



**AT A GLANCE  
Q2 2021**

**INVESTMENT IN FRANCE**

**MARKET RECOVERY EXPECTED IN THE SECOND HALF**

**ECONOMIC ENVIRONMENT**

The first half of the year was still hampered by health restrictions, yet vaccination campaigns offer cautious hope for an improvement in the economy, and H1 was encouraging. The recovery in activity and the fiscal measures used to limit the economic crisis could push up interest rates and inflation (expected at +2.1% in the Eurozone in 2021). However, central banks are maintaining a proactive approach and increases should remain moderate. French GDP growth should come in at +6.0% in 2021, above the European average of +4.8%. This growth should continue next year (+4.6%), and the pre-crisis level should be exceeded from H1. The two unknowns that could dictate the strength of the recovery are the use of "Covid savings" made by the French in 2020, and the spread of new variants as the vaccination campaign loses momentum going into summer.



**+6.0%**

GDP growth  
in France in 2021

(Forecast BNP Paribas - June 2021)



**-0.55%**

OAT 10 years  
End 2021

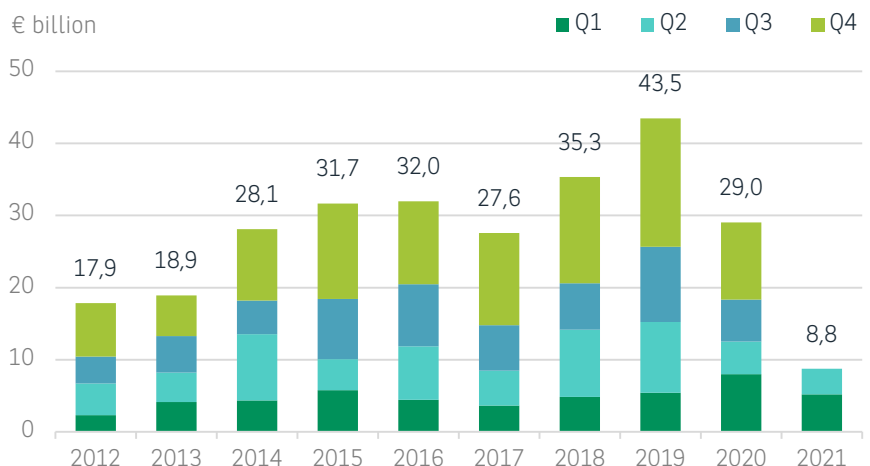
(Forecast BNP Paribas - June 2021)

**INVESTMENT IN FRANCE**

Investment in commercial real estate in France in H1 2021 slumped 30% compared to the previous year, to just € 8.8bn. This slowdown had been expected: the number of assets put up for sale in H2 2020 fell dramatically so it was only natural for fewer sales to culminate in Q2 2021.

However, the very high level of activity in recent months suggests a very buoyant second half of the year. On the Île-de-France office segment alone, more than 20 deals of over € 100m should be signed before the end of 2021. As such, the full-year investment figure should be quite respectable.

**Investment in commercial real estate in France**



BNP Paribas Real Estate - Research - July 2021

INVESTMENT MARKET BY ASSET CLASSES



€ 5.5 bn

invested in Office



€ 558 M

invested in Retail



€ 2.0 bn

invested in Logistic & Industrial



€ 637 M

invested in Services

Overall, investment has fallen in all asset segments. That said, the declines have been more significant for Retail and Offices than for Industrial premises and Hotels.

Over the first six months of 2021, €5.5 billion was invested in offices, which is 27% less than in 2020 and 14% less than the 10-year average. The fall was more dramatic in Île-de-France (-34%), while offices in the regions held up well (+1%). Only 3 transactions for over € 200m have been signed since the beginning of the year: SHIFT in Issy-les-Moulineaux, the ALTAÏS tower in Montreuil and LE MILLÉNAIRE 1 in the 19th arrondissement of Paris. By way of comparison, 10 deals of over € 200m were signed over the first 6 months of 2020. The three biggest deals in the regions were signed in the southeast. These were the ASTROLABE and LE VIRAGE buildings in Marseille and the CENTRIUM schemes in Nice, all for sums in excess of € 60m.

