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Real Estate
Debt & Capital Advisory
EMEA Marketbeat Q3-2025

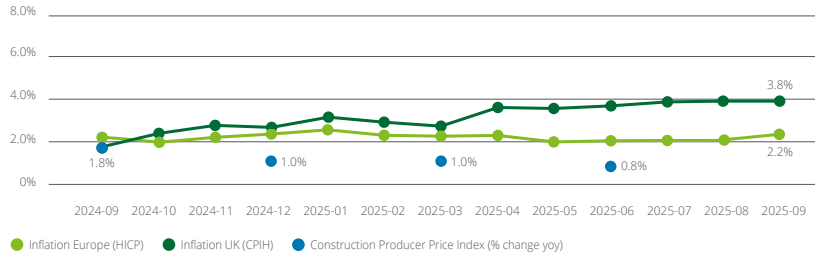


Macroeconomic outlook

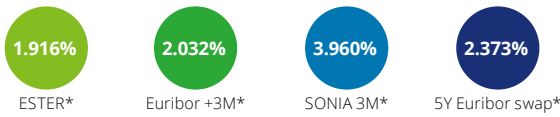
Inflation outlook

In the Euro Area, annual inflation rose to 2.2% in September 2025, up from 2.0% in June, mainly driven by energy costs, which declined at a slower pace, and is expected to stabilise around the 2% medium-term target by year end. In the UK, year-on-year CPI inflation remained at 3.8% in September, for the third consecutive month, driven notably by transport costs, while recreation, culture, and food prices moderated the increase. Overall, inflation showed signs of stabilisation. On the other hand, GDP growth continues to display a mixed pattern across Europe. In the Euro Area, GDP growth is projected at 1.3%, up 0.2 points from June. In the UK, the economy slowed slightly in Q3, and the growth outlook remains subdued amid uncertainty surrounding the November Budget vote.

Inflation (one year average rate of change)



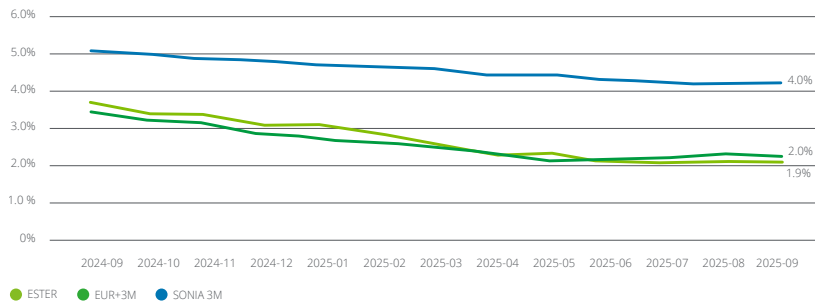
Financing market outlook



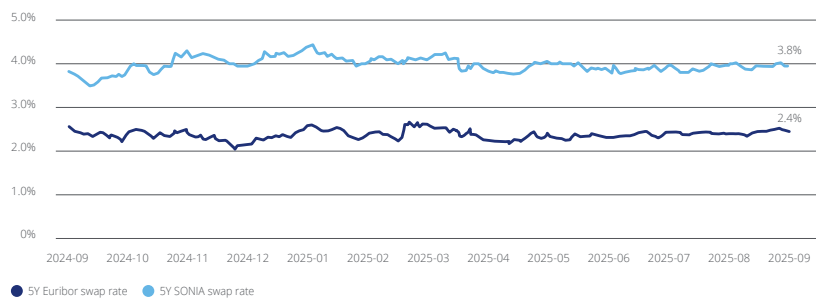
Financing conditions have remained broadly stable in Q3, following a slight easing in 2025, supported by a gradually accommodative stance from central banks, with the ECB implementing eight rate cuts and the BoE fifth rate cuts since June 2024. These developments have encouraged lending activity, including for new financing opportunities (acquisitions or developments) in select markets where cap rates have stabilised. Nevertheless, the financing market outlook remains nuanced, as macroeconomic uncertainty, geopolitical tensions and the pause in the ECB's rate cutting cycle continue to encourage transaction selectivity among lenders.

