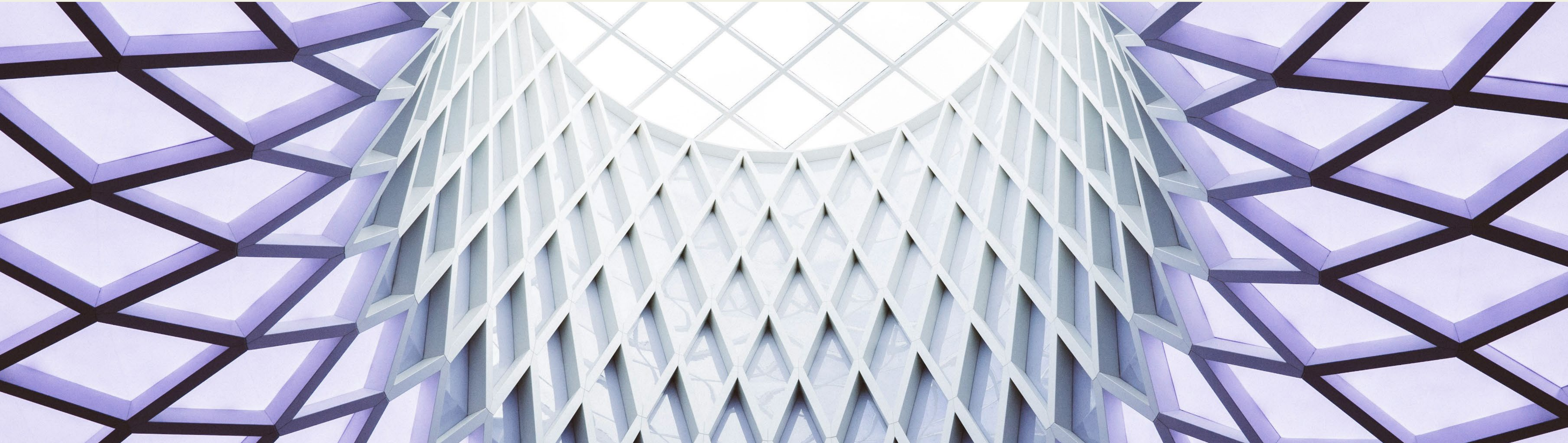
The French retail property market

Q1 2025

Retail

knightfrank.fr/etudes/



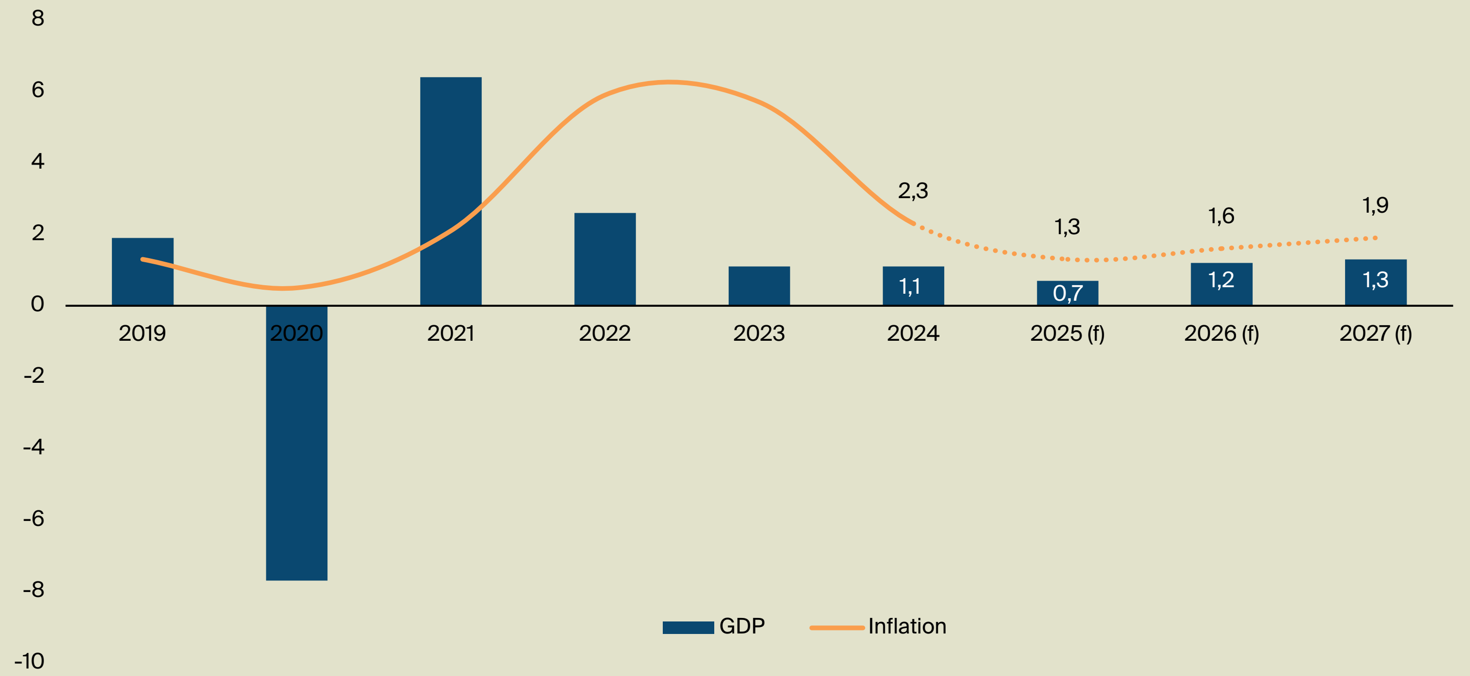
Contents

01. Economic context

Return to growth in 2026, inflation under control but unemployment still high

Inflation and GDP growth in France

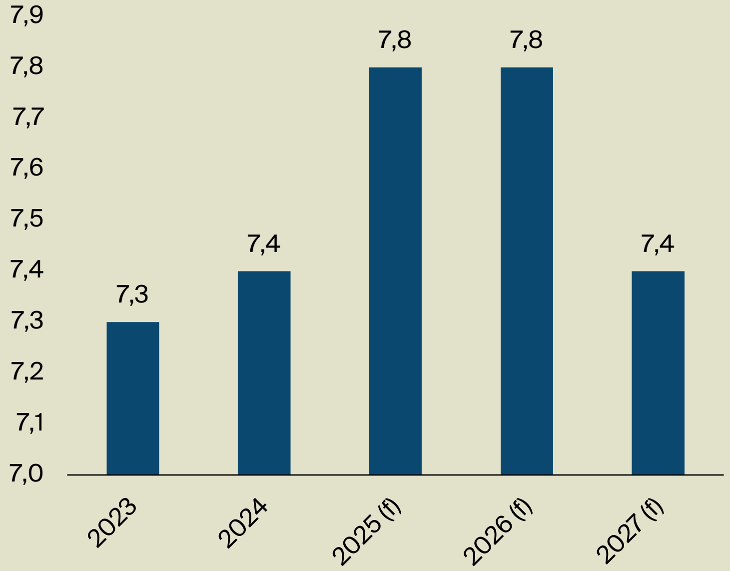
In %, year-on-year



Source : Banque de France / (f) forecasts

Unemployment rate

In %, annual average

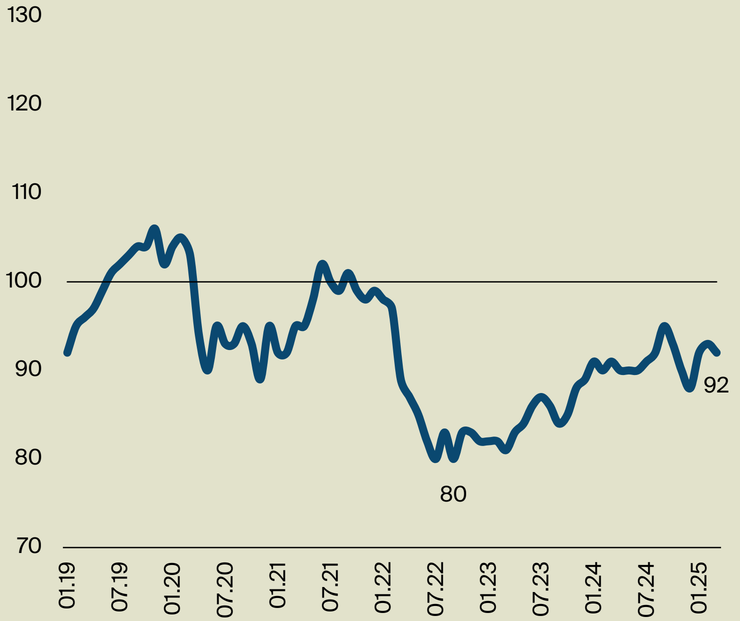


Source : Banque de France / (f) forecasts

Encouraging signals for 2025

Household opinion in France

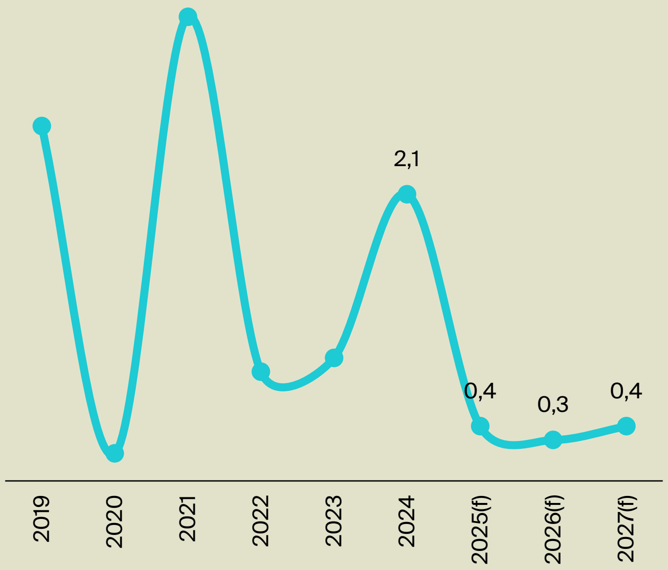
In %, annual average



Source : INSEE

Purchasing power of gross disposable income in France

