



Europe Market View

Macro and real estate update

June 2025

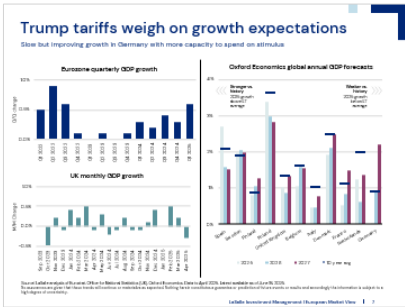
Investing today. For tomorrow.

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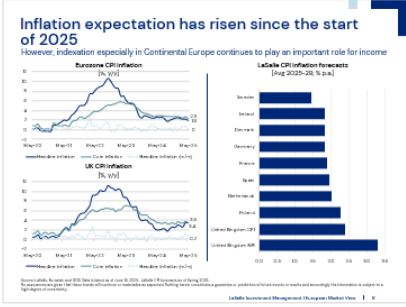
1 Macro drivers

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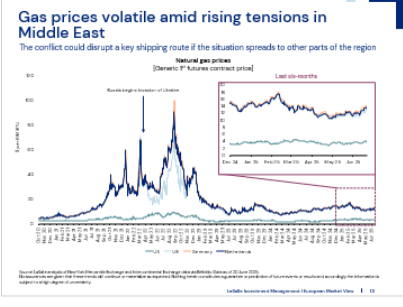
Growth



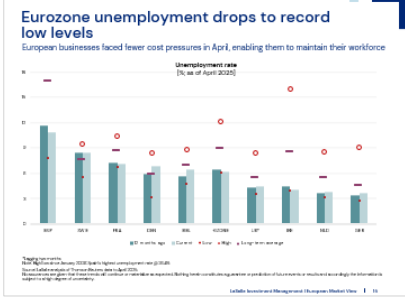
Inflation



Energy



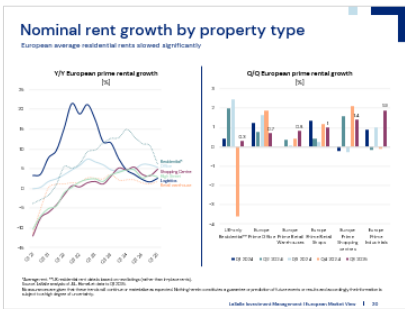
Unemployment



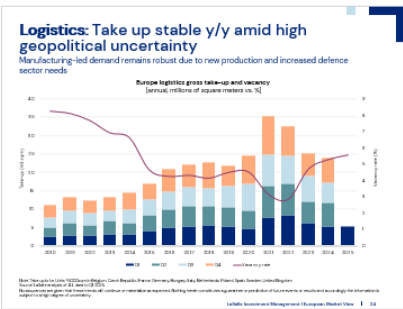
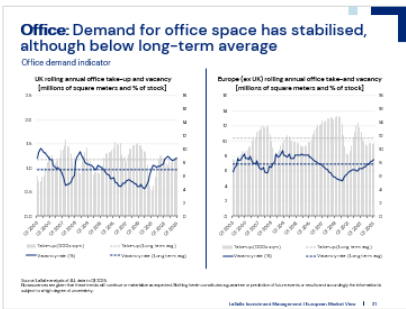
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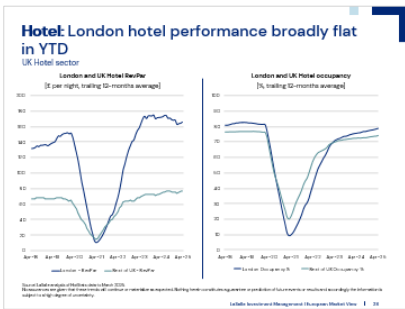
Rent growth



Take-up



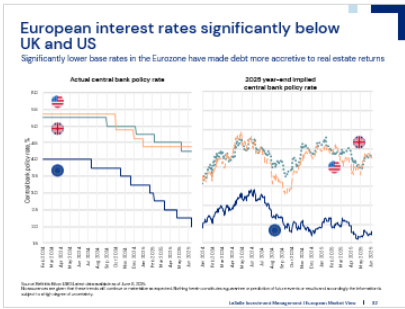
Niche



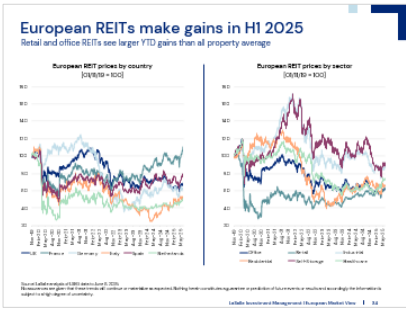
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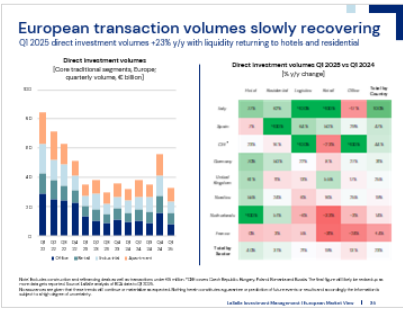
Rates



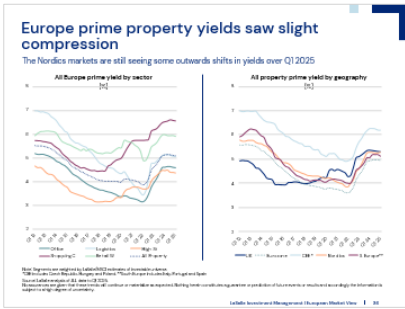
REITs



Transactions



Yields

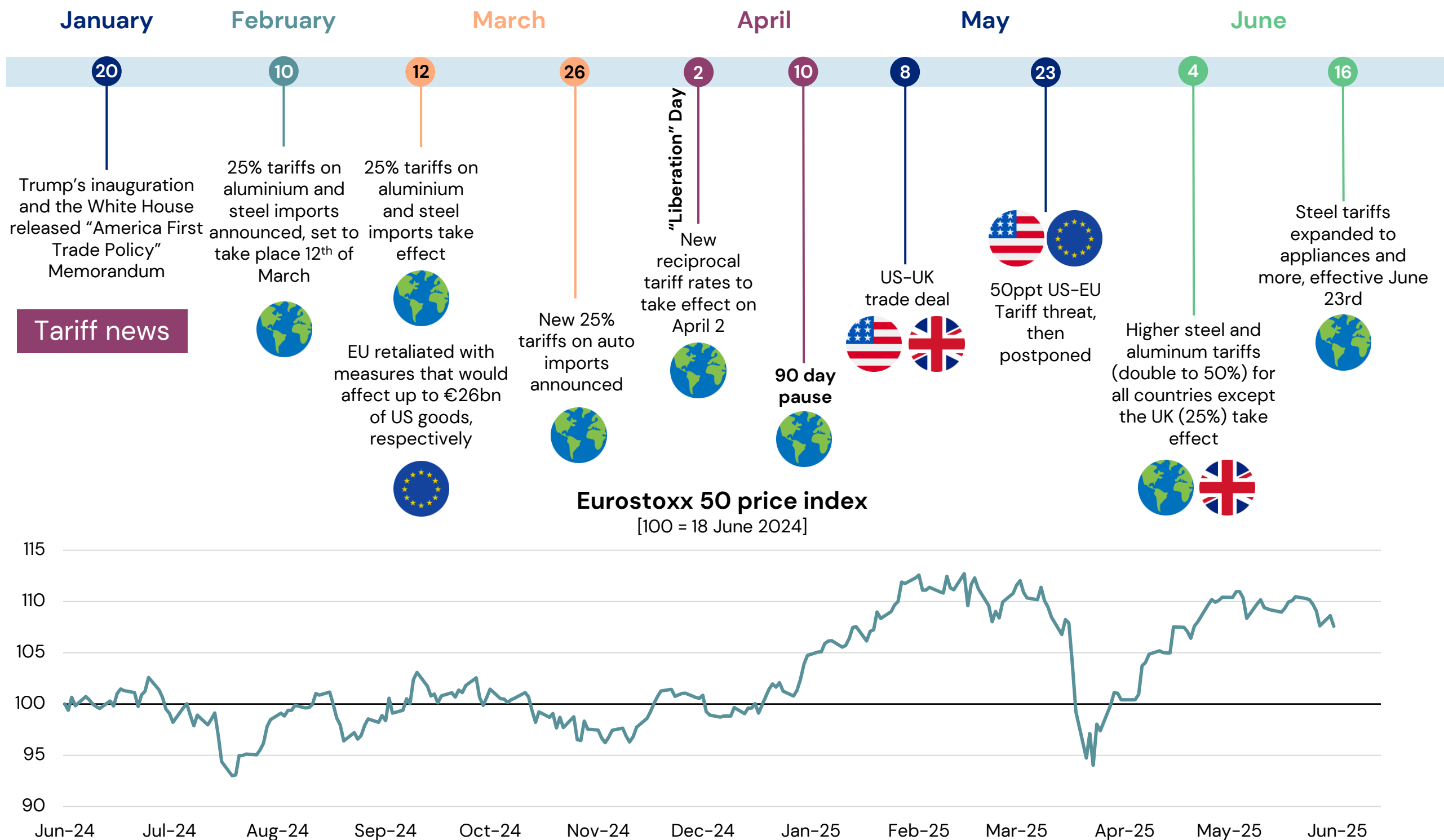


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Macro drivers

A volatile year-to-date for “geoeconomic” policy

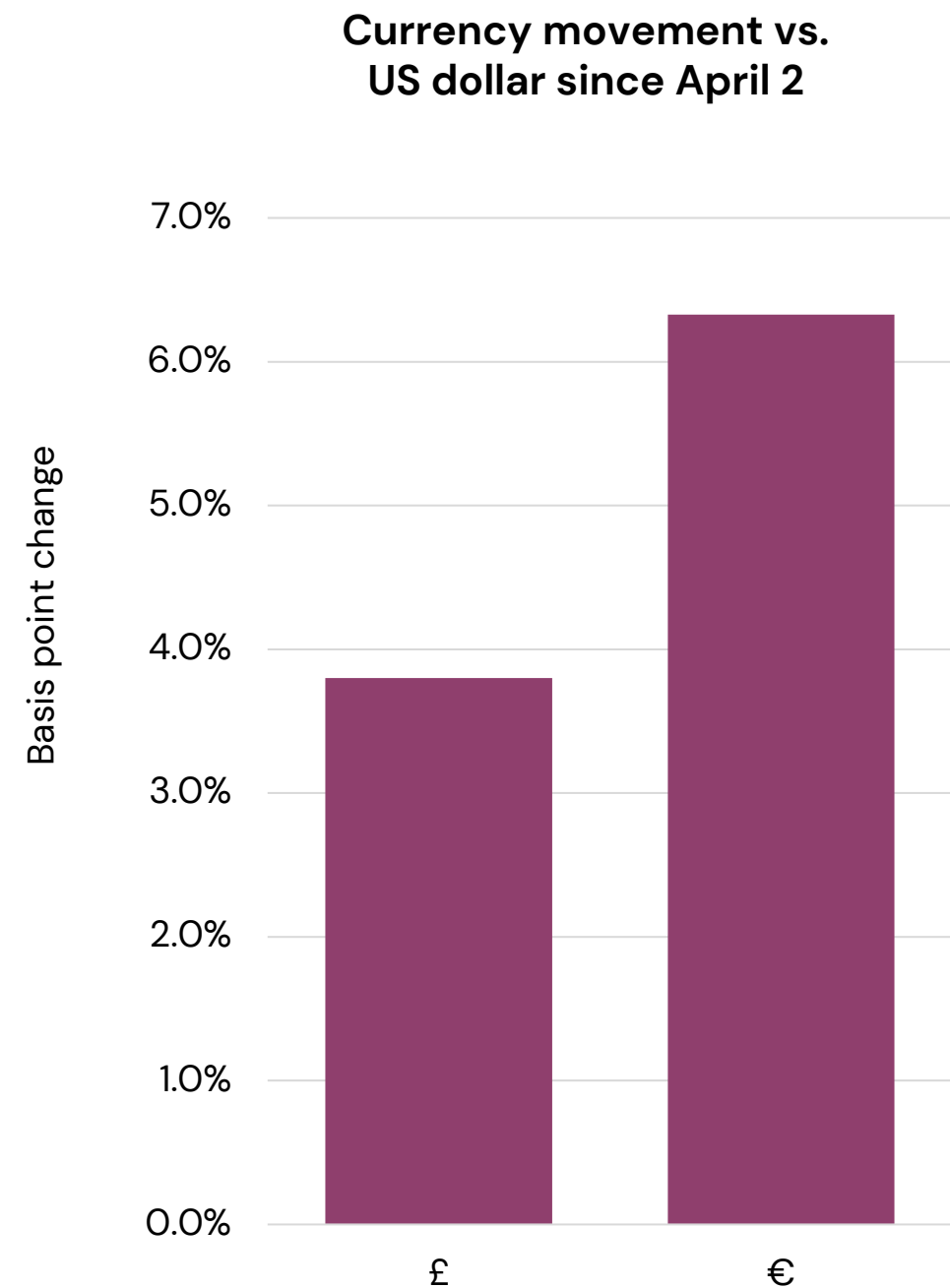
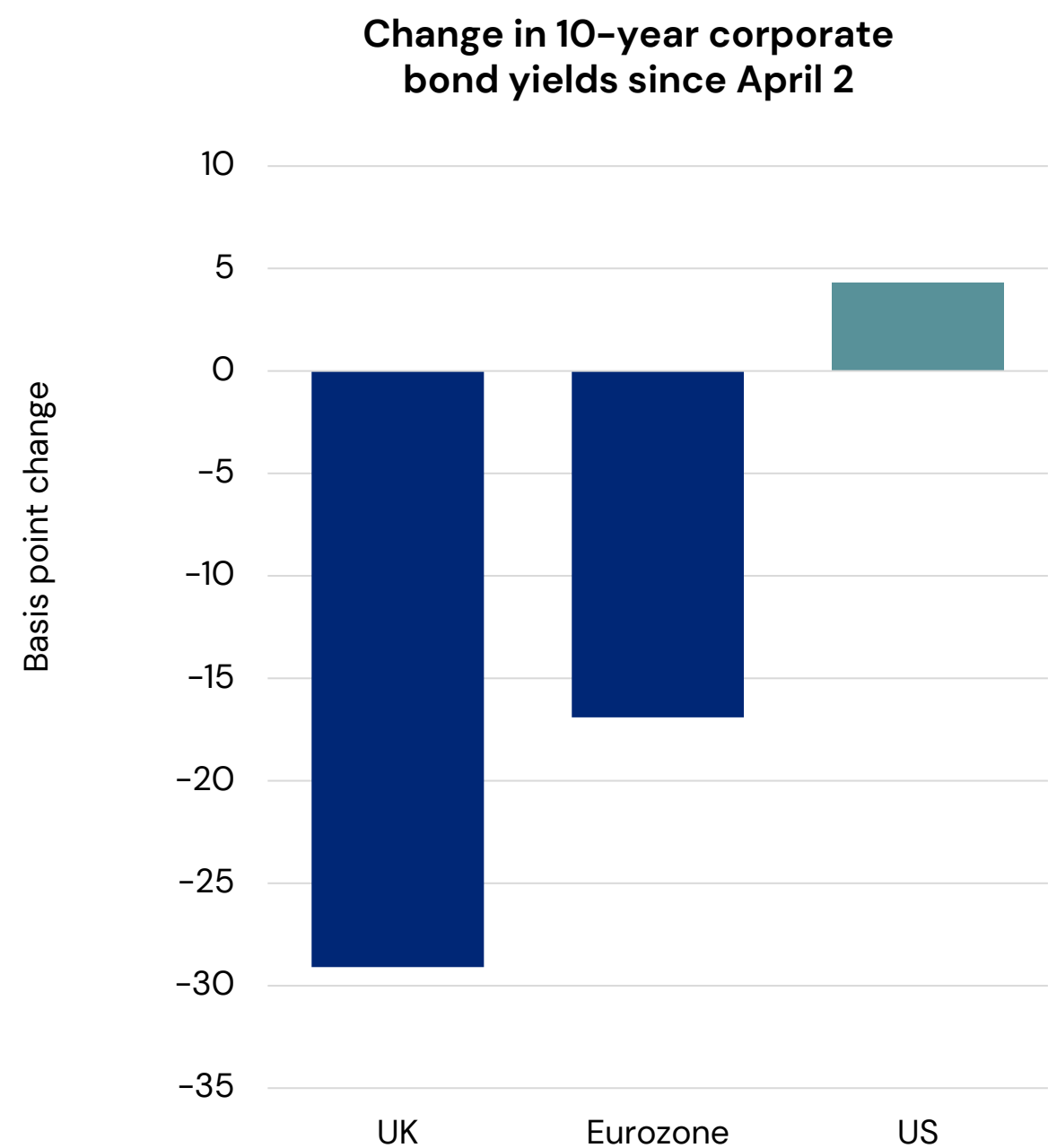
Timeline of selected tariff news through June with a focus on Europe



Source: Various news outlets such as FT, through June 18, 2025. No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Market reaction: different from past crises

Eurozone gets 'safe haven' treatment

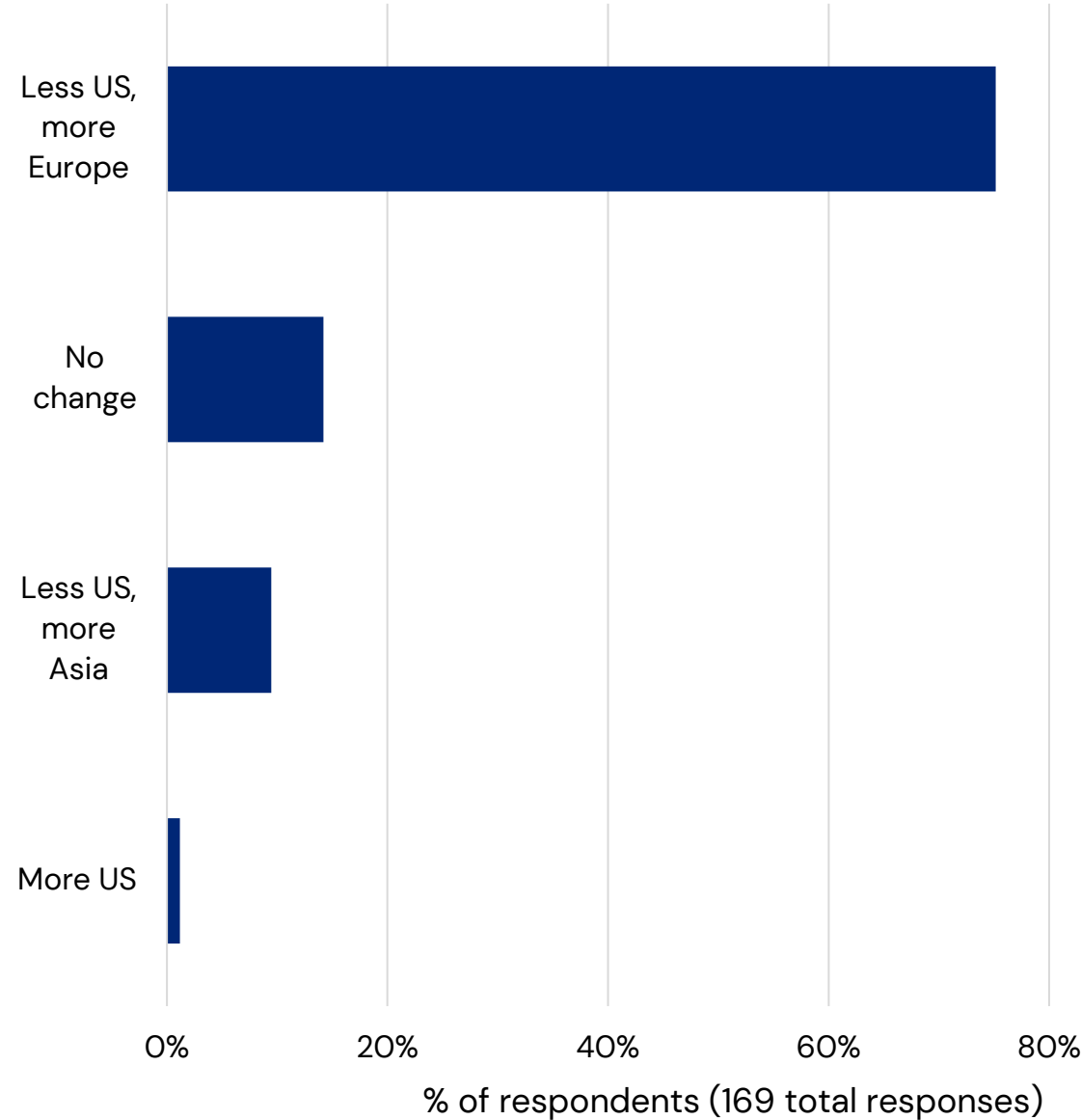


Note: All series are FTSE EPRA Nareit indices for the respective region
Source: LSEG. Corporate yields and currency data to June 18, 2025. No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

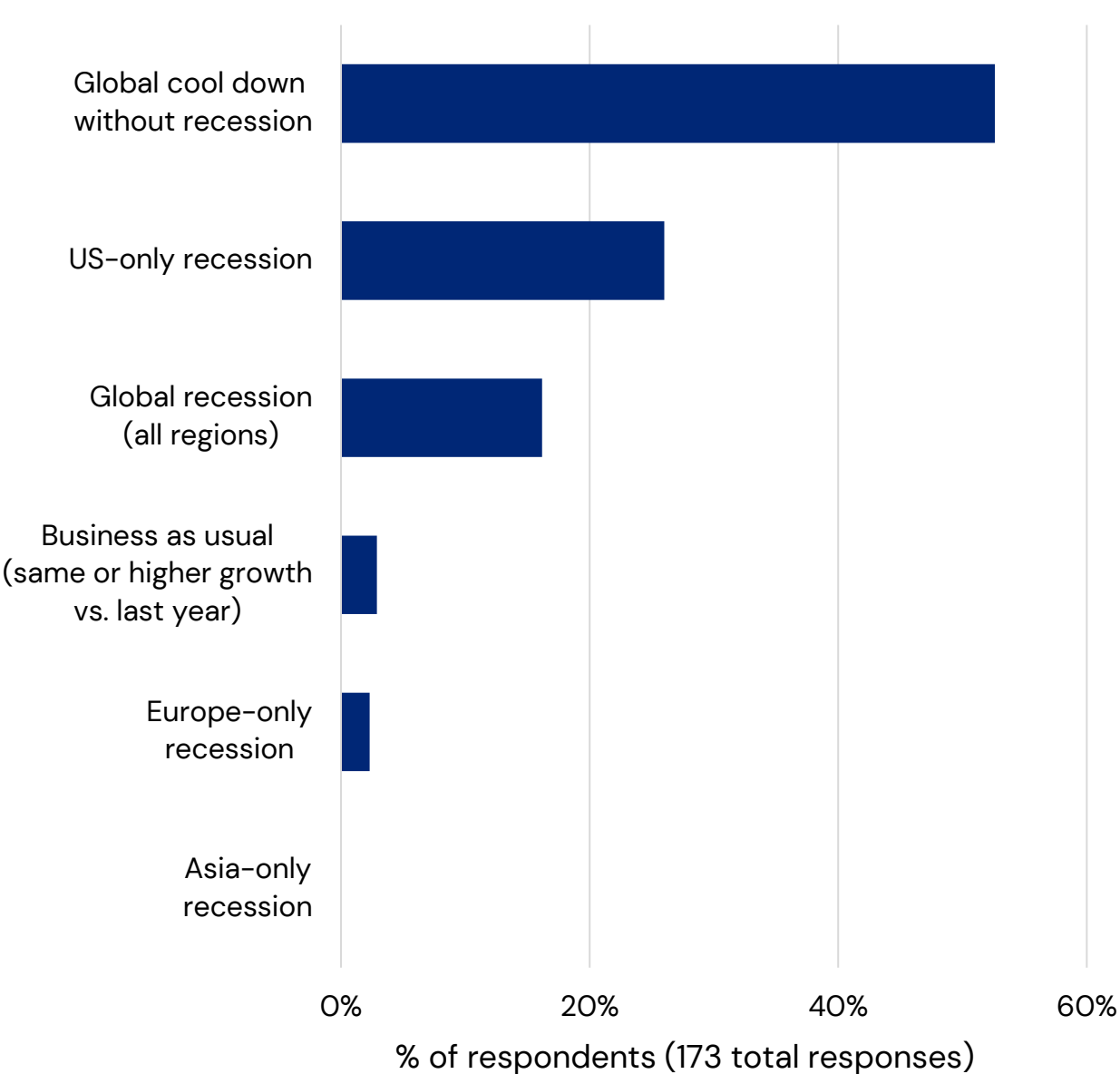
Investor perspectives on regional real estate allocations are shifting

From the IPE global real estate conference on May 22, 2025

How has your view of preferred regional geographic real estate allocations shifted since December 31, 2024?



What are your expectations for economic growth over the next 12 months?

