



LUXREAL

LUXREAL
CONSENSUS SURVEY
2025

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LUXREAL

The Luxembourg real estate market is evolving in an environment of constant change. Anticipating trends, addressing challenges, and adapting strategies are essential to ensure sustainable growth and to make the most of new opportunities.

At LuxReal, one of our roles is to provide insights that help our members and partners better navigate this shifting landscape. This survey reflects our commitment to capturing market sentiment, identifying key influencing factors, and assessing the impact of innovation, regulation, and financing conditions. It highlights both opportunities and challenges across different market segments, while also enabling meaningful comparisons with other European markets.

Our ambition is to establish this survey as an annual initiative, providing consistent and reliable insights into the market's evolution over time.

The results presented in this report are made possible through the active participation of our members. Your contributions form the foundation of this analysis and help deliver a clearer view of the sector's outlook. We trust these findings will serve as a valuable resource for professionals and stakeholders as they navigate the evolving Luxembourg real estate landscape.

We would like to express our sincere appreciation to Dr. Julien Licheron, Research Associate at LISER, for his collaboration throughout this project, and in particular for his role in analyzing the results and writing the report.

On behalf of LuxReal, I extend heartfelt thanks to all participants for their time, expertise, and engagement. Together, we will continue to strengthen our industry and shape its future.



Romain Muller
President, LuxReal

METHODOLOGY AND DESCRIPTION OF THE SURVEY

THIS REPORT PRESENTS THE KEY FINDINGS OF THE FIRST SURVEY CONDUCTED BY LUXREAL AMONG ITS MEMBERS TO ANALYSE THE DIRECTION OF TRENDS IN THE LUXEMBOURG REAL ESTATE INDUSTRY.

THIS SURVEY WAS DONE IN APRIL 2025. The main objectives of the survey were to: a) gather professionals' opinions on recent trends in prices, demand, and supply across various segments of the Luxembourg real estate market; b) identify the main factors influencing the market, including the economic climate, regulatory developments, and technological innovation; c) explore market opportunities—particularly in terms of the most promising investment areas—and the main challenges perceived by professionals; d). assess the impact of new technologies and sustainable practices on the real estate sector; e) evaluate financing needs, preferred sources of financing, trends in interest rates, as well as their implications for real estate projects; f) gather insights into professionals' expectations regarding regulatory changes and their potential effects; and g) understand perceptions of Luxembourg's competitiveness in comparison to other European real estate markets. The survey was conducted online and targeted all members of the LuxReal association, including both corporate and individual members.

A total of 103 responses were collected. Overall, the survey conducted by Luxreal provides a very useful snapshot of its members and the various players in the real estate industry. The majority of responses came from institutions and supporting members of Luxreal, rather than individual members. Supporting members were significantly overrepresented in the sample, accounting for 78.6% of respondents, compared to 56.3% of the overall LuxReal membership. Conversely, small and medium-sized enterprises (SMEs) were underrepresented: "only" 61.7% of respondents work for companies with fewer than 100 employees, whereas SMEs comprise 72.6% of LuxReal's corporate membership. Despite these minor imbalances, the survey achieved relatively strong representation across different sectors of activity. This allowed for a breakdown of responses by six key sectors, as detailed in Table 1.

Table 1. Profiles of the respondents, type of members

	REFERENCE POPULATION	SURVEY RESULTS
1. Audit, Accounting, tax and other consultancy services	10,4%	13,6%
2. Banks and Central Admin, Depository	10,0%	17,5%
3. Construction, Architecture and Developers	23,8%	20,4%
4. Investors, Managers and other regulated entities, family office	24,6%	24,3%
5. Legal	12,5%	10,7%
6. Services to Real Estate	17,5%	13,6%
<i>Other sectors</i>	<i>1,2%</i>	<i>0,0%</i>
TOTAL	100,0%	100,0%

