

The French retail property market

February 2025

Retail

knightfrank.fr/etudes/



Contents

01.	<u>Economic context</u>	p.03
02.	<u>Bankruptcies & expansion plans</u>	p.09
03.	<u>Paris and its retail streets</u>	p.13
04.	<u>Spotlight on the luxury market</u>	p.19
05.	<u>Retail complexes</u>	p.22
06.	<u>The French investment market</u>	p.31
07.	<u>Outlook</u>	p.37

**The French
retail property
market**

Economic context

Economic context

An encouraging outlook for France

Despite a national and international context marked by uncertainty, the macroeconomic forecasts for France in 2025 continue to be cautious but encouraging. Controlling the public deficit, a priority of the new government led by F. Bayrou, remains a key challenge for consolidating the French economy, although it has little impact on growth.

In this context, GDP is expected to grow by 0.9% in 2025, after two consecutive years of 1.1% growth. Activity will accelerate more significantly from 2026 (+1.3%), driven by the easing of financial conditions.

Consumption, the main driver of growth, will grow at a moderate pace in 2025, +0.9% anticipated by the Banque de France (following +0.8% in 2024). It will then gain momentum, growing by around +1.1% in 2026 and 2027, supported by increases in wages and purchasing power.

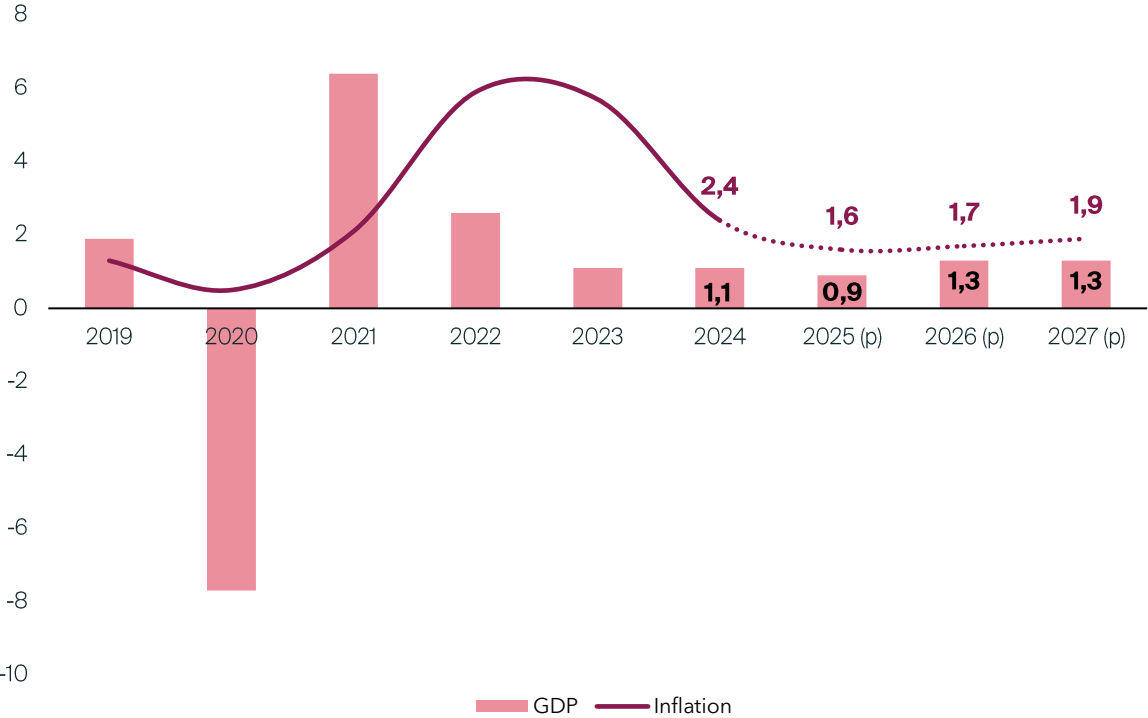
Having peaked in 2023 (+5.7%), inflation slowed to +2.4% in 2024 and should remain below the 2% mark for the long term, with

+1.6% expected as early as 2025. This marked decrease reflects the decrease in the prices of energy, food and manufactured goods.

Finally, the job market will remain strong in the coming months. The unemployment rate will remain below 8% in 2025 and 2026 (after 7.4% in 2024), which is still significantly lower than in the pre-Covid period (8.5% in 2019). A more dynamic recovery in economic activity should favour a further drop in unemployment from 2027.

Inflation and GDP growth in France

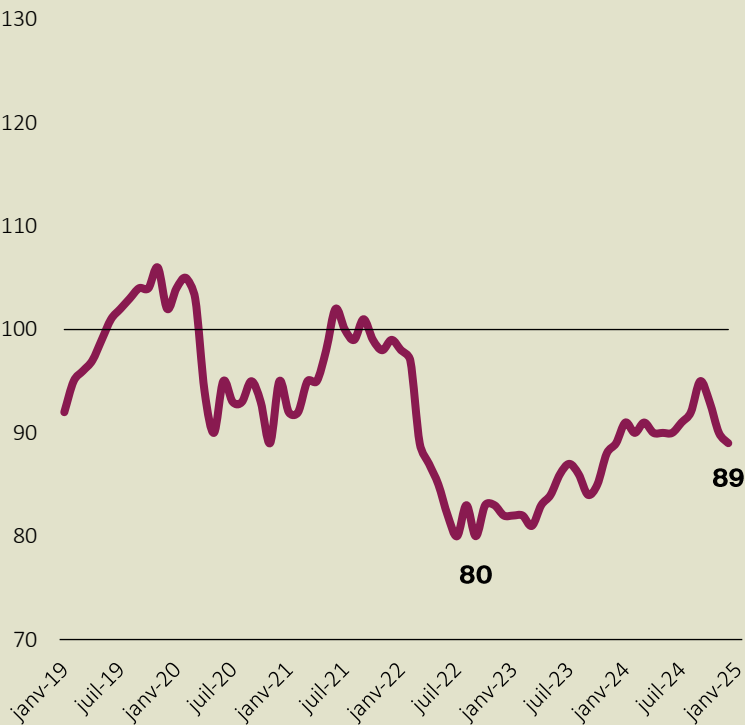
In %, year-on-year



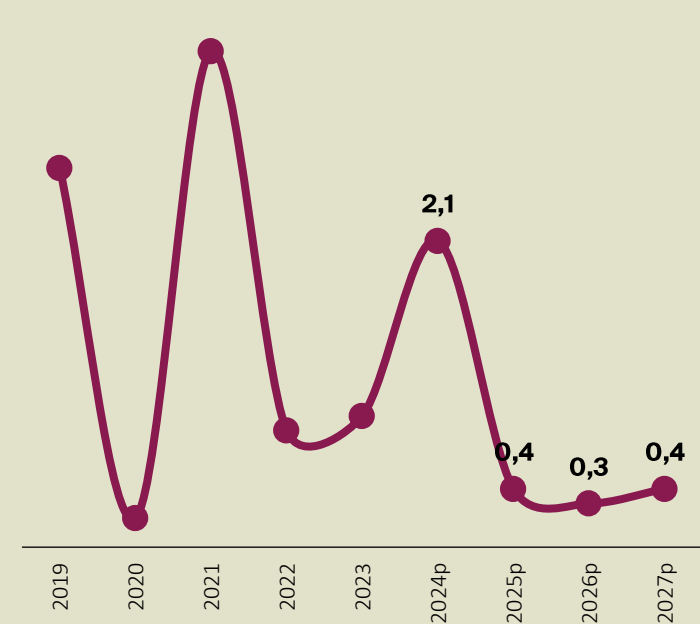
Economic context

A **positive** outlook for France

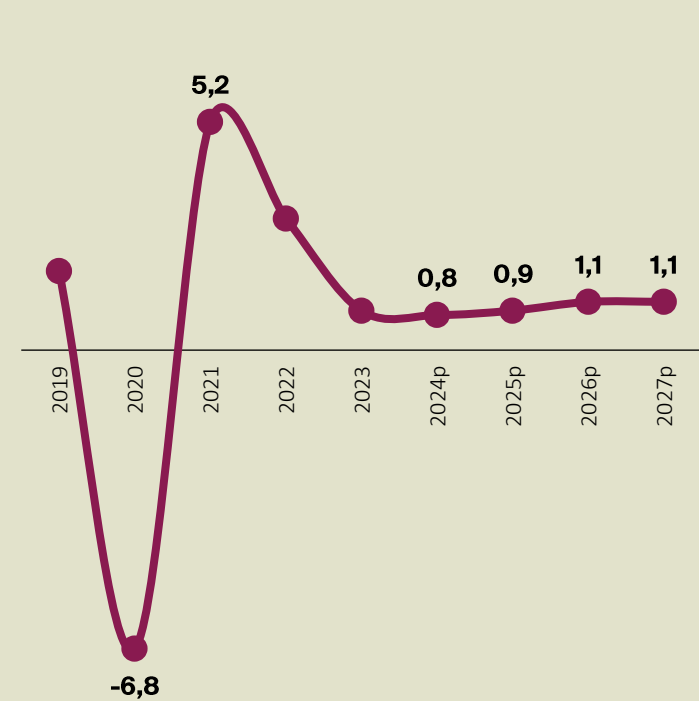
Household opinion in France
In %, annual average



Purchasing power of gross disposable income in France
In %, annual average



Household consumption in France
In %, annual average



Economic context

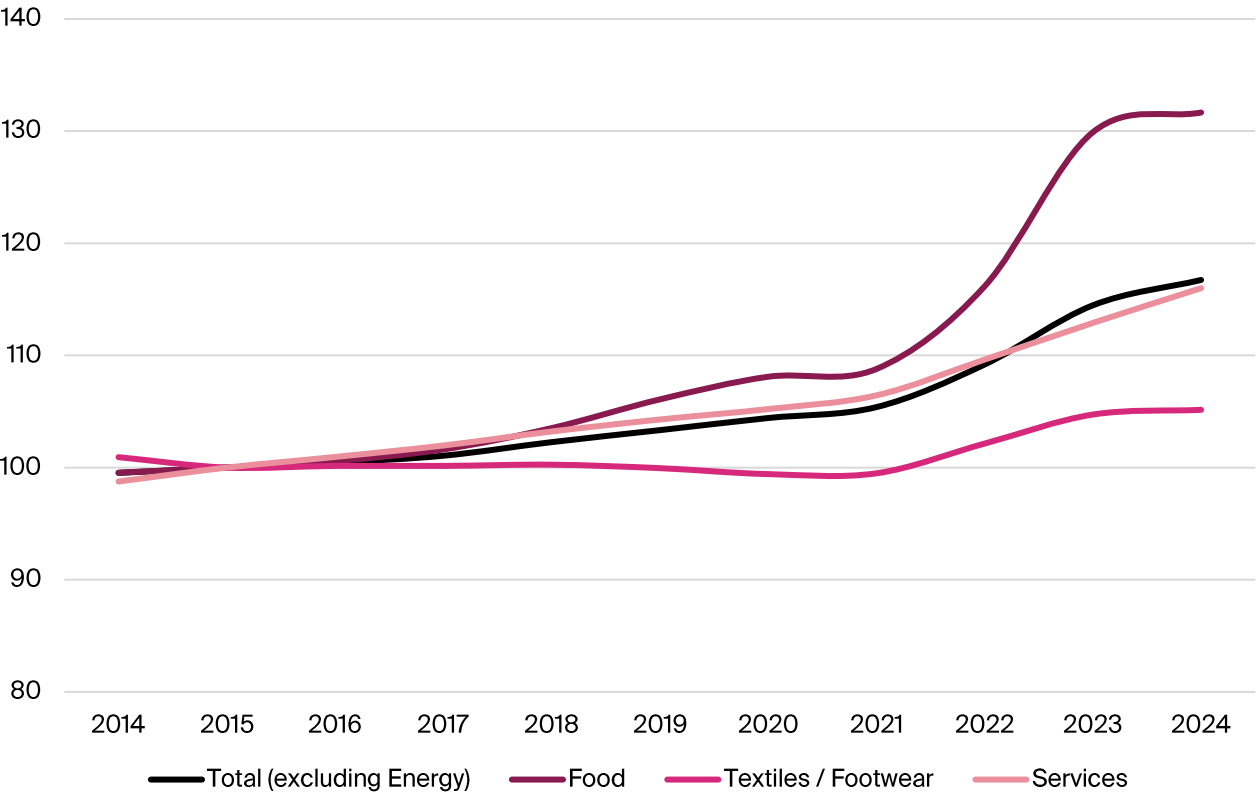
The slowdown in prices will support consumption

Having reached its lowest level in ten years in September 2022 (80), household confidence is struggling to regain any real momentum. Among the causes is an uncertain French political situation. However, the establishment of a new government led by F. Bayrou and the implementation of targeted measures to support purchasing power could breathe new life into consumption, supported by the precautionary savings accumulated by households during the pandemic. The Banque de France therefore predicts an average savings rate of 18% in 2024, followed by a slow decline (17% in 2026), having peaked at 21% in 2020.

