The French Investment Market

Q3 2025	The investment market	knightfrank.fr/etudes/

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01. General trends

Economic outlook: budgetary constraints and global uncertainty

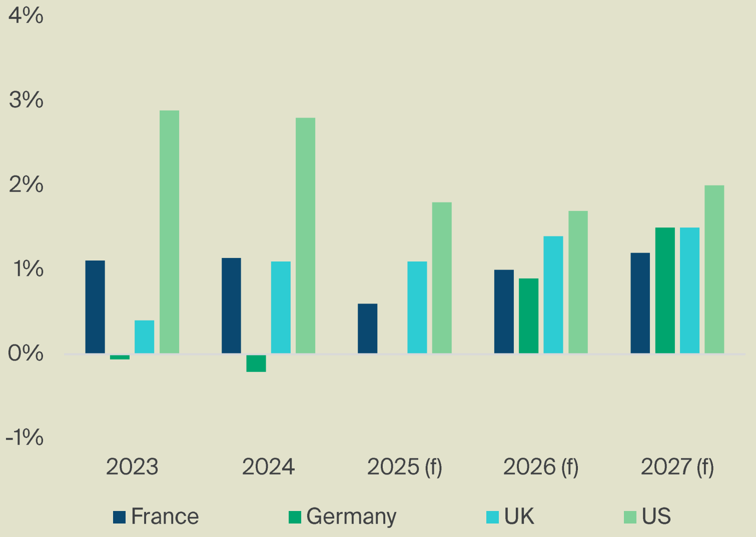
The French economy ended the 3rd quarter with contrasting trends: domestic momentum remains sluggish and visibility for the coming months is limited. The productive fabric continues to be affected by fluctuating external demand, while domestic demand is growing unevenly, held back by fragile confidence among businesses and households.

In terms of monetary policy, the eurozone has shifted towards a phase of relative easing: monetary authorities have adjusted their stance in response to easing inflationary pressures, but the impact of this easing on credit and investment remains gradual and uneven across sectors. Markets are closely monitoring the ability of monetary policy to effectively support the recovery without compromising long-term expectations.

Internationally, risks have refocused on two areas: China's growth trajectory, which remains below expectations and is weighing on supply chains and demand for capital goods, and trade and geopolitical frictions, which continue to cloud the outlook for trade. These factors are fuelling widespread caution among exporters and international investors, leading to greater selectivity in projects.

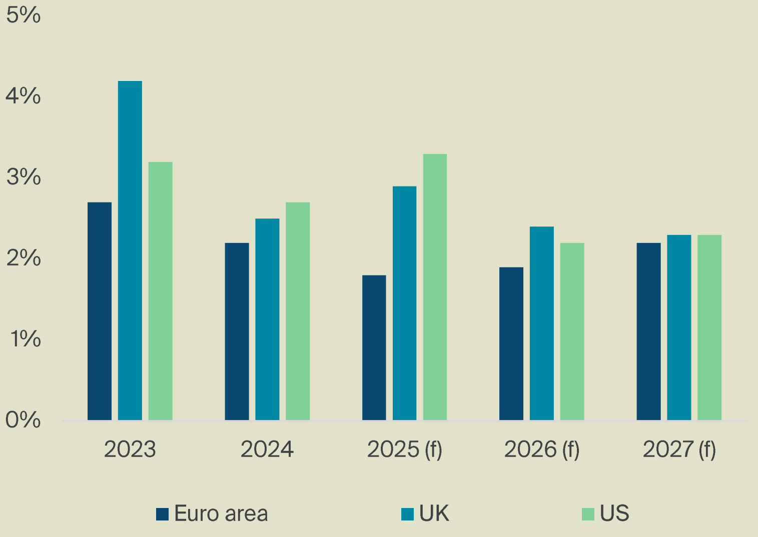
GDP

As a %, annual growth



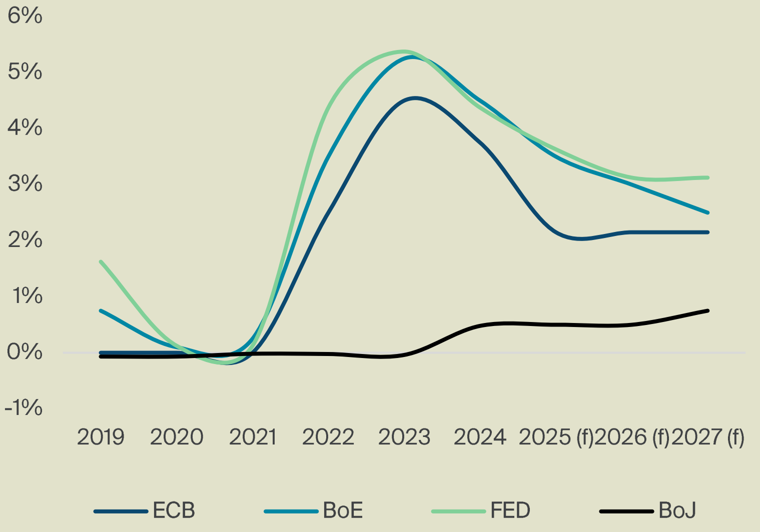
Inflation

As a %, annual growth



Central bank key interest rates

As a %



SOURCE : Oxford Economics – f = forecasts

Key figures for the commercial real estate investment market in France

	Q1-Q3 2025	Q1-Q3 2024	Annual change
French investment volumes	€8.7 B	€8.5 B	▲
Number of transactions	320	402	▼
Number of transactions > €100 M	16	20	▼
*Proportion of transactions > €100 M**	49 %	45 %	▲
Share of portfolios*	28 %	32 %	▲
Share of volumes invested in the Greater Paris Region*	64 %	47 %	▲
Share of foreign investors*	31 %	40 %	▼
*Share of offices**	42 %	35 %	▲
*Share of retail**	29 %	30 %	▼
*Share of industrial**	29 %	35 %	▼
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

Annual volumes increase despite a slow summer, a strong pipeline

In an international context still affected by geopolitical tensions, the global economy is evolving cautiously. In France, political uncertainty is reducing visibility for investors and hampering their ability to plan for the medium term. In the 3rd quarter of 2025, this situation led to a slowdown in commercial property investment, partly due to longer transaction completion times.

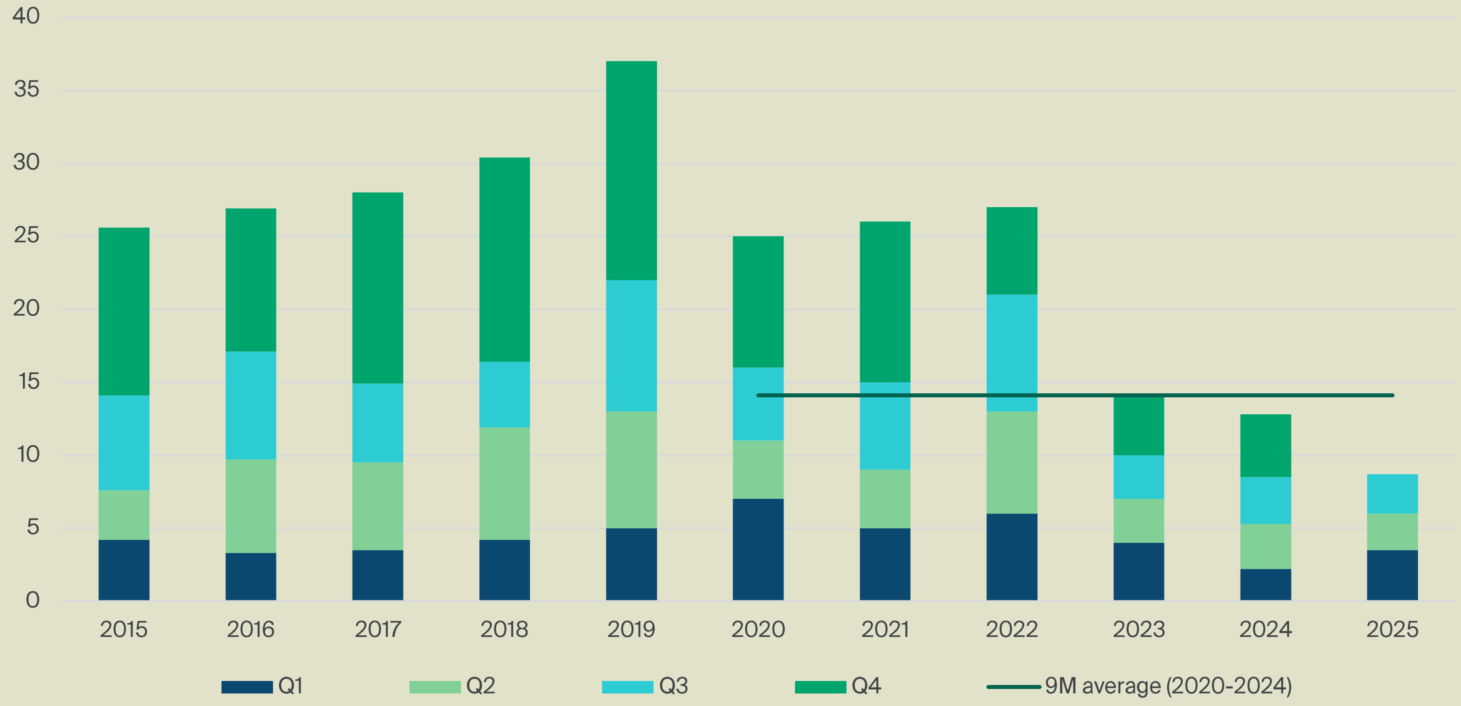
Between July and September, approximately €2.7 billion was invested, compared with €3.2 billion a year earlier. After a very dynamic start to the year (+51% in the 1st quarter), the market is struggling to maintain momentum. Over nine months, however, volumes reached €8.7 billion, up 7% compared with 2024.

One notable observation is the increase in the average transaction value, which now exceeds €25 million, compared with €20 million a year earlier. Transactions over €100 million totalled more than €4 billion between January and September, a slight increase compared to the €3.9 billion recorded over the same period in 2024, despite the decrease observed in the 3rd quarter.

Furthermore, the pipeline of transactions in progress is growing strongly. At the end of September, nearly €8 billion in assets were under exclusive agreement or subject to a sales agreement, compared with €4.4 billion at the end of June. Offices and industrial property dominate, each representing nearly €3.5 billion, while the momentum in retail remains more subdued, at around €1 billion.

