REVIEW

OFFICE MARKET

EUROPE Q2 2026

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RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Q2 2026 OFFICE MARKET EUROPE

Office leasing activity softened in H1 2026, with take-up declining by 9% year-on-year due to a lack of large-scale deals.

In a challenging economic environment, occupiers remained selective, favouring smaller, best-in-class space in prime locations.

3.64 M sqm
TAKE-UP -18 CITIES (H1 2026)

-9% y/y

Significant deals H1 2026

TENANT / SECTOR	LOCATION	SQM
Proximus Technology, media and communication	Brussels	38,200
Airbus Defense & Space Manufacturing and construction	Greater Paris	36,800
German Federal Ministry for Economic Cooperation and Development Public administration	Berlin	31,000
Inditex Retail sector	Barcelona	30,000
Visa Europe Banking, financial services	Warsaw	17,300

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TAKE-UP

Office take-up across the 18 main European markets totaled 3.64 million sqm in H1 2026, down 9% year-on-year. Activity was also 9% below the five-year average, reflecting a slowdown in large-scale transactions across many markets.

The **six major German office markets** were broadly stable in H1 2026, with take-up reaching 1.25 million sqm (-3% year-on-year). Berlin (373,000 sqm, +51%) and Munich (354,000 sqm, +38%) recorded the strongest performances, supported by several large transactions. By contrast, activity in Hamburg (177,000 sqm, -18%) and Frankfurt (173,000 sqm, -53%) was constrained by the lack of major deals, despite resilient demand in the mid-sized segment.

Take-up in **Central Paris** declined by 13% year-on-year to 628,000 sqm, standing 21% below the five-year average. The large-unit segment (>5,000 sqm) was particularly affected, with activity falling by 48%.

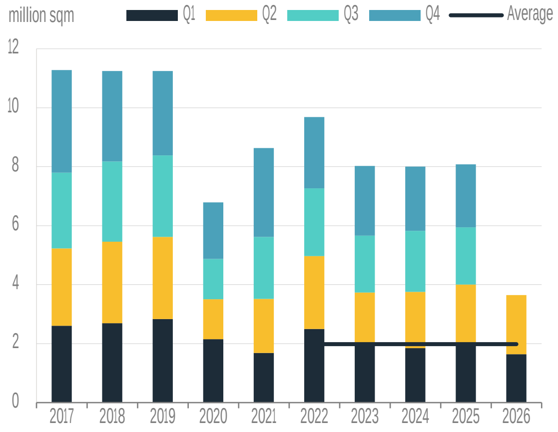
Central London take-up reached 531,000 sqm in H1 2026, down 7% year-on-year. The main highlight was the recovery of the West End, where take-up increased by 39% year-on-year after a subdued 2025, signaling renewed occupier demand in one of London's prime office markets.

Barcelona recorded strong office take-up in H1 2026, reaching 201,000 sqm (+35% year-on-year), 28% above its five-year average. By contrast, activity in **Madrid** slowed to 198,000 sqm (-29% year-on-year).

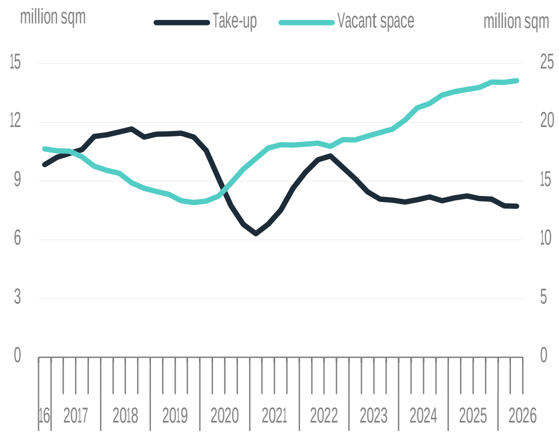
In Italy, **Milan** recorded a 29% decline in office take-up in H1 2026, while **Rome** reported a 24% increase in activity. Both markets remained well below their five-year averages, by 26% and 29% respectively.

