

# The French Investment Market

H1 2025

The investment market

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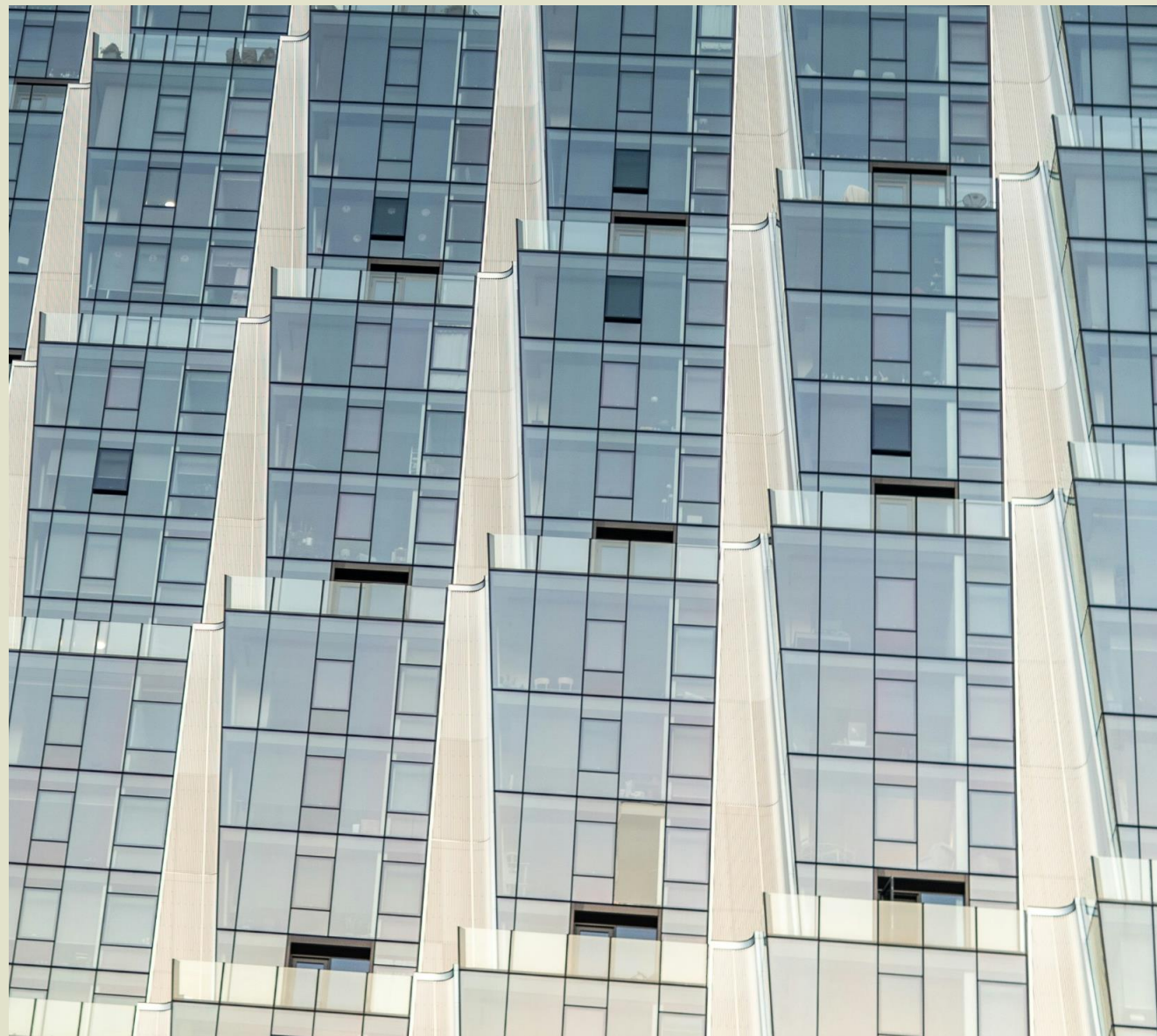




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# 01. General trends

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# Moderate economic recovery, amid geopolitical and industrial constraints

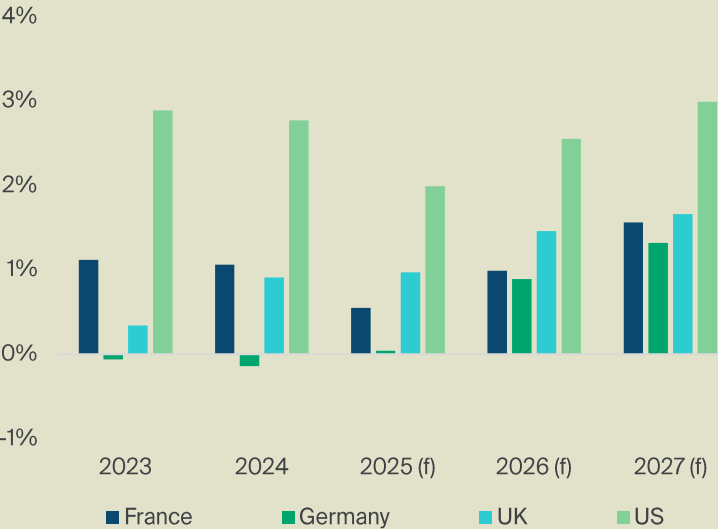
The French economy is entering the second half of 2025 in a climate of transition, between cyclical slowdown and the first signs of recovery in the eurozone. After marginal growth in the first quarter (+0.1% quarter-on-quarter), held back by continuing restraint in household consumption and a decline in exports, annual growth is expected to slow to 0.5%.

However, several factors point to a gradual turnaround. The sharp decrease in inflation, which has fallen below 2% in the eurozone, is improving the outlook for purchasing power without triggering an immediate recovery in demand. This supports the cycle of interest rate cuts initiated by the ECB, with a possible further reduction in September, which will ease financing conditions.

At a European level, rising defense spending and German budgetary support are significant growth drivers for 2025 and 2026. However, obstacles remain: persistent industrial weakness, trade tensions with the United States, and uncertainty surrounding the Chinese economy. In this context, the recovery is expected to be gradual, but the foundations for a rebound appear to be consolidating.

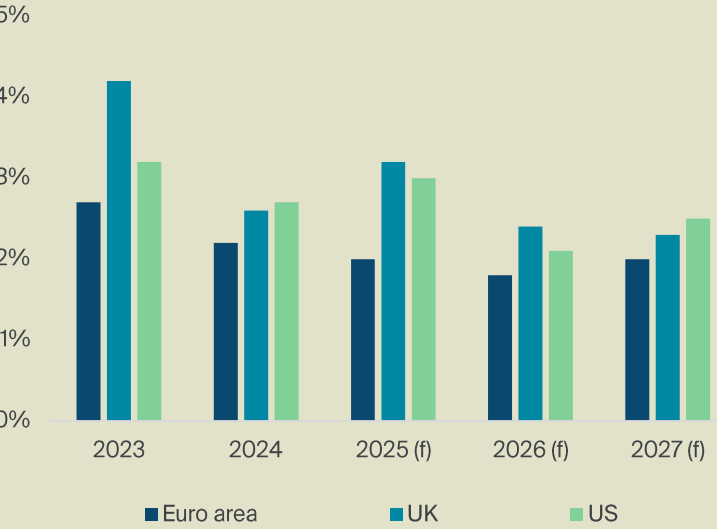
## GDP

As a %, annual growth



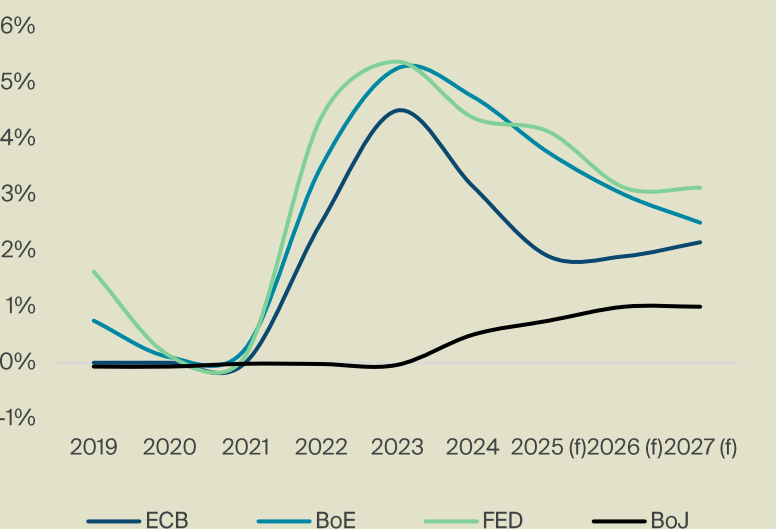
## Inflation

As a %, annual growth



## Central bank key interest rates

As a %



# Key figures for the commercial real estate investment market in France

	H1 2025	H1 2024	Annual change
French investment volumes	€5.7 B	€5.3 B	▲
Number of transactions	214	307	▼
Number of transactions > €100 M	14	14	=
Proportion of transactions > €100 M*	52 %	42 %	▲
Share of portfolios*	33 %	20 %	▲
Share of volumes invested in the Greater Paris Region*	64 %	52 %	▲
Share of foreign investors*	31 %	35 %	▼
Share of offices*	41 %	48 %	▼
Share of retail*	31 %	22 %	▲
Share of industrial*	28 %	30 %	▼
Prime Office yield	4.00 % - 4.25 %	4.25 % - 4.50 %	▼
Prime Retail yield	4.25 % - 4.50 %	4.25 % - 4.75 %	▼
Prime Logistics yield	4.75 % - 5.00 %	4.75 % - 5.00 %	=

\* Share of total volumes invested in France, all asset types combined

Source : Knight Frank

# H1 2025: limited volumes, but positive signs for large transactions

In an international context marked by persistent geopolitical tensions, particularly in the Middle East, the South China Sea, and Eastern Europe, the global economy is evolving cautiously. The uncertainty weighing on financial markets and the economy is complicating investors' ability to plan for the medium term. In the second quarter of 2025, this situation led to a slowdown in commercial real estate investment momentum, due notably to longer transaction completion times.