The rebound in consumption will nevertheless be conditioned by the fall in prices. Although the latter slowed sharply in 2024, the dynamics are mixed. According to INSEE, the consumer price index (excluding energy) averaged 116.7 in 2024, up 2.3 points in one year (after +5.3 points the previous year). Looking at the details, the textile/footwear sector is relatively stable, while the index has continued to rise significantly in the food sector and more sharply in services (+3.1 points compared to 2023).

Consumer prices in France

Annual index, all households, base 2015



Retail indicators

Improved indicators

especially for specialised retailers

Retail sales in France were relatively stable between January and September 2024, with a year-on-year decrease of 0.6%. However, retail shops stand out with activity in specialised shops up 3.7% year-on-year, after +3.3% over the same period in 2023.

Looking at the details, some sectors are particularly successful. Specialised food and beauty/wellness, for example, experienced strong growth in the first nine months of 2024, whilst services, catering and culture/leisure continue to trend upwards, albeit more moderately. Conversely, clothing and household goods sales are down, by 1.4% and 2.0% respectively year-on-year. This trend was already noticeable in the same period in 2023 as these two sectors recorded very modest increases (+0.1% and +0.7%).



- 0.6 %

All retail

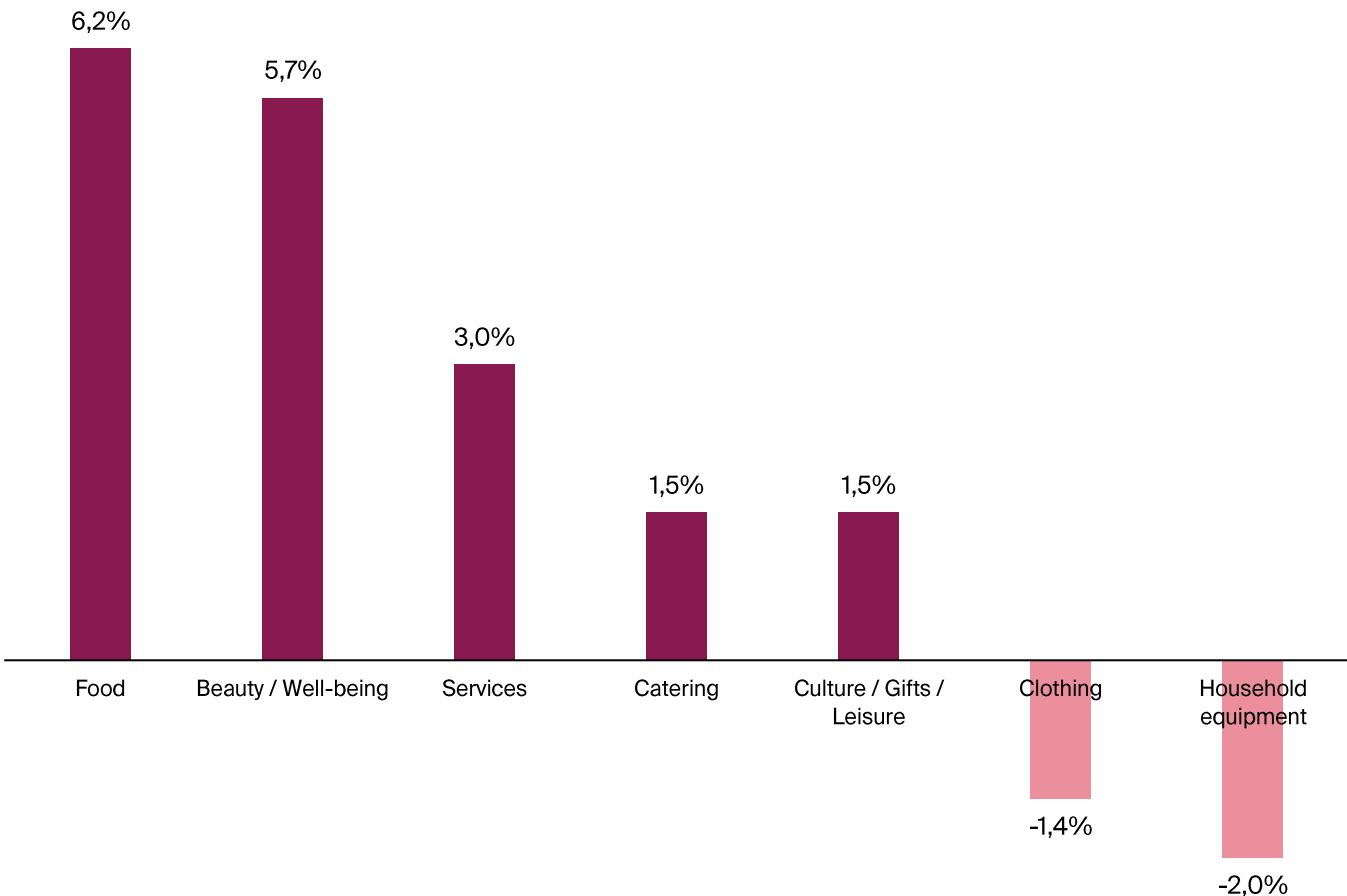


+ 3.7 %

Retail shops*

Growth in sales in specialist shops

In %, in France, between January and September 2024



E-commerce indicators

E-commerce
is breaking records,
particularly for services

E-commerce continues to thrive, with 2024 set to be an exceptional year. The sector's turnover reached 128 billion euros (products and services) in the first nine months of 2024 alone. Between July and September, for example, the sector generated more than 651 million transactions, a sharp increase of 13.5% compared to the same period in 2023.

While services are the main driver of the sector (excluding 2020 and 2021), a rebound in product sales has been taking place since the beginning of 2024. Moreover, the Olympic and Paralympic Games boosted orders for services related to this sporting event (transport, tourism and leisure).

▲
€128 B

Online sales (products and services)
Between January and September 2024,
+9.6% year-on-year

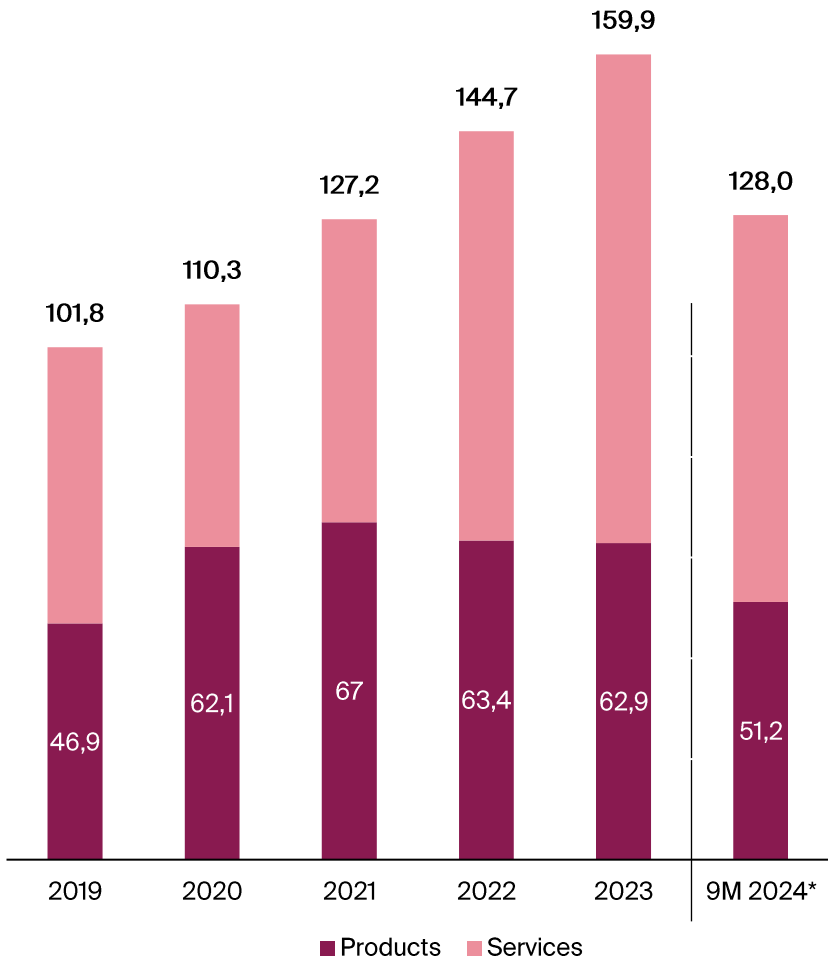
▲
651 M

Transactions
Recorded in the 3rd quarter of 2024,
77 million more than in Q3 2023

=
€66

Average basket
Recorded in 3rd quarter 2024,
- 0.9 % year-on-year

E-commerce sales in France
In billions of euros



**The French
retail property
market**

Bankruptcies & Expansion plans

Bankruptcies & expansion plans

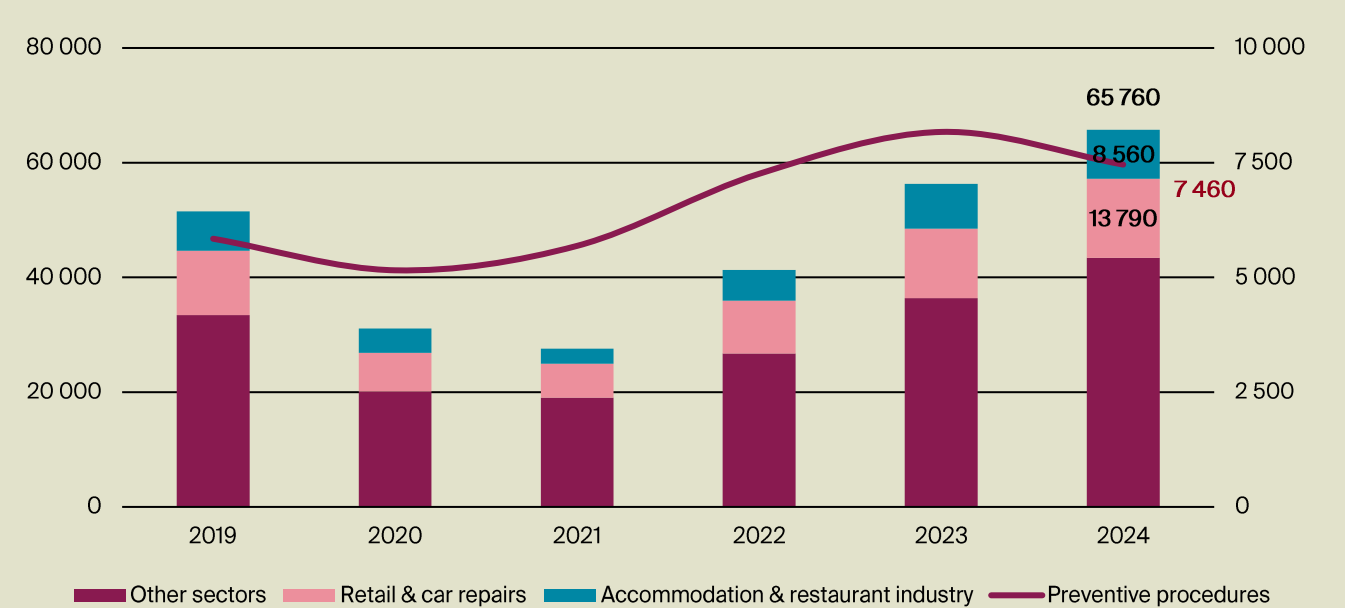
Peak in bankruptcies in 2024, gradual decrease expected

After reaching a low in 2021, business bankruptcies rose sharply in 2022 before reaching a record level in 2024, with 65,760 proceedings recorded in France. Reflecting the increase in financial difficulties and the discontinuation of the support measures implemented during the health crisis (in particular the State-Guaranteed Loan), some sectors remain fragile today. Although various sectors are affected, such as construction and services, the retail sector is particularly impacted by the drop in consumption and the rise in operating costs (raw materials, salaries, property tax, retail rents due to the increase in the ILC index,

etc.). Retail and accommodation/food services together accounted for more than a third of bankruptcies in 2024, while the number of procedures increased by 14.2% and 9.4% respectively year-on-year. However, a decrease is expected in 2025, reflecting the end of the catch-up effect and a modest rebound in household consumption.

