Altus Group

Q3 2026

Pan-European Valuation Dataset: Expert Analysis

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

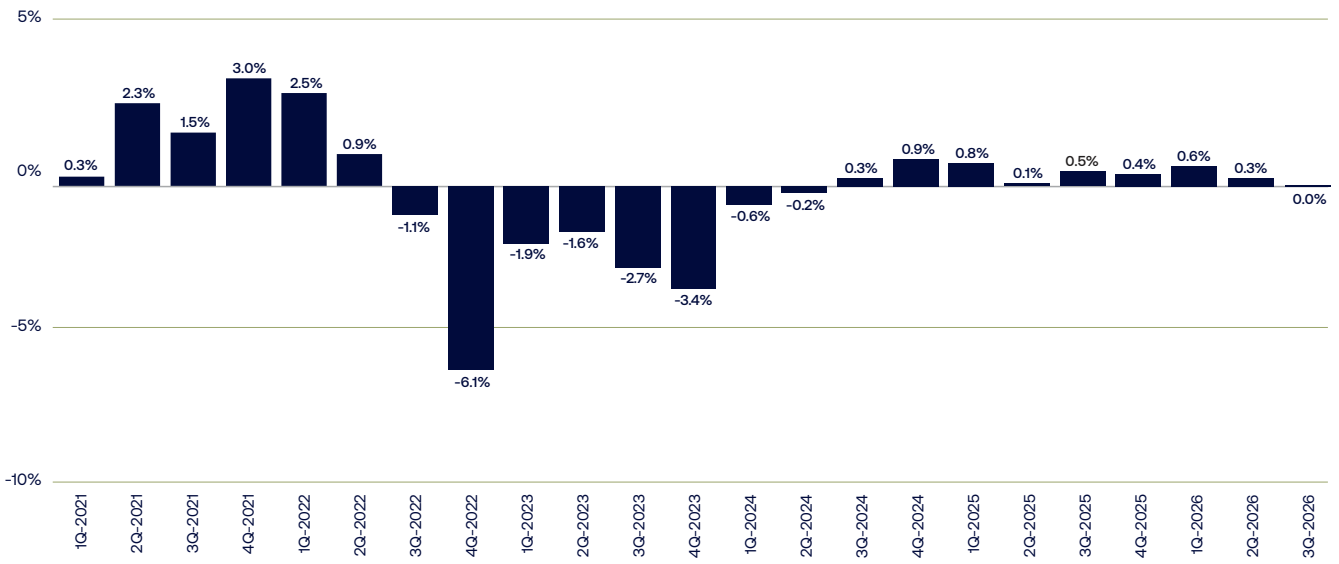


Q3 2026

Pan-European Valuation Dataset: Expert Analysis

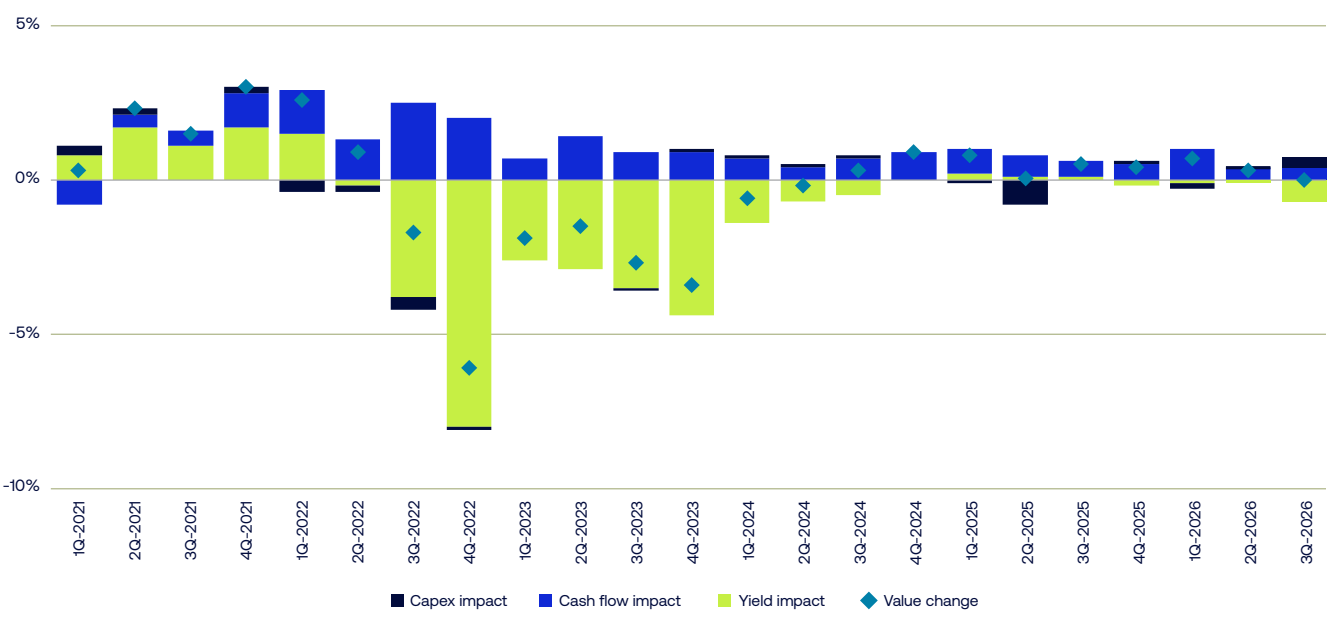
The Altus Pan-European property dataset saw values come to a standstill in the third quarter of 2026, with overall appreciation at 0.0%. This brings a pause to the recovery in values that began in Q3 2024, following eight consecutive quarters of positive appreciation. The loss of momentum has been playing out during 2026, with quarterly appreciation slowing from 0.6% in Q1, to 0.3% in Q2 and 0.0% in Q3.

