

EUROPEAN RETAIL PROPERTY MARKET IN Q3 2025: CONSUMER TRENDS CONTINUE, BOOSTING INVESTMENT

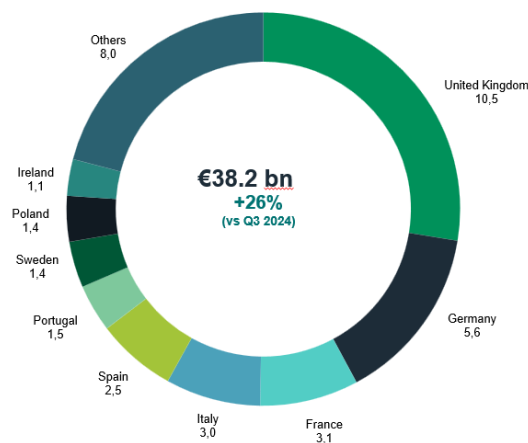
Investors remain keen on retail premises

The growth in investment in European commercial real estate assets has stabilised since the beginning of the year (+17% y-o-y in Q3 2025). **Investment in retail grew 26% y-o-y in Q3 2025, maintaining its momentum and enjoying the strongest growth** of all the real estate asset categories, outpacing hotels (+15%); offices (+13%) and logistics (-7%).

In terms of the amounts invested, retail is ranked in **3rd place among real estate categories**, with over € 38bn invested in Q3 2025, **i.e. 23% of the total CRE investment volume** (vs. 16% at the end of 2021, at the nadir of the Covid crisis). The sector is just behind offices (26%) and logistics (24%) while hotels account for 13% of investment, substantially more than the 10-year average of 8%.

Although the UK, Germany and France have historically accounted for the greater part of the investment in retail property in Europe, accounting for around 80% on average over the last ten years, their share of the total fell in the third quarter of 2025 year-on-year to just 73% (€ 18.9bn). In closer detail, Italy matched France, with around € 3bn invested, up 24% year-on-year in Q3 2025. Spain and Poland also performed robustly, with investment up +37% and +124% respectively year-on-year.

Investment by country (Q3 2025 - 12 months)



Source: BNP Paribas Real Estate Research

Trends varied between segments. **Deals for street-level stores fell significantly** (-18%) compared to the year-earlier period, totalling € **7.6bn** in the main European countries¹. This contraction was due to the adjustment of the luxury sector, which was boosted in 2024 by the major deal on Via Monte Napoleone 8 in Milan.

In the leading European markets, **investment in shopping centres surged** (+53%) with € **8.0bn** allocated over the last 12 months, showing investors' growing interest in this asset class. There have been several major shopping centre deals over the past year, including a portfolio of three shopping centres in Italy for € 410m and the Oriocenter in Lombardy for € 450m. There was also a deal for € 363.8m involving the Brent Cross shopping centre in London.

¹ The six main European markets*: Germany, Spain, France, Italy, Poland and the UK