Bankruptcies by sector in France

Number of bankruptcies*



Change in bankruptcies year-on-year:

+ 9.4 %

Accommodation & restaurant industry

+ 14.2 %

Retail & car repairs

Examples of the sectors most affected:



Restaurant industry



Driving schools & taxis



Home goods



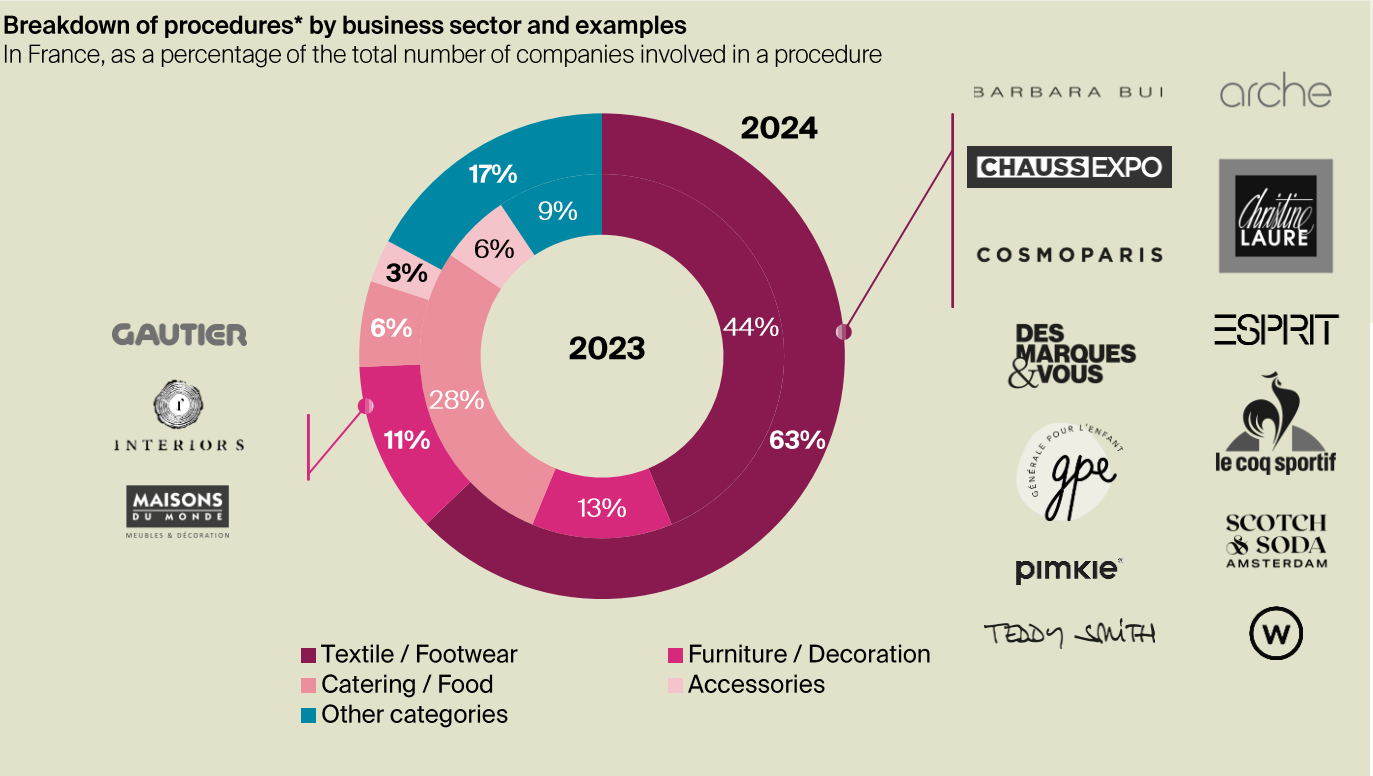
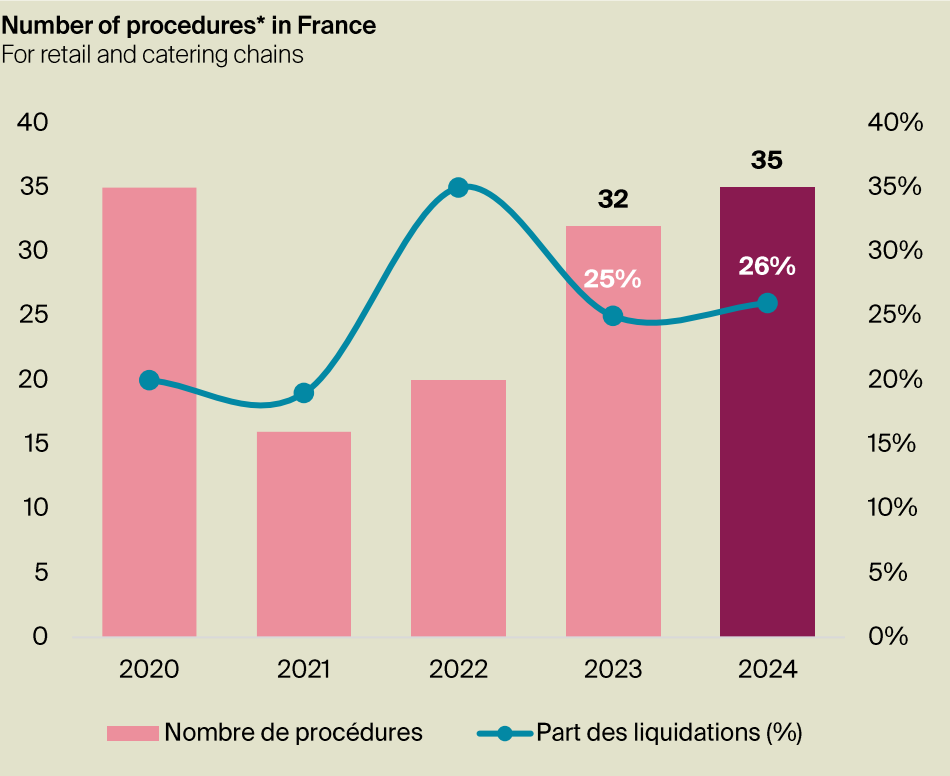
Pharmacy

Bankruptcies & expansion plans

Some sectors remain vulnerable

We have identified approximately forty insolvency proceedings in the retail and restaurant industry sectors since the beginning of 2024, with 35 brands affected (compared to 32 in 2023). The most vulnerable sectors remain fashion and footwear, with high-profile proceedings such as those of Générale pour l'Enfant (Natalys, DPAM, Sergent Major) and

Standard (Teddy Smith). Other categories, such as home goods, the restaurant industry and beauty, are also affected.



Bankruptcies & expansion plans

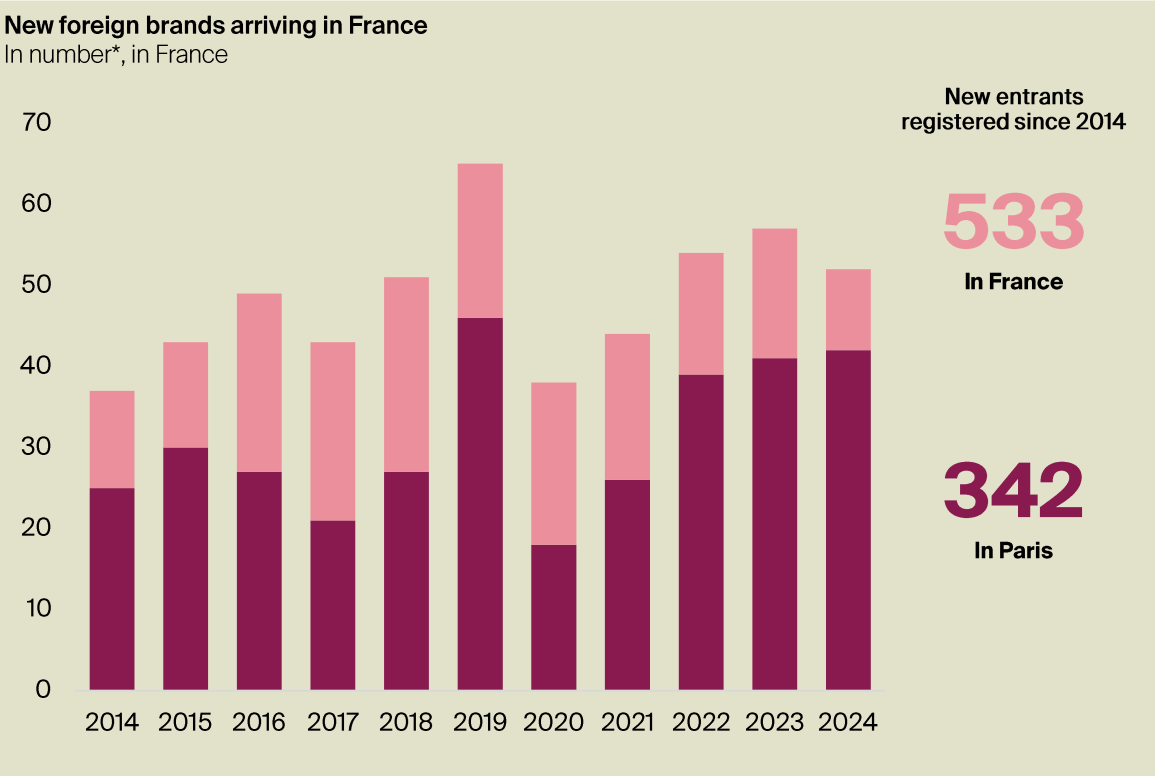
Paris attracts 64 % of new arrivals

In 2024, Paris retained its status as a host city for international brands, boosted by the excitement generated by the Olympic and Paralympic Games in the summer. A total of 42 new foreign brands chose the capital in 2024, following on from 41 the previous year. Half of these openings are the initiative of American (17%), Italian (14%), Chinese (10%) and Spanish (10%) brands. Examples include

the notable arrivals of the American brand Benihana at 163 rue Saint-Honoré, the Italian pharmacy chain Apoteca Natura on rue de Rivoli and the Chinese coffee shop Sevenbus in the Marais.

Fashion confirms its dominance, accounting for 52% of new international brands

in Paris, with a strong emphasis on high-end and sportswear. Leather goods/accessories (12% of the total) and restaurants (10%) also continue to perform strongly.



**The French
retail property
market**

Paris and its retail streets

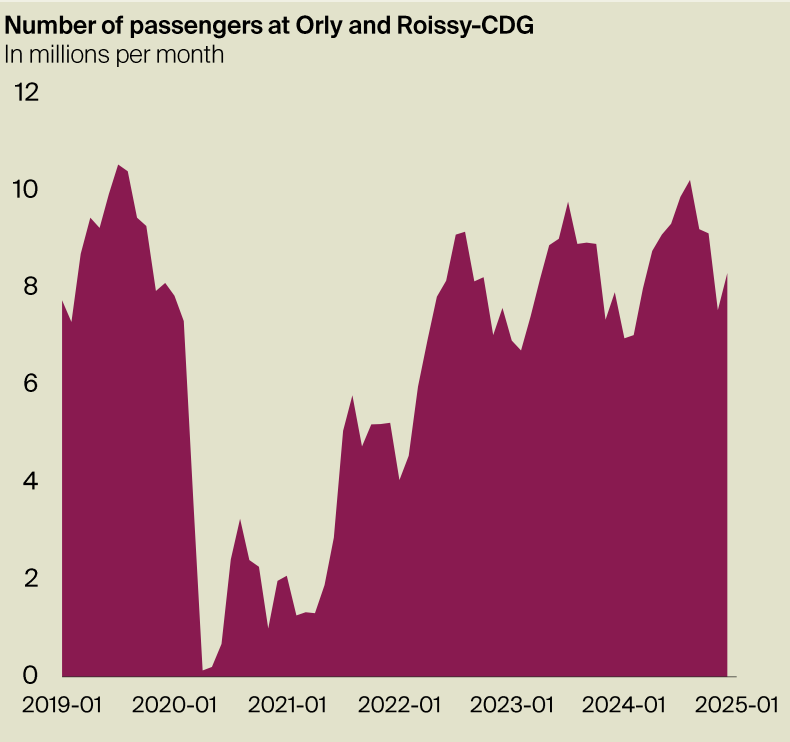
Paris and its retail streets

Lasting benefits from the Olympic Games with the return of
international tourists

The rebound in tourist numbers continued in 2024: more than 103 million passengers were recorded at Paris airports (+3.7% year-on-year), a similar level of traffic to 2019. Tourist numbers were boosted last summer by the Olympic and Paralympic Games in France: 11.2 million visitors (including

tourists, day-trippers and Greater Paris Region residents) were recorded between 23rd July and 11th August 2024, a 4% rebound compared to the same period in 2023.

