

Intelligent Investment

European Investor Intentions Survey 2025

REPORT

CBRE RESEARCH
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CBRE



Foreword



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The 2025 edition of CBRE's Investor Intentions Survey is the first to provide insights into the intentions of both General Partners (GPs) and Limited Partners (LPs), covering the entire spectrum of equity.

This year's survey reveals a markedly more optimistic outlook compared to recent years. This sentiment aligns with our view that the European property market has begun to recover. Approximately one in four respondents think that the recovery has already started, and nearly three-quarters expect investment market activity will rebound by the end of 2025. This does not mean that investors see no challenges to a market recovery. A continued mismatch between buyer and seller expectations, geopolitical instability, and uncertainty on the path of interest rate cuts, are cited as potential challenges to the market.

The optimistic outlook is reflected in investors' purchasing and selling intentions – a significant majority of respondents indicate a desire to increase purchasing activity in 2025. Additionally, there is more willingness to sell, which is critical to market liquidity. Our 2025 survey reveals several unexpected findings, including a new preferred sector, and a change in investors' strategies and locational preferences compared to previous years. 2025 looks to be an exciting year, with an increase in deal flow, and it will be interesting to observe how these changes unfold.

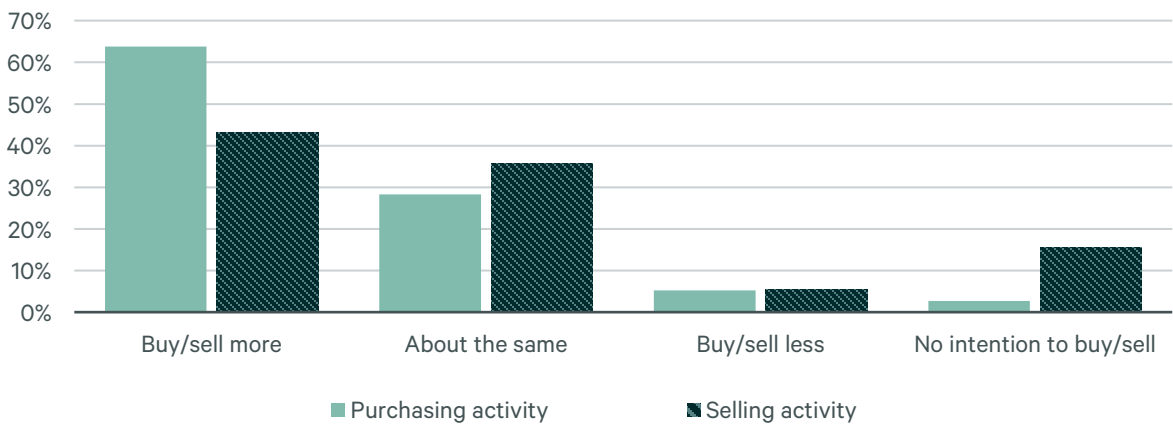


European Investor Intentions Survey 2025 Highlights

Investment activity to increase in 2025

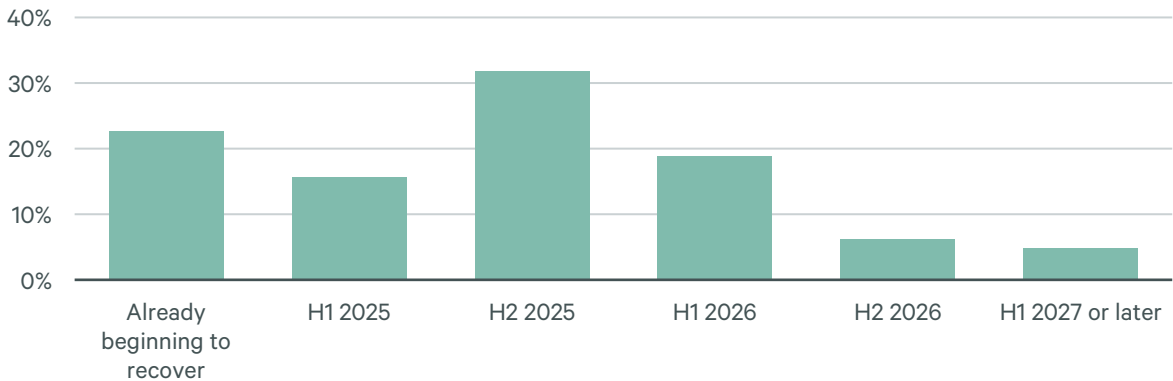
92% of investors will maintain or increase buying activity

% of respondents expecting buying/selling activity to change relative to 2024



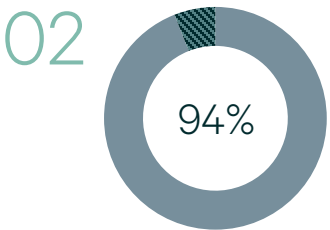
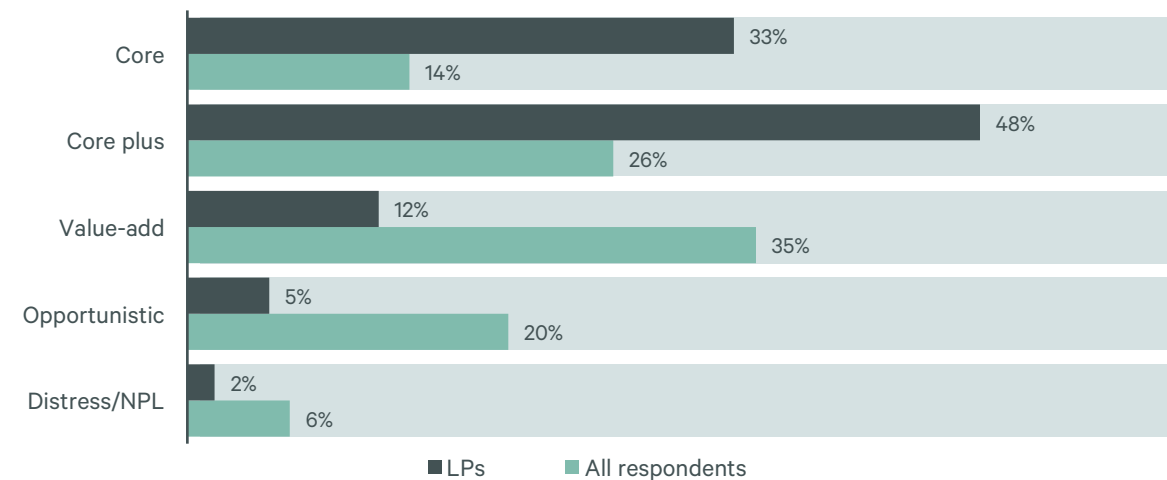
Respondents expect market to recover by end of 2025

Expectation of when market activity will recover



New strategy, allocation, and pricing trends have emerged

01 GPs continue to move up the risk spectrum while LPs focus on core and core plus



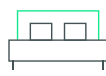
of investors from firms with AUM > \$50bn expect their allocation to real estate to remain unchanged or increase in 2025

03 Balance of expected premiums / discounts turns positive for Living, Hotels, and Logistics



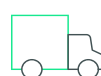
+10%

Living



+3%

Hotel



+1%

Logistics



-22%

Grade A Office



-31%

High St. Retail

*Percentage balance of investors expecting premium (+) / discounts (-) in 2025 relative to 2024

European Investor Intentions Survey 2025 Highlights

Markets expected to see highest cross-border interest

- | | |
|--------------|---------------|
| 1. London | 6. Amsterdam |
| 2. Madrid | 7. Berlin |
| 3. Paris | 8. Lisbon |
| 4. Barcelona | 9. Copenhagen |
| 5. Warsaw | 10. Milan |

Legend

● Top 10 preferred cities (cross-border only*)

↑ Higher ranking than in 2024

* Only responses selecting markets outside of the country of domicile are taken into account.



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Key Findings

01

Investors are overwhelmingly optimistic about a resurgence in investment activity in 2025. Nearly three-quarters of investors anticipate that the investment market will recover by year-end. More than 90% of investors expect their purchasing activity to increase or remain the same, while over three-quarters expect selling activity to either increase or remain the same. This is a positive indicator for market liquidity.

04

Most cross-border respondents selected the UK as the market with the strongest expected total property returns in 2025, driven by strong interest in London. Spain came second as a favourable economy has peaked investor interest in Madrid and Barcelona. Poland took third place for the second consecutive year as Warsaw's growth rates and fundamentals remain strong. Although Germany and Italy did not rank as high in the overall standings, the results indicate strong domestic demand in these markets.

02

Allocations to real estate are expected to increase across the board, due to favourable pricing levels and improved projected returns. Sectors that respondents are particularly keen to allocate towards are Living, Logistics, and Hotels. This is also reflected in pricing expectations as, for these sectors, more respondents are willing to bid above asking prices than expect to see discounts in 2025.

05

Sustainability is a key consideration for investment decisions, according to 95% of respondents. The preferred approach for achieving sustainable investments continues to be through retrofitting existing buildings. Most investors revealed that they already have capital available to fund enhancements, indicating that sustainability is fully embedded in their capital raising or allocation strategies.

03

For the first time in our Investor Intentions Survey series, Living was selected by most respondents as the preferred sector for investment. This was driven by respondents' views that there will be an increase in occupier demand in the next three years. Respondents selecting core as their preferred strategy remains below the historic average as investors favour strategies that are higher on the risk spectrum. However, there was a notable difference between LPs and GPs, with 81% of LPs favouring core or core plus while only 36% of GPs do so.

01

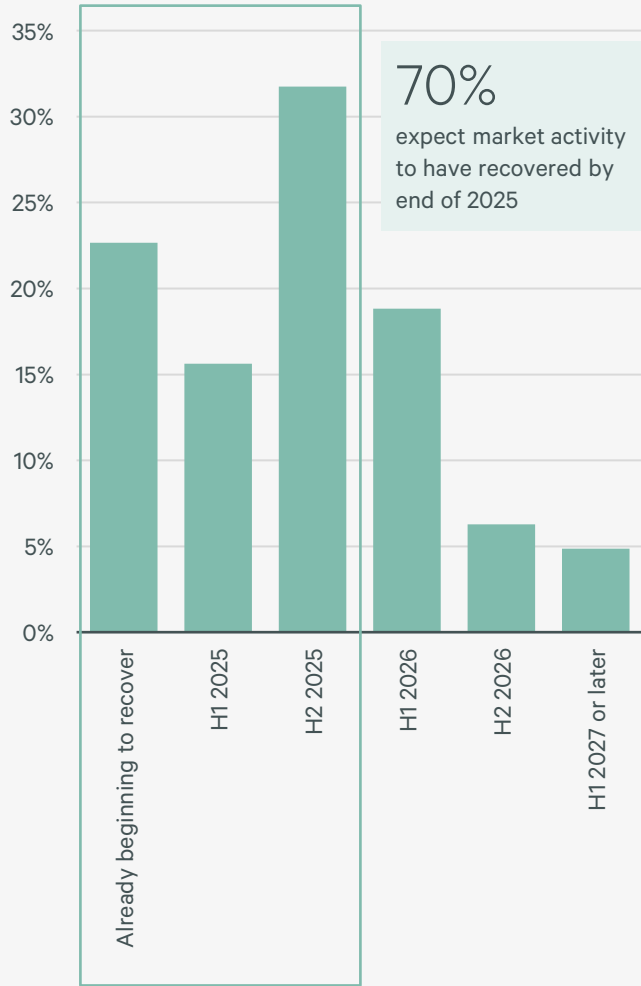
Investor Sentiment

2025 market recovery expectations

When do investors expect market activity to recover?

