

REVIEW

CAPITAL MARKET

EUROPE Q3 2025

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RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



Q3 2025

CAPITAL MARKET EUROPE

Economic growth has slowed towards the middle of the year, partly due to the impact of US tariffs. However, we expect an acceleration in Q4 and into 2026 supported by fiscal policy. In this context, year-to-date investment in European commercial real estate reached €111.3bn in Q3, continuing the asset's pattern of elongated recovery.

KEY FIGURES

€113.2bn ▲ +5 % y/y
Investment volume 9M 2025

€29.0bn ▲ +6% y/y
Offices edging back to growth

€28.5n ▲ +1 % y/y
Logistics showing fluctuating growth

€25.3bn ▲ +13% y/y
Retail seeing many more buyers

€15.2bn ▲ +2% y/y
Hotels continue to consolidate its position

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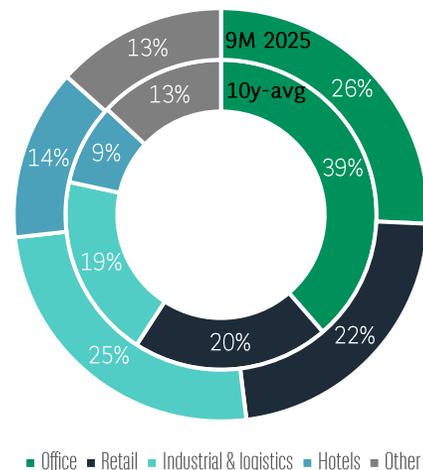
MARKET OVERVIEW

Total CRE volumes remain on a modest path of expansion (+4% y/y) that is consistent with recovery yet reflecting the difficulties the sector has encountered this year. Office investment at €29.0bn, is slowly but surely demonstrating progress back from its low point. The strongest sector was retail where €25.3bn was spent (+13%), reflecting investor perceptions about value. Logistics' performance is broadly stable at €28.5bn (+2%) over 9M 2025. Hotels (around €15 bn) continue to attract interest, maintaining a market share of 14%.

Foreign capital is around 42% of total investment with the European cross-border investment maintaining its leading position (+5%). American capital allocation to the European market contracted by 8%, reflecting a cautious response to a subdued economic environment.

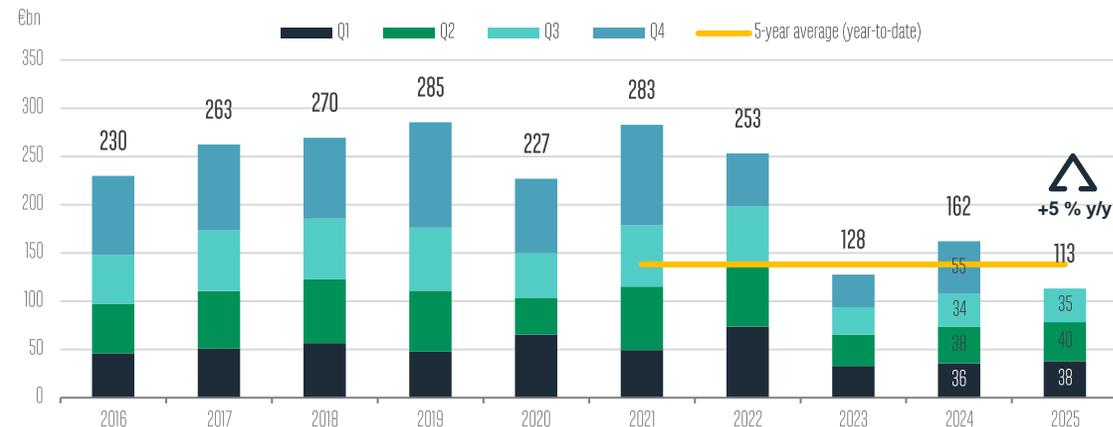
Prime yields remained broadly stable across most asset classes. There is still insufficient overall market demand to compress yields universally, yet the end of monetary tightening has removed much of the rationale for further decompression.

Market share by asset type



(excludes residential investment)

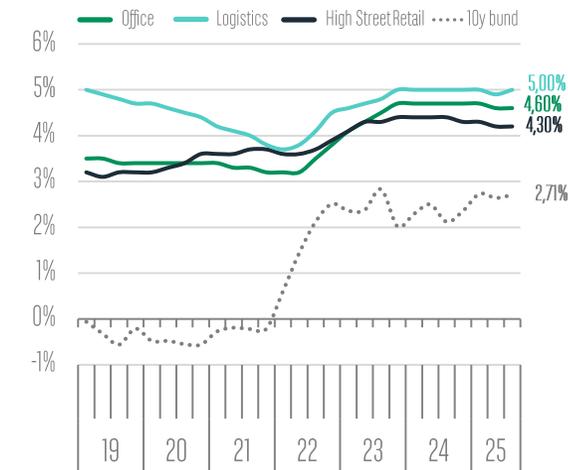
European CRE Investment volume



Capital flows

	9M 2025	VS. 9M 2024
Europe	€20.6bn	+5%
Americas	€16bn	-8%
Middle-East	€1.2bn	-11%
APAC	€4.5bn	+29%

