CITY REPORT
PARIS OFFICE MARKET
Q2 2012
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SUMMARY

With take-up of 960,000 m² over H1 2012, the Île-de-France office market has declined significantly by 18% over one year. Meanwhile, availability within a year has ended the downward trend of the past few months and at the end of Q2 stood at 4.5 million m². As such, the vacancy rate of 7.1% in Île-de-France should increase slightly in the coming quarters.

Dip for economic growth in 2012
• Business climate deteriorated in Q2
• Job destruction set to resume over FY 2012

Steep decline in the office market
• Take-up has fallen after six months
• Increase in availability within a year

Contrasting trends in the submarkets of Île-de-France
• Slide in the volume of take-up across the capital as a whole
• Lacklustre office market in La Défense
• Readjustment of take-up after a healthy year in 2011 in the Western Crescent
• Buoyant markets in the Inner and Outer Rims

Two trends on the occupier sales and investment markets
• Decline in the occupier sales market
• Rise in the investment market underpinned by substantial transactions

July 2012
MACROECONOMIC BACKDROP

Economic growth is set to dip

Unlike most of its European neighbours (Italy, Spain, Netherlands, Portugal or the UK), France has proved particularly resilient with growth at zero over Q1 2012. Nevertheless, economic activity has been hit by the European crisis. As such, the decline of confidence indicators since March, the poor corporate competitiveness, high unemployment and budget constraints suggest that economic activity should start to decline from Q2 2012. Under these circumstances, GDP growth may reach +0.2% over the full-year 2012 vs. +1.7% in 2011. In 2013, economic activity in France should look up slightly with growth expected at about +0.9%.

Most economic indicators looking glum

France’s resilience compared to its European neighbours was largely attributable to the respectable showing by household consumption in Q1 2012 (+0.3%). Nevertheless, the fact remains that this is now the only source of satisfaction as most other economic indicators are on a downward trend. As such, corporate investment (-1.4%) and the widening spread between imports and exports in Q1 are set to squeeze GDP growth from Q2: In this difficult environment, price tensions remain under control with a slowdown in global inflation since the beginning of the year. As such, consumer prices are likely to rise by 2% on average over 2012, after 2.1% in 2011. This moderation of inflationary trends should last in the short term with the fall of oil prices, then in the longer term with the cooling of growth and employment prospects.

Job destruction to resume in 2012

Although employment over the full year 2011 gained 33,000 jobs, deterioration in the economy is likely to dent the job market. As such, some 10,000 jobs may be destroyed in Île-de-France over the full year 2012. This is why the unemployment rate in Île-de-France, which stood at 8.5% in Q1 2012, vs. 8.2% a year previously, could increase slightly further in 2012. All told, high unemployment, low competitiveness in France, but also austerity are all factors that will hamper economic activity.

Deterioration of the business climate in Q2 2012

Like many eurozone countries, France’s business climate has suffered since the beginning of Q2 2012. This is particularly evident from the latest economic surveys, with the Services and Industry PMIs having dipped significantly over the three month period. As such, the indices for services (46 in Q2 vs. 51 three months previously) and industry (45 in Q2 vs. 49 three months previously) have now both fallen below their critical threshold of 50. Other economic surveys, such as that by the Banque de France on business forecasts and the overall demand trend show negative balances of opinion, thereby confirming the recent deterioration in the business climate.
**ÎLE-DE-FRANCE**

**Confirmation that take-up contracted in H1 2012**

With 960,000 m² taken up over the first six months of 2012, the office market has experienced a significant 18% decline in take-up by volume compared to the same period of 2011. As such, the volume of take-up in Q2 2012 (429,000 m², down 22% over one year) has confirmed the downward trend that began in Q1. As of halfway through the year, office take-up has fallen below its 10-year average of 1.1 million m².

All the size segments have been affected by this significant fall in take-up. Nevertheless, although the market decline for large units comes as no surprise given the huge deals made last year, the slide in transactions for small and medium-sized units (of less than 5,000 m²) confirms a downward trend in the market as a whole. As the real driver of the office market in Île-de-France (averaging 60% of volume over the past 10 years), take-up in this segment fell by 16% to just 698,000 m² in H1.