Quarterly appreciation – all property



Source: Altus Group's Pan-European Valuation Dataset

Quarterly appreciation attributes – all property



Source: Altus Group's Pan-European Valuation Dataset

Against a backdrop of increased interest rates, yields have now become the dominant factor in the valuation narrative. The outward movement in valuation yields was the main constraint on values in Q3, with a -0.7% impact. This more than offset the +0.3% contribution from cashflow fundamentals, their influence having moderated considerably from earlier in the recovery period.

Changes in capital expenditure assumptions also had a positive +0.3% impact, leaving overall values unchanged for the quarter. From a returns standpoint, however, actual expenditure would have offset this benefit, resulting in a negative return on appreciation for the quarter.

Breakdown of value movements

Q3 2026 | Breakdown of sector quarterly value movements

Property type	Q4-2025	Q1-2026	Q2-2026	Q3-2026
All	0.4%	0.6%	0.3%	0.0%
Industrial	0.6%	0.6%	0.1%	-0.3%
Office	0.1%	0.2%	-0.1%	-0.2%
Residential	0.7%	1.1%	0.7%	0.5%
Retail	0.2%	0.7%	0.5%	0.2%
Other	1.4%	1.3%	1.3%	0.0%

Source: Altus Group's Pan-European Valuation Dataset

Q3 2026 | Breakdown of Q3 value movements

Property type	Value change	Yield impact	Cash flow impact	Capex impact
All	0.0%	-0.7%	0.3%	0.3%
Industrial	-0.3%	-0.7%	0.4%	0.0%
Office	-0.2%	-0.9%	-0.5%	1.1%
Residential	0.5%	-1.0%	1.3%	0.2%
Retail	0.2%	-0.3%	0.4%	0.1%
Other	0.0%	-0.1%	0.0%	0.1%

Source: Altus Group's Pan-European Valuation Dataset

Q3 2026 versus Q3 2025 | Breakdown of 1-year value movements

Property type	Value change	Yield impact	Cash flow impact	Capex impact
All	1.3%	-1.1%	2.1%	0.3%
Industrial	1.0%	-1.0%	2.4%	-0.3%
Office	0.1%	-1.4%	0.4%	1.1%
Residential	3.0%	-2.4%	5.1%	0.3%
Retail	1.6%	-0.1%	1.3%	0.3%
Other	4.1%	1.2%	2.0%	0.8%

Source: Altus Group's Pan-European Valuation Dataset

Q3 2026 versus Q3 2023 | Breakdown of 3-year value movements

Property type	Value change	Yield impact	Cash flow impact	Capex impact
All	-0.1%	-2.5%	2.5%	0.0%
Industrial	0.7%	-2.3%	3.2%	-0.1%
Office	-2.1%	-3.6%	1.8%	-0.4%
Residential	1.6%	-2.0%	3.7%	0.0%
Retail	0.2%	-1.6%	1.4%	0.5%
Other	4.4%	0.3%	3.5%	0.7%

Source: Altus Group's Pan-European Valuation Dataset

Sector trends

In a quarter where a negative impact from yield adjustments became more prominent across all sectors, overall performance weakened for each property type in Q3, although with a mixed set of outcomes. Residential remained a top performer, with values up 0.5%. Retail also remained in positive territory, with gains of 0.2%. In contrast, industrial values moved into decline, falling 0.3%, while office values declined by a further 0.2%. Within the other property grouping, student accommodation moved from the top to the bottom of the standings, with values declining 0.8%.

Industrial

Q3 marked a step change for industrial as values declined by 0.3%, having remained consistently positive through the prior two-year recovery period. Cashflows remained accretive, contributing 0.4% to values, but this was more than offset by a -0.7% yield impact for the quarter.

