

OPERATIONAL CAPITAL MARKETS

European Operational Real Estate Investor Sentiment Survey 2026

Investors Target Single Family, Co-Living, Senior Living and Care Homes across Europe

62%

Over three-fifths of respondents expect to have a majority of their total assets under management allocated to the OpRE sectors over the next three years.

€45bn

The investors we surveyed aim to deploy €45 billion into European OpRE in the next three years, increasing their current allocations by 78%. Investors expect that 2027 will be their most active year.

PBSA

Purpose Built Student Accommodation (PBSA) remains the most sought-after sector for the second year in a row, with 58% of investors targeting it. Over half of investors are also looking to increase their allocation to Multifamily, Single Family and Co-Living.

€6.25bn

Interest in Care Homes continues to rise, with half of investors targeting the sector over the next three years, with aspirations to deploy more than €6 billion.

Fundraising

Investors are more positive about fundraising in 2026, with three-fifths of respondents agreeing the outlook will improve this year. Investors expect Value-Add and Core+ strategies to be the easiest to raise capital for.

DACH

There has been a resurgence in investors looking to target OpRE investment in the DACH region, after a fall in 2025. Our respondents are especially targeting Multifamily, Affordable Housing and Senior Living in the region.

Introduction



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Our 2026 European Operational Real Estate (OpRE) Investor Sentiment Survey demonstrated clearly the continued acceleration of investors diversifying their portfolios and increasing their exposure to OpRE.

A growing number of investors are targeting the OpRE sectors, attracted by their ability to deliver long-term stable returns, as well as diversification from other real estate asset classes.

Purpose Built Student Accommodation (PBSA) remains the most sought-after sector for the second year in a row.

There has also been a notable rise in the proportion of investors looking to target Co-Living, Senior Living and Care Homes.

Our survey respondents plan to deploy €45 billion over the next three years alone, with a majority expecting 2027 to be their most active year.

Following a challenging period for fundraising, investors are more optimistic about the next 12 months. Value-add and Core-plus strategies are expected to be the easiest to raise capital for.

Interest in accessing OpRE sectors through funds, whether generalist or sector-specific, also increased, following a decline in 2025.



Operational real estate (OpRE) for the purposes of this survey encompasses:

- Investible residential (Multifamily, Single family, PBSA, Senior Living, Care Homes, Co-living, Affordable Housing and Social Housing);
- Hotel sectors (Serviced apartments, Mid-market, Budget, Luxury, Lifestyle, Hostels, Branded Residences);
- Self Storage.

Our survey gathered responses from **56 investors**, who collectively have **€540 billion in real estate assets under management (AuM)**.

Around 75% of respondents are based in the UK, with 20% in continental Europe and 5% in the rest of the world.

Increasing Allocation to OpRE Sectors

Investment into OpRE across Europe has accounted for a growing share of total investment since 2022, rising from 30% to 38%.

This increase aligns with investors' stated ambitions to expand their allocations to OpRE. In 2026, almost two-fifths of our respondents still intend to increase their allocations over the next three years, while only 7% expect to reduce exposure.

This suggests that the share of total investment directed towards the OpRE sectors will continue to rise over the next three years, as investors target opportunities that allow them to fulfil these ambitions.

The primary motivation for increasing exposure to OpRE is the long-term stable income these sectors offer. Returns are supported by the favourable demand and supply dynamics, with many markets across Europe facing housing supply shortages whilst having rising elderly populations, drivers that only look set to strengthen further in the near future.