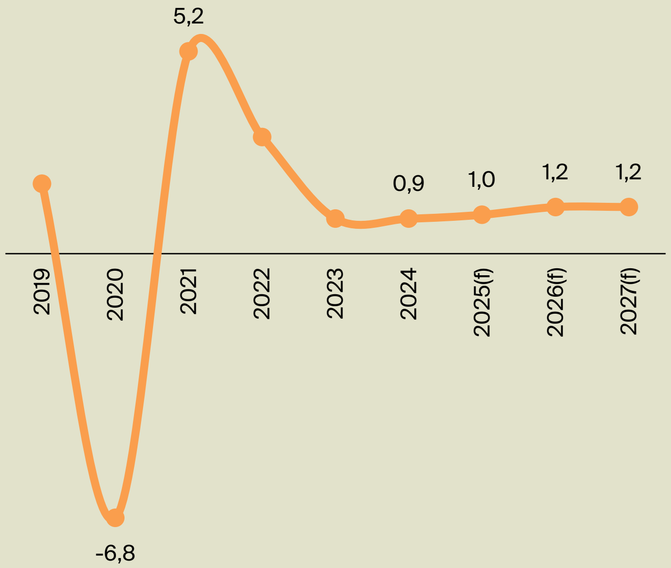
In %, annual average



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

Household consumption in France

In %, annual average

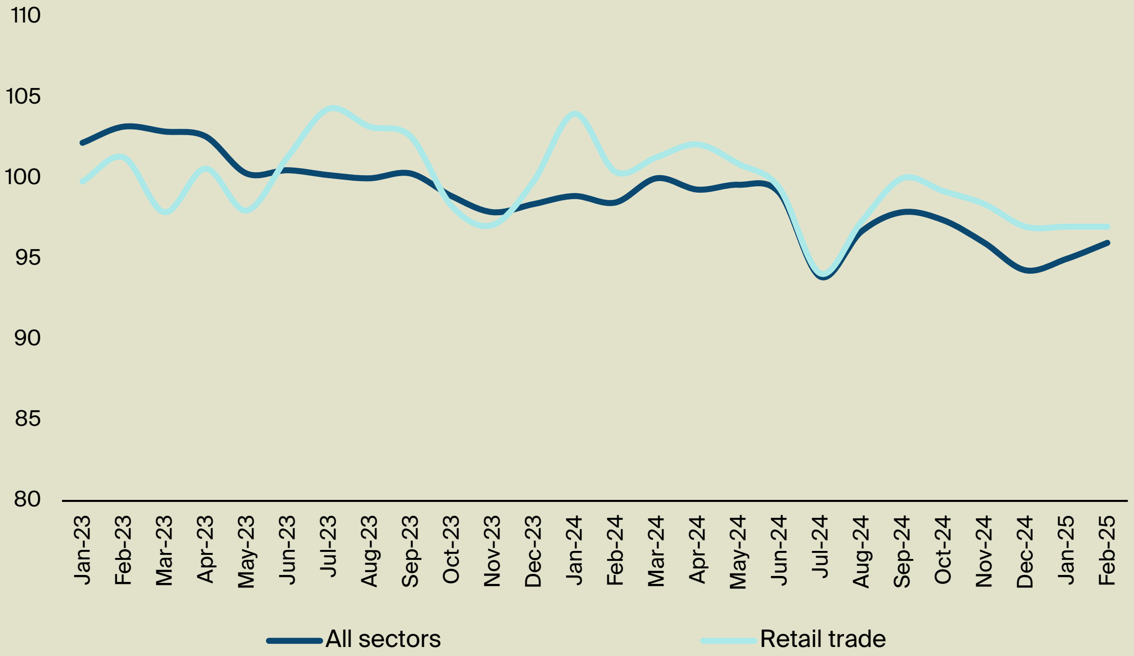


Source : INSEE, Banque de France / (f) forecasts

Slower prices will support consumption

Business climate indicator

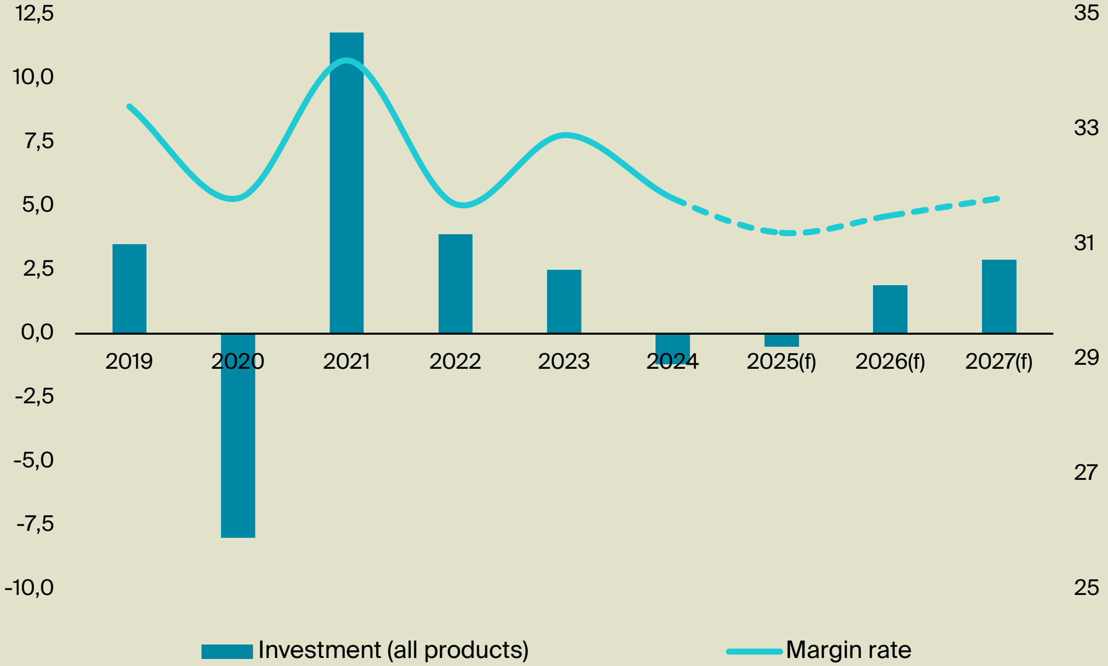
In points, in France



Source : Insee

Margin rates and investment by non-financial companies

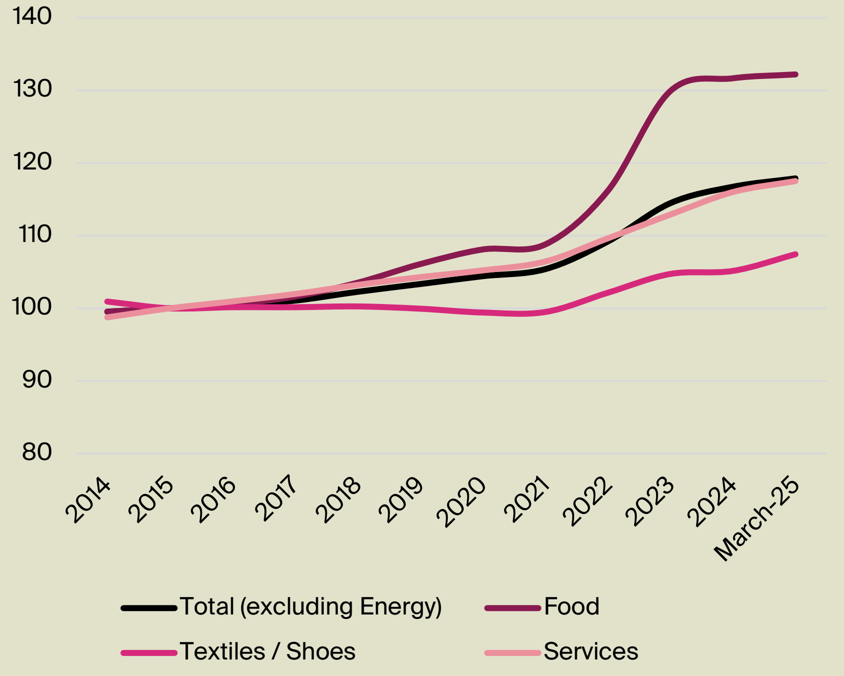
In %, quarterly changes in investment, France



Source : Insee, Banque de France / (f) forecasts

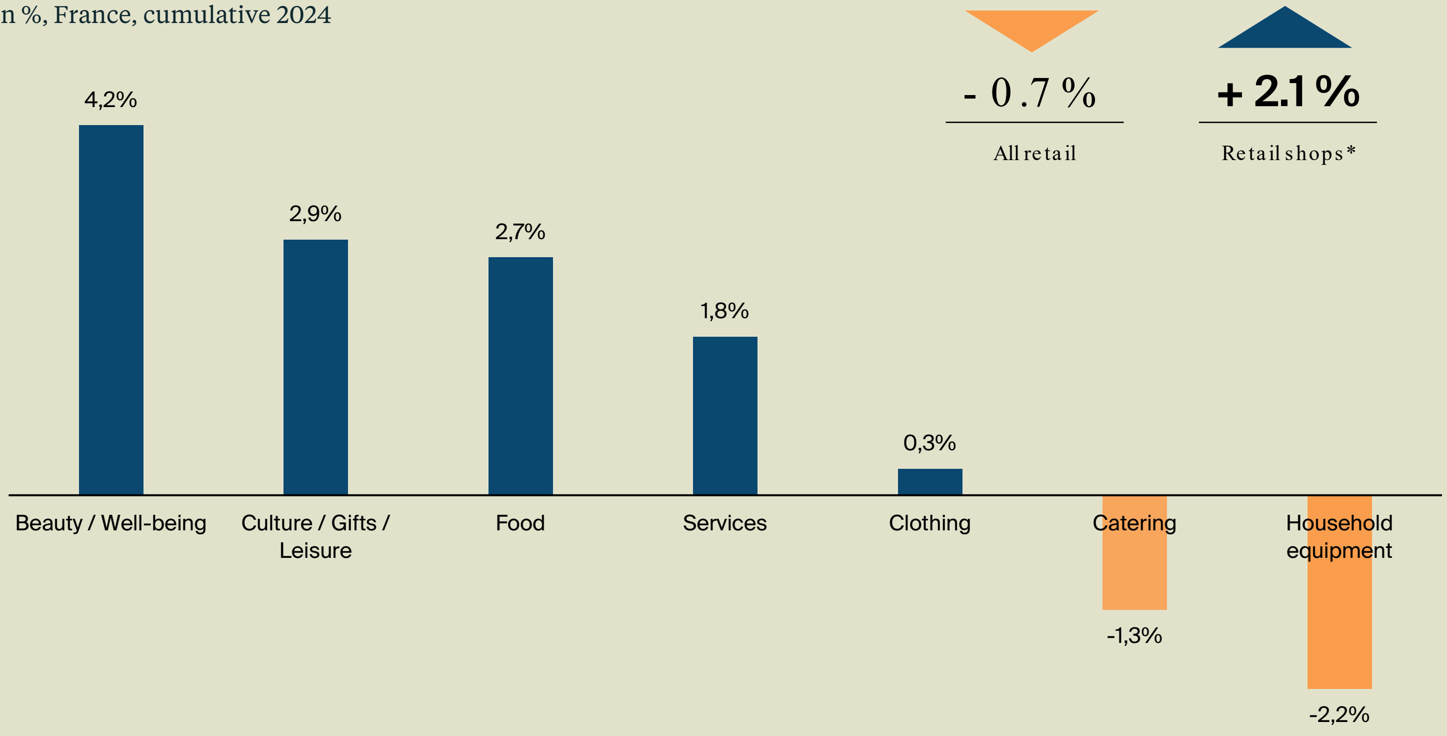
Improved indicators, especially for specialised retailers

