

REVIEW

# OFFICE MARKETS

EUROPE Q4 2024

RESEARCH & INSIGHTS



**BNP PARIBAS  
REAL ESTATE**

Real Estate for a changing world



# Q4 2024

## OFFICE MARKETS EUROPE

Demand for office space stabilized in Europe in 2024. The overall result remained below the long-term average (-15%). This reflects both a challenging economic environment, and structural changes in the office market where occupiers focus on smaller, more efficient and flexible premises.

**7.96 M sqm** **+1% y/y**  
TAKE-UP - 18 CITIES (2024)

### Significant deals

QUARTER	TENANT / SECTOR	LOCATION	SQM
Q2	Régie des Bâtiments Public administration	Brussels	56,000
Q1	CDC Banking, financial services	Paris	41,274
Q1	ECB European Central Bank Banking, financial services	Frankfurt	36,800
Q4	Lloyds Banking, financial services	Edinburgh	26,247
Q3	Santander Bank Banking, financial services	Warsaw	24,500
Q4	Presidenza del Consiglio Public administration	Rome	18,500

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### TAKE-UP

Letting in the 18 main European office markets amounted to 7.96 million sqm at the end of 2024, in line with the 2023 results. Economic uncertainty in the major European markets continued to weigh on demand.

The six main German markets proved resilient despite a persistent gloomy economic context with 2024 take-up exceeding the 2023 results by 4%. Munich (606,000 sqm, +30%) drove the result boosted by several very large deals (over 10,000 sqm). Berlin also recorded a rise in volumes (581,000 sqm, +7%). Hamburg took the third position with 420,000 sqm (-7%), followed by Frankfurt (398,000 sqm, +1%). Cologne and Düsseldorf closed the year neck and neck with respectively 227,000 sqm and 220,000 sqm.

Take-up in Central Paris was down by 7% on last year, representing 1,75 million sqm. The large-unit segment (> 5,000 sqm) created most of the slowdown with 49 deals transacted (amounting to 546,000 sqm) vs. 56 deals in 2023 (623,000 sqm).

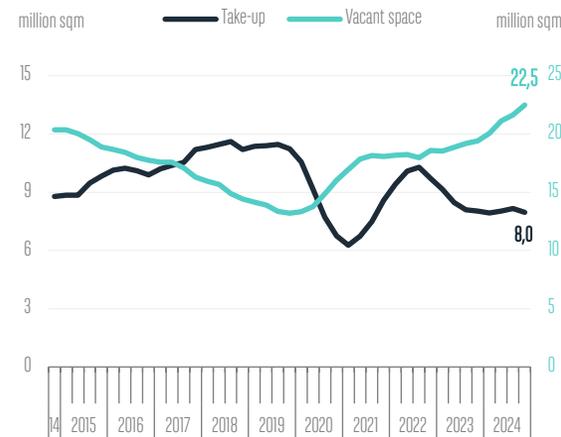
Central London take-up amounted to 979,000 sqm in 2024, decreasing by 6% vs 2023, with strong growth in submarkets such as Southbank (+34% y.o.y) and Midtown (+59% y.o.y). Professional Services was the most active tenant sector in 2024 accounting for 26% of market share, directly followed by Banking and Finance at 26%.

Take-up continues to expand in Madrid (572,000 sqm, +19%) while in Milan, volumes declined (371,000 sqm, -16%) but remained in line with the long-term average.