FIG 1: CHANGE IN PROPORTION OF AUM IN OPRE SECTORS OVER THE NEXT THREE YEARS

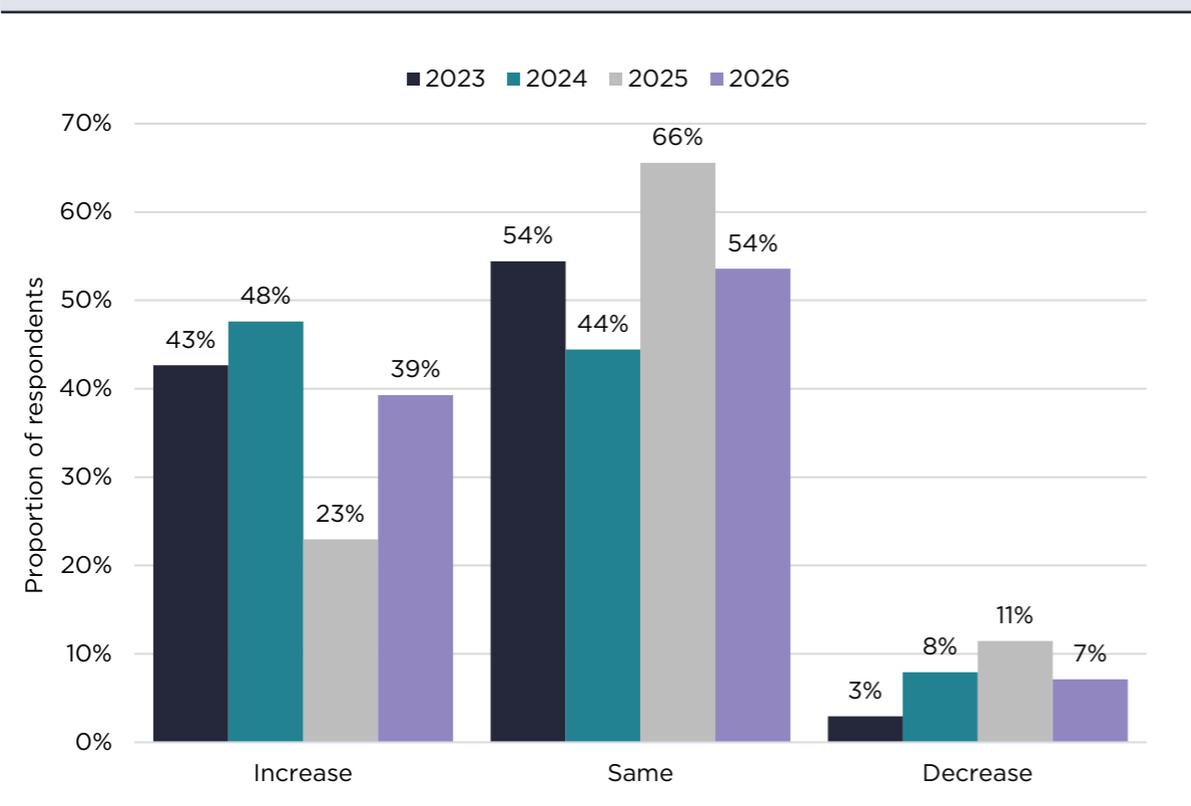
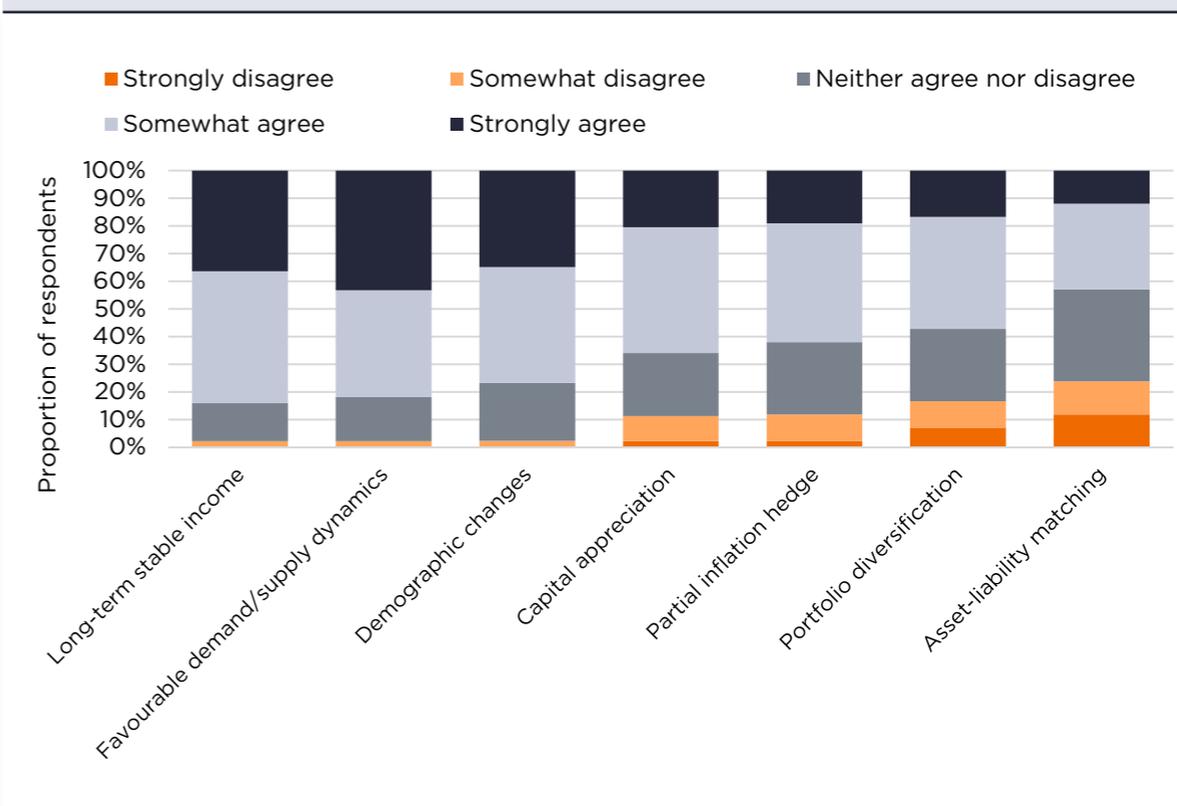


FIG 2: REASONS THAT UNDERPIN THE RATIONALE FOR INVESTING IN OPRE SECTORS



Source: Savills, Savills Investment Management

Which Specific Sectors Are Investors Targeting?

The range of OpRE sectors that investors are looking to target has broadened in 2026, with all but two sectors seeing an increase in interest. This reflects a growing preference for diversified strategies.

PBSA remains the most sought-after sector for the second year in a row, with 58% of respondents intending to allocate capital over the next three years. There has also been strong growth in investor interest in Single Family (52%) and Co-Living (50%).

