

Executive Summary

▲ 60%

of investors expect higher levels of purchasing activity in 2022.

▲ 51%

of investors expect demand for office space to remain the same or increase in the next three years.

Germany

scored highest for country-level performance. Three of the top ten most attractive markets were German.

▼ Discount

expectations across value-add, retail, and hotel sector have decreased significantly from 2021.

This year's survey provides several other key insights:

- The office sector is (again) the most preferred property type for European investors in 2022. This was likely driven by a combination of improving expectations for a return to the office and strong real estate fundamentals.
- Core and core plus strategies remain popular among European investors. However, interest in value-add acquisitions was up year-over-year as investors reach for yield.
- Germany scored highest in terms of country-level performance expectations. Notably, the UK had a much stronger showing in 2022 due to waning uncertainty around Brexit. The UK finished second in our cross-border country preference ranking and London was again selected as the most preferred market. Paris and Amsterdam both finished in the top three.
- Compared to 2021, pricing for all asset classes is expected to strengthen. Upward pressure may intensify for logistics and prime office, while expected discounts in retail, hotel, and value-add office assets should continue to narrow.

Despite the high prevalence of the omicron variant in Europe, the investment market is in a better position than it was a year ago. In 2021, Europe registered a record level of investment volumes at around €360,000 million. This represents a 25% increase from the year prior. CBRE's house view forecasts up to a 5% year-over-year increase in investment volume in 2022, pointing to another record year.

In our 2022 Investor Intentions Survey, respondents have signalled a degree of optimism. Notably, 60% of respondents expect to increase purchasing activity in 2022. This improved sentiment suggests potential upside in 2022.

CBRE's 2022 European Investor Intentions Survey was conducted between Nov 22, 2021, and Dec 22, 2021. Over 600 Europe-based investors participated in the survey, which asked respondents a range of questions regarding their buying appetite and preferred strategies for sectors and markets in 2022.

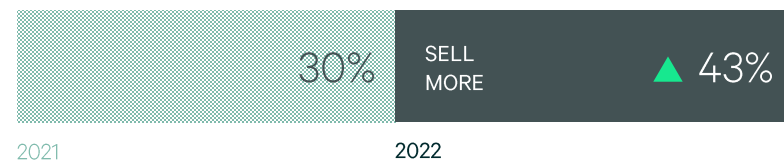
2022 European Investor Intentions Survey

PURCHASING AND SELLING EXPECTATIONS POINT TO ANOTHER RECORD YEAR

Investors intend to buy more
% of respondents



Selling intentions retained
% of respondents



Source: European Investor Intentions Survey, CBRE Research, January 2022

TOP CITIES FOR INVESTMENT

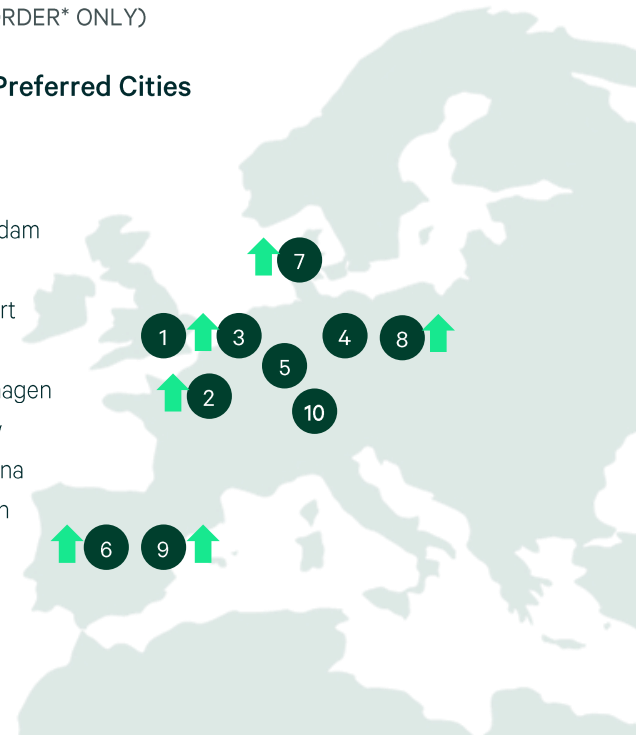
(CROSS-BORDER* ONLY)

Top 10 Preferred Cities

1. London
2. Paris
3. Amsterdam
4. Berlin
5. Frankfurt
6. Madrid
7. Copenhagen
8. Warsaw
9. Barcelona
10. Munich

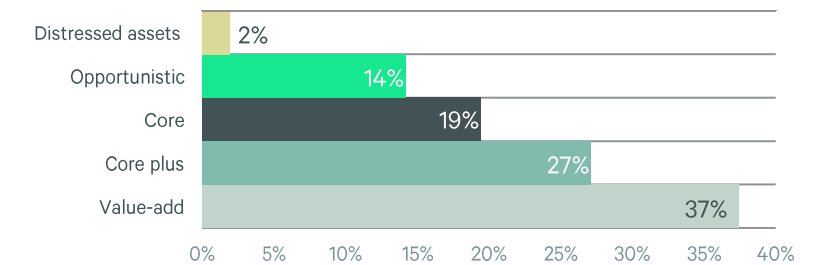
Legend

- Top ten preferred cities*
- ↑ Higher ranking than in 2021

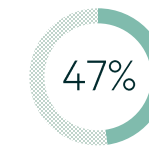


PANDEMIC ERA INVESTING

1 Investors increasingly interested in value-add strategies

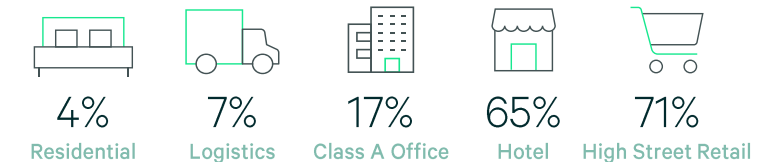


2



of investors believe demand for physical office space will either remain the same or increase in the coming three years

3 Pricing expected to strengthen across all sectors in 2022*



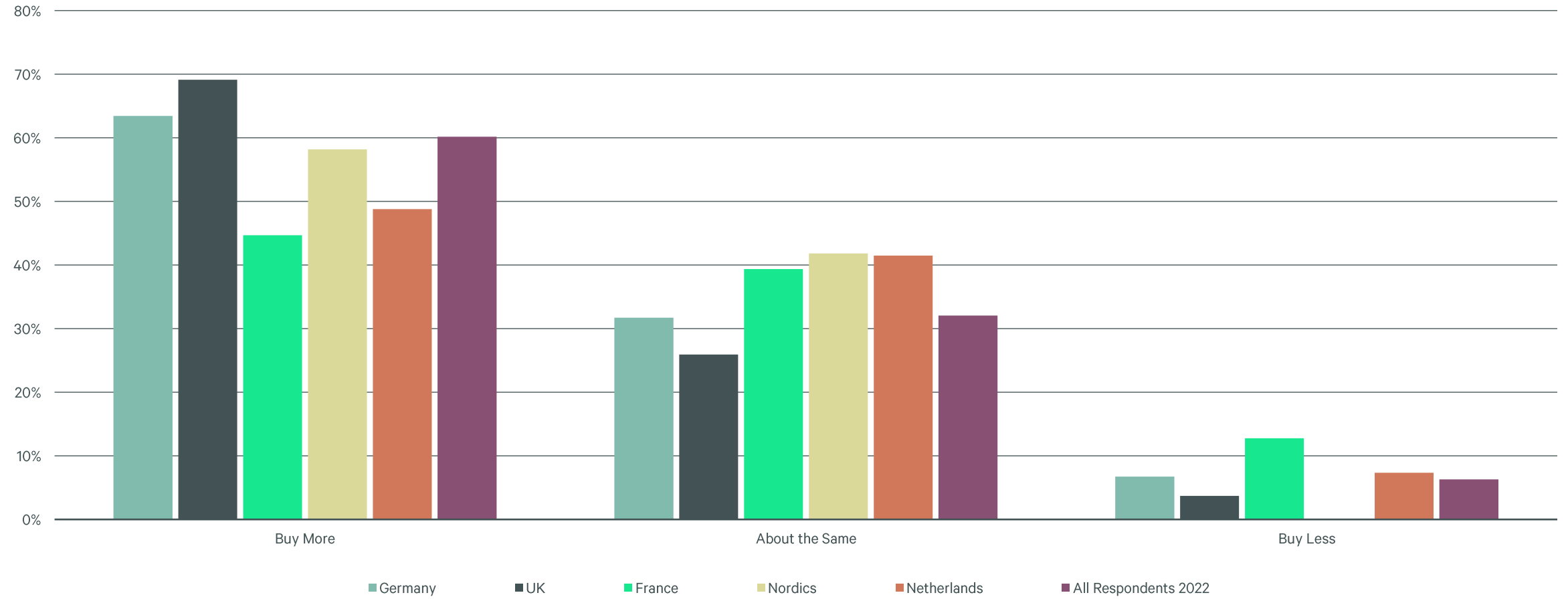
*Percentage of Investors Expecting Discounts in 2022 Relative to 2021 Pricing



