REVIEW

RETAIL MARKET

EUROPE Q3 2025

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RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Q3 2025 RETAIL MARKETS EUROPE

SUSTAINED GROWTH IN INVESTMENT

The long-awaited recovery in retail investment showed clearcut sign of growth in 2025. Consistent expansion in volumes on a quarterly and yearly basis is now occurring, led by the shopping centres segment.

KEY FIGURES

€165.7 bn +17% y/y
Q3 2025 (RY) Commercial Real Estate Investment volume

€38.4 bn +26% y/y
Q3 2025 (RY) Retail Investment volume

23% vs. 21% in Q3 2024
SHARE OF RETAIL IN TOTAL CRE VOLUME
Retail ranks 3rd in commercial real estate by market share after office and logistics

United Kingdom
RETAIL INVESTMENT (RY) +26% y/y

RETAIL INVESTMENT

Investment into retail in Q3 increased by 26% year-over-year. **After a long period of declining interest** retail has regained momentum with investors looking for good value assets with growth potential. **Investors can perceive a turnaround in the amount of consumer spending and the shift in spending habits.**

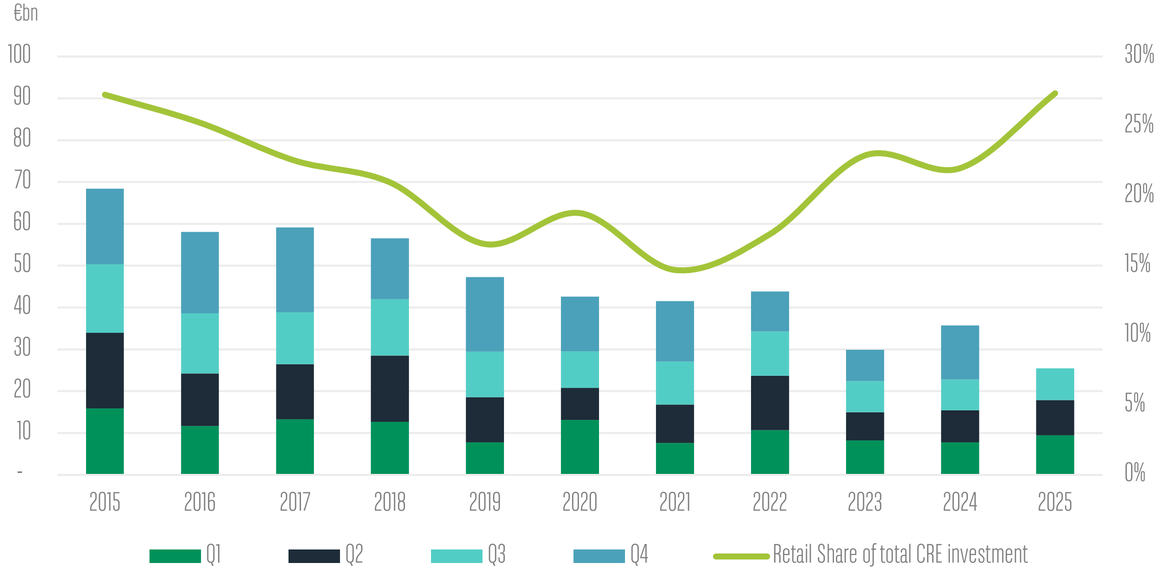
This is leading the resurgence of shopping in physical units that have adapted to new trends. The sector has successfully navigated structural changes by embracing new strategies such as experiential retail, omnichannel models and mixed-use developments.

The perception that the sector has overcome many of its challenges makes it more attractive. In Q3 2025, retail investment was stronger than the other asset classes.

