The Greater Paris Region Office Market

3rd quarter 2026	Occupiers & investment market	knightframe.fr/en/research/



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Facing the challenge of a stalled economy

The heatwave of summer 2026 contrasts sharply with the chill affecting commercial real estate markets in France and the Paris Region. The autumn began against a backdrop of rising government bond yields and financing costs, complicating the positioning of institutional investors and encouraging occupiers to adopt a wait-and-see approach.

The first consequence is visible in the slowdown in office take-up in the Paris Region, with 314,000 sq m transacted in Q3 and 1 million sq m since the start of the year. Large transactions remain rare across the region, while the growth contribution from mid-sized units is generally weaker than in the past. Immediate supply remains abundant at 6.7 million sq m, with an average vacancy rate of 11.6%. In this environment, the adjustment in new development is welcome, helping to limit vacancy growth as space releases increase. The supply-demand imbalance is leading to downward adjustments in transaction rents in the most oversupplied submarkets, for both new and second-hand space, with a clear softening in the CBD. Year-end is often active for the office market, but 2026 is also marked by a budget debate with major implications ahead of the next presidential and legislative term. Domestic political uncertainty could deprive companies of the visibility needed to complete real estate projects. Against this backdrop, a full-year take-up forecast of 1.5 million sq m already appears highly ambitious.

Supported by Europe's largest office transaction since 2022, the sale of Capital 8 for more than €800 million, office investment rose 8% year on year to €4.1 billion across France, including €3.5 billion in the Paris Region, by end-September. Paris, including the CBD and Centre West, accounted for 77% of Paris Region activity over the first nine months, with €2.7 billion invested. This geographical selectivity leaves limited scope for other Paris Region office locations, which are affected by a leasing market undergoing structural change. With the 10-year French government bond yield at a high of 4.90% at end-September, prime yields are moving out, with the Paris CBD now at 4.50%, up 25 basis points in three months.



01. Economic context



France on a par with Germany and Italy

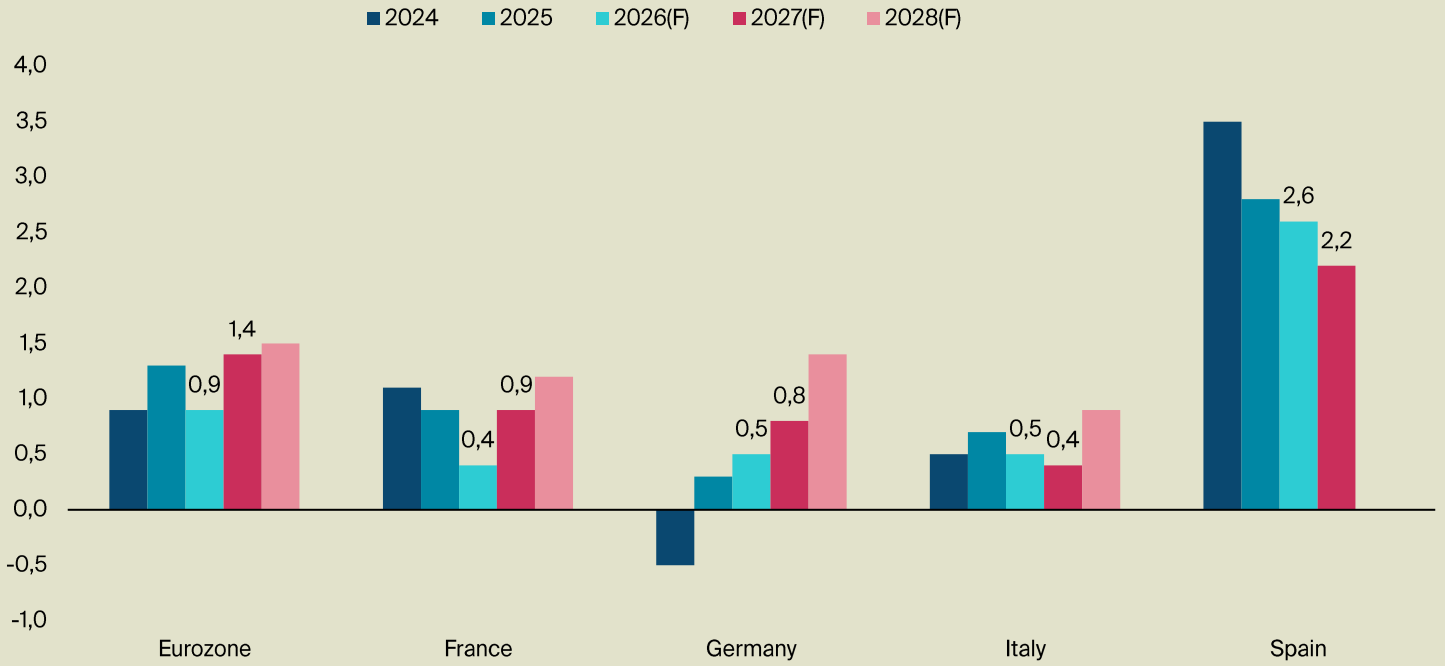
The prolonged conflicts in the Middle East and Ukraine are pushing up oil and gas costs and continue to weigh heavily on European economies. The continent's main growth engines are particularly affected. Heatwaves are adding to this weaker backdrop, especially in France, the most severely affected country in Europe: they are reducing food production and sustaining inflationary pressures, with inflation at 3.0% in France and 3.8% in the euro area in September 2026.

France's growth outlook has therefore been revised down to +0.4% real GDP growth in 2026, compared with +0.5% in Germany and Italy.

French growth is nevertheless expected to recover to +0.9% in 2027, slightly above Germany (+0.8%) and Italy (+0.4%). These forecasts could be downgraded across the euro area if long-term interest rates remain high: higher rates mechanically increase interest costs for several years (100 bps would add €150-160 billion over ten years, with the cost rising over time), diverting resources away from investment in the economy.

Even in this scenario, French growth should remain relatively resilient, mainly supported by net exports, with the trade balance expected to remain positive, and continued household consumption.

GDP in the Eurozone
In %, year-on-year



Sources : European Central Bank, Banque de France, Deutsche Bundesbank, Banca d'Italia and Banco de España / (F) forecasts
NB : For Spain, Banco de España has not published a forecast for 2028
For Germany, the Deutsche Bundesbank not publishing its forecasts before June, those published do not take into account the ongoing conflict in the Middle East

A global rise in bond yields... more pronounced in France

The rise in 10-year government bond yields is a global phenomenon: between 1 January and 30 September 2026, yields increased by 68 basis points in Germany, 114 bps in the United States and 116 bps in France.