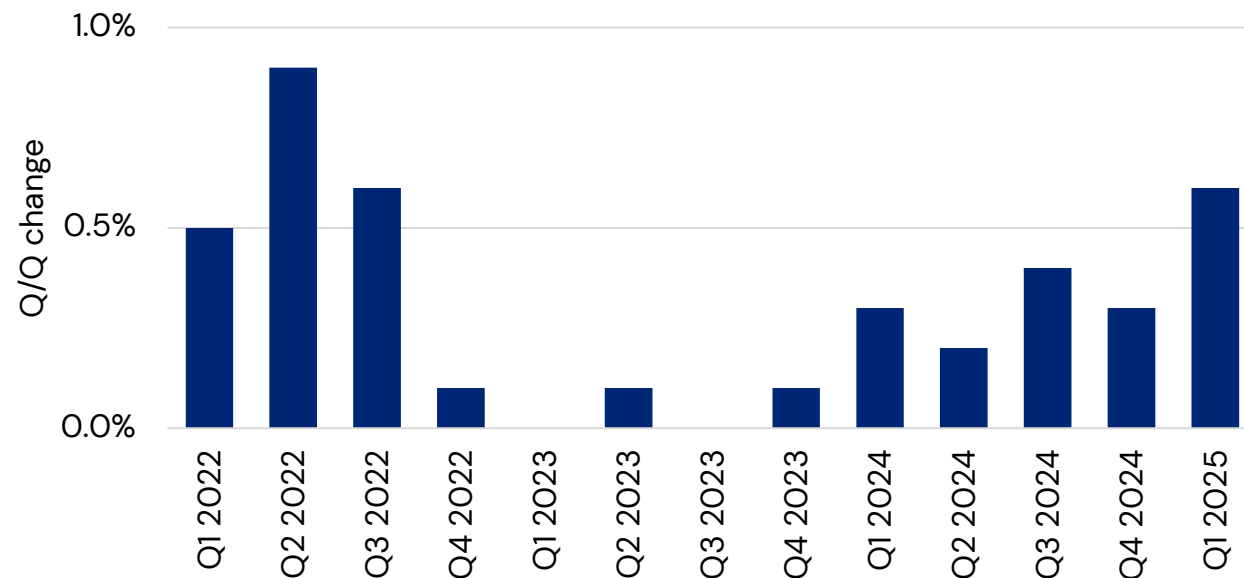


Source: LaSalle Investment Management. Survey from May 22, 2025.
No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

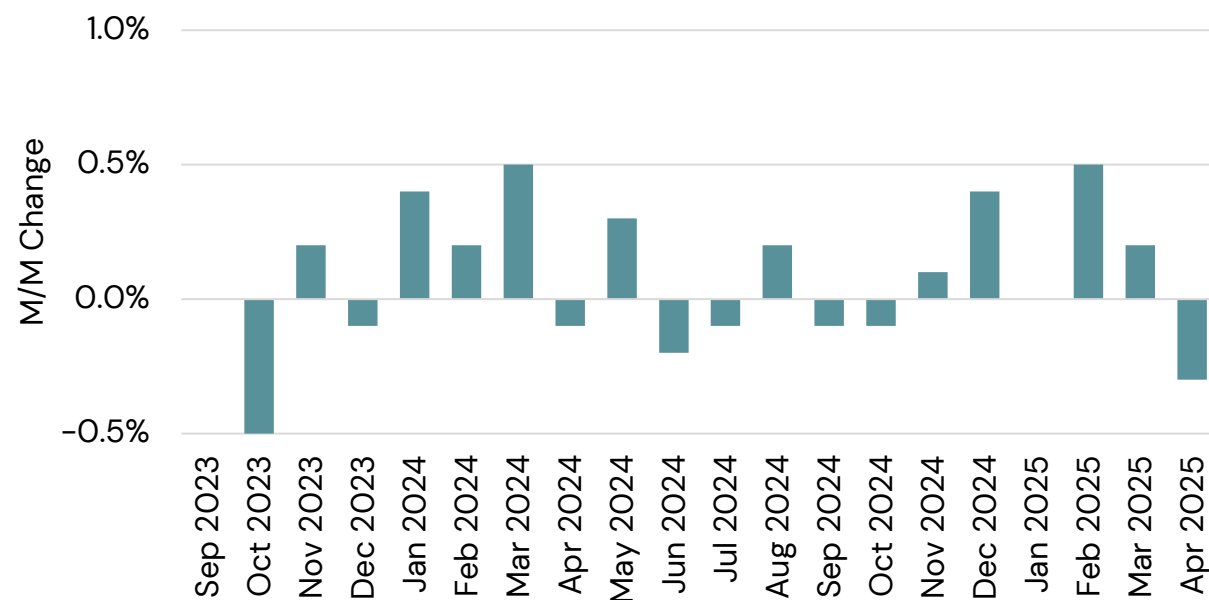
Trump tariffs weigh on growth expectations

Slow but improving growth in Germany with more capacity to spend on stimulus

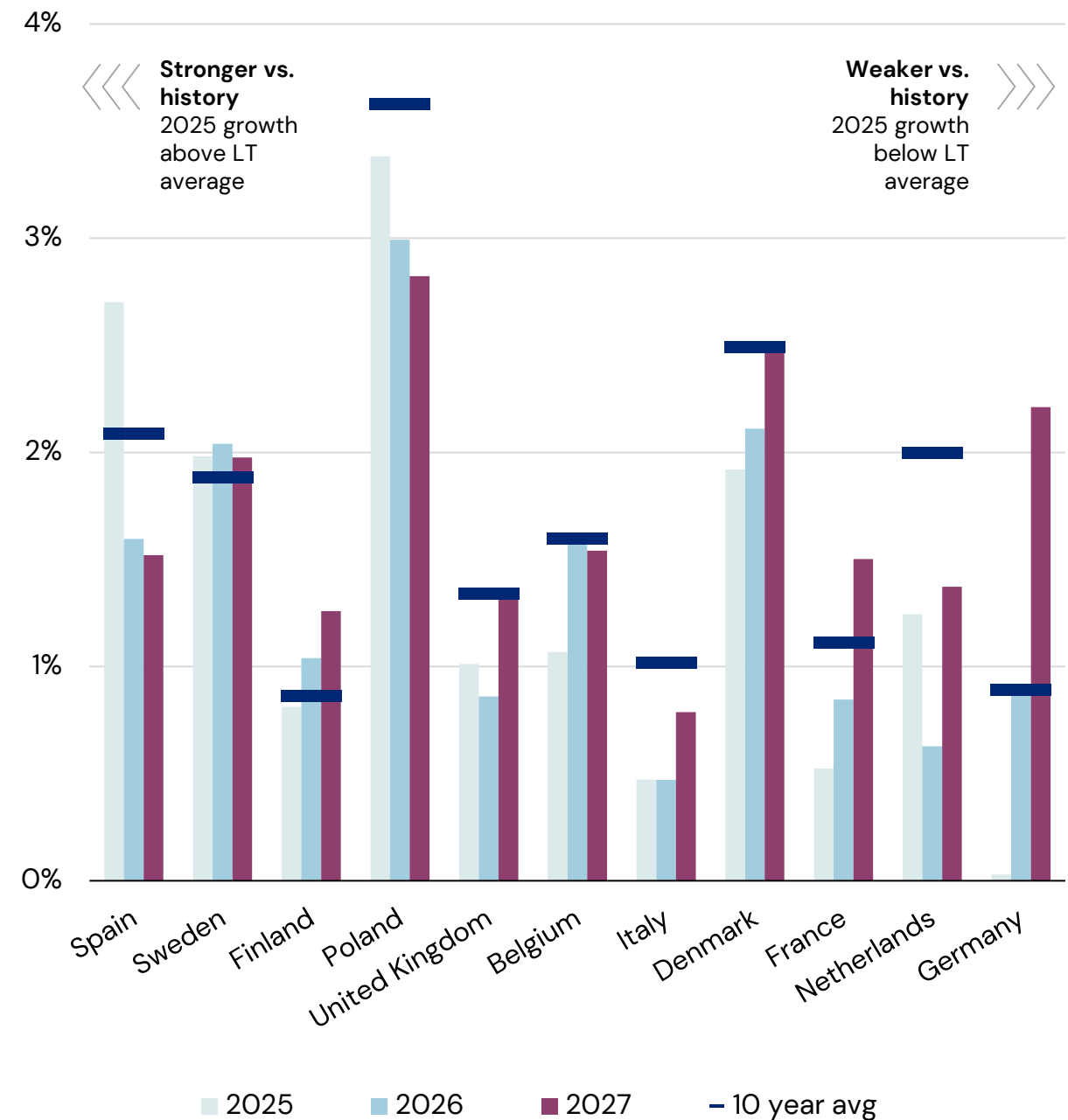
Eurozone quarterly GDP growth



UK monthly GDP growth



Oxford Economics global annual GDP forecasts

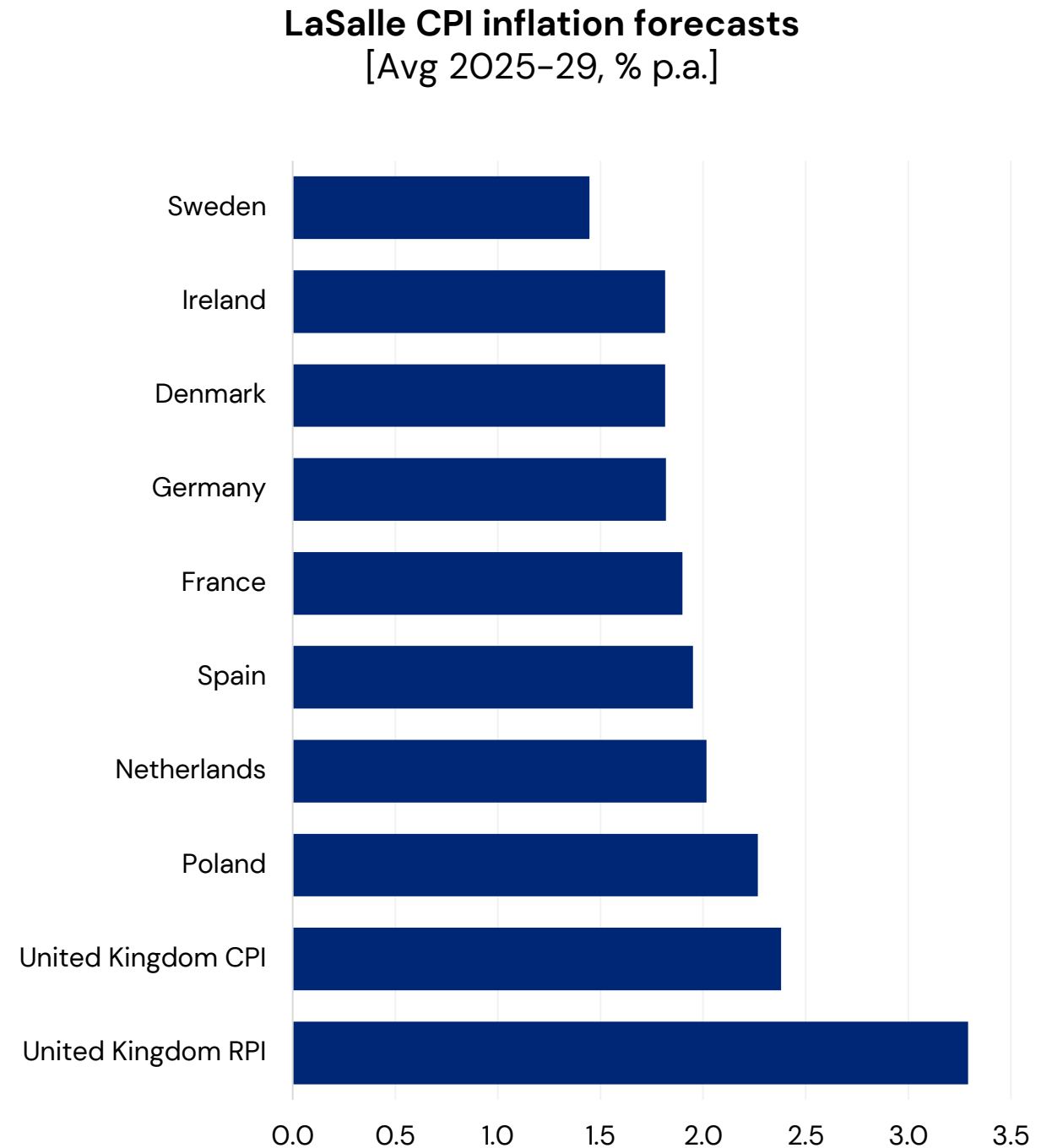
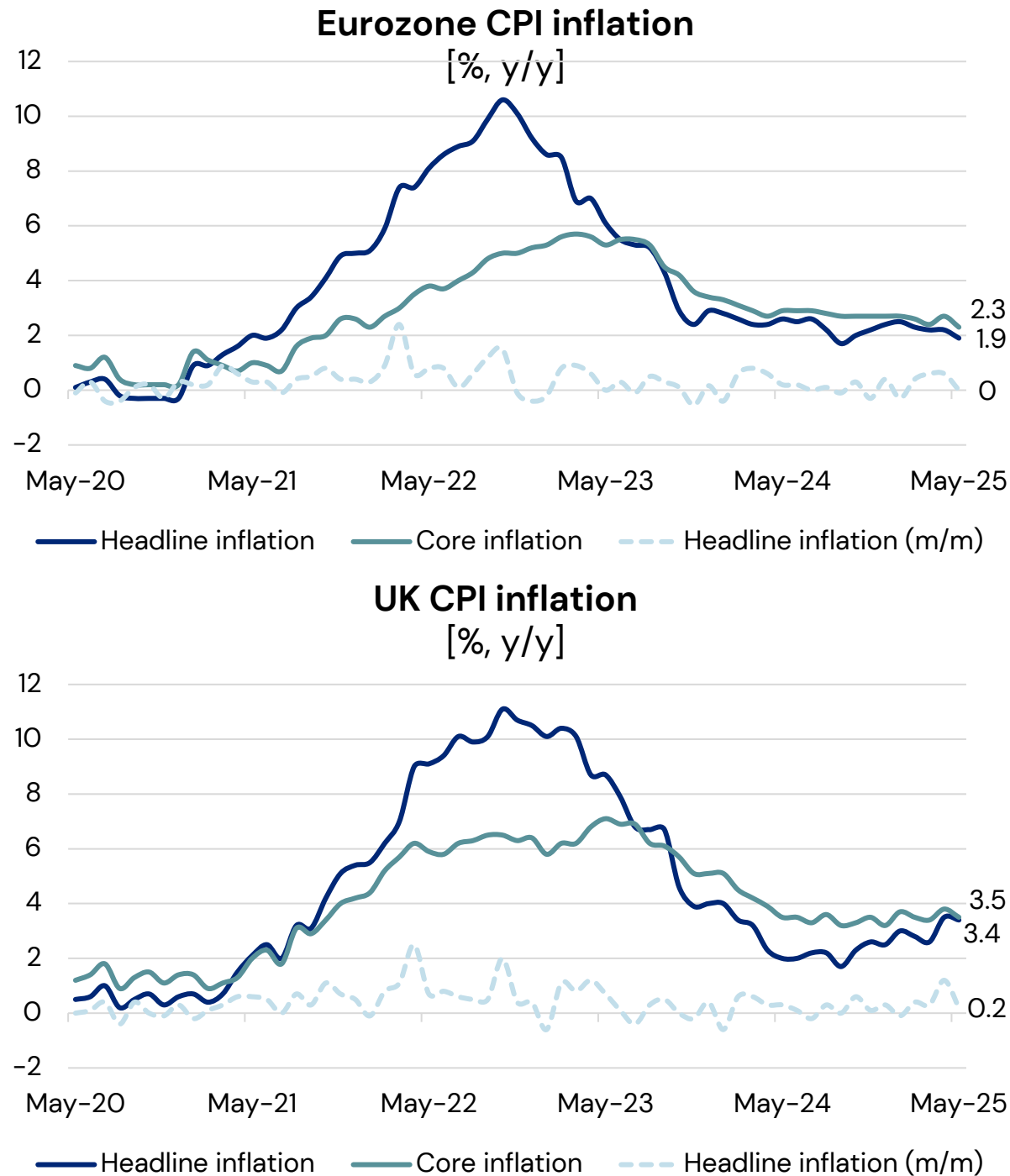


Source: LaSalle analysis of Eurostat, Office for National Statistics (UK), Oxford Economics. Data to April 2025. Latest available as of June 18, 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Inflation expectation has risen since the start of 2025

However, indexation especially in Continental Europe continues to play an important role for income



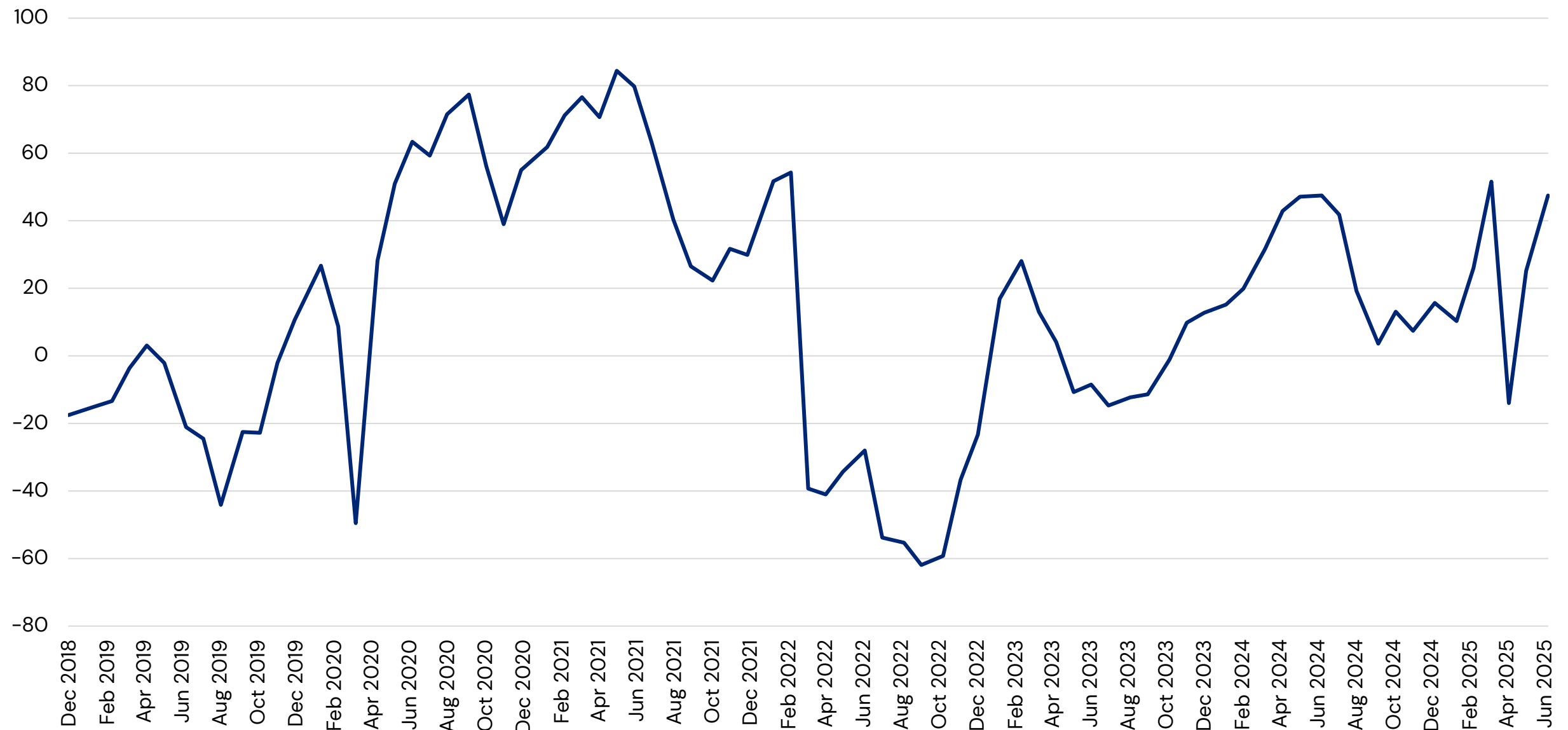
Source: LaSalle, Eurostat, and ONS. Data is latest as of June 19, 2025. LaSalle CPI forecasts as of Spring 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Major changes to fiscal rules have shifted German growth forecasts

The “debt brake” is expected improve growth by ~30–50bps, boosting sentiment in March but quickly fell after Trump’s tariff announcement

ZEW Germany Expectations (Improve vs. Worsen balance)

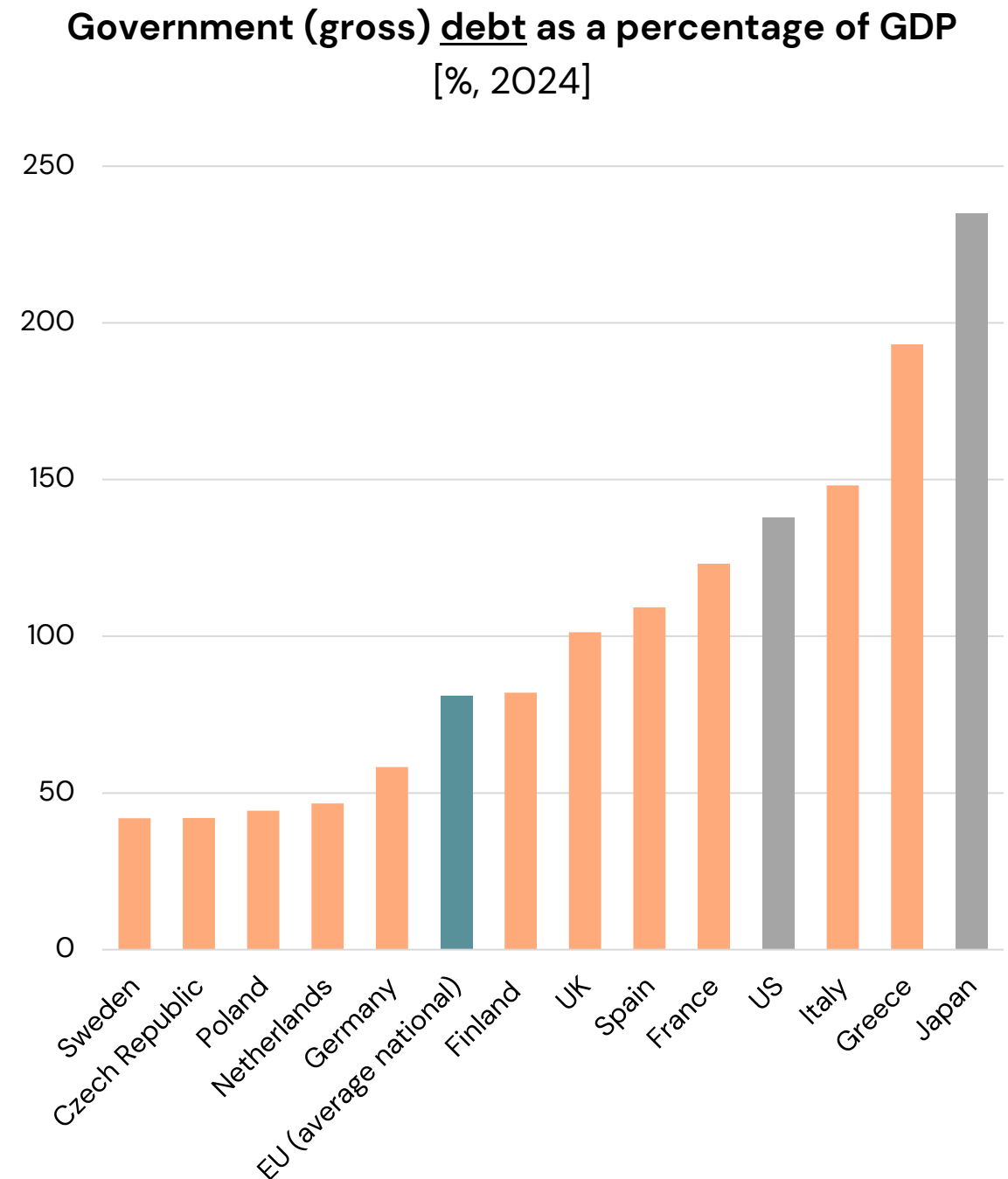
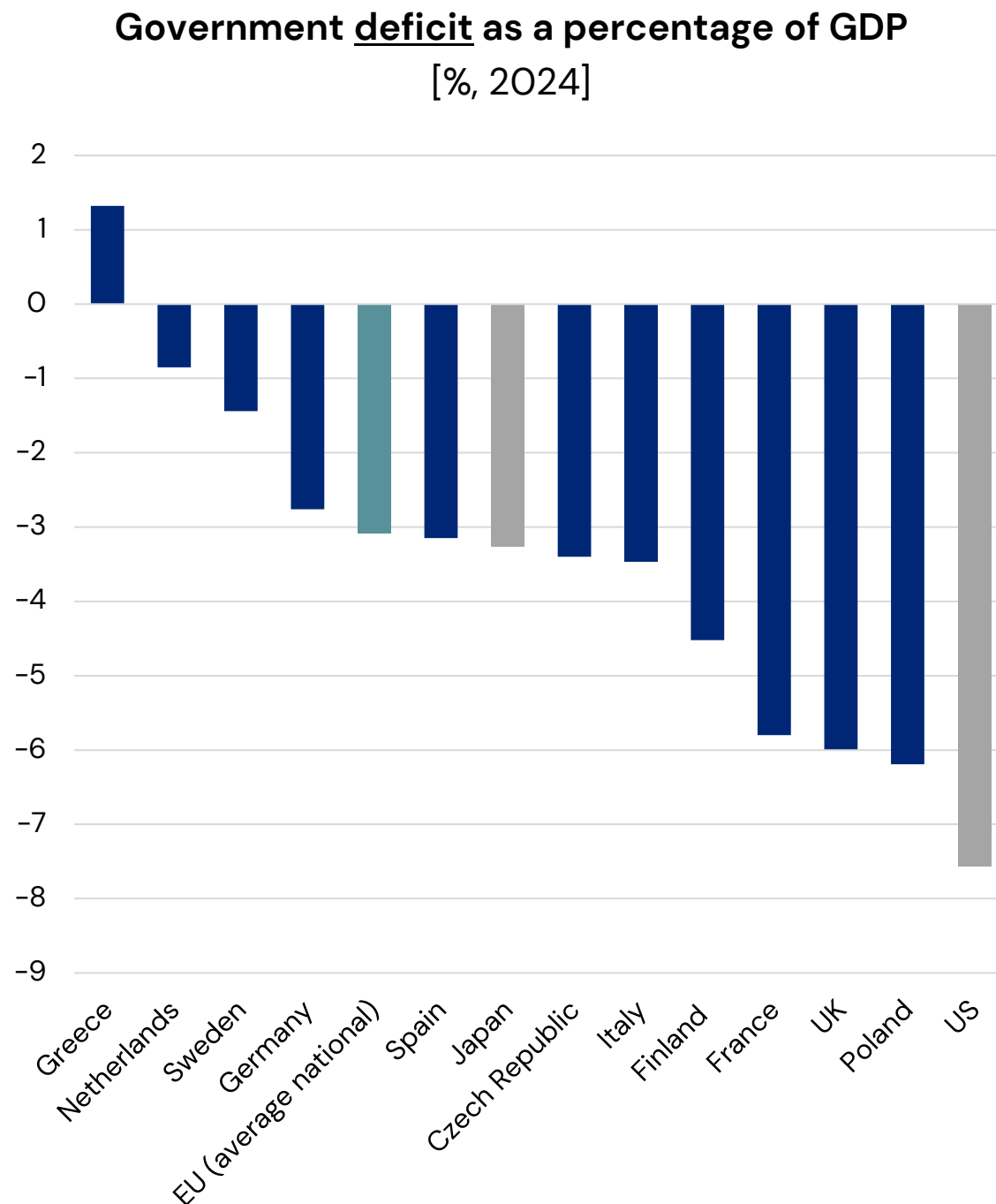


Source: ZEW. Released June 17, 2025, Survey between June 9 and 16.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Germany has more fiscal capacity to boost spending

Wide range of fiscal positions across Europe



Source: Oxford Economics and LaSalle, latest as of May 22, 2025. Eurostat, ONS, IMF, and Fed data, latest as of June 5, 2025.

