Greater Paris Region Office market

Q4 2025

Occupiers & Investment market

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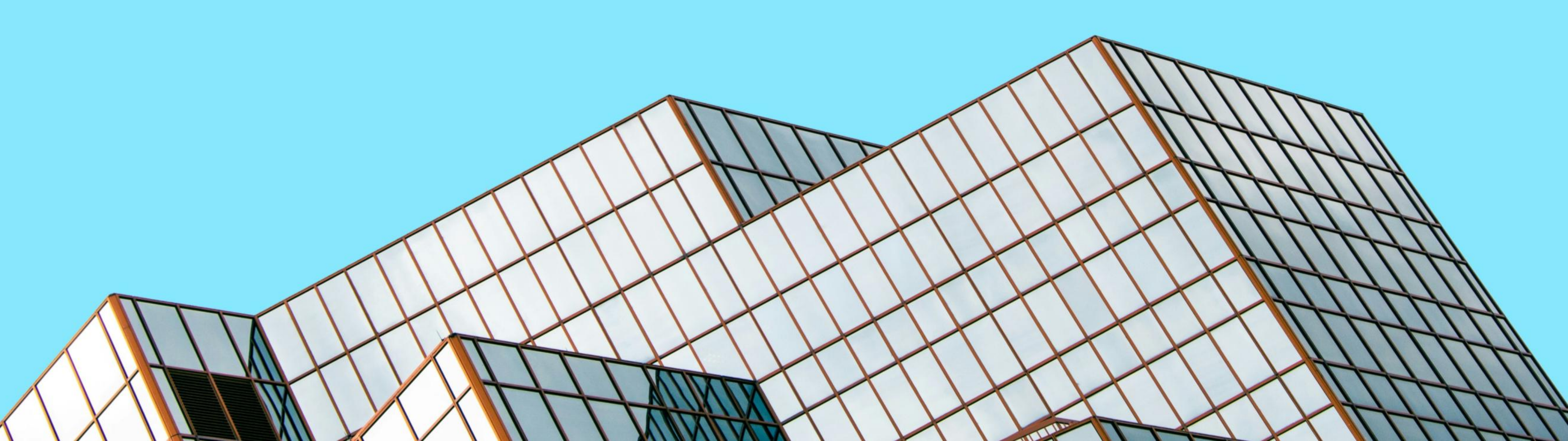


Content

Resilience of the office market in 2025

A high level of uncertainty, driven by both international factors and domestic political tensions, has significantly constrained occupier demand in the Greater Paris Region office market. Transaction volumes remained low throughout the year. Annual take-up reached around 1.6 million sq m, down 9% year-on-year. Activity has been heavily concentrated in Paris (47%), particularly in the Central Business District (CBD). Most submarkets recorded declining transaction volumes, mainly due to the sharp drop in large deals (44 in 2025 for a total of 513,000 sq m).

Conversely, immediate office supply rose to a record 6.2 million sq m at year-end 2025, pushing the vacancy rate to 11.1% across the region. Disparities remain significant depending on location: from 5.5% in the CBD (up sharply) to 31.8% in the Péri-Défense area. New or refurbished buildings represent 30% of this vacant stock, underlining the growing mismatch between recently delivered products and corporate demand.

Rental trends mirrored these imbalances. Prime CBD rents continued to rise, while average values softened. Outside Paris, new-build rents held firm, but second-hand values adjusted downward (-4% to -6%) in markets with structural oversupply such as the Western Crescent and Inner Suburbs.

In parallel, office investment in the Greater Paris Region exceeded €5.7 billion in 2025, a 43% increase compared with last year. After years of gradual decline, the region now accounts for almost 90% of all office investment in French commercial real estate. With monetary conditions easing and returns on alternative asset classes falling, institutional investors - sovereign wealth funds, insurers, pension funds - shifted back toward offices, though selectively (57% of total investment focused on the CBD).

Despite favorable fundamentals supporting a compression of prime yields in the Paris CBD, their trajectory depends on bond yields and overall financial stability. Prime office yields stabilised at the end of 2025, within a 4.00%–4.25% range.

01. Economic context

France outperformed expectations in 2025
Monetary conditions remain supportive in 2026

France's GDP growth in 2025 came in above initial forecasts, even though it remained below the Eurozone average, boosted by Spain and Poland. This performance is notable given that the outlook published before the dissolution of the government had been noticeably more pessimistic.

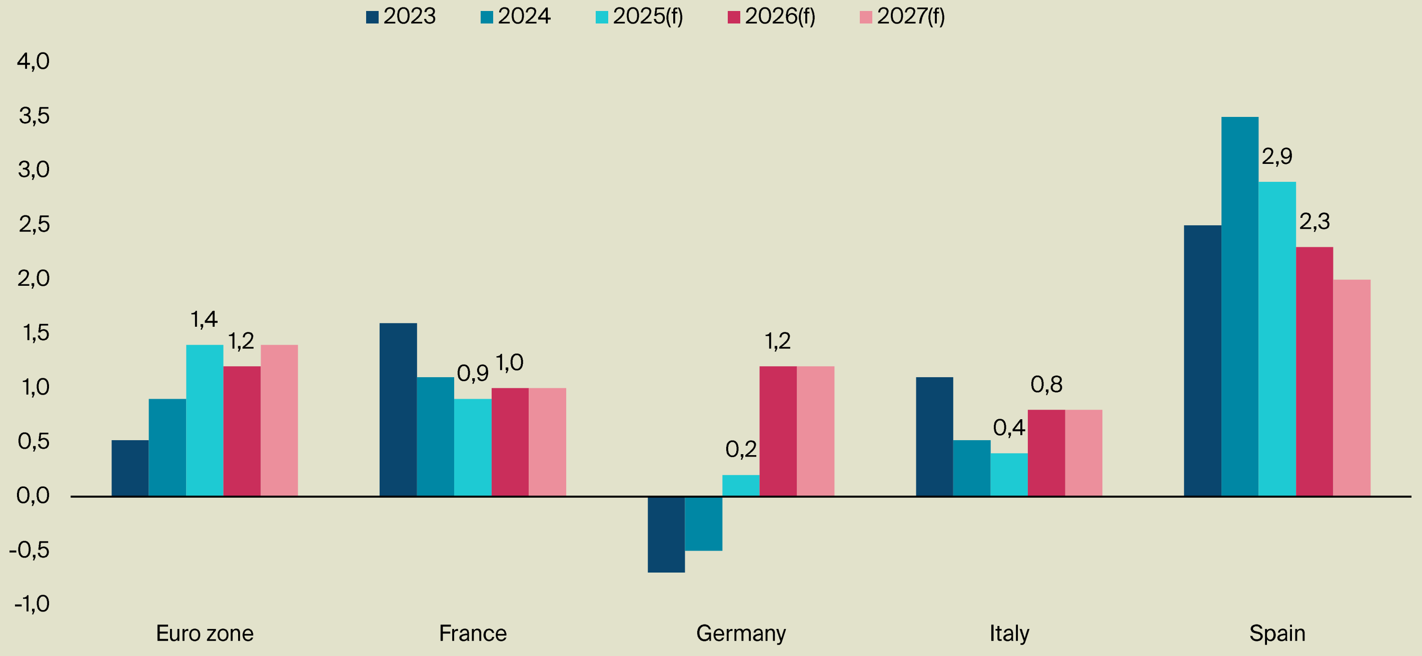
As expected, household consumption remained subdued (+0.3% according to INSEE), while exports were supported by strong deliveries of transport equipment, including aircraft and ships. The real surprise came from corporate investment, which proved far more resilient than anticipated: it is now expected to be close to zero or even slightly positive in 2025, whereas earlier forecasts predicted a decline.

