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EUROPE - Q4 2025

RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

BNP PARIBAS REAL ESTATE

Executive Summary

In a Nutshell

ECONOMIC GROWTH: MORE INVESTMENT, LESS CONSUMPTION

- We expect economic activity to accelerate in Europe, despite weakening labour market, driven by increased investment in the main countries.
- Southern Europe will continue to lead European GDP growth; but Germany, France and UK will make key contributions to the overall growth driven by investment spending.
- Inflation fell below the 2.0% target in the Eurozone and trending down in the UK. We see the ECB keeping policy rate stabile through 2026 with the BoE cutting one more time.

MOMENTUM BUILDS IN CAPITAL MARKET

- Total investment for 2025 amounted to €177bn showing a consistent 9% year-on-year increase. All assets contributed to overall growth.
- The office sector has emerged from its downturn while logistics continued to maintain a solid position.
- Retail experienced more investment in 2025 helping to push down yields
- While transactions numbers remained consistent, higher-valued deals began to re-emerge.

OFFICE LETTING VOLUMES CONSOLIDATED IN 2025

- Letting in the 18 main European office markets amounted to 8.01 million sqm at the end of 2025, in line with 2023 and 2024 results. This level stands close to the 5-year average, reflecting a market that remains broadly stable over the past three years.
- Prime office rents continue to rise across most European cities, driven by a persistent shortage of new supply.
- Vacancy gap between non-CBD and CBD locations continues to grow due to the abandonment of non-CBD locations.

SELECTIVE IMPROVEMENT IN THE LOGISTICS MARKET

- The occupier market recorded contrasting trends across Europe. Demand strengthened in the UK, Spain and Germany and rents rose by 4.6% in 2025.
- Capital markets showed some positive signs at the year. The return of portfolio deals is an encouraging development for the quarters to come. Yield decompression has closed with stabilisation nearly everywhere in Europe, creating a more predictable environment than seen in previous years.

RETAIL: PROMISING PROSPECTS FOR OCCUPIER MARKET

- Signs of stabilization were depicted in Retail with a modest increase of 5% in investment volumes over the past 12 months. The Retail segment now lays at the core of investors' strategies with Germany and the UK still leading the sector and capturing almost half of transaction volume.
- The recovery of the retail market is now largely complete with retail sales rebounding the last few months of the year and the return of physical shopping experience as a pillar of experiential retail. While High Streets and Shopping Centres showed strong performance, Retail Warehousing emerged as the most active segment in 2025.

RESIDENTIAL: ACTIVITY REMAINS RESILIENT

- Residential investment volume in Europe reached €43.2bn (+2% y/y) in 2025, thanks to a higher number of the small to mid-scale deals that continue to fuel residential activity.
- The European residential investment market was essentially driven by domestic investors accounting for 73% of the volume.
- House prices and rental values increased by 5.0% and 4.1% y/y, respectively in Q3 2025. Despite the ongoing regulations in Europe, rental values are still booming in most cities to reach new record levels.

ECONOMIC OUTLOOK

01.

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Global Economy

Steady amid Geopolitical Tension

A GREATLY IMPROVED OUTLOOK FOR GDP GROWTH IN EUROPE

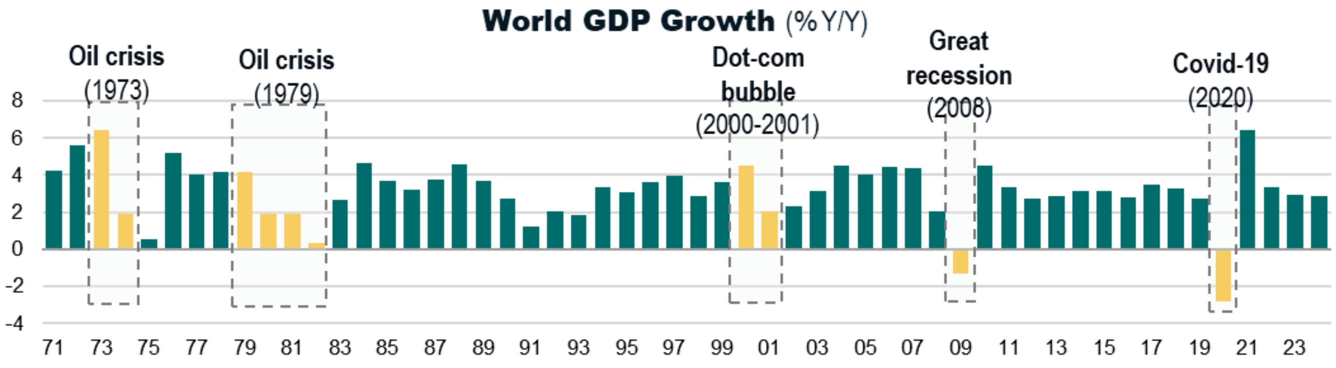
The global economy continues to be characterised by instability and unpredictability. The latest example is a renewed threat of increased US tariffs.

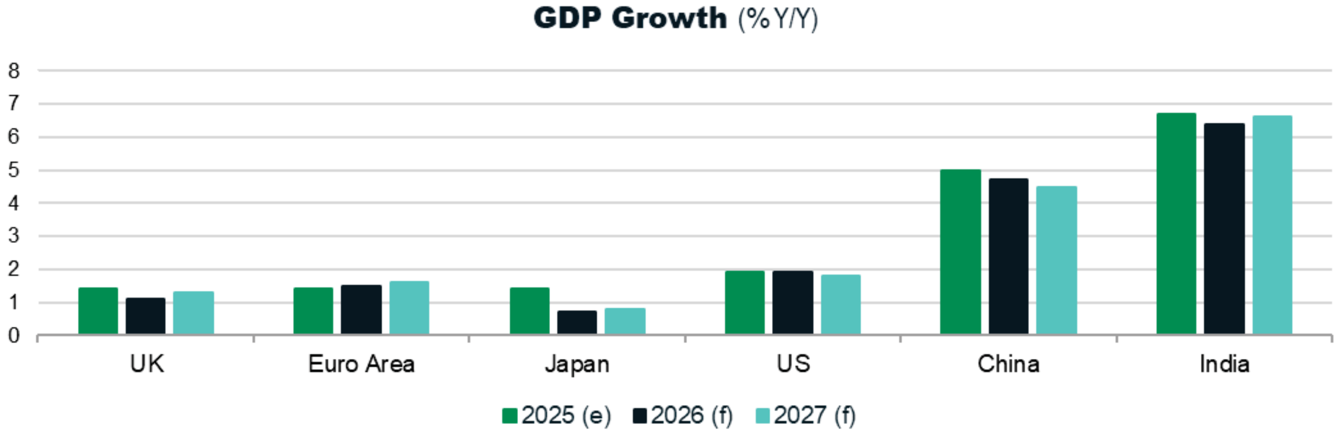
Economic growth in the US has slowed considerably compared with 2024. Tariffs are pushing inflation higher, while the labour market is weakening. The latter has prompted the Fed to start cutting interest rates.

The Japanese economy has shown good momentum; supported by improved household and business sentiment. However rising inflation poses challenges for an economy with excess public debt burden.

In China there is increased optimism among exporters, but caution among households. This creates challenges for domestic demand. As such the overall economic outlook is trending downwards.

Growth in Europe has improved greatly and broad base in almost all the constituent countries. In Germany there are green shoots of recovery; France is getting better each quarter; In Spain the service sector continues to drive resilient growth; and in the UK consumer spending is on the rise.



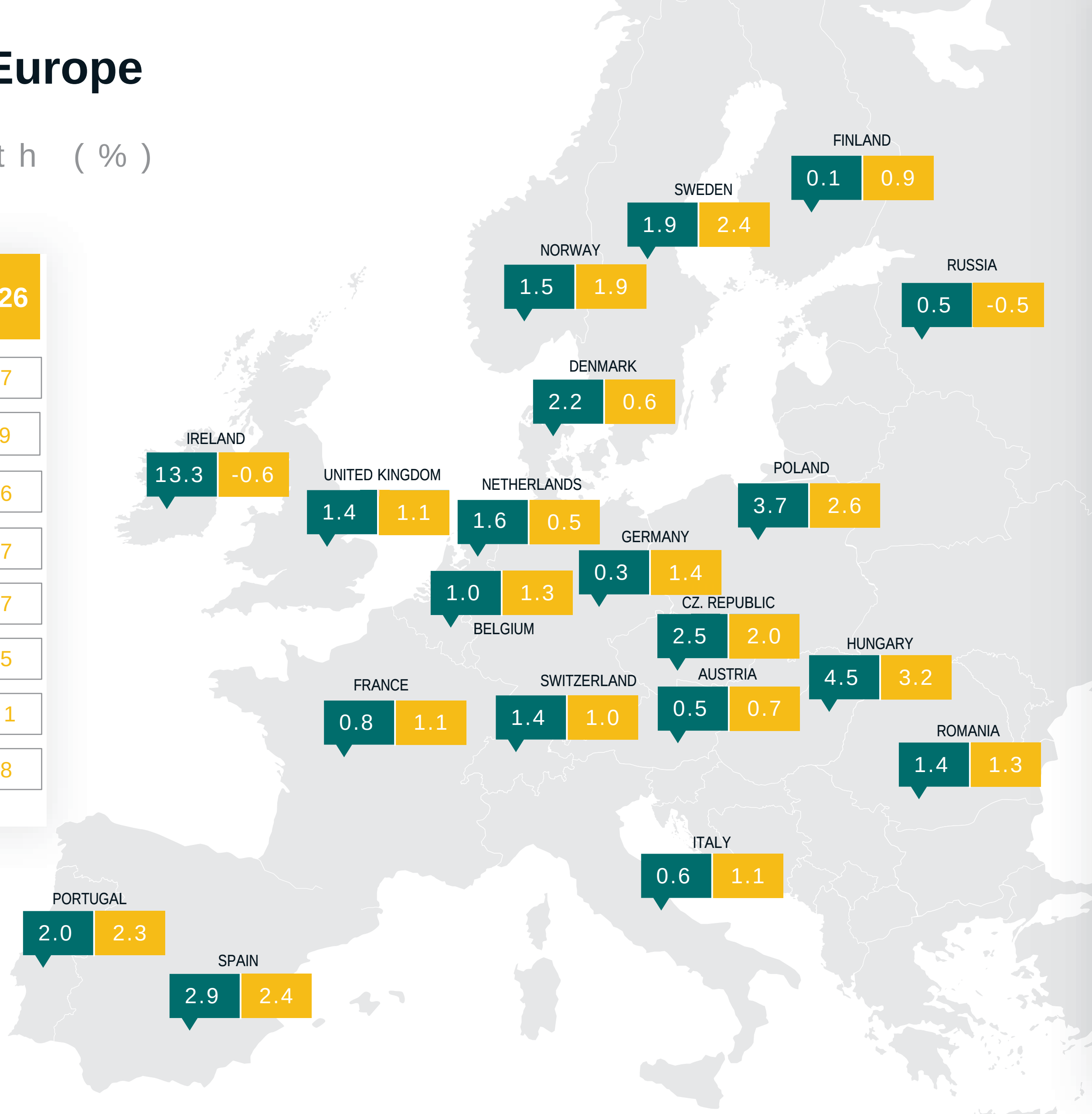


Sources: BNP Paribas Real Estate Research, World Bank, Macrobond

Economic Growth in Europe

Annual GDP Growth (%)

	2024	2025	2026
World	2.9	2.8	2.7
United States	2.8	2.3	2.9
Euro area	0.8	1.5	1.6
Japan	0.1	1.2	0.7
China	5.0	5.0	4.7
India	6.5	6.9	6.5
Russia	4.3	0.5	-0.1
Brasil	3.4	2.2	1.8



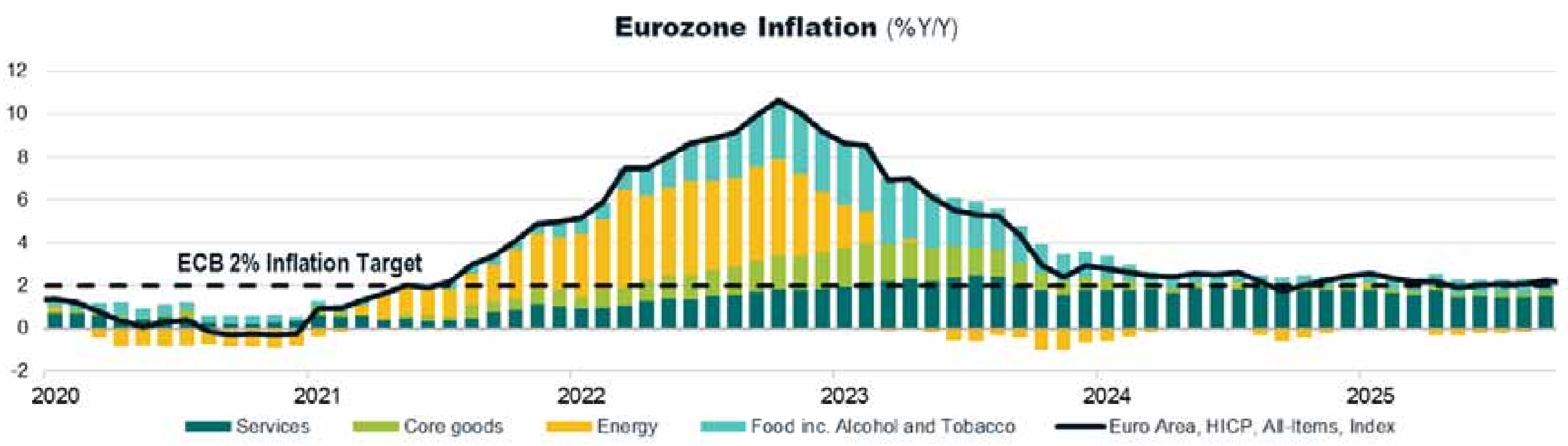
Germany re-emerges as a key source of growth in 2026

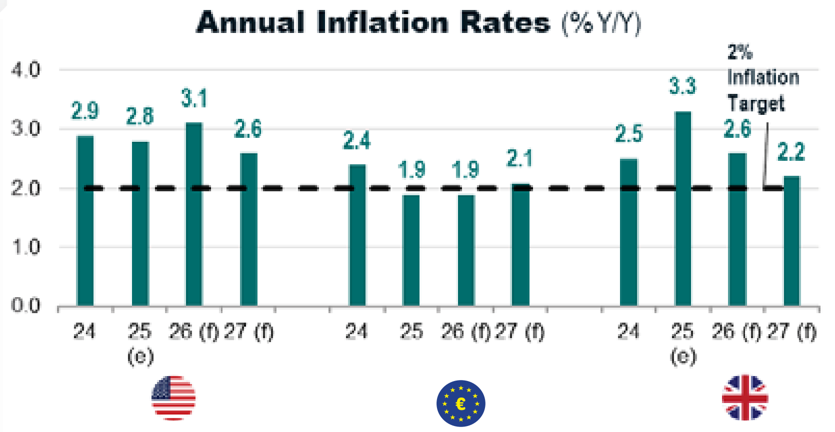
- The Eurozone economy performed well in 2025 (1.5%), despite the uncertainty in Q1 caused by threat of tariffs. Growth in this case was driven by tourism and consumption, mostly in southern European countries such as Spain (+2.9%) and Portugal (+2.0%).
- Export led economies such as Germany (0.3%), Italy (0.6%) faced headwinds from higher US tariffs, the appreciation of the euro and competition from China.
- However, there are reasons to be optimistic about the economic outlook. Although the labour market remains subdued with limited real wage growth, inflation fell below the 2.0% target and successive interest rate cuts will support improving consumer confidence and household consumption.
- However, going forward the bulk of the growth will come from increased investment in Core European economies. This investment will be both public, bolstered by the German infrastructure fund and European rearmament efforts, and private, driven by the boom in AI and digital infrastructure.
- In 2026, growth is set to accelerate in Germany (1.4% y/y), which will have spillover effects across Eurozone (1.6%). Still, Spain will continue to see the fastest pace of economic growth (2.4% y/y). Meanwhile, we expect France, Italy and the UK to see annual growth rates just above 1%.

Sources: BNP Paribas Real Estate Research, Oxford Economics, BNP Paribas, Macrobond

Inflation rates

D o w n w a r d   T r e n d





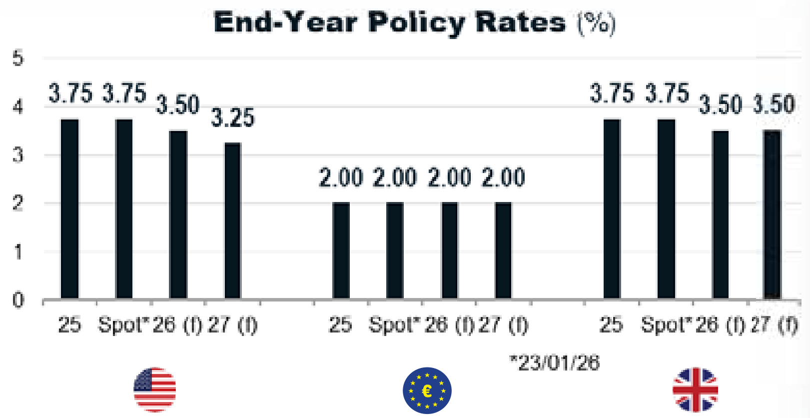
Two-speed Inflation: below and above target in the Eurozone and the U.K. respectively.

