



SURVEY

Savills Research

European Operational Real Estate

Investor Sentiment Survey 2025

PBSA overtakes Multifamily as the most sought-after sector



investment
management



Website



Social

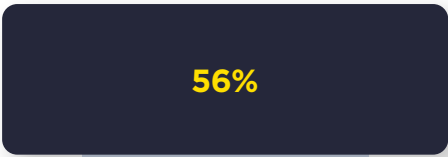


Website



Social

Key Points



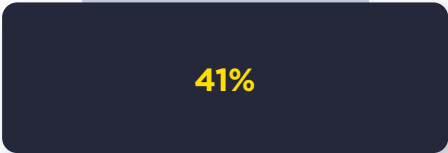
Over half of investors expect to have a majority of their total assets under management allocated to the Operational Real Estate (OpRE) sectors over the next three years.



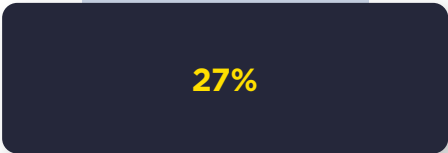
The investors we surveyed are looking to deploy €51bn into European OpRE over the next three years, demonstrating the scale of appetite and strength of conviction for the sectors.



Purpose Built Student Accommodation (PBSA) is the most sought after OpRE sector, with 62% of investors looking to deploy capital, overtaking Multifamily (57%) for the first time since our survey began.



A large proportion of investors are targeting Core Plus strategies, which will help support the growth of investment activity through 2025.



Over a quarter of investors said that Southern Europe (Italy, Spain and Portugal) is a high priority market for OpRE investment, almost double the 14% who said this in 2023.



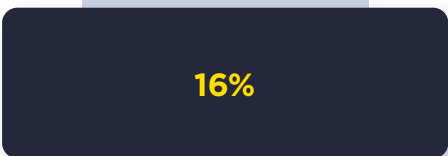
Around half of investors are looking to enter the OpRE sectors through direct private market investment, up from 42% in 2024.



Investors highlighted an improvement in the availability of development debt, with only 27% somewhat or strongly agreeing it was a barrier, down from 56% in 2024.



With more ambitious regulation and shifting consumer priorities, nearly 9 in 10 respondents expect demand for ESG-compliant assets to increase over the next five years.



There has been a notable resurgence in appetite for pan-European strategies, with 16% of respondents prioritising this, up from 10% in 2024.

Introduction

In recent years, there has been increased diversification by investors away from traditional commercial real estate sectors and into operational real estate.

This is evident across Europe from the marked increase in the proportion of total real estate investment flowing into the OpRE sectors, which has risen from 25% in 2014 to 37% in 2024.

That trend continued in the first quarter of 2025, with 38% of total investment being into the operational sectors. Our 2025 European OpRE Investor Sentiment Survey shows that this trend is set to continue. Now in its third year, Savills and Savills Investment Management have undertaken a survey of major European investors who are active within the OpRE sectors.

We have defined OpRE as the investible universe of residential sectors (Multifamily, Single Family, Affordable Housing, PBSA, Co-living, Senior Housing), as well as Hotels (which includes Mid-Market, Lifestyle, Luxury, Budget, Hostels, Serviced Apartments and Branded Residences), and Self Storage.

The survey gathered responses from 61 investors, who collectively have almost €720bn in real estate assets under management (AuM). Around two thirds (67%) of investors are based in the UK, with the remaining 33% based in continental Europe.

