



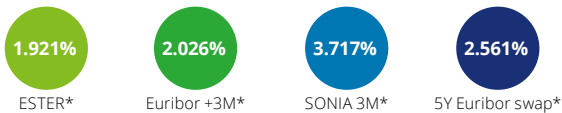
Real Estate
Debt & Capital Advisory
EMEA Marketbeat Q4-2025

Macroeconomic outlook

Inflation outlook

In Q4 2025, Euro Area inflation eased, with headline inflation reaching 2.0% in December, in line with the ECB's target. This slowdown reflects moderating price pressures, with services inflation softening, energy prices adjusting and core inflation stabilising. In the UK, inflation also slowed quarter-on-quarter, reaching 3.4% in December as transport and food price pressures declined. On the growth side, Euro Area GDP expanded modestly in Q4 (+0.3% QoQ), supported by domestic demand and early signs of improvement in manufacturing. UK GDP growth remained weak (+0.1% QoQ), with output rising only marginally amid fragile consumer confidence and cautious business investment. Overall, growth prospects remain modest and uneven heading into 2026.

Financing outlook



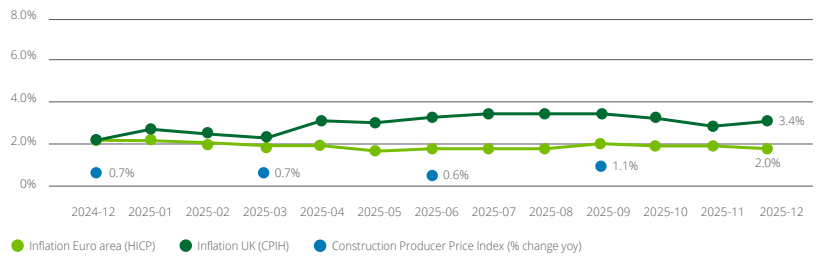
In Q4 2025, European real estate markets experienced a gradual recovery in lending activity supported by broadly stable conditions following earlier central bank rate cuts that lowered interest costs and improved funding visibility. However, banks remain selective, favoring sectors underpinned by strong fundamentals, coupled with supply-demand imbalances, as well as prime assets with resilient cash flows, long-term lease visibility, and strong covenant quality. Overall, the backdrop is increasingly conducive to a gradual pickup in lending activity in 2026, subject to macroeconomic and geopolitical conditions.

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

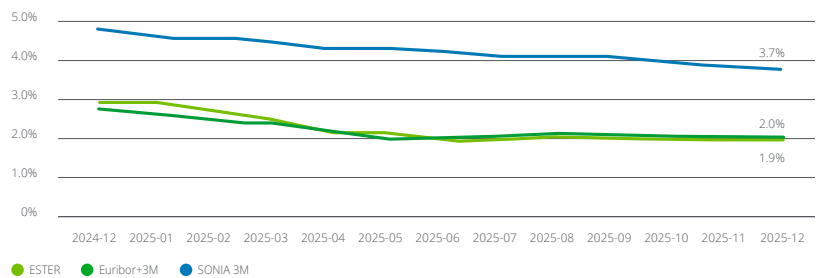
Investment outlook

European real estate investment gained momentum in Q4 2025, reflecting renewed investor confidence across most European markets, supported by steady financing conditions and a broad-based recovery across key asset classes. Strongly sought after by investors across Europe, the living segment, encompassing multifamily, senior housing, care facilities, and purpose-built student accommodation (PBSA), has dominated transaction volumes, supported by solid fundamentals and robust occupier demand. In contrast, the recovery in other asset classes remains uneven, with performance varying significantly across national markets.