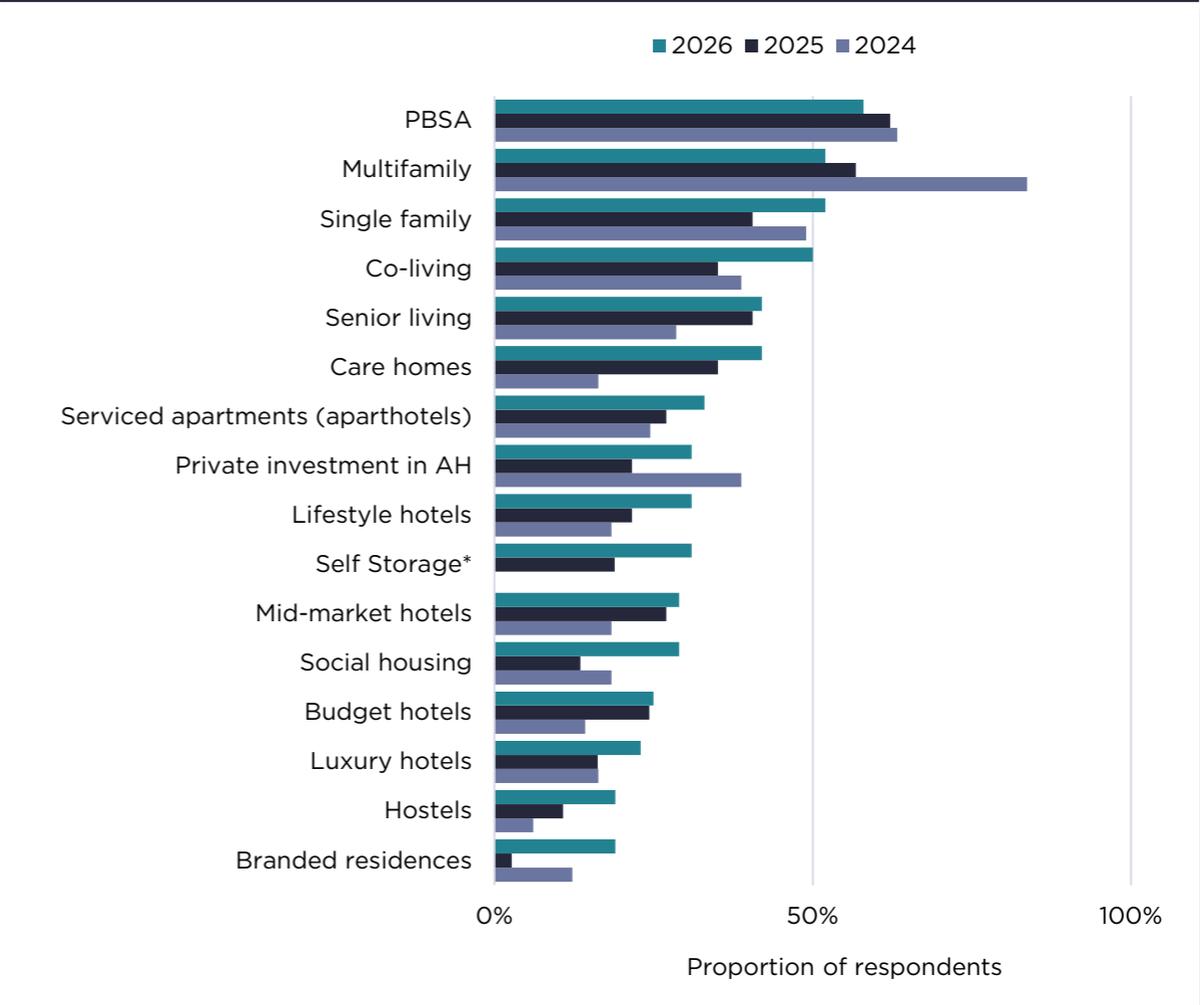
Rising interest in Single Family has already materialised in the UK, where it accounted for 59% of total Build to Rent investment in 2025. We are also seeing increased appetite for the sector across other European markets, evidenced by DFI and Everlast launching a €500m Single Family platform in Denmark at the end of last year, and Goldman Sachs and PSP Investments forming a €1.2 billion JV to invest in Single Family housing across Germany.

The resurgence of interest in Co-Living, which only 35% of investors listed as a target sector in 2025, is likely to be linked to the recent increase in delivery of schemes across Europe that are proving the concept, coupled with significant investments from Greystar and Stoneshield in the last 12 months.

Investor appetite for Care Homes and Senior Living continued to strengthen in 2026, building on momentum seen last year. The sectors have some of the strongest structural tailwinds across Europe and present a significant opportunity for investors who are able to successfully navigate the operational environment.

Investor interest increased across all Hotel subsectors, with Serviced Apartments remaining the most sought-after for the third consecutive year.

FIG 3: WHICH OPRE SECTORS WILL YOU TARGET IN THE NEXT THREE YEARS?



Source: Savills, Savills Investment Management | *Self storage wasn't included in the 2024 survey

