

- REAL ESTATE IN THE REAL ECONOMY -

2026



Supporting affordable housing, sustainability, jobs and growth

Real estate, as a general term, describes the built environment, which plays a vital role in every aspect of the European society, environment and economy. Businesses and society cannot function without the services of commercial property, including the provision of a wide range of housing solutions, offices, shops, factories, and many other forms of real estate. The European real estate investment industry delivers and manages the infrastructure needed for communities and entrepreneurship to thrive. It is therefore a fundamental source of employment and economic growth, and a major contributor in addressing two critical challenges of our time: providing affordable housing in liveable and functioning cities for a growing urban population and reducing the environmental footprint of the built environment.

The European Association for Investors in Non-listed Real Estate Vehicles (INREV) and the European Public Real Estate Association (EPRA) represent the full spectrum of the European property investment industry. INREV and EPRA have commissioned this research which evaluates the role and importance of the real estate investment industry to the European economy. Details of the sources and methodologies used to derive the information are presented at the end of this report.

The efficiency of the process through which the European real estate industry invests, develops, supports and maintains the built environment, and services its clients, is of crucial importance to policy makers. Although there are many factors that influence the well-being of European citizens and the European economy, a performing real estate sector helps them deliver their full potential and enables the European economy to thrive and remain competitive.



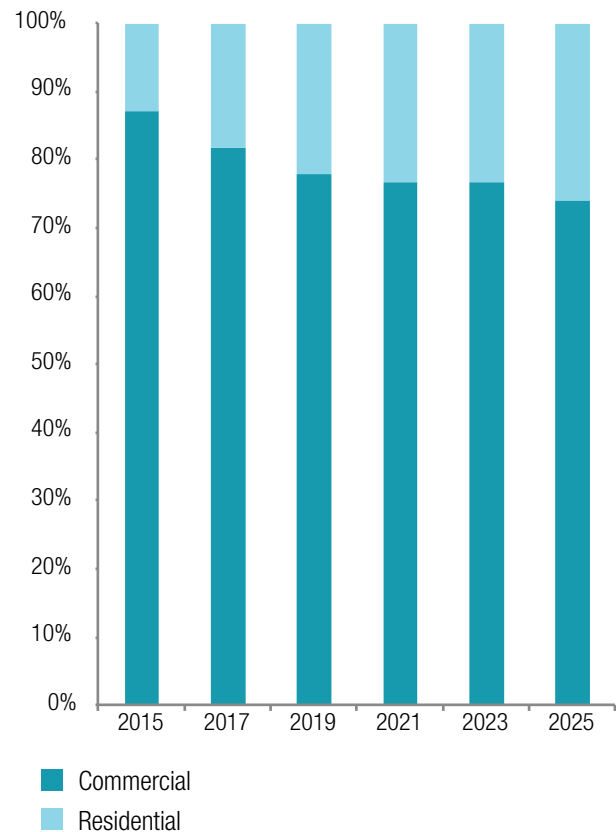
1. An industry increasingly providing housing

Access to decent and affordable housing is a basic human need and the foundation of our communities. However, around a third of all European households live in rented accommodation and there is considerable unmet demand. Meeting the growing demand for safe, affordable and sustainable housing is a growing focus of the real estate investment industry.

Since 2013, there has been a five-fold increase in institutional investment in the housing sector to €796 billion by the end of 2025. It has grown at a much faster rate than commercial property and, at 26%, accounts for the largest share of total institutional investors' real estate investments. Representing an estimated 4 million rented homes this remains a small fraction of the total 219 million dwellings across the EU and UK, of which an estimated 71 million are rented.

Institutional investors have responded to the challenge of meeting the growing and under-served demand for professionally managed homes in the rented sector. Indeed, these investors recognise that the twin challenges of decarbonisation and housing are linked as improved efficiency and renewable energy installations reduce total housing costs for tenants while increasing comfort, thereby improving rental affordability. Tenants also benefit from the ongoing professional management expertise institutions provide, their focus on decarbonisation, community-building and wider generation of social value.

