

REVIEW

CAPITAL MARKET

EUROPE Q1 2026



RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



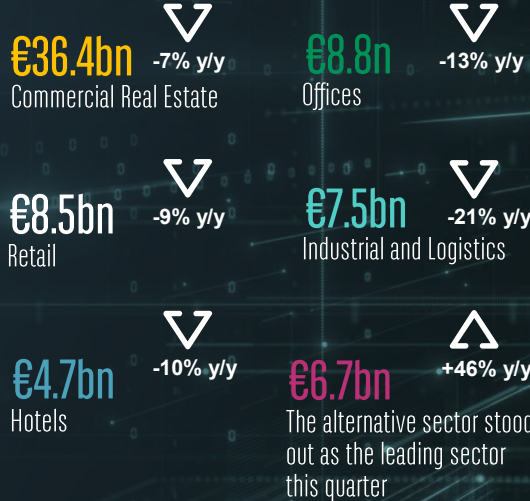
Q1 2026

CAPITAL MARKET EUROPE

Geopolitical tensions have led to sharp revisions to the inflation and interest rate outlook for real estate. Government bond yields in the Eurozone and the UK have risen significantly in response with potential for a new round of yield decompression in real estate.

At €36.4bn the European investment volume is -16% below the 5-year average this quarter.

KEY FIGURES



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MARKET OVERVIEW

The broad-based, albeit slow, recovery occurring over the past two years, experienced a loss in momentum in Q1 2026. Total CRE volume decreased by -7% compared to the same period last year.

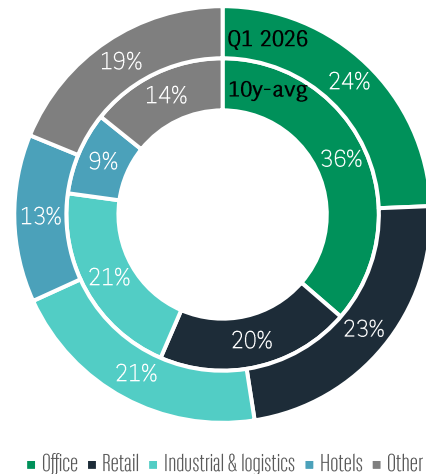
The main asset classes posted annual volume declines ranging between 10% and 20%. This trend reflects a marked return of investor uncertainty in the face of the macroeconomic context. Uncertainty is freezing liquidity again with bid-ask spreads showing widening signs. Added to this are expectations of inflationary pressure with potential for rate hikes.

The extent of pullback is highly dependent on the geopolitical context, a resolution of this should elicit market resilience rather than trigger a new downturn.

The alternative sector is bucking the trend with 46% growth (€6.7bn) exceeding hotels volume.

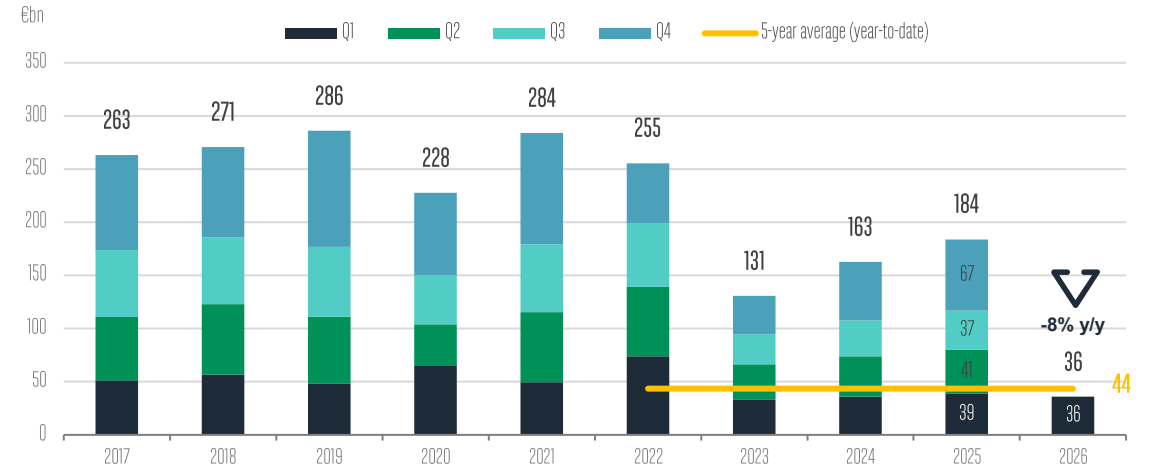
Foreign investment has cooled with domestic capital dominating the market (around 60% share) and European cross-border activity, the only foreign buying source on a rise (+13% vs Q1 2025).

