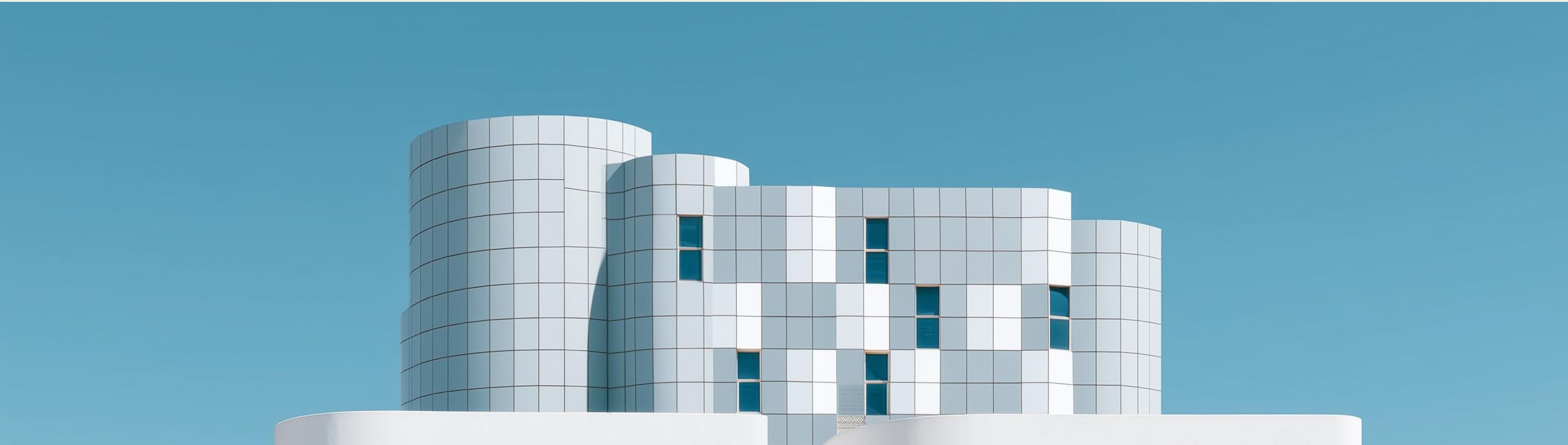
The French Investment Market

4th Quarter 2025	The investment market	knightfrank.fr/en/research/



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01. Economic context

France outperformed expectations in 2025
Monetary conditions remain supportive in 2026

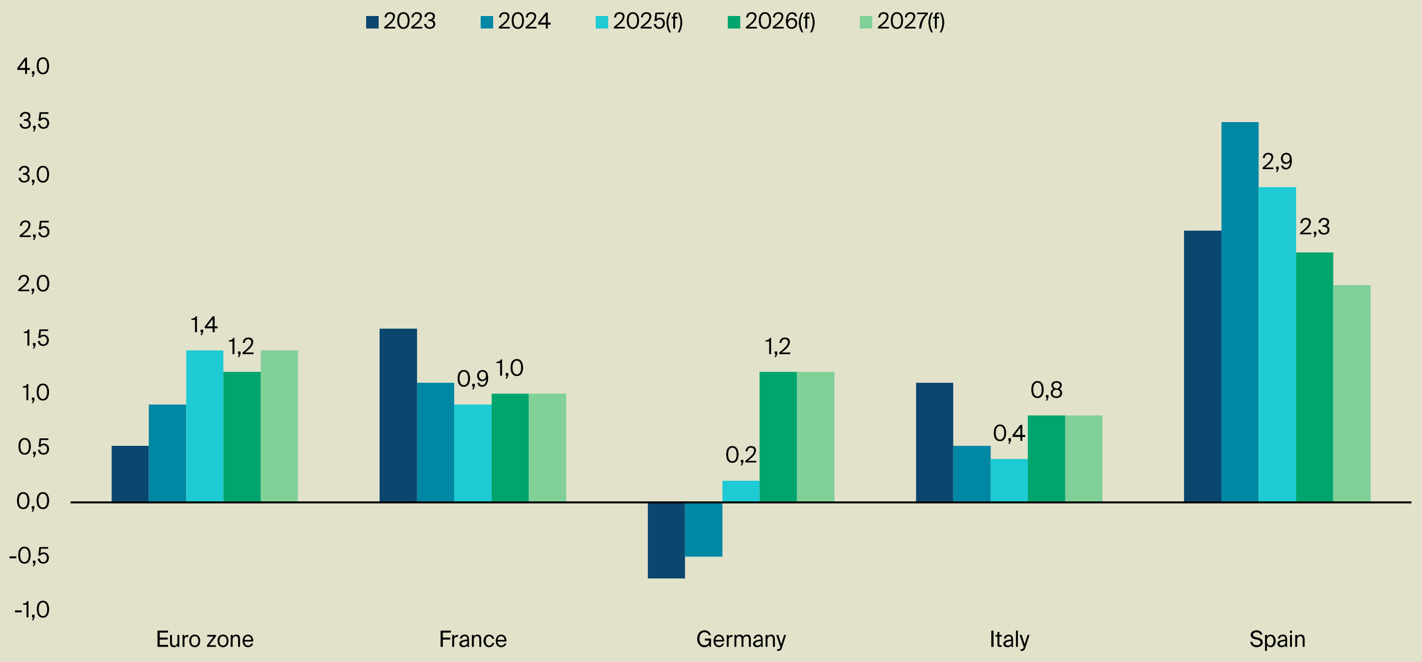
France's GDP growth in 2025 came in above initial forecasts, even though it remained below the Eurozone average, boosted in particular by Spain and Poland. This performance is notable given that the outlook published before the dissolution of the government had been noticeably more pessimistic.

As expected, household consumption remained subdued (+0.3% according to INSEE), while exports were supported by strong deliveries of transport equipment, including aircraft and ships. The real surprise came from corporate investment, which proved far more resilient than anticipated: it is now expected to be close to zero or even slightly positive in 2025, whereas earlier forecasts predicted a decline.

Underlying monetary conditions contributed significantly to the late-2025 improvement: interest rates stabilised around 2%, and inflation fell to 1% in November 2025. These same factors should support French growth in 2026, driven by a recovery in consumption as inflation stays below 2%, and by a rebound in corporate investment as financing conditions ease.

However, caution remains warranted. These projections are highly sensitive to political developments at both national and international levels, where uncertainty remains elevated.

GDP in Zone euro
In %, y-o-y change



Source : Banque de France & European Central Bank / (f) forecasts

Risk perception is rising, uncertainty is becoming the new normal

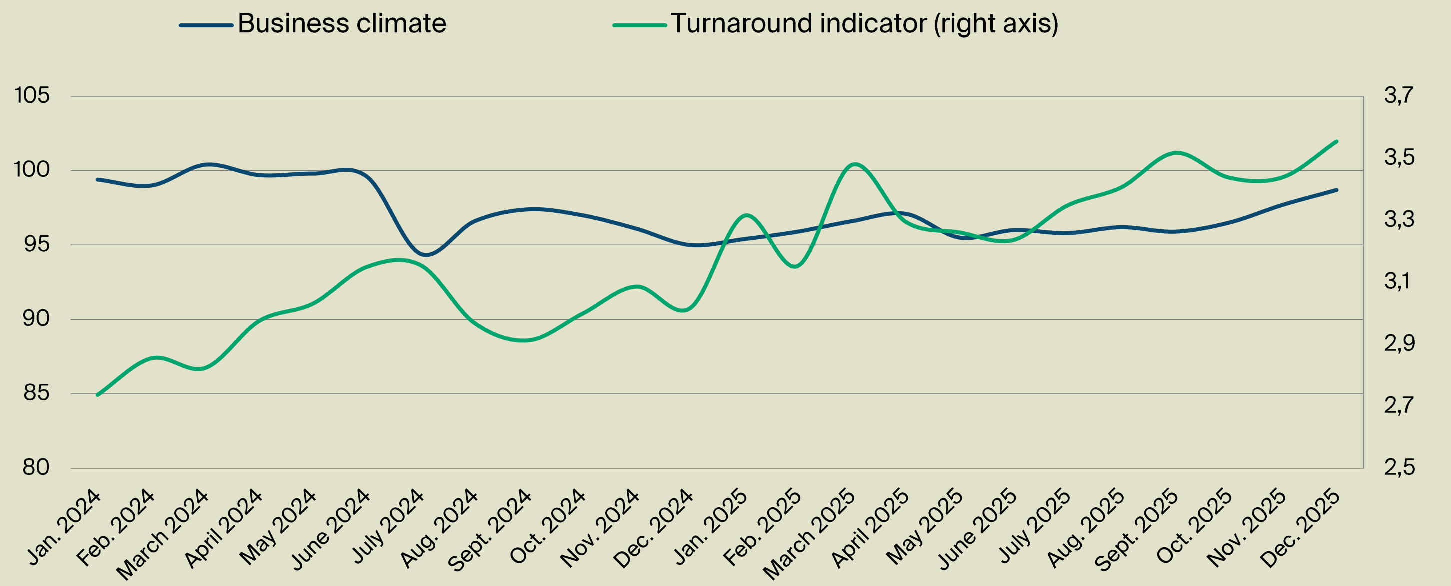
The fast-moving global geopolitical environment is pushing up perceived risk across Western countries' sovereign bond markets, and France is no exception. Domestic political instability is amplifying this effect. While France still enjoys the confidence of financial markets, investors are closely monitoring the country's public-deficit situation. As a result, the spread with Germany—0.8 percentage points—has reached its highest level in at least 30 years.

In this environment, economic sentiment remains pessimistic and is already having concrete effects. Households are saving more (a record savings rate of 18.4% in Q3 2025, comparable to the 1979 oil crisis), and companies are reducing headcount (–0.3% private-sector employment in Q3 2025). This directly limits short-term demand for office space or other commercial premises.

However, business sentiment has proved less negative than expected. Paradoxically, since the fall of the Bayrou government in September, confidence indicators have risen consistently over the last four months of 2025—a trend not seen in the past two years. While full confidence has not returned, economic agents increasingly appear to accept uncertainty as the new norm. Low inflation and interest rates back at roughly 2% help offset elevated political and geopolitical risks.

Business and employment climate & Turnaround indicator

In points and in %



Source : Banque de France

02. General trends

Key figures – French investment market Commercial Real Estate

	Investment volumes			N° of transactions		
	2024	2025	*Change*	2024	2025	*Change*
Total	**€12.8 bn**	**€13.1 bn**	*+2%*	**633**	**492**	*-22%*
Offices	€5.5 bn	€6.4 bn	*+ 17%*	250	184	*-26%*
Retail	€2.7 bn	€3 bn	*+ 13%*	220	159	*-28%*
Industrial	€4.7 bn	€3.6 bn	*-23%*	158	148	*-6%*
Greater Paris Region	€5.7 bn	€8.5 bn	*+48%*	249	208	*-16%*
France – other regions	€7.1 bn	€4.6 bn	*-36%*	379	283	*-25%*
Portfolios	33%	24%	*-9 points*	13%	13%	=
Foreign investors	42%	41%	*- 1 point*	14%	21%	*+7 points*
>€100 M deals*	44%	44%	=	34	27	*-21%*

**N° of transactions are shown in absolute terms*

Prime yields

	Q4 2025	Y-O-Y change	**10-year change**
OFFICES	4.15%	=	▲ +65 bps
RETAIL	4.25%	=	▲ +125 bps
INDUSTRIAL	4.75%	=	▼ -125 bps

Source: Knight Frank

€13.1 billion invested in commercial real estate: a stable market characterised by a wait-and-see attitude

The commercial real estate market in France remained stable year-on-year, with €13.1 billion invested in 2025, in line with the annual average recorded since 2023. This trend is also evident at both a European and global level.