This report highlights the key insights emerging from the survey, organized into four main thematic areas. The first section examines respondents' perceptions of the current state of the real estate market and their outlook for the future. The second section explores topics related to financing and investment. The third section analyzes the influence of external factors on the market. The fourth section outlines the perceived strengths, weaknesses, and major challenges currently facing the Real Estate Industry in Luxembourg. The report concludes with a summary of the main findings and a forward-looking perspective. In particular, it emphasizes the potential value of conducting this type of survey on a regular basis—ideally annually—to gain deeper insights into market participants' confidence levels, expectations, and perceptions of short- to medium-term challenges in the real estate market.

1 CURRENT SITUATION AND FUTURE OUTLOOK

THERE IS A RELATIVE RETURN OF CONFIDENCE IN THE LUXEMBOURG REAL ESTATE SECTOR, WITH RESPONDENTS EXPRESSING GREATER CONFIDENCE IN THE RESIDENTIAL MARKET, WHILE SHOWING LOWER CONFIDENCE IN THE OFFICE MARKET ON THE SHORT-RUN AND RETAIL MARKET IN THE MEDIUM TERM.

1.1 UNCERTAINTY ABOUT SHORT-TERM DEVELOPMENTS

The first section of the questionnaire focused on perceptions of the situation on the Luxembourg real estate markets in 2025 compared to 2024 in terms of activity (i.e., number of transactions), prices, and rents. Respondents had varying opinions across four market segments: residential, office, industrial, and retail real estate.

In the **residential sector**, 49% of respondents reported a moderate increase in activity, while 26% noted relatively stable activity. Only 25% expected a slight or significant decline in activity in 2025. Notably, confidence in the residential market was fairly widespread across different sectors, although it was notably stronger in the construction and real estate services industries. For instance, 62% of construction professionals and 57% of real estate service providers forecasted a moderate increase in demand. When it comes to residential property prices, opinions were divided: 41% expected prices to remain stable (+/-1%), while 27% anticipated a rise in prices (with 7% forecasting an increase of over 3%). Conversely, 32% predicted a price decline, including 13% expecting a decrease of more than 3%. The outlook for residential rents was clearer, with 71% of respondents expecting rents to rise (26% anticipating increases of more than 3%) and 24% forecasting stability in 2025.

For both the **industrial** and **retail sectors**, most respondents believed that activity would remain stable in 2025—52% for industrial real estate and 53% for retail. A majority also expected prices and rents to remain stable, with 58% anticipating price stability in the industrial sector and 56% in the retail sector. Similar proportions (57% for industrial and 56% for retail) predicted stable rents. Extreme opinions on sharp rises or falls in activity, prices, or rents were rare, and the overall perception of stability was widespread, particularly among companies with operations beyond Luxembourg (in other European or global markets).

Confidence in the **office market** was notably lower in the short term. Activity projections were more polarized, with 30% of respondents expecting an increase, 38% expecting stability, and 32% forecasting a decline. Similarly, opinions were divided on office prices, with 44% expecting stability, 18% predicting an increase, and 38% anticipating a decrease. The outlook for office rents was a bit more optimistic, with 49% expecting stability and 37% expecting an increase.

1.2 MORE FAVORABLE OUTLOOK IN THE MEDIUM TERM

The Luxreal survey concluded with a collection of professionals' expectations for developments over a five-year horizon, with questions that mirrored the short-term outlook discussed above. From this perspective, respondents are much more optimistic about the medium term than they are about the short term. This optimism about market developments is evident across the various segments, although it is more pronounced in the residential market and, conversely, slightly less enthusiastic in the retail market.

Thus, 78% of respondents anticipate an increase in activity in the **residential market** over the next five years, compared to only 6% who anticipate a decline. The majority opinion leans toward moderate price growth in this market (around 1% to 3% per year, according to 55% of respondents), although 23% still anticipate a return to price increases averaging more than 3% per year. Even more respondents anticipate a sharp rise in residential property rents: 36% of respondents anticipate a rent increase of more than 3% per year, and 47% anticipate a more moderate increase.