Interestingly over the first half, Industrial assets leapfrogged Retail to become the second favourite category among investors after Offices. The industrial sector has been developing constantly and an increasing number of investors are seeking to invest. Over the first six months of the year, € 2bn was invested in Logistics and Industrial Premises, i.e. stable compared to last year. The very high number of negotiations underway points to an excellent 2021 for this sector, which could once again top € 5bn. Highlights of the first half year included the sale of two pan-European portfolios: the first was that of OMEGA sold by Clarion to Dream Industrial REIT and the second was the

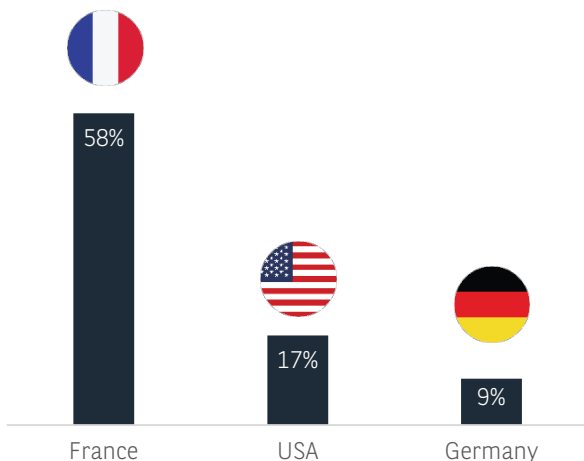
acquisition by JP Morgan of the FAIRWAY portfolio, made up of several assets in the UK, Ireland and two warehouses in the North of France. Investment in industrial premises also flourished, including the sale of a portfolio of 26 assets located in Île-de-France, sold for over € 150m.

Hit hard by health restrictions, the retail sector has long suffered from the crisis, with retailers weakened by successive lockdowns and investors cautious. There have been no very large-scale deals as yet to boost the market. Nevertheless, there should be renewed momentum in the second half with several deals for over € 100m, starting with the culmination of transactions for the Mulberry and & Other Stories boutiques on Rue Saint-Honoré, as well as the Decathlon portfolio.

For hotels, after a difficult start to the year, several significant transactions were signed in the second quarter, such as the SCSP portfolio, which was sold for € 92m, and the TIMHOTEL BERTIER hotel in the 17th arrondissement of Paris, bought by Swisslife for € 73m. Over the first six months of the year, more than €500m was invested in this sector, up 12% on 2020.

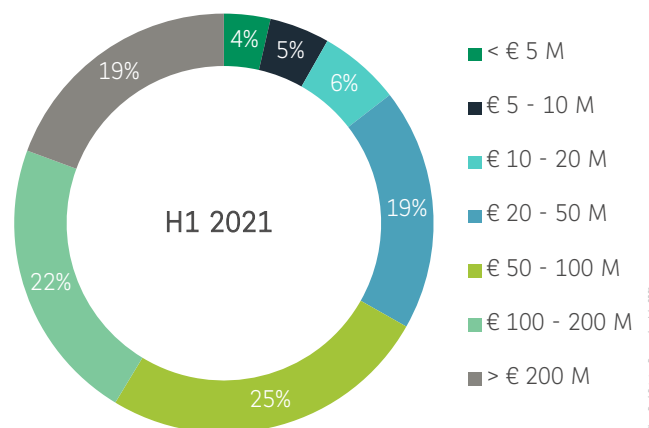
Investors' nationality

All asset classes



Breakdown of investment by volume size

All asset classes



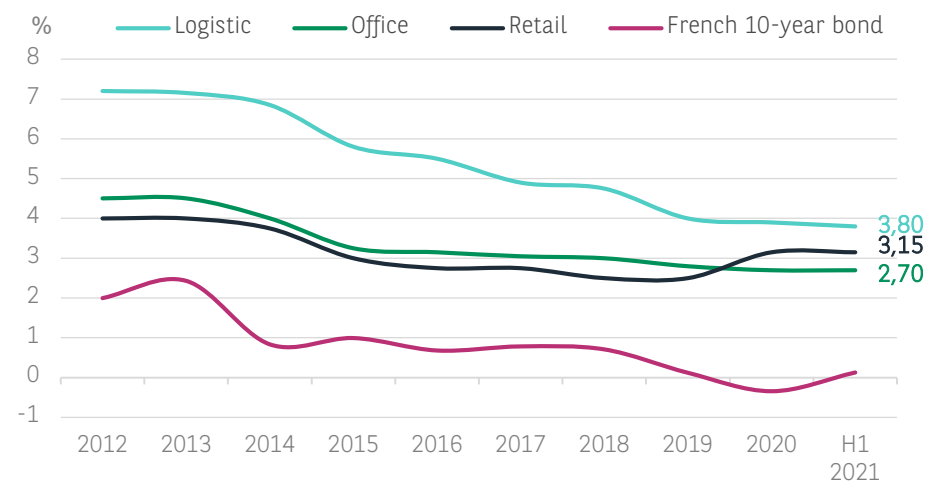
BNP Paribas Real Estate - Research - July 2021

## YIELDS

There was little change in prime yields over H1, which stand at 3.80% for Logistics, 3.15% for Retail and 2.70% for Offices.

