AT A GLANCE Q4 2022

PARIS OFFICE MARKET

Robust occupier market but investment faltering

2,108,300 m²
Take-up in 2022
(+10% vs 2021)

6.0 M m²
Availability within a year
(+ 8% vs Q4 2021)

7.9%
Vacancy rate

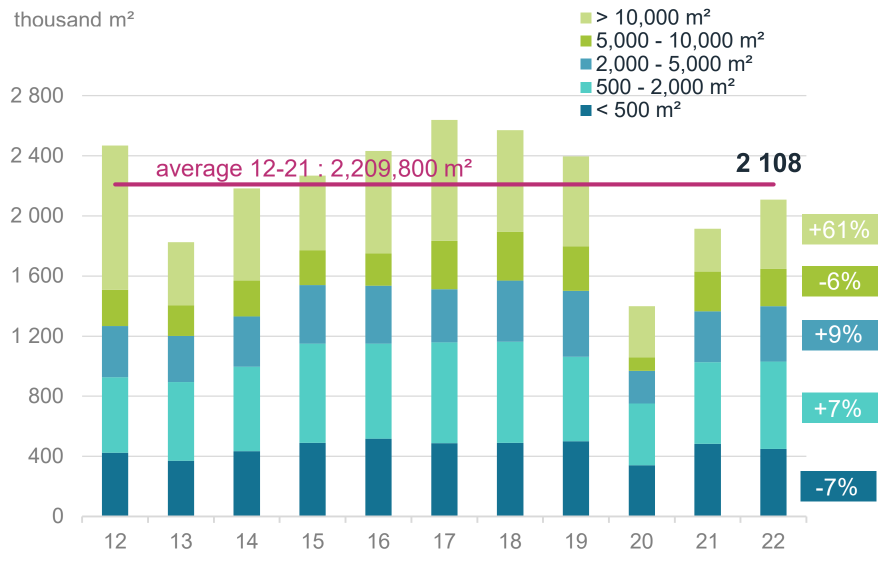
Major deals made a comeback in 2022

The take-up figure for the full year rose 10% to 2,108,300 sqm, just 5% short of its 10-year average.

The large-unit segment (> 5,000 m²) was buoyant, with 708,900 m² changing hands through 61 transactions (vs 56 in 2021), largely thanks to deals of over 10,000 m². Very large deals (> 40,000 m²) were also resurgent, with two prominent acquisitions: the Evolution building in the 13th arrondissement of Paris bought by the Agence Française de Développement (46,955 m²) and Campus Maxwell in Saint-Denis acquired by the Ministry for the Interior (46,000 m²).

Small and medium-sized units are still thriving and are in line with their ten-year average.

Transactions over 12 months by size



Source : BNP Paribas Real Estate, Immostat

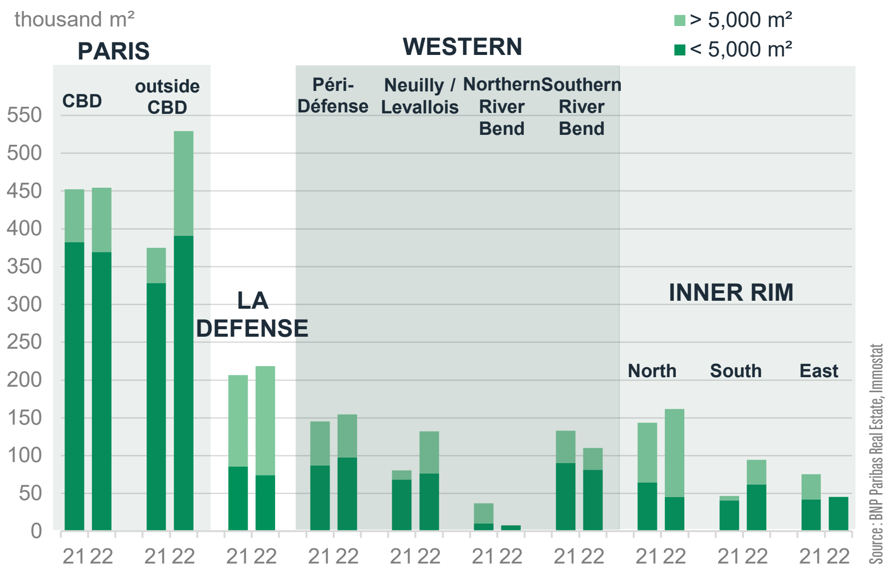
Occupiers remain keen on central locations

Paris is still outperforming, representing 47% of take-up in 2022, with strong momentum for both the CBD and the rest of the capital. Unsurprisingly, La Défense and Neuilly/Levallois also benefited from occupiers' enthusiasm for central locations.

The Northern Inner Rim is faring well, with 7 deals >5,000 sqm (vs its 10-year average of 6 such deals). However, this trend is not enough to counter the oversupply in the district.

Lastly, the more outlying districts, less accessible, are still behind their long-term averages, such as the Southern and Eastern Inner Rims as well as Péri-Défense.