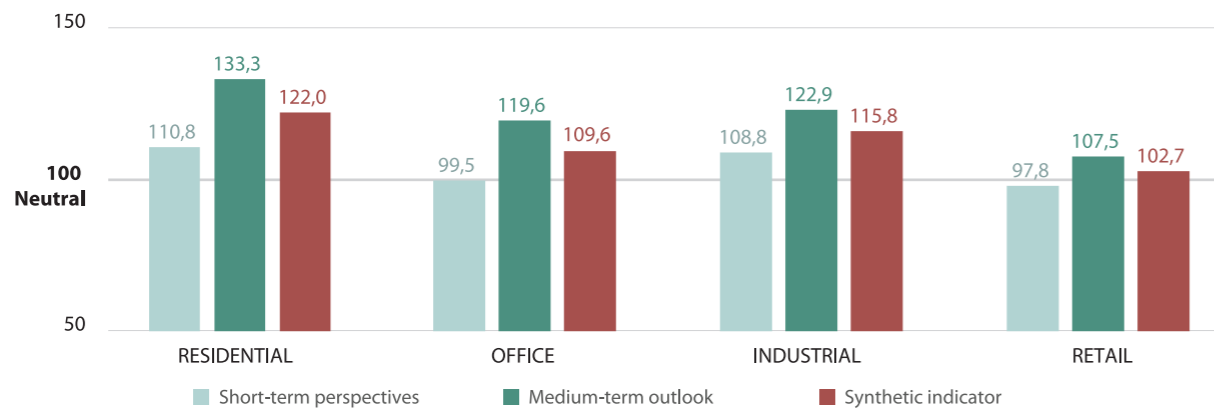
In the **office and industrial real estate markets**, the majority opinion leans toward moderate growth in activity (50% for office and 44% for industrial) or a certain degree of stability (33% and 36%, respectively). In both markets, the majority of respondents anticipate a moderate increase of around 1% to 3% per year in prices (57% of respondents in both markets) and rents (63% and 58% respectively).

Finally, there is slightly less consensus on the medium-term outlook for the **retail market**. 46% of respondents anticipate stable activity in this segment, while 32% anticipate growth and 23% anticipate a decline. Similarly, slightly fewer respondents in this segment anticipate an increase in prices (45%) and rents (48%).

Graph 1 seeks to summarize respondents' opinions on these short- and medium-term dimensions by combining all these items into a single indicator for each segment. An index equal to 100 would suggest a very neutral opinion on this segment (on average, stability in activity, prices, and rents in both the short and medium term). The graph shows that the overall index is quite clearly above 100 for the four market segments identified, particularly due to more favorable medium-term expectations.

Above all, this graph shows that confidence is strongest in the residential market, followed by the industrial and office markets. On the other hand, confidence is slightly lower in the retail sector, especially in the medium term.

Graph 1. Combination of questions on current trends and future outlook into one single indicator



Note: Index 100 = perfect neutrality of perceptions/expectations (stability of activity, prices and rents)

This conclusion is perfectly consistent with the responses to another question in the survey, which focused on the best current investment opportunities in real estate. Respectively, 71%, 68%, and 50% of respondents cited the residential market, the office real estate market, and the industrial market among the top three opportunities (out of six items proposed). In contrast, only 23% of respondents identified the retail market.

Interestingly, the results of the Luxreal survey are consistent with those of similar consensus surveys conducted in other European markets, such as Germany and France. They show positive prospects for the residential market and less favourable conditions in the retail market. However, Luxembourg respondents are slightly more optimistic than those in many other countries regarding the office market.