Large EU & UK investors' portfolios (end 2015 to end 2025)



Source: RHL Strategic Solutions and PMRECON estimates using data from Eurostat, ECB, EPRA, INREV, OECD and MSCI Real Assets



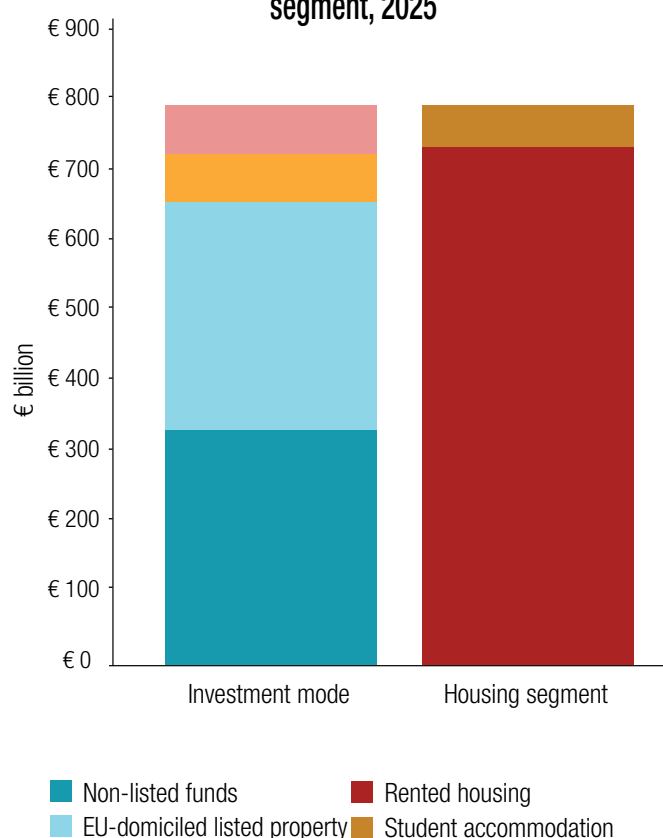
While institutional investment in the housing sector is accelerating as a proportion of all property investment, at less than 2% it presents a small fraction of the €47.9 trillion estimated total value of EU housing. Institutional investors have the capacity to contribute to the provision of much needed quality, sustainable and affordable homes for middle income households.

This is achieved through delivering a wide spectrum of housing solutions tailored to the needs of different types of households across society. Some 92.5% of investment is in multi- and single family homes, affordable to lower and middle income households and senior living. A further 7.5% is in student accommodation, meeting the needs of young people and at the same time, alleviating demand pressure within the wider rental market.

Institutional investors are attracted by the long-term nature and low volatility of predictable cashflows offered by a sector that is underpinned by accelerating structural trends and is more dislocated from economic cycles than other sectors. It also affords institutional investors the opportunity to invest with purpose and create a positive social impact. This long-term perspective also benefits tenants as investors are committed to delivering and maintaining high quality and energy efficient homes, in turn sustaining long-term tenant communities. Moreover, this makes them an effective partner to public agencies seeking to deliver housing solutions at scale.

Institutional investment in housing has increased five-fold since 2013 to €796 billion, representing an estimated 4 million rented homes and supporting the delivery of professionally managed, energy-efficient and affordable housing.

Institutional housing investment by mode and investment segment, 2025



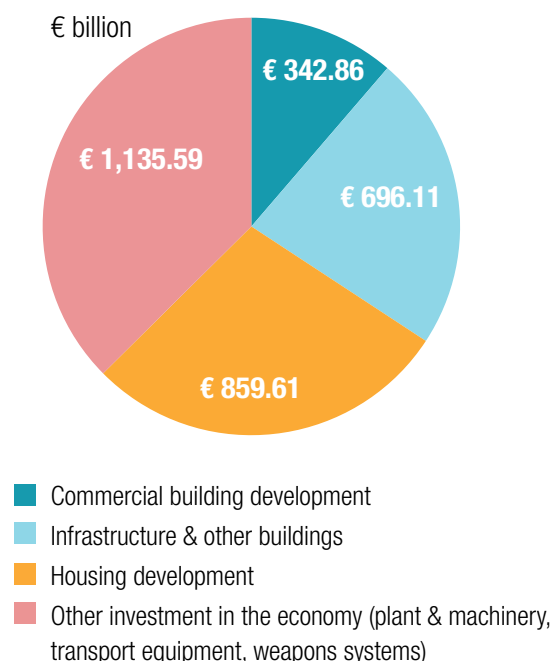
Source: RHL Strategic Solutions using data from Eurostat, ECB, ONS, EPRA, INREV, OECD and MSCI Real Assets

2. Investment - improving the built environment

Annual fixed investment in new commercial property buildings (excluding housing) and the refurbishment and development of existing buildings was €342 billion in 2025. Absolute investment in the upgrading of commercial buildings represents 11% of all fixed capital investment in the EU and UK economies. This ratio has been broadly consistent over the past decade and highlights how sensitive commercial property development – and jobs in the commercial real estate industry – are to the strength of the EU and UK economies and costs of investment in building upgrades. The scale of investment in commercial buildings alone is comparable to the GDP of Finland or Portugal.

This data does not include the housing, which has a 28% share of all fixed investment in the economy. Institutional activity in this sector has grown five-fold since 2015. Investment in housing, infrastructure and other non-domestic buildings is also substantial, totalling €2.2 trillion. When included with commercial property, it represents almost two-thirds of fixed capital investment in the European economy.

