



SwissLife
Asset Managers

Swiss Life Asset Managers European Investment Market

Conviction & Outlook | October 2026

European investment markets – Key drivers



Investment activity

- **Growing Liquidity and Capital Reallocation Drive the Next Recovery Phase.** European investment activity remained resilient in H1 2026, with transaction volumes rising c. 4% YoY to EUR 105bn, supported by stronger portfolio/platform activity and larger single-asset transactions.
- Looking ahead, **refinancing pressure and capital reallocation needs**, combined with supportive lending conditions, are expected to **sustain liquidity, drive transaction activity** and support a gradual market recovery through H2 2026 and into 2027.



Who's buying?

- **Institutional capital is gradually returning**, but remains highly selective, prioritising scalable transactions, resilient income and prime, ESG-compliant assets in liquid locations.
- Private capital and value-add players remain active, particularly in **platform M&A/portfolio trades**.
- **Cross-border capital remains active in Europe**, particularly where attractive pricing is supported by compelling occupational fundamentals (sectors such as Alternative Residential, Logistics).



Pricing & yields

- Prime yields were broadly flat throughout H1 with **highly selective compression** in a few markets (e.g., Switzerland, Spain).
- **Elevated long-term interest rates continue to limit repricing potential**, with some sectors and markets experiencing further outward yield movement during H1 2026. This trend is expected to continue into H2.
- **Higher returns requirements** will increasingly depend on active asset management, operational improvements and repositioning, rather than on a passive market recovery.



Rates & financing

- **Debt liquidity remains supportive**, with strong lender appetite and competition keeping margins relatively tight across a growing range of sectors and strategies.
- The **all-in cost of debt remains the principal constraint**. Higher swap rates and elevated long-term bond yields continue to pressure leverage, bid pricing and refinancing economics.

*Transaction figures based on RCA data (07/2026).

European Investment Markets – Market Yields

European Prime Net Yields Forecast

	Office (Prime)			Retail (High Street)			Logistics (Big Box)			Residential (Multifamily)		
	H1 2025 vs. H1 2026	H1 2026	H1 2026 vs. H1 2027	H1 2025 vs. H1 2026	H1 2026	H1 2026 vs. H1 2027	H1 2025 vs. H1 2026	H1 2026	H1 2026 vs. H1 2027	H1 2025 vs. H1 2026	H1 2026	H1 2026 vs. H1 2027
Switzerland	↗	2.00 %	↗	↔	2.00 %	↔	n/a	n/a	n/a	↗	1.75 %	↗
France	↗	4.50 %	↗	↔	4.25 %	↗	↗	5.00 %	↗	↗	3.75 %	↗
Germany	↗	4.75 %	↗	↔	4.25 %	↗	↗	4.75 %	↗	↔	3.50 %	↗
Nordics	↔	4.75 %	↗	↔	4.25 %	↗	↔	5.00 %	↔	↔	4.00 %	↔
UK	↔	5.50 %	↗	↔	4.50 %	↔	↔	5.50 %	↗	↔	4.50 %	↔

(Unweighted) average numbers for the key, prime markets +/- 10 bps

Key Convictions

- **Real estate investments provide access to resilient income-growth opportunities**, supported by strong market fundamentals in prime locations, even amid ongoing geopolitical and structural challenges.
- **Success** in real estate investing **will depend on selectivity and getting results from operational value creation** as the asset class recovers.
- Looking ahead, **prime yields are expected to remain under upward pressure** across most sectors and European markets.
- **Scepticism remains for assets in sub-prime locations and of poorer quality.** Demand weakness will keep prices under pressure.
- **Expectations for yield-driven capital growth remain restricted in the long term**, making rising cash flow and thus **active asset management the key contributors for total return.**

Sources: PMA, RIWIS, Swiss Life Asset Managers

European investment markets – Sector dynamics (largest sectors)



Living

- Strong investor demand continues, with transaction volumes up 23%* year on year; structural undersupply supports sustainable long-term rental growth of 3%+ p.a.
- Living remains comparatively liquid, while higher long-term rates are increasing return requirements and putting upward pressure on yields.
- Sub-sectors like Co-Living and Serviced Apartments are maturing and attracting more institutional capital.



Logistics

- Prime assets outperform and in focus of investors; secondary assets face pricing pressure as quality gap widens.
- Occupier demand is stabilising, but the lack of large platform transactions weighed on H1 activity; volumes were down 23%* year on year.
- ESG compliance, power capacity, and building specification are critical differentiators.



Offices

- Momentum is returning to prime CBD assets, supported by the flight to quality; transaction volumes were up 5%* year on year.
- Prime CBD rents are growing by 2% to 4%, while rising vacancy outside CBDs highlights continued market polarisation.
- Non-prime opportunities remain selective, particularly as weaker liquidity and higher yields continue to weigh on values.