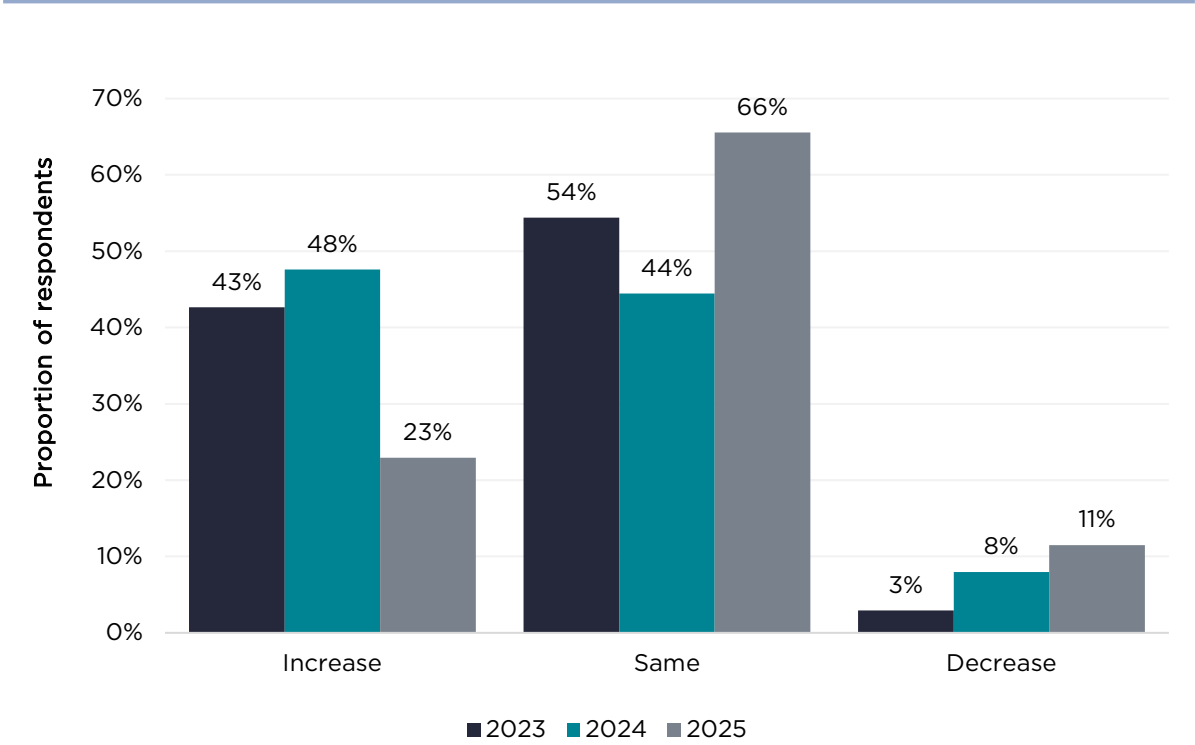


A rise in investors seeking exposure to the OpRE sectors

In our 2023 and 2024 surveys, we found a growing number of respondents intending to increase the proportion of their AuM that was allocated to the OpRE sectors. In 2025, this figure decreased to 23%, perhaps demonstrating that investors have now already rotated their AuM significantly into OpRE and so have less scope to increase their proportional allocation.

The continued appetite for OpRE, however, is clearly demonstrated by two-thirds of investors confirming that they expect their allocation to remain stable, a substantial rise from 44% in 2024 and indicating a more established and sustained commitment to the sectors.

Fig 1: How will your proportion of AuM allocated to the OpRE sectors change over the next 3 years?



Source: Savills, Savills Investment Management



62%

of respondents intend to target Purpose Built Student Accommodation (PBSA) over the next three years.

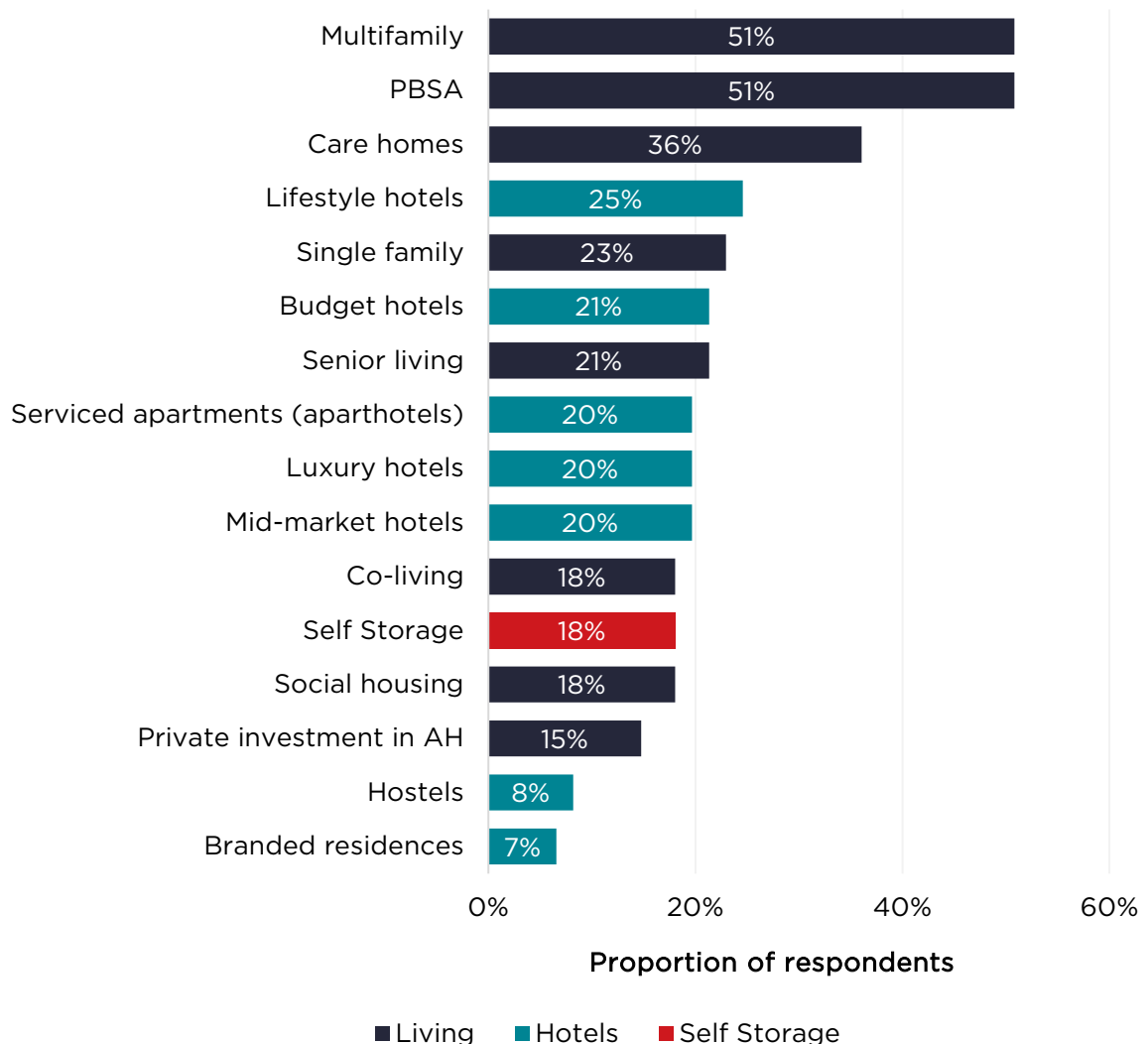


In which sectors are investors already invested

The three most common sectors identified by investors as those they are already invested in were Multifamily (51%), Purpose-Built Student Accommodation (PBSA) (51%) and Care Homes (36%).

