Realometer

The Real I.S. property market analysis
February 2026

Summary | Countries | Office | Retail | Logistics | Hotel | Residential

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Real I.S. Research
Realometer February 2026

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Results

Country and market analyses

Key Findings

Moderate market recovery continues. Rental markets still characterised by uncertainty. Investment market remains weak despite opportunities in early-cycle environment.

- Moderate acceleration in growth in 2026 supports demand for space.
- Increasing polarisation of user markets and greater differentiation of submarkets.
- Residential, logistics and hotel sectors are currently viewed positively. Office investments should focus on (super) core properties.
- Favourable entry prices and good property availability in sub-segments.

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Countries
Growth acceleration in 2026 and prospects for 2027. As a result, higher dynamic evaluation of countries. Geopolitical uncertainty remains high.

Office
Little market momentum. However, vacancy rates should peak in 2026.

Retail
Market remains fragmented – but there are other promising niches alongside retail parks and food stores.

Logistics
Logistics continues to show solid fundamentals. However, the effects of global trade conflicts are not yet fully foreseeable.

Hotels
Hotels are benefiting from a stable market environment and generating growing investor interest.

Residential
Excess demand and rising rents offer secure cash flow.

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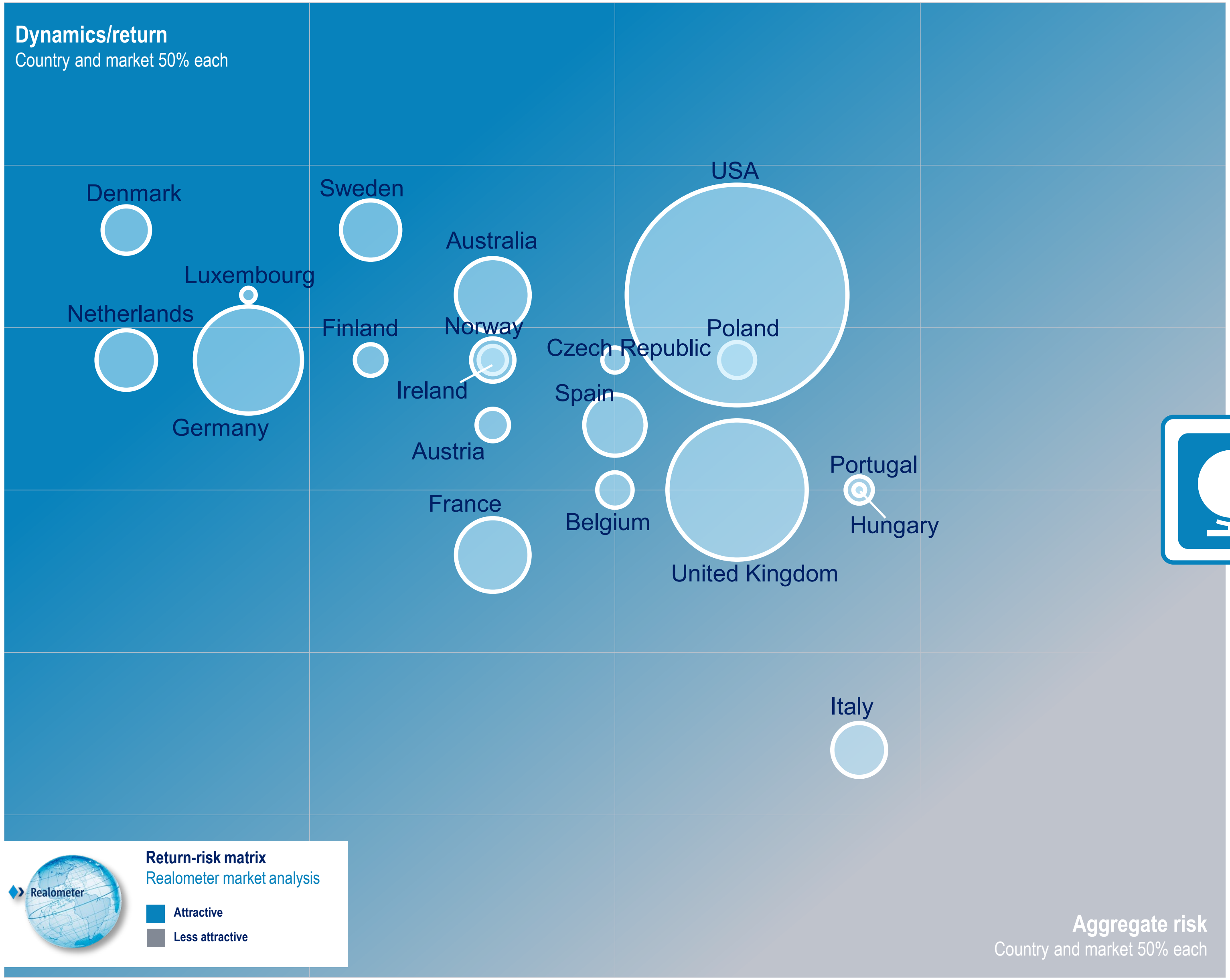
Country evaluation