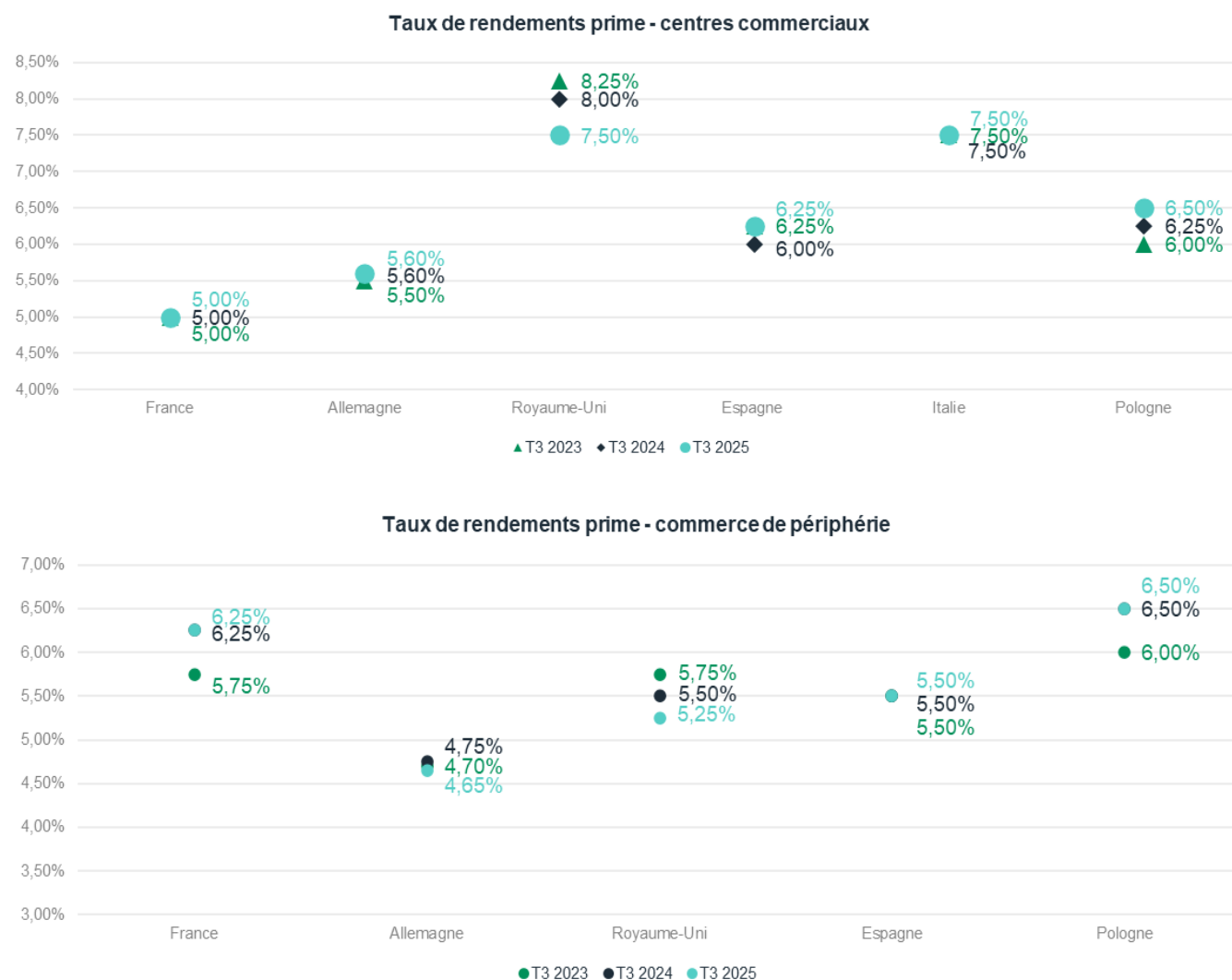


Lastly, **investment in suburban retail** in the main European countries came to € **10.5bn over the last 12 months**, up 13% year-on-year. This segment offers investors more affordable access to commercial real estate and a range of different transaction sizes, particularly during periods of inflation and in the wake of the Covid crisis.

An appealing risk premium for out-of-town retail and shopping centres

“Europe has attractive prime yields for investors, especially in the shopping centre and out-of-town retail segments, which offer the best risk premium compared to other commercial real estate asset categories”, indicates Patrick Delcol, Head of European Coverage, Retail, Logistics, Hospitality.

Yields narrowed in Q3, such as for out-of-town retail in Germany and the UK (-10bp and -25bp y-o-y) as well as for UK shopping centres (-50bp y-o-y).



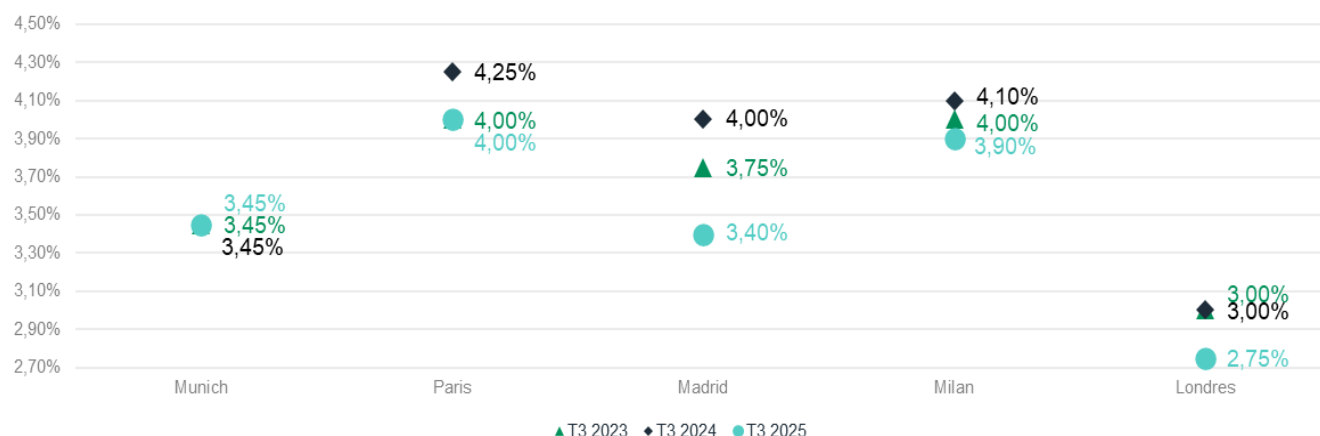
Meanwhile, prime yields for **street-level stores** have continued to contract over the past 12 months, particularly in Madrid (-20bp), Milan (-20bp), London (-25bp) and Paris (-25bp). This segment accounted for over half of all retail real estate transactions in the French capital in 2025, particularly in the luxury sector, making France the most vibrant market in Europe.



