

EUROPEAN LIVING INVESTOR SURVEY

2026



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01 INTRODUCTION

The European living sector enters 2026 with improving momentum and strong investor conviction, supported by a year of improving performance and expanding institutional significance.

THE LATEST MSCI EUROPE INDEX DATA HIGHLIGHT A CLEAR TURNING POINT FOR THE SECTOR IN 2025: TOTAL RETURNS REACHED APPROXIMATELY 6% IN THE YEAR TO Q3 2025 WHILE CAPITAL VALUES CONTINUED TO EDGE GENTLY HIGHER. THESE SIGNS OF STABILISATION SUGGEST THE MARKET IS NOW TRANSITIONING TOWARD A MORE BALANCED AND GROWTH SUPPORTIVE ENVIRONMENT.

The strong investor conviction has been matched by a pickup in activity. European living investment volumes totalled around €59 billion in 2025, marking the strongest annual outturn since 2023. This momentum is also mirrored institutionally: the living sector's weight within the MSCI indices has risen further, now accounting for 23% of the MSCI Europe Index and 10% of the UK Index, cementing its status as one of the most significant and fastest growing components of the investable universe.



AGAINST THIS MARKET BACKDROP, THE FINDINGS FROM OUR 2026 EUROPEAN LIVING INVESTOR SURVEY CONFIRM THAT INVESTOR CONVICTION IS NOT ONLY HOLDING FIRM BUT STRENGTHENING.

Allocations remain elevated, with two thirds of respondents already holding more than 20% of their real estate portfolios in living assets, and an overwhelming majority expecting to increase those allocations over the next five years. Return stability and demographic resilience continue to sit at the heart of the sector’s appeal, while the Private Rental Sector/Build to Rent (PRS/BTR) and Purpose Built Student Accommodation (PBSA) remain the dominant subsectors— but with notable growth in interest for affordable housing and co-living as investors broaden their strategies.

The survey also highlights important nuance in how investors are deploying capital. Portfolios remain weighted toward existing stock, reflecting both operational preference and ongoing development stage risk challenges, even as construction cost pressures begin to ease.

Investors continue to prioritise stabilised assets and joint venture structures, reaffirming a cautious but active approach to capital deployment. Meanwhile, geographic preferences remain anchored in the UK, Spain, and Germany, with subtle shifts occurring outside the top tier.

Across the wider macro landscape, sentiment has stabilised, with investors anticipating broadly steady economic conditions and a period of relative interest rate normalisation. Expectations for yield compression have softened compared with last year, suggesting that for the time being at least performance will hinge on rental growth and operational efficiency.

Finally, although sustainability remains a core investment objective—more so than in last year’s survey—investors continue to perceive a gap between their own ESG priorities and those of tenants.

Taken together, these dynamics paint a picture of a maturing sector that has navigated a challenging period with resilience and now enters 2026 on firmer footing. With performance improving, institutional weight rising, and investor strategies continuing to evolve, the European living sector appears well positioned to remain one of real estate’s most compelling long term opportunities.



02

LIVING ALLOCATIONS REMAIN ELEVATED AS INVESTORS PRIORITISE RETURN STABILITY



IT IS CLEAR FROM THE RESULTS OF OUR 2026 SURVEY THAT INVESTOR CONVICTION IN THE EUROPEAN LIVING MARKET REMAINS STRONG, REINFORCING THE SECTOR'S STATUS AS AN INCREASINGLY STRATEGIC PILLAR WITHIN COMMERCIAL REAL ESTATE PORTFOLIOS.

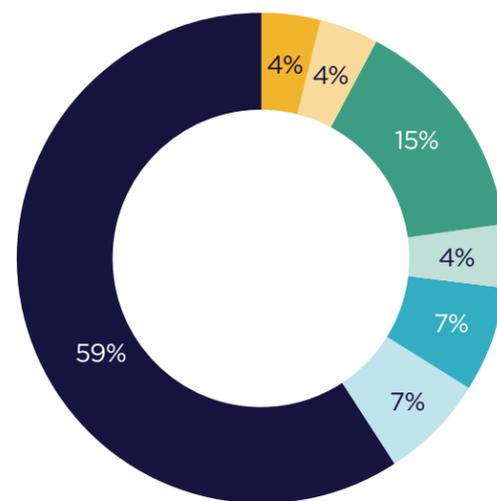
Approximately 66% of our sample living respondents hold allocations of 20% or more to living assets (chart 1), demonstrating that living is now firmly embedded as a core component of institutional investment strategies. Moreover, an overwhelming 96% expect to increase allocations over the next five years, with more than half anticipating a significant increase.

The deepening commitment to the living sector underscores a structural trend: stabilised rental housing, student accommodation, and related formats offer income durability, demographic resilience, and countercyclicality compared with many other real estate sectors.

Against a backdrop of volatile capital markets, investors continue to view the living sector as one of the most reliable avenues for long term performance. This dynamic is clearly reflected and if anything has become more deeply entrenched in this year's survey's findings (chart 2) with 74% identifying return stability as the sector's primary appeal, followed by demographics at 67%.

