

# The French Investment & leasing markets

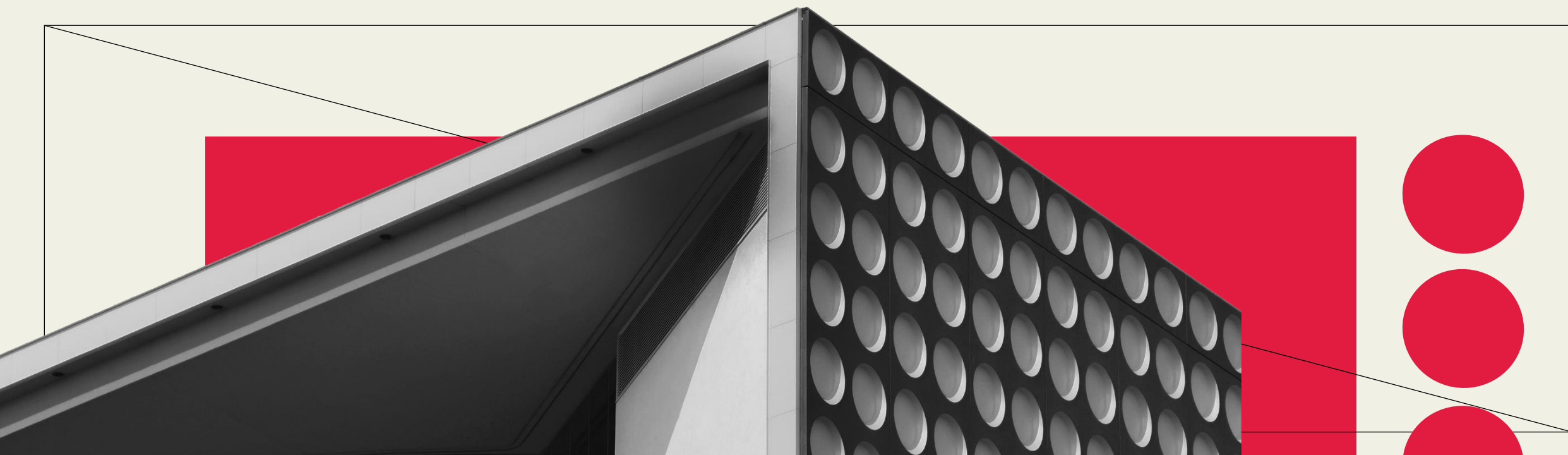
Figures for 2024 & Outlook 2025

Investment

Offices

Retail

Logistics  
& Datacenter





Key figures 2024 &  
Outlook 2025

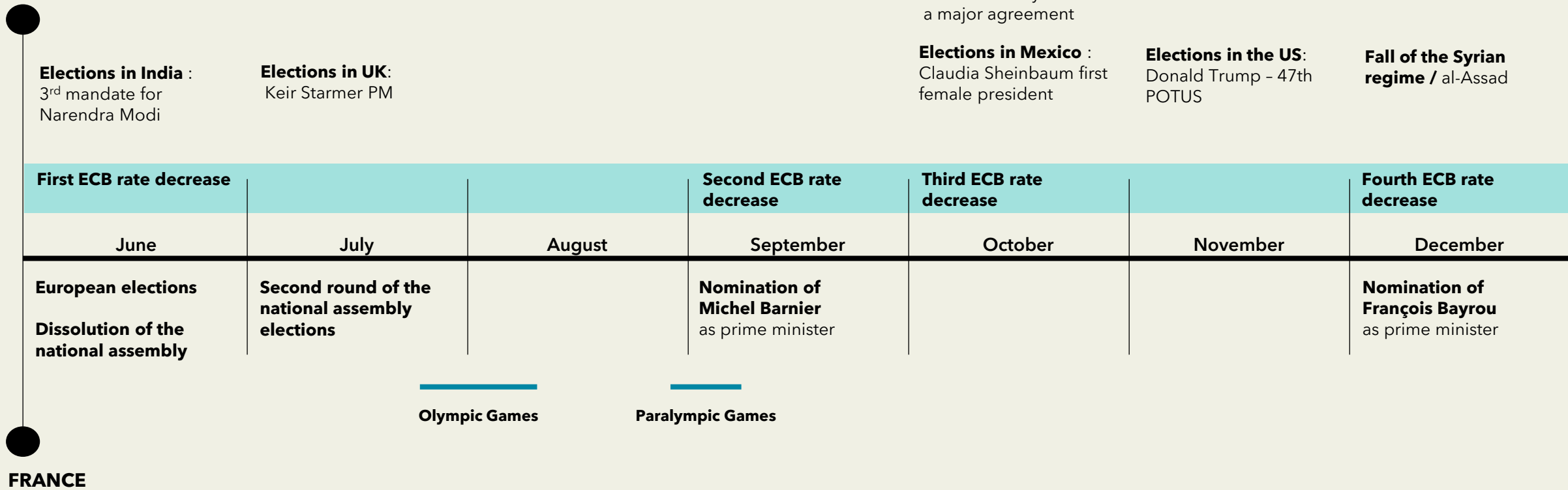
# 01 Context.

Macro-Economic

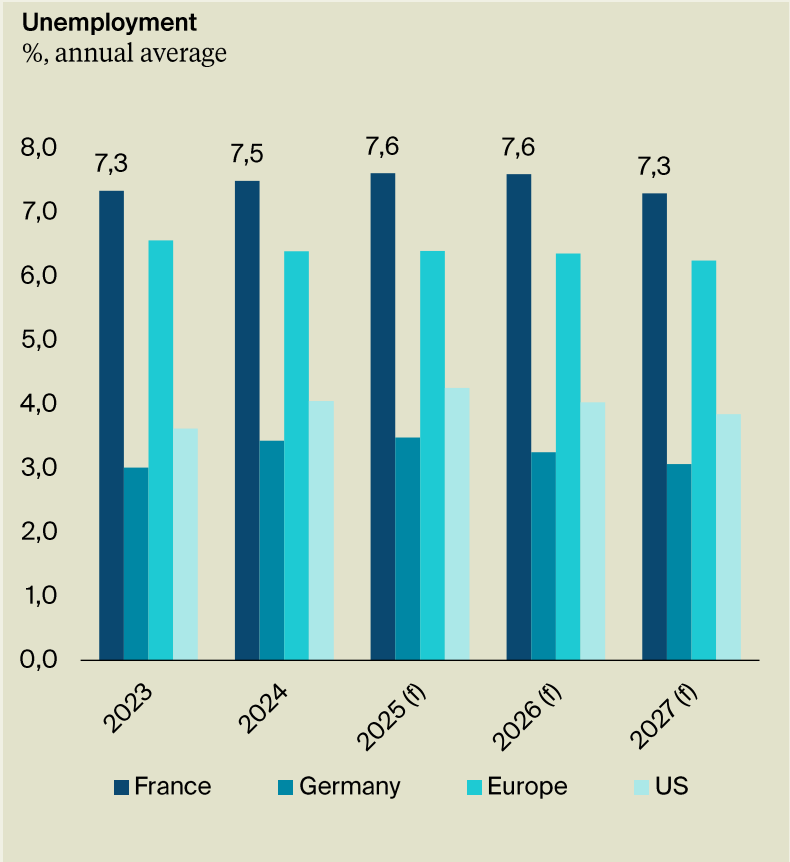
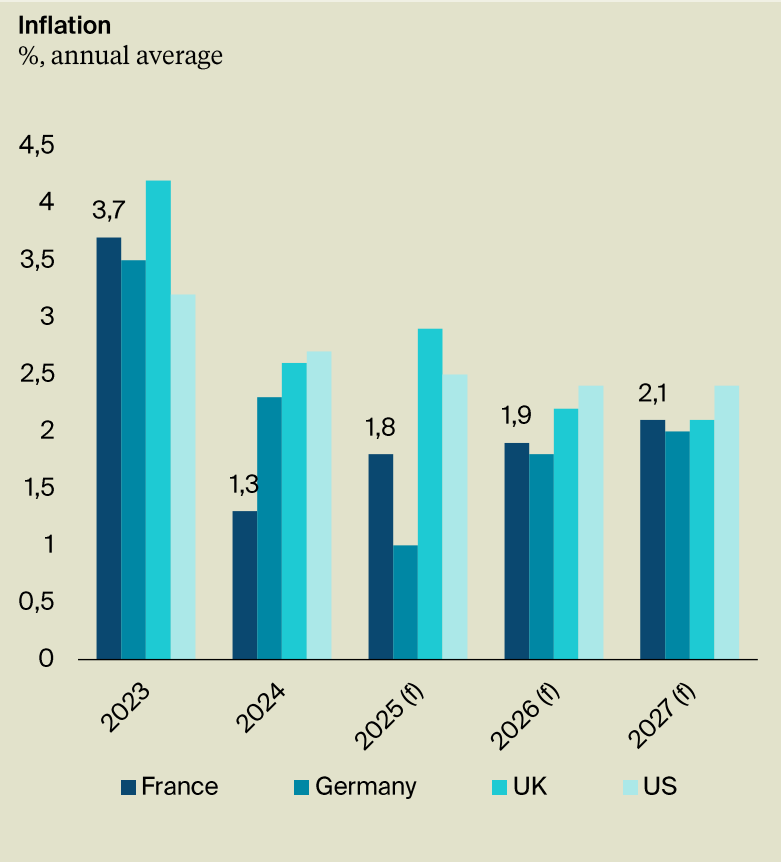
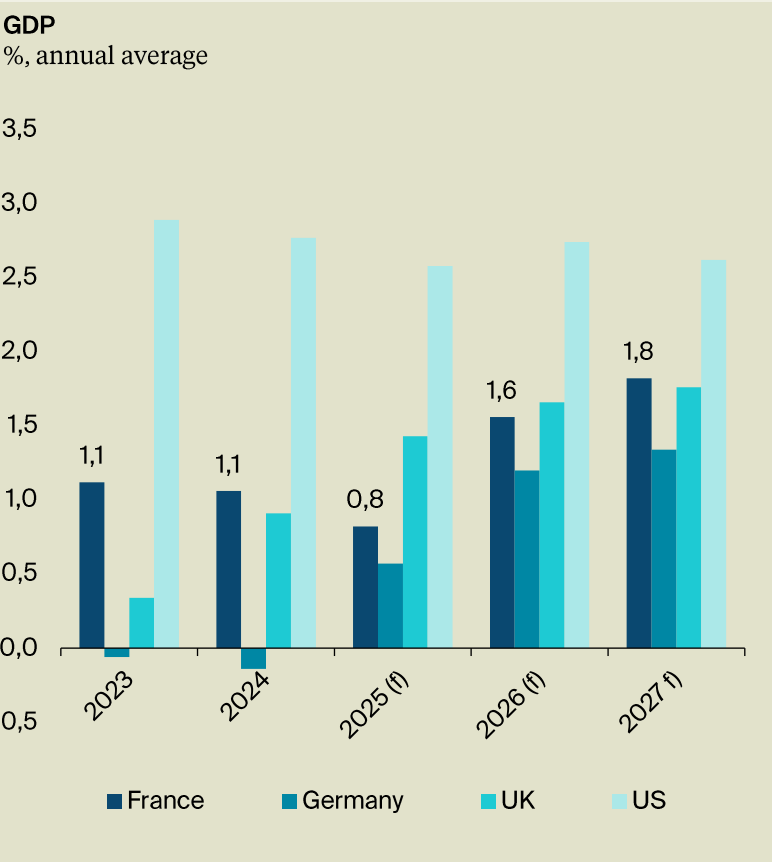


# 2024 – not a typical year (...?!)

INTERNATIONAL



# Return to growth in 2026, inflation stabilised but unemployment still high



# A poor and problematic budgetary situation for France

Public debt end September 2024

**3 303 Bn €**  
(+ 6.6 % y-o-y)

**113.7 % of GDP**  
(+ 2.5 bps y-o-y)

**6.1 %** Vs **< 3 %**  
Public deficit estimated for 2024\* According to European regulations

## Impacting on « France »

- **Degradation of creditworthiness of France** and increase in borrowing rates
- **Loss of confidence of financial markets** in the handling of public debt
- **French and international investor caution**

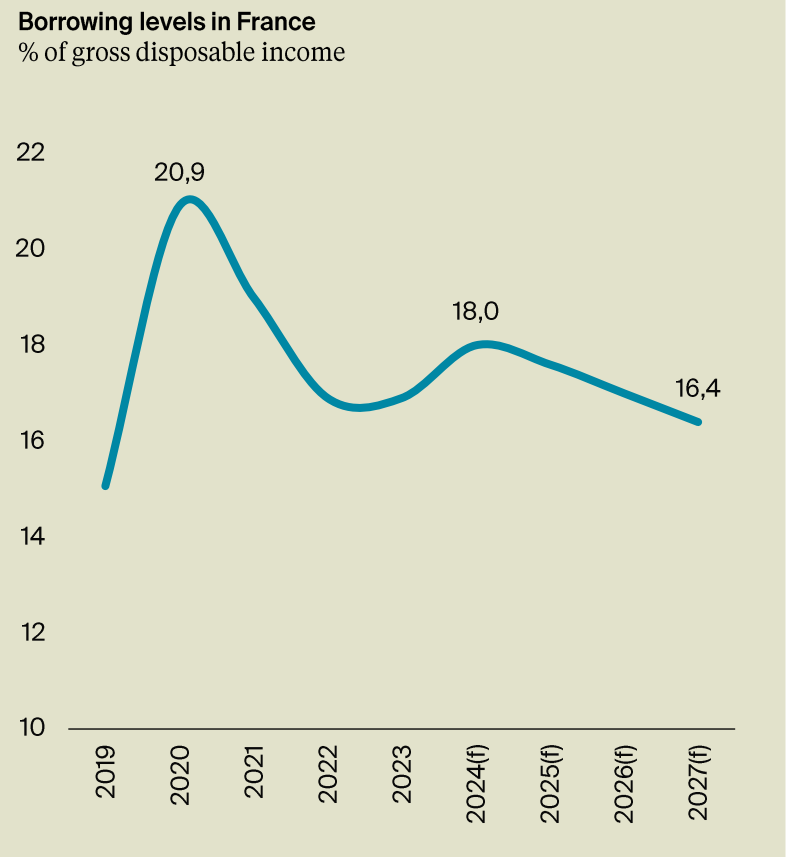
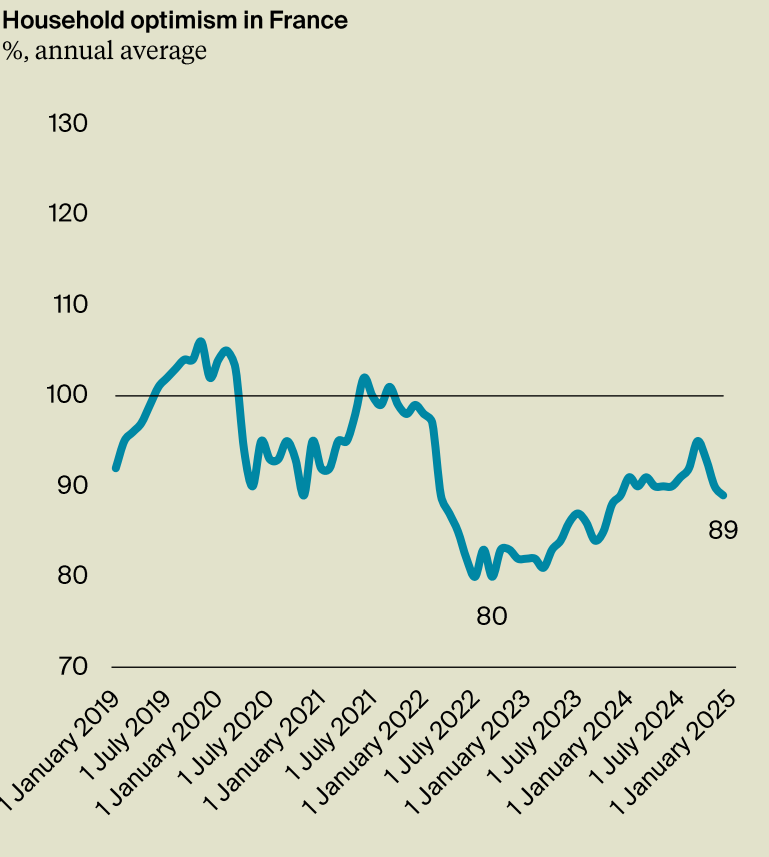
## Impacting on corporates

- Search for **cost cutting** (rationalisation of real estate, reduction of salaries, reduced investment , etc.)
- **Increase in fiscal and financial pressures**
- **Fewer support mechanisms** (subsidies, tax breaks, etc.)

## Impacting on households

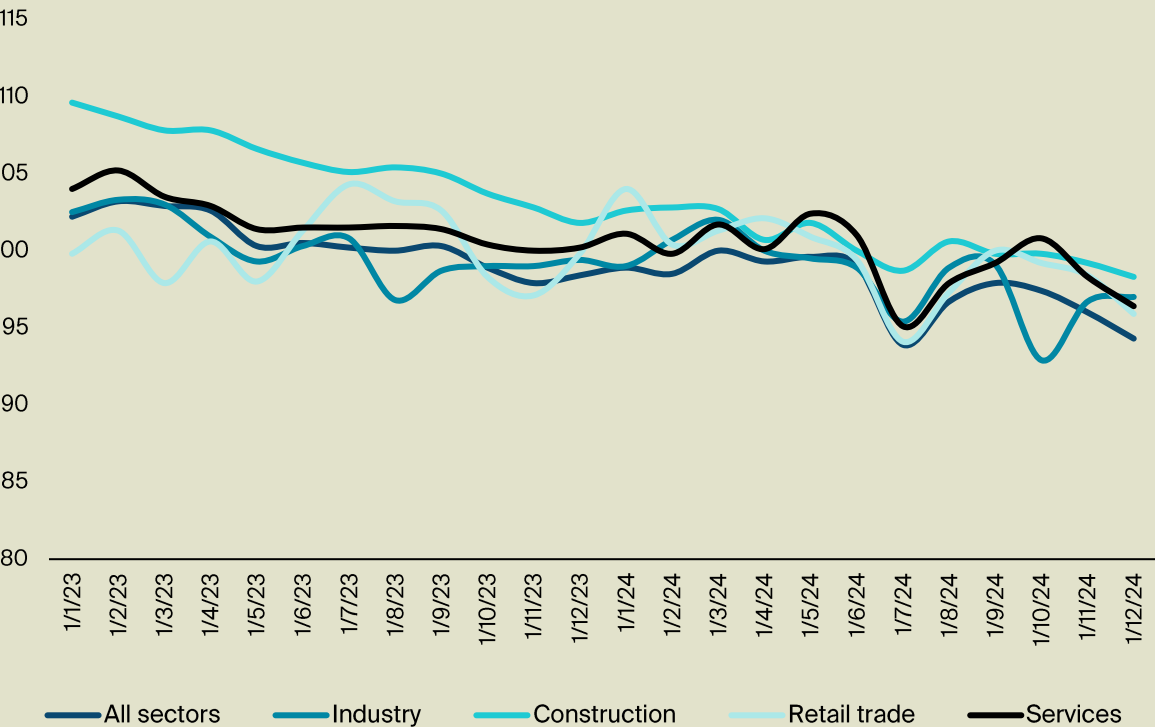
- **Reduction in purchasing power**, and as a result, household consumption
- **Credit lending conditions tightened**
- **Increase in social inequality** and vulnerability of the poorest

# A fragile economic context for France, despite encouraging signals for 2025

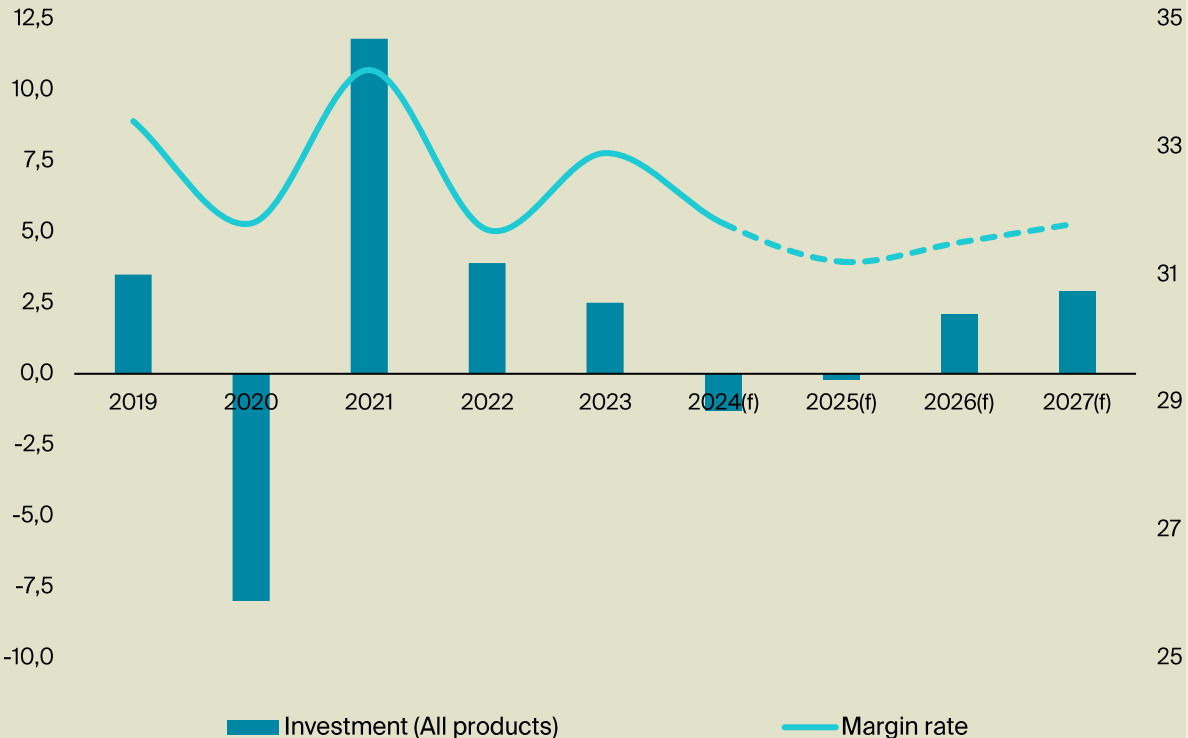


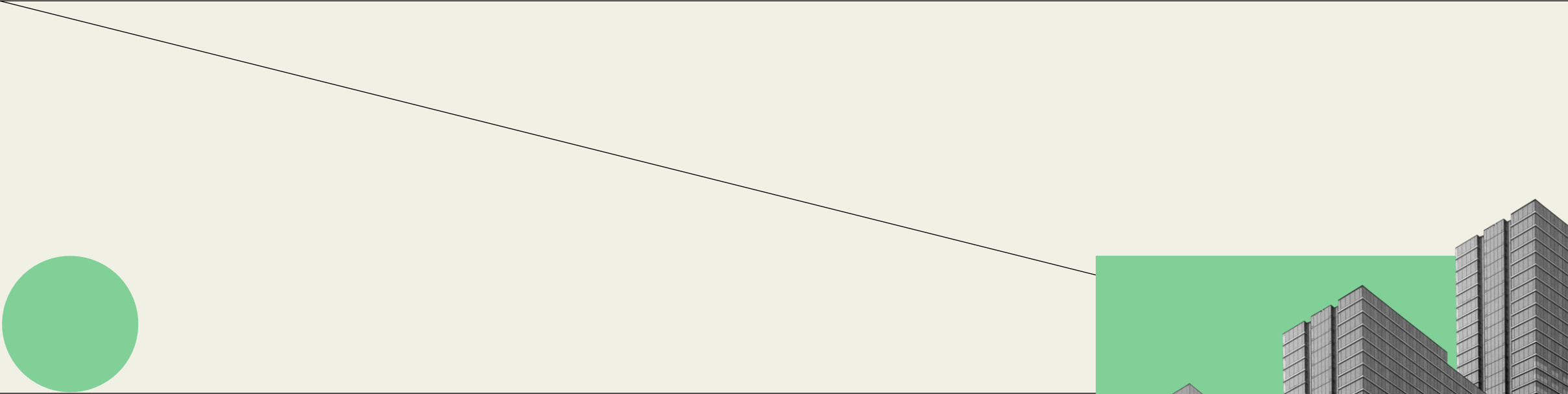
# Caution advised for the coming months

Business climate indicator  
Bps in France



Profitability and investment of non-financial companies  
%, variation in quarterly investment, France

