



RESEARCH

**AT A GLANCE
H1 2024**

PARIS OFFICE MARKET

A RESILIENT MARKET



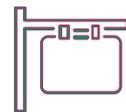
853,300 m²

Take-up in H1 2024
(-5% vs H1 2023)



6.8 M m²

Availability within a year
(+ 12% vs Q2 2023)



9.0%

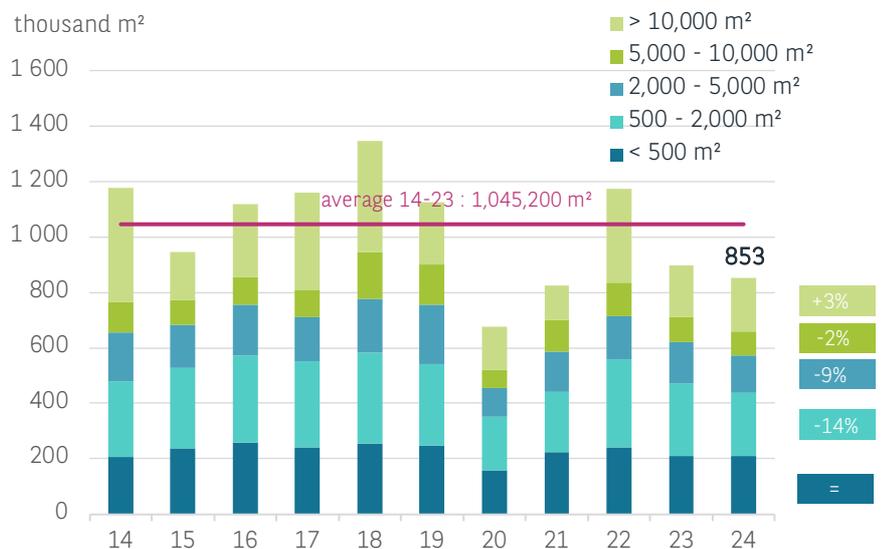
Vacancy rate

SLIGHT FALL IN TAKE-UP

Take-up in Ile-de-France came in at 853,300 sqm in H1 2024, i.e. 5% lower than in H1 2023 and 18% lower than the ten-year average. This downward trend had already begun in 2023. It is due to changes in working patterns (teleworking, flex-office, etc.) and seems to be the new normal for occupiers. Take-up for the full year 2024 is expected to reach 1.8 million sqm.

Take-up of small and medium-sized units (< 5,000 sqm) fell by 8% in H1. For the large unit segment, like last year, there were 24 transactions over 5,000 sqm in H1 2024 totalling 280,400 sqm. This figure was stable compared with H1 2023 in both volume and number terms. However, half of all deals over 5,000 sqm were for offices in Central Paris.

Transactions over 12 months by size



PARIS ACCOUNTED FOR 50% OF VOLUMES

In H1 2024, 50% of take-up was in Central Paris, a record figure for the inner city. Paris non-CBD fared particularly well over the period, with take-up of 270,000 sqm, up 64% vs. H1 2023. Indeed, unlike last year, there were several large deals in the area, such as CDC's move into more than 40,000 sqm in THE GOOD ONE building.

In the rest of Île-de-France, La Défense held steady, while the Western Crescent saw steep declines, particularly in Péri-Défense (-39%) and the Southern River Bend (-28%). The Northern Inner Rim stood out, with jump of 102% thanks largely to the occupier sale of the 37,000 sqm Spallis building in Saint-Denis.

AVAILABILITY WITHIN A YEAR CONTINUES TO RISE

As of July 1, 2024, the immediate vacancy rate for offices in Île-de-France rose year-on-year to 9.0%. Major differences between districts remain, with the vacancy rate still low in Paris (4.7%), compared with 18.4% in the Inner Rim and 15.2% in La Défense.

