>Resilience through COVID-19 pandemic with high rent collection rates, low vacancy and stable cash flows helped the residential portfolios recover to pre-crisis valuation levels by the end of 2020.</p> <p>Structural forces reshaped the sector further, driven by macroeconomic volatility, affordability pressures, severe undersupply and regulatory requirements related to decarbonization.</p> <p>Housing shortages were more pronounced by persistent demographic demand and slowdown in new construction. This imbalance kept vacancy rates low, rents high, reinforcing the appeal of the rental market. In 2024, the annual rental growth was 5.52%⁹.</p> <p>Investment capital increasingly targeted operational 'living sectors' which offered steady income and defensive characteristics. New environmental regulations have accelerated retrofitting activity. Mitigation transition risk, green premium vs brown discount are now key determinants of value.</p>

⁷ BNP Paribas Real Estate. (2019, August). *European logistics market: Property report*. BNP Paribas Real Estate.

⁸ BNP Paribas Real Estate (2025). *European property market: Investing amid uncertainty outlook H1 2025*.

⁹ Cushman & Wakefield (2025). *European Retail Outlook 2025*.

	Pre-COVID-19 Period (2015-2020)	Post-COVID-19 Period (2020-2025)
 Hotels	<p>Low interest rate and regional economic growth supported high investment volumes (EUR 26.1 bn in 2019, up by 9.4% from 2018)¹⁰ and yield compression to 10-year lows across most markets.</p> <p>Shortage of investable stock combined with institutional appetite for risk adjusted returns led to a shift in investor base. Institutional and listed investors captured a growing market share driving by secure income streams, particularly through operational lease agreements.</p> <p>Rise of Millennial travellers drove product diversification and concepts like affordable lifestyle brands and new generation hostels (poshtels), broadening sectors' appeal and resilience.</p>	<p>Operational performance was under pressure during the pandemic with declines in occupancy and RevPAR. Hotel demand has grown 17% over the five years post-COVID-19. Investment activity contracted sharply due to price uncertainty and limited transactions, before jumping up back to pre-pandemic levels (9.4 bn EUR in 2020¹¹ compared to 13.1 bn EUR in H1 2025¹²).</p> <p>Operational growth normalised to single digits, but investment activity remained subdued despite good performance, due to interest and capital dislocation.</p> <p>Falling debt costs are now expected to support a rebound in investment, accompanied by renewed investor confidence and yield compression. Branded, well-located hotels better positioned for recovery.</p>
 Alternative sectors (Healthcare, Data Centres, Self-storage, Student Housing)	<p>Traditionally viewed as niche assets, alternatives lacked institutional scale. However, demand was underpinned by structural tailwinds; digitalisation, demographic change and urbanisation.</p> <p>DATA CENTRES benefitted from growing internet usage and digitalisation, with the rise of the hyperscale model driving expansion across established FLAP markets.</p> <p>HEALTHCARE AND SENIOR LIVING gained momentum supported by aging population, longer life expectancy and healthcare expenditure. Rise in high-quality care facilities expanded investment opportunities.</p> <p>SELF-STORAGE growth was modest and mainly driven by urbanisation, smaller residential living spaces and rising acceptance of flexible storage solutions and transitional storage needs.</p> <p>STUDENT HOUSING attracted increasing institutional capital, fuelled by rising university enrolments and persistent undersupply across European cities.</p>	<p>Alternatives demonstrated remarkable resilience through the pandemic, supported by stable income, operational feasibility and megatrends. Considered now as core components of institutional allocations.</p> <p>DATA CENTRES: Demand for cloud services and AI boosted the sector, leading to low vacancy. RevPAM strengthened with annual growth of 5.60%.¹³ Power and land constraints are pushing development from traditional hubs towards Tier 2/3 cities.</p> <p>HEALTHCARE AND SENIOR LIVING: The pandemic highlighted the importance of high-quality healthcare assets. New focus on asset quality and modernisation, with some operational vulnerabilities in older stock.</p> <p>SELF-STORAGE: Aligned with urban living patterns. Automation and digitalisation improved operational efficiency, the pandemic functioned as a catalyst.</p> <p>STUDENT HOUSING remains resilient, supported by growing demand and chronic undersupply, driving rise in rents. Continued expansion of international students across European universities reinforces the long-term investment appeal.</p>

¹⁰ Cushman & Wakefield. (2020). Market beat Europe: Hospitality Q4 2019

¹¹ CBRE. (2021). Hotels pan EMEA market update: March 2021.