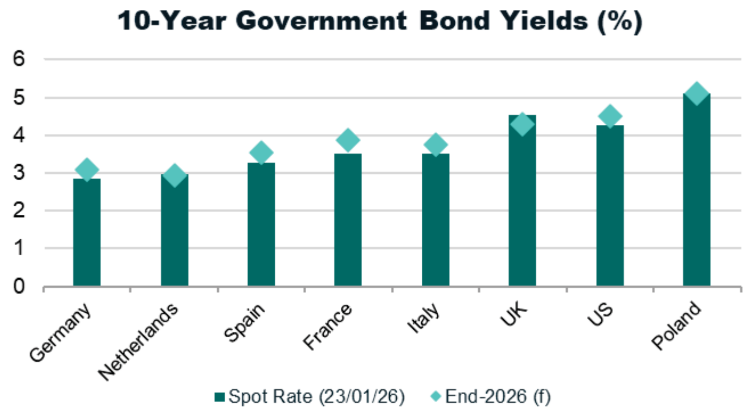
- The direction for Inflation rates across Europe are firmly on a downward trajectory. In the Eurozone (1.9%) it fell below the target level of 2.0% in December 2025, and in the UK although at a high level of 3.3% it continues to fall.
- Services inflation remains high by historical standards but has fallen considerably from its peak in 2023. As wage growth eases, services inflation should slow further.
- This is a key reason why we expect the headline inflation rate to remain below the ECB's target in 2026. Supported by downward pressure in energy base effects and the German restaurant VAT adjustment.
- By contrast, inflation in the UK remained elevated in 2025. The increase largely reflects rising food and energy prices. While some of this will be temporary, household inflation expectations are higher than in the euro area, which means there is greater risk that inflation remains persistent.
- That said, we expect UK inflation to ease in 2026 as weakness in the labour market feeds through to softer price pressures.

Sources: BNP Paribas Economic Research, Eurostat, ECB, BoE, BNP Paribas, Macrobond

Financial Markets

Economic and Financial Indicators





ECB holds interest rates while Fed changes course

- The euro strengthened against the major currencies, such as the pound and the dollar in 2025. This trend is likely to continue in 2026 on the back of relatively better economic performance in the Eurozone and geopolitical tension affecting the US.
- Euro area REIT prices have held broadly flat since the US tariff announcement disruption in April. European equity prices have been stable too before drifting higher in September.
- In terms of policy rates, inflation is on the downward trend in most markets. However, it remains elevated in some, more than others. For the Eurozone we think the ECB is done cutting rates and the refinance rate will remain at 2.0% through 2026. For the UK the BoE is likely to cut one more time by 25bps, as inflation continues its downward trend. However, in the US we see a 50bps cut.
- We generally expect the 10-year government bond yields to go higher and stay at that level over the next 12 months, driven by increased fiscal stimulus in most European countries.

Sources: BNP Paribas Economic Research, CBOE, Federal Reserve, ECB, BoE, FTSE EPRA/NAREIT, STOXX, Consensus Economics, Macrobond

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REAL ESTATE PERSPECTIVES

02.

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REAL ESTATE

CAPITAL MARKET

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Capital Market in Europe

Capital Market Unpacked

INVESTMENT VOLUME

€176.6bn

2025
Rolling year

The market upward trajectory is likely to maintain momentum

BEST-PERFORMING SECTOR

+13% y/y

Office

Office assets are increasingly back in favour with investors

PRIME YIELDS

Office	Retail	Logistics
4.60% vs Q4 24	4.10% vs Q4 24	5.00% vs Q4 24
Q4 2025	Q4 2025	Q4 2025

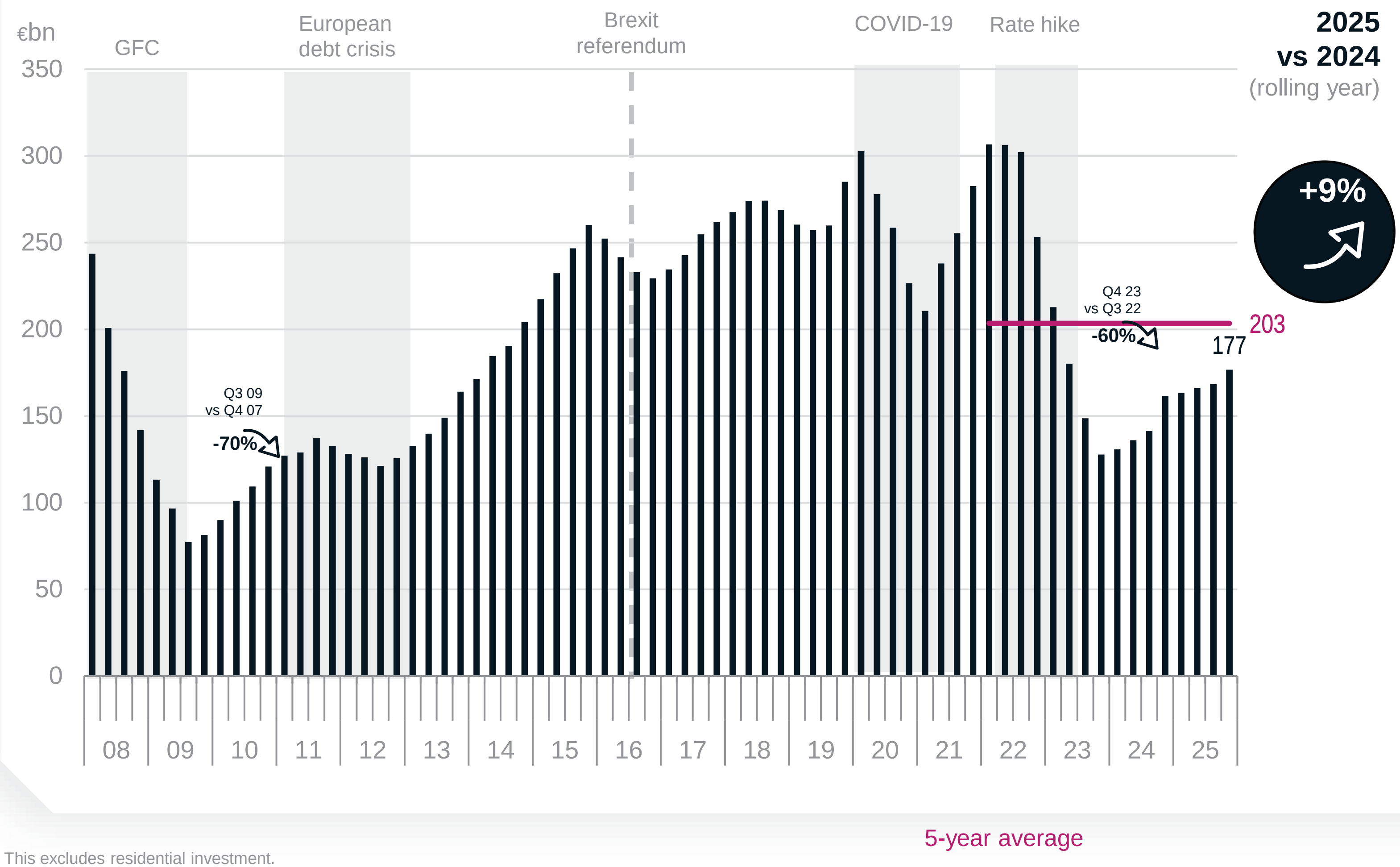
Most yields are steady, although compression is occurring in the retail sector

This excludes residential investment.

Source: BNP Paribas Real Estate Research

Investment In European Commercial Real Estate

Europe's Elongated Recovery



- **Total investment in European commercial real estate for 2025 amounted to almost €177 bn, a 9% year-on-year increase.**
- The market has been expanding steadily since the beginning of 2024.
- The easing in monetary policy remains supportive. **The ECB cut rates eight times from June 2024 to June 2025 taking the deposit rate down to 2%.**
- Concerns arising from macroeconomic and financial uncertainty earlier in the year have reduced. Although the situation remains fluid around trade, investors have mostly factored in the likely impact for real estate.
- Amid volatility in overall financial markets, the income stability of real estate reinforces its role within long-term allocation.
- Institutional investors remain under allocated to real estate although the long-term rationale for investment is gradually reasserting itself as the effects of repricing come through and confidence builds.
- Coupled with a positive outlook on the European economic backdrop, investment volumes may gain momentum over the coming year.

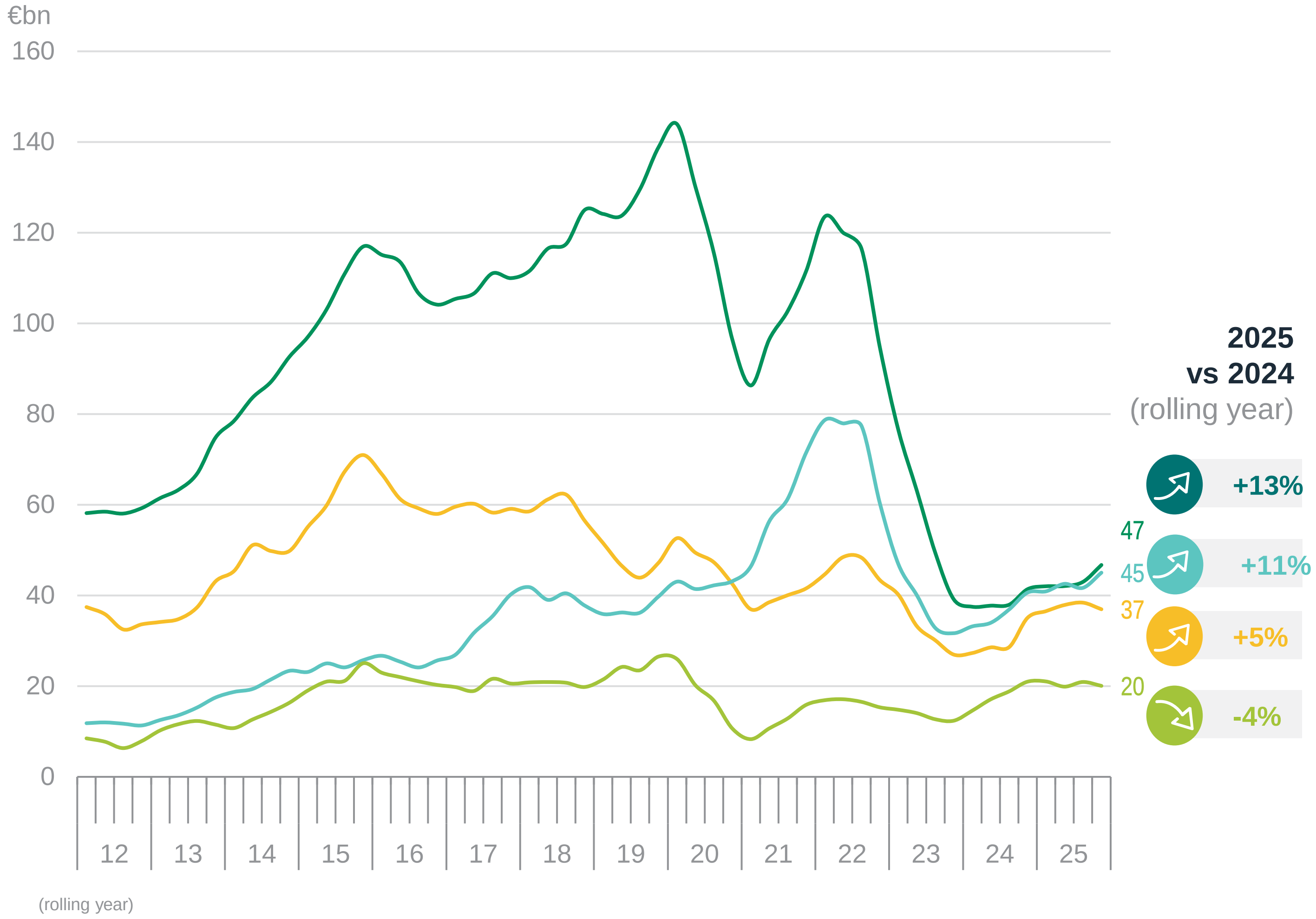
This excludes residential investment.

Source: BNP Paribas Real Estate Research

Investment European Commercial Real Estate

All Assets Are Contributing To The Positive Market Trend

- Market reactivation continued to stand out in the investment numbers. Sustained improvements emerged across asset types this year.
- **Offices increased by 13% year-on-year**. Growth continues along the path set in previous quarters. France (+30%) and Germany (+19%) showed double digit expansions, followed by several markets such as in Spain (+101%) and Italy (+12%). In the United Kingdom, the office volume is holding steady, but supported by a robust rebound in London, now at 70% share of the British market, above its usual average of 60%.
- **Logistics grew by 11% compared to last year**. The market is now likely driven by opportunities in specific markets. Indeed, fastest growth is seen in Austria (+75%), Belgium (272%) and Portugal (+131%).
- **Retail grew by +5% (vs. 2024).** Within commercial real estate, the sector had outperformed its peers all along the year with investors returning to buy specific elements of the asset class like supermarkets and shopping centres.
- **Hotels at around €20bn continued with solid activity.** Volumes are 20% above the 5-year average and market share is now 11%, around the double that seen in 2022. Growth is seen in France (+12%), Germany (+29%) and Spain (+18%). Occupancy rates of hotels remain well positioned to support the sector’s outlook.
- Alternative assets* also showed an upward trend throughout the year growing by 20% y.o.y. Strongest markets this year were Sweden (€3.1bn), Spain (€2.2bn), and Finland (€1.5bn), where growth occurred everywhere.



Alternative assets* vary across Europe reflecting country-specific categorizations

This excludes residential investment.

Source: BNP Paribas Real Estate Research

European Property Investment

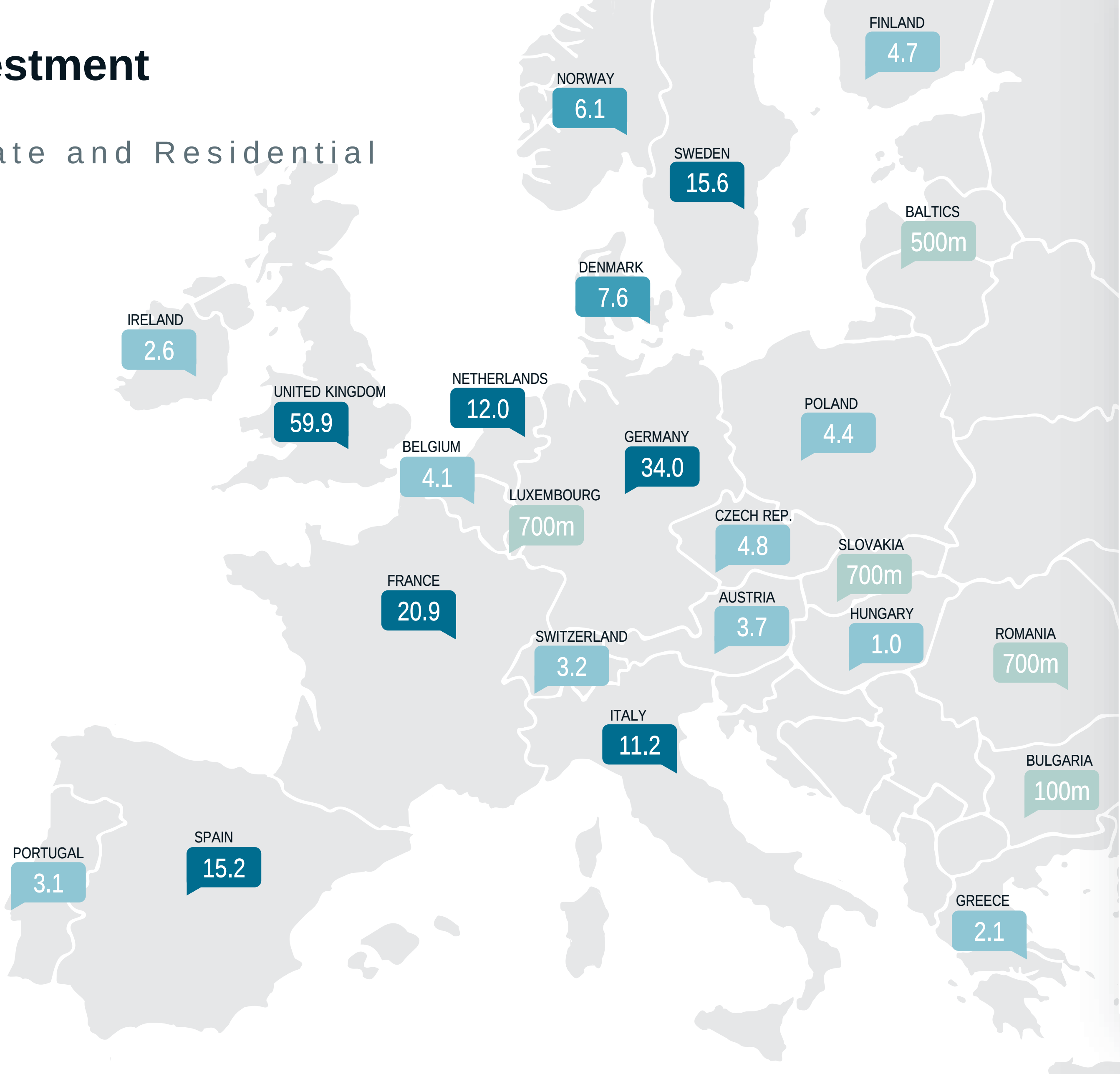
Commercial Real Estate and Residential

2025 vs 2024

UNITED KINGDOM	-1%
GERMANY	-3%
FRANCE	+9%
SWEDEN	+24%
NETHERLANDS	+1%
SPAIN	+44%
ITALY	+10%
NORWAY	-16%
POLAND	-11%
BELGIUM	+42%
DENMARK	+22%
FINLAND	+113%
IRELAND	+4%
AUSTRIA	+33%
LUXEMBOURG	+67%

Investment volume

≥ €10bn | €5 - 10bn | €1 - 5bn | < €1bn



EUROPE – 2025

€219.4bn

+ 8% vs 2024

- **Including the residential sector, European property investment volume amounted to €219.4bn, up +8% compared to 2024.**
- Residential's investment volume of almost €43bn gives the sector a 20% market share of total property investment.
- It continues to benefit from investor "bed and sheds" strategies to diversify portfolio, aiming to reduce cyclical risk associated with sectors such as offices and retail.
- Moreover, the strong supply shortage in the occupier market enhanced the sector's appeal for investor, as rents keep growing.
- Most countries recorded a strong growth this year especially in Spain (+44%) or Sweden (+24%).

