REVIEW

RESIDENTIAL MARKET

FRANCE Q2 2026

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RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

KEY FIGURES

3,61%
OAT 10 years – at the end of 2026 Q2

3,26%
Interest rate – at the end of 2026 Q2

185 Bn €
Mortgage lending volume - 12 months at the end of may 2026

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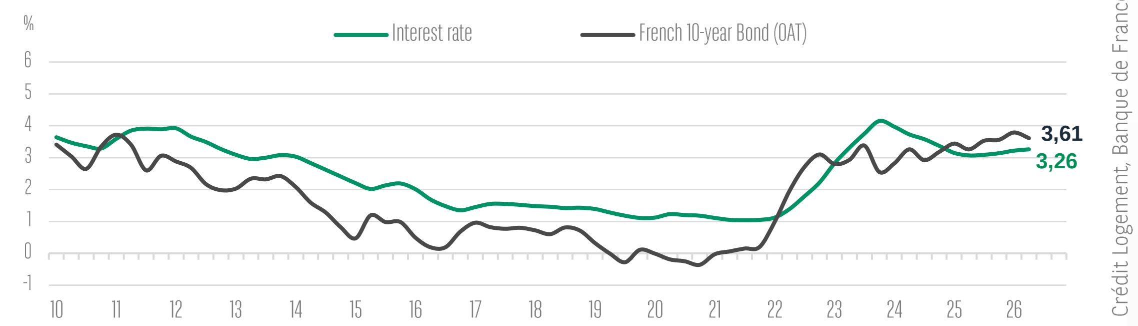
FINANCING MARKET

The Middle East conflict is still causing much global economic uncertainty. The rise in oil prices between March and June is expected to ease in the coming months with the barrel falling back below USD80. This should help to limit the spread of the energy shock to the rest of the economy. After average inflation of +1.0% in France last year, the Consumer Price Index is projected to rise this year (+2.0%) before slowing again in 2027. Nevertheless, the European Central Bank raised its key interest rates by 25 basis points in June, highlighting its wariness over the risk of inflation.
Against this backdrop, the 10-year OAT yield stood at 3.61% at the end of Q2 2026.
That said, the mortgage market is still looking positive, with € 185bn granted over the 12 rolling months to end May 2026, up 11% year-on-year.

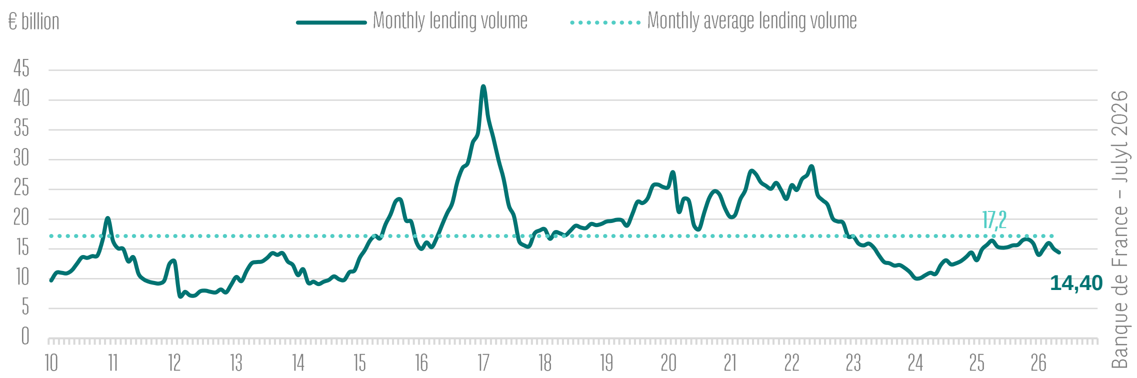
Interest rates and OAT in France

France



Mortgage length

France



Q2 2026 RESIDENTIAL FRANCE

Subdued performance for residential real estate in France in H1 2026. However, the market is proving resilient despite ongoing economic challenges, thanks to its solid fundamentals.

KEY FIGURES

€ 1,2 bn invested in France In 2026 Q2

-42% vs 2025 H1

-30% vs 2025 H1
CONVENTIONAL

-84% vs 2025 H1
INTERMEDIATE

-65% vs 2025 H1
STUDENT

+36% vs 2025 H1
SENIOR

+111% vs 2025 H1
COLIVING

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RESIDENTIAL MARKET

Just over € 1.2bn was invested in residential real estate in France in H1 2026, down 42% year-on-year.

In Q2 2026, only € 421m was invested in these assets, compared with over €1.2bn a year earlier.

There was an increase in deals for new buildings in H1 2026. These accounted for 20% of investment over the full year 2025, but 28% of over the first six months of 2026.

No portfolios have changed hands so far this year.

