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# Savills expects rebound of 35% in investment activity next year with approx. €220bn worth of transactions across Europe

2 years ago

Savills expects European real estate investment volumes to bounce back next year as the continent's economy recovers and is anticipating a total transaction volume of €220bn in 2024, up 35% on the €163bn forecast for 2023.

As both lenders and investors start to adapt to the new environment of higher interest rates, debt cost and yields, the international real estate advisor believes we will witness a slight recovery of investment activity during H2 2023.

James Burke, Director, European Capital Markets & Global Cross Border Investment at Savills, says: "We expect to see more and more investors looking to take advantage of the current environment to harness value upside in the European office market, in particular through sustainability initiatives or by buying from those who have to sell."

Lydia Brissy, Director of European Research at Savills, says: "History shows that deals pursued during challenging times often yielded superior returns in the long run. This is why we believe retail will continue to fare better than other sectors in 2023."

Following three to six years of expansion, retail yields offer a compelling opportunity compared to other asset classes resulting in a renewed investor interest in the sector, says Savills. However, the extended

lean period led investors to focus on super-prime opportunities at attractive prices. As such, the international real estate advisor anticipates further yield expansion in the sector, especially for shopping centres and retail warehouses.

The European average prime shopping centre yield was at 5.9% in Q2 2023, 55 bps up on the same period last year. Savills expects it will be at approximately 6.1% at year-end. The European average prime retail warehouse yield was at 5.5% in Q2 2023, 58 bps up on the same period last year and is anticipated to be at approximately 5.7% at year-end.

To read the report, please click here.