

REVIEW

# OFFICE MARKET

EUROPE Q4 2025

RESEARCH & INSIGHTS



**BNP PARIBAS  
REAL ESTATE**

Real Estate for a changing world



# Q4 2025

## OFFICE MARKET EUROPE

Demand for office space continued to consolidate in Europe in 2025. The overall performance is broadly in line with the five-year average, which now constitutes the market's new normal. Market activity remains dynamic in core locations, while secondary areas are facing pronounced challenges.

**8.01 M sqm** ▶ **+0.2% y/y**  
TAKE-UP - 18 CITIES (2025)

### Significant deals Q4 2025

TENANT / SECTOR	LOCATION	SQM
Technip Energy Manufacturing and construction	Rome	26,000
Accenture Professional services	Paris	24,639
Astra Zeneca Manufacturing and construction	Warsaw	22,532
European Commission Public administration	Brussels	17,714
IE University Public administration	Madrid	15,093
Penguin Random House Verlagsgruppe GmbH Technology, media and communication	Munich	11,300

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### TAKE-UP

Letting in the 18 main European office markets amounted to **8.01 million sqm** at the end of 2025, in line with 2024 results. This level stands close to the 5-year average, reflecting a market that remains broadly stable over the past three years.

The **six main German markets** demonstrated notable resilience amid a persistently challenging environment: 2025 take-up exceeded 2024 levels by 4%. 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. An above-average 31% of take-up can be attributed to some very large transactions recorded in Q1 2025.

Take-up in **Central Paris** was down by 10% on last year (and to the five-year average), amounting to 1.48 million sqm. All size segments followed similar trends in 2025.

**Central London** take-up amounted to 1,069,572 sqm in 2025,

increasing by 10% vs 2024, driven by a strong performance in developing markets such as Kings Cross and Southbank, which recorded remarkable annual increase of 35% and 16% respectively. Banking & Finance was the most active sector in 2025 accounting for 28% of market share, followed by Professional Services at 19%. **Dublin** also showed brilliant performance (+24% y.o.y, and 31% above its 5yr-average).

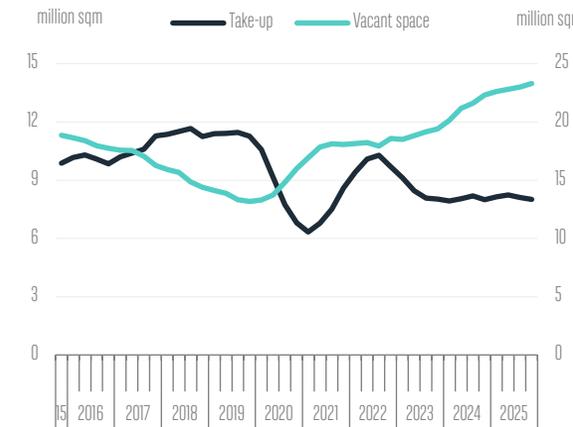
Office markets in **Spain** continued to perform well, with 2025 take-up exceeding five-year average levels in both **Barcelona** (+15% y.o.y) and **Madrid** (-7% y.o.y), despite some year-on-year moderation.

In Italy, **Milan** recorded a 6% increase in 2025 take-up (in line with the 5-yr average). By contrast, **Rome** experienced a sharp contraction in 2025 (-19% vs 2024), largely reflecting a lack of large-scale transactions.

**Brussels** and **Warsaw** showed similar trends, with modest declines in 2025 (-6% and -2% respectively).

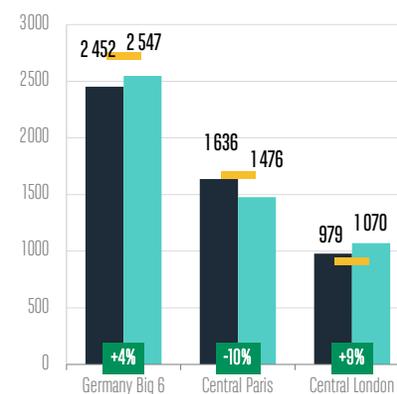
### Office cycle (rolling year)