Growth acceleration in 2026 and prospects for 2027. Resulting in higher dynamic ratings for countries. Geopolitical uncertainty remains high.

- All countries under review are benefiting from an improved growth outlook.
- In Germany, government spending is supporting the economic recovery.
- Moderate inflation, interest rates should remain stable or rise moderately.
- Denmark, the Netherlands, Luxembourg and Sweden are best positioned. Italy, Hungary and Portugal are at the lower end.

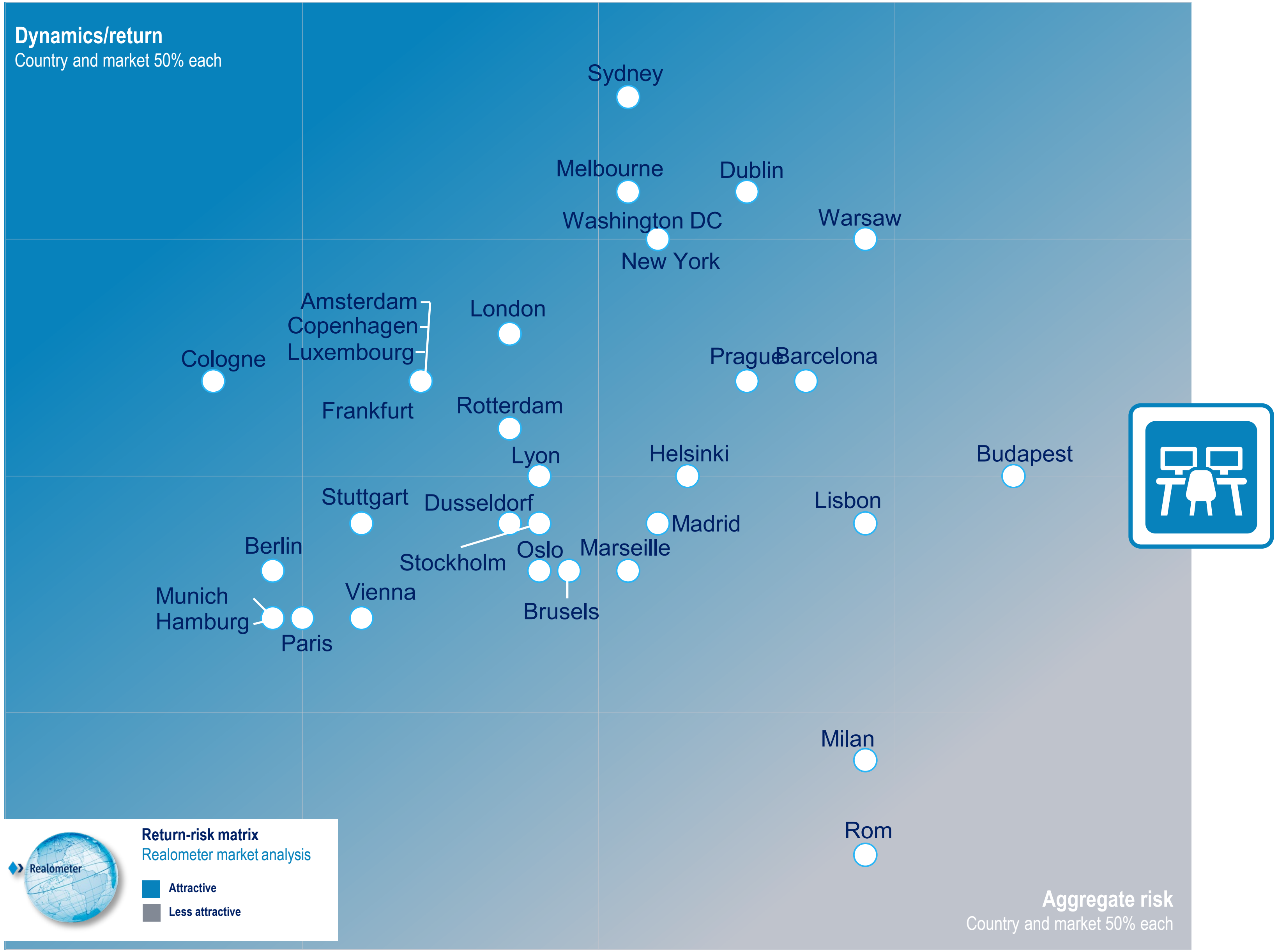
Note: Momentum, return and risk are key figures that are determined using a scoring procedure based on various criteria. They do not represent net initial returns or volatility, but rather show a quantitative assessment of the expected momentum and risk at country level.