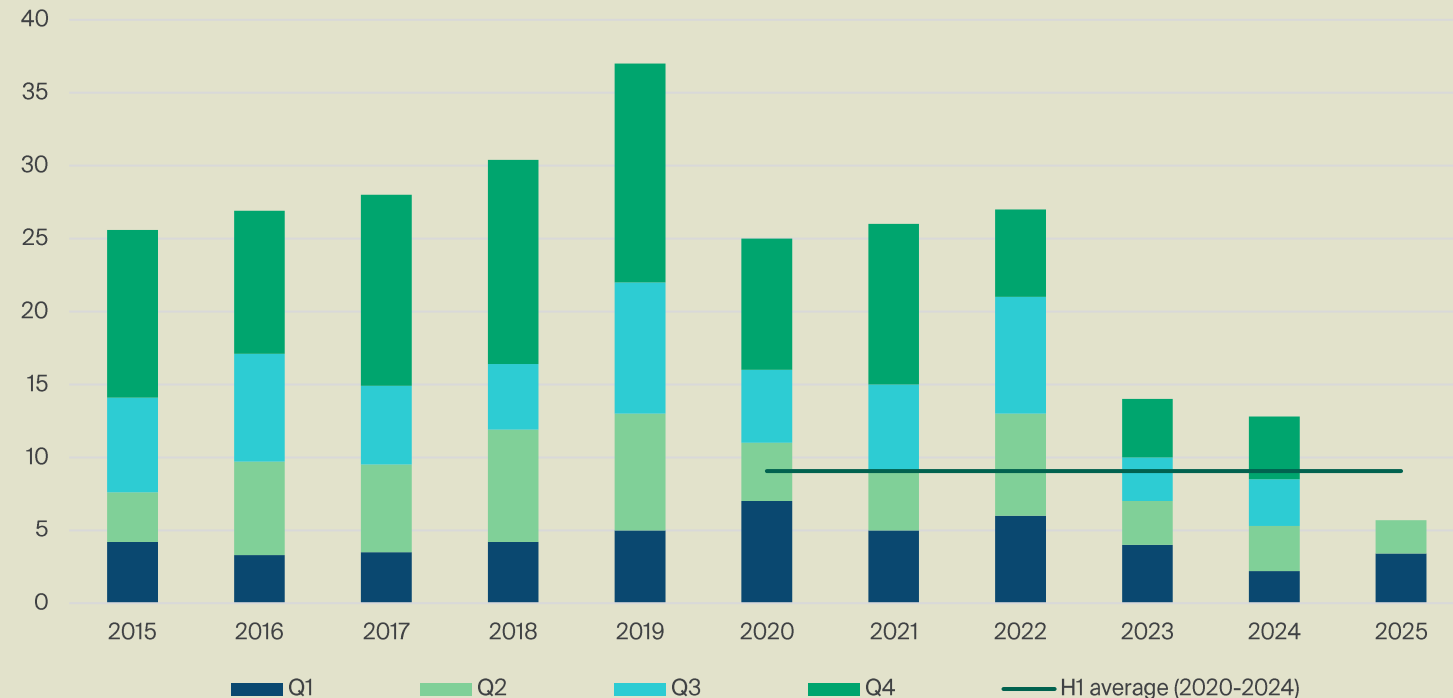
The amount invested between April and June was approximately €2.3 billion, down from €3.1 billion in the second quarter of 2024. Nevertheless, the momentum at the start of the year has enabled half-year performance to remain positive: in the first six months of 2025, the French market totalled €5.7 billion in investments, up 7% compared with 2024.

The key lesson from the first half of the year is the increase in the average transaction size. This is now approaching €30 million, compared with €20 million a year ago. Transactions exceeding €100 million totalled nearly €3 billion between January and June, compared with €2.2 billion in the same period in 2024.

Beyond completed transactions, the volume of deals underway is also growing. At the end of June, nearly €4.5 billion in assets were under exclusive negotiation or subject to a sales agreement, compared with €3.8 billion at the end of the first quarter. However, this momentum remains uneven: office real estate dominates the pipeline with nearly €3 billion, retail has passed the €1 billion mark, whilst deals nearing completion are rarer for warehouses.

## French commercial real estate volumes

In billions of euros, by quarter



Source : Knight Frank

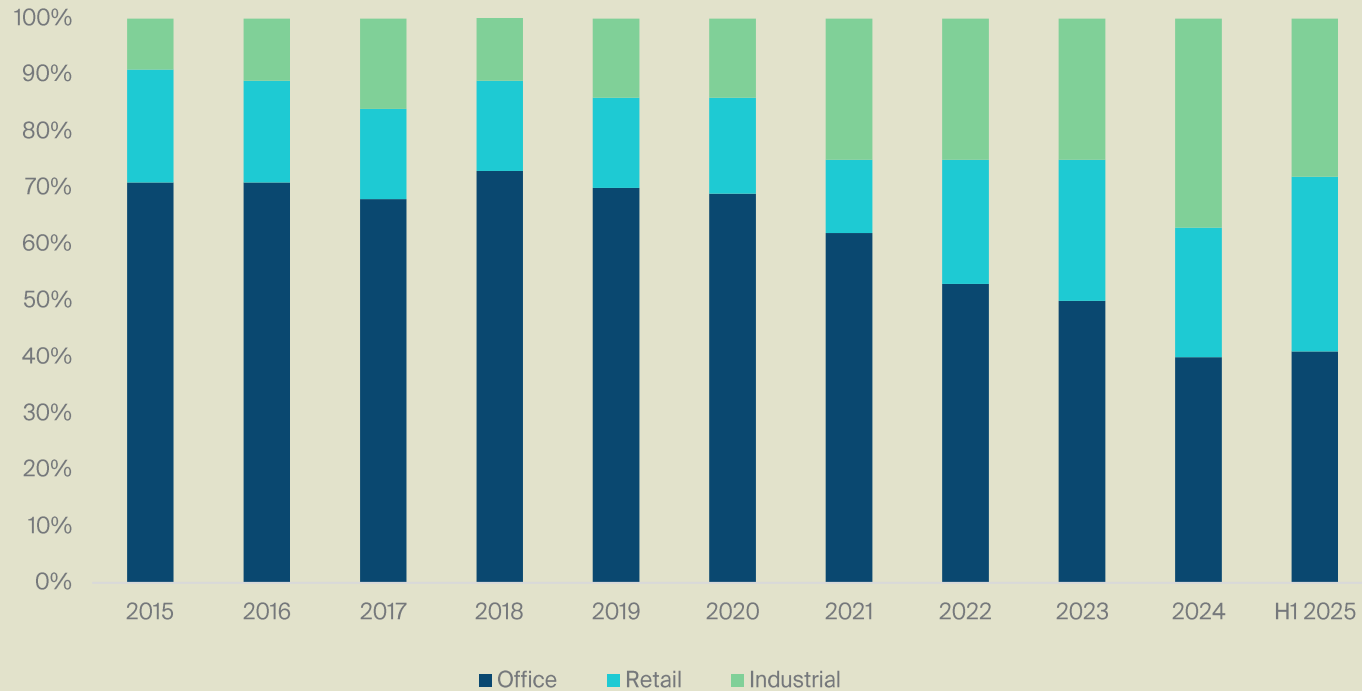
# Offices remains dominant, industrial benefits from spring momentum

As the property market enters a new cycle, investors are continuing to diversify their portfolios in response to changing lifestyles, economic developments and demographic trends. This trend was already evident in 2024, when a significant shift took place: for the first time, office assets no longer accounted for most of the investment in commercial real estate, falling below the 50% threshold.

In the second quarter of 2025, the sectoral breakdown of investments showed contrasting movements across asset classes. Industrial real estate had a strong spring, accounting for more than 35% of investment volumes, despite a limited number of major portfolios currently being marketed. The retail sector, which was buoyant in the first quarter thanks to two significant transactions, experienced a slowdown, accounting for only 17% of investments. Office real estate remains dominant, with a market share of over 40%, still driven by the Greater Paris Region, and particularly the Central Business District, although the La Défense sector is showing significant signs of improvement.

Over the half-year, the breakdown of investments reflects the three-way split anticipated at the start of the year: offices (40%), industrial (30%) and retail (30%).

**Breakdown of volumes invested in commercial real estate in France**  
As a %, by asset type



Source : Knight Frank

# Domestic investors calling the shots in a turbulent international context

After hitting a historic low in 2023, the return of foreign investors in 2024 demonstrated their interest in the French commercial real estate market. The first half of 2025 continued this trend: with approximately €1.8 billion invested between January and June, volumes remained stable compared to the same period last year.

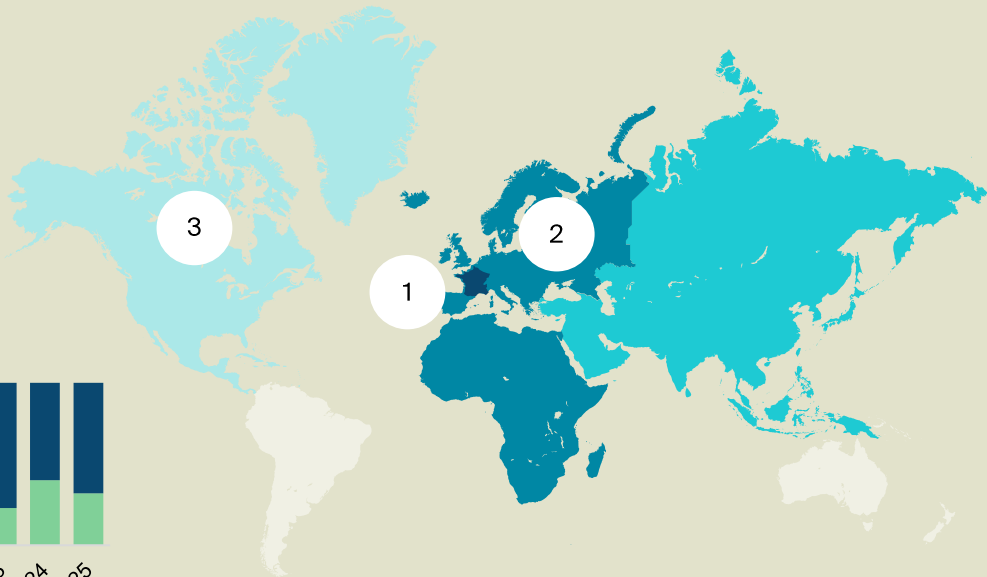
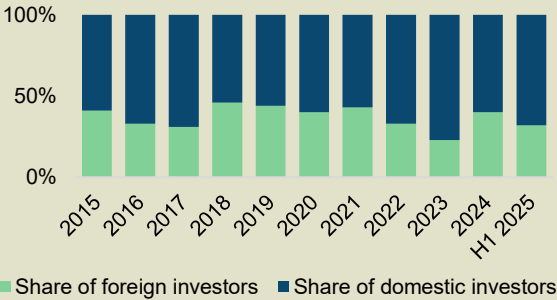
However, the market share of foreign capital is down slightly, which is logical given the stronger recovery in domestic investment.

For several years now, international investors, particularly North American investors, have focused their appetite on industrial real estate, with numerous warehouse acquisitions. Since the beginning of 2025, more than €1 billion of this type of asset has been added to the portfolios of non-domestic investors.

However, the start of this year has been marked by an acceleration in foreign investment in the office sector, which, with €700 million invested, is 48% higher than a year ago at the halfway point of the year.

**Breakdown of investment volumes in France by geographic origin**  
As a %, of the volume invested in commercial real estate

1	France	69%
2	Europe	23%
3	North America	7%
	Others	1%



Source : Knight Frank



# A market driven by funds and the gradual return of institutional investors

Investment in commercial real estate in France remains mainly driven by funds, which continue to set the pace in a market undergoing major changes.

Investment funds, including sovereign wealth funds, largely dominate activity, accounting for more than 60% of volumes committed since January. Of the 14 acquisitions exceeding €100 million recorded in the last six months, nine were carried out by this type of player.

In the first quarter, they were particularly active in the retail and office sectors. Notable transactions included ARDIAN's acquisition of a Parisian high street portfolio, NBIM's (the Norwegian sovereign wealth fund) acquisition of Tour Trinity, and CDC's acquisition of the Westfield Forum des Halles shopping centre.

The second quarter saw funds refocus on industrial real estate. AEW, in partnership with CDC funds, purchased a warehouse portfolio from Columbia Threadneedle. Ares Management finalised the purchase of the Sun portfolio assigned by DWS, while Blackstone sold five assets to EQT Real Estate.