Note: (*) Numbers as of the end of September 2025

Euribor +3M, ESTER & SONIA 3M (one year evolution)



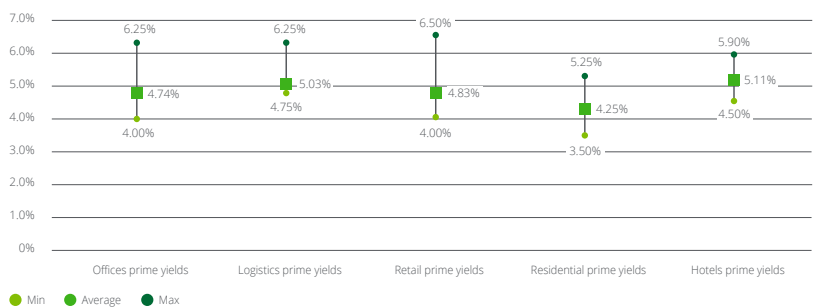
5Y Euribor & SONIA swap rates



Investment market outlook

Real estate investment activity continued to strengthen across Europe in Q3 2025, with total volumes approaching €48 billion, up around 10% year-on-year, reflecting improved investor confidence across most European markets, supported by lower interest rates and stable financing conditions. Transaction volumes increased in several key markets, including Italy, Spain, Ireland, and the Netherlands. In the UK, softer capital flows translated into a 9% decrease in volume although the outlook for Q4 is positive. Sentiment ahead is cautiously optimistic, with narrowing pricing gaps and hopes that lower inflation will spur accommodative central bank measures, potentially driving cap rate compression in preferred sectors.

Prime yields levels by asset class (Europe)**



Note: (**) Prime yields are reported for Q2 2025
Sources: Eurostat, Refinitiv, Statista, BoE, ECB

Markets drivers



Interest rates' evolution

During Q3, the ECB left key interest rates unchanged in its two consecutive meetings, maintaining the deposit facility at 2.00%, the main refinancing rate at 2.15%, and the marginal lending facility at 2.40%. The Bank of England, in turn, reduced its base rate by 25 basis points to 4.00%.



Global trade dynamics

Despite the trade agreement reached in August, which set a 15% tariff ceiling on most EU exports to the US, tariffs have continued to drive macroeconomic uncertainty in Q3 2025, weighing on global economic growth prospects and prompting investors to maintain a cautious stance.



Political environment

Political uncertainty persists in France, where ongoing government instability dampens investor sentiment. In contrast, Germany's post-election stability and strong infrastructure and defence investments are restoring confidence among domestic and international investors.

Real estate financing trends

Trends in financing products

Senior debt dominated European real estate financing in Q3 2025, as lenders favoured low-risk, prime assets. Conditions improved slightly, yet banks stayed selective, enforcing strict covenants and conservative leverage. In specific core segments, LTVs have slightly increased as banks' liquidity remains high and senior lenders compete for a limited pool of qualitative assets. This has put downward pressure on margins, which have tightened in several countries. Across the rest of the market, senior lenders continue to require high equity contributions, while investors seeking to bridge the gap turn to alternative lenders offering mezzanine and junior financing or opt for whole-loan structures to secure more flexible financing terms and reduce structural complexity.

★ Senior debt
Equity
Mezzanine debt
Whole loan
Junior debt

Trends in financed purpose

Refinancing remained predominant across European markets in Q3 2025, both in terms of volume and transaction count, as most borrowers focused on renewing or extending existing debt. At the same time, acquisition financing continued to gain ground as the investment market stabilised, with opportunities emerging in select markets. In Belgium, these opportunities arose in part due to asset owners being compelled to sell certain properties to deleverage. In countries such as Luxembourg, Spain, the UK, and Belgium, development financing also gained traction, as developers who successfully navigated the 2022–24 crisis sought funding to pursue new projects. In contrast, in countries such as France, where political instability persists, real estate development remained constrained, with developers adopting a more cautious approach toward new projects.


