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RESEARCH

Investment Property Forum
# European Consensus Forecasts

IPF European Consensus Forecasts

Survey of European Office Market Rental Forecasts
May 2023

For the first survey of 2023, 18 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 3 May. 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 (November 2022 forecasts in brackets).

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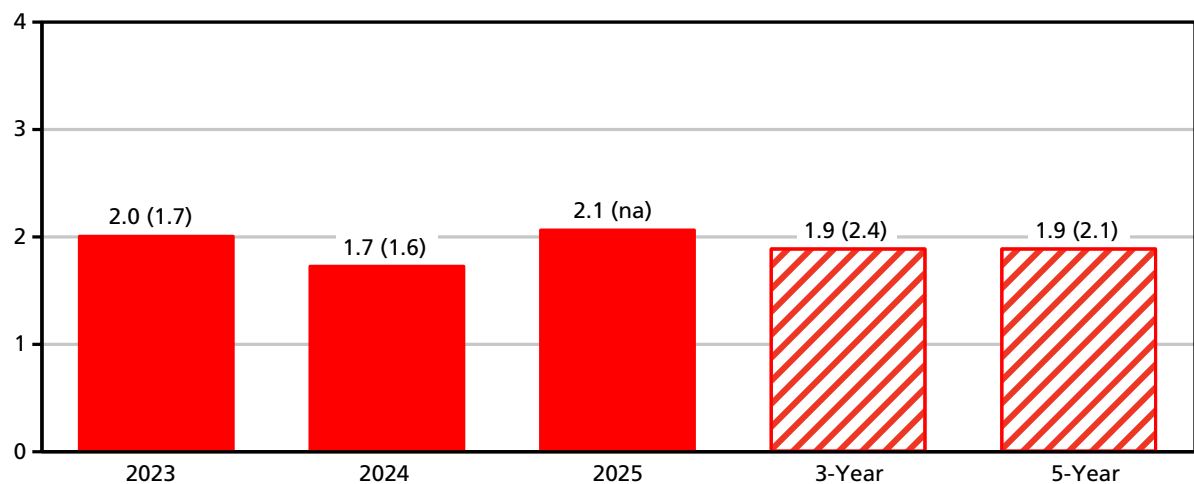
Improved 2023 Outlook

In the six months since the previous survey, the 2023 average growth rate, across all locations, has improved from 1.7% to 2.0%. This uplift is driven by an increase in forecasts across 18 markets, with the greatest upgrades in London: West End, Prague and Warsaw. London: West End, Manchester, Lisbon, and Munich all have growth forecasts above 3.0% for the current year (see Table 2). The forecasts of nine locations were downgraded, with the most significant declines in Paris: la Défense (-1.0%), Dublin (-0.8%) and Oslo (-0.8%). The 2023 forecast for Amsterdam remains the same as the previous estimate. In the current year, no location is expected to experience rental decline, although the rental growth for Dublin and Paris: la Défense is forecast to remain stagnant.

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2024 Broadly Unchanged

The overall rental growth expectation for next year is barely changed from November's results, at 1.7%. Thirteen locations are anticipated to achieve higher rental growth, compared with the previous set of forecasts, with the greatest improvement of 1.2% forecast for Warsaw. A further 11 locations have reduced rental growth expectations, although only Stockholm's forecast has been lowered by more than 0.5%. The rental growth forecasts for Helsinki, Hamburg, Barcelona and Manchester are in line with those from the previous survey. In 2024, the most attractive locations for rental prospects are expected to be Madrid (2.8%), Amsterdam (2.7%) and Warsaw (2.6%), while the least attractive are Paris: la Défense (0.8%) and Luxembourg (0.9%) (see Table 2).

Strengthening Outlook in 2025

The first set of 2025 forecasts, produced by the survey, exhibit an improvement on the 2024 forecasts. However, substantial upgrades are restricted to Oslo and London: City only, with increases of 2.3% and 2.0% respectively. Seven locations are expected to have weaker growth than in 2024; Budapest has the greatest downgrade of -0.7%. Rental growth is projected to be strongest in London: City (4.2%), Oslo (3.5%) and Madrid (3.2%) for 2025, while Vienna (0.6%) and Budapest (1.1%) are expected to have the weakest prospects (see Table 2).

Three- and Five-Year Prospects

The introduction of an average rental growth forecast of 2.1% for 2025, which replaces a significantly higher 2022 forecast of 4.0%, has resulted in a lower three-year annualised average forecast of 1.9% pa, compared to 2.4% pa in November's survey. The five-year forecast has also weakened from 2.1% pa to 1.9% pa.

