REVIEW

INVESTMENT MARKET

FRANCE Q4 2025

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RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

KEY FIGURES

+3,56 %
10-YEAR OAT (End of 2025)

+1,1 %
GDP growth in France in 2026
(Forecast BNP Paribas – Jan. 2026)

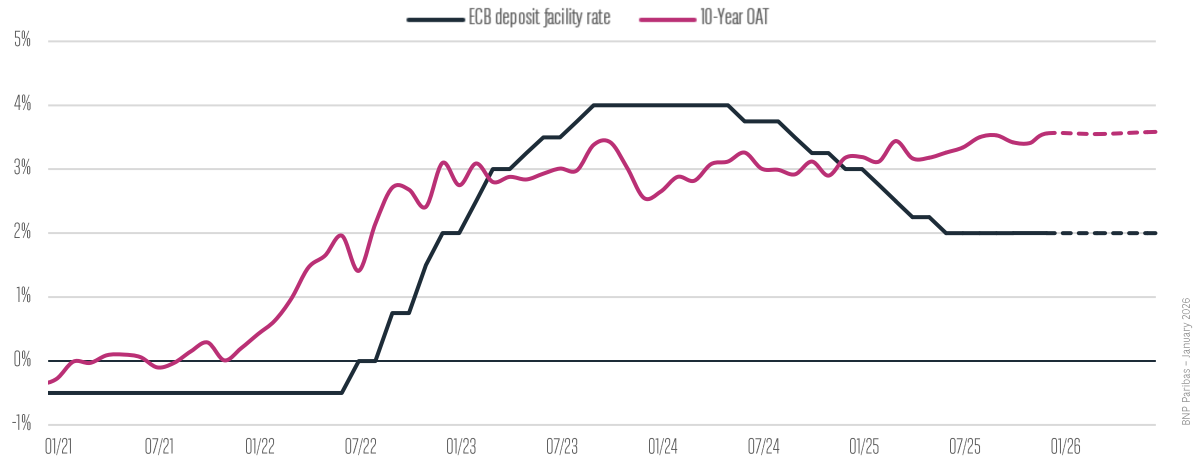
ECONOMICAL BACKDROP

The European Central Bank has kept its key interest rates unchanged since June 2025. The forecast for inflation, currently at 1.9% in the eurozone for 2026, and moderate GDP growth estimated at around +1.6%, suggests that this stability will continue throughout the year.

Meanwhile, rising geopolitical tensions with the United States may encourage Member States to step up their rearmament under the Readiness2030 programme, even though it could mean additional expenditure for countries that are already heavily indebted.

This is especially the case for France, which is still contending with its own political and budgetary challenges. Although its inflation is the lowest in the eurozone, consumer and business confidence remains fragile, holding back an upturn in consumption. Against this backdrop, the 10-year OAT yield finished 2025 at 3.56% and is likely to continue experiencing upward pressure, even though short-term interest rates have stabilised.

ECB deposit facility rate and 10-Year OAT



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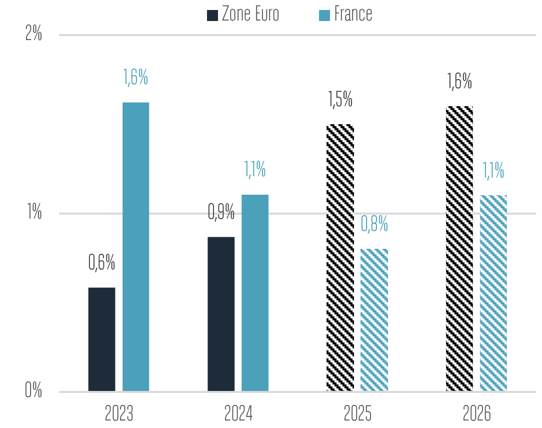
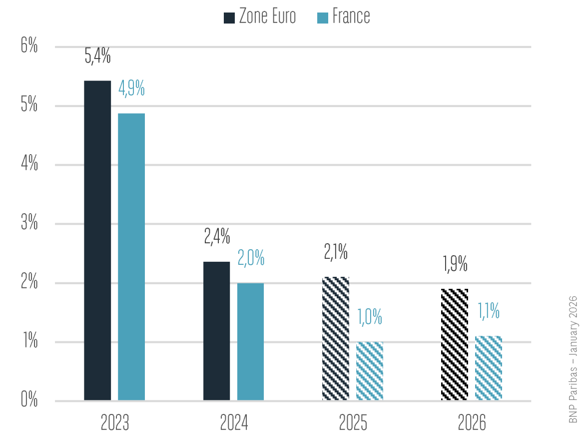
GDP growth



Inflation



2025 was a positive year for investment, which rose 8% to € 17.1bn

KEY FIGURES

€ 17.1 bn
INVESTED IN 2025

+8%
vs 2024

797
DEALS

€ 21 M
AVERAGE SIZE

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OVERVIEW

Although the amount invested in commercial real estate in France in 2025 was 27% short of its five-year average, it rose slightly to € 17.1bn. This was largely thanks to a robust Q4, when € 6bn was invested, i.e. +9% year-on-year.

