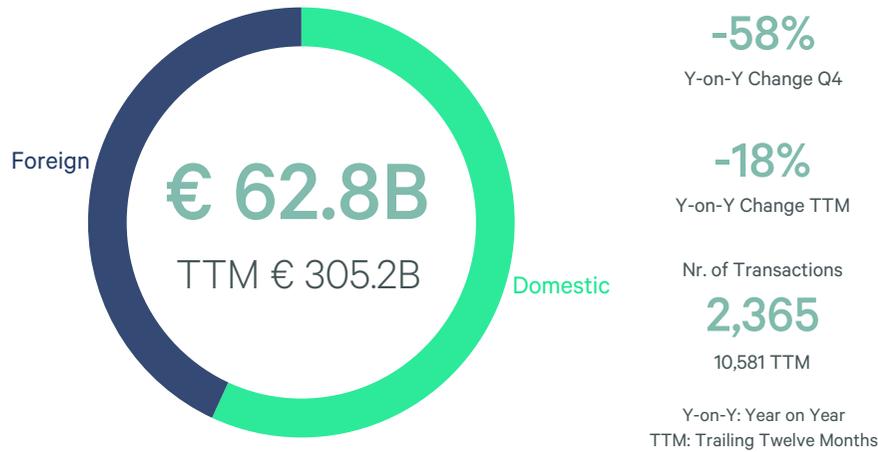


European Real Estate Investment Volumes Q4 2022

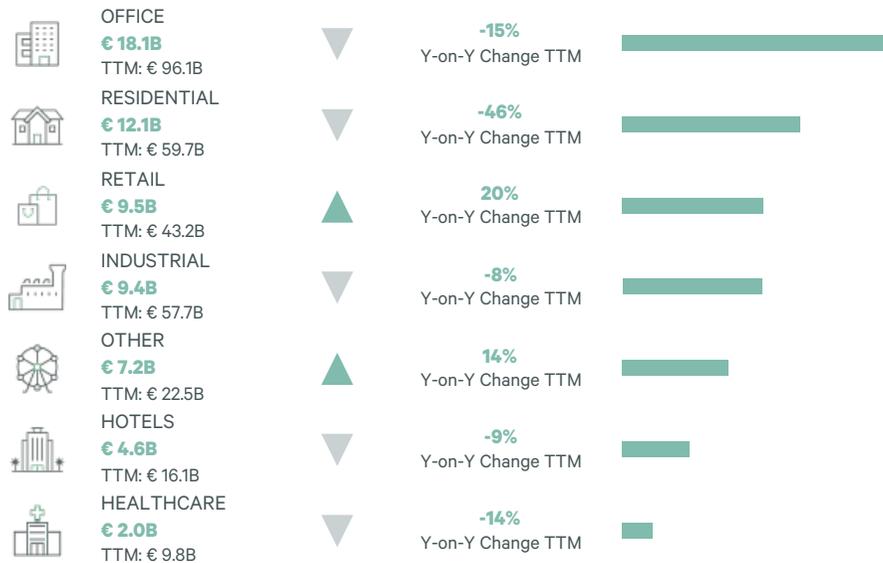


Slowdown of European Real Estate investments in 2022 Q4

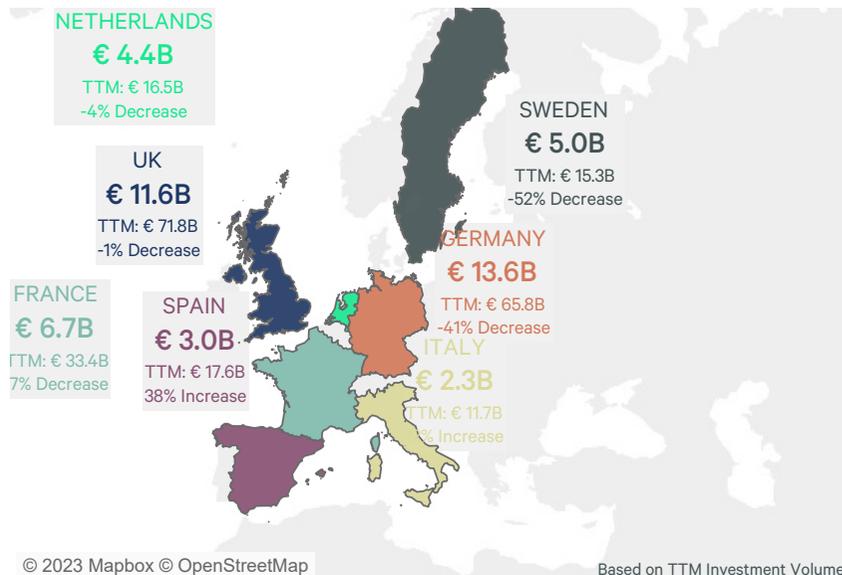
Investment into European real estate reached €305bn in 2022, down 18% compared to the €371bn recorded in 2021. Investment volumes for 2022 Q4 (€62.8bn) decreased by 58% compared to 2021 Q4. In line with our forecast, the decline in 2022 was expected as a result of increased borrowing costs and strong platform activity throughout 2021. It should be noted 2021 Q4 recorded the highest investment volume ever (€148.6bn).

