BNP PARIBAS REAL ESTATE

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AT A GLANCE Q1 2021

PARIS OFFICE MARKET

Green shoots on the rental market

327,400 m²
Take-up in Q1 2021
(-30% vs Q1 2020)

5.4 M m²
Availability within a year
(+ 20% vs Q1 2020)

6.9%
Vacancy rate

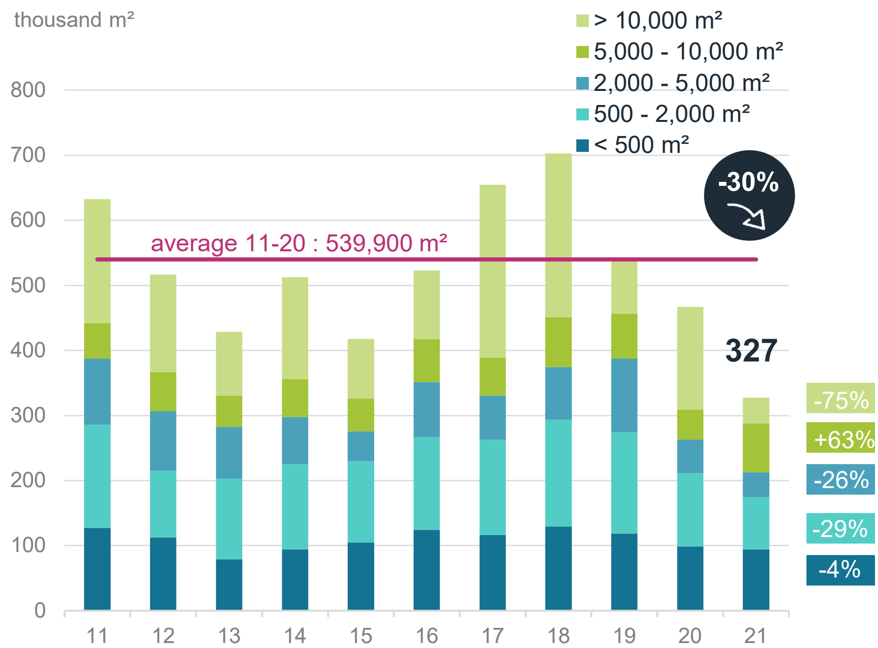
Healthy trend on the large unit segment

After a particularly difficult year in 2020, take-up was still down 30% in Q1 2021, coming in at 327,400 m². Even though most of this decline relates to the high comparative figure following TOTAL's 126,000 m² move in Q1 2020 to The Link in La Défense, take-up is still substantially lower than its 10-year average (539,900 m²).

Nevertheless, the large unit segment was robust, with 13 transactions > 5,000 m² (vs. 10 in Q1 2020) totalling 115,000 m², largely driven by the 5,000 – 10,000 m² segment (+63% over one year).

Small and medium-sized units started the year timidly, but the fall of -19% over one year was less than in previous quarters.

