

EUROPE CRE 360

ECONOMIC OUTLOOK

REAL ESTATE PERSPECTIVES



GLOBAL RESEARCH

November 2025

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BNP PARIBAS
REAL ESTATE

Real Estate for a changing world

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EXECUTIVE SUMMARY

IN A NUTSHELL



FISCAL BOOST WILL DRIVE ECONOMIC GROWTH IN 2026

- Economic growth in the first half of the year has been uneven due to the increase in US tariffs. That said, Europe has shown resilience.
- Growth is expected to accelerate in 2026 on the back of increased defence spending across Europe and higher investment in Germany.
- Inflation should stay close to 2% in the coming quarters, which means the ECB is likely to keep interest rates flat.



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 4.4% in Q3 (year-on-year).
- Capital markets slowed in Q3 but some positive signs with the return of portfolios is encouraging 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.



CAPITAL MARKET KEPT PROGRESSING

- Total investment for Q3 2025 amounted to €168bn showing a consistent 19% year-on-year increase. The increase is driven by all asset classes.
- Following a sustained improvement over 2024, the nine months of this year continued to see expansion.
- Persisting uncertainty around macroeconomic and financial background is likely to moderate the investment activity, nevertheless, the cutting cycle of the monetary policy have remained so far supportive.



RETAIL: RECOVERY IS IN THE MAKING

- Retail investment volumes recorded an increase of 33% over the past 12 months, with shopping centres capturing the fastest growth rates. Germany and the UK remain investors' preferred markets as they captured more than half of transaction volume.
- Retail sales accelerated in Europe over the past year, despite tariff announcements and underlying economic uncertainties. Retail confidence also improved compared to last year's levels, enabled by improved business prospects.



OFFICE LETTINGS STILL WAITING FOR REAL MOMENTUM

- Despite a sluggish performance, Frankfurt and Central London are seeing increased take-up, particularly for the German financial capital, which is showing a historic 20-year high with the return of large-sized transactions.
- European rents continue to rise at a more moderate pace.
- Vacancy gap between non-CBD and CBD locations continues to grow due to the abandonment of non-CBD locations.



RESIDENTIAL: SMALLER SCALE DEALS DRIVE ACTIVITY

- Residential investment volume in Europe reached €29.3bn (+7% y/y) over the 9 months of 2025, thanks to smaller-scale deals that continue to fuel residential activity.
- House prices and rental values increased by 4.6% and 4.4% y/y, respectively in Q2 2025. Despite the ongoing regulations in Europe, rental values are still booming in several cities to reach new record levels.

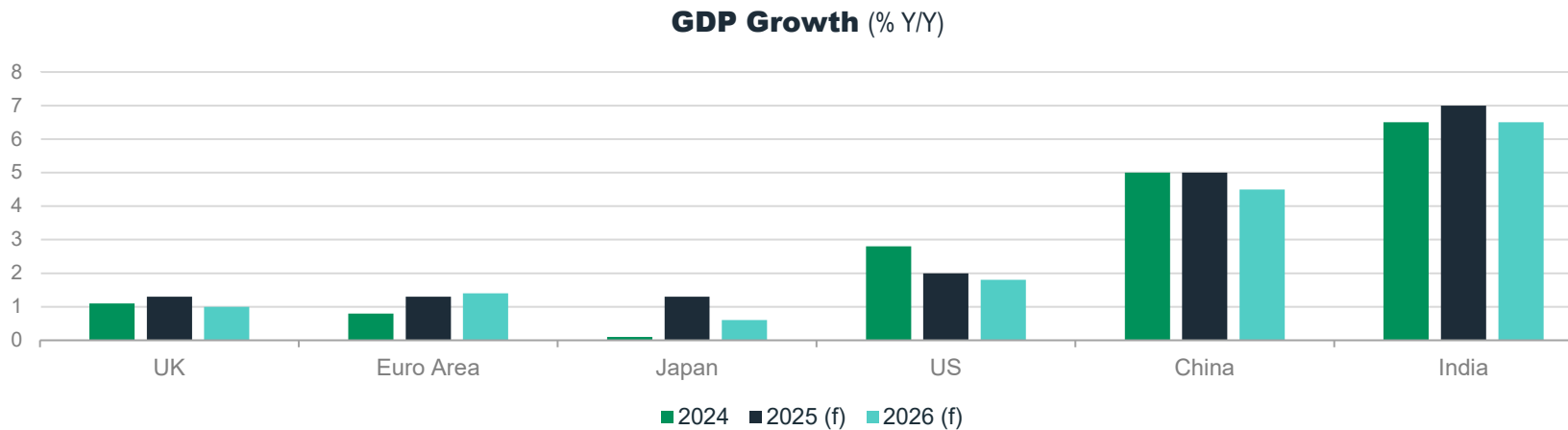
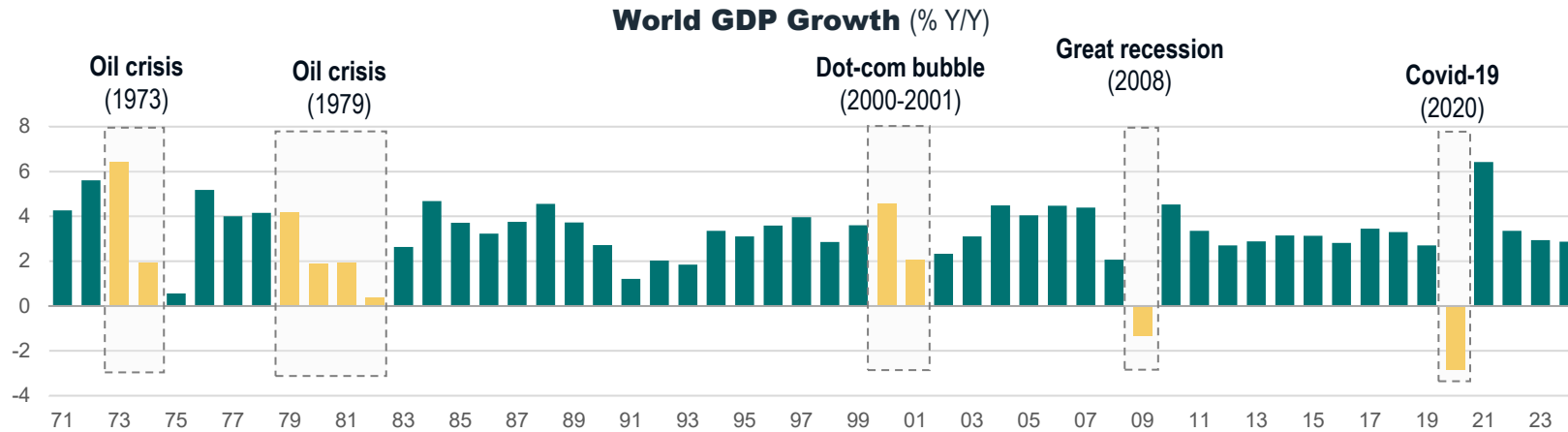


01.

ECONOMIC OUTLOOK

GLOBAL ECONOMY

A TURBULENT GLOBAL ECONOMY



European growth resilient to global shocks

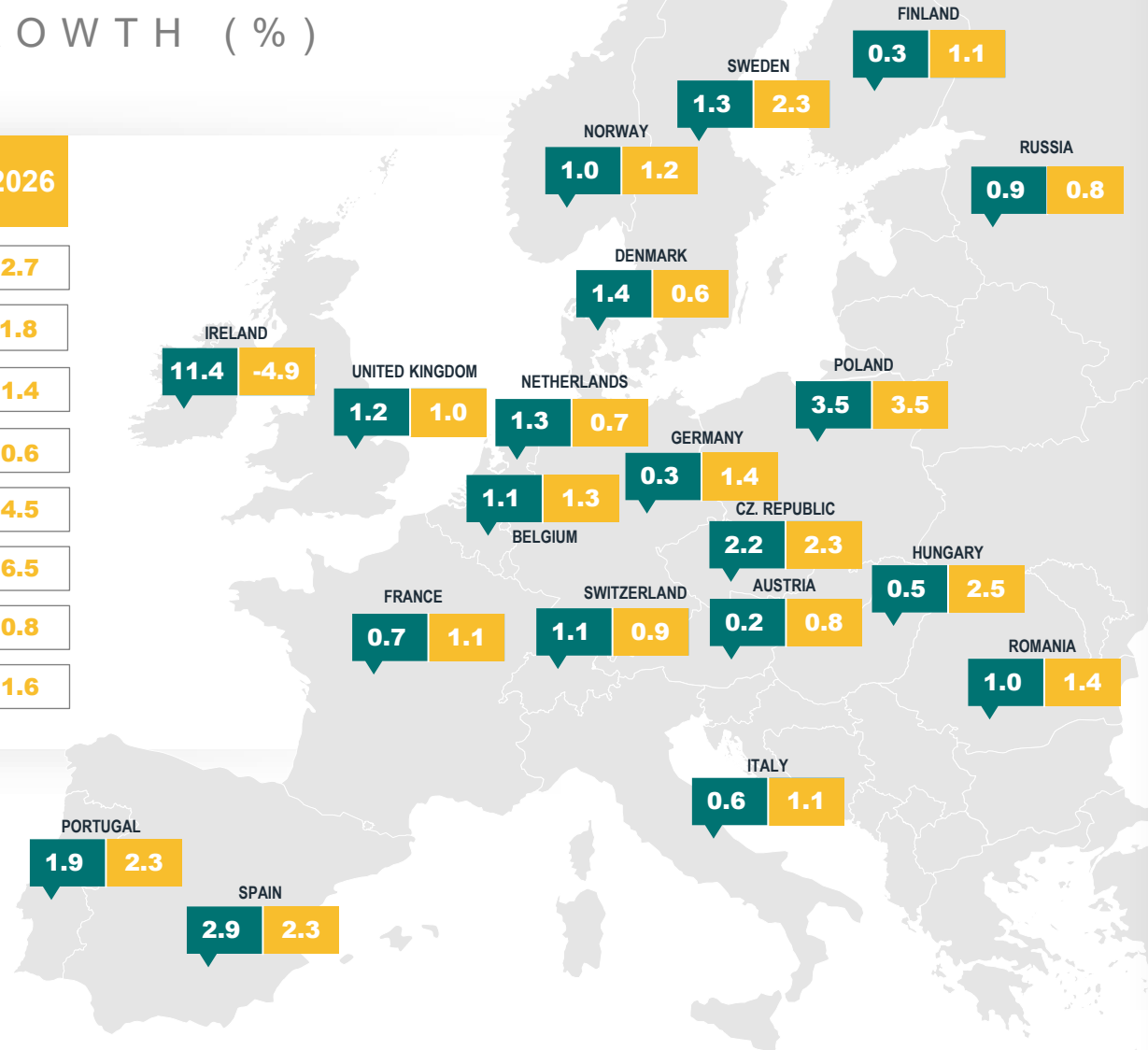
- The global economy continues to be characterised by instability and unpredictability. The latest example is a renewal in trade tensions between the US and China.
- Economic growth in the US has slowed considerably compared with 2024. Tariffs are pushing inflation higher, while the labour market is weakening. The latter has prompted the Fed to start cutting interest rates.
- Economic growth in China has held up better than expected. Exports have withstood US tariffs and household consumption has been supported by government stimulus programs.
- The Japanese economy has shown some momentum, however it is likely to fade. The labour market remains tight and inflation has exceeded the 2% target, causing the Bank of Japan to raise interest rates.
- Growth in Europe has proved resilient to shocks and is expected to pick up in 2026. Exports face headwinds from the US and China, but a German rebound will underpin growth.

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	2.0	1.8
Euro area	0.8	1.3	1.4
Japan	0.1	1.3	0.6
China	5.0	5.0	4.5
India	6.5	7.0	6.5
Russia	4.3	0.9	0.8
Brasil	3.4	2.3	1.6



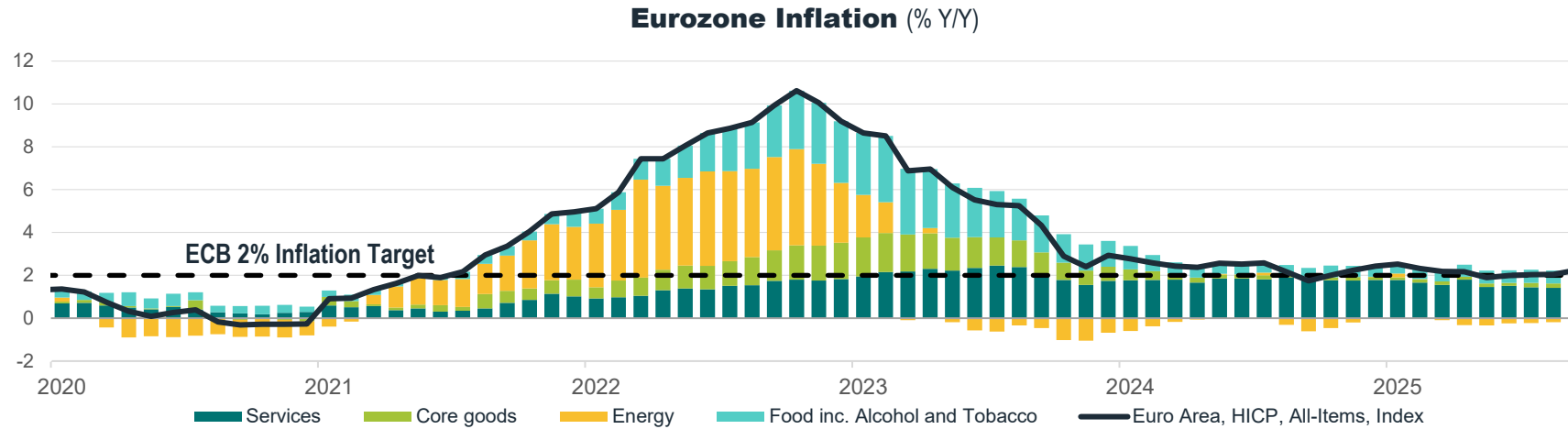
Germany re-emerges as a key source of growth in 2026

- Economic growth in the first half of the year was uneven due to the sharp increase in exports to the US in Q1, followed by a contraction in Q2. Smoothing over this period, growth averaged 0.3% q/q in H1. We expect a similar pace of growth over the remainder of the year (0.2% in Q3 and 0.3% in Q4).
- European exports still face 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. The labour market has proved resilient and inflation has returned to target. Both factors should support household consumption.
- Furthermore, past interest rate cuts and the resulting rise in the volume of credit should underpin business investment.
- Fiscal policy is set to play an important role. Increased spending on defence in Europe and plans to support investment in Germany should boost economic growth in 2026.
- Growth is set to accelerate in Germany next year (1.4% y/y), which will have spillover effects across Europe. Still, Spain will continue to see the fastest pace of economic growth (2.3% y/y) as the consumption boost from higher immigration lingers a bit longer. Meanwhile, we expect France, Italy and the UK to see annual growth rates closer to 1%.