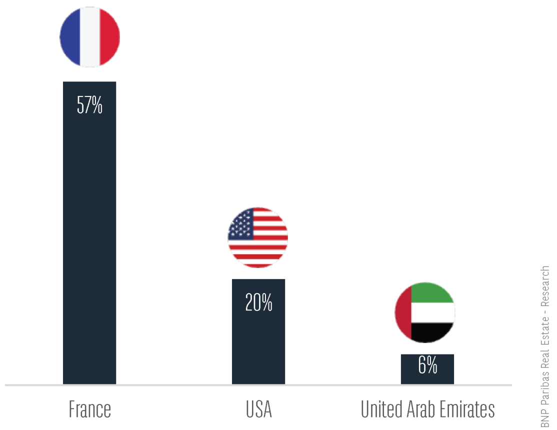
There were 29 deals for over € 100m in 2025, which together accounted for 37% of investment. There were 797 transactions identified, such that the average deal was worth € 21m, a figure that has been rising slightly for the past two years, showing that investors are gradually returning to larger assets.

In terms of buyer profile, private investors were active again, alongside international investors, who are a mainstay of the market, led by North America, the UK and Germany.

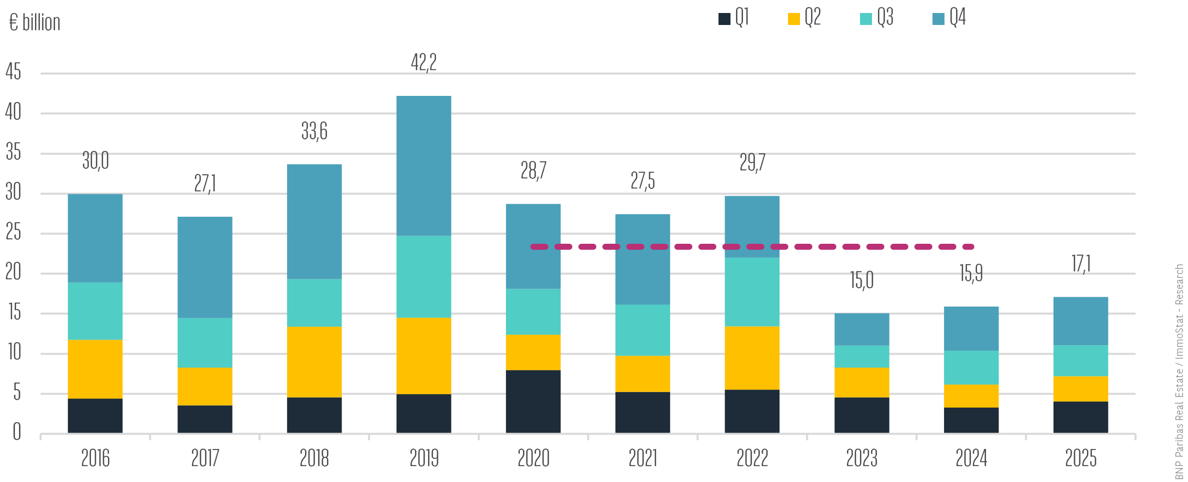
The return of these foreign investors, together with the improved macroeconomic outlook for France, suggest that investment is set to stabilise before making a more pronounced recovery. As such, investment in commercial real estate is likely to come in at around € 17bn to € 18bn in 2026, before showing more robust growth in 2027 2028.

