AT A GLANCE Q3 2021

PARIS OFFICE MARKET

Recovery still gradual for the Paris letting market

1,207,900 m²
Take-up in 2021 9M
(+32% vs 2020 9M)

5.4 M m²
Availability within a year
(+ 16% vs Q3 2020)

7.3%
Vacancy rate

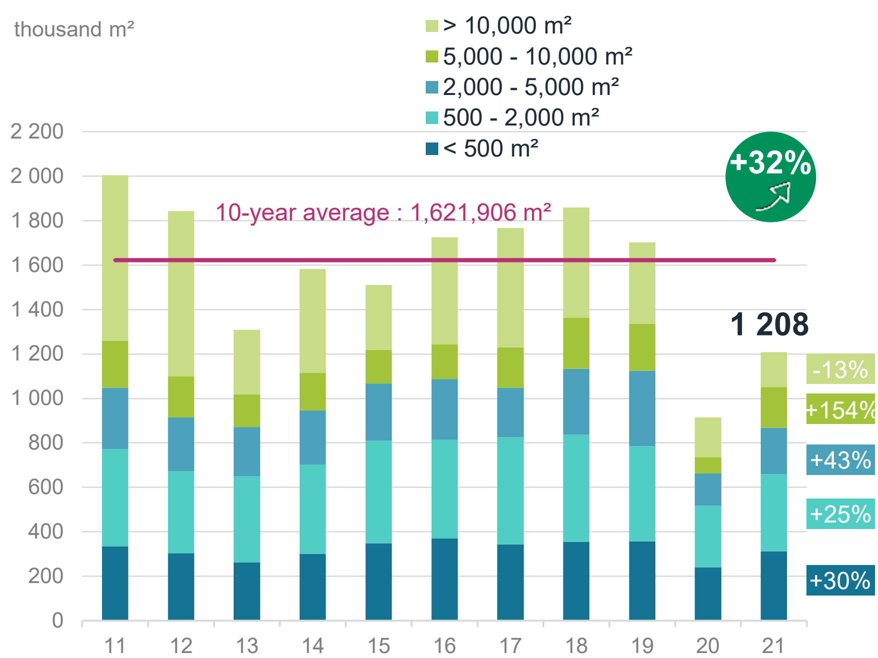
A slow recovery

Transactions in Ile-de-France continue to recover, up 32% over one year, with 1,207,880 m² taken up over the first nine months of the year. Nevertheless, this is still -26% below the 10-year average.

A hopeful sign is that the recovery applies to all the size segments. Large units (> 5,000 m²) thereby saw 340,200 m² change hands with 36 transactions (vs. 15 for the year-earlier period) with notably a very strong trend for the 5,000 – 10,000 m² segment, above the 10-year average (+7%). There were even some decent deals > 10,000 m², such as Sagemcom, which leased 19,533 m² in the Alphabet building in Bois Colombes.

Small and medium-sized units are also up over the year (+31%) but below their long-term average (-12%).

Transactions over 9 months by size



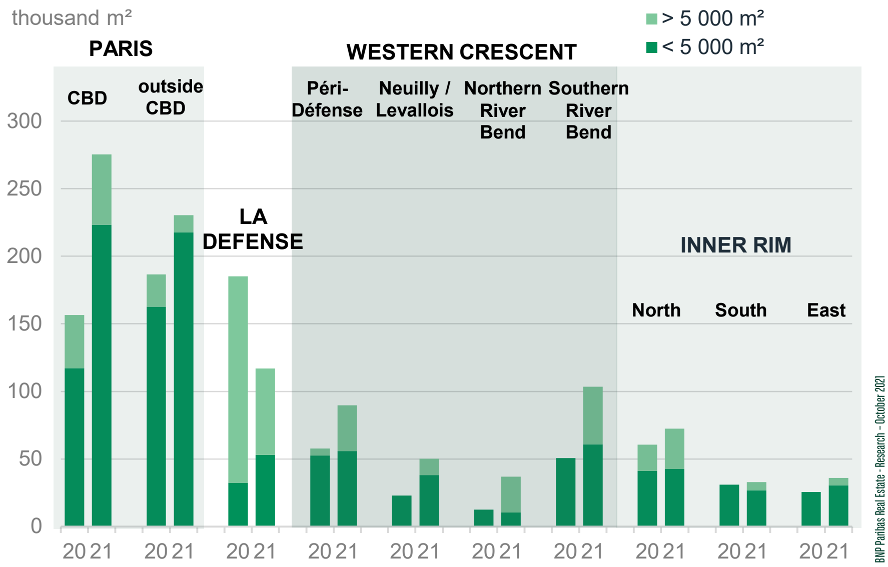
Sharp recovery for Paris CBD

The traditional business districts saw a healthy take-up recovery over the first nine months of 2021: Paris CBD and La Défense were both in line with their 10-year averages.

