REVIEW

OFFICE MARKET

EUROPE Q3 2026



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RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Q3 2026 OFFICE MARKET EUROPE

European office leasing activity remained subdued over 9M 2026, with take-up down 7% year-on-year and 9% below the five-year average, reflecting weaker large-scale activity.

It reflects weaker large-scale activity. Demand remained selective, with smaller and mid-sized transactions proving more resilient and significant differences in momentum across markets.

5.51 M sqm
TAKE-UP -18 CITIES (9M 2026) **-7% y/y**

Significant deals Q3 2026

TENANT / SECTOR	LOCATION	SQM
Berliner Verkehrsbetriebe Transport	Berlin	39,400
A2A Manufacturing and construction	Milan	24,500
Office Francais De Protection Des Refugies Et Apatrides (OFRA) Public administration	Paris	21,130
PwC Professional services	Warsaw	20,000
Universidad Internacional Mundae Public administration	Madrid	12,565

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TAKE-UP

Office take-up across the 18 main European markets 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.

The **six major German office markets** remained broadly stable, with take-up reaching 1.90 million sqm (-1% y-o-y). Berlin and Munich led the market with 541,000 sqm (+49%) and 485,000 sqm (+19%), respectively. Berlin exceeded its five-year average by 12%, while Munich benefited from major H1 deals and strong mid-sized activity. Frankfurt (300,000 sqm, -40%) and Hamburg (270,000 sqm, -12%) remained below 2025 levels, despite some improvement in Q3.

In **Central Paris**, take-up declined by 18% to 908,000 sqm, 23% below the five-year average. The slowdown was mainly driven by large units (>5,000 sqm), down 30%, while small and medium-sized units proved more resilient (-8%).

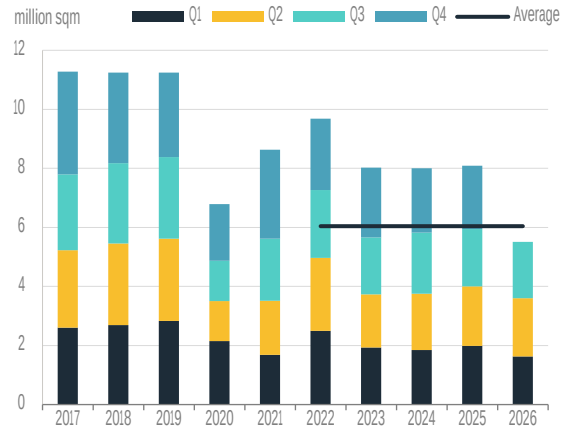
Central London's 9M take-up reached 771,000 sqm, down 6% year-on-year. The City stood out, with take-up rising by 22% quarter-on-quarter and 13% compared with Q3 2025.

Spanish office markets slowed over the nine months of the year, with take-up reaching 201,000 sqm in **Barcelona** (-9% y-o-y) and 346,000 sqm in **Madrid** (-11%). Barcelona nevertheless remained 9% above its five-year average, while Madrid stood 7% below.

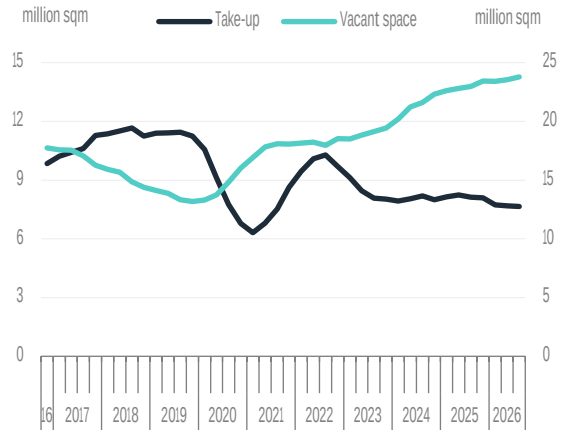
In Italy, take-up declined by 19% in **Milan**, while **Rome** recorded a modest 2% increase. Both markets remained below their five-year averages, by 21% and 17% respectively.

