EUROPEAN METROPOLITAN REAL ESTATE OBSERVATORY

A research series on metropolitan property markets

Thirteen European Metros

Metropolitan growth and real estate investment prospects

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About this report

The **European Metropolitan Real Estate Observatory** analyses metropolitan property markets across Europe from official statistics and published market evidence. This first edition covers thirteen metros in four regional groups, Southern Europe (Madrid, Barcelona, Milan, Rome and Florence), Central Europe (Munich, Berlin and Vienna), Northern Europe (Stockholm, Gothenburg and Edinburgh) and Western Europe (Paris and London), and opens with a comparison of all thirteen. The analysis itself is set out in eight editions from seven countries (Parts A to H), because each draws on its own country's statistics.

Founding idea. Real estate is durable, so each metropolitan economy inherits a stock of buildings designed for an earlier pattern of demand. The Observatory's research question is how changes in population, employment, productive capital, income, wealth and output alter the amount, quality and location of space a metro needs. Each edition identifies what is growing, what kind of space that growth requires, and how much of that demand the existing stock can accommodate. The aim is to explain why two metros growing at similar rates can need different kinds of real estate, and why some fast-growing metros can absorb much of their demand within the buildings they already have (Section 2).

Regional groups. The groups follow patterns in the evidence, not geography alone. The southern metros have grown mainly by adding jobs, filled largely by international migrants, while real pay has been flat or falling, and since 2013 they have added only 0.2 to 0.6 new homes for each added household (completions; building permits in Italy). The central metros have all outgrown their countries since 2019 and share tight housing markets under rent regulation. The northern metros have grown in line with or slightly behind their countries in jobs since 2019 but with rising output or pay over parts of the period, and new housing that has broadly kept pace with recorded households. The western metros, Paris and London, are the two largest in the series, each with more than a sixth of its country's jobs, and both are highly specialised in finance and information and communication; in both, real pay and output per job have barely risen, so growth has come from more jobs. They differ in direction: London has outgrown the UK in both periods, with the largest lead in the series since 2019, while Paris outgrew France before 2019 through its mix of fast-growing industries and has lagged it slightly since. The fit is not exact: Madrid and Milan have outgrown their countries since 2019, unlike the other southern metros; Vienna's growth is population-led with flat real pay, closer to the southern pattern, as is London's, which depends on international migration; and none of the northern metros is in the euro area: Stockholm and Gothenburg price in Swedish kronor, with rates set by the Riksbank, and Edinburgh in pounds sterling, with rates set by the Bank of England, as London does. The groups are a way of reading the results together; they are not pooled statistical regions.

The series. Each edition applies one method to one to three metropolitan areas in one country: metropolitan growth and sectoral structure, the space market by submarket, capital markets and pricing, and market screening that identifies which strategies merit asset-level underwriting. Further editions could follow on the same template, country by country, with each new metro placed in a regional group and the European overview updated as each is added.

Further evidence. The analysis rests on official statistics and published broker and press figures. Leasing, absorption and achieved-rent data by occupier sector and building grade, with incentives and pipeline, would allow the demand analysis to be tested against actual occupier behaviour, and a prime-office case built on achieved rent, incentives, lease-up, capex, entry price and a downside exit yield would show when a favourable market view becomes a viable deal. The yield sensitivities in this edition show how value moves at constant income; they are not deal appraisals.

Data and comparability. Each edition uses its own country's official statistics, which differ in what they measure and how recently they are published (Section 2). Each metro is therefore compared with its own country, also within a regional group. Growth rates relative to each country, location quotients and the shift-share structure are comparable across editions; pay levels, rents and brokers' vacancy measures are not directly comparable.

Key figures

+1.9 to +4.8
Percentage points by which London, Berlin, Milan, Madrid, Munich and Vienna employment outgrew their countries over the common period 2019 to 2023

-1.7 to -0.1
Percentage points by which Florence, Barcelona, Rome, Paris, Stockholm, Edinburgh and West Sweden grew more slowly than their countries, 2019 to 2023

+18% / +7%
Real output per employed person, 2012 to 2024: Stockholm County vs Sweden

2.45 / 2.36
Highest location quotients on regional accounts: information and communication in Milan, finance in Stockholm (country = 1.0)

1.6% to 36%
Office vacancy from Rome Grade A and Edinburgh prime to Stockholm Kista: scarce quality space, vacancy in older stock

3.75% to 6.50%
Prime office yields, London's West End to Edinburgh (latest, 2026; net and gross measures and currencies differ)

Sources: Section 3 and Parts A to H; authors' calculations from official statistics; broker figures as cited there.

1. Executive summary: thirteen metros, one method

Measured against their own countries, London, Berlin, Madrid, Milan and Munich show the strongest growth evidence of the thirteen metros: all five outgrew their national economies before 2019 and are still doing so on a common 2019 to 2023 period. London has the largest lead since 2019, but with flat real pay and output per job, while Berlin's lead comes with real pay still rising. Vienna has also outgrown Austria since 2019, driven by population growth. Stockholm's output per worker has grown much faster than Sweden's, and Edinburgh's pay has risen relative to Great Britain's, but both have lagged their countries slightly in employment since 2019. Paris outgrew France before 2019, through its mix of fast-growing industries rather than faster growth within them, and has lagged it slightly since. Barcelona, Rome and Florence have lagged their countries since 2019. Gothenburg's 13-municipality core outgrew Sweden on register data in 2020 to 2023, while the wider West Sweden region grew in line with Sweden. In eight of the twelve office markets with comparable broker data, central, prime or Grade A space is scarce while vacancy sits in older or peripheral stock; Gothenburg, with new central space, Vienna and London, tight across the market, and Berlin, where vacancy has risen almost sevenfold since 2019, are the exceptions, and Florence's office market is too thin to compare. These are the authors' market-level judgements from the evidence in Parts A to H. They are country-relative findings, not a harmonised ranking, and not asset-level investment approvals.

What this edition is. The Observatory applies one method to metropolitan property markets: metropolitan growth and sectoral structure, the space market by submarket, capital markets and pricing, and illustrative investment strategies. This edition brings together eight editions from seven countries: Spain (Madrid and Barcelona), Sweden (Stockholm and Gothenburg), Italy (Milan, Rome and Florence), Germany (Munich and Berlin), Austria (Vienna), the United Kingdom (Edinburgh, and London in a separate edition) and France (Paris). Stockholm, Gothenburg, Edinburgh and London are outside the euro area. It adds a comparison of the thirteen metros (Section 3).

The comparison rests on seven findings:

1. **London, Berlin, Milan, Madrid, Munich and Vienna are still gaining on their countries; the others are not.** Before 2019 twelve of the thirteen metros added jobs faster than their national economies; Edinburgh's employee jobs grew 3.9 percentage points more slowly than Great Britain's. Over the common period 2019 to 2023, employment grew faster than the national rate by 4.8 percentage points in London, 3.7 in Berlin, 2.6 in Milan, 2.4 in Madrid, 2.3 in Munich and 1.9 in Vienna, while it grew more slowly than the national rate in Florence (-1.7 points), Barcelona (-1.3), Rome (-1.2), Paris (-0.6), Stockholm (-0.3), Edinburgh (-0.1) and West Sweden (-0.1). On a different source and period, the Gothenburg Region core grew 2.4 points faster than Sweden in 2020 to 2023 (Section 3.1).
2. Growth types differ: Stockholm's, Munich's and Berlin's growth raised pay per worker; the southern metros, Vienna, Paris and London grew mainly through more jobs. In Stockholm, real output per employed person rose about 18% between 2012 and 2024, against about 7% for Sweden, and the real wage bill per employed person rose 12.3%. In Upper Bavaria, which contains Munich, real compensation per employee rose 11.0% between 2012 and 2019. In Berlin, real compensation per employee rose 15.3% between 2012 and 2019 and a further 1.8% between 2019 and 2023, while it fell 2.3% in Germany. In Edinburgh, median full-time pay rose from 105.8% of the Great Britain level in 2019 to 111.7% in 2025, although deflated with the city's GDP deflator it barely changed in real terms. Real salary per recipient rose 5.5% in Madrid and 4.4% in Barcelona (2012 to 2023), the Madrid chapter extends its series to 2024, giving a 6.5% rise from 2012; real compensation per employee job rose only 1.4% in Vienna before 2019, real mean business pay fell 5.4% in Milan and 10.4% in Rome (2015 to 2023), and real declared income per taxpayer in the city of Florence fell 0.4% (2019 to 2024). Real median full-time pay in London rose only 2.1% between 2012 and 2025 (UK 5.2%), and real pay per private employee in the Paris region 2.8%; in both, real output per job was little or no higher in 2024 than in 2012. The employment and pay patterns are interpreted separately from their causes. Pre-2019 gains in jobs and real pay in Stockholm, Munich and Berlin are consistent with demand-induced expansion and a stronger wealth effect. Job growth with modest pay gains in Madrid, Barcelona, Vienna and London is consistent with an elastic labour response; Paris before 2019 is consistent with demand induced expansion, with elasticity unconfirmed; its post 2019 mechanism is mixed or undetermined because inflation and composition also affect real pay. Earlier Italian wage declines alongside job gains are consistent with a supply-induced component, not proof of its cause. Post-2019 pay declines are treated with the same inflation and composition caveat across all metros. Edinburgh's small measured pay gain does not establish an elasticity, and Florence's income measure is not a wage series. Table 4b records these qualifications. Pay measures differ by country, so they show direction, not levels; productivity is not ranked across countries because no common real-output-per-hour measure is available.
3. **The capitals and business hubs share a specialisation in information and communication and in finance.** Location quotients for information and communication (NACE J, shortened to "technology" in this report) are 2.45 in Milan, 2.28 in Berlin city, 2.25 in Madrid and Rome, 2.12 in Vienna and 1.95 in Stockholm, and, on employee counts, 2.15 in Paris (IT services) and 2.14 in London; finance quotients are 2.36 in Stockholm, 2.30 in London, 2.01 in the Edinburgh city region (3.36 in the City of Edinburgh), 1.89 in Madrid and Milan, 1.65 in Paris and 1.49 in Vienna. Munich's regional accounts group sectors more broadly (finance, real estate and business services 1.46), but its city's insured employees in information and communication are about 3.4 times the German share. Barcelona and Gothenburg are less specialised in finance (1.00 and 0.66) and rely more on technology and business services; Berlin city is below the German average in finance (0.85); Edinburgh is below the British average in technology (0.89); and Florence is specialised in neither (0.89 and 1.04), but in manufacturing, professional services and real estate.