French commercial real estate volumes

In billions of euros, by quarter



Source : Knight Frank

Offices, retail, industrial: a new balance

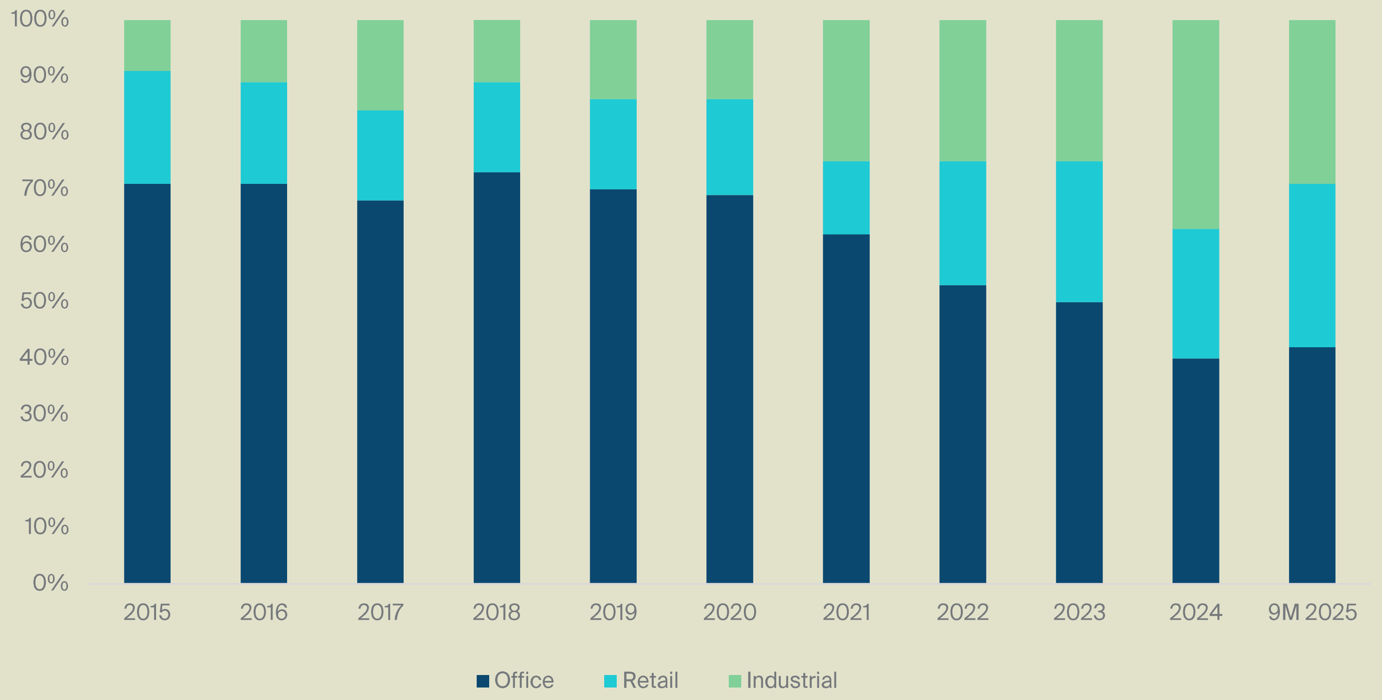
The real estate market continues to transform, confirming the change in cycle that began in 2024. Investors continue to adapt their strategies, seeking to balance office, retail and industrial properties to respond to economic and societal changes.

In the 3rd quarter of 2025, offices once again emerged as the dominant asset class, accounting for 49% of the total amount invested. Their performance was driven by a buoyant market in the Greater Paris Region, particularly in the Central Business District, where several projects are underway. Despite this buoyancy, overall volumes appear to be more limited, mainly due to the reduced availability of large retail and industrial transactions. Retail accounted for 30% of investments, confirming a revival in activity after a quieter spring, while industrial property, which was strong in the first half of the year, slowed down and accounted for only 21% of volumes this quarter.

Over the first nine months of 2025, the sectoral breakdown shows a clear hierarchy: 42% for offices, 29% for retail and 29% for industrial. In view of the transactions currently being finalised, the shares of offices and industrial property are expected to increase.

Breakdown of volumes invested in commercial real estate in France

As a %, by asset type



Source : Knight Frank

Comeback of domestic investors, amidst a turbulent international climate

After reaching a historic low in 2023, the return of foreign investors in 2024 demonstrated their interest in the French commercial property market. In the first nine months of 2025, this momentum continued, but with contrasting trends across different sectors: more than €2.3 billion was invested by non-residents, compared with €3.3 billion in the same period in 2024, reflecting an overall decrease in international investment.

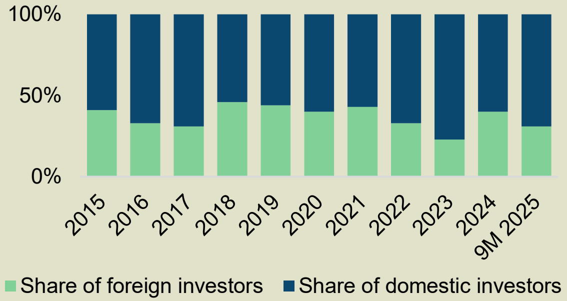
This decrease is mainly due to a slowdown in industrial property acquisitions, where the volumes invested by foreigners are down compared to last year. Conversely, the office sector is experiencing a resurgence: more than €750 million has been invested, 39% above the level observed in the same period in 2024, confirming the renewed interest of international investors in secured office assets, mainly in Paris.

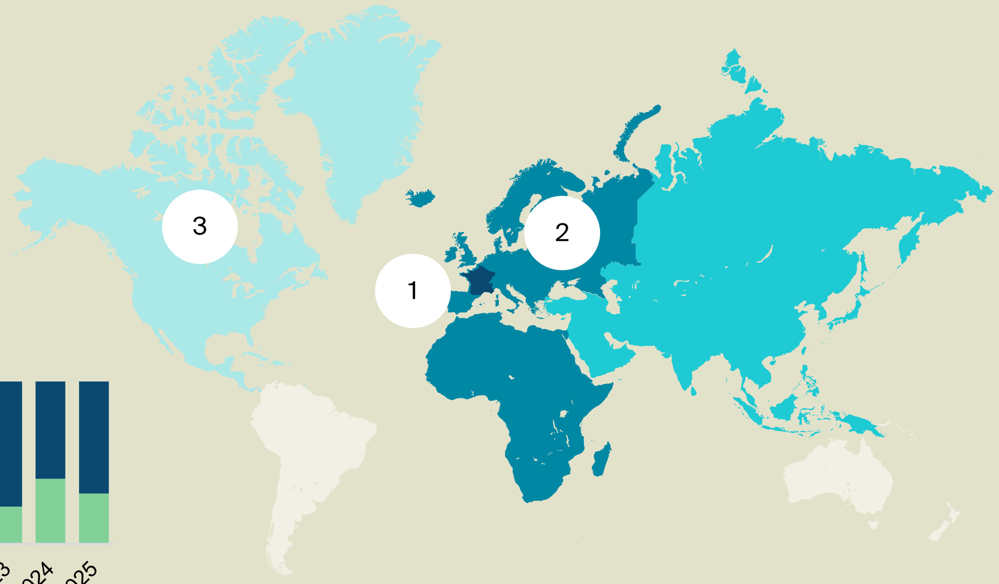
For several years, the appetite of international investors, particularly North American investors, had historically focused on industrial property, especially warehouses. However, recent developments show that offices are regaining a central place in their strategies, while at the same time maintaining a certain balance with other asset classes.

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

Funds still in the driving seat, gradual return of insurers

Investment in commercial property in France remains largely dominated by investment funds, which continue to set the pace in a market undergoing profound change.

Investment funds and sovereign wealth funds thus account for more than 60% of the volumes invested since January. Of the 16 acquisitions over €100 million made in the last six months, nine were carried out by this type of player. In the first half of the year, fund strategies differed according to market sector: the 1st quarter was marked by strong activity in retail and office properties, with landmark transactions such as Ardian's acquisition of a Parisian high street portfolio, while the 2nd quarter focused on industrial real estate, with major transactions such as AEW's acquisition (in partnership with CDC) of a portfolio of warehouses from Columbia Threadneedle. In the 3rd quarter, investment funds and sovereign wealth funds focused on deals under €100 million, while a return to large transactions (in the office and industrial sectors) is expected by the end of the year.

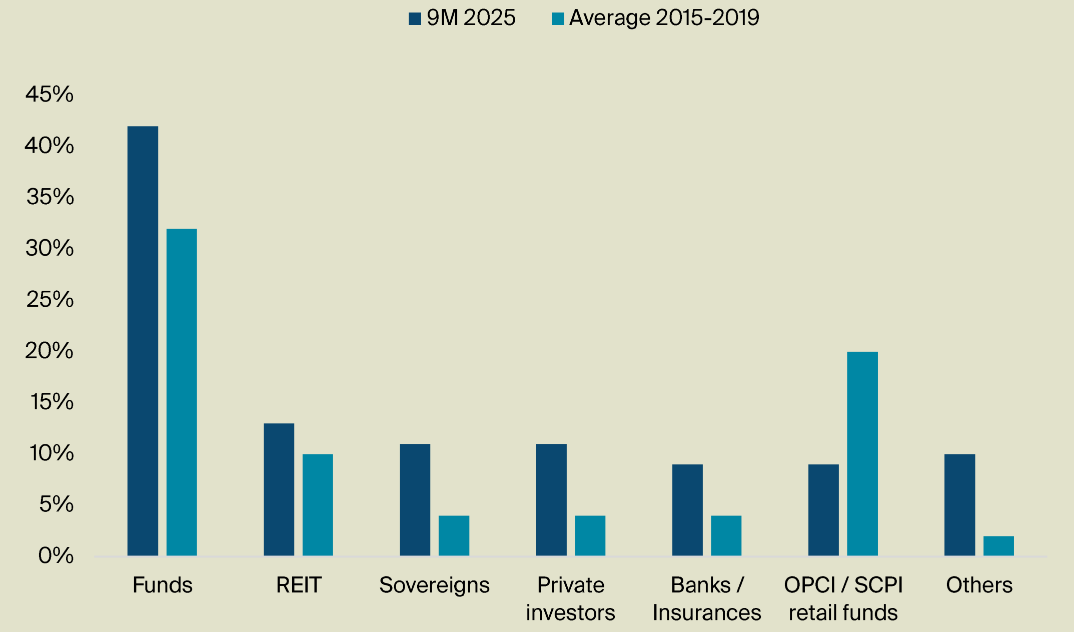
After several quarters focused on sales, listed real estate companies are back in the spotlight with Gecina's acquisition of the Le Solstys commercial building in the heart of Paris' central business district for more than €430 million, illustrating their desire to reposition themselves on significant transactions.

Insurance and mutual investors, although still below their average market share prior to the health crisis, are gradually returning to the market, with their transactions concentrated in the first half of the year. This gradual return of major institutional investors, whether sovereign wealth funds or insurance companies, reflects a renewed confidence and interest in commercial real estate in France compared to other asset classes.

