BNP PARIBAS REAL ESTATE

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# AT A GLANCE Q2 2021

# PARIS OFFICE MARKET

## Rental market still convalescing

**765,600 m²**
Take-up in H1 2021
(+14% vs H1 2020)

**5.6 M m²**
Availability within a year
(+ 21% vs Q2 2020)

**7.3%**
Vacancy rate

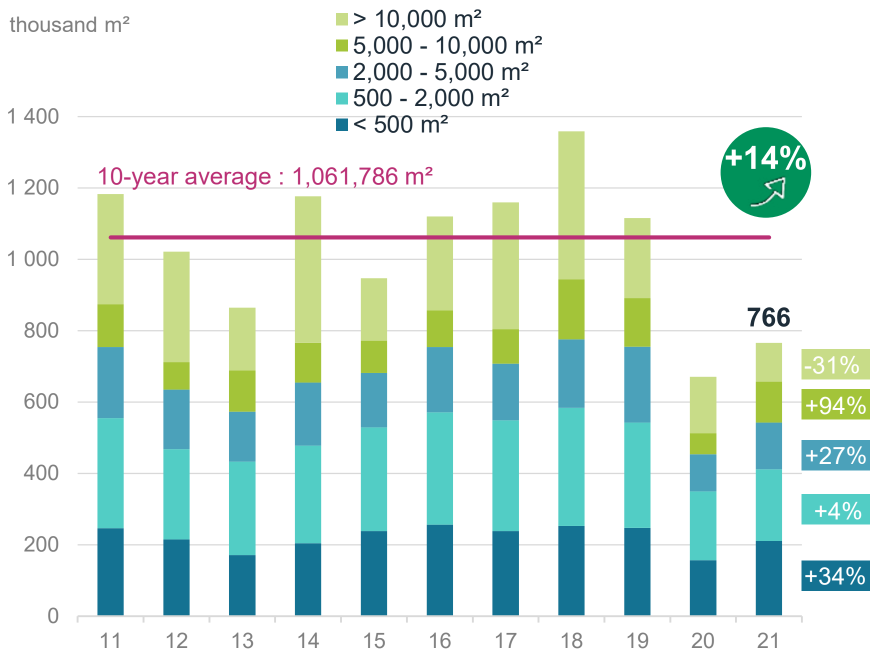
## Slow recovery

With take-up of 765,561 m² over the first six months of the year, the rental market has seen growth (+14% over one year) but is still a long way short of its 10-year average (-28%).

The segment of large units has flourished, with 23 deals signed (vs. 12 in H1 2020). On the other hand, volumes are still low at 222,712 m² (-43% vs. the 10-year average) with only 6 transactions of over 10,000 m². It is therefore the 5,000 – 10,000 m² segment that is driving the rise in large units (+94% over one year).

Small and medium-sized units are also on the rise (+20%) but, like the rest of the market, remain below their ten-year average (-20%).

### Transactions over 6 months by size

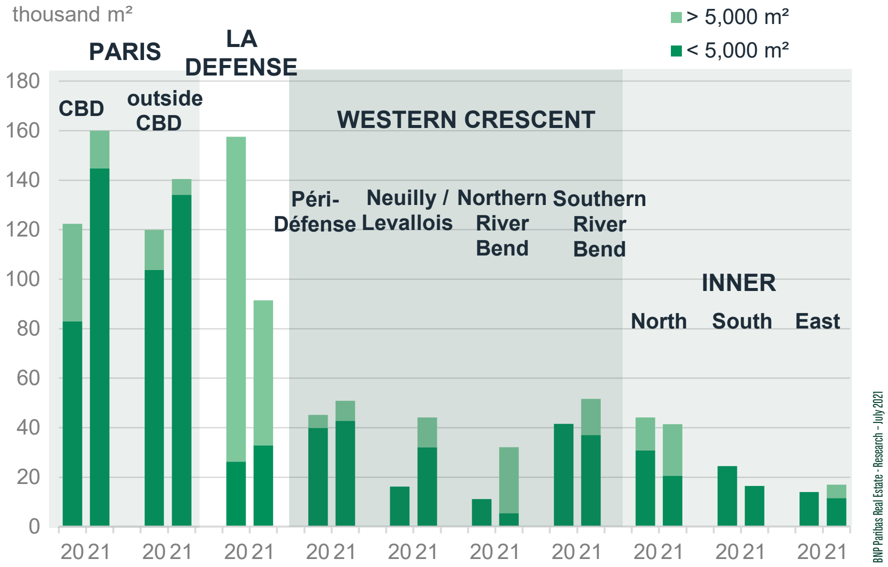


## Marked regional discrepancies

The recovery is varied from district to district. Consequently, Neuilly/Levallois and La Défense have seen take-up close to or above their 10-year averages, largely thanks to deals > 5,000 m² (2 in Neuilly/Levallois and 4 in La Défense) but also a very busy mid-market segment.

