AT A GLANCE Q2 2022

PARIS OFFICE MARKET

"Return to normal" for the Paris region

1,008,400 m²
Take-up in 2022 6M
(+24% vs 2021 6M)

5.6 M m²
Availability within a year
(+ 0% vs Q2 2021)

7.4%
Vacancy rate

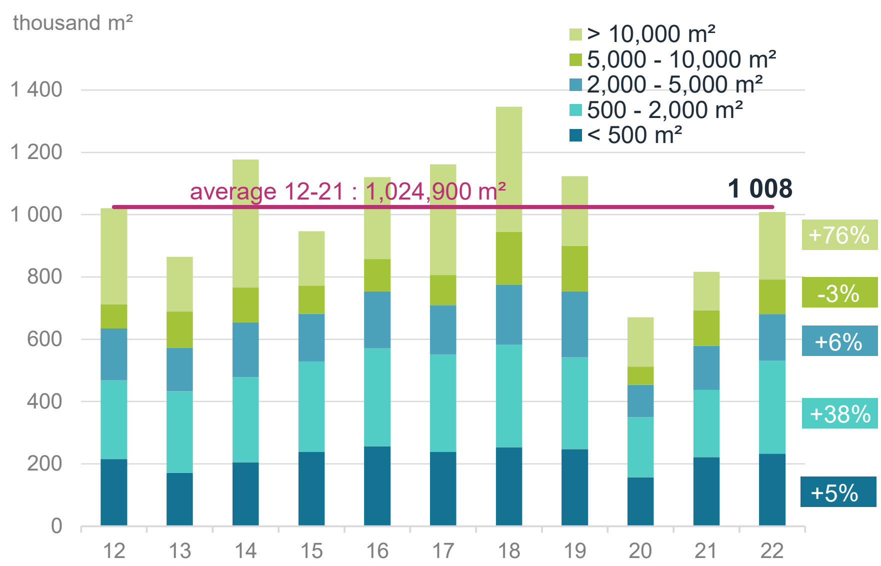
A robust trend

With take-up of 1,008,400 sqm over the first six months of the year, the rental market in the Paris region enjoyed a healthy trend (+24% year-on-year) and drew close to its 10-year average (-2%).

The increase was particularly driven by the segment of large units (> 5,000 sqm), which flourished in H1 with take-up of 327,000 sqm across 28 deals. The same may be said for very large transactions, with 5 deals over 20,000 sqm. A highlight was the lease by the French Ministry for Solidarity and Health in the TODS tower in the 15th arrondissement.

Small and medium sized units also increased +18% year-on-year, with the small unit segment coming in +11% above its 10-year average.

Transactions over 6 months by size

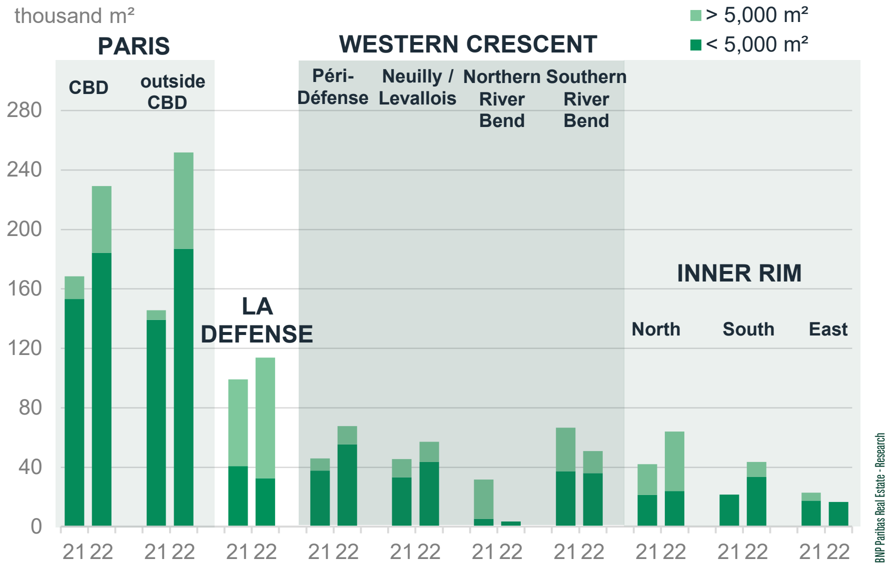


Central locations are still popular

The well-established and ultra-connected central districts are still the most sought after. As such, Paris CBD, La Défense and Neuilly-Levallois outperformed and exceeded their 10-year averages. Paris non-CBD also experienced a surge in H1, with major deals resuming, particularly on the Left Bank (4 transactions > 5,000 sqm).