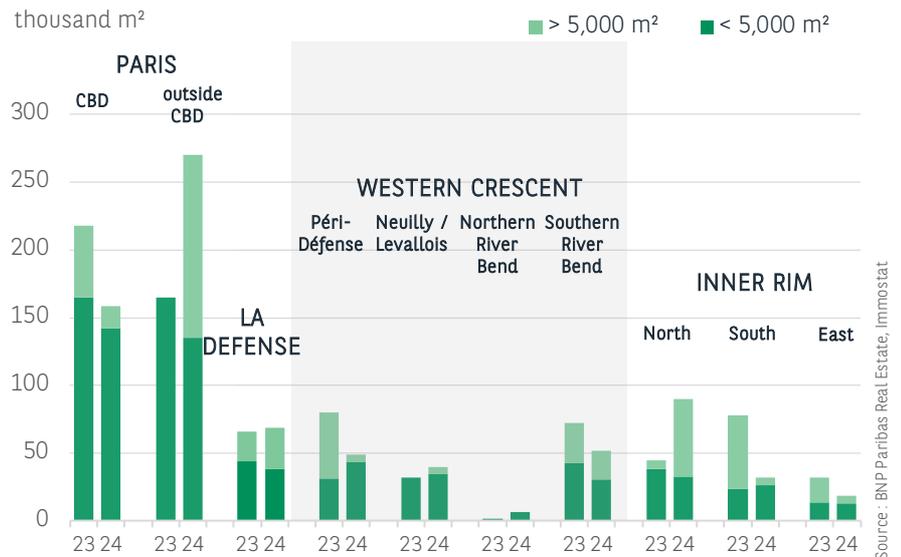
Availability within a year also continues to climb (+12% year-on-year) and now stands at 6.8 million sqm, with a slight increase in the share of new offices (35% of supply within a year vs 33% last year). The volume of offices under construction has eased slightly, but most striking is the shift in building starts: 40% of offices over 5,000 sqm under construction are in Paris vs just 7% at La Défense and 6% in the Northern Inner Rim. By way of comparison, in 2019, just 15% of building starts were in Paris, with La Défense at 28% and the Northern Inner Rim at 22%.

A TWO-SPEED TREND FOR RENTS

With immediate supply still on the rise, differences in rents are widening between districts. Rents have continued to rise in Paris, and even set a record last quarter with a deal at € 1,100/sqm/year.

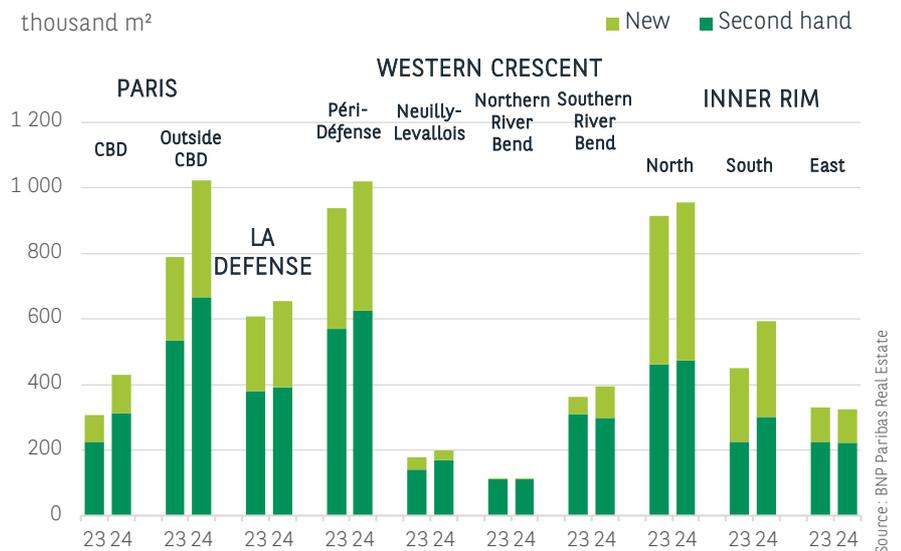
Downward pressure is starting to be felt in certain oversupplied suburban districts of Paris, particularly in La Défense and Péri-Défense.

Take-up over 12 months by district



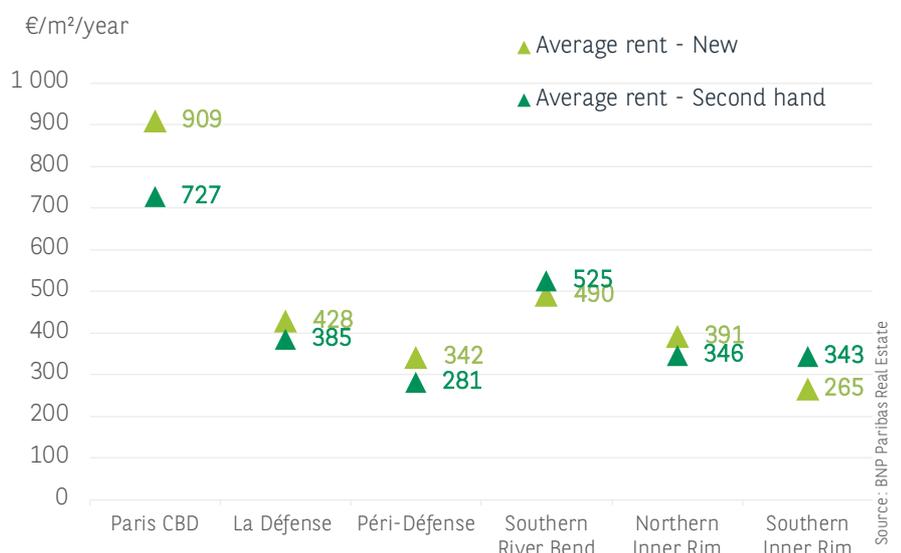
Source: BNP Paribas Real Estate, Immostat

Availability within a year (to July 1st)



Source: BNP Paribas Real Estate

Average headline rents - Q2 2024 (over 12 months)



Source: BNP Paribas Real Estate

INVESTMENT HAS STALLED

Just € 1bn was invested in offices in Ile-de-France in H1 2024, the lowest figure since 2009. By way of comparison, the 10-year average for the first half is € 5.7bn.

