Real Estate Research

September 2026

Europe Property Performance Monitor

Second Quarter 2026

IN A NUTSHELL

– The MSCI Pan-European Quarterly Property Fund Index delivered annual asset-level returns of 5.2%[1], although the improvement reflects base effects rather than stronger underlying performance, quarterly returns held steady at 1.3%.
– Income continued to do the heavy lifting over the second quarter of 2026, contributing 4.5% of the annual return, while capital growth remained modest at 0.7% over the 12-month period.
– Performance dispersion remained pronounced across sectors, geographies and asset quality, reinforcing the importance of asset-selection in the current environment.

Private Real Estate Performance[1]

- European private real estate delivered another positive quarter in Q2 2026, with asset-level returns holding steady at 1.3%. While performance remained resilient, recovery momentum has clearly plateaued.
- Annual asset-level returns edged up to 5.2%, although this largely reflects the weaker Q2 2025 dropping out of the calculation rather than an acceleration in underlying performance.
- Returns remained firmly income-driven, with income contributing 1.1% of quarterly performance and continuing to provide a stable foundation. Capital growth remained positive at 0.2%, but shows little sign of strengthening, underlining the gradual nature of the recovery.
- Performance dispersion across sectors and geographies remained pronounced, with a significant gap between the strongest and weakest market-sector combinations. Retail was again the strongest-performing sector, delivering 1.9% over the quarter, while residential and industrial generated returns of 1.4% and 1.3% respectively.
- Offices continue to underperform, returning 0.8% as further capital value declines offset stable income. The sector remained highly polarised, with prime assets outperforming and weaker stock continuing to see value erosion.
- At a country-level, Portugal led performance with returns of 3.8%, supported by retail, while Denmark returned 3.3% driven primarily by residential. Finland was the weakest performer at -0.8%, reflecting continued pricing weakness.
- Quarterly returns lagged those of other major asset classes. However, over the 12 months to June 2026, private real estate continued to outperform both bonds and listed real estate, supported by its defensive, income-led characteristics.

[1] MSCI Pan-European Quarterly Property Fund Index, as of June 30, 2026. Past performance is not indicative of future returns.

Recent Performance Trends (% Y-o-Y)

	Quarterly		Annual	
	2026 Q2	2026 Q1	2026 Q2	2025 Q4
Private Real Estate - Fund Level	0.5%	1.5%	4.0%	3.9%
Private Real Estate - Asset Level	1.3%	1.3%	5.2%	5.2%
Equities	11.7%	-0.9%	21.8%	20.4%
Bonds	2.0%	-0.7%	1.7%	1.3%
Listed Real Estate	7.9%	-4.5%	0.3%	6.9%
Euro Area 10-Year Govt. Bond[1]	3.4%	3.3%	3.4%	3.2%
Euro Area 12-Month EURIBOR[1]	2.7%	2.9%	2.7%	2.2%
EU CPI	1.9%	0.5%	3.2%	2.4%

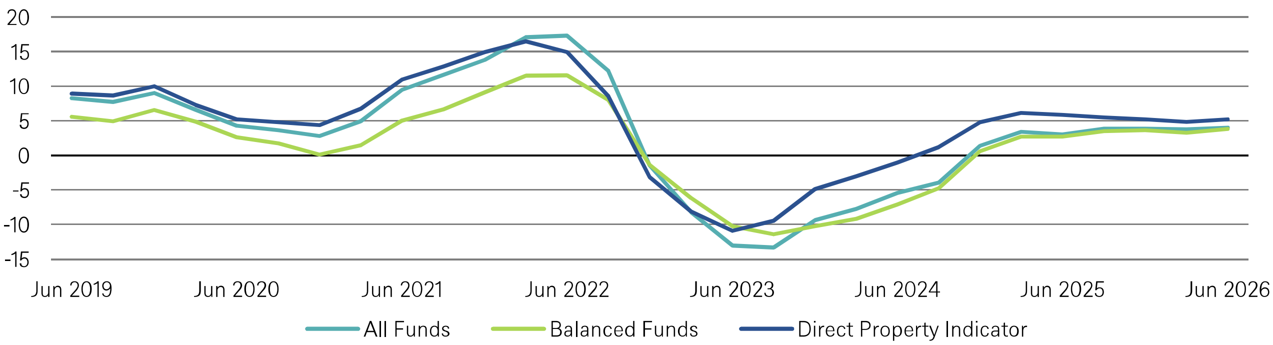
Sources: MSCI, Macrobond, Markit iBoxx. As of June 30, 2026. Private real estate: MSCI Pan-European Quarterly Property Fund Index; Equities: STOXX All Europe Total Market; Bonds: iBoxx € Overall; Listed Real Estate: FTSE EPRA/NAREIT Europe. Past performance is not indicative of future returns.
[1] Figures represent annual yield

Performance Over The Past Five Years (% Y-o-Y)

	Jun 2023	Jun 2024	Jun 2025	Jun 2026
Private Real Estate - Fund Level	-13.1%	-5.4%	3.0%	4.0%
Private Real Estate - Asset Level	-10.9%	-1.0%	5.9%	5.2%
Equities	16.7%	14.7%	9.5%	21.8%
Bonds	-3.7%	3.5%	4.8%	1.7%
Listed Real Estate	-18.8%	24.1%	9.3%	0.3%
Euro Area 10-Year Govt. Bond 1	3.1%	3.1%	3.0%	3.4%
Euro Area 12-Month EURIBOR 1	4.1%	3.6%	2.1%	2.7%
EU CPI	7.2%	2.6%	2.3%	3.2%

Sources: MSCI, Macrobond, Markit iBoxx. As of June 30, 2026, Private real estate: MSCI Pan-European Quarterly Property Fund Index; Equities: STOXX All Europe Total Market; Bonds: iBoxx € Overall; Listed Real Estate: FTSE EPRA/NAREIT Europe. Past performance is not indicative of future returns.
[1] Figures represent annual yield

Private Real Estate Total Returns (% Y-o-Y)



Source: MSCI Pan European Quarterly Property Fund Index. as of June 30, 2026. Past performance is not indicative of future returns. It is not possible to invest directly in an index.