Consumer prices in France
Annual index, all households, base 2015



Source : INSEE

Sales growth in specialist shops
In %, France, cumulative 2024



- 0.7 %
All retail

+ 2.1 %
Retail shops*

Source : DGFiP, Insee, Procos /*except for cars and motorbikes

E-commerce is breaking records, particularly for services

€175,3 Bn
ONLINE SALES
(PRODUCTS AND SERVICES)
▲

In 2024,
+9.6% y-o-y

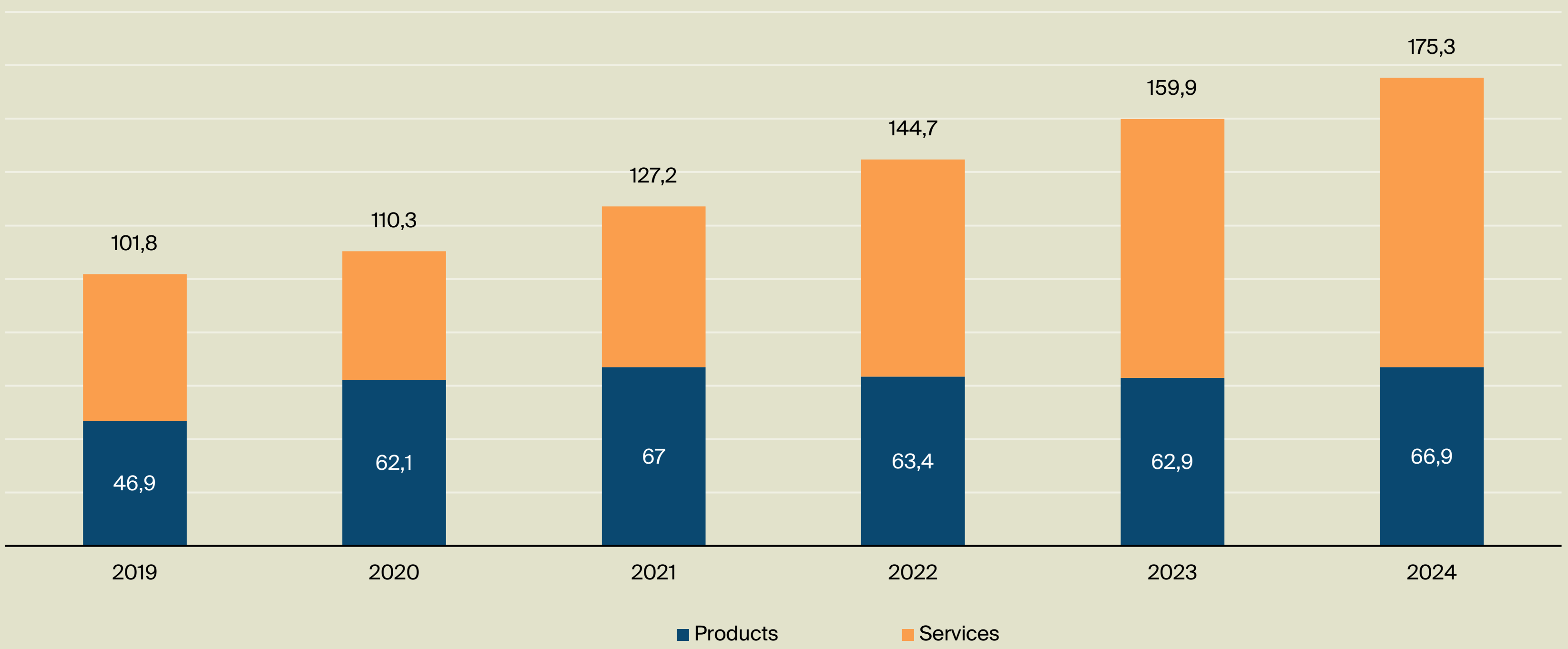
€66,9 Bn
ONLINE SALES
(PRODUCTS)
▲

In 2024,
+6.0% y-o-y

€68
AVERAGE BASKET
=

Recorded in 2024,
Stable compared with 2023

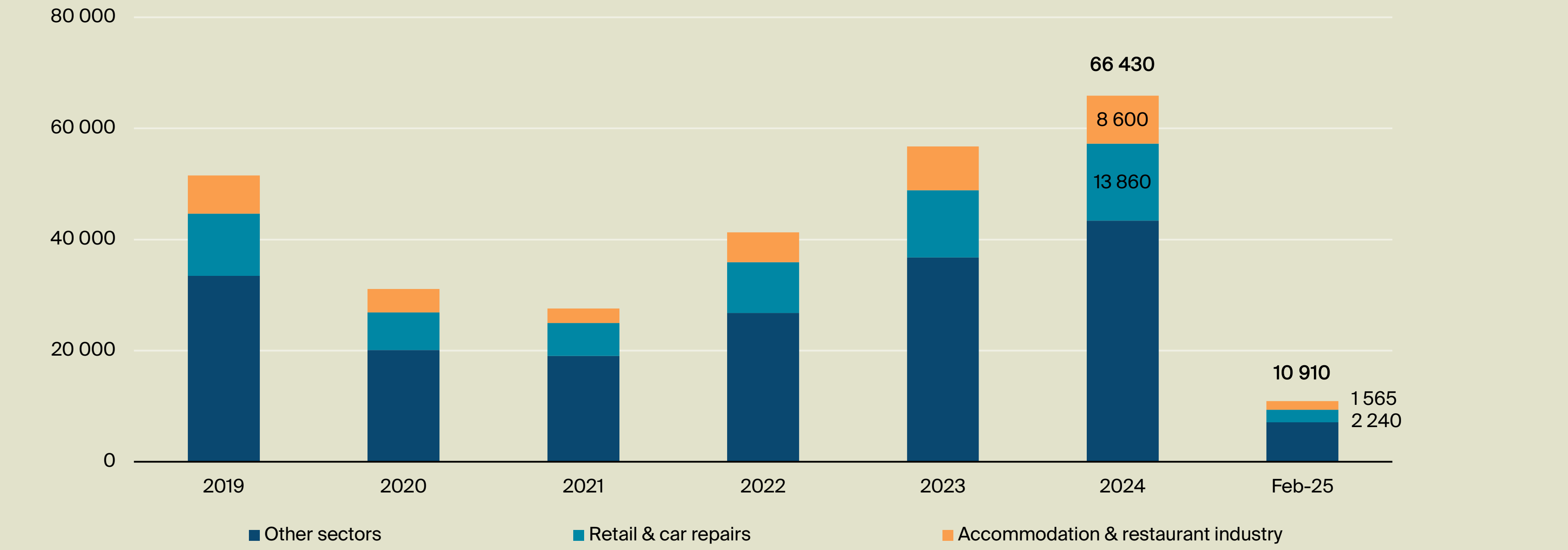
E-commerce sales in France
In billions of euros



Source : FEVAD

Peak in bankruptcies in 2024, gradual decrease expected

Bankruptcies by sector in France
Number of bankruptcies*



Source : Insee, Banque de France /*safeguard procedure, receiverships or liquidations

Change in bankruptcies in 2024:

+17.1%
ALL SECTORS COMBINED

+9.1%
ACCOMMODATION & CATERING

+14.8%
RETAIL & CAR REPAIRS

Change in bankruptcies to end February 2025:

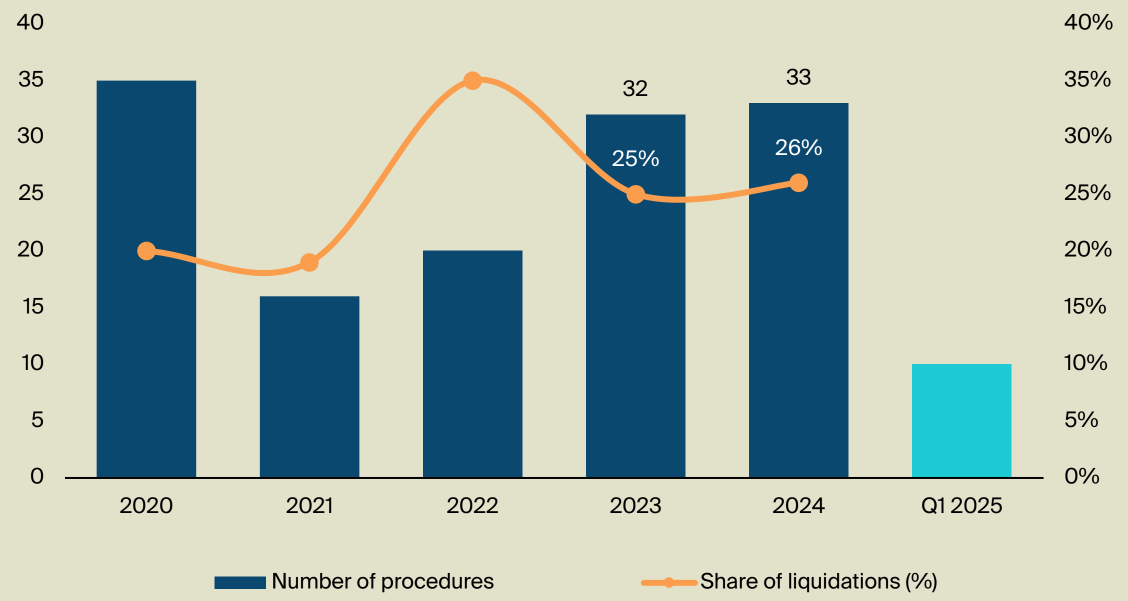
+8.5%
ACCOMMODATION & CATERING

+8.3%
RETAIL & CAR REPAIRS

Some sectors remain vulnerable

Number of procedures* in France

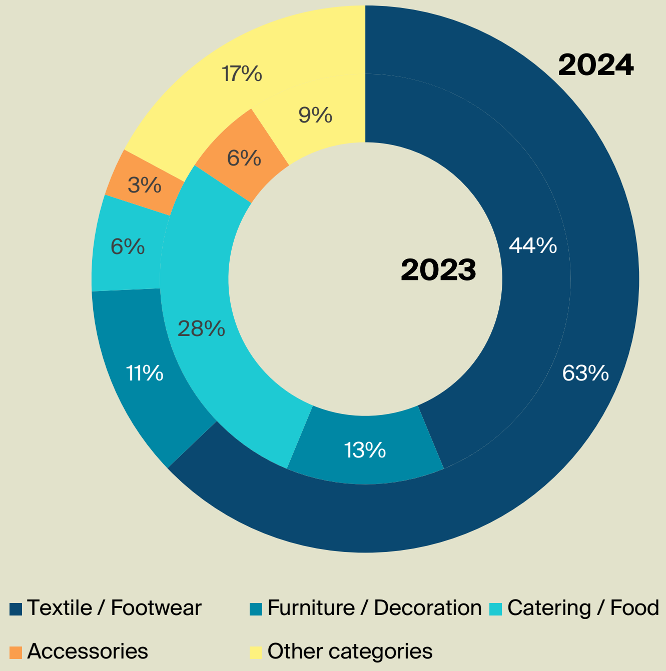
For retail and catering chains



Source : Knight Frank /*safeguard procedure, receiverships or liquidations

Breakdown of procedures* by business sector

In France, as a percentage of the total number of companies involved in a procedure

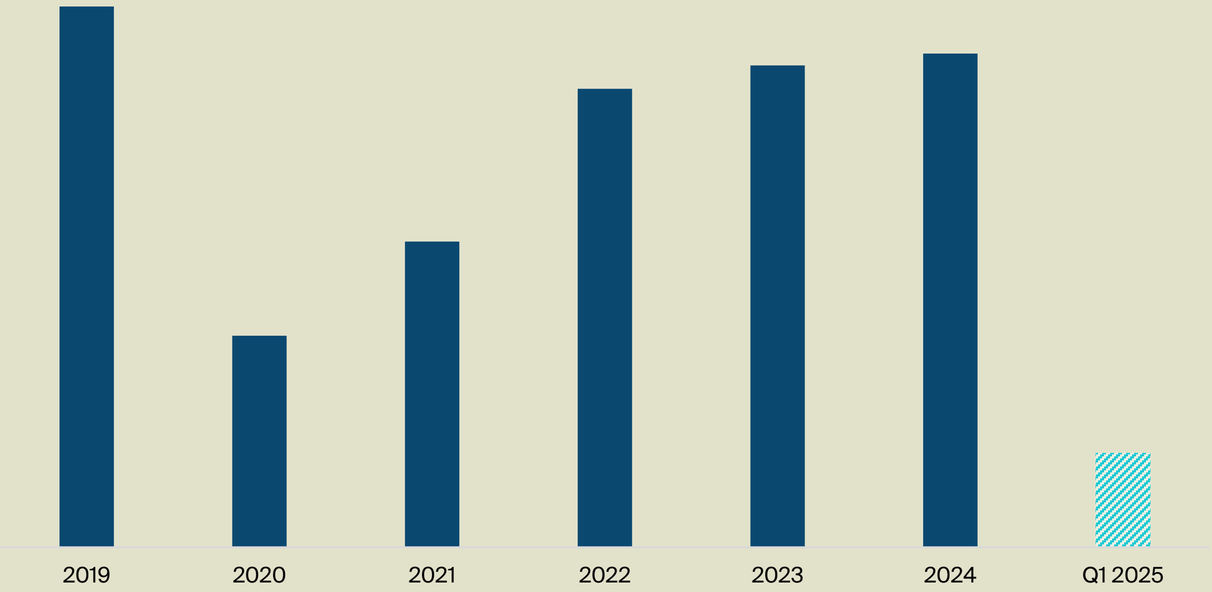


Source : Knight Frank /*safeguard procedure, receiverships or liquidations

Paris is attracting more foreign brands than ever

New foreign brands arriving in Paris

By number, between 2014 and Q1 2025



350

New entrants registered since 2014

Including

42

in 2024

Source : Knight Frank

Change in arrivals in Paris since 2024:

50

NEW ENTRANTS

64%

OF RETAILERS BELONG TO THE TEXTILES/ SHOES SECTOR

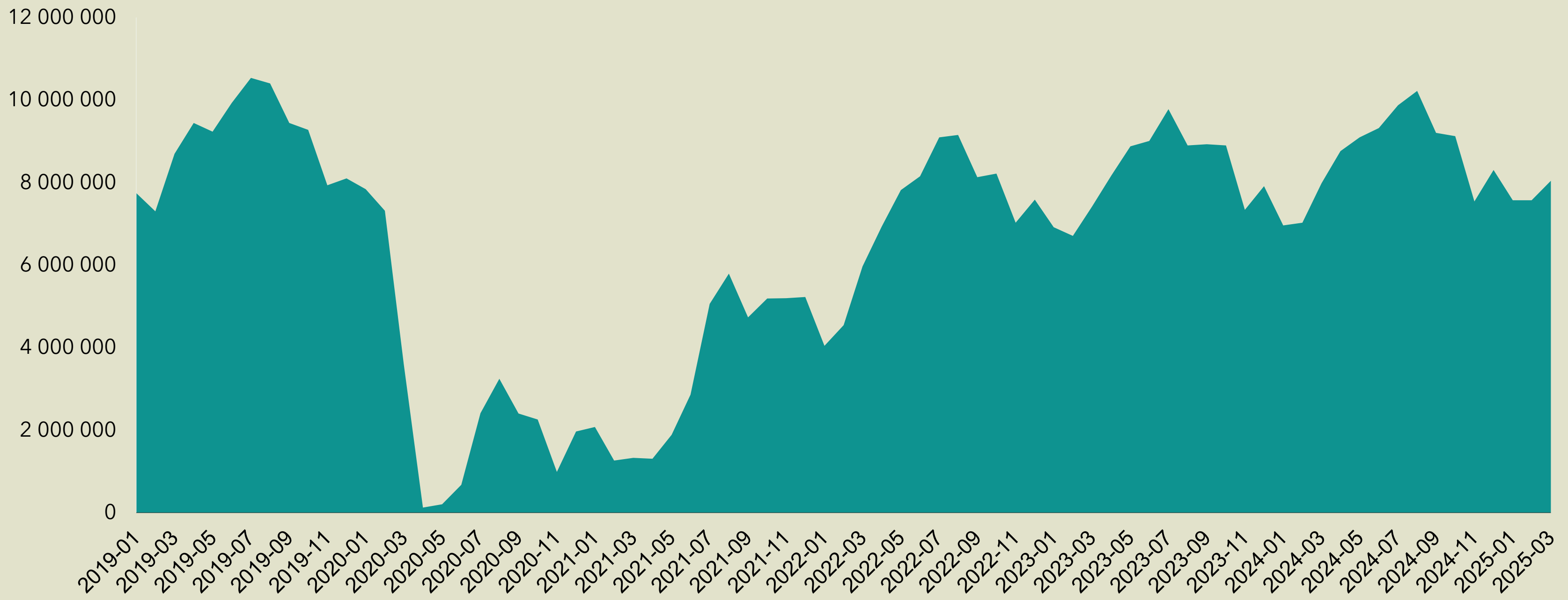
50%

ARE EUROPEAN BRANDS (including 32% Italian brands), 22% FROM THE UNITED STATES AND 18% FROM ASIA

Return of international tourists, and visitor numbers boosted by an Olympic year

Traffic at Paris airports

Number of passengers at Orly and Roissy-CDG, in millions per month



Source : ADP

ESTIMATED TOURISM CONSUMPTION IN ILE-DE-FRANCE IN 2024 :

€23.4 Bn
EXPENDITURE

+8%
COMPARED WITH 2023

+7%
COMPARED WITH 2019

Source : Choose Paris Region

02. Paris and its retail streets

The contrasting retail vacancy situation in Paris

Knight Frank's teams continuously monitor the movements of retailers on around thirty Parisian streets, including:

- **A dozen Prime streets:**
    - Avenue des Champs-Elysées
    - Rue du Faubourg Saint-Honoré
    - Rue de la Paix et Place Vendôme
    - Rue Saint-Honoré
    - The Triangle d’Or, comprising Rue François 1er, Rue Pierre Charron, Rue Marbeuf, Avenue George V and Avenue Montaigne.
- **Around twenty major streets:**
    - Le Marais, comprising Rue des Archives, Rue des Francs Bourgeois, Rue des Rosiers, Rue Sainte-Croix de la Bretonnerie, Rue du Temple and Vielle du Temple
    - Avenue de l’Opéra
    - Avenue des Ternes
    - Boulevards des Capucines et de la Madeleine
    - Boulevard Haussmann
    - Boulevard Saint-Germain
    - Boulevard Saint-Michel
    - Rue de Rivoli
    - Rue de Rennes
    - Rue des Saints-Pères
    - Rue de Passy
    - Etc…

Map of the main retail streets

In Paris

The contrasting retail vacancy situation in Paris

Methodology

A survey of movements on all the Parisian streets studied in order to define precise and detailed vacancy rates:

ACTUAL VACANCY*:

Share of vacant space at the end of the period compared with the total number of retail sites;

EFFECTIVE VACANCY:

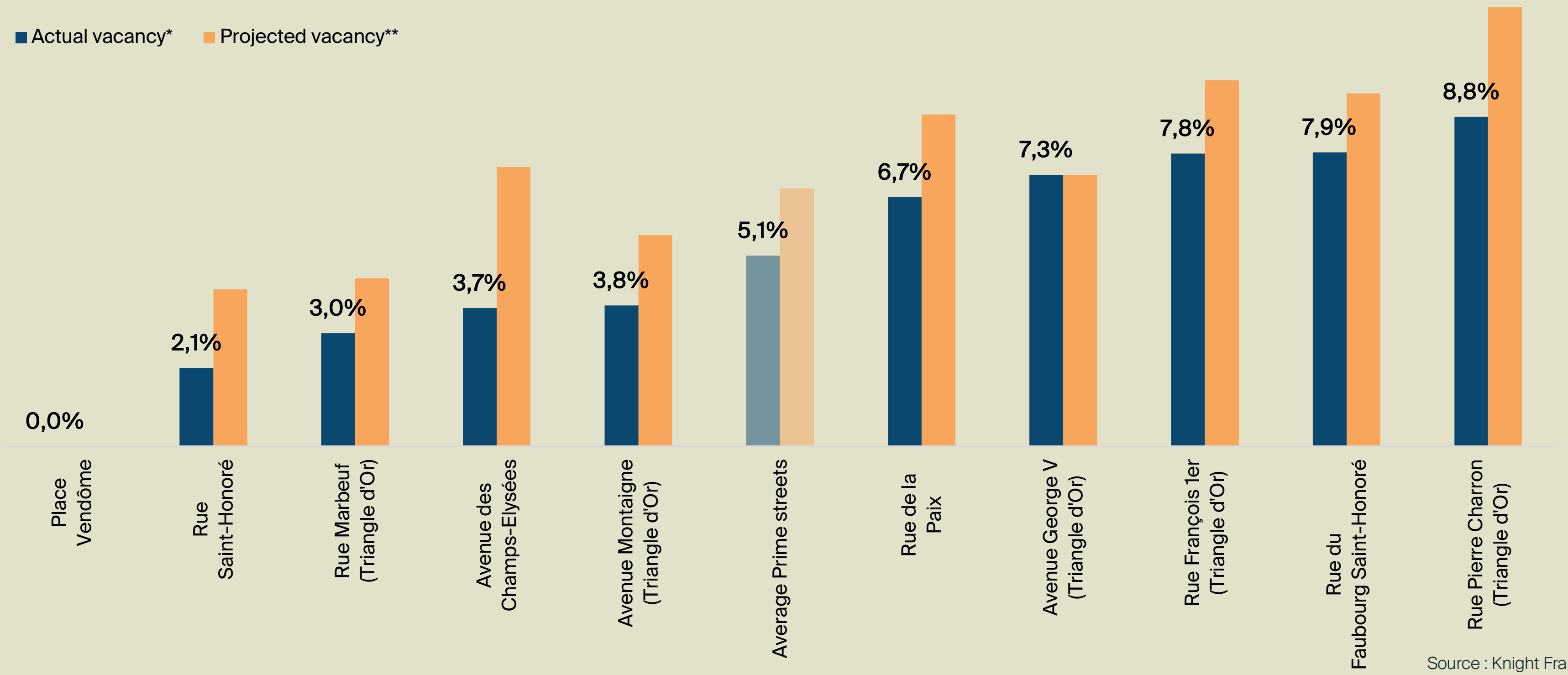
Share of vacant space, including pop-ups, over of the total number of retail sites;

PROJECTED VACANCY**:

Share of vacant space and pop-ups, integrating all current and future projects (restructuring, extensions, etc.) over of the total number of retail sites.