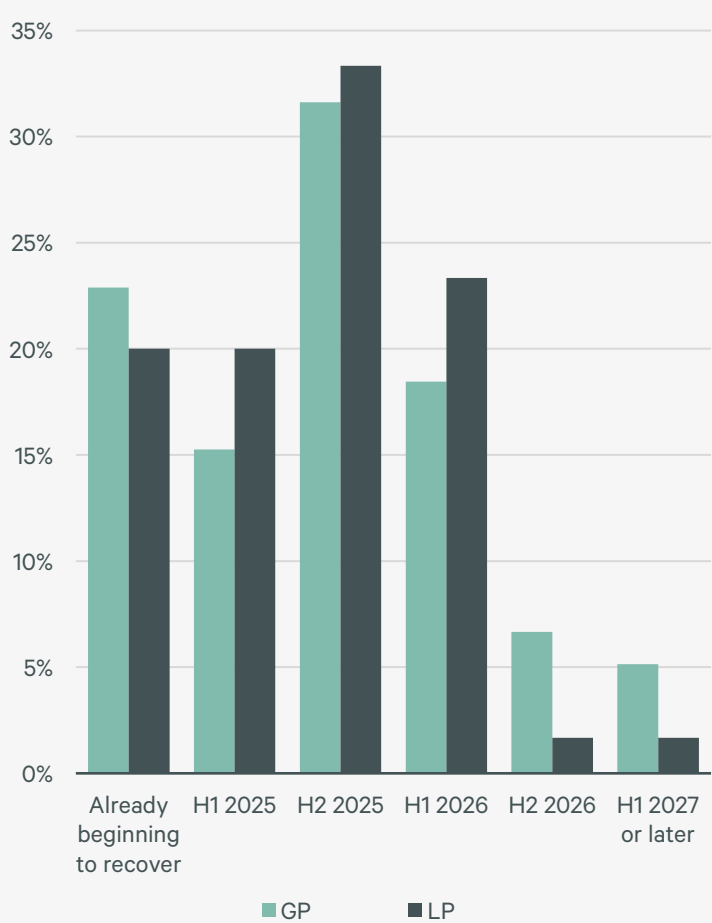
There is growing optimism that a recovery in investment activity is near. While 23% of respondents indicated that the market is already starting to recover, more than 70% expect market activity to recover by the end of 2025. LPs – comprised of pension funds, insurance companies, fiduciary managers, and sovereign wealth funds – are slightly more positive than GPs, as 97% expect the recovery to have taken place by H1 2026, compared to 88% of GPs.

Figure 1: Respondents' expectations of when market will recover



Source: CBRE European Investor Intentions Survey 2025

Figure 2: GPs vs LPs' expectations of when market will recover



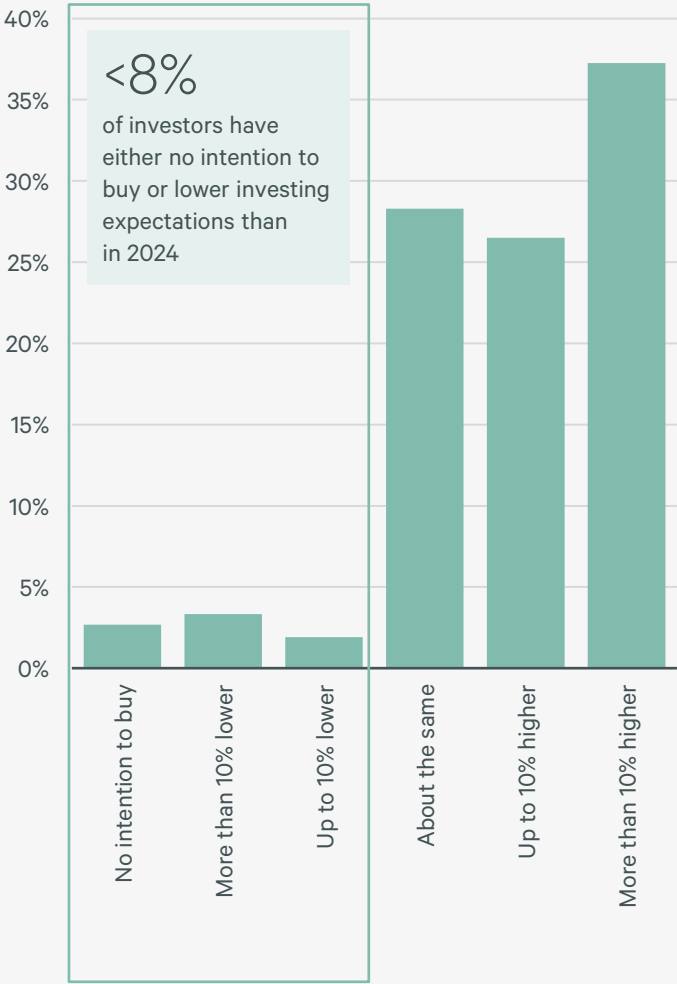
Source: CBRE European Investor Intentions Survey 2025

2025 purchasing activity

How are investors expecting their 2025 investment activity to change relative to 2024?

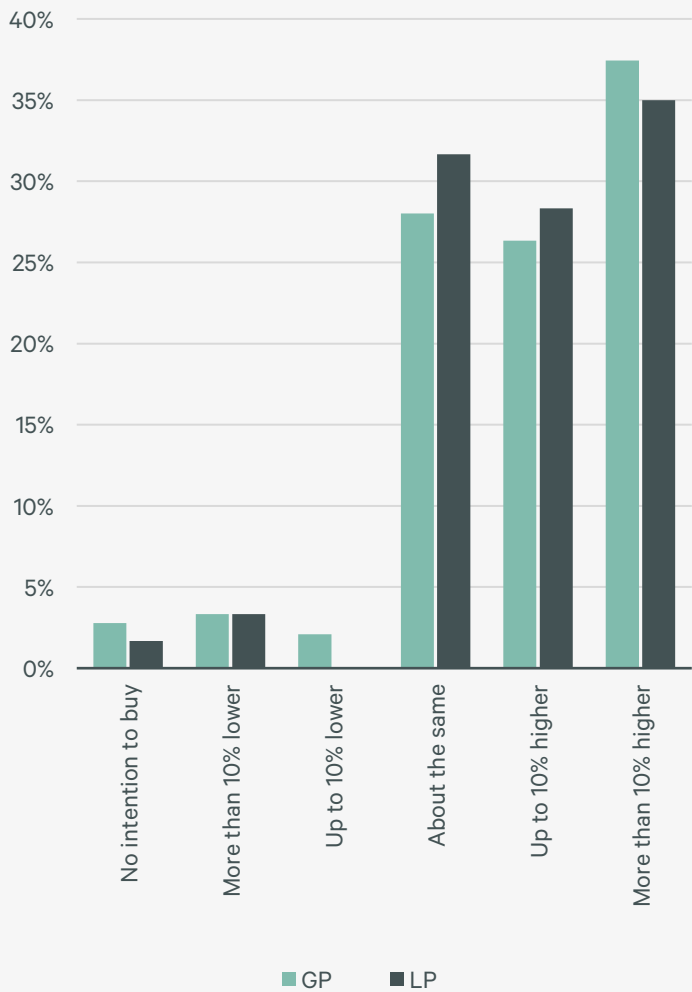
An overwhelming majority of respondents indicate that they intend to increase purchasing activity in 2025 compared to the previous year. Almost 37% of respondents expect an increase of more than 10%. Only 8% of investors anticipate to either reduce purchasing activity or not make any acquisitions in 2025. For LPs, this was even lower at 5%. A small subset of respondents (3%) who are not interested in purchasing are primarily those with AUM <US\$5bn.

Figure 3: Purchasing activity expectations



Source: CBRE European Investor Intentions Survey 2025

Figure 4: GPs vs LPs' purchasing activity expectations

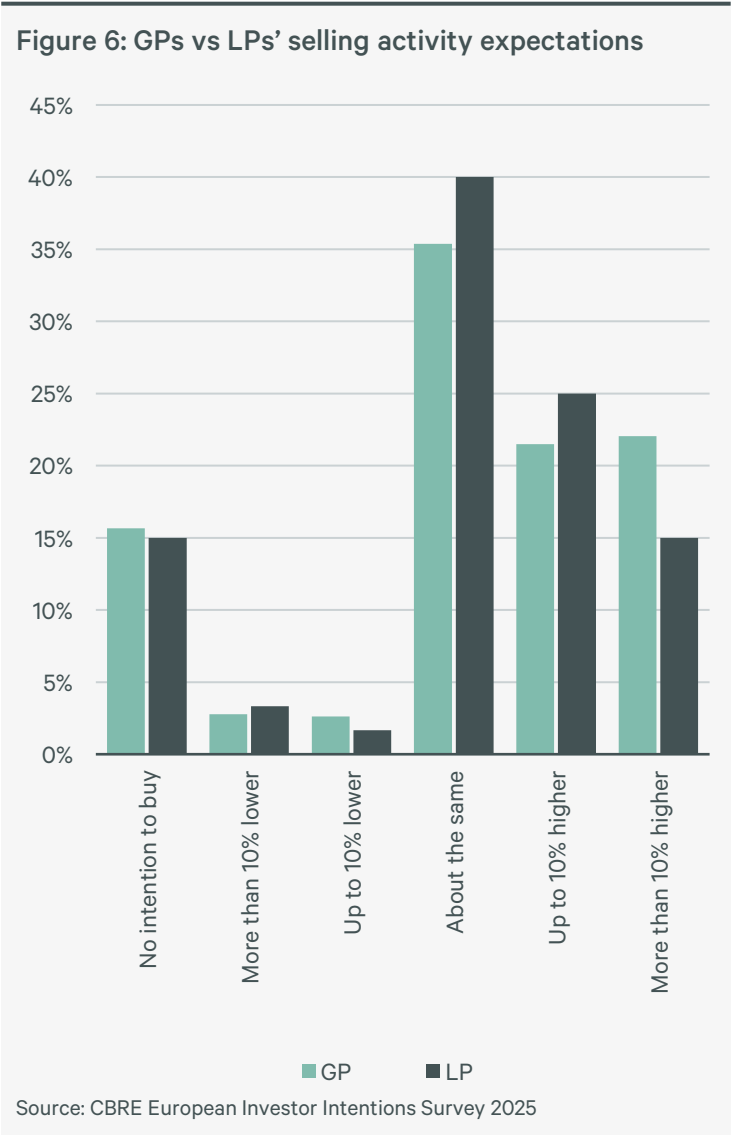
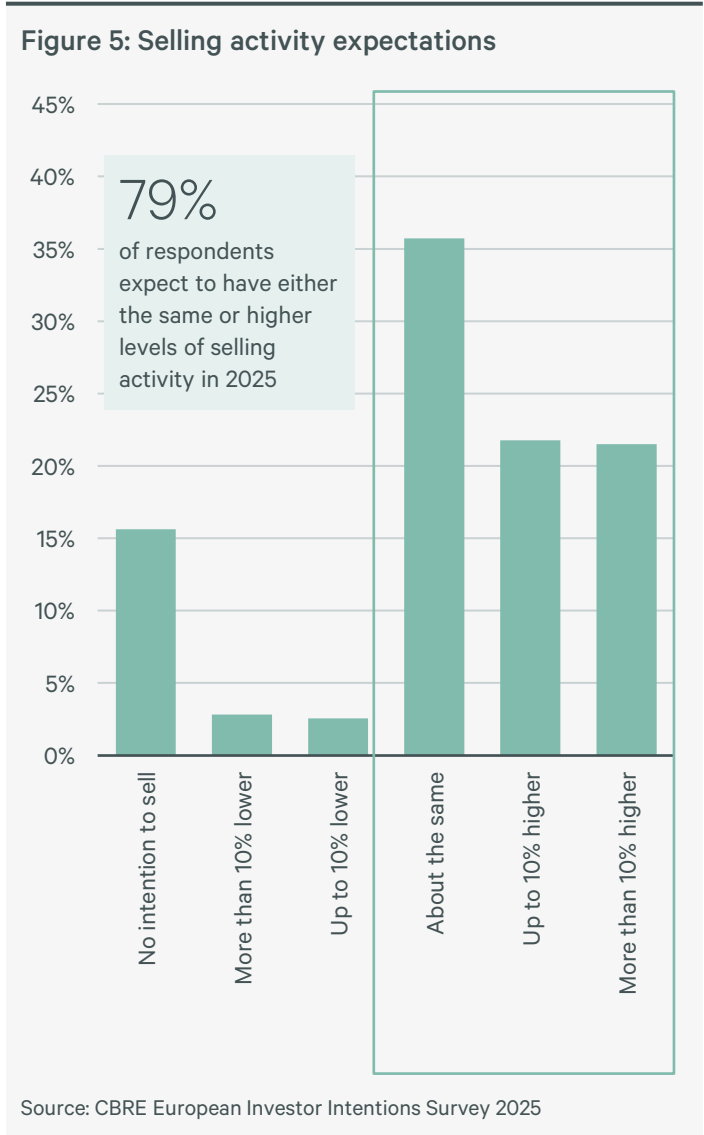


Source: CBRE European Investor Intentions Survey 2025

2025 selling activity

How are investors expecting their 2025 selling activity to change relative to 2024?

