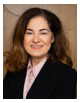
Platform depth will define real estate capital opportunities in Europe



Sasha Silver, Head of Global Client Group

European real estate capital markets are entering a new phase. After a prolonged period of price discovery, we are now seeing a shift toward selective, conviction-led deployment. This next stage should be understood not as a one-off adjustment, but as a phased, predictable and investable transition that will require capital over multiple years.

In our conversations with global investors, the shift is clear. Capital remains available, but it is far more discerning. The focus has moved decisively toward durable income, asset-level resilience and value creation, and demonstrable execution capability at the platform level. In that context, local sourcing and asset management teams are central to robust business planning and delivery for clients. Sustainability is also now integrated into underwriting, with Sustainability upgrades seen as drivers of liquidity, credit quality, and transition execution, rather than compliance.

This tighter alignment between value creation, capital allocation and income security is reshaping how opportunities are assessed and where capital ultimately flows.

A more selective market takes shape

Repricing, higher financing costs and more polarised liquidity are creating a more uneven market. From our perspective, conviction in capital allocation today is anchored in three factors.

First, income resilience – particularly in essential, convenience-led segments where tenant demand remains structurally supported. Second, visibility on future capex, given the reality of ongoing and often elevated investment requirements. And third, specialist execution, especially where asset management complexity is high.

Ensuring assets are future-proof and value is preserved has also become a powerful filter for capital. Assets without credible transition plans are already seeing reduced liquidity and widening pricing gaps relative to future-proofed stock. This dynamic is already visible across European markets.

All of this reinforces a simple point: this is no longer a market where passive ownership reliably delivers risk-adjusted returns. It is one that increasingly rewards platforms with genuine operational depth and the ability to manage through complexity.

Blurring sector lines, new opportunities

At the same time, the opportunity set is evolving. Real estate platforms with specialist expertise across retail, logistics and urban mixed-use can pursue a wider range of investment opportunities. This enables more targeted responses to occupier demand and to the specific needs of urban catchments and communities.

What is emerging is a more connected real estate ecosystem, particularly in dense, convenience-led locations. Retail parks, for example, are evolving beyond pure retail to integrate services, accessibility and elements of fulfilment, reflecting changes in how people shop and move through urban areas.

Logistics exposure is also being built more selectively and strategically, with a focus on positioning across the supply chain. Our acquisition of the specialist logistics platform Roebuck reflects this approach, adding capability in a way that complements our broader urban and retail platform and extends our logistics exposure.

Real estate debt is another area of growing importance. Financing solutions are also becoming more adaptive for sponsors to execute intensive refurbishment and redevelopment opportunities. Credit can provide a more defensive position for capital to participate. A successful transitional credit strategy that delivers for both clients and sponsors depends on deep platform expertise, including the ability to resposition assets to meet both climate transition needs and occupier demand.

Taken together, these developments point to an industry where specialists with platform depth across connected strategies will attract capital to deliver solutions-based real estate.

Platform depth defines opportunity set and client delivery

In this environment, platform depth has become a defining source of competitive advantage for investors seeking durable, risk-adjusted income and value creation opportunities at the asset level.

It starts with cross-sector insight. The ability to connect perspectives across retail, logistics, mixed-use and debt allows us to identify where real demand is forming, particularly in markets shaped by leasing polarisation and changing consumer behaviour.

It also requires local execution. Even in traditional sectors, the ability for a manager to deliver the operational component of real estate and drive income through asset management is a key driver for attracting capital.

As performance diverges at a granular level, micro-location matters more than ever to capital deployment outcomes. Platforms with strong on-the-ground teams are better placed to distinguish true value from headline repricing and to act on it.

The availability of debt increasingly determines both the pace and feasibility of capex-heavy investment strategies, from new products to repositioning and asset-level improvement programmes.

The scale of the sustainability transition requires a deep pool of both equity and debt providers. Platforms with sector breadth and depth of expertise have greater flexibility in sourcing and structuring capital across the capital stack.

Outlook: income and value creation today, optionality tomorrow

Looking ahead, the next phase of the cycle will be selective by nature. Performance will be driven by conviction, execution and the ability to identify targeted opportunities.

For investors, that means combining three elements: resilient income and value creation supported by strong tenant ecosystems; deep local execution capability; and optionality – created through sector convergence, multi-product strategies and access to both equity and debt over time.

Our role is increasingly to help clients navigate this selectivity, identifying where conviction is justified and where discipline matters most.

As European markets continue to diverge by geography, sector and asset quality, performance will depend even more on platform depth, cross-sector intelligence and capital stack flexibility. In a more differentiated market, the ability to connect assets, occupiers and capital efficiently will be what sets leading managers apart.

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