



**RESEARCH**

**AT A GLANCE  
Q1 2022**

**RETAIL MARKET IN FRANCE**

**Q1 2022, SALES RECOVERY ALONG WITH RECORD LEVELS OF INVESTMENT**

**+3.2%**

GPD GROWTH IN 2022

(BNP Paribas Forecast - April 2022)

**+2.1%**

HOUSEHOLD CONSUMPTION IN 2022

(BNP Paribas Forecast - April 2022)

**+3.2%**

Q4 2022 COST OF CONSTRUCTION

(BNP Paribas Forecast - April 2022)

**+3.7%**

Q4 2022 COMMERCIAL RENT INDEX

(BNP Paribas Forecast - April 2022)

**ECONOMIC CONTEXT**

Hopes of a return to normal for the economy in 2022 have been dashed by the Russian war in Ukraine.

The conflict and the international sanctions imposed by several countries against Russia are having major repercussions on energy prices in Europe. This inflationary pressure follows on the heels of supply chain disruptions caused by the pandemic, the flexible budgetary measures put in place by the central banks, as well as increased demand with the

economic upturn, causing an inflation peak in 2022. This is expected to be between +4 and +5% in 2022, but should quickly drop again by 2023, when it is forecast at +2%.

Despite economic, geopolitical and health uncertainties, household spending is expected to rise in 2022, and could be bolstered by the savings made by French households during Covid lockdowns.

**INDEX FORECAST**

According to the CCI (cost of construction index), 2021 was a year of considerable growth. 2022 should be more modest but will remain above the ten-year average.

A gradual upturn of the ILC (retail rent index) was seen in 2017 and confirmed in 2018 and 2019.

However, the recessionary shock in France caused this index to fall in 2020. It rallied strongly in 2021 and this should extend into 2022.

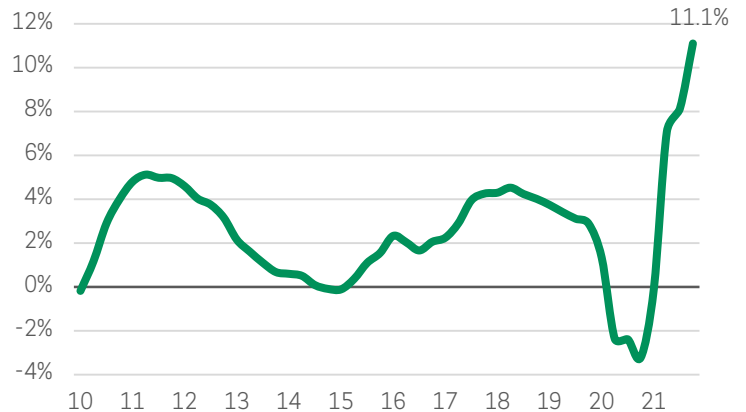
For investors, the continued growth of these indicators signals an increase in their rental incomes.

## SALES RECOVERY... FOLLOWED BY STABILISATION?

Retail sales grew by 11.1% in the fourth quarter of 2021. This recovery is due to the termination of Covid-related restrictions in place between 2020 and 2021. Its scale could be determined by the national and international situation. A number of France's presidential election candidates have put forward measures to protect purchasing power, one of the major issues in this election.

The war in Ukraine is putting upward pressure on energy and food costs. 87% of French people state that prices have risen over the past year (according to Cetelem consumer observatory).