Retail vacancy rates in Paris - Prime streets

End of Q1 2025

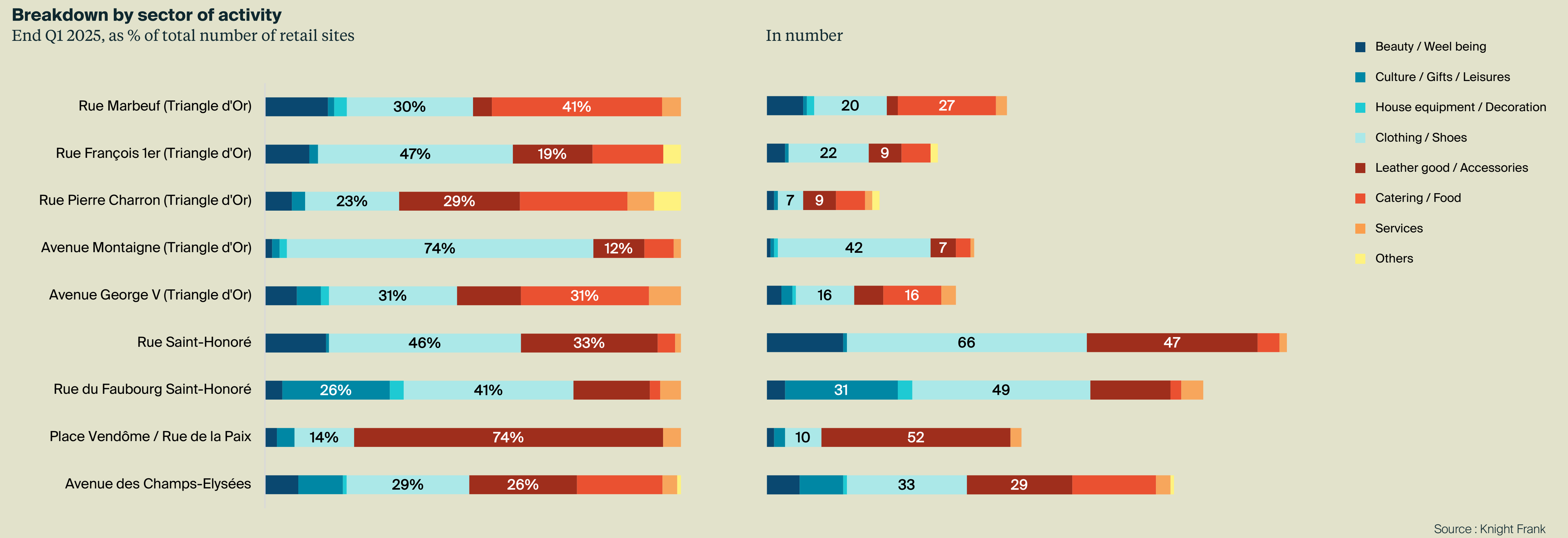


Source : Knight Frank

Between specialisation and diversity on Paris's prime streets

Breakdown by sector of activity

End Q1 2025, as % of total number of retail sites

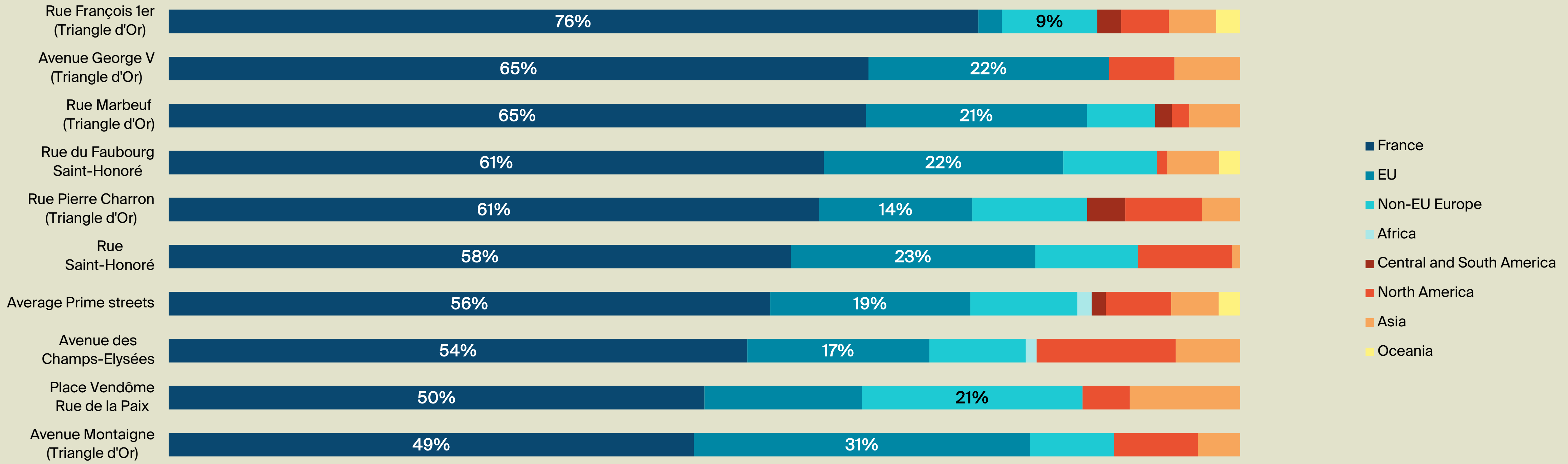


Source : Knight Frank

Growing presence of foreign retailers on prime Parisian streets

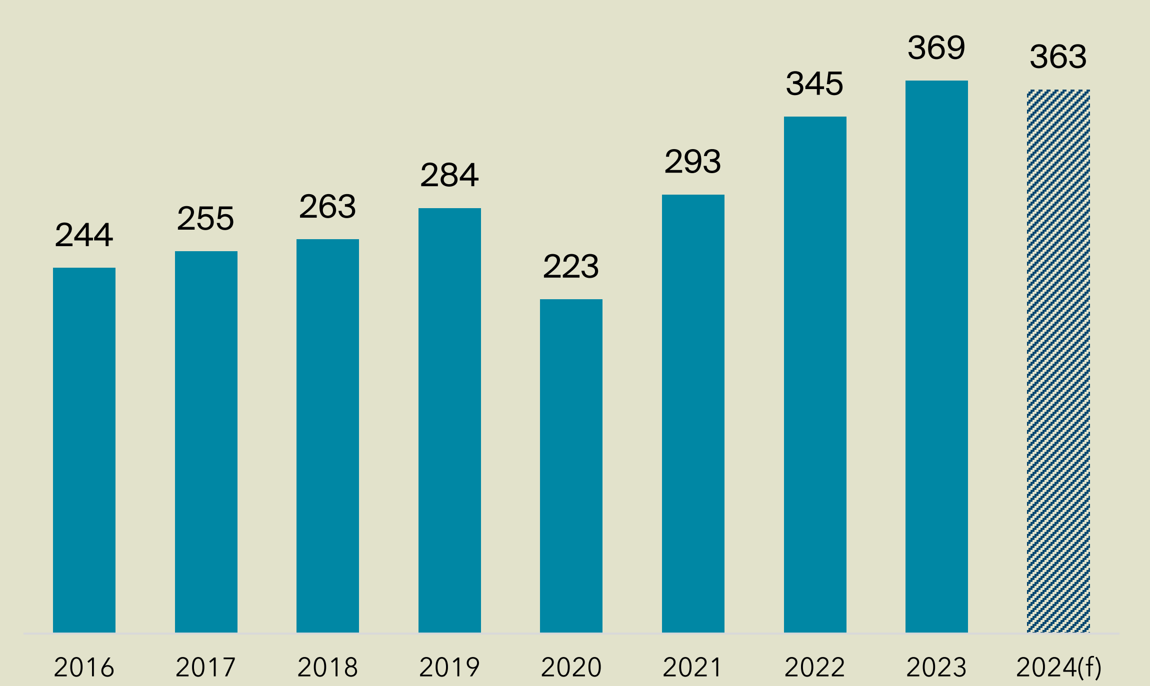
Breakdown of retailers by nationality

End Q1 2025, as a % of the number of retail sites (excluding vacant premises or premises under development)



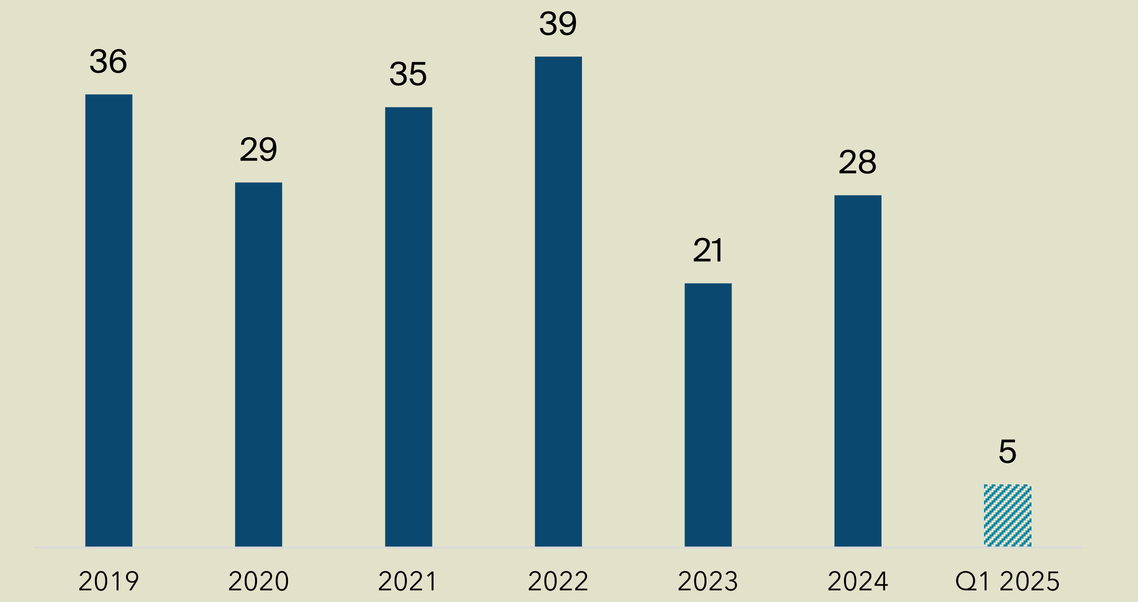
Source : Knight Frank

A luxury market undergoing major changes



Luxury goods sales worldwide
Sales in billions of euros

Source : Bain & Company, Altagamma / (f) forecasts



Luxury boutiques opening in Paris
In number

Source : Knight Frank

The contrasting retail vacancy situation in Paris

Methodology

A survey of movements on all the Parisian streets studied in order to define precise and detailed vacancy rates:

ACTUAL VACANCY*:

Share of vacant space at the end of the period compared with the total number of retail sites;

EFFECTIVE VACANCY:

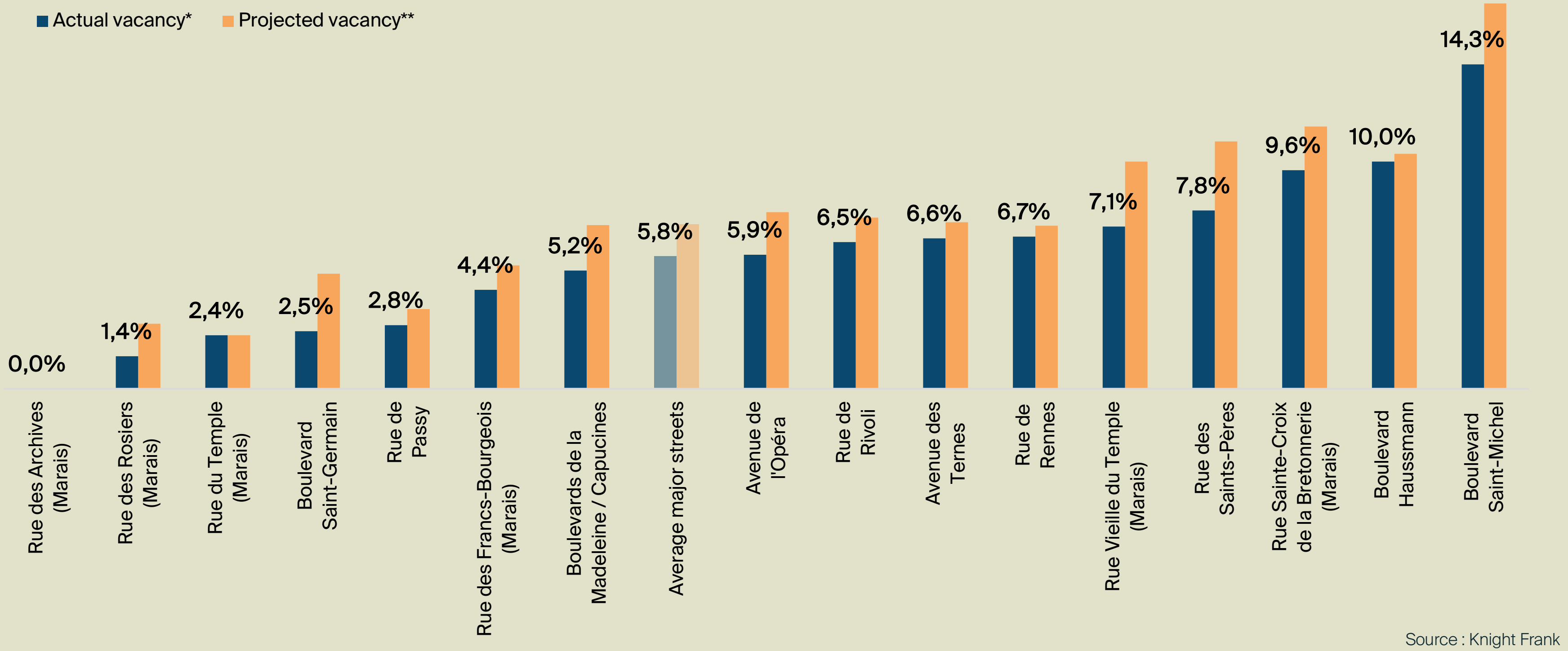
Share of vacant space, including pop-ups, over of the total number of retail sites;

PROJECTED VACANCY**:

Share of vacant space and pop-ups, integrating all current and future projects (restructuring, extensions, etc.) over of the total number of retail sites.

