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RESEARCH

Investment Property Forum
# European Consensus Forecasts

IPF European Consensus Forecasts

Survey of European Office Market Rental Forecasts November 2023

For the second survey of 2023, 16 organisations provided rental growth forecasts for some or most of the 30 locations covered by this research. Forecasts were produced ahead of the survey deadline of 1 November. As fewer than the minimum requirement of five rental growth forecasts were received for Athens and Moscow, no results for the current survey period have been produced for these markets.

Figure 1 summarises the average growth projections across the 28 office locations, where data is available, over the next three years and the annualised averages over three and five years (May 2023 forecasts in brackets).

Figure 1: Average Annual Growth Rates, 2023–2025, and 3- and 5-Year Annualised Averages (%)
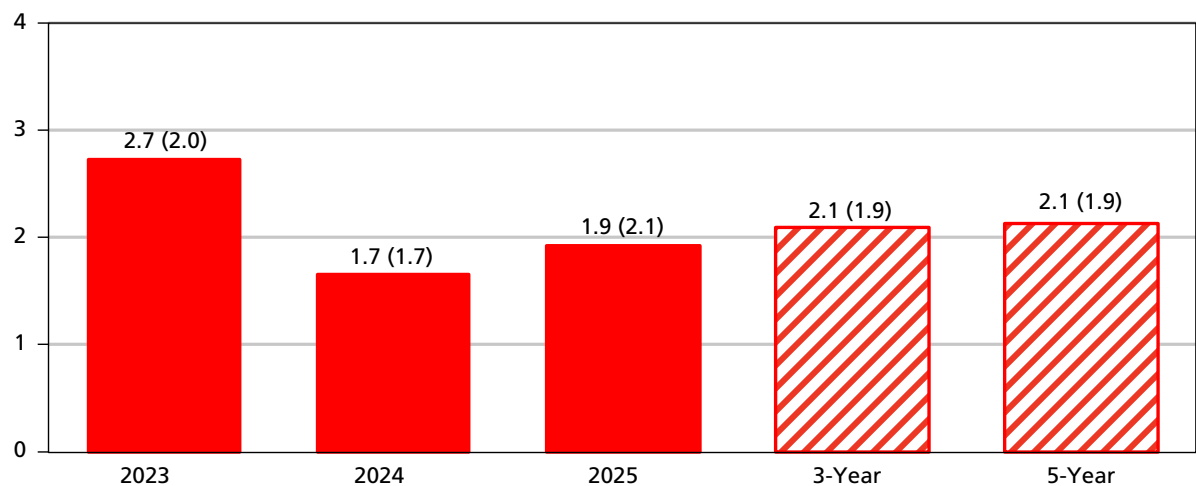
Continued Strengthening 2023 Outlook

In the six months since the previous survey, the 2023 average growth rate, across all locations, has improved from 2.0% to 2.7%. This significant uplift is driven by an increase in forecasts across 18 markets, with the greatest upgrades in Copenhagen, London: West End, London: City and Madrid. London: West End, Copenhagen, Manchester and Munich all have growth forecasts of 4.6% or above for the current year, with the Copenhagen rental growth forecast increasing most substantially, from 1.6% to 5.2%. The forecasts of nine locations have been downgraded, with the most significant declines in Dublin and Zurich. The 2023 forecast for Helsinki remains the same as the previous estimate. In the current year, Dublin and Paris: la Défense are expected to experience rental value decline and, as in the previous survey, are the weakest markets for 2023.

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2024 Broadly Unchanged

The overall rental growth expectation for next year is unchanged from May's results, at 1.7%. Nine locations are anticipated to achieve higher rental growth, with the greatest improvement of 1.9% forecast for London: West End. A further 13 locations have reduced rental growth expectations, with Copenhagen and Budapest expected to have the most significant downgrades. The rental growth forecasts for a further six markets are closely aligned with those from the previous survey. In 2024, the most attractive locations for rental prospects are expected to be London: West End (3.5%), Barcelona (2.7%) and Paris CBD (2.7%), while the least attractive are Copenhagen (0.3%), Paris: la Défense (0.4%) and Budapest (0.4%).