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

INFLATION RATES

TEMPORARY RISE IN INFLATION



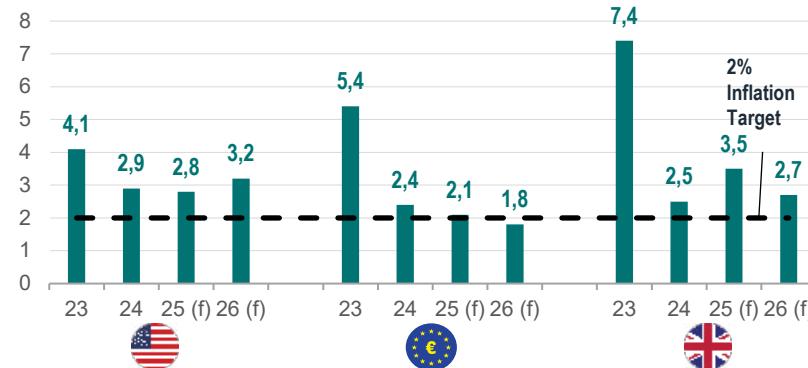
Inflation may undershoot the ECB's 2% target in 2026

- Eurozone inflation rose to 2.4% y/y in September, slightly above the ECB's 2% target. However, we expect this increase to be temporary and household inflation expectations appear to be anchored.
- The uptick was largely driven by energy 'base effects', reflecting a smaller fall in fuel prices compared to last year. We expect this to reverse in the coming months, given the continued strength of the euro and our expectation of a supply-driven easing in oil prices.
- 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 undershoot the ECB's target in 2026, after holding close to 2% for the remainder of this year. We also expect downward pressure at the start of 2026 from additional energy base effects and the German restaurant VAT adjustment.
- By contrast, inflation is more of an issue in the UK. It has risen over the course of the year to around 4%. 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.

Services Inflation & Job Vacancy Rate



Annual Inflation Rates (% Y/Y)

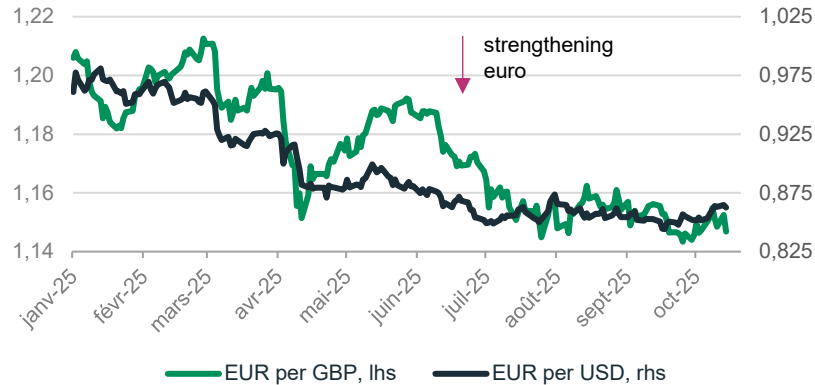


Sources: BNP Paribas Economic Research, Eurostat, ECB, BoE, BNP Paribas, Macrobond.

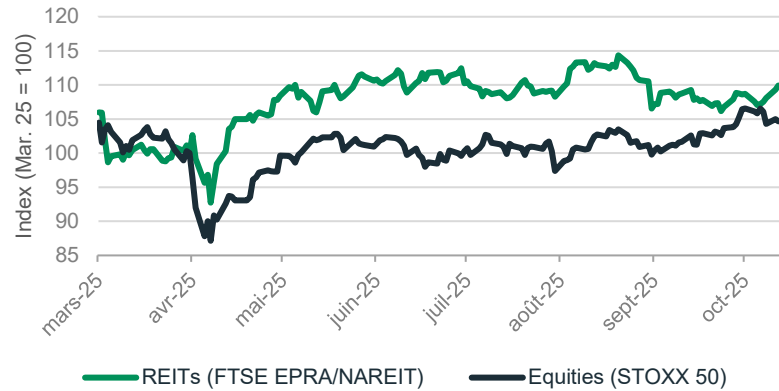
FINANCIAL MARKETS

ECONOMIC AND FINANCIAL INDICATORS

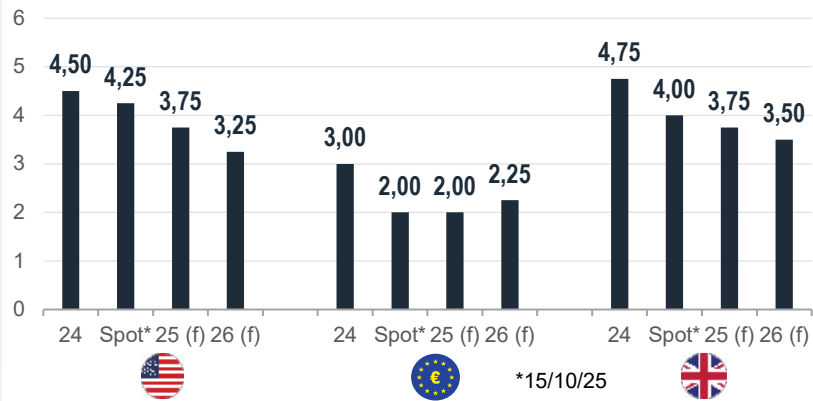
Euro Exchange Rates



Euro Area REITs & Equities



End-Year Policy Rates (%)



10-Year Government Bond Yields (%)



ECB holds interest rates while Fed changes course

- The euro has strengthened against the pound and the dollar since the start of the year. Exchange rates have flattened off in recent months, although we forecast the euro to strengthen further.
- 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.
- The ECB has held its key interest rate flat at 2.00% since June. Given that inflation is projected to stay close to the central bank's target, we think the ECB has concluded its policy easing cycle.
- As a result, we expect interest rates to stay flat for some time. In our view, the next move is likely to be an increase towards the end of 2026 to contain inflationary pressures emerging from higher government spending.
- We expect the BoE to continue its gradual and careful approach to lowering interest rates into the beginning of next year. By contrast, the Federal Reserve has swiftly changed course. Prompted by concerns about a weakening labour market, it lowered interest rates in September for the first time this year, and we see additional cuts in its coming meetings.
- We generally expect 10-year government bond yields to stay close to their current levels in the coming months. Next year, additional bond issuance from the German government could push bond yields higher across Europe.

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

02.

**REAL ESTATE
PERSPECTIVES**

02.

REAL ESTATE PERSPECTIVES

CAPITAL MARKETS

CAPITAL MARKET IN EUROPE

CAPITAL MARKET UNPACKED



INVESTMENT VOLUME

€168bn

Q3 2025
Rolling year

The CRE investment market in Europe is still progressing along a recovery path



BEST-PERFORMING SECTOR

+33% y/y

RETAIL

Retail is following a sustained upward trajectory in investment



PRIME YIELDS

4.60%[↘] vs Q3 24 4.20%[↘] vs Q3 24 5.00%[→] vs Q3 24

Office

Retail

Logistics

Q3 2025

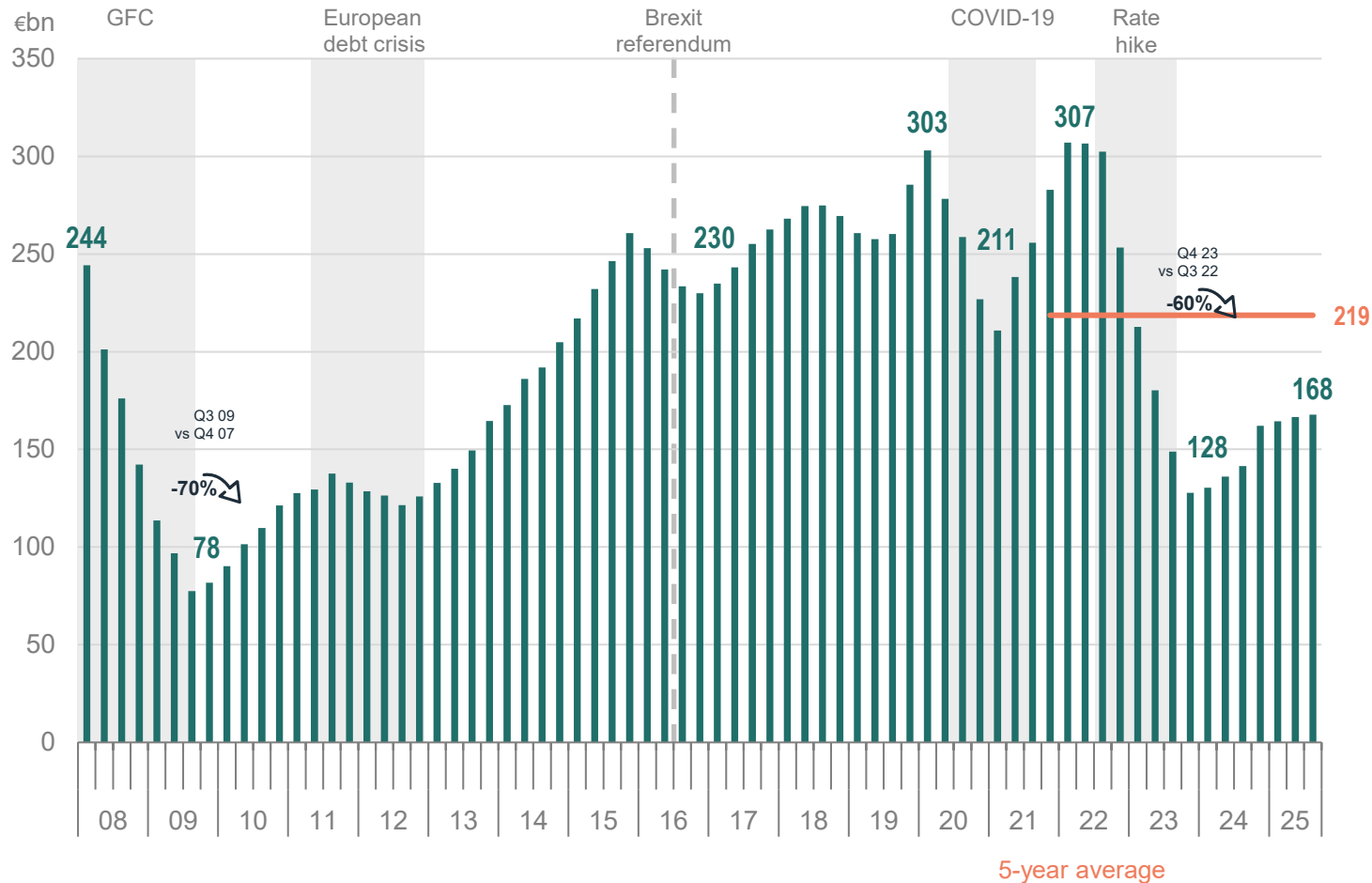
Q3 2025

Q3 2025

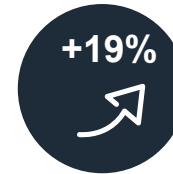
Sporadic compression signals from some markets showed up in late 2024 and continued to emerge in the first half of this year.

INVESTMENT IN EUROPEAN COMMERCIAL REAL ESTATE

UPWARD TRAJECTORY FOR INVESTMENT VOLUME



Q3 2025
vs Q3 2024
(rolling year)



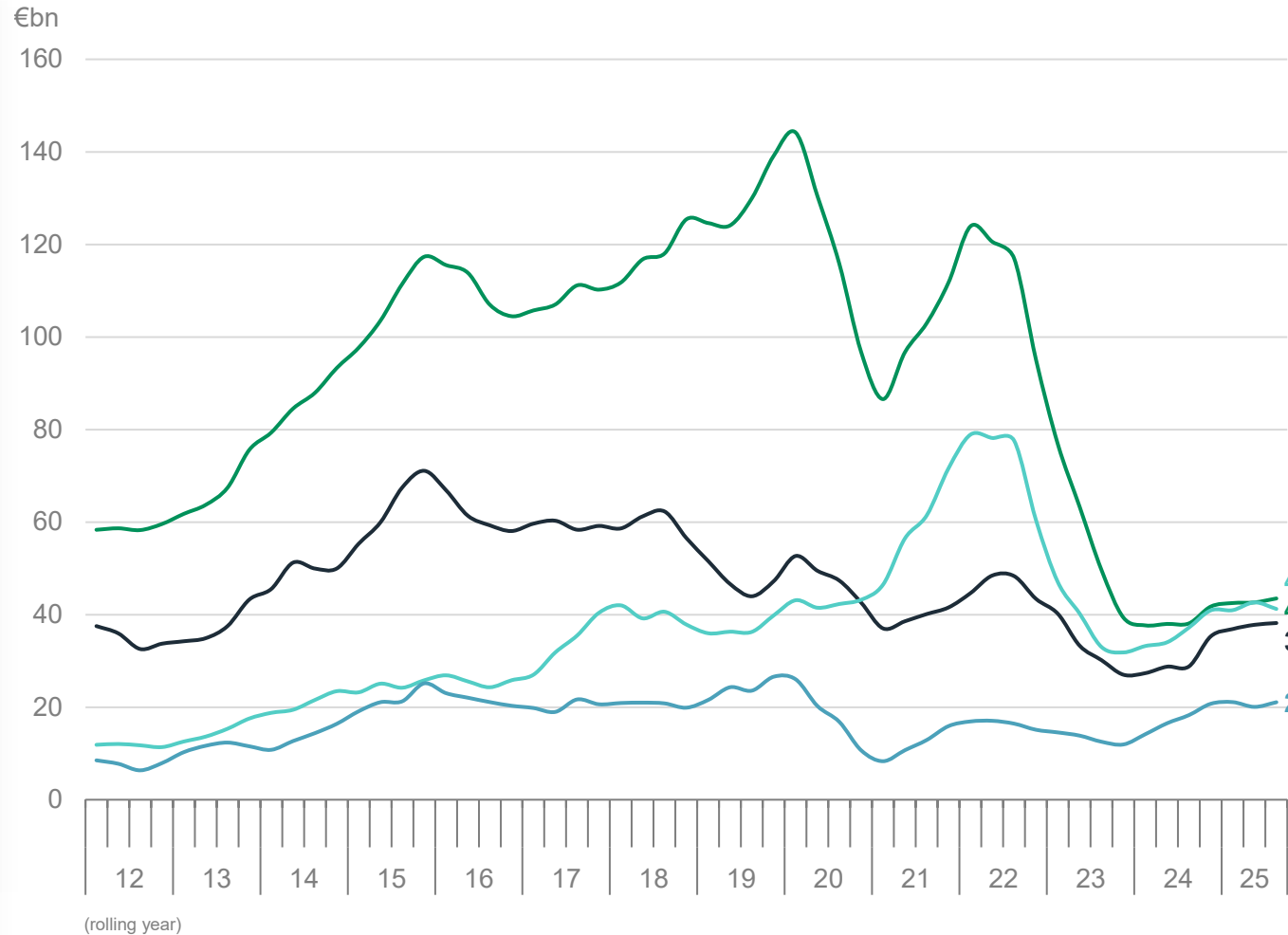
- **Total investment in European commercial real estate for Q3 2025 amounted to €168bn, a 19% year-on-year increase.**
- Even with a slower Q3, the market has been expanding steadily for almost two years now.
- The cutting cycle in monetary policy remains supportive. **For a year now, the ECB has undertaken back-to-back rate cuts in the deposit facility, reaching 2.00%.**
- Concerns arising from macroeconomic and financial uncertainty earlier in the year have abated. 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.