Office

Little market momentum. However, vacancy rates should peak in 2026.

- 19 of the 46 office markets surveyed have improved in the Realometer rating. Only 4 markets performed worse than in September 2025.
- A number of markets now show prime yields above 5%, with office markets in the US and Australia even exceeding 6%.
- Vacancy rates have remained largely stable in recent months and are at a turning point towards a decline in space supply.



Note: Momentum, yield and risk are key figures that are determined using a scoring procedure based on various criteria. They do not represent net initial yields or volatility, but rather a quantitative assessment of the expected momentum and risk at country level.

Retail

The market remains fragmented, but there are promising niches alongside traditional retail parks und food stores.

- High living costs are eroding purchasing power for non-food retailers; persistently high savings rates and low propensity to buy are shaping consumer behaviour.
- Future-proof concepts include local suppliers and non-food discounters, as well as offerings with consumer-oriented services.
- Formats under pressure include department stores, fashion chains, textile discounters and single-purpose properties without a complementary environment.

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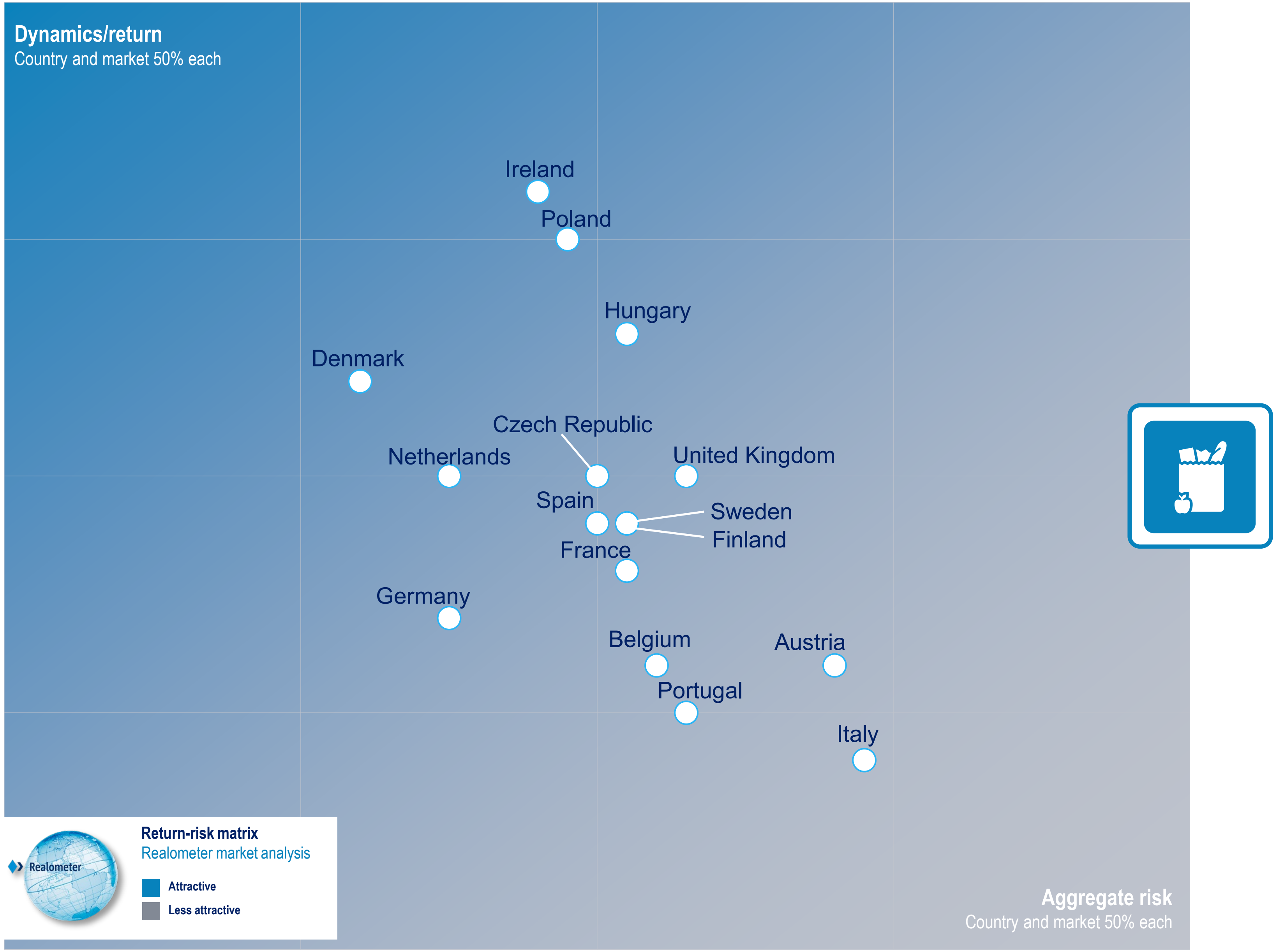

Logistics

Logistics continues to show solid fundamentals. However, the effects of global trade conflicts are not yet fully foreseeable.

- Prime yields average over 5%.
- The sector should benefit from planned government investment in infrastructure and defence.
- According to Realometer scoring, logistics hubs in Denmark, the Netherlands, Sweden and Finland, but also in Germany and Ireland, are particularly attractive.