Underlying monetary conditions contributed significantly to the late-2025 improvement: interest rates stabilised around 2%, and inflation fell to 1% in November 2025. These same factors should support French growth in 2026, driven by a recovery in consumption as inflation stays below 2%, and by a rebound in corporate investment as financing conditions ease.

However, caution remains warranted. These projections are highly sensitive to political developments at both national and international levels, where uncertainty remains elevated.

GDP in Zone euro

In %, y-o-y change



Source : Banque de France & European Central Bank / (f) forecasts

Risk perception is rising, uncertainty is becoming the new normal

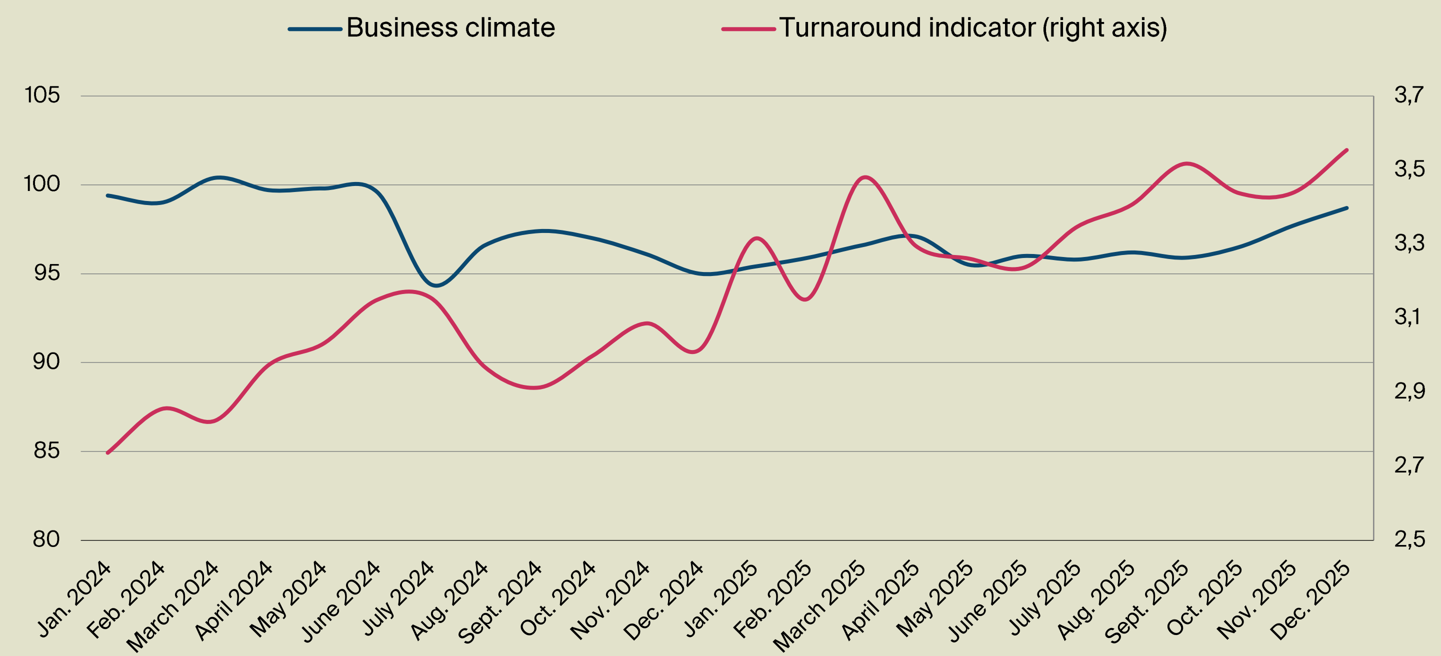
The fast-moving global geopolitical environment is pushing up perceived risk across Western countries' sovereign bond markets, and France is no exception. Domestic political instability is amplifying this effect. While France still enjoys the confidence of financial markets, investors are closely monitoring the country's public-deficit situation. As a result, the spread with Germany - 0.8 percentage points - has reached its highest level in at least 30 years.

In this environment, economic sentiment remains pessimistic and is already having concrete effects. Households are saving more (a record savings rate of 18.4% in Q3 2025, comparable to the 1979 oil crisis), and companies are reducing headcount (-0.3% private-sector employment in Q3 2025). This directly limits short-term demand for office space or other commercial premises.

However, business sentiment has proved less negative than expected. Paradoxically, since the fall of the Bayrou government in September, confidence indicators have risen consistently over the last four months of 2025, a trend not seen in the past two years. While full confidence has not returned, economic agents increasingly appear to accept uncertainty as the new norm. Low inflation and interest rates back at roughly 2% help offset elevated political and geopolitical risks.

Business and employment climate & Turnaround indicator

In points and in %



Source : Banque de France

French economic indicators

As a % of annual change	2024	2025	2026 (Forecasts)	2027 (Forecasts)	2028 (Forecasts)
French GDP	+ 1.1 %	+ 0.9%	+ 1.0%	+ 1.0%	+1.1 %
Unemployment rate	7.4 %	7.6 %	7.8 %	7.6 %	7.4 %
Net job creation (in thousands)	+ 229	+ 16	+ 33	+ 80	+ 124
Business climate (end of period)	95.0	98.7 (Dec.)	-	-	-
Business investment	- 1.6 %	+ 0.1 %	+ 1.2 %	+ 1.9 %	+1.6 %
Company insolvencies (in thousands)	65.7	68.3 (Nov.)	-	-	-
Exports	+ 2.4 %	+ 1.3 %	+ 3.4 %	+ 2.5 %	+2.9 %
Imports	- 1.3 %	+ 3.2 %	+ 2.5 %	+ 2.3 %	+2.5 %

Sources : Insee, Banque de France forecasts

02. Leasing market

2025 Greater Paris Region key figures

1,638,100 sq. m.

Office take-up 2025

€1,230 /sq m/year

Prime rent in Paris CBD

6.2 M sq. m.

Immediate office supply

11.2%

Office vacancy rate

Sources : Knight Frank, Immostat

Continued contraction of office take-up in the Greater Paris Region

As anticipated, political and geopolitical turbulence since September—combined with the uncertainty it generated—has significantly stalled corporate real estate decisions. The traditional seasonality of the office market clearly reflects this: Q4 2025 transaction volume (436,000 sq m) was only marginally above Q3 (415,000 sq m). Overall, the Île-de-France market posted 1.6 million sq m of take-up in 2025, a 9% year-on-year decline, marking the lowest level since 2022 (1.5 million sq m).