Within the Hotel sector, the most common subsector is Lifestyle Hotels, where a quarter of respondents have exposure. By contrast, only 7% of investors have exposure to Branded Residences and 15% to Affordable Housing, highlighting the more niche segments of Living and Hotels.

Fig 2: Which OpRE sectors do you currently invest in?



Source: Savills, Savills Investment Management

Which sectors are investors targeting?

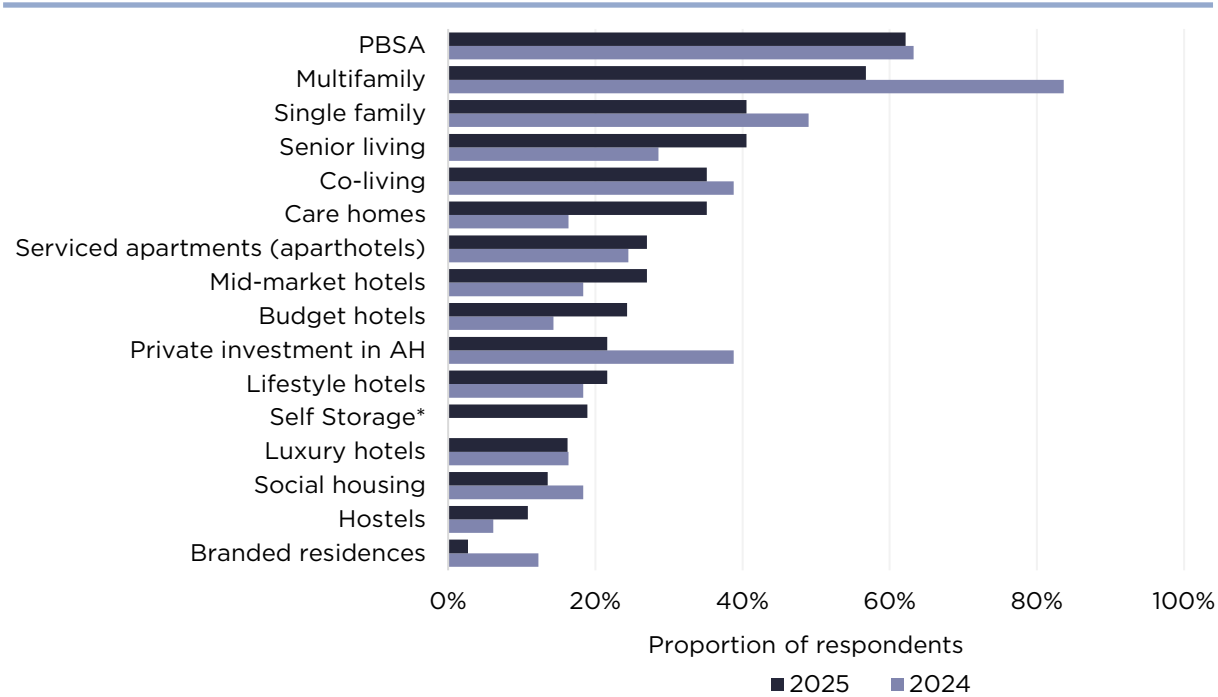
PBSA has risen to become the most sought-after sector for investors, with 62% of respondents intending to target it over the next three years. This is the first time PBSA has topped the list, surpassing Multifamily (57%), which had held the top spot for the previous two years.

Other notable changes between our 2024 and 2025 surveys include an increase in the proportion of respondents looking to invest in Senior Living and Care Homes, which rose from 29% to 41% and from 16% to 35%, respectively.

This comes after a challenging few years for the Care sector, which has faced headwinds in a number of markets. There has also been a rise in investor appetite across the Hotel sector.

Our 2025 survey shows that most sub-sectors have seen an increase in the proportion of investors targeting them. In many of the sectors where the proportion of investors targeting them has declined slightly, the level of interest is still very high, and the decline could be due to those investors having already deployed a lot of capital in recent years.

Fig 3: Change in target OpRE sectors between 2024 and 2025?



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

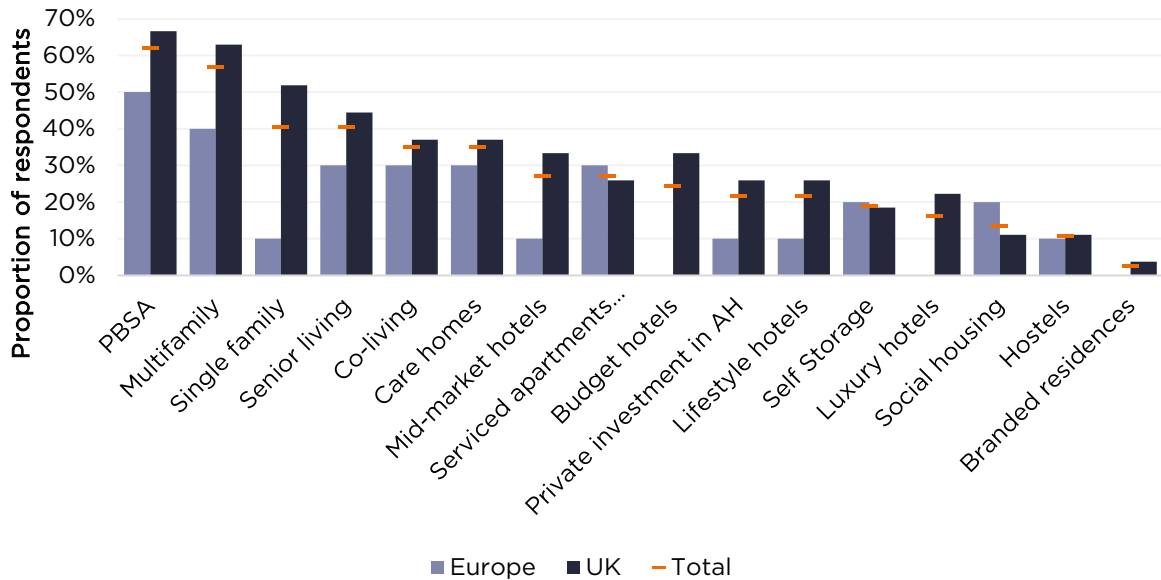
Comparing the investment targets for UK and European-based investors shows some divergence. Single Family Rental remains a sub-sector largely driven by UK-based investors, with over half of UK respondents looking to invest, compared with just 10% of the European investors.