On an individual basis, the strongest performing markets over the next three years are Munich (2.8% pa), London: City (2.6% pa) and Madrid (2.6% pa) while, over a five-year time period, Warsaw (2.9%) is anticipated to leap ahead of these three locations. Paris: la Défense (0.7% pa and 1.1% pa) is anticipated to be the weakest performer over both time periods. All markets are expected to achieve positive rental growth over three- and five-year time periods (see Table 2).

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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	2.2	1.0	0.6	-1.3	-0.4
Brussels	2.0	1.8	1.6	-0.1	-0.2
Prague	2.5	1.6	1.4	-0.9	-0.2
Copenhagen	1.6	1.7	2.2	0.1	0.5
Helsinki	1.3	1.6	1.9	0.3	0.3
Lyon	1.2	2.0	1.7	0.7	-0.3
Paris CBD	2.4	2.4	2.6	0.1	0.2
Paris la Défense	0.0	0.8	1.4	0.8	0.7
Berlin	2.5	2.0	2.2	-0.5	0.1
Frankfurt	1.9	2.1	2.5	0.2	0.4
Hamburg	2.8	1.7	2.3	-1.1	0.6
Munich	3.1	2.3	2.8	-0.8	0.4
Athens*	na	na	na	na	**na**
Budapest	1.1	1.8	1.1	0.7	-0.7
Dublin	0.0	1.4	1.8	1.4	0.4
Milan	2.2	1.0	1.8	-1.2	0.8
Rome	2.9	1.0	1.4	-1.9	0.4
Luxembourg	1.2	0.9	1.6	-0.3	0.7
Amsterdam	2.2	2.7	2.5	0.5	-0.2
Oslo	2.5	1.2	3.5	-1.3	2.3
Warsaw	2.3	2.6	2.4	0.2	-0.2
Lisbon	3.2	1.2	1.4	-1.9	0.2
Moscow*	na	na	na	na	na
Madrid	1.7	2.8	3.2	1.1	0.4
Barcelona	0.9	2.1	2.7	1.2	0.6
Stockholm	2.7	1.7	1.7	-1.0	0.1
Zurich	1.9	1.6	1.6	-0.3	0.0
London: City	1.4	2.2	4.2	0.8	2.0
London: West End	3.4	1.6	2.0	-1.9	0.5
Manchester	3.3	1.7	1.9	-1.6	0.2
Average	**2.0**	**1.7**	**2.1**	**-0.3**	**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
Paris la Défense	576.62	0.0	0.8	1.4	0.7	1.1
Dublin	691.88	0.0	1.4	1.8	1.0	1.7
Barcelona	326.00	0.9	2.1	2.7	1.9	2.1
Budapest	280.80	1.1	1.8	1.1	1.3	1.3
Luxembourg	636.00	1.2	0.9	1.6	1.2	1.5
Lyon	327.09	1.2	2.0	1.7	1.6	1.6
Helsinki	470.25	1.3	1.6	1.9	1.6	1.2
London: City (GBP)	781.69	1.4	2.2	4.2	2.6	2.7
Copenhagen (DKr)	2,100.81	1.6	1.7	2.2	1.8	1.8
Madrid	434.99	1.7	2.8	3.2	2.6	2.4
Zurich (CHF)	891.95	1.9	1.6	1.6	1.7	1.4
Frankfurt	548.93	1.9	2.1	2.5	2.2	2.1
Brussels	309.33	2.0	1.8	1.6	1.8	2.1
Milan	684.69	2.2	1.0	1.8	1.6	1.6
Amsterdam	503.96	2.2	2.7	2.5	2.5	2.3
Vienna	310.30	2.2	1.0	0.6	1.3	1.5
Warsaw	301.29	2.3	2.6	2.4	2.4	2.9
Paris CBD	964.56	2.4	2.4	2.6	2.5	2.3
Oslo (NKr)	5,908.40	2.5	1.2	3.5	2.4	1.3
Berlin	512.77	2.5	2.0	2.2	2.2	2.2
Prague	312.58	2.5	1.6	1.4	1.8	2.0
Stockholm (SKr)	8,350.34	2.7	1.7	1.7	2.0	2.0
Hamburg	401.54	2.8	1.7	2.3	2.3	2.0
Rome	502.48	2.9	1.0	1.4	1.8	1.7
Munich	526.81	3.1	2.3	2.8	2.8	2.4
Lisbon	310.21	3.2	1.2	1.4	1.9	1.7
Manchester (GBP)	424.87	3.3	1.7	1.9	2.3	1.6
London: West End (GBP)	1,379.16	3.4	1.6	2.0	2.3	1.6
Average	**na**	**2.0**	**1.7**	**2.1**	**1.9**	**1.9**
Range	**na**	**3.5**	**2.0**	**3.6**	**2.1**	**1.8**