1 Investment Activity Outlook

Appetite for Commercial Real Estate in Europe Expected to Increase in 2022, UK Investors Most Bullish

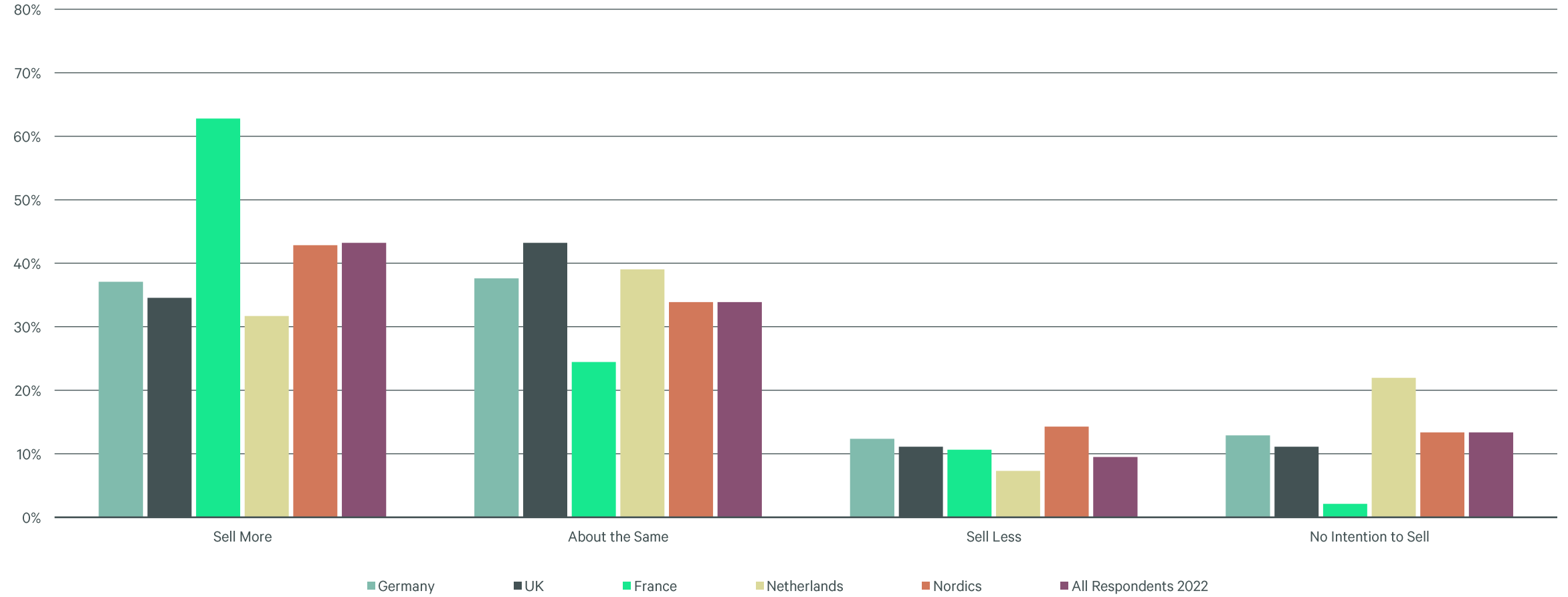
FIGURE 1: Purchasing activity expectations



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Market Recovery Spurs Increased Selling Activity Expectations, Particularly Among French Investors

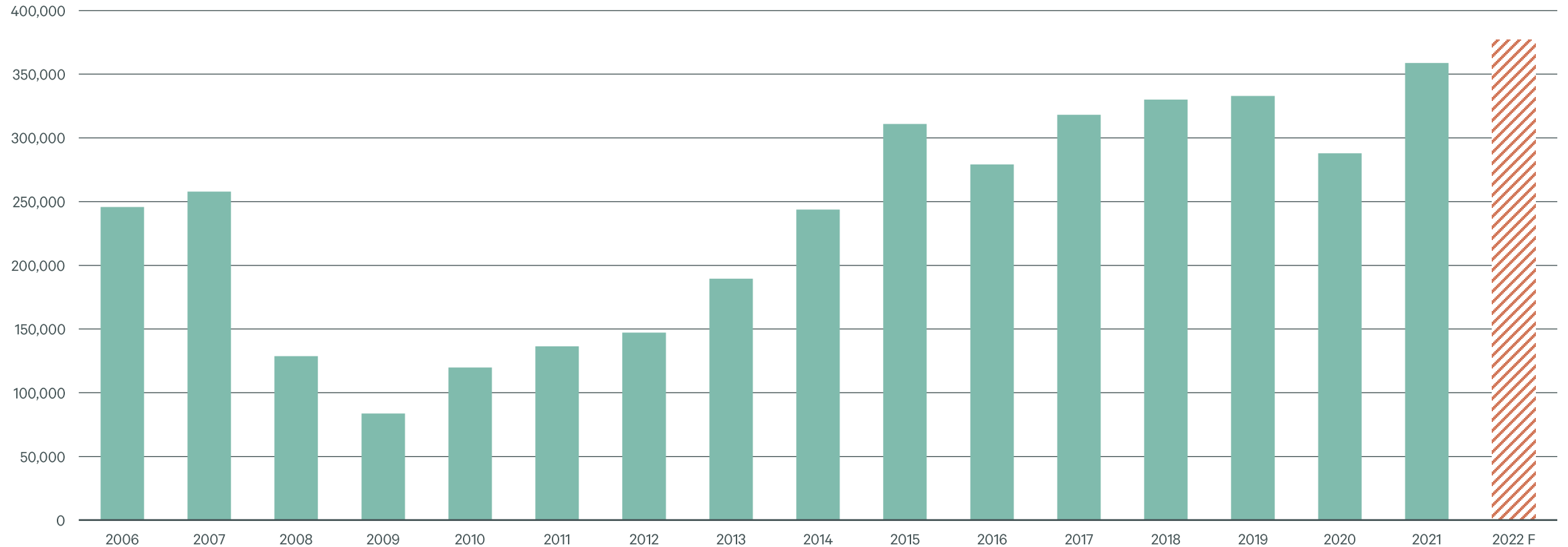
FIGURE 2: Selling activity expectations



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Increased Market Activity Will Push Investment Volumes Over Pre-Pandemic Levels in 2022

