REVIEW

OFFICE MARKET

EUROPE Q3 2025

RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Q3 2025

OFFICE MARKET EUROPE

Take-up remained flat, driven more by small to medium sized deals focused on modern, and adaptable space in the city cores.

The market remains characterized by a limited number of large-scale transactions that partly reflects the vacancy difficulties created by reduced office development.

5.95 M sqm +2% y/y

TAKE-UP -18 CITIES (9M 2025)

Significant deals

QUARTER	TENANT / SECTOR	LOCATION	SQM
Q3	NXP Semiconductors Technology, media and communication	Hamburg	26,600
Q3	CEU Vienna Public administration	Vienna	25,000
Q3	Confidential	Budapest	22,183
Q3	Naturgy Energy Group Manufacturing and construction	Madrid	19,123
Q3	Spotify Technology, media and communication	Stockholm	17,500
Q3	Allianz Global Investors Banking, financial services	Frankfurt	17,400

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TAKE-UP

Letting in the 18 main European office markets amounted to **5.95 million sqm** over 9M 2025 (+2% y.o.y). This result is **close to the 5-year average**. The market is holding mainly due to the positive performance of **Frankfurt** and **Central London.**

Germany's office markets (BIG 6) ended Q3 with an impressive combined take-up of **1.91 million sqm**. The 9M result is **6%** above 9M 2024. Frankfurt's office market is by far the **most dynamic in Germany** with 9M take-up of 501,000 sqm. It is Frankfurt's **best 9M result since 2001.** An above-average **54%** of take-up can be attributed to the large-volume segment >5,000 sqm.

French political uncertainty emphasizes the users' wait-and-see approach. Take-up amounted to **1.09 m sqm** in Q3 2025, in Central Paris, **down 8%** vs Q3 2024 and still below the 5-year average (-6%).

Central London take-up amounted to 860,000 sqm in 9M 2025, **increasing significantly by 24%** vs 9M 2024, and 33% higher than its 5-yr average. Dublin also shown brilliant performances (+14% y.o.y), and 42% above its 5yr-average.

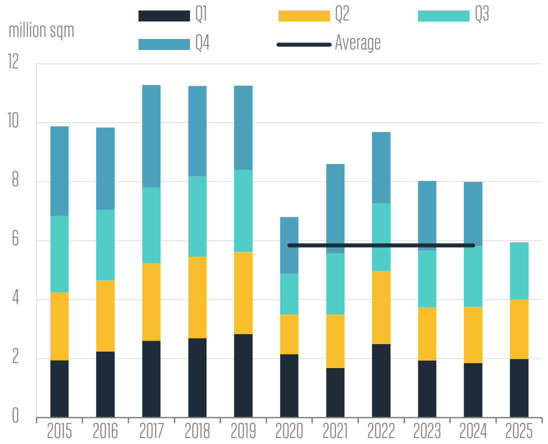
Spain recorded good signs in Barcelona **(+18% y.o.y)** and **35%** over its 5yr-average. The 22@ district in Barcelona drove demand in the city gathering 57% of take-up in the city. Madrid decreased by **14%.**

Milan's office market saw **+4%** increase in the 9M take-up, although Q3 2025 take-up went down compared to Q3 2024. In Rome take-up contracted in Q3 2025 (**-28%** vs Q3 2024), primarily due to a certain lack of larger deals.

Brussels and Warsaw showed similar trends, with declines in the third quarter (respectively **-18% and -1%**) and lettings below their 5-year average (respectively -16% and -5%).

