



AT A GLANCE Q4 2024

RETAIL MARKET IN FRANCE

INVESTMENT RECOILS TO GATHER STRENGTH FOR THE REBOUND

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+0.8%

GDP GROWTH IN 2025

(BNP Paribas estimate - December 2024)

+1.1%

INFLATION IN 2025

(BNP Paribas estimate - December 2024)

+0.9%

HOUSEHOLD CONSUMPTION IN 2025

(BNP Paribas Real Estate estimate - December 2024)

89

HOUSEHOLD CONFIDENCE IN DECEMBER 2024

(INSEE - December 2024)

RETURN TO GROWTH

French GDP enjoyed robust growth over the first three quarters of the year. However, it may have flagged in the last quarter. Average growth for 2024 is expected to come in at +1.1%. Household purchasing power picked up from the beginning of the year (+0.7 % in Q3) thanks to continued disinflation, but there is little evidence of this upturn in consumption. The French economy could be held back by its high saving rate and post GDP growth of just 0.8% in 2025.

After inflation averaged +4.9 % in 2023, its trajectory was curtailed by disinflation with the full-year figure standing at +2.2% for 2024, and just +1.3% in December.

CPI growth averaged +2.2% over the year. However, Q4 was well below target, at +1.2% yoy. Inflation is likely to remain low in the coming quarters, with only +1.1% expected in 2025 and +1.2% in 2026.

Services are now the biggest contributor to inflation, albeit with limited growth of +2.3%, mainly due to wage increases.

The forecast for the next 10 years is for annual GDP growth to average just under 1.4%. Unemployment is expected to hover between 7% and 7.5% over the same period.

Retail sales are also expected to see respectable growth, underpinned by consumer spending and the creation of private sector jobs.

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.

However, the decline in the CPI in 2024 was reflected in the CCI, which showed quarterly falls in Q2 and Q3.

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 between Q2 2022 and Q1 2024.

This rent shield has now ended. The index fell back to +3.0% in Q3 and should continue to fall in the coming quarters.

RETAIL SALES

Retail sales rose by 1.9% year-on-year in October 2024, whereas in Q2 2024 they grew by 2.0%.

Sales are being held back by the national and international backdrop. However, although volume growth was -0.3% in July 2024, by October 2024 it was +1.5%, the first positive figure for almost a year and a half.

Specialist retailers have been hit by the decline in household purchasing power, affected by price rises. Household confidence is at 89 after improving over the past few months.

SALES HAVE RISEN IN VALUE TERMS

Sales rose in various retail sectors in Q3 2024. However, sales fell for household equipment and IT.

The perfume & beauty sector, up 10.8%, was once again the best performer over the quarter. E-commerce also enjoyed robust growth of +8.9%.

The non-specialised food and specialised food sectors grew by 0.5% and 4.3% respectively.

Sales by sector are rising in value terms, but this is partly due to inflation. However, sales by volume has not followed the same trajectory, although it is picking up gradually.

CONTINUED RECOVERY IN AIR TRAFFIC TO PARIS

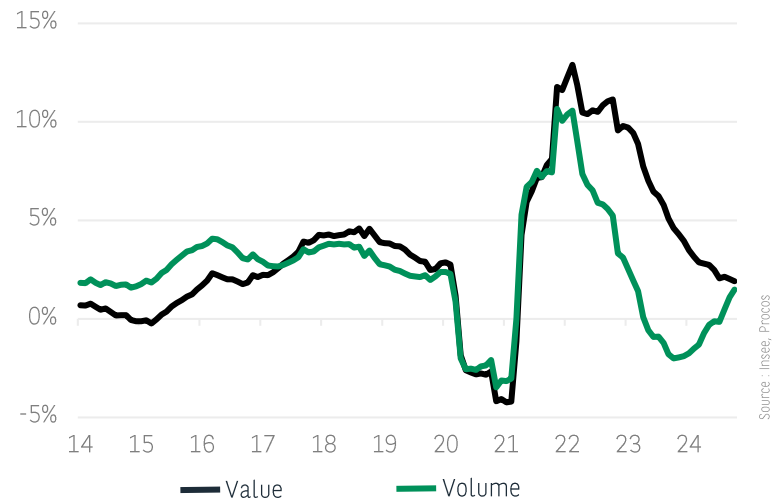
Air traffic at Paris-Charles de Gaulle and Orly airports is close to pre-Covid 19 levels.

