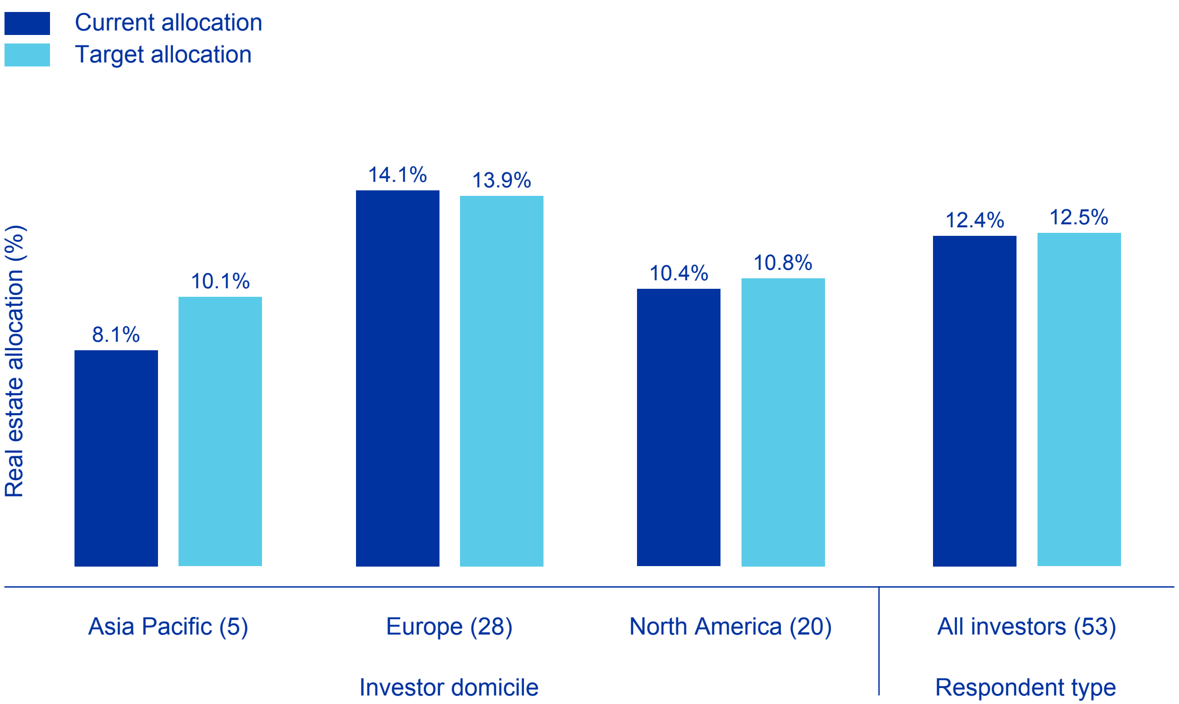
European investors slightly overallocated to real estate in 2026

- European investors are slightly overallocated, while Asian Pacific and North American investors remain underallocated, on average
- Residential stays as the most preferred sector globally and in Europe
- Spain remains firmly established in Europe's top three, while investor preference for Denmark and Ireland grows

Figure 1: Current and target allocations to real estate (weighted by total AUM)*



** Number of respondents in parentheses*

Allocations to real estate align closely with target levels globally, according to the 2026 Investment Intentions Survey – published today by INREV, ANREV, and PREA. The average current allocation to real estate globally stands at 12.4%, just below the average target of 12.5%.

European investors allocations, which were on target last year, now show current allocation as 20 bps higher than their average target of 13.9%. North American investors are still underallocated to real estate, with their current allocation at 10.4%, some 40 bps below their average target. Asian Pacific investors remain structurally underallocated by 200 bps.

While average allocations are informative, it is important to highlight that every investor is different and there is significant cross-sectional variation in the use of real estate among institutional investors, especially amongst European investors.

Regardless of investors' home regions, the most important issues affecting real estate investments are interest rates, active asset management of existing portfolios, and geopolitical risk. Interest rates are cited by 84% of investors globally as the most significant factor influencing investment plans. Active asset management is the second most important factor with 82% overall, reflective of the importance of asset selection in this cycle.