Investment in the EU & UK economy 2025
(€ billion gross fixed capital formation)



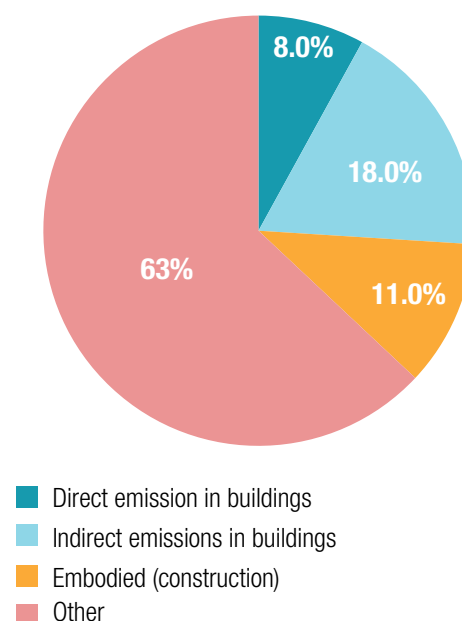
Source: RHL Strategic Solutions estimates using data from Eurostat, OECD and ONS

3. Contributing to a low carbon economy

The built environment is critical to achieving a transition to a low carbon economy and society. The International Energy Agency (IEA) estimates that buildings account for close to 40% of global energy related CO₂ emissions and more than 70% in Europe's cities. Some 26% of end-user related CO₂ emissions comes from the operation of buildings including power, heating and cooling. In addition, embodied carbon emissions from materials, construction, demolition and disposal account for approximately 11% of total end user emissions in Europe.

Buildings account for 30% of total energy consumption and have contributed 20% of total demand growth from 2019 to 2024. Housing is responsible for around 70% of energy demand in buildings, with space and water heating accounting for about 70% of this demand. Given the very long life-cycle of real estate assets and embodied carbon involved in their construction, retrofitting existing real estate stock is critical to achieving decarbonisation goals. Within Europe, regulations have required new buildings to be close to net zero since the end of 2020. The recast Energy Performance of Buildings Directive (EPBD) further tightens these rules as strict Zero Emission Building (ZEB) standards are phased in by 2030. However, new construction is a small proportion of all buildings.

Contribution of buildings to end user energy emissions, 2025



Source: IEA (2025)

Existing housing, commercial and public sector buildings represent one of the most untapped potential sources of lowering emissions.

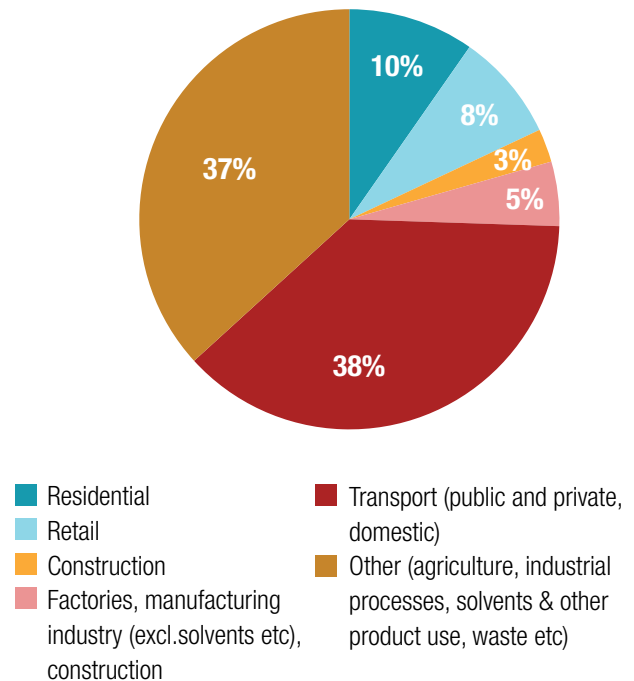
Institutional investors were early signatories to the UN Principles for Responsible Investment, 2004 and are committed to the UN 2030 Agenda for Sustainable Development. Environmental considerations are now firmly embedded in investment decision-making from inception to disposal, with a circular approach applied to materials and construction.

The IEA states that operational emissions need to fall by 50% to meet 2030 targets. Transitioning the operation of existing buildings is critical to achieving EU 2030 targets and net zero carbon by 2050. It is also an important anchor to delivering decent and affordable housing for all, with energy efficiency and renewables being an important component of both the quality and total occupational cost of housing.

The cost of meeting these goals for housing and other buildings by 2030 has been estimated at almost €60 billion per year – a big commitment which emphasises the importance of Europe's institutional property sector to delivering these important energy efficiency gains.