Average prime yields



Source : BNP Paribas Real estate



Q3 2025

CAPITAL MARKET EUROPE

KEY FIGURES

Spain
+46% vs. 9M 2024
Investment volume

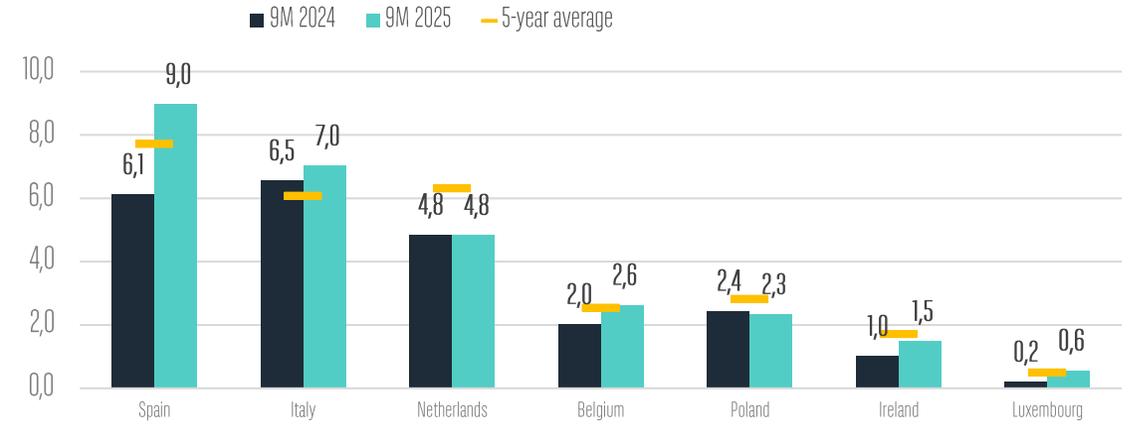
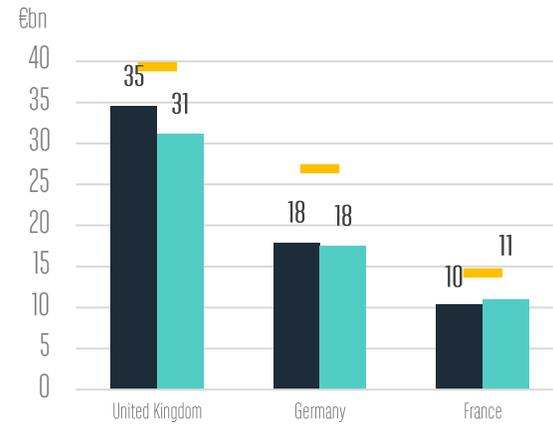
Belgium
+30% vs. 9M 2024
Investment volume

SIGNIFICANT DEALS

QUARTER	ASSET CLASS	LOCATION	PROPERTY NAME	VOLUME
Q2	Industrial & Logistics	United Kingdom	Urban Logistics REIT PLC	€1.2bn
Q1	Retail	Paris, France	Kering Portfolio	€837m
Q1	Retail	United Kingdom	Covent Garden Estate Portfolio (25% stake)	€660bn
Q1	Office	Berlin, Germany	Upper West	Conf.
Q3	Retail	Lombardy, Italy	Oriocenter	€450m
Q3	Office	Paris, France	Solstys	€435m
Q3	Retail	Italy	Blackstone SC Portfolio	€410m
Q1	Senior Housing	Hamburg, Germany	Pflegen & Wohnen Portfolio	Conf.
Q1	Retail	Valencia, Spain	Bonaire shopping centre	€305m
Q2	Office	Madrid, Spain	Ramirez de Prado street	€265m

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9M 2025 CRE Investment volume per country



At almost €60bn over 9M 2025, the market share of the big 3 countries (UK, Germany and France) represents 52% of the investment volume.

The backdrop of global macroeconomic uncertainties resulted in contrasting patterns. The United Kingdom declined by -10% (vs. 9M 2024), Germany's total investment volume is now stabilizing with a small decline (-2%). Alongside this, French investment volumes grew by 5% reaching €10.9bn, where offices captured 37% market share, showing positive momentum compared to the same period last year (29% as of 9M 2024).