*€ 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, although the ranges are generally less substantial than in the previous survey. Warsaw and London: West End have a high degree of uncertainty around their 2023 forecasts, while Rome is of particular note having the second widest forecast range for 2023 yet the lowest forecast range for 2024. The range of 2024 forecasts is lower than for the current year while, in 2025, the level of uncertainty widens again but this is predominantly attributable to the forecasts of Oslo and London: City.

Table 3: Forecast Ranges Ranked by 2022 Forecasts (%)

	2023	2024	2025	2023-25 (pa)	2023-27 (pa)
Zurich	3.3	2.7	3.2	2.1	2.0
Lyon	3.4	2.9	2.9	1.3	1.6
Luxembourg	3.6	3.3	2.0	2.4	2.5
Helsinki	4.4	2.9	3.0	3.0	2.5
Oslo	4.5	4.2	10.1	4.3	2.7
Frankfurt	4.6	2.9	3.1	1.6	1.8
Paris: CBD	4.6	2.4	2.4	1.9	1.6
Barcelona	4.7	3.7	3.0	3.0	2.4
London: City	4.8	4.2	7.3	4.8	3.9
Madrid	5.0	2.7	3.5	2.7	2.4
Munich	5.4	3.3	2.2	2.4	1.7
Lisbon	5.5	3.2	3.2	1.8	1.1
Milan	6.4	3.8	2.8	2.9	1.5
Stockholm	6.6	3.4	3.8	4.0	3.6
Brussels	6.9	4.1	1.7	2.4	2.0
Dublin	7.0	2.9	3.9	3.7	5.3
Copenhagen	7.1	6.2	3.4	4.1	3.0
Manchester	7.2	6.8	2.4	3.9	3.0
Amsterdam	7.2	3.9	3.7	3.9	2.4
Berlin	7.4	6.6	4.1	4.3	3.7
Hamburg	7.8	5.4	3.6	4.1	3.1
Vienna	8.0	2.0	3.0	2.1	1.8
Paris: la Défense	8.3	2.9	2.7	4.0	3.4
Budapest	8.5	3.5	4.2	4.0	3.0
Prague	9.4	6.0	3.4	5.5	3.1
London: West End	9.6	4.5	4.5	4.8	2.7
Rome	10.0	1.9	2.6	2.7	2.8
Warsaw	10.4	6.5	4.5	5.1	4.6
Minimum	**3.3**	**1.9**	**1.7**	**1.3**	**1.1**
Maximum	**10.4**	**6.8**	**10.1**	**5.5**	**5.3**
Median	**6.7**	**3.4**	**3.2**	**3.3**	**2.6**

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Evolution of Forecasts

Table 4 compares the current set of forecasts with those from November 2022, while Table 5 shows the evolution of the 2023 forecasts over the last five surveys, starting from May 2021.

Table 4: Mean weighted rental value growth forecasts (%) – May 2023 versus November 2022

