



AT A GLANCE Q3 2024

RETAIL MARKET IN FRANCE PROMISING INVESTMENT MARKET

+1.2%

GDP GROWTH IN 2024

(BNP Paribas estimate – October 2024)

+2.1%

INFLATION IN 2024

(BNP Paribas estimate – October 2024)

+0.7%

HOUSEHOLD CONSUMPTION IN 2024

(BNP Paribas Real Estate estimate – October 2024)

+3.6%

COMMERCIAL RENT INDEX
AVERAGE - 2024 (EXCL. SMES)

(BNP Paribas Real Estate estimate – October 2024)

RETURN TO GROWTH

French GDP rose by 0.2% in Q1, implying growth of 1.1% in 2024, after 0.9% in 2023. It should be underpinned by household consumption, thanks to a recovery in purchasing power (+0.5% in Q1) as inflation eases. 2025 is expected to follow suit, with growth of 1.4%.

After average inflation of +4.9% in 2023, disinflation has helped reach the target level, with the CPI down to +2.1% y/y in June. Inflation may fall below 2% in H2.

Eurozone growth is expected to be +0.8% in 2024, after +0.5% in 2023.

After peaking at +6.3% y/y in February 2023, disinflation automatically set in during H1, with annual average

inflation of +4.9%. The CPI rose by +1.1% y/y in September, driven by a negative contribution from energy (-3.3%). Inflation should now remain below target, and could average +2.1% this year, followed by +1.6% next year.

Energy was the main inflation driver in 2023, but food price inflation also played a part; this has now completely subsided (+0.5% y/y in September). Services are now the biggest contributors, with growth of 2.4%, mainly due to pay rises.

COMMERCIAL RENT INDEX

A large proportion of retail rents are indexed to the Cost of Construction Index (CCI) or the Commercial Rent Index (CRI). The CCI is generally the benchmark for high street stores. This index surged in 2022, largely due to higher commodity prices and shortages related to the conflict in Ukraine.

Like the CPI, the CCI began to fall at the end of 2023 and is set to return to a more usual pattern in 2024.

Rents for almost all shopping centre units are indexed to the CRI. The sharp rise in inflation in 2021 and 2022 prompted the government to cap rent indexation to the CRI at +3.5% for SMEs from Q2 2022.

This cap was extended to Q1 2024, and rents are now tracking the index again, which should fall below the 3.5% mark in H2.

SLIDE IN RETAIL SALES

Retail sales by value **rose by 2.0% year-on-year** in July 2024, whereas they rose by 2.7% in Q1 2024.

Sales are being held back by the national and international context. As such, the **volume growth rate** was -0.8% in April 2024, and by July 2024 stood at **-0.3 %**.

Specialist retailers have been hit by the decline in **household purchasing power**, affected by price rises. Household confidence is at 93 after improving throughout 2023.

SALES HAVE RISEN IN VALUE TERMS

Sales rose in various retail sectors in Q2 2024. However, sales fell for clothing, household equipment and IT.

The perfume & beauty sector, up 13.8%, was once again the best performer over the quarter.

The non-specialised food and specialised food sectors grew by 1.8% and 4.5% respectively.

Sales by sector are rising in value terms, but this is partly due to inflation. However, volume growth has not followed the same trajectory.

RECOVERY IN AIR TRAFFIC TO PARIS CONFIRMED

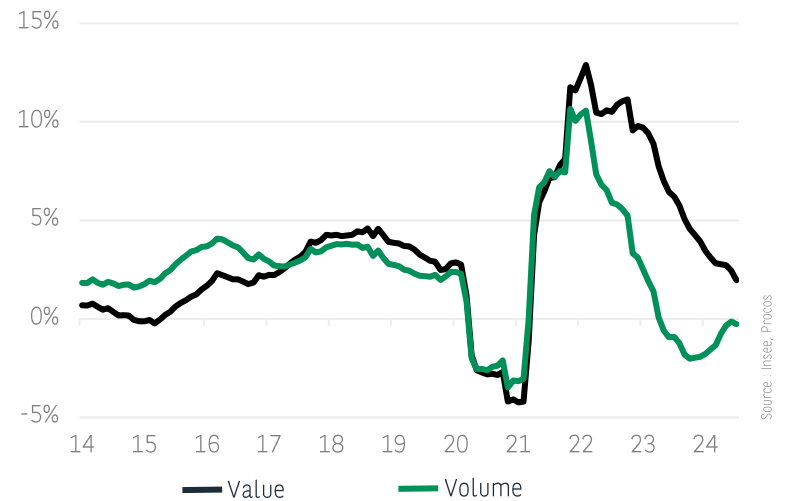
Air traffic at Paris-Charles de Gaulle and Orly airports is close to pre-Covid 19 levels.

