Real Estate
for a changing
world

RESEARCH

AT A GLANCE Q2 2023

PARIS OFFICE MARKET

SLOWDOWN IN H1

816,200 m^2

Take-up in 2023 6M
(-22% vs 2022 6M)

6.1 M m^2

Availability within a year
(+ 9% vs Q2 2022)

8.0%

Vacancy rate

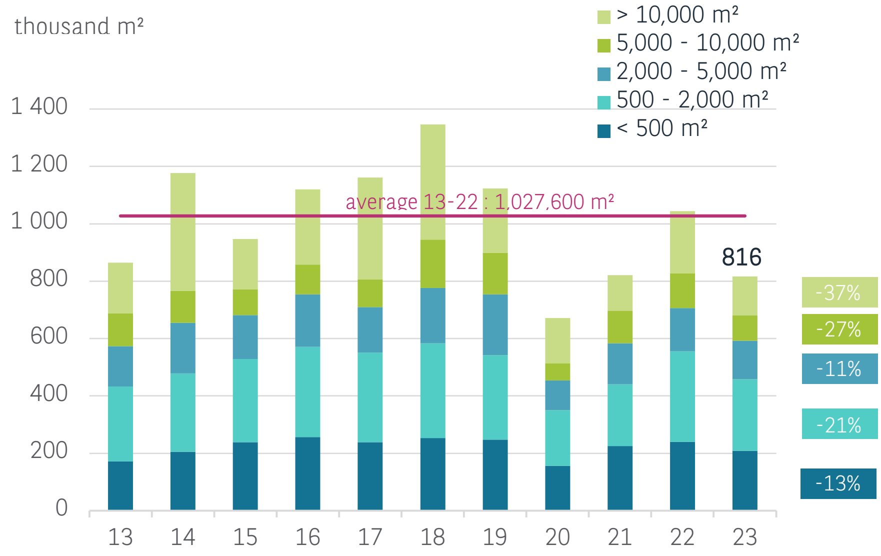
STEEP FALL IN TAKE-UP...

With take-up in the Paris region at 816,176 sqm for H1 2023, the region's rental market has declined by -22% year-on-year.

There has been a maked disparity between large units, which have fallen steeply (-34% year-on-year), and small and medium-sized units, which have proved more resilient (-16%). Indeed, there were only 21 deals for large units, compared with 29 on average for the period. Nevertheless, there was one transaction for over 20,000 sqm in Q2, with Rothschild signing for 54 Boétie in the 8th arrondissement of Paris.

However, there should be some catching up in H2, particularly for large units, with a number of major deals on hold due to conditions precedent. As such, we expect take-up for the full year (all size segments combined) to come in at about 1.85 million sqm.

Transactions over 6 months by size



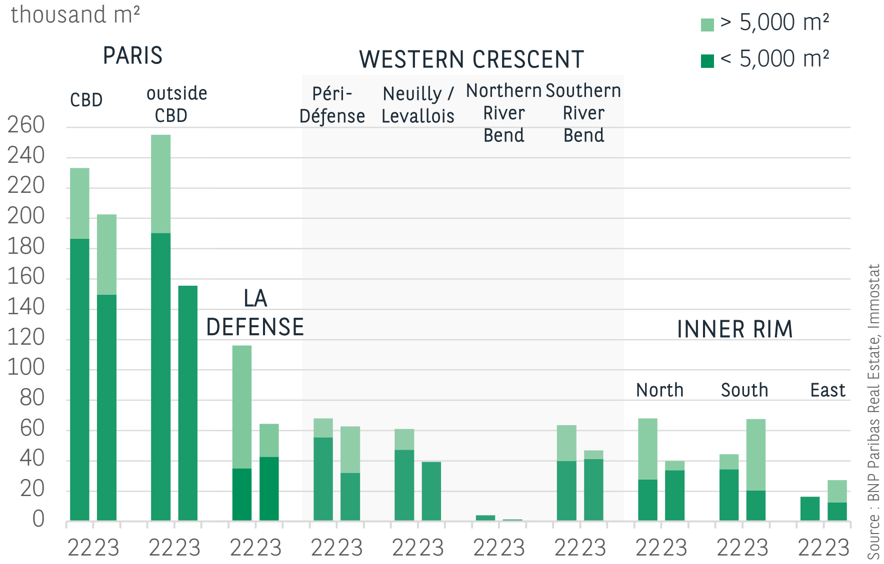
Source : BNP Paribas Real Estate, Immostat

ROBUST TREND FOR PARIS CBD AND THE SOUTHERN AND EASTERN INNER RIM

Most districts suffered from the fall in take-up in H1 2023. Paris non-CBD in particular suffered from the lack of major deals over the period.