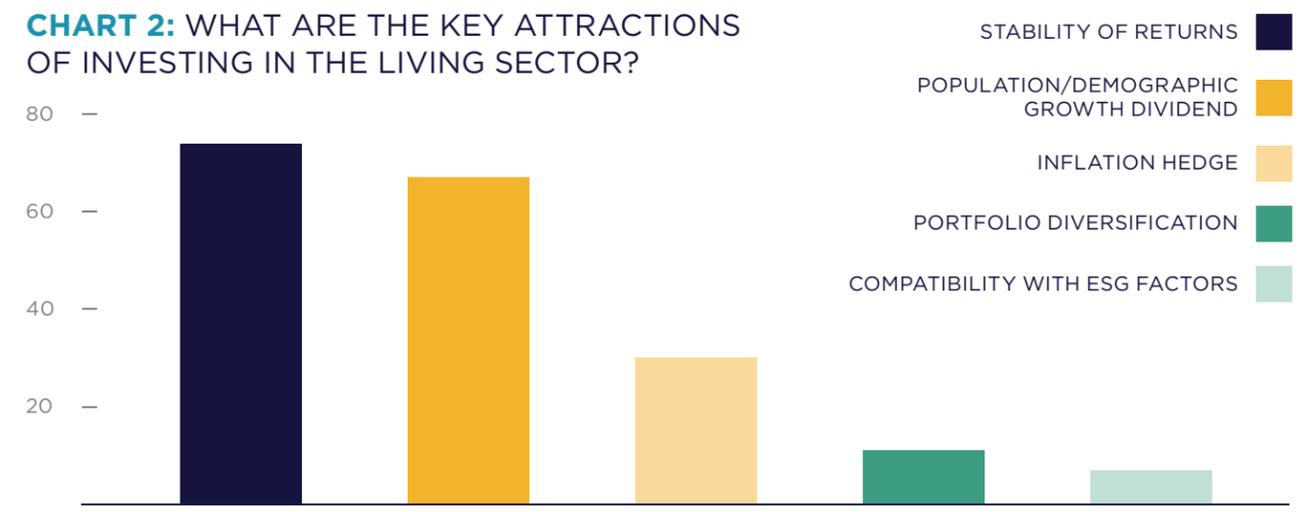
CHART 1: CURRENT LIVING ALLOCATIONS

- NONE
- 0-5%
- 6% - 10%
- 11% - 15%
- 16% - 20%
- 21% - 30%
- MORE THAN 30%



Source: Cushman & Wakefield, March 2026

CHART 2: WHAT ARE THE KEY ATTRactions OF INVESTING IN THE LIVING SECTOR?



Source: Cushman & Wakefield, March 2026

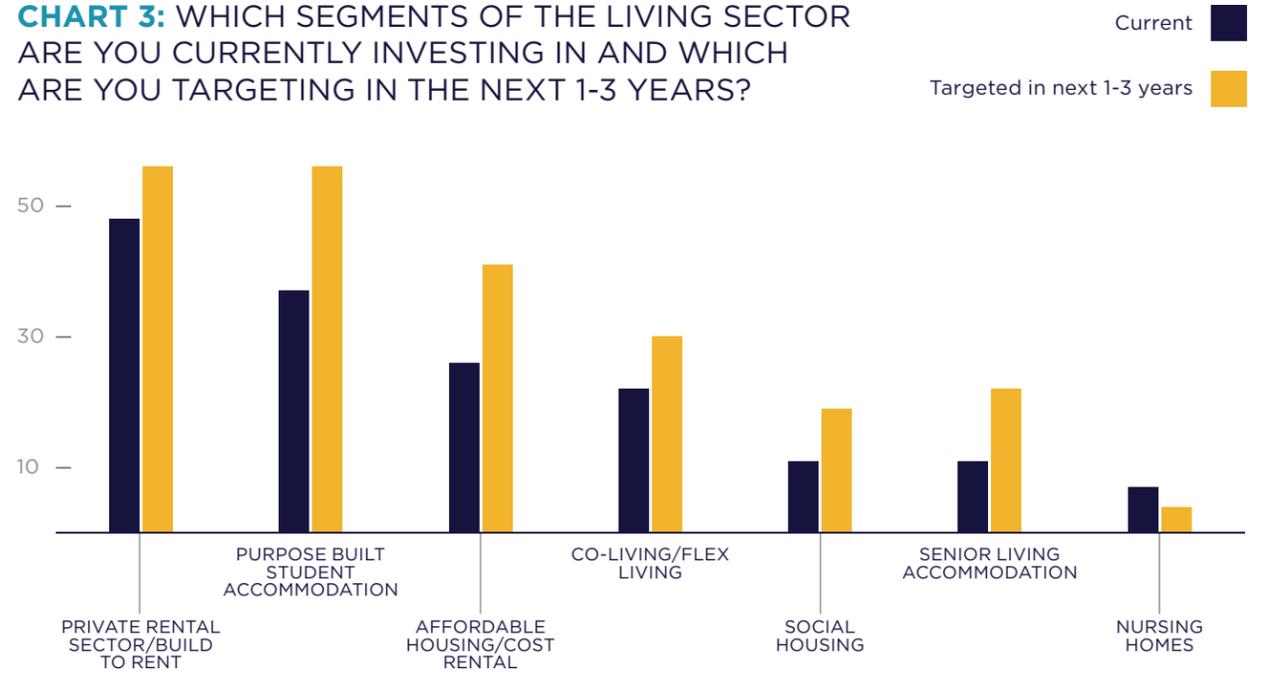
03

PRS AND PBSA STILL LEAD THE CHARGE BUT OTHER SUBSECTORS COMING TO PROMINENCE

IN 2026, PRS/BTR AND PBSA REMAIN THE MOST PREFERRED LIVING SEGMENTS, BOTH IN TERMS OF CURRENT HOLDINGS AND TARGET ALLOCATIONS OVER THE NEXT ONE TO THREE YEARS (CHART 3).

PBSA in particular continues to gain strategic prominence due to strong occupancy fundamentals, positive demographic and international study trends, and arguably less exposure to rent regulation than traditional PRS markets.

CHART 3: WHICH SEGMENTS OF THE LIVING SECTOR ARE YOU CURRENTLY INVESTING IN AND WHICH ARE YOU TARGETING IN THE NEXT 1-3 YEARS?



Source: Cushman & Wakefield, March 2026



Affordable housing/cost rental and co living/flex living also show rising investor interest, illustrating a broadening of strategic focus beyond the two dominant segments. In addition to appealing to distinct demographic needs, these formats can offer comparatively stronger scheme viability, particularly in the case of co-living schemes as they generally occupy smaller footprints.

