



AT A GLANCE Q2 2024

RETAIL MARKET IN FRANCE MAJOR INVESTMENTS PENDING

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+1.1%

GDP GROWTH IN 2024

(BNP Paribas estimate - July 2024)

+2.3%

INFLATION IN 2024

(BNP Paribas estimate - July 2024)

+1.0%

HOUSEHOLD CONSUMPTION IN 2024

(BNP Paribas Real Estate estimate - July 2024)

+3.8%

COMMERCIAL RENT INDEX AVERAGE - 2024 (EXCL. SMES)

(BNP Paribas Real Estate estimate - July 2024)

RETURN TO GROWTH

French GDP rose by 0.2% in Q1, implying growth of 1.1% in 2024, after 0.9% in 2023. It should be underpinned by household consumption, thanks to a recovery in purchasing power (+0.5% in Q1) as inflation eases. 2025 is expected to follow suit, with growth of 1.4%.

After average inflation of +4.9% in 2023, disinflation has helped reach the target level, with the CPI down to +2.1% y/y in June. Inflation may fall below 2% in H2.

After peaking at +6.3% y/y in February 2023, disinflation automatically set in during H1, with average inflation of +4.9% over the full year. CPI growth stood at +2.2% y/y in June.

Inflation is now expected to remain close to its target and may average +2.3% this year.

Energy was the main component in 2023. Rising food prices, which drove inflation in 2023, have now completely subsided (+0.8% y/y in June). Services are now the biggest contributors, with growth of 2.9%, mainly due to pay rises.

Eurozone growth is expected to be +0.9% in 2024, after +0.6% in 2023.

The Eurozone economy is forecast to grow by 1.6% in 2025, buoyed by record employment (unemployment held steady at 6.4% in April).

RISE IN THE COMMERCIAL RENT INDEX

A large proportion of retail rents are indexed to the Cost of Construction Index (CCI) or the Commercial Rent Index (CRI). The CCI is generally the benchmark for city centre stores. This index surged in 2022, largely due to higher commodity prices and shortages related to the conflict in Ukraine.

Like the CPI, the CCI began to fall at the end of 2023 and should return to a more usual pattern in 2024.

Rents for almost all shopping centre units are indexed to the CRI. The sharp rise in inflation in 2021 and 2022 prompted the government to cap rent indexation to the CRI at +3.5% for SMEs from Q2 2022.

This cap was extended to Q1 2024. Rents are now set to track the index again but should fall back below the 3.5% threshold in H2.

FALL IN THE VOLUME OF RETAIL SALES

Retail sales **rose by 2.7%** in value terms year-on-year in April 2024, compared with 4.1% in Q4 2023.

Sales are being held back by the national and international context. As such, the **volume growth rate** was -1.7% in December 2023. In April 2024, this figure was -0.8%.

Specialist retailers have been hit by the decline in household purchasing power, affected by price rises. **Household confidence stabilised** at 90 after improving throughout 2023.

However, uncertainty about the political situation is weighing on French people's peace of mind.

SALES HAVE RISEN IN VALUE TERMS

As in previous quarters, sales in the **various retail sectors rose in Q1 2024**, except for the home furnishings and IT sectors, which declined.

The perfume & beauty sector, up 17.1%, was once again the best performer over the quarter.

The culture and leisure sector continued to grow by 3.6% in value, while the non-specialised food and specialised food sectors grew by 2.8% and 5.0% respectively.

Sales by sector are rising in value terms, but this is partly due to inflation. However, volume growth has not followed the same trajectory.