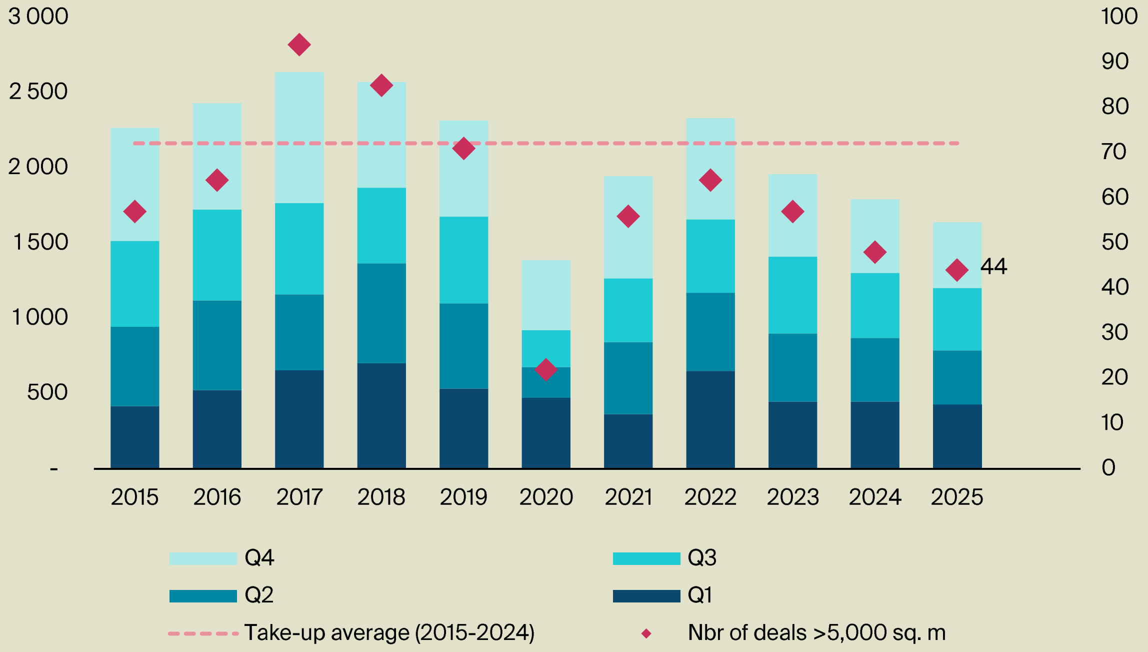
This 2025 performance stands well below the ten-year average (2.1 million sq m), a shortfall of nearly one-quarter. Companies are adopting a cautious, needs-based approach to real estate decisions, while gradually embedding flexible-office models into their workplace strategies—both of which drag down transaction volumes. An increasing number of occupiers are also shifting toward serviced or operated office solutions, directly reducing the volume of "traditional" square meters transacted on the market.

2025

-9%	-24%
VERSUS 2024	VERSUS AV. 2015-2024

Given the current backdrop, a short-term rebound in transactions appears unlikely. Upcoming municipal elections in 2026 and the presidential elections in 2027 add another layer of uncertainty, limiting companies' ability to commit to long-term strategic decisions. Without clearer visibility, many may continue to delay moves, renegotiate existing leases, or downsize their real estate footprint when relocating. In the best-case scenario, the market could maintain its current pace - between 1.6 and 1.7 million sq m - supported by a modest improvement in GDP growth.

Greater Paris region office take-up
In thousands of sq. m



Sources : Knight Frank, Immostat

Half of all leased office space is in Paris
The CBD remains dominant, although activity is slowing.

Market activity continues to concentrate in Paris, which captured nearly 50% of total take-up in 2025, amounting to around 755,000 sq m of office space transacted. As usual, the Central Business District (CBD) was a major contributor, with 312,000 sq m, although this represents an 11% drop year-on-year and 27% below its ten-year average (2015–2024). The slowdown in deals over 1,000 sq m is particularly visible in this submarket, which traditionally drives the entire Greater Paris Region.

Elsewhere in the capital, 2025's performance was mixed. Paris Centre West held steady year-on-year, largely thanks to ACCENTURE's 24,600 sq m letting at "Bergère" in Q4. Beyond its dynamic small and mid-size transactions, Paris North-East recorded consistent activity throughout the year, capped by MISTRAL AI's move into the "Marcadet Belvédère" complex in the 18th arrondissement. Overall, this area saw a 26% annual increase in take-up in 2025.

By geography

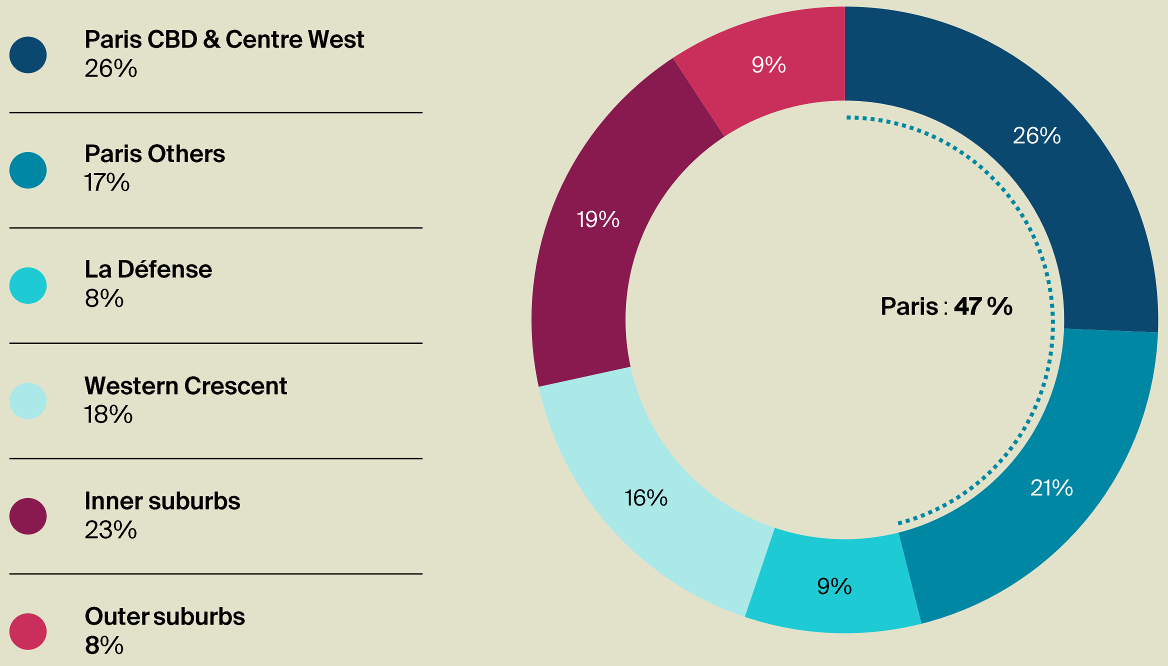
47% PARIS

53% PERIPHERIE

Despite a sharp rebound at year-end, Paris South closed 2025 with a 26% decline in transactions; major lettings such as OECD and IMERYS at "The Circle" in the 15th arrondissement were not enough to offset a slow first half.

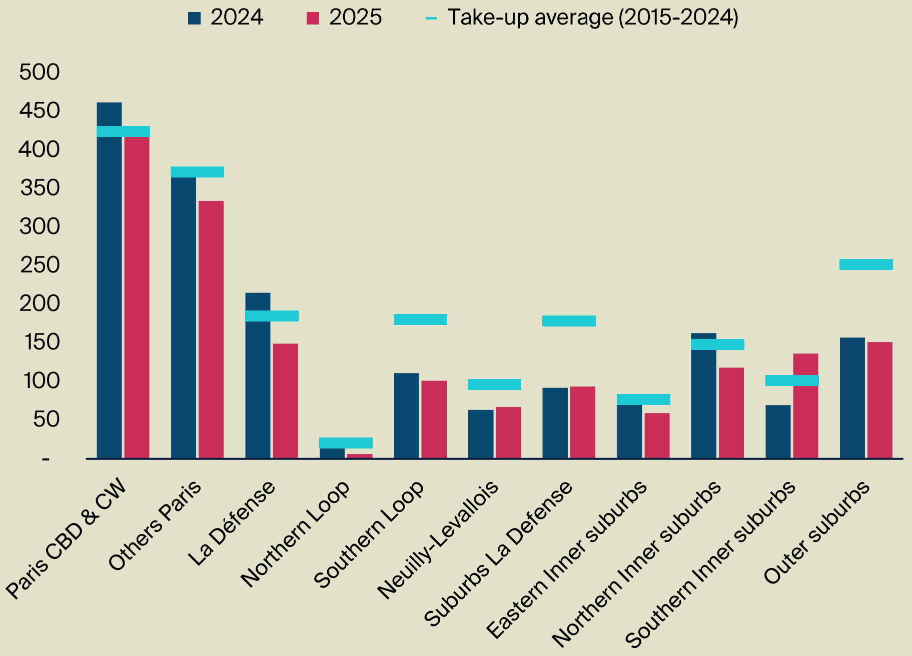
In the suburbs, transaction volumes were broadly stable in the Western Crescent (269,000 sq m) but remained well below long-term averages. Inner Suburbs (314,000 sq m) showed signs of renewed appeal, particularly in the southern part of the zone, supported by several large lettings. At La Défense, mid-size deals (95,000 sq m) sustained market activity, bringing total take-up to 149,000 sq m.

