

A sluggish start to the year



Note: Arrows indicate annual changes

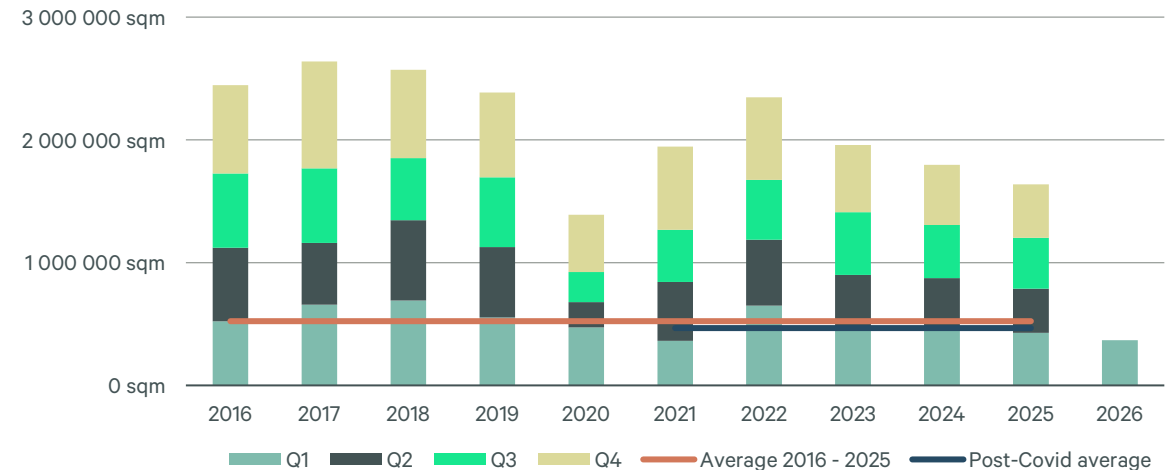
Q1 weighed down by the lack of major transactions

Office take-up reached 367,700 sqm in Q1 2026 in the Paris region down 15% compared to Q1 2025 and 21% below the post-Covid average. The year has got off to a sluggish start, reflecting a still-fragile macroeconomic backdrop marked by ongoing geopolitical uncertainty. While overall demand and visits have softened, activity in the small and mid-sized segments has remained resilient, and market sentiment is still broadly positive.

The decline observed this quarter is mainly due to the lack of large transactions. Transactions > 5,000 sqm totalled 76,700 sqm, a drop of 48% year-on-year and 57% below the post-Covid average. Only 7 transactions were recorded, compared to the 14 in Q1 2025 and on average post-Covid. This drop reflects an increasingly drawn-out decision-making process among large occupiers. Lease renegotiations also continue to capture a significant share of the business, at the expense of new leases.

The small and mid-sized segment (0-5,000 sqm) is showing remarkable resilience, with 291,000 sqm of take-up, a slight increase of 2% year-on-year and 1% compared to the post-Covid average. The 0-1,000 sqm segment grew by 3% year-on-year (-3% compared to the post-Covid average) and the 1,000-5,000 sqm segment by 1% (+5% compared to the post-Covid average), reflecting stable core activity despite a turbulent environment.

FIGURE 1: Take-up in the Greater Paris Region



Source: CBRE Research / Immostat, Q1 2026

Paris was down (-14% yoy and -21% compared to the post-Covid average). Paris Centre West recorded a sharp decline (-24% compared to last year and the post-covid average) while Southern Paris and Northern Paris held-up. In particular, some submarkets are doing well in small transactions: Paris 10 stood out for its dynamism in this segment, as did the 12/13 and 14/15 arrondissements. The Inner Rim recorded a 48% drop yoy (-49% compared to the post-Covid average), hit mainly by the almost total absence of major transactions. La Défense performed well in the 0-1,000 sqm segment but lagged behind in the larger surfaces. However, some positive signs could point to good results in 2026.

