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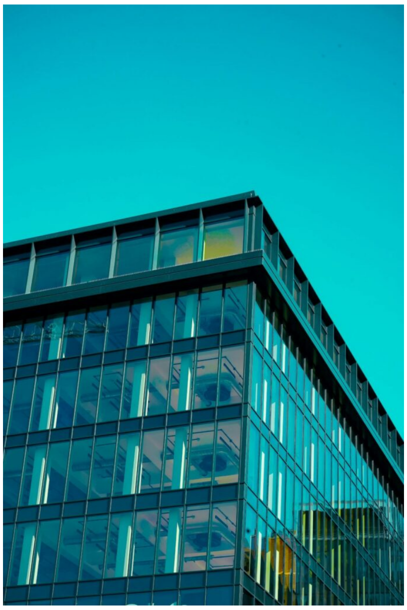
Big deals are returning in the European office market

2 months ago



Savills analysis based on preliminary RCA data indicates that the Q3 2025 average European office transaction lot size grew to €30m, the highest level for three years.

The number of office investment transactions over €50m has risen by 43% year-on-year (yoy), as investors become more willing to deploy on larger lot sizes, says the international real estate advisor.

During Q3 2025, European average prime office yields remained stable at 4.87%, according to Savills. Dublin compressed by 15 bps to 4.85%, whilst Berlin compressed by 10 bps to 4.4%.

RCA data shows that EMEA cross border investment into European offices has risen by 46% yoy compared to the previous 12 months, with Norwegian, Swiss, UAE and Spanish buyers leading the way so far in 2025. Despite their focus on the London office market, established US investors are also showing increased levels of activity on the continent, with Blackstone, for example, acquiring the Trocadero in Paris for circa €700m during Q3 2025.

James Burke, Director, Global Cross Border Investment at Savills, says: “The quantum and breadth of buyers for European offices has returned and we are seeing an uptick in the number of underbidders for prime stock. Signs of yield compression for the asset class in selected markets is also drawing a greater number of vendors.”

Mike Barnes, Director in Savills European Commercial Research team, adds: “Income returns will continue to be the main driver of total returns over the next twelve months. With a shortage of new office developments taking place, occupiers have few options at lease expiry. Interest rates remain high, and occupiers are hesitant to invest in capex on new premises, and we are thus seeing a higher proportion of lease renewals, providing landlords with opportunities to capture prime rental growth.”