REVIEW

RETAIL MARKET

EUROPE Q1 2026

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RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

STABLE RETAIL INVESTMENT

The slow retail investment recovery in Q1 is tied to a renewed bout of investor caution following conflict in the Middle East. Investors in the sector continue to show interest in shopping centres where transaction activity was strong.

KEY FIGURES

€181.3 bn +10% y/y
Q1 2026 (Rolling 12M) Commercial Real Estate Investment volume

€37.0 bn +0% y/y
Q1 2026 (Rolling 12M) Retail Investment Volume

20% vs. 22% in Q1 2025
SHARE OF RETAIL IN TOTAL CRE VOLUME
Retail ranks 3rd in Commercial Real Estate by market share after Office and Logistics

Spain +43% y/y
RETAIL INVESTMENT (Rolling 12M)

RETAIL INVESTMENT

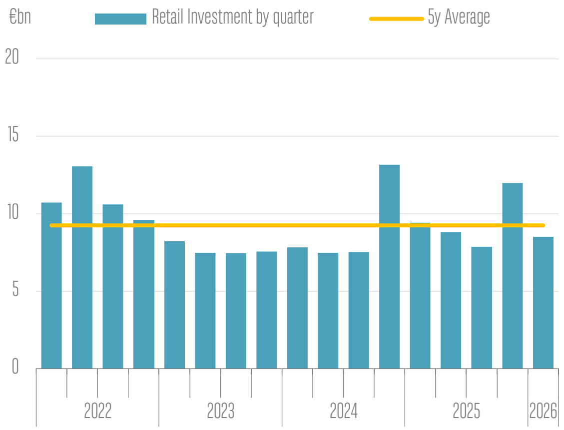
Retail investment (€37.0bn) remained relatively stable compared to last year's volumes. The momentum observed in 2025 after two years of subdued investment activity tapered as investors looked at the implications the geopolitical situation has for the real estate outlook. The war in the Middle East has weighed significantly on investor sentiment, as the conflict impacts directly on commodity and consumer goods prices. However, even with these concerns, investors are still committed towards good value assets with growth potential.

In Q1 2026, retail held a 20% share of total commercial real estate investment. The steady uptick in market share observed in recent years was mostly driven by the luxury sector. Nonetheless, increases in shopping centre investment volumes signal a shift in preference towards assets that offer an increased array of functionality and flexibility for occupiers, especially with the normalization of omnichannel shopping.

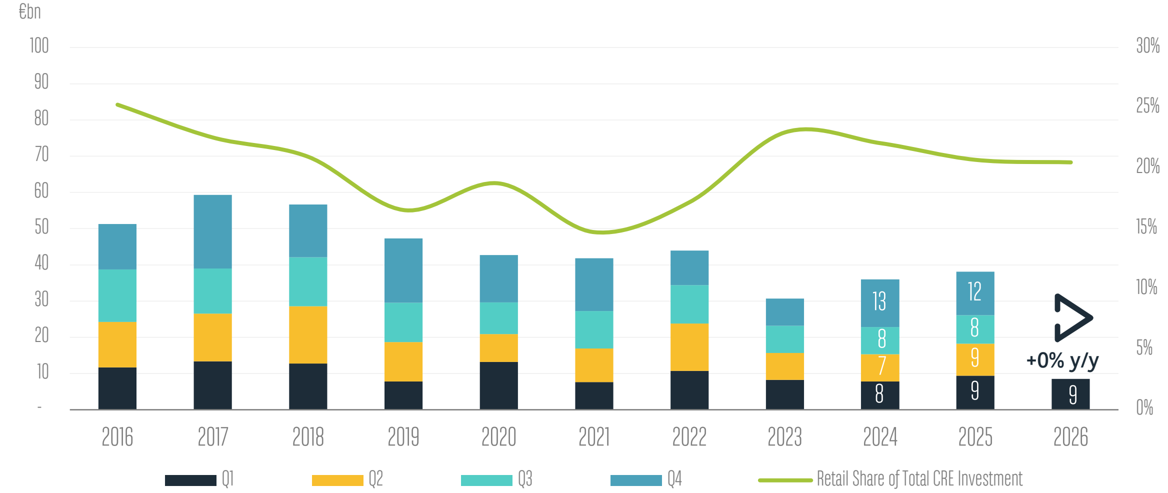
The European market leaders remain the big 5 countries with the United Kingdom (€9.2bn) at the top capturing a quarter of retail investment volume, although experiencing a decrease of 16% compared to last year. It is followed by Germany (€6.6bn), which continues to occupy the second place. Italy (€3.5bn) and Spain (€3.0bn) gained considerable ground in this beginning of the year while France (€2.9bn) settled as the fifth European retail investor. Nordic countries such as Sweden (€1.8bn) and Norway (€1.1bn) along with Benelux - Belgium (€1.1bn) and the Netherlands (€1.4bn) - had good investment levels.

