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EUROPE - Q3 2026



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RESEARCH & INSIGHTS

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Classification : Internal

Executive Summary

In a nutshell

ECONOMIC OUTLOOK

- The Global economy has been resilient, even if it remains under pressure from the rising cost of living. Growth in some economies, such as the US and parts of Europe, can be described as good.
- The resilience of the European economy reinforces the inflationary pressure that is already in the system having arisen from high energy costs.
- We generally expect the 10-year government bond yields to remain at the current high level over the next 12 months, driven by increased competition for debt finance and higher inflation expectations in most European countries.

THE CAPITAL MARKET REMAINS IN A PROLONGED PHASE OF CAUTION

- The prevailing economic landscape, marked by a 'higher-for-longer' interest rate environment and persistent policy ambiguity, has fundamentally pivoted market sentiment towards extreme caution.
- Long-term allocations are now increasingly weighted toward consistent income generation rather than speculative capital appreciation.
- Consequently, although liquidity has noticeably tightened, it has not evaporated, allowing a limited but steady flow of transactions to persist.

OFFICE LETTING VOLUMES SLOWED IN 9M 2026

- Office letting across the 18 main European markets totalled 5.51 million sqm in 9M 2026, representing a 7% year-on-year decline and remaining below the five-year average, primarily due to a slowdown in large-scale transactions.
- Prime office rents continue to rise across most European cities, driven by a persistent lack of new supply.
- The vacancy gap between CBD and non-CBD locations continues to widen, reflecting the ongoing shift away from non-CBD areas.

THE LOGISTICS MARKET IS POSTING GOOD RESILIENCE

- Take-up increased by 23% in the leading European markets. Demand is heavily driven by the expansion of e-commerce and the activity of third-party logistics providers (3PLs). Needs are diversifying, ranging from a demand for very large space in some markets to a preference for flexibility, performance, and high-specification modern facilities in others.
- The positive trend of 2025 in capital markets slowed across most of Europe in Q1 2026. Investor sentiment was dampened by volatility from the Middle East crisis, while rising borrowing costs triggered resumption of price discovery and renegotiation.

RETAIL: SELECTIVE GROWTH DESPITE GENERAL DECLINE

- The retail market has experienced a slight softening in momentum. While most markets show stability or growth, the overall landscape is heavily influenced by the downturn observed in the United Kingdom.
- The sector's outlook remains positive due to solid occupational fundamentals. The key strengths include now healthy occupancy levels (compared to vacancy) and ongoing demand for units.
- While capital inflows into shopping centres and retail parks are beginning to soften, they continue to lead the sector.

RESIDENTIAL: GROWING ACTIVITY

- Residential investment volume in Europe reached €39.9bn (+28.7% y/y) in 9M 2026, thanks to a greater number of large-scale deals driving up residential volumes.
- The European residential investment market continues to be driven by domestic investment which accounts for 60% of the investment volume.
- House prices (4.2%) and rental values (2.2%) increased in Q2 2026. Despite ongoing regulations in Europe, rental values are still booming in most cities, reaching new record levels.



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ECONOMIC OUTLOOK

01.

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Global Economy

From resilience to strong growth

RESILIENCE UNDER PRESSURE

The Global economy has been resilient even if it remains under pressure from rising cost of living.

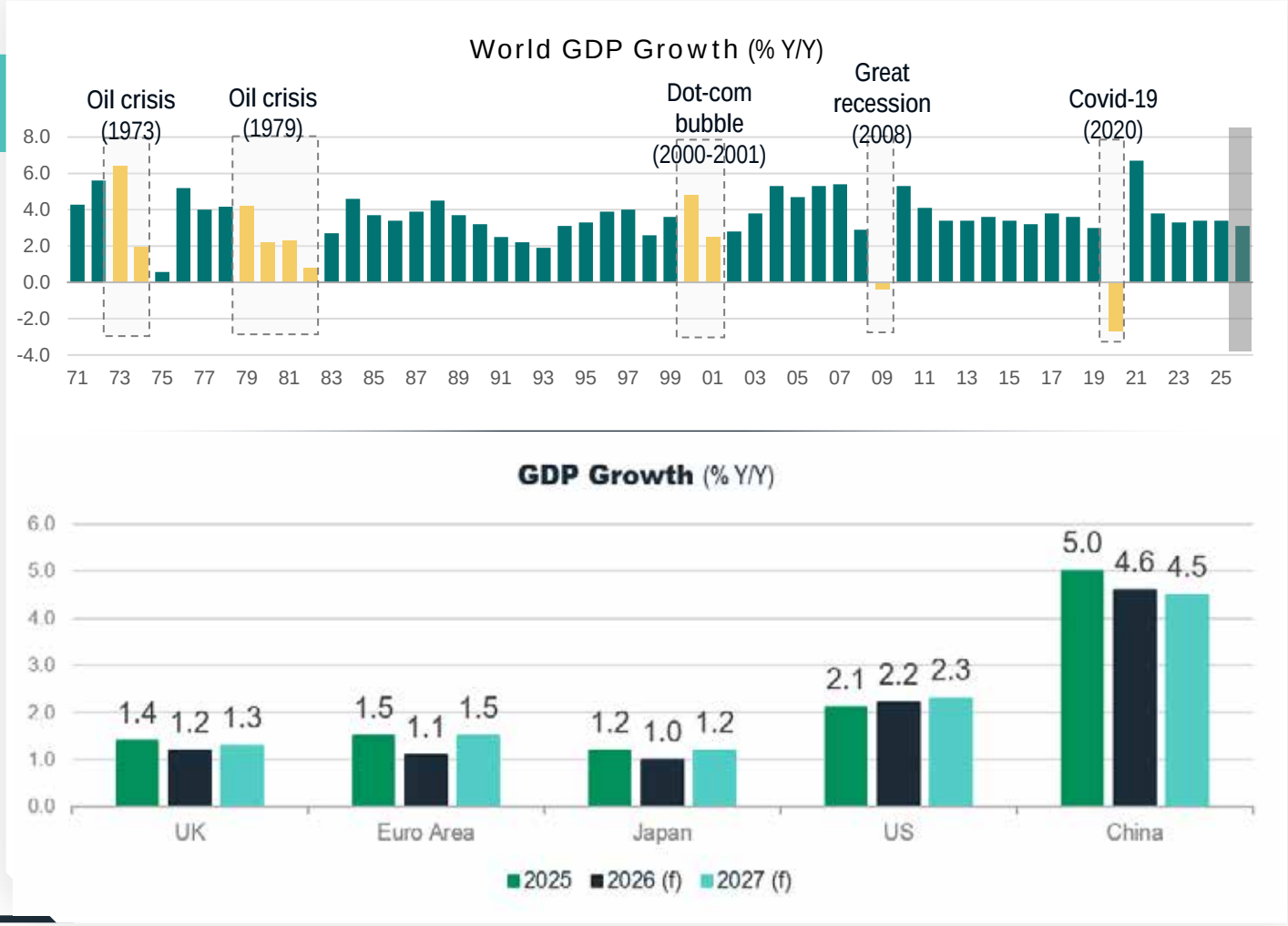
Some economies, such as the US and parts of Europe, can be described as seeing strong GDP growth.

The factors that support such strength are not limitless, and the risks are greatly skewed to the downside. These include persistent high inflation and upward trending interest rates.

Eurozone GDP expanded by a stronger than expected 0.4% q/q in Q3; this follows a 0.5% and 0.4% q/q growth in Q1 and Q2, respectively. As such, we continue to expect a robust economic growth in 2026 (1.1%) and even more into 2027 (1.5%). This is driven by defence and AI spending and supported by improving sentiment in manufacturing.

In the US, Q3 GDP accelerated to 3.4% annualised, powered by consumption and 12.7% jump in business investment. Post mid-term election, a higher consumer spending will support further growth into Q4. We see an overall growth of 2.3% for 2026.

For **China and Japan**, despite energy and export challenges, we expect fiscal support to broadly stabilise economic growth.

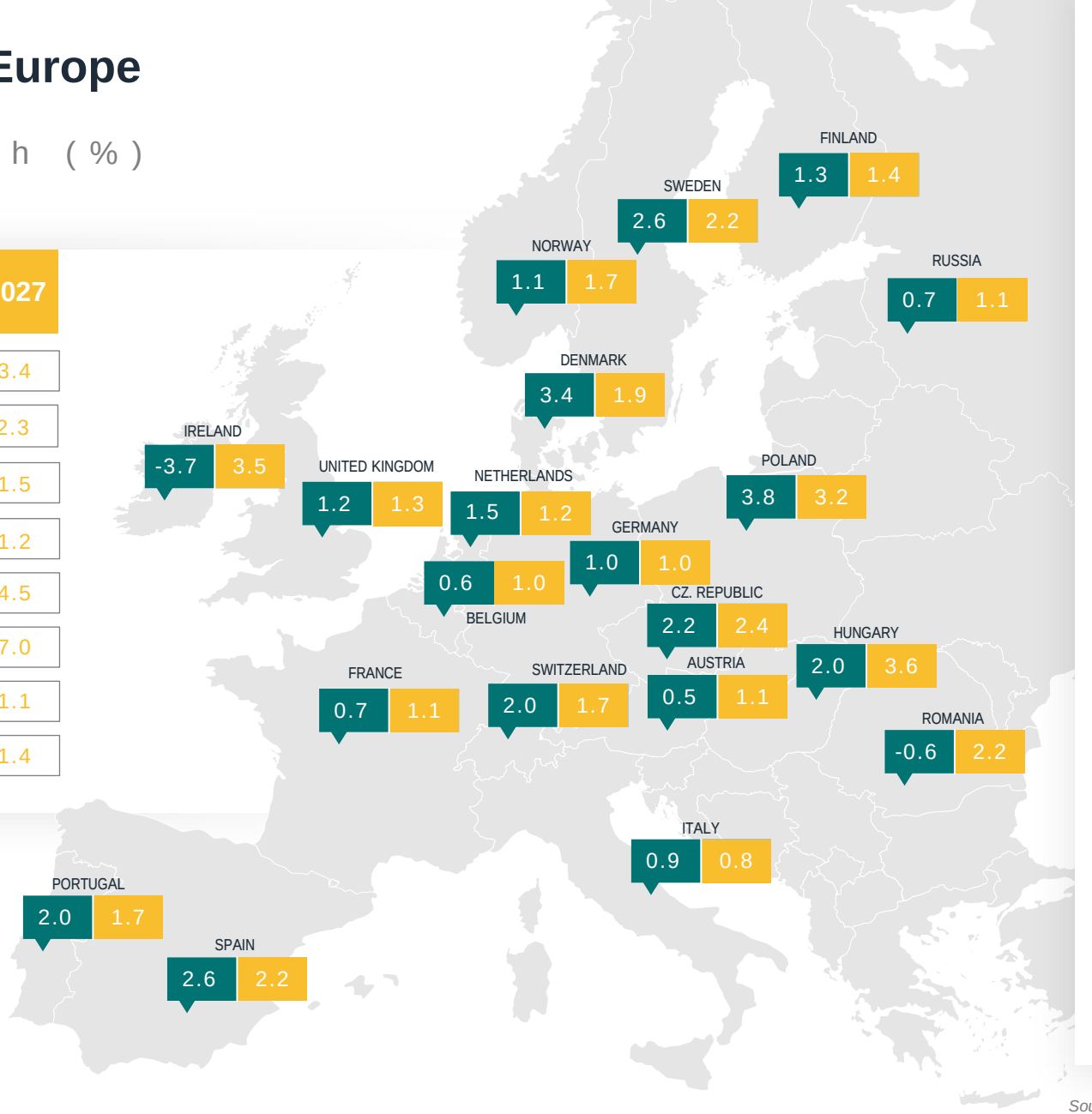


Sources: BNP Paribas Real Estate Research, World Bank, Macrobond

Economic Growth in Europe

Annual GDP growth (%)

	2025	2026	2027
World	3.4	3.1	3.4
United States	2.1	2.2	2.3
Euro area	1.5	1.1	1.5
Japan	1.2	1.0	1.2
China	5.0	4.6	4.5
India	6.5	7.0	7.0
Russia	0.9	0.7	1.1
Brasil	2.3	2.3	1.4



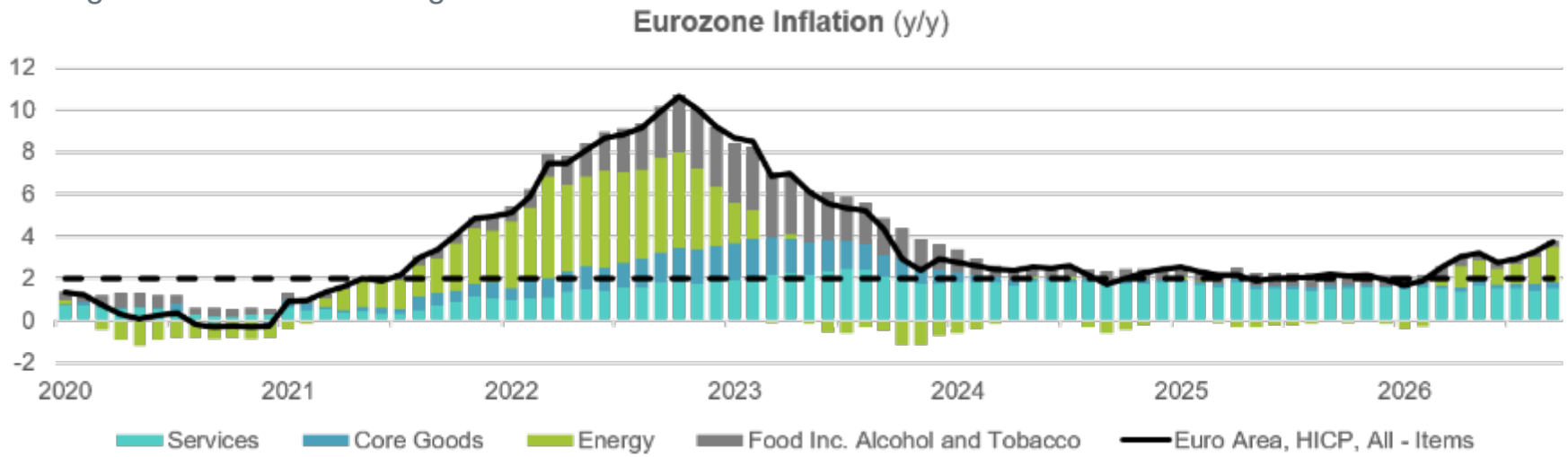
The resilience of growth is confirmed.

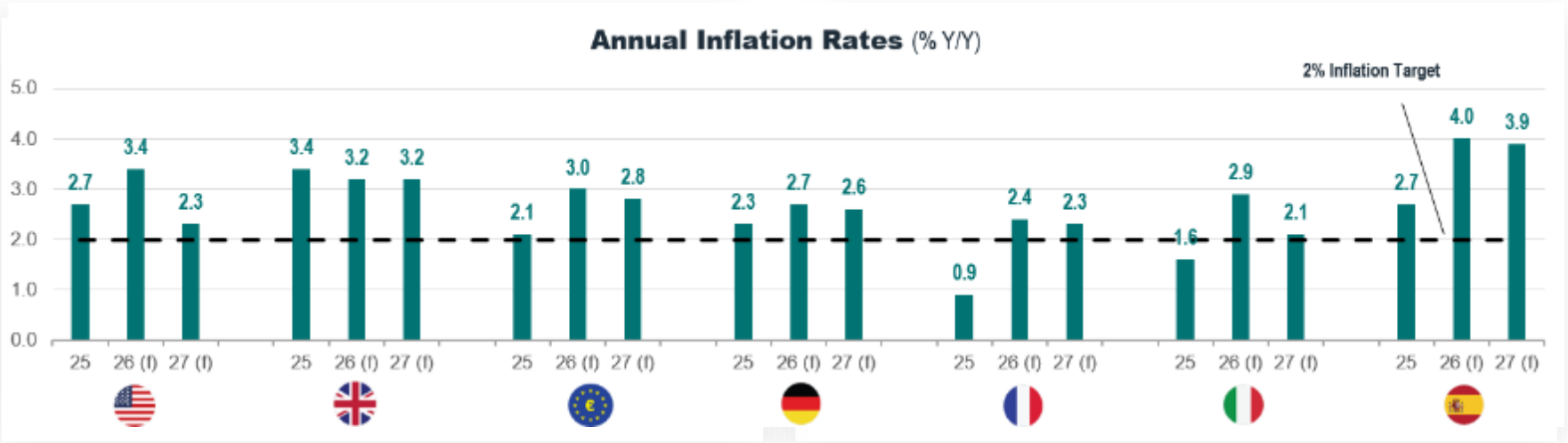
- Growth in the **UK** will remain robust in 2026 (1.2%), driven by the service sector, particularly investment in technology, especially AI-related activities.
- In the **Eurozone**, growth continues to prove resilient, notwithstanding the volatility of the Irish economy. The Q3 data reinforces our growth forecast for 2026 (1.1%), as the momentum in the German and Spanish economies shows no sign of fading.
- Regarding economic performance at the individual country level, the **German** recovery continues, with Q3 figures coming in at 0.2%, q/q, driven by an increase in both private and public consumption, even as exports and investment slowed. In **Spain**, growth momentum remained robust in Q3 (0.6%, q/q). Domestic consumption remain the main engine.
- In **France** (-0.1%, q/q) and **Italy** (0.1%, q/q) the economy surprised on the downside in Q3. In the case of France, the negative growth was due to a sharp fall in aerospace output due to delays in input deliveries. In the case of Italy, the slowdown was mainly due to negative net trade.
- Overall, we remain of the view that the European economy is on a good footing, with further strong growth expected during 2027 in the Eurozone (1.5%) and the UK (1.3%).

