



**AT A GLANCE
Q4 2024**

INVESTMENT IN FRANCE
ENCOURAGING LAST QUARTER

ECONOMIC ENVIRONMENT

The CPI grew by an average of +2.2% in 2024, but this fell back to +1.2% y/y in Q4. Lower inflation has boosted the purchasing power of French consumers, but it is the savings rate that has benefited while spending remains subdued. As such, French GDP growth could come in at +1.1% for 2024, but only +0.8% in 2025. The European Central Bank took advantage of this situation to reduce key interest rates, cutting the deposit rate by 100 basis points between June and December to reach 3.0%. A further 100 basis point reduction is expected in H1 2025, but resilient core inflation in Europe and uncertainties in the US could upset this schedule. The 10-year OAT has been relatively stable at around 3% since the beginning of 2023, even though it remains highly volatile, due largely to the fragility of the French government.



+1.1%

GDP growth
in France in 2024

(Forecast BNP Paribas - Dec. 2024)



+3.18%

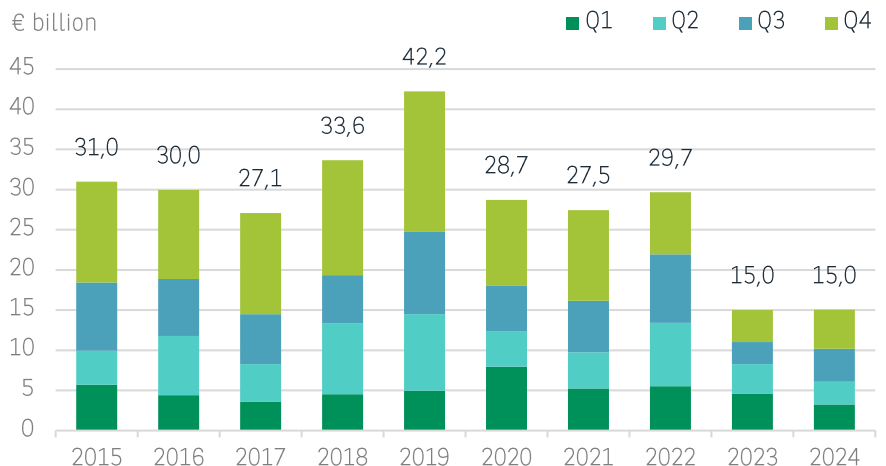
OAT 10 years
End Dec. 2024

INVESTMENT IN FRANCE

After falling for several years in a row, amounts invested in commercial real estate in France stabilised, with € 15bn allocated over 2024. This was largely thanks to an upturn in Q4, with € 4.8bn invested (+22% vs Q4 2023).

Further cuts to central bank key rates and lower inflation could encourage investors to increase their allocations to real estate. As a result, commercial real estate investment in France could continue the upturn seen at the end of 2024, to reach € 16bn over the full year 2025.

Investment in commercial real estate in France



INVESTMENT MARKET BY ASSET CLASSES



€ 4.9 bn

invested in Office



€ 2.4 bn

invested in Retail



€ 5.1 bn

invested in Logistics & Industrial



€ 2.7 bn

invested in Hotels

After a gloomy start to 2024 there was a rally in the last quarter, allowing room for optimism as 2025 begins.

Some €5 billion was invested in **Offices** in France over the year, 27% less than in 2023. Offices accounted for only 32% of the total amount invested in commercial real estate in 2024, vs an average of 61% over the last ten years. Less than € 4bn was invested in the Paris region. There were only 8 deals for over € 100m, all in Paris Inner City. The Greater Paris market was dominated by investment in the CBD, which represented over 50% of investment in offices over the year. Allocations to offices in regional cities came to € 1.5bn. Lyon remained the top regional city, followed by Aix-Marseille and Lille.