Transactions over 3 months by size



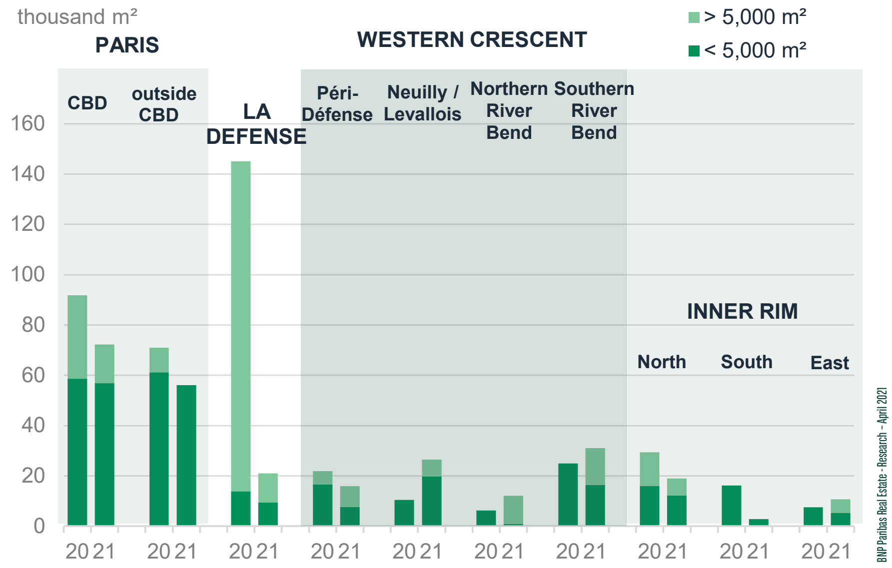
Growth for the Western Crescent

There are major differences between districts. On the one hand, the Western Crescent enjoyed strong growth over the year, mainly thanks to Neuilly/Levallois and the Northern and Southern River Bends, which saw a revival in transactions for space > 5,000 m² after no such transactions in this segment last year.

Conversely, some districts have seen dramatic slides: La Défense (for which the fall mainly stems from the transaction recorded in Q1 2020) and the Southern Inner Rim, where transactions all but dried up (-82% over one year).

Paris Inner City is faring better than the previous quarters with a fall of 21% over one year.

Take-up over 3 months by district

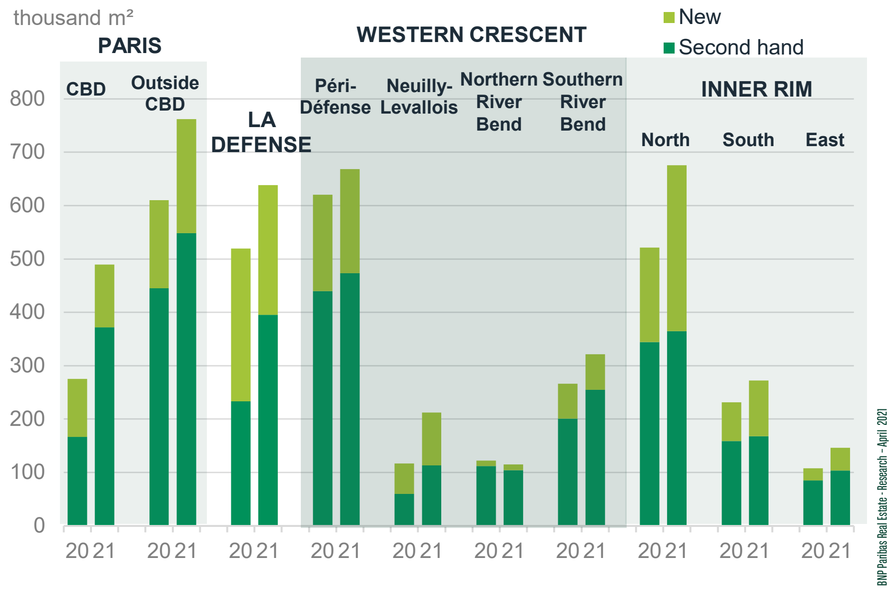


Availability continues to rise

Unsurprisingly, availability within a year has continued to rise and now stands at 5.4 million m² as of April 1, 2021 (+20% over one year). The share of new and refurbished offices has stabilised at around 29% of availability.

Meanwhile, offices under construction remain at a historically high level (1.8 million m²). Most of the sites are in the Northern Inner Rim (24%), Péri-Défense (17%) and La Défense (15%), which will swell the availability in areas that are already oversupplied. Conversely, new schemes are slowing, with granted building permits sliding further (-18% over one year).

Availability within a year (to April 1st)