Europe - 18 cities

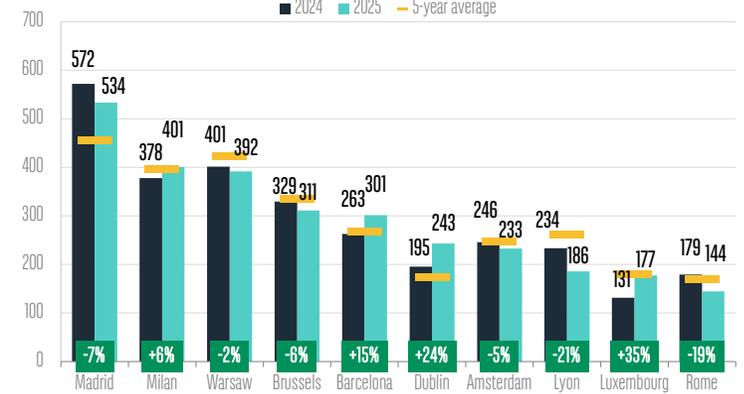


### Office take-up by market

thousand m<sup>2</sup>



thousand m<sup>2</sup>



Source: BNP Paribas Real Estate



# Q4 2025

## OFFICE MARKET EUROPE

### KEY FIGURES

**+11.1% vs. Q4 2024**  
MILAN PRIME RENT

**+5.6% vs. Q4 2024**  
PRIME RENTS (main markets)

**+4.7% vs. Q4 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 tenants willing to pay so much.



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### RENTS

Prime office rents continue to rise across Europe, driven by very limited Grade A availability and sustained demand for high-quality buildings in the most sought-after locations. This upward pressure is being reinforced by stricter office mandates and a reduced development pipeline.

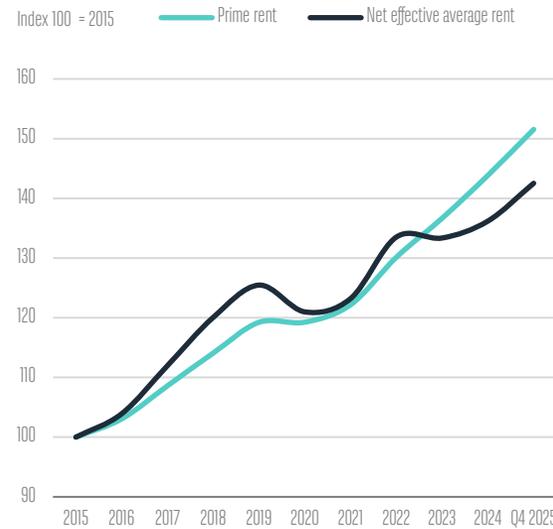
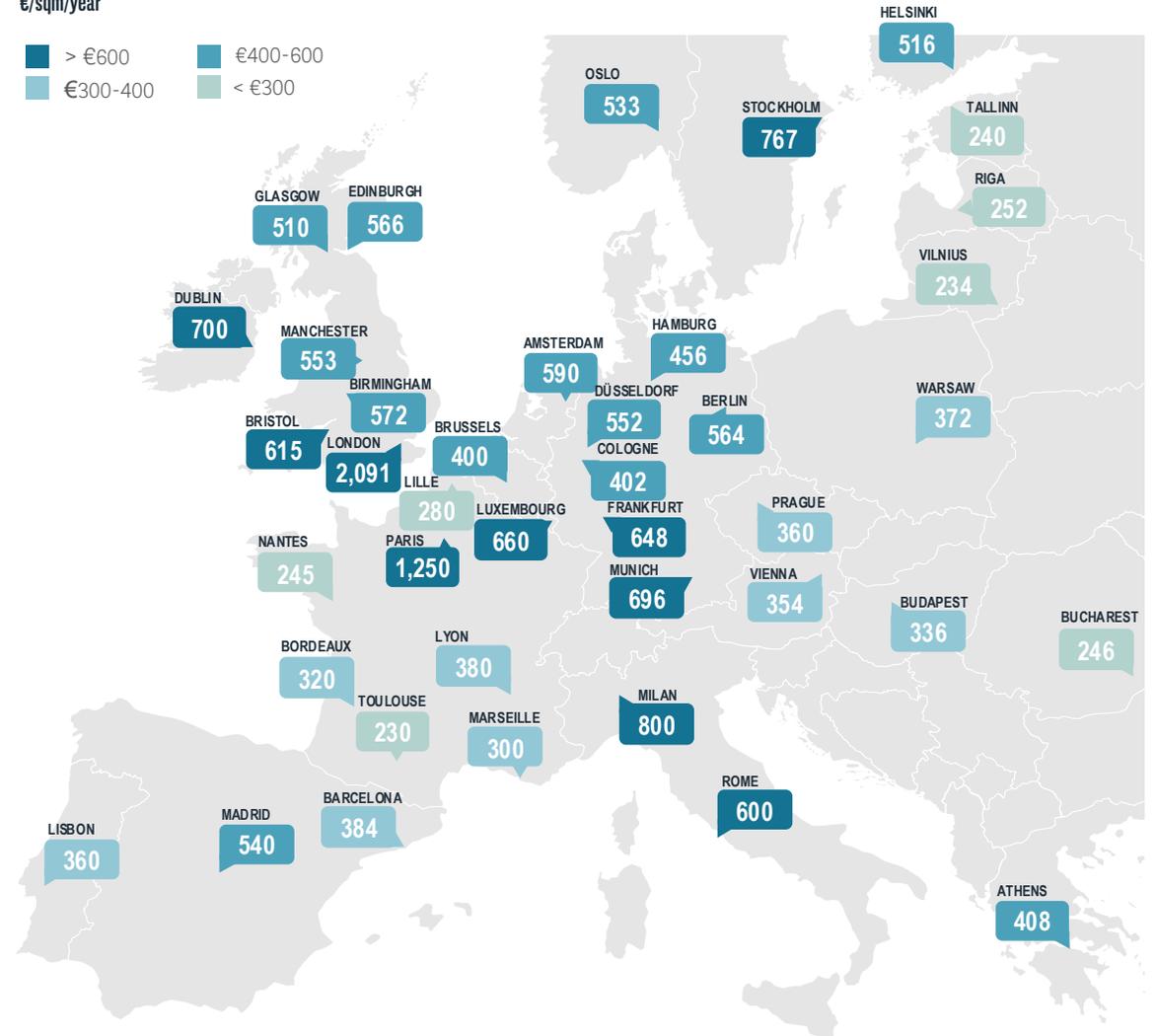
Over the past 12 months, rental growth has been particularly strong in Milan (+11%), Frankfurt (+10%), Barcelona (+10%) and Munich (+8%).