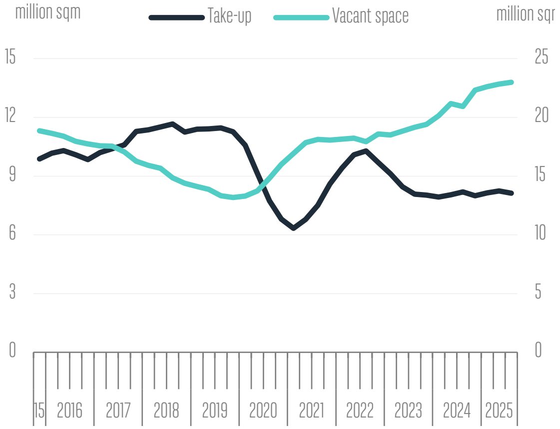
Office take-up

Europe - 18 cities

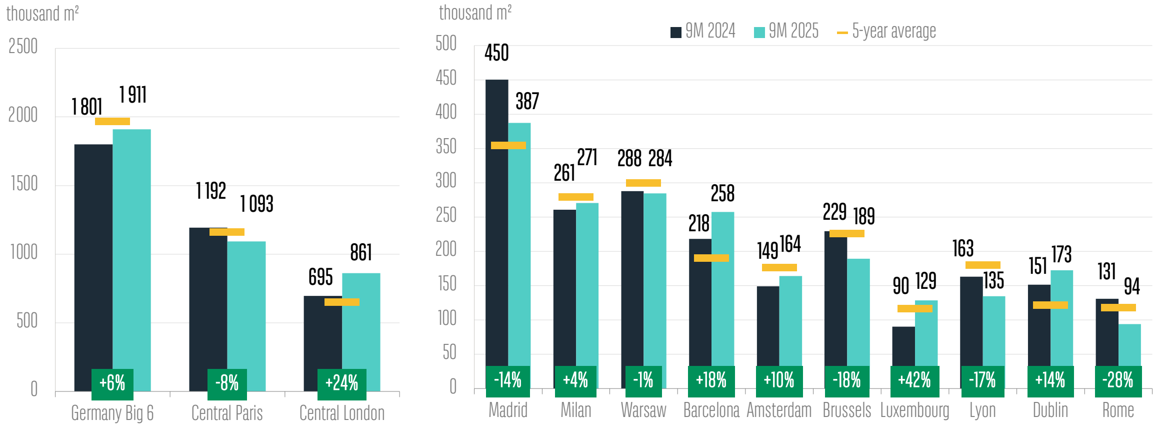


Office cycle (rolling year)

Europe - 18 cities



Office take-up by market



Source: BNP Paribas Real Estate

Q3 2025 OFFICE MARKET EUROPE

KEY FIGURES

+24% vs. Q3 2024
RIGA PRIME RENT

+3.5% vs. Q3 2024
PRIME RENTS (main markets)

+5.6% vs Q3 2024
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 and requires higher incentives. However, this trend could diminish due to the reduction in the number of players willing to pay so much.

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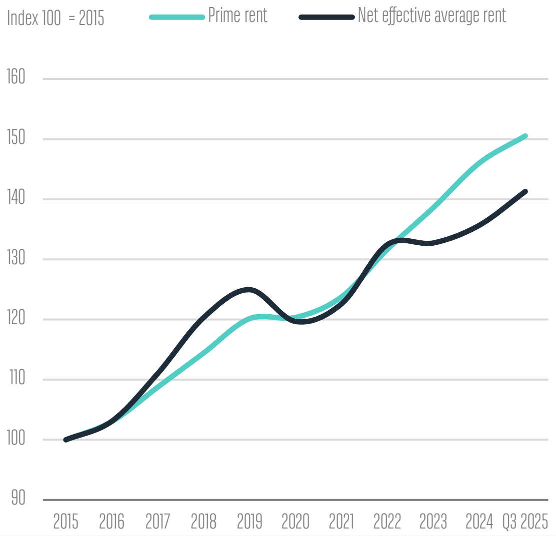
RENTS

The very low availability for grade A and the appeal of high-quality buildings located in the most sought-after districts continue to drive prime rents up. This phenomenon could be amplified by the increase in **return to office mandates** and a reduced **office development** pipeline.

Over the past 12 months, Riga (+24%), Budapest(+20%), Frankfurt (+10%), Tallinn (+9%) and Birmingham (+8%) have seen the most significant increases in values. Some French regional markets also recorded strong increases.