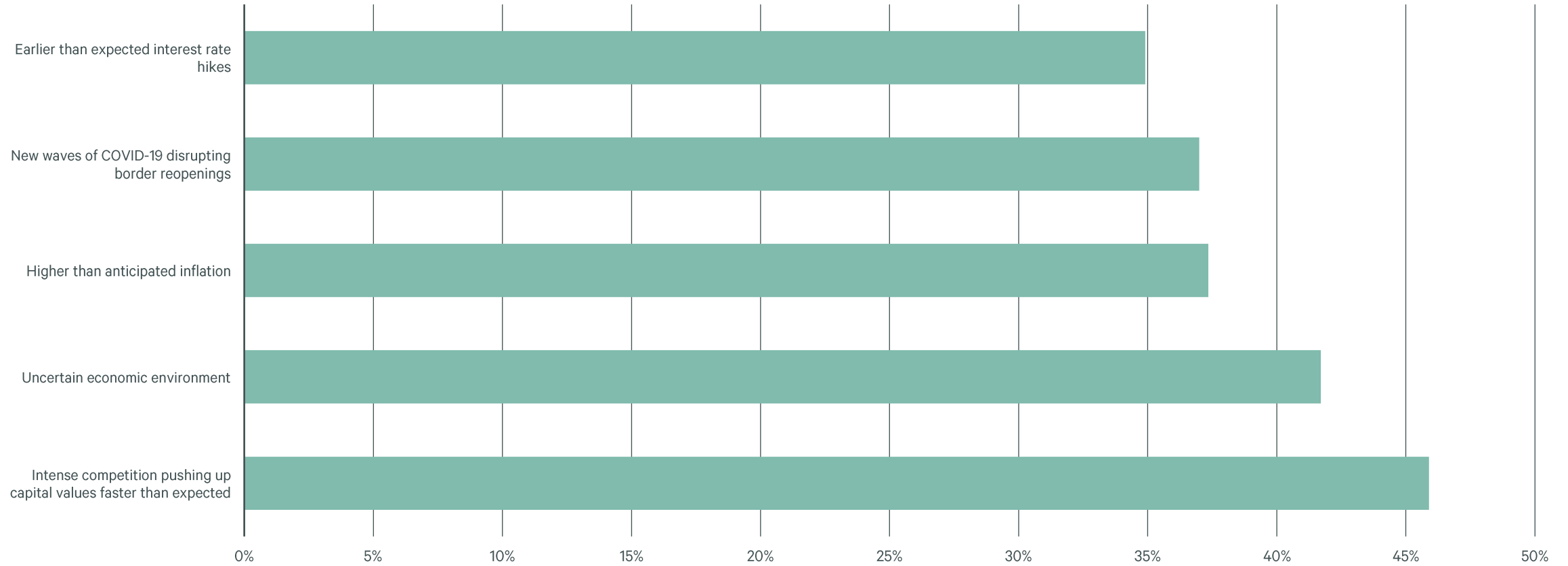
FIGURE 3: EMEA Investment Volume (EUR Million)



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Greatest Challenges For Investors in 2022: Competition for Assets and Uncertainty

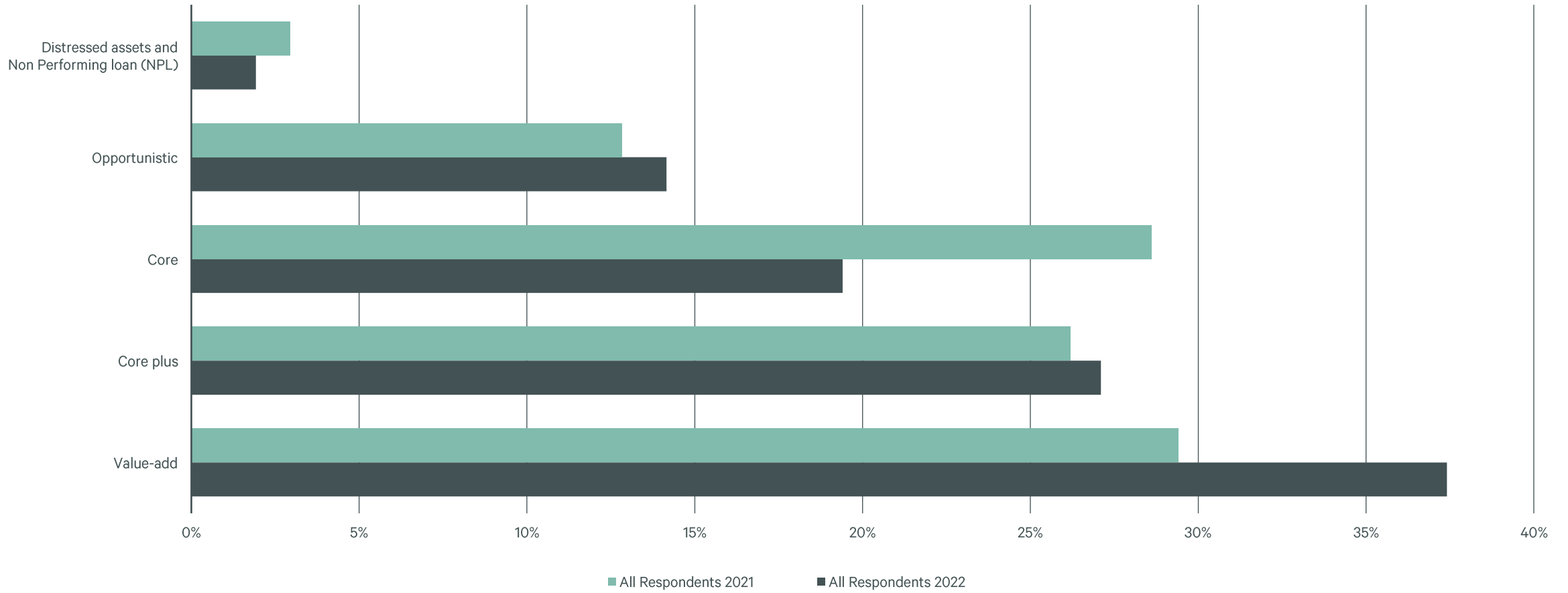
FIGURE 4: Major challenges facing real estate investment in 2022



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Investors Increasingly Interested in Value-Add Strategies, Although Core and Core Plus Strategies Remain Popular

FIGURE 5: Preferred strategy



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Office Remains Most Preferred Property Type for European Based Investors

FIGURE 6: Sector preference – 2022 Investor Intentions Survey

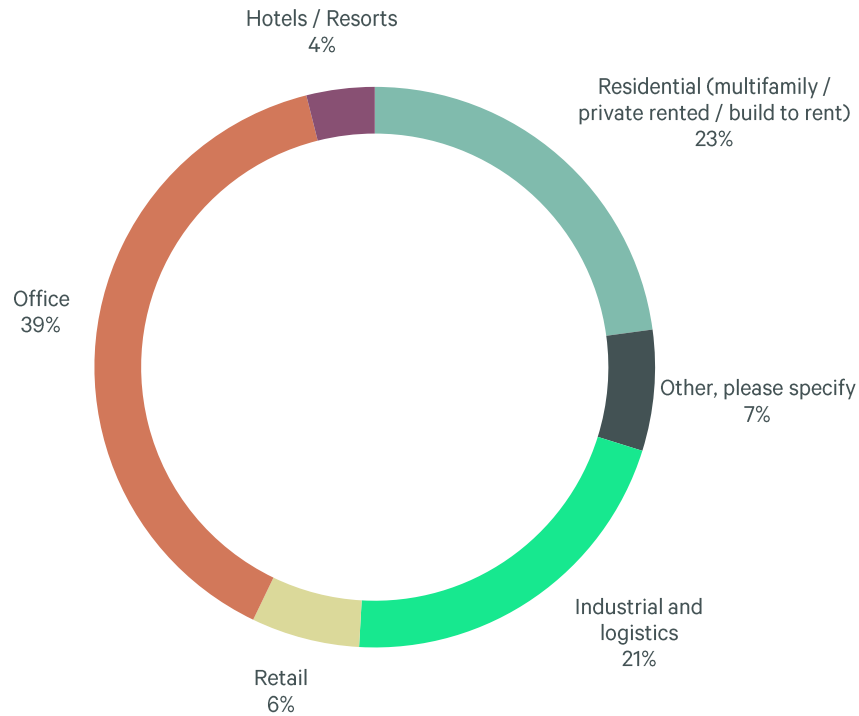
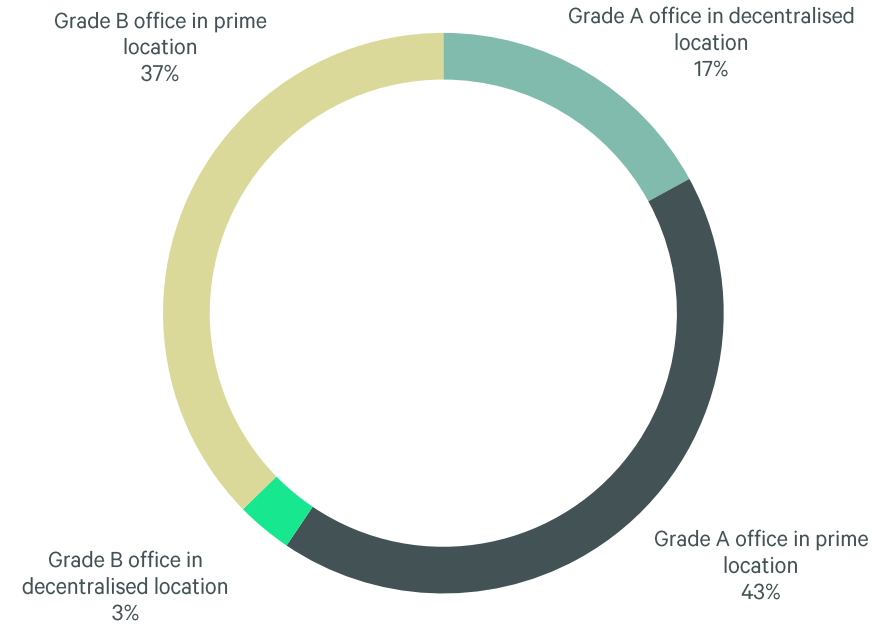


FIGURE 7: Favored office sub-sector



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Investors Increasingly Optimistic About the Future of Office

FIGURE 8: Office demand expectations IIS 2022

What is investor view of demand for physical office space in the coming three years?

