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Real Estate Monitor

A New Risk Regime, Not a New Cycle: German Real Estate Between Resilient Income and Persistent Geopolitical Shocks

Deals | Real Assets

June 2026 | Q2-2026

Voices from the Industry: German Real Estate Is Becoming More Liquid. But only for the Right Assets.

01/07/2026
Studie
Trotz Unsicherheit bleibt deutscher Immobilienmarkt stabil
Berlin | 01.07.2026 | Reuters
Der deutsche Immobilienmarkt bleibt trotz geopolitischer und wirtschaftlicher Unsicherheiten einer Studie zufolge

16/01/2026
German real estate faces refinancing squeeze, cautiously optimistic
The latest Berlin Hyp Trendbarometer survey of

19/05/2026
RICS Globaler Index verharrt auf hohem Wert / Deutschland: Kreditkonditionen verschlechtern sich deutlich, zudem sieht Mehrheit den Markt in einer Abschwungphase oder am Tiefpunkt im Zyklus
von RICS + Folgen

14/01/2026
DEUTSCHLAND
Immobilienmarkt tritt 2026 auf der Stelle
Der deutsche Immobiliensektor kommt auch in diesem Jahr kaum voran und wartet auf neue Impulse. Trotz einzelner Lichtblicke bleibt die Stimmung verhalten.

02/04/2026
Hauspreise kippen in vielen Großstädten: Ist jetzt der richtige Zeitpunkt zum Kauf?

17/03/2026
Krieg im Nahen Osten: Wird Dubai jetzt zum Risiko für Immobilien-Investoren?
(ots) - Dubai galt lange als sicherer Hafen für Kapital – doch der Krieg in der Region rückt erstmals auch die Emirate

01/04/2026
KURZNACHRICHTEN
Durchwachsener Jahresstart
Studie: Deutscher Immobilienmarkt zeigt sich zu Jahresbeginn 2026 uneinheitlich
01.04.2026, 12:26 Uhr

07/05/2026
Immobilien
„Zurück auf Los" – Warum der Investmentmarkt schwächelt
Große Investoren reagieren verunsichert auf den Konflikt im Nahen Osten und warten mit größeren Deals ab. Das stellt eine ganze Branche vor ernsthafte Probleme.
Carsten Herz

26/04/2026
ANALYSE
Immobilienmarkt Deutschland 2026: Zwischen Korrektur und Stabilisierung
VON WEBMASTER · 26. APRIL 2026 · 2 MIN. LESEZEIT

11/06/2026
IMMOBILIEN ZEITUNG
UNTERNEHMEN PROJEKTE MÄRKTE PERSONEN Archivsuche
Home › Finanzen
Berlin-Hyp-Umfrage zeigt wachsende Vorsicht der Marktteilnehmer

Market sentiment

There is no single German real estate market at present. Transaction activity is improving, but capital is returning unevenly. Many institutional investors remain cautious, while family offices, private investors and selected international buyers are becoming more visible. What looks like a gradual market recovery at headline level is therefore increasingly driven by different investors pursuing very different strategies.

Transmission channels

At the top end, a small "super core" segment is emerging: assets with prime locations, secure income, strong occupiers and limited capex requirements that continue to attract long term capital. Below this segment, liquidity falls away quickly. Even moderate leasing, ESG or capex requirements can move an asset into the value add universe, where return expectations are materially higher. Pricing is therefore becoming less continuous and more dependent on which pool of capital an asset can access.

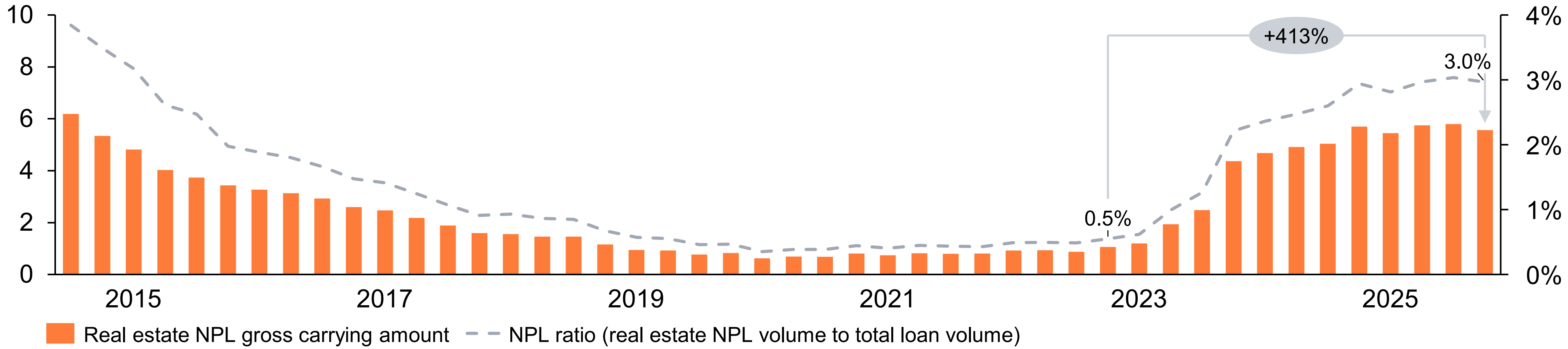
Strategic implications for Germany

Germany could benefit from this environment. Its size, transparency and relatively stable fundamentals remain attractive to investors with a long horizon. But capital will not lift the market as a whole. Liquidity is likely to remain concentrated at the two ends of the risk spectrum: high quality core assets on one side and investments with sufficient value add potential on the other. Assets caught in between may remain difficult to trade.

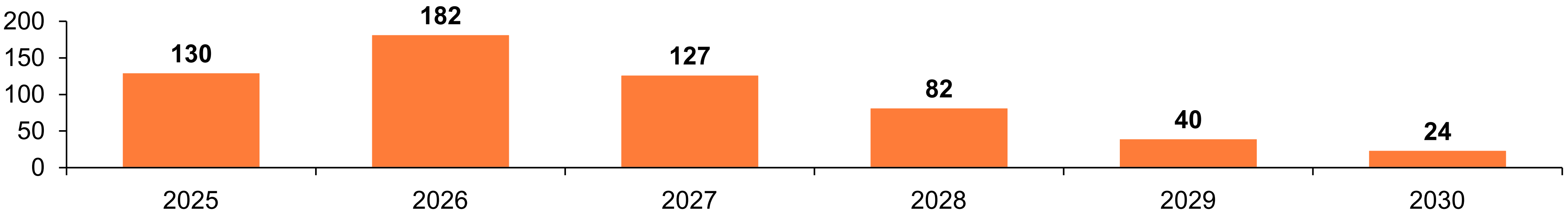
Sources: Publicly available business and financial press, PwC research

The Refinancing Wall Has Arrived, But It Is Not Hitting Every Asset Equally.

NPL volume in the German commercial real estate sector
(as of Dec-25), in €bn



Maturity of European commercial real estate loans
(as of Mar-25), in €bn



1) NPL: A loan is considered non-performing if the borrower is unlikely to fully repay it or if the loan is more than 90 days past its maturity
Source: EBA Risk Dashboard, Empira

PwC

Since December 2023, the total NPL volume in the German commercial real estate sector has more than quadrupled, while the NPL ratio increased by 2.5 percentage points.

The increase coincides with a major refinancing wave. European CRE loan maturities peak in 2026, while many loans originated in the low rate period now need to be refinanced at higher interest rates and lower valuations.

Banks have so far often preferred extensions and restructurings to enforcement or loan sales. This can work where sponsors provide additional equity or where the underlying asset remains viable. NPL sales, meanwhile, remain limited as valuation gaps are still wide and secondary market liquidity is thin.

The result may be a longer workout cycle rather than a sudden wave of defaults.

Executive Summary

The Recovery Is Becoming More Selective

- German real estate is gradually becoming more liquid again, but the recovery is uneven. Transaction activity is concentrated on high quality assets and liquid core markets, while many institutional investors remain cautious.
- The result is a more fragmented market. Asset quality, investment horizon and access to capital increasingly determine who can buy what, and at what price.
- Share prices remain well below net asset value, with residential and commercial trading at around 52% and 44% discounts to EPRA NTA.

Refinancing Pressure Is Exposing the Divide Between Strong and Weak Assets

- The interest rate cuts markets had anticipated for 2026 have not materialised; the ECB instead raised rates on 11 June 2026 in response to renewed inflation pressure.
- But the pressure is not evenly distributed. Strong assets with sustainable cash flows remain financeable, while lower valuations, capex requirements and weaker income increasingly constrain leverage elsewhere.
- This points to a longer workout cycle rather than a broad wave of forced sales.

Yield Convergence Signals a Structural Repricing of Risk

- Prime residential net initial yields have stayed at a low 3.5% while long-dated Bund yields kept climbing, leaving no observable risk premium for real estate.
- The historical yield advantage of real estate over long dated government bonds has largely disappeared.
- At the same time, the widening gap between expected and reported prime yields suggests that headline market yields may not fully capture current pricing.

Geopolitical Risk Has Become the Dominant Force Shaping the Recovery

- Both PwC Real Estate Indices remain on the lower plateau after the March 2026 sell-off, with year-on-year losses deepening to -5.4% commercial and -11.6% residential.
- With the Iran-US conflict unresolved, markets continue pricing in elevated geopolitical risk premia rather than reverting to pre-shock levels.
- Unlike the post-2010 recovery, no comparable monetary backstop is in sight, pointing to a slower, more structural rather than cyclical path back to stability.

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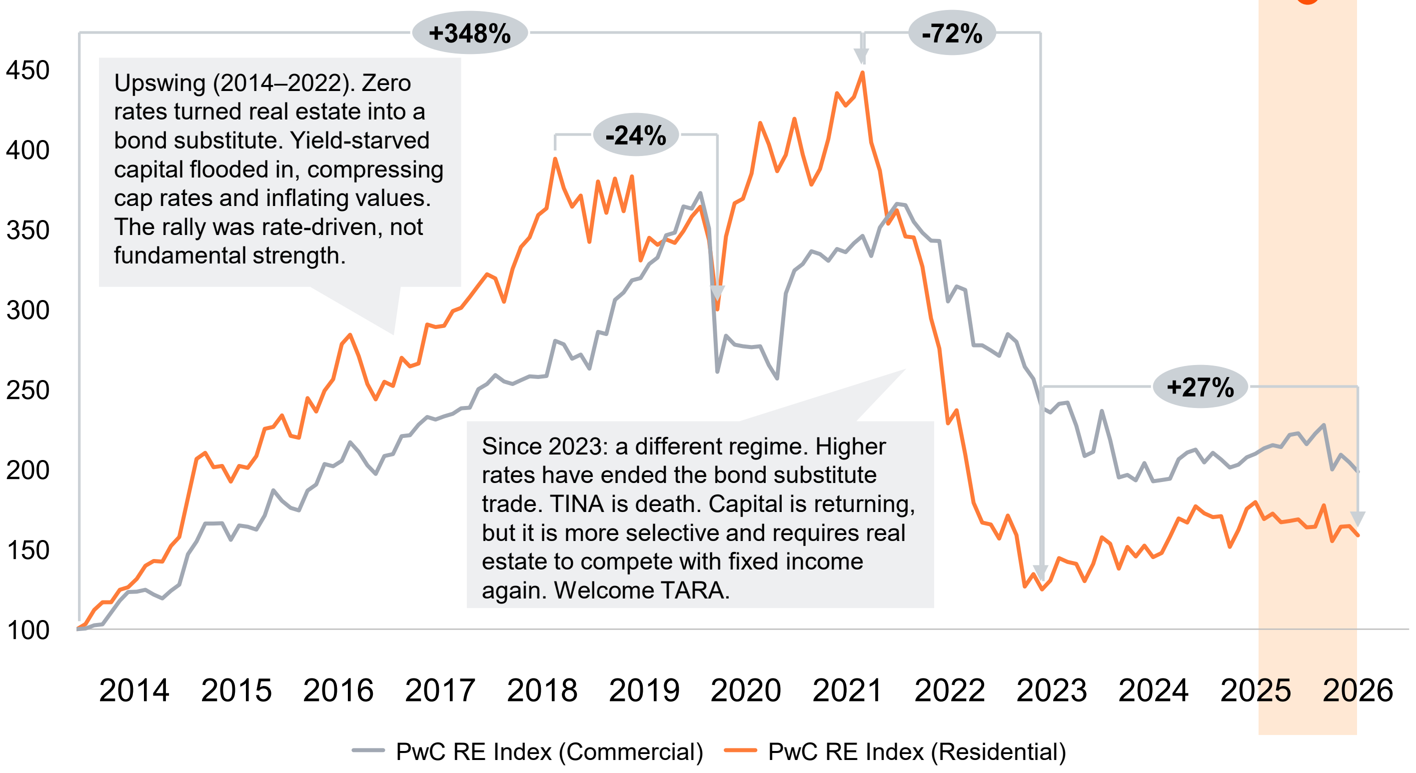
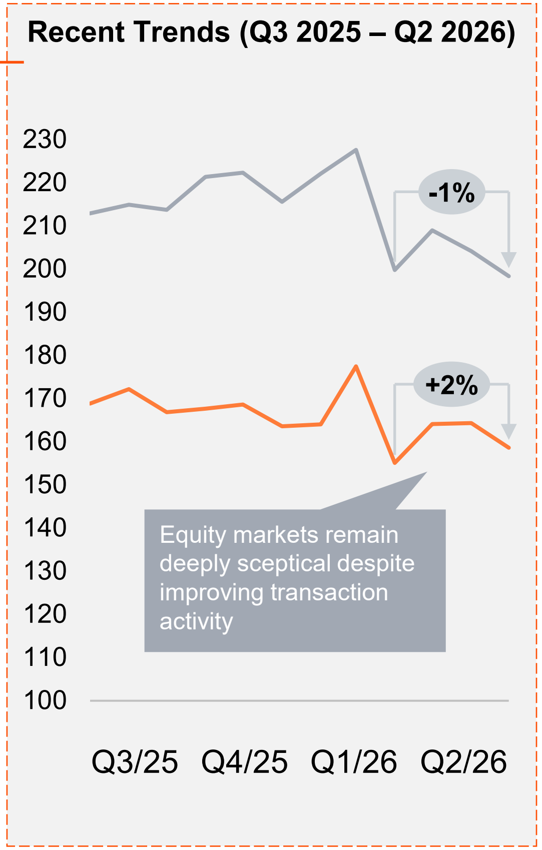
8 WACC

PwC Real Estate Indices: Listed Real Estate Remains Weak Despite Early Signs of Recovery in the Physical Market





Performance Jun-26	YTD	1 month	3 months	6 months	1 year	2 years	3 years	5 years
Commercial	-8.0%	-2.8%	-0.7%	-8.0%	-5.4%	3.1%	-15.7%	-40.9%
Residential	-3.1%	-3.5%	2.3%	-3.1%	-11.6%	9.4%	21.6%	-62.9%

The PwC Real Estate Indices are equally-weighted total return indices comprising listed German residential and commercial real estate companies. They are based on monthly closing prices, taking into account reinvested dividends, and serve to reflect capital market-based price and risk signals. The indices reflect the behavior of the equity markets and are not to be equated with transaction or expert real estate valuations.
Sources: S&P Market Intelligence, PwC Real Estate Institute

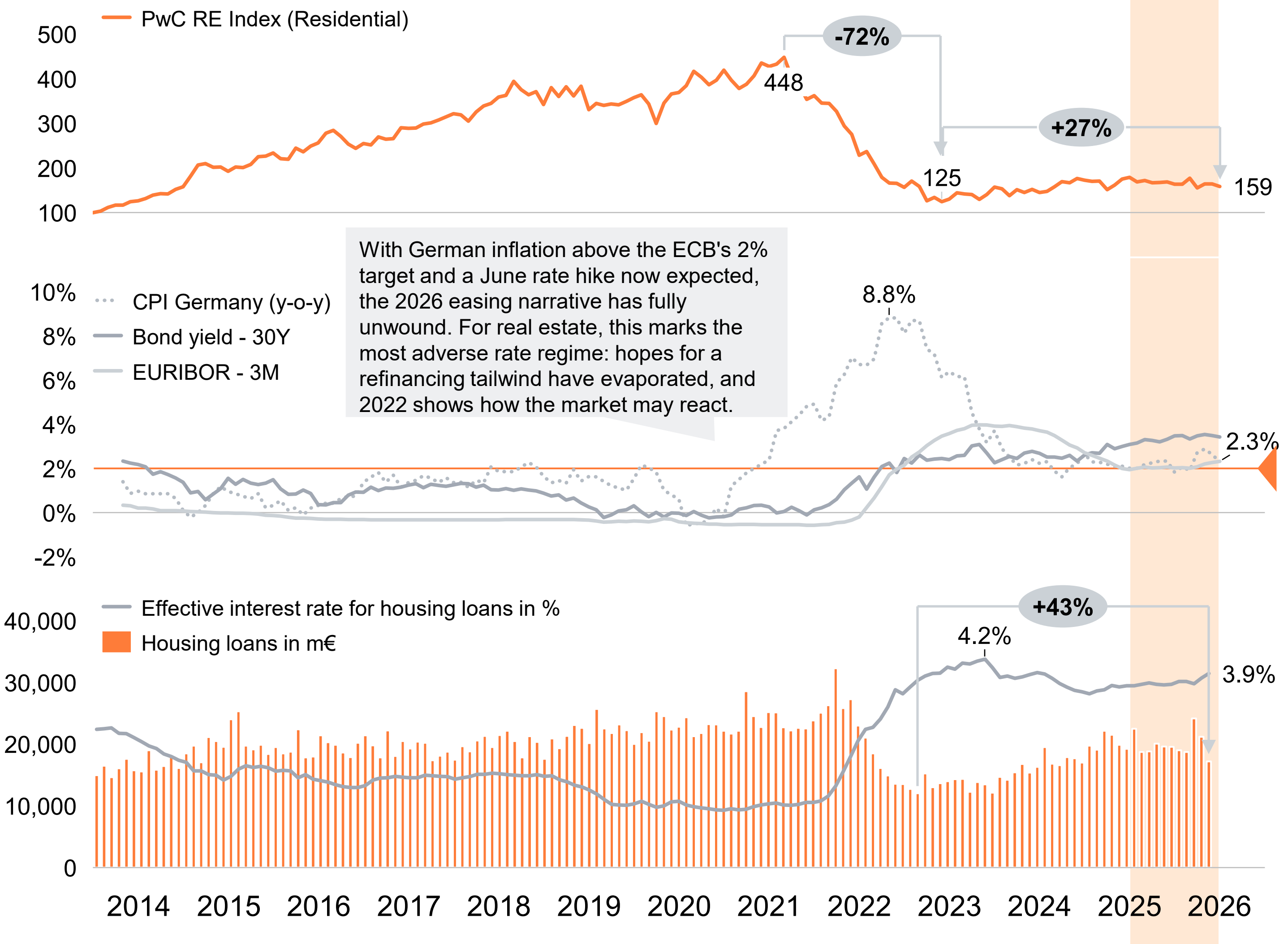
The March sell-off has given way to relative stability, but not to a recovery. In Q2, Residential gained 2.3%, while Commercial remained slightly negative at -0.7%. Both indices are still down year to date.

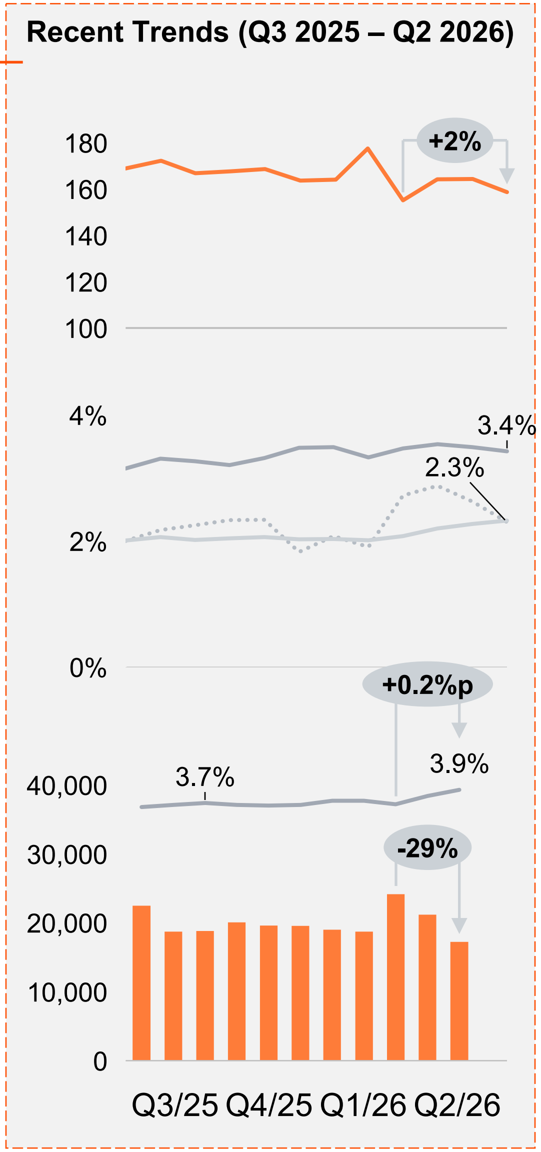
The bigger change is structural. During the low rate years, TINA supported real estate as investors searched for yield. That argument has gone. Bonds and other asset classes offer credible returns again. Real estate now has to compete for capital on income, growth and risk.

This is closer to TARA than TINA. There are reasonable alternatives. And capital has become more selective.

For now, listed markets remain cautious. The gradual reopening of the transaction market has yet to translate into a broader re-rating of real estate equities.

Residential Fundamentals Remain Strong, only Financing Still Caps The Recovery.





Residential has recovered some of the March losses, gaining 2.3% in Q2. That is encouraging, but still too little to call a recovery. The index remains down 3.1% year to date.

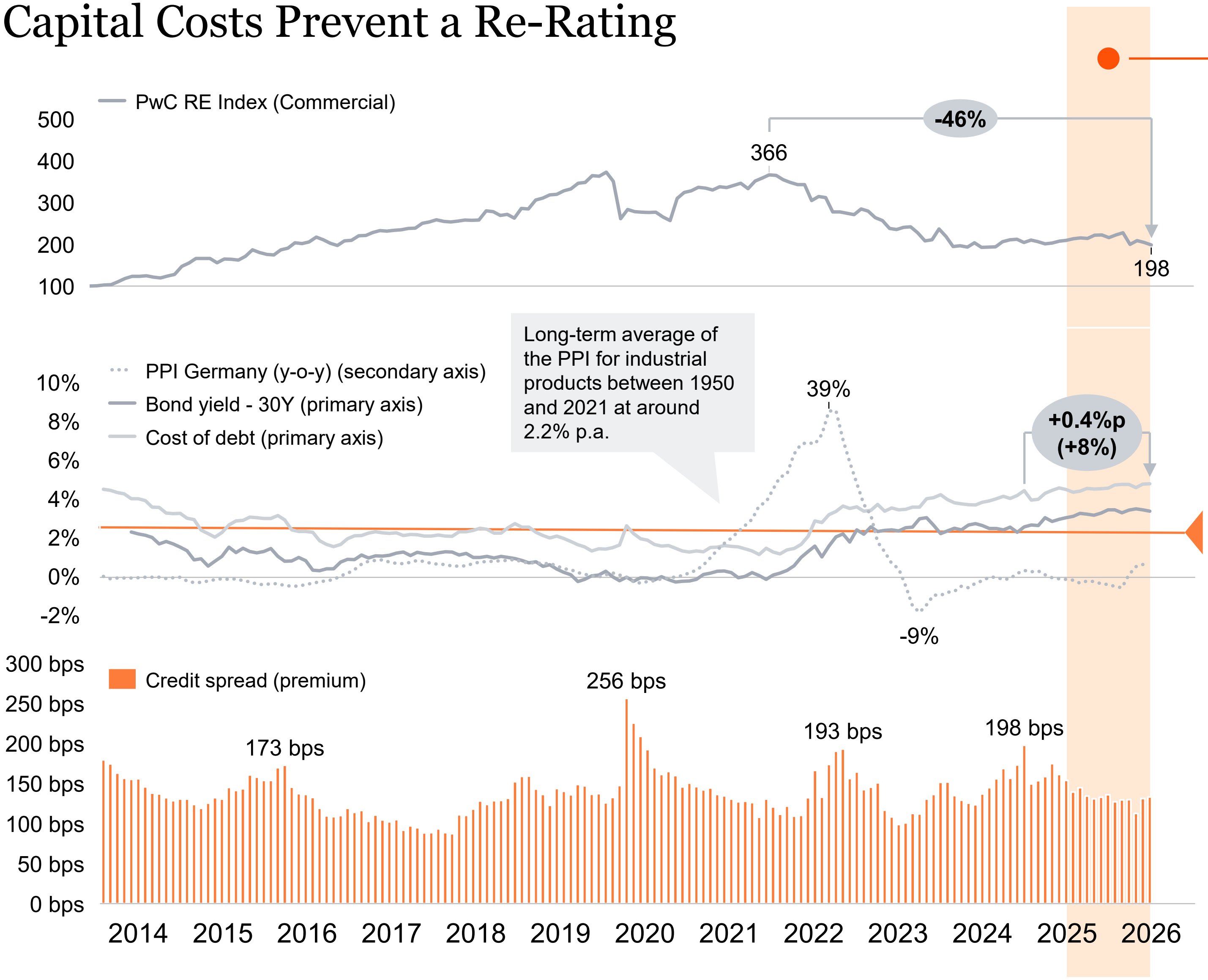
The fundamentals are not the problem. Housing remains scarce, rents are growing and residential cash flows have proved relatively resilient. Financing is the constraint. Mortgage rates are back close to 4% and credit standards remain tight. Lower inflation has not changed that equation.

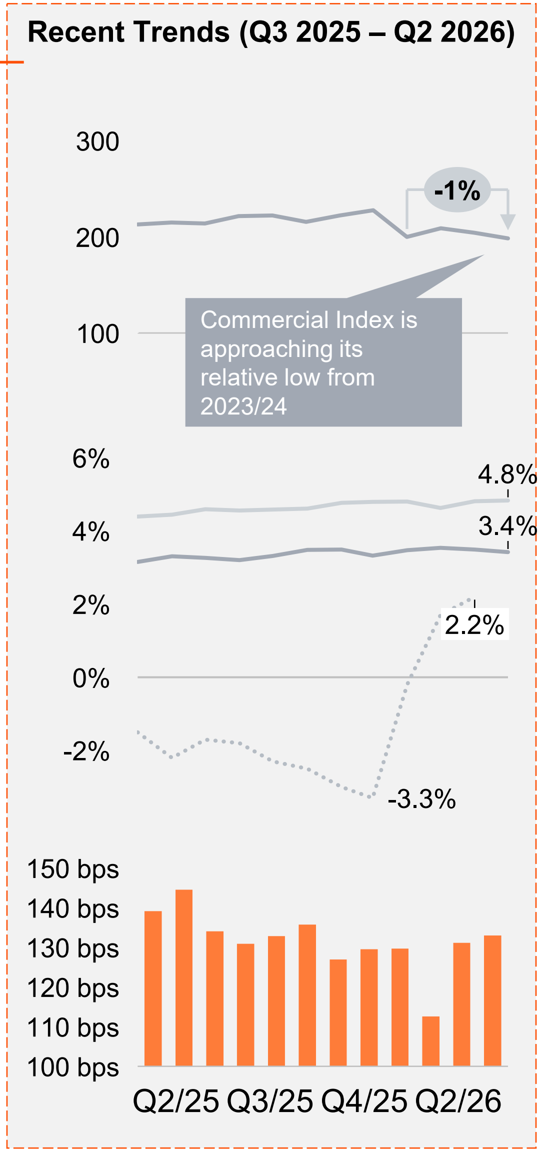
This leaves Residential in a somewhat unusual position. The underlying asset class looks healthy, but the cost of capital does not.

Residential therefore has a good fundamental story, but not yet an easy investment case. At current financing costs, income growth has to do more of the work.

Sources: S&P Market Intelligence, Destatis, Deutsche Bundesbank, PwC Real Estate Institute

Commercial Equities Remain Close To Their Lows as Higher Capital Costs Prevent a Re-Rating





Commercial real estate equities remain under pressure. The index has moved back towards its 2023/24 lows and is still 46% below its previous peak. There is little evidence of a sustained re-rating.

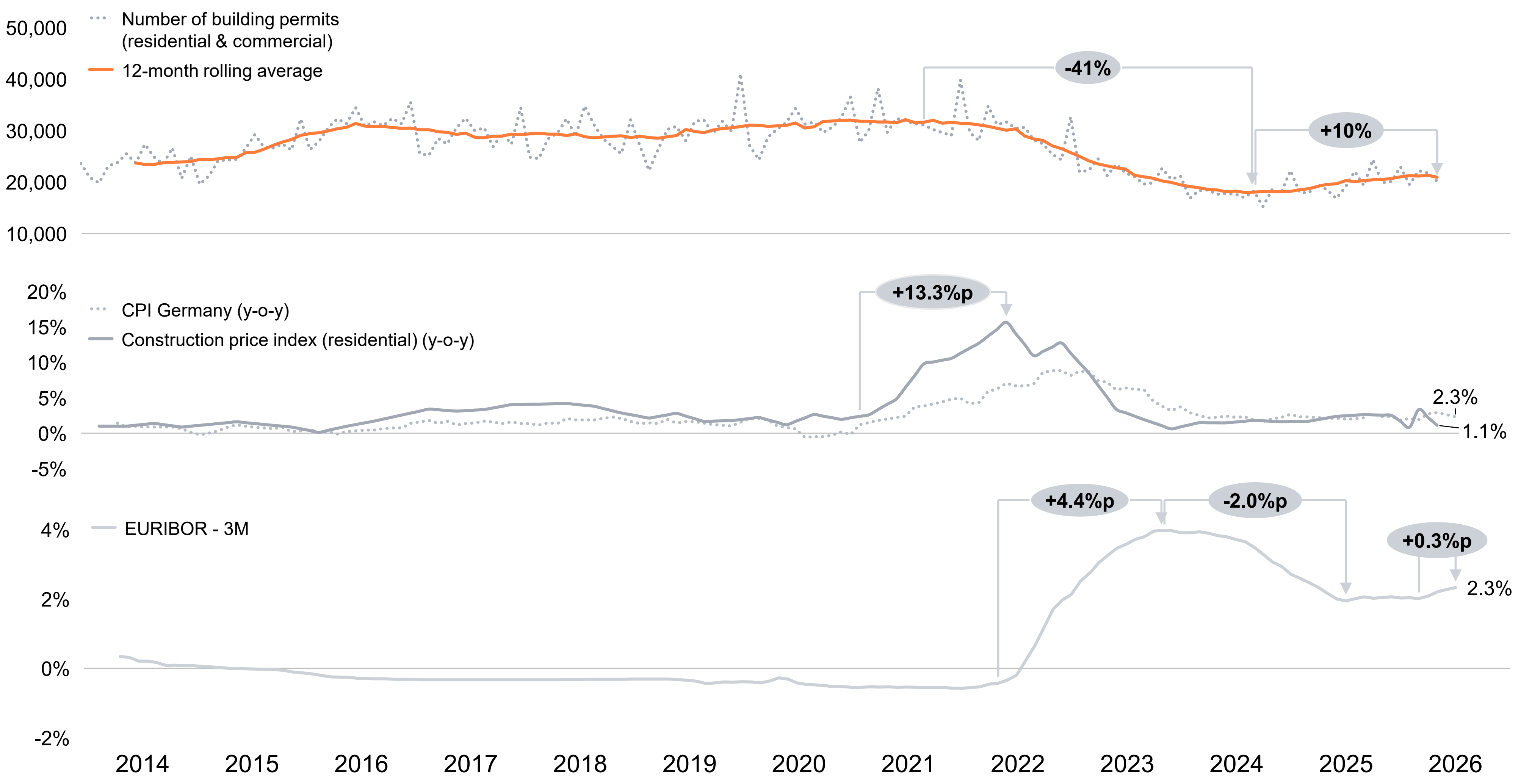
This is not simply an Office story. The peer group covers very different portfolios, from offices and mixed-use assets to shopping centres and logistics. Their operating fundamentals differ. The capital market verdict is more consistent: there is still little appetite for a broad re-rating of listed Commercial Real Estate.

Financing remains part of the equation. At a cost of debt of around 4.8%.

The question is therefore increasingly one of equity value. Investors need to be convinced that property values are sustainable, cash flows can grow and the resulting return on equity is sufficient. A re-rating will require a credible path to higher equity returns.

Sources: S&P Market Intelligence, Destatis, PwC Real Estate Institute, Leibniz-Institut für Wirtschaftsforschung (RWI), Deutsches Institut für Wirtschaftsforschung (DIW Berlin)

Residential Development Is Starting To Turn as Commercial Construction Remains Subdued



Sources: Destatis, Deutsche Bundesbank, PwC Real Estate Institute

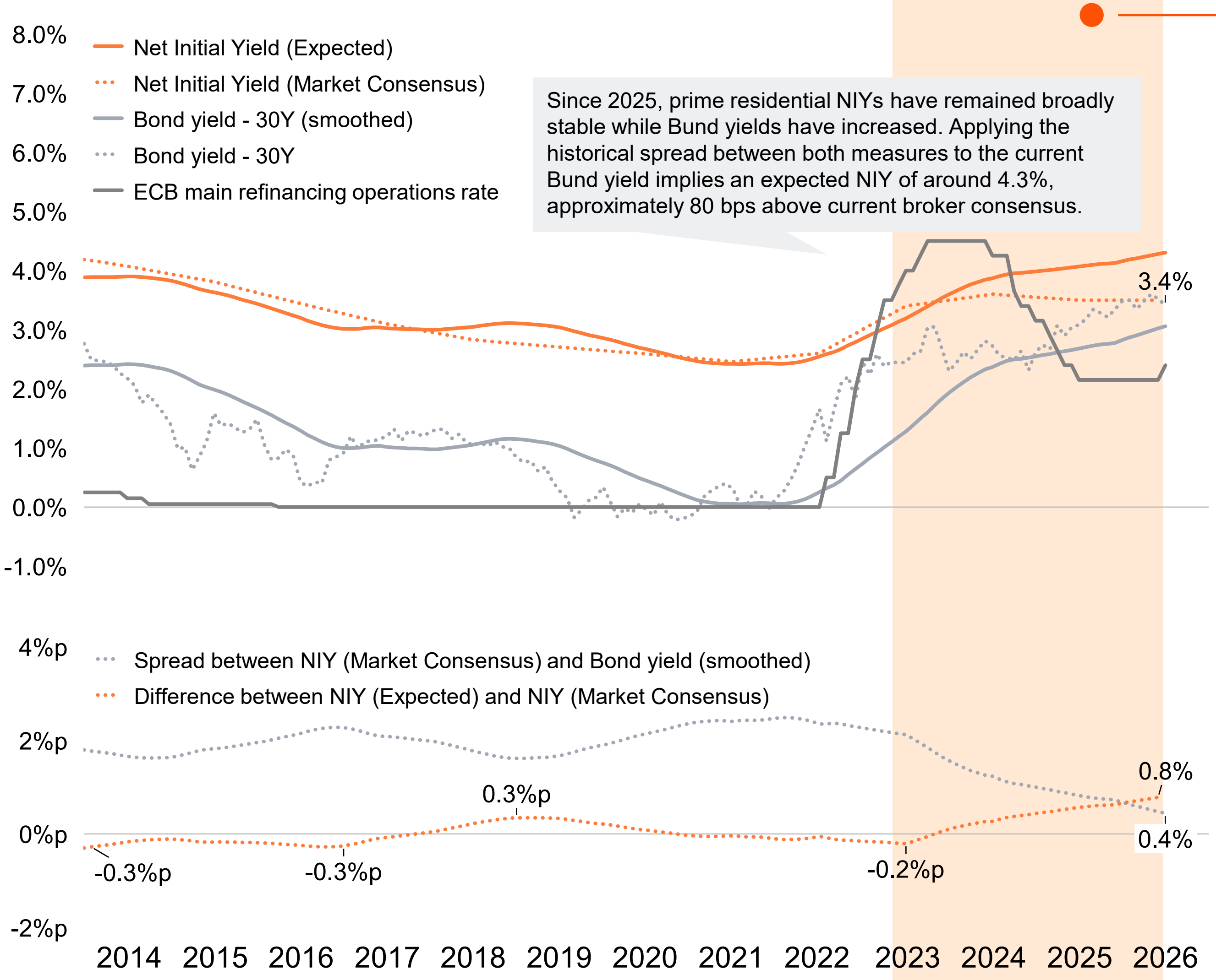
Residential permitting has turned. Approvals have been rising since late 2025, reversing part of the sharp decline seen over the previous two years. The recovery is becoming visible. It still comes from a very low base.

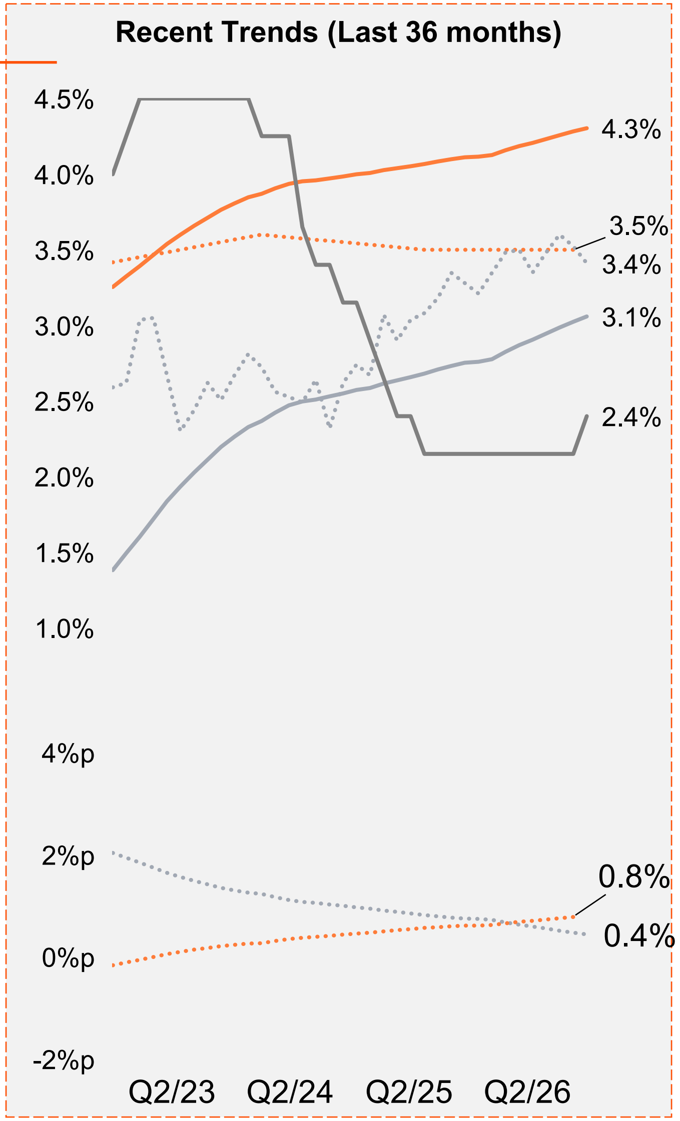
Permits are not completions. Construction activity will take time to follow and the current housing shortage will not disappear quickly. For now, additional supply remains limited.

Commercial tells a different story. Permitting remains subdued, with little evidence of a broader development cycle. Higher financing costs, uncertain exit values and more selective capital continue to make new projects difficult to underwrite.

The divergence is likely to persist. Residential has a clear demand case for new construction. Commercial development increasingly needs a specific reason to get built.

Residential Prime Yields Remain Stable Despite the Widening Gap to Historically Implied Yield Levels





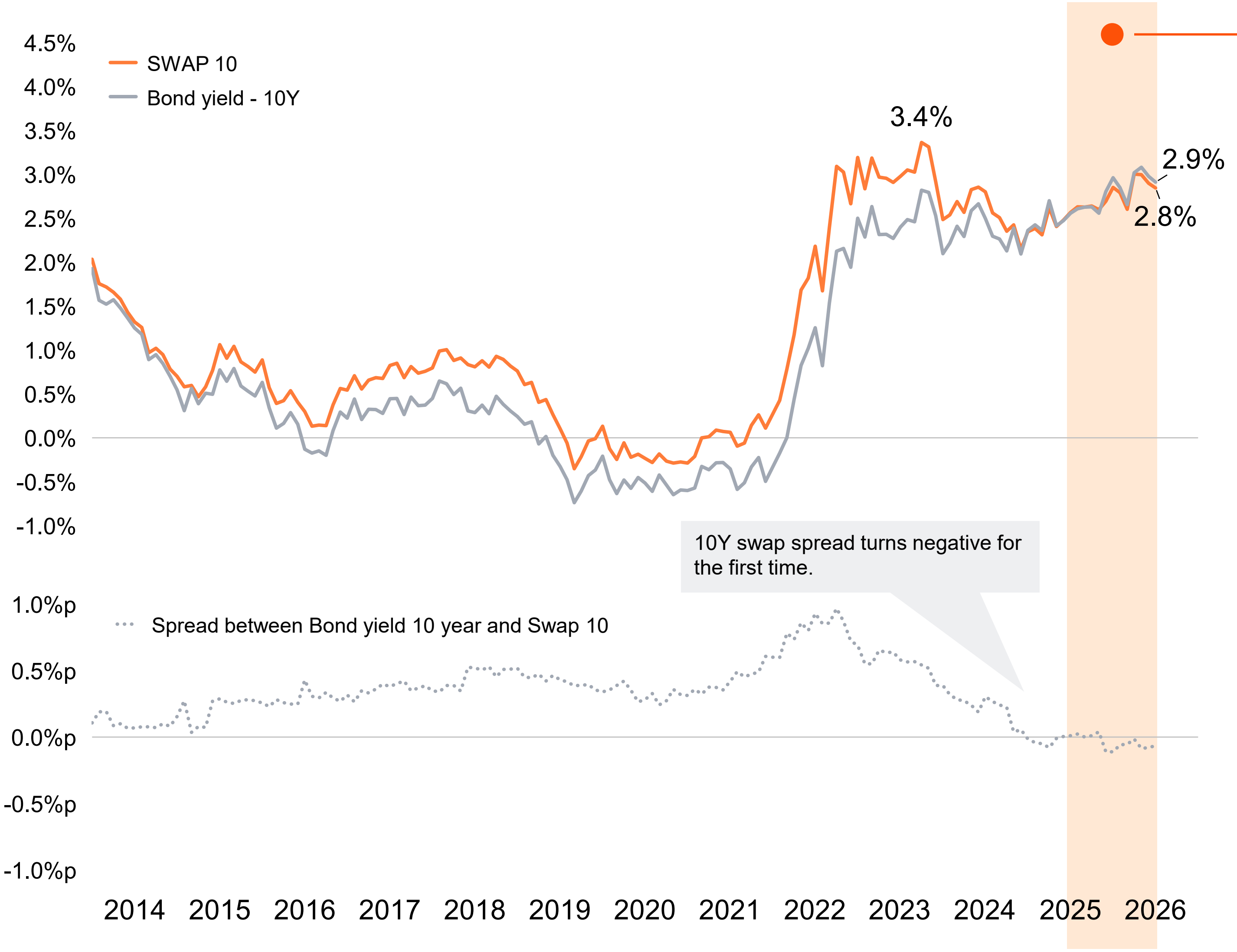
Yield methodology: Net Initial Yields are triangulated from broker panels, INREV definitions and PwC smoothing. Spreads versus German Bunds use 30-year benchmarks to capture duration effects. Differences to single-broker points reflect coverage, timing and smoothing.
Source: PwC Analysis of broker reports (Net Initial Yield (NIY) according to INREV: Passing rent/net operating income divided by gross property value)

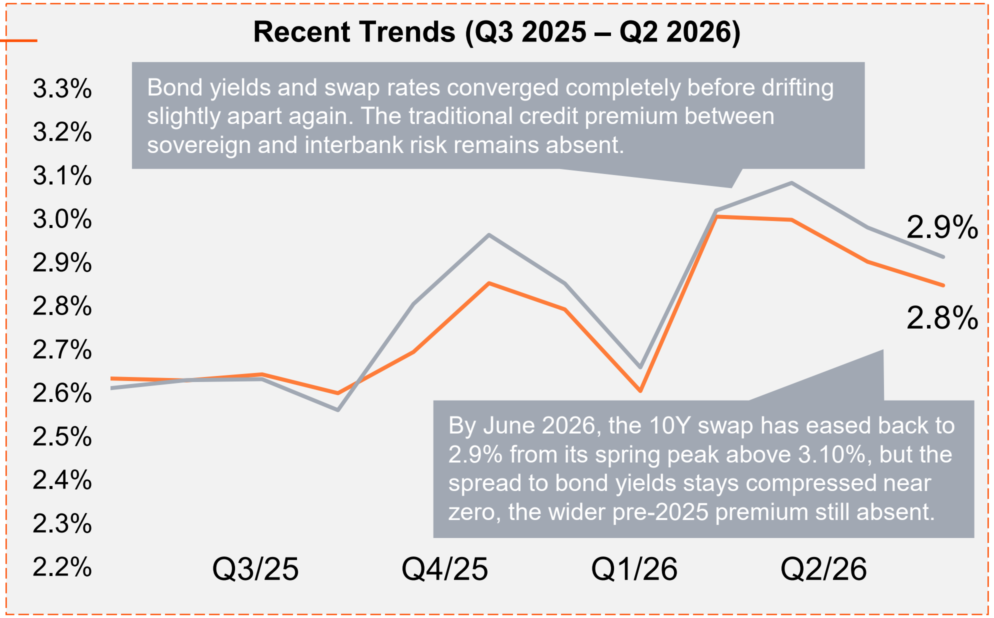
The historical relationship between residential yields and Bunds has changed. Higher sovereign yields have no longer translated into higher prime NIYs since 2025. Applying the historical spread would currently imply a yield of around 4.3%.

There are good reasons for prime residential to remain resilient. Supply in Germany's major cities is scarce and competition for high-quality assets remains strong. Rental growth adds another part to the return. For long-term investors, this can support a lower yield premium over Bunds.

There are limits to that argument. Rental growth needs to be realised over time and remains subject to regulation and affordability. This is particularly relevant for broader residential portfolios with different tenant and rental profiles.

Swap and Bund Yields Have Converged While Real Estate Financing Remains Elevated

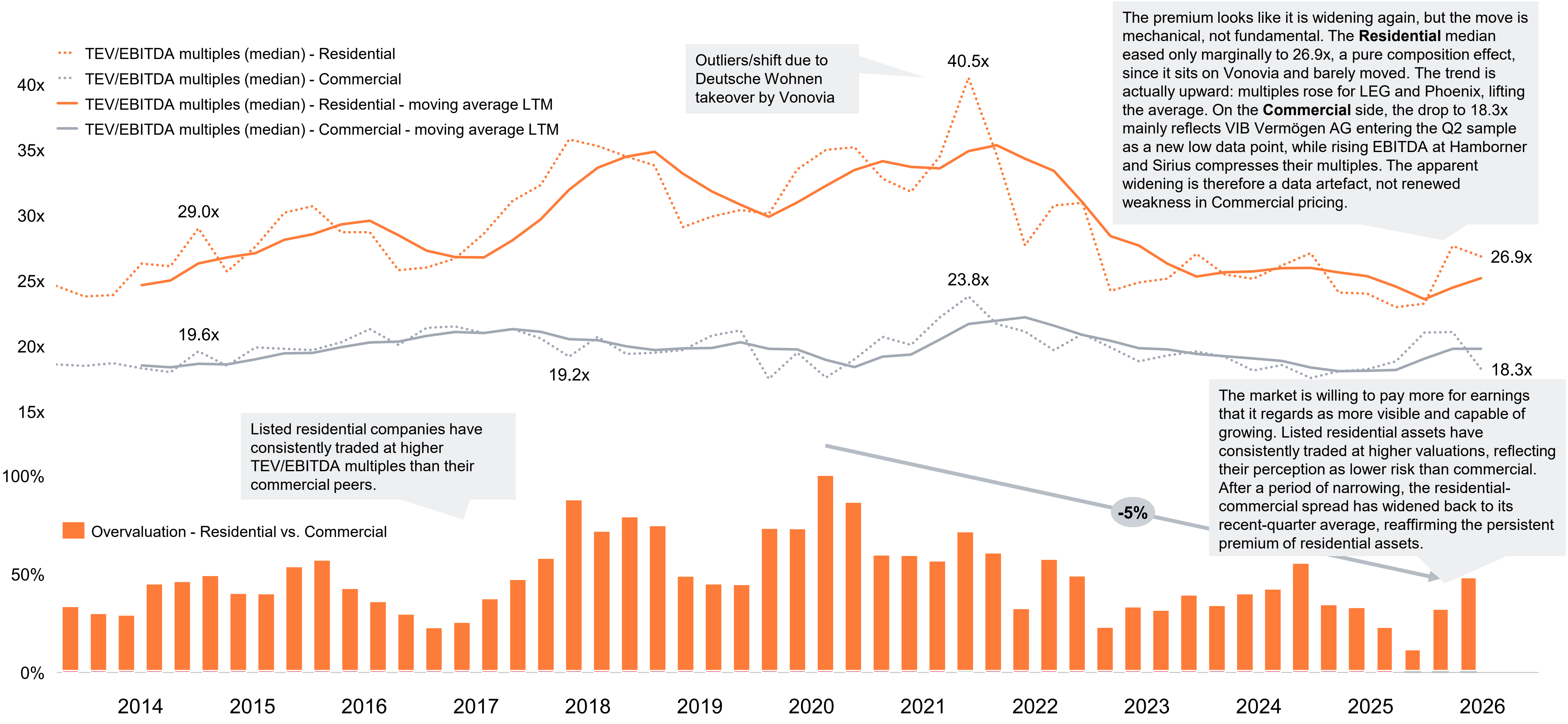




- The compression in the swap spread reflects a changing relationship between sovereign and swap markets. Bund yields and 10Y swap rates now trade at broadly similar levels, compared with a persistent positive spread for much of the previous decade.
- For real estate, the absolute level matters more than the spread itself. The 10Y swap remains close to 3%, keeping the benchmark for long-term fixed-rate financing well above the levels that shaped investment markets during the low-rate period.
- The recent easing in swap rates provides some relief. It does not materially change the financing equation. Debt remains expensive relative to the last cycle and continues to set a high hurdle for leveraged real estate returns.

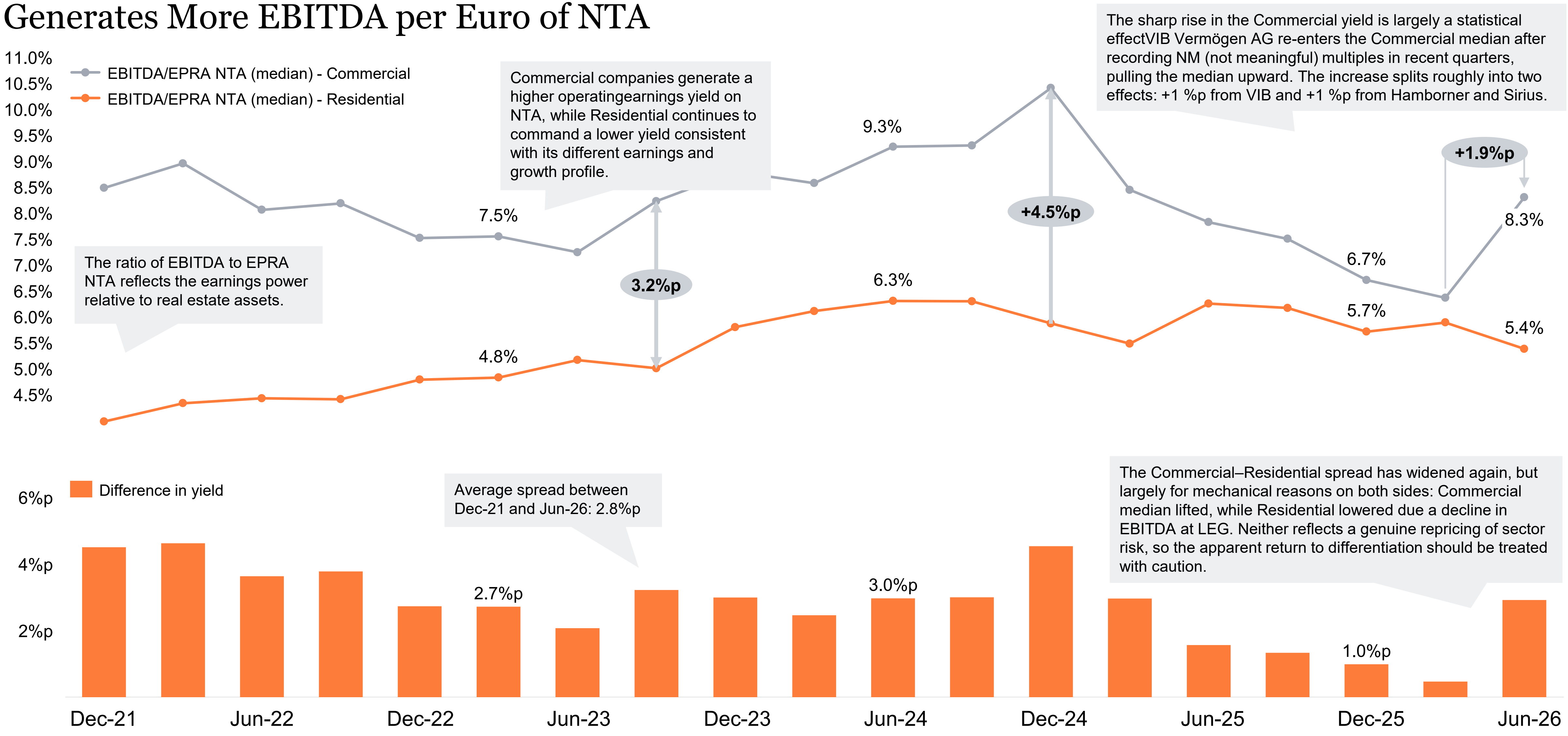
Sources: S&P Market Intelligence, PwC Real Estate Institute

Listed Residential Continues to Trade at a Significant Premium to Commercial



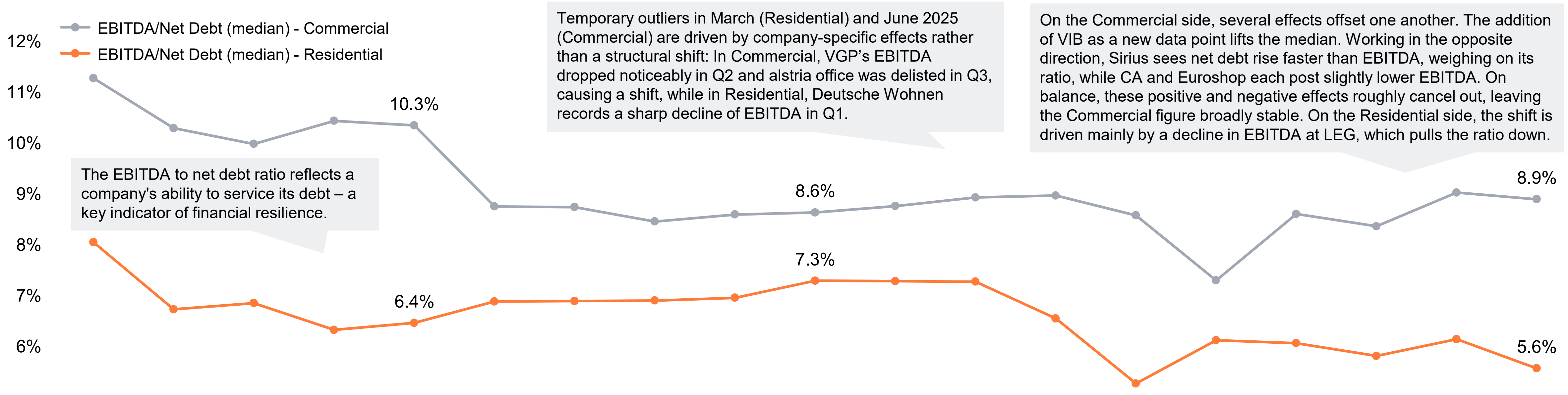
Sources: S&P Market Intelligence, PwC Real Estate Institute

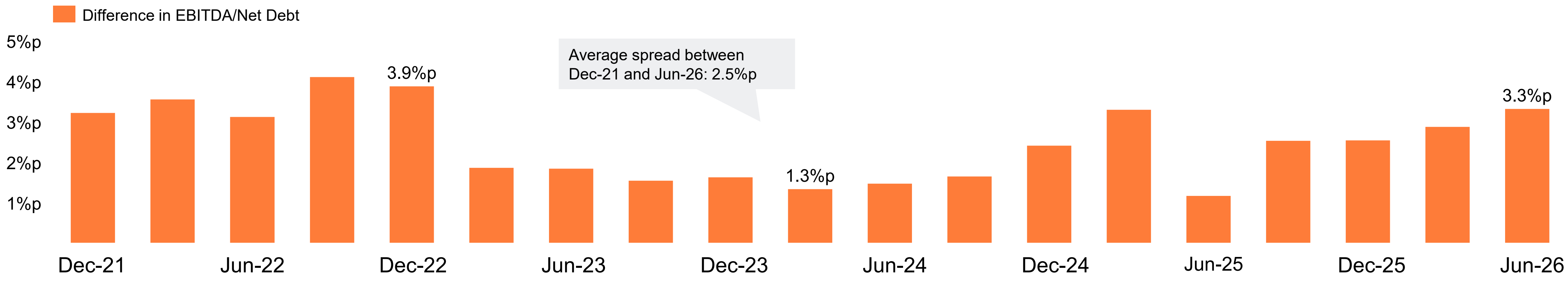
Residential Trades at a Lowr Earnings Yield While Commercial Generates More EBITDA per Euro of NTA



Sources: Annual and quarterly reports, S&P Market Intelligence, PwC Real Estate Institute

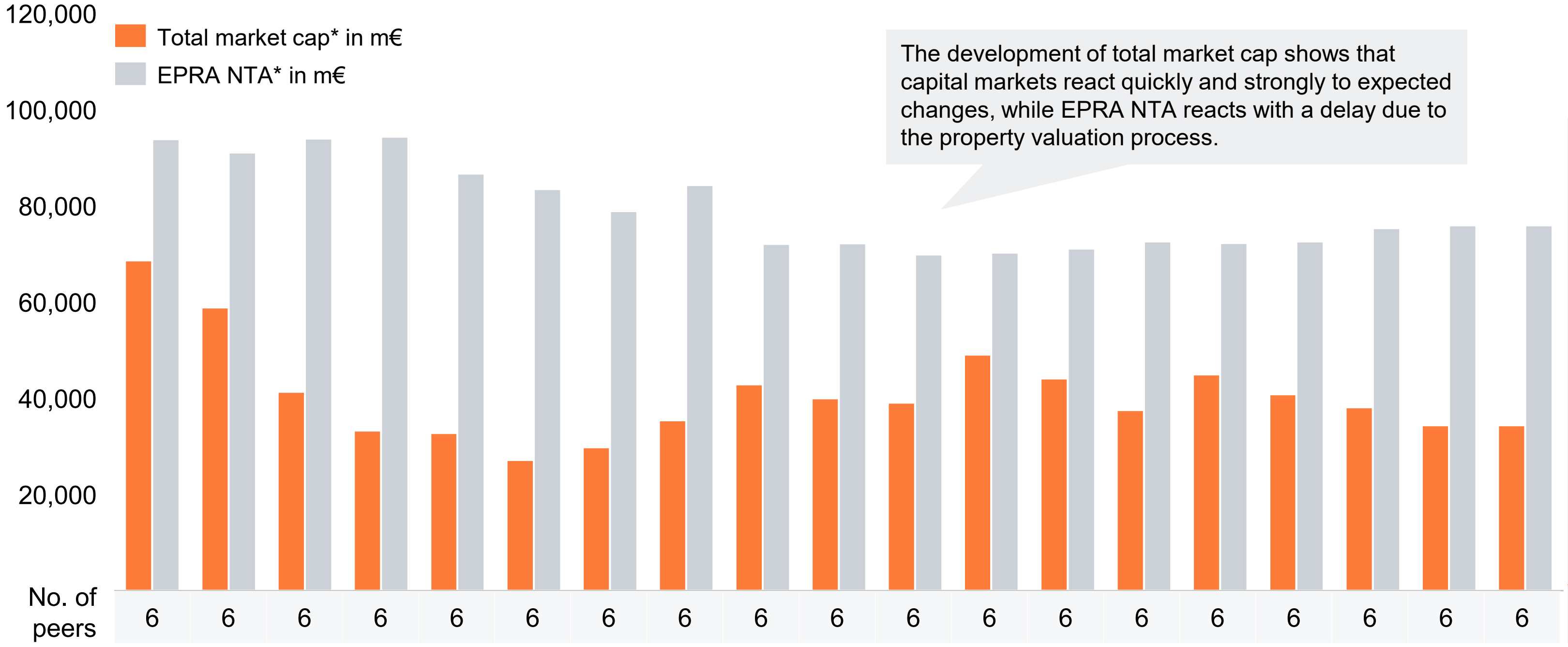
Higher Residential Leverage Is Mitigated by Long Maturities and Strong Interest Coverage





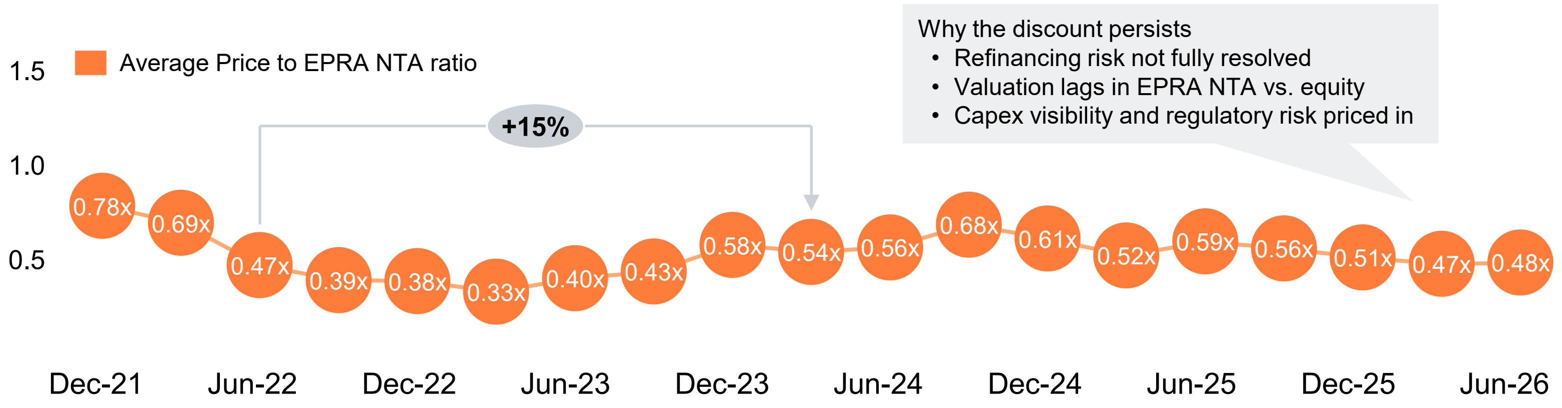
*) Due to the reporting cadence, debt coverage metrics are subject to a lag of roughly one quarter. As of March 2026, not all companies in the sample have published their FY 2025 annual reports yet.
Sources: S&P Market Intelligence, PwC Real Estate Institute

Residential Stocks Widens to ~52% as Market Prices Drift Lower Despite Stable EPRA NTAs



Actual peer group and Price to EPRA NTA as of 30 Jun 2026

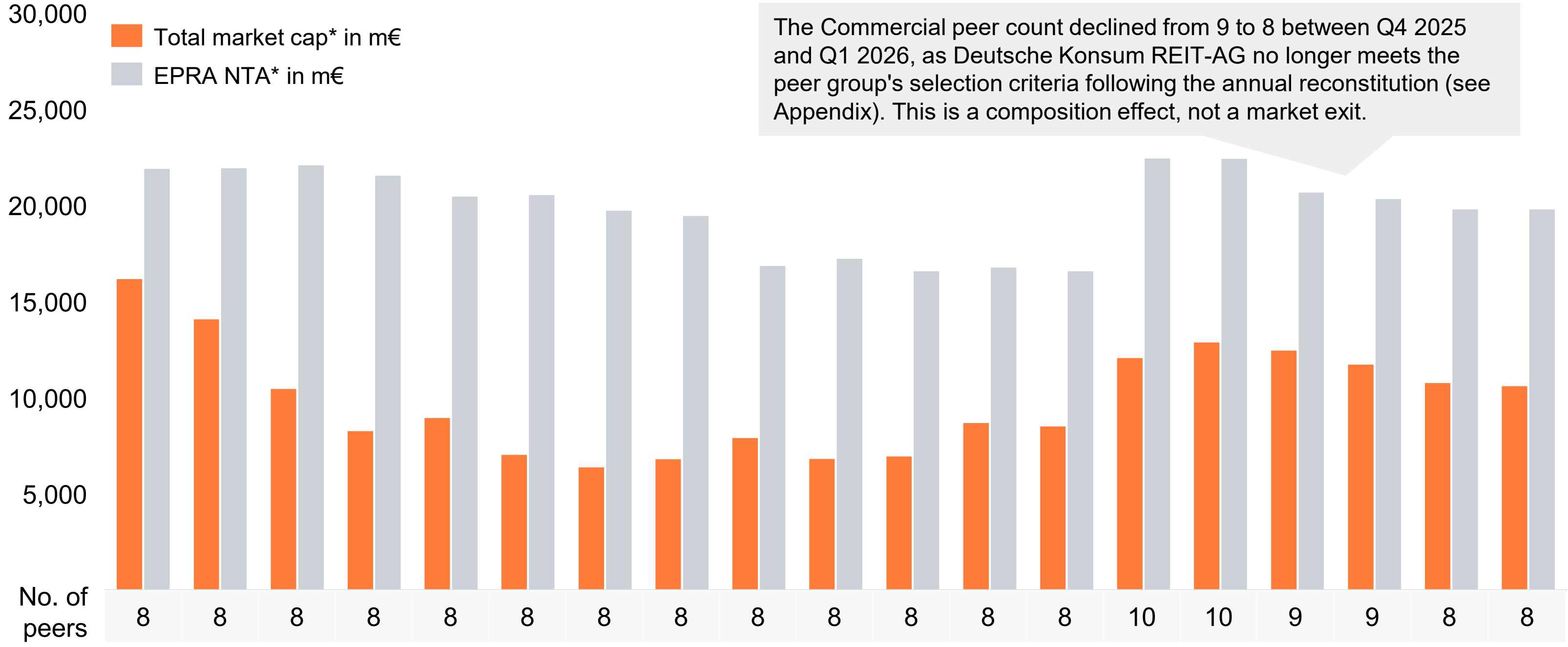
Deutsche Wohnen SE	**0.44x**
Grand City Properties S.A.	**0.35x**
LEG Immobilien SE	**0.40x**
Phoenix Spree Deutschland Limited	**0.57x**
TAG Immobilien AG	**0.67x**
Vonovia SE	**0.46x**
Average	**0.48x**

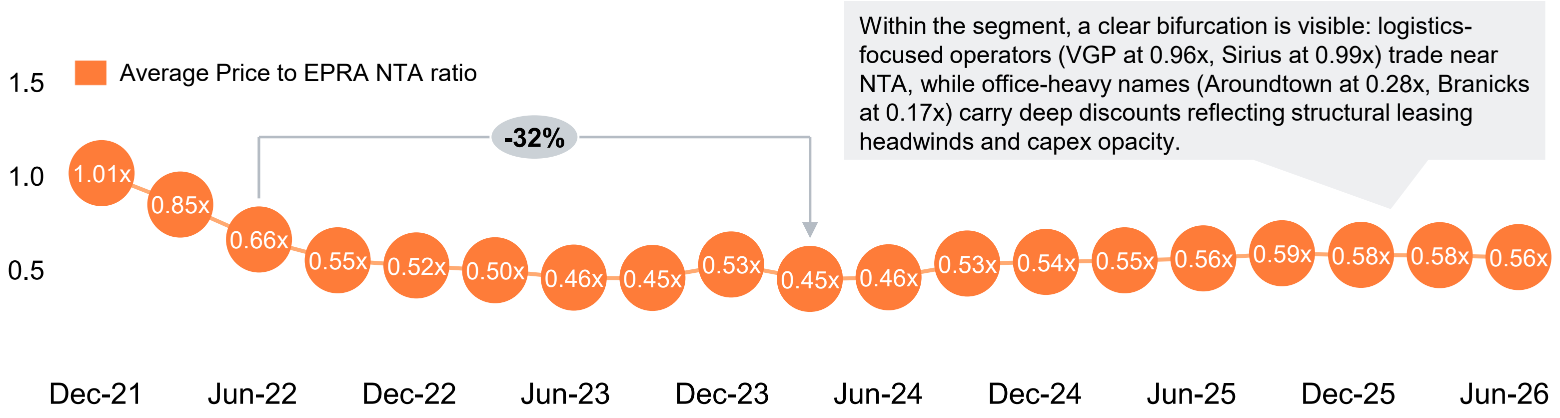


Reported EPRA NTA for residential real estate companies has held broadly steady in recent months, indicating that underlying asset values remain intact. Market capitalizations, however, have continued to drift lower over the same period, a sign that investors are pricing in persistently elevated risks. This widening gap between book values and market pricing warrants close attention going forward.

* Adjustments to the peer group are made at the turn of the calendar year and can thus lead to abrupt changes.
Sources: Annual and quarterly reports, S&P Market Intelligence, PwC Real Estate Institute

Market Cap and EPRA NTA Fall in Tandem and Commercial NAV Discount Persists





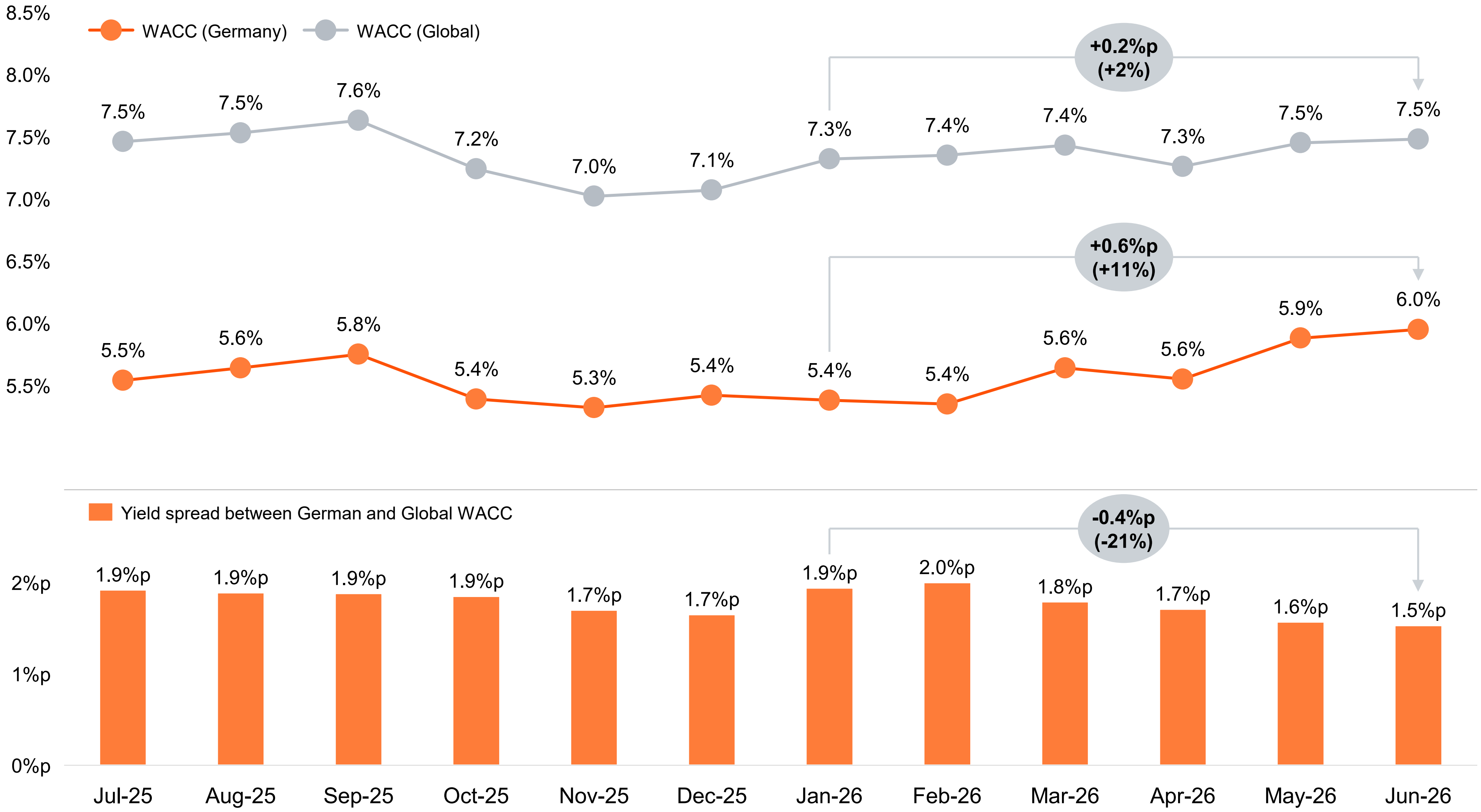
Actual peer group and Price to EPRA NTA as of 30 Jun 2026

Aroundtown SA	**0.28x**
Branicks Group AG	**0.17x**
CA Immobilien Anlagen AG	**0.67x**
Deutsche EuroShop AG	**0.62x**
Hamborner REIT AG	**0.48x**
Sirius Real Estate Limited	**0.99x**
VGP NV	**0.96x**
VIB Vermögen AG	**0.35x**
Average	**0.56x**

In commercial real estate, market capitalization and EPRA NTA have moved broadly in parallel in recent months, leaving the ratio largely unchanged. Even so, shares continue to trade at a substantial discount to net asset values, a clear sign that investor skepticism towards underlying property valuations remains firmly in place.

* Adjustments to the peer group are made at the turn of the calendar year and can thus lead to abrupt changes.
Sources: Annual and quarterly reports, S&P Market Intelligence, PwC Real Estate Institute

German WACC Ticks Up Again but Keeps a Clear Edge over Global Peers



Since January 2026, WACC for the German peer group has climbed 0.6%p (+11%) to 6.0% in Q2 2026, as elevated market volatility lifts beta factors. Global WACC rose only marginally over the same period, up 0.2%p (+2%) to around 7.5%. As a result, Germany's cost of capital advantage, while still intact, has narrowed, with the spread to global peers compressing from 1.9%p to 1.5%p.

Sources: S&P Market Intelligence, PwC Real Estate Institute

Appendix: Overview of Real Estate KPI’s

	FFO 1 multiple			Price/EPRA NTA ratio		
Stock price as of	**31/12/2023**	**31/12/2024**	**30/06/2026**	**31/12/2023**	**31/12/2024**	**30/06/2026**
KPI (FFO and NAV) as of	FY2023	FY2024	TFQ2026	31/12/2023	31/12/2024	31/12/2025
Residential						
Deutsche Wohnen SE	17.6x	18.2x	13.8x	0.56x	0.55x	0.44x
Grand City Properties SA	9.4x	10.8x	8.5x	0.43x	0.47x	0.35x
LEG Immobilien SE	12.9x	13.3x	8.7x	0.63x	0.65x	0.40x
Phoenix Spree Deutschland Limited				0.50x	0.58x	0.57x
TAG Immobilien AG	13.5x	14.4x	14.4x	0.72x	0.75x	0.67x
Vonovia SE	12.9x	13.4x	9.7x	0.61x	0.65x	0.46x
25%-Percentile	**12.9x**	**13.3x**	**8.7x**	**0.52x**	**0.56x**	**0.41x**
Average	**13.3x**	**14.0x**	**11.0x**	**0.58x**	**0.61x**	**0.48x**
75%-Percentile	**13.5x**	**14.4x**	**13.8x**	**0.63x**	**0.65x**	**0.54x**
Commercial						
alstria office REIT-AG	7.4x	16.9x		0.40x	0.84x	
Aroundtown SA	8.2x	10.1x	8.3x	0.34x	0.39x	0.28x
Branicks Group AG	5.4x	3.6x	1.2x	0.28x	0.32x	0.17x
CA Immobilien Anlagen AG			18.0x			0.67x
DEFAMA Deutsche Fachmarkt AG	12.0x	13.4x	10.7x			
Deutsche EuroShop AG	10.1x	8.9x	9.2x	0.71x	0.63x	0.62x
Deutsche Konsum REIT-AG	3.9x	5.9x		0.31x	0.35x	
Deutsche Real Estate AG	12.0x	7.9x				
FCR Immobilien AG	17.0x	14.8x	15.1x			
Hamborner REIT AG	10.1x	9.9x	7.4x	0.68x	0.64x	0.48x
Sirius Real Estate Limited	13.4x	11.9x	13.6x	1.15x	0.86x	0.99x
VGP NV						0.96x
VIB Vermögen AG	6.3x	4.2x	3.5x	0.34x	0.28x	0.35x
25%-Percentile	**6.9x**	**6.9x**	**7.4x**	**0.33x**	**0.34x**	**0.33x**
Average	**9.6x**	**9.8x**	**9.7x**	**0.53x**	**0.54x**	**0.57x**
75%-Percentile	**12.0x**	**12.6x**	**13.6x**	**0.69x**	**0.69x**	**0.74x**

Sources: Annual and quarterly reports, S&P Market Intelligence, PwC Real Estate Institute

Appendix: Methodological Basis for PwC Real Estate Monitor (1/3)

Peer Universe & Data Basis

Peer selection	In selecting peers for our analysis, we focus on listed German real estate companies with a primary emphasis on holding and managing residential and commercial property portfolios. We have established two distinct peer groups – "Residential" and "Commercial" – based on their core business focus, enabling more targeted and meaningful comparisons. Peer selection is conducted annually, applying both qualitative and quantitative screening criteria, including a minimum market capitalization of €100m and a free float above 10%. Adjustments to the peer group composition are made at the turn of each calendar year, which may result in abrupt changes to aggregated metrics.
Sources & data basis	Our analysis draws on a variety of data sources. The majority of data used – including stock prices, EBITDA, net debt and inputs for the calculation of cost of capital etc. – is sourced from S&P Market Intelligence. Real estate-specific KPIs such as EPRA NTA and FFO 1 are extracted directly from quarterly and annual reports published by the respective companies. Additional data sources include Destatis, Deutsche Bundesbank and the PwC Real Estate Institute.

Market Context: Perfomance, Supply & Yields

Performance indices	The PwC Real Estate Indices are equally-weighted total performance indices comprising listed German residential and commercial real estate companies (refer to the peer universe). They are based on monthly closing prices, taking into account reinvested dividends, and serve to reflect capital market-based price and risk signals. The indices reflect the behaviour of the equity markets and are not to be equated with transaction or expert real estate valuations.
Building permits	Building permits data (residential and commercial) are sourced from Destatis and presented as absolute monthly numbers alongside a 12-month rolling average. They are evaluated in conjunction with the construction price index (residential, year-on-year) and EURIBOR (3-month) to assess supply-side feasibility.
Net Initial Yield (NIY)	Net initial yields are triangulated from broker panels, INREV definitions and PwC smoothing methodologies. In line with the INREV definition, NIY is calculated as passing rent / net operating income divided by gross property value. Yield spreads are measured against 30-year government bond yields to capture duration effects. Differences relative to single-broker data points may arise from variations in coverage, timing and smoothing methodology. The yield analysis examines prime net initial yields in the context of government bond yields and their respective risk premiums, while tracking the compression of spreads between residential NIYs and long-dated sovereign bonds.

Appendix: Methodological Basis for PwC Real Estate Monitor (2/3)

Operating Performance & Earnings Quality

EPRA NTA	EPRA Net Tangible Assets is a standardised metric defined by the European Public Real Estate Association. It represents the net asset value of a real estate company adjusted for intangible assets and deferred taxes. In the Monitor, EPRA NTA serves as the key denominator for Price/EPRA NTA and EBITDA/EPRA NTA ratios. EPRA NTA reacts with a delay due to the property valuation process, whereas the development of total market capitalization shows that capital markets respond quickly and strongly to expected changes.
EBITDA to EPRA NTA	The EBITDA to EPRA NTA ratio (median) relates operating earnings (EBITDA) to EPRA Net Tangible Assets. It highlights how operating performance and reported asset values evolve across sectors. A rising ratio signals stable or growing income relative to EPRA NTA; a declining ratio points to operational pressure or lagged property revaluations. EPRA NTA reacts more slowly due to the property valuation process and sometimes only through annual adjustments in reports. The narrowing gap between residential and commercial earnings yields therefore does not indicate convergence in fundamentals, but rather different speeds of adjustment across the cycle.
EBITDA to Net Debt	The EBITDA to net debt ratio (median) measures a company's ability to service its net debt from operating earnings, serving as a key indicator of balance sheet strength and refinancing capacity. A decline in the ratio captures not only operational pressure but also the impact of a tighter funding environment on the sector. The Monitor uses this metric to illustrate a fundamental shift in how equity markets assess real estate companies: the focus has moved away from asset values towards the sustainability of balance sheets. Companies with resilient cash flows and manageable leverage are being rewarded, while those with higher refinancing risk and weaker income visibility face more aggressive repricing.

Valuation Level: Market Price vs. Book Value

TEV/EBITDA multiples	The Total Enterprise Value (TEV) to EBITDA multiples are computed as the median of the respective peer group (Residential and Commercial). They capture how the market prices operating earnings relative to the total enterprise value. The Monitor tracks TEV/EBITDA over time to identify relative valuation shifts between sectors. A narrowing multiple gap between residential and commercial does not indicate excess in housing but reflects a shift in perceived income risk.
Price to EPRA NTA	The ratio of market capitalisation (stock price) to EPRA Net Tangible Assets serves as a proxy for the value of a company's real estate holdings and is therefore an important indicator of the company's relative valuation level. A ratio of 1.0x means that the market value of the company reflects the net tangible asset value at the same level. Persistent discounts reflect refinancing risk, revaluation lags in EPRA NTA and regulatory risk priced in by the market.
FFO 1 multiple	The FFO 1 (Funds From Operations) multiple relates the market capitalisation (stock price) to FFO 1. FFO 1 represents the sustainable operating cash flow of a real estate company before non-recurring items. Stock prices are taken as of each period-end (e.g. 31 December)

Appendix: Methodological Basis for PwC Real Estate Monitor (3/3)

Cost of Capital & Financing Environment

10Y EUR Swap Rate	The 10-year EUR swap rate is the fixed interest rate paid in exchange for a floating rate, typically 6-month EURIBOR, in a plain-vanilla interest rate swap with a maturity of ten years. It represents a key medium- to long-term reference rate for euro-denominated fixed-rate financing.In European corporate and real estate finance, fixed-rate debt is commonly priced off the EUR interest rate swap curve rather than directly off government bond yields, as the swap curve more closely reflects actual interbank funding conditions. Monitoring the 10Y EUR swap rate on a regular (e.g. monthly) basis helps capture changes in the interest rate environment and assess their implications for refinancing costs, asset valuations, and investment decisions.
SWAP Spread	The swap spread is defined as the difference between the 10-year EUR swap rate and the yield on the 10-year German government bond (Bund) of comparable maturity. It reflects the credit, liquidity, and structural factors embedded in the interbank swap market relative to sovereign funding conditions. A widening swap spread may indicate increased perceived counterparty or systemic risk, higher demand for hedging, or reduced liquidity in the swap market, while a narrowing spread is typically associated with improved market conditions or stronger demand for government bonds. In the context of real estate and corporate financing, the swap spread is relevant because borrowing costs are usually referenced to the swap curve; changes in the spread can therefore affect the all-in cost of fixed-rate debt, even when government bond yields remain broadly stable. A negative swap spread means that the 10-year EUR swap rate is below the 10-year Bund yield, typically reflecting risk aversion, strong demand for safe assets, or technical market distortions rather than imminent rate cuts. For real estate, this does not imply easier financing: all-in borrowing costs can remain high as credit spreads, refinancing risk, and lender caution stay elevated.
Credit spread	The credit spread refers to the risk premium that real estate companies pay on debt financing above the risk-free rate. It serves as an indicator of refinancing conditions and investor risk perception. Credit spreads that remain elevated keep refinancing conditions tight and reinforce investor caution; narrowing spreads signal easing financial stress. The cost of capital is no longer rising, but it is still high enough to limit the upside.
WACC	The Weighted Average Cost of Capital (WACC) is calculated for German listed real estate peers (Residential & Commercial) as well as a global real estate peer group, providing a critical measure of relative investment appeal. The WACC is updated on a monthly basis and reflects the weighted cost of equity and after-tax debt capital, based on the capital structure. The cost of equity is derived using the Capital Asset Pricing Model (CAPM), incorporating risk-free rates, beta factors and market risk premium, while the cost of debt is based on observed or implied borrowing costs (risk-free rate plus credit spread) adjusted for the tax shield effect. A rising WACC signals increasing financing pressure and diminishing investment attractiveness, while a declining WACC points to improving capital market conditions.

Get in Touch

WP StB Thorsten Schnieders, CFA

PwC | Deals
Deals Financial Services and
Real Assets Industry Leader
Email: thorsten.schnieders@pwc.com

Ilya Lokshin

PwC | Deals
Senior Manager

Email: ilya.l.lokshin@pwc.com

Maximilian Pfeffer

PwC | Deals
Manager

Email: maximilian.pfeffer@pwc.com

Julius Heinrich

PwC | Deals
Associate

Email: julius.heinrich@pwc.com

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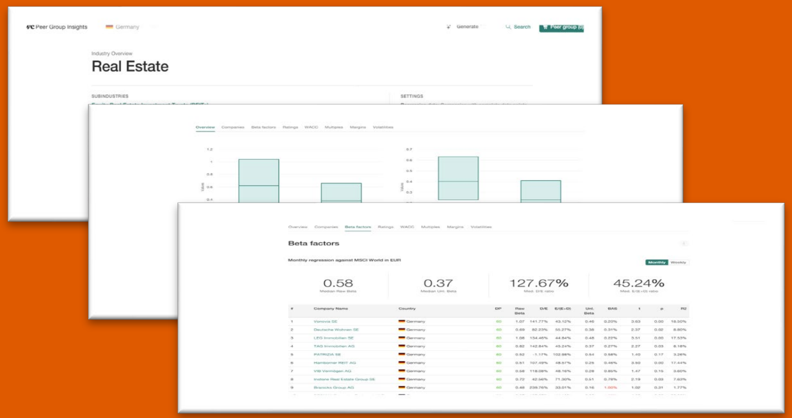

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