By contrast, European investors are showing a greater desire for Social Housing, with 20% of respondents targeting the sector compared with only 11% of UK respondents.

There is a growing need for the delivery of below-market-rented housing across the continent, as households face rising housing cost pressures.

At the same time, governments across Europe are increasingly turning to the private sector to channel direct investment into the delivery of new Social Housing.

Fig 4: Target OpRE sectors over the next 3 years for UK & European investors (2025)



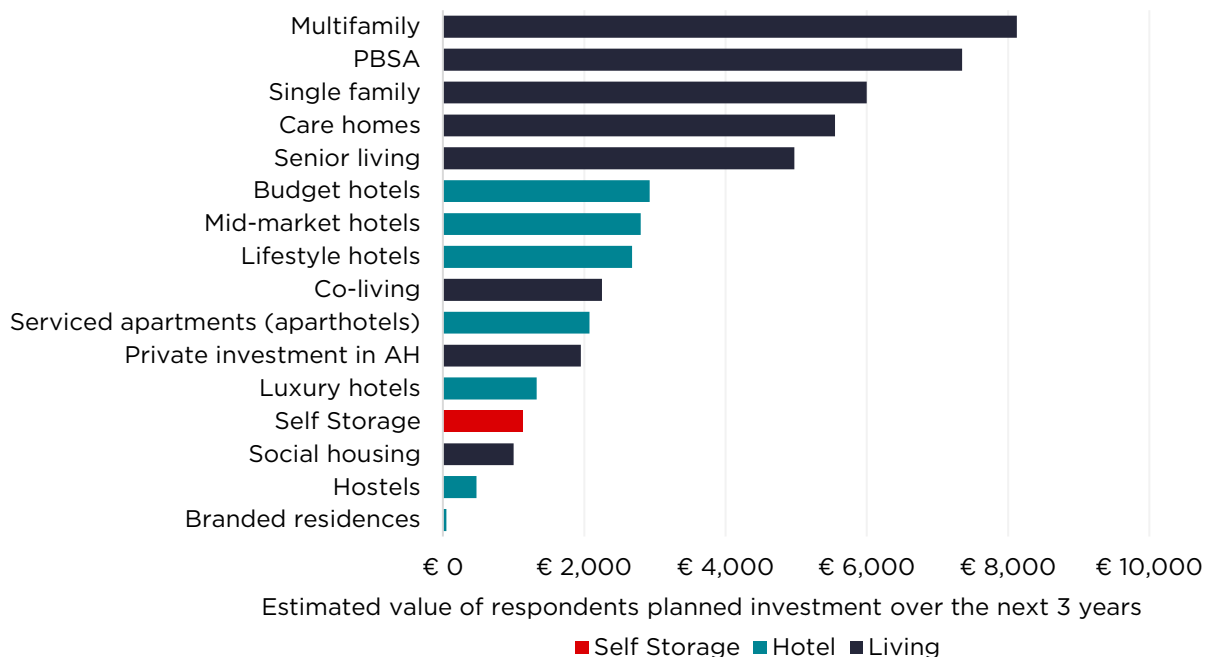
Source: Savills, Savills Investment Management

How much are investors aiming to deploy?

Our survey reveals that respondents are looking to invest c.€50bn over the next three years across the OpRE sectors. The vast majority (73%) of this capital is targeting Living, with Multifamily (€8.1bn) and PBSA (€7.4bn) expected to see the greatest inflows. Within the Hotel sector, budget hotels look set for the greatest

influx, with respondents hoping to deploy €2.9bn over the coming three years. This is despite fewer respondents looking to invest in the sector compared with serviced apartments and mid-market hotels, indicating that those targeting budget hotels are looking to grow significant holdings.

Fig 5: How much do investors plan to deploy in each sector over the next 3 years?



