REVIEW

INVESTMENT MARKET

FRANCE Q3 2026



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RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

KEY FIGURES

+4.82 %
10-YEAR OAT (Sept. 2026)

+0.5 %
GDP growth in France in 2026
(Forecast BNP Paribas - Sept. 2026)

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ECONOMICAL BACKDROP

The conflict in the Middle East continues to cast gloom over the global economic outlook. The surge in oil prices, with Brent rising back above USD100 per barrel in September – six months after the start of the conflict – dealt a further blow to the global economy. Inflation forecasts have therefore been raised, with the euro area HICP now expected to rise by 3.1% in 2026 and 3.0% in 2027.

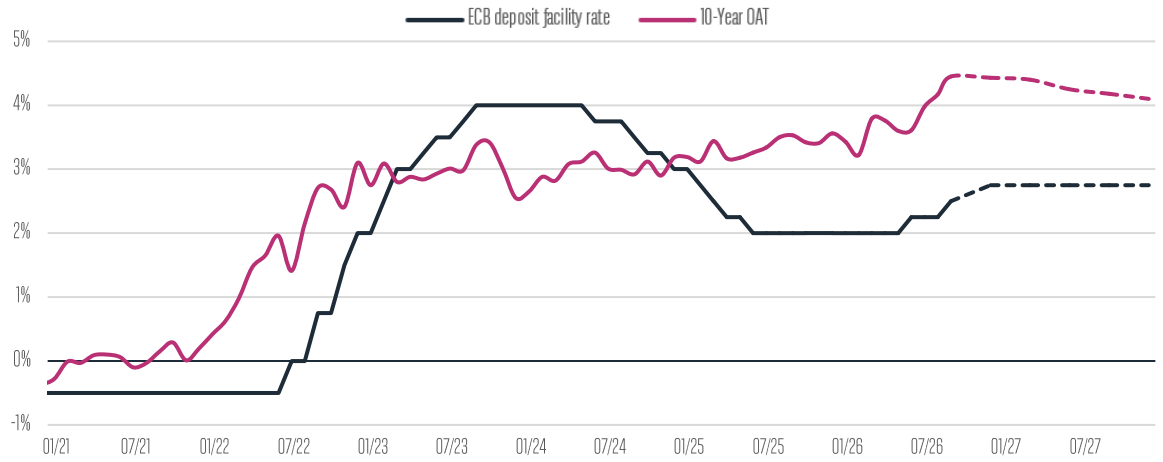
To contend with this persistent inflationary pressure, the ECB raised its key interest rate by 25 basis points in June and again in September, while a third tightening move is expected in Q4. Sovereign bond yields expanded dramatically over the summer, hitting their highest point since 2008, against a backdrop of ongoing political and budgetary uncertainty across the continent.

Although growth forecasts for the eurozone remain broadly unchanged, France is still underperforming, with GDP growth expectations lowered to just +0.5% in 2026. Political uncertainty ahead of the 2027 presidential election continues to dampen the outlook. There are also budgetary constraints and a significant expansion in OAT yields (4.82% at end September 2026), reducing room for manoeuvre and limiting the short-term economic recovery.

Unemployment rose for the seventh consecutive quarter, reaching 8.1% in mainland France at the end of Q2.

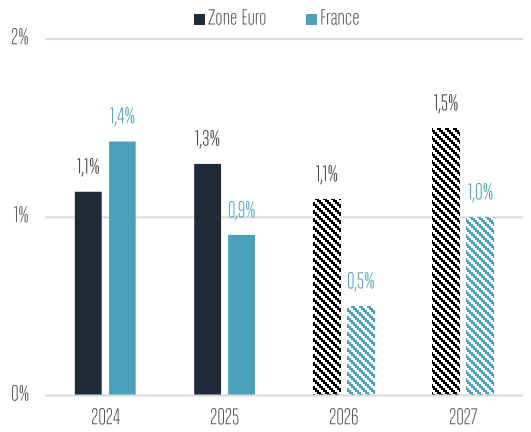
Household confidence remains severely weakened, dragged down by a series of political, economic and geopolitical uncertainties. The index is still well below its long-term average, prompting households to remain cautious and limiting the consumption recovery.