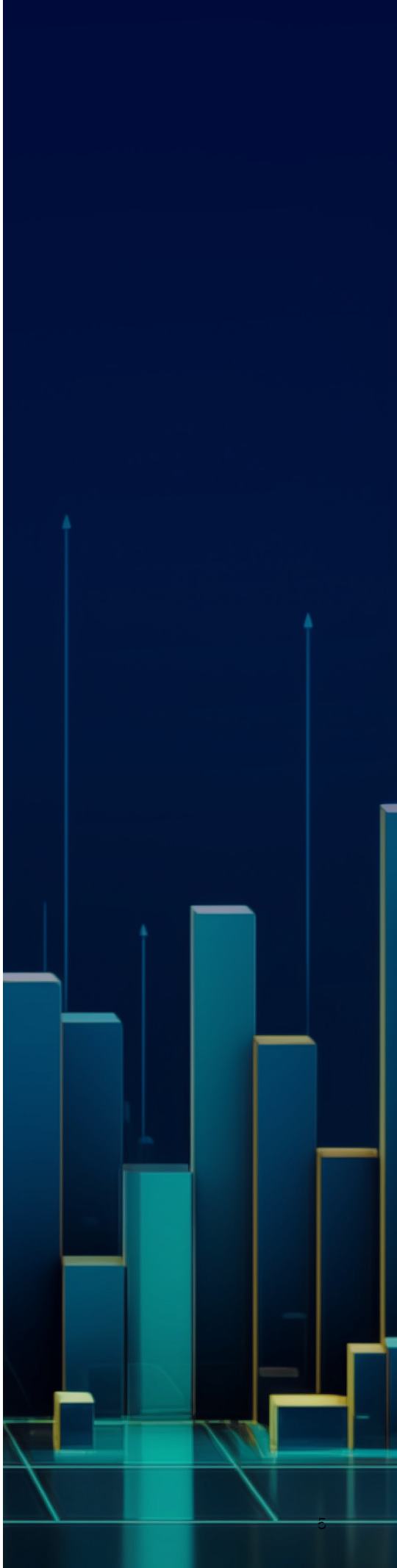
Underlying rental fundamentals remained positive but softened. Contract rents increased 1.2%, but market rent growth slowed to just 0.1%. Occupancy remained comparatively high at 94.3%, despite declining by 0.6% during the quarter.

An increased number of markets experienced some write-down in values in Q3, with the three largest regions - Germany, France, and the Netherlands - among the worst affected. These markets, along with the UK, were adversely impacted by outsized yield increases. Where values held up for the quarter, yields generally remained more stable. Spain led on the upside, with values rising by 0.8%, supported by a 0.8% cashflow effect, with occupancy levels having risen over the quarter by more than 5%, and in-place rents having increased by over 4%.

Office

Office remained a sector in decline, with values falling a further 0.2%, having been written down by 0.1% in each of the prior quarters of 2026. Unlike the industrial sector, both yield (-0.9%) and cashflow (-0.5%) effects put downward pressure on values. This was in part mitigated by a reduction in future capital expenditures being modelled in valuations. Office occupancy remains materially below the other main sectors at 85.0%, despite improving slightly during Q3. Market rents were essentially unchanged at +0.02%; with increased operating expenses and reduced growth rate assumptions, the overall cashflow effect turned negative in Q3.

Despite the overall downturn, there is still a dispersion of results across the markets, with a large part of the value decline centered in Germany. France, which had previously proved more resilient, also turned negative in Q3.



Sector trends

In a quarter where a negative impact from yield adjustments became more prominent across all sectors, overall performance weakened for each property type in Q3, although with a mixed set of outcomes. Residential remained a top performer, with values up 0.5%. Retail also remained in positive territory, with gains of 0.2%. In contrast, industrial values moved into decline, falling 0.3%, while office values declined by a further 0.2%. Within the other property grouping, student accommodation moved from the top to the bottom of the standings, with values declining 0.8%.

Industrial

Q3 marked a step change for industrial as values declined by 0.3%, having remained consistently positive through the prior two-year recovery period. Cashflows remained accretive, contributing 0.4% to values, but this was more than offset by a -0.7% yield impact for the quarter.

Underlying rental fundamentals remained positive but softened. Contract rents increased 1.2%, but market rent growth slowed to just 0.1%. Occupancy remained comparatively high at 94.3%, despite declining by 0.6% during the quarter.

An increased number of markets experienced some write-down in values in Q3, with the three largest regions - Germany, France, and the Netherlands - among the worst affected. These markets, along with the UK, were adversely impacted by outsized yield increases. Where values held up for the quarter, yields generally remained more stable. Spain led on the upside, with values rising by 0.8%, supported by a 0.8% cashflow effect, with occupancy levels having risen over the quarter by more than 5%, and in-place rents having increased by over 4%.