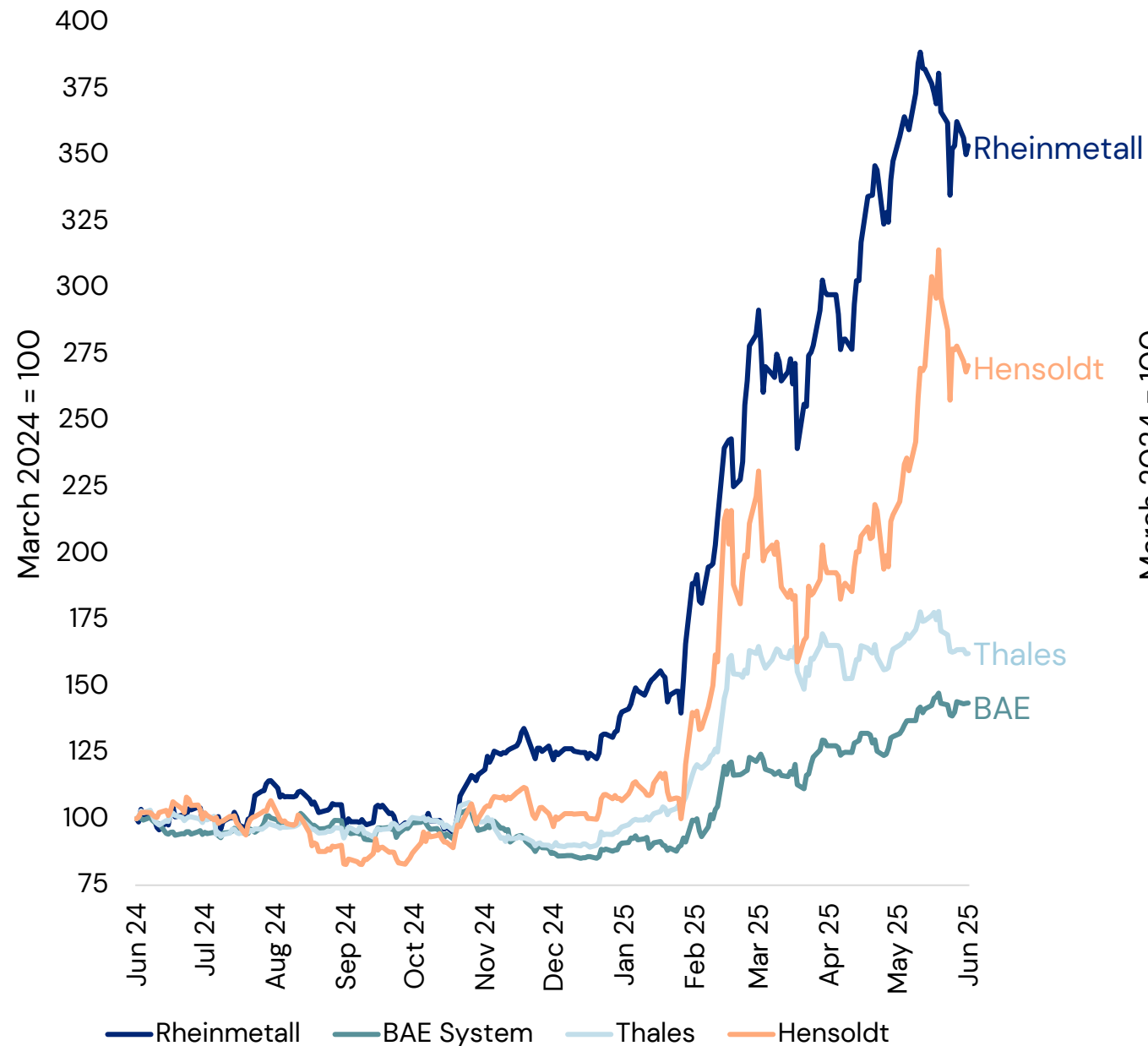
No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Spending plans drive European defence stocks

German stocks performance now outstripping US over the last 12 months

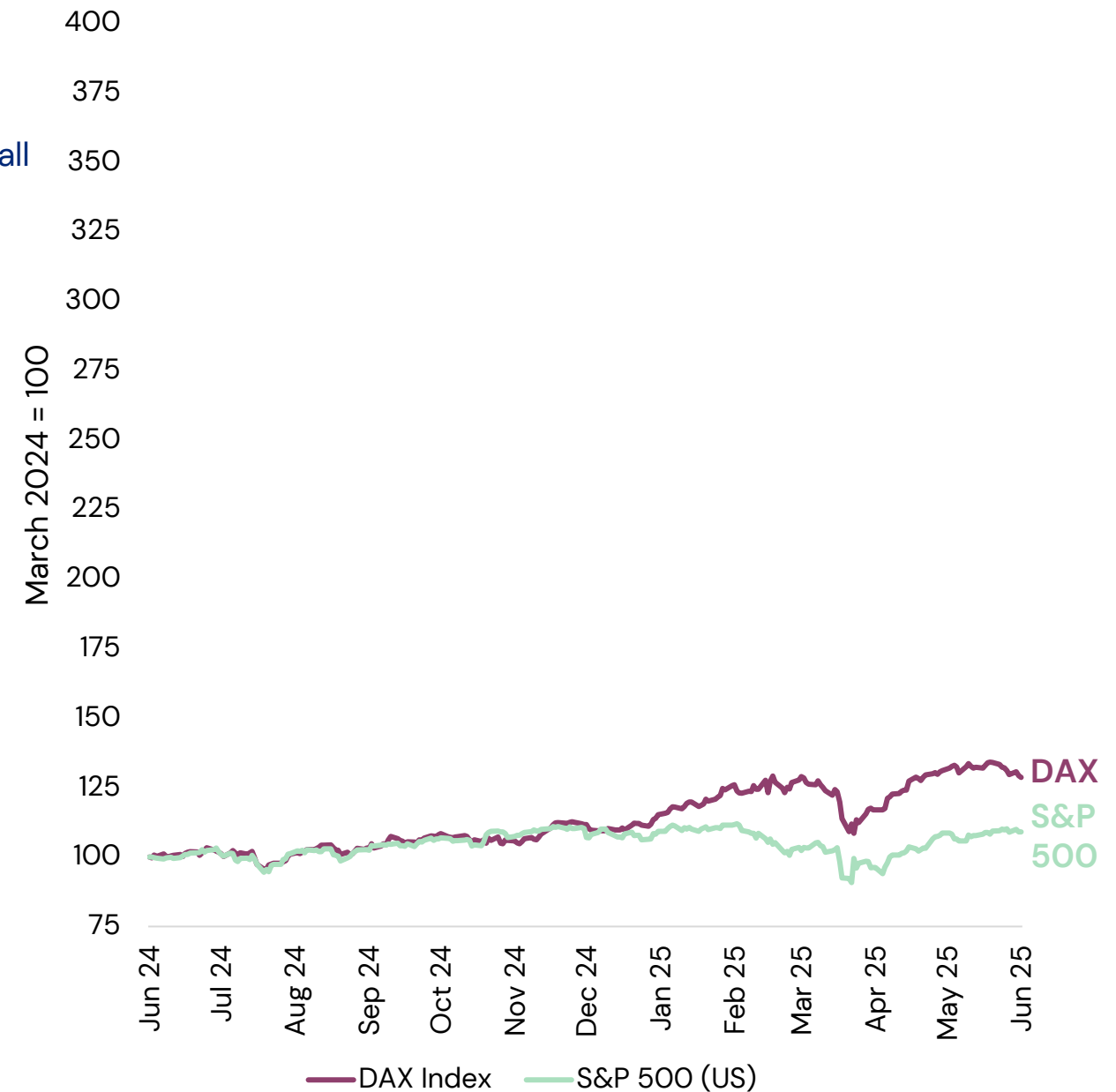
Defence stock price index

[100 = 18 June 2024]



Wider stock price index

[100 = 18 June 2024]

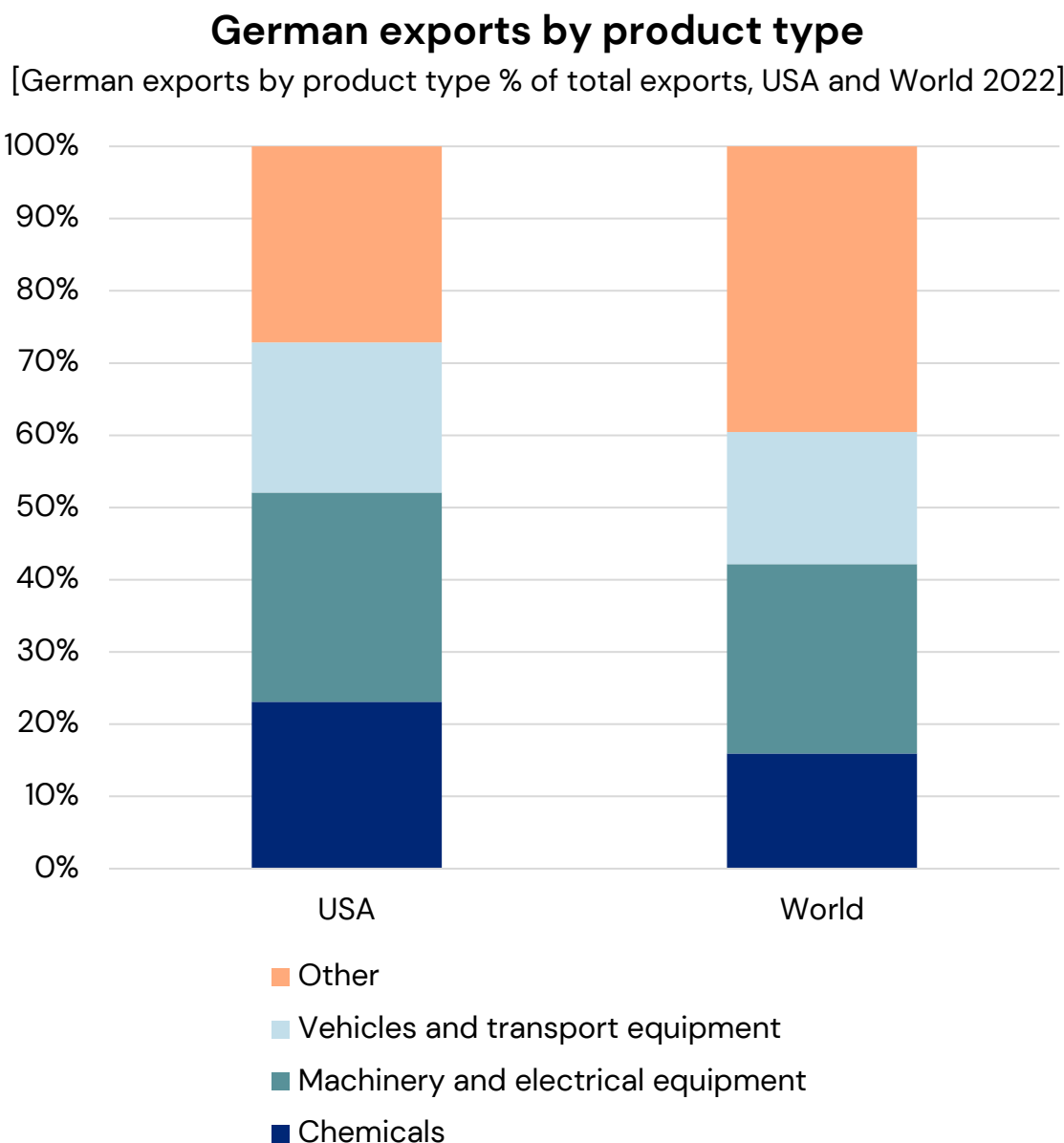
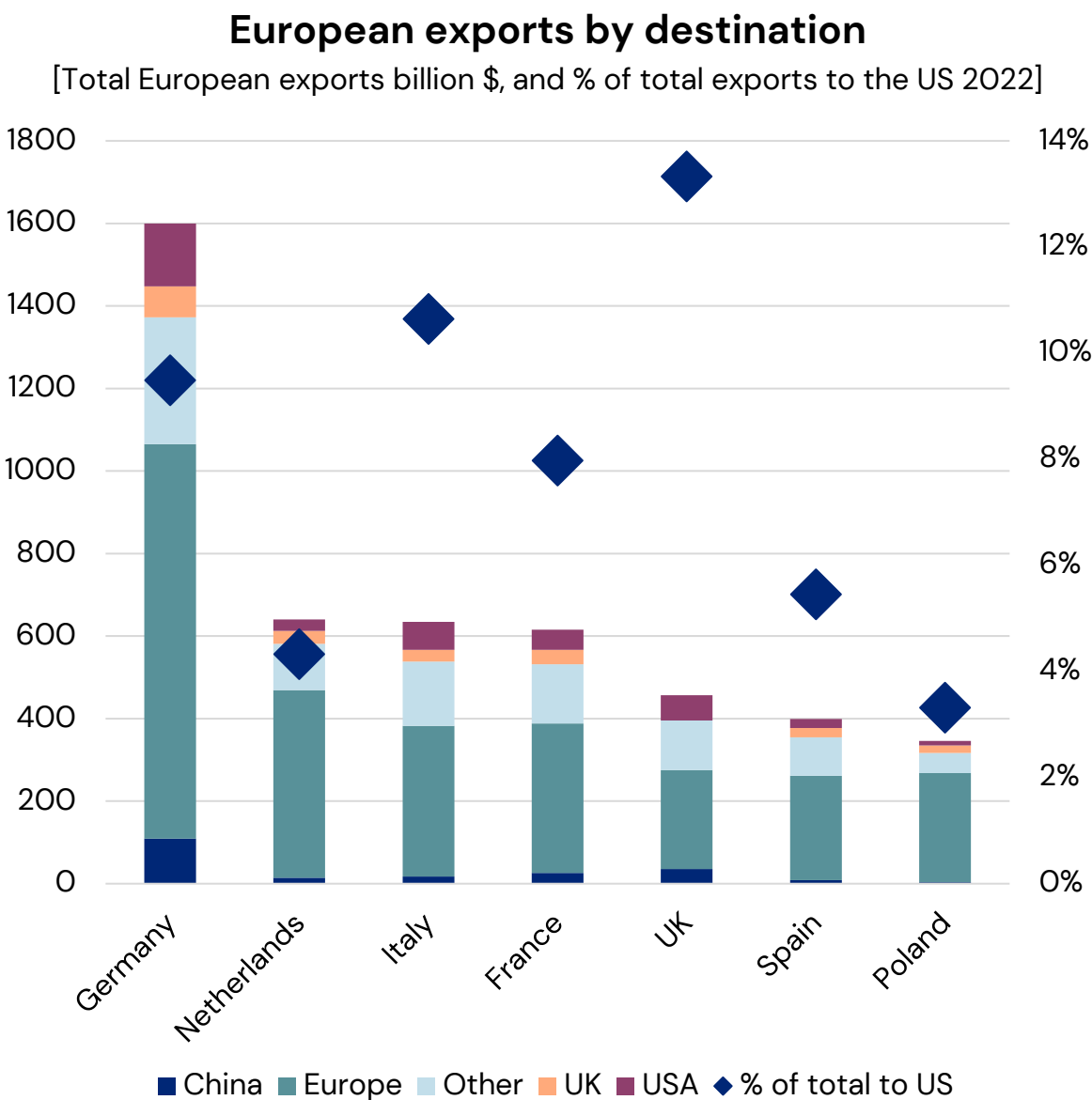


Source: LaSalle, Refinitiv. Data as of 18 June 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Europe is moderately exposed to US tariffs

10% of German export value is to the US

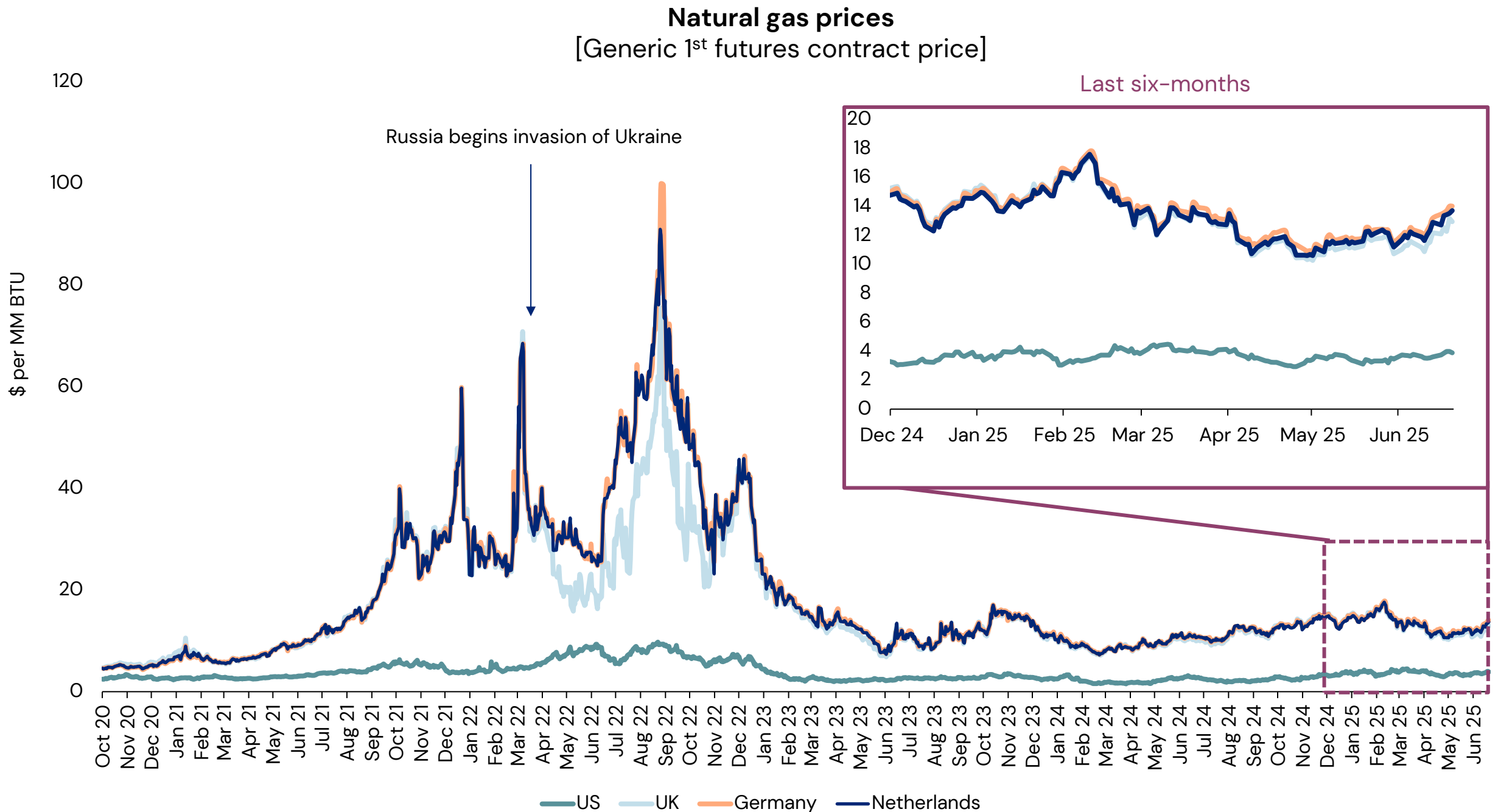


Germany has the largest exposure to the US by goods export value, making up 10% of Germany's overall goods exports. The UK has the largest proportion of overall goods exports to the US, at 13%, but on lower absolute levels. Goods are considered likelier to be the target of tariffs, countries like the UK are major exporters of services, not expected to be in the scope of tariffs.

The largest sectors of goods exported by Germany to the US are machinery and electrical equipment, followed by chemicals and vehicles, making up 73% of overall German exports to the US.

Gas prices volatile amid rising tensions in Middle East

The conflict could disrupt a key shipping route if the situation spreads to other parts of the region



Source: LaSalle analysis of New York Mercantile Exchange and Intercontinental Exchange data via Refinitiv. Data as of 20 June 2025.

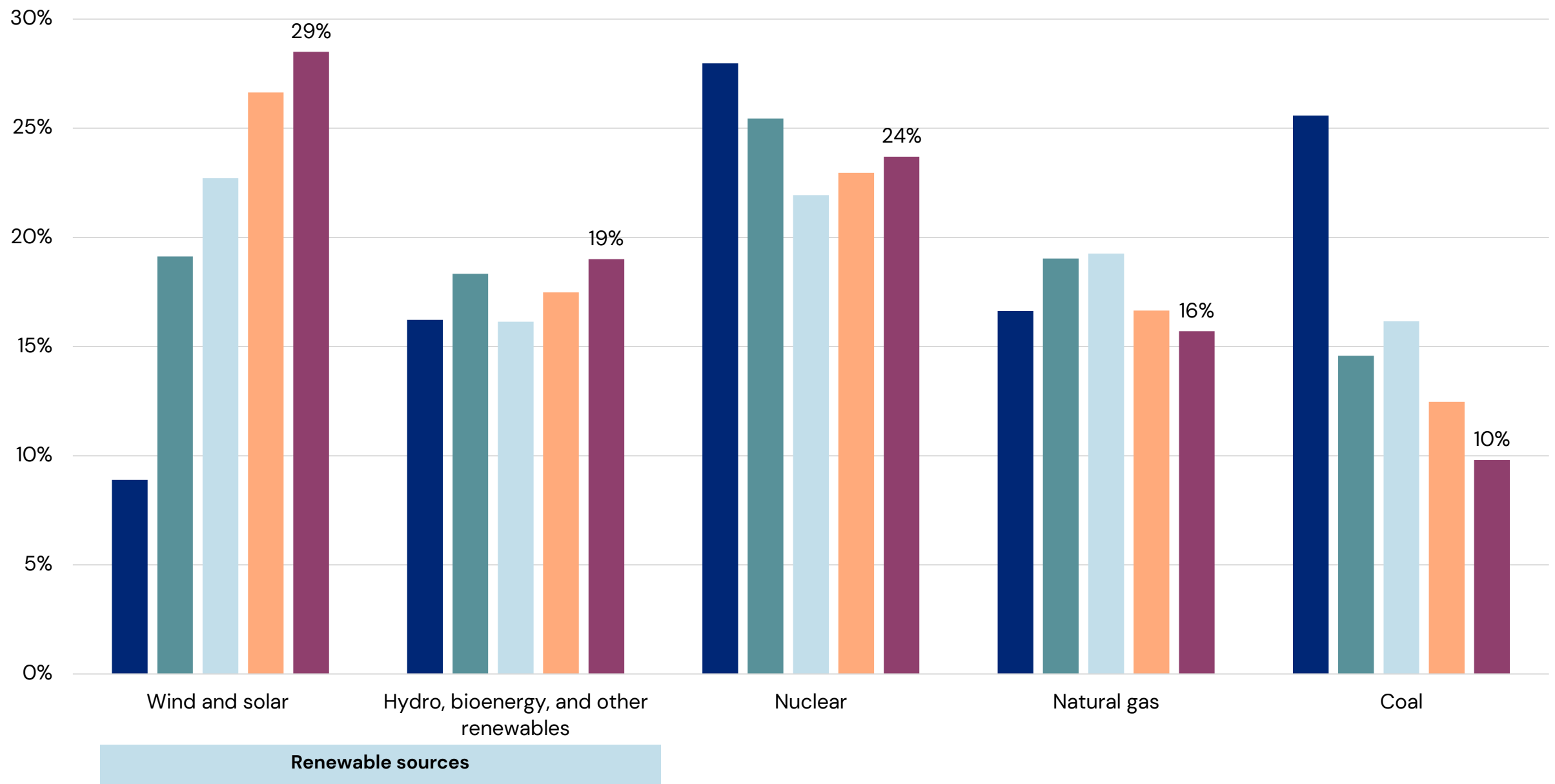
No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Renewables generated 47% of 2024 European electricity

Solar energy reaches record highs (11%) and overtook coal power for the first time

European electricity generation share by source

■ 2012 ■ 2021 ■ 2022 ■ 2023 ■ 2024



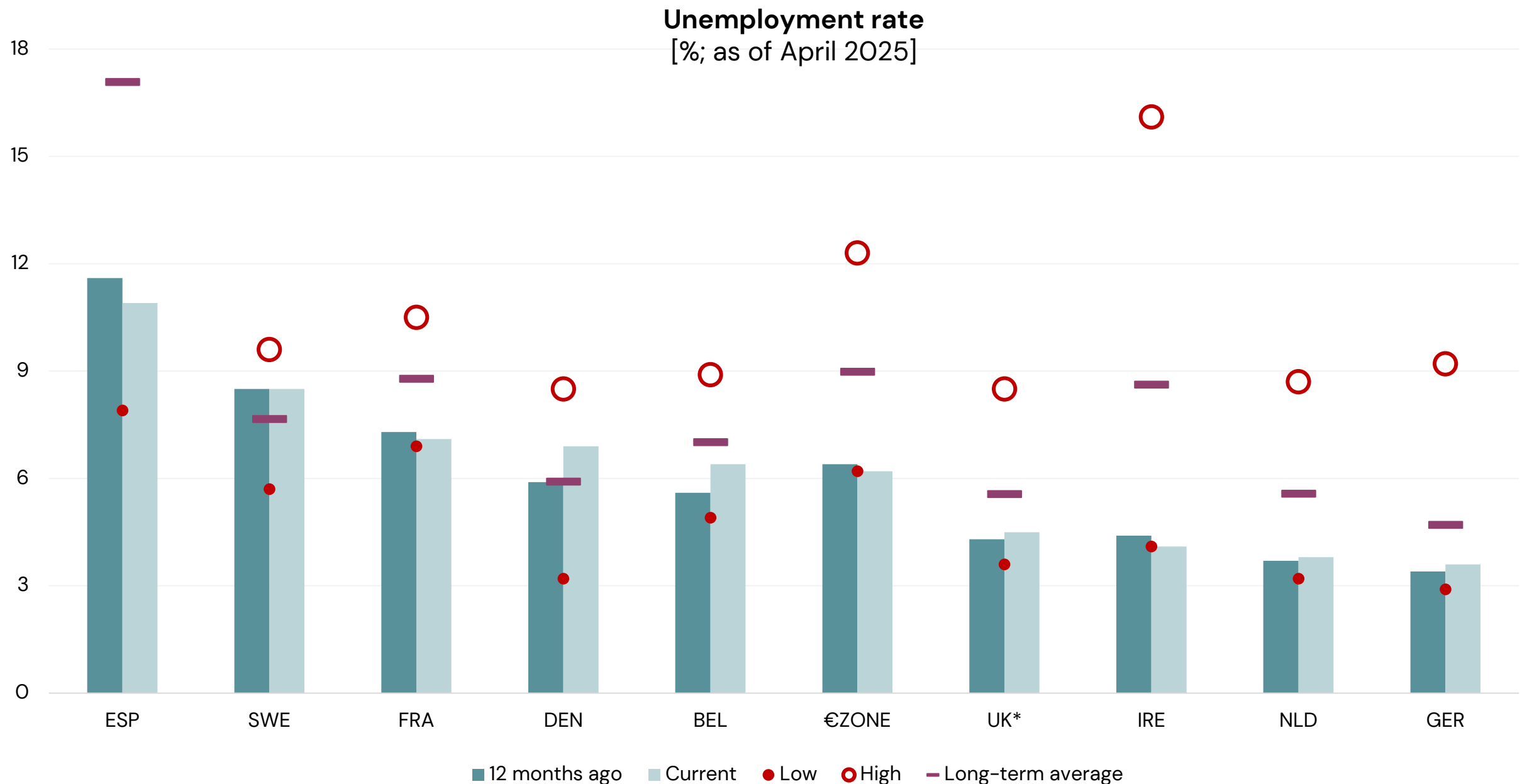
*Renewables include wind, solar, bioenergy (energy from organic materials such as trees, food waste, and crops), hydro energy, and other renewables (geothermal).