Listed property companies and non-listed funds are constantly evaluating and improving their sustainability record through their participation in the Global Real Estate Sustainability Benchmark (GRESB) annual survey. However, decarbonisation requires collaboration between owners and occupiers. The industry has established the C Change initiative in partnership with occupiers with the aim of developing workable solutions that assist in accelerating the transition of buildings to net zero. In addition, institutional investors and managers are focused on integrating social impact frameworks into their business plans to maximise and measure their positive impact on communities.

**Air emissions of greenhouse gases, EU 28
(Million tonnes CO₂ equivalents by sector) 2025**



Source Eurostat, IEA (2025)

4. Contributing to the economy and supporting jobs

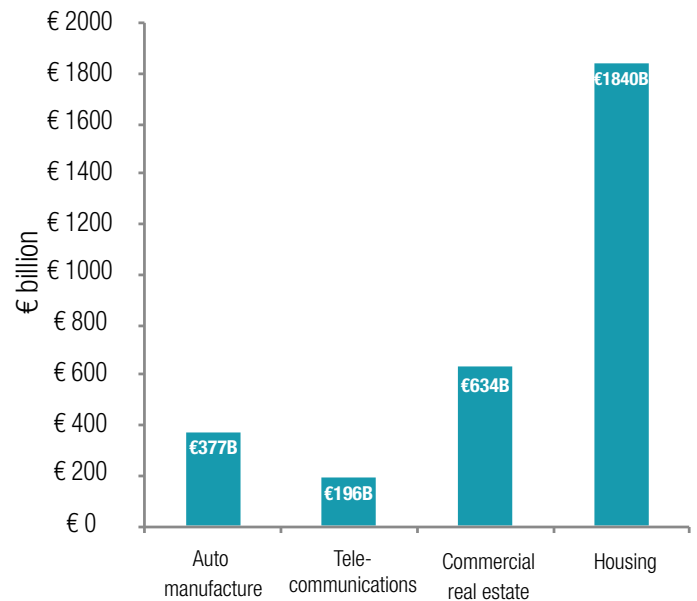
The commercial property industry's contribution to the economy continued to grow in 2025, absolutely and as a share of the total economy. It directly contributed €633.76 billion GVA to the European economy in 2025. This represents about 3.3% of the total economy, which is comparable to the combined size of the European auto manufacturing industry and telecommunications sectors. It employs 5.3 million people, which is more than the combined employment of the auto manufacturing industry and the telecommunications sectors and higher than banking.

Total employment in commercial property has proved resilient to structural and cyclical shocks. Activity in development, refurbishment and the repair of buildings represents the largest segment of the commercial property sector and the need to repurpose, update and transition buildings towards net zero in the post-pandemic era has led to employment growth. The upkeep, management and care of commercial buildings is also a sizeable activity, undertaken either directly by property owners or on their behalf, by a growing number of specialist contractors. Employment in investment, fund and portfolio management is small in number by comparison, but has a large value add and it generates employment throughout all other CRE segments. All of these activities are an essential part of maintaining and improving the quality of the accommodation services provided to businesses and have an indirect impact on the environmental quality of public spaces.

Housing is estimated to account for a further 9.5% of European GVA, totalling €17.2 million, and institutional investment represents an increasing share of this activity. Indeed, as policy makers and public authorities seek to deliver housing, institutional activity assists in unlocking housing delivery across all tenures for other stakeholders including both social and private renting, as well as affordable purchase.

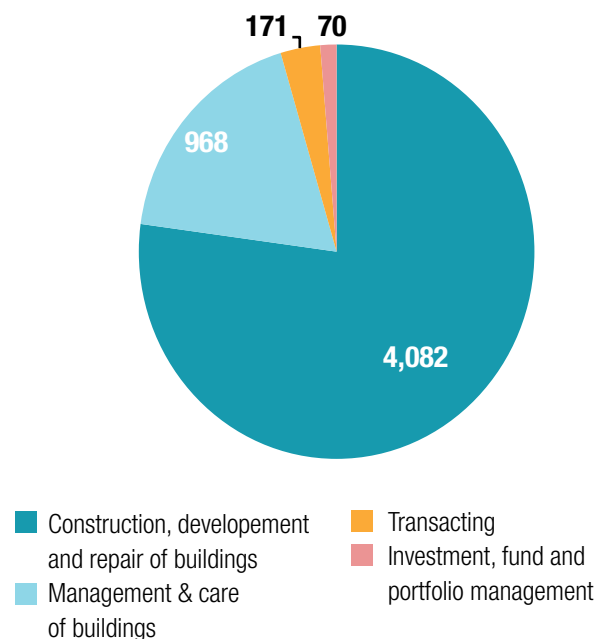
This large and expanding area of investment reflects two priorities of institutional investors. First, the increasing focus of institutional investors on the provision of social and affordable housing as they respond to the severe shortfall in existing supply. Second, investment in existing buildings to improve their energy efficiency. However, inflationary costs of development and skilled labour shortages needed for delivery of housing at affordable and sustainable rents is weighing on their capacity to increase much needed supply, which is reflected in construction employment tapering down to pre-pandemic levels.