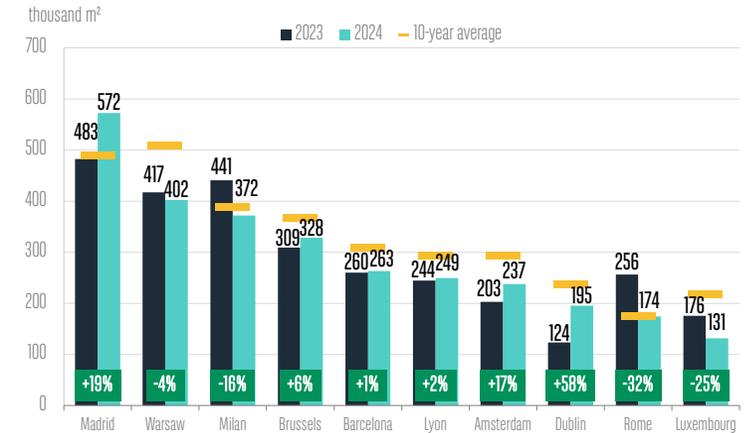
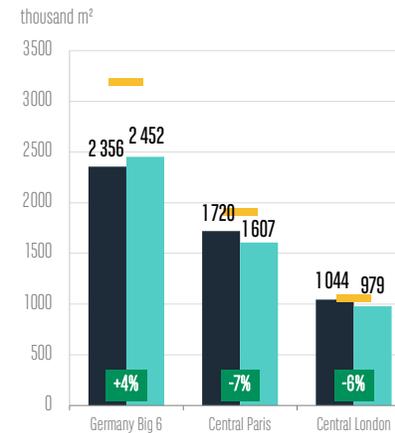
### Office take-up Europe - 18 cities



### Office cycle (rolling year) Europe - 18 cities



### Office take-up by market



Source: BNP Paribas Real Estate



# Q4 2024

## OFFICE MARKETS EUROPE

### KEY FIGURES

**+14%** vs. Q4 2023  
BRUSSELS PRIME RENT

**+5.4%** vs. Q4 2023  
PRIME RENTS (main markets)

**+3.3%** vs Q4 2023  
NET EFFECTIVE AVERAGE RENTS (main markets)

The gap between prime and average rents is expanding reflecting the dichotomy of office markets.

Prime rental values are still driven by high demand for top space.

Average rents are growing at a slower pace as demand for secondary locations is weaker.



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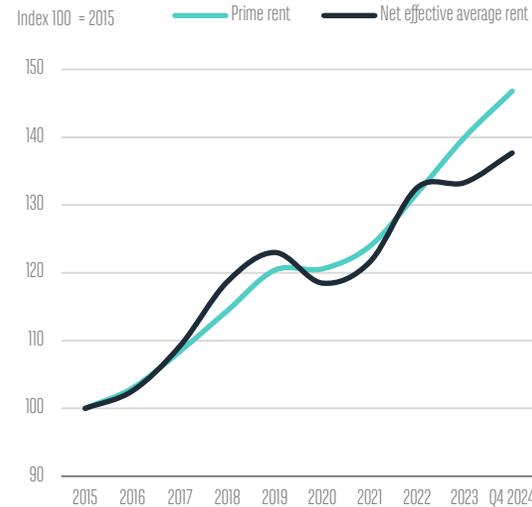
### RENTS

Prime rents continue to be supported by two factors: the appeal of high-quality buildings in central areas and the limited availability of those units.

Over the past 12 months, Brussels (+14%), Central Paris (+12%), Central London and Amsterdam (+7%) have seen the most significant increases in values.