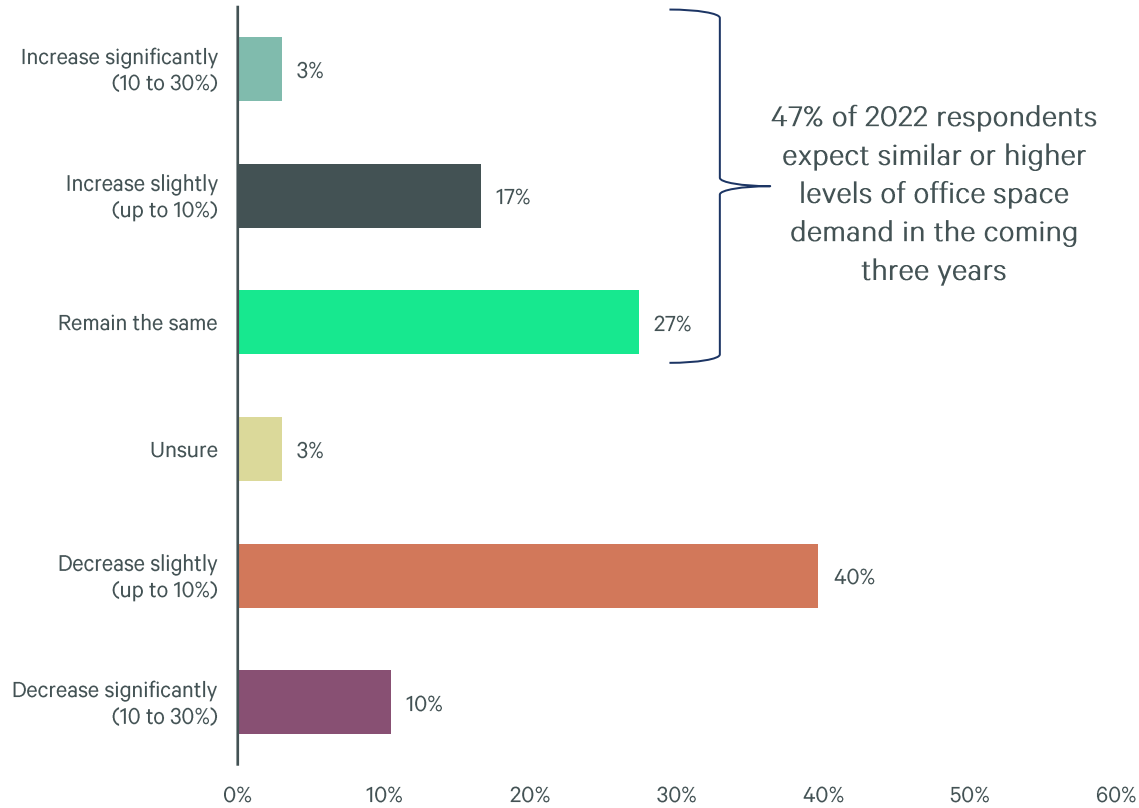
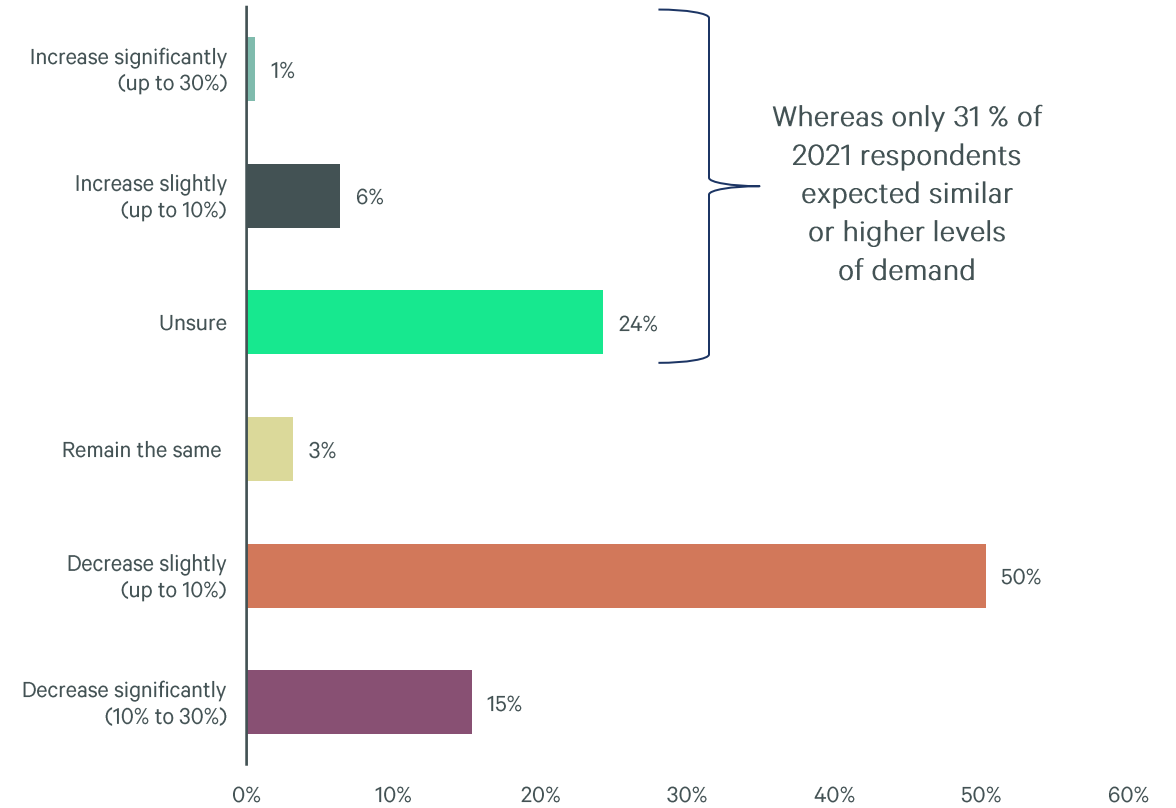


FIGURE 9: Office demand expectations IIS 2021

What is investor view of demand for physical office space in the coming three years?



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Source: EMEA Investor Intentions Survey, CBRE Research, January 2021