Regional expansion

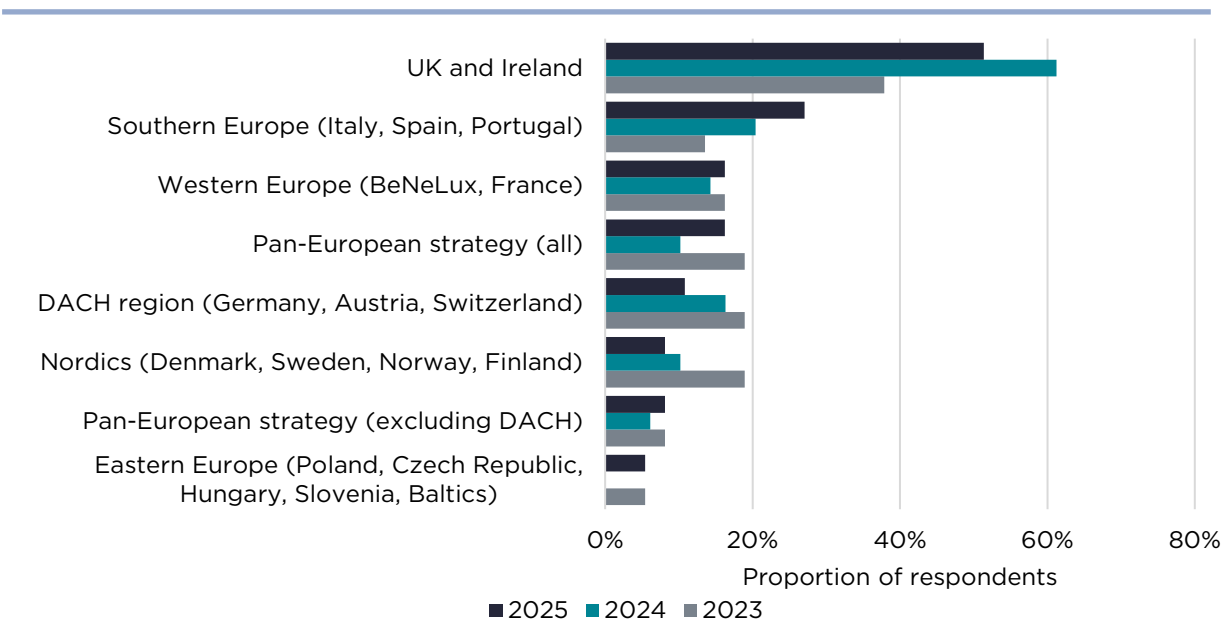
When investors were asked where in Europe they are targeting, the UK and Ireland were the highest priority markets over the next three years, mirroring the 2023 and 2024 trend.

Southern Europe (Italy, Spain, and Portugal) retains its position as the second most targeted region, with a growing proportion of investors now ranking it as their highest priority. This reflects the continued growth of investment opportunities in Southern Europe, underpinned by the resilience of these markets, particularly when compared

to the DACH region (Germany, Austria, Switzerland), which has slipped to fifth place in investor priorities, down two positions from last year.

Notably, 2025 has seen a resurgence in appetite for pan-European strategies, with 16% of respondents prioritising pan-European investments, up from 10% in 2024. This trend is most evident in sectors such as PBSA and Lifestyle Hotels, where investors are confident in pan-European demand and are seeking opportunities to scale platforms across multiple markets.

Fig 6: Change in priority investment locations between 2023 and 2025



Source: Savills, Savills Investment Management

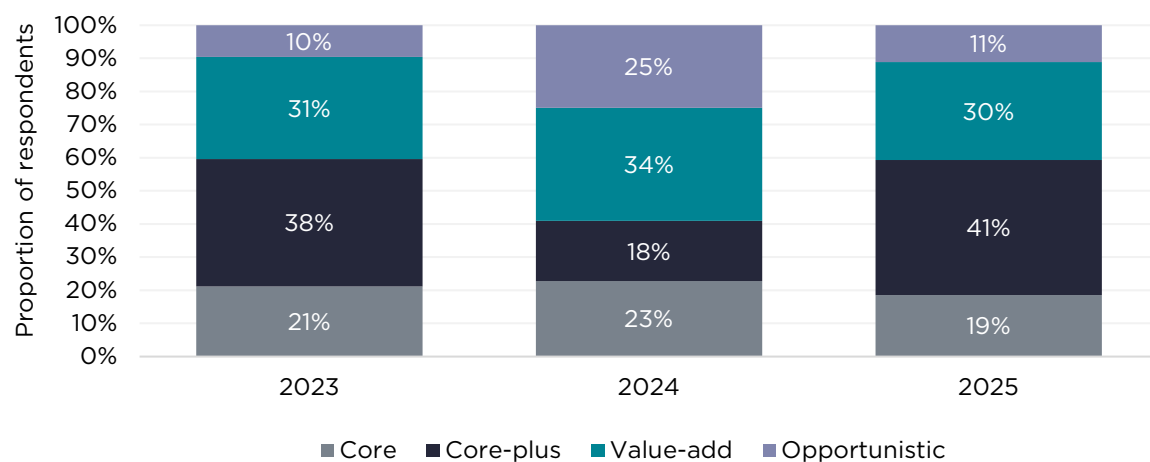


In search of higher returns

There has been a marked shift in the strategies investors are pursuing in the OpRE sectors, which mirrors that reported in 2023. There has been a fall in the proportion of respondents targeting Opportunistic strategies, down from 25% in 2024 to just 11% in 2025.

More respondents reported targeting Core-Plus strategies, up from 18% in 2024 to 41%. The increase in investors with lower return hurdles will bring greater certainty to those developing new stock that there is an exit, and support continued recovery in investment activity through the second half of 2025 and into 2026.