4. **Eight of the twelve office markets with broker data have scarce central or prime space and vacancy in older or peripheral stock.** Central, prime or Grade A vacancy is 1.6% in Rome and in Edinburgh's prime stock, below 2% in Munich's CBD, 2.37% inside Madrid's M-30 (availability), 3.6% in Milan, 6.8% in Paris's CBD and 8.6% in Stockholm's CBD, against 8.1% across Munich, 11.54% outside the M-30, 14.9% across Edinburgh's city centre, below 20% in Barcelona's 22@ (down from 26.6% in Q1 2025), 28% in Paris's Péri-Défense and 36.0% in Stockholm's Kista. Barcelona's prime CBD availability is 2.17%. This shows scarcity of quality space; only Barcelona's evidence (a rising share of deals at higher rents) directly indicates occupiers moving to better buildings, and leasing data by building grade would be needed to confirm it elsewhere. Gothenburg, Vienna, London and Berlin are the exceptions: Gothenburg's CBD vacancy (15.7%) is above the market average because new space is completing there, Vienna's market is tight throughout, at 3.9% overall, Central London's vacancy is 6.3% and falling, with Grade A space 92% of take-up, and Berlin's vacancy has risen almost sevenfold since 2019, to 9.6%, with 60% of vacant space classed as modern. Florence has no comparable broker office data; only 162 office units were sold in the city in 2024.
5. **Prime yields in the euro area and Sweden are low and close together; in sterling they range from London's West End, the lowest in the series, to Edinburgh, the highest.** In the euro area they range from 4.00% in Milan and 4.20% to 4.40% in Munich to 4.25% to 4.50% in Madrid and Paris, 4.60% in Berlin, 4.65% in Barcelona, 4.50% to 4.75% in Rome and 4.75% to 5.0% (gross) in Vienna. In the Swedish krona markets they are 3.90% in Stockholm and 4.55% in Gothenburg. In sterling, London's prime office yields are 3.75% in the West End and 5.25% in the City (Q1 2026; Bank Rate was then 3.75%), and Edinburgh's is about 6.50%. No prime office yield for Florence was available; leased prime hotels in Italy yield 4.5% to 5.0%.
6. **The common risk is interest rates.** The ECB raised its deposit rate to 2.50% in September 2026 as an energy shock lifted inflation (Banco de España) and held it there on 29 October, the Riksbank raised its policy rate to 2% from 11 November 2026 and expects to raise it further in the coming year, and the Bank of England raised Bank Rate to 4% on 5 November 2026. At prime yields of 3.75% to about 6.50%, each 25 basis point move in yields changes values by about 4% to 7%. The risk lies in the direction of rates and in how little room is left for further compression. Yield and policy rate observation dates must be distinguished. The euro area property observations include H1 2026, when the ECB deposit rate changed from 2.00% to 2.25% on 17 June, before reaching 2.50% on 16 September. Bank Rate was 3.75% during Q1 and Q2, before rising to 4% on 5 November. A gap using a later policy rate is a dated arithmetic comparison, not an observed contemporaneous spread. Official histories: https://www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp ; https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.es.html
7. **Housing supply has lagged household growth most in the Spanish and Italian metros, and the cost appears to fall on new entrants.** Over 2013 to 2024, housing completions covered 0.9 to 1.3 of the growth in households in Stockholm, the Gothenburg Region, Munich and the Edinburgh city region, but 0.5 to 0.6 in Madrid, Milan and Rome and 0.3 or less in Florence and the AMB (for the AMB, 2021 to 2024; for the Italian metros, building permits). Measured on net change in the census stock, the Paris region added 0.96 principal residences per added household (2012 to 2023) and London 2.27 dwellings (2011 to 2021), but neither ratio shows that supply met demand: housing starts in the Paris region have halved since 2017, and in London average household size rose and asking rents rose 26.8% between Q4 2021 and Q4 2025. Tenants already in place in Madrid and Barcelona pay median rents of about a fifth of mean household income, little changed since 2015, while asking rents per square metre are about 50% higher (Section 3.4).

Table 1. Market-level recommendations by metro

Metro	Country-relative growth evidence	Core offices	Value-add offices	Housing
Madrid	Strongest: broad, ahead of Spain since 2019	Prioritise for underwriting inside the M-30, subject to entry price	Selective, outside the M-30	Underwrite selectively, mid-market build-to-rent
London	Strong: largest lead over the UK since 2019; flat real pay and output per job	Underwrite selectively, City first; West End with caution given low entry yield and sensitivity to income assumptions; GBP	Selective refurbishment to Grade A in well-connected locations, given the pipeline	Take build-to-rent in outer boroughs to due diligence; no yield data
Berlin	Strong: largest lead over Germany since 2019; real pay rising; slower since 2025	Underwrite selectively in the strongest central locations, subject to entry price	Do not prioritise while vacancy is rising	Prioritise new-build rental, subject to entry price and regulatory risk
Milan	Strong: broad, ahead of Italy since 2019	Prioritise for underwriting in the CBD, subject to entry price	Selective refurbishment to Grade A	Underwrite selectively, rental
Munich	Strong: ahead of Germany in both periods; real pay rising before 2019	Prioritise for underwriting in the CBD, subject to entry price	Only in central locations, with a substantial pre-let	Underwrite selectively, rental, taking account of rent regulation
Vienna	Ahead of Austria since 2019; population-led, flat real pay	Underwrite selectively in the CBD, subject to entry price	Selective, near the main transport hubs	Prioritise rental housing, subject to entry price
Stockholm	Output per worker rising; behind Sweden on jobs since 2019	Prioritise for underwriting in the CBD, subject to entry price	Do not underwrite unlet in the suburbs	Underwrite selectively, new-build rental
Edinburgh	Jobs in line with Great Britain since 2019; pay and output rising faster	Underwrite selectively, new or comprehensively refurbished prime only, GBP	Do not prioritise secondary offices	Prioritise build-to-rent, subject to entry price, planning and the affordable housing requirement; student housing selectively
Paris	Ahead of France before 2019 through its industry mix, slightly behind since; flat real pay	Underwrite selectively in the CBD (QCA), subject to entry price	Do not prioritise outside the core (Péri-Défense vacancy 28%)	Take rental housing in the inner ring to due diligence; logistics a watching brief
Rome	Behind Italy since 2019; supply-constrained office market	Underwrite selectively in the CBD	Only with a pre-let, in the EUR district	Not tested
Gothenburg	Metro core ahead of Sweden; wider region in line; record office vacancy	Selective, Rest of Inner City; CBD only with pre-lets	Do not underwrite at present	Not tested
Barcelona	Narrow, technology-led; behind Spain since 2019	Prioritise for underwriting in the Prime CBD and City Centre, subject to entry price	Only with a pre-let, 22@	Not tested
Florence	Ahead of Italy before 2019, behind since; real income flat; visitor economy	Do not prioritise; thin office market	Do not prioritise	Prioritise purpose-built student housing, subject to a campus-level count of competing beds, rents and occupancy; long-let rental selectively; upscale and luxury hotels selectively

Source: summary of the recommendations in Sections A1, B1, C1, D1, E1, F1, G1 and H1. Metros are ordered by the authors' reading of the strength of their growth evidence relative to their own countries. "Prioritise for underwriting" means the market case supports detailed asset-level underwriting (net cash flows, capex, incentives, financing and exit) against the investor's required return; it is not an investment approval.

