

REVIEW

INVESTMENT MARKET

FRANCE 9M 2025

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RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



Q3 2025

INVESTMENT FRANCE

KEY FIGURES

+3,53 %

10-YEAR OAT (End Sept. 2025)

+0,7 %

GDP growth in France in 2025
(Forecast BNP Paribas – Sept. 2025)



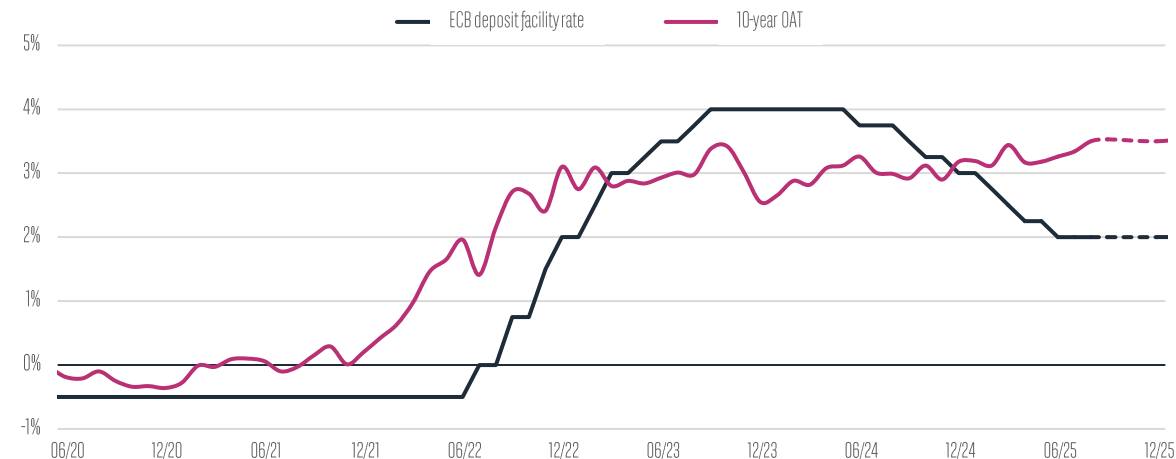
ECONOMICAL BACKDROP

Geopolitical uncertainties, both at home (ongoing political crisis in France) and abroad (global trade tensions and US tariffs), continue to erode household and business confidence. This unease is reflected in borrowing conditions, with the cost of debt having risen since the beginning of the year: the 10-year OAT stood at 3.53% at the end of Q3.

Against this backdrop, the European Central Bank kept its key interest rates unchanged at its last two monetary policy meetings, following overall easing of 200 basis points between June 2024 and June 2025, bringing the deposit rate to 2.0%. This stance was enabled by the fall in inflation, which is now forecast to come in below the 2% target in the euro area in 2026 and 2027.

Short-term interest rates are still trending downward, even though we expect them to remain stable over the coming quarters. European fiscal measures (the German stimulus package and Readiness2030 rearmament plans), combined with high employment rates, could underpin economic activity in member states.

ECB deposit facility rate and 10-Year OAT

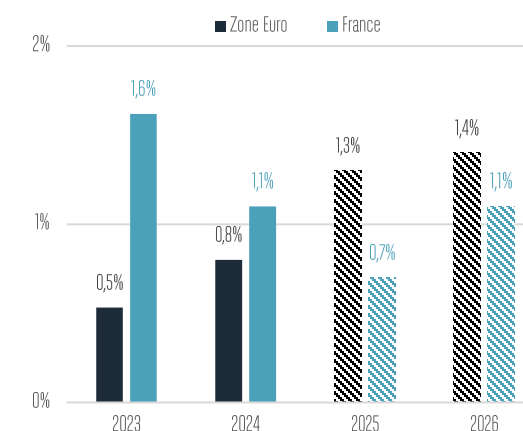


BNP Paribas – October 2025

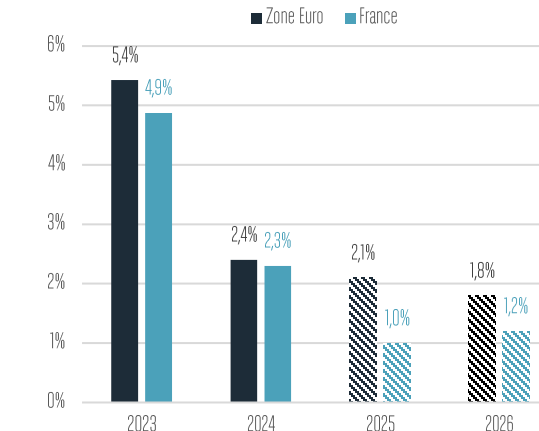


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GDP growth



Inflation



BNP Paribas – October 2025



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The positive quarterly figures were attributable to the several major transactions rather than a high number of deals.