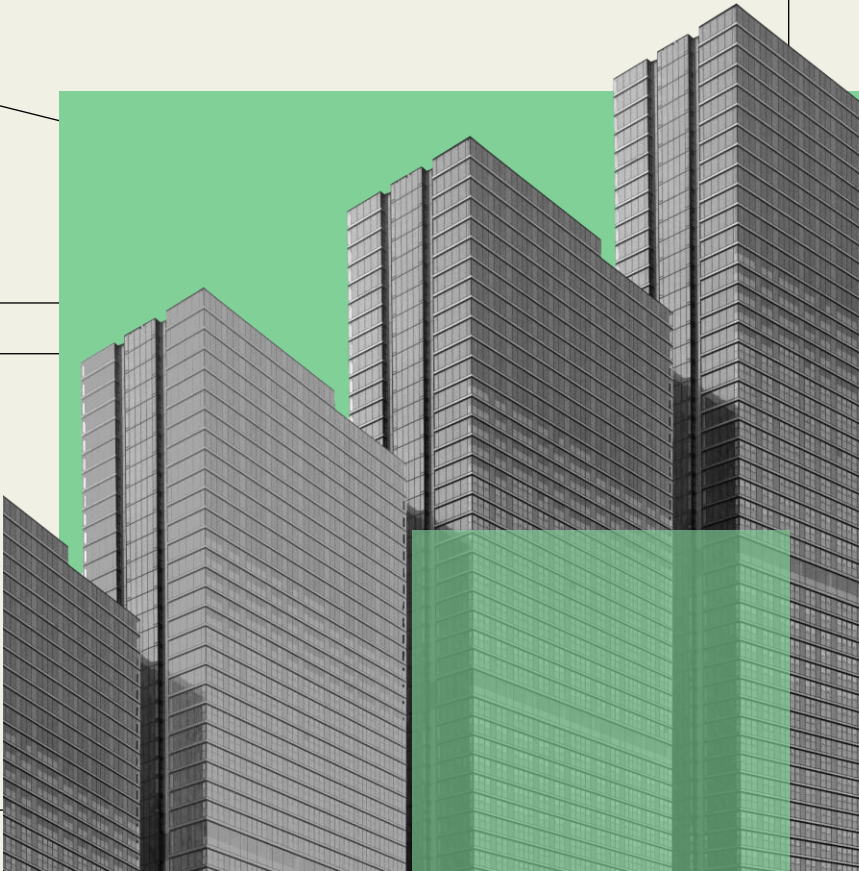




Key figures 2024 &  
Outlook 2025

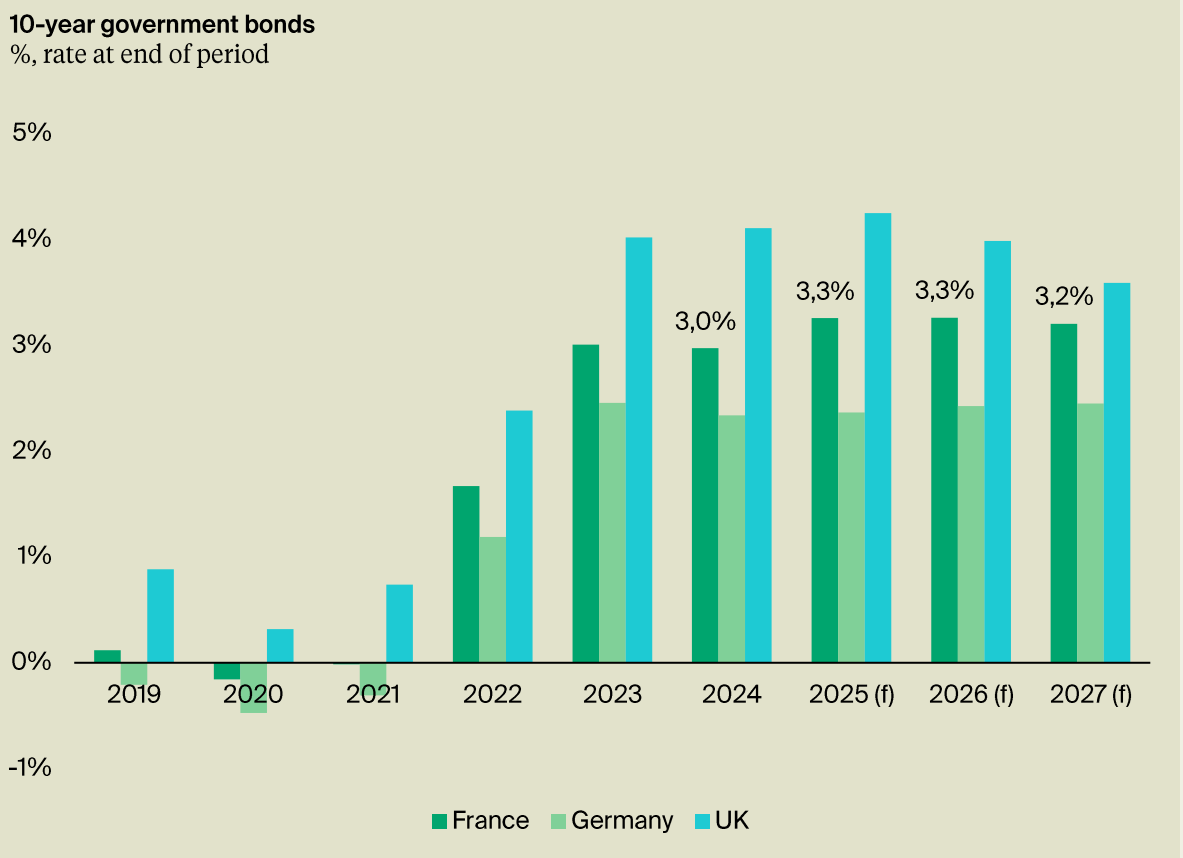
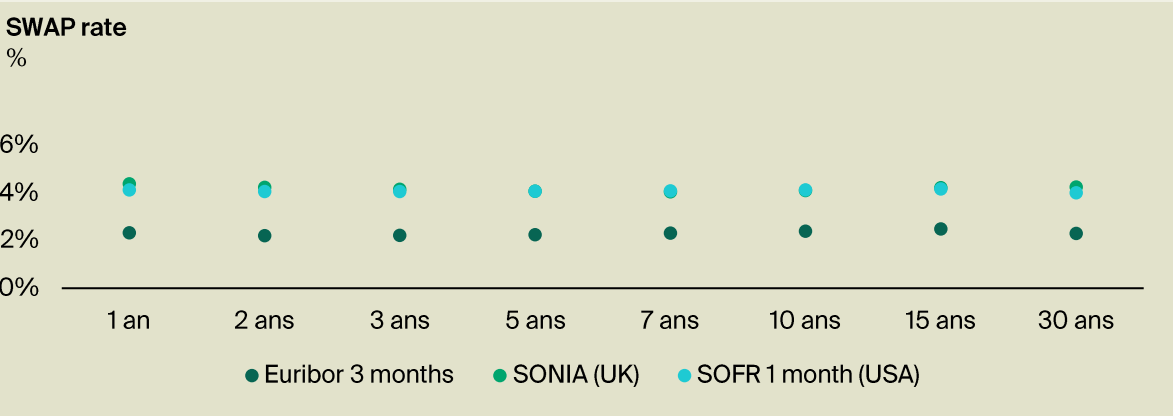
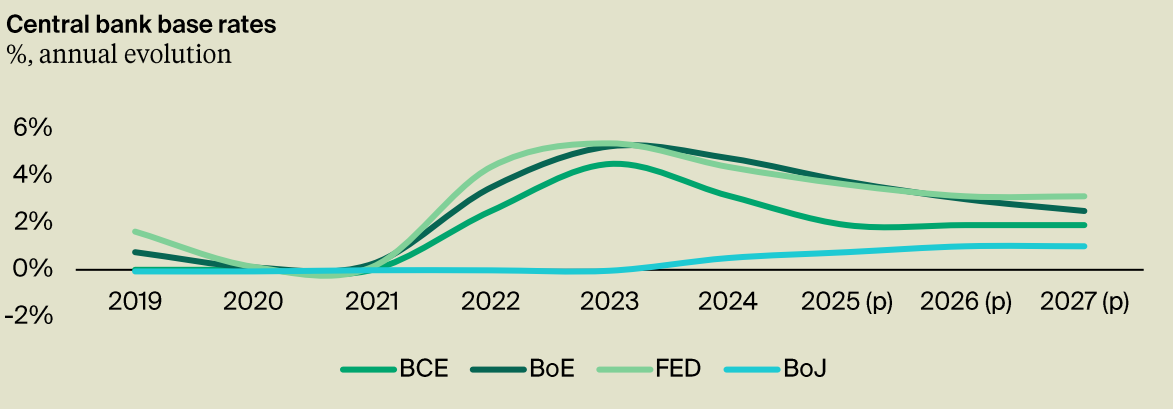
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# Investment.





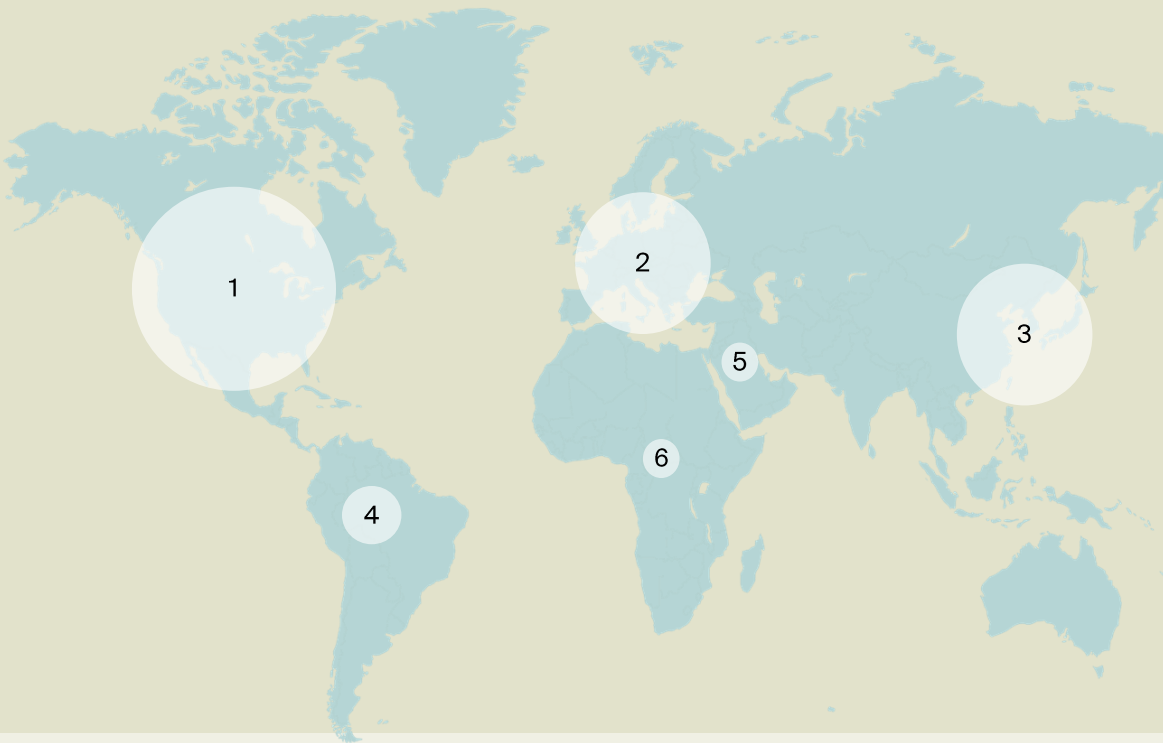
# Positive trends in financial indicators



# Stabilised real estate investment volumes close to €660 Bn

Volumes invested in commercial property and diversification assets in 2024  
In Bn €

1	North America	341 Bn €	-1% vs 2023
2	Europe	161 Bn €	-1% vs 2023
3	Asia Pacific	147 Bn €	-4% vs 2023
4	South America	3 Bn €	-18 vs 2023
5	Middle East	1,3 Bn €	+200% vs 2023
6	Africa	1,1 Bn €	+13% vs 2023

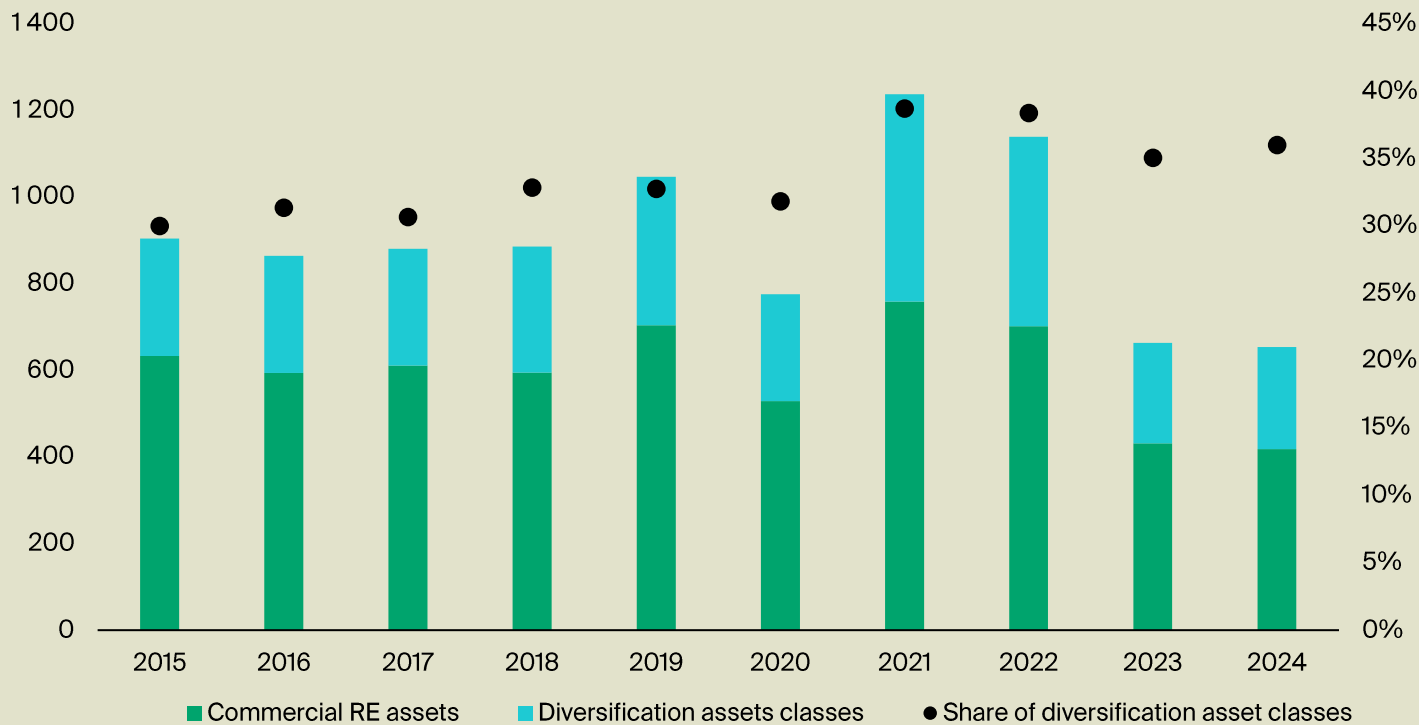


Flow of foreign capital into regions 2024  
Commercial property and diversification assets  
(%foreign capital on total volume)

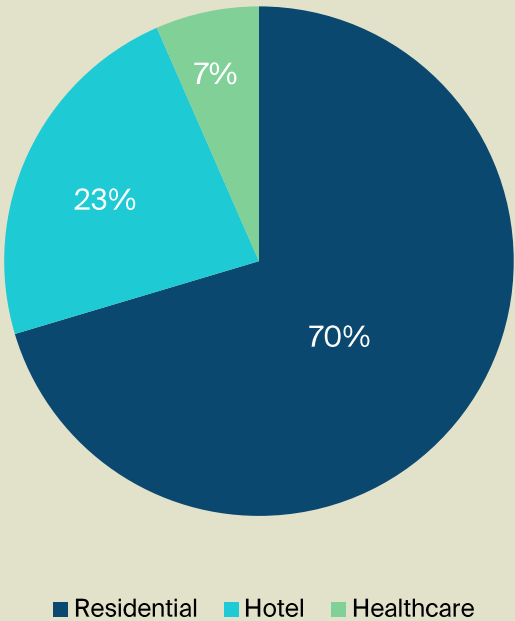
USA	21,5 Bn € (7%)
UK	19,8 Bn € (44%)
Germany	8,9 Bn € (33%)
France	8,6 Bn € (45%)
Japan	7,4 Bn € (20%)
Australia	7,1 Bn € (33%)
World	125,2 Bn € (19%)

# Asset diversification, a global trend

Volumes invested in commercial real estate and diversification assets Globally  
In Bn€, %

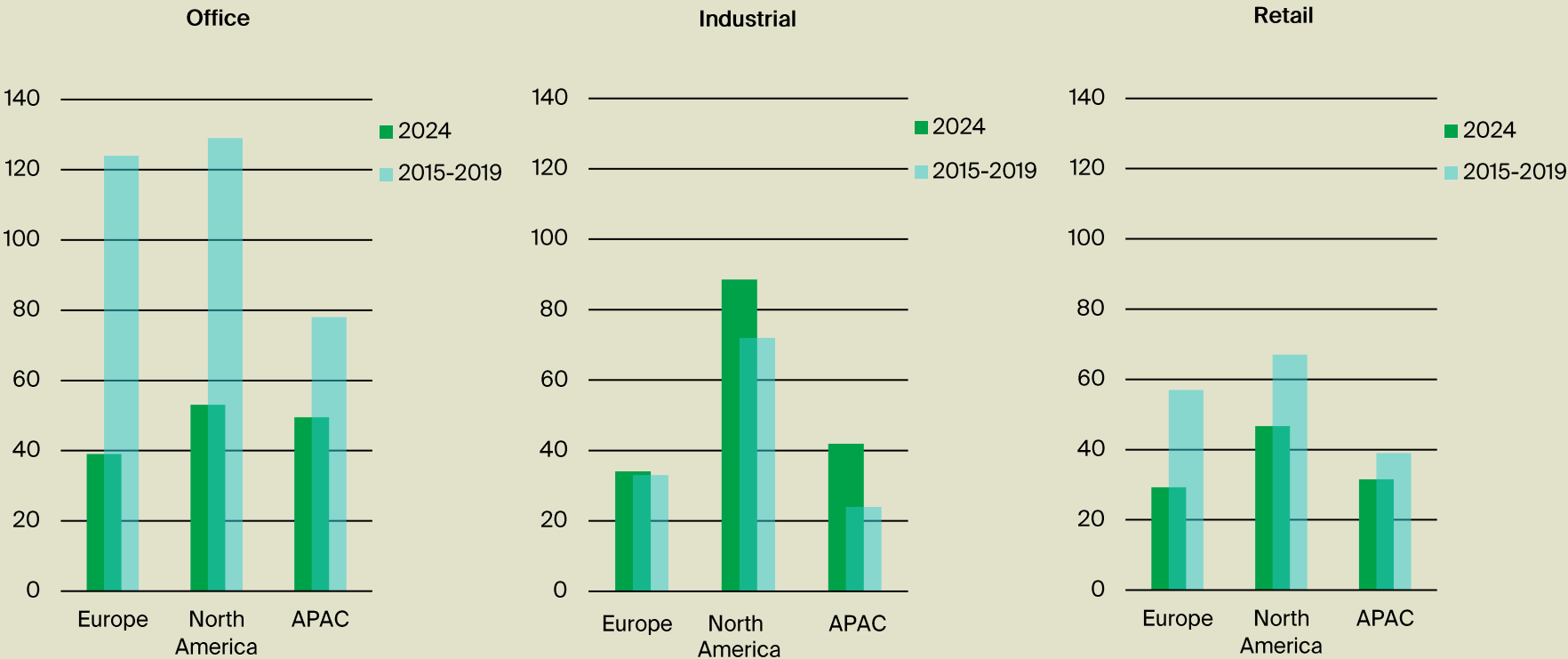


Share of diversification assets in 2024  
%

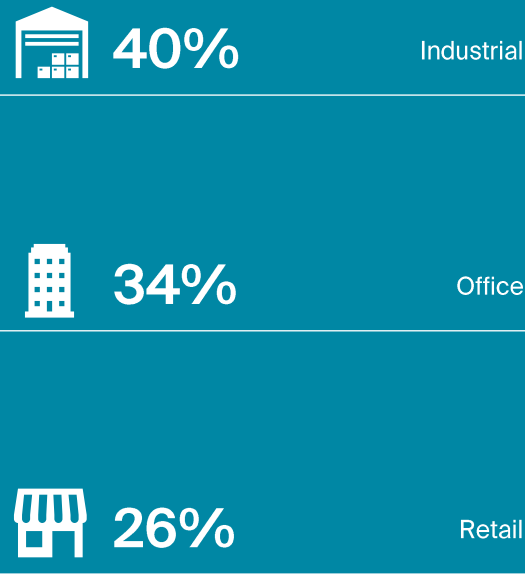


# Increase in industrial, contraction in office and retail

Volumes invested in commercial real estate in the world by asset class  
Bn € 2024 vs average 2015-2019



Share of commercial real estate investment volume for 2024  
Worldwide, %



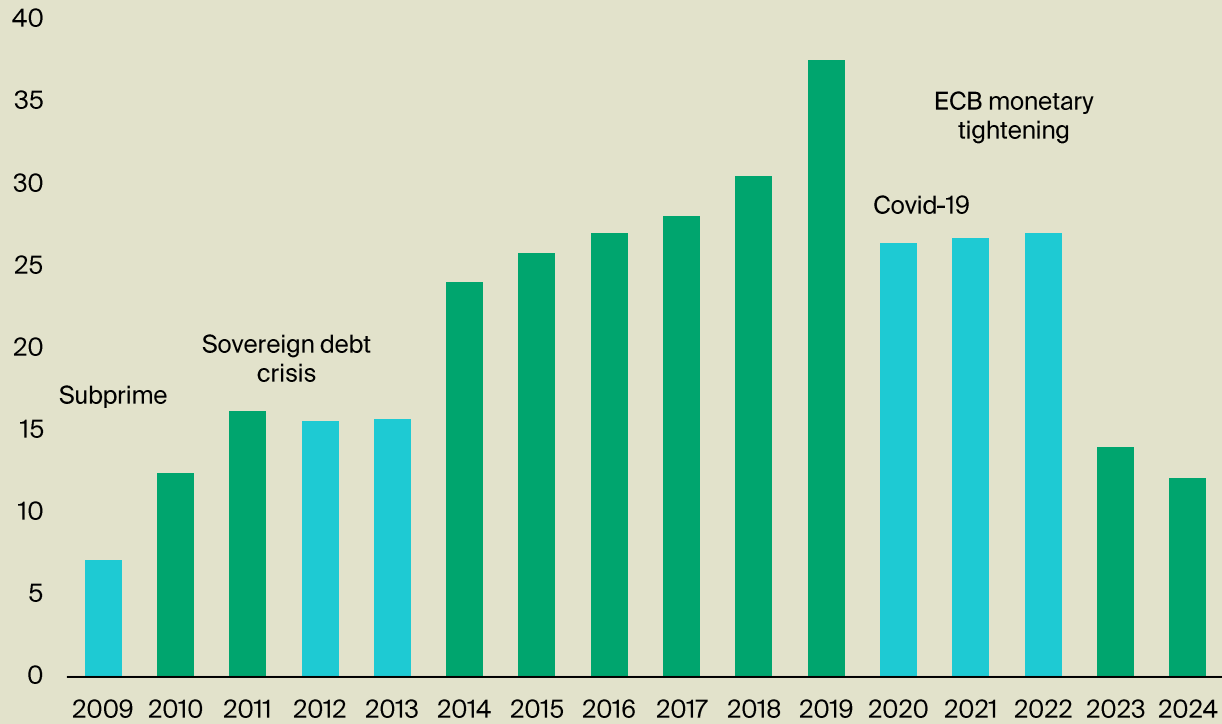
# Confirmation of the increased share of diversification assets in the French market

Volumes invested in real estate in France  
Bn € (left axis), % (right axis)

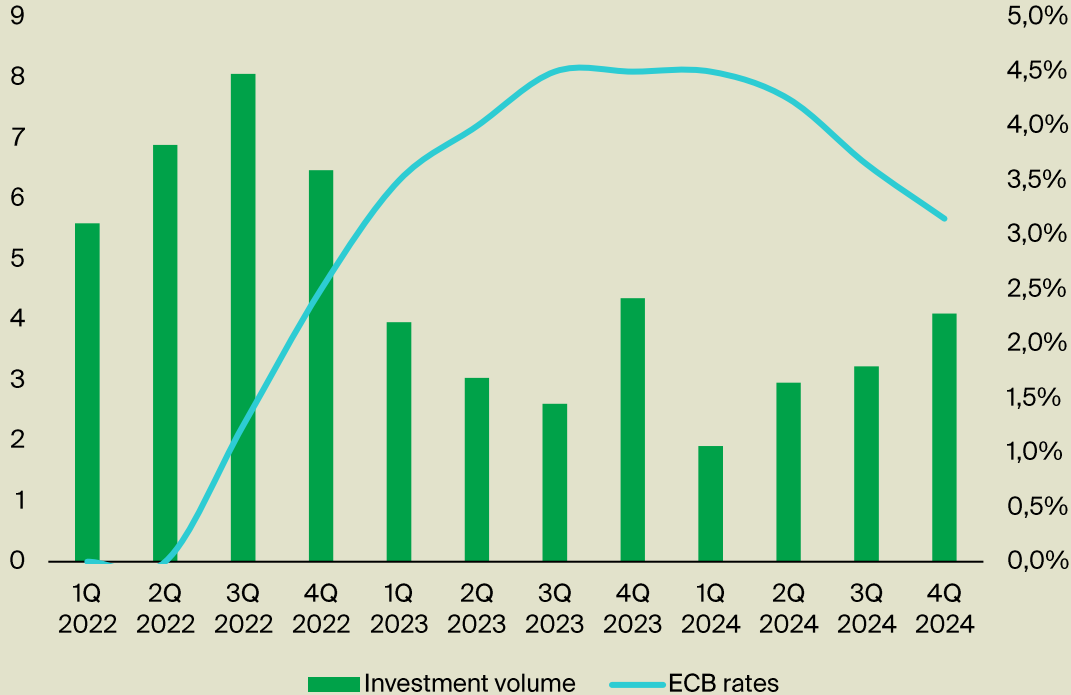


# Reduced volume, but a promising trend

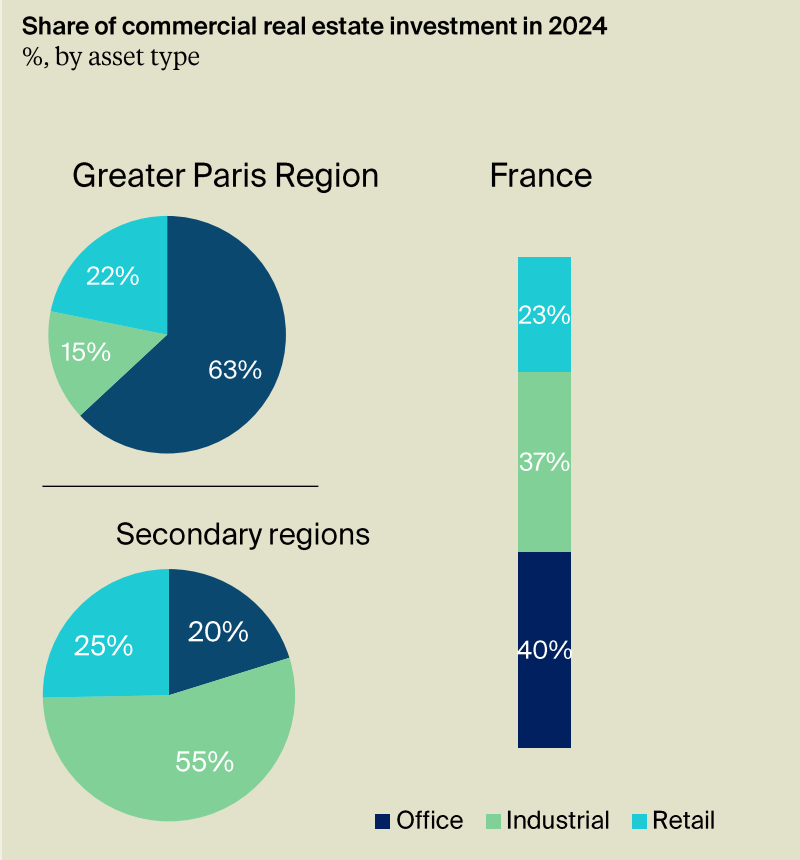
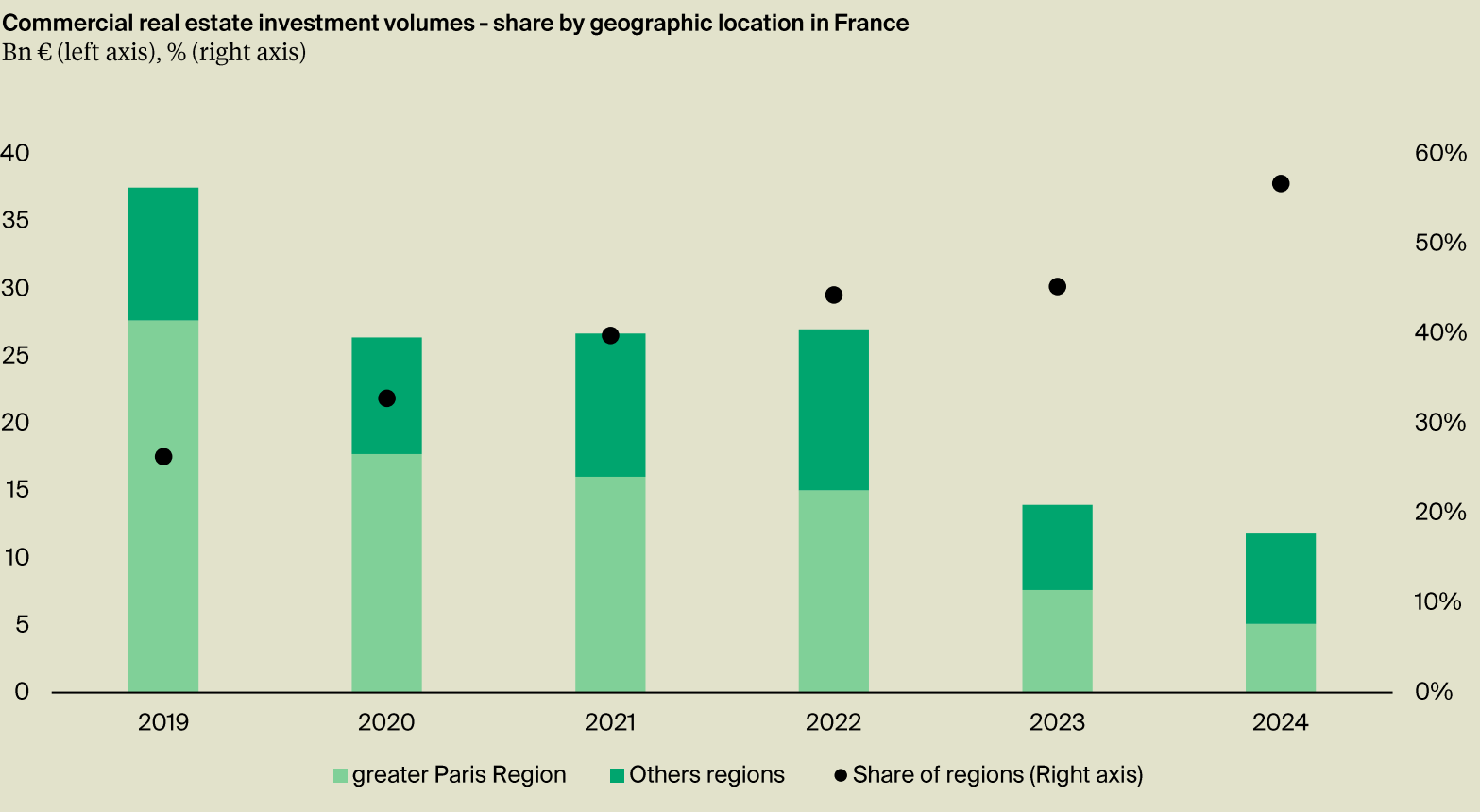
Volumes invested in commercial real estate in France  
Bn €



