REVIEW

CAPITAL MARKET

EUROPE Q2 2026

RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Q2 2026

CAPITAL MARKET EUROPE

Facing an environment of higher-than-expected inflation, sustained volatility in risk free rates maintains upwards pressure on real estate yields. Investor confidence has reduced, but deals continue to occur highlighting market resiliency. At €82.5bn the European investment volume is around 7% below the 5-year average.

KEY FIGURES

YTD

€82.5bn +2% y/y
Commercial Real Estate

€21.9bn +6% y/y
Offices

€17.4bn -4% y/y
Retail

€19.6bn -4% y/y
Industrial and Logistics

€10.4bn +2% y/y
Hotels

€13.1bn +17% y/y
Alternatives

€27.4bn +27% y/y
Residential

AdobeStock © KanawatTH

MARKET OVERVIEW

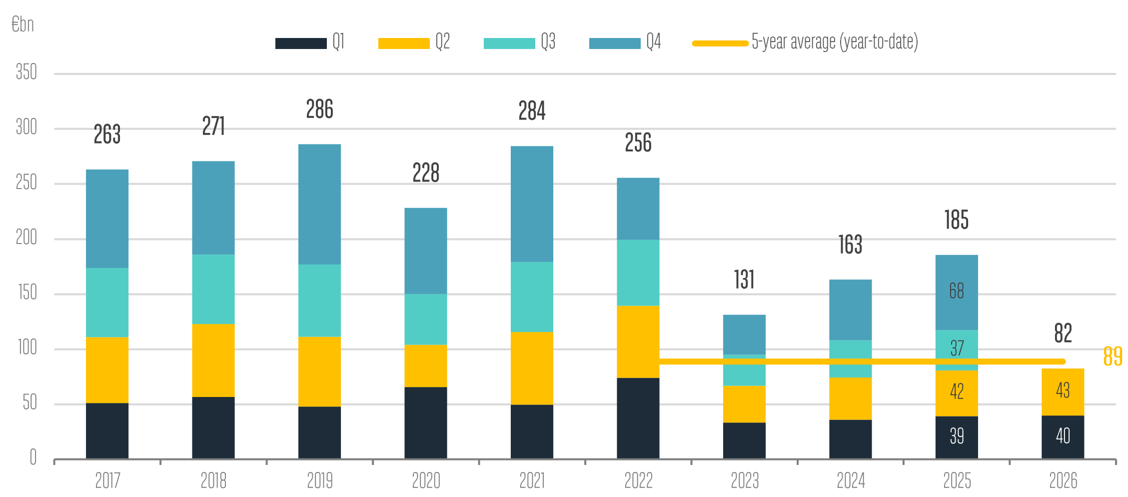
Impact from the Middle-East conflict shows up in the European real estate market as a drag effect rather than contraction: asset classes posted similar annual performances.

The availability of core capital remains limited, with institutional investors still reluctant to commit the volume of money seen pre-crash. Over the short term, the gradual diversification of portfolios may enable a modest recovery though it is highly contingent on an improved macro-economic outlook.

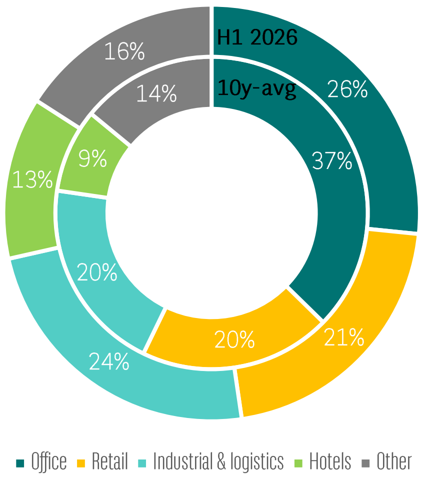
Lack of clarity continues to freeze liquidity as bid-ask spreads are increasing. Domestic investment remains in the spotlight; since the beginning of 2026, it has accounted for around 56% of the total volume.

European capital is the main source of activity in an environment marked by uncertainty. Growth in Middle-Eastern investment was significant in Italy, driven by a single HS retail transaction.