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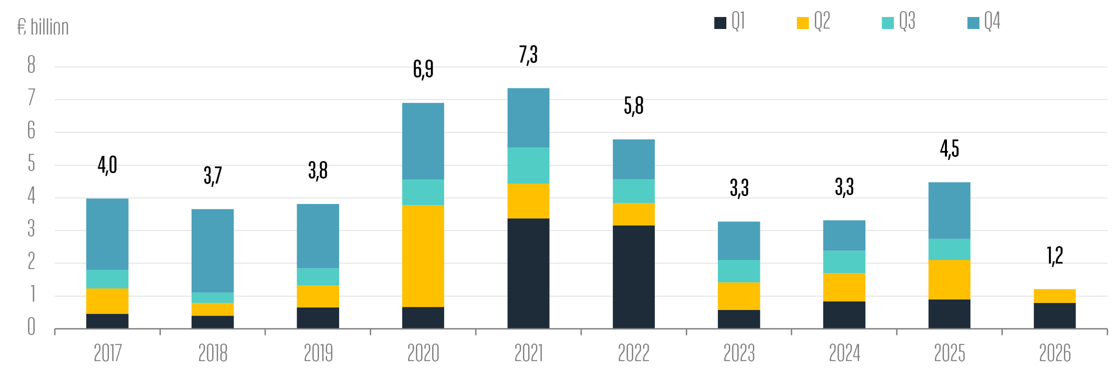
Investment volumes - Overall Residential



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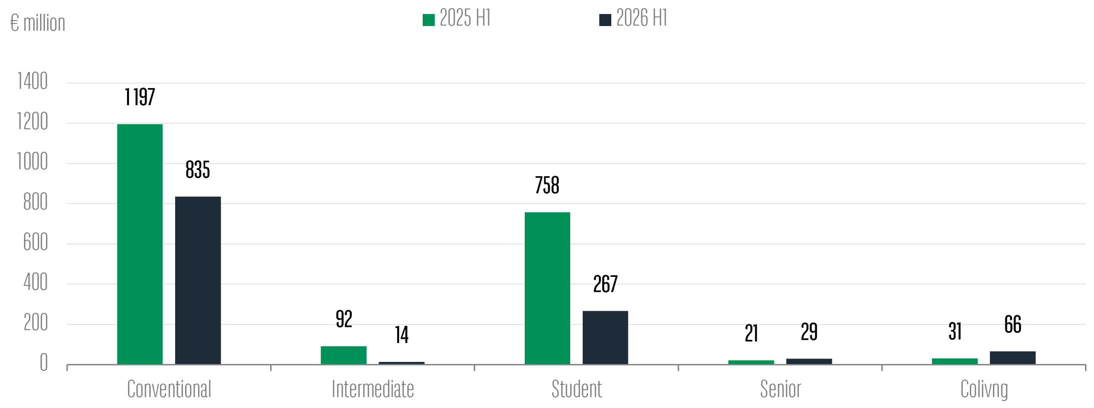
Investment volumes - Overall Residential



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CONVENTIONAL AND INTERMEDIATE MARKETS

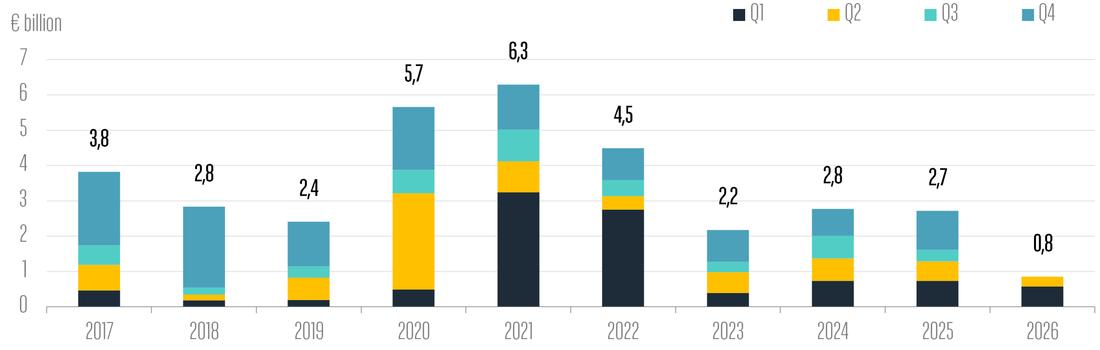
Within the strict definition of residential real estate, social housing providers continued to scale back their investment in H1 2026. As such, affordable housing saw the steepest decline over the period.

Investment in conventional housing fell by 30% year-on-year in H1 2026. Nevertheless, it is still the main driver of the overall French housing market. Conventional housing alone accounted for 70% of transaction volumes.