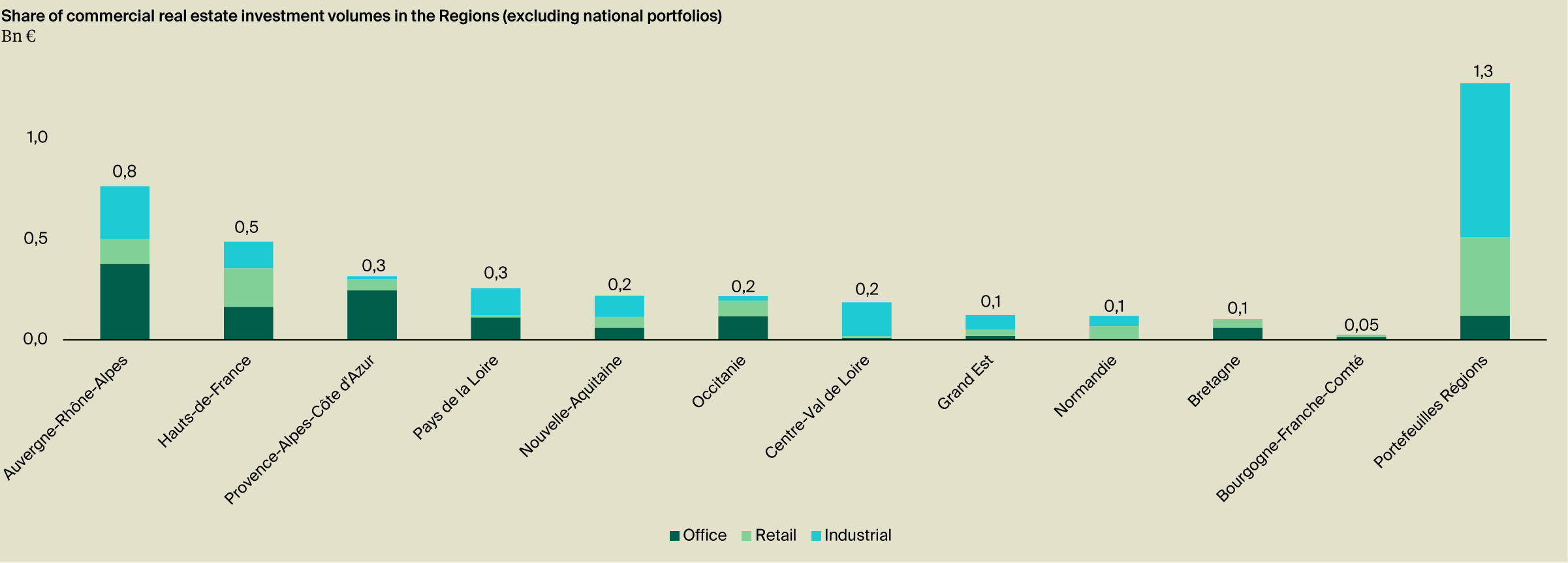
Volumes invested in commercial real estate in France  
and ECB base rate  
Bn € (left axis), % (right axis)



# Industrial property pushing up the Regions



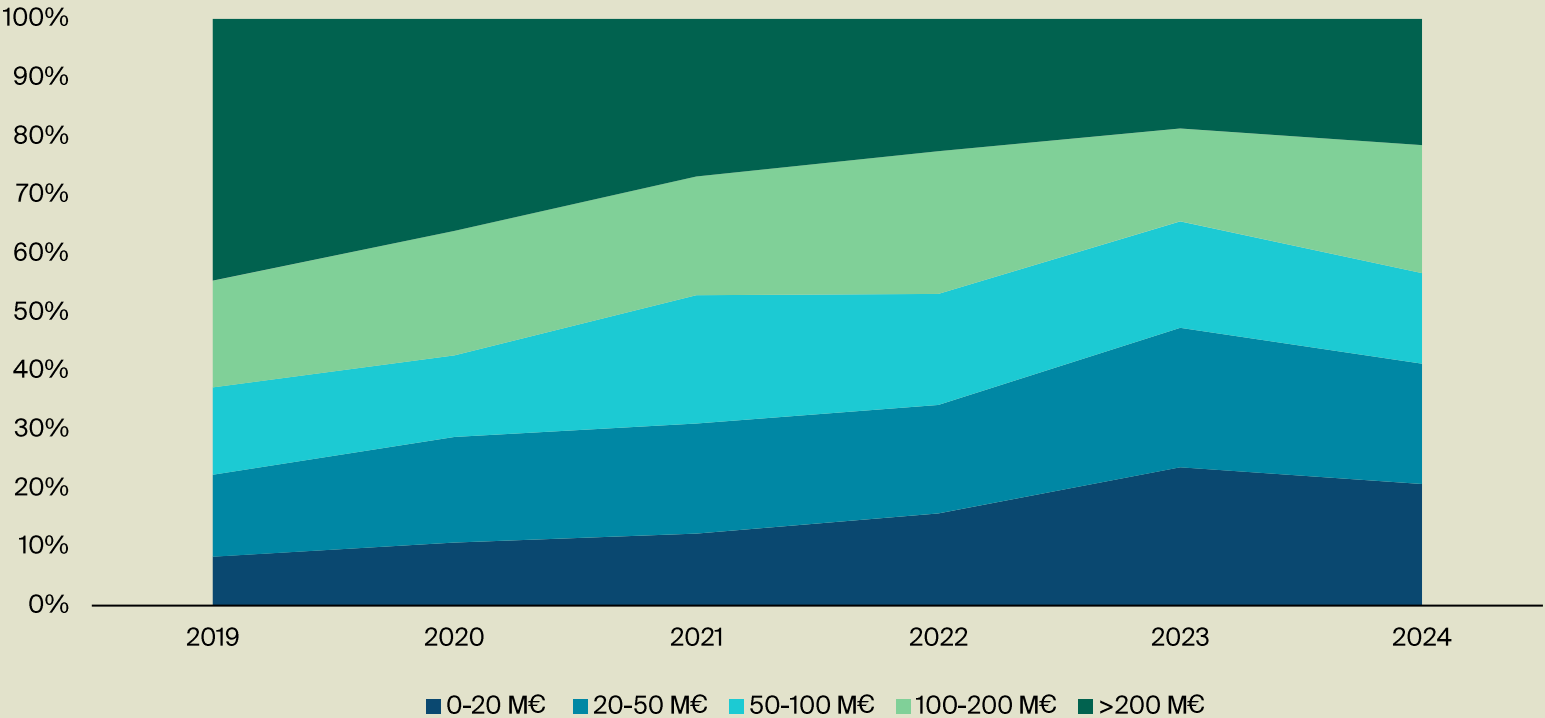
# Investors interested in regional portfolios





# A slight improvement in the number of larger transactions

Share of commercial real estate investment in France  
By deal size segment, as a % of total

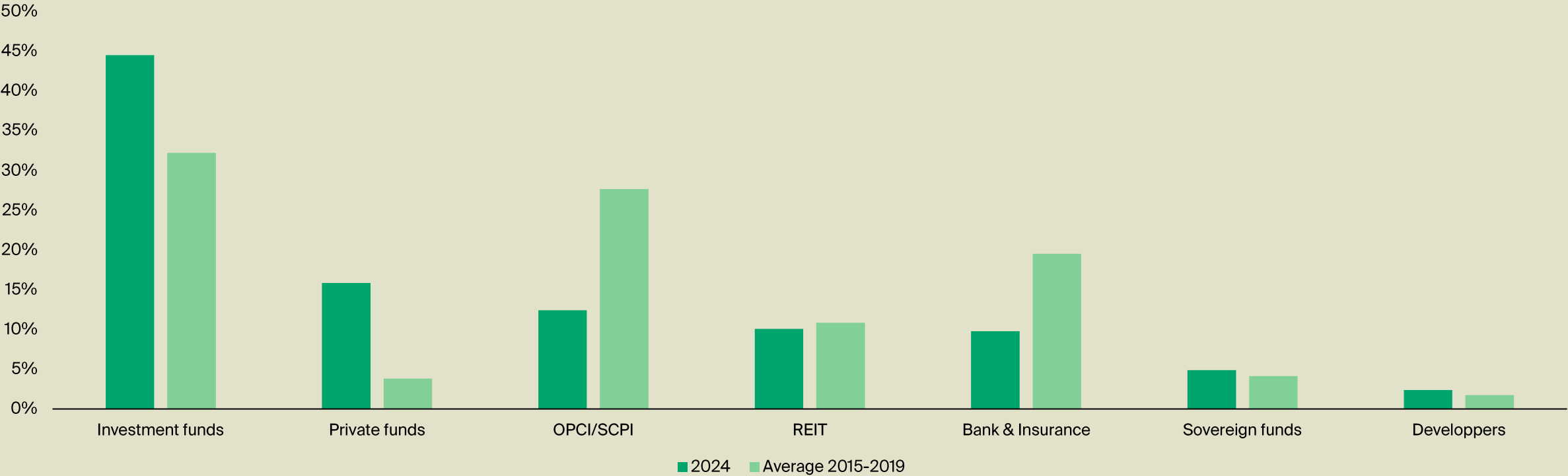


43%

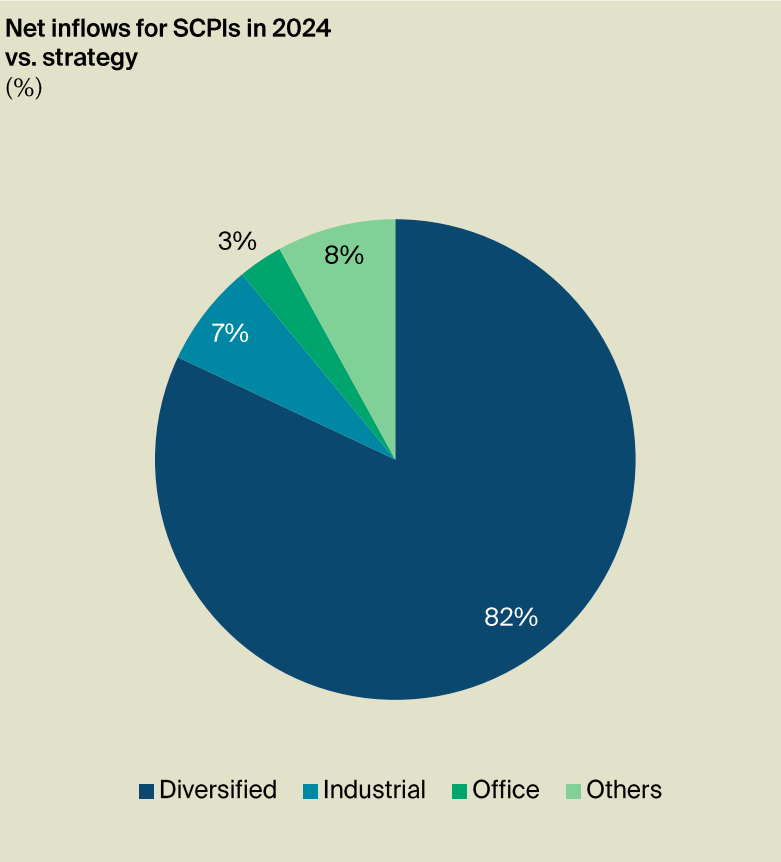
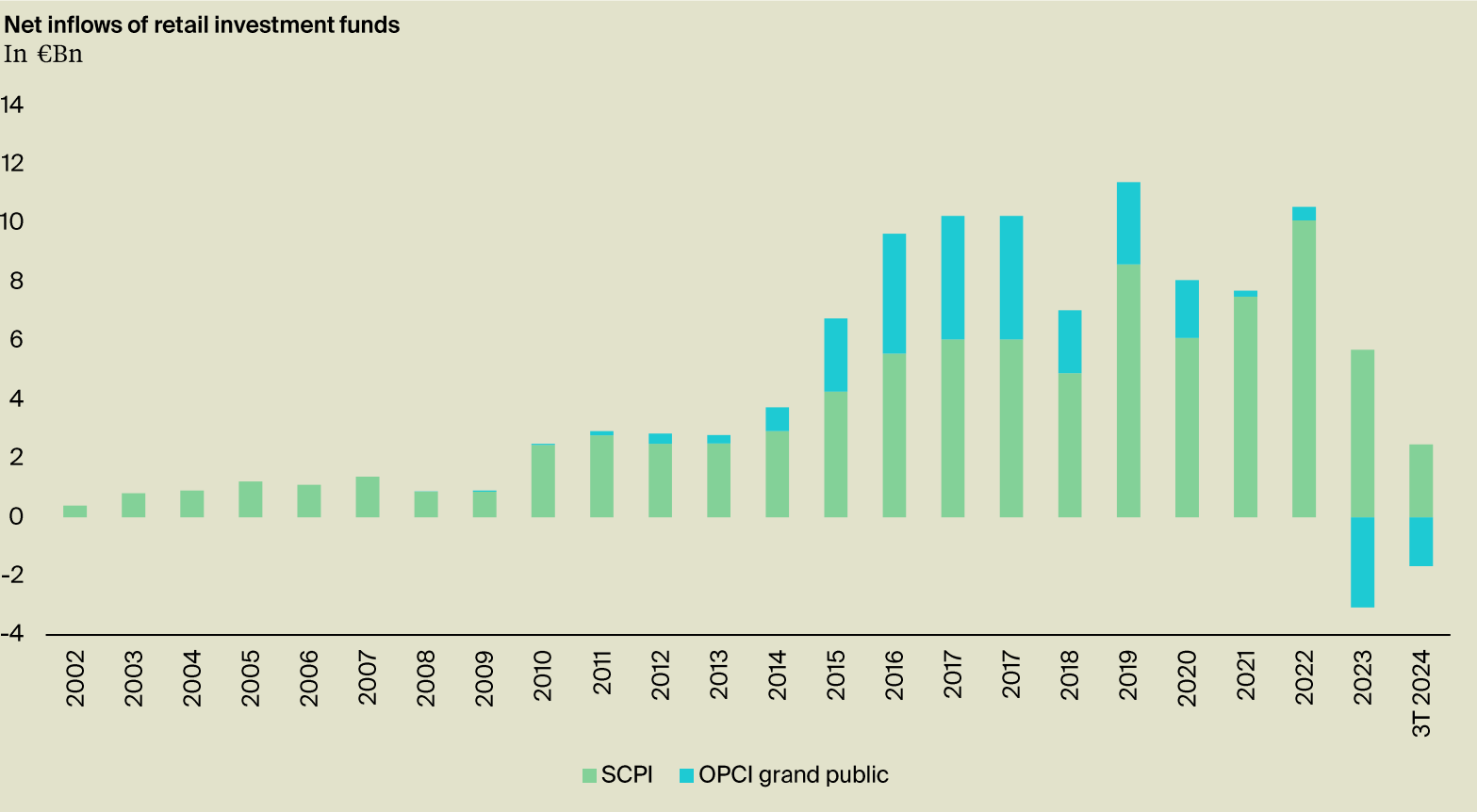
Percentage of transactions  
over 100M Euros in 2024  
(vs 35% in 2023 and 63% in 2019 )

# Private capital taking the lead in 2024

Share of commercial real estate invested in France  
By type of buyer (%)

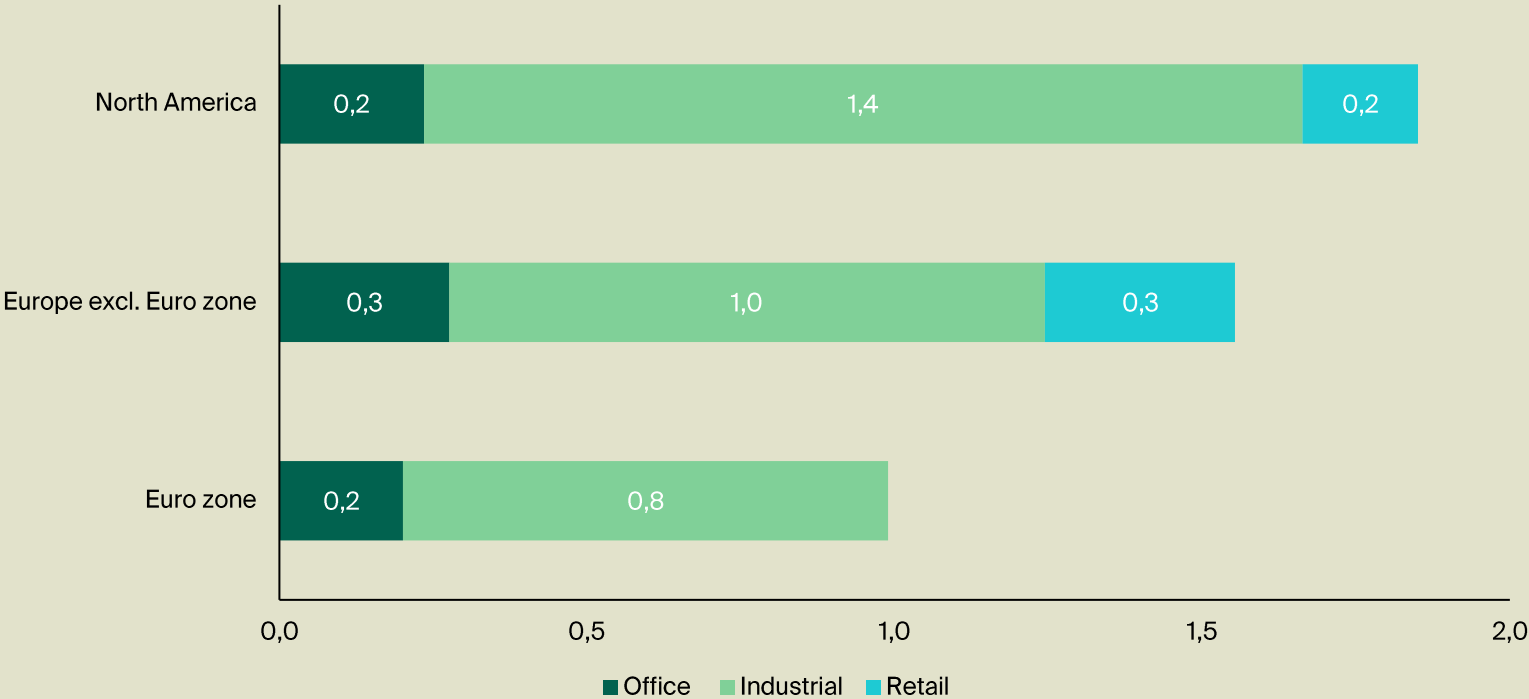


# Diversification at the heart of SCPI investment strategy



# International capital focused on logistics in France

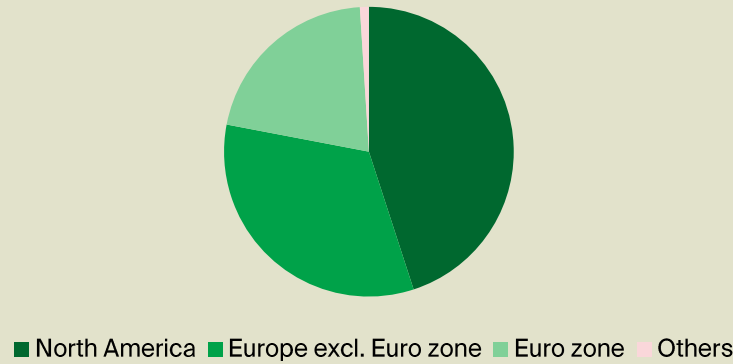
Investment in commercial real estate in France  
by foreign investors in 2024, and split by type of asset  
In € Bn



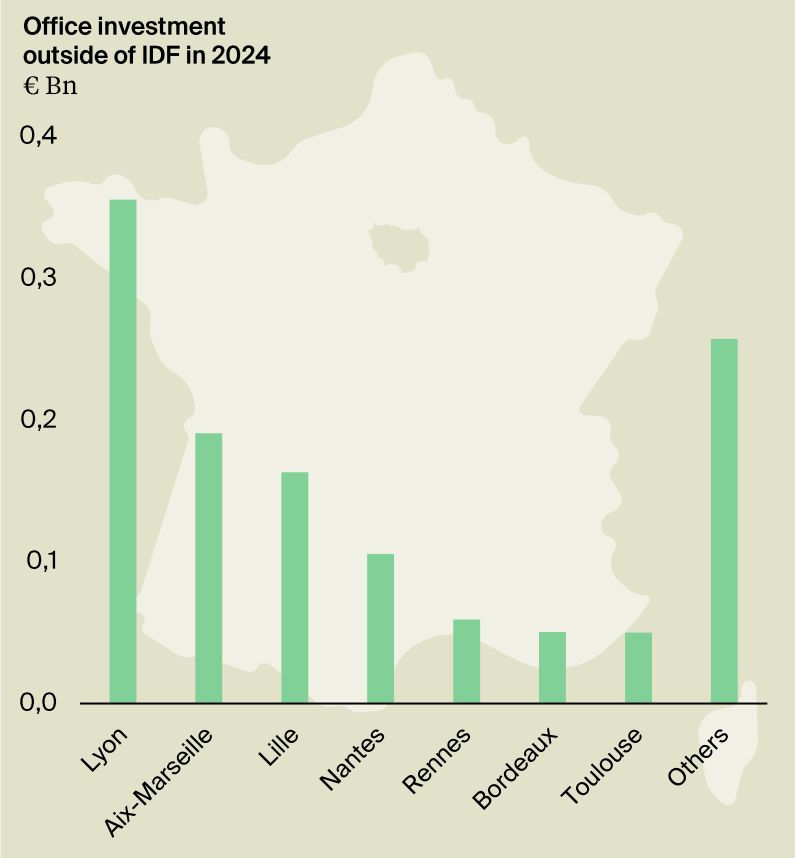
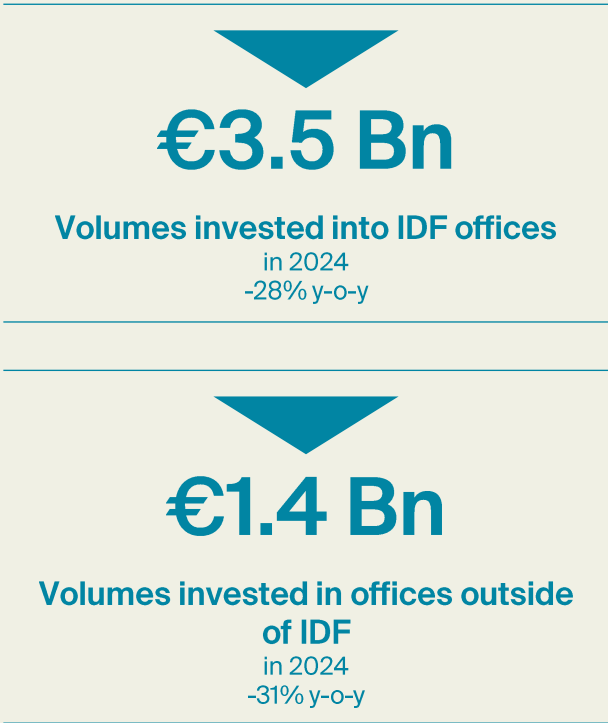
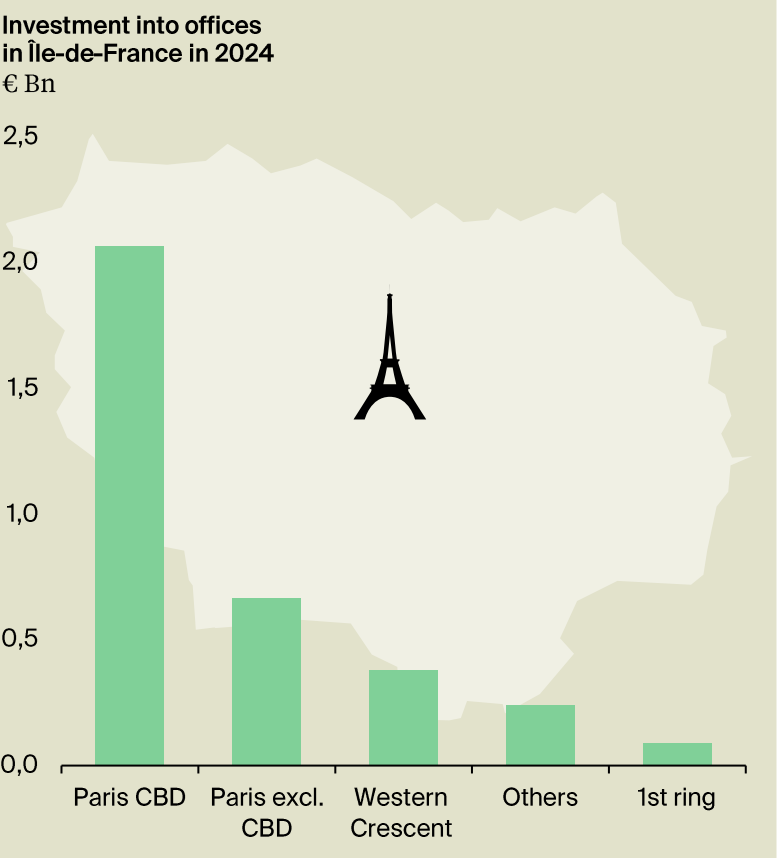
40%

Share of foreign capital invested in the  
commercial real estate market in France in 2024  
(vs 27% in 2023 and 44% in 2019).

