

Europe Property Performance Monitor

Second Quarter 2025

IN A NUTSHELL

- The MSCI Pan-European Quarterly Property Fund Index recorded a quarterly asset-level total return of 0.9% in Q2 2025, marking the weakest performance since Q1 2024. Despite this slowdown, annual returns remained robust.¹
- At the all-property level, quarterly capital value growth turned negative for the first time in over a year. As such, income returns remain the primary driver of reuturn performance.
- European private real estate underperformed both fixed income and equities over the second quarter of 2025. On an annual level, equities remain the strongest performing asset class.

Private Real Estate Performance¹

- The European private real estate market saw renewed volatility in Q2 2025, driven by heightened geopolitical and economic uncertainty. This led to a deceleration in returns at both the asset and fund level.
- Asset-level total returns moderated to 0.9% for the quarter, the weakest result since Q1 2024, though they remained in positive territory. Annual returns, however, held firm at 6.2%, indicating only a modest slowdown.
- Fund-level performance also softened, with quarterly returns falling to 0.4%, a decline of 120 basis points from the previous quarter. Annual fund-level returns reached 3.4%, marking a notable improvement year-on-year.
- Most sectors experienced a slowdown in momentum in Q2 2025, though quarterly total returns remained positive. The office sector was the exception, posting a negative return of -0.3%.
- In contrast, the retail sector delivered the strongest returns quarterly performance at 1.6%, while logistics continued to lead on an annual basis with year-on-year total returns of 7.2%, compared to the all-property average of 6.2%.
- Income returns remained stable, supported by resilient occupiuer market fundamentals. The moderation in total returns was therefore primarily due to weaker capital value growth.
- At the all-property level, quarterly capital value growth turned negative for the first time in over a year, driven by declines in the office (-1.2%) and hotel (-0.9%) sectors. Retail (0.3%) and residential (0.2%) recorded the strongest value growth.
- Geographically, recovery across Europe has been uneven, with markets diverging. Sweden and the UK, which rebounded earlier in the cycle, experienced renewed capital value decline in Q2. Germany also recorded a correction of -0.7%.
- With more subdued performance in Q2 2025, European private real estate underperformed other asset classes on a quarterly basis. Fixed income showed signs of recovery, while equities outperformed both quarterly and annually.

¹ Source: MSCI-Pan European Quarterly Property Fund Index, as of June 30, 2025. Past performance is not indicative of future returns.

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Recent Performance Trends (% Y-o-Y)

	Quarterly		Annual	
	2025 Q2	2025 Q1	2025 Q2	2024 Q4
Private Real Estate - Fund Level	0.4%	1.6%	3.4%	2.0%
Private Real Estate - Asset Level	0.9%	1.6%	6.2%	5.3%
Equities	3.7%	5.7%	9.5%	9.3%
Bonds	1.7%	-0.8%	4.8%	2.5%
Listed Real Estate	11.0%	-0.9%	9.3%	-2.6%
Euro Area 10-Year Govt. Bond ¹	3.0%	3.2%	3.0%	2.7%
Euro Area 12-Month EURIBOR ¹	2.1%	2.3%	2.1%	2.5%
EU CPI	1.1%	0.6%	2.3%	2.5%

Sources: MSCI, Macrobond, Markit iBoxx. As of June 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.

¹ Figures represent annual yield

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

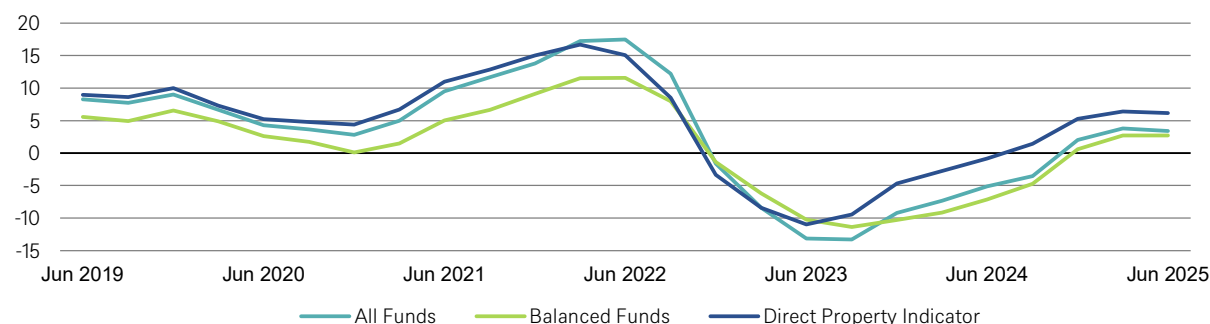
	Jun 2021	Jun 2022	Jun 2023	Jun 2024
Private Real Estate - Fund Level	9.5%	17.5%	-13.1%	-5.1%
Private Real Estate - Asset Level	10.9%	15.0%	-11.0%	-0.9%
Equities	30.3%	-9.7%	16.7%	14.7%
Bonds	0.3%	-12.6%	-3.7%	3.5%
Listed Real Estate	24.8%	-21.6%	-18.8%	24.1%
Euro Area 10-Year Govt. Bond ¹	0.2%	2.2%	3.1%	3.1%
Euro Area 12-Month EURIBOR ¹	-0.5%	1.0%	4.1%	3.6%
EU CPI	2.2%	8.8%	7.2%	2.6%

Sources: MSCI, Macrobond, Markit iBoxx. As of June 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.

