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GLOBAL CAPITAL MARKETS

Q3 2026



RESEARCH

FOREWORD



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Resilience remains a defining feature of the current economic cycle, and activity has continued to hold up in 2026, despite the drag from war in the Middle East. But inflation and fiscal pressures are complicating the outlook, while the rise in bond yields is becoming too large and too fast to ignore. Rather than signalling stronger growth, this tightening in financial conditions poses a renewed challenge for investors.

Global real estate investment reached approximately US$375bn in Q3, around 40% higher than a year earlier. However, portfolio and M&A activity heavily distorted the headline figure, with underlying momentum more subdued. The market is entering another period of price discovery, and renewed uncertainty risks delaying transactions, leaving the recovery dependent on selective opportunities, credible income growth and greater stability in the cost of capital.



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RESILIENCE UNDER PRESSURE



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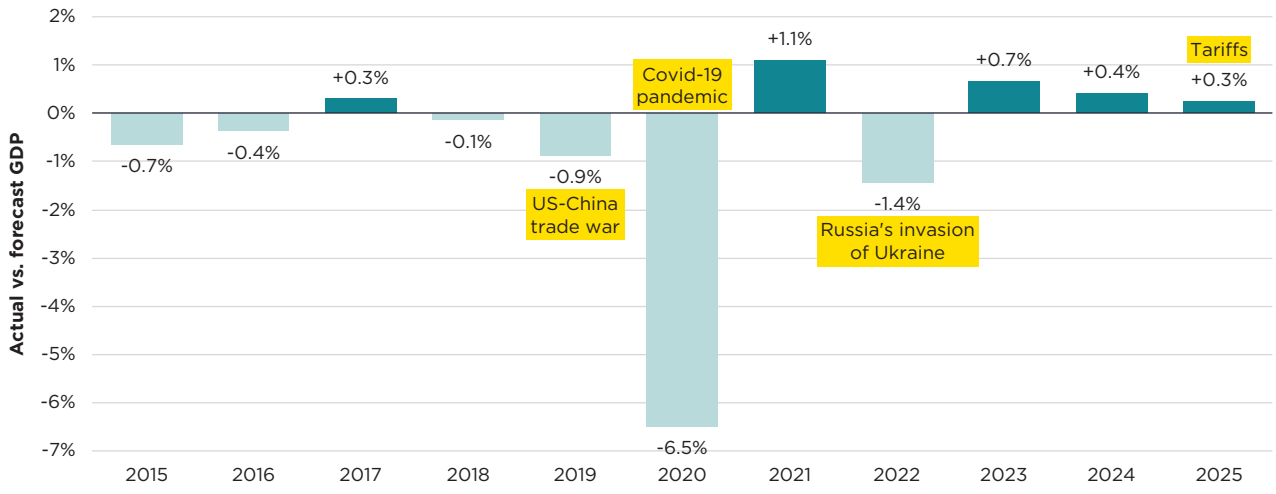
Resilience remains a defining feature of the current cycle, with the global economy continuing to withstand repeated shocks. Activity has again held up better than expected this year, despite the drag from war in the Middle East. As highlighted in our previous report, conflict, whether in trade, technology or geopolitics, is playing an increasingly important role in shaping the global outlook. So far, however, it has done more to redistribute activity than restrain it.

The continued build-out of AI has provided an important counterweight, delivering a powerful demand-side stimulus, although the benefits remain unevenly shared. Economies embedded in global technology supply chains are outperforming, while energy exporters outside the Gulf are benefiting from a positive terms-of-trade shock.

Yet resilience extends beyond this relatively narrow group; activity in Europe, for example, has also held up reasonably well, as households and businesses show some capacity to accommodate higher energy prices.

This resilience is once again being tested. Inflation is rising, squeezing household incomes and leaving policymakers with increasingly difficult fiscal and monetary trade-offs. Geopolitical risk remains elevated, while the depletion of global energy inventories leaves the world economy increasingly exposed to prolonged disruption in the Middle East. Meanwhile, the AI boom is adding to inflationary pressures and increasing the concentration of growth and financial-market gains, while vast sums are being borrowed to finance the infrastructure build-out in the US.

IMF GLOBAL GDP FORECAST ERRORS



Source: Savills research using IMF WEO October 2026

The clearest manifestation of these pressures has been the sharp rise in global bond yields, tightening financial conditions across the global economy. There are plenty of competing theories for why yields have risen so much this year. Optimists would argue that it reflects stronger real economic growth. But while the US economy has remained robust, growth is increasingly concentrated around the AI build-out, and there is little to suggest that bond markets are pricing in a significant AI-driven productivity boom.

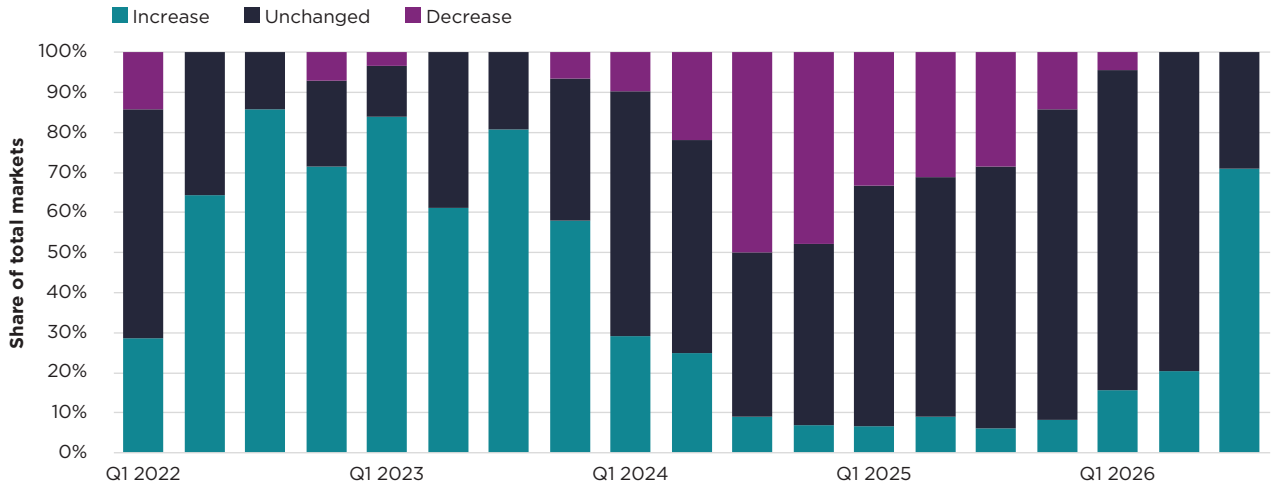
Instead, the recent rise in yields looks more problematic. The initial move was predominantly inflation-led, as the war in Iran pushed up energy prices and inflation expectations, prompting a sharp repricing of the policy-rate outlook. Since then, other forces have added to the pressure. Significant AI-related corporate bond issuance is competing for investor capital when markets are already being asked to absorb large amounts of government debt. Concerns over fiscal sustainability have also pushed up term premiums. A hawkish speech from Fed chair Kevin Warsh at Jackson Hole added further pressure. Ultimately, investors are demanding greater compensation for holding government debt.

For commercial real estate, the distinction matters. Higher yields driven by stronger growth can be absorbed through occupier demand and rental growth. But higher yields driven by inflation, fiscal risk and rising term premiums are harder to accommodate. And that pressure is beginning to feed through into pricing, with the speed and scale of the move increasingly difficult to ignore.

The market is entering another period of price discovery. Price adjustments are already apparent in ongoing transactions, but have generally been contained and not sufficient to derail deals. The greater risk is to new transactions, where uncertainty over where pricing settles may delay deals coming to market and weaken the usual seasonal peak in Q4 activity.

Look beneath the headline figures, and there are already signs that greater uncertainty is weighing on sentiment and activity. Global investment reached approximately US$375bn in Q3, around 40% higher than a year earlier. But around US$100bn came from just two major US transactions.

GLOBAL PRIME YIELD EXPECTATIONS FOR THE NEXT 12 MONTH PERIOD

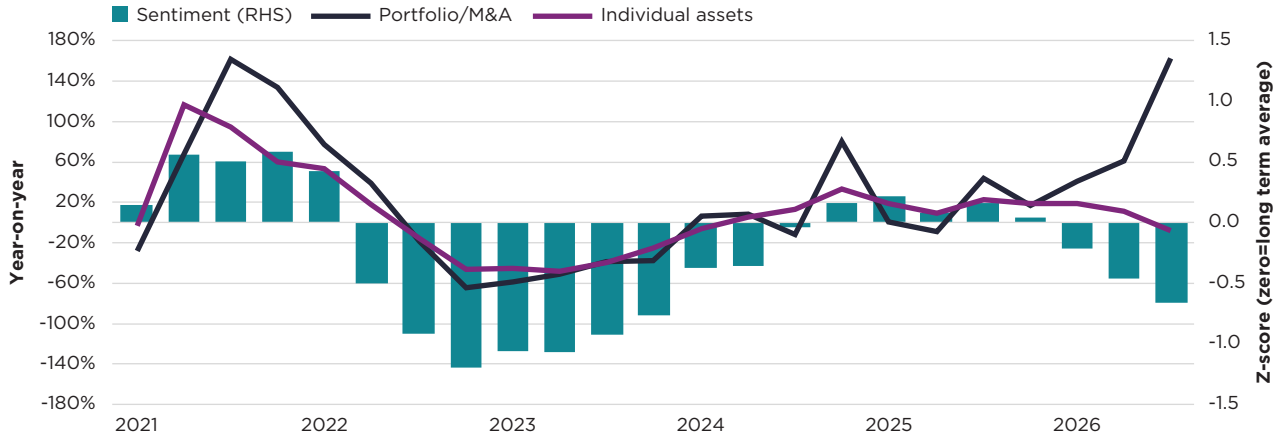


Source: Savills research, based on around 50 global markets across all property sectors.

These transactions reinforce the trend towards larger portfolio, entity-level and operational real estate deals highlighted last quarter. But once excluded, underlying activity was considerably more modest in the quarter.

Individual asset sales, which account for the majority of transactions and provide the comparable evidence through which pricing is established, have slowed in line with weaker market sentiment.

GLOBAL REAL ESTATE INVESTMENT AND SENTIMENT



Source: Savills research using MSCI RCA, Macrobond, and Property Council Australia. Excludes development sites. Data converted to fixed exchange rates.