Office

Office remained a sector in decline, with values falling a further 0.2%, having been written down by 0.1% in each of the prior quarters of 2026. Unlike the industrial sector, both yield (-0.9%) and cashflow (-0.5%) effects put downward pressure on values. This was in part mitigated by a reduction in future capital expenditures being modelled in valuations. Office occupancy remains materially below the other main sectors at 85.0%, despite improving slightly during Q3. Market rents were essentially unchanged at +0.02%; with increased operating expenses and reduced growth rate assumptions, the overall cashflow effect turned negative in Q3.

Despite the overall downturn, there is still a dispersion of results across the markets, with a large part of the value decline centered in Germany. France, which had previously proved more resilient, also turned negative in Q3. Germany remains furthest adrift from a cashflow standpoint, and is the one office market where both in-place and market rents are down over the year. On the upside, Spain continues to register improving values with yields remaining stable and cashflows strengthening, supported by an above-average 2.5% increase in contract rents.

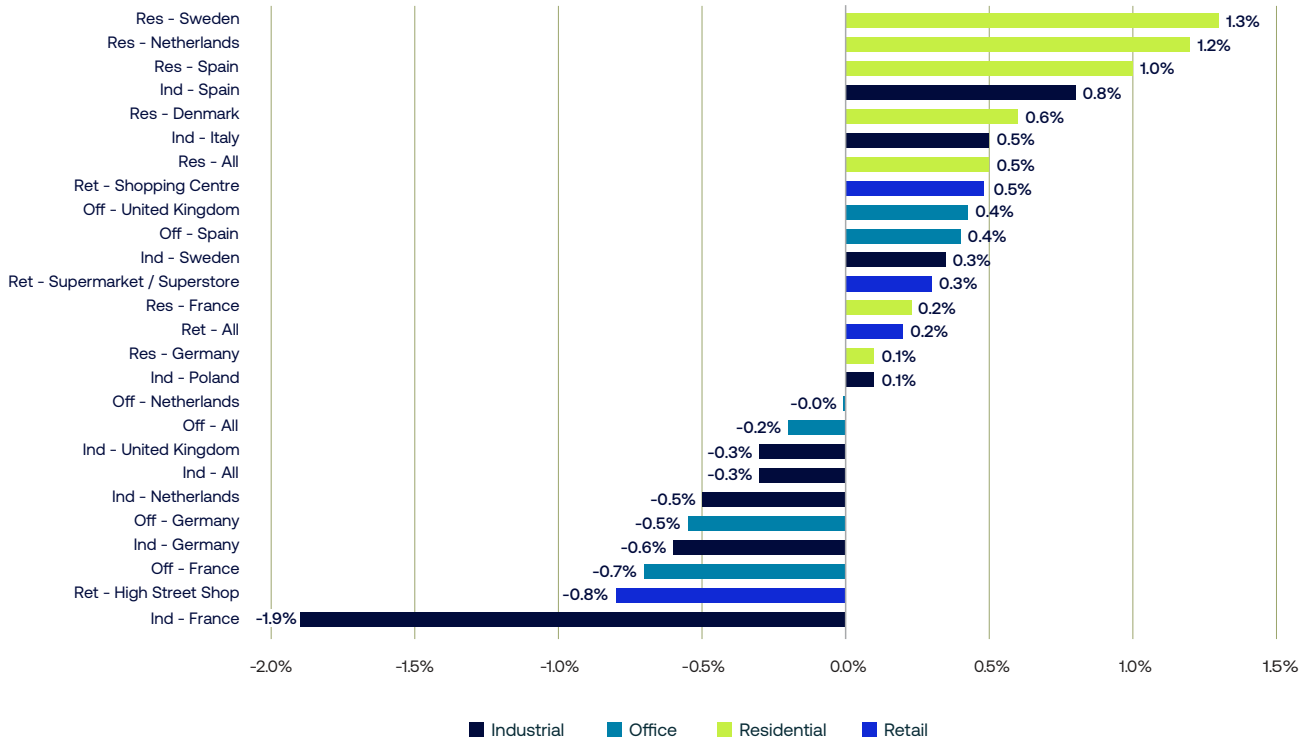
Residential

Residential sustained its position as the strongest performer of the four main sectors, with values rising 0.5% in Q3. Appreciation has nevertheless slowed from 1.1% in Q1 and 0.7% in Q2. Cashflow remained the principal source of resilience, adding 1.3% to values and more than compensating for a -1.0% impact from outward yield movements. This was the leading sector from a cashflow standpoint, having registered above-average increases in both market rent (up 0.4%) and contract rent growth (up 1.0%) during Q3.