04

CORE EUROPEAN MARKETS DOMINATE GEOGRAPHIC PREFERENCES

UK, SPAIN, AND GERMANY ONCE AGAIN EMERGE AS THE TOP THREE PREFERRED GEOGRAPHIES FOR INVESTMENT IN 2026 (SEE TABLE) - NOT A SIGNIFICANT SURPRISE GIVEN THAT THE UK AND GERMANY COMBINED ACCOUNTED FOR 66% OF EUROPEAN LIVING INVESTMENT VOLUMES LAST YEAR.

Within the top tier, the UK and Germany swap positions compared with 2025 while outside of the top three Ireland overtakes France, signalling subtle shifts in market favourability outside the top tier.



GEOGRAPHIC PREFERENCE

		2026 Ranking	2025 Ranking
GERMANY	▲	1	3
SPAIN	◀▶	2	2
UK	▼	3	1
IRELAND	▲	4	5
FRANCE	▼	5	4
ITALY	◀▶	6	6
PORTUGAL	◀▶	7	7
NORDICS	◀▶	8	8
BENELUX	◀▶	9	9
CEE	◀▶	10	10

Source: Cushman and Wakefield EMEA Living Investor Survey 2026



05

INVESTORS' PORTFOLIOS APPEAR MORE FOCUSED ON EXISTING STOCK

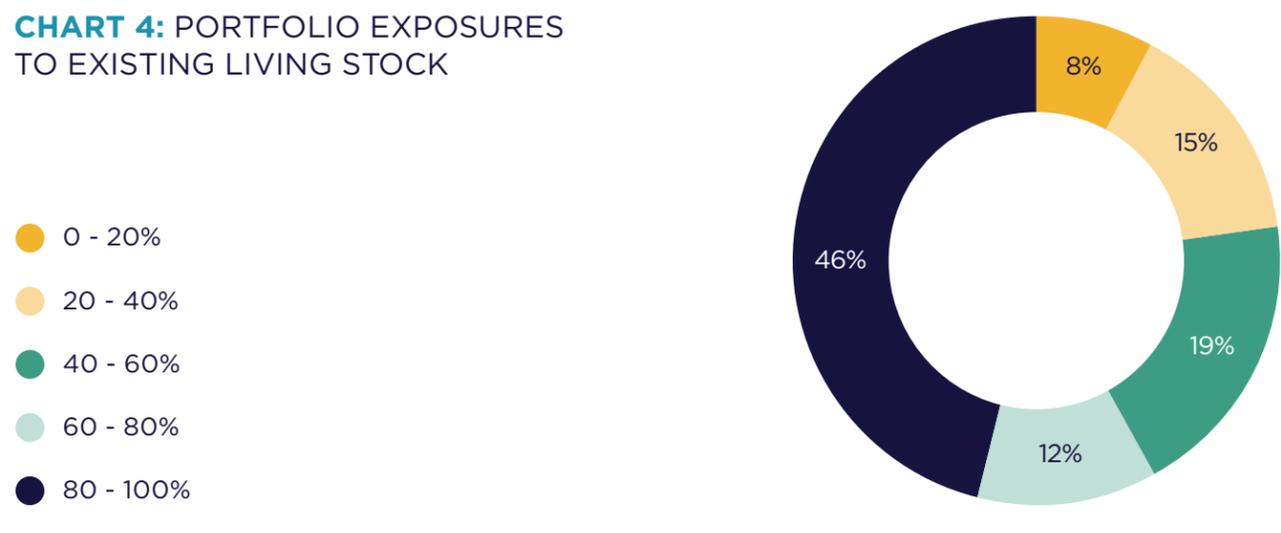
THE 2026 SURVEY RESULTS INDICATE THAT LIVING INVESTOR PORTFOLIOS CURRENTLY APPEAR TO BE SKEWED TOWARD EXISTING LIVING STOCK (CHART 4).

Nearly half of respondents indicated that 80-100% of their living portfolios are in existing assets, while around half report only 0-20% allocated to new stock (i.e., funding construction or development). That bias shouldn't surprise given the still young age of the sector and the viability headwinds of recent years—particularly construction inflation—which raised delivery risk and likely pushed many investors toward stabilised assets.

Looking ahead, investors' preferred deal structures (chart 5) suggest that this weighting toward existing assets is unlikely to shift significantly in the near term. Stabilised stock remains the most commonly favoured route, with joint ventures also ranking highly as a way to share operational and market risk. By contrast, interest in forward funding and forward commitment models remains relatively soft – perhaps an ongoing nod to the fact that viability challenges still persist.