ECB deposit facility rate and 10-Year OAT

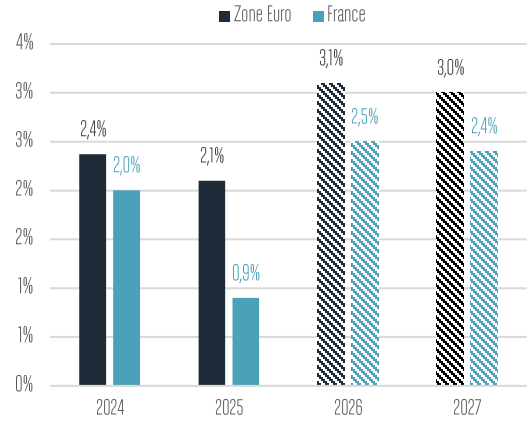


Sources : BNP Paribas, BCE, treatments BNP Paribas Real Estate

GDP growth



Inflation



Sources : BNP Paribas, BCE, treatments BNP Paribas Real Estate

Q3 2026 INVESTMENT FRANCE

Investment in commercial real estate is increasingly constrained, but buoyed by a few landmark deals

KEY FIGURES

€ 12.3 bn
INVESTED IN 2026 9M

+10%
vs 2025 9M

487
DEALS

€ 25 M
AVERAGE SIZE

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OVERVIEW

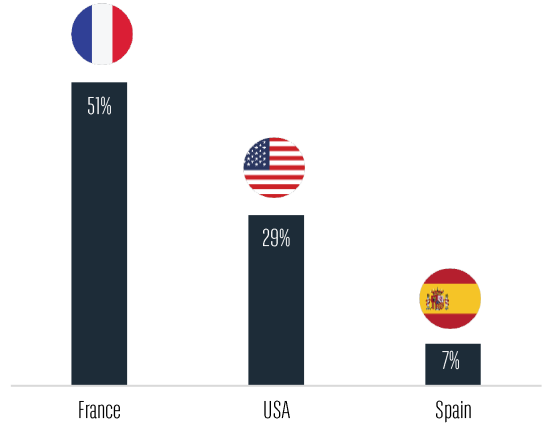
With more than €12 billion invested since the beginning of the year, investment is currently going through a turbulent period. The 10% increase compared to 2025 does not show the heavy reliance on a few exceptional transactions, including the sale of the Proudreed portfolio in Q2 and that of Capital 8, which was finalised in July. All told, there have been 10 transactions for over € 200m since the beginning of the year. Apart from these deals, market activity remains subdued. With just € 3.9bn invested, this last Q3 was one of the weakest on record in over a decade.

Offices are once again the leading asset category, accounting for around a third of the total investment since the start of the year. French investors account for barely half of the total, while international capital continues to feature prominently. US investors play a leading role, driven in particular by acquisitions by Blackstone, Blue Owl and Morgan Stanley. With respect to European investors, Spain stands out thanks to Pontegadea's acquisition of Capital 8, while British players such as Barings and M&G remain active, especially in the industrial asset segment.

Against a backdrop of poor economic visibility, ongoing budget worries and rising borrowing costs, investors who are still trading are being extremely selective, while others prefer to wait and see. 2026 is expected to end with investment below € 16bn, showing that hopes for a recovery may be unfulfilled.

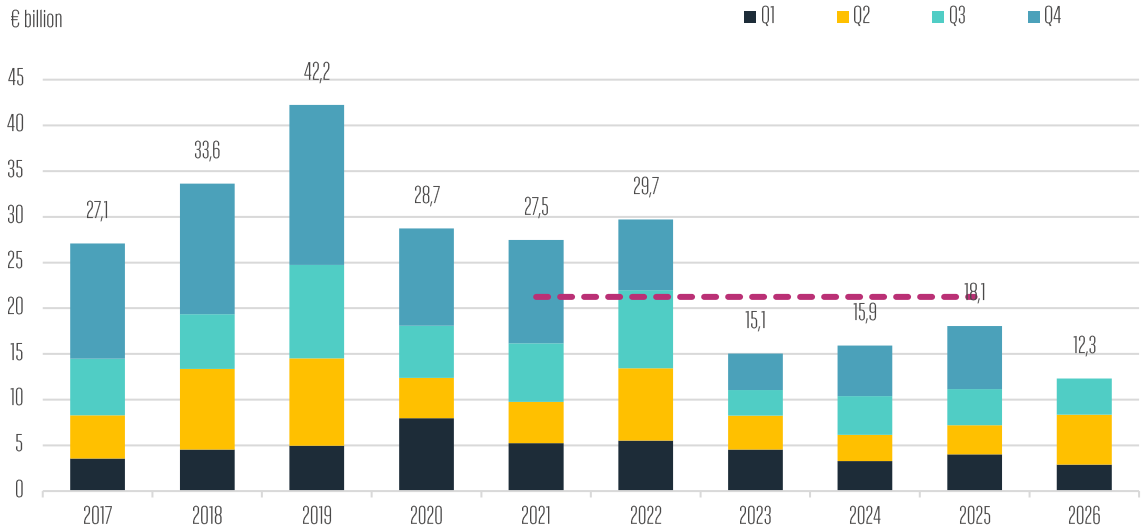
Investors' nationality

All asset classes



BNP Paribas Real Estate - Research

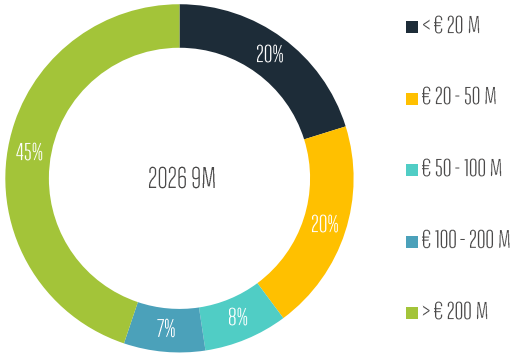
Investment in commercial real estate in France



