The keys to unlocking value in real estate

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Real estate in Europe is coming into focus as investors recalibrate. Arrow Global says in-house expertise, discipline, and speed are the key to investing with conviction

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Stefano Giardina joined **Arrow Global** in 2024 to help grow the company's real estate business in Continental Europe.

Arrow's 24 local platforms now span eight Western European countries, with 4,400 specialists providing proprietary access to granular deals; more than 90% of these are secured by hard assets, principally real estate or cash in court, while supporting €112bn of AUM and five discretionary funds.

How are you seeing the long-term prospects for private real estate in Europe?
Investors, particularly those with large US allocations, are redirecting their attention to continental Europe and the UK, markets they have largely overlooked for the past three to five years. They are using the current turbulence in North America as an opportunity to recalibrate. At the same time, geopolitical and macroeconomic uncertainty – Ukraine, the Middle East, and even within the US – is prompting some competitors to retreat.

How does your approach to real estate generate returns in this environment?
We are often one of the few investors willing and able to deploy capital when markets are dislocated. Take last December's acquisition of a site in Leipzig: with many bidders sidelined, competition was minimal, and we secured attractive entry pricing. Now, we are working with our long-standing lending partners to add conservative leverage and recycle a portion of our equity. Those banks know our underwriting is disciplined and that we build in ample 'margin of safety', which gives them confidence.

How are you adjusting your strategy and deal structures?
We're staying disciplined, laser-focused on our core competencies, and we go highly granular. We focus on investments where the fundamentals support the business plan. We avoid strategies that are too exposed to global trends, like large-scale logistics or non-core offices. Instead, we focus on sectors that demonstrate structural resilience, like living, 'community' retail, and hotels & resorts.

How do you balance top-down macro views with bottom-up local insights?
We begin with what already works inside our portfolio, pinpointing centres of excellence, such as residential and hospitality in Southern Europe. From there, we examine the macro trends that matter most: for example, tourism flows, demographic aging, and persistent supply-demand imbalances in housing.

What regional differences do you see in Europe? Is there a core and a periphery?
For us, there's no periphery. Portugal, Italy, and Spain are as core as France, Germany, the UK, and Ireland because we have strong operating platforms in each market. We invest only where we can add value; if we can't, we pass. But when we do invest, we commit with full conviction.

What capabilities do you think are critical to adding value in real estate today?
Value creation has to run through the entire lifecycle – origination, underwriting, business plan execution, and exit. Our platforms surface off-market deals that others never see. We build conviction through data and collaboration, consulting every Arrow Global team with relevant expertise to test and refine each thesis. No single capability is decisive; it's the way each element integrates that drives outperformance.

Where does real estate fit in institutional portfolios today?
Compared with other investment categories, real estate has been under-allocated for most institutions over the past five years, due to the pandemic, inflation, and sharply rising cost of capital. Legacy exposures, especially to traditional offices, also made some investors cautious. Today, however, the opportunity set looks compelling: high-quality, income-producing assets are still available at attractive prices because capital has been scarce. Investors with flexible capital, expertise, and discipline can step in, unlock value, and capture outsized risk-adjusted returns.