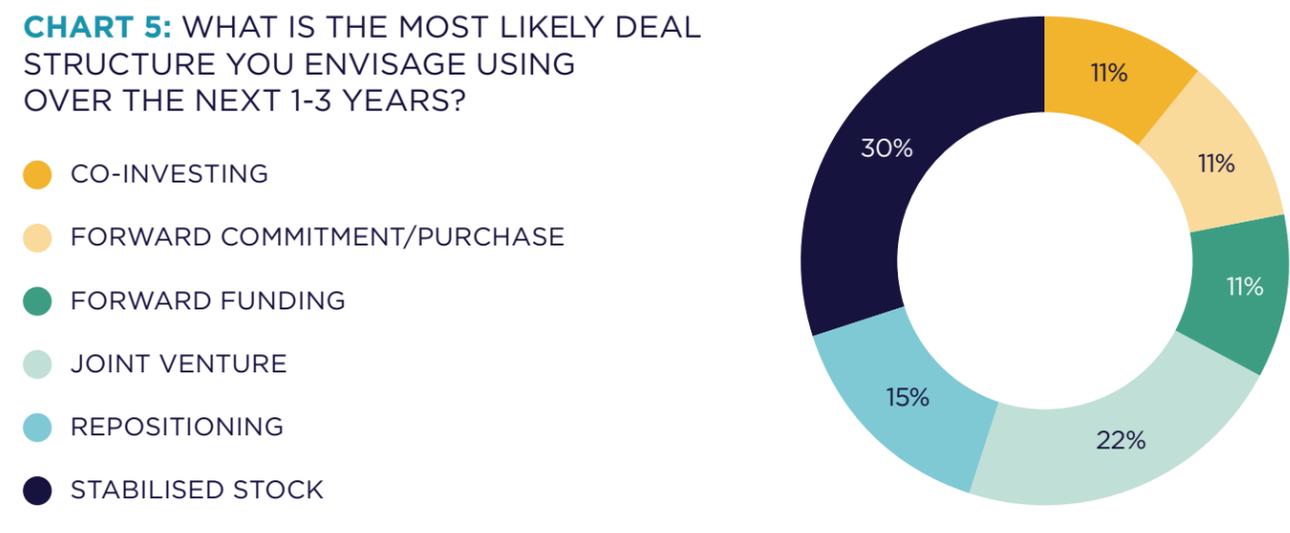
There are some notable exceptions to this finding however in markets such as Poland, the Czech Republic, Belgium and Italy where thinner levels of institutional stock are more common and/or rental demand is rising as home ownership rates fall.

CHART 4: PORTFOLIO EXPOSURES TO EXISTING LIVING STOCK



Source: Cushman & Wakefield, March 2026

CHART 5: WHAT IS THE MOST LIKELY DEAL STRUCTURE YOU ENVISAGE USING OVER THE NEXT 1-3 YEARS?



Source: Cushman & Wakefield, March 2026

06

LOCATION, TENANT AFFORDABILITY SEEN AS MOST IMPORTANT IN EVALUATING PRS/BTR SCHEMES

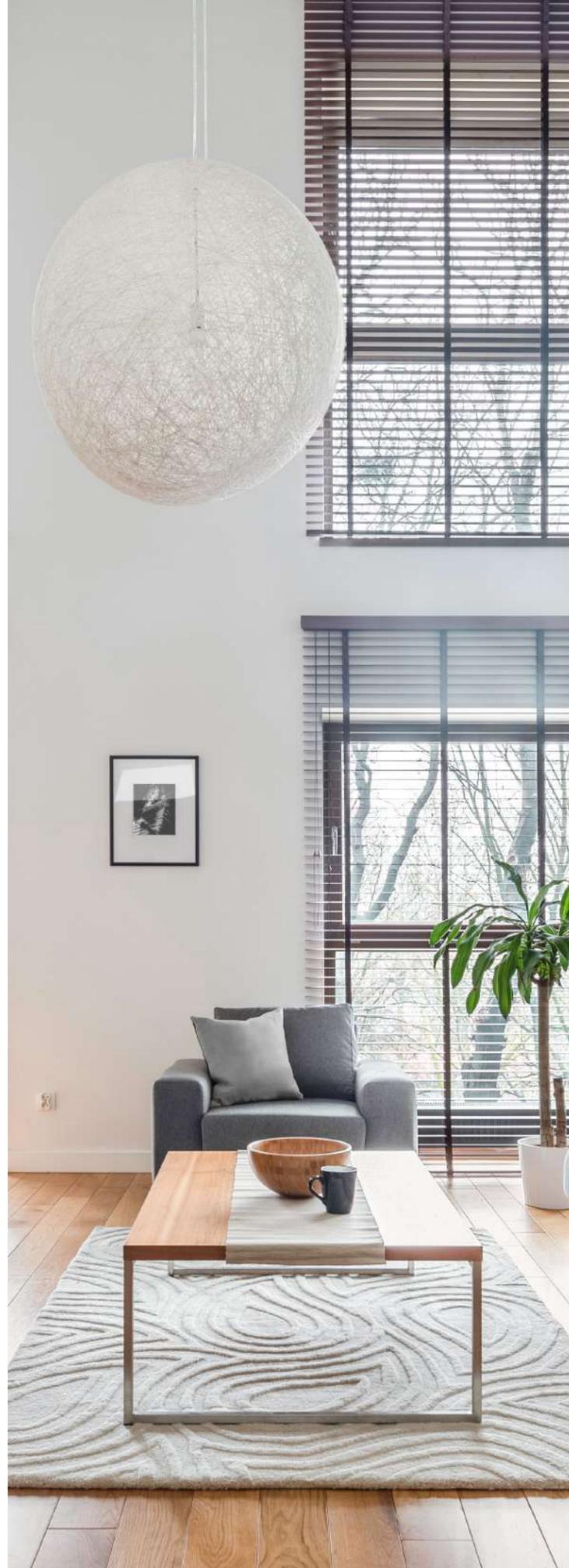
AS PART OF THIS YEAR'S SURVEY, WE ALSO ASKED INVESTORS TO RANK THE KEY FACTORS THEY CONSIDER WHEN EVALUATING PRS/BTR SCHEMES (SEE GRAPHIC).

The aim here was not only to identify which criteria matter most, but also to gauge the relative importance of amenities in shaping investment or development decisions for high quality living assets.

Our results show a clear hierarchy in the factors investors consider most important when evaluating Private Rental and Build to Rent schemes. Location ranks unequivocally as the top priority, underscoring the continued emphasis on proximity to employment centres, transport connectivity, retail, and local services.

Tenant affordability follows closely, reflecting investors' heightened awareness of cost pressures and the need to ensure rental levels remain sustainable in the context of broader living expenses.

Amenities and shared spaces take third place, highlighting the growing importance of gyms, lounges, co working areas and other communal facilities in supporting tenant experience and leasing performance. Sustainability and energy efficiency rank fourth, underscoring investors' continued focus on environmental performance and operational savings. Ease and efficiency of property management rounds out the top five, reflecting its role more as a baseline operational consideration rather than a primary differentiator for investors.