Origin of funds invested by foreign investors in 2024  
(%)



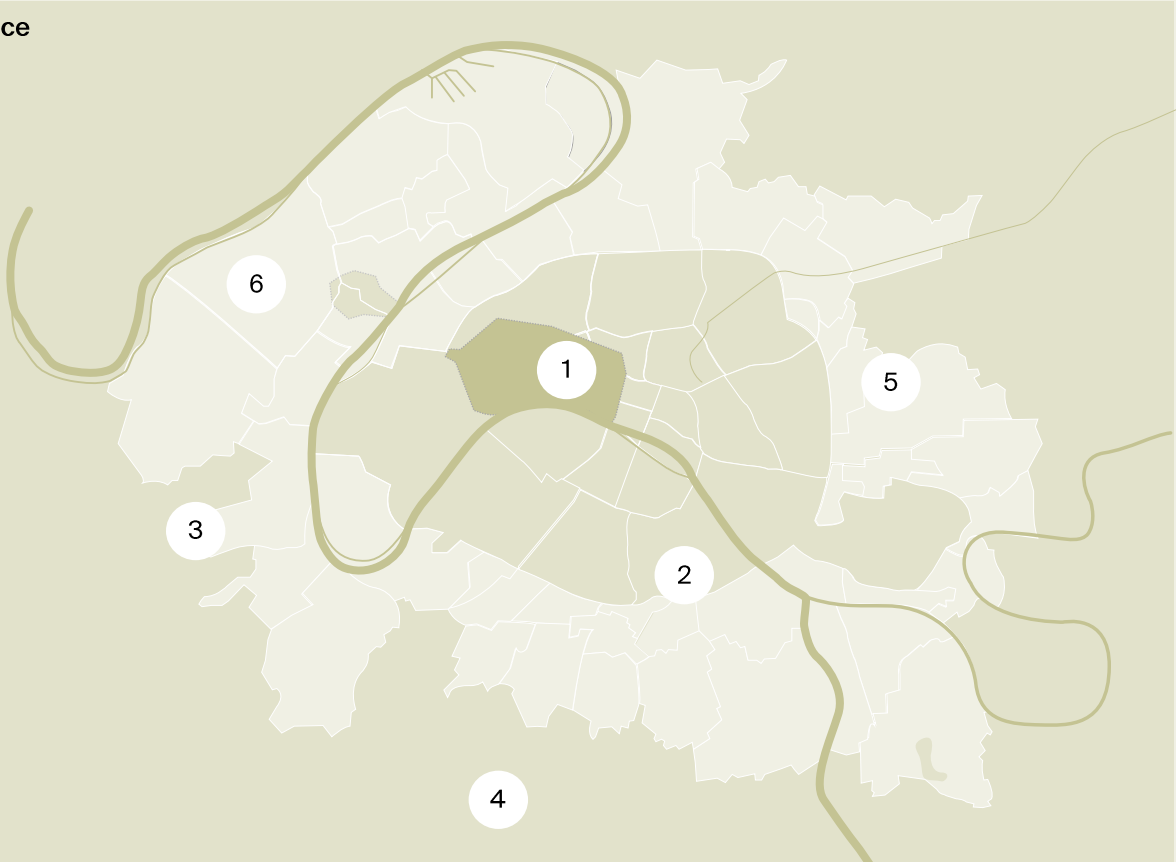
# A Greater Paris Region office segment largely driven by Paris CBD



# Significant differences throughout the Greater Paris Region

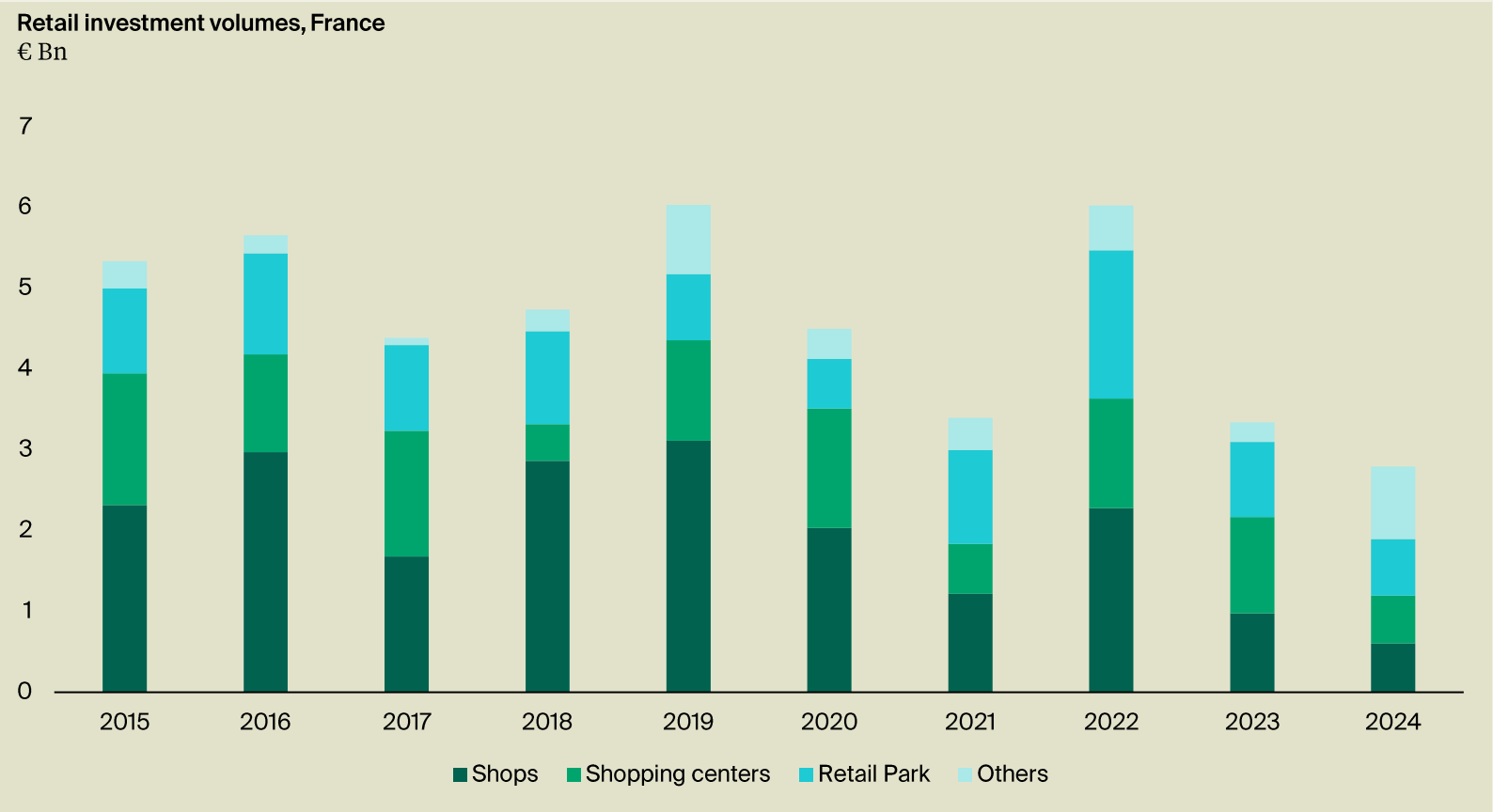
Investment volumes and average capital values – office  
€ Bn and € / sq m

1	Paris CBD	2,1 Bn €	16 300 €/m <sup>2</sup>
2	Paris Other	0,7 Bn €	9 600 €/m <sup>2</sup>
3	Western Crescent	0,4 Bn €	5 100 €/m <sup>2</sup>
4	Deuxième Couronne (outer suburbs)	0,2 Bn €	2 200 €/m <sup>2</sup>
5	Première Couronne (inner suburbs)	0,1 Bn €	3 100 €/m <sup>2</sup>
6	La Défense	-	-



# Retail:

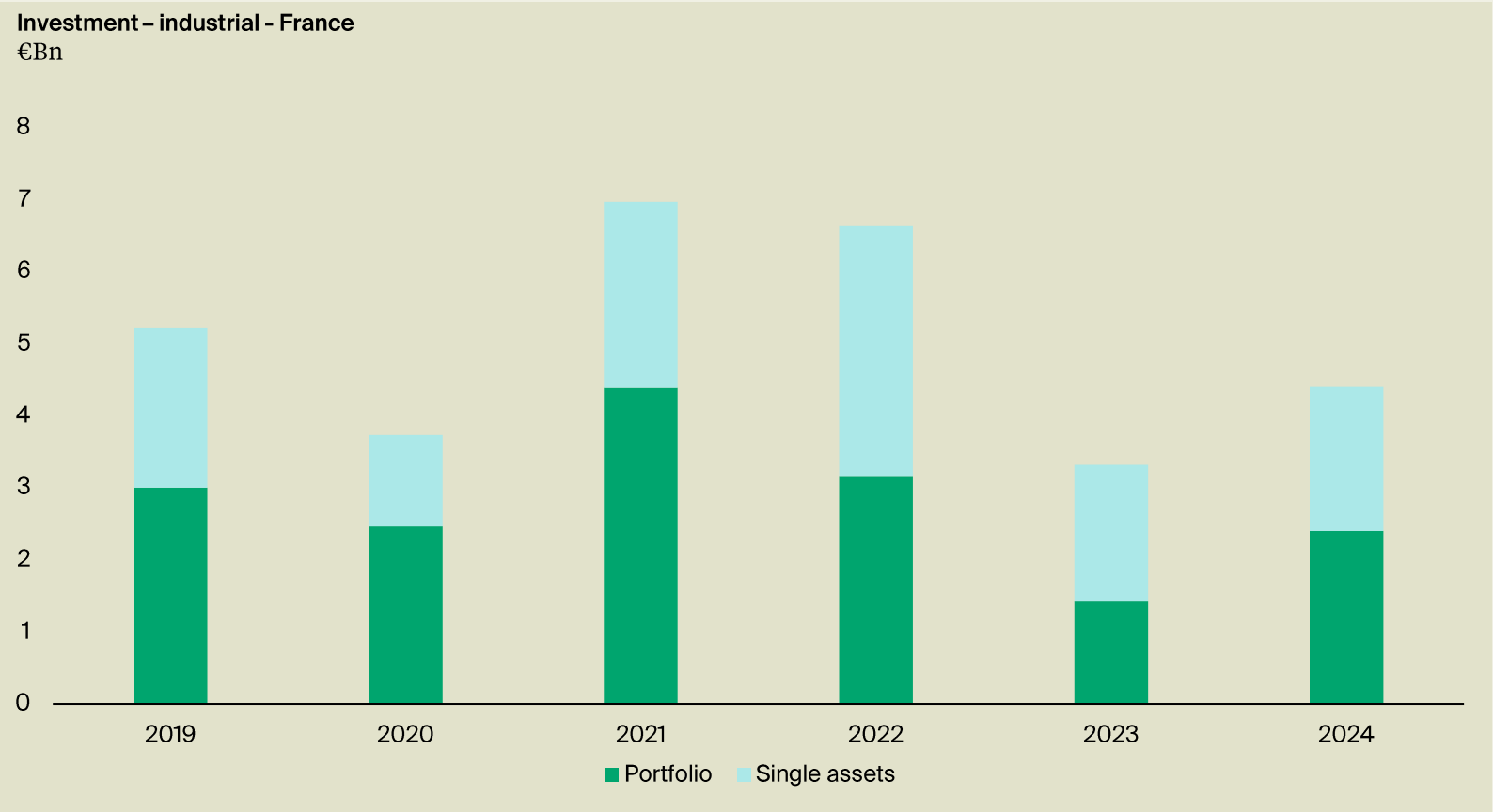
## Hyper/supermarkets taking the lead



> €800 M

Volume invested in 2024 in hyper / supermarkets / food retail.

# An increase in industrial portfolio sales



**+28%**

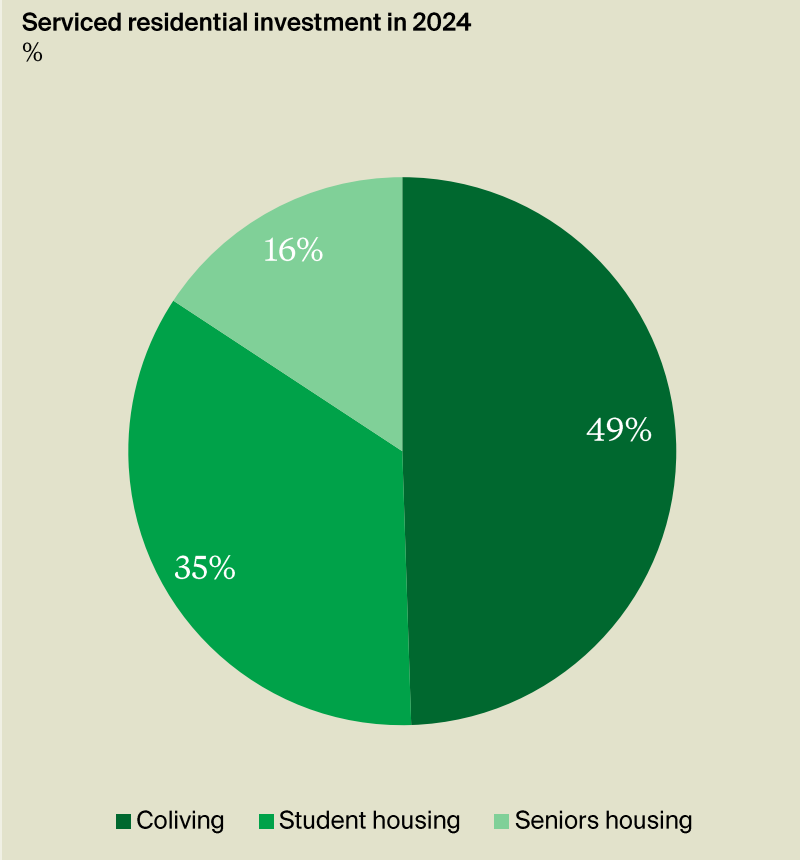
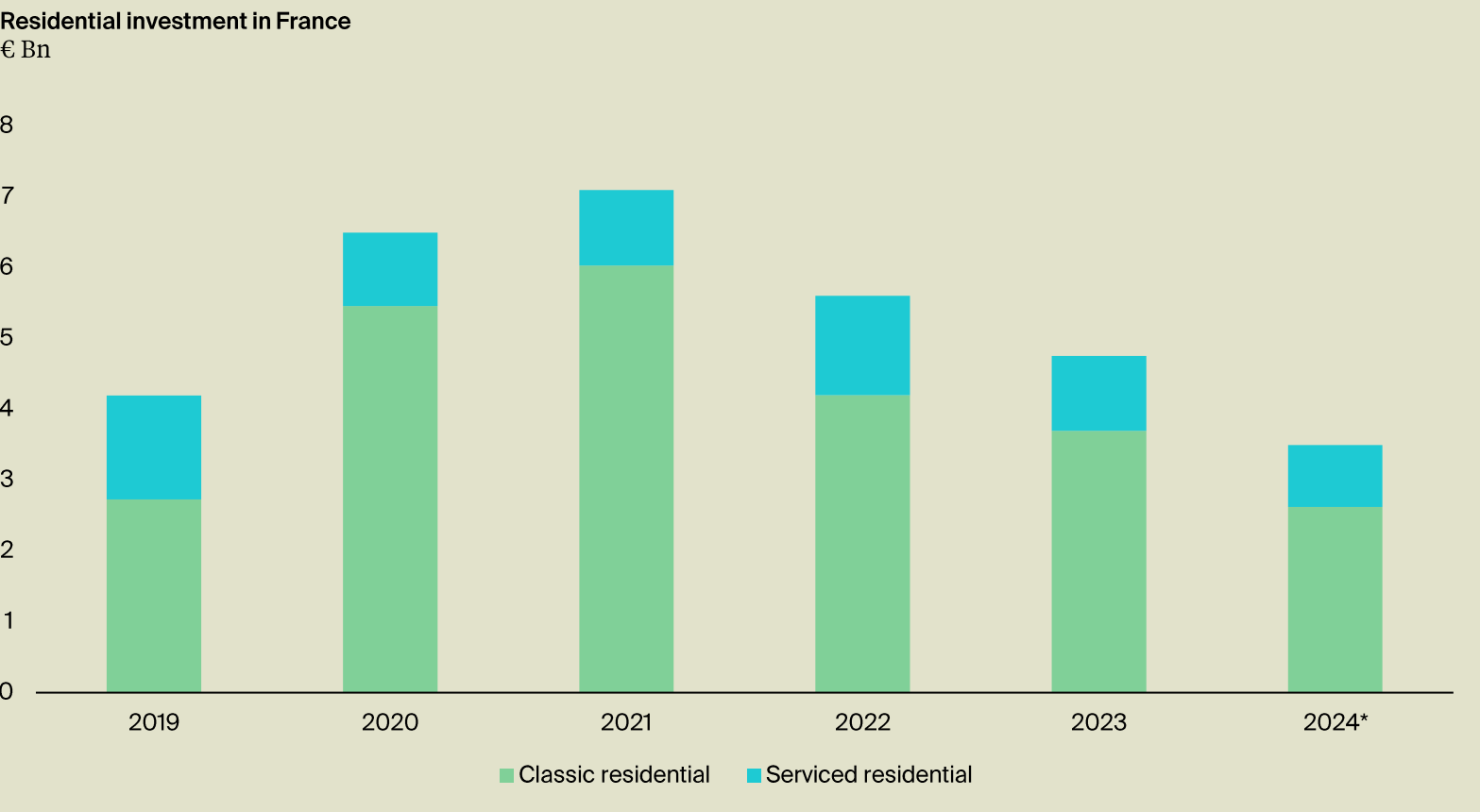
Increase in industrial investment in 2024

**+69%**

Annual growth for portfolio sales in 2024

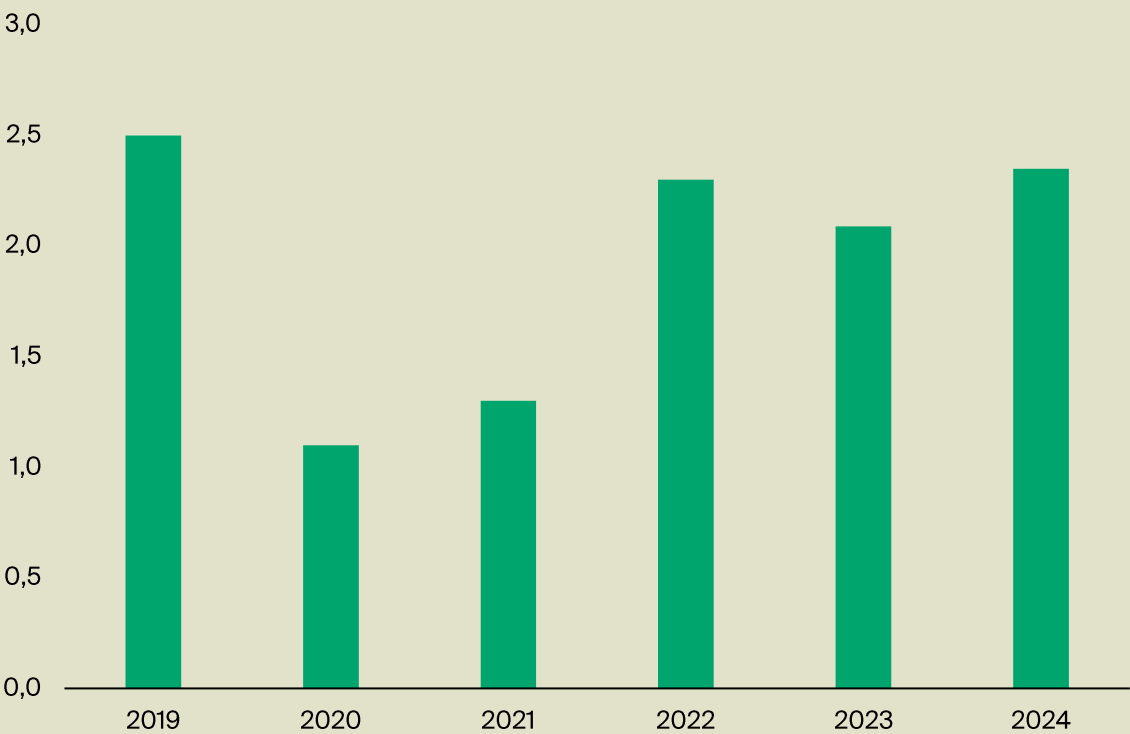


# Resilient residential, but lacking portfolio deals

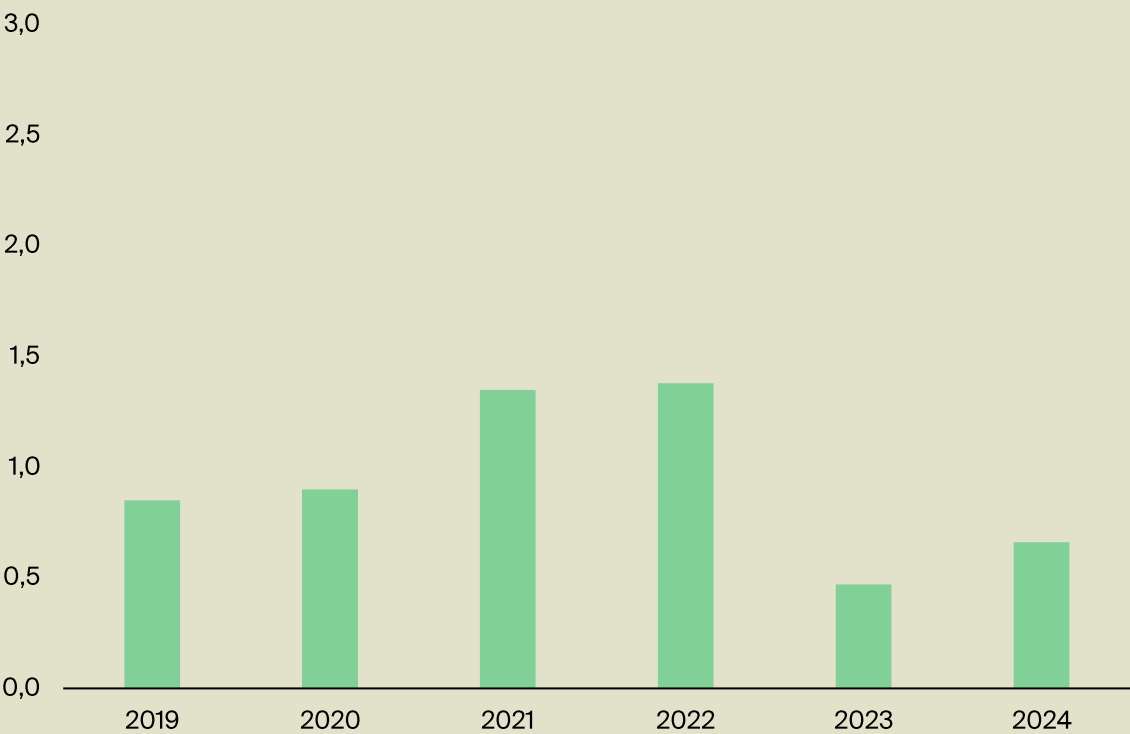


# High interest for hotels, less so for healthcare

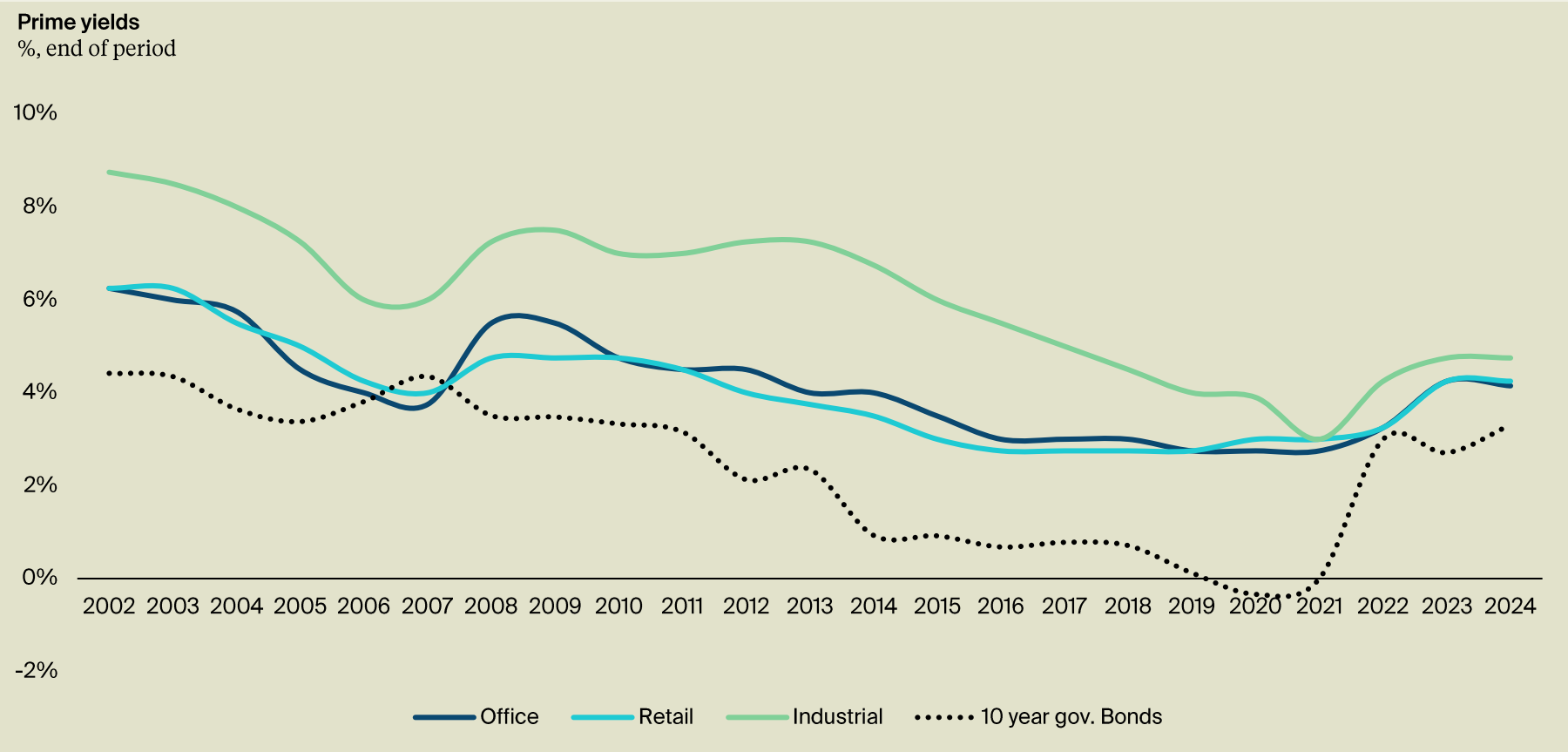
Hotel investment volumes in France  
€ Bn