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

Inflation rates

Higher for longer





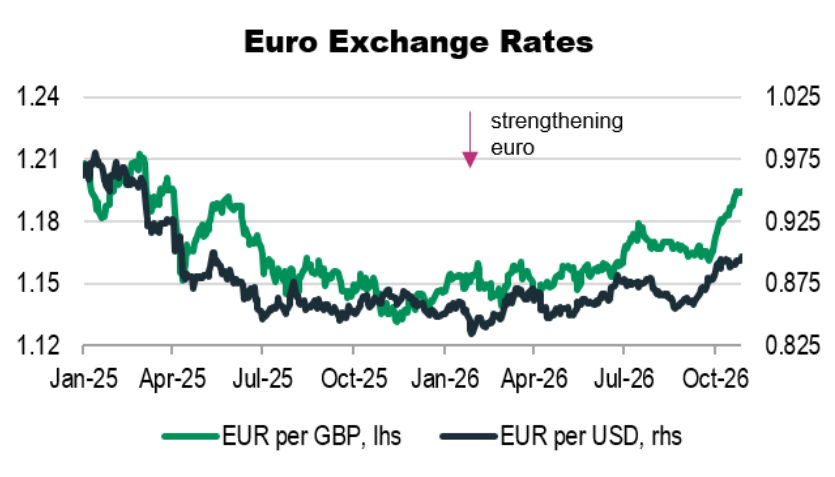
Economic momentum increases the risk of sustained high inflation.

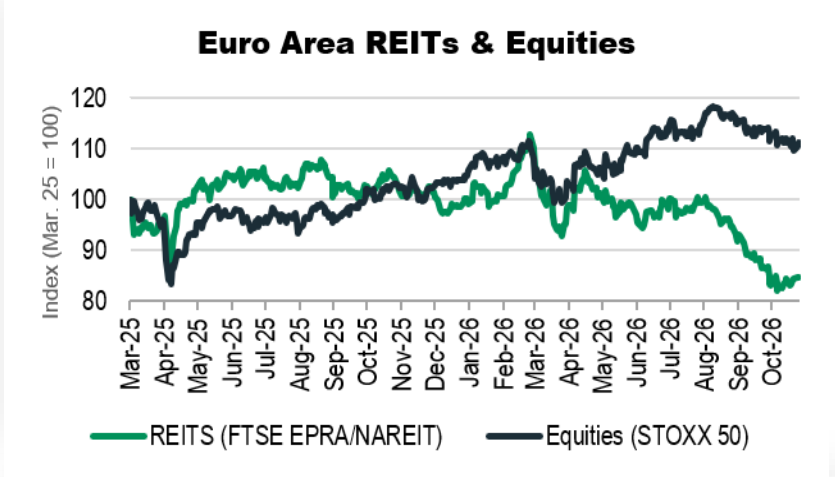
- The resilience of the European economy reinforces the inflationary pressure that is already in the system arising from high energy costs.
- In the **UK** since the last edition of this note, the headline inflation rate has risen by 90bps (from 2.6% in June to 3.5% in September). While a large part of this continues to be driven by high energy costs, the robustness of the economy opens the door to more inflationary impulses via core inflation. We are beginning to see signs of this through higher wage growth, both in the private and public sectors.
- A similar pattern is emerging in the **Eurozone**, where the headline inflation rate has increased by 100bps between June and September, while core inflation trended sideways, albeit remaining elevated at 2.5%.
- Job vacancies have flattened in the last months, meaning the labour market might have stabilised, removing one barrier that was stopping policymakers from raising policy interest rates.
- Our expectation is that stronger investment spending will raise core inflation pressures, especially from 2027, thereby keeping inflation relatively elevated even if energy inflation subsides.
- We see headline inflation rates peaking closer to 4.0% by the end of 2026 in the UK and at 4.25%in the Eurozone.

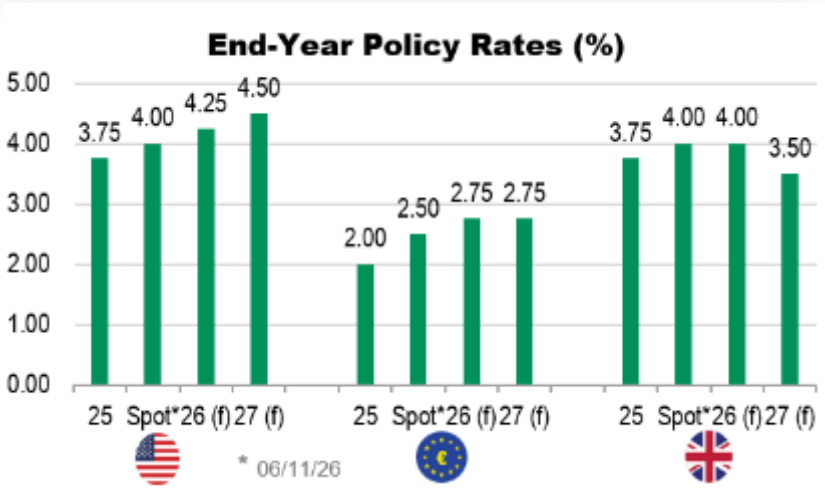
Sources: BNP Paribas Economic Research, Eurostat, ECB, BoE, BNP Paribas, Macrobond

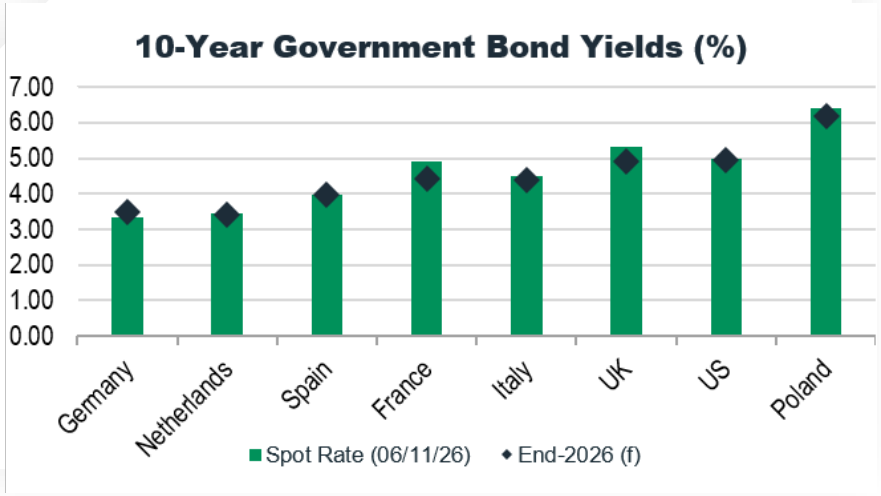
Financial Markets

Economic and financial indicators









Increased pressure on financial assets, including both the short and long ends of the interest rate curve.

- Divergent growth prospects and differing interest rates are causing the Euro to weaken against both the US dollar and the British pound. As of October 27, 2026, the Euro reached a 12-month low against the dollar, trading at €0.89. Meanwhile, it is trading at €1.19 against the British pound.
- In the equity markets, the broader European indices have fallen in recent months, following fears of global tech overvaluation. However, the fall in the European public real estate market has been more pronounced, driven by significant increases in European sovereign bond yields, and falling property valuations.
- At their recent meetings, the ECB and BoE both raised their policy rates by 25bps to 2.50% and 4.00%, respectively. With inflation expectations remaining high, we anticipate a further 25bps hike in rates by the ECB before the end of 2026, while the expectation is for the BoE to hold.
- We generally expect the 10-year government bond yields to remain at their current high level over the next 12 months, driven by increased competition for debt finance and higher inflation expectations in most European countries.

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

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REAL ESTATE PERSPECTIVES 02.



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CAPITAL MARKET



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Capital Market in Europe

Capital market unpacked

INVESTMENT VOLUME

€187.3bn

Q3 2026
Rolling year

Widespread softening of investment momentum

BEST-PERFORMING SECTOR

+14%y/y

Office

Office assets are increasingly back in favour with investors

PRIME YIELDS

Office	HS Retail	Logistics
4.70% vs Q3 25	4.30% vs Q3 25	5.20% vs Q3 25
Q3 2026	Q3 2026	Q3 2026

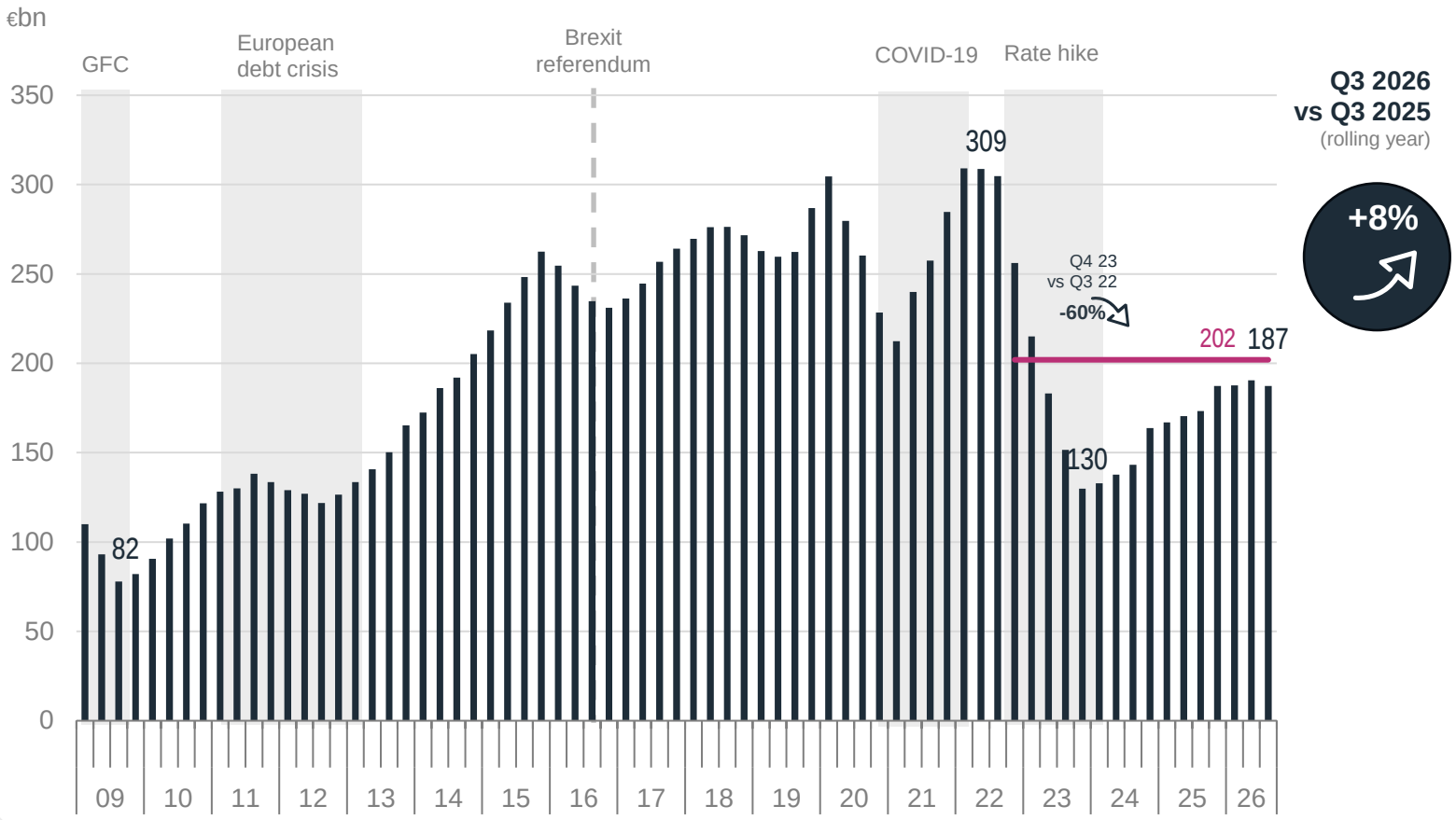
Shift towards widespread yield decompression

This excludes residential investment.

Source: BNP Paribas Real Estate Research

Investment in European Commercial Real Estate

Europe's elongated recovery



- The European investment market is entering a period of notable softening in 2026, as real estate yields react to a volatile bond market and heightened sovereign risk perceptions.
- Volumes are up 8% over 12 months. Yet most of this year has been struggling with stalling deal flow, especially noticeable in Q3. Deals are taking longer to conclude.
- This environment, characterized by higher-for-longer interest rates and lingering policy uncertainty, has shifted the market tone towards prudence.
- The market currently lacks clarity, especially on monetary policy. Yet there are no obvious catalysts for a sharp collapse. Consequently, liquidity is weak but continues to flow.
- The current environment therefore favours the income side of real estate rather than capital growth in long-term allocations.
- To that end, increased selectivity among investors is expected, with more "wait-and-see" stances and increased attention paid to price adjustments.

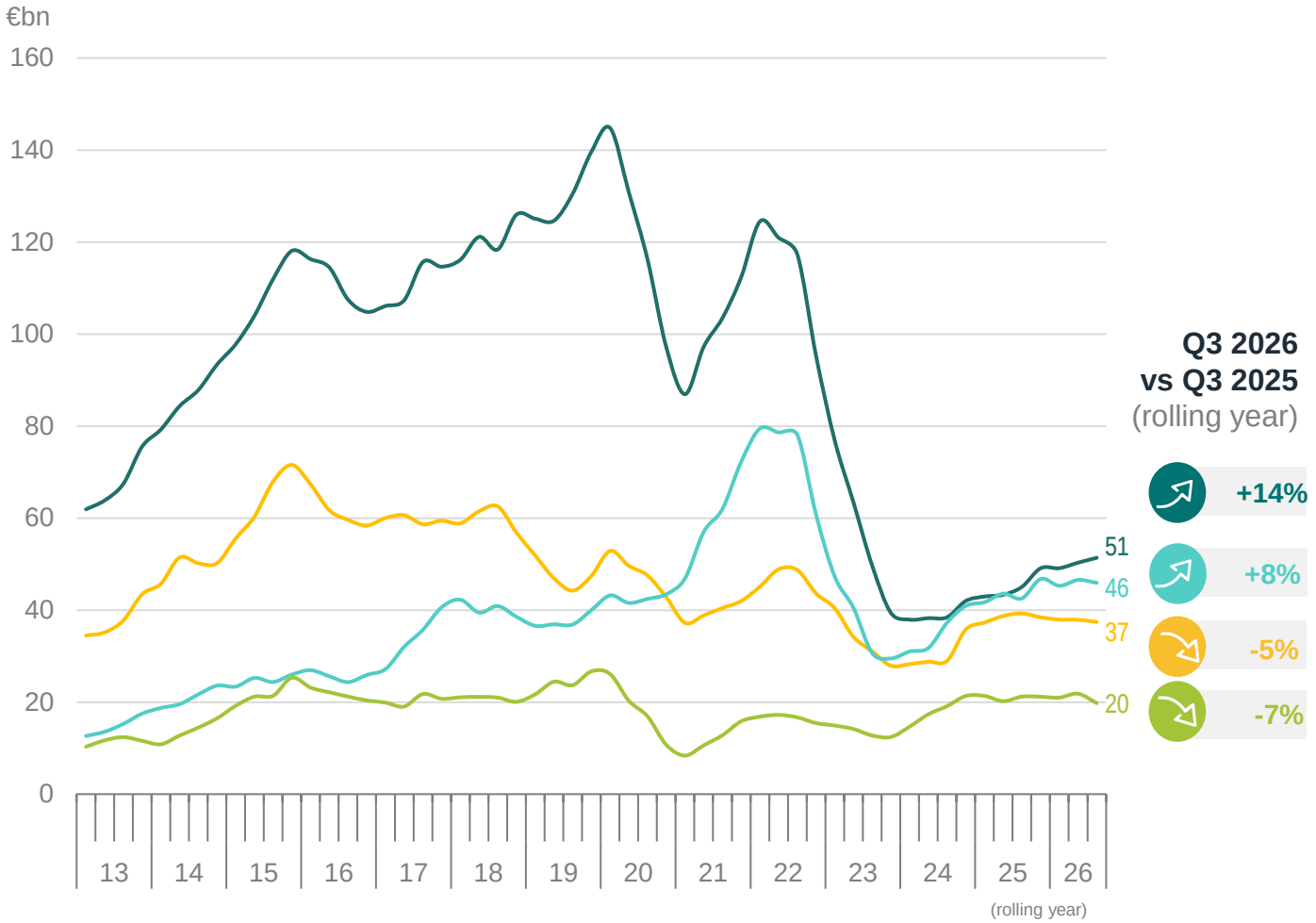
This excludes residential investment.

