THE DISTRICT
Real Estate Investors Europe

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30 Sept - 2 Oct 2025
Fira de Barcelona

Key Takeaways The District 2025

www.thedistrictshow.com

Executive summary: The District World Summit 2025

KEY INSIGHTS

- International **Real Estate Capital** (US, Middle East, Asia) is **shifting towards Europe** amid geopolitical uncertainty. Europe emerged stronger from recent tariff wars, and the preference for **euro-denominated vs. dollar investments is reinforcing capital inflows**
- **Southern Europe** has positioned itself as a **standout location for investors:** historically less attractive to institutional capital, it now offers room for deployment and value-add. **Markets view the region as mature and liquid**, so they no longer require higher returns for location perceived risk; **unlocking opportunities for new institutional platforms**
- **Following Spain, Italy is repositioning as a leading European Real Estate investment destination,** with previously sceptical institutional capital returning on the back of favourable regulation, solid management and a supportive business environment
- On the exit environment, **few M&A and IPOs** (a natural PE exit) have been seen, **limiting liquidity for investors**. However, **expectations for a pickup** in public listings and PE M&A, with a **large pipeline of consolidation and listing candidates still on hold**
- Key sectors for 2026 are living, logistics and AI:
  - **Affordable housing is top of mind** across Spain and Europe: **it is a structural issue under the need of depoliticization**. Capital has accepted 10% returns for development risk, but it must turn into a certain and more predictable investment
  - Europe focusing on **reindustrialisation,** creating **logistics challenges** on top of the ongoing **evolution of e-commerce**
  - **Artificial Intelligence** is beginning to influence **capital deployment** and will make the market **much more data-driven**

THE DISTRICT IN NUMBERS

432 speakers

+ 1,400 1-to-1 meetings held

+ 14,000 attendees

+ 40 countries represented

Key Takeaways 2025 – Megatrends and Financing

REAL ESTATE MEGATRENDS

- **Local partners are key for deployment.** No longer "simple deals" but **platforms require both management and local know-how**
- **OpCo/PropCo is now a reality.** Both **GPs and LPs aim to maximise returns and minimise risk by co-investing** in the operator. Beyond the asset itself, the business inside matters and investors want control over it
- **Private Real Estate credit in Europe is already a common tool** and is maturing quickly. However, Southern Europe share is still about half of the UK and a quarter of the US
- **We are seeing M&A activity, groupings and strategic alliances among GPs**—either large-scale platforms or specialists with operational expertise—who are adapting their economics to align with evolving market conditions

"Global investors are very optimistic around Spain and its current momentum"

"Clear window to invest from a cycle perspective due to strong fundamentals and timing alignment"

FINANCING

- **Real Estate debt** is increasingly viewed as one of the **most compelling asset classes**, offering **attractive risk-adjusted returns**
- Investors are increasingly **turning to alternative lenders**, attracted by their **speed of execution, flexibility in their financing structures and their capacity to increase LTCs / LTVs**
- Alternative financing is increasingly oriented towards **Preferred Equity structures**
- **Interest rates** are expected to **remain stable over the coming months**

"Alternative financing represents 15%–20% of Spain's financial landscape today, with expectations to reach 40% by 2030"

"Alternative lenders will consolidate substantially over the next few years due to the difficulties of institutional players raising capital"

Key Takeaways 2025 – The industry behind the capital

THE INDUSTRY BEHIND THE CAPITAL

- **The GP (sponsor) market is getting more sophisticated**, as capital demands clear visibility on operating model, risk strategy, specialisation and ownership structure
- **LPs demand** precision in **deployment quality and exit liquidity**, alongside **sector specialisation and meaningful GP co-investment** to ensure strong alignment
- LP **capital is concentrating** at two ends of the spectrum: **big, diversified scale platforms and sharp specialist GPs** (deep expertise in a niche) are winning mandates, while midsized generalists are getting squeezed
- **GP consolidation continues** as mid-tier firms merge, get acquired, or pivot to specialisation. **Winners have deep sector focus and real scaling ability**
- **LPs** are increasingly **demanding co-investment from GPs**, while fundraising remains challenging for many managers due to limited liquidity returned to investors in recent years
- **LPs are rotating to yield and liquidity**, moving into private credit and secondaries, and looking for **continuation vehicles and layered capital stacks** to manage duration and accelerate distributions
- **Transparency and control are now table stakes**: LPs want KPI/ESG-rich, real-time reporting with audited valuations, plus Limited Partner Advisory Committee/key-man protections and clear visibility into the operating model before committing

"Mid-sized generalists are under pressure, which is driving consolidation and a shift toward either scale or specialisation"

"LP allocations to Real Estate have declined recently, but are expected to rebound as scaled platforms and specialist strategies regain traction"

"Scale gets you in the door; specialisation wins the mandate; distributions keep you in the book"