Focusing on Europe, the United Kingdom, Germany, and Spain have remained the top three preferred destinations, followed by Denmark. 2026 marks the first time since the survey's inception that Ireland has entered the top ten list, in seventh place. Europe continues to dominate global destination preferences, accounting for seven of the top ten preferred countries globally.

Residential remains firmly the most preferred sector, with 85%. Industrial/logistics stayed in second place, although preference has softened. At 56%, offices and development rose in the rankings to a joint third place, replacing student housing.

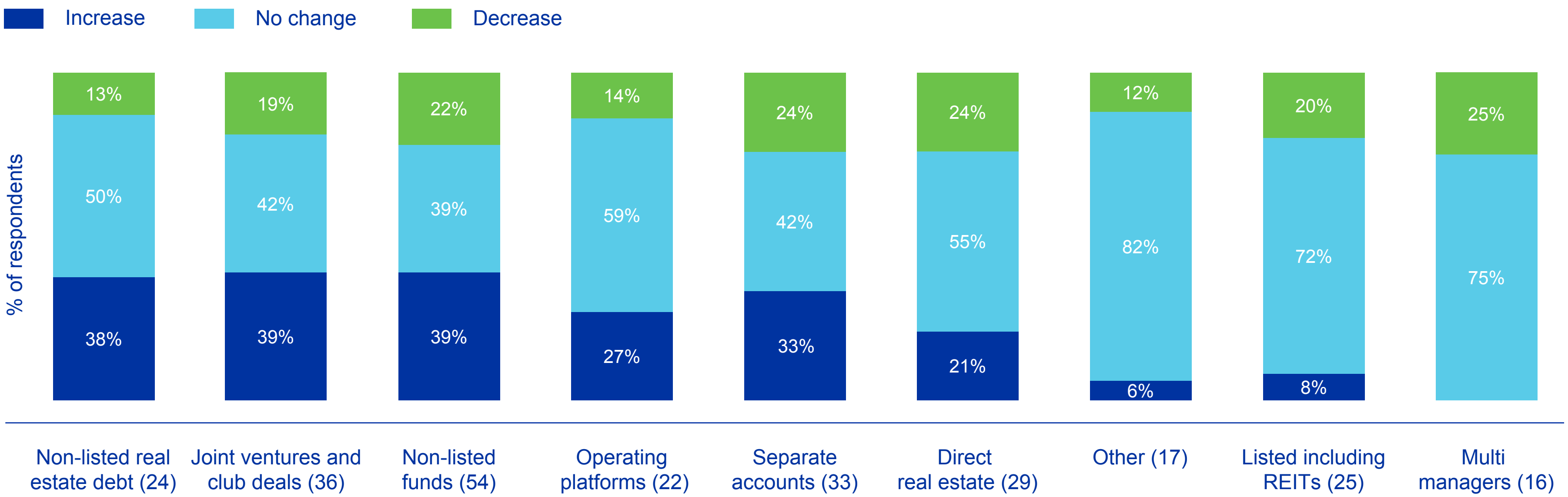
Asian Pacific and North American investors maintain core exposure at home but favour high risk strategies, particularly value added, when investing in Europe. Last year's Investment Intentions report noted that European investors' appetite for high risk strategies had softened and was unlikely to rebound in the near term. The latest results are consistent with that assessment, with preference for high risk strategies declining to 45% this year.

Real estate debt funds feature as the most favoured investment vehicle for the European real estate market, followed by JVs and club deals, non-listed funds, operating platforms, and separate accounts.

Almost all categories reported a net positive interest among investors worldwide. The drivers behind this optimism differ depending on the vehicle type, but the underlying reason is the same: an increase in the appeal of the European real estate market.

For further details, contact research@inrev.org. The full report is available for members at inrev.org/research.

Figure 2: Expected changes to real estate allocations in Europe over the next two years (unweighted)*



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