Source: Annual electricity data analysis by Ember (<https://ember-energy.org/latest-insights/european-electricity-review-2025/>), latest as of 24 June 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Eurozone unemployment drops to record low levels

European businesses faced fewer cost pressures in April, enabling them to maintain their workforce



*Lagging two months

Note: High/low since January 2006; Spain's highest unemployment rate @ 26.4%

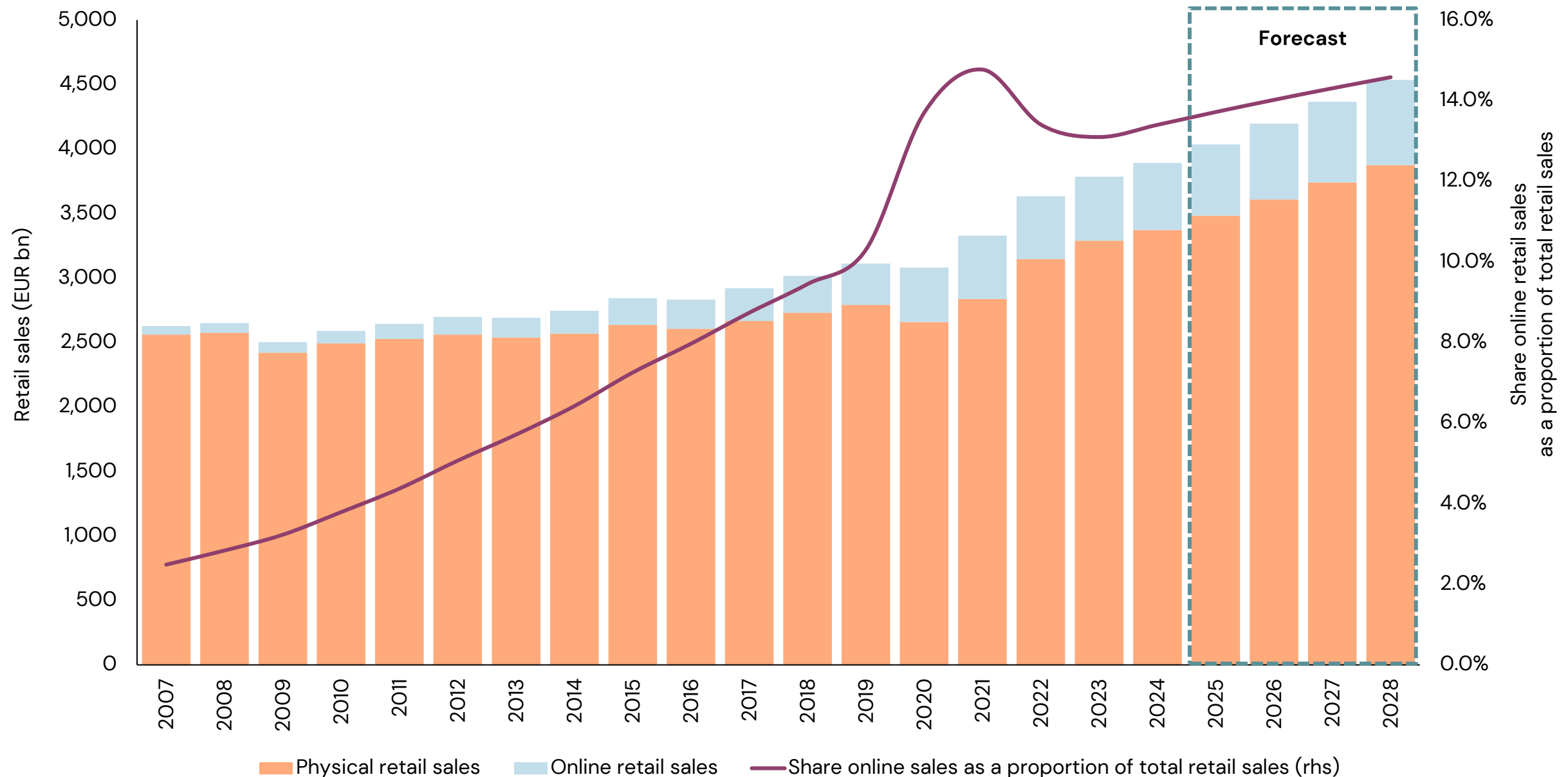
Source: LaSalle analysis of Thomson Reuters data to April 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Physical retail spending vs. E-commerce in Europe

E-commerce has returned to growth after the unusual boost and retreat from the pandemic

Retail sales forecast, physical and online retail
[EU + UK]



Note: Key European retail markets include Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Republic of Ireland, Romania, Slovak Republic, Spain, Sweden and the United Kingdom

Source: GlobalData, Oxford Economics, Eurostat, ONS, Statista, and JLL Research data to Q1 2025.

No assurances are given that these forecasts will materialize as forecasted. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

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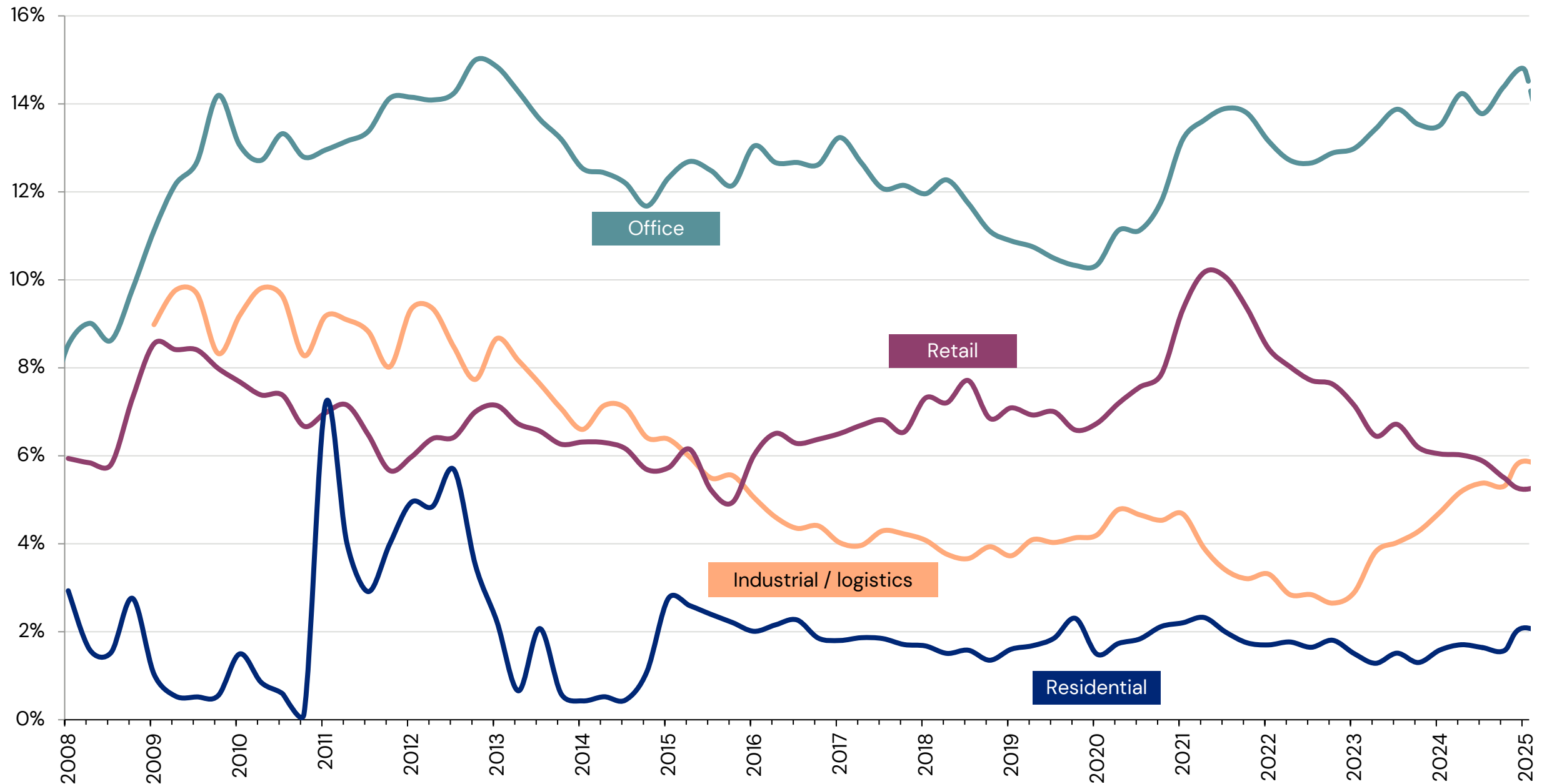
Real estate occupier trends

Demand and supply indicators

European property type vacancy over time

In recent years, retail is the only traditional sector with a clear downward trend in vacancy

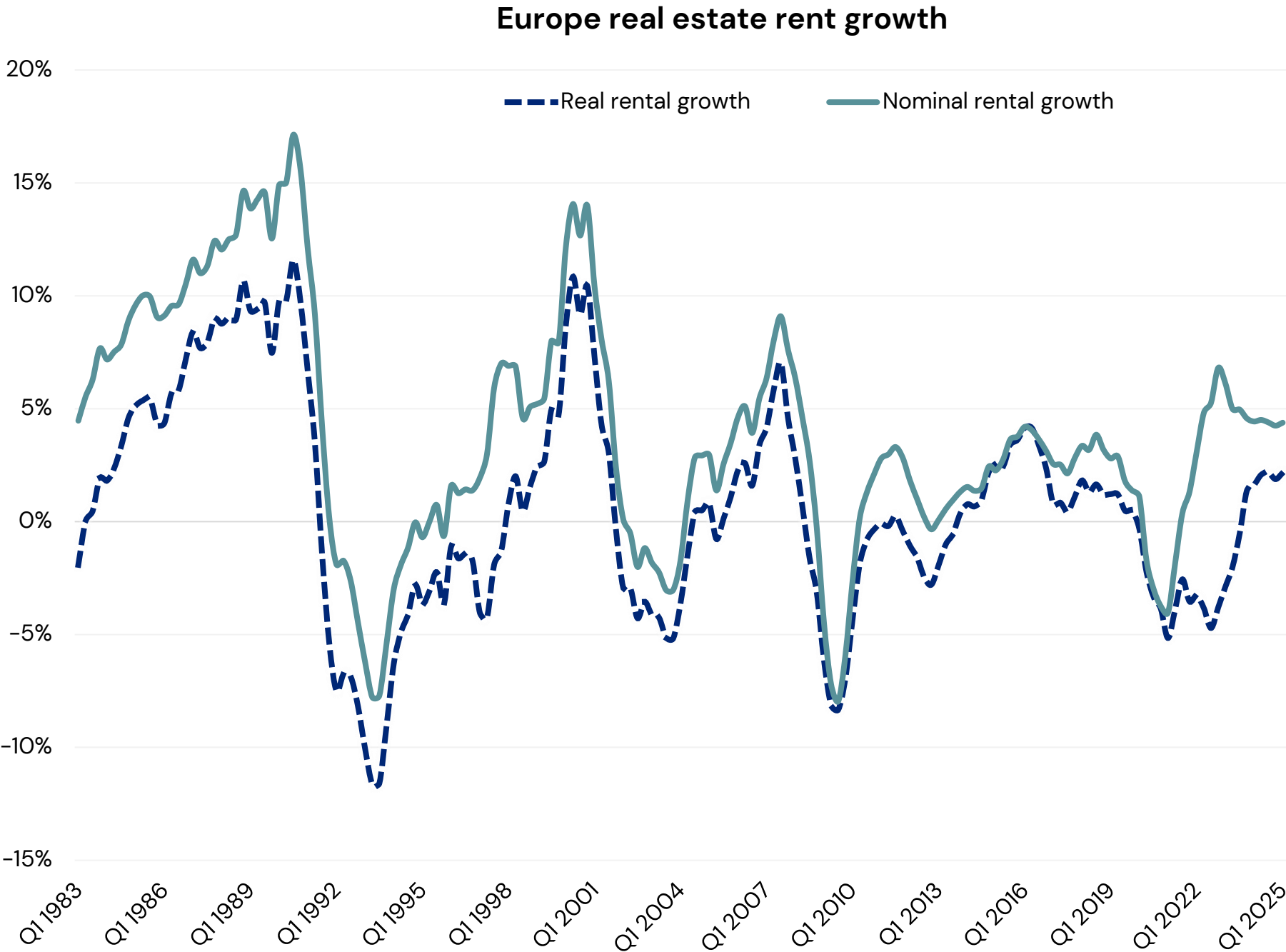
European vacancy/availability rates by sector



Source: JLL (Europe office and industrial) and MSCI (Europe residential and retail). Data through Q1 2025. Forecasts from LaSalle proprietary fair value analysis. No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Inflation-adjusted rent growth has turned positive

European Prime Offices, Shopping centres and UK Living are the best performing sectors for rental growth in Q1

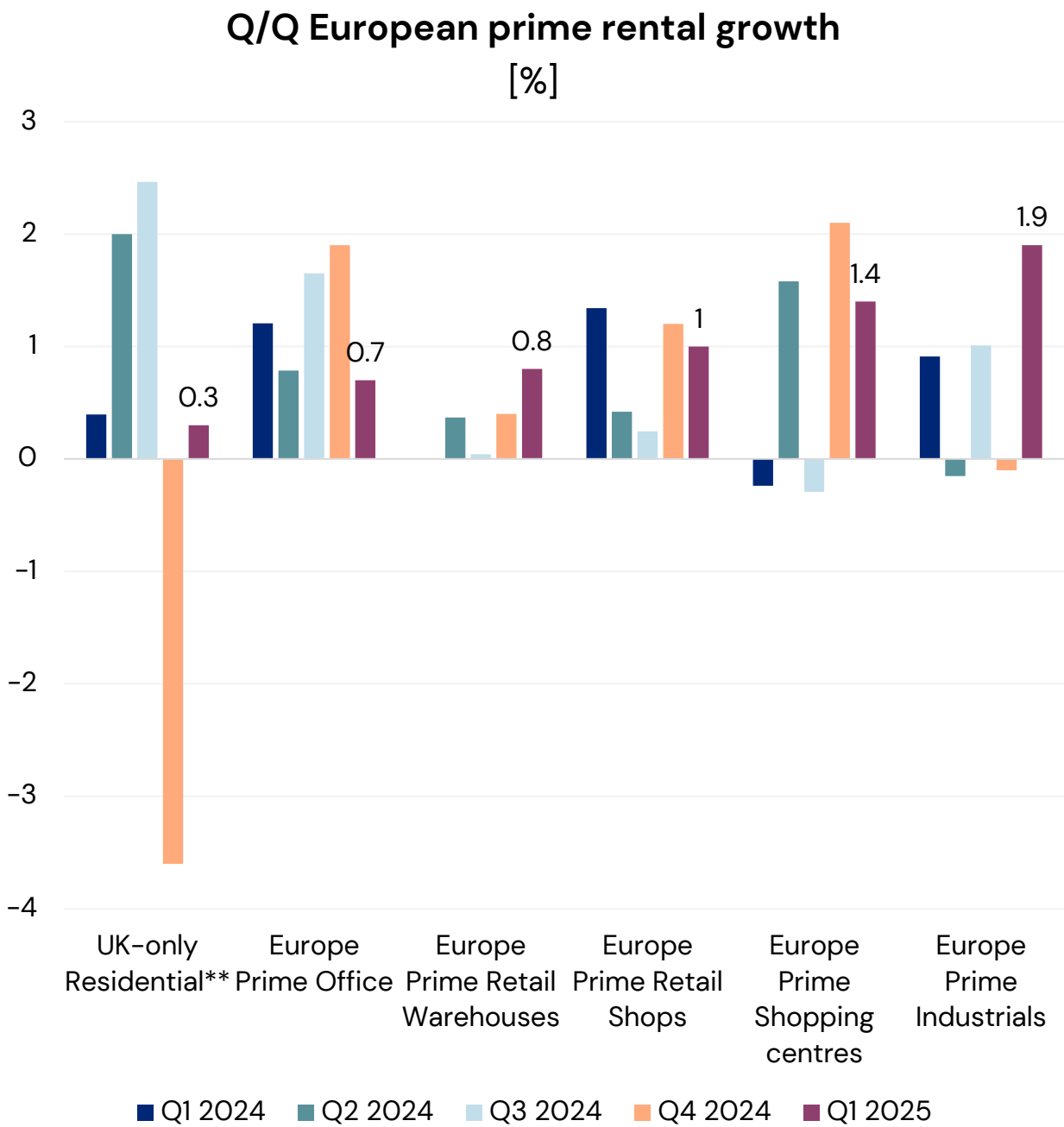
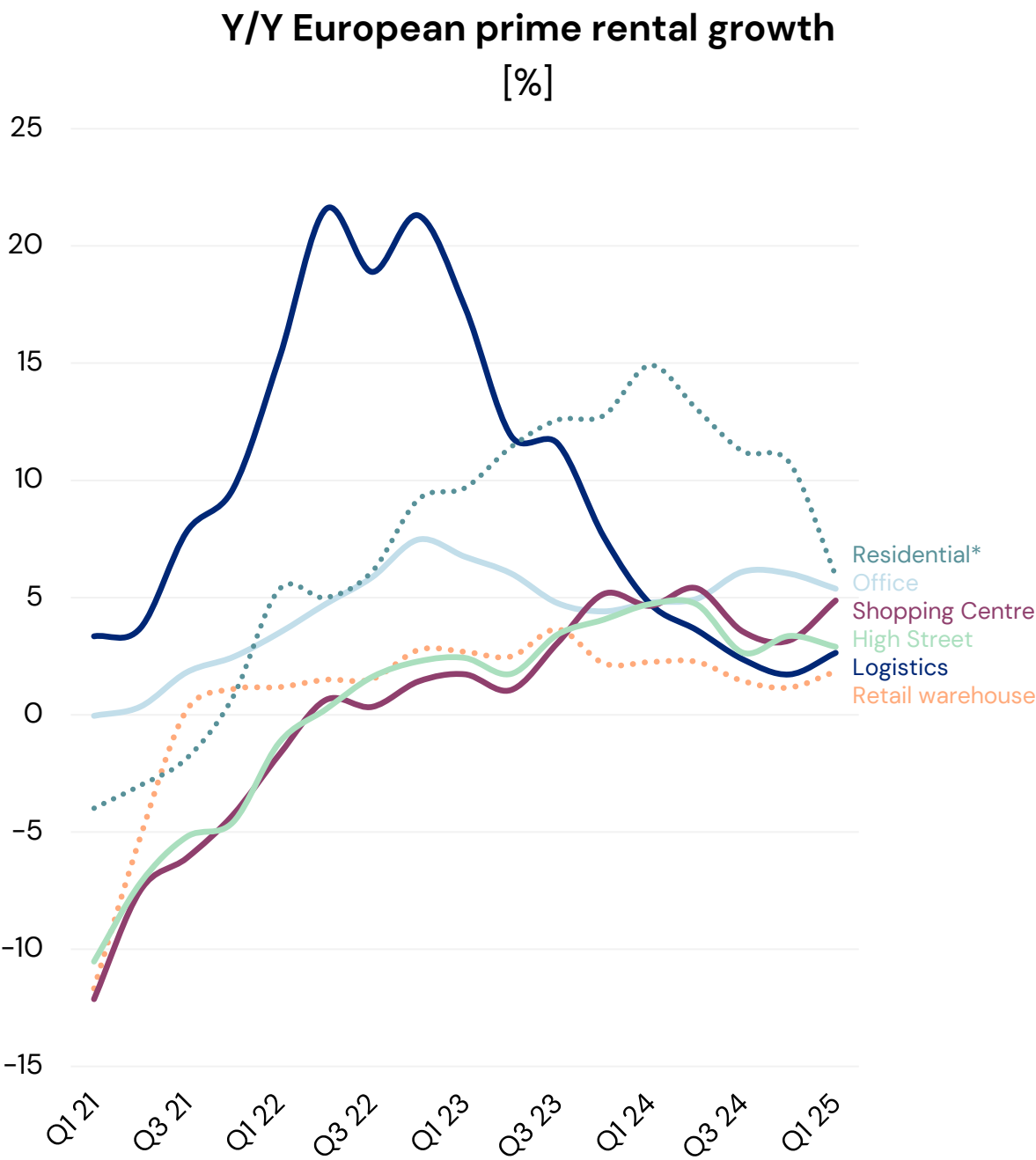


Latest rent growth	
Type	Y/Y change
Offices (prime)	+5.5%
Shopping centre (prime)	+4.9%
PBSA (UK)	+4.9%
Residential / multifamily (UK)	+4.7%
Industrial (prime)	+2.6%
Retail warehouses (prime)	+1.9%
Hotels (RevPAR, Europe)	+1.1%

Source: LaSalle analysis of JLL and MSCI data. Data to Q1 2025 where available. No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Nominal rent growth by property type