**Retail sales**  
Growth in value terms (rolling year)

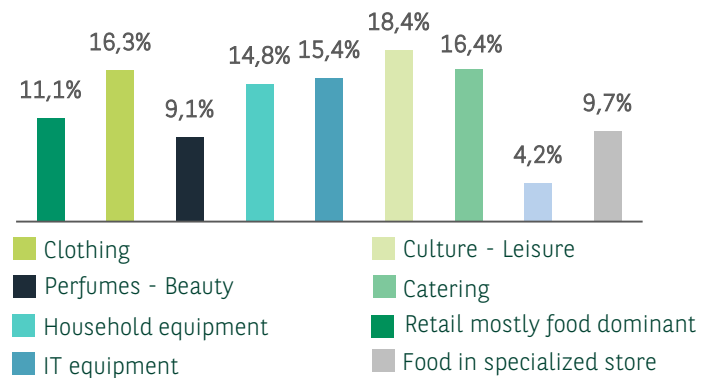


Source : Insee

## AN INCREASE ACROSS ALL SECTORS

Sales rose across all sectors in Q4. Aided by the end of Covid-related restrictions, the culture and leisure sector has grown by 18.4%, while the catering sector is up 16.4%. Despite having not lost business during the Covid crisis, shops selling predominantly food (hypermarkets and supermarkets) and specialist food retailers continued to see growth, of 4.2% and 9.7% respectively.

**Retail sales**  
Growth in value terms (rolling year)



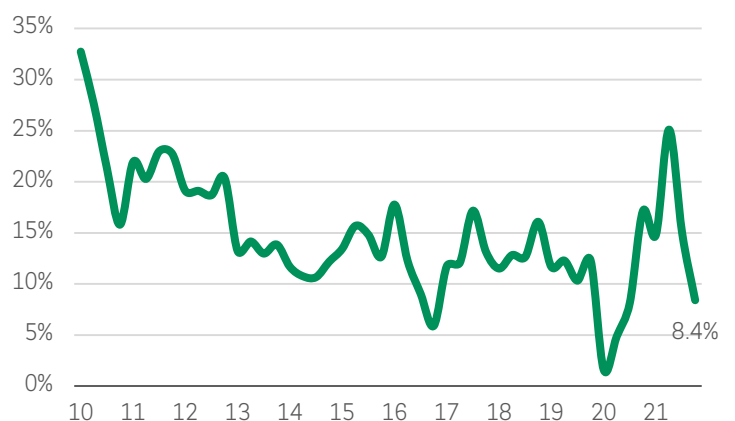
Source : Insee

## E-COMMERCE STILL GOING STRONG

Fevad reported 8.4% growth in Q4 2021 compared with the same period in 2020. E-commerce generated a total of € 129.1bn in 2021 (16.0% growth), representing over 2.1 billion transactions and an average basket value of € 60.

While e-commerce seemed to be peaking at the turn of 2019, its potential was boosted again by the pandemic. Pure e-commerce providers can always rely on their logistical model using warehouses on the outskirts of urban areas and are unaffected by the ban on new retail developments.

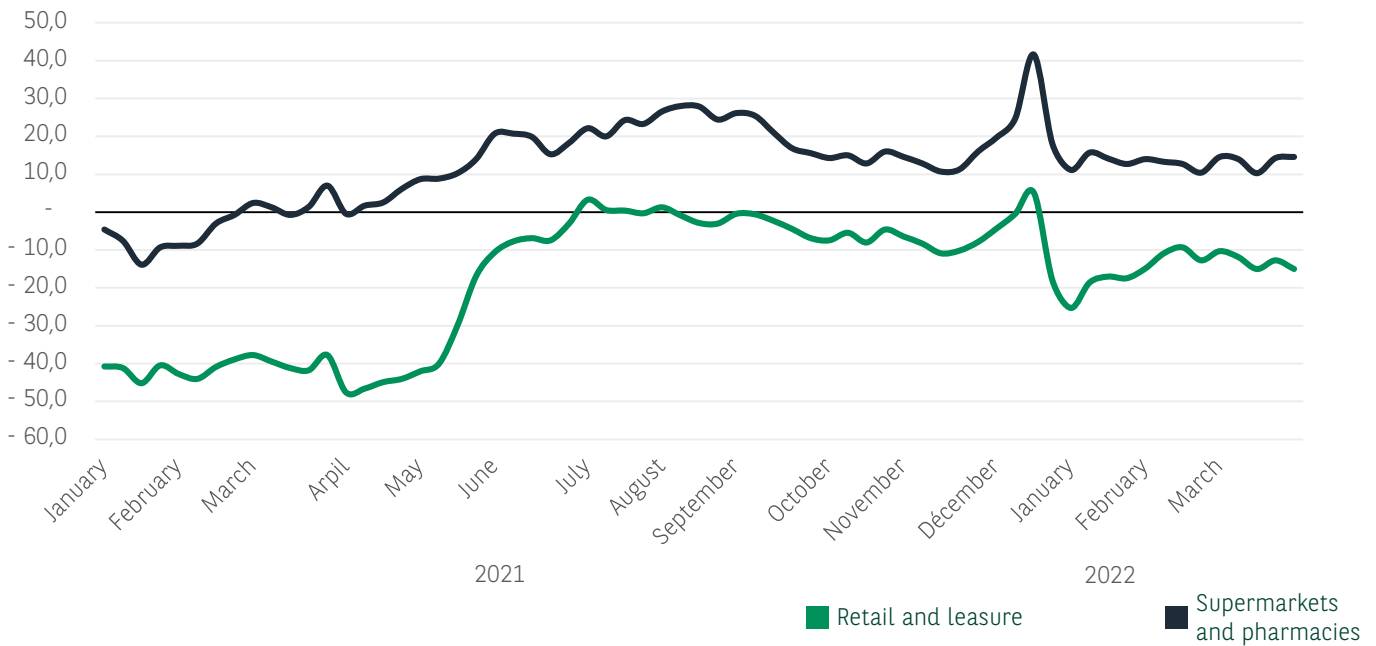
**Online retail sales**  
Growth in value terms in Q4 (by quarter)



