REVIEW

RESIDENTIAL MARKET

EUROPE NOVEMBER 2026



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RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

NOV 2026 RESIDENTIAL MARKET EUROPE

Residential volumes grew in 9M 2026 thanks to a higher number of large-scale deals.

KEY FIGURES

€39.9bn +29% y/y
TOTAL VOLUME INVESTED IN 9M 2026

25% +4 p.p y/y
SHARE OF RESIDENTIAL IN TOTAL REAL ESTATE INVESTMENT VOLUME IN 9M 2026

SIGNIFICANT DEALS

QUARTER	DEAL TYPE	LOCATION	INVESTOR	VOLUME
Q2	Portfolio	London, UK	Morgan Stanley and Ridgeback	€1.6bn
Q2	Portfolio	Sweden	Sveafastigheter	€1.2bn
Q1	Portfolio	Madrid, Spain	Brookfield Asset Management	€1.0bn
Q2	Portfolio	France	Caisse des Dépôts	€1.0bn
Q1	Portfolio	Finland	Kojamo	€900m
Q1	Portfolio	Germany	Greykite and Arax Properties	€500m
Q3	Portfolio	The Hague, Netherlands	Rubens Capital Partners Asset Management	€260m
Q2	Single deal	Copenhagen, Denmark	M&G Real Estate	€250m

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INVESTMENT VOLUME

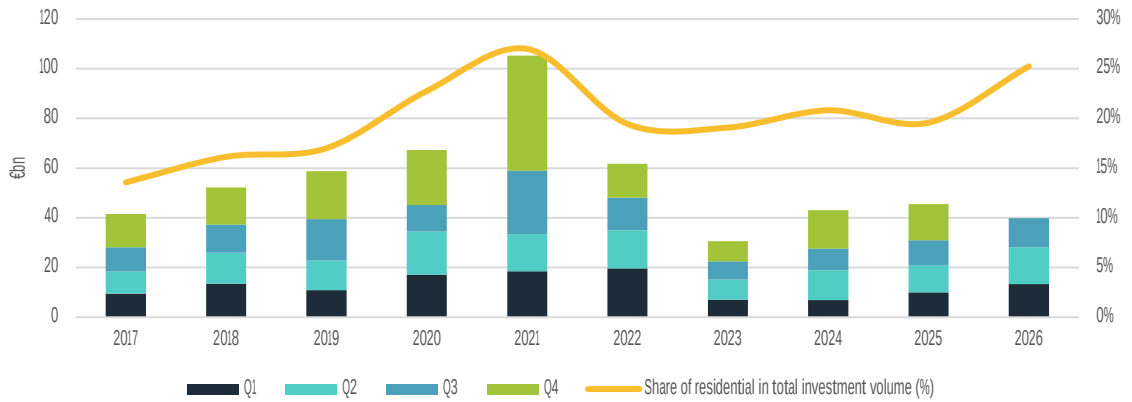
The **European residential investment volume reached €39.9bn in 9M 2026,** an increase of 29% compared to 9M 2025. **The increase in the residential share to 25% of total real estate investment volume shows investors remain committed to the segment.**

The counter-cyclical nature of residential property continues to be a factor in fueling investor attention. Investors expect robust rental growth in the sector as the **imbalance between demand and supply persists in large cities.**

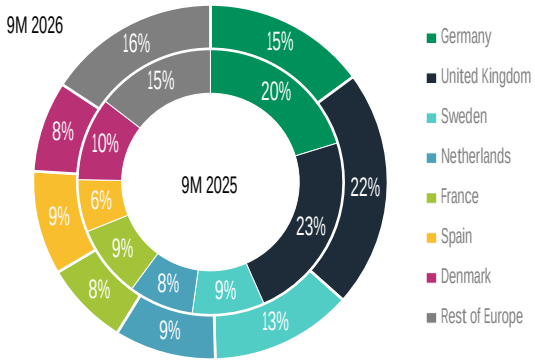
Transactions above €100M account for 47% of the total volume and represent 64 deals out of the 758 closed. The activity in the super-sized segment of over €200 million accounts for the 2nd highest volume at 31% in 9M 2026. Conversely, **deals below €50M dominated in terms of quantity (605 transactions) and contributed the highest overall volume at 33%**.