KEY FIGURES

€ 10.9 bn
INVESTED IN H1 2025

+5%
vs 9M 2024

492
DEALS

€ 22 M
AVERAGE SIZE



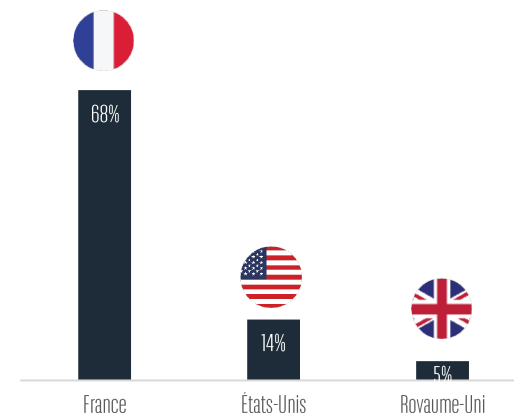
OVERVIEW

Investment in commercial real estate in France came in at € 10.9bn. All told, over the first nine months of the year, investment increased +5% vs. the year-earlier period but remains well below its 5-year average (€ 15.5bn over nine months on average between 2020 and 2024).

There have been 20 transactions for over € 100m since the beginning of the year, representing 38% of investment. Across 492 transactions, the average deal is € 22m, a figure that has risen slightly over the past two years, proving that investors are shifting back to larger scale assets.

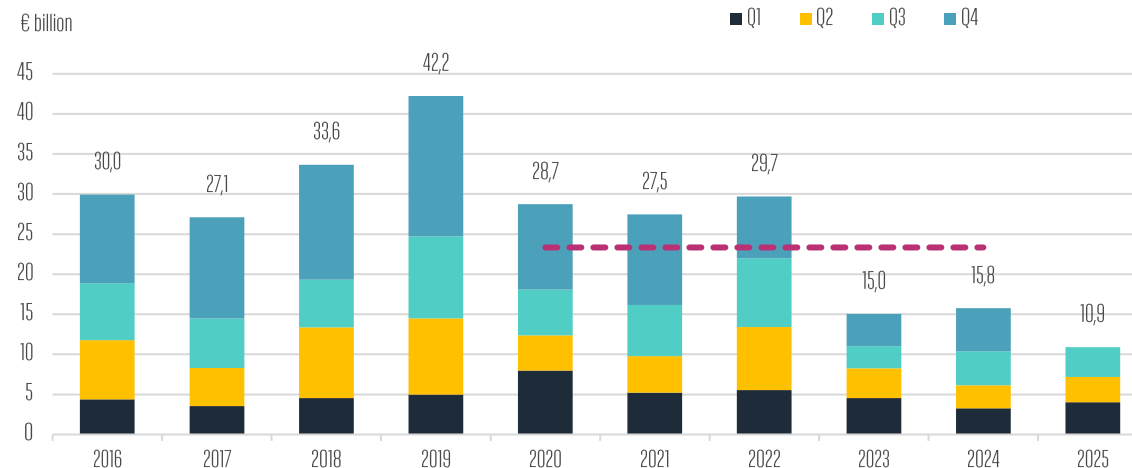
Most market participants are still French, accounting for 68% of total investment. Next come the Anglo-Saxons, who are still drawn to the French market, particularly for industrial assets.

Although investment remained generally positive over the first nine months of the year, doubts since the beginning of the summer about French debt and the potential impact of legislation to simplify commercial leases have undermined the expected market recovery. Given these conditions, commercial real estate investment in France could stabilise at around € 17bn for full-year 2025.

