



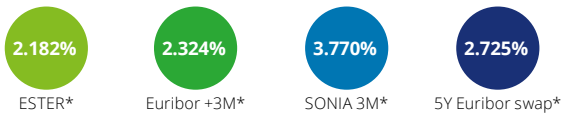
Real Estate  
Debt & Capital Advisory  
EMEA Marketbeat Q2-2026

# Macroeconomic outlook

## Inflation outlook

Following the energy-driven shock earlier in 2026, Euro Area inflation eased from 3.2% in May to 2.8% in June, although still above the ECB's 2% target. The ECB subsequently revised its 2026 inflation forecast upwards to 3.0%, reflecting higher energy prices resulting from the war in the Middle East, while lowering its GDP growth forecast to 0.8%. In the UK, inflation also eased, falling from 3.3% in March to 2.8% in May and 2.6% in June, while GDP grew by 0.7% in the three months to May, with services being the main contributor to growth. Overall, the 2026 outlook remains challenging, with inflationary pressures expected to stay elevated in the near term, while geopolitical uncertainty, higher energy prices and weak Euro Area growth continue to weigh on prospects.

## Financing outlook



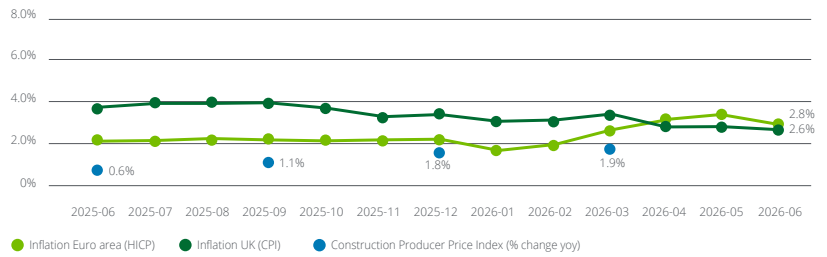
The European real estate financing market remained active in Q2 2026, with improving lender appetite supporting a stronger H2 outlook. Debt availability was robust, with competition across banks and alternative lenders intensifying, particularly for prime opportunities backed by experienced sponsors and resilient income streams. This competition put further pressure on lending margins for prime assets, while underwriting discipline was resilient. Borrowers and lenders are also adapting to a higher-for-longer rate environment amid monetary policy uncertainty, influencing borrowing costs and refinancing conditions.

Note: (\*) Numbers as of the end of June 2026

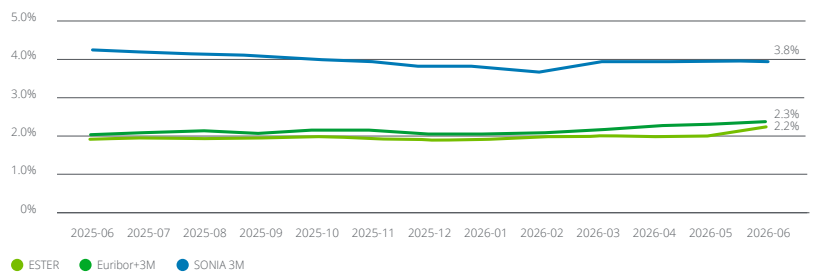
## Investment outlook

European real estate investment activity gradually recovered in Q2 2026, although investors remain highly selective, with capital increasingly concentrated on high-quality, income-generating assets underpinned by strong occupancy and long-term structural demand. Investors focused on opportunities offering attractive entry price, strong operational performance and clear income visibility, while market liquidity and deal flow remained uneven across markets and asset classes. Meanwhile, uncertainty around interest rates and the pace of economic recovery weighed on transaction activity, reinforcing a disciplined approach to capital deployment.

