

# CMS European Real Estate Deal Point Study 2023

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The results of the study and/or this report and the conclusions presented therein do not necessarily reflect the views of the lawyers or employees of CMS Hasche Sigle involved in preparing the study and/or this report. A total of 2,231 real estate transactions were evaluated for the study and/or this report. There are inevitably many differences between the individual agreements and the clauses they contain. Individual provisions were categorised in order to allow the results to be compared, a process that required a degree of subjective discretion. Although certain trends can be identified in the study and/or this report, each transaction exhibits individual features that have not been included or referred to in the study and/or this report. As a result, the conclusions of the study and/or this report are subject to a number of important reservations that are not expressly disclosed in the study and/or this report.

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# Real Estate Investment Market

## 2022 / 2023

Transaction levels in the European real estate investment market fluctuated widely during 2022. The first few months of 2022 saw the markets initially recover from the consequences of the COVID-19 pandemic, and transaction activity flourished. Total investment in the first half of 2022 was at the same level as in the record year 2020. In the second half of the year, the sharp rise in the cost of financing then led to increasingly cautious investment behaviour. Overall, total investment across Europe fell by around 14% compared to the previous year, coming in at some EUR 248bn. This decline was mainly due to developments in the fourth quarter of 2022, when investments plummeted by 57% compared to 2021, dropping to approximately EUR 47bn. This figure masks the fact that investment did not fall in all countries; a European market comparison reveals considerable geographical differences. Investment in Italy, Spain and Belgium increased. In France, investment remained at the previous year's level. Germany and the UK, meanwhile, saw a decline in investment.

Uncertainty in the real estate investment market is currently mainly benefiting buyers, who have often been able to achieve high discounts when negotiating the purchase price. Buyer-friendly trends can also be seen in contract design, including the more frequent agreement of longer limitation periods. Having said that, the liability limits in favour of the seller that have become established in recent years remained the market standard. In this respect, there was an increase in *de minimis* and basket clauses and caps.

European investment volumes remained strong overall in 2022. However, the significant slump in the fourth quarter continued into 2023 and has since led to considerable restraint among investors due to the ever-rising financing costs, the still high inflation rate and the ongoing war in Ukraine. We are delighted that Frank Leukhardt, CEO and Regional Manager at Colliers, has again shared his initial assessment with us in an interview. Please see page 12 of the study.

The new CMS European Real Estate Deal Point Study 2023 now includes more than 2,500 transactions. Compiling the study involved comparing all the transactions on which we advised in the period 2010 to 2022, enabling us to highlight developments and trends in the real estate market. The market response to our study indicates that over the years it has repeatedly proved to be a valuable tool when preparing for contract negotiations. Any feedback you may have on the study is very welcome.



A handwritten signature in blue ink that reads "Volker Zerr".

Dr. Volker Zerr, FRICS  
Partner



# Methodology

Drawing on data from more than 2,500 real estate transactions advised on by CMS in 14 European countries between 2010 and 2022, we used a standard evaluation form to capture, categorise and systematically analyse the individual contract clauses. The study covered asset and share deals as well as sale-and-leaseback transactions, with both individual and portfolio transactions being analysed. Transactions from all real estate segments were included, in particular office, retail, residential, and logistics properties. Three groups of countries were formed to present the differences within Europe: German-speaking countries (Austria, Germany, Switzerland), Western European countries (Belgium, France, the Netherlands, Spain, the UK), and Eastern European countries (Bulgaria, Croatia, Czech Republic, Hungary, Poland, Serbia). Unless stated otherwise in the study, the percentages (%) refer to the proportion of deals in the relevant year.



# 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 more than 40 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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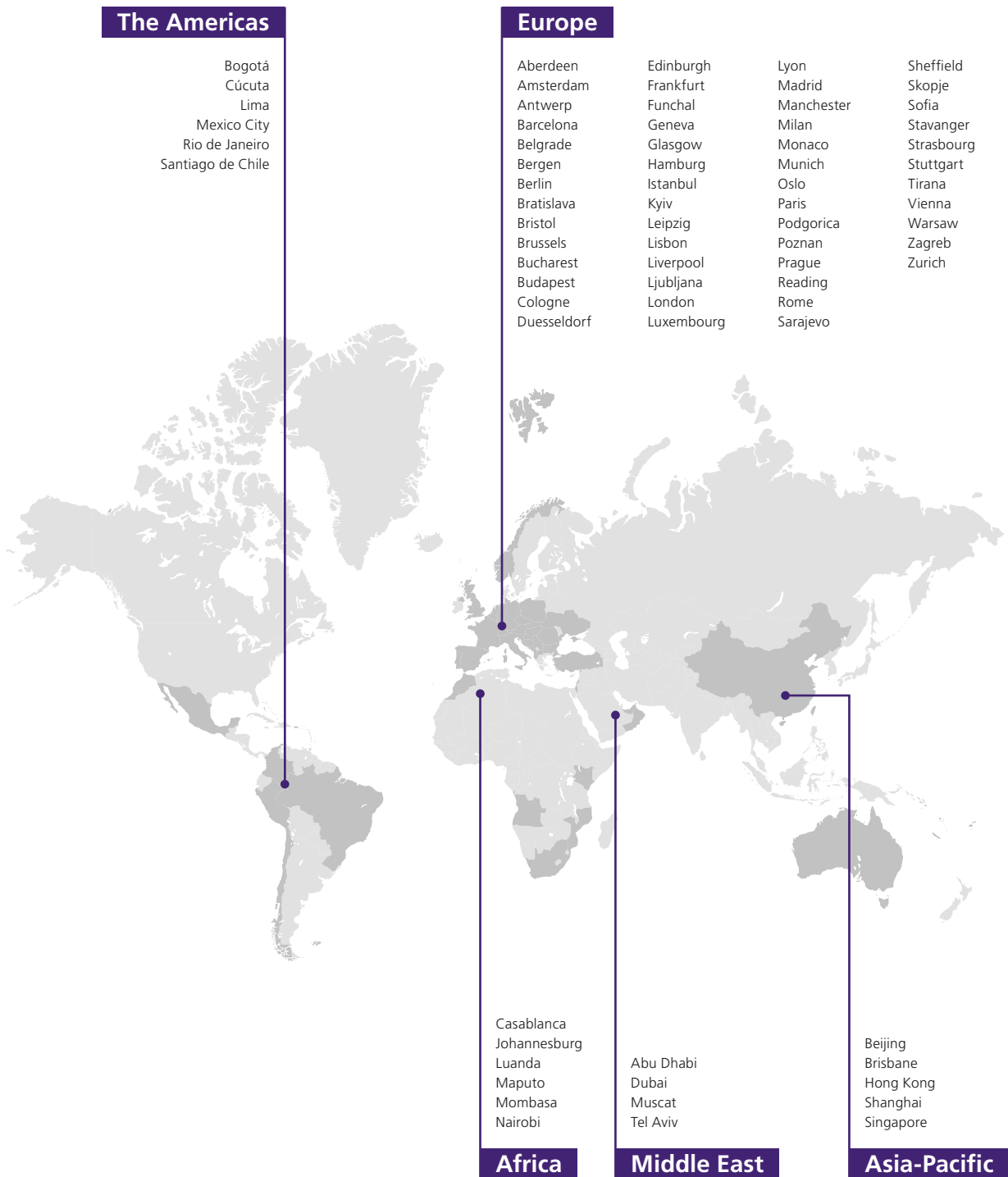
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