Against a backdrop of tight financial conditions, domestic political uncertainty and geopolitical risks, investors' strategy has been one of both caution and a wait-and-see approach.

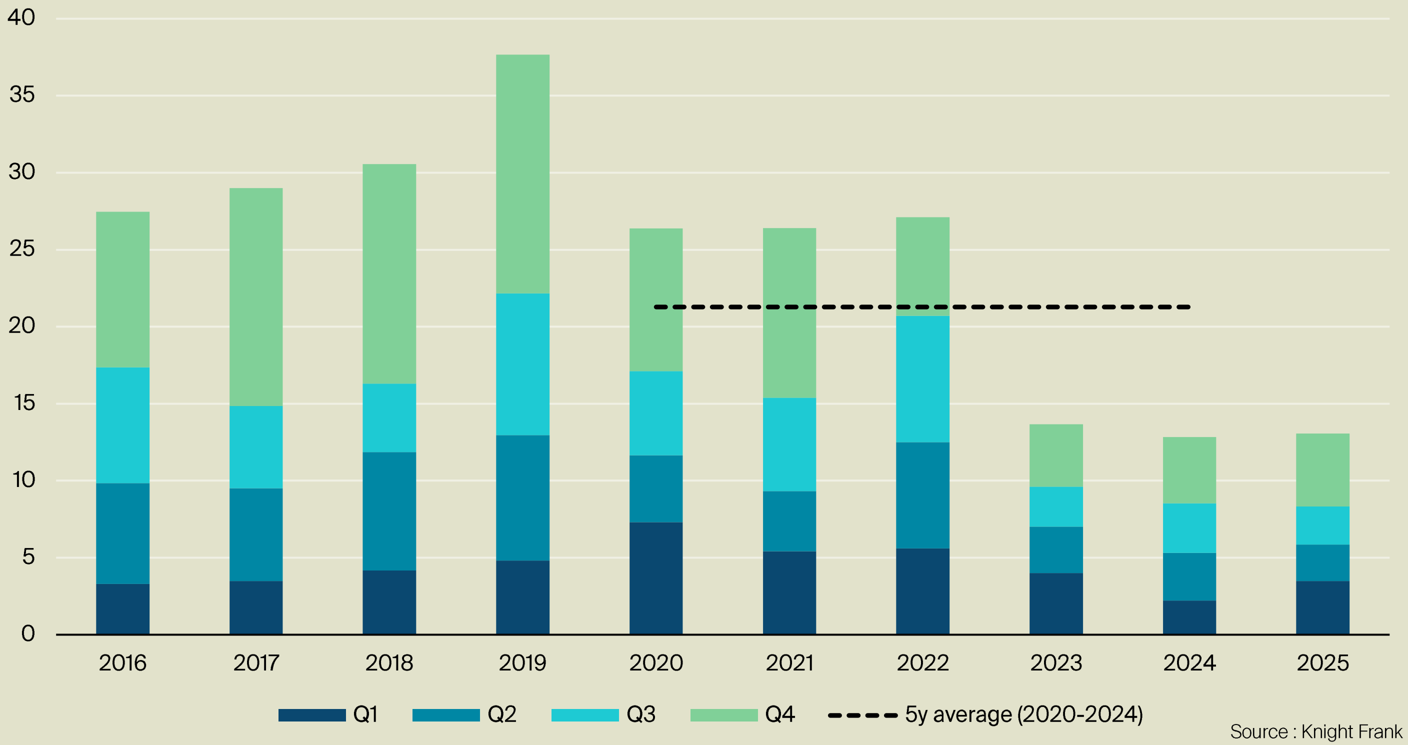
With the 10-year bond rate fluctuating between 3.30% and 3.60% in 2025, potential buyers of prime assets offered discounted prices to re-establish a risk premium. Owners, on the other hand, held their pricing in the hope of a future compression of prime yields as uncertainties ease.

As agreement on pricing was difficult to reach, the liquidity of core assets, which traditionally drive the investment market, was particularly affected. Core assets, which have accounted for an average of 59% of volumes over the past decade, accounted for only 44% in 2025, a historic low. Demand shifted instead to core+ and value-add assets that had been discounted and therefore offered short-term value creation potential, with the added advantage of being centrally located.

This geographical trend is reflected in the weight of the Greater Paris Region in national investments. While the share of the regions had been increasing year-on-year since 2019 (from 26% to 55% in 2024), 2025 saw a reversal of this trend. The share of the regions fell to 35%, and the weight of the Greater Paris Region was therefore 65% of the total, reflecting a large concentration of activity in the region.

Investment volumes in Commercial Real Estate - France

In €billion



Source : Knight Frank

Offices continue to dominate, while industrial and retail remain attractive

The office sector regained some of its share of total investment in commercial real estate in 2025, accounting for 49% of volumes (up from 43% in 2024), and maintained its position as the dominant asset class in the French market.

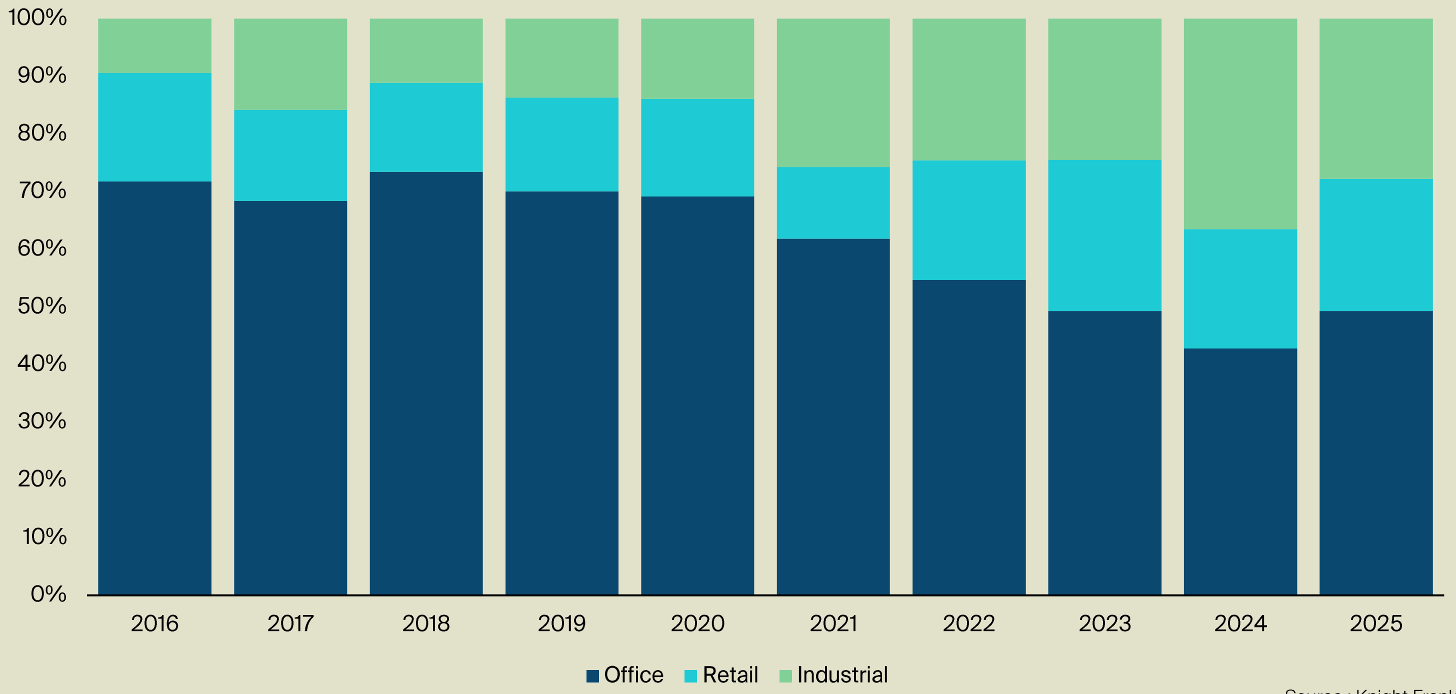
With this result, 2025 confirms the trend that began in 2019-2020, establishing a new balance between the different asset classes. Indeed, the retail and industrial sectors have seen their weight increase in recent years to reach record levels, particularly on the industrial side, to accompany changes in consumption patterns, the growth of e-commerce, the need to ensure the security of strategic supplies and, to a lesser extent, the reindustrialisation policy.

Despite a drop in absolute volumes (-23% year-on-year), the industrial asset class maintains a high market share of around 28%, which is down from the record level of 37% in 2024 but significantly higher than the 10-year average of 18%.

Retail, meanwhile, accounted for 23% of volumes invested in commercial real estate, compared with a 10-year average of 18%. Behind this figure, certain retail sub-categories were more popular than others. Luxury boutiques in the capital's prime locations stood out, a sector that has proven resilient and unfazed by various uncertainties.

Investment volumes in Commercial Real Estate by asset class - France

In %



Source : Knight Frank

Foreign investors continue to account for a significant proportion of investment volumes in commercial real estate

Foreign investors maintained their strong presence in the French market, accounting for 41% of the volume invested in commercial real estate, a level in line with 2024 (42%) and above the 10-year average (37%). In the current climate, foreign investors, who are considered less risk-averse, continue to seek opportunities to create value. They have been particularly active in the office sector, doubling their investment volumes in this asset class over the year. One example is the flagship transaction of 2025, Blackstone's €700 million acquisition of the Paris Trocadéro business centre, a ‘core+’ asset.

Foreign activity also remained strong in the industrial sector, historically their preferred area, accounting for 71% of volumes in 2025. France has strong industrial fundamentals in terms of the criteria used by foreign investors, who also see this asset class as an opportunity to generate high returns.

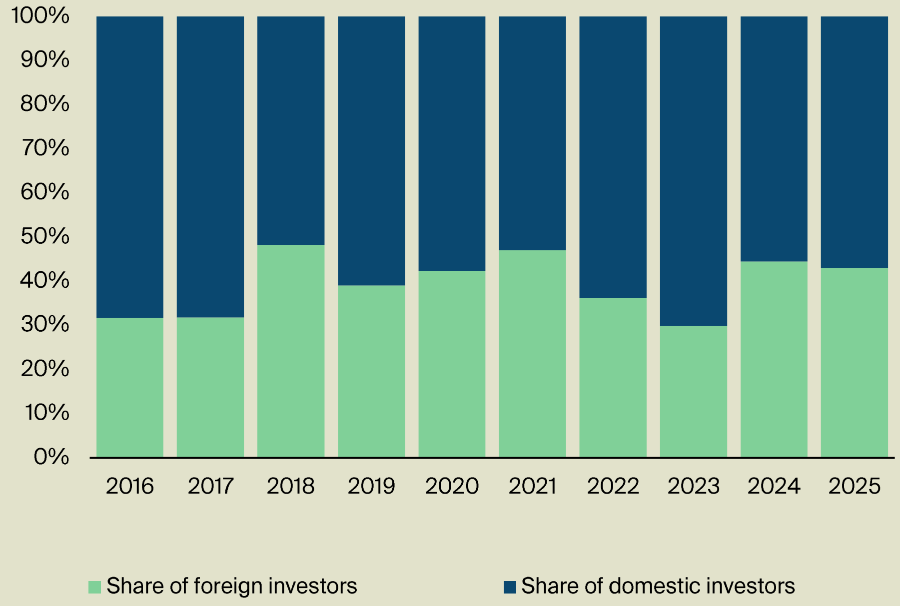
French investors, meanwhile, still account for most of the capital invested in 2025, with a market share of 59% of the total. They have been particularly active in retail, increasing their volumes by 20% in this asset class. Indeed, it was a retail transaction by a French investor that was the largest investment transaction of 2025: the acquisition by Ardian-Mudabala-ACM of 60% of the portfolio sold by Kering, with three assets located on Avenue Montaigne (two) and Place Vendôme (one), for over €830 million.

