

THE INVESTMENT ATLAS



YOUR STRATEGIC COMPASS
IN THE WORLD
OF REAL ESTATE INVESTMENT

Q3 2025

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SUMMARY

MOMENTUM CONTINUES TO BUILD

The European Commercial Real Estate (CRE) market remains on the verge of a broadening recovery, with an increasing number of green shoots across prime operating fundamentals and capital markets. The latest TIME score and Fair Value Index reinforce the current market phase as a crucial window for strategic investment, and growing evidence shows capitalisation of this opportunity.

While macroeconomic headwinds persist, the landscape is improving. Easing credit conditions and improved liquidity have begun to lift investor sentiment, even as global growth remains modest. This environment is fostering a more optimistic outlook, with investors increasingly willing to deploy capital and take calculated risks, especially in markets where fundamentals are strengthening.

In Q3 2025, the European All-Property TIME Score posted small gains compared to Q1, rising from 3.0 to 3.2 and remaining at the inflection point of the cycle. Meanwhile, the European Fair Value Index (FVI) edged down slightly to 89, from 91 in the previous quarter. The analysis indicates that 78% of tracked

markets are still underpriced, highlighting a broad spectrum of investment opportunities across Europe.

Looking at the TIME Score and FVI matrix, we see a broadly positive trend across all sectors. Logistics, retail, and hospitality now firmly occupy the 'sweet spot' for investment, reflecting sustained momentum and resilience. Despite showing improvements from the previous update in Q1, residential and office assets remain within the 'strategic matrix'.

Debt capital is leading the recovery, with lenders driving price discovery and liquidity ahead of equity investors. Debt providers have reengaged quickly, using refinancing and restructuring to gain market share and set new pricing levels. This early activity is shaping valuations and enabling new transaction strategies for investors.

There is clear improvement in investor sentiment, driven by increased transactional activity, higher demand, and debt availability. Fundraising has rebounded, with managers adapting sector strategies to remain flexible to shifting market conditions. Core funds are cautiously returning, focusing on secure income and diversification. While risk aversion and price sensitivity persist, the market is stabilising, and recovery is expected to continue through 2026.



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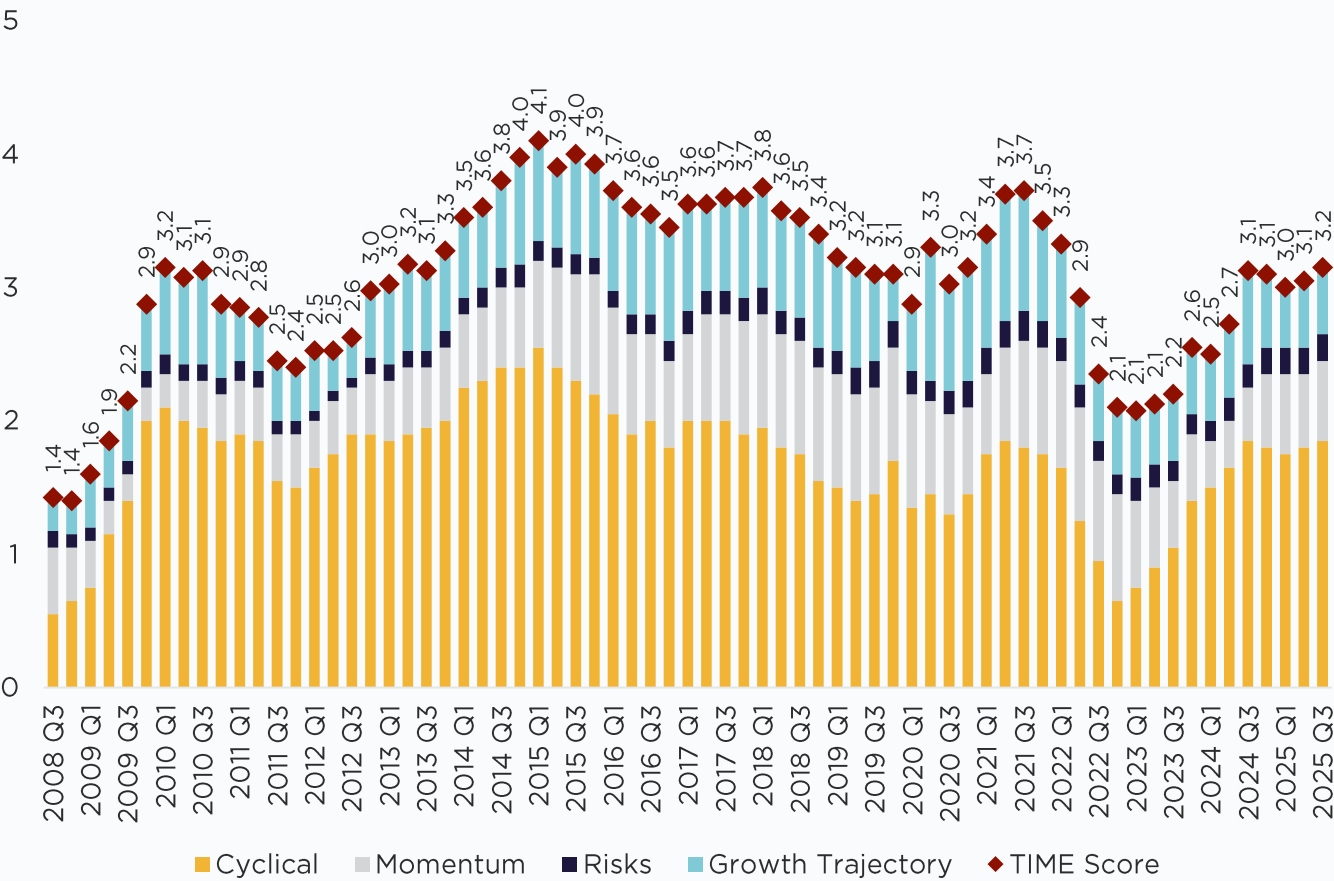
**TIME
SCORE**