Returns By Property Type and Region

		Annual Returns							Standard Deviation		Descriptive Statistics		
		1 Year			3 years	5 years	10 years	All [2]	10 years	All [2]	Value (bn)	Num-ber	Gear-ing (% GAV)
		Total	In-come	Capital									
Fund-level Returns											GAV	Funds	
	All Funds	4.0%	3.4%	0.5%	0.4%	0.7%	4.2%	4.2%	4.8%	5.7%	€80.6	25	25.4%
	Balanced Funds	3.8%	3.1%	0.7%	-0.3%	-0.2%	2.5%	1.9%	3.7%	4.9%	€45.0	16	23.7%
Asset-level Returns												CV	
Type	Office	2.9%	3.8%	-0.8%	-0.9%	-1.2%	3.2%	4.4%	3.9%	3.5%	€12.4	149	
Type	Retail	6.9%	5.6%	1.3%	4.8%	3.9%	2.5%	3.0%	2.7%	3.2%	€6.0	103	
Type	Industrial	5.4%	5.0%	0.4%	5.0%	4.2%					€39.9	1,351	
Type	Residential	6.3%	3.2%	3.0%	2.9%	1.8%					€13.1	733	
Country	Belgium	4.8%	4.8%	0.0%	2.9%	2.4%	5.2%	4.8%	4.1%	3.7%	€1.3	34	
Country	Finland	0.8%	4.7%	-3.7%	-0.4%	0.1%	2.3%	3.5%	3.6%	3.1%	€1.1	76	
Country	France	4.8%	4.2%	0.5%	2.2%	1.1%	4.9%	5.5%	4.2%	4.0%	€12.3	578	
Country	Germany	2.8%	4.3%	-1.4%	0.6%	0.9%	6.0%	5.4%	4.5%	4.0%	€16.2	368	
Country	Italy	7.8%	4.8%	2.9%	6.3%	4.6%	6.0%	4.1%	3.6%	4.0%	€4.3	157	
Country	Netherlands	6.5%	4.7%	1.7%	5.6%	3.1%	7.0%	4.7%	4.9%	4.2%	€8.5	274	
Country	Poland	2.7%	5.7%	-2.8%	3.0%	4.2%	5.4%	6.3%	2.7%	2.4%	€3.0	121	
Country	Spain	8.3%	4.6%	3.6%	4.4%	3.8%	5.5%	4.4%	3.1%	4.8%	€5.4	138	
Country	Sweden	7.7%	4.2%	3.3%	7.1%	1.4%	5.2%	6.0%	6.7%	7.7%	€3.1	94	
Country	UK	4.4%	4.2%	0.3%	3.9%	2.5%	3.0%	6.5%	7.0%	7.8%	€9.3	173	
	All Property	**5.2%**	**4.5%**	**0.7%**	**3.3%**	**2.5%**	**5.4%**	**6.0%**	**4.0%**	**3.8%**	**€72.9**	**2,367**	

Source: MSCI Pan-European Quarterly Property Fund Index. As of June 30, 2026. Past performance is not indicative of future returns.

[2]All Funds index returns start in 2004, equivalent to a 20-year calculation. Returns for MSCI Pan-European Balanced PFI Funds Quarterly Property Index and asset-level indices may start later than 2004.

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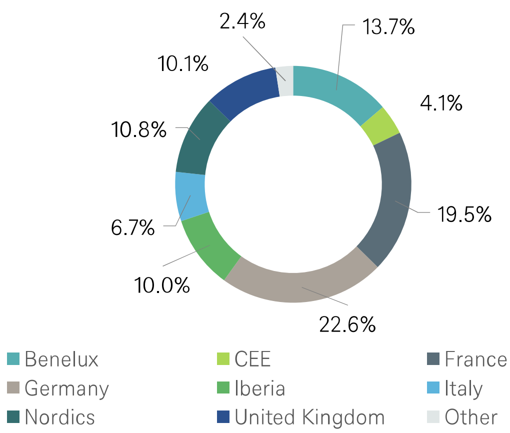
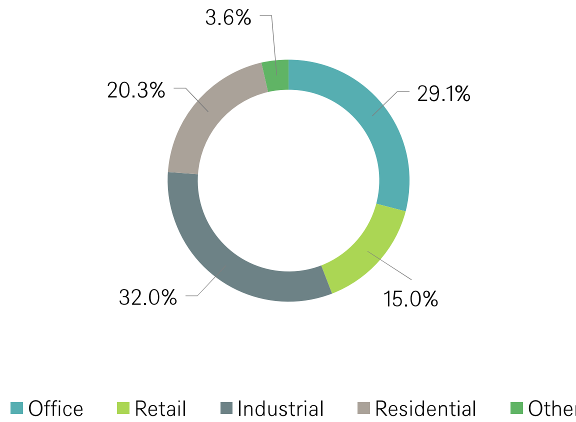
MSCI Balanced Funds Index Asset Allocation (% of GAV)





Source: MSCI Balanced Fund Index. As of June 30, 2026.

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