Investment volumes in Commercial Real Estate by origin of capital – France

In %

Breakdown - 2025 :

1	France	59%
2	Europe	27%
3	North America	13%
4	Others	1%



Source : Knight Frank

A record share of investment funds in investment volumes

Investment funds accounted for almost half of the volumes invested in commercial real estate in 2025, a record market share.

This over-representation is due to the ability of this type of player to source capital from various sources at a time when liquidity is tight, but also to their lower risk aversion, which allows them to diversify their positioning. In absolute terms, their invested capital increased by 25% year-on-year, with more than two-thirds of this coming from foreign entities. They were notably behind the two mega-deals of the year: the Kering portfolio acquired by Ardian-Mubadala-ACM (€837 million) and the Paris Trocadéro business centre (€700 million) bought by Blackstone.

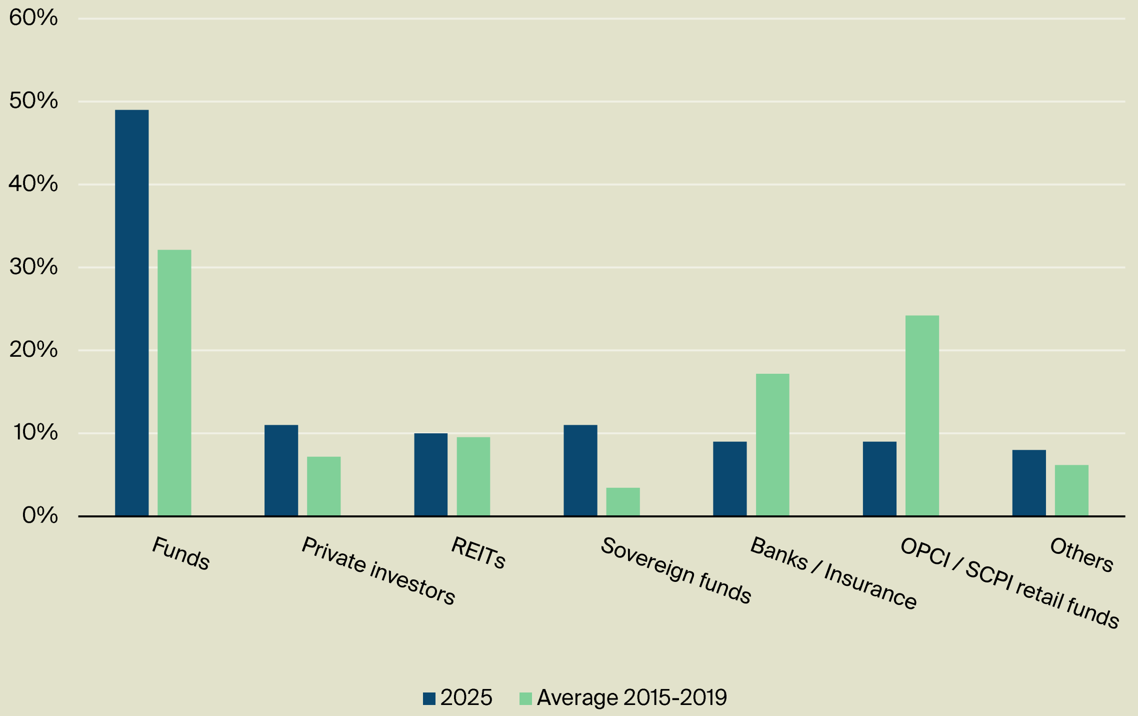
Another significant player was private investors, who have been particularly active since 2023, with an average share of 15% of the total volume invested between 2023 and 2025, compared with 5% between 2015 and 2022. In 2025, they accounted for 11% of the total volume, with the most significant transaction being the acquisition by Pontegadea (the holding company of businessman Amancio Ortega) of 223 rue Saint-Honoré for €170 million.

Listed real estate companies maintained a market share in line with their 10-year average, accounting for 10% of volumes in 2025. They mainly focused on rotating their assets following an intensive period of asset sales. This is the case for Gecina and Mercialys, which were behind two of the largest acquisitions of the year for this type of asset: Solstys (€435 million) and Bloom (€135 million) by the former, and the Saint-Genis 2 shopping centre in Lyon (€146 million) by the latter.

On the other hand, OPCI/SCPIs and banks/insurance companies have clearly withdrawn from the market. In 2025, they accounted for only 7% of investment volumes (compared to a 10-year average of 24%) and 8% (vs. 17%) respectively. With strategies more focused on core assets, their activity was affected by the decrease in liquidity in this sector. SCPI/OPCIs were even more subdued due to the slowdown in net savings inflows in recent years, although these began to pick up again in 2025.

Investment volumes in Commercial Real Estate by buyer's profile - France

In %



Source : Knight Frank

A rebound in net inflows for SCPIs confirmed in the 3rd quarter

The 3rd quarter confirmed the recovery that began at the start of 2025. SCPIs continued their slow recovery with €1.1 billion in net inflows (+38% year-on-year), bringing the total to €3.3 billion over nine months. Diversified SCPIs still account for the bulk of subscriptions (84% of net inflows), far ahead of office SCPIs (7%).

Meanwhile, retail OPCIs and real estate investment companies recorded limited outflows of €241 million and €68 million respectively. Since the beginning of the year, cumulative outflows have totalled €819 million for OPCIs and €170 million for property management companies, a significant improvement year-on-year (–51% and –75%).

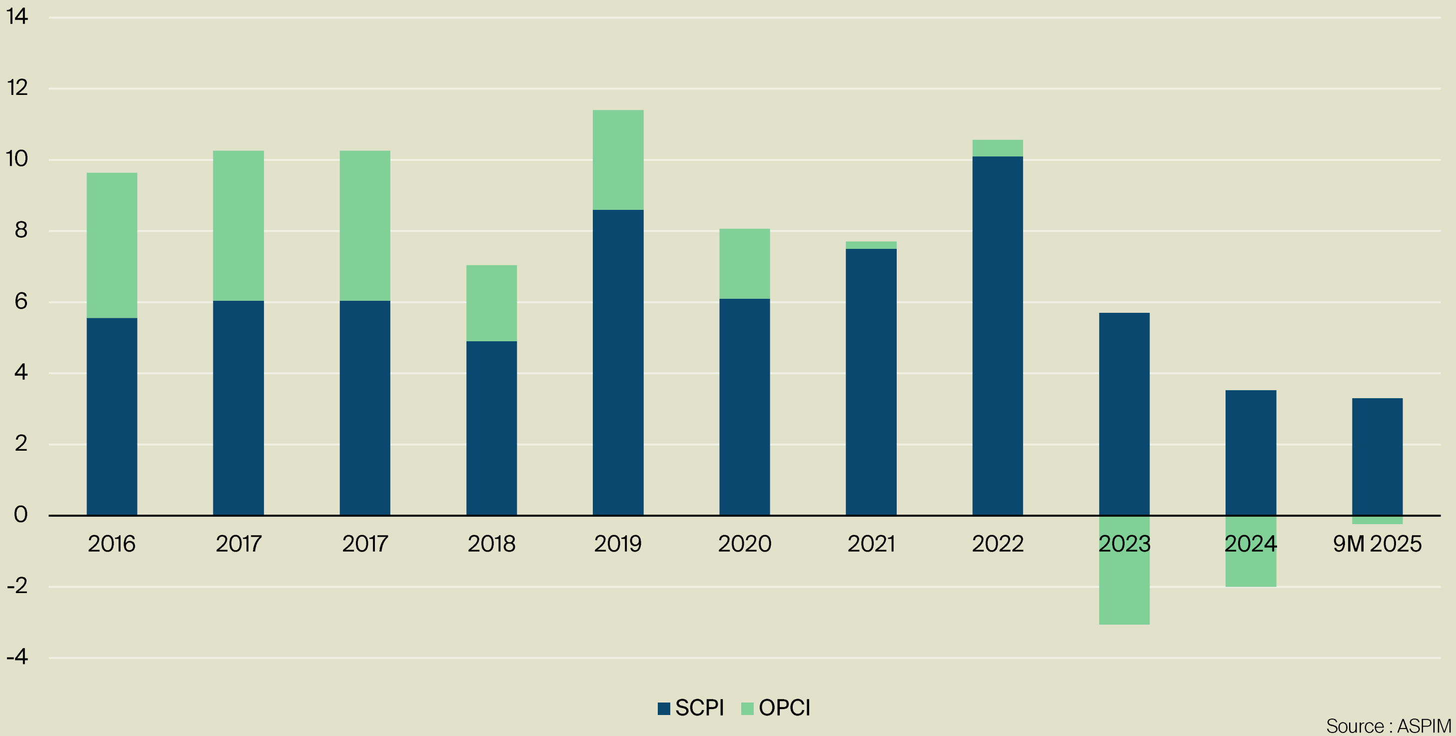
In terms of performance, OPCIs and property management companies are back in positive territory, with gains of +0.9% and +1.6% respectively since the beginning of the year.

SCPI share prices have fallen by an average of 3.6% since 31st December 2024, showing a stabilisation since the end of the first quarter.

Finally, the average distribution was 3.50% over nine months (compared with 3.25% a year earlier).

