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Europe Roundtable 2026

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Can Europe step up in a time of opportunity?

*The region's relative stability in an era of turmoil could draw in capital as the property market recovers. Participants in PERE's Europe roundtable consider whether it can seize the moment. By **Stuart Watson***

As the participants meet in London for PERE's Europe roundtable in January, the region's markets and politicians are still digesting US President Donald Trump's sudden U-turn on the US tariffs threatened by his administration over Greenland. The episode demonstrates the turbulent political environment in which real estate investors are operating. But it also highlights one of the European market's chief points of appeal: its relative stability.

European managers are hopeful that the perception of dependability could underpin a market recovery fueled by inflows from international capital.

The property market upswing that was anticipated in 2025 stalled while capital markets navigated the uncertainty generated by the first round of US tariffs, says Andy Rich, fund manager for Nuveen Real Estate's

diversified strategies in Europe. But market sentiment improved in the second half of the year as valuation trends across most sectors turned positive, which bodes well for 2026, he suggests. "It seems highly unlikely that, apart from in small pockets, valuations will fall now, so investors are confident that they can come back in."

Healthy fundraising for credit strategies has increased liquidity in the debt markets. Those vehicles now need to deploy capital, creating a more competitive environment and driving down the cost of finance, notes Arvi Luoma, chief investment officer at manager Cain. "Better LTVs and lower margins help us equity players to be able to start transacting," he says.

However, to date the recovery lacks depth. "Equity capital is slowly trickling in with transaction activity centered around the highest-quality assets," Luoma adds.

Values have reset and interest rates

have fallen more swiftly in Europe than in the US, prompting an upturn in European fundraising, says Sasha Silver, head of the global client group at privately owned manager Redevco. Indeed, PERE research shows Europe-focused private real estate fundraising increased from \$32.9 billion in 2024 to \$40.6 billion last year, marking a second consecutive year of annual growth from a cycle-low of \$25.4 billion in 2023.

Most capital being raised is going into value-add or core-plus strategies, however, and is targeting best-in-class assets, says Silver. "To really get momentum we need broader-based deployment and a return of core capital so that investors higher up the risk curve can see better liquidity when they exit."

While the fallout of international trade disputes dampened capital formation last year, Rich believes the latest round of tariff uncertainty will have



Jaime Lopez

Strategy/client and business development director, Azora

Lopez oversees capital raising initiatives and drives business development strategies to expand Azora's investor base and market presence. The Madrid-headquartered manager has assets under management of around €15 billion, of which two-thirds are in Southern Europe and about a third in the US. It focuses mainly on the living and hospitality sectors, as well as value-add investments in logistics, retail, offices and healthcare.

Andy Rich

Head of diversified strategies, Europe, Nuveen Real Estate

Rich joined global asset manager Nuveen Real Estate in 2004. He is the head of Nuveen Real Estate's diversified strategies for Europe, which includes the European Cities strategy, its flagship diversified pan-European strategy. The firm, as of September 30, 2025, has around \$140 billion of real estate assets under management, with over \$26 billion in Europe.

Sasha Silver

Head of global client group, Redevo

Based in London, Silver is a member of Redevo's leadership team and responsible for capital raising, product development and client relations. Redevo is a privately owned real estate manager, active across continental Europe and the UK, with a portfolio of around €10.5 billion of assets under management and a focus on retail parks, logistics, lending and mixed use.

Arvi Luoma

Chief investment officer, Cain Redevo

Luoma works alongside Cain's chief executive officer, Jonathan Goldstein, helping to shape the firm's global investment strategy, overseeing capital allocation and guiding portfolio development. He joined the firm, which manages over \$14 billion of real estate assets across Europe and North America, following its 2024 merger with asset manager Blackbrook Capital, of which he was a co-founder.



less of an adverse impact on the green shoots of recovery in 2026. “That’s just because we have already been through it once. It doesn’t have the same shock factor as it had a year ago,” he says. “Meanwhile, more capital has built up on the sidelines that needs to get invested.”

