REVIEW

CAPITAL MARKET

EUROPE 2025

RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Q4 2025 CAPITAL MARKET EUROPE

Despite moments of uncertainties, supportive economic conditions this year provided a favorable environment for real estate to continue recovery, now reaching €176.6bn.

KEY FIGURES

€176.6bn +9% y/y
Investment volume 2025

€46.7bn +13% y/y
Offices edging back to growth

€45.0bn +11% y/y
Logistics showing fluctuating growth

€36.9bn +5% y/y
Retail seeing many more buyers

€20.0bn -4% y/y
Hotels continued to consolidate its position

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MARKET OVERVIEW

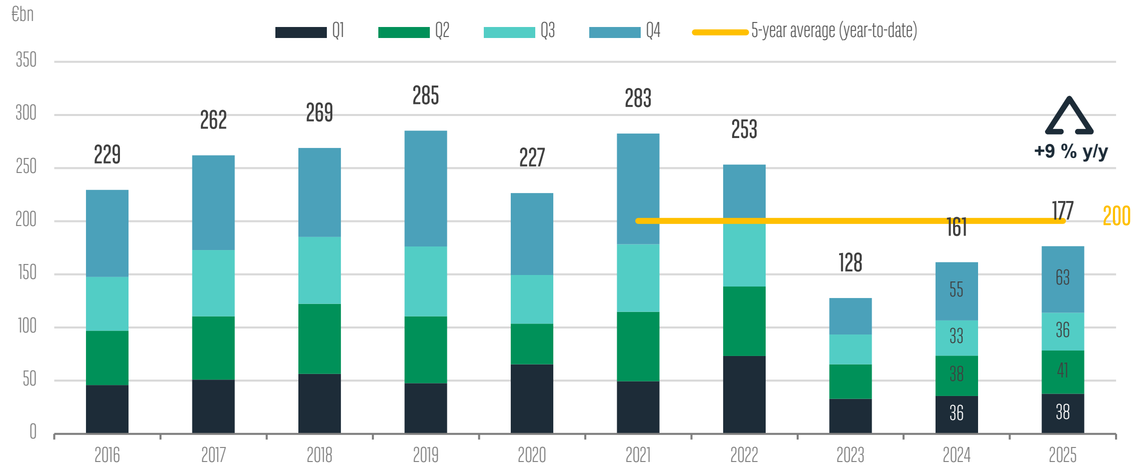
The European market landscape confirmed a broad-based recovery this year. Total CRE volumes grew by +9% reaching almost €177bn. Momentum is characterised by an upward trajectory across the entire asset spectrum.

Office investment at almost €47bn, is demonstrating solid progress back from its low point, with the highest growth rate of all assets at +13% (y.o.y). Strong investment activity in Q4 drove Logistics up to €45bn, notably supported by an ongoing appetite for portfolio acquisitions. Retail (+5%) and hospitality (-4%) assets continued to attract solid interest.

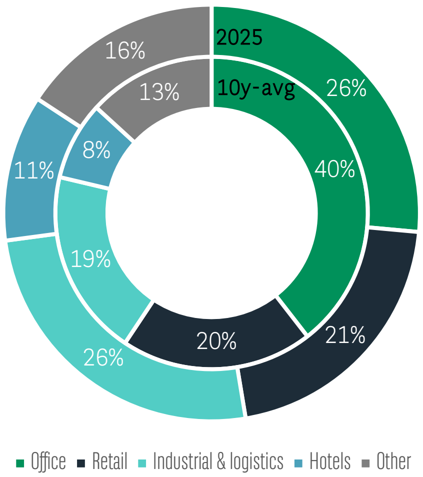
Domestic capital (+13%) dominated the market to 60% share, while main foreign buyers (Europe cross-border and Americans) have maintained stable levels of activity.

Prime yields remained broadly stable. While market demand has yet to reach sufficient levels to compress yields universally, the end of the monetary tightening has reduced downward pressure, supporting yield stabilisation.