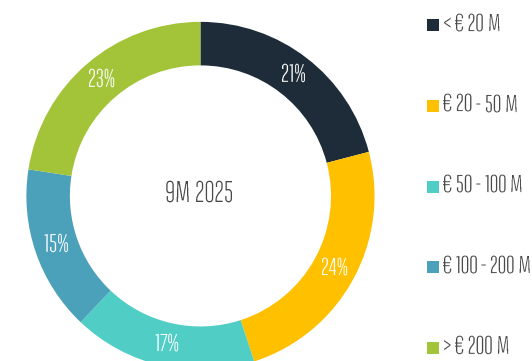
Investors' nationality
All asset classes

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Investment in commercial real estate in France



BNP Paribas Real Estate / ImmoStat - Research

Breakdown of investment by volume size
All asset classes

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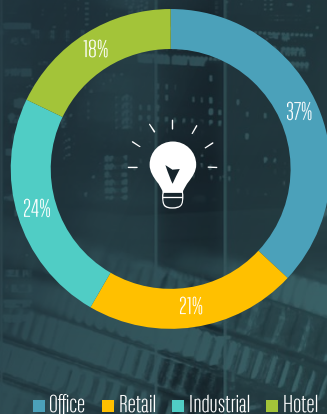


Q3 2025

INVESTMENT FRANCE

Offices represented a third of investment, buoyed by the healthy performance of Ile-de-France.

Breakdown of investment by asset classes

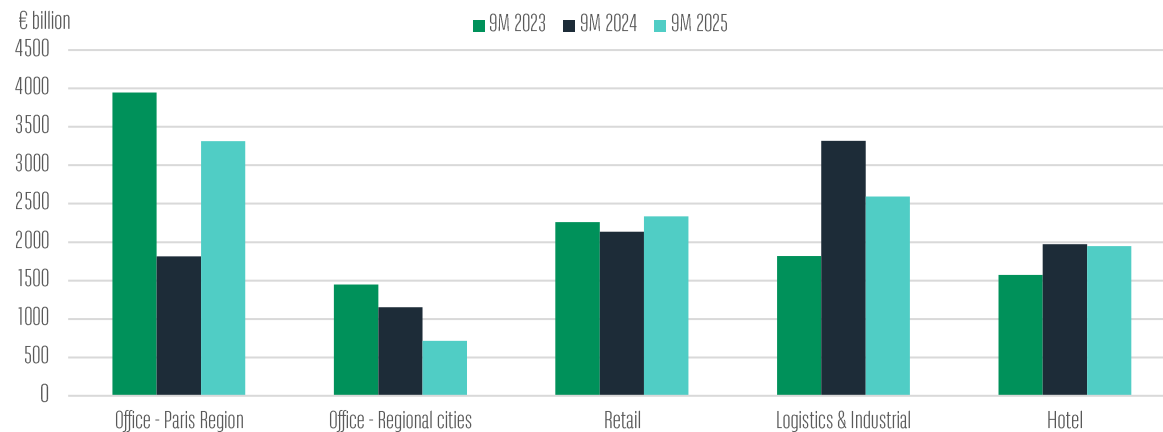


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INVESTMENT MARKET BY ASSET CLASSES

Investment by asset classes



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Major deals

TYPOLGY	ASSET CLASS	BUYER	PRICE
Retail	Portfolio KERING - France	Arrian	€ 837 M
Office	Solstys - Paris 08	Gecina	€ 435 M
Office	Trinity Tower - La Défense	Norges IM	€ 348 M
Hotel	Pullman Paris Montparnasse	Bain Capital	≈ € 310 M
Logistic	Portfolio - 5 assets	AEW	€ 120 M

Office

There is a stark difference in the office market between the Paris area and the rest of France: less than € 1bn has been invested in the regions since the beginning of the year, i.e. a fall of 38% vs. 2024. Momentum is much stronger in Ile-de-France, with the market driven by several very large transactions. Indeed, over € 3bn has been invested in Greater Paris since the beginning of the year, a jump of 82%. Nevertheless, this is weighted very much towards Central Paris, which attracted 70% of the investment in the region. The rest of Ile-de-France is struggling to tempt investors, who are still very wary of the perceived risk.

Retail

After a strong showing in Q1 2025, investment in retail has flagged. There have been fewer than 20 transactions totalling € 500m, with Q3 2025 slumping 46% vs Q3 2024. There have been some highlights since January, with five transactions over € 100m, totalling € 1.4bn, i.e. over 50% of investment in retail in France. Four of these deals were in Central Paris and the last was the sale of the Saint-Genis II shopping centre in the Lyon region.