Warsaw (217,000 sqm, +25%) and **Brussels** (144,000 sqm, +12% year-on-year) both performed well, with activity broadly in line with their five-year averages.

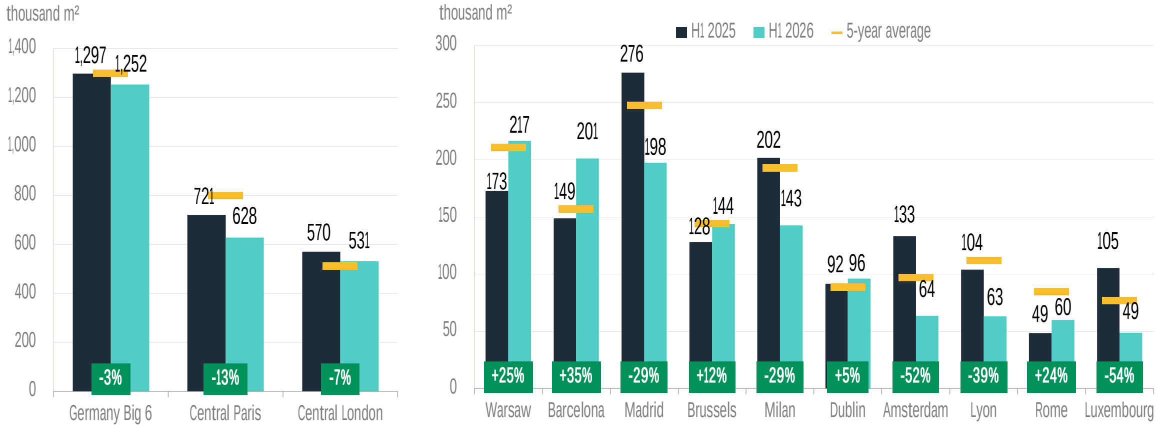
Office take-up
Europe – 18 cities



Office cycle (rolling year)
Europe – 18 cities



Office take-up by market



Source: BNP Paribas Real Estate Research

Q2 2026 OFFICE MARKET EUROPE

KEY FIGURES

+23% vs. Q2 2025
BARCELONA PRIME RENT

+6.2% vs. Q2 2025
PRIME RENTS (main markets)

+1.0% vs. Q2 2025
NET EFFECTIVE AVERAGE RENTS (main markets)

The gap between prime and average rents is widening, highlighting an increasing polarization in the office market.

Prime rents remain supported by strong demand for top-quality space, while average rents are growing more slowly due to a weaker demand for secondary locations and the need for higher incentives.

This trend may moderate over the medium term, as fewer occupiers are willing to absorb higher rental levels.

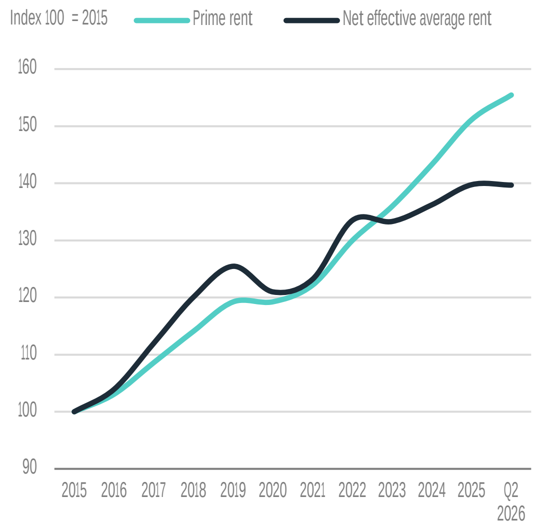
!

