

The French Retail Property Market

H1 2025

Retail

knightfrank.fr/research/

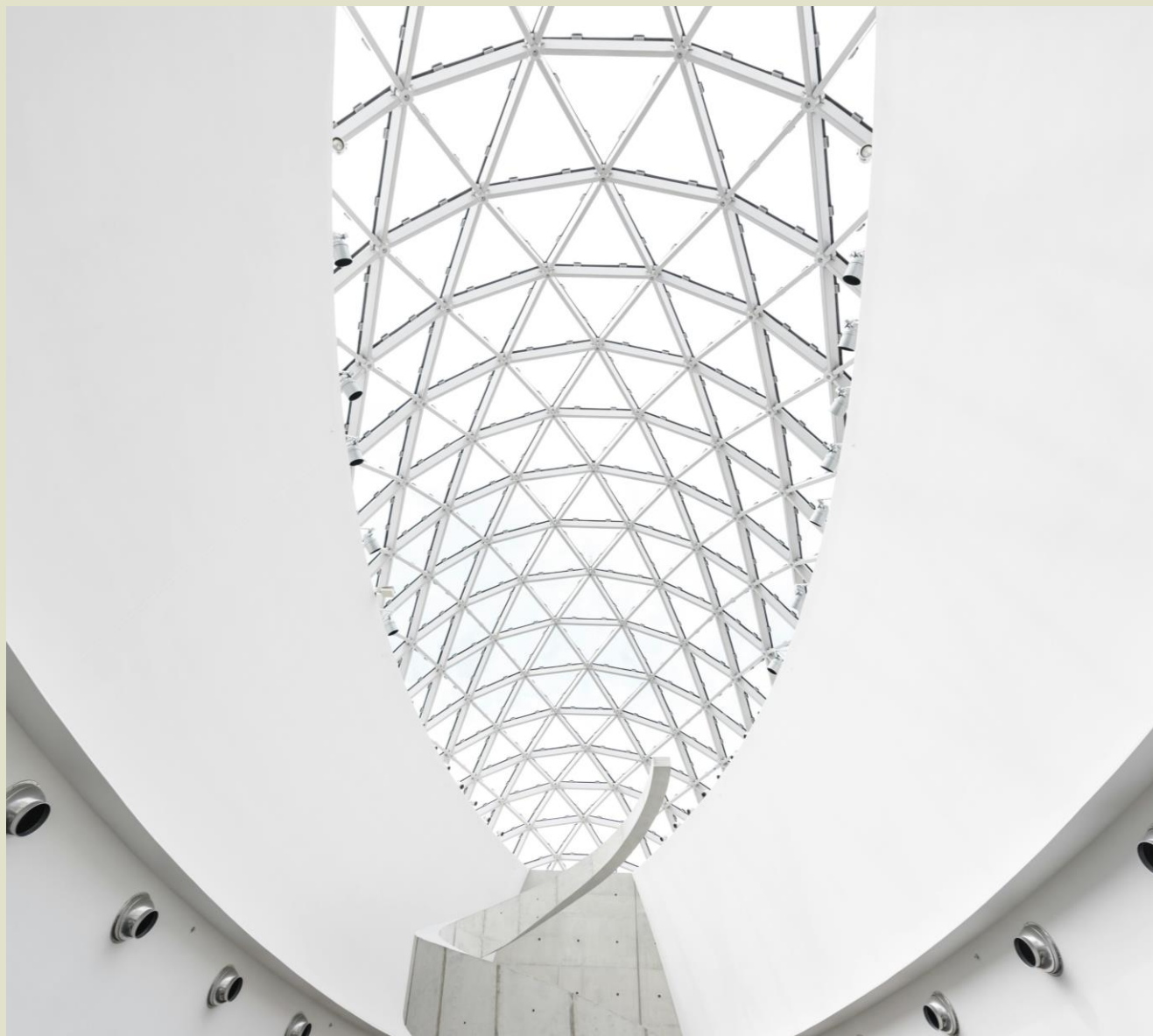


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01. Economic context



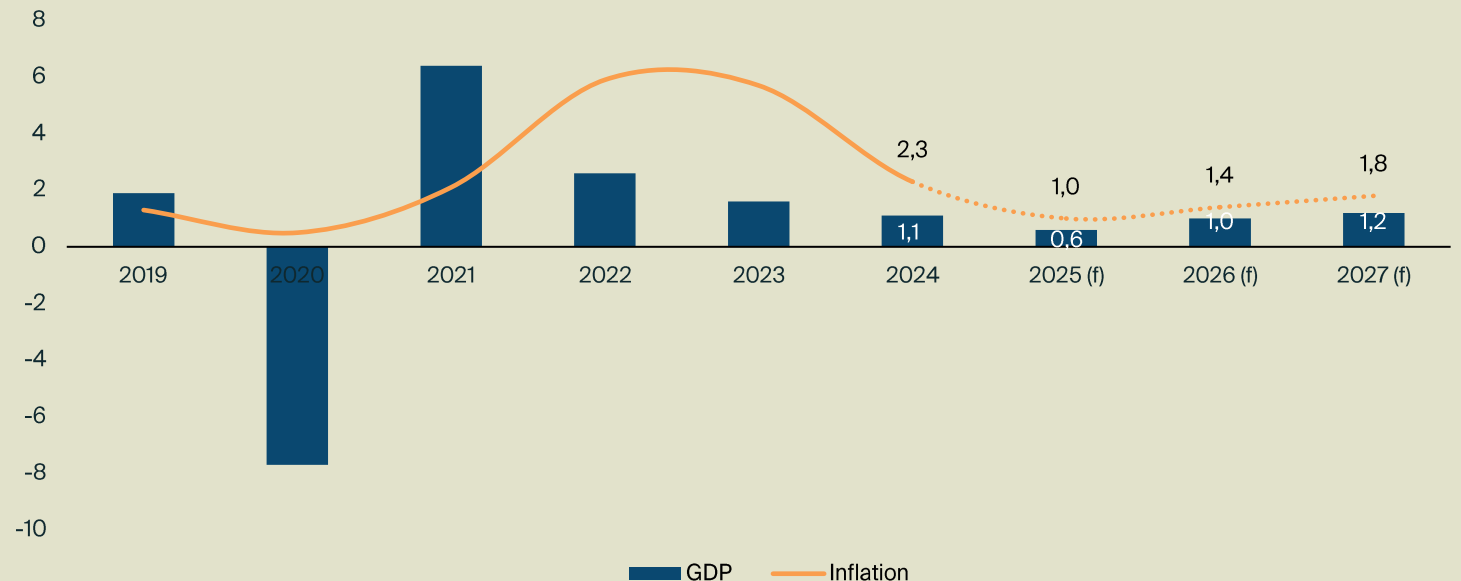
Between inertia and continuing uncertainty

In a highly unstable international context (conflicts in Ukraine and the Middle East, fluctuations in US customs duties, etc.), the French economy remains sluggish. Macroeconomic projections for 2025 are therefore cautious: after sluggish growth of +0.1% in the first quarter, activity is expected to accelerate in the second half of the year, driven by domestic demand. GDP is expected to reach +0.6% in 2025, well below the Banque de France's estimates made last December (initially forecast at +0.9% for 2025).

The upturn is expected to be more pronounced in 2026 and 2027 (1.0% and 1.2% respectively), with growth expected to reach 1.0% and 1.2%, supported by rising household consumption, exports and private investment. Inflation is expected to remain low, below 2%, at +1.4% in 2026 and +1.8% in 2027. It will reach its lowest point in 2025, at an annual average of 1.0%, due to the sharp decline in energy, food and manufactured goods prices.

Household consumption is expected to grow modestly in 2025 (+0.7% according to the Banque de France) before rebounding to around +1.0% in 2026 and 2027, supported by rising wages and purchasing power. Finally, the labour market is expected to remain resilient, with unemployment remaining below 8%. It stands at 7.4% at the end of the first quarter of 2025 and is expected to reach an average of 7.6% for the year as a whole. It would then rise slightly to 7.7% in 2026 before falling back in 2027 (7.4%).