Private investors, meanwhile, continue to assert their presence, positioning themselves on both modest-sized deals and more significant assets, such as 223 rue Saint-Honoré, acquired for €170 million by a Spanish family holding company.

Breakdown of investment volumes in France by investor profile

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



Source : Knight Frank

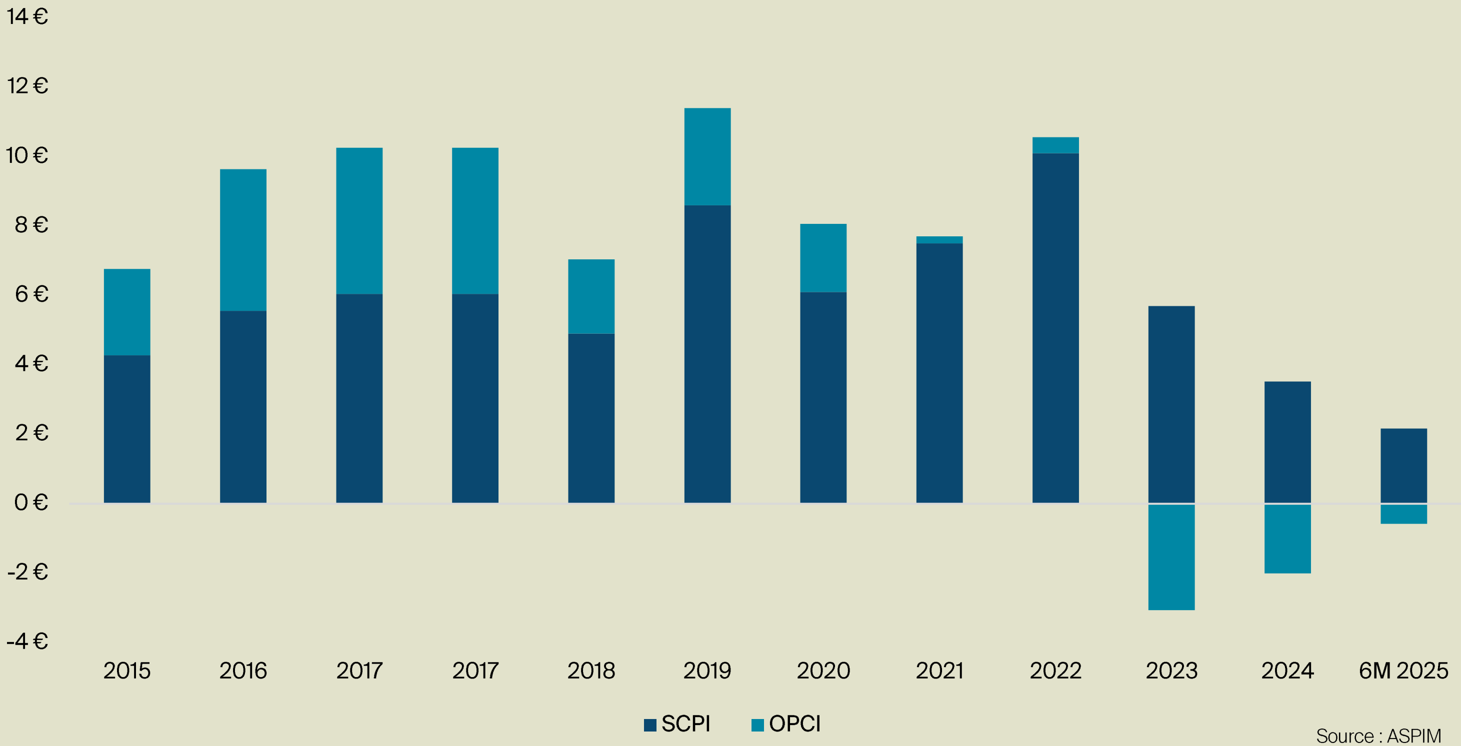
Rebound in net inflows for SCPIs, despite liquidity pressures

In the first half of 2025, SCPIs recorded net inflows of €2.2 billion. This result is in line with the momentum observed at the end of 2024 and represents a 29% increase compared to the same period last year, driven by a sharp reduction in withdrawals.
As of 30th June 2025, pending shares stood at €2.33 billion, representing 2.7% of the sector's total capitalisation. After three consecutive quarters of decline, this is the first increase. This trend reflects investors' reaction to the price and dividend adjustments announced at the beginning of the year by several management companies. SCPIs focused on office real estate still account for the bulk of pending requests (73% in value), confirming the persistent pressure on liquidity in this sector.

As for public OPCIs, the balance remained negative in the first half of 2025, with outflows of €80 million. However, this result marks a significant improvement of 54% compared to the same period in 2024.

In the acquisitions market, SCPIs remain cautious, accounting for only 6% of the €8.7 billion invested in commercial property in France in the first nine months of the year. Most transactions remain modest in size, with an average deal value of less than €10 million. At the same time, while prime property yields in France remain higher than those in the United Kingdom or Spain, some management companies are choosing to position themselves on mid-sized assets beyond the domestic market.

Net inflows into public real estate funds
In billions of euros



Source : ASPIM

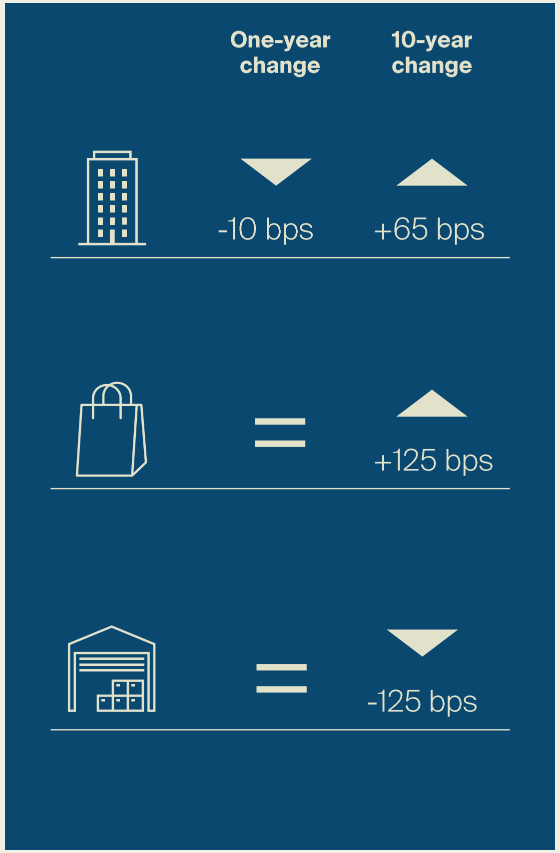
Prime yields:
superficial stability amid uncertainty

The monetary context remains marked by the gradual easing of policy by the European Central Bank (ECB), whose actions are aimed at creating a more favourable environment for financing. In theory, this approach should support a downward trend in prime yields in the commercial property market. However, this has yet to materialise.

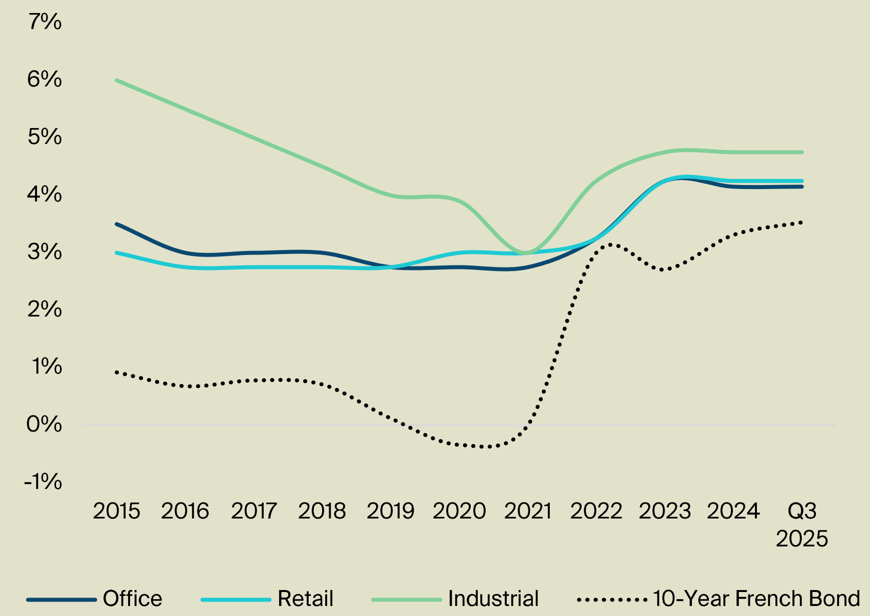
During the 3rd quarter, French sovereign yields remained within a narrow but high range: the 10-year OAT fluctuated between 3.40% and 3.60%, stabilising at around 3.55% at the end of the period. This level, which is higher than that observed at the beginning of the year, illustrates the persistent pressure on long-term rates despite the ECB's accommodative stance. This situation automatically limits the extent of any potential easing in the property market.

Against this backdrop, prime yields in the commercial property market remained stable throughout the quarter. Investors, still affected by the volatility of the financial markets, are adopting a cautious stance. Their attention remains focused on the relative risk premium of real estate compared to other asset classes, especially as geopolitical and economic uncertainties continue to cloud the outlook.

Rising tensions in the Middle East, fragile European growth and uncertainties surrounding both international and French fiscal and political policies are reducing investor visibility. If these factors remain in place, the ability of long-term rates to ease sustainably will remain limited, and with it the likelihood of a significant compression cycle on prime yields.



Prime yields
As a %, at the end of the period



Source : Knight Frank

02. Offices

Key figures for the office real estate investment market

	Q1-Q3 2025	Q1-Q3 2024	Annual change
Office investment volumes in France	€3.6 B	€3.7 B	↓
Share of offices*	42 %	35 %	↑
Number of transactions > €100 M	8	8	=
*Share of transactions > €100 M***	52 %	34 %	↑
Share of volumes invested in the Greater Paris Region**	87 %	73 %	↑
Share of foreign investors**	24 %	10 %	↑
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 driven by the Greater Paris Region, with the return of large institutional investors

Investment in office property was down slightly in the first nine months of 2025, with a total volume of €3.6 billion. However, with several sales currently being finalised, an upturn is expected between now and the end of the year. Beyond these figures, several notable trends are emerging.

The first concerns the almost exclusive concentration of investment in the Greater Paris Region. While its share had been steadily declining for a decade, the region now accounts for nearly 90% of the amounts committed since January. This refocusing is due to the reduction in the number of large SCPI management companies, which have long been the driving force behind the regional market.