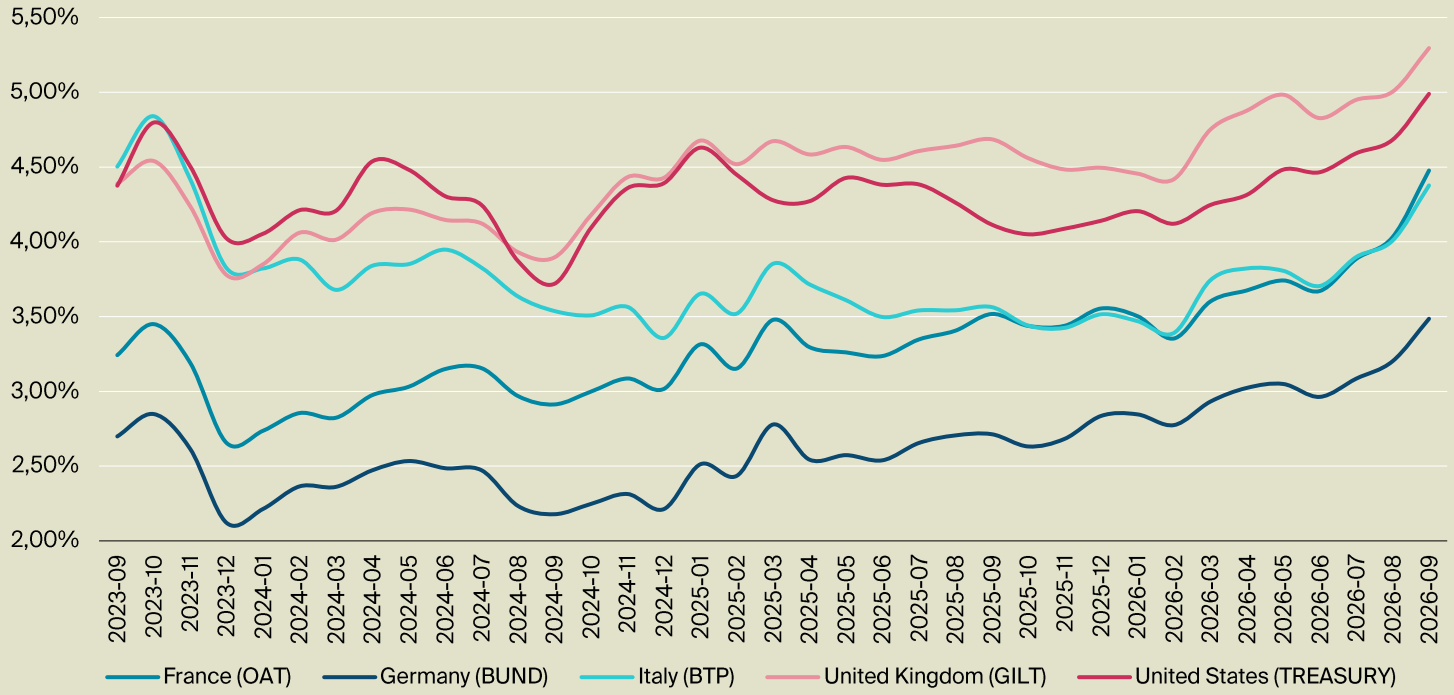
This increase is primarily linked to the AI boom: borrowing by the four US hyperscalers such as Alphabet, Amazon, Meta and Microsoft, increased elevenfold between 2024 and the first half of 2026. These groups issue 10-year debt at yields of 5-6%, putting upward pressure on US rates to preserve investor appeal. Higher inflation expectations are also fuelling concerns about a deterioration in US public finances.

As the global benchmark, the United States is pulling developed-market sovereign debt in the same direction, starting with the Bund. In the euro area, the inflation outlook and expectations that ECB policy rates will remain high for longer are reinforcing the upward trend.

French government bonds are exposed to this global shock, with domestic political conditions amplifying it: markets no longer believe the 5% public-deficit target for 2026. The spread with Germany, around 70 bps on average during the twelve months before September's surge, has since fluctuated between 110 and 130 bps.

An easing of domestic political risk would provide some relief for France but would not materially lower French government bond yields while US rates remain high.

10-y govt. bond yields - 2023-2026
In %, monthly average



Source : Banque de France

French main economic indicators

As a % of annual change	2024	2025	2026 (Forecast)	2027 (Forecast)	2028 (Forecast)
French GDP	+ 1.1 %	+ 0.9 %	+ 0.4 %	+ 0.9 %	+1.2 %
Unemployment rate	7.4 %	7.7 %	8.3 %	8.3 %	8.0 %
Net job creation ('000)	+ 229	+ 47	+20	+ 62	+ 140
Business climate (end of period)	96.5	97.8	96.4 (Sept.)	-	-
Business investment	- 1.6 %	+ 0.2 %	+ 0.2 %	+ 0.8 %	+ 1.2 %
Business failures (thousands) – 12-month total	65.7	68.6	70.7 (May)	-	-
Exports	+ 2.4 %	+ 2.4 %	+ 1.8 %	+ 3.6 %	+ 3.4 %
Imports	- 1.3 %	+3.0 %	+ 1.5 %	+ 2.8 %	+2.4 %

Sources : INSEE, Banque de France's September 2026 forecasts

02. Occupiers market



Greater Paris Region key figures Q1-Q3 2026



1,050,000 sq. m

OFFICE TAKE-UP

Q1-Q3 2026

Source : Immostat



€1,250/sq. m/yr

PRIME RENT

in Paris CBD

Source : Knight Frank



6.6 M sq. m

IMMEDIATELY AVAILABLE SUPPLY

Source : Immostat



11.6%

OFFICE VACANCY RATE

Source : Knight Frank

Activity deteriorates in Q3 and mixed outlook for year-end

The brief improvement seen in Q2 2026 in the Paris Region proved short-lived. The office market recorded its weakest Q3 since 2020, with almost 314,000 sq m transacted, down 26% year on year. Over the first nine months, office take-up barely exceeded 1 million sq m, down 14% year on year and 23% below the five-year average.

Extreme weather conditions, slower GDP growth (+0.4% in 2026), the confusion surrounding the initial budget discussions, and political uncertainty in both the United States (midterms) and France have weighed on the largest real estate projects. Companies and public-sector bodies alike appear to be favouring a wait-and-see approach rather than relocation projects.

Transactions above 5,000 sq m have slowed sharply: 15 such deals were signed in Q3 2025, compared with only six in the last three months of 2026. The year-to-date total stands at just 19 transactions, representing 240,000 sq m of take-up, down 30% year on year and well below the five-year trend of 406,000 sq m on average. Small units below 1,000 sq m have proved more resilient, down only 5% year on year, while take-up for mid-sized units of 1,000-5,000 sq m fell 11%.