Against a backdrop of abundant liquidity and with the risk premium still very advantageous for real estate, prime yields are likely to contract over the second half of the year. The prime yield for offices should draw close to 2.50% and Logistics should narrow to around 3.50%. In the wake of the health crisis, only Retail premises have seen the prime yield widen, to around 3.15%. This figure is now expected to stabilise.

### Prime yields and French 10-year bond



BNP Paribas Real Estate - Research - July 2021

### Prime yields in France

Offices in Île-de-France	Q2 2019	Q2 2020	Q2 2021	Trend 2021 / 2020
Paris CBD	3,00	2,80	2,70	↘
Paris outside CBD	3,25	3,10	2,90	↘
La Défense	4,00	4,00	4,00	→
Western Crescent	3,25	3,25	3,20	↘
Inner Rim	3,80	3,80	3,60	↘
Outer Rim	5,15	4,85	4,85	→

Offices in Regions	Q2 2019	Q2 2020	Q2 2021	Trend 2021 / 2020
Lyon	3,85	3,50	3,50	→
Aix / Marseille	4,70	4,50	4,20	↘
Lille	4,15	4,15	4,15	→
Nice / Sophia Antipolis	4,75	4,75	4,75	→
Toulouse	4,75	4,50	4,50	→
Strasbourg	5,80	5,45	5,45	→
Nantes	4,75	4,50	4,50	→
Bordeaux	4,95	4,65	4,30	↘

Logistic & Industrial	Q2 2019	Q2 2020	Q2 2021	Trend 2021 / 2020
Logistic	4,50	4,00	3,80	↘
Industrial	5,60	5,00	4,50	↘

Retail	Q2 2019	Q2 2020	Q2 2021	Trend 2021 / 2020
Street-level store in Paris	2,50	3,00	3,15	↗
Shopping centres in France	4,75	4,25	4,25	→
Retail parks in France	4,60	5,00	5,25	↗

# LOCATIONS

(JANUARY 2021)

## HEADQUARTER

167, quai de la Bataille de  
Stalingrad  
92867 Issy les Moulineaux Cedex  
Tél. : +33 (0)1 55 85 20 04

## ÎLE-DE-FRANCE

### 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

## REGIONS

### AIX-EN-PROVENCE

Parc du Golf - Bât 33  
350, rue Jean René Guillaibert  
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

### 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 3

### GRENOBLE

Immeuble Le Grenat  
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

Sillex 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

WTC-Technopôle de Metz  
2, rue Augustin Fresnel  
57082 Metz cedex 3  
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 XX<sup>ème</sup> Corps  
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

# CONTACT

## RESEARCH FRANCE

Guillaume JOLY  
Head of Research France  
guillaume.joly@bnpparibas.com

Lucie MATHIEU  
Investment Analyst  
lucie.mathieu@bnpparibas.com

## TRANSACTION

Laurent BOUCHER  
Chairman Managing Director  
Advisory France  
Tél. : +33 (0)1 47 59 23 35  
Laurent.boucher@bnpparibas.com

Olivier AMBROSIALI  
Head of Capital Markets  
Tél. : +33 (0)1 47 59 17 49  
olivier.ambrosiali@bnpparibas.com

Cyril ZAPRILLA  
Head of Capital Markets  
Retail France  
Tél. : +33 (0)4 47 59 23 91  
cyril.zaprilla@bnpparibas.com

Pierre-Michel OLIVIER  
Head of Capital Markets Regions  
Tél. : +33 (0)1 47 59 23 61  
pierre-michel.olivier@bnpparibas.com

Larry YOUNG  
Head of International Investment Group  
Tél. : +33 (0)1 47 59 20 11  
larry.young@bnpparibas.com

Franck POIZAT  
Head of Logistics Investment  
& Letting teams - Partner  
Tél. : +33 (0)1 47 59 17 34  
franck.poizat@bnpparibas.com

KEEP-UP-TO-DATE WITH BNP PARIBAS REAL ESTATE'S NEWS WHEREVER YOU ARE

 #BEYONDBUILDINGS



www.realestate.bnpparibas.com



**BNP PARIBAS**  
**REAL ESTATE**

Real Estate  
for a changing  
world