Inflation and GDP growth in France
In %, year-on-year

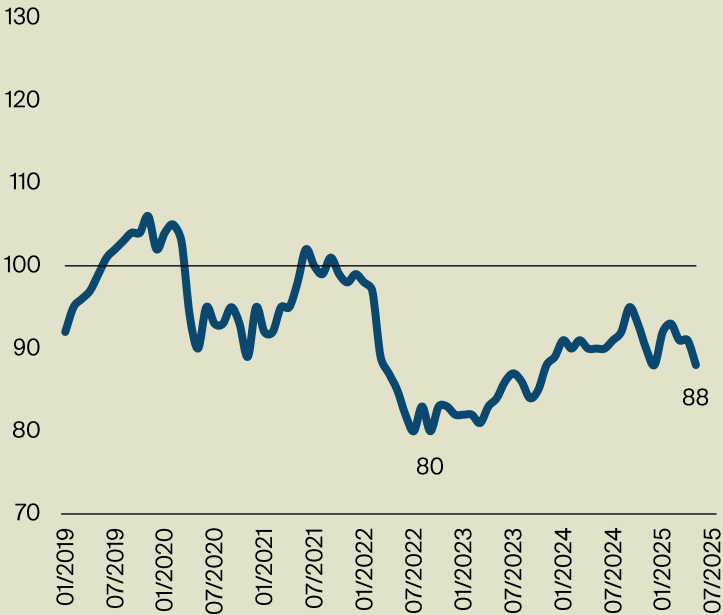


Source : Banque de France / (f) forecast

Between inertia and continuing uncertainty

Household climate in France

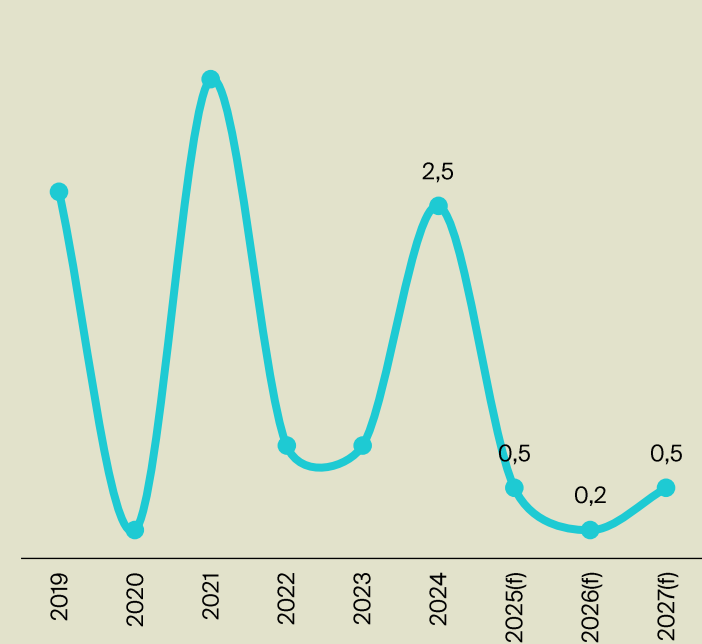
In %, annual average



Source : INSEE, Banque de France / (f) Forecasts

Purchasing power of gross disposable income in France

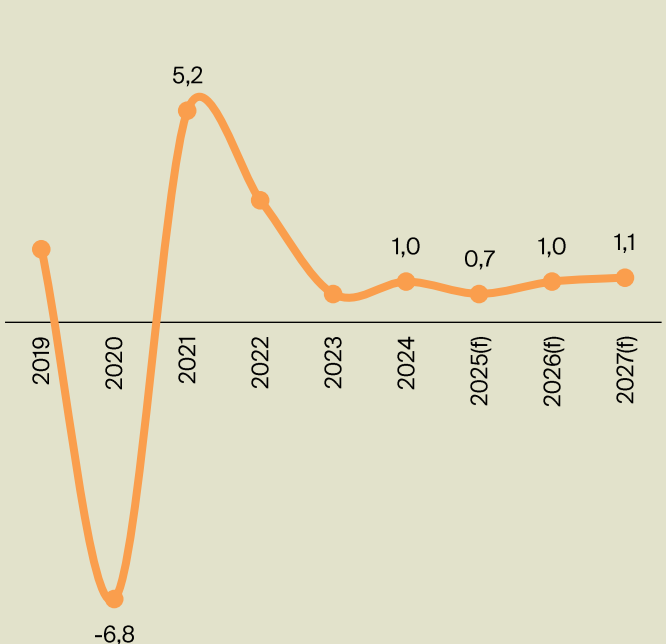
In %, annual average



Source : INSEE, Banque de France / (f) Forecasts

Household consumption in France

In %, annual average



Source : INSEE, Banque de France / (f) Forecasts

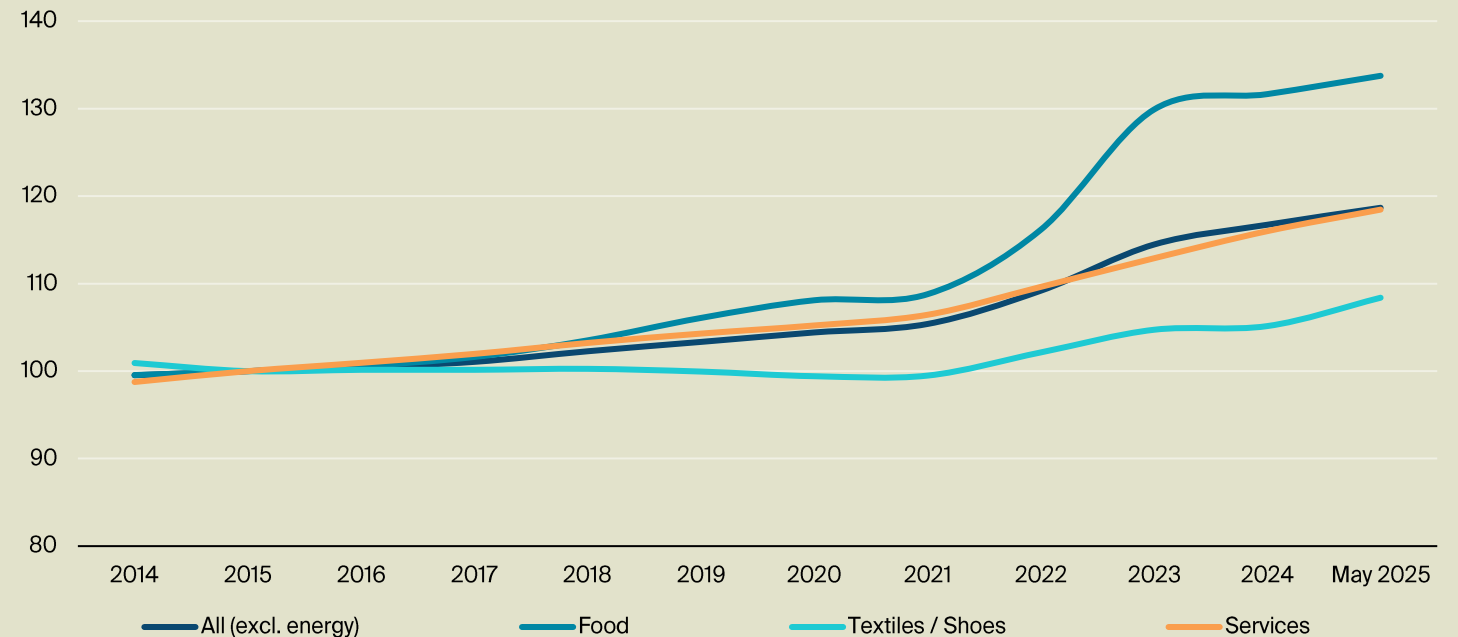
Slower prices will support consumption

After a slowdown in 2024 (+2.2% according to INSEE, following +7% in 2023), and even stabilisation in certain segments such as food products (+1.3% year-on-year) and furniture (-0.2% in 2024, following +6.2% in 2023), for example. Consumer prices have thus been rising again since the beginning of 2025, albeit at a very moderate pace. According to provisional data from INSEE for May, the price index (excluding energy) now stands at 118.7, up 1.7 points year-on-year (after +2.3 points in the same period last year). In detail, the index for the textile and footwear sector remained stable in May, while the index for services rose by 2.4 points and the index for food rose by 1.7 points.

In this context and given the stabilisation of purchasing power in 2025 (+0.3% according to Banque de France forecasts), households will continue to limit their spending while maintaining a high level of precautionary savings as they await brighter prospects on the international scene. The savings rate reached 18.2% of gross disposable income in 2024, after peaking in 2020 (20.5% of household GDI) at the height of the health crisis. It is expected to remain stable in 2025 (anticipated at 18.1%) and only decline significantly from 2027 onwards, although it will remain above its pre-pandemic average.

Consumer prices in France

Annual index, all households, basis 100 in 2015



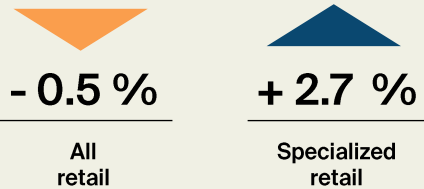
Source : Insee

Specialised retail continues to stand out

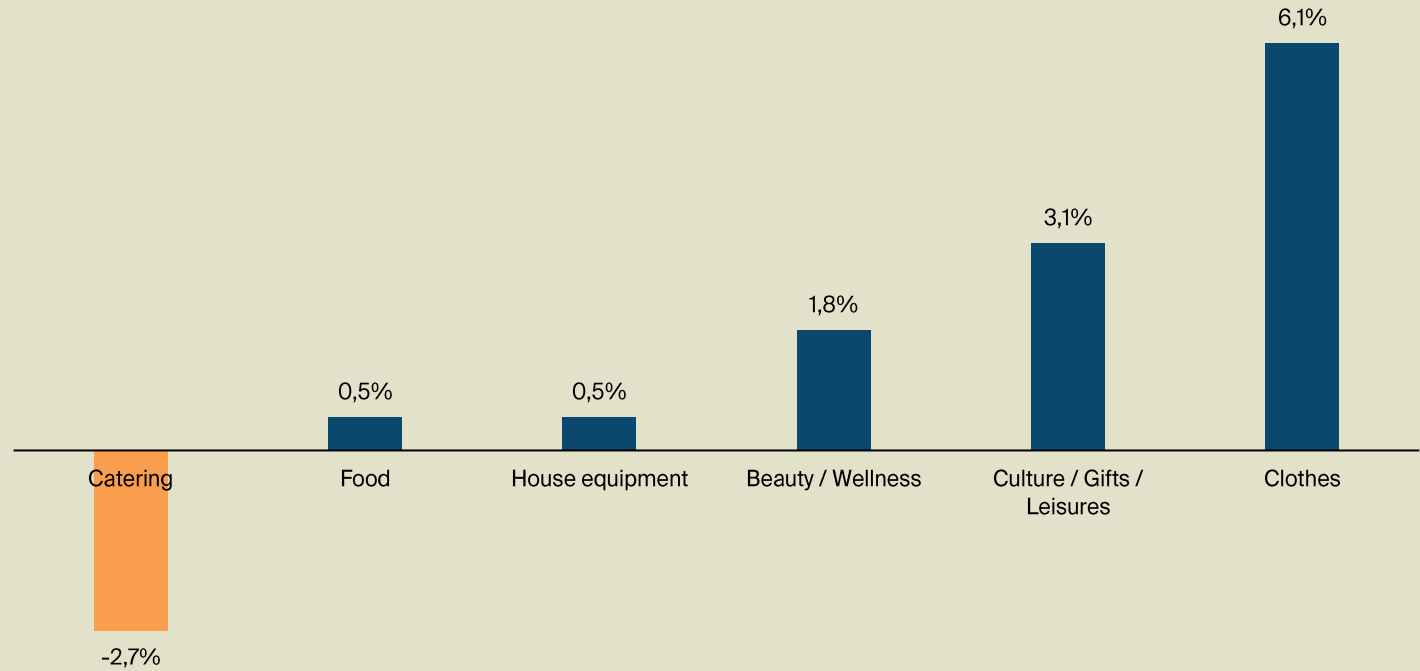
While retail sales in France stabilised between March and May 2025 (-0.5% year-on-year), retail trade recorded a sharp rebound of +2.7% compared to the same period last year. These positive results are linked to a more favorable calendar effect than in 2024, marked by more long weekends and an additional public holiday Saturday in May.

In detail, most sectors are picking up in 2025. While the increase in activity remains modest in specialised food and home equipment (+0.5%), it is more pronounced in beauty/wellness (+1.8%) and especially in culture/gifts/leisure (+3.1%). Finally, clothing will perform remarkably well, rebounding by +6.1% compared to May 2024, after a particularly difficult year in 2024. On the other hand, catering professionals will continue to struggle, with turnover continuing to decline since the beginning of 2025 (-2.7% in May).

March-May 2025
(Change Q/Q-1)



Sales growth in specialist shops in May 2025
In %, Annual change, in France



Source : Banque de France, Insee, Procos /*excluding cars and motos

Exceptional year for the French e-commerce

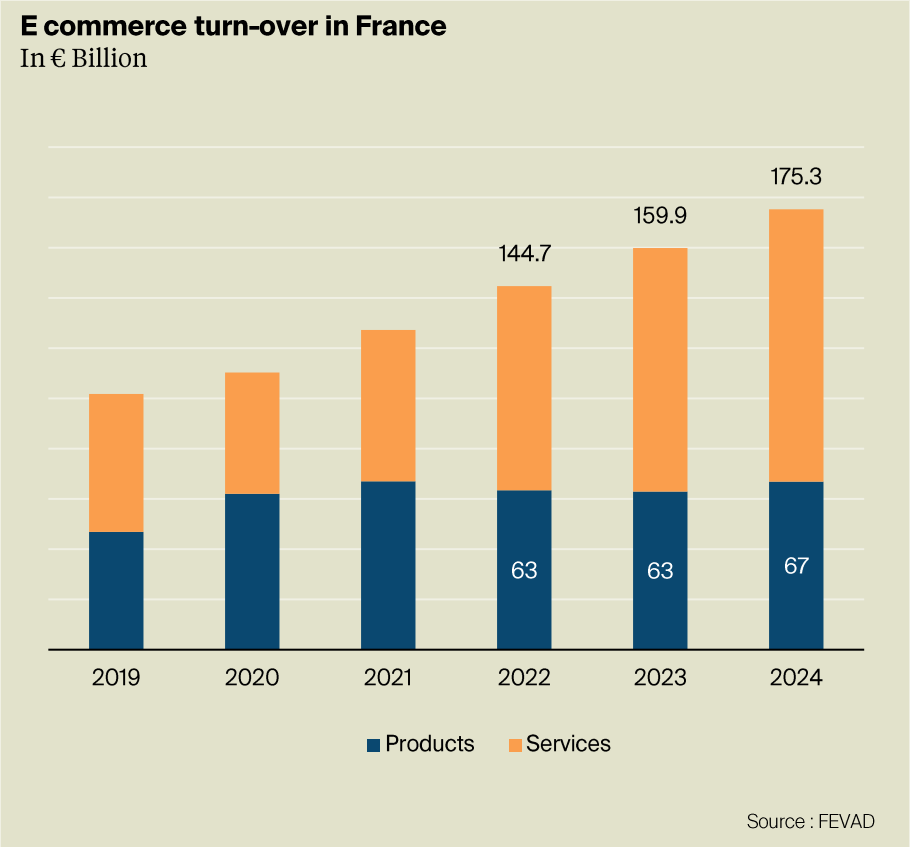
The French e-commerce set a record in 2024 with turnover of more than €175 billion (products and services combined) according to estimates by FEVAD, representing an increase of nearly 10% year-on-year. In detail, product sales grew by +6.4% compared to 2023 (€67 billion), while services posted a more marked increase of 11.8% in one year, with €108 billion transacted over the whole year. Driven by 2.6 billion transactions carried out on the internet in 2024, the sector posted a 10% increase in volume over one year and now accounts for 11% of retail trade.

While services have been the mainstay of French e-commerce in recent years, product sales continue to grow, supported by falling inflation. This trend is set to continue in the coming months.

175.3 Mds€
ONLINE SALES
(PRODUCTS & SERVICES)
A year-on-year increase of 9.6%
in 2024

11 %
SHARE OF E-COMMERCE
In 2024, in specialized retail

€68
AVERAGE PRICE PER BASKET
In 2024,
Stable over the year



02. Failures & expansion plans



Gradual decline in failures in 2025 ?

After reaching a low point in 2021, business failures rose sharply in 2022 before reaching a record high in 2024, with 65,760 proceedings recorded in France. Reflecting the increase in financial difficulties and the end of the support measures deployed during the health crisis (notably the State-Guaranteed Loan), certain sectors remain fragile today. Among them, the retail sector continues to be impacted by sluggish consumer spending and rising operating costs (raw materials, wages, property tax, commercial rents due to the increase in the ILC, etc.). Retail and accommodation/catering together account for more than a third of insolvencies in 2024, with the number of proceedings up 14.2% and 9.4% respectively year-on-year. However, a decline is expected in 2025, reflecting the end of the catch-up effect and a modest rebound in household consumption.