European CRE Investment volume



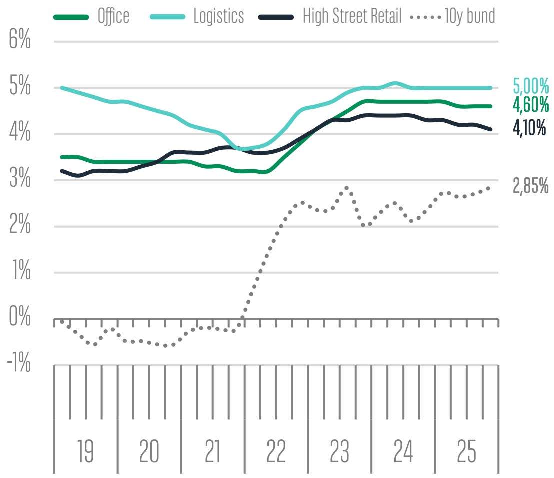
Market share by asset type



Capital flows

	2025	VS. 2024
Europe	€32.0bn	+4%
Americas	€24.6bn	-6%
Middle-East	€2.7bn	-2%
APAC	€6.2bn	+59%

Average prime yields



Source : BNP Paribas Real estate

(excludes residential investment)

KEY FIGURES

Spain
+40% vs. 2024
Investment volume

Belgium
+52% vs. 2024
Investment volume

SIGNIFICANT DEALS

QUARTER	ASSET CLASS	LOCATION	PROPERTY NAME	VOLUME
Q4	Healthcare	United Kingdom	PHP/Assura Merger 2025	€2.7bn
Q2	Industrial & Logistics	United Kingdom	Urban Logistics REIT PLC	€1.2bn
Q4	Industrial & Logistics	United Kingdom	Blackstone Portfolio	€1.2bn
Q1	Retail	Paris, France	Kering Portfolio	€837m
Q4	Office	Trocadero, Paris	Avenue Kléber	€712m
Q1	Office	Germany	Upper West	Conf.
Q3	Retail	Lombardy, Italy	Oriocenter	€450m
Q3	Shopping centre	Italy	Blackstone Portfolio	€410m
Q4	Retail	Munich, Germany	Oberpollinger	Conf.
Q1	Retail	Valencia, Spain	Bonaire shopping centre	€305m

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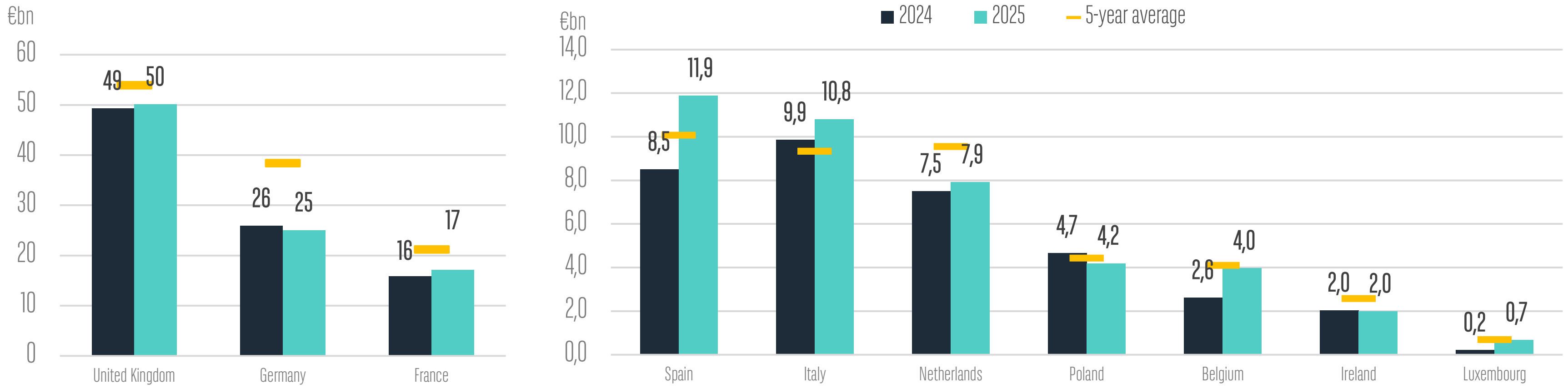
2025 CRE Investment volume per country



(excludes residential investment)

At around €90bn over 2025, the big 3 countries (UK, Germany and France) showed a stable performance compared to last year, holding half of the market transactions.

The British market (+4% y.o.y) has seen gradual improvement supported by better financing conditions and strong demand for prime, well-located assets. Logistics was the best performing asset within CRE, which accounted for €15bn, a third of the European market.

In Germany (-3%), the market stabilized with noticeable growth in the office sector (+19%) across several cities (Berlin, Munich) reaching €6.2bn. Hotels also expanded by around 30% (vs. 2024) thanks to a surge in Q2 and Q3. French investment grew by +8% overall, also largely driven by a 30% growth in the office market (€6.8bn).