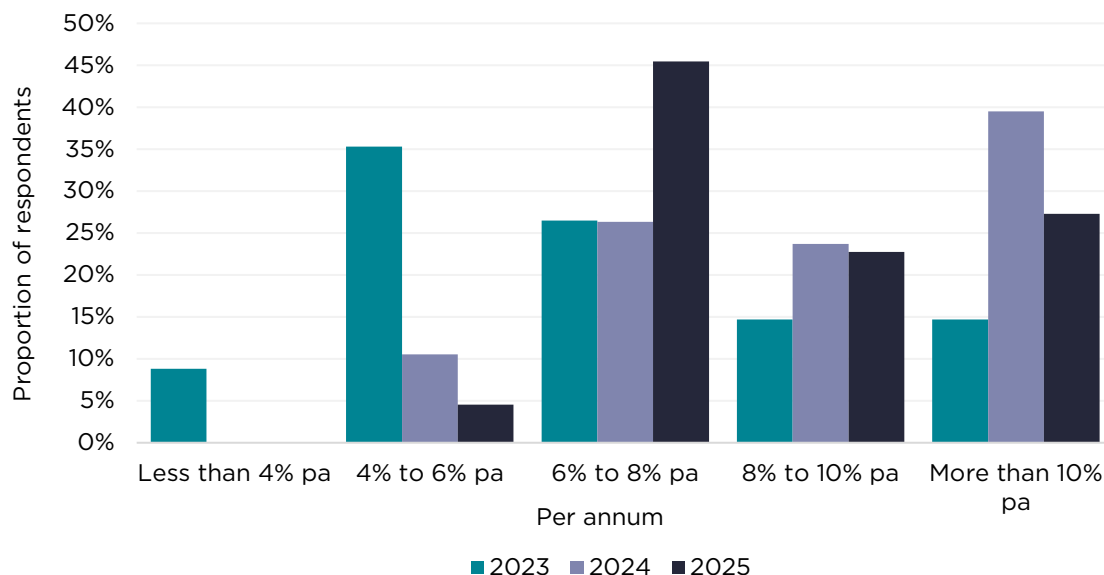
Fig 7: Change in investment strategies for the OpRE sectors, 2023 to 2025



The decrease in Opportunistic strategies reflects the slight reduction in expected returns for stabilised Multifamily assets. In 2024, 63% of respondents expected to see unlevered returns of 8%+ over the next

three to five years, whereas this has fallen slightly to 55% in 2025. This is, however, still significantly higher than the 30% reported in 2023.

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 (52%) had a preference for direct private market investment, an increase from 42% in 2024.

In addition, the proportion of respondents using joint venture structures rose from 22% in 2024 to 28% in 2025.

Some of the key benefits of JV structures are that investors can mitigate risks while gaining wider knowledge and expertise in order to access new markets.

There was also a large minority of respondents who are looking specifically at Debt strategies to gain exposure, with 9% of all respondents listing direct private debt as their preferred route.



We continue to see robust liquidity across both bank and non bank channels, driven in part by the continued low level of transaction volumes.

With fewer deals in the market, lenders are competing intensely for opportunities, particularly in the OpRE sectors, which remain a top priority for most capital providers present in continental Europe, broadening their underwriting mandates and looking to deploy capital on more complex or transitional assets.

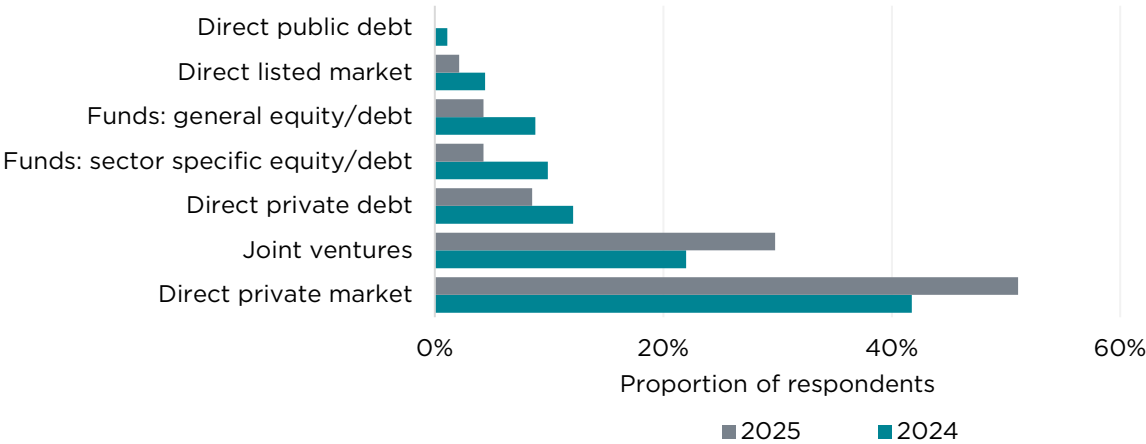
Overall market competition is driving margins tighter, leverage higher, and borrowers are benefiting from increasingly flexible structures, including extended interest only periods, covenant-lite protections, and bespoke amortisation profiles.

Strong market liquidity and the breadth of capital sources are enabling even challenging situations to be successfully refinanced. In such situations, borrowers are able to rework their capital stacks with a mix of senior, mezzanine, and preferred equity to optimise debt sizing and preserve value.