Source: BNP Paribas Real Estate Research

Commercial Real Estate Investment

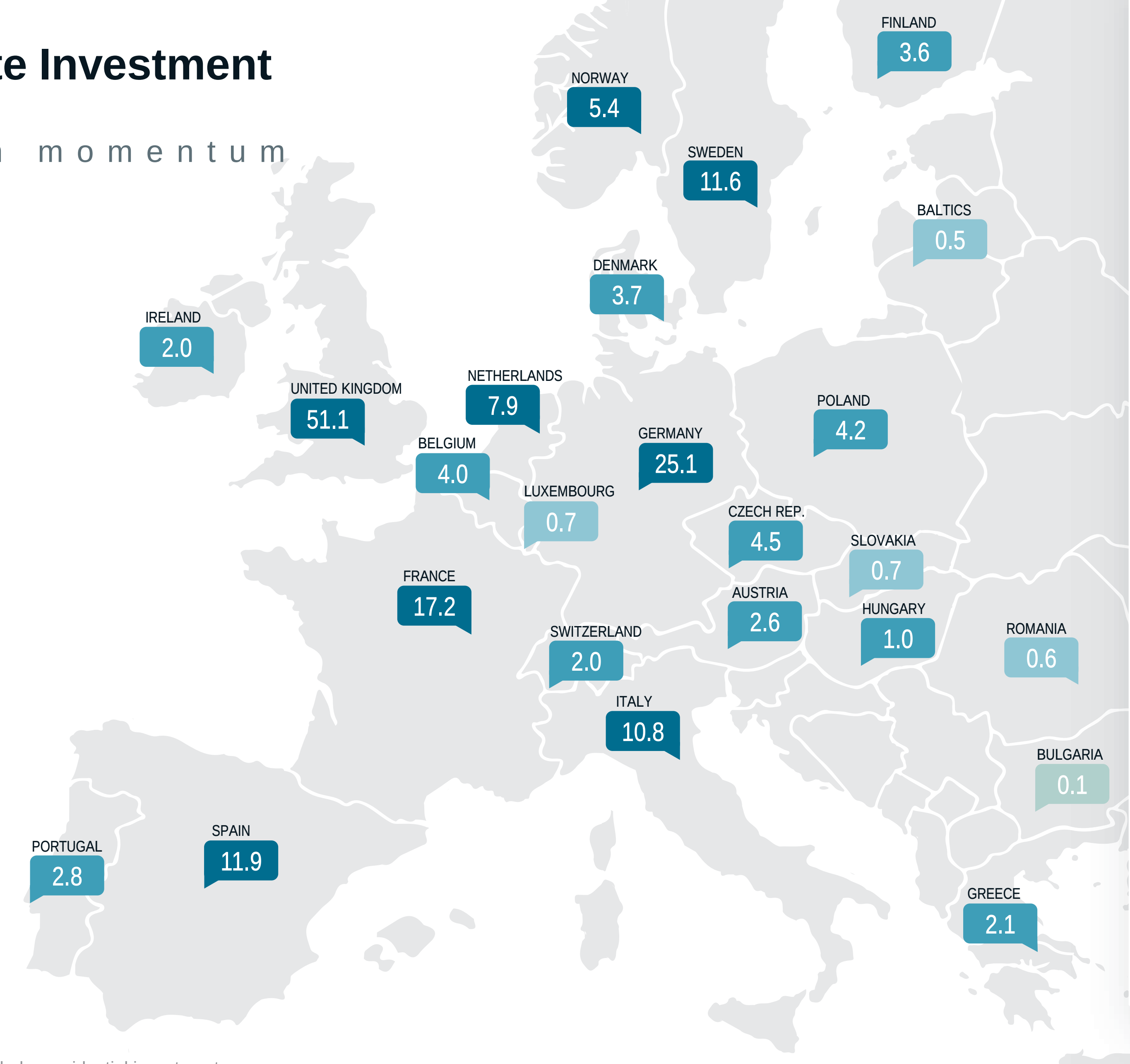
Widespread growth momentum

2025 vs 2024

UNITED KINGDOM	+4%
GERMANY	-3%
FRANCE	+8%
SWEDEN	+30%
NETHERLANDS	+6%
SPAIN	+40%
ITALY	+10%
NORWAY	-17%
POLAND	-10%
BELGIUM	+52%
DENMARK	+16%
FINLAND	+129%
IRELAND	-2%
AUSTRIA	+33%
LUXEMBOURG	+221%

Investment volume

≥ €5bn · €1 - 5bn · €400 - 1bn · < €400m



This excludes residential investment.

EUROPE – 2025

€176.6bn

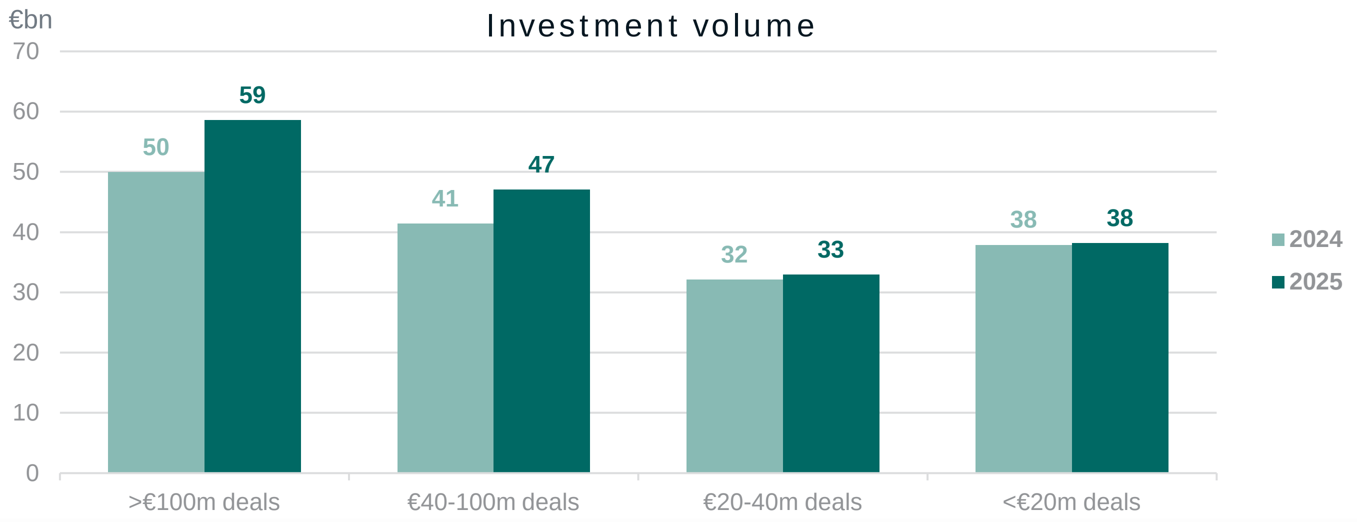
+ 9% vs 2024

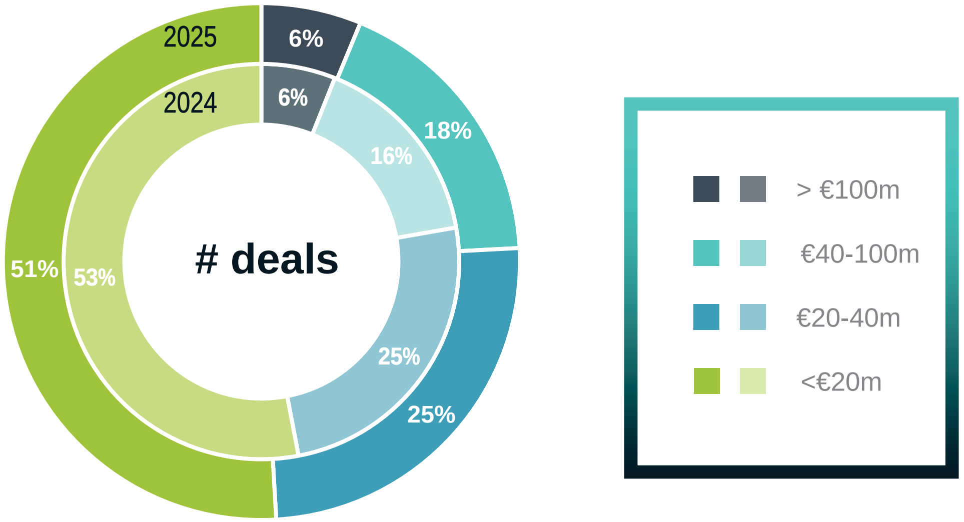
- €176.6bn was invested in Europe in 2025, representing a slight growth (+9%) compared to last year.
- Overall economic resilience this year has provided sufficient support to pursue market expansion.
- Thanks to a surge in Q4, the investment volume is 9% higher than 2024.
- Given that stability is evident across all assets, offices showed the strongest performance at +13% (vs. 2024), holding 26% of the market.
- Core countries held 52% of the market at €91.3bn, with a stable performance compared to last year.
- Many markets saw steady expansion, notably in Spain, Belgium and Sweden.

Source: BNP Paribas Real Estate Research

Investment in European Commercial Real Estate

Large Transactions Are Gaining Momentum





- Easier financing conditions have supported market growth: the number of transactions remained stable across price ranges, with total volume growth concentrated in premium pricing attained in high value-deals. This resulted in double digit growth for >€100m transaction volume (+17%) :
- Within the main markets*, large logistics transactions were led by portfolios in the United Kingdom and Sweden.
- Shopping centres drove retail with half of transactions (>€100m), most expensive ones were in the United Kingdom, Italy, and Spain.
- Among the biggest deals in offices, London held a quite strong position (around a third of transactions exceeding €100m).
- Mid-range deals (€40-100m) followed the same pattern growing by +14%. Meanwhile, small-scale transactions (below €40m) stabilised with a +2% growth in volume.
- Rising prices and more large transactions coupled with stability in smaller ones, highlight precision in asset targeting and better liquidity through clearer pricing. Investors remain at their most selective with premium assets.

Main markets* : UK, France, Germany, Spain, Italy, Poland, Netherlands, Spain, Belgium, Austria, Ireland, Luxembourg

This excludes residential investment.

Source: BNP Paribas Real Estate Research

Cross-border Investment in Europe – 2025

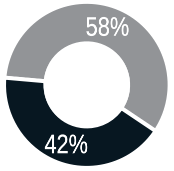
Domestic investment Trended in Europe this Year

- Overall foreign investment remained broadly stable (+6% vs. 2024) and represents a market share of 42%, within the 5-year average.
- As this year has been characterised by uncertainties in the global landscape, domestic (+12%) and cross-border investment within Europe (+9%) trended positively, in comparison to last year.
- European cross-border volume reached nearly €34bn and is leading the market with 45% share. The main countries showed strong momentum such as Germany (+15%) and the UK (+12%) .
- Buyers from the APAC region have expressed a growing interest in Europe since the beginning of 2025. Their allocation grew 59% to more than €6bn, representing a market share of around 10%. There was a specific focus on the British market which accounted for half of the volume.
- After a pullback earlier in the year, American investment stabilized, supported by a good performance in Q4. Some countries saw substantial raises in allocation, for instance, in Spain (+64%) and Italy (+48%) to both around € 2bn.
- Middle East investors kept the same amount of allocation as 2024, focusing on the UK and Germany.

€102.4bn

+12% Vs 2024

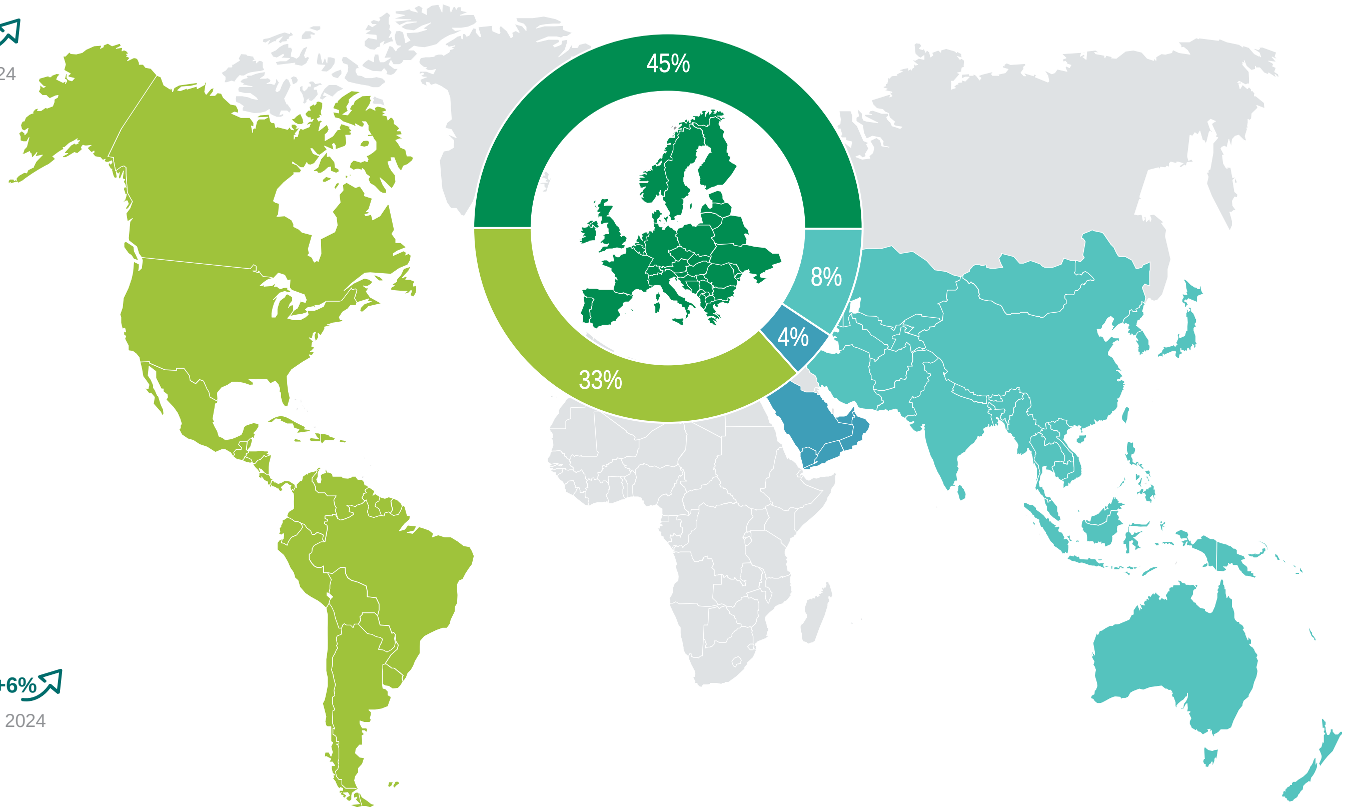
DOMESTIC INVESTMENT



CROSS-BORDER INVESTMENT

€74.2bn

+6% Vs 2024



EUROPE
€33.6BN +9% vs 2024

AMERICAS
€24.6BN -4% vs 2024

ASIA PACIFIC
€6.2BN +59% vs 2024

MIDDLE EAST
€2.7BN -2% vs 2024

This excludes residential investment.