Conversely, several outlying districts are still struggling, such as Péri-Défense, the Southern River Bend and the Southern and Eastern Inner Rims, which are still substantially below their pre-crisis levels.

Take-up over 6 months by district

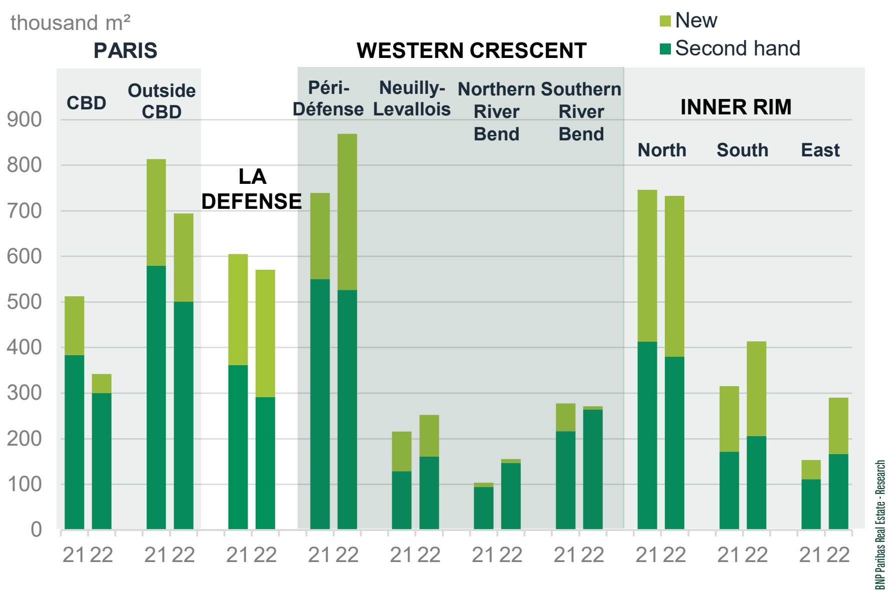


Supply imbalance...

The vacancy rate was flat at 7.4% on July 1, 2022, but there are still stark geographical differences. Once again, the vacancy rate in Paris CBD is under 3%, whereas the Northern Inner Rim is now up to 18.8%. Yet the good news is that the upward trend at La Défense has turned at last, with a fall in the vacancy rate in Q2 2022, albeit still high at 12.7%.

The situation for availability within a year is similar, with a stock that has stabilised at 5.6 million sqm o/w 1.8 million new but again with a very uneven breakdown. For example, districts with very high transactional activity are seeing their supply diminish, such as Paris CBD, even though it was already undersupplied.

Availability within a year (to July 1st)