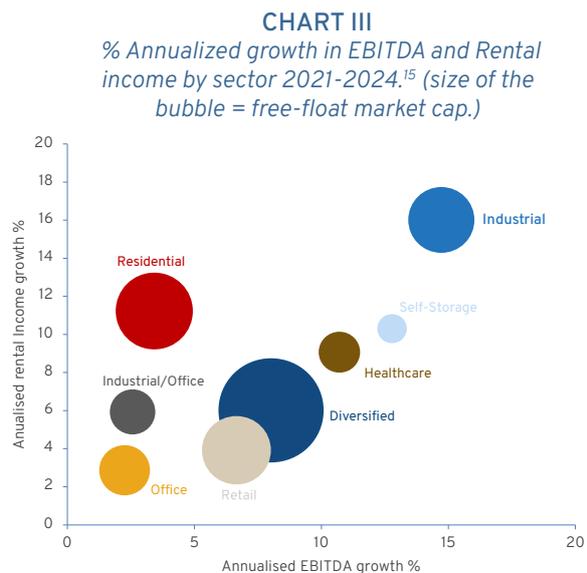
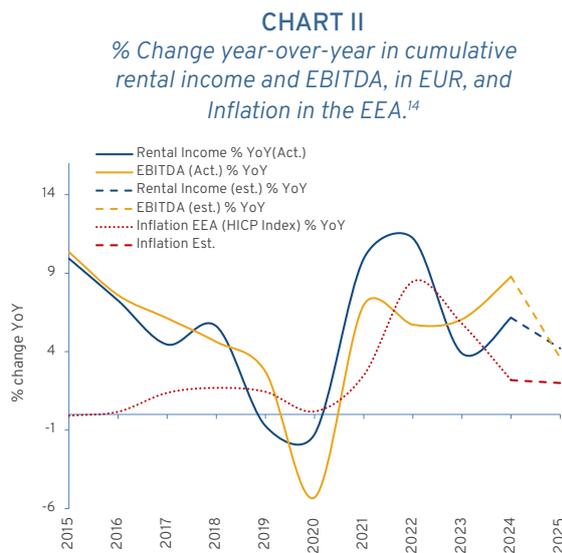
¹² Cushman & Wakefield. (2025). European hotels update: H1 2025.

¹³ Green Street Data: retrieved at 15/10/2025 from (<https://eu.greenstreet.com>)

3. FOCUS ON LISTED REITS AND PROPERTY COMPANIES

The past decade represented a clear test for the European listed real estate sector, which demonstrated remarkable adaptability and resilience throughout. During the half-decade preceding the COVID-19 pandemic, the industry benefitted from steady rental income growth (4.2% per annum, on average) paired with efficient operations, as EBITDA increased by an average of 4.4% per annum. This positive momentum was then abruptly interrupted by the pandemic, with cumulative EBITDA dropping 5.3% year-over-year and rental income briefly slowing down as well. As economies reopened and the sector stabilized, both rental income and EBITDA rebounded sharply, thanks to strong operating platforms and increased confidence in the sector.

After peaking in 2021, momentum softened again due to geopolitical turbulence and rapidly rising interest rates, which put significant pressure on the sector over the following year and led to a slowdown in operations across the board. In 2023, **rental income** and **EBITDA** growth rebounded as **inflationary** pressures in the Europe eased, with growth rates now stably above inflation.



Source: EPRA Research, Annual reports, Bloomberg, Eurostat

Since the pandemic, all major listed real estate sectors have seen robust growth, both in terms of rental income and EBITDA. Industrial led the recovery, with the strongest growth in both metrics, followed by self-storage and healthcare. Residential has remained resilient, supported by limited supply and strong demand (as mentioned above), although EBITDA growth has lagged. Retail and diversified experienced moderate growth across both metrics, and offices remained under pressure, mainly due to work-from-home and hybrid working policies introduced during COVID-19.

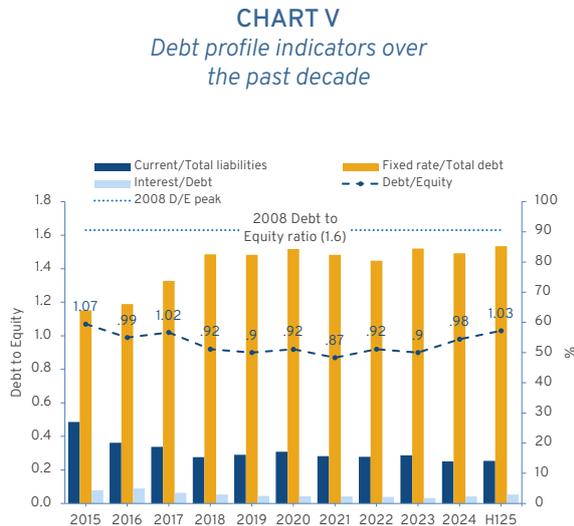
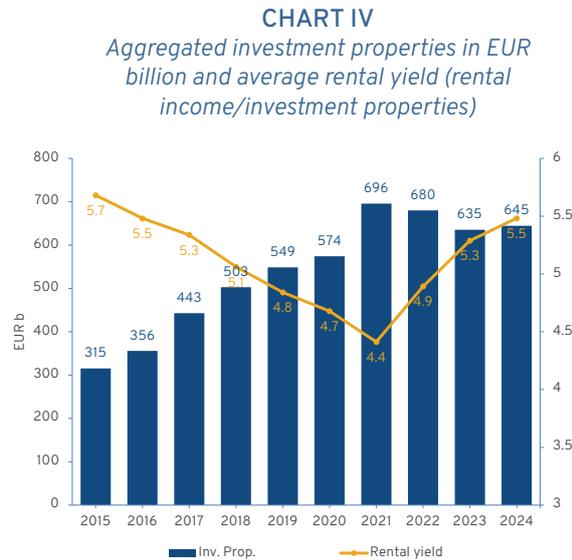
In terms of assets, European listed real estate companies have doubled their investment properties' portfolio over the past decade. Although aggregate **investment property** values decreased between 2021 and 2023 (EPRA, 2025)¹⁷, mainly due to disposal programs and declining valuations, this trend appears