There have been 35 transactions since the beginning of the year, and only 3 above € 100m, all in Paris CBD (Grand Opéra, 40 George V and Opéra Gramont). Paris accounted for over three quarters of investment. There were two noteworthy deals outside Paris: Corum Eurion's acquisition of the IN SITU scheme in Issy-Les-Moulineaux and Hines' purchase of the LIBERTÉ 1 building in Charenton-Le-Pont. Like last year, there was no investment in La Défense.

The lack of datapoints makes it hard to define prime yields. In Paris CBD, the best properties are changing hands at around 4.25%.



€1.0_{bn}

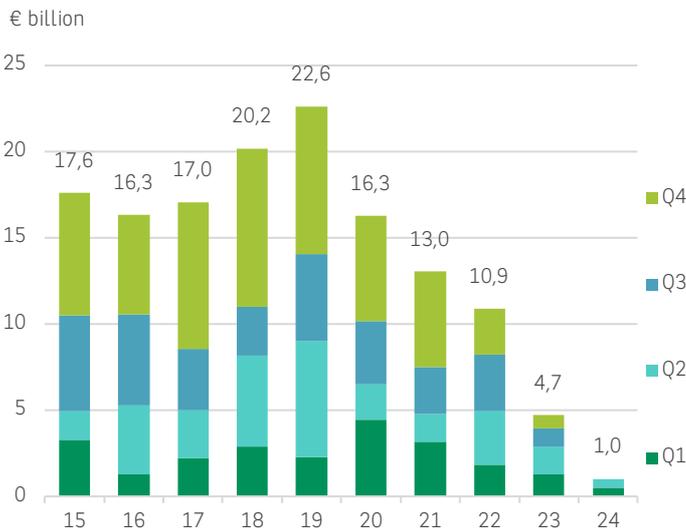
Paris office investment in H1 2024



4.25%

Office prime yield

Office investment in Greater Paris



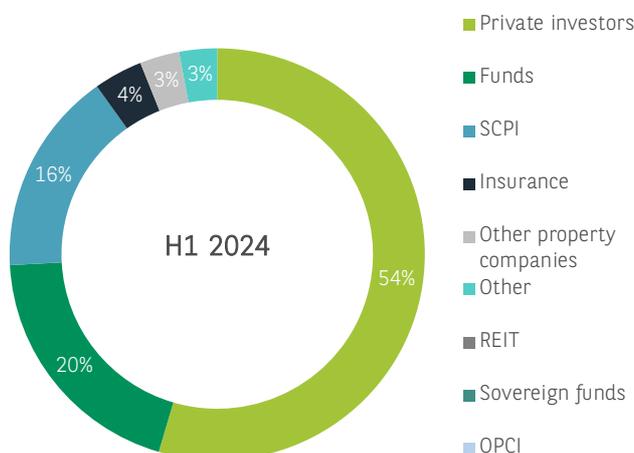
Source : BNP Paribas Real Estate, Immostat

Office investment - Geographical breakdown



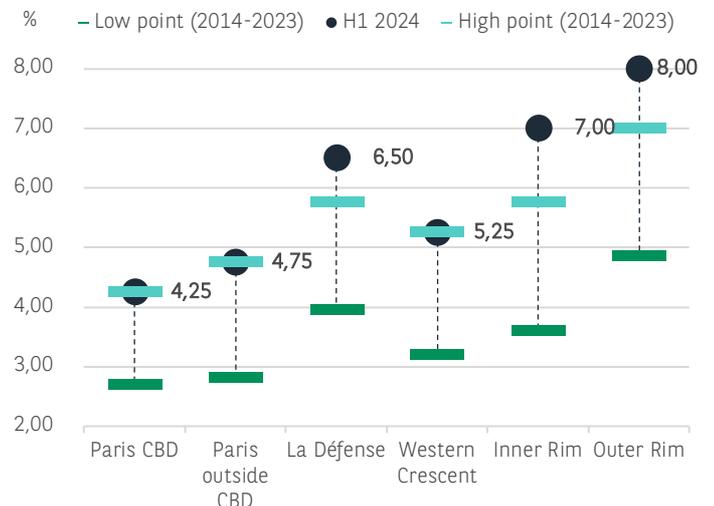
Source : BNP Paribas Real Estate, Immostat

Investment by buyers



Source : BNP Paribas Real Estate

Prime yields



Source : BNP Paribas Real Estate



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