

Record Year Continues but Slower Third Quarter for European Real Estate Investment

3 years ago



Investment into European real estate achieved a new record for the first nine months of the year, despite slowing activity during Q3, according to preliminary data from global real estate advisor [CBRE](#).

Third quarter investment was €69.3bn, down 16 per cent on the same quarter of 2021 (€82.1bn); however the exceptional start to the year, driven by €86.9bn of total investment in Q1, meant the market hit a record volume for the first nine months of the year of €229.0bn, up four per cent on the same period of 2021 and surpassing the previous high of €225.2bn in 2018.

Chris Brett, Managing Director of EMEA Capital Markets at CBRE, said increasing borrowing costs were likely to continue to affect asset prices and investment volumes in Q4.

He added: “With central banks around the globe focused on bringing inflation under control, it is likely interest rates will keep on ticking up for now. Many investors are currently on the side-lines, carefully analysing the impact on pricing before committing capital to the market.”

The CBRE data showed Southern Europe demonstrated the most positive trend with record investment levels, up 30 per cent in Q3 and 57 per cent for the year’s first nine months, compared with the same periods in 2021. Italy, Spain and Portugal drove the gains across the first nine months with 61 per cent, 60 per cent and 22 per cent increases, respectively.

Notably, volumes for the first nine months fell 15 per cent in Germany and 47 per cent in Sweden, partially due to the strong platform activity which occurred in the first three quarters of 2021.

Sectors showing the most positive trends quarter on quarter (Q3 2022 vs Q3 2021), are healthcare - up 14 per cent and industrial - up 13 per cent.

Investment Sector Comparison Q3, 2022 vs Q3, 2021

Investment Sector	Quarterly Change
All sectors	-16%
Healthcare	14%
Industrial	13%
Office	2%
Retail	-5%
Hotel	-17%
Residential	-55%

Investment Sector Comparison First Nine Months 2022 vs 2021

Investment Sector	Annual Change
All sectors	4%
Retail	32%
Industrial	17%
Office	14%
Healthcare	-6%
Hotel	-13%
Residential	-26%