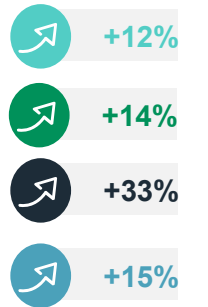
INVESTMENT IN EUROPEAN COMMERCIAL REAL ESTATE

RECOVERY ACROSS THE ASSET SPECTRUM

- Market reactivation continued to stand out in the investment numbers. Sustained improvements emerged across asset types.
- Offices at €43.5 billion increased by 14% year-on-year.** Expansion is now evident as the growth rate of this sector has accelerated compared to 2024 (+6%). On a rolling year basis, most country markets are following an upward trend.
- Logistics at €41.5 billion continues to show a positive momentum although the pace has moderated (+12%).** Performance fluctuated across quarters where Q2 took the lead. Growth is sustainable as investors think the investment rationale remains solid and is now likely to be driven by opportunity.
- Retail at €38.1 billion** has performed particularly well since the end of 2024 and maintained growth reflecting increasing interest from investors. Within commercial real estate, the sector had outperformed its peers delivering **strongest performance both on year-to-date (+13%) and rolling-year basis (+33%).**
- Hotels at €21 billion in Q3 2025** continued with solid activity. Volumes are 15% above Q3 2024 and market share is now 12%, around the double that seen in 2022. Almost 30% of the market is captured by Italy (+85%) and Spain (+51%). Strong occupational fundamentals should support the sector in the coming quarters.
- Alternative assets* also showed an upward trend (+25% y.o.y) that accelerated in the end of 2024. Strongest markets in terms of size and growth were Spain, the Netherlands and Finland.



Q3 2025 vs Q3 2024 (rolling year)



Alternative assets* vary across Europe reflecting country-specific categorizations

This excludes residential investment.

COMMERCIAL REAL ESTATE INVESTMENT

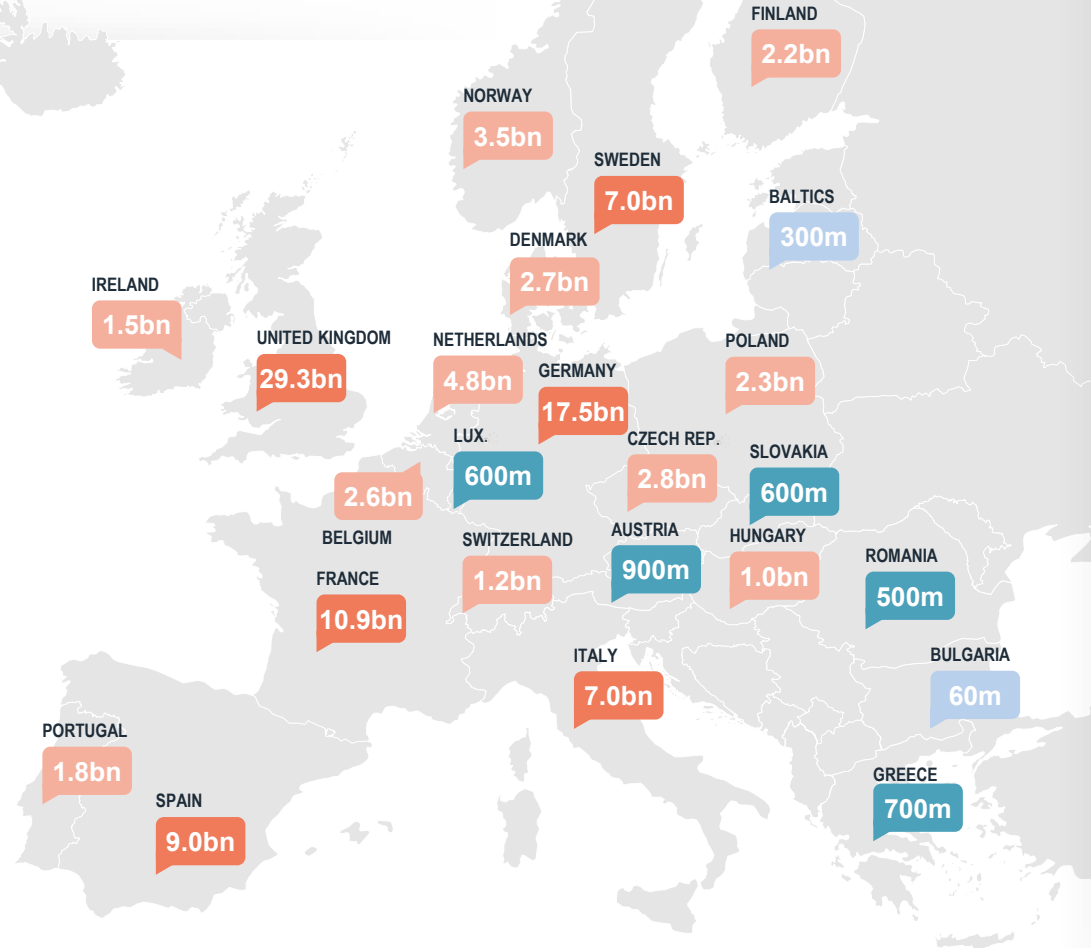
MOST MARKETS GAINING GROUND

9M 2025 vs 9M 2024

	UNITED KINGDOM	-10%
	GERMANY	-2%
	FRANCE	+5%
	SWEDEN	+35%
	NETHERLANDS	→
	SPAIN	+46%
	ITALY	+7%
	NORWAY	-25%
	POLAND	-4%
	BELGIUM	+30%
	DENMARK	+14%
	FINLAND	+98%
	IRELAND	+46%
	AUSTRIA	-28%
	LUXEMBOURG	+171%

	≥ €5bn		€400m-1bn
	€1-5bn		< €400m

(excludes residential investment)



EUROPE – 9M 2025

€113.2bn

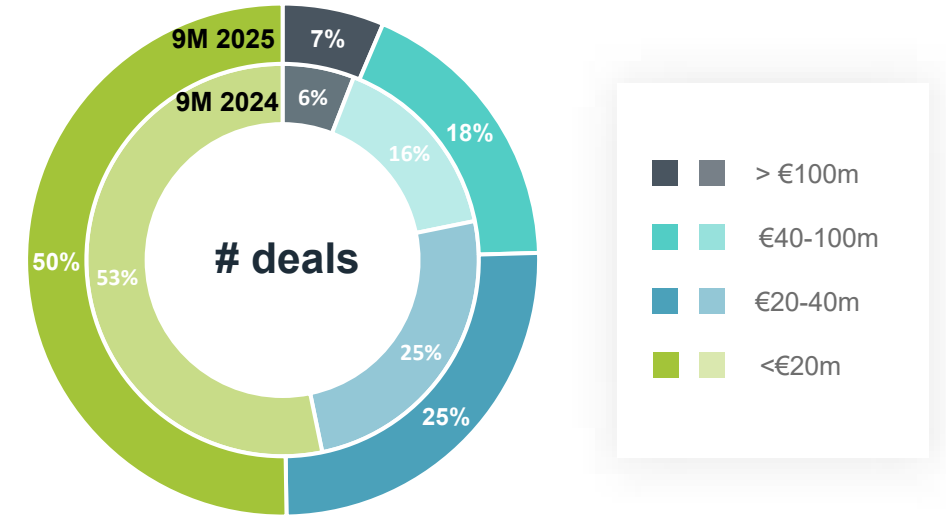
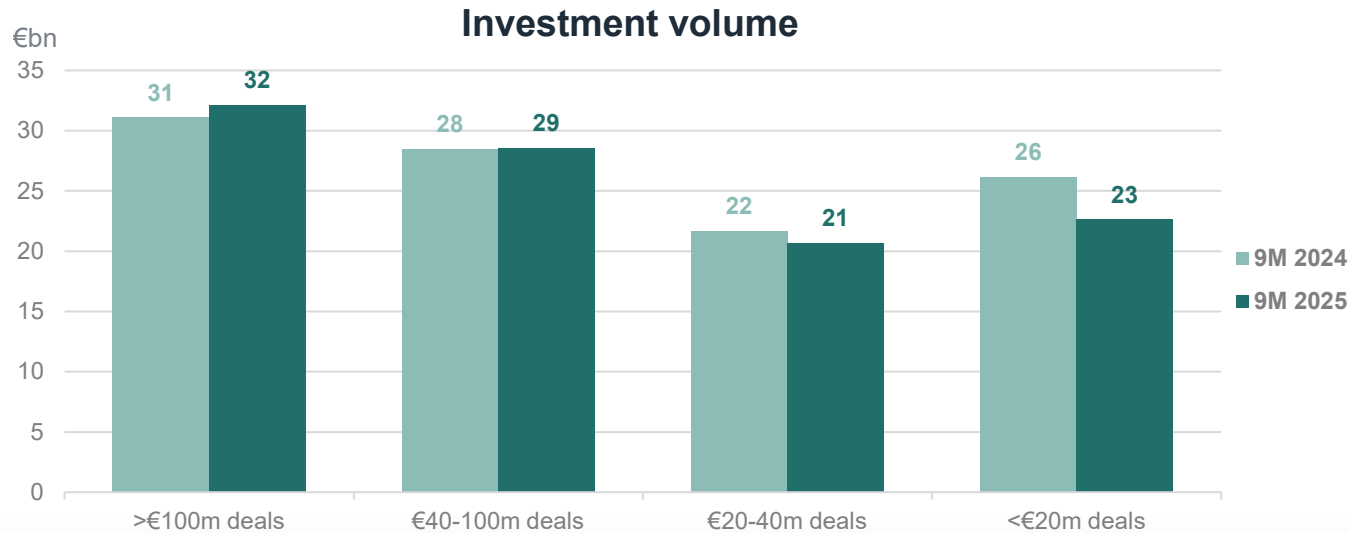
+5% vs. 9M 2024

- €113.2bn was invested in Europe in the first nine months of the year.
- Despite slower activity in Q3, the investment volume is 5% higher than the same period in 2024, consistent with the early-year trend.
- Decline in the United Kingdom and Germany reflects investor caution about the macroeconomic situation.
- Investment in France, and Italy showed modest growth whilst the Netherlands flatlined in Q3.
- Many countries saw substantial expansions, notably in Finland (+98%), Sweden (+35%) and Spain (+46%), Ireland (+46%) and Belgium (+30%).

Source : BNP Paribas Real Estate

INVESTMENT IN EUROPEAN COMMERCIAL REAL ESTATE

LARGE TRANSACTIONS ARE PICKING UP



- Since 2022, reduced mega deals volumes reflected demand shift toward lower-priced assets where financing was cheaper, and transactions easier to conclude. The improved debt environment has reopened the pathway for large transactions.
- On one hand, **transactions above €40 millions showed a 2% increase in volume**, on the other hand, transactions under this threshold lost 9% in absolute volume.
- Furthermore, **in number of transactions, market share decreased in the lower size band (below €20m) to the higher (€40m to €100m and over €100m).**
- Over the nine months of 2025, around 30% of the European countries saw their >€100m transactions volume rise, especially in the Netherlands (+155%) to €1.2bn and Spain (+93%) to €3bn. France followed this trend with a +13% growth reaching €3.8bn.
- Conversely, smaller scale deals (<€20m) dropped by around 14% both in volume and number of transactions. Despite the downward trend at European level, Germany (+9%) and Sweden (+12%) saw increased volumes in this price range.

This excludes residential investment.

CROSS-BORDER INVESTMENT IN EUROPE – 9M 2025

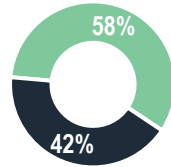
FOREIGN FUNDS HELD FIRM IN EUROPE THIS YEAR

- Overall **foreign investment remained broadly stable to €47.5 bn (+4% vs 9M 2024)** and represents a market share of 42%, slightly below the 5-year average.
- As this year has been characterised by uncertainties in the global landscape, **domestic and cross-border investment within Europe trended positively**, in comparison to last year.
- **European cross-border volume experienced growth of 5%** compared to last year reaching €20.6bn (YTD) and leading the market with 43% share. The main countries showed strong momentum such as Germany (+71%), the UK (+9%) and France with a stable volume. Spain (+6%) and the Netherlands (+36%) also posted good performances.
- Buyers from the **APAC region** have expressed a growing interest in Europe since the beginning of 2025. **Their allocation grew 29% to €4.5bn**, representing a market share of around 10%. There was a specific focus on the British market which accounted for 60% of the volume.
- American investment kept decreasing. Still, some countries saw raises in allocation, for instance, in Spain (+66%) and Italy (48%) to respectively €1.5bn and €1.2bn
- Middle East investors also withdrew (-11%) reflecting a more cautious approach on the European market for the time being.

€ 65.6bn

+6%
Vs 9M 2024

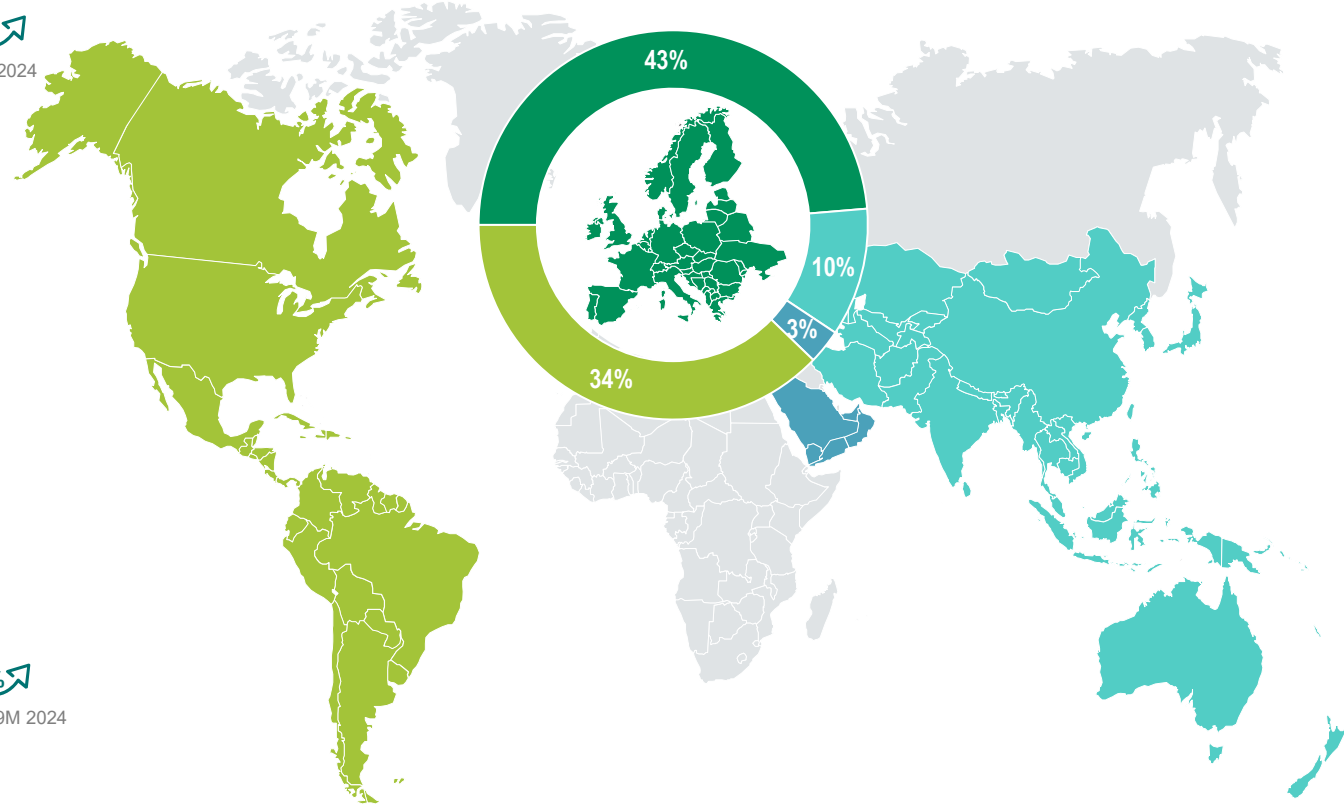
DOMESTIC INVESTMENT



CROSS-BORDER INVESTMENT

€47.5bn

+4%
Vs 9M 2024



EUROPE
€20.6BN +5%
vs 9M 2024

AMERICAS
€16.0BN -8%
vs 9M 2024

ASIA PACIFIC
€4.5BN +29%
vs 9M 2024

MIDDLE EAST
€1.2BN -11%
vs 9M 2024

This excludes residential investment.

