



**Altus Group**

**Q4 2024**

# **Pan-European Valuation Dataset: Expert Analysis**

By: **Phil Tily**  
Senior Vice President, Head of Performance Analytics  
Altus Group

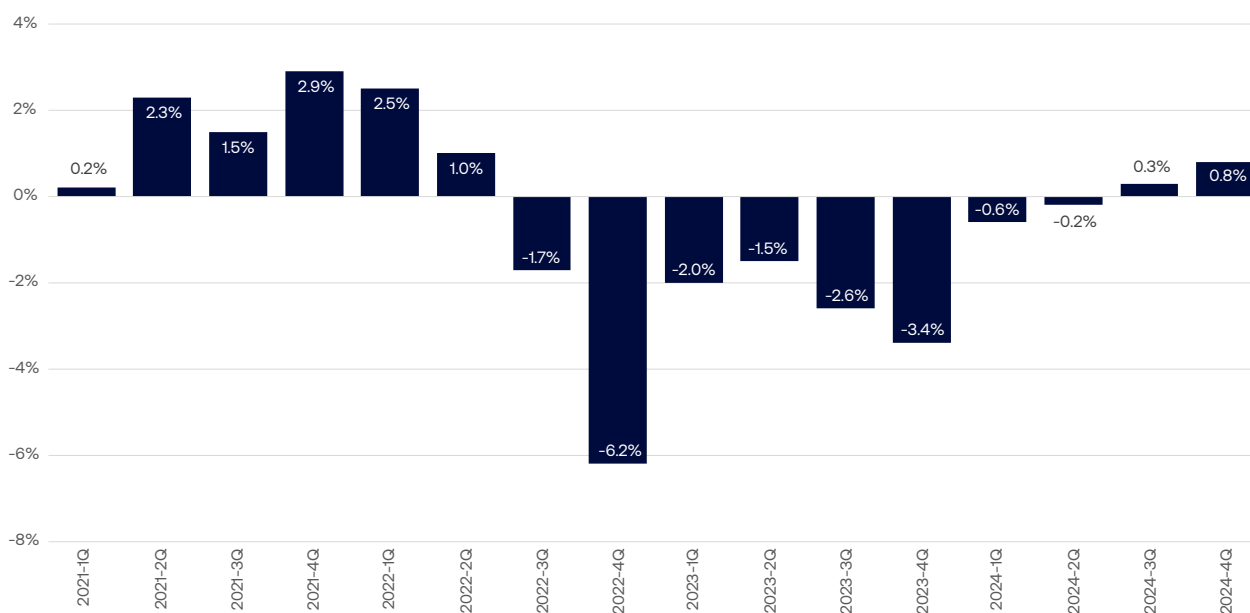


# Q4 2024

## Pan-European Valuation Dataset: Expert Analysis

The Q4 2024 results from Altus Group's Pan-European Valuation Dataset indicate that real estate markets are gradually entering a recovery phase. Values, which started to turn the corner in Q3 with a 0.3% increase – marking the end of a two-year period of write-downs – increased a further 0.8% in the final quarter of the year.