Investors' nationality

All asset classes

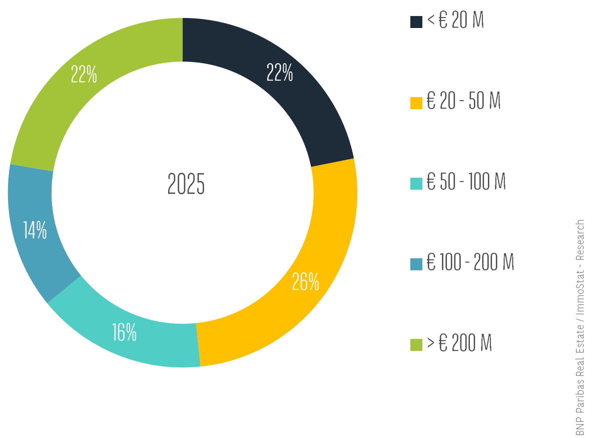


Investment in commercial real estate in France



Breakdown of investment by volume size

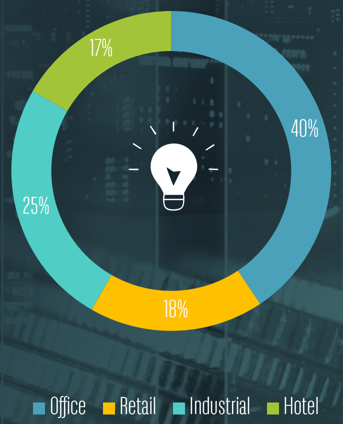
All asset classes



Q4 2025 INVESTMENT FRANCE

Offices accounted for 40% of investment in commercial real estate in 2025, underpinned by the healthy performance of the Paris region.

Breakdown of investment by asset classes



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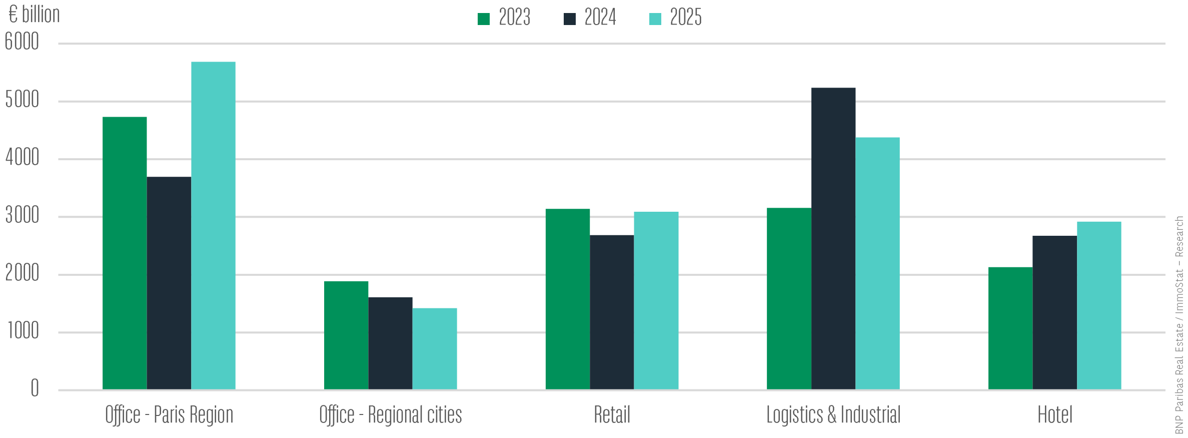
INVESTMENT MARKET BY ASSET CLASSES

Investment by asset classes



Major deals

TYPOLOGY	ASSET CLASS	BUYER	PRICE
Retail	Portfolio KERING - France	Ardian	€ 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 has been a significant upturn in the office market, largely thanks to Île de France, which attracted investment of € 2.4bn in Q4 2025, propelling overall investment growth to +51% vs 2024. Paris Inner City is still the most buoyant area, accounting for almost 80% of investment in the Greater Paris region. There were few large-scale deals in the Western Crescent or the Inner Rim, but there was investor interest in smaller units in these districts. Investment in offices in the regions fell 19 %, with significant declines in Lyon and Lille, despite some exceptions such as Toulouse and Bordeaux, which proved more resilient.

Retail

Investment in Retail once again topped € 3bn in 2025, up +14% vs 2024. City centre retail remained dominant, accounting for 56% of the total, at around € 1.7bn. Paris Inner City alone accounted for over half of investment in the segment. Market participants were generally European, apart from one major UAE investor. The largest amounts were invested by Mubadala, CDC Investissement Immobilier, URSAFF and Pontegadea, which drove the market in 2025..

Industrial

There was a significant slowdown for Logistics and Industrial premises, with investment down 18% after several robust years. Individual assets dominated the market in 2025, with portfolio transfers becoming rarer. However, there were some large deals, such as the Logiprime portfolio, sold by OFI Invest to a Belgian investor for about € 130m, as well as the acquisition by AEW of a 97,000 sqm portfolio including five urban logistics assets in France for over € 100m.