At the end of April 2025, 23,640 insolvencies had already been recorded in France across all sectors. While the number of proceedings continues to increase compared to last year (+10.6% in April 2025 after +12.2% in March), the gradual slowdown that began in early 2025 is continuing. This trend is expected to continue in the coming months, according to forecasts by the Banque de France and INSEE.

Failures changes over the year (April 2025) :

+8.5%
HOTELS & CATERING

+7.8%
RETAIL & CAR REPAIRS

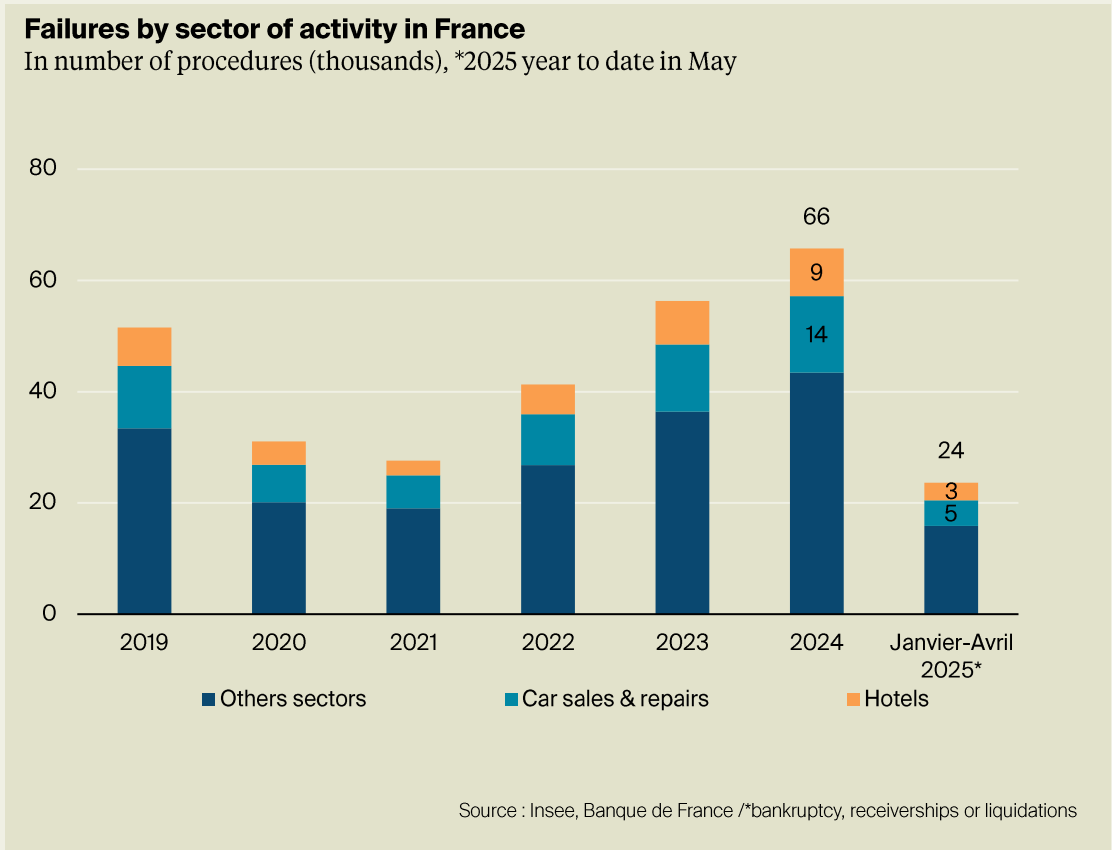
Most affected sectors:


Catering


Sports & leisure


Car sales & repairs / Driving school

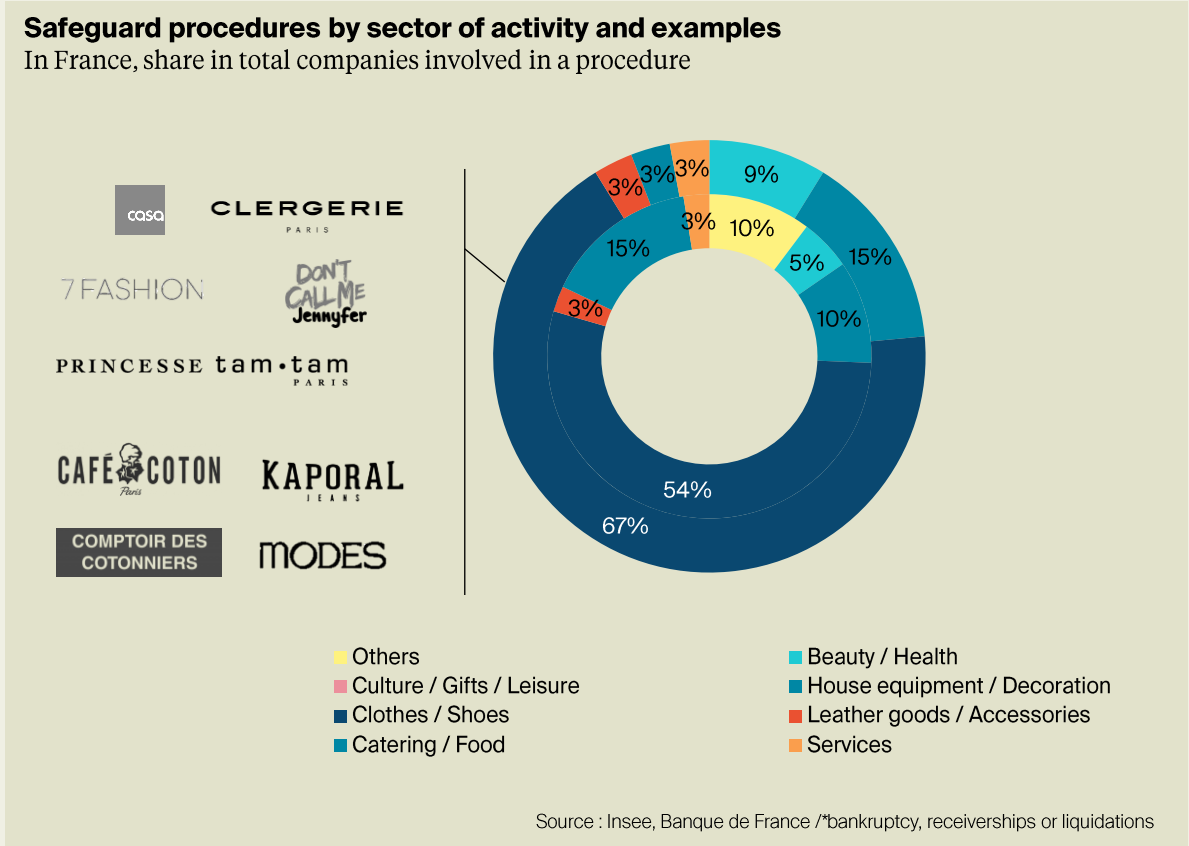
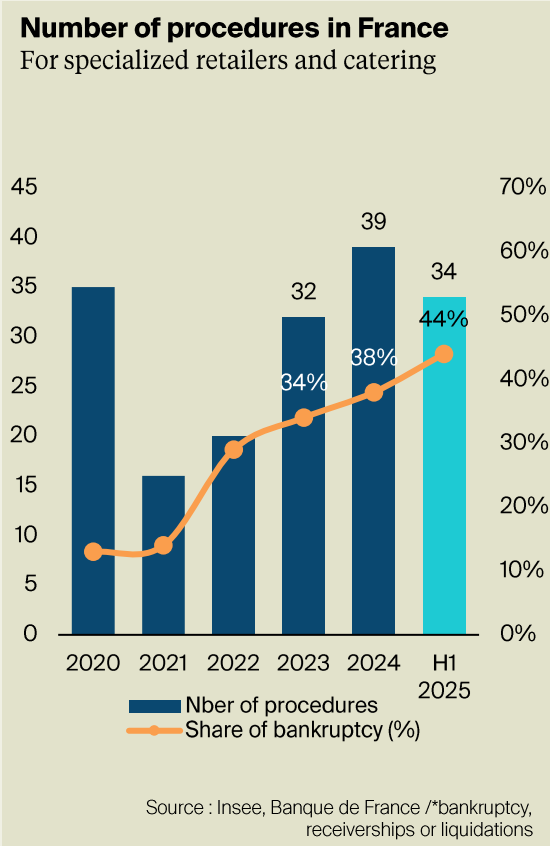

Health & Social work



A consistently high level of procedures

After a peak in collective proceedings in 2024 in the retail and catering sectors, with nearly 40 cases in France (up from 32 in 2023), the trend seems to be repeating itself in 2025. More than 30 proceedings have already been recorded during the first half of the year, 44% of which are liquidations.

Among the most vulnerable sectors are fashion and footwear (67% of proceedings recorded since January), with brands such as Brumes (Ex- Splice) and Café Coton in judicial liquidation.



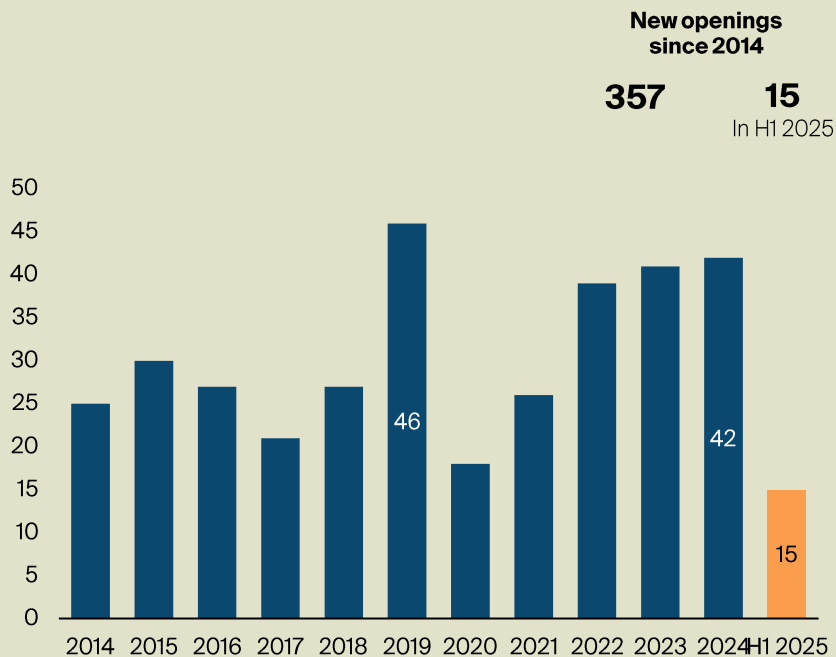
Paris seduces the international retailers

With more than 350 international brands arriving in Paris since 2014, the capital continues to attract new businesses! The pace of new store openings has been particularly intense over the last three years, with an average of around 40 openings, peaking in 2024 (42) boosted by the Olympic Games.

Fifteen foreign brands have already chosen Paris in the first half of 2025, including 60% European brands and 27% North American brands. Examples include the recent arrivals of American brands Dunkin Donuts (Boulevard Montmartre) and Glossier in the Marais, Swedish brand Thule near Etienne Marcel, and Italian brands Pratesi (Faubourg Saint-Honoré) and Alysi (Rue de Grenelle). As in previous years, fashion accounts for 60% of new stores since 2024, followed by leather goods/accessories (11% of the total) and beauty/wellness (10%), which continue to show strong momentum.