That said, three districts enjoyed a robust trend. Firstly, Paris CBD is still above its ten-year average, despite a year-on-year fall. Next, the Southern Inner Rim saw a substantial increase (+48% year-on-year) thanks to four deals over 5,000 sqm. Lastly, to a lesser extent, the Eastern Inner Rim enjoyed a significant rise in take-up (+56%), albeit not enough to get back to its long-term average.

Take-up over 6 months by district

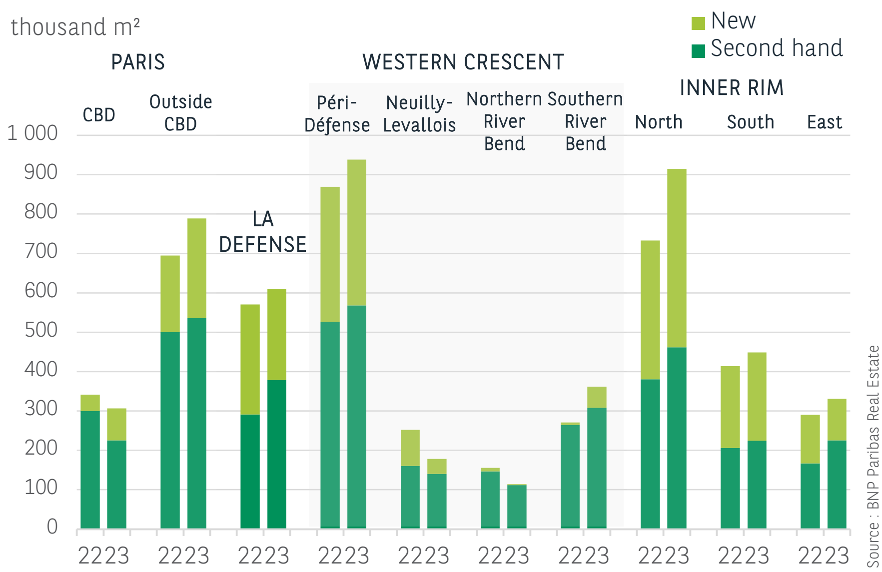


SUPPLY STILL RISING

As of July 1, 2023, the vacancy rate in Île-de-France had risen year-on-year to stand at 8.0%, with considerable variations from district to district. For example, the vacancy rate in Paris CBD is 2.1%, while at the other end of the spectrum, the figure for Péri-Défense is over 20%.

Supply within a year has also risen by 9% over the last 12 months to 6.1 million sqm. The supply imbalance continues to worsen, even though ongoing schemes are moving in the right direction, with a high level of future new supply in Paris (36% of current construction is in Paris Inner City).

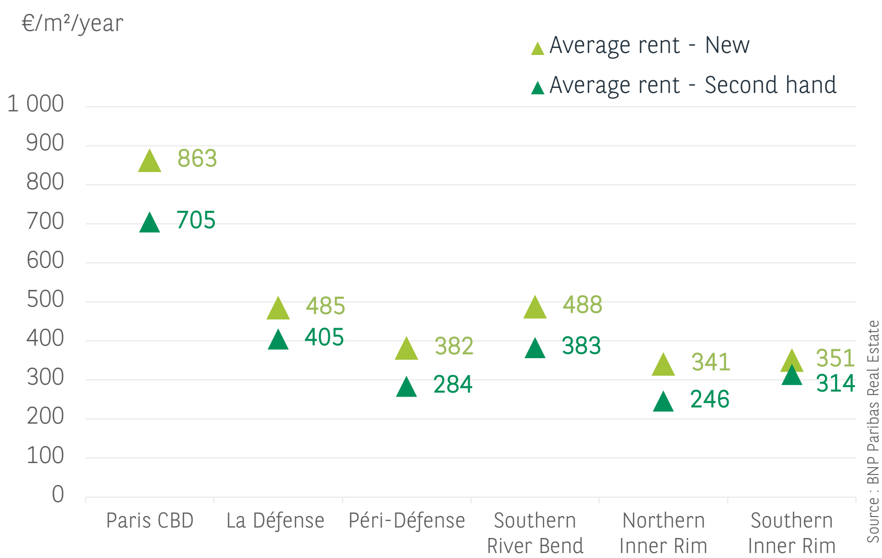
Availability within a year (to July 1st)