There is a marked increase in investors’ propensity to sell, which is positive for market liquidity, as the survey has shown that there are plenty of prospective buyers. While there are a few investors that indicate they have no intention to sell, almost 80% anticipate similar or higher levels of selling activity in 2025 compared to the year prior. GPs indicate a higher propensity to sell, as 22% intend to increase selling activity by more than 10%.



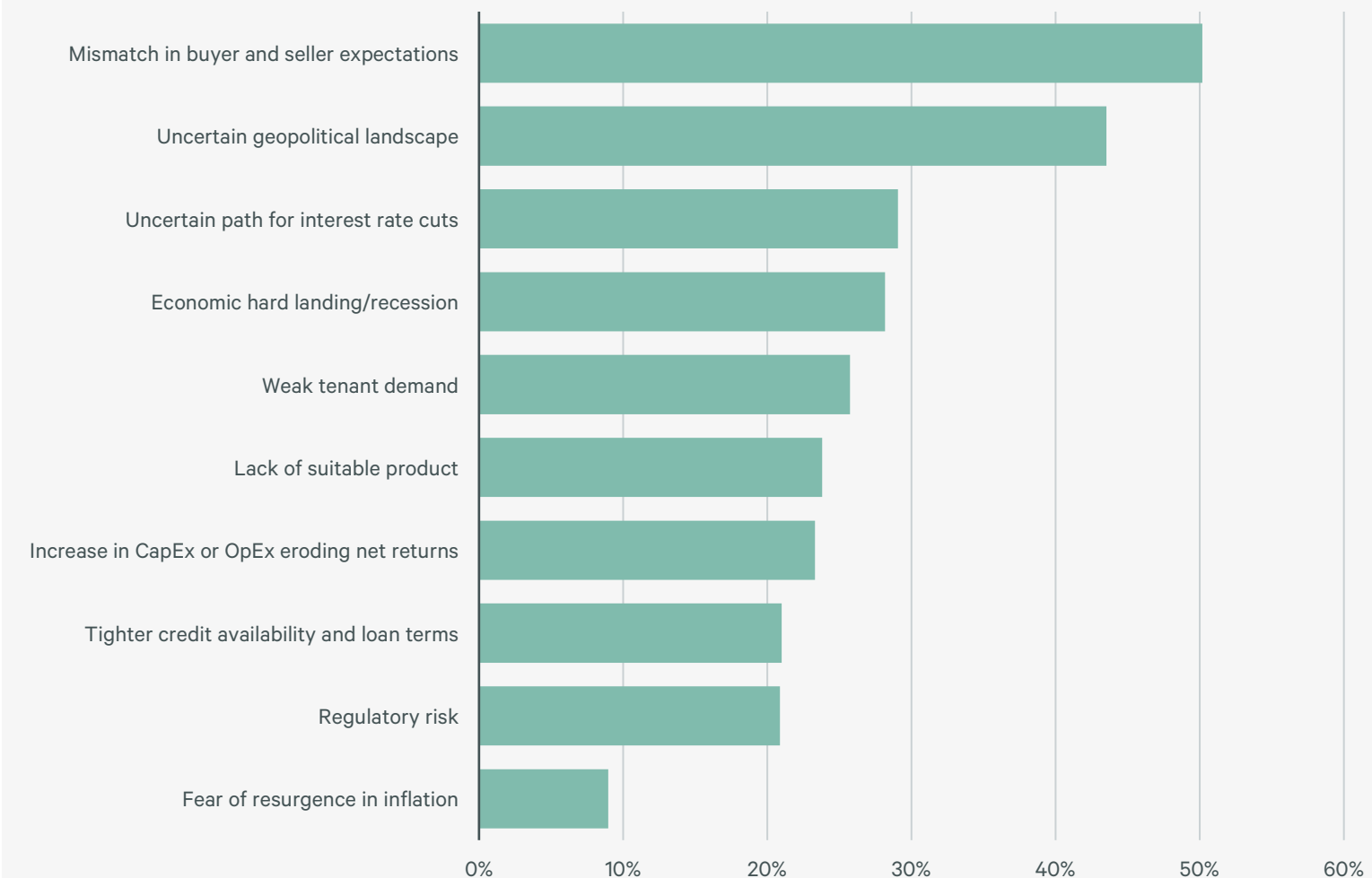
Market challenges

What are the major challenges facing the investment market in 2025?

A mismatch in buyer and seller expectations is most often cited as the main challenge to the current investment market, slightly down from last year. As a large bid/ask spread has plagued the market for some time now, this does not come as a surprise. However, maturities of debt and equity rotation should lead to more product being put up for sale and a gradual convergence of buyer and seller expectations.

Geopolitical uncertainty also remains a key challenge, reflecting the highest level of concern since the relaunch of our survey in 2021. While responses on a country level were largely consistent with the pan-European average, there was some variance. Respondents from Germany and France are the most concerned about an economic hard landing, while those from the UK are more apprehensive about higher-than-expected capital expenditure potentially eroding net returns.

Figure 7: Major challenges facing real estate investment in 2025



Source: CBRE European Investor Intentions Survey 2025

02

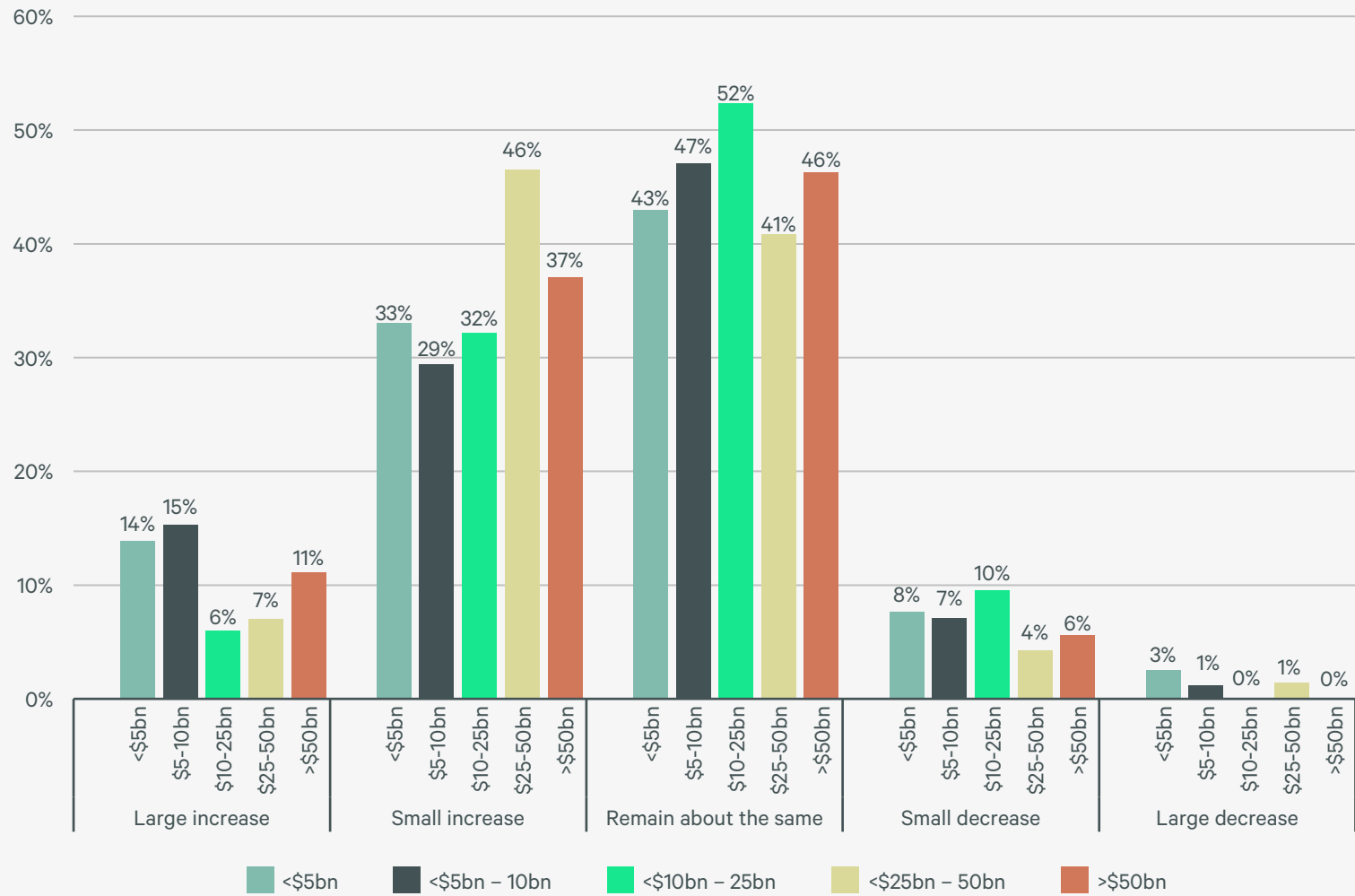
Capital Markets Outlook

Real estate allocation expectations by AUM profile

How are investors allocating to real estate in 2025 compared to 2024?

Real estate allocation expectations are positive as almost half of the respondents intend to increase allocations, while less than 9% anticipate a decrease. There are modest differences in expectations when looking at AUM. The largest increases are expected by the smallest investors (<\$10bn AUM), while the largest investors (>\$25bn AUM) anticipate the smallest decreases.