Most Favored Sub-Sectors Vary, Co-living Clear Residential Favorite

FIGURE 10: Favored multifamily sub-sector

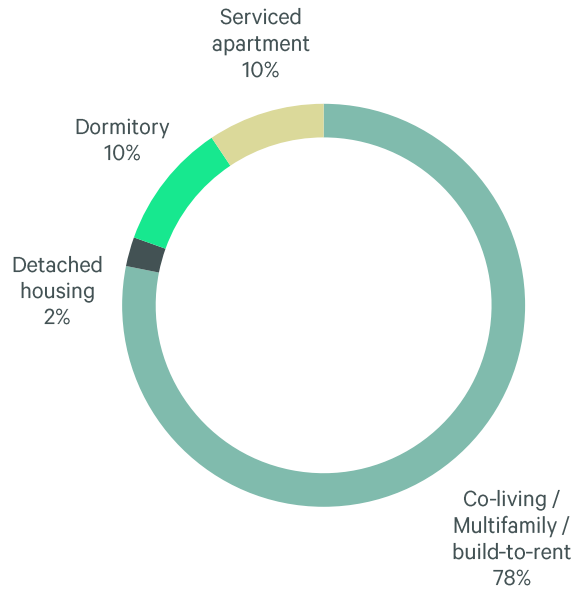


FIGURE 11: Favored logistics sub-sector

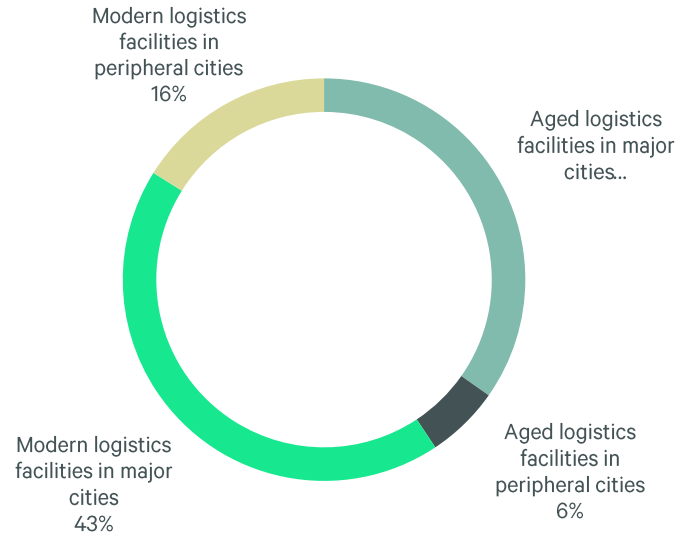
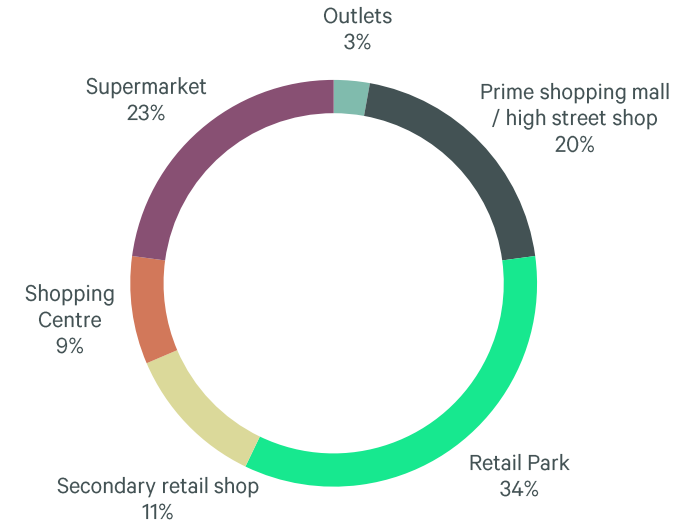


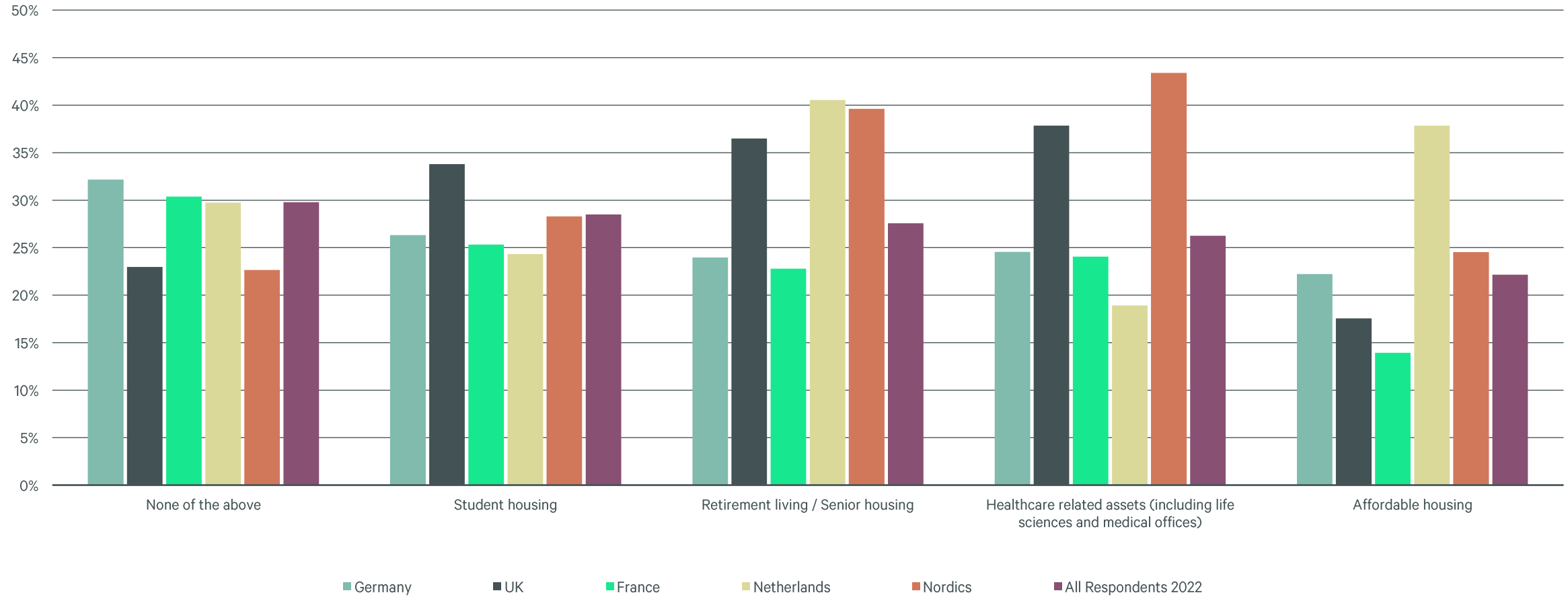
FIGURE 12: Favored retail sub-sector



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Student and Senior Housing Most Preferred Alternatives

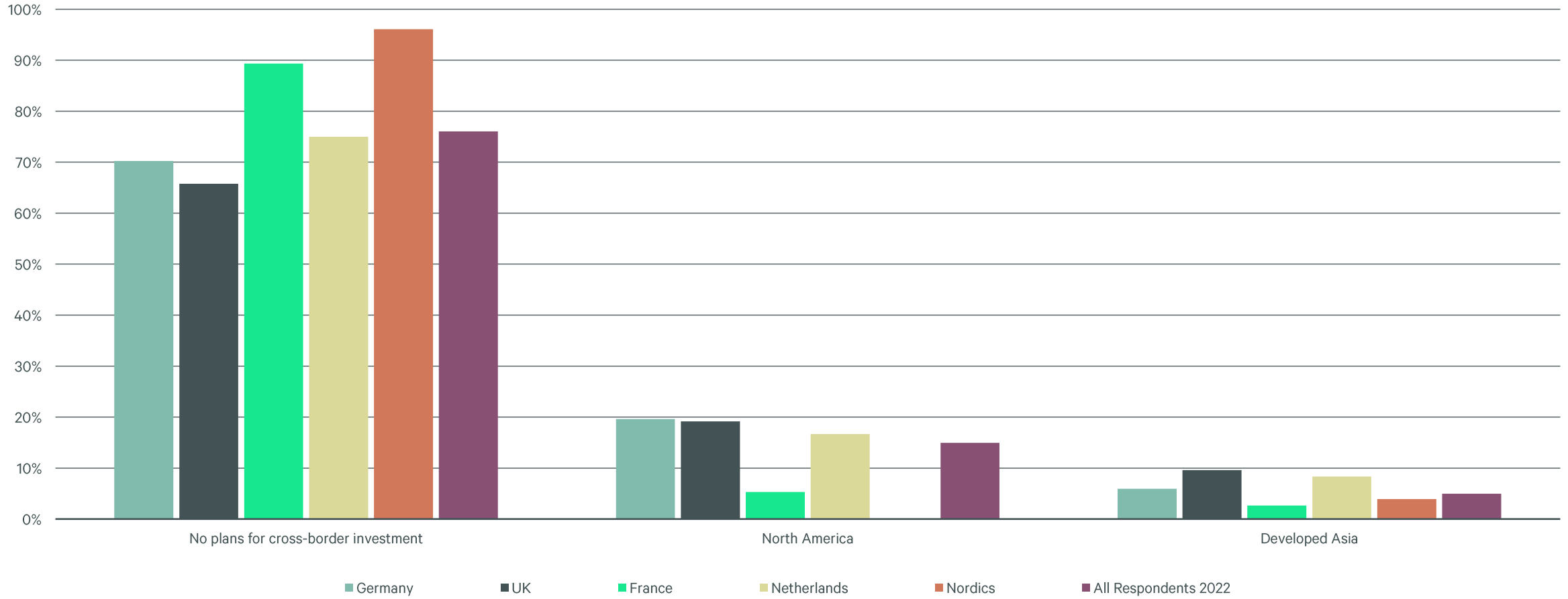
FIGURE 13: Alternative investment sector preference



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

European Investors Remain Focused on Europe, North America Most Preferred International Destination

FIGURE 14: Cross-regional investment intentions



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Investors Confident in Germany, London Still Most Preferred Market

FIGURE 15: Country level-performance expectations and most preferred city (cross-border* only)



Legend

■ Country level-performance ranking

■ Top ten preferred cities

*Includes respondents domiciled in a different country and excludes domestic respondent views.

Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

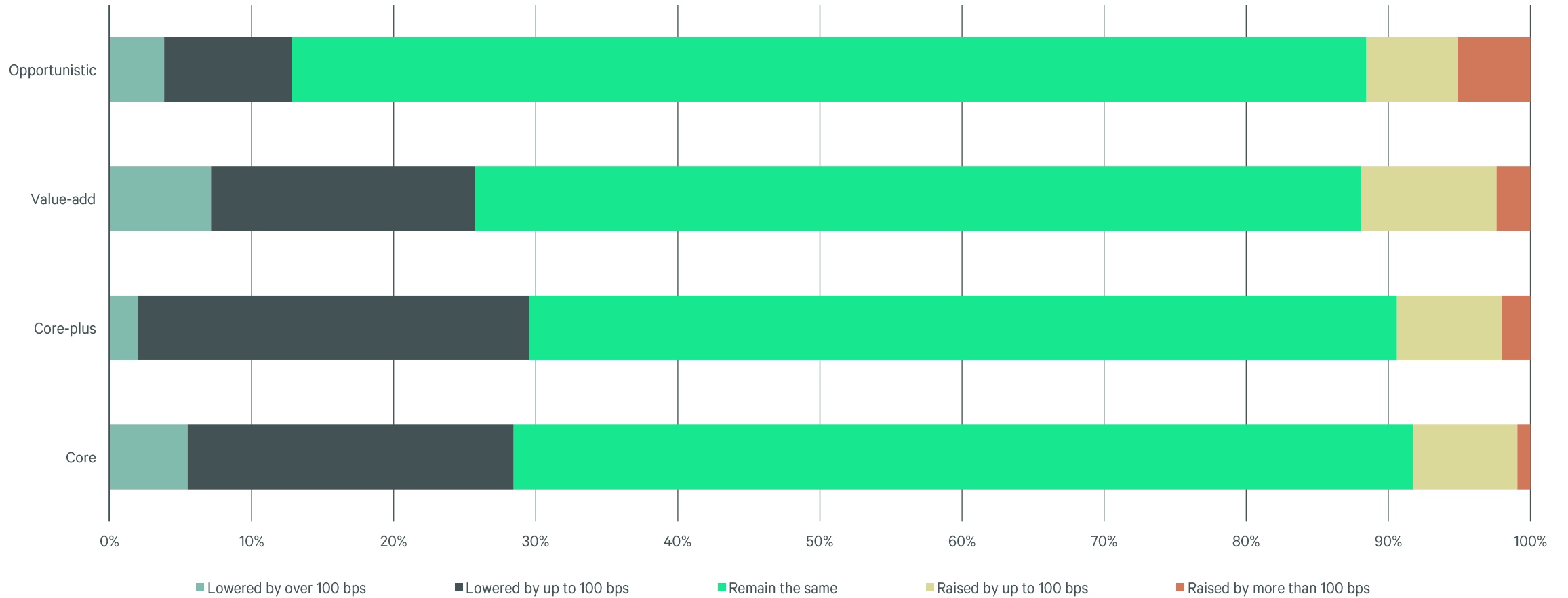


Key Observation:

Germany once again came away as the clear winner of the country level-performance expectations and most preferred city rankings. UK moved up three spots as Brexit uncertainty has waned. Paris and Amsterdam each moved up two spots in the rankings to round out the top three.

Target Returns Largely Unchanged in 2022

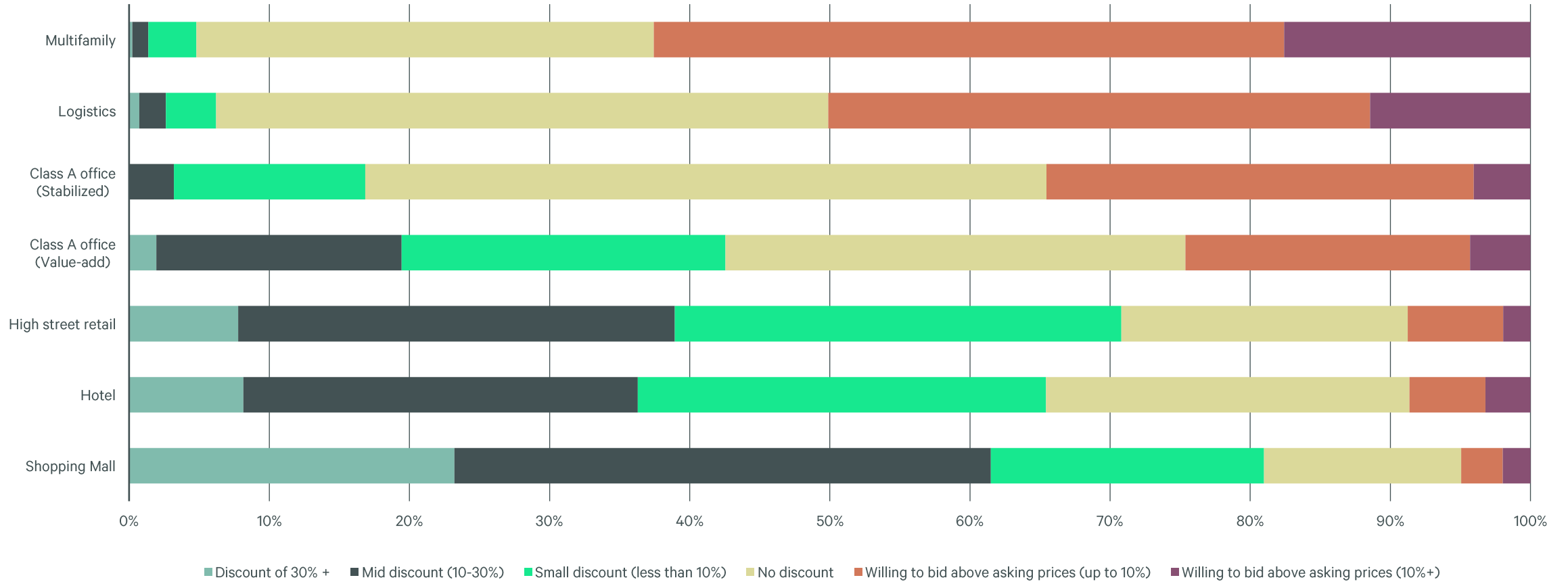
FIGURE 16: Expected change in target returns by end of 2022