Healthcare investment volumes in France  
€ Bn

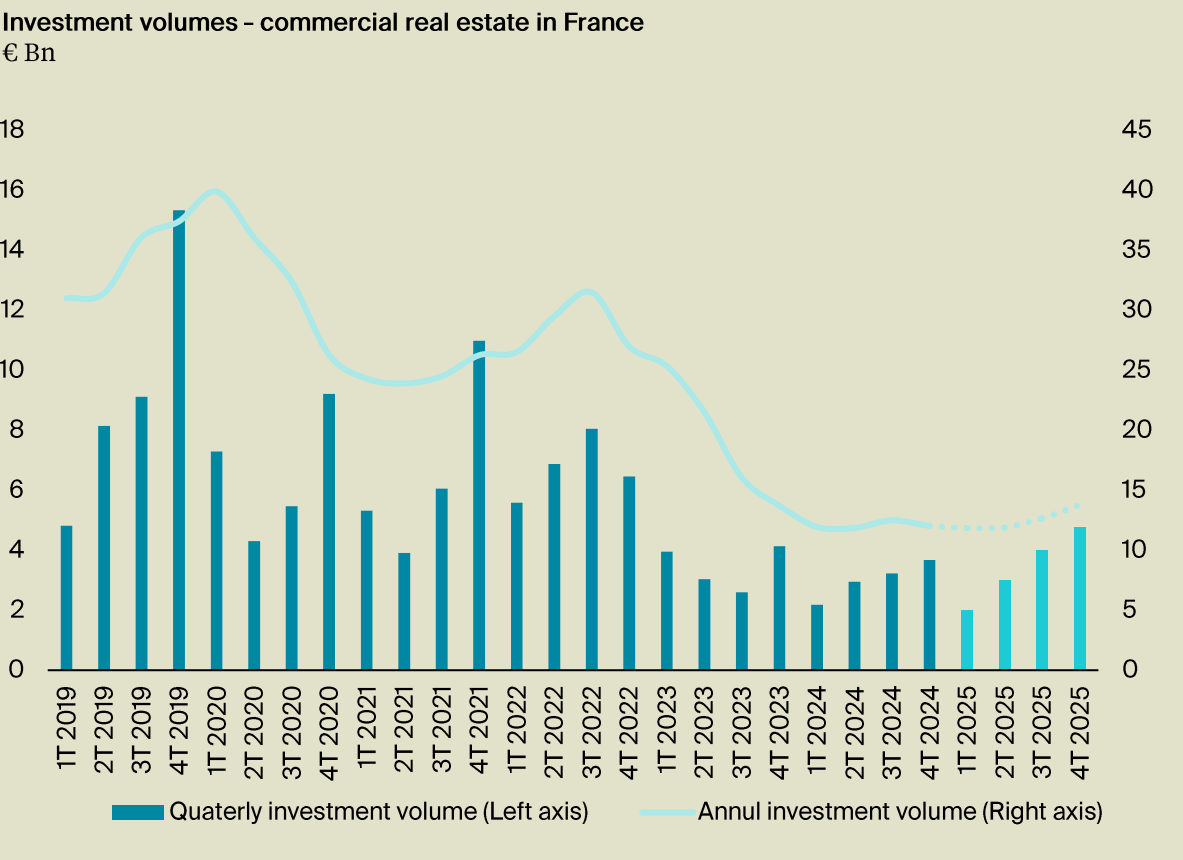


# Start of a new compression in prime yields?



	EVOLUTION Over 1 year	EVOLUTION Over 10 years
	 - 10 bps	 + 15 bps
		 + 75 bps
		 - 200 bps

# Continued growth for 2025 ?

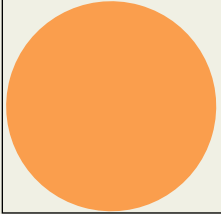


Market volumes forecast at 14/ 15 Bn Euros for 2025, bearing in mind the following market conditions :

- 1. A return to investor confidence for French sovereign debt, with support from the ECB
- 2. Proactive investors, both on the buy and sell side
- 3. A gradual return of core capital
- 4. Increased investment from foreign capital, especially US (favourable exchange rate)
- 5. End of 'office bashing' with assets having been repriced and solutions for dealing with obsolete buildings

Preference of investors for different types of asset





Key figures 2024 &  
Outlook 2025

03

# Offices.



# Corporates, their organizations and challenges in 2025

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**36%**

Percentage of employees remote-working at least once a week in 2024



**3,5 days**

Weekly average at the office



Human capital at the heart of organizational performance

Recruitment, retention and employer brand

Embodying the company's environmental and social commitments

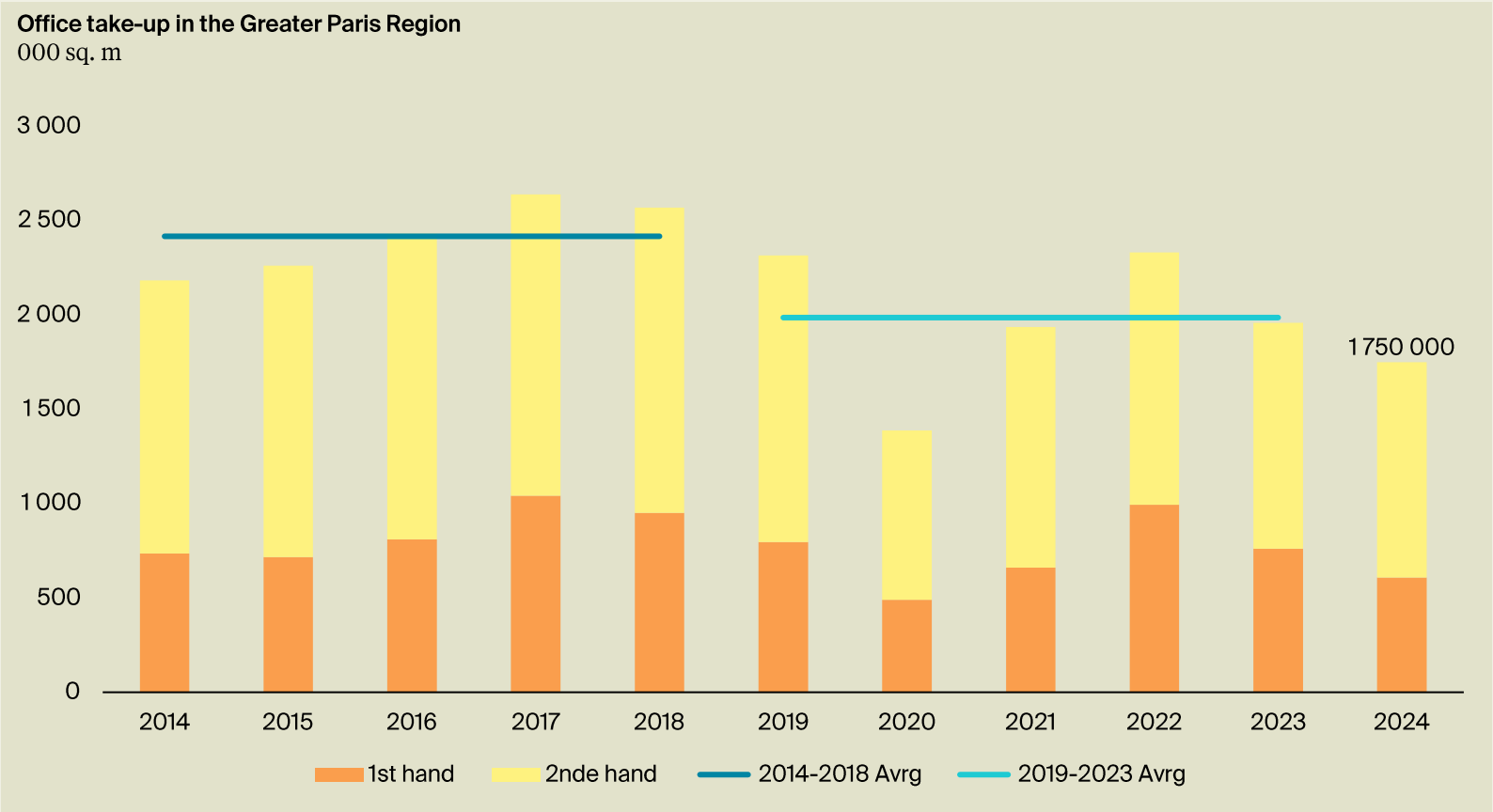


Flex office practices still emerging in France

A precise but pragmatic choice of location

Controlling real estate costs (floor space & rents)

# New indicators of take-up in the Paris Region's commercial sector

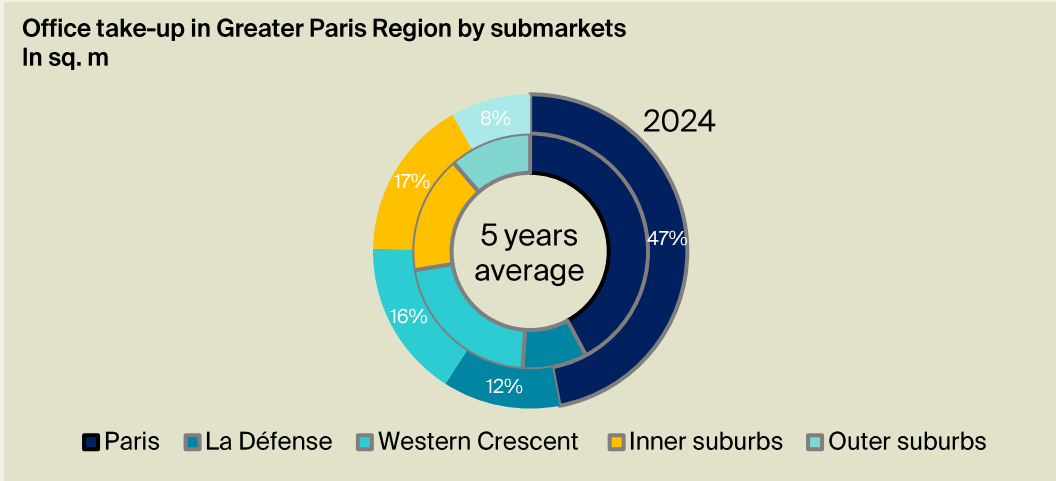
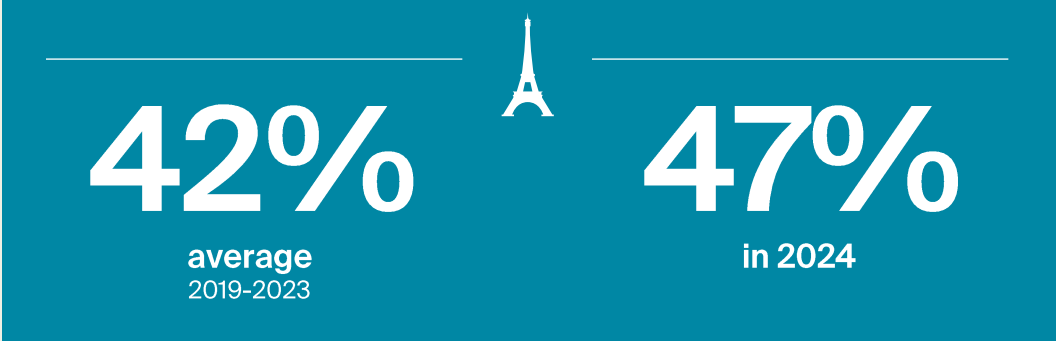
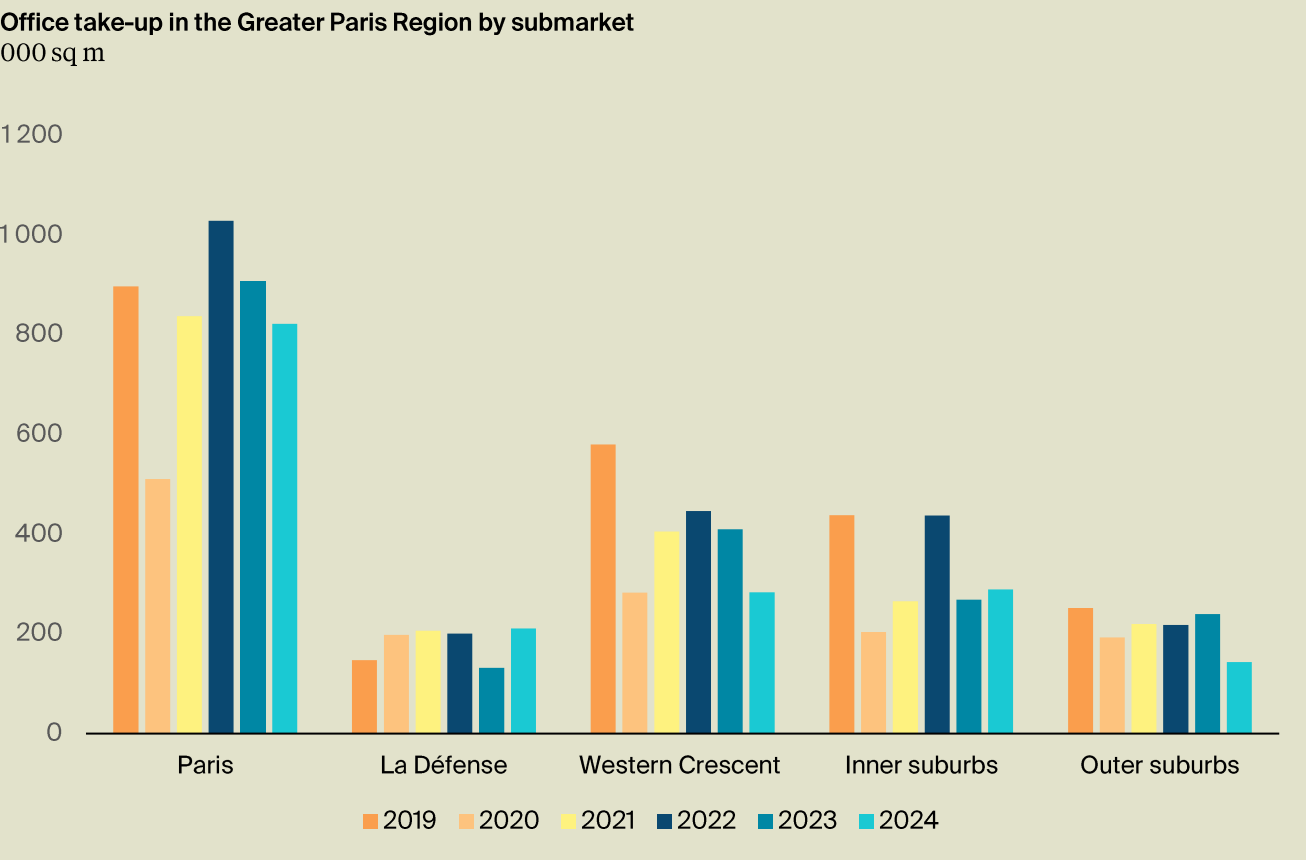


**-11%**   
Y-o-Y

**-12%**   
Vs 2019-2023 average

**35%**   
Share of 1st hand spaces

# Increasing concentration of Parisian deals





# Transactions outside the Paris CBD accelerate

Office take-up in Paris city by submarkets  
000 sq. m



42%

Paris CBD

13%

Paris Centre West (excl. CBD)

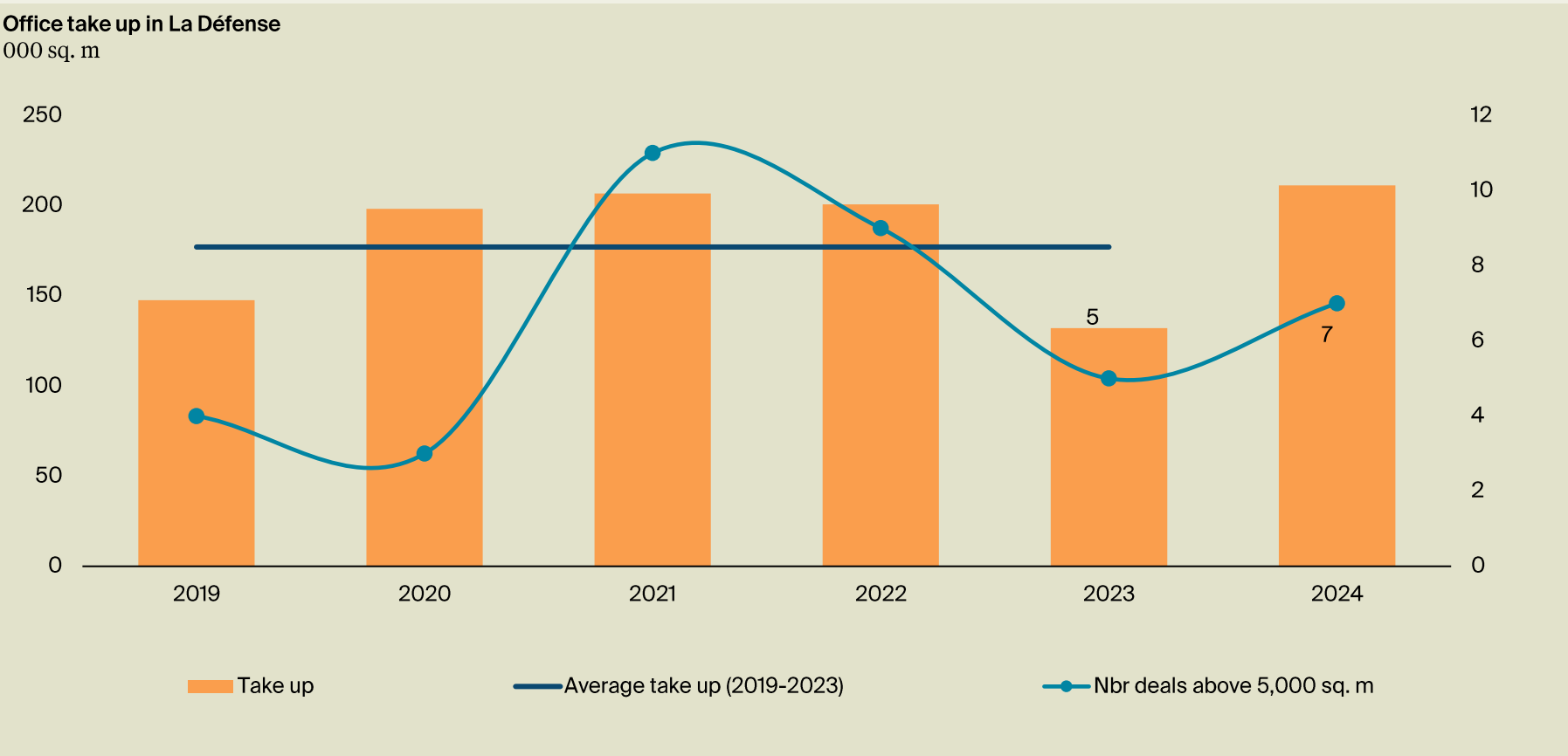
16%

Paris North East

29%

Paris South

# Renewed activity at La Défense, driven by 1st hand spaces



**+60%**

Y-o-Y

**+29%**

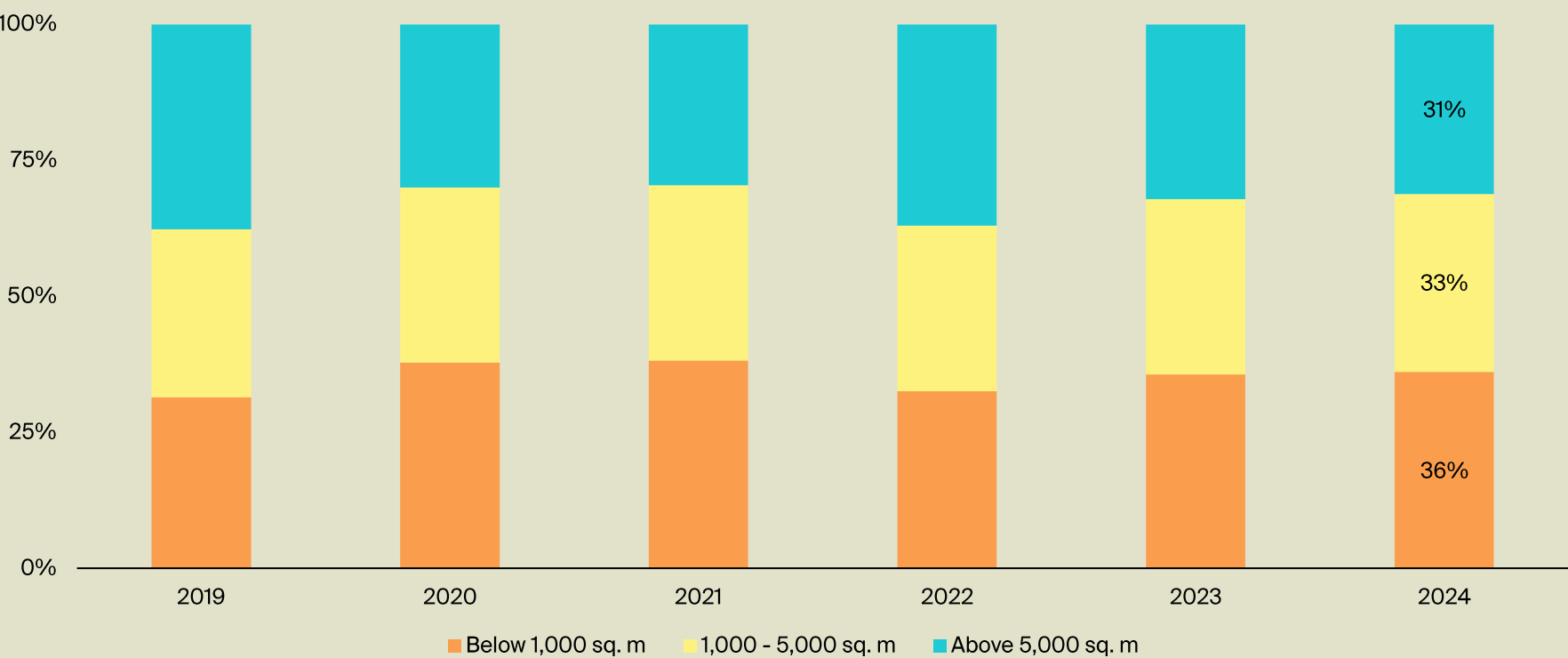
vs average  
2019-2023

**55 %**

Share of 1st hand in 2024 take up

# A Mid market segment that underpins take-up

Breakdown of take-up of office space in the Paris Region by floor area  
000 sq. m





**-8%**

Y-o-y change for <1,000 sq. m space



**-9%**

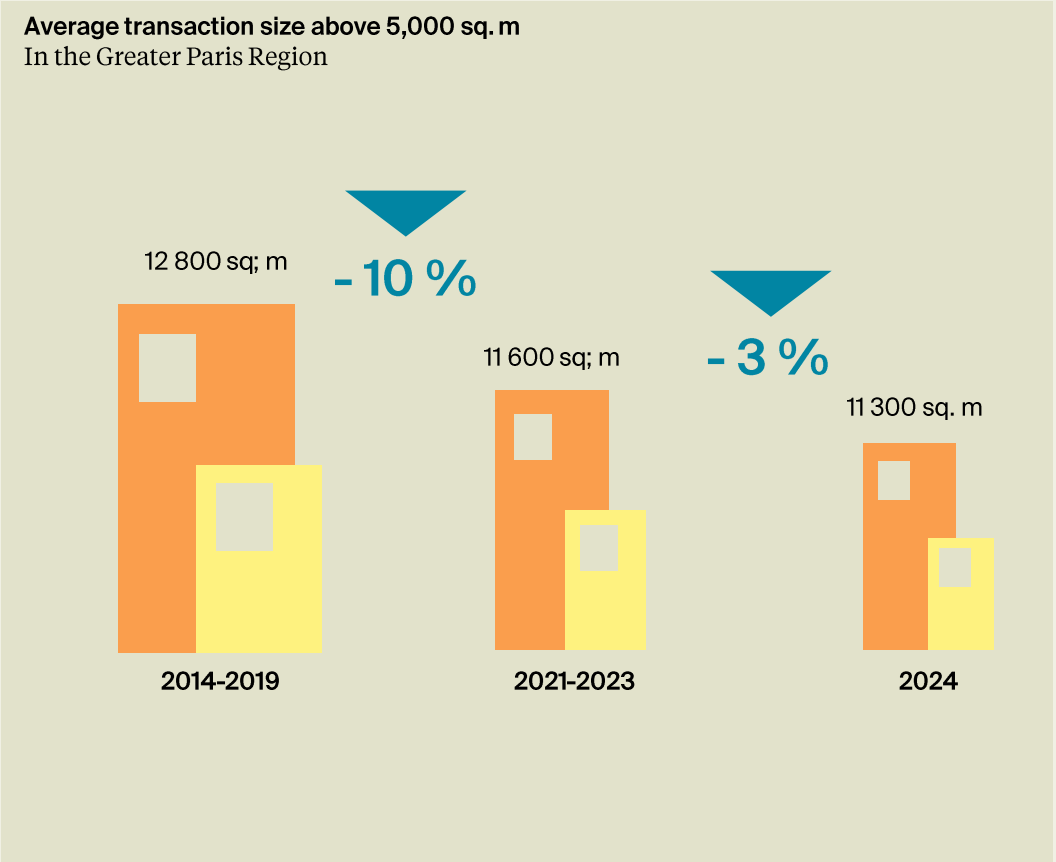
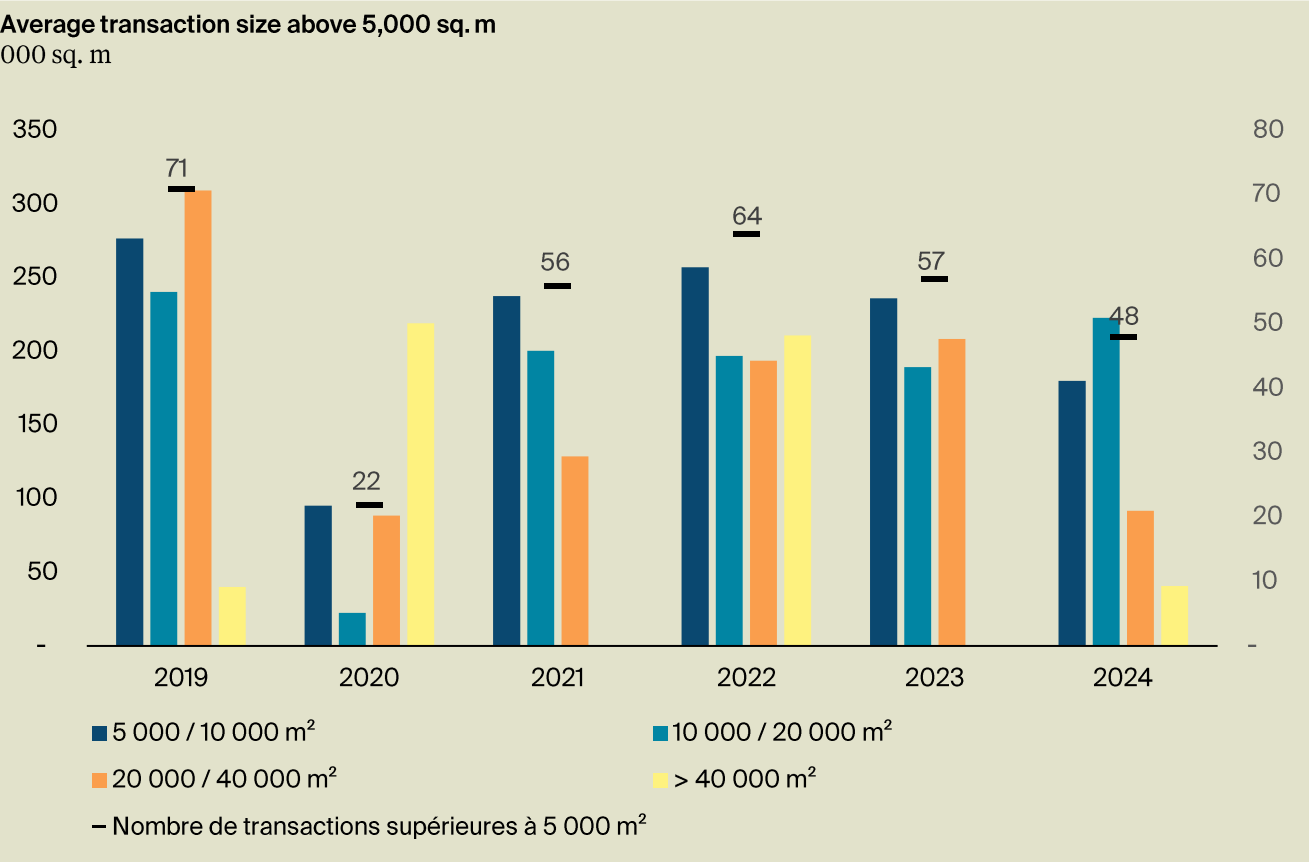
Y-o-y change for 1,000 <=>5,000 sq. m space