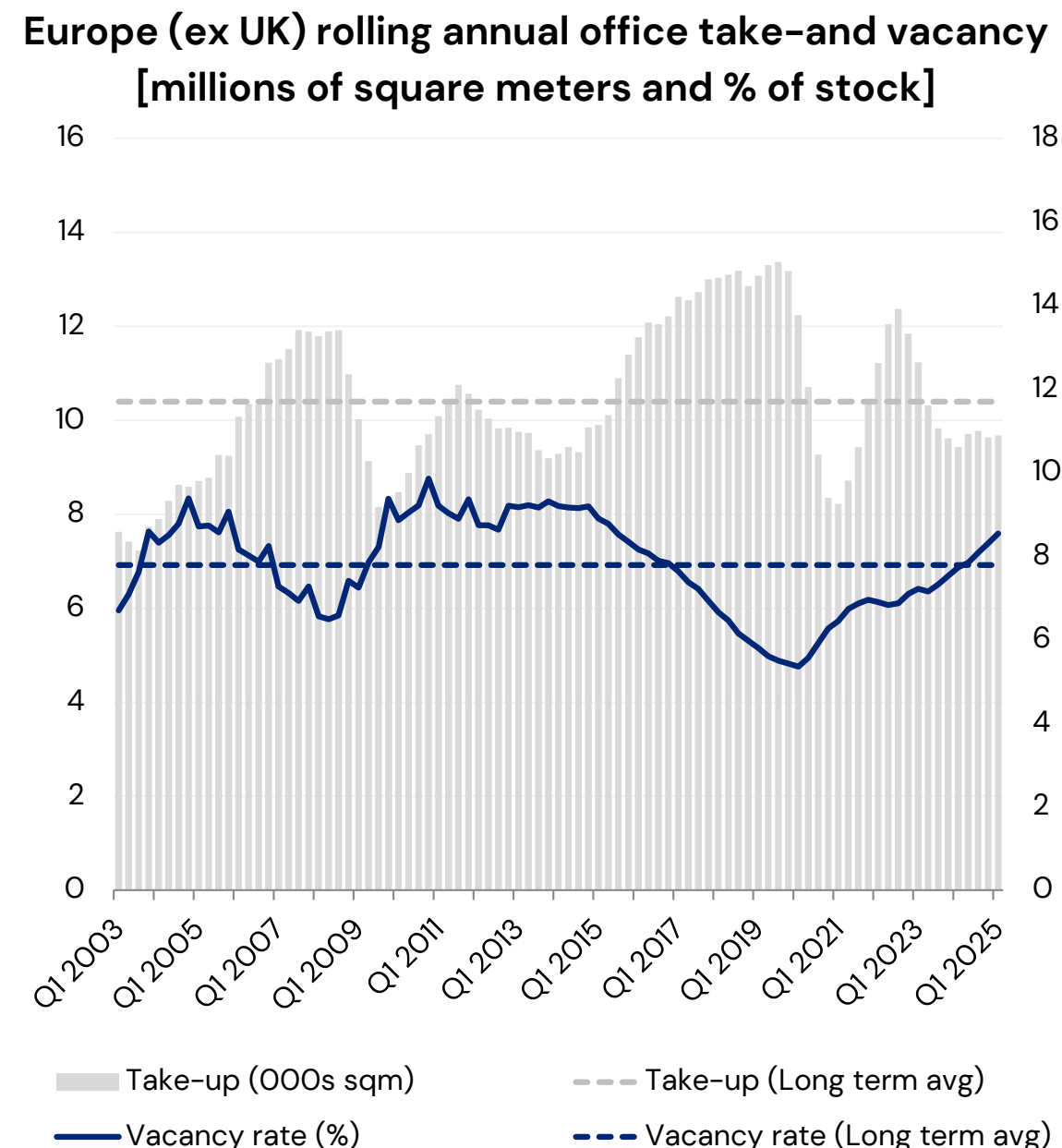
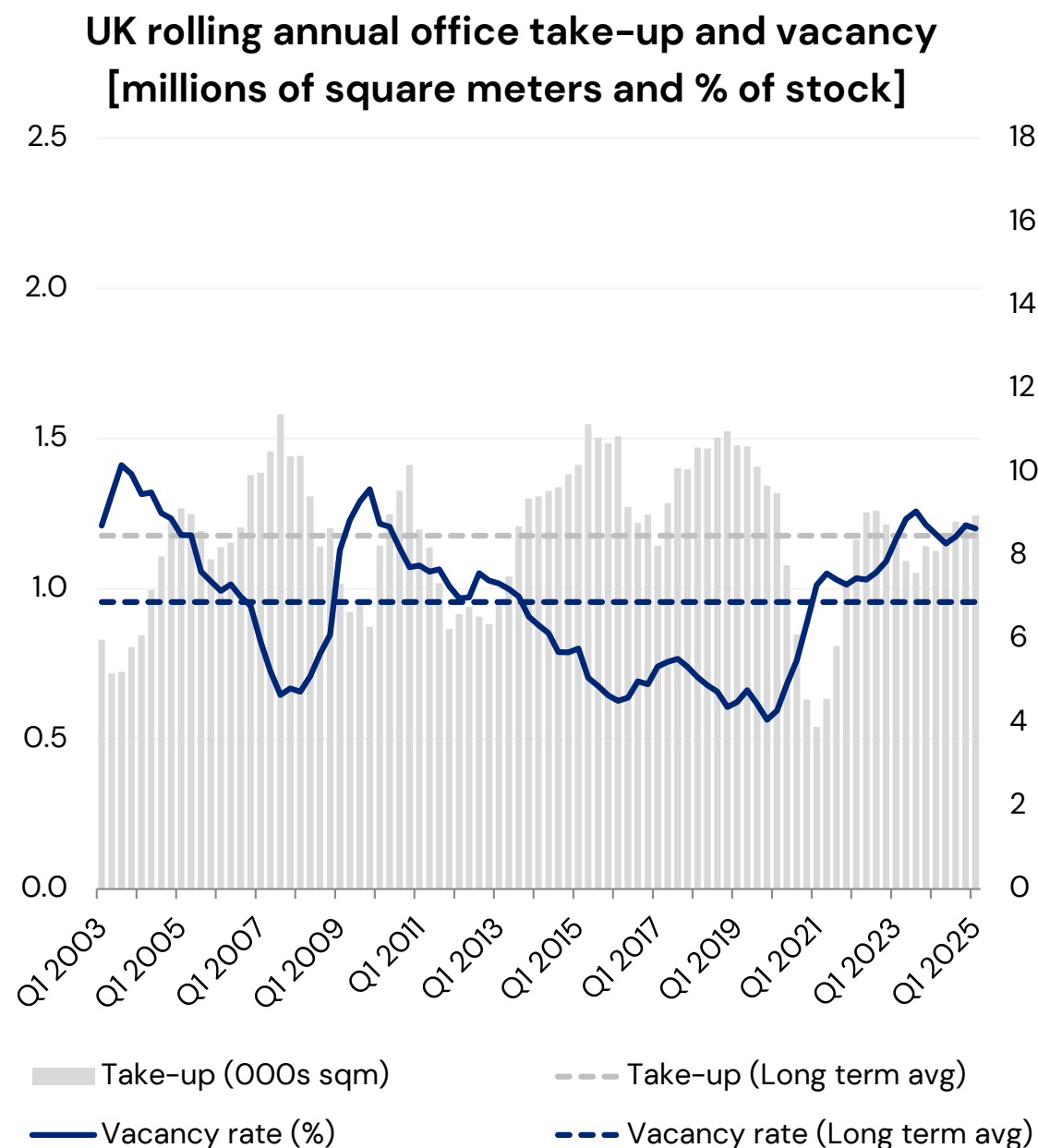
European average residential rents slowed significantly



*Average rent. **UK residential rent data is based on new listings (rather than in-place rents).
Source: LaSalle analysis of JLL, HomeLet data to Q1 2025.
No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Office: Demand for office space has stabilised, although below long-term average

Office demand indicator

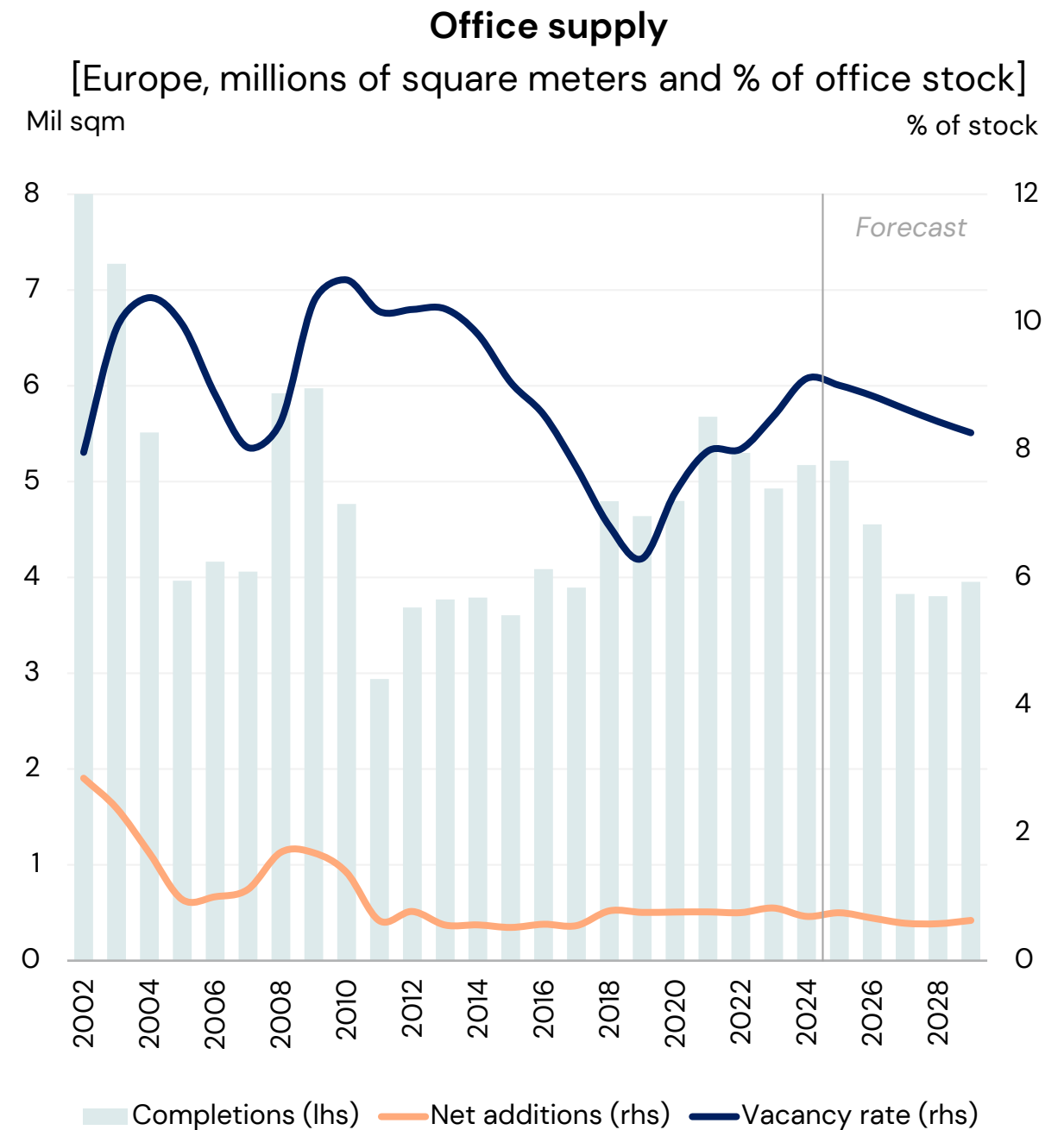


Source: LaSalle analysis of JLL data to Q1 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Office: Rising conversions and slowing building starts help fundamentals improve

Vacancy to gradually moderate as net additions remain low

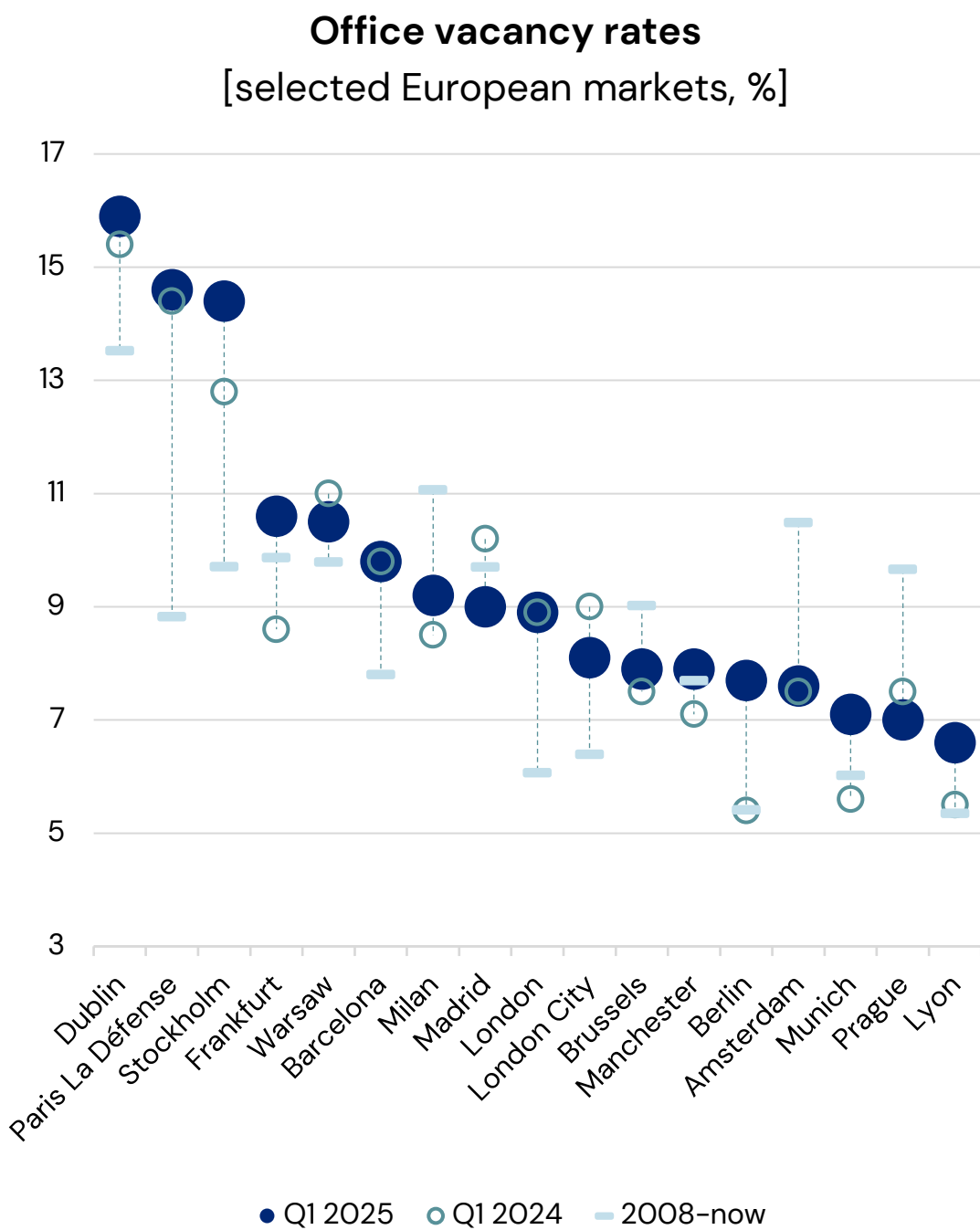
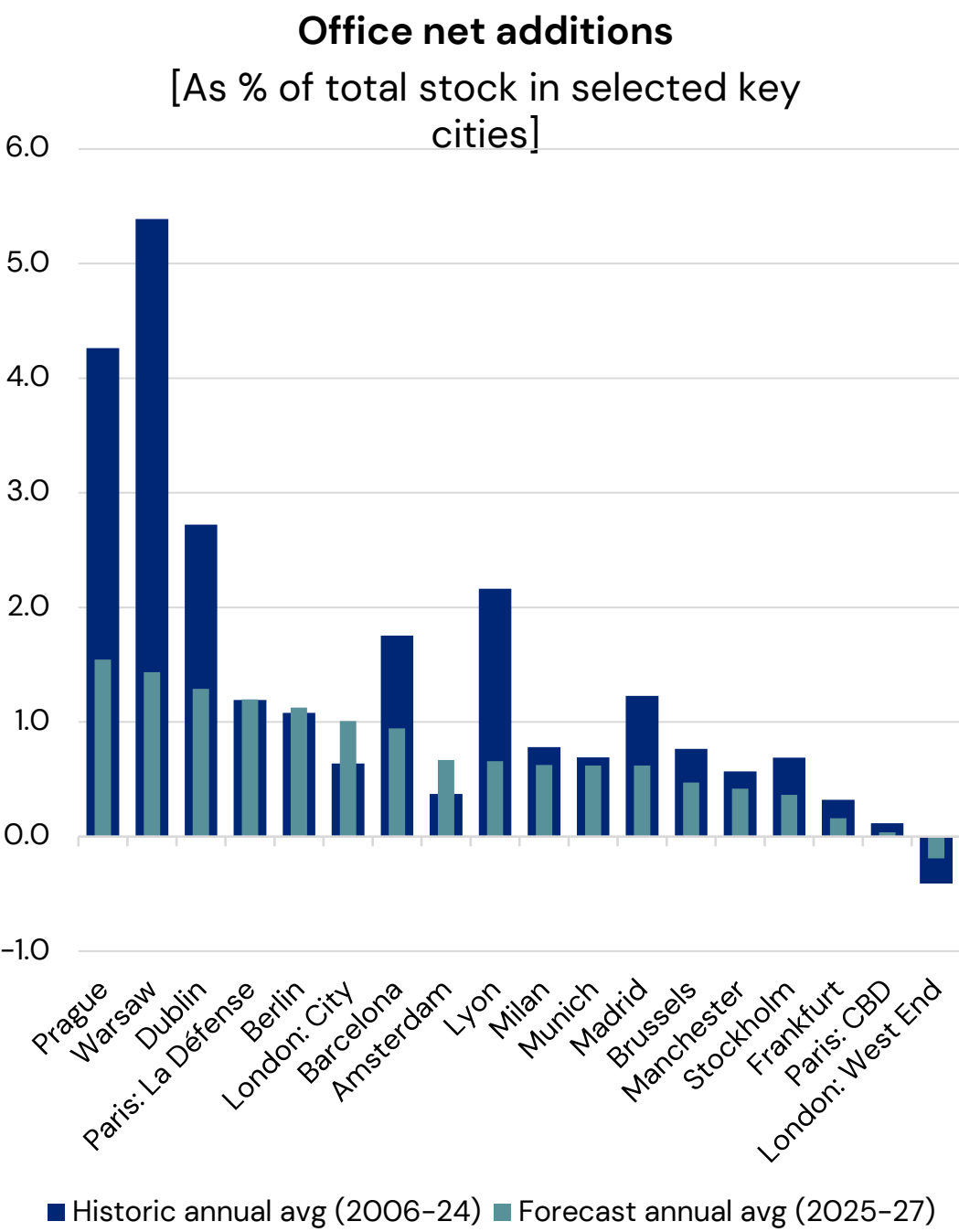


Source: LaSalle analysis of JLL/PMA data to Q1 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty

Office: London West End to see negative net additions

Berlin, Paris and Frankfurt all recorded a large rise in vacancy over Q1 2025

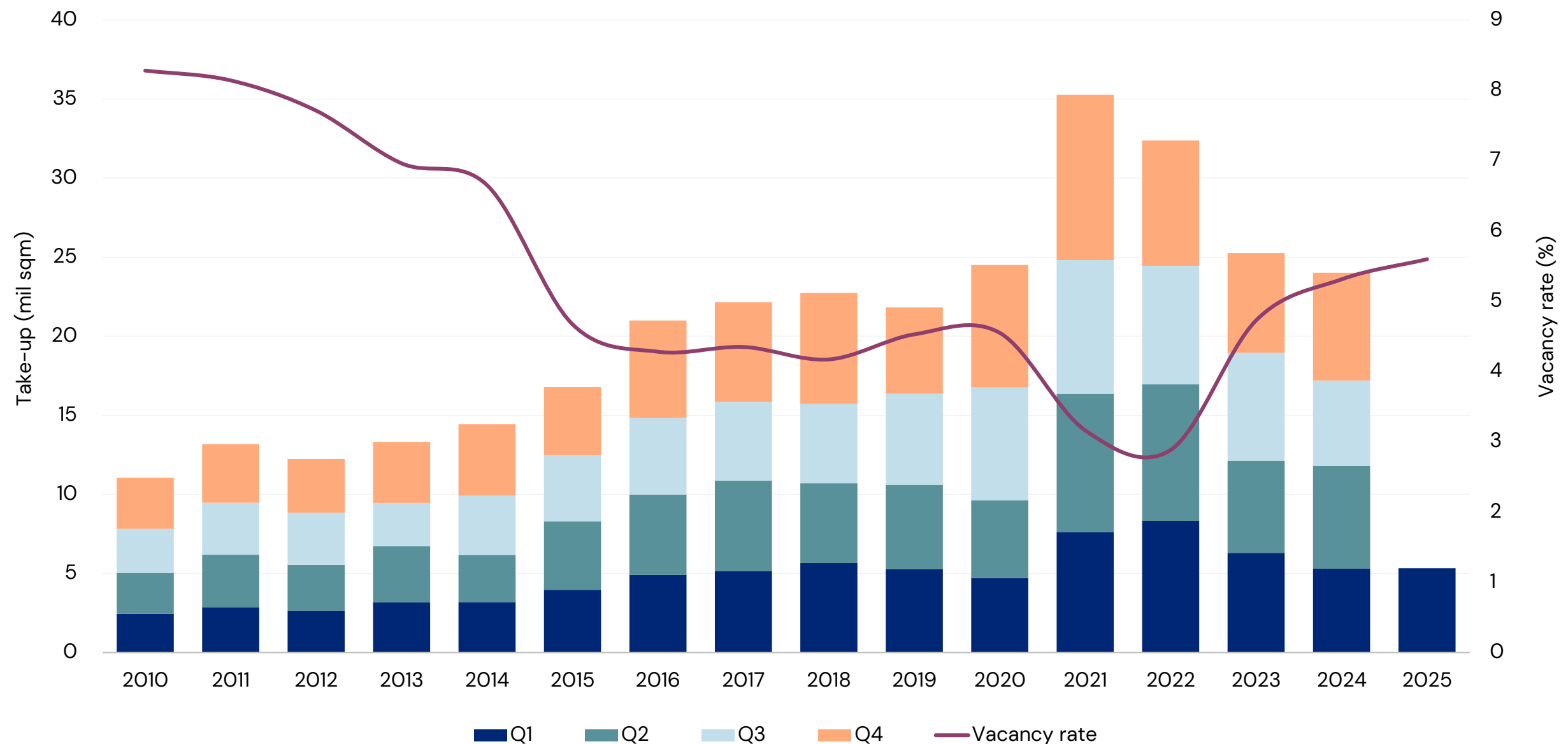


Source: LaSalle analysis of PMA data to April 2025 and JLL data to Q1 2025.
No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Logistics: Take up stable y/y amid high geopolitical uncertainty

Manufacturing-led demand remains robust due to new production and increased defence sector needs

Europe logistics gross take-up and vacancy
[annual, millions of square meters vs. %]



Note: Take up is for Units >5000sqm in Belgium, Czech Republic, France, Germany, Hungary, Italy, Netherlands, Poland, Spain, Sweden, United Kingdom

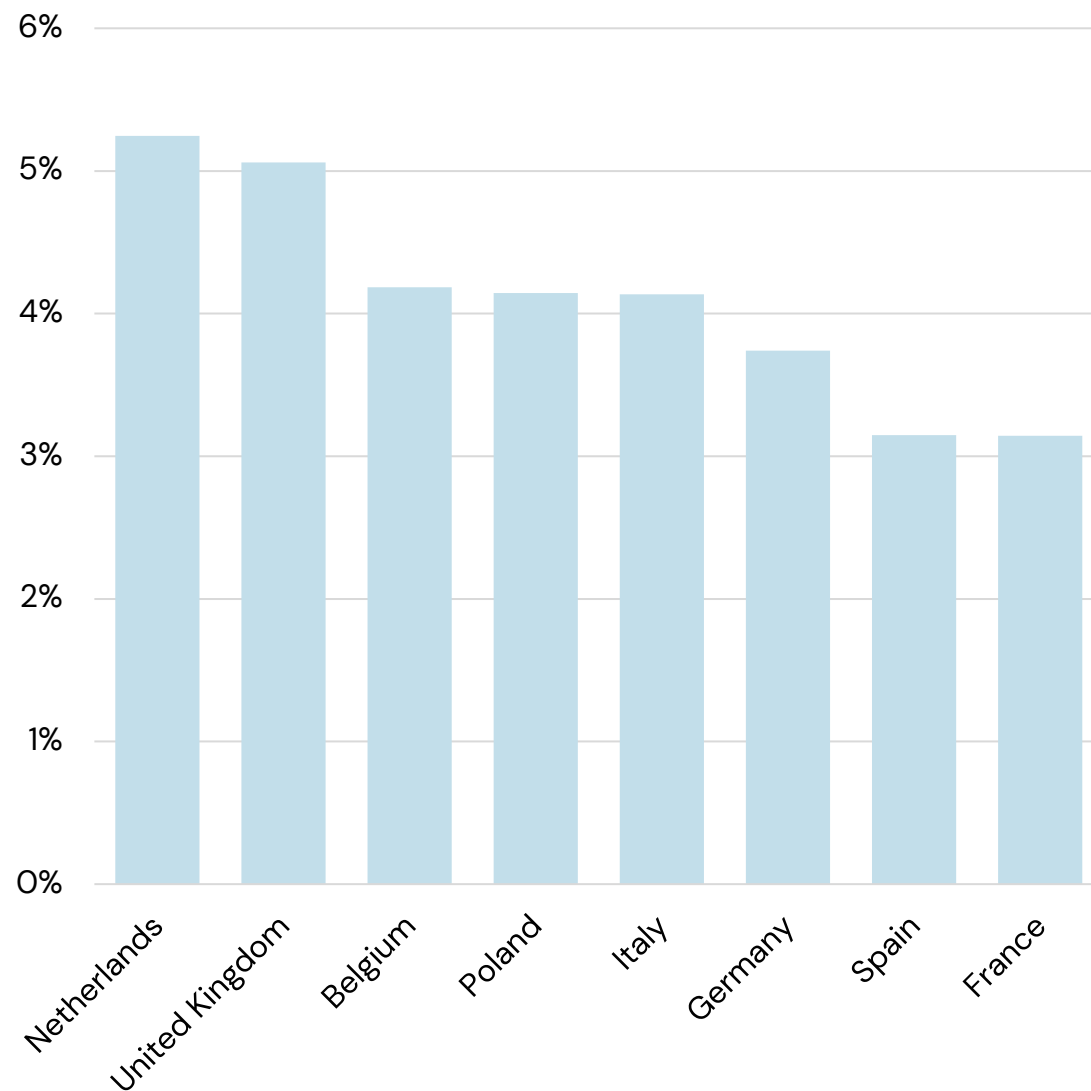
Source: LaSalle analysis of JLL data to Q1 2025.