Some 95 million passengers passed through Paris airports between January and November 2024, including over 7.5 million in November. This represents an increase of 2.7% versus the same month in 2023, and 95.1% of the 2019 traffic level.

Asian travellers continue to return (up 15.5% on August 2023). They are now at 93.8% of the 2019 figure for the region.

Retail sales

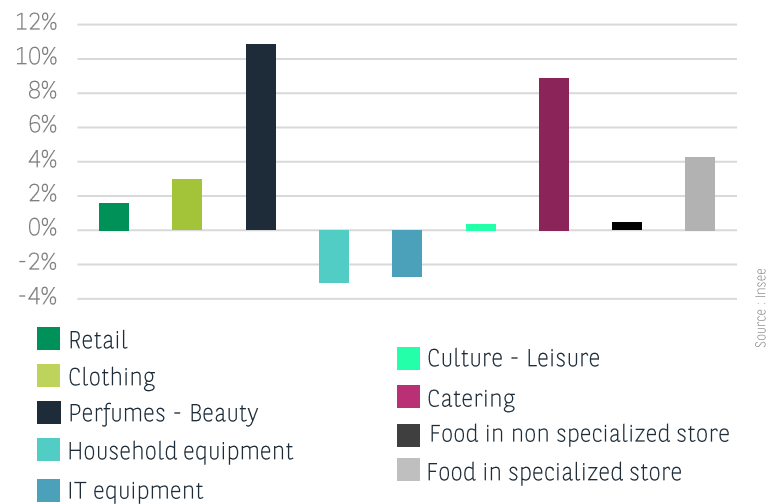
Value growth to Q3 2024 (rolling year)



Source: Insee, Procos

Retail sales

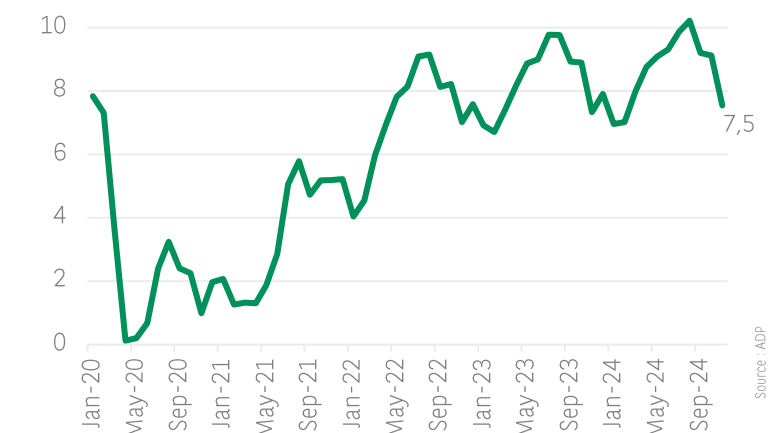
Value growth to Q3 2024 (rolling year)



Source: Insee

Air traffic at Paris airports (ORLY+CDG)