AIR TRAFFIC TO PARIS CONTINUES TO RECOVER

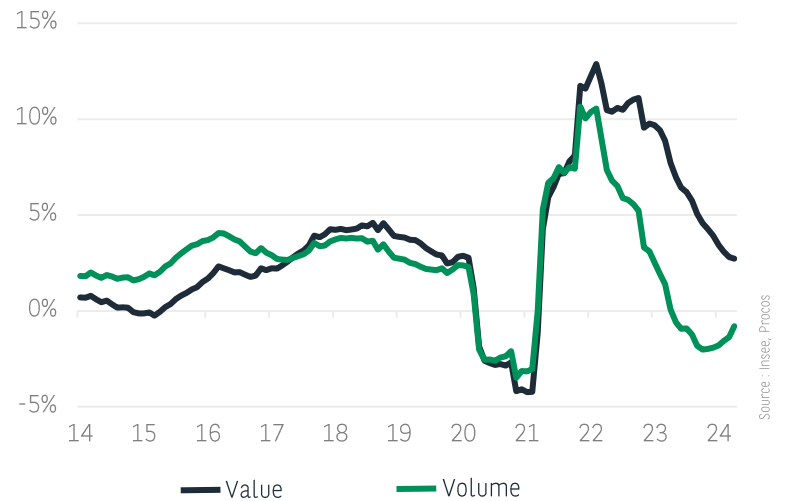
Air traffic at Paris-Charles de Gaulle and Orly airports is close to pre-Covid 19 levels.

Nearly 40 million passengers passed through Paris airports between January and May 2024, including more than 9 million in May alone. This represents an **increase of 2.5% versus the same month in 2023**, and 98.5% of the 2019 traffic level.

Asian travellers continue to return (up 28.5% on May 2023). They are now at 81.6% of the 2019 figure for the region.

Retail sales

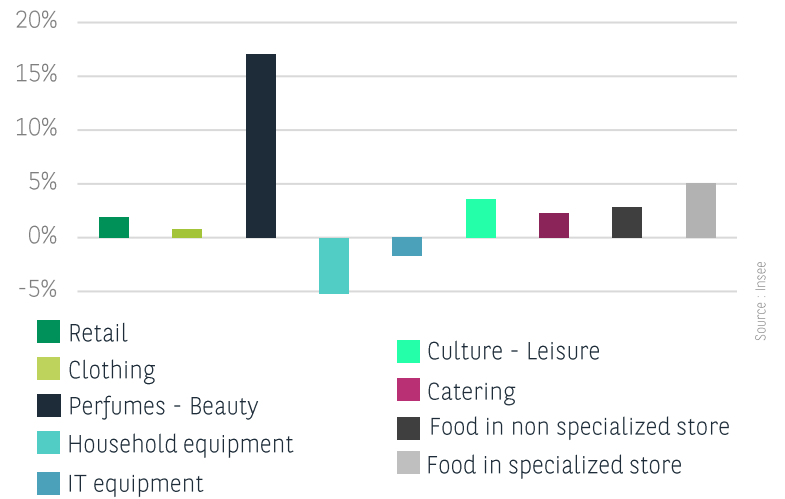
Value growth to Q1 2024 (rolling year)



Source : Insee, Procos

Retail sales

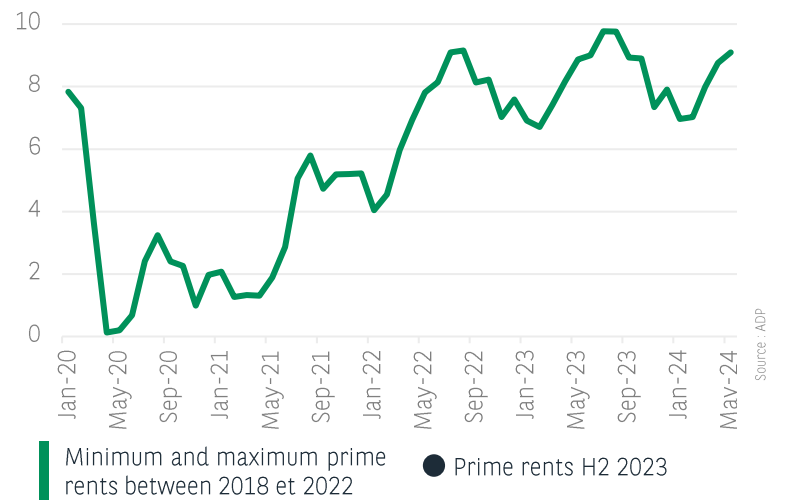
Value growth to Q1 2024 (rolling year)