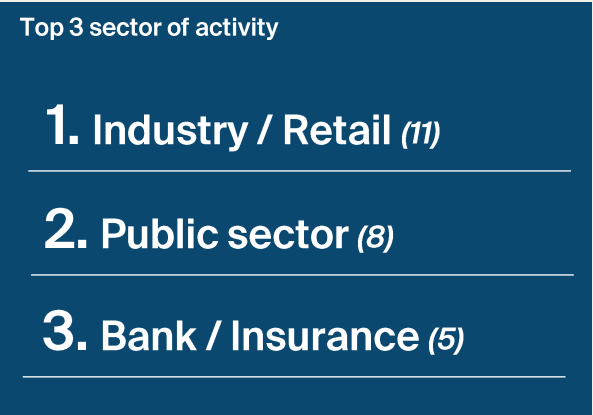
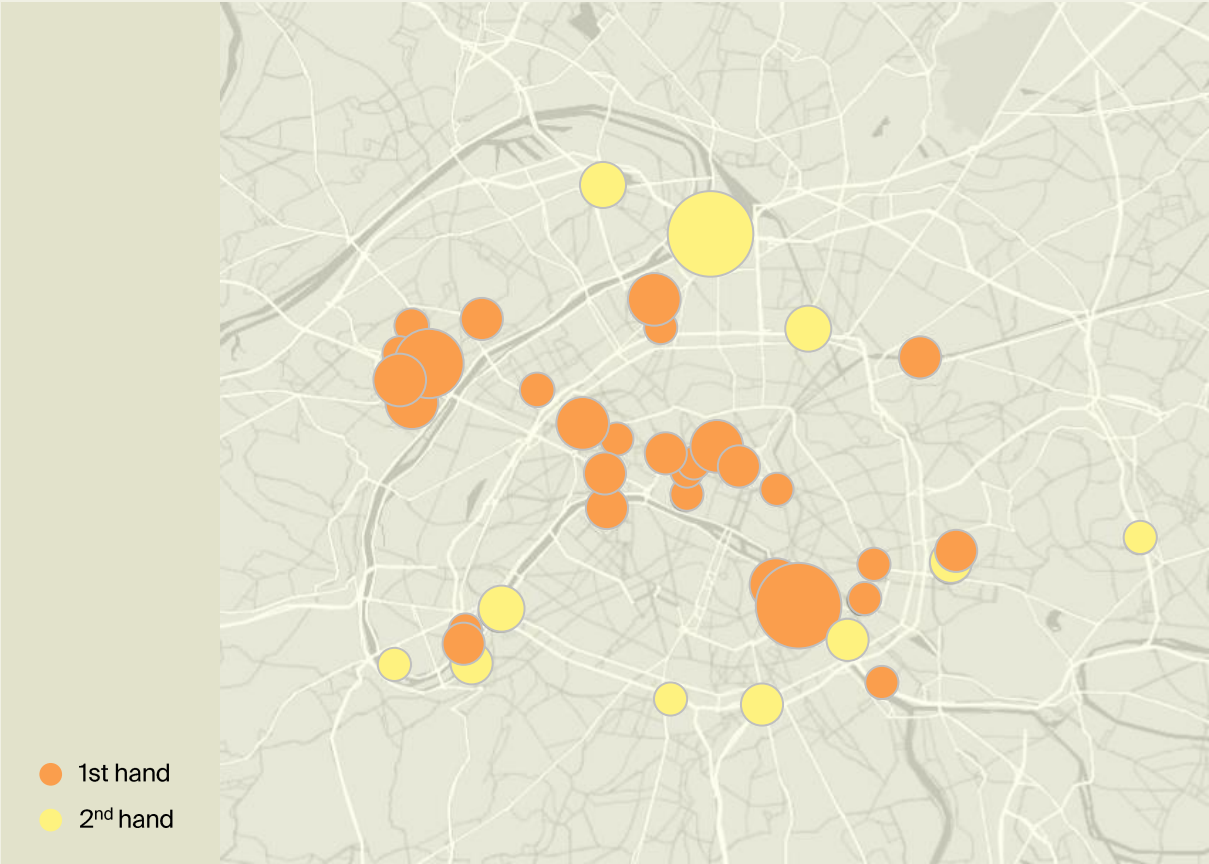
**-19 %**

Y-o-y change for >5,000 sq. m space

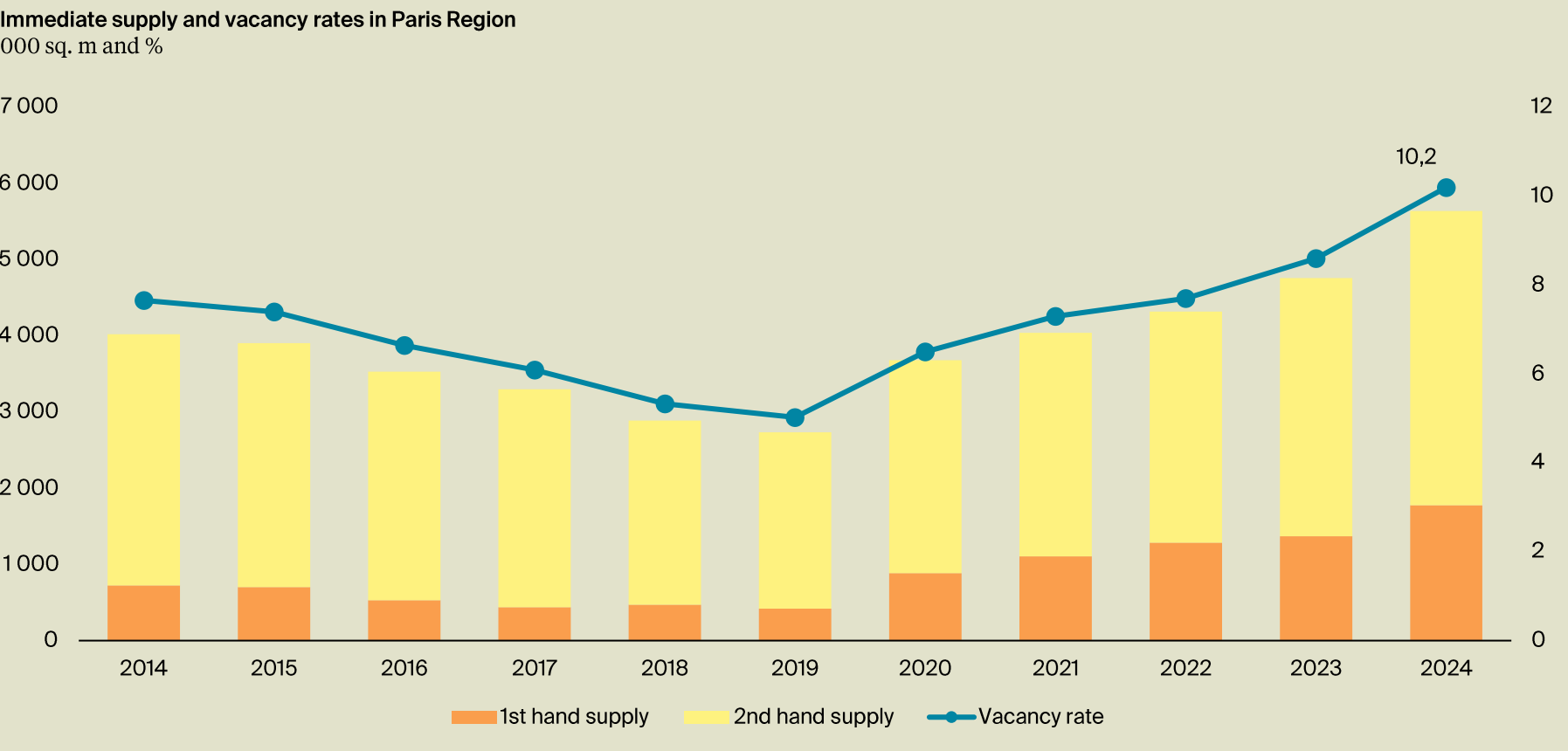
# Rationalization spaces trend reduces take-up volumes



# Monograph of deals above 5,000 sq. m in the Paris Region in 2024



# Immediate office supply at unprecedented levels



**5.6 M sq. m**  
+ 18 % vs 2023  
IMMEDIATE SUPPLY IN GPR

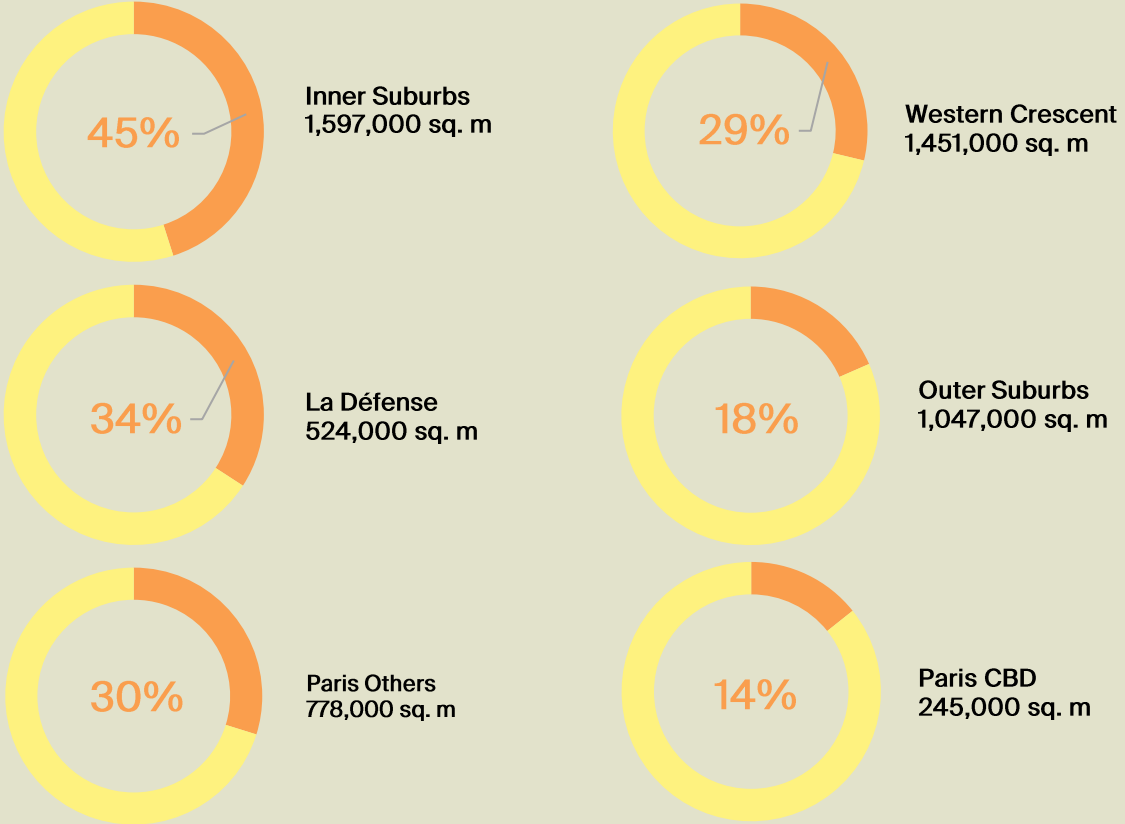
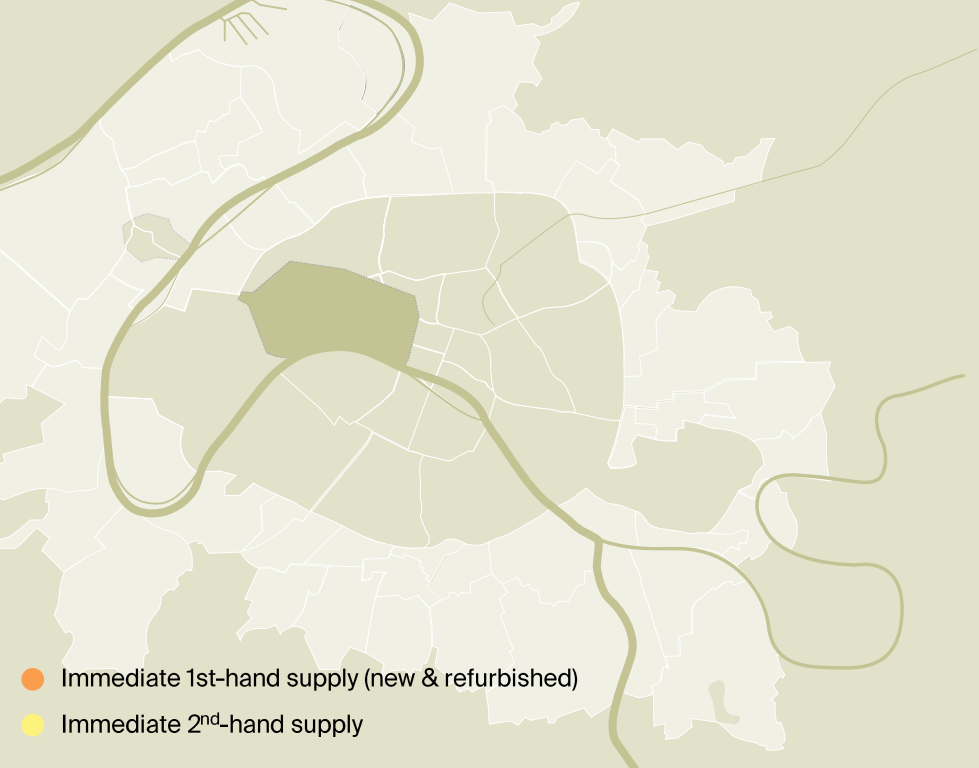
**1.8 M sq. m**  
+ 30 % vs 2023  
1ST HAND SUPPLY

**1 M sq. m**  
+ 46 % vs 2023  
IMMEDIATE SUPPLY IN PARIS CITY

**2.8 years**  
Vs 2,2 years in 2023  
TIME TO MARKET IN GPR

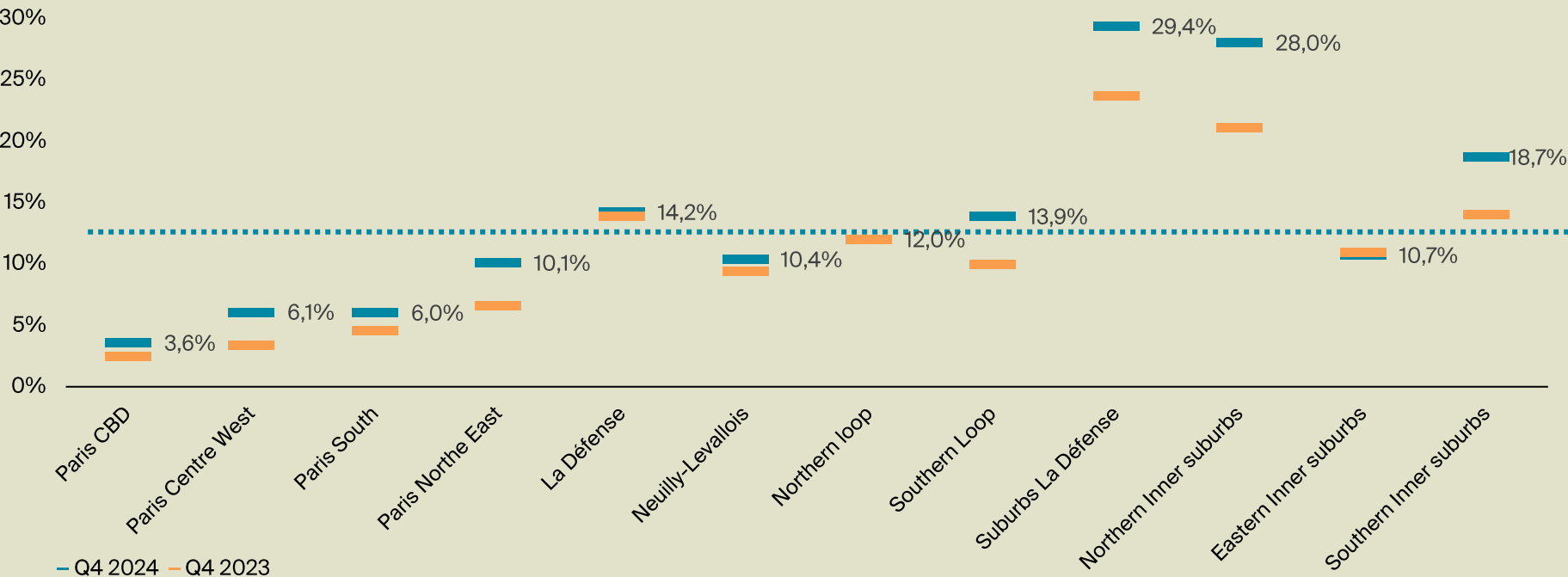
# Most of the supply is located outside Paris

Immediate supply and share of first-hand properties, by submarket in the Greater Paris Region  
In sq. m and in %



# Situations vary widely from one submarket to another

Vacancy rates by geographical area in the Greater Paris Region  
In %

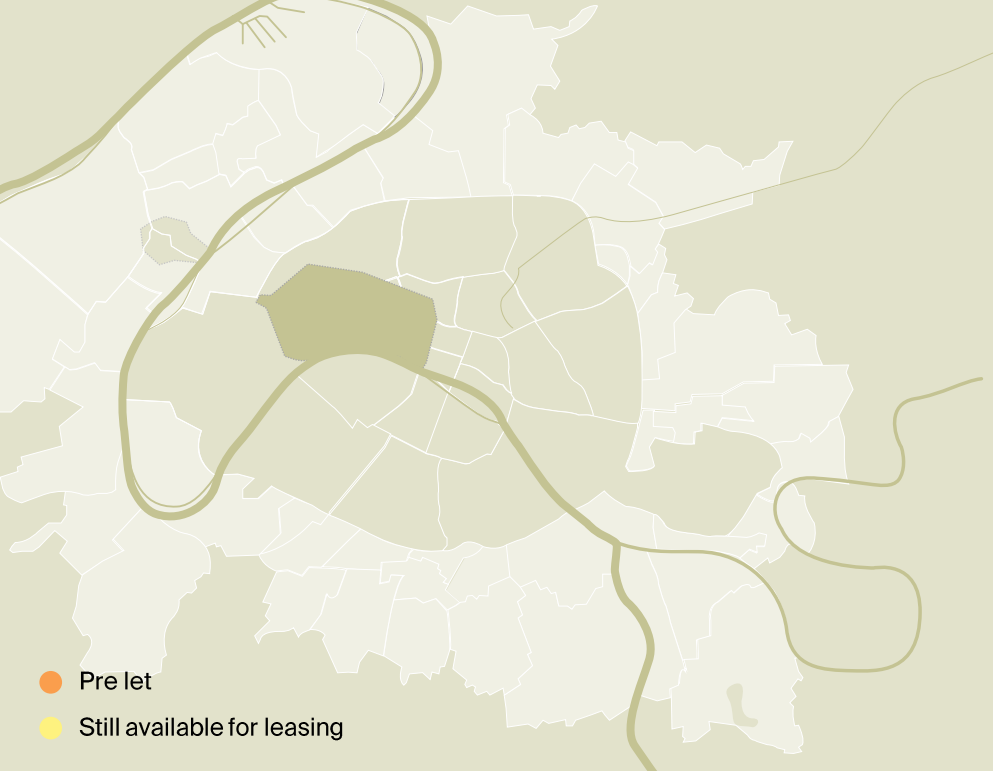


**10.2%**  
+ 1,6 pt vs 2023  
(GREATER PARIS REGION)



# Strong renewal of future supply in Paris

Volume of deliveries for office space above 5,000 sq. m in the Greater Paris Region, 2025-2027 and pre-marketing rate by submarket In m<sup>2</sup> and %.



99

BUILDINGS TO BE DELIVERED in 2025-27

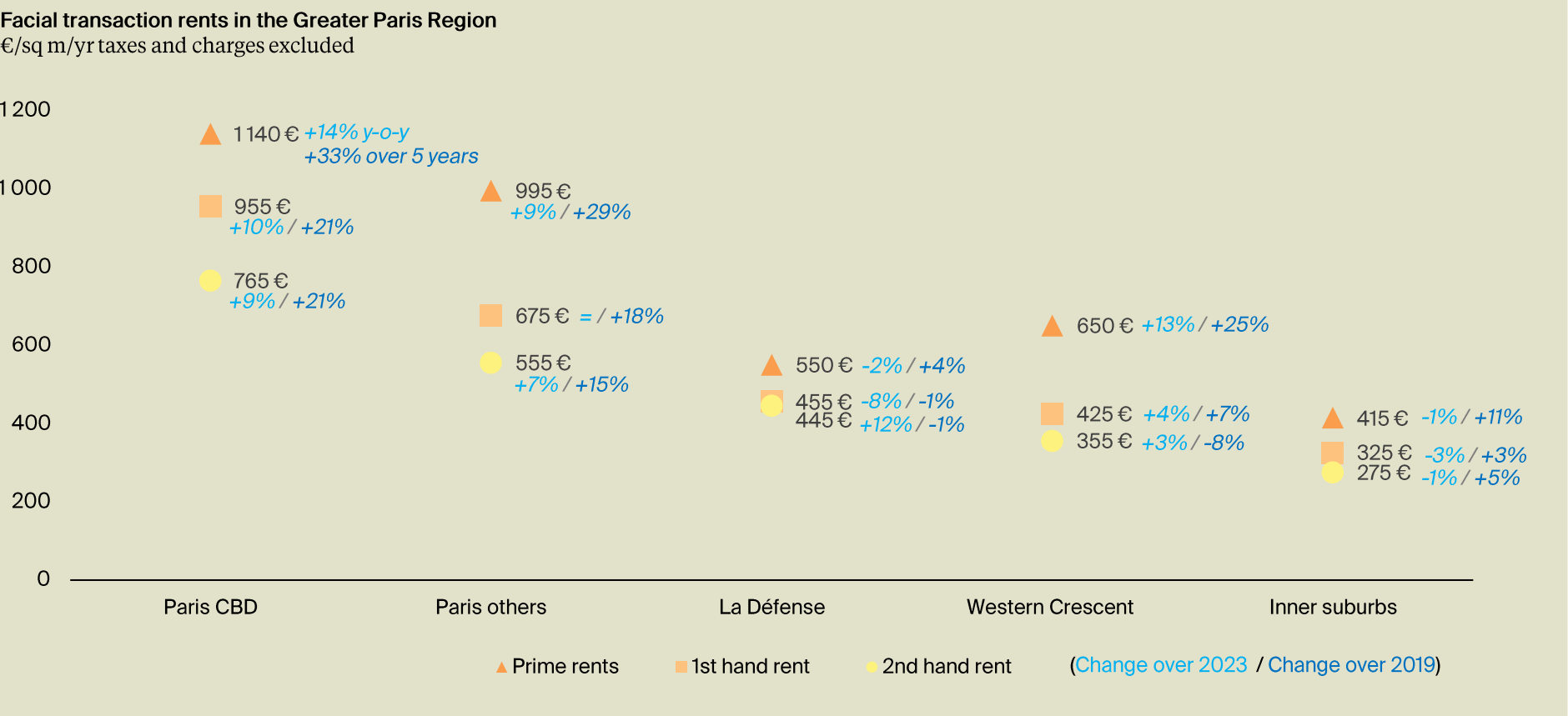
1.8 M sq. m

OFFICE SPACES TO BE COMPLETED FROM 2025 TO 2027

44 %

PRE LETTING RATIO

# Rents continue to rise in the most sought-after submarkets



16

Number of deals above €1,000 / sq m /yr in 2024 (vs 8 in 2023)

1,5%

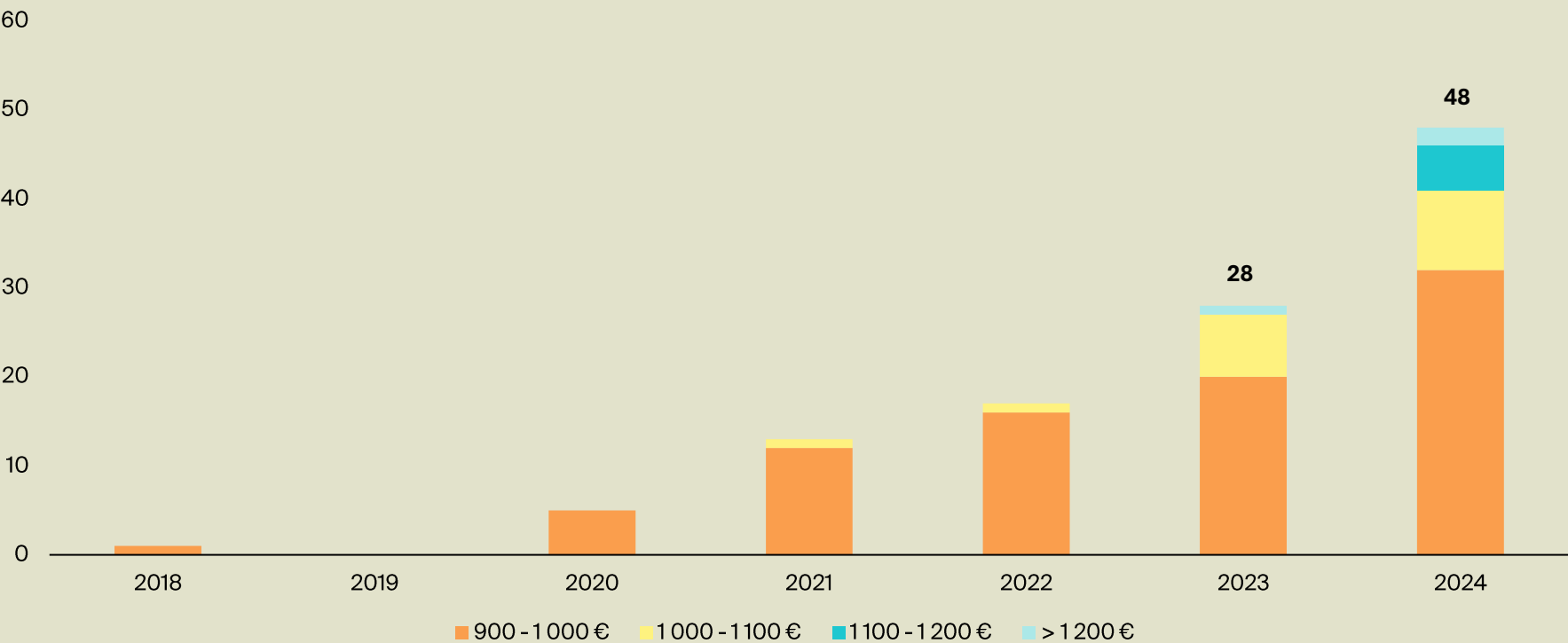
Forecast for ILAT in 2025  
ILAT as at Q3 2024 : 4,7%

10-40 %

Incentives in the Greater Paris Region office market

# Transactions in excess of €1,000/sq. m/year on the rise

Number of transactions  $\geq 900 \text{ €/m}^2/\text{year}$   
€/sq m/yr taxes and charges excluded, for deals above 500 sq. m



+71%

Number of deals above €900 / sq m /yr

81%

Of these deals are located In Paris

15%

Market share of these deals in the Paris take up in 2024

# The Ile-de-France office market in full adaptation

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1. Normalization of take-up to below 2 million sq. m; a new benchmark for the Paris region market;
2. Companies are refocusing on Paris, particularly in the CBD, leading to a reduction in sq. m of office space to compensate for rising rents;
3. Prime rents on the rise, given the appeal of the CBD to major groups, luxury goods, finance and legal firms, as well as foreign companies;
4. Continued pressure on rental values in Paris due to flight to quality, but expected corrections in the suburbs where accompanying measures are already high;
5. Further growth in available stock and vacancy, given ongoing construction projects and current absorption capacities;
6. Prolonged vacancy, which should speed up repositioning of commercial assets: mixed-use programming, conversion, etc.
7. Growing awareness and vigilance on the part of tenants and owners regarding the energy efficiency/carbon footprint of their assets.