Conversely, other districts are still suffering from the health crisis despite an increase in take-up over one year. This is notably the case for the Southern and Eastern Inner Rims and Péri-Défense, which are respectively -63%, -38% and -37% below their 10-year averages.

Lastly, we note that the Northern Inner Rim is the only district to see an increase above its 10-year average thanks to 3 transactions > 5,000 m² signed in 2021.

Take-up over 9 months by district

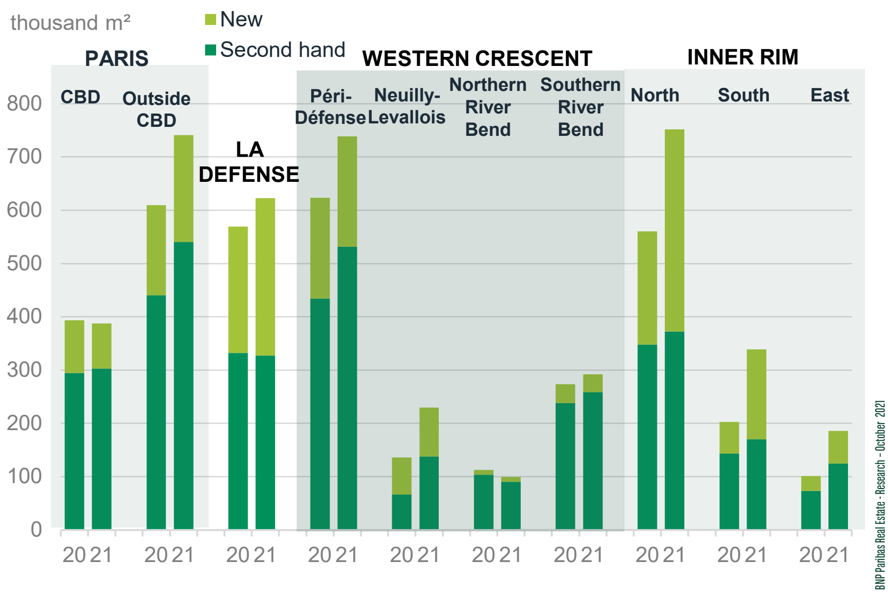


More moderate increase in supply

With 5.4 million m² available as of 1st October 2021, availability within a year is still up over 12 months (+16%) but the increase has slowed. The recovery in take-up and the decline in space under construction (1.55 million m², -16% since the beginning of the year) are behind this trend, which varies from district to district. For example, availability within a year has stabilised in Paris CBD.

On the other hand, there are still many completions scheduled that are set to swell the supply over the coming quarters. This is particularly the case in certain districts such as the Inner Rims, which account for 43% of overall construction underway in Ile-de-France.

Availability within a year (as at October 1st)



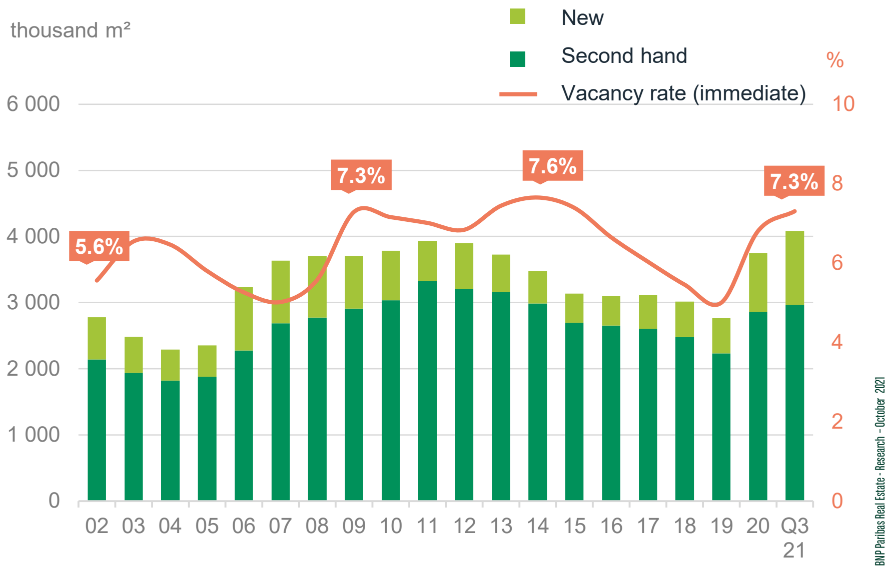
Two-speed trend

The vacancy rate in Ile-de-France stands at 7.3% in Q3 2021. The rise over one year is therefore more limited, but this fails to show major discrepancies between districts. Paris CBD is stabilising with a vacancy rate of 4.1% while in Péri-Défense and the Northern Inner Rim it is still rising, at respectively 19% and 16.5% as of October 1, 2021.