Notably, residential values continued to rise in all reported markets. Netherlands and Sweden maintained their standing at the top end of the order, with values increasing by 1.2% and 1.3%, respectively. The Netherlands recorded an exceptional 7.1% cashflow contribution, supported by leading increases in both market and contract rents alongside strong inflation-linked indexation. However, much of this benefit was offset by a -5.8% yield impact, as

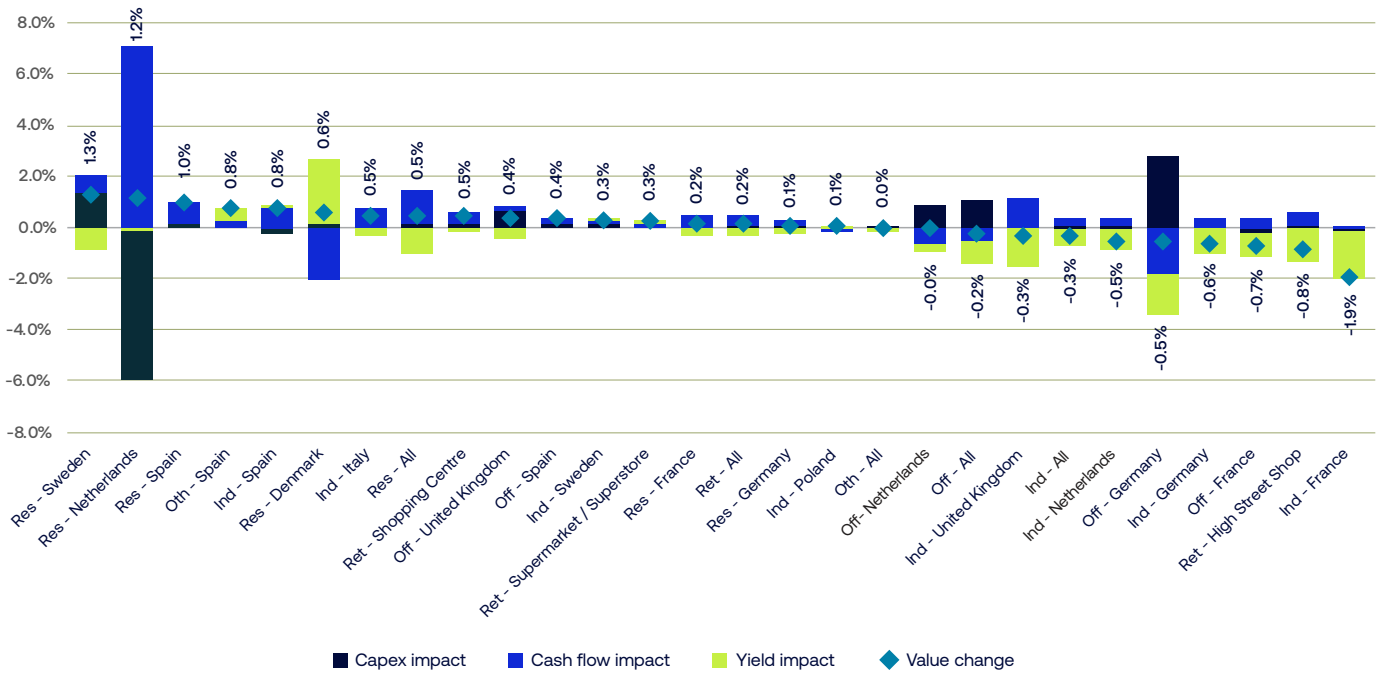
Sector and country appreciation spreads

Q3 2026 | Quarterly sector country appreciation spreads



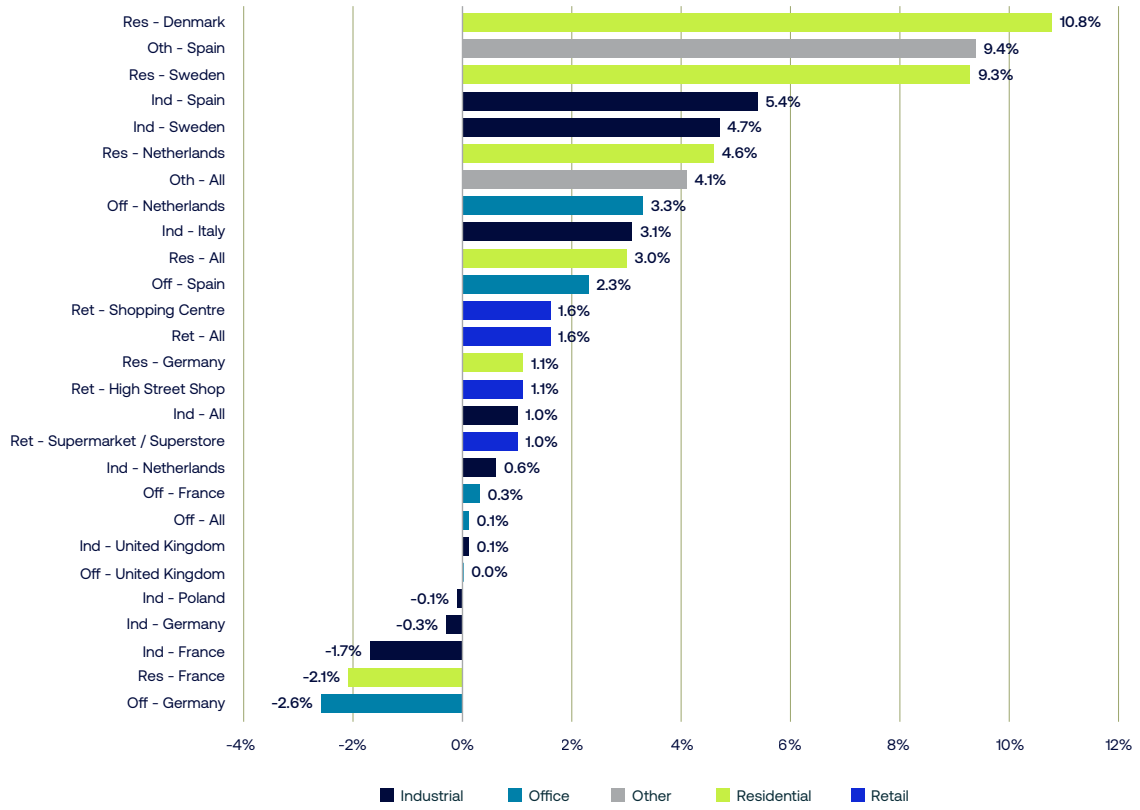
Source: Altus Group's Pan-European Valuation Dataset

Q3 2026 | Impact metrics – by sector and country



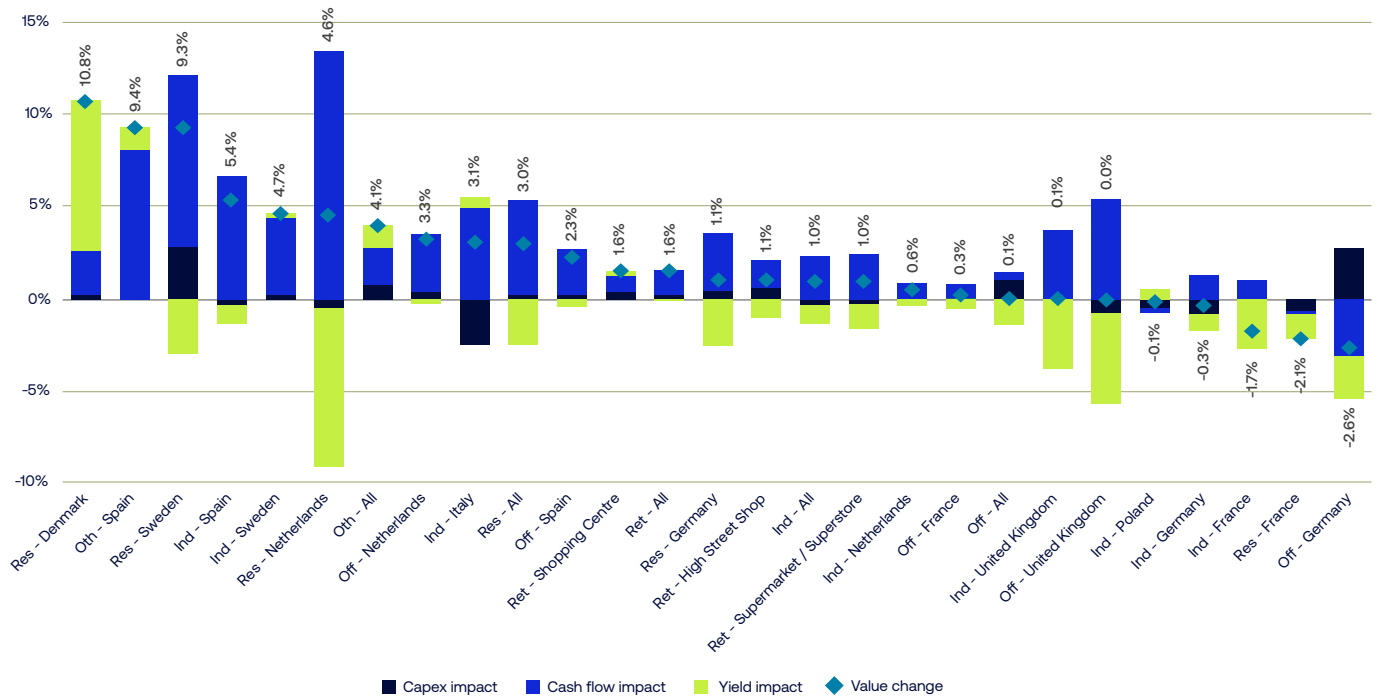
Source: Altus Group's Pan-European Valuation Dataset