Importantly, however, this is not a repeat of 2022. Bond yields already incorporate a significant degree of policy tightening over the next 12 months. That outlook looks increasingly difficult to reconcile with an energy-price shock that has so far remained relatively contained, with limited evidence of broader second-round inflationary pressures. This sets a relatively high bar for bond yields to move materially higher from here. Meanwhile, the market itself is also in a different position; values have already rebased, leverage is generally lower and the more committed investor base that emerged from the 2022–23 downturn remains in place.

The adjustment required in property markets should therefore be more manageable. Any increase in property yields will be smaller than in 2022 and start from a much higher base, while strong rental growth, low vacancy and growing constraints on new development should provide some cushion for valuations. The fundamentals have not materially changed, but the cost of capital has. Investors are adjusting to that new reality.

Nor is there an obvious shortage of capital. Debt markets remain liquid and substantial equity is still seeking deployment. But the rise in bond yields has given investors another reason to wait, reinforcing the selectivity already evident last quarter. Real estate is also competing for capital with private credit, as well as traditional and digital infrastructure, raising the hurdle for deployment. Investors increasingly require a credible operating plan, conviction in income growth and returns that offer a sufficient premium over debt and other alternatives.

As a result, the bar for getting deals done remains high. Capital continues to favour high-quality assets, experienced operators and opportunities with a compelling relative-value story, including assets available at a discount to replacement cost. The availability of capital is not necessarily the constraint. The challenge is finding opportunities where the risk and return stack up.

That leaves the outlook cautiously positive, albeit less certain than it appeared three months ago. The transaction pipeline is healthy, and significant capital remains available to deploy. But uncertainty around rates and pricing could encourage investors to sit on their hands for longer, pushing some transactions from Q4 into 2027.

There are also more routes to liquidity than outright asset sales. Refinancings, recapitalisations and secondary transactions should become increasingly important as loan maturities, fund-life pressures and investor demand for distributions provide catalysts for activity. This should create opportunities for capital to be deployed, but selectively rather than through widespread distress.

Ultimately, a more sustained recovery will require greater stability in inflation, energy prices and bond yields. The ingredients for higher transaction activity remain in place. But investors have another excuse to wait, and uncertainty around the cost of capital means the recovery is likely to be more selective and more stop-start than previously expected.

Q3 2026

NORTH AMERICA



STABLE ON UNEVEN GROUND...



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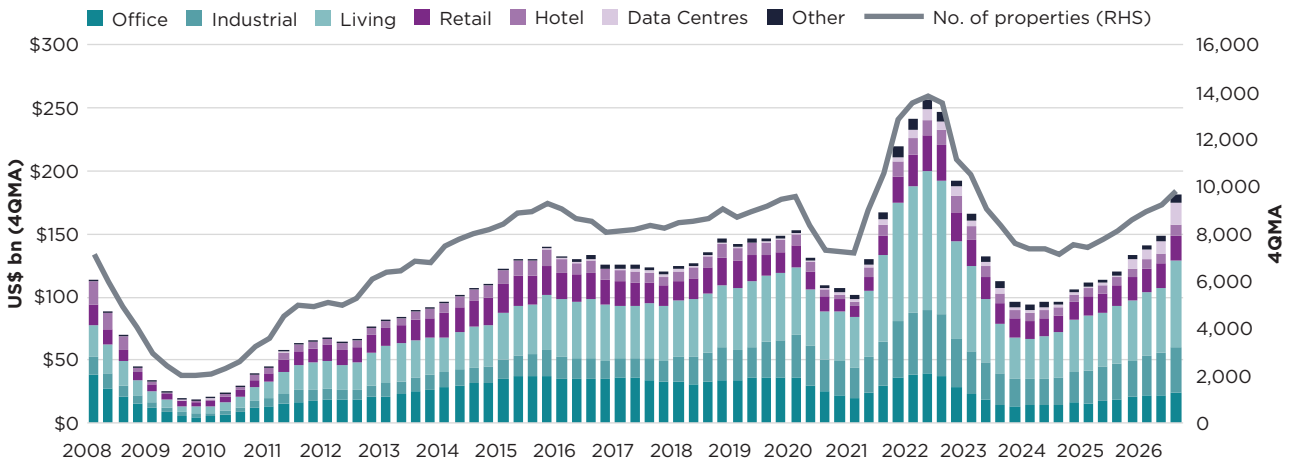
US commercial real estate investment surged in the third quarter of 2026, reaching US$263bn, double the level recorded in Q3 2025. This made Q3 2026 the strongest third quarter on record, an impressive result against a backdrop of heightened geopolitical uncertainty and concerns around the macroeconomic outlook.

Beneath the headline figure, however, activity was heavily influenced by two mega-deals. The first was sale of Aligned Data Centers, for a reported enterprise value of US$40bn, comprising 51 campuses and more than 6.4 GW of operational and planned capacity across the Americas, by Macquarie Asset Management to a consortium comprising of the AI Infrastructure Partnership (AIP), MGX and BlackRock's Global Infrastructure Partners (GIP).

The second was the merger of AvalonBay Communities and Equity Residential to form Vivmark Residential, creating one of the country's largest listed residential platforms, with more than 184,000 rental apartments. This transaction alone accounted for around US$69bn of turnover in Q3.

Excluding these two transactions, US investment totalled around US$160bn in Q3, representing annual growth of 22%. This still remains a seizable improvement, especially given the wider context. The pattern is consistent with a trend evident throughout 2026; the recovery is gradually broadening, but a relatively small number of large portfolio and corporate transactions are having an increasing influence on headline activity.

US REAL ESTATE INVESTMENT

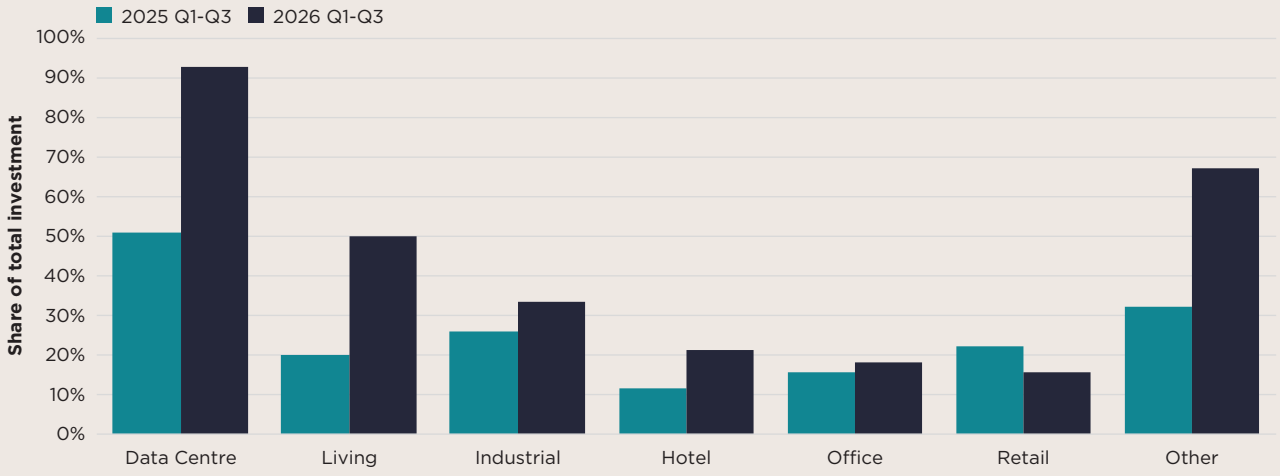


Source: Savills research using MSCI RCA. Excludes development sites.

The growing importance of scale was evident across much of the market. Healthpeak sold a 49% interest in its US$2.1bn medical office portfolio to Brookfield, while the industrial sector recorded two portfolio transactions exceeding US$1bn, including EQT Real Estate's US$1.2bn acquisition of a 5.2m sq ft Southern California industrial portfolio from Rexford Industrial Realty. Meanwhile, in the living sector, activity was transformed by the Vivmark transaction.

The appeal of scale extends beyond portfolio acquisitions. Several take-privates and mergers have been announced during 2026, including Brookfield's US$1.2bn acquisition of Peakstone Realty Trust and Ares Management's US$1.7bn acquisition of Whitestone REIT. The trend looks set to continue, with announced transactions including Brixmor and Everview's US$2.3bn takeover of Slate Grocery REIT. With financing and operating costs remaining elevated, the potential benefits of scale, including cost efficiencies and improved access to capital, are becoming increasingly attractive.

M&A AND PORTFOLIO SHARE OF US INVESTMENT BY SECTOR



Source: Savills research using MSCI RCA. Excludes development sites.

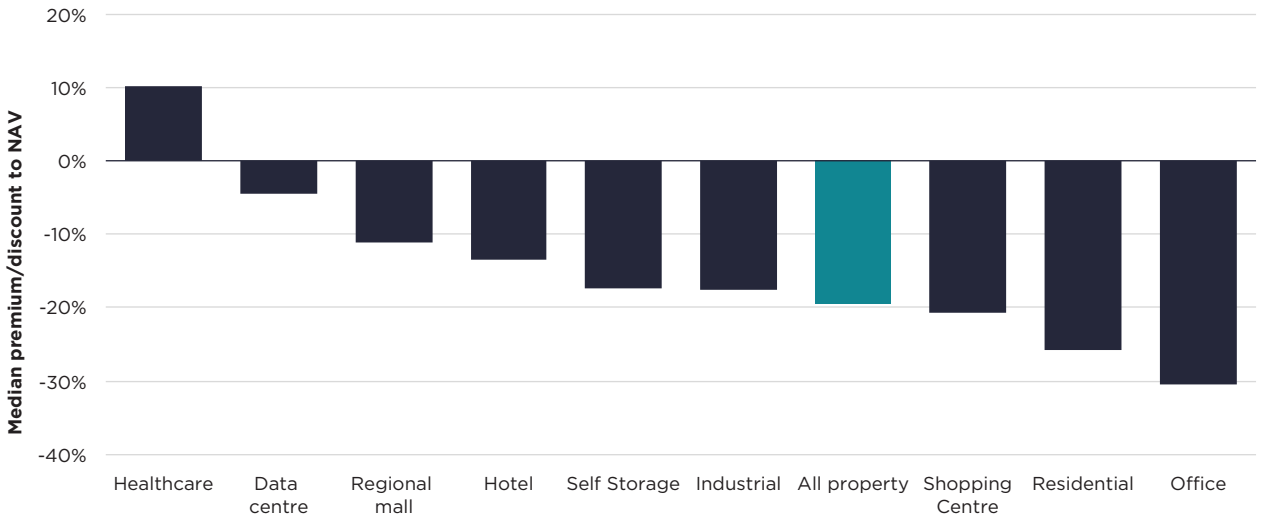
Public market valuations are providing a further catalyst. US equity REITs continue to trade below net asset value (NAV), with the discount particularly pronounced for residential and office REITs. This disconnect between public and private market valuations could support further corporate activity, particularly where investors can acquire portfolios or platforms more efficiently through the public markets.