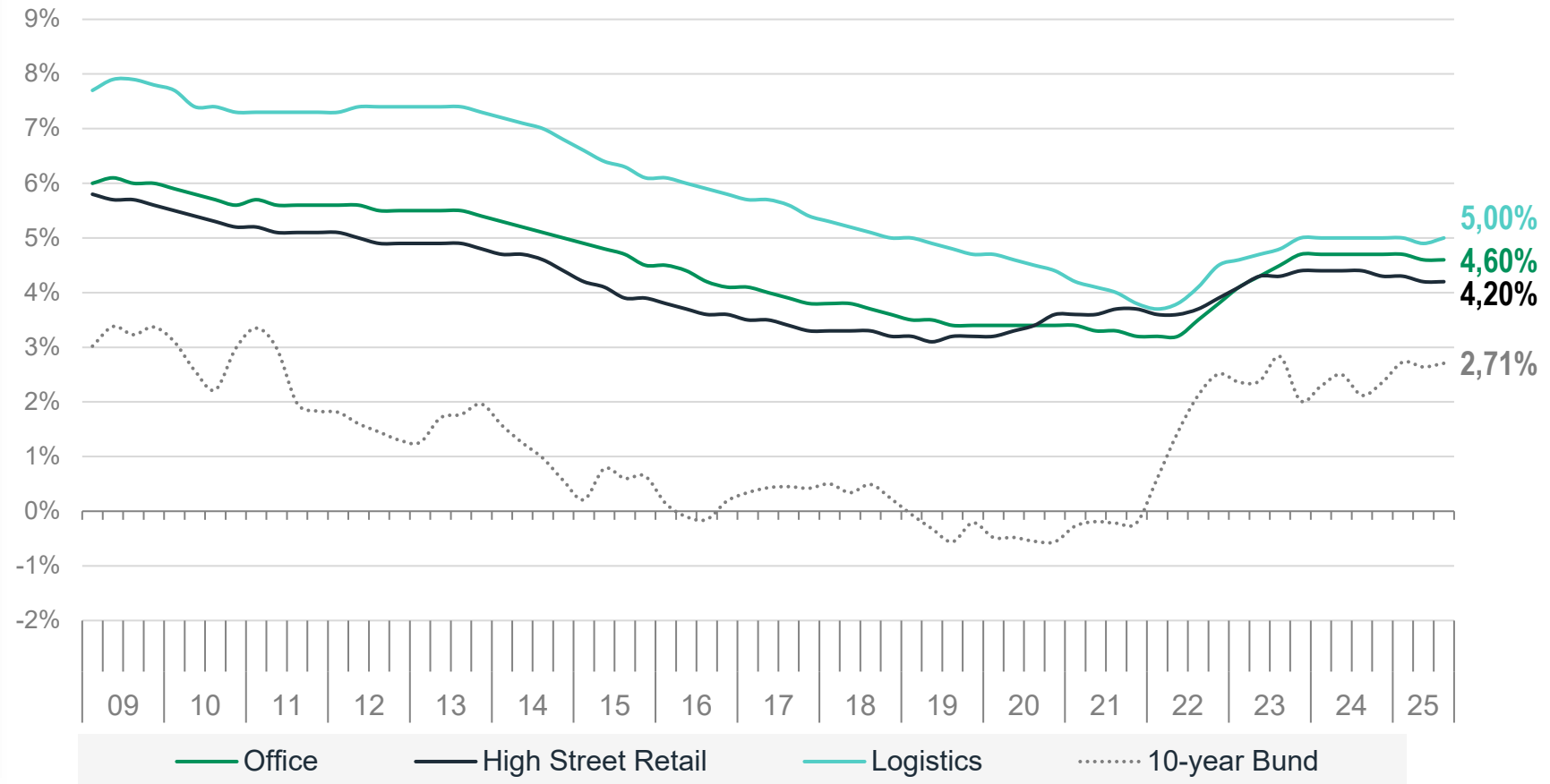
AVERAGE PRIME YIELDS IN EUROPE

MONETARY POLICY BECOMING MORE FAVOURABLE TO REAL ESTATE

Maintaining stability

- Central banks are continuing along their rate cutting path to focus on growth rather than inflation.
- For over a year stability has been the watchword for yields: real estate is now in a new phase for pricing. Sporadic compression signals from some markets showed up in late 2024 and continued to emerge in the first half of this year.
- **Paris at 3.90% and London at 4.00% remained the lowest yielding markets in Europe for offices** where interest strengthened for premium grade units and prime locations.
- **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.



This excludes residential investment.

02.

REAL ESTATE PERSPECTIVES

OFFICE MARKETS

OFFICE MARKETS IN EUROPE

FLIGHT TO QUALITY BY TENANTS



TAKE-UP

Main markets

+2.0%

vs. 9M 2024

Increasing though slowly due to limited large-sized transactions.



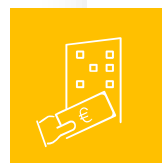
PRIME RENTS

Main markets

+4.0%

vs. Q3 2024

Scarcity of quality units continues to grow rents.



NET AVERAGE RENTS

Main markets

+4.0%

vs. Q3 2024

Incentives are intensifying in markets with weak take-up.



VACANCY RATE

9.3% **+85 bps**

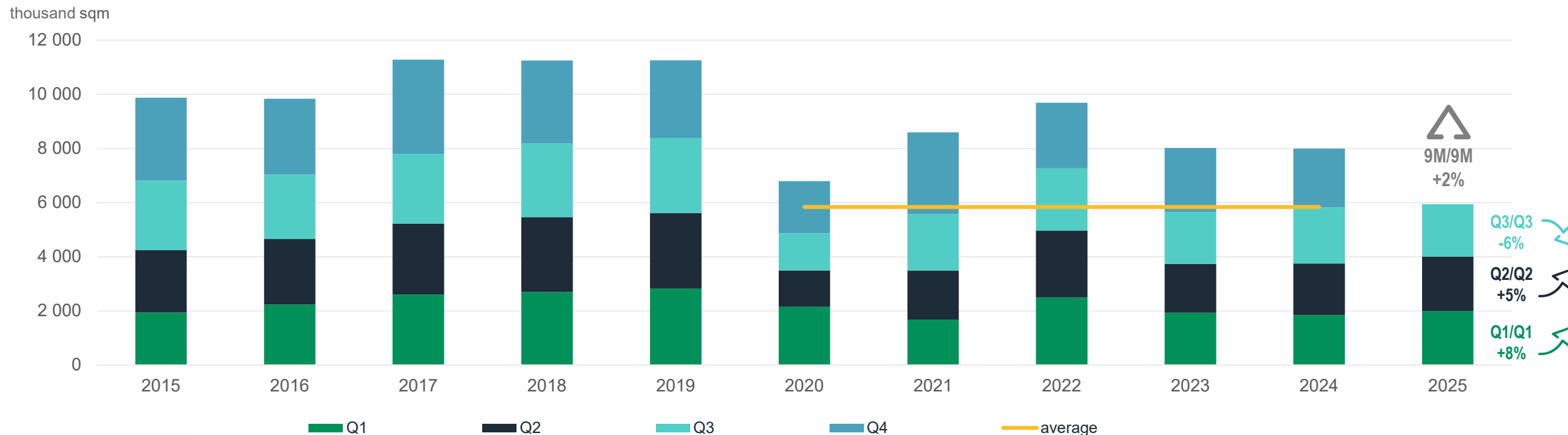
Q3 2025

vs. Q3 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.

OFFICE TAKE-UP IN EUROPE – Q3 2025

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

A slowdown in performance in Q3 2025

- Around 5.95 m sqm was transacted over the 9M in the 18 main European markets, reflecting a 2% increase (vs Q3 2024), in line with the 5-year average.
- Some markets experienced significant rebounds including Frankfurt (+63%), Luxembourg (+42%), Central London (+24%), and Dublin (+14%).
- With a total take-up of 501,000 sqm in Frankfurt, the previous year's result was exceeded by a substantial 63%, and the best result in 20 years was recorded.
- Markets dropping back include Rome (-28%), Brussels (-18%), Berlin and Madrid (-14%), Central Paris and Munich (-8%).
- Economic uncertainty may be deterring some real estate decisions. Despite early improvement, market momentum has yet to truly accelerate.

Source : BNP Paribas Real Estate

OFFICE TAKE-UP IN EUROPE

MANY MARKETS STILL TO GAIN MOMENTUM



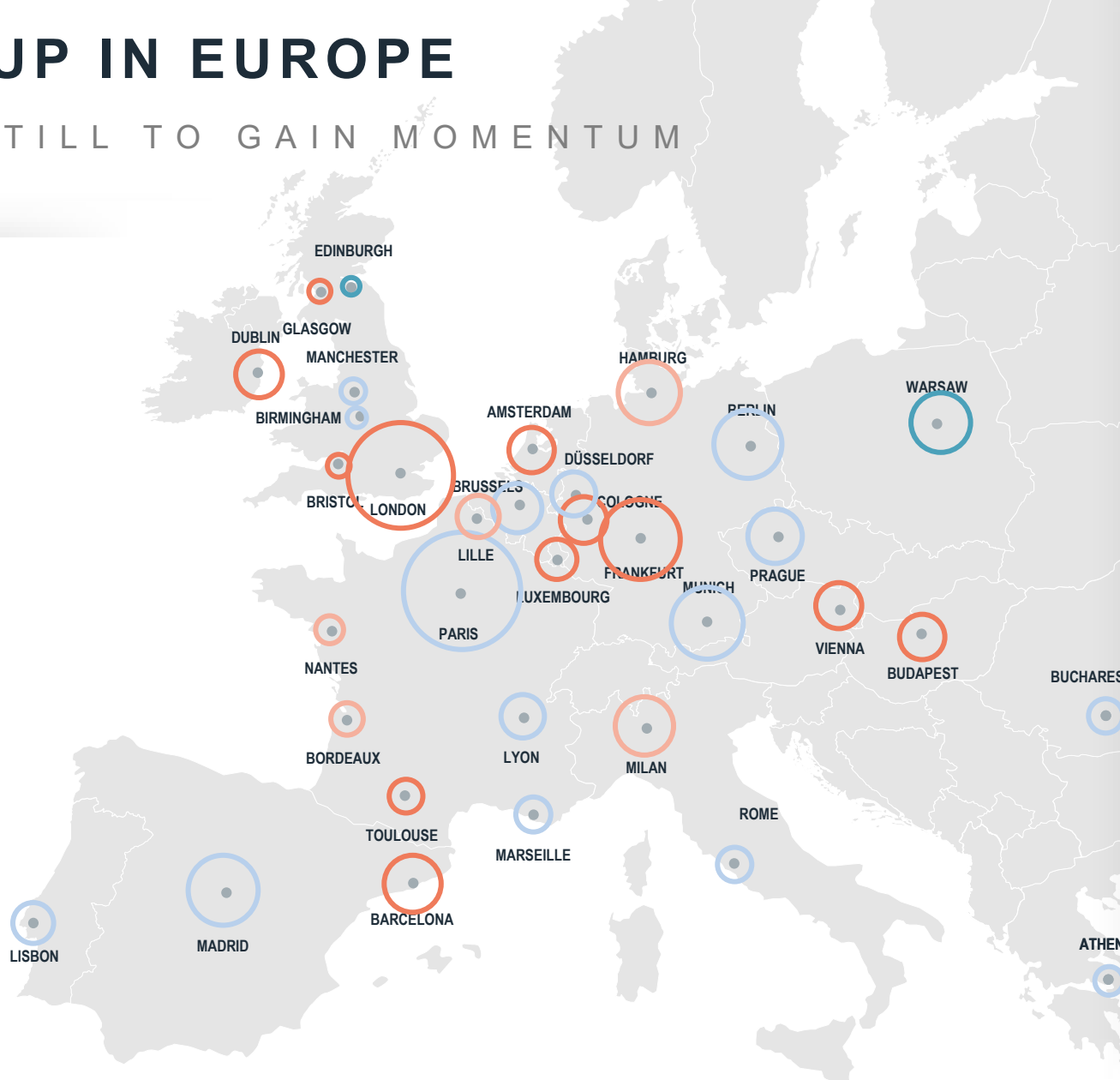
EUROPE – Q3 2025

7.39m sqm ^{35 markets}
-0.4% vs. 9M 2024

Q3 2025 vs Q3 2024

	CENTRAL LONDON	+24%	
	BERLIN	-14%	
	CENTRAL PARIS	-8%	
	AMSTERDAM	+10%	
	MADRID	-14%	
	MILAN	+4%	
	WARSAW	-1%	
	BRUSSELS	-18%	
	DUBLIN	+14%	
	LUXEMBOURG	+42%	
	VIENNA	+34%	
	FRANKFURT	+63%	
	BARCELONA	+18%	

Deals in thousand sqm



Erratic Performance

- The Frankfurt office market remains Germany's most dynamic market with Q3 take-up of 501,000 sqm. This is its best 9M result since 2001.
- Central London is growing strongly though performance varies by submarket. The Docklands had its best quarter since 2020 (+152% in 9M y.o.y). In contrast, the West End is experiencing a quieter Q3 than last year, with a 52% pa decline.
- Economic uncertainty in France is leading many large-scale occupiers to be cautious in acquiring new space.
- In Barcelona, demand has been dynamic throughout Q3. The 22@ district is proving very attractive with 57% of the take-up in the city.