Source : Insee

Air traffic at Paris airports (ORLY+CDG)

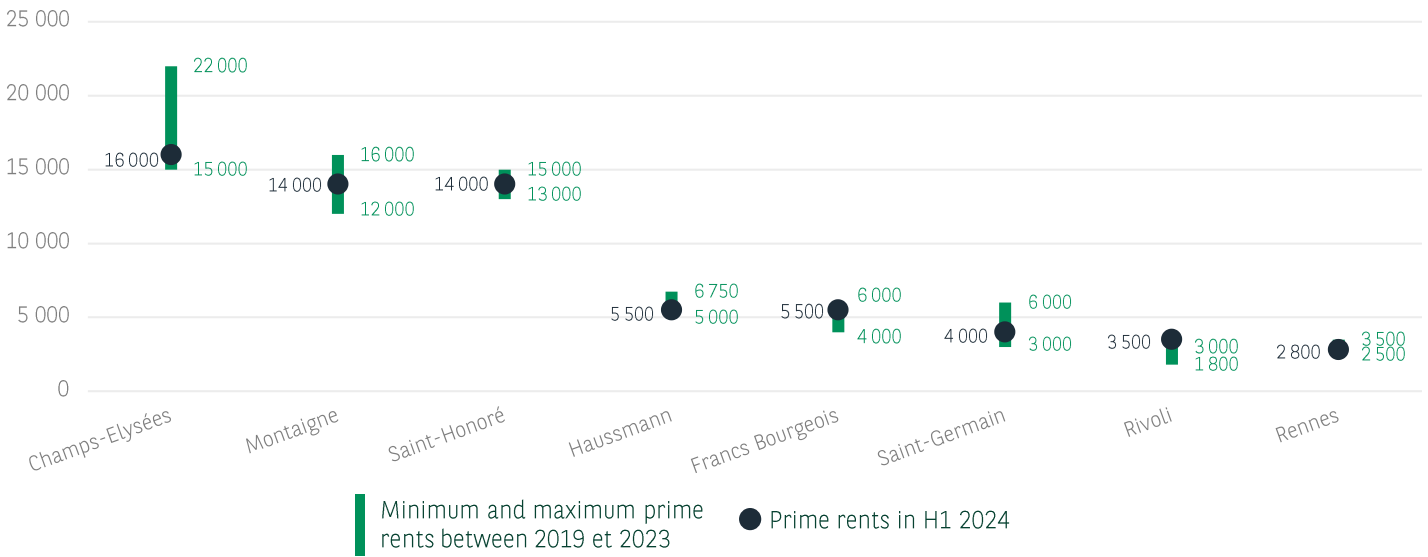
Passenger numbers in millions



Source : ADP

Prime rents - 8 thoroughfares - Paris

In € / sqm / year



Source - BNP Paribas Real Estate

MARKET SHARE OF CONSUMER PACKAGED GOODS



CPG* Market share in value terms - Top 10 June 2024

Evolution Vs. June 2023

Chain	Market share
E. Leclerc	24,3 % ↗
Intermarché	16,2 % ↗
Système U	10,8 % ↗
Carrefour	9,9 % ↘
Lidl	8,0 % →
Carrefour Market	6,8 % ↘
Auchan	6,1 % ↗
Aldi	2,9 % →
Carrefour Proximité	2,8 % →
Auchan Supermarché	2,0 % →

* Consumer Packaged Goods

Source - Kantar, éditions Dauvers, press

GROWTH IN E-COMMERCE

In Q1 2024, Fevad (the French e-commerce and distance selling federation) reported **7.5% growth y-o-y** in e-commerce vs Q1 2023. The growth rate is still positive, but slower than in previous periods.