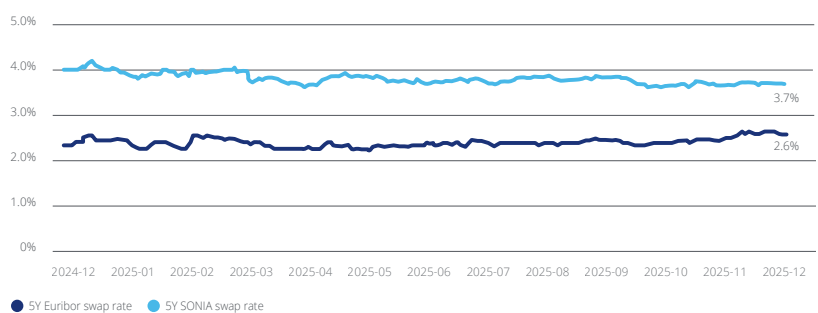
Inflation (one year average rate of change)



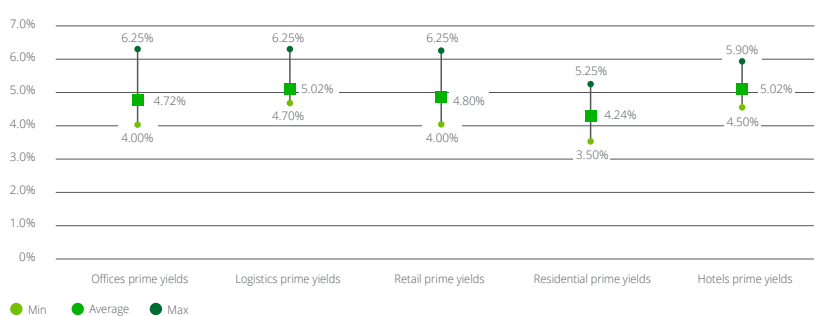
Euribor +3M, ESTER & SONIA 3M (one year evolution)



5Y Euribor & SONIA swap rates



Prime yields levels by asset class** (Europe)



Note: (**) Prime yields are reported for Q3 2025
Sources: Eurostat, Refinitiv, Statista, BoE, ECB

Market drivers



Interest rates' evolution

In Q4 2025, the ECB kept key rates unchanged at 2.0% for the deposit facility, 2.2% for the refinancing rate, and 2.4% for the marginal lending rate. The Bank of England cut its bank rate to 3.8% in December, aiming to support demand amid weak growth and easing inflation.



Global trade dynamics

Global trade frictions and geopolitical tensions remained key concerns, leading companies to plan cautiously and weighing on exports. Despite signs of resilience, economic growth in Europe remained modest, as economic policy uncertainty and external pressures continued to cloud the outlook for early 2026.



Political environment

Political developments across Europe showed mixed dynamics in Q4 2025. In the Netherlands, the election results left coalition formation and future policy direction uncertain. In the UK, the Autumn Budget provided short-term clarity for real estate, supporting a selective but confident investment approach.

Real estate financing trends

Trends in financing products

In Q4 2025, banks remained willing to provide financing, although lending conditions were selective, with leverage levels, loan-to-value ratios and debt service metrics closely monitored. Against this backdrop, senior debt remained the primary source of real estate financing across Europe, supported by its relative availability and cost competitiveness compared with alternative sources of debt capital. Equity contributions were also required to bridge financing gaps or preserve covenant headroom, particularly in development projects. Mezzanine and whole-loan structures continued to attract investors and developers seeking greater flexibility and higher LTVs, despite their higher costs and complexity. Overall, the market reflected healthy bank appetite and disciplined underwriting, prompting investors to complement senior debt with alternative solutions to optimise capital structures.

★ Senior debt

Equity

Mezzanine debt

Whole loan

Junior debt

Trends in financing purpose

Even though refinancing accounted for a significant share of real estate financing volumes in Q4 2025, acquisition financing drew strong investor interest. This growth was supported by stable lending conditions and emerging acquisition opportunities, reflecting a tightening bid-ask spread between buyers and sellers and a growing alignment of pricing expectations. Development finance regained traction in selective markets. In Germany, support came from smaller regional lenders, whereas developers in Luxembourg and Spain sought funding for residential projects, often through junior debt or equity-heavy structures. Capital expenditure financing also gained ground, reflecting investors' focus on asset upgrades, ESG performance, and value-add strategies.