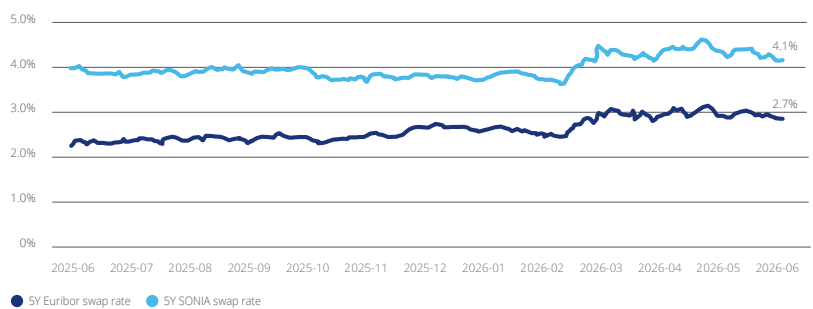
Inflation (one year average rate of change)



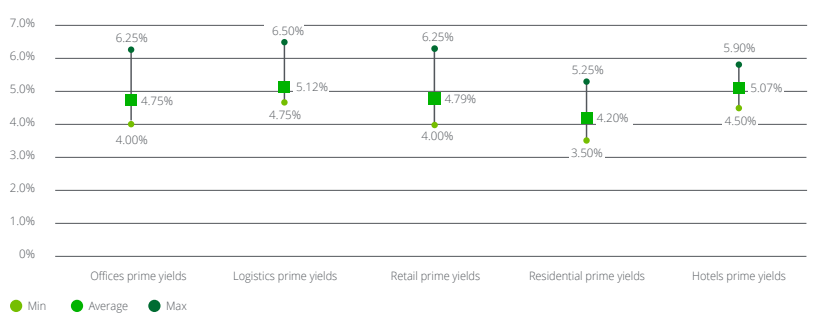
Euribor +3M, ESTER & SONIA 3M (one year evolution)



5Y Euribor & SONIA swap rates



Prime yields levels by asset class\*\* (Europe)



Note: (\*\*) Prime yield levels are reported for Q1 2026  
Sources: Eurostat, Refinitiv, Statista, BoE, ECB

## Market drivers



### Interest rates' evolution

In Q2 2026, the ECB raised its key interest rates by 25 bps in June amid concerns over the inflation outlook, while the BoE kept bank rate unchanged at 3.75%. Higher energy prices and geopolitical uncertainty increased the risks around the future path of interest rates, with implications for borrowing costs and financing conditions.



### Global trade dynamics

In Q2 2026, heightened geopolitical tensions, particularly the conflict in the Middle East, added uncertainty to the European economic outlook and weighed on business confidence, while higher energy costs and ongoing trade frictions continued to constrain growth prospects.



### Political environment

Political and fiscal uncertainty remained elevated in France, amid concerns over the 2027 budget and upcoming presidential election. In the UK, Keir Starmer's announced resignation in June added further political uncertainty ahead of the leadership transition, with implications for fiscal and economic policy.

# Real estate financing trends

## Trends in financing products

Across European markets, senior debt remained the primary source of real estate financing in Q2 2026, with banks continuing to be well positioned for conventional, lower-leverage transactions. Alternative lenders, meanwhile, were relevant where borrowers required additional leverage or more bespoke financing solutions, offering greater flexibility in terms of leverage, amortisation and structuring. Mezzanine financing continued to bridge the gap between senior debt and equity, particularly for development projects facing higher construction costs, while whole loans offered an alternative for borrowers seeking higher leverage or more tailored financing structures.

### ★ Senior debt

Equity

Mezzanine debt

Whole loan

Junior debt

## Trends in financing purpose

In Q2 2026, refinancing remained the primary financing purpose across Europe, as borrowers continued to address upcoming maturities and manage existing debt positions amid selective lending conditions. Acquisition financing supported the gradual recovery in transaction activity across several markets, with lenders remaining selective and particularly supportive of high-quality assets while maintaining conservative leverage levels. Development finance was selective, with lenders favouring projects offering clear visibility on demand and strong risk mitigation, including through pre-letting, pre-sales and clearly defined capex and ESG strategies. At the same time, capex financing began to gain traction as investors increasingly pursued value-add strategies and sought to upgrade existing assets in response to evolving tenant expectations and sustainability requirements.