The UK (22%), Germany (15%) and Sweden (13%) were the countries with the greatest capital deployment in the European residential investment volume.

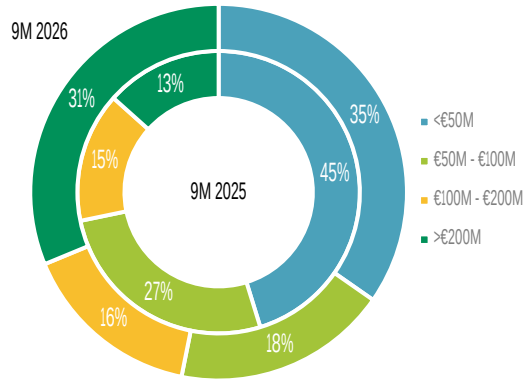
European residential investment volume



Country share of residential investment volume



Breakdown by volume



Source: BNP Paribas Real Estate Research

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RESIDENTIAL PRICES

Residential prices across European cities expanded on aggregate by +4.2% in Q2 2026 vs Q2 2025.

Double-digit growth occurred in 3 cities. In Spain (Valencia (+17% y/y) and Seville (+15% y/y)), price growth is pushed by strong demand, driven by population growth, and relatively low interest rates, coupled with **supply constraints**. **In Lisbon (+13% y/y),** price growth is fueled by **resilient demand, persistent supply shortages and rising construction costs**.

In contrast, house prices continue to fall in London (-3% y/y) due in part to deteriorating affordability which leads some buyers to look for opportunities outside of the capital. **Changes in taxation and regulations**, including the Renters' Right Bill and the rise in council tax for second homes in many localities, **are also prompting some owners to sell**.

The average Euro area mortgage rate increased to 3.62% in Q3 2026, an increase of 31 bps y/y which is expected to further weaken the borrowing environment.