Source : Fevad

**FOOTFALL**

Number of pedestrians on seven rolling days



Source : Google mobility report

**CONTINUED FOOTFALL GAP BETWEEN RETAIL STORES AND SUPERMARKETS/PHARMACIES**

There were no Covid-related restrictions this winter. Business continued to gradually recover, while Google found a continuing gap between visits to retail and leisure businesses (still below pre-Covid rates) and visits to supermarkets and pharmacies (rising).

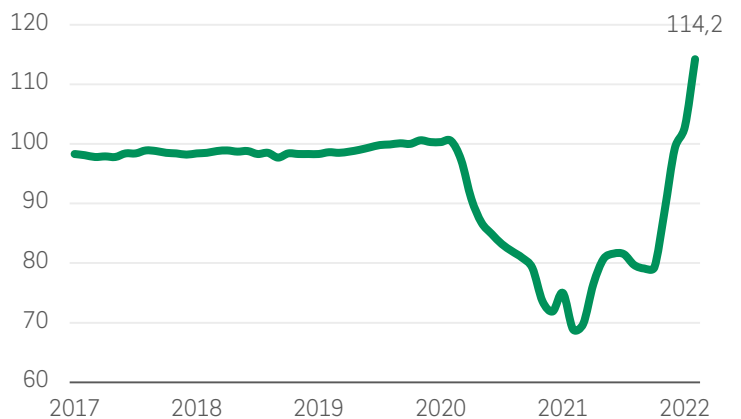
This gap could become entrenched in the short and medium term. Firstly, morale among the French populace was low in Q1 2022, due to fresh uncertainty about the Ukraine conflict, a perception of decreased purchasing power and the resurgence of the virus. Working from home still prevails in many companies and may be the reason for falling consumer goods purchases (fewer clothing and cosmetic purchases for example). And lastly, international travel is still far below its pre-Covid levels.

**RESTRICTIONS LIFTED, BUSINESS RESUMING**

The lack of Covid-related restrictions at the start of this year has seen consumers return to shopping centres in 2022.

However, footfall between June and December 2021 remained 14.6% lower than between June and December 2019. Sales fell by 4.5% over this same period. This difference stems from the increase in the conversion rate (number of sales divided by the number of visitors).