Geographic breakdown of office take-up across the Greater Paris Region in 2025 –
In thousands of sq. m



Activity rebounding in the Inner Suburbs Resilience in La Défense

Greater Paris Region office take-up
In thousands of sq. m



Sources : Knight Frank, Immostat

2025
As a % of take-up volume in Paris

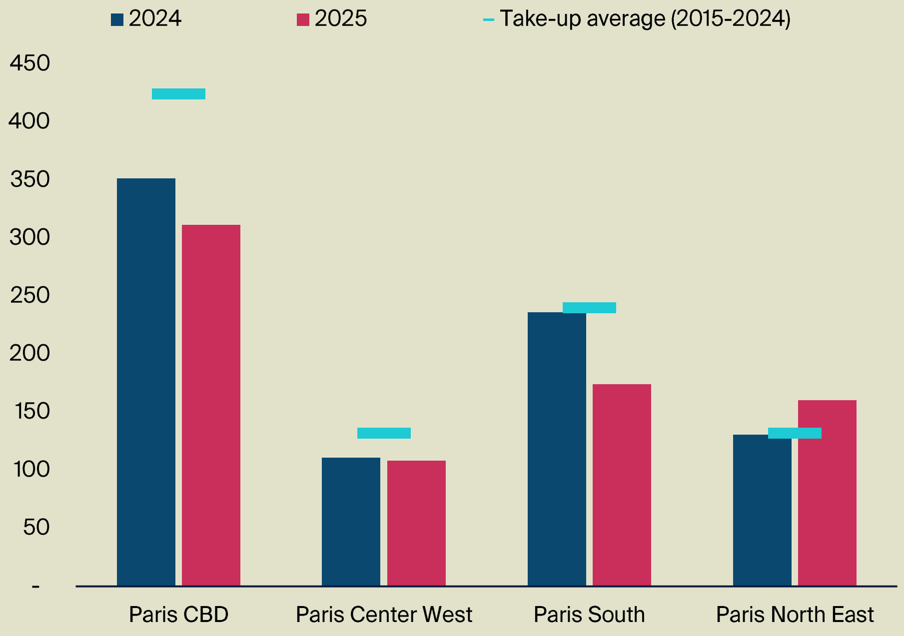
41%
PARIS CBD

14%
PARIS CENTER WEST (EXCL. CBD)

23%
PARIS SOUTH

22%
PARIS NORTH EAST

Office take-up in Paris
In thousands of sq. m



Sources : Knight Frank, Immostat

Paris CBD prime rents continue rising, New-build stays resilient, second-hand trends downward

Office rental values in the Greater Paris Region moved in different directions in 2025, reflecting the varying supply pressures across submarkets.
In the Paris CBD, prime rents increased by 8% in one year, reaching €1,230/sq m/year. Meanwhile, average rents showed only limited growth: €940/sq m/year for new-build (+1%) and €760/sq m/year for second-hand (+3%).

A similar pattern is visible in other Parisian districts, where average rents range between €500 and €810/sq m/year. At La Défense, the strong divisibility and quality of new or refurbished buildings supported a 7% increase in first-hand rents (€480/sq m/year), while the prime benchmark stabilised around €540/sq m/year.

Conversely, oversupply in the Western Crescent and Inner Suburbs pushed transactional rents downward. Second-hand rents dropped by 6% and 4% respectively, reaching €340/sq m/year and €270/sq m/year.

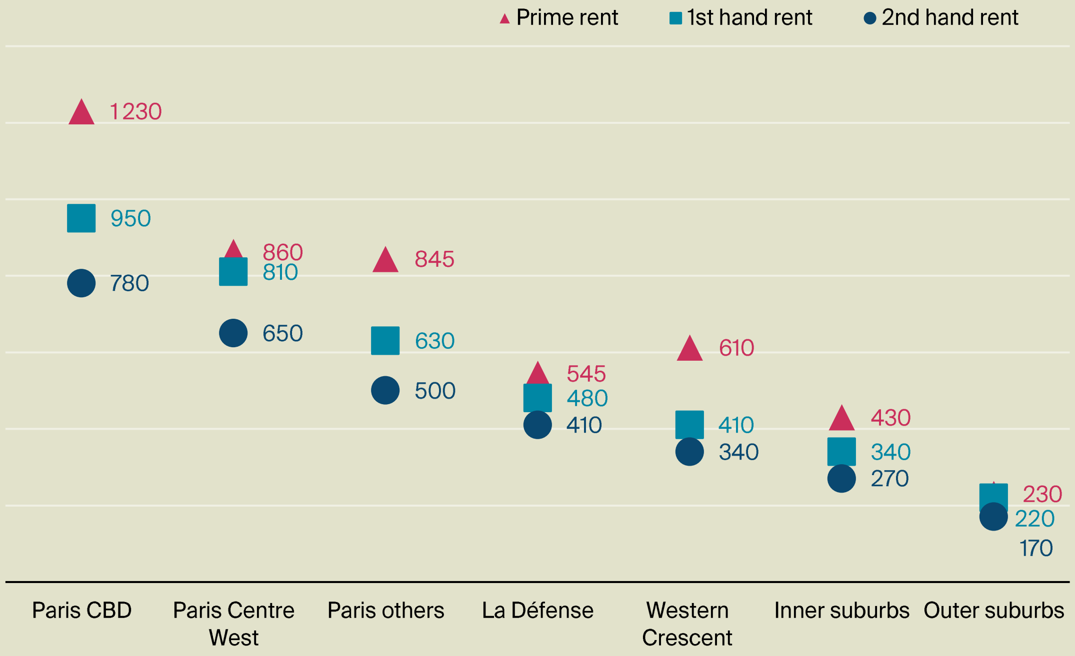
For the first time, tenant incentives averaged 30% across the Greater Paris Region, while indexation trends are expected to slow significantly in 2026 (projected between –1% and +1.5%).

Tenant rental incentives
As of 31st December 2025

16.8%
PARIS CBD

30% (average)
From 10% to 40% depending on GPR submarkets

Transactions rental values – 2025
In €/sq m/year – excluding charges & taxes



Sources : Knight Frank for prime rents, Immostat for 1st and 2nd hand rents

11.2% vacancy rate in the Greater Paris Region 30% of vacant space is new or refurbished

Office space vacancy has been rising steadily since 2020. Immediate office supply in the Greater Paris Region reached 6.2 million sq m at the end of 2025, of which 30% consists of new or refurbished space. After the wave of non-pre-let completions in 2024, the increase in 2025 was driven mainly by the release of second-hand space (4.3 million sq m, +12% year-on-year).

In this context, almost all market areas recorded higher vacancy rates in 2025, reaching levels unseen in the past decade. In Paris CBD, available space rose from 245,000 sq m to 372,000 sq m in a single year (+52%), pushing the vacancy rate to 5.5% at year-end. Overall, the Paris market now counts 1.4 million sq m of vacant space (+32% year-on-year), corresponding to a vacancy rate of 7.3%. La Défense stands apart, with a vacancy rate that remained almost stable year-on-year (536,000 sq m, or 14.5% at end-2025). The Western Crescent and Inner Suburbs each had close to 1.7 million sq m of vacant offices at year-end, including 400,000 sq m and 800,000 sq m respectively of new space. In these areas, vacancy rates—still rising—range from 10.8% (Eastern Inner Suburbs) to over 30% (Suburbs of La Défense).