Retail

- Resurgence of large shopping center deals driven by defensive, inflation-linked cashflows and attractive entry yields. Overall transaction volume down by 5% y-o-y*.
- Retail parks are a standout segment, and one in which we expect continued rental growth outperformance (+ 4% rental growth y-o-y), particularly in regions where supply has tightened.

*Transaction volume per sector based on RCA data H1/2026 vs. H1/2025.

European investment markets – Key markets developments

Switzerland

- The Swiss National Bank (SNB) left its policy rate unchanged at zero percent in June 2026. Swiss Life expects the current zero-interest-rate policy to remain in place over the coming quarters, with potential policy rate increases likely to return to the SNB's agenda in 2028. Swiss franc swap rates are expected to remain broadly stable throughout 2026 and 2027.
- In the first half of 2026, Swiss real estate vehicles raised c. CHF 3.4bn (H1 2025: CHF 4.0bn) in new capital, with a noticeable shift in composition: real estate funds accounted for the majority of new capital raised, whereas foundations were significantly less active than in the previous year. Swiss Life successfully launched its new listed commercial real estate fund, Swiss Life REF (CH) ESG Diversified Commercial Switzerland, raising CHF 500m in capital. Trading on SIX Exchange commenced on 1 April, with an agio in the range of 3-7%.
- The low-interest-rate environment and strong capital raising momentum continue to drive transaction activity in 2026. Residential real estate remains the most sought-after segment, with investors increasingly targeting B- and C-tier locations to achieve higher yields while facing less regulatory pressure.
- Although sustained price appreciation in the Swiss residential sector continues to compress yields, Swiss residential real estate still offers a competitive yield spread relative to the risk-free rate. For retail and office, demand remains very dependent on location quality and a visible, resilient cash flow.

Germany

- German investment market activity showed early signs of recovery in H1 2026 (+ 5-13% acc. to BNP/CBRE) following a largely flat 2025. Residential remained the largest asset class (c. 25%), followed by Offices, Logistics and Retail. Prime net initial yields moved moderately outward during Q2 2026 following the increase in swap rates (multifamily c. 3.5%, retail c. 4.0%, and prime office and logistics c. 4.75%).
- Liquidity at the individual asset level remains constrained by elevated deal supply. This is driven by continued redemption pressure on open-ended funds, portfolio re-allocation requirements among insurance investors and growing refinancing needs as historically low-cost debt facilities mature.
- These dynamics are creating an attractive opportunity set for well-capitalised investors through larger-ticket acquisitions (like prime office "Dreischeibenhaus" club deal, c. EUR 200m) and platform-led investment strategies (like Aware Super's push for Student Housing of c. EUR 1bn).

France

- Following a strong recovery in 2025, French investment activity slowed in H1 2026 amid heightened geopolitical uncertainty and rising financing costs (-11% compared to H1 2025 acc. to RCA), reflecting yield uncertainties.
- Investor focus remains on centrally located assets (like Pontegadea's EUR 850m acquisition of "Captital 8"), with capital continuing to target Paris CBD offices (prime yield c. 4.50%), prime retail assets (c. 4.25%) and logistics platforms (c. 5.0%).
- Looking ahead, French investment activity is expected to recover gradually through 2026–2027, supported by growing cross-border capital flows and an increasing pipeline of larger transactions (like the merger of Logistics REITS Argan and WDP), although political uncertainty is likely to temper the pace of recovery relative to some Southern European markets.

Disclaimer

This document was created by a legal entity of the Swiss Life Asset Managers business division (hereinafter "Swiss Life Asset Managers"). This document is intended solely for marketing and informational purposes.

This document has not been submitted to or approved by any supervisory authority (including the CSSF, the Federal Financial Supervisory Authority, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution, and the Swiss Financial Market Supervisory Authority FINMA). No regulatory authority has confirmed the accuracy or appropriateness of the information contained in this document. Each recipient of this document must seek internal and/or external advice, including from a financial, legal, tax, or investment advisor or other specialist, to verify whether a potential investment meets their objectives and legal and tax requirements.

Swiss Life Asset Managers has made all reasonable efforts to ensure that the facts stated in this document are true and correct in all material respects and that there are no other material facts whose omission would lead to a misleading statement in this document. Some of the information contained in this document originates from published sources created by other parties. Neither Swiss Life nor the Swiss Life Group or any other person (including any of the directors of the aforementioned companies, their employees, agents, and/or shareholders) assumes any responsibility for the accuracy or completeness of this information. No express or implied representation, warranty, or assurance is made to the recipients of this document regarding the accuracy or completeness or otherwise of this document or the appropriateness of any assumption contained herein.

This document may contain "forward-looking statements" which express our assessment and expectations at a certain point in time. Various risks, uncertainties, and other influencing factors may cause actual developments and results to differ significantly from our expectations.

"Swiss Life Asset Managers" is the brand name for the asset management activities of the Swiss Life Group. More information at www.swisslife-am.com.

All rights reserved.

*We enable people to lead
a financially self-determined life.*