International tourists were very present, owing to the strong return of certain nationalities such as Americans (14% of international tourists), and Brazilians, whose presence doubled in one year.



103.4 million

passengers in 2024

+ 3.7 %
year-on-year

i.e. a **similar level** to 2019

Nationalities most present during the Olympic Games
Market share by nationality (international tourists), year-on-year change

14 %		USA	+ 21 %
8 %		Germany	+ 42 %
7 %		UK	+ 21 %
6 %		Brazil	+ 109 %
5 %		China	+ 65 %
3 %		Japan	+ 94 %

Visitor numbers during the Olympic Games
In the Greater Paris Region,
between 23rd July and 11th August 2024

11.2 million

visitors*
(+ 4 % vs 2023)

Including:

45 %

Greater Paris Region residents

28 %

national and international tourists

Paris and its retail streets

A flurry of activity on prime Parisian streets

The flurry of activity that was expected in 2024, boosted by the Olympics, has been confirmed on the prime retail streets, as evidenced by the many examples of recent movements.

Among the most dynamic streets is avenue des Champs-Élysées, which has continued to attract luxury and sportswear brands. Recent transactions include the leases taken out by Breitling at no. 76 on the avenue, and by Adidas, Urban Outfitters and On Running at nos. 88, 102 and 65 respectively.

This dynamism is also apparent in the Marais (particularly on rue Vieille du Temple and rue du Temple) and around rue Rivoli and rue Saint-Honoré.

Examples of recent or imminent openings Since 2023, on the prime Paris streets

RETAILER	ADDRESS	AREA (SQ M)
ADIDAS	88 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8	3.680
JD SPORTS	118 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8	1.560
BACHA COFFEE	26 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8	1.480
ON RUNNING	65 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8	1.400
POLENE	2 ROND POINT DES CHAMPS-ÉLYSÉES, PARIS 8	1.190
MINISO	104 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8	1.010
LEVIS	44 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8	870
CALVIN KLEIN	44 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8	850
CIFONELLI	35 RUE FRANÇOIS 1 ^{er} , PARIS 8	740
URBAN OUTFITTERS	102 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8	680
DOPPELGANGER	41 RUE DE RIVOLI, PARIS 1	460
CUPRA	1 BOULEVARD DE LA MADELEINE, PARIS 1	430
ONITSUKA TIGER	23 AVENUE DES CHAMPS-ÉLYSÉES, PARIS 8	420
COURRÈGES	27 RUE DES FRANCS BOURGEOIS, PARIS 4	410
ARC'TERYX	42 RUE DES FRANCS BOURGEOIS, PARIS 4	360
SEPHORA	125 AVENUE VICTOR HUGO, PARIS 16	250
FUSALP	44 AVENUE GEORGE V, PARIS 8	200

Paris and its retail streets

The contrasting retail vacancy situation in Paris

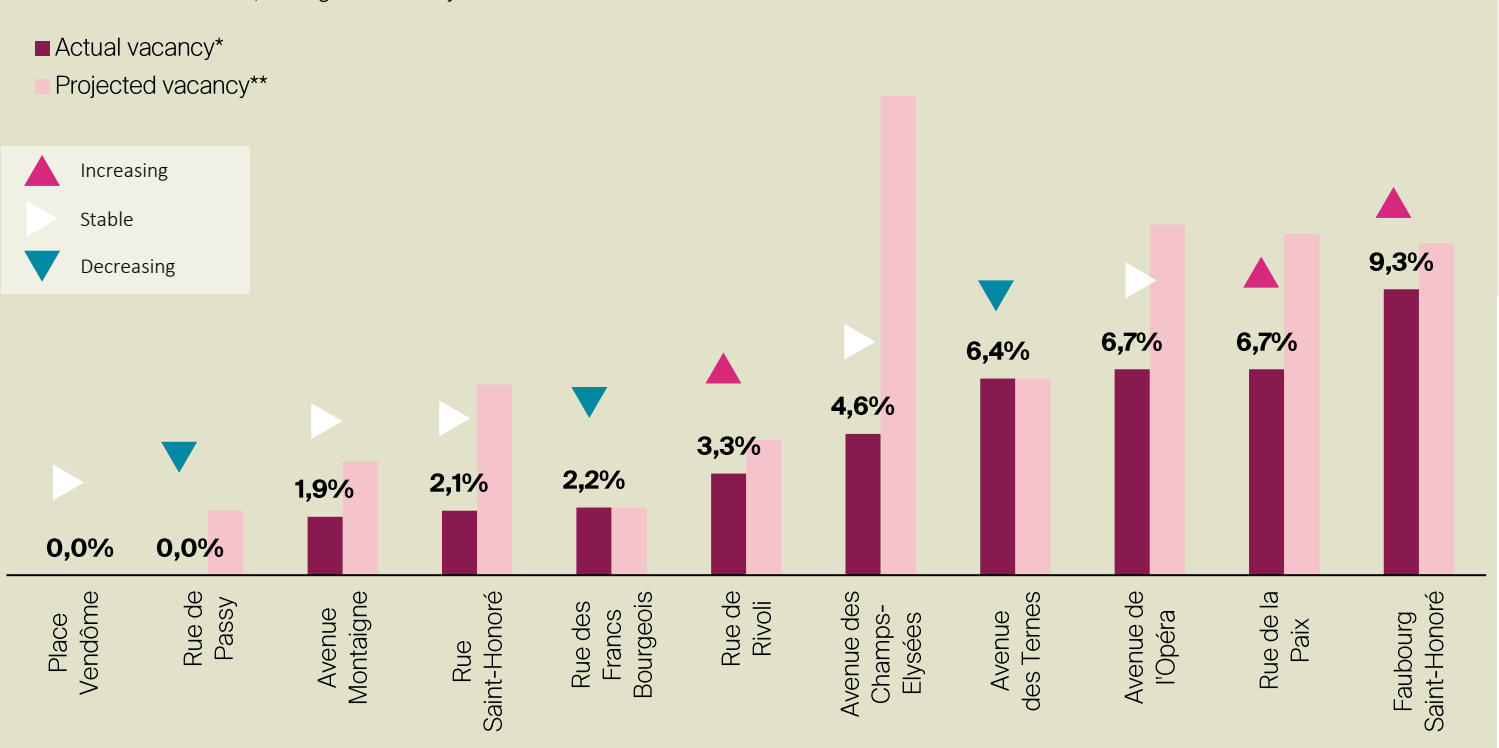
The capital's main retail streets have a limited vacancy rate, ranging from 2% to 9% (or even zero in areas such as place Vendôme and rue de Passy, for example). Whilst the actual vacancy rate* is tending to stabilise in Paris, the

forecast vacancy rate is experiencing a targeted increase on certain streets. Avenue des Champs-Élysées, currently undergoing major changes, is a good illustration of this dynamic with the vacating of several pop-ups after the Olympic

Games (Salomon, Rituals and Maison 123, for example), whilst ambitious restructuring projects are being rolled out at numbers 26, 27-33 and 144-150.

Commercial vacancy rate in Paris

At end December 2024, change over one year



Recent store openings

In 2024 (or upcoming openings in 2025)



Paris and its retail streets

Prime rent levels are holding up well

in Paris, due to a lack of supply

Prime Market Rent in Paris In €/sq m/year, zone A					
STREET / AREA	ARR.	PRIME MARKET RENT End 2023	PRIME MARKET RENT End 2024	LEVEL OF DEMAND 2024	PRICE CORRECTION RISK IN 2025
AVENUE DES CHAMPS-ÉLYSÉES	Paris 8	13.000 – 15.000	13.000 – 16.000	<div><div></div><div></div><div></div></div>	<div><div></div></div>
AVENUE MONTAIGNE	Paris 8	11.000 – 13.000	12.000 – 14.000	<div><div></div><div></div></div>	<div><div></div></div>
RUE SAINT-HONORÉ	Paris 1	11.000 – 13.000	11.500 – 13.500	<div><div></div><div></div><div></div></div>	<div><div></div></div>
FAUBOURG SAINT-HONORÉ	Paris 8	10.000 – 12.000	10.000 – 12.000	<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>
RUE DES FRANCS BOURGEOIS	Paris 3 / 4	4.000 – 5.000	4.500 – 5.500	<div><div></div><div></div><div></div></div>	<div><div></div></div>
RUE DE SÈVRES / BD SAINT-GERMAIN	Paris 6 / 7	2.500 – 3.500	2.500 – 3.500	<div><div></div><div></div></div>	<div><div></div></div>
BD MADELEINE / CAPUCINES	Paris 1 / 2/ 8 / 9	2.500 – 3.500	2.500 – 3.500	<div><div></div></div>	<div><div></div><div></div></div>
RUE DE RIVOLI	Paris 1 / 4	2.000 – 3.000	2.500 – 3.500	<div><div></div><div></div></div>	<div><div></div></div>
RUE DE RENNES	Paris 6	2.000 – 3.000	2.000 – 3.000	<div><div></div><div></div></div>	<div><div></div><div></div></div>

LowHigh

LowHigh

With the market offering few opportunities in 2024, as evidenced by the low vacancy rate and the decrease in availability on certain Paris streets (rue des Francs Bourgeois, avenue des Ternes, etc.), prime Market Rents consequently remained stable for most the capital's main streets.

Given the mismatch between supply and the intense demand from brands in certain particularly sought-after areas, such as avenue des Champs-Elysées (an exceptional showcase for France during the Olympic Games), prime rents have occasionally risen.