Retail vacancy rates in Paris - Major streets

End of Q1 2025

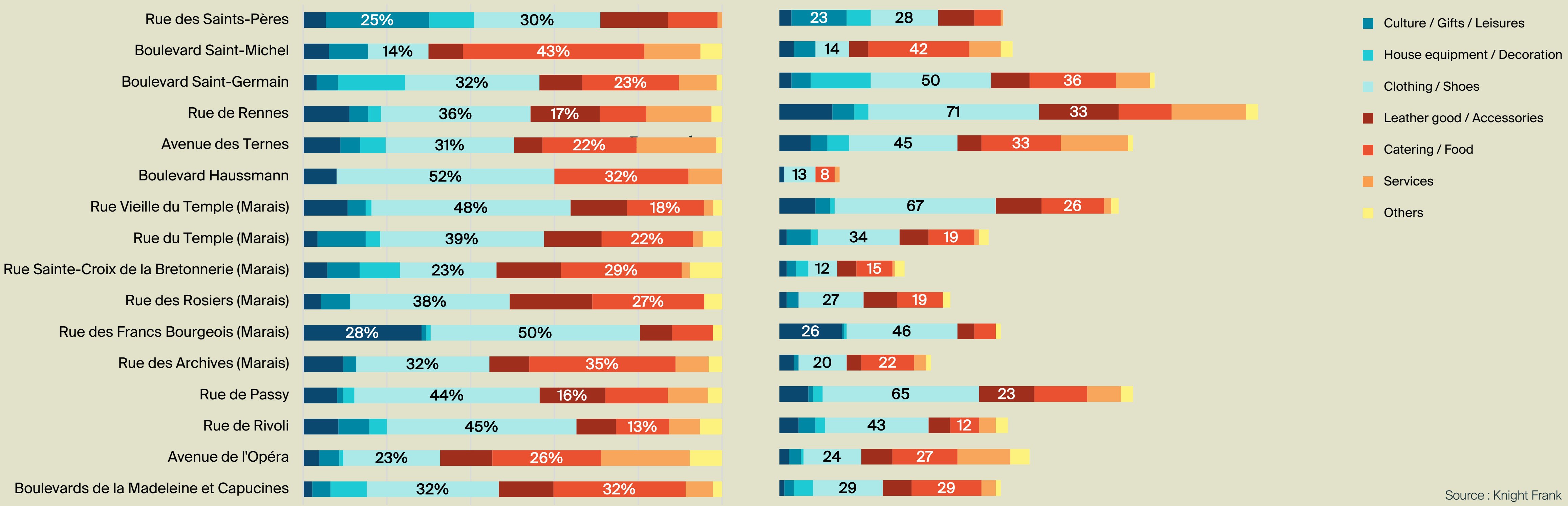


Source : Knight Frank

Commercial diversity on major Parisian streets

Breakdown by sector of activity

End Q1 2025, as % of total number of retail sites

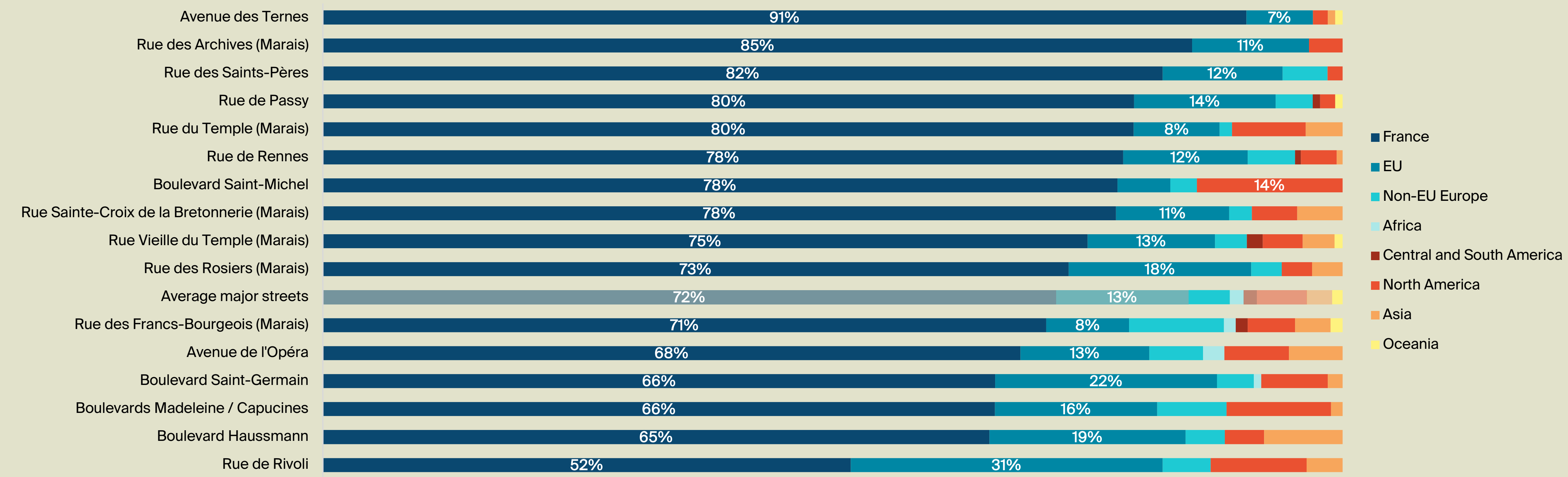


Source : Knight Frank

Increased presence of French brands on major Parisian streets

Breakdown of retailers by nationality

End Q1 2025, as a % of the number of retail sites (excluding vacant premises or premises under development)



Source : Knight Frank

Prime rents in Paris are holding up, as a result of a scarcity of supply

Example of prime rental values in Paris

In €/m²/year, zone A

STREET / AREA	ARR.	PRIME RENTAL VALUE Q1 2024	PRIME RENTAL VALUE Q1 2025	DEMAND LEVEL	CORRECTION RISK
AVENUE DES CHAMPS-ÉLYSÉES	Paris 8	13,000 – 15,000	13,000 – 15,000	●●●	●
AVENUE MONTAIGNE	Paris 8	11,000 – 13,000	13,000 – 15,000	●●●	●
RUE SAINT-HONORÉ	Paris 1	11,000 – 13,000	11,500 – 13,500	●●●	●
FAUBOURG SAINT-HONORÉ	Paris 8	10,000 – 12,000	11,000 – 13,000	●●	●●
BOULEVARD HAUSSMANN	Paris 8 / 9	4,000 – 5,000	4,000 – 5,000	●●	●●
RUE DES FRANCS BOURGEOIS	Paris 3 / 4	4,000 – 5,000	4,500 – 6,000	●●●	●
RUE DE SÈVRES / BD SAINT-GERMAIN	Paris 6 / 7	2,500 – 3,500	3,000 – 4,000	●●●	●
BD MADELEINE / CAPUCINES	Paris 1 / 2/ 8 / 9	2,500 – 3,500	2,200 – 3,200	●●	●●
RUE DE RIVOLI	Paris 1 / 4	2,000 – 3,000	2,500 – 3,500	●●●	●
RUE DE RENNES	Paris 6	2,000 – 3,000	1,800 – 2,800	●	●●●

Source : Knight Frank

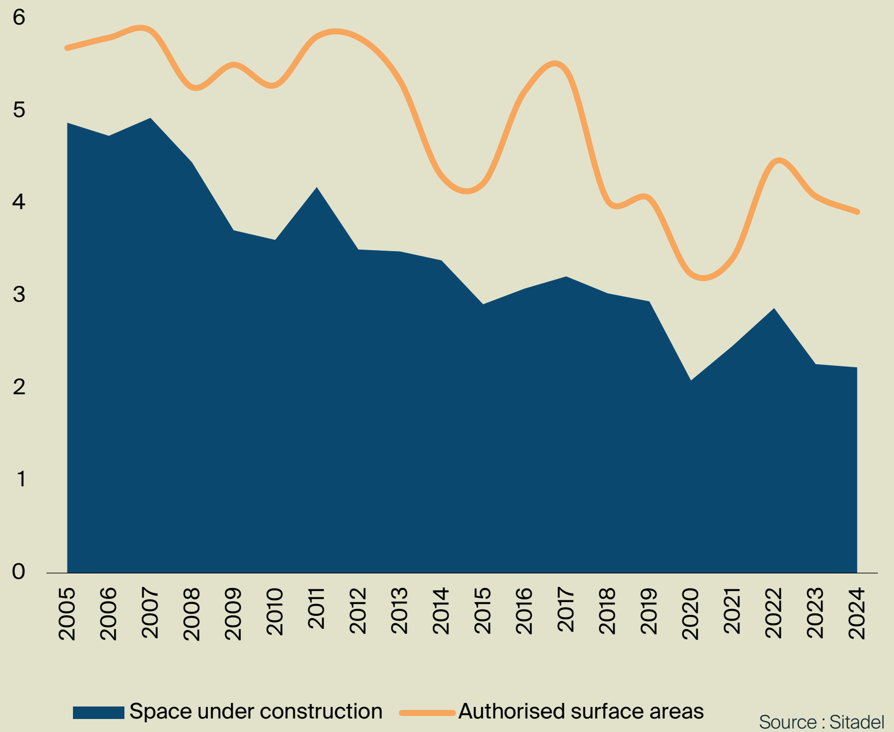
Low ●●● High

Low ●●● High

03. Retail complexes

Drop in construction starts to one of the lowest levels

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



Source : Sitadel

IN 2024 :

AUTHORISED AREAS

-4%
Year-on-year

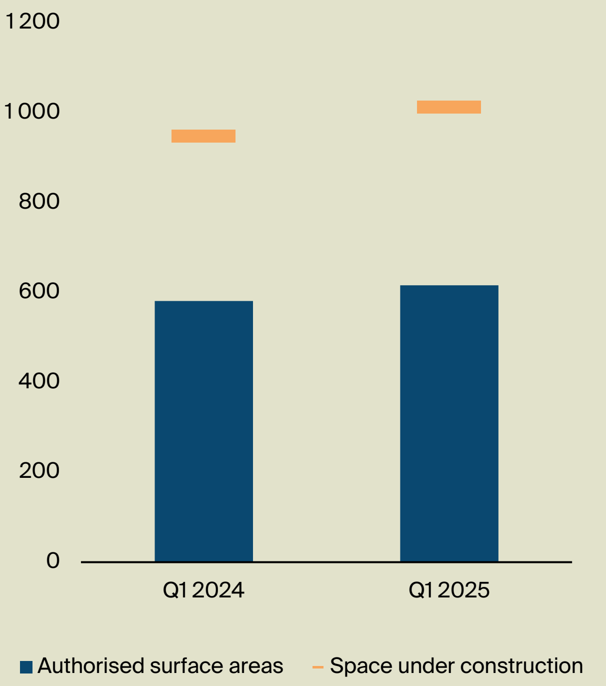
-7%
Vs 2014-2023 average

STARTED AREAS

-2%
Year-on-year

-21%
Vs 2014-2023 average

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



Source : Sitadel

January to March 2025 :