Mortgage rates

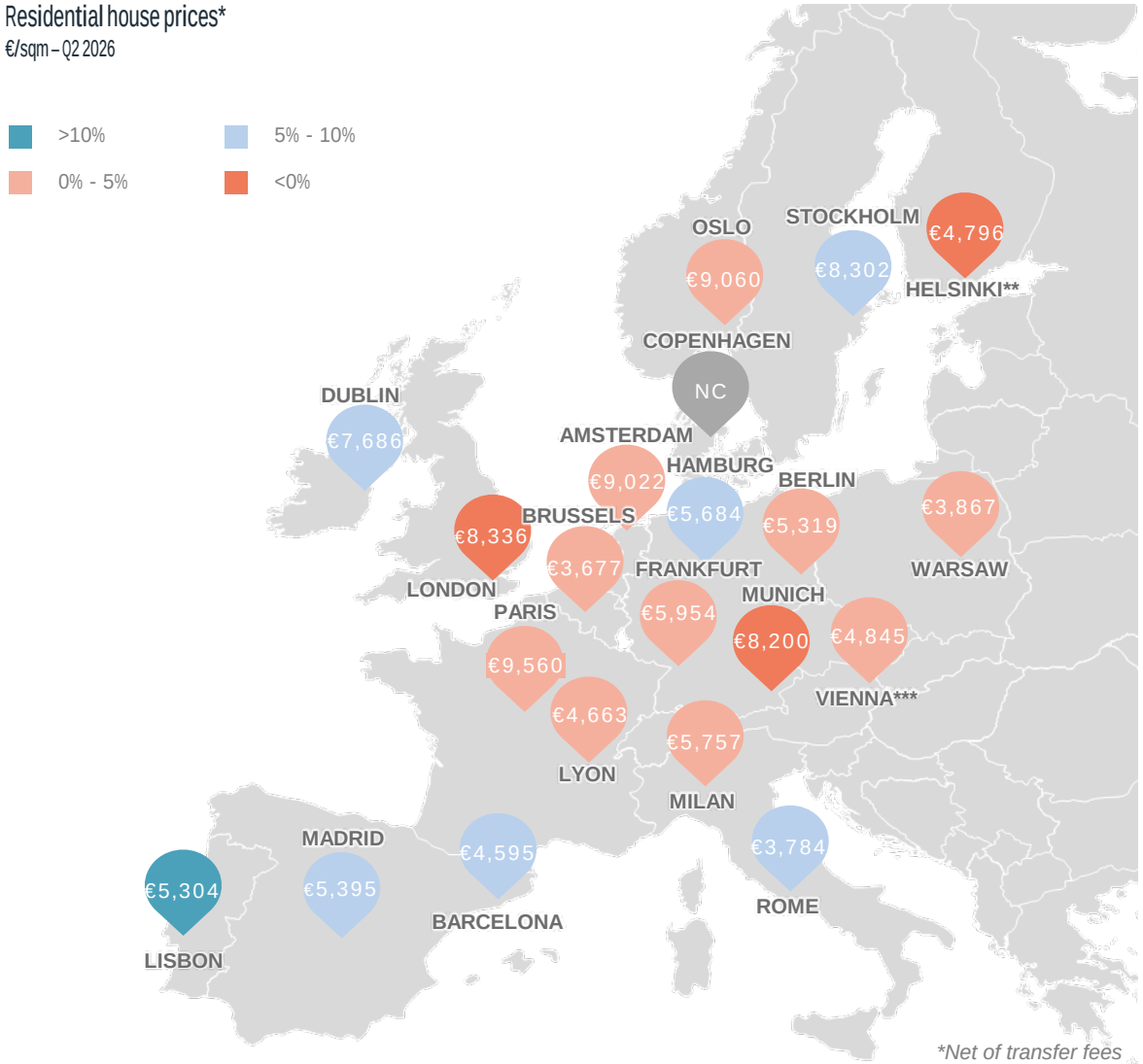
Q3 2026 rates (%) and q/q variations (bps) compared to Q2 2026

Countries	Rates		Countries	Rates		Countries	Rates	
Austria	3.63	+10bps	Germany	4.09	+14bps	Poland	6.19	-13bps
Belgium	3.77	+17bps	Ireland	3.51	+5bps	Portugal	3.09	+14bps
Denmark	4.90	+10bps	Italy	3.61	+7bps	Spain	2.99	+10bps
Finland	3.39	+29bps	Netherlands	3.87	+16bps	Sweden	3.35	+6bps
France	3.19	+3bps	Norway	5.60	+11bps	United Kingdom	5.75	0bps

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Residential house prices*

€/sqm – Q2 2026



*Net of transfer fees
**Q1 2026 value
***Q4 2025 value

Source: BNP Paribas Real Estate Research, ECB, National banks

KEY FIGURES

EUROPEAN RENTS HIT NEW RECORD HIGHS
IN 12 CITIES

+2.2% vs. Q2 2025
IN Q2 2026 – EUROPE

+6.2% vs. Q2 2025
ROTTERDAM RENTAL GROWTH IN Q2 2026

Demand in the letting market continues to rise despite high rental values. The factors supporting this dynamic include lower purchase affordability, greater profitability of short-term tourism rentals and supply shortages. The latter are created by a lack of new housing construction and magnified in some cities by rent regulations.

