

## Prime European CBD office rents have grown by an average of 7.4 per cent since Covid-19, says Savills

2 years ago



According to Savills latest research, prime European Central Business District (CBD) office rents have grown by an average of 7.4% since the Covid-19 outbreak, above the secondary CBD average of 1.1%.

In London West End, Amsterdam and Paris, the gap between prime and secondary rental growth has increased most significantly, by 34%, 29% and 16%, respectively.

The international real estate advisor believes it is no surprise that these three European cities are leading the way, given upcoming regulatory deadlines.

The UK Minimum Energy Efficiency Standards (MEES) regulation requires that existing commercial property must achieve a minimum EPC rating of C by 2027 and B by 2030. Even tighter regulations are being implemented in the Netherlands, where since January 2023, all office buildings require an energy label of C or higher with penalties for non-compliance. From 2030, the Dutch Government intends to increase this to an A label.

The Décret Tertiaire in France is a binding regulation that sets out the reduction of energy consumption in existing tertiary use buildings, with a target of at least 40% reduction in 2030, 50% in 2040 and 60% in 2050.

Mike Barnes, Associate Director, European Research at Savills, says: “Between 2014 and 2020, prime and secondary CBD office rents tracked a fairly similar path. However, the pandemic and legislative deadlines have disrupted the relationship between prime and secondary rental growth, with the former outperforming the latter.”

Christina Sigliano, EMEA Head of Global Occupier Solutions at Savills, adds: “On the one hand, occupiers

are opting for greener office space, both to attract and retain talent against industry competitors amid record low unemployment rates. More recently, though, larger, listed companies are opting for greener stock in order to reduce carbon emissions.

“Given the relationship between tightening EPC regulation and a widening divergence between prime and secondary CBD rental growth, we expect mainland European markets will observe a similar rental diversion once stricter EPC regulations are inevitably introduced.”

[To read the full report, please click here.](#)