¹⁵ Harmonised Index of Consumer Prices (HICP), Eurostat; EPRA Research – linear estimates based on year-to-date data in EUR.

¹⁶ Sectors and companies of the FTSE EPRA Nareit Developed Europe Index

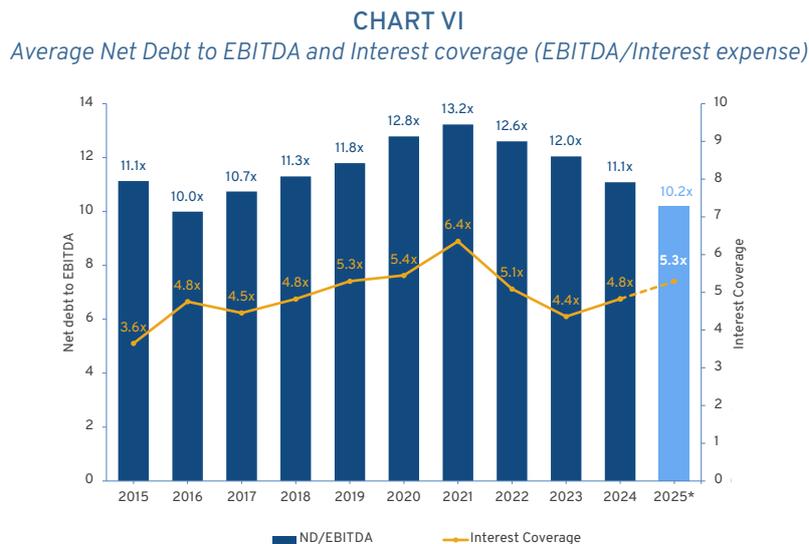
¹⁷ EPRA Research: *Portfolio breakdown analysis - 2024*

to have stabilized in 2024. On the **income** side, companies saw a decline until 2021, followed by a steady rebound over the last five years, returning to the levels seen at the beginning of the decade (Chart IV). On the other side of the balance sheet, average **debt-to-equity** ratio has remained stable throughout the decade, highlighting the sector's ability to adapt to different interest rates' environments. The proportion of fixed rate liabilities within total debt, now sitting at 85%, represents a notable shift from the decade ended in 2015, when, leading up to the GFC, the average share of **fixed rate liabilities** was just around 66%¹⁸ (Chart V).



Source: EPRA Research, Annual reports, Bloomberg, Eurostat

Stability on the liability side is further reflected by the trend in average **net-debt to EBITDA**, which, although it peaked in 2021, has since declined and is now below the pre-pandemic levels and follows a clear descending trend (Chart VI). Debt-servicing capacity has also strengthened over the past decade, with EBITDA Interest **Coverage** currently sitting at 5.3x (2015: 3.6x), despite a temporary decline between 2021 and 2023 due to the higher interest rates.



Source: EPRA Research, Annual reports, Bloomberg. *2025 expected figure based on companies' guidance.

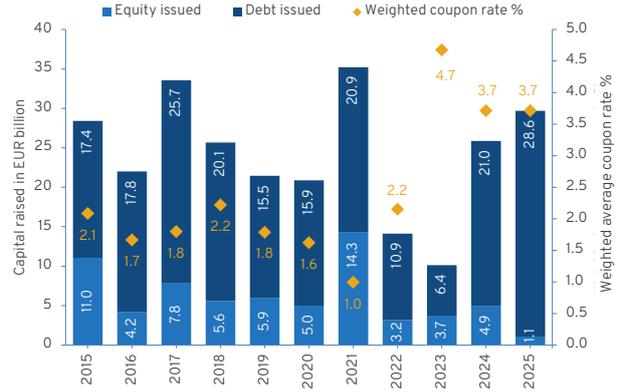
¹⁸ EPRA Research

The strength and the resilience of the European listed real estate sector have long been recognized by credit agencies. Chart VI shows the evolution of credit ratings over the past decade. Almost 75% of large and rated companies in the FTSE EPRA Nareit Developed Europe Index have either maintained or improved their credit rating; and although the pandemic and subsequent higher interest rates have put pressure on ratings, the trend has reversed in 2023, with ratings improving and stabilizing at levels similar to those seen during the half-decade preceding the pandemic.