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RENTS

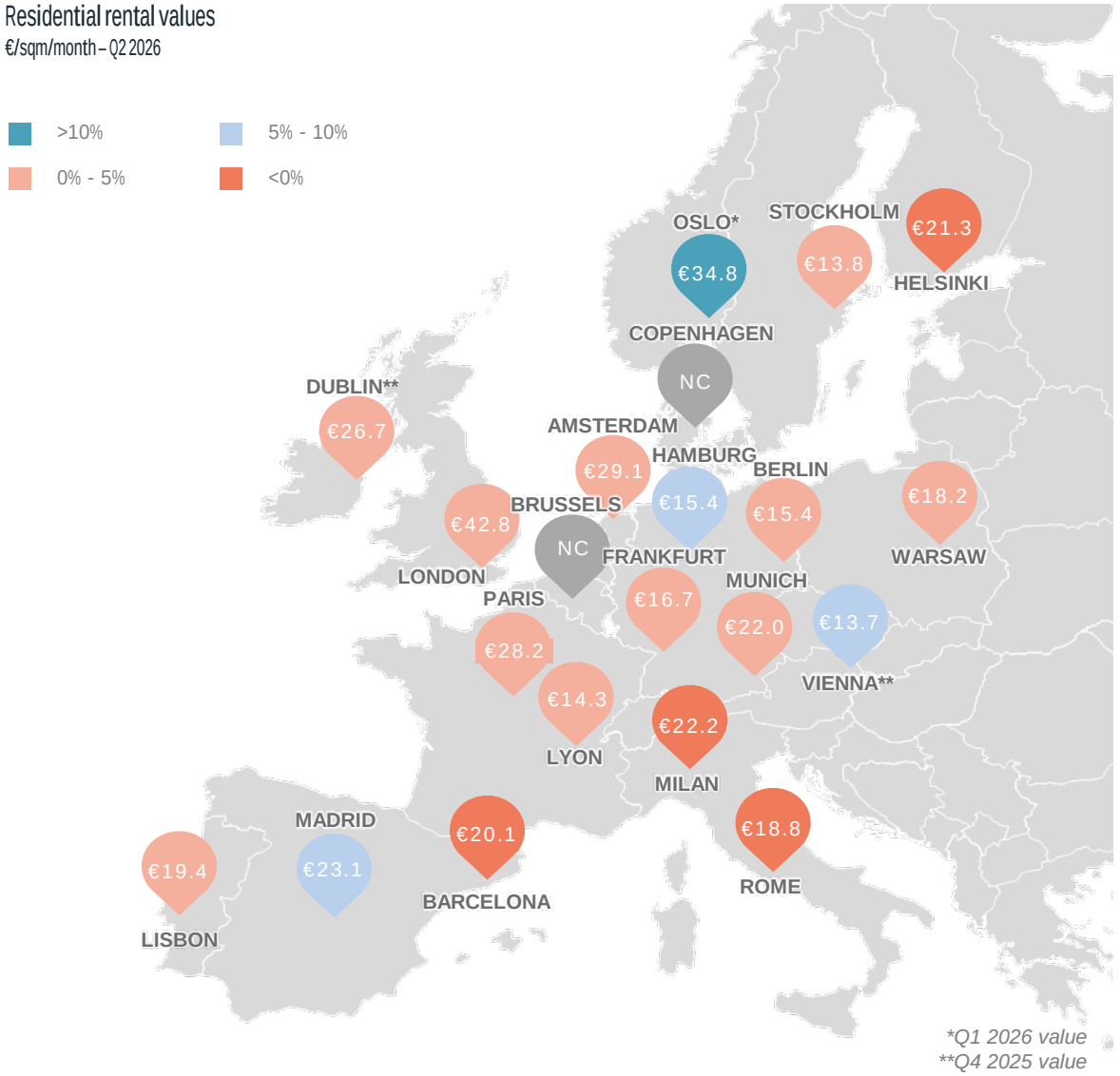
Demand is still increasing, leading to rental growth at the European level of +2.2% y/y in Q2 2026.

European rental growth started to slow in Q2 2026. Rotterdam and Hamburg exhibited the strongest growth (+6% y/y). In the Netherlands, this trend is driven by a **persistent supply shortage and** a **landlord sell-off triggered by stricter regulations and tax changes**. Consequently, high rental growth persists, particularly in Rotterdam and Amsterdam (+4% y/y), as properties shift from rental portfolios to owner-occupiers. **In Hamburg**, **growth is fueled by strong demand from new residents attracted by job opportunities and ongoing urban development**, coupled with a limited supply of affordable housing.