**Footfall index - shopping centres**  
On a rolling year basis



Source : CNCC

## THE HIGH STREET IN 2021: A YEAR OF TRANSITION FAVOURING A MORE LOCAL MODEL...

Behind the decline in footfall compared with the pre-Covid period, we are seeing a major change in the typical customer profile visiting traditional tourist thoroughfares. Domestic customer numbers are growing, but not making up for the lack of consumers from outside Europe. The rise in remote working and learning also continues to deprive high street businesses of a large portion of their sales. Conversely, retailers located on local main roads - more resilient and with access to a higher density of inhabitants - are surpassing expectations. Those located in predominantly residential neighbourhoods, close to services and infrastructure such as primary and secondary schools, have also held up better. These are the businesses that have driven retail sales growth since the start of the pandemic.

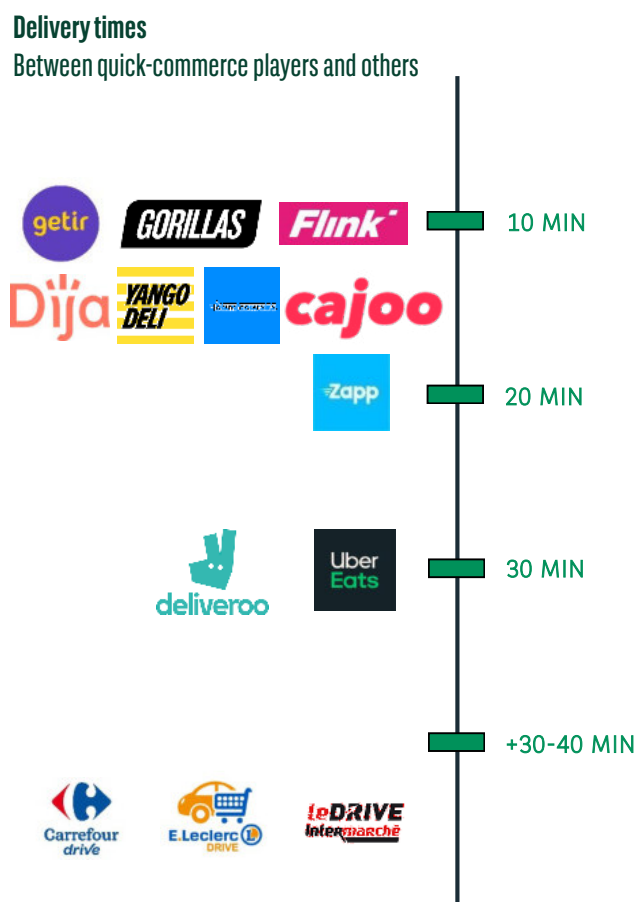
### ...OR EXISTING AND CONTRADICTION MODELS?

The difficulty for retailers lies in the fact that consumers have a wide variety of habits and behaviours to be considered. For example, the high street features retailers that are gradually introducing ethical and environmental considerations into their business. These measures come at a cost for the consumer. At the same time, purchasing power is the leading concern of some French households. Currently there is no concept that satisfies both sustainability and economic accessibility. The development of discount stores and "green" retailers is further segmenting the offer. These two factors could polarise the concepts offered by these retailers, with the risk that those without clear positioning on these issues will be rejected by consumers.

## DEVELOPMENT OF DARK STORES IN TOWN CENTRES

This concept of online ordering with swift delivery to the customer was already starting to develop before Covid and is now evolving rapidly. These companies (such as Gorillas, Flink, Getir) belong to quick commerce. Hailing from the world of tech and data, these companies are often international, and enter the markets of metropolitan areas to compete with food retail giants. Growth of the sector requires investment in logistics (fleets of scooters and electric bikes) and real estate (for creation of dark stores). Dark stores are not open to the public; they have floor areas of some 200 - 300 sqm and are stocked with a fixed number of products.

This raises many questions for the high street. Local authorities are generally against this concept, given the danger its large-scale development poses for the survival of pedestrian shopping streets.