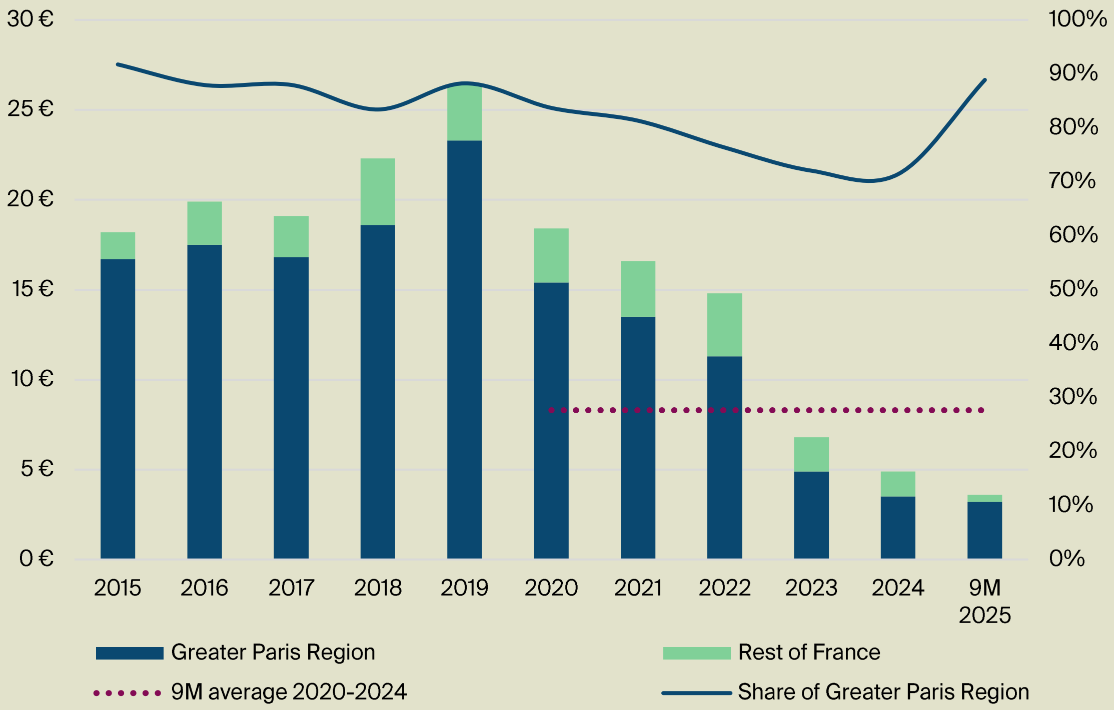
The second trend concerns the profile of investors. Taking advantage of a context of monetary easing, real estate is regaining its appeal. Major institutional players (investment and sovereign funds, insurance companies, mutual insurance companies, listed real estate companies) are strengthening their positions, accounting for 72% of the volumes invested between January and September 2025, compared with 46% a year earlier. In the wake of this, core and core+ strategies are confirming their strong comeback, accounting for 50% of the amounts invested at the end of September.

Furthermore, investors now seem to have a better understanding of the lasting impact of remote working and flex-office on rental demand, which is promoting a resurgence in liquidity and increased fluidity in transactions. The correction cycle appears to be coming to an end in the most liquid markets, but the recovery remains selective: only areas with strong fundamentals are benefiting, while peripheral areas, penalised by high structural vacancy rates, continue to lag.

Finally, obsolete assets continue to attract little interest: barely €80 million was invested in them in the first half of the year, illustrating the continuing caution in the face of heavy refurbishment requirements.

Office investment volumes in France

In billions of euros, as a %



Source : Knight Frank

Return of large transactions, in the Paris CBD and La Défense

In the Greater Paris Region, investment in office space totalled €3.2 billion in the first three quarters of 2025, up more than 20% compared with the same period in 2024. This increase is mainly due to eight transactions of more than €100 million each.

The highlight of the year was the return of large-scale transactions in La Défense, the first since the end of 2022. The Norwegian sovereign wealth fund NBIM set the tone in the 1st quarter with the acquisition of the Trinity Tower for nearly €350 million. This was followed by Covivio, which invested around €100 million to regain full ownership of the CB21 Tower, and then Corum AM, which invested more than €90 million to acquire the Highlight Tower on the edge of the Courbevoie business district. Meanwhile, in the spring, Dutch developer EDGE Technologies purchased the Les Miroirs complex for less than €20 million with a view to developing a new project there.

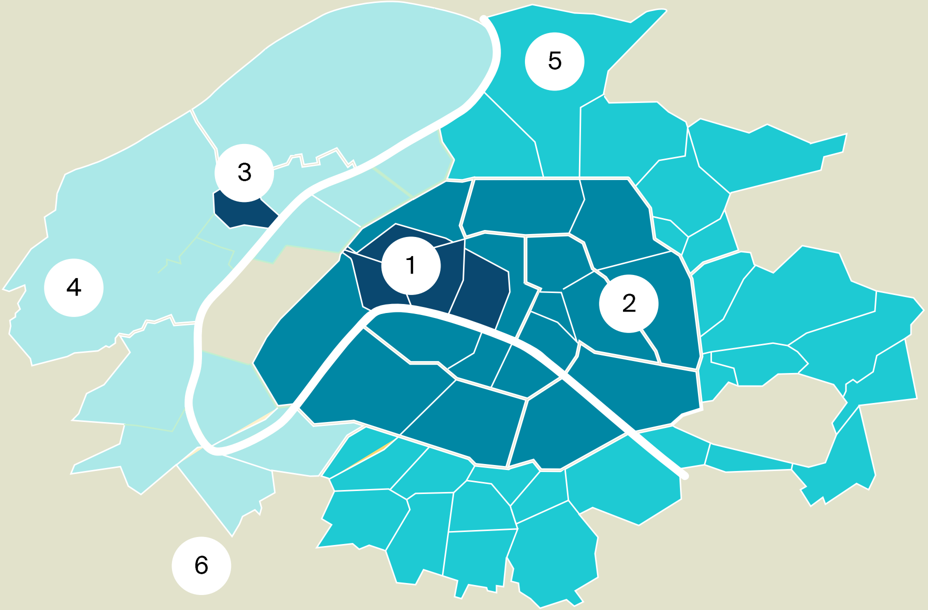
Inner Paris also confirmed its strength, with around €2.1 billion invested, 79% of which was concentrated in the Central Business District. This sector was boosted in the 3rd quarter by the largest transaction of the year, with other major sales expected. Gecina acquired the Le Solstys building (8th arrondissement) from Deka for more than €430 million.

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

Geographic breakdown of office investment volumes in the first nine months of 2025

In the Greater Paris Region

1	Paris CBD	€1.8 B
2	Paris other	€0.6 B
3	La Défense	€0.6 B
4	Western Crescent	€0.1 B
5	Inner Suburbs	€0.1 B
6	Outer Suburbs	< €0.1 B



Source : Knight Frank

Market reactivation, for large institutional investors

The start of 2025 confirmed a shift in the profile of investors active in the office market, continuing the trend that began at the end of 2024.

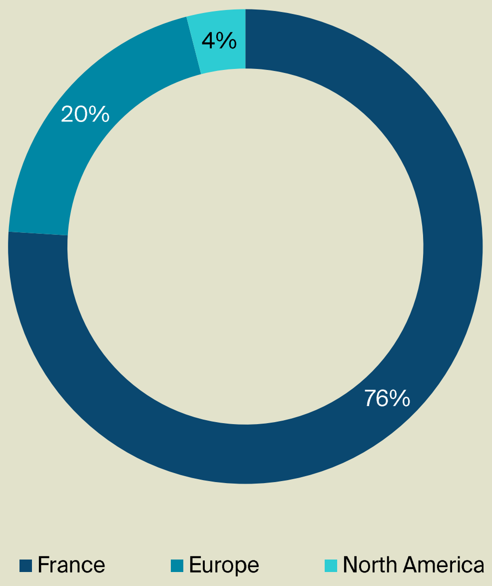
Large funds, whether institutional, sovereign or specialised, French or international, have come back to the fore. Their return has been illustrated by several landmark transactions, each exceeding €100 million, including the Trinity Tower in La Défense, Square d'Orléans in the 9th arrondissement and 280-282 boulevard Saint-Germain. These acquisitions, made outside the traditional heart of the Central Business District, reflect a renewed confidence and herald further major transactions between now and the end of the year.

At the same time, core and core+ investors such as banks, insurance companies, mutual insurance companies and listed real estate companies are also making a comeback, with more than €1.1 billion invested over the last nine months.

Private investors continue to play a central role, particularly in Paris. Their responsiveness, their ability to manage complex financial set-ups and to mobilise capital quickly make them formidable players in competitive processes, even if their relative weight could diminish with the strong comeback of institutional investors.

Investment volumes in offices by nationality

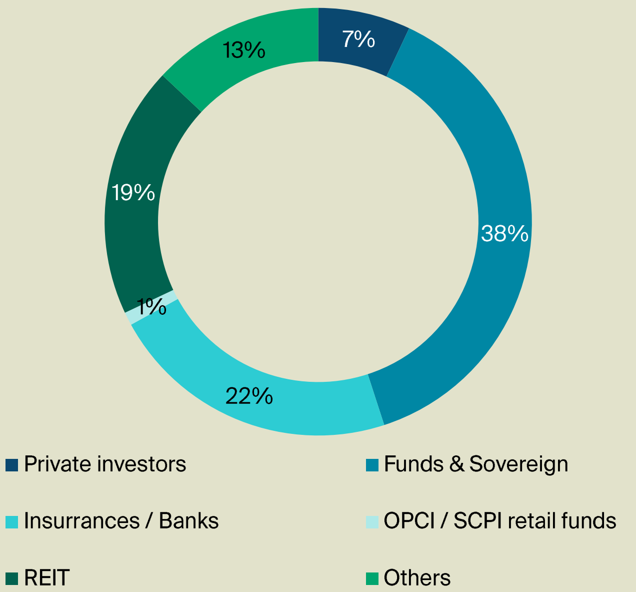
In France, at end Q3 2025, as a % of total volume



Source : Knight Frank

Volumes invested in offices by investor type

In France, at end Q3 2025, as a % of total volume



Source : Knight Frank

Prime office property yields: between solid fundamentals and financial constraints

After two years marked by a rapid increase in prime yields, a direct consequence of the ECB's monetary tightening, the market showed the first signs of a turnaround at the end of 2024 with a slight decrease in prime yields in the office sector. This development raised the prospect of a more favourable cycle, driven by the gradual easing of monetary policies worldwide.

Nine months later, this prospect remains uncertain. The financial context remains challenging: long-term rates have not really started to fall, with the 10-year OAT still hovering around 3.5%, and macroeconomic uncertainties continue to fuel investor caution. These factors are enough to neutralise any significant yield compression for the time being.