¹ 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 June 30, 2025. Past performance is not indicative of future returns. It is not possible to invest directly in an index.

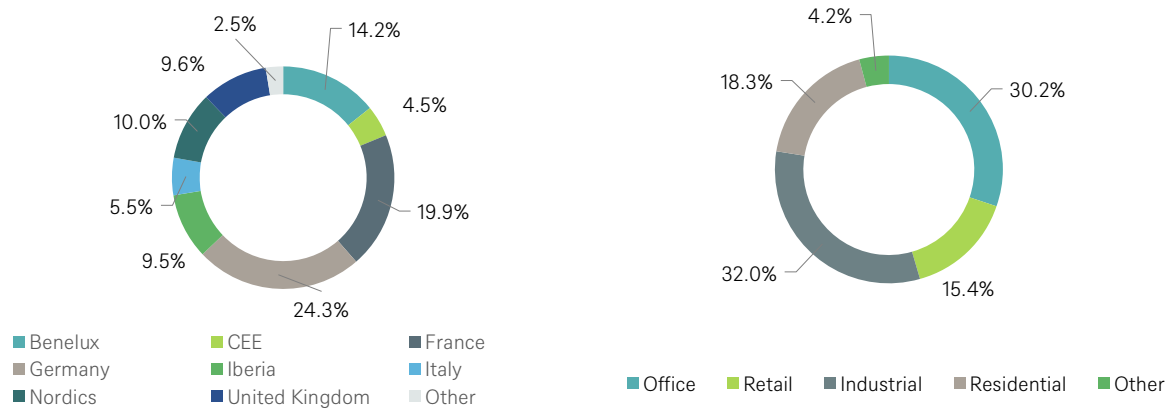
Returns By Property Type And Region

		Annual Returns							Standard Deviation		Descriptive Statistics		
		1 Year			3 years	5 years	10 years	All ²	10 years	All ²	Value (bn)	Number	Gearing (% GAV)
		Total	Income	Capital									
Fund-level Returns											GAV	Funds	
All Funds		3.4%	3.5%	-0.1%	-5.2%	1.9%	4.5%	4.3%	4.9%	5.8%	€70.9	21	25.2%
Balanced Funds		2.7%	3.1%	-0.4%	-5.0%	0.1%	2.8%	1.8%	3.8%	5.0%	€41.6	16	23.5%
Asset-level Returns											CV	Properties	
Type	Office	3.2%	3.7%	-0.5%	-5.4%	-0.6%	3.6%	4.5%	4.0%	3.6%	€12.3	148	
	Retail	6.9%	5.6%	1.3%	1.6%	2.1%	2.5%	2.8%	2.7%	3.2%	€5.7	109	
	Industrial	7.2%	5.0%	2.1%	-1.8%	7.0%					€37.3	1,249	
	Residential	6.0%	2.9%	3.0%	-0.8%	2.1%					€7.6	341	
Country	Belgium	6.4%	5.2%	1.1%	-1.7%	4.7%	5.9%	4.8%	4.1%	3.7%	€1.2	33	
	Finland	4.2%	5.2%	-0.9%	-2.1%	1.4%	3.3%	4.0%	3.6%	3.1%	€0.8	39	
	France	7.2%	4.2%	2.9%	-3.6%	1.8%	5.7%	5.5%	4.5%	4.1%	€11.1	408	
	Germany	3.9%	4.2%	-0.2%	-4.2%	2.9%	6.8%	5.6%	4.5%	4.1%	€15.5	321	
	Italy	8.9%	4.7%	4.0%	0.5%	4.9%	6.1%	3.9%	3.6%	4.1%	€3.5	139	
	Netherlands	7.7%	4.9%	2.7%	-2.0%	4.2%	7.3%	4.5%	5.0%	4.4%	€7.6	219	
	Poland	5.4%	5.5%	-0.1%	1.6%	5.2%	5.9%	6.5%	2.6%	2.4%	€3.0	119	
	Spain	7.6%	4.7%	2.7%	0.9%	4.1%	6.0%	4.4%	3.1%	4.9%	€4.3	121	
	Sweden	11%	4.5%	6.3%	-3.1%	3.8%	5.6%	6.0%	6.8%	7.9%	€2.3	68	
	UK	4.5%	4.1%	0.4%	-2.9%	4.1%	1.9%	6.7%	7.5%	8.1%	€8.3	154	
All Property		6.2%	4.5%	1.6%	-2.2%	3.6%	5.7%	6.1%	4.1%	3.9%	€64.5	1,877	

Source: MSCI Pan-European Quarterly Property Fund Index. As of June 30, 2025. Past performance is not indicative of future returns. 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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Balanced Funds Index Asset Allocation (% of GAV)



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

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