



**AT A GLANCE
H1 2024**

OFFICES IN THE REGIONS (17 cities)

Further confirmation of the slide



658,000 sqm

Take-up
(-19% vs H1 2023)



2.8M sqm

Availability within a year
(+14% vs Q2 2023)



€350/sqm/year

Prime rent
(Lyon)

Steep year-on-year fall in H1

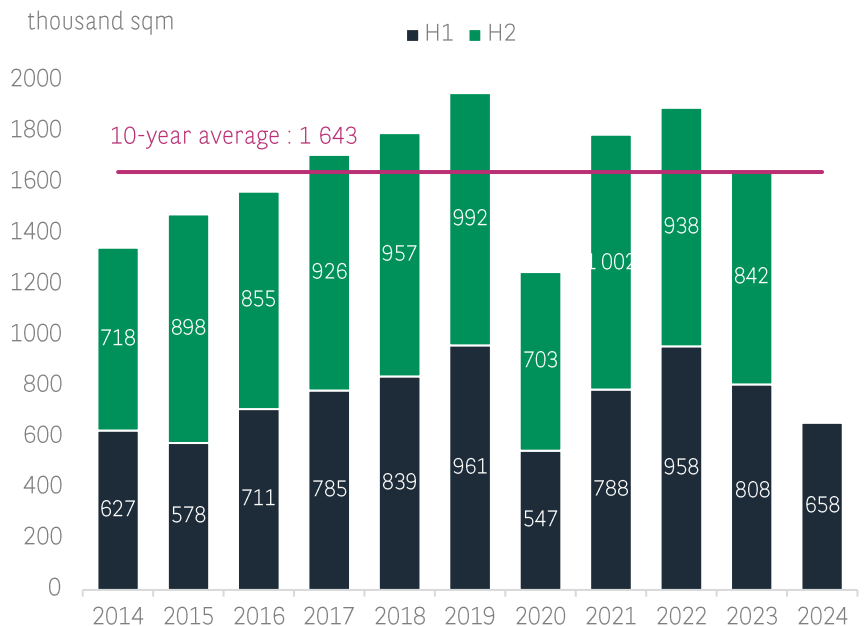
The main reasons for the ongoing slowdown in commercial real estate markets are the recent political and geopolitical uncertainty, as well as continued economic weakness.

The office occupier market in the regions* has continued its downward trend. Take-up over the first six months of the year came to 658,000 sqm. This is 13% below the long-term average for the period, making the figure equivalent to that of 2014. The year-on-year fall is even greater, at 19%.

Unless something unexpected happens, this trend is likely to continue for the rest of the year.

*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



Widespread fall in take-up

The regional market is driven mainly by second-hand assets, which accounted for some 60% of take-up in H1 2024. New-build and owner-occupier/turnkey rentals represent 30% and 10% of the total respectively. All categories were hit by the fall in take-up.

Every size segment was also affected by the decline to varying extents. The mid-market segment (1,000 – 5,000 sqm) fell 36 % year-on-year. Large units (< 5,000 sqm) were no exception to the rule, with a fall of 21%. Small units (< 1,000 sqm) were the least affected with a slip of just 6%.

Interestingly, very large units (< 10,000 sqm) were up by 103% vs. H1 2023.

