



**AT A GLANCE  
Q4 2023**

**OFFICES IN THE REGIONS (17 cities)**

Office market bending, but not breaking



**1,650,000 sqm**

Take-up  
(-13% vs 2022)



**2.6M sqm**

Availability within a year  
(+8% vs Q4 2022)



**€340/sqm/year**

Prime rent  
(Lyon)

**Slight dip in H2**

The economic situation remains tough, with inflation easing but still evident. We can therefore assume that there will be little change in the trend between H1 and H2.

Take-up in 2023 was down 13% on the previous year.

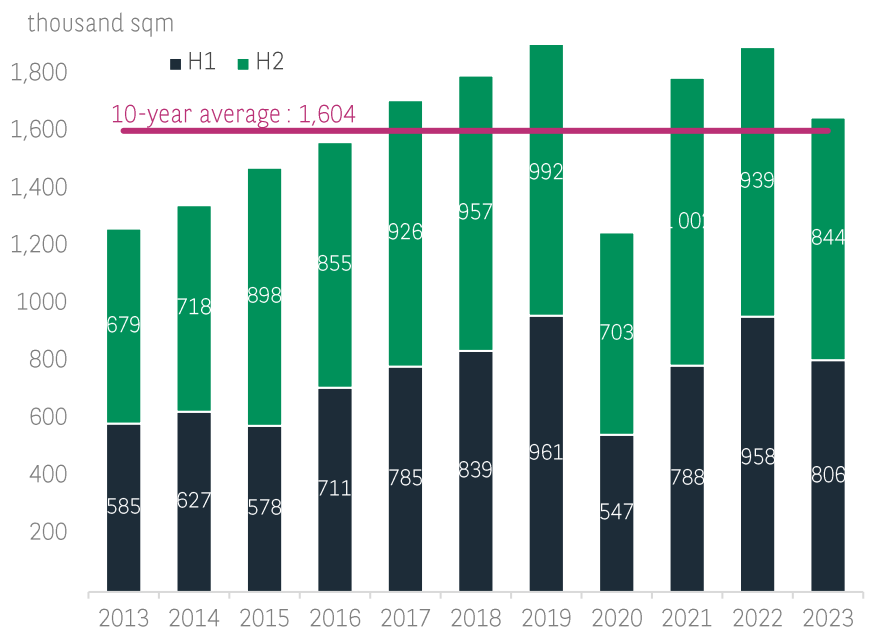
There are several reasons to look on the bright side.

Firstly, take-up beat the long-term average by 3% in 2023, illustrating the momentum of the regions over a long period.

Secondly, there was an inflexion in the downward trend. After a 16% decline in H1 2023, the fall was limited to 10% in H2.

\*17 cities: Aix-Marseille, Bordeaux, Dijon, Grenoble, Lille, Lyon, Metz, Montpellier, Nancy, Nantes, Nice/Sophia, Orléans, Rennes, Rouen, Strasbourg, Toulouse and Tours

**Take-up trend by half**



Source: BNP Paribas Real Estate Research - February 2024

## Healthy resilience of new and second-hand offices

Throughout 2023, owner/occupier and turnkey rentals were in short supply compared with previous years. One reason for this decline is the lack of transactions in the public/semi-public sectors, which notably drove the owner/occupier segment the previous year.

Second-hand assets accounted for over half of transactions (56% of the total volume in 2023) and saw a year-on-year decline of just 5%, thanks to high-quality supply, located in city centres with very good public transport connections.

In terms of size segments, large (> 5,000 sqm) and small units (< 1,000 sqm) continued their declines since the beginning of the year with respective falls of 37% and 16%. Conversely, the segment of medium-sized units (1,000 – 5,000 sqm) enjoyed robust growth of 9%. Nevertheless, the regions remain driven by small units (50% of total volume).

