

# The Greater Paris Region Office Market

1<sup>st</sup> Quarter 2026

Occupiers & investment market

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# A subdued 1<sup>st</sup> quarter 2026

The office market in the Greater Paris Region continues to adjust in 2026, with a sluggish 1st quarter on both the occupiers market and direct real estate investment fronts. The persistently uncertain economic climate and geopolitical tensions have derailed companies' real estate plans, leading them to downsize, postpone, and even cancel their moving plans. As a result, the volume of leased space (367,700 sq m) has hit historic lows, representing a significant drop (approximately 25%) compared to the average volumes of the past 10 years. The slowdown is particularly noticeable for areas over 5,000 sq m, which accounted for less than 77,000 sq m of transactions via 7 deals. In this specific context, the capital continues to play a central role, accounting for 40% of total transaction volume; Paris Central Business District (CBD) accounted for 25%. In the suburbs, the Western Crescent is picking up steam with a deal of over 20,000 sq m in Péri Défense, while the Outer Southern Rim is home to the other major transaction of this quarter (Vélizy-Villacoublay).

The continued availability of significant supply (6.3 million sq m) and its sometimes-rapid increase, as is the case in Paris, is putting pressure on rental values for transactions.

They are still showing growth in some sectors, but at a moderate pace for prime rents (€1,210/sq m/year for the CBD) and asking rents for new and refurbished space, ranging between €640 and €990/sq m/year in Paris and between €310 and €500/sq m/year in the Inner Suburbs, depending on the submarket. Rental values for second-hand space are adjusting where supply is oversaturated: -11% in the Inner Suburbs (€250/sq m/year) and between -4% and -5% in certain areas of Paris, with values ranging from €500 to €620/sq m/year. They are still holding up in the CBD, where the vacancy rate remains moderate (6%, compared to 11.3% across the Greater Paris Region).

The real estate investment market was relatively inactive in the 1st quarter of 2026, with approximately €1.4 billion invested in the Greater Paris Region, of which only €717 million was in office properties. Paris CBD accounted for 74% of market activity this quarter, with €530 million invested. This market contraction could persist in the coming quarters, given the deteriorating geopolitical climate that is disrupting the natural flow of foreign capital. A decompression of prime yields is likely if bond yields continue their current upward trend.



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# 01. Economic context

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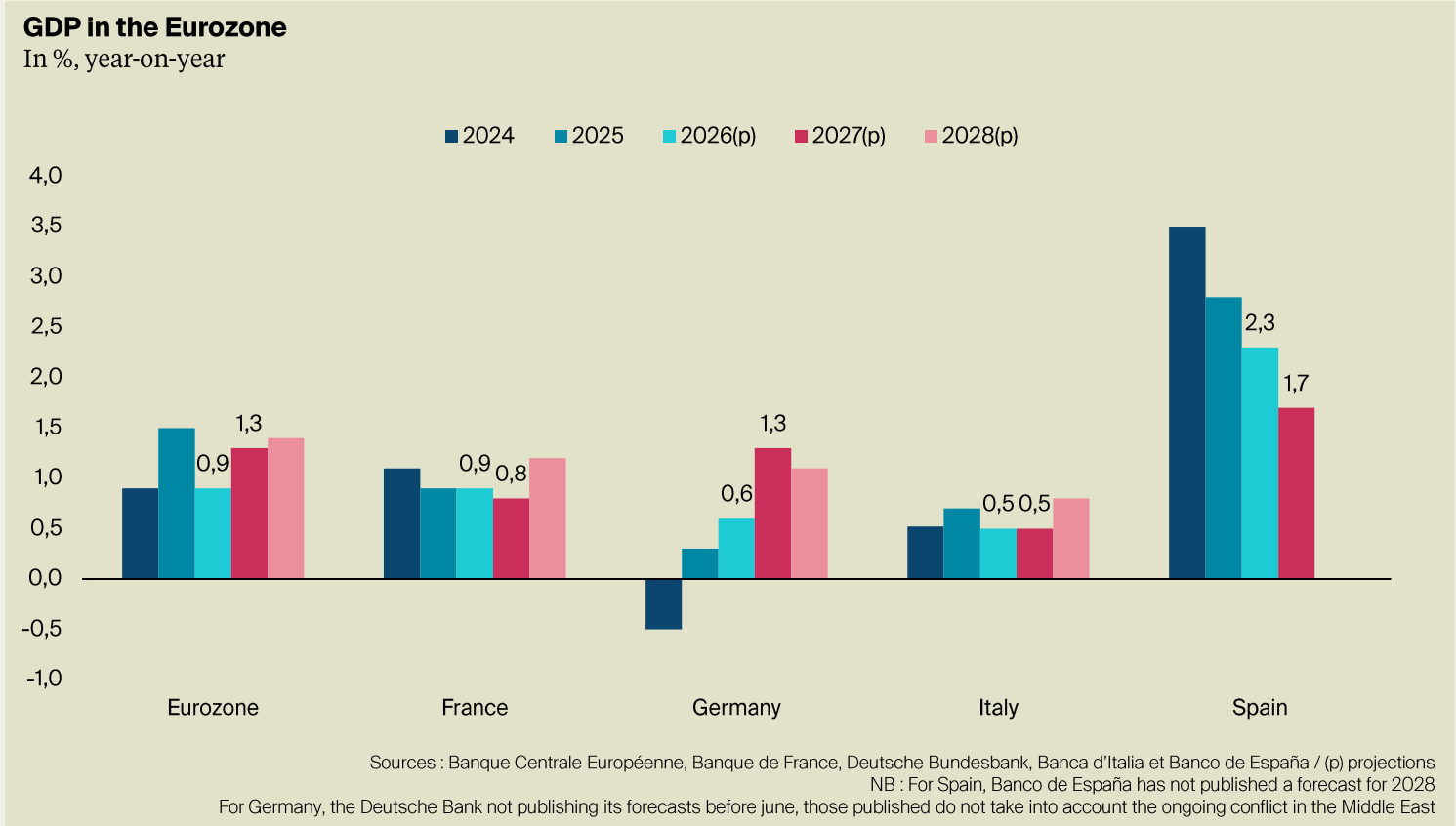
# France has been less severely affected than its neighbours by the war in the Middle East

Following the outbreak of war in the Middle East on the 28th February, the European Central Bank (ECB) forecasts a negative impact of -0.3 percentage points of GDP within the Eurozone and growth of +0.9%. The major European economies have all revised their growth forecasts downwards.

Due to its energy mix, France is certainly significantly affected by inflationary pressures, but to a lesser extent compared to the rest of the Eurozone. As such, France is expected to suffer a minimal impact (-0.1 percentage points of GDP) and post GDP growth of +0.9%, a figure well above that of Germany (+0.6%) and Italy (+0.5%).

Furthermore, whilst confidence among French economic agents has certainly deteriorated (business climate estimated at 96.9 in March 2026), it remains higher than the level seen at the time of the dissolution of the Bayrou and Lecornu I governments.

However, these forecasts remain fragile and depend heavily on the duration of the blockade of the Strait of Hormuz. Whilst monetary conditions remain favourable in France for the time being, the deadlock in the Middle East conflict and the inflationary pressures it generates could plausibly lead the ECB to raise interest rates later this year. Such rate hikes could encourage households to prioritise saving over investment or consumption.