RANKING OF IMPORTANCE

FACTORS IN EVALUATING PRIVATE RENTAL / BUILD TO RENT SCHEMES.

- 1 LOCATION**
PROXIMITY TO WORK, TRANSPORT, SHOPS, AND SERVICES 
- 2 TENANT AFFORDABILITY**
OVERALL COST OF RENT AND LIVING EXPENSES 
- 3 AMENITIES AND SHARED SPACES**
ACCESS TO GYMS, LOUNGES, CO-WORKING AREAS, ETC 
- 4 SUSTAINABILITY AND ENERGY EFFICIENCY**
ENVIRONMENTAL IMPACT AND UTILITY SAVINGS 
- 5 EASE AND EFFICIENCY OF PROPERTY MANAGEMENT**
QUALITY OF MAINTENANCE, COMMUNICATION, AND TENANT SUPPORT 

Source: Cushman & Wakefield, March 2026

07

ECONOMIC SENTIMENT STABILISES AS INVESTORS ADJUST RATE AND YIELD EXPECTATIONS

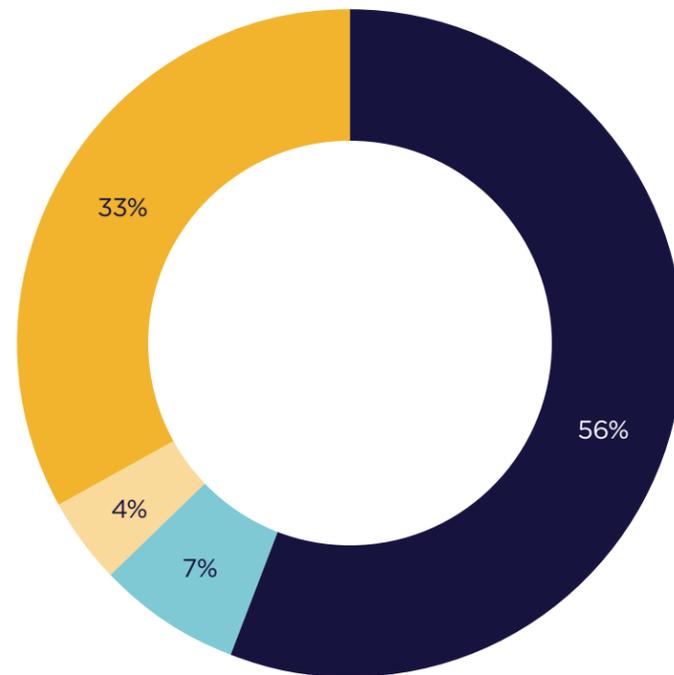
INVESTORS IN THE 2026 SURVEY ANTICIPATE A MORE STABLE MACROECONOMIC BACKDROP THAN IN RECENT YEARS* - PERHAPS A SLIGHTLY COUNTERINTUITIVE RESULT CONSIDERING THE TRADE UNCERTAINTY THAT ENCIRCLED THE EUROPEAN ECONOMY IN 2025.

Sentiment on economic growth leans cautiously positive (chart 6), with many respondents anticipating that the European and UK economies will get a little stronger or remain broadly stable.

Regarding interest rates, over half expect no change, while a meaningful portion (22%) foresee modest cuts of 0-50 bps over the next 12 months (chart 7).

Only a minority (8%) expect increases, which points to an acknowledgement that substantial progress has been made in tackling inflation in Europe. This year's views also represent a tempering of the more optimistic expectations on prime yields expressed in 2025, when most respondents foresaw rate cuts across the Eurozone and UK that would support pronounced yield compression.

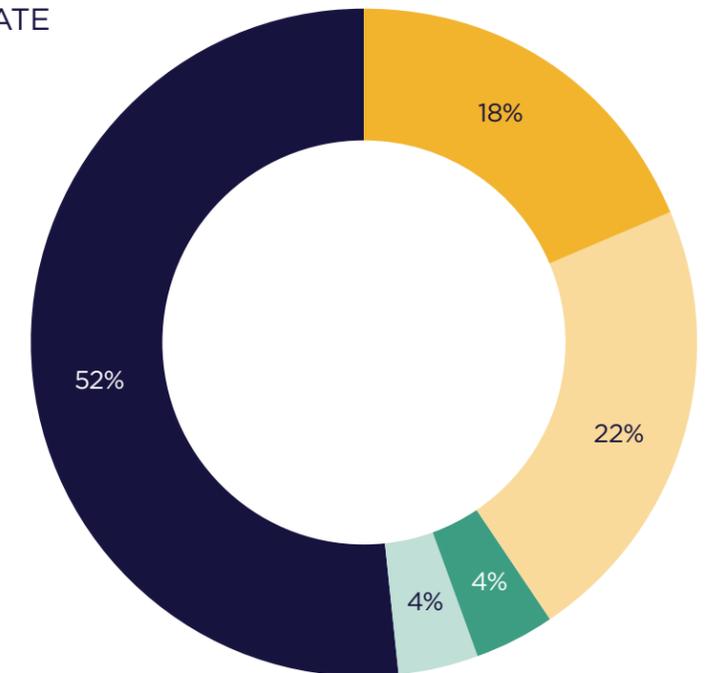
CHART 6: HOW DO YOU EXPECT THE EUROPEAN/UK ECONOMY TO DEVELOP OVER THE NEXT TWELVE MONTHS?