Figure 8: Real estate allocation expectations in 2025 by AUM



Source: CBRE European Investor Intentions Survey 2025

Reasons to increase or decrease allocations

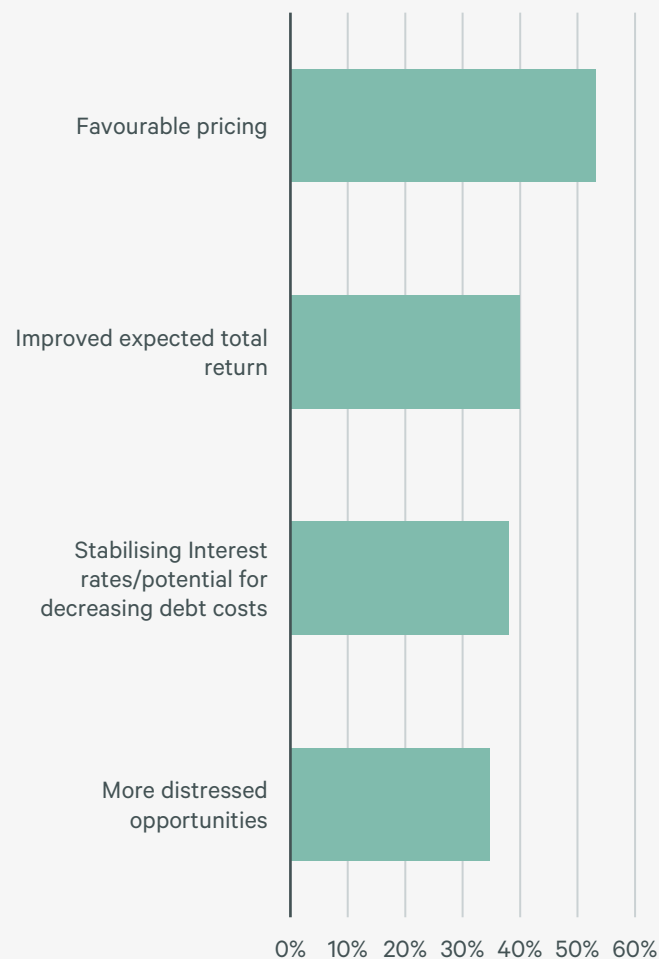
What are the key reasons for investors to **increase or decrease allocations**?

After more than two years of repricing, favourable pricing of real estate is most frequently cited (53%) as the main reason for increasing real estate allocations, followed by improved expected returns (40%).

While investors from all markets primarily identified favourable pricing as their top reason for increasing allocations, there was some variation between their second and third choices. Investors from France and Germany mostly cited the emergence of distressed opportunities as the second most significant motive for increasing their allocations. In contrast, UK responses were evenly distributed across the top three choices (Figure 9).

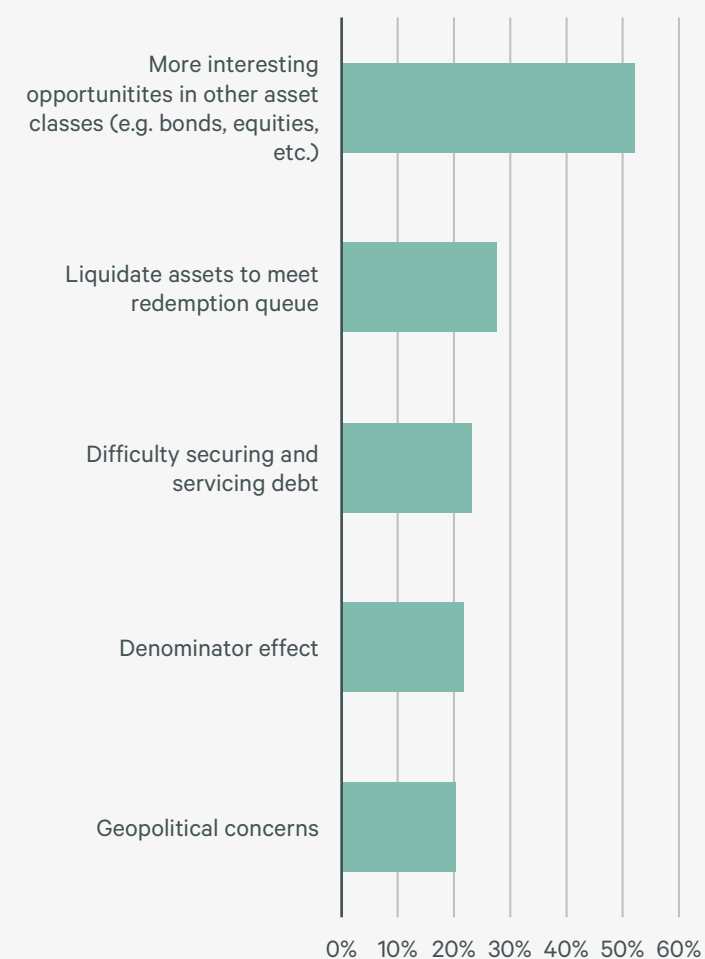
Investors that intend to decrease allocations mostly do so because they see more interesting opportunities in other asset classes such as bonds, equities, and others (52%). There is also some pressure to reduce allocations because of redemption queues (28%), which are likely to be motivating sellers in 2025.

Figure 9: Reasons to increase allocations to real estate



Source: CBRE European Investor Intentions Survey 2025

Figure 10: Reasons to decrease allocations to real estate

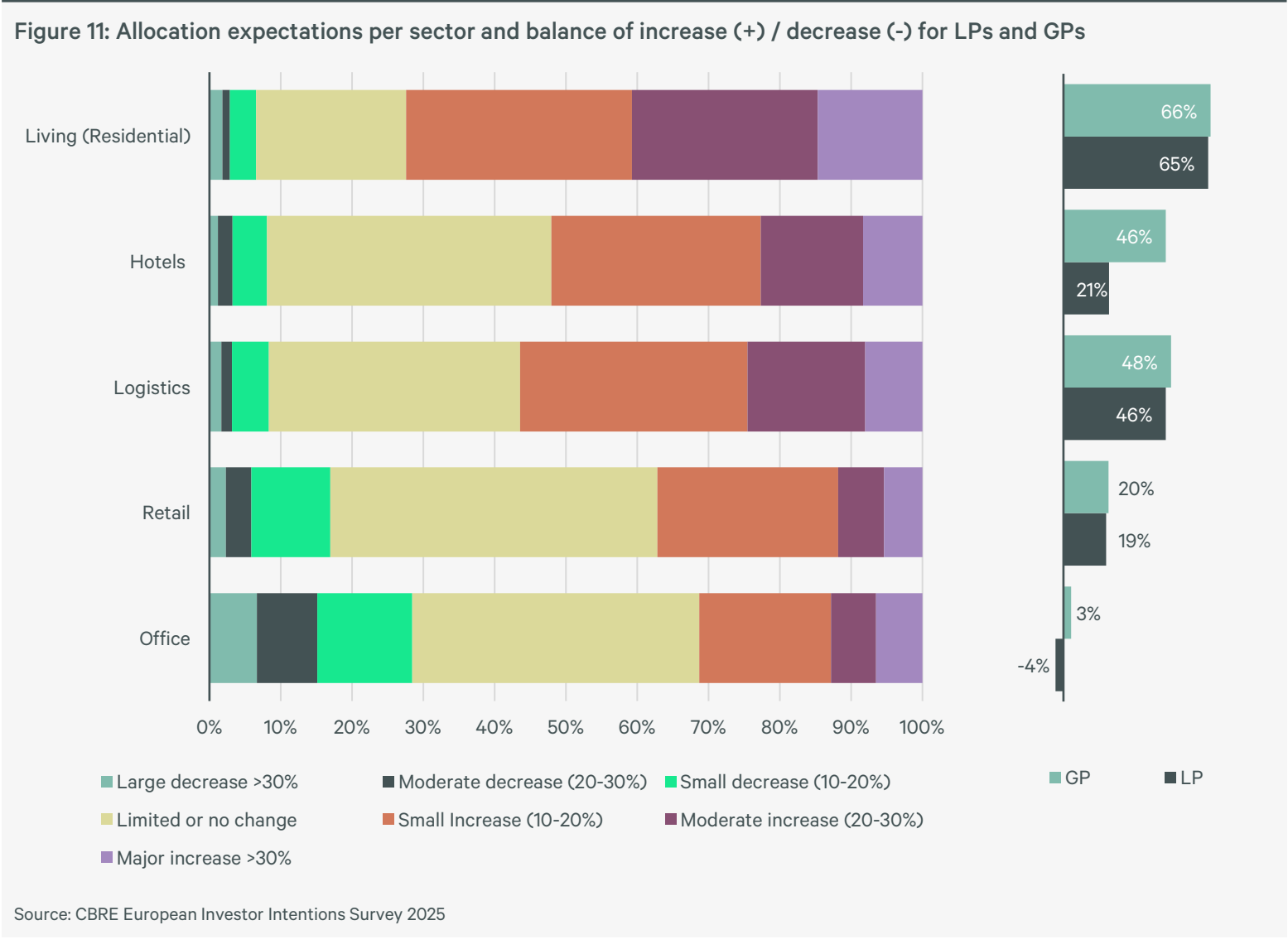


Source: CBRE European Investor Intentions Survey 2025

Allocation expectations by sector

How are investors’ 2025 capital allocation expectations expected to change?

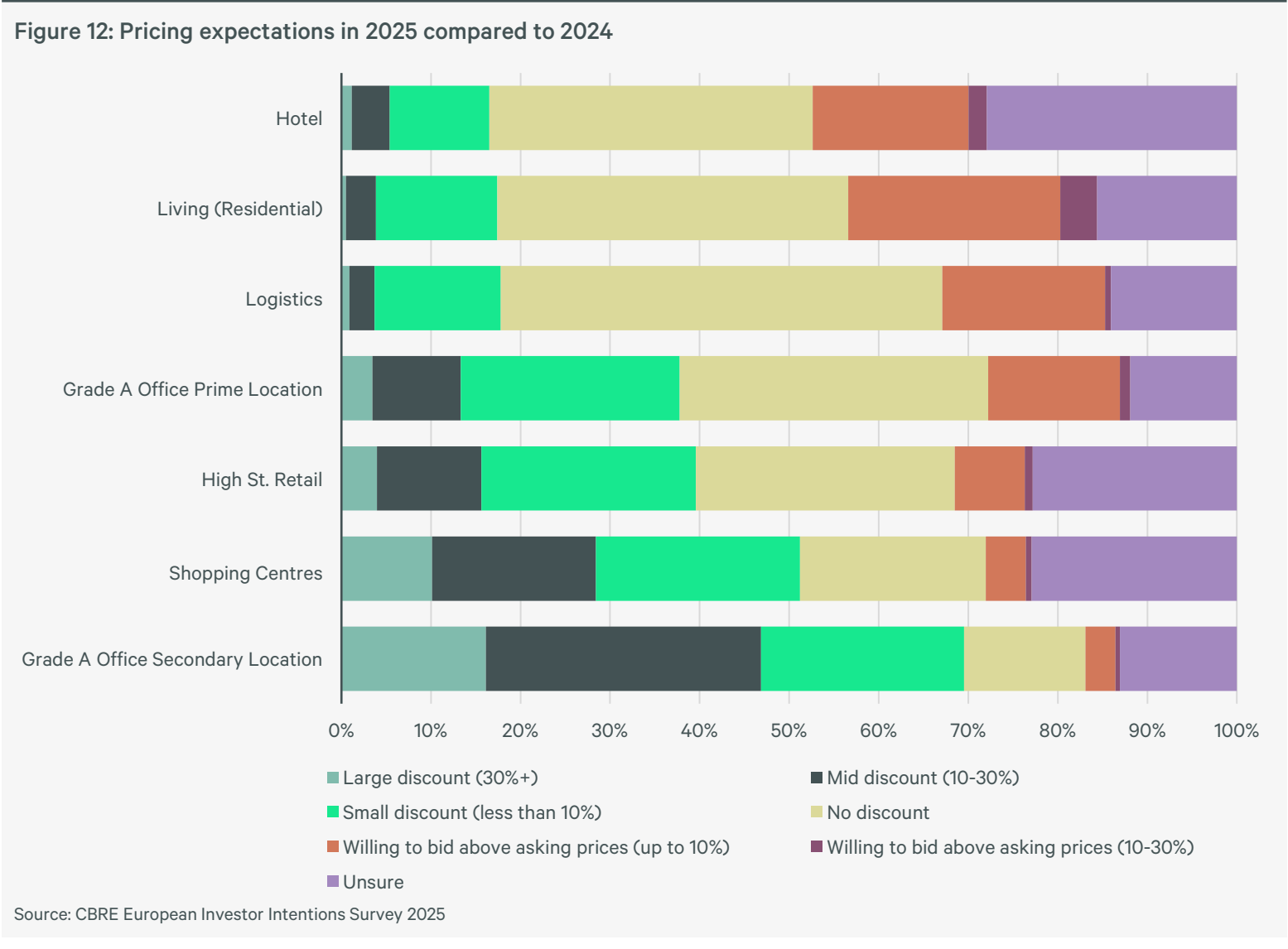
Most sectors will see an increase in capital allocations. As some investors seek to move away from Office (28%), others (31%) intend to increasingly target the sector, bringing net movement largely in balance. The balance for the other sectors is more positive, with investors anticipating the highest increases for Living. For Hotels, there is a notable difference in allocation intentions between GPs and LPs. This is largely because Hotels are typically considered operational real estate, which not all LPs can traditionally invest in. Whilst modest, there was some variation in Office, which could indicate that some LPs may still intend to diversify away from the sector. Overall, however, [sentiment towards Office from LPs is broadly positive](#).