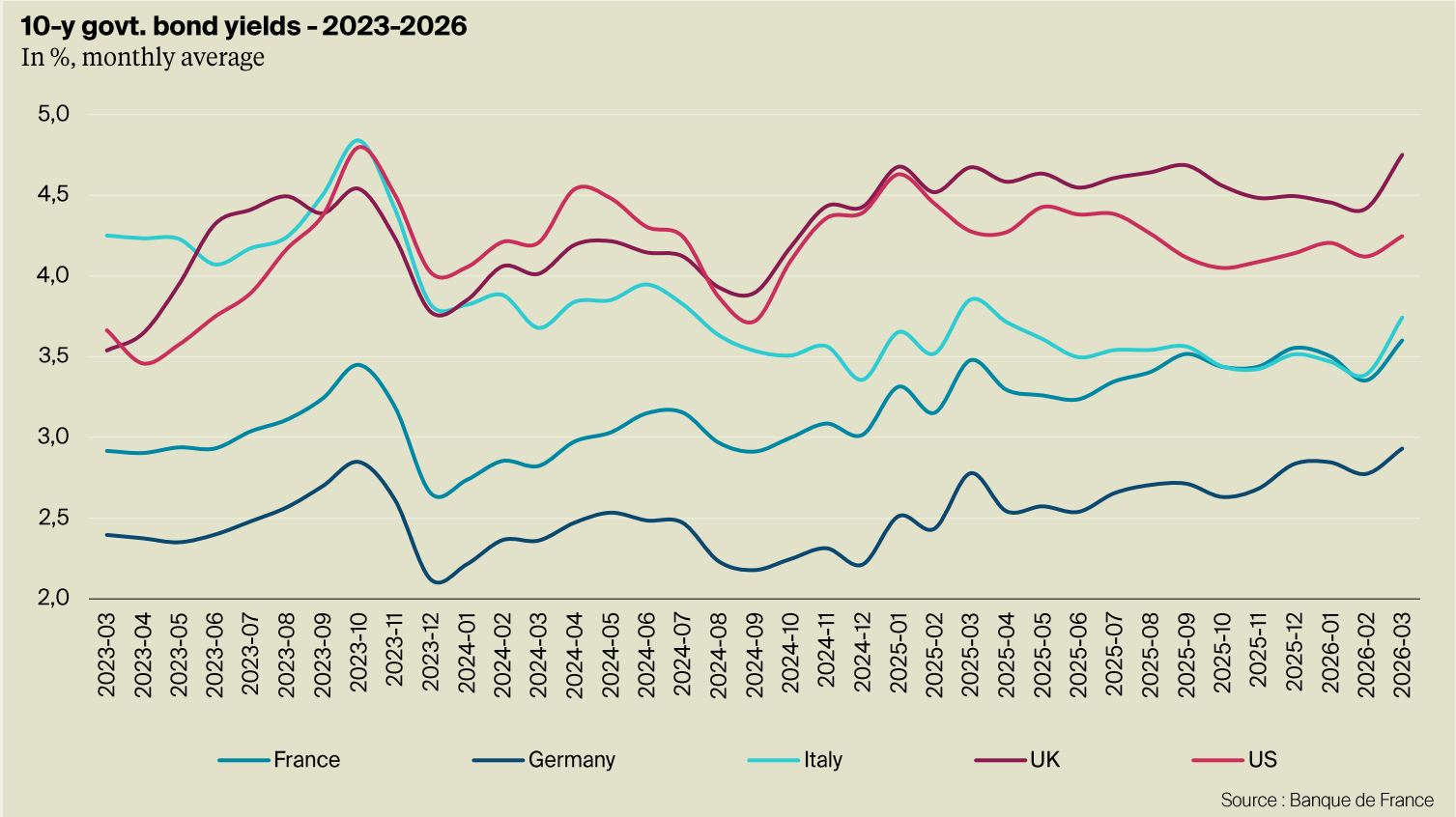


# A rise in long-term interest rates across Western economies

Whilst France was emerging from a turbulent end to 2025, marked by domestic political instability, an agreement reached between the political parties led to a lower OAT rate during the first two months of 2026. However, this did not take into account the conflict in the Middle East and the inflationary pressures it is generating. France's OAT rate therefore reached 3.8% by the end of March 2026, its highest level in 15 years.

This rise in bond rates is affecting most Western countries, however, and France is less affected than other economies. For example, since the start of the conflict in the Middle East, OAT rates in the United Kingdom and Italy have risen by more than 33 basis points, compared with 25 for France (calculated as a monthly average). In this regard, the Italian rate is back being above that of France. The United States has seen its rate rise by 13 basis points, but it is still well above that of France. Only Germany, the European and indeed global benchmark, has fared better than France, with a rise of just 15 basis points.

Bond yields in European countries could rise in the future if the conflict in the Middle East becomes deadlocked. Donald Trump has publicly stated his intention to double US military spending in less than a year. This increase in spending is expected to contribute to a significant rise in US OAT rates. A higher OAT rate also means a better return for investors, who may therefore be encouraged to favour US debt securities over those of European countries. As a result, the prices of European government bonds could fall, thereby causing their bond yields to rise.



# French economic indicators

As a % of annual change	2024	2025	2026 (Forecast)	2027 (Forecast)	2028 (Forecast)
French GDP	+ 1.1 %	+ 0.9 %	+ 0.9 %	+ 0.8 %	+1.2 %
Unemployment rate	7.4 %	7.6 %	8.0 %	7.9 %	7.7 %
Net job creation ('000)	+ 229	+ 34	+ 16	+ 67	+ 126
Business climate (end of period)	95.0	98.7 (Dec.)	96.9 (Mar.)	-	-
Business investment	-1.6 %	+ 0.3 %	+ 0.7 %	+ 1.5 %	+ 1.6 %
Business failures (thousands) - 12-month total	65.7	68.6	69.4 (Feb.)	-	-
Exports	+ 2.4 %	+ 1.4 %	+ 3.5 %	+ 2.3 %	+2.9 %
Imports	- 1.3 %	+ 3.0 %	+ 0.7 %	+ 2.1 %	+2.4 %

Sources : Insee, Banque de France's March 2026 forecasts

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# 02. Occupiers market

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# Greater Paris Region key figures

## 1st quarter 2026



367 700 sq m

**OFFICE TAKE-UP**

As of 1st quarter 2026

Sources : Knight Frank, Immostat

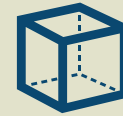


€1 210 /sq m/year

**PRIME RENT**

In Paris CBD

Sources : Knight Frank, Immostat



6.3 M sq m

**IMMEDIATE SUPPLY  
OF OFFICES**

Sources : Knight Frank, Immostat



11.3%

**OFFICE VACANCY  
RATE**

Sources : Knight Frank, Immostat

# A very quiet 1st quarter

Amid an ongoing decrease in take-up since 2017, the Greater Paris Region office market recorded one of the lowest transaction volumes of the past decade in the 1st quarter of 2026. With just under 370,000 sq m let in the first 3 months, 2026 has got off to a very slow start, whilst the upheavals on the French political scene have taken a back seat following the turmoil of the open conflicts that broke out in the Middle East at the end of February.

Against this global backdrop of scepticism and mistrust regarding the economic prospects of developed nations, including France, companies requiring office space have therefore chosen to postpone or even cancel their real estate projects, reducing their demand for new space to a bare minimum.

This decrease in office take-up in the Greater Paris Region stands at 15% year-on-year, compared to 25% relative to the average for the 1st quarter over the last five years, and 30% compared to the past decade (2016–2025). This illustrates the profound disruption taking place in the Greater Paris Region commercial real estate market and confirms our forecast of take-up of approximately 1.5 million sq m for the whole of 2026.