The traditional office districts have shown significant declines in take-up over one year; such as the Central Business District (-23%), the Western Crescent (-33%) and La Défense (-45%). Conversely, the appealing rents of the Inner Ring have helped the market to hold up better; one example being ArcelorMittal’s letting of 30,400 m² of offices in the Le Cézanne building in Saint-Denis.

Meanwhile, availability within a year has broken with the trend of the previous months to stand at 4.5 million m² of available offices at the end of Q2. This increase of about 5% vs. Q1 applies to both second hand units (+100,000 m²) and to new and refurbished units (+114,000 m²). This growth in availability within a year is largely due to the prevailing economic uncertainty, causing occupiers to postpone many real estate plans. Nevertheless, this increase will be curbed by the low level of building starts. As such, the current vacancy rate of 7.1% should rise slightly in the coming quarters.

All told, the first six months of 2012 have been a turning point for the office market in Île-de-France. The slowdown in French economic growth (+0.2% in 2012 vs. 1.7% last year) and more particularly the job destruction will limit the fresh demand from Île-de-France occupiers. In this context, take-up should fall significantly, to around 2 million m² over the full year 2012. Meanwhile, availability within a year is set to increase slightly by the end of the year.

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**Availability within a year and vacancy rate**

**Île-de-France Q2**

- **New**
- **Second hand**
- **Vacancy rate %**

**Office cycle - Île-de-France**

- **Take-up**
- **Availability within a year**
- **Building starts**
PARIS

With take-up of 380,000 m² in H1 2012, the office market in Paris inner-city experienced a significant decline of 20% compared to the same period in 2011. Despite this poor performance, take-up is still far off the 10-year average of 387,000 m². The capital is clearly still appealing to occupiers, accounting for 40% of total take-up in Île-de-France.

Paris CBD: contraction in the core market of small and medium sized units

Paris Central Business District (CBD) saw take-up of 151,000 m² over the first six months of 2012, i.e. a significant decline of 23% over one year. As such, the downward trend of Q1 has been confirmed in Q2. This fall is due solely to the contraction of the market for small and medium-sized units (-25%), the traditional core of the market. Conversely, the segment of office space over 5,000 m² has proved resilient, with two deals recorded in H1 2012, of which one prime building, namely the letting by law firm Hogan Lovells of 7,000 m² on 17 Avenue Matignon in the 8th arrondissement of Paris.

Availability within a year meanwhile stands at 477,000 m² at the end of Q2 2012, down 5% compared to the same period in 2011. This trend is notably due to the high absorption of new and refurbished premises (-29% over one year). As such, given the scarcity of opportunities in the district, average rents for these types of assets have held up well over the past 12 months, between € 744 /m² on average for the Etoile district and € 623 /m² at Opéra.

Paris outside CBD: significant decline in availability within a year

With regard to Paris outside CBD, take-up in H1 2012 stood at around 230,000 m², vs. 280,000 m² over the same period last year. Despite this decline, take-up is still higher than the 10-year average of 208,000 m². There have been seven deals for more than 5,000 m² recorded since the beginning of the year, the last of these being the letting by PPR of 15,400 m² of offices in the Laennec building, on Rue de Sèvres in the 7th arrondissement.

Availability within a year meanwhile continues to decline and stood at 565,000 m² by the end of Q2 2012, a contraction of 23% over one year. This steep fall is due to the high level of take-up combined with a slowdown in the completion of new buildings since 2011. In this context, the vacancy rate has been dropping sharply for more than a year and at the end of Q2 2012 was hovering at around 4%.

All told, despite the general slowdown in the office market since the beginning of 2012, take-up on the Paris office market should be in line with the average for the last ten years. Over the full year 2012, take-up in Paris outside CBD should be between 400,000 and 450,000 m² while Paris CBD should nevertheless remain above 300,000 m². Rents for new assets are likely to stabilise, while there could be a slight decline for second-hand offices by the end of the year.
LA DÉFENSE

With take-up of 41,000 m² in H1 2012 compared to just 74,000 m² a year previously, the office market at La Défense has fallen steeply (-45% over one year). Although there were hints of a recovery in Q1 2012, the poor level of take-up in Q2 stopped this trend. Indeed, with take-up of just 11,500 m² over Q1 vs. an average of 48,000 m² over the last ten years, La Défense is still struggling.