Weakening Prospects in 2025

Following the production of the first set of 2025 forecasts in May, rental growth expectations have fallen back marginally in November, from 2.1% to 1.9%. There are 13 locations with weaker forecasts, nine with more positive projections and six where growth numbers have remained relatively unchanged. The only substantial adjustment (over 1.0%) is the 1.7% downgrade of Oslo from 3.5% to 1.8%. Rental growth is projected to be strongest in London: City (3.2%), Barcelona (2.9%), Paris CBD (2.9%) and Madrid (2.8%) for 2025, while Budapest (1.0%), Zurich (1.1%) and Rome (1.2%) are expected to have the weakest prospects.

Three- and Five-Year Prospects

Reflecting the enhanced near-term outlook, the three-year annualised growth rate of 2.1% pa indicates a rise of 20 bps over May's three-year annualised forecast of 1.9% pa. The five-year forecast has also strengthened from 1.9% pa to 2.1% pa.

On an individual basis, the strongest performing market over the next three years is London: West End (4.1% pa), significantly ahead of Paris CBD, Amsterdam and Madrid, all with 3.0% pa. Over a five-year time period, the two London markets (both with 3.0% pa) and Paris CBD (2.9% pa) are expected to be the best performing locations in rental terms. Paris: la Défense (0.5% pa), Dublin (0.7% pa), Budapest (1.1% pa) and Zurich (1.1% pa) are anticipated to have the weakest forecasts over the next three years, while Zurich (1.1% pa), Paris: la Défense (1.2% pa) and Dublin (1.2% pa) will continue to underperform the other markets over the five-year period. All markets are expected to achieve positive rental growth over three- and five-year time periods.

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Average Growth Forecasts

Table 1 records the latest weighted averages across the 30 office markets surveyed, together with the year-on-year differences between the three periods reported.

Table 1: Year-on-Year Average Weighted Growth Forecasts and Changes (%)

	Rental growth forecast			Y-o-Y Difference	
	2023	2024	2025	2024 vs. 2023	2025 vs. 2024
Vienna	2.9	1.6	1.5	-1.3	-0.1
Brussels	2.8	1.4	1.5	-1.4	0.0
Prague	3.2	1.1	1.5	-2.1	0.4
Copenhagen	5.2	0.3	1.5	-4.9	1.1
Helsinki	1.3	1.4	1.7	0.1	0.3
Lyon	1.1	1.9	2.0	0.8	0.1
Paris CBD	3.3	2.7	2.9	-0.6	0.2
Paris la Défense	-0.5	0.4	1.7	0.8	1.4
Berlin	2.1	2.0	2.4	-0.1	0.3
Frankfurt	1.3	1.8	2.3	0.4	0.5
Hamburg	2.5	1.9	1.8	-0.5	-0.1
Munich	4.6	1.8	2.2	-2.8	0.4
Athens*	na	na	na	na	**na**
Budapest	1.8	0.4	1.0	-1.4	0.6
Dublin	-1.1	1.6	1.8	2.6	0.2
Milan	2.8	1.2	1.5	-1.5	0.3
Rome	4.2	1.2	1.2	-3.0	0.0
Luxembourg	0.9	1.8	1.9	1.0	0.1
Amsterdam	4.2	2.5	2.1	-1.7	-0.5
Oslo	3.1	1.1	1.8	-2.0	0.7
Warsaw	3.2	2.3	1.8	-0.9	-0.5
Lisbon	2.5	1.3	1.5	-1.2	0.2
Moscow*	na	na	na	na	na
Madrid	4.0	2.3	2.8	-1.7	0.5
Barcelona	1.7	2.7	2.9	1.0	0.3
Stockholm	3.4	1.4	2.3	-2.0	1.0
Zurich	1.0	1.2	1.1	0.2	-0.1
London: City	3.7	1.7	3.2	-2.0	1.5
London: West End	6.4	3.5	2.4	-2.9	-1.1
Manchester	4.8	1.7	1.6	-3.1	0.0
Average	**2.7**	**1.7**	**1.9**	-1.1	**0.3**

* As fewer than five forecasts were received, it is not possible to report any analysis of these markets.

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Table 2 summarises average weighted growth rates, ranked by order of lowest to highest projections for the current year and includes the three- and five-year annualised forecasts.