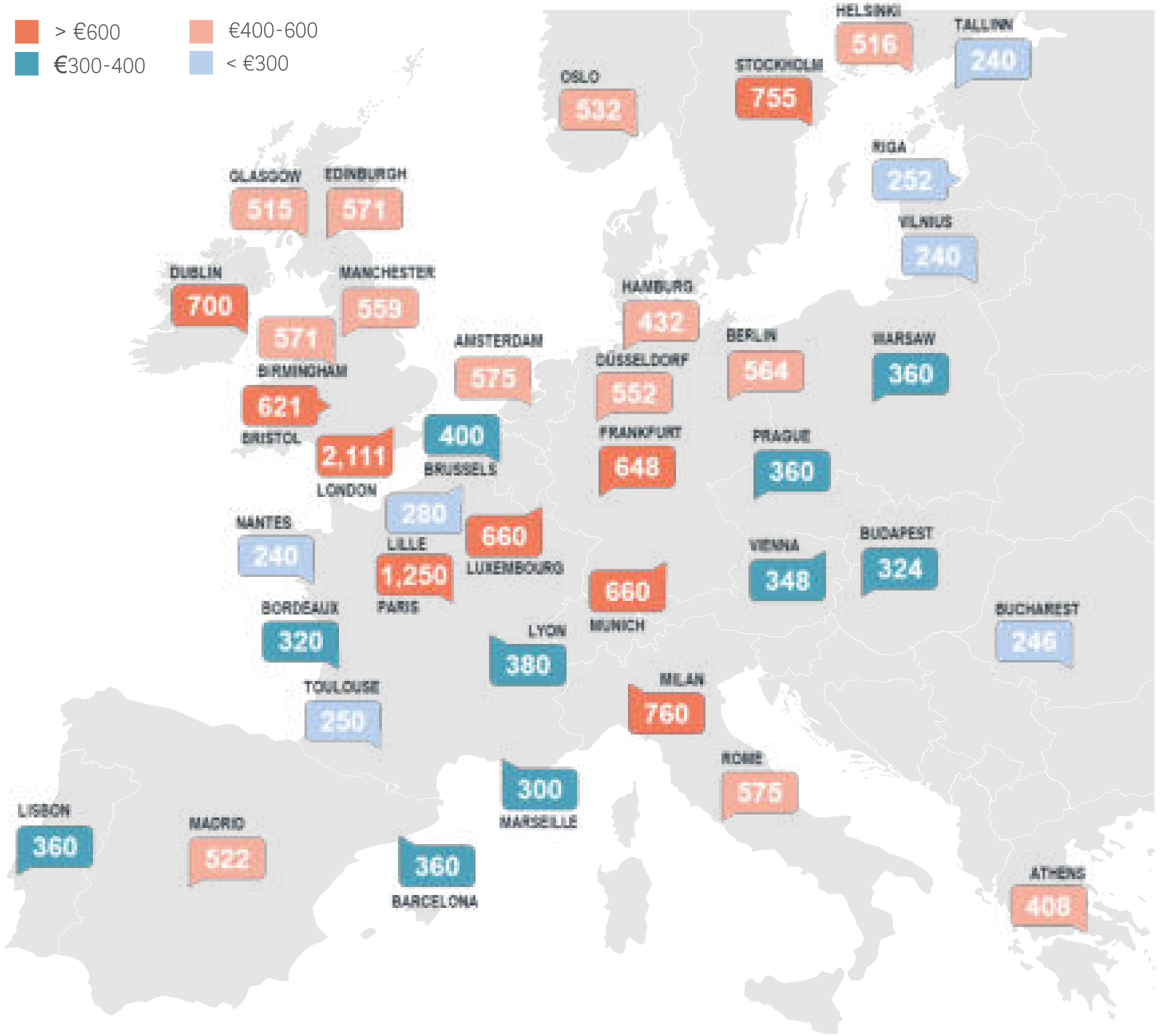
Limited options for modern buildings in central locations encourages tenants to look for cheaper near alternatives. Fringe markets often become a compelling proposition when rents are at a high reduction to traditional cores of CBDs.

Yet the nature of hybrid working means that fringe markets must still offer benefits beyond cost gains to attract demand. The most important here Is how transport friendly the market is followed by a distinct cultural identity. The most successful fringe markets may see rental growth if this balance is met.



Office prime rents in Europe

€/sqm/year



Source: BNP Paribas Real Estate

Q3 2025 OFFICE MARKET EUROPE

Low availability prevails in central submarkets, particularly for grade A buildings that provide high quality accommodation.

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

9.3% +85 bp vs Q3 2024
VACANCY RATE (38 MARKETS)

5.4%
CBD AVERAGE VACANCY RATE (13 MARKETS)

10.9%
NON-CBD AVERAGE VACANCY RATE (13 MARKETS)

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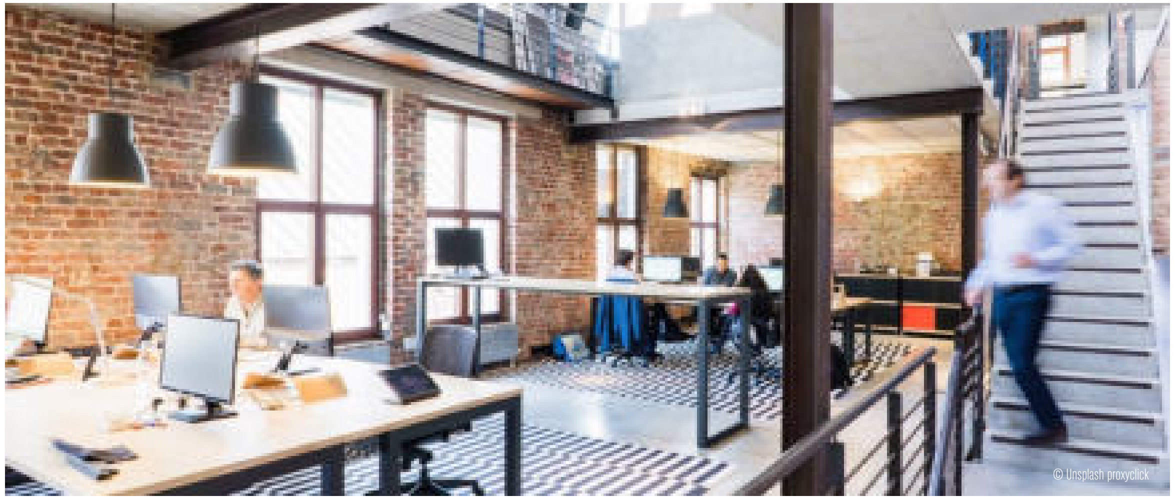
VACANCY

The overall European vacancy rate stood at **9.3%** at the end of the quarter, an increase of **+85bp** compared to the same period last year.