The market for small and medium-sized units slowed with 22,000 m² transacted by the end of H1 2012 vs. 38,000 m² a year earlier. With regard to the large unit segment, La Défense is still waiting for a lasting recovery. Indeed, unlike the 2006-2009 period when some huge deals took place in the district (> 35,000 m²), there has been no such transaction for over three years now.

There are a number of reasons behind the low level of deals for large units since 2010. The first is the greater cost cutting by large companies. Indeed, in 2011 major occupiers such as Carrefour or SFR preferred to make rental turnkey deals in relatively low rent areas rather than opt for prime locations. The decline in rents for new buildings (€ 521 / m² in Q2 2012 compared to € 575 /m² in Q2 2011 on a rolling year basis) appears to be a first decisive step to attract new occupiers to the La Défense district.

The second reason is that occupiers are now leaving the La Défense district and its high-rise building model and moving to “campuses”. The most significant example of this was the owner-occupier deal by SFR moving into 124,000 m² in Saint-Denis. The balance of strength has thereby shifted over the past five years with the emergence of these new premises. Indeed, the three biggest deals of 2011 (SFR, Thales and Carrefour) concerned campuses. Even though they are often located in the Inner or even Outer Rim, occupiers now prefer them for five main reasons: major land reserves; improved human relations; cost control; the possibility of building one’s own turnkey project; and moving into a new building that complies with all the latest environmental standards.

Lastly, the fact is that around 70% of occupiers are looking for new office space and La Défense currently offers few opportunities in this respect. La Défense’s current predicament is therefore also due to the lack of large new and refurbished premises on the market. Nevertheless, the completion of new high-rise buildings should kick-start occupier demand for this type of asset by offering new eco-certified premises close to Paris Central Business District and easily accessible on public transport. This trend should begin towards the end of 2012 with the completion of the Carpe Diem Tower (42,000 m²) and then gather pace in 2013 with the completion of the Eqho (79,000 m²) and Majunga (58,000 m²) towers.

Average headline rent over 12 months - La Défense

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Source: BNP Paribas Real Estate
**Take-up (H1) - Western Crescent**

**New supply of office space > 5,000 m²**

**Western Crescent**

**Average headline rent**

**New offices - over 12 months**

**WESTERN CRESCENT**

Office take-up on the Western Crescent has fallen by 33% to 239,000 m² in H1 2012. Like the other traditional office districts, the west of Ile-de-France has been hit hard by the low level of deals for units of over 5,000 m² of which there were just five in H1 2012 vs. an average of eight over the last 10 years. Apart from these general trends, the situations varied between the four main sub-districts.

**Northern River Bend: awaiting further very large transactions**

With take-up of just 15,000 m² in H1 2012 vs. 154,000 m² over the same period in 2011, the office market on the Northern River Bend has experienced a dramatic slowdown. The lack of deals for more than 5,000 m² is now weighing on a market that in recent years has been driven by this segment. Nevertheless, as regrouping and streamlining policies still prevail, the district could once again attract major occupiers thanks to its substantial new supply with 126,000 m² available within a year at very competitive rents.

**Péri-Défense: decline in take-up of large units, as at La Défense**

To a lesser extent, Péri-Défense has also seen a slide in transactions in H1 2012, down 36% compared to H1 2011 to 72,000 m². Although the market for small and medium-sized units performed well, up 20% over one year to 56,000 m², there was a sharp slowdown for units of over 5,000 m², after a particularly buoyant year in 2011. Only one deal was recorded over the first six months of 2012, which was the lease by Veolia Environnement of 15,380 m² of offices in the Vermont building in Nanterre. Meanwhile, the scale of second-hand availability (341,000 m² available within a year at end Q2) is preventing any lasting decline in overall availability. Under these circumstances, the vacancy rate is still high, at about 17%.