CHART VII
Average credit rating (S&P) of largest European Issuers.
BBB=11, BBB+=12, AAA=20¹⁹.



CHART VIII
Capital raisings in EUR billion. Weighted avg. coupon rate refers to new issuances.²⁰

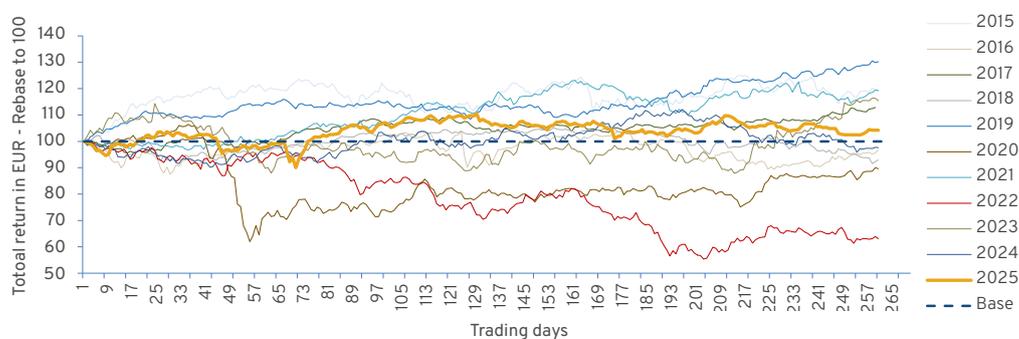


Source: EPRA Research, S&P, Bloomberg

Chart VIII illustrates how capital markets have perceived the strength of European listed real estate companies, with an average of around EUR 23.5 billion raised per annum over the past decade. Capital raising peaked in 2021, driven by the post-COVID-19 rebound in confidence toward the sector, with European companies securing over EUR 35 billion. The following two years, however, marked the weakest years for capital raising, mainly due to higher **financing costs**, particularly on the debt side. In 2025, European property companies raised a record EUR 29.7 billion, reaching the largest amount of debt issued and the third-largest total capital raised in the past ten years.

There seems to be a clear disconnect between how businesses have performed in the past decade and how share prices have reflected it. Five of the ten calendar years ended in positive territory, while the remaining half closed in a negative one. The best performing calendar years in the decade were **2019, 2021, and 2015**, whereas **2022** marked the second-worst year for European listed real estate in the past 25 years (after 2008 – Chart IX).

CHART IX
FTSE EPRA Nareit Developed Europe Index (2015-2025): Total return by year



Source: EPRA Research

¹⁹ EPRA Research: Numerical scale from 0 to 20 based on S&P Credit Ratings: CC is 0 (non-investment grade), BBB- is 10 (Investment grade), and AAA is 20 (Investment Grade).

²⁰ EPRA Research: *Monthly LTV Monitor September 2025*

Sectors' performance has fluctuated significantly across periods. Dividing the decade into five distinct sub-periods, we can observe how during the pre-pandemic half-decade, Self-Storage, Industrial, and Residential were the top-performing sectors, while Retail underperformed. In February 2020, all sectors dropped sharply, resulting in the worst performing month for European listed real estate, with the overall sector dropping by 40%. The after-covid rebound lasted roughly 17 months before being interrupted by the geopolitical turmoil described above and monetary tightening across Europe. In this context, performance within sectors has diverged. For example, the Retail sector, the laggard of the pre-pandemic half-decade, delivered the strongest returns in the past three years, while residential, one of the top three performing sectors leading to 2020, has particularly suffered from high interest rates and posted the only negative return among major European listed real estate sectors since February 2015.



CHART X
Total return in EUR of main sector indices in Europe

5y before COVID peak 02/15-02/20	1-month drop 02/20-03/20	After-COVID rebound 03/20-08/21	Russia/Ukraine MP tightening 08/21-10/22	Higher for longer' 10/22-09/25	Full period 02/15-09/25
+147% Self-Storage	-29% Resi	+175% Self-Storage	-29% Industrial	+90% Retail	+237% Self-Storage
+128% Industrial	-35% Healthcare	+125% Lodging	-29% Retail	+78% Self-Storage	+93% Retail
+98% Resi	-36% Lodging	+116% Industrial	-31% Self-Storage	+47% Diversified	+58% Industrial
+97% Lodging	-40% LRE	+71% LRE	-37% Healthcare	+36% LRE	+44% Lodging
+80% Healthcare	-41% Diversified	+68% Office	-40% Diversified	+34% Resi	+39% Diversified
+78% Office	-42% Industrial	+67% Resi	-42% Office	+18% Healthcare	+26% LRE
+44% Diversified	-46% Office	+59% Healthcare	-44% Lodging	+14% Office	+19% Healthcare
+40% LRE	-51% Retail	+58% Diversified	-46% LRE	+14% Lodging	+11% Office
-40% Retail	-75% Self-Storage	+43% Retail	-59% Resi	+2% Industrial	-8% Resi

Source: EPRA Research

Given the circumstances, the European listed real estate sector has shown a remarkable ability to adapt and react to different shocks throughout the decade. However, share prices appear to have been more influenced by unrealized property values rather than by the actual operational performance of those properties, and the stability and strength of the companies operating them.