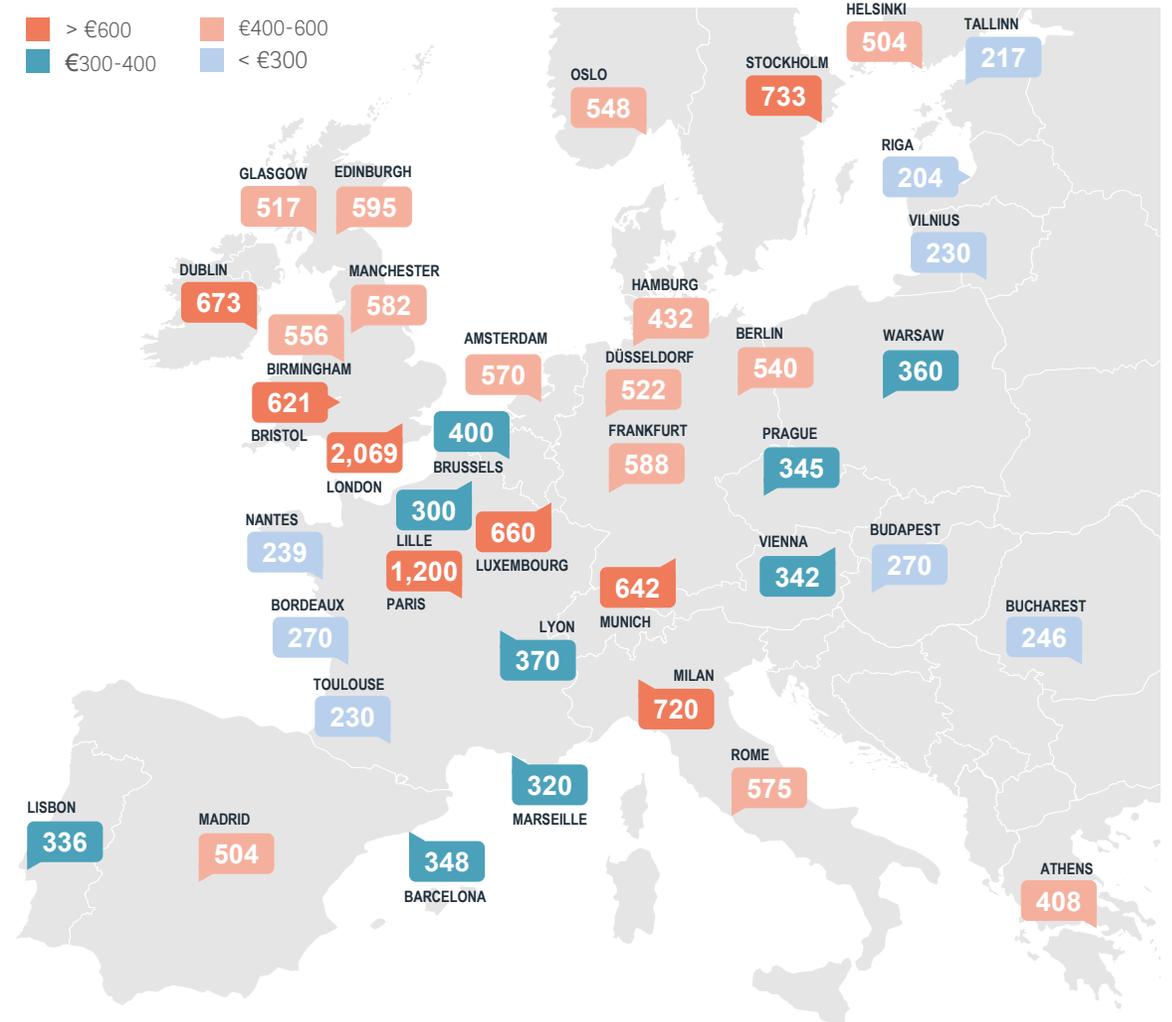
The upward trend in prime rents is likely to continue, albeit at slower pace. We expect further rises (around +3% on average) over the next couple of years.

Overall, rental values may weaken as slower take-up takes a toll on average rents, especially second-hand assets or units located in more peripheral areas which increasingly suffer from a lack of occupier interest.



### Office prime rents in Europe €/sqm/year

- > €600
- €400-600
- €300-400
- < €300



Source: BNP Paribas Real Estate



# Q4 2024

## OFFICE MARKETS EUROPE

Low availability prevails in central submarkets, particularly for new buildings that secure demand.

Much higher vacancy rates are found in peripheral office districts and for second-hand space.