In the main office markets, the situation remained unchanged during the 3rd quarter of 2025. The prime office yield in the Paris CBD remained within its range of 4.00% to 4.25%. In La Défense, the benchmark remains anchored at 6.50%, while in Lyon, despite the lack of prime transactions, the market agrees on a prime yield of 5.50%.

This prolonged stability illustrates a market in a holding pattern: on the one hand, real estate fundamentals would suggest a relaxation of yields; on the other, financial conditions do not yet allow for a downward cycle to begin. What happens next will depend directly on the trajectory of sovereign bonds and the dissipation of global macro-financial tensions.

	One-year change	10-year change
PARIS CBD	▼ -25 bps	▲ +65 bps
LA DÉFENSE	=	▲ +175 bps
LYON	▲ +25 bps	▲ +50 bps

Prime office yields in France
As a %, end of period

Source : Knight Frank

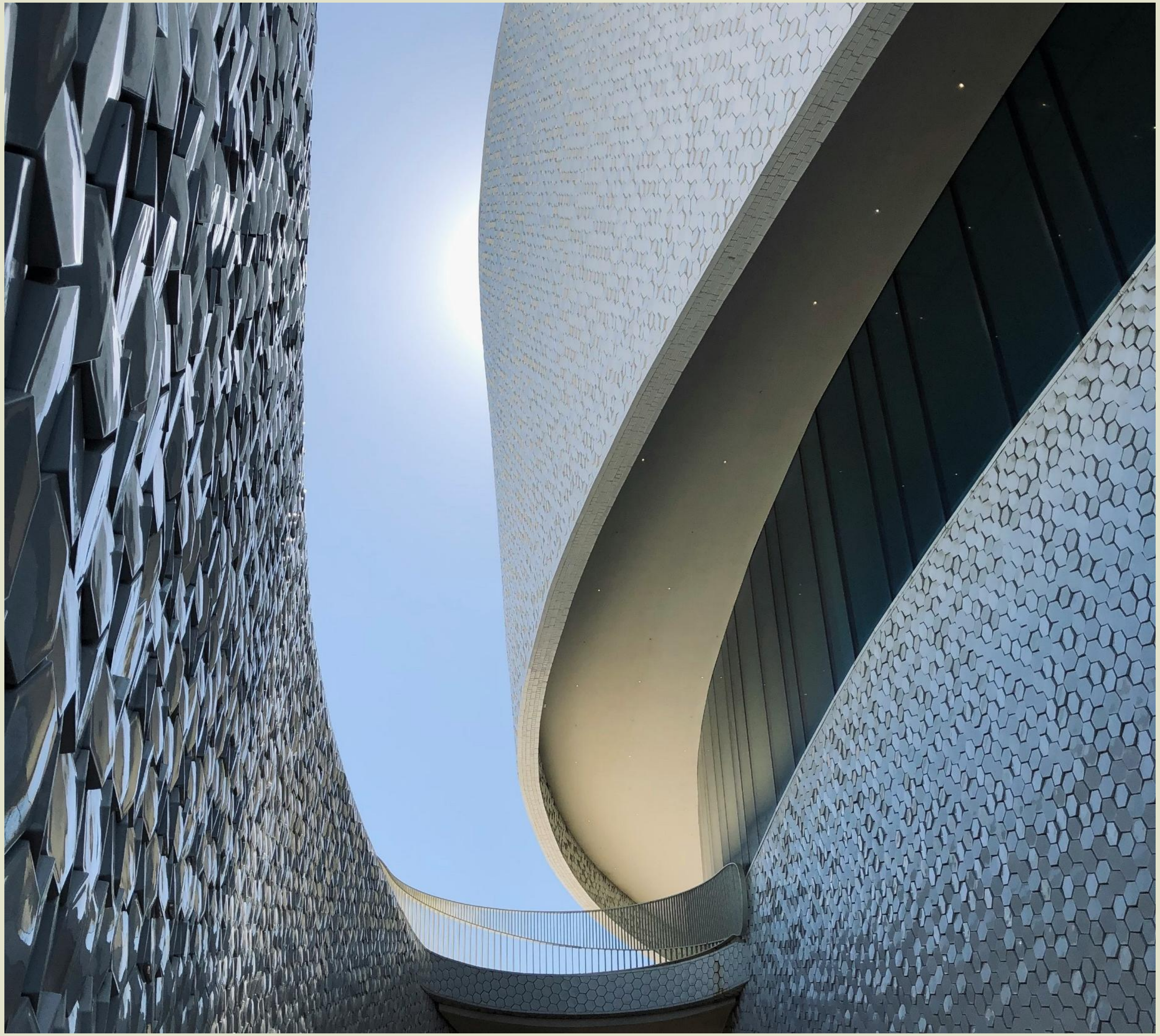
Significant office transactions in 2025

Address / Asset	Town	Seller	Buyer	Price
Solstys	Paris 8th	DEKA	GECINA	
Tour Trinity (80% of the asset)	La Défense	UNIBAIL RODAMCO WESTFIELD	NBIM	
Renaissance	Paris 8th	ARDIAN	ACOSS	
4-6 rond point des Champs-Elysées	Paris 8th	Conf.	Conf.	
Square d'Orléans	Paris 9th	BNP PARIBAS REIM	BAUMONT / PICTURE	
280-282 boulevard Saint-Germain	Paris 7th	AEW pour CNP ASSURANCES	INDSTONE CAPITAL	
Tour CB21 (25%)	Courbevoie (92)	CNP ASSURANCES	COVIVIO	
Astorg & Rossini (29%)	Paris 8th & 9th	OFI INVEST AM pour AFER et ABEILLE VIE	FGAO	
Highlight	Courbevoie (92)	EURAZEO	CORUM AM	
48 rue Notre Dame des Victoires	Paris 2nd	PONTEGADEA	MIMCO AM / FONCIERE RENAISSANCE	

€50-100M €100-200M > €200M

Source : Knight Frank

03. Retail



Key figures for the retail real estate investment market

	Q1-Q3 2025	Q1-Q3 2024	Annual change
Retail investment volumes in France	€2.5 B	€ 2.2 B	↑
Share of retail*	29 %	30 %	=
Number of transactions > €100 M	4	6	↓
*Share of volumes invested in the Greater Paris Region***	69 %	40 %	↑
*Share of foreign investors***	12 %	22 %	↓
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:
between renewed interest and caution

Following a decade marked by retail bashing, retail property seems to be gradually regaining a central place in investor allocations. In 2024, it already accounted for nearly a quarter of the volume invested in commercial real estate. The trend continued in 2025: with €2.5 billion committed in the first nine months, the sector outperformed last year (€2.2 billion) and accounts for 29% of the market. This level, unprecedented until now, reflects a reorientation of capital, even if part of this performance is based on large-scale one-off transactions.

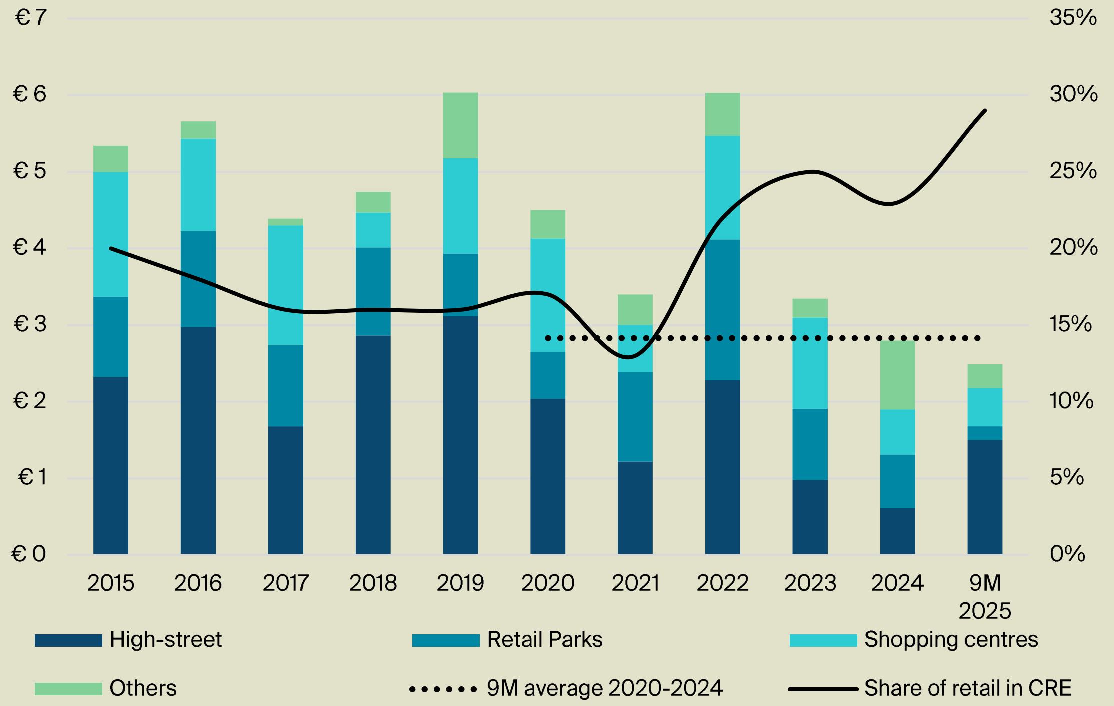
The most notable transaction was completed in the 1st quarter, with Ardian's acquisition of 60% of a portfolio of prestigious assets (26 Place Vendôme, 35-37 and 56 Avenue Montaigne) for approximately €840 million. This transaction is the largest recorded in France since 2022, when LVMH raised nearly €900 million for a portfolio comprising mainly offices.
In the retail sector, we must go back to 2014 to find a comparable volume, when three shopping centre portfolios were sold for between €850 million and €1.4 billion.

The first half of the year was also marked by CDC Investissement Immobilier's acquisition of a 15% stake in Westfield Forum des Halles, valued at €235 million.

The flagship transactions of the 3rd quarter are also located in central Paris, with Pontegadea investing €170 million in the acquisition of 223 Rue Saint-Honoré, while Immobilière Dassault acquired 88 Rue de Rivoli for nearly €100 million.

The end of the year could be buoyed by several transactions still under negotiation, including iconic Parisian buildings and retail portfolios in the suburbs. However, their completion will depend on market conditions, which remain challenging, and not all of them are likely to materialise before the end of the year.