**Neuilly/Levallois: market shored up by small and medium-sized units**

Like Péri-Défense, Neuilly/Levallois has also seen take-up decline, with 38,000 m² taken up over the first six months of 2012 vs. 45,000 m² over the year-earlier period. Unlike Péri-Défense and Northern River Bend districts, Neuilly-sur-Seine and Levallois-Perret are above all driven by small to medium-sized office space (accounting for 82% of take-up in H1 2012). Given the appeal of the district, rents have stabilised over the past 12 months, at between € 480 /m² on average for new buildings and € 365/m² for second-hand premises.

**Southern River Bend: catch-up by the large units segment after a tough year in 2011**

Unlike the other three sub-districts, take-up on the Southern River Bend office market jumped by 57% vs. H1 2011, to 115,000 m². The recovery of take-up in the district is largely attributable to the healthy market for large units in Q1 2012. As such, there were three deals for more than 5,000 m² including the lease by Safran of 16,000 m² of office space in the Equus building in Issy-les-Moulineaux. Meanwhile, availability within a year at the end of Q2 stood at 324,000 m² of which about 40% of new and refurbished units.
INNER AND OUTER RIMS

Inner Rim: robust growth in take-up over H1

With take-up of 114,000 m² in H1 2012, the Inner Rim has performed impressively, up 32% vs. H1 2011. As such, the office market is back to a similar transaction level as the same period in 2010. Yet despite this, take-up in the Inner Rim is still short of its 10-year average. This overall trend conceals some very contrasting situations between the three sub-districts.

The Northern Inner Rim has caught up on the low level of take-up in 2011, with around 55,000 m² transacted in H1 2012. Several deals for more than 5,000 m² have been recorded since the beginning of the year including ArcelorMittal’s recent purchase of 10,400 m² of offices in the Cézanne building at ZAC Landy in Saint-Denis. Whether there is a will of making up for lost time or a new pattern is emerging in the district, occupiers in Ile-de-France are now taking advantage of low rents, which range from € 234/m² on average for new office space to € 190/m² on average for second hand units. Moreover, at a time when cost-cutting efforts are as prevalent as ever, the Inner Rim has the advantage of offering many such opportunities for large companies. In the other sub-markets, the Southern Inner Rim is stabilising at end H1 with take-up of around 33,000 m². Although the market for small and medium-sized units has been robust (+21% over one year), there were no deals for over 5,000 m² in H1 2012. Lastly, like the broader market in Ile-de-France, the Eastern Inner Rim is suffering from the economic slowdown with take-up down 12% over one year.

Meanwhile, availability within a year has risen slightly to 655,000 m² as of end Q2 2012 vs. 641,000 m² a year earlier. Despite this general trend, there are major disparities according to the quality of premises. As such, although new and refurbished units are most popular in the Northern and Eastern Inner Rims, major releases of second-hand premises are preventing a lasting decline in availability and therefore the vacancy rates.

Outer Rim: stable market in H1

Take-up in the Outer Rim has been stable compared to the first six months of 2011 at 185,000 m². Paradoxically compared to previous years, take-up has resisted better in the business districts of the Outer Rim than in the traditional Ile-de-France office districts of Paris CBD, La Défense and more generally the Western Crescent. Seven deals for over 5,000 m² have been recorded since the beginning of the year, totalling 79,000 m². These included the letting by EDF of 12,800 m² of offices in the Citalium building in Montreuil. The district benefits from land availability and appealing rents to draw big occupiers such as EDF this year or Carrefour last year in Massy.

Availability within a year this year has stabilised compared to the first three months of 2012, to around 1.2 million m². Nevertheless, it should be noted that 86% of this availability is of second-hand office space. As such, the refurbishment of certain assets will be required to attract new occupiers, otherwise the market risks finding itself lastingly oversupplied.
OCCUPIER SALES

With 131,000 m² office space transacted over H1 2012, the occupier sales market has declined by 11% compared to the same period of 2011. Despite this contraction, the volume of deals is still in line with the 10-year average. All told, the share of sales in overall take-up in Île-de-France came in at a respectable 14% over H1 2012 vs. 12% on average over the last 10 years.

Decline in the market for small and medium-sized units

Like the letting market, the traditional core market of units less than 5,000 m² has seen a big fall of 25% over one year with take-up of just 62,000 m² for the segment in H1 2012. Conversely, the market for units of over 5,000 m² is particularly active with 67,000 m² taken up in a total of four transactions. One such deal was the acquisition by the Justice Ministry of 32,000 m² of offices in the Parc du Millénaire (Paris 19th). As such, although buyers often prefer small and medium-sized units, the trend for large deals in 2012 shows that there is still interest in such assets.