**1<sup>st</sup> Quarter 2026**

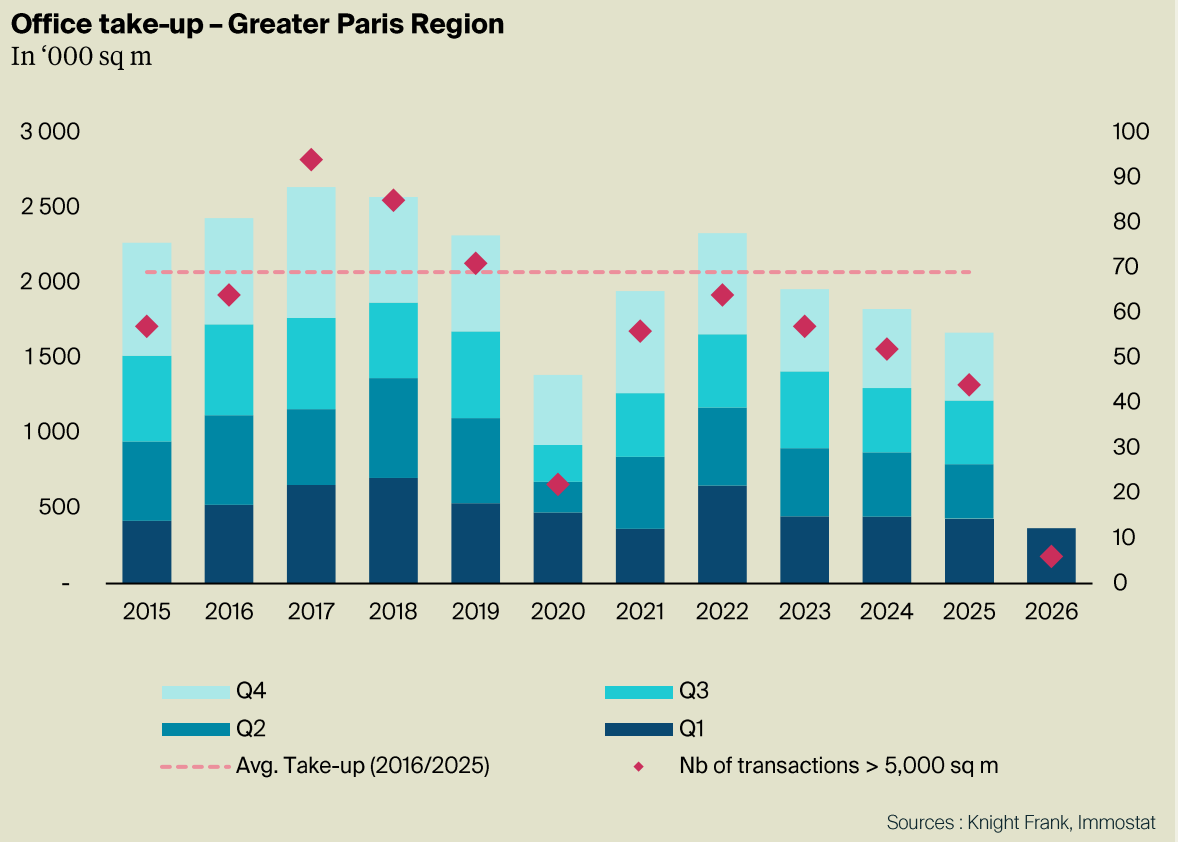
**-15%**

COMPARED TO  
Q1 2025

**-30%**

COMPARED TO  
2016-2025 AVERAGE

A breakdown of office take-up highlights the resilience of small and medium-sized areas (those under 5,000 sq m) which have maintained their average take-up levels over the last five years (157,000 sq m compared with 134,000 sq m recorded in the 1st quarter of 2026). By contrast, transaction activity has decreased for areas over 5,000 sq m, with less than 77,000 sq m let in 7 transactions, representing a 48% year-on-year drop and a 61% and 64% decrease compared to the average volumes over the last 5 and 10 years.

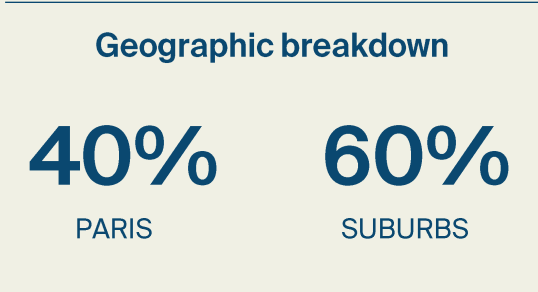


# Paris continues to dominate & the Western submarkets make a comeback

The downturn in letting activity in the capital remains a constant feature of the office market in the Greater Paris Region, although its market share has fallen from 50% in 2025 to 40% in the 1st quarter of 2026. The slowdown in take-up in Paris CBD and Centre West explains this decrease, even though the sector remains the leading one in terms of transactions (25% of the volume, i.e. 90,700 sq m let). Volumes are significantly lower in the other Parisian submarkets, with just 33,000 sq m and 21,000 sq m let in the southern and north-eastern arrondissements.

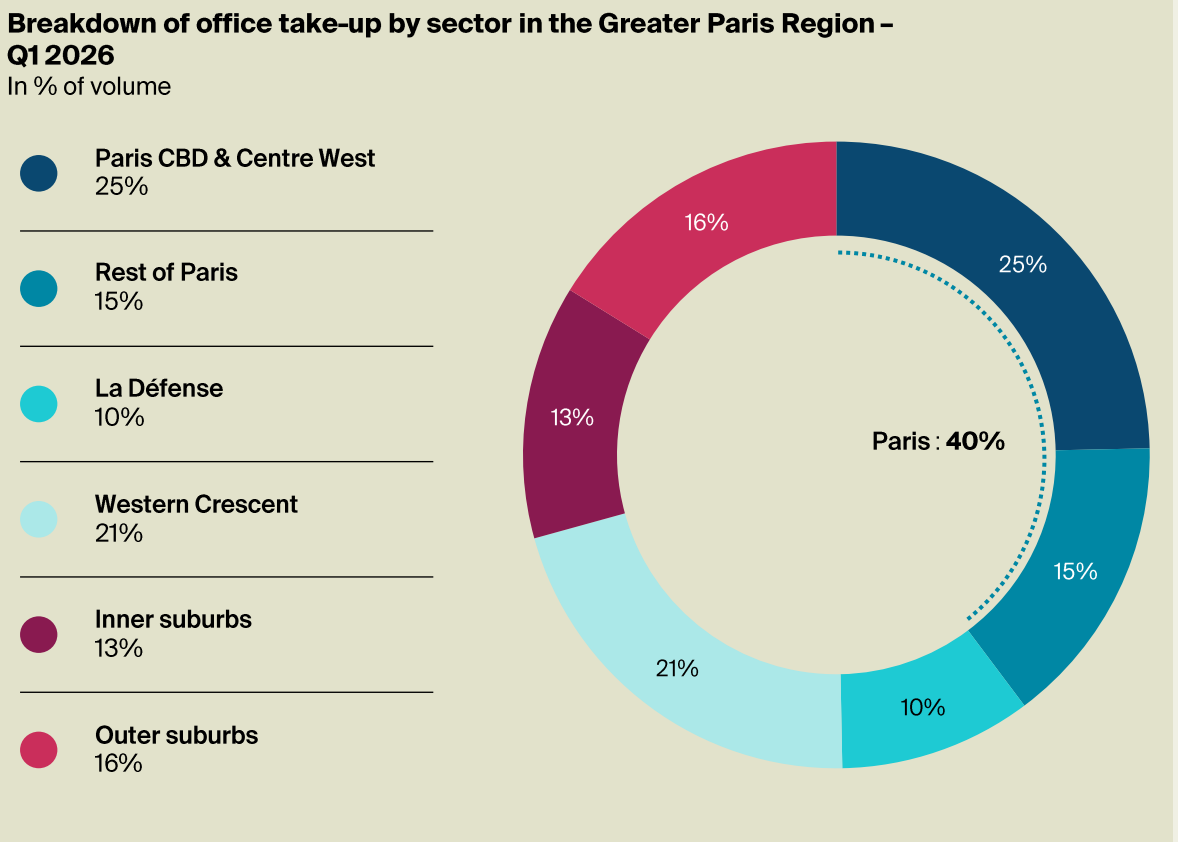
The 1st quarter of 2026 saw a resurgence in the western sectors, including the Western Crescent, which accounted for 77,300 sq m of take-up during the period, including 42,000 sq m in the La Défense area, driven by the signing of a 22,000 sq m lease for 'Hive' in Rueil-Malmaison. Momentum also remains strong in La Défense (36,600 sq m, more than half of which was in the medium-sized area category, i.e. areas between 1,000 and 5,000 sq m).

In the Inner and Outer Suburbs, office lettings totalled 48,000 sq m and 59,000 sq m respectively. Market momentum varied across the different sectors, with a surge in the Inner Northern Suburbs (helped by an acceleration in



the letting of medium-sized areas) and in the Outer Southern Suburbs, where the 1st quarter was buoyed by DASSAULT SYSTEMS' move into 23,000 sq m in Vélizy-Villacoublay.

The lack of large-scale transactions (just 7 deals this quarter, totalling 77,000 sq m) is reshaping the geographical distribution of office take-up in the Greater Paris Region. Nevertheless, the capital remains the dominant market (accounting for 40% of transactions), whilst in the suburbs, this quarter's transactions will need to be confirmed over the coming months.