Market share by asset type



*excludes residential investment

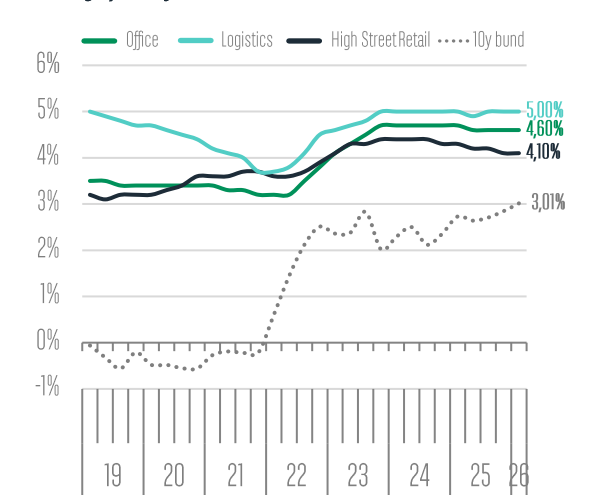
European CRE* Investment volume



Capital flows

	Q1 2026	VS. Q1 2025
Europe foreign	€7.2bn	+13%
Americas	€4.7bn	-13%
Middle-East	€0.3bn	-78%
APAC	€1bn	-54%

Average prime yields



Source : BNP Paribas Real Estate Research



Q1 2026

CAPITAL MARKET EUROPE

KEY FIGURES

Spain
+80% vs. Q1 2025
Investment volume

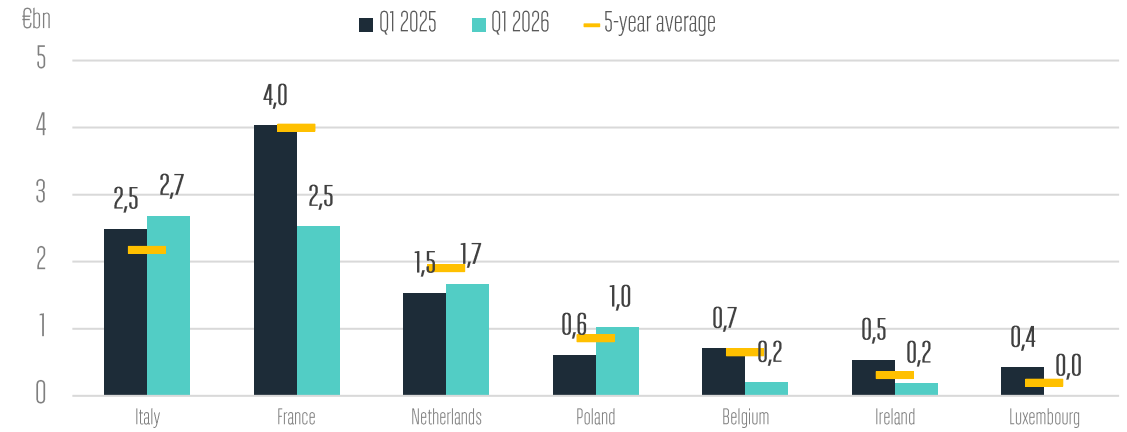
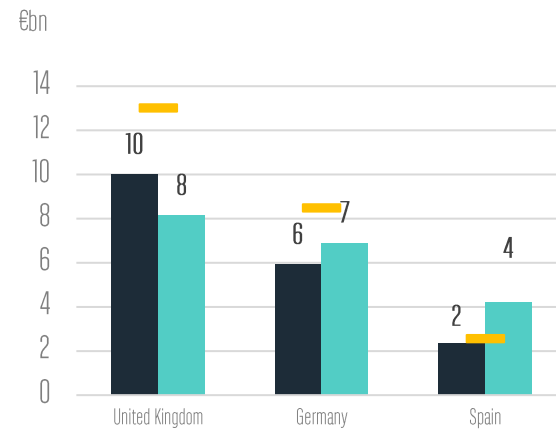
Germany
+16% vs. Q1 2025
Investment volume

SIGNIFICANT DEALS

QUARTER	ASSET CLASS	LOCATION	PROPERTY NAME	VOLUME
Q1	Care Homes	Germany	Cofinimmo Care Homes	Conf.
Q1	Industrial & Logistics	Sweden	I&L Portfolio	€600m
Q1	Public property	Sweden	Public properties Portfolio	€520m
Q1	Data centre	Kaarst, Germany	NRW State Finance Administration	Conf.
Q1	Office	Barcelona, Spain	Estel Building	€380m
Q1	Retail	Matosinhos, Portugal	NorteShopping	€340m
Q1	Retail	Madrid, Spain	Islazul	€340m
Q1	Hotel	London, United Kingdom	Hotel Riu Plaza London	€330m
Q1	Shopping centre	Brierley Hill, United Kingdom	Intu Merry Hill	€330m
Q1	Shopping centre	Paris, France	BHV Marais	€260m

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Q1 2026 CRE* Investment volume per country



A wave of caution in March slowed down investment decisions. The markets that have slowed down the most, reflecting the overall background, are the United Kingdom (-19%) and France (-37%).