The retail market retains its focus on prime assets in the main European cities. Nevertheless, the main driver of growth in 2026 continues to be the shopping centre segment, notably in Southern European countries. The direction of consumer sentiment may end up a critical factor for investment later in the year. The impact of the Iran conflict has not yet been fully reflected in prices as its effects are likely to appear with a delay. Consequently, investment activity may end up becoming more selective again if consumer sentiment deteriorates badly. They may return to buying only the most defensive income secure retail assets in core European countries.

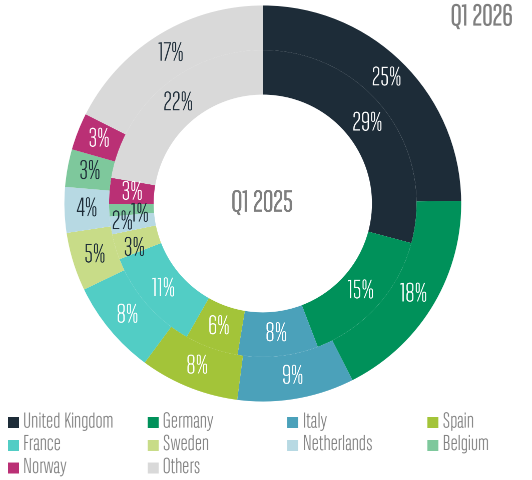
Retail Investment by quarter (2021-2026)



European Retail Investment Volume (2017-2026)



Retail Investment by country (rolling year)



Source : BNP Paribas Real Estate Research

Q1 2026 RETAIL MARKET EUROPE

KEY FIGURES

Investment Volumes Europe *(6 countries)*

High Street **-25%** vs. Q1 2025

Shopping Centres **+26%** vs. Q1 2025

Retail Warehousing **-9%** vs. Q1 2025

SIGNIFICANT DEALS (Rolling 12M)

QUARTER	YEAR	SEGMENT	LOCATION	PROPERTY	VOLUME
Q4	2025	Shopping Centre	Prague, Czech Republic	Palladium	€705m
Q4	2025	Shopping Centres	Dublin, Ireland	Blanchardstown Shopping Centre	€575m
Q2	2025	Supermarket	United Kingdom	Portfolio of 8 supermarkets of Supermarket Income REIT, Nationwide	€465m
Q3	2025	Shopping Centre	Lombardy, Italy	Oriocenter	€450m
Q3	2025	Shopping Centre	Italy	Franciacorta Village, Valdichiana Village and Palmanova Village Portfolio	€410m
Q4	2025	Shopping Centres	Katowice, Poland	Silesia City Center	€405m
Q4	2025	High Street	Münich, Germany	Oberpollinger	€380m
Q4	2025	Retail Park	Wroclaw, Poland	Magnolia Park	€370m
Q2	2025	Shopping Centres	London, United Kingdom	Brent Cross Shopping Centre	€360m
Q1	2026	Shopping Centres	Madrid, Spain	Centro Comercial Islazul	€335m