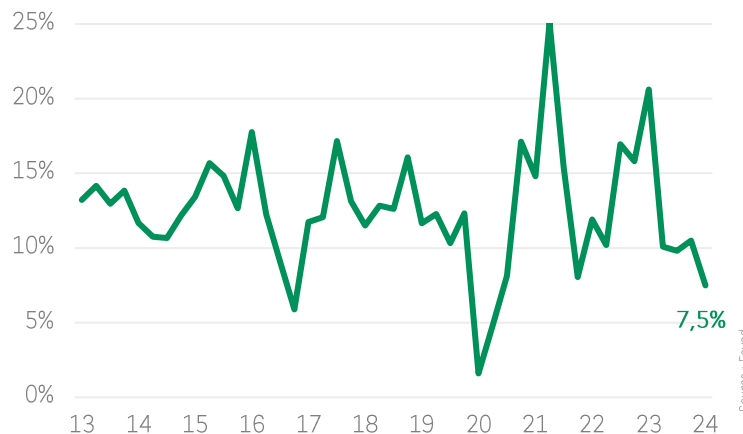
Sales totalled € 42.2bn over three months. The number of transactions rose by 4.7%.

Sales of goods have slowed further since the start of the year, falling by 1.5% H1 2023, despite an increase in orders, the first after two quarters of decline. Goods sales have been hit by the trade-offs made by households to cope with inflation.

Sales of services guarantee the growth of e-commerce (+13.3%), especially in the tourism and leisure sectors.

E-commerce sales

Value growth in Q1 2024 (quarterly figures)



Source - Fevad

INCREASED FOOTFALL ON THOROUGHFARES SURVEYED*

Paris	Streets	Footfall on June 2024	Monthly average June 2023 - June 2024	Year-on-year change	2 years change
Right bank	Champs Elysées	4 911 000	6 033 462	↗	↗ ↗
	Hausmann	6 714 800	6 634 777	↗	↗ ↗
	St-Honoré	2 444 500	2 499 108	↘	↗
	Montaigne	1 874 300	1 542 885	↗	↗ ↗
	Rivoli	8 267 000	8 153 808	↗	↗
	Francs-Bourgeois	849 300	804 569	↗	↘
	Fb St-Honoré	2 348 400	2 376 462	↘	↗
Left bank	Rennes	3 109 800	2 993 338	↗	↗ ↗
	St-Germain	6 681 200	6 992 631	↗	↗ ↗



Source - Mytraffic - the indicator shows footfall along the full perimeter defined by Mytraffic

Cities	Streets	Footfall on June 2024	Monthly average June 2023 - June 2024	Year-on-year change	2 years change
Bordeaux	Ste-Catherine	2 293 600	2 153 977	↗ ↗	↗ ↗ ↗
Montpellier	Centre-ville	1 975 900	1 873 392	↗	↗ ↗ ↗
Toulouse	Alsace-Lorraine	1 816 800	1 720 708	↗	↗ ↗
Nice	Jean Médecin	1 905 100	1 839 800	↗	↗
Lyon	République	2 992 800	2 793 669	↗ ↗	↗ ↗
Marseille	St-Ferréol	525 800	474 654	↗	↗ ↗
Lille	Béthune	565 000	555 115	↗	↗ ↗
Cannes	Antibes	1 098 200	1 181 669	↗	↗ ↗

↗ Increase of +1 % to +15 % ↗ ↗ Increase of +15 % to +30 % ↗ ↗ ↗ +30 % ↘ Decrease

SLUGGISH FIRST HALF

Investment in retail assets edged up in Q2. It stood at € 0.9bn in H1, i.e. 15% of overall commercial real estate investment, vs. 30% in 2023.