The growing importance of scale is also blurring the boundaries between traditional commercial real estate and digital infrastructure. The Aligned Data Centers transaction illustrates how the capital required to gain meaningful exposure to data centres increasingly overlaps with infrastructure investment, but this convergence could ultimately broaden the investable universe, while also creating spillover effects in more traditional sectors.

Data centre development has already generated logistics demand, for example, from equipment suppliers, contractors and service providers, contributing to 69m sq ft of data centre-adjacent large-block leasing between Q3 2024 and Q2 2026.

Scale, however, is not the only characteristic shaping where capital is being deployed. Across a range of sectors, occupiers, and in turn investors, are showing a clear preference for modern, well-located, specialised or difficult-to-replicate assets. Investors are particularly attracted to markets where limited supply and resilient occupier demand provide the potential for sustained income growth. Although vacancy remains elevated across parts of US commercial real estate, much of the available space does not necessarily meet current occupier requirements. As a result, the performance gap between the strongest assets and the remainder of the market is becoming increasingly pronounced.

US LISTED REAL ESTATE PRICING

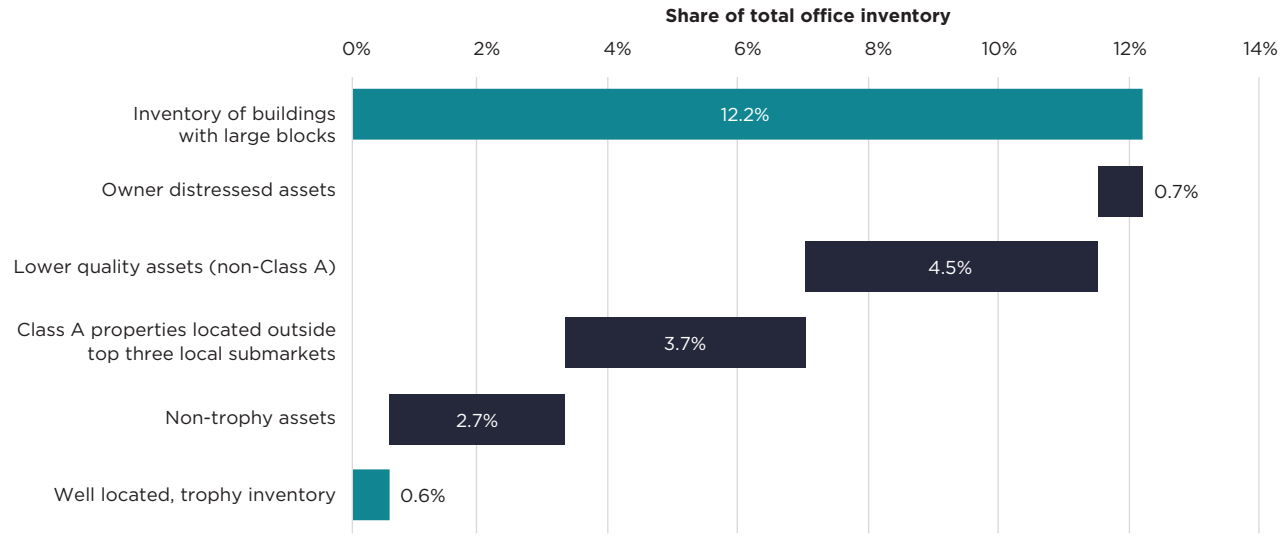


Source: Savills research using S&P Global Market Intelligence as of September 30th, 2026.

This flight to quality remains particularly evident in the office sector. The bifurcation between Class A and Class B/C assets has been widely covered in recent years, but divergence is increasingly apparent even within the upper end of the market. Availability among trophy Class A assets fell by around 3.3 percentage points over the past year, almost twice the decline recorded for non-trophy Class A space. Fundamentally, there is a limited number of viable buildings for occupiers, once quality, location, and landlord financial stability are considered.

But occupier demand is not confined to traditional prime offices. Investors are increasingly applying the same logic to specialised office assets, where sector-specific requirements can support more resilient demand and create additional barriers to supply. As such, specialised assets serving more complex occupier requirements are attracting significant capital; medical office investment increased by 60% over the first three quarters of 2026, for example, far outpacing the 23% increase across the wider office market.

OFFICE AVAILABILITY OPTIONS FOR LARGE OCCUPIERS



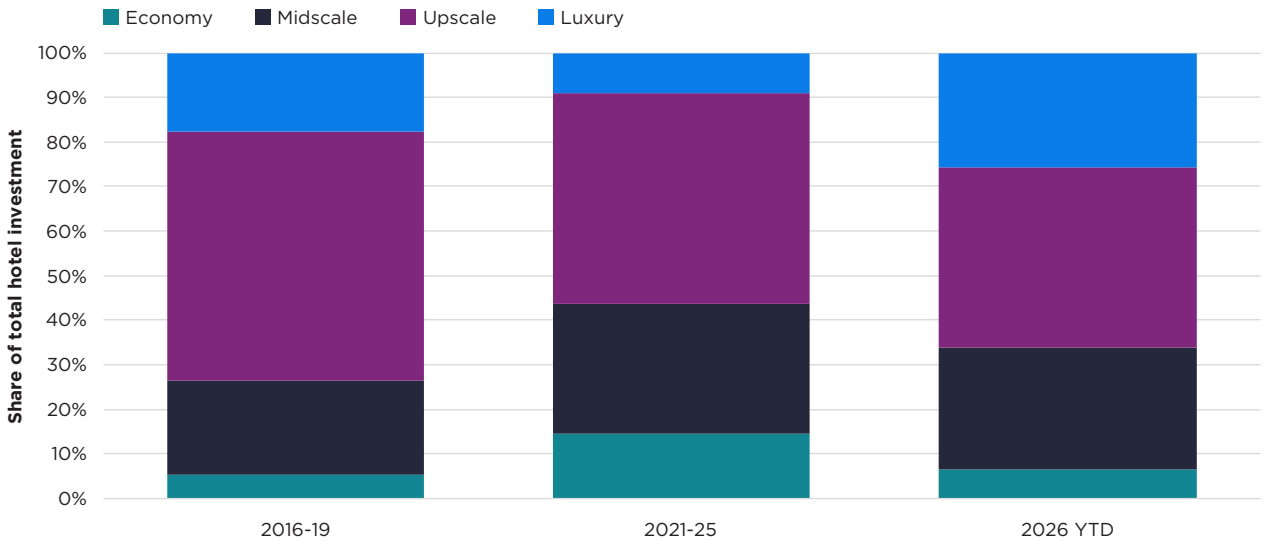
Source: Savills research. Includes buildings with 50,000 sq ft blocks that are available to lease and can be occupied in the next 12 months, covering 16 major US office markets.

Improving occupational conditions are also beginning to support investment in markets previously associated with elevated vacancy. San Francisco is perhaps the clearest example, where the expansion of the AI and technology sectors has contributed to a significant improvement in leasing conditions. The city was the leading US metro for office investment this quarter, supported by transactions such as the US$635m sale of Washington Holdings' 2.2m sq ft Silicon Valley R&D portfolio, leased to occupiers across sectors including semiconductors, medical devices and AI. Assets of this kind can be difficult to replicate, with scarcity, specialist use and resilient occupier demand providing greater insulation from some of the challenges facing more commoditised office stock.

A similar pattern is visible in industrial and logistics. Demand remains concentrated on modern, large and appropriately located facilities, while specialist assets are also attracting capital. One of the largest transactions this quarter was EQT Real Estate's US$930m investment in a 70% interest in Americold's ten-property cold-storage portfolio.

Hotels demonstrate another variation on the same theme. Gateway-market and high-quality luxury hotels continue to attract capital, supported in part by the 'K-shaped' nature of US economic growth, and resilient demand from higher-income travellers. Investment activity this quarter was boosted by Elliott Management and Trinity Investments' US$1.4bn sale of two luxury hotels in Orlando to Ryman Hospitality.

US HOTEL INVESTMENT



Source: Savills research using MSCI RCA. Excludes development sites.

Beyond scale and specialisation, local market fundamentals remain an important differentiator for investors, perhaps most clearly for multifamily, where occupational conditions continue to vary markedly by geography. Across parts of the Sun Belt region, the substantial development pipeline that followed the pandemic has resulted in elevated levels of new supply, weighing on rents and increasing the use of concessions as landlords compete for tenants. According to RealPage, the South was the only region to record negative annual rental growth in Q3 2026.

Conditions are markedly different in more supply-constrained markets. New York, San Francisco and Chicago did not experience the same scale of post-pandemic multifamily development and are consequently benefiting from stronger occupational fundamentals. San Francisco recorded the strongest annual rental growth, alongside inventory growth of just 0.2%. Limited new supply, combined with resilient demand from the expanding AI sector, is supporting rents and occupancy and strengthening the position of existing owners. As elsewhere in the market, scarcity is becoming an increasingly important determinant of performance.



These regional differences are particularly significant given the refinancing challenge facing multifamily. A substantial share of upcoming US real estate refinancing requirements relates to the sector, including assets acquired or financed during the low interest-rate environment of 2021 and 2022. Some of these properties now face considerably higher financing costs, while valuations remain below previous levels.

The pressure is unlikely to be distributed evenly. Class B and C properties may be more exposed, particularly where higher leverage coincides with softer occupational conditions and greater competition from newly delivered apartments. Higher-quality multifamily assets are generally better positioned, supported by stronger occupational fundamentals and, where leverage is lower, more manageable refinancing requirements. This increasingly mirrors the wider 'K-shaped' economic recovery—higher-income households are supporting more resilient demand at the upper end of the market, while pressures are greater further down the income spectrum.

While these refinancing pressures are particularly visible in multifamily, they form part of a broader challenge facing US commercial real estate. The cost of capital remains an important constraint across the market, and renewed volatility in bond yields has brought interest-rate risk back into sharper focus. Financial markets are pricing in further interest-rate increases in the coming months, contributing to higher and more volatile bond yields. For investors, this is once again putting pressure on the spread between property yields and the risk-free rate, although the impact varies considerably by sector.