1.3 A STRONG INTEREST IN REHABILITATION PROJECTS

The survey conducted by Luxreal highlights a real interest in the real estate sector for building rehabilitation projects. The top choice for emerging investment opportunities is the renovation and rehabilitation of old buildings for 50% of respondents, compared to 32% for the development of new residential areas and 13% for investment in renewable energies (and only 2% for the development of new commercial areas). Interest in rehabilitation projects is evident among respondents working in construction, architecture and development. As with the general population, 50% of these respondents rank the renovation and rehabilitation of old buildings as the best emerging opportunity. However, it is important to note that the remaining 50% of those working in this sector rank the development of new residential areas as their preferred choice, suggesting a strong level of confidence in the residential market among developers and architects.

2 FINANCING AND INVESTMENT

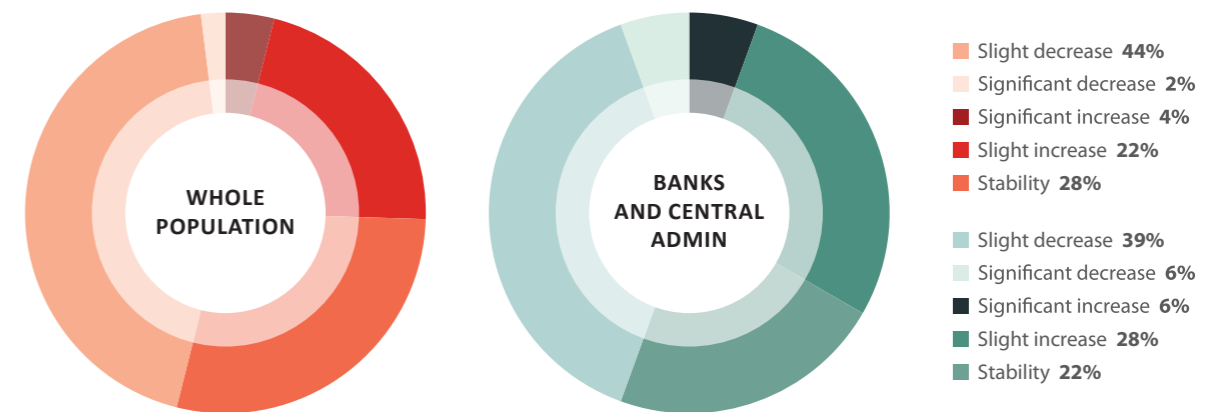
THERE IS A SIGNIFICANT UNCERTAINTY ON THE TRAJECTORY OF INTEREST RATES, WHILE LOCAL BANKS ARE STILL PERCEIVED AS AN IMPORTANT STAKEHOLDER IN FINANCING.

2.1 SIGNIFICANT UNCERTAINTY ON THE TRAJECTORY OF INTEREST RATES

The residential real estate price indices published by STATEC showed a significant drop in prices from mid-2022 onwards, following the rapid and sharp rise in interest rates driven by central banks in their efforts to curb inflation. Between the pre-crisis peak (corresponding to the third quarter of 2022 for the aggregate housing index) and the lowest point recorded to date (corresponding to the first quarter of 2024 for the aggregate index), prices fell by an average of 16.3%. This perfectly illustrates the importance of financing costs in real estate market developments, both in the residential and other segments. A decade of low and relatively stable interest rates may have caused this fundamental factor to be overlooked.

This is why it is particularly important to look closely at professionals' opinions on **interest rate trends** for the next twelve months. From this perspective, it is striking to note the wide range of expectations and a lack of consensus. For example, 46% of respondents anticipate a decline in rates, which would have a positive impact on the real estate market, compared with 28% who anticipate stable rates and 26% who anticipate a rise in rates over the next twelve months, which would have a negative impact on the market. However, extreme opinions (sharp increase or sharp decrease in rates) are very much in the minority. Interestingly, we can see that this wide dispersion of perceptions is evident regardless of the respondents' sector of activity, including among banking professionals: in this sector, 22% expect stability, 34% expect rates to rise, and 45% anticipate a decline, as shown on Graph 2.