Table 2: 2023 Ranked Weighted Average Growth Rates (%)

	End-2022 rent (psm)*	Annual rental growth forecast			Annualised rental growth forecast (pa)	
		2023	2024	2025	2023/2025	2023/2027
Dublin	695.73	-1.1	1.6	1.8	0.7	1.2
Paris la Défense	583.75	-0.5	0.4	1.7	0.5	1.2
Luxembourg	640.80	0.9	1.8	1.9	1.5	1.6
Zurich (CHF)	918.75	1.0	1.2	1.1	1.1	1.1
Lyon	332.63	1.1	1.9	2.0	1.7	1.7
Helsinki	493.50	1.3	1.4	1.7	1.5	1.7
Frankfurt	551.50	1.3	1.8	2.3	1.8	1.9
Barcelona	327.90	1.7	2.7	2.9	2.4	2.5
Budapest	286.13	1.8	0.4	1.0	1.1	1.7
Berlin	515.55	2.1	2.0	2.4	2.2	2.5
Hamburg	404.10	2.5	1.9	1.8	2.1	2.2
Lisbon	316.25	2.5	1.3	1.5	1.8	1.8
Milan	687.22	2.8	1.2	1.5	1.8	1.8
Brussels	331.67	2.8	1.4	1.5	1.9	1.8
Vienna	311.38	2.9	1.6	1.5	2.0	2.3
Oslo (NKr)	5,917.56	3.1	1.1	1.8	2.0	2.4
Warsaw	308.25	3.2	2.3	1.8	2.4	2.1
Prague	314.44	3.2	1.1	1.5	2.0	2.4
Paris CBD	968.48	3.3	2.7	2.9	3.0	2.9
Stockholm (SKr)	8,417.08	3.4	1.4	2.3	2.4	2.6
London: City (GBP)	777.95	3.7	1.7	3.2	2.9	3.0
Madrid	437.27	4.0	2.3	2.8	3.0	2.7
Rome	506.56	4.2	1.2	1.2	2.2	1.9
Amsterdam	504.75	4.2	2.5	2.1	3.0	2.6
Munich	530.35	4.6	1.8	2.2	2.9	2.7
Manchester (GBP)	427.74	4.8	1.7	1.6	2.7	2.2
Copenhagen (DKr)	2,090.63	5.2	0.3	1.5	2.3	2.0
London: West End (GBP)	1,381.52	6.4	3.5	2.4	4.1	3.0
Average	**na**	**2.7**	**1.7**	**1.9**	**2.1**	**2.1**
Range	**na**	**7.5**	**3.2**	**2.2**	**3.5**	**2.0**

*€ unless otherwise stated

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Forecast Ranges

Table 3 reports the range of forecasts, provided for each location, over the time periods covered. The ranges are ranked by the range of the 2023 forecasts. There is a substantial span of forecasts for a number of key locations in the current year, provided by contributors, which is more significant than in the previous set of forecasts. The three UK office markets, along with Copenhagen, have the highest degree of uncertainty around their 2023 forecasts. The ranges of 2024 and 2025 forecasts are lower than for the current year, reflecting a more certain outlook.

Table 3: Forecast Ranges Ranked by 2023 Forecasts (%)

	2023	2024	2025	2023-25 (pa)	2023-27 (pa)
Zurich	3.0	2.1	1.9	1.6	1.4
Luxembourg	3.2	2.9	2.4	2.6	2.5
Milan	3.3	3.0	2.8	2.1	1.3
Barcelona	3.6	8.1	4.0	4.3	3.1
Helsinki	4.0	3.1	3.2	3.0	2.5
Hamburg	4.5	6.1	4.5	3.2	2.9
Brussels	4.5	3.0	1.5	2.1	1.3
Berlin	4.5	7.5	5.0	4.3	3.9
Warsaw	4.9	4.4	2.9	3.4	1.9
Lisbon	5.6	1.9	4.5	2.2	1.4
Budapest	5.9	6.6	4.6	4.2	2.3
Paris: la Défense	6.0	5.9	2.4	4.0	3.6
Lyon	6.4	3.1	5.9	3.4	2.2
Prague	6.7	5.4	2.8	4.3	1.3
Dublin	6.8	5.3	4.3	3.9	2.7
Vienna	6.8	5.0	2.9	4.1	3.4
Pairs CBD	7.2	4.6	3.6	2.3	2.1
Amsterdam	7.3	10.7	3.8	3.0	2.6
Stockholm	7.7	2.3	4.6	3.7	3.7
Munich	8.1	3.5	5.6	2.7	1.4
Frankfurt	8.5	3.5	4.5	4.0	3.4
Madrid	9.1	5.5	3.3	3.8	2.6
Oslo	9.1	2.2	1.2	3.7	2.9
Rome	10.3	2.5	2.8	3.5	2.3
London: City	10.7	8.1	7.4	7.4	5.4
Copenhagen	10.7	8.4	6.7	6.5	4.4
London: West End	13.2	10.6	5.4	9.1	6.0
Manchester	14.5	5.9	3.8	4.8	3.1
Minimum	**3.0**	**1.9**	**1.2**	**1.6**	**1.3**
Maximum	**14.5**	**10.7**	**7.4**	**9.1**	**6.0**
Median	**6.7**	**4.8**	**3.8**	**3.7**	**2.6**