Pivot to Europe

The *Investor Intentions Survey 2026* from regional industry association INREV suggests positive sentiment among allocators. Some 39 percent of investors in non-listed funds expected to increase allocations to European real estate over the next two years, against 22 percent that anticipated a decrease. Appetite for investing in the region through joint ventures and club deals followed similar proportions.

As liquidity returns, could actual or perceived volatility in other global regions encourage investors to pivot toward European real estate? If global

“European returns are not the highest, but they are stable over time, and European managers have been able to achieve them consistently”

JAIME LOPEZ
Azora

investors were to increase their allocation to the market by just a few percentage points, it would have a “massive” positive impact on capital flows and transaction activity, suggests Luoma.

Jaime Lopez, strategy and business development director at Madrid-based manager Azora, says the theme has resonated with investors in fundraising discussions over the past 10 months. “That is because of the stability and low volatility of Europe, together with how over-exposed capital has been to the US and Asia over the past 10-12 years,” he says. “European returns are not the highest, but they are stable over time, and European managers have been able to achieve them consistently.”

Rich, however, has observed less of a pivot from the US to Europe than he had hoped for. Meanwhile, Nuveen had “continued success exporting capital from Europe and from APAC into our US strategies.”

He believes there is still a “big mental hurdle” to clear before US investors begin deploying more money outside their home market, especially for core capital. The US has a large domestic core market capable of delivering strong returns without any exposure to currency risk, he notes.

“It’s not a complete slam dunk that just because of uncertainty in the US, Europe becomes a safe haven, because we also have our own difficulties, both from a geopolitical and from a weak economic growth perspective,” he adds. “If we were in a stronger place, maybe that would have tipped the balance a bit more in our favor back when some US investors were considering that as an option.”

Meanwhile, there is growing political will within European nations to cooperate more closely in the face of heightened competition, if not outright hostility, from other global players. “That is a chance for Europe to rise again and create a bigger market, with greater financial opportunity,” argues

Lopez. “Europe needs to go a step further toward uniting; then not only will we be seen as a safe haven geopolitically, but there will be a more positive outlook toward the region.”

Europe has never positioned itself as a high-growth market, says Silver, so investors have modest expectations on that score. But the region’s more constrained property supply underpins prospects for income growth. “Because it is transparent and institutionally stable it has benefits for investors taking a longer-term view,” she adds.

Capital flows

Silver notes that while an influx of US capital may not yet have materialized, Canadian investors have been ramping up their activity in Europe. Indeed, in 2025, Canadian acquisitions of US property fell to their lowest level since 2010, according to MSCI data. Conversely, the proportion of Canadian cross-border investment absorbed by Europe has increased from a long-term average of 23 percent to more than 40 percent as of Q4 2025.

Japanese and Australian capital providers have also shown increased appetite, adds Silver, with much of that capital deployed through joint ventures or into operating platforms rather than closed-end funds.

Lopez identifies increased capital flows into Southern Europe from Asia, particularly from Korean investors, as well as Middle Eastern money. “Core-plus and value-add strategies are the sweet spot for investors right now. Core capital is more difficult to raise and mainly focused on the residential sector,” he says.

Meanwhile, European pension funds are increasingly seeking opportunities in the south of the continent, in addition to established markets in the UK, France and Germany, he adds.

Rich has also seen more money coming into Europe from Korean, Japanese and Australian sources. “They have massive superannuation industries

Alternative sectors headline the key European deals of 2025

Major senior living, care home and student housing bets are among the participants’ standout deals from the past year

Andy Rich: Azora’s French senior living buy

A joint venture between Azora and Twentytwo Real Estate Fund III acquires the senior independent living business of Emeis Group, comprising 1,850 apartments in major French cities.

“We are really interested in senior independent living. It will evolve differently in Europe to the US, but it feels like there is an opportunity for that to be a growing market if the quality and customer proposition is right.”

Jaime Lopez: StepStone and Greykite’s Spanish recap

StepStone Real Estate and Greykite close a €1.5 billion recapitalization of Vitalia, Spain’s second largest care home owner and operator.