Source: BNP Paribas Real Estate Research

Investment European Commercial Real Estate

Investors rotating acquisition targets

- The uncertain market environment is affecting asset classes in different ways. Opportunity and availability seem to be the consistent factors in purchases.
- Over the last 12 months, **office** investment volumes have increased by 14%. Following a challenging period where the sector experienced a correction lag compared to other asset classes, the current market conditions are now being gradually integrated into the office sector. Geographically, core markets show a 15% increase, in line with the overall continental trend. This is further bolstered by significant recoveries in countries such as Spain (+68%), the Netherlands (+40%), and the Czech Republic (+167%), all of which exhibit signals of a rebound.
- Activity slowed considerably in the **industrial & logistics** segment resulting in an annual growth of 8%. Unlike offices, the sector's operations are more susceptible to Middle Eastern issues.
- **Retail** is stabilising after performing well in 2025 thanks to investor targeting of supermarkets and shopping centres. However, the sector's ability to offer attractive risk premiums makes retail parks and shopping centres highly competitive options for those seeking yield in a volatile environment.
- The **hotel** industry demonstrated robustness, with around €20 billion invested over the last twelve months, around 10% higher than the 5-year average.



Alternative assets* vary across Europe, reflecting country-specific categorizations

This excludes residential investment.

Source: BNP Paribas Real Estate Research

European Property Investment

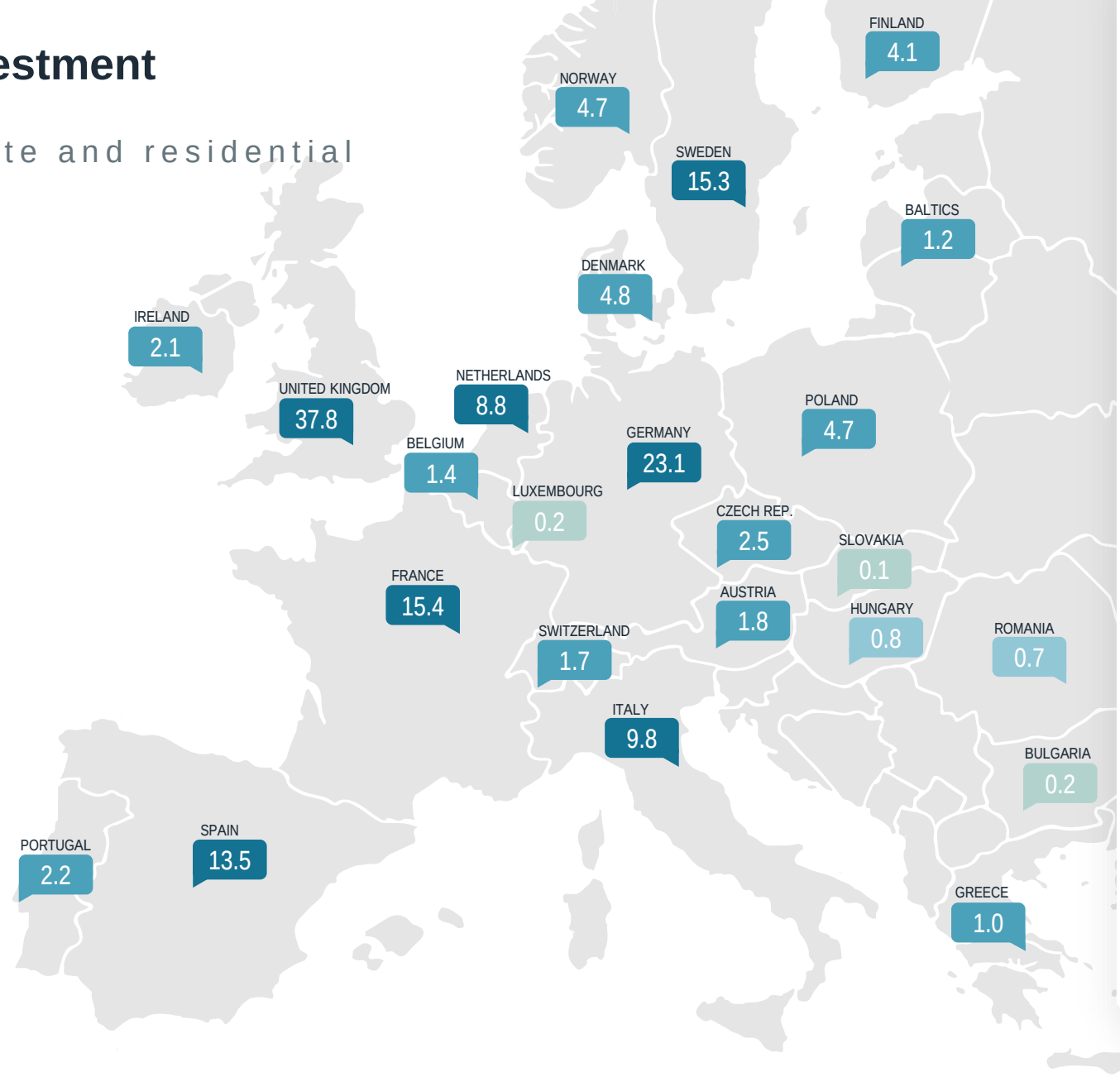
Commercial real estate and residential

9M 2026 vs 9M 2025

UNITED KINGDOM	-9%
GERMANY	-3%
FRANCE	+11%
SWEDEN	+57%
NETHERLANDS	+20%
SPAIN	+23%
ITALY	+30%
NORWAY	-7%
POLAND	+81%
BELGIUM	-48%
DENMARK	-17%
FINLAND	+43%
IRELAND	+20%
AUSTRIA	-4%
LUXEMBOURG	-65%

Investment volume

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





EUROPE – 9M 2026

€157.9bn

+6% vs 9M 2025

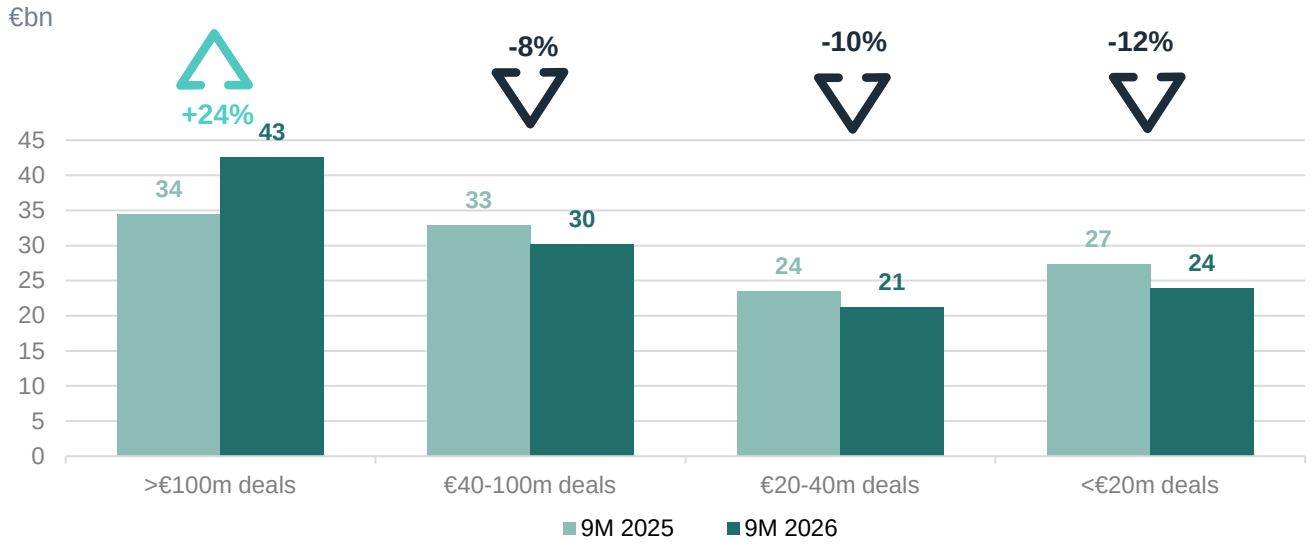
- **Including the residential sector, European property investment volume was €157.9bn, up 6% annually.**
- Despite slowing deal flow in Europe, transaction volumes are growing in France, Spain, the Netherlands and Italy. These include many large-scale deals, which reflects investors' willingness to pay for assets that are likely to perform in a more challenging macroeconomic context.
- The combination of increased selectivity and sector rotation into new asset classes has heightened market complexity. Consequently, this has led to a slowdown in transaction volume, as investors now require greater clarity before committing to deals.

Source: BNP Paribas Real Estate Research

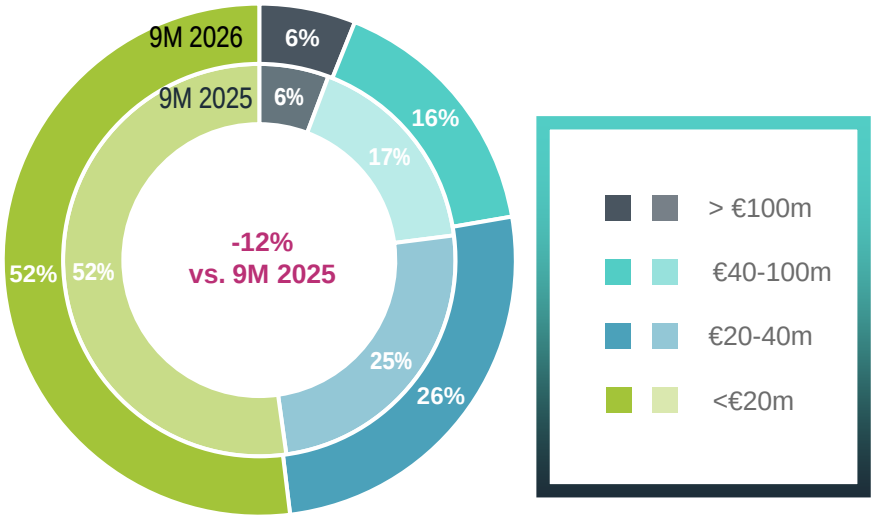
Investment in European Commercial Real Estate

Fewer but larger deals support the market

Investment volume



Transaction count



- In 2025, easier financing conditions supported market activity, with total volume growth concentrated in high-value deals, which are holding up well, despite liquidity currently being threatened.
- The market is heading towards significant polarization through large lot sizes. The total volume remains supported by the resilience of these deals as investors prioritize the security and liquidity of prime assets to hedge against macroeconomic uncertainty and rising borrowing costs.
- Yet, the total number of transactions dropped by 12%. That volume did not decline thanks to the increase in large transaction deal sizes (+24% rise for >€100m).
- Smaller-scale deals below €20m decreased by 12% in volume, illustrating a stronger decline than the other lot size bands.

Main markets* : UK, France, Germany, Spain, Italy, Poland, Netherlands, Spain, Belgium, Austria, Ireland, Luxembourg

Source: BNP Paribas Real Estate Research

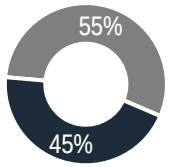
Cross-border Investment in Europe – 9M 2026

European dominance persists alongside a strong comeback of Middle Eastern investors

- Since the beginning of the year, domestic investment has dominated the market with a 55% market share, a level close to that seen over the last three years. Domestic investors were strongest in Sweden (100%), Norway (93%), and the United Kingdom (62%).
- Within foreign investment, European cross-border volume reached around €23.7bn representing around 45% of the volume. It was mostly concentrated in Spain, with near €3bn spent, and Italy (€2.5bn). Other countries gaining from cross-border European investment included France, Poland, and the Netherlands.
- Accounting for nearly a third of the foreign market share, American investors rebounded strongly in 2025 before stabilizing this year. France remained the primary destination for these investors, followed by Germany, Italy and Poland.
- Investors from the APAC region demonstrated a growing interest in Europe throughout 2025. While overall performance has softened, the region's investors maintained a steady appetite for the European market, with investment activity remaining consistent at between €1bn and €1.5bn per quarter in 2026.
- Middle Eastern investors have made a strong return, highlighted by the acquisition of a High-Street flagship on Via Montenapoleone in Milan and a significant surge in the UK, where investment reached around €1.8bn—a 186% increase.

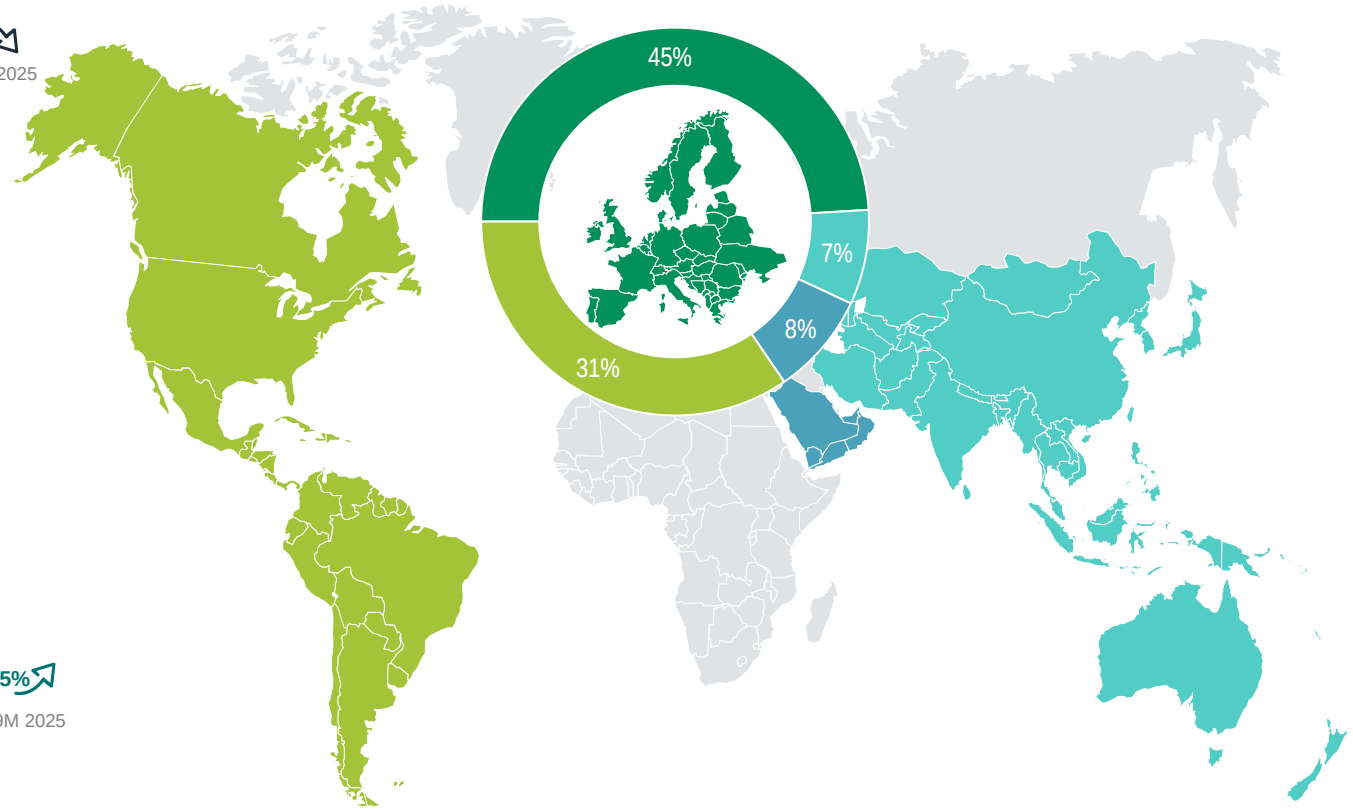
€65.0bn -4% Vs 9M 2025

DOMESTIC INVESTMENT



CROSS-BORDER INVESTMENT

€53.1bn +5% vs 9M 2025



EUROPE €23.7BN +6% vs 9M 2025

AMERICAS €16.7BN -1% vs 9M 2025

ASIA PACIFIC €3.8BN -15% vs 9M 2025

MIDDLE EAST €4.1BN +88% vs 9M 2025

This excludes residential investment.