Opening of new foreign retailers in Paris

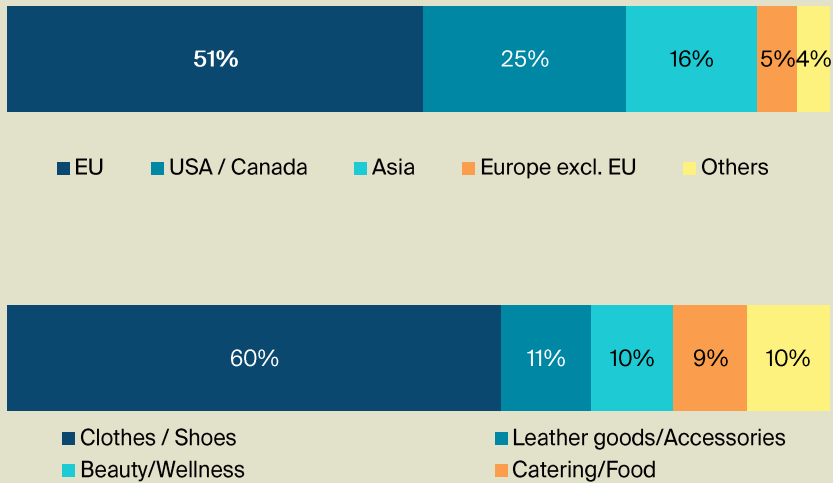
In number*



Source : Knight Frank / *excluding corners in department store

Share by nationality and sector of activity

Share in the total number in 2024



Source : Knight Frank / *excluding corners in department store

03. Paris and its retail streets



Massive return of International tourists

After a year marked by the Olympic and Paralympic Games in France in 2024, tourist numbers remain strong at the start of 2025. In a sign of a sustained and massive return of international tourists, the ADP group recorded a 4.6% increase in traffic for the period from January to May.

This represents more than 41 million passengers welcomed at Paris airports, a level similar to that of 2019 for the same period. Americans, Canadians, Chinese and Europeans (particularly Germans, Spaniards and Scandinavians) are among the most numerous nationalities.

This high level of traffic is set to continue during the second half of the year, as evidenced by the forecast of a 4.7% increase in international air arrivals for the period June-August 2025.

Passenger traffic at Paris airports From January and May 2025



41.6 million
OF PASSENGERS

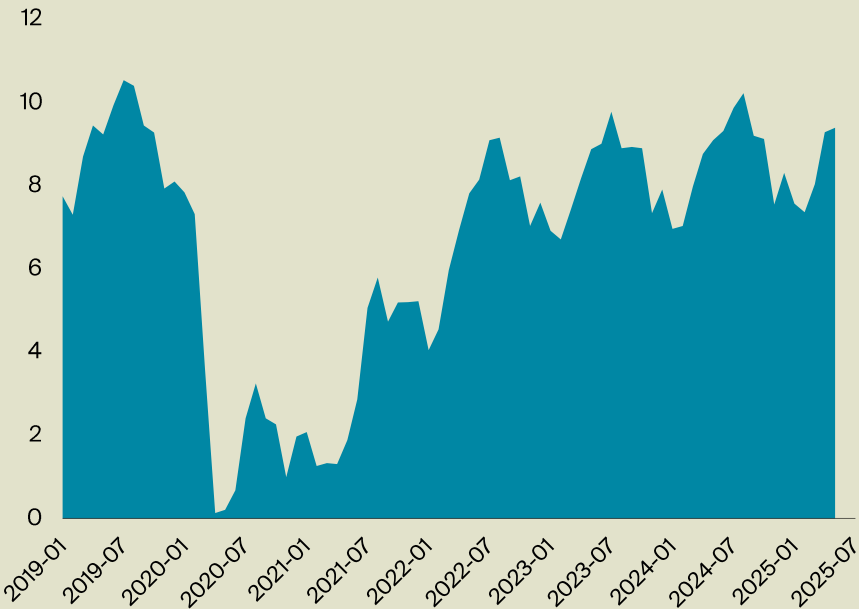


+ 4.6 %
YEAR-ON-YEAR



Same level
As at 2019 (98,3 %)

Passengers' numbers in Orly et Roissy-CDG airports In million per month



Source : ADP group

Top 3 of most attractive streets for luxury or high-end retailers



1 AVENUE DES CHAMPS-ÉLYSÉES

RECENT OR EXPECTED OPENINGS :

BALENCIAGA

ICICLE 

 **POLÈNE**

RESTORATION
HARDWARE


POLO
RALPH LAUREN

IWC
SCHAFFHAUSEN

2 RUE FRANÇOIS 1ER (TRIANGLE D'OR)

RECENT OR EXPECTED OPENINGS :


PARIS

GANNI


JAGUAR

ZADIG & VOLTAIRE

Maison
Francis Kurkdjian
Paris

3 RUE DE LA PAIX

RECENT OR EXPECTED OPENINGS :

 **BURMA**
FINE JEWELRY

DE BEERS

TASAKI


JACQUES MARIE MAGE

Intense enthusiasm for prime Parisian streets

The enthusiasm of retailers for prime Parisian streets has not waned in 2024 and since the beginning of 2025. Actual and announced store openings have multiplied in recent months, partly boosted by the Summer Olympic and Paralympic Games in Paris.

Among the most popular locations is, of course, the iconic Champs-Élysées, which continues to attract luxury and sportswear brands. Recent transactions in this segment include, for example, the leases signed by Urban Outfitters and On Running at 102 and 65 respectively. The Golden Triangle also remains dynamic, with a particular appeal for luxury brands, as evidenced by the signings of Chanel on Rue François 1er and Balenciaga at 57 Avenue Montaigne, to name but a few.

Finally, the major streets are also enjoying considerable popularity, particularly areas such as the Marais, Rue de Rivoli and Rue Saint-Honoré, for example.

RECENT OR IMMINENT OPENINGS IN PRIME PARISIAN STREETS since 2024

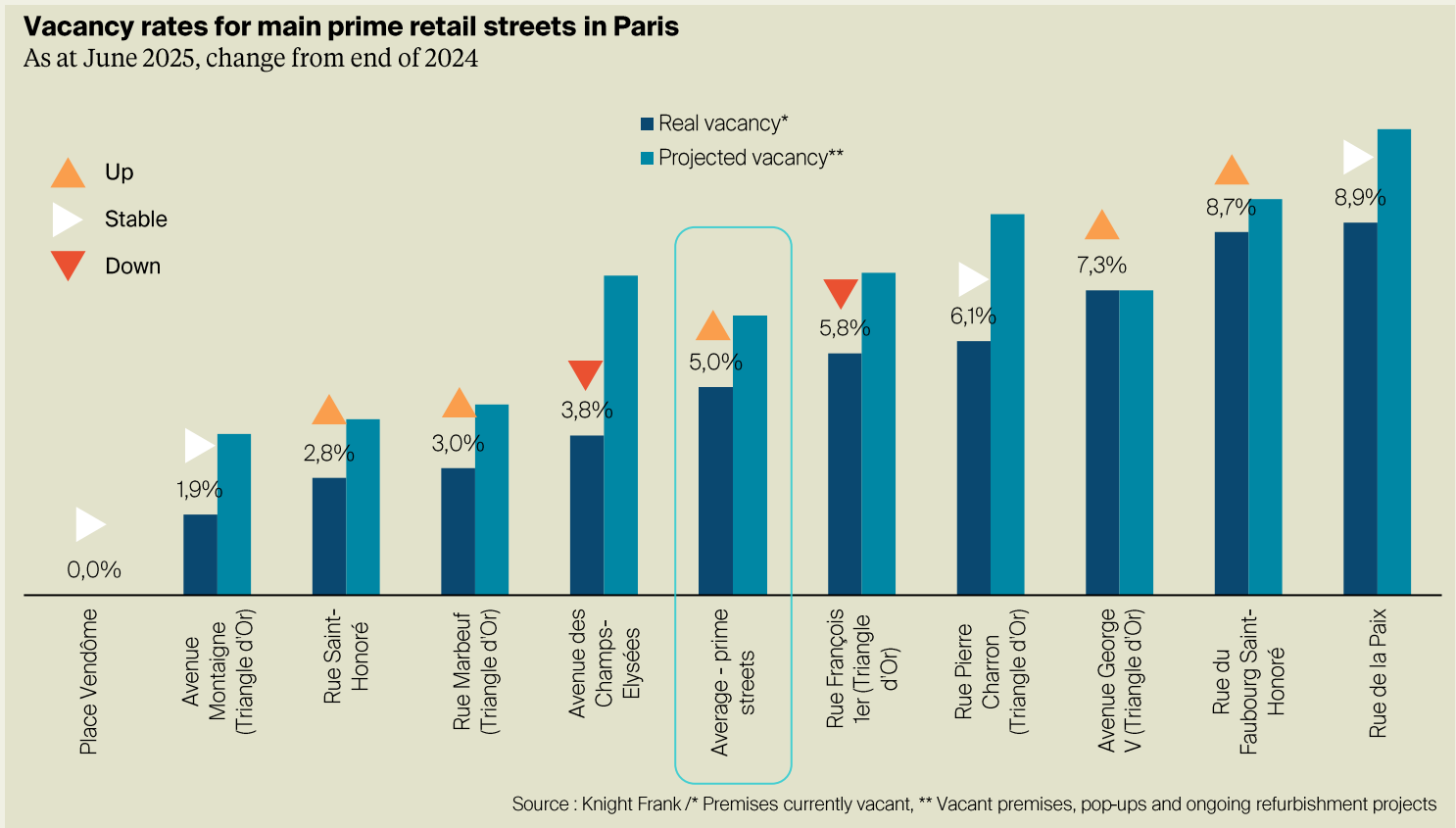
| RETAILERS | ADDRESS | SPACE IN SQ M |
|------------------|---|---------------|
| BACHA COFFEE | 26 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8 | 1,480 |
| ON RUNNING | 65 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8 | 1,400 |
| MINISO | 104 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8 | 1,010 |
| BASIC FIT | 84 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8 | 950 |
| CHANEL | 39 RUE FRANCOIS 1 ^{er} , PARIS 8 | 780 |
| URBAN OUTFITTERS | 102 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8 | 700 |
| BALENCIAGA | 57 AVENUE MONTAIGNE, PARIS 8 | 630 |
| DELSEY | 30 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8 | 490 |
| CASABLANCA | 62 RUE DU FAUBOURG SAINT-HONORÉ, PARIS 8 | 470 |
| CANADA GOOSE | 73 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8 | 460 |
| DE BEERS | 12 RUE DE LA PAIX, PARIS 2 | 450 |
| ONITSUKA TIGER | 23 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8 | 420 |



Limited availabilities in the prime retail streets in Paris

With an average vacancy rate of 5.0% at the end of the first half of 2025, Paris' prime streets offer little availability. Vacancy rates range from 2%, except for Place Vendôme, which has no vacant commercial units, to 9%.

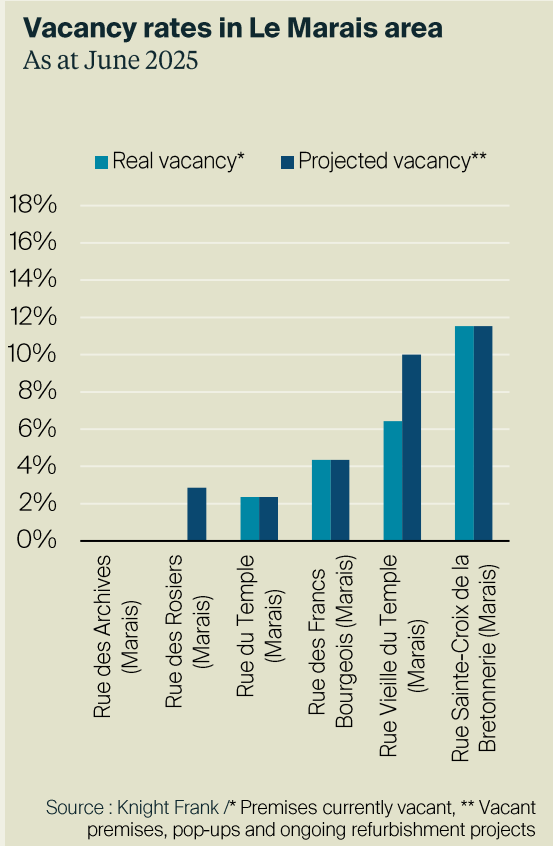
While the actual vacancy rate* is tending to stabilise or even rise slightly on certain prime thoroughfares, the projected vacancy rate is rising on certain streets. The Champs-Élysées, which is undergoing major changes, is a good example of this trend, with the development of several projects (No. 26 on the avenue



A more mixed picture for commercial vacancies

In the major parisian retail streets

On Paris's major streets, the average vacancy rate reached 5.9% at the end of the first half of 2025, offering more availability than prime locations. Vacancy rates ranged from 2.5% on Boulevard Saint-Germain to 14% on Boulevard Saint-Michel. Overall, actual vacancy rates* rose compared to the end of 2024. There were a few exceptions, such as Rue du Temple and Rue des Rosiers in the Marais district, where vacancy rates fell.