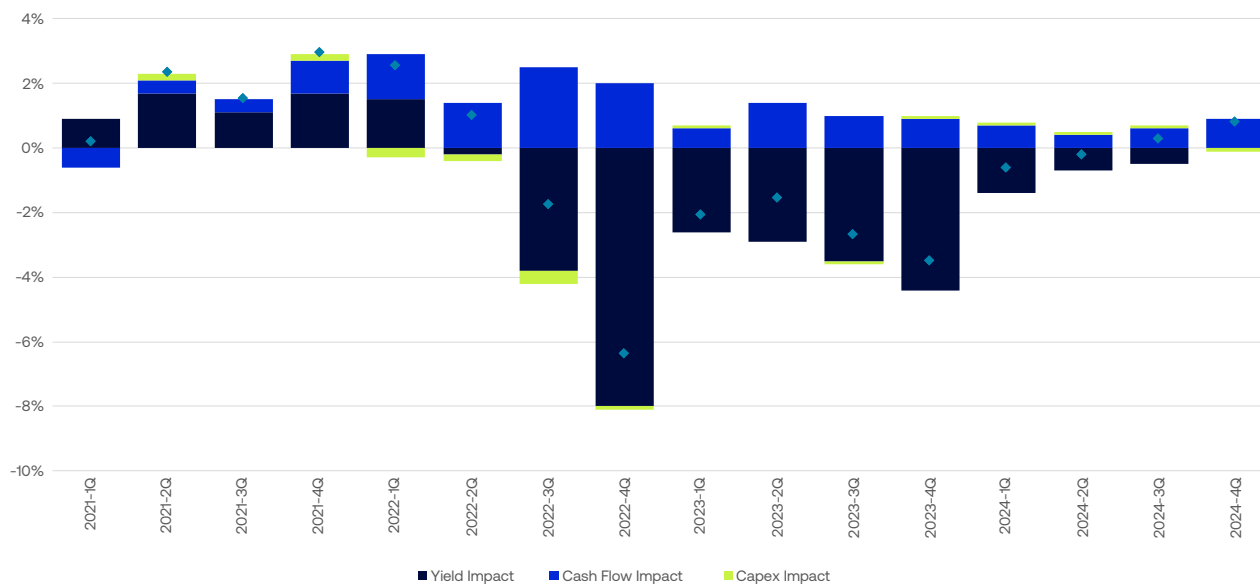
### Quarterly appreciation - all property



Source: Altus Group's Pan-European Valuation Dataset

As central banks begin to lower interest rates, yields, which had been gradually increasing over the previous ten quarters, finally stabilized during the closing three months of the year. Consequently, the steady improvement in cashflows, which strengthened to 0.9% in Q4, had a more immediate impact on values for the quarter, although this was slightly offset by a minor increase in capital being factored into valuations.

## Quarterly appreciation attributes – all property



Source: Altus Group's Pan-European Valuation Dataset

## Sector trends

In 2024, values ended on a positive note, increasing by 0.4% over the year. Positive value movements in Q3 and Q4 reversed the declines observed in the first half of the year. The gains were largely driven by the industrial, residential and other property categories. However, values for retail properties, and even more so office remained down for the year.

In Q4 values rose for the second consecutive quarter across all sectors of the market, albeit with a mixed set of results from a yield and cashflow perspective.

## Breakdown of value movements

### For the quarter - Q4 2024

	Value change	Yield impact	Cash flow impact	Capital expenditure
All	0.8%	-0.0%	0.9%	-0.1%
Industrial	1.0%	0.2%	0.6%	0.2%
Office	0.8%	-0.2%	1.6%	-0.5%
Residential	0.9%	-0.1%	0.9%	0.0%
Retail	0.3%	-0.2%	0.3%	0.2%
Other	1.5%	1.2%	0.1%	0.2%

Source: Altus Group's Pan-European Valuation Dataset

## For the year - 2024

	Value change	Yield impact	Cash flow impact	Capital expenditure
All	0.4%	-2.5%	2.7%	0.3%
Industrial	1.6%	-2.5%	4.1%	-0.1%
Office	-1.1%	-3.3%	2.3%	-0.1%
Residential	1.4%	-1.0%	2.3%	0.1%
Retail	-0.3%	-2.8%	1.3%	1.2%
Other	6.3%	1.4%	3.5%	1.4%

### Industrial

In Q4, the industrial sector regained the top spot as the lead performer of the four main property sectors, with values up 1.0% over the quarter. What set industrial apart in Q4 was a positive adjustment in pricing. It was the first of the sectors to experience a narrowing of yields during the quarter, adding 0.2% to values. Cashflow wise it was a relatively muted quarter for industrial as improvements in market rents slowed to just 0.1%, and the sector experienced some lowering of in-place rents.

Values were up by over 1% in a number of markets, with the largest gains reported in Germany (1.9%) followed by Sweden, Spain, and the Netherlands; all tied with 1.2% uplifts. Each of these markets experienced the dual upside of yield compression coupled with the ongoing positive cashflow effects.

Over the year industrial values are up 1.6%, with Germany and the Netherlands having produced the strongest sets of results. Germany experienced a correction in yields, while the Netherlands benefited from stronger economic fundamentals, with market rents up 13% over the course of the year.