Many European countries are seeing the transformation of office space into other uses. In Germany, high levels of demolitions/conversions - notably outside the City Centre - have occurred since 2021. Vacancy growth is unlikely to boosted by construction given the ongoing **limited deliveries** of new offices. Much of this is already pre-let.

In the most-sought-after districts, vacancy remains very low (**2.1%** in Barcelona CBD and -80 bp, **2.7%** in Milan CBD and -130 bp, **3.5%** in Munich CBD and +80 bp). In contrast, vacancy continues to climb in many peripheral office districts. Hybrid working and increased in-office cooperation mean occupiers continue to prioritize buildings in traditional central locations. This is for **reasons of accessibility as much as quality**. Grade A space is available outside the center, but often poorly connected.



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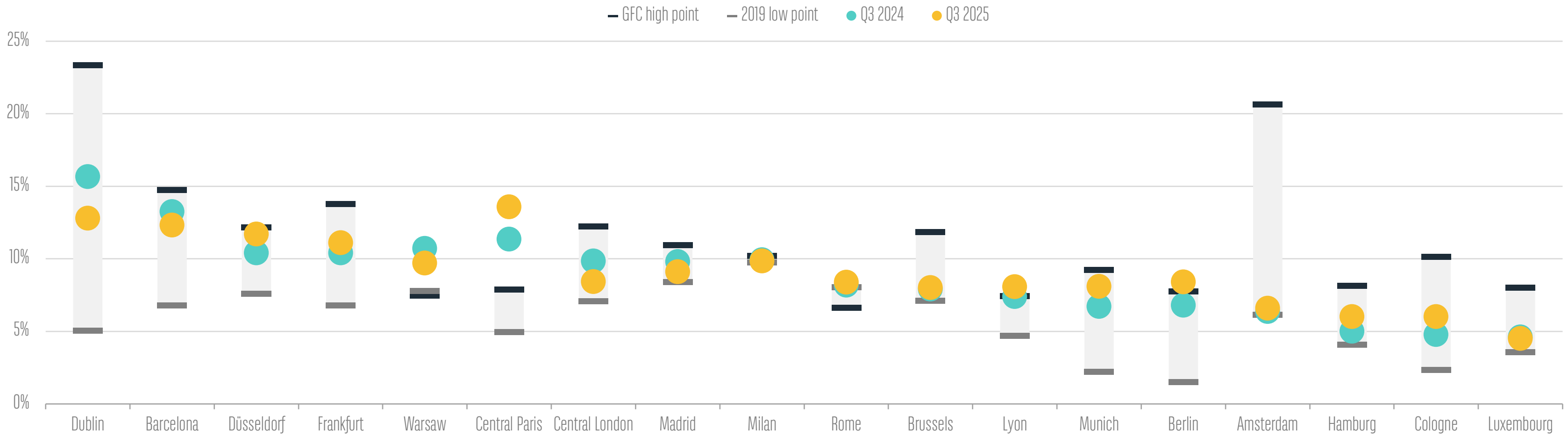
Vacancy rate



Source: BNP Paribas Real Estate

GLOSSARY

BNP Paribas Real Estate continually works to produce indicators which are as comparable as possible. This is a complex issue, due to cultural differences from market to market. **Our goal is to actively contribute to market transparency**. Consequently, we present those definitions and indicators which are strictly comparable, so that our readers can understand BNP Paribas Real Estate market data.

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, that is 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), and where possible, vacant sub-let space is recorded separately.

Vacancy Rate represents the total vacant floor space 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 (see definition below) that have the potential to be built in the future. Proposed schemes must have secured 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.

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 at the survey date. 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 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 to support the headline prime rental quoted, but one-off deals, which do not represent the market, are disregarded. If there are no prime transactions during the survey period a hypothetical rent is quoted, based on expert opinion of market conditions.

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

Commercial Real Estate investment volume covers all commercial properties BNP Paribas Real Estate is aware of, whose owner has changed during the studied period. It includes **office buildings, retail, industrial and logistic warehousings, hotels** and others (healthcare, senior housing, data centres, life science, leisure, car parks, parts of portfolio which can not be split up by product and development sites). This classification is applicable to Pan-European studies; however local market practices may vary across countries. Quoted investment volumes are not definitive and are consequently subject to change.

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

Prime Yield represents the low open-market yield at the survey date for an office unit. Its calculation follows the same rule as the prime rent.

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