2. The series: purpose, method and comparability

Purpose. The series asks how growth changes the space a metropolitan area needs, and what that means for an institutional investor deciding whether, and how, to commit capital there. It starts from metropolitan growth, because real estate demand is generated at the metropolitan level and only then allocated to submarkets and buildings, and ends with illustrative strategies that identify which opportunities merit asset-level underwriting.

Five sources of growth. Because buildings last for decades, demand for new or different space arises when the metro changes. Each source of growth favours different asset classes (Table 2).

Table 2. Sources of growth and the demand for space

Source of growth	How it affects demand for space	What the Observatory tests	Coverage in this edition
Population and households	More households increase demand for dwellings. Household size, age and income affect the mix of units, tenures and locations.	Where are households forming, what can they afford, and does the existing stock offer the homes they need?	Components of population change (Table 4a), implied households and new homes per added household (Table 7), purchase and rent burdens (Table 8). Demand by tenure, unit size and location is not yet traced.
Employment	Job growth creates demand for workplaces. The effect depends on which sectors are hiring, where they locate and how much space they use per worker.	Are the jobs being added likely to support offices, industrial space, healthcare facilities or other workplaces?	Employment against each country (Table 4), location quotients and shift-share by sector (Section 3.2 and each edition). Madrid and Barcelona convert office-using jobs into floor space on illustrative assumptions (Sections A7 and A13).
Productive capital	Investment in machinery, equipment, computing and infrastructure can create demand for specialised premises or change which locations are viable.	Does the investment require new facilities, can existing premises be adapted, or does improved infrastructure make other locations accessible?	Not measured directly. Infrastructure and public or foreign investment are assessed qualitatively in each edition’s drivers of growth; the Paris edition has a modelled capital stock and the London edition investment in buildings.
Income and wealth	Higher incomes can support more space, better-quality housing and additional spending on retail and leisure. Wealth can also affect the price buyers can pay for property.	Is growth increasing the amount or quality of space people use, raising asset prices, or doing both?	Real pay or income per worker (Tables 4b and 5) and price-to-income ratios (Table 8). Household wealth is measured only for London, by survey period (Table H12).
Output	Higher production or throughput can increase demand for industrial and logistics space. When output rises through productivity gains, firms may accommodate it within their existing footprint.	Is output growth raising demand for usable floor area, or changing the specification and location of the space required?	Shares of national GDP and output per worker or per job where published (Section 3.2 and each edition). Not yet linked to industrial or logistics floor space.

Source: authors' framework. The coverage column describes this first edition; productive capital, wealth and the capacity of the existing stock are the main gaps to fill in later editions.

Expansion, replacement and change. Demand for newly built space comes from expansion, from replacing worn-out stock and from changes in what users need. A metro can add jobs while existing vacancies absorb the increase. It can also have flat employment and still need new buildings because the available stock is in the wrong locations or cannot meet current specifications. For each asset class the question is therefore whether demand can be met through absorption, adaptation or construction. This first edition measures growth in detail and, for housing, compares new supply with household growth; measuring how much demand the existing stock can absorb or be adapted to needs vacancy and stock data by grade, specification and location that the official statistics used here do not provide. Each city chapter closes with a table that traces each material source of growth to the space it requires, the stock available to meet it and the authors' judgement on absorption, adaptation or construction, so that later editions can show which conclusions have changed. A short note under each table adds recent market evidence and what it supports testing at asset level. Take-up counts leases signed, while net absorption measures the change in occupied space, so strong leasing can coexist with rising vacancy; and a citywide rent benchmark narrows a search without testing a project's viability.

One method. Each edition follows the same steps: summary growth indicators and forecasts; employment and pay by sector; location quotients and shift-share against the national economy before and after 2019; the forces behind growth and their persistence; prospects by asset class; the office market by submarket; housing and capital markets; and strategy appraisal with yield sensitivity. We distinguish physical, income or wealth, and output growth from the mechanisms producing them. Employment and real-pay movements suggest demand-induced growth, supply-induced growth or a combination, following Chapter 3 of Sivitanides and Mourouzi-Sivitanidou (2020) and DiPasquale and Wheaton (1996); they do not establish the initiating shock or estimate an elasticity. Demand-induced growth starts with increased demand for the area's goods or services. An elastic labour response can produce many additional jobs with little wage growth; a less elastic response can produce stronger wage gains. Supply-induced growth starts with an independent labour-supply expansion and, in the model, increases jobs while lowering real wages. Migration and participation may respond to stronger job demand or change independently, so population growth alone cannot identify the mechanism. Both demand and supply forces may operate together.

Interpreting the evidence. We use the same rule for every metro. Jobs rising with modest real-pay gains are consistent with demand expansion accommodated by elastic labour supply; stronger pay gains suggest a greater wealth effect but do not estimate elasticity. Jobs rising while real pay falls are consistent with supply-induced growth, but inflation, hours and worker composition can produce similar observations. The ECB's 2025 review documents real-wage erosion and delayed wage adjustment during the inflation surge, so this qualification applies across all post-2019 comparisons, not only selected countries. Independent evidence of product demand, labour supply and timing is required to favour one explanation. Florence's income per taxpayer is not a wage series, and Edinburgh's GDP-deflated pay is not a consumer purchasing-power measure. Sector and geographical mismatches further limit inference. The national benchmark and shift-share describe relative performance, not the initiating shock. Property-supply elasticity separately determines whether additional space demand raises rents or stock; rising rents alone do not identify the metropolitan growth mechanism. Reference: ECB, Wage developments during and after the high inflation period, Economic Bulletin 1/2025, https://www.ecb.europa.eu/press/economic-bulletin/articles/2025/html/ecb.ebart202501_02~05fb781826.en.html.

Two different comparisons. This overview compares each metro's employment growth with its country's (Figure 1). The country editions also report the regional shift from shift-share analysis, which compares each sector with the national growth of the same sector and so removes the effect of the metro's sector mix. The first measures whether a metro is gaining on its country; the second whether it is gaining within its sectors. They usually agree in sign but are different results and are not used interchangeably.

Different statistics. Each country publishes different metropolitan statistics, so each edition uses the best consistent series available (Table 3). Comparing each metro with its own country makes the editions comparable in direction, but it does not remove differences between registrations, jobs, employed persons and employee jobs, administrative boundaries and observation periods. The cross-country results are therefore country-relative evidence, not a harmonised ranking. Pay levels, rents in different currencies and units, and the brokers' vacancy and availability measures are not directly comparable. Stockholm's and Gothenburg's values are in Swedish kronor and Edinburgh's and London's in pounds sterling; Edinburgh is compared with Great Britain, and London with the UK and, for detail by industry, Great Britain.

Table 3. Data used in each edition

Edition	Metropolitan geography	Employment	Pay	Latest metro data	Office data
A. Spain	Comunidad de Madrid; province of Barcelona and the 36-municipality AMB	Social Security registrations (jobs); EPA for Madrid	Agencia Tributaria mean salary per recipient, regional CPI	2024 to 2025	Q3 2026 (Barcelona yield Q1 2026)
B. Sweden	Stockholm County; West Sweden and the 13-municipality Gothenburg Region	SCB regional accounts (employed persons); register for Gothenburg Region	Wage bill per employed person, national CPI	2024, provisional	Q2 to Q3 2026
C. Italy: Milan and Rome	Metropolitan cities of Milan and Rome	Eurostat regional accounts (employed persons)	ISTAT Frame mean business pay, HICP	2023	Q2 to Q3 2026
C. Italy: Florence	Metropolitan City of Florence	Eurostat regional accounts (employed persons)	MEF declared income per taxpayer, city of Florence, FOI index	2023 (population 2025, income 2024)	Housing Q2 to Q3 2026; no broker office series; hotel performance to 2023, with HVS's assessment of 2025
D. Germany: Munich	Planning Region 14 (Munich city and eight districts)	Eurostat regional accounts (workplace jobs, six sector groups); insured employees for Munich city	Compensation per employee for Upper Bavaria, national CPI; BA median full-time pay	2023 (population 2025)	Q2 to Q3 2026
D. Germany: Berlin	Berlin region (DE001MC: Berlin city, Potsdam and eight Brandenburg districts)	Eurostat regional accounts (workplace jobs, six sector groups; finer sectors for Berlin city)	Compensation per employee for Berlin city, national CPI; BA median full-time pay	2023 (population and pay 2025)	Q3 2026
E. Austria	Vienna (city and federal state)	Statistics Austria regional accounts (workplace jobs)	Compensation per employee job, national CPI	2024 (pay 2023)	Q1 to Q3 2026
F. United Kingdom	Edinburgh and South East Scotland City Region (six councils)	BRES employee jobs (excluding the self-employed)	ASHE median full-time workplace pay, City of Edinburgh, GDP deflator	2024 (population and pay 2025)	Q2 to Q3 2026
G. France	Île-de-France region (eight departments)	INSEE total employment (employees and self-employed); INSEE employee estimates by industry, all employers	Urssaf private gross payroll per average employee, national HICP	2024 (population and pay 2025)	Q3 2026 (hotels 2025)
H. United Kingdom: London	Greater London (32 boroughs and the City)	ONS employee jobs; BRES employees by industry against Great Britain	ASHE median full-time workplace pay, UK CPI	2024 (population, jobs and pay 2025)	Q1 to Q3 2026