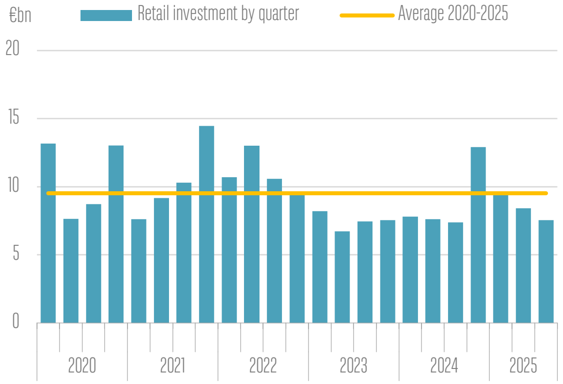
Interest has led to the reversal in decline of market share. The steady uptick in market share, driven mostly in recent years by the luxury sector, strengthened considerably over 2025 with purchases of other retail types.
Lower interest rates are improving the feasibility of acquisitions, supported by the recovery in the fundamentals of household income and retail sales. Nevertheless, this is not a widescale return to retail.

Retail is now a highly differentiated asset class: purchases remain selective and secondary retail is still under pressure. While total volumes are till below the historical average, they may return to pre-pandemic levels in the coming years.

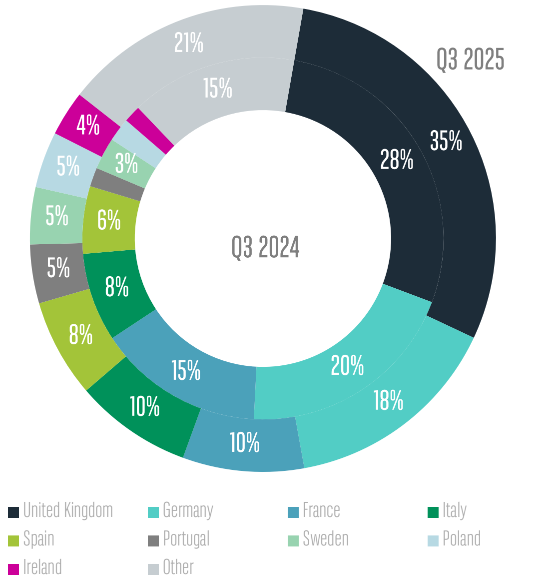
European Retail investment volume (2015-2025)



Retail investment by quarter (2020-2025)



Retail investment by country (rolling year)