Conversely, some districts are still heavily affected by the crisis. This is the case for Paris non-CBD, which has suffered from hardly any large units being transacted (just 1 over the first 6 months of the year). The Northern and Southern Inner Rims are also finding it hard to get going again and are still below their 2020 figures.

### Take-up over 6 months by district



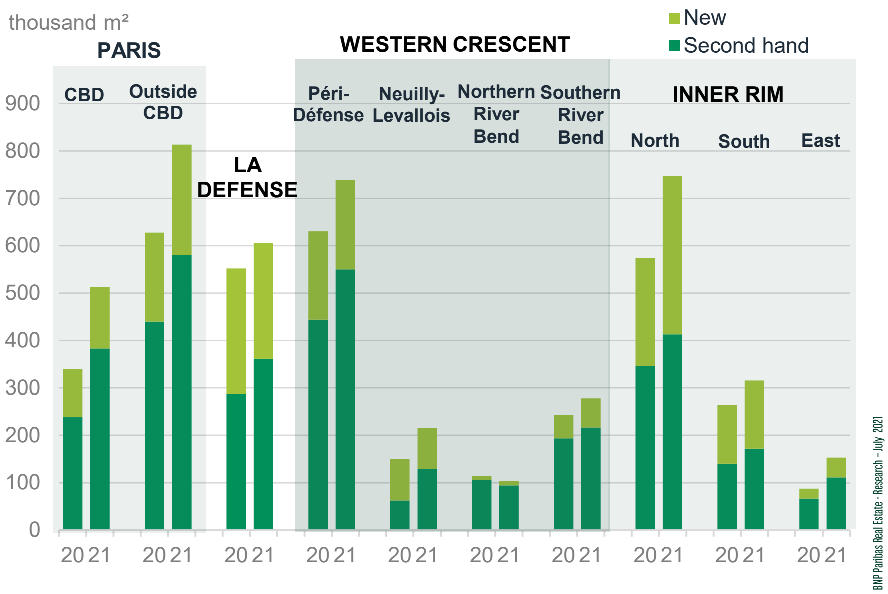

## Widespread increase in supply

Availability within a year continues to grow and stood at 5.6 million m² as of July 1 2021 (+21% over one year).

This trend should last in the coming quarters, notably boosted by units under construction, which represent 1.7 million m². Completions are expected to peak in 2022 with around 900,000 m² new availability.

Meanwhile, the situation in Île-de-France is mixed, with some districts clearly oversupplied (Northern and Southern Inner Rims, Péri-Défense and La Défense) and others undersupplied (Paris CBD and the Southern River Bend).

### Availability within a year (to July 1st)




## Two-speed evolution

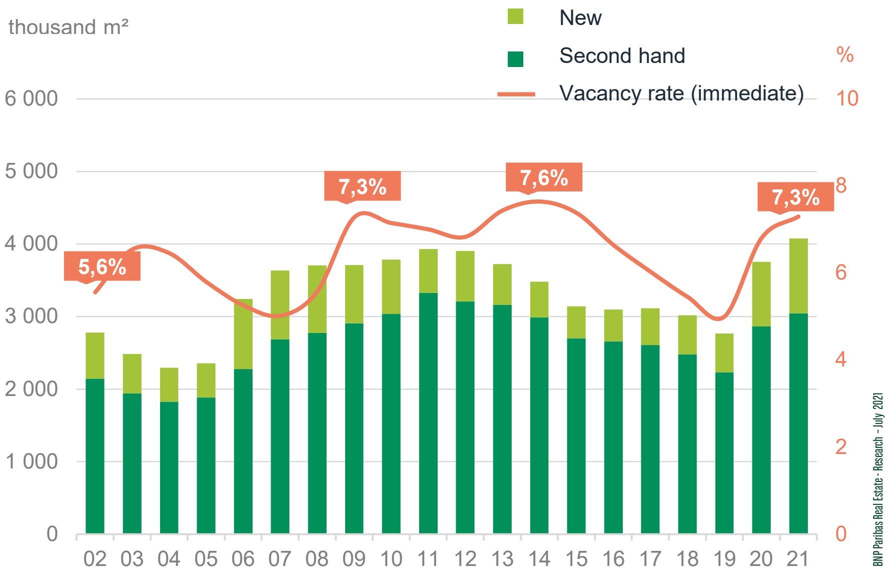
In this context, the vacancy rate in Ile-de-France is still on the rise and stood at 7.3% in Q2 2021.