By contrast, **Warsaw** (334,000 sqm, +19%) and **Brussels** (230,000 sqm, +22%) performed strongly, with activity remaining above their five-year averages.

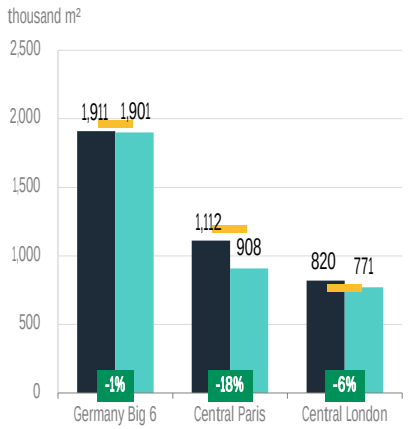
Office take-up
Europe – 18 cities

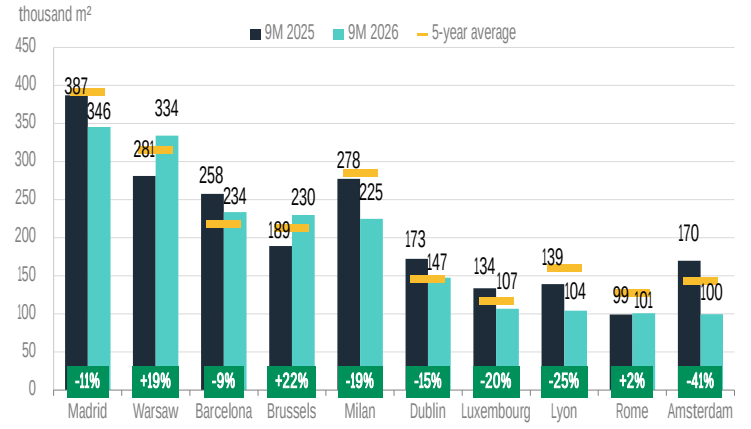


Office cycle (rolling year)
Europe – 18 cities



Office take-up by market





Source: BNP Paribas Real Estate Research

Q3 2026 OFFICE MARKET EUROPE

KEY FIGURES

+21% vs. Q3 2025
BARCELONA PRIME RENT

+5.4% vs. Q3 2025
PRIME RENTS (main markets)

+2.1% vs. Q3 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 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.

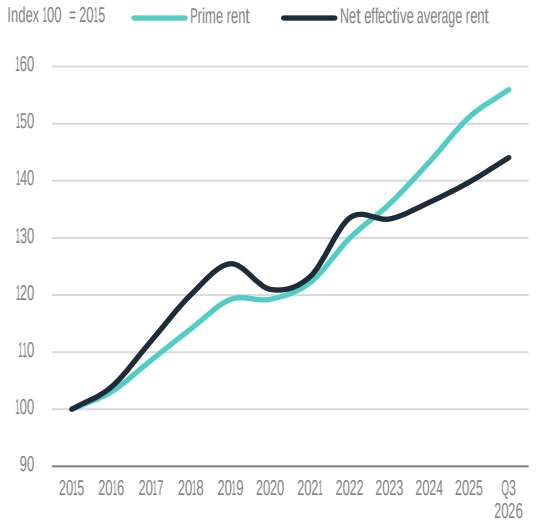
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RENTS