★ Refinancing
Asset acquisition
Development finance
Corporate financing
Portfolio acquisition

Trends in financed sector

The residential sector, including the living segment, covering student housing, co-living/flex-living, and senior living, remained the most dynamic asset class in the financing landscape, supported by persistent supply-demand imbalances across Europe. The hospitality sector followed closely, benefiting from the tourism recovery and improving hotel performance. Logistics assets continued to attract lenders due to stable yields and strong occupier demand, particularly those with long-term leases to blue-chip tenants. Retail saw a rise in activity in markets such as Ireland, Poland, and Spain, supported by rising consumer confidence and private consumption. Nevertheless, across most countries, lenders remained selective toward the retail sector, with notable transactions reflecting specific opportunities rather than signalling a broader market trend.

★ Residential
Hotels
Logistics
Retail
Offices

Deloitte's sample of credentials for the quarter

 **Retail**

Project Gate
Amount raised:
 €320 million

Financing:
 Senior loan

Lender:
 ING Belgium, KBC and Belfius
 Deloitte Belgium and Netherlands supported Mitiska REIM in arranging a €320 million financing for the acquisition of seven Cora hypermarkets and shopping galleries in Belgium.




 **Residential**

Project Trèfle
Amount raised:
 €160 million

Financing:
 Senior loan

Lender:
 Confidential
 Deloitte France supported Spartim in structuring and arranging a €160 million revolving, asset-backed financing facility to sustain its future investments.




 **Residential**

Project Giardino
Amount raised:
 €38 million

Financing:
 Senior loan

Lender:
 Confidential
 Deloitte Italy supported a client in arranging a €38 million refinancing of a fully rented residential portfolio valued at €120 million.



Real estate financing sectoral trends and key indicators

Offices

The gap between core and secondary assets remained wide during Q3, with Grade-A space continuing to dominate take-up. Consequently, prime, well-located, and sustainable assets were highly sought after by investors, while securing financing continued to prove challenging for the rest of the market. Senior lenders continued to prefer deals with strong covenant profiles and longer average lease terms. Some lenders sought to mitigate risks related to tenant break options and lease renewals by favouring multi-let properties. Looking ahead, stakeholders remain cautiously optimistic, as value declines now appear largely behind most markets, while some segments are beginning to witness yield compression. In the UK, the regional markets are showing signs of growth. In Spain, the lack of Grade-A space is expected to further drive rents and occupancy rates in large cities.

Residential

The residential segment remained one of the most active, supported by rental growth across most European markets due to a persistent housing shortage. Lenders continued to demonstrate strong appetite for portfolio refinancing and build-to-rent financing. Regulatory frameworks shape domestic markets, including rent caps in Belgium, updated rent controls in Ireland (RPZ), and tighter borrowing conditions in the UK. Interest in alternative living formats such as co-living and student housing continued to rise, particularly in Spain, Luxembourg, and the UK. In Italy, financing activity focused on value-add opportunities in major cities. Overall, the sector outlook remains positive: Although affordability constraints have moderated rental growth recently, ongoing supply-demand imbalances are expected to continue driving rents higher over the coming years.

Retail

The European retail segment remained highly fragmented in Q3, ranging from strong to subdued and reflecting the sector's strong dependence on local economic conditions. Activity has strengthened in markets such as Poland, Spain, the Netherlands, Ireland, and the UK, where stabilizing valuations, improving sentiment and more favorable lending terms have supported deal flow, even though LTV levels have not increased materially. Investors and lenders primarily focused on prime shopping centres and retail parks offering resilient tenant bases and stable income. In contrast, France, Germany, and Italy saw more subdued sentiment, with stakeholders remaining cautious amid persistent macroeconomic headwinds. High-street retail continued to be highly location-specific, with no clear pan-European trend emerging.