- GET A LOT STRONGER
- GET A LITTLE STRONGER
- GET A LITTLE WEAKER
- NO CHANGE

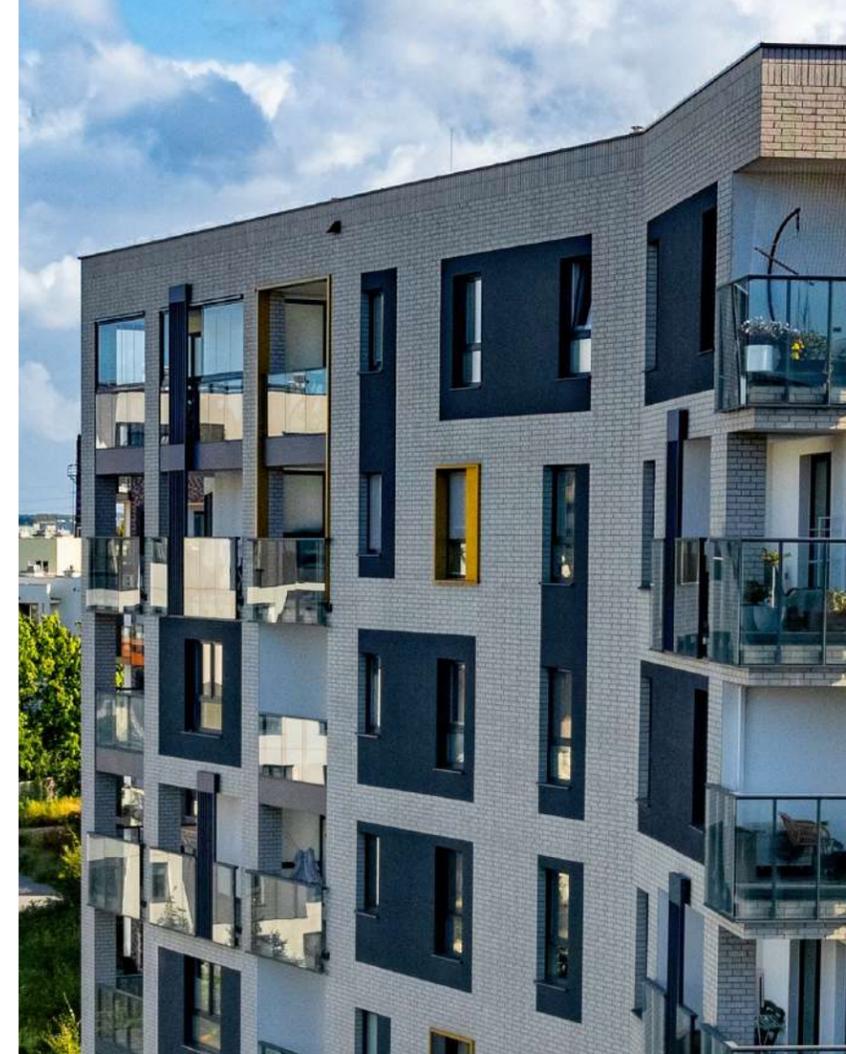
*Investors were polled between November 2025 and January 2026, prior to the outbreak of Middle East Hostilities
Source: Cushman & Wakefield, March 2026

CHART 7: EXPECTED INTEREST RATE CHANGES IN THE NEXT TWELVE MONTHS?



