CBRE

European Real Estate Investment Volumes Q1 2022

31%
Y-on-Y Change Q1

51%
Y-on-Y Change TTM

Nr. of Transactions
2,401
11,303 TTM

Y-on-Y: Year on Year
TTM: Trailing Twelve Months

Investment in Europe posted second strongest Q1 ever

Commercial real estate investment volumes reached €80bn in 22Q1, up 31% on 21Q1, and therefore the second strongest start of the year after the €90bn we've seen in 20Q1. This brings full investment volumes in the twelve months to 22Q1 to €387bn, the highest rolling twelve month total ever driven by the strong end of 2021.

This quarter's performance highlights again institutional capital's ongoing focus on the European real estate market. However, an increasing cost of capital throughout markets will put further reliance on rental performance as a key factor in value changes we may see in the future.

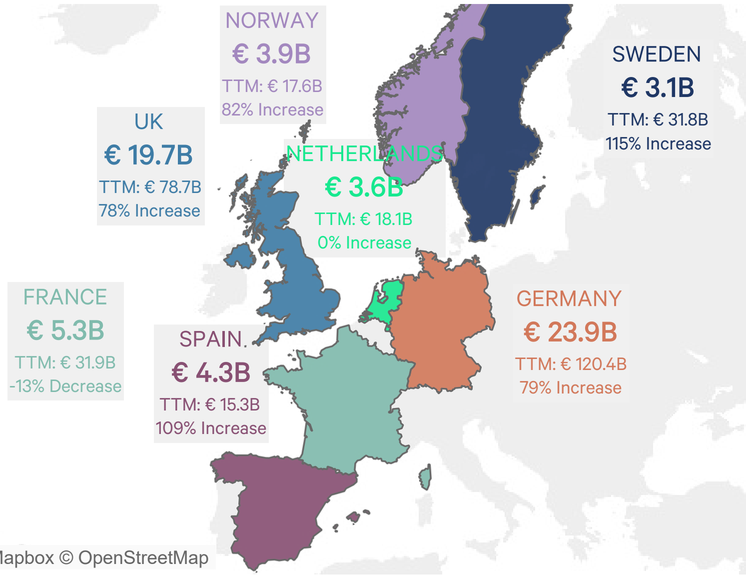
Out of the main markets in Europe, most saw higher Q1 volumes compared to the previous year, including the UK (52%), Germany (51%), BeNeLux (29%), and the Nordics (33%). However, the rebound in volumes was not universal, with Q1 2022 volumes down on 2021 levels in several markets including France (-41%) and Ireland (-39%).

Investment by Sector

OFFICE	€ 28.7B	TTM: € 125.5B	49% Y-on-Y Change TTM
INDUSTRIAL	€ 16.6B	TTM: € 67.4B	59% Y-on-Y Change TTM
RESIDENTIAL	€ 14.9B	TTM: € 105.5B	61% Y-on-Y Change TTM
RETAIL	€ 9.8B	TTM: € 40.0B	23% Y-on-Y Change TTM
OTHER	€ 4.0B	TTM: € 19.8B	37% Y-on-Y Change TTM
HOTELS	€ 3.1B	TTM: € 17.5B	108% Y-on-Y Change TTM
HEALTHCARE	€ 2.4B	TTM: € 11.3B	27% Y-on-Y Change TTM

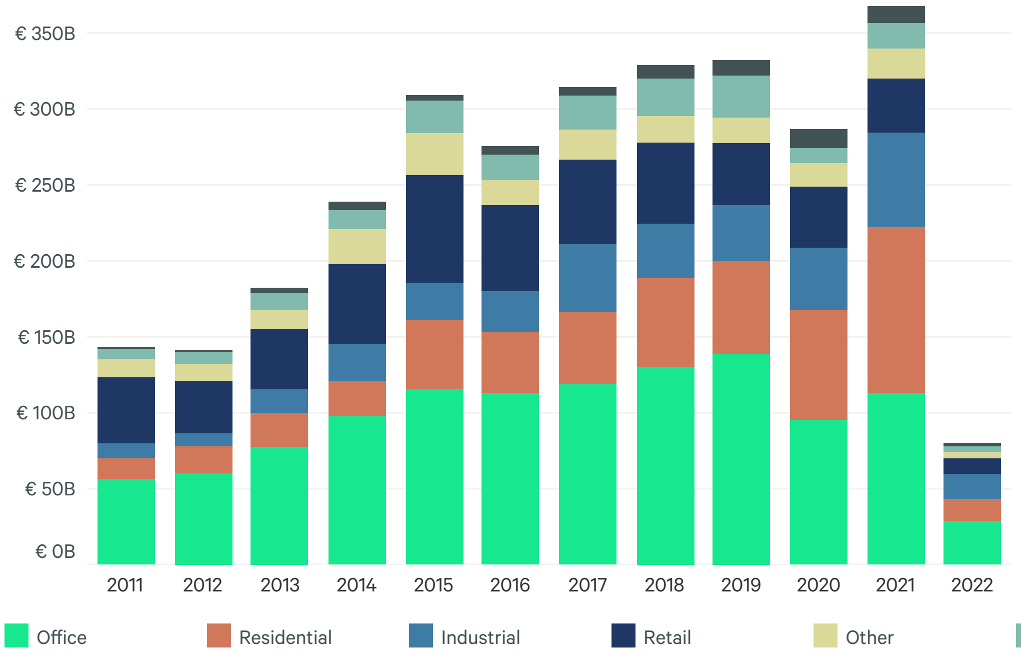
Investment in Top 7 Countries

Based on TTM Investment Volume



Investment Volumes (Annual by Sector)

2022 yearly numbers account till 3/31/2022



SOURCE: CBRE RESEARCH

Record Q1 levels of investment recorded in Industrial

The Industrial market was particularly strong in Norway (993%), Spain (402%), Germany (112%) Italy (93%), the Netherlands (15%), and the UK (13%), all posting record Q1's ever in Industrial. Investor interest in Industrial is underpinned by expectations of rental growth resulting from low vacancy rates and continued brisk occupier demand, much of it fueled by e-commerce activity, in most of Europe's markets.

Office market investment was also stronger than the last two years, up 78% on Q1 2021 and 4% on Q1 2020. Office investment reached the highest Q1 ever in the Czech Republic, Slovakia, Italy and Poland. Investors are focused on prime sustainable assets and competition for these remains high. On the other hand, lower quality assets attract less interest at the moment as investors assess what capex needs are in bringing these assets up to sustainable standards.

There were continued signs of recovery in the Retail and Hotel sectors, up 72% and 3%, respectively, on Q1 2021. France and Norway saw the strongest ever Q1 investment in Retail, while Spain had a record-breaking start to the year in Hotels. As the impacts of Covid are receding, consumer spending and travel have increased again, buoying investor sentiment towards these sectors.

Residential and Healthcare are the only sectors that are down for this year's Q1 compared to the last two years (-18% vs. Q1 2021 and 0% vs. Q1 2020). Interest in both of these sectors has remained strong and investment activity is largely slowed by the lack of product availability.

Contacts

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Countries considered: Austria, Baltics (Estonia, Latvia, Lithuania), Belgium, Czech Republice, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, SEE(Bulgaria, Croatia, Serbia, Slovenia), Slovakia, Spain, Sweden, Switzerland, Turkey, UK and Ukraine.