EU & UK Gross Value Added, 2025



Source: RHL Strategic Solutions estimates using Eurostat and ONS data

Direct employment in the EU & UK commercial property sector ('000), 2025



Source: RHL Strategic Solutions estimates using Eurostat, National statistical offices and industry data

5. Commercial real estate – a significant role in business, industry and society

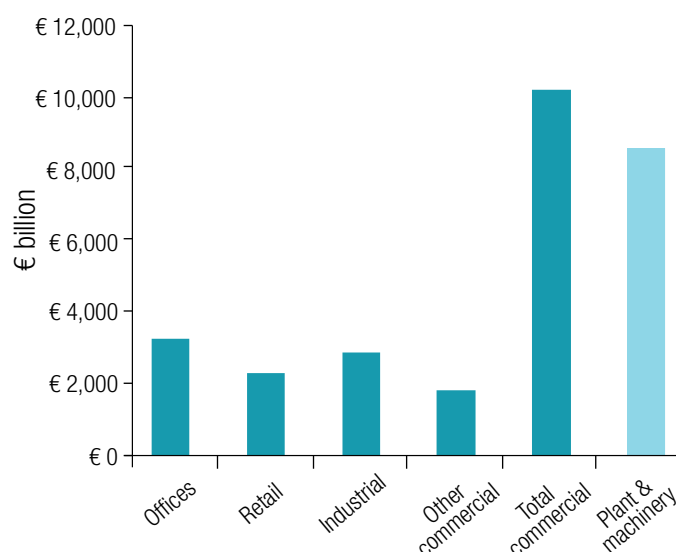
Commercial property, other than housing, encompasses offices, logistics and light industrial premises, high street shops, managed shopping and leisure facilities, hotels, as well as healthcare, data centres, science parks and other non-residential buildings.

New forms of commercial property are continuously emerging, playing a vital role in enabling Europe's business, industry and society to function. Its market value in 2025 was approximately €10.1 trillion. This is greater than the value of the plant, machinery and equipment used by Europe's businesses and manufacturers. Offices are the largest property type, although industrial & logistics and retail are also substantial. The total value of housing, at €47.9 trillion, far exceeds other property sectors and also represents the largest share of institutional real estate investment.

The stock of housing comprises owner occupied, privately rented and social housing, as well as specialist housing solutions such as student housing and senior living. The structure of housing market ownership varies across Europe. However, currently urban growth centres have a severe undersupply of housing units to rent due to population growth and changing household structures, with such excess demand challenging affordability. Public authorities have introduced various policy measures intended to address housing affordability by controlling the growth of rents. However, such measures can have significant unintended consequences. By constraining the delivery of new supply, they may create a two-tier rental market in which existing tenants are incentivised to remain in place, reducing both housing and labour mobility. At the same time, while these measures may improve affordability for incumbent tenants regardless of need, they can exacerbate housing scarcity and increase costs for those seeking to enter the market, particularly young people and workers moving to an area for employment.

Commercial real estate provides the space that enables Europe's businesses, industry and society to function. At approximately €10.1 trillion, its value exceeds that of the plant, machinery and equipment used by Europe's businesses and manufacturers.

Commercial property stock in the EU & UK, 2025



Source: RHL Strategic Solutions estimates using Eurostat, ECB, OECD and National statistical offices data

6. Investment and management of the built environment – non-listed funds and listed companies at the forefront

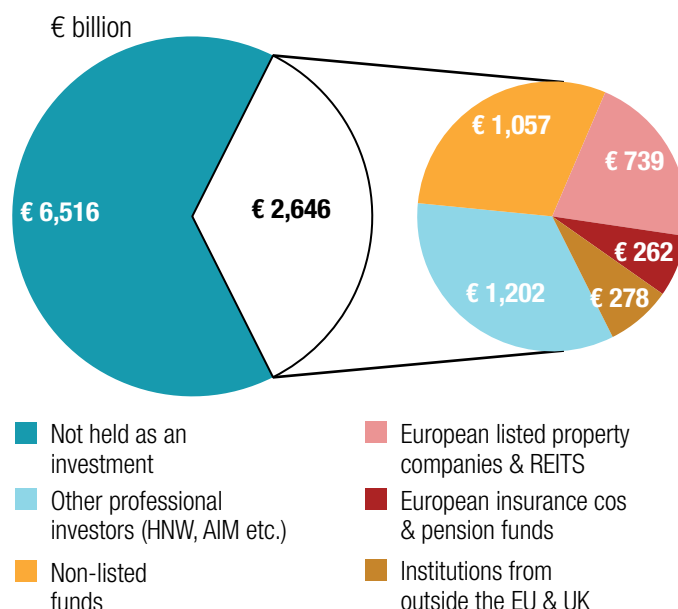
Over €3.5 trillion of commercial property is held as an investment, two thirds of which is institutionally owned either directly or indirectly.