AUTHORISED AREAS

+7%
Year-on-year

-2%
Vs 2015-2024 average at the same period

STARTED AREAS

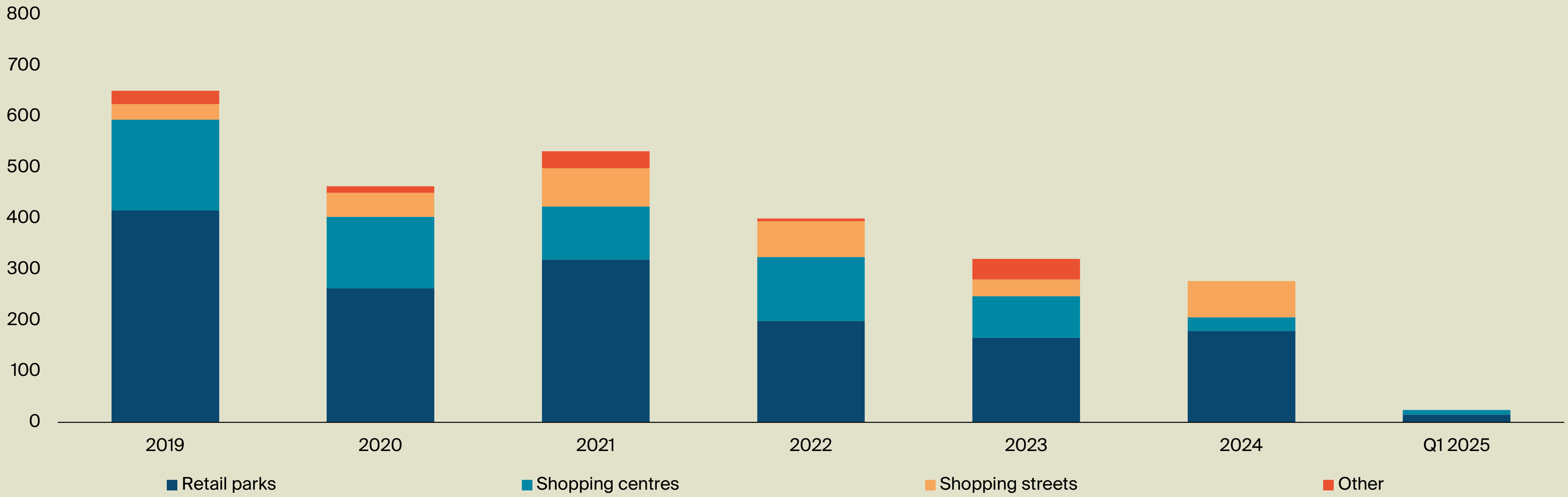
+6%
Year-on-year

-11%
Vs 2015-2024 average at the same period

Increasing scarcity of new retail space

Retail openings in France by format

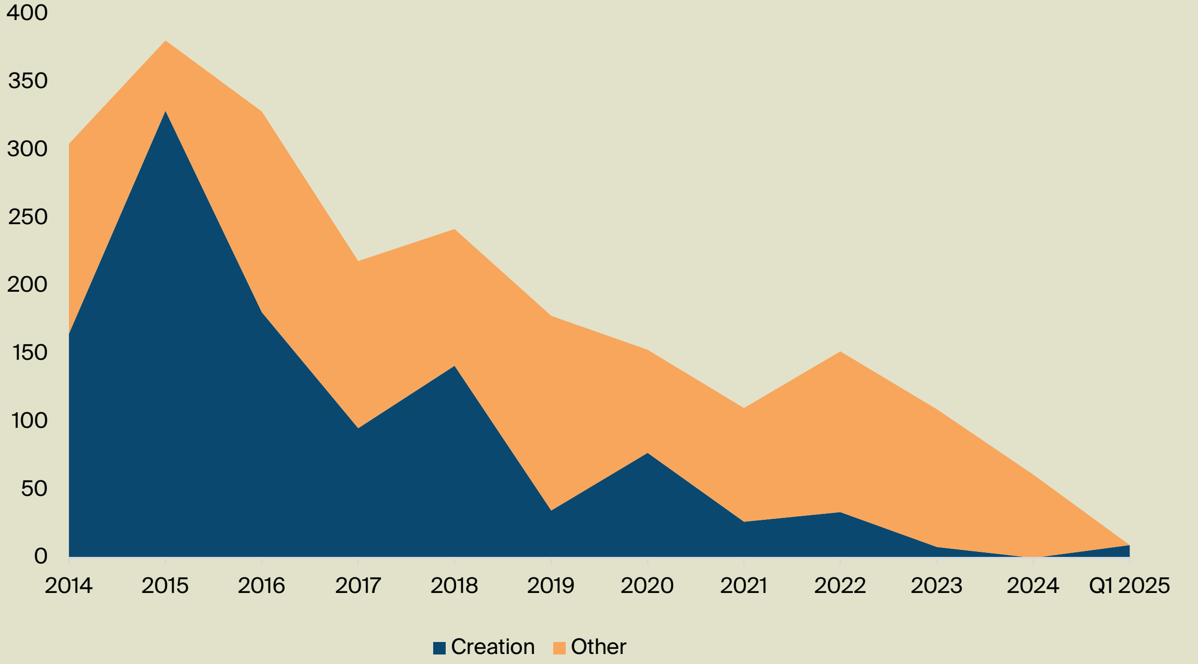
In thousands of sq m, for projects >5,000 sq m new or extended



Source : Knight Frank

Priority given to repositioning existing shopping centres

Shopping centre openings in France
In thousands of sq m, for projects >5,000 sq m



Source : Knight Frank

SHOPPING CENTRE FOOTFALL IN 2024 :

2.6 Bn
VISITORS

+1.1%
VISITORS NUMBERS IN ONE YEAR
(after +1.9% in 2023)

▼
OF VISIT TIME
(all centre sizes combined)

Source : FACT, Quantaflow

SHOPPING CENTRE FOOTFALL IN MARCH 2025 (VS MARCH 2024) :

-2.1%
VISITORS NUMBERS
(after -2.0% in February 2025)

+0.2%
SALES
(on a comparable basis)

=
OF VISIT TIME
(all centre sizes combined)

Source : FACT, Quantaflow

Priority given to repositioning existing shopping centres

Examples of recent shopping centre openings in France
From 2023, for projects >5,000 sq m

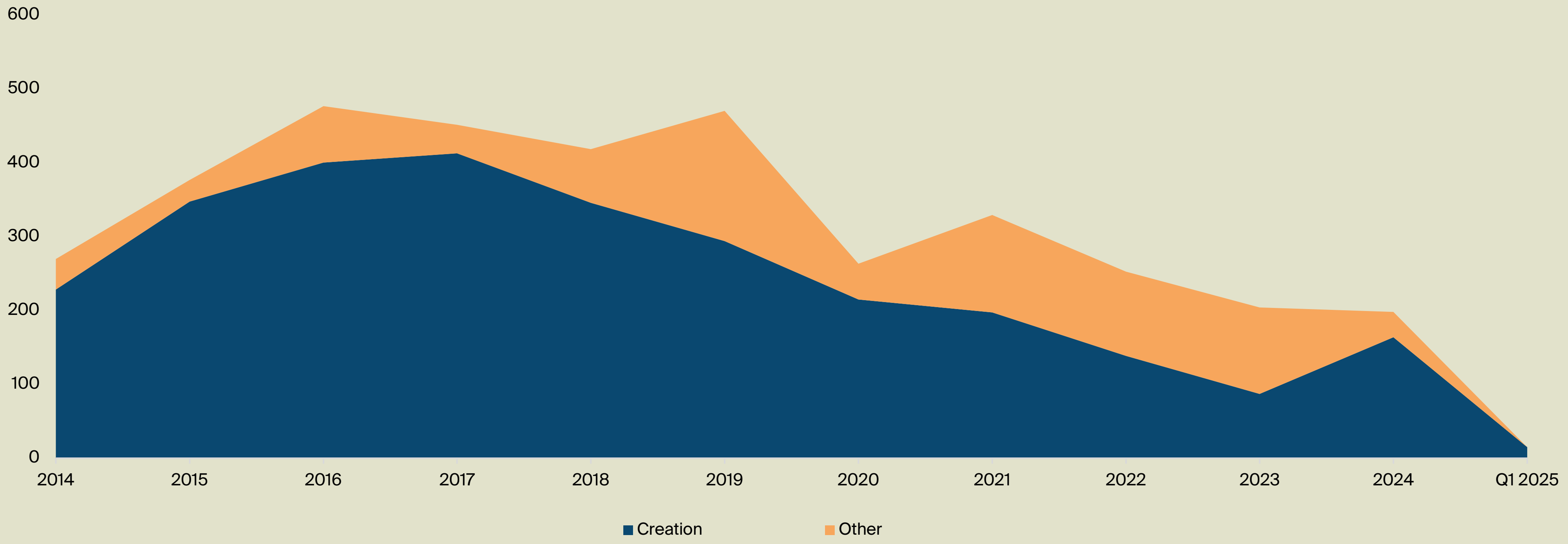
Centre	City	Type	Area (sq m)
BOOM BOOM VILLETTE	PARIS (75019)	Redevelopment/Conversion	24,000
LE SPOT	EVRY (91)	Redevelopment/Extension	20,000
GRAND PLACE	GRENOBLE (38)	Redevelopment/Extension	16,400
LECLERC	LAON (02)	Transfer/Extension	14,300
CNIT	PUTEAUX (92)	Extension	10,100
NIKITO (Domus)	ROSNY-SOUS-BOIS (93)	Redevelopment	10,000
ZAC CÔTEAUX BEAUCLAIR (LECLERC)	ROSNY-SOUS-BOIS (93)	Creation	9,300
LECLERC	HONFLEUR (14)	Transfer/Extension	9,700
SQY OUEST	MONTIGNY-LE-BRETONNEUX (78)	Redevelopment	8,300
LES TERRASSES	SARREBOURG (57)	Redevelopment/Extension	7,400
PASSAGES MÉRIADECK	BORDEAUX (33)	Redevelopment/Conversion	7,200

Source : Knight Frank

Slowdown in new retail park openings

Retail park openings in France

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



Source : Knight Frank

Slowdown in new retail park openings

Examples of recent retail park openings in France

From 2023, for projects >5,000 sq m

Centre	Town	Type	Area (sq m)
NEYRPIC	SAINT-MARTIN-D'HÈRES (38)	Creation	34,300
OTIUM	DREUX (28)	Creation	21,500
CAP KOAD	BAIN-DE-BRETAGNE (35)	Creation	13,000
LA NEF	LE HAVRE (76)	Creation	12,900
PLANET'AIRE	AIRE-SUR-LA-LYS (62)	Creation	12,800
O'CENTRE	VENDENHEIM (67)	Redevelopment/Extension	12,500
LE MASCARET (RIVES D'ARCINS)	BÈGLES (33)	Extension	12,000
LES RIVES DU LOT	CAHORS (46)	Creation	11,500
ZAC DE MONTVRAIN 2	MENNECY (91)	Redevelopment/Extension	11,000
PARENTHESES	PERSAN (95)	Extension	10,500
LA VIGIE	GEISPOLSHEIM (67)	Extension	10,000
HÉLIOPÔLE	BESSAN (34)	Creation	9,600
ZONE COMMERCIALE DES SOARNS	ORTHEZ (64)	Extension	9,200
LE MONKY	LAVAL (53)	Creation	7,000
LES PRÉS BLANCS	HERBIGNAC (44)	Creation	6,000

Source : Knight Frank

04. The French investment market

Key figures for the investment market in retail property

	Q1 2025	Q1 2024	Annual change
French retail investment volumes	€1.3 B	€0.5 B	▲
Retail share*	38 %	30 %	▲
Number of transactions > €100 M	*2*	*1*	▲
Greater Paris Region share of investment volumes**	81 %	70 %	▲
Share of foreign investors**	*3 %*	*0 %*	▲
High streets prime yield	4.25 % - 4.50 %	4.50 % - 4.75 %	▼
Shopping centres prime yield	6.00 % - 6.25 %	6.25 % - 6.50 %	▼
Retail parks prime yield	6.50 % - 6.75 %	6.50 % - 6.75 %	=