Spain's strong performance across 2025 resulted in almost €12 billion in investment. Most asset types experienced growth, where office doubled volumes to €2.0bn and retail grew by 42% (vs. 2024). Belgium also saw a huge expansion by 52% supported by large portfolios. Money spent on the segment over 2025 amounted to €1.2bn.

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Source : BNP Paribas Real estate

Q4 2025

CAPITAL MARKET
EUROPE

KEY FIGURES

4.60%
European average
prime office yields

-10 bp y/y

0 bp q/q

4.10%
European average
Prime high street retail yields

-20 bp y/y

-10 bp q/q

5.00%
European average
prime industrial & logistics yields

0 bp y/y

0 bp q/q

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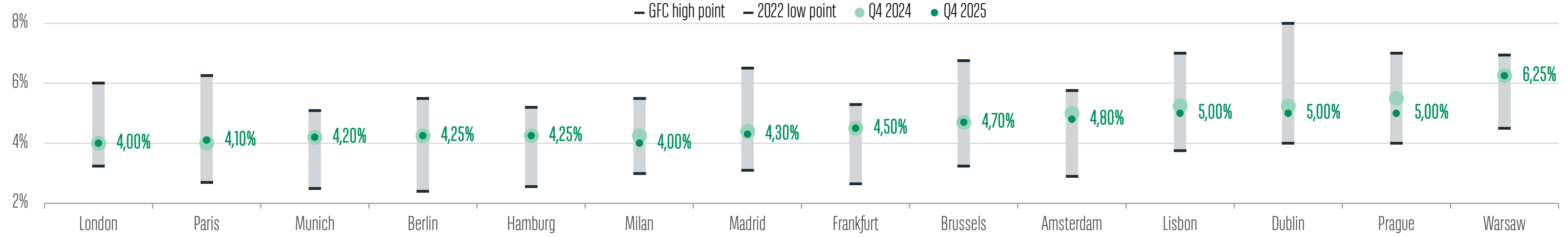
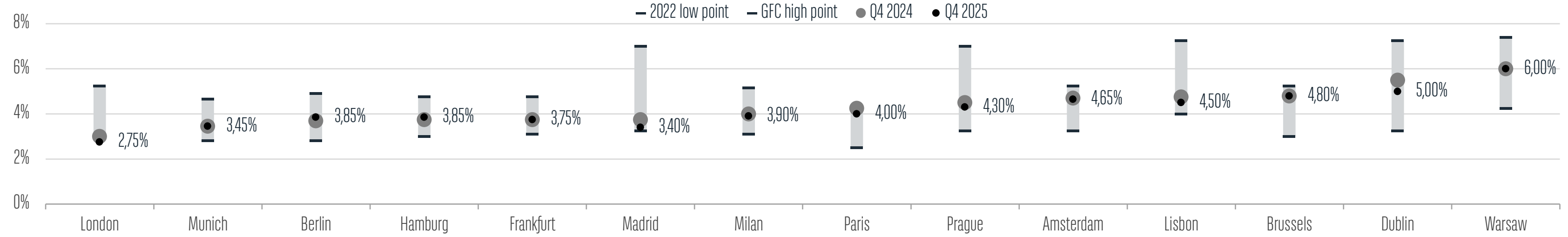
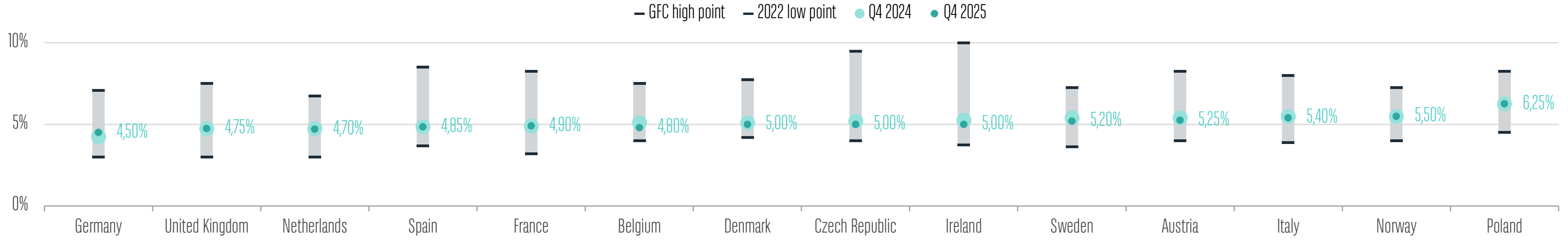
Prime office yields



Prime retail yields



Prime logistics yields



Source : BNP Paribas Real estate

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.

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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