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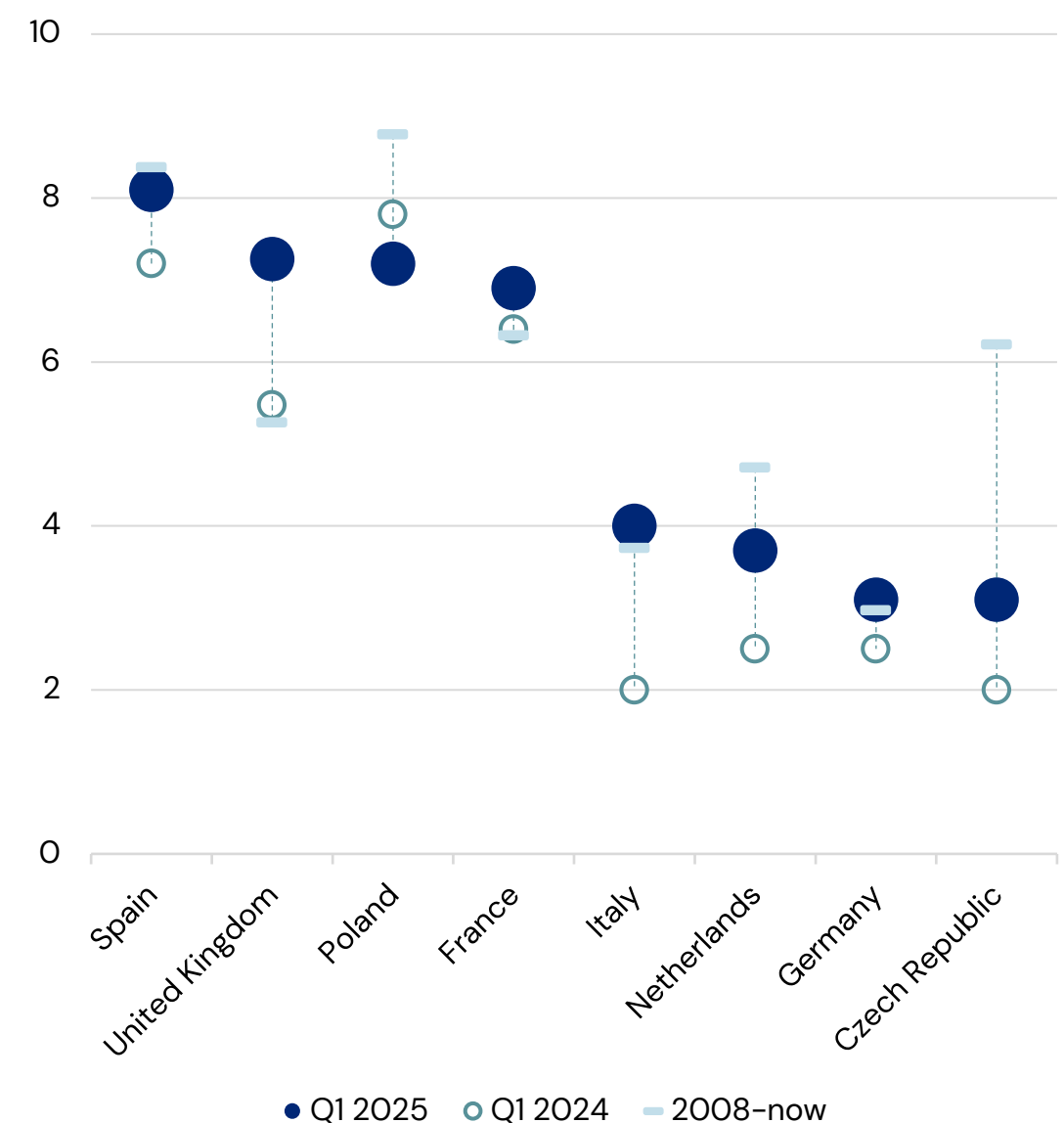
Logistics: Focus on modern supply pushes vacancy up

Preference for newly completed, energy efficient facilities has left large volumes of old stock vacant

Logistics space under construction
[Q1 2025, % of total stock]



Logistics vacancy rates
[selected European markets, %]

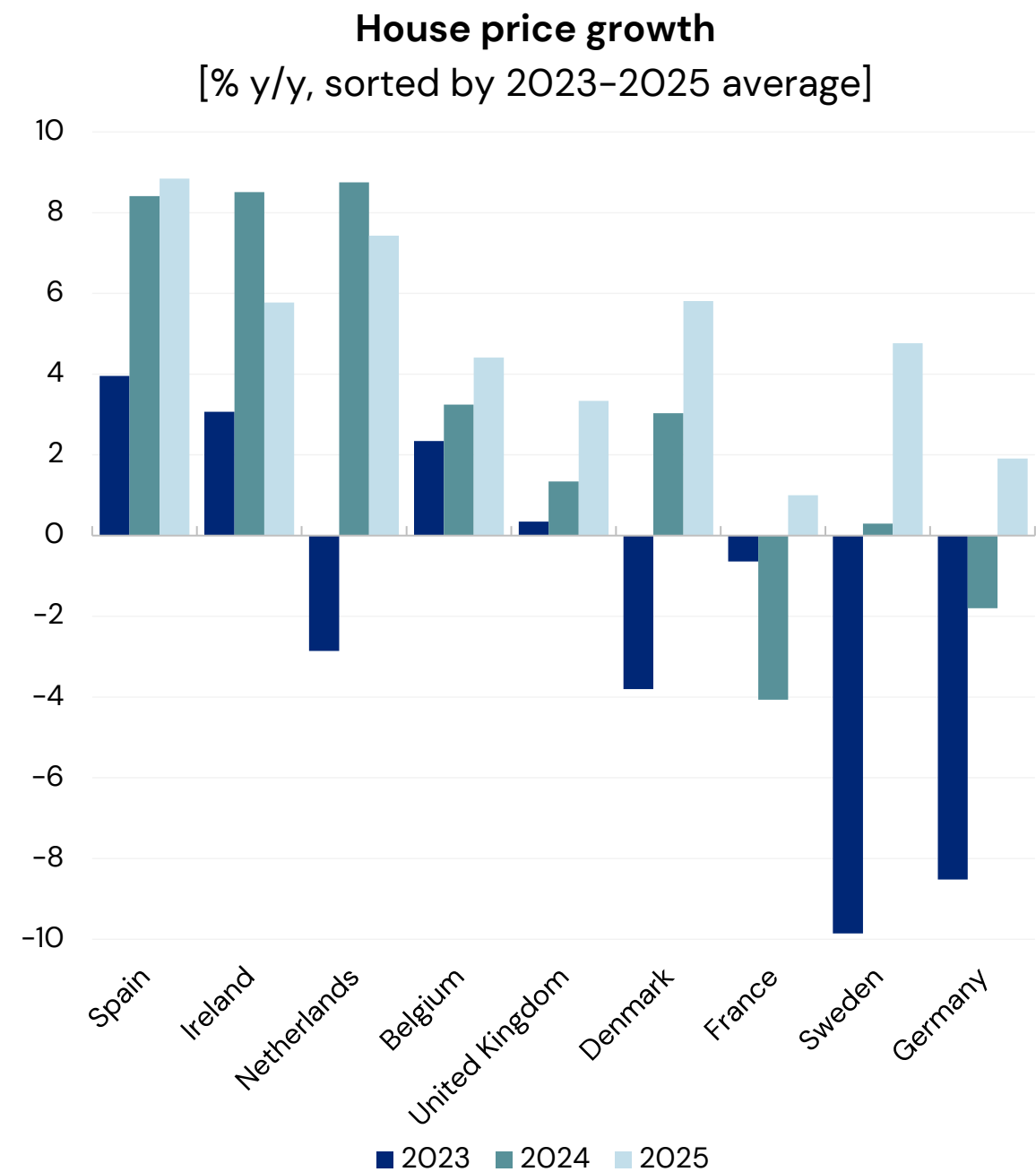
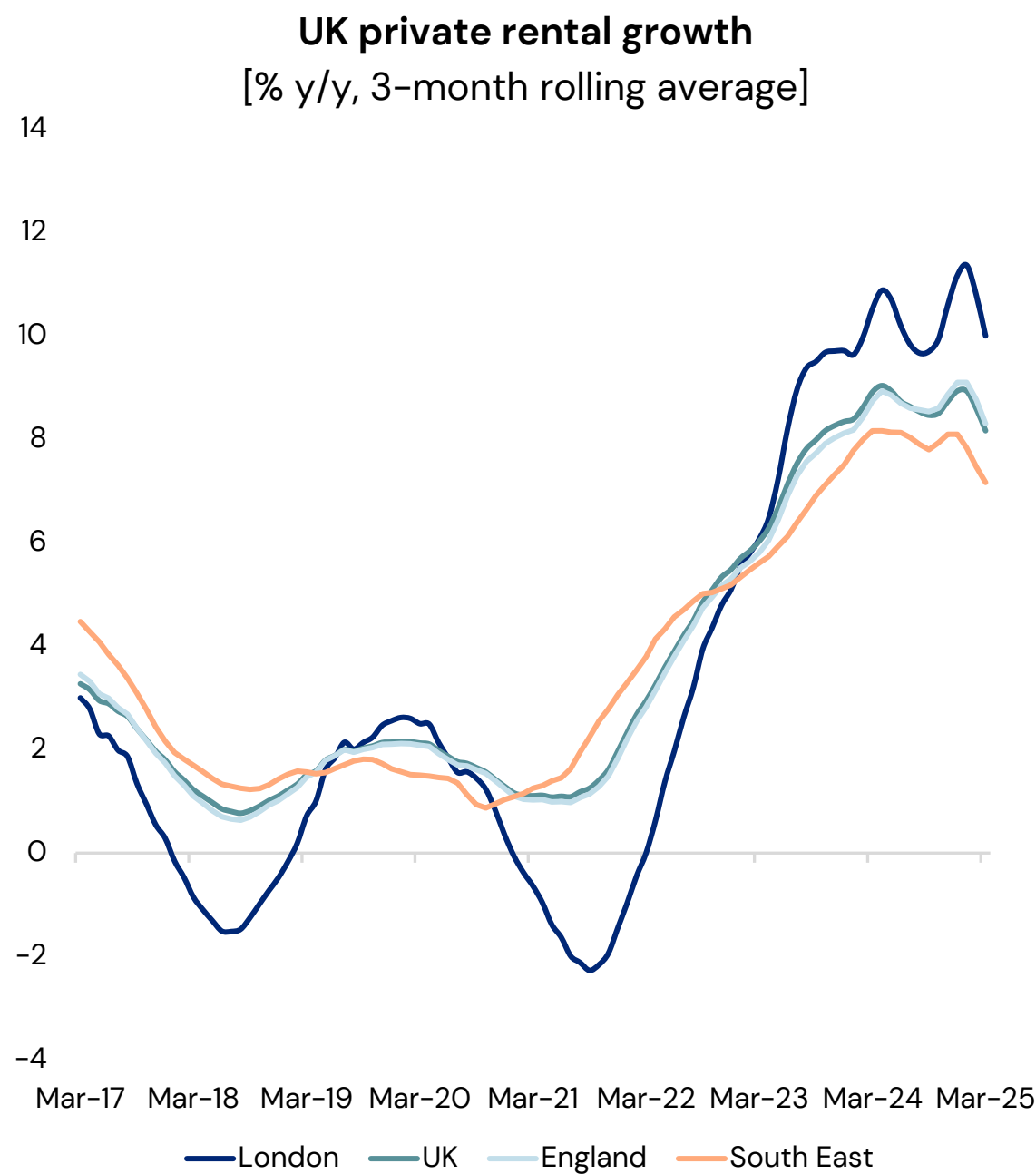


Source: LaSalle analysis of JLL data to Q1 2025.

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Residential: UK new resi rents grew 8.2% in March 2025

Spanish markets saw the strongest house price growth on average over the past 3 years

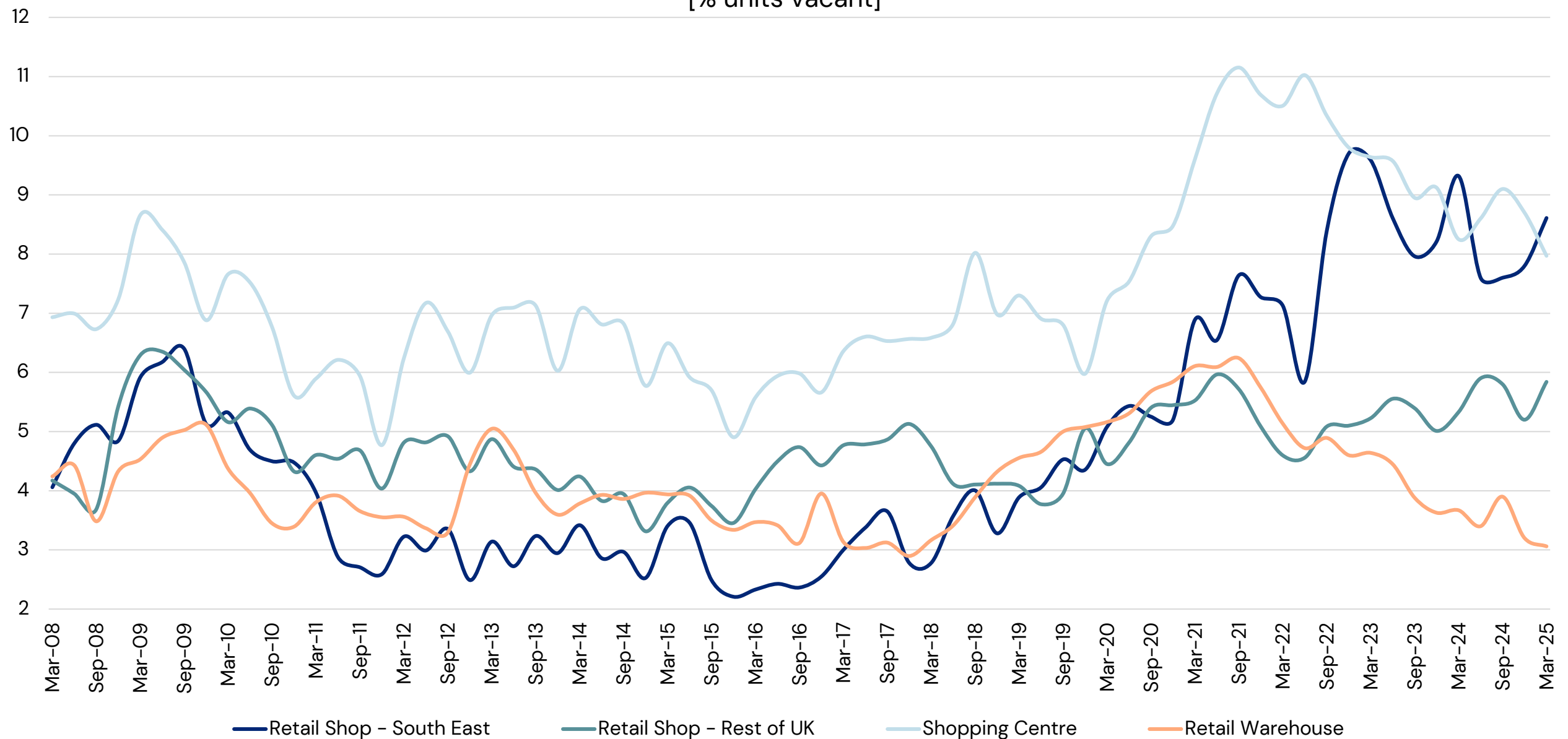


Source: LaSalle analysis of ONS data to March 2025 and Oxford Economics data to May 2025.
No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Retail: Retail park vacancy remains on a downward trend

According to PwC, the 2024 UK retail market showed signs of equilibrium with both fewer store closures and openings

UK retail vacancy rate
[% units vacant]

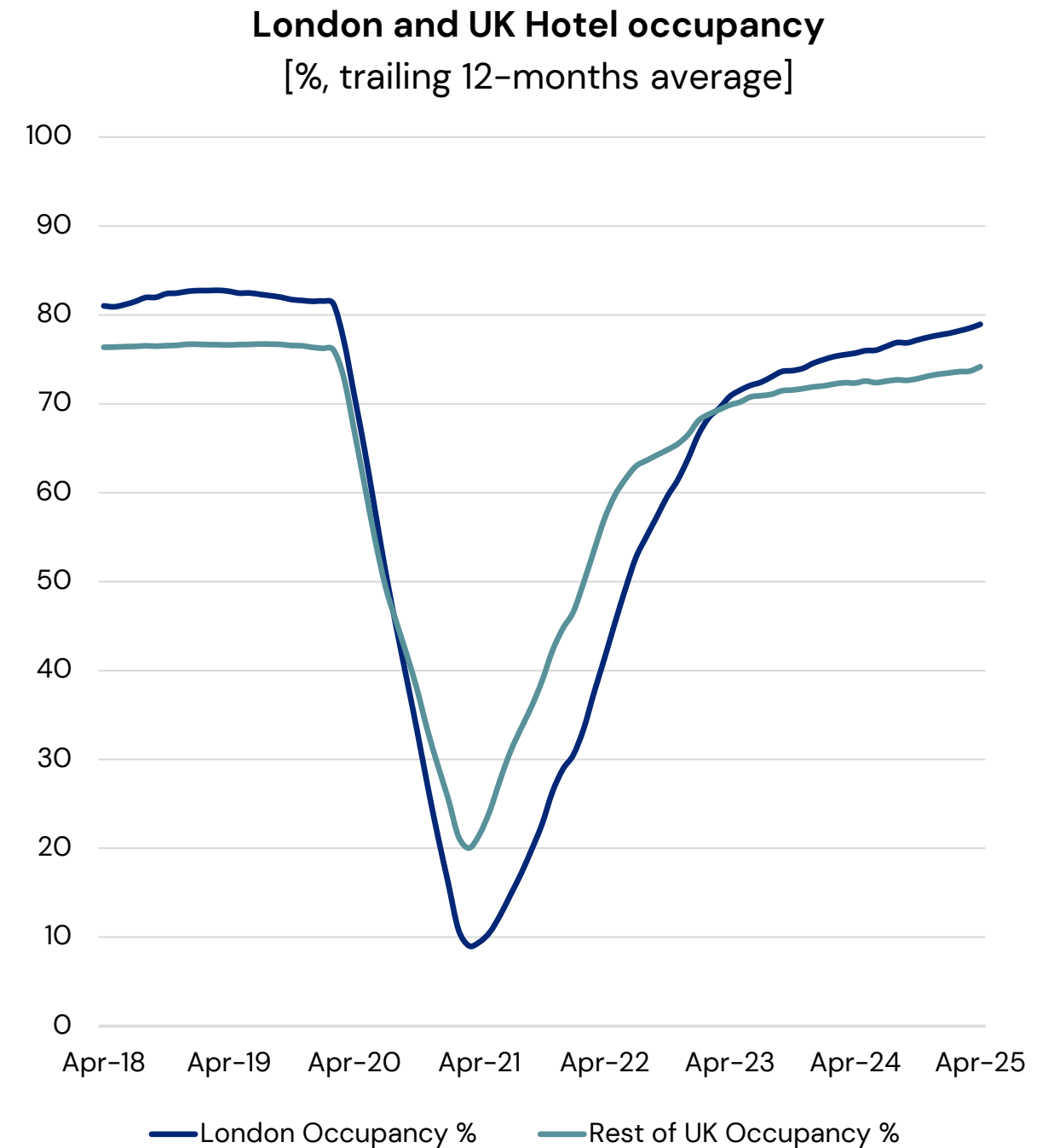
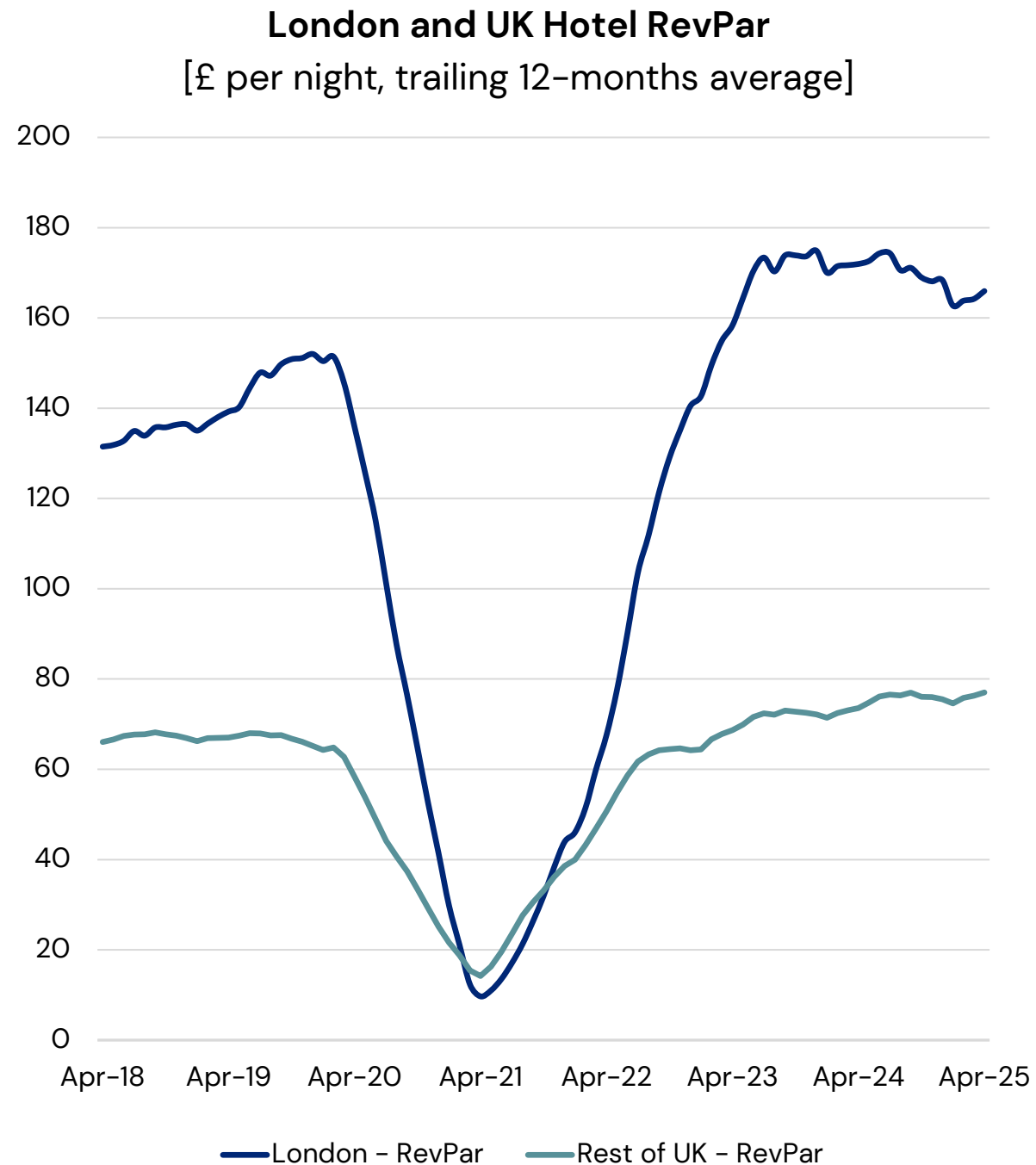


Source: LaSalle analysis of data from MSCI to Q1 2025. PwC research of Green Street data to 2024.

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Hotel: London hotel performance broadly flat in YTD

UK Hotel sector

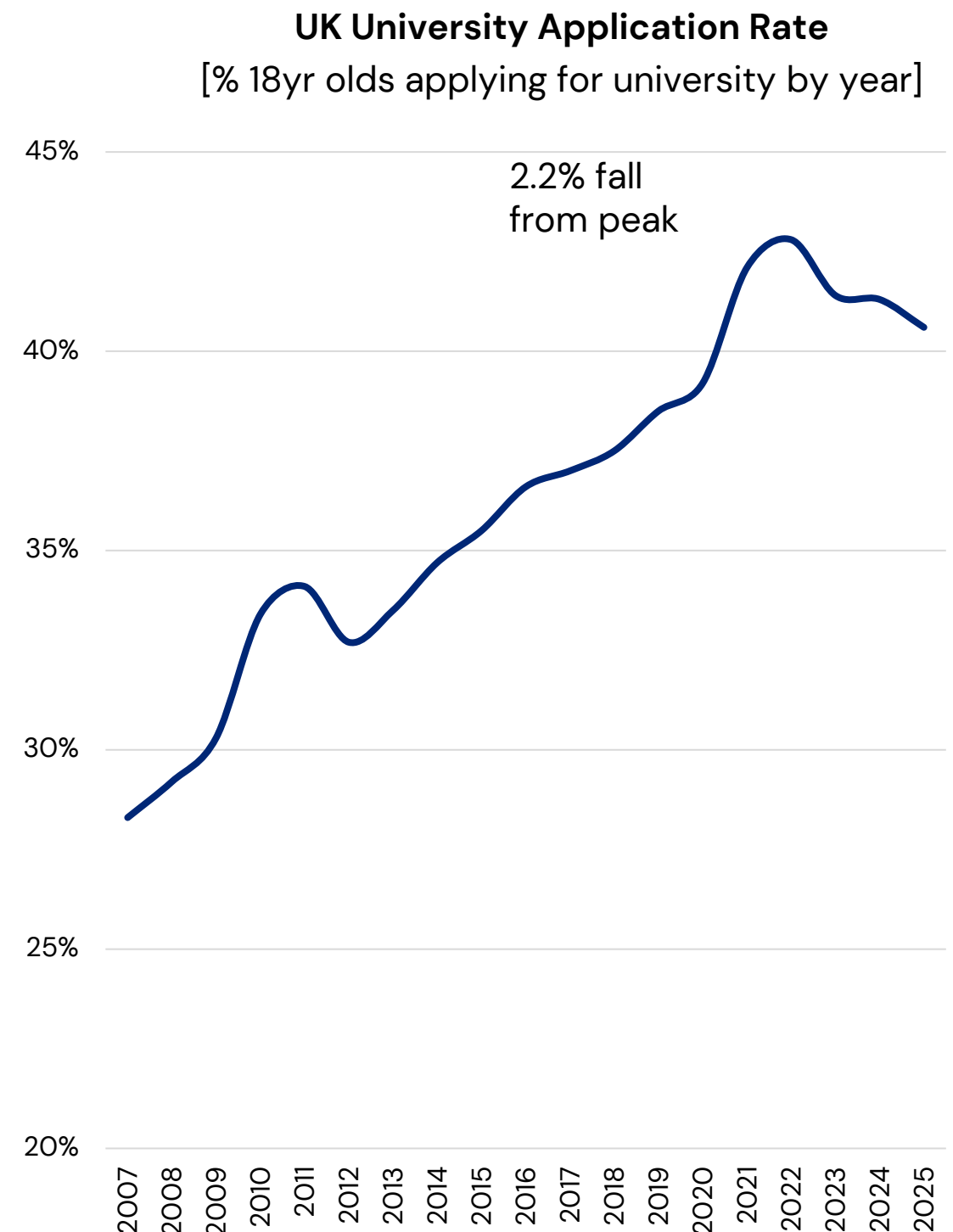
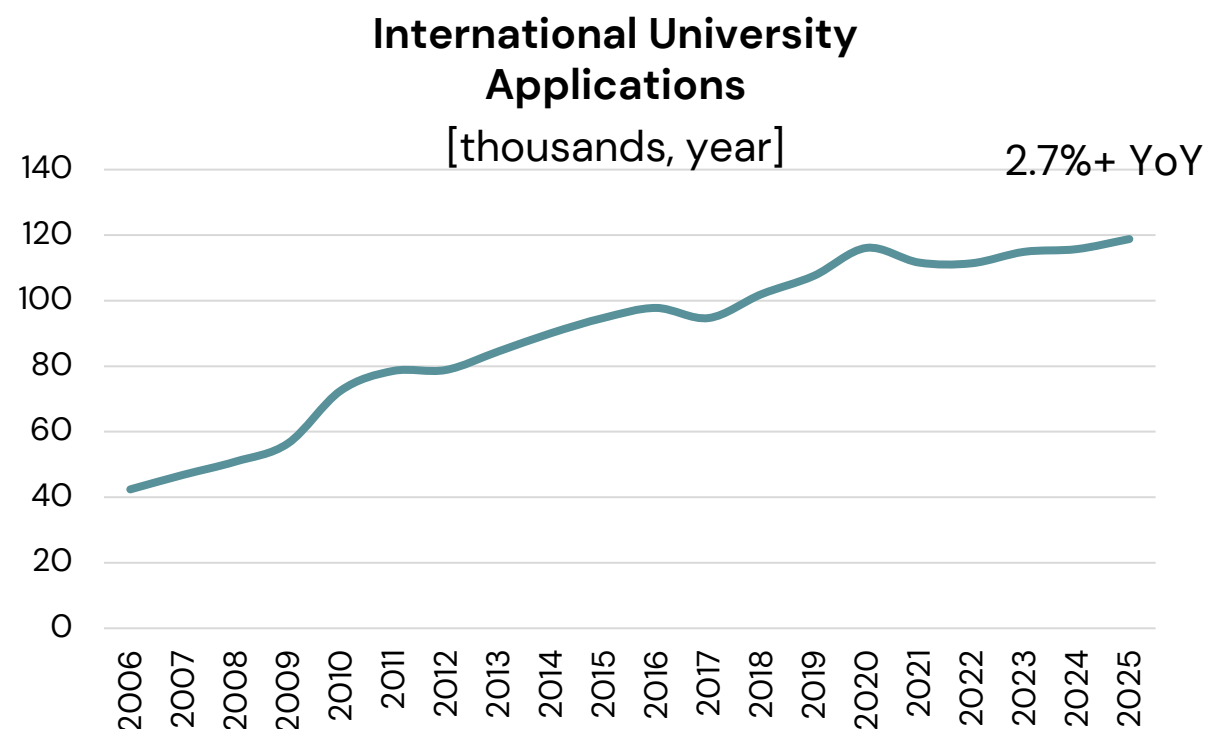
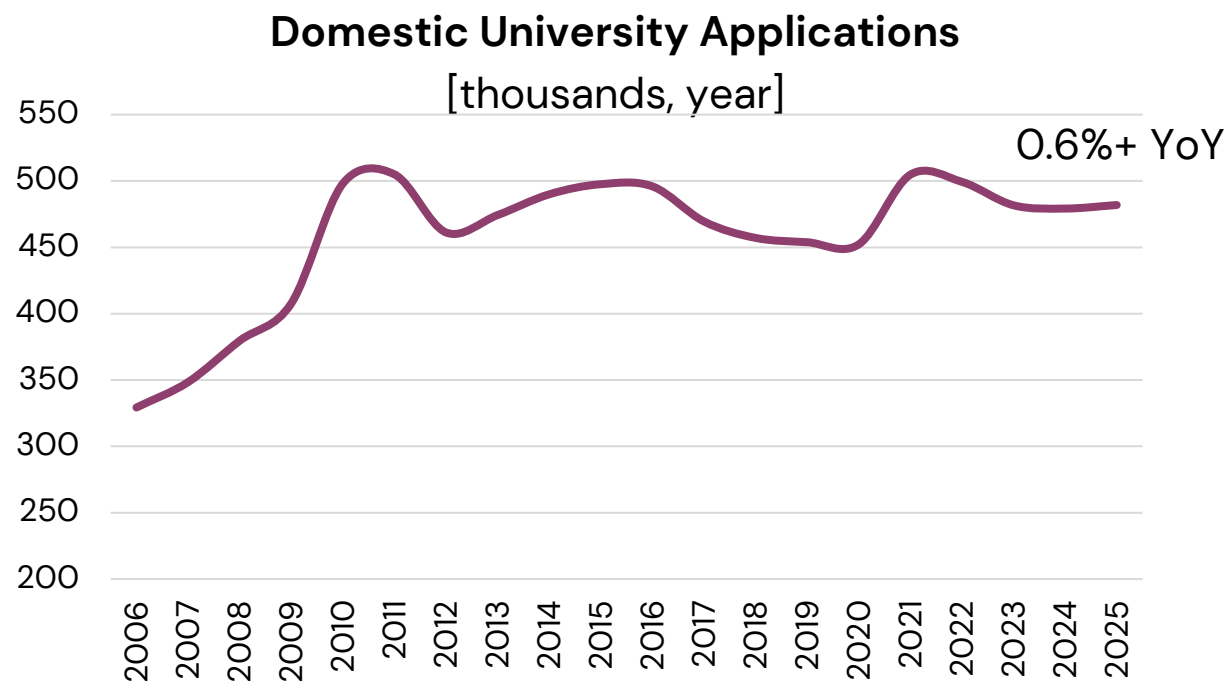