★ Refinancing

Asset acquisition

Development finance

Corporate financing

Portfolio acquisition

Trends in financed sector

In Q4 2025, residential and living-related assets remained a central focus of real estate financing across Europe, supported by structural housing shortages, sustained rental demand and continued lender appetite. The hospitality sector maintained solid momentum in several markets, including Belgium, Italy and Spain, supported by strong hotel fundamentals and sustained demand in major tourism destinations. Logistics assets continue to attract strong interest given their low vacancy levels, solid occupier fundamentals and rental growth in prime locations. By contrast, the office and retail sectors presented a more mixed and polarised picture. While prime assets continued to secure financing under relatively stable conditions, secondary properties faced more limited lender appetite, particularly where asset quality or long-term demand prospects remained uncertain.

★ Residential

Hotels

Logistics

Retail

Offices

Deloitte's sample of credentials for the quarter



Retail

Prishtina Mall

Amount raised:

€80 million

Financing:

Senior loan

Lender:

IFC and others

Deloitte UK arranged an €80 million financing for "Prishtina Mall", Kosovo's flagship shopping centre, in collaboration with the Deloitte offices in Kosovo and Albania.



Mixed-use

Project Prime

Amount raised:

€171 million

Financing:

Senior loan

Lender:

BayernLB & Berlin Hyp

Deloitte Netherlands supported the refinancing of a mixed retail and residential portfolio located in prime locations in Amsterdam.



Self-Storage

Confidential

Amount raised:

Confidential

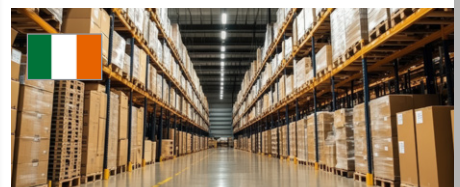
Financing:

Equity

Lender:

Confidential

Deloitte Ireland successfully supported a new self-storage platform in securing a significant investment to deliver its flagship development at Brownsbarn, Dublin, with construction expected to start in 2026.



Real estate financing sectoral trends and key indicators



Offices

In Q4 2025, the European office market showed a mixed picture, with early signs of stabilisation in some markets such as Spain, supported by a renewed investor appetite, reflected in downward adjustments of prime yields. However, in most European markets, any signs of improvement remain largely confined to prime, well-located, and ESG-compliant assets, as secondary offices continue to face demand challenges and refinancing risks. Indeed, demand has been particularly strong for modern, grade-A, ESG-compliant offices located in central business districts and major city centres. Such dynamics have intensified competition and put upward pressure on rents. The selective recovery is also reflected among lenders, who are increasingly willing to finance offices that meet strict location and sustainability criteria, while properties outside prime locations remain difficult to fund.

Financing				
Countries	Senior LTV Levels	Trends	Senior debt margins	Trends
Belgium	50-60%	→	170-225 bps	→
Denmark	55-70%	→	80-120 bps	→
France	45-60%	→	155-195 bps	→
Germany	55-65%	→	225-300 bps	→
Ireland	45-55%	→	250-300 bps	→
Italy	40-50%	→	250-350 bps	→
Luxembourg	50-60%	→	150-250 bps	→
Poland	<65%	→	220-280 bps	→
Spain	50-60%	→	200-250 bps	→
Sweden	45-55%	→	150-250 bps	→
The Netherlands	50-60%	↑	200-275 bps	→
United Kingdom	<65%	→	190-225 bps	↓

Source: Deloitte based on a market sounding



Residential

Residential markets across Europe remained resilient in Q4 2025, underpinned by structural supply shortages, persistent affordability constraints, and strong demand, supporting stable rental growth expectations. Affordable housing and alternative residential formats, including purpose-built student accommodation (PBSA) and flex-living/co-living, continue to be key investment themes, attracting increasing interest from institutional investors as part of the strategic response to the structural imbalance between housing supply and demand. Overall, stabilising interest rates have improved financing visibility and allowed slightly more flexibility in debt structuring for prime assets, while residential remains one of the most stable and reliable asset classes for lenders.