Although the general trend is upward, the immediate vacancy rate varies greatly between districts. As such, Paris CBD is still at a low level (4.5%) although slightly ahead of its 10-year average. On the other hand, Péri-Défense and the Northern Inner Rim are at respectively 18.5% and 15.3% as of July 1, 2021.

Logically it is in these districts that average rents could see further dips in the coming quarters. The first declines have notably been seen in La Défense and the Southern Inner Rim.

Conversely, prime rents are holding up well or even rising in Île-de-France. Paris CBD has outperformed with the prime rent continuing to rise, up to € 930/m²/year as of the end of H1.

### Vacant space and vacancy rate



## Ile de France offices – key figures

| | H1 2020 | | | H1 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 | 141 000 | 2,1% | 122 000 | 306 000 | 4,5% | 160 000 | +117% | +31% |
| Paris outside CBD | 349 000 | 3,3% | 120 000 | 540 000 | 5,1% | 140 000 | +55% | +17% |
| La Défense | 192 000 | 5,7% | 158 000 | 441 000 | 12,8% | 91 000 | +130% | -42% |
| Péri-Défense | 513 000 | 16,5% | 45 000 | 581 000 | 18,3% | 51 000 | +13% | +13% |
| Neuilly/Levallois | 66 000 | 4,5% | 16 000 | 125 000 | 8,3% | 44 000 | +89% | +175% |
| Northern River Bend | 83 000 | 10,0% | 11 000 | 92 000 | 11,3% | 32 000 | +11% | +191% |
| Southern River Bend | 169 000 | 6,7% | 42 000 | 187 000 | 7,5% | 52 000 | +11% | +24% |
| Northern Inner Rim | 328 000 | 10,1% | 44 000 | 480 000 | 15,2% | 41 000 | +46% | +7% |
| Southern Inner Rim | 126 000 | 5,1% | 24 000 | 187 000 | 7,9% | 16 000 | +48% | -33% |
| Eastern Inner Rim | 69 000 | 2,8% | 14 000 | 108 000 | 4,4% | 17 000 | +57% | +21% |
| Outer Rim | 956 000 | 5,3% | 74 000 | 956 000 | 5,3% | 120 000 | 0% | +62% |
| Total | 2 992 000 | 5,4% | 670 000 | 4 003 000 | 7,3% | 764 000 | +34% | +14% |

* end of period

| | Availability within a year (m²) | | | Space under construction (m²) | | |
|---|---|---|---|---|---|---|
| | Q2 2020 | Q2 2021 | Variation Q2 2021 / Q2 2020 | Q2 2020 | Q2 2021 | Variation Q2 2021 / Q2 2020 |
| Paris CBD | 339 000 | 513 000 | +51% | 142 000 | 183 000 | +29% |
| Paris outside CBD | 628 000 | 814 000 | +30% | 162 000 | 160 000 | -1% |
| La Défense | 552 000 | 605 000 | +10% | 419 000 | 207 000 | -51% |
| Péri-Défense | 630 000 | 739 000 | +17% | 197 000 | 251 000 | +27% |
| Neuilly/Levallois | 151 000 | 216 000 | +43% | 92 000 | 87 000 | -5% |
| Northern River Bend | 114 000 | 104 000 | -9% | 6 000 | 0 | - |
| Southern River Bend | 243 000 | 278 000 | +14% | 61 000 | 37 000 | -39% |
| Northern Inner Rim | 574 000 | 746 000 | +30% | 411 000 | 369 000 | -10% |
| Southern Inner Rim | 264 000 | 315 000 | +19% | 185 000 | 223 000 | +21% |
| Eastern Inner Rim | 87 000 | 153 000 | +76% | 110 000 | 93 000 | -15% |
| Outer Rim | 1 057 000 | 1 138 000 | +8% | 61 000 | 64 000 | +5% |
| Total | 4 639 000 | 5 621 000 | +21% | 1 846 000 | 1 674 000 | -9% |

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(JANUARY 2021)

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