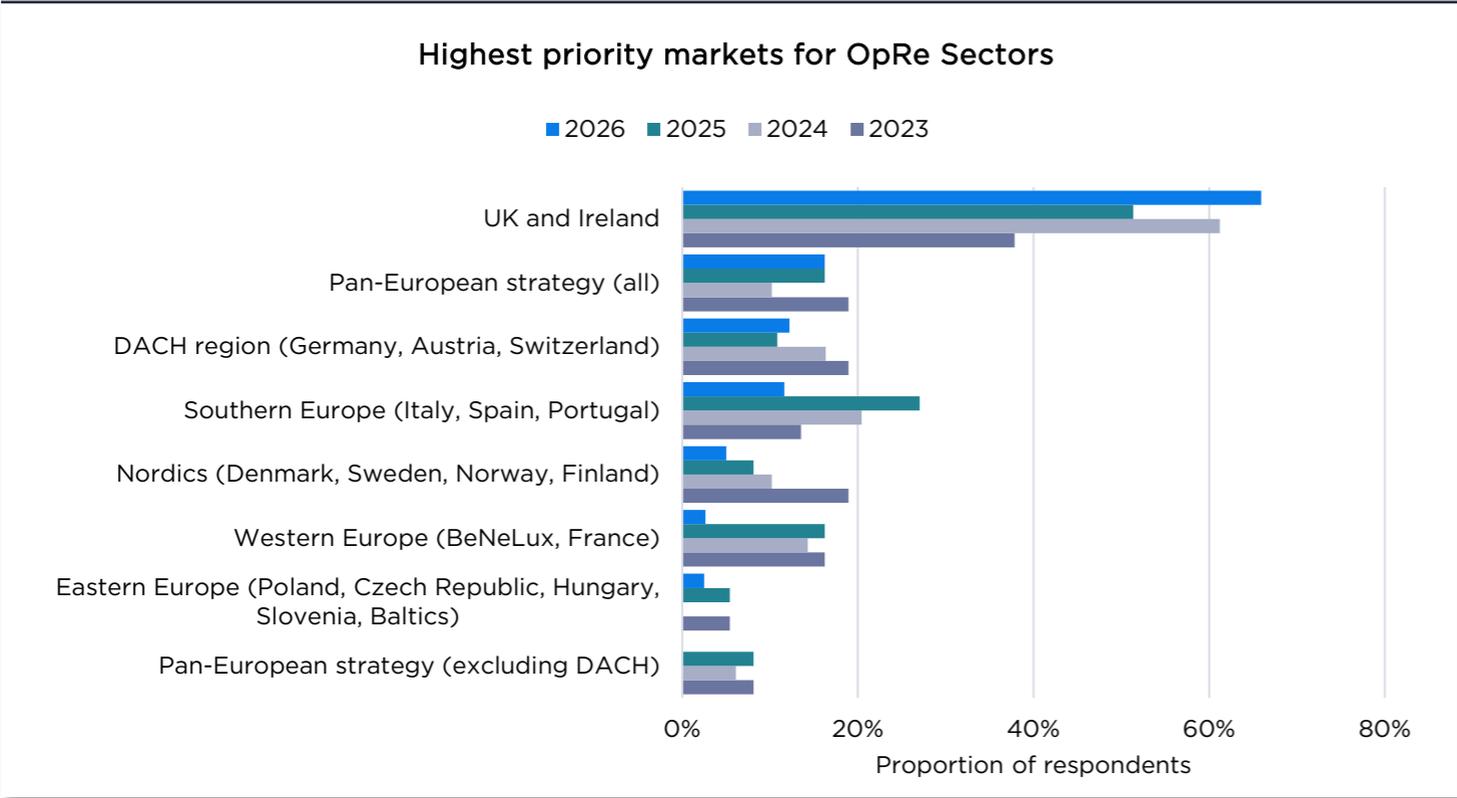
Expanding Geographical Appetite

When investors were asked where in Europe they plan to target, they identified the UK and Ireland as their top priority for the next three years, continuing a trend we have observed since 2023.

Pan-European strategies have become a higher priority in 2026, ranking as the second most targeted approach. This reflects a broader shift over the past year, with investors seeking exposure to OpRE sectors across multiple geographies.

Notably, there has been growth in investor appetite for the DACH region (Germany, Austria, Switzerland), which has become the third most sought-after region, having slipped to fifth last year. This trend is most evident in the Senior Living and Affordable Housing subsectors.

FIG 4: CHANGE IN PRIORITY INVESTMENT LOCATIONS BETWEEN 2023 AND 2026



Source: Savills, Savills Investment Management

Ambitions to Deploy Significant Capital

Our survey reveals that respondents are looking to invest c.€45 billion over the next three years across the OpRE sectors.

Three-quarters of this capital is targeting the Living sectors, with PBSA expected to see the greatest inflow of capital. Care Homes are anticipated to see the second largest inflow, rising from fourth last year, and signalling continued recovery after a challenging period in the early 2020s.

This is the first time Multifamily hasn't been at the top of the list in terms of expected capital allocation, instead falling to joint third place alongside Single Family. The Multifamily market is one of the most mature of the OpRE sectors across Europe and is the sector in which the highest proportion of respondents already have exposure. This, combined with challenges facing urban development, is likely leading investors to explore alternative OpRE sectors.

Co-Living is also poised for strong growth, with investors looking to deploy c.€4.5 billion over the next three years, almost double the amount signalled by respondents last year. This is a welcome trend for the sector and will support a growing number of opportunities we expect to come to market through 2026, to both fund new developments and purchase operational platforms.

Across the Hotel sectors, lifestyle and luxury have the highest forecasted allocations over the next three years, with more than €4 billion of planned investment by respondents.

The €45 billion of planned investment over the next three years will support continued recovery in overall investment volumes. Around two-fifths of respondents expect to be most active in 2026, while more than half anticipate peak activity in 2027.

This suggests that 2026 will continue the steady rebound from the 2023 low point, with 2027 then likely to deliver a more pronounced uplift in activity.