Sectors offering comparatively higher property yields, including parts of retail and office, have a larger cushion over the risk-free rate than lower-yielding sectors such as logistics and living. The latter has benefited from a strong structural investment narrative, but tighter yield spreads leave valuations potentially more sensitive to further increases in the Treasury yield.

The ability to navigate this volatility may also differ by investor type. Larger multi-sector funds typically operate across broader mandates and more complex investment-governance structures, which can slow decision-making during periods of market uncertainty. Sector specialists, by contrast, may benefit from deeper knowledge of underlying asset pricing and greater operational expertise, giving them greater confidence to transact and identify opportunities to drive income growth at the asset level. This is particularly evident in the industrial sector, where the sector specialists are showing more resilience to growing uncertainty in the wider market.

Crucially, however, renewed pressure from higher borrowing costs does not represent a repeat of the 2022 adjustment. Buyers and sellers have now spent several years operating in a higher-rate environment and are no longer adjusting directly from near-zero interest rates. Debt fundraising has remained strong, providing liquidity for transactions, while occupational fundamentals for prime assets remain supportive. Macroeconomic volatility will undoubtedly remain a challenge, but the market appears considerably better positioned to manage it than during the initial repricing shock of 2022.

PRIME NORTH AMERICA YIELDS, Q3 2026 (AS AT END OF SEPTEMBER)

Sector	City	Prime net initial yield	Outlook for yields, next 12 months	Typical LTV	Total cost of debt	Cash-on-cash yield	Risk premium
Logistics	Northern New Jersey	5.50%	Up	65%	6.5%	3.6%	0.2%
Logistics	Los Angeles	5.50%	Up	65%	6.5%	3.6%	0.2%
Logistics	Chicago	5.75%	Up	65%	6.5%	4.4%	0.5%
Logistics	Houston	6.00%	Up	65%	6.5%	5.1%	0.7%
Office	New York	5.80%	Up	65%	6.8%	4.0%	0.5%
Office	Los Angeles	6.88%	Up	65%	6.8%	7.1%	1.6%

Source: Savills Research and Macrobond

Note: yields may be different to quoted values in markets where the convention is to use a gross rather than net value. Values based on end-of-quarter data. See Methodology for details.



VIVMARK RESIDENTIAL

Sector: Multifamily

Tenant: N/A

Lease length (WAULT): N/A

Area: c. 184,000 apartments

Price/NIY:
US$70bn at enterprise value; US$51bn equity market capitalisation / N/A

Vendor: AvalonBay Communities and Equity Residential

Vendor nationality:
United States

Purchaser: Vivmark Residential

Purchaser nationality:
United States

Other comments:
The merger of AvalonBay Communities and Equity Residential created Vivmark Residential, one of the largest US apartment REITs. AvalonBay shareholders own approximately 51% of the combined company, with Equity Residential shareholders owning the remaining 49%.

ALIGNED DATA CENTERS

Sector: Data Centres

Tenant: Multiple hyperscale, neocloud and enterprise customers

Lease length (WAULT): N/A

Area: 51 campuses (6.4 GW)

Price/NIY: Est. US$35bn / N/A

Vendor: Macquarie Asset Management

Vendor nationality: Australia

Purchaser: Artificial Intelligence Infrastructure Partnership (AIP), MGX & BlackRock's Global Infrastructure Partners (GIP)

Purchaser nationality: United States and UAE

Other comments:
The deal is the largest data-centre transaction to date and encompasses assets across North and South America (including the US, Mexico, Brazil, Chile, and Colombia). As part of the acquisition, an additional US$5bn was committed to support future expansion.

Q3 2026

EUROPE



GROWTH HOLDS UP AS CONFIDENCE LOSES GROUND



LYDIA BRISSY
Director, European Research

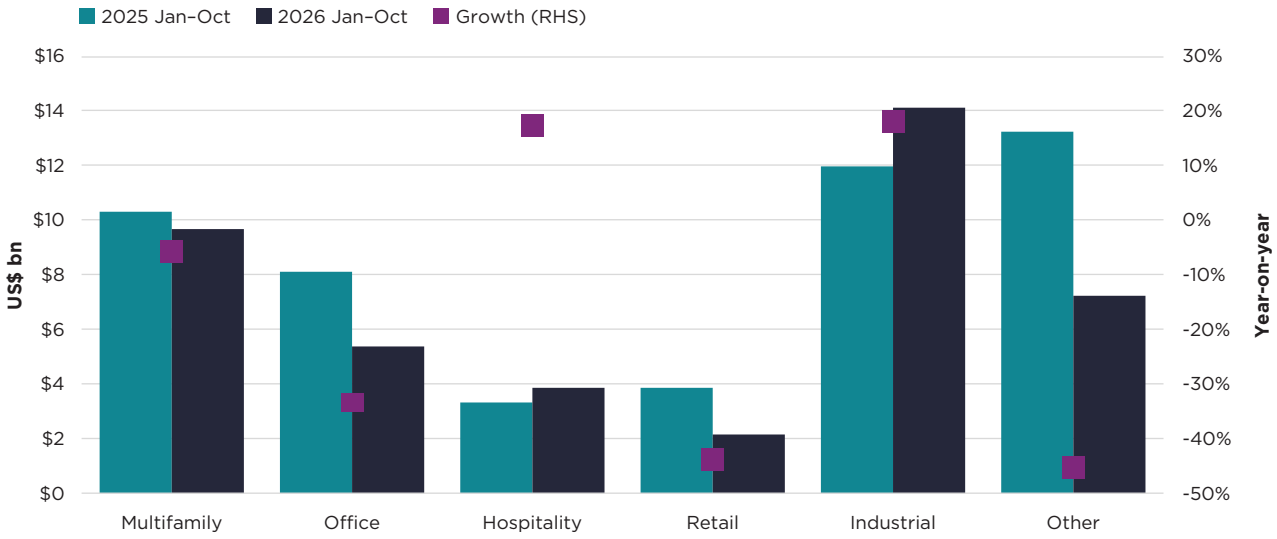
Europe's economy has held up better than expected, but confidence in the outlook is weakening. The IMF raised its euro area growth forecast to 1.1% for this year, although sentiment and consumer confidence have deteriorated. At the same time, inflation rose to 3.8% in September, largely reflecting higher energy costs rather than a broader acceleration in prices. Nevertheless, rising household bills and business costs are creating a less favourable backdrop for consumption and corporate confidence.

Meanwhile, the effects of higher interest rates are becoming clearer in the wider economy. The ECB's October Bank Lending Survey showed that corporate credit standards tightened during Q3, reflecting heightened perceptions of risk and reduced willingness to lend. At the same time, demand for business loans declined, and banks expected further tightening in the final quarter.

For investors, higher rates are translating into more expensive and complex financing decisions, putting pressure on the prices they can justify. Debt remains available, particularly for core properties with secure income, but securing it on terms that make an acquisition viable has become more demanding given the recent rise in swap rates. Lenders remain cautious about development, value-add strategies, and assets with significant leasing or capital expenditure requirements. Access to finance therefore provides only qualified support to pricing, even where lenders are willing to fund transactions.

Lending activity also remains uneven, reflecting both softer transaction activity and continued lender selectivity. PERE Credit's latest Lending Barometer recorded a 16% year-on-year decline in commercial real estate lending between January and October, with growth in industrial and hospitality lending offset by falls in other sectors, notably office and retail.

COMMERCIAL REAL ESTATE LOANS IN EUROPE

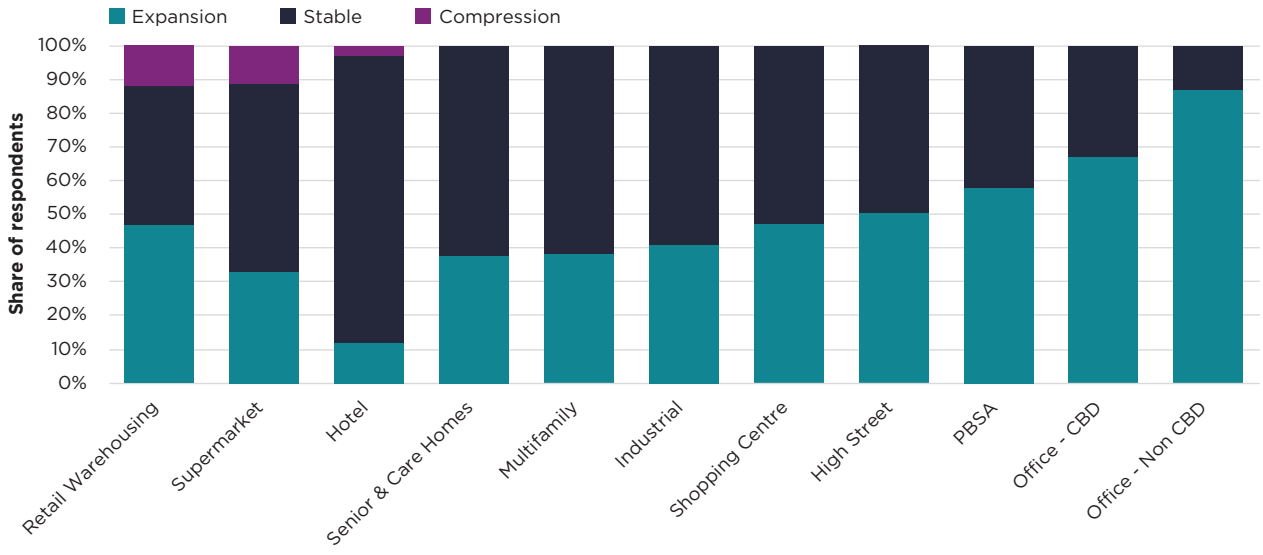


Source: Savills research using PERE's Lending Barometer

With financing costs constraining purchasing power, the scope for broad yield compression has narrowed. Outward adjustments are likely to vary considerably across markets and sectors, with particularly pronounced differences between prime and secondary office properties. Secure income and limited expenditure requirements should offer some resilience, while assets with weaker fundamentals face greater pressure.

Overall, yield stability remains the prevailing expectation, although anticipated movements are firmly weighted toward softening. On average across all asset types, yields are expected to remain stable in around half of all market and sector pairs in Europe, with softening in the majority of the rest. The few areas where we expect some yield hardening over the next 12 months are concentrated in retail warehouses and, to a lesser extent, hotels. This cautious outlook is consistent with a transactional market that has yet to build sustained momentum.