### ★ Refinancing

Asset acquisition

Development finance

Capex financing

Corporate financing

## Trends in financed sector

Residential and living assets continued to attract strong financing interest, supported by housing shortages and resilient rental fundamentals, although rent regulation and energy-efficiency requirements weighed on appetite in some markets. Logistics benefited from solid occupier demand and favourable structural fundamentals, while lenders became more selective amid pricing pressure, saturated letting markets in countries such as Germany, and infrastructure constraints. Hospitality financing was available for prime assets, supported by resilient tourism and renewed investor interest, while value-add and transitional assets faced greater challenges. Retail financing gained momentum, with lenders favouring convenience-led and operationally resilient formats, while weaker assets continued to face challenges in securing financing. Office lending focused on prime and ESG-aligned assets, while lenders remained cautious towards secondary stock.

### ★ Residential

Hotels

Logistics

Retail

Offices

## Deloitte's sample of credentials for the quarter



### Residential

#### Project Park Developments

##### Amount raised:

€320 million

##### Financing:

Senior loan

##### Lender:

Syndicate - AIB and BOI

Deloitte Ireland provided debt advisory services to Park Developments on the refinancing of its existing senior debt banking syndicate and the raising of new development and acquisition facilities.



### Retail

#### Project Nova

##### Amount raised:

€72 million

##### Financing:

Senior loan

##### Lender:

ERSTE Bank

Deloitte Poland provided debt advisory services to Newgate Investment on financing secured against 14 assets, refinancing existing debt while raising additional capital to support future acquisitions and growth.



### Residential

#### Project Moller

##### Amount raised:

€12 million

##### Financing:

Senior loan

##### Lender:

ABN AMRO

Deloitte Netherlands provided debt advisory services on the acquisition financing of a senior living residence in Waalwijk.



# Real estate financing sectoral trends and key indicators



## Offices

The divide between prime and secondary offices remained clear in Q2 2026, although sentiment towards the sector improved in selected European markets. Prime offices attracted strong investor interest, particularly where assets offered solid ESG credentials and robust occupational fundamentals, reflecting growing confidence in high-quality stock. This was particularly evident in Spain, the UK, Italy and Ireland. By contrast, secondary offices continued to face weaker occupier demand and concerns over long-term obsolescence. This polarisation was also reflected in lending terms, with prime assets benefiting from stronger lender appetite, while secondary offices faced tighter underwriting, lower leverage and greater scrutiny of vacancy, capex requirements and exit liquidity.

| Financing*      |                   |        |                     |        |
|-----------------|-------------------|--------|---------------------|--------|
| Countries       | Senior LTV Levels | Trends | Senior debt margins | Trends |
| Belgium         | 50-60%            | →      | 170-225 bps         | →      |
| Denmark         | 60-65%            | →      | 80-120 bps          | →      |
| France          | 55-65%            | →      | 155-175 bps         | →      |
| Germany         | 50-60%            | →      | 150-400 bps         | →      |
| Ireland         | 45-55%            | →      | 250-300 bps         | →      |
| Italy           | 40-50%            | →      | 250-350 bps         | →      |
| Luxembourg      | 50-60%            | →      | 125-250 bps         | →      |
| Poland          | <60%              | →      | 190-210 bps         | ↓      |
| Spain           | 50-60%            | →      | 200-250 bps         | →      |
| Sweden          | 45-55%            | →      | 150-250 bps         | →      |
| The Netherlands | 50-60%            | →      | 175-275 bps         | →      |
| United Kingdom  | <65%              | →      | 200-400 bps         | →      |

Source: Deloitte based on a market sounding



## Residential

Residential real estate was among the most robust and financeable segments of the European market in Q2 2026, supported by persistent supply constraints and solid demand. Lender appetite was high, with financing available for stabilised assets and lender competition supporting favourable pricing conditions. Investors increasingly targeted managed and alternative residential formats, while value-add strategies stayed attractive where product scarcity supported return potential. At the same time, affordability pressures, regulatory uncertainty around rent caps and energy standards, as well as tighter requirements for development projects increasingly influenced underwriting. Lenders responded by adopting more conservative assumptions on rental growth and development costs, while requiring greater risk mitigation.