This upward trend in supply is expected to continue in 2026. More than 2.5 million sq m of additional space, coming from non-pre-let completions and second-hand releases, could feed immediate availability. We expect the regional vacancy rate to reach around 13% by end-2026 and between 7 and 8% in Paris CBD.

Immediate supply
As of 31st December 2025

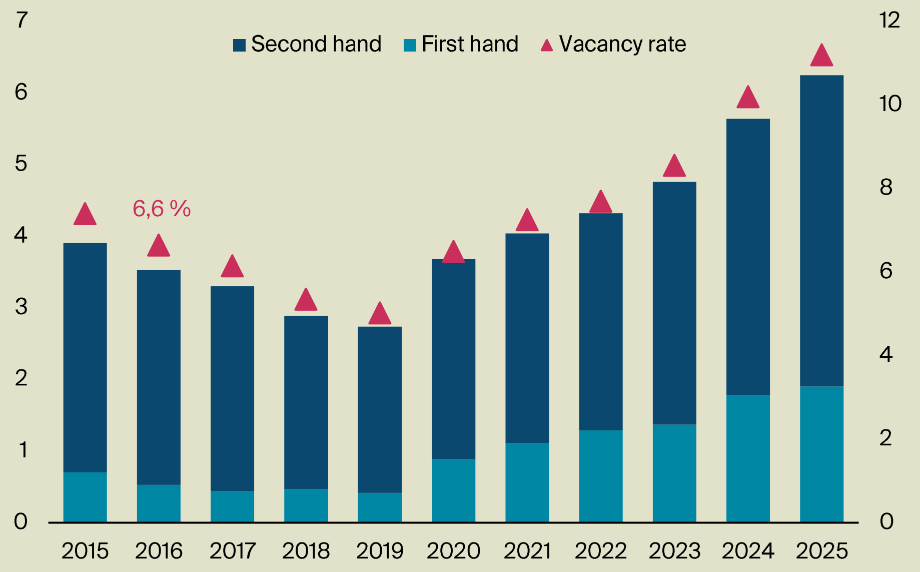
+12%

ONE-YEAR CHANGE

30%

SHARE OF NEW OR REFURBISHED OFFICE SPACE

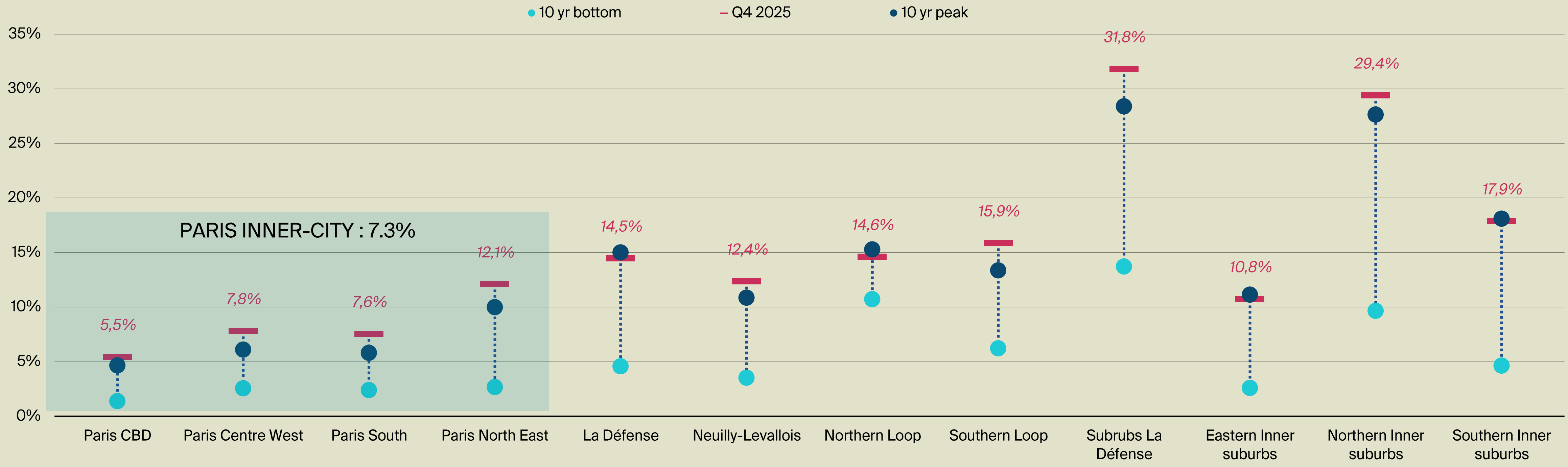
Greater Paris Region immediate supply & vacany rate
In million sq m and in %



Sources : Knight Frank, Immostat

Vacancy rates vary widely across submarkets

Office vacancy rates in the Greater Paris Region
In %



Sources : Knight Frank, Immostat

Lower office completions in 2026
311,000 sq m still to be marketed

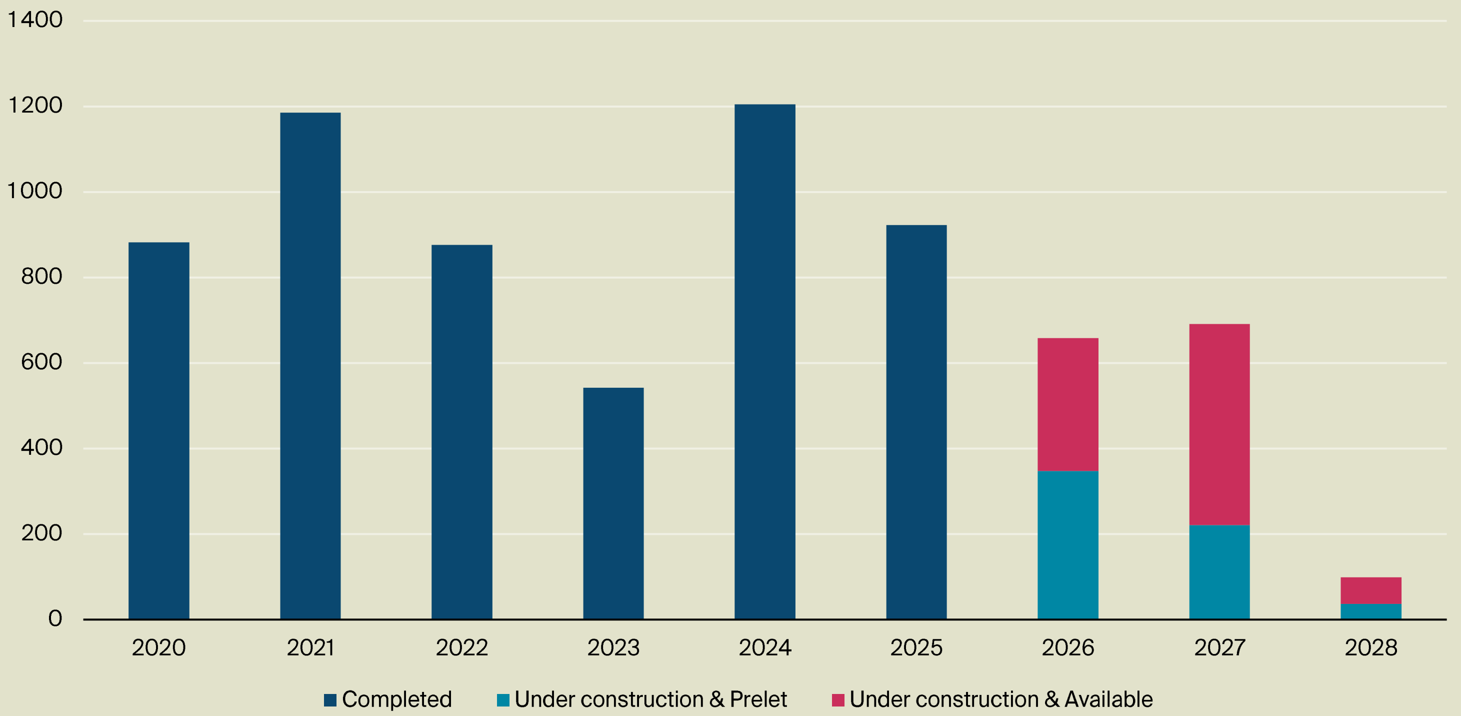
The shift in corporate demand—particularly the reduction in average lease sizes—has led developers to adopt a more cautious approach when launching new office projects. Announced deliveries for 2026 (660,000 sq m) remain substantial, although lower than in 2024 (a peak year) and 2025 (922,000 sq m). With a pre-letting rate of 53%, these projects represent around 311,000 sq m of space still available to market in 2026.