Nearly 70 million passengers passed through Paris airports between January and August 2024, including **more than 10.2m in August** alone. This represents an **increase of 4.7%** versus the same month in 2023, and **98.3% of the 2019 traffic level**.

Asian travellers continue to return (up 18.9% on August 2023). They are now at 85.5% of the 2019 figure for the region.

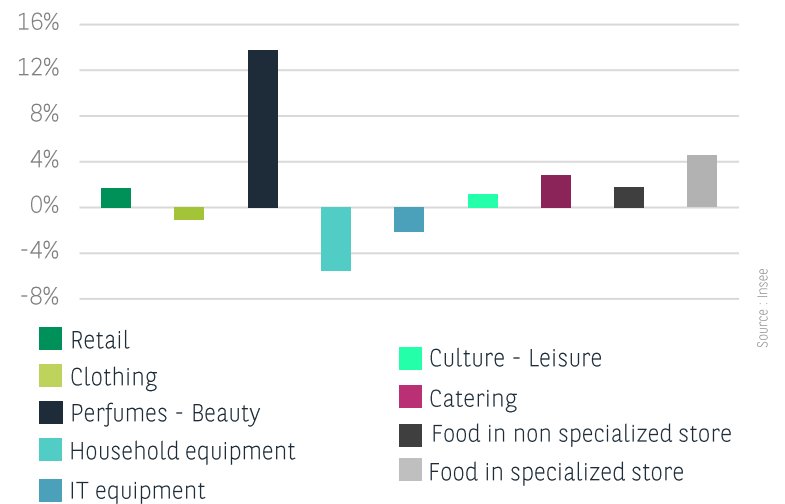
Retail sales

Value growth to Q2 2024 (rolling year)



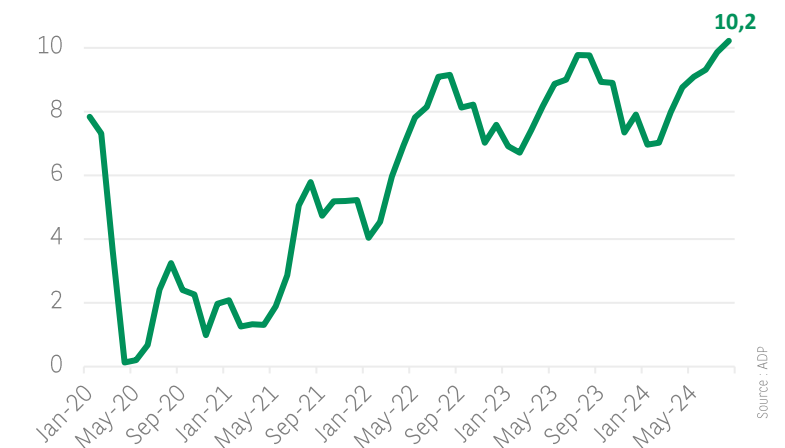
Retail sales

Value growth to Q2 2024 (rolling year)