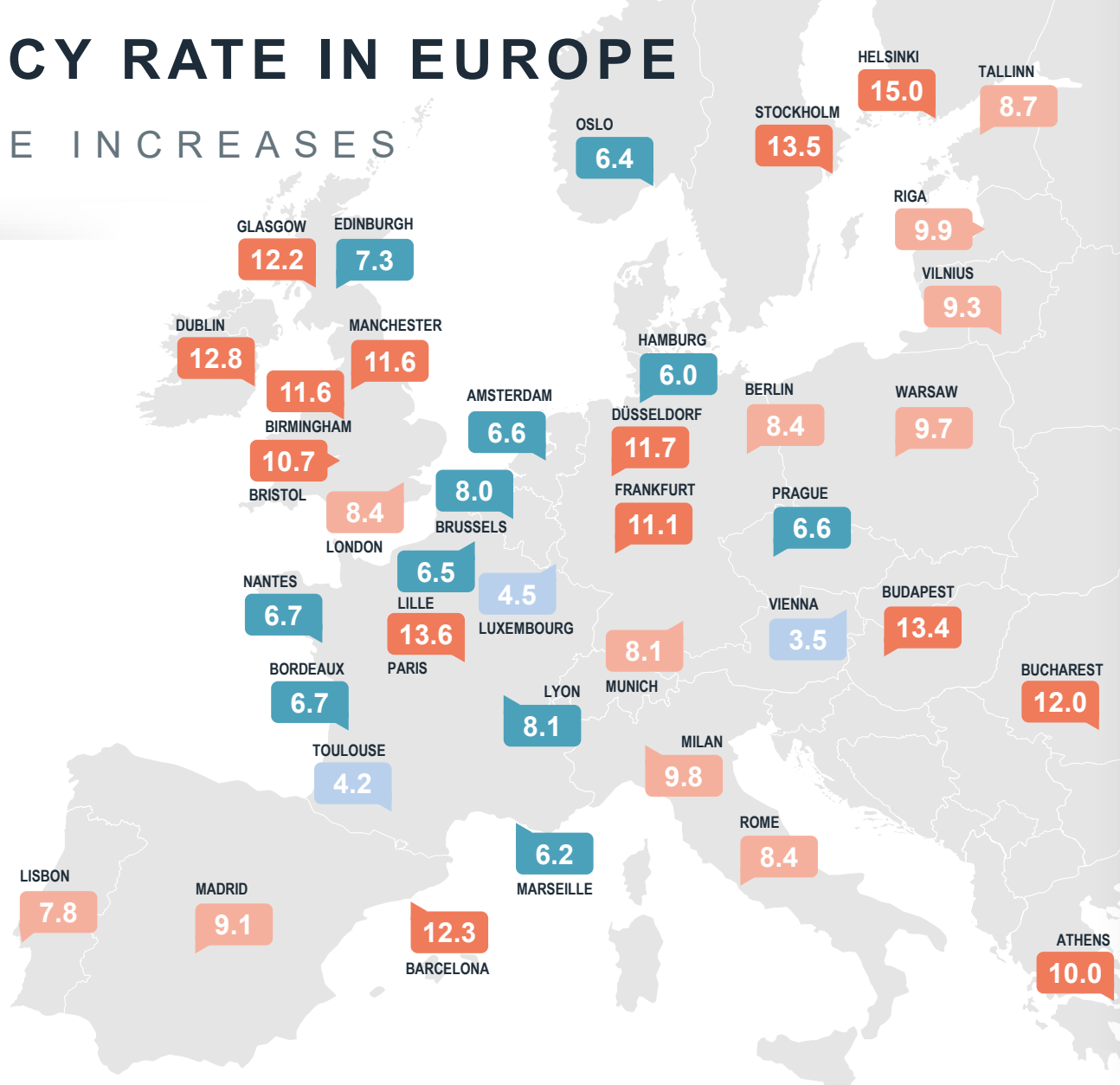
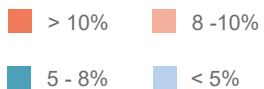
Source : BNP Paribas Real Estate

OFFICE VACANCY RATE IN EUROPE

AVAILABLE SPACE INCREASES

Q3 2025 vs Q3 2024

	CENTRAL LONDON	-140bp ↘
	BERLIN	+160bp ↗
	CENTRAL PARIS	+220bp ↗
	AMSTERDAM	+20bp ↗
	MADRID	-70bp ↘
	MILAN	-10bp ↘
	WARSAW	-100bp ↘
	BRUSSELS	+10bp ↗
	DUBLIN	-290bp ↘
	LUXEMBOURG	-10bp ↘
	VIENNA	+30bp ↗
	FRANKFURT	+70bp ↗
	BARCELONA	-90bp ↘
	STOCKHOLM	+410bp ↗
	HELSINKI	+70bp ↗



EUROPE – Q3 2025

9.3% 38 markets
+60bp vs. Q3 2024

- Although the construction pipeline remains limited, vacant space continues to increase with release of second-hand space.
- Net absorption across the 17 main markets remains slightly down (-0.4%, or approximately -908,000 sqm). It should be noted that despite very encouraging take-up levels for Frankfurt, its net absorption level remains negative (-1.3%).
- 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.

*Central Paris, Central London, Berlin, Munich, Frankfurt, Hamburg, Warsaw, Amsterdam, Milan, Brussels, Dublin, Bucharest, Madrid, Barcelona, Prague, Luxembourg

Source : BNP Paribas Real Estate

OFFICE PRIME RENTS IN EUROPE

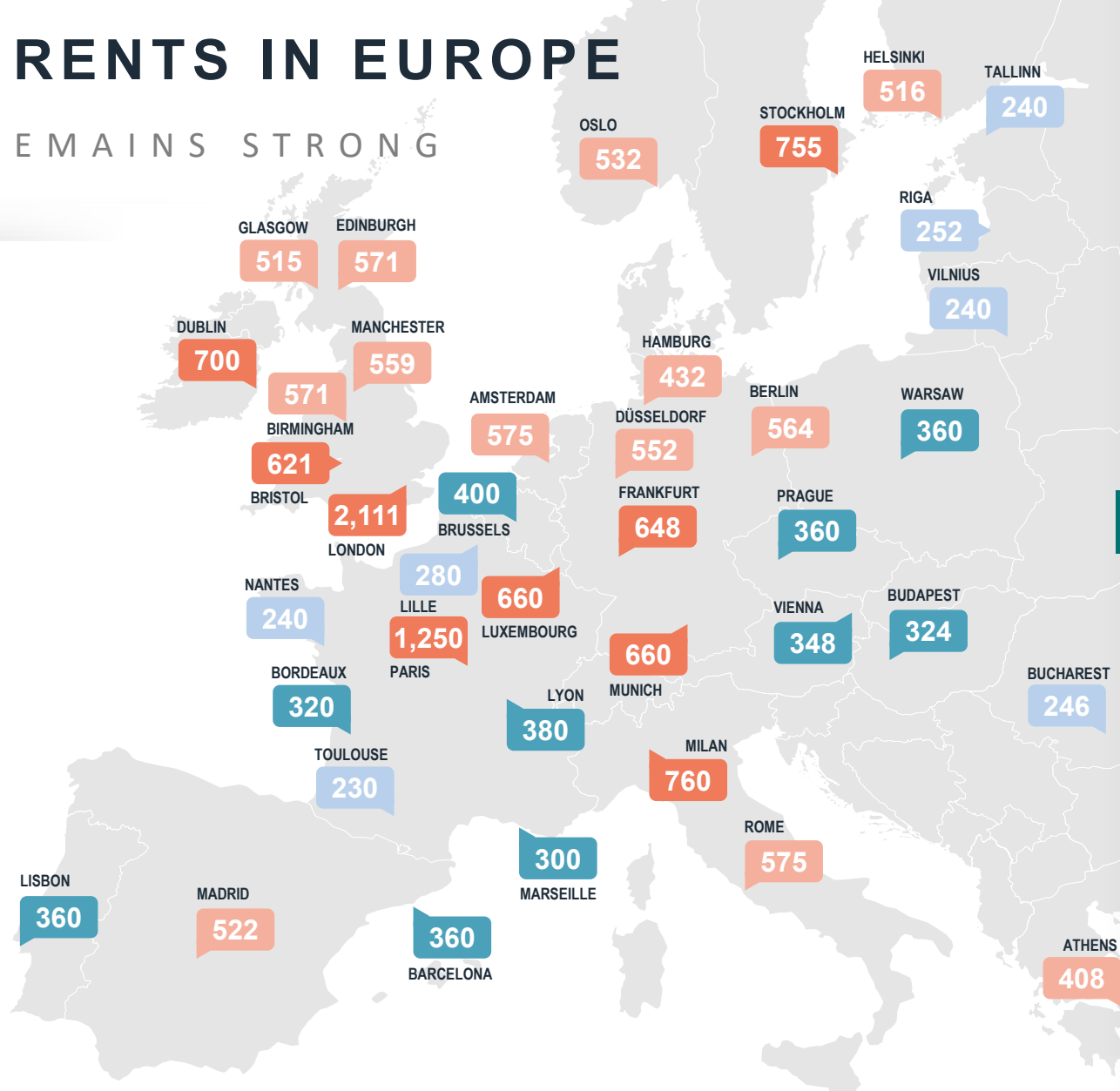
RENTAL GROWTH REMAINS STRONG

Q3 2025 vs Q3 2024

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

Rents (€/sqm/year)

	> €600		€400-600
	€300-400		< €300



EUROPE – Q3 2025

+4% vs. Q3 2024
41 markets

More controlled increases in Q3

- Prime rental growth is near universal across European cities due to the shortage of new supply.
- Some French regional markets experienced exceptional increases in Q3 especially Bordeaux (+28%), Toulouse (+15%) and Lyon (9%).
- Despite rents continually rising, real estate decisions are primarily influenced by the retention of talent rather than securing the lowest cost workspace.
- Fringe markets, more affordable, with very close characteristics to CBD areas could also limit the growth pace of core locations.

Source : BNP Paribas Real Estate

02.

REAL ESTATE PERSPECTIVES

LOGISTICS MARKETS

LOGISTICS WAREHOUSING MARKET IN EUROPE

STRONG MARKET DISPARITIES ACROSS EUROPE

Q3 2025



TAKE-UP*

Stable

vs. Q3 2024 (year-to-date)

Below its 5-year average, the market is still sluggish with strong disparities across Europe



PRIME RENTS

+4.4% **+0.8%**

over 1 year

Last quarter

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



INVESTMENT

+1%

vs. Q3 2024 (year-to-date)

Slower market though with some positive signs across Europe



PRIME YIELDS

+129 bps **+2 bps**

Since Q1 2022

Last quarter

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

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

LOGISTICS OCCUPIER MARKET IN EUROPE

TAKE-UP IN 5 COUNTRIES: STABLE

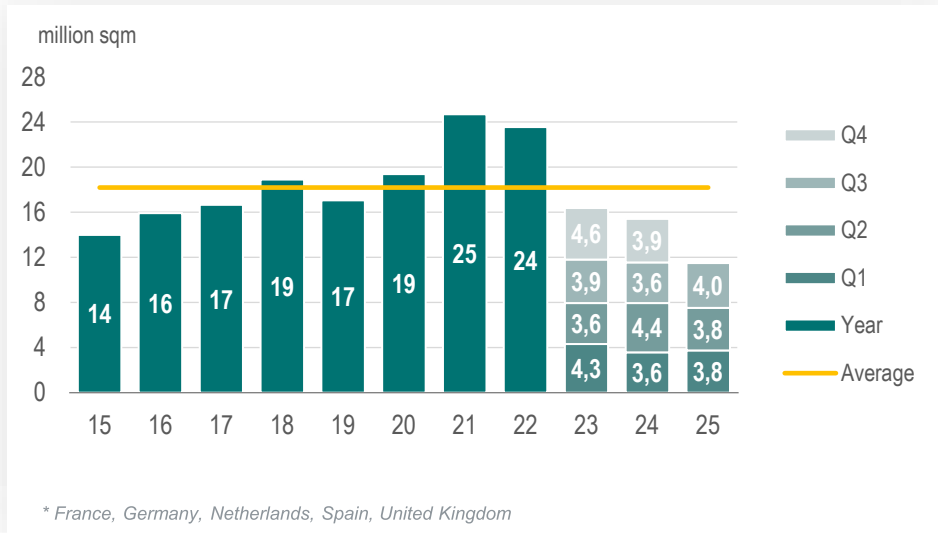
BELOW ITS 5-YEAR AVERAGE, THE MARKET IS STILL SLUGGISH

- **Over 9 months, the market remained at a low level** in 2025 in the leading European markets. In a context of slow economic activity and strong political uncertainties, there are great disparities and positive signs within Europe.
- **Spain** remains one of the most dynamic markets in Europe reaching in 2025 its highest take-up volume over 9 months. **Germany** and the **UK** have been showing some encouraging indications with a strong activity in Q2 and Q3 boosted by bigger deals.
- In **France**, activity remained weak and occupier decisions have been held back by a difficult

political environment.

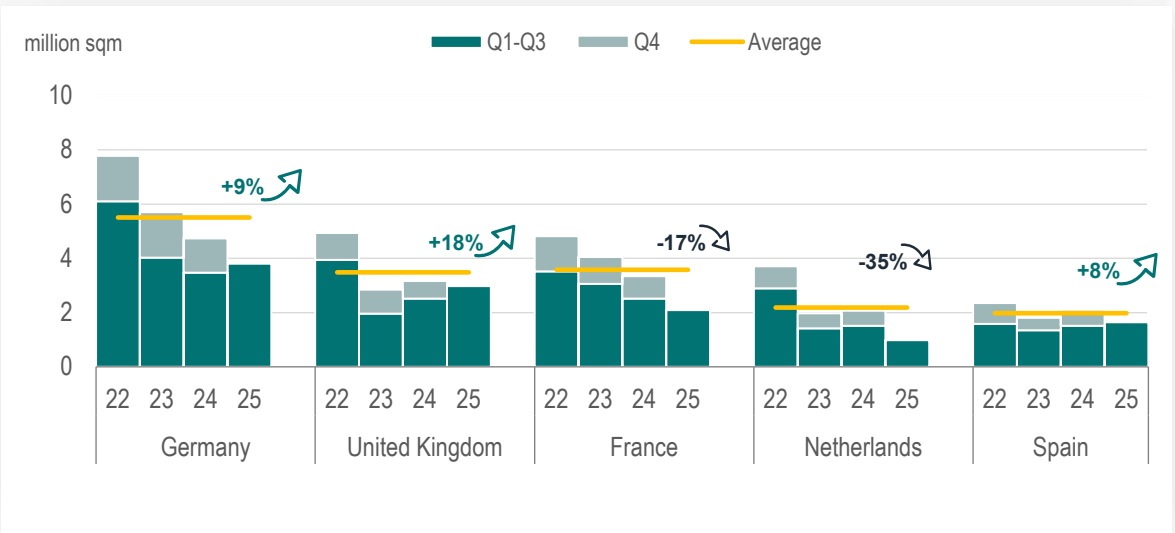
- In the **Netherlands**, the market is subdued by a lack of new developments.
- **The risk of oversupply remains limited** even though vacancy rates have been increasing in some markets. Overall, these remain relatively moderate between 5 and 6% on average in Europe.
- **The strong rental growth of recent years has faded** to a slower pace, +4.4% (y-o-y) during Q3 2025.