Take-up over 12 months by district

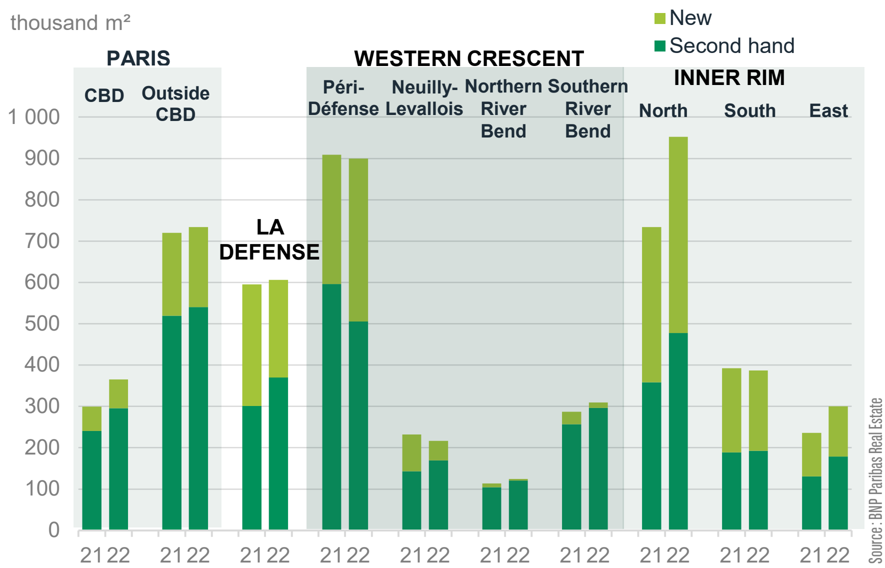


Contrasting situations

Despite the healthy transactional trend, the vacancy rate rose in Q4 2022 to 7.9% in Île-de-France. This stems partly from the completion of several major schemes such as Tour Hekla at La Défense (76,000 m²) and the Joya building in Fontenay-sous-Bois (49,000 sqm).

Availability within a year is still on the rise and now stands at 6.0 million sqm. The situation remains very uneven between the different districts of Ile-de-France, with abundant supply in Péri-Défense and the Inner Rims, yet a significant lack in Paris.

Availability within a year (to January 1st)

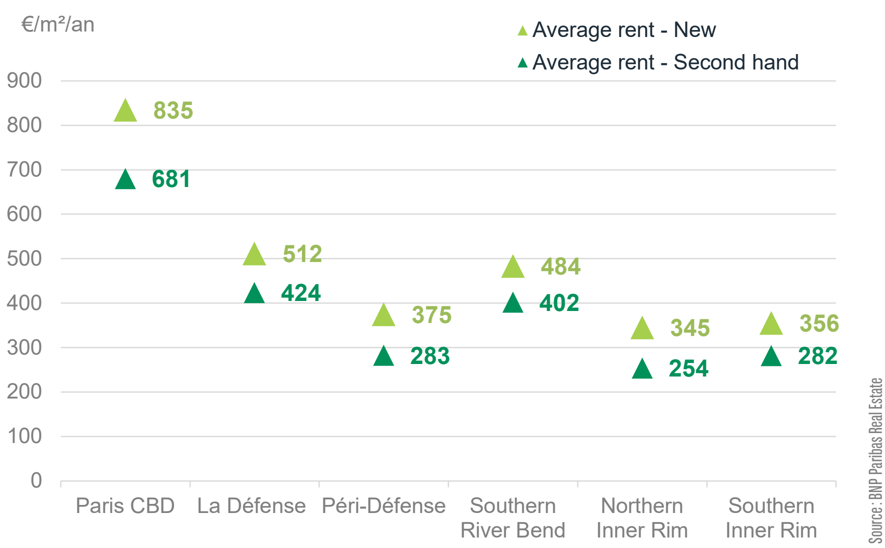


Rents holding up

Prime rents are still rising, particularly in Paris with a new record rent of € 1,000 / sqm/year. Rents for new premises and in the most sought-after districts are also rising.

However, the resilience of these rents is thanks to continued very high incentives in Île-de-France, averaging 23% in 2022.

Average headline rents - 2022 (over 12 months)



Steep fall in investment figures

With € 10.4bn invested in offices in 2022, the market saw its third consecutive year of decline (-21% over one year). The last quarter was by far the hardest hit by changing economic and financial conditions, with only € 2.1bn invested. This was the weakest fourth quarter since 2008.

Large transactions were particularly affected, with only 8 deals over € 200m (vs 16 on average) and only 1 deal over € 400m. This was the Le Pasteur building in the 15th arrondissement of Paris, sold by Primonial to SFL.

Prime yield trends varied from district to district. After widening in Q3, yields in Paris CBD and non-CBD stopped moving, standing respectively at 3.00% and 3.20%. However, yield expansion continues in other districts such as the Inner and Outer Rims.