RECOVERY SIGNALS, BUT INFLECTION POINT PERSISTS

The Q3 2025 European All-property TIME Score improved slightly from the previous iteration in Q1. The headline score rose to 3.2, up from 3.0, remaining at the inflection stage of the cycle.

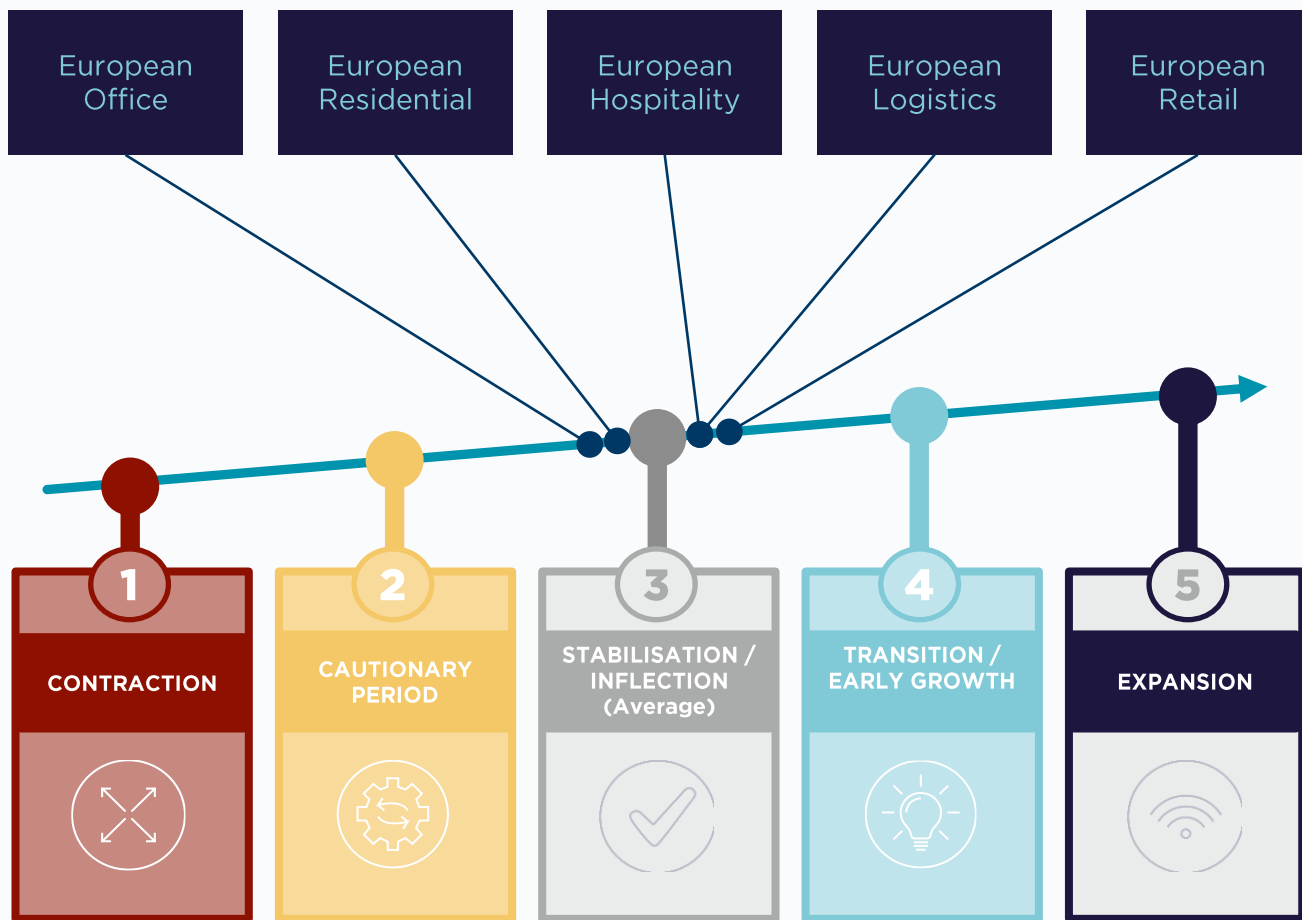
All components of the score showed either improvement or stability with no downgrades recorded. Greater availability of credit has driven the cyclical category's upgrade while GDP and business investment expectations have supported the growth trajectory, consistent with the easing of economic uncertainty and improved sentiment.