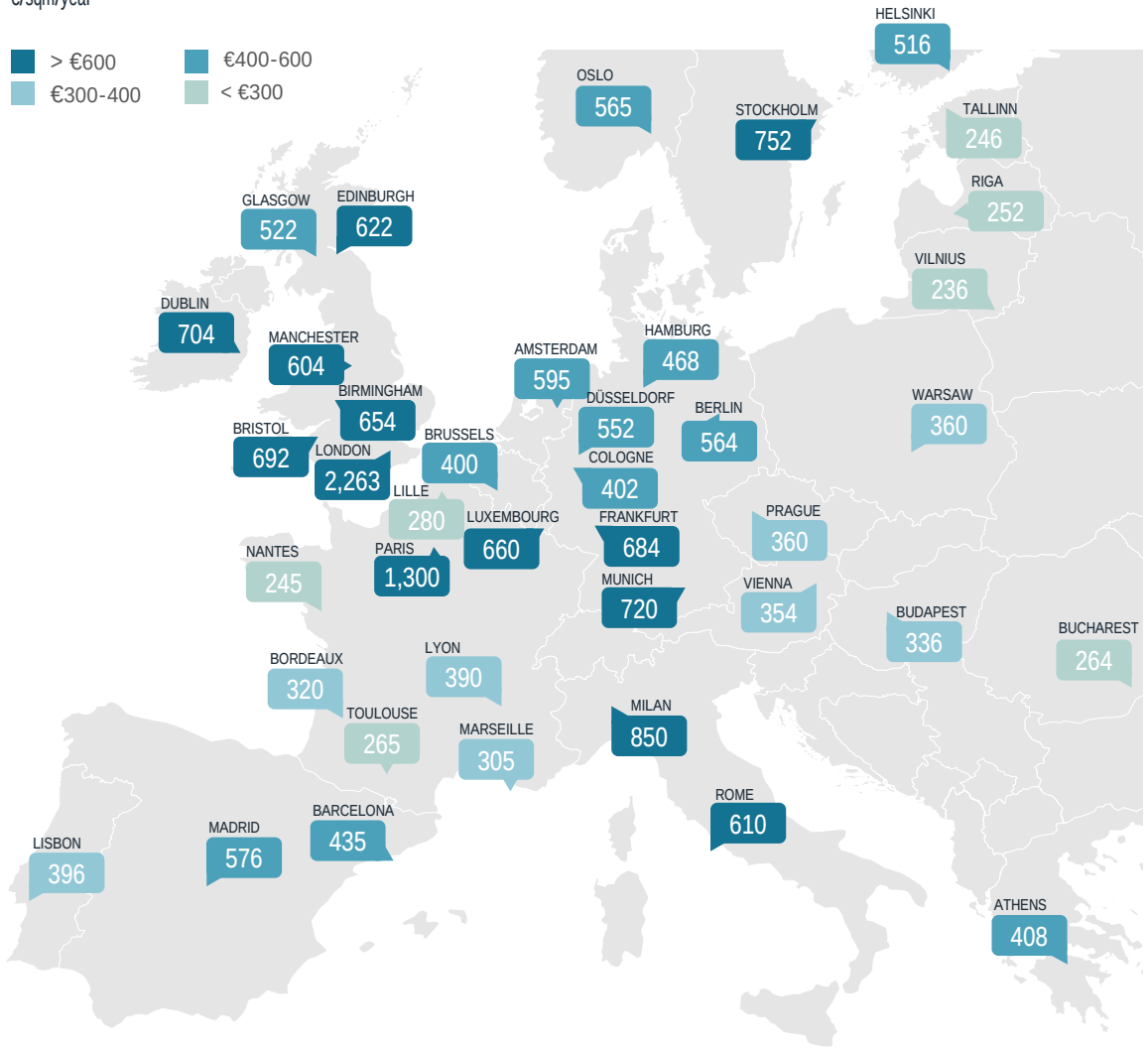
Prime office rents across Europe continue to rise, supported by a shortage of Grade A space and resilient demand for high-quality buildings in prime locations. However, the latest data suggests that rental growth may be slowing in some markets.

Over the past 12 months, the strongest increases were recorded in Barcelona (+21%), Milan (+12%), Madrid (+10%) and Munich (+9%).