RENTS

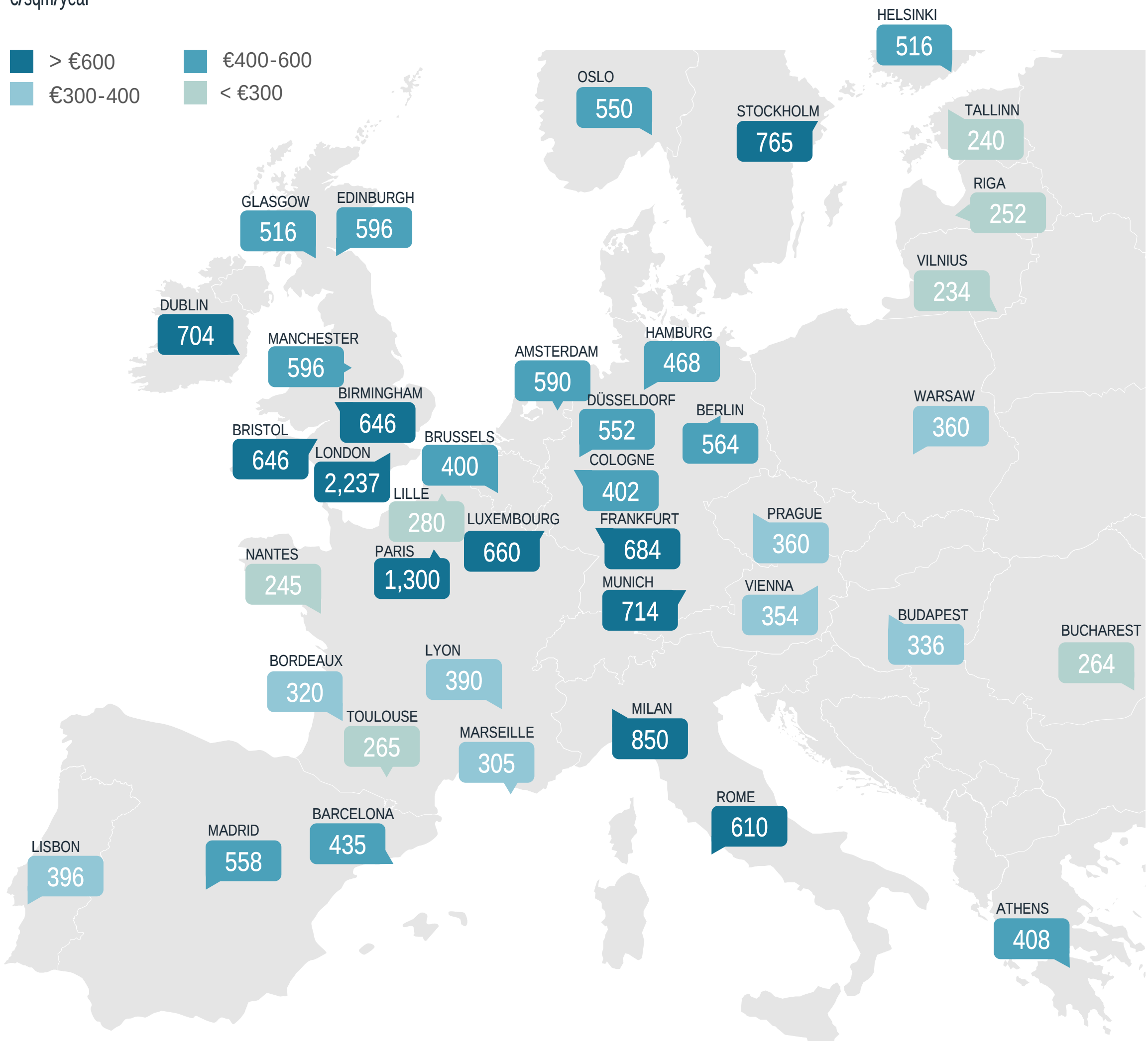
Prime office rents across Europe continue to rise, supported by a shortage of Grade A space and resilient demand for high-quality buildings in prime locations. However, the latest data suggest that rental growth may be slowing in some markets.

Over the past 12 months, the strongest increases were recorded in Barcelona (+23%), Milan (+13%), and Central Paris, Hamburg and Munich (+8%).