4. THE SECTOR'S ADAPTABILITY: POST-PANDEMIC STRATEGIES AND INNOVATION

4.1 The Post-Covid evolution of the sector

When the COVID 19 crisis hit, valuations across certain sectors plunged and market analysts warned that it could trigger structural changes in property usage. An Oxford Economic/EPRA report²¹ from mid 2020 observed that the pandemic would “call into question the trend of densification” in offices and housing and predicted that the post crisis landscape could see **higher demand for industrial, warehousing/storage and data centres**. The same report warned that retail could face long-term headwinds as new cohorts of society embraced e-commerce.

Five years later, surveys of industry leaders show how far the sector has pivoted. The 2025 EXPO REAL survey²² of almost 600 executives reports that housing has become the most favoured asset class (75 % of respondents), followed closely by care facilities and data centres, while logistics ranks well ahead of offices and retail. Investor appetite for alternative sectors has been matched by strategic shifts on the ground: some logistics landlords are now building power intensive data centre campuses. Other companies have set up specialist teams to deliver hyperscale data centre projects and have identified sites for medium to large campuses, while a major diversified landlord expects its nascent data centre division to generate close to 40 % of revenues by 2030.

Some office landlords are responding to high vacancies by converting surplus office space into data centre shells or serviced apartments, and new build to rent housing schemes and science and technology campuses are emerging on formerly office dominated sites. These trends underscore how the pandemic accelerated structural change: traditional office and retail assets have observed important updates, somehow ceding some prominence to housing, logistics and digital infrastructure, leaving European property companies to reinvent themselves around more resilient, technology enabled and service oriented asset classes. EPRA's 2024 Alternative sector report²² analyses further these trends and estimates that the alternative sectors will grow at an annual rate of 16.4% during the next decade and reach 26% of the total index by 2034 (from 10.72% in 2024).

²¹ Oxford Economics (2020). *Impact of the Covid-19 Crisis on European Listed Real Estate Update*.

²² Exporeal 2025 Survey.

²³ EPRA Alternative Sectors Report (July 2024): <https://www.epra.com/research/market-research/sector-analysis23>

4.2 Office



European office landlords deployed varied resilience strategies. The pandemic accelerated hybrid working and this sector responded by offering flexible, fitted workplaces and digital tenant platforms. Operators rolled out membership lounges with digital booking platforms (e.g. Derwent London's Intelligent buildings²⁴) and created smart building programmes that use sensors and large solar parks to cut energy costs. Several landlords launched plug-and-play offices that provide fully fitted space and customisable layouts, reimagined campuses into community hubs, digitalised leasing processes and experimented with geothermal and AI-optimised heating systems (e.g. Gecina's Yourplace²⁵).

Others introduced decarbonisation funds to finance energy-efficient upgrades, reused structural materials in redevelopment projects and invested in digital twin technology and PropTech accelerators (see Colonial's Alpha X project²⁶). Overall, the sector embraced **flexibility, community-oriented spaces, energy-efficient retrofits and digital twin technologies** to stay competitive under hybrid work and high energy prices.

4.3 Retail



Retail landlords faced prolonged lockdowns and e-commerce competition. Many invested in **digital communication and data-driven insights** to engage shoppers and tenants. New tenant apps and AI platforms collect daily sales data and offer real-time insights for leasing, while in-house media agencies deploy dynamic digital displays and immersive campaigns with audience analytics (e.g. Eurocommercials' ECP Connect app²⁷). Post-pandemic platforms help rebuild emotional connections with customers through personalised content and feedback tools. Companies shifted marketing budgets to social media, incubated digitally native brands via pop-up stores and repurposed department-store space into mixed-use destinations combining leisure venues, offices and housing. Several operators adopted digital procurement tools and energy-management systems, integrating AI to optimise shopping-centre energy use (for example URW's Westfield Rise²⁸ platform).

These projects reveal a sector shifting towards **integrated digital platforms, targeted advertising, energy-management systems and experiential destinations**.

4.4 Residential



Residential landlords have concentrated on energy-efficient refurbishment, smart-living solutions and digital leasing (see LEG's RENOWATE joint venture²⁹). Serial refurbishment programmes use digital twins and prefabricated modules to upgrade housing blocks quickly while occupants remain. AI-controlled thermostats and air-to-air heat pumps replace gas heating, and digital tender platforms allow residents to rate maintenance services.

Tenant apps and API-driven property-management systems facilitate online payments, communications and analytics. Open-innovation hubs partner with accelerators and venture studios to explore generative AI, digital twins and smart-living solutions (e.g. Aroudtown and Vonovia's PropTech Accelerator ATechX³⁰). Overall, the sector emphasises serial renovation, smart heating, digital tenant engagement and partnerships with PropTech start-ups to meet decarbonisation goals and improve resident experience.