EUROPEAN 12 MONTH PRIME YIELD EXPECTATIONS



Source: Savills research

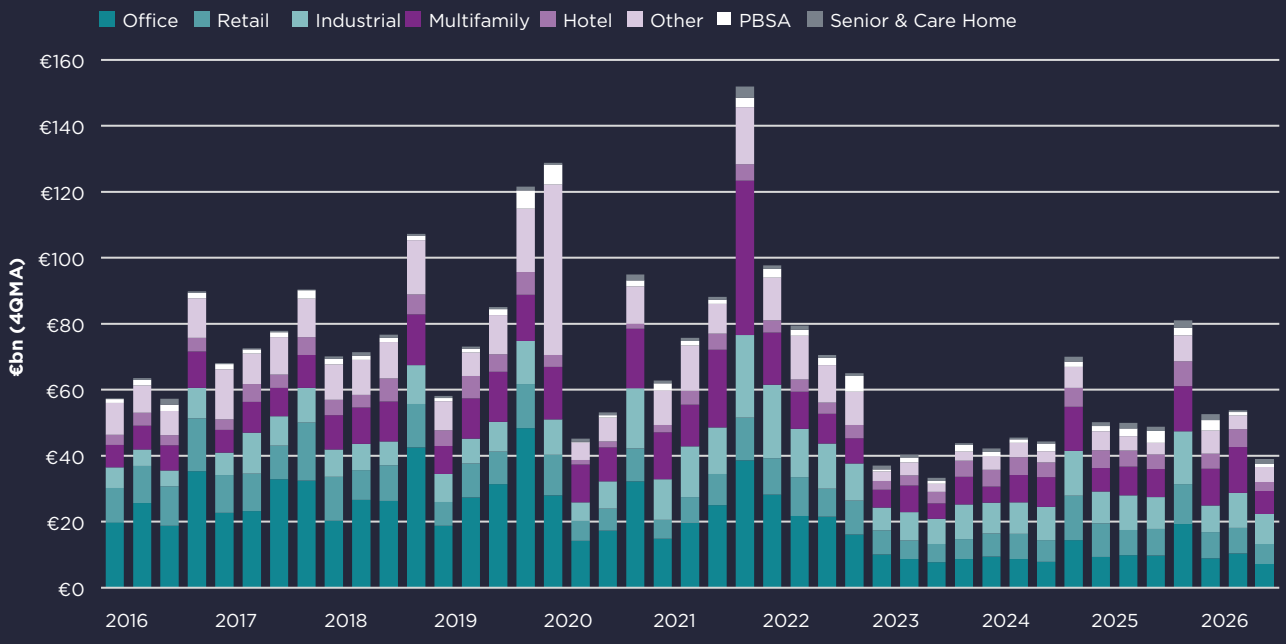
European investment activity reached €43bn in Q3, around 10% below the same quarter last year. This brought activity over the first nine months to slightly more than €153bn, up 4% year on year. The annual increase masks a slowdown in momentum, with final third quarter investment turnover coming in around €2bn below our preliminary estimate.

The shortfall points to a more hesitant investment market. Recent interest rate developments, and the associated uncertainty over financing costs and pricing, are encouraging buyers to proceed selectively. Significant transactions continue to take place, but investment decisions remain measured and due diligence is taking longer.

Activity remains concentrated in prime assets, where the limited availability of suitable assets for sale is constraining the volume of transactions. Opportunities further along the risk spectrum are also restricted by a shortage of well-located secondary properties at prices buyers consider sufficiently attractive. This leaves capital targeting a relatively narrow pool of suitable assets.

The recovery also remains narrow geographically. Europe's three largest and most liquid investment markets are not contributing to the increase in regional activity, with growth reliant on stronger performance elsewhere.

EUROPEAN REAL ESTATE INVESTMENT



Source: Savills research

Southern Europe, the Nordics and CEE are playing a larger role in European investment. Together, these regions have accounted for over 45% of regional investment in 2026, compared with an annual average of around one-third over 2021–25. Their combined contribution now almost matches that of the core markets, whose share has fallen from 58% to 46% over the same period.

Within Southern Europe, Spain continues to attract capital, supported by resilient economic activity and an attractive relative sovereign risk premium. Italy's performance is being driven by large transactions, with particular interest in retail warehouses, hospitality and logistics. Strategies focused on improving assets remain prominent in Italy, although core investors are gradually returning to the market.

In the Nordics, Sweden's softer Q3 outturn follows a strong first half, boosted by several large transactions. Investor sentiment remains positive, and an active pipeline offers scope for a strong end to the year. Poland, meanwhile, continues to benefit from regional capital inflows, particularly from Czech investors, while expanding defence and manufacturing activity supports the outlook for industrial demand.

Conditions elsewhere are more measured. Ireland's resilient domestic economy supports expectations of higher investment activity. In the Netherlands, interest is improving in logistics, including among US buyers, while residential investment remains predominantly domestic driven. Meanwhile, activity remains subdued in the UK, Germany and France, which have traditionally been key destinations for international capital because of their scale and liquidity.

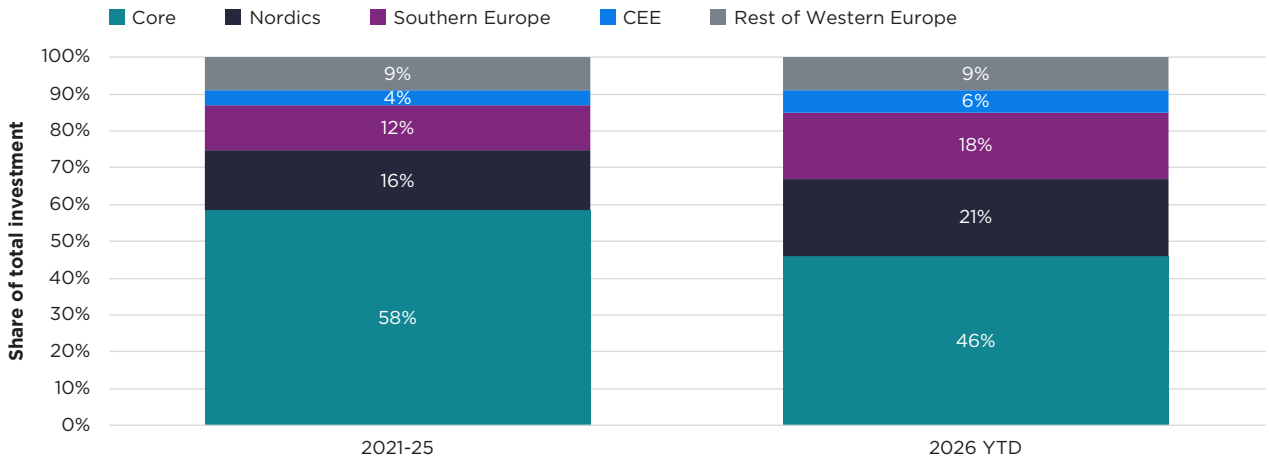
Cross-border investment reached approximately €58bn in the first nine months of 2026, up 14% year on year, although its share remained slightly below 45% of total investment, low by historical standards. Intra-European flows rose by 15%, led by UK, French, Swedish and German outbound investors. European investors were the largest source of cross-border capital in the region, ahead of the Americas, where inflows declined by 3% (a decline in inbound US investment was offset by strong growth from Canada). Meanwhile, investment from the Middle East rose by 195% over the same period.

Alongside this geographic selectivity, capital is also becoming increasingly concentrated in those sectors offering dependable income and strong rental growth. Living remains central to these allocation decisions, with combined investment in multifamily, purpose-built student accommodation, care homes and senior living up 23% year on year in the first three quarters of 2026, accounting for over one-quarter of total European investment. This growth contrasts with declining activity across the other commercial sectors, as persistent supply shortages and resilient occupier demand continue to underpin living's appeal.

Within retail, investors are reassessing the sector's pricing and income potential. Retail warehouses and shopping centres continue to attract investor interest, supported by competitive pricing (relative to other asset classes) and a strong total return performance, as recorded by MSCI. Office demand is also strengthening, although appetite remains concentrated at the prime end of the market. Location, building quality and income security continue to determine where investors are prepared to commit capital.

Logistics investment has lost some momentum following an extended period of robust activity. Geopolitical tensions, trade uncertainty and higher energy and transport costs may be adding to caution by making occupier demand and rental growth harder to assess. The continued restructuring of global supply chains nevertheless supports the sector's longer-term prospects.

EUROPEAN INVESTMENT BY REGION



Source: Savills research



This selectivity has not prevented capital from being deployed at scale, with larger transactions becoming a more prominent feature of the overall market. Deals exceeding €500m accounted for approximately 12.5% of total European investment in the first half of 2026, compared with 8.5% in the same period of 2025. Recent transactions reinforce this trend, with investors showing a willingness to deploy capital at scale across portfolios, individual assets and sizeable ownership stakes.

Portfolio acquisitions have included Blue Owl Capital's purchase of 12 UK private hospitals from Malaysia's Employees Provident Fund for approximately €1.5bn, alongside Greystar's acquisition of the 904-home Elephant Park rental portfolio in London from CPP Investments and Lendlease for approximately £500m.

The scale of individual asset transactions is also notable. Pontegadea's reported €820m acquisition of Capital 8 in Paris from Invesco Real Estate stands out as continental Europe's largest single-asset office transaction since 2022. KKCG Real Estate Group's purchase of 1 St James's Square in London for around €340m provides another example of substantial capital being deployed into a single property.

Large ownership stakes are also changing hands. Icade acquired the remaining 49% interest in the fully let Tour EQHO for approximately €390m, while Hammerson purchased a 50% interest in Manchester Arndale for £218m. Rivoli Asset Management took full ownership of Madrid's Xanadú shopping centre by acquiring Nuveen's remaining 50% stake for approximately €250m.

The appetite for larger opportunities is also encouraging more joint ventures, allowing investors to pool capital and share exposure. Execution remains protracted, however, with lengthy due diligence continuing to delay the conversion of investor interest into completed transactions. Yet while investors remain cautious about committing capital, there is also a growing cost to remaining on the sidelines.