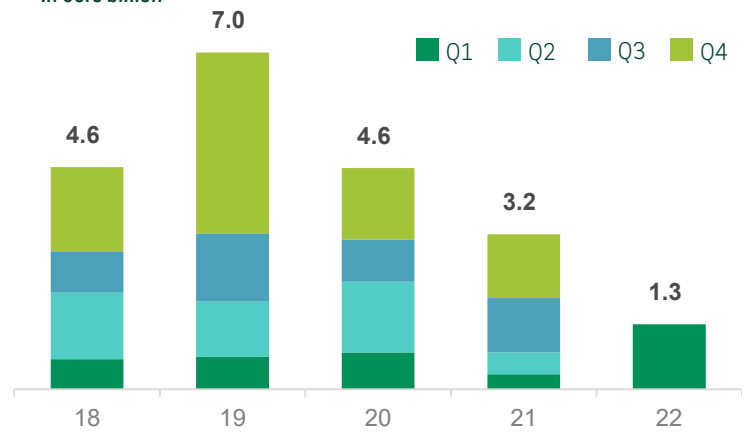
## MANY DEALS FINALISED AT THE END OF THE YEAR

Retail enjoyed a revival in Q1 2022. After struggling for two years following the health crisis, the asset category has recovered its lustre.

Indeed, € 1.3bn was invested in retail in France over the first three months of the year, a new record.

Thanks to this outstanding performance, Retail saw the strongest growth of any category over the quarter.

Retail investment by quarter  
In euro billion



Source : BNP Paribas Real Estate

## INVESTMENT DRIVEN BY OUT-OF-TOWN RETAIL

Investors were attracted to all types of retail asset in Q1 2022:

Shopping centres were the top category thanks to the sale of some of the Carré Sénart centre for € 450m.

The most noteworthy high street deal was the sale of 12 Rue de la Paix.

With respect to out-of-town retail, we note the sale of the Fast portfolio, consisting mainly of retail park restaurants.

Investment in retail - Breakdown by asset category  
In euro billion



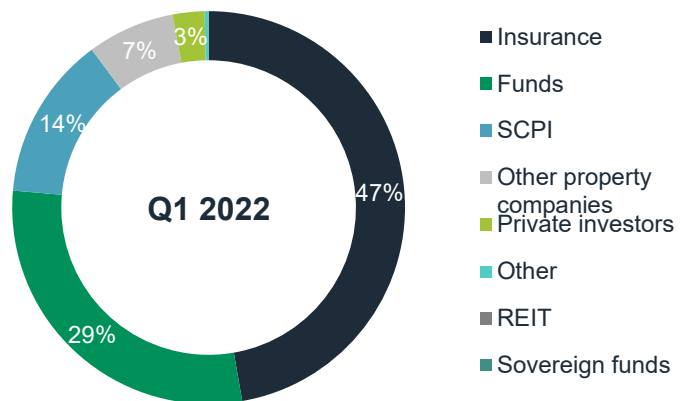
Source : BNP Paribas Real Estate

## FUNDS AND SCPI ARE THE BIGGEST INVESTORS

Funds and SCPIs account for a growing share of investment, representing 68% of the total in 2021 compared to an average of 47% over the last 10 years. This concentration of investment within a narrow investor category can also be seen in listed real estate companies, whose allocations have stabilised in recent years, contrary to unlisted real estate companies.

Many retailers are choosing to sell their premises, such as Casino, which is selling seven supermarkets, including one off-plan in Île-de-France, and five hypermarkets in central and southern France. Meanwhile, Decathlon is selling the premises of 27 stores to the Singaporean fund IREIT GLOBAL.

Type of investors  
In euro billion



Sources : BNP Paribas Real Estate

# LOCATIONS

(APRIL 2021)

## HEADQUARTER

50 cours de l'Île Seguin - CS 50280  
92650 - Boulogne Billancourt  
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

## 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 Eurallille  
Tél. : +33 (0)2 20 06 99 00

## LYON

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15 rue des Cuirassiers  
69003 Lyon  
Tél. : +33 (0)4 78 63 62 61

## MARSEILLE

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CS11527-13235 Marseille  
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Tél. : +33 (0)4 91 56 03 03

## METZ

**WTC-Technopôle de Metz**  
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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

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BP 61611  
44016 Nantes Cedex 1  
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## 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  
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