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Evolution of Forecasts

Table 4 compares the current set of forecasts with those from May 2023, while Table 5 shows the evolution of the 2023 forecasts over the last six surveys, starting from May 2021.

Table 4: Mean weighted rental value growth forecasts (%) – November 2023 versus May 2023

	2023		2024		2025		Rolling 3-year average		Rolling 5-year average	
	May	Nov	May	Nov	May	Nov	May	Nov	May	Nov
Vienna	2.9	(2.2)	1.6	(1.0)	1.5	(0.6)	2.0	(1.3)	2.3	(1.5)
Brussels	2.8	(2.0)	1.4	(1.8)	1.5	(1.6)	1.9	(1.8)	1.8	(2.1)
Prague	3.2	(2.5)	1.1	(1.6)	1.5	(1.4)	2.0	(1.8)	2.4	(2.0)
Copenhagen	5.2	(1.6)	0.3	(1.7)	1.5	(2.2)	2.3	(1.8)	2.0	(1.8)
Helsinki	1.3	(1.3)	1.4	(1.6)	1.7	(1.9)	1.5	(1.6)	1.7	(1.2)
Lyon	1.1	(1.2)	1.9	(2.0)	2.0	(1.7)	1.7	(1.6)	1.7	(1.6)
Paris CBD	3.3	(2.4)	2.7	(2.4)	2.9	(2.6)	3.0	(2.5)	2.9	(2.3)
Paris la Défense	-0.5	(0.0)	0.4	(0.8)	1.7	(1.4)	0.5	(0.7)	1.2	(1.1)
Berlin	2.1	(2.5)	2.0	(2.0)	2.4	(2.2)	2.2	(2.2)	2.5	(2.2)
Frankfurt	1.3	(1.9)	1.8	(2.1)	2.3	(2.5)	1.8	(2.2)	1.9	(2.1)
Hamburg	2.5	(2.8)	1.9	(1.7)	1.8	(2.3)	2.1	(2.3)	2.2	(2.0)
Munich	4.6	(3.1)	1.8	(2.3)	2.2	(2.8)	2.9	(2.8)	2.7	(2.4)
Athens*	na	(na)	na	(na)	na	(na)	na	(na)	na	(na)
Budapest	1.8	(1.1)	0.4	(1.8)	1.0	(1.1)	1.1	(1.3)	1.7	(1.3)
Dublin	-1.1	(0.0)	1.6	(1.4)	1.8	(1.8)	0.7	(1.0)	1.2	(1.7)
Milan	2.8	(2.2)	1.2	(1.0)	1.5	(1.8)	1.8	(1.6)	1.8	(1.6)
Rome	4.2	(2.9)	1.2	(1.0)	1.2	(1.4)	2.2	(1.8)	1.9	(1.7)
Luxembourg	0.9	(1.2)	1.8	(0.9)	1.9	(1.6)	1.5	(1.2)	1.6	(1.5)
Amsterdam	4.2	(2.2)	2.5	(2.7)	2.1	(2.5)	3.0	(2.5)	2.6	(2.3)
Oslo	3.1	(2.5)	1.1	(1.2)	1.8	(3.5)	2.0	(2.4)	2.4	(1.3)
Warsaw	3.2	(2.3)	2.3	(2.6)	1.8	(2.4)	2.4	(2.4)	2.1	(2.9)
Lisbon	2.5	(3.2)	1.3	(1.2)	1.5	(1.4)	1.8	(1.9)	1.8	(1.7)
Moscow*	na	(na)	na	(na)	na	(na)	na	(na)	na	(na)
Madrid	4.0	(1.7)	2.3	(2.8)	2.8	(3.2)	3.0	(2.6)	2.7	(2.4)
Barcelona	1.7	(0.9)	2.7	(2.1)	2.9	(2.7)	2.4	(1.9)	2.5	(2.1)
Stockholm	3.4	(2.7)	1.4	(1.7)	2.3	(1.7)	2.4	(2.0)	2.6	(2.0)
Zurich	1.0	(1.9)	1.2	(1.6)	1.1	(1.6)	1.1	(1.7)	1.1	(1.4)
London: City	3.7	(1.4)	1.7	(2.2)	3.2	(4.2)	2.9	(2.6)	3.0	(2.7)
London: West End	6.4	(3.4)	3.5	(1.6)	2.4	(2.0)	4.1	(2.3)	3.0	(1.6)
Manchester	4.8	(3.3)	1.7	(1.7)	1.6	(1.9)	2.7	(2.3)	2.2	(1.6)