RENTS ARE STILL HIGH

Rents are still high and set to rise further in 2023, particularly for prime assets. This is notably the case for Paris Inner City, which is driven by both strong demand and short supply. In the suburbs, oversupply may depress rents, even though new assets in good locations remain at high levels.

Average headline rents - 2023 6M (over 12 months)



STEEP FALL IN INVESTMENT

Investment in offices in Île-de-France fell sharply in the first half of 2023, to just €2.8 billion (down 43% year-on-year).

Major deals (over €100m) have been hit hard, with investment down 62%, despite the acquisition of the Tour Sequana in Issy-les-Moulineaux by The Valesco Group for €495m. For example, there were only 5 transactions of over €100m in H1 2023, compared with an average of 17 for this period. The decline was less dramatic for smaller transactions (under €100m), which were down 19% year-on-year.

Meanwhile, prime yields continue to expand to varying degrees depending on the liquidity of the assets. The prime yield in Paris stood at 3.50% as of July 1, 2023.

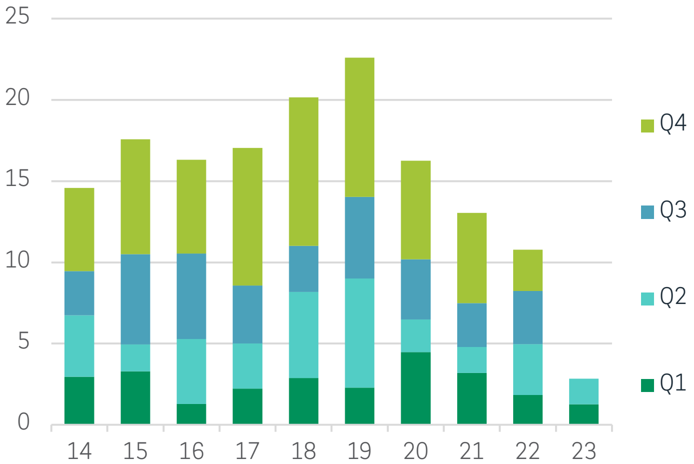
€2.8bn

Paris office investment in Q2 2023

3.50%

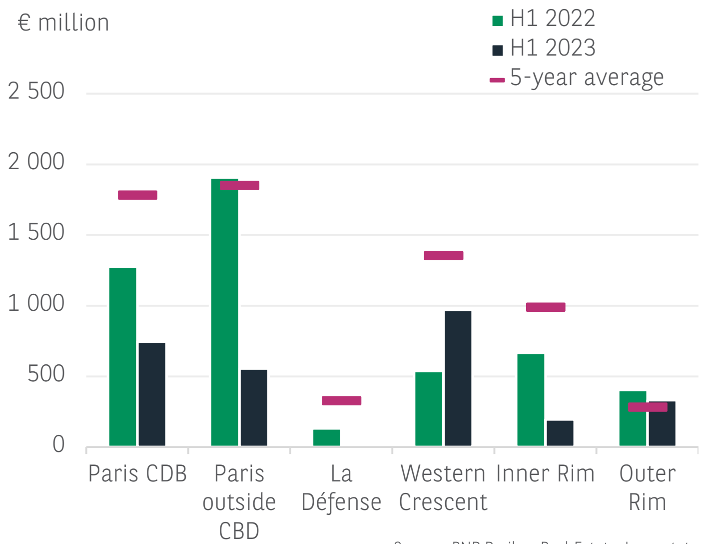