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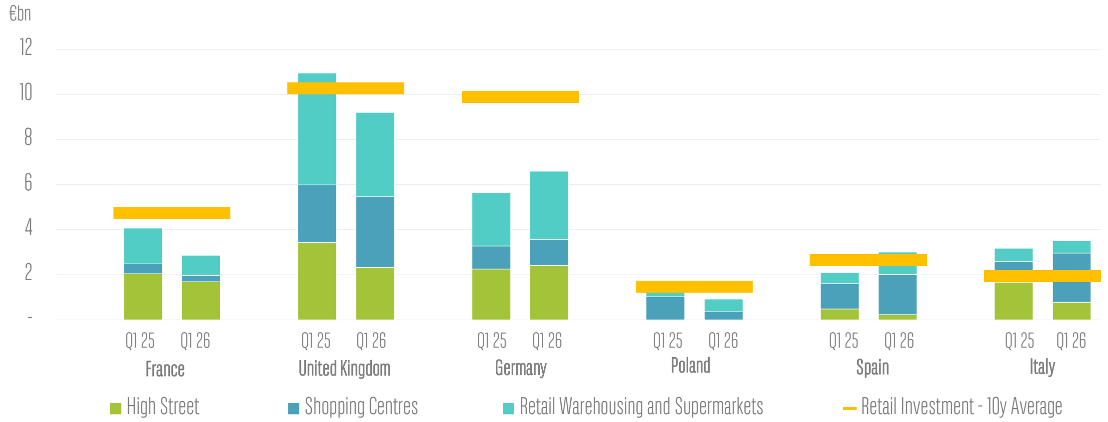
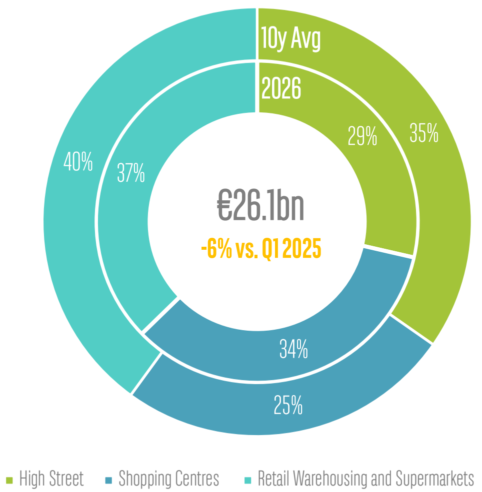
RETAIL INVESTMENT