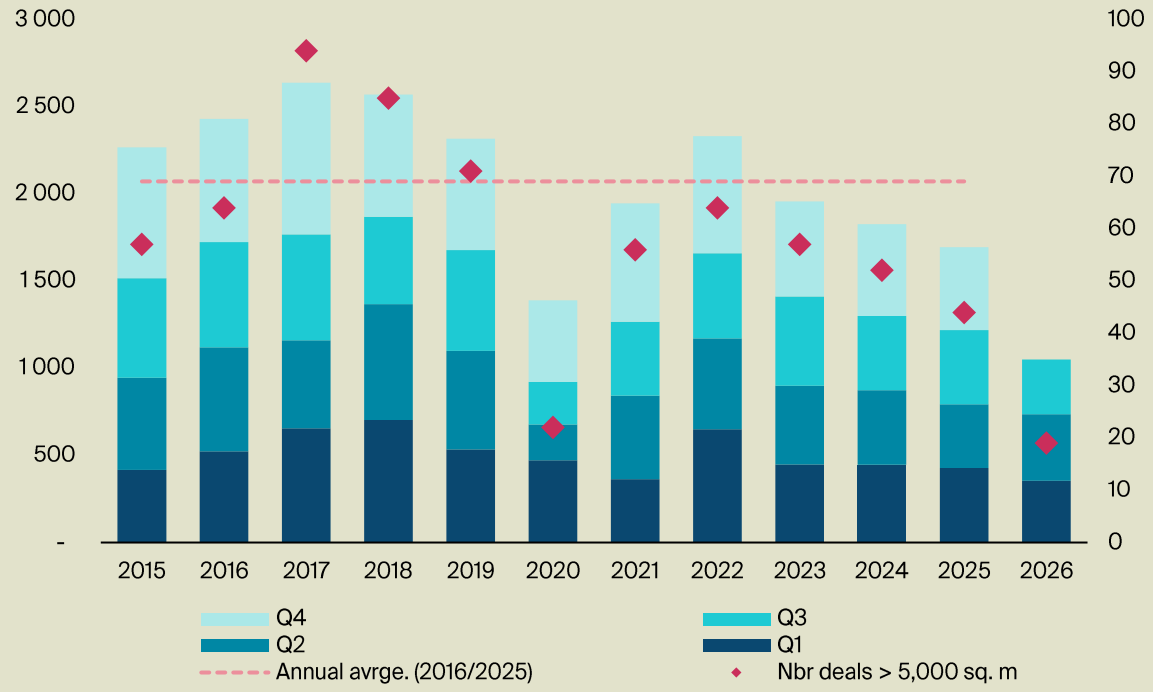
Q1-Q3 2026

-14%
COMPARED TO Q1-Q3 2025

-23%
COMPARED TO 2016-2025 9M AVERAGE

It now appears difficult to maintain a realistic 2026 take-up forecast above 1.5 million sq m. Rising financing costs are putting companies under pressure, while the electoral cycle adds further uncertainty, which is not conducive to real estate decision-making.

Office take-up in the Greater Paris Region
In '000 sq. m



Sources : Knight Frank, Immostat

Transactions rebound in Paris...CBD Better in the Inner Suburbs, worse in the West

The contraction in Paris Region office take-up in Q3 2026 was particularly marked in La Défense, with 121,000 sq m year to date, where the mid-sized segment that had driven the market in recent years performed less well over the past three months. The same applies to the Western Crescent, with 173,000 sq m transacted, including 45,200 sq m in Q3, which remains affected by a broad-based slowdown across all size bands. The Inner Rim performed better this quarter, supported by two large transactions totalling 29,200 sq m, although it remains constrained by a marked decline in small and mid-sized units.

With little change quarter on quarter, Paris strengthened its leadership in the Paris Region, with 491,000 sq m transacted since the start of 2026, representing 47% of regional volumes. The Central Business District benefits from a dynamic mid-sized segment, with 235,000 sq m year to date, offsetting fewer transactions above 5,000 sq m, which total 18,000 sq m. A broadly similar pattern is seen in the southern arrondissements, while in North-East Paris the central areas, the 3rd, 4th, 10th and 11th arrondissements, are proving much more resilient than the outer areas, the 18th, 19th and 20th.

Geographic breakdown

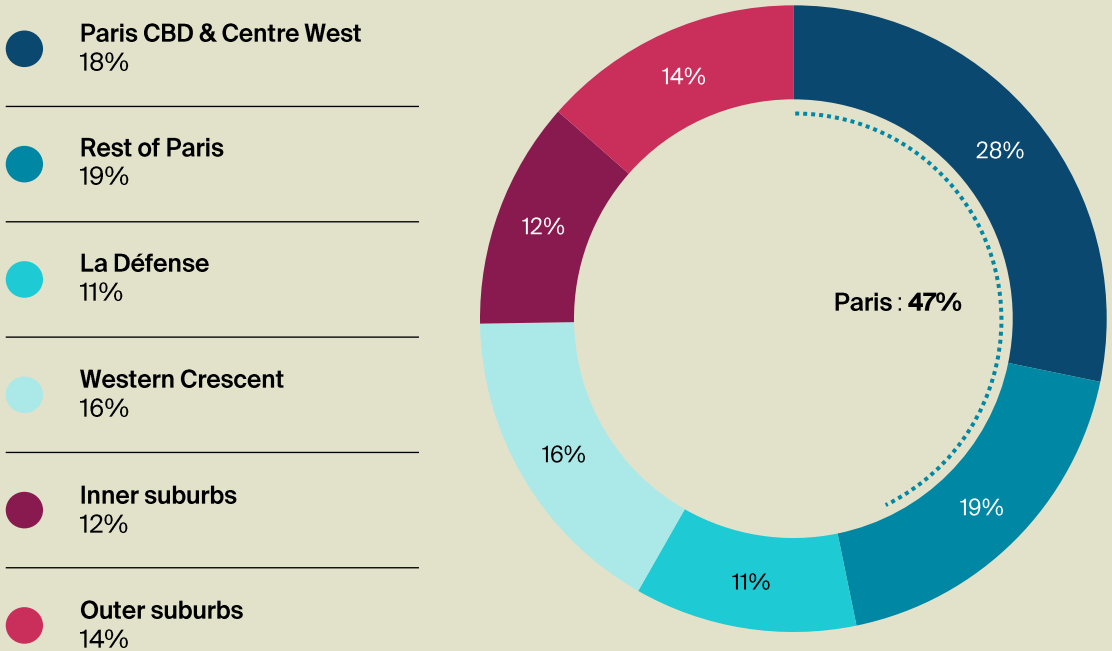
47% PARIS

53% SUBURBS

Supported by major transactions in Q1 and Q2, the Outer Rim saw a sharp fall in transaction activity over the past three months, with only 21,000 sq m transacted, mostly in units below 1,000 sq m and with very few mid-sized deals. Its market share therefore fell to 14%, representing a total of 142,000 sq m since the start of 2026.