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

Source : Knight Frank

The market was buoyed by two major Parisian transactions

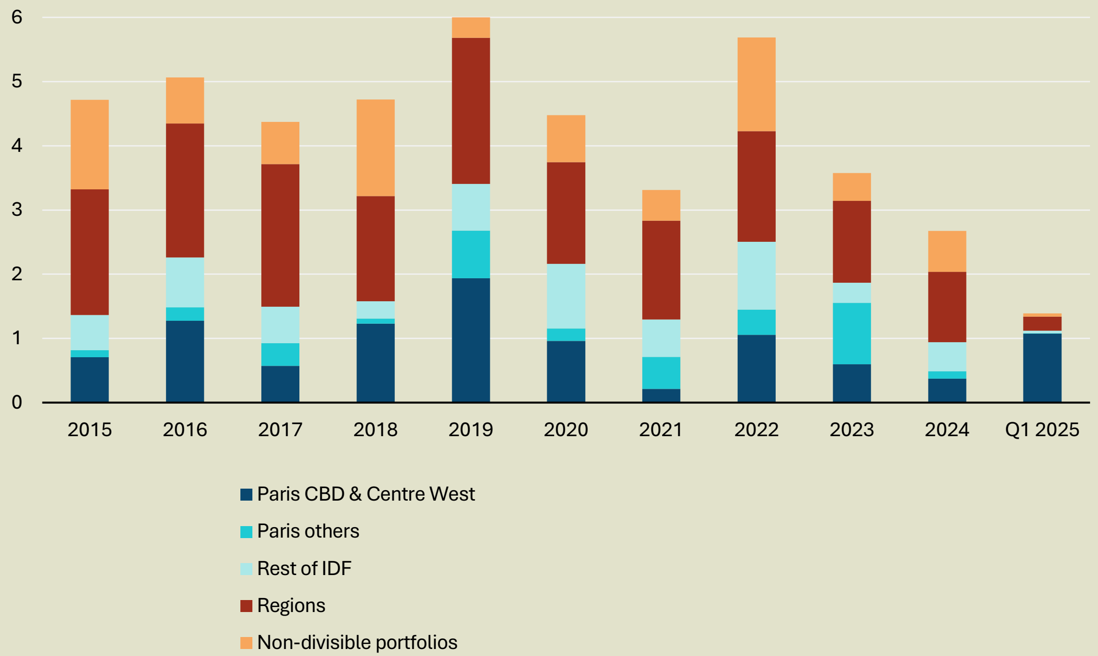
Retail property investment volumes in France

In billions of euros, as a % of total

Source : Knight Frank

Retail property investment volumes in France

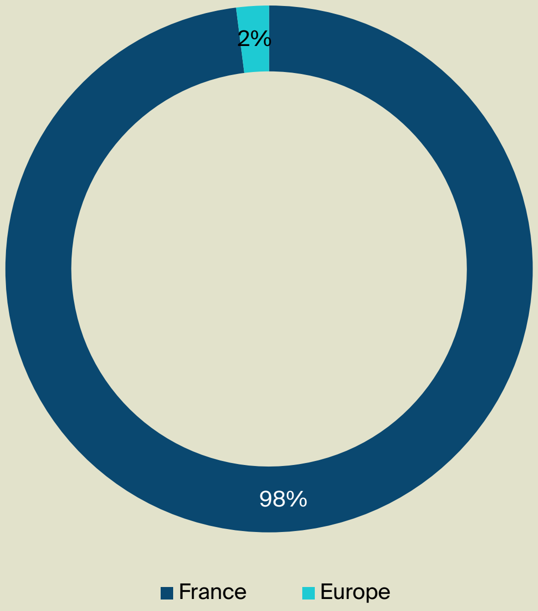
In billions of euros, as a % of total



Source : Knight Frank

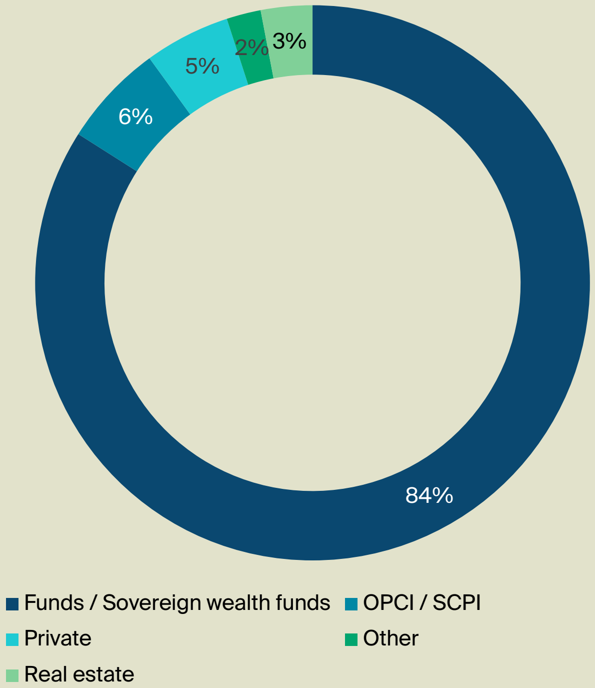
French investors increase their lead

Breakdown of volumes invested in retail property
In % in Q1 2025, by geographic origin of buyer



Source : Knight Frank

Breakdown of volumes invested by type of investor
In % in Q1 2025, by investor type



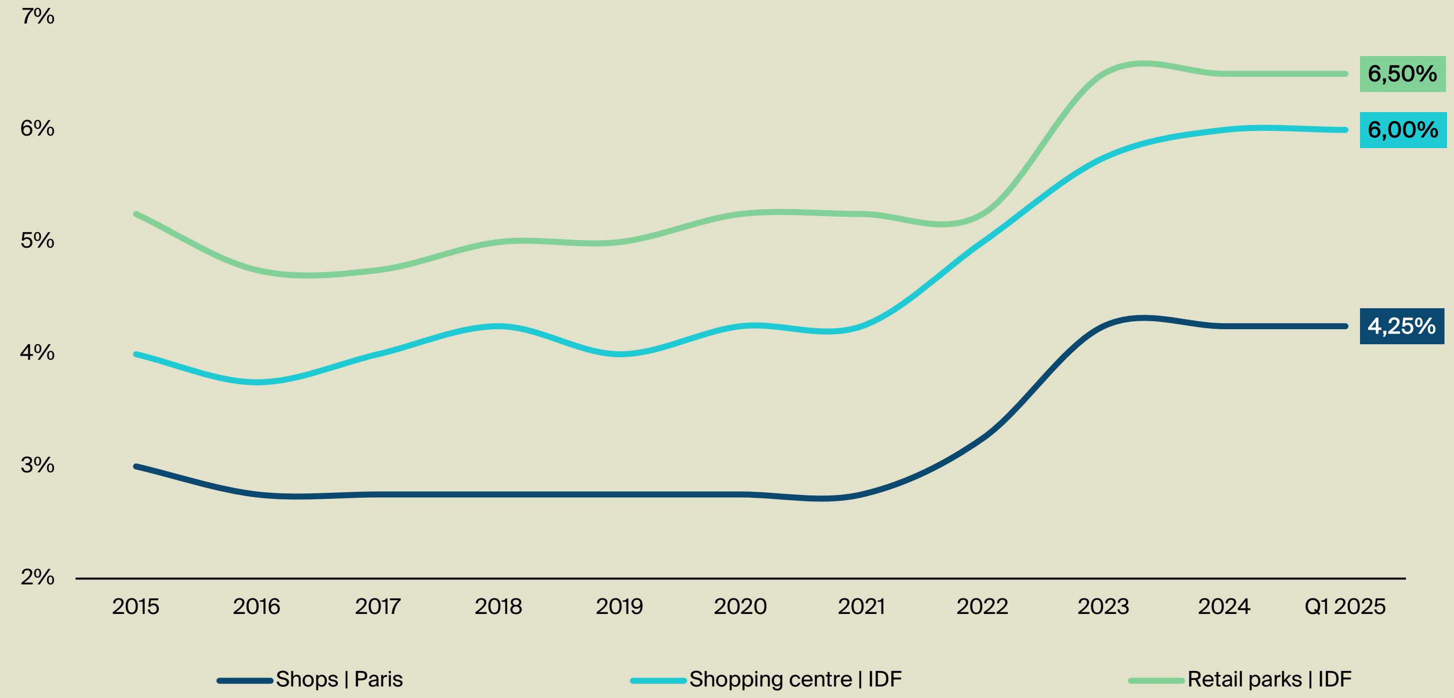
Source : Knight Frank

A stabilising trend for prime yields

	Year-on-year change	10-year change
RETAIL PARKS	=	▲ +125 bps
SHOPPING CENTRE	▲ +25 bps	▲ +150 bps
HIGH STREET	=	▲ +75 bps

Prime retail yields in France

In %, end of period



Source : Knight Frank

Major retail property transactions in 2025

Address / Asset	Type	Town	Seller	Buyer	Price
Portefeuille d'actifs parisiens (60% des parts)	PI	Paris	KERING	ARDIAN	⬛
Westfield Forum des Halles (15% des parts)	SC	Paris 1^e	UNIBAIL RODAMCO WESTFIELD	CDC INVESTISSEMENT IMMOBILIER	⬛
Portefeuille (9 Carrefour market)	HYP/SUP	France	CARREFOUR	SUPERMARKET INCOME REIT	🟩
Portefeuille (9 sites d'entrée de ville)	HYP/SUP	France	GROUPE CASINO	ICADE	🟩

26 Place Vendôme, Paris 1^e
Assets forming part of the portfolio acquired by ARDIAN

🟩 €30-100M 🟦 €100-200M ⬛ > €200M

CC Westfield Forum des Halles, Paris 1^e

Source : Knight Frank

04. Outlook

Positive outlook for the retail property market in 2025

1 MACROECONOMIC CONTEXT

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

2 RETAIL MARKET

1. Stabilisation of rental values on most Parisian streets;
2. An increase in vacancy is expected in the coming months on most of the streets studied, due to retailers leaving for smaller, more economical premises, the completion of several projects and the potential negative impact of the introduction of the Limited Traffic Zone (ZTL) on retailers' sales;
3. Anticipated double-digit growth in e-commerce sales, driven by the dynamism of the services sector.

3 FORMATS & CONCEPTS

1. A strengthening of certain retail formats (flagship, pop-up, etc.) and sectors, such as sportswear and luxury goods. However, there is a potential risk of saturation for certain rapidly developing sectors (discount, fast food, etc.).
2. The emergence of new formats focusing on leisure and entertainment, "retailtainment", offering an immersive experience to stimulate the desire to buy and extend the duration of visits;
3. The roll-out of new concepts focusing on technology: between hyper-personalisation of purchases and a connected customer experience, combining physical and digital commerce

SOURCE : Knight Frank

Knight Frank's **Research** Department

provides market analysis and strategic real estate consultancy services to a wide range of French and international private, institutional and end-user clients.

The data used to produce this report comes from sources recognised for their reliability as well as Knight Frank's property market monitoring tools.

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Le Marché de l'investissement
France

T4 2024 | Le marché de l'investissement | www.knightfrank.fr/etudes/

The Investment Market | Q1 2025 | April 2025

Le marché immobilier
des commerces en France

Février 2025 | Retail | knightfrank.fr/etudes/

Retail property markets | France | February 2025

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Knight Frank en bref

Fondé il y a plus de 125 ans en Grande-Bretagne, le groupe Knight Frank apporte aujourd'hui son expertise comme conseil international en immobilier grâce à plus de 27 000 collaborateurs intervenant depuis plus de 740 bureaux dans 50 pays. Sa branche française, créée il y a plus de 50 ans intervient sur le marché de l'immobilier d'entreprise et résidentiel.

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