Net inflows into retail real estate funds

In €billion



Source : ASPIM

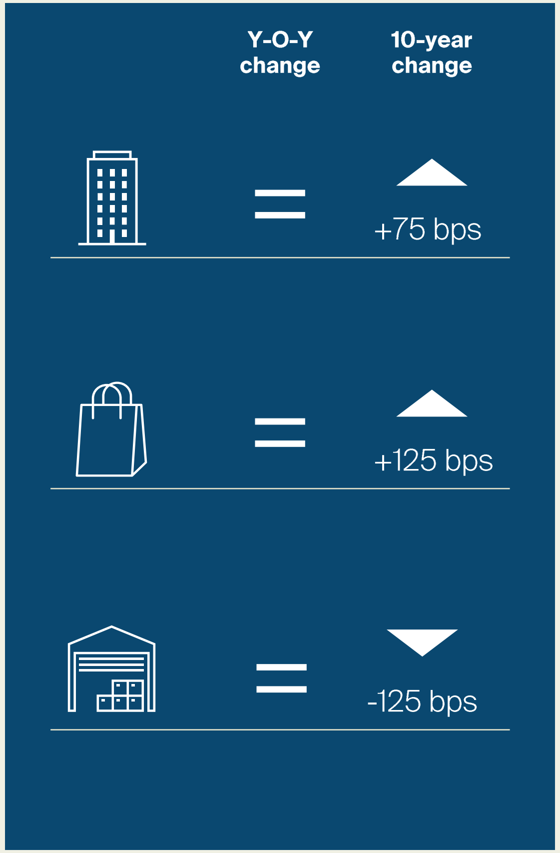
Prime yields remain stable amid uncertainty

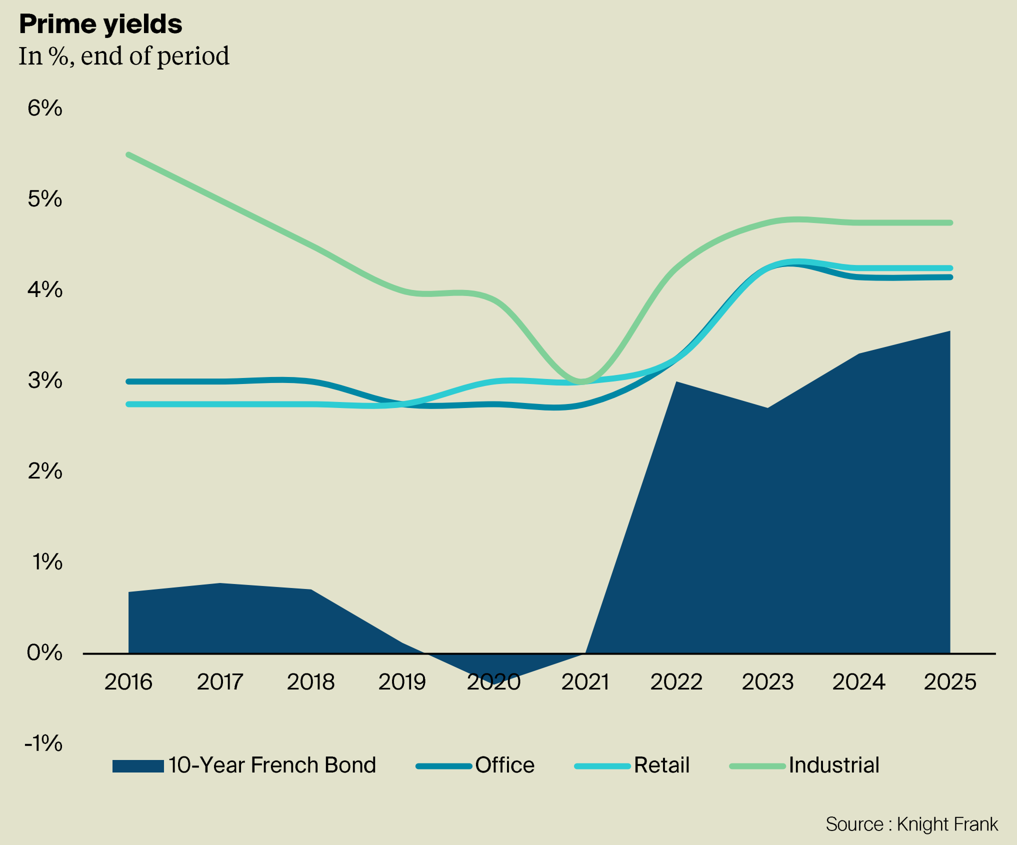
Prime yields in commercial real estate have remained stable since 2024, reflecting the market's wait-and-see attitude. At the end of 2025, they still stood at 4.15% for offices, 4.25% for retail and 4.75% for logistics.

Indeed, after a period of rising yields in 2022 and 2023 that accompanied monetary tightening in response to rising inflation, corrections in metric values have been slow to materialise for prime assets, despite the ECB's monetary policy easing since 2024.

This is because the level of uncertainty regarding the French economy's outlook remains high, as evidenced by the 10-year rate, which fluctuated between 3.30% and 3.60% in 2025, a historically high level. The financial markets therefore believe that investing in France still presents a certain risk, given both the domestic economic situation, with political and budgetary uncertainty, and the international economic situation, with Trump's aggressive economic and diplomatic policy and the associated geopolitical risks.

Against this backdrop, property owners prefer to maintain the pricing of their best assets until the uncertainties are lifted, allowing yields to start to compress, even though many buyers are demanding discounts on prices to rebuild a risk premium.





03. Offices

Key figures – Office investment market

	Investment volumes			N° of transactions		
	2024	2025	*Change*	2024	2025	*Change*
Total	€5.5 bn	€6.4 bn	*+17%*	250	184	*-26%*
Greater Paris Region	€3.9 bn	€5.7 bn	*+45%*	133	109	*-18%*
France – other regions	€1.6 bn	€0.7 bn	*-54%*	117	75	*-36%*
Portfolios (%)	9%	3%	*-6 points*	4%	3%	*-1 point*
Foreign investors (%)	19%	36%	*+17 points*	7%	13%	*+6 points*
>€100 M deals (%) *	3%	3%	=	13	15	*-1 point*

**N° of transactions are shown in absolute terms*

Prime yields

	Q4 2025	Y-O-Y change	10-year change
Paris CBD	4.15%	=	▲ +65 bps
La Défense	6.50%	=	▲ +175 bps
Lyon CBD	5.50%	▲ +10 bps	▲ +50 bps

Source : Knight Frank

Office investment volumes finally increasing, with a higher concentration in the Greater Paris Region

For the first time in six years, investment in office space has seen an improvement in its annual performance.

A total of €6.4 billion was invested in this asset class nationwide in 2025, 17% more than in 2024. However, this volume remains far below the levels seen during the years of low interest rates, i.e. pre-2023 (2016-2022 average: €20 billion per year). In terms of numbers, only 183 transactions were recorded in 2025, compared with an average of approximately 500 between 2016 and 2022.

The macroeconomic and geopolitical context remains highly uncertain and therefore unfavourable. Trump's announcement of higher import tariffs, international geopolitical tensions and political uncertainty in France have all hampered investment momentum and led to a wait-and-see attitude in the market. Investors have therefore been highly selective in their approach, both in terms of asset quality and location. With sellers and buyers still unable to find common ground on the pricing of traditional core assets, the latter have targeted well-located assets that have been discounted in value and offer proven potential for value creation.

This strategy resulted in a strong focus on the Greater Paris Region, which attracted €5.7 billion in investment, more than half of which was in the CBD sector.

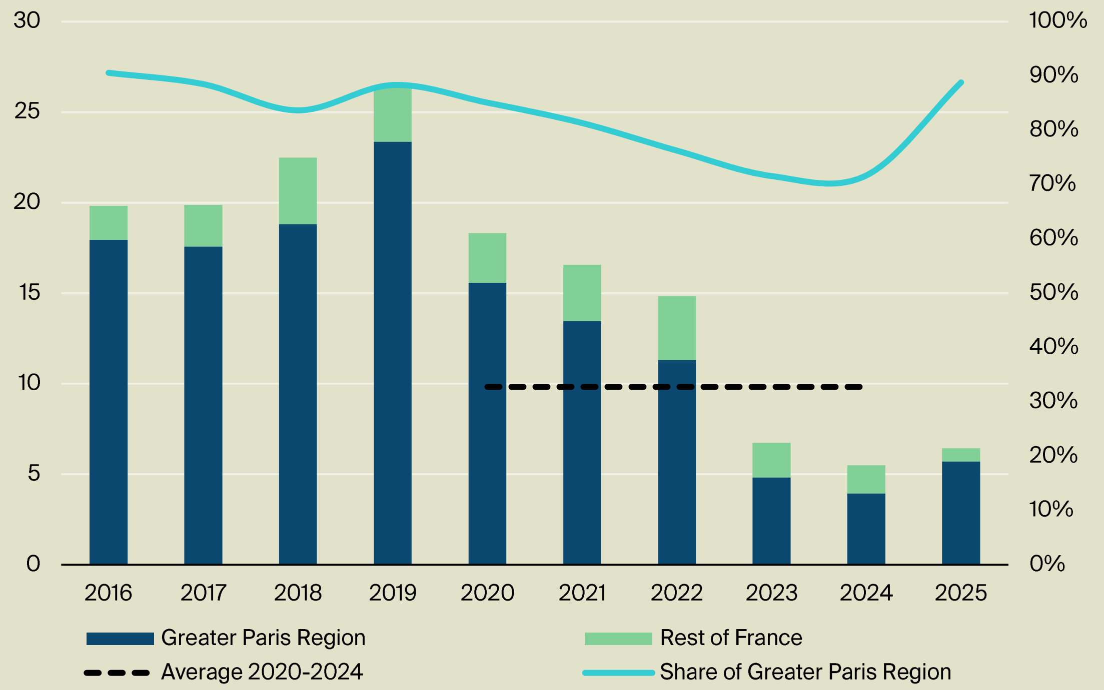
It was also reflected in the allocation of capital by risk profile; in the Greater Paris Region, core+ reached a record share of 38%, value-add 24% and core 38%, its lowest level in 10 years (transactions over €100 million).

Another notable feature of this market approach is the strong presence in 2025 of foreign investors (36%), particularly Anglo-Saxon and American investors, who are known for their greater appetite for risk. The latter accounted for 9% and 13% of office investments respectively, historically high shares.

In terms of buyer profiles, the findings are equally revealing. Investment funds and private investors have achieved record levels over the last ten years in terms of market share of office investment, with 41% and 23% respectively. On the other hand, institutional investors (banks, insurance companies and mutual insurance companies) and SCPIs/OPCIs, whose strategies are traditionally more focused on core assets, hit their lowest point since 2016 this year, with a share of only 4% and 8% respectively.

Office investment volumes - France

In €billion, in %



Source : Knight Frank

More than half of all investment in the Greater Paris Region was in the CBD, La Défense makes a comeback after two quiet years

Investment in office space in the Greater Paris Region rebounded in 2025, with a transaction volume of €5.7 billion, up 45% compared to 2024 and 19% higher than in 2023.

In terms of investment geography, the English saying ‘location, location, location’ resonated strongly in the market, with 53% of volumes concentrated in the CBD, totalling €3 billion. Three major deals accounted for nearly half of this volume: the sale by Union Investment of the Paris Trocadéro business centre to Blackstone for €700 million, the sale of Solstys by Deka to Gecina for €435 million, and finally the sale of Renaissance by URSSAF to Ardian for €300 million.

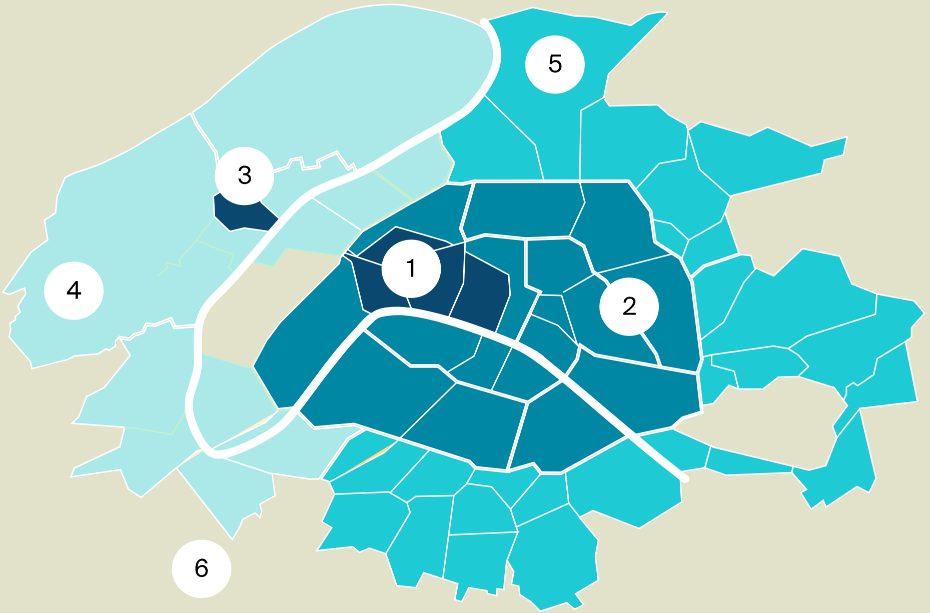
La Défense is the other market sector where the 2025 results are positive, with nearly €500 million invested, marking a comeback after two quiet years. Two acquisitions drove this volume: the sale by Unibail-Rodamco-Westfield to NBIM of 80% of its stake in the Trinity tower for €347 million, and the purchase by Covivio of 25% of the CB21 tower from CNP Assurances for €100 million to gain full ownership.