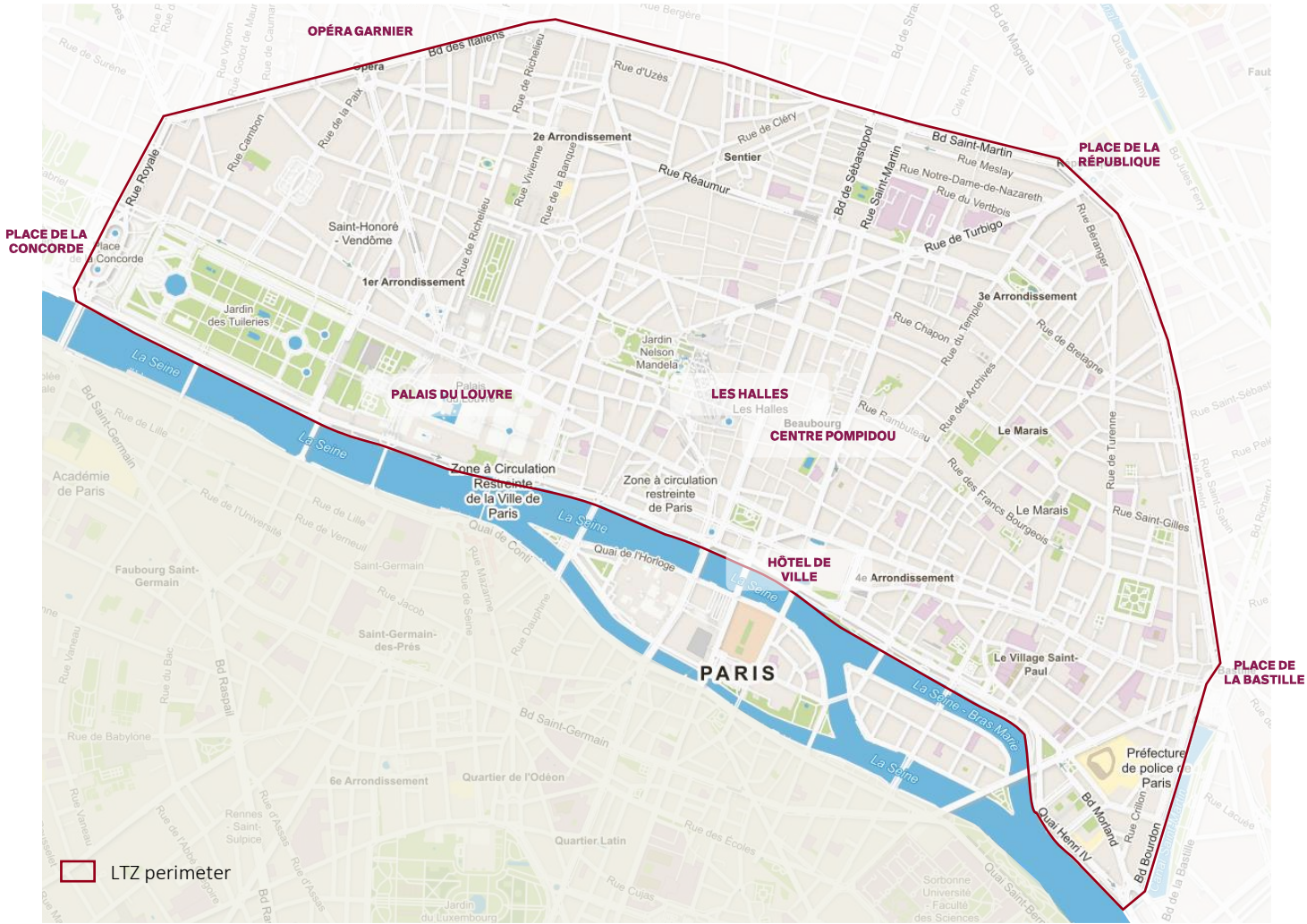
Paris and its retail streets

Initial thoughts on the LTZ in Paris ?

Given the recent implementation of a Limited Traffic Zone (LTZ) in the centre of Paris in November 2024, the impact on retail activity is still difficult to quantify. Furthermore, the Olympic Games effect is still noticeable and should continue over the coming months, boosting footfall figures on Parisian streets.

The City of Paris has introduced several measures to reduce the number of combustion-engine vehicles. Through traffic is now prohibited since the introduction of the LTZ, although it is still possible to drive into the zone to go to work, make deliveries or go to shops.

LTZ perimeter in Paris



The French
retail property
market

Spotlight on... the luxury market

The luxury market

A luxury market undergoing major changes

According to estimates by Bain & Company and Altagamma, following a record year in 2023, sales of luxury goods worldwide are expected to contract slightly (-2% in 2024) for the first time in fifteen years! Several explanations have been put forward, the main one being a return to normal after strong sales growth in 2022 and 2023.

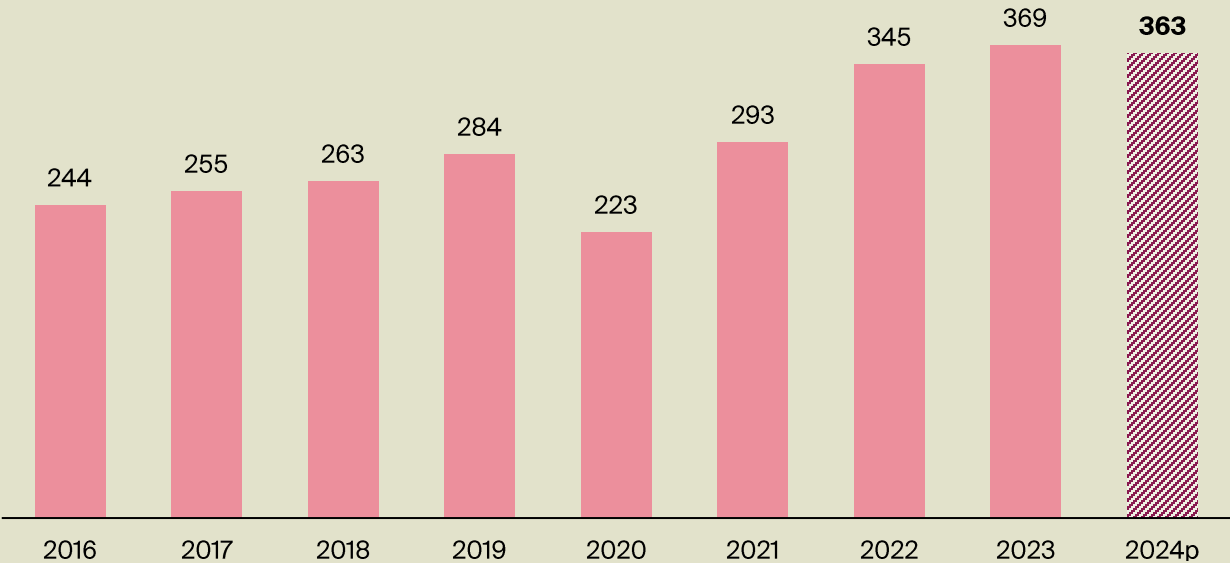
Nevertheless, the market is benefiting from the recovery of international tourism

and the enthusiasm of buyers for luxury experiences, as evidenced by the strength of this category. The slowdown could be more pronounced in some key markets, such as the United States or China.

In 2024, for example, LVMH recorded a 14% year-on-year decrease in turnover, while Kering posted a 15% drop at the end of September. Although the long-term outlook remains very positive for luxury players, they will nevertheless have

to reinvent themselves, both in new markets (South America, for example) and in terms of winning over target audiences (especially the younger generation) or the experience offered (more digital and immersive).

Luxury goods sales worldwide
Sales in billions of euros



Change in global turnover of luxury goods companies in 2024
Year-on-year change, as a % (based on published data)



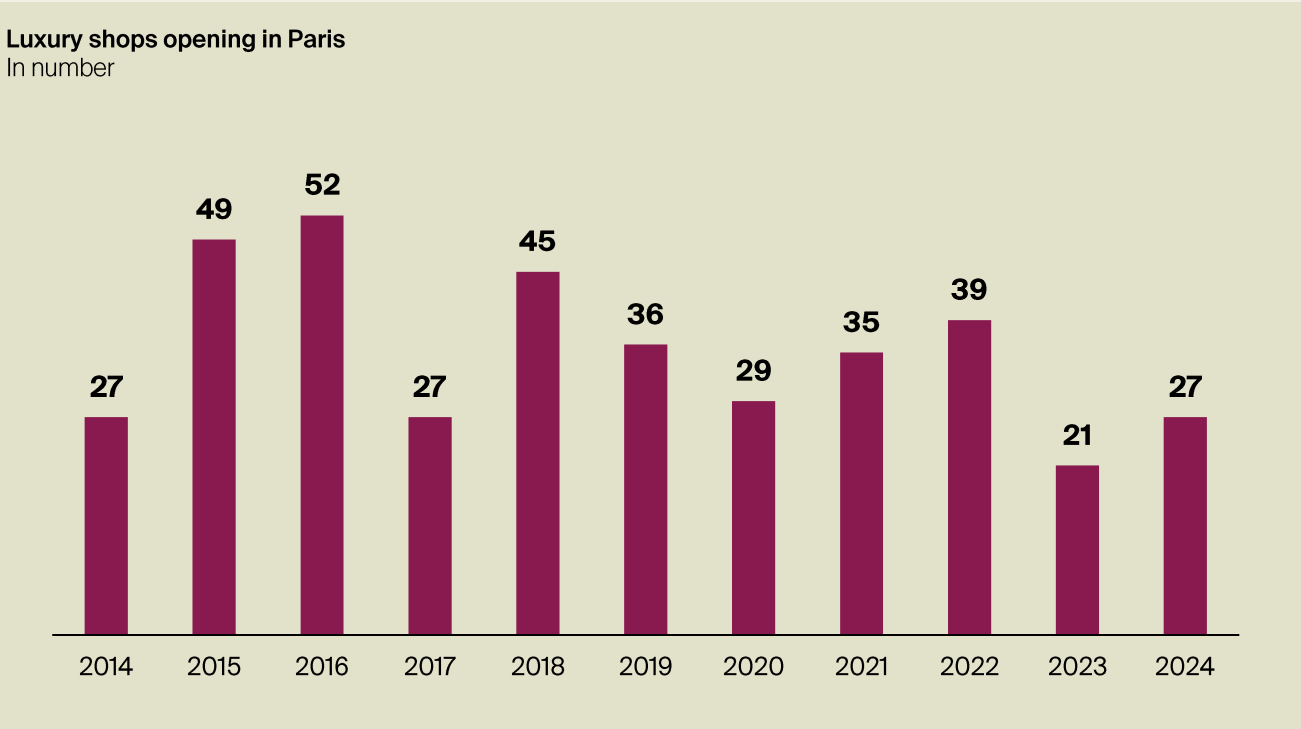
The luxury market

Slowdown in openings in Paris

After two particularly dynamic years in 2021 and 2022, followed by a drop in 2023 in the opening of luxury boutiques in Paris, there was an upturn in 2024. A total of 27 openings were recorded over the year, 6 more than the previous year but below the average number of openings over the last ten years (36).

Avenue des Champs-Élysées remains particularly popular with luxury brands,

however, certain prime streets also stand out: avenue Montaigne and rue François 1^{er} in the Golden Triangle, and rue Saint-Honoré and rue du Faubourg Saint-Honoré, for example.



Messika
Inauguration of the flagship store at 52 av. des Champs-Élysées in July



**The French
retail property
market**

Retail complexes

Retail complexes

Drop in construction starts to one of the lowest levels

After the 2020 crisis triggered by the outbreak of the health crisis, authorisations and construction starts for new retail space rebounded in 2021 and 2022. The trend reversed again in 2023, as a result of the dense territorial network and the maturity of the retail property stock, the proliferation of appeals and the tightening of regulations (ZAN, etc.). In 2023, for example, the CDACs recorded a 30% drop in the number of notices and decisions, while the total sales area under review had plunged by 25% compared to 2022.

The downward trend continued in 2024, albeit at a more moderate pace: -4% year-on-year in authorised areas, while starts have stabilised to a certain extent (-1%). Looking at the details, the level of authorised areas is 7% below the ten-year average, and -21% for areas started, with 2.2 million sq m of retail space started, one of the lowest levels recorded in twenty years.