## Trends differed between markets

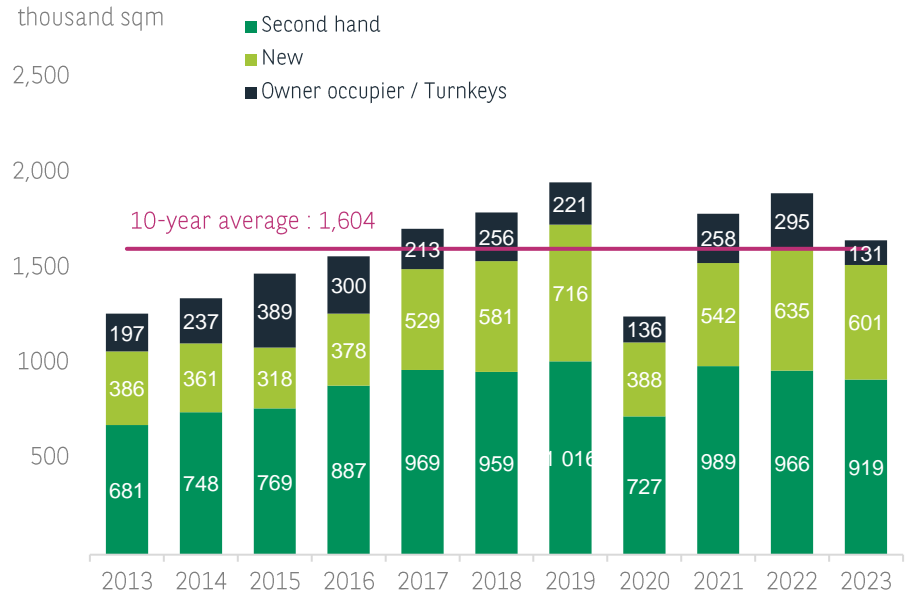
Lyon held on to its pole position\*. Next came Lille which is still in second place. The good fortunes of Bordeaux continued in H2, as it took third place; of the eight markets with take-up of over 100,000 sqm, it was the only one to show growth (+16 %).

Toulouse held on to fourth place with take-up of 149,000 sqm, a stable figure vs 2022 and a respectable performance. To round off, Aix-Marseille, Nantes, Rennes and Montpellier still ranked among the markets with take-up of over 100,000 sqm, as they did the previous year.

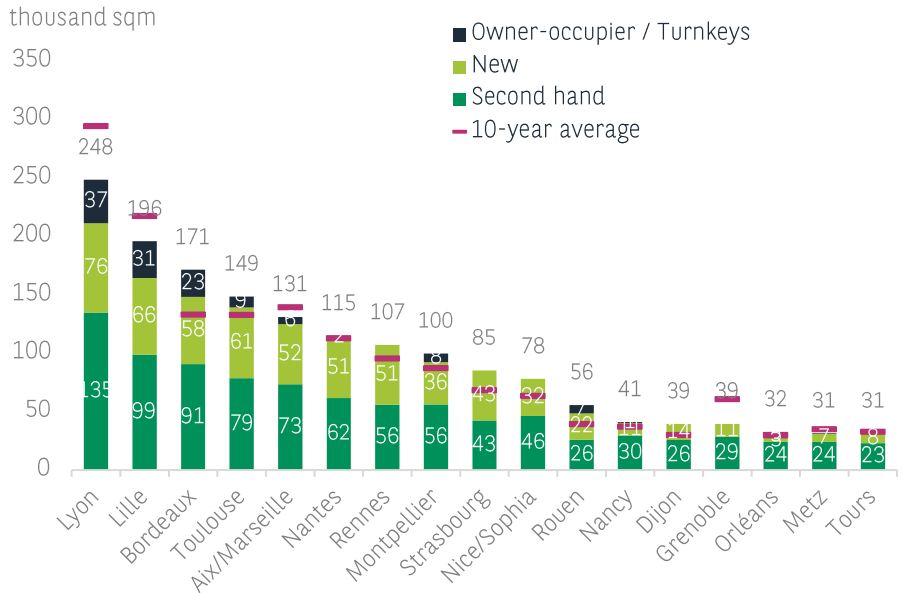
Medium-sized cities proved resilient, with stable trends (-3%). By way of comparison, the seven largest markets were down -17% year-on-year.

\*17 cities (full list at the bottom of page 1)

## Take-up



## Take-up by city



## Increasing supply

Availability within a year stands at 2.6 million sqm, i.e. an increase of 9% over 12 months.

There was a marked 14% increase for second-hand offices, while supply of new premises fell by 5%. This trend is set to intensify in 2024 due to the low level of building starts.