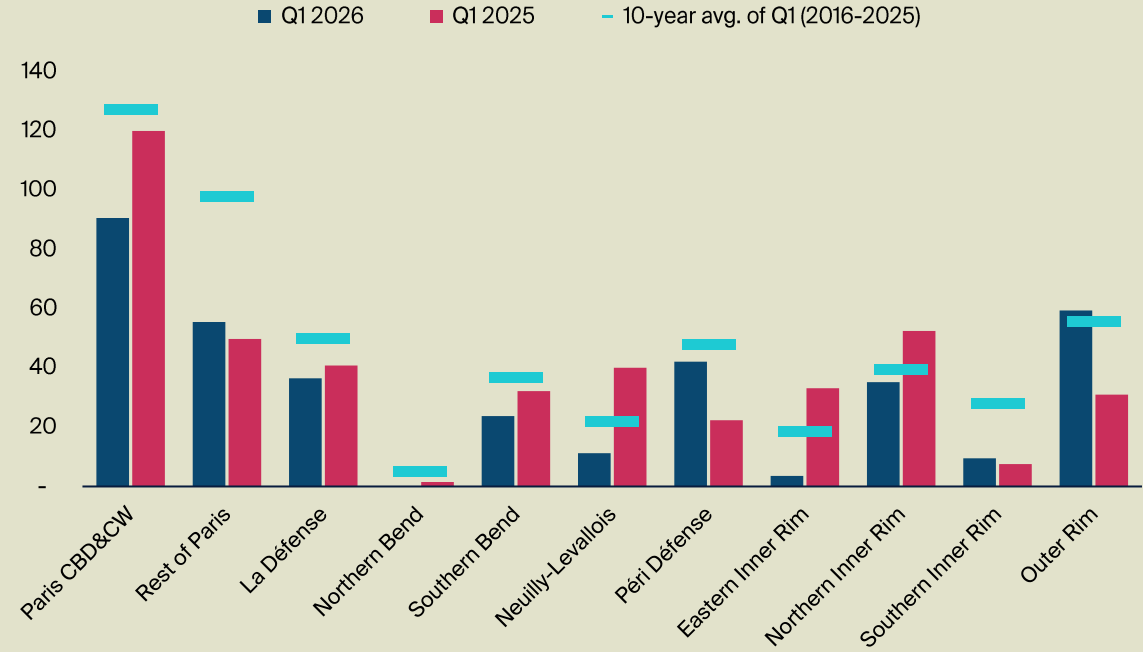


# Transaction volumes rebound in the Inner Suburbs

## La Défense shows resilience

**Breakdown of office take-up by sector – Greater Paris Region**

In '000 sq m



Sources : Knight Frank, Immostat

**As of 1st quarter 2026**  
As a % of take-up volume in Paris

**48%**  
PARIS CBD

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**14%**  
PARIS CENTRE WEST  
(EXCL. CBD)

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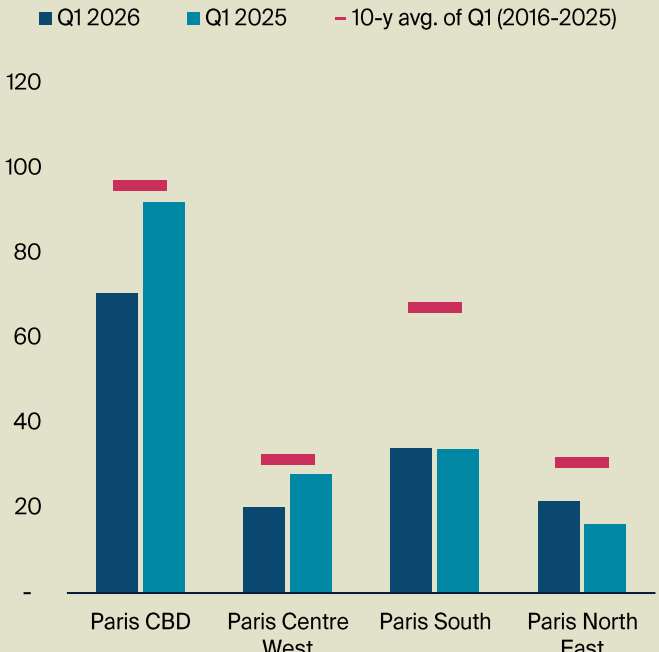
**23%**  
PARIS SOUTH

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**15%**  
PARIS NORTH EAST

**Breakdown of office take-up by sector – Paris**

In '000 sq m



Sources : Knight Frank, Immostat

# Decrease in second-hand rents Slowdown in new-build and prime sectors

The combined effect of a slowdown in take-up and an increase in immediate supply across the Greater Paris Region is causing a recalibration of rental values in transactions. In the 1st quarter of 2026, prime rents were down, with a maximum of €1,210 /sq m/ year in Paris’s CBD (a 2% year-on-year decrease), and rents ranging from €450 to €650 /sq m/ year in the Western Crescent and the Inner Suburbs.

Average rental values for transactions are still generally on an upward trend for new-build properties – ranging from +1% to +9% for rents between €420 and €500 /sq m/ year in the West, and between €640 and €920 /sq m/ year in the capital. They are down by 3% in the Inner Suburbs (€310/sq m/year).

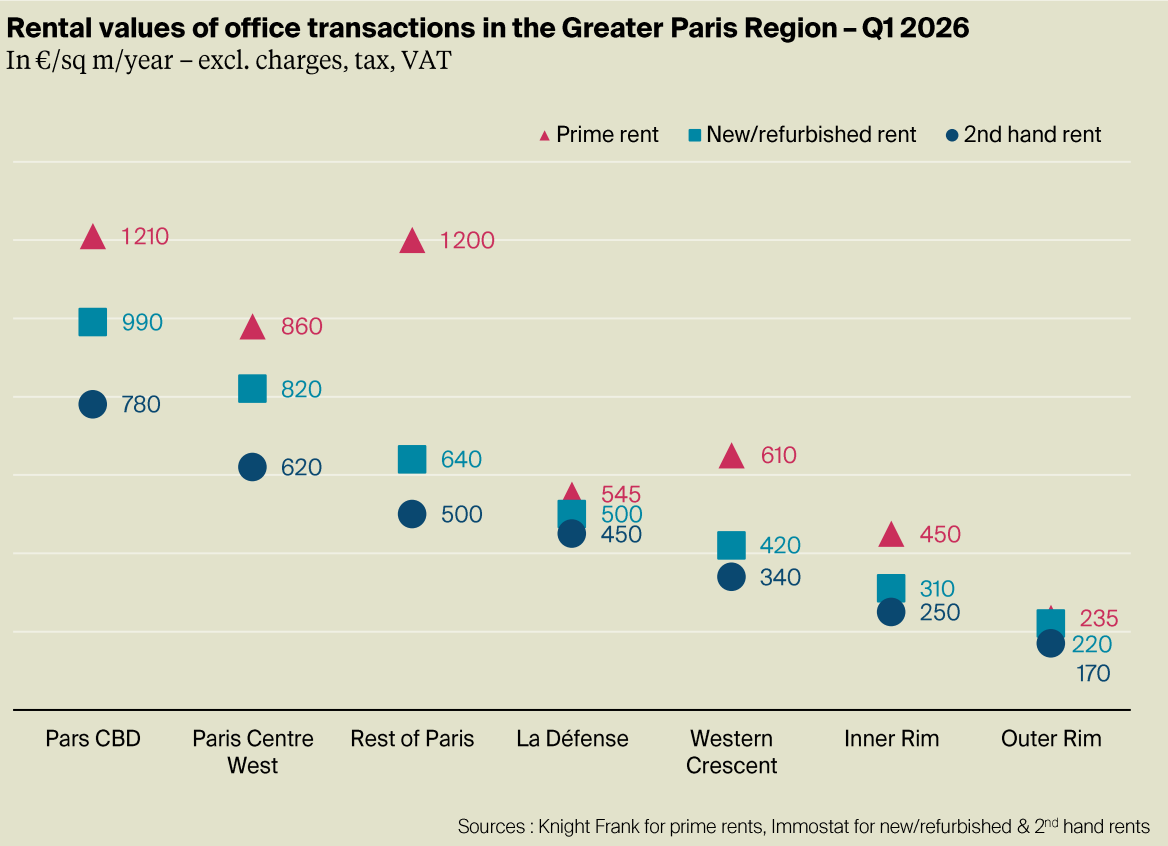
Rents, however, have seen significant corrections for second-hand office space: they are, at best, stable in the CBD (€780/sq m/year) and in the Western Crescent (€340/sq m/year), whereas they have fallen by 11% in the Inner Suburbs (€250/sq m/year) and in other areas of Paris (between -4% and -5%), with values ranging from €500 to €620/sq m/year.