Pricing expectations by sector

How do **investors’ 2025 pricing expectations** compare to those in 2024?

Pricing expectations are mirrored by the allocation intentions, and the top three for allocation inflows are expected to see the lowest discounts and the highest willingness to bid above asking prices. Hotels, Living, and Logistics are expected to see the fewest discounts, while Living stands out as the sector where the most respondents are willing to bid above the asking price. The main discounts are expected to be found in Secondary Office (70%), while some expect to find them in Prime Offices, albeit to a lesser extent (38%). Many respondents also seek price reductions for High Street Retail (40%) and Shopping Centres (51%).



03

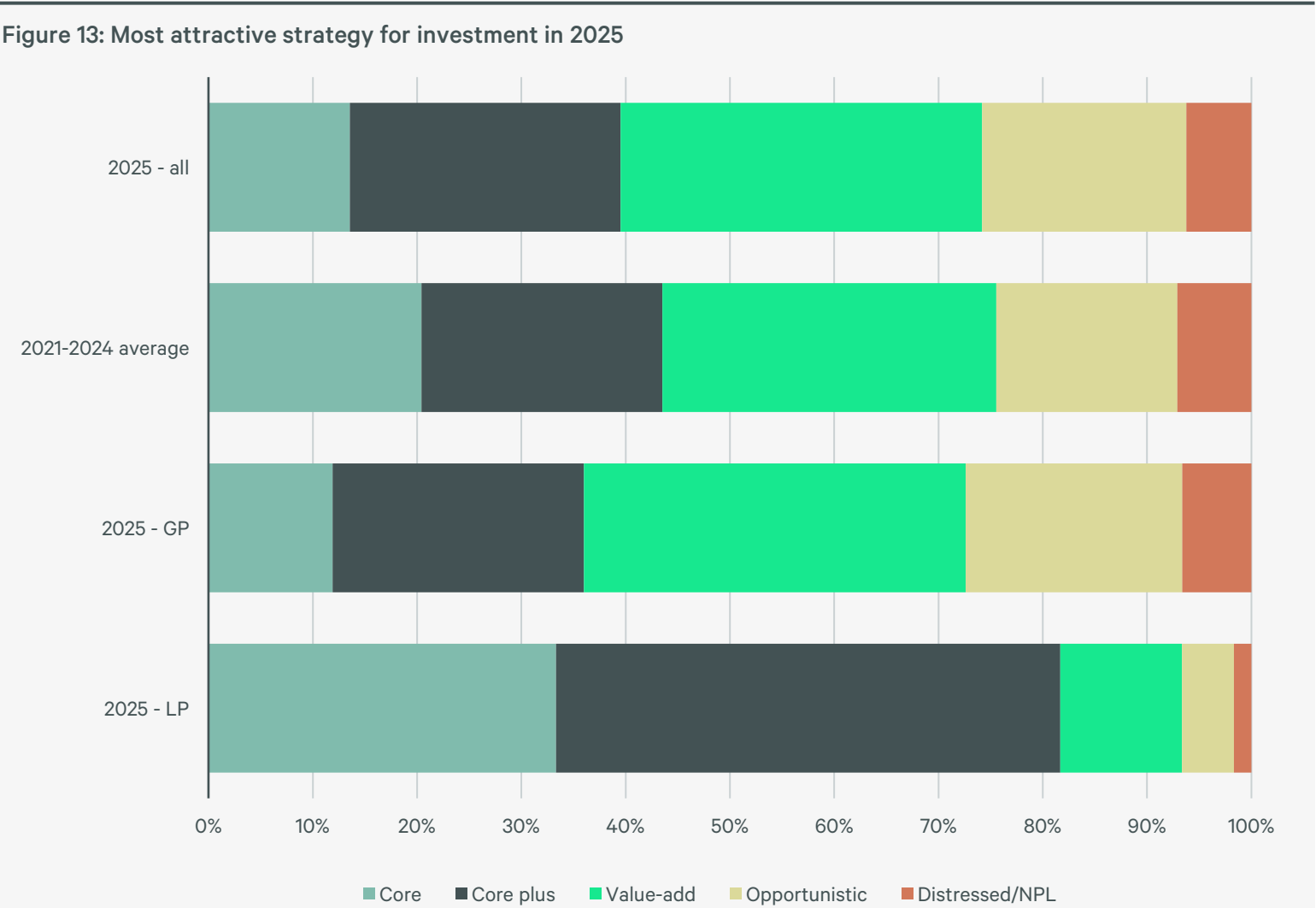
Real Estate Strategies

Preferred strategies

What are the favoured strategies for real estate investment in 2025?

Investors stating core as their preferred strategy (13%) in 2025 remain well below the historic average of 20%. While stable compared to last year’s survey, investors continue to favour strategies that are higher on the risk spectrum, as value-add (34%), core plus (25%), and opportunistic (19%) strategies prevail. However, for LPs, core and core plus (81%, combined) strategies remain the most important, showing a preference for lower-risk strategies.

Figure 13: Most attractive strategy for investment in 2025



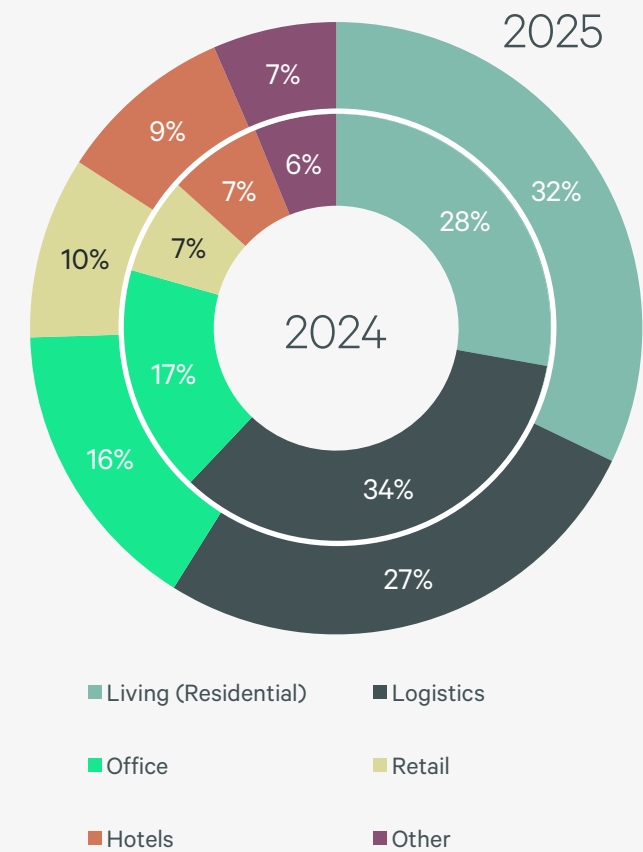
Source: CBRE European Investor Intentions Survey 2025

Sector preference

Which sectors are investors primarily targeting?

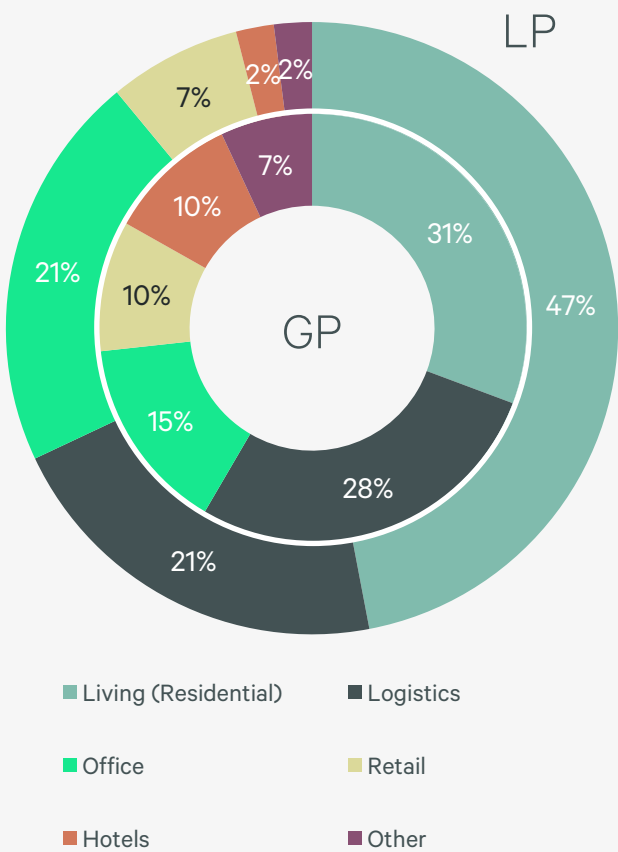
The Living sector has overtaken Industrial as the top real estate investment choice, favoured by 32% of respondents for 2025. While down on the previous year, Industrial remains a strong second at 27%. Office (16%) continued its decline, but Retail deviated from the trend, with 10% of investors choosing it as their most preferred sector for 2025. Due to strong returns, Hotels (9%) recorded an increase compared to previous year. The preference for the Living sector is even more pronounced among LPs, who also cited Office and Logistics as their preferred sectors (21%, respectively).

Figure 14: Sector preference – 2025 and 2024 Investor Intentions



Source: European Investor Intentions Survey, January 2025

Figure 15: Sector preference – 2025 Investor Intentions LPs vs GPs



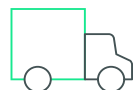
Source: European Investor Intentions Survey, January 2025

Investors were asked their favourite asset type based on their preferred sector...