Source: BNP Paribas Real Estate Research

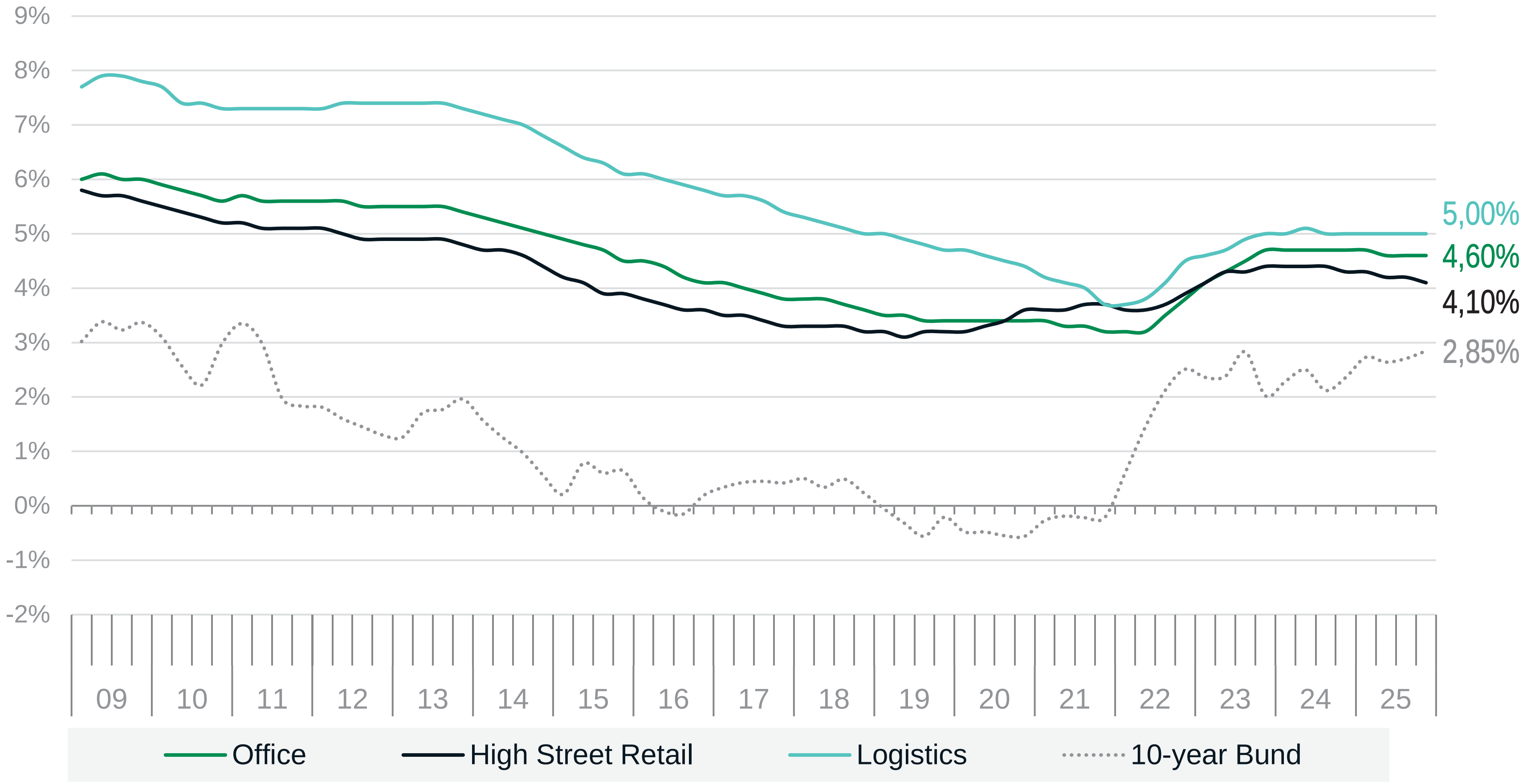
Average Prime Yields in Europe

Monetary Policy Favourable to Real Estate

Value appreciation amid yield stability

- European central banks are at divergent stages in policy. The ECB has paused rate cutting whilst the Bank of England is hovering over potential further cuts. With the creeping increase in government bonds over 2025, real estate yields overall have become effectively frozen again.
- Compression that did occur in 2025 mainly focused on assets (and locations) coming back into favour with investors like retail and some offices.
- **London and Milan (4.00%) are the lowest yielding markets in Europe for offices** where interest strengthened for premium grade units and prime locations. Sustained pressure on CBD's demand could place further downward pressure on yields.
- **Retail locations are led by London (2.75%)** and the **German cities** with high street prime yields **below 4.00%. This year retail had more cities seeing some compression than any other asset.**
- **The lowest yielding logistics market** is also in **Germany** at 4.25%, followed by **London** (4.50%) and **France** at 4.90%.

Based on 16 cities: Amsterdam, Berlin, Brussels, London, Paris, Dublin, Frankfurt, Hamburg, Lisbon, Luxembourg, Madrid, Milan, Munich, Prague, Vienna and Warsaw.



Source: BNP Paribas Real Estate Research

Prime Office Yields

Year-on-year compression for office yields

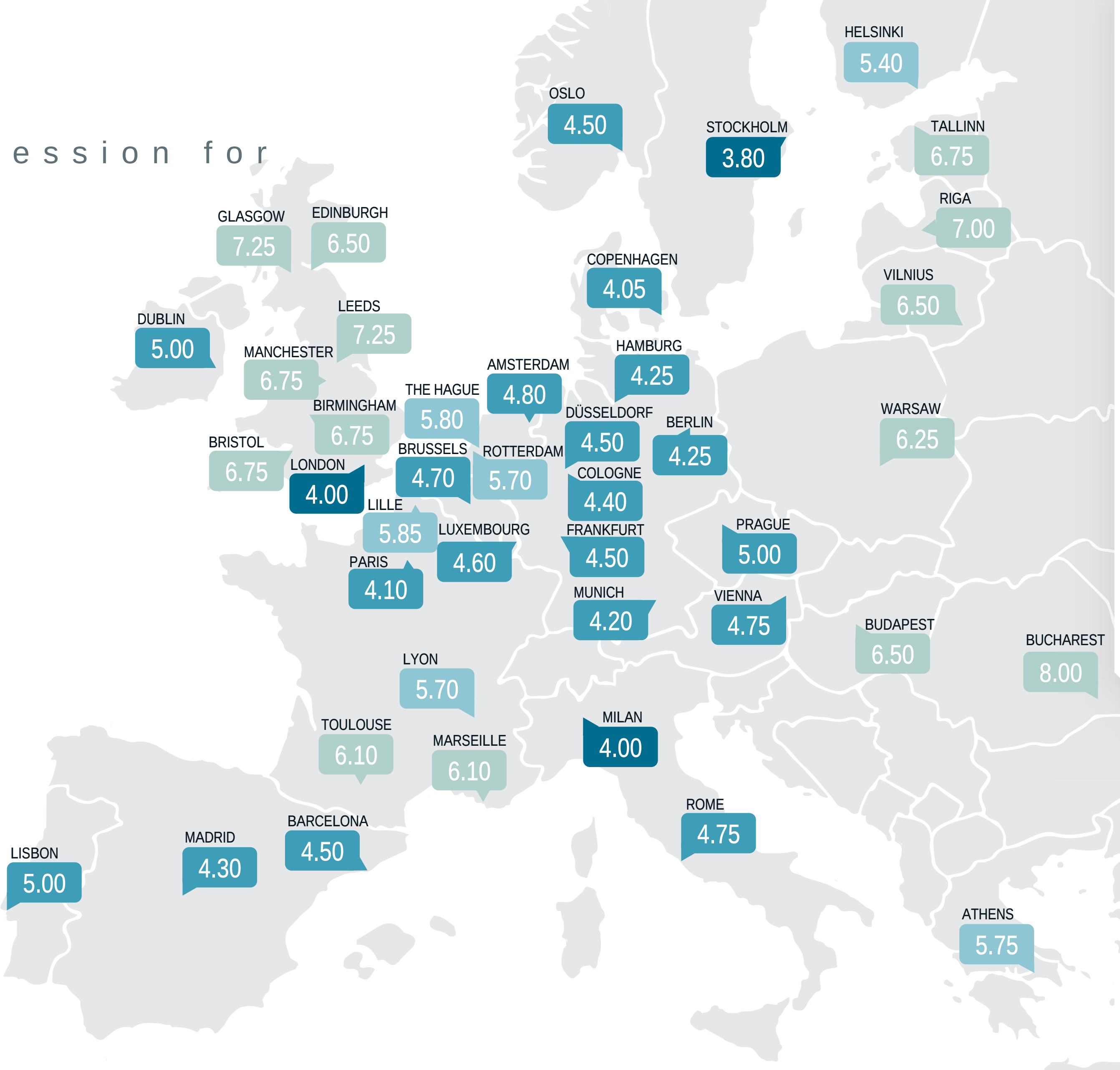
Q4 2025 vs Q4 2024

PARIS	+10bps ↗
LONDON	→
BERLIN	→
STOCKHOLM	-25bps ↘
MUNICH	→
MILAN	-25bps ↘
OSLO	→
MADRID	-10bps ↘
BRUSSELS	→
DUBLIN	-25bps ↘
AMSTERDAM	-20bps ↘
COPENHAGEN	-5bps ↘
BARCELONA	-10bps ↘
LUXEMBOURG	-15bps ↘
WARSAW	→

Prime yield

≤ 4% 4-5%

5-6% 6-8%



- Demand in the office sector remained primarily directed towards quality assets in prime locations, which continue to act as key drivers for the market.
- Selective yield compression has occurred since 2024, and it is now noticeable on a yearly basis in many cities.
- London is an exception. Though seeing an uptick in activity, yields have not altered from 4.00% since Q3 2024.
- Late 2025 was characterised by yield stabilisation across the majority of the market.
- There were some exceptions here too such as Amsterdam, Prague and Stockholm.
- Paris saw a decompression to 4.10% in late 2025.

Source: BNP Paribas Real Estate Research

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OFFICE MARKET

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Office Markets in Europe

Flight to Quality by Tenants

TAKE-UP

+0.7%

vs. 2024

Demand for office space is consolidating in Europe

PRIME RENTS

Main markets

+5.6%

vs. Q4 2024

Scarcity of quality units in central locations continues to grow rents

NET AVERAGE RENTS

Main markets

+4.7%

vs. Q4 2024

Incentives are intensifying in markets with weak take-up

VACANCY RATE

9.5%

Q4 2025

+50 bps

vs. Q4 2024

Despite increasingly high rents, modern space remains highly sought after at the expense of secondary space. Vacancy rate increases are almost entirely driven by the second-hand market and peripherical areas

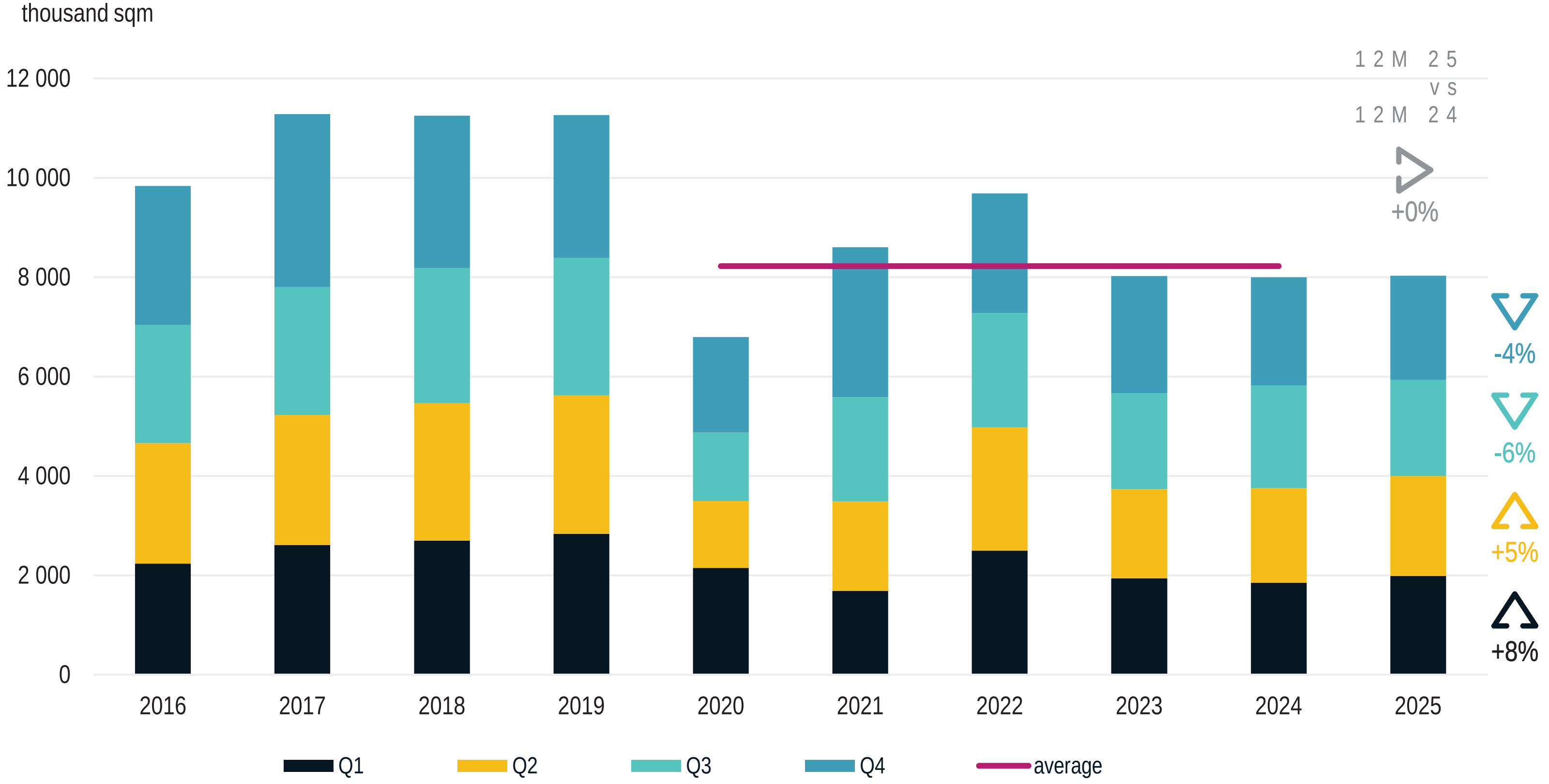
Source: BNP Paribas Real Estate Research

Office Take-up in Europe

Letting Volumes Consolidated in 2025

- After a promising first half of 2025, leasing activity lost momentum across Europe in the third and fourth quarters. Take-up ended the year effectively stable.
- Total take-up reached approximately 8.03 million sqm in 2025 across the 18 major European markets, a level broadly consistent with 2023 and 2024 and only marginally below the five-year average (-2%).
- Several markets posted substantial recoveries, most notably Frankfurt (+54%), Luxembourg (+34%), Dublin (+14%), and Central London (+11%).
- In contrast, activity pulled back in a number of cities, including Lyon (-21%), Rome (-19%), Berlin (-16%), and Central Paris (-10%).
- Lingering economic uncertainty appears to be restraining real estate decision-making. Despite some early signs of improvement, the market has yet to regain sustained traction.