BNP Paribas Real Estate / InmoStat - Research

Breakdown of investment by volume size

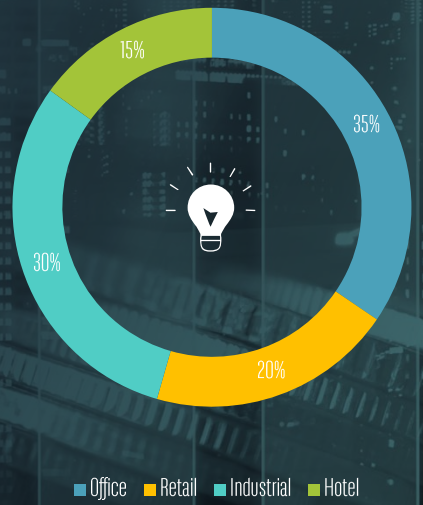
All asset classes



BNP Paribas Real Estate / InmoStat - Research

Performances vary across asset classes.

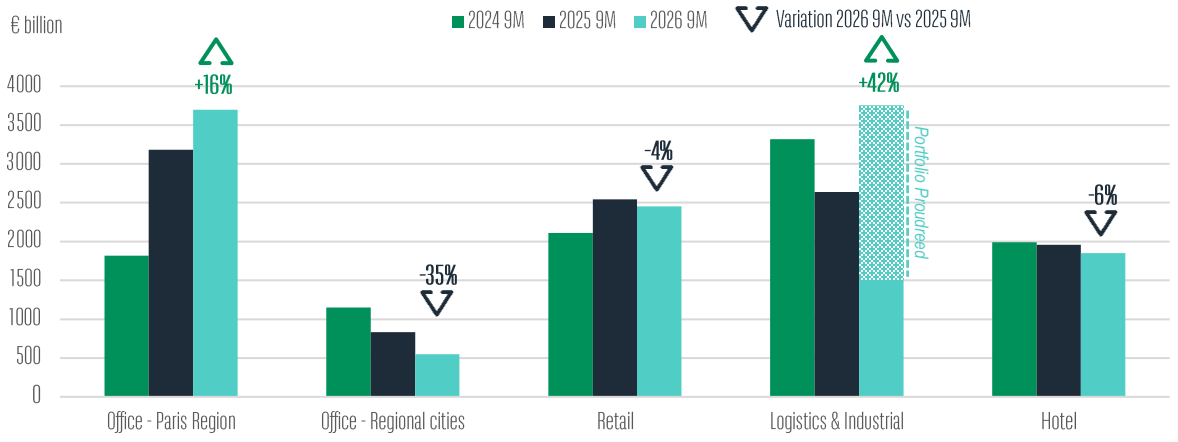
Breakdown of investment by asset classes - 2026 9M



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INVESTMENT MARKET BY ASSET CLASSES

Investment by asset classes



BNP Paribas Real Estate / ImmoStat - Research

Major deals

TYPOLOGY	ASSET CLASS	BUYER	PRICE
Industrial	Portfolio Proudreed	Blackstone	> € 2 bn
Office	Capital 8	Pontegadea France	€ 875 M
Retail	29-33 Champs Élysées	Bain Capital / Black Swan Real Estate Capital / Revcap	€ 430 M
Hotel	Pullman Paris Tour Eiffel	Batipart / CDC Investissement / Société Générale Assurances / QuinSpark	€ 430 M
Retail	91 Champs Élysées	Foncière Renaissance / Mimco	€ 322 M

Office

Offices are still the leading asset type in France, with € 4.2bn invested over the first nine months of the year, representing around a third of total investment. However, this figure fails to show the high concentration in just a few high-profile deals in the Île-de-France region. As such, the acquisition of Capital 8 by Pontegadea for around € 835m was the highlight of Q3. Investment figures for the regions suffered from the lack of major deals. Overall, the trend is still fragile, impacted by tighter lending conditions and higher borrowing costs, as well as a slowdown in rental markets.