Note: the AMB is the 36-municipality metropolitan administration, smaller than the wider functional Barcelona metropolitan region. For Gothenburg, sector analysis uses West Sweden, a much wider region, and the Gothenburg Region (13 municipalities) is the metro core; the two are reported separately. Munich's pay series is for Upper Bavaria, a wider region that contains Planning Region 14. Vienna excludes its commuter belt in Lower Austria. Berlin and Munich are both compared with Germany on Eurostat workplace jobs, but their pay series differ. Edinburgh's real pay is deflated with the city's GDP deflator because a consumer price series could not be retrieved, and its employee jobs are compared with Great Britain, not the United Kingdom. The Paris region is the administrative Île-de-France region, not the Paris functional urban area or the Métropole du Grand Paris, and Greater London excludes its commuter belt. Paris's headline growth uses total employment, including the self-employed, and its sector analysis INSEE employee estimates for all employers by 38 industries; London's sector analysis uses BRES employees from 2015, after a change in coverage.

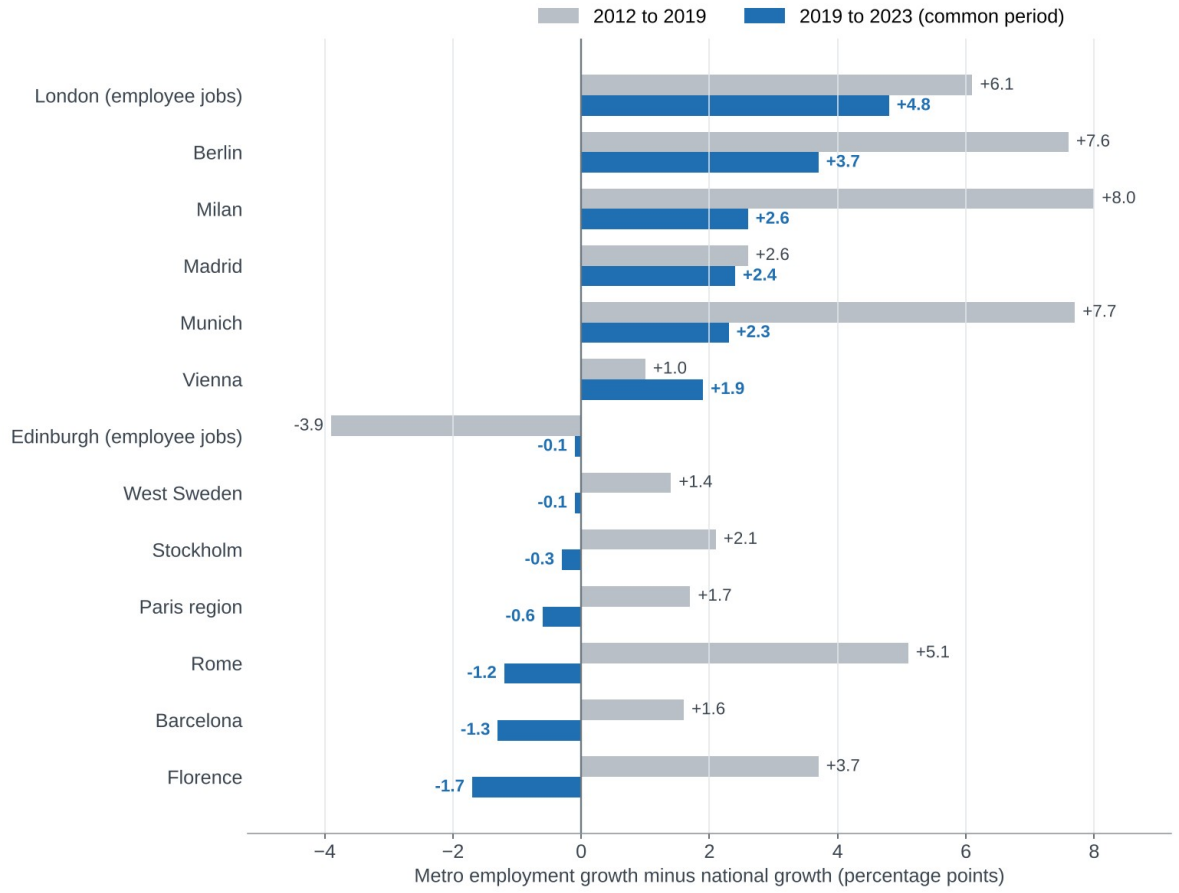
How to read this document. Parts A to H reproduce the eight editions in full. Their sections, tables and figures are numbered with the part letter (for example Section A4, Table B12, Figure C3), and in Parts A to D each country's cities appear as sub-parts (for example Part A-I, Madrid; Part C-III, Florence; Part D-II, Berlin). Parts E (Vienna), F (Edinburgh), G (Paris) and H (London) are single-metro editions without sub-parts. Sections 1 to 3 form the European overview; their tables and figures are numbered without a part letter (for example Table 4, Figure 1).

3. Thirteen metros compared

3.1 Growth relative to the national economy

Figure 1. Before 2019 twelve of the thirteen metros outgrew their countries; over 2019 to 2023 only London, Berlin, Milan, Madrid, Munich and Vienna did

Metro employment growth minus national employment growth, percentage points



Sources: Spain, Social Security registrations (Comunidad de Madrid, province of Barcelona, Spain); Sweden, SCB regional accounts (Stockholm County, West Sweden, Sweden); Italy, Eurostat regional accounts (Milan, Rome, Metropolitan City of Florence, Italy); Germany, Eurostat regional accounts (Munich region, Berlin region, Germany); Austria, Statistics Austria regional accounts (Vienna, Austria); Edinburgh, BRES employee jobs (city region, Great Britain); Paris, INSEE total employment (Île-de-France, France); London, ONS employee jobs (Greater London, United Kingdom); authors' calculations as in Sections A3, B3, C3, C14, D4, D9, E3, F3, G3 and H3. Gothenburg is shown here by West Sweden; see Table 4 for the Gothenburg Region core.

Table 4. Employment growth, metro and country (%)

Metro	Metro 2012-19	Country 2012-19	Metro 2019-23	Country 2019-23	Metro 2019-latest	Country 2019-latest	Latest year
Madrid	+18.7	+16.1	+10.8	+8.4	+15.0	+11.5	2024
Barcelona (province)	+17.7	+16.1	+7.1	+8.4	+9.7	+11.5	2024
Stockholm County	+13.7	+11.6	+4.5	+4.8	+3.7	+4.5	2024
West Sweden	+13.0	+11.6	+4.7	+4.8	+4.1	+4.5	2024
Milan	+11.1	+3.1	+5.5	+2.9	+5.5	+2.9	2023
Rome	+8.1	+3.1	+1.6	+2.9	+1.6	+2.9	2023
Florence	+6.8	+3.1	+1.2	+2.9	+1.2	+2.9	2023
Munich region	+15.4	+7.7	+3.8	+1.4	+3.8	+1.4	2023
Berlin region	+15.3	+7.7	+5.1	+1.4	+5.1	+1.4	2023
Vienna	+9.9	+9.0	+6.2	+4.2	+7.7	+4.9	2024
Edinburgh city region (employee jobs)	+7.8	+11.7	+4.1	+4.2	+4.7	+4.8	2024
Paris region (total employment)	+7.4	+5.7	+5.4	+5.9	+6.0	+6.5	2024
London (employee jobs)	+17.5	+11.4	+9.1	+4.4	+10.7	+5.2	2025
Gothenburg Region (register)	+13.5	+9.4	+8.5	+6.1	n.a.	n.a.	2023

Sources: as Figure 1; Gothenburg Region from SCB register employment, for 2012 to 2018 (RAMS) and 2020 to 2023 (BAS) in place of 2012 to 2019 and 2019 to 2023, a different source and periods from the other rows. Spanish figures are registrations excluding agriculture; Swedish accounts figures are employed persons excluding agriculture; Italian, German and Austrian figures are jobs or employed persons in all sectors. Edinburgh figures are employee jobs, excluding the self-employed, compared with Great Britain and chained across the 2015 change in coverage. Paris figures are INSEE total employment at 31 December, including the self-employed, compared with France; London figures are ONS employee jobs (annual averages), excluding the self-employed, compared with the United Kingdom.