Note: Momentum, return and risk are key figures that are determined using a scoring method based on various criteria. They do not represent net initial returns or volatility, but rather show a quantitative assessment of the expected momentum and risk at country level.

Hotel

Hotels are benefiting from a stable market environment and generating growing investor interest.

- The valuation of hotel markets has improved further compared to the 2025 assessment. Hotels in German locations have developed positively, as have those in Barcelona and Brussels.
- Hotels currently offer the highest prime yields in comparison with other segments, averaging around 5.4%.
- Most European markets are currently rated positively.

Note: Momentum, yield and risk are key figures that are determined using a scoring procedure based on various criteria. They do not represent net initial yields or volatility, but rather show a quantitative assessment of the expected momentum and risk at country level.

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Residential

Excess demand and rising rents offer secure cash flow.

- Structural imbalances between supply and demand are likely to lead to rising rents in almost all markets.
- Residential property will remain the dominant asset class on the investment market in 2026.
- Sub-sectors such as serviced apartments and student housing offer attractive yield premiums. At the same time, these types of housing are in high demand.
- Dublin offers the highest returns of all the markets examined, combined with moderate risks.

Note: Momentum, return and risk are key figures that are determined using a scoring procedure based on various criteria. They do not represent net initial returns or volatility, but rather show a quantitative assessment of the expected momentum and risk at country level.