"Core money is still on the sidelines, so expect more direct and private credit until liquidity returns"

Key Takeaways 2025 – Living

LIVING

- The **market is truly segmented and specialised around end-user needs**; PBSA, BTS, BTR, flex-living, Senior Living, Senior Care
- **New needs and scarcity of purely residential land** makes flex-living a reality and a growth leader
- **BTR** as the biggest failed opportunity: drew substantial institutional capital but **overregulation choked off the model**
- **BTS activity remains strong**; sentiment is positive, sale prices grow robust but a feeling that it might be reaching its peak
- **PBSA** in Spain has matured into a **consolidated asset class**, offering strong fundamentals, rising demand and scalable opportunities for long-term value creation
- In Senior Living, first movers are in focus as the **market tests and confirms appetite**
- **Strong appetite around Senior Care: the supply–demand gap continues to widen**, with ~250,000 beds needed and positive demographic trends

AFFORDABLE HOUSING

- Investment thesis rests on **resilient and scalable returns with social impact**
- As a **strong ESG asset, affordable housing justifies investors accepting c.10% returns**, with population affordability as number one priority
- **Housing is Europe's next essential infrastructure** — closing the investment gap requires confidence, clarity and scale, with Spain behind in supply (3% vs 17%)
- Political involvement is essential, with the **right balance between interventionism and free market;** a lower, predictable tax regime can unlock supply and attract capital

"Selling prices are projected to rise by 5% in 2026, followed by a potential decline over the subsequent 3 to 5 years"

"Spain only has about 25% of households rented vs. 35%–50% across Europe, the runway is long"

"Affordability improves when markets are freed from excessive regulation"

"Faster, clearer zoning and planning must be a priority to shorten execution, boost confidence and enable large-scale investment"

Key Takeaways 2025 – Hospitality, Offices and Logistics

HOSPITALITY	— As ADR levels off in Southern Europe, **outperformance will be earned through operating excellence and smart repositioning**—OpCo control is the lever for maximising NOI — Europe's hotel market remains robust after 3 years of extreme growth: **demand remains strong led by international travel with new markets such as Asia and experience user focus** — **Tight supply** driven by zoning constraints, moratoriums, rising costs, and new short-term rental regulations	*"Constrained supply of new hotels is the main driver of ADR"*
OFFICES	— **Southern Europe's prime CBD stands resilient; the play is secondary**—consolidate and upgrade/reposition to absorb oversupply and unlock returns — **Ultra-low vacancy (3%–4%) and corporates' return are pushing rents up;** service-rich, hospitality-style offices lease faster with minimal capex, pulling **core capital back** — **~45% residential premium is driving secondary offices change of use** to residential, hotels and flex living; shrinking supply tightens the market and lifts returns, with ESG upgrades speeding execution	*"Companies look for services and experiences, accessibility and sustainability when looking for their office"*
LOGISTICS	— European logistics **remains very attractive to capital** as low availability and strong fundamentals keep up with the momentum — **Prime rents are still climbing while vacancies stabilise at low levels**, supported by e-commerce and a thinning new-supply pipeline — Big boxes should be **versatile and fast to reconfigure** in a market where tenants and technologies rotate at speed	*"We win by being beside the customer, with boxes that flip from single to multi-tenant overnight"*

Key Takeaways 2025 – Data Centres and AI

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DATA CENTRES

- **Southern Europe will keep attaining investor conviction** thanks to its strategic and gateway location
- To absorb hyperscalers and AI's growth, Spain must bring actual 0.4GW capacity to **1.3 GW by 2030**, which is translated to **more than €11B investment**
- The **main bottlenecks will be permits and power**. Without fast approvals and guaranteed grid access, data centres cannot keep up with growing demand
- Technology changes faster than construction. **Equipment becomes outdated before projects are finished**, so investment plans must be updated regularly

"Southern Europe is the gateway bet; Spain's by 2030 hinges on fast permits, firm megawatts, and agile plans needs"

"Spain is lacking in grid supplying compared to other European countries"

ARTIFICIAL INTELLIGENCE

- AI is transforming due diligence, asset management and risk analysis — enabling **faster, more consistent and data-driven decision-making**
- Its **impact** will be visible in both **revenue growth (efficiency) and cost reduction (automation)**, directly reflected in the P&L
- AI in Real Estate is expected to evolve from pilot programs to scalable solutions, with **meaningful results emerging in the next 2 years**
- The **most mature asset classes in AI adoption are residential, offices and shopping centres**, while logistics and hospitality show strong growth potential due to data intensity

"Real estate is moving fast on AI, nonetheless we are still at the first 1%"

"AI is not a competitive edge anymore — it's a baseline requirement"

NETWORK

KNOWLEDGE & INSPIRATION

BUSINESS OPPORTUNITIES

- **BARCELONA** spain@nebext.com
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