Reading. National growth differed widely: Spanish employment grew about four times as fast as Italian employment before 2019. Comparing each metro with its own country removes that difference, though not the differences in sources and boundaries. On that basis Milan (8.0 points ahead of Italy), Munich (7.7 points ahead of Germany), Berlin (7.6 points) and London (6.1 points ahead of the UK) had the strongest pre-2019 performance, Paris was 1.7 points ahead of France, Vienna the weakest of those ahead (1.0 point ahead of Austria), and Edinburgh's employee jobs grew 3.9 points more slowly than Great Britain's. Over the common period 2019 to 2023, London (+4.8 points), Berlin (+3.7), Milan (+2.6), Madrid (+2.4), Munich (+2.3) and Vienna (+1.9) were the only six of the thirteen series in Figure 1 still ahead of their countries, while Paris was 0.6 points behind France; on the latest data, Madrid's lead widened to 3.5 points and Vienna's to 2.8 (to 2024) and London's to 5.5 (to 2025), while Edinburgh grew in line with Great Britain and Paris stayed 0.5 points behind France (to 2024). Florence fell furthest behind (-1.7 points), after outgrowing Italy by 3.7 points before 2019. The Gothenburg Region core, measured on register data, was also ahead of Sweden in 2020 to 2023 (+2.4 points), so the Swedish result depends on the geography used.

Where population growth comes from. The thirteen metros differ in how their populations grow (Table 4a). In 2024 Stockholm County grew mainly through natural increase, with births exceeding deaths by about 10,200. In the Comunidad de Madrid, the Munich region and Vienna births and deaths almost balanced, and in Catalonia, Milan, Rome, Florence and the Berlin region deaths exceeded births, by about 15,000 in the Berlin region, so population growth there depended on migration. Milan and Rome each gained about 20,000 to 22,000 people from abroad in 2024, enough only to hold their populations roughly stable, while net migration of a similar size added about 25,000 people to the Munich region and 22,500 to Vienna, and net migration of about 43,100 added 28,100 to the Berlin region. In Florence net migration of about 5,000 did not quite offset natural decrease. In the Edinburgh city region, where deaths have exceeded births since 2018, net international migration fell from 19,470 in 2022-23 to 1,220 in the year to mid-2025. Components for the Gothenburg Region were not available to the authors; in the municipality of Gothenburg natural increase (+2,726) exceeded net migration from abroad (+652) and from the rest of Sweden (+1,110). In the 36-municipality AMB, net migration from abroad (+75,540) offset both natural decrease (-5,354) and a net loss of 20,221 residents to the rest of Spain. In the Paris region births exceeded deaths by 73,162 in 2024, the largest natural increase in the series, while the residual of net migration and statistical adjustment was -31,416, so the region grew by 41,746. London's population fell by 26,737 in the year to mid-2025: natural increase (+54,211) and net international migration (+51,839, down from 235,320 two years earlier) did not offset a net loss of 131,961 residents to the rest of the UK.

Table 4a. Components of population change, 2024 (Edinburgh and London mid-2024 to mid-2025)

Area	Population change	Natural change	Net migration, total (not split by origin)	Net migration from abroad	Net migration, rest of country
Comunidad de Madrid	+135,316	+2,707	+132,609	not split	not split
Catalonia	+111,895	-13,722	see split	+129,030	-6,437
Barcelona AMB	+51,542	-5,354	see split	+75,540	-20,221
Stockholm County	+18,486	+10,247	see split	+9,008	-500
Gothenburg municipality	+4,377	+2,726	see split	+652	+1,110
Milan	+996	-10,425	see split	+22,127	-6,079
Rome	-2,761	-18,612	see split	+20,004	+1,126
Florence	-717	-5,721	+5,004	not split	not split
Munich region	+25,263	+615	+24,648	not split	not split
Berlin region	+28,113	-15,026	+43,139	not split	not split
Vienna	+22,529	+2,153	+20,376	not split	not split
Edinburgh city region	+1,120	-2,731	see split	+1,220	+2,720
Paris region	+41,746	+73,162	-31,416	not split	not split
London	-26,737	+54,211	see split	+51,839	-131,961

Sources: as Tables A2a, B2a, C2a, C25, D5, D18, E2, F2, G2 and H2. Net migration for Madrid, Munich, Vienna, Berlin, Florence and the Paris region is not split by origin and, for Munich, Vienna, Berlin, Florence and the Paris region, includes statistical adjustment. Edinburgh's rest-of-country figure combines net migration with the rest of Scotland (+400) and the rest of the United Kingdom (+2,320). The AMB and Gothenburg municipality rows are from Idescat (population estimates 2024) and SCB, and are included for the metropolitan cores used in Section 3.4. Components may not sum to the change because of statistical adjustments. London's components exclude other changes (-826).

Growth patterns and mechanisms by period. Table 4b separates employment and pay observations from their indicative interpretation. Jobs per resident rose strongly in the Spanish metros and London and moderately in several other metros; this can reflect participation, unemployment, commuting or changes in the resident population, and does not measure labour-supply elasticity. Before 2019 Stockholm, West Sweden, Munich and Berlin combined job growth with appreciable real-pay gains, a pattern consistent with demand-induced expansion and a stronger wealth effect. Madrid, Barcelona, Vienna and London combined job growth with modest pay gains, consistent with an elastic labour response to demand. Paris's labour-supply elasticity is less clear. Milan and Rome's falling real pay alongside job growth is consistent with a supply-induced component, including before the recent inflation surge, but its cause is not established. After 2019, falling real pay across several metros can reflect inflation and composition as well as labour-supply shifts. Berlin's modest pay gains and Edinburgh's improving relative pay are demand-side clues, not elasticity estimates. Florence's missing earlier pay series and later use of income per taxpayer limit classification.

Table 4b. Observed growth patterns and indicative mechanisms by period

Metro	Period	Employment, % a year	Real pay, % a year	Jobs per resident, % change	Observed pattern	Indicative mechanism
Madrid	2012-19	+2.5	+0.6	+15.8	Jobs rise; modest pay gains	Consistent with demand-induced; elastic labour supply
Madrid	2019-24	+2.8	+0.5	+9.4	Jobs rise; modest pay gains	Consistent with demand-induced; elastic labour supply
Barcelona	2012-19	+2.6	+0.4	+18.0	Jobs rise; modest pay gains	Consistent with demand-induced; elastic labour supply
Barcelona	2019-25	+1.8	+0.3	+5.8	Jobs rise; modest pay gains	Consistent with demand-induced; elastic labour supply
Stockholm County	2012-19	+1.9	+2.0	+1.7	Jobs and stronger real-pay gains	Consistent with demand-induced; stronger pay effect
Stockholm County	2019-24	+0.7	-0.5	-0.4	Jobs rise; real pay falls	Mixed or undetermined; inflation and composition matter
West Sweden	2012-19	+1.8	+1.7	n.a.	Jobs and stronger real-pay gains	Consistent with demand-induced; stronger pay effect
West Sweden	2019-24	+0.8	-0.9	n.a.	Jobs rise; real pay falls	Mixed or undetermined; inflation and composition matter
Milan	2012-19	+1.5	-0.8	+6.4	Jobs rise; real pay falls	Consistent with supply-induced; cause unconfirmed
Milan	2019-23	+1.4	-0.6	+6.2	Jobs rise; real pay falls	Mixed or undetermined; inflation and composition matter
Rome	2012-19	+1.1	-1.4	+5.5	Jobs rise; real pay falls	Consistent with supply-induced; cause unconfirmed
Rome	2019-23	+0.4	-1.3	+2.3	Jobs rise; real pay falls	Mixed or undetermined; inflation and composition matter
Florence	2012-19	+0.9	n.a.	+6.0	Jobs rise; pay unavailable	Demand-side evidence; mechanism unconfirmed
Florence	2019-23	+0.3	-0.1	+2.3	Jobs rise; income broadly flat	Undetermined; income is not a wage measure
Munich region	2012-19	+2.1	+1.5	+7.2	Jobs and stronger real-pay gains	Consistent with demand-induced; stronger pay effect
Munich region	2019-23	+0.9	-0.6	+3.3	Jobs rise; real pay falls	Mixed or undetermined; inflation and composition matter
Berlin region	2012-19	+2.1	+2.1	+6.7	Jobs and stronger real-pay gains	Consistent with demand-induced; stronger pay effect
Berlin region	2019-23	+1.3	+0.4	+4.4	Jobs and real-pay gains	Consistent with demand-induced; elasticity unconfirmed
Vienna	2012-19	+1.4	+0.2	-0.2	Jobs rise; modest pay gains	Consistent with demand-induced; elastic labour supply
Vienna	2019-24	+1.5	-1.2	+1.7	Jobs rise; real pay falls	Mixed or undetermined; inflation and composition matter
Edinburgh city region	2012-19	+1.1	0.0	n.a.	Jobs rise; real pay broadly flat	Undetermined from jobs and pay
Edinburgh city region	2019-24	+0.9	+0.2	n.a.	Jobs rise; modest pay gains	Demand-side evidence; elasticity unconfirmed
Paris region	2012-19	+1.0	+0.7	+4.7	Jobs and real-pay gains	Consistent with demand-induced; elasticity unconfirmed
Paris region	2019-23	+1.3	-0.9	+3.4	Jobs rise; real pay falls	Mixed or undetermined; inflation and composition matter
London	2012-19	+2.3	+0.1	+9.9	Jobs rise; modest pay gains	Consistent with demand-induced; elastic labour supply

