

Realizing Potential in Office

Executive Summary

26th of November 2025



The European office markets are undergoing a structural transformation driven by hybrid work, cost optimization, and a strong preference for quality. Prime rents have continued to rise across major cities, while simultaneously, stock levels and vacancy rates have increased. In Portugal, Lisbon and Porto are showing robust leasing activity and a rebound in investment after the slowdown in 2023 and 2024.

Occupier behavior reflects a clear push for flexibility and efficiency. Companies are adopting desk-sharing and flexible office models to optimize space and reduce capital expenditure, while hybrid work is driving portfolio downsizing for more than half of organizations. However, as occupiers increasingly prioritize well-located, high-quality spaces—a trend known as the “flight to quality”—not all buildings or locations meet these criteria, raising concerns about availability for companies facing stay-or-go decisions. In this context, particularly in the Portuguese market, there appears to be a case for a more agile solution beyond traditional flex offices. CBRE has explored the potential of ‘plug-and-play’ models and the conditions under which they could be a viable investment option.

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European and Portuguese Market Overview

- European office fundamentals show rising prime rents and moderating vacancy rates post-pandemic.
- Lisbon and Porto exhibit strong take-up growth and sustained demand despite global headwinds.
- “Flight to quality” trend: occupiers prioritize premium, well-located spaces.
- Portuguese capital markets: investment volumes fluctuated, yields compressed until 2022, then stabilized.

A review of the Office Occupier Sentiment Survey 2025

- The mismatch between employer expectations and employee deliveries in terms of office attendance persists from 2024 to today. Employers now seek higher office attendance; 47% expect increases vs 31% in 2024.
- Desk-sharing is widespread (61%) and expected to rise; flex space adoption growing.
- 55% of companies plan portfolio reductions due to hybrid work and cost optimization.
- When facing a stay/go decision, occupiers are concerned about available space that fits their quality standards.

Case for Plug & Play

- The Portuguese scenario has some particular features: (1) a prevalence of small scale let deals (75% below 1.000 sqm); (2) an increased prevalence of Flex offers; (3) large occupiers use Flex spaces as an entry strategy.
- Traditional let deals offer frictions for a substantial part of the office use cases. Plug-and-play offers a middle ground between traditional leases and flex solutions.
- This product offers benefits to companies: reduced Capex, shorter lease terms, ready-to-use spaces with premium services.
- A financial computations shows benefits for investors under a plug-and-play scenario when compared to traditional leasing.

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