Volumes invested in retail property in France
In billions of euros, as a %



Source : Knight Frank

Domestic players dominate

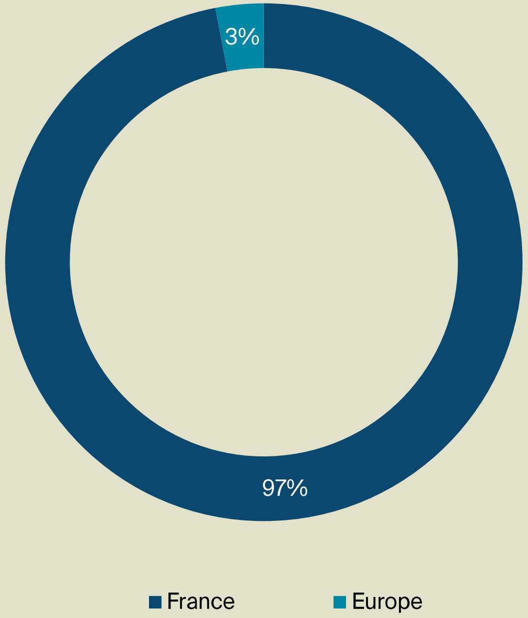
As in 2024, the retail property investment market in France remains largely dominated this year by domestic players. Four investors, Ardian, CDC Investissement Immobilier, Dassault Immobilier and Mercialys, account for nearly 60% of the volume invested, driven by their large-scale transactions.

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

Foreign investors, for their part, have limited themselves to four acquisitions so far, half of which concern high street retail space and the other half portfolios of grocery shops.

Breakdown of volumes invested in retail property

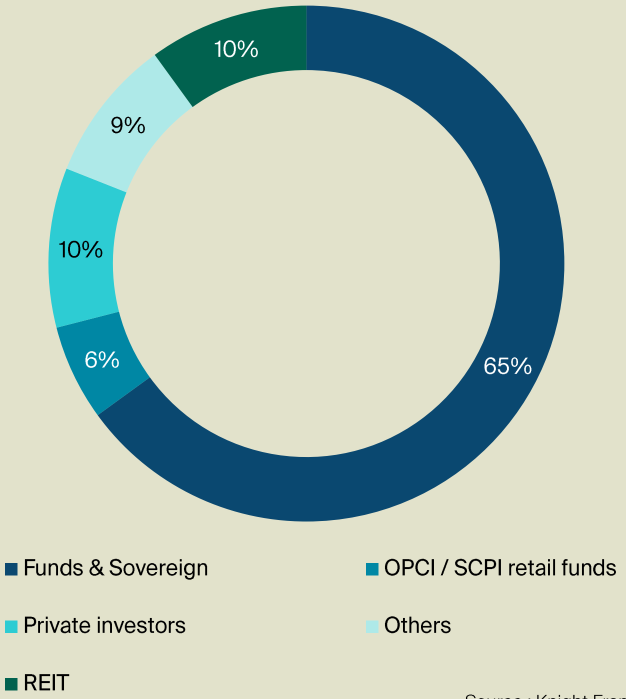
As a % as at end Q3 2025, by geographic origin



Source : Knight Frank

Breakdown of volumes invested in retail property

As a % as at end Q3 2025, by investor type



Source : Knight Frank

Prime retail property yields: a stable but segmented market

The decompression of prime yields in the retail sector, which began earlier than in other asset classes, peaked between 2022 and 2023. This momentum gradually faded in 2024, reflecting the absorption of past corrections in a context marked by a gradual easing of monetary policy.

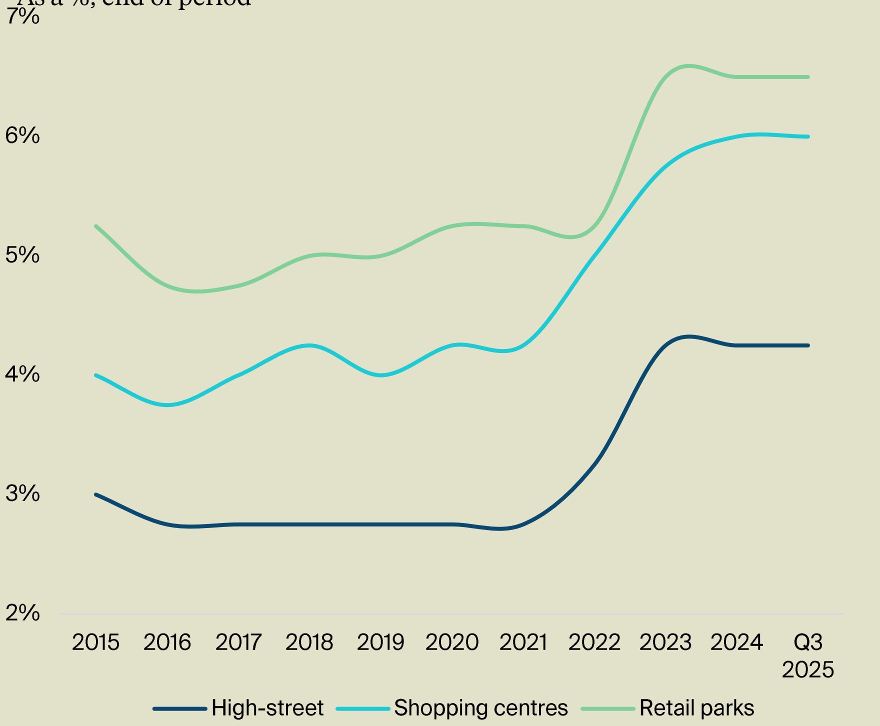
During the 3rd quarter of 2025, prime yields in the most sought-after locations in Paris remained broadly stable, reflecting a certain maturity in the decompression cycle. At the same time, out-of-town retail parks and shopping centres continued to benefit from a revaluation, sparking renewed interest from investors. This development highlights a more pronounced segmentation of the market: the highest-quality assets could, in the medium term, experience a slight compression in yields, provided that the macro-financial and monetary environment remains stable.

The retail market is therefore currently experiencing two opposing trends: continued stability for prime locations and renewed appeal in certain out-of-town areas, which could be a performance driver for investors focused on asset quality and location.

	One-year change	10-year change
RETAIL PARKS	▼ -25 bps	▲ +125 bps
SHOPPING CENTRES	=	▲ +200 bps
HIGH STREET	=	▲ +125 bps

Prime yields for retail properties in France

As a %, end of period



Source : Knight Frank

Significant retail transactions in 2025

Address/Asset	Type	Town	Seller	Buyer	Price
Portfolio of Paris assets (60% of shares)	HS	Paris	KERING	ARDIAN	
Westfield Forum des Halles (15% of shares)	SC	Paris 1^{st}	UNIBAIL RODAMCO WESTFIELD	CDC INVESTISSEMENT IMMOBILIER	
223 rue Saint-Honoré	HS	Paris 1^{st}	HINES	PONTEGADEA	
Saint-Genis 2 shopping centre	SC	Saint-Genis-Laval (69)	SCC LSGI	MERCIALYS	
88 rue de Rivoli	HS	Paris 4^{th}	PIMCO	DASSAULT	
Metro Cash & Carry Portfolio (increase in portfolio participation)	HYP/SUP	France	Conf.	AB SAGAX	
36-38 rue de la Verrerie	HS	Paris 4^{th}	CITYNOVE	TRUSTONE REIM	
Dionysos Portfolio	HS	Paris 4^{th}	$6^{ème}$ SENS IMMOBILIER	GROUPAMA IMMO	
Portfolio of 9 Carrefour supermarkets	HYP / SUP	France	CARREFOUR	SUPERMARKET INCOME REIT	
31 rue de Béthune	SC	Lille (59)	REDEVCO	INTER GESTION REIM	

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

€30-100M | €100-200M | > €200M

Source : Knight Frank

04. Industrial

Key figures for the industrial real estate investment market

	Q1-Q3 2025	Q1-Q3 2024	Annual change
Industrial investment volumes in France	€2.6 B	€2.7 B	=
Share of industrial*	29 %	35 %	↓
Number of transactions > €100 M	4	8	↓
Share of investment volume in portfolios**	42 %	47 %	↓
Share of foreign investors**	68 %	84 %	↓
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: volumes down, but a potentially explosive 4th quarter

At the end of September 2025, the industrial property market totalled €2.6 billion in investments, down more than 20% compared to the same period in 2024. This decrease is mainly due to the low number of large portfolios exchanged, limiting volume growth.

The logistics sector experienced mixed results over the course of the year. After a promising first half, uncertainties during the summer, particularly of a political nature, slowed investment in both logistics warehouses and light industrial premises.

The latter also recorded a decrease, with approximately €550 million invested and no large transactions.

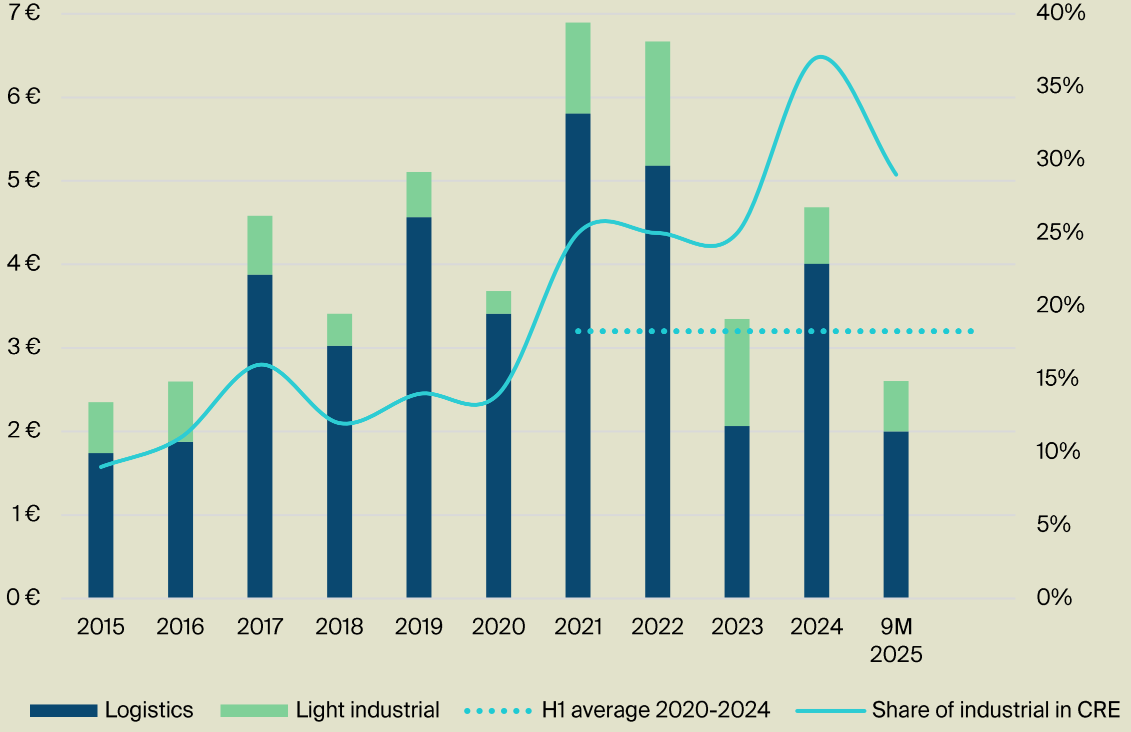
However, Proudreed acquired a portfolio of five business parks across the country for slightly more than €40 million.