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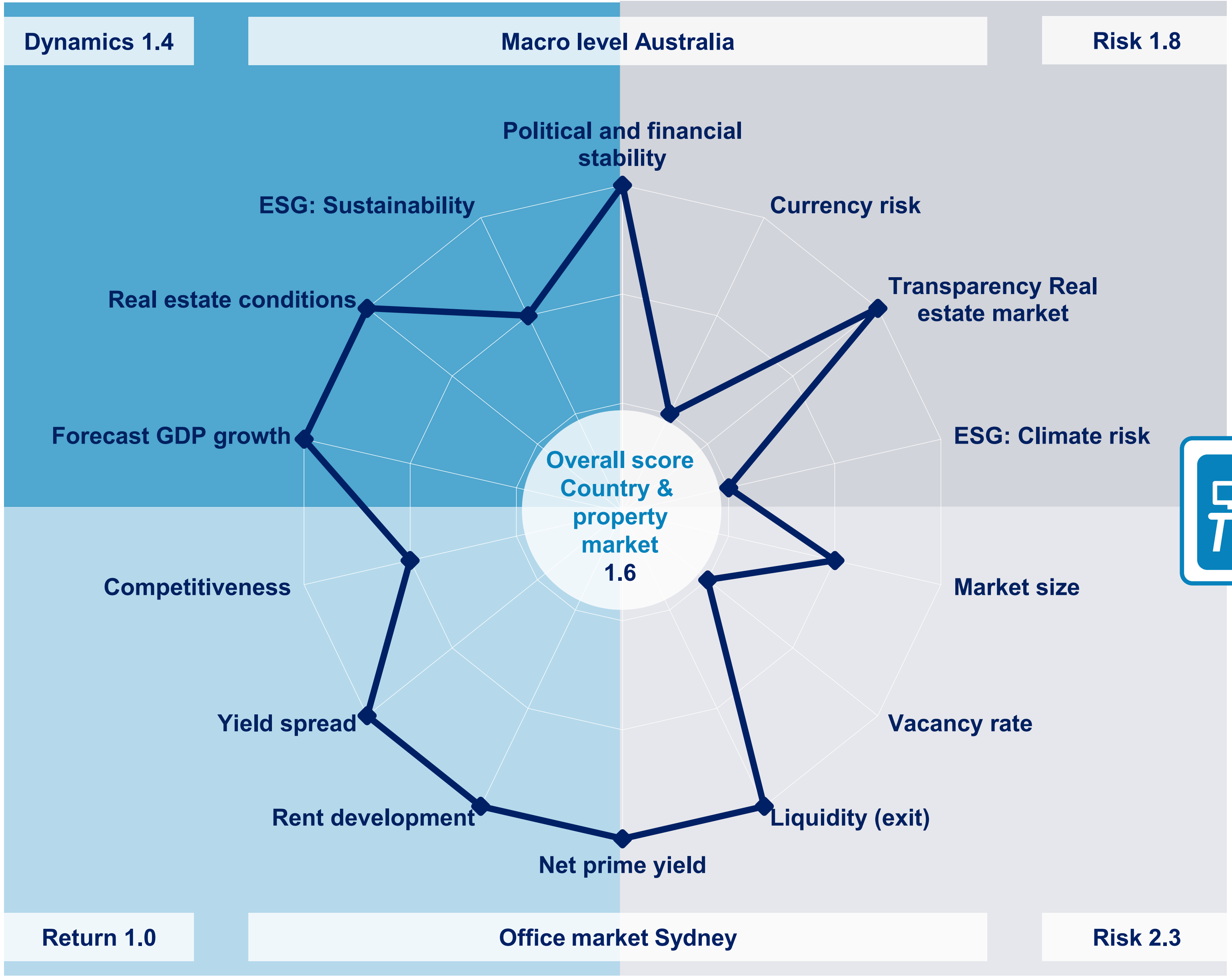
Focus on selected markets

Sydney office market

Sydney currently offers attractive purchase yields for core properties, albeit with higher vacancy rates.

- Sydney currently offers high initial yields of 6.5% (core grade A).
- The vacancy rate in Sydney has risen steadily in recent years and currently stands at 13.7% (total market), which is just below the average vacancy rate for all major office markets in Australia (15%).
- ESG climate risks and sustainability in Australia are rated negatively. They are at a similar level to those in the US and are viewed more critically than in European countries.