Graph 2. Expected evolution of interest rates and their impact on the real estate market over the next 12 months



2.2 LOCAL BANKS ARE STILL PERCEIVED AS IMPORTANT STAKEHOLDERS IN REAL ESTATE FINANCING

Real estate financing has become much more diversified in recent decades, and this diversification of players is reflected in questions relating to the main sources of financing and investment for real estate projects. In the eyes of respondents, banks, private investors, and alternative lenders (funds) all have an important role to play in real estate financing. However, **local banks** are cited as the first choice by 44% of respondents, compared to 22% who cite private investors, 25% who cite debt funds, and 9% who cite foreign banks. This perception of local banks as the preferred source of real estate financing is fairly widespread, and it is interesting to note that this is also the case for employees of large companies and/or companies operating on a global scale. Thus, 57% of employees of companies with more than 1,000 employees and 45% of respondents from globally active companies consider local banks to be the primary source of financing for real estate projects over the next twelve months.

3 INFLUENCE OF EXTERNAL FACTORS

EXTERNAL FACTORS HAVE HUGE EFFECTS ON THE REAL ESTATE MARKET: CHANGES IN REGULATION, EVOLUTION OF CONSTRUCTION COSTS, NEW TECHNOLOGIES AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ARE ALL CONTRIBUTING TO SHAPING THE INDUSTRY.

3.1 PERCEPTION OF SIGNIFICANT UPCOMING CHANGES IN REGULATION

Regulation is recognized as a key driver shaping the real estate industry, and respondents highlighted several recent regulatory changes that have significantly impacted the Luxembourg real estate market. Environmental regulations were identified by 81% of respondents as one of the top three most influential factors. Zoning regulations (59%), changes in construction standards (57%), regulatory changes in the banking sector—including Bâle IV norms (50%)—and tax policies (42%) were also cited as having a substantial effect on the market. Interestingly, there was no clear consensus on a single top factor, even when responses were analyzed by the respondents' specific sectors of activity.

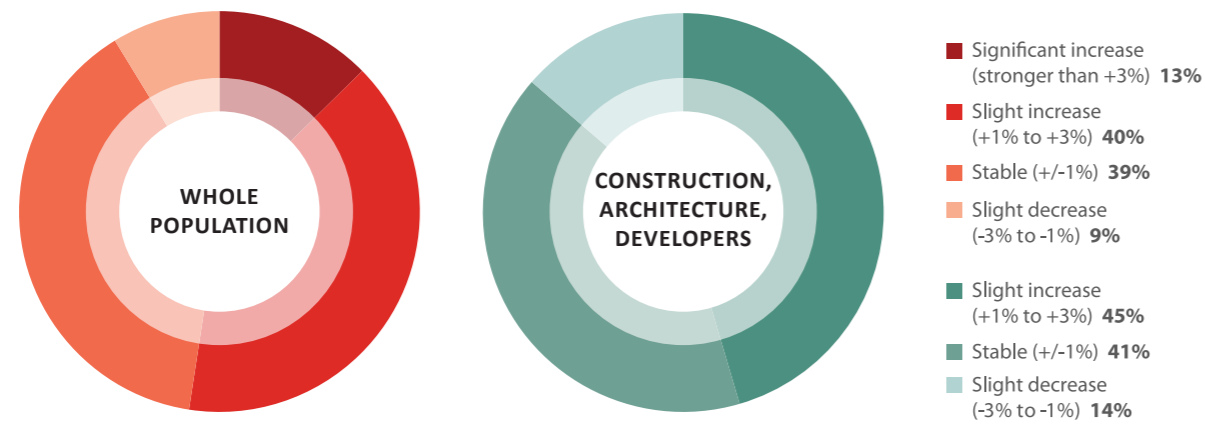
Looking ahead over the next three years, respondents expect further significant **regulatory changes**. The most anticipated are: stricter environmental standards (57%), regulatory developments in the banking sector affecting real estate (55%), adjustments in zoning regulations (48%), changes in tax policies (43%), and new construction standards (42%). While these changes are viewed as potential risks and challenges for the sector, they may also present opportunities for innovation and investment.