Markets below their long-term averages

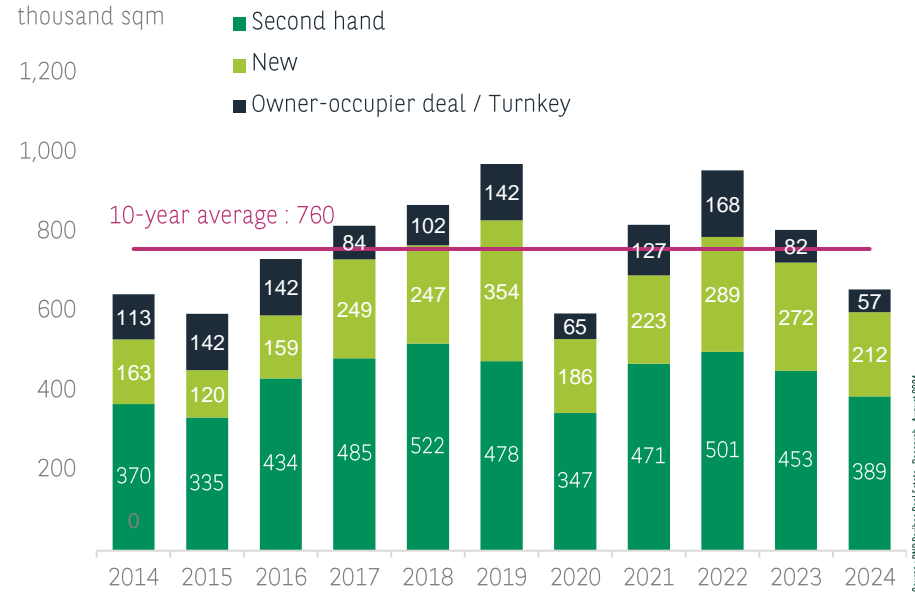
Almost all regional markets came in below their long-term averages in terms of take-up. Four cities stood out from the crowd by achieving a better H1 figure than last year: Tours, Metz, Grenoble and Dijon.

Lyon is still the top regional city* and the only to achieve take-up of over 100,000 sqm in H1 2024. It was followed by Lille, which held on to second place. Bordeaux and Marseille, which were neck-and-neck, came third and fourth respectively. Rennes took fifth position with take-up equivalent to the year-earlier period.

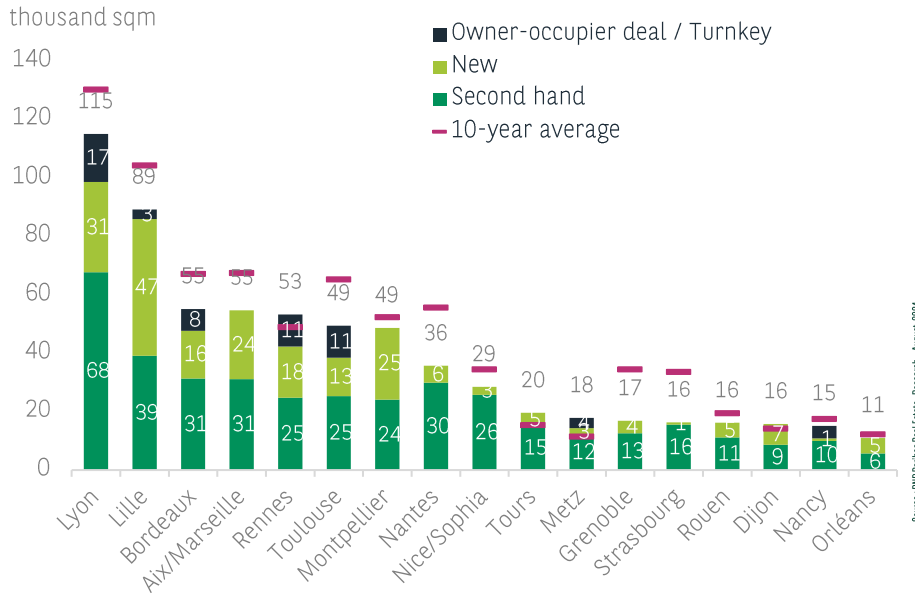
We note that Tours replaced Rouen in the top 10 regional markets in H1 2024.

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

Take-up



Take-up by city



Sharp increase in supply

With transactions falling, availability within a year continued to rise over the year, up 14% to 2.8 million sqm.

Second-hand supply rose dramatically, by 17% vs. Q2 last year. Supply of new offices increased by 7%.