### Residential

Residential came in a close second to industrial, with residential values increasing by 0.9% for the quarter and 1.4% for the year. A very slight yield adjustment in Q4 was more than counterbalanced by relatively strong cashflow fundamentals, as the residential market and contract rents rose by more than average over the quarter.

Values in the two largest residential markets in the dataset, the Netherlands and Germany, continued to strengthen increasing 1.0 and 0.8% respectively. The Netherlands showed the strongest set of results over the year with values up 3.5%, compared with Germany where values were down -0.2%.

Overall, Sweden delivered the strongest performance across all markets, with values up 2.5% over the quarter and matching the Netherlands with a 3.5% increase for the year.

### Office

Office values were generally aligned with the overall average movements for the quarter, showing an increase of 0.8%. Yields expanded reflecting ongoing investor caution toward this sector, but this was offset by a larger than average cashflow effect, which ensured that office values continued to rise over the quarter.

UK was one market to display these traits of rising yields and a notable positive cashflow counterbalance with market rents continuing to strengthen up 4.2% in the final three months of the year. Sweden was the standout performer for the quarter, a market where yields began to tighten over the quarter, contributing to a 5.4% increase in values.

## Retail

Retail finished at the lower end of the hierarchy, yet values still improved this last quarter, up 0.3%. During this period, retail yields continued to increase over the quarter, particularly affecting high street assets and shopping centres, whereas retail warehouse yields started to decrease over the quarter enabling that subtype value to rise by an above average 1.9%.

Both retail warehouse and supermarket have increased over the year, primarily driven by cash flow. Market rents have also experienced a significant rise, with increases of 4.3% for retail warehouses and 3.9% for supermarkets.

## Other

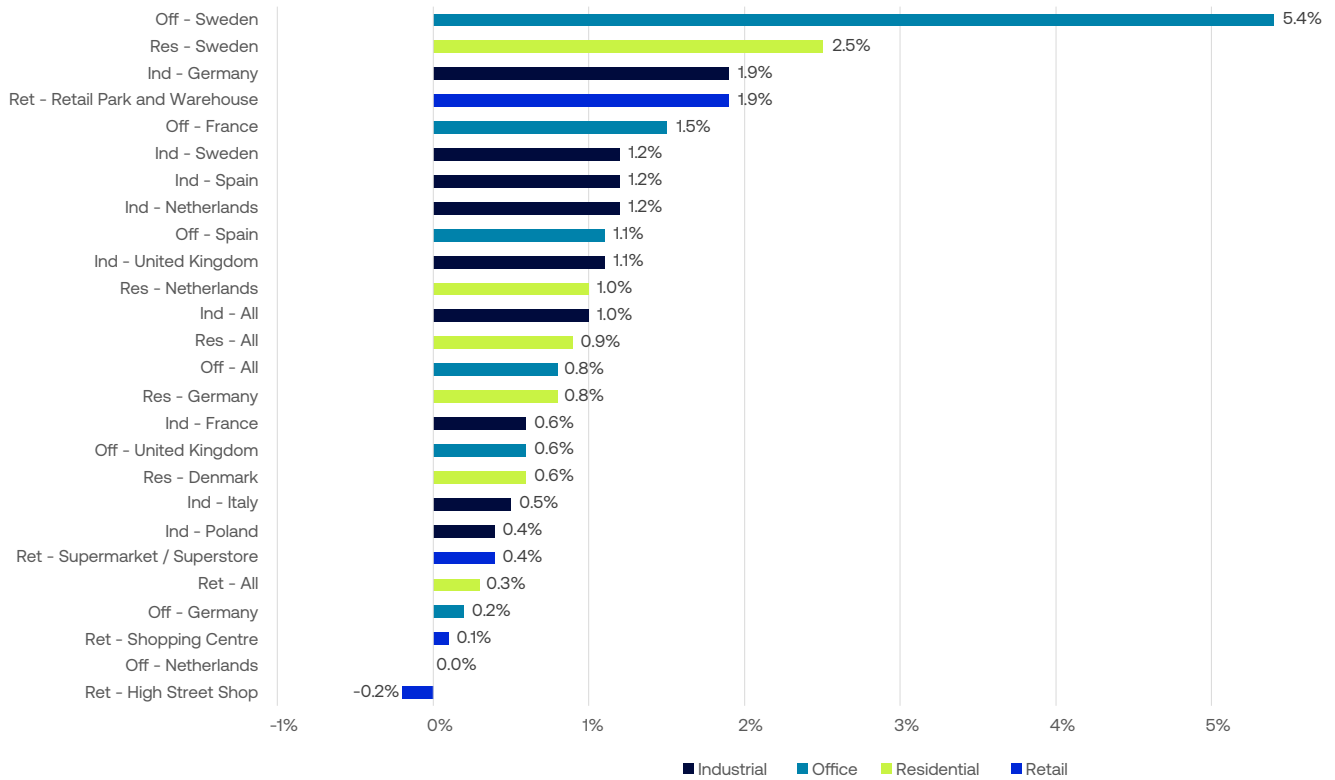
Outside of the main sectors within the other grouping, hotel assets had another comparatively strong quarter. Positive investor sentiment towards this sub property type was reflected in an accretive yield impact which helped the values rise by more than average for the quarter.