Source: LaSalle analysis of HotStats data to March 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

PBSA: UK university application data

UK universities are seeing more demand from international students although overall application rate has fallen from recent peak



Source: LaSalle analysis of UCAS data to 2025.

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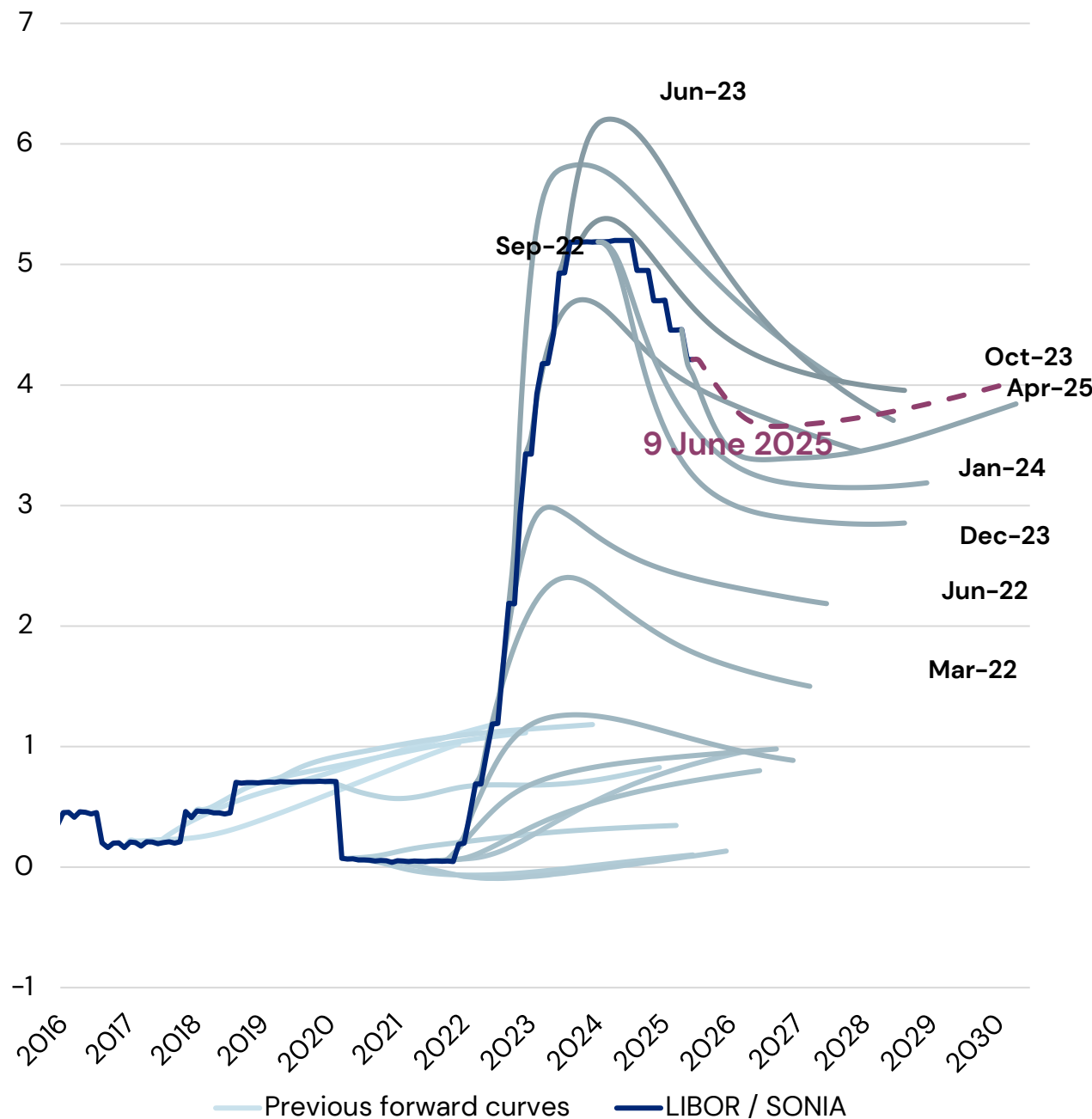
Real estate capital markets

Debt, investment volumes and market liquidity

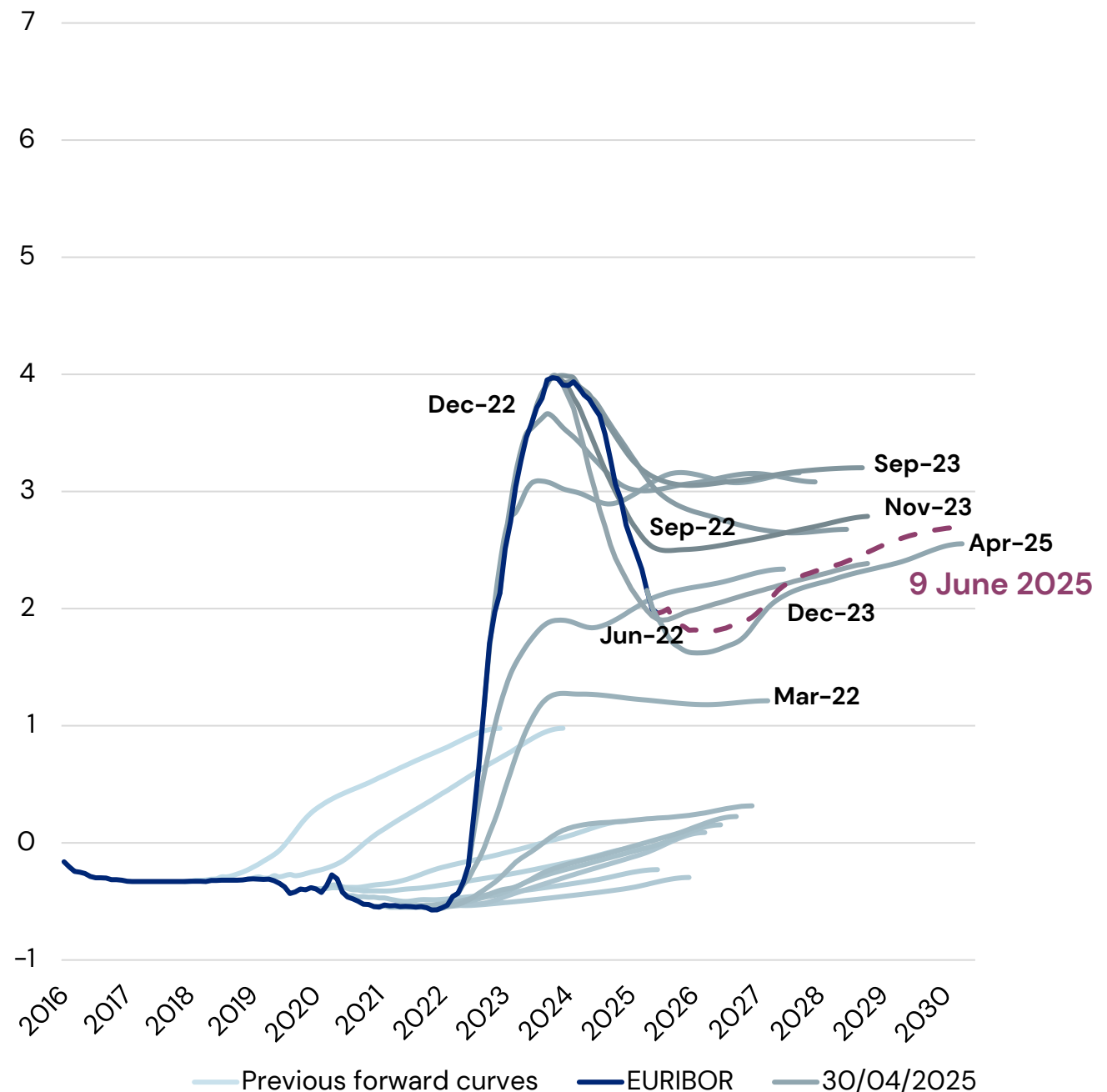
Central banks in Europe lower their policy rates

Market expectations for SONIA and EURIBOR

SONIA / LIBOR forward curve*
[%]



Euribor forward curve
[%]



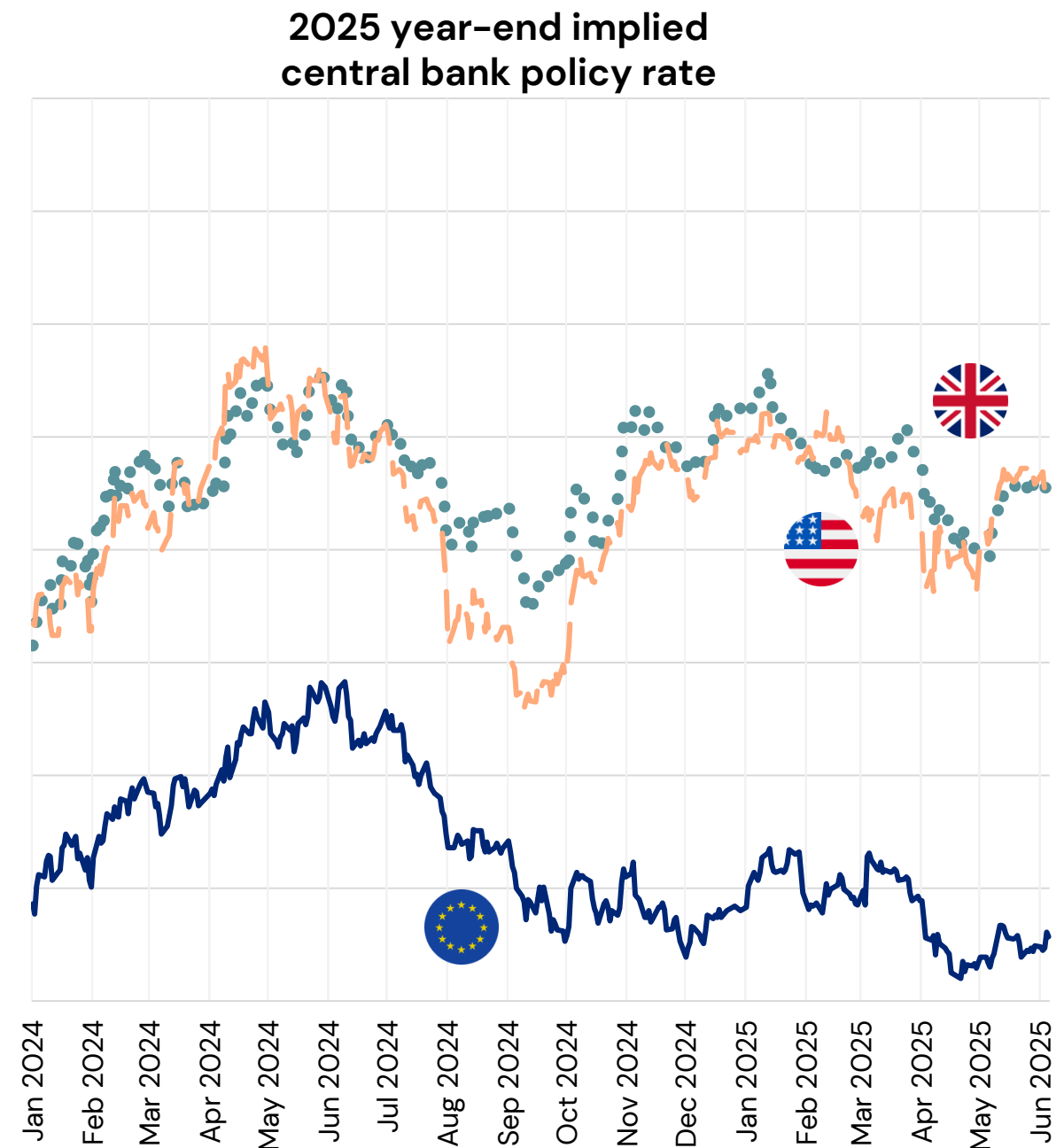
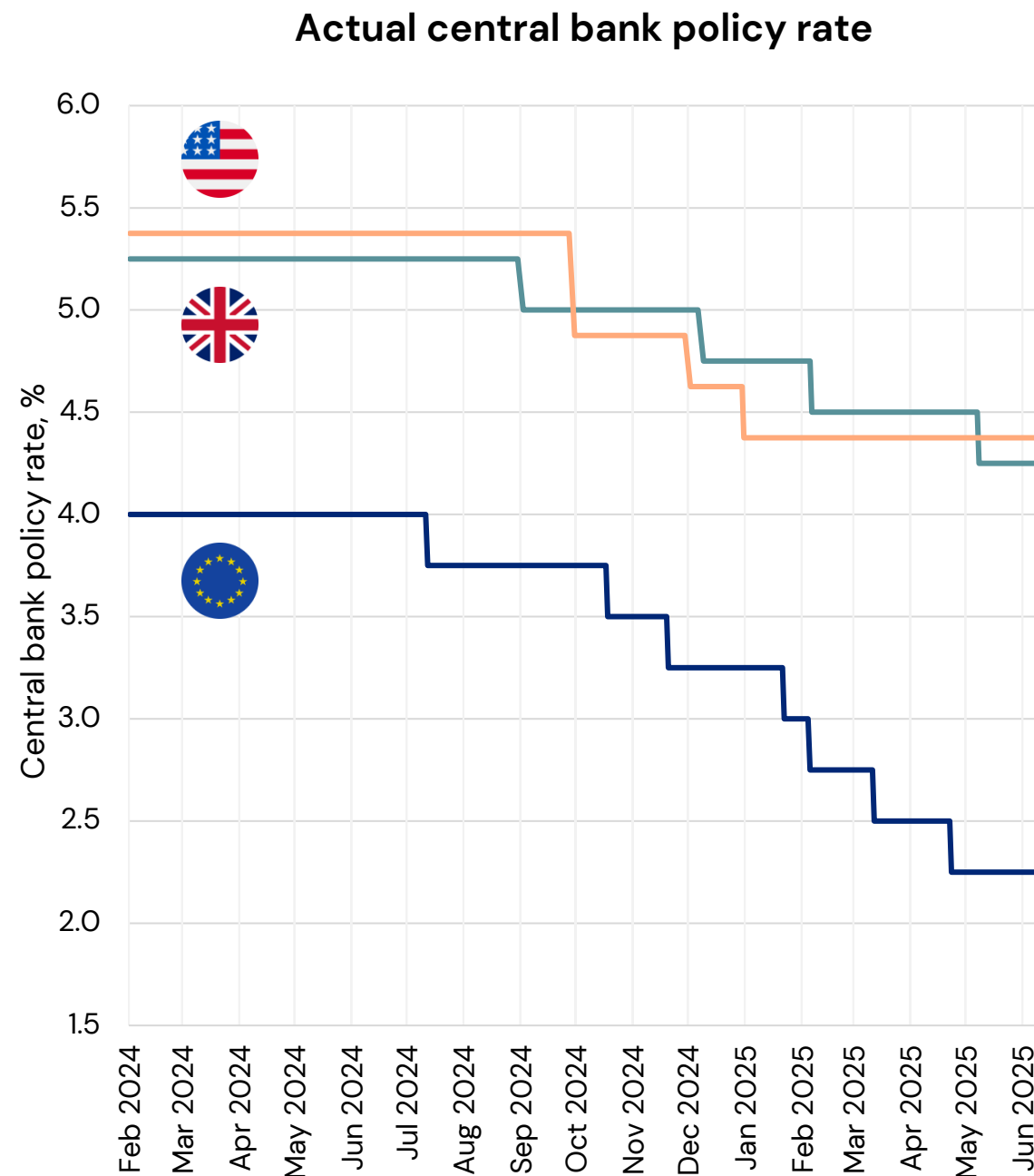
* Overnight rate

Source: LaSalle analysis of data from Refinitiv / Thomson Reuters. Data through June 9, 2025. Each expectation line is five years long and they are shown at 6-month intervals.

Note: No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty. Past performance is not indicative of future results.

European interest rates significantly below UK and US

Significantly lower base rates in the Eurozone have made debt more accretive to real estate returns

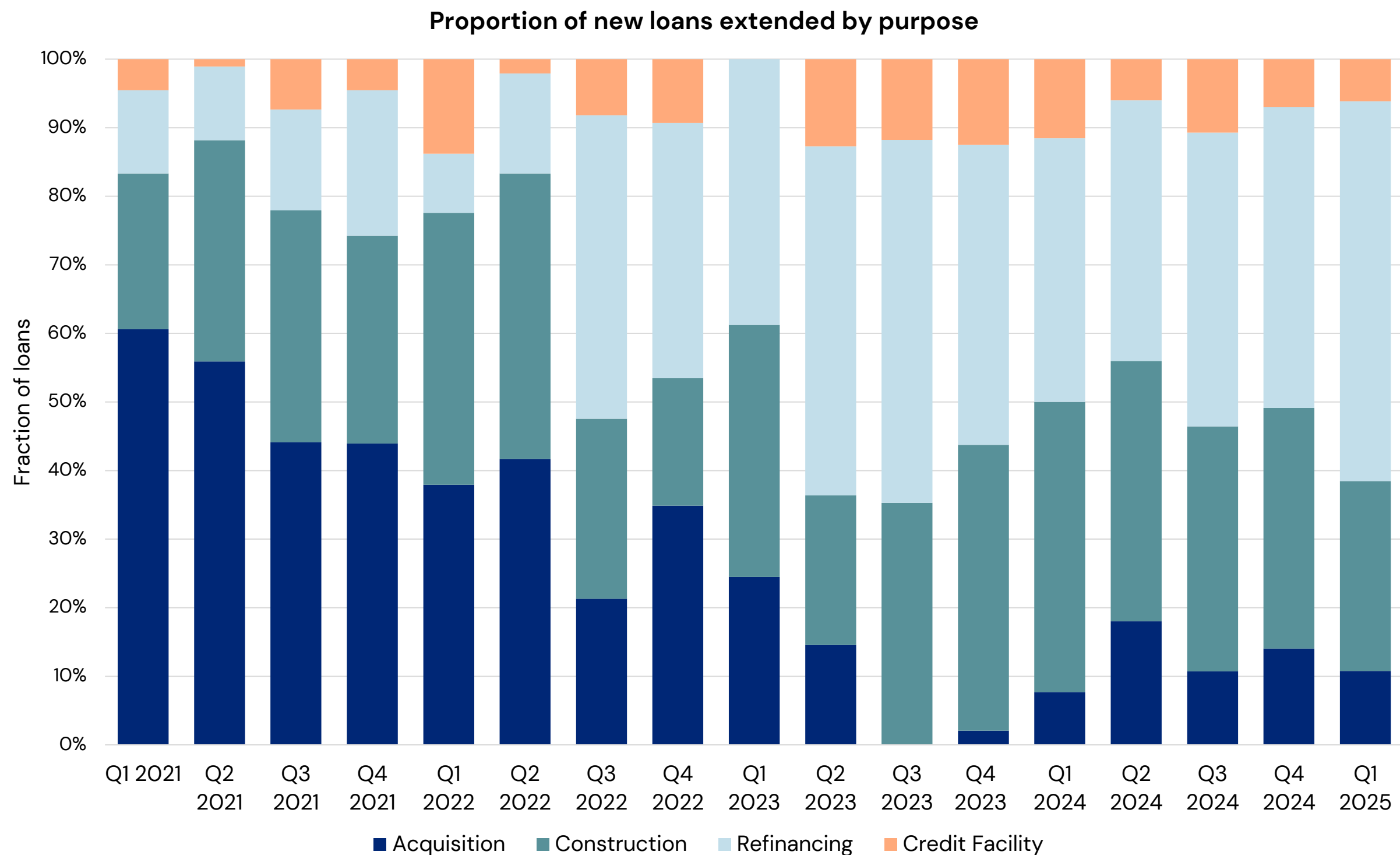


Source: Refinitiv Eikon LSEG Latest data available as of June 6, 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Acquisition financing drops back in Q1 2025

Real estate loans extended by purpose

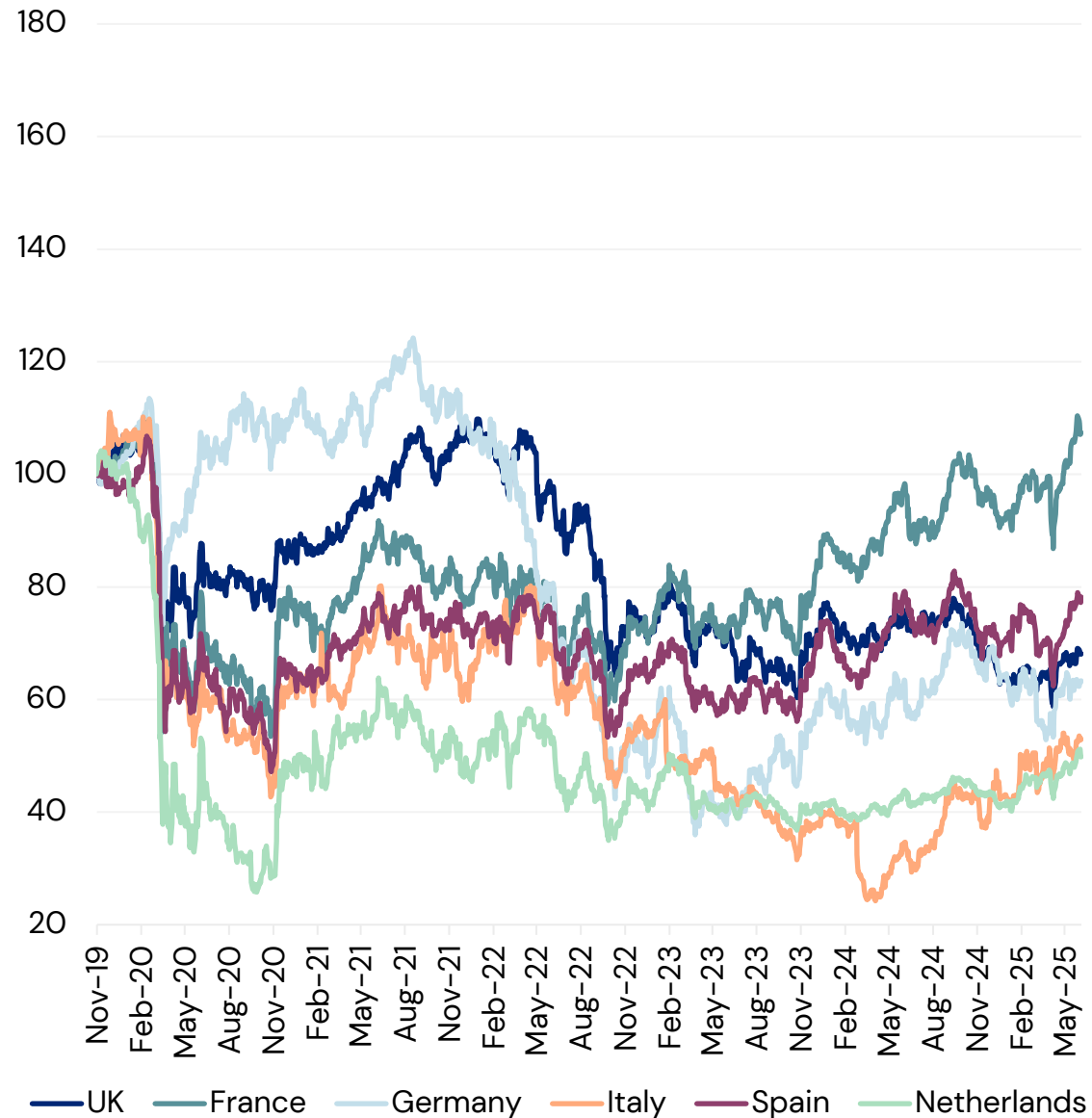


Source: LaSalle analysis of Real Estate Capital data to April 2025.
No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