Previous survey figures in brackets
*Fewer than five forecasts received for these markets

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Table 5: Evolution of 2023 mean weighted rental value growth forecasts (%)

	May-21	Nov-21	May-22	Nov-22	May-23	Nov-23
Vienna	1.7	1.8	2.1	1.1	2.2	2.9
Brussels	1.4	1.6	1.7	2.2	2.0	2.8
Prague	0.8	1.6	0.9	0.5	2.5	3.2
Copenhagen	2.2	1.5	1.6	2.2	1.6	5.2
Helsinki	1.8	1.7	1.2	1.2	1.3	1.3
Lyon	1.6	1.3	0.9	1.4	1.2	1.1
Paris CBD	1.9	1.2	1.4	1.7	2.4	3.3
Paris la Défense	2.1	0.9	0.2	1.0	0.0	-0.5
Berlin	1.4	1.6	2.5	2.4	2.5	2.1
Frankfurt	1.4	1.5	2.9	1.9	1.9	1.3
Hamburg	1.3	1.5	1.9	2.4	2.8	2.5
Munich	1.7	1.8	2.1	2.5	3.1	4.6
Athens*	na	na	na	na	na	na
Budapest	1.1	1.3	1.6	1.3	1.1	1.8
Dublin	1.8	1.9	1.9	0.8	0.0	-1.1
Milan	1.0	1.1	1.6	1.9	2.2	2.8
Rome	0.9	0.7	0.6	1.9	2.9	4.2
Luxembourg	2.1	1.5	1.2	1.7	1.2	0.9
Amsterdam	2.3	2.3	2.1	2.2	2.2	4.2
Oslo	1.8	1.1	1.7	3.3	2.5	3.1
Warsaw	0.9	2.1	1.3	0.4	2.3	3.2
Lisbon	1.1	1.4	1.5	2.7	3.2	2.5
Moscow*	2.1	na	na	na	na	na
Madrid	2.3	2.7	2.0	1.3	1.7	4.0
Barcelona	1.9	1.4	1.2	1.2	0.9	1.7
Stockholm	3.2	2.7	2.7	2.4	2.7	3.4
Zurich	1.0	1.2	1.1	1.0	1.9	1.0
London: City	4.3	2.0	2.1	0.9	1.4	3.7
London: West End	4.8	1.1	2.3	0.7	3.4	6.4
Manchester	3.0	0.7	2.8	2.7	3.3	4.8
Average All Markets	**1.9**	**1.5**	**1.7**	**1.7**	**2.0**	**2.7**

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Figures 2 and 3 present the evolution of the rolling three- and five-year average forecasts for each market covered by the surveys from November 2017 to November 2023.