Parisian rents remain high for small and medium-sized surfaces, due to low supply

Although vacancy rates are rising on certain commercial streets in Paris, supply remains limited at the end of the first half of 2025, particularly on prime thoroughfares. Demand from retailers remains particularly strong, especially in the wake of an Olympic year that has boosted France's international profile.

In this context, prime rental values are holding steady for most Parisian thoroughfares.

Prime rental values in Paris
In €/sq. m/year, zone A

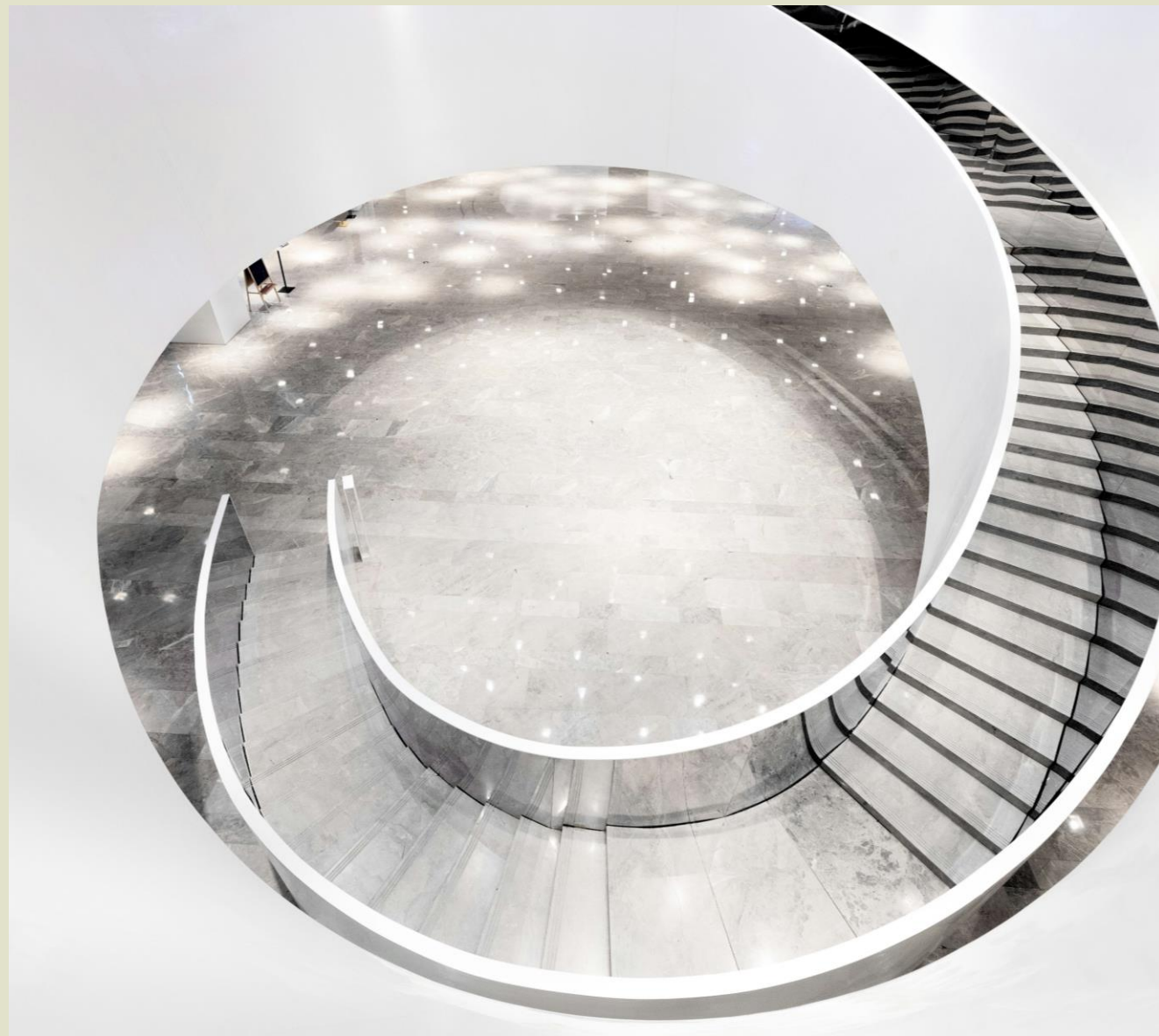
| STREET / AREA | ARR. | 2024 | H1 2025 | LEVEL OF DEMAND H1 2025 | DOWNWARD RISK END 2025 |
|---------------------------|---------------------|-----------------|-----------------|--|--|
| AVENUE DES CHAMPS-ÉLYSÉES | Paris 8 | 13,000 – 16,000 | 13,000 – 15,000 | <div><div></div><div></div><div></div></div> | <div><div></div></div> |
| AVENUE MONTAIGNE | Paris 8 | 12,000 – 14,000 | 13,000 – 15,000 | <div><div></div><div></div><div></div></div> | <div><div></div></div> |
| RUE SAINT-HONORÉ | Paris 1 | 11,500 – 13,500 | 11,500 – 13,500 | <div><div></div><div></div><div></div></div> | <div><div></div></div> |
| FAUBOURG SAINT-HONORÉ | Paris 8 | 11,000 – 13,000 | 11,000 – 13,000 | <div><div></div><div></div></div> | <div><div></div><div></div></div> |
| BOULEVARD HAUSSMANN | Paris 8 / 9 | 4,000 – 5,000 | 4,000 – 5,000 | <div><div></div><div></div></div> | <div><div></div><div></div></div> |
| RUE DES FRANCS BOURGEOIS | Paris 3 / 4 | 4,500 – 6,000 | 4,500 – 6,000 | <div><div></div><div></div><div></div></div> | <div><div></div></div> |
| RUE DE SÈVRES | Paris 6 / 7 | 2,500 – 3,500 | 3,000 – 4,000 | <div><div></div><div></div><div></div></div> | <div><div></div></div> |
| RUE DE RIVOLI | Paris 1 / 4 | 2,500 – 3,500 | 2,500 – 3,500 | <div><div></div><div></div><div></div></div> | <div><div></div></div> |
| BD MADELEINE / CAPUCINES | Paris 1 / 2 / 8 / 9 | 2,500 – 3,500 | 2,200 – 3,200 | <div><div></div><div></div></div> | <div><div></div><div></div></div> |
| RUE DE RENNES | Paris 6 | 1,800 – 2,800 | 1,800 – 2,800 | <div><div></div></div> | <div><div></div><div></div><div></div></div> |

Low High

Low High

Source : Knight Frank

04. Focus on the luxury market



The global luxury market is set to slow down in 2025

After showing excellent resilience in the wake of the pandemic, with sales of €345 billion and €369 billion in 2022 and 2023 respectively, global sales of luxury goods slowed significantly in 2024 (-1%) according to the latest estimates from Bain & Company and Altagamma. This is an unprecedented decline (excluding the health crisis), which is expected to accelerate in 2025. According to the same consulting firm, global sales of luxury goods are expected to contract by around 2 to 5% this year. Certain persistent economic and geopolitical factors are having a negative impact on the global market, while these difficulties are coupled with a change in consumer behavior as the younger generation seeks increasingly experiential, personalized and distinctive luxury goods.

Global sales outlook for luxury goods in 2025



-2 à 5%

Of sales

A MARKET DETERIORATION PARTLY EXPLAINED BY :



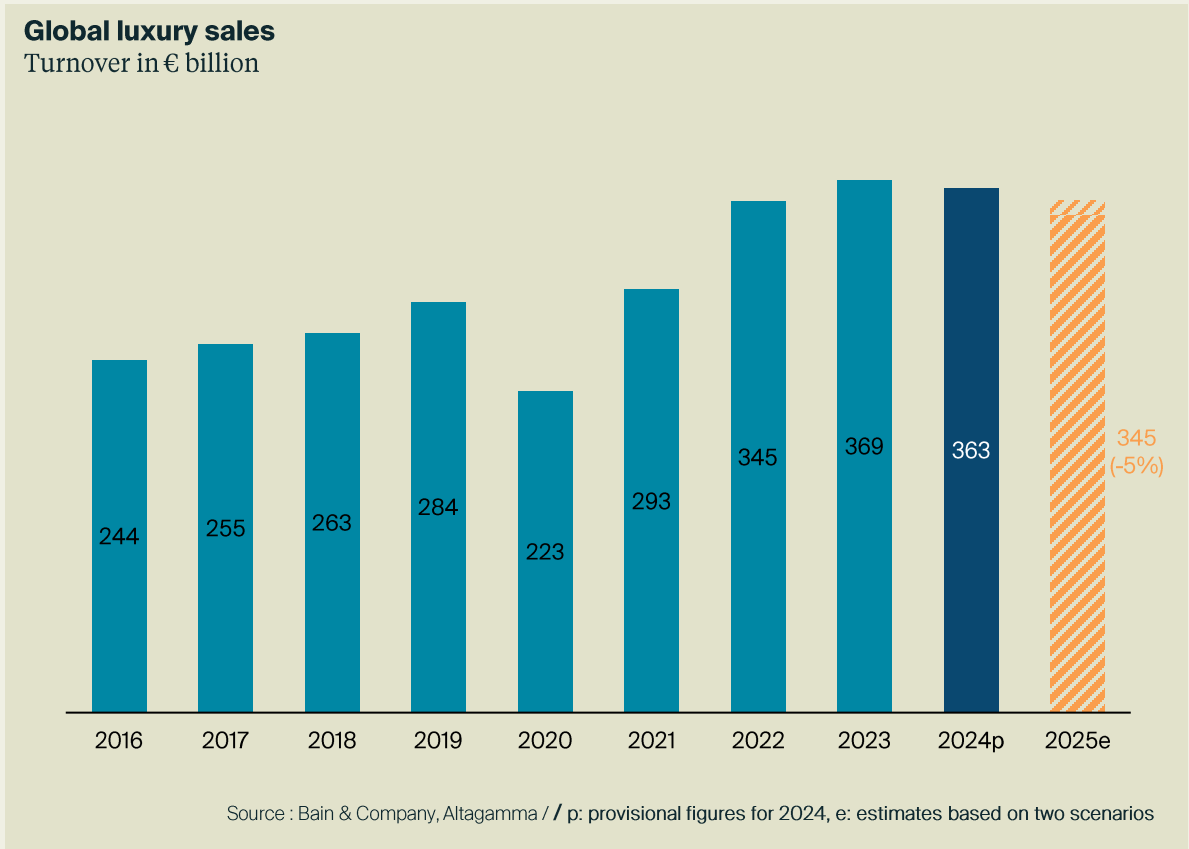
Geopolitical context
Uncertain (fluctuations in customs duties, trade tensions, etc.)



Economic context
Less favorable (persistent inflation, decline in purchasing power for certain nationalities, etc.)



Price inflation
Post-Covid

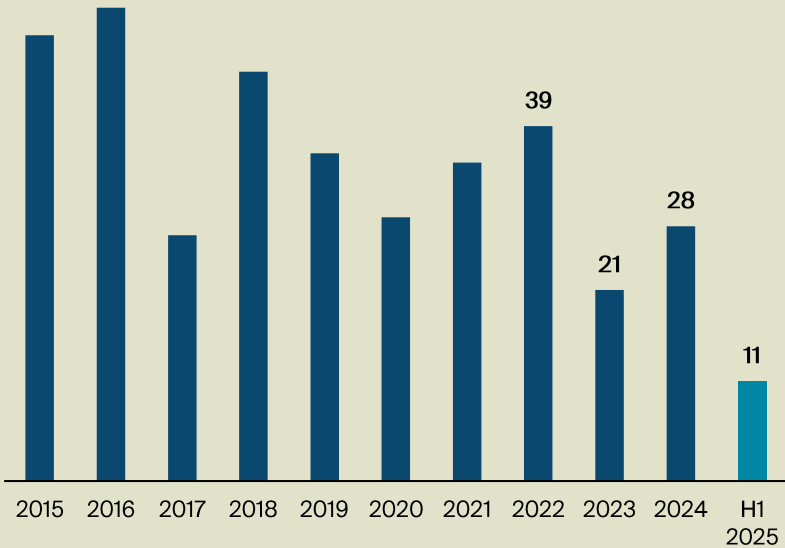


Slowdown in openings of luxury brands in Paris

After several years of rapid growth, such as in 2022 with 39 openings recorded, the number of luxury boutiques opening in Paris is now more modest. In 2024, 28 openings were recorded (after 21 in 2023), marking a new increase compared to the previous year, but far from pre-Covid standards, when around 40 inaugurations enlivened the Parisian market each year (average 2015-2019).