Source : BNP Paribas Real Estate Research

Q3 2025 RETAIL MARKETS EUROPE

KEY FIGURES

Investment volumes Europe *(6 countries)*

High Street -21% vs. Q3 2024

Shopping Centres +54% vs. Q3 2024

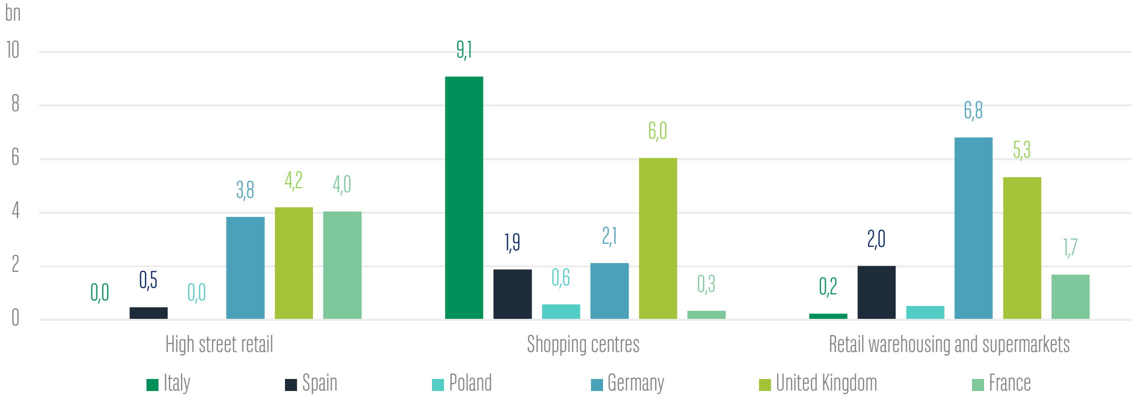
Retail Warehousing +17% vs. Q3 2024

SIGNIFICANT DEALS

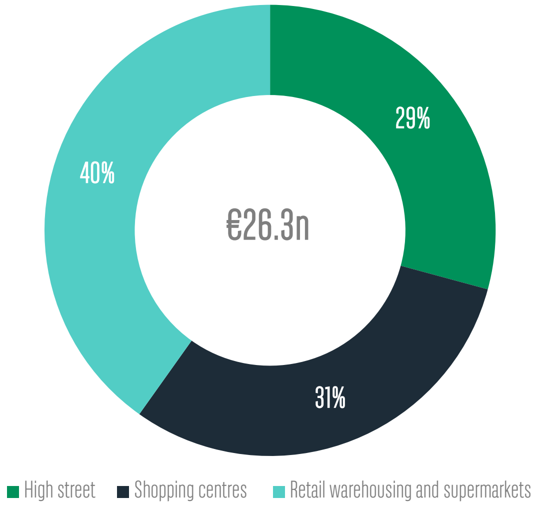
QUARTER	SEGMENT	LOCATION	PROPERTY	VOLUME
Q1	High Street	Paris, France	35 Avenue Montaigne	€599m
Q4	Shopping Centres	Dublin, Ireland	Blanchardstown Shopping Centre	€575m
Q2	Supermarkets	United Kingdom	Portfolio of 8 supermarkets of Supermarket Income REIT, Nationwide	€465m
Q3	Shopping Centres	Lombardy, Italy	Oriocenter	€450m
Q3	Shopping Centres	Italy	Franciacorta Village, Valdichiana Village and Palmanova Village Portfolio	€410m
Q4	Shopping Centres	Katowice, Poland	Silesia City Center	€405m
Q4	Retail Park	Wroclaw, Poland	Magnolia Park	€370m
Q2	Shopping Centres	London, United Kingdom	Brent Cross Shopping Centre	€360m
Q3	Shopping Centres	Birmingham, United Kingdom	Bullring and Grand Central Shopping Centres	€360m
Q1	Shopping Centres	Valencia, Spain	Centro Comercial Bonaire	€305m

RETAIL INVESTMENT

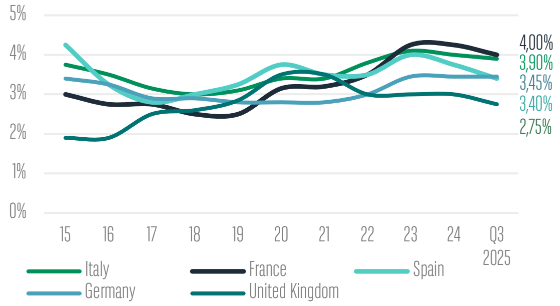
Retail investment by asset type - most performing countries



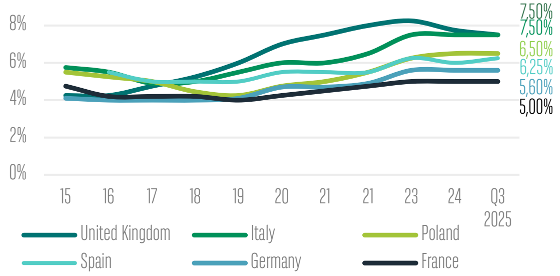
Retail investment by asset type (6 countries)