Rating: Score 1 = best rating,
Score 3 = unfavourable rating for the criterion

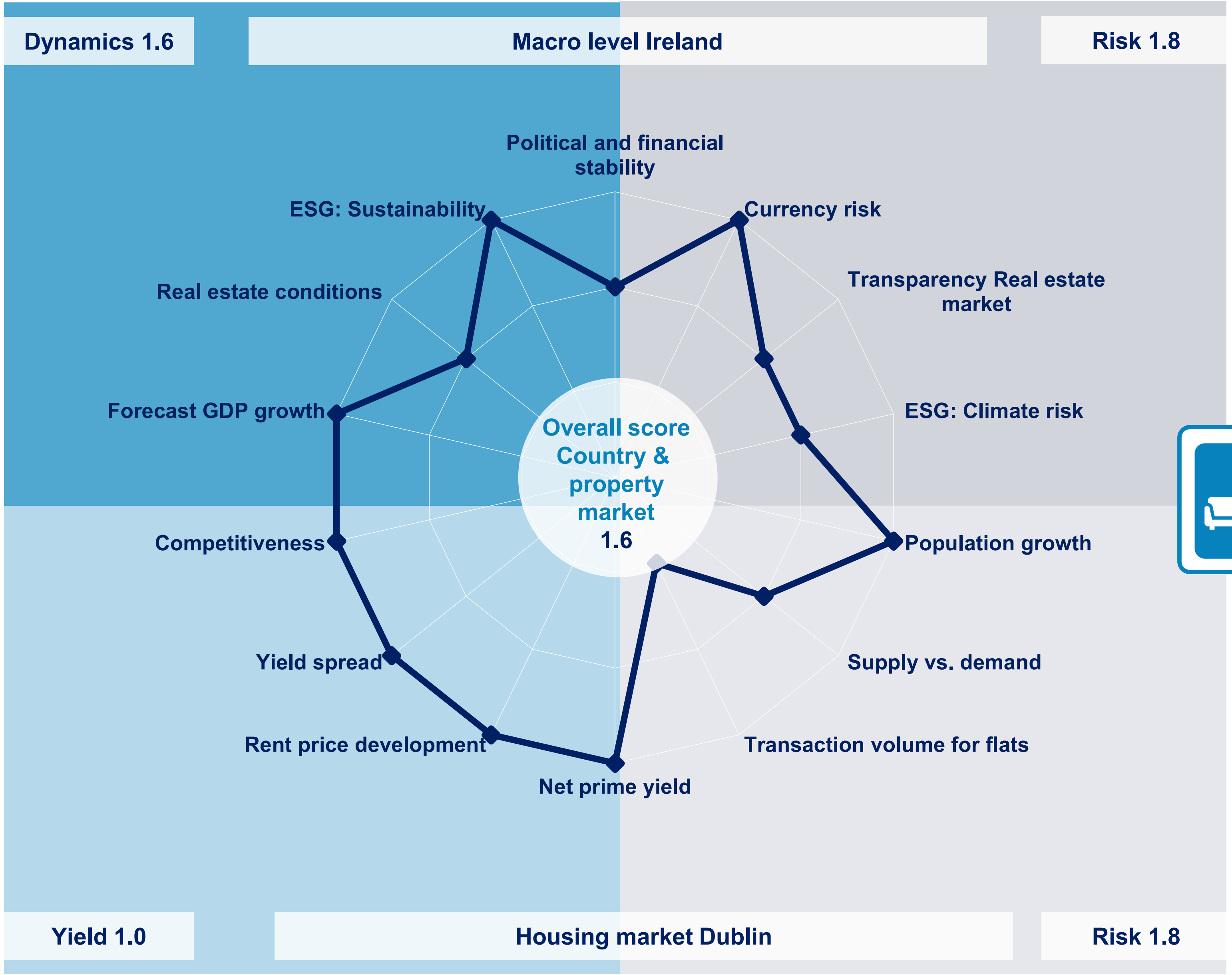


Dublin residential market

Apartments in Dublin offer high returns with a positive outlook.

- In Ireland, rent levels and the framework for rent adjustments are clearly regulated. This means that income is predictable and offers long-term cash flow security.
- Strong population growth is driving demand for housing.
- The outlook for rent development is positive (+12% by 2029).
- A significant increase in transaction volume is expected for 2026 (to approximately €800 million).