Charlie Bottomley
Director - Debt Advisory
Savills Capital Advisors



Fig 9: Preferred routes to market



Source: Savills, Savills Investment Management

Barriers to investment

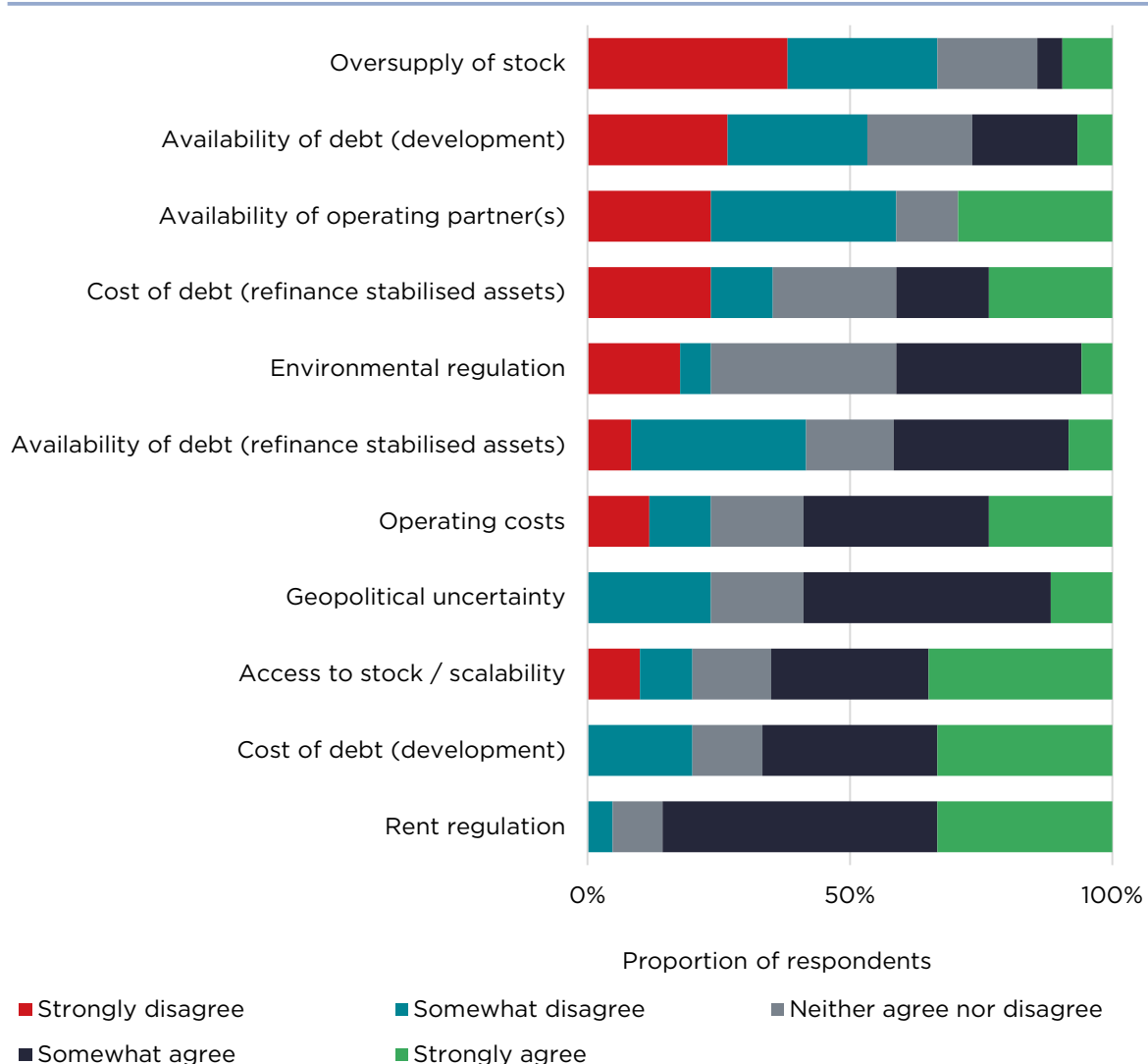
There is no denying the scale of ambition amongst investors to increase their investment in the OpRE space. However, there remain some potential barriers to achieving these aims.

Respondents emphasised that rent regulation is their greatest current concern, with a third of respondents strongly agreeing this was a risk and a further 52% agreeing it is somewhat of a risk.

This indicates a widely held concern that tightening regulations, such as the Renters Rights Bill in the UK and the IRAV in Spain, could be a significant disruptor to the growth of investment in some OpRE sectors. Access to stock and the ability to scale up platforms also continue to be a concern for 65% of respondents.

On the other hand, respondents are less worried this year about the availability of development debt, with only 7% strongly agreeing this is a risk factor, down from 13% in 2024. Similarly, only 6% of respondents see large risks in environmental regulation.

Fig 10: How much do you agree that the following factors are risks to further investment in the OpRE sector over the next 3 to 5 years?



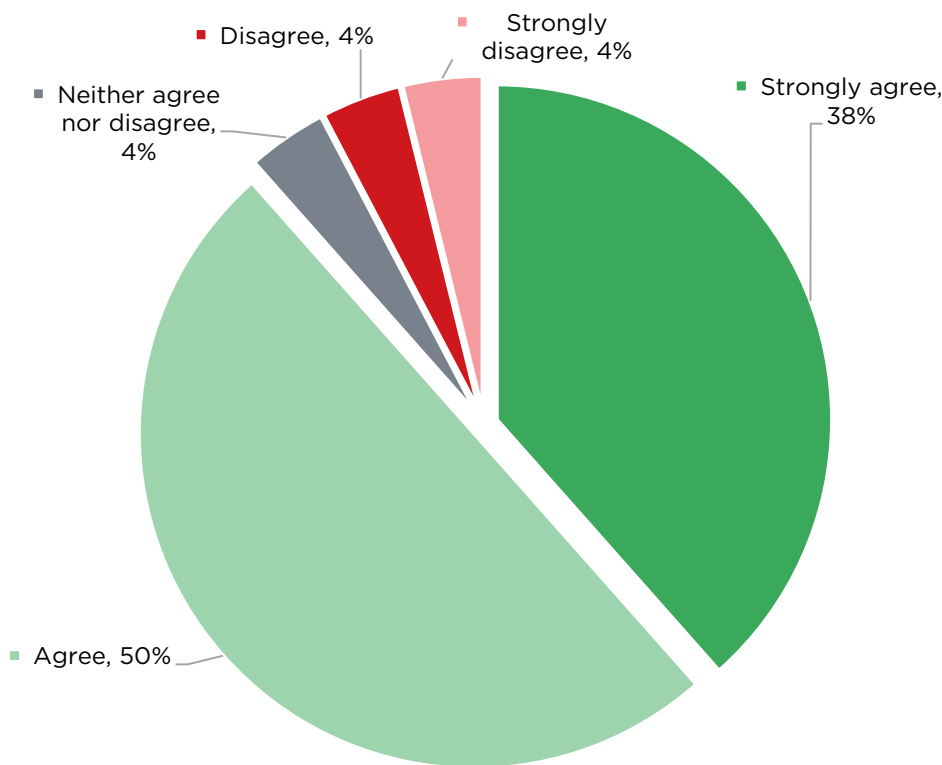
Source: Savills, Savills Investment Management