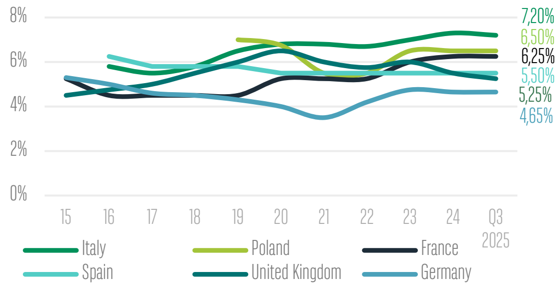
Prime yields - High street



Prime yields - Shopping centres



Prime yields - Retail warehousing



Source : BNP Paribas Real Estate Research

Q3 2025 RETAIL MARKETS EUROPE

KEY FIGURES

+8.3% Q3 2025 vs. Q2 2025
RETAIL CONFIDENCE INDICATOR

+0.5% Q3 2025 vs. Q2 2025
CONSUMER CONFIDENCE INDICATOR

+1,5% Q2 2025 vs. Q1 2025
CONSUMER SPENDING

+0.1% Q3 2025 vs. Q2 2025
RETAIL SALES GROWTH

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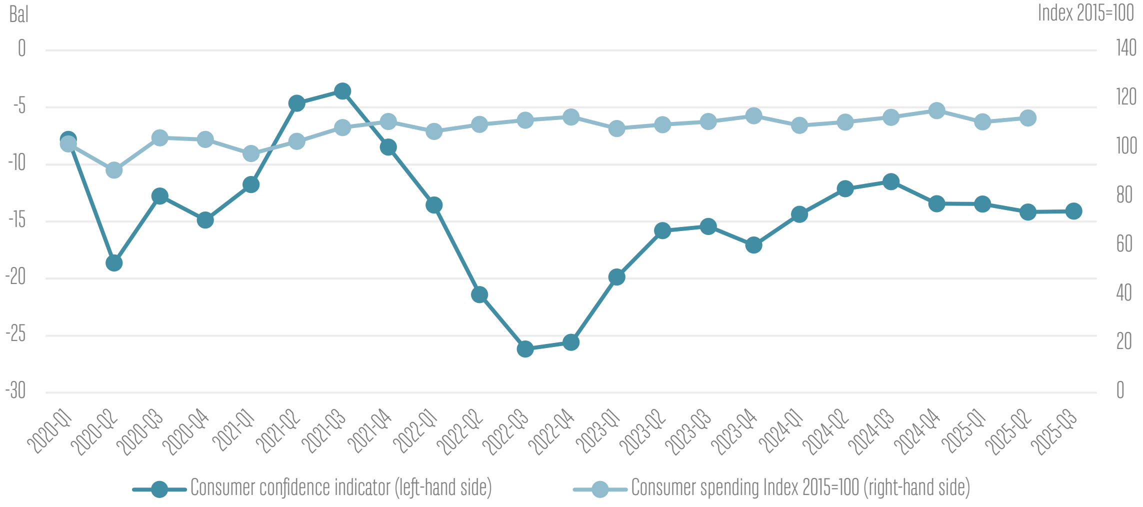
MARKET FUNDAMENTALS