In 2024



AUTHORISED AREAS

-4%

Year-on-year

-7%

Vs 2014-2023 average



AREAS STARTED

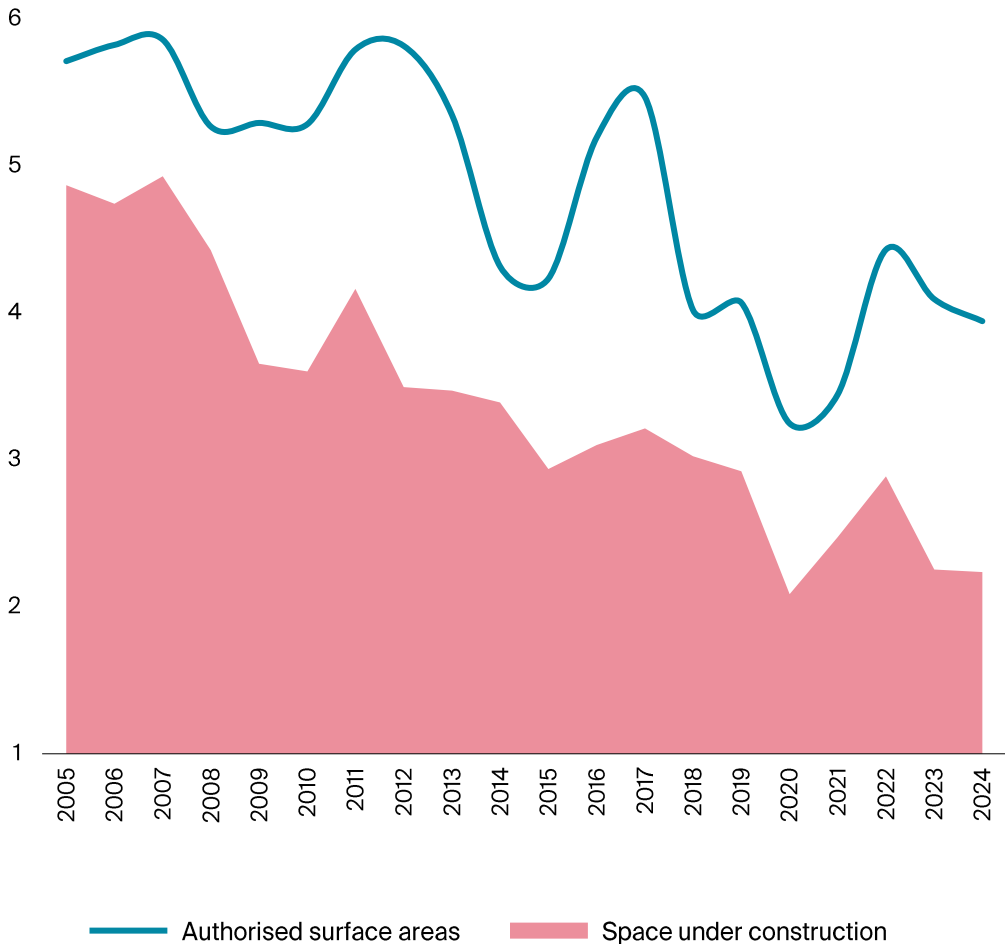
-1%

Year-on-year

-21%

Vs 2014-2023 average

Commercial space authorised and started
In mainland France, in millions sq m



Retail complexes

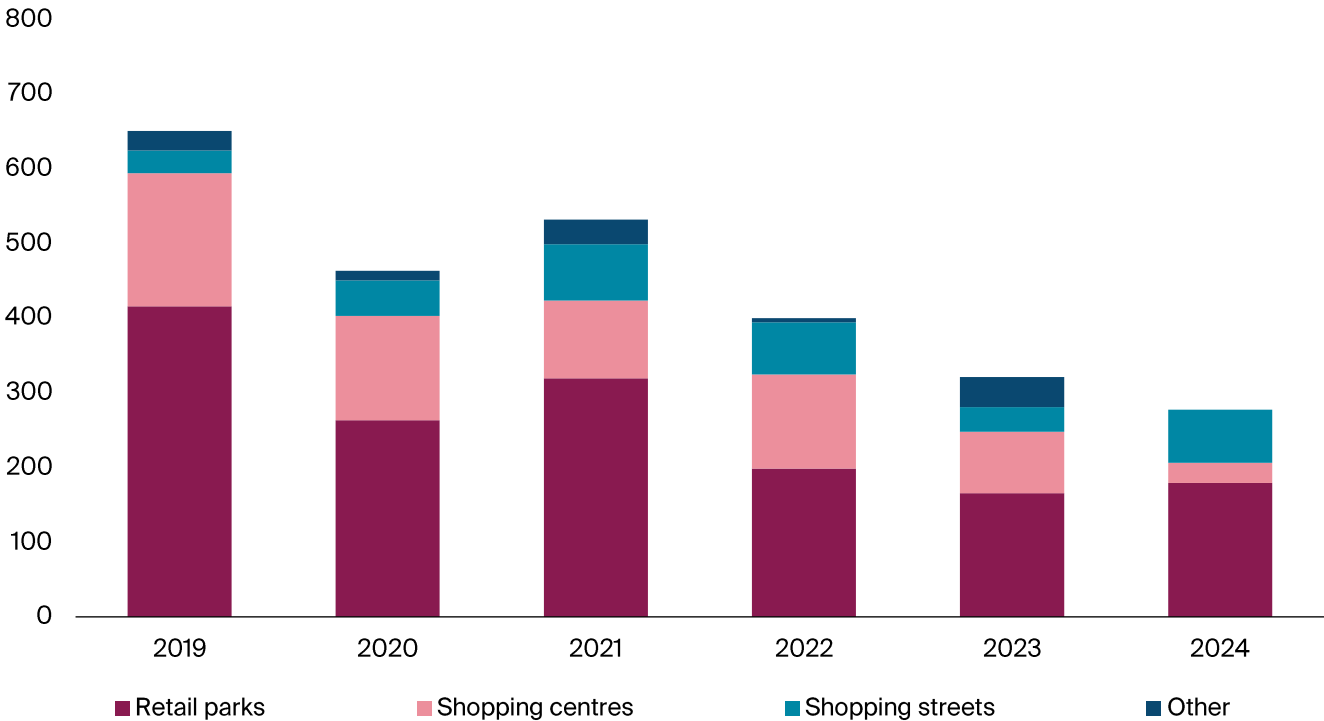
Increasing scarcity of new retail space

Except for a surge in 2021 due to a catch-up effect, the drop in the creation of new square metres has continued since it began in 2020. In total, less than 280,000 sq m (all formats combined) were inaugurated in France in 2024, a performance far below the average of the five years preceding the health crisis (730,000 sq m).

However, the completion of several large-scale projects, such as Neyrpic near Grenoble (34,300 sq m) and the second phase of Parenthèses in Persan (10,500 sq m), has helped to mitigate the decline. Beyond the increasing difficulties in obtaining planning permission and the acceptance of projects, large-scale retail complexes (>10,000 sq m) are becoming increasingly rare, causing a mechanical drop in the volumes delivered year after year.

Retail parks continued to dominate new production in 2024 (65% of areas delivered), while the share of openings in retail streets increased, driven by the delivery of several large-scale projects (Le Village des Rosiers and La Communale in Saint-Ouen, Le Belvédère in Bordeaux, among others).

Retail openings in France by format
In thousands of sq m, for projects >5,000 sq m new or extended

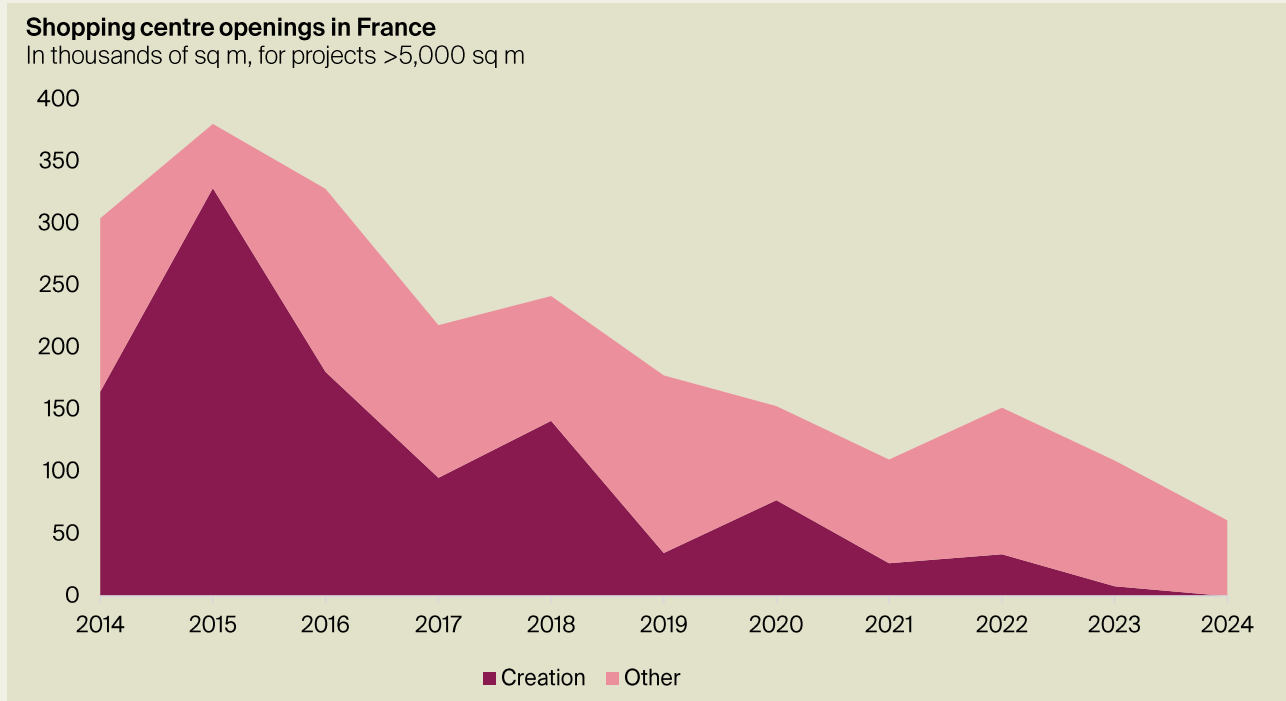


Retail complexes

Priority given to repositioning **existing** shopping centres

After a rebound in the opening of new sq m of shopping centres in 2022, the trend has since clearly reversed. In 2024, just over 60,000 sq m were completed, a 44% drop year-on-year, with all the space related to redevelopment, transformation or extension projects. Among the completed operations, three concern the Greater Paris Region (Boom Boom Villette in Paris, Nikito Domus in Rosny-sous-Bois and the extension of the CNIT in La Défense), while two others were completed in the Calvados and Moselle regions.

The number of shopping centres created from scratch has been steadily declining. They accounted for only 7% of the space delivered in 2023, compared with an average of 26% in the previous five years and up to 86% in 2015, a record year marked by the completion of 17 shopping centres of more than 5,000 sq m.



2.6

Billion visitors
to shopping centres in 2024

+1.1%

Visitor numbers
in shopping centres in 2024 compared with 2023
(after +1.9% in 2023)



Duration of visit
down in December, across all sizes of centres

Retail complexes

Priority given to repositioning **existing** shopping centres

Examples of recent shopping centre openings in France
Since 2023

Centre	Town	Type	Area (sq m)
BOOM BOOM VILLETTE	PARIS (75019)	Redevelopment/Conversion	24.000
LE SPOT	EVRY (91)	Redevelopment/Extension	20.000
GRAND PLACE	GRENOBLE (38)	Redevelopment/Extension	16.400
LECLERC	LAON (02)	Transfer/Extension	14.300
CNIT	PUTEAUX (92)	Extension	10.100
NIKITO (Domus)	ROSNY-SOUS-BOIS (93)	Redevelopment	10.000
LECLERC	HONFLEUR (14)	Transfer/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/Conversion	7.200
BEAULIEU	NANTES (44)	Extension	4.200

Retail complexes

New retail park openings **stable**

Driven by consumer enthusiasm for this format, the creation of retail parks picked up again in 2024 after several years of slowdown. Over the year, a total of 200,000 sq m were completed, a level comparable to that of 2023. Pure creations accounted for 83% of the sq m delivered (compared with 42% in 2023 and 61% on average over the last five years). Despite this recovery, the market remains far from the pre-pandemic levels (470,000 sq m delivered in 2019).

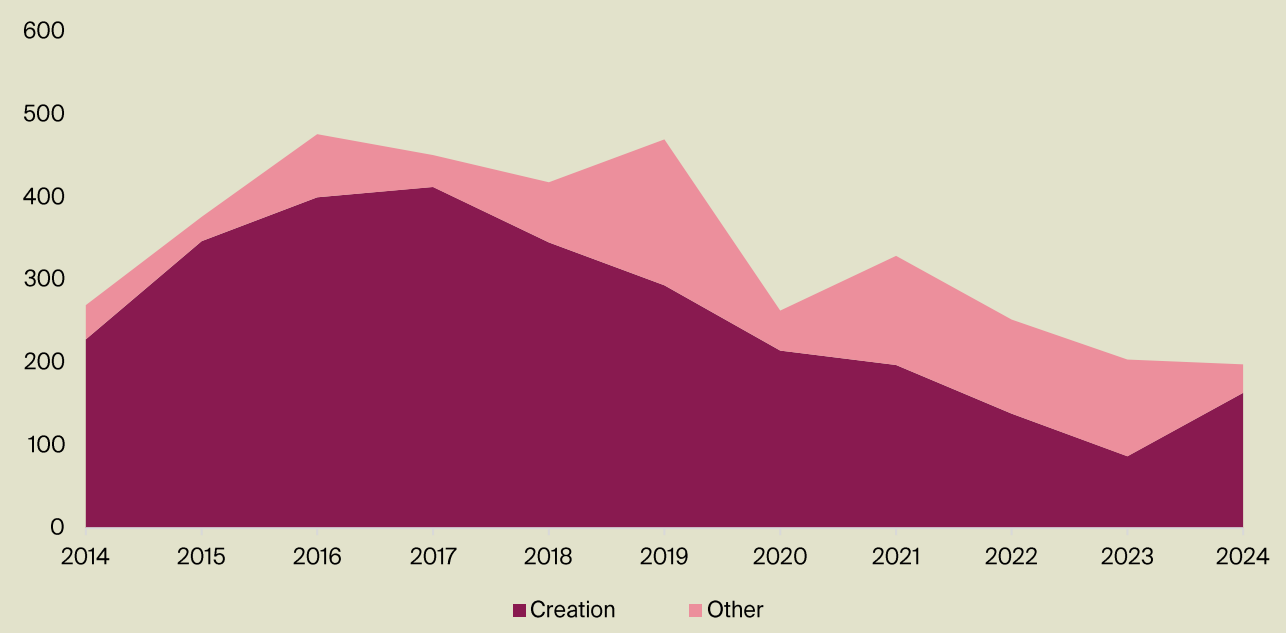
Whilst the volume of sq m inaugurated is holding steady, the projects themselves are now on a smaller scale, mostly between 5,000 and 15,000 sq m. The only notable exception is Neyrpic, near Grenoble, which stands out with more than 34,000 sq m of retail, leisure and restaurant space.