**Rental incentives**  
End 2025

**16.8%**  
PARIS CBD

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**30% (average)**  
From 10% to 40% depending on the Greater Paris Region sector



# Upward trend in immediate supply Slowdown in the new-build market

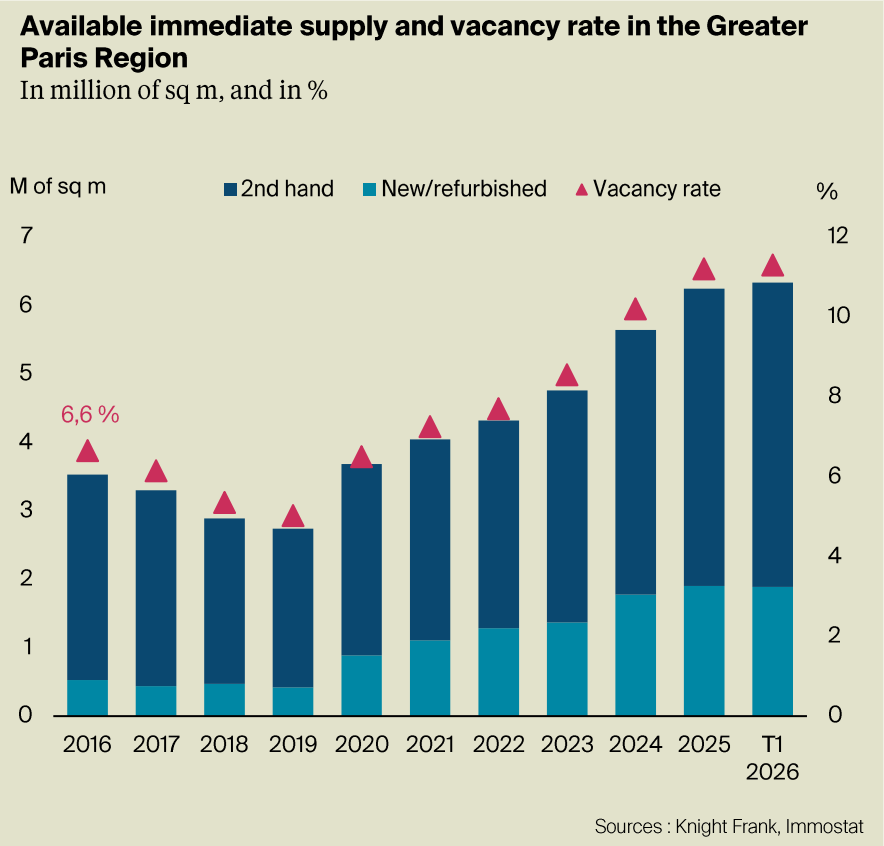
Unsurprisingly, given the slowdown in take-up during the 1st quarter of 2026, immediate supply continued its upward trend (+9% year-on-year), reaching 6.3 million sq m by the end of March, corresponding to an occupancy rate of 11.3%.

The year-on-year trend for this indicator highlights a more marked increase in the supply of second-hand premises (+11% year-on-year, with 4.4 million sq m identified) compared to new-build premises, which rose by only 5%. Consequently, there is currently 1.9 million sq m of vacant space resulting from the delivery of new or refurbished offices.

Another point worth noting is that Paris CBD and Paris Centre West, and Paris as a whole, recorded the highest growth rates, at +35% and +28% respectively, for totals of approximately 572,000 sq m and 1.4 million sq m. Nevertheless, these sectors still have lower vacancy rates (6% and 7.3%) than those seen across the Greater Paris Region (11.3%).

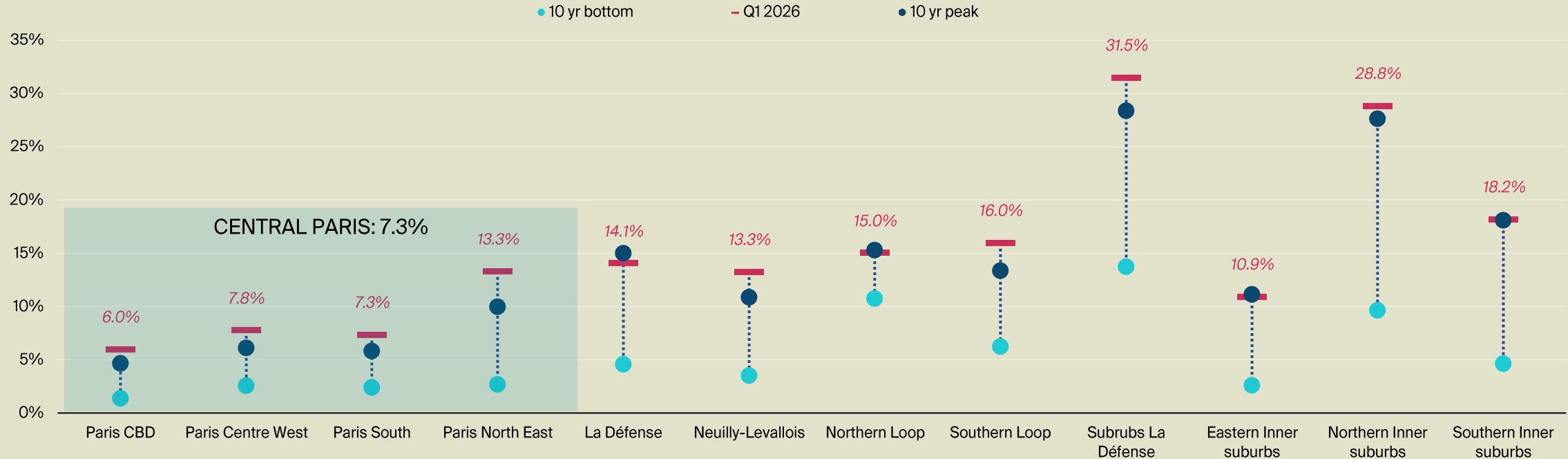
The Western Crescent and the Inner Suburbs each have more than 1.6 million sq m immediately available, a figure up by +9% and +5% respectively. These areas of the Greater Paris Region feature pockets of significant, highly localised supply, such as the Péri Défense area in the Western Crescent (923,000 sq m and a 31.5% vacancy rate) and the Inner Northern Suburbs (899,000 sq m, 28.8%).

It is worth mentioning the opposite trend in available supply in La Défense, the only sector to show a year-on-year decrease in vacancy rates (-3%); however, there remains a significant volume of available space, totalling approximately 520,000 sq m, corresponding to a vacancy rate of 14.1%.