Businesses prefer the flexibility of renting and often are unable to commit the capital and management time required of owner-occupation. The commercial property industry meets this need by investing in commercial property and providing accommodation services to these businesses.

Non-listed funds are the biggest property owners, representing almost 30% of total invested and 45% of institutionally held commercial property investment. EU listed property companies and REITs account for 32% of institutional commercial investment. In addition to their investments in the listed and non-listed sectors, institutional investors also invest directly in commercial property with EU insurance companies and pension funds direct holdings representing a further 11% of their commercial real estate investments.

As with other asset classes, investment in property has become more global. The amount of EU commercial property held by non-EU institutions and sovereign wealth funds is estimated to be €253 billion. Global investment is becoming an increasingly important source of capital in the European commercial property market. Directly held investment by non-European insurance companies, pension funds and sovereign wealth funds accounts for 12% of invested commercial property in Europe and is considerably more when their indirect investments in European domiciled non-listed funds, property companies and REITs are considered.

EU & UK commercial property holdings by investor type, 2025

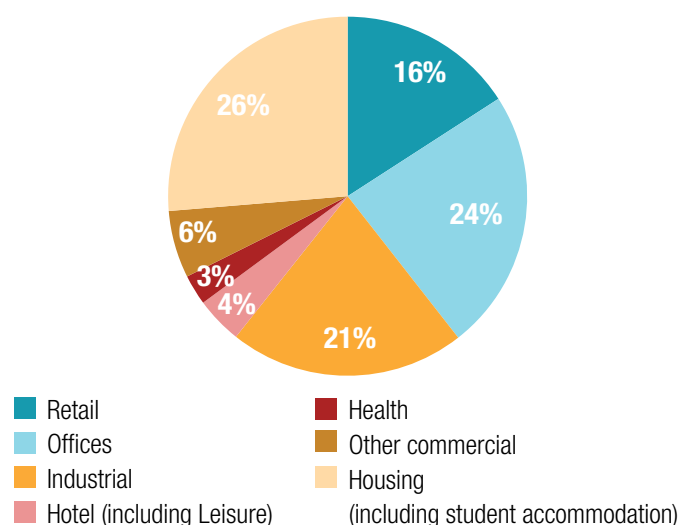


Source: RHL Strategic Solutions estimates using data from Eurostat, ECB, EPRA, INREV, OECD, ONS and MSCI

7. Providing the capital, ownership and management behind housing and a wide spectrum of societal activities and business

The traditional retail and office sectors continue to represent a significant part of investors' portfolios but their share has been declining over time in favour of housing, particularly affordable and mid-market rental sector housing. In responding to social and public needs, as mentioned before, housing represents an estimated 26% of all institutional property holdings in 2025, a sharp increase from 14% in 2015. Together with 'alternative' property sectors (including hotels, healthcare, car parks, self-storage and mixed-use property), sectors other than the more traditional commercial sectors, account for almost 40% of portfolios. Housing, including the private rented sector, student accommodation and senior housing, has seen the largest increase this decade. Notably, healthcare, senior living, data centre and science park facilities are becoming more prominent in portfolios, albeit from a low base.

Portfolio structures (INREV and EPRA EU & UK portfolios), 2025



Source: RHL Strategic Solutions estimates using EPRA and INREV data

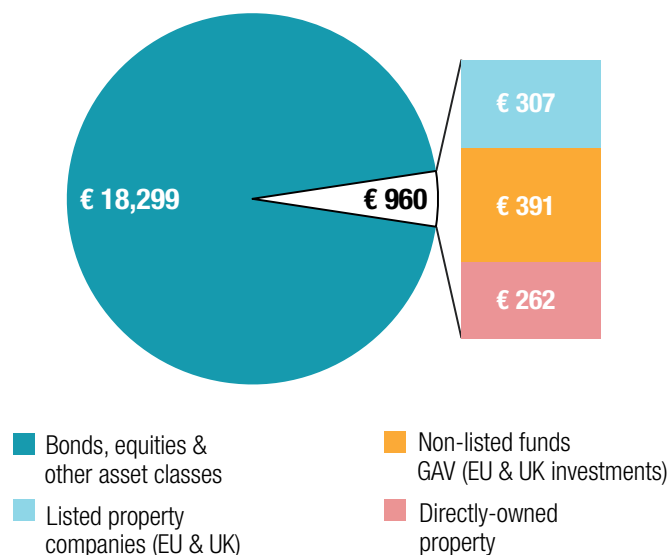
8. An important source of income for European savers and pensioners