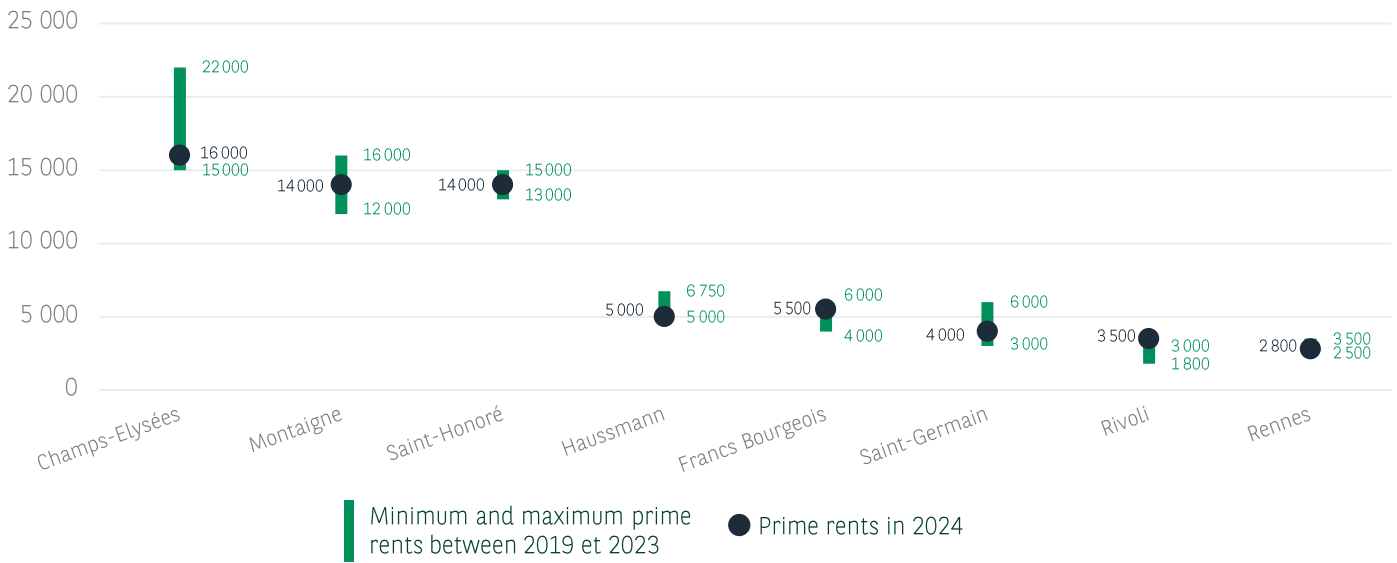
Passenger numbers in millions



Source: ADP

Prime rents - 8 thoroughfares - Paris

In € / sqm / year



Source : BNP Paribas Real Estate

MARKET SHARE OF CONSUMER PACKAGED GOODS



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CPG* Market share in value terms - Top December 2024

Evolution Vs. December 2023

Distributeurs alimentaires	Parts de marché	
Groupement E. Leclerc	24,1 %	↗
Groupe Carrefour	20,5 %	↗
Groupement Mousquetaires	17,0 %	↗
Coopérative U	12,1 %	↗
Auchan Retail	8,8 %	↗
Lidl	7,9 %	↗
Groupe Casino	3,1 %	↘
Aldi	2,7 %	↘

* Consumer Packaged Goods

Source : Kantar, éditions Dauvers, press

GROWTH FOR E-COMMERCE

In Q3 2024, Fevad (the French e-commerce and distance selling federation) reported **12.5% growth in e-commerce** vs the year-earlier period.

Sales came to € 43.1bn over the three-month period, a new record for a third quarter. The **number of transactions rose** by 13.6% yoy (651 million transactions recorded). The average basket dipped to € 66.

Sales of goods rose +3% vs. the same period in 2023, continuing the upturn that has been in evidence since the beginning of the year. We also note an increase in the number of orders.

Sales of services were also up, with the transport, tourism and leisure sectors boosted by the summer's sporting events.

E-commerce sales

Value growth in Q3 2024 (quarterly figures)



Source : Fevad

INCREASED FOOTFALL ON THOROUGHFARES SURVEYED*

Paris	Streets	Footfall on December 2024	Monthly average December 2023 - December 2024	Year-on-year change	2 years change
Right bank	Champs Elysées	7 050 200	5 792 938	↘	↗
	Hausmann	8 123 300	6 713 062	↗	↗ ↗
	St-Honoré	3 568 900	2 701 500	↗	↗
	Montaigne	2 096 000	1 624 369	↗	↗ ↗
	Rivoli	10 487 400	8 709 046	↗	↗ ↗
	Francs-Bourgeois	942 100	846 277	↗	↗
	Fb St-Honoré	2 893 000	2 356 669	↘	↗
Left bank	Rennes	3 473 100	3 141 862	↗	↗ ↗
	St-Germain	7 648 200	6 908 192	↗	↗



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

Cities	Streets	Footfall on December 2024	Monthly average December 2023 - December 2024	Year-on-year change	2 years change
Bordeaux	Ste-Catherine	2 462 900	2 282 308	↗ ↗	↗ ↗ ↗
Montpellier	Centre-ville	2 133 200	1 969 631	↗	↗ ↗
Toulouse	Alsace-Lorraine	2 566 900	1 890 362	↗	↗ ↗ ↗
Nice	Jean Médecin	2 323 700	1 950 708	↗	↗
Lyon	République	4 177 500	3 140 631	↗ ↗	↗ ↗ ↗
Marseille	St-Ferréol	616 500	519 646	↗	↗ ↗
Lille	Béthune	877 300	625 723	↗ ↗	↗ ↗ ↗
Cannes	Antibes	1 253 600	1 190 015	↗	↗ ↗

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

Q4 FELL SHORT OF EXPECTATIONS

There are hopes for improvement in retail investment as 2025 gets underway. Although the asset category accounted for 21% of overall investment in commercial real estate in 2023, it represented just **16% in 2024**. In a market driven by European players, **€ 2.4bn was invested in retail**, i.e. 47% short of the 10-year average.