The market is going through a period of repricing and with that, investors are timing their re-entry into the market carefully. The European Central Bank will start quantitative tightening per March and interest rate increases are expected to continue in 2023. This is to bring core inflation under control, which has remained high in recent months. Occupier market fundamentals have generally remained solid. Therefore, as soon as financial markets start stabilising and inflation is under control, a re-entry of capital is expected as this will give investors the possibility to price-in risk and return expectations more clearly again.

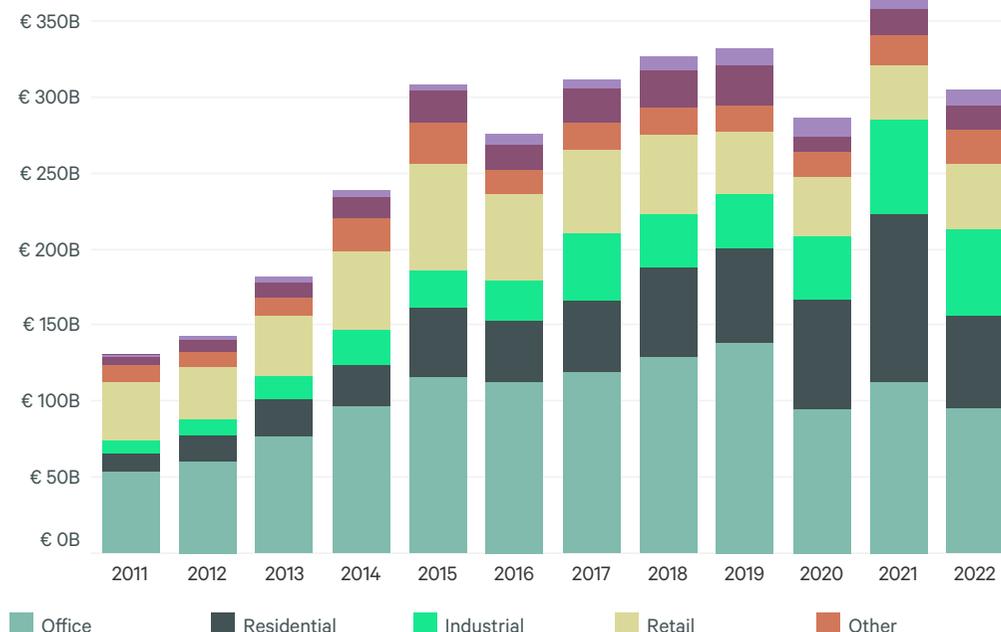
Investment by sector



Investment in top seven countries



Investment volumes (annual by sector)



Note: 2022 yearly numbers included through to 31/12/22

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Countries considered: Austria, Baltics (Estonia, Latvia, Lithuania), Belgium, Czech Republic, 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.

Southern Europe and the Benelux registering volume growth in 2022

In Southern Europe, investment activity remained strong, with investment volumes up in Spain (38%), Portugal (13%), and Italy (12%). In the Benelux, activity was particularly driven by Belgium (109%) where despite a large office portfolio deal in 2022 Q3, investment volumes were up more broadly. Investment volumes in the Netherlands (-4%) were less impacted compared to the trend we see in Europe as a whole. In Ireland (8%), investment volumes for 2022 were higher compared to 2021, as a result of a few larger exceptional one-off sales. Whereas investment volumes in the UK were down 58% in 2022 Q4, compared to the same period of previous year, full year 2022 investment volumes in the UK were stable (-1%) compared to 2021.

The Retail sector is the only sector that is showing a positive trend and is expected to continue to attract more capital in 2023. While volumes were down 32% in 2022 Q4 - compared to the same quarter last year - volumes in 2022 were up 20% compared to 2021. Most sectors, including Office (-15%), Industrial (-8%), Hotels (-9%), and Healthcare (-14%), experienced a decline in 2022. The Residential sector experienced the largest decline at -46%, with a significant portion of this decrease attributed to reduced platform activity in the sector during the year.