Rents are the first figures to be affected by these differences, with incentives still very high in oversupplied districts (35% in Péri-Défense for example), but there are also declines in average rents, particularly for second-hand premises.

Conversely, all districts are proving resilient in terms of prime rents. Prime rents are even still rising in certain undersupplied districts such as Paris CBD and the Left Bank.

Vacant space and vacancy rate



Ile de France offices – key figures

	2020 9 months			2021 9 months			Immediate supply variation	Take-up variation
	Immediate supply* (m²)	Vacancy rate* (%)	Take-up (m²)	Immediate supply* (m²)	Vacancy rate* (%)	Take-up (m²)		
Paris CBD	177 000	2,7%	157 000	274 000	4,1%	275 000	+55%	+76%
Paris outside CBD	429 000	4,1%	186 000	508 000	4,8%	230 000	+18%	+24%
La Défense	264 000	7,8%	185 000	486 000	14,1%	117 000	+84%	-37%
Péri-Défense	539 000	17,3%	58 000	598 000	18,9%	90 000	+11%	+55%
Neuilly/Levallois	75 000	5,1%	23 000	135 000	9,0%	50 000	+80%	+119%
Northern River Bend	95 000	11,5%	12 000	95 000	11,7%	37 000	0%	+196%
Southern River Bend	182 000	7,2%	51 000	192 000	7,7%	103 000	+5%	+104%
Northern Inner Rim	343 000	10,6%	60 000	518 000	16,4%	72 000	+51%	+20%
Southern Inner Rim	161 000	6,5%	31 000	193 000	8,1%	33 000	+20%	+6%
Eastern Inner Rim	73 000	3,0%	25 000	111 000	4,6%	36 000	+52%	+42%
Outer Rim	957 000	5,3%	126 000	882 000	4,9%	164 000	-8%	+30%
Total	3 295 000	5,4%	914 000	**3 992 000**	**7,3%**	**1 207 000**	**+21%**	**+32%**

* end of period

	Availability within a year (m²)			Space under construction (m²)		
	Q3 2020	Q3 2021	Variation Q3 2021 / Q3 2020	Q3 2020	Q3 2021	Variation Q3 2021 / Q3 2020
Paris CBD	394 000	387 000	-2%	149 000	118 000	-21%
Paris outside CBD	610 000	741 000	+22%	117 000	147 000	+26%
La Défense	569 000	622 836	+9%	319 000	214 000	-33%
Péri-Défense	623 000	739 000	+18%	189 000	265 000	+40%
Neuilly/Levallois	136 000	230 000	+69%	99 000	76 000	-23%
Northern River Bend	112 000	99 000	-12%	6 000	0	-
Southern River Bend	274 000	292 000	+7%	37 000	17 000	-54%
Northern Inner Rim	560 000	752 000	+34%	423 000	323 000	-24%
Southern Inner Rim	203 000	339 000	+67%	158 000	244 000	+54%
Eastern Inner Rim	101 000	186 000	+83%	111 000	87 000	-22%
Outer Rim	1 051 000	966 000	-8%	73 000	60 000	-18%
Total	4 633 000	5 353 000	+16%	1 681 000	1 551 000	-8%

LOCATIONS

(JANUARY 2021)

HEADQUARTER

167, quai de la Bataille de Stalingrad
92867 Issy les Moulineaux Cedex
Tél. : +33 (0)1 55 65 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 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

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

Silex 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 XXème 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 CHATENOUD
Research Analyst – Paris offices
Lucie.chatenoud@bnpparibas.com

TRANSACTION

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

Eric SIESSE
Head of Lettings Paris Region
Tél : +33 (0)1 47 59 23 70
Eric.siesse@bnpparibas.com

Eric BERAY
Senior Director – Partner
Head of large operations office
Paris Île-de-France
Tél : +33 (0)1 47 59 21 50
Eric.beray@bnpparibas.com

Frédéric GODARD
Director - Partner
Paris Office Lettings Team
Tél : +33 (0)1 47 59 22 96
Frederic.godard@bnpparibas.com

Frédéric BLIES
Head of West suburb of Paris Team
Tél : +33 (0)1 47 59 20 92
Frederic.blies@bnpparibas.com

Marie CHARRA
Head of Left Bank Southern Inner Rim Team
Tél : + 33 (0)1 47 59 17 26
Marie.charra@bnpparibas.com

Frédéric DOS SANTOS
Director – Partner
Office Lettings & Sales
Paris North East Department
Tél : +33 (0)1 49 93 70 73
Frederic.dossantos@bnpparibas.com

SALES TO USERS

Guillaume NOULIN
Director – Partner
Offices Sales & Acquisitions
Greater Paris
Tél : +33 (0)1 47 59 25 46
Guillaume.noulin@bnpparibas.com

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