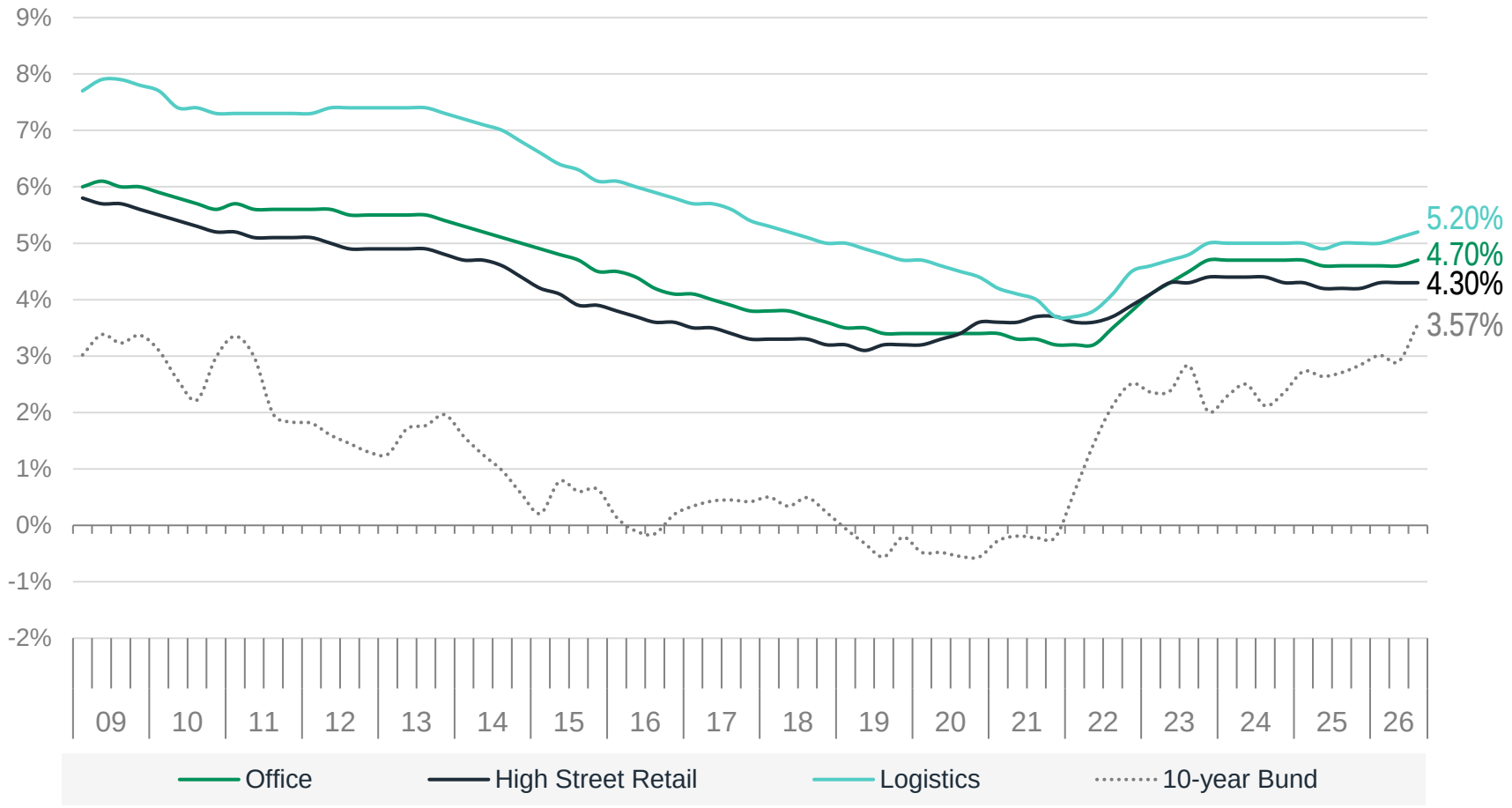
Source: BNP Paribas Real Estate Research

Average Prime Yields in Europe

Bond yield shifts triggering real estate repricing

- Inflationary pressures have aggressively destabilized government bond yields, fuelling market volatility. As a result, the Bund yield has trended towards historical peaks.
- Central banks now face a changed inflationary outlook resulting from the war in Iran. Since June, the ECB has increased its rate twice by 25bp. This caution reflects awareness that much of the risk comes from volatile energy costs.
- Consequently, current market conditions have triggered a systemic shift back towards yield decompression, overriding previous stability.
- The narrowing gap with bonds implies further downward pricing adjustments. The period of substantial repricing seen since 2022 provides some cushion and may limit extreme outward movement in yields.
- Mirroring the trend of average European yields, Logistics experienced the most significant and earliest adjustments, with this quarter marking a definitive inflection point.
- While the Office sector is now seeing a similarly broad-based correction, High-Street Retail remains the most stable asset class, supported by a scarcity of prime supply.

Based on 16 cities: Amsterdam, Berlin, Brussels, London, Paris, Dublin, Frankfurt, Hamburg, Lisbon, Luxembourg, Madrid, Milan, Munich, Prague, Vienna and Warsaw.



Source: BNP Paribas Real Estate Research

Prime Office Yields

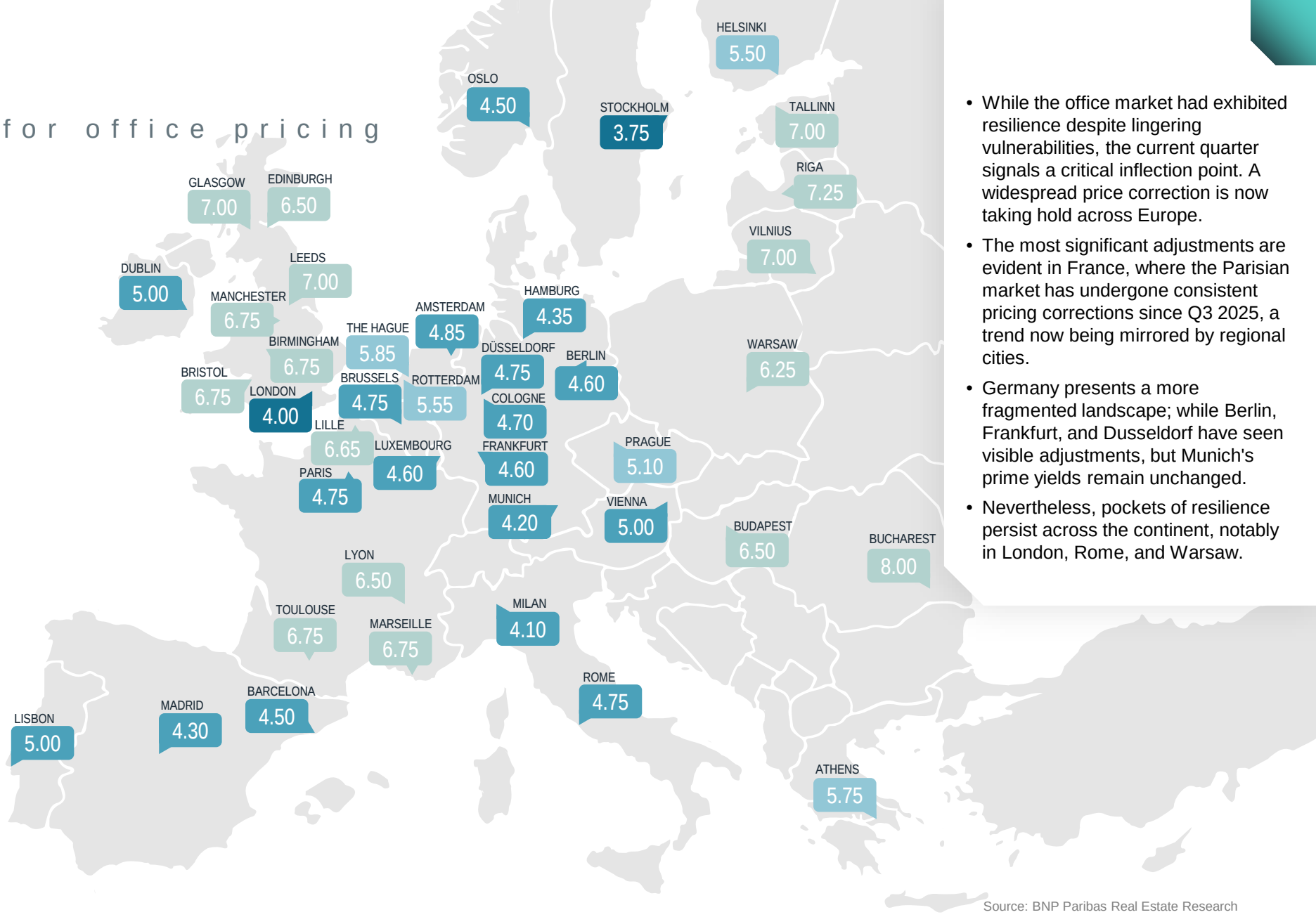
An inflexion point for office pricing

Q3 2026 vs Q3 2025

PARIS	+85bps
LONDON	
BERLIN	+35bps
STOCKHOLM	-15bps
MUNICH	
MILAN	+10bps
OSLO	
MADRID	
BRUSSELS	+5bps
DUBLIN	
AMSTERDAM	-5bps
BARCELONA	
LUXEMBOURG	
WARSAW	

Prime yield

- ≤ 4%
- 4-5%
- 5-6%
- 6-8%



- While the office market had exhibited resilience despite lingering vulnerabilities, the current quarter signals a critical inflection point. A widespread price correction is now taking hold across Europe.
- The most significant adjustments are evident in France, where the Parisian market has undergone consistent pricing corrections since Q3 2025, a trend now being mirrored by regional cities.
- Germany presents a more fragmented landscape; while Berlin, Frankfurt, and Dusseldorf have seen visible adjustments, but Munich's prime yields remain unchanged.
- Nevertheless, pockets of resilience persist across the continent, notably in London, Rome, and Warsaw.

Source: BNP Paribas Real Estate Research

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OFFICE MARKET



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Office Markets in Europe

Flight to quality by tenants

TAKE-UP



Main markets

-7%

vs. 9M 2025

Demand for office space in Europe softened in 9M 2026, reflecting a slowdown in large-scale deals.

PRIME RENTS



Main markets

+5.4%

vs. Q3 2025

The scarcity of quality units in central locations continues to grow rents

NET AVERAGE RENTS



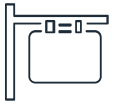
Main markets

+2.1%

vs. Q3 2025

Incentives are intensifying in markets with weak take-up.

VACANCY RATE



9.%

Q3 2026

+15 bps

vs. Q3 2025

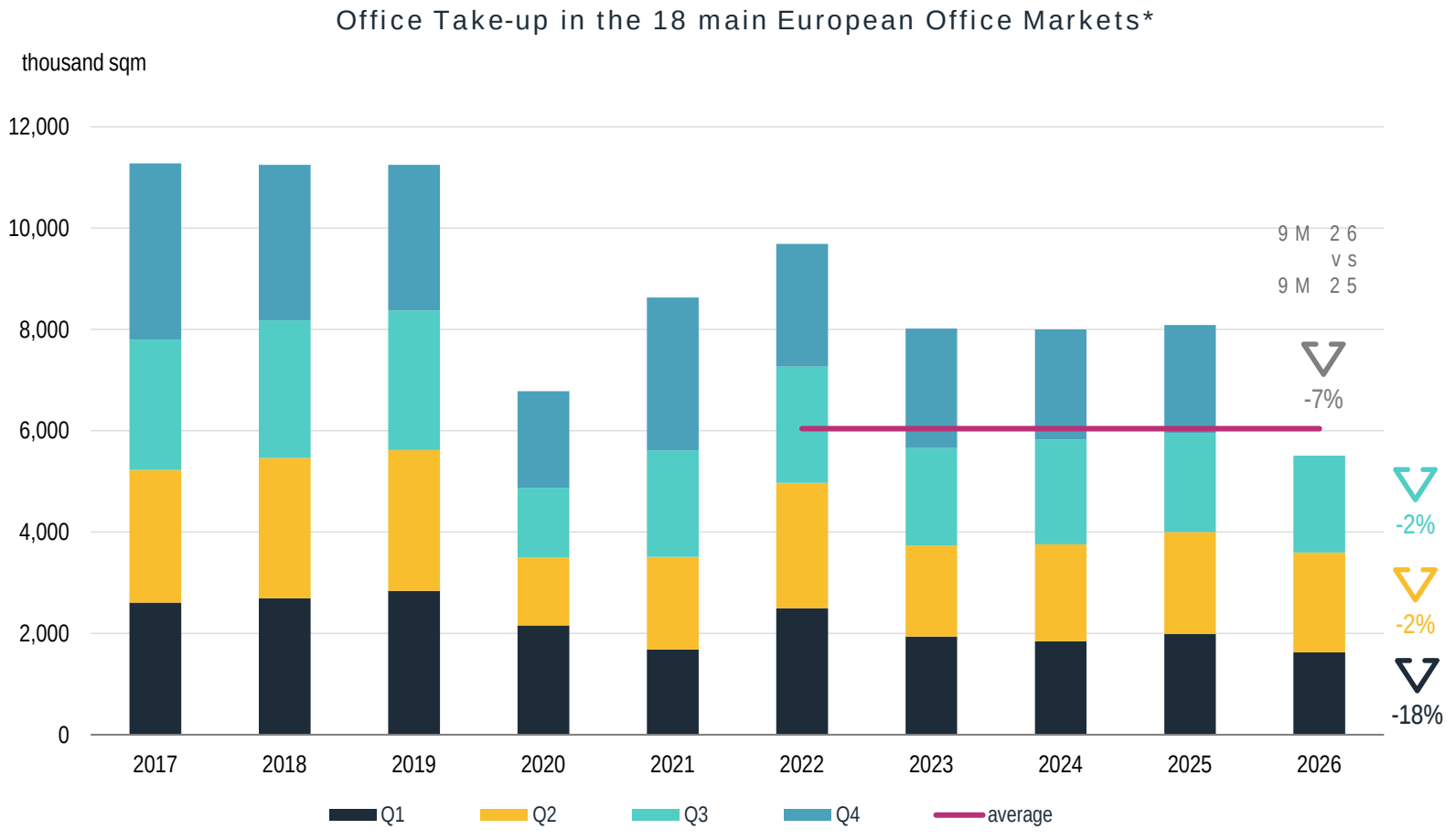
Despite rising rents, modern space remains highly sought after, at the expense of secondary space. Rising vacancy is largely driven by second-hand space and peripheral locations.

Source: BNP Paribas Real Estate Research

Office Take-up in Europe

Letting volumes slowed in 9M 2026

- European office take-up totalled 5.51 million sqm over 9M 2026, down 7% year-on-year and 9% below the five-year average, reflecting weaker large-scale activity across many markets.
- Occupier activity remained cautious amid ongoing economic and financial uncertainty. Demand was selective, with small and mid-sized transactions proving more resilient, while momentum varied significantly across markets.
- Major European office markets continued to face headwinds. Take-up declined in both Central Paris (-18%) and Central London (-6%), while the German Big 6 remained broadly stable overall (-1%), despite contrasting performances across individual cities.
- Elsewhere in Europe, leasing activity was mixed. Amsterdam (-41%), Milan (-19%) and Madrid (-11%) recorded significant declines, while Brussels (+22%) and Warsaw (+19%) posted stronger performances.



* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Lyon, Central Paris, Central London, Brussels, Barcelona, Madrid, Dublin, Milan, Rome, Luxembourg, Amsterdam, and Warsaw

Source: BNP Paribas Real Estate Research

Office Take-up

Letting activity slowed in Q3 2026

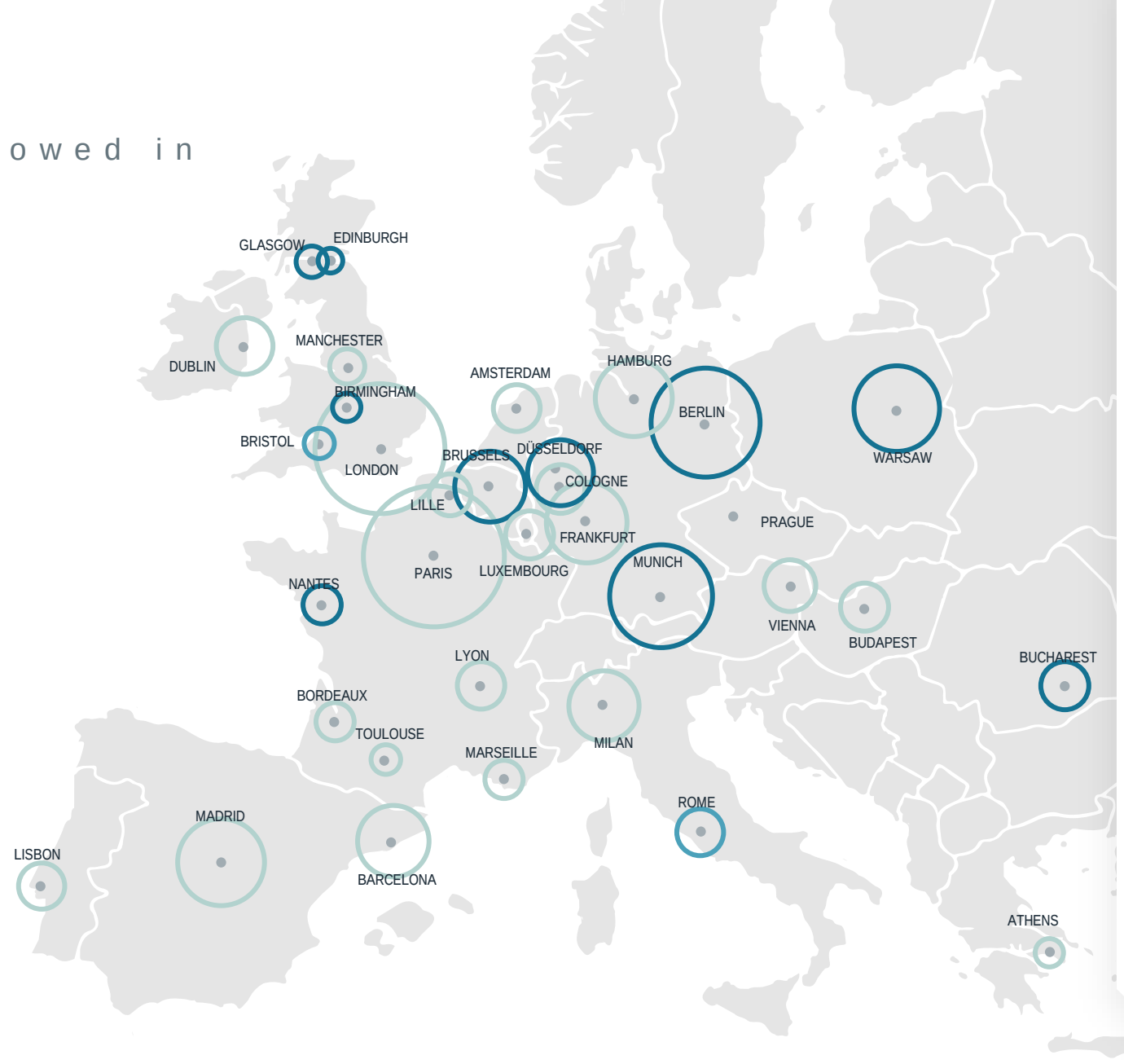
9M 2026 vs 9M 2025

CENTRAL LONDON	--6%
BERLIN	+49%
CENTRAL PARIS	-18%
AMSTERDAM	-41%
MADRID	-11%
MILAN	-19%
WARSAW	+19%
BRUSSELS	+12%
DUBLIN	-15%
LUXEMBOURG	-20%
VIENNA	-28%
FRANKFURT	-40%
BARCELONA	-9%

Deals in thousand sqm

200
100
50

> 5%
0 - +5%
-5 -0%
< -5%





EUROPE – 9M 2026

6.5m sqm 34 Markets

-10% vs 9M 2025

Contrasting Occupier Market Dynamics

- Berlin led Germany's major office markets over 9M 2026 with 541,000 sqm of take-up (+49% year-on-year), which is 12% above its five-year average, while Munich followed with 485,000 sqm (+19%), supported by major H1 deals and resilient mid-sized activity.
- Central London take-up reached 771,000 sqm over 9M 2026 (-6%). The City showed positive momentum in Q3, with take-up up 22% quarter-on-quarter and 13% compared to Q3 2025.
- Central Paris take-up fell by 18% to 908,000 sqm, 23% below its five-year average. The slowdown was driven by large transactions above 5,000 sqm (-30%), while small and medium-sized units proved more resilient (-8%).

Source: BNP Paribas Real Estate Research

Office Vacancy Rate

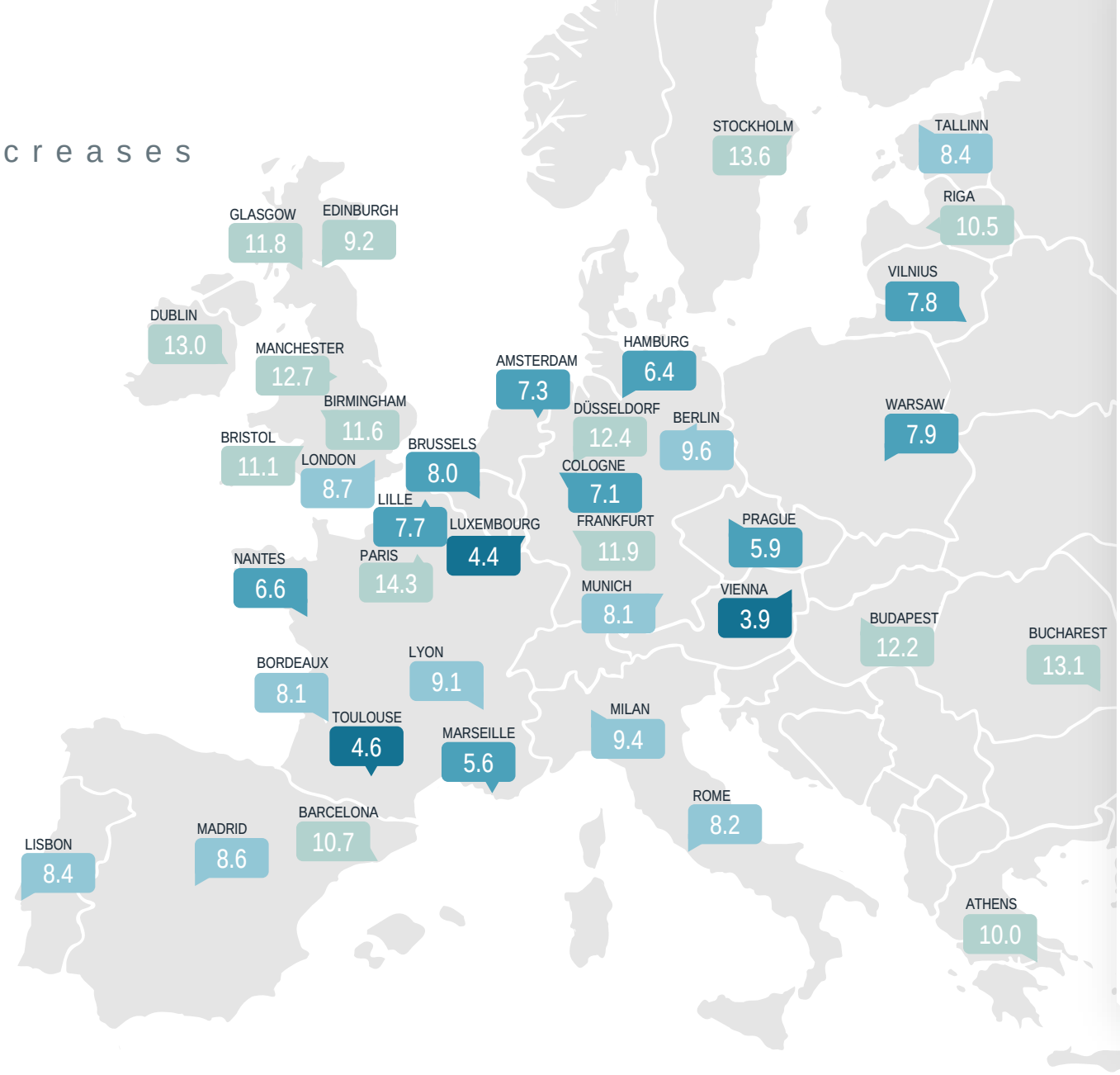
Available space increases

Q3 2026 vs Q3 2025

CENTRAL LONDON	-70bps
BERLIN	+120bps
CENTRAL PARIS	+70bps
AMSTERDAM	+70bps
MADRID	-50bps
MILAN	-40bps
WARSAW	-180bps
BRUSSELS	=
DUBLIN	-180bps
LUXEMBOURG	-10bps
VIENNA	+30bps
FRANKFURT	+80bps
BARCELONA	-10bps
STOCKHOLM	+10bps

Vacancy Rate

- < 5%
- 5-8%
- 8-10%
- ≥ 10%





EUROPE – Q3 2026

9.5% + 15bp vs Q3 2025

36 Markets

- Vacancy continued to rise across Europe, although at a slower pace, driven primarily by subdued occupier demand rather than an increase in new supply.
- This trend varied by city; vacancy rates declined in several markets, notably in Madrid, Milan, Warsaw, Dublin, and Central London.
- Furthermore, vacancy levels remained highly polarized, with prime locations experiencing significantly lower availability compared to peripheral areas.
- Net absorption across the 17 major markets continued to improve, resulting in approximately 1.6 million sqm of additional occupied space over the past 12 months. Milan and Central London recorded the strongest gains, supported by sustained letting activity, with occupied stock increasing by 3.7% and 2.1%, respectively.

Source: BNP Paribas Real Estate Research

Office Prime Rents

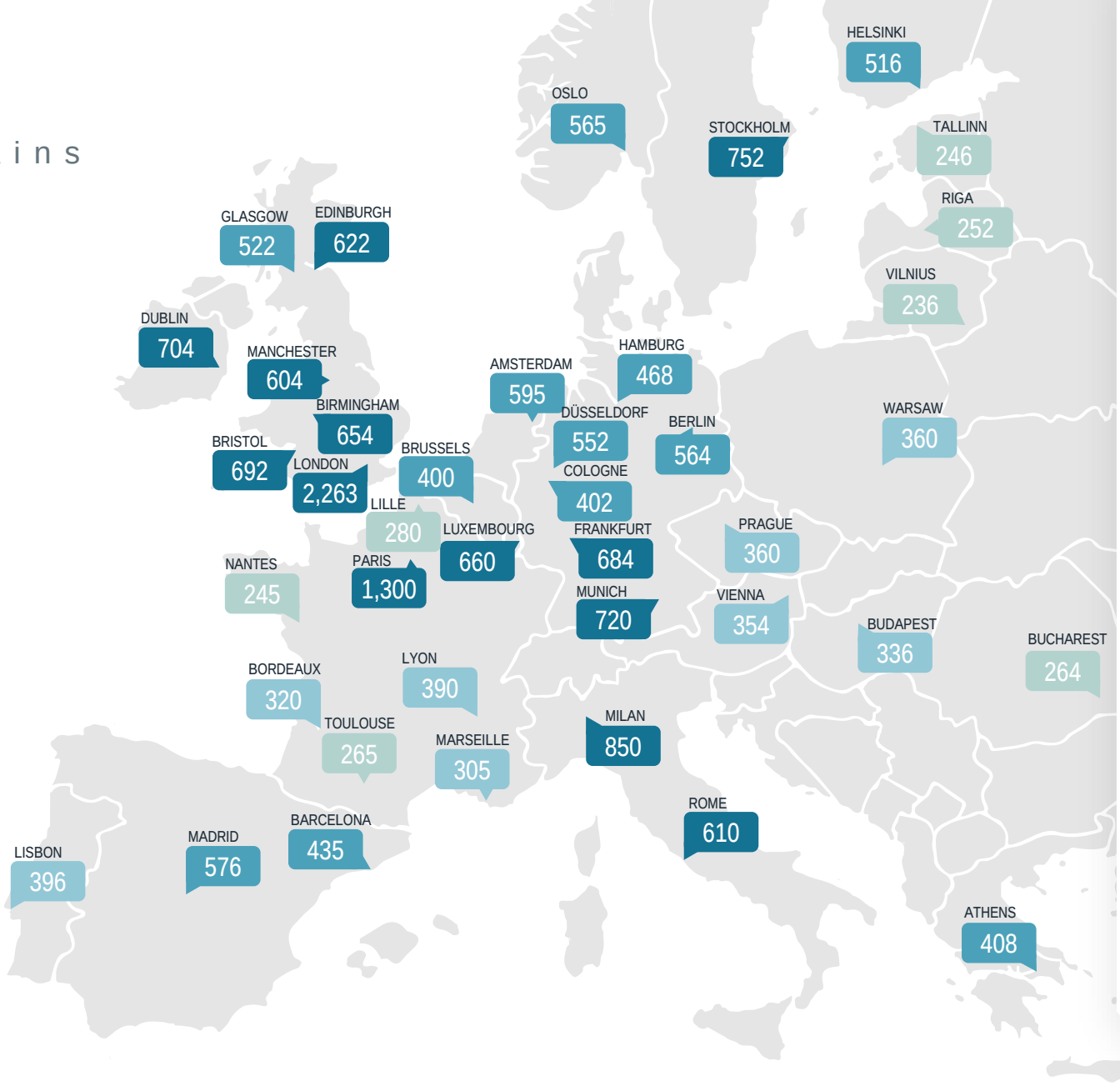
Rental growth remains strong

Q3 2026 vs Q3 2025

CENTRAL LONDON	+6%
BERLIN	=
CENTRAL PARIS	+4%
AMSTERDAM	+3%
MADRID	+10%
MILAN	+12%
WARSAW	+2%
BRUSSELS	=
DUBLIN	+1%
LUXEMBOURG	=
VIENNA	+2%
FRANKFURT	+6%
BARCELONA	+21%

Rents (€/sqm/year)

- ≥ €600
- €400-600
- €300-400
- < €300





EUROPE – Q3 2026

+4.6% vs Q3 2025

39 Markets

Southern European Markets Gaining Momentum

- Prime office rents continue to rise across most European cities, driven by a persistent shortage of new supply.
- Southern European markets stand out, with strong rental growth recorded in Barcelona (+21%), Milan (+12%) and Madrid (+10%)
- Despite rents continually rising, real estate strategies are increasingly shaped by talent attraction and retention considerations, rather than by the pursuit of the lowest possible occupancy costs.
- At the same time, more affordable fringe locations offering characteristics comparable to CBD areas may help temper future rental growth in core markets.

Source: BNP Paribas Real Estate Research



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LOGISTICS MARKET

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Logistics Warehousing Market in Europe

Good resilience of the logistics market

2026 (9 months)

TAKE-UP*

+23%

vs. 2025 (9M)

Strong growth momentum in Poland, Italy, Germany and Spain. Demand overall in Europe is more selective.