Since the beginning of 2025, 11 openings have already been recorded, including the highly anticipated Acqua Di Parma and Bruno Cucinelli on Rue Saint-Honoré, as well as Molli and Maison Francis Kurkdjian in the Golden Triangle on Rue François 1er (at numbers 29 and 24 respectively). While the Champs-Élysées remains a flagship location for luxury brands, other streets are also standing out: Japanese jeweller Tasaki, for example, has chosen Rue de la Paix for its new store, while De Beers will soon be moving into No. 12.

Openings of luxury shops in Paris
In number



De Beers
Opening in Winter 2025
460 sq. m (290 sq. m weighted)
12 rue de la Paix, Paris 2e



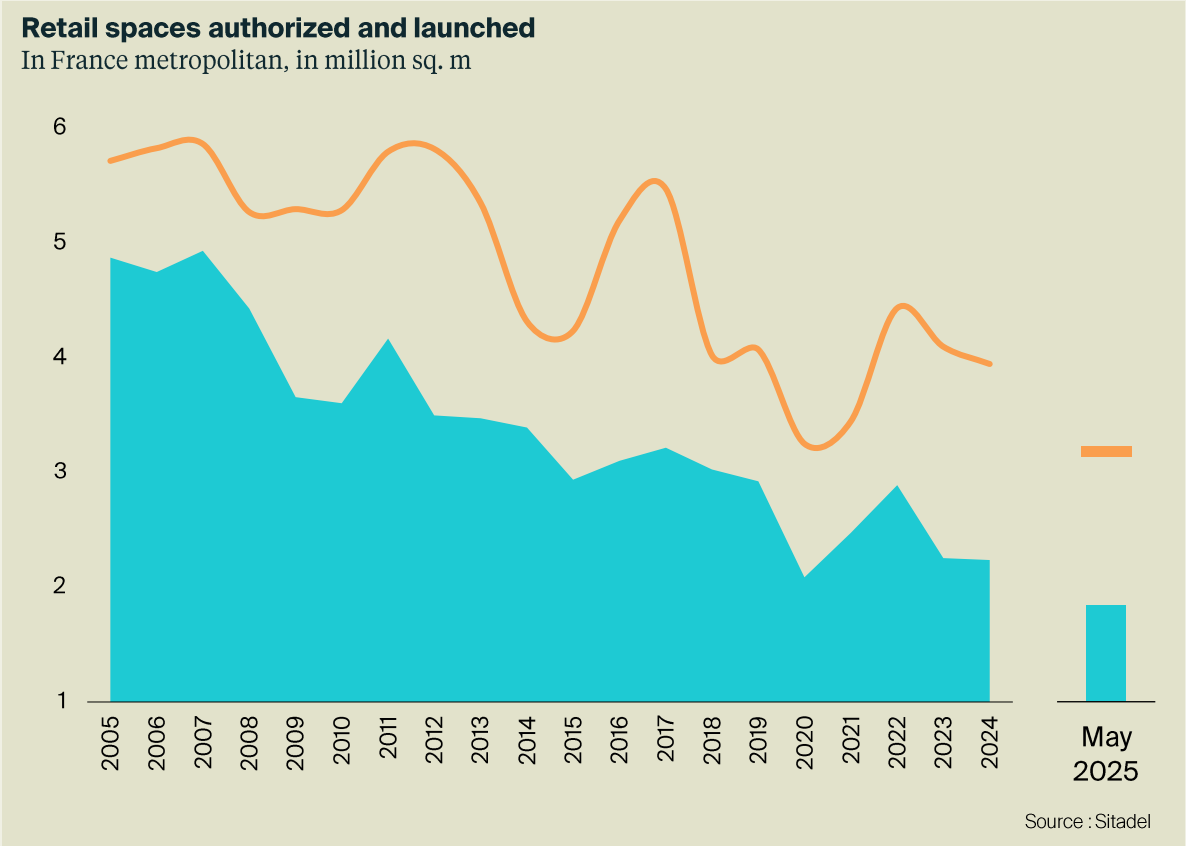
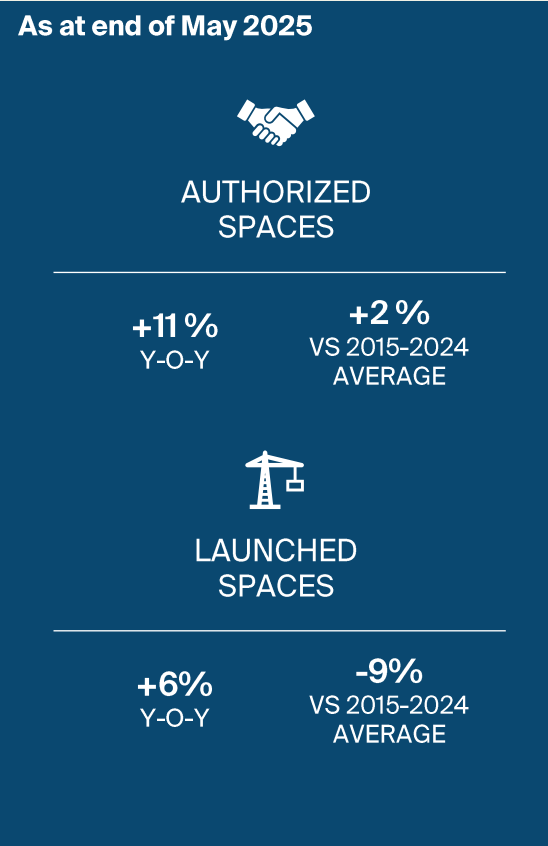
05. Shopping Centers & Retail parks



Production is picking up, but still at a very low level

During the first five months of 2025, more than one million sq. m of new retail space was approved in France, and 1.6 million sq. m was launched. After many months of decline, the trend seems to be reversing regarding the production of new retail space: approvals are up 11% and construction starts are up 6%. This rebound should be viewed with caution, as approvals are only just stable compared to the ten-year average at the end of May (+2%), and launches are down 9%.

Production is struggling to recover sustainably, as the shock of the pandemic has disrupted the market. Similarly, the saturation of urban areas, the scarcity of available land and stricter regulations (ZAN, etc.) are severely hampering development opportunities.

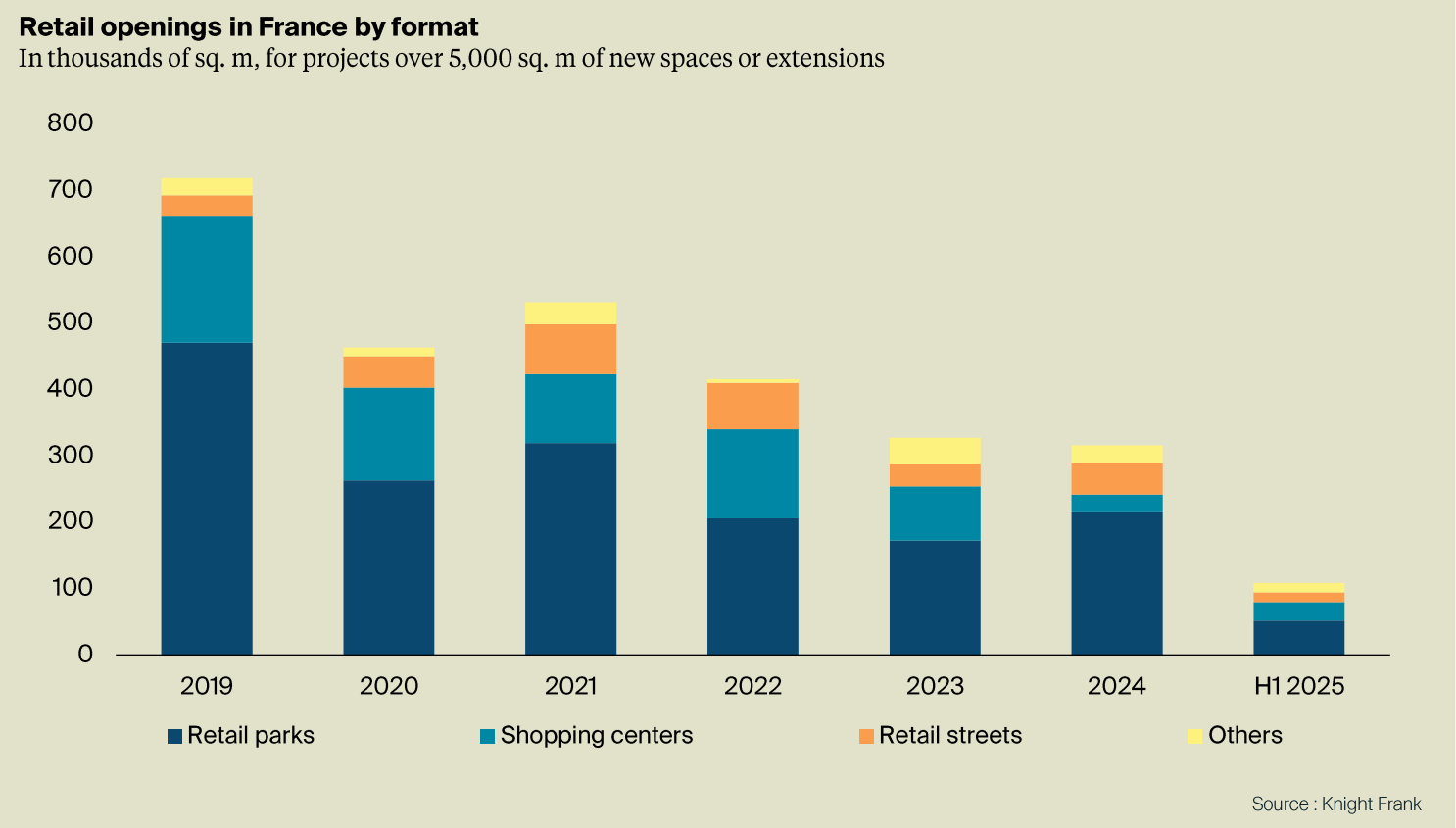


Sustained decline of new commercial space

The creation of new commercial complexes has been declining in France for several years. Apart from a misleading rebound in 2021, resulting from a catch-up effect after the onset of the health crisis, the trend has been strongly downward since then. In 2024, just over 315,000 sq. m of commercial space (all formats combined) was opened in France, a performance relatively like 2023 (-3% year-on-year), with the decline limited by the completion of a few large-scale projects (Neyrpic near Grenoble, Parenthèses in Persan, etc.). However, it is still far below the average for the five years preceding the health crisis (730,000 sq. m).

At the end of the first half of 2025, nearly 110,000 sq. m had already been delivered in France. Retail parks largely dominate new construction, accounting for nearly half of the volume completed in the first six months of the year. Shopping centres and shopping streets represent 26% and 14% of the total space delivered, respectively, in addition to the delivery of a multiplex in the North (14,000 sq. m).

Beyond the growing difficulties in obtaining planning permission and project approval, new large-scale developments (>10,000 sq. m) are becoming increasingly rare, leading to a steady decline in delivery volumes year after year.



Priority given to repositioning existing shopping centres

The creation of new square metres for shopping centres has been steadily declining for many years, totalling only 67,000 sq. m in 2024 (-39% year-on-year). This downward trend is not expected to reverse, except in very specific cases (e.g. demolition and reconstruction projects). Furthermore, almost all the space completed is now the result of extensions, redevelopments or even conversions.

Only two projects were delivered in France during the first half of 2025, totaling nearly 28,000 sq. m. These were shopping centres located in Île-de-France and Grand Est.