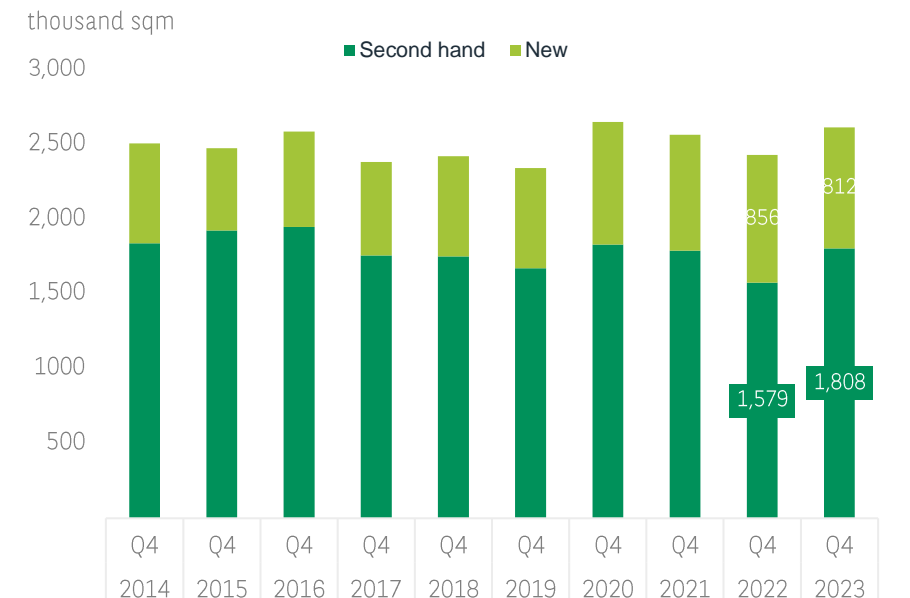
New offices account for 32% of the total vs 68% for second-hand units.



639,000 sqm

Space under construction

## Availability within a year



## Slump in investment

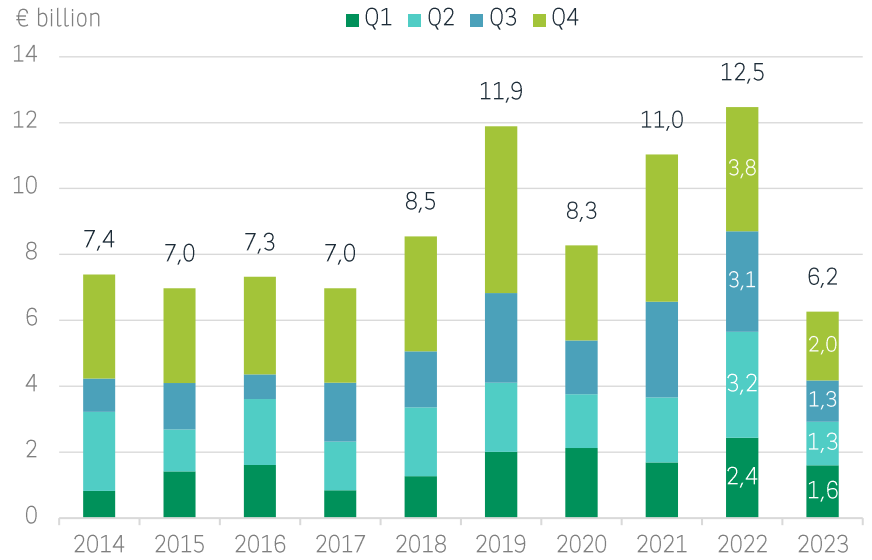
The regions represented 43% of total commercial real estate investment in France in 2023, with € 6.2bn invested (all asset classes combined).

The total invested in regional offices in 2023 was € 1.7bn, down 53% year-on-year. The figure for Q4 alone was € 300m, far lower than in Q4 2022, when it was closer to € 1.5bn. When compared to the long-term average, the drop is less dramatic, with a shortfall of 32%.

The share of overall investment in off-plan premises remained low 19%, vs over 35% for the year-earlier period.

SCPIs are still the biggest investors in the regions, with 55% of total investment volumes, thanks to new SCPIs that drove momentum in H2. Funds were next, accounting for 20% of the total.

## Quarterly investment figures



Source: BNP Paribas Real Estate - Research | ImmoStat - February 2023

## Lyon in the lead with Bordeaux an impressive second

Over the full year, Lyon confirmed its status as a regional stronghold in terms of attracting investment, retaining the top spot. Bordeaux took second place from Toulouse, which completed the podium.

Investment fell in all the regional cities that we cover, except for Bordeaux. As with its occupancy market, the city confirmed its healthy form with a double-digit rise in investment (+37%) to € 209m.

Landmark transactions included the acquisition of the Areca Metro building by AEW CILOGER in Lyon (€ 103m), the Grand Central building in Marseille bought in Q4 by CMA CGM for € 53m, and the Karre building in Vaulx-en-Velin, also purchased in Q4 by Iroko for € 32m.