Their geographic distribution is unusual: no new space is scheduled in La Défense, while 94,000 sq m is expected in Paris CBD and Centre West, mainly in the Étoile sector. In southern Paris, deliveries will be significant, totaling 166,000 sq m, of which 66,000 sq m (4 schemes) remain available. The Western Crescent will deliver around 131,000 sq m in 2026, with nearly 67,000 sq m still being marketed in Levallois-Perret (2 schemes) and Boulogne-Billancourt (1 scheme).In the Inner Suburbs, the pace of construction has dropped sharply: only 62,000 sq m is currently underway for delivery this year, including 22,000 sq m still available (3 schemes in Villejuif, Saint-Ouen and Montreuil).

Looking further ahead (2027–2028), nearly 800,000 sq m is already under construction, of which 532,000 sq m has yet to be pre-let. These future projects are heavily concentrated in the southern districts of Paris, particularly on the Left Bank in the 13th arrondissement, and through four major schemes in the 15th—including the "Tour Triangle".

New or refurbished office space above 5,000 sq m – Greater Paris Region

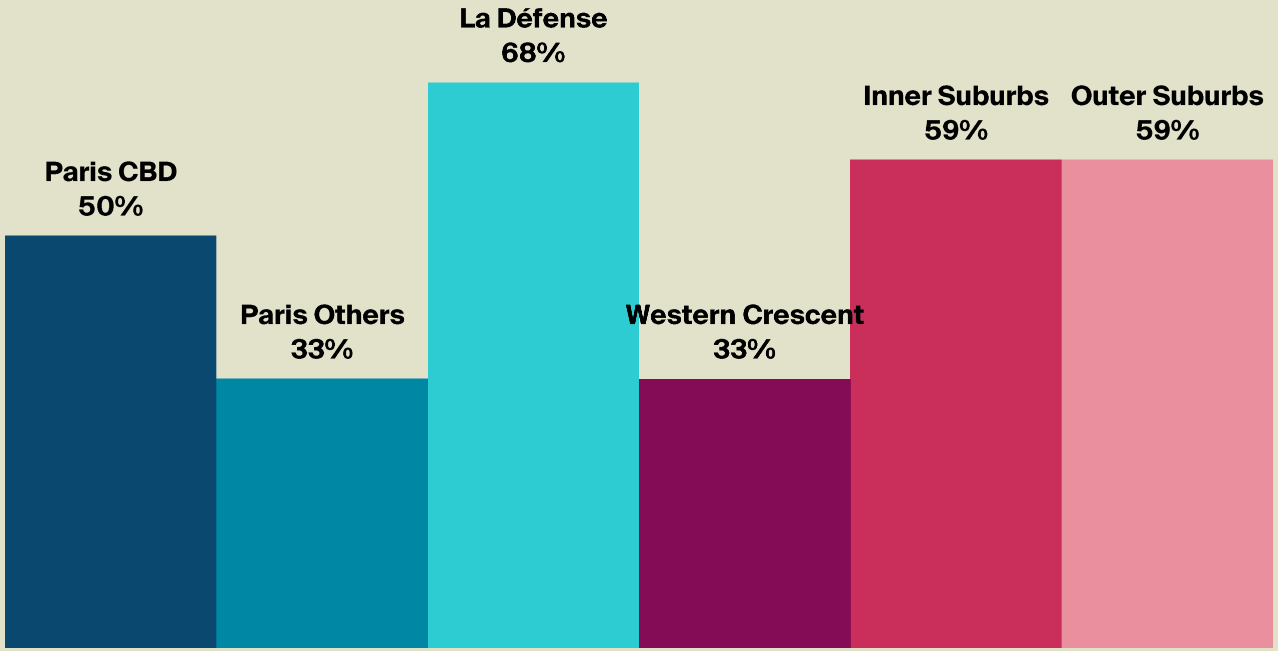
In thousands sq m



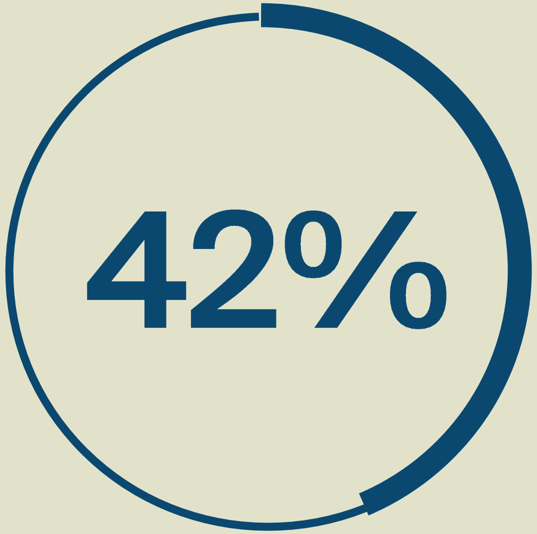
Source : Knight Frank

Uneven pre-letting across markets

Preletting ratio (office completions expected from 2026 to 2028)
In % of total office space sup. 5,000 sq. m. under construction



Source : Knight Frank



GREATER PARIS REGION
2026-2028

03. Investment

Key figures of the investment market

€6.4 Bn

INVESTED IN OFFICES IN FRANCE, OF WHICH 89 %
is in the Greater Paris Region

Source : Knight Frank

44 %

VOLUME INVESTED IN OFFICES IN FRANCE,
(In 2025 - all asset types combined – excluding non-divisible portfolios)

Source : Knight Frank

4.00 % - 4.25 %

PRIME YIELD
Paris CBD
Q4 2025

Source : Knight Frank

Investment volume rebounds, increasingly concentrated in the Greater Paris Region

For the first time in six years, office investment recorded an annual improvement. A total of €6.4 billion was invested in offices across France in 2025, up 17% compared with 2024. However, this remains far below the levels seen during the low-interest-rate years prior to 2023 (2016–2022 average: €20 billion). Only 183 transactions were completed in 2025, versus around 500 per year on average between 2016 and 2022.

The macroeconomic and geopolitical environment remains highly uncertain and therefore unfavorable. The announcement of higher customs tariffs by the Trump administration, geopolitical tensions abroad, and political uncertainty in France all weighed on investment sentiment, prompting many players to adopt a wait-and-see attitude.

Investors have therefore been extremely selective. With sellers and buyers still struggling to agree on pricing for traditional core assets, capital has shifted toward well-located properties that have experienced a valuation discount and offer clear value-creation potential.