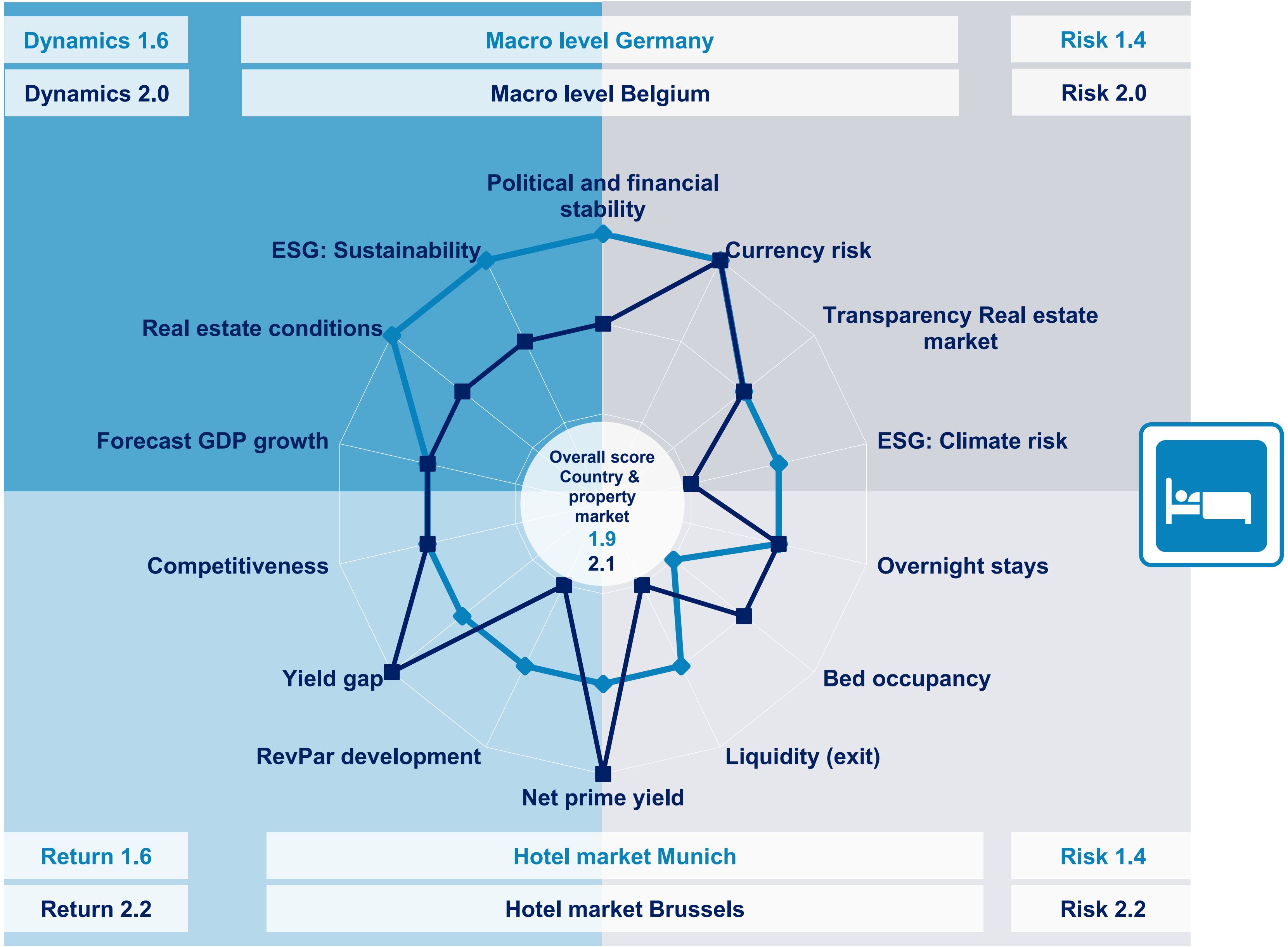
Rating: Score 1 = best rating,
score 3 = unfavourable characteristic of the criterion



Comparison hotel markets Munich vs. Brussels

Hotels in Munich show a more balanced profile and offer more investment opportunities with lower risks.