PRIME RENTS

+3.4% over 1 year

+1.1% Last quarter

Moderate rental growth
The current upward trend is sustained by low vacancy rates, averaging approximately 5% across Europe

INVESTMENT

-3%

vs. 2025 (9M)

The Middle East crisis disrupted the good momentum recorded in 2025

PRIME YIELDS

+145 bps Since Q1 2022

+15bps over 1 year

Some price adjustments reflecting higher long-term government bond yields

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

Source: BNP Paribas Real Estate Research

Logistics Occupier Market in Europe

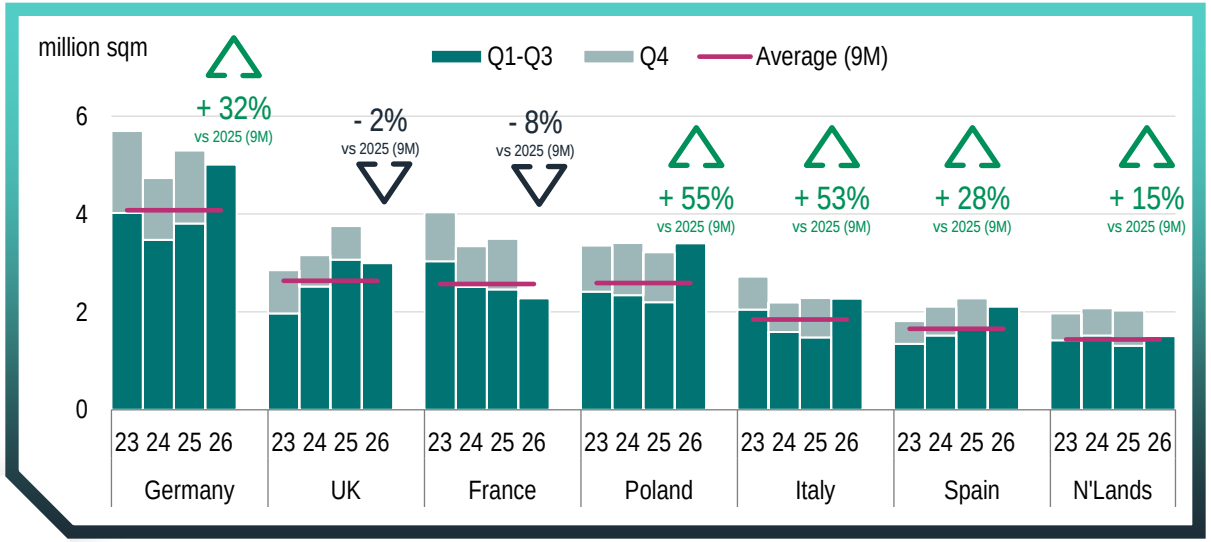
Market resilience and diversification of requirements

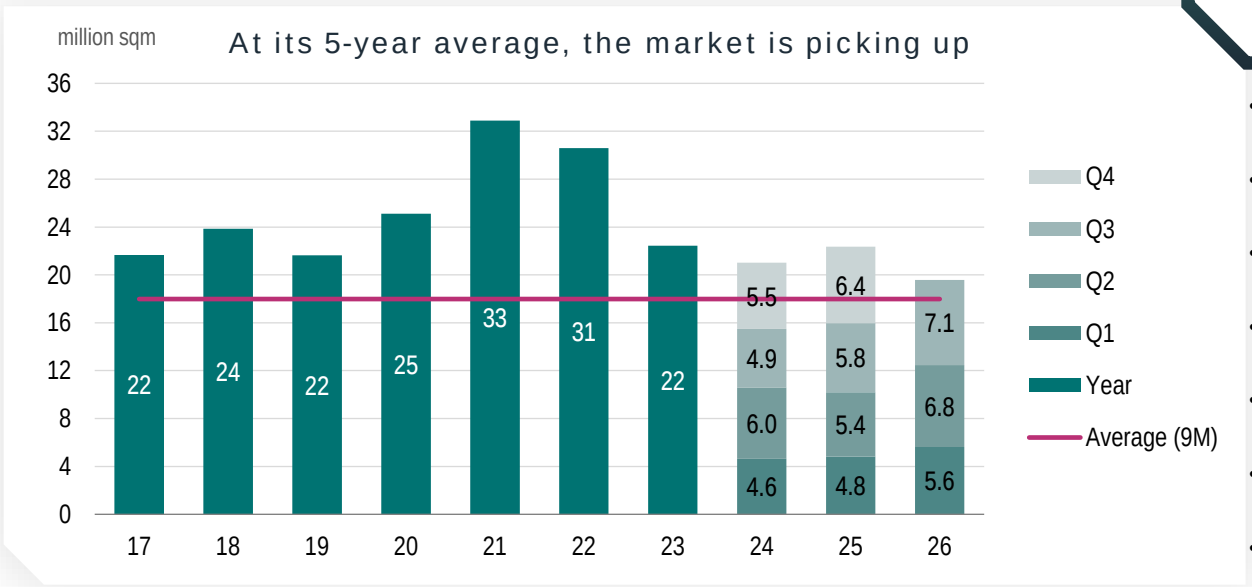
+23%
vs. 2025 (9M)

TAKE-UP
7 countries

- **The logistics market is showing great resilience** maintaining a strong growth momentum in Poland, Italy, Germany and Spain.
- **Demand is heavily driven by the expansion of e-commerce** and the activity of third-party logistics providers (3PLs).
- **Needs are diversifying**, ranging from a demand for very large space in some markets to a preference for flexibility, performance, and high-specification modern facilities in others.

Take-up — Warehouses over 5,000 sqm





- **Germany**'s logistics market remains resilient, driven primarily by a surge in deals over 20,000 sqm. 3PLs continued to dominate occupier demand supported by e-commerce demand.
- In the **UK**, demand has strengthened significantly in the Midlands, where year-to-date figures show a 39% increase over last year. This region is the most dynamic, accounting for 56% of total UK take-up.
- In **France**, take-up declined, shifting toward smaller spaces (<20k sqm) for greater flexibility, while e-commerce now accounts for 30% of the market.
- In **Poland**, the market has been particularly dynamic fueled by major transactions in Poznan and Silesia. Poland is set to post the EU's highest GDP growth rate in 2026.
- In **Italy**, take-up for the nine months of the year already matches the 2025 annual volume, driven by logistics players. The wider Milan area remains the country's main logistics hub.
- **Spain** remains one of the most dynamic markets in Europe supported by robust consumption levels, record-breaking tourism figures, and the expansion of e-commerce.
- In the **Netherlands**, vacancy rates are still low. Demand is more selective and mainly concentrated on modern and high-specification warehouse facilities.

Source: BNP Paribas Real Estate Research

Logistics Prime Rents

Rental growth in most markets

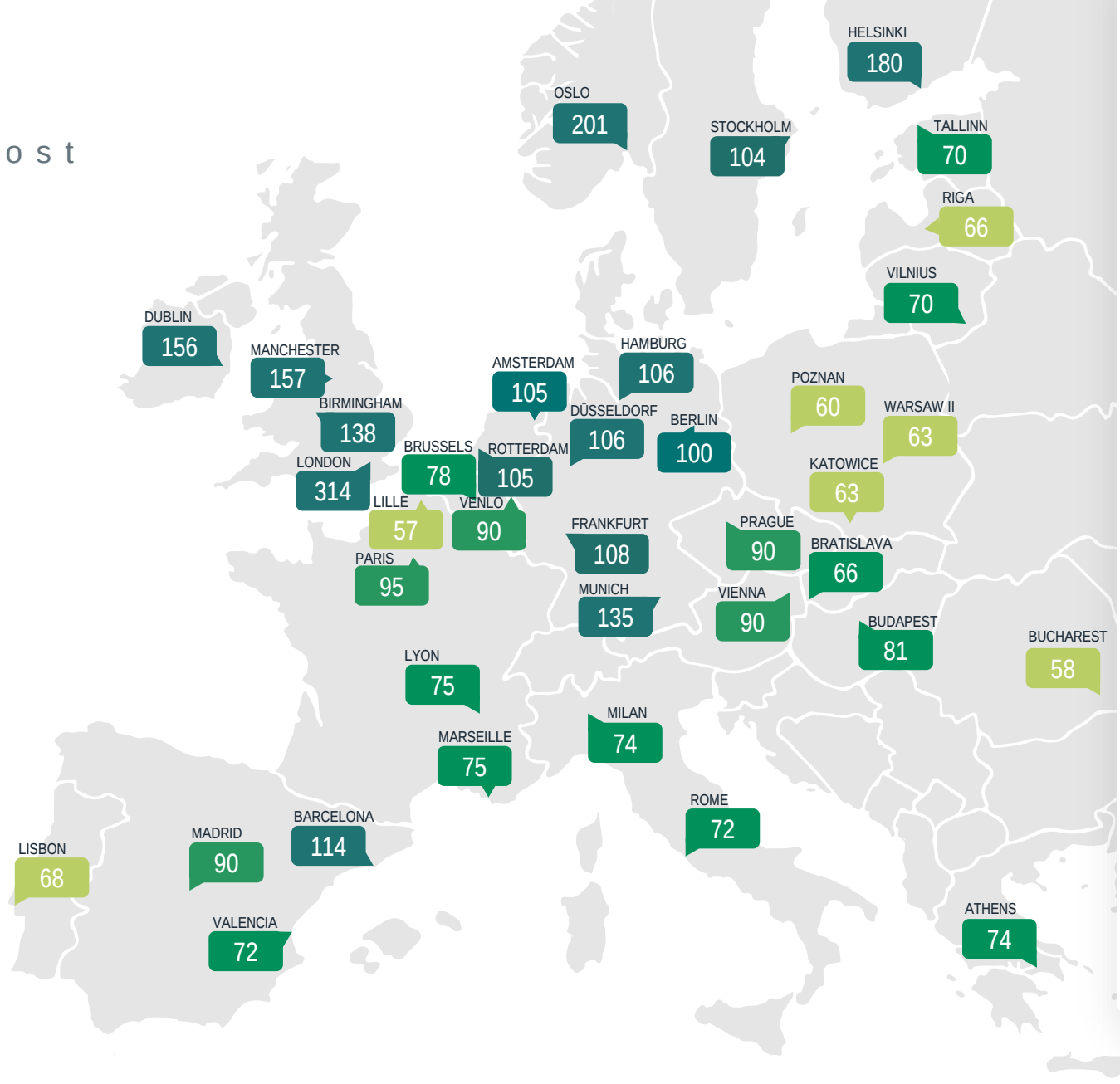
Q3 2026 vs Q3 2025

FRANKFURT	+6%
BERLIN	+1%
LONDON	→
BIRMINGHAM	+2%
PARIS	+7%
AMSTERDAM	+8%
MADRID	+7%
BARCELONA	+6%
WARSAW II	-5%
PRAGUE	-6%
MILAN	+6%
STOCKHOLM	+5%
OSLO	+5%

Rents (€/sqm/year)

- ≥ €100
- €70-100
- < €70

1 GBP	€ 1.1683
1 SEK	€ 0.0900
1 NOK	€ 0.0914





EUROPE – Q3 2026

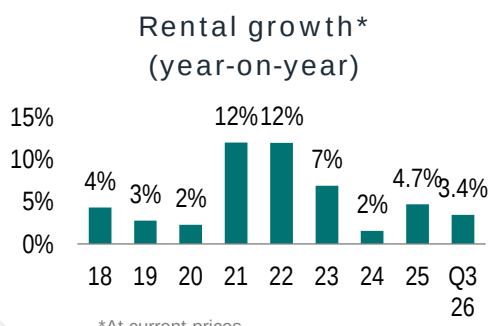
+3.4% vs Q3 2025

46 markets, 21 countries

+3.4% vs Q3 2025

+1.1% vs last quarter

Rental growth* (year-on-year)



*At current prices

Source: BNP Paribas Real Estate Research



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RETAIL MARKET

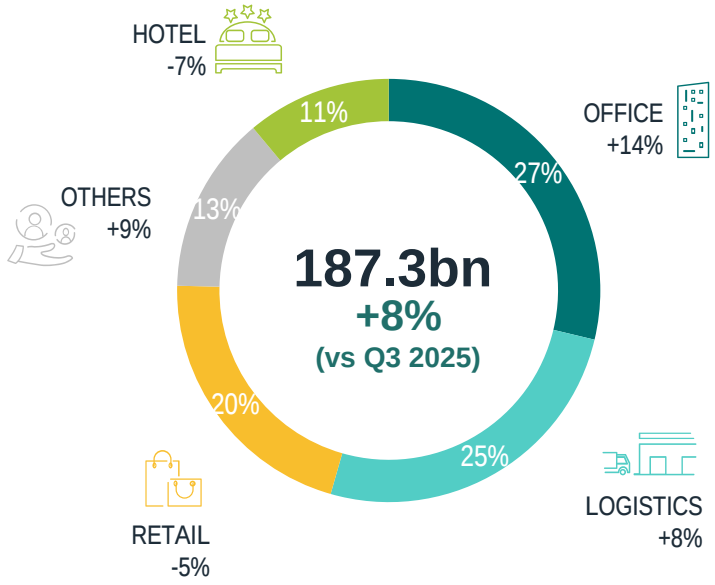
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Total Commercial Real Estate Investment

Retail sector is experiencing a relative deceleration in a slowing environment

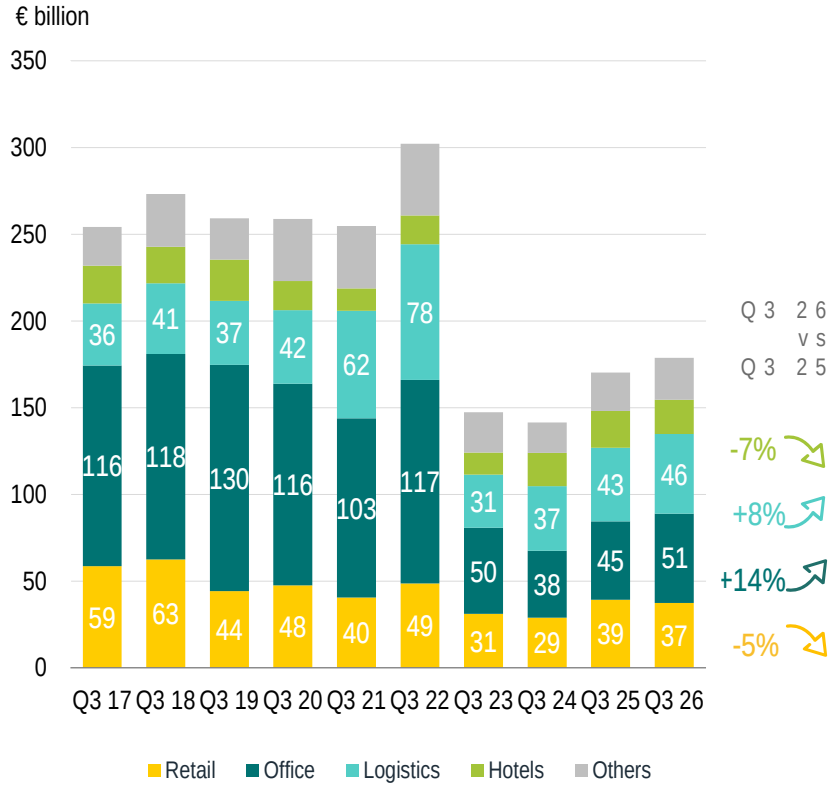
- While European Commercial Real Estate investment achieved 8% growth over the past year, geopolitical tensions in the Middle East are gradually weighing on market liquidity. This is particularly visible in Q3 2026, as investment activity has entered a quieter phase, signalling ending of the momentum started in 2025.
- The retail sector is experiencing a similar deceleration. Nevertheless, it holds a market share of around 20%, which shows little sign of contraction.
- One reason for this is that the sector's outlook remains positive due to solid occupational fundamentals. The key strengths include now healthy occupancy levels (compared to vacancy) and sustained demand for units.
- While capital inflows into shopping centres and retail parks are beginning to soften, they continue to lead the sector.

CRE Investment – Q3 2026 (rolling year)



BREAKDOWN Q3 2025	
OFFICE	26%
LOGISTICS	25%
RETAIL	23%
HOTEL	12%

CRE Investment – 2017-2026 (rolling year)



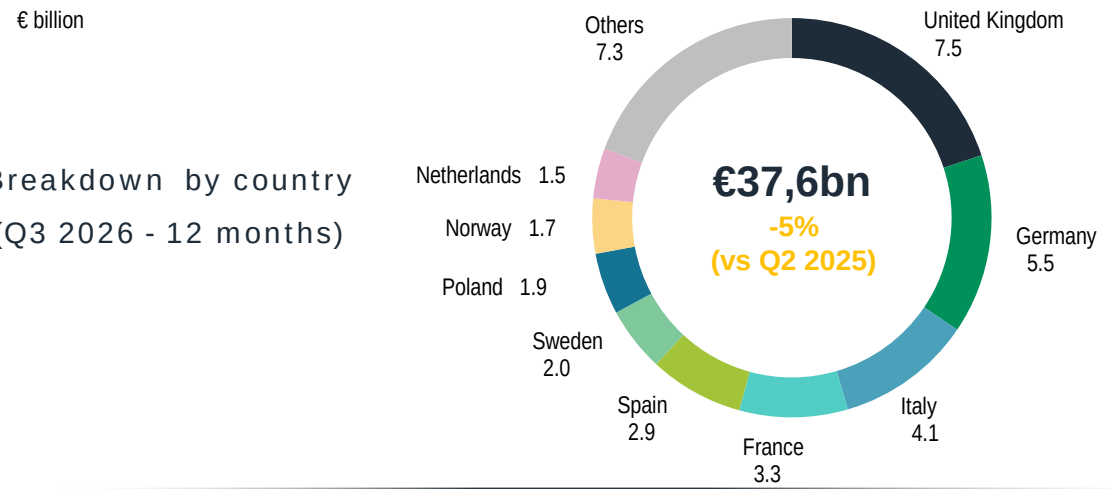
Source: BNP Paribas Real Estate Research

Retail Investment by Country

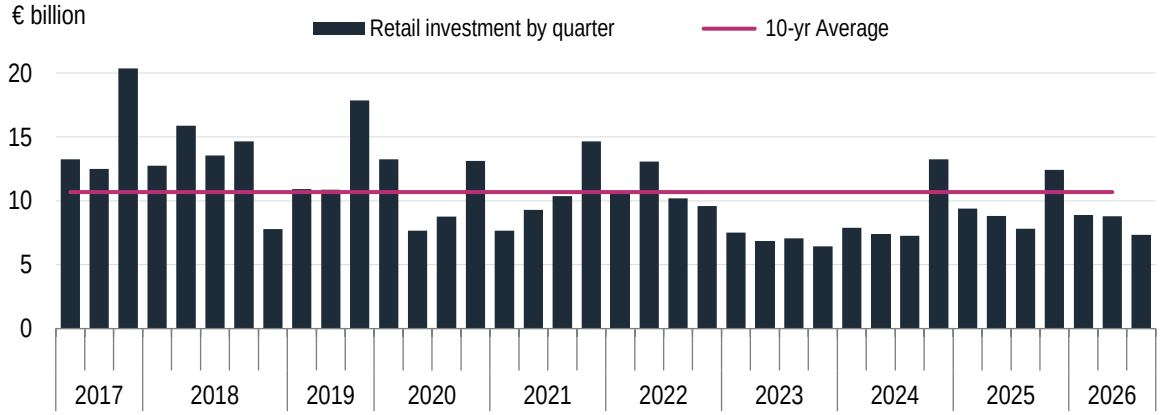
Major deals continue to occur even with a slower market

- In the United Kingdom, retail investment was the primary drag on the market, falling 32% and posting 25% below the 10-year average. Retail warehousing remained the most favoured asset class with 43% market share.
- The German market remains stable. The slowdown in portfolio deals was offset by a strategic shift toward single-asset transactions.
- French activity was also stable. While a few major transactions occurred in H1, activity slowed down in Q3.
- Southern Europe continues to demonstrate steady expansion, driven by sustained investment momentum across the region.
- In Spain, Madrid retail is one of the most popular asset classes, highlighted by several significant shopping centres deals this year.
- The Italian market has demonstrated exceptional momentum, achieving a historic record with €4.1bn invested over the last 12 months. It is now the third most active market, after the UK and Germany.
- Investment activity in the Netherlands reached 1.5 billion euros (+52% growth) supported by a resilient first half of the year.
- Northern Europe maintained strong performance with a 19% increase in activity, primarily driven by growth in Norway and Sweden.
- A scarcity of available stock has placed selectivity at the heart of current transactions, despite ongoing investor demand. While the sector faces headwinds, the risk premiums for shopping centres and retail parks remain attractive, potentially positioning these assets as competitive options for yield-seeking investors.
- As such, these segments are expected to maintain a degree of attractiveness amidst interest rate volatility, contributing to a steady investment flow in the near term.