# Varying vacancy rates across different markets

**Office vacancy rate by sector**  
In %, in the Greater Paris Region



Sources : Knight Frank, Immostat

# Another slowdown in future deliveries

## Two-thirds already pre-let for 2026

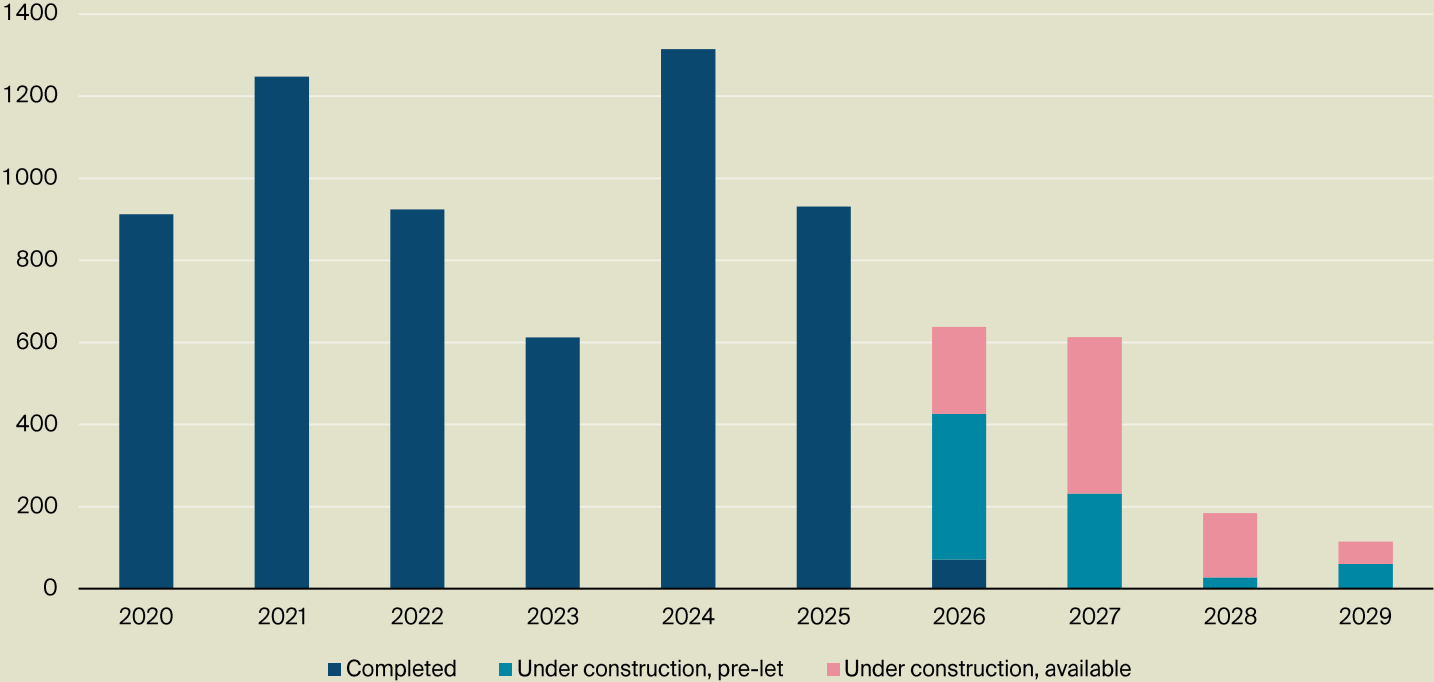
The shift in companies' real estate demand, in both quantitative and qualitative terms, combined with an uncertain economic climate, has led developers and investors to approach their new property projects with great caution.

Over two years, the supply of new or refurbished office space has decreased from 1.3 million sq m (2024) to an anticipated total of 634,000 sq m for 2026, of which only 212,000 sq m is still available to let (a pre-letting rate of 63%). Paris dominates this renewal of new-build supply with nearly 119,000 sq m to be let across around ten developments, mainly in the CBD (8 projects totalling 68,000 sq m). Volumes are significantly lower outside the capital, with less than 95,000 sq m under construction and not pre-let in developments ranging in size from 5,000 to 21,000 sq m.

New or refurbished supply is expected to remain at this low level in 2027; indeed, there are currently just over 610,000 sq m under construction, of which 380,000 sq m is yet to be let. With 282,000 sq m under construction, Paris remains the epicentre of this Class A supply renewal, but the CBD (127,000 sq m) is being overtaken by the southern arrondissements (263,000 sq m expected, including 70,000 sq m from the Tour Triangle and 37,500 sq m from the Tour Mirabeau). The suburbs remain somewhat quiet, with barely 203,000 sq m under construction, of which 98,000 sq m is to be brought to market in La Défense and the Western Crescent.

Just over 530,000 sq m of developments with planning permission or in the process of obtaining it could be ready for delivery in 2027–2029, subject to a market rebound for new space.

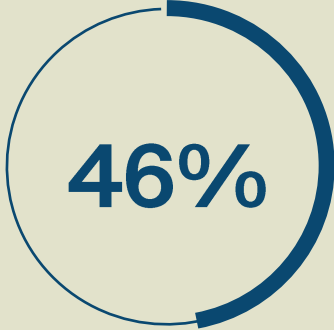
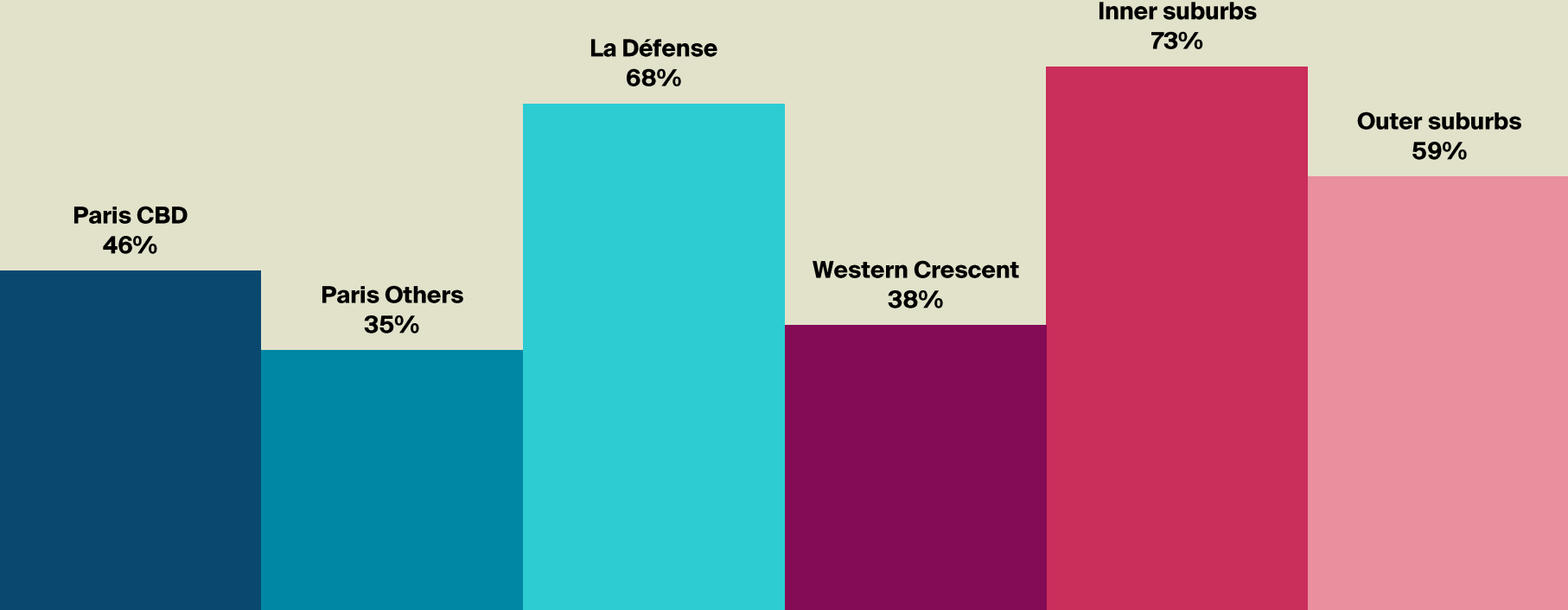
**New/refurbished supply over 5,000 sq m**  
In '000 sq m, in the Greater Paris Region



Source : Knight Frank

# Uneven pre-lettings across different markets

**Pre-letting rate (Q2 2026-2029)**  
 In % of volumes of office areas under construction and over 5,000 sq m



**PRE LETTING RATE  
 GREATER PARIS REGION  
 Q2 2026-2029**

Source : Knight Frank

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# 03. Investment



# Spotlight on key figures in the investment market



€0.9 B

INVESTED IN OFFICES  
IN FRANCE



**OF WHICH 79 %**  
in the Greater Paris Region as of Q1 2026

Source : Knight Frank

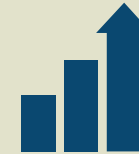


47 %

SHARE OF OFFICE SPACE IN  
COMMERCIAL PROPERTY  
INVESTMENTS IN FRANCE

(as of Q1 2026)