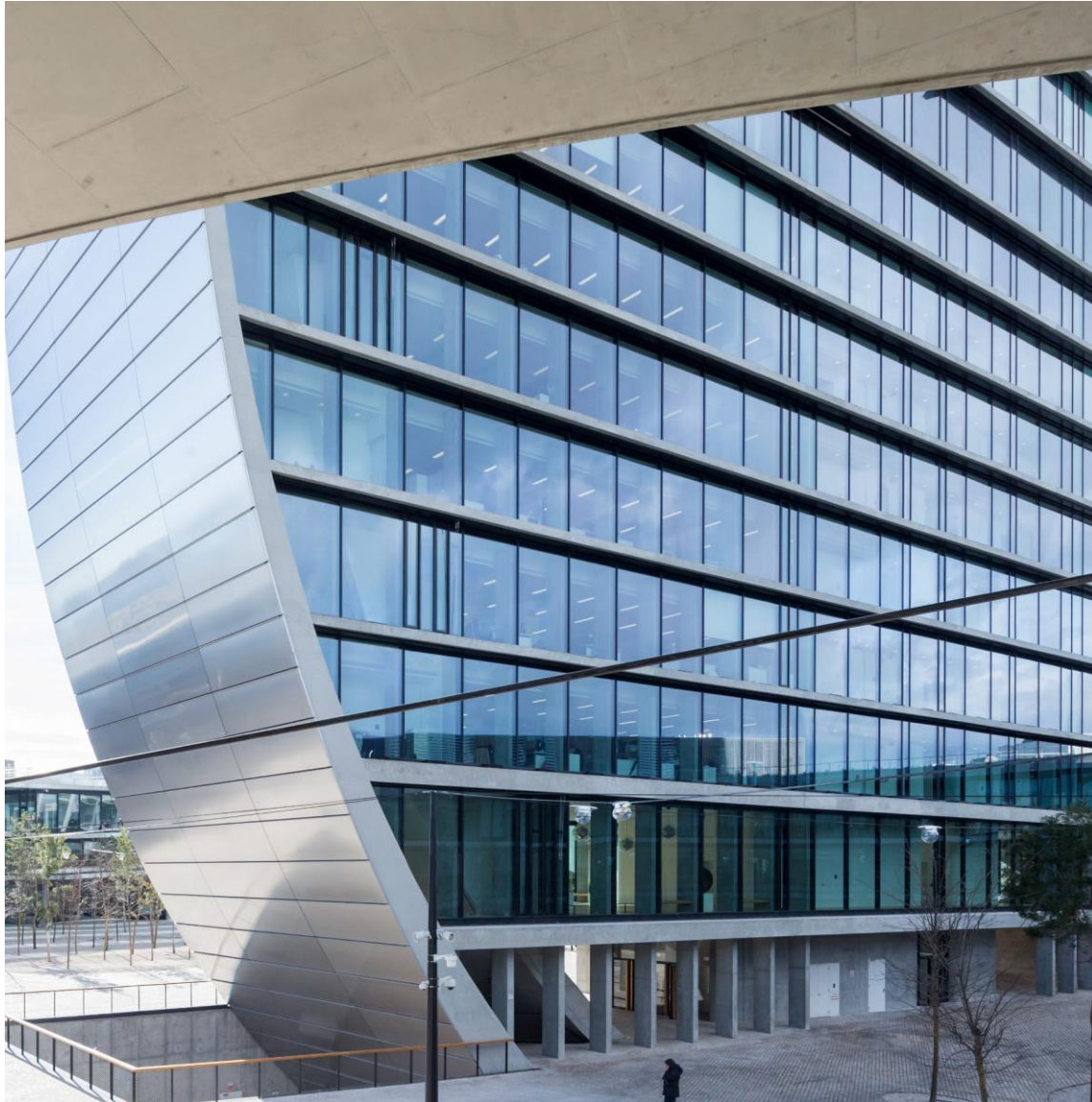
Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Premiums Increase for Prime Office, Logistics and Multifamily

FIGURE 17: Pricing expectations in 2022 compared to 2021



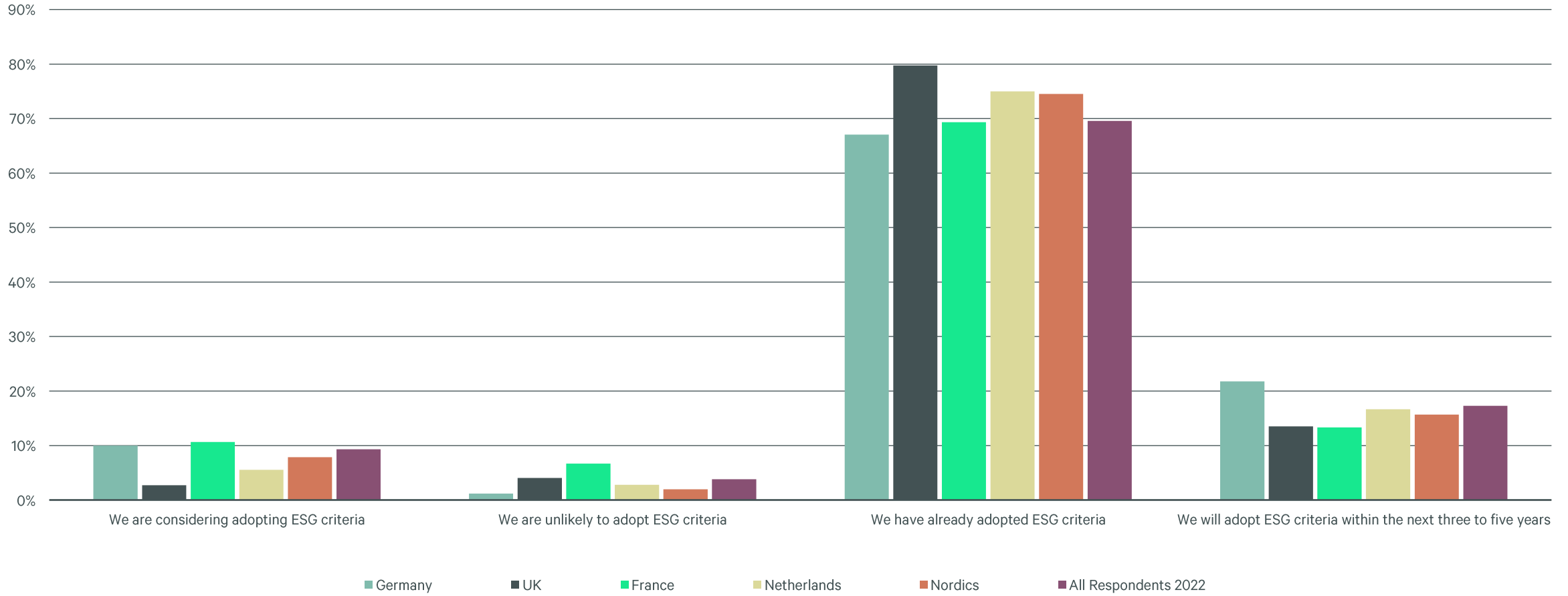
Source: EMEA Investor Intentions Survey, CBRE Research, January 2022



2 ESG and investment

Adopting ESG Criteria is the New Normal in Europe

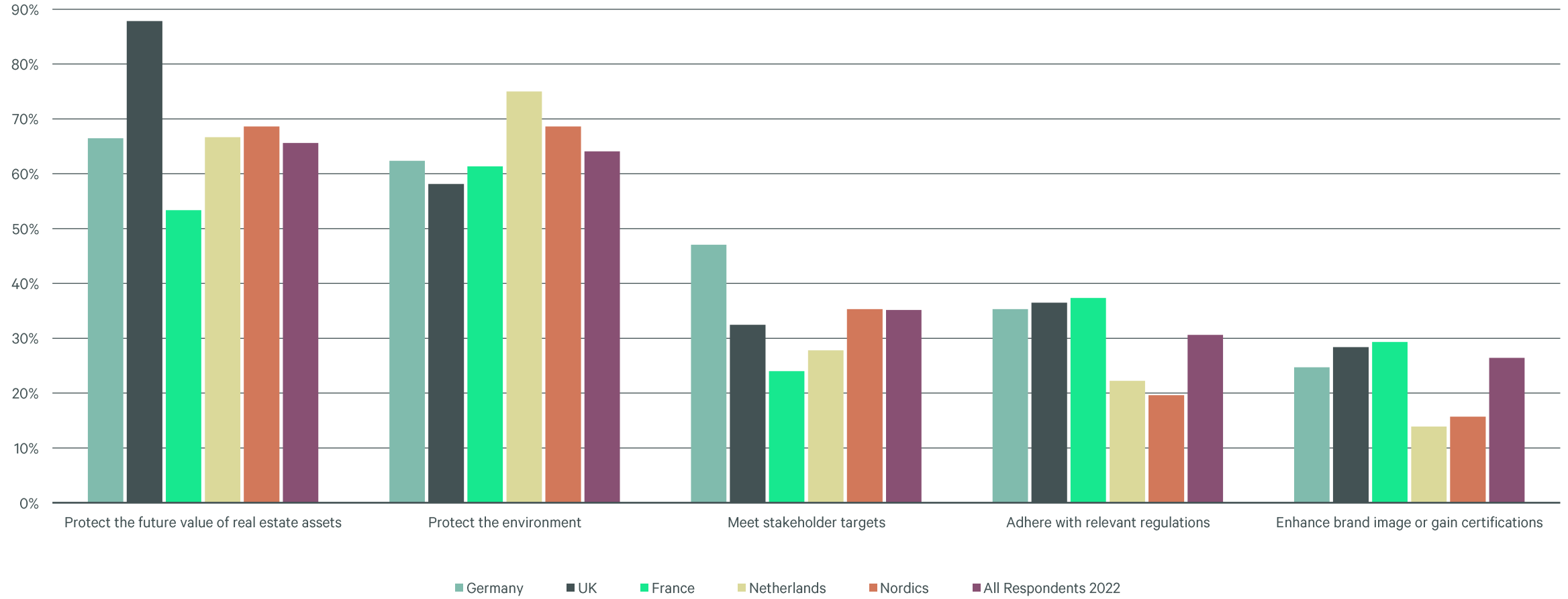
FIGURE 18: ESG adoption levels



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Key Priorities for ESG Strategies: Protecting the Environment and Asset Values