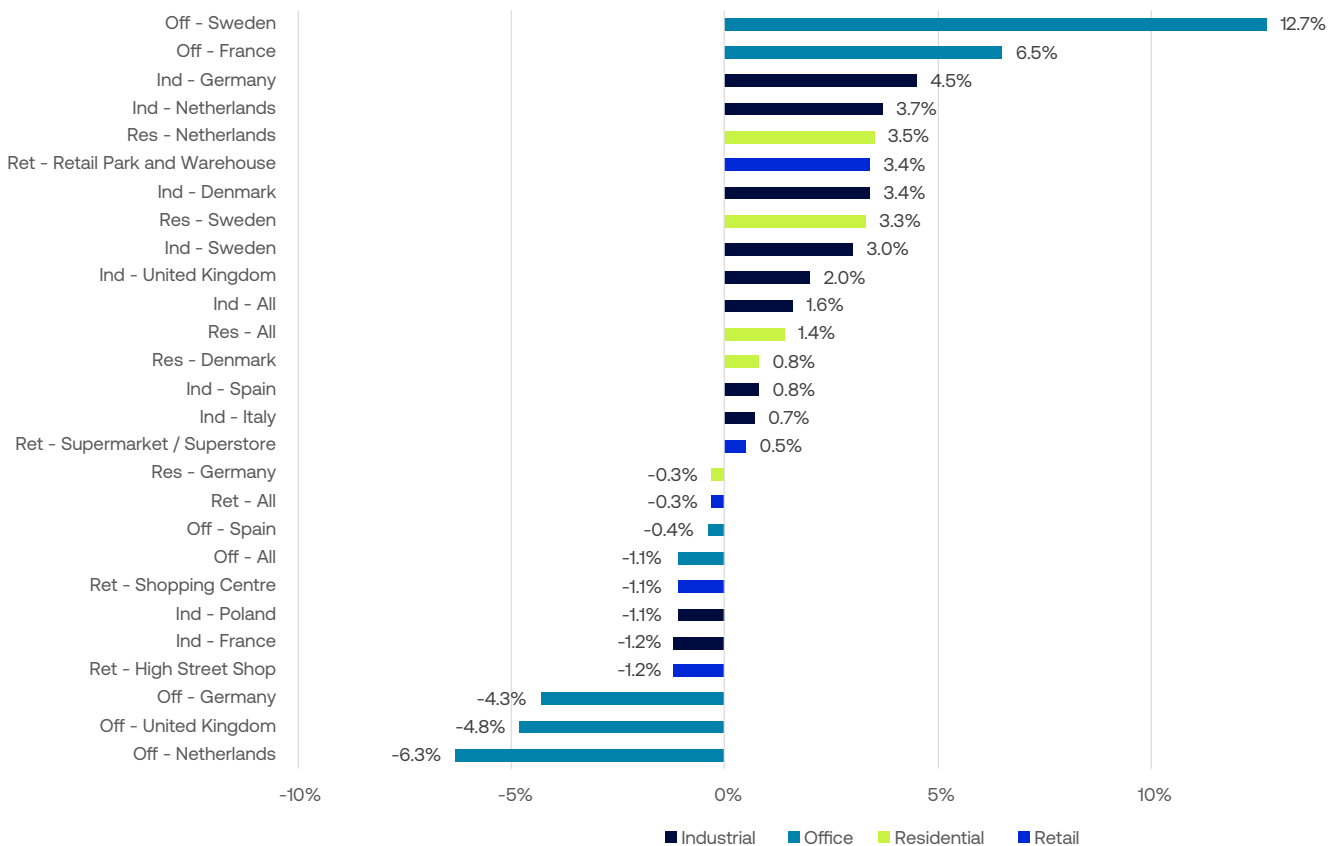


# Sector and country appreciation spreads

## For the quarter - Q4 2024



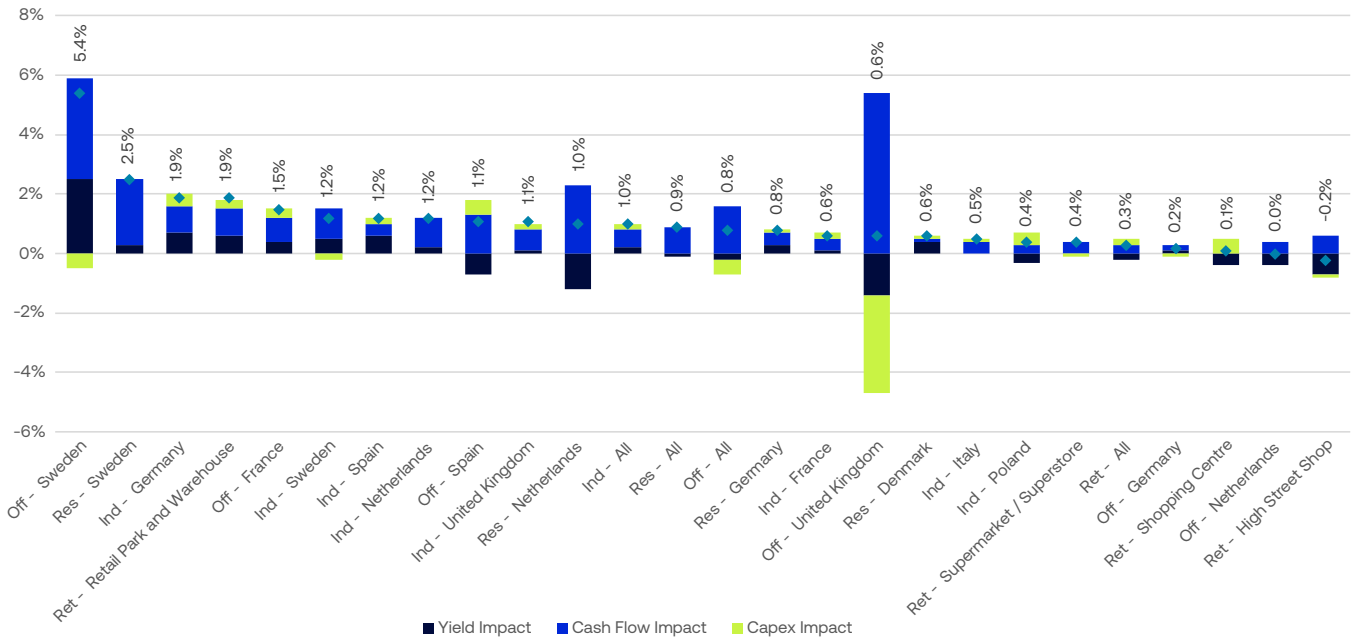
## For the year - 2024



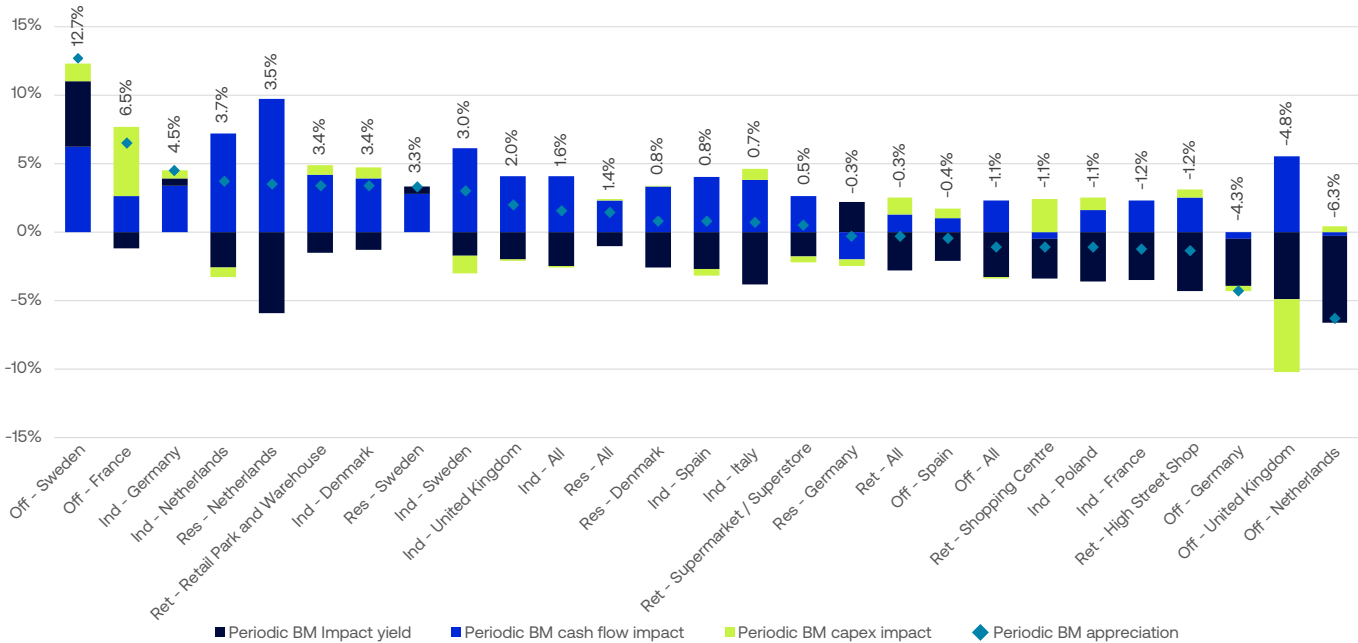
Source: Altus Group's Pan-European Valuation Dataset

# Impact metrics – by sector and country

## For the quarter - Q4 2024



## For the year - 2024



Source: Altus Group's Pan-European Valuation Dataset



Altus Group (TSX: AIF) is a leading provider of asset and fund intelligence for commercial real estate. We deliver our intelligence as a service to our global client base through a connected platform of industry-leading technology, advanced analytics and advisory services.

Trusted by the largest CRE leaders, our capabilities help commercial real estate investors, developers, proprietors, lenders and advisors manage risk and improve performance throughout the asset and fund lifecycle.