Investments by pension funds and insurance companies in Europe, made on behalf of savers and pensioners, include just under €1 trillion of property exposure, equivalent to 5.0% of their total assets under management. Having declined during the early 2010s, property's share has remained broadly stable in recent years, helped by investors increasing their allocations to property to access its diversification benefits and long-term, secure income. Although allocations remain buoyant relative to previous decades, allocations to real assets are adjusted by the denominator effect of swings in other asset classes. However, the low level of borrowing now employed by the sector ensures that investors' exposure to underlying property is protected from interest rate movements compared with the pre global financial crisis era, which lowers the investment risk to protect critical income security for millions of people. This is evident in the sectors capacity to adapt to a higher interest rate environment.

Non-listed funds represent the most used route through which institutional investors gain their exposure to property. This shift has been driven by smaller investors new to property, who often lack the scale of capital and expertise required to invest directly, and by increased cross-border allocations. Listed property companies and REITs also provide an attractive opportunity to indirectly invest in the sector, often embedded within the wider allocation to equities.

Large institutional investors, with the requisite scale and expertise also invest directly in property, while continuing to invest indirectly in both the non-listed and listed sectors. For these investors, working to safeguard investments for savers and pensioners, the choice of investment mode is driven by the most appropriate mode of executing an identified investment opportunity.

Insurance company and pension fund assets and real estate portfolio exposures, 2025
€ billion



Source: RHL Strategic Solutions estimates using Eurostat, ECB, EPRA, INREV, ANREV, NCREIF, OECD and other data



This report was sponsored by INREV and EPRA and prepared by Brenna O’Roarty, RHL Strategic Solutions

About INREV

INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. We provide guidance, research and information related to the development and harmonisation of professional standards, reporting guidelines and corporate governance within the non-listed property funds industry across Europe. INREV currently has over 530 members. Our member base includes institutional investors from around the globe including pension funds, insurance companies and sovereign wealth funds, as well as investment banks, fund managers, fund of funds managers and advisors representing all facets of investing into non-listed real estate vehicles in the UK and the rest of Europe. Our fund manager members manage more than 500 non-listed real estate investment funds, as well as joint ventures, club deals and separate accounts for institutional investors.

Find out more about our activities on www.inrev.org

About EPRA

EPRA, the European Public Real Estate Association, is the voice of the publicly traded European real estate sector. Founded in 1999, EPRA is a not-for-profit association registered in Belgium. With more than 270 members, covering the whole spectrum of the listed real estate industry (companies, investors and their stakeholders), EPRA represents over EUR 1.049 trillion of assets (765 billion of the European only companies) of real estate assets and 95% of the market capitalisation of the FTSE EPRA Nareit Europe Index. EPRA’s mission is to promote, develop and represent the European public real estate sector. We achieve this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, promotion of best practices and the cohesion and strengthening of the industry.

Find out more about our activities on www.epra.com

*European companies only

Sources and Methodologies

All estimates relate to the 27 countries of the European Union and the UK, and are based on data available up to 31 July 2026. RHL Strategic Solutions estimates are based on methodology developed by Paul Mitchell Real Estate Consultancy (PMRECON) in pre-2016 editions of this paper.

1. An industry increasingly providing housing

Insurance companies and pension funds are estimates from Eurostat, the ECB, ONS and OECD data (updated to 2025 where only 2023/24 data are available) of these institutions’ investments in “land & buildings” or “fixed assets” (almost all of which are buildings). Non-listed funds are estimated from data provided by INREV and ANREV/ INREV/ NCREIF of the gross asset value of EU domiciled funds’ monies invested in EU27 countries and the UK, grossed-up to coverage of total universe. EU-domiciled listed property companies & REITs are based on estimates of EPRA members’ portfolio values (EU27 and the UK only and excluding development) grossed-up on the basis of EPRA’s coverage of the total listed property investment companies market (i.e. excluding “Real Estate Services”, Construction, and “Building Materials & Fixtures”). Non-EU/UK institutional investment is estimated using a rolling inventory method and data on net investment flows gratefully provided by MSCI Real Assets. Estimates of number of units is based on data from INREV fund index and EPRA index to derive a value per unit by country and grossed up by country allocation underlying combined EPRA and INREV indices and grossed up to estimate of total institutional universe.