European CRE Investment volume



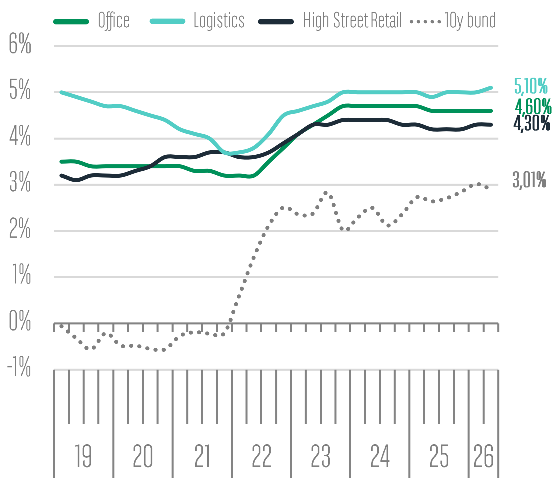
Market share by asset type



Capital flows

	H1 2026	Vs. H1 2025
Europe (foreign)	€15.9bn	+1%
Americas	€11.8bn	-1%
Middle-East	€2.5bn	+35%
APAC	€2.4bn	-35%

Average prime yields



Source : BNP Paribas Real Estate Research

Commercial Real Estate (CRE) excludes residential investment

Q2 2026 CAPITAL MARKET EUROPE

KEY FIGURES

Poland
+58% vs. H1 2025
Investment volume

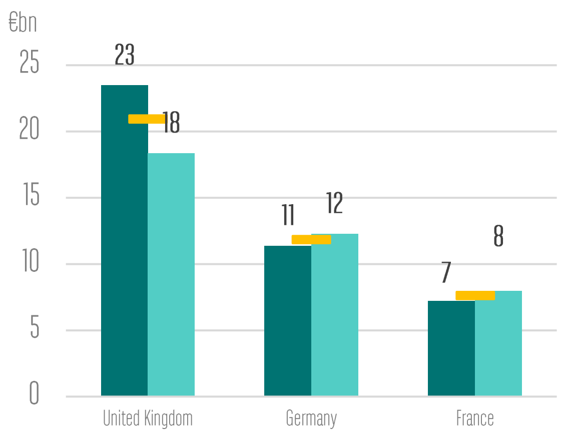
Italy
+26% vs. H1 2025
Investment volume

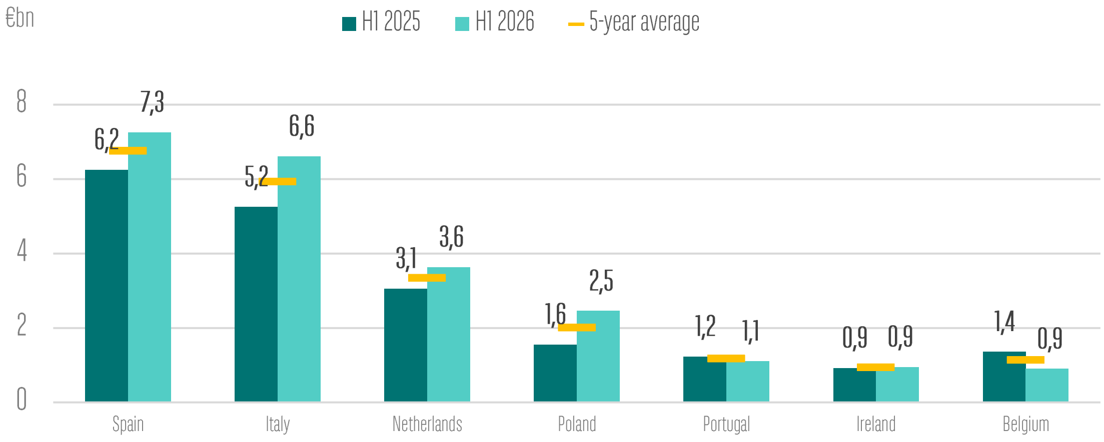
SIGNIFICANT DEALS

QUARTER	ASSET CLASS	LOCATION	PROPERTY NAME	VOLUME
Q2	Industrial & Logistics	France	Proudreed Portfolio	€2.1bn
Q2	Retail	Milan, Italy	Via Monte Napoleone	€1.2bn
Q2	Office	London, United Kingdom	One Churchill Place, E14	€870m
Q1	Industrial & Logistics	Sweden	I&L Portfolio	€600m
Q1	Public property	Sweden	Public properties Portfolio	€520m
Q2	Industrial & Logistics	Ireland	Horizon Portfolio	€485m
Q2	Hotels	London, United Kingdom	APG Portfolio	€430m
Q2	Retail	Paris, France	Le Marignian	€430m
Q1	Office	Barcelona, Spain	Estel Building	€380m
Q2	Hotel	Paris, France	Pullman Tour Eiffel	€430m

AdobeStock © KanawatTH

H1 2026 CRE Investment volume per country





In the big three countries (France, the United Kingdom, and Germany), market sentiment deteriorated more than in the rest of Europe, with the retail sector suffering the most. France's investment volume benefitted from Proudreed's Industrial & Logistics portfolio acquired by Blackstone compensating for a cautious environment overall. Office activity remains highly concentrated in capital cities such as Paris and London, as evidenced by the €900 million flagship transaction on One Churchill Place in London. The common trend in the three major markets is drag rather than a real decline.