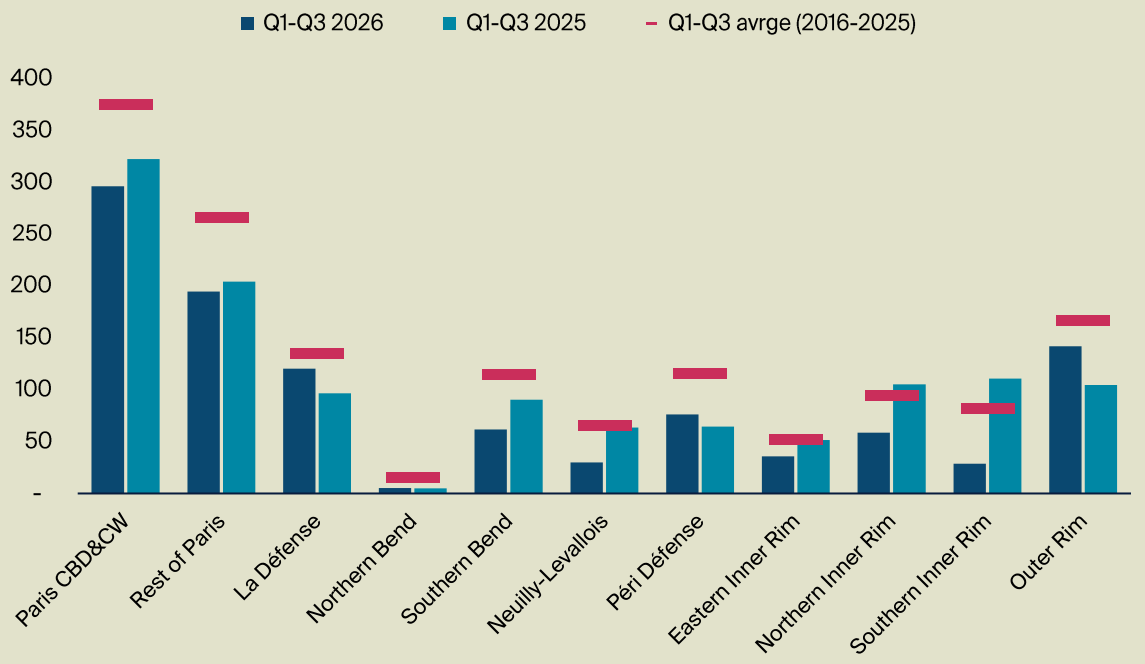
Overall, the Paris Region office market is becoming increasingly Paris-focused, with transactions concentrated in the CBD. The Western Crescent and Inner Rim are still looking for renewed momentum capable of absorbing record vacancy.

Breakdown of office take-up by sector in the Greater Paris Region – Q1-Q3 2026
In % of volume



Slight improvement in the Inner suburbs Western Crescent falls behind

Breakdown of office take-up by sector – Greater Paris Region
In '000 sq. m



Sources : Knight Frank, Immostat

As of Q1-Q3 2026
As a % of take-up volume in Paris

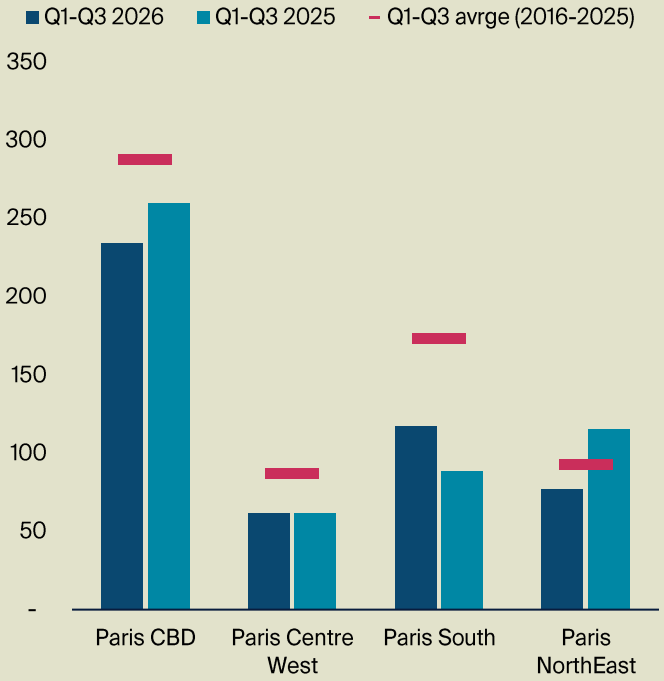
47%
PARIS CBD

13%
PARIS CENTRE WEST (EXCL. CBD)

24%
PARIS SOUTH

16%
PARIS NORTH EAST

Breakdown of office take-up by sector – Paris
In '000 sq. m



Sources : Knight Frank, Immostat

Resilience of rental values in Paris
Another decline in the suburbs

The slowdown in transactions across the Paris Region is having contrasting effects across submarkets, highlighting the market's polarisation.

Paris remains resilient, with prime rents holding at high levels, reaching €1,250/sq m/year in the CBD, while average rents for new and second-hand space are little affected by current transaction dynamics. Only new-space rents in Paris Centre West fell, by 6% year on year to €810/sq m/year. Elsewhere rents are rising, particularly for new space in the CBD, up 4% year on year to €990/sq m/year, supported by occupier demand for ultra-high-quality space.

Following a prime transaction in Cœur Défense at close to €580/sq m/year, La Défense recorded rental growth of 9% for new space, to €510/sq m/year, and 8% for second-hand space, to €430/sq m/year. These headline rents are accompanied by particularly high incentives, averaging 42%.

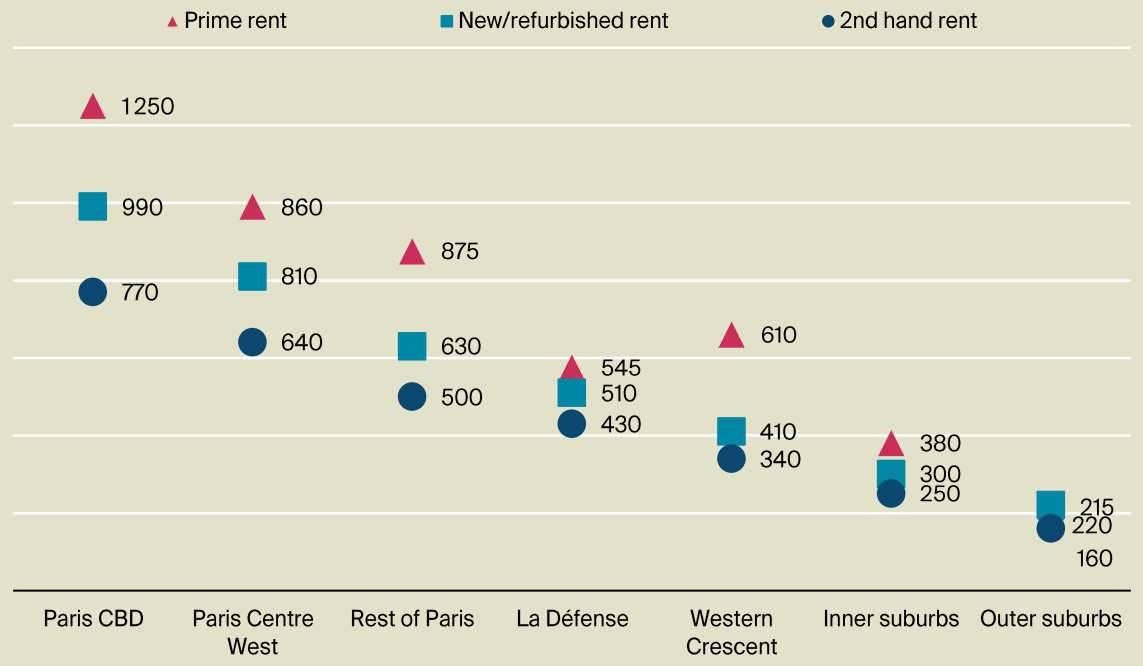
The Inner and Outer Rims, meanwhile, recorded a clear decline in rental values, reaching -9% for new-space rents, at €300/sq m/year.