FIG 5: ESTIMATE OF HOW MUCH RESPONDENTS PLAN TO DEPLOY IN THE NEXT THREE YEARS, BY OPRE SECTOR

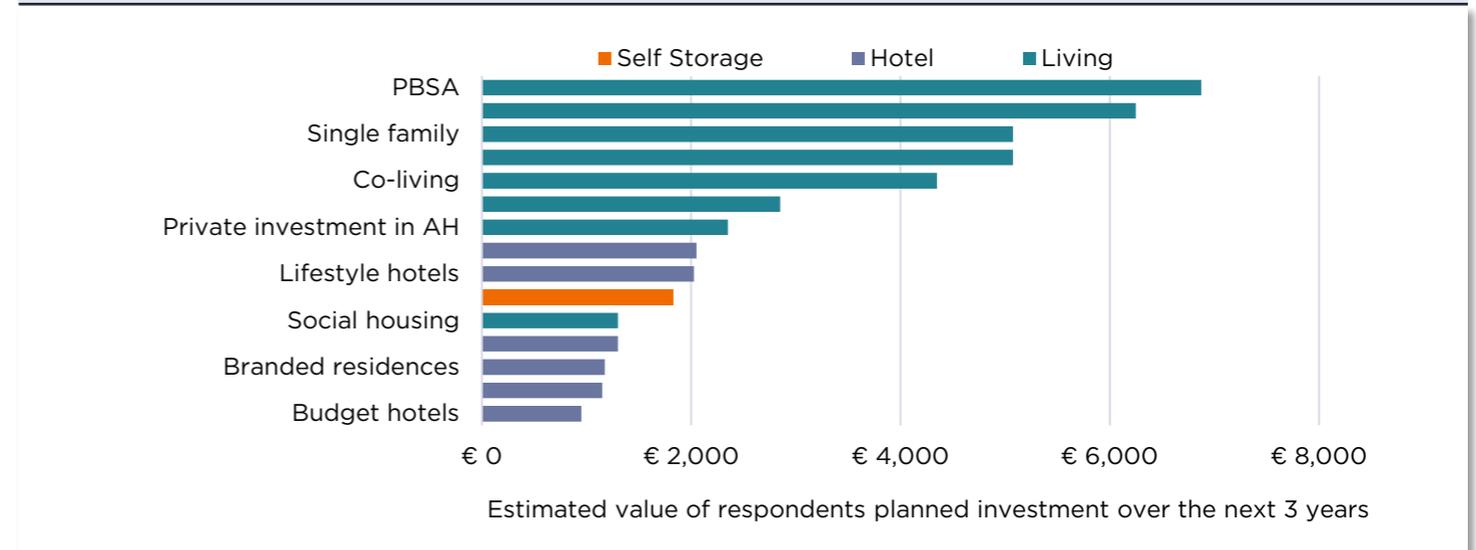
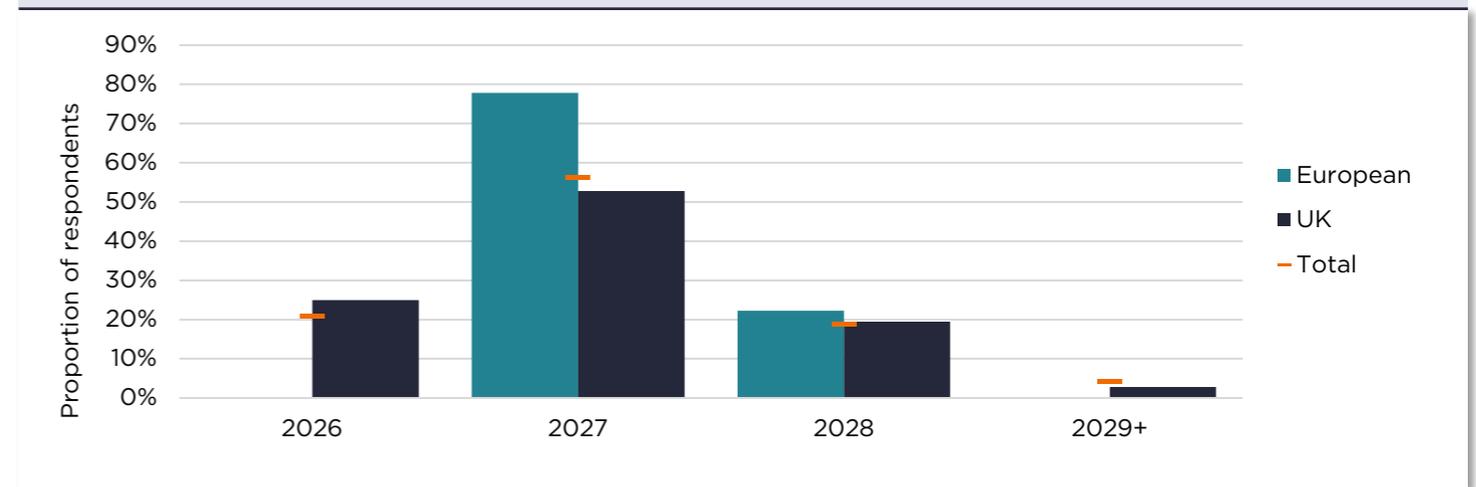


FIG 6: WHICH YEAR DO INVESTORS EXPECT TO BE THEIR MOST ACTIVE?



Source: Savills, Savills Investment Management

Fundraising

The fundraising environment has been challenging across all real estate sectors, including OpRE, in recent years – but the outlook is improving.