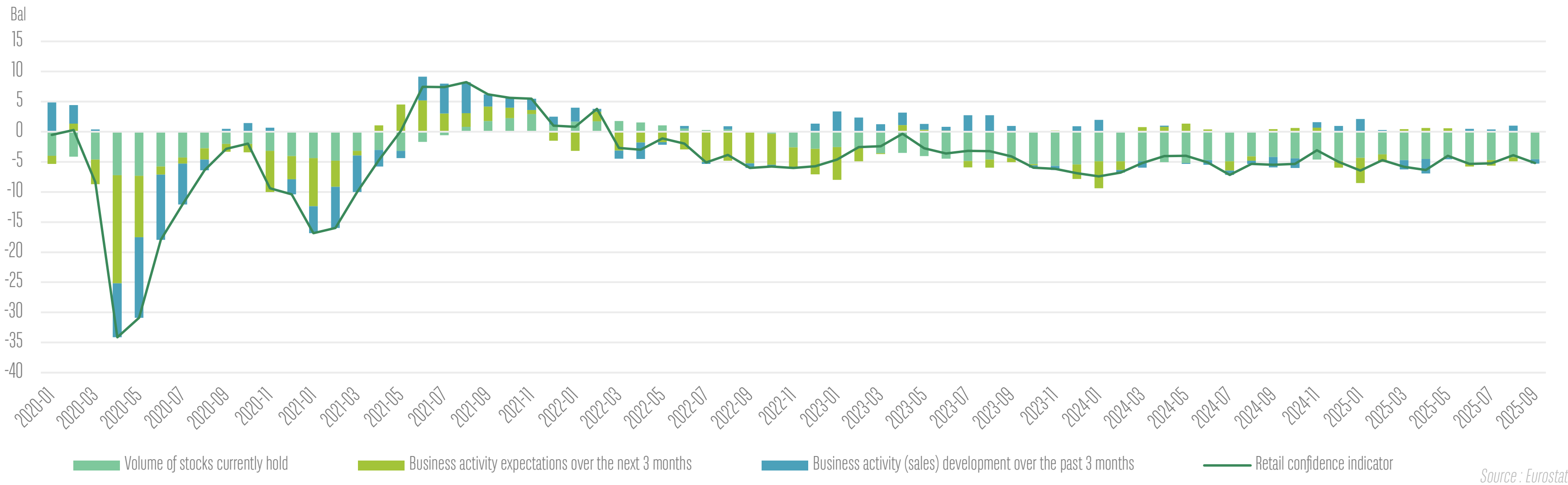
Market fundamentals present a mixed picture for retail in Q3. Overall, there is improvement, yet it is slow. Spending itself remains skewed towards essentials though the ECB's Consumer Expectations Survey indicates that holiday-related purchase expectations remain strong.

Consumer confidence, that has been flat for most of the year, picked up in September and October heading back to the long-term average. Consumer confidence and consumer spending now move at the same pace, narrowing the gap that appeared at the beginning of 2020. Retail confidence improved significantly in Q3 2025 compared to Q3 2024 powered by more optimism from retailers about their business prospects. Retail sales growth is also heading upwards with Q2 2025 proving to be more dynamic than Q1 2025.

Retail confidence indicator and volume of sales



Retail survey results



Source : Eurostat

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.

RETAIL ASSETS

High-street retail: High street retail encompasses retail properties situated directly along public streets providing direct access to pedestrians. This category includes ground floor retail units, department stores and bank branches.

Shopping centre: A shopping centre is a purpose-built complex gathering multiple retail units services and entertainment facilities. It can be located in city centre, suburban and out-of-town. These centres vary in scale and function ranging from small convenience-oriented complex to large regional malls that include department stores, supermarkets and a diverse mix of specialist retailer leisure. It also includes designer outlet centres, and factory outlet centres.

- Designer outlet centres provide discounted designer and luxury goods in an outdoor setting.
- Factory outlet centres focus on branded goods at reduced price.

Retail warehousing and supermarkets: Retail warehouses and supermarkets are large retail establishments designed to offer a wide range of products to consumers. This category gathers retail parks, supermarkets, hypermarkets, and big boxes (retail warehouses). Mainly located in peripheral areas, retail warehouses are freestanding units that accommodates category dominant retailers (furnitures, electronics, clothing).

- Retail parks are large scale open-air retail developments of at least 5000 m² that include a variety of retail formats such as retail warehouses, large fashion malls, located in out-of-town areas. These establishments share a common focus on offering a diverse shopping experience in spacious location and usually provide on-site parking. Retail warehouses are large adaptable units housing category dominant goods.
- Supermarkets: Less than 2500m², supermarkets, located either in-town or out-of-town, are primarily focused on essential food groceries and household products often including a selection of non-food items.
- Hypermarkets are large retail stores, measuring more than 2,500 sqm, which sell a variety of products such as appliances, clothing and groceries.

LETTINGS

Rent: common annual headline rent, expressed per square metre per year, and excluding taxes and charges.

Average rent: weighted average of rented area. The average featured is a moving average over three quarters, to smooth out the changes.

Prime Rent represents the top open-market rent at the survey date for a retail 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.

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 warehousing, 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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