Rental incentives
Q2 2026

30.6% (average)
From 16% to 46% on the Greater Paris Region sector

16.4%
PARIS CBD

Rental values of office transactions in the Greater Paris Region – H1 2026
In €/sq. m/year – excl. charges, tax, VAT



Sources : Knight Frank for prime rents, Immostat for new/refurbished & 2nd hand rents

Supply still rising but the pace is finally slowing

The slowdown in Q3 2026 is clearly insufficient to absorb the office supply currently available across the Paris Region. Immediate supply still totals 6.6 million sq m, representing a vacancy rate of 11.6%, a historically high level that has almost doubled in ten years. After surging between 2020 and 2025, however, the vacancy rate now appears to be stabilising below 12%.

The contraction in office take-up is mainly affecting second-hand space, with more than 450,000 additional sq m becoming vacant over one year, bringing current availability to more than 4.7 million sq m. New or refurbished office supply is stable at around 1.9 million sq m, supported by production falling below 700,000 sq m in 2026, compared with 931,000 sq m in 2025 and 1.2 million sq m in 2024. Market difficulties are visible across most submarkets, with vacancy rising beyond an alarming threshold in Péri-Défense, at 30.1% and 950,000 sq m available. Paris is also reaching unprecedented vacancy levels, around 7.2% in the CBD, representing 487,000 sq m available and up 36% year on year, and as high as 13.6% in North-East Paris. Overall, almost 1.6 million sq m of office space is currently vacant in the capital, up 23% year on year. 2026 is therefore likely to set new ten-year records for this market.

Vacancy rates are expected to rise further over the coming quarters. The expiry in 2027 of long leases signed in 2018 and 2019, two years of strong office take-up, should logically release more space than current demand can absorb.

As of 30th Sept. 2026
Year-on-year change

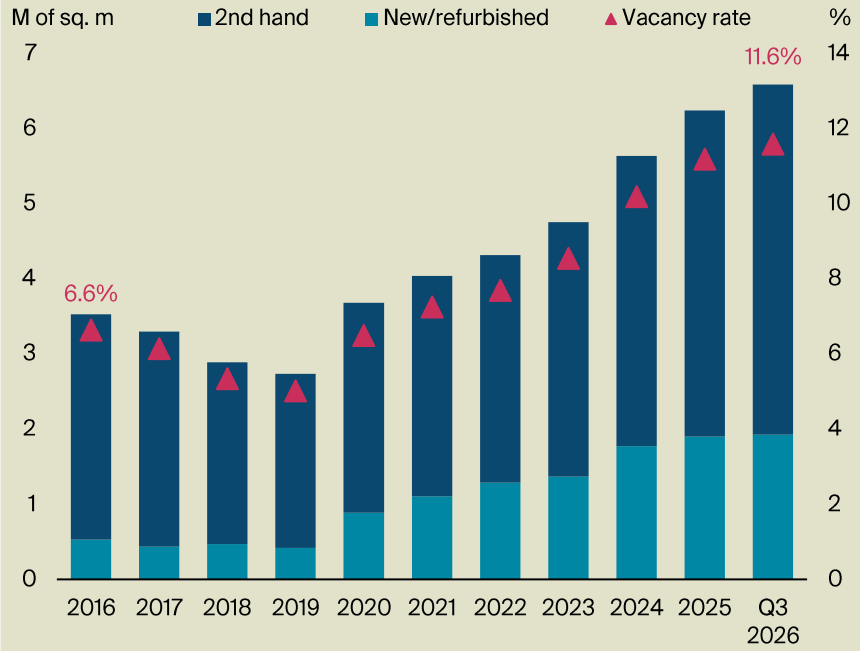
6.6 Mil. sqm
+8%

IMMEDIATE SUPPLY

29%

SHARE OF NEW OR REFURBISHED SPACE

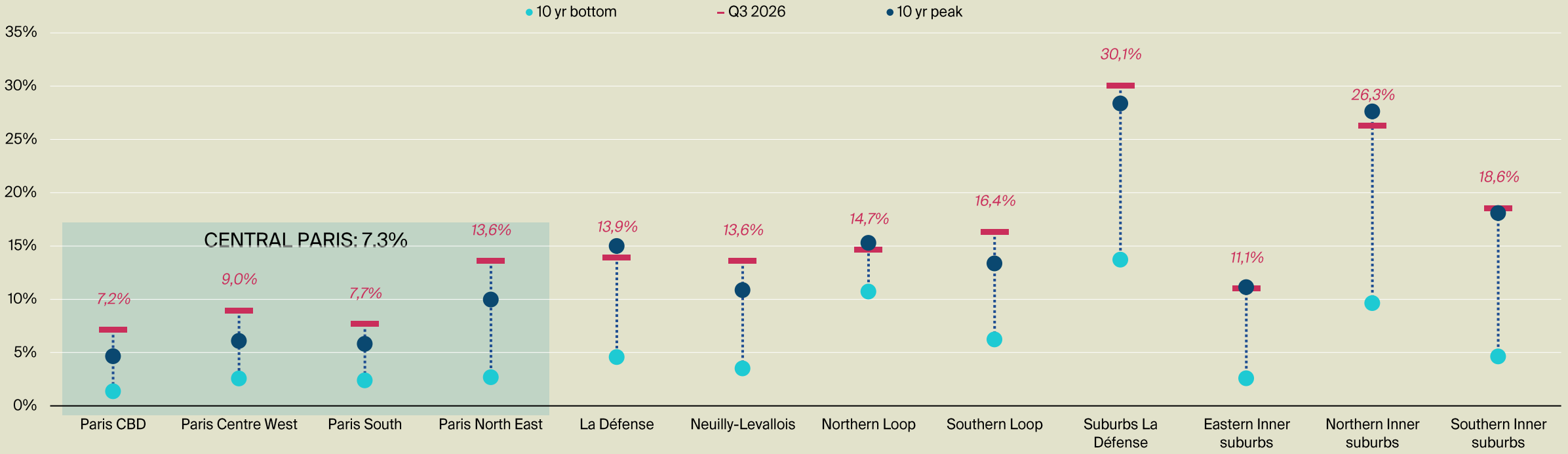
Available immediate supply and vacancy rate in the Greater Paris Region
In million of sq. m, and in %



Sources : Knight Frank, Immostat

Varying vacancy rates across different markets

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



Sources : Knight Frank, Immostat

Construction starts slow
Less than 500,000 sq m to lease by end-2027

The recalibration of new and refurbished office development has been clear across the Paris Region since the 2024 peak, when 1.3 million sq m were completed. In two years, construction starts have almost halved, bringing expected 2026 output to around 666,000 sq m, of which 415,000 sq m had been completed by the end of Q3. For the remainder of the year, available new supply is relatively limited at around 85,000 sq m across seven schemes, with the two largest in the 12th arrondissement: SFL's Scope and GECINA's Quarter.