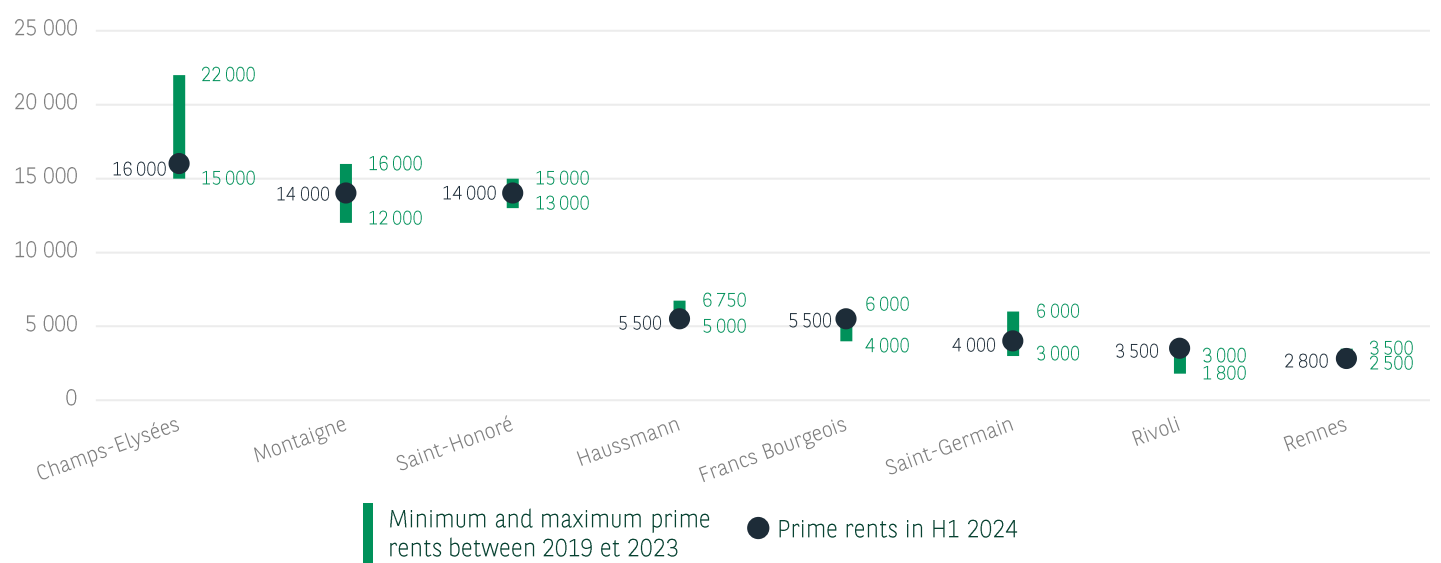
Air traffic at Paris airports (ORLY+CDG)

Passenger numbers in millions



Prime rents - 8 thoroughfares - Paris

In € / sqm / year



Source - BNP Paribas Real Estate

MARKET SHARE OF CONSUMER PACKAGED GOODS



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CPG* Market share in value terms - Top 10 September 2024

Evolution Vs. September 2023

Chain	Market share
E. Leclerc	24.3% ↗
Intermarché	16.6% ↗
Système U	11.4% ↗
Carrefour	11.2% ↗
Lidl	7.9% ↗
Carrefour Market	6.5% ↘
Auchan	6.2% ↗
Carrefour Proximité	3.2% ↗
Aldi	2.7% →
Auchan Supermarché	2.2% ↗

* Consumer Packaged Goods

Source - Kantar, éditions Dauvers, press

GROWTH IN E-COMMERCE

In Q2 2024, Fevad (the French e-commerce and distance selling federation) reported **8.4% growth y-o-y in e-commerce** vs Q2 2023.

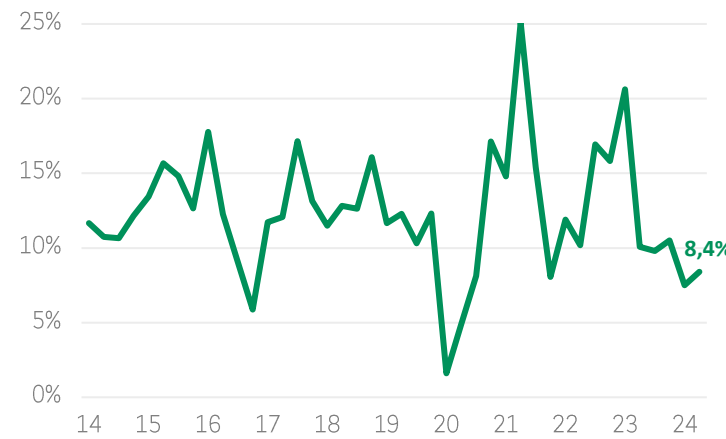
Sales totaled € 42.7bn over three months. The number of transactions rose by 9.3% (625 million transactions recorded), suggesting that for the first time in two years, e-commerce growth is not just being driven by price hikes, but also by a higher number of transactions.