There were no great changes in terms of location strategy for occupying owners. They still want to ensure the security of their purchases by opting for central locations. As such, Paris inner-city accounted for the lion’s share of these deals (52% of the total volume). Buyers are also keen on the Western Crescent, which accounted for 26% of overall take-up, including the acquisition by OPH Seine Ouest Habitat of 2,251 m² of offices in Issy-les-Moulineaux.

Stabilisation of capital values

The average price per asset sold in Île-de-France in H1 2012 has stabilised at € 5,108 per m². Yet behind this figure there are major disparities between the main submarkets of Île-de-France: Indeed, the appeal of Paris has kept capital values high, at around € 8,500 m² in Paris Central Business District. Conversely, the average price in a district like the Inner Rim is around € 2,440 m², below the average for the last 10 years. Under these circumstances, the rise in capital values in Paris for the past few quarters may prompt some owners to opt for opportunities in the Inner Rim to avail themselves of the better prices.

Lastly, despite the low level of economic activity, low interest rates may help to shore up acquisitions. Indeed, with 131,000 m² bought in H1 2012, the acquisition market should see take-up of between 250,000 and 280,000 m² over the full year.
INVESTMENT IN OFFICES IN ÎLE-DE-FRANCE

Paris accounts for 71% of investment

With €3.9bn invested in H1, offices in Île-de-France are still the main driver of the investment market. Despite the contraction in economic growth and the impact on the letting market, Paris offices continue to attract investors seeking safe havens. In terms of location, the most sought-after district is still Paris Central Business District (Paris CBD) which attracted 40% of all investment in offices in Île-de-France. This is the most liquid district with the lowest vacancy rate (5.1% vs. 7.3% on average for the whole of Île-de-France).

The low level of supply at the heart of the Paris market has encouraged buyers to consider other districts, such as Paris outside CBD whose offices attracted €1.2bn in H1 2012. As such, as part of a portfolio purchase, an Asian investment fund paid €360m for the Avant-Seine building (43,000 m²) in the 13th arrondissement of Paris. Furthermore, Swisstyle has finalised the acquisition from Invesco of the Le Surcouf building (10,300 m²) in the 7th arrondissement for €110m.

Could “green” offices give the market fresh impetus?

Outlying markets are struggling to hold their own, accounting for just 29% of investment. Aversion to risk and the lack of visibility are encouraging investors to opt for the most established and liquid markets. Although La Défense is still one of the main office markets in Île-de-France, activity there has been muted for the past few years. Apart from location, investors pay very careful attention to environmental criteria that play an increasingly important role in their choice of acquisition. As such, few of the high-rise buildings at La Défense meet the criteria given in the French government’s “Grenelle” building plan, whereas in the Inner Rim or the Western Crescent, there are plenty of new buildings that comply with the best environmental criteria (BBC, BEPOS, etc.).

This trend notably boosted off-plan sales in 2011 (€1.4bn vs. €1.75m in 2009). Contrary to all expectations, 78% of this off-plan investment was in empty buildings, proving that new generation buildings can galvanise the investment market. In H1 2012, some €500m was invested in off-plan properties in Île-de-France. Speculative off-plan sales represented 50% of the investment, such as the acquisition by Wereldhave of the Noda building (24,000 m²) in Issy-les-Moulineaux for €131m.

Stabilisation of prime yields

Given the fierce competition between investors, average yields are likely to stabilise or even decline slightly in Paris inner-city over the coming quarters. For the other districts, considered to be less secured, we could see a slight increase in average yields. With regard to prime yields, the trend for all districts in Île-de-France is towards stabilisation. Indeed, at 4.7%, Paris CBD appears to have bottomed out for significant amounts.
THE EUROPEAN OFFICE MARKET

Deterioration in the eurozone’s economic climate

The Eurozone narrowly missed entering recession in Q1 2012 thanks to the healthy performance of Germany (+0.5%). In Q2, economic conditions deteriorated further, thereby confirming the prospects of a slight recession over the full year. The German economy is still performing the best whereas the gap vs. other European countries has widened. The UK is also likely to remain in recession in Q2. In this context, we do not expect any improvement in the eurozone employment market, which is likely to remain in difficulty in the coming quarters.