NEYRPIC
Saint-Martin-d'Hères

Inaugurated in **October 2024**
110 shops, leisure facilities and restaurants
34,300 sq m developed by Apsys

Retail park openings in France

In thousands of sq m, for projects >5,000 sq m



Retail complexes

New retail park openings **stable**

Examples of recent retail park openings in France
Since 2023

Centre	Town	Type	Area (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)	Redevelopment/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)	Redevelopment/Extension	11.000
PARENTHESSES	PERSAN (95)	Extension	10.500
LA VIGIE	GEISPOLSHHEIM (67)	Extension	10.000
ZONE COMMERCIALE DES SOARNS	ORTHEZ (64)	Extension	9.200
LE MONKY	LAVAL (53)	Creation	7.000
LES PRÉS BLANCS	HERBIGNAC (44)	Creation	6.000

Retail complexes

Conversion

premium: increase in initiatives

Given the density of the retail network and the need to reduce land use, transformation is more relevant than ever for the repositioning of retail complexes in France.

Shopping centre owners have been taking the initiative for several years now to:

- **Diversify uses** and meet the needs of the local population (coworking, medical centres, etc.);
- **Diversify the retail mix** and optimise rental income;
- **Re-think the integration** of retail complexes in the city.

There has been an acceleration in the pace of transformation in recent quarters, driven by initiatives from distributors, developers and real estate companies, whilst the government has rolled out its national programme for the regeneration of entrances to towns and cities.

GROWING CHALLENGES

- Meeting the **requirements of regulations** and the challenge of **climate change** (zero-energy buildings, energy efficiency, etc.)
- Promoting the urban integration of retail sites and **managing the risk of retail** vacancy
- Meeting the **new expectations of consumers** and demographic changes
- Supporting the growth of the suburbs and **meeting the needs** of the population
- Monitoring the **financial equilibrium** of operations: production costs, affordable rents for retailers, etc.
- Understanding **all the different aspects** (size, performance, accessibility, etc.) of retail sites

INCREASED INITIATIVES



‘**Cities and Businesses**’ partnership since July 2023 to transform:

- **76 sites in city centres and at the entrances to cities**
- totalling **800,000 sq m**,
- to be redeveloped as part of **urban mixed-use projects**.

These projects will create **12,000 housing units, 120,000 sq m of retail space, 10,000 sq m of offices and light industrial space and 17,000 sq m of hotel space**. The property vehicle is 80% owned by Carrefour and 20% by Nexity.



‘**Action Cœur de Ville**’ is the second phase of the programme launched at the end of 2022 and covers the 2023-2026 period to continue and accelerate the transformations undertaken over the past five years:

- **€90 M** to finance the expertise and operational engineering necessary for the projects to be carried out
- **€500 M** to invest in operations carried out by private players or public-private partnerships
- **€700 M** to finance projects with loans
- **€1.2 B** invested by CDC Habitat for the construction or renovation of 8,000 housing units
- **80%** of these funds will be allocated to ecological transformation

This vehicle is owned by Banque des Territoires, CDC Habitat and Frey.

Retail complexes

Conversion premium: Spotlight on the plan to transform retail zones

After an initial selection of 74 winners by the Government, 16 new projects have been added to the plan for the transformation of retail zones, bringing the number of sites undergoing a complete transformation to 90.

This plan has three key objectives:

- Transform retail zones at the entrance to the city into real community spaces adapted to today's challenges.
- Enhance the attractiveness of the areas and improve the architecture and urban planning of these spaces.
- Adapt these sites to new consumption habits and economic and environmental requirements: diversification of uses, creation of housing, rewinding of spaces and land conservation.

With 26 million euros already committed, an additional 5.4 million euros will now be injected into the transformation plan. In response to the high number of applications for this invitation to express interest, a third selection phase was held in autumn 2024.

► 90

Retail zones

Supported in 2024 in their urban and retail redevelopment (the first 74 winners, then 16 additional winners announced in May)

► 31.4

Million euros

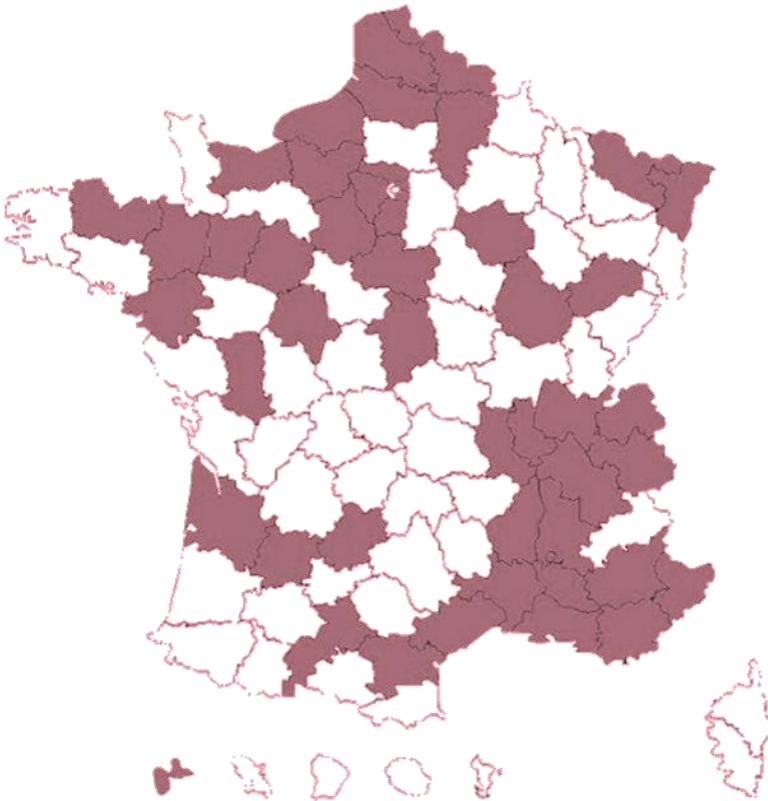
Financial support from the State to assist the winners

► 25,000

Housing units planned

In addition to mixed-use development (retail, offices, public facilities, etc.)

Geographical distribution of the first winners of the transformation plan 74 projects supported





The French
retail property
market

The French investment market

Key figures

	2024	2023	Annual change
French retail investment volumes	€2.7 B	€3.6 B	▼
Retail share*	23 %	26 %	▼
Number of transactions > €100 M	9	8	▲
Greater Paris Region share of investment volumes**	52 %	52 %	=
Share of foreign investors**	18 %	35 %	▼
High streets prime yield	4.25 % - 4.50 %	4.25 % - 4.50 %	=
Shopping centres prime yield	6.00 % - 6.25 %	5.75 % - 6.00 %	▲
Retail parks prime yield	6.50 % - 6.75 %	6.50 % - 6.75 %	=

*Share expressed in terms of all volumes invested in France, all types of assets combined.
 **Share expressed in terms of all volumes invested in France, in retail.

The French investment market

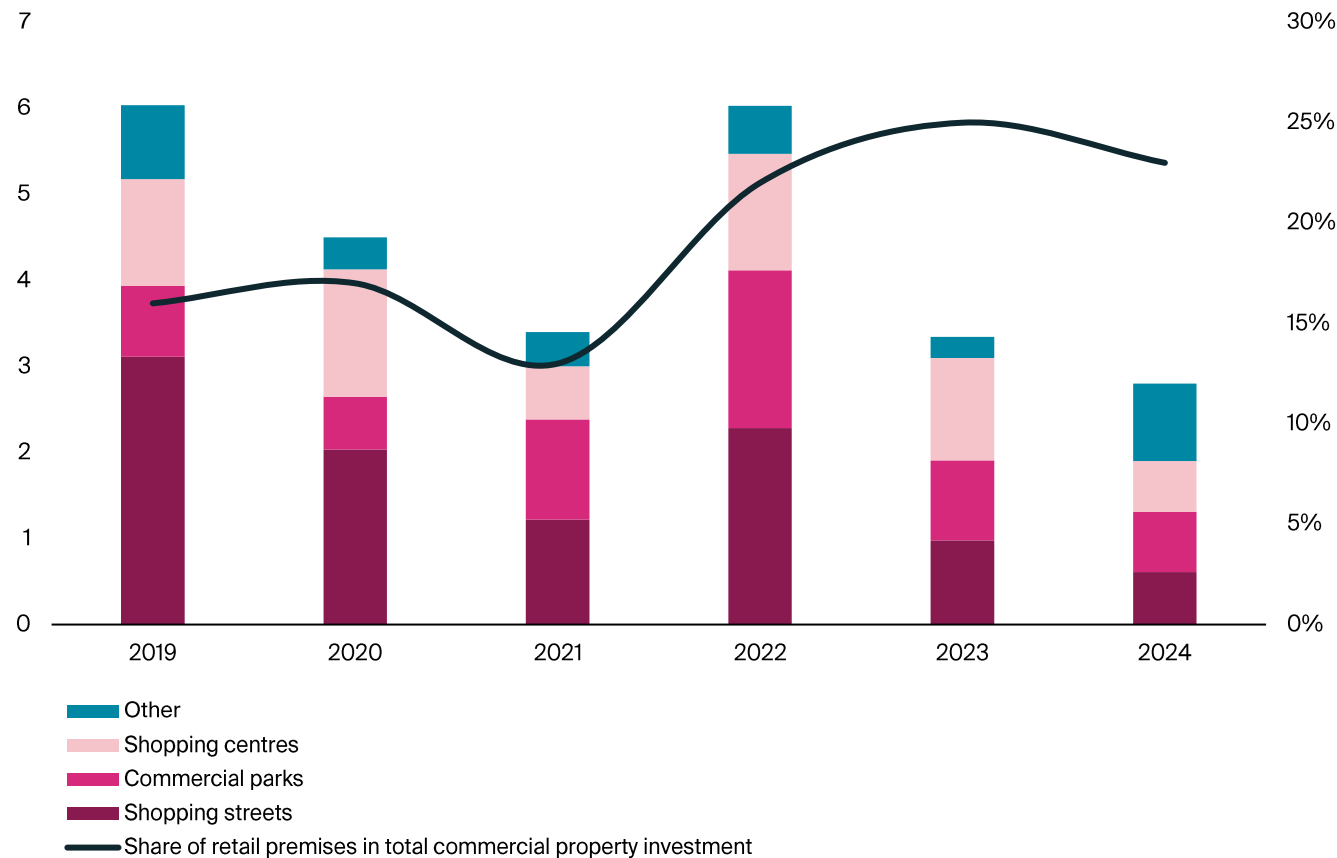
Sharp drop in investment volumes

Retail property continued to attract investors in 2024, although the latter were increasingly selective in their acquisitions. The share of retail properties in corporate real estate investment volumes has stabilised at around 25%, confirming the end of the retail bashing seen over the past decade. However, in a market context not conducive to large-scale capital investment, the volumes invested in this asset class remain moderate. 2024 was marked by strong activity in the hypermarket and supermarket category, totalling nearly 840 million euros in transactions. The ongoing dismantling of the CASINO Group and the sale of the premises of numerous shops have automatically fuelled this dynamic, alone accounting for 40% of investments. However, this trend reflects the structural attraction of investors to these so-called ‘essential’ shops, with 3.5 billion euros invested since 2019.