However, not everyone was a winner in this reshaping of the office investment landscape in 2025. The Inner and Outer Suburbs, historically active, came to a virtual standstill. These low volumes can be explained by investor mistrust of these sectors, where the lettings market is under severe pressure and vacancy rates remain high.

Breakdown of office investments by sector - 2025

In the Greater Paris region

1	Paris CBD	€2,997 M
2	Rest of Paris	€1,595 M
3	La Défense	€465 M
4	Western Crescent	€533 M
5	Inner Suburbs	€65 M
6	Outer Suburbs	€59 M



Source : Knight Frank

Over-representation of investment funds and foreign players

Foreign investors have been on the lookout for a French market with strong fundamentals offering 'core+' and 'value-add' products that have undergone repricing and offer potential for value creation, particularly in the Greater Paris Region.

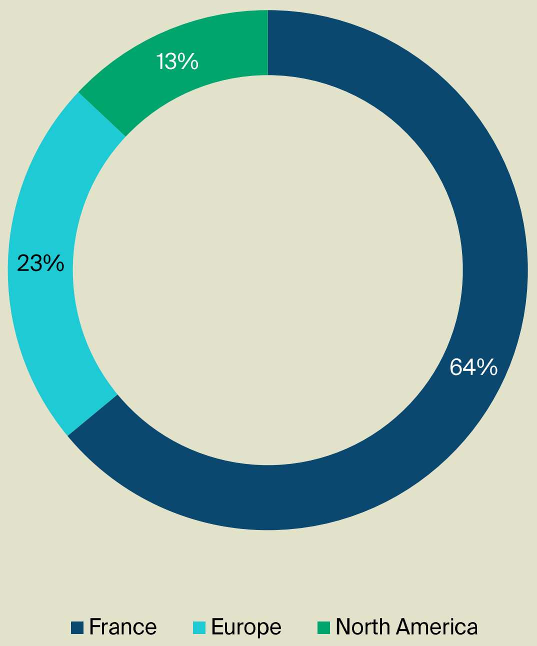
As a result, foreign investors invested €2.3 billion in 2025, doubling their volume from 2024. In terms of market share, they accounted for 36% of office investment, compared with 19% in 2024 and 29% on average over the last 10 years. Their presence is also reflected in the predominance of investment funds and sovereign wealth funds, which accounted for half of the volumes invested in 2025, a record share (2015-2024 average: 30%). Major transactions behind this trend include the acquisition of the Paris Trocadéro business centre by Blackstone (€700 million), the Trinity Tower (€347 million) by NBIM, and the two acquisitions in the 13th arrondissement of Paris by the British company Aermont Capital of Austerlitz II (€290 million) and Insight (€140 million).

Regarding French investors, SCPI/OPCI real estate investment trusts and banks & insurance companies were significantly down, with investments in 2025 of only €461 million (-28% year-on-year) and €750 million (-24%) respectively. These are two categories of investors that are traditionally more focused on core assets, on which agreement on value levels is slow to materialise in a context that remains uncertain.

However, there is positive momentum among listed real estate companies, with an investment volume of €748 million, almost five times their investment volume in 2024. Gecina stood out with two acquisitions: 'Le Solstys', a value-add asset in the CBD for €435 million, and 'Bloom', a core asset in the 12th arrondissement for €135 million. This French listed real estate company is making its return to the office investment market after five years of low activity.

Office investment volumes by buyer's origin

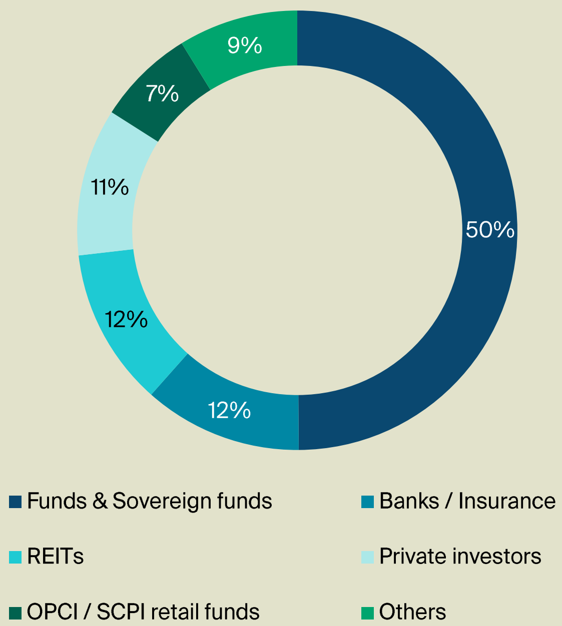
In France, In 2025, % of total volume



Source : Knight Frank

Office investment volumes by buyer's profile

In France, In 2025, % of total volume



Source : Knight Frank

Prime office yields: stability in an uncertain context

Successive cuts in key interest rates by the ECB during 2025 were not enough to significantly revive the investment market, as macroeconomic and political turmoil prevented the anticipated easing of property yields. Investors are focused on maintaining a property risk premium relative to the the 10-year bond risk-free rate, which rose by ~20 basis points between the beginning and end of the year (3.56% at the end of December).

The market is therefore waiting for the uncertainty to pass to regain a sufficient risk premium. For prime assets, owners are maintaining their pricing, confident in their strong fundamentals, while potential buyers are seeking the best possible return on their risk.

Consequently, over the course of a year, prime yields in Paris's CBD remained within a range of 4.00% to 4.25%. The same was true for La Défense, where the benchmark prime yield remained stable at 6.50%. In Lyon, despite the lack of prime transactions, the market agrees on a prime yield of 5.50%, up slightly by 10 basis points compared to the end of 2024.

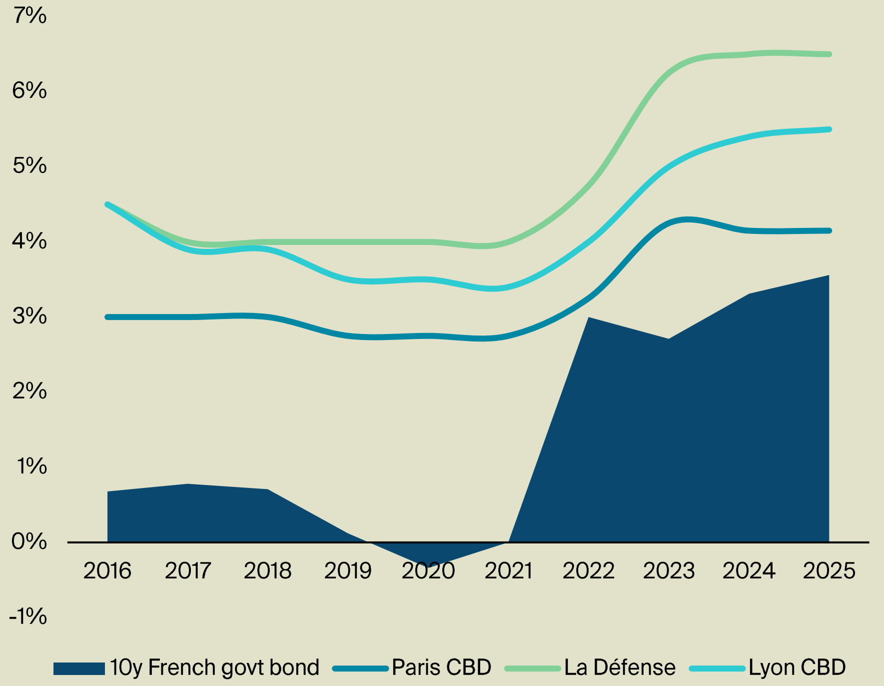
The downward trend in prime yields in 2026 will depend largely on the resolution of issues causing uncertainty at a global and national level, with underlying real estate and macroeconomic fundamentals proving strong and buoyant.

	Y-O-Y change	10-year change
Paris CBD	=	▲ +65 bps
La Défense	=	▲ +175 bps
Lyon CBD	▲ +10 bps	▲ +50 bps