In both Milan (-3% y/y) and Rome (-1% y/y), rental growth is declining after several years of sustained increases. **Rents had reached unsustainable levels as a share of household incomes. Despite this decrease, the underlying structural issues of limited housing availability persist.**


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Residential rental values
€/sqm/month – Q2 2026



*Q1 2026 value
**Q4 2025 value

Source: BNP Paribas Real Estate Research

NOV 2026

RESIDENTIAL MARKET
EUROPE

KEY FIGURES

2.0M HOUSING PERMITS

-9% compared to same period of last year

Rolling 12M as of Q3 2026 - EUROPE

IN 18 EUROPEAN CITIES

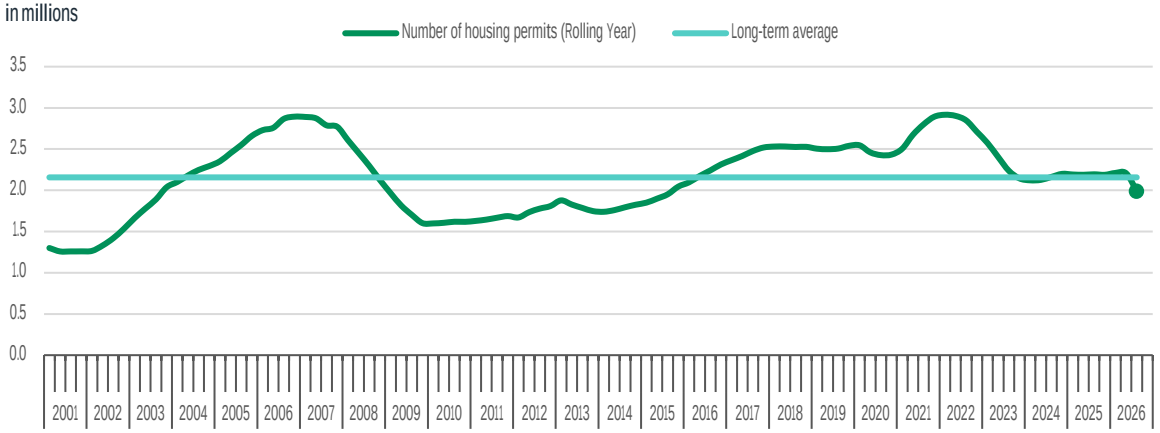
RENTAL DEMAND IS EXPECTED TO INCREASE

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MARKET FUNDAMENTALS

Housing permits in Europe

in millions



*Preliminary data as of Q3 2026; certain data (e.g., UK, Italy, Spain, Ireland, Belgium) are not yet available



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Financing conditions

Monetary policy is tightening, with the ECB raising the deposit rate to 2.50% (+25bps in September) due to persistent inflation. This raises borrowing costs and complicates property access.

However, strong occupational fundamentals support investment, as European rental shortages create strategic opportunities for large players.

Persistent headwinds hindering recovery

Preliminary data show 2.0M housing permits for the 12 months ending Q3 2026, down 9% y/y, with Q3 data still incomplete. While H1 2026 (+2% y/y) suggests a weak recovery, a full rebound is limited by persistent headwinds such as higher interest rates, housing affordability, cost pressures, and geopolitical uncertainty. Furthermore, the lengthy building permit process significantly slows down construction.