- INCREASE BY 0.5% TO 1.5%
- INCREASE BY 0% TO 0.5%
- DECREASE BY 0% TO 0.5%
- DECREASE BY 0.5% TO 1.5%
- NO CHANGE

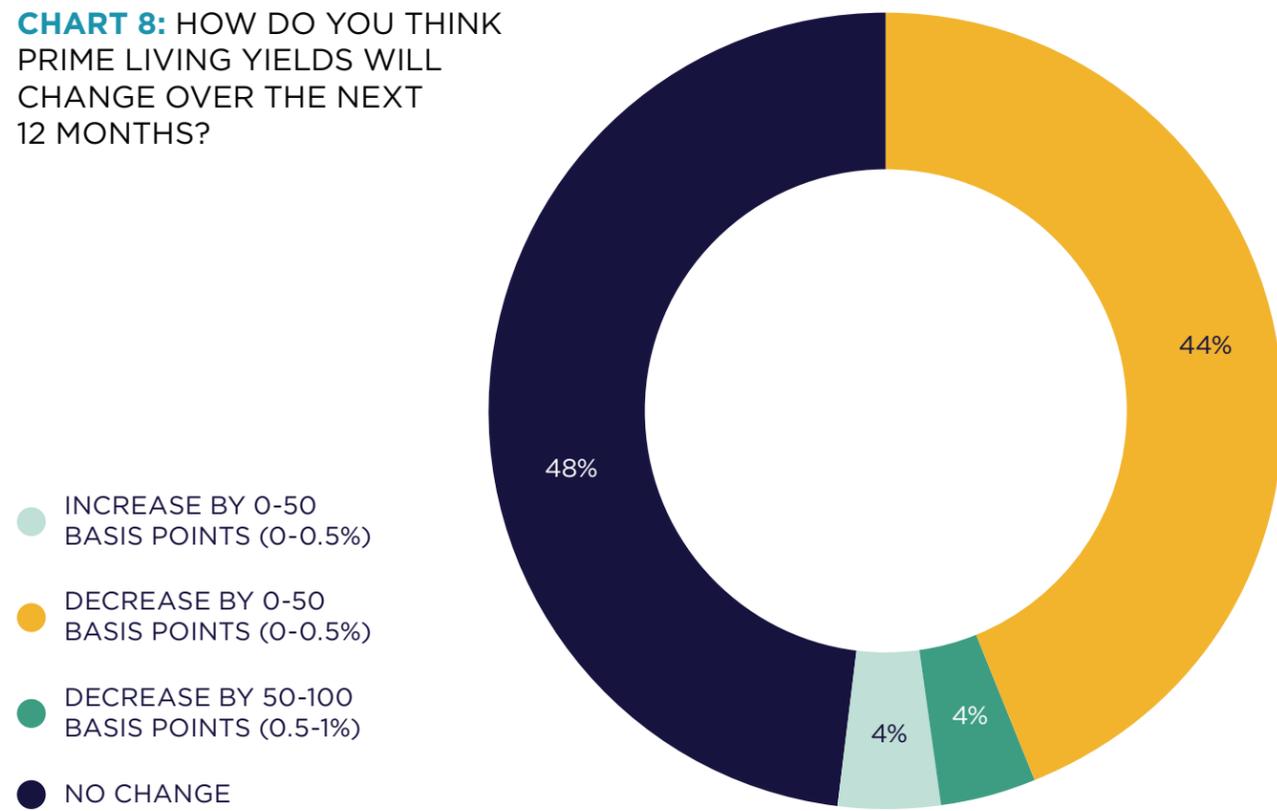
Source: Cushman & Wakefield, March 2026



The percentage of investors foreseeing no change in prime yields in 2026 rose to 48% in this year's survey, more than doubling compared to last year's response (chart 8). 44% of investors still anticipate reductions in yields of up to 0.5% this year but on the whole expectations for material reductions in yields appear to have been pared back this year. The shift in tone between survey responses in 2025 and 2026 also perhaps suggests that investors now perceive future performance to be more likely to be driven by rental growth and operational efficiency than by yield movement.

Interestingly, investors' expectations around changes in prime living yields last year were broadly correct. The market played out in much the same direction as was anticipated (21% anticipated no change in yields and a 54% majority expected yields to move lower by up to 0.5%) - around half of the European PRS markets we track did see yields fall in 2025, and the shifts were modest—typically around 0.25%. Based on our data yield declines were most widespread in Germany in 2025, which may also help explain its stronger appeal to investors this year, reflecting a sense that the market has bottomed and is now in recovery mode.

CHART 8: HOW DO YOU THINK PRIME LIVING YIELDS WILL CHANGE OVER THE NEXT 12 MONTHS?



Source: Cushman & Wakefield, March 2026



08

PRS/BTR SUBSECTOR SEEN AS OUTPERFORMING IN 2026, LACK OF INVESTMENT OPPORTUNITIES EMERGING AS A KEY CHALLENGE

OUR SURVEY RESULTS INDICATE SOME SHIFTS IN PERCEIVED OUTPERFORMANCE WITHIN THE LIVING SECTOR THIS YEAR (CHART 9).

The PRS/BTR subsector is now viewed as the likeliest outperformer this year, attracting approximately 41% of responses, while PBSA and Affordable/Cost Rental sit at roughly 22% each, and Co Living/Flex Living accounts for 15%. This represents a re ranking of subsector performance expectations compared to last year where investors identified PBSA as the dominant outperformer.

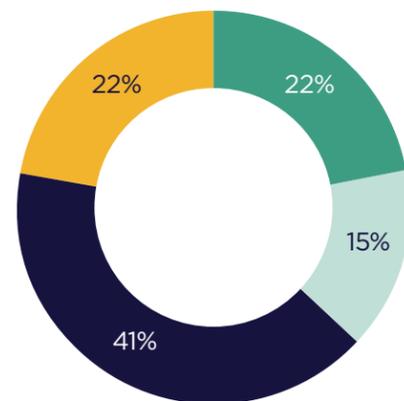
The 2026 survey highlights several familiar challenges for the living sector (chart 10). Chief among them are mismatches between buyer and seller expectations, an enduring friction that has lingered over the commercial real estate market more generally in recent years.

Perhaps more interestingly, a growing share of investors now highlights limited investment opportunities, signalling a shortage of high quality product priced adequately for today's financing conditions and risk environment. Political and regulatory risk also remains a material concern for investors.

Meanwhile, encouragingly concerns around development viability have waned slightly compared to last year's survey – possibly a response to the continued moderation in construction inflation rates over the last year in particular. While tenant affordability is often mentioned in media circles as a risk for the living sector, it doesn't rank as highly a challenge for investors as others, with only 4% of respondents citing this as a challenge, the same outcome as in last year's survey.

CHART 9: WHICH SEGMENT OF THE LIVING SECTOR DO YOU EXPECT TO PERFORM BEST IN 2026?

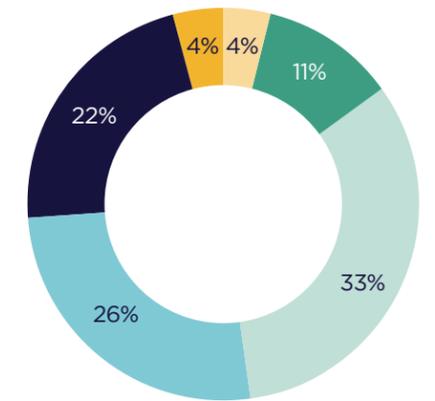
- AFFORDABLE HOUSING/COST RENTAL
- CO-LIVING/FLEX LIVING
- PRIVATE RENTAL SECTOR/BUILD TO RENT
- PURPOSE BUILT STUDENT ACCOMMODATION



Source: Cushman & Wakefield, March 2026

CHART 10: WHAT DO YOU BELIEVE ARE THE BIGGEST CHALLENGES TO INVESTING IN THE LIVING SECTOR IN 2026?

- DEBT COSTS
- DEVELOPMENT VIABILITY
- LIMITED INVESTMENT OPPORTUNITY
- POLITICAL/REGULATORY RISK
- TENANT AFFORDABILITY
- MISMATCHES BETWEEN BUYER AND SELLER EXPECTATIONS



Source: Cushman & Wakefield, March 2026

09

SUSTAINABILITY STILL IMPORTANT FOR INVESTORS, LESS SO FOR TENANTS?

SUSTAINABILITY REMAINS A CLEAR STRATEGIC PRIORITY FOR INVESTORS IN 2026 (CHART 11) ACCORDING TO OUR SURVEY RESULTS, WITH 82% IDENTIFYING IT AS A KEY INVESTMENT OBJECTIVE AND A MAJORITY INDICATING A WILLINGNESS TO PAY A PREMIUM FOR ASSETS WITH STRONG ENVIRONMENTAL PERFORMANCE— BOTH UP ON LAST YEAR’S RESULTS.