- At the macro level, Germany outperforms Belgium in most criteria.
- Munich's attractiveness is also reflected in transactions. In 2025, for example, the Mandarin Oriental and Courtyard by Marriott Munich City Centre were traded.
- In line with the ranking of the individual criteria, the overall rating favours Munich (1.9 vs. 2.1).



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Explanation of the scoring procedure

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Realometer scoring method
Criteria, weightings and metrics

Macro-level assessment (country)

Criteria			Weight	Measurement
Dynamics	1	Competitiveness	10	World Competitiveness Centre Rankings by IMD (International Institute for Management Development)
	2	Forecast GDP growth	20	Average GDP forecast for current year and following year from Consensus Economics
	3	Real estate economic conditions	10	Qualitative assessment, e.g. legislation regarding rental agreements, additional purchase costs
	4	ESG: Sustainability	10	Sustainability assessment based on SolAbility's Global Sustainability Competitiveness Index
Risk	5	Political and financial stability	20	S&P rating
	6	Currency risk	10	Maximum negative exchange rate change over a period of three years since the beginning of 1999 based on daily rates (exchange rate change over rolling time slices)
	7	Transparency of the property market	10	JLL Real Estate Transparency Index
	8	ESG: Climate risk	10	Climate risk based on the World Risk Index of Ruhr University Bochum

Office market assessment

Criteria			Weight	Measure
Return	1	Net prime yield	10%	Net prime yield based on current data
	2	Rental price development	30	Change in % current rent compared to forecast in 4 or 5 years
	3	Yield gap	10	Net prime yield minus 10-year bond yield of the country
Risk	4	Market size	15	Office space stock (million m²)
	5	Vacancy rate	25	Vacancy rate in % according to current data
	6	Liquidity (exit)	10	Annual transaction volume for office properties

Realometer scoring method
Criteria, weightings and metrics

Retail valuation

Criteria			Weight	Measure
Yield	1	Net prime yield	10	Net prime yield based on current data
Yield	2	Rental price development	30	Change in % of current rent compared to forecast in 4 or 5 years
Yield	3	Yield gap	10	Net prime yield minus 10-year bond yield of the country
Risk	4	Private consumption	25	Average change in consumer spending from the previous year, current year and forecast for the coming year
Risk	5	Share of online trade	15	Share of online retail in total retail spending according to current data
Risk	6	Liquidity (exit)	10	Annual transaction volume for retail properties

Logistics valuation

Criteria			Weight	Measurement
Return	1	Net prime yield	10	Net prime yield based on current data
Return	2	Rental price development	30	Change in % current rent compared to forecast in 4 or 5 years
Return	3	Yield gap	10	Net prime yield minus 10-year bond yield of the country
Risk	4	Logistics Performance Index	20	Current Logistics Performance Index of the World Bank
Risk	5	Trade volume	20	Average change in retail spending from the previous year, current year and forecast for the coming year
Risk	6	Liquidity (exit)	10	Annual transaction volume for logistics properties

Realometer scoring method
Criteria, weightings and metrics

Hotel valuation

Criteria			Weight	Measure
Return	1	Net prime yield	10	Net prime yield based on current data Hotel type Lease/rental agreement (no management agreement or hotel building without contractual obligation)
	2	RevPAR development	30	Change in % Room revenue (RevPAR – revenue per available room) currently compared to forecast in 4 or 5 years
	3	Yield gap	10	Net prime yield minus 10-year bond yield of the country
Risk	4	Demand: trend in overnight stays	20	Change in the number of overnight stays in hotels over the last two years
	5	Change in occupancy rate	20	Average occupancy rate over the last 12 months relative to the average for the same period last year
	6	Liquidity (exit)	10	Annual transaction volume for Hotels

Residential valuation

Criteria			Weight	Measurement
Return	1	Net prime yield	10	Net prime yield based on current data
	2	Rental price development	30	Change in % of current rent compared to forecast in 4 or 5 years
	3	Yield gap	10	Net prime yield minus 10-year bond yield of the country
Risk	4	Population growth	20	Forecast population growth over the next 5 years
	5	Supply in relation to demand	20	Quotient of the net increase in housing and the change in the number of households at the location over the last 5 years
	6	Liquidity (exit)	10	Annual (institutional) transaction volume for residential properties

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