Metro	Period	Employment, % a year	Real pay, % a year	Jobs per resident, % change	Observed pattern	Indicative mechanism
London	2019-23	+2.2	-1.2	+7.0	Jobs rise; real pay falls	Demand-side evidence; mixed mechanism possible

Sources: Tables A2b, B2b, C2b, C26, D6, D19, E3, F3, G3 and H3 and the text of Sections A3, B3, C3, C14, D4, D9, E3, F3, G3 and H3. Barcelona employment and jobs per resident are for the AMB and pay for the province (to 2023). Italian real pay is for 2015 to 2019 and 2019 to 2023; Munich real pay is for Upper Bavaria; Vienna real pay is for 2019 to 2023. Berlin real pay is for Berlin city. Florence real pay is real declared income per taxpayer in the city of Florence, 2019 to 2024, and includes pensions and self-employment income. Edinburgh employment is employee jobs; its real pay is median full-time pay in the City of Edinburgh deflated with the city's GDP deflator. Pay and employment measures differ by country, so levels are not directly comparable; mechanisms are indicative, not causal estimates. The observed-pattern column describes the reported series; the interpretation column uses the framework in Section 2. Post-2019 wage declines are treated consistently across metros: an independent labour-supply shock is not inferred from the sign of pay alone. Earlier Italian wage declines provide a longer-run supply-consistent pattern, not proof of its cause. Paris employment is total employment, its real pay private gross payroll per average employee (national HICP), and its jobs per resident total employment at 31 December over population on the following 1 January. London employment is employee jobs, its real pay median full-time pay (UK CPI), and its jobs per resident employee jobs over mid-year population.

3.2 Structure and pay

Table 5. Specialisation and pay, thirteen metros

Metro	Technology (J) LQ	Finance LQ	Real pay change	Pay measure and period
Madrid	2.25	1.89	+5.5%	Salary per recipient, 2012 to 2023
Barcelona	1.37 (AMB 1.91)	1.00	+4.4%	Salary per recipient, 2012 to 2023
Stockholm	1.95	2.36	+12.3%	Wage bill per employed person, 2012 to 2024
Gothenburg	1.17	0.66	+7.8% (West Sweden)	Wage bill per employed person, 2012 to 2024
Milan	2.45	1.89	-5.4%	Business mean pay, 2015 to 2023
Rome	2.25	1.34	-10.4%	Business mean pay, 2015 to 2023
Florence	0.89	1.04	-0.4%	Declared income per taxpayer, city of Florence, 2019 to 2024
Munich	3.36 (city, indicative)	2.77 (city, indicative)	+8.4%	Compensation per employee, Upper Bavaria, 2012 to 2023
Berlin	2.28 (city)	0.85 (city)	+17.5%	Compensation per employee, Berlin city, 2012 to 2023
Vienna	2.12	1.49	-3.5%	Compensation per employee job, 2012 to 2023
Edinburgh	0.89	2.01 (city 3.36)	+1.1%	Median full-time pay, City of Edinburgh, GDP deflator, 2012 to 2024
Paris	2.15 (IT services)	1.65	+2.8%	Private payroll per employee, Paris region, national HICP, 2012 to 2025
London	2.14	2.30	+2.1%	Median full-time pay, UK CPI, 2012 to 2025

Sources: Tables A2, B2 and C2 and the location quotient tables in each part. Berlin's quotients compare Berlin city with Germany on Eurostat workplace jobs for 2023; Florence's compare the Metropolitan City of Florence with Italy for 2023; Edinburgh's compare the city region (and the City of Edinburgh) with Great Britain on employee jobs for 2024. Location quotients compare each metro with its own country (country = 1.0), for 2024 (Spain, Sweden) or 2023 (Italy); Gothenburg's are for the Gothenburg Region on register data; Vienna's are for 2024. Munich's compare insured employees in Munich city (2024) with all employees in Germany (2023), so they are approximate and exclude the self-employed and most civil servants; the regional accounts for the Munich region do not separate these sectors. The Swedish wage bill per employed person divides employees' wages by all employed persons, so it is affected by the mix of employees, self-employed and working time. Pay measures differ, so the changes are not directly comparable. Paris's quotients compare the Paris region with France excluding Mayotte on INSEE employee estimates for all employers (2024), with technology measured by IT and information services; London's compare Greater London with Great Britain on BRES employees (2024).

The capital or business-hub metros (Berlin, London, Madrid, Milan, Munich, Paris, Rome, Stockholm and Vienna) are all highly specialised in information and communication, and most of them in finance; these are the sectors that occupy prime offices. Edinburgh is specialised in finance but not in technology, and Florence in neither: its economy rests on manufacturing, professional services, real estate and visitors. Stockholm stands apart in output per worker, which rose much faster than Sweden's, and Stockholm, Munich and Berlin in the direction of real pay; Munich's output per job is 34% above Germany's, while Berlin's is still 3% below it. In the Spanish and Italian metros and in Vienna growth came mainly from more jobs with flat or falling real pay, which favours volume demand and makes housing affordability the binding constraint. London and Paris show that specialisation in office-using sectors does not by itself raise pay: in both, real output per job was little or no higher in 2024 than in 2012, and real pay barely rose. In this framework Stockholm's and Berlin's growth, Munich's before 2019 and, in pay relative to Great Britain, Edinburgh's since 2019 support premium space on their own; elsewhere, the case for prime offices rests on specialisation in office-using sectors and the scarcity of Grade A space.

3.3 Office markets and pricing

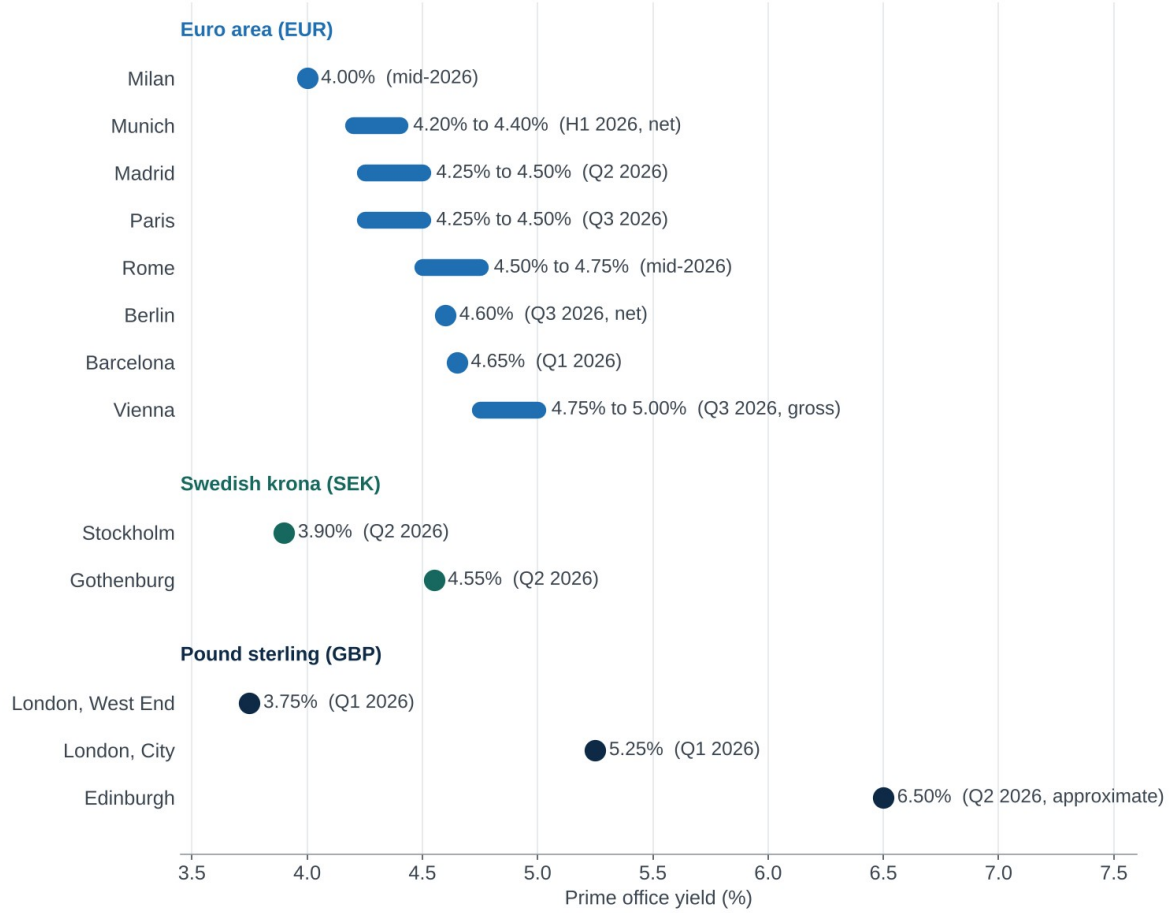
Table 6. Office vacancy and prime yields, thirteen metros