In contrast, other countries showed expansion. Many markets recorded double-digit growth such as Poland (+58%) and the Netherlands by around 20%, driven by domestic investor confidence and concentrated demand for high-quality, sustainable assets.

Italy also recorded strong momentum, especially in retail thanks to the Via Monte Napoleone transaction of €1.2bn, which saw its volumes accelerate. There were also significant increases in logistics (+66%) and alternative (+93%) assets classes. Spain's growth (+16%) was led by the office segment, the best performer among CRE assets, almost doubling its volume to €1.8bn.

Source : BNP Paribas Real Estate Research

Commercial Real Estate (CRE) excludes residential investment

KEY FIGURES

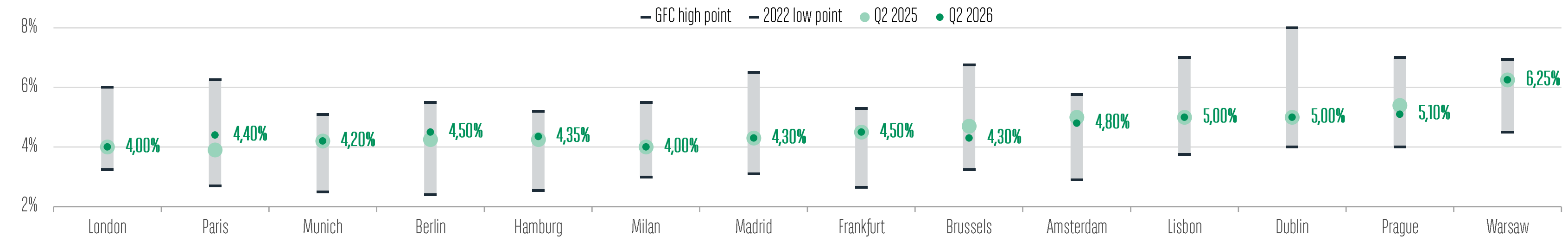
4.60%
European average prime office yields
0 bp y/y
0 bp q/q

4.30%
European average Prime high street retail yields
+10 bp y/y
0 bp q/q

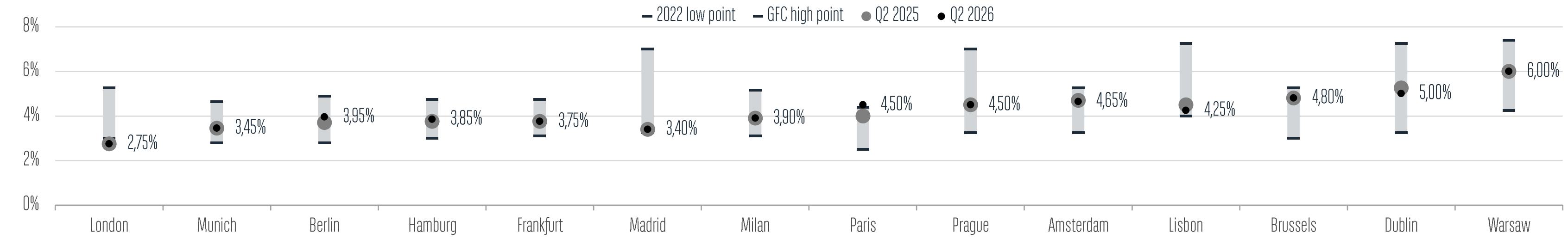
5.10%
European average prime industrial & logistics yields
+20 bp y/y
+10 bp q/q