²⁴ Derwent London plc. (2024). *Report and Accounts 2024*.

²⁵ Gecina Société anonyme. (n.d.). *YouFirst*.

²⁶ Inmobiliaria Colonial, SOCIMI S.A.. (2024, May). *Equity Story Alpha X*.

²⁷ Eurocommercial Properties N.V. *Strategy*.

²⁸ Westfield Rise. (n.d.).

²⁹ LEG Immobilien SE. (n.d.). *RENOWATE – Serial refurbishment / innovations*.

³⁰ ATechX (ATCP Management GmbH). (n.d.). *ATechX – PropTech Accelerator for Real Estate Startups*.

4.5 Alternatives



Student accommodation operators have fast tracked digitalisation since the pandemic. Apps now let residents check in without face to face contact, see tailored arrival tasks, chat in AI moderated forums and request maintenance; some operators have rebuilt their entire IT platform so students can book, pay and report repairs via one interface while staff get real time operational data.



Healthcare and elderly care landlords are upgrading their buildings for telemedicine and data driven care. Operators highlight the need for secure digital working environments and cybersecurity training and some reports discuss using sensors, augmented reality and IoT to manage facilities remotely. Primary care hubs are being designed with dedicated telehealth rooms, reflecting a wider shift towards electronic health records, AI enabled diagnostics and remote monitoring.



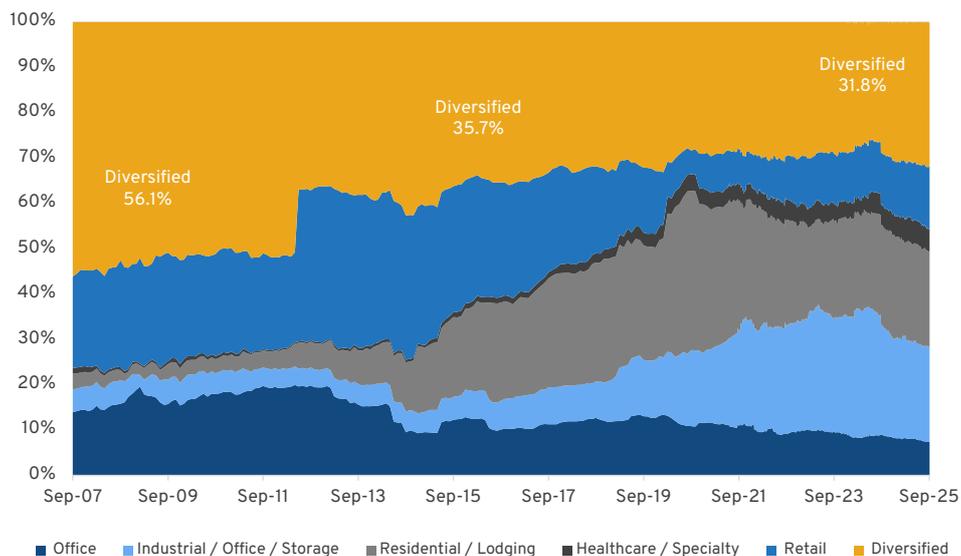
In self storage, COVID 19 accelerated the move to contactless access. Companies now offer digital contracts and online booking to eliminate paperwork, unmanned satellite stores where customers unlock their facility and unit via a smartphone app and can share temporary access with others, and digital health and safety systems that boost incident reporting and oversight.

Overall, across these alternative property sectors the common post COVID-19 themes are contactless interaction, remote services and data rich management, with landlords adopting apps, digital platforms and smart building technologies to deliver safer, more resilient operations.

4.6 Diversification vs Specialization

Following all the changes previously described, it is also feasible to identify some additional changes in the industry in terms of diversification. On one side, the companies classified as *Diversified* (owning properties in two or more sectors) moved from representing 36% of the FTSE EPRA Nareit Developed Europe index in 2015 to 32% in 2025 (Chart XI), mostly as an extension of an international trend already observed in the previous decade, where the weight of these companies was already decreasing from the starting point of 56% back in 2007

CHART XI
FTSE EPRA Nareit Developed Europe Index: Companies' Sector Classification



Source: EPRA Research



On the other hand, the largest weight of sector specialist also came together with many more companies diversifying across different geographies in the continent. As observed in the latest EPRA Portfolio Breakdown report³¹, in 2015 there were 36 companies (37% of the index) with a property portfolio of EUR 171.3 Billion investing in two or more countries, compared to 49 companies with a property portfolio of EUR 399.5 Billion in 2025. Except from some Pan-European players mostly in the retail and industrial sectors, most companies opted by a sub-regional approach, including diversification across the Nordics, Benelux, UK and Ireland, France and Germany and Iberia.