Financing

Countries	Senior LTV Levels	Trends	Senior debt margins	Trends
Belgium	50-60%	→	170-225 bps	→
Denmark	55-70%	↑	80-120 bps	→
France	50-65%	↑	165-195 bps	→
Germany	55-65%	→	200-400 bps	→
Ireland	45-55%	→	250-300 bps	→
Italy	40-50%	→	250-350 bps	→
Luxembourg	50-60%	→	150-250 bps	→
Poland	<65%	→	260-300 bps	→
Spain	50-60%	→	200-250 bps	→
Sweden	45-55%	→	150-250 bps	→
The Netherlands	50-55%	→	175-275 bps	→
United Kingdom	<65%	→	190-225 bps	↓

Source: Deloitte based on a market sounding

Financing

Countries	Senior LTV Levels	Trends	Senior debt margins	Trends
Belgium	55-65%	→	125-200 bps	→
Denmark	55-65%	→	80-120 bps	→
France	50-60%	→	150-185 bps	→
Germany	60-70%	→	150-250 bps	→
Ireland	50-60%	→	175-225 bps	↓
Italy	40-60%	→	220-350 bps	→
Luxembourg	60-70%	→	150-200 bps	→
Poland	<75%	↑	200-240 bps	↓
Spain	50-65%	→	200-250 bps	↓
Sweden	50-60%	→	150-250 bps	→
The Netherlands	55-60%	↑	125-175 bps	↓
United Kingdom	<65%	→	190-225 bps	↓

Source: Deloitte based on a market sounding

Financing

Countries	Senior LTV Levels	Trends	Senior debt margins	Trends
Belgium	50-60%	→	170-275 bps	→
Denmark	50-60%	↑	80-120 bps	→
France	50-55%	→	185-210 bps	→
Germany	60-65%	→	300-350 bps	→
Ireland	50-55%	→	250-325 bps	→
Italy	30-50%	→	250-350 bps	→
Luxembourg	50-55%	→	100-250 bps	→
Poland	<60%	→	180-235 bps	↓
Spain	50-60%	→	300-350 bps	→
Sweden	50-65%	→	150-250 bps	→
The Netherlands	50-55%	→	175-275 bps	→
United Kingdom	<65%	→	190-250 bps	→

Source: Deloitte based on a market sounding

Real estate financing sectoral trends and key indicators



In line with previous quarters, European logistics remains highly attractive to institutional capital, supported by limited availability and robust market fundamentals. Financing activity remained strong across most geographies, notably Spain, the Netherlands, the UK, Belgium, and Germany, with significant international competition for larger-ticket transactions from global investors seeking to finance best-in-class assets or developments. The segment’s investment KPIs remain solid: prime rents continue to rise in most countries, cap rates have largely stabilised, and vacancy rates remain at historically low levels. In this context, financing conditions remain supportive, reflecting continued confidence in the sector’s risk-adjusted returns.

Financing				
Countries	Senior LTV Levels	Trends	Senior debt margins	Trends
Belgium	55-65%	→	125-200 bps	→
Denmark	55-60%	→	80-120 bps	→
France	45-55%	→	190-240 bps	→
Germany	55-70%	→	200-300 bps	→
Ireland	50-60%	→	200-250 bps	→
Italy	40-60%	→	220-300 bps	→
Luxembourg	50-60%	→	150-250 bps	→
Poland	<65%	↓	200-240 bps	→
Spain	50-60%	→	250-350 bps	→
Sweden	50-65%	→	150-250 bps	→
The Netherlands	55-60%	→	150-225 bps	→
United Kingdom	<65%	→	190-225 bps	↓

Source: Deloitte based on a market sounding



The hotel segment continues to be one of the preferred asset classes, as expectations of slower economic growth have yet to impact tourism KPIs, which continue to reach record levels. However, some countries like the UK and Belgium have experienced a somewhat subdued level of activity, while in the Netherlands, new VAT legislation has raised concerns that higher taxes could dampen market activity. The EU market continues to be heavily geared toward value-add and repositioning strategies in the high-end segments while investors and lenders have also shown strong interest in open-air and leisure assets. Cross-border debt financing occasionally puts pressure on local banks, which are sometimes unable to match the aggressive terms offered by larger pan-European peers. Consistent with Q2 2025 trends, certain lenders maintain a preference for established operators, while exercising caution with regards to investor-launched operating companies.