Outlook for 2025 :

**1.7 to 1.8 M m<sup>2</sup>**

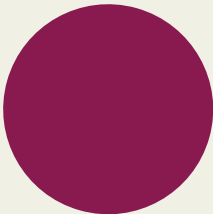
Office take-up

**>€1,200/sq. m/yr**

Prime rents in Paris CBD

**11 to 12 %**

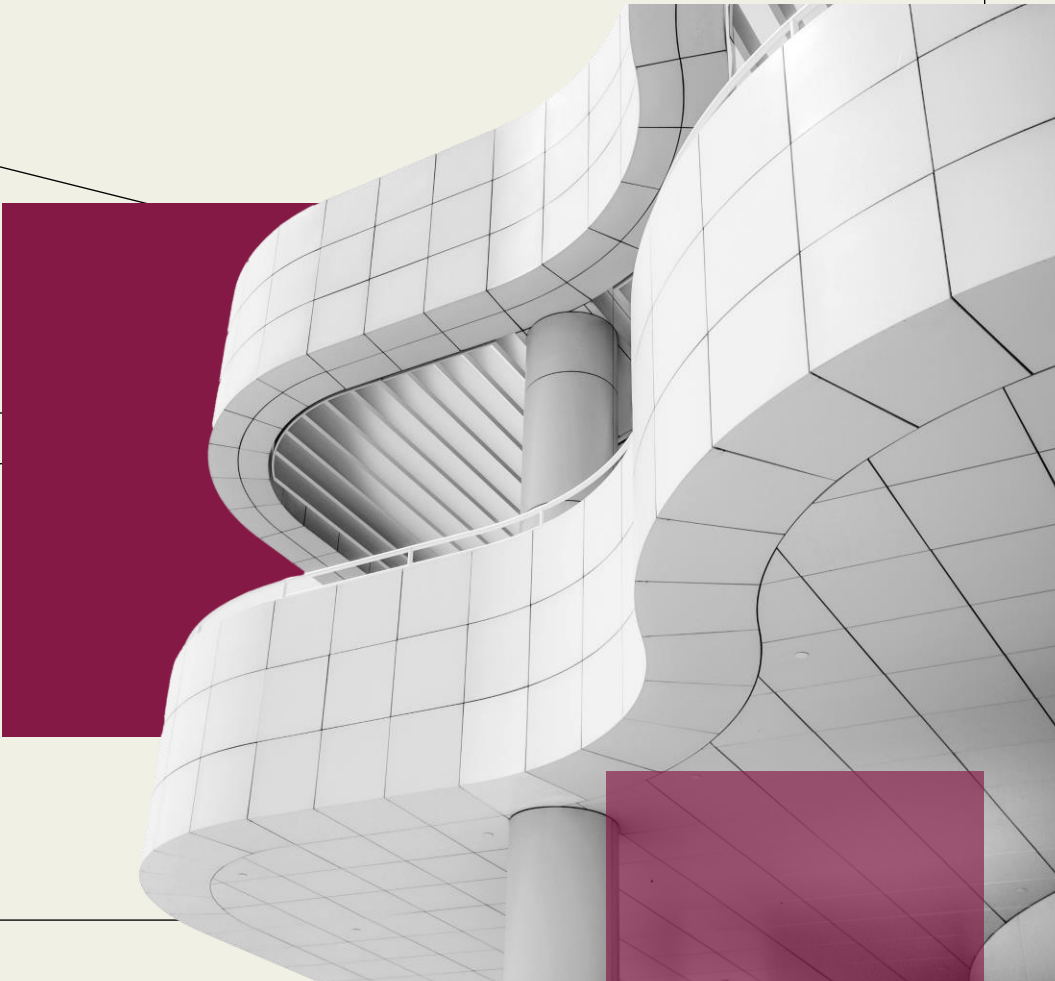
Average vacancy rate in the Greater Paris Region



Key figures 2024 &  
Outlook 2025

04

# Retail



# A positive trend overall, particularly in the specialized retail sector

Retail sales volume  
In %, year-on-year (August-September-October 2024)

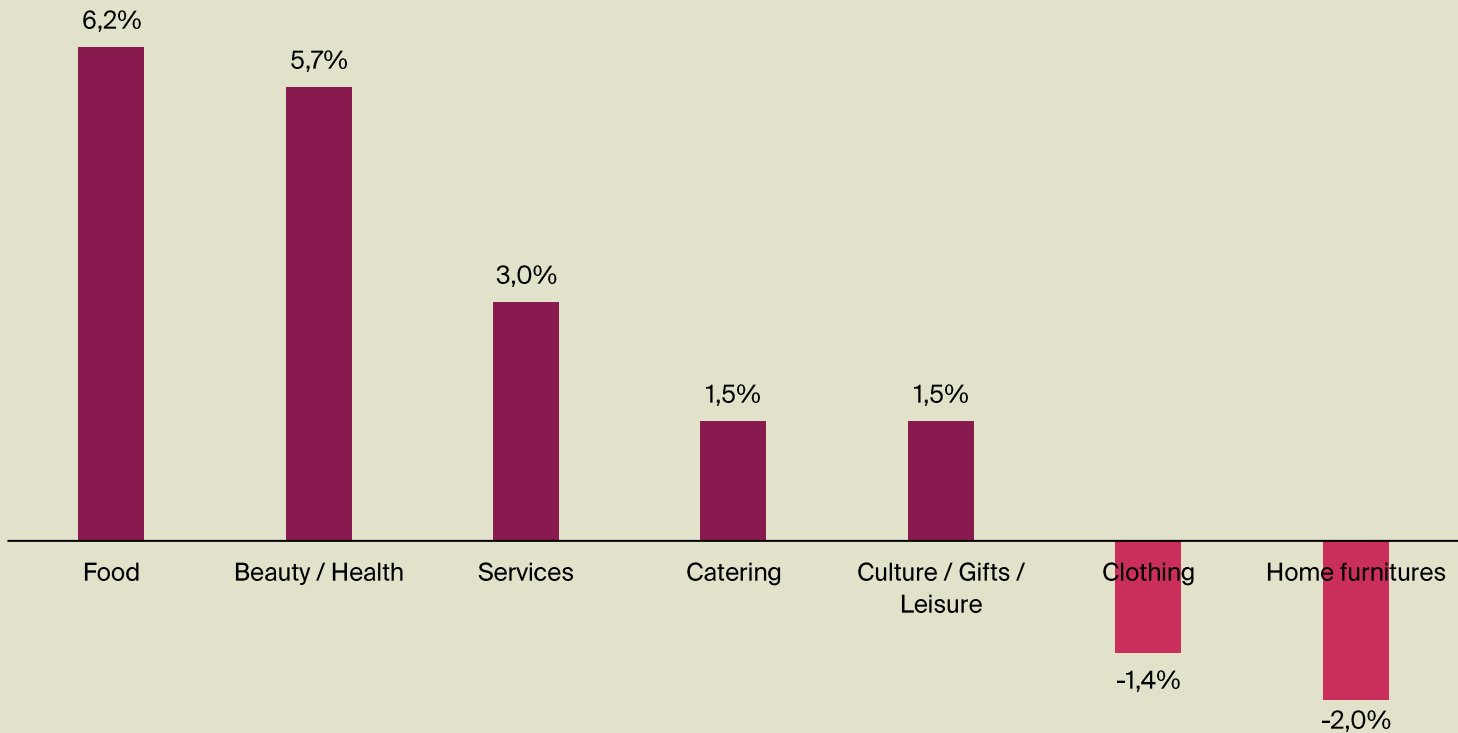
- 0.6 %

Retail over all

+ 3.7 %

Specialized retail sales\*

Specialized retail sales trend  
In %, over one year (cumulative January to September 2024), in France



SOURCE : DGFIP, Insee, Procos /\*Apart from automobiles and motorcycles

# E-commerce continues to break records, particularly for services



€128 Bn

**Online sales**  
(products and services)  
Between January and September 2024,  
i.e. +9.6% in one year



651 M

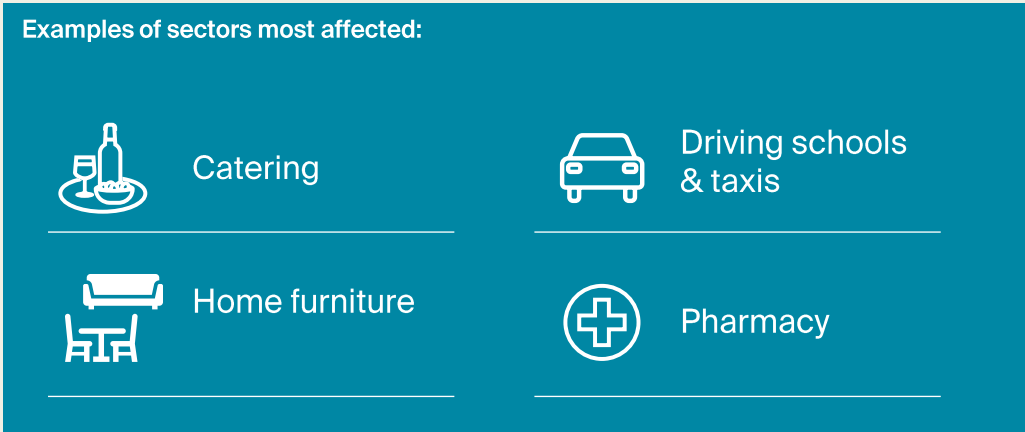
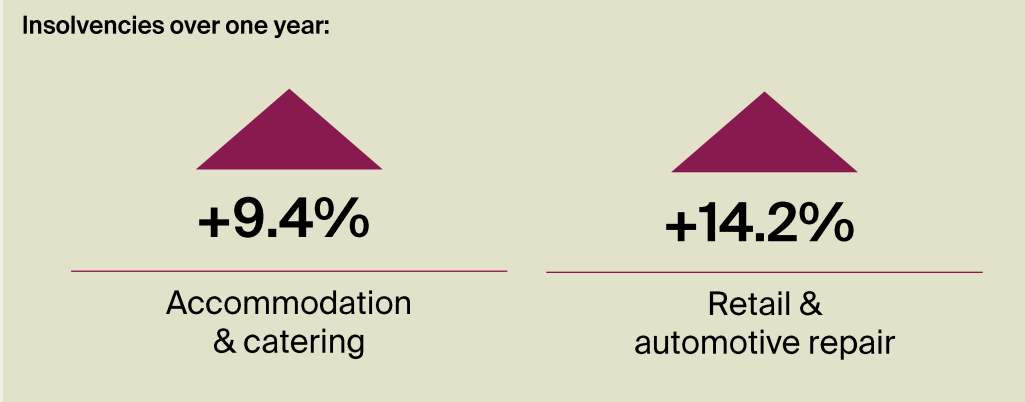
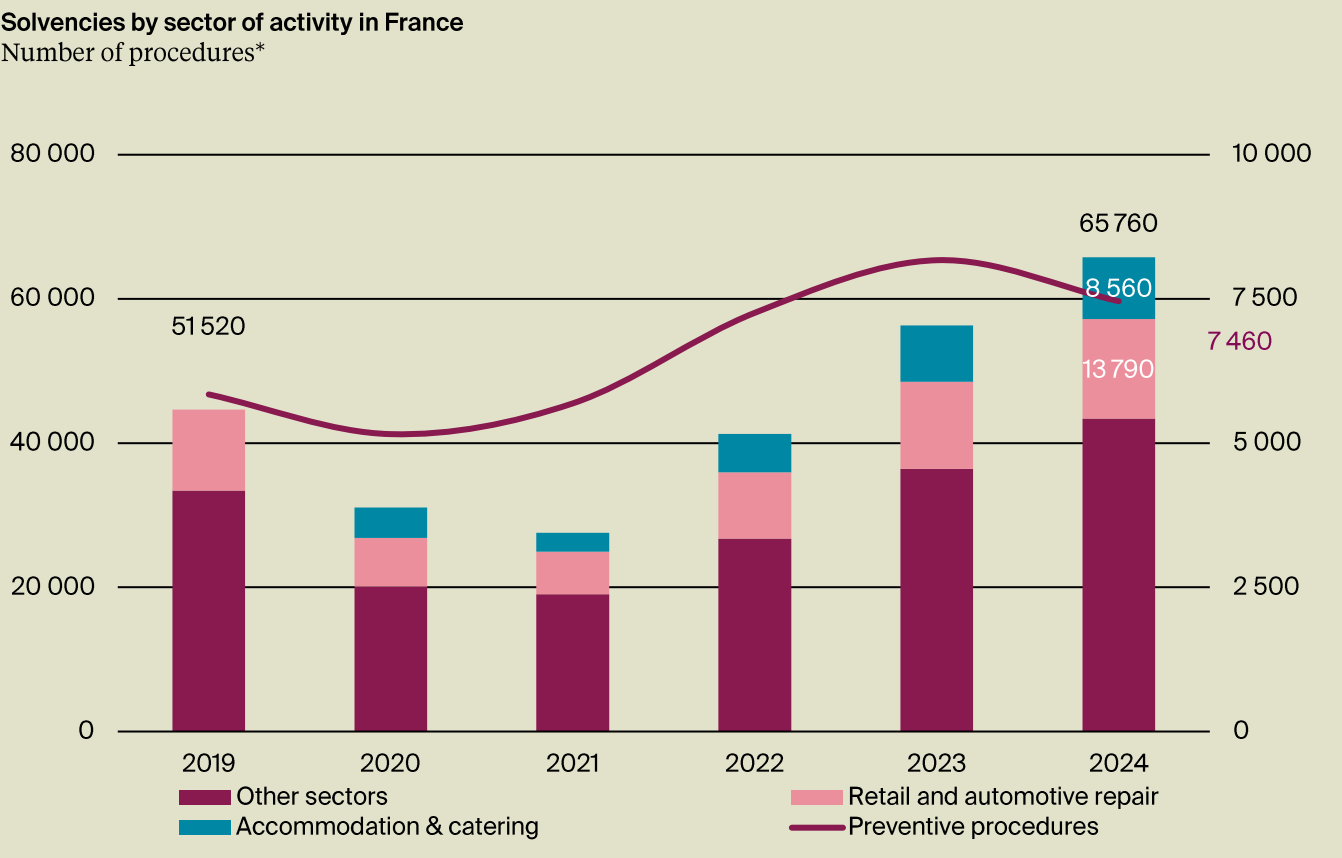
**Transactions**  
For Q3 2024,  
+€77 millions compared to Q3 2023



€66

**Average basket**  
In Q3 2024,  
-0.9 % y-o-y

# A peak in defaults in 2024, gradual decline expected

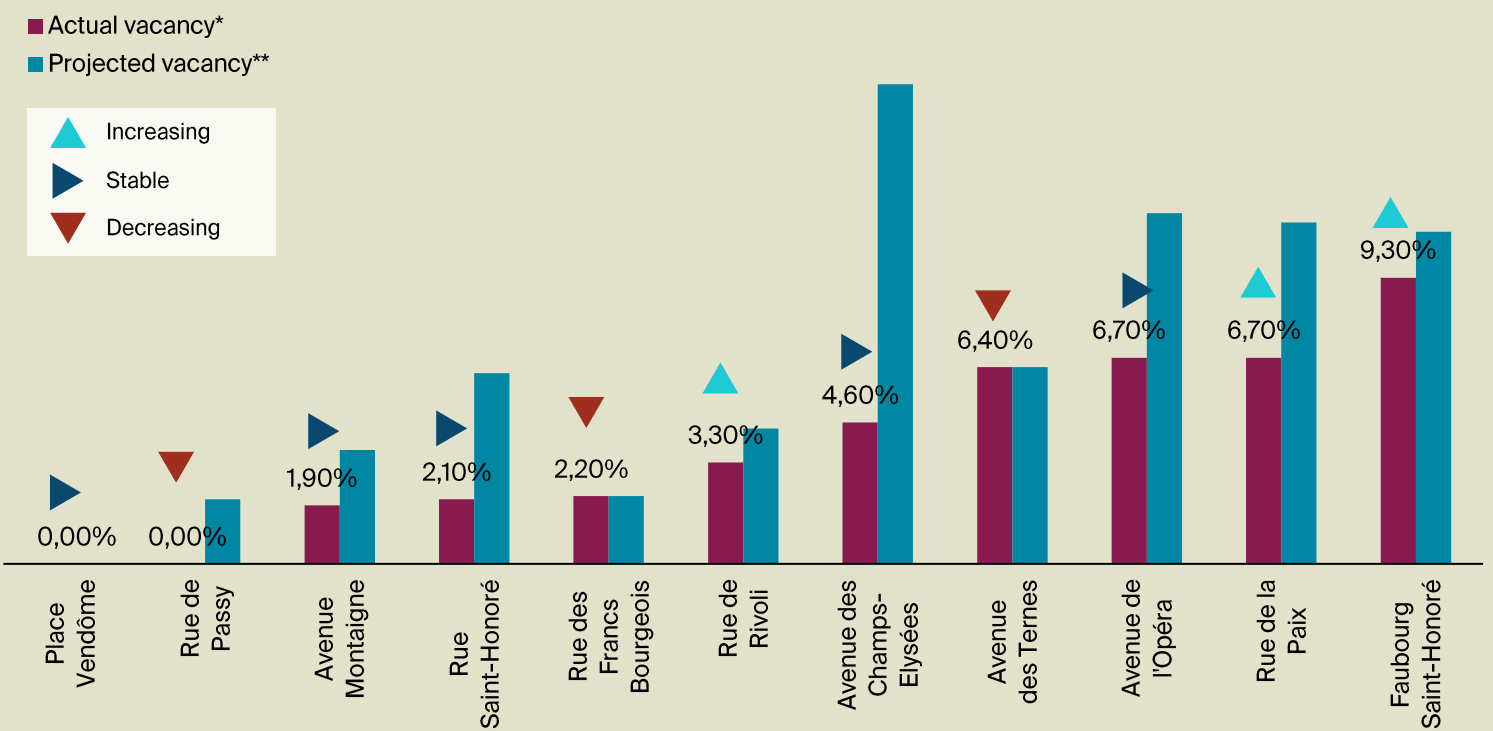


SOURCE : Insee, Banque de France (provisional figures for December 2024) /\*suits, judicial receiverships or liquidations



# The contrasting situation of street retail vacancy in Paris

Retail vacancy rates in Paris  
At end December 2024, change over one year



Recent brand openings  
In 2024 (or future openings in 2025)

Grid of brand logos:

- LOEWE
- BALMAIN PARIS
- ekosport
- 1910 BACHA COFFEE
- Ben's Cookies
- MAISON GHIBLI
- LDLC HIGH-TECH EXPERIENCE
- FRED
- BRUNELLO CUCINELLI
- OYSHO
- PANDORA
- MORABITO PARIS
- salomon
- Bell & Ross
- V12 TRACKSIDE INTERNATIONAL MOTORSPORT STORE
- WEEKEND MaxMara
- TASAKI
- De Beers
- BYRIEDD
- Onitsuka Tiger
- RESTORATION HARDWARE
- Rouge Opéra
- JACQUES MARIE MAGE LOS ANGELES
- pierre cardin

SOURCE : Knight Frank /\* Vacant space to date, \*\* Vacant space, pop-ups and restructuring projects in progress

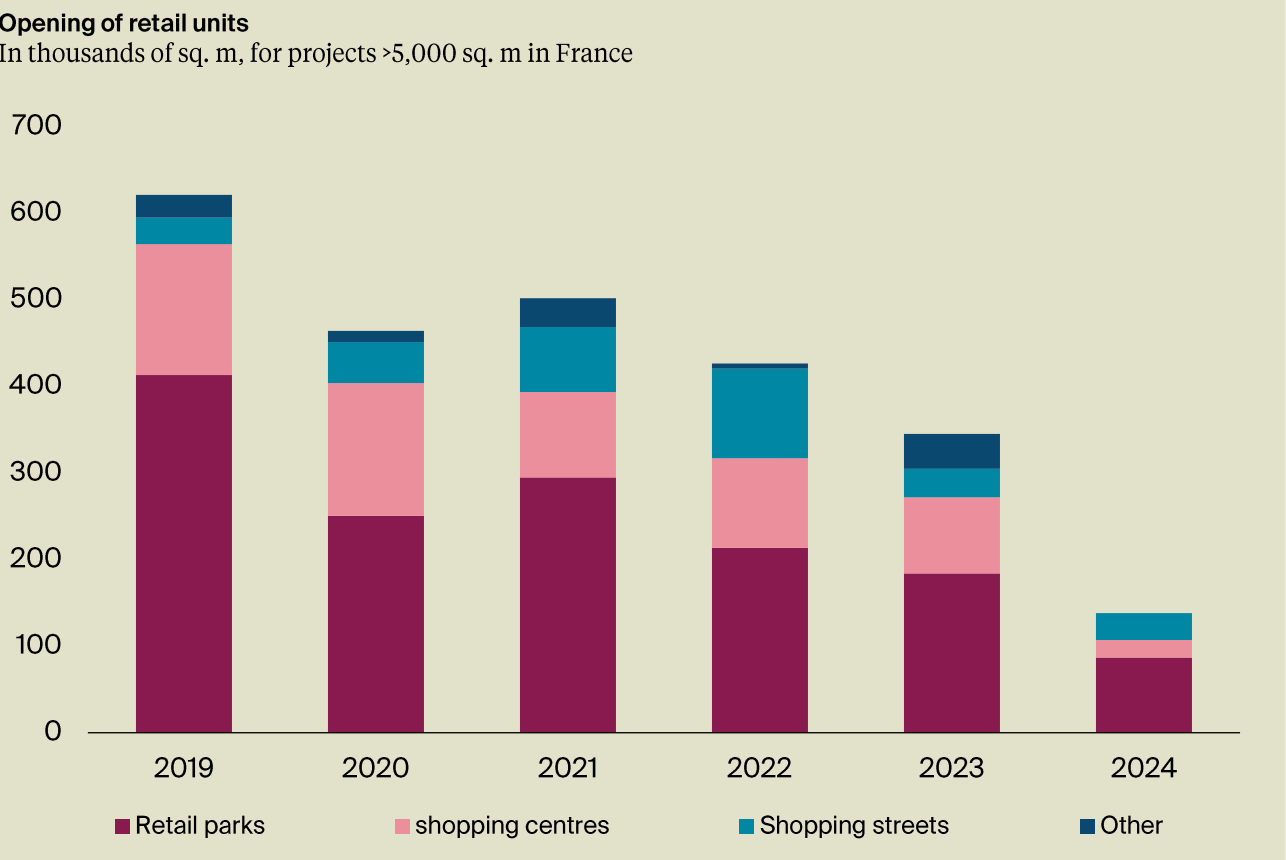
# Prime rents in Paris are holding up well, due to a scarcity of supply



# Stabilisation of rental values in the regions

Prime rental values in the regions In €/sq. m/year, at the end of December 2024, in zone A		Regional retail vacancy rates At end December 2024, change over one year		
Prime value	Recent arrivals	Streets	Vacancy rate	Evolution (over a year)
€8,000	MESSIKA <small>PARIS</small> JIMMY CHOO <small>LOUIS VUITTON</small>	Cannes - Boulevard de la Croisette	14.8%	Decreasing
€2,400	Aēsop. <small>L'Atelier d'Amaya</small> Normal	Lyon - Rue de la République	2.3%	Decreasing
€2,300	PANDORA TEZENIS VANS	Bordeaux - Rue Sainte-Catherine	6.5%	Stable
€2,200	LUSH <small>PARIS</small> Kave Home TEZENIS	Nice - Avenue Jean Médecin	4.0%	Stable
€1,900	CACHE CACHE. Normal	Lille - Rue de Béthune / Vieux-Lille	20.0%	Increasing
€1,900	BERLINER <small>DES ORIGINALS</small> Foot Locker	Strasbourg - Rue des Grandes Arcades	4.0%	Decreasing
€1,700	LOVISA miramira promod	Toulouse - Avenue Alsace-Lorraine	5.2%	Stable
€1,300	LE PETIT VAPOTEUR NEWYORKER valege <small>signature</small>	Marseille - Rue Saint-Ferréol	11.3%	Increasing

# Fewer new retail developments opening up



**+1.3%** **Footfall**  
of shopping centres in 2024\*, compared with 2023

**1** **Opening of retail parks >20,000 sq. m**  
Neyrpic, developed by Apsys (34,300 m²),  
in Saint-Martin-d'Hères

**74** **Commercial zones**  
Supported in 2024 by the 'Entrées de ville' call for projects  
for their urban and commercial redevelopment

SOURCE : Knight Frank, FACT /\* January to November total

# A positive outlook for the retail rental market in 2025



## MACROECONOMIC CONTEXT

1. A slight rebound in economic growth and consumption announced by the Banque de France, facilitated by high precautionary savings;
2. A more optimistic outlook, which should have an impact on household confidence;
3. The outlook is highly dependent on a stable political context and budgetary measures to preserve household purchasing power.