Source : Knight Frank

Office prime yields - France

In %, end of period



Source : Knight Frank

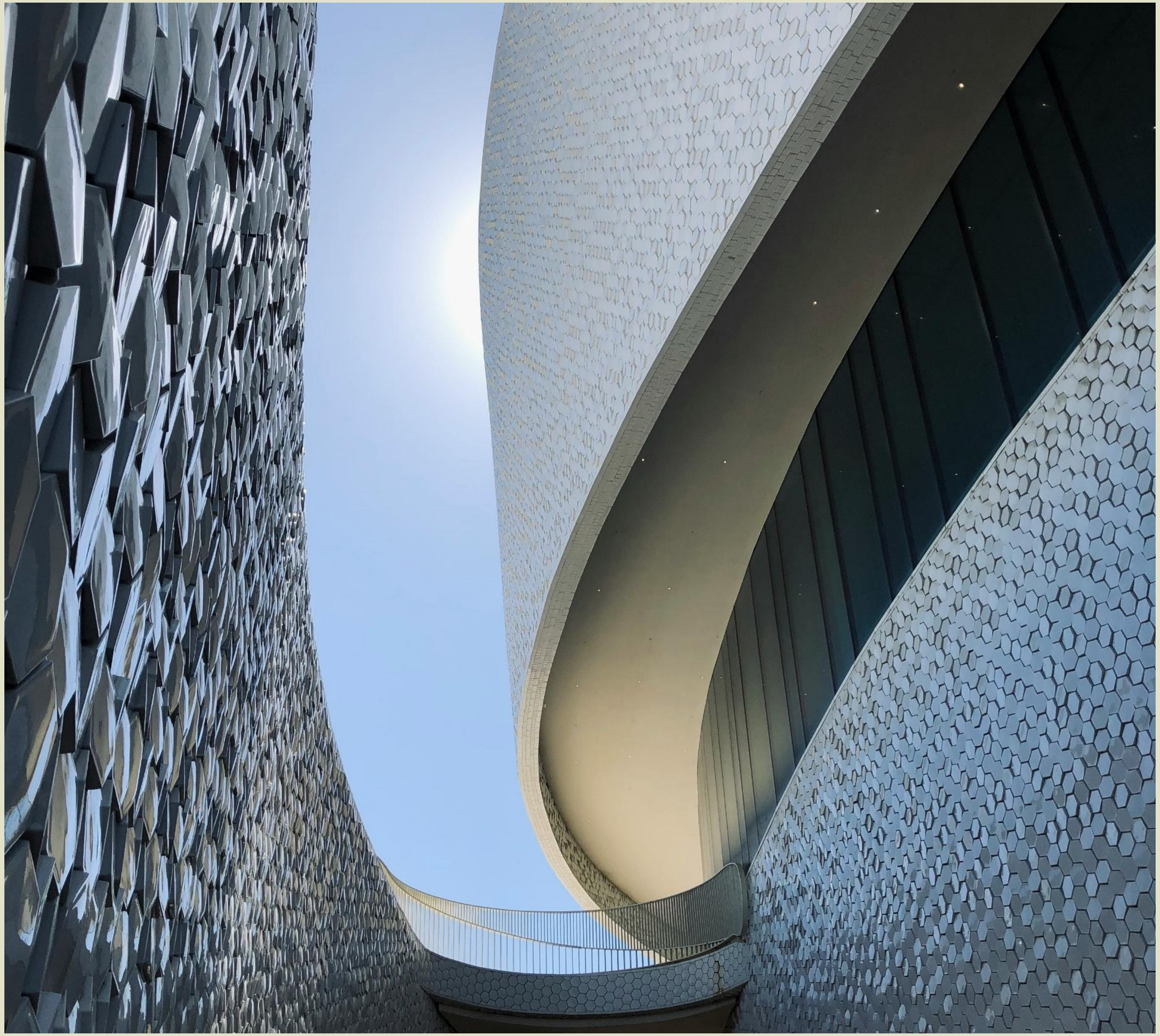
Major office asset transactions in 2025

Address / Asset	City	Seller	Buyer	Price
Paris Trocadéro business centre	Paris 16th	UNION INVESTMENT	BLACKSTONE	
Solstys	Paris 8th	DEKA	GECINA	
Tour Trinity (80% of the asset)	La Défense	UNIBAIL RODAMCO WESTFIELD	NBIM	
Renaissance	Paris 8th	ARDIAN	ACOSS	
Austerlitz II	Paris 13th	BNP PARIBAS REIM	AERMONT CAPITAL	
4-6 Rond point des Champs-Elysées	Paris 8th	Conf.	Conf.	
Insight	Paris 13th	DWS	AERMONT CAPITAL	
Alphabet II	Bois-Colombes (92)	AXA GROUP	CORUM AM	
Highlight	Courbevoie (92)	EURAZEO	CORUM AM	
Carré Feydeau	Paris 2nd	LA FRANCAISE	BNP PARIBAS CARDIF / JADERO	

€50-100M €100-200M > €200M

Source : Knight Frank

04. Retail



Key figures – Retail investment market

	Investment volumes			N° of transactions		
	2024	2025	*Change*	2024	2025	*Change*
Total	€2.7 bn	€3.0 bn	*+13%*	220	159	*-28%*
Greater Paris Region	€0.9 bn	€1.8 bn	*+95%*	71	56	*-21%*
France – other regions	€1.7 bn	€1.2 bn	*-31%*	149	103	*-31%*
Portfolios (%)	41%	48%	*+7 points*	19%	19%	=
Foreign investors (%)	20%	16%	*- 4 points*	3%	5%	*+2 points*
>€100 M deals (%)*	47%	50%	*+3 points*	8	5	*-38%*

**N° of transactions are shown in absolute terms*

Prime yields

	Q4 2025	Y-O-Y change	10-year change
High street	4.25%	=	▲ +125 bps
Shopping centres	6.00%	=	▲ +200 bps
Retail parks	6.50%	=	▲ +125 bps

Source : Knight Frank

Confirmed resilience for prime high street assets, a record share for the Greater Paris Region

Faced with changing consumption patterns and the growth of e-commerce in recent years, investors have been cautious about the retail asset class. Although total investment in French retail property totalled €3 billion in 2025, up 13% year-on-year, this figure remains well below the long-term average (€4.4 billion), a result that has also been affected by recent macroeconomic turmoil. Nevertheless, certain sectors have shown resilience in the face of these uncertainties, particularly the luxury boutique sector, which continues to perform well.

Indeed, high street assets accounted for €1.5 billion overall, a level in line with the long-term average (2010-2024). Luxury goods contributed significantly to this volume, as the flagship transaction of the year was the sale of 60% of the Kering portfolio to Ardian-Mudabala-ACM for €837 million, with three assets located on Place Vendôme (1) and Avenue Montaigne (2).

The second major transaction of the year also took place on a luxury retail street, with Hines selling 223 Rue Saint-Honoré to Pontegadea, Ortega's real estate holding company, for €170 million. This appetite for Parisian luxury explains the Greater Paris Region's record market share in national retail investment volumes: 60% in 2025 compared to a 10-year average of 41%.

Another sector attracting investor interest is large retail stores and food retail, which is naturally defensive and resilient. In 2025, the volume invested in this category (€424 million) was in line with the long-term average, but with a higher level of granularity, as the number of transactions for the year, which stood at 27, exceeded the ten-year average by 69%.

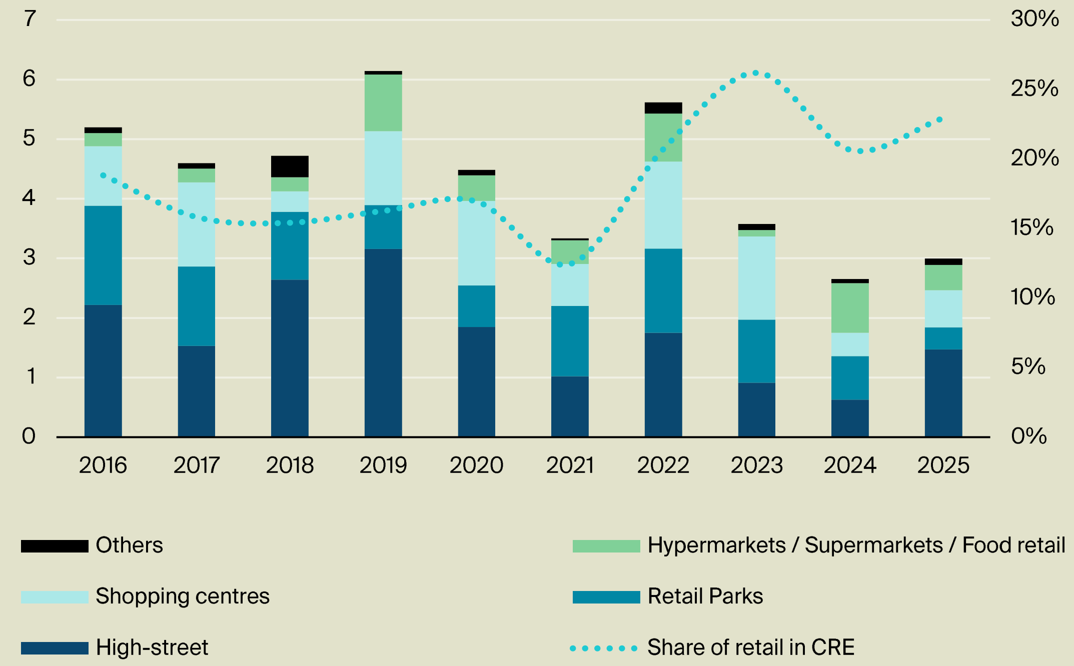
However, two sub-sectors were shaken up in 2025: retail parks and shopping centres. The former accounted for less than €400 million invested in 2025, down 64% from the ten-year average, but this was due more to a lack of supply on the market than to a lack of interest on the part of investors, who see it as an asset class with attractive returns.

Shopping centres, meanwhile, recorded results 43% below the 10-year average, with only €627 million invested.

Finally, thanks to the wide variety of property types available, some of which offer investors a defensive position, retail is accounting for a growing share of commercial property investment: 23% in 2025 compared with a 10-year average of 18%."

Retail investment volumes - France

In €billion, In %



Source : Knight Frank

A record share for French investors

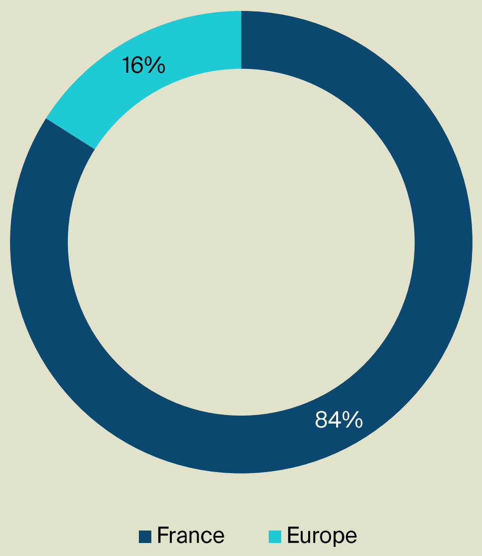
In line with 2024, French investors dominated the retail investment market in 2025, accounting for 84% of the volume invested. This record figure was largely driven by the transaction signed by Ardian, in addition to two large transactions completed by CDC and Mercialys: the acquisition of a 15% stake in the Forum des Halles shopping centre (€235 million) for the former, and the acquisition of the Saint-Genis 2 shopping centre in Lyon (€146 million) for the latter.

However, French investors undertook only 125 transactions, the lowest number in the last 10 years. This drop is mainly due to a marked withdrawal of OPCI/SCPIs, traditionally the leading French players in the market. Their net inflows are still down (€5.7 billion in 2023 and €3.5 billion in 2024, compared with €10.2 billion in 2022), but their interest in the asset class remains undiminished.

Indeed, in terms of capital allocation, OPCI/SCPI funds have refocused on retail, with an average of nearly one-third of their investment volumes devoted to this sector since 2023 (compared to 18% over the 2015-2022 period). The advantage here is the ability to target small-scale, low-volume products offering high returns, particularly in regional areas.

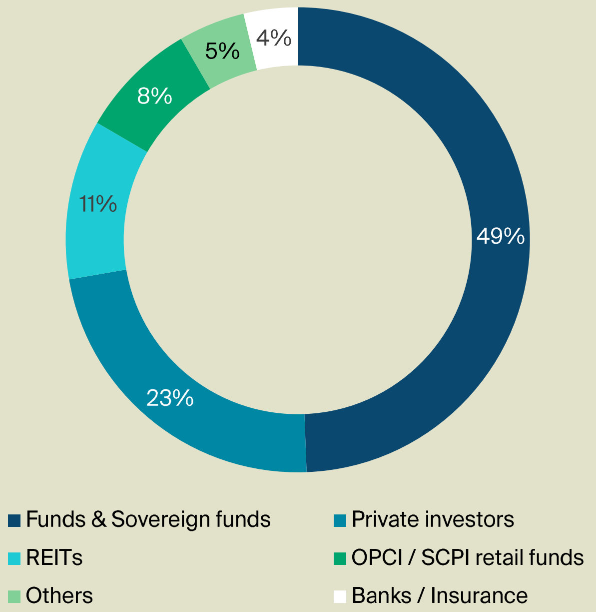
Foreign investor activity was particularly weak, with less than €500 million invested, a historic low. There were six transactions in total: in addition to Pontegadea's acquisition of 223 rue Saint-Honoré (€170 million), there were three transactions involving large food retail portfolios and two transactions involving retail parks.

Breakdown of Retail investment volumes by buyer's origin
In 2025



Source : Knight Frank

Breakdown of Retail investment volumes by buyer's profile
In 2025



Source : Knight Frank

Prime yields stable, repricing underway in secondary locations

After a period of easing in 2022 and 2023, accompanied by monetary tightening, prime retail yields have remained stable since 2024, amid falling inflation and the onset of monetary policy easing by the ECB.

At the end of 2025, the status quo was therefore maintained, with prime yields of 4.25% for high street properties, 6.00% for shopping centres and 6.50% for retail parks.