The decline in transactions steepened in Q2

The slowdown in demand was more pronounced in Q2 2012. On a rolling year basis between Q2 2011 and Q2 2012, take-up fell in the nine main cities, with the exception of Munich. Thanks to its steady net absorption, the office market in Germany showed the best resilience. Meanwhile, Central Paris and Central London saw slight declines in take-up, to below their 10-year averages. Transactions in Milan and Madrid remained weak in Q2 2012. Over the full year 2012, the volume of take-up is set to decline significantly in the nine leading office markets of Western Europe.

Stabilisation of the vacancy rate

The average vacancy rate in the nine major cities stood at 9.3% at the end of Q2 vs. 9.5% for the same period the previous year. The fall in supply in the German cities compensated for the sharp rise in the vacancy rate in Madrid, itself brought about by a substantial increase in second-hand availability. In the markets of Central Paris, Central London and Milan, the vacancy rate is remained the same from Q1 to Q2. Nevertheless, given the likely slowdown in take-up in H2, an increase in the vacancy rate may be expected.

Prime rents are almost stable in the main Western European markets

With the exception of the sharp drop in Madrid, prime office rents have remained stable compared to Q1 2012. The prime rent has even risen slightly in Hamburg whereas the average rent in the Central Business Districts of Munich and Berlin are also on the rise, driven by high demand for new and refurbished premises. In London, City rents should hold up well. However, given the low level of availability, rents in the West End could rise in the coming quarters.
### KEY FIGURES

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<td>+2%</td>
<td>-15%</td>
<td></td>
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</tr>
<tr>
<td>Neuilly/Levallois</td>
<td>93,000</td>
<td>6.7</td>
<td>45,000</td>
<td>139,000</td>
<td>10.0</td>
<td>38,000</td>
<td>+49%</td>
<td>-16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern River Bend</td>
<td>233,000</td>
<td>14.9</td>
<td>154,000</td>
<td>266,000</td>
<td>17.0</td>
<td>15,000</td>
<td>+14%</td>
<td>-90%</td>
<td></td>
<td></td>
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<tr>
<td>Southern River Bend</td>
<td>244,000</td>
<td>10.9</td>
<td>73,000</td>
<td>236,000</td>
<td>10.6</td>
<td>115,000</td>
<td>-3%</td>
<td>+58%</td>
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<tr>
<td>Northern Inner Rim</td>
<td>216,000</td>
<td>10.7</td>
<td>24,000</td>
<td>259,000</td>
<td>12.8</td>
<td>55,000</td>
<td>+20%</td>
<td>+129%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Inner Rim</td>
<td>160,000</td>
<td>9.0</td>
<td>32,000</td>
<td>157,000</td>
<td>8.8</td>
<td>33,000</td>
<td>-2%</td>
<td>+3%</td>
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<tr>
<td>Eastern Inner Rim</td>
<td>110,000</td>
<td>7.7</td>
<td>30,000</td>
<td>122,000</td>
<td>8.6</td>
<td>27,000</td>
<td>+11%</td>
<td>-10%</td>
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<tr>
<td>Outer Rim</td>
<td>1,243,000</td>
<td>6.7</td>
<td>181,000</td>
<td>1,136,000</td>
<td>6.1</td>
<td>185,000</td>
<td>-9%</td>
<td>+2%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>3,655,000</strong></td>
<td>7.3</td>
<td><strong>1,176,000</strong></td>
<td><strong>3,597,000</strong></td>
<td>7.1</td>
<td><strong>960,000</strong></td>
<td>-2%</td>
<td>-18%</td>
<td></td>
<td></td>
</tr>
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* End of period  
Source: Immotat-IPD, BNP Paribas Real Estate