3.2 COST OF MATERIALS AS A KEY DRIVER OF CONSTRUCTION COSTS

Construction costs are widely perceived as a major contributor to rising real estate prices, particularly highlighted by the sharp increase in material costs observed from 2021 to mid-2023. In fact, 49% of respondents identified **material costs** as the primary factor influencing construction expenses. **Labor costs** were seen as the key driver by 35% of respondents, while 12% cited regulatory factors as the main influence.

However, most respondents do not expect another substantial **rise in construction costs** over the next 12 months. Only 13% anticipate a significant increase (greater than 3%), while 40% expect a slight increase (between 1% and 3%), and 39% foresee relative stability. This is particularly noticeable among employees from the “Construction, Architecture and Developers”: 45% of them expect a slight increase in construction costs in the upcoming 12 months, 41% anticipate stability, while 14% of them foresee a slight decrease, as shown in Graph 3. Interestingly, there is no opinion of either a strong increase or a strong decrease among developers and architects.

Graph 3. Expected evolution of construction costs in Luxembourg over the next 12 months



3.3 POSITIVE PERCEIVED IMPACT OF NEW TECHNOLOGIES

Digital tools have become standard in the real estate industry. A large proportion of respondents indicated that their companies are leveraging **digital solutions**: 47% use online sales platforms, 44% utilize digital marketing tools, and 44% are applying Artificial Intelligence (AI) tools. These three categories of technologies are relatively widespread across various sectors of activity.

Other tools, however, are more sector-specific. For instance, only 19% of respondents reported that their companies currently use virtual reality tools, but this figure rises to 36% in the “construction, architecture, and development” sector. Similarly, 27% of all respondents mentioned using property management software, but this proportion increases to 50% among those working in the “services to real estate” sector.

Overall, 69% of respondents believe that these new technologies have had a **positive or very positive impact** on their real estate activities, while 29% consider the impact to be neutral. Only 2% reported a negative impact.

3.4 STRONG PERCEIVED IMPACT OF ESG CRITERIA, BOTH INTERNALLY AND FOR CLIENTS

A majority of respondents stated that **Environmental, Social, and Governance (ESG)** criteria and sustainable investment trends have recently influenced both their internal organization and client demands. Specifically, 78% reported an increased integration and/or demand for ESG criteria within their own organizations—32% describing this increase as significant and 46% as moderate. A similar trend was observed among clients: 74% of respondents noted growing integration and/or demand for ESG considerations, with 36% citing a significant increase.

Many respondents have already implemented—or plan to implement—**specific ESG-related initiatives**, including: reducing carbon emissions (69%); obtaining green building certifications (59%); enhancing transparent governance (41%); promoting diversity and inclusion (36%). Interestingly, the adoption of ESG criteria is not limited to large organizations. There are no significant differences in implementation based on company size.

4 STRENGTHS, WEAKNESSES AND MAIN CURRENT CHALLENGES

ECONOMIC AND POLITICAL STABILITY IS SEEN AS A KEY STRENGTH IN LUXEMBOURG, WHILE HIGH LAND COSTS AND CONSTRUCTION COSTS ARE MAJOR ISSUES. ACCESS TO FINANCING, HIGH INTEREST RATES AND ADMINISTRATIVE PROCESSES ARE IDENTIFIED AS THE MAIN CURRENT CHALLENGES ON THE REAL ESTATE MARKET.