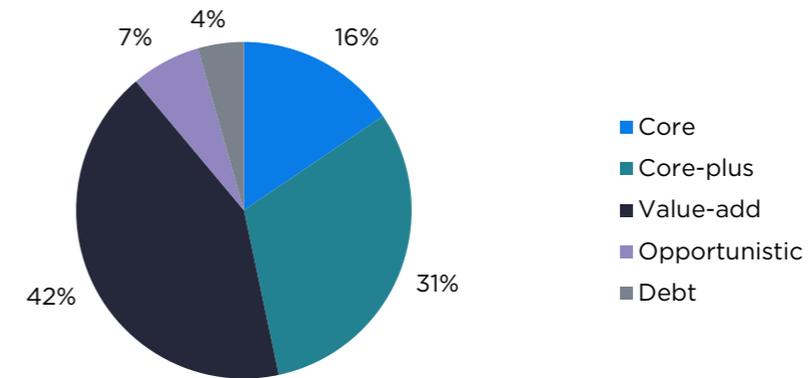
Over three-fifths of respondents to our 2026 survey believe we will see improved fundraising conditions this year. A more positive environment will support investor ambitions to increase exposure to OpRE assets and sustain the recovery in investment activity.

When asked which strategies would be easiest to raise capital for, the most common response was Value-add (42%), followed by Core-plus (31%). A rise in Value-add capital suggests more equity to target development or repositioning opportunities.

These strategies will be supported by the improving backdrop for development, namely through the slowdown in the rate of build cost inflation across many parts of Europe.

A minority of respondents (16%) expect to be able to raise Core capital, which has been largely absent from fundraising markets in recent years. If this comes through, there will be a growing pool of capital targeting stabilised operational assets, providing an end buyer for existing investors who have been developing platforms and portfolios in recent years.

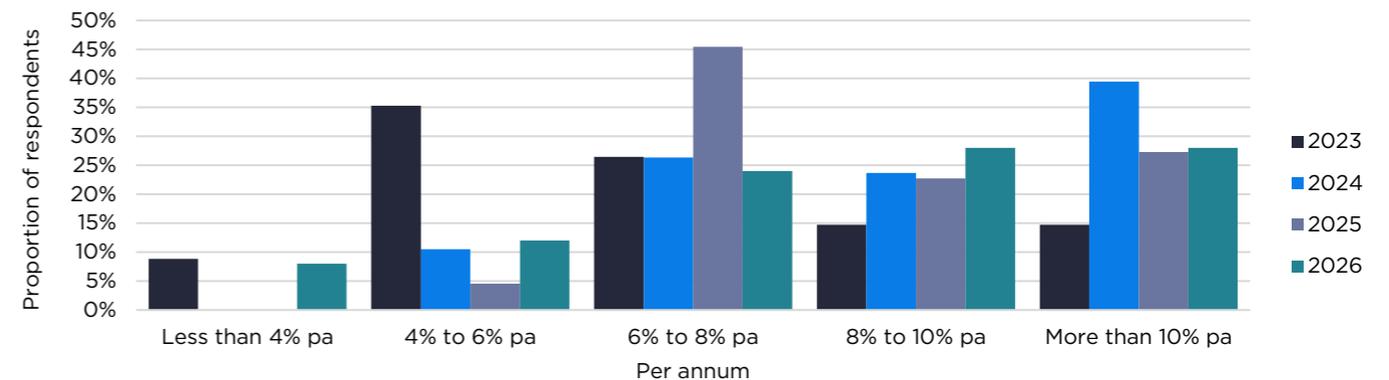
FIG 7: WHAT INVESTMENT STRATEGIES FOR OPRE SECTORS DO YOU EXPECT TO BE THE EASIEST TO RAISE CAPITAL FOR OVER THE NEXT 12 MONTHS?



The expectation that Core-plus and Value-add strategies will be the easiest to raise capital for aligns with the spread of expected returns for stabilised Multifamily assets over the next three to five years. Over half (56%) of respondents expect to see unlevered total returns of more than 8% per annum, slightly up on 2025 and well above expectations in 2023.

However, there has been a rise in the proportion of investors who expect returns of less than 6% per annum (20%), the highest level since 2022. This could be reflective of the investors who told us they expect to be able to raise and deploy Core capital over the period.