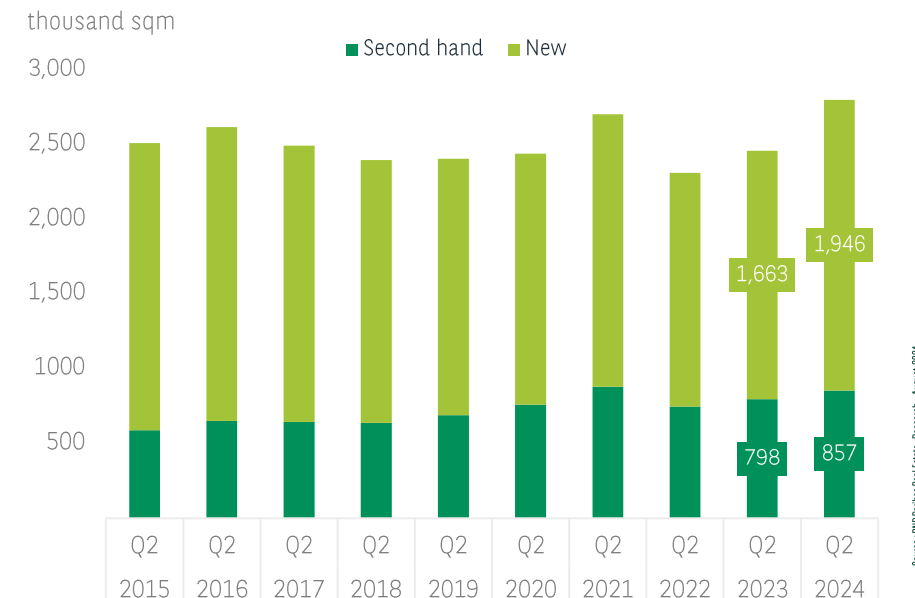
New supply accounted for 31% of the total vs. 69% for second hand.



595,000 sqm

Space under construction

Availability within a year



Investment stable year-on-year

The good news was that investment in the regions was close to last year's figure, at € 2.8bn. However, this should be seen in perspective, as logistics represented over a third of overall investment, jumping 174% year-on-year, while other assets experienced declines.

The total invested in offices in the regions in H1 2024 was € 794m, i.e. a 30% fall vs. the year-earlier period.

The share of off-plan sales was historically low, largely due to the stalling of speculative off-plan transactions. These represented 14% of overall investment compared with 22% in H1 2023.

Funds and SCPI have driven the market since the beginning of the year, accounting for 1/3 of investment. Next were the private investors with 22 %.

Lyon attracted the highest investment among regional markets

Lyon is still the top regional city in terms of office investment, but Lille and Aix/Marseille are catching up thanks to positive trends, up by 7% and 8% respectively. Rennes enjoyed triple-digit growth, overtaking nearby Nantes.

Transaction highlights included the acquisition of the 140 Viton building by Eiffage in Marseille (€ 40m) and Espace Carnot in Lille bought by Norma Capital in H1 for € 32m.



5.65%

Prime yield (Lyon)

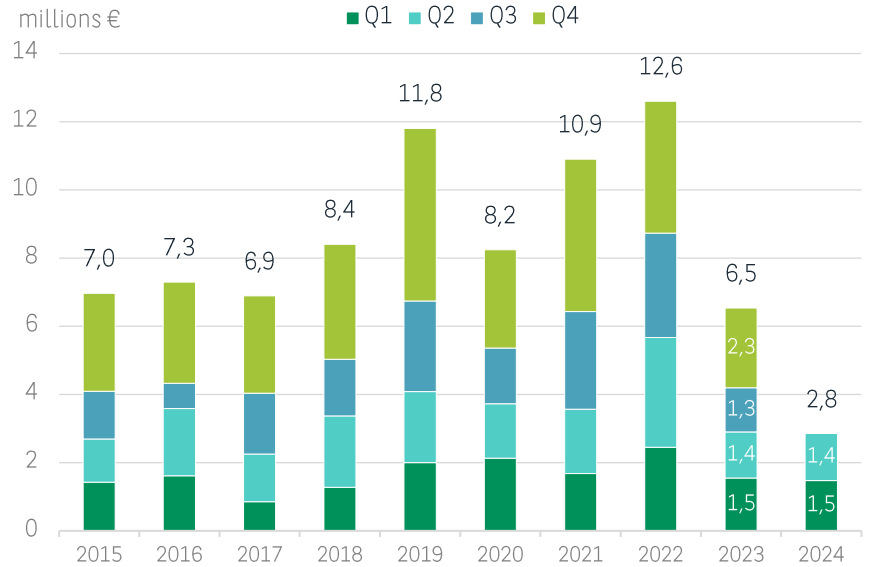
Slight compression in prime yields

Some markets have seen a narrowing of prime yields, such as Lyon and Toulouse, with yields of 5.65% and 6.00% respectively, down 10 basis points vs. Q1 this year. Similarly, the prime yield for Montpellier contracted from 6.25 % in Q1 to 5.90% at the end of June.