Figure 2: Rolling Three-year Percentage Weighted Average Growth Forecasts (%)
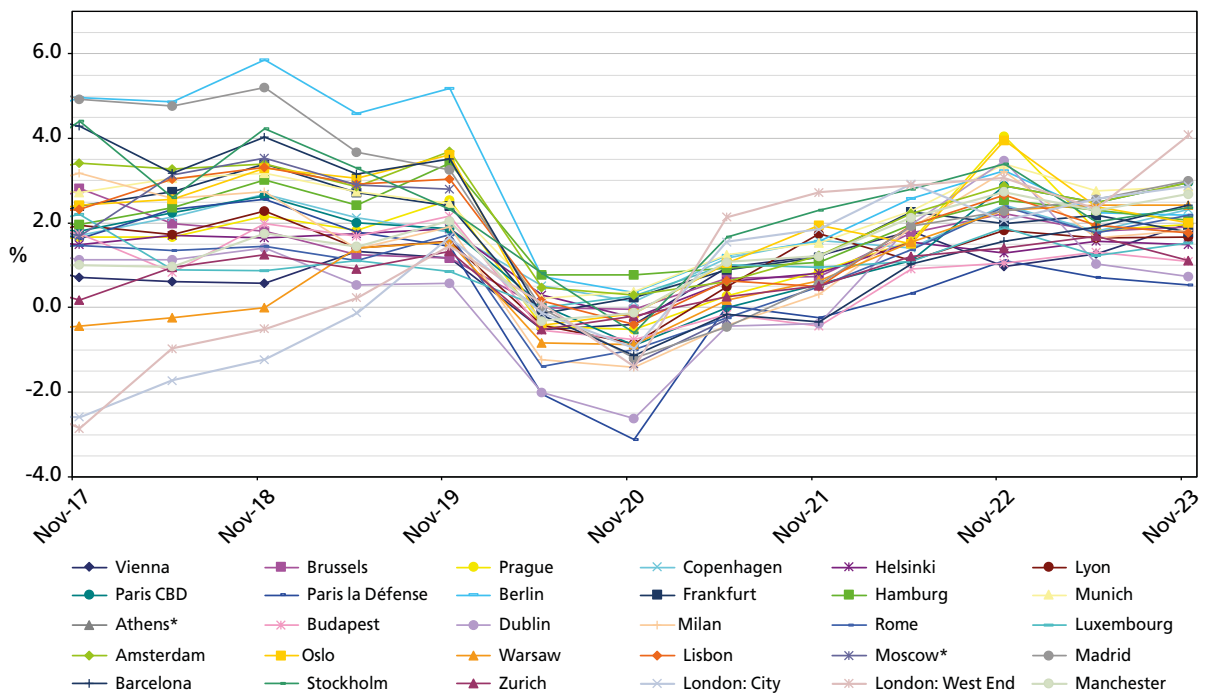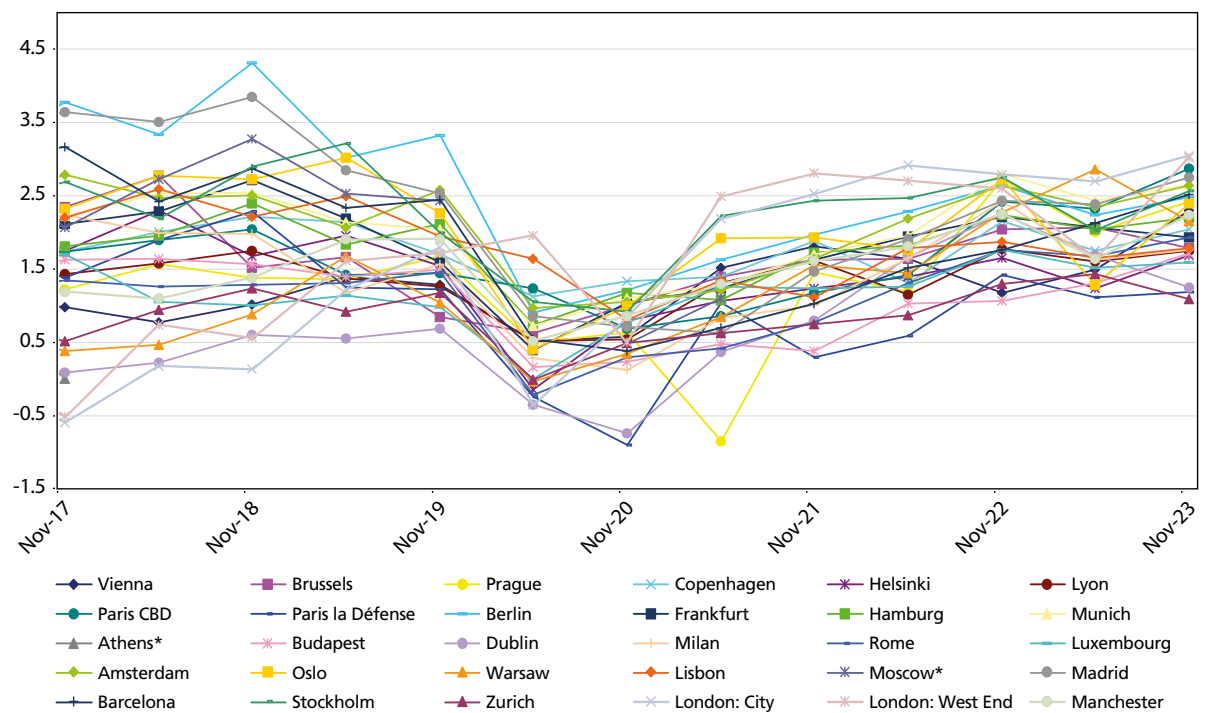

