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CMS European Real Estate Deal Point Study 2018

October 2018

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Real Estate Investment Market 2017 / 2018

The European investment market once again had a very strong year. At EUR 234 bn, total investment volume was only 3% below the record level seen in 2015. This figure also represents an increase of 7% year-on-year.

In addition to the ongoing lack of alternative investment opportunities, along with favourable financing conditions, the positive economic environment in Europe was the primary reason behind the high demand for real estate investment. Falling unemployment figures, buoyant consumer sentiment and rising GDP boosted confidence in 2017, particularly among international investors, and drove up their investment activity. Despite the uncertain outcome of the ongoing EU exit negotiations, the UK also remained attractive for investors.

Limited supply acted as a constraint, however. The resulting further increase in real estate prices has led to historically low yields in some cases. Rather than causing investors to abandon the real estate market, the focus has switched to specialist properties which offer higher yields than traditional office and retail assets. In particular, healthcare facilities, hotels and student apartments have all come to the fore. The existing excess demand also triggered a significant rise in the number of transactions involving development projects.

The consistently positive trend has continued in 2018. The latest figures from the first half of the year support the view that despite the trade dispute with the US and a possible end to low interest rates, a downturn in the European investment market is unlikely this year. The confidence of investors in real estate as an investment remains intact.

The new CMS European Real Estate Deal Point Study 2018 now includes more than 1,300 transactions. Compiling the study involved comparing the transactions on which we advised in the period 2010 to 2017, enabling us to highlight developments and trends.

We hope that you will find our study helpful in your work in the real estate investment sector. Any feedback is very welcome.



A handwritten signature in blue ink that reads "Volker Zerr". The signature is fluid and cursive.

Dr. Volker Zerr, MRICS
Partner

The background of the entire page is a photograph of a green roof. It features a dense layer of green and yellowing plants growing between a grid of white, cylindrical pipes or conduits. The perspective is from above, looking down at the roof's surface.

About CMS

Real Estate

With the largest commercial real estate team in Europe and one of the biggest worldwide, CMS is well positioned to help investors, funders, developers, landlords and occupiers navigate all aspects of the real estate market and maximise their assets. Whatever the size and scope of your project or deal, with almost 800 Real Estate lawyers in 41 countries we have the resources to meet your needs quickly and efficiently, offering deep local expertise. We have been active in real estate in our markets for decades, so we understand the culture, the economic context, the local legal context and the history.

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