Industrial

Investment in logistics and industrial premises fell 22% vs. the first nine months of 2024. It accounted for 24% of overall investment in commercial real estate. Highlights of the last quarter included the acquisition of a 56,000 sqm platform in the Vaucluse by P3 from Patrizia for over € 50m and the purchase of a 25,000 sqm warehouse in Essonne by Tishman Speyer for € 47m. Despite robust take-up of new grade A warehouses, very few speculative schemes have been launched in 2025 (just 8 vs. 21 in 2024).

Hotel

Hotels enjoyed a record Q3, with over € 1bn invested between July and September. This excellent performance was on a par with 2024, which was a particularly successful year for the asset category. There were two major deals finalised over the quarter: the sale of the Pullman Paris Montparnasse hotel for over € 300m and the acquisition by a family office of the 5*Cap Estel hotel on the Côte d'Azur for around € 200m. This means that over € 2bn has been invested in hotels for the fourth year in a row, proving their appeal to investors..



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PRIME YIELD VARIATIONS

9M 2025 vs 9M 2024

- 35 bps
OFFICE - PARIS CBD

- 5 bps
OFFICE - LYON

- 25 bps
RETAIL - PARIS HIGHSTREET

- 20 bps
LOGISTIC

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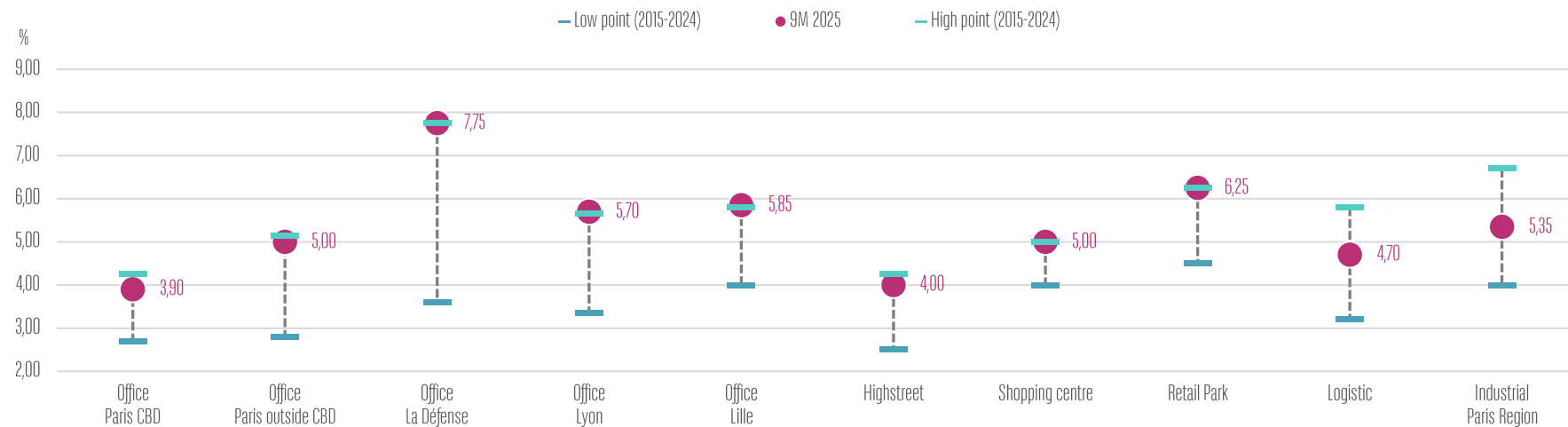
YIELDS

The prime office yield in Île-de-France has been stable at around 3.90% in the CBD since the beginning of 2025. However, we are seeing very high elasticity in prime yields in the suburbs. Investment in offices is divided more than ever, with Central Paris benefiting from the return of investors and steady capital inflows, while suburban assets struggle to find takers. In retail, the yield for Parisian street-level stores has stabilised at about 4.00%. In Logistics, several deals have taken place at less than 5.00% since the beginning of the year, with a prime yield of 4.70% that should be confirmed in the last quarter. The current geopolitical and economic backdrop suggests that yields will stabilise or even expand slightly.



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Prime yield



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LOCATIONS FRANCE

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