Rental demand expected to remain high

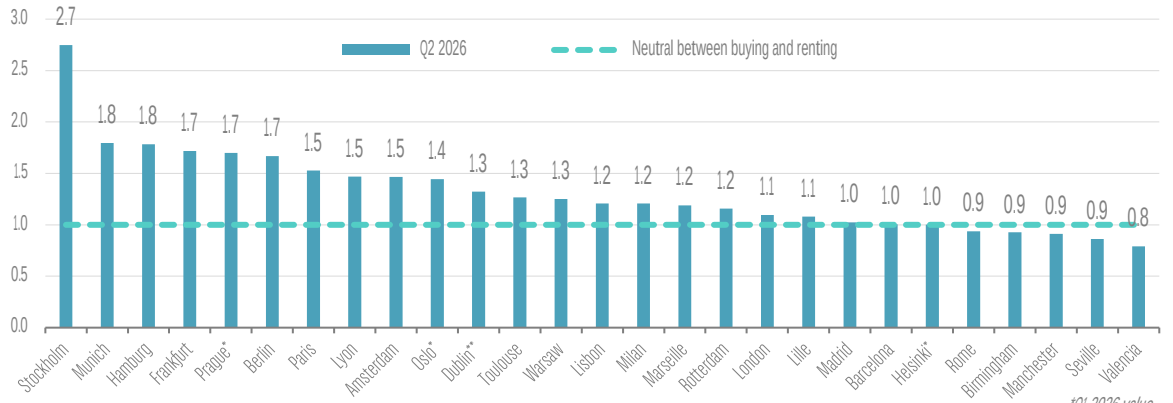
The buy vs rent ratio measures the relationship between the monthly mortgage repayment and the monthly rental value of the same purchasable area. The ratio was higher than 1 in 18 European cities in Q2 2026, suggesting that buying is more expensive than renting. Consequently, rental demand is expected to grow in these markets, especially in Stockholm, and in German and French cities.

Rental market regulations

As housing policy is inherently local, short-term rental regulation has developed fragmentally, leading to inconsistent approaches.

The introduction of the EU's short-term rental regulation in May 2026 aims to change this situation by introducing harmonized requirements for short-term rental registration and platform data sharing across all 27 EU member states.

Buy vs rent ratio



*Q1 2026 value
** Q4 2025 value

Source: BNP Paribas Real Estate Research

GLOSSARY & DEFINITIONS

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.

INVESTMENT

Investment volume takes into account all residential transactions registered by BNP Paribas. 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.

Investment volume by investor/seller type refers to the following categories: Bank / Finance / Insurance, Private Investors, Public Sector, Property Companies & REITS, Investment Manager, 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.

LETTINGS & SALES

Mortgage rates refer to the composite cost-of-borrowing indicator for households for house purchase and are expressed in quarterly averages (ECB's definition), in %.

Inflation (HCPI) is a broad increase in the prices of goods and services that are bought for consumption purposes (ECB's definition). The European Central Bank's (ECB) inflation target is 2%.

House prices refer to the average or median or hedonic price per square meter of all dwelling types (apartments, detached, semi-detached...) of a municipality.

Rental values are the average or median or hedonic rent per square meter per month of all dwelling types (apartments, detached, semi-detached...) of a municipality.

Supply shortage refers to the case when demand for dwelling is higher to disposable supply.

Yield refers to the ratio of rental return over the house price. To determine the net yield, additional housing expenses (insurance, rates, taxes and all other general building expenses) should be deducted.

- Yield compression refers to reduction in the nominal yield value. This can be due to a rise in dwelling's market value, or a fall in rental return, or even due to an increase in additional housing expenses, etc.
- Yield decompression refers to an increase in the nominal yield value, this can be due to an increase in rental return, or a decrease in the dwelling's market value or even due to a fall in additional housing expenses, etc.

Housing purchasing power is a more complete indicator that considers several effects such as the change in mortgage rates, household income and house prices. It enables the computation of the volume of square meters a household can purchase earning a local median income, borrowing money over 20 years at the local mortgage rate, for a local average price per square meter.

Rental affordability or rental burden represents the share of housing expenditure for a 60 sqm dwelling in the household disposable income

Buy or rent ratio shows the relationship between the monthly mortgage repayment and the monthly rental value of the same purchasable area. If the result is:

- < 1: buying can be more preferably to renting, rent is higher than monthly mortgage repayment.
- = 1: to buy or to rent can be indifferent for household due to same monetary value to pay by buying or by renting.
- > 1: renting can be preferably to buying, monthly mortgage repayment is higher to monthly rent for the same purchasable area.

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