Take-up* - Warehouses above 5,000 sqm



+0%

Q3 2025 vs Q3 2024 year-to-date



Source: BNP Paribas Real Estate Research

LOGISTICS PRIME RENTS

STEADY RENTAL GROWTH AT +4.4%

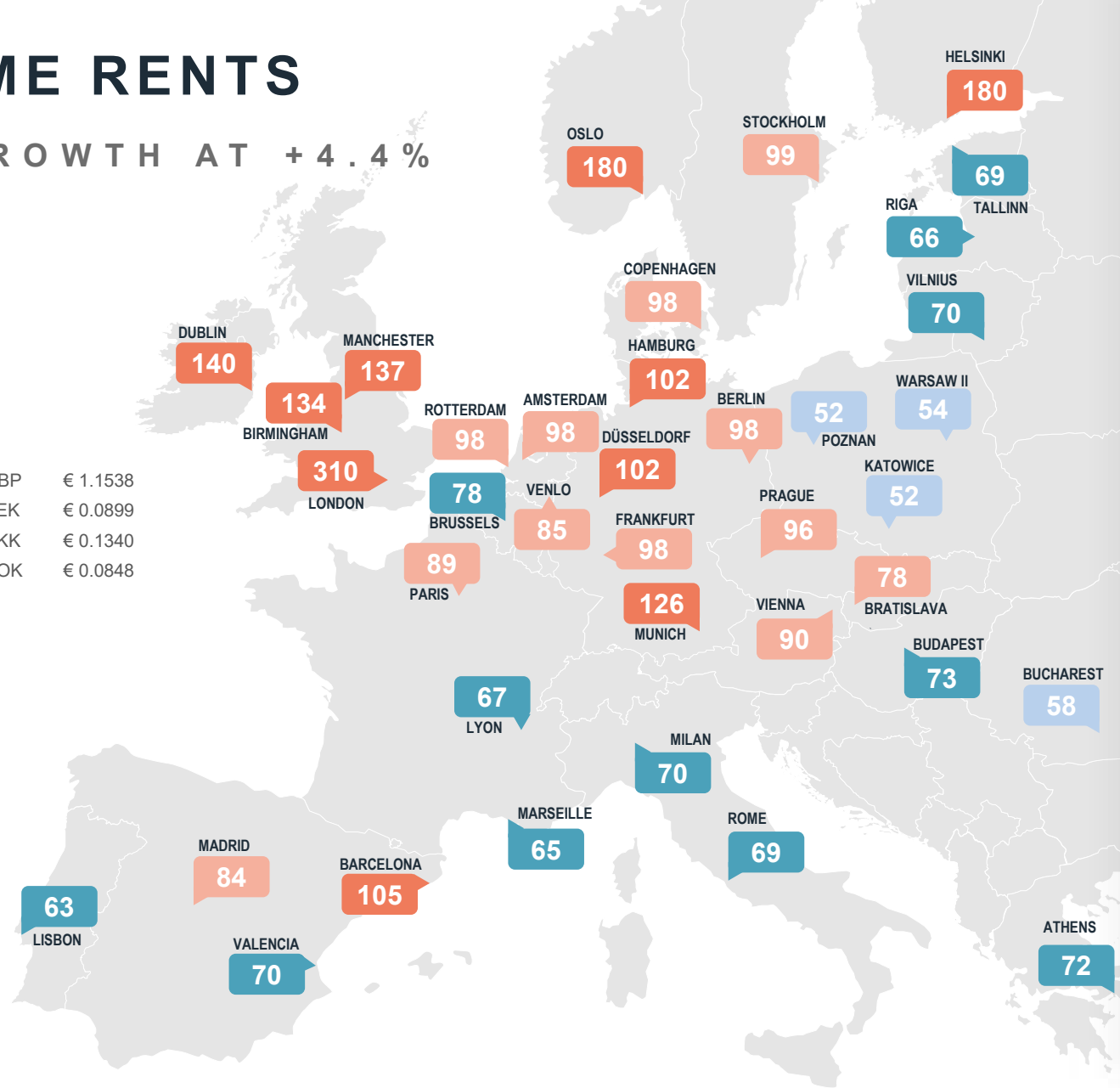
Q3 2025 vs Q3 2024

	FRANKFURT	+7%	
	BERLIN	=	
	LONDON	=	
	BIRMINGHAM	=	
	PARIS	+19%	
	VENLO	+10%	
	MADRID	+4%	
	BARCELONA	+9%	
	WARSAW II	-2%	
	PRAGUE	+8%	
	MILAN	+4%	
	STOCKHOLM	+2%	
	OSLO	=	

1 GBP € 1.1538
 1 SEK € 0.0899
 1 DKK € 0.1340
 1 NOK € 0.0848

Rents in €/sqm/yr

	≥ €100		€60-80
	€80-100		≤ €60

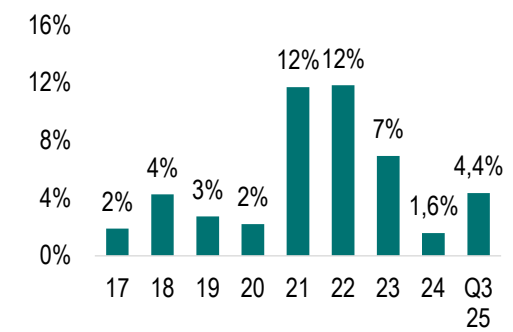


EUROPE Q3 2025
46 markets, 22 countries

+4.4%
vs Q3 2024

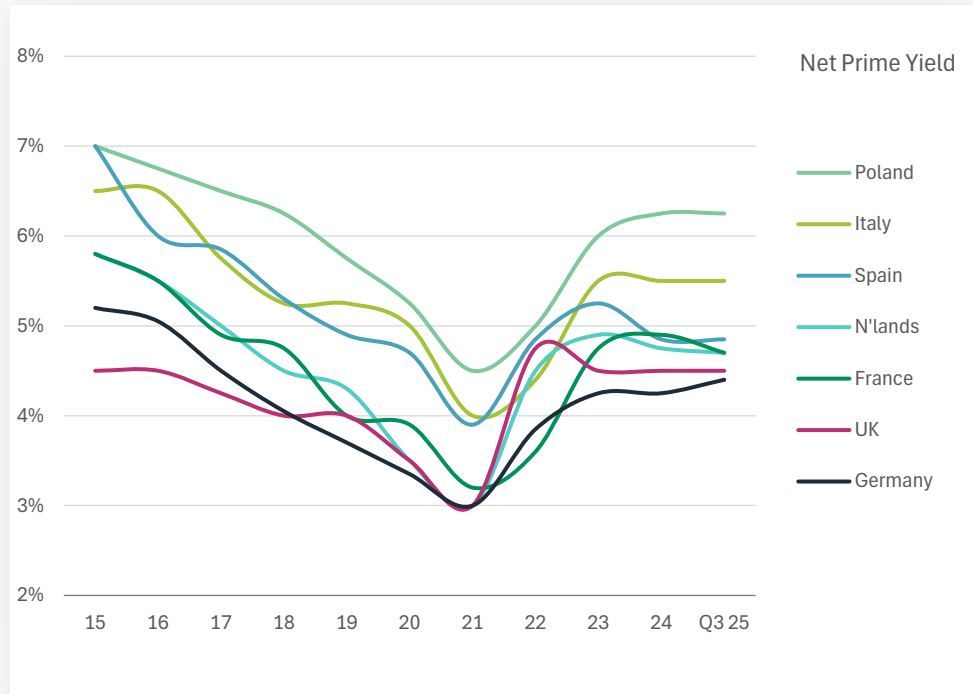
+0.8%
vs last quarter

Rental growth (year-on-year)

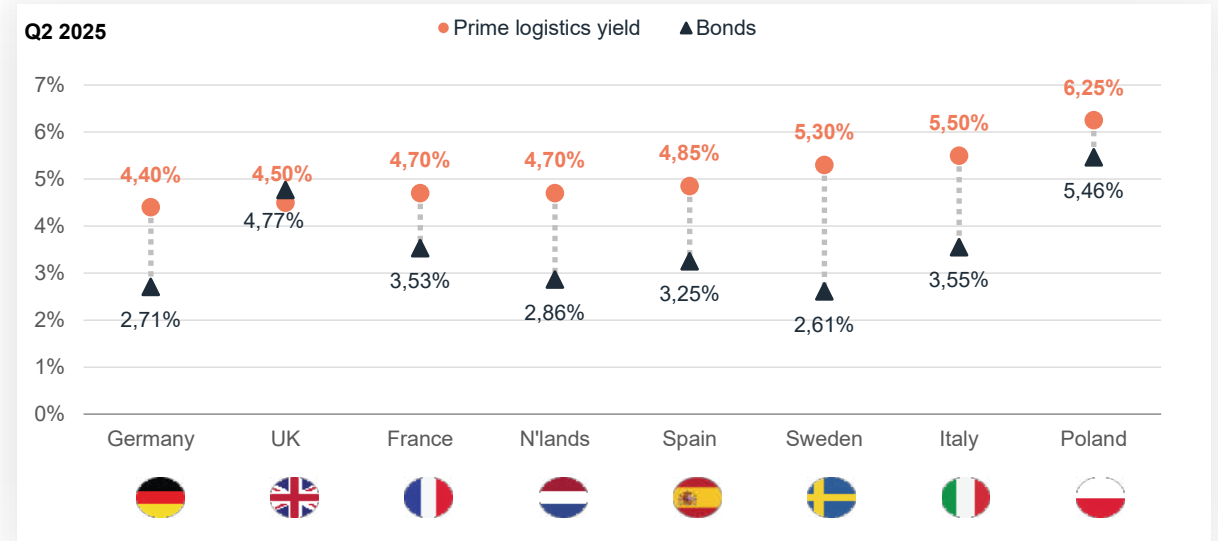


NET PRIME YIELDS IN EUROPE

STABILISATION IN Q3 2025



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



Logistics prime yields stabilised in Europe

- 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.

Source: BNP Paribas Real Estate Research

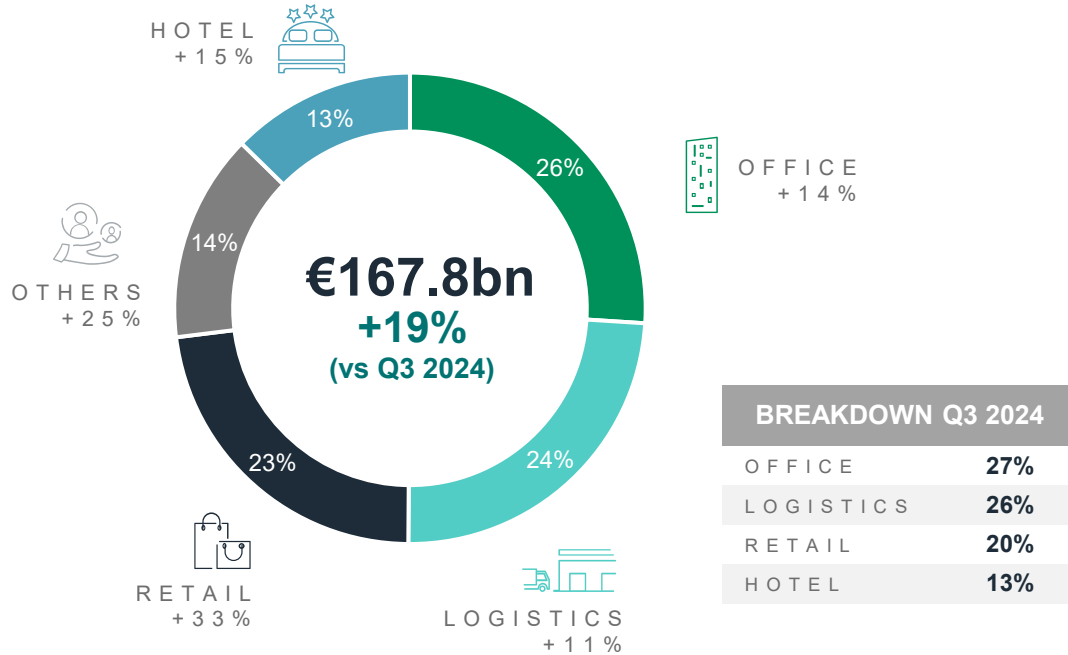
02.

REAL ESTATE PERSPECTIVES

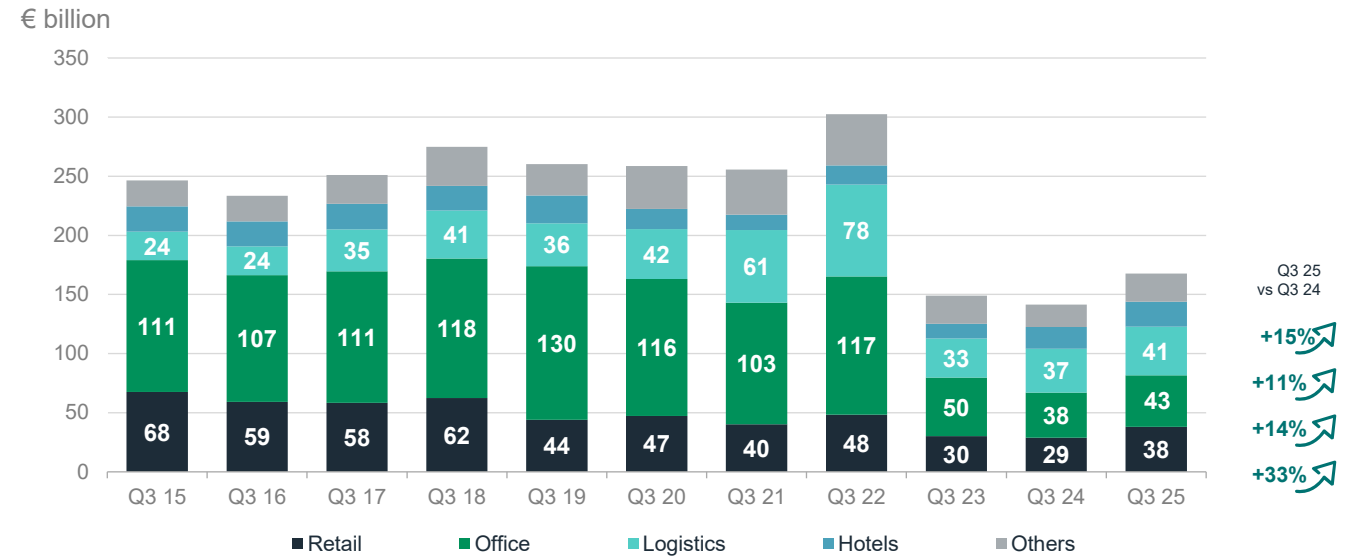
RETAIL MARKETS

RECOVERY IN THE MAKING

CRE Investment – Q3 2025 – rolling year



CRE Investment – 2015-2025 (rolling year)

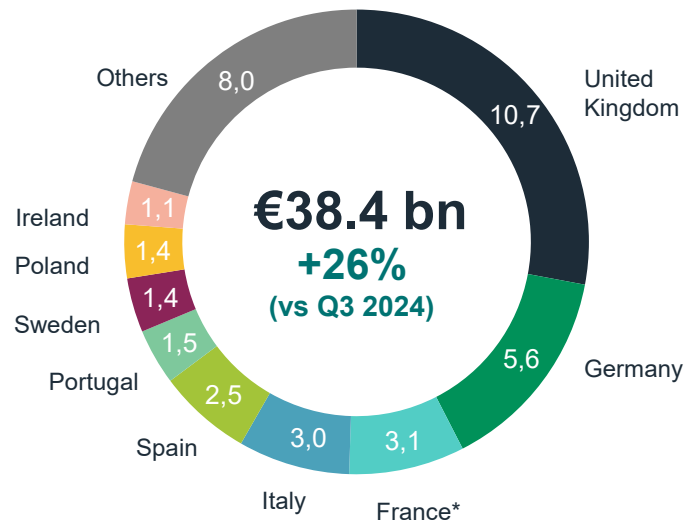


Source : BNP Paribas Real Estate Research

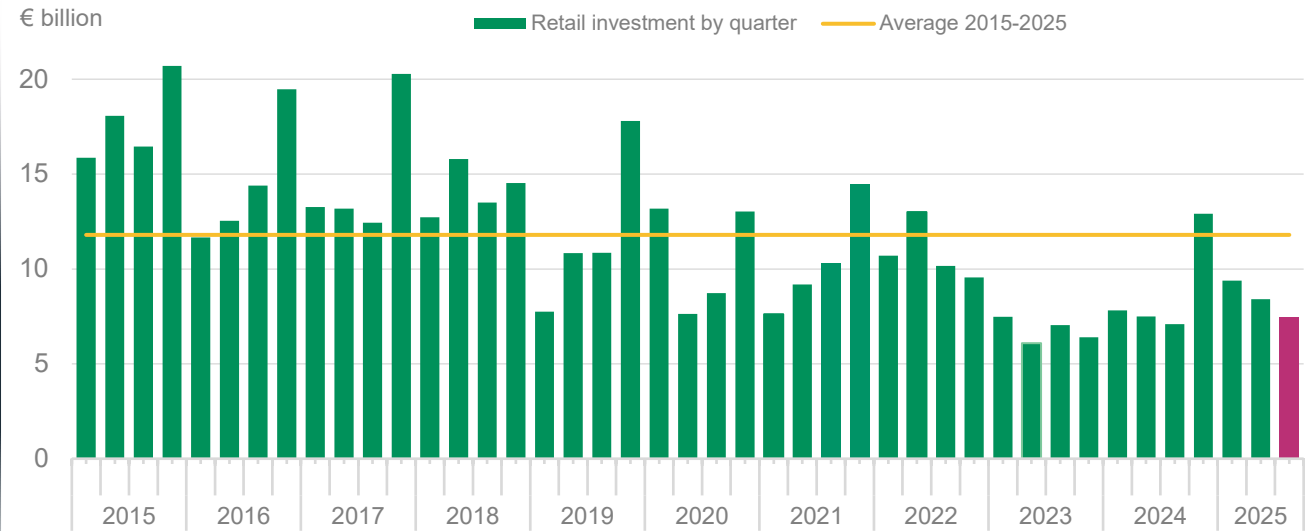
- European commercial real estate investment recorded a volume increase of +19% compared to last year. Improvement suggests mid-2024 was the bottom for the CRE investment market following the crash triggered by the inflationary shock. Central banks have reduced key lending rates, making monetary policy more accommodating to real estate, and in turn encouraging reactivation in investment.
- **Office** investment continued to grow (+14% vs Q3 2024 with €43.5bn invested over the past 12 months) but remains far from the 10-year average (€93.3bn).
- **Retail** experienced the strongest rebound with +33% compared to last year.
- **Hotel** volumes improved by 15% vs Q3 2024 while **Logistics** increased by 11%.