These three transactions were completed for amounts ranging from €115 million to €150 million.

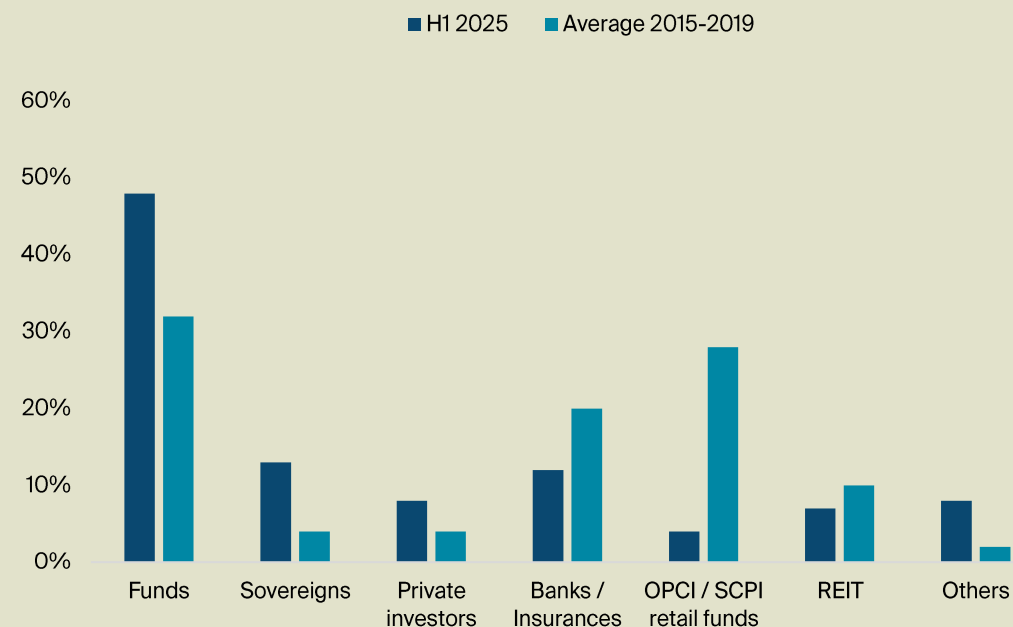
Although still below their average market share prior to the health crisis, insurance and mutual insurance investors are gradually returning to the market. Two significant transactions illustrate this return in the second quarter.

The Renaissance building, a mixed-use office/retail asset located in the 8th arrondissement of Paris, was sold by Ardian to ACOSS for more than €300 million. Meanwhile, the FGAO (formerly the Fonds de Garantie Automobile) invested €100 million to acquire a 30% stake in two buildings also located in the Paris CBD: the Rossini and the Astorg.

This gradual return of large institutional investors with a 'core' and 'core+' profile, whether sovereign wealth funds or insurance companies, reflects renewed confidence and interest in commercial real estate in France compared to other asset classes.

## Breakdown of investment volumes in France by investor profile

As a %, of the volume invested in commercial real estate



Source : Knight Frank

# Net inflows are stabilising, driven by diversified SCPIs

During the first three months of 2025, SCPIs recorded net inflows of €1 billion. This figure is in line with the performance of the fourth quarter of 2024 and represents an increase of 35% compared with the first quarter of last year.

The total amount of units awaiting redemption stood at €2.3 billion, corresponding to 2.6% of the market's total capitalisation. A significant proportion of these unexecuted requests (70% of the total value) related to SCPIs focused on office property.

Regarding OPCIs intended for the public, net subscriptions remained negative in the first quarter of 2025, with outflows of €307 million. However, this result represents an improvement of 9% compared with the last three months of 2024 and a marked reduction of 45% compared with the first quarter of last year. This development confirms the slowdown in outflows that began in the second half of 2024.



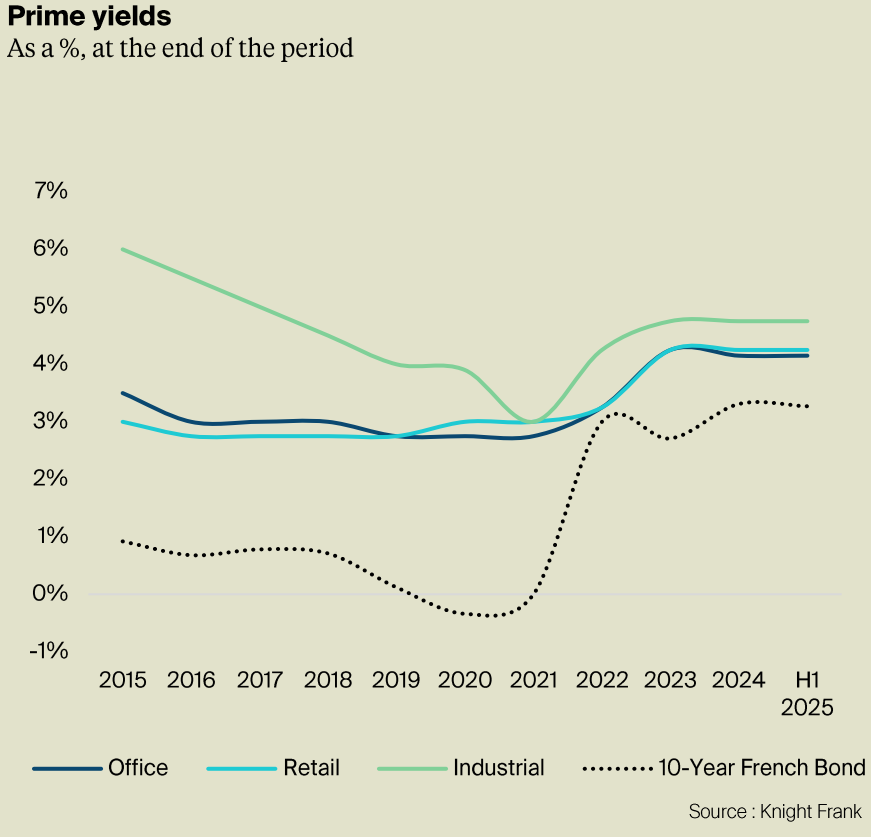
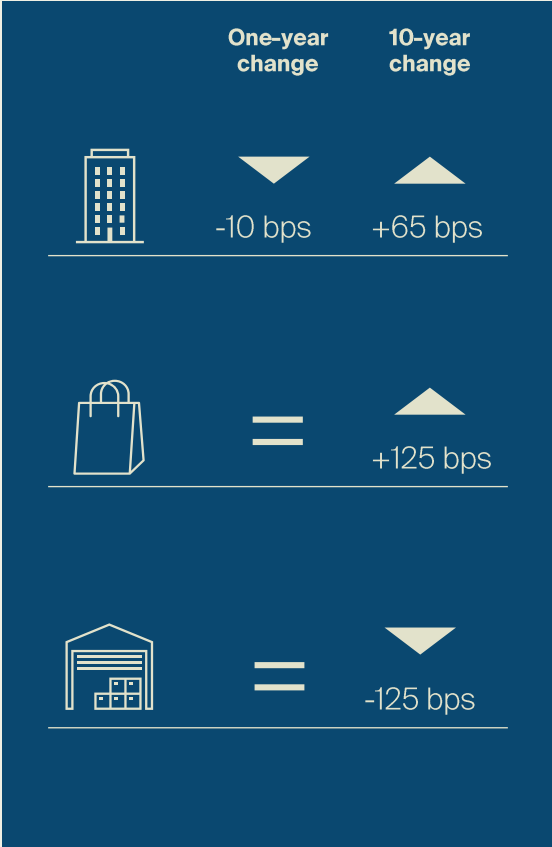
# Prime yields: cautious restraint in an uncertain climate

The monetary context, characterised by a gradual easing of the policy pursued by the European Central Bank, is theoretically creating the conditions for a relaxation of prime yields in the commercial real estate market. However, several exogenous factors continue to weigh on any significant compression.

In particular, the intensification of geopolitical tensions in the Middle East since the end of 2023, coupled with uncertainty surrounding President Donald Trump's economic policy, is fuelling volatility in the financial markets. This instability is jeopardising any sustained easing of long-term rates, as illustrated by the 10-year OAT, which is now firmly established at around 3.30%.

Although the ECB's monetary easing has led to a gradual improvement in financing conditions, investors remain cautious. They are carefully assessing the risk premium that commercial real estate continues to offer compared to other asset classes in an environment that is still fraught with uncertainty.

Consequently, the resumption of a sustained cycle of yield compression will require a tangible improvement in visibility on these key factors over the coming months.



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# 02. Offices

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# Key figures for the office real estate investment market

	H1 2025	H1 2024	Annual change
Office investment volumes in France	€2.3 B	€2.5 B	▼
Share of offices*	41 %	48 %	▲
Number of transactions > €100 M	7	6	▲
Share of transactions > €100 M**	53 %	37 %	▲
Share of volumes invested in the Greater Paris Region**	89 %	69 %	▲
Share of foreign investors**	30 %	18 %	▲
Prime Paris CBD yield	4.00 % - 4.25 %	4.25 % - 4.50 %	▼
Prime La Défense yield	6.50 % - 6.75 %	6.50 % - 6.75 %	=
Prime Lyon yield	5.50 % - 5.60 %	5.25 % - 5.50 %	▲

\*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 offices.

Source : Knight Frank



# Offices: a market centred on the Greater Paris Region, seeing the return of major institutional players

Investment in office property fell by around 8% in the first half of 2025, totalling just over €2.3 billion. However, given the numerous sales processes currently being finalised, the volumes committed are expected to at least double by the end of the year. Looking beyond these figures, several strong trends emerged in the first six months of the year.

The first trend is the drying up of investment in office property outside the Greater Paris Region. While its share had been gradually declining for 10 years, the Greater Paris Region accounts for nearly 90% of the amounts invested since the beginning of the year. This imbalance can be explained by the low levels of activity of large SCPI management companies, who have historically been the drivers of the regional market.

The second trend concerns investor profiles. With the confirmation of monetary easing and the gradual decline in returns on alternative investments, real estate is regaining its appeal. In this context, large institutional investors (investment and sovereign funds, insurance companies and mutual insurance companies) are

reorienting their allocations towards offices.