| Financing*      |                   |        |                     |        |
|-----------------|-------------------|--------|---------------------|--------|
| Countries       | Senior LTV Levels | Trends | Senior debt margins | Trends |
| Belgium         | 55-65%            | →      | 125-200 bps         | →      |
| Denmark         | 55-60%            | →      | 80-120 bps          | →      |
| France          | 50-55%            | →      | 140-170 bps         | ↓      |
| Germany         | 60-70%            | →      | 120-200 bps         | →      |
| Ireland         | 50-60%            | →      | 175-225 bps         | ↓      |
| Italy           | 40-60%            | →      | 220-350 bps         | →      |
| Luxembourg      | 60-70%            | →      | 150-250 bps         | →      |
| Poland          | <75%              | →      | 210-240 bps         | ↓      |
| Spain           | 50-65%            | →      | 200-250 bps         | →      |
| Sweden          | 50-60%            | →      | 150-250 bps         | →      |
| The Netherlands | 55-65%            | →      | 150-200 bps         | →      |
| United Kingdom  | <70%              | →      | 180-225 bps         | ↓      |

Source: Deloitte based on a market sounding



## Retail

European retail benefited from improving investor and lender sentiment in Q2 2026. Convenience-led formats, grocery-anchored schemes and well-performing retail parks continued to attract significant interest, supported by resilient occupier demand and stable cash flows. Spain and the Netherlands recorded particularly positive developments, supported by improving retail sales and footfall, increased transaction activity and greater financing appetite for high-quality assets. The UK also saw improving appetite, with supermarkets attracting interest for their durable income and defensive characteristics. Elsewhere, financing remained more selective, favouring well-located, high-quality assets, while non-convenience formats and secondary locations faced tighter financing conditions.

| Financing*      |                   |        |                     |        |
|-----------------|-------------------|--------|---------------------|--------|
| Countries       | Senior LTV Levels | Trends | Senior debt margins | Trends |
| Belgium         | 50-60%            | →      | 170-275 bps         | →      |
| Denmark         | 50-55%            | →      | 80-120 bps          | →      |
| France          | 50-60%            | →      | 175-185 bps         | →      |
| Germany         | 50-60%            | →      | 200-400bps          | →      |
| Ireland         | 50-55%            | →      | 250-325 bps         | →      |
| Italy           | 30-50%            | →      | 250-350 bps         | →      |
| Luxembourg      | 50-55%            | →      | 100-250 bps         | →      |
| Poland          | <70%              | →      | 160-200 bps         | ↓      |
| Spain           | 50-60%            | →      | 300-350 bps         | ↓      |
| Sweden          | 50-65%            | →      | 150-250 bps         | →      |
| The Netherlands | 50-60%            | →      | 175-250 bps         | →      |
| United Kingdom  | <65%              | →      | 200-450 bps         | →      |

Source: Deloitte based on a market sounding

Note: (\*) Data for prime assets only

# Real estate financing sectoral trends and key indicators



## Logistics

Logistics remained a core and highly sought-after asset class in Europe in Q2 2026, underpinned by resilient occupier demand and constrained supply. Lender appetite was strong for high-quality, Grade A and ESG-compliant assets, offering robust tenant covenants and clear income visibility particularly where long-term leases supported cash-flow resilience. However, financing was selective, with lenders prioritising modern, well-let assets in strategic locations and applying tighter terms and stricter underwriting to projects exposed to saturated letting markets or infrastructure constraints. Overall, strong tenant covenants, modern specifications and robust leasing fundamentals remained key to securing competitive financing.