Breakdown by country
(Q3 2026 - 12 months)



Retail Investment by quarter

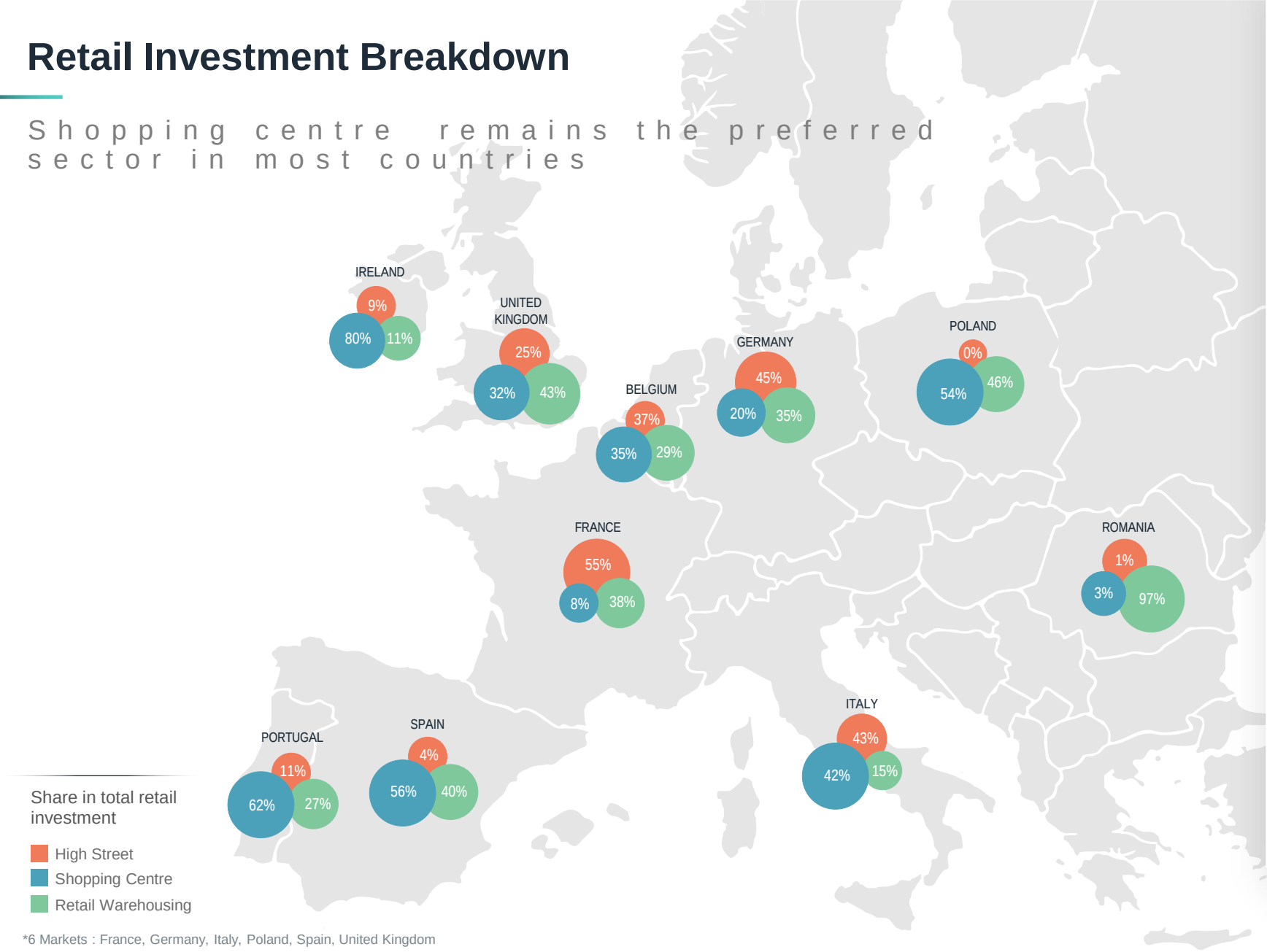


Source: BNP Paribas Real Estate

Source: BNP Paribas Real Estate Research

Retail Investment Breakdown

Shopping centre remains the preferred sector in most countries

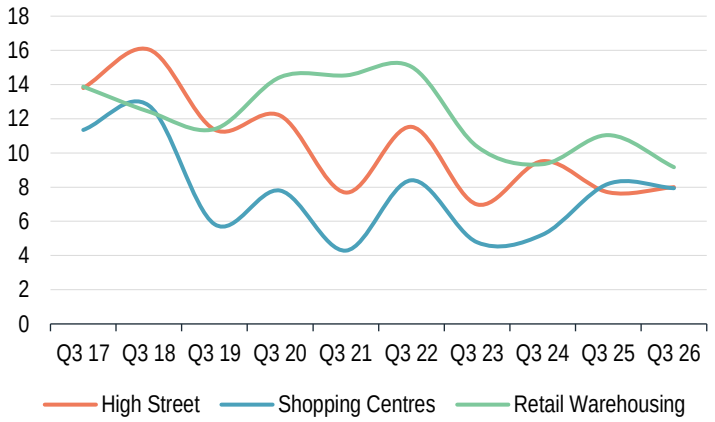


*6 Markets : France, Germany, Italy, Poland, Spain, United Kingdom

- Shopping centre activity remained steady overall in Europe, with strong demand in some countries offsetting weakness elsewhere. While the French and UK markets experienced retreat, growth in Germany and Spain, supported by several large-scale acquisitions and mid-market activity, helped stabilize the segment.
- Retail parks remain the leading retail segment by volume, bolstered by strong momentum in Spain and France. Demand remains high, particularly for food-anchored assets, although a scarcity of quality stock continues to constrain transaction volumes.
- The high street segment recorded a marginal increase in investment, though this growth is skewed by a single trophy transaction in Milan. Outside of this exceptional deal, broader activity across the High Street remains relatively subdued.

Retail Investment by Asset Type

6 Markets*



Source: BNP Paribas Real Estate Research

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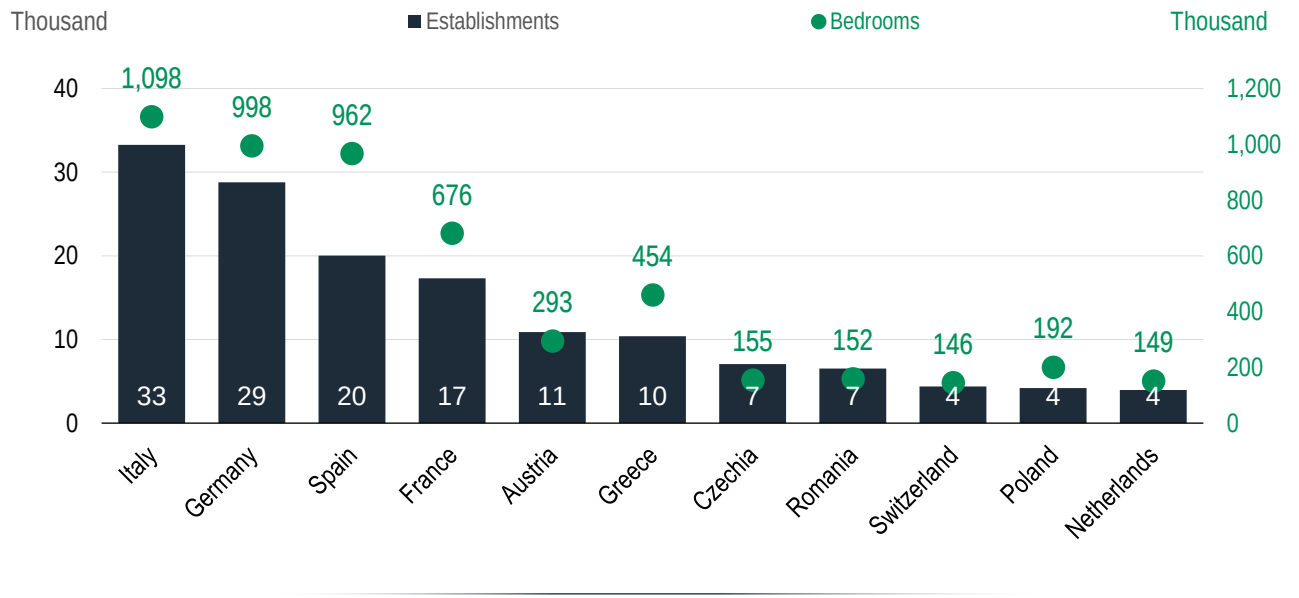
HOTEL MARKET



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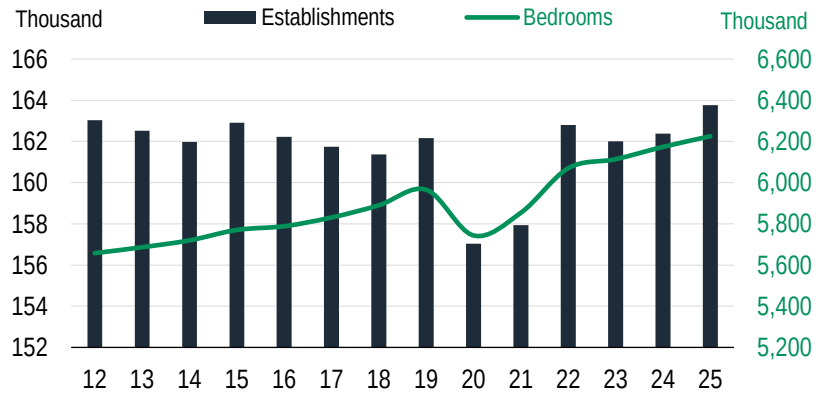
Hotel Stock in Europe

Number of establishments & bedrooms in 2025 (EU-27)

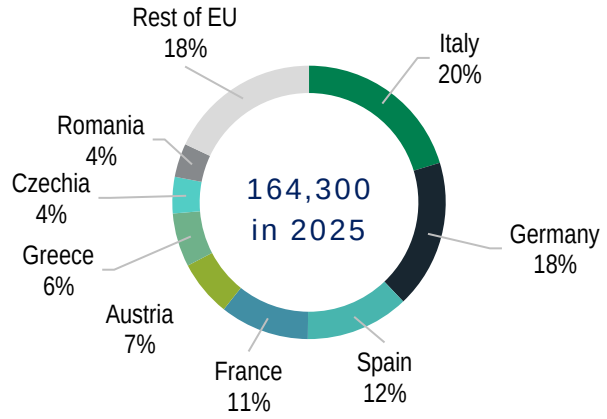


Italy, Germany, Spain, and France account for 61% of hotel numbers

- Italy has the largest capacity in the EU, both in the number of hotels and bedrooms
- Spain has fewer hotels but a larger capacity of accommodation per hotel



Establishment distribution by country

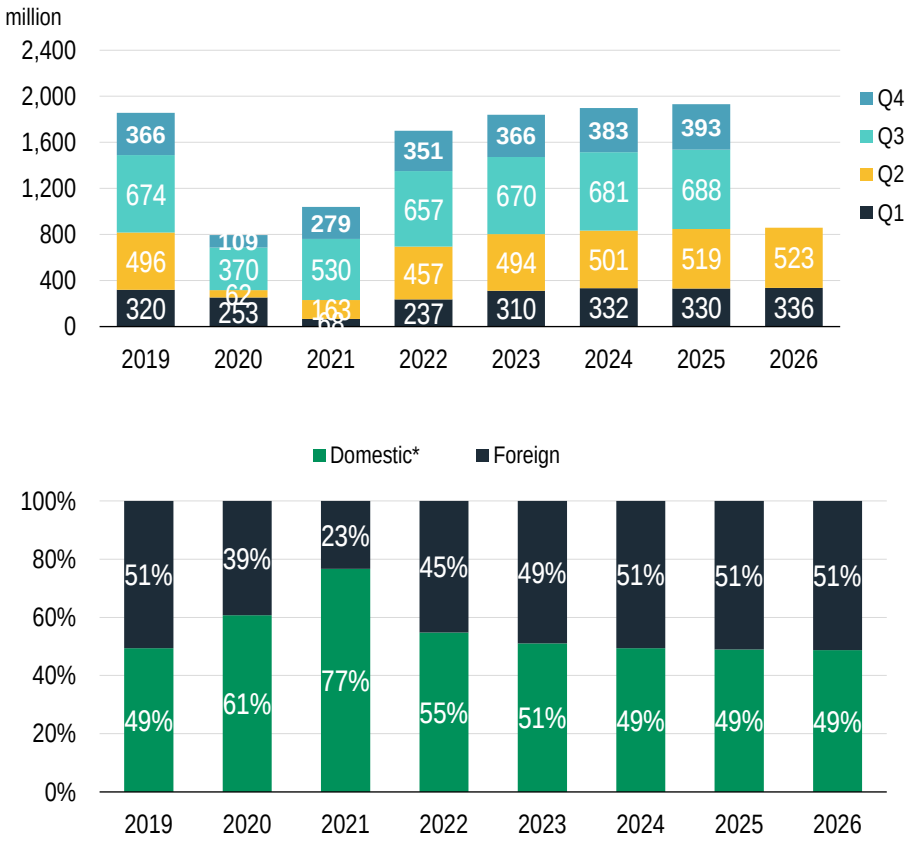


Source: BNP Paribas Real Estate Research, Eurostat

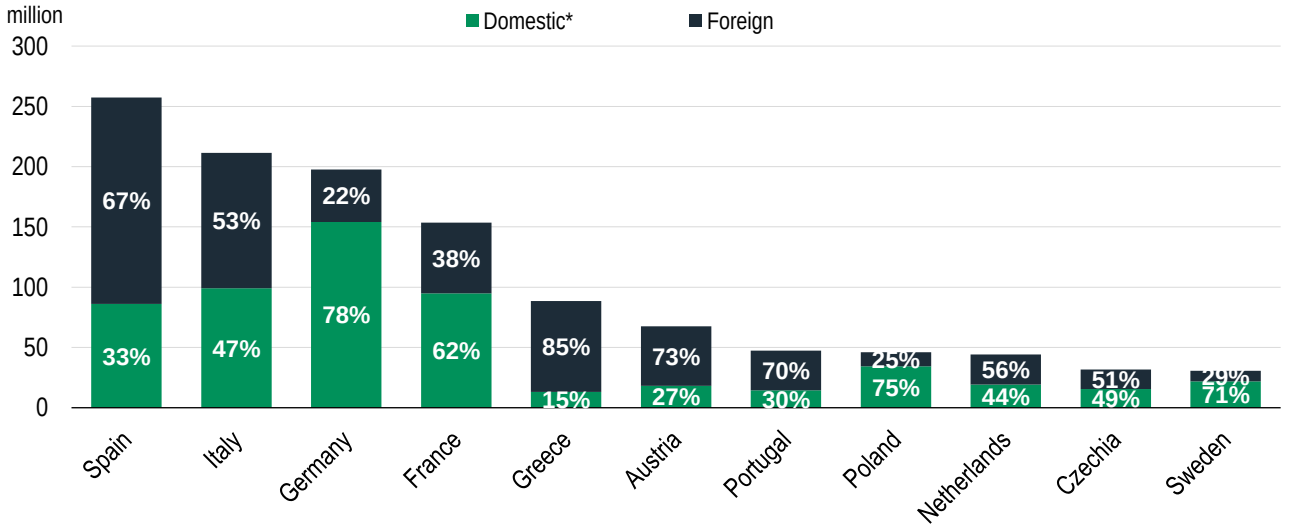
Top Destinations in Europe

Slow but steady improvement in volumes (EU-27)

Nights Spent at Tourist Accommodation Establishments (EU-27)



Nights Spent in 2026 (as at May)



The number of tourists in Europe continues to gradually increase

- Nights spent increased by 1.2% in H1 2026 (vs H1 2025)
- International tourism has been particularly strong in Spain, Italy and Greece, whilst domestic tourism was predominant in Germany and France.
- The share between Domestic residents and Foreign tourists has been consistent for the past 3 years.