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

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

Survey of European Office Market Rental Forecasts

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

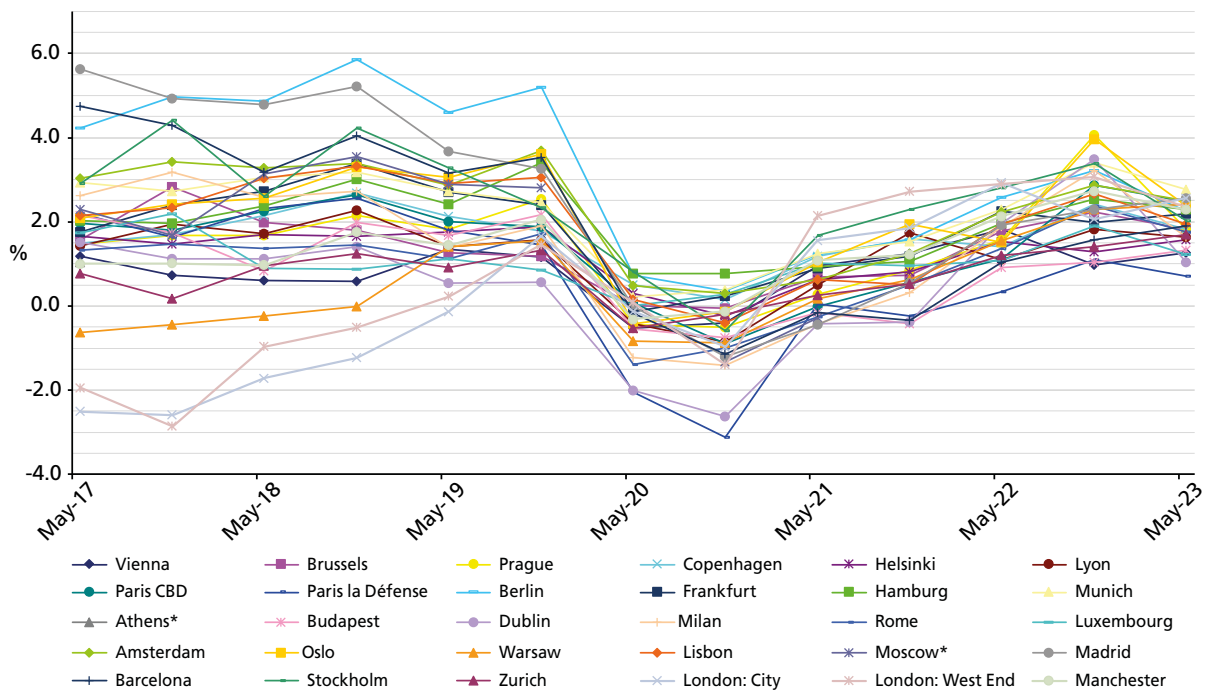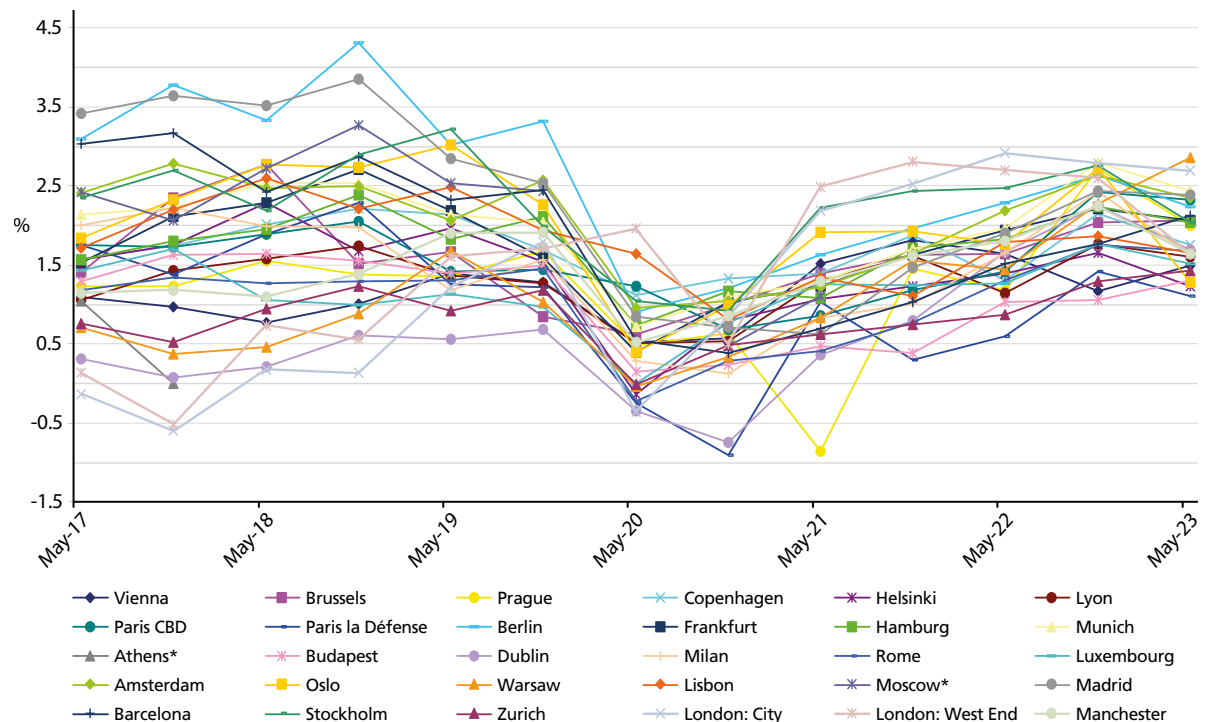### Figure 2: Rolling Three-year %age Weighted Average Growth Forecasts (%)

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 %age Weighted Average Growth Forecasts

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 May 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, Danish Property Federation, 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 18 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

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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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