Increases are nevertheless seen in several markets. Germany (+16%) appeared less affected for the time being, with an investment volume increase of +16%, driven by growth in most assets, except the industrial and logistics segment that decreased by 11%.

Spain has continued to stand out for several quarters now. Investment volumes exceeded €4 billion in Q1, driven by a 5-fold increase in offices (€1bn plus), hotels (+167%) as well as in retail assets (+31%).

Activity in Poland also showed growth with transactions exceeding a €1bn this quarter, 20% above the 5-year average.

Other key countries such as Italy and the Netherlands, both showing expansion (+8% pa), remain on track for recovery for the moment.



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Source : BNP Paribas Real Estate Research

*excludes residential investment



Q1 2026

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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

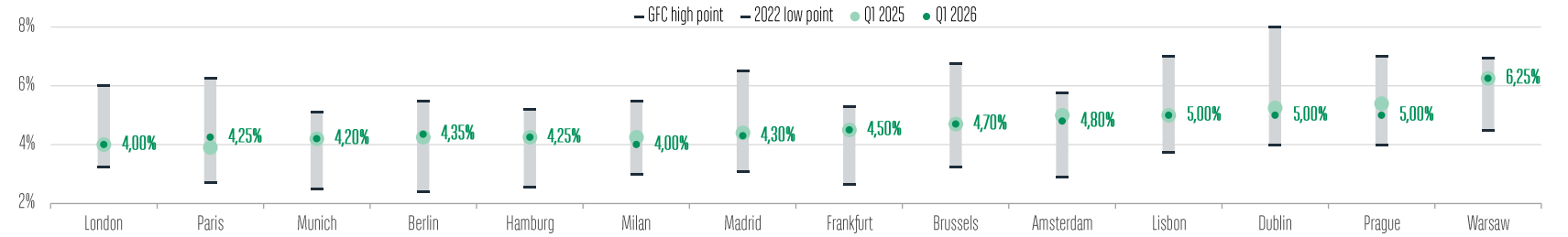
-20 bp y/y
0 bp q/q

5.00%
European average
prime industrial & logistics yields

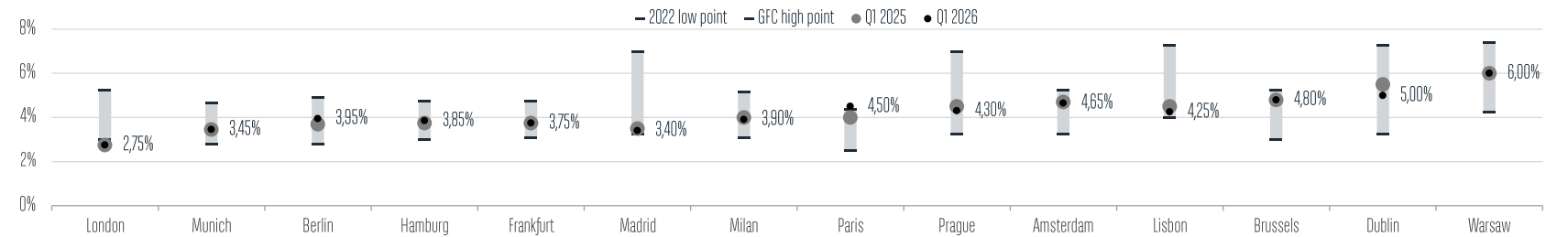
0 bp y/y
0 bp q/q

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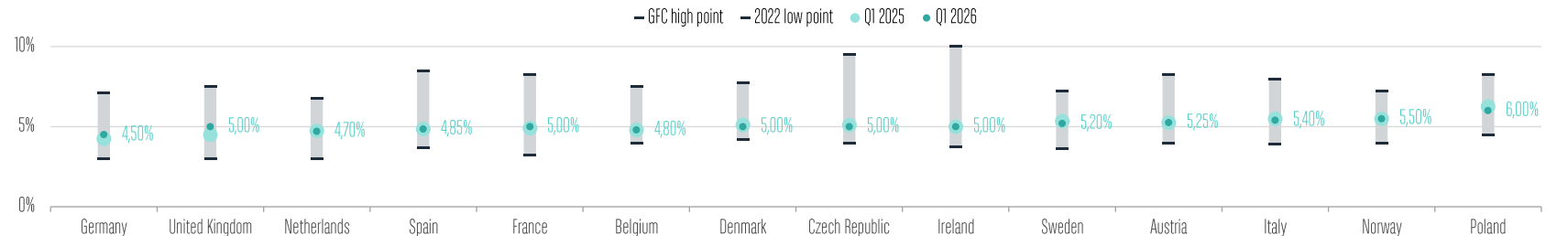
Prime office yields



Prime retail yields



Prime logistics yields



Source : BNP Paribas Real Estate Research



Q1 2026

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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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Q1 2026

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