INVESTORS AIMING TO CAPTURE VALUE IN RETAIL

**Retail investment breakdown by country
(Q3 2025 – 12 months)**



Retail investment by quarter



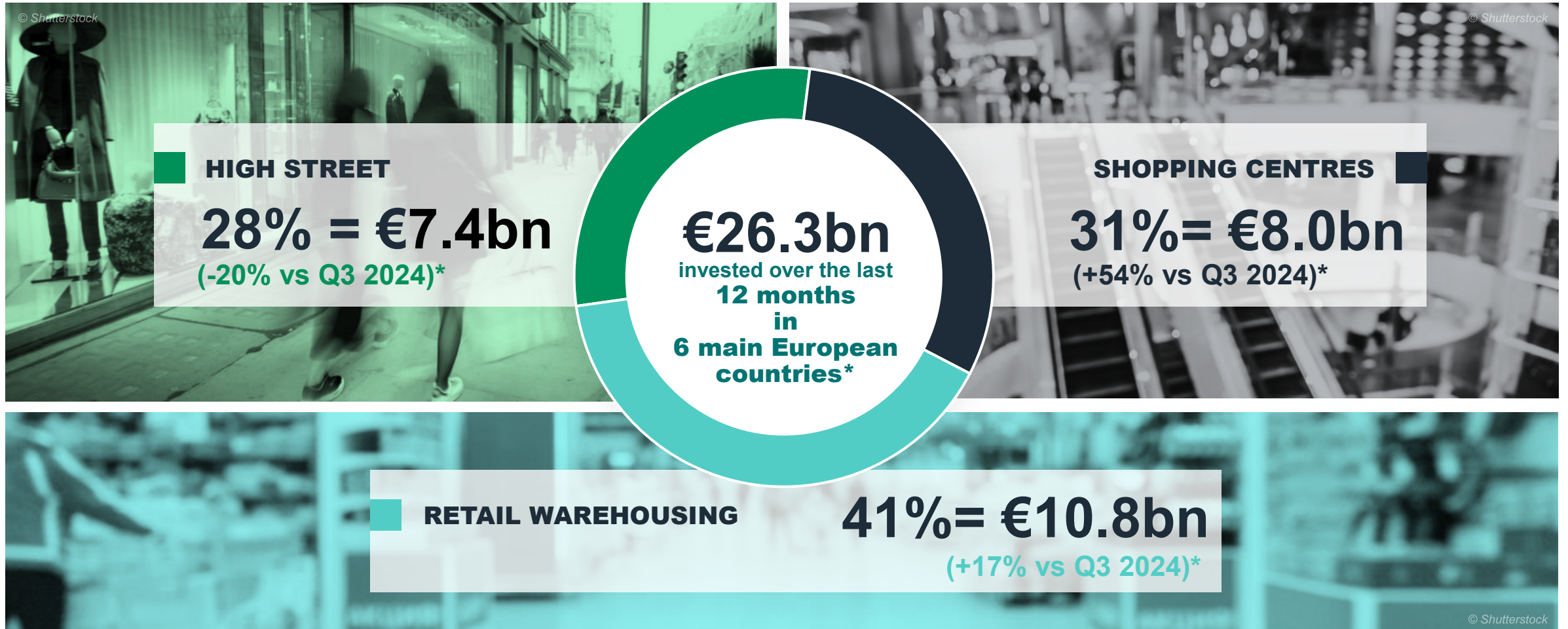
- **Retail** recorded an increase of 26% in investment volume over the past 12 months.
- Investors show **most confidence** in the big markets as Germany, the UK and France captured half of **transaction volume**.
- In some countries, **retail has been one of the most traded commercial asset classes**. In Germany, investors allocated almost as much capital to retail (22%) as offices (24%). In Spain, the retail sector is still the second biggest sector (after hotels at 30% market share) with 22% of the total. In Italy, retail is the largest sector with 29% of investment volumes, exceeding office allocation which is the second largest investment segment in the country (24%).

*Including owner-occupier deals

Source: BNP Paribas Real Estate Research.

RETAIL INVESTMENT BY ASSET CLASS – Q3 2025

SHOPPING CENTRES AND RETAIL WAREHOUSING EXPANDING



* Total investment volume in six European countries (Germany, UK, France – including owner-occupier deals, Spain, Italy, and Poland).

Source: BNP Paribas Real Estate Research.

02.

REAL ESTATE PERSPECTIVES

HOTEL MARKETS

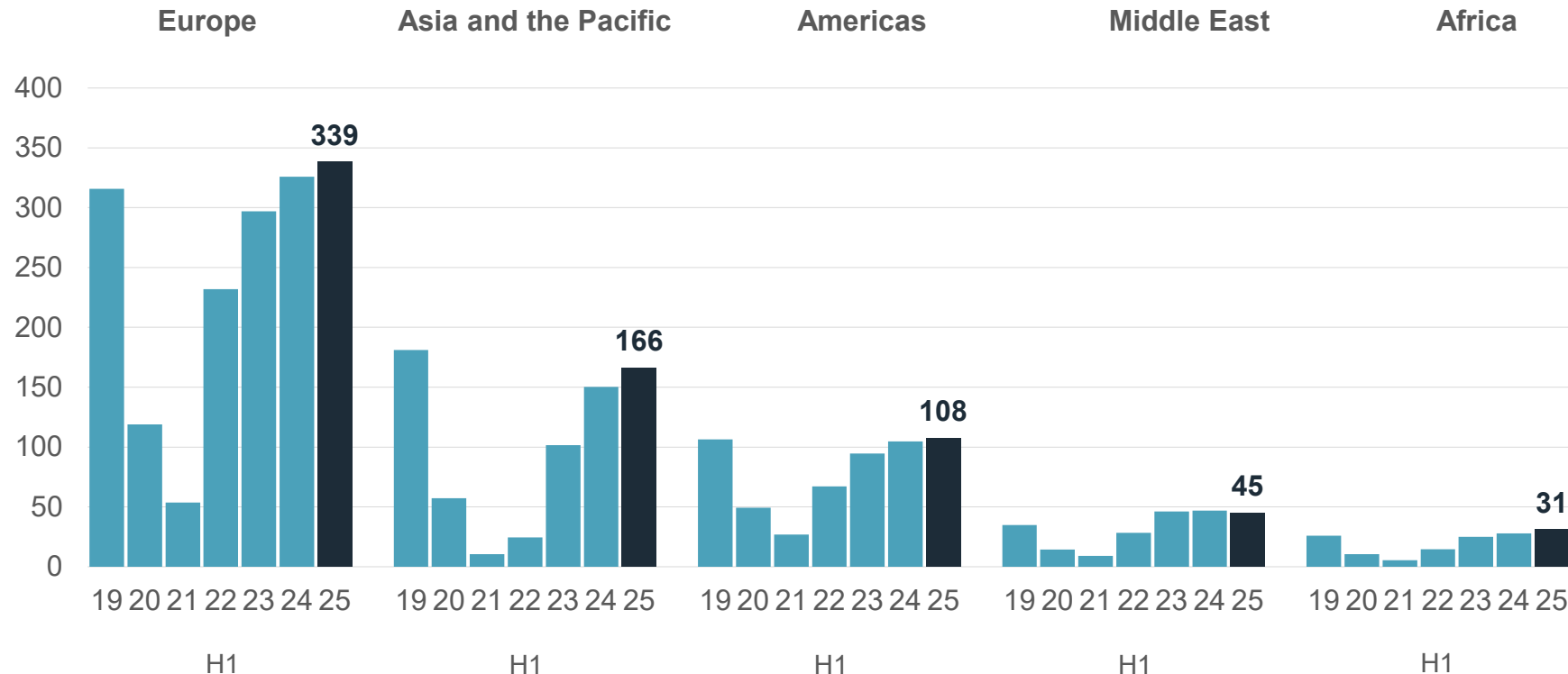
INTERNATIONAL TOURIST ARRIVALS

ON THE RISE IN H1 2025 : +5% VS H1 2024



million arrivals

Tourist Arrivals in H1



Europe is enjoying a summer tourism boost

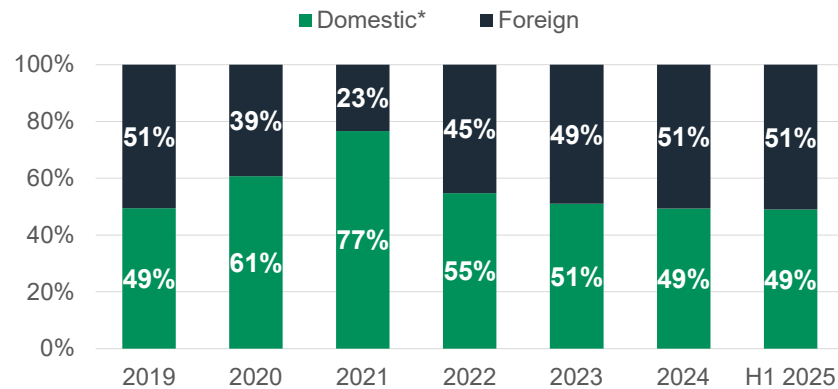
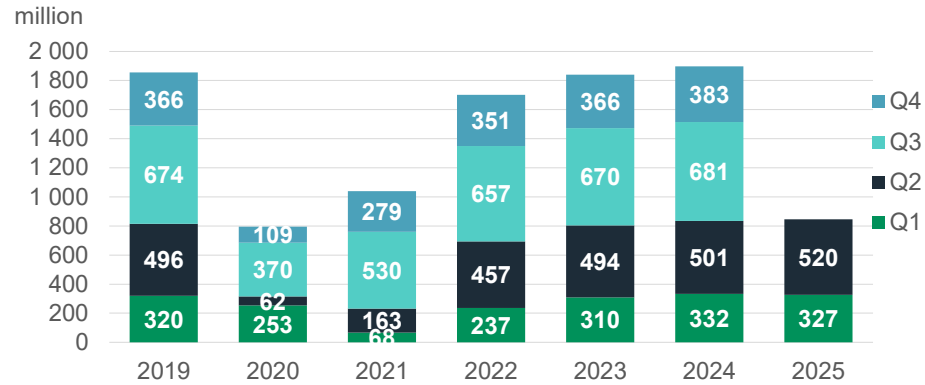
- International tourism is strengthening, growing +5% compared to H1 2024. Europe is the biggest market.
- APAC is the only region that hasn't returned to pre-pandemic levels though it is increasing.
- Africa recorded the strongest growth (+12% of tourist arrivals in H1 2025 compared to H1 2024).
- In Europe, Baltic countries are enjoying a particularly strong surge in visitors, drawn by the unusually warm sea temperatures and extended summer conditions.

Sources: UN Tourism, BNP Paribas Real Estate Research

TOP DESTINATIONS IN EUROPE

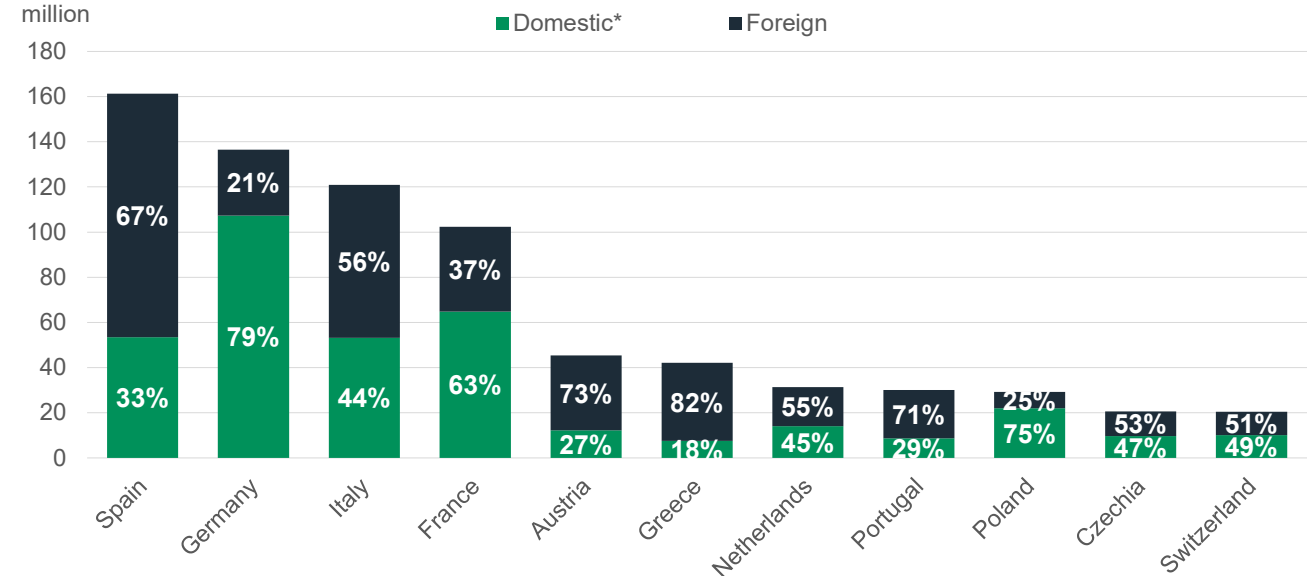
SLIGHTLY ABOVE 2019 LEVELS

Nights Spent at Tourist Accommodation Establishments (EU-27)



*Tourists are classified according to their country of residence, not according to their citizenship

Nights Spent in H1 2025



The number of tourists in Europe continues to increase at a moderate rate

- Nights spent increased by 1.5% in H1 2025 (vs H1 2024)
- International tourism has been particularly strong in Spain, Austria and Italy, whilst domestic tourism was predominant in Germany and France.