| Financing*      |                   |        |                     |        |
|-----------------|-------------------|--------|---------------------|--------|
| Countries       | Senior LTV Levels | Trends | Senior debt margins | Trends |
| Belgium         | 55-65%            | →      | 125-200 bps         | →      |
| Denmark         | 60-65%            | ↑      | 80-120 bps          | →      |
| France          | 50-55%            | →      | 185-225 bps         | →      |
| Germany         | 55-65%            | →      | 150-250 bps         | →      |
| Ireland         | 50-60%            | →      | 200-250 bps         | →      |
| Italy           | 40-60%            | →      | 220-300 bps         | →      |
| Luxembourg      | 50-60%            | →      | 150-250 bps         | →      |
| Poland          | <70%              | →      | 170-210 bps         | ↓      |
| Spain           | 50-60%            | →      | 250-350 bps         | ↓      |
| Sweden          | 50-65%            | →      | 150-250 bps         | →      |
| The Netherlands | 50-60%            | ↓      | 150-225 bps         | →      |
| United Kingdom  | <65%              | →      | 250-350 bps         | →      |

Source: Deloitte based on a market sounding



## Hotels

The European hospitality sector continued to benefit from resilient tourism flows and encouraging booking trends in Q2 2026, particularly in Southern European markets. Spain continued to stand out as one of Europe's most attractive hospitality markets, with record tourism figures reinforcing the resilience of the sector and attracting new international investors pursuing value-add strategies, including asset repositioning, platform aggregation and operational optimisation. France, Italy and the UK also recorded solid investor and lender interest, particularly for high-end assets and repositioning opportunities. However, market conditions remained more selective, with financing increasingly focused on prime locations, proven operators and assets offering strong income visibility, while transitional or underperforming hotels continued to face greater financing constraints.

| Financing*      |                   |        |                     |        |
|-----------------|-------------------|--------|---------------------|--------|
| Countries       | Senior LTV Levels | Trends | Senior debt margins | Trends |
| Belgium         | 45-55%            | →      | 175-275 bps         | →      |
| Denmark         | 50-55%            | ↓      | 80-120 bps          | →      |
| France          | 50-65%            | →      | 185-200 bps         | →      |
| Germany         | 50-60%            | →      | 200-300 bps         | →      |
| Ireland         | 50-65%            | →      | 275-300 bps         | →      |
| Italy           | 40-60%            | →      | 220-350 bps         | ↓      |
| Luxembourg      | 45-55%            | →      | 150-250 bps         | →      |
| Poland          | <60%              | →      | 200-225 bps         | ↓      |
| Spain           | 50-65%            | ↑      | 250-350 bps         | ↓      |
| Sweden          | 50-65%            | →      | 150-250 bps         | →      |
| The Netherlands | 50-55%            | ↓      | 175-275 bps         | →      |
| United Kingdom  | 50-65%            | →      | 185-400 bps         | →      |

Source: Deloitte based on a market sounding



### Luxembourg / Luxembourg team's view

Luxembourg's real estate market continued to stabilise in Q2 2026, characterised by a pronounced gap between resilient prime assets and weaker performance among peripheral or older stock.

In the residential sector, prices for new apartments steadied at €9.6k/sqm, down from the 2025 average of €10.1k/sqm although slightly up from the Q4 2025 level of €9.5k/sqm. There are early signs of improved demand, with transaction volumes for new and existing apartments reaching 1,175 — a level last surpassed in Q4 2022 (excluding the period of temporary fiscal measures to boost activity from Q4 2024 to Q3 2025).

The office sector remains defined by low vacancy and stable prime rents (€54/sqm/month) in core business districts, while secondary and peripheral space continues to see higher vacancies and slower leasing.

Selectivity remains strong across both markets, with the ongoing macroeconomic environment — marked by inflation, elevated interest rates, and continued investor caution — key to the pace and breadth of market recovery.