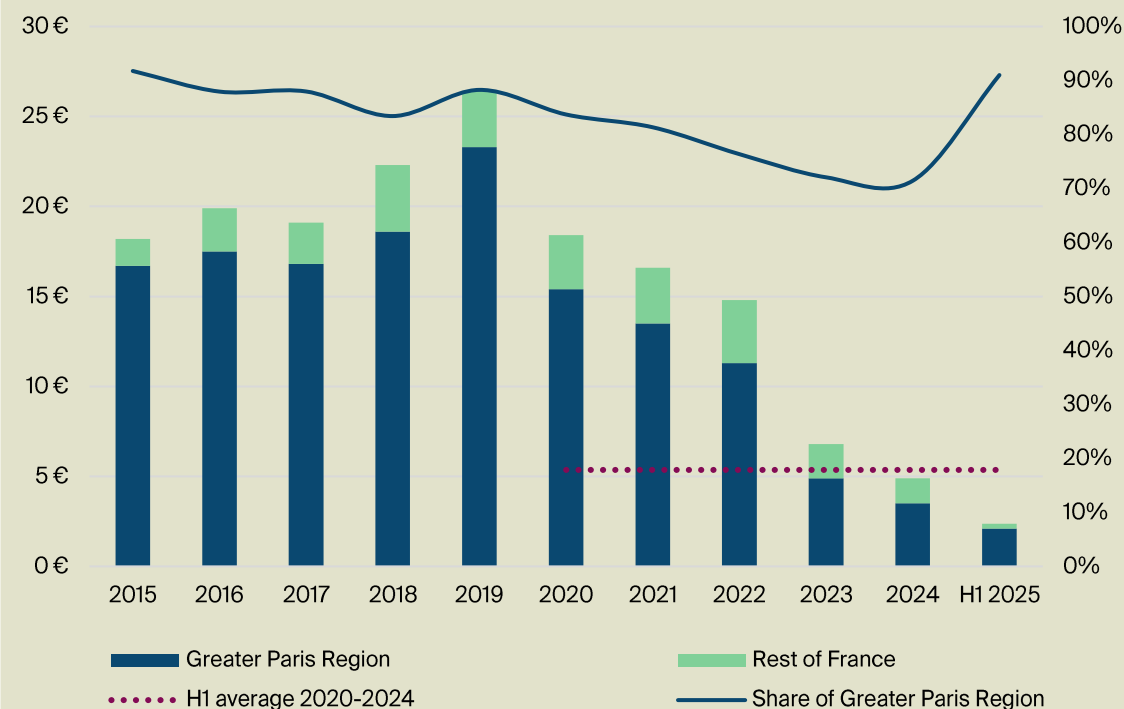
They accounted for 38% of the volumes invested between January and June 2025, compared with only 13% a year earlier. At the same time, core and core+ strategies confirmed their renewed appeal, accounting for 60% of the volumes invested in office real estate in the first half of the year.

Overall, investors seem to be better integrated with the lasting effects of remote working and flex office on rental demand, favouring a gradual return of liquidity and smoother sales processes. The value correction cycle appears to be coming to an end, at least in the most liquid markets. However, this recovery remains highly selective, with only geographical areas with strong fundamentals benefiting. Peripheral areas, affected by structurally high vacancy rates, remain on the sidelines of this recovery.

Finally, obsolete assets are struggling to attract real interest. Less than €80 million was invested in them in the first half of the year, illustrating the continuing caution in the face of the significant redevelopment challenges that are nevertheless necessary.

## Office investment volumes in France

In billions of euros, as a %



Source : Knight Frank

# Inner Paris remains highly attractive, La Défense confirms its revival

In the Greater Paris Region, investment in office property reached €2.1 billion in the first half of 2025, up 18% compared with the same period in 2024. This recovery was notably reflected in seven transactions, each exceeding €100 million.

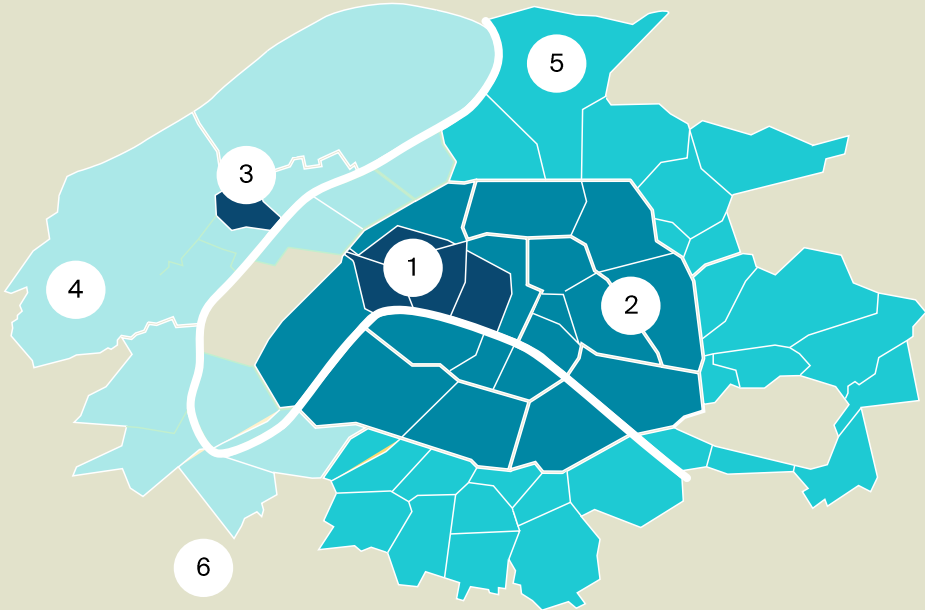
The highlight of the first half of the year was the return of large-scale transactions to La Défense for the first time since the end of 2022. The Norwegian sovereign wealth fund, NBIM, led the way in the first quarter, investing nearly €350 million to acquire 80% of Tour Trinity. Following on from this, COVIVIO mobilised around €100 million to regain full ownership of the CB21 tower. At the same time, Dutch developer EDGE Technologies acquired the Les Miroirs complex for less than €20 million, with plans to develop a new project there.

Inner Paris once again posted a strong performance, with around €1.4 billion invested. 68% of the amounts invested were concentrated in the Central Business District (CBD). In this sector, the second quarter was marked by the two largest transactions of the year, pending the completion of several major sales currently in progress. ACROSS invested more than €300 million with ARDIAN for the Renaissance building in the 8<sup>th</sup> arrondissement, while a private investor sold an asset located at Rond-Point des Champs-Élysées for nearly €170 million.

Outside Paris and La Défense, activity remains limited, with few significant transactions recorded to date in 2025.

**Geographic breakdown of office investment volumes in the first half of 2025**  
In the Greater Paris Region

1	Paris CBD	€0.9 B
2	Paris other	€0.5 B
3	La Défense	€0.5 B
4	Western Crescent	< €0.1 B
5	Inner Suburbs	< €0.1 B
6	Outer Suburbs	< €0.1 B



Source : Knight Frank

# The return to office property acquisition for large French institutional investors

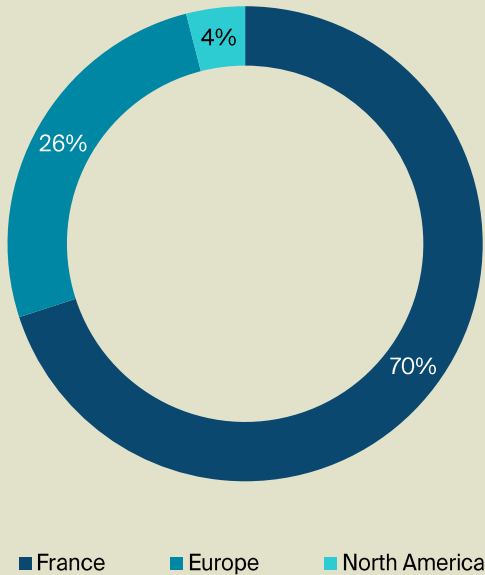
A notable trend emerged in early 2025 regarding the profile of investors active in the office sector, extending the momentum that began in the second half of 2024.

In the wake of landmark transactions such as the acquisition of the Opéra Gramont building by OSAE PARTNERS, French and international sovereign and institutional investment funds, ranging from core to value-add, have strengthened their presence in the Greater Paris Region, committing significant amounts to this asset class. The first half of 2025 was marked by three large transactions, each worth more than €100 million: Tour Trinity in La Défense, Square d'Orléans in the 9<sup>th</sup> arrondissement, and 280-282 boulevard Saint-Germain in the 7<sup>th</sup> arrondissement. These acquisitions demonstrate the renewed confidence of investors in the Greater Paris Region office market, which is even more remarkable given that they were made outside the Paris Central Business District.

At the same time, core and core+ investors, such as banks, insurance companies and mutual insurance companies, are also making a comeback at the start of the year, with more than €500 million invested over the last six months. The acquisition by BNP PARIBAS CARDIF of 19-21 rue Dumont d'Urville in the 16<sup>th</sup> arrondissement is a case in point.

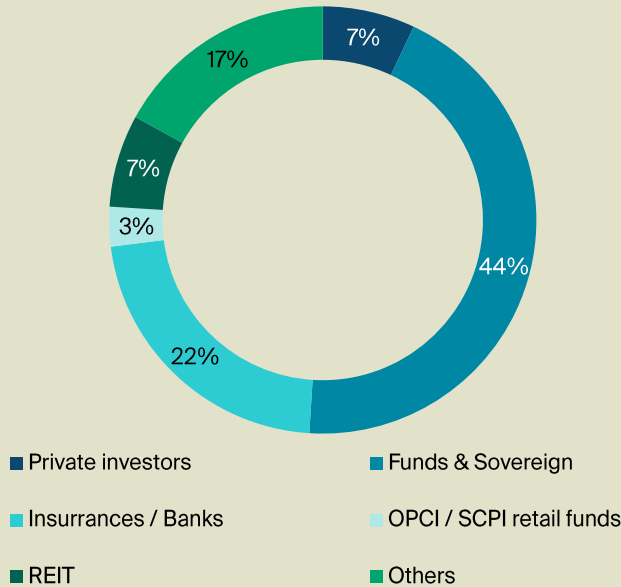
Finally, private investors, buoyed by sustained momentum over the past two years, remain key players in the market, particularly in Paris. Whilst their relative share may decline as large institutional investors regain momentum, their operational agility is a decisive advantage when it comes to demanding tenders, in terms of deadlines, technical complexity and availability of funds.