Office Take-up in the 18 main European Office Markets*



* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Lyon, Central Paris, Central London, Brussels, Barcelona, Madrid, Dublin, Milan, Rome, Luxembourg, Amsterdam, and Warsaw

Source: BNP Paribas Real Estate Research

Office Take-up

Many Markets Still To Gain Momentum

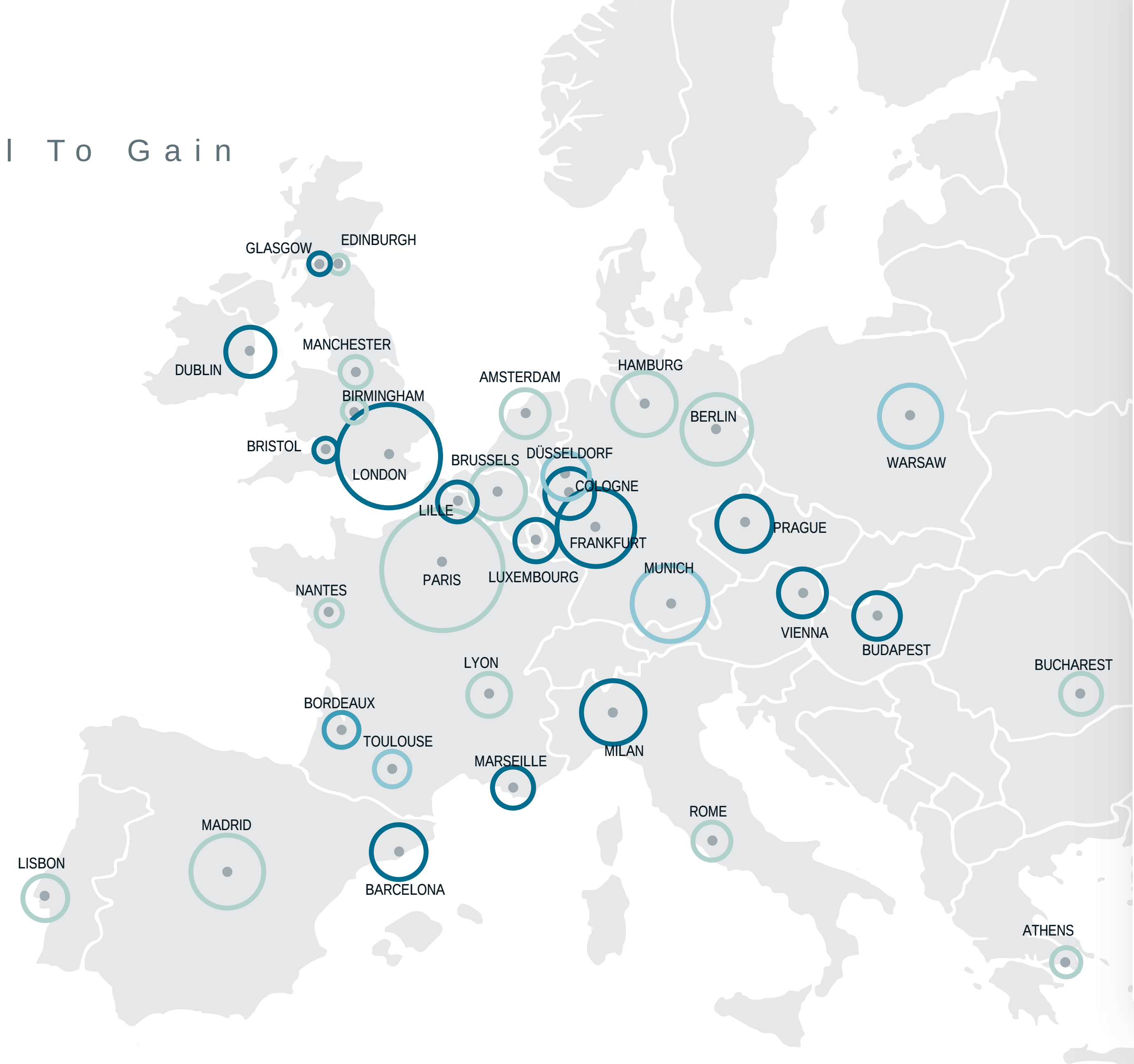
2025 vs 2024

CENTRAL LONDON	+9%	↗
BERLIN	-16%	↘
CENTRAL PARIS	-10%	↘
AMSTERDAM	-5%	↘
MADRID	-7%	↘
MILAN	+6%	↗
WARSAW	-2%	↘
BRUSSELS	-6%	↘
DUBLIN	+24%	↗
LUXEMBOURG	+35%	↗
VIENNA	+39%	↗
FRANKFURT	+54%	↗
BARCELONA	+15%	↗

Deals in thousand sqm

500
250
100

> 5%
0 - +5%
-5 -0%
< -5%



EUROPE – 2025

10.2m sqm 35 Markets

+0.7% vs 2024

Erratic Performance

- Frankfurt stood out as the most dynamic office market in Germany, recording an impressive 611,000 sqm of take-up (+54% vs 2024), representing its highest annual volume since 2019. Large transactions occurred in Q1, including Commerzbank (73,000 m²) ING-Diba (32,500 m²) boosted the result.
- Central London is growing strongly (+10%) driven by a strong performance in developing markets such as Kings Cross (+35%) and Southbank (+16%).
- Economic uncertainty in France is leading many large-scale occupiers to be cautious in acquiring new space.
- In Barcelona, demand was dynamic throughout 2025. The 22@ district is proving very attractive with 46% of the take-up in the city.

Source: BNP Paribas Real Estate Research

Office Vacancy Rate

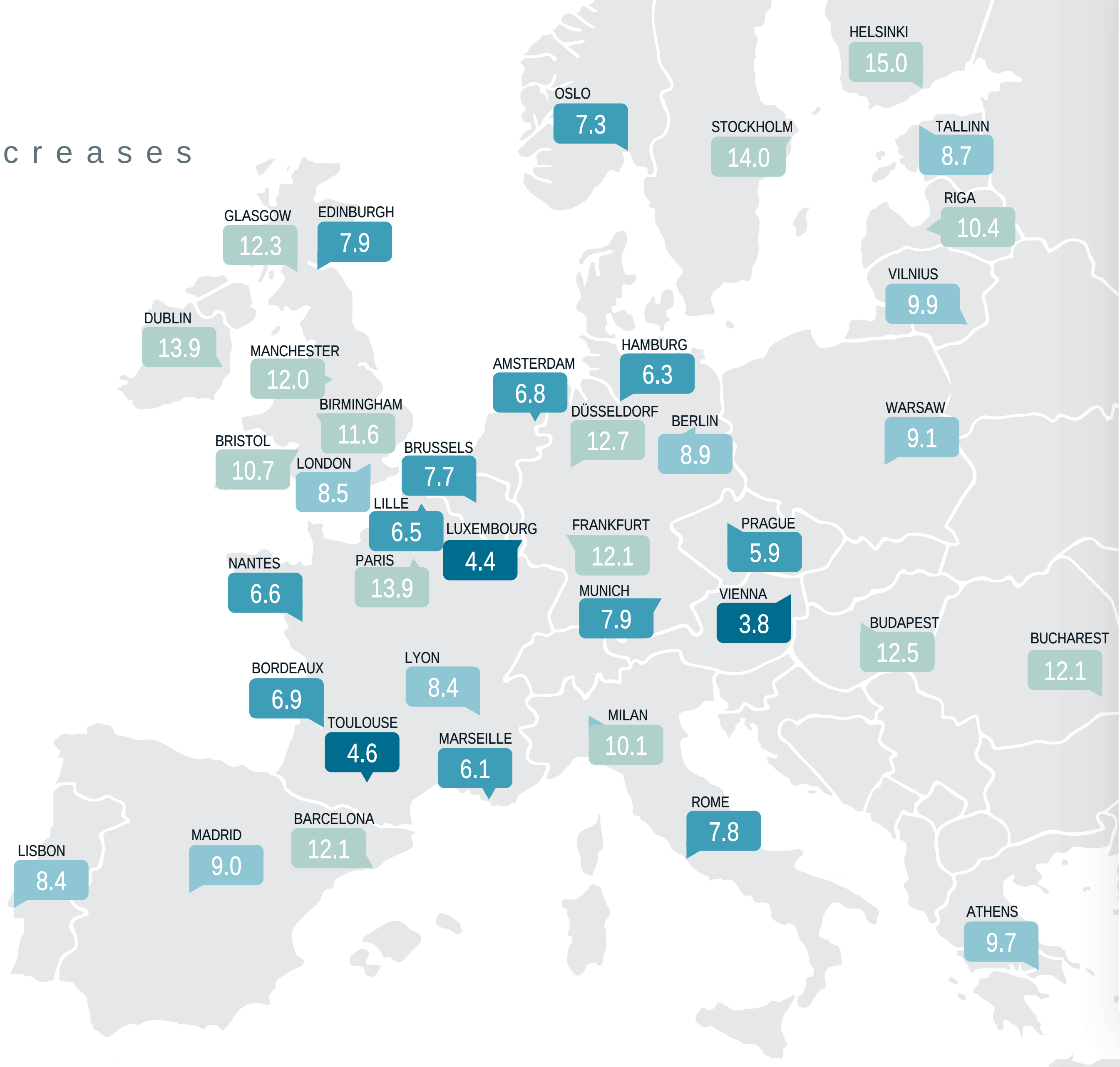
Available Space Increases

Q4 2025 vs Q4 2024

CENTRAL LONDON	-190bps
BERLIN	+200bps
CENTRAL PARIS	+150bps
AMSTERDAM	+40bps
MADRID	-80bps
MILAN	+40bps
WARSAW	-150bps
BRUSSELS	→
DUBLIN	-160bps
LUXEMBOURG	→
VIENNA	+50bps
FRANKFURT	+120bps
BARCELONA	-110bps
STOCKHOLM	+350bps
HELSINKI	+50bps

Vacancy Rate

- < 5%
- 5-8%
- 8-10%
- ≥ 10%



EUROPE – Q4 2025

9.5% + 50bp vs Q4 2024

38 Markets

- Although the construction pipeline remains limited, vacant space continues to increase with release of second-hand space.
- Net absorption across the 17 main markets remained very limited (0.1%, or approximately 250,000 sqm). It should be noted that despite very encouraging take-up levels for Frankfurt, its net absorption level remains negative (-1.4%).
- The growth in vacancy is offset somewhat by the growing European trend of office conversion to alternative uses, residential and hotels especially. This has yet to gain sufficient momentum to counteract the release in second-hand space that is surplus to requirements or difficult to relet because of age.
- The sharp decrease in Warsaw vacancy results from very low supply of new office space and the withdrawal of many buildings from the market.

Source: BNP Paribas Real Estate Research

Office Prime Rents

Rental Growth Remains Strong

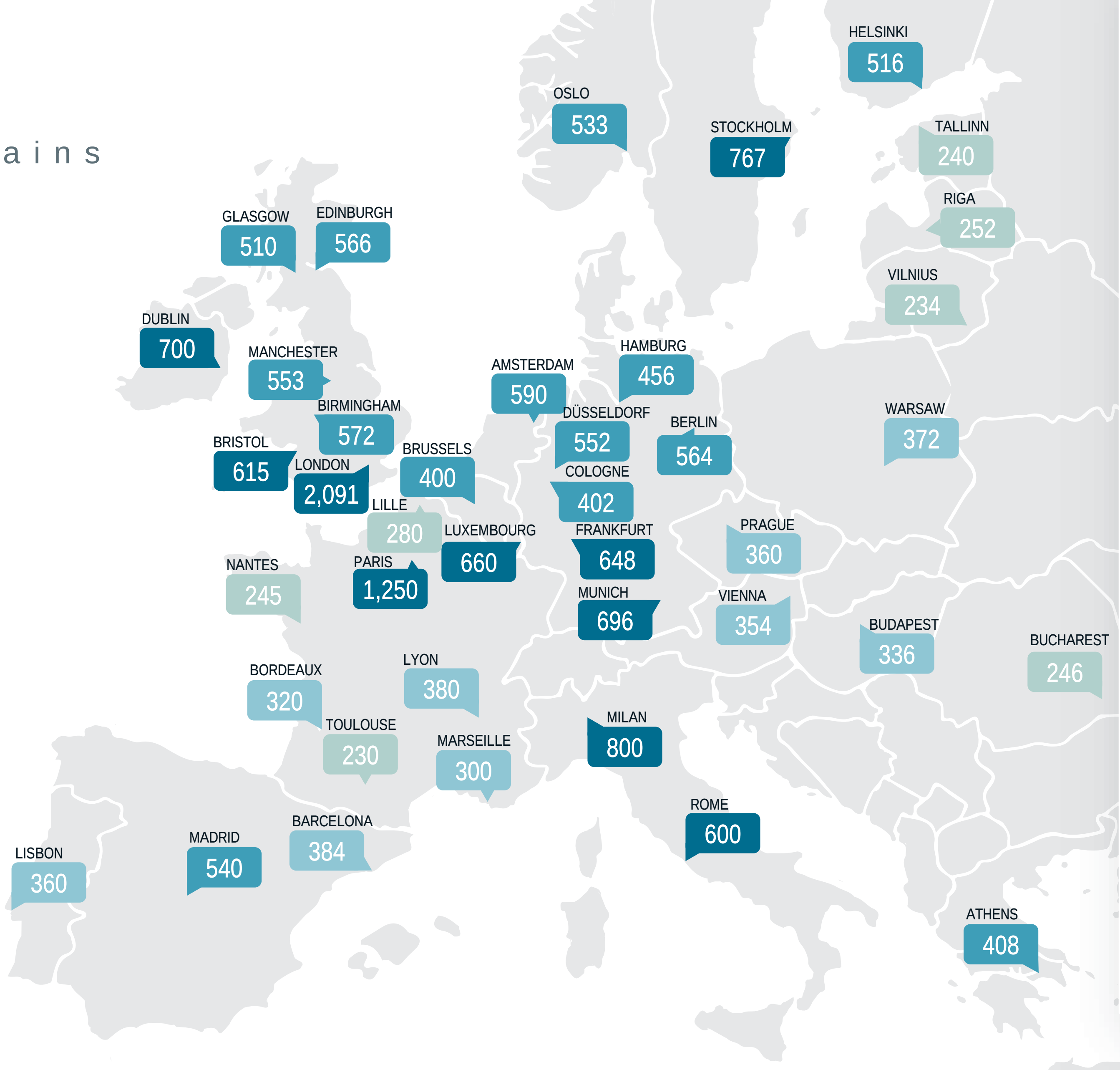
Q4 2025 vs Q4 2024

CENTRAL LONDON	+6%
BERLIN	+4%
CENTRAL PARIS	+4%
AMSTERDAM	+4%
MADRID	+6%
MILAN	+11%
WARSAW	+3%
BRUSSELS	
DUBLIN	+4%
LUXEMBOURG	
VIENNA	+4%
FRANKFURT	+10%
BARCELONA	+10%

Rents (€/sqm/year)

≥ €600 €400-600

€300-400 < €300



EUROPE – Q4 2025

+4.4% vs Q4 2024

41 Markets

Southern European Markets Gaining Momentum

- Prime office rents continue to rise across most European cities, driven by a persistent shortage of new supply.
- Southern European markets stand out in particular, with strong rental recorded in Milan (+11%), Barcelona (+10%), Madrid (+6%), and Rome (+4%).
- Despite rents continually rising, real estate strategies are increasingly shaped by talent attraction and retention considerations, rather than by the pursuit of the lowest possible occupancy costs.
- At the same time, most affordable fringe locations offering characteristics comparable to CBD areas may help temper future rental growth in core markets.

Source: BNP Paribas Real Estate Research

LOGISTICS MARKET

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Logistics Warehousing Market in Europe

Encouraging Trends Across Europe

TAKE-UP*

+5%

vs. 2024

Still below its 5-year average, the market has been showing some strong signs of improvement driven by 3PLs.

PRIME RENTS

+4.6%

over 1 year

+0.5%

Last quarter

Steady growth.
The slow market activity is still easing the pressure on rental growth.

INVESTMENT

+11%

vs. 2024

The market is back to growth, boosted by the return of large portfolio deals.

PRIME YIELD

+130 bps

Since Q1 2022

-1bps

over 1 year

Yield correction is complete in most countries, providing a more stable environment.

* Warehouses above 5,000 sqm (France, Germany, Netherlands, Poland, Spain, United Kingdom)

Source: BNP Paribas Real Estate Research

Logistics Occupier Market in Europe

Great Disparities Within Europe

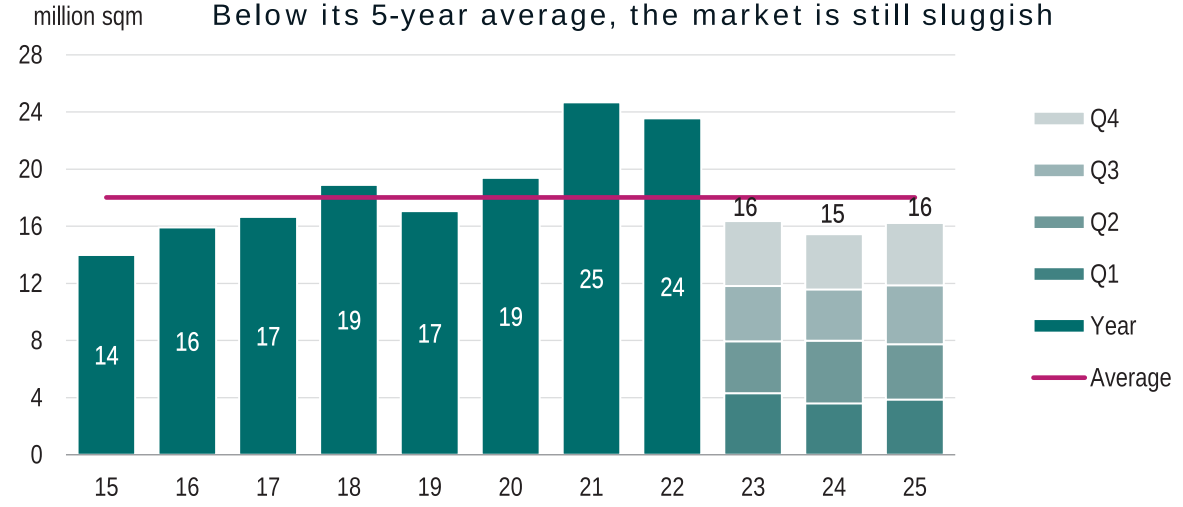
+5%

vs. 2024

TAKE-UP

5 countries

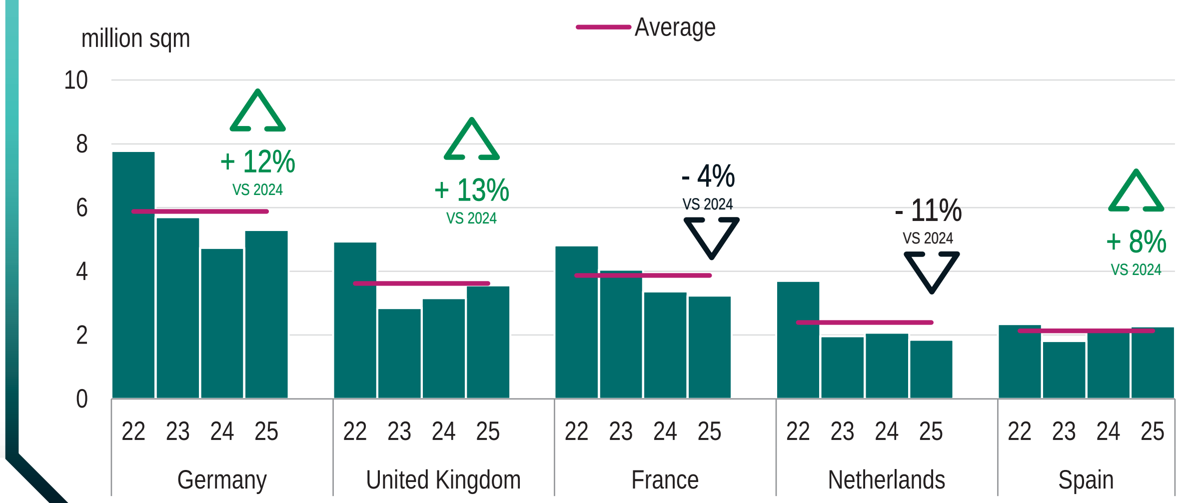
- **Throughout 2025, the logistics market showed some strong signs of improvement** in the leading European markets.
- **The market was mainly driven by 3PLs,** representing nearly 50% of total take-up. Sectors such as Defence and Healthcare logistics strengthened in 2025.
- **The risk of oversupply is limited** even though vacancy rates have been increasing in some markets. Overall, these remain relatively moderate between 5 and 6% on average in Europe.