Financing				
Countries	Senior LTV Levels	Trends	Senior debt margins	Trends
Belgium	55-65%	→	125-200 bps	→
Denmark	55-65%	→	80-120 bps	→
France	45-55%	→	135-175 bps	↓
Germany	60-70%	→	150-240 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	55-65%	→	150-200 bps	→
United Kingdom	<65%	→	190-225 bps	↓

Source: Deloitte based on a market sounding



Retail

In Q4 2025, the European retail sector remained uneven, reflecting local conditions and asset-specific dynamics. Investment and financing activity remained solid in Spain, the Netherlands, Belgium, and Italy, supported by broadly stable valuations, resilient operating performance, and stable income from well-located high-street assets, retail parks, and prime shopping centres. In contrast, other European markets saw more mixed momentum, as cautious consumer behaviour and persistent macroeconomic headwinds weighed on performance, prompting lenders to remain selective. For instance, in France, Denmark, and Ireland, lenders showed a growing preference for retail parks, supported by high occupancy, diversified tenant mixes, and attractive occupancy costs that aid tenant retention and income stability.

Financing				
Countries	Senior LTV Levels	Trends	Senior debt margins	Trends
Belgium	50-60%	→	170-275 bps	→
Denmark	50-60%	→	80-120 bps	→
France	50-60%	→	195-220 bps	→
Germany	50-65%	→	250-300 bps	→
Ireland	50-55%	→	250-325 bps	→
Italy	30-50%	→	250-350 bps	→
Luxembourg	50-55%	→	100-250 bps	→
Poland	<60%	→	180-220 bps	↓
Spain	50-60%	→	300-350 bps	↓
Sweden	50-65%	→	150-250 bps	→
The Netherlands	50-60%	→	175-275 bps	→
United Kingdom	<65%	→	190-250 bps	→

Source: Deloitte based on a market sounding

Real estate financing sectoral trends and key indicators



Logistics

Q4 2025 was characterized by sustained investor confidence in European logistics, supported by limited supply, resilient occupier demand, and robust market fundamentals. Prime assets and modern, ESG-compliant developments remained highly sought after, as seen in Italy, Ireland and the Netherlands, while older premises saw slightly higher vacancy and moderating rental growth, as seen in Denmark. Financing conditions stayed supportive, with lenders eager to provide both traditional and alternative structures, including mezzanine and sale-and-leaseback transactions. Despite strong interest from both investors and lenders, overall activity could be constrained by limited deal flow in certain markets. In addition, significant international competition for large-scale transactions, driven by foreign capital, may limit some domestic players' ability to secure such deals.

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%	→	165-250 bps	→
Ireland	50-60%	→	200-250 bps	→
Italy	40-60%	→	220-300 bps	→
Luxembourg	50-60%	→	150-250 bps	→
Poland	<65%	↓	190-220 bps	→
Spain	50-60%	→	250-350 bps	↓
Sweden	50-65%	→	150-250 bps	→
The Netherlands	50-60%	→	150-225 bps	→
United Kingdom	<65%	→	190-225 bps	↓

Source: Deloitte based on a market sounding



Hotels

The hospitality sector maintained its positive momentum across Europe in Q4 2025, supported by strong tourism performance and improving operational KPIs in most markets, including France, Spain, Italy and the Netherlands. Investor interest remained high, particularly for prime and higher-end hotel assets, driving robust transaction activity in several markets. Lenders maintained a generally positive outlook, providing selective financing for well-located or repositioning projects, notably in Italy, the Netherlands, and Germany. Overall, strong fundamentals, sustained investor appetite, and supportive financing conditions maintained confidence in the sector's resilience and value-add potential.

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%	→	200-280 bps	→
Ireland	50-65%	→	275-300 bps	→
Italy	40-60%	→	220-350 bps	↓
Luxembourg	45-55%	→	150-250 bps	→
Poland	<60%	↓	210-250 bps	↓
Spain	50-65%	↑	250-350 bps	↓
Sweden	50-65%	→	150-250 bps	→
The Netherlands	50-60%	→	175-275 bps	→
United Kingdom	<65%	→	190-225 bps	→

Source: Deloitte based on a market sounding



Luxembourg / Luxembourg team's view

As expected following the expiration of temporary tax incentives at the end of June, residential transaction volumes in Q3 2025 were down by nearly 30% from the previous quarter's spike. While Q4 figures should provide a clearer view of the level at which the market is stabilising, the value of residential transactions in the first three quarters of 2025 has already matched the total recorded in 2024.