For investors holding unspent capital, postponing acquisitions offers no assurance of better conditions ahead. Continued fundraising adds to the pressure to invest, while persistent inflation and expectations of further interest rate rises could make waiting more costly. Some buyers may therefore choose to secure suitable assets in Q4 before financing conditions become more demanding.

Several significant transactions remain in the pipeline, and the usual concentration of activity towards year-end should support completions. Resilient occupational markets also underpin the income case for acquisitions. Together, these factors leave scope for a stronger final quarter, even as buyers remain selective about pricing and asset quality.

The first nine months nevertheless point to a more modest annual expansion than previously anticipated. Continued weakness in Europe's three core markets has prompted us to revise our expectations, with CEE, the Nordics and Southern Europe expected to provide the main impetus for growth. We now forecast European investment of €248bn in 2026, around 7% above 2025.

PRIME EUROPEAN YIELDS, Q3 2026 (AS AT END OF SEPTEMBER)

Sector	City	Prime net initial yield	Outlook for yields, next 12 months	Typical LTV	Total cost of debt	Cash-on-cash yield	Risk premium
Logistics	Cologne	4.60%	Up	55%	4.8%	4.4%	1.0%
Logistics	Île-de-France	4.85%	No change	55%	4.8%	4.9%	0.0%
Logistics	Amsterdam	4.90%	No change	0%	0.0%	4.9%	1.2%
Logistics	Madrid	5.05%	Up	55%	5.2%	4.9%	0.9%
Logistics	London	5.50%	Up	60%	6.1%	4.6%	0.1%
Multifamily	Copenhagen	3.50%	Up	63%	4.5%	1.8%	0.1%
Multifamily	Berlin	3.70%	Up	55%	4.8%	2.4%	0.1%
Multifamily	Madrid	4.00%	Up	55%	5.2%	2.5%	-0.1%
Multifamily	Stockholm	4.00%	No change	60%	3.2%	5.3%	0.8%
Multifamily	Paris	4.50%	No change	55%	4.8%	4.1%	-0.3%
Multifamily	London	4.75%	No change	60%	6.1%	2.7%	-0.7%
Office	Milan	4.00%	No change	55%	5.4%	2.3%	-0.6%
Office	Madrid	4.40%	Up	55%	5.2%	3.4%	0.3%
Office	Paris	4.50%	No change	55%	4.8%	4.1%	-0.3%
Office	Berlin	4.60%	Up	55%	4.8%	4.4%	1.0%
Office	Frankfurt	4.60%	Up	55%	4.8%	4.4%	1.0%
Office	London (City)	5.50%	Up	60%	6.1%	4.6%	0.1%
Student	Berlin	4.50%	Up	55%	4.8%	4.1%	0.9%
Student	Madrid	4.60%	Up	55%	5.2%	3.9%	0.5%
Student	Paris	4.75%	No change	55%	4.8%	4.7%	-0.1%
Student	London	5.00%	Up	60%	6.1%	3.4%	-0.4%

Source: Savills Research and Macrobond

Note: yields may be different to quoted values in markets where the convention is to use a gross rather than net value. Values based on end-of-quarter data. See Methodology for details.

CAPITAL 8 (MONCEAU-MURAT), PARIS



Sector: Office

Tenant: Tikehau Capital, Mitsubishi, Standard Chartered, NatWest, Investec and CMA CGM

Lease length (WAULT): Undisclosed

Area: 45,000 sqm (481,000 sqft)

Price/NIY: €800m (US$880m) / 5.0%

Vendor: Invesco Real Estate

Vendor nationality: United States

Purchaser: Pontegadea

Purchaser nationality: Spain

Other comments: Reportedly the largest single-asset office transaction in continental Europe since 2022. The asset was around 95% occupied and demonstrates continued appetite among international investors to deploy capital into large, high-quality, centrally located office assets.

CPP IB JV LENDLEASE ELEPHANT PARK PORTFOLIO, LONDON



Sector: Multifamily

Tenant: N/A

Lease length (WAULT): N/A

Area: 904 units

Price/NIY: £500m (US$662m) / Undisclosed

Vendor: Lendlease JV CPP IB

Vendor nationality: Australia and Canada

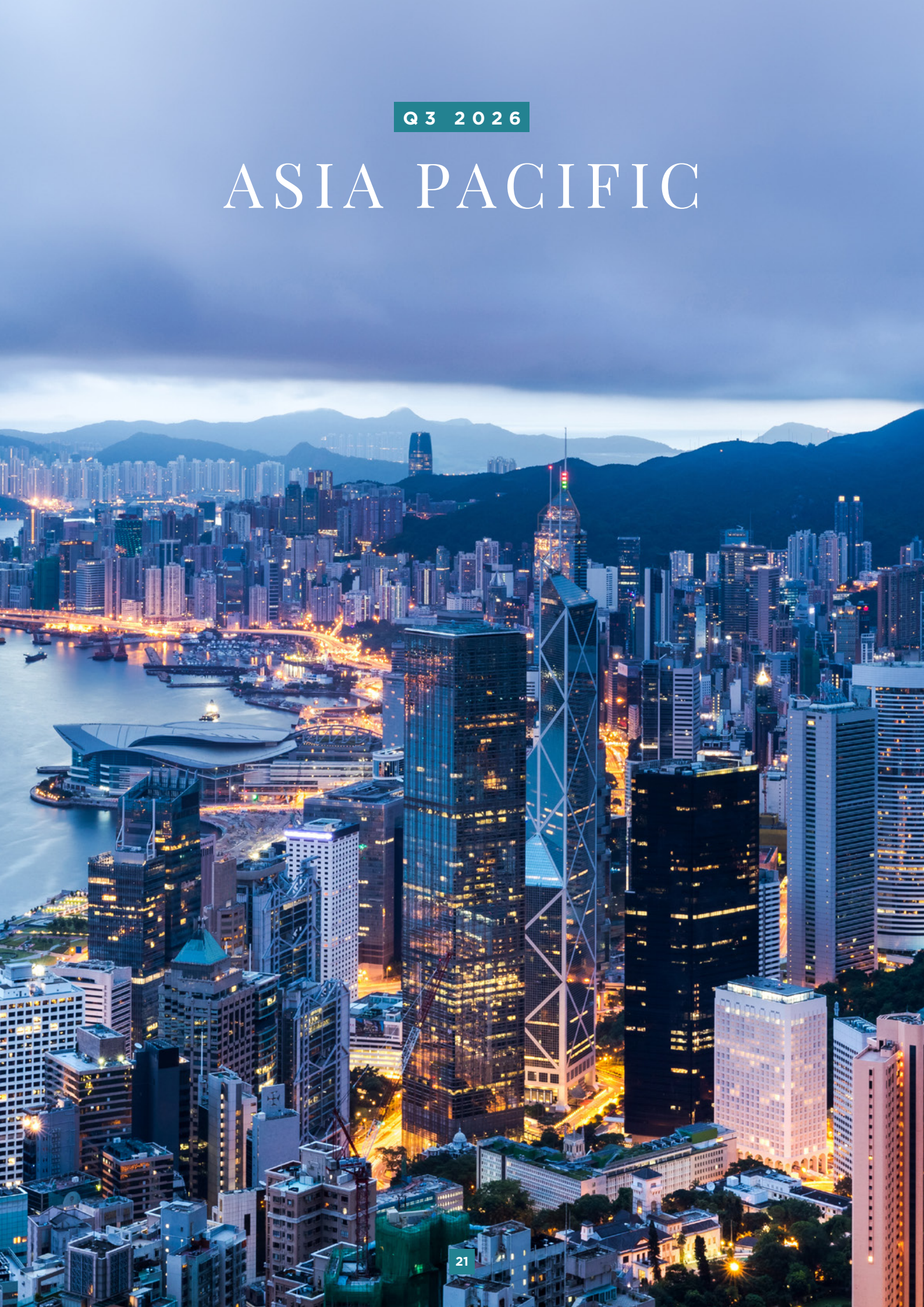
Purchaser: Greystar

Purchaser nationality: United States

Other comments: The four buildings were completed between 2021 and 2024 as part of the £2.5bn Elephant Park regeneration scheme. All four have EPC B ratings and WELL certification, with amenities including gyms, co-working areas, resident lounges and landscaped gardens.

Q3 2026

ASIA PACIFIC



RECOVERY REMAINS ON SELECTIVE FOOTING



NICHOLAS WILSON
Senior Director, Strategic Research & Advisory, Asia Pacific Capital Markets

Total investment across APAC reached approximately US$55.5bn in Q3 2026, down 8% year on year, although year-to-date activity remained 24% ahead of 2025 at approximately US$155bn. The recovery is therefore continuing but remains far from broad-based. Singapore and Taiwan recorded particularly strong gains in the quarter, while the regional aggregate continued to depend on a small number of markets and large transactions.

Singapore has been a major contributor to growth this year, with nine-month turnover rising by nearly 280% to US$20.1bn. The completion of CICT's US$3.0bn Paragon acquisition in July and IOI's US$1.9bn purchase of Asia Square Tower 2 in September supported Q3 activity. Together, these transactions illustrate how capital recycling can generate substantial turnover within an established institutional market, with CICT acquiring retail exposure while disposing of a major office asset.