FIG 8: CHANGE IN INVESTORS' UNLEVERED TOTAL RETURN EXPECTATIONS FOR MULTIFAMILY OVER THE NEXT 3-5 YEARS



Source: Savills, Savills Investment Management

Routes to Market

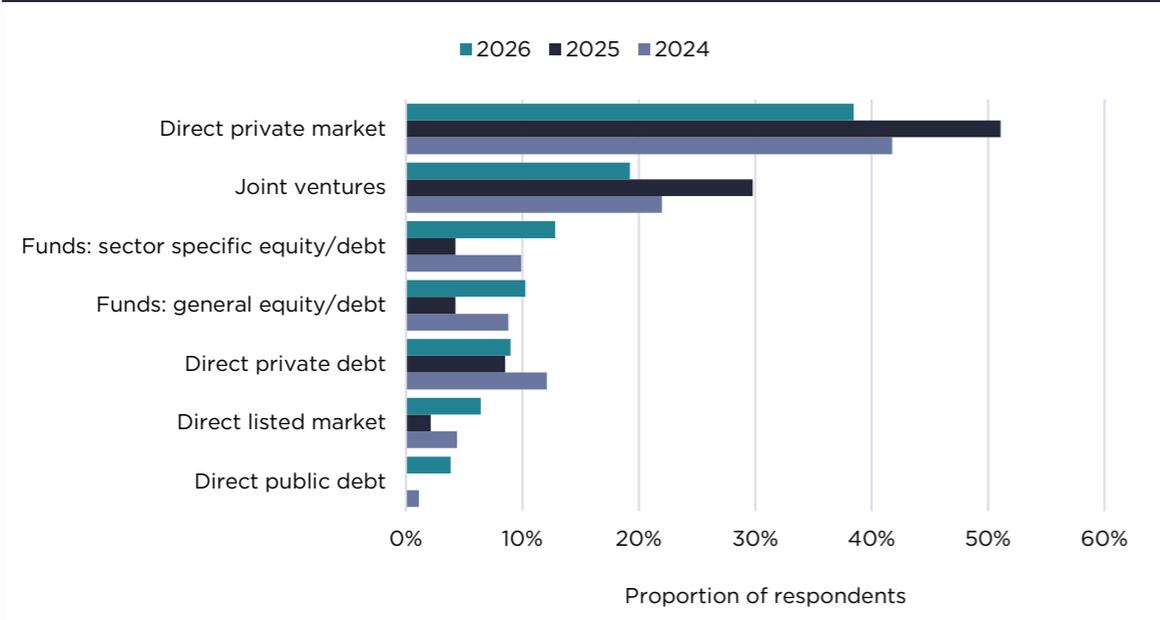
When asked about their preferred routes to market, over half of respondents (58%) indicated a preference for direct private market investment or joint ventures.

However, 2026 has seen a notable resurgence in investor appetite for accessing OpRE sectors through Funds, with 23% listing funds as their preferred route, up from just 8% in 2025.

This increase will further support fundraising activity in 2026 and allow investors to gain exposure to OpRE without building the infrastructure required to manage and operate direct investments.

There was also a large minority of respondents who are looking specifically at Debt strategies to gain exposure, with 19% of all respondents listing debt (direct private, direct listed or direct public debt) as their preferred route. This is up from just 11% in 2025.

FIG 9: PREFERRED ROUTES TO MARKET



Source: Savills, Savills Investment Management

“We have seen a notably stronger start to 2026, with a greater volume of financing opportunities coming to market compared with the same period last year.

Liquidity across both bank and non-bank lenders remains strong, with a competitive dynamic persisting despite the improved deal flow. This is driving margin compression, increasing leverage, and enabling borrowers to secure more flexible financing structures. Shorter-term debt structures with extension options are increasingly favoured by borrowers, allowing them to optimise their cost of capital while maintaining business plan flexibility.

The depth of liquidity and breadth of capital sources are also facilitating the refinancing of more complex situations, although loan serviceability remains a key focus for lenders. Borrowers are increasingly able to optimise their capital stacks through combinations of senior debt, mezzanine financing, and preferred equity, enhancing overall debt sizing while preserving value.

However, recent geopolitical developments are creating renewed inflationary pressures, which have pushed SWAP rates higher. While we are not seeing any immediate impact on lender liquidity, these dynamics represent a key risk to the CRE debt markets through 2026, with the potential to influence pricing, execution certainty, and borrower affordability should volatility persist.”



Charlie Bottomley

Director,
Savills Debt Advisory

Barriers to Investment

It is clear there is significant ambition among investors to increase their exposure to the OpRE sectors. However, there are a number of challenges that investors may need to navigate in order to realise their ambitions for expansion.

Rent regulation has been the most pressing concern for investors for the past few years, and this remains the case in our 2026 survey. However, the challenge of rent regulation varies across markets. Notably, investor interest and activity have increased in regions where there have been clarifications on rent regulation.

Uncertainty around potential changes to rent regulation tends to be more detrimental to investor sentiment than the regulation itself, as investors can price in an appropriate level of risk once regulation has been finalised. The passing of the Renters' Rights Act in England, along with clarifications on BtR exemptions in Scotland and revisions to rent controls in Ireland, has provided greater certainty. As a result, investors can now make an informed decision about whether, and how, they feel comfortable investing in these sectors, which may lead to increased attention on the Scottish and Irish markets.

Access to stock and the ability to scale platforms has risen to the second-most cited concern in 2026. This can be especially challenging in some of the more nascent OpRE sectors, which are reliant upon development to create investable stock. However, easing concerns around the cost of development debt suggests that conditions are improving.

As cost inflation has eased over the past year, there has been a fall in investors' concerns around operating costs: in 2025, they were the fourth highest concern for investors but now rank as the lowest.

FIG 10: HOW MUCH DO YOU AGREE THAT THE FOLLOWING FACTORS ARE RISKS TO FURTHER INVESTMENT IN THE OPRE SECTORS OVER THE NEXT 3 TO 5 YEARS?