Office

Of those who prefer Office, half selected Grade A Office in a prime location. One-third selected Grade B or C in a prime location



Logistics

Half of respondents indicated a preference for modern Logistics facilities, while one third selected aged Logistics facilities. Both selections are for assets in major cities



Retail

Retail Parks remained the favourite but were closely followed by Supermarkets, Prime Shopping Centres, and Prime High Street Retail



Hotel

Over 40% of respondents selected full-service, while 22% selected the luxury segment, and 16% limited-service



Residential

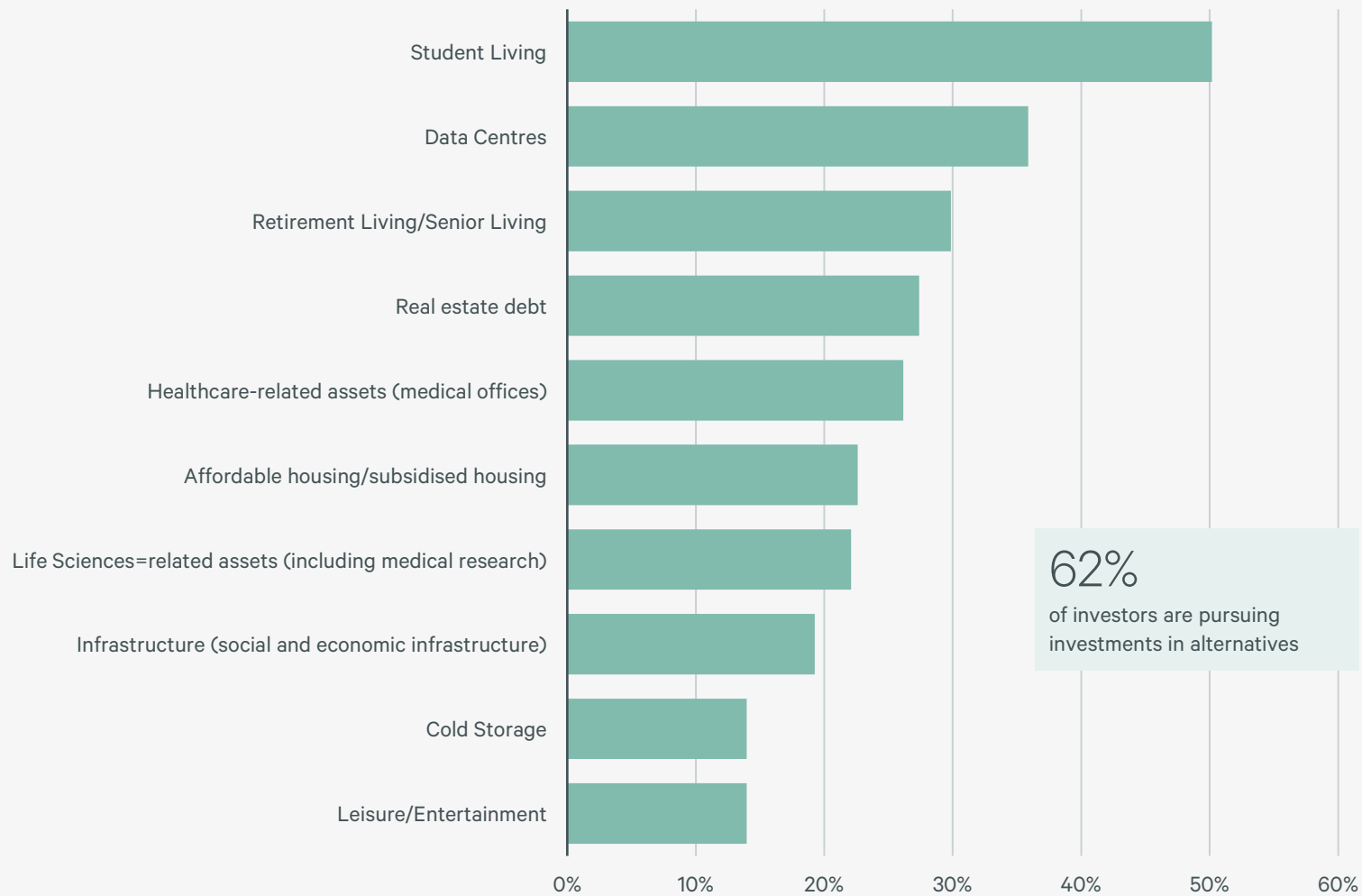
Multifamily/Build-to-Rent was favoured by nearly two-thirds of investors, and was followed by student living at 20%

Alternatives

Which alternative sectors are most attractive for investing?

Alternatives remain highly sought after by all respondents in 2025. While slightly down on the previous year, 62% of respondents are pursuing investments in alternatives. Student living is the overwhelming favourite and half of the respondents investing in alternatives cited this to be their preferred sector. Propelled by strong demand from AI, Data Centres continue to rise in popularity, surpassing senior living to become the second most sought-after alternative.

Figure 16: Asset types pursued by respondents who target investment in alternative sectors



62%
of investors are pursuing
investments in alternatives

Source: CBRE European Investor Intentions Survey 2025

04

Investment Destinations

Which market is expected to have the strongest total property returns in 2025?

To avoid in-country bias, the country rankings traditionally exclude respondents who select their home market. By this measure, the UK stood out as the market that is expected to have the strongest property returns in 2025 by cross-border investors. Spain had a very strong showing and came in second, followed by Poland, retaining its third place for the second consecutive year.

Several countries increased their rankings from last year. Sweden moved up four spots as cross-border investors may perceive the current landscape of reduced competition as an opportune time to enter a market historically dominated by domestic capital. Spain climbed two spots as the market has been bolstered by tourism, population growth, and significant GDP growth. Italy advanced one position in the rankings on the back of an increase in tourism positively impacting Hotels and Retail. Portugal finished 6th after not placing in last year's rankings as investors are attracted by relatively high yields, which, coupled with strong sector performance, allows for interesting investment opportunities.

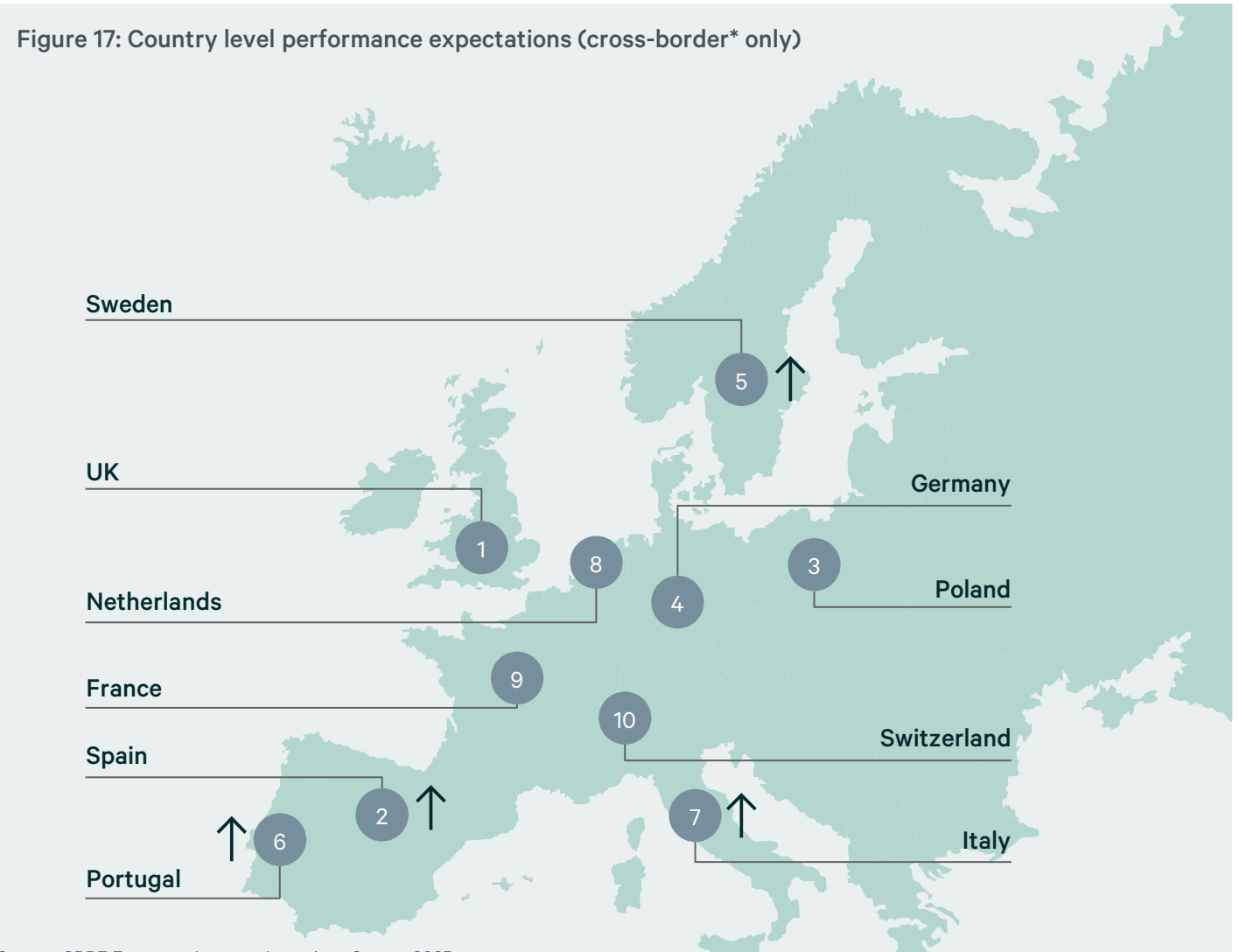
In terms of total votes (including domestic), the rankings shift dramatically. The UK would retain its top spot, but Germany would rank second, followed by Spain and Italy, with Poland closing the ranks of the top five. This is important, because it shows that investment activity in these markets will be supported by strong domestic demand.

Legend

- # Country-level performance ranking
- ↑ Higher ranking than in 2024

UK expected to have the highest total property returns in 2025

Figure 17: Country level performance expectations (cross-border* only)



Source: CBRE European Investor Intentions Survey 2025

* Only responses selecting markets outside of the country of domicile are taken into account.

Which city is the most attractive for property investment in 2025?

The country rankings are also reflected in the city outcomes. London was most frequently selected as the most attractive city for property investment in 2025 by cross-border respondents. Spain features two cities in the top five, with Madrid second and Barcelona fourth, respectively, with Paris in between, ranking third.

Several markets increased in the rankings from last year. Warsaw moved up three spots as growth rates continue to outperform the rest of Europe, especially in the highly demanded Living market. Madrid and Barcelona, moved up one and three spots, respectively, as they benefit from the strong Spanish macro-economic climate which has boosted fundamentals in the Living and Hotel sectors. Milan placed in the top 10 after not featuring last year, as the city has seen an improvement in infrastructure while rents continue to grow in most sectors. Lisbon, which placed in the top ten for the first time since 2023, benefited from renewed cross-border interest in the broader Portuguese market.

In terms of total votes (including domestic), Milan and Berlin would secure the fourth and fifth positions, respectively. Paris and Madrid would exchange places for second and third. The top ten list would mostly remain unchanged, with the exception of Munich entering and replacing Copenhagen.