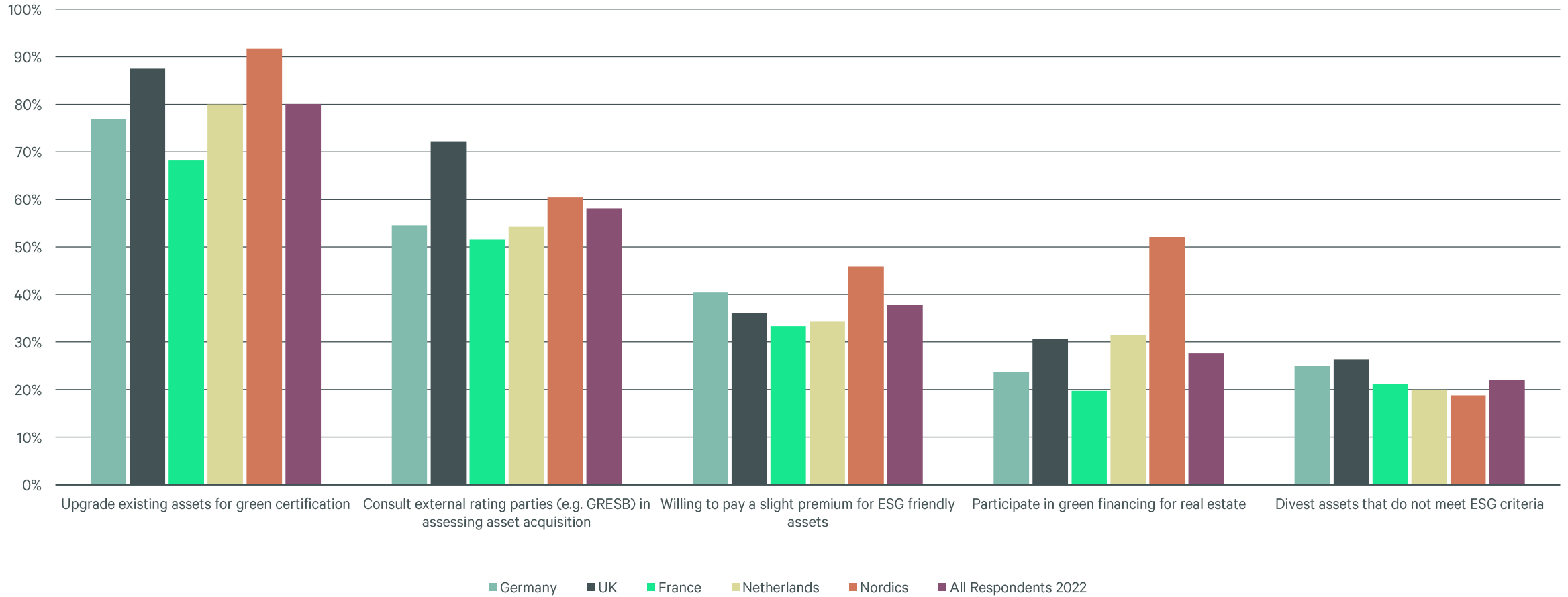
FIGURE 19: Key priorities of companies ESG strategies



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Plurality of Investors See Upgrades as Key to ESG Implementation, Even More Than Divestiture or Acquisition of Green Certified Assets

FIGURE 20: Implementation of ESG strategies



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022



3 Respondent Profile

Respondent Profile and Total Responses = 603

FIGURE 21: Percentage of respondents by market

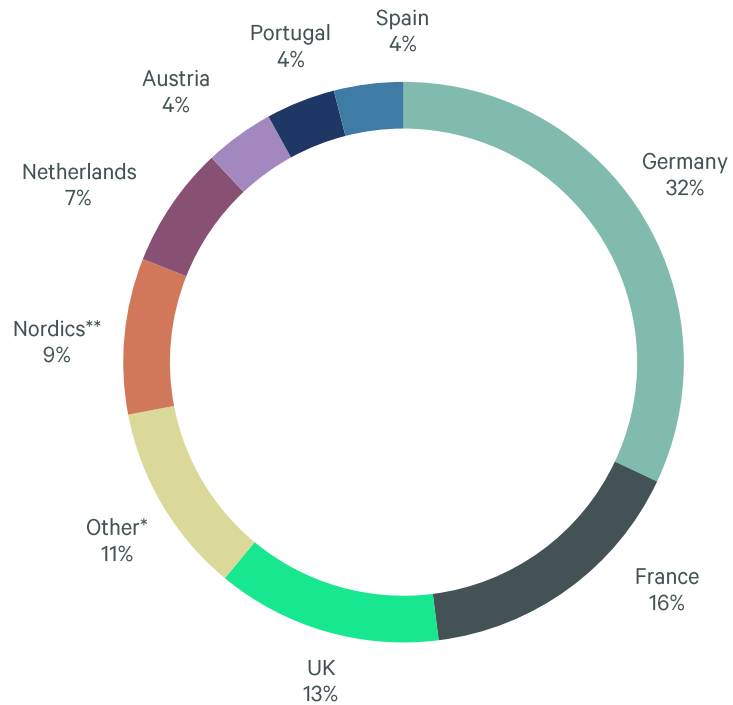
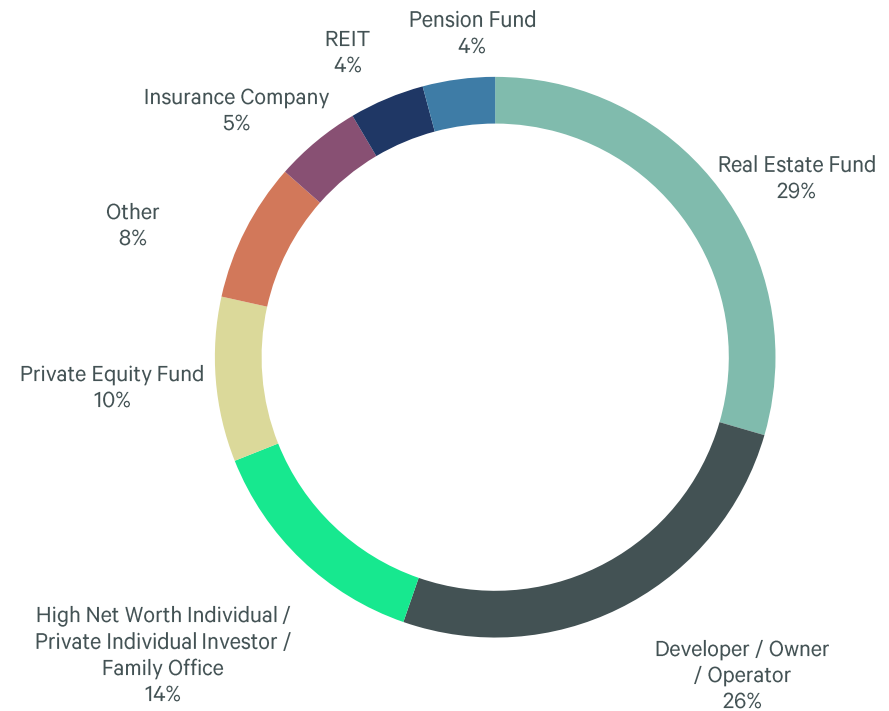


FIGURE 22: Percentage of respondents by investor type



Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

*Other includes respondents from The Baltic States, Central and Eastern Europe, Italy, Luxembourg, and Switzerland

**Nordics includes respondents from Denmark, Finland, Norway, and Sweden

Source: EMEA Investor Intentions Survey, CBRE Research, January 2022

Market Area Overview



Survey Criteria :

CBRE’s 2022 EMEA Investor Intentions Survey was conducted between Nov 22, 2020, and Dec 22, 2021. Over 600 Europe-based investors participated in the survey, which asked respondents a range of questions regarding their buying appetite and preferred strategies for sectors and markets in 2021.

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