Office prime yield

Office investment in Greater Paris



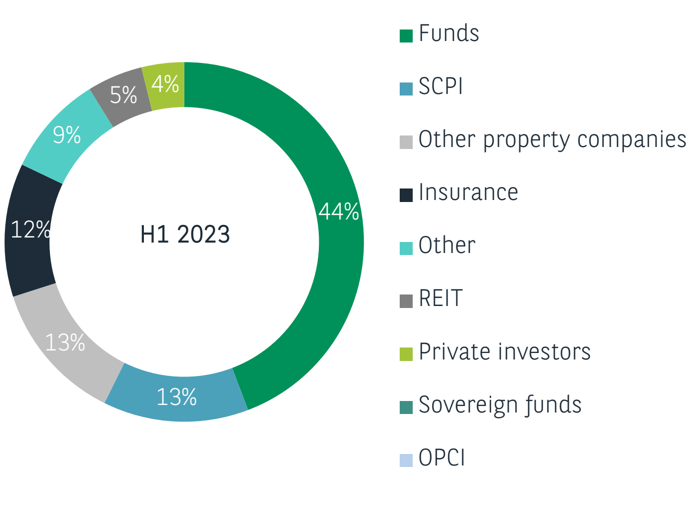
Source : BNP Paribas Real Estate, Immostat

Office investment - Geographical breakdown



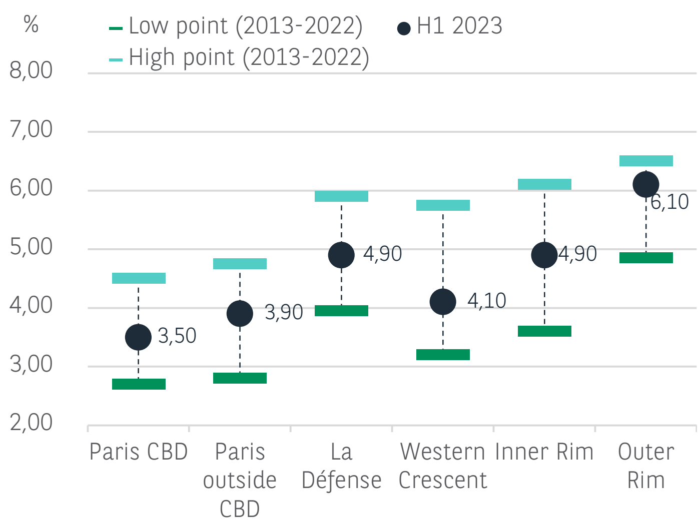
Source : BNP Paribas Real Estate, Immostat

Investment by buyers



Source : BNP Paribas Real Estate

Prime yields



Source : BNP Paribas Real Estate

LOCATIONS

(JANUARY 2021)

HEADQUARTER
50 cours de l'Île Seguin
CS 50280
92650 Boulogne-Billancourt
Tél. : +33 (0)1 55 65 20 04

ÎLE-DE-FRANCE

AUBERVILLIERS
Parc des Portes de Paris
40 rue Victor Hugo
Bât 264 / 4ème étage
93300 Aubervilliers
Tél. : +33 (0)1 49 93 70 73

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
Parc du Golf - Bât 33
350, rue Jean René Guillibert
Gauthier de la Lauzière
Les Milles
13290 Aix-en-Provence
Tél. : +33 (0)4 42 90 72 72

ANNECY
PAE Des Glaisins
19, avenue du Pré-de-Challes
74940 Annecy-le-Vieux
Tél. : +33 (0)4 50 64 12 12

BIARRITZ
26 Allée Marie Politzer
64200 Biarritz
Tél. : +33 (0)5 59 22 62

BORDEAUX
Immeuble Opus 33
61-64, quai de Paludate
33800 Bordeaux
Tél. : +33 (0)5 56 44 09 12

DIJON
Immeuble Le Richelieu
10, boulevard Carnot
21000 Dijon
Tél. : +33 (0)3 80 67 3