Institutional investors' interest in industrial real estate remains strong, if quality assets are available. Nevertheless, the pipeline of unit transactions under exclusivity or subject to a sales promise remains limited. The end of the year could, however, be buoyed by the completion of significant logistics portfolios, even if the sale of the Castignac platform by Brookfield is likely to take longer. In terms of light industrial premises, Blackstone's takeover of Proudreed's industrial assets, expected by the end of 2025, would be the deal of the year if it goes ahead.

If the sales currently in progress are completed, the volumes invested could ultimately be similar to those of last year.

Volumes invested in industrial real estate in France

In billions of euros, as a %



Source : Knight Frank

Central role of foreign investors in industrial property

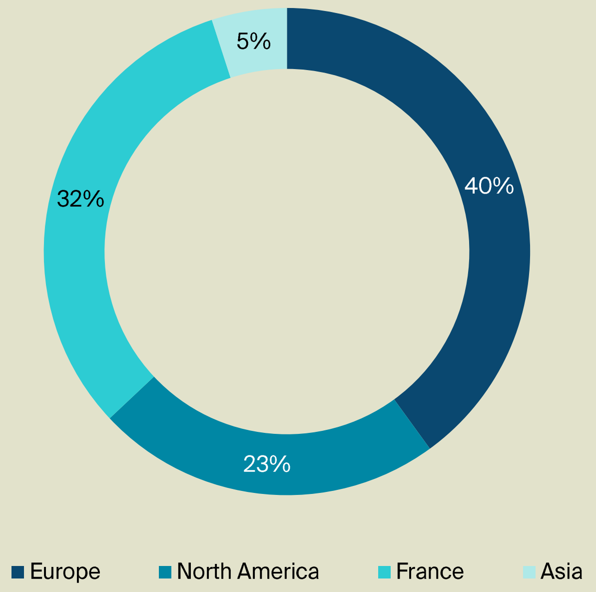
In 2024, foreign investors consolidated their role in the French industrial property market, accounting for almost 80% of investment volumes. In 2025, their share fell slightly to 68%, but their commitment remained strong. This appeal can be explained by several factors: the strength of the French economy, the quality of its infrastructure (particularly its motorway network) and the opportunities offered by lease reversions, which enable certain assets to increase in value.

Most of the four transactions exceeding €100 million this year were carried out by international investors. Following the TRISTAN CAPITAL PARTNERS transaction in the 1st quarter, involving a forward-funding sale subject to a off-plan lease in the Hauts-de-France region, the Swedish fund EQT REAL ESTATE acquired a portfolio of five buildings, followed by the American fund ARES MANAGEMENT with the purchase of the Sun portfolio.

On the French side, only AEW, acting on behalf of CDC INVESTISSEMENT IMMOBILIER, carried out a transaction of more than €100 million, involving warehouses located in the Bordeaux region, the Lille metropolitan area and along the Lyon-Marseille corridor.

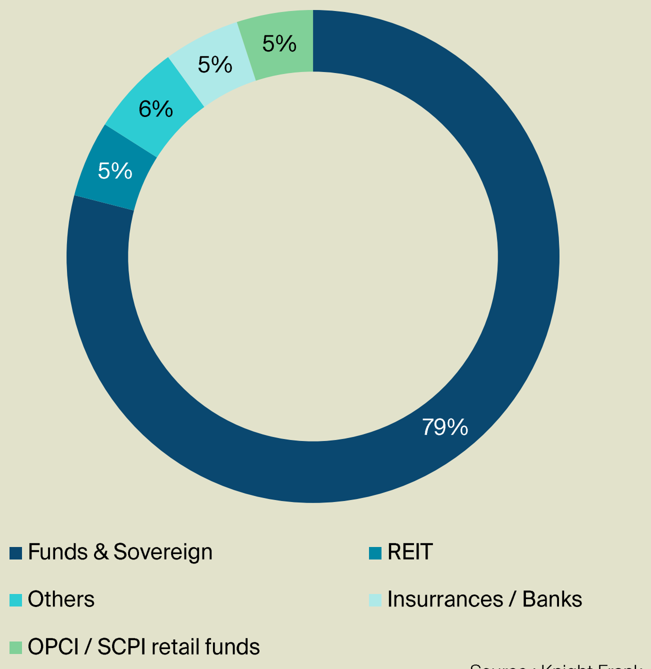
As in the previous year, SCPIs remain relatively absent from this market sector. Their acquisitions are generally limited to amounts of less than €30 million, as their current fundraising does not allow them to consider larger transactions.

Industrial property investment volumes by nationality
In France, as at end Q3 2025, of total volume as a %



Source : Knight Frank

Industrial property investment volumes by type
In France, as at end Q3 2025, of total volume as a %



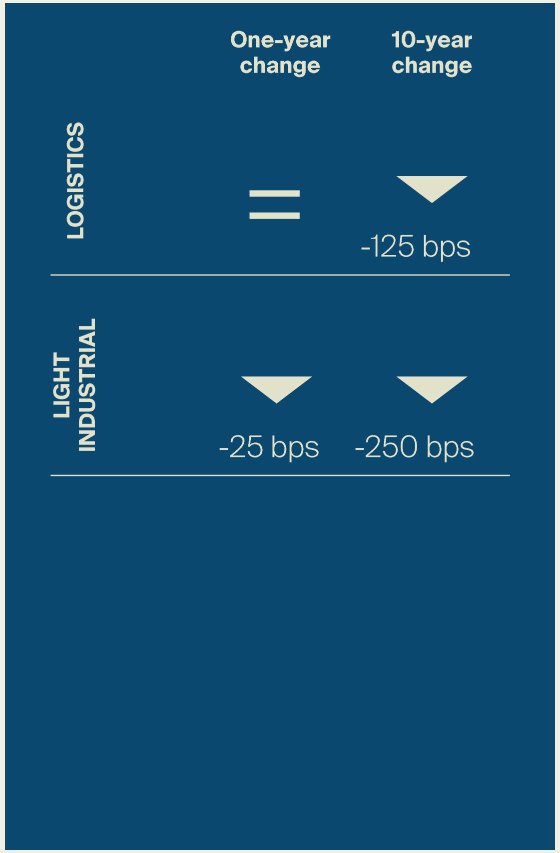
Source : Knight Frank

Prime industrial property yields: stabilisation at a break-even point

After a pronounced correction phase in 2022, followed by a further upward adjustment in prime yields in 2023, the industrial property market has remained broadly stable since the beginning of 2024.

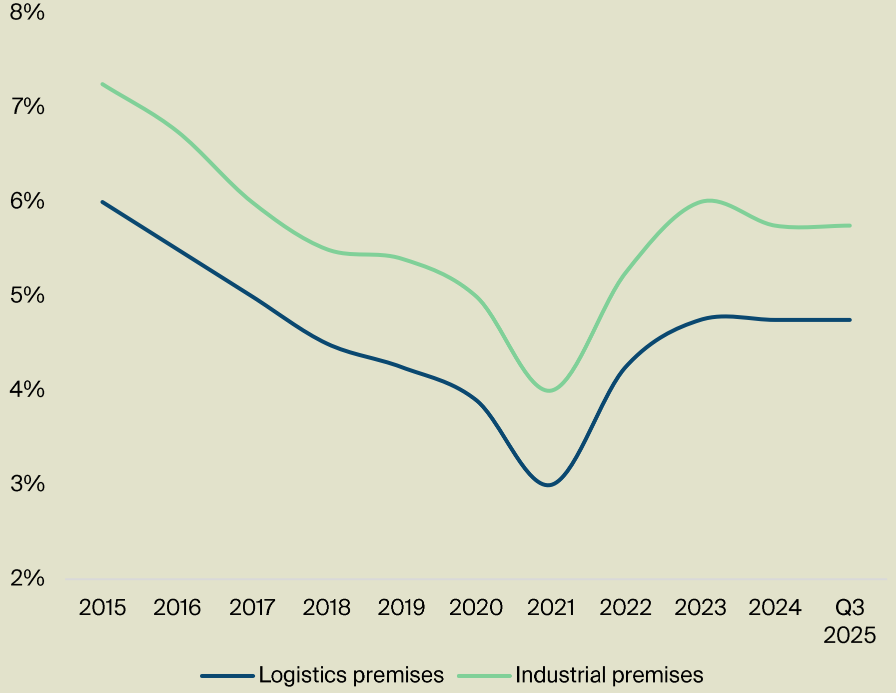
Completed transactions, as well as discussions involving portfolios worth more than €100 million, are still centred around a yield of around 5%. Nevertheless, the most sought-after assets, particularly those offering strong rental growth potential, continue to command prices below this threshold, confirming the persistence of a quality premium.

For high-end light industrial premises located in the most sought-after areas, particularly in the Greater Paris Region and the Lyon metropolitan area, prime yields have compressed slightly but steadily over the last 18 to 24 months. This trend illustrates investors' growing interest in this sector, driven by solid rental fundamentals and the lack of supply in the tightest markets.



Prime industrial yields in France

As a %, end of period



Source : Knight Frank

Significant industrial transactions in 2025

Address/Asset	Type	Town	Seller	Buyer	Price
Portfolio of 5 assets	LOG	Regions	BLACKSTONE	EQT REAL ESTATE	
Portfolio of 5 assets	LOG	Regions	COLUMBIA THREADNEEDLE INVESTMENTS	AEW pour CDC INVESTISSEMENT IMMOBILIER	
Forward-funding sale 50% let to PepsiCo	LOG	Dourges (62)	DELTA 3	TRISTAN CAPITAL PARTNERS	
SUN Portfolio	LOG	Regions	DWS	ARES MANAGEMENT	
WARENET Portfolio	LOG	Regions	PGIM via ALDERAN	M7 REAL ESTATE	
ACTIHALL Portfolio	LI	Greater Paris Region	JMG PARTNERS	TISHMAN SPEYER	
Portfolio of 3 assets	LOG	Greater Paris Region	DEKA	BOREAL IM	
ZAC de l'Aéroparc	LOG	Fontaine (90)	VAILOG	CLARION PARTNERS EUROPE	
ZAC de la Grange Blanche 2	LOG	Courthezon (84)	PATRIZIA	P3 LOGISTIC PARKS	

LOG : Logistics warehouse; LI: Light industrial

€50-100M €100-200M > €200M

Source : Knight Frank

05. Residential, Hotels & Healthcare

On the lookout for opportunities in residential property, dynamic in the hotel sector and more low-key in healthcare property

Diversification asset classes continue to grow in the French market and now account for more than 35% of real estate investment volumes at the end of the 3rd quarter of 2025.