Rising to the ESG challenge

Almost 90% of respondents agreed that demand for ESG-compliant OpRE assets will increase over the next 5 years. The relative youth of many OpRE assets places them in a favourable position compared to other sectors, especially in newer sectors like PBSA and Self Storage, given

the backdrop of increasing regulation for greener properties and shifting consumer priorities that favour more socially conscious developments. It does, however, stress the need for investors to maintain and proactively improve their stock.

Fig 11: Do you expect demand for ESG-compliant OpRE assets to increase over the next 5 years?



Source: Savills, Savills Investment Management

When asked about the main challenges to advancing ESG adoption, respondents identified higher construction costs as the most significant barrier.

The use of more sustainable materials and construction practices can increase construction costs, on top of the current industry-wide build cost inflation, affecting both new developments as well as the retrofitting of existing assets. The second most cited concern was the lack of clear ESG regulation and enforcement.

Ambiguous or frequently evolving ESG standards can mean previous investment in improving stock may be quickly superseded, especially in refurbishments, leading to yet further costs.

Respondents were not, however, overly concerned by supply chain issues for green materials or the availability of green financing and government incentives. This demonstrates that the mechanisms for achieving greater ESG adoption are present and understood, it's the implementation that is the more pressing concern.

Fig 12: Barriers to increased ESG adoption in the OpRE sectors, from greatest to least



Source: Savills, Savills Investment Management

Conclusions

Investment into the European OpRE sectors continues to grow, as investors diversify and rotate capital away from the commercial sectors. Our 2025 European Investor survey indicates that this trend is set to continue, with our respondents looking to deploy more than €50bn of capital over the next three years.

Investors are increasingly looking beyond the Multifamily sector for exposure to OpRE. While it remains a key target, PBSA has risen up the ranks to become the most sought-after OpRE sector this year. Senior Living, Care Homes and Budget Hotels have also moved up the priority list for investors.

As interest rates have fallen, we have seen a return of Core-Plus strategies, while the proportion targeting Opportunistic returns has fallen. The re-emergence of these Core Plus buyers will help support the continued recovery of investment activity through 2025 and beyond.

Governments are tightening environmental performance regulations for real estate, with a range of new standards expected to be brought in over the next five years. As a result, investors are increasingly aware of the need for ESG-compliant properties, and so we expect that demand for these assets will continue to rise.





investment
management

Savills Research

A dedicated team with an unrivalled reputation for producing insightful analysis, research and commentary across all property sectors throughout the UK, Europe, Americas, Asia Pacific, Africa, India and the Middle East.

Richard Valentine-Selsey

Director, Head of European
Living Research
+44 (0) 7870 403 193
richard.valentineselsey@savills.com

Jacqui Daly

Director, Residential
Investment Research
+44 (0) 7968 550 399
jdaly@savills.com

Savills Operational Capital Markets

We provide our clients with valuation, consultancy, transactional and financing advice in the operational real estate sectors - across the UK and Europe. Our track record is unrivalled, having advised on over £20bn of transactions in the last three years.

Peter Allen

Executive Director, Head of Operational
Capital Markets UK & EMEA
+44 (0) 7968 550 311
pallen@savills.com

Marcus Roberts

Head of European
Investment & Development
+44 (0) 7807 999 187
mroberts@savills.com

Joe Guilfoyle

Co-Head of Savills
Capital Advisors
+44 (0) 7790 909 175
joe.guilfoyle@savills.com

Andrew McMurdo

Co-head of Savills
Capital Advisors
+44 (0) 7787 503 243
andrew.mcmurdo@savills.com

Andrew Brentnall

Executive Director, Head of Residential
Investment & Development
+44 (0) 7967 555 578
abrentnall@savills.com

Lizzie Beagley

Head of PBSA & Co-Living
+44 (0) 7807 999 174
lizzie.beagley@savills.com

Richard Dawes

Director, Hotel Capital Markets
+44 (0) 7580 789 978
rdawes@savills.com

Caryn Donahue

Head of Senior Housing Transactions
+44 (0) 7800 916 955
caryn.donahue@savills.com

Savills Investment Management

Savills Investment Management ('Savills IM') is a specialist real estate investment manager investing in Equity and Debt real estate strategies on behalf of a global institutional investor base with more than £25.5bn in assets under management. Savills IM is headquartered in London, UK and has established presence in 16 locations in 13 countries with over 430 staff including 154 investment professionals globally.

Harry de Ferry Foster

Head of the UK, Savills
Investment Management
+44 (0) 7870 555 786
harry.deferryfoster@savillsim.com

Lucy Williams

Head of Client Capital, UK
+44 (0) 7890 950 264
lucy.williams@savillsim.com

Hamish Smith

Head of Research & Strategy, UK
+44 (0) 7971 757 175
hamish.smith@savills.com