Metro	Centre or Grade A	Market or periphery	Prime yield	Date and source
Madrid	2.37% inside the M-30	11.54% outside the M-30	4.25% to 4.50%	Availability Q3 2026, Savills; yield Q2 2026, JLL and Savills
Barcelona	2.17% prime CBD; 4.85% City Centre	Below 20% in 22@; 9.98% market	4.65%	Availability Q3 2026, Savills; yield Q1 2026, CBRE
Stockholm	8.6% CBD	16.1% market; 36.0% Kista	3.90%	Q2 2026, JLL
Gothenburg	15.7% CBD; 10.0% Rest of Inner City	14.7% market	4.55%	Q2 2026, JLL
Milan	3.6% Grade A	9.6% market	4.00%	Q2 2026, JLL; yield Colliers, Savills, BNP Paribas RE
Rome	1.6% Grade A	Below 7% market	4.50% to 4.75%	Q2 2026, JLL; yield Savills, BNP Paribas RE
Florence	No broker vacancy series	162 office units sold in the city in 2024	Not available (leased hotels, Italy, 4.5% to 5.0%)	Agenzia delle Entrate, OMI, 2024; hotel yield H1 2026, Cushman & Wakefield
Munich	Below 2% CBD	8.1% market (9.3% Cushman & Wakefield)	4.20% net (CBRE 4.4%)	Q3 2026, BNP Paribas RE; CBD Q2 2026, CBRE; yield H1 2026
Berlin	Rate not published; 0.20 million m² vacant in top locations	9.6% market (JLL 9.3%; CBRE 8.6%; Cushman & Wakefield 10.6%)	4.60% net	Q3 2026, BNP Paribas RE
Vienna	4.5% Grade A and B	3.9% market	4.75% gross (EHL 5.0%)	Q3 2026, CBRE; EHL
Edinburgh	1.6% prime; 8.3% Grade A	14.9% city centre	About 6.50%	Q3 2026, Savills; yield Q2 2026, Knight Frank
Paris	6.8% CBD (QCA)	11.6% Île-de-France; 28% Péri-Défense	4.25% to 4.50%	Vacancy October 2026, Savills; yield Q3 2026, JLL
London	6.3% Central London	No peripheral series in this edition	3.75% West End; 5.25% City	Vacancy Q3 2026, CBRE; yields Q1 2026, Savills

Sources: Tables A2, B2 and C2 and the office market sections of each part. Madrid and Barcelona figures are availability, the others vacancy; brokers define submarkets and prime yields differently, Munich's and Berlin's yields are net while Vienna's is gross, and Edinburgh's is for a sterling market, so the figures show the pattern in each market rather than an exact ranking. London's figures are in pounds sterling; its vacancy is CBRE's for Central London as a whole.

Figure 2. Prime office yields range from 4.00% to about 5% in the euro area and from 3.90% to 4.55% in Sweden; in sterling from 3.75% in London's West End to about 6.50% in Edinburgh

Prime office yields, latest available (%), by currency. Net or gross basis is shown where the source states it.



Sources: as Table 6.

In eight of the twelve markets with broker data vacancy is low in central, prime or Grade A space and high in older or peripheral stock, and prime rents have risen: by about 50% in Milan, Rome and Munich since 2019, by 30% in Edinburgh in five years, and by 29% in Stockholm's CBD from mid-2019. In Munich overall vacancy has more than tripled since 2019, almost all of it outside the core, and in Edinburgh overall vacancy rose to 14.9% in Q3 2026 while prime vacancy stayed at 1.6%. In the Paris region vacancy is 6.8% in the CBD but 28% in Péri-Défense, and immediately available space rose 8% in a year to 6.6 million m². This is consistent with occupiers moving to better buildings, but low vacancy on its own shows scarcity; leasing, absorption and relocation data by building grade, which brokers and owners hold, would be needed to show changing occupier preferences. Gothenburg is an exception, with new space completing in its CBD, Vienna another, with vacancy below 4% across the market and few completions due, London a third, with Central London vacancy at 6.3% and falling, almost all leasing of Grade A space and about 22 million sq ft due by 2029, and Berlin a fourth: vacancy has risen almost sevenfold since 2019 and most vacant space is modern, although prime rents are at records and take-up recovered in 2026. Pricing is tight everywhere: the lowest yields, in Stockholm, Milan and Munich, are in markets with tight central space, and the highest in the euro area, in Rome, Berlin, Barcelona and Vienna, and Gothenburg's in Sweden, in markets with a thin investment market or the most vacancy; Vienna's office investment was only EUR 201 million in the first nine months of 2026, and Berlin's property investment EUR 1.0 billion, down 56%. Observation dates matter. London's Q1 office yields compare with Bank Rate of 3.75% at observation: zero basis points in the West End and 150 in the City. Edinburgh's Q2 office yield was about 275 basis points above the same policy rate. Comparisons elsewhere in this report against the later November Bank Rate or September ECB deposit rate are explicitly dated arithmetic benchmarks. Property yields have different observation dates and net or gross definitions; these differences are not contemporaneous risk premia or borrowing margins.

3.4 Housing demand, supply and affordability

Households, not people, drive housing demand. Converting each metro's 2024 population change into households, using average household size and its trend, and setting the result against new supply gives a common measure for eleven of the thirteen metros (Table 7); Paris and London are shown on the net change in the census stock. Because a single year can mislead, the table also sets new homes over 2013 to 2024 (completions, or building permits in Italy) against the growth in households over the same years.

Table 7. Household demand and new housing supply

Metro	Implied new households, 2024	Completions, 2024	Building permits, 2024 (Italy)	New homes per new household, 2024	New homes per added household (period)
Madrid (Comunidad)	47,600	20,205		0.42	0.58 (2013-24)
Barcelona (AMB)	21,800	5,389		0.25	0.28 (2021-24)
Stockholm County	14,900	13,621		0.92	0.91 (2013-24)
Gothenburg Region	6,100	5,919		0.97	0.92 (2013-24)
Munich region	14,000	10,784		0.77	1.20 (2013-24)
Vienna	12,300	11,194		0.91	0.84 (2022-24)
Berlin region	15,200	22,741		1.50	not reliable (2013-24)
Edinburgh city region	6,500	7,124		1.10	1.28 (2013-24)
Milan	3,700	n.a.	3,552	0.97	0.60 (2013-24)
Rome	5,100	n.a.	5,423	1.07	0.51 (2013-24)
Florence	2,200	n.a.	442	0.20	0.23 (2013-24)
Paris region	n.a.	n.a. (starts 41,781)		n.a.	0.96 principal residences; 1.36 all dwellings (census, 2012-23)
London	n.a.	n.a. (net additions 32,678, 2024/25)		n.a.	2.27 (census households and stock, 2011-21)

Sources: authors' calculations from official population, household and completions series; see the housing sections of each edition and their sources. Implied households are the population effect (population change divided by household size) plus the effect of the trend in household size, rounded to the nearest 100. For 2013 to 2024, household growth uses register or survey counts where they exist (Sweden, Scotland, Vienna) and population divided by household size elsewhere. Completions are gross. The Italian metros publish no completions series, so their ratios use residential building permits for the metropolitan city, shown in their own column; permits count homes authorised, not finished, so the Italian ratios are not directly comparable with the others. Population change for the Comunidad de Madrid follows INE's continuous population statistics (+104,618 in 2024), which give a smaller increase than the municipal register used in Table 4a (+135,316); on the register figure the 2024 ratio would be lower still. Berlin's 2013 to 2024 ratio for the city (2.06) is not shown as a result: see the text. The Paris and London ratios are on a different basis: they set the net change in the dwelling stock (census in Paris; MHCLG stock, equal to the sum of net additions, in London) against the change in census households, so they include conversions and losses and are not comparable with gross completions. Housing starts and net additions are not completions.