Sales of goods are up +5% vs. the year-earlier period. We also note an increase in the number of orders.

Sales of services rose 10.5%.

E-commerce sales

Value growth in Q2 2024 (quarterly figures)



Source - Fevad

INCREASED FOOTFALL ON THOROUGHFARES SURVEYED*

Paris	Streets	Footfall on September 2024	Monthly average September 2023 - September 2024	Year-on-year change	2 years change
Right bank	Champs Elysées	5 409 700	5 769 208	↘	↗
	Hausmann	6 961 700	6 557 915	↗	↗ ↗
	St-Honoré	2 990 600	2 526 677	↘	↗
	Montaigne	1 767 200	1 567 377	↗	↗ ↗
	Rivoli	9 259 700	8 262 300	↗	↗
	Francs-Bourgeois	856 500	816 077	↗	↗
	Fb St-Honoré	2 586 900	2 341 877	↘	↗
Left bank	Rennes	3 445 200	3 017 515	↗	↗ ↗
	St-Germain	7 111 200	6 881 454	↗	↗ ↗



Source : Mytraffic * the indicator shows footfall along the full perimeter defined by Mytraffic

Cities	Streets	Footfall on September 2024	Monthly average September 2023 - September 2024	Year-on-year change	2 years change
Bordeaux	Ste-Catherine	2 253 000	2 208 692	↗ ↗	↗ ↗ ↗
Montpellier	Centre-ville	1 993 100	1 902 715	↗	↗ ↗ ↗
Toulouse	Alsace-Lorraine	1 941 500	1 753 754	↗	↗ ↗
Nice	Jean Médecin	1 809 300	1 869 369	↗	↗
Lyon	République	3 163 300	2 907 046	↗ ↗	↗ ↗
Marseille	St-Ferréol	500 200	490 100	↗	↗ ↗
Lille	Béthune	757 300	584 192	↗	↗ ↗
Cannes	Antibes	1 002 100	1 168 238	↗	↗ ↗

↗ Increase of +1 % to +15 % ↗ ↗ Increase of +15 % to +30 % ↗ ↗ ↗ +30 % ↘ Decrease

A STRONG THIRD QUARTER

After a sluggish first half, investment in retail is picking up again. It came in **at €1.9bn over 9 months**, down 15% vs. 9M 2023, and accounted for **19% of total investment in commercial real estate**.

Investment in retail assets reached **€0.8bn in Q3**, up **101%** on Q3 2023.

There are several major deals in the pipeline, indicating that the market is simmering, waiting for some hopeful signs to start moving forward again, implying continuation of the positive trend over the rest of the year and into 2025.

We note that **€ 0.8bn is not included in the figure**. These were **occupier sales** by luxury giants CHANEL, HERMÈS and ARMANI.

OUTSTANDING QUARTER FOR OUT-OF-TOWN STORES

Out-of-town retail accounted for **58% of total investment** over the period, at € 1.1bn. Major transactions included TIKEHAU's acquisition of a CASINO portfolio, AB SAGAX's purchase of a portion of a METRO CASH & CARRY portfolio and the AZUR portfolio (4 hypermarkets) bought by private investors. This investor type has invested **+45% more** than during the first three quarters of 2023.

High street retail accounted for **28% of retail investment** over the first 9 months of the year, with € 0.5bn transacted. A notable deal was BLACKSTONE's acquisition of the stores on 249 - 251 RUE SAINT-HONORÉ in Paris.

Shopping centres represented **15% of retail investment**, and € 0.3bn over 9 months. The LA VALENTINE shopping centre was acquired by SERRIS REIM, in one of the only transactions of its kind.

STABILISATION OF PRIME YIELDS

The **French 10-year OAT** stood at 2.92% in Q3 2024, squeezing the risk premium for real estate assets and thereby pushing up the prime yield.

Rising yields have helped to partially restore the risk premium.