Q3 2026 versus Q3 2025 | Annual sector country appreciation spreads



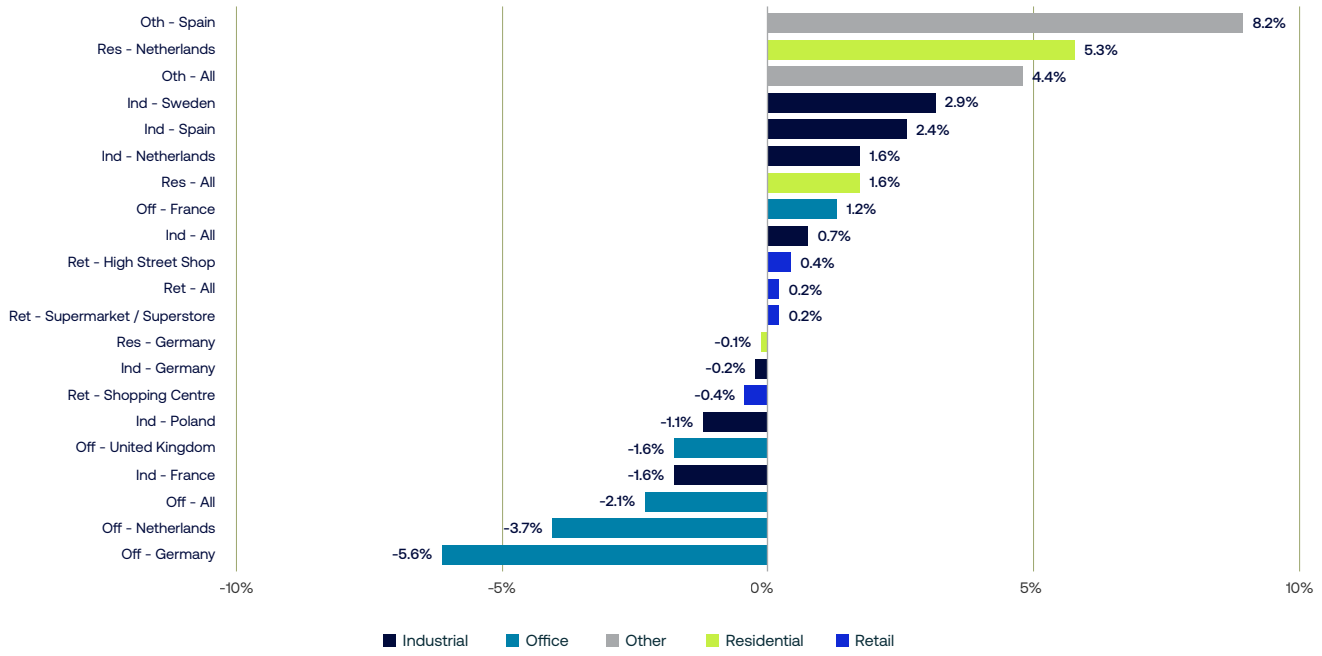
Source: Altus Group's Pan-European Valuation Dataset