Whereas **Retail** accounted for 21% of overall commercial real estate investment in 2023, this figure fell to 16% in 2024. Around € 2.4bn was invested in the asset category, i.e. a fall of 23% compared with the previous year. This somewhat disappointing figure is mainly due to several major deals not being finalised before the end of the year, but which should boost the amount for H1 2025. Out-of-town retail propelled the market throughout the year: it represented 56% of investment in retail in 2024 (€ 1.4bn). Highlights of the quarter include SOFIDY's investment in the Les Allées de Corneilles retail park.

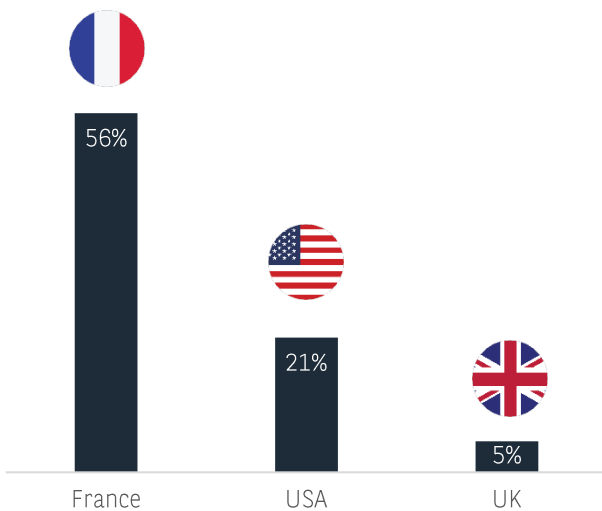
It was a good year for **Industrial** Premises in 2024. Indeed, the asset category attracted over € 5bn, up 62% vs 2023. As such, it accounted for 34% of investment in commercial real estate in France and became the biggest commercial real estate asset class. This was thanks to several big portfolios changing hands, including two that sold for over € 300m: the MONTCLAIR portfolio sold by Blackstone and bought by Ares Management Corporation and the portfolio sold by Altarea to Belgian company WDP. The market remains dominated by Anglo-Saxon players.

Investment in **Hotels** came in at € 2.7bn in 2024, considerably more than in 2023 (+25%). The vast majority of deals were for 3* or 4* hotels. There were 6 transactions for over € 100m, including one concluded at the end of the year: Mohari Hospitality and Omnam Investment Group, together with the singer Pharrell Williams, bought a 5* hotel in the 1st arrondissement in Paris. As such, it was an excellent year for hotel investment in France, which accounted for 17% of overall commercial real estate investment, vs less than 10% on average over the last 10 years.

The market picked up slightly in Q4 2024, bringing the total amount invested in commercial real estate to the same as in 2023. This robust last quarter suggests that we can be a little more optimistic about the outlook for 2025.