Elena Petrova

# Meet the team

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



**France**  
**Hassen Ouartani**  
houartani@deloitte.fr  
+33 1 58 37 04 12  
Partner  
Head of Debt & Capital Advisory



**United Kingdom**  
**Chris Holmes**  
cpholmes@deloitte.co.uk  
+44 20 7007 2873  
Partner  
Head of Real Estate  
Debt Advisory



**Ireland**  
**Daniel Lockley**  
dlockley@deloitte.ie  
+353 1 417 8835  
Partner  
Head of Real Estate



**Denmark & Nordics**  
**Morten Husted Permin**  
mpermin@deloitte.dk  
+45 61 55 26 70  
Partner  
Head of Debt & Capital Advisory



**Luxembourg**  
**Elena Petrova**  
elpetrova@deloitte.lu  
+352 45145 3065  
Partner  
Head of Debt & Capital  
Advisory



**Italy**  
**Angela d'Amico**  
angdamico@deloitte.it  
+39 0283322775  
Partner  
Head of Real Estate Advisory



**Belgium**  
**Sebastiaan Preckler**  
spreckler@deloitte.com  
+32 2 800 28 35  
Partner  
Head of Debt & Capital Advisory



**Germany**  
**Jens von Loos**  
jloos@deloitte.de  
+49 69 75695 7759  
Managing Director  
Head of Debt & Capital Advisory



**Netherlands**  
**Michael Vuijsje**  
mvuijsje@deloitte.nl  
+31 882860662  
Director  
Real Estate Debt  
& Capital Advisory



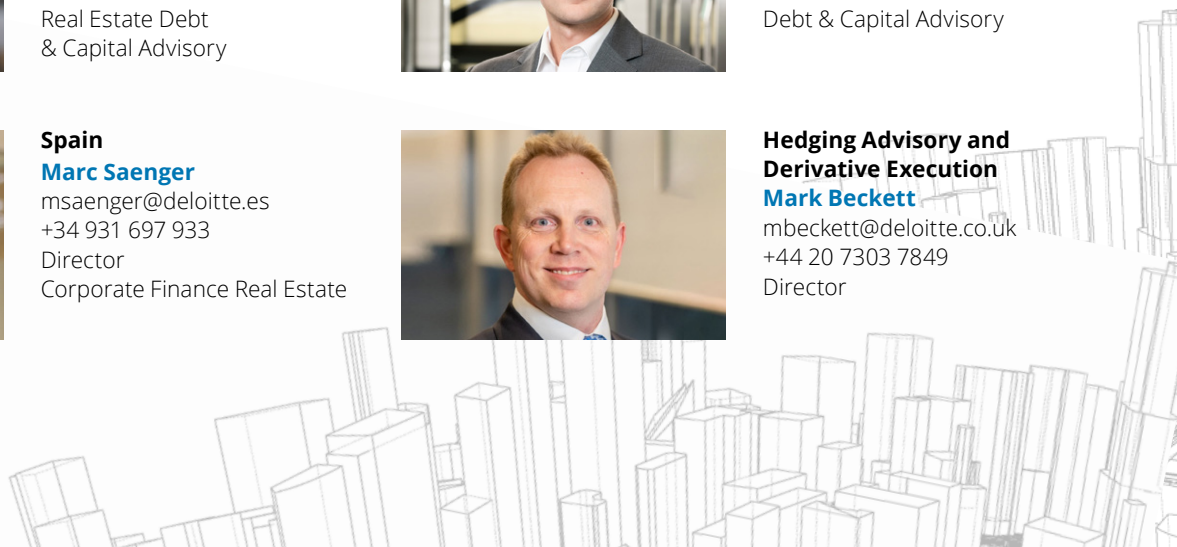
**Poland**  
**Adam Pankowski**  
apankowski@deloittece.com  
+48 225110372  
Partner Associate  
Debt & Capital Advisory



**Spain**  
**Marc Saenger**  
msaenger@deloitte.es  
+34 931 697 933  
Director  
Corporate Finance Real Estate



**Hedging Advisory and  
Derivative Execution**  
**Mark Beckett**  
mbeckett@deloitte.co.uk  
+44 20 7303 7849  
Director





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