4.1 ECONOMIC AND POLITICAL STABILITY: A KEY STRENGTH IN LUXEMBOURG

A strong majority—79% of respondents—ranked **economic and political stability** as the top strength, and 95% included it among the top three advantages of the country. High demand (62%) and favorable taxation (60%) were also commonly cited as major strengths, particularly in comparison to other European markets. Other factors such as work-life balance, overall atmosphere, quality of life, and well-being were mentioned by 47% of respondents, while favorable regulations were cited less frequently (27%) among the top three advantages. The preference for economic and political stability as the leading strength is consistently shared across all sectors of activity, company sizes, and regardless of whether companies operate primarily in Luxembourg or internationally.

4.2 HIGH LAND COSTS AND CONSTRUCTION COSTS ARE MAJOR ISSUES

Respondents identified a clear hierarchy of issues affecting the Luxembourg real estate market. **High land costs** were overwhelmingly seen as the most pressing challenge: 90% ranked it as the number one disadvantage, and 96% listed it among the top three issues when comparing Luxembourg to other European markets. **High construction costs** were the second most significant issue, with 60% ranking them as their first or second concern, and 12% placing them third. Other commonly cited problems include complex regulations (45%) and labor shortages (48%). This prioritization of challenges is rather consistent across all sectors, company sizes, and geographic scopes of activity. Among employees in the “Construction, Architecture and Developers” sector, high land costs are a consensus choice within the 3 biggest issues High construction costs (73%) and labor shortages (50%) are even more frequently cited among developers and architects than among all respondents.

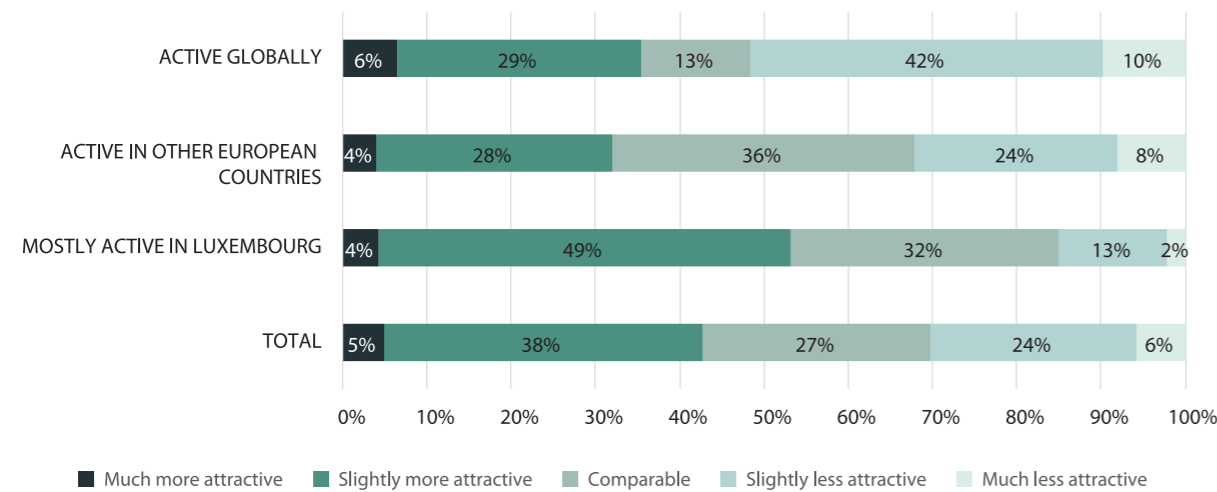
Graph 4. Biggest disadvantages of the Luxembourg market compared to other European markets (choices among the top 3 biggest issues for respondents)



4.3 MIXED VIEWS ON THE ATTRACTIVENESS OF THE LUXEMBOURG REAL ESTATE MARKET

Opinions on the overall attractiveness of the Luxembourg real estate market are divided. While 43% of respondents still view Luxembourg as **slightly or significantly more attractive** than other European markets, 30% see it as slightly or much less attractive. The remaining 27% consider it to be on par with other markets. Notably, respondents from globally active companies are more skeptical: 52% of them view Luxembourg as slightly or significantly less attractive, as displayed in Graph 5.