Three groups emerge over 2013 to 2024. Stockholm, the Gothenburg Region, the Munich region and the Edinburgh city region completed between 0.9 and 1.3 homes for each added household. Madrid completed about 0.6, Milan and Rome authorised 0.5 to 0.6 in building permits, and Florence (permits) and the AMB 0.3 or less. Milan and Rome look balanced in 2024 only because their populations barely changed that year: their shortfall comes from steadily shrinking households, not from population growth. Munich had a weak 2024 against a stronger record, and Madrid's gap widened in 2024. Even the cumulative ratio is not equilibrium. It ignores vacancy, second homes and demolitions, and households that could not form are not counted, which flatters it. In Sweden and Scotland households are counted from occupied dwellings, so a ratio near 1.0 there reconciles supply with recorded households and cannot show a shortage by itself. In Berlin the microcensus shows only 71,800 more households in the city between 2012 and 2024 while average household size rose from 1.75 to 1.85; that may reflect people doubling up for want of housing or breaks in the survey, so the city's ratio of 2.06 should not be read as a surplus. Paris and London look adequately supplied on net census stock change (0.96 principal residences per added household in the Paris region, 2.27 dwellings in London), but neither ratio shows that supply met demand: in the Paris region vacant and second homes took 29.6% of the increase and housing starts have halved since 2017, and in London average household size rose from 2.47 to 2.54 between the Censuses, consistent with households forming later, while net additions have fallen since 2019/20.

Table 8. Housing affordability: buying, current renters and the cost of entry

Metro	Price in years of household income, first year	Latest	Change	Rent burden of current renters	Entry rent / household income
Madrid	4.1 (2013)	5.0 (2023)	+22%	31.6% (2024)	31.1%
Barcelona	4.7 (2013)	5.5 (2023)	+17%	32.4% (2024)	33.7%
Stockholm	4.7 (2012)	5.7 (2024)	+21%	27.7% (2024)	48.1%*
Gothenburg	3.8 (2012)	5.2 (2024)	+35%	27.2% (2024)	40.8%*
Munich	10.3 (2019)	9.5 (2024)	-7%	30.5% (2022)	28.1%
Vienna	8.7 (2021)	6.9 (2024)	-20%	n.a.	32.2%
Berlin	8.7 (2023)	8.3 (2024)	-5%	27.4% (2022)	29.7%
Edinburgh	3.8 (2012)	4.0 (2024)	+4%	n.a.	28.2%
Milan	6.3 (2024)			n.a.	25.7%
Rome	4.0 (2024)			n.a.	22.4%
Florence	4.2 (2024)			n.a.	23.6%
Paris	7.9 (2012)	7.1 (2023)	-11%	n.a.	n.a.
London	5.5 (2012)	6.1 (2024)	+9%	n.a.	35.3%†

*Sources: authors' calculations; see the housing sections of each edition and their sources. Price: an 80 m² dwelling (the whole dwelling sold in Sweden and Edinburgh) divided by household disposable income, measured as regional-accounts income per resident times average household size. Price concepts differ (appraisals in Spain, asking prices in Munich, transactions in Vienna, Berlin, Sweden and Edinburgh, estimated transaction values in Italy), so levels are not comparable across metros; changes within a metro are. Spanish price ratios end in 2023, the latest year of regional household income. Current renters: Banco de España, tract-level rent over the income of non-owner households (Madrid, Barcelona); SCB, median housing costs over renters' disposable income, with margins of about 3 points (Sweden); microcensus, gross cold rent over main renters' net income (Munich, Berlin). Entry: advertised or newly let rent divided by a reference household income; Spanish figures use the city's median rented flat (66 m² in Madrid, 68 m² in Barcelona), Italian figures new ordinary long-term leases. *Swedish entry figures set second-hand rents for a two-room flat against renters' median income; most Swedish rents are regulated, so they describe the segment open to households without queue time. Edinburgh's entry figure (28.2%) is new two-bedroom private lets in the City of Edinburgh over the city's mean gross household income (2023/24); the 27.7% in the text is the Lothian rent area against six-council household income. Incomes differ by country, so entry ratios are not comparable across countries. n.a.: no renter-specific measure found. Paris: Notaires old-apartment price for 80 m² over regional disposable income per resident times household size. London: average UK House Price Index price (all dwellings) over disposable income per head times survey household size; †entry rent is Rightmove's all-property average asking rent (Q4 2024) over the same income, a mean measure not comparable with the median-based entry ratios.*

The price of buying rose relative to income in Madrid, Barcelona, Stockholm, Gothenburg and London, so purchase affordability did not simply track the supply gap; since peaks in 2021 or 2022 it has improved in Munich, Vienna, Stockholm, Gothenburg and Edinburgh, and since 2016 to 2017 in London, which in the authors' judgement reflects interest rates more than housing supply. In the Paris region it improved from 7.9 years in 2012 to 7.1 in 2023, as prices fell from their 2022 peak. Rents tell a clearer story, and it is a story about entry. Tenants already in place in Madrid and Barcelona pay median rents of about a fifth of mean household income in tax records (SERPAVI), barely changed since 2015, while advertised rents per square metre in December 2024 were about 50% above the median rent per square metre that sitting tenants declared. Advertised rents measure what households face when searching, not what new tenants finally agree. In the Edinburgh city region, advertised two-bedroom rents in the Lothian rent area rose from 21.9% of six-council household income in 2012 to 27.7% in 2024, while the purchase ratio ended the period close to where it began. The gap shows that entering the rental market costs far more than sitting tenants' rents suggest; it does not show how much of that cost population growth caused. Migrants are likely to be overrepresented among new entrants, which is consistent with EU-wide data: 18.8% of non-EU citizens spent more than 40% of disposable income on housing in 2024, against 7.6% of nationals (Eurostat, migrant integration statistics). Those figures cover all non-EU residents, not recent arrivals in these metros, and do not show how much of the pressure population growth caused.

3.5 What the comparison means for investors

- **Core offices merit underwriting in twelve of the thirteen metros,** but on different conditions (Table 1). Subject only to entry price, the case is for Madrid inside the M-30, the CBDs of Milan, Munich and Stockholm, and Barcelona's Prime CBD and City Centre. It is selective in Berlin's strongest central locations, in the CBDs of Vienna, Rome and Paris, in London's City, with the West End treated with caution given its low entry yield and sensitivity to income assumptions, and in Edinburgh's new or comprehensively refurbished prime stock, and in Gothenburg it applies to the Rest of Inner City, or to the CBD only with pre-lets. Florence's office market is too thin. The scarcity of central and prime space supports rents in most markets, but yields of about 4% to 5% in the euro area and Sweden leave little room for compression while rates are rising. Whether a specific acquisition meets a required return depends on its net income, capex, incentives, financing and exit assumptions, which this report does not assess.
- **Value-add depends on the type of vacancy.** Refurbishment to Grade A has market support where the shortage is of quality space in well-connected locations (Milan, Rome with a pre-let, Madrid outside the M-30, Vienna near the main transport hubs, central Munich with a substantial pre-let, well-connected Central London, where it competes with a large pipeline), and not where vacancy reflects structural oversupply (Stockholm's suburbs, Gothenburg at present, Berlin while vacancy is rising, Edinburgh's secondary stock, Paris outside the core, including Péri-Défense), and only with a pre-let in 22@, where the surplus is being absorbed.
- **Housing demand is strongest where jobs and population grow fastest, but affordability limits it.** Madrid has the clearest volume case, with 14.3% more households projected to 2041, and Vienna, with its population projected to reach 2.22 million by 2040 and falling new supply, one of the clearest rental cases; in Madrid, Milan, Rome and Vienna flat or falling real pay makes affordability the binding constraint, and in Munich high housing costs and rent regulation do. Berlin and Edinburgh both combine rising pay with constrained supply, and in both regulation favours new-build rental: Berlin's socialisation proposal exempts homes built after 2020, and Scottish rent control is to exempt build-to-rent completed after August 2021. In Florence, housing demand rests more on students and visitors than on residents, so purpose-built student housing is the priority there, subject to a campus-level count of competing beds, rents and occupancy (Section C18). Over 2013 to 2024 new supply (completions, or permits in Italy) fell furthest short of household growth in Florence, the AMB, Madrid, Milan and Rome (Section 3.4). The gap between advertised and declared rents per square metre, about 50% in Madrid and Barcelona, supports new-build rental at mid-market rents but is also, in the authors' judgement, the main source of regulatory risk there. The long shortfall in Rome suggests that its untested rental housing case merits testing. In London and the Paris region rental housing has a structural case, with net additions falling in London and housing starts halved in the Paris region, but neither edition holds residential yields, so both are taken forward to due diligence rather than underwritten.
- **Data vintage differs.** Italy's and Germany's metropolitan accounts end in 2023, a year earlier than Spain's, Sweden's, Austria's, Edinburgh's, the Paris region's and London's, Barcelona's detailed office zone breakdown is from Q1 2025, and Florence's hotel performance figures end in 2023, apart from HVS's assessment that occupancy and average rates fell in 2025. London's office rents and yields are for Q1 2026 and its logistics figures for H1 2026.
- **Stockholm, Gothenburg, Edinburgh and London are outside the euro area.** Their values are in Swedish kronor and pounds sterling and their rates are set by the Riksbank and the Bank of England, so euro-based investors also take currency risk there.