Source : Knight Frank



4.15 %

PRIME YIELD



**Paris CBD**  
Q1 2026

Source : Knight Frank

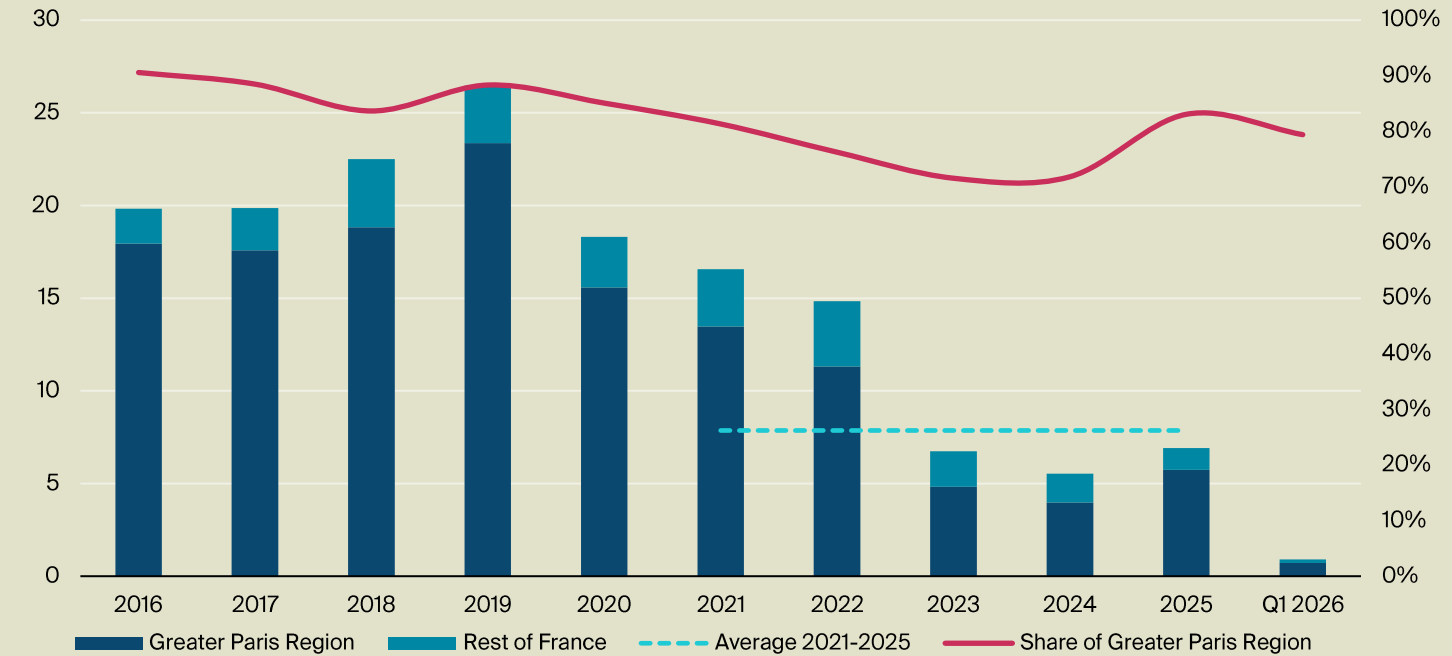
# The 1<sup>st</sup> quarter hit its lowest level since 2010

Since 2010, no 1st quarter has ever ended with less than €1 billion invested in office property. With a volume of just €900 million, activity in the 1st quarter of 2026 has therefore reached an all-time low, representing a 46% year-on-year decrease and a 67% drop compared with the five-year average.

The 4th quarter of 2025 closed with €3.5 billion invested in office property, a volume significantly higher than that of the 4th quarters in 2023 and 2024 (€2.1 billion each), but far below historical averages (€6.9 billion on average over the 2015–2024 period) and, despite everything, largely driven by the mega-transaction involving the Paris Trocadéro business centre, sold for €700 million. This result reflected a year-end period in which market participants were gradually beginning to agree on the pricing of various deals, and in which they anticipated a lifting of uncertainties. However, market conditions were not conducive to sourcing enough deals, hence the low volume completed during the 1st quarter of 2026, given the several-month delay required between an asset being placed on the market and the signing of the final sales deed.

With the outbreak of war in Iran on the 28th February, which wiped out the positive macroeconomic indicators seen at the start of the year (agreement on the budget, easing of international tensions, decrease in 10-year OAT rate), the market slowdown is expected to continue into 2026, jeopardising the prospects of a market rebound as anticipated at the start of the year.

**Office investment volumes - France**  
In €billion & in %



Source : Knight Frank

# 59% of Greater Paris Region’s volumes were in the CBD, with an unprecedented absence of transactions in the Inner Suburbs

In line with the trend seen in 2025, the limited volume of office investment recorded in the Greater Paris Region in Q1 2026 was heavily concentrated in the most prime locations. As such, out of a total of just over €700 million invested in the Greater Paris Region, the Paris CBD accounted for €530 million, equating to a 59% market share.

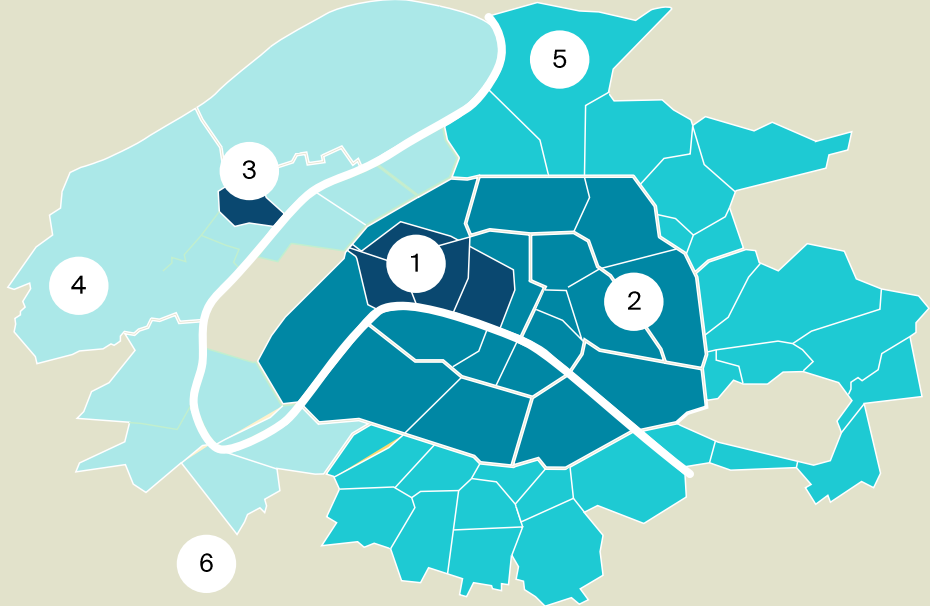
Specifically, the CBD was the scene of the three largest office transactions of the quarter at a regional (and even national) level: the acquisition by Hines of 83-85 avenue Marceau from SFL for €250 million, the acquisition of 46 rue Notre Dame des Victoires by Barings Real Estate from CNP Assurances for €110 million, and finally the acquisition by Crédit Agricole d’Ile-de-France of a portfolio of two buildings for €60 million.

La Défense is the other sector that has continued its 2025 trend; a new transaction was recorded during Q1 2026 for approximately €40 million, involving 30,000 sq m of ‘value-add’ space in the Franklin Tower, following €500 million invested last year after two quiet years in 2023 and 2024. Of the four transactions recorded in the market since early 2025, three have involved value-add properties: investors are once again showing interest in this sector, which boasts a resilient letting profile and stabilising vacancy rates, seeking to capitalise on properties whose market values have been significantly discounted.

The Inner Suburbs, on the other hand, is experiencing an unprecedented lack of transactions, a phenomenon not seen since 2010. A historic low has also been reached in the Western Crescent, where a single transaction of approximately €5 million was recorded during the past quarter.

**Geographical breakdown of office investment volumes – Q1 2026**  
In the Greater Paris Region

1	Paris CBD	€530 M
2	Rest of Paris	€85 M
3	La Défense	€40 M
4	Western Crescent	€5 M
5	Inner suburbs	-
6	Outer suburbs	€16 M



Source : Knight Frank

# Prime yields in the office market: stability under serious threat

Following the outbreak of war in Iran on 28th February, expectations of rising inflation, driven by the energy supply crisis, led financial markets to factor three future increases in the ECB's key interest rate into their forecasts for 2026.