5 countries : France, Germany, Netherlands, Spain, United Kingdom

Take-up

Warehouses over 5,000 sqm



- **Germany** has been showing some positive signs boosted by bigger deals.
- In the **UK**, the signs of improvement in H1 were confirmed in H2 in all the main markets, upheld by the demand of 3PLs.
- In **France**, activity was slow with demand subdued by concerns about tariff and trade agreements and political uncertainties.
- In the **Netherlands**, the market was constrained by a lack of new developments
- **Spain** is one of the most dynamic markets in Europe with take-up reaching levels seen in its best years historically.

Source: BNP Paribas Real Estate Research

Logistics Prime Rents

Rental Growth Remains Strong

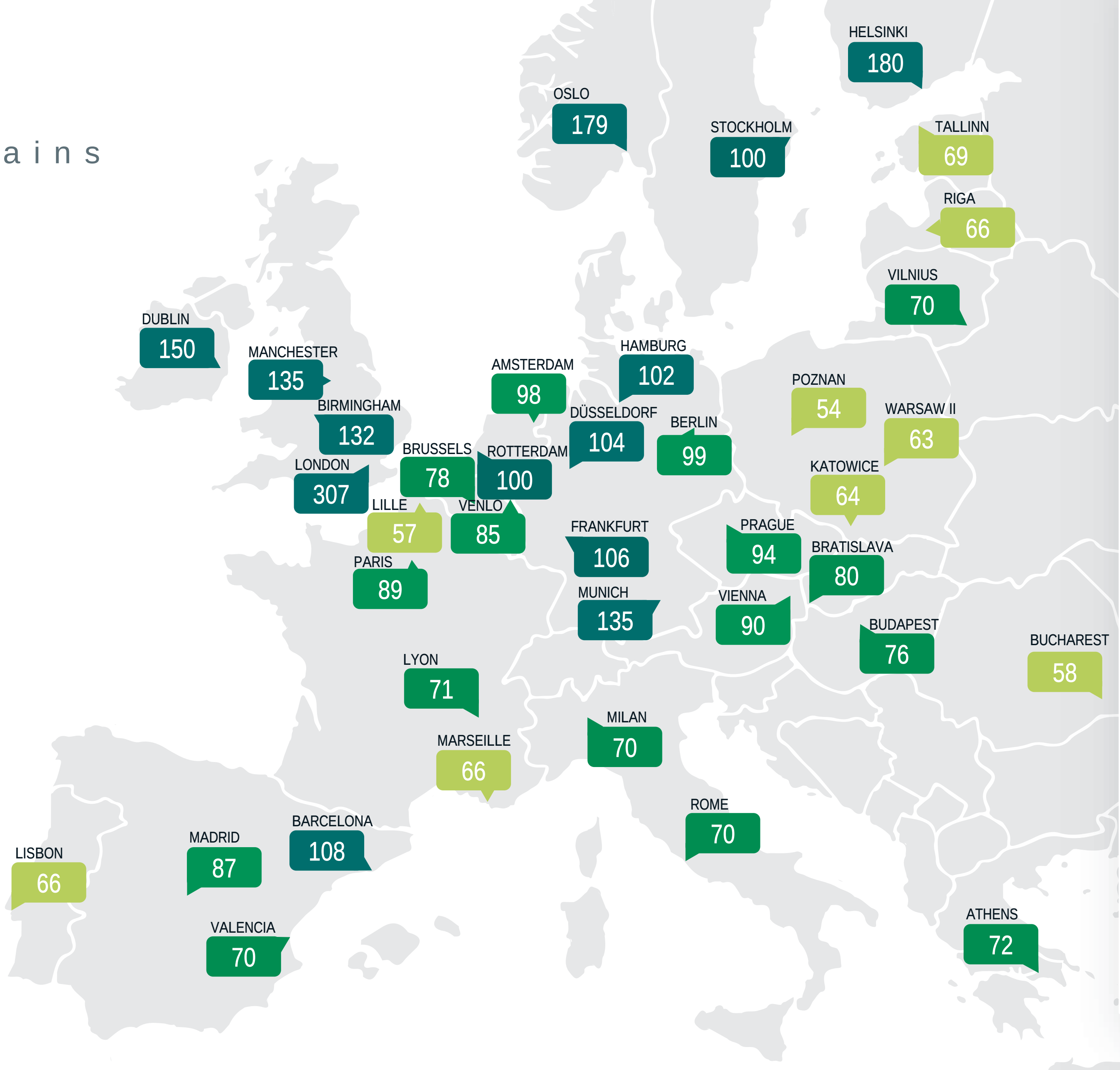
2025 vs 2024

FRANKFURT	+11%
BERLIN	+1%
LONDON	→
BIRMINGHAM	→
PARIS	+19%
VENLO	+6%
MADRID	+7%
BARCELONA	+6%
WARSAW II	-2%
PRAGUE	+5%
MILAN	+3%
STOCKHOLM	+1%
OSLO	→

Rents (€/sqm/year)

- ≥ €100
- €70-100
- < €70

1 GBP	€ 1.1426
1 SEK	€ 0.0914
1 DKK	€ 0.1339
1 NOK	€ 0.0851



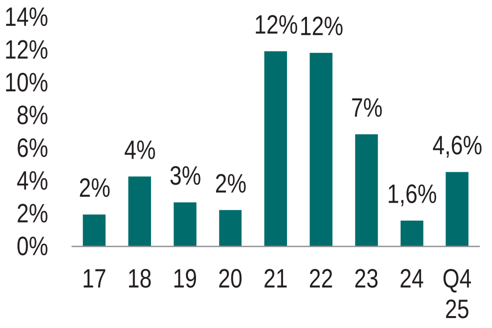
EUROPE – Q4 2025

+4.6% vs Q4 2024

47 markets, 23 countries

+4.6% vs Q4 2024	+0.5% vs last quarter

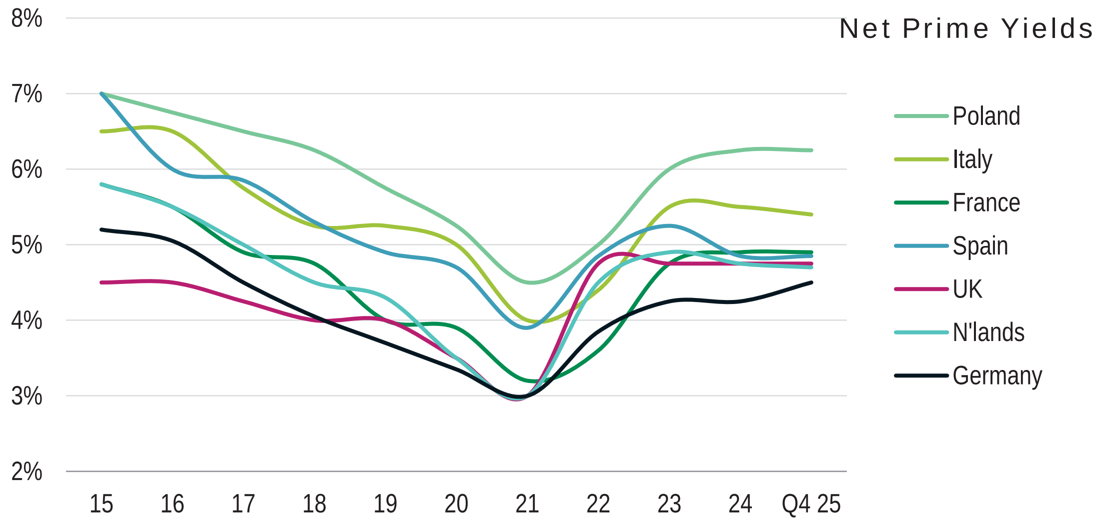
Rental growth (year-on-year)



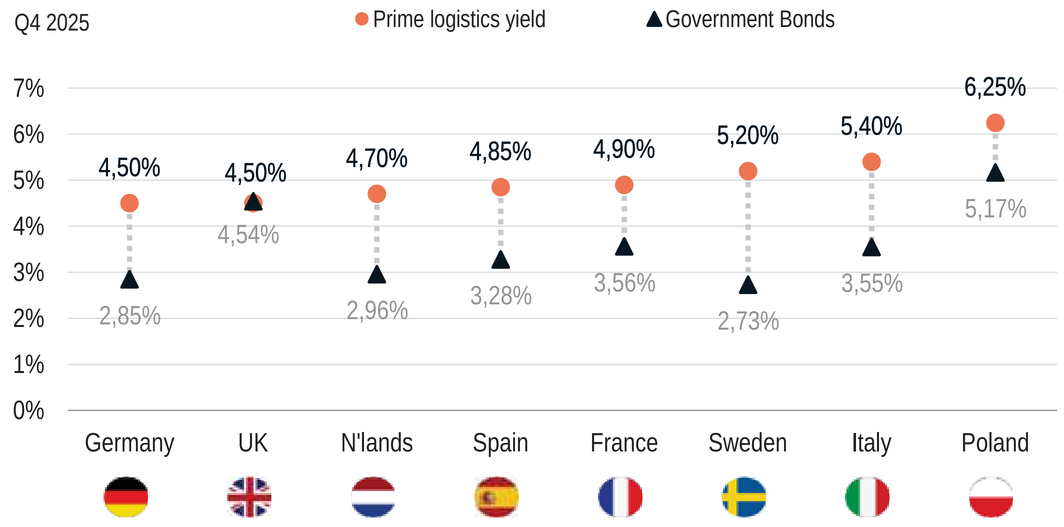
Source: BNP Paribas Real Estate Research

Net prime Yields in Europe

Stabilisation in Q4 2025



Net Prime Yields – Grade A warehouses (big boxes) for standard lease terms (5 to 15 years)



PRIME YIELDS

+130 bps
Since Q1 2022

-1 bp
over 1 year

- Logistics prime yield expansion over the past two years has ceased with moderating inflationary pressure and long-term government bond yields hitting a ceiling.
- Over the past twelve months, prime yields have adjusted gradually towards stabilisation in all European countries. They only adjusted slightly over the last quarter in Europe.

** France, Germany, Netherlands, Spain, United Kingdom*

Source: BNP Paribas Real Estate Research

RETAIL MARKET

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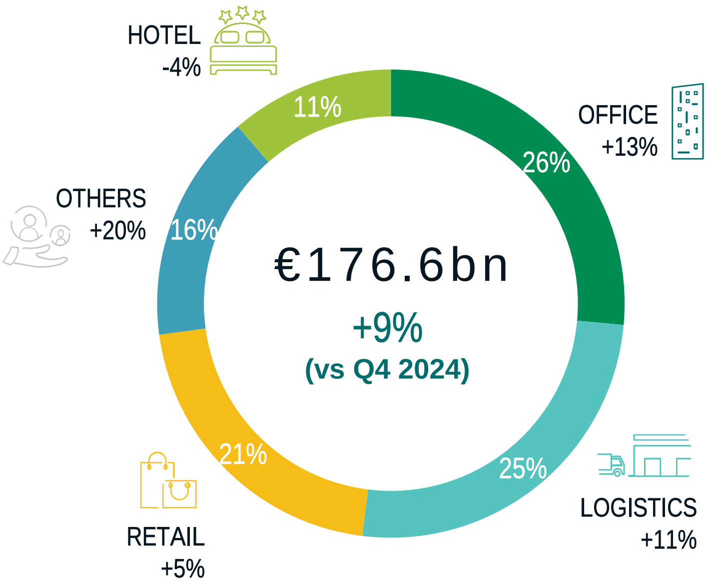
Total Commercial Real Estate Investment

Retail regains Market Share

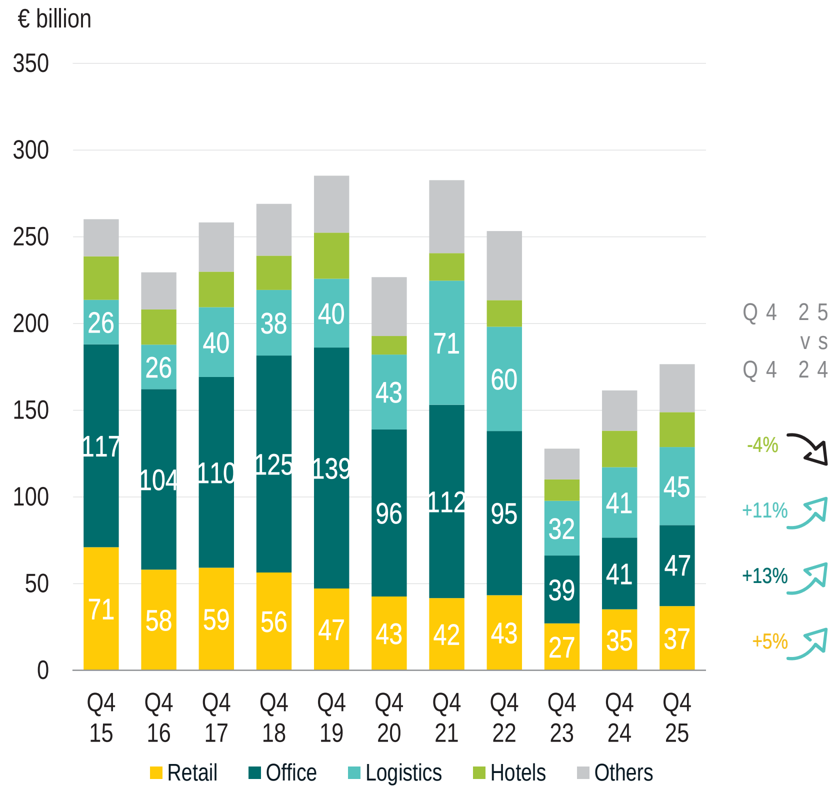
- Amidst trade tensions and political instability, European Commercial Real Estate investment recorded a volume increase of 9% compared to last year.
- Investment into retail expanded by 5% over the year and accounted for 21% of CRE investment in 2025. Retail remains the third sector for investment deployment after Office and Logistics, though has regained some (limited) market share.
- Retail real estate survived the pandemic in good shape. Over ten years of restructuring left the sector in a strong position, and investors now believe it offers growth opportunities.
- A big factor behind that belief, is the perception that retail has proven to be resilient to trend shifts. It has become flexible in accommodating consumer needs and embraced adaptation. A key outcome of this is the return to physical shopping experiences as a driver of sales.