Source: Cushman & Wakefield Research



RECOVERY SIGNALS, BUT INFLECTION POINT PERSISTS



Over the last six months, the TIME score has increased consistently across all sectors, except retail, which posted a marginal decline, despite still leading the way. Spread between a score of 2.8 and 3.2, every sector is at the inflection stage of the market cycle.

The office sector remains the laggard, still scoring below the 3.0 mark, despite posting a slight increase relative to our prior release (2.8 in Q3 2025 versus 2.7 in Q1 2025).



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02

FAIR VALUE INDEX



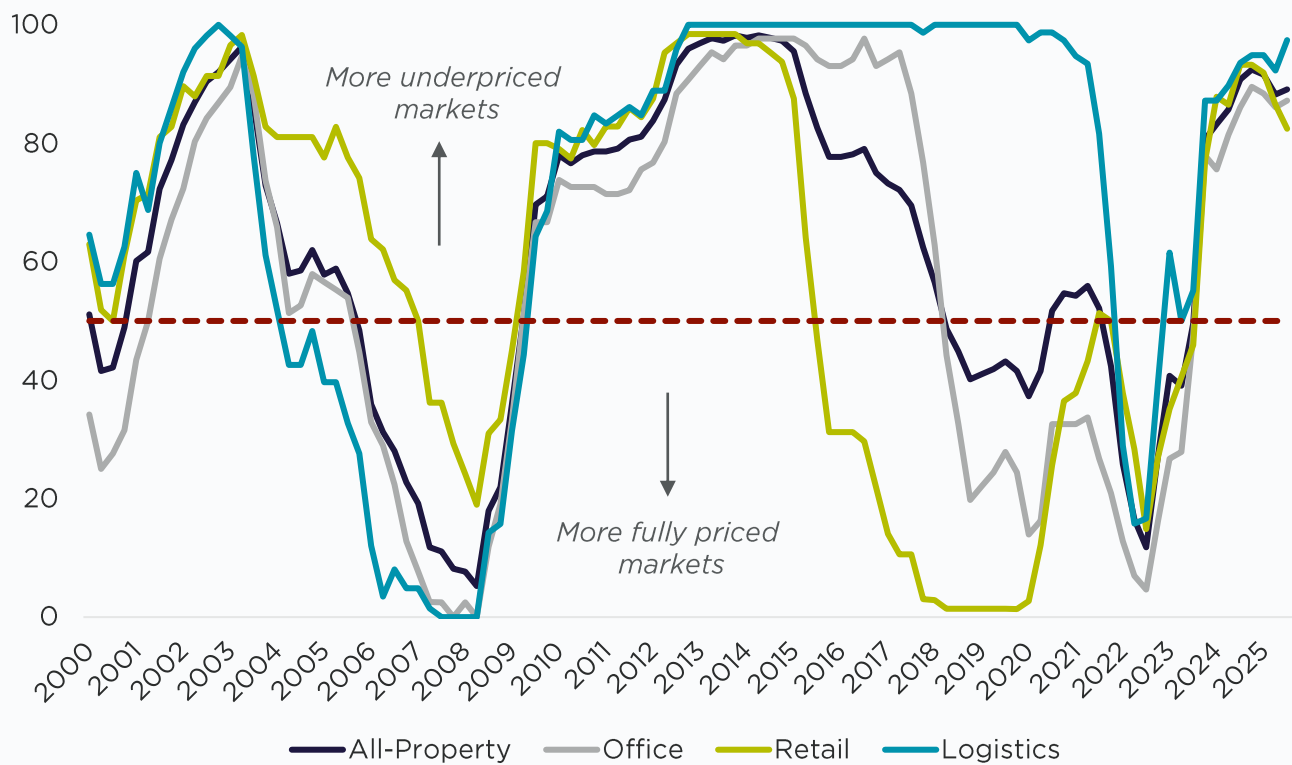
UNDERPRICING ABOUND

The European Fair Value Index (FVI) was 89 in Q3, mostly holding steady from the Q1 2025 figure of 91, indicating that commercial property valuations remained attractive on a risk-adjusted basis.

Overall, our fair total return declined across the 119 markets covered in our analysis. Government bond yields fell by 11 basis points since Q1, reversing part of the earlier upward trend, with a few exceptions that moved in the opposite direction such as France due to

political instability. Yields in corporate bonds declined more significantly than that of government bonds, resulting in a lower risk premium.

Declines in bond yields and risk premium were offset by softer capital growth forecasts, weighing marginally on the headline index score. These shifts were largely timing-related and did not alter most pricing classifications.



Source: Cushman & Wakefield Research



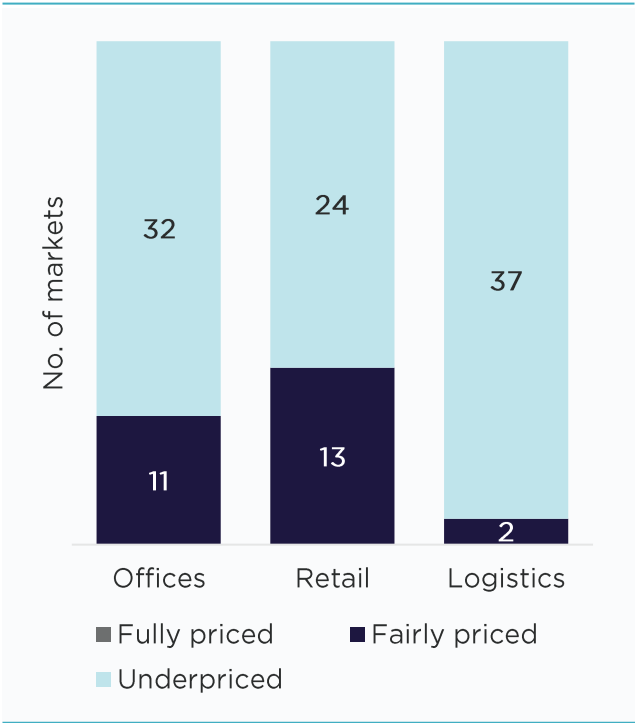
UNDERPRICING ABOUND

Sector level data revealed that downward revisions to capital value growth affected all sectors. These shifts were also largely timing-related and did not alter most pricing classifications. The largest number of opportunities can still be found in the logistics sector, posting a score very close to 100 (97).

Valuations held relatively steady with only 10 markets moving classification, 7 downgrades and 3 upgrades. Retail showed the biggest movement with 4 downgrades and 2 upgrades while logistics posted only 1 downgrade.

The analysis showed that 78% of the markets tracked remain underpriced, indicating a wide range of opportunities.

The remaining 22% of the markets we track now fall within the fairly-priced classification, up from 17% in Q1, marking a gradual shift as fundamentals continue to normalise and investment sentiment improves. Notably, no markets are classified as fully priced, reinforcing a landscape where valuation dispersion persists. This dynamic signals a market gradually transitioning but still presenting selective opportunities for investors.



Source: Cushman & Wakefield Research

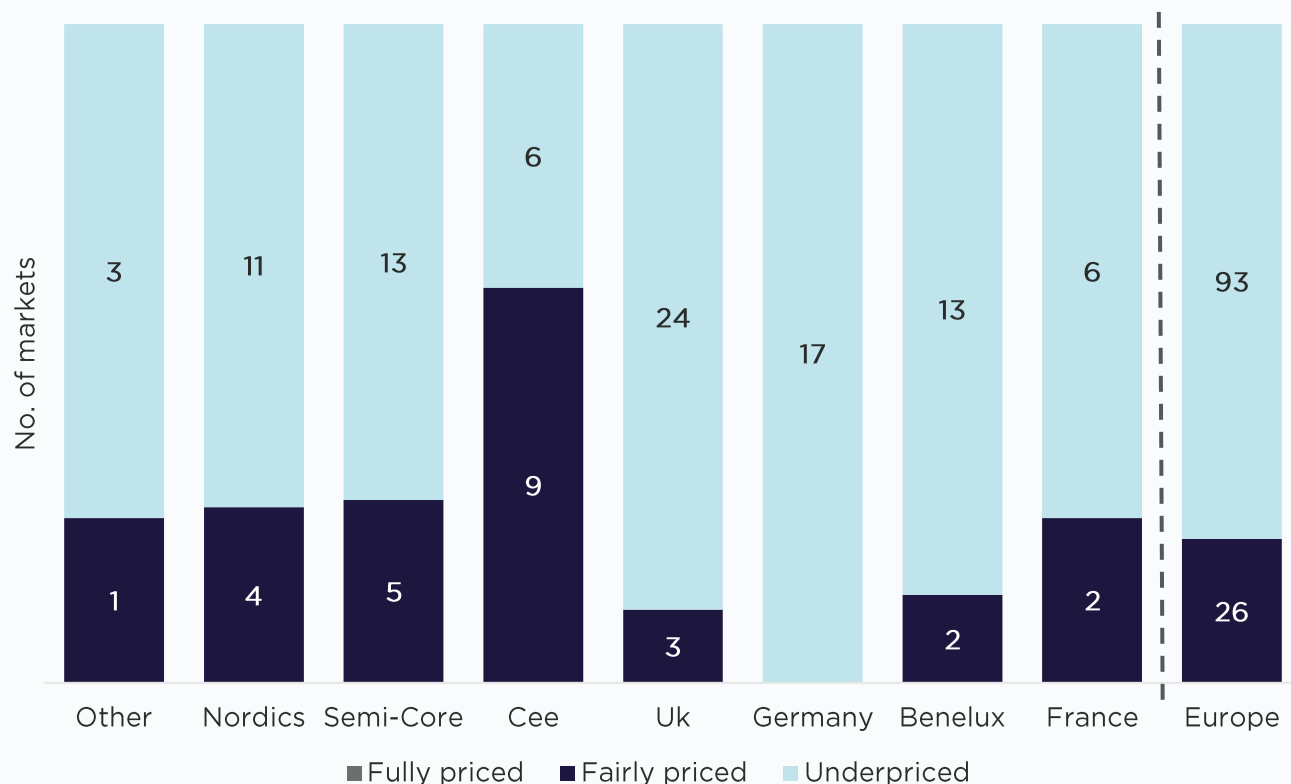




GERMANY REMAINS THE STANDOUT FOR PRIME OPPORTUNITIES

In Q3 2025, all combinations of markets and sectors in Germany remain classified as underpriced due to significant repricing throughout 2023 and 2024. This presents Germany as an attractive target for real estate investors, with widespread opportunities for capital appreciation as the market adjusts towards fair value.

The UK also appears relatively attractive, with only the 3 London retail markets classified as fairly priced, signalling the very limited scope for further yield compression given current levels. Meanwhile, Central and Eastern Europe (CEE) continues to hold the largest share of markets in the fair value range, a reflexion of the more resilient pricing.



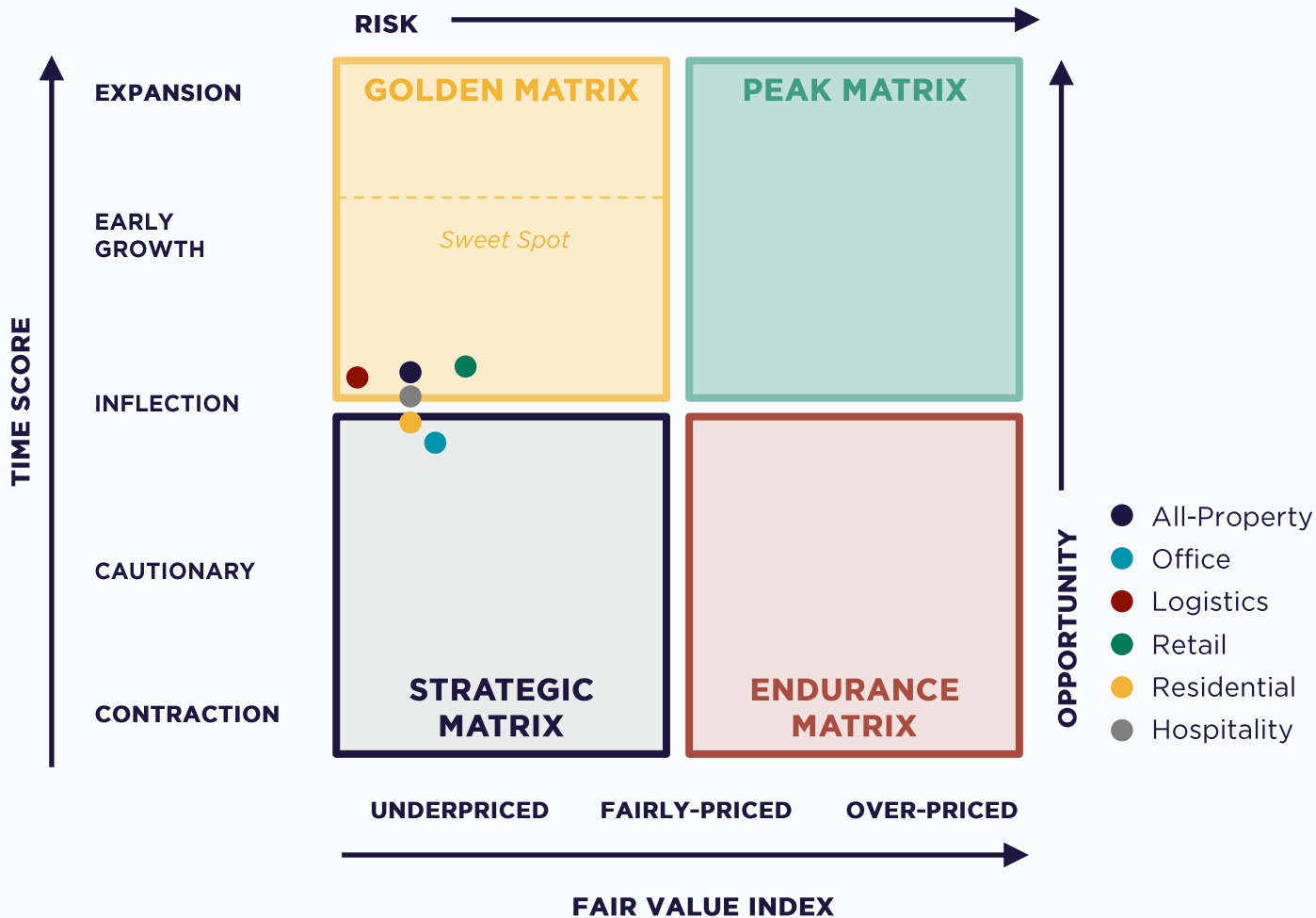
Source: Cushman & Wakefield Research



COMBINED TIME SCORE & FAIR VALUE INDEX

The combined analysis of the TIME Score and FVI shows a broadly positive shift across sectors. Logistics, retail and hospitality now firmly occupy the ‘sweet spot’ for investment, signalling sustained momentum and resilience. Residential and office assets remain positioned within the ‘strategic matrix’, despite improving from the previous update.

The office sector continues to lag, prompting a cautious and selective approach from investors amid persistent uncertainty around a highly bifurcated sector. Prime office space continues to deliver strong rental performance and sustained demand, especially where it supports talent attraction and compliance with ESG standards, while secondary space faces ongoing challenges.



Source: Cushman & Wakefield Research

*Residential and Hospitality sectors' Fair Value Index correspond to All-Property

WHAT'S NEXT?

The market now seems closer to entering its next stage, driven by clearer economic signals, growing investor confidence, and a likely pickup in transaction volumes. Here is what you can expect next:

CONFIDENCE RETURNS AS FUNDAMENTALS STRENGTHEN

Despite global uncertainty, the investment market has remained stable over the last 6 months, supported by stronger-than-expected economic resilience. This stability is reflected in the TIME score, which posted small gains. Momentum is building as prime operating fundamentals and capital markets show an increasing number of green shoots. Recent rate cuts and stabilising debt costs have narrowed bid-ask spreads, which along with clearly improved investor sentiment, are paving the way for renewed transaction activity into 2026.

UNLOCKING OPPORTUNITY IN UNDERVALUED MARKETS

Opportunities for value-driven investment remain as 78% of markets are still classified as underpriced. The broader economy, and the CRE investment market in particular, are shifting from stagnation to growth with clearer macro signals and improving liquidity and confidence. We are now in a critical window for strategic deployment of capital. As pricing in many sectors has yet to fully adjust to improving conditions, long-term investors are set to benefit from an attractive entry point and capitalise on the future cycle of capital value appreciation.

“The latest TIME score and Fair Value Index reinforce the current market phase as a crucial window for strategic investment, and growing evidence shows capitalisation of this opportunity.”

Rebecca Rockey,
Head of Quantitative Insights & Principal Economist

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DEBT & STRATEGY



DEBT LENDING LANDSCAPE

EXPO REAL POSITIVITY

CONFIRMS ‘GOLDEN ERA’

The previous C&W Investment Atlas highlighted the new ‘golden era’ of financing: lender competition intensifying as 2025 progresses; margins compressing across asset classes and risk profiles; and increasing flexibility in offers and loan structure.

October’s EXPO Real in Munich provided further confirmation of the present position of the financing market.

Beyond sentiment, a key observation was the proactive response and proposed approach lenders are taking in the face of fierce competition. Rather than slowing activity, lenders are accelerating efforts to maintain or even expand market share.

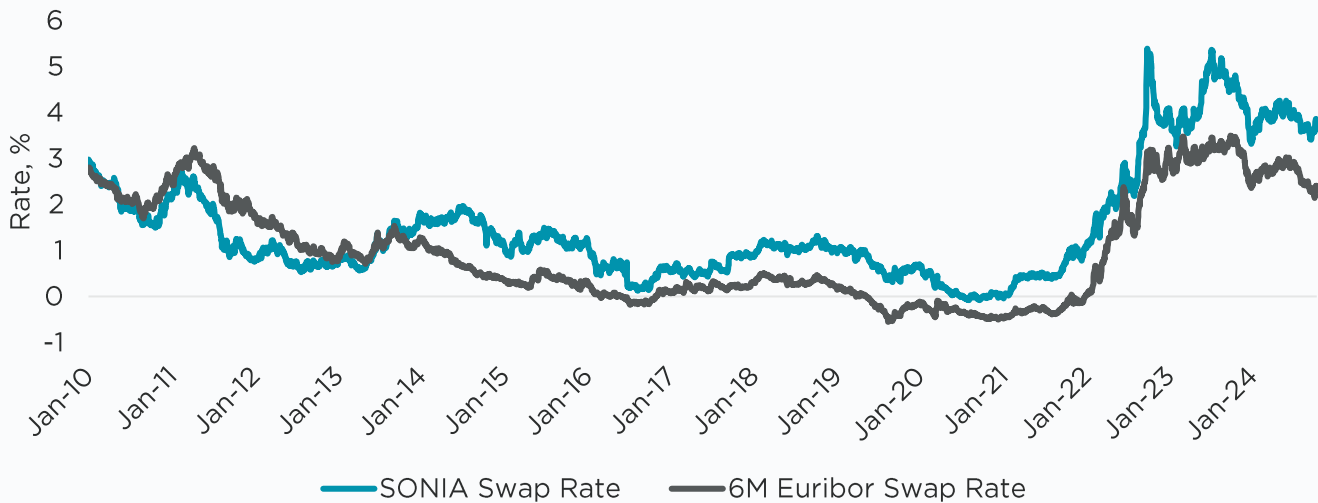
Key themes include:

- Increasing amounts of capital raised, specifically for real estate debt;

- New debt platforms from equity players, already with a significant market presence in the European market.
- A structural shift underpinning the sector, driven by Basel banking regulation.

This approach continues to drive margins to new cyclical lows. On a margin basis, key pricing watermarks from last cycle—whether City of London office or German multifamily—are increasingly being surpassed across asset classes and geographies. These loans often include significant flexibility on a covenant basis—reward for established sponsorship and track record with enhanced control.

The revised interest rate environment has further assisted lender decision making. 5-year SONIA swap rates now sit 40 bps below Q3 2024 levels. EURIBOR has also now stabilised at rates whereby debt is accretive across all but the most select trophy assets.



Source: Bloomberg



DEBT LENDING LANDSCAPE

DEBT SEQUENCING LEADS EQUITY

Debt capital is currently leading the recovery cycle by an estimated 12–18 months, positioning lenders and credit investors at the forefront of market price discovery and liquidity.

The most advanced investors are already attuned to this dynamic, presenting a window where asset valuations, comparable evidence and market sentiment are all working to catch up.

Following the pronounced repricing of assets in 2022 and 2023, equity investors with dry powder have been slower to return, amid uncertainty around interest rates, rental growth prospects, and valuation transparency. In contrast, debt

providers quickly reengaged, albeit cautiously, using refinancing and restructuring opportunities to be active and garner market share.

As a result, lenders have become the first to test new pricing levels, underwriting new and realistic assumptions about income and value stability. This early re-engagement by debt capital has been crucial in maintaining liquidity in the system, offering optionality and time to owners and borrowers of real estate.

“Debt capital is leading the recovery cycle by 12–18 months, with lenders intensifying competition, compressing margins and driving liquidity—positioning debt as the key enabler of European real estate transactions.”

David Gingell,
Co-Head of Equity, Debt & Structured Finance



DEBT LENDING LANDSCAPE

DEBT SEQUENCING LEADS EQUITY

The role of debt also extends beyond liquidity provision – increasingly debt trades establish credible foundations for equity to price risk-adjusted returns, beckoning the next phase in the transaction market. As assets are refinanced, repriced and recapitalised, they are revealing where market-clearing values truly lie. This offers a transparent framework that equity investors can now use to calibrate their own bids on the underlying real estate.

Debt liquidity is creating new ways to return capital to investors. An ‘exit’ no longer means a straight sale to a third party. Instead, the sheer volume of debt capital available offers the ability to take capital off the table today, ahead of a full sale tomorrow.

Debt’s role in strategic decision making is pivoting — once viewed as a combination of base rates and a ‘one size fits all’ — is now increasingly a lead focus in transactions, playing a critical role in informing, enabling, and accelerating the next wave of transactions across European real estate.





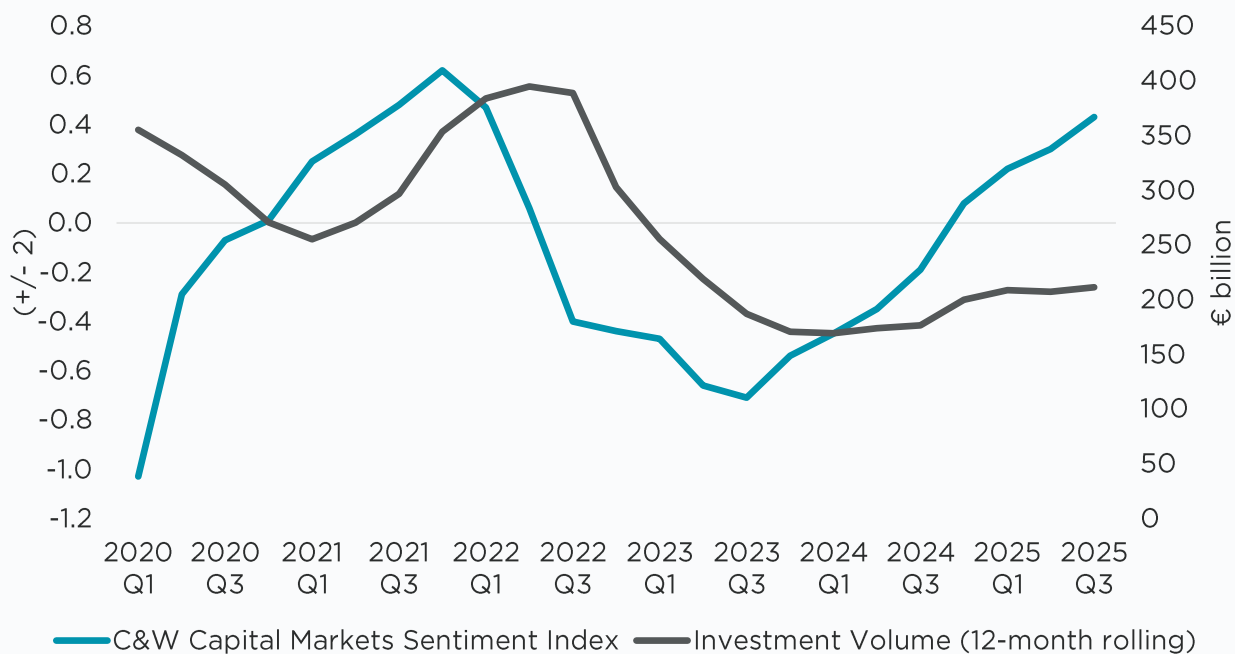
STRATEGY IN RECOVERY SENTIMENT LEADS THE WAY

The European real estate market is in recovery, with investors actively adjusting their strategies to capitalize on emerging opportunities. Investment volumes are up 18% and values 6% in the twelve months to September, signalling momentum despite ongoing global uncertainties. Sentiment continues to improve, both in investment generally and in real estate specifically.

The Cushman & Wakefield capital markets measure of sentiment reached its highest level since April 2022 in Q3, driven by increased transactional activity, higher demand, and improved debt availability. While wider economic sentiment remains

volatile and generally flat due to trade concerns and higher prices, corporate sentiment is rising. Investors are responding to this, as well as to the effects of looser monetary policy.

For real estate, this is already reflected in higher demand. Some investors are refocusing portfolios toward “beds and sheds,” while others are seeking core income across all sectors. Notably, retail and office saw the biggest improvement in sentiment indicators in Q3. This suggests that, while the market is still selective, there is a growing willingness to act as confidence returns.



Source: MSCI, Cushman & Wakefield Research



MARKET DYNAMICS & SECTOR FOCUS

IMPROVING DEMAND

[Fund raising in Europe has rebounded from its 2024 low,](#) supported by several large fund closings as the strongest managers continue to dominate. Successful fund raisers have been agile, pivoting toward sectors in demand and where more stock is available. The largest sector strategy is now “diversified,” giving investors more flexibility to adapt to shifting market conditions.

Institutional demand is increasing for core and core-plus property, either through direct buying or in mandates issued to well known and experienced fund managers. The return of core funds is not yet fully reflected in transaction volumes, due to a lack of suitable stock, a focus on smaller assets, and, in some cases, ambitious pricing targets. However, core funds are growing more confident and flexible. Among the core capital returning to the market, some mandates are designed to rebalance portfolios toward living and logistics, but more funds are now open to all sectors to find the right quality and income.

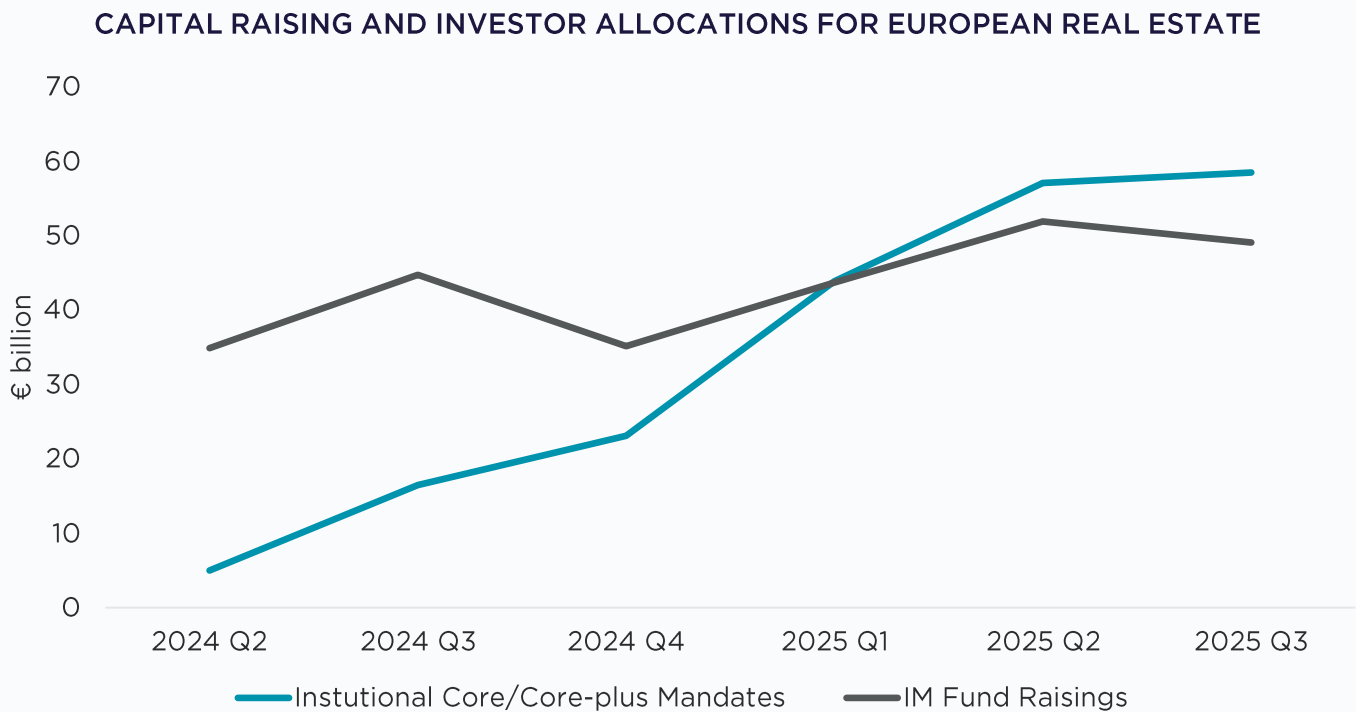
The market has stabilised ahead of a recovery expected to stretch through 2026, and likely to take 2–3 years to be fully exploited. The market remains selective, with risk aversion only slowly easing and a growing interest—but not yet a necessity—to act. Values are edging up, but buyers are price sensitive, and if yields fall too quickly, demand may be muted.

Sector choices continue to evolve as investors look to diversify into demographically and operationally linked sectors, but secure income remains the key driver for many. Geographical risks are increasingly important, starting with liquidity and growth but also including geopolitics and climate change risk.





CAPITAL RAISING CORE CAPITAL IS BACK



Source: RealFin, Cushman & Wakefield Capital Markets

“The recovery is underway, and investors are adjusting their strategies, despite global uncertainties slowing the progress. Sentiment continues to rise—driven by higher demand, improved debt availability, and a renewed focus on core income. The European real estate market is in an increasingly positive position.”

David Hutchings,
Head of EMEA Investment Strategy

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ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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