**Investment volumes in offices by nationality**  
In France, in H1 2025, as a % of total volume



Source : Knight Frank

**Volumes invested in offices by investor type**  
In France, in H1 2025, as a % of total volume



Source : Knight Frank

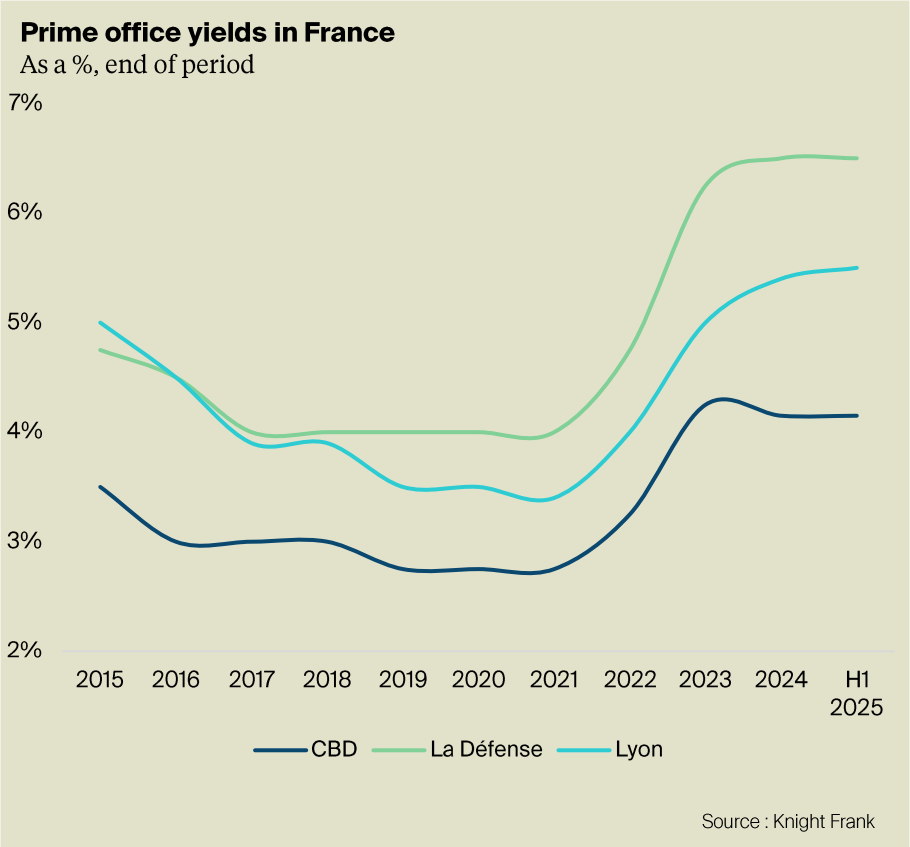
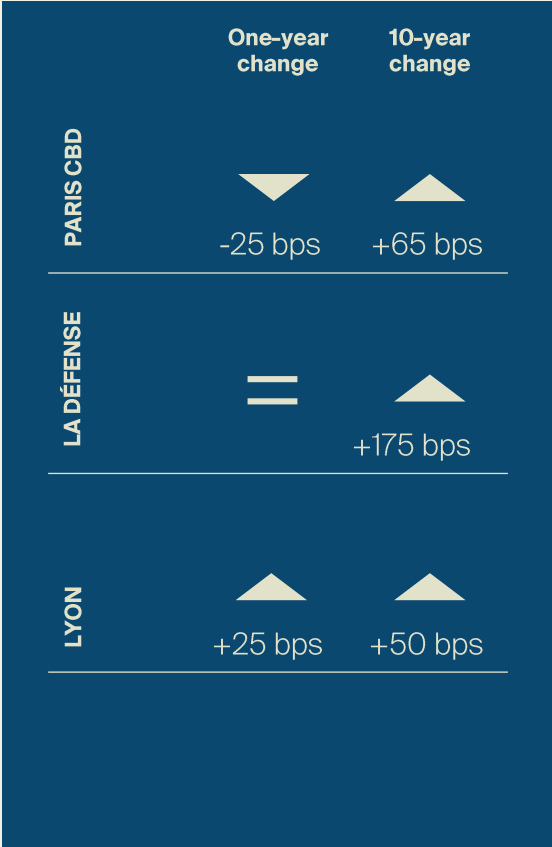
# Office prime yields: Stability across the three main markets.

After the sharp rise in prime yields in 2022 and 2023, a direct consequence of price adjustments in response to the rapid rise in ECB key interest rates, an initial reversal was recorded at the end of 2024 with a 10-basis point fall in prime yields for offices. This slight decline came amid a more favourable monetary context, marked by the start of a cycle of easing by major central banks, beginning with the European Central Bank.

However, several factors continue to weigh on the market, preventing any significant easing. In particular, the absence of a sustained decline in long-term rates, notably the 10-year OAT rate in France, is a major obstacle to further compression of prime yields.

Consequently, despite real estate fundamentals that are generally favourable to a decrease in prime yields in Paris' Central Business District (CBD), their evolution remains highly dependent on the trajectory of bond yields and the stabilisation of the global macro-financial environment.

In this still uncertain climate, at the end of the first half of 2025, we are seeing a stabilisation of prime yields for offices in the CBD, in a range of between 4.00% and 4.25%. A similar trend is observed in La Défense, where the rate has remained at 6.50%, while in Lyon the prime yield has stood at around 5.50% since the beginning of the financial year.



# Significant office transactions in 2025

Address / Asset	Town	Seller	Buyer	Price
Tour Trinity (80% of the asset)	La Défense	UNIBAIL RODAMCO WESTFIELD	NBIM	> €200M
Renaissance	Paris 8 <sup>th</sup>	ARDIAN	ACOSS	> €200M
4-6 Ron point des Champs-Élysées	Paris 8 <sup>th</sup>	Conf.	Conf.	€100-200M
Square d'Orléans	Paris 9 <sup>th</sup>	BNP PARIBAS REIM	BAUMONT / PICTURE	€100-200M
280-282 boulevard Saint-Germain	Paris 7 <sup>th</sup>	AEW pour CNP ASSURANCES	INDSTONE CAPITAL	€100-200M
Tour CB21 (25%)	Courbevoie (92)	CNP ASSURANCES	COVIVIO	€100-200M
Astorg & Rossini (29%)	Paris 8 <sup>th</sup> and 9 <sup>th</sup>	OFI INVEST AM for AFER and ABEILLE VIE	FGAO	€100-200M
48 rue Notre Dame des Victoires	Paris 2 <sup>nd</sup>	PONTEGADEA	MIMCO AM / FONCIERE RENAISSANCE	€50-100M
2-4 rue Louis David	Paris 16 <sup>th</sup>	TERREIS / IMMOVALOR	CBRE IM	€50-100M
15 avenue de la Grande Armée	Paris 16 <sup>th</sup>	GENERALI GROUP	REDTREE CAPITAL	€50-100M

€50-100M
€100-200M
> €200M

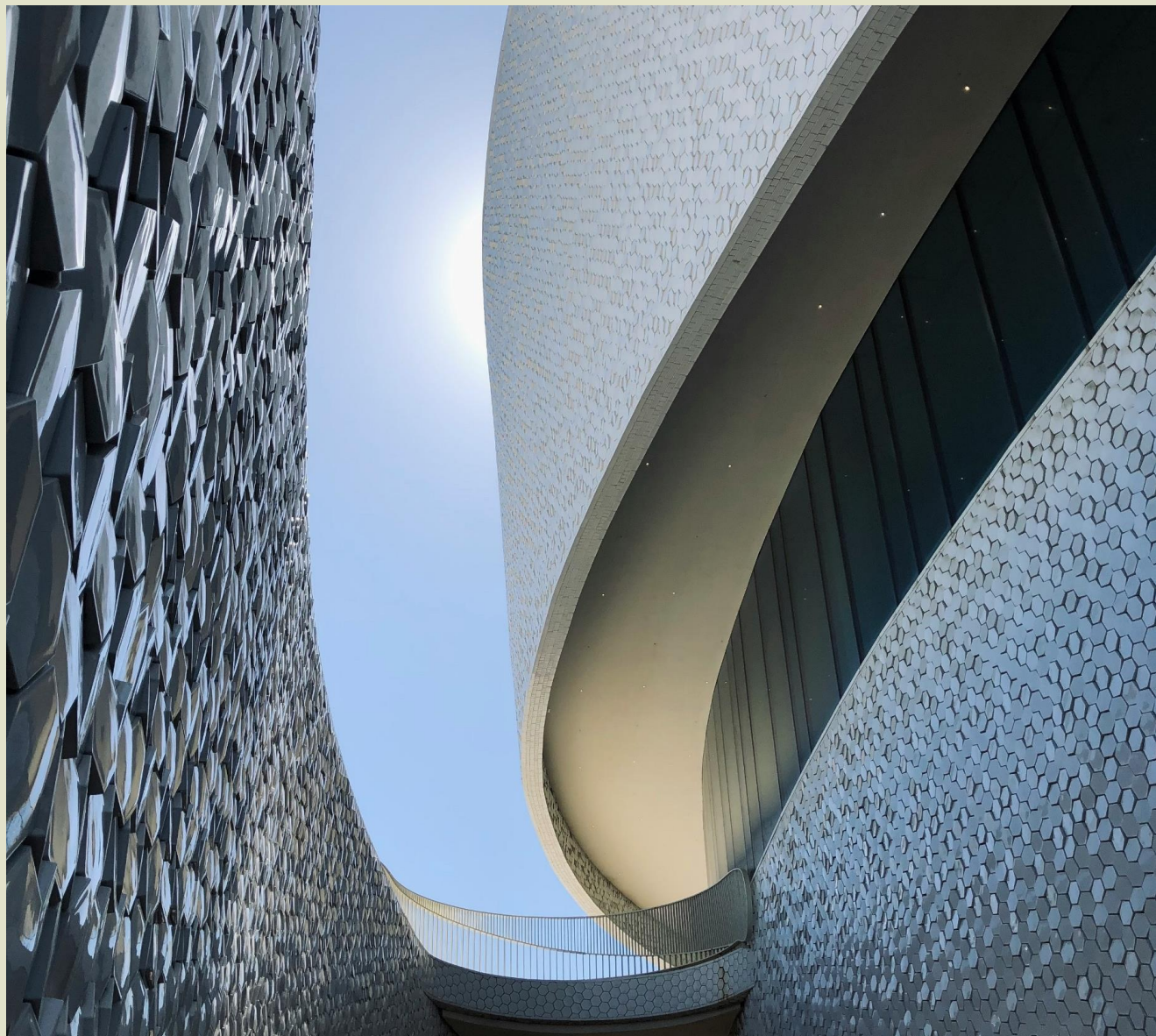
Source : Knight Frank



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# 03. Retail

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# 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.

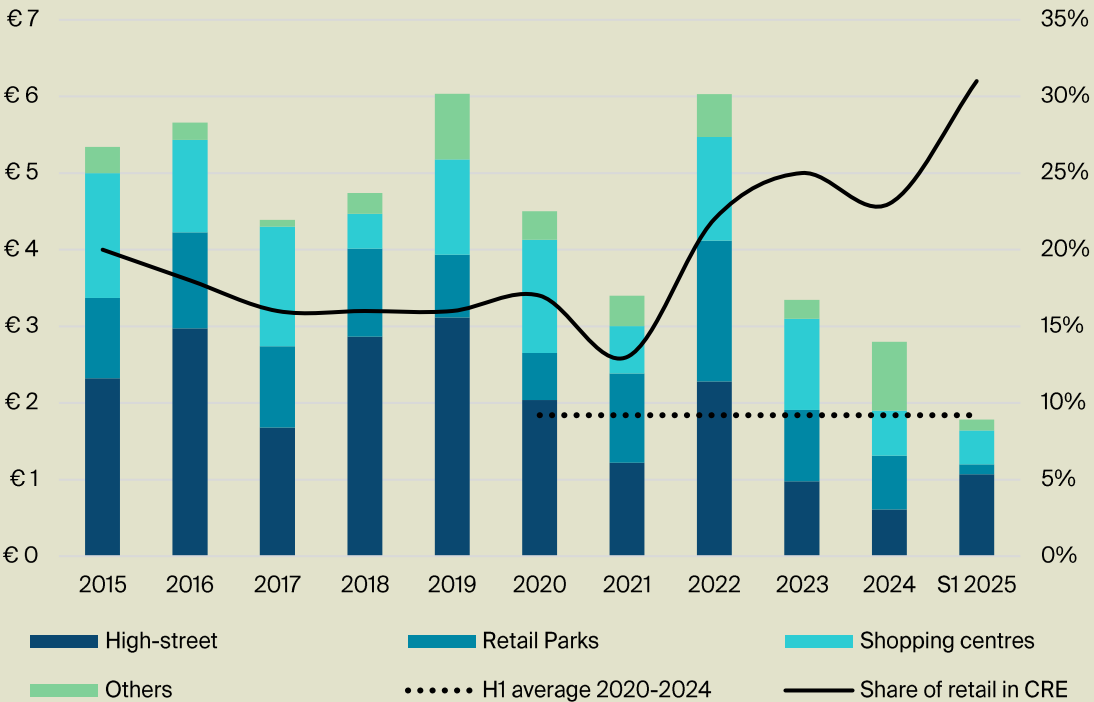
When it comes to retail property, you have to go back to 2014 to find a deal of this size. That year, three shopping centre portfolios changed hands for between €850 million and €1.4 billion.