In contrast, investors perceive sustainability to be less important for tenants, with fewer than half indicating that occupiers prioritise it, a slight decline from 2025. This softer occupier emphasis may also help explain why sustainability ranked only fourth in our earlier question on the key factors investors consider when evaluating PRS/BTR schemes.

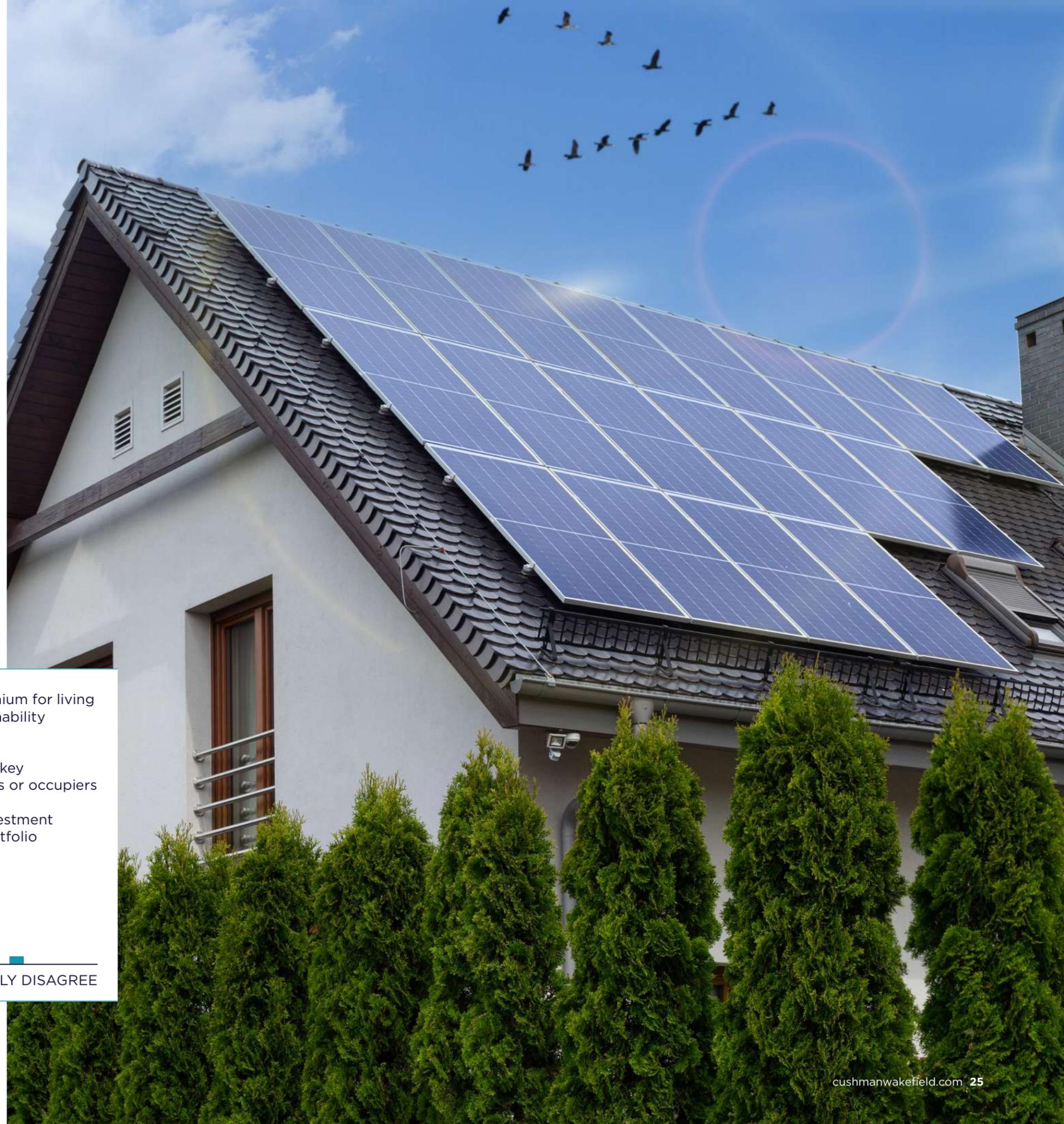
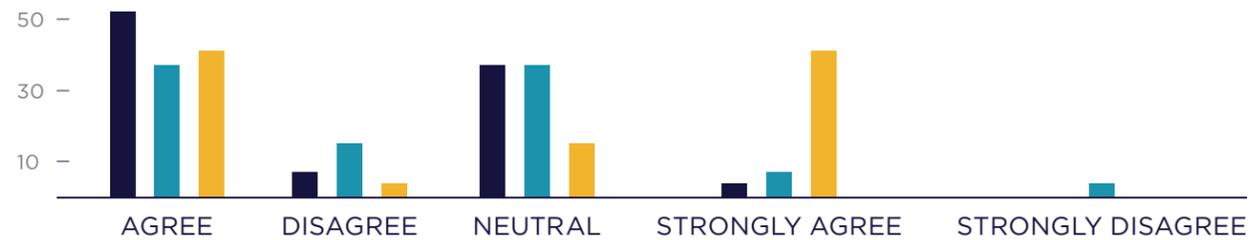


CHART 11: SUSTAINABILITY REMAINS CENTRAL TO INVESTOR AMBITION IN THE LIVING SECTOR

- I am willing to pay a premium for living assets with strong sustainability characteristics
- Sustainability factors are key considerations for tenants or occupiers
- Sustainability is a key investment objective of my living portfolio



Source: Cushman & Wakefield, March 2026

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ABOUT CUSHMAN & WAKEFIELD

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