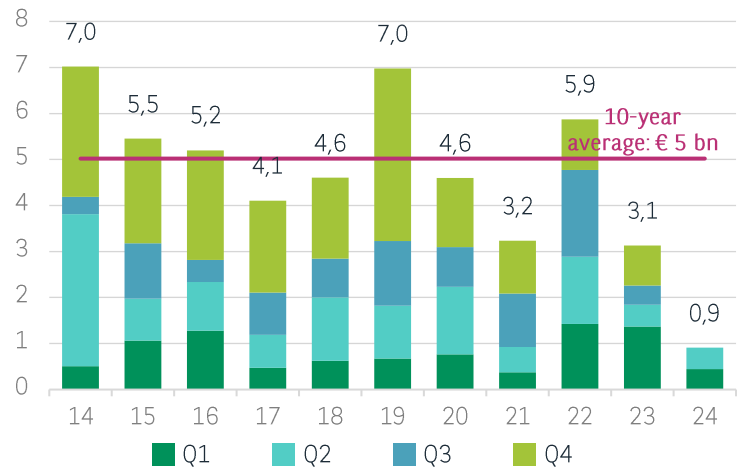
In a market driven largely by French players, some € 0.5bn was invested in retail in Q2, down 51% vs the previous year. Most deals were for less than € 10m.

Moreover, deals for food stores accounted for over a quarter of investment and SCPIs remained the major players in H1 2024.

There is light at the end of the tunnel: major deals are to be signed over the next few months, testifying to the resilience of retail assets.

Retail investment by quarter

In euro billion



Sources : Immostat / BNPPIRE

ONE MAJOR DEAL DROVE THE MARKET

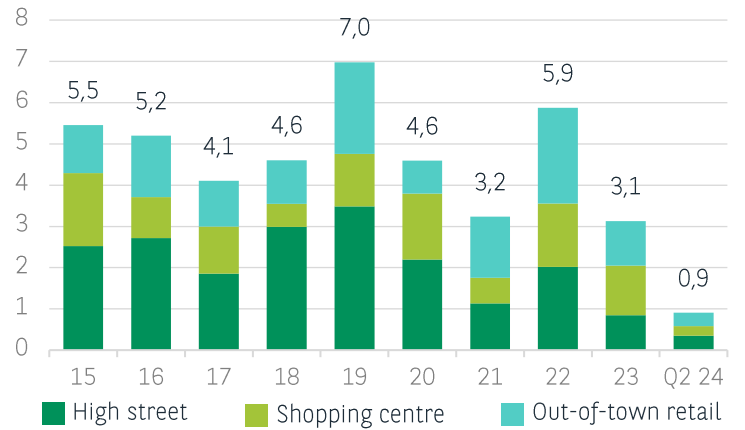
High street premises attracted 39% of investment in H1 (down 38% on H1 2023), with € 350m transacted. One noteworthy deal was URSSAF's acquisition of a mixed-use office and retail building at 7 RUE MEYERBEER in Paris.

Out-of-town stores accounted for 36% of investment over the period, with the acquisition by SUPERMARKET INCOME REIT of a geographically dispersed portfolio of 17 CARREFOUR MARKET stores. Nevertheless, investment in these assets was 40% down vs H1 2023.

Shopping centres represented 25% of retail investment. The biggest transaction in H1 was the acquisition of O'Parinor by Sofidy and Klépierre in a club deal for € 195m.

Investment in retail - Breakdown by asset category

In euro billion



Sources : Immostat / BNPPIRE

STABILISATION OF PRIME YIELDS

The French 10-year OAT, estimated at 3.26% in Q2 2024, is squeezing the risk premium for real estate assets, pushing up prime yields. Rising real estate yields have helped to partially restore the real estate risk premium.

The prime yield for street-level premises has stabilised at 4.25%;

The prime yield for shopping centres is also stable at 5%;

Out-of-town assets remain sought after by investors. Prime yields have settled at 6.25% for the best assets.

Prime retail yields and French 10-year bond

%



Source : BNPPIRE



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(january 2023)

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