**8.8%** **+70 bp vs Q4 2023**  
VACANCY RATE (27 MARKETS)

**5.4%**  
CBD AVERAGE VACANCY RATE (13 MARKETS)

**10.5%**  
NON-CBD AVERAGE VACANCY RATE (13 MARKETS)

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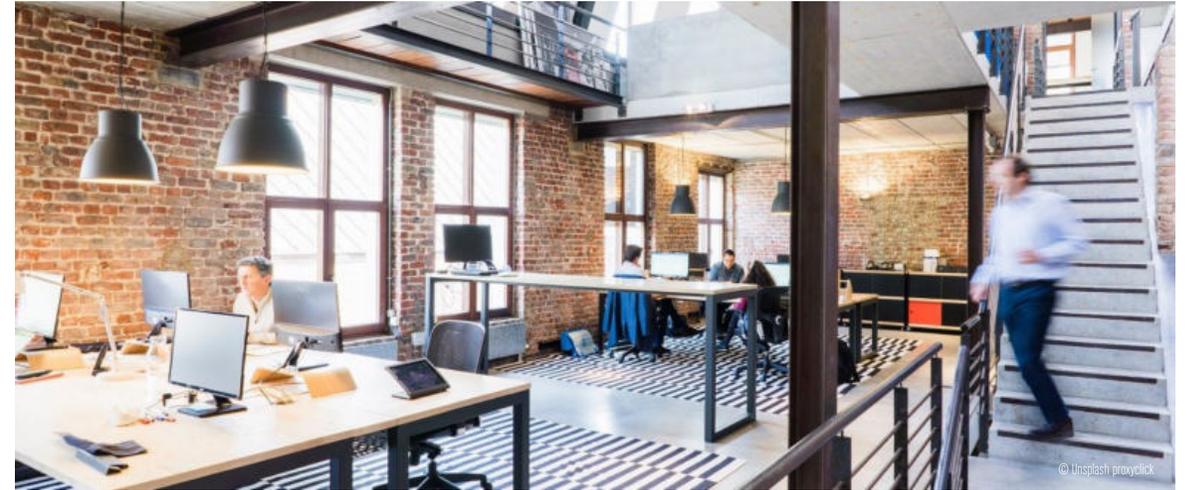


### VACANCY

Empty space remains at a reasonable level. The overall European vacancy rate stood at 8.8% at the end of 2024, rising by +70bp compared to the same period last year.

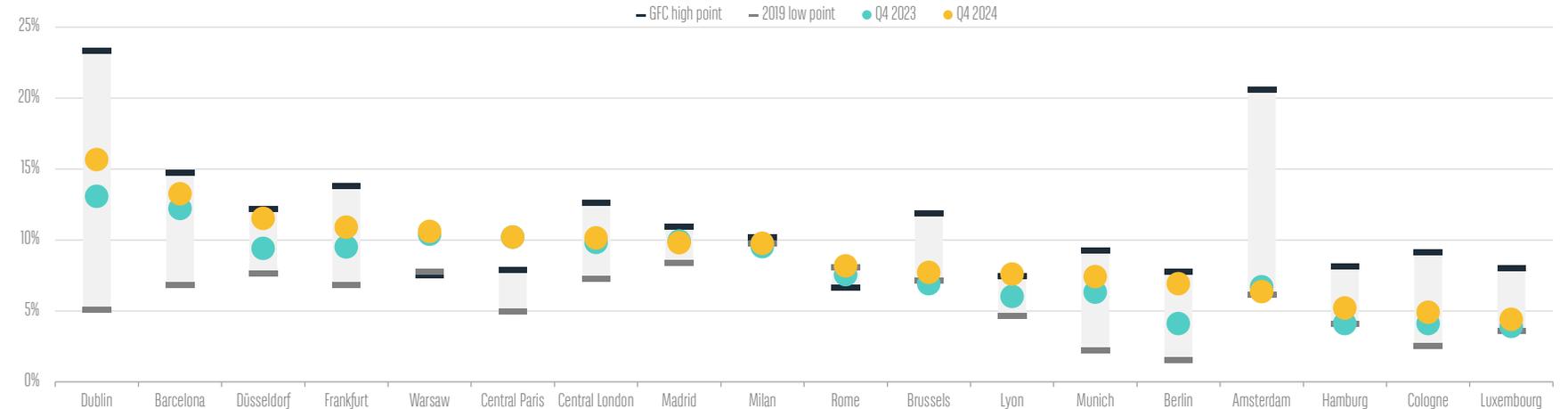
Vacancy expansion in numerous markets is the consequence of a growing geographical and quality mismatch in supply and demand.

Within the main European markets, contrasting patterns are also visible between districts. In the most-sought-after districts, availability remained very low (2.9% in Munich CBD, 3.5% in Paris CBD, 3.7% in Madrid CBD and Milan CBD). In contrast, vacancy continues to climb in many peripheral office districts. This dichotomy highlights the requirement put on buildings by occupiers for central locations and transport connectivity.



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### Vacancy rate



Source: BNP Paribas Real Estate



# Q4 2024

## OFFICE MARKETS EUROPE



### GLOSSARY

BNP Paribas Real Estate is working on producing indicators which are as comparable as possible. This is a complex issue, due to cultural differences from market to market. Nevertheless, as we aim to actively contribute to the transparency of the markets, we have highlighted those definitions and indicators which are strictly comparable, so that our readers can understand what the indicators mean.