Finally, the diversified companies also implemented several strategies to adapt to the new environment. There was a widespread pivot toward logistics and residential sectors, especially in response to changing market conditions and the rise of e-commerce. In regions facing retail and office headwinds, companies overhauled their strategies, repurposing retail assets for logistics or focusing on mixed-use developments to adapt to flexible working and changing consumer habits. Prime offices, shopping malls, student accommodation, life science and datacentres are also certain property types considered resilient and attractive in a new era of higher interest rates.

5. CONCLUSION: A NEW ECONOMIC ENVIRONMENT FOR THE NEXT FIVE YEARS

Listed real estate traditionally has been considered an asset class with strong inflation hedging properties compared to other asset classes under normal market conditions, which was quite evident until 2020 (see chart XI). Of course, this sensitivity is dynamic and has showed some temporal negative values in the past. However, the period 2020-2025 was characterised but some market trends far from the normal conditions seen in Europe during the previous decade: Extreme volatility and business disruption during the COVID-19 pandemic, high inflation, weak economic growth, higher interest rates and restricted fiscal capacity limited by high levels of public debt. So, the question is: Are the next five years going to be similar to the previous five years or we are going to be a normalisation to pre-covid dynamics? EPRA's view is no, the next five years are going to be different and we will see a normalisation, but not on everything.

³¹ See EPRA Research: <https://www.epra.com/research/market-research/portfolio-breakdown-asset-mapping>

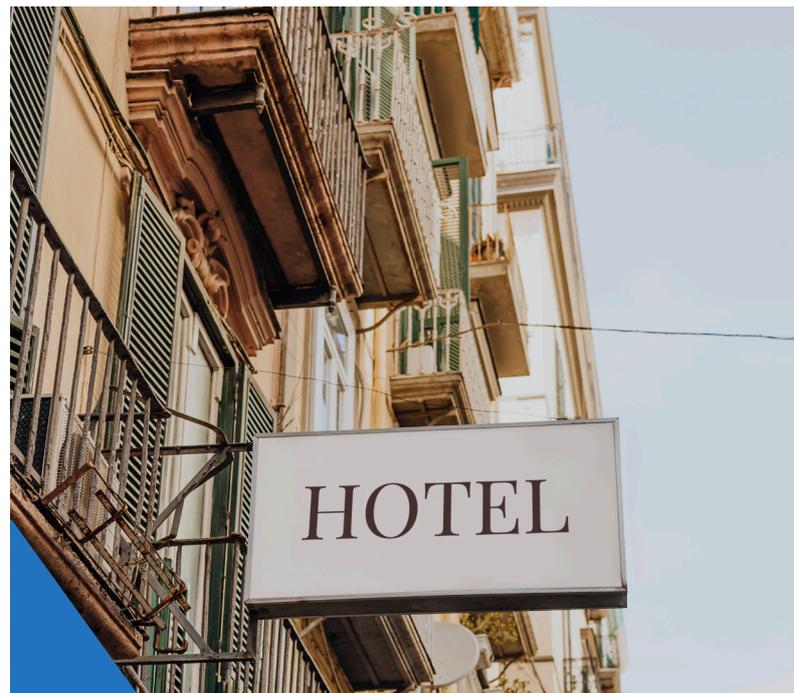


CHART XII
Average return sensitivity to Inflation (2001-2020)
Rolling 12-month beta of monthly returns on monthly inflation



Source: EPRA Research

In our 2026 Market Outlook³², we made the case of Normalisation for European listed real estate, but of course this needs to be put in context. We mean normalisation in terms of valuation, returns and sensitivities, since 2025 was a year where the misalignment observed in previous years between operational metrics and valuation was not corrected, although there were already early signals suggesting that this process already began. Simultaneously, we see stability in the main macro context, where inflation is going to remain close to the central banks’ targets, the economic growth is expected to be positive and the interest rates are expected to remain stable (ECB, Riksbank) across the continent or slightly decrease in some large real estate markets (BoE, SNB). However, there is a structural difference, interest rates no longer around 0% or even negative as observed before 2022.

But this is just for this year, what about 2027-2030? This is a much more complex exercise, so we decided to take a more traditional statistical approach: prepare a Total Return time series model for the most important regions in Developed Europe using

- 1 a market control/operational metric (ROE),
- 2 main macroeconomic variables,
- 3 the yield to maturity of the government bonds for 2y and 10y to reflect changes in interest rates and marginal cost of debt and
- 4 autoregressive terms (ARIMA) to capture momentum and mean reversion patterns.

The main results are presented in Table II.

Here some interesting results to highlight:

- 1 Except for Switzerland, all the regions show a negative sensitivity to inflation and short or no time lags,
- 2 GDP and Construction have different signs depending on the region and period,
- 3 the sensitivity to interest rates is clearly negative (2y bonds) or positive when considering the yield curve slope and
- 4 the period 2021-2025 seems to have a strong impact in the signs and stability of most of the coefficients, then suggesting a structural change in the post-pandemic context.

Therefore, this is just the confirmation of our previous idea, the normalisation in listed real estate valuations is going to be determined by a new economic context of higher interest rates (2% - 4%), moderate economic growth and several opportunities related to the sector exposure to certain megatrends changing our society.