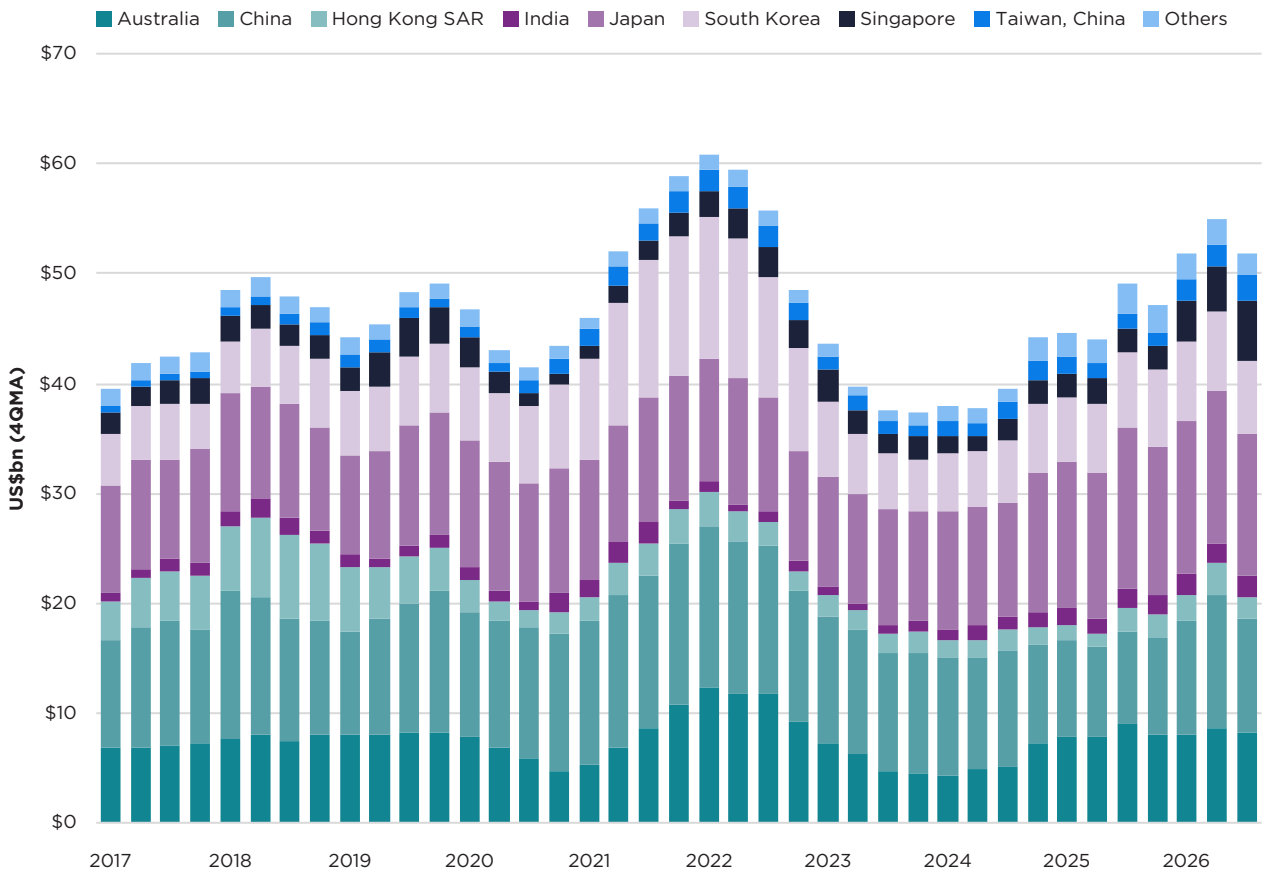
Taiwan also recorded a sharp increase, with investment rising by 111% to US$7.8bn over the first nine months. Corporate acquisitions linked to technology manufacturing featured prominently in Q3, including Quanta Computer's acquisition of AUO's Huaya facilities for approximately US$618m, and ASE's purchase of Innolux's Nanke Fab 5 for approximately US$466m. These transactions underline the continued importance of occupier demand in supporting activity—with owner occupiers accounting for nearly 10% of total investment across the region year-to-date—rather than a recovery driven solely by income-seeking property investors.

Elsewhere, India's turnover increased by 15% to US$7.0bn, while the number of properties transacted rose by more than 50%, suggesting a wider base of activity. Japan remained the largest investment market in the region, with US$38.6bn transacted despite a more moderate Q3 trading period. China's year-to-date turnover was over 38% ahead of the same period in 2025, supported by a stronger first half, although this should not be read as evidence of a uniform recovery across its markets.

Capital partnerships and partial-interest transactions remain prominent across the region. Australian shopping-centre stake sales and the KKR–Singtel acquisition of STT GDC show investors deploying capital through existing ownership structures and operating platforms, rather than relying exclusively on outright property purchases. Domestic investors remain the main source of liquidity, albeit with a recovery in cross-border participation also evident.

The regional picture is consequently more constructive than perhaps the quarterly investment decline suggests, but the recovery remains selective. Some markets are benefiting from corporate expansion, while others from institutional portfolio recycling. The next phase will depend on whether these sources of activity translate into more consistent trading across a wider range of markets and assets.

APAC REAL ESTATE INVESTMENT



Source: Savills research using MSCI RCA. Excludes development sites. Including deals over US$10m.

Office investment across APAC increased by 15.4% during the first nine months of 2026. Large transactions remain an important feature, but the sources of activity varied between markets. Core acquisitions in Singapore and Japan sat alongside portfolio recycling in Australia and repositioning of opportunities in South Korea, pointing to a recovery shaped by individual investment cases rather than a uniform return of capital.

Singapore continued to demonstrate its ability to execute substantial core office transactions, as evidence by IOI's acquisition of Asia Square Tower 2 from CICT. The transaction also formed part of a wider reallocation of capital by CICT, which completed its Paragon acquisition during the quarter. This illustrates how portfolio repositioning can support liquidity even without a broad increase in the number of assets changing hands.

Japan similarly attracted capital into a major central Tokyo asset. The office floors of Pacific Century Place Marunouchi traded for approximately US$1.4bn, with Kenedix acting on behalf of a consortium involving Hulic, Sumitomo Corporation and Mitsubishi HC Capital.

Australia displayed a wider mix of buyers and transaction structures. GIC acquired 1 Market Street in Sydney, while Aware Super purchased a 50% interest in 100 Market Street from Link REIT. Centuria also acquired interests in Brookfield's 680 George Street and 50 Goulburn Street. These deals illustrate both cross-border participation and domestic capital deployment, with partial-interest transactions continuing to provide a route for owners to recycle capital.

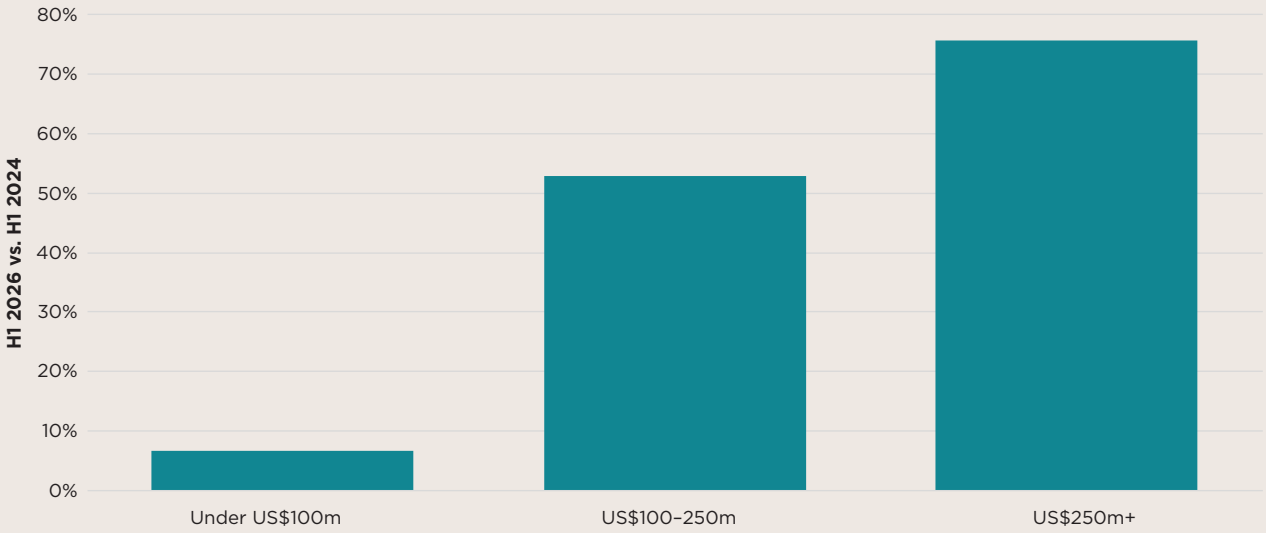
In South Korea, the acquisition of Doosan Tower offered a different proposition. The purchase was by a group including IGIS, Doosan, NH Investment & Securities and Hana Bank, with the property identified as acquired for renovation. Here, the investment case included the opportunity to change the asset rather than simply retain its existing income stream.

The common thread across all these deals is greater emphasis on how investor returns will be generated after acquisition. Rental reversion, refurbishment and ownership restructuring offer different routes, but each requires asset-specific execution.

Larger transactions demonstrate that there is plenty of equity available. They do not necessarily signal equal demand for secondary stock however.

Office liquidity is improving selectively, with the clearest opportunities where buyers can identify a credible path to stronger income or operational performance. For now, this activity remains largely concentrated at the top end of the market, reinforcing the broader preference for assets and sectors where income growth can be underwritten with greater confidence.

NUMBER OF DEALS BY SIZE IN APAC



Source: Savills research using MSCI RCA. Excludes development sites.

That preference is also evident across APAC's living sectors, where structural demand and constrained supply continue to offer investors a clearer route to rental growth. Institutional capital continued to find opportunities across APAC's living sectors in Q3, with Japanese multifamily acquisitions, Australian build-to-rent development and specialist accommodation in South Korea showcasing the diverse routes to market. Portfolio purchases provided immediate scale, while individual assets and development partnerships offered more targeted exposure. The activity extended the first-half themes of capital partnering with operators and investing in future rental supply.

Japan saw several substantial acquisitions during the quarter. Brookfield acquired a 50-property multifamily portfolio from Samty Holdings and JPMorgan Asset Management in July for approximately US$614m, covering around 3,700 units. The transaction demonstrated the opportunity to establish a sizeable residential portfolio through a single acquisition, rather than assembling assets individually. It also provided an example of international capital taking exposure to existing rental housing at scale.