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 %



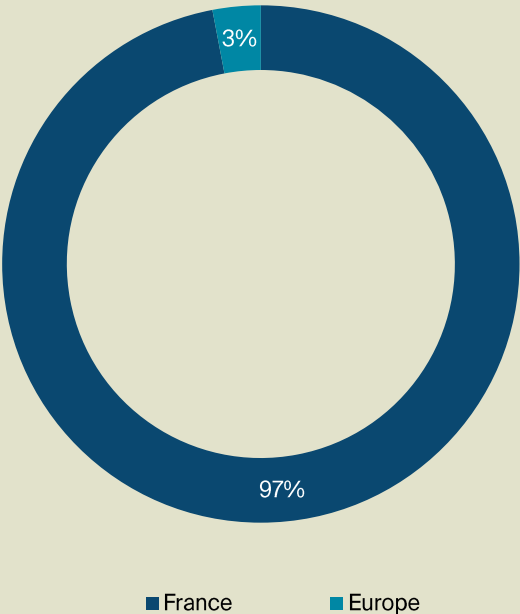
Source : Knight Frank

# 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.

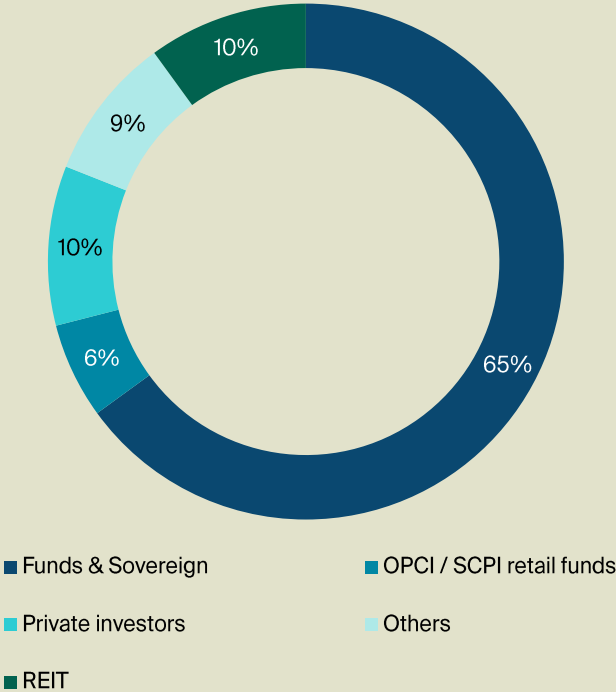
At the same time, most other players focused on more modest amounts of less than €50 million. Among them, the ‘neo’ SCPIs stood out for their dynamism, with around 15 acquisitions recorded over the period. These relatively small investments targeted exclusively assets located in the regions, covering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

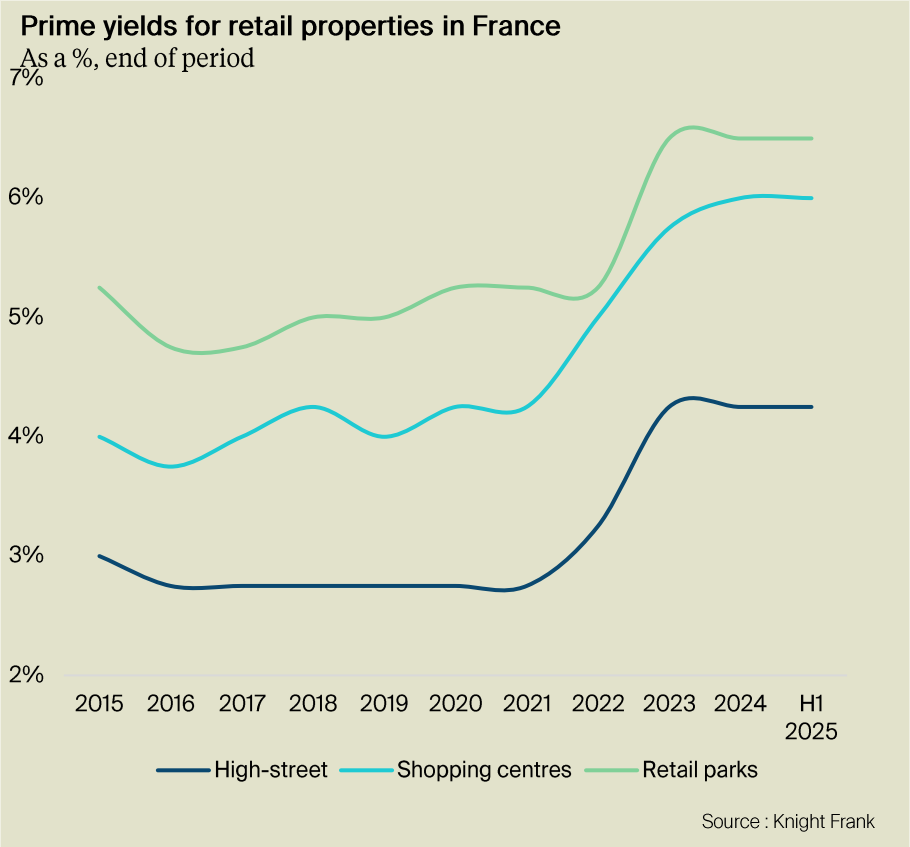
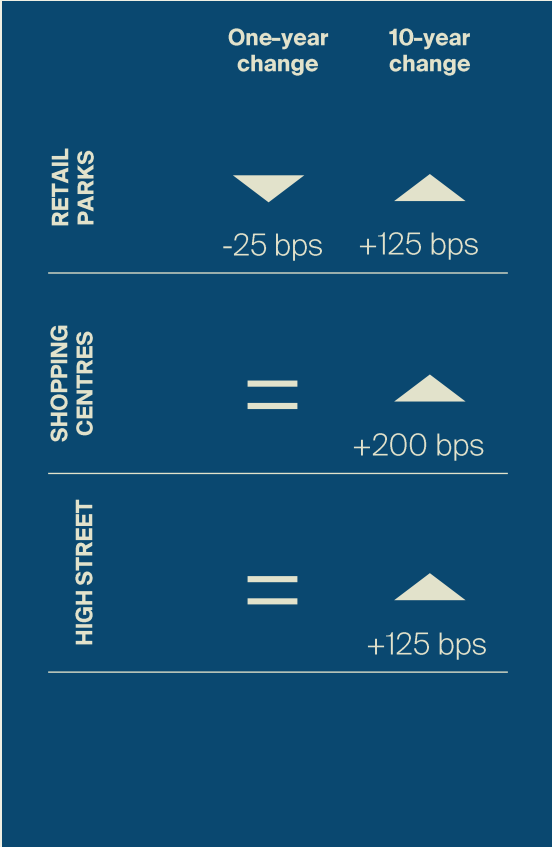


Source : Knight Frank

# 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 <sup>st</sup>	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 <sup>th</sup>	CITYNOVE	TRUSTONE REIM	€30-100M
Dionysos portfolio	HS	Paris 4 <sup>th</sup>	6 <sup>ème</sup> 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

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# 04. Industrial

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# Key figures for the industrial real estate investment market

	H1 2025	H1 2024	Annual change
Industrial investment volumes in France	€1.6 B	€1.6 B	=
Share of industrial*	28 %	30 %	⬇️
Number of transactions > €100 M	4	5	⬇️
Share of investment volume in portfolios**	42 %	33 %	⬆️
Share of foreign investors**	65 %	79 %	⬇️
Prime logistics yield	4.75 % - 5.00 %	4.75 % - 5.00 %	=
Prime light industrial yield	5.75 % - 6.00 %	6.00 % - 6.25 %	⬇️

\*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 industrial.

Source : Knight Frank

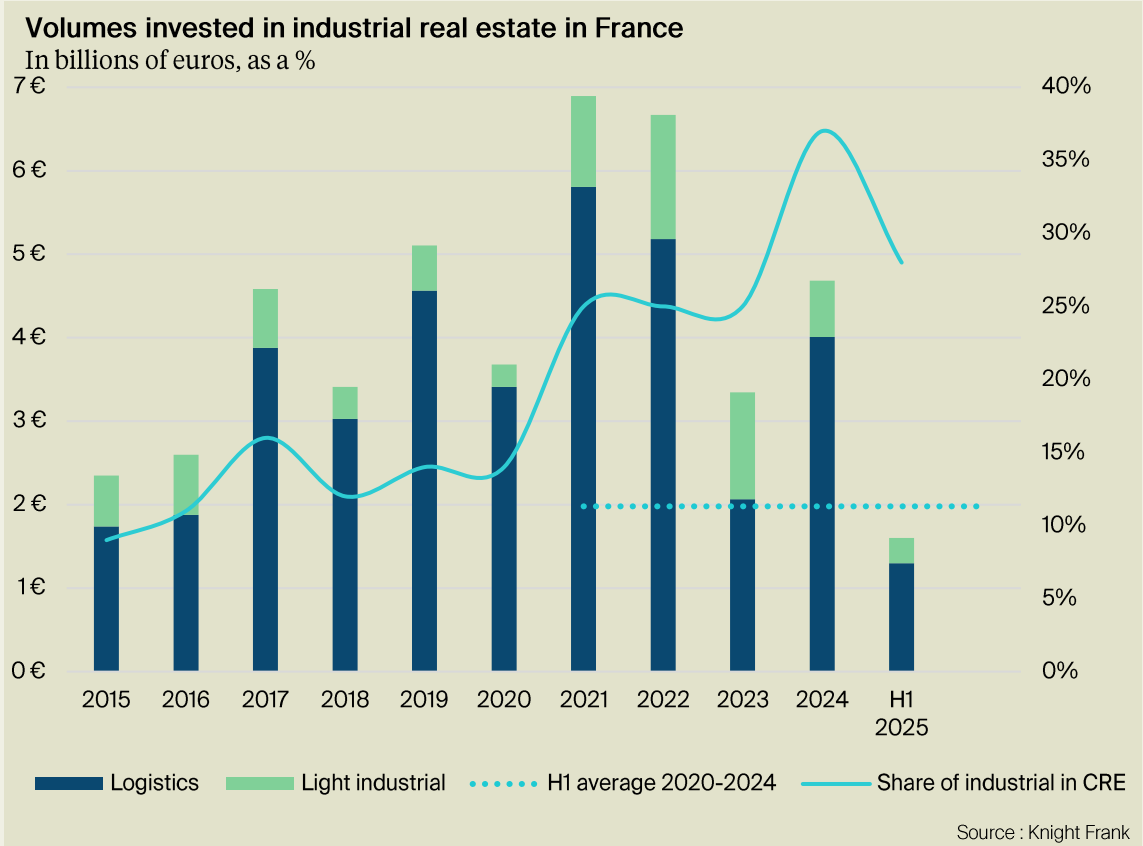
# Industrial real estate: spring momentum in a portfolio-dependent market

With €1.6 billion invested in the first half of 2025, the industrial property market remained relatively stable compared to the same period in 2024, although the number of large portfolios changing hands remains limited for the time being, which could slow down annual volumes.