Sources: Eurostat, BNP Paribas Real Estate Research

02.

REAL ESTATE PERSPECTIVES

RESIDENTIAL MARKETS

RESIDENTIAL INVESTMENT VOLUME

SMALLER SCALE DEALS DRIVE ACTIVITY



EUROPE – 9m 2025

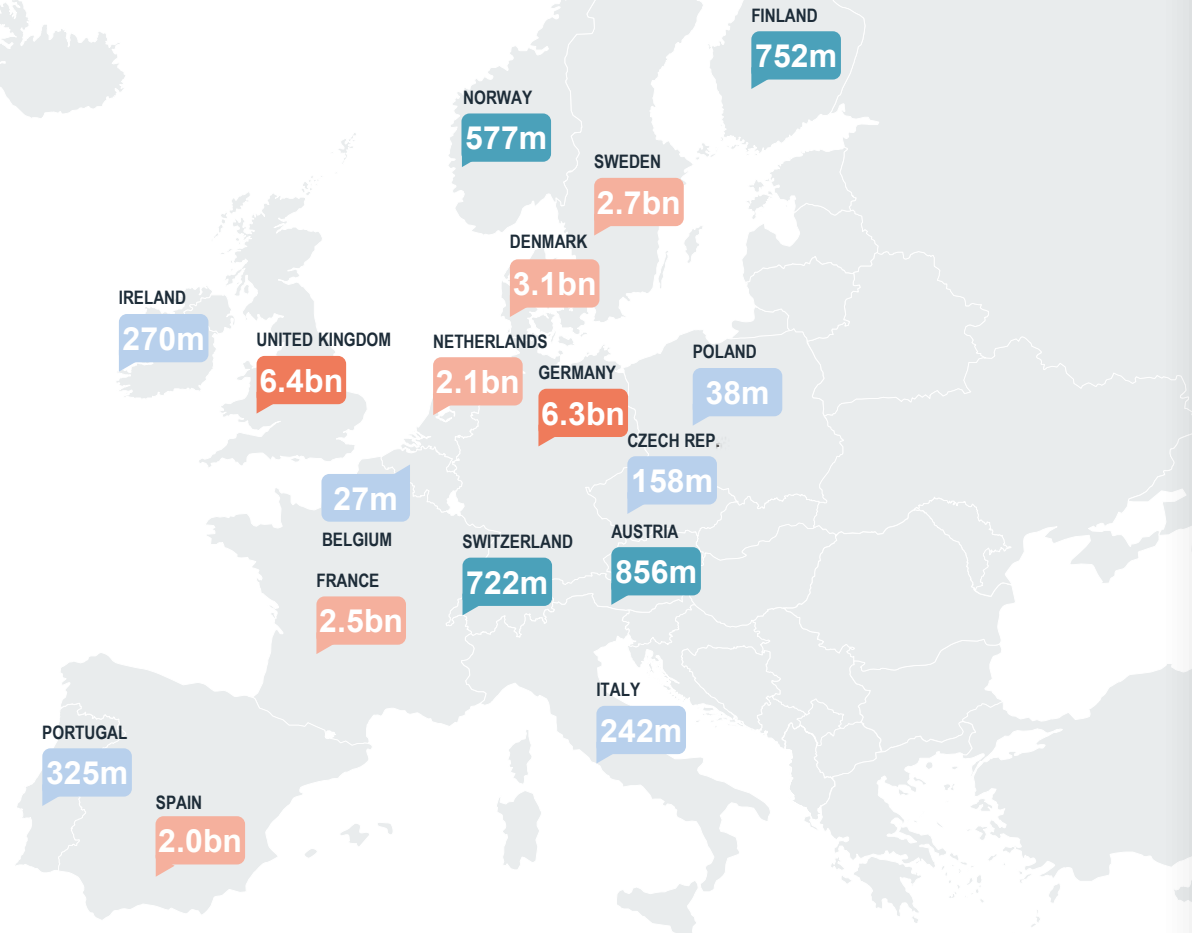
€29.3bn

+7% vs. 9m 2024

9m 2025 vs 9m 2024

	GERMANY	+7%	↗
	UNITED KINGDOM	-9%	↘
	FRANCE	+5%	↗
	NETHERLANDS	-16%	↘
	ITALY	+31%	↗
	SPAIN	+72%	↗
	POLAND	-84%	↘
	DENMARK	+105%	↗
	SWEDEN	+33%	↗

	> €5bn		€500m - €1bn
	€1bn - €5bn		< €500m



- ❖ Residential investment volume in Europe reached €29.3bn over the 9 months of 2025, an increase of 7% thanks to smaller-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 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 in 2025 according to INREV's Investor Intentions survey.

Source: BNP Paribas Real Estate Research

RESIDENTIAL PRICE* IN EUROPE (€/SQM)

HOUSE PRICES CONTINUE TO RISE



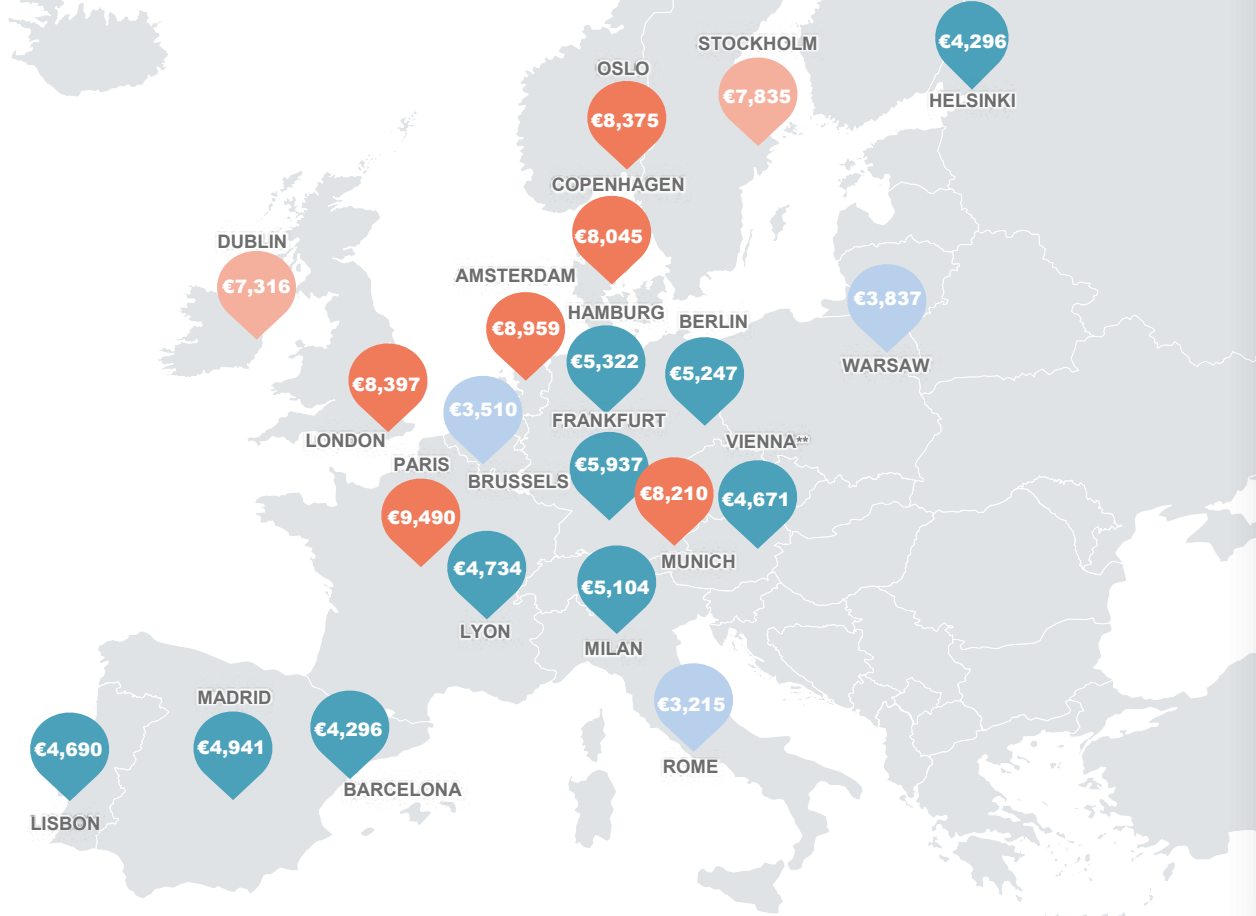
EUROPE – Q2 2025

+4.6% vs. Q2 2024

Q2 2025 vs Q2 2024

	BERLIN	+2%	
	MUNICH	+4%	
	FRANKFURT	+6%	
	DUBLIN	+7%	
	LONDON	-3%	
	PARIS	+0%	
	AMSTERDAM	-2%	
	MADRID	+20%	
	BARCELONA	+12%	
	WARSAW	+8%	
	MILAN	+2%	
	COPENHAGEN	+15%	
	BRUSSELS	+3%	

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



- ❖ House prices across European cities expanded on aggregate by +4.6% in Q2 2025 vs Q2 2024.
- ❖ Compared to the Q2 2024, the 5 cities experiencing double-digit growth included Valencia (+23%), Madrid (+20%), Copenhagen (+15%), Barcelona (+12%) and Sevilla (+10%).
- ❖ High growth also occurred in Warsaw (+8% y/y), Lisbon, Rome and Dublin (+7% y/y) and Frankfurt (6% y/y).
- ❖ In Q2 2025, house prices continued to fall in London (-3% 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.
- ❖ Among the 23 markets where house prices rose, 7 of them reached new highs, particularly in Spanish cities and Copenhagen.

Sources: BNP Paribas Real Estate Research

*Net of transfer fees
**Q4 2024 value

RESIDENTIAL RENTAL LEVEL IN EUROPE (€/SQM/M)

RENTS HIT NEW RECORD HIGHS IN 17 MARKETS



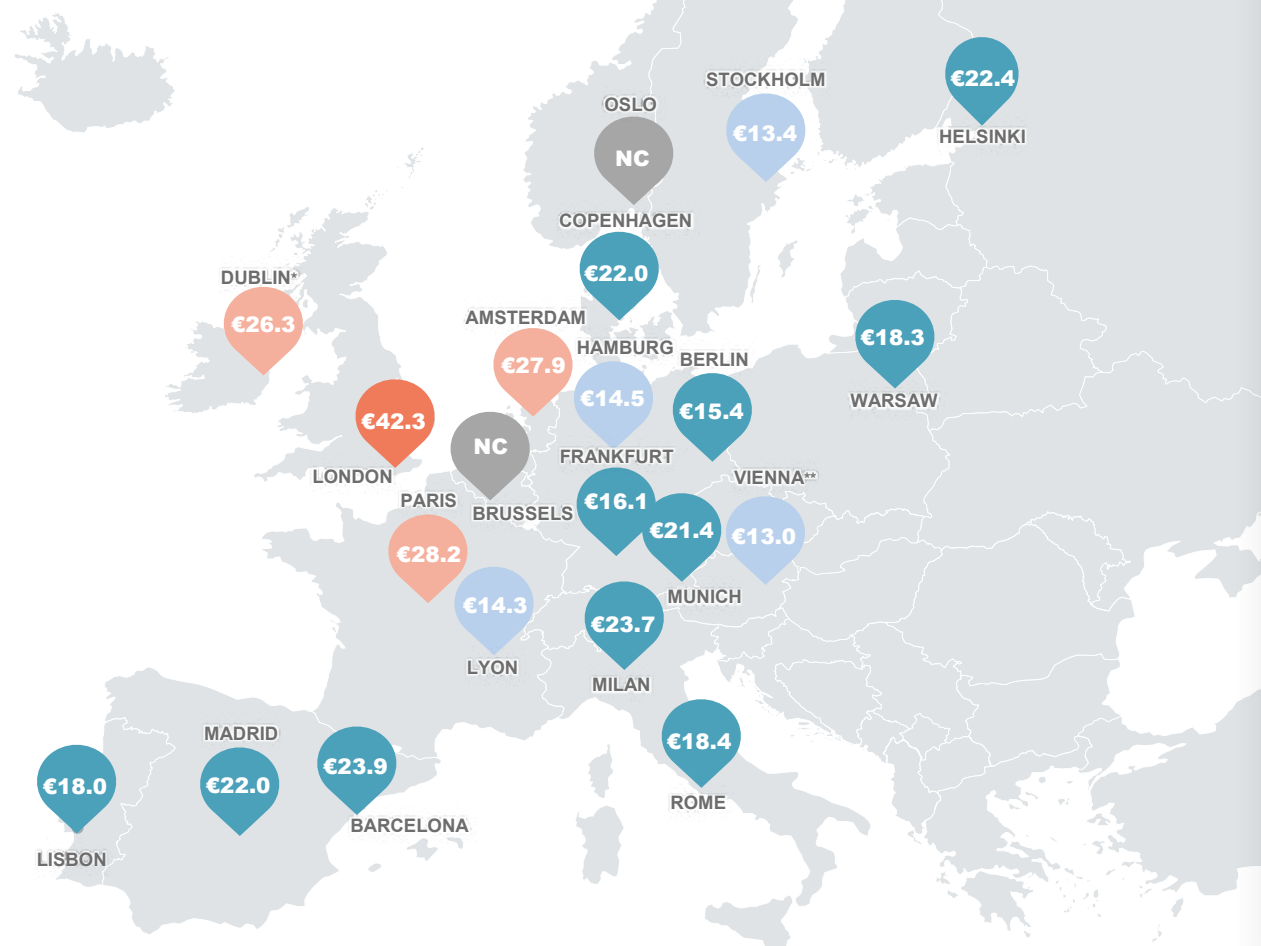
EUROPE – Q2 2025

+4.4% vs. Q2 2024

Q2 2025 vs Q2 2024

	BERLIN	-2%
	MUNICH	+4%
	FRANKFURT	+6%
	DUBLIN*	+4%
	LONDON	+8%
	PARIS	+0%
	AMSTERDAM	+1%
	MADRID	+11%
	BARCELONA	+8%
	WARSAW	+2%
	MILAN	+3%
	COPENHAGEN	+3%
	HELSINKI	+1%

	≥ €35		€15-25
	€25-35		≤ €15



❖ Residential rental values across European markets were still expanding in Q2 2025 at +4.4% 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, creating a supply shortage, 3) more profitability can be achieved in the short-term rental market as tourism rises, 4) lack of new housing construction.

❖ Most European cities experienced rent growth during Q2 2025. Double-digit rental growth occurred in 3 of the 31 markets: Rome (+12% y/y), Madrid (+11% y/y), and Valencia (+10% y/y).

❖ Disparities in rent growth mainly occurred in Italian and Dutch cities, with 3% y/y growth in Milan vs 12% in Rome, and 1% in Amsterdam vs 7% in Rotterdam. This trend suggests a spillover effect, with rental growth spreading to other major cities, as people seek accommodation outside country capitals that have the most expensive rents.

Sources: BNP Paribas Real Estate Research

*Q1 2025 value
**Q4 2024 value

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