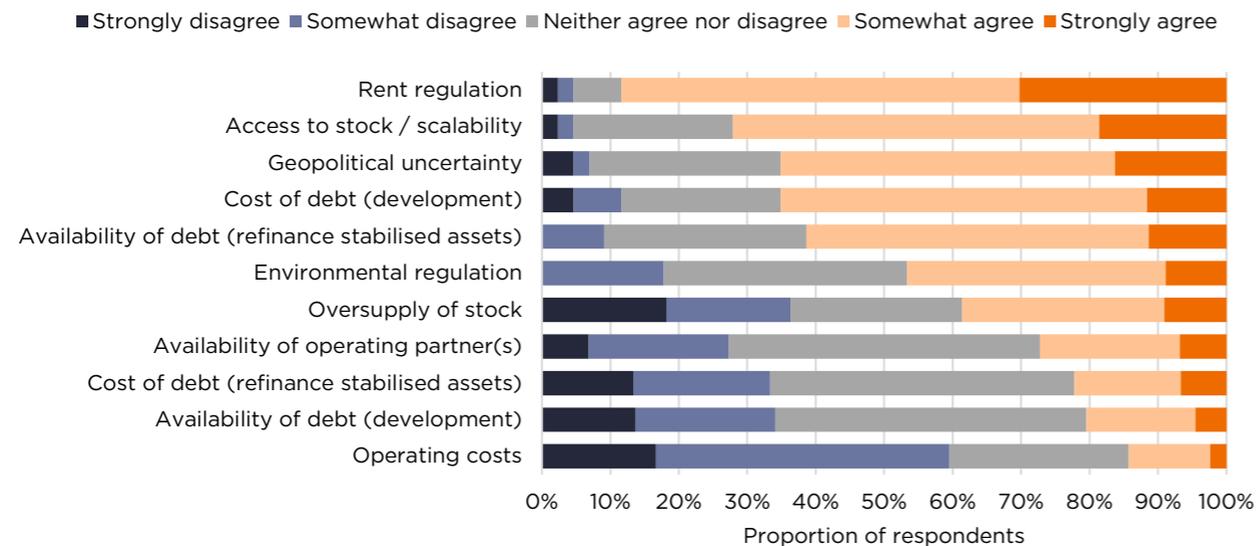
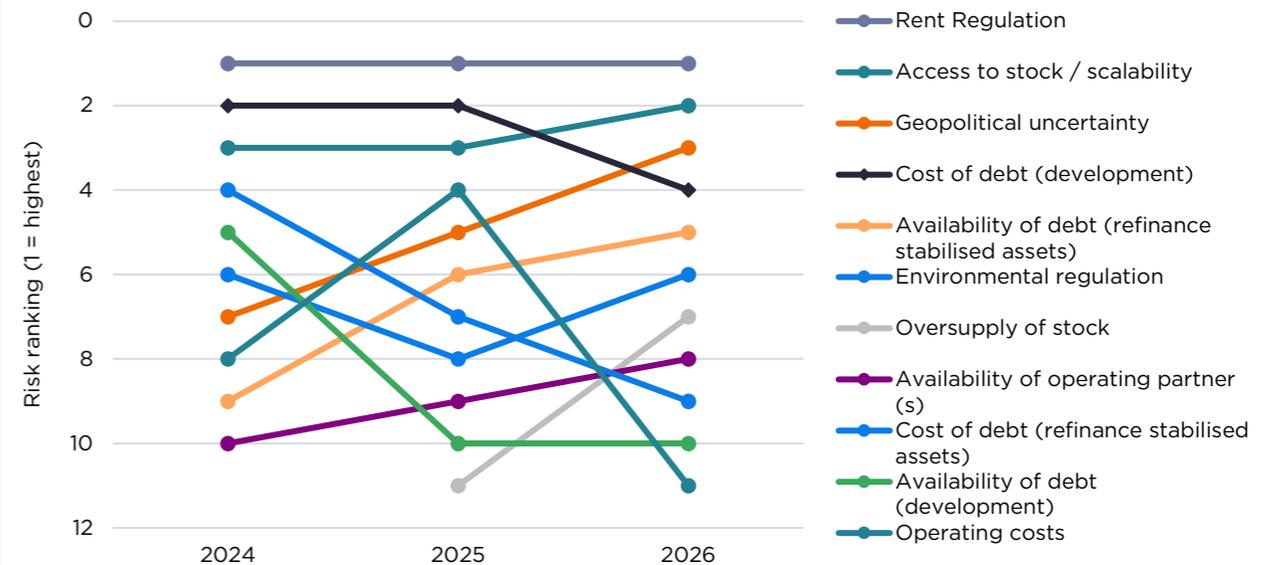


FIG 11: RANKING OF INVESTOR CONCERNS OVER TIME



Source: Savills, Savills Investment Management

Conclusions



Investment into the European OpRE sectors continues to rise, accounting for close to two-fifths of total real estate investment in 2025.

Our 2026 European Investor survey indicates that this trend is set to continue, with our respondents looking to deploy more than €45bn of capital over the next three years alone.

Investors are continuing to diversify across the OpRE spectrum.

PBSA remains the most sought-after sector for the second year in a row, but there has been strong growth in interest in Co-Living, Single Family, Senior Living, Care Homes and Serviced Apartments.

The fundraising environment has been challenging in recent years.

But the outlook is set to improve in 2026. Investors expect that Value-Add and Core-plus strategies will be the easiest to raise capital for. This more positive environment will support investor ambitions to increase exposure to OpRE assets and sustain the recovery in investment activity.

2026 has seen a notable resurgence in investor appetite for accessing OpRE sectors through Funds.

This increase will further support fundraising activity in 2026 and allow investors to gain exposure to OpRE sectors without building the infrastructure required to manage and operate direct investments.

Access to stock and the ability to scale platforms have become more pressing concerns for investors in 2026.

This has been heightened by the challenging environment for development across Europe. However, there are signs of improvement, with the rate of build cost inflation easing.

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