In the logistics sector, the second quarter was significantly more active than the first, with investment volumes doubling from €400 million to €800 million. This upturn was driven by the repeat sale of three portfolios worth between €115 million and €150 million, the largest of which was the acquisition of five warehouses by EQT REAL ESTATE from BLACKSTONE. This renewed activity illustrates the sector's heavy reliance on portfolio sales to boost volumes.

The light industrial premises market remained subdued at the start of the year, with only €300 million invested and no major transactions. However, PROUDREED acquired a portfolio of five light industrial parks spread across France for slightly more than €40 million.

Institutional investors remain generally willing to invest in industrial real estate, if quality opportunities arise. Paradoxically, the pipeline of exclusive or promised transactions remains limited today, even though this asset class has shown resilience in recent years. Significant sales are nevertheless in the pipeline, and if they are completed by the end of the year, investment volumes could reach between €3 billion and €4 billion in 2025.



# Funds remain the main investors, but are less dominated by the United States

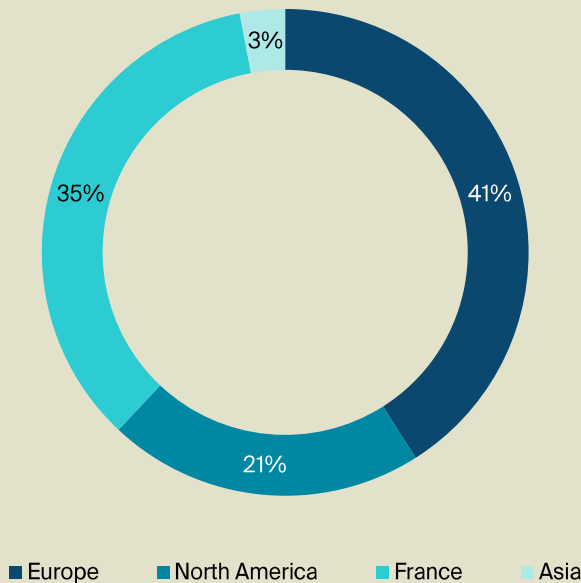
In 2024, foreign investors significantly strengthened their presence in the French industrial property market, accounting for 80% of investment volumes. Although their share fell slightly in the first half of 2025 to 65%, the trend remains robust. Interest in this sector can be explained by several factors: the resilience of the French economy, the quality of its infrastructure, particularly the motorway network, and the prospects for rental growth, offering real opportunities for value appreciation.

Of the four transactions exceeding €100 million during the half-year, the majority were made by international investors. Following TRISTAN CAPITAL PARTNERS' transaction in the first quarter, involving a pre-let forward-funding sale ("VEFA") in the Hauts-de-France region, the Swedish fund EQT REAL ESTATE acquired a portfolio of five assets, followed by the American fund ARES MANAGEMENT, which bought the Sun portfolio.

The only exception on the French side was AEW, acting on behalf of CDC INVESTISSEMENT IMMOBILIER, who completed a transaction worth over €100 million involving warehouses located in the Bordeaux and Lille regions, as well as along the corridor between Lyon and Marseille.

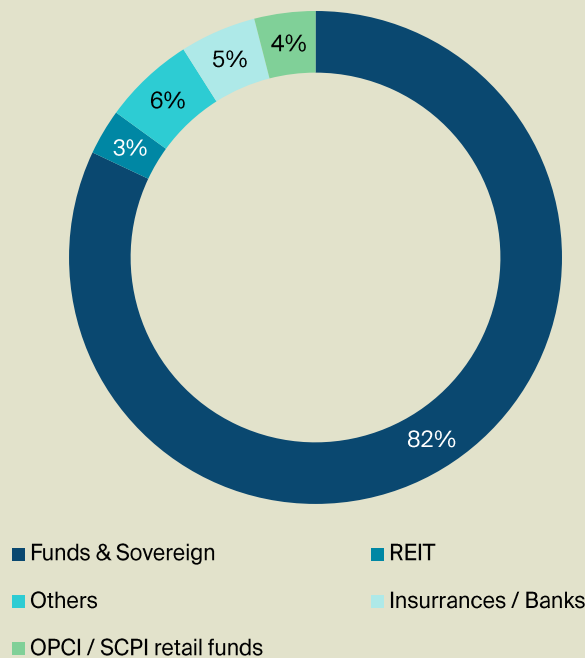
As was the case last year, SCPIs remain relatively absent from this sector, limiting themselves to commitments of less than €30 million per acquisition. Their fundraising, which remains modest, does not allow them to consider larger-scale transactions.

**Industrial property investment volumes by nationality**  
In France, as at H1 2025, of total volume as a %



Source : Knight Frank

**Industrial property investment volumes by type**  
In France, as at H1 2025, of total volume as a %



Source : Knight Frank

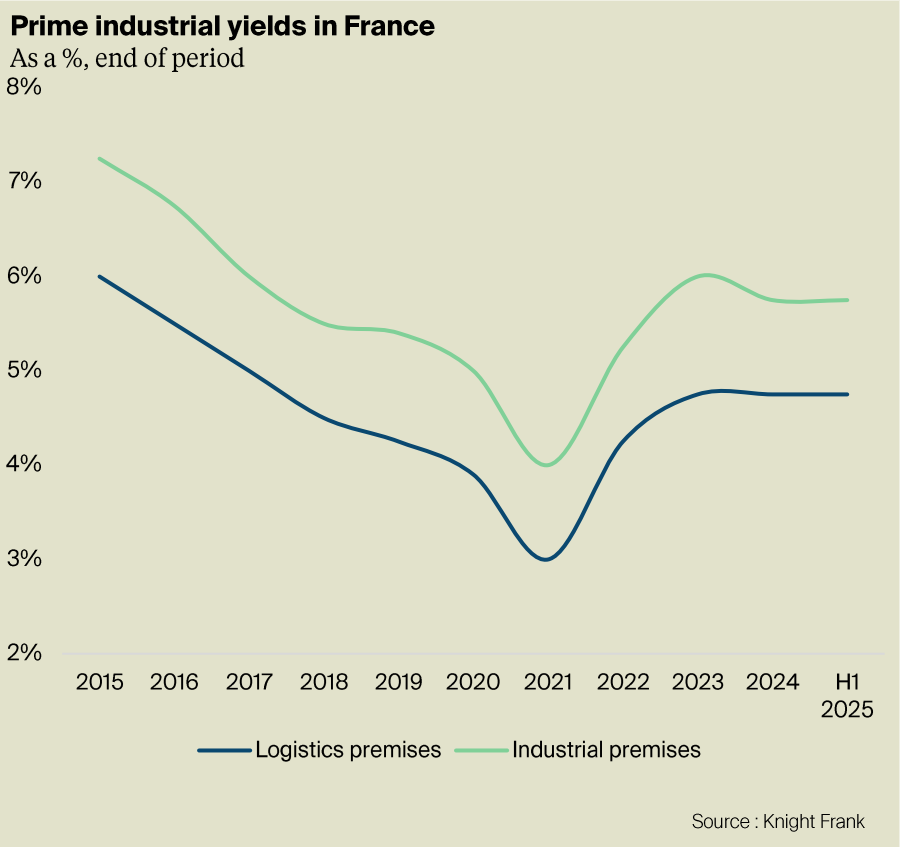
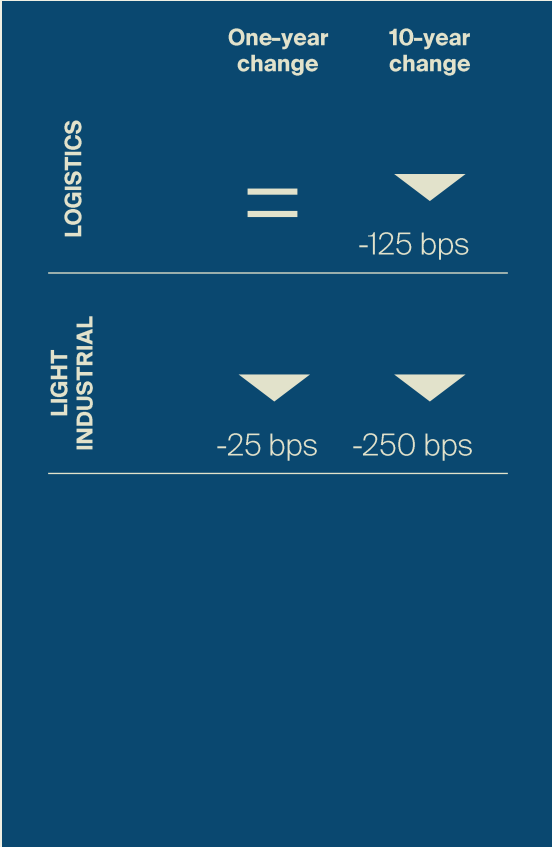


# Prime yields in industrial real estate: stabilisation reaching equilibrium?

After a sharp correction in 2022, followed by a further upward adjustment in prime yields in 2023, the industrial property market appears to have reached an equilibrium since the beginning of 2024.

Most completed transactions, as well as the main negotiations underway for large-scale assets worth more than €100 million, are in the region of 5%. However, the most sought-after assets, particularly those with strong rental growth potential, continue to sell at levels below this threshold, reflecting a persistent quality premium.

Furthermore, prime yields on high-end light industrial premises, ideally located in the Greater Paris Region and the Lyon metropolitan area, have compressed slightly over the last 18 to 24 months. This trend reflects renewed investor appetite for this sector, supported by resilient rental fundamentals and scarce supply in the most sought-after areas.