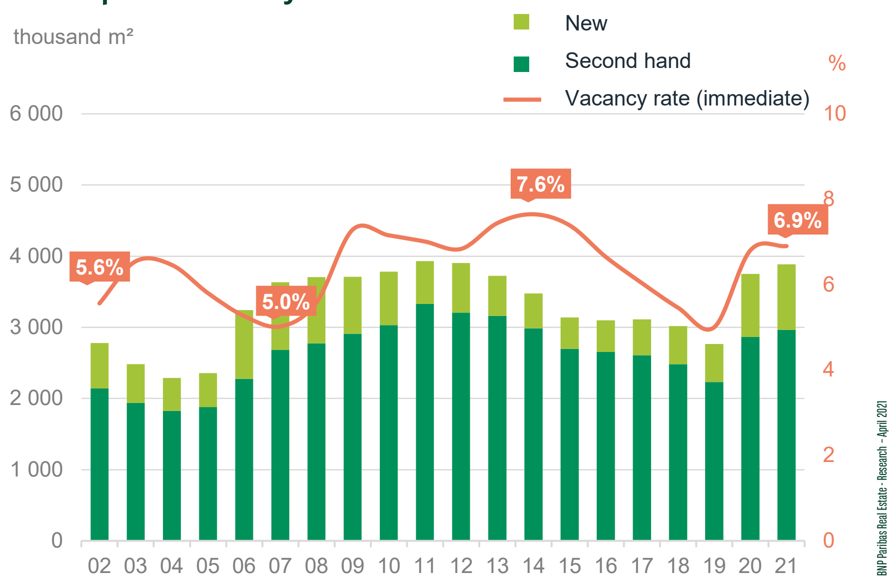


Moderate increase in the vacancy rate

The office vacancy rate in Île-de-France continues to grow more moderately and stood at 6.9% at the end of Q1 2021. There are still major variations between districts, with a vacancy rate of 3.9% in Paris CBD while it stands at 18% in Péri-Défense. This contrast between districts will certainly affect rental trends, which have been relatively unscathed by the health crisis so far.

The rental adjustment is likely to firstly affect assets that only partly meet occupiers' expectations, in terms of location and work space (particularly the criteria of wellbeing, agility, resilience, etc.). Conversely, rents for prime assets should remain high: for example the prime rent in Paris CBD has increased again to € 915/m²/year.

Vacant space and vacancy rate



Ile de France offices – key figures

	Q1 2020			Q1 2021			Immediate supply variation	Take-up variation
	Immediate supply* (m²)	Vacancy rate* (%)	Take-up (m²)	Immediate supply* (m²)	Vacancy rate* (%)	Take-up (m²)		
Paris CBD	105 000	1,6%	92 000	263 000	3,9%	72 000	+150%	-21%
Paris outside CBD	315 000	3,0%	71 000	532 000	5,0%	56 000	+69%	-21%
La Défense	184 000	5,5%	145 000	386 000	11,2%	21 000	+110%	-86%
Péri-Défense	504 000	16,2%	22 000	571 000	18,0%	16 000	+13%	-27%
Neuilly/Levallois	58 000	3,9%	11 000	110 000	7,3%	26 000	+90%	+152%
Northern River Bend	84 000	10,1%	6 000	95 000	11,7%	12 000	+13%	+95%
Southern River Bend	171 000	6,7%	25 000	195 000	7,8%	31 000	+14%	+25%
Northern Inner Rim	326 000	10,1%	29 000	400 000	12,7%	19 000	+23%	-35%
Southern Inner Rim	122 000	5,0%	16 000	191 000	8,0%	3 000	+57%	-82%
Eastern Inner Rim	75 000	3,1%	8 000	91 000	3,7%	11 000	+21%	+42%
Outer Rim	972 000	5,4%	43 000	953 000	5,3%	60 000	-2%	+41%
Total	2 916 000	5,4%	468 000	3 787 000	6,9%	327 000	+30%	-30%

* end of period

	Availability within a year (m²)			Space under construction (m²)		
	Q1 2020	Q1 2021	Variation Q1 2021 / Q1 2020	Q1 2020	Q1 2021	Variation Q1 2021 / Q1 2020
Paris CBD	275 000	490 000	+78%	153 000	166 000	+8%
Paris outside CBD	610 000	762 000	+25%	133 000	178 000	+34%
La Défense	520 000	638 000	+23%	425 000	257 000	-40%
Péri-Défense	620 000	668 000	+8%	200 000	299 000	+50%
Neuilly/Levallois	117 000	212 000	+81%	88 000	104 000	+18%
Northern River Bend	122 000	115 000	-6%	6 000	0	-
Southern River Bend	266 000	322 000	+21%	56 000	37 000	-34%
Northern Inner Rim	522 000	675 000	+29%	399 000	418 000	+5%
Southern Inner Rim	232 000	272 000	+17%	171 000	220 000	+29%
Eastern Inner Rim	108 000	146 000	+35%	62 000	96 000	+55%
Outer Rim	1 091 000	1 066 000	-2%	73 000	73 000	0%
Total	4 483 000	5 366 000	+20%	1 766 000	1 848 000	+5%

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(JANUARY 2021)

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