2. Investment - improving the built environment

Estimates derived from 2026 Eurostat and ONS data on “gross fixed capital formation” (GFCF). Housing and other investment are directly from Eurostat and national statistics offices. Commercial property is derived from Eurostat’s and ONS estimates of “non-residential buildings & other structures”. Additional information from other sources has been used to get an indication of how much of this GFCF is buildings and how much of these buildings are commercial; in this respect, approximately 33% of GFCF in “non-residential buildings & other structures” is estimated to be in commercial buildings, the remainder in infrastructure and other non-residential buildings such as public hospitals, universities, museums, and manufacturing, etc. The total GFCF (“Investment in

the economy”) figure excludes “Cultivated biological resources” and “Intellectual property products”.

3. Contributing toward a low carbon economy

Energy consumption from Eurostat and International Energy Authority (IEA), with the published sectors re-categorised and re-aggregated. Direct and indirect emissions derived from IEA data and Eurostat data, with UK IEA data recategorised using EU breakdown from Eurostat. Housing and commercial exposures are estimated separately using IEA data.

4. Contributing to the economy and supporting jobs

Approach is to take Eurostat and ONS, estimates of Gross Value Added (GVA) and employment for the Construction, Real Estate Activities (excluding imputed income from owner-occupiers), Architectural activities and other selected sectors from its National Accounts and Structural Business Statistics series and apportion shares to commercial property based on various criteria (for example, commercial real estate’s share of construction output, the total amount of rented property, and its share of total property transactions etc); value added and employment in “investment, fund & portfolio management” is calculated directly (following principles consistent with national accounts methodology) using information from a sample of fund managers and listed property companies, grossed-up on the basis of gross asset value. Overall, commercial property is estimated to account for 24% of total EU Construction (NACE F) GVA and 17% of Real Estate Activities’ (NACE L less NACE L68A) GVA.

5. Commercial real estate - a significant role in business, industry and society

The calculations use Eurostat, ECB, OECD and national statistical office national accounts balance sheet data relating to the value of the stock of “fixed assets” and “Land and Buildings”. For residential in non-Eurozone countries,

the official data on dwellings is updated to 2025 where required using house price inflation. For commercial, the official data on “non-residential buildings” includes all non-commercial buildings and is apportioned to commercial property; it is estimated that approximately 66% of the value of these “non-residential buildings” are commercial. For non-Eurozone countries, values are updated to 2025 where required using INREV Asset level index capital growth. The comparative Plant and Machinery estimate is derived on a similar basis from Eurostat, ECB, OECD and national statistical office national balance sheet data.

6. Investment & management of the built environment - non-listed funds & listed companies at the forefront

As for calculation for housing in 1. above, insurance companies and pension funds are estimates from Eurostat, the ECB, ONS and OECD data (updated to 2025 where only 2023/24 data are available) of these institutions’ investments in “land & buildings” or “fixed assets” (almost all of which are buildings). Non-listed funds are estimated from data provided by INREV and ANREV/ INREV/ NCREIF of the gross asset value of EU domiciled funds’ monies invested in EU27 countries and the EU, grossed-up to coverage of total universe. EU-domiciled listed property companies & REITs are based on estimates of EPRA members’ portfolio values (EU27 and the UK only and excluding development) grossed-up on the basis of EPRA’s coverage of the total listed property investment companies market (i.e. excluding “Real Estate Services”, Construction, and “Building Materials & Fixtures”). Non-EU/UK institutional investment is estimated using a rolling inventory method and data on net investment flows gratefully provided by MSCI Real Assets. Estimates of number of units is based on data from INREV fund index and EPRA index to derive a value per unit by country and grossed up by country allocation underlying combined EPRA and INREV indices and grossed up to estimate of total institutional universe.

7. Providing the capital, ownership & management behind a wide spectrum of housing, societal activities and business

Derived from the gross asset values in the INREV vehicle database and from EPRA estimates of the listed sector’s property portfolio values (EU/UK standing investments only).

8. An important source of income for EU savers & pensioners

Insurance company and pension fund investments in directly-owned property are from section 1 and 6 above, and for “equities, bonds & other asset classes” and total investments from the institutional balance sheets data of Eurostat, the ECB and OECD and national statistics offices, updated to 2025 where appropriate. Listed property company exposures are estimated based on the product of (a) institutions’ allocations to equities (including those held indirectly in mutual funds etc.) and (b) of listed property’s share of equity portfolios (in aggregate, estimated to be 2.8%). The investment in non-listed real estate is a net asset value (NAV) estimate using information on gearing from INREV universe and EPRA, while exposure¹¹ is based in GAV.