The Ile-de-France region again dominated the market, with investment of around € 782m over the period, representing over 90% of allocations to conventional residential real estate in H1 2026.

Investors appeared to be less keen on affordable housing early this year. Indeed, there were only two deals on this segment totalling € 14m. This figure is well below the average for this time of year (average of € 123m in H1 between 2022 and 2025).

Investment volumes - Conventional and Intermediate markets
France



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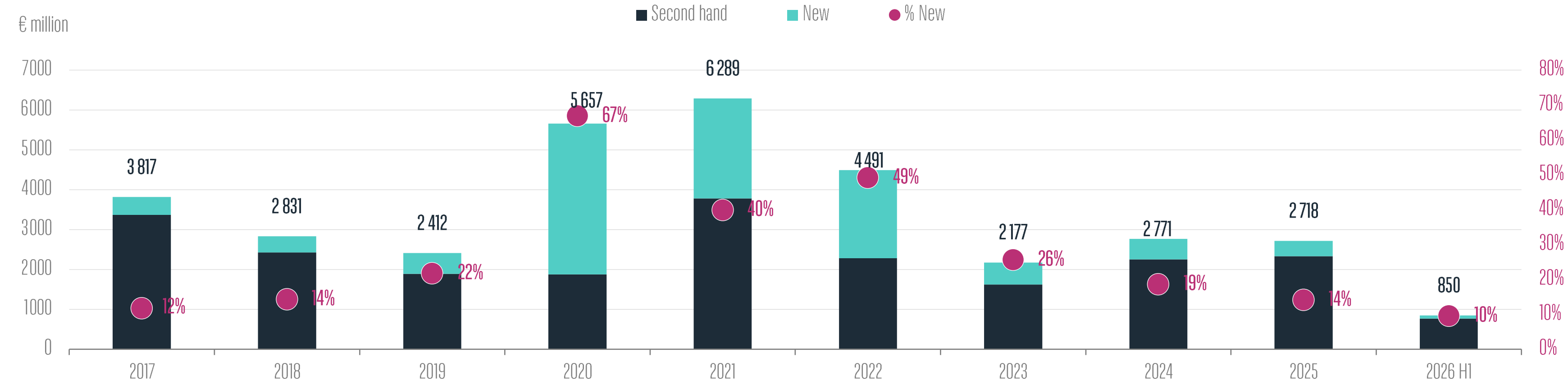
Investment volumes - Conventional and Intermediate markets
France



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> *"Despite slowing investment in French residential real estate in H1 2026, we saw a 30% increase in our residential block mandates over the period. This positive trend should continue at least until the end of Q3 2026."*
>
> Thomas DUTEY-HARISPE
> Directeur Adjoint BNPPRE
> Investissement Résidentiel

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CONVENTIONAL AND INTERMEDIATE MARKETS

Deals worth between € 5m and € 20m accounted for around half of the residential real estate market in terms of value and two-thirds in terms of the number of transactions.

A deal for over € 200m was recorded in the 6th arrondissement of Paris in H1. This alone accounted for over a quarter of investment during the period.

Once again, Paris and its suburbs were the main business drivers. With around € 789m invested, the capital and its hinterland accounted for 93% of total residential investment in H1 2026.

KEY FIGURES

CONVENTIONNAL MARKET

835 M€ (volume)

98% (share)

NTERMEDIATE MARKET

14 M€ (volume)

2% (share)

PORTFOLIO VS SINGLE-ASSET DEAL

0% / 100%

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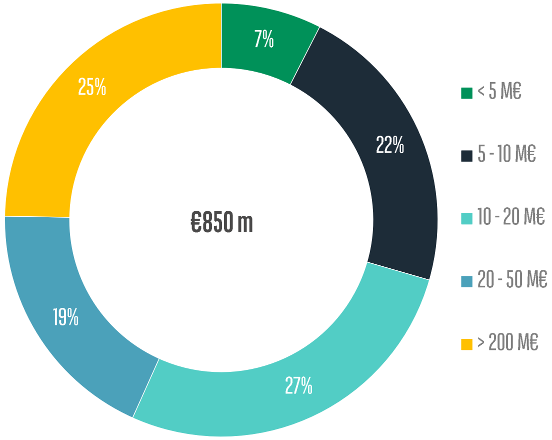
Major deals

TYPOLOGY	ASSET CLASS	BUYER	PRICE
Conventional	Paris 06	GCI et un family office	€ 210 M
Conventional	Paris 05	Groupe Sillam	€ 45 M
Conventional	Courbevoie	Fidelity international	€ 43 M
Conventional	Paris 11	NC	€ 30 M
Conventional	Paris 09	NC	€ 20 M