³² EPRA 2026 Market Outlook: <https://www.epra.com/newsroom/articles/2026-year-normalisation-european-listed-real-estate>

Table II. Time series modelling for Listed Real Estate*
Annual returns for LRE vs Macro and Market Variables (2005-2025)

Lags	GDP	CST	CPI	2YB	10YB	Slope	RCE	AR	MA	AR
Eurozone	-5	-5	-1	-4			-1	1	4	
UK	-3	-5	0	-5	0		-1	1	4	
SWED	-5		0			-1	-2	1	4	
SWIT	0	0	-5				-2	1	4	2

Coefficients	GDP	CST	CPI	2YB	10YB	Slope	RCE	AR	MA	AR
Eurozone	2.58	-2.08	-5.29	-5.58			-1.46	0.51	-0.92	
UK	-1.78	0.32	-3.98	-8.5	9.8		-1	0.61	-0.97	
SWED	2.25		-3.12			8.51	-0.79	0.57	-0.94	
SWIT	-1.53	1.91	2.13				-2.4	0.62	-0.38	-0.92

* All the models have R2 above 78% and stational errors.

Source: EPRA Research

By taking the long term trends in each of the variables included in our model, we got an interesting set of expected returns for the sector:

Table III. 5y Expected annual returns for Listed Real Estate*

Expected 5y-Average Annuar Return in Local Currency			
Region	Downside	Main	Upside
Eurozone	4.00%	7.81%	11.70%
UK	5.12%	9.18%	14.05%
Sweden	3.97%	8.06%	13.43%
Switzerland	4.59%	6.93%	11.87%

* Expected returns based on the time series modelling presented in Table II.

Source: EPRA Research

European listed real estate is now positioned to benefit from a more stable macroeconomic environment as inflation normalises and interest rates gradually ease from their post pandemic highs. Demographic pressures, urbanisation, accelerated digitalisation, decarbonisation requirements, and the reconfiguration of global supply chains are just examples of some of the main trends that will continue to drive capital toward resilient and efficient property types. The sector enters this phase with one of the most resilient balance sheet profiles in its history, characterised by high levels of fixed rate debt, stable leverage, and improved interest coverage ratios, providing a solid foundation for capital deployment and strategic repositioning. The adaptability demonstrated across the decade, from hybrid ready offices and energy efficient refurbishments to digital first management platforms in residential and alternative segments, further strengthens the sector's capacity to navigate evolving market conditions. As regulatory pressure accelerates retrofitting cycles and investors seek exposure to energy efficient, technologically enabled assets, listed real estate companies with robust financials and proven operational agility are well placed to lead Europe's next phase of transformation.

BIBLIOGRAPHY

- ATechX (ATCP Management GmbH). (n.d.). *ATechX – Proptech Accelerator for Real Estate Startups*.
- BNP Paribas Real Estate (2025). *European property market: Investing amid uncertainty outlook H1 2025*.
- BNP Paribas Real Estate. (2019, August). *European logistics market: Property report*.
- CBRE. (2021). *Hotels pan EMEA market update: March 2021*.
- Cushman & Wakefield (2025). *European Retail Outlook 2025*.
- Cushman & Wakefield. (2020). *Market beat Europe: Hospitality Q4 2019*
- Cushman & Wakefield. (2025). *European hotels update: H1 2025*.
- Derwent London plc. (2024). *Report and Accounts 2024*.
- EPRA (2020). *Sector Report : Residential, November 2020*
- EPRA (2021). *Sector Report : Office, August 2021*.
- EPRA (2024). *Sector Report : Alternatives, July 2024*.
- EPRA (2026). *Market Outlook 2026*
- EPRA Research: *Monthly LTV Monitor September 2025*
- EPRA Research: *Portfolio breakdown analysis – 2024*
- Eurocommercial Properties N.V. *Strategy*.
- EXPO REAL. (2025). *Survey*.
- Gecina Societe anonyme. (n.d.). *YouFirst*
- Green Street. *Standardized data [Data set]* Retrieved October 15, 2025.
- Hamre, E.F., & Wright, W. (2021). *Brexit & the city: the impact so far*. *New Financial*.
- Inmobiliara Colonial, SOCIMI S.A. (2024, May). *Equity Story Alpha X*
- LEG Immobilien SE: *RENOWATE*
- Oxford Economics (2020). *Impact of the Covid-19 Crisis on European Listed Real Estate*
- Oxford Economics (2021). *Impact of the Covid-19 Crisis on European Listed Real Estate Update*
- PwC & Urban Land Institute. (2015). *Emerging trends in real estate: Europe 2015: A balancing act*.
- PwC & Urban Land Institute. (2025). *Emerging trends in real estate: Europe 2025: Charting new horizons*.
- Savills. (2025). *European Investment: Q2 2025 preliminary results & forecasts*.
- Unibail-Rodamco-Westfield: *Westfield Rise*