Legend

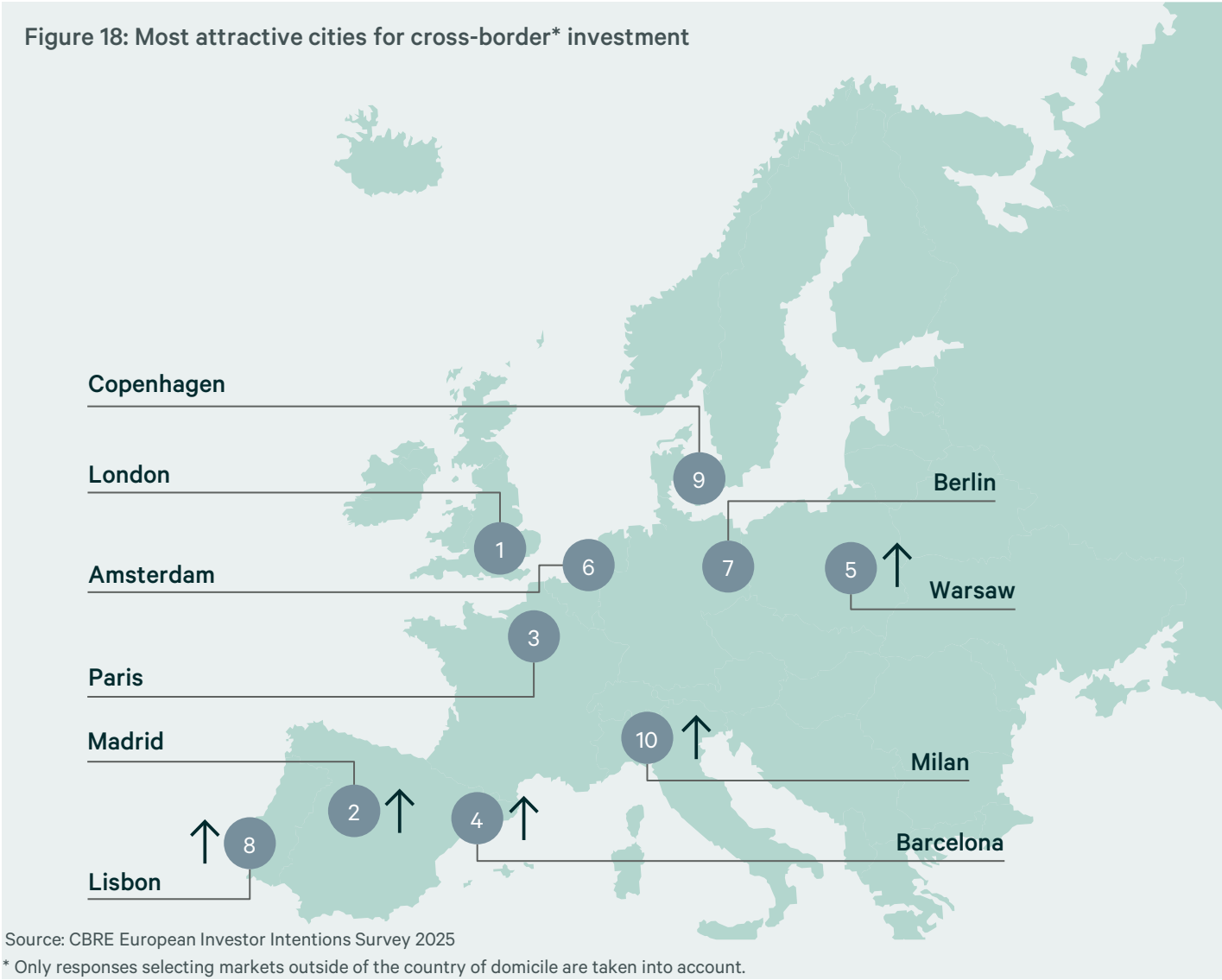
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City-level performance ranking

↑

Higher ranking than in 2024

London remains the most attractive city for cross-border investment



05

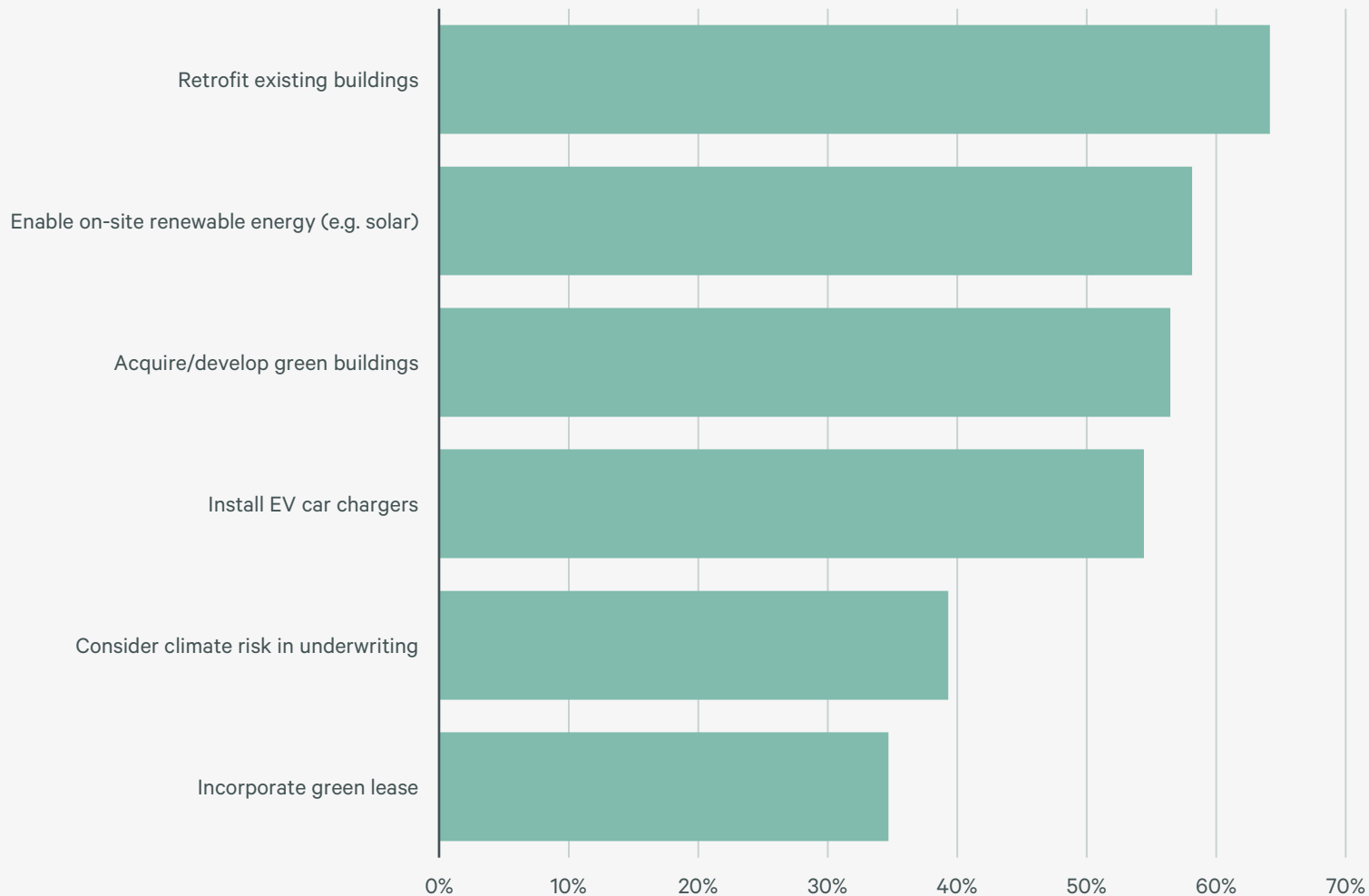
Sustainability and Investment

Sustainability initiatives

What are the **principal sustainability initiatives** considered when investing in real estate?

Respondents increasingly look at sustainability as a means of combining resilience and value creation. To this point, less than 5% of respondents indicated that they do not factor sustainability into their investments in 2025. Retrofitting existing buildings remains the most frequent choice of action as the improvement of buildings to meet sustainability standards offers a good opportunity for enhancing returns.

Figure 19: Sustainability initiatives considered by respondents who implement such strategies

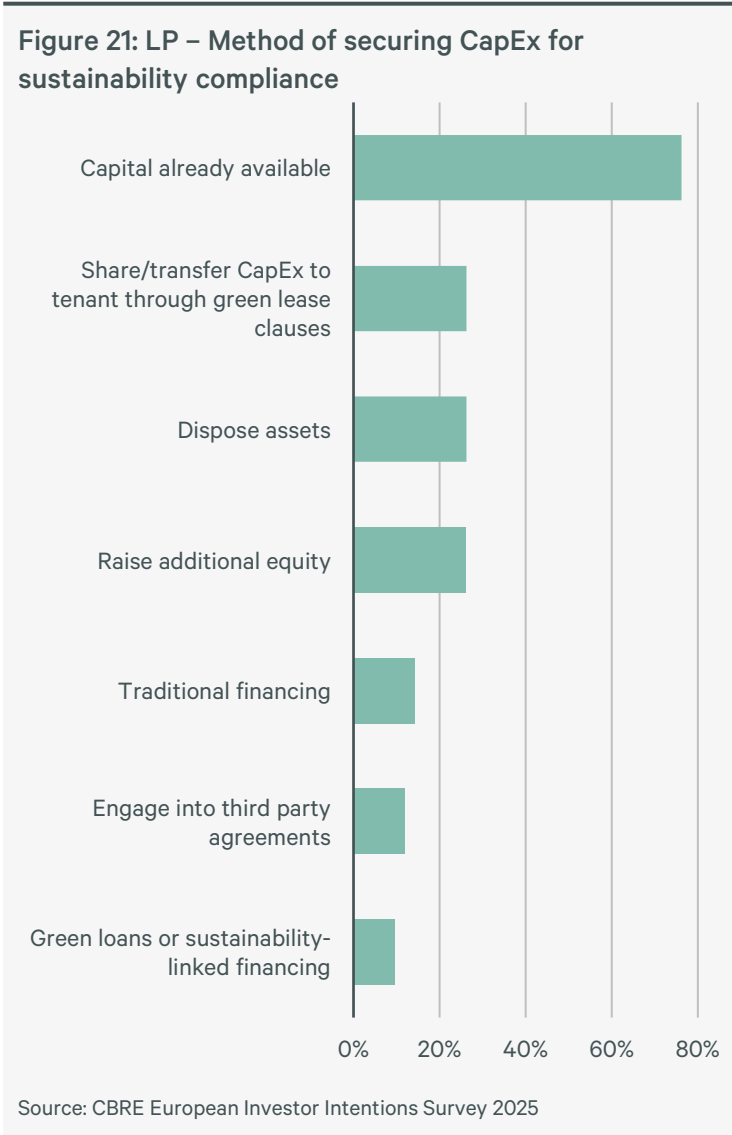
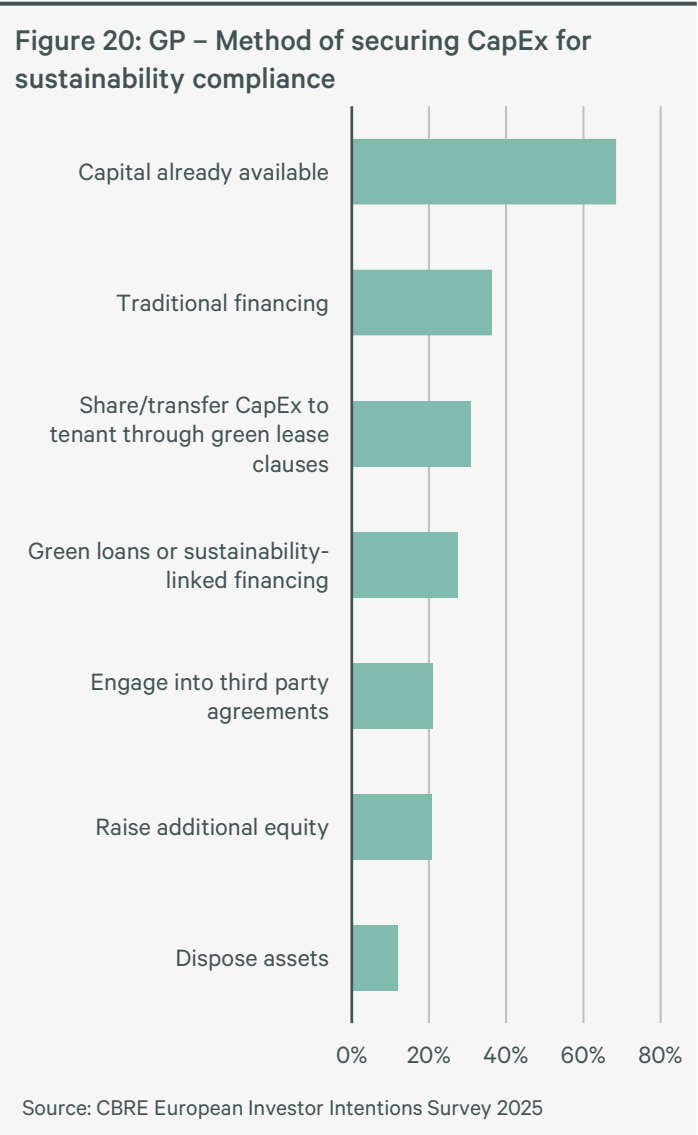


Source: CBRE European Investor Intentions Survey 2025

Sourcing CapEx for sustainability

How do investors secure capital to retrofit buildings?