Paris remains the leading location for new office development in the Paris Region, accounting for 63% of future supply, or almost 795,000 sq m. Around 430,000 sq m is expected in South Paris alone, driven by flagship projects including Tour Triangle by URW / AXA IM, Upper by CDC / ALTAREA-COGEDIM and Aquavillage by URW. The pre-leasing rate for future Paris supply is around 32%, leaving 535,000 sq m available. Other refurbishment projects are being launched in smaller formats of 2,000-5,000 sq m, with around forty buildings identified for a total of almost 100,000 sq m.

The outlook is more challenging in the Western Crescent, where only 20% of future supply has been pre-let, leaving more than 110,000 sq m available. Two large schemes above 25,000 sq m are notably due in 2027 in Neuilly-Levallois: GECINA's Les Arches du Carreau and REDTREE CAPITAL's Level.

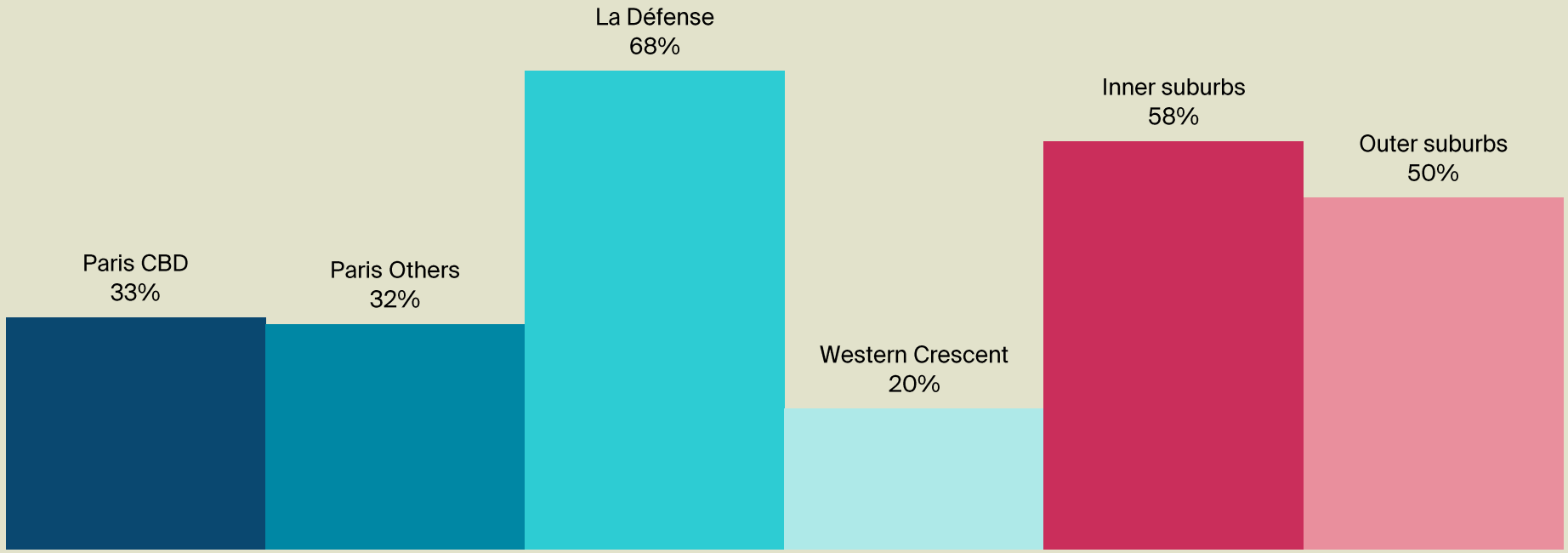
New/refurbished supply over 5,000 sq. m
In '000 sq. m, in the Greater Paris Region

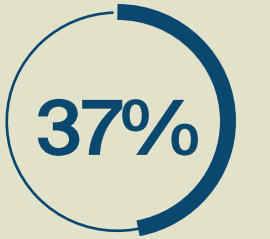


Source : Knight Frank

Uneven pre-lettings across different markets

Pre-letting rate (Q4 2026-2029)
In % of volumes of office areas under construction and over 5,000 sq. m





PRELETTING RATE
GREATER PARIS REGION
Q4 2026-2029

Source : Knight Frank

03. Investment



Key investment market figures in the investment market



€4.1 Bn

OFFICE INVESTMENT IN FRANCE

OF WHICH 86%
in Greater Paris Region in Q1-Q3 2026

Source: Knight Frank

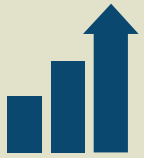


39%

OFFICE SHARE OF INVESTMENT VOLUMES IN COMMERCIAL REAL ESTATE IN FRANCE

(in Q1-Q3 2026)

Source: Knight Frank



4.50 %

PRIME YIELD

CHANGE Y-o-Y

Source: Knight Frank

Capital 8 props up figures, investment volume increases year-on-year

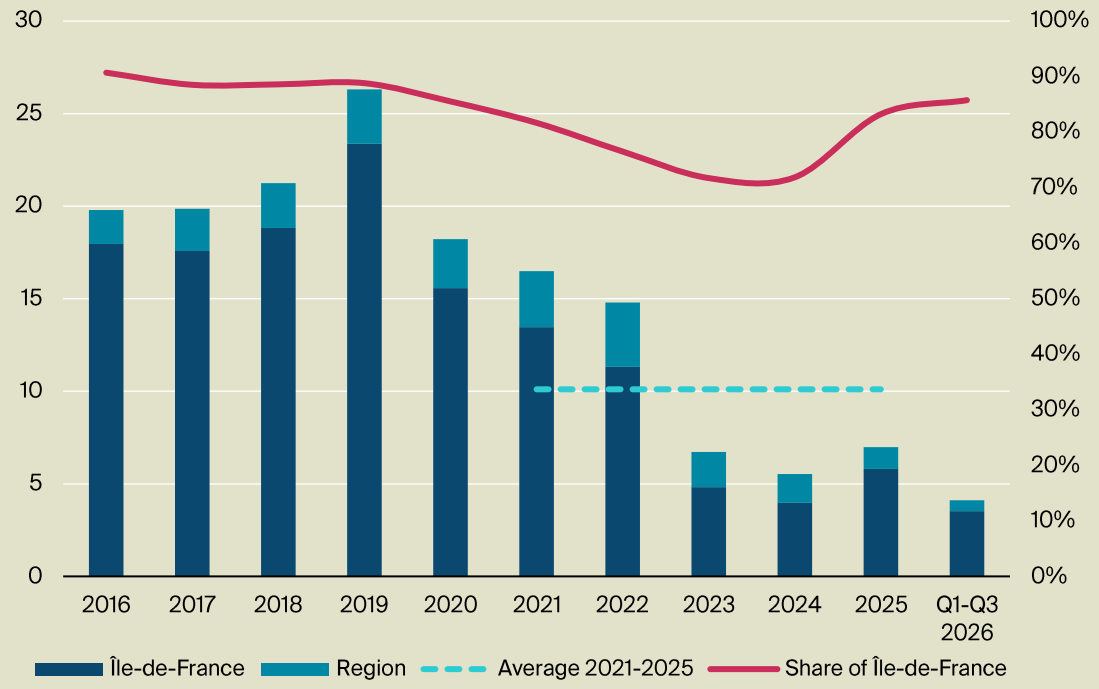
Just over €4.1 billion was invested in offices in France in the first 9 months of 2026, a volume up 8% year-on-year. This increase is mainly due to a single transaction: the sale of Capital 8 (Paris 8th arrondissement) by Invesco to Pontegadea, for more than €800 million. Excluding this deal, the volume would have fallen by 13% to €3.3 billion, the lowest volume recorded over the period since 2009.