The prime yield in most other cities in the regions remained stable between end-March and end-June, such as Lille (5.80%) and Marseille (5.90%).

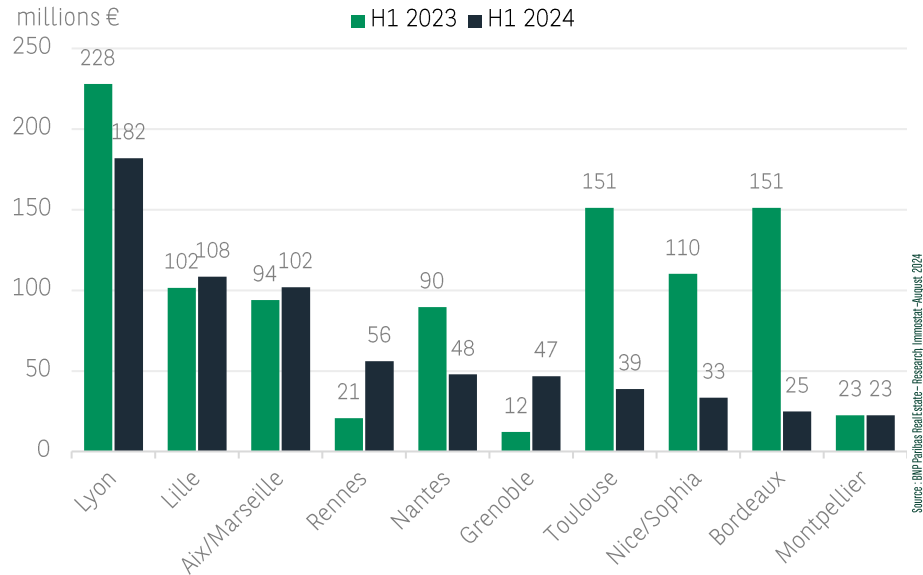
Yields should continue to stabilise over the coming months.

Quarterly investment figures



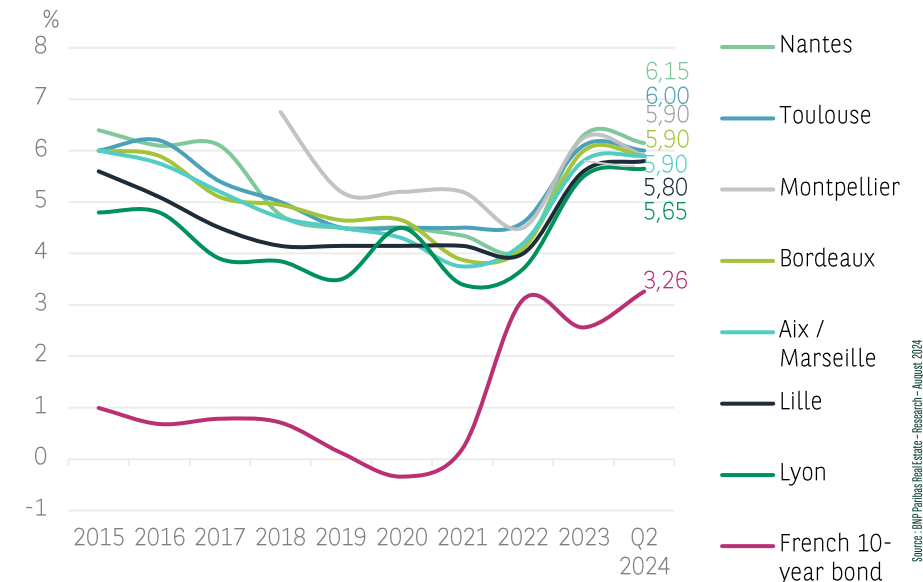
Source: BNP Paribas Real Estate - Research - Immstat - August 2024

Investment in the main regional markets



Source: BNP Paribas Real Estate - Research - Immstat - August 2024

Prime yields



Source: BNP Paribas Real Estate - Research - August 2024



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(AUGUST 2024)

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