The lack of modern space in CBDs is prompting some occupiers to consider more affordable fringe locations. Yet, in an era of hybrid working, cost savings alone are not enough: fringe markets must also offer strong transport links and an attractive business environment. Where these conditions are met, rental growth is likely to remain positive.



Office prime rents in Europe
€/sqm/year



Source: BNP Paribas Real Estate Research

Q2 2026 OFFICE MARKET EUROPE

Vacancy continued to increase across Europe, primarily reflecting subdued occupier demand rather than new supply, although a number of markets, including Barcelona, Madrid, Warsaw, Dublin and Central London, recorded declining vacancy rates.

9.6% +40 bp vs Q2 2025
VACANCY RATE (28 MARKETS)

5.7%
CBD AVERAGE VACANCY RATE (13 MARKETS)

12.2%
NON-CBD AVERAGE VACANCY RATE (13 MARKETS)

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VACANCY

At the end of June 2026, the European vacancy rate reached **9.6%**, up 40 bps year-on-year. Rising vacancy is unlikely to be driven by new supply, as development activity remains limited and a large share of upcoming schemes has already been pre-let.

While vacancy increased across most markets, Barcelona, Madrid, Warsaw, Dublin and Central London recorded declines.

Vacancy levels remain highly polarized. Availability is still very limited in many prime CBDs, with vacancy rates at 1.0% in Barcelona CBD, 1.1% in Rome CBD, 3.1% in Milan CBD and 3.5% in Munich CBD. In contrast, vacancy continues to rise in many peripheral submarkets, reflecting the reduced size of occupier demand and a growing mismatch between available space and tenant requirements. Paris CBD is an exception among core markets, with vacancy increasing significantly following a wave of completions in recent years.

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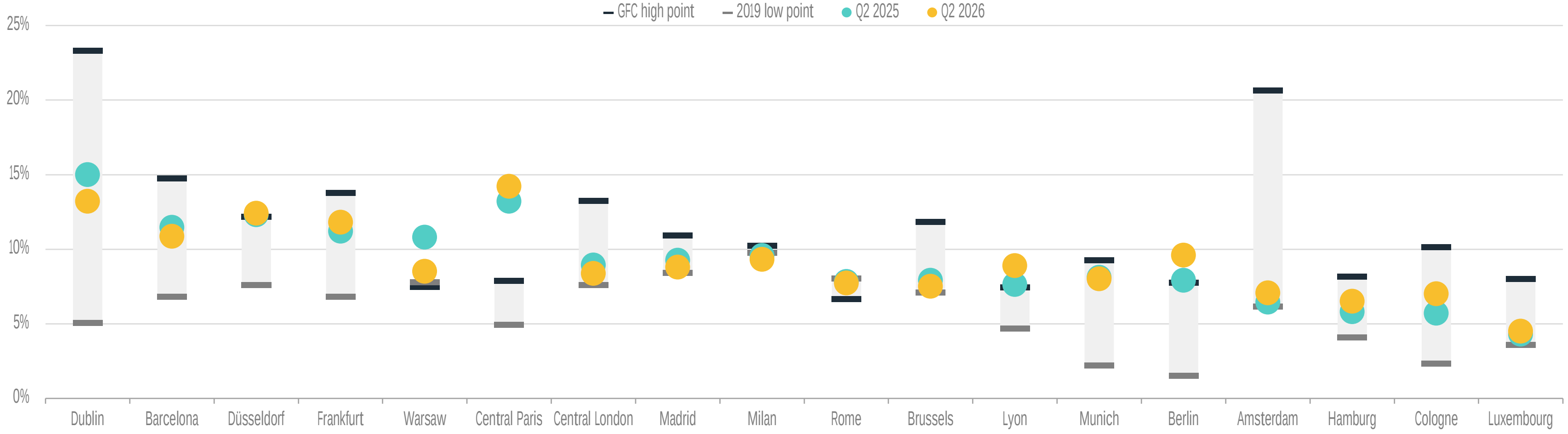
Vacancy rate



Source: BNP Paribas Real Estate Research

GLOSSARY

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, Italy), 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, the highest achievable rental price 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 warehousing, 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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