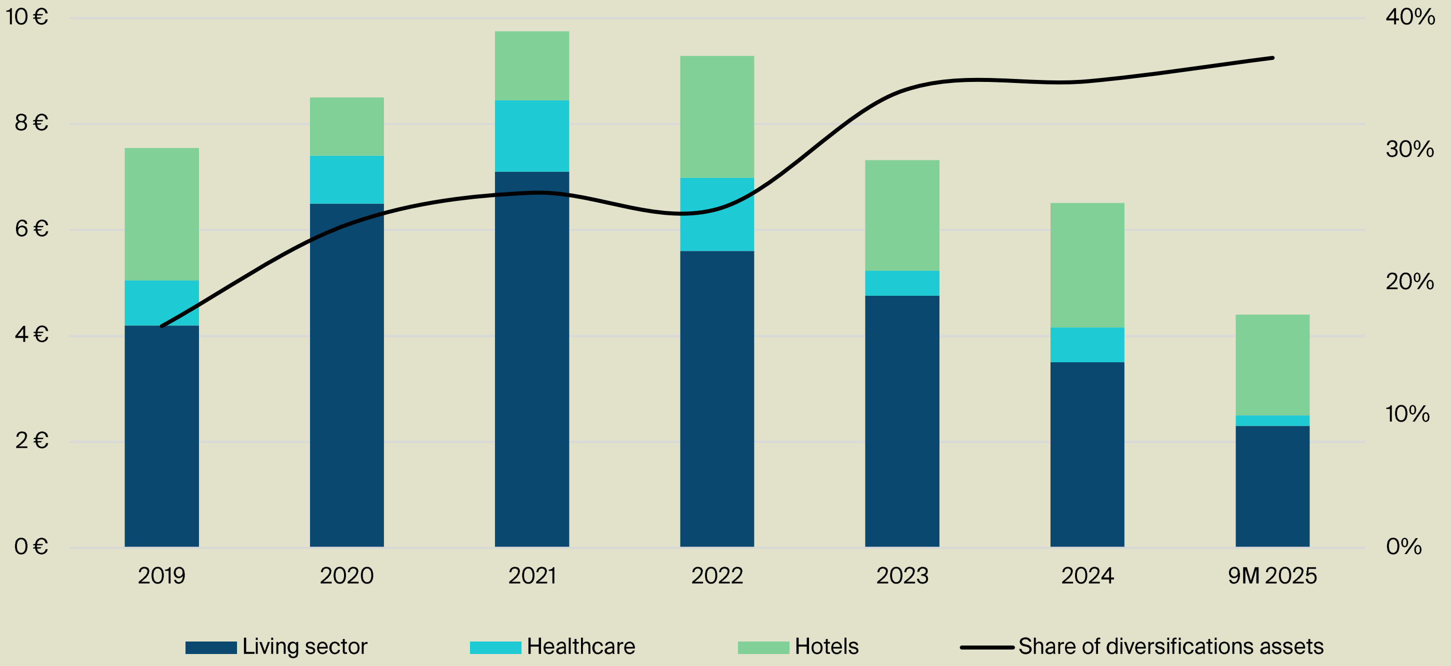
With €2.3 billion invested since January, the living sector has confirmed its appeal to investors seeking stable and resilient income. Recent sales of the YouFirst Campus and France Campus portfolios, totalling more than €700 million, illustrate the depth and competitiveness of the managed residential market. At the same time, high-quality residential assets located in Paris and its Inner Suburbs continue to attract the attention of both institutional investors and family offices, as evidenced by the investment of more than €165 million in the Chirac block.

The hotel sector also showed strong momentum, with €1.9 billion invested in the first nine months of the year. The particularly active summer extended the trend observed in previous years. This momentum is based on robust fundamentals (tourist appeal, increased international flows, and a move upmarket) which reinforce the hotel sector's role as a relevant diversification vehicle for institutional allocations.

Conversely, healthcare real estate remains sluggish, with only €200 million invested at the end of September. The lack of large portfolios and the low number of single transactions are currently limiting the sector's liquidity.

Volumes invested in diversification assets in France

In billions of euros



Source : Knight Frank

06. Outlook

Outlook

1 Difficult to predict the outcome at year-end

In 2024, investment in commercial property in France reached €12.8 billion. Given the momentum observed in the first nine months of the year, a figure of between €13 and €15 billion seemed feasible for the current year. At the end of September, €8.7 billion had already been invested, whilst nearly €8 billion was under exclusive agreement or subject to a sales promise.

However, the current political uncertainty makes forecasting more complex: some acquisition processes could be adjusted or delayed due to the lack of visibility for investors. It may therefore be difficult to reach the €15 billion threshold, but if the major deals currently being finalised go through, the annual level could remain close to or even exceed that of 2024. Furthermore, the deals currently in the marketing phase total more than €6.5 billion, ensuring continuity of transactions at the beginning of the 2026 financial year.

2 Prime yield: fragile stabilisation

In the 3rd quarter of 2025, prime yields continue to show signs of stabilisation, supported by the ECB's monetary easing and the gradual improvement in financing conditions. However, this lull remains fragile.
Persistent uncertainty surrounding the trajectory of French long-term interest rates, which remain volatile and sensitive to the fiscal and geopolitical situation, is preventing any credible projections of a sustained compression in prime yields. Investors are therefore favouring a cautious approach: the highest-quality assets, which meet ESG standards and are in the most established locations, remain relatively liquid and attractive, whilst secondary markets continue to be subject to a high-risk premium.

In this context, only greater visibility on the evolution of government bonds and a lasting normalisation of the financial environment would enable a genuine tightening of yields to resume.

3 A share of offices that is expected to increase

At the heart of post-Covid transformations and societal changes, office real estate is currently at a real turning point. During the first nine months of 2025, investments fell significantly, with €3.6 billion committed.

However, the volume of transactions currently being finalised suggests that the amount invested in office buildings could double by the end of the year.

It should be noted that office assets account for nearly two-thirds of the properties currently under exclusivity or subject to sales agreements, which should enable this asset class to gradually regain market share within the commercial property sector.

The correction cycle thus appears to be coming to an end, with a gradual return of liquidity to the most resilient sub-markets, while obsolete assets and peripheral locations remain on the back foot.

SOURCE : Knight Frank

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 studies are available at KnightFrank.fr

Overview of prime Paris retail streets | 2025 Edition | April 2025

Large office moves | 2025 Edition | May 2025

Renting is not occupying | September 2025

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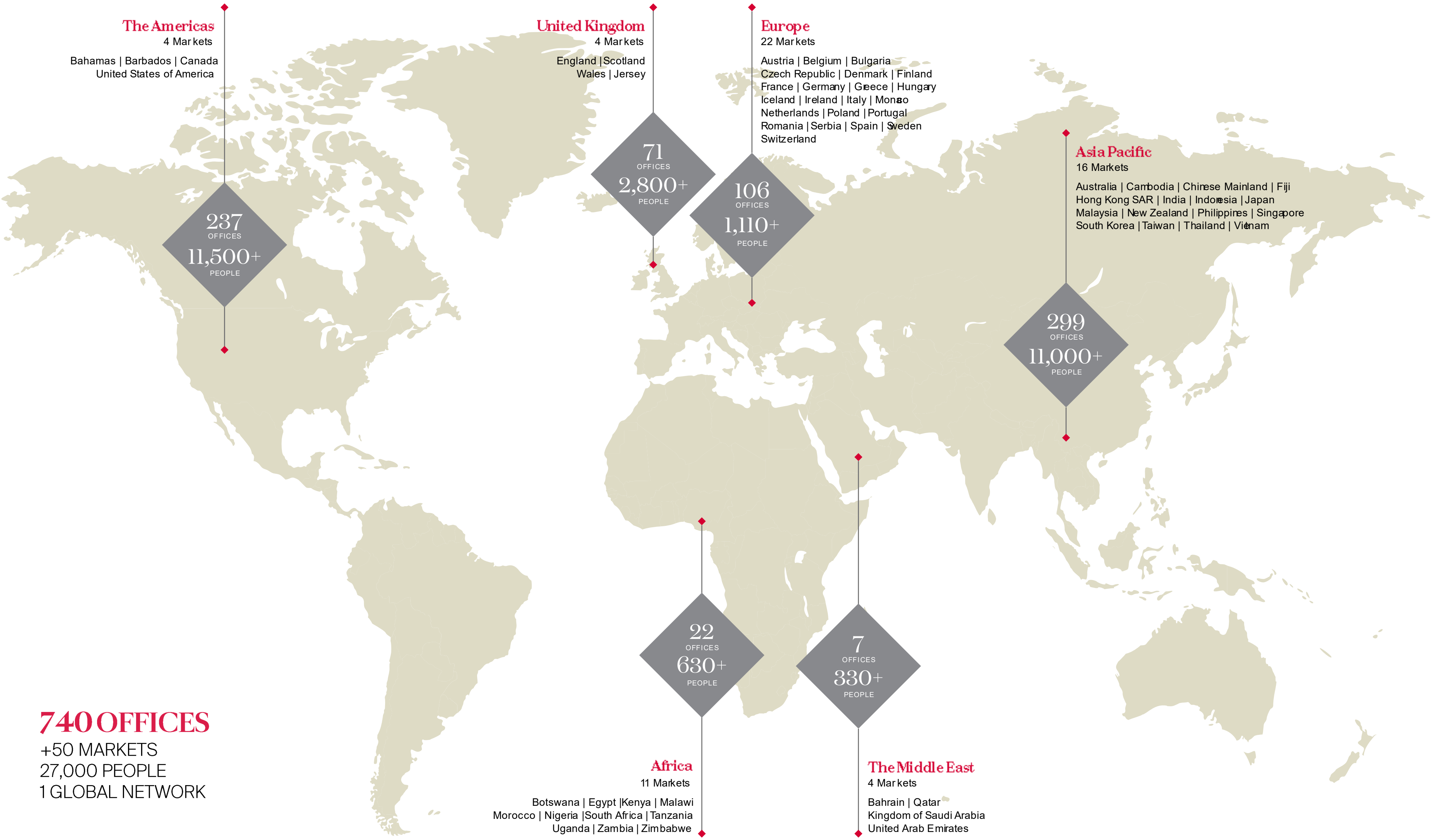
Knight Frank
at a glance

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.

740 OFFICES
+50 MARKETS
27,000 PEOPLE
1 GLOBAL NETWORK



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