AdobeStock © KanawatTH

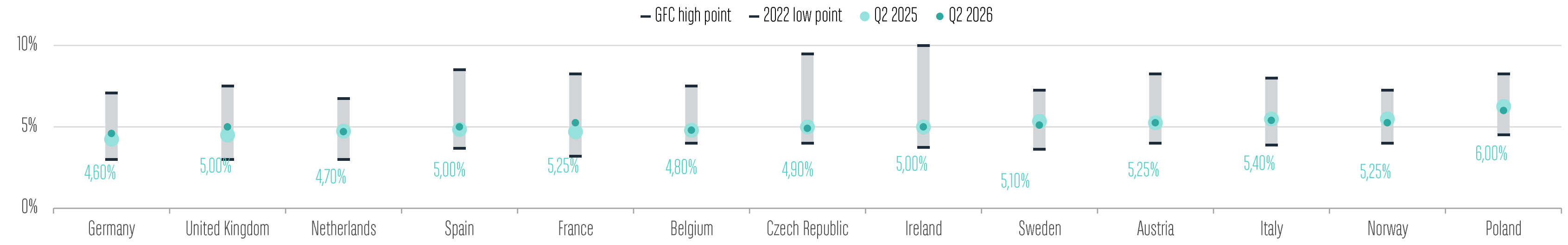
Prime office yields



Prime retail yields



Prime logistics yields



Source : BNP Paribas Real Estate Research

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, Italy), 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 (except in Germany, Italy) 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, Italy, Spain, 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 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.

It includes Office buildings, Retail, Industrial and Logistics Warehousing, Hotels and Alternatives.

The alternative sector varies across Europe reflecting country-specific categorization. It can include healthcare, senior housing, life science, data center, development sites; the list is non-exhaustive.

Residential investment is excluded from Commercial Real Estate investment (CRE).

Quoted investment volumes are not definitive and are consequently subject to change.

Prime Yield is defined as Net income (or NOI) over purchase price plus all other costs of acquisition.

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.

CONTACTS

Sonia Rahajantoanina
Pan-European Capital Market analyst
sonia.rahajantoanina@realestate.bnpparibas

Perrine Jakots
Head of Pan-European analysis
perrine.jakots@realestate.bnpparibas

Looking for a tailor-made analysis? Click here to find out our service offer Research on Demand

BNP PARIBAS REAL ESTATE
50, cours de l'Île Seguin
92100 Boulogne-Billancourt
France
Tel.: +33 (0)1 55 65 20 04
Fax: +33 (0)1 55 65 20 00
www.realestate.bnpparibas.com

LOCATIONS

EUROPE

FRANCE
Headquarters
50, cours de l'Ile Seguin
CS 50280
92650 Boulogne-Billancourt cedex
Tel.: +33 1 55 65 20 04

GERMANY
Goetheplatz 4
60311 Frankfurt am Main
Tel.: +49 69 29 89 90

UNITED KINGDOM
10 Harewood Avenue
London NW1 6AA
Tel.: +44 20 7338 4000

BELGIUM
Rue Royale 52
1000 Brussels
Tel.: +32 2 290 59 59

SPAIN
C/ Emilio Vargas, 4
28043 Madrid
Tel.: +34 91 454 96 00

IRELAND
57 Adelaide Road,
Dublin 2
Tel.: +353 1 66 11 233

ITALY
Piazza Lina Bo Bardi, 3
20124 Milano
Tel.: +39 02 58 33 141

LUXEMBOURG
60, Avenue JF Kennedy
L - 1855 Luxembourg
Tel.: +352 34 94 84
Investment Management
Tel.: +352 26 06 06

NETHERLANDS
The CubeHouse
Parnassusweg 789,
1082 LZ Amsterdam
Tel.: +31 20 305 97 20

POLAND
Grzybowska 78,
00-844 Warsaw
Tel.: +48 22 653 44 00

PORTUGAL
Avenida da República, 90 Piso 1,
Fracção 1
1600-206 Lisboa
Tel.: +35 1 939 911 125

MIDDLE EAST / ASIA

DUBAI
Emaar Square
Building n° 1, 7th Floor
P.O. Box 7233, Dubaï
Tel.: +971 44 248 277

HONG KONG, SAR CHINA
63/F, Two International
Finance Centre
8 Finance Street, Central,
Hong Kong, SAR China
Tel.: +852 2909 8888

SINGAPORE
20 Collyer Quay, #17-04
Singapore 049319
Tel.: +65 681 982 82

ALLIANCES

AUSTRIA
CZECH REPUBLIC
GREECE
HUNGARY
JERSEY
NORTHERN IRELAND
PORTUGAL
ROMANIA
SLOVAKIA
SWITZERLAND
USA

BNP PARIBAS REAL ESTATE

KEEP IN TOUCH WITH US, WHEREVER YOU ARE

#BEYONDBUILDINGS

www.realestate.bnpparibas.com