**5.50%**

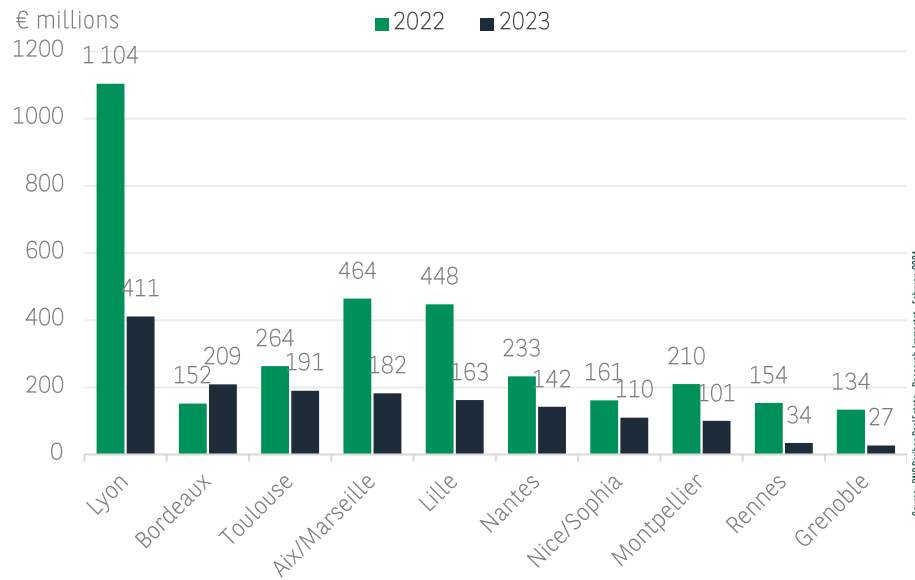
Prime yield (Lyon)

## Market disrupted by yield expansion

The year was dominated by the dramatic expansion of yields in French regional markets, which widened by an average of 170 basis points compared with 2022. Examples include Lyon with a yield of 5.50%, i.e. +50 basis points compared to the previous quarter, Lille where the q-o-q yield increase was 60 bp to 5.60% and Aix/Marseille (5.80% vs 5.20% at the end of Q3).

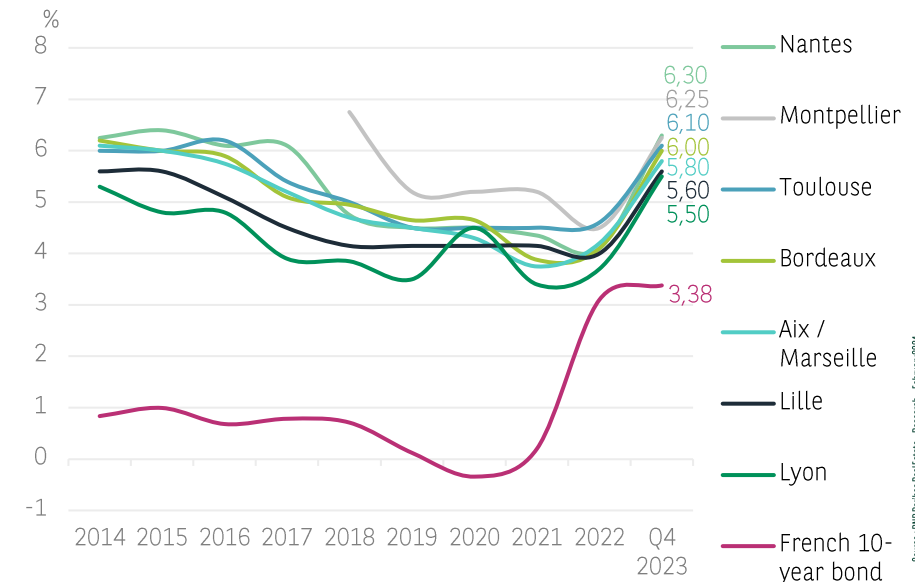
The French 10-year OAT yield is set to stabilise this year, which should halt the upward office yield trend.

## Investment in the main regional markets



Source: BNP Paribas Real Estate - Research | ImmoStat - February 2024

## Prime yields



Source: BNP Paribas Real Estate - Research | ImmoStat - February 2024



## LOCATIONS FRANCE

(FEBRUARY 2024)

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### REGIONS

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### BORDEAUX

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### DIJON

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### GRENOBLE

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### LILLE

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59777 Euraille  
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### LYON

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69003 Lyon  
Tél. : +33 (0)4 78 63 62 61

### MARSEILLE

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### METZ

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### MONTPELLIER

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### MULHOUSE

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### TOULOUSE

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