“We looked at that one but missed out. That market has great fundamentals, and it was a great company. It was a mix of private equity and real estate assets. LPs want to be exposed to more operational assets, so capital is flowing towards them.”

Sasha Silver: NBIM’s landmark London deal

Sovereign wealth investor Norges Bank Investment Management pays £305 million (\$376 million; €361 million) for a 25 percent stake in Grosvenor’s mixed-use portfolio in London’s West End.

“I admire it from a placemaking standpoint, and because of the longevity of the capital. It involves thoughtful capex investment, upgrading, making vibrant retail and creating new tenant opportunities.”

Arvi Luoma: CPP’s Southern Europe student bet

Canadian pension investor CPP Investments strikes a €1.2 billion deal to acquire Brookfield-backed Livensa Living’s 9,000-bed Spanish and Portuguese student housing portfolio.

“That was probably the most core deal of last year at a very sizable price. It shows CPP must have conviction in the strength of that market and its prospects for rental growth.”

“It’s not a complete slam dunk that just because of uncertainty in the US, Europe becomes a safe haven”

ANDY RICH
Nuveen Real Estate



“Over the past 12 months we have observed some investors beginning to lower their equity return expectations”

ARVI LUOMA
Cain



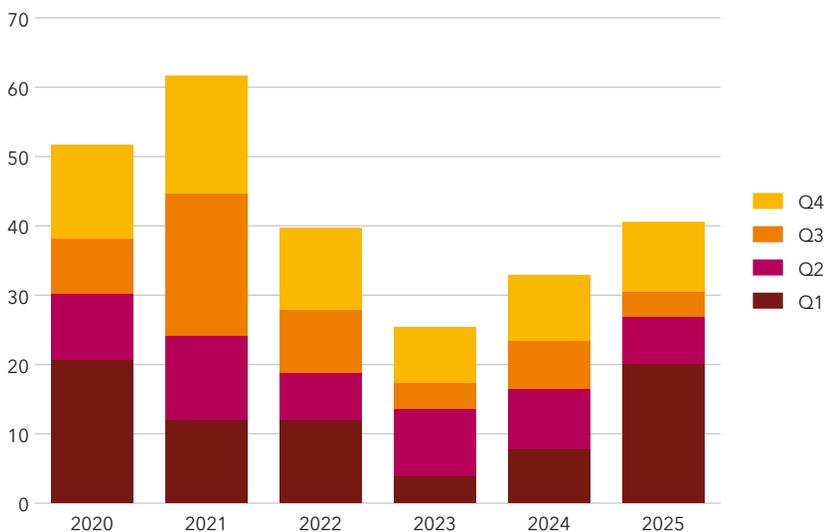
and relatively small domestic real estate markets, so they seem to have more flexibility around their global horizons,” he says. In addition, he expects European pension funds to step up their local investment activity in 2026 and 2027.

“Over the past 12 months we have observed some investors beginning to lower their equity return expectations,” says Luoma. Instead of targeting 18-20 percent IRR, they are now comfortable with 12 percent, or sometimes less. “The risk-return profile has compressed, even for capital that might not historically have been core or core-plus investors. I think that momentum will be helpful in getting us to the point where core capital comes back to the market, which in turn will help in underwriting exits and increase overall transaction activity.”

Tailwinds for recovery

While European transaction volumes remain subdued – with the €225 billion tracked by MSCI in 2025 at par with the previous year – the participants identify tailwinds that will support a market recovery in the year ahead. Among them is a much more liquid finance market, with debt once again becoming accretive for real estate transactions. Luoma describes debt

Fundraising momentum for Europe-focused private real estate funds was choked off in mid-2025 by tariff uncertainty but recovered toward year-end (Capital raised, \$bn)



Source: PERE

availability and cost as “very good – probably as good as we should expect it to be.”