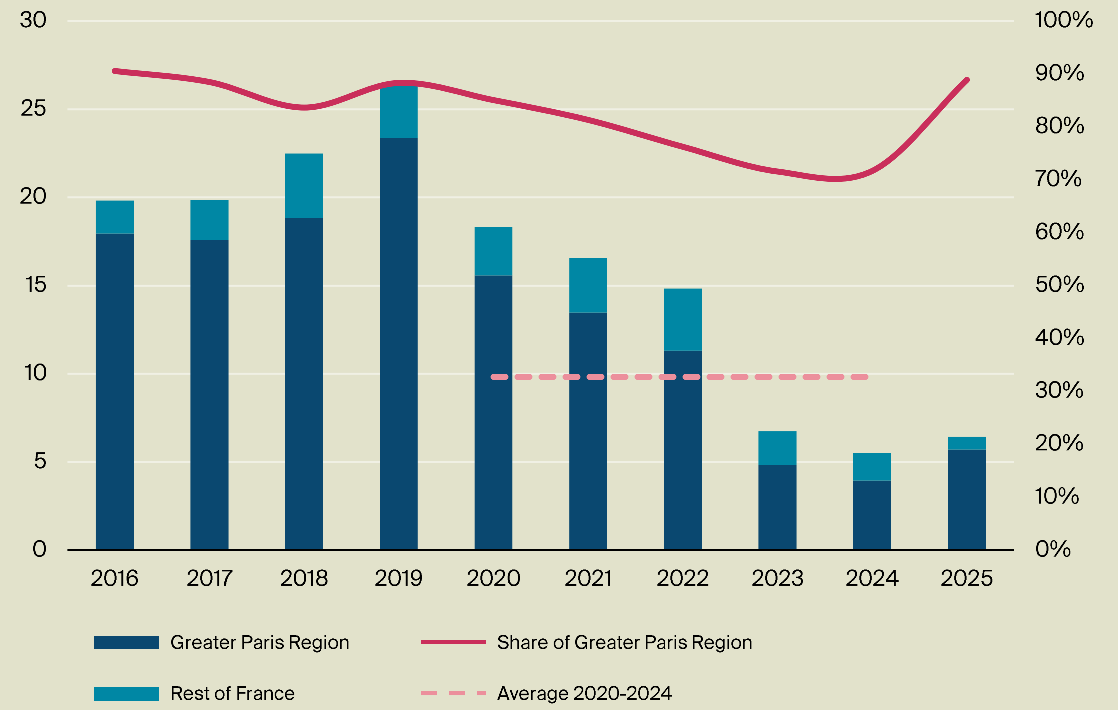
This strategy resulted in a strong dominance of the Greater Paris Region, which alone captured €5.7 billion, more than half of which was invested in the Paris CBD. It also impacted capital allocation by risk profile: in the Greater Paris Region, core+ reached a record 38%, value-add accounted for 24%, while core dropped to 38%, its lowest share in the past decade (for transactions above €100 million).

Another notable trend: the strong presence of foreign investors (36%), especially those from the UK and US, known for their higher risk appetite. They represented 9% and 13% respectively of all office investments — historically, high levels.

Buyer profiles also shifted significantly. Investment funds and private investors reached their highest shares in ten years, with 41% and 23%, respectively. Conversely, institutional investors (banks, insurers, mutuals) and French real estate funds (SCPI/OPCI)—traditionally more focused on core assets—fell to their lowest levels since 2016, accounting for only 4% and 8%.

Office investment volume in the Greater Paris Region

In € billion (left axis) and in % of total volume in France (right axis)



Source : Knight Frank

More than half of all investment went to the Paris CBD, while La Défense returns to the market after two quiet years

Office investment in the Greater Paris Region rebounded in 2025, reaching €5.7 billion, an increase of 45% compared with 2024 and 19% above 2023.

From a geographical perspective, the classic real-estate mantra “location, location, location” proved true once again: 53% of total investment volumes were concentrated in the Paris CBD, totaling €3 billion. Three major transactions accounted for nearly half of this amount: the sale of “Paris Trocadéro” by Union Investment to Blackstone for €700 million, the sale of “Solstys” by Deka to Gecina for €435 million, and the sale of “Renaissance” by URSSAF to Ardian for €300 million

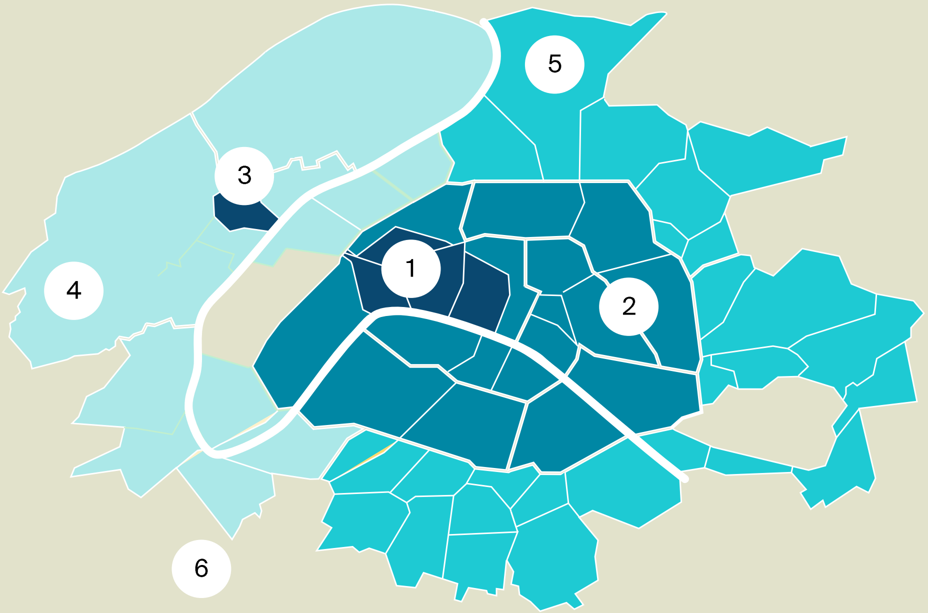
La Défense also posted a strong year, with nearly €500 million invested — marking a clear comeback after two stagnant years. This result was driven by two major transactions: Unibail-Rodamco-Westfield’s disposal of 80% of its stake in the “Trinity” tower to NBIM for €347 million, and Covivio’s acquisition of 25% of the CB21 tower from CNP Assurances for €100 million, giving Covivio full ownership.

Not all markets performed well. The Inner and Outer Suburbs, historically more active, were almost at a standstill in 2025. Investors have become increasingly cautious in areas where the leasing market remains under pressure and vacancy rates are high.

Geographic breakdown of office investment volumes in 2025

In the Greater Paris Region

1	Paris CBD	€3 Bn
2	Paris other	€1.6 Bn
3	La Défense	€0.5 Bn
4	Western Crescent	€0.5 Bn
5	Inner Suburbs	< €0.1 Bn
6	Outer Suburbs	< €0.1 Bn



Source : Knight Frank

Prime office yields remain stable in an uncertain environment

The successive cuts in ECB policy rates throughout 2025 were not enough to trigger a meaningful rebound in the investment market. Macroeconomic and political instability has disrupted the expected downward trajectory of real estate yields. Investors remain focused on maintaining an adequate risk premium over the risk-free rate — the 10-year OAT — which, for its part, rose by around 20 basis points between the start and end of the year (3.50%).