Graph 5. Comparison of the Luxembourg real estate market to other European markets in terms of attractiveness



4.4 ACCESS TO FINANCING, HIGH INTEREST RATES AND ADMINISTRATIVE PROCESSES ARE IDENTIFIED AS THE MAIN CURRENT CHALLENGES ON THE REAL ESTATE MARKET

Access to financing is currently perceived as one of the most critical challenges facing the Luxembourg real estate sector. It was ranked as the number one issue by 48% of respondents, and listed among the top three by 82%. **High interest rates** (55%), **complex regulations** and administrative procedures (53%), and limited **access to equity** (43%) were also frequently cited as pressing concerns. As with previous sections, the ranking of these challenges remains consistent across all sectors, company sizes, and geographic scopes. There is also a strong call for reform. Simplification and/or acceleration of administrative processes is identified as the top area for improvement by 65% of respondents. Improving access to financing follows as the next most important area, ranked first by 22% of respondents.

CONCLUSION AND PERSPECTIVES

The survey conducted by Luxreal in April 2025 provides a nuanced picture of how professionals in the Luxembourg real estate sector perceive it. First, it highlights a relative return of confidence, with a fairly encouraging outlook for the sector in the short and, above all, medium term, over a five-year horizon. However, this confidence is more pronounced in the residential real estate sector and less clear in the retail real estate sector. Uncertainty about the future trajectory of interest rates may pose a threat to short-term developments in the sector. The survey also shows that local banks remain an important player in the financing of Luxembourg real estate, alongside private investors and funds, in particular. In addition, the results show the extent to which the real estate market is part of its environment and dependent on external factors: changes in material costs, new technologies, ESG criteria, and, of course, regulation. It is interesting to note that respondents emphasize Luxembourg's economic and political stability as an extremely valuable asset, while land and construction costs represent major structural problems. In the shorter term, it is mainly access to financing and interest rates which are seen as threats to the real estate market.



These key findings from the survey are valuable and suggest great potential for such a recurring survey (ideally annual), which would enable a longitudinal analysis of market confidence and identify new threats and opportunities for the real estate sector. It would also position Luxembourg among the countries that have such a tool for monitoring market confidence.

Dr. Julien Licheron
Research Associate, LISER

ABOUT LUXREAL

FOUNDED IN 2009, LUXREAL IS THE LEADING PLATFORM CONNECTING REAL ESTATE PROFESSIONALS IN LUXEMBOURG.

AS AN INTERDISCIPLINARY REAL ESTATE SOCIETY, OUR MISSION IS CLEAR:

- Build a **“think-tank-network”** for discussing industry trends
- **Strengthen the Luxembourg Real Estate** Industry through impactful working groups and by extending national and international collaboration
- **Encourage highest level** of professionalism and integrity and develop industry standards
- **Unlock growth opportunities** for our members by largely expanding their network
- Represent the **collective interests of our members**, serve the industry and shape the future

WE AIM TO RAISE LUXEMBOURG ON THE GLOBAL STAGE AND PROMOTE REAL ESTATE MARKETS WITHIN THE LOCAL COMMUNITY.

KEY FIGURES & INITIATIVES

- **140+ Supporting Members**, including top-tier companies and institutions, and **115+ Personal Members**
- **25+ annual events**, from high-profile conferences to featured property tours, training sessions, and more
- **7,000+ LinkedIn followers**, expanding our professional reach, and **100+ annual LinkedIn posts**, keeping the industry informed
- **Quarterly newsletter**, delivering strategic insights
- **Young Talents program**, fostering the next generation of real estate leaders
- **Real Estate awards**, recognizing excellence and innovation in the industry
- **Real Estate market beats survey**, providing exclusive market intelligence
- **Cross-Professional association initiatives**, aiming to drive Luxembourg's real estate industry forward collectively



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