2024

2.6

BILLIONS OF VISITORS
 In the French shopping centers in 2024

+1.1%

FOOTFALL
 In the French shopping centers in 2024 vs 2023
 (+1,9% in 2023)

▼

VISIT DURATION
 Down in December, over all the size of shopping centers

JANUARY TO MAY 2025

+1.2%

TURNOVER
 In the French shopping centers in 2025
 (compared to the same period in 2024)

+0.3%

FOOTFALL
 In the French shopping centers in 2025 vs 2024

=

VISIT DURATION
 Stable in May, over all the size of shopping centers

Shopping centers openings in France

In 000 sq. m, for projects over 5,000 sq. m of new spaces or extensions



| Year | Creation (000 sq. m) | Others (000 sq. m) | Total (000 sq. m) |
|---------|----------------------|--------------------|-------------------|
| 2015 | 320 | 60 | 380 |
| 2016 | 200 | 130 | 330 |
| 2017 | 100 | 120 | 220 |
| 2018 | 140 | 100 | 240 |
| 2019 | 40 | 140 | 180 |
| 2020 | 70 | 80 | 150 |
| 2021 | 30 | 80 | 110 |
| 2022 | 30 | 120 | 150 |
| 2023 | 10 | 100 | 110 |
| 2024 | 5 | 20 | 25 |
| S1 2025 | 5 | 20 | 25 |

■ Creation

■ Others

Source : Knight Frank, FACT, Quantaflow



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Priority given to repositioning existing shopping centres

Recent shopping centers openings since 2023

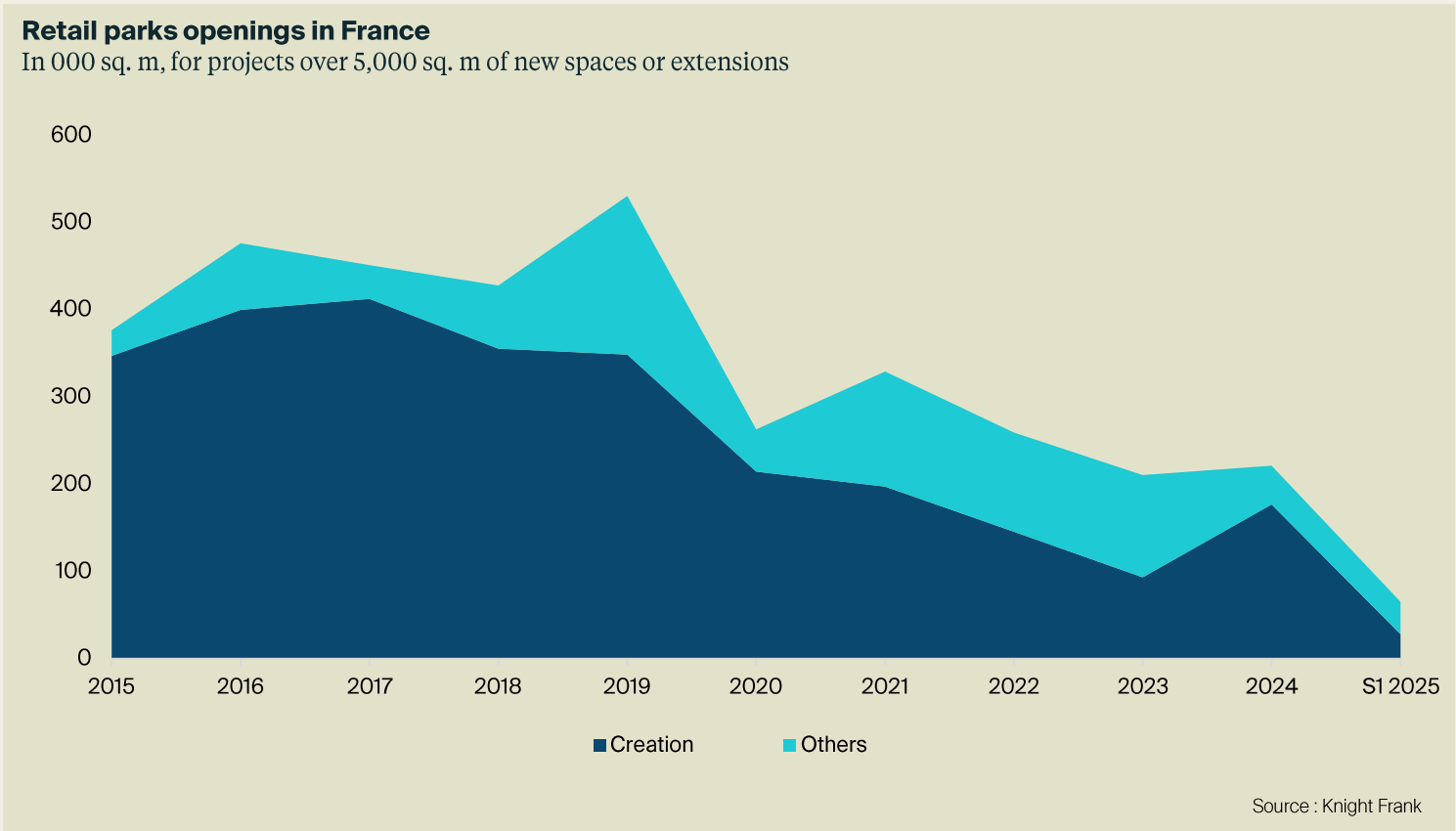
| Shopping center name | City (Department) | Type | Space (sq. m) |
|----------------------|-----------------------------|--------------------------------|---------------|
| BOOM BOOM VILLETTE | PARIS (75019) | Redevelopment & Transformation | 24,000 |
| LE SPOT | EVRY (91) | Redevelopment & Extension | 20,000 |
| GRAND PLACE | GRENOBLE (38) | Redevelopment & Extension | 16,400 |
| LECLERC | LAON (02) | Transfert-Extension | 14,300 |
| CNIT | PUTEAUX (92) | Extension | 10,100 |
| NIKITO (Domus) | ROSNY-SOUS-BOIS (93) | Redevelopment | 10,000 |
| LECLERC | HONFLEUR (14) | Transfert-Extension | 9,700 |
| SQY OUEST | MONTIGNY-LE-BRETONNEUX (78) | Redevelopment | 8,300 |
| LES TERRASSES | SARREBOURG (57) | Redevelopment & Extension | 7,400 |
| PASSAGES MÉRIADECK | BORDEAUX (33) | Redevelopment & Transformation | 7,200 |
| BEAULIEU | NANTES (44) | Extension | 4,200 |

Source : Knight Frank

Slowdown in new retail park openings

Driven by strong consumer enthusiasm for this format, retail park development remains buoyant despite a notable slowdown since 2021. Just over 220,000 m² of retail space was delivered in France in 2024, representing a 5% increase year-on-year but 38% below the ten-year average. During the first half of 2025, 65,000 m² of retail parks were completed, mainly extensions, with 43% of the volume relating to new developments.

While the volume of openings appears to be holding steady, the average size of projects is tending to decrease year on year (due to dense territorial coverage, difficulties in obtaining permits, etc.).



Slowdown in new retail park openings

Recent retail parks openings in France

Since 2023

| Retail park name | City (Department) | Type | Space (sq. m) |
|------------------------------|---------------------------|------------------------|---------------|
| NEYRPIC | SAINT-MARTIN-D'HÈRES (38) | Creation | 34,300 |
| OTIUM | DREUX (28) | Creation | 21,500 |
| CAP KOAD | BAIN-DE-BRETAGNE (35) | Creation | 13,000 |
| LA NEF | LE HAVRE (76) | Creation | 12,900 |
| PLANET'AIRE | AIRE-SUR-LA-LYS (62) | Creation | 12,800 |
| O'CENTRE | VENDENHEIM (67) | Redevlopment-Extension | 12,500 |
| LE MASCARET (RIVES D'ARCINS) | BÈGLES (33) | Extension | 12,000 |
| LES RIVES DU LOT | CAHORS (46) | Creation | 11,500 |
| ZAC DE MONTVRAIN 2 | MENNECY (91) | Redevlopment-Extension | 11,000 |
| PARENTHESSES | PERSAN (95) | Extension | 11,500 |
| LA VIGIE | GEISPOLSHHEIM (67) | Extension | 10,000 |
| TERRES DE BESSAN | BESSAN (34) | Creation | 9,600 |

Source : Knight Frank

06. Investment market



Key figures for the retail real estate investment market

| | H1 2025 | H1 2024 | Annual change |
|---|-----------------|-----------------|---------------|
| Retail investment volumes in France | €1.8 B | €1.2 B | ▲ |
| Share of retail* | 31 % | 22 % | ▲ |
| Number of transactions > €100 M | 3 | 3 | = |
| Share of volumes invested in the Greater Paris Region** | 72 % | 46 % | ▲ |
| Share of foreign investors** | 3 % | 10 % | ▼ |
| Prime high street yield | 4.25 % - 4.50 % | 4.25 % - 4.75 % | = |
| Prime shopping centre yield | 6.00 % - 6.25 % | 6.00 % - 6.25 % | = |
| Prime retail park yield | 6.50 % - 6.75 % | 6.75 % - 7.00 % | ▼ |

*Share expressed as a percentage of total volumes invested in France, all asset types combined – excluding non-divisible portfolios.
 **Share expressed as a percentage of total volumes invested in France, in retail.

Source : Knight Frank

Retail: a promising start of the year, pending confirmation in the second half

Retail property seems to have turned the page on the ‘retail bashing’ that marked the past decade, accounting for nearly 25% of commercial real estate investment volumes in 2024. This momentum is continued in early 2025: with €1.8 billion invested, the sector is performing significantly better than in the first half of 2024 (€1.2 billion) and accounts for 31% of all commercial real estate investment.

This record market share is largely attributable to an exceptional transaction completed in the first quarter: ARDIAN acquired 60% of a portfolio of iconic Parisian properties, 26 place Vendôme, 35-37 avenue Montaigne and 56 avenue Montaigne, for approximately €840 million. This is the largest transaction recorded in the French commercial real estate market since the one concluded by LVMH in 2022, which involved a portfolio mainly comprised of offices, for approximately €900 million.

When it comes to retail property, you have to go back to 2014 to find a deal of this size. That year, three shopping centre portfolios changed hands for between €850 million and €1.4 billion.

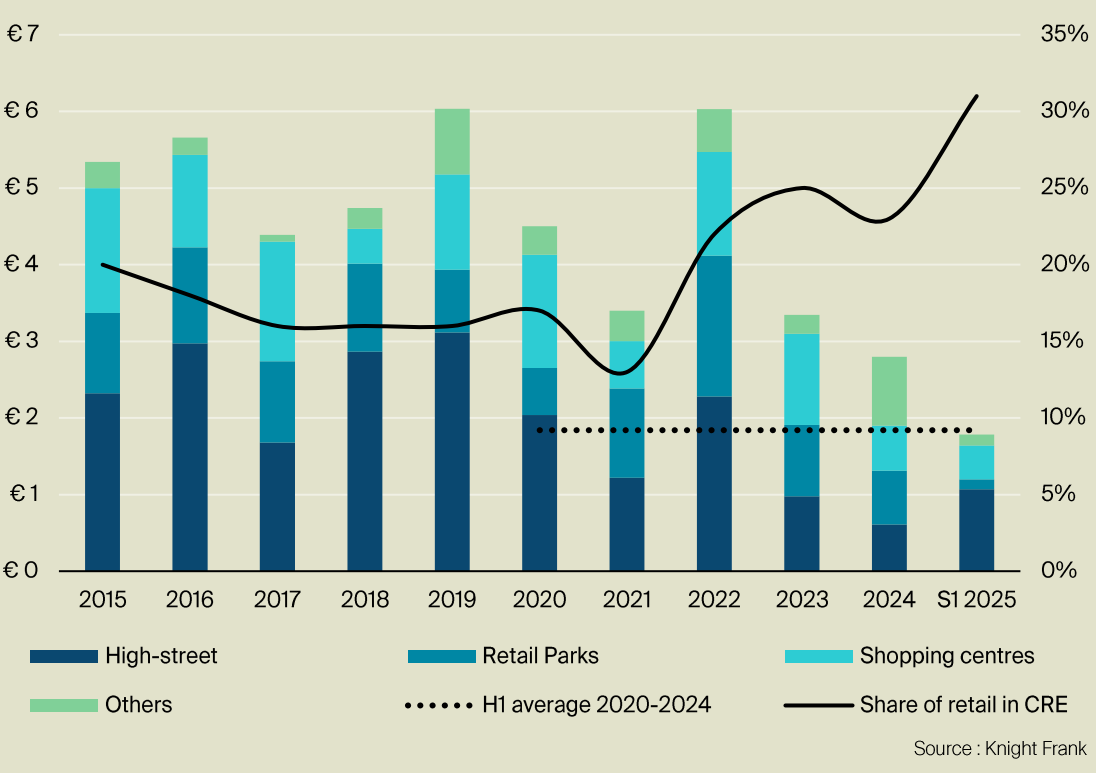
In the first quarter, another notable transaction was CDC INVESTISSEMENT IMMOBILIER's acquisition of a 15% stake in the Westfield Forum des Halles shopping centre for €235 million.

The flagship transaction of the second quarter was carried out by MERCIALYS, who invested nearly €150 million in the acquisition of the Saint-Genis 2 shopping centre in the Rhône department.

Several large-scale transactions could further boost results at the end of the year, judging by the deals currently under exclusive negotiation or subject to a sales agreement, involving both prestigious Parisian assets and portfolios of out-of-town retail properties.