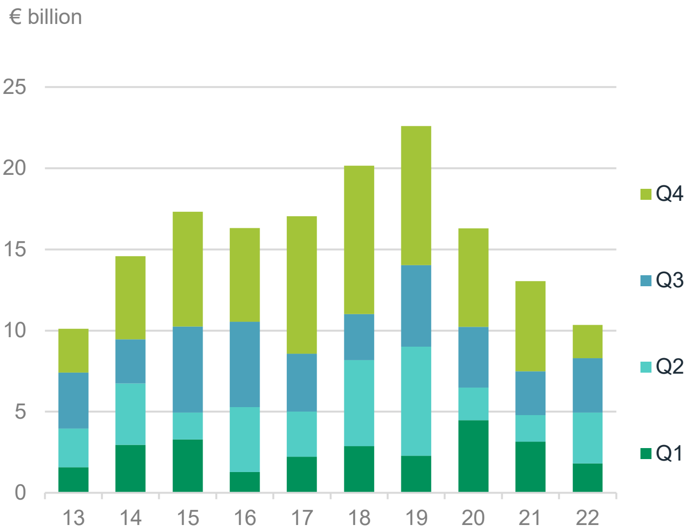
€ 10.4 bn

Paris office investment in 2022

3.00%

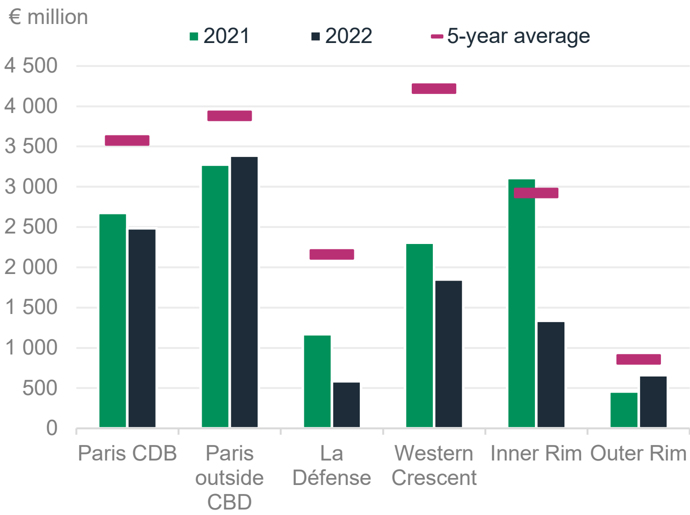
Office prime yield

Office investment in Île-de-france



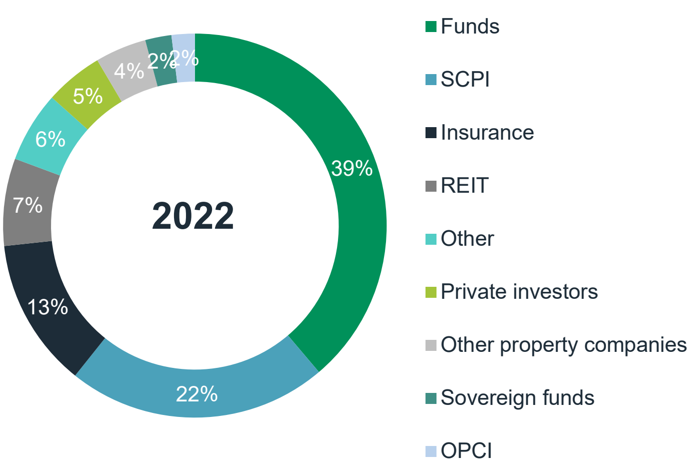
Source : BNP Paribas Real Estate, Immostat

Office investment - Geographical breakdown



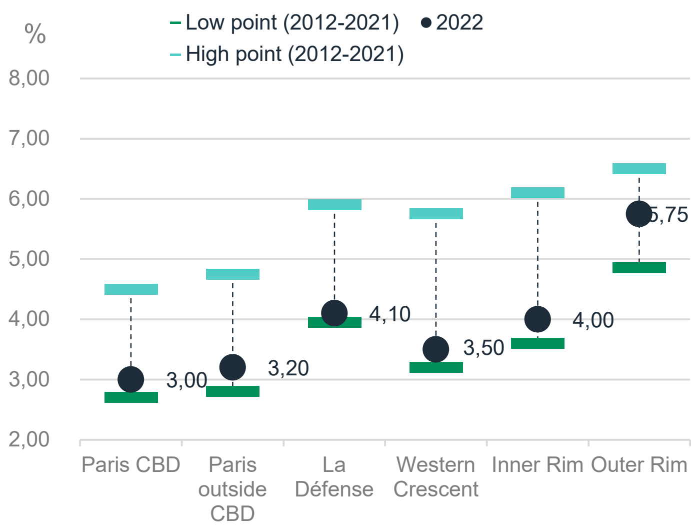
Source : BNP Paribas Real Estate, Immostat

Investment by buyers



Source : BNP Paribas Real Estate

Prime yields



Source : BNP Paribas Real Estate

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