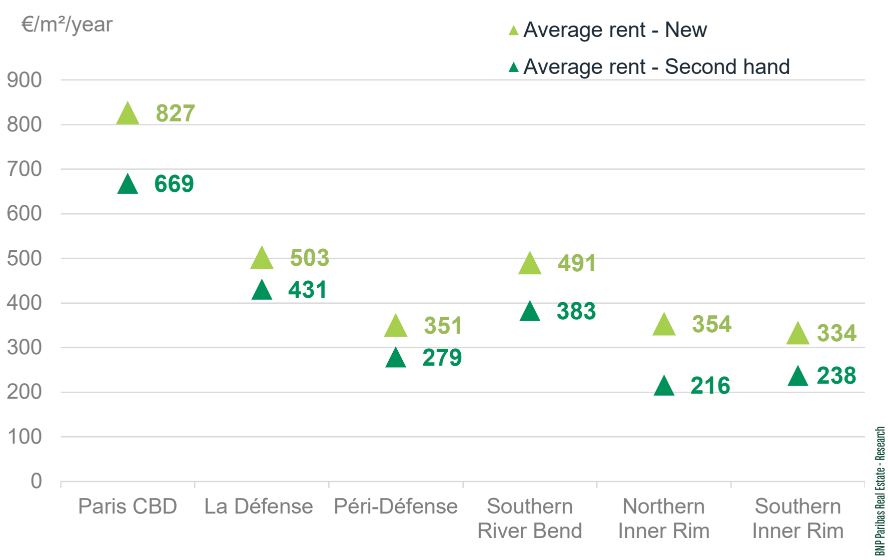


... with a direct impact on rents

Unsurprisingly, this situation has significantly impacted rents. In undersupplied districts, fiercer competition for high quality assets has pushed up rents, and this is particularly the case for the prime segment. As such, the top rent in Paris CBD is € 960/sqm/yr and for the first time the 7th arrondissement also topped the € 900/sqm/yr mark.

Headline rents in oversupplied districts are being maintained thanks to high incentives (24% on average in Île-de-France).

Average headline rents - 2022 6 months (over 12 months)



Ile de France offices – key figures

	2021 6M			2022 6M			Immediate supply variation	Take-up variation
	Immediate supply* (m²)	Vacancy rate* (%)	Take-up (m²)	Immediate supply* (m²)	Vacancy rate* (%)	Take-up (m²)		
Paris CBD	306 000	4,5%	168 000	192 000	2,8%	229 000	-37%	+36%
Paris outside CBD	540 000	5,1%	146 000	508 000	4,7%	252 000	-6%	+73%
La Défense	441 000	12,8%	99 000	439 000	12,7%	114 000	0%	+15%
Péri-Défense	581 000	18,3%	46 000	591 000	19,3%	68 000	+2%	+48%
Neuilly/Levallois	125 000	8,3%	45 000	143 000	9,3%	57 000	+14%	+26%
Northern River Bend	92 000	11,3%	32 000	109 000	13,2%	4 000	+18%	-89%
Southern River Bend	187 000	7,5%	67 000	203 000	8,1%	51 000	+9%	-24%
Northern Inner Rim	480 000	15,2%	42 000	607 000	18,8%	64 000	+26%	+52%
Southern Inner Rim	187 000	7,9%	22 000	244 000	10,0%	44 000	+30%	+100%
Eastern Inner Rim	108 000	4,4%	23 000	133 000	5,6%	17 000	+23%	-28%
Outer Rim	956 000	5,3%	126 000	919 000	5,1%	110 000	-4%	-13%
Total	**4 003 000**	**6,7%**	**816 000**	**4 088 000**	**7,4%**	**1 010 000**	**+2%**	**+24%**

* end of period

	Availability within a year (m²)			Space under construction (m²)		
	Q2 2021	Q2 2022	Variation Q2 2022 / Q2 2021	Q2 2021	Q2 2022	Variation Q2 2022 / Q2 2021
Paris CBD	513 000	342 000	-33%	183 000	124 000	-32%
Paris outside CBD	814 000	694 000	-15%	160 000	291 000	+82%
La Défense	605 000	571 000	-6%	207 000	217 000	+5%
Péri-Défense	739 000	869 000	+18%	251 000	291 000	+16%
Neuilly/Levallois	216 000	252 000	+17%	87 000	54 000	-38%
Northern River Bend	104 000	156 000	+50%	0	0	-
Southern River Bend	278 000	271 000	-2%	37 000	18 000	-51%
Northern Inner Rim	746 000	733 000	-2%	369 000	259 000	-30%
Southern Inner Rim	315 000	414 000	+31%	223 000	278 000	+25%
Eastern Inner Rim	153 000	290 000	+89%	93 000	109 000	+17%
Outer Rim	1 138 000	1 003 000	-12%	64 000	61 000	-5%
Total	**5 621 000**	**5 595 000**	**0%**	**1 674 000**	**1 702 000**	**+2%**

LOCATIONS

(JANUARY 2021)

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