## RETAIL LEASING

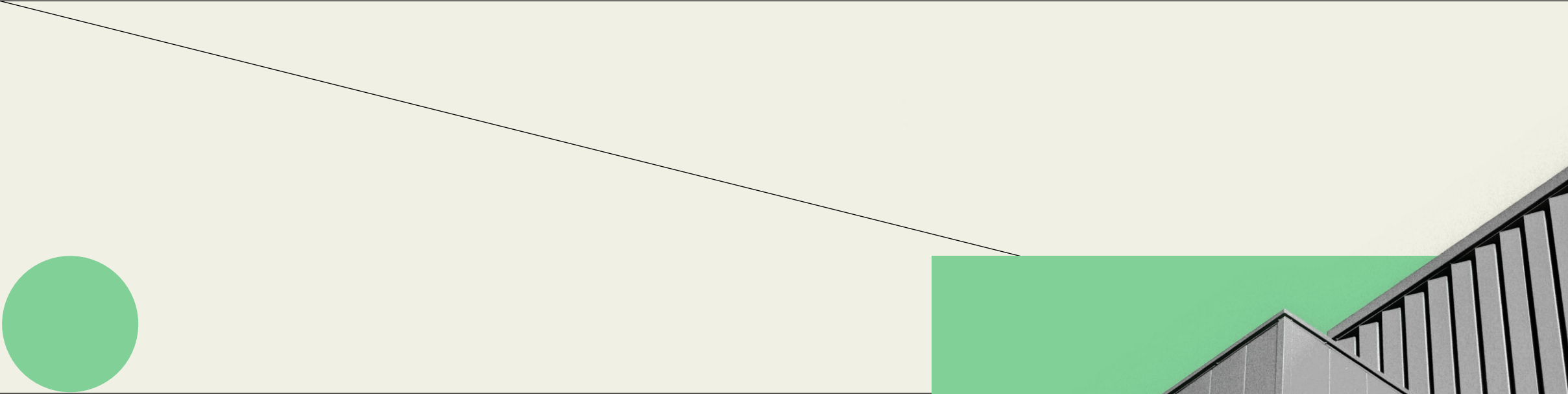
1. Stabilization of rental values across all asset types;
2. A contrasting vacancy situation with
  - 2.1. Ground floor and retail parks are doing well, attracting retailers and consumers;
  - 2.2. Shopping centers, especially older ones or those that have not benefited from recent renovation work, are under pressure, with vacancies set to rise;
3. Expected double-digit growth in e-commerce sales, driven by the dynamism of the service sector.



## FORMATS & CONCEPTS

1. A strengthening of some formats (flagship, pop-up, etc.) and sectors, such as sportswear and luxury goods;
2. The emergence of new formats focusing on leisure and entertainment, Retailtainment, offering an immersive experience to stimulate the desire to buy and extend the duration of visits;
3. The deployment of new technology-driven concepts: between hyper-personalized shopping and connected customer experiences, combining physical and digital commerce.



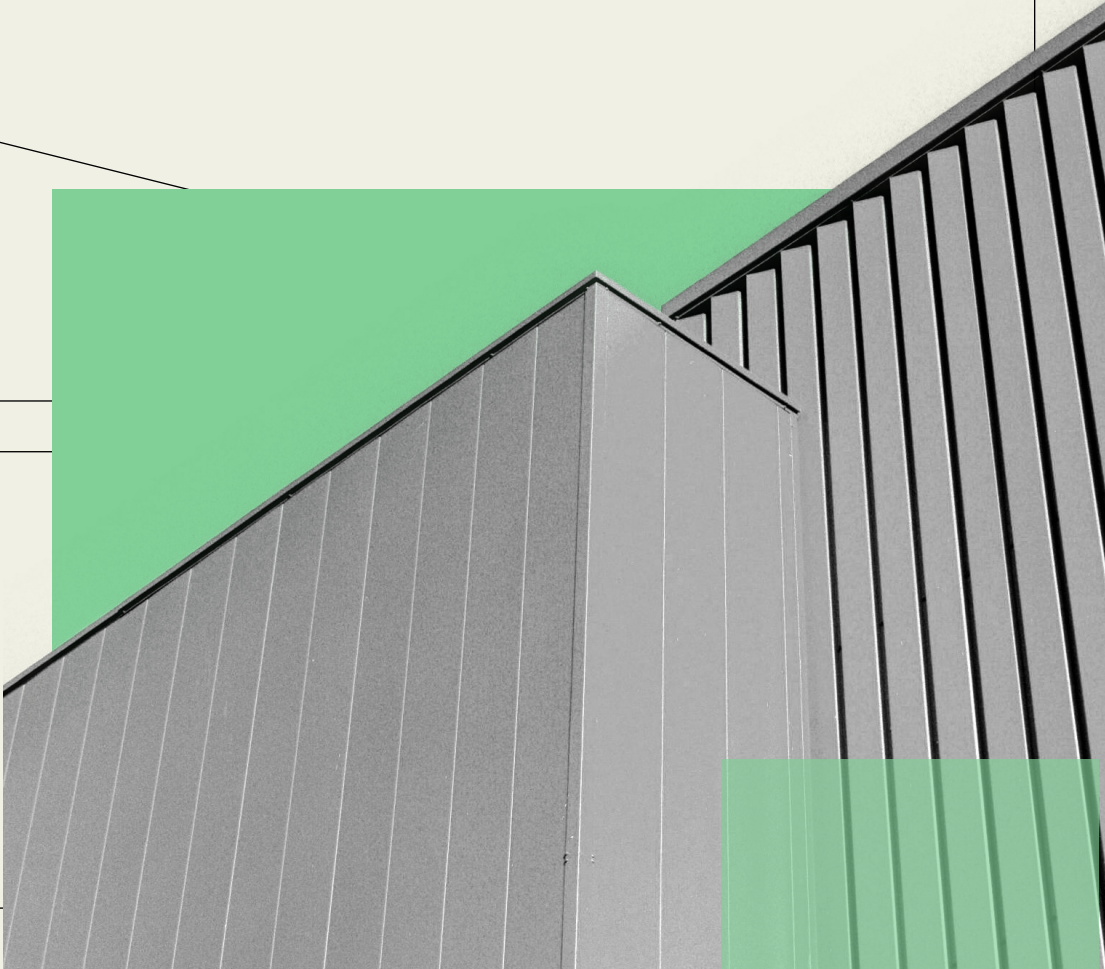


Key figures 2024 &  
Outlook 2025

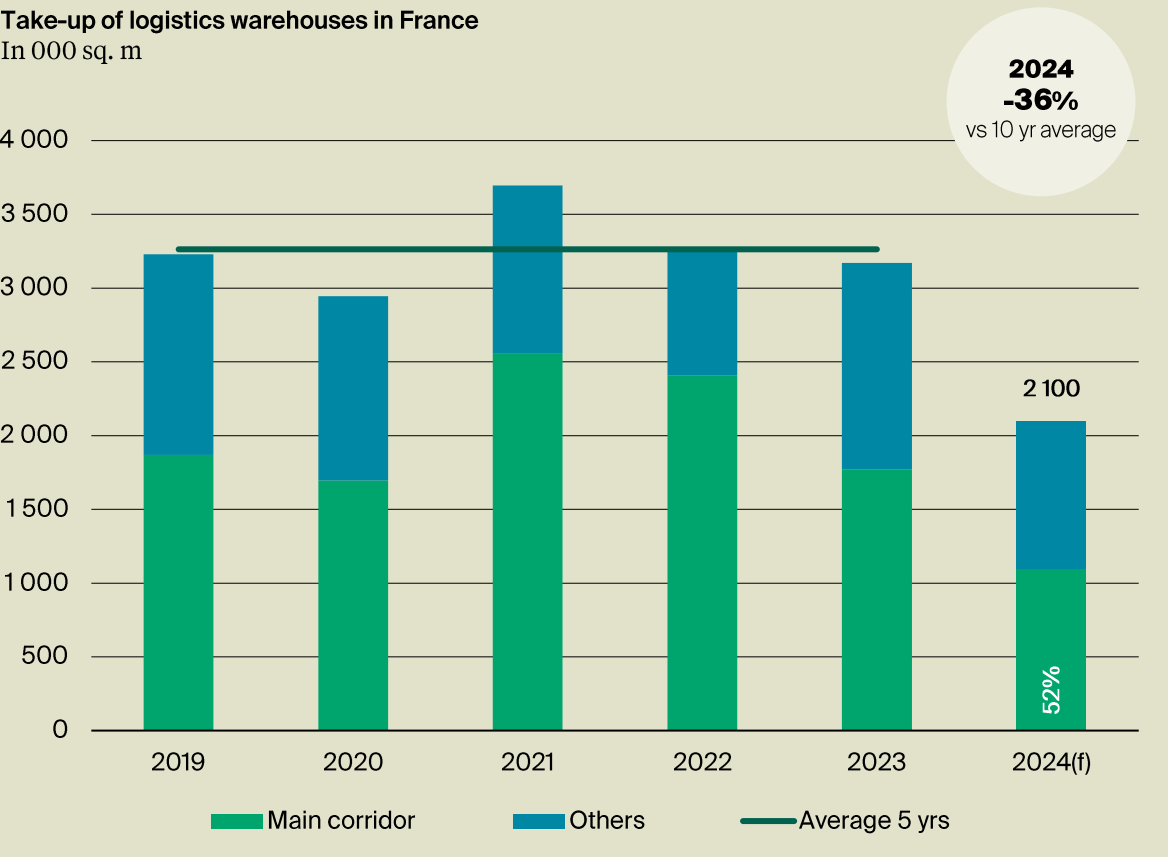
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# LogistiCS

& Datacenter



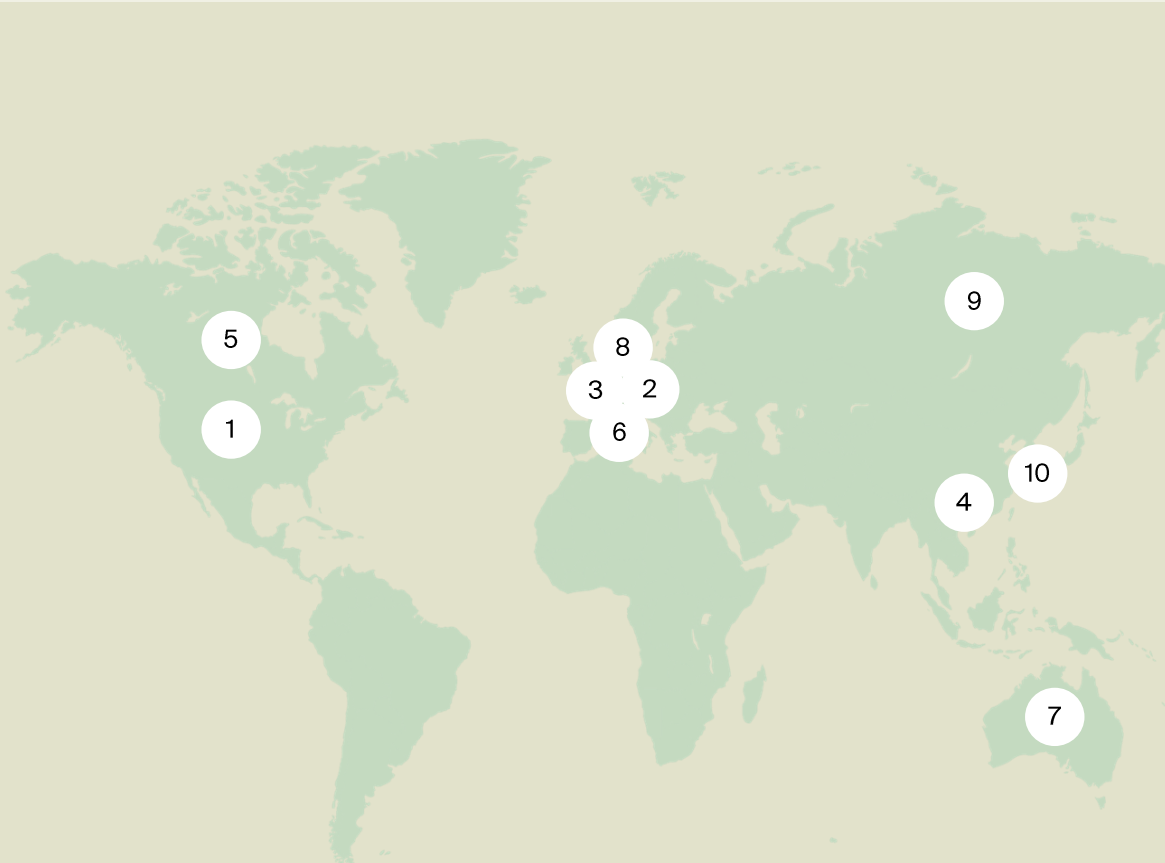
# The paradigm shift in logistics: Structural or Cyclical?



# Global expansion of the data center market and the emergence of European hubs

Distribution of the world's main data center hubs  
In numbers, as at end of March 2024

1	United States	5,381
2	Germany	521
3	United Kingdom	514
4	China	449
5	Canada	336
6	France	315
7	Australia	307
8	Netherlands	297
9	Russia	251
10	Japan	219



3,991 MW

Of completed supply

+17%

Annual increase  
(2018-2023)

Out of  
80%

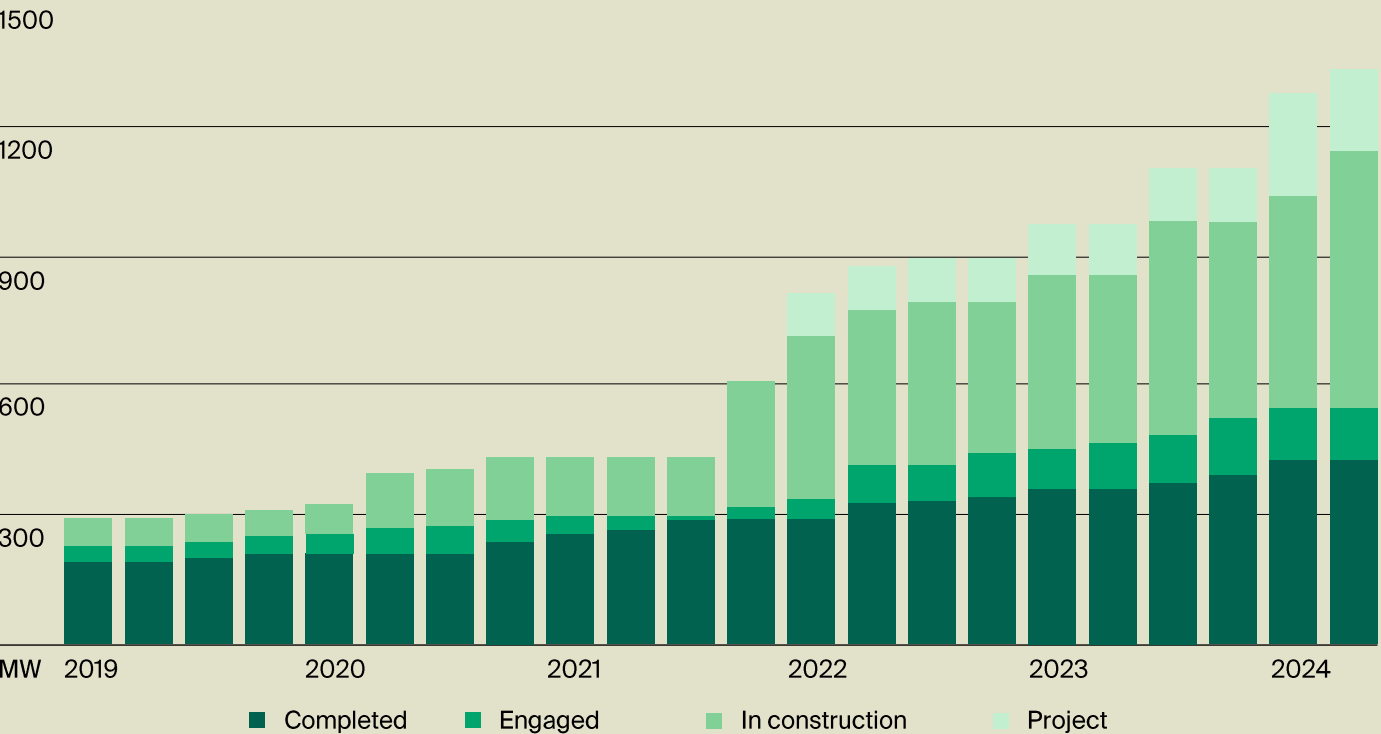
For FLAP-D\*

SOURCE : Cloudscene /\*Francfort, London, Amsterdam, Paris and Dublin



# The rise of the French industry and the emergence of a new asset class

Supply capacity in the Paris region  
In MW



9,290 sq. m

Average size  
for datacenter

60%

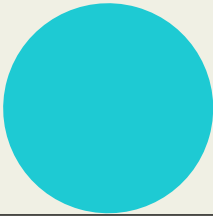
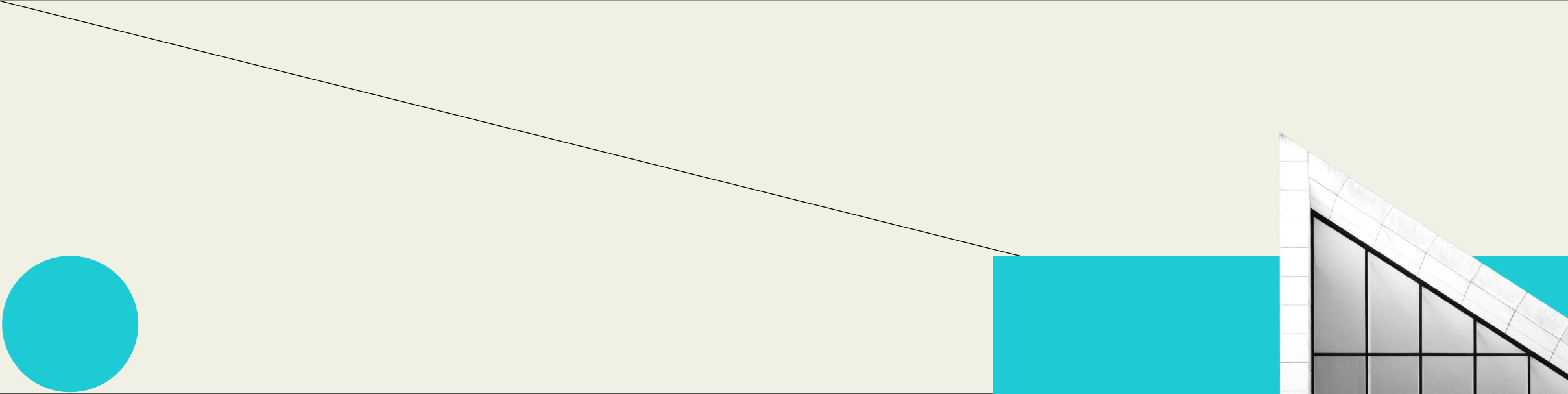
of IT power  
Concentrated in the Paris region  
(1st hub in France)

€410 M

invested  
in France in the last 5 years  
(9 deals),  
including €63 M in 2024

4,75-5,00%

Taux de rendement  
À fin 2024



Key figures 2024 &  
Outlook 2025

06

Outlook

2025

# Climate and environmental challenges : a long, uncertain and costly road ahead

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40%

## « Green » leases

Percentage of new leases including  
“green” clauses  
(+10 points in 2 years=

ESG  
ISR  
Carbon  
footprint  
CSRD  
SBTI  
CREM  
Taxonomy  
...



49%

Share of investors favoring  
**asset adaptation**  
to meet climate challenges  
25% want to buy new, certified buildings  
(BREEAM, LEED or HQE)

# Une multiplication des exemples de transformation

## A real solution to office obsolescence?

1.

Accelerating tertiary obsolescence in some suburban areas. Conversions represent an opportunity for these declining areas to revitalize and rebalance uses.

2.

More and more conversions are being carried out, whatever the asset class, size or location, despite persistent obstacles: difficulties in obtaining planning permission, structural or architectural constraints on the building to
- accommodate a new use, financial balance, etc.

3.

Anecdotal boost for residential supply: 1.3 million sq. m of office space (> 1,000 sq. m) converted to residential use in the Paris Region by 2019, all types combined, i.e. 2% of the office stock.

Office conversions (>1,000 sq. m) in the Greater Paris Region since 2019 :

> 190

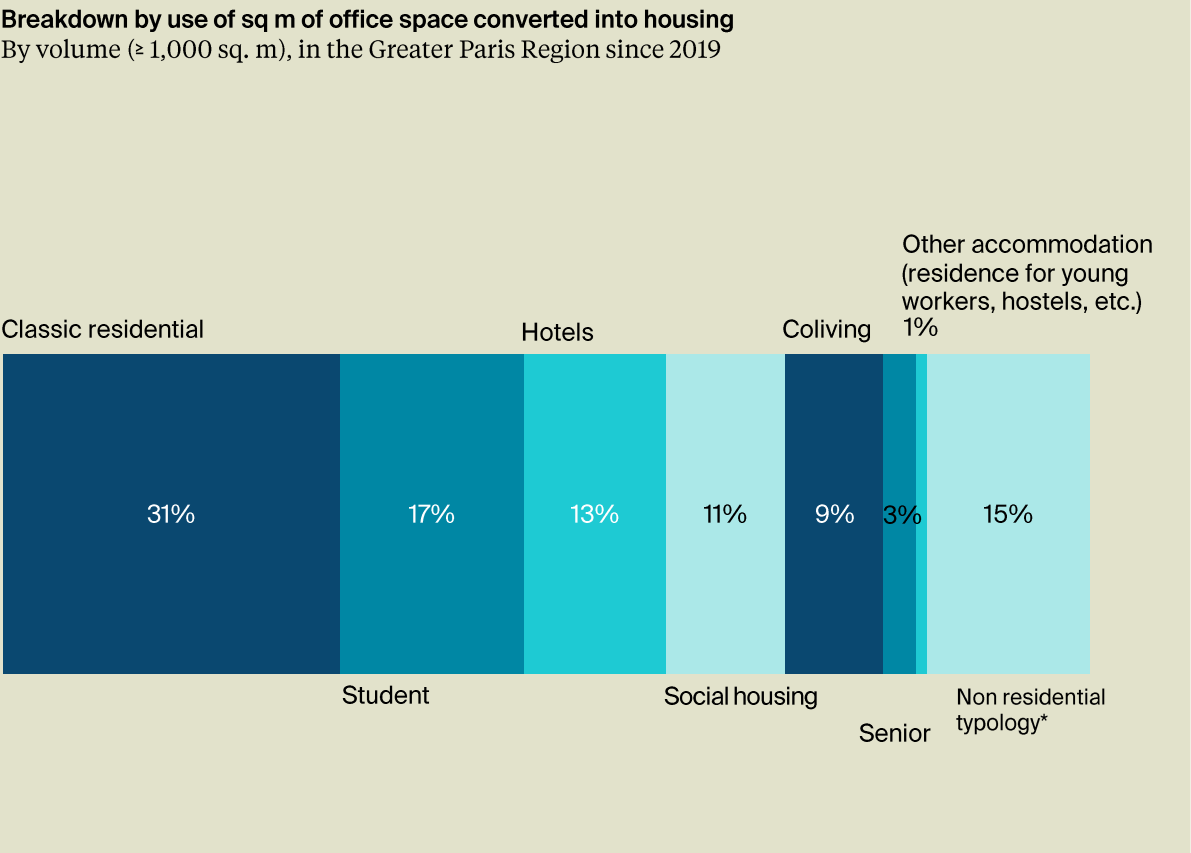
Conversion of office space to residential use  
(conventional, social, managed)

65 %

Paris & Hauts-de-Seine  
concentrate the majority of transformation

9 010 m<sup>2</sup>

Taille moyenne d'une conversion  
Soit 168 logements en moyenne

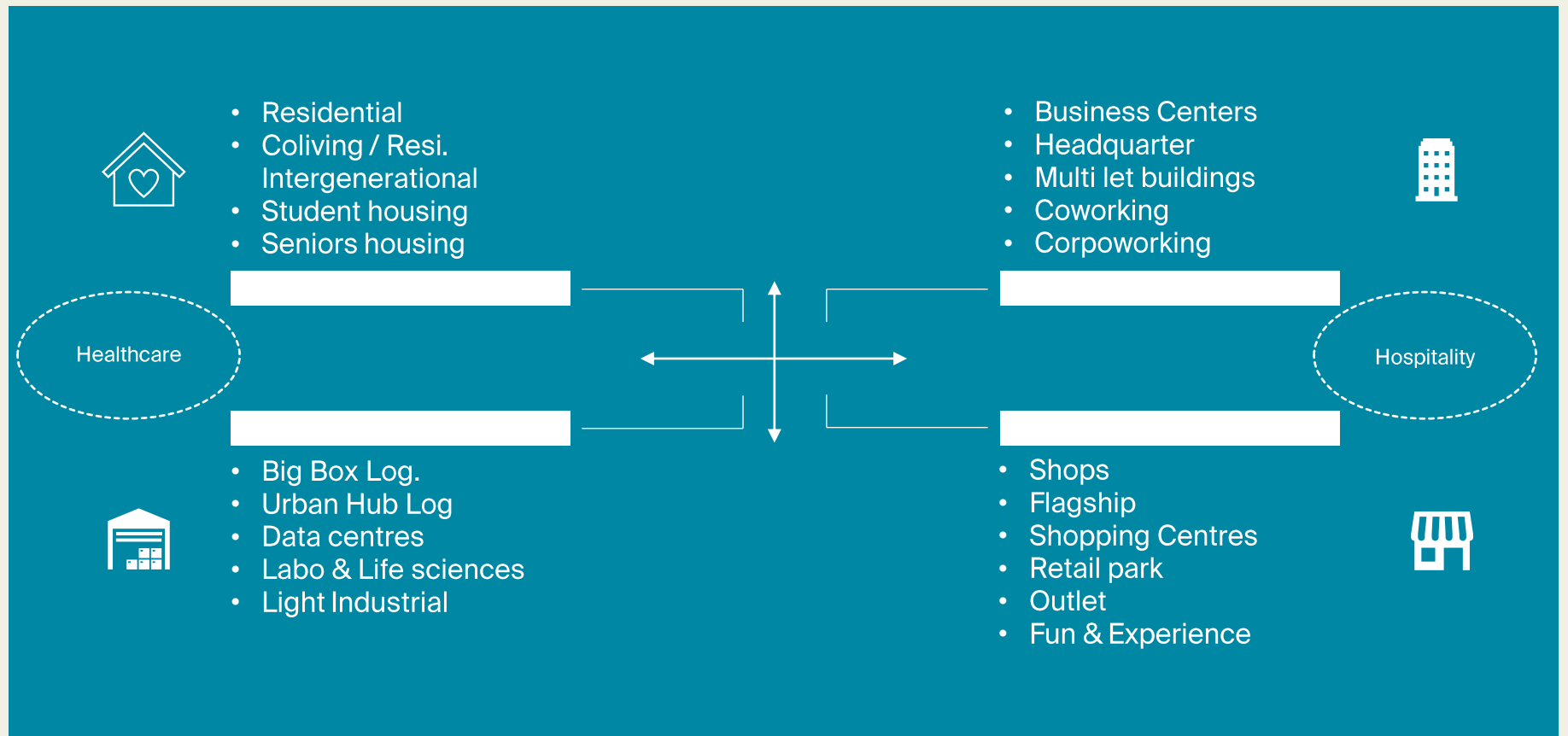


SOURCE : Knight Frank /\*Other types of buildings (offices, shops, educational facilities, etc.) in mixed-use projects

# New real estate formats

A playground of **over 300 million m<sup>2</sup>** of commercial real estate in France.

A real estate world in the throes of change, **with hybrid concepts yet to be invented.**



# The French Investment & leasing markets

Figures for 2024 & Outlook 2025

Investment

Offices

Retail

Logistics  
& Datacenter