Hotel

Hotels enjoyed strong momentum, thanks to a record fourth quarter and annual investment growth of +9%. Deals were almost entirely for individual assets, which accounted for the vast majority of investment. There were two deals signed for over € 200m in 2025: the sale of the Pullman Paris Montparnasse and the Le Cap Estel hotel on the Côte d'Azur. Investors focused mainly on 3* and 4* hotels, while off-plan sales were scarce. Hotels therefore confirmed their appeal, underpinned by a revival in tourism and investors keen on assets offering good operational visibility.

PRIME YIELD VARIATIONS

2025 vs 2024

+ 10 bps
OFFICE – PARIS CBD

+ 5 bps
OFFICE - LYON

- 25 bps
RETAIL – PARIS HIGHSTREET

0 bps
LOGISTIC

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YIELDS

Prime yields for offices in Île-de-France expanded. Paris CBD finished the year at 4.10%. The logistics yield was unchanged at 4.90%.

The rise in the OAT yield should exert upward pressure on real estate yields. However, the prime yields in Paris for office and retail assets are unlikely to be affected much: iconic buildings will continue to attract investors seeking landmark assets. The average logistics yield could expand further as profitability is still a priority for investors. Lastly, offices in the regions, which have seen significant yield expansion due to reduced market liquidity, should have enough margin to show only a slight correction over the coming quarters.

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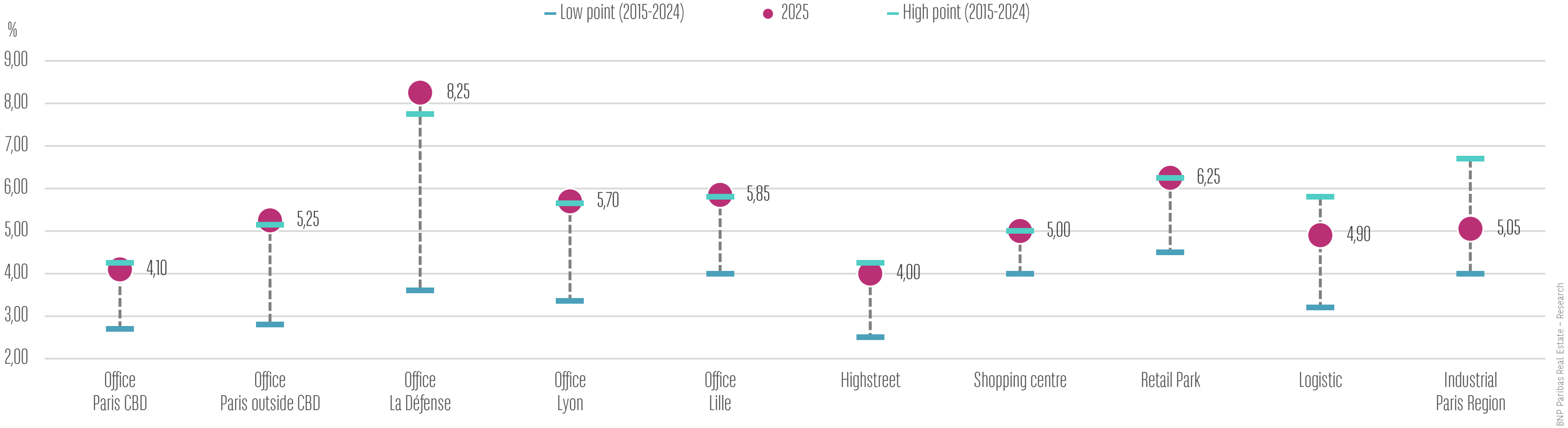
Prime yield



LOCATIONS FRANCE

ÎLE-DE-FRANCE

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

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

RÉGIONS

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 00

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 35 72

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
Immeuble Les Muses
1 rue des Messageries
57000 Metz
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 XXèmeCorps
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

CONTACTS

RESEARCH & INSIGHTS

Lucie MATHIEU
Head of Market Studies & Data
lucie.mathieu@realestate.bnpparibas

Guillaume JOLY
Head of Research & Insights
guillaume.joly@realestate.bnpparibas

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BNP PARIBAS REAL ESTATE
50, cours de l'Île Seguin
92100 Boulogne-Billancourt
France
Tel.: +33 (0)1 55 65 20 04
Fax: +33 (0)1 55 65 20 00
www.realestate.bnpparibas.com

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