Retail Investment by asset type *(6 markets - rolling year)*

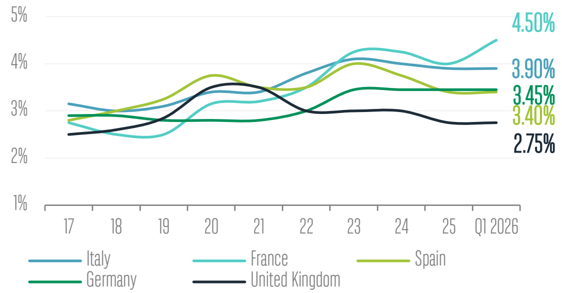


Retail Investment by asset type *(6 markets - rolling year)*

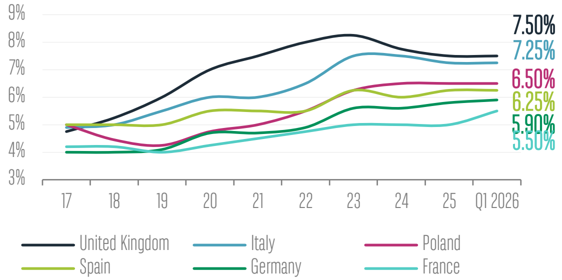


6 Markets : France, Germany, Italy, Poland, Spain, United Kingdom

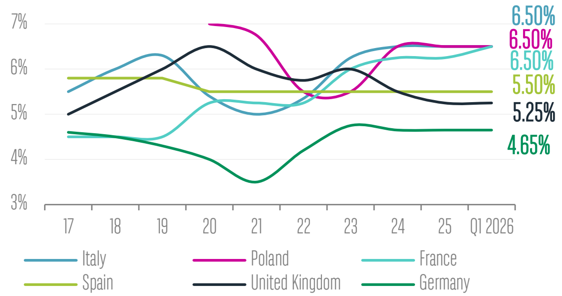
Prime Yields - High Street



Prime Yields - Shopping Centres



Prime Yields - Retail Warehousing



Source : BNP Paribas Real Estate Research

Q1 2026 RETAIL MARKET EUROPE

KEY FIGURES

-5.8 Q1 2026 vs. -5.0 as of Q4 2025
RETAIL CONFIDENCE INDICATOR

-13.1 Q1 2026 vs. -13.5 as of Q4 2025
CONSUMER CONFIDENCE INDICATOR

116.3 Q1 2026 vs. 116.4 as of Q4 2025
VOLUME OF SALES IN RETAIL TRADE INDEX 100=2015

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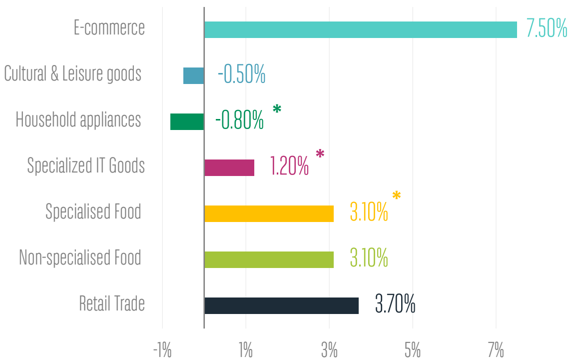
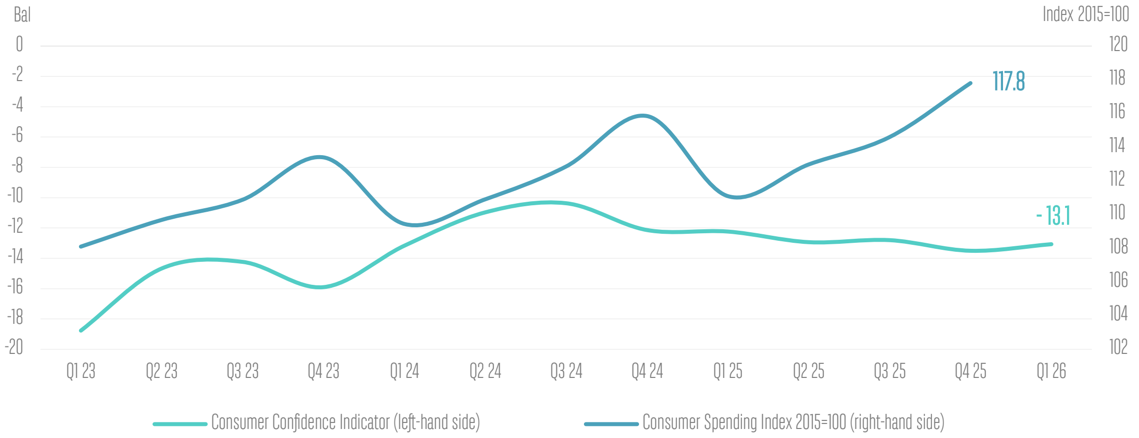
RENTAL TRENDS AND MARKET FUNDAMENTALS