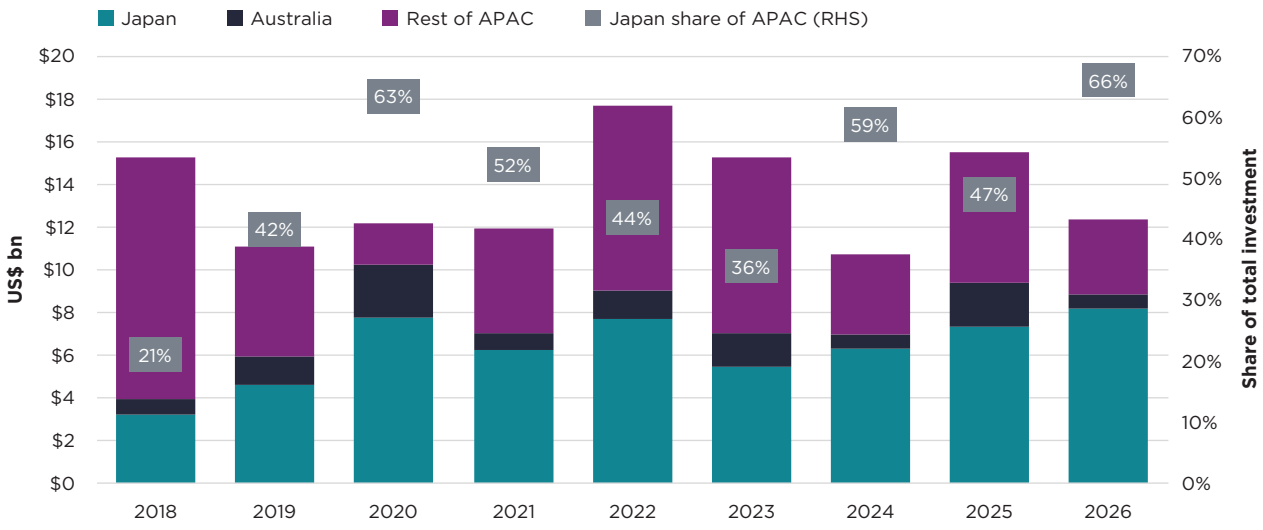
Activity was not confined to large portfolios. Dash Living acquired the 297-unit Frontier Shinjuku Tower from M&G Real Estate in September for approximately US$238m. The property combines apartments with retail, co-working and self-storage space, bringing several uses within the same space. Alongside Brookfield's portfolio purchase, the transaction illustrates the range of opportunities available to investors, from diversified residential holdings to individual buildings with a broader operating proposition.

In South Korea, institutional partnerships continued to translate into acquisitions. Tishman Speyer, Bouwinvest, APG and Gravity Asset Management acquired the 411-unit Songdo Costay in Incheon in August. The residential and workers' accommodation asset adds a concrete example to the capital-partnership theme highlighted in the previous quarter.

It also shows that institutional living strategies extend beyond conventional apartments, with investors accessing accommodation formats that serve distinct occupier groups.

Australia offered exposure to future rental supply. Kio Investment Management and Warburg Pincus acquired UEM Sunrise's 407-unit build-to-rent development at 21–53 Hoddle Street in Melbourne, with the transaction valued at approximately US$222m and completion expected in 2027. The project, highlighted in the previous quarter's discussion of forward funding, illustrates how capital partnerships can support the delivery of new rental accommodation rather than compete solely for existing stock. This willingness to invest beyond completed assets is also evident elsewhere, with capital increasingly seeking exposure to the platforms and development pipelines needed to meet future demand.

APAC APARTMENT INVESTMENT (Q1-Q3)



Source: Savills research using MSCI RCA. Excludes development sites.



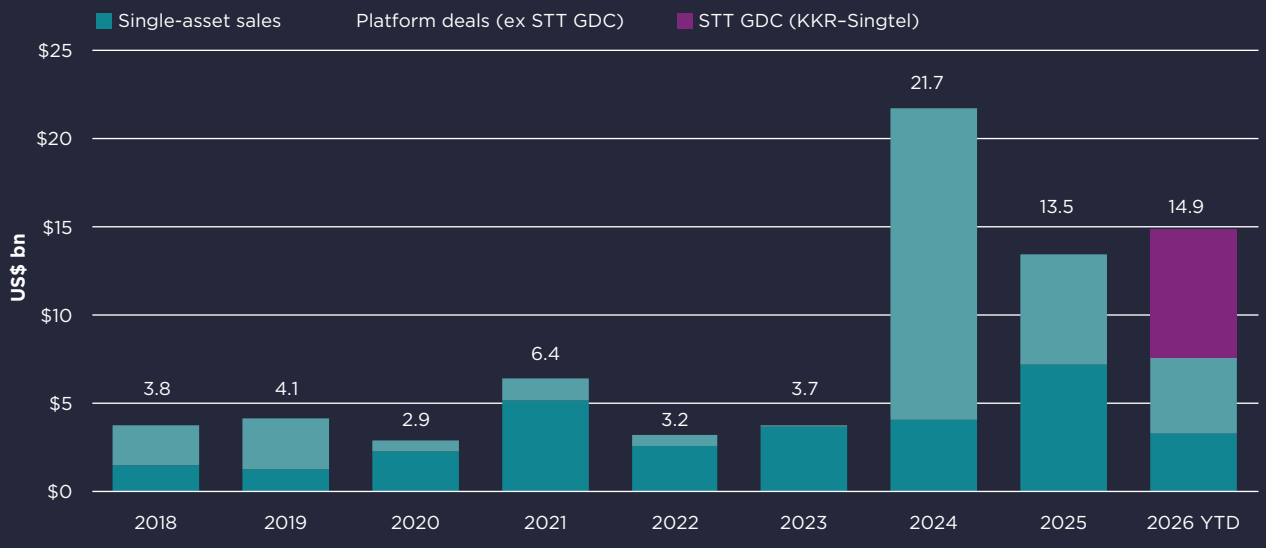
Data centres provide perhaps the clearest example of this trend. Investment continued to expand across APAC, with turnover reaching approximately US$14.9bn during the first nine months of 2026, up 33% year on year. Demand for cloud services, AI infrastructure and hyperscale capacity remain important drivers, but the investment story extends beyond the acquisition of individual facilities. Capital is also targeting operating businesses that provide access to established networks and development pipelines.

The KKR–Singtel acquisition of the remaining approximately 82% of STT GDC was a prominent example. The entity transaction is with consideration of US$5.2bn and an implied enterprise value of US$10.9bn. This is a different route into the sector from buying a stabilized property; investors are acquiring a position in an operating platform, with exposure extending across multiple markets and facilities.

The underlying portfolio also demonstrates the diversity of that exposure. Operating facilities and projects under development can be across Singapore, India, Japan and several Southeast Asian markets. Some entries involve ownership interests in physical assets, while others are identified as operating interests in leased facilities.

India has become an important part of this investment landscape, recording approximately US$3.9bn of data centre investment during the first nine months. Development land remains the country's largest investment category overall, but digital infrastructure provided a significant additional channel for capital deployment.

APAC DATA CENTRE INVESTMENT



Source: Savills research using MSCI RCA. Excludes development sites.

PRIME APAC YIELDS, Q3 2026 (AS AT END OF SEPTEMBER)

Sector	City	Prime net initial yield	Outlook for yields, next 12 months	Typical LTV	Total cost of debt	Cash-on-cash yield	Risk premium
Logistics	Tokyo	3.30%	No change	60%	2.4%	4.7%	0.2%
Logistics	Hong Kong	4.30%	Up	0%	0.0%	4.3%	0.3%
Logistics	Sydney	5.25%	Up	50%	6.5%	4.1%	-0.1%
Logistics	Seoul Metropolitan Area	5.40%	Up	60%	5.7%	5.0%	1.0%
Logistics	Shanghai	5.50%	Up	50%	3.5%	7.5%	3.8%
Logistics	Singapore	6.35%	No change	55%	2.5%	11.1%	3.9%
Multifamily	Tokyo	3.30%	No change	60%	2.4%	4.7%	0.2%
Multifamily	Sydney	4.25%	Up	55%	6.5%	1.5%	-1.1%
Multifamily	Melbourne	4.38%	Up	55%	6.5%	1.8%	-1.0%
Office	Hong Kong (CBD)	2.38%	Up	0%	0.0%	2.4%	-1.6%
Office	Tokyo	2.60%	No change	60%	2.4%	2.9%	-0.5%
Office	Singapore	3.58%	No change	55%	2.5%	4.9%	1.1%
Office	Seoul	4.35%	Up	60%	5.3%	2.9%	-0.1%
Office	Shanghai (Lujiazui)	5.25%	Up	50%	3.5%	7.0%	3.6%
Office	Sydney	6.00%	Up	50%	6.6%	5.5%	0.7%
Office	Mumbai	8.25%	Up	60%	9.5%	6.4%	1.1%
Student	Sydney	4.88%	Up	50%	6.5%	3.3%	-0.5%
Student	Melbourne	5.38%	Up	50%	6.5%	4.3%	0.0%

Source: Savills Research and Macrobond

Note: yields may be different to quoted values in markets where the convention is to use a gross rather than net value. Logistics yield in Singapore reflects the domestic land tenure system, where the longest lease for new industrial properties is 30 years. Values based on end-of-quarter data. See Methodology for details.

ASIA SQUARE TOWER 2, SINGAPORE



Sector: Office

Tenant: Mizuho Bank, Mitsui Group and KPMG

Lease length (WAULT): Undisclosed

Area: 779,000 sqft

Price/NIY: SG$2.5bn (US$ 1.9bn) / 3.4%

Vendor: CapitaLand Integrated Commercial Trust

Vendor nationality: Singapore

Purchaser: IOI Group

Purchaser nationality: Malaysia

Other comments: Asia Square Tower 2 was around 95% occupied and transacted at a reported 9.9% premium to its end-2025 valuation. For the vendor, the disposal formed part of a broader capital recycling strategy and was announced alongside its acquisition of Paragon, a predominantly retail asset.

WESTFIELD MT GRAVATT, BRISBANE



Sector: Retail

Tenant: Coles, K-Mart, Harris Scarfe, Target

Lease length (WAULT): Undisclosed

Area: 1.5m sqft

Price/NIY: AU$883m (US$633m) / 5.5%

Vendor: Scentre Group

Vendor nationality: Australia

Purchaser: Australian Retirement Trust (ART)

Purchaser nationality: Australia

Other comments: The acquisition of a 50% stake in Westfield Mt Gravatt is expected to be the largest single-asset retail transaction in Australia this year. The deal forms part of Scentre Group's strategy of introducing third-party capital through joint ventures, while retaining management of the underlying asset.

METHODOLOGY

Net initial yields are estimated by local Savills experts to represent the achievable yield, including transaction and non-recoverable costs, on a fully let hypothetical grade A asset; for logistics, this is a big-box facility located in a prime location, let to a single good profile tenant on a 10–15-year open-market lease, for office, it is a building a located in the CBD of over 50,000 sqft in size, and for living, it is an asset of institutional scale in a prime location. The typical LTV and cost of debt represent the anticipated lending terms available in each market. Cash-on-cash returns illustrate the initial yield on equity, assuming the aforementioned LTV and debt costs. The risk premium is calculated by subtracting the end-of-period domestic 10-year government bond yield (as a proxy for the relevant risk-free rate of return) from the net initial yield. Yields may be different to quoted values in markets where the convention is to use a gross rather than net value. Data is end-of-quarter values.



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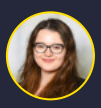
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