Spain showed almost €9 billion thanks to a surge in Q2 of almost €4bn. Most asset types experienced growth, especially in offices that doubled volumes to €1.4bn. In contrast, Belgium investment grew by 30% over 9M 2025, driven by an activity surge across all segments except Offices.

This reflects the current office market's recovery picture where much of investor negativity is reducing, which resulted in steady growth in selected markets (Germany, France, Ireland, Netherlands).



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Source : BNP Paribas Real estate



Q3 2025

CAPITAL MARKET EUROPE

KEY FIGURES

4.60%
European average
prime office yields

-10 bp y/y
 0 bp y/y

4.20%
European average
Prime high street retail yields

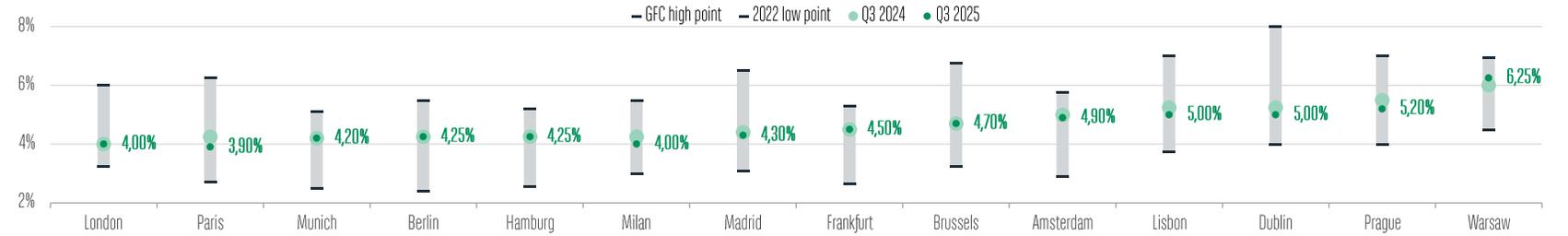
-20 bp y/y
 0 bp y/y

5.00%
European average
prime industrial & logistics yields

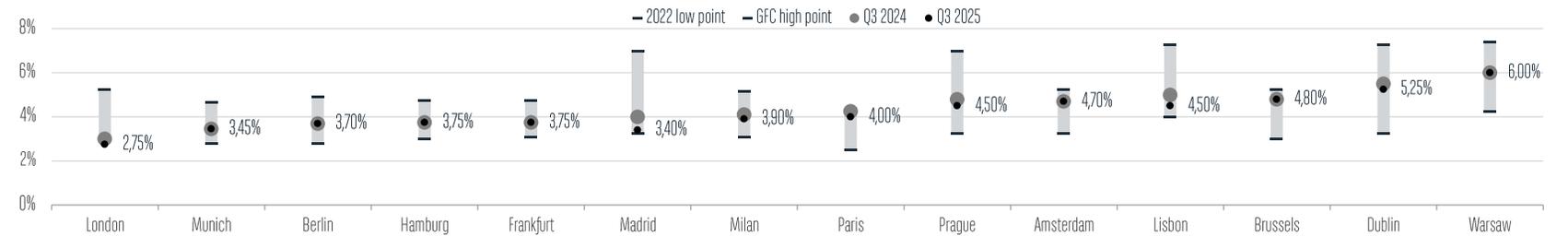
0 bp y/y
 -10 bp q/q

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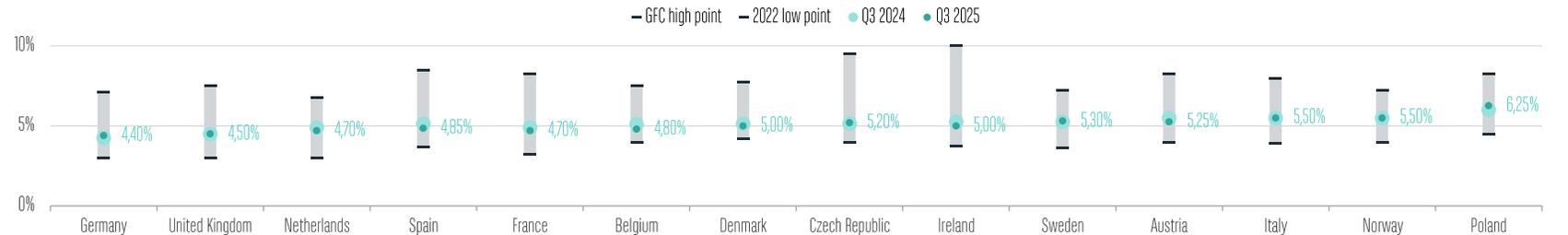
Prime office yields



Prime retail yields



Prime logistics yields



Source : BNP Paribas Real estate



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, Hotels** and Others (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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