Volumes invested in retail property in France

In billions of euros, as a %

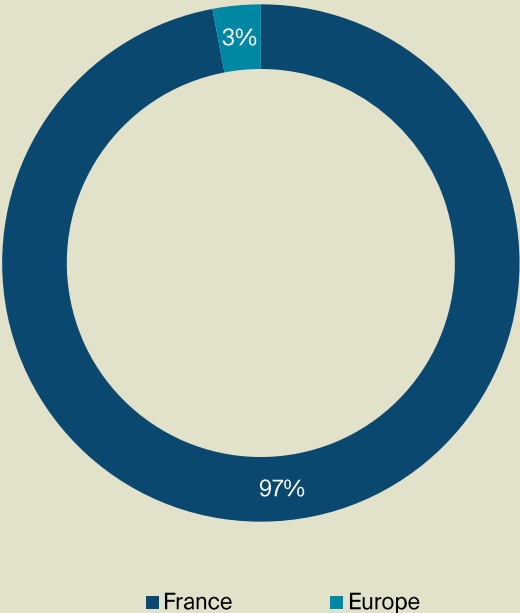


Domestic players drive the market

As in 2024, the retail property investment market in the first half of 2025 remains largely dominated by domestic players. Three investors, ARDIAN, CDC INVESTISSEMENT IMMOBILIER and MERCIALYS, account for nearly 70% of the volume invested, driven by their large-scale transactions.

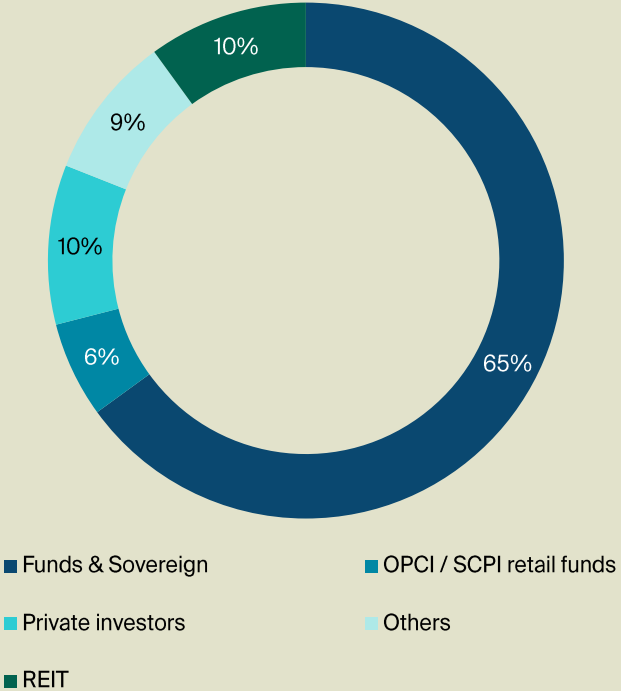
At the same time, most other players focused on more modest amounts of less than €50 million. Among them, the ‘neo’ SCPIs stood out for their dynamism, with around 15 acquisitions recorded over the period. These relatively small investments targeted exclusively assets located in the regions, covering a variety of formats: high street retail, retail parks and restaurant premises.

Breakdown of volumes invested in retail property
As a % as at H1 2025, by geographic origin



Source : Knight Frank

Breakdown of volumes invested in retail property
As a % as at H1 2025, by investor type

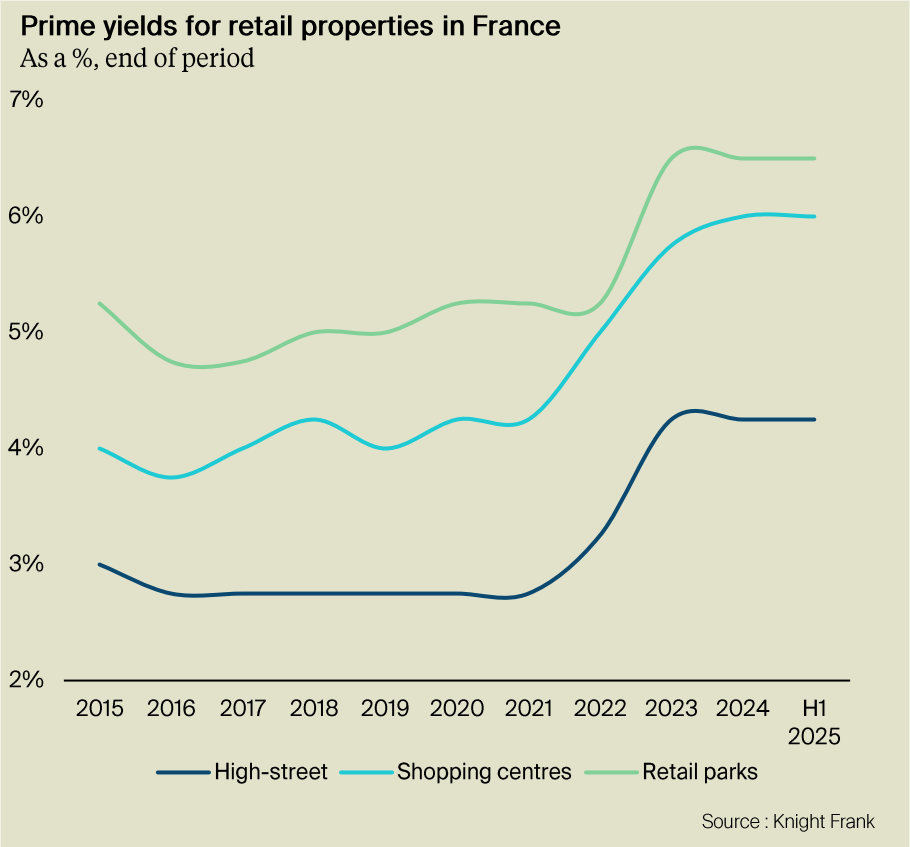
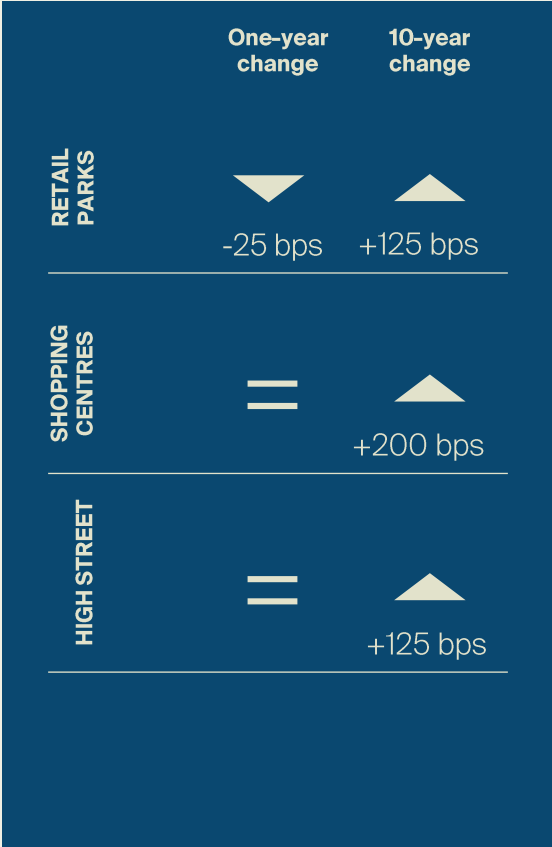


Source : Knight Frank

Prime yields in retail property: Stabilisation for all three types

The rise in prime yields began earlier in the retail sector than in other asset classes, with a notable acceleration between 2022 and 2023. However, this trend slowed significantly in 2024, reflecting a gradual absorption of the correction in values, against a backdrop of gradual monetary policy easing.

While prime yields remained relatively stable in 2025 for assets in the most sought-after locations in Paris, the revaluation of suburban retail parks and shopping centres sparked renewed investor interest in these sectors. This trend could, in the medium term, pave the way for a slight compression of yields for the highest quality assets, provided that the financial and macroeconomic environment stabilises sufficiently.



Significant retail transactions in 2025

| Address/Asset | Type | Town | Seller | Buyer | Price |
|---|-----------|------------------------|----------------------------------|-------------------------------|-----------|
| Portfolio Parisian assets (60% of shares) | HS | Paris | KERING | ARDIAN | > €200M |
| Westfield Forum des Halles (15% of shares) | SC | Paris 1 st | UNIBAIL RODAMCO WESTFIELD | CDC INVESTISSEMENT IMMOBILIER | > €200M |
| Saint-Genis 2 shopping centre | SC | Saint-Genis-Laval (69) | SCC LSGI | MERCIALYS | €100-200M |
| 36-38 rue de la Verrerie | HS | Paris 4 th | CITYNOVE | TRUSTONE REIM | €30-100M |
| Dionysos portfolio | HS | Paris 4 th | 6 ^{ème} SENS IMMOBILIER | GROUPAMA IMMO | €30-100M |
| Portfolio of 9 Carrefour supermarkets | HYP / SUP | France | CARREFOUR | SUPERMARKET INCOME REIT | €30-100M |
| Portfolio of 9 sites at the entrance to towns | HYP / SUP | Regions | GROUPE CASINO | ICADE | €30-100M |

HS: High street ; SC: Shopping centre ; RP : Retail park ; HYP/SUP : Hypermarket/Supermarket/Grocery shop

€30-100M
€100-200M
> €200M

Source : Knight Frank

07. Outlook 2025



Many uncertainties surrounding the retail market in France in 2025

- 1

MACROECONOMIC
CONTEXT
- The particularly unstable international context is weighing on French economic activity. With an average growth rate of +0.6% in 2025, GDP is not expected to pick up momentum until 2026.
 - Inflation is expected to remain below the 2% threshold for the long term, preserving household purchasing power.
 - Household consumption is expected to rebound only slightly, despite higher wages and high precautionary savings.

- 2

RETAIL MARKETS
- Prime rental values will remain largely stable across all asset types.
 - Vacancy rates are expected to rise in the second half of the year, to varying degrees depending on the type of asset and the real estate strategy of retailers (expansion plans vs. rationalization efforts).
 - E-commerce revenue, driven by the dynamism of the services sector, is expected to set another record in 2025.

- 3

FORMATS &
CONCEPTS
- Some formats (particularly pop-ups) and sectors will grow stronger, such as sportswear and luxury goods. Conversely, others could face greater difficulties: geographical over-representation (discount stores, fast food, etc.), plans to open new stores despite declining sales, etc.
 - Retailers will continue to move towards new formats combining leisure and entertainment (retailtainment).
 - The rollout of new concepts focusing on technology: between hyper-personalisation of purchases and connected customer experience, between physical and digital commerce.

The Knight Frank Research Team

provides market analysis and strategic consulting services in real estate for numerous French and international clients, including private individuals, institutions and users.

The data used to compile this study comes from sources widely recognised for their reliability, as well as Knight Frank's property market monitoring tools.

All our market reports are available at KnightFrank.fr



The investment market
France | H1 2025



Panorama of Paris's prime streets | 2025



The data centre market
in France | November 2024



Vincent Bollaert
CEO France

+33 (0)1 43 16 88 90
+33 (0)6 86 48 44 62

vincent.bollaert@fr.knightfrank.com



Elsa de Briganti
Associate, Co-Head of Retail Leasing

+33 (0)1 43 16 56 03
+33 (0)6 09 50 33 37

elsa.debriganti@fr.knightfrank.com



Magali Marton
Partner, Head of Research

+33 (0)6 12 17 18 94
+33 (0)1 43 87 00 98

magali.marton@fr.knightfrank.com



Jeremy Steu
Associate, Co-Head of Retail Leasing

+33 (0)1 43 16 55 88
+33 (0)7 44 84 05 92

jeremy.steu@fr.knightfrank.com

Knight Frank

at a glance

Founded over 125 years ago in Great Britain, the Knight Frank group now brings its expertise as an international real estate advisor with over 20,000 people working in more than 600 offices in 50 countries. Its French branch, established over 50 years ago, operates in the commercial and residential real estate market.

With more than 100 employees working in Paris, Knight Frank France is organised around five service lines: office marketing and user consulting (Occupier & Landlord Strategy and Solutions), workspace design (Design & Delivery), investment (Capital Markets), retail leasing and valuation through its subsidiary, Knight Frank Valuation & Advisory.

600+ OFFICES
OVER 50 MARKETS
20,000+ PEOPLE
1 GLOBAL NETWORK