CRE Investment – Q4 2025 – rolling year



BREAKDOWN Q4 2024	
OFFICE	26%
LOGISTICS	26%
RETAIL	22%
HOTEL	13%

CRE Investment – 2015-2025 (rolling year)



Source: BNP Paribas Real Estate Research

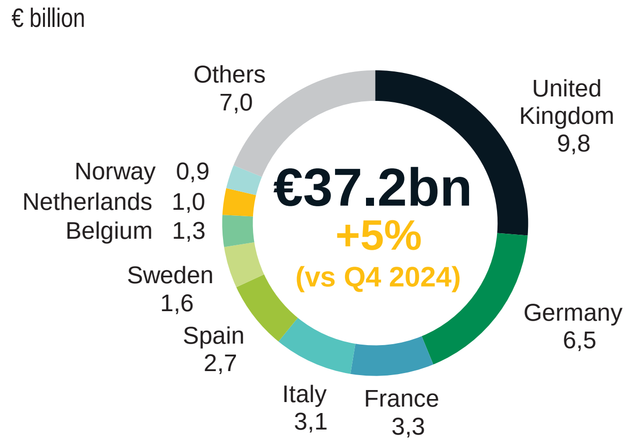
Retail Investment by Country

All of the major countries in Europe are seeing expansion

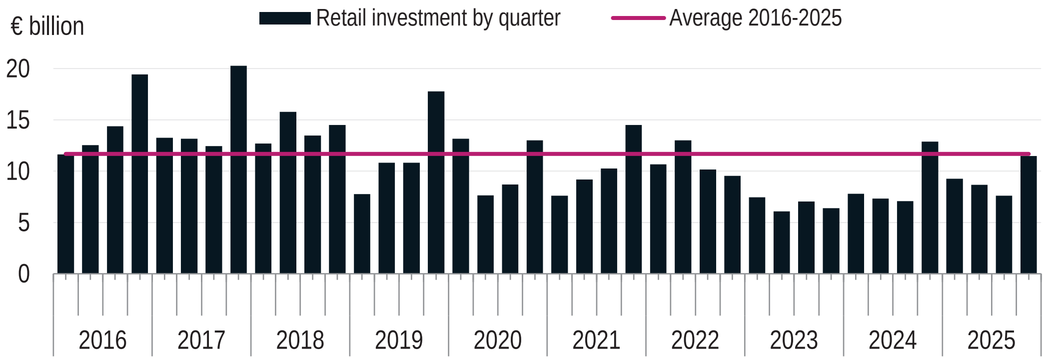
- **Retail Investment reached €37.2 billion in Q4 2025 on a rolling year basis.**
- **The last quarter was the most active of the year.** Although its volumes were below the levels seen in Q4 2024, it ensured 2025 saw more investment than 2024.
- The **United Kingdom** remains the leader for European Retail Investment at €9.8bn. Major deals were closed this year, notably several Asda supermarket portfolios and two shopping centre transactions: the Brent Cross Shopping Centre and the Bullring and Grand Central Shopping Centres.
- France saw improvement of 5% in volumes over the year to take investment to €3.3 billion for 2025. The big sale of the year was a Kering portfolio of 3 assets sold at €599 million.
- **Germany**, the second biggest market in Europe**,** witnessed improvement in investment performance with growth of 3% pa to reach **€6.5bn.** Outlet transactions particularly stood out this year with sales of the Neumünster Designer Outlet center (€350m) and the B5 Designer Outlet center (€230m).
- **Italy at 14% pa and Spain at 39% pa** had some of the strongest growth in investment over 2025. Shopping centres drove the volume in Spain with the acquisition by CBRE IM of Parque Corredor in Torrejon - Madrid - for € 250 million.
- **Belgium (159% pa), Norway (15% pa) and the Netherlands (8% pa) saw good growth.** Belgium in particular saw a surge in shopping centre investment over 2025 with some very large transactions like Stadshart Zoetermeer for €150 million.

Source: BNP Paribas Real Estate

Breakdown by country (Q4 2025 – 12 months)



Retail Investment by quarter



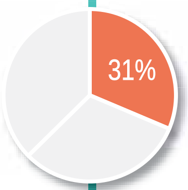
Source: BNP Paribas Real Estate Research

Major Transactions by Segment

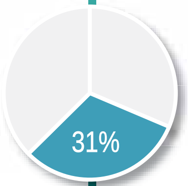
Retail Investment in Q4 2025

France, Germany, UK, Spain, Italy, Poland

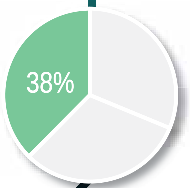
HIGH STREET **€8.2bn** **-13%** **vs. Q4 2024**



SHOPPING CENTRE **€8.2bn** **+28%** **vs. Q4 2024**



RETAIL WAREHOUSING **€9.8bn** **-11%** **vs. Q4 2024**



Investment volumes (€m)

- ≥ €500m
- €200m - €500m
- €100 - €200m
- < €100m

- High street
- Shopping centre
- Retail warehousing

Source: BNP Paribas Real Estate Research

HOTEL MARKET

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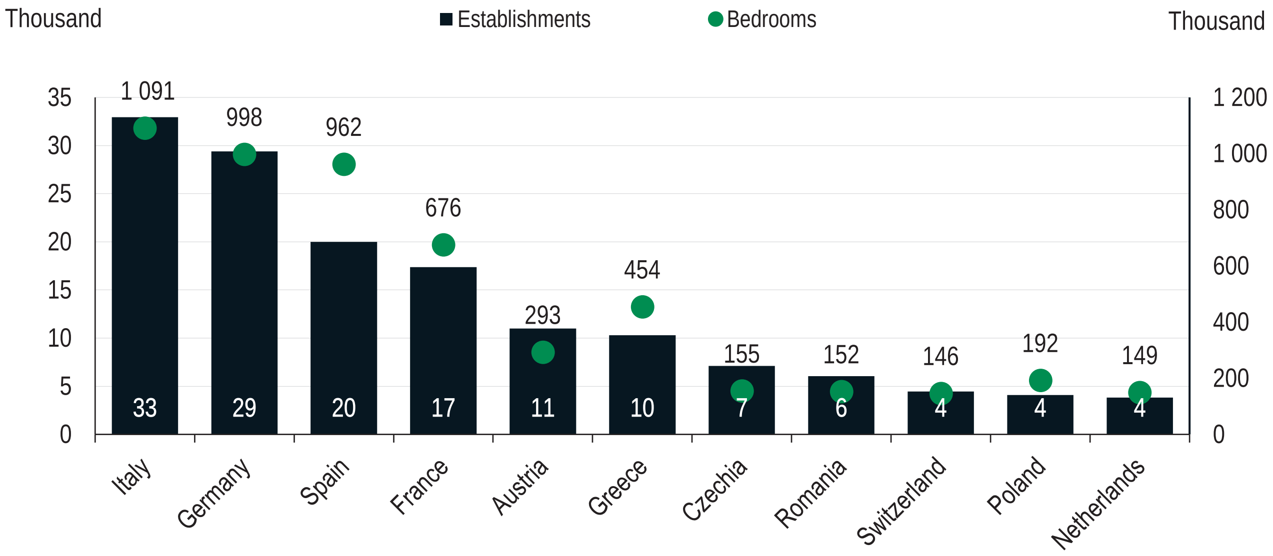
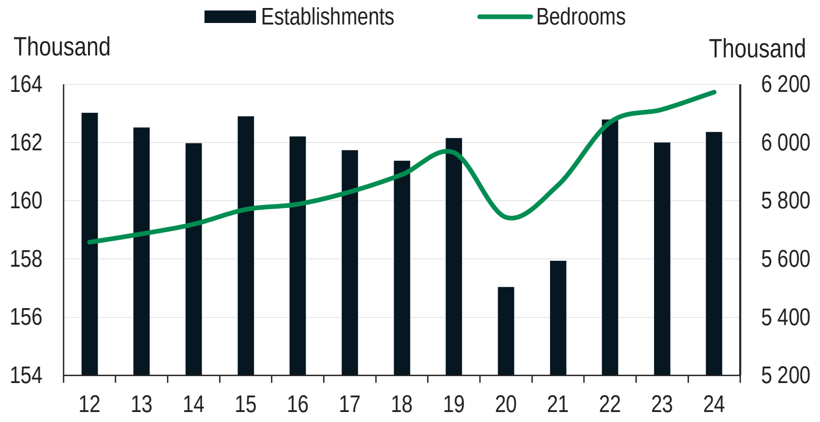
Hotel Stock in Europe

Number of Establishments and Bedrooms in 2024

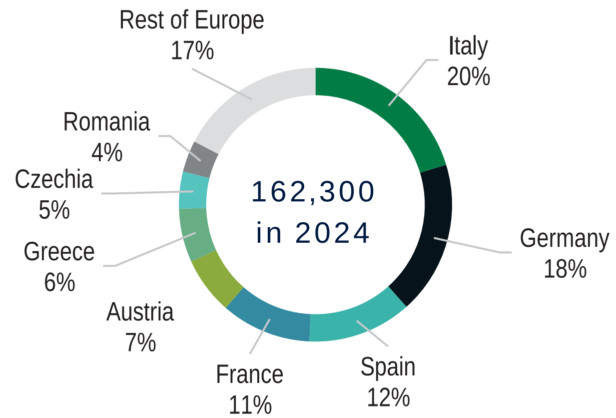


Italy, Germany, Spain and France account for 61% of hotel numbers

- Italy has the largest capacity in Europe, both in the number of hotels and bedrooms
- Spain has fewer hotels but a larger capacity of accommodation per hotel



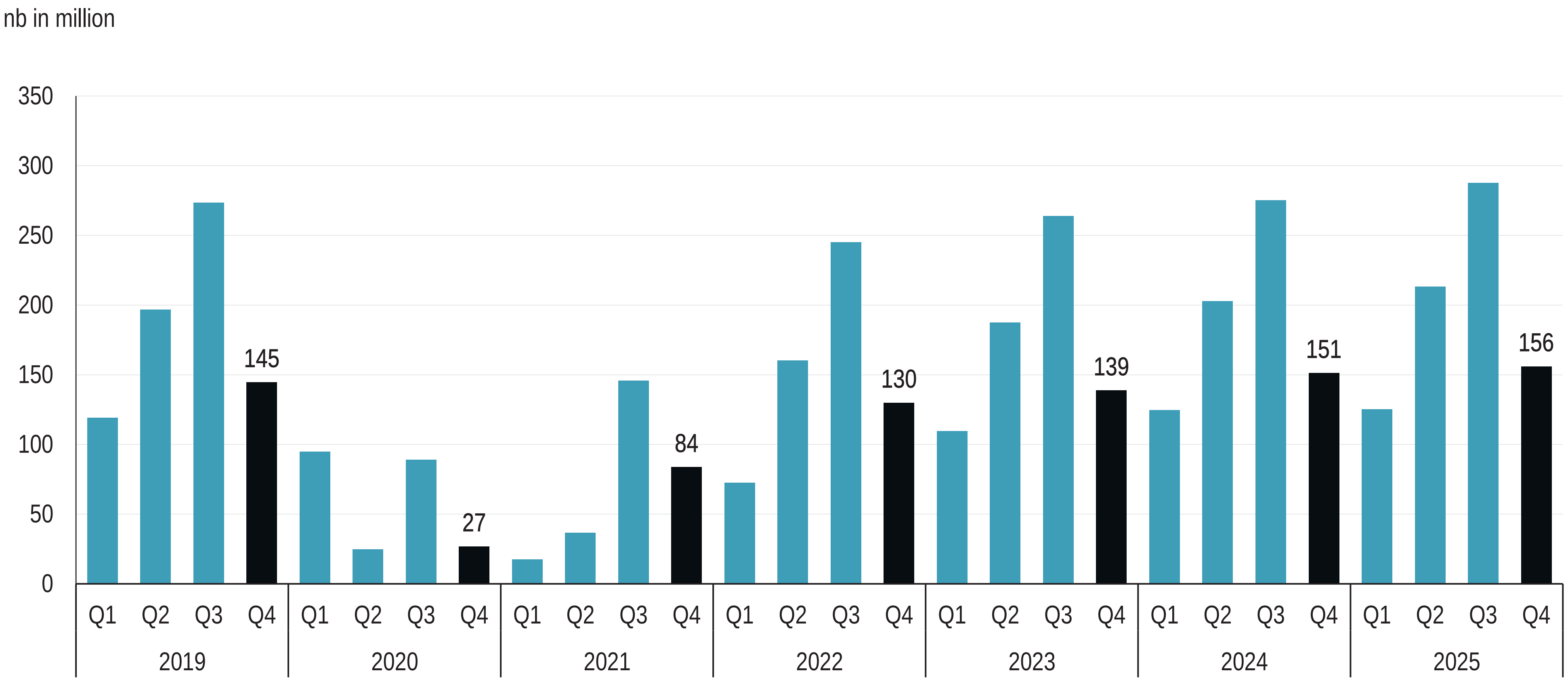
Establishment distribution by country*



Source: BNP Paribas Real Estate Research, Eurostat

International Tourist Arrivals in Europe

Strengthening at a Moderate Rate Year-on-Year



Tourist Arrivals in Europe - Q4 2025

+3% vs Q4 2024

+12% vs Q4 2023

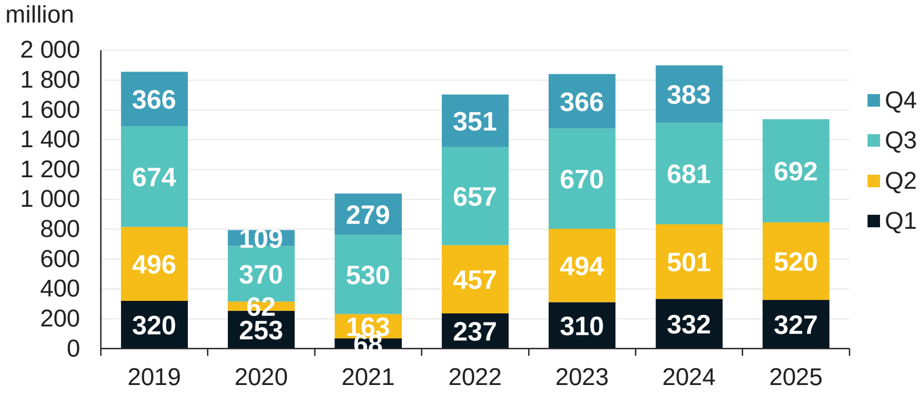
+20% vs Q4 2022

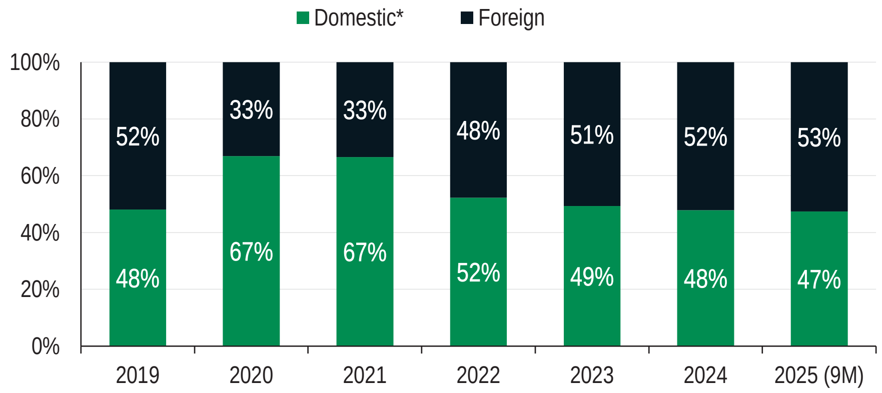
Source: BNP Paribas Real Estate Research, *UN Tourism*

Top Destinations in Europe

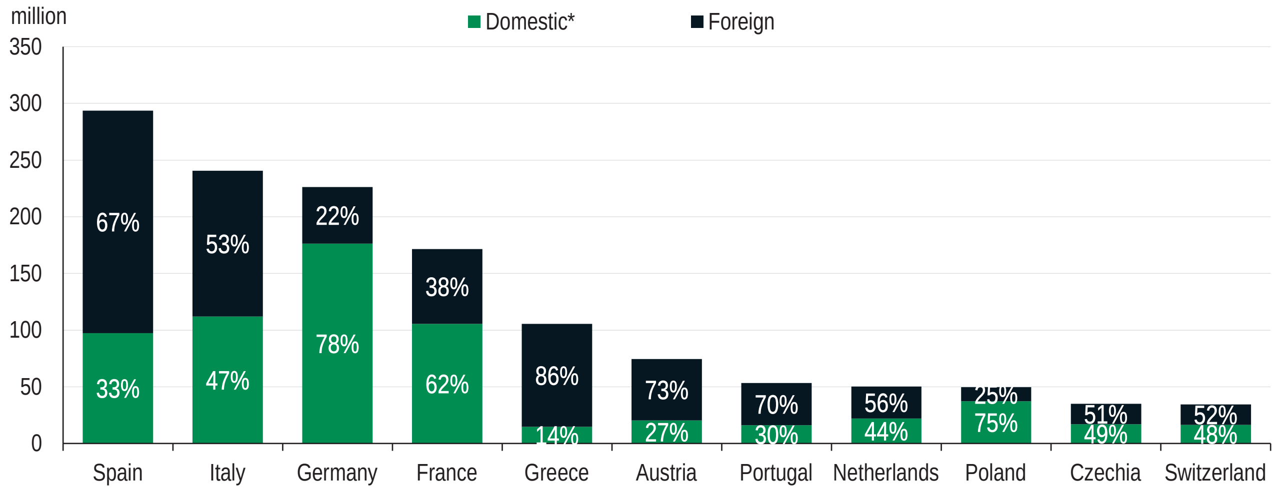
Slow but Steady Improvement in Volumes

Nights Spent at Tourist Accommodation Establishments (EU-27)





Nights Spent in 2025 (9 months)



The number of tourists in Europe continues to gradually increase

- Nights spent increased by 1.5% in 2025 (vs 2024)
- International tourism has been particularly strong in Spain, Italy and Greece, whilst domestic tourism was predominant in Germany and France.