The shopping centre category, on the other hand, remained relatively sluggish in 2024, despite two large transactions in the Greater Paris Region, each exceeding 200 million euros. O’Parinor was acquired at the beginning of the year by the KLEPIERRE/SOFIDY joint venture, following a marketing campaign led by KNIGHT FRANK, while CDC INVESTISSEMENT IMMOBILIER acquired a 15% stake in Westfield Forum des Halles at the end of the year.

Regarding high street shops, only two transactions of more than 100 million euros were recorded in 2024. However, 2025 is shaping up to be more dynamic in this category, hinting at a rebound in activity.

Retail property investment volumes in France
In billions of euros, as a % of total



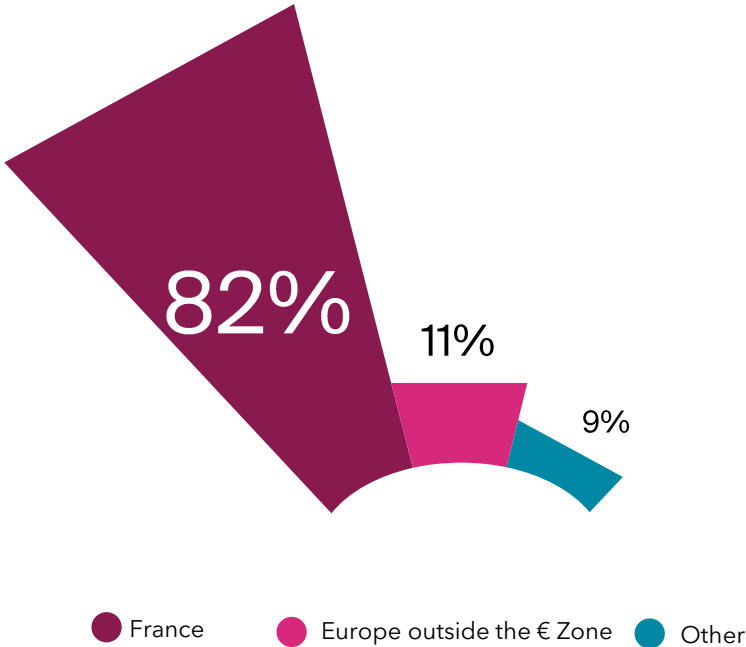
The French investment market

French investors increase their lead

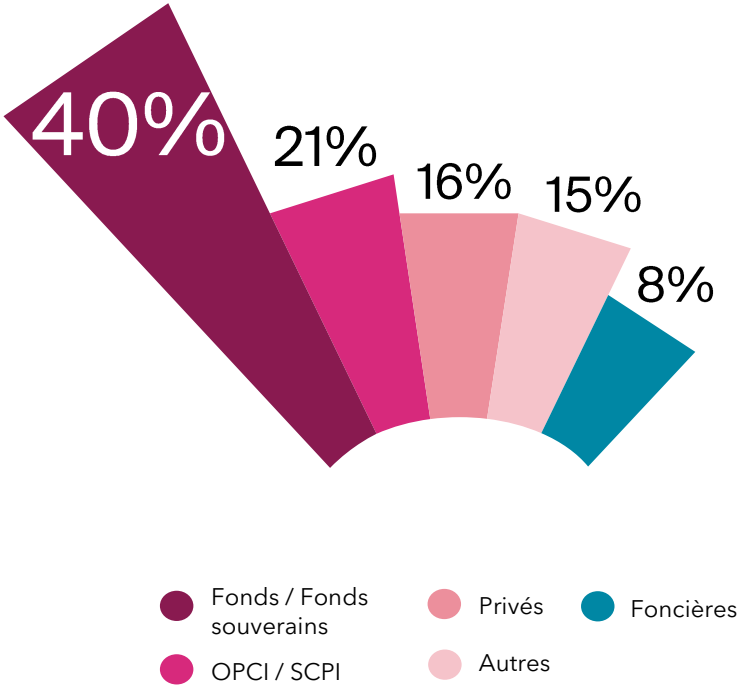
Foreign investors made few acquisitions in 2024, but the most significant transactions testify to their confidence in the French retail sector. The Swedish fund AB SAGAX invested almost 230 million euros to become the majority owner of a portfolio of around 40 METRO wholesale premises, while BLACKSTONE spent approximately 150 million euros on the acquisition of the retail part of the Mandarin Oriental hotel, located on the prestigious rue Saint-Honoré in Paris.

In terms of domestic investors, who are largely dominant in the market, the appetite for retail property has been seen across a range of profiles. This is evidenced by the seven transactions with a unit value of more than 100 million euros completed in 2024, involving players with a range of profiles: insurance companies, listed property companies, investment funds, sovereign wealth funds, private investors, developers and SCPIs.

Breakdown of volumes invested in retail property
In % in 2024, by geographical origin



Breakdown of volumes invested by type of investor
In % in 2024, by investor type



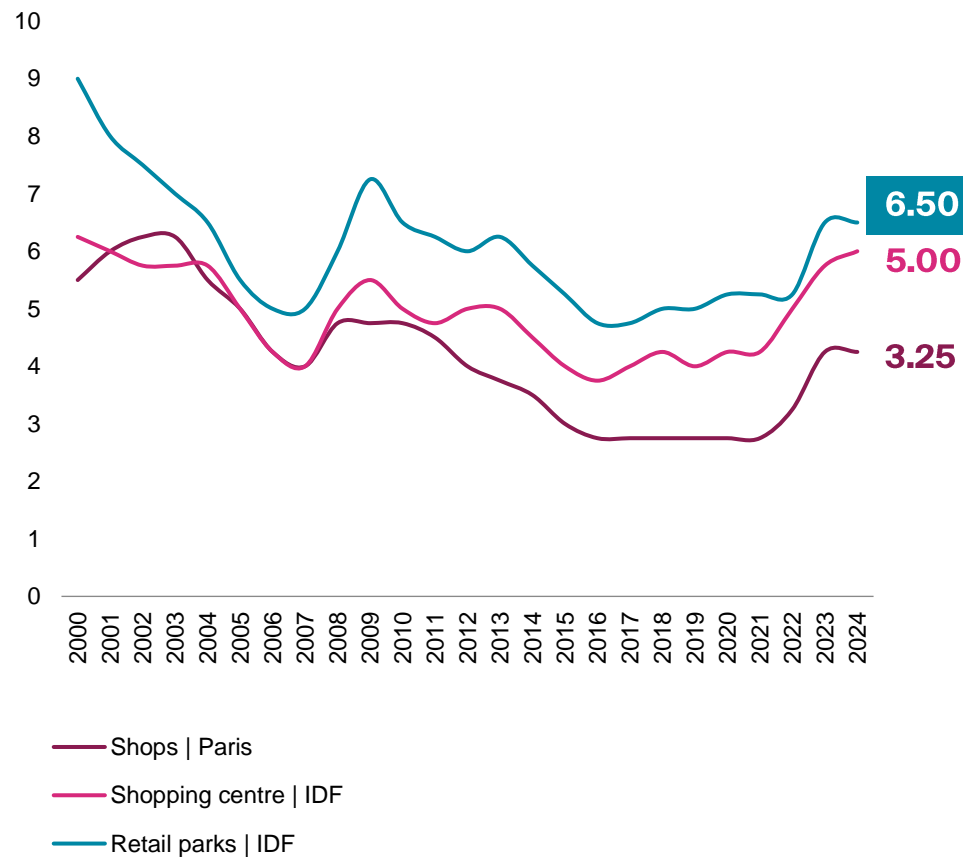
The French investment market

Widespread yield decompression

The increase in prime yields began earlier for retail than for other asset classes, accelerating between 2022 and 2023. This trend abated in 2024, as the correction in values appeared to have been absorbed for this asset class, in parallel with the easing of the monetary policy.

Whilst prime yields for assets in the most sought-after neighbourhoods of Paris have remained relatively low, the past revaluation of retail parks in the suburbs and shopping centres has increasingly drawn investor attention to these types of properties, leading to the beginning of yield compression for the best products in ongoing transactions.

Prime retail yields in France
In %, end of period



The French investment market

Major retail property transactions in 2024

Address / Asset	Type	Town	Seller	Buyer	Price
Westfield Forum des Halles (15% of shares)	SC	Paris 1 st	UNIBAIL RODAMCO WESTFIELD	CDC INVESTISSEMENT IMMOBILIER	> €200M
METRO portfolio	OTH	France	AMUNDI	AB SAGAX	> €200M
30 Hypermarkets	HYP/SUP	France	GROUPE CASINO	TIKEHAU CAPITAL	> €200M
O'PARINOR	SC	Aulnay-sous-Bois (93)	HAMMERSON / PATRIZIA	SOFIDY / KLEPIERRE	> €200M
Mandarin Oriental (retail part)	HS	Paris 1 st	MANDARIN ORIENTAL HOTEL GROUP	BLACKSTONE	€100-200M
Hyperthetis portfolio	HYP/SUP	France	MERCIALYS / BNP PARIBAS REIM	FONCIÈRE MAGELLAN/ MTV CAPITAL/ CIMEA PATRIMOINE	€100-200M
Promenade de Flandres	RP	Neuville-en-Ferrain (59)	CEETRUS/ NHOOD	BATIPART	€100-200M
4 Retail Parks	RP	France	FREY	BATIPART	€100-200M
7 rue Meyerbeer (retail part)	HS	Paris 9 th	FAMILLE ROYALE DU QATAR	ACOSS (URSSAF)	€100-200M
SLB portfolio (Carrefour Market)	HYP/SUP	France	CARREFOUR	SUPERMARKET INCOME REIT	< €50M

NB: HS high street, RP retail parks, SC shopping centres, HYP/SUP hypermarkets & supermarkets, OTH others

< €50M
€50-100M
€100-200M
> €200M



Outlook

Positive outlook for the retail property market in 2025



MACROECONOMIC CONTEXT

1. A slight rebound in economic growth and in consumption, as announced by the Banque de France and facilitated by high levels of precautionary savings;
2. A more optimistic mood that should be reflected in household confidence;
3. An outlook that is highly dependent on a stable political context and budgetary measures that safeguard household purchasing power.



RETAIL MARKET

1. Stabilisation of Market Rents for all types of assets;
2. A vacancy rate that is expected to rise; A contrasting vacancy situation with, on the one hand:
 - 2.1. High street and retail parks that are doing well, attracting retailers and consumers;
 - 2.2. Shopping centres, especially the older ones or those that have not benefited from recent renovations, under pressure
3. Anticipated double-digit growth in e-commerce sales, driven by the dynamism of the services sector.



FORMATS & CONCEPTS

1. A strengthening of certain retail formats (flagship, pop-up, etc.) and sectors, such as sportswear and luxury goods. However, there is a potential risk of saturation for certain rapidly developing sectors (discount, fast food, etc.).
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 roll-out of new concepts focusing on technology: between hyper-personalisation of purchases and a connected customer experience, combining physical and digital commerce

The Knight Frank Research department

offers market analysis and strategic property consultancy services for a wide range of French and international clients, including private investors, institutions and users.

The data used for this study comes from sources widely recognised for their accuracy, as well as from Knight Frank property market monitoring tools.



All of the studies are available on KnightFrank.fr



The French property markets | 2024 review
& 2025 outlook | January 2025



The French investment market | 2024
review



The Greater Paris Region office market |
2024 review



Vincent Bollaert

CEO France

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

vincent.bollaert@fr.knightfrank.com



Magali Marton

Head of Research

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

magali.marton@fr.knightfrank.com



Antoine Grignon

Head of Capital Markets

+33 (0)1 43 16 88 70
+33 (0)6 73 86 11 02

antoine.grignon@fr.knightfrank.com



Jeremy Steu

Retail leasing Consultant

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

jeremy.steu@fr.knightfrank.com



Elsa de Briganti

Retail leasing Consultant

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

elsa.debriganti@fr.knightfrank.com

Knight Frank at a glance

Founded over 125 years ago in Great Britain, the Knight Frank group today provides its expertise as an international property consultancy with over 27,000 people working from more than 740 offices in 50 countries. Its French branch, established over 50 years ago, operates in the corporate and residential real estate markets.

With more than 100 people working out of Paris, Knight Frank France is structured around five service lines: office marketing and occupier advice (Occupier & Landlord Strategy and Solutions), workplace design (Design & Delivery), investment (Capital Markets), retail leasing and valuation with its subsidiary Knight Frank Valuation & Advisory.