Volume size – 2026 H1

France



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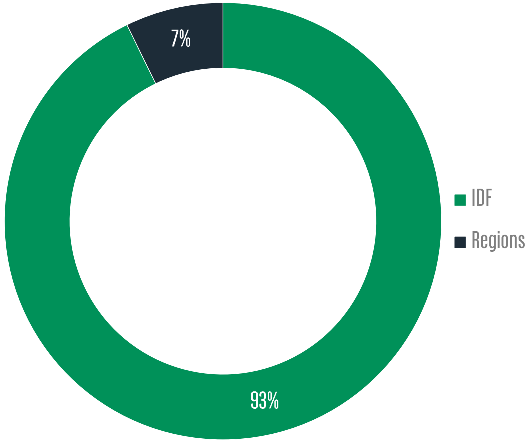
Investment volumes

France



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Investment in managed housing was dominated by student accommodation in H1 2026.

KEY FIGURES

€ 362 M
invested in managed markets in France
In 2026 H1

-55% vs 2025 H1

-65% vs 2025 H1
STUDENT

+36% vs 2025 H1
SENIOR

+111% vs 2025 H1
COLIVING

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MANAGED RESIDENTIAL MARKETS

Managed housing also suffered early this year. Investment in this segment slumped 55% compared with last year to € 362m.

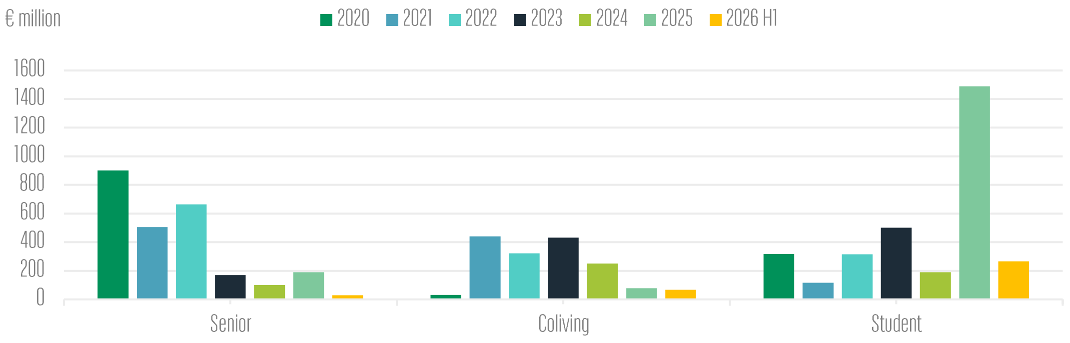
However, there are nuances behind this figure.

The main market driver has been student accommodation, which has accounted for 74% of investment in managed residential real estate since the beginning of 2026. Although this figure declined by 65% overall, the situation is very different once portfolios are stripped out. Investment in student accommodation then actually increased by 47% year-on-year to € 270m. This makes it the best first half since 2017.

Turning to care homes, around € 30m was invested in H1, up 73% on the year-earlier period.

After a sluggish first quarter, the co-living market rallied thanks to the sale of Sogeprom Réalisations to Groupama and CDC for around € 40m. Therefore, over € 66m was invested in this segment in H1 2026, compared with around € 31m a year earlier.

Investment volume - Managed Residential Market
France



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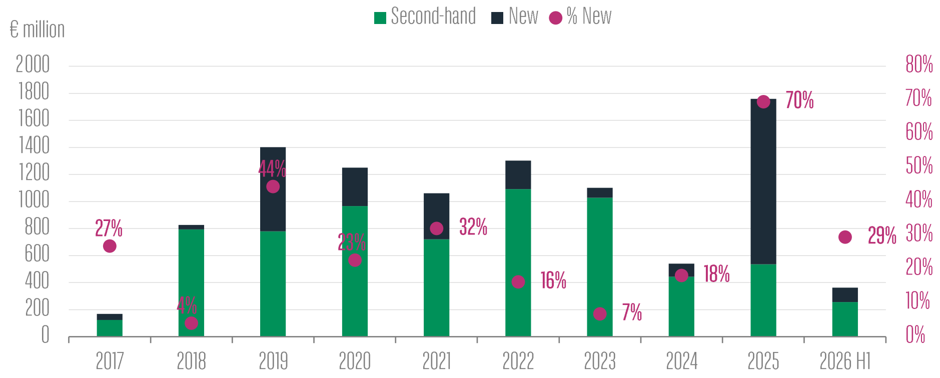
Investment volume - Managed Residential Market
France



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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

NOISY-LE-GRAND
Immeuble Le Copernic
15 boulevard du Mont d'Est
93160 Noisy-le-Grand
Tél. : +33 (0)1 47 59 17 21

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
42, 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

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

Nora JACINTHO
Analyst
nora.jacintho@realestate.bnpparibas

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