Most respondents (69%) already have the funding for sustainability initiatives available, suggesting that this is often an integral part of the business plan when allocating or raising capital. LPs especially strongly favour equity over any other form of funding. Amongst GPs, traditional financing is also common and still used more than green loans to secure capital for building improvements. Approximately one in three respondents indicate that they cooperate with tenants to find funding for retrofitting.

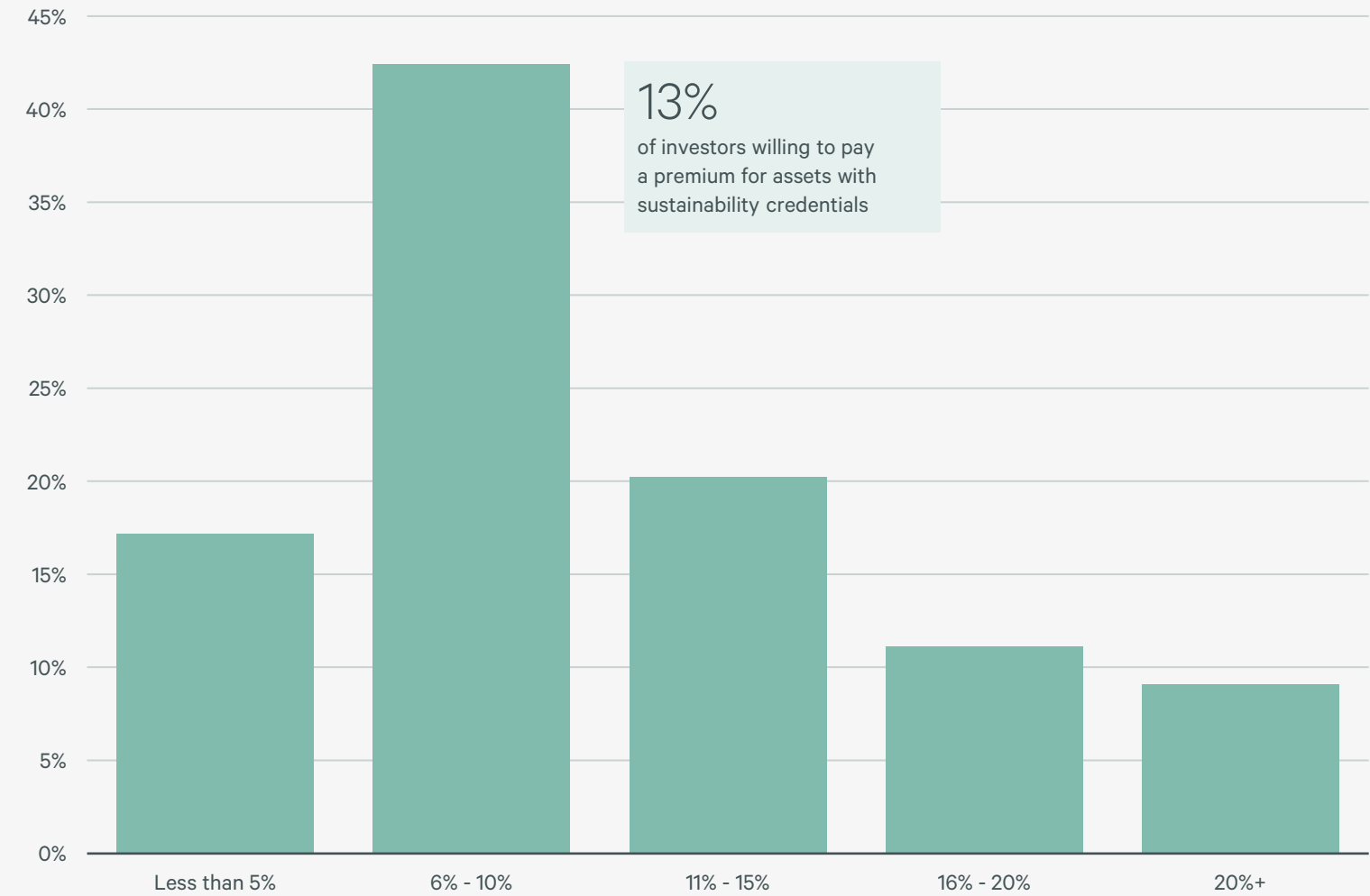


Premium for sustainable assets

What premium are investors willing to pay for assets **that meet sustainability standards?**

The premium investors are willing to pay in 2025 has increased slightly compared to the year prior. 83% of respondents are willing to pay a premium of 6% or more vs. 76% a year ago. While only 13% of investors said they were willing to pay premiums, down from 18% the previous year, this decline may be attributed to respondents' belief that sustainability standards have become the market norm.

Figure 22: Premium certain respondents are willing to pay to acquire assets that meet sustainability standards



Source: CBRE European Investor Intentions Survey 2025

An aerial photograph of a lush green mountain landscape. Two white wind turbines are visible on a ridge, with a dirt path leading to them. The forest is dense and green, covering the majority of the mountain.

“

The improvement of buildings to meet sustainability standards, especially in the Office sector, offers a strong opportunity for enhancing returns. Retrofitted sustainable buildings are more desired by occupiers attracting workers back to the office and are less capital intensive.

”

Ludovic Chambe

Head of ESG & Sustainability Solutions,
Continental Europe

06

Respondent Profile

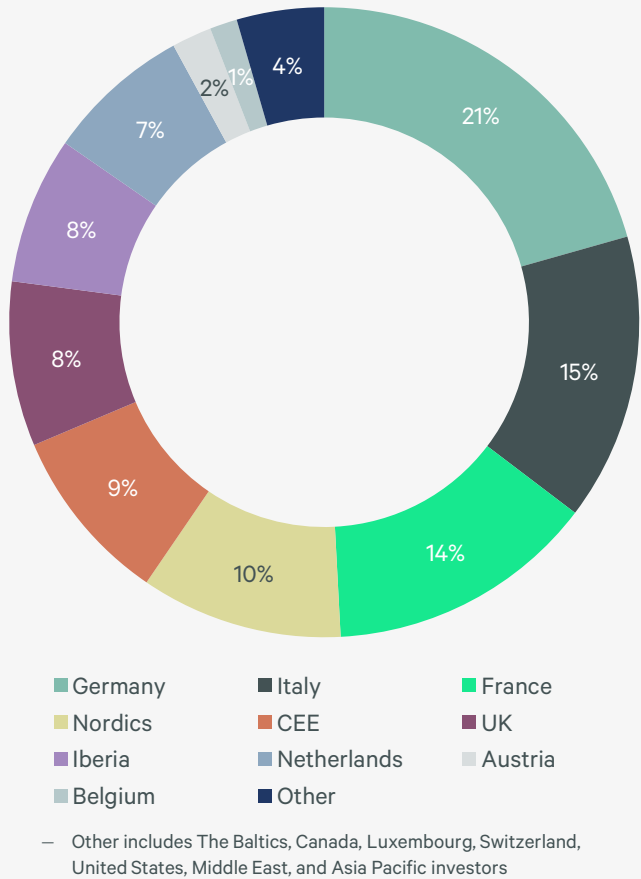
CBRE's European Investor
Intentions Survey 2025 was
conducted between 4 November
2024, and 29 November 2024.

Total Responses: 781



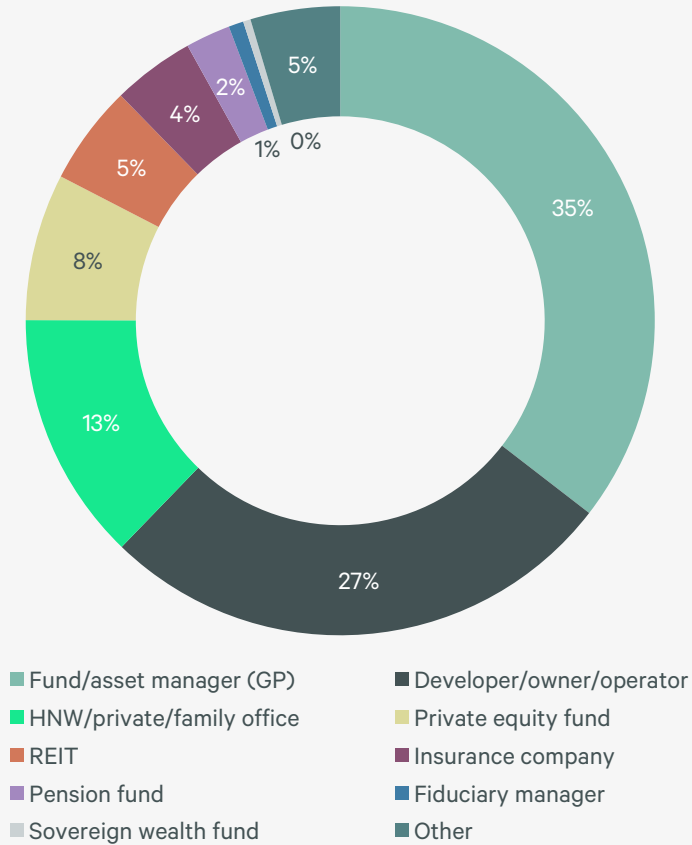
Respondent Profile

Figure 23: Percentage of respondents by market



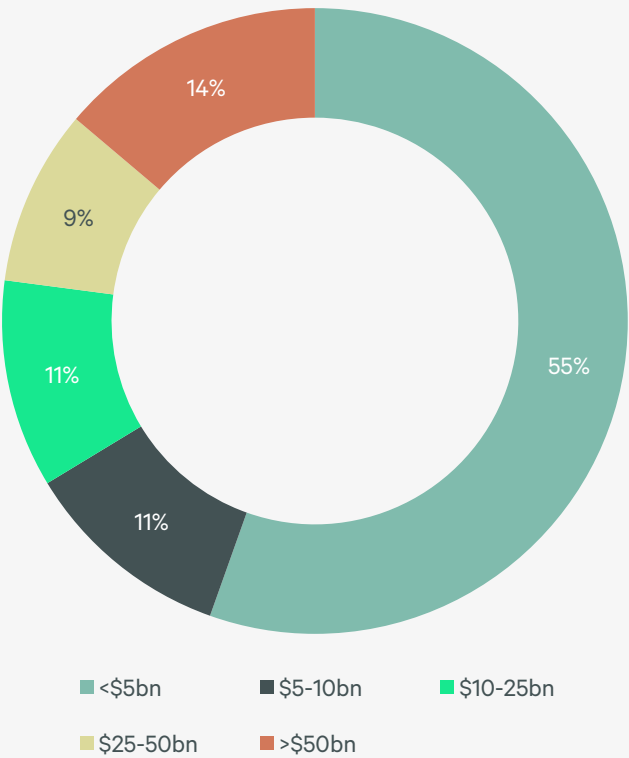
Source: CBRE European Investor Intentions Survey 2025

Figure 24: Percentage of respondents by investor type



Source: CBRE European Investor Intentions Survey 2025

Figure 25: Percentage of respondents by AUM



Source: CBRE European Investor Intentions Survey 2025

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