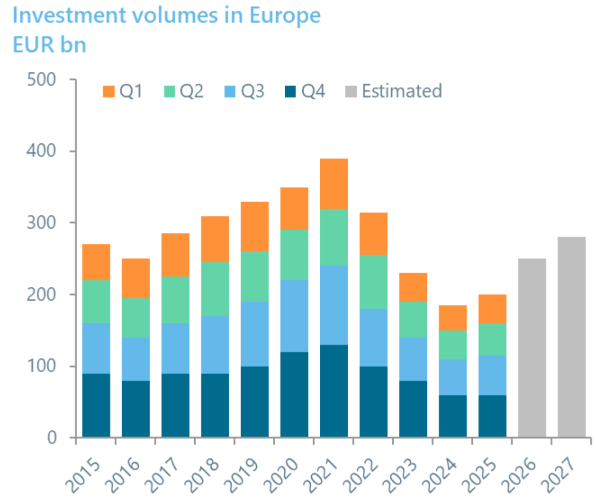
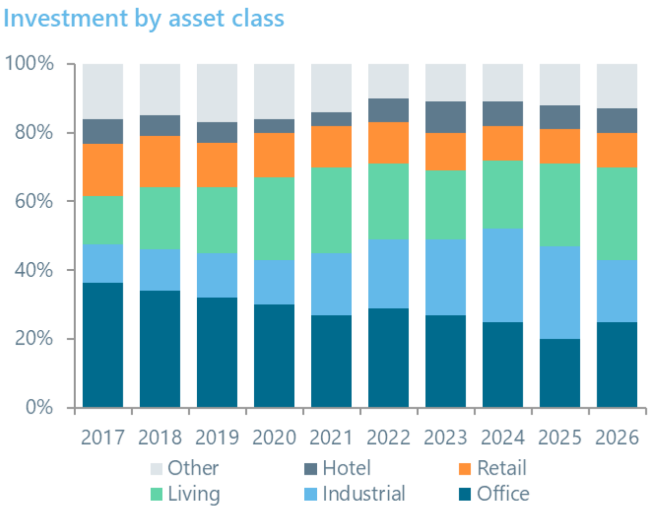
Real estate market insight - February 2026

2025, a year of recovery for investment

The year 2025 is expected to record investment volume growth of around 9% in Europe. Although this trend is positive, it fell short of expectations at the start of the year, mainly due to declines in the United Kingdom and Germany. In this context, France is in line with the European trend, with an 8% increase driven in particular by investments in the greater Paris region, which rose by more than 44% compared with 2024.

Rebalancing between sectors is now complete, with strong growth in recent years in residential, logistics and hospitality, at the expense of offices. Last year also saw the return of large-scale transactions, a sign of investors' renewed appetite for real estate.

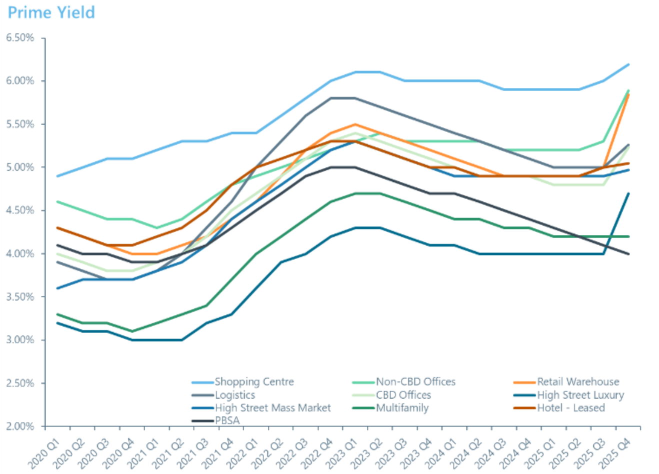




Source : Savills

Stabilization of values supports the recovery

After the sharp rise in real estate yields between 2022 and 2023, from 2024 the market found a new equilibrium. This stability has enabled investment to resume, as it offers greater visibility for investors and lenders. In addition, interest rates (Euribor and swaps) have fallen significantly since their peak in 2023, which also supports real estate values.



Source: Savills

Real estate debt market

The financing market is keeping pace with developments in the investment market. Banks are very busy refinancing their existing clients. We have seen renewed appetite for core assets, with margins tightening by around 50 bps in this segment of the market.

In the value-add and development segments, although bank appetite is higher than last year they remain more measured when moving away from the residential market or prime locations. Additionally, banks are very cautious regarding leasing risk in logistics, despite solid market fundamentals.

Leverage levels increased only moderately in 2025 and remain reasonable. In addition, with the decline in underlying asset values, debt-per-square-meter ratios are conservative.

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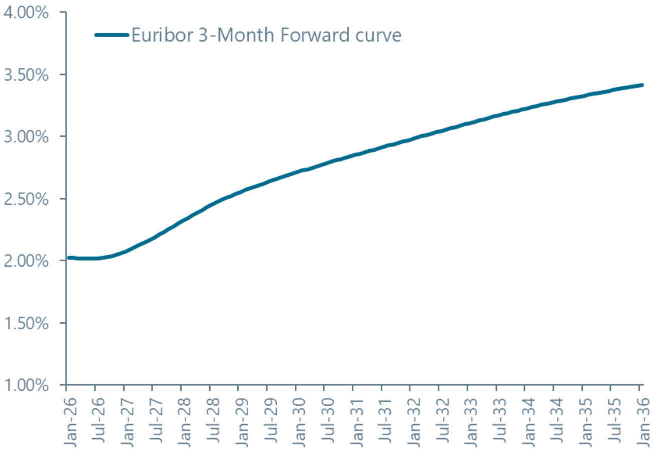
Euribor forward curve



Source: Chatham Financial

2026 outlook

Investment volumes are expected to continue growing, fueling the flow of debt transactions. The residential sector, due to its defensive nature and limited supply, is the preferred market segment of investors. The normalization of the office sector in central locations, which began in 2025, is expected to continue.

However, the current level of interest rates leaves little room for yield compression. With Euribor close to 2% and a slightly upward-sloping forward curve, we anticipate current yields above 5% on value-add debt and IRRs around 6%.

Furthermore, the structural trend toward improving ESG standards for all types of buildings will continue and is a powerful tailwind for investment in value-add strategies.

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