### Availability within a year

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<thead>
<tr>
<th></th>
<th>Q2 2011</th>
<th>Q2 2012</th>
<th>Variation Q2 2011 / Q2 2012</th>
<th>Q2 2011</th>
<th>Q2 2012</th>
<th>Variation Q2 2011 / Q2 2012</th>
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<tr>
<td>Paris CBD</td>
<td>504,000</td>
<td>477,000</td>
<td>-5%</td>
<td>58,000</td>
<td>51,000</td>
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<td>Paris outside CBD</td>
<td>734,000</td>
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<td>-23%</td>
<td>46,000</td>
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<tr>
<td>La Défense</td>
<td>279,000</td>
<td>361,000</td>
<td>+29%</td>
<td>192,000</td>
<td>233,000</td>
<td>+21%</td>
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<td>Péri Défense</td>
<td>419,000</td>
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<td>200,000</td>
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<td>69,000</td>
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<td>287,000</td>
<td>309,000</td>
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<td>43,000</td>
<td>102,000</td>
<td>+137%</td>
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<tr>
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<td>319,000</td>
<td>324,000</td>
<td>+2%</td>
<td>15,000</td>
<td>99,000</td>
<td>+560%</td>
</tr>
<tr>
<td>Northern Inner Rim</td>
<td>288,000</td>
<td>306,000</td>
<td>+6%</td>
<td>15,000</td>
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<td>+120%</td>
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<tr>
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<td>217,000</td>
<td>217,000</td>
<td>0%</td>
<td>27,000</td>
<td>73,000</td>
<td>+170%</td>
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<tr>
<td>Eastern Inner Rim</td>
<td>126,000</td>
<td>132,000</td>
<td>+5%</td>
<td>15,000</td>
<td>17,000</td>
<td>+13%</td>
</tr>
<tr>
<td>Outer Rim</td>
<td>1,325,000</td>
<td>1,197,000</td>
<td>-10%</td>
<td>46,000</td>
<td>34,000</td>
<td>-26%</td>
</tr>
</tbody>
</table>

**Total** | 4,706,000 | 4,513,000 | -4% | 524,000 | 827,000 | 58%  

Source: BNP Paribas Real Estate
RENTS Q2 2012
(Moving average based on a year)

PARIS

<table>
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<tr>
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<th>€/ m²/ year excl. VAT and charges</th>
<th>Second hand</th>
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<tbody>
<tr>
<td></td>
<td>&lt; 500 m²</td>
<td>500 - 2,000</td>
<td>&gt; 2,000 m²</td>
</tr>
<tr>
<td>&lt; 500 m²</td>
<td>527</td>
<td>613</td>
<td>735</td>
</tr>
<tr>
<td>500 - 2,000</td>
<td>370</td>
<td>450</td>
<td>628</td>
</tr>
<tr>
<td>&gt; 2,000 m²</td>
<td>326</td>
<td>435</td>
<td>ns</td>
</tr>
<tr>
<td>ns</td>
<td>ns</td>
<td>ns</td>
<td>ns</td>
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<tr>
<td>ns</td>
<td>376</td>
<td>490</td>
<td></td>
</tr>
<tr>
<td>ns</td>
<td>ns</td>
<td>489</td>
<td></td>
</tr>
<tr>
<td>ns</td>
<td>ns</td>
<td>ns</td>
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WESTERN CRESCENT, LA DÉFENSE AND INNER RIM:

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<th>Second hand</th>
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<tbody>
<tr>
<td></td>
<td>&lt; 500 m²</td>
<td>500 - 2,000</td>
<td>&gt; 2,000 m²</td>
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<tr>
<td>&lt; 500 m²</td>
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<td>460</td>
<td>530</td>
</tr>
<tr>
<td>500 - 2,000</td>
<td>240</td>
<td>153</td>
<td>363</td>
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<td>&gt; 2,000 m²</td>
<td>430</td>
<td>ns</td>
<td>480</td>
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<td>ns</td>
<td>255</td>
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<td>240</td>
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<tr>
<td>ns</td>
<td>218</td>
<td>234</td>
<td>267</td>
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OUTER RIM

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<th>Second hand</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 500 m²</td>
<td>500 - 2,000</td>
<td>&gt; 2,000 m²</td>
</tr>
<tr>
<td>&lt; 500 m²</td>
<td>142</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td>500 - 2,000</td>
<td>148</td>
<td>174</td>
<td>212</td>
</tr>
<tr>
<td>&gt; 2,000 m²</td>
<td>ns</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td>ns</td>
<td>ns</td>
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<td>214</td>
<td>186</td>
<td>221</td>
</tr>
<tr>
<td>ns</td>
<td>ns</td>
<td>ns</td>
<td></td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate
IMMOSTAT AREA
GLOSSARY

The numerical data used by BNP Paribas Real Estate for its statistics feature all the information at the group's disposal when compiling them. These statistics may change according to new information brought to our knowledge that is often confidential to begin with.