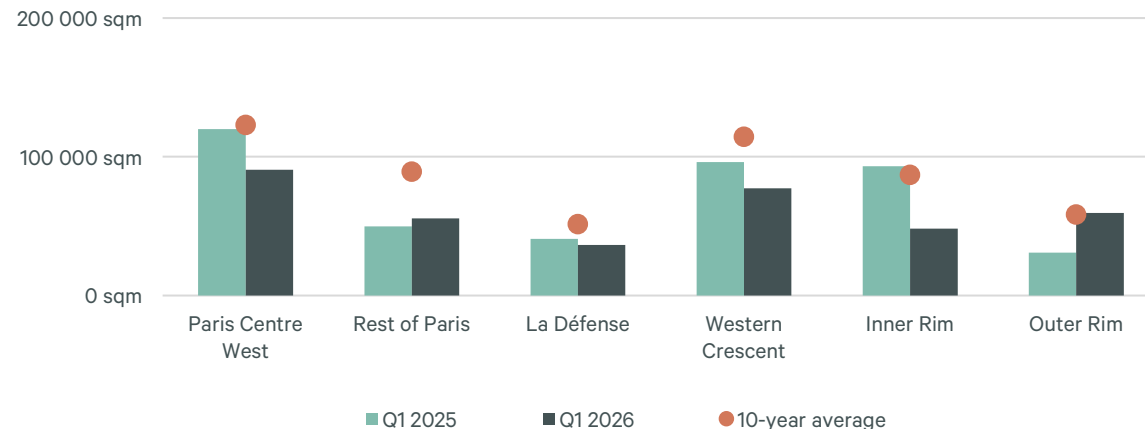
At this stage, there is no direct effect of the international geopolitical situation on the demand for offices in the Île-de-France region. However, the prevailing uncertainty calls for continued vigilance, particularly as occupiers remain open to adjust their real estate strategies, in particular for cost optimization purposes. Some projects have been identified, discussions are actively continuing and our expectations for 2026 are in line with the volumes observed in 2025.

Diverging vacancy trends: rising in Paris, falling in La Défense

Vacant space has continued to increase, reaching 6.33 million sq m, up 1% quarter-on-quarter and pushing the average regional vacancy rate to 10.3%. The rise is significant in Paris, driven by the combined impact of recent deliveries and a sustained volume of vacated spaces, not absorbed by take-up. Vacancy climbed to 6.5% in Paris Centre West (+0.4 percentage point over the quarter, +1.7 pp year-on-year) and to 9.6% in the Rest of Paris (+0.5 pp over three months, +1.8 pp year-on-year), confirming the upward trend observed in recent quarters. In La Défense, the picture is more mixed. The vacancy rate continued to edge down to 14.1% (-0.4 pp quarter-on-quarter), reflecting a slowdown in new project launches combined with a degree of leasing momentum. This dynamic is expected to persist in the coming quarters. Meanwhile, vacancy levels in the Western Crescent and Inner Rim have stabilized, albeit at still-elevated levels.

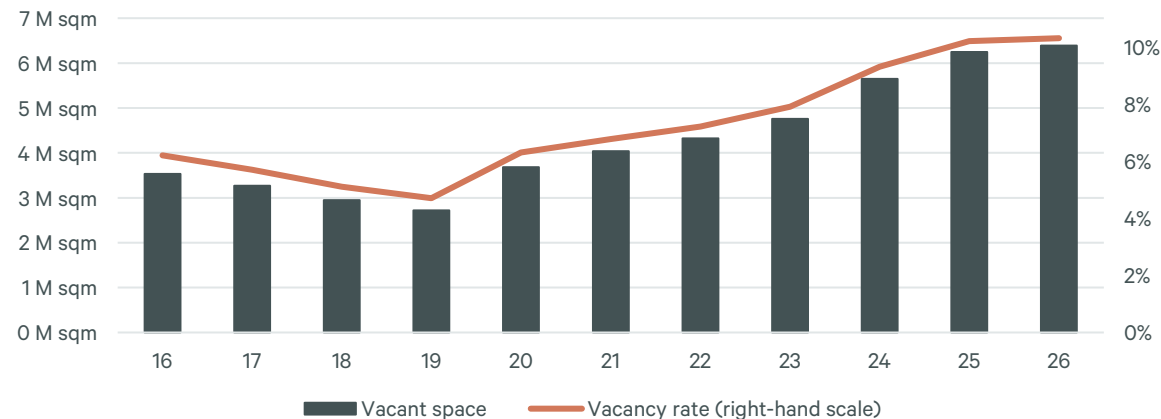
Looking ahead, certain future supply stands at 1.67 million sq m, including 1.14 million sq m due to be completed within the year, continuing a downward trend observed over the past twelve months. In 2026, deliveries are expected to be concentrated primarily in the CBD (14 boulevard Haussmann, Signature, 96H, Beige), Southern Paris (Beyond in Paris 13, Scope in Paris 12), and the Western Crescent (Leva in Levallois, Pointe des Arts S16 in Boulogne-Billancourt). By contrast, probable future supply totals 1.73 million sq m. Its composition increasingly reflects a shift among landlords and investors towards light refurbishment and repositioning projects, often at the expense of large-scale restructurings, whose economic viability is becoming increasingly difficult to justify.