Financing				
Countries	Senior LTV Levels	Trends	Senior debt margins	Trends
Belgium	45-55%	→	175-275 bps	→
Denmark	55-60%	→	80-120 bps	→
France	50-65%	→	190-230 bps	→
Germany	50-65%	→	250-300 bps	→
Ireland	50-65%	→	275-300 bps	→
Italy	40-60%	→	220-350 bps	↓
Luxembourg	45-55%	→	150-250 bps	→
Poland	<60%	↓	220-260 bps	↓
Spain	50-65%	↑	200-300 bps	↓
Sweden	50-65%	→	150-250 bps	→
Ireland	50-60%	→	175-275 bps	→
The Netherlands	50-60%	→	175-275 bps	→
United Kingdom	<65%	→	190-225 bps	→

Source: Deloitte based on a market sounding



Germany / German team’s view

In Q3 2025, Germany’s real estate market continued its cautious recovery, with residential prices and rents rising steadily due to persistent demand and constrained supply, particularly in prime urban locations. The office sector, however, continues to struggle, with elevated vacancy rates and structural shifts still weighing on performance, although premium office space in business districts shows resilience. Financing conditions have eased slightly, supported by local and specialized lenders stepping in, yet larger financing volumes above €100 million remain difficult to secure. International investor confidence in the German market has rebounded, contributing to improved financing dynamics and renewed interest in residential and prime commercial assets. Nonetheless, financing remains challenging for older properties with higher vacancy risks. This environment offers opportunities to secure attractive financing for resilient asset classes, but prudent asset selection and thorough risk assessment remain essential. Amid ongoing industrial sector recession and restrictive bank lending, companies increasingly turn to alternative financing solutions, with sale-and-leaseback transactions gaining momentum across logistics, production, and administrative assets. Asset-based lending grows as enterprises monetize PP&E to access urgently needed liquidity.

Jens von Loos

Meet the team

The European Debt & Capital Advisory team can assist you in your debt and fundraising processes through a large European lenders and investors' network, and has in-depth expertise in financing and investment markets across the continent.



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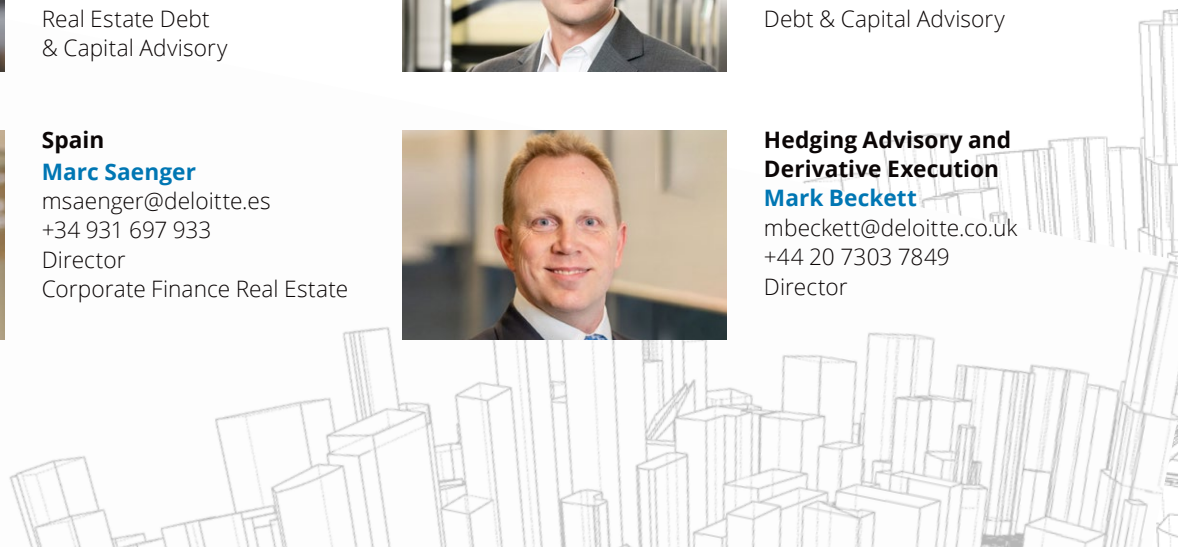
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