Retail

Investment in retail has slowed slightly. In the absence of major deals comparable to those made on the Champs-Élysées in H1, investment in Q3 came to barely € 600m, reflecting a market that remains heavily dependent on a few prime assets changing hands. High-street retail retains its dominant position accounting for 63% of investment, i.e. € 1.6bn since the start of the year, driven largely by mid-cap transactions. Meanwhile, the suburbs account for around a third of investment, underpinned by strong demand for retail parks.

Industrial

The lack of major deals worth over € 200m – except for the Proudreed portfolio – is weighing on allocations to logistics and industrial premises. Few large portfolios have been put on the market in 2026, as owners who are not under pressure prefer to wait for more favourable conditions rather than accept a discount. In this context, investors are clearly favouring Core/Core+ investments, reflecting a growing appetite for risk aversion. The lack of off-plan acquisitions during the quarter reflects this caution, with buyers reluctant to take on developments with higher rental and financial risks.

Hotel

Hotels still stand out for their resilience, underpinned by solid fundamentals and the strong performance of the tourism sector in France. These factors are buoying the sector's operational performance and sustaining investor interest in the asset category. As such, over €1.9bn was invested over the first nine months of the year. Although this figure is lower than in 2025, hotels are holding up very well in the current difficult real estate climate. The sector therefore continues to attract investors, who see it as an opportunity to diversify in a highly selective market.

YIELDS

Hopes for a gradual market recovery faded over the summer. The sharp rise in the 10-year OAT, which stood at around 4.8% at the end of September, has renewed pressure on borrowing conditions and triggered a further correction in asset values. The deterioration in financial fundamentals is reflected in the yield expansion across all asset classes. As such, the prime office yield in Paris CBD is expected to reach around 4.75% by the end of the year. In retail, high-street yields are also widening to 4.75%. By contrast, retail parks continue to attract occupiers and investors, resulting in a prime yield of less than 6.00%, down 60 basis points vs. end-2025. Logistics remains more vulnerable, with prime yields now close to 5.50%.


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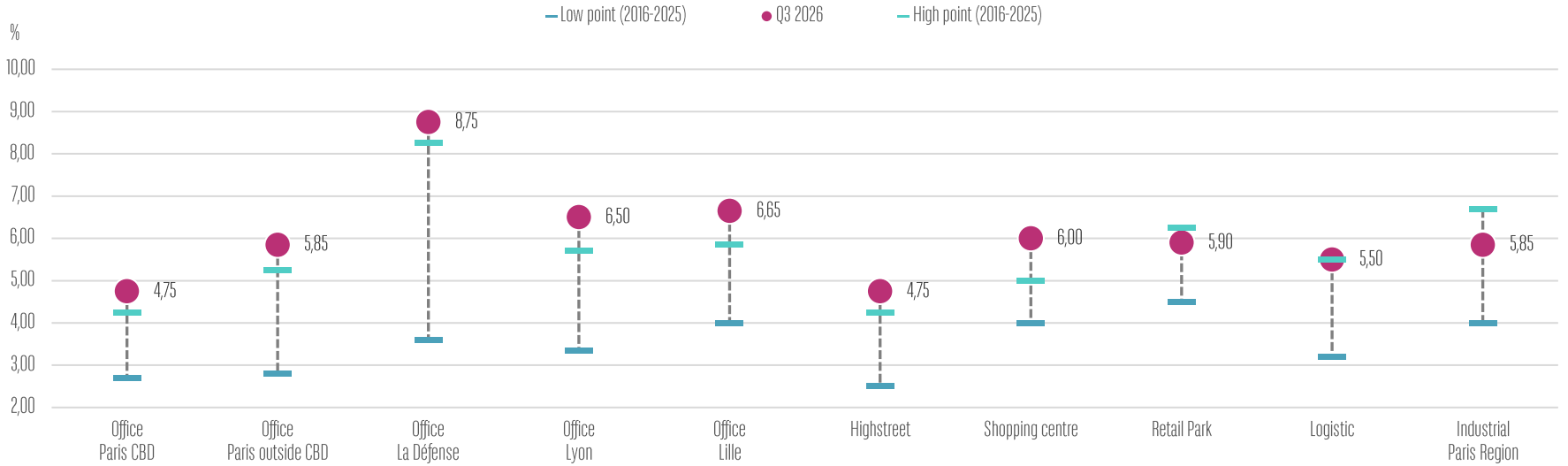
"The sharp rise in interest rates, budgetary and fiscal uncertainties, as well as limited economic visibility, continue to hamper decision-making and affect market liquidity." In this context, only secure assets or those offering clear value-creation potential are likely to find buyers on favourable terms; the rest may be subject to significantly higher discounts."



Brice de Germay
Deputy CEO
BNP Paribas Real Estate Advisory France

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Prime yield



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