Definitions from A to Z...

Building:
- New: Building built within the last 5 years.
- Major Refurbishment: Building which has undergone structural alteration less than five years ago, subject to planning permission.
- Recent: Building less than 10 years old.
- Renovated: Building which has undergone renovation work not requiring for planning permission less than five years ago.
- Modern: High-performance building over 10 years old.
- Old: Low-performance building over 10 years old.

CCI (Cost of Construction Index): Index that makes quarterly measurements of construction prices for new house building. It is the price after VAT paid by the owner to construction companies. It excludes land-related prices and costs (site development, special foundations, etc.), fees and financial costs.

Demand: A search for premises expressed to BNP Paribas Real Estate. The analysis pertains only to the flow of new demand expressed.

For the occupier: Operation undertaken by an occupier for its own purposes.

New supply: Any new building and/or heavily refurbished building that adds to the existing stock. These are analysed according to progress.

Completed new supply: Buildings on which construction work is finished.

Under construction: Buildings on which construction has effectively begun. Prior demolition work is not taken into account.

Planning permission granted: Authorisation to build obtained, generally booked after settlement of third party claims.

Planning permission submitted: Planning permission requested, being processed.

Projects: Identified intention of a building operation for which no request has been filed.

HQC: Voluntary initiative for high-quality environmental management of construction or refurbishment of buildings. This is an initiative by real estate and construction professionals and is subject to a certification procedure drawn up by AFNOR (Association Française de Normalisation).

Immediate supply: All vacant premises and buildings, available immediately for letting and occupation.

Immostat: Economic Interest Group founded in 2001, through an association between BNP Paribas Real Estate, CB Richard Ellis, DTZ Jean-Thouard, and Jones Lang LaSalle. In the interests of consistency, the brokers adopted numerous joint definitions: market districts in Ile-de-France, conditions of buildings and premises, definitions of surface areas to be taken into account, rents, etc.

The structure of the EIG guarantees the independence of data processing and respect for the confidentiality commitments of each of its members.

New or major-refurbished offices:
- New: Premises in a new building that have never been occupied.
- Major Refurbishment: Premises in a refurbished building that have never been occupied.

Office stock: Includes all completed offices, vacant or occupied. The office stock includes offices of the public and private sectors. In Ile-de-France, it is regularly updated by the Observatoire Régional de l’Immobilier d’Entreprise d’Ile-de-France (ORIE) and the Direction Régionale de l’Equipement d’Ile-de-France [Regional Facilities Department for Ile-de-France] (DREIF) from the official statistics on new construction, the annual taxation on offices, as well as the data relative to demolition.

Owner-occupier development: Construction of a building for an occupier who has signed a bill of sale on a property still to be built.

Pre-letting: Transaction signed by an occupier more than 6 months before the delivery of the building.

Rent:
- Headline rent: Annual rent per square metre, featured on the lease, and expressed excluding taxes and charges. Does not include attached premises such as parking areas, archives, staff canteens, etc. If the rental is progressive, the value applied is the average for the first three years or the fixed term of the lease.
- Average headline rent: Weighted average of rented area. The average featured is a moving average over three quarters, to smooth out the changes.
- Underlying rent: Annual rent per square metre expressed free of tax and charges and excluding advantages agreed by the owner (rent incentives, building works, etc.).
- Prime rent: Represents the top headline rent (excluding non significant transactions) for an office unit:
  - of standard size
  - of the highest quality and specification
- In the best location in each market.
- Top rent: represents the top headline rent for an office unit. It is not necessarily a prime rent.

Second hand premises: Premises that have been previously occupied by an occupier for vacant for more than five years.

Renovated: Premises that have been renovated for the new occupier.

Very good condition: High-performