

## Europe Property Performance Monitor

### Third Quarter 2025

#### IN A NUTSHELL

- The MSCI Pan-European Quarterly Property Fund Index recorded a quarterly asset-level total return of 1.2% in the third quarter of 2025, rebounding from a weaker second quarter.<sup>1</sup>
- Income returns continued to be the primary driver of return performance. At the all-property level, quarterly capital value growth returned to positive territory, contributing a modest 0.1% to total returns.<sup>1</sup>
- European private real estate outperformed both bonds and listed real estate on both a quarterly and annual basis, while equities remained the strongest performing asset class over both periods.

#### Private Real Estate Performance<sup>1</sup>

- The European private real estate market rebounded in Q3 2025 after a Q2 dip. Asset-level total returns rose to 1.2% in Q3, up from 0.9% in Q2, though still below late 2024 and early 2025 levels. Returns were driven almost entirely by income return at 1.1%, with capital growth contributing just 0.1% after a marginal decline last quarter.
- Annual asset-level returns moderated to 5.6%, although this remains a marked improvement from 1.4% a year ago. The volatility in performance highlights the fragility of the recovery, with real estate markets remaining highly sensitive to macroeconomic and geopolitical factors.
- While sector dispersion narrowed for quarterly returns, annual performance differences remained significant. The office sector recorded the most notable quarterly improvement, with returns rising to 0.9% (from -0.3% in Q2) as capital values stabilised. However, offices remained the weakest sector annually, returning 2.7% versus the all-property average of 5.6%.<sup>1</sup>
- Retail delivered the strongest returns both quarterly and annually, with year-on-year returns of 7.0%, ahead of industrial at 6.6%. Retail's outperformance was driven by robust income returns.
- The Nordics led regional performance in Q3, with Sweden and Denmark posting the highest returns. Southern Europe also saw strong momentum. The UK lagged, with negative returns for a second quarter due to ongoing capital value declines. Annual value growth in the UK turned negative again at -3.1%, greatly underperforming other markets.
- Quarter-on-quarter, private real estate outperformed bonds and listed real estate, but trailed equities. Over 12-months, private real estate returned 5.6%, ahead of bonds (1.1%) and listed real estate (-6.9%), but behind equities (9.4%).

<sup>1</sup> MSCI Pan-European Quarterly Property Fund Index, as of September 2025. Past performance is not indicative of future returns.

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## Recent Performance Trends (% Y-o-Y)

	Quarterly		Annual	
	2025 Q3	2025 Q2	2025 Q3	2024 Q4
Private Real Estate - Fund Level	0.9%	0.4%	4.0%	1.9%
Private Real Estate - Asset Level	1.2%	0.9%	5.6%	5.1%
Equities	3.5%	3.7%	9.4%	9.3%
Bonds	0.2%	1.7%	1.1%	2.5%
Listed Real Estate	-4.4%	11.0%	-6.9%	-2.6%
Euro Area 10-Year Govt. Bond <sup>1</sup>	3.2%	3.0%	3.2%	2.7%
Euro Area 12-Month EURIBOR <sup>1</sup>	2.2%	2.1%	2.2%	2.5%
EU CPI	0.5%	1.1%	2.5%	2.5%

Sources: MSCI, Macrobond, Markit iBoxx. As of September 30, 2025. Private real estate: MSCI Pan-European Quarterly Property Fund Index; Equities: STOXX All Europe Total Market; Bonds: iBoxx € Overall; Listed Real Estate: FTSE EPRA/NAREIT Europe. Past performance is not indicative of future returns.

<sup>1</sup> Figures represent annual yield

## Performance Over The Past Five Years (% Y-o-Y)

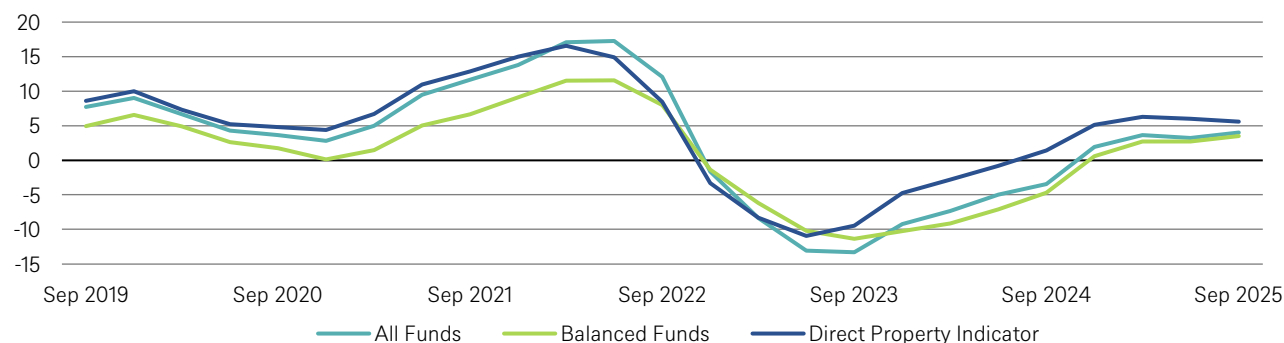
	Sep 2022	Sep 2023	Sep 2024	Sep 2025
Private Real Estate - Fund Level	12.1%	-13.3%	-3.5%	4.0%
Private Real Estate - Asset Level	8.5%	-9.5%	1.4%	5.6%
Equities	-15.0%	20.0%	20.9%	9.4%
Bonds	-16.9%	-0.6%	9.2%	1.1%
Listed Real Estate	-34.5%	1.6%	33.1%	-6.9%
Euro Area 10-Year Govt. Bond <sup>1</sup>	2.6%	3.4%	2.8%	3.2%
Euro Area 12-Month EURIBOR <sup>1</sup>	2.6%	4.2%	2.7%	2.2%
EU CPI	10.3%	5.7%	2.4%	2.5%

Sources: MSCI, Macrobond, Markit iBoxx. As of September 30, 2025 Private real estate: MSCI Pan-European Quarterly Property Fund Index; Equities: STOXX All Europe Total Market; Bonds: iBoxx € Overall; Listed Real Estate: FTSE EPRA/NAREIT Europe. Past performance is not indicative of future returns.

<sup>1</sup> Figures represent annual yield

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## Private Real Estate Total Returns (% Y-o-Y)



Source: MSCI Pan European Quarterly Property Fund Index. as of September 30, 2025. Past performance is not indicative of future returns. It is not possible to invest directly in an index.

## Returns By Property Type And Region

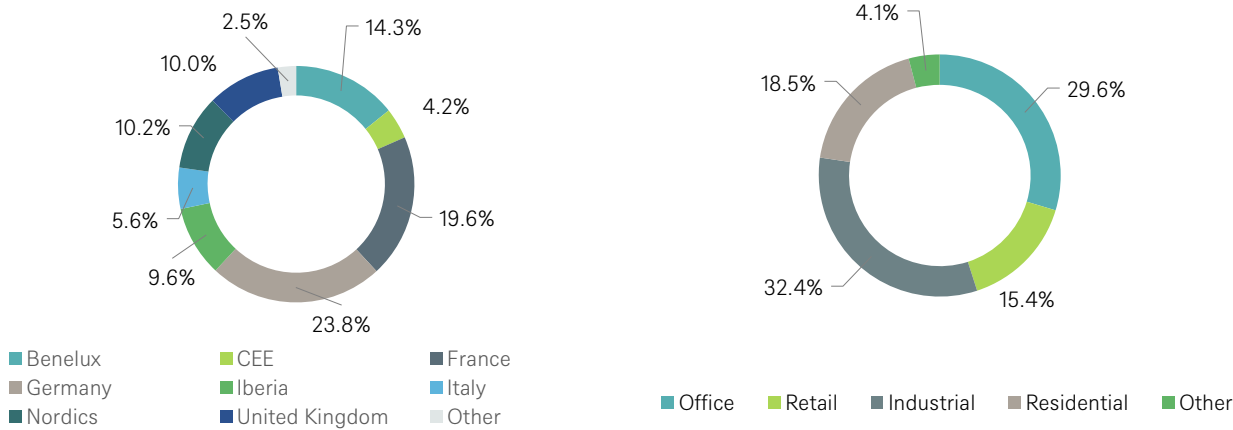
		Annual Returns							Standard Deviation		Descriptive Statistics			
		1 Year			3 years	5 years	10 years	All <sup>2</sup>	10 years	All <sup>2</sup>	Value (bn)	Number	Gearing (%) GAV	
		Total	In-come	Capital										
Fund-level Returns												GAV	Funds	
All Funds		4.0%	3.5%	0.5%	-4.5%	1.7%	4.4%	4.3%	4.8%	5.8%	€74.3	23	25.3%	
Balanced Funds		3.5%	3.2%	0.2%	-4.4%	0.1%	2.7%	1.8%	3.8%	5.0%	€41.7	16	23.6%	
Asset-level Returns												CV		
Type	Office	2.7%	3.7%	-0.9%	-4.5%	-0.7%	3.4%	4.5%	4.0%	3.6%	€12.2	149		
	Retail	7.0%	5.6%	1.3%	2.2%	2.7%	2.5%	2.8%	2.7%	3.2%	€5.8	108		
	Industrial	6.6%	5.0%	1.5%	-0.3%	6.5%					€37.9	1,255		
	Residential	5.1%	3.0%	2.0%	-0.7%	1.8%					€10.6	682		
Country	Belgium	5.6%	5.2%	0.4%	-1.2%	4.1%	5.8%	4.8%	4.1%	3.7%	€1.3	34		
	Finland	3.5%	4.8%	-1.2%	-2.7%	0.8%	2.9%	3.8%	3.6%	3.1%	€1.1	75		
	France	7.0%	4.2%	2.6%	-2.3%	1.8%	5.3%	5.6%	4.3%	4.0%	€11.7	561		
	Germany	3.6%	4.3%	-0.7%	-3.1%	2.5%	6.6%	5.5%	4.5%	4.1%	€15.8	349		
	Italy	8.5%	4.7%	3.7%	1.8%	5.0%	6.0%	3.9%	3.6%	4.1%	€3.6	138		
	Netherlands	7.6%	4.7%	2.7%	-0.5%	4.1%	7.2%	4.6%	5.0%	4.4%	€7.9	223		
	Poland	5.7%	5.6%	0.1%	1.8%	5.2%	5.7%	6.5%	2.6%	2.4%	€3.0	119		
	Spain	8.6%	4.5%	3.9%	1.7%	4.1%	6.0%	4.4%	3.2%	4.9%	€4.8	130		
	Sweden	10.7%	4.3%	6.2%	-0.2%	3.7%	5.7%	6.0%	6.8%	7.9%	€2.8	84		
	UK	0.8%	4.0%	-3.1%	-1.4%	3.8%	1.9%	6.5%	7.4%	8.0%	€8.6	164		
All Property		5.6%	4.5%	1.0%	-1.0%	3.5%	5.5%	6.0%	4.1%	3.8%	€68.0	2,224		

Source: MSCI Pan-European Quarterly Property Fund Index. As of September 30, 2025. Past performance is not indicative of future returns.

<sup>2</sup>All Funds index returns start in 2004, equivalent to a 20-year calculation. Returns for MSCI Pan-European Balanced PFI Funds Quarterly Property Index and asset-level indices may start later than 2004.

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MSCI Balanced Funds Index Asset Allocation (% of GAV)



Source: MSCI Balanced Fund Index. As of September 30, 2025.

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# Real Estate Research Team

## Office Locations

### Frankfurt

Mainzer Landstrasse 11-17  
60329 Frankfurt am Main  
Germany  
Tel: +49 69 71909 0

### London

45 Cannon Street  
London, EC4m 5SB  
United Kingdom  
Tel: +44 20 754 58000

### New York

875 Third Avenue  
26<sup>th</sup> Floor  
New York  
NY 10022-6225  
United States  
Tel: +1 212 454 3414

### San Francisco

101 California Street  
24<sup>th</sup> Floor  
San Francisco  
CA 94111  
United States  
Tel: +1 415 781 3300

### Singapore

One Raffles Quay  
South Tower  
15<sup>th</sup> Floor  
Singapore 048583  
Tel: +65 6538 7011

### Tokyo

Azabudai Hills Mori JP Tower  
1-3-1 Azabudai  
Minssato-ku  
16<sup>th</sup> Floor  
Tokyo  
Japan  
Tel: +81 3 6730 1300

### Sydney

Level 16, Deutsche Bank Place  
Corner of Hunter and Phillip Streets  
Sydney NSW 2000  
Australia  
Tel: +61 2 8258 1234

## Teams

### Global

#### Kevin White, CFA

Global Co-Head of Real Estate Research

#### Simon Wallace

Global Co-Head of Real Estate Research

### Americas

#### Brooks Wells

Head of Research, Americas

#### Liliana Diaconu, CFA

Office & Retail Research

#### Ross Adams

Industrial Research

#### Sharim Sohail

Self-Storage Research

### Europe

#### Ruben Bos, CFA

Head of Real Estate Investment Strategy, Europe

#### Tom Francis

Property Market Research

#### Siena Golan

Property Market Research

#### Rosie Hunt

Property Market Research

#### Carsten Lieser

Property Market Research

#### Martin Lippmann

Head of Real Estate Research, Europe

### Asia Pacific

#### Koichiro Obu

Head of Real Estate Research, Asia Pacific

#### Seng-Hong Teng

Property Market Research

#### Hyunwoo Kim

Property Market Research

#### Matthew Persson

Property Market Research

AUTHORS



**Rosie Hunt**  
Property Market Research

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