# Significant industrial transactions in 2025

Address/Asset	Type	Town	Seller	Buyer	Price
Portfolio of 5 assets	LOG	Regions	BLACKSTONE	EQT REAL ESTATE	€100-200M
Portfolio of 5 assets	LOG	Regions	COLUMBIA THREADNEEDLE INVESTMENTS	AEW for CDC INVESTISSEMENT IMMOBILIER	€100-200M
Forward-funding sale let 50% to PepsiCo	LOG	Dourges (62)	DELTA 3	TRISTAN CAPITAL PARTNERS	€100-200M
SUN portfolio	LOG	Regions	DWS	ARES MANAGEMENT	€100-200M
ACTIHALL portfolio	LI	Greater Paris Region	JMG PARTNERS	TISHMAN SPEYER	€50-100M
Portfolio of 3 assets	LOG	Greater Paris Region	DEKA	BOREAL IM	€50-100M
ZAC de l'Aéroparc	LOG	Fontaine (90)	VAILOG	CLARION PARTNERS EUROPE	€50-100M
9 rue du Portugal	LOG	Colombier Saugnieu (69)	EM2C	PROLOGIS	€50-100M

LOG : Logistics warehouse; LI: Light industrial
 

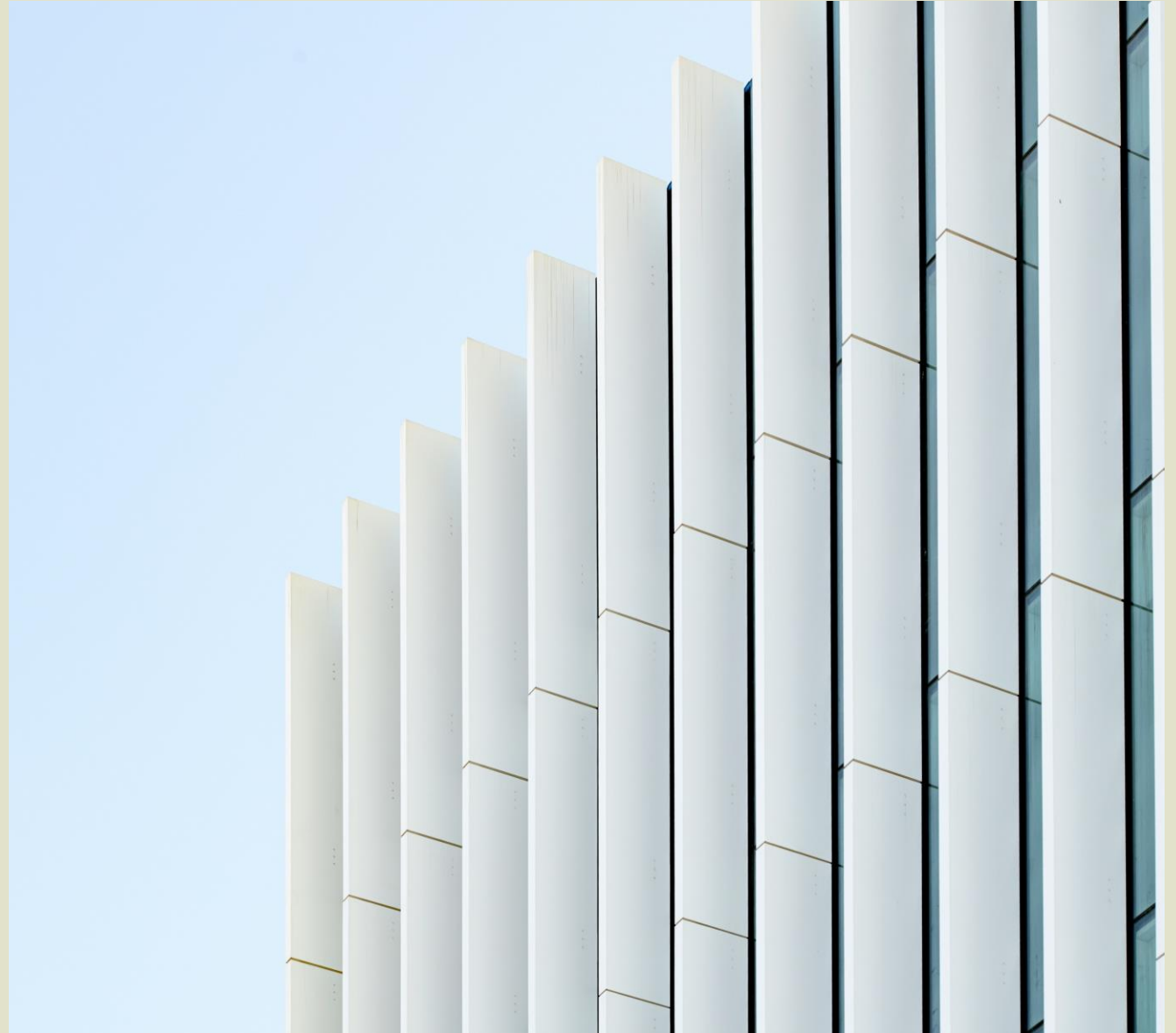
€50-100M
€100-200M
> €200M

Source : Knight Frank

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# 05. Residential, Hotels & Healthcare

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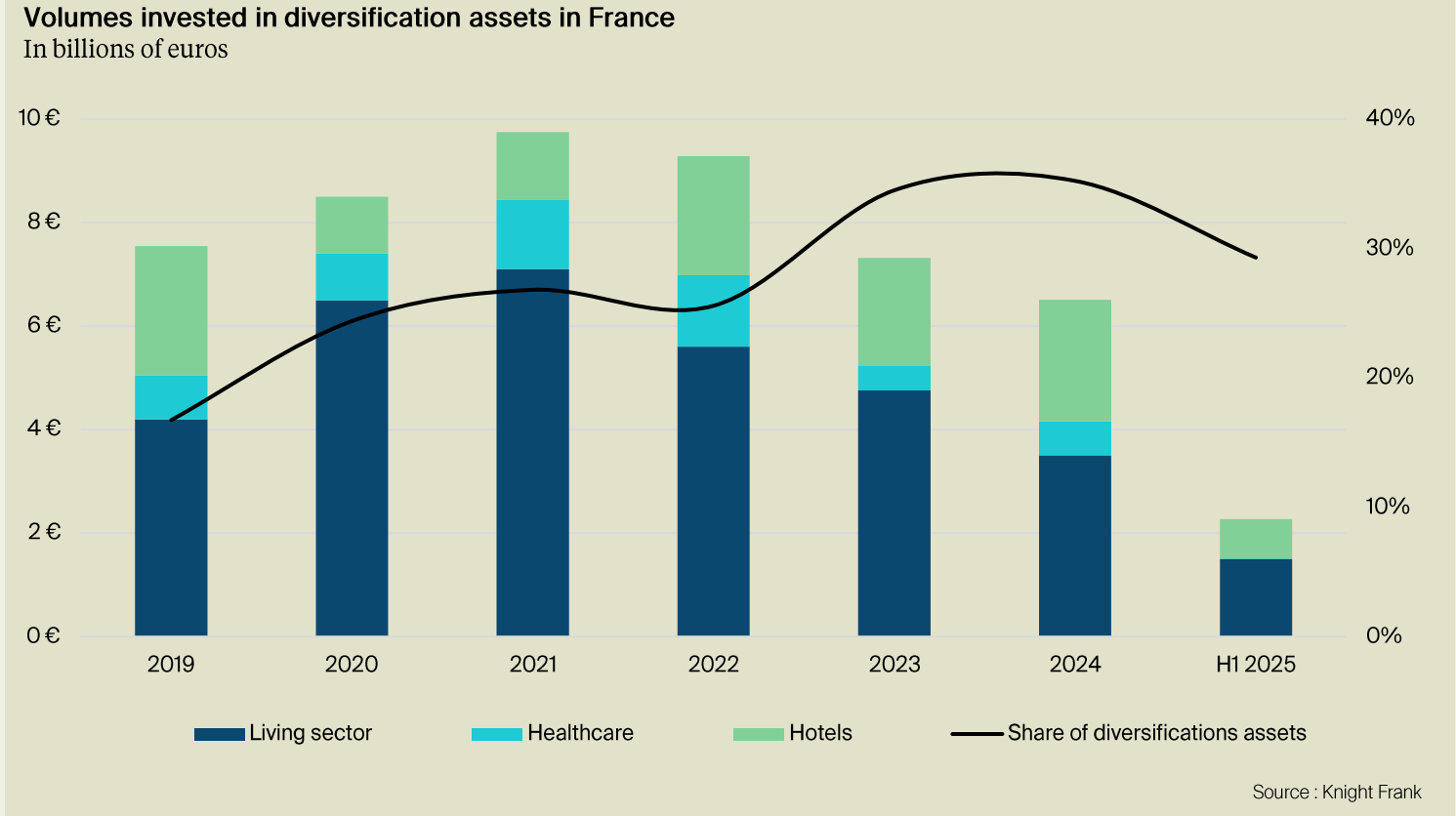
# Investors on the lookout for opportunities in residential property, but more cautious regarding hotels and healthcare

Diversification asset classes showed contrasting results.

The living sector, which includes block sales of housing and managed properties, continued to attract investors' interest, with €1.5 billion invested in the first half of the year. After a period of caution linked to rising interest rates, investors are now very attentive and responsive to every opportunity on the market. The acquisition of the YouFirst Campus portfolio by GSA and NUVEEN REAL ESTATE for almost €540 million is a notable example. Comprising 20 student halls of residence with a total of more than 3,700 beds, this portfolio, which was officially put up for sale at the end of 2024, found a buyer in less than six months. The volume of residential investment is expected to exceed €4 billion in 2025, compared with €3.5 billion in 2024.

Conversely, healthcare real estate remains sluggish, penalised by the absence of portfolio transactions and a reduced number of stand-alone deals. However, the sector is undergoing a phase of consolidation, as evidenced by the ongoing merger between Belgian real estate companies AEDIFICA and COFINIMMO, which will create the first listed European player specialising in this sector.

The hotel sector, meanwhile, currently accounts for less than €1 billion in investment, after two particularly active years exceeding €2 billion. This post-Paris 2024 Olympic Games slowdown was anticipated. However, the appeal of French tourism remains intact: the current downturn reflects above all a shortage of supply on the market rather than a withdrawal of investors.



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# 06. Outlook





# Outlook

## 1 The return of large transactions

The outlook for the commercial real estate investment market in France is improving, driven by the gradual return of large transactions. In the first half of 2025, transactions exceeding €100 million accounted for nearly €3 billion, compared with €2.2 billion a year earlier.

This trend appears to be continuing: of the €4.5 billion currently under exclusive negotiation or subject to a sales agreement, more than 55% relates to around ten transactions of this size. While volumes remain below pre-Covid levels, this structural momentum, driven by investment funds and the gradual return of institutional investors, lays the foundations for a possible rebound in the coming months. The renewed depth of this sector is an encouraging sign for the future of the market.

## 2 Stabilisation of prime yields

The monetary context, marked by the gradual easing of the ECB's policy, theoretically creates a favourable environment for prime yields to ease. However, several uncertainties still weigh on the possibility of a real compression.

Persistent geopolitical tensions and uncertainty surrounding the economic outlook in the United States are keeping markets cautious across the board. Long-term rates, such as the 10-year OAT rate, therefore remain firmly rooted at relatively high levels.

While financing conditions are improving slowly, investors continue to carefully assess the risk premium offered by commercial real estate relative to other asset classes. A significant adjustment in prime yields will require greater visibility on these key factors.

## 3 Offices - yes, but ...

Office real estate, at the forefront of post-Covid transformations and societal changes, appears to be at a turning point.

Although investment fell by around 8% in the first half of 2025, with €2.3 billion invested, the volume of transactions currently being finalised suggests that volumes are likely to double by the end of the year.

The Greater Paris Region accounts for almost 90% of the amounts invested, highlighting the concentration in areas with strong fundamentals.

Furthermore, large institutional investors are regaining confidence: their share rose from 13% to 38% in one year, supporting core and core+ strategies.

The correction cycle appears to be coming to an end, with liquidity returning to the strongest sub-markets, while obsolete assets and peripheral areas remain on the back foot.

# The Knight Frank Research Team

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### **Magali Marton**

Partner, Head of Research

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

magali.marton@fr.knightfrank.com



### **Clément Rabenandrasana**

Capital Market Research Senior Analyst

+33 (0)1 43 16 55 96  
+33 (0)6 07 61 50 43

clement.rabenandrasana@fr.knightfrank.com



### **Vincent Bollaert**

CEO France

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

vincent.bollaert@fr.knightfrank.com



### **Antoine Grignon**

Partner, Head of Capital Markets

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

antoine.grignon@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 27,000 people working in more than 740 offices in 50 countries. Its French branch, established over 50 years ago, operates in the corporate 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.