GRENOBLE
285 rue Lavoisier
38330 Montbonnot
Tél. : +33 (0)4 76 85 43 43

LILLE
100, Tour de Lille
Boulevard de Turin
59777 Euralille
Tél. : +33 (0)2 20 06 99 00

LYON
Silex 1
15 rue des Cuirassiers
69003 Lyon
Tél. : +33 (0)4 78 63 62 61

MARSEILLE
44, boulevard de Dunkerque
CS11527—13235 Marseille
Cedex 2
Tél. : +33 (0)4 91 56 03 03

METZ
WTC-Technopôle de Metz
2, rue Augustin Fresnel
57082 Metz cedex 3
Tél. : +33 (0)3 87 37 20 10

MONTPELLIER
Immeuble Le Triangle
26, allée Jules Milhau
CS 89501
34265 Montpellier Cedex 02
Tél. : +33 (0)4 67 92 43 60

MULHOUSE
Beverly Plaza
15, rue de Copenhague
67300 Schiltigheim
Tél. : +33 (0)3 89 33 40 50

NANCY
Immeuble Quai Ouest
35 avenue du XX^{ème} Corps
54000 Nancy
Tél. : +33 (0)3 83 95 88 88

NANTES
14, mail Pablo Picasso
BP 61611
44016 Nantes Cedex 1
Tél. : +33 (0)2 40 20 20 20

NICE
Immeuble Phoenix – Arénas
455, promenade des Anglais
06285 Nice Cedex 3
Tél. : +33 (0)4 93 18 08 88

ORLÉANS
16, rue de la république
45000 Orléans
Tél. : +33 (0)2 38 62 09 91

RENNES
Centre d'affaires Athéas
11, rue Louis Kerautret-Botmel
35000 Rennes
Tél. : +33 (0)2 99 22 85 55

ROUEN
Immeuble Europa
101 Boulevard de l'Europe
76100 Rouen
Tél. : +33 (0)2 35 72 15 50

STRASBOURG
Beverly Plaza
15 rue de Copenhague
67300 Schiltigheim
Tél. : +33 (0)3 88 22 19 44

TOULOUSE
Immeuble Elipsys
8/10 rue des 36 Ponts
CS 84216
31432 Toulouse Cedex
Tél. : +33 (0)5 61 23 56 56

TOURS
29, rue de la Milletière
37100 Tours
Tél. : +33 (0)2 47 44 70 58

CONTACT

RESEARCH FRANCE

Guillaume JOLY
Head of Research France
guillaume.joly@bnpparibas.com

Lucie CHATENOUD
Research Analyst – Paris offices
Lucie.chatenoud@bnpparibas.com

TRANSACTION

Laurent BOUCHER
Chairman Managing Director
Advisory France
Tél : +33 (0)1 47 59 23 35
Laurent.boucher@bnpparibas.com

Eric SIESSE
Head of Lettings Paris Region
Tél : +33 (0)1 47 59 23 70
Eric.siesse@bnpparibas.com

Eric BERAY
Senior Director – Partner
Head of large operations office
Paris Île-de-France
Tél : +33 (0)1 47 59 21 50
Eric.beray@bnpparibas.com

Frédéric BLIES
Head of West suburb of Paris Team
Tél : +33 (0)1 47 59 20 92
Frederic.blies@bnpparibas.com

Marie CHARRA
Head of Left Bank Southern Inner Rim Team
Tél : + 33 (0)1 47 59 17 26
Marie.charra@bnpparibas.com

Frédéric DOS SANTOS
Director – Partner
Office Lettings & Sales
Paris North East Department
Tél : +33 (0)1 49 93 70 73
Frederic.dossantos@bnpparibas.com

SALES TO USERS

Guillaume NOULIN
Director – Partner
Offices Sales & Acquisitions
Greater Paris
Tél : +33 (0)1 47 59 25 46
Guillaume.noulin@bnpparibas.com

KEEP-UP-TO-DATE WITH BNP PARIBAS REAL ESTATE'S NEWS WHEREVER YOU ARE

#BEYONDBUILDINGS

www.realestate.bnpparibas.com

BNP PARIBAS REAL ESTATE

Real Estate for a changing world