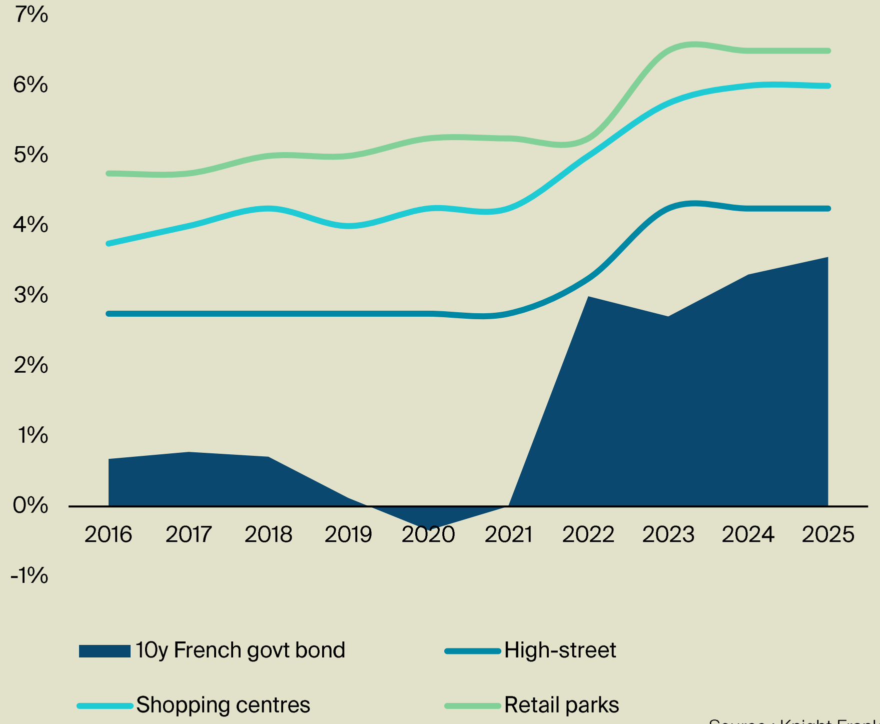
However, the situation is different for secondary locations. Retail parks on the outskirts of towns and shopping centres continue to be repriced, attracting the interest of investors looking for both less expensive assets and more attractive yields.

This is particularly true of OPCI/SCPIs, which have historically driven the market and are seeing an upturn in fundraising (€3.3 billion net over the first nine months of 2025, up 33% year-on-year). Given the increasing focus of allocation strategies on the retail sector, the availability of products that meet OPCI/SCPI criteria could revitalise the market in 2026, particularly in the regions.

	Y-O-Y change	10-year change
Retail parks	=	▲ +125 bps
Shopping centres	=	▲ +200 bps
High street	=	▲ +125 bps

Retail prime yields - France

In %, end of period



Source : Knight Frank

Major retail asset transactions in 2025

ADDRESS / ASSET	TYPE	LOCATION	SELLER	BUYER	PRICE (M€)
Portfolio of Paris assets (60% of shares) 26 Vendôme, 35-37 Montaigne, 56 Montaigne	HS	Paris	KERING	ARDIAN-MUBADALA-ACM	
Westfield Forum des Halles (15% of shares)	SC	Paris 1st	UNIBAIL RODAMCO WESTFIELD	CDC INVESTISSEMENT IMMOBILIER	
223 rue Saint-Honoré	HS	Paris 1st	HINES	PONTEGADEA	
Saint-Genis 2 shopping cente	SC	Saint-Genis-Laval (69)	SCC LSGI	MERCIALYS	
Carrefour supermarkets portfolio	HYP/SUP	France	CARREFOUR	SUPERMARKET INCOME REIT	
88 rue de Rivoli	HS	Paris 4th	PIMCO	IMMOBILIERE DASSAULT	
Metro Cash & Carry Portfolio *(increase in portfolio holdings)*	HYP/SUP	France	Conf.	AB SAGAX	
36-38 rue de la Verrerie	HS	Paris 4th	CITYNOVE	TRUSTONE REIM	
Nailloux Outlet Village	O	Nailloux (31)	KLEPIERRE	PATRON CAPITAL	
Dionysos portfolio	HS	Paris 4th	6ème SENS IMMOBILIER	GROUPAMA IMMOBILIER	

€20-50 M €50-100 M €100-200 M €200-500 M €500 M Joint venture acquisition

SC : Shopping centre; HYP/SUP : Hypermarket/Supermarket/Food retail ; O : Outlet ; HS : high street ; RP : Retail park

Source : Knight Frank

05. Industrial

Key figures –
Industrial investment market

	Investment volumes			N° of transactions		
	2024	2025	*Change*	2024	2025	*Change*
Total	€4.7 bn	€3.6 bn	*-23%*	158	148	*-6%*
Greater Paris Region	€0.9 bn	€1 bn	*+14%*	45	43	*-4%*
France – other regions	€3.8 bn	€2.6 bn	*-31%*	113	105	*-7%*
Portfolios (%)	56%	42%	*-14 points*	17%	18%	*+1 point*
Foreign investors (%)	81%	71%	*-10 points*	36%	49%	*+2 points*
>€100 M deals (%)*	53%	26%	*-27 points*	13	7	*-46%*

**N° of transactions are shown in absolute terms*

Prime yields

	Q4 2025	Y-O-Y change	10-year change
Logistics	4.75%	=	▼ -125 bps
Light industrial	5.75%	=	▼ -150 bps

Source : Knight Frank

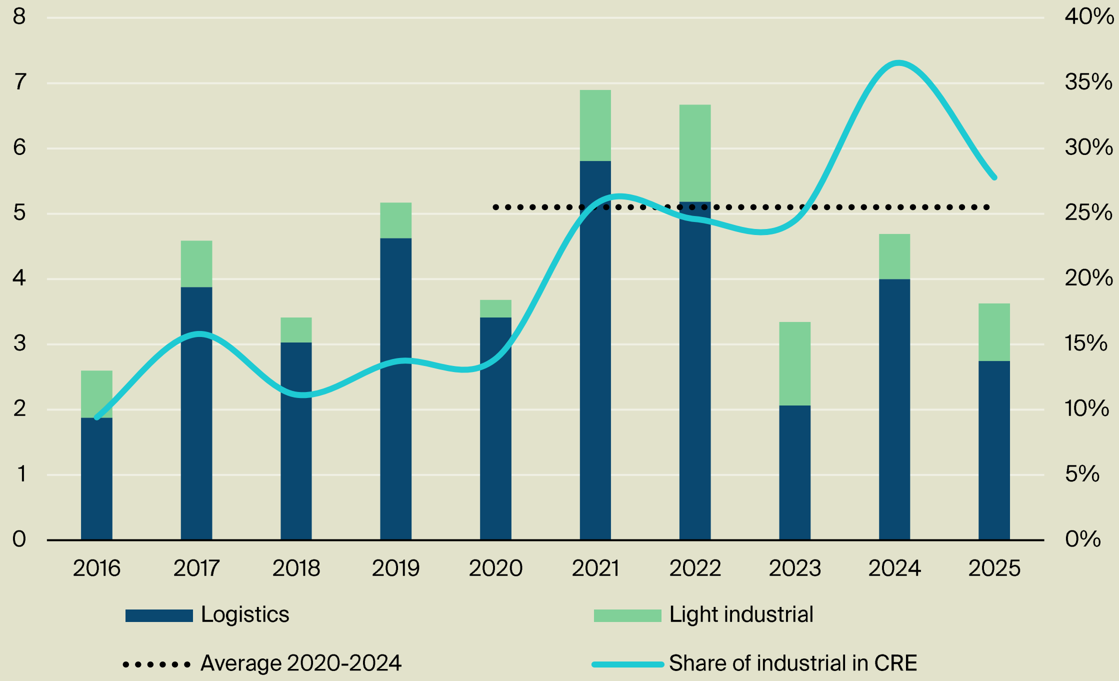
Investment volumes down, but logistics continues to be in a strong position

Logistics and industrial real estate has boomed over the past decade, thanks to the rise of e-commerce, the post-COVID increase in logistics needs to secure supplies and the beginning of a reindustrialisation of our economy. However, since 2023, monetary tightening and, more recently, political and geopolitical uncertainty have dampened investor enthusiasm for this asset class. As a result, the volume of investment in industrial property reached only €3.6 billion in 2025, down 23% year-on-year, but close to its 3-year average (€3.9 billion).
However, this result does not reflect a lack of interest among investors: the fundamentals of the asset class remain strong, and the French market continues to stand out in Europe for its attractiveness in terms of transport infrastructure, which is essential for logistics companies, and its consumer bases with high purchasing power.

Indeed, the market is down mainly because of the continuing difficulty in agreeing on asset pricing in a context of tight financial conditions. We have identified a total of eight deals, mainly portfolios totalling €2.5 billion, which were withdrawn from the market in 2025. This also explains the low share of portfolios in investment volumes, which was only 42% in 2025, the lowest share ever recorded in the past decade.
Another sign of investors' continued interest in the logistics and industrial asset class is its share of overall commercial property investment. With a market share of 28%, 10 points above its ten-year average, logistics and light industrial premises continue to occupy an important and growing place in investors' portfolios.

Finally, various investor surveys agree that the industrial sector will be one of the most popular sectors in 2026. With the upcoming completion of the Blackstone/Proudreed mega-deal for light industrial premises (€2.3 billion), a total of €1.5 billion identified in the pipeline and approximately €1.3 billion of assets maturing in 2026 and likely to be put on the market, we anticipate a strong rebound in investment volume in 2026 to €5 billion.

Industrial Investment volumes - France
In €billion, In %



Source : Knight Frank

Foreign investors continue to dominate the industrial market

The industrial property investment market has historically been driven by foreign players, particularly investment funds. The latter target France, often with the aim of building asset portfolios that provide coverage across the continent.

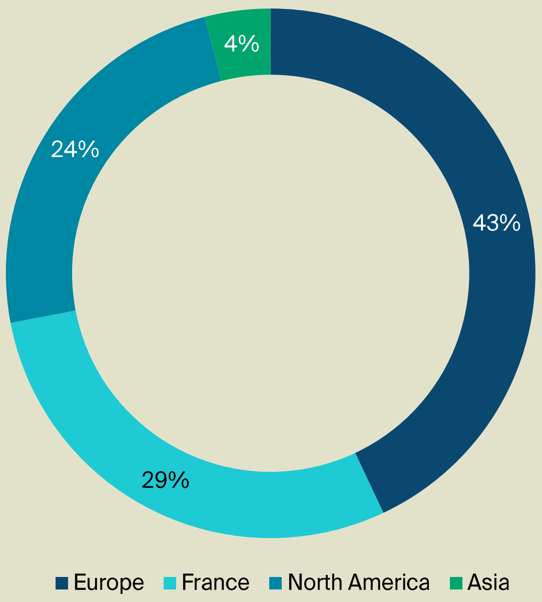
Despite the overall decrease in activity by foreign investors in the market, they have continued to dominate the market in France. Their share of investment volumes in 2025 reached 71%, which is in line with the 10-year average. The share of investment funds is equally high, accounting for 3/4 of the volume, which is above their 10-year average (63%).

Although there were no transactions over €200 million in 2025, a rare phenomenon in the market, foreign investors were behind the two largest deals of the year: the acquisition by the British company M7 Real Estate of the Mileway portfolio, whose French assets are valued at €175 million, and the acquisition by the Swedish company EQT of a portfolio of five regional warehouses from Blackstone for €150 million.

On the French investor side, there was a sharp decrease in OPCI/SCPI investments, slowed by a drop in net inflows. Collective investment vehicles accounted for only 3% of investments, compared with an average of 10% over the past decade. However, listed real estate companies and French investment funds were more active and were behind two of the top five deals of the year: AEW's acquisition, on behalf of CDC, of a portfolio of five warehouses for €126 million from Columbia Threadneedle, and the acquisition by listed real estate company Argan of a portfolio of three regional assets for €120 million.