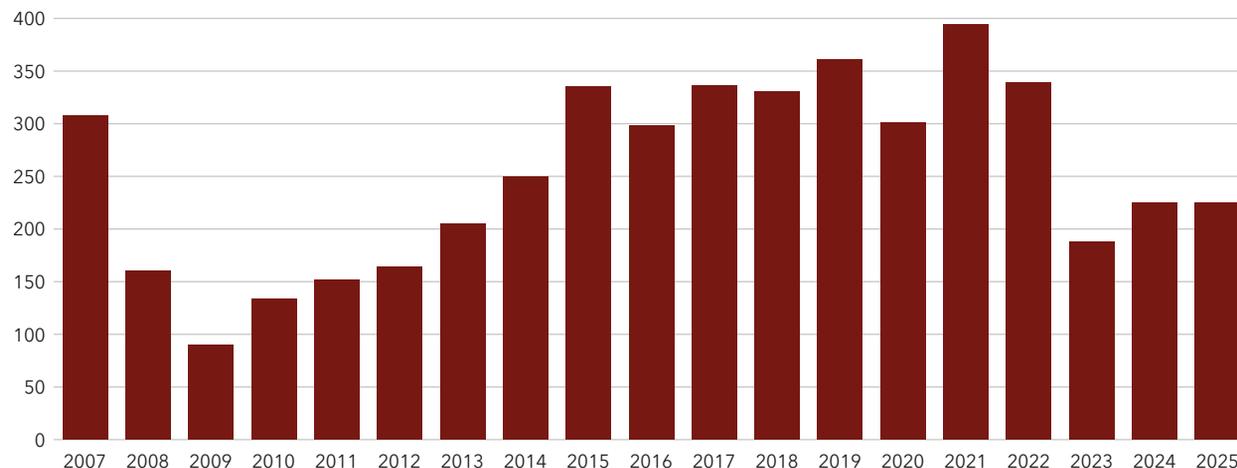
There is still some differentiation in lender appetite according to the situation, however. “If it’s living or logistics and it ticks all the boxes, you’re going to have the full market submitting heads of terms. But for other assets, for example retail in secondary cities, the availability of debt depends on the strength of your business plan and your track record with the lender,” says Lopez. “But we don’t have anything

that is not funded at this moment, which is phenomenal.”

The negative impact of European over-regulation on growth has been much discussed, but that cloud comes with a silver lining in that it prevents overbuilding, argues Luoma: “It creates underlying value in real estate if it’s tough to deliver new space.”

Redevco is one Europe’s largest owners and managers of retail parks, and Silver says the sector is an excellent example of how scarcity supports value. “It is very difficult to get planning

Overall transaction volume in European real estate was almost identical to the 2024 total (€bn)



Source: MSCI

permission to build those assets and if you're in the right catchment area, that supply constraint makes them really attractive investments."

A further tailwind for European real estate, particularly retail, is the buildup of personal savings levels over the past five years, suggests Rich. "It just requires a bit of consumer confidence to return and the underlying metrics on retail should improve further. We've already seen strong metrics in 2024 and 2025, but they could really accelerate this year, which will support the investment case for that sector."

Asset selection

The participants agree this is not a market in which managers can just buy an in-vogue sector, apply some debt, and generate returns by coasting on the wave of a rising market. "In this cycle, returns will depend on asset management," says Silver. "As a manager, you need to lean in to delivering core-plus or value-add returns in a much more active way."

Regardless of whether a manager's strategy is sector-specific or diversified, "outperforming your peers will depend on the quality of the building, the location and your asset management capability," adds Rich.

The roundtable selects a variety of favored target markets from among the established commercial real estate sectors across the continent. In addition to its strong conviction on retail parks, Silver says Redevco is expanding its portfolio in the industrial outdoor storage and urban logistics sectors. "Some areas are mispriced, and there are still attractive infill opportunities. You have to be granular on the ground, but it is an interesting space for the yield and the aggregation play."

Offices in major urban centers created as part of a mixed-use renovation can generate "great value" if the developer has the requisite placemaking skills, she adds.

Rich favors shopping centers in

Equity versus debt

Where does the current balance lie for relative returns in European real estate?