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Taux de rendements prime - commerce de centre-ville



Promising outlook for retail trade

According to Patrick Delcol: *“The macroeconomic outlook, with interest rates of the European Central Bank stabilising since June and the expected business upturn in China, should help the retail sector gain traction in Europe”.*

Tourism growth continues in Europe. According to the World Tourism Organisation, international arrivals increased by **+4.6%** over the last 12 months vs. the year-earlier period. **Footfall figures are now higher than in 2019**, particularly for city centre stores in the major European cities. However, Asian tourist arrivals, particularly from China, have slowed due to weaker economic growth, while American consumers are less willing to spend than they were due to rising prices in the US and the weakening of the dollar.

Consumer confidence has stabilised over the last six months, and perception of consumers' future financial situation has improved. Moreover, according to Eurostat, retail sales in Europe increased by 1.1% in August 2025 compared to the same period last year.

Financial market volatility and geopolitical risks could delay European consumers' decisions somewhat. Nevertheless, the above indicators remain encouraging for European retail trade in 2025.

“Prime rents in European luxury shopping streets are up 9% on average year-on-year, reflecting retailers' growing appetite for ultra-prime locations. The luxury sector continues to grow in appeal, buoyed by a rising influx of tourists seeking European prestige”, remarks **Patrick Delcol**.

In **London**, Bond Street is still the leading location in Europe, with rents estimated at over € 36,736/sqm/yr, up 16% over 12 months. The recent reopening of Italian brand Miu Miu's flagship store in June 2025 shows how luxury brands are competing to establish themselves in the rare and prestigious segments of this street.

Italy also stands out for its prime rental growth, particularly in **Milan**, where rents on Via Monte Napoleone have risen by 13% year-on-year to €15,500/sqm/yr, and in Rome, where rents on Via dei Condotti have risen by 17% year-on-year to € 14,000/sqm/yr.

Prime rents in **Paris** have meanwhile stabilised, standing at € 14,000 /sqm/yr on Avenue Montaigne. Prime rents are also rising in other European cities, such as **Bucharest, Lisbon, Warsaw, Frankfurt** and **Vienna**, underlining the strength of the luxury market in major European cities.



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LOYERS PRIME EN EUROPE – PIED D'IMMEUBLE

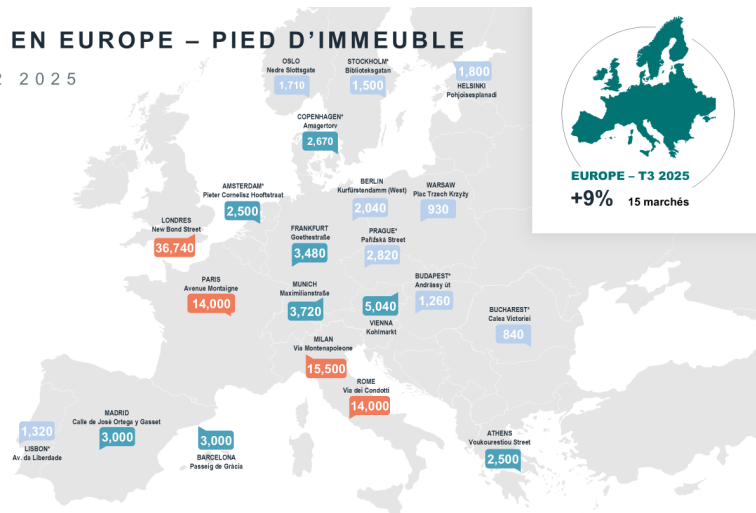
AXES LUXE – T2 2025

T2 2025 vs T2 2024

🇬🇧	LONDRES	+16%	↗
🇫🇷	PARIS	=	→
🇩🇪	BERLIN	=	→
🇩🇪	FRANCFORT	+2%	↗
🇩🇪	MUNICH	-2%	↘
🇮🇹	MILAN	+11%	↗
🇮🇹	ROME	+17%	↗
🇪🇸	BARCELONE	=	→
🇪🇸	MADRID	=	→
🇵🇱	VARSOVIE	+2%	↗
🇳🇴	OSLO	=	→

Loyers (€/m²/an)

> 10,000 €	5,000 - 10,000 €
2,500 - 5,000 €	< 2,500 €



EUROPE – T2 2025
+9% 15 marchés

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