Source: BNP Paribas Real Estate Research, Eurostat

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RESIDENTIAL MARKET



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Residential Investment

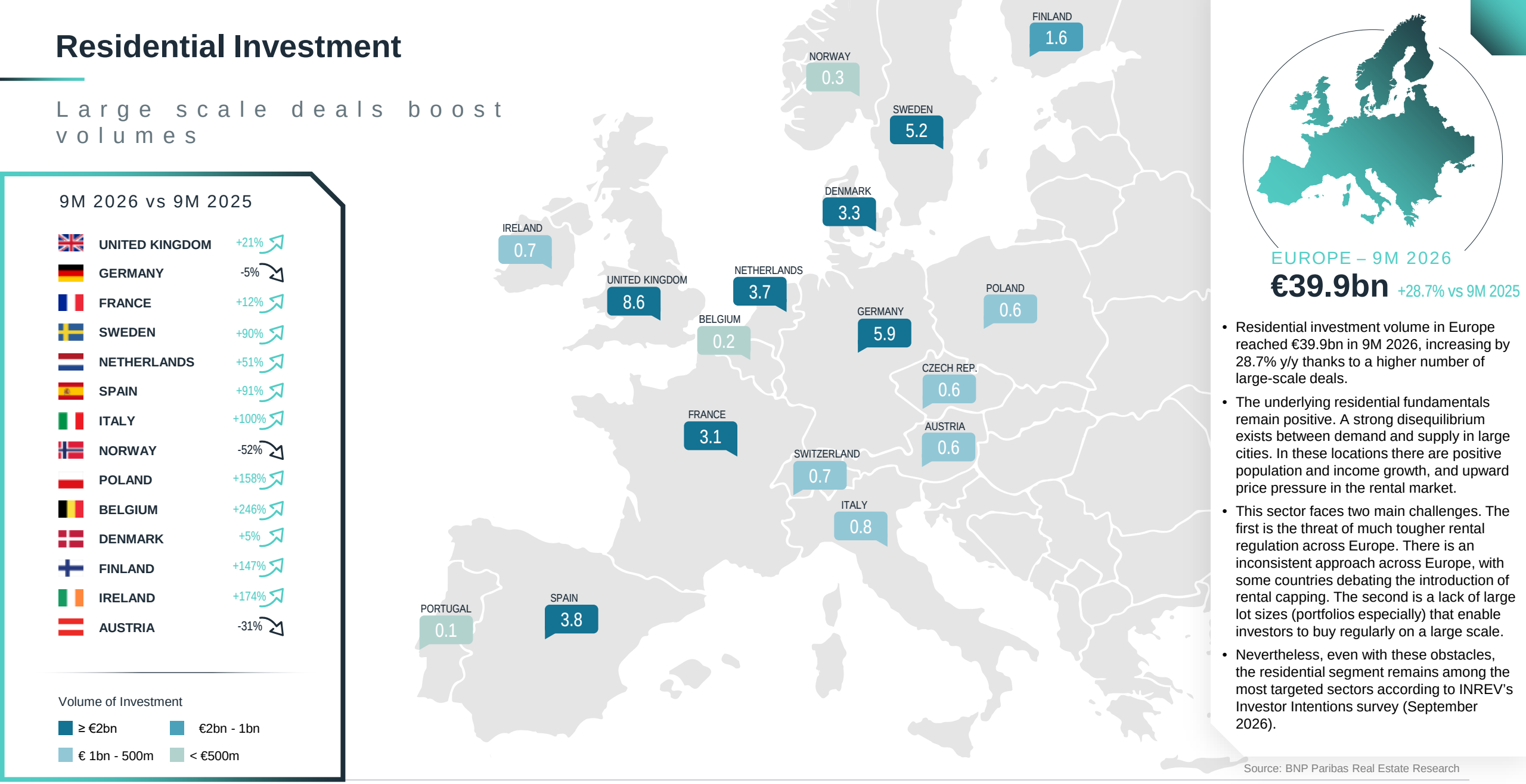
Large scale deals boost volumes

9M 2026 vs 9M 2025

UNITED KINGDOM	+21%
GERMANY	-5%
FRANCE	+12%
SWEDEN	+90%
NETHERLANDS	+51%
SPAIN	+91%
ITALY	+100%
NORWAY	-52%
POLAND	+158%
BELGIUM	+246%
DENMARK	+5%
FINLAND	+147%
IRELAND	+174%
AUSTRIA	-31%

Volume of Investment

≥ €2bn | €2bn - 1bn | € 1bn - 500m | < €500m



EUROPE – 9M 2026

€39.9bn +28.7% vs 9M 2025

- Residential investment volume in Europe reached €39.9bn in 9M 2026, increasing by 28.7% y/y thanks to a higher number of large-scale deals.
- The underlying residential fundamentals remain positive. A strong disequilibrium exists between demand and supply in large cities. In these locations there are positive population and income growth, and upward price 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 the introduction of rental capping. The second is a lack of large lot sizes (portfolios especially) that enable investors to buy regularly on a large scale.
- Nevertheless, even with these obstacles, the residential segment remains among the most targeted sectors according to INREV's Investor Intentions survey (September 2026).

Source: BNP Paribas Real Estate Research

Residential Prices

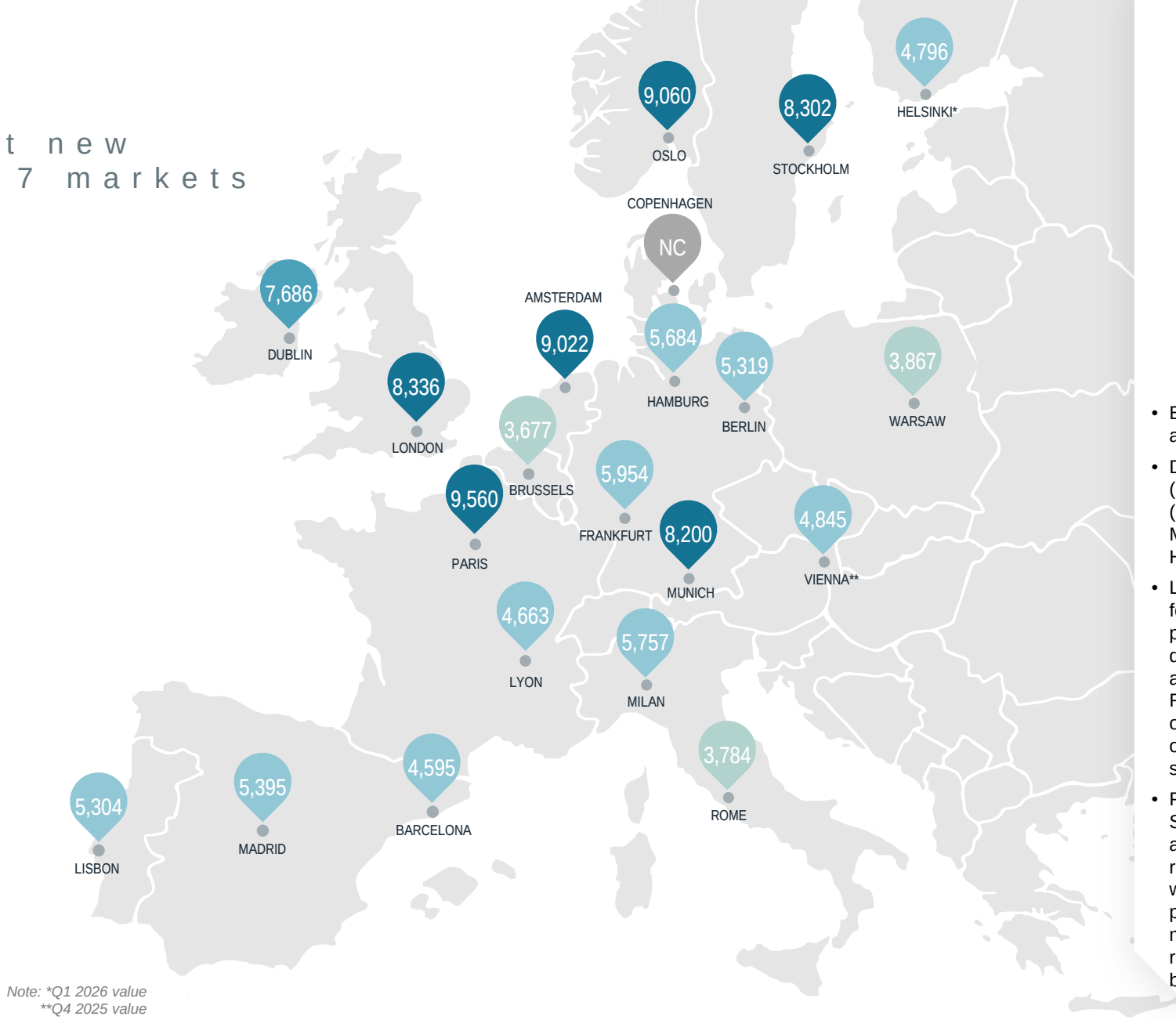
House prices hit new record highs in 7 markets

Q2 2026 vs Q2 2025

BERLIN	+1% ↗
MUNICH	→
FRANKFURT	→
DUBLIN	+5% ↗
LONDON	-3% ↘
PARIS	+1% ↗
AMSTERDAM	+1% ↗
MADRID	+9% ↗
BARCELONA	+7% ↗
WARSAW	+2% ↗
MILAN	+3% ↗
LISBON	+13% ↗
BRUSSELS	+4% ↗

Prices (€/sqm) - *Net of transfer fees*

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



Note: *Q1 2026 value
**Q4 2025 value



EUROPE – Q2 2026

+4.2% vs Q2 2025

- European house prices rose by +4.2% on aggregate in Q2 2026 vs Q2 2025.
- Double-digit growth was seen in Valencia (+17%), Seville (+15%), and Lisbon (+13%), with strong increases also in Madrid (+9%), Stockholm, Barcelona, and Hamburg (+7%).
- London prices fell by 3%, marking the fourth consecutive quarterly decline. It is partly due to deteriorating affordability driving buyers outside the capital. Taxation and regulatory changes, including the Renters' Rights Act and higher council tax on second homes, are also prompting owners to sell, reducing private rental supply.
- Price growth is heavily concentrated in Southern Europe. Conversely, markets across France, Germany, and the Benelux region have entered a stabilization phase, while London remains in a corrective phase. This divergence shows that price movements are driven more by local regulatory and economic specificities than by a uniform European trend.

Source: BNP Paribas Real Estate Research

Residential Rents

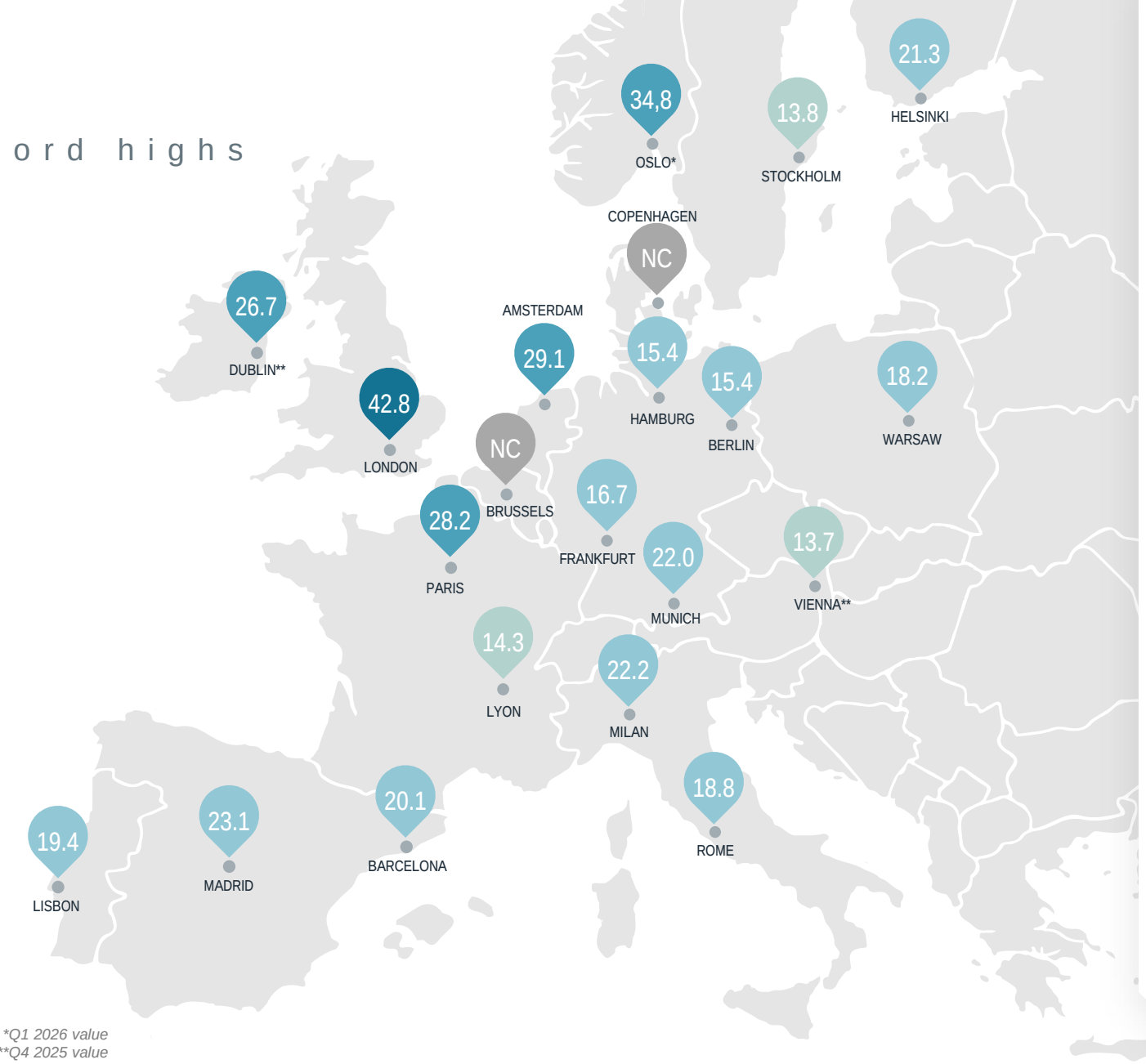
Rents hit new record highs in 12 markets

Q2 2026 vs Q2 2025

BERLIN	→
MUNICH	+3% ↗
FRANKFURT	+4% ↗
DUBLIN**	+4% ↗
LONDON	+2% ↗
PARIS	+1% ↗
AMSTERDAM	+4% ↗
MADRID	+5% ↗
BARCELONA	→
WARSAW	+1% ↗
MILAN	-3% ↘
LISBON	+5% ↗
HELSINKI	→

Rents (€/sqm/m)

- ≥ €35
- €25-35
- €15-25
- < €15



*Note: *Q1 2026 value*
***Q4 2025 value*



EUROPE – Q2 2026

+2.2% vs Q2 2025

- Residential rental values across European markets were still expanding in Q2 2026 at +2.2% y/y.
- Demand in the rental market continues to rise despite high rental values. Four factors explain this: 1) higher purchase prices resulting in a decrease in property purchase affordability, 2) European energy regulations and limits on rent increases prompting lessors to leave the rental market, worsening the supply shortage, 3) more profitability can be achieved in the short-term rental market as tourism rises, 4) lack of new housing construction.
- European rental growth started to slow in Q2 2026. In contrast to the double-digit growth seen in previous quarters, rental value growth is highest at 6% in cities like Rotterdam and Hamburg. Barcelona and Helsinki are seeing rental values stabilize after several consecutive quarters of annual decline. Most other southern cities are still showing growth like Lisbon and Madrid at +5% y/y.
- Rents declined in Milan (-3% y/y) and Rome (-1% y/y) after years of continuous increases. This correction follows a period where rents had become unsustainable as a burden on household incomes.

Source: BNP Paribas Real Estate Research

Locations

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Classification : Internal

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