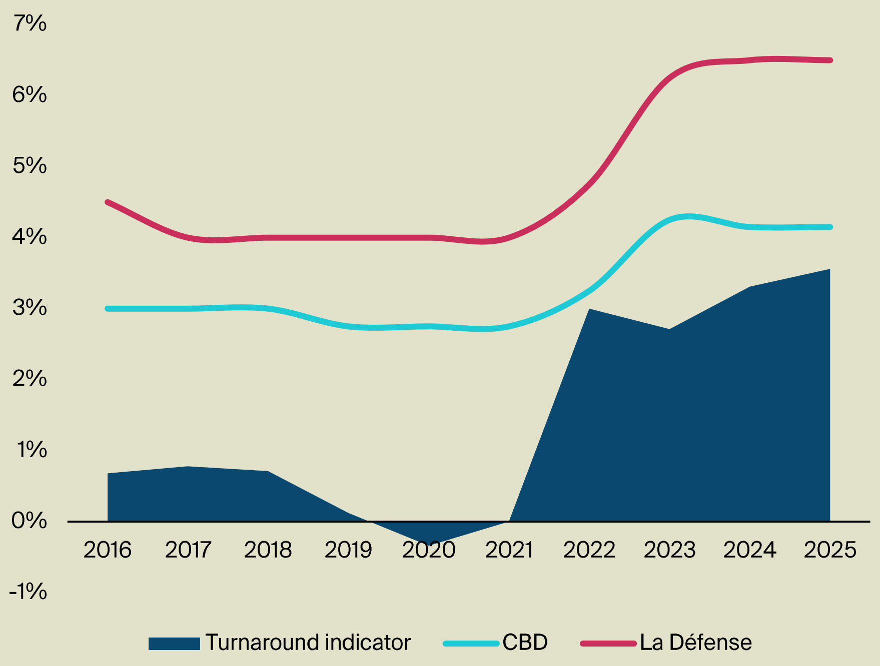
The market is therefore waiting for uncertainty to ease before real estate yields can compress again. For prime assets, owners are holding firm on valuations, confident in the underlying fundamentals of their buildings, while potential buyers are seeking better compensation for risk.

As a result, prime yields in the Paris CBD remained stable over the year, within a 4.00% to 4.25% range. The same is true for La Défense, where the prime benchmark stayed at 6.50%.

Whether prime yields start to decline again in 2026 will depend largely on how quickly global and domestic sources of uncertainty are resolved. Underlying real estate and macroeconomic fundamentals remain solid and supportive.

	One year change	10-year change
PARIS CBD	=	▲ +65 pdb
LA DÉFENSE	=	▲ +175 pdb

Prime office yields in the Greater Paris Region
As a %, end of period



Source : Knight Frank

04. Definitions

Definitions

TAKE-UP:
All transactions, whether for lease or sale, carried out by users, including pre-lettings, turnkey deals, and own-account transactions, subject to the lifting of conditions precedent.

IMMEDIATE SUPPLY:
All vacant space available for marketing at a given moment. This does not include searches for new tenants or lease terminations until the tenant moves out.

VACANCY RATE:
Ratio between immediately available supply and existing stock.

PRE-LETTING:
Lease agreement signed before the delivery of a building.

CONDITION OF PREMISES / NEW AND SECOND HAND:
A transaction is considered to be new if it takes place less than five years after the construction or renovation of a building and the condition of the premises is new or refurbished. A re-letting in a building completed less than five years ago is therefore considered second-hand.

AVERAGE RENT FOR NEW AND SECOND-HAND PROPERTIES:
Weighted average calculated from a simple average calculated by category and quality of space based on the take-up specific to each market sector. This calculation method prevents the rent indicator from varying due to temporary changes in the activity of different markets..

PRIME RENT:
Weighted average of the five transactions > 500 sq m with the highest rents over the last 12 months, all qualities combined (expressed in €/excluding taxes and charges/sq m/year).

TOP RENT:
Highest transaction rent (> 500 sq m) observed over the last 12 months (expressed in €/excluding taxes and charges/sq m/year).

RENTAL INCENTIVES:
All financial concessions granted during a transaction: rent-free period, works, stepped rents.

The Knight Frank Research department

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The data used for this study comes from sources widely recognised for their accuracy, as well as from Knight Frank property market monitoring tools.

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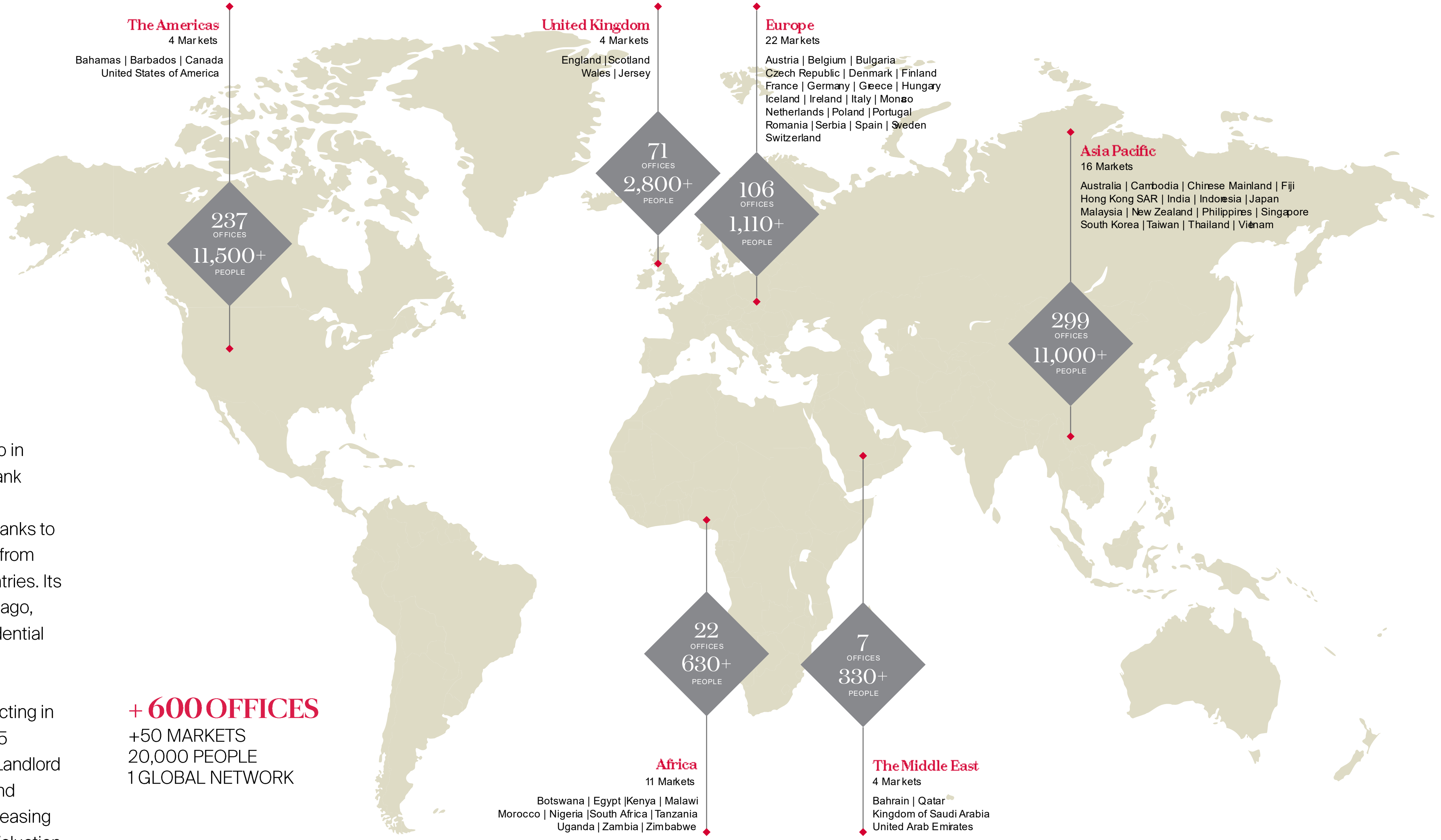
Knight Frank
In short

Founded more than 125 years ago in Great Britain, today the Knight Frank group offers its expertise through international real estate advice thanks to more than 27,000 people acting from more than 740 offices in 50 countries. Its French branch, created 50 years ago, operates in commercial and residential real estate markets.

With more than 100 colleagues acting in Paris, Knight Frank France offers 5 different services: Occupier and Landlord Strategy and Solutions, Design and Delivery, Capital Markets, Retail Leasing and Expertise with Knight Frank Valuation and Advisory.



+ 600 OFFICES
+50 MARKETS
20,000 PEOPLE
1 GLOBAL NETWORK

Knight Frank