Faced with a 10-year OAT at 4.90% at the end of September, which is sharply compressing the risk premium, several "core" office investment opportunities are the subject of longer negotiations and still difficult agreements on their valuation between potential sellers and buyers. As a result, investors have often preferred office assets with a "value-add" profile, allowing them to generate a higher potential return, more rewarding for their risk and offsetting the cost of credit. The share of "value-add" therefore reached 54% of the volume of office investment at the end of September, a historically high proportion.

Whatever the risk profile, the focus on central locations prevails, at a time when the market is suffering from the lack of rental activity in several peripheral and regional sectors. Thus, on a national scale, the Ile-de-France region remains predominant, with 86% of the volume invested, i.e. €3.5 billion (+8% year-on-year). The CBD alone accounts for 56% of volumes in the Ile-de-France region (€2 billion), confirming the extreme polarisation of the market.

By contrast, the regions remain subdued, with only €583 million invested at the end of September, a volume up 14% year-on-year but still 59% below its ten-year average. The two largest transactions to date have been in Lyon, with the sale of the Part-Dieu Tower for €50 million at the beginning of the year, as well as the acquisition by Foncière Immobilier & Territoire Rhône-Alpes and CDC of the Exo 7 building for €30 million in the second quarter. During the 3rd quarter, 2 transactions completed the top 4: the acquisition by Iroko of "Upline" in Villeneuve-d'Ascq and the sale of the "Citadelle" building in Lyon, both for amounts slightly less than €30 million.

Office investment volumes in France
In billion euros, in %



Source: Knight Frank

56% of the Ile-de-France volumes were invested in the CBD, The Inner and Outer Rims revitalized by major deals

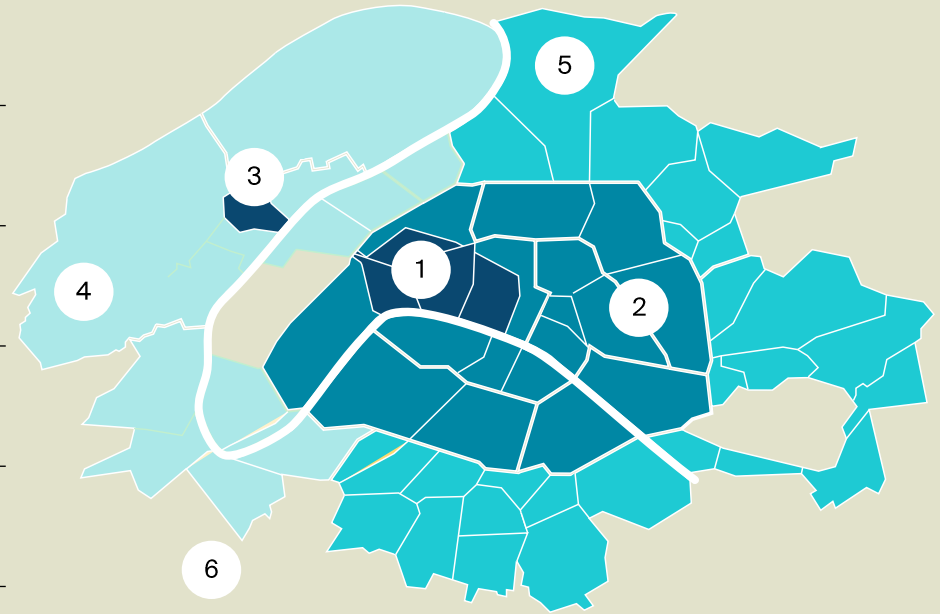
By sector, the Central Business District (CBD) remains the safe haven for office investors in a market that is still uncertain. With €2 billion as of the end of September (+21% year-on-year), the CBD accounts for 56% of the volume in the Ile-de-France region. 6 deals of more than €100 million drove this result, led by Capital 8, sold by Invesco to Pontegadea for more than €800 million, then 83-85 avenue Marceau (Hines, €243 million), 39 rue du Colisée (DWS, €137 million), Le Titien at 48-50 rue de la Victoire (ACM, €130 million), 34-36 rue du Louvre (SCBSM, €112 million) and 46 rue Notre-Dame-des-Victoires (Barings, €110 million). The other arrondissements of Paris, also meeting the criterion of centrality, were the 2nd most popular area for investors, with a volume of €676 million. In the 3rd quarter, the sector was boosted by the acquisition of Axe France in the 13th arrondissement (BPCE, €136 million).

After a recovery in 2025 (€457 million), La Défense remains behind with €231 million invested via only 2 transactions, the largest of which was the acquisition by Icade of 49% of the Eqho tower for €191 million. The Western Crescent, with subdued rental activity, totalled only €114 million, its lowest level of the decade.

The results are more encouraging for the peripheral sectors. In the Inner Rim, the volume for the first 9 months of the year reached €191 million, its best level since 2023, driven by the acquisition of "Magnetik" in Montrouge (€130 million). For the Outer Rim, the investment volume stood at €289 million, compared to only €6 million a year earlier, thanks to the acquisition of 49% of the Thales campus in Vélizy (€246 million). However, the levels of these two sectors remain below their respective ten-year averages over the period (€1.1 billion and €364 million).

Breakdown of office investments by sector – Q1-Q3 2026
In the Greater Paris Region

1	Paris CBD	€1,984 M
2	Rest of Paris	€676 M
3	La Défense	€231 M
4	Western Crescent	€114 M
5	Inner Rim	€191 M
6	Outer Rim	€289 M



Source : Knight Frank

Prime office yields: Further outward shift

In the third quarter, the rise in the 10-year OAT accelerated amid geopolitical and energy tensions and uncertainty over France's fiscal trajectory, reaching 4.90% at end-September, up from 3.59% at end-June. This sharp increase mechanically squeezes the real estate risk premium, which has disappeared or even turned negative for offices. Against this backdrop, prime office yields continued to move out over the quarter, without making it any easier for sellers and buyers to agree on pricing.