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

Q3 2026 OFFICE MARKET EUROPE

Vacancy continued to rise across Europe, although at a slower pace, driven primarily by subdued occupier demand rather than an increase in new supply. The trend was not uniform, however, with vacancy rates declining in several markets, including Madrid, Milan, Warsaw and Dublin.

9.5% **+15 bp vs Q3 2025**
VACANCY RATE (36 MARKETS)

6.0%
CBD AVERAGE VACANCY RATE (13 MARKETS)

11.1%
NON-CBD AVERAGE VACANCY RATE (13 MARKETS)

VACANCY

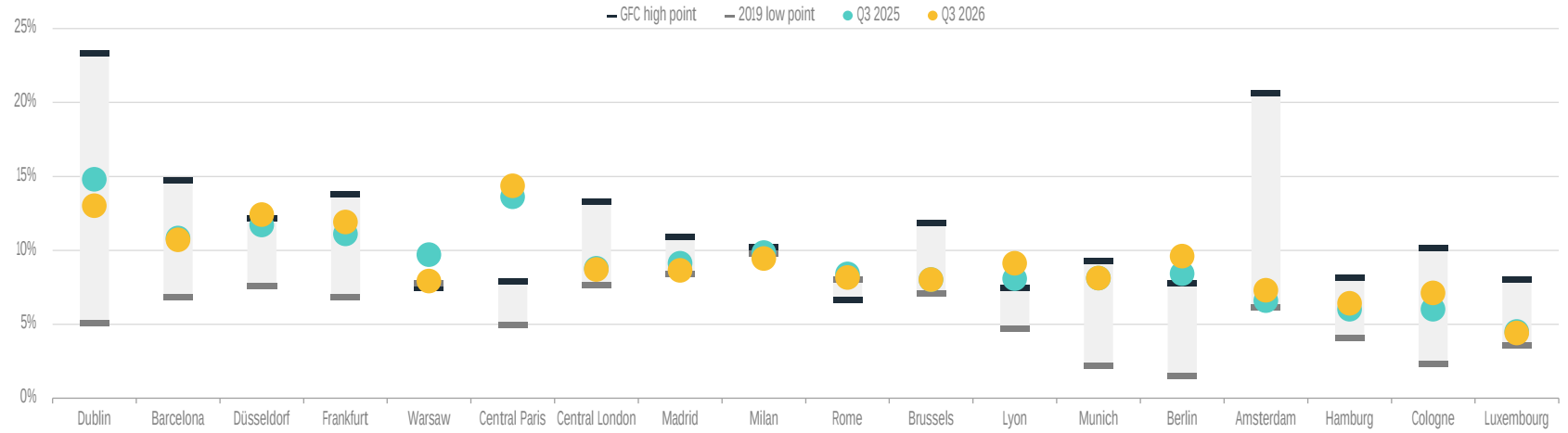
At the end of September 2026, the European vacancy rate stood at 9.5%, up 15 bps year-on-year, although Madrid, Milan, Warsaw and Dublin bucked the trend with declining vacancy rates.

With development activity remaining limited and a significant share of the pipeline already pre-let, the increase in vacancy largely reflects subdued occupier demand rather than additional supply.

Vacancy remains highly polarised within markets. Availability is particularly tight in prime CBDs, at just 0.9% in Barcelona, 1.1% in Rome, 3.4% in Milan, and 3.5% in Munich. By contrast, vacancy continues to rise in many peripheral submarkets amid weaker occupier demand and a growing mismatch between available space and tenant requirements. Paris CBD stands out among core locations, with vacancy rising significantly following recent completions.


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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), 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 a hypothetical 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.

CONTACTS

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

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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

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

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Address: 50 cours de l'Ile Seguin - CS 50280 - 92650 Boulogne-Billancourt Cedex. Phone: +33 (0)1 55 65 20 04
Fax: +33 (0)1 55 65 20 00 - www.realestate.bnpparibas.com. BNP Paribas Real Estate is part of the BNP PARIBAS Group (art. 4.1 of the French law 70-9, 02/01/70)

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