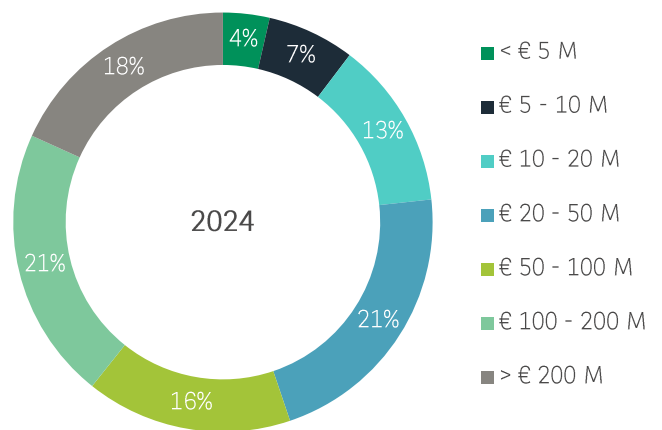
Investors' nationality

All asset classes



Breakdown of investment by volume size

All asset classes



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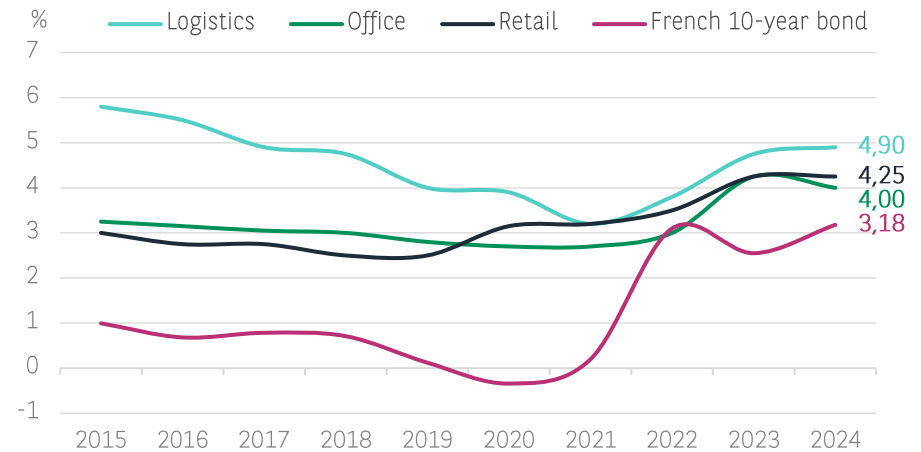
YIELDS

In the Paris region, prime yields for offices continued to expand, except for Paris CBD which, at the end of the year, saw its yield narrow to 4.00%.

For Retail, the adjustment in prime yields occurred in 2023 and they tended to stabilise in 2024. The market recovery expected in 2025 should enable yields to start contracting as early as H1 2025.

For Logistics, prime yields continued to slacken over the first part of the year, before stabilising at around 4.90%.

Prime yields and French 10-year bond



BNP Paribas Real Estate - Research - January 2025

Prime yields in France

Offices in Île-de-France	Q4 2022	Q4 2023	Q4 2024	Trend 2024 / 2023
Paris CBD	3,00	4,25	4,00	↘
Paris outside CBD	3,20	4,75	5,15	↗
La Défense	4,10	5,75	6,50	↗
Western Crescent	3,50	4,90	5,50	↗
Inner Rim	4,00	5,75	7,75	↗
Outer Rim	5,75	7,00	8,25	↗

Offices in Regions	Q4 2022	Q4 2023	Q4 2024	Trend 2024 / 2023
Lyon	3,70	5,50	5,65	↗
Aix / Marseille	4,20	5,80	5,90	↗
Lille	4,00	5,60	5,80	↗
Nice / Sophia Antipolis	4,60	6,10	6,00	↘
Toulouse	4,10	6,30	6,15	↘
Strasbourg	4,10	6,00	5,80	↘
Nantes	4,50	6,10	6,10	→
Bordeaux	4,70	6,80	6,50	↘

Logistics & Industrial	Q4 2022	Q4 2023	Q4 2024	Trend 2024 / 2023
Logistic	3,80	4,75	4,90	↗
Industrial	4,50	5,50	5,35	↘

Retail	Q4 2022	Q4 2023	Q4 2024	Trend 2024 / 2023
Street-level store in Paris	3,50	4,25	4,25	→
Shopping centres in France	4,75	5,00	5,00	→
Retail parks in France	5,25	6,00	6,25	↗



LOCATIONS FRANCE

(january 2023)

ÎLE-DE-FRANCE

HEADQUARTER

50 cours de l'île Seguin
CS 50280
92650 Boulogne-Billancourt Cedex
Tél.: +33 1 55 65 20 04

AUBERVILLIERS

Parc des Portes de Paris
40 rue Victor Hugo
Bât 264 / 4ème étage
93300 Aubervilliers
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ERAGNY

Immeuble Tennessee
8 allée Rosa Luxembourg
BP 30272 Eragny
95615 Cergy Pontoise Cedex
Tél. : +33 (0)1 34 30 86 46

REGIONS

AIX-EN-PROVENCE

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Gauthier de la Lauzière
Les Milles
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ANNECY

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BORDEAUX

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69003 Lyon
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