Retail Net Turnover *(Mar-26 vs. Mar-25)*

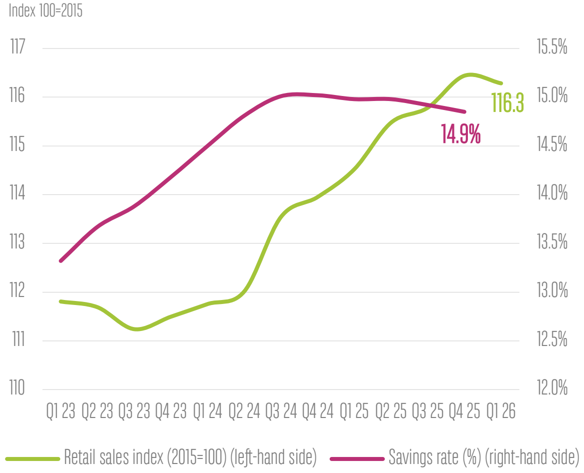


*Feb-26 vs. Feb-25 values

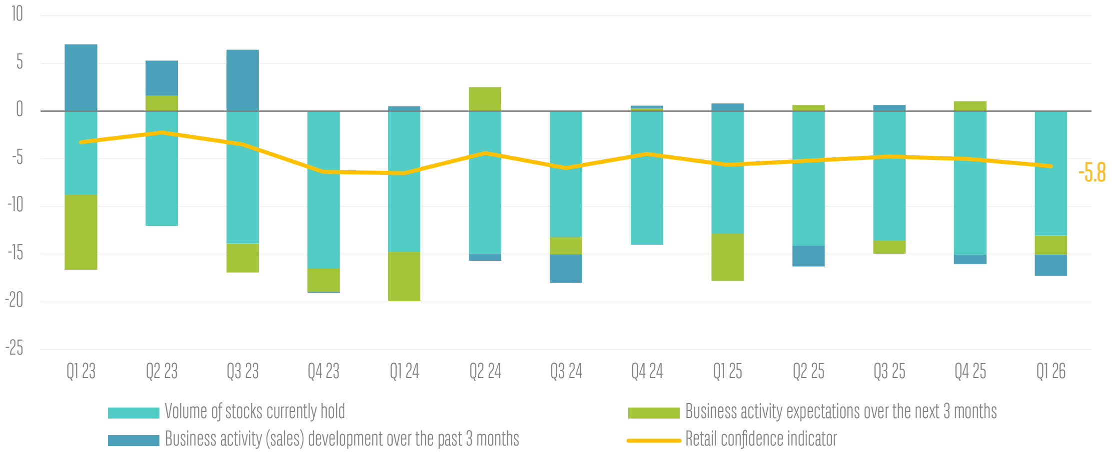
Consumer Confidence Indicator and Consumer Spending



Retail Sales and Households Savings Rate *(Eurozone 20)*



Retail Survey Results



Source : ECB, Eurostat

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.

RETAIL DEFINITIONS

High-street retail: High street retail encompasses retail properties situated directly along public streets providing direct access to pedestrians. This category includes ground floor retail units, department stores and bank branches.

Shopping centre: A shopping centre is a purpose-built complex gathering multiple retail units services and entertainment facilities. It can be located in city centre, suburban and out-of-town. These centres vary in scale and function ranging from small convenience oriented complex to large regional malls that include department stores, supermarkets and a diverse mix of specialist retailer leisure. It also includes designer outlet centres, and factory outlet centres.

- Designer outlet centres provide discounted designer and luxury goods in an outdoor setting.
- Factory outlet centres focus on branded goods at reduced price.

Retail warehousing and supermarkets: Retail warehouses and supermarkets are large retail establishments designed to offer a wide range of products to consumers. This category gathers retail parks, supermarkets, hypermarkets, and big boxes (retail warehouses). Mainly located in peripheral areas, retail warehouses are freestanding units that accommodates category dominant retailers (furnitures, electronics, clothing).

- Retail parks are large scale open-air retail developments of at least 5000 m² that include a variety of retail formats such as retail warehouses, large fashion malls, located in out-of-town areas. These establishments share a common focus on offering a diverse shopping experience in spacious location and usually provide on-site parking. Retail warehouses are large adaptable units housing category dominant goods.
- Supermarkets: Less than 2500m², supermarkets, located either in-town or out-of-town, are primarily focused on essential food groceries and household products often including a selection of non food items.
- Hypermarkets are large retail stores, measuring more than 2,500 sqm, which sell a variety of products such as appliances, clothing and groceries.

Flagship store: A "flagship" store is often considered to be a retailer 'showcase' store. It is usually in a primary and prominent location. It tends to be a chain's largest store and generally the store that holds or sells the highest volume of merchandise.

Prime Rent represents the top open-market rent at the survey date for a retail 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.

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** and Others (Hotels, 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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