Exchange Rates into € are the average value observed over the quarter.

#### LETTINGS & SALES

**Take-Up** represents the total floor space known to have been let or pre-let, sold or pre-sold to tenants or owner-occupiers during the survey period.

It does not include space that is under offer

- A property is deemed to be "taken-up" only when contracts are signed or a binding agreement exists
- Pre-let refers to take-up that was either in the planning or construction stage
- All deals (including pre-lets) are recorded in the period in which they are signed
- Contract renewals are not included
- Sales and leasebacks are not included as there had been no change in occupation
- Quoted take-up volumes are not definitive and are consequently subject to change.

The breakdown of take-up by business sector is compatible with the European NACE code.

**Vacant space** represents the total floor space in existing properties, which are physically vacant, ready for occupation in the next three months (this period covers fit-out time) and being actively marketed at the survey date. Vacancy includes sublet space (except in Germany), but where possible, vacant sub-let space is recorded separately.

In France, vacancy excludes premises which the owner will renovate only once a lease is signed. Spain only counts immediately available space.

**Vacancy Rate** represents the total vacant floor space including sub-lettings divided by the total stock at the survey date.

**Development Pipeline** represents the total amount of floor space for all developments under construction and/or schemes (including major refurbishments) that have the potential to be built in the future through having a secured level of planning permission but remain unimplemented at the survey date. It includes all proposed new buildings, those constructed behind retained facades and buildings (or parts of buildings) undergoing a change of use to offices.

**Completions** represent the total amount of floor space that has reached practical completion and is occupied, ready for occupation or an occupancy permit where required has been issued during the survey period.

**Under Construction** represents the total amount of floor space in properties where construction has commenced on a new development or a major refurbishment (see separate definition) at the survey date. It includes properties for owner occupation, which are reported separately. It does not include sites being cleared for possible development in the future.

Property that is under construction but pre-let or for owner occupation is recorded separately where appropriate.

**Major Refurbishments** represents refurbishments, where building work must involve either structural alteration, and/or the substantial replacement of the main services and finishes. The quality of the floor space must have been substantially improved from its previous condition so as to offer accommodation of a modern standard – although not necessarily to the standard of a completely new building.

**Prime Rent** represents the top open-market rent at the survey date for an office unit:

- of standard size commensurate with demand in each location
- of the highest quality and specification
- in the best location in a market

Actual transactions are used in France, Germany and Belgium to support the headline prime rental quoted, but one-off deals, which do not represent the market, are disregarded. In the UK & Spain, if there are no prime

transactions during the survey period a hypothetical rent is quoted, based on expert opinion of market conditions.

**Central Business District average rent** is the average of each of the last four quarters' average headline rent in the CBD. Each quarterly average rent is weighted by the surface of each lease signed during the quarter, in either new or second-hand premises. The definition of CBD corresponds to local conventions.

**Central London** includes the following districts: West End, Midtown, City, Docklands, Southbank, Western Fringe and Northern Fringe.

**Central Paris** includes the following districts: CBD, Paris out of CBD, La Défense, Western Crescent and Inner Rim.

#### INVESTMENT

**Investment volume** takes into account all commercial properties BNP Paribas Real Estate is aware of, whose owner has changed during the studied period, whatever the purchasing price. It includes **Office buildings, Retail** (supermarkets, hypermarkets), **Industrial and Logistics Warehousing** and Others (Hotels, Cinema, Leisure, Car Parks, Care Homes, parts of portfolio which can not be split up by product, and Development Sites in Germany). Quoted investment volumes are not definitive and are consequently subject to change.

Full-year investment volumes are made up by adding the four quarters of each year.

**Initial Prime Gross Yield** is defined as Gross income (i.e. income before costs of ownership) over purchase price excluding costs of acquisition.

**Initial Prime Net Yield** is defined as Net income (or NOI) over purchase price plus all other costs of acquisition.

**Investment volume by investor/seller type** refers to the following categories: Insurance, Private Investors, Public Sector, Corporates, Property Companies & REITS, Consortium, Funds and Other.

**Investment volume by investor/seller nationality** refers to the following categories: Eurozone, Non-Eurozone, North America, Other America, Asia, Middle East, Australia, International and Other.



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Q4 2024

OFFICE MARKETS  
EUROPE



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