Industrial investment volumes by buyer's origin

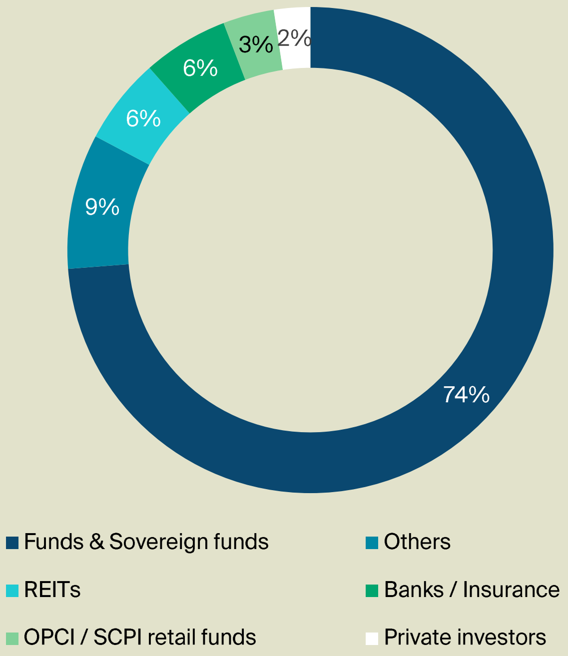
In France, in 2025, % of total



Source : Knight Frank

Industrial investment volumes by buyer's profile

In France, in 2025, % of total



Source : Knight Frank

Industrial yields stable in 2025

After a period of yield increases in 2022 and 2023, prime yields in logistics have remained stable since 2024, with the onset of monetary policy easing and falling inflation.

The trend has been similar for prime yields on industrial premises, with a slight but steady compression in 2024, followed by stability in 2025 for high-quality assets located in the most sought-after areas, particularly in the Greater Paris Region and the Lyon metropolitan area. This trend illustrates investors' growing interest in this sector, driven by strong rental fundamentals and the scarcity of supply in the most competitive markets.

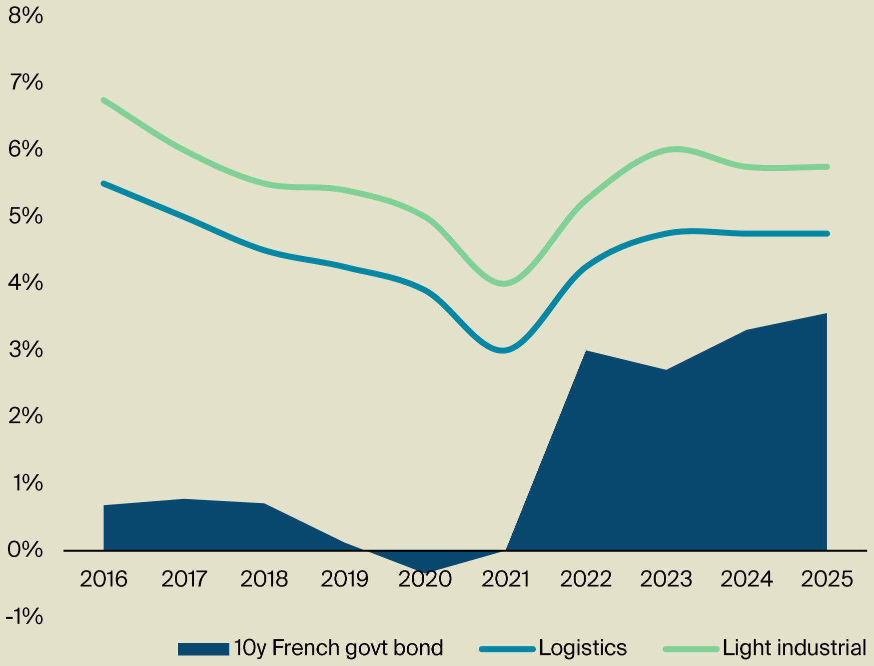
Prime yields stood at 5.75% for light industrial premises and 4.75% for logistics at the end of the year.

The yield compression trend has yet to materialise, due to the persistently high level of the 10-year bond rate, reflecting market uncertainty about France, and investment activity that remains subdued.

	Y-O-Y change	10-year change
LOGISTICS	=	▼ -125 bps
LIGHT INDUSTRIAL	=	▼ -150 bps

Industrial prime yields - France

In %, end of period



Source : Knight Frank

Major industrial asset transactions in 2025

Address / Asset	Type	Location	Seller	Acquéreur	Prix
French assets in the Mileway portfolio	LOG	National	BLACKSTONE	M7 REAL ESTATE	
Portfolio of 5 assets	LOG	Regions	BLACKSTONE	EQT REAL ESTATE	
Portfolio of 5 assets	LOG	Regions	COLUMBIA THREADNEEDLE INVESTMENTS	AEW pour CDC INVESTISSEMENT IMMOBILIER	
Portfolio of 3 assets	LOG	Regions	N.D.	ARGAN	
Logiprime portfolio of 5 warehouses	LOG	Regions	OFI INVEST	INTERVEST	
Forward-funding sale 50% let to PepsiCo	LOG	Dourges (62)	DELTA 3	TRISTAN CAPITAL PARTNERS	
SUN portfolio	LOG	Regions	DWS	ARES MANAGEMENT	
Portfolio of 2 assets	LOG	Regions	ARES MANAGEMENT	FIDELITY INTERNATIONAL	
WARENET portfolio	LOG	Regions	PGIM via ALDERAN	M7 REAL ESTATE	
Portfolio of 2 assets	LI	Greater Paris Region	AG REAL ESTATE	RIVP	

LOG : Logistics; ACT : Light industrial

€50-100M €100-200M > €200M

Source : Knight Frank

06. Outlook

2026 outlook

1 Investment expected to rebound

After a long period of investor caution, and with available capital remaining high, investment in commercial real estate is expected to see a sharp recovery in 2026.

This is according to the 2026 edition of Knight Frank's Active Capital, which indicates that 69% of respondents to a survey on direct property investment say they intend to invest more capital in 2026 than in 2025.

The same report also ranks France as the 3rd most popular destination for investors worldwide. The French market is expected to benefit from improved agreement on asset pricing, particularly for core assets, thanks to the dissipation of uncertainties surrounding the budgetary trajectory and debt management, and therefore a return to the norm for bond yields.

We therefore estimate that investment volume in 2026 will increase to €15-16 billion in commercial real estate and €8-9 billion in diversified real estate.

2 Return of offices to centre stage

Offices, whose weight in investor allocations has decreased in recent years, are expected to return to the forefront in 2026. According to a survey conducted by Knight Frank, this is the asset class that will be most targeted by investors. This is a sign of an expected overall revitalisation of the investment market, with offices remaining the most liquid asset class and offering the most products available for investment.

The second most targeted sector by investors, residential property, is buoyed by favourable demographic fundamentals and a defensive nature that remains well suited to the current climate.

Industrial property follows in investors' preferences, also due to its consistently strong fundamentals (pressure on the supply chain, continued growth in e-commerce penetration, the need to secure strategic supplies, etc.).

3 The beginning of a compression in prime yields in 2026

A recovery in activity in the core sector is expected in 2026, with lower borrowing costs, stabilising prices and a search for secure income.

This increase in demand should therefore exert downward pressure on core asset prices. However, the 10-year bond yield remains the main anchor for core pricing. Hopes for an end to domestic uncertainty should encourage a return to the norm for 10-year bond rates, following the rapid rise observed in late 2024 and early 2025. This movement will thus restore a risk premium for prime assets and reduce the gap between sellers' expectations and buyers' price expectations.

These factors combined should lead to an initial compression of prime real estate yields in 2026.

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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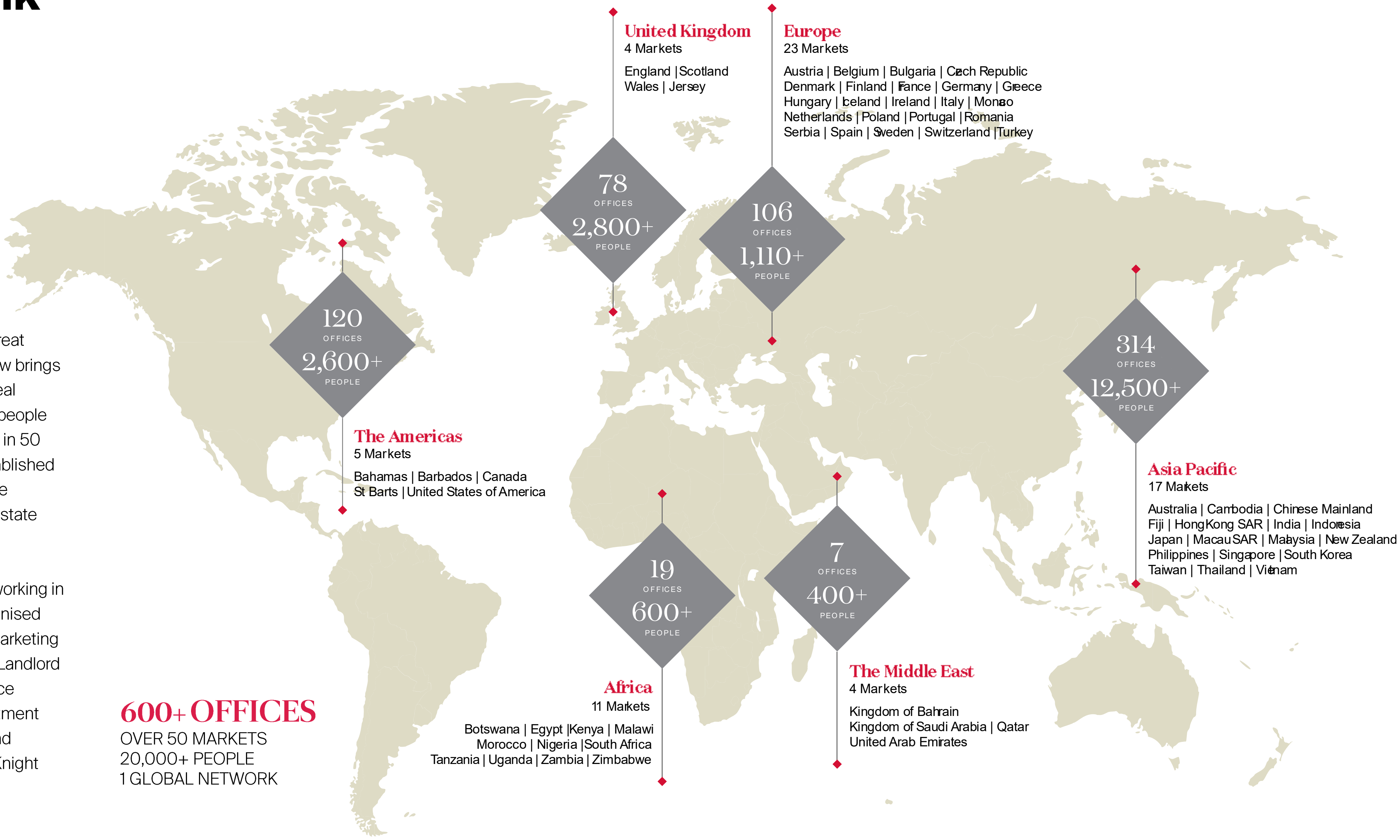
Knight Frank
at a glance

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

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



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