Scarcity of modern space in central locations is pushing some occupiers towards more affordable fringe markets, especially where rental discounts versus CBDs are significant.

However, hybrid working patterns mean that cost savings alone are insufficient: fringe locations must also offer strong transport connectivity and a clear identity to attract demand. Where these conditions are met, selected fringe markets may continue to see rental growth.

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

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



Source: BNP Paribas Real Estate



# Q4 2025

## OFFICE MARKET EUROPE

Availability remains constrained in central submarkets, particularly for Grade A buildings offering high-quality office accommodation.

By contrast, significantly higher vacancy levels persist in peripheral office districts and in second-hand buildings.



**9.5%**  **+45 bp vs Q4 2024**  
VACANCY RATE (38 MARKETS)

**5.6%**  
CBD AVERAGE VACANCY RATE (13 MARKETS)

**11.1%**  
NON-CBD AVERAGE VACANCY RATE (13 MARKETS)

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### VACANCY

At the end of 2025, the overall European vacancy rate reached **9.5%**, representing an increase of 45 basis points year-on-year.

Vacancy growth is unlikely to be driven by new construction, as development activity remains limited and a large share of new supply is already pre-let.

In the most sought-after districts, vacancy remains low: 1.6% in Barcelona CBD (-130 bp), 3.2% in Milan CBD (-50 bp), 3.4% in Munich CBD (+50 bp). In contrast, vacancy continues to rise across many peripheral office locations.

Hybrid working patterns and increased in-office collaboration are reinforcing occupier demand for buildings in established central locations. Accessibility remains as critical as building quality. While Grade A is available outside city centres, it is often less well connected



© ihsplash/provichik

### Vacancy rate



Source: BNP Paribas Real Estate



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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Q4 2025

OFFICE MARKET  
EUROPE



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