Q3 2026 versus Q3 2025 | Impact metrics – by sector and country



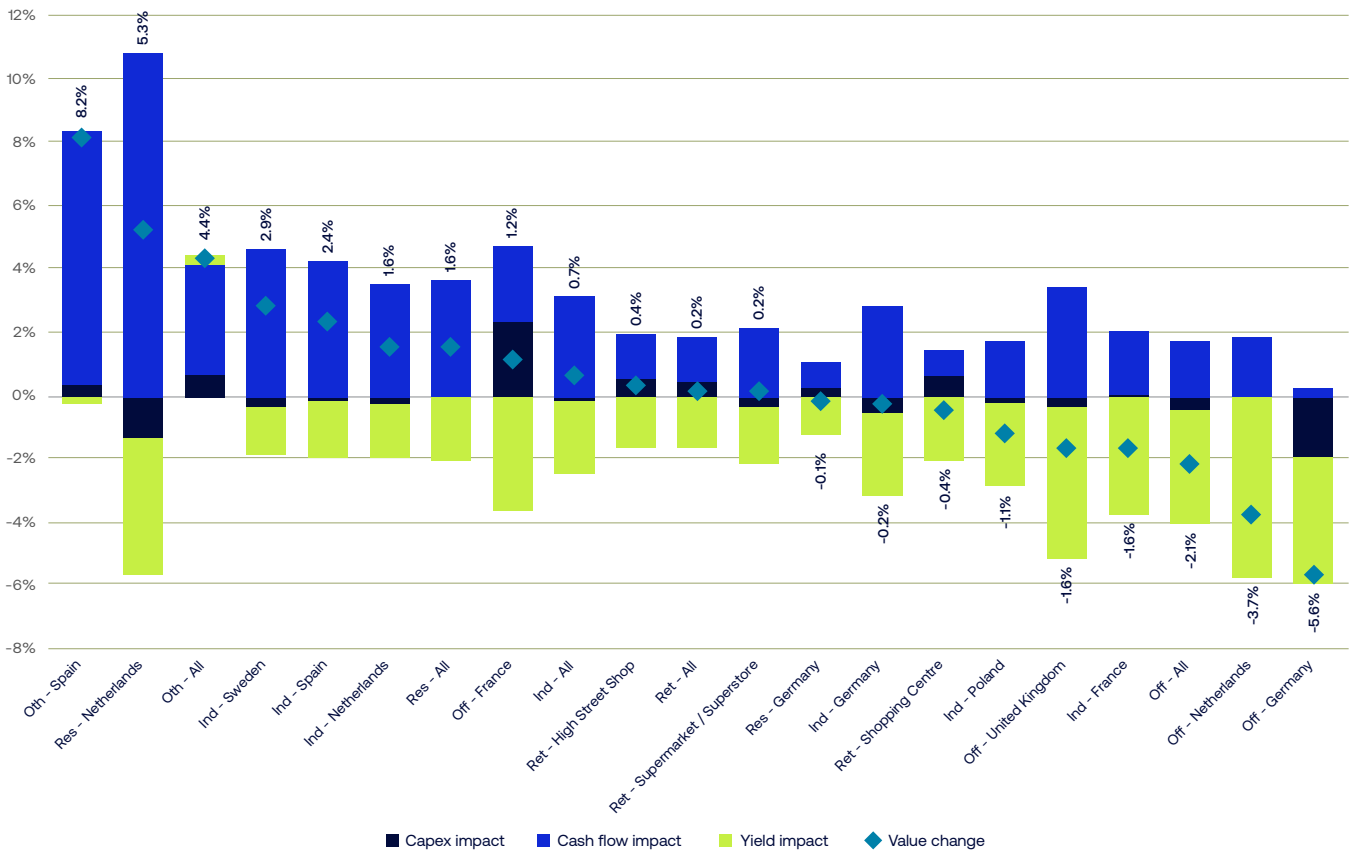
Source: Altus Group's Pan-European Valuation Dataset

Q3 2026 versus Q3 2023 | 3-year sector country appreciation spreads



Source: Altus Group's Pan-European Valuation Dataset

Q3 2026 versus Q3 2023 | Impact metrics – by sector and country



Source: Altus Group's Pan-European Valuation Dataset



Altus Group is a leading provider of CRE intelligence, anchored by ARGUS – the industry's go-to software for valuation and performance analytics. For more than two decades, Altus Group has played a vital role in empowering CRE professionals with the analytics and trusted advice they need to make high-impact decisions with confidence. The world's CRE leaders rely on our market-leading solutions and expertise to drive performance and manage risk. Our people around the world are driving meaningful impact in an industry undergoing unprecedented change – helping shape the cities where we live, work, and build thriving communities.

For more information about Altus Group (TSX: AIF) please visit www.altusgroup.com.

This publication has been prepared for general guidance on matters of interest only and does not constitute professional advice or services of Altus Group Limited, its affiliates and its related entities (collectively "Altus Group"). You should not act upon the information contained in this publication without obtaining specific professional advice. The information contained in this publication is provided for informational purposes only, and should not be construed as legal or financial advice on any subject matter. No representation or warranty (express or implied) is given as to the accuracy, completeness or reliability of the information contained in this publication, or the suitability of the information for a particular purpose. Altus Group has no obligation (express or implied) to correct or update any or all of the information contained herein or to advise you of any changes. Altus Group does not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. The distribution of this publication to you does not create, extend or revive a client relationship between Altus Group and you or any other person or entity. This publication, or any part thereof, may not be reproduced or distributed in any form for any purpose without the express written consent of Altus Group. 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. A user may not use, reproduce, distribute, input, upload, scrape, or otherwise exploit the Content, in whole or in part, for the purpose of training, developing, testing, prompting, fine-tuning, or improving any artificial intelligence system, machine learning model, neural network, or similar technology, whether commercial or non-commercial, without the prior written consent of Altus Group.