FIGURE 2: Take-up by sub-market



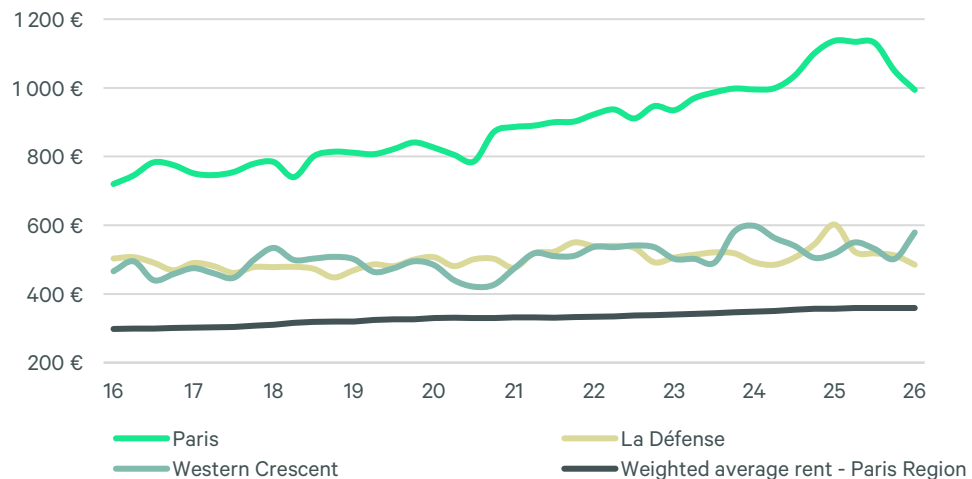
Source : CBRE Research / Immostat, Q1 2026

FIGURE 3: Vacant space and vacancy rate in the Greater Paris Region



Source : CBRE Research / Immostat, Q1 2026

FIGURE 4: Evolution of average prime rents



Average prime rent in € excl. taxes & charges/sqm/pa: weighted average of the 10 highest transactions in terms of rents, recorded over the last 6 months and involving a surface area greater than or equal to 500 sqm

Source: CBRE Research, Q1 2026

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Rents under pressure

Downward pressure on Parisian rents

Prime headline rents in Paris held steady at €1,250/sq m/pa (excl. taxes and charges) this quarter, confirming the stabilization observed since mid-2025. However, this level of rent remains limited to best-in-class assets in prime CBD locations and does not fully reflect conditions across the wider Parisian market, where supply constraints are gradually easing. Average rents are now trending downward, with an increasing number of repricing adjustments, particularly for spaces below 5,000 sq m.

In the periphery, the market remains clearly segmented. Assets benefiting from excellent transport links, high service levels and strong locational positioning have largely preserved their rents. In contrast, other submarkets, often characterized by weaker accessibility or lower building quality, continue to face sustained downward pressure on rents.

Incentives on the rise, including in Paris

Incentives have continued to increase, averaging 30.3% of headline rents in Q4 2025, up 4 pp year-on-year. The rise has been particularly pronounced in Paris since the start of the year, with incentives reaching 17.1% in Paris Centre West (+1.7 pp) and 21.7% in the Rest of Paris (+5.7 pp). In peripheral submarkets, incentive packages now consistently exceed 30%, peaking at 38.2% in La Défense, underlining the growing role of commercial flexibility in sustaining occupier demand.

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