Legend: Vienna, Brussels, Prague, Copenhagen, Helsinki, Lyon, Paris CBD, Paris la Défense, Berlin, Frankfurt, Hamburg, Munich, Athens*, Budapest, Dublin, Milan, Rome, Luxembourg, Amsterdam, Oslo, Warsaw, Lisbon, Moscow*, Madrid, Barcelona, Stockholm, Zurich, London: City, London: West End, Manchester

Figure 3: Rolling Five-year Percentage Weighted Average Growth Forecasts (%)

Legend: Vienna, Brussels, Prague, Copenhagen, Helsinki, Lyon, Paris CBD, Paris la Défense, Berlin, Frankfurt, Hamburg, Munich, Athens*, Budapest, Dublin, Milan, Rome, Luxembourg, Amsterdam, Oslo, Warsaw, Lisbon, Moscow*, Madrid, Barcelona, Stockholm, Zurich, London: City, London: West End, Manchester

Acknowledgements

Forecast Contributors

IPF thanks all participants in the survey for contributing rental data to the November 2023 European Consensus Forecasts, including the following organisations:

abrdn, AEW, Aviva Investors, AXA Investment Management, blackolive advisors gmbh, BNP Paribas Real Estate, Capital Economics, CBRE, CBRE Investment Management, CoStar, Cushman & Wakefield, DWS, Grosvenor, Invesco, LaSalle Investment Management and Lisney.

Notes

The IPF European Consensus Forecasts survey currently focuses on office rental value growth in major cities. It is not possible to assemble sufficient forecasts of all sectors across all European countries to produce a meaningful consensus of views, although our ambition is to extend and improve the scope of the survey.

In addition to the rental value forecasts, we run a consensus survey of forecast IPD European total returns by sector. The samples provided for this survey were once again insufficient to permit publication, as fewer than five forecasts were received for each sector/territory. We aim to produce a full release of this data at a future date, once the number of responses has grown to five or more.

The Data

This latest survey collected prime office rental forecasts for 30 centres for the calendar years 2023, 2024 and 2025. A three-year average forecast for 2023-2025 is requested where individual years are not available, as well as a five-year average for the period 2023-2027. The survey requested both percentage annual rental growth rates and year-end rent levels as a check. Growth forecasts provided by each organisation are analysed to provide weighted average ('consensus') figures for each market. Forecasts are aggregated and reported only for office markets for which a minimum of **five** contributions have been received.

The definition of **market rent** used in the survey is the **"achievable prime rental values for city centre offices, based on buildings of representative size with representative lease terms for modern structures in the best location". Prime** in this case **does not mean headline** rents taken from individual buildings but, rather, rental levels based on market evidence, which can be replicated. All figures included in the survey are required to have been generated by formal forecasting models. This report is based on contributions from 16 different organisations (fund/investment management houses and property advisors).

Consensus forecasts further the objective of the Investment Property Forum (IPF) to enhance the understanding and efficiency of the property market. The IPF is extremely grateful for the support those organisations that contribute to this publication, which is only possible thanks to the provision of individual forecasts.

The IPF welcomes new contributors for future surveys, so that the coverage can be extended to further markets. If your organisation wishes to contribute to future surveys, please contact IPF Chief Executive, Sue Forster, at sforster@ipf.org.uk.

Contributors receive a more detailed set of statistical outputs than those shown in this report – for each office centre, the sample size, median and range of rental values, together with standard deviations are also provided.

Notes

Disclaimer

The IPF Survey of Independent Forecasts for European Prime Office Rents is for information purposes only. The information therein is believed to be correct but cannot be guaranteed and the opinions expressed in it constitute our judgment as of the date of publication but are subject to change. Reliance should not be placed on the information and opinions set out therein for the purposes of any particular transaction or advice. The IPF cannot accept any liability arising from any use of the publication.

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