€ 400m was invested in Q4, a 59% contraction vs. Q4 2023. However, this figure should be seen in perspective, as it does not include the portfolio of 4 retail parks bought by BATIPART from FREY for € 113m.

The biggest deal of the quarter was the acquisition of the RIOM SUD shopping centre by SOFIDY. Several major deals, that had been expected to culminate in late 2024, may now be finalised in early 2025, suggesting a promising start to the year.

OUT-OF-TOWN RETAIL REMAINS POPULAR

The market was driven by **out-of-town retail** in Q4, as it has been throughout the year. Out-of-town assets represented 56% of retail investment in 2024, coming in at € 1.4bn. Highlights of the quarter included SOFIDY's acquisition of LES ALLÉES DE CORMEILLES retail park, and PATRIMOINE ET COMMERCE's purchase of a portfolio of 13 assets. This type of transaction was up +27% vs. 2023.

High street assets accounted for 29% of retail investment over the year, with € 700m transacted. There was a noteworthy acquisition by MIMCO CAPITAL of BOULANGERIE LOUISE on the Champs-Élysées.

Shopping centres represented 15% of retail investment, i.e. € 400m over the year, a slump of -70%. The NAYEL shopping centre in Lorient was bought in Q4 by MTV CAPITAL.

STABILISATION OF PRIME YIELDS

The **French 10-year OAT 10**, estimated at 3.18% at the end of December 2024, has squeezed the premium for real estate assets.

The **prime yield for high street assets** has stabilised at 4.25%.

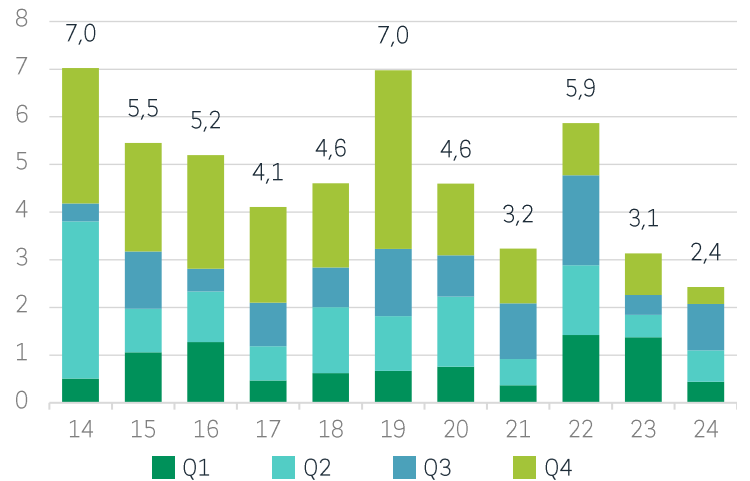
The **prime yield for shopping centres** is also stable at 5%.

Investors remain keen on **out-of-town retail**. Prime yields have stabilised at 6.25% for the best assets.

Prime yields are likely to contract as soon as H1 2025.

Retail investment by quarter

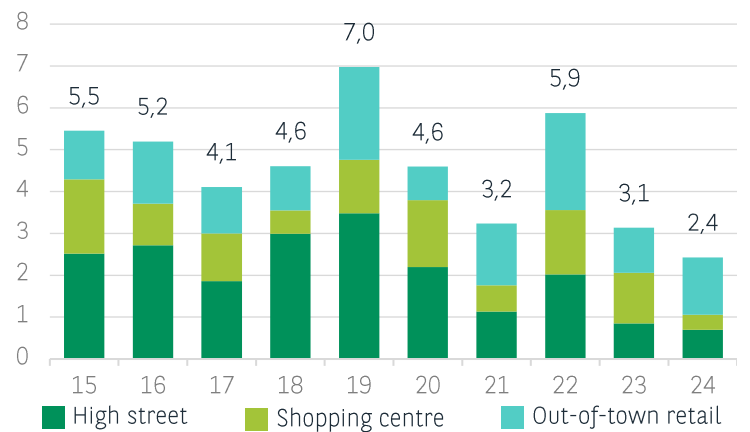
In euro billion



Sources: Immostat / BNPPRE

Investment in retail – Breakdown by asset category

In euro billion



Sources: Immostat / BNPPRE

Prime retail yields and French 10-year bond

%



Source: BNPPRE



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(january 2023)

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