Source: BNP Paribas Real Estate Research, Eurostat

RESIDENTIAL MARKET

BNP PARIBAS REAL ESTATE

Residential Investment

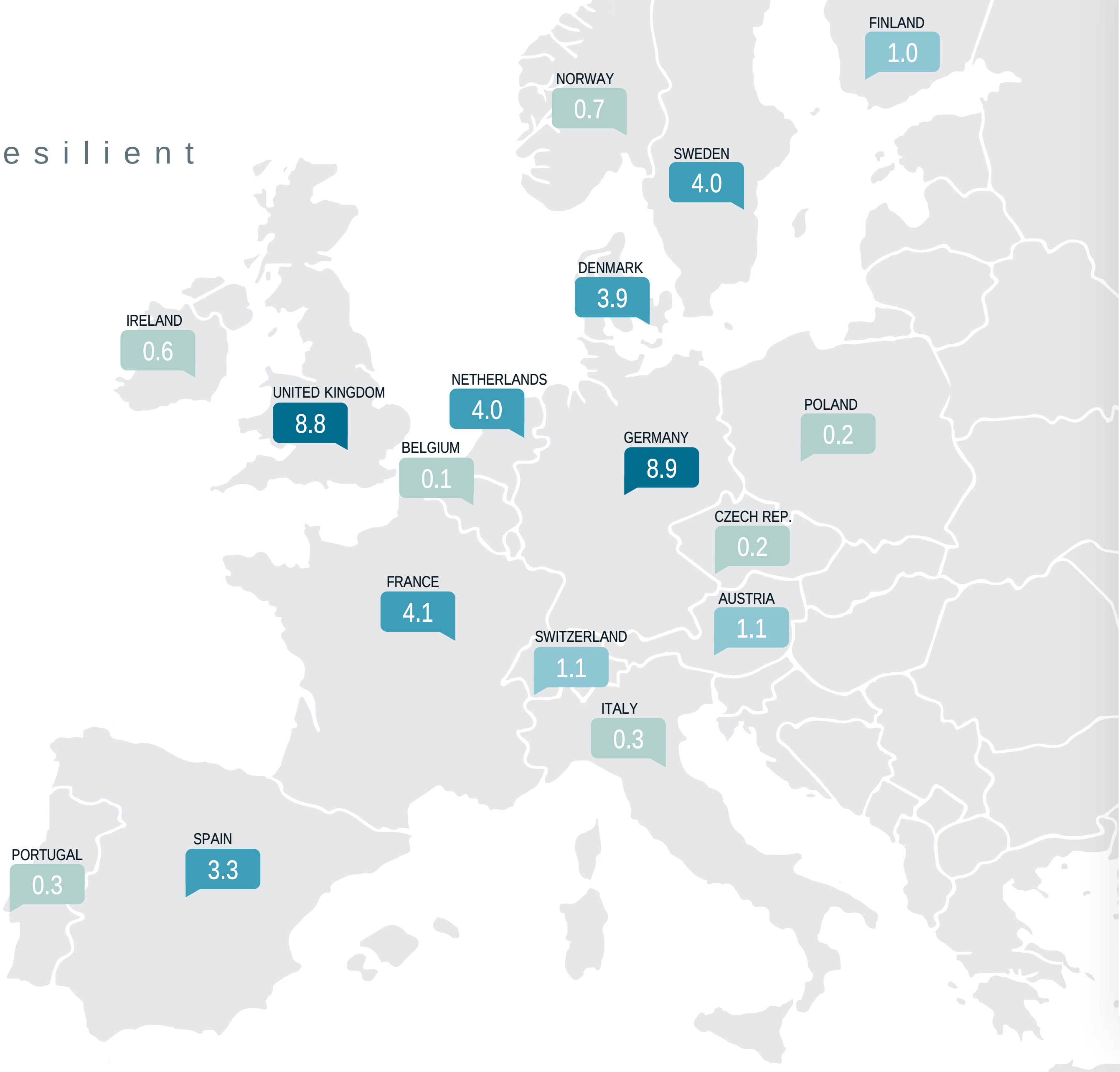
Activity Remains Resilient

2025 vs 2024

UNITED KINGDOM	-11%	↘
GERMANY	-4%	↘
FRANCE	+28%	↗
SWEDEN	+8%	↗
NETHERLANDS	-7%	↘
SPAIN	+63%	↗
ITALY	+18%	↗
NORWAY	-3%	↘
POLAND	-19%	↘
BELGIUM	-62%	↘
DENMARK	+29%	↗
FINLAND	+71%	↗
IRELAND	+37%	↗
AUSTRIA	+31%	↗

Volume of Investment

- ≥ €5bn
- €3bn - 5bn
- € 1bn - 3bn
- < €1bn



EUROPE – 2025

€43.2bn +2% vs 2024

- Residential investment volume in Europe reached €43.2bn in 2025, increasing by 2% y/y thanks to a higher number of the small to mid-scale deals that continue to fuel residential activity.
- The underlying residential fundamentals remain positive. Strong disequilibrium exists between demand and supply in large urban cities. In these locations there are positive population and income growth and upwards pressure in the rental market.
- This sector faces two main challenges. The first is the threat of much tougher rental regulation across Europe. There is an inconsistent approach across Europe with some countries debating the introduction of rental capping. The second is a lack of large lot sizes (portfolios especially) that enable investors to buy at scale.
- Nevertheless, even with these obstacles, the residential segment remains the first targeted sector according to INREV's Investor Intentions survey (January 2026).

Source: BNP Paribas Real Estate Research

Residential Prices

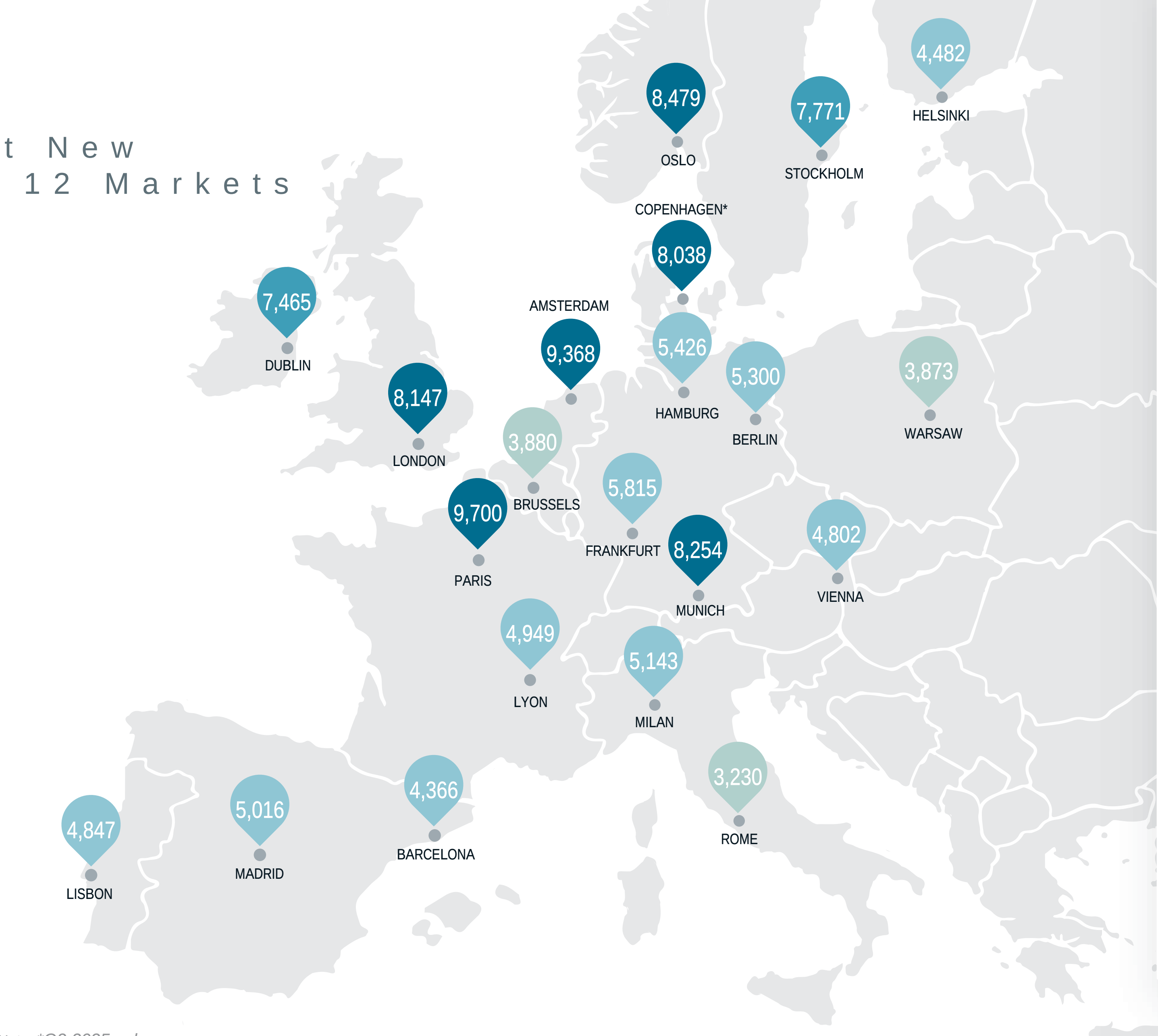
House Prices Hit New Record Highs in 12 Markets

Q3 2025 vs Q3 2024

BERLIN	+4%
MUNICH	+4%
FRANKFURT	+3%
DUBLIN	+6%
LONDON	-4%
PARIS	+2%
AMSTERDAM	-3%
MADRID	+18%
BARCELONA	+13%
WARSAW	+4%
MILAN	+3%
LISBON	+12%
BRUSSELS	+5%

Prices (€/sqm) - *Net of transfer fees*

- ≥ €8,000
- €6,000 - 8,000
- €4,000 - 6,000
- < €4,000



*Note: *Q2 2025 value*

EUROPE – Q3 2025

+5.0% vs Q3 2024

- House prices across European cities expanded on aggregate by +5% in Q3 2025 vs Q3 2024.
- Compared to the Q3 2024, the 5 cities experiencing double-digit growth included Valencia (+24%), Madrid (+18%), Seville (+17%), Barcelona (+13%) and Lisbon (+12%).
- High growth also occurred in Oslo (+7% y/y), Rome, Dublin and Toulouse (+6% y/y), Brussels and Lyon (5% y/y).
- In Q3 2025, house prices fell in London (-4% y/y). Uncertainty over new property taxes is a major factor behind falls in prices. April 2025 saw stamp duty reform, which removed tax relief for first-time buyers increasing purchase costs. In addition, tax reforms on non-domiciled international buyers have deflated demand at the top end of the luxury market.
- Price decreases occurred also in 4 other cities: Rotterdam (-1% y/y), Lille (-2% y/y), Amsterdam (-3% y/y) and Marseille (-5% y/y).

Source: BNP Paribas Real Estate Research

Residential Rents

Rents Hit New Record Highs in 15 Markets

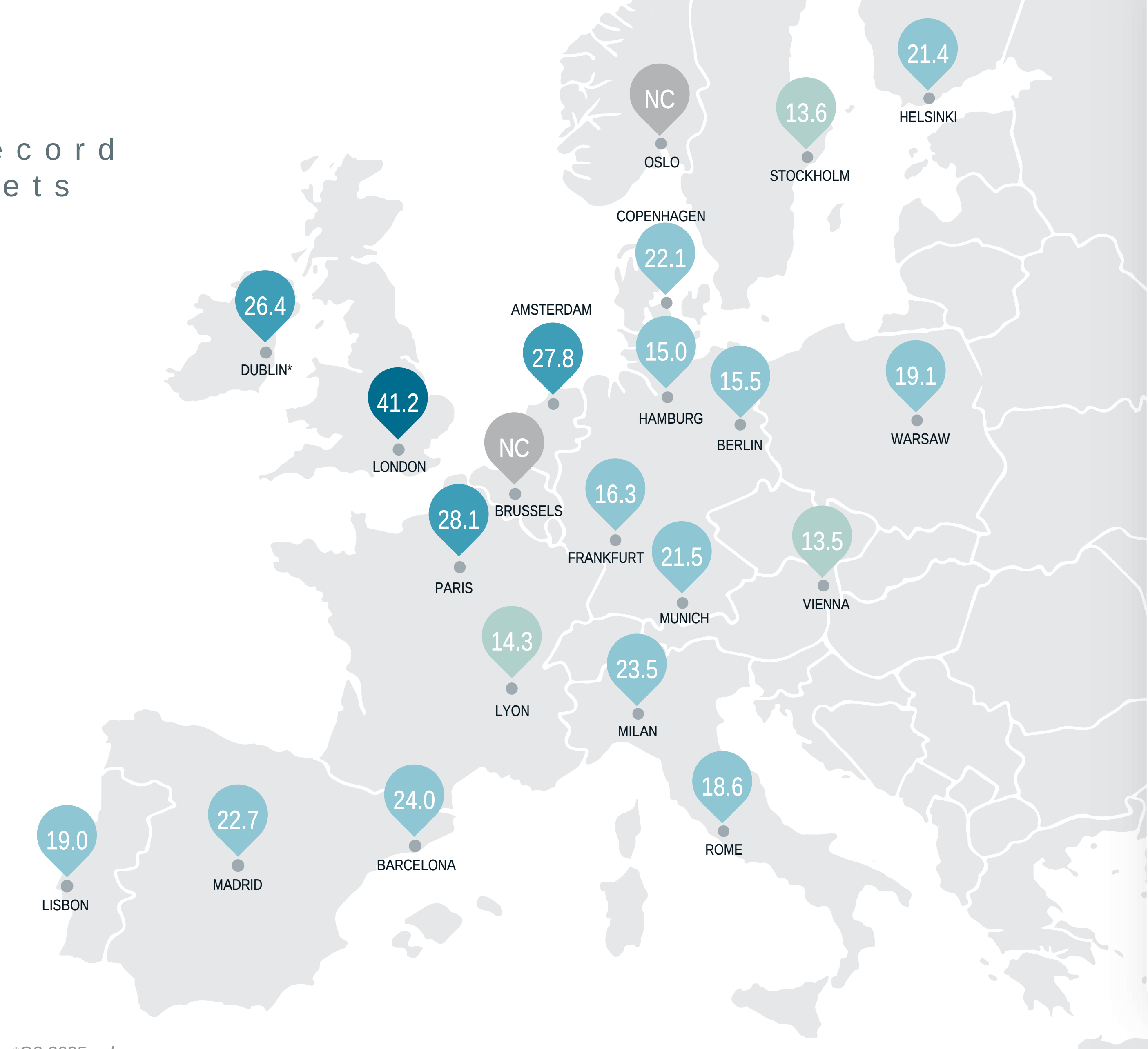
Q3 2025 vs Q3 2024

BERLIN	+4%
MUNICH	+4%
FRANKFURT	+5%
DUBLIN*	+4%
LONDON	+6%
PARIS	
AMSTERDAM	+4%
MADRID	+11%
BARCELONA	+7%
WARSAW	+2%
MILAN	+2%
COPENHAGEN	+3%
HELSINKI	-4%

Rents (€/sqm/m)

≥ €35 €25-35

€15-25 < €15



Note: *Q2 2025 value

EUROPE – Q3 2025

+4.1% vs Q3 2024

- Residential rental values across European markets were still expanding in Q3 2025 at +4.1% y/y.
- Demand in the rental market continues to rise despite high rental values. 4 factors explain this: 1) higher cost of purchase prices resulting in a decrease in property purchase affordability, 2) European energy regulations and limits on rent increase prompting lessors to leave the rental market, worsening the supply shortage, 3) more profitability can be achieved in the short-term rental market as tourism rises, 4) lack of new housing construction.
- All European cities (except Helsinki) experienced rent growth during Q3 2025. Double-digit rental growth occurred in 3 of the 31 markets: Madrid (+11% y/y), Rome and Seville (+10% y/y).
- In Helsinki, rent growth declined mainly due to the abundant of housing supply supported by the dynamic residential construction of 2017-2023. There is still an excess of supply in the rental market, however improving occupancy rates will reduce this as Finland is experiencing strong population growth and housing development has significantly reduced.

Source: BNP Paribas Real Estate Research

Locations

EUROPE

FRANCE
Headquarters
50, cours de l'Ile Seguin
- CS 50280 92650 Boulogne-Billancourt cedex
Tel.: +33 1 55 65 20 04

GERMANY
Goetheplatz 4
60311 Frankfurt am Main
Tel.: +49 69 29 89 90

UNITED KINGDOM
10 Harewood Avenue
London NW1 6AA
Tel.: +44 20 7338 4000

BELGIUM
Avenue Louise 235
1050 Brussels
Tel.: +32 2 290 59 59

SPAIN
C/ Emilio Vargas, 4
28043 Madrid
Tel.: +34 91 454 96 00

IRELAND
57 Adelaide Road,
Dublin 2
Tel.: +353 1 66 11 233

ITALY
Piazza Lina Bo Bardi, 3
20124 Milano
Tel.: +39 02 58 33 141

LUXEMBOURG
Kronos building
10, rue Edward-Steichen
2540 Luxembourg
Tel.: +352 34 94 84

Investment Management
Tel.: +352 26 06 06

NETHERLANDS
Antonio Vivaldistraat 54
1083 HP Amsterdam
Tel.: +31 20 305 97 20

POLAND
Grzybowska 78,
00-844 Warsaw
Tel.: +48 22 653 44 00

PORTUGAL
Avenida da República, 90 Piso 1,
Fracção 1
1600-206 Lisboa
Tel.: +35 1 939 911 125

MIDDLE EAST / ASIA

DUBAI
Emaar Square
Building n° 1, 7th Floor
P.O. Box 7233, Dubaï
Tel.: +971 44 248 277

HONG KONG, SAR CHINA
63/F, Two International Finance Centre
8 Finance Street, Central,
Hong Kong, SAR China
Tel.: +852 2909 8888

SINGAPORE
20 Collyer Quay, #17-04
Singapore 049319
Tel.: +65 681 982 82

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