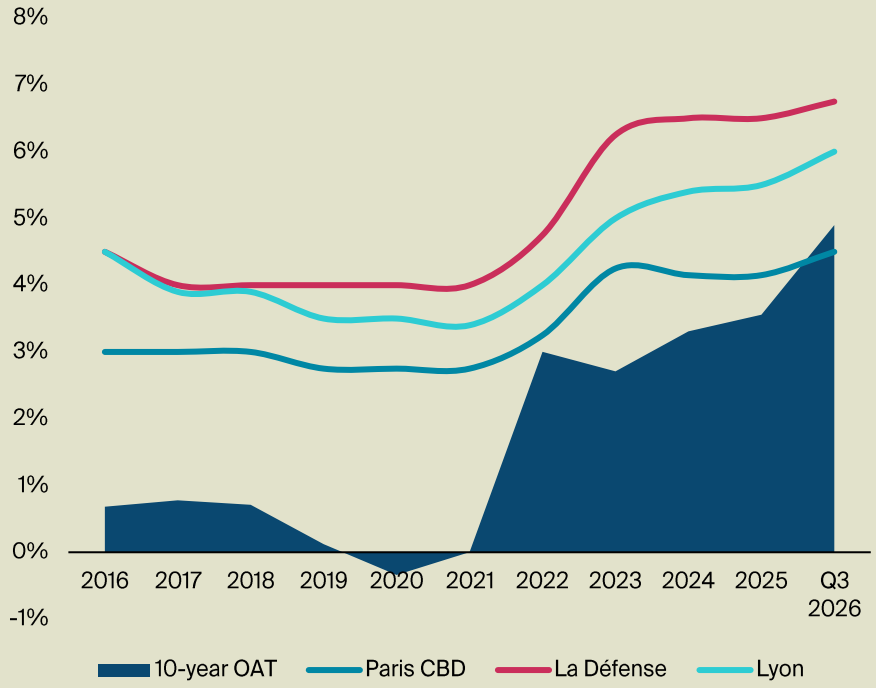
In the CBD, the prime yield has moved out by 25 basis points to 4.50%. With the 10-year OAT at 4.90% and inflation persisting, a new, secure building with a solid tenant profile and indexed rents, and therefore protected against inflation, may ultimately prove a more attractive investment than a bond.

In La Défense, the "theoretical" prime yield reached 6.75%, 15 basis points higher than in the previous quarter. In Lyon Part-Dieu, the outward shift was more pronounced (+40 basis points), with the prime yield now at 6.00%.

	Y-O-Y change	10-year change
Paris CBD	▲ +35 bps	▲ +150 bps
La Défense	▲ +25 bps	▲ +200 bps
Lyon CBD	▲ +50 bps	▲ +100 bps

Source : Knight Frank

Office prime yields - France
In %, 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.

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The French Investment Market | 3rd Quarter 2026 | November 2026



Luxury in France, a strategic industry, a real estate impact | July 2026



Renting is not occupying | September 2025



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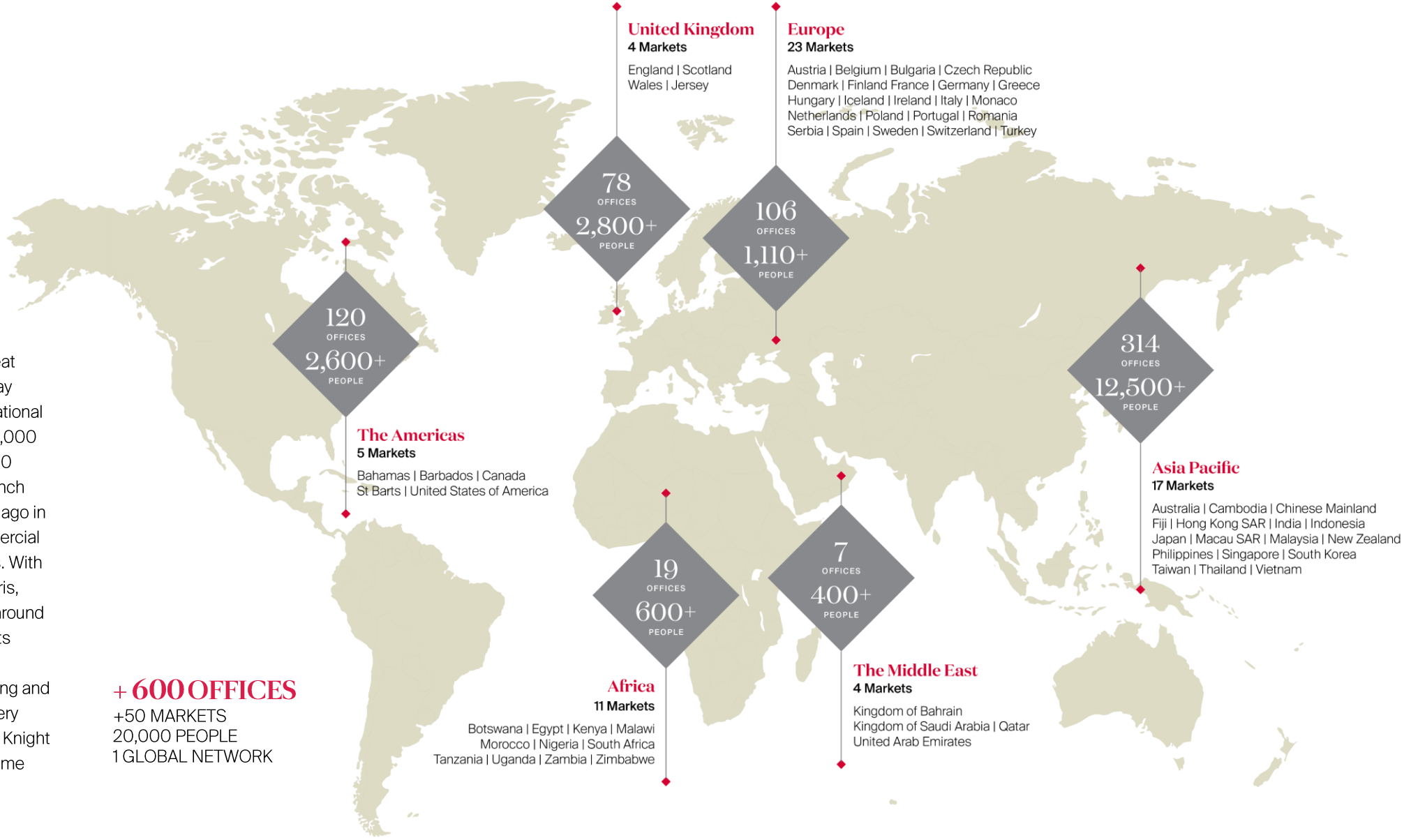
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Knight Frank
at a glance

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.



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