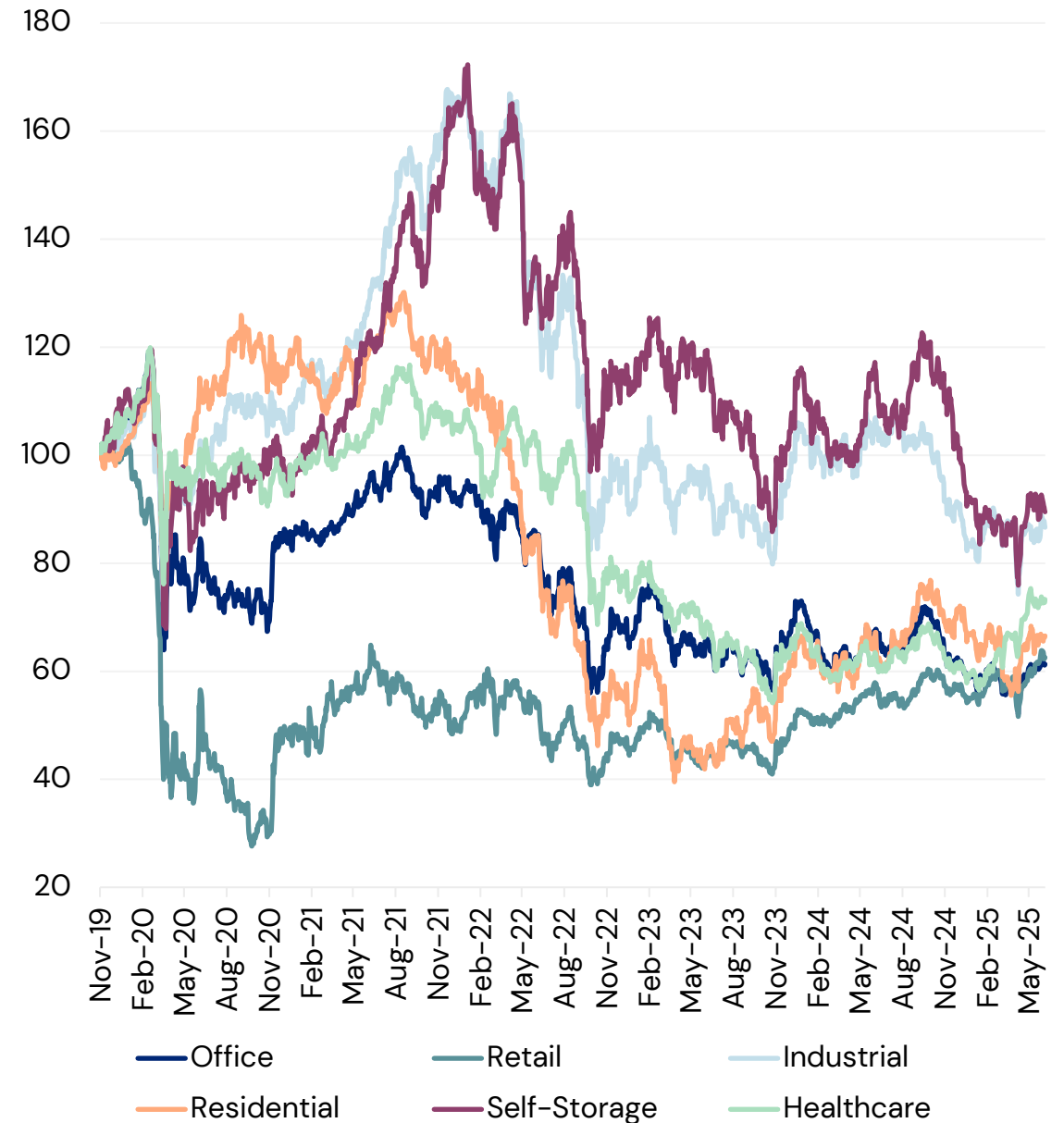
European REITs make gains in H1 2025

Retail and office REITs see larger YTD gains than all property average

European REIT prices by country
[01/11/19 = 100]



European REIT prices by sector
[01/11/19 = 100]



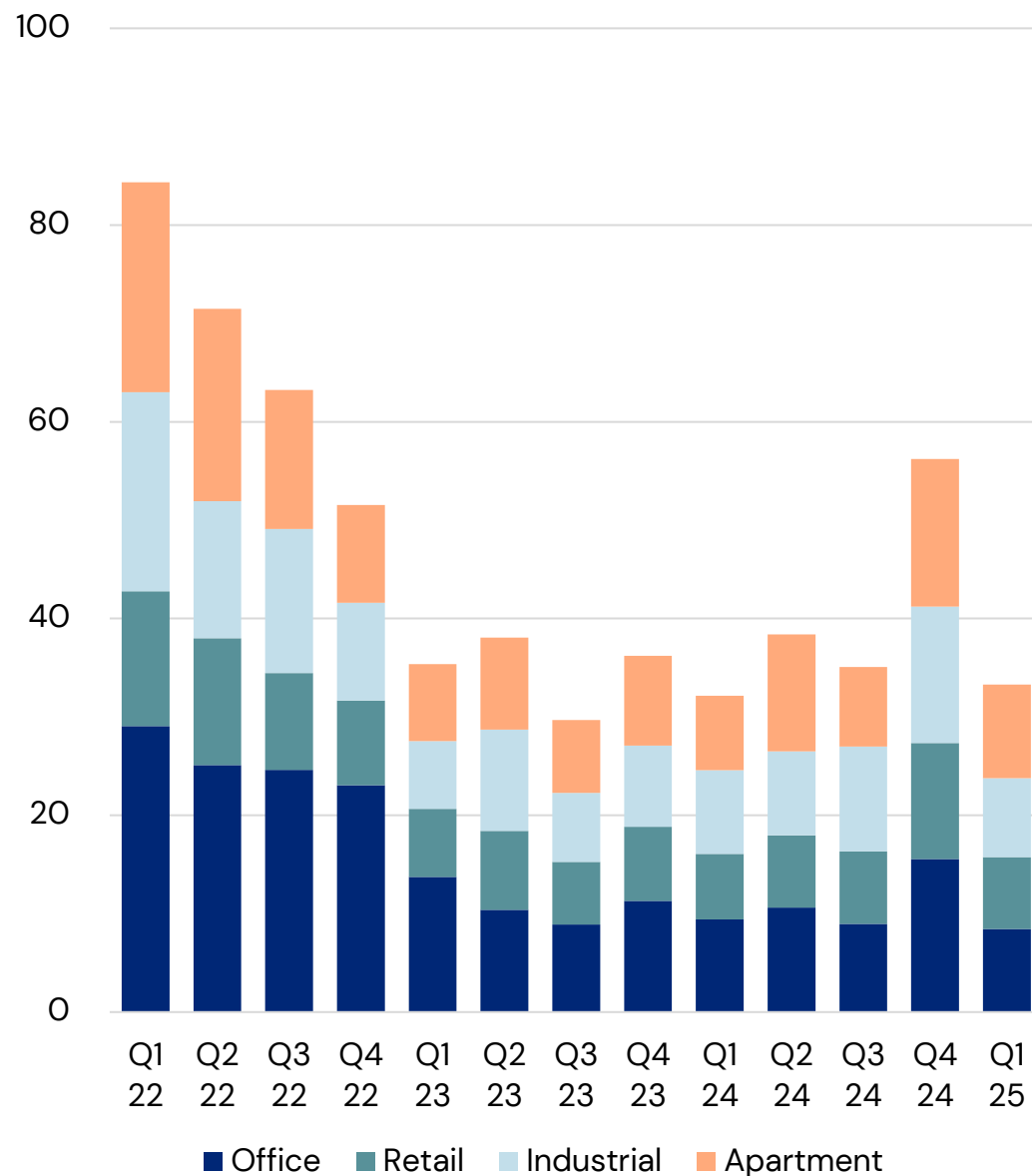
Source: LaSalle analysis of LSEG data to June 6, 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

European transaction volumes slowly recovering

Q1 2025 direct investment volumes +23% y/y with liquidity returning to hotels and residential

Direct investment volumes
[Core traditional segments, Europe;
quarterly volume, € billion]



Direct investment volumes Q1 2025 vs Q1 2024
[% y/y change]

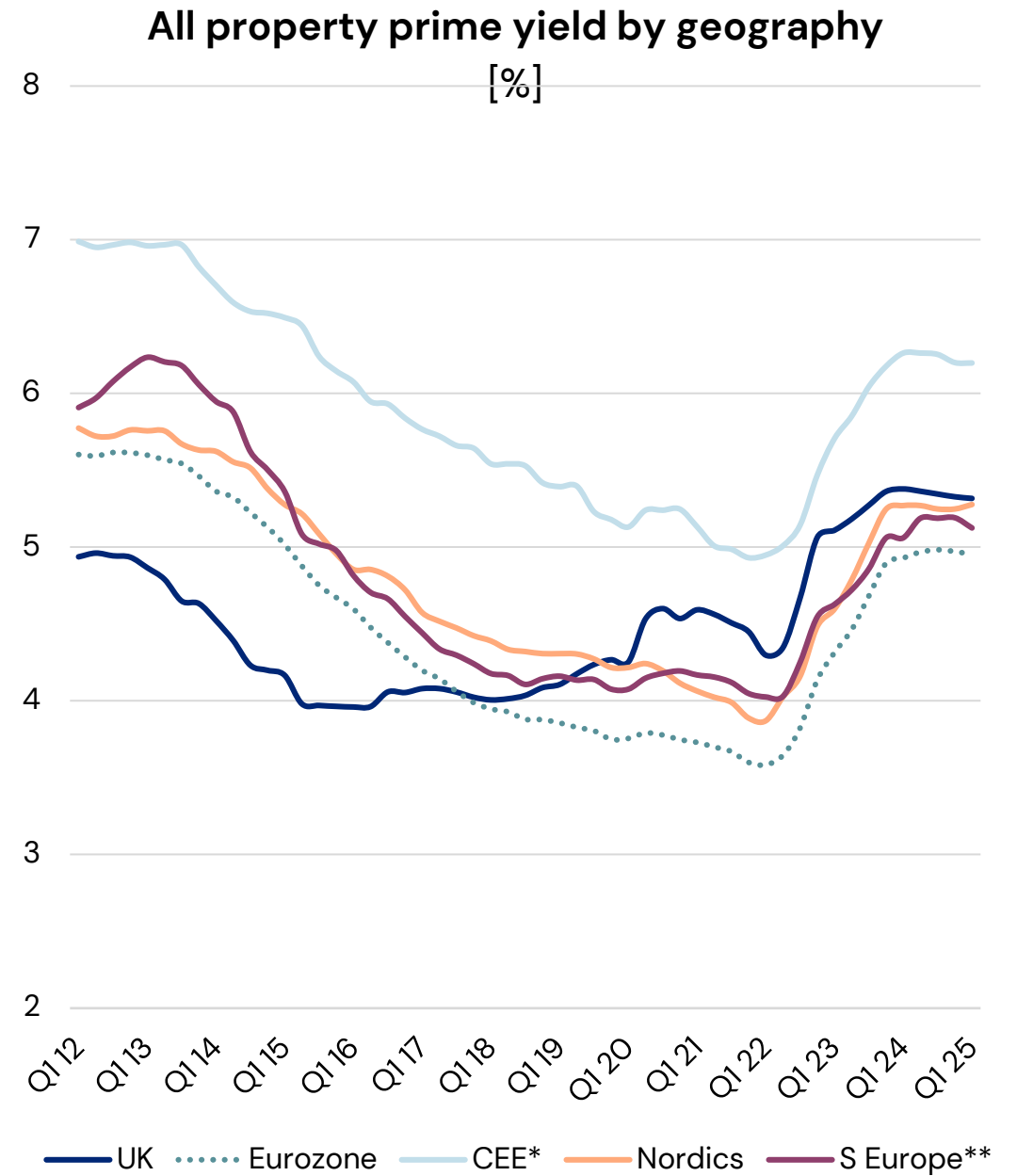
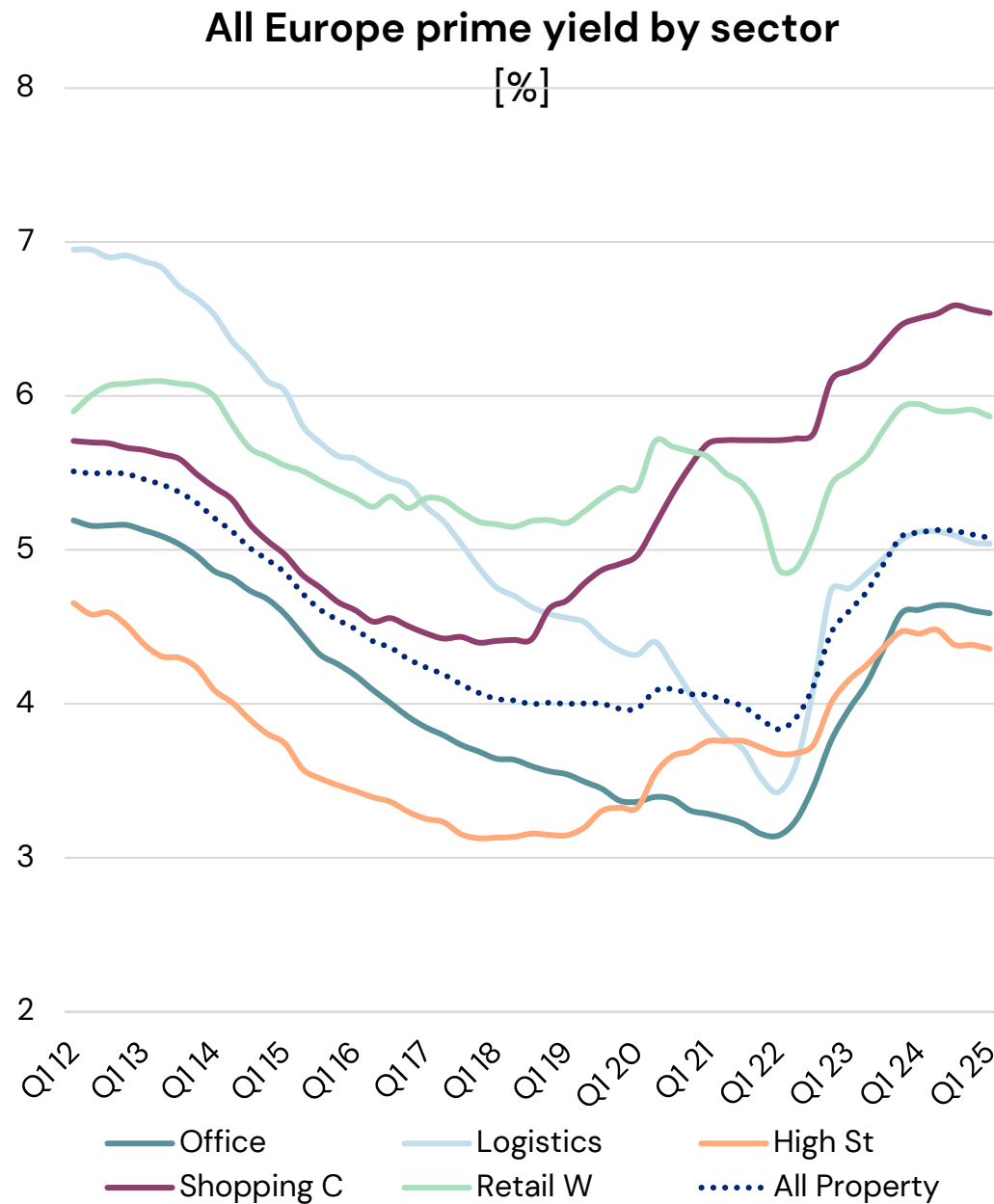
	Hotel	Residential	Logistics	Retail	Office	Total by Country
Italy	77%	62%	>100%	>100%	-17%	100%
Spain	7%	>100%	64%	50%	29%	47%
CEE*	23%	16%	>100%	-23%	>100%	44%
Germany	70%	50%	22%	8%	27%	31%
United Kingdom	61%	11%	13%	55%	17%	25%
Nordics	55%	24%	6%	16%	25%	19%
Netherlands	>100%	51%	-6%	-33%	-3%	14%
France	0%	3%	5%	-31%	-24%	-14%
Total by Sector	40%	31%	21%	19%	13%	23%

Note: Excludes construction and refinancing deals as well as transactions under €5 million. *CEE covers Czech Republic, Hungary, Poland, Romania and Russia. The final figure will likely be revised up as more data gets reported. Source: LaSalle analysis of RCA data to Q1 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

Europe prime property yields saw slight compression

The Nordics markets are still seeing some outwards shifts in yields over Q1 2025



Note: Segments are weighted by LaSalle/MSCI estimates of investable universe.

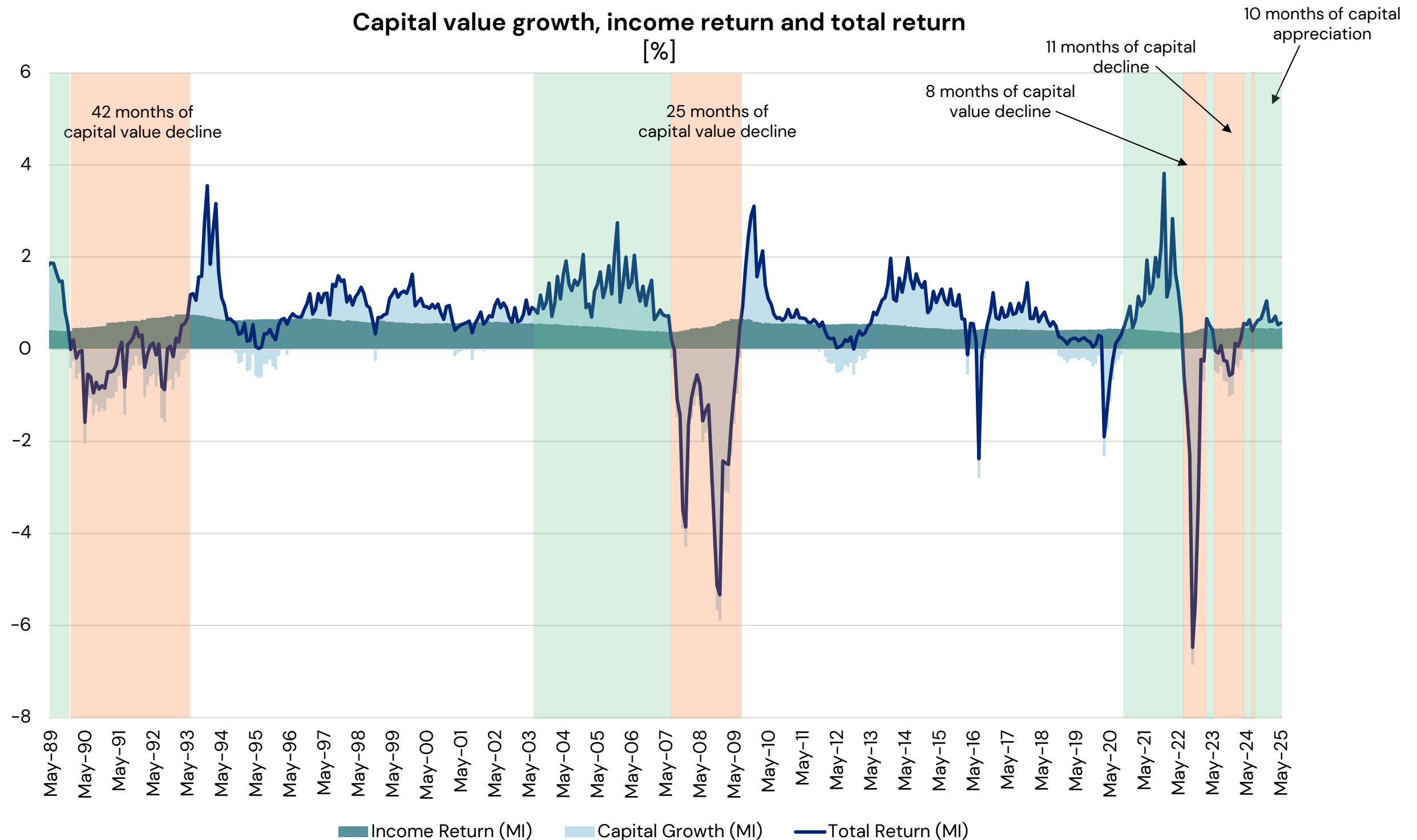
*CEE includes Czech Republic, Hungary and Poland. **South Europe includes Italy, Portugal and Spain

Source: LaSalle analysis of JLL data to Q1 2025.

No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

UK MSCI Monthly total returns over time

Marginal capital appreciation of +0.1% over May following nine months of consecutive growth

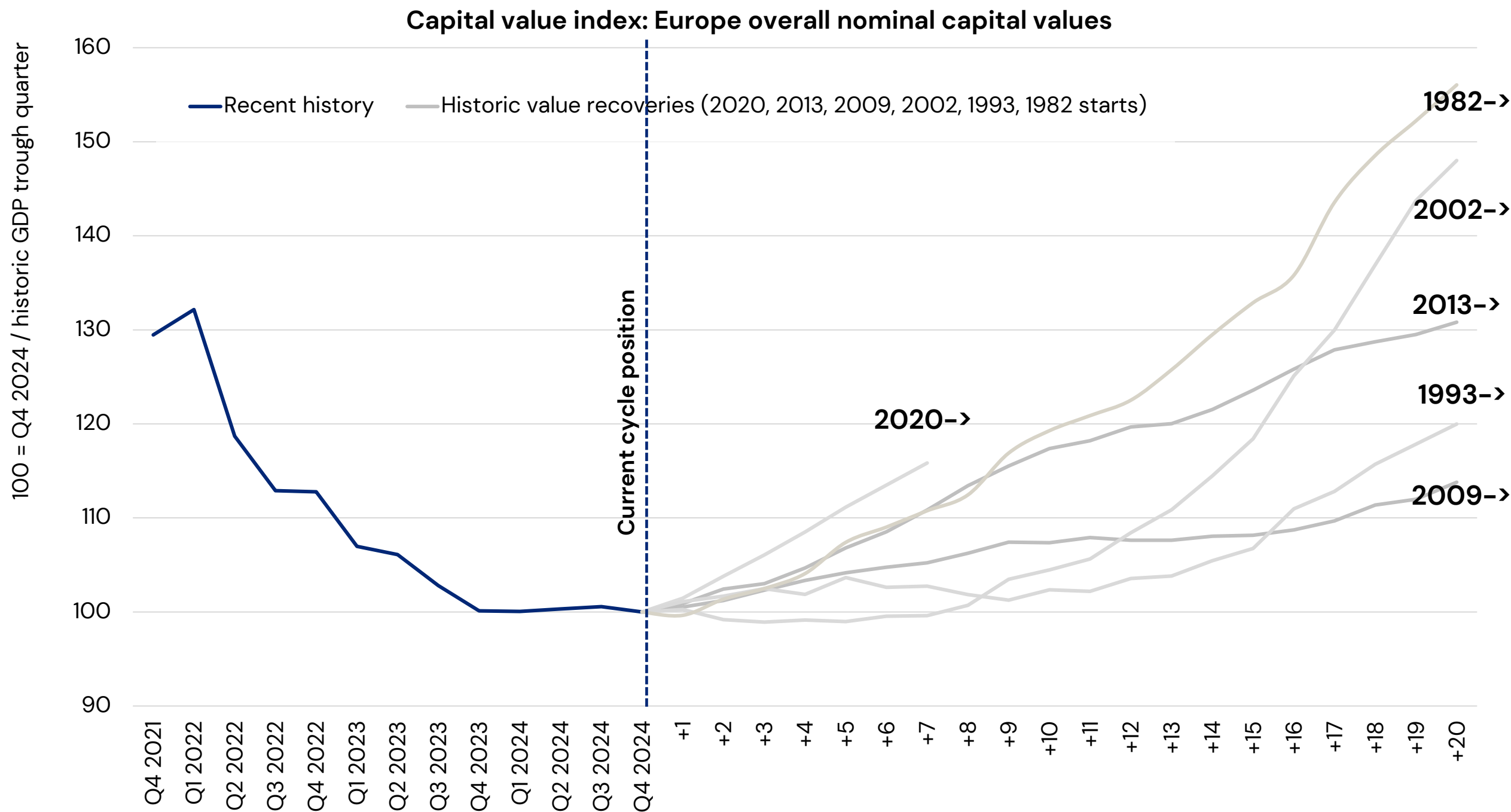


Source: LaSalle analysis of MSCI data to May 2025.

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What do past cycles imply for real estate today

Past experience shows value recoveries after corrections



Source: LaSalle analysis of Green Street and JLL data. Green Street data used where available and JLL notional data used prior to 2007. Latest available as of May 2025. No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

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