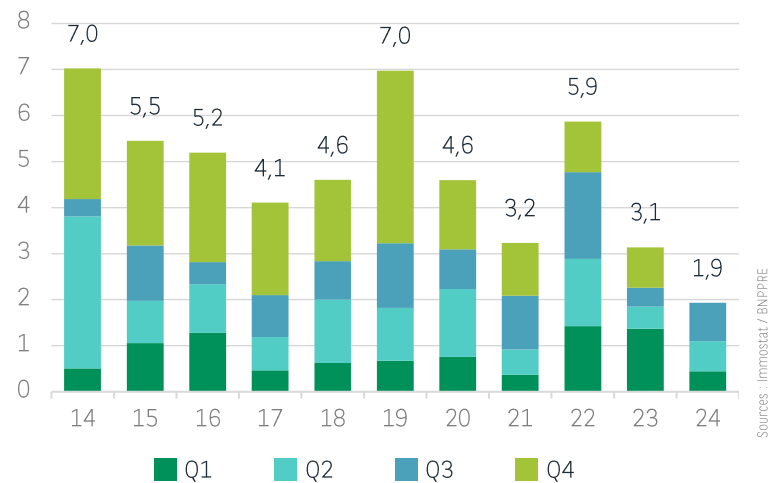
The prime yield for **street-level stores** has stabilised at 4.25%.

The prime yield for **shopping centres** is also stable at 5%.

Investors remain keen on **out-of-town retail**. Prime yields have stabilised at 6.25% for the best assets.

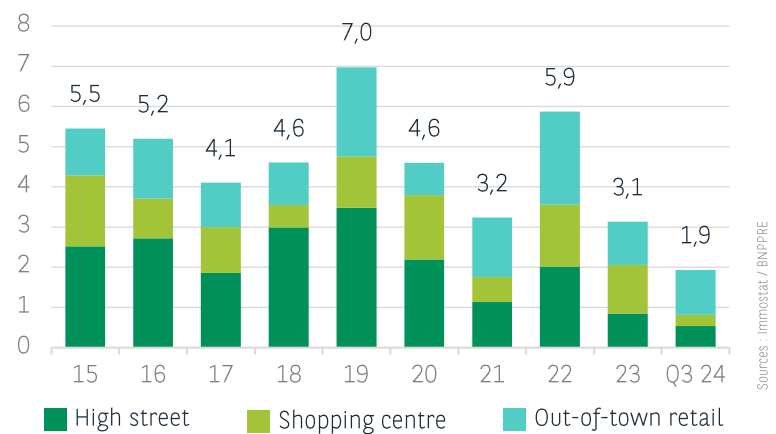
Retail investment by quarter

In euro billion



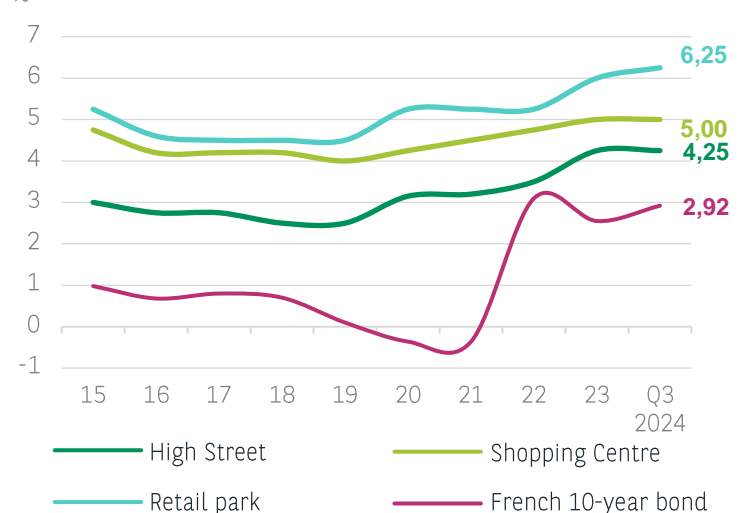
Investment in retail – Breakdown by asset category

In euro billion



Prime retail yields and French 10-year bond

%





BNP PARIBAS REAL ESTATE

Real Estate for a changing world

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(january 2023)

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