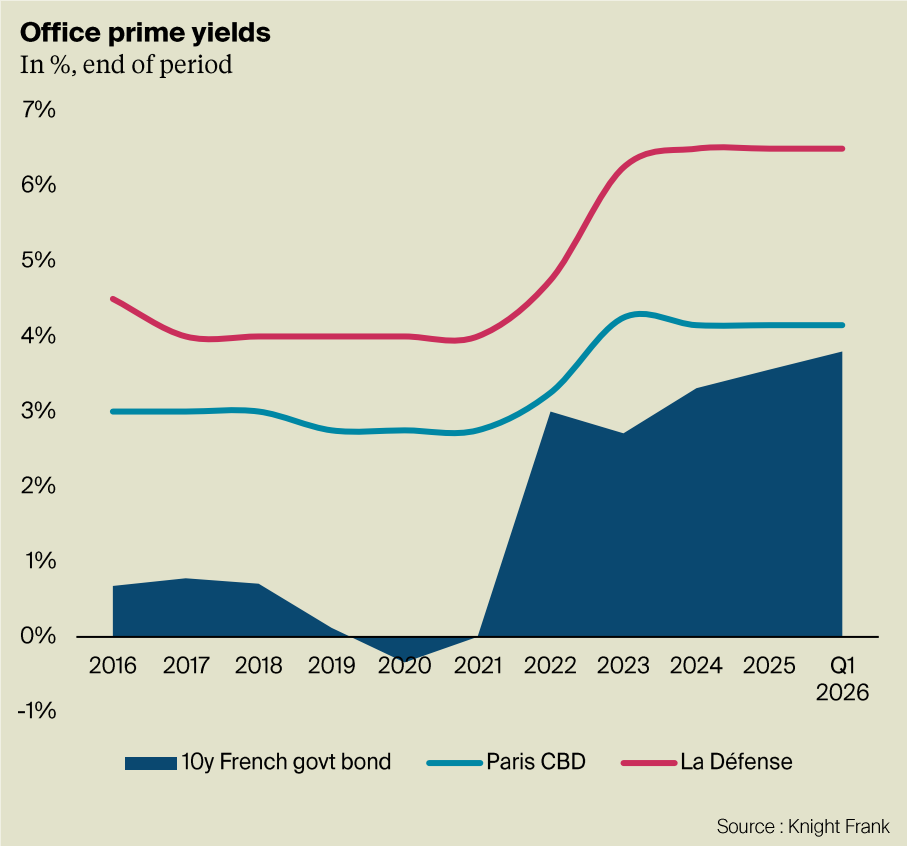
Consequently, the downward trend in the 10-year OAT rate seen at the start of the year, reflecting an improvement in the French macroeconomic environment, came to an abrupt halt and turned into an upward trend, pushing the bond yield from 3.2% before the start of the war to around 3.8% by the end of March. The same trend applies to the cost of debt financing, as the 5-year Euribor swap rate rose by approximately 50 basis points over the same period.

This rise in the 10-year OAT rate, a competitor to property investment, along with the increase in the cost of debt, has not yet had a measurable impact on prime yields for offices in the Greater Paris Region as of the end of March 2026. For example, the transaction at 83-85 avenue Marceau, the market's latest prime benchmark, concluded in the 1st quarter of 2026 in the Paris CBD, was completed at a yield of 4.15%, which was the market prime yield at the end of 2025.

Therefore, in the 1st quarter of 2026, the prime yield in Paris's CBD remains stable at 4.15%, and that in La Défense at 6.50%. However, this stability cannot last if the war were to continue; consequently, an increase in yields would be inevitable over the coming months in order to re-establish a satisfactory yield spread.

	Y-o-Y change	10-year change
Paris CBD	=	▲ +90 bps
La Défense	=	▲ +175 bps

Source : Knight Frank



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# 04. Definitions

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# Definitions

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- **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.
- **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.
- **TOP RENT:**  
Highest transaction rent (> 500 sq m) observed over the last 12 months (expressed in €/excluding taxes and charges/sq m/year).
- **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.
- **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..
- **RENTAL INCENTIVES:**  
All financial concessions granted during a transaction: rent-free period, works, stepped rents.
- **VACANCY RATE:**  
Ratio between immediately available supply and existing stock.
- **PRE-LETTING:**  
Lease agreement signed before the delivery of a building.
- **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).

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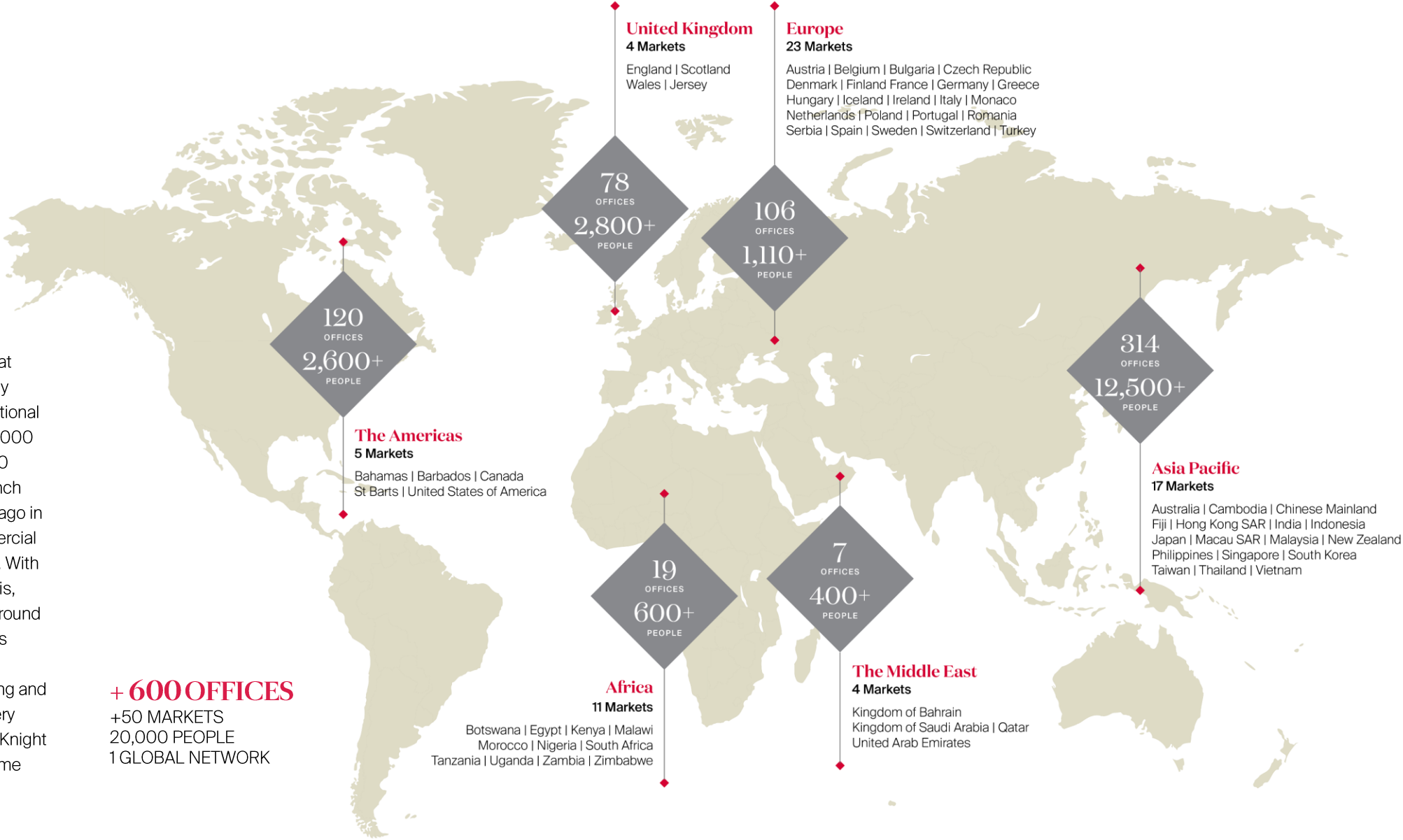
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# Knight Frank at a glance

Founded over 125 years ago in Great Britain, the Knight Frank group today provides its expertise as an international property consultancy, with over 20,000 people working from more than 600 offices across 50 countries. Its French branch, established over 50 years ago in Paris, operates across both commercial and residential real estate markets. With more than 120 people based in Paris, Knight Frank France is structured around seven service lines: Capital Markets (investment), Occupier & Landlord Strategy and Solutions (office leasing and occupier advisory), Design & Delivery (workplace design), Retail Leasing, Knight Frank Valuation & Advisory, and Prime Residential. Knight Frank is also established in Lyon.

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





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