Altus Group is a global company headquartered in Toronto with approximately 1,900 employees across North America, EMEA and Asia Pacific.

[altusgroup.com](http://altusgroup.com)

This article is being provided for informational purposes only. No information included in this article constitutes, nor can it be relied upon as, legal, tax, investment, or other advice. Recipients should consult their independent advisors. The views and opinions expressed in this article are those of the authors themselves and do not necessarily reflect the views or positions of Altus Group Limited or its subsidiaries or affiliates (collectively, "Altus Group"). The article, the information contained therein, and any links to other sites are provided "as is" without any representations, warranties, or conditions of any kind, express or implied, including, without limitation, implied warranties, or conditions of fitness for a particular purpose or use, non-infringement or that any information is accurate, current, or complete. Altus Group has not independently verified any third-party information and makes no representation as to the accuracy or completeness of any such information. Altus Group and its advisors, directors, officers, and employees (collectively, its "Representatives") are not liable or responsible to any person for any injury, loss, or damage of any nature whatsoever arising from or incurred by the use of, reliance on or interpretation of the information contained in the article or sites that are linked in the article. The foregoing limitation shall apply even if Altus Group or its Representatives have been advised or should have known of the possibility of such injury, loss, or damage. Any unauthorized use of the information is strictly prohibited. A user is not authorized to copy, circulate, disclose, disseminate, or distribute the information, either whole, or in part, to any third party unless first explicitly agreed by Altus Group.