Activity in the office market ended the year strongly, with letting activity up nearly 40% and investment volumes up 20% for the year. Although both remain below long-term averages, this may signal an improving trend. Vacancies declined in Q4, while prime rents held at €54/sqm/month and average rents in Luxembourg City rose 6% to a new peak of €35/sqm/month.

Looking ahead, the office market should remain resilient. A significant pipeline of projects is due to be delivered in the medium term and there is limited readily available space still on the market. The key uncertainty for 2026 is whether the residential sector can recover and what local lenders can do to support much-needed promoter activity.

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
Managing Director
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
Real Estate Finance



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
Assistant Director
Debt & Capital Advisory



Spain

Marc Saenger

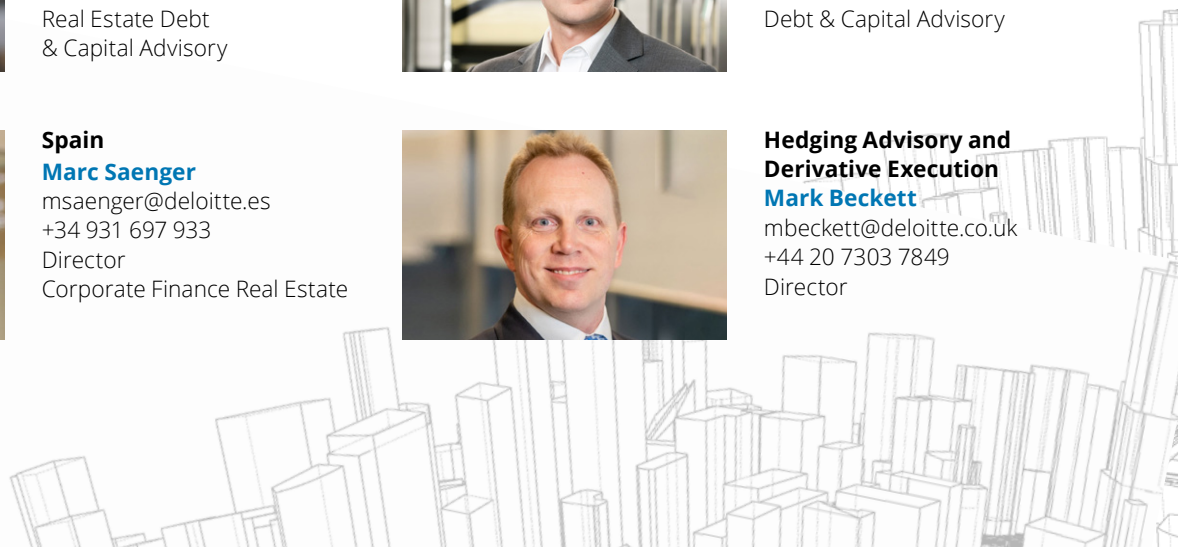
msaenger@deloitte.es
+34 931 697 933
Director
Corporate Finance Real Estate



Hedging Advisory and Derivative Execution

Mark Beckett

mbeckett@deloitte.co.uk
+44 20 7303 7849
Director





Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more. In France, Deloitte SAS is the member firm of Deloitte Touche Tohmatsu Limited, and professional services are rendered by its subsidiaries and affiliates.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's approximately 460,000 people worldwide make an impact that matters at www.deloitte.com.

Deloitte France brings together diverse expertise to meet the challenges of clients of all sizes from all industries. Backed by the skills of its 8,600 employees and partners and a multidisciplinary offering, Deloitte France is a leading player. Committed to making an impact that matters on our society, Deloitte has set up an ambitious sustainable development and civic commitment action plan.