Rich: From the middle of 2022 until recently, it wasn't really a difficult decision. So long as valuations are dropping and no one knows what the bottom is, it's a bit of a no-brainer to say you should put your capital into debt on good-quality assets at a sensible LTV or LTC. But now that valuations have stabilized and the occupational metrics in nearly every sector are pretty strong, you can make a good case for either.

Silver: Senior lending at the drier end of the real estate debt spectrum seems less exciting right now, in the context of improved bank funding. The really interesting opportunity, particularly if you're looking at debt versus equity, is more value-add and specialist private lending to solve the problem of how to meet capex requirements for heavy refurbishment brown-to-green or development strategies. We are doing that kind of transitional lending, where there's more scarcity of supply and you can get more interesting returns.

Luoma: Investors have been prioritizing preservation of capital, and debt has also been generating, as it happens, great returns. But when you pass the bottom of the cycle and things start looking rosier, then over time their mindset shifts toward duration and upside. Then they won't want their money back in three years, they will want it out there and they will want to double it.

Southern Europe for their "incredibly strong" operational performance, as well as dominant shopping centers in the largest urban areas generally. The "doom and gloom" around the office sector has been exaggerated, he believes, and Nuveen's central London office portfolio has continued to generate strong rental growth. "Construction cost inflation means that there's virtually no delivery of new space."

The European hospitality market remains very fragmented, observes Lopez, enabling managers like Azora to deploy institutional capital to buy out smaller operators. "We are more focused on sun and beach destinations. Tourism is still rising year after year, and we see a new trend of Asian tourists coming into Europe."

Among national markets, Southern Europe – including Spain, Portugal

and Italy – and Poland are singled out as offering the best overall growth prospects. "Investing in Italy has its challenges, but it's a big economy, it repriced, and there's opportunity across the board in that market," says Luoma.

Alternative sectors

Sectors once considered niche, and which typically carry a strong operational element, account for a growing proportion of European real estate investment activity. MSCI data shows that despite a flat investment market, acquisitions in segments such as data centers, student housing and healthcare reached a new record in 2025, accounting for 18 percent of total activity.

Lopez says Azora is ramping up its investment in what he calls "urban niche" property, which includes healthcare and education spaces. The



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SASHA SILVER
Redevco

manager is also focused on student housing and senior living assets, as well as developing data centers in the “less saturated” Southern European markets.

In the data center sector, it is important to be very selective, not to take planning risk and to team up with an established operator, he argues. “You need to be very cautious because the amount of equity needed for one development can take up a whole fund.”

While he appreciates its long-term potential, Luoma has some reservations about the sector until it becomes more mature, stable and easy to understand. “We haven’t yet determined where we are comfortable to play on a concerted basis. How do we compete against the companies that have been doing this for years, have detailed knowledge of technology and have every big client on their books advising them on where

they want to go? To go full spec feels a little challenging, especially given the size of these investments,” he explains.

Meanwhile, Nuveen has been growing its holdings in the US healthcare property sector and is looking to replicate that strategy in Europe. While the market landscape is completely different in Europe, argues Rich, the underlying drivers of demand are strong. “There is a move towards much higher levels of private medical usage and we’re all living longer. That’s definitely an area we want to move into.”

The participants agree that if the right conditions align, then 2026 could be a big year for European real estate markets. But so far, the recovery has been a “stuttering” one, observes Silver. It has rallied, but it has yet to gain real momentum. “To do that we need a market that feels deeper, with

more participants across the cost-of-capital curve,” she says.

After a period of redemptions, pan-European open-end core funds benefited from a net inflow of capital last year, says Rich. “If they are back out there, chasing broadly the same kinds of buildings, that’s going to make a big difference to competitiveness for core stock.”

For Luoma, the biggest risk is that the continent squanders the window that has opened to attract international capital because it fails to pull together, “to actually stand up and be Europe.” The will is there in the business community, he adds, which he hopes will be enough – even if the political sphere is hesitant. “My longer-term fear for Europe is we don’t grab the chance to make the changes we need now. Because the opportunity is now.” ■