



Southern Europe rises again and emerges as one of the hottest real estate investment destinations for 2025

Leaders from King Street and TPG revealed at The District 2025 roadshow in London the current opportunities emerging for capital in Spain, Italy, Portugal, and Greece

Executives also foresee a highly promising end of the year due to the lack of liquidity and reduced competition, which is driving better prospects

London, June 26, 2025 – 2025 is shaping up to be a strong year for European property investment, driven by a scarcity of operating capital. This was the main conclusion on the global outlook for real estate presented by experts at a session held in London as part of the international roadshow for [The District 2025](#)—Europe’s leading real estate event from a capital markets perspective, taking place in **Barcelona from September 30 to October 2**.

Paul Brennan, Partner and Co-Head of Real Estate at King Street Capital Management, noted that *"in 2025, we are seeing fewer groups with available capital. This means those who do have capital can be highly selective, acquiring better assets, with higher returns, stronger structures, and more solid sponsors."* Similarly, **Maria Terzini**, Principal at TPG, confirmed that *"this is the time to invest, as competition has decreased and there is less liquidity per deal, which creates good opportunities."*

Given this context, both executives agreed on the “surgical” approach funds are taking today—*"choosing specific assets in specific markets to avoid value traps,"* as Brennan put it. Among capital groups, sovereign funds stand out as the most robust, according to the leaders of TPG and King Street. These funds possess significant resources and invest with a long-term perspective. *"According to industry studies, the largest Singaporean sovereign fund has accounted for around 5% of all European real estate activity over the past three years,"* Brennan illustrated.

Europe gains ground

Historically, Southern Europe has been perceived as a less attractive region for capital, often experiencing periods of economic stagnation. However, this perception is changing. *"The best results are now being seen in Europe’s peripheral countries: Spain, Portugal, Italy, and Greece,"* explained the King Street executive. Terzini echoed this sentiment, adding that *"when we compare GDP growth in Southern Europe with countries like Germany, we often see better numbers. Spain stands out with one of the highest growth rates, thanks to strong domestic consumption, demographic expansion, proactive public policies, and generally more attractive margins compared to more mature markets."*

As for the most promising assets in the Mediterranean region, experts pointed to the living sector in Spain, which also boasts a strong hospitality market—similarly to Italy—due to historic tourist influxes. Additionally, retail is performing well in Spain, Italy, and Portugal.

Beyond these countries, the session also covered the state of more established EU real estate markets such as Germany and the UK. In Germany, Terzini noted, *"a significant correction has taken place, and we are increasingly seeing situations where owners need liquidity or to*

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recapitalize portfolios. This opens up interesting opportunities.” These may include logistics assets, which Brennan noted *“are performing well”* in the region. Regarding the UK, the Principal at TPG stated that *“the macro and political context calls for caution, although there is potential in sectors like logistics, single-family housing, and senior living.”* The dynamism of France and the Netherlands was also highlighted.

Overall, both leaders agreed that although growth in Europe is moderate, the continent currently offers a stable and, in some cases, attractive environment. This contrasts with the United States, where *“the economy remains strong, but the uncertainty around Trump’s policies is causing investor instability,”* Terzini detailed. Brennan added an example: *“Some Canadian investors are reallocating capital from the U.S. to Europe due to legislative changes and nationalist shifts.”*

Italy: A wealth of investment opportunities

The fourth edition of The District will feature Italy as the guest country—a market making a comeback and becoming one of the most attractive in the continent. The country is experiencing a 120% year-on-year increase in investment volume, signaling a positive economic cycle. In detail, the residential sector holds the most potential. *“Over the next five years, Italy will need more than 600,000 new homes—both new builds and refurbishments—requiring over €170 billion in investment. Public funds alone won’t be enough: we need private capital,”* explained **Alberto Cagnacci**, Head of Institutional Relations at Confindustria Assoimmobiliare.

According to Cagnacci, other promising asset classes include data centers—Milan being the key market, although there is no national regulation governing their implementation—logistics, and hospitality. For the latter, he emphasized three-star hotels, *“where there is a lack of supply and diversification of nightly rates is necessary.”* Likewise, *“there are opportunities in student housing. Rome has over 200,000 university students, which represents a clear investment window for residences.”*

The expert also advocated for diversifying transactions across different geographical areas. *“Of the €10 billion invested by institutional players in 2024, 49% went to secondary or regional markets,”* he stated. Terzini also noted the strong performance of mid-sized cities.

About The District (September 30–October 2, Barcelona): The District is Europe’s largest event focused on Real Estate from the investment perspective. The summit includes a dedicated Hospitality area and a content program within The District World Summit 2025—the global benchmark congress on capital structures in the real estate industry, featuring five auditoriums. It is the main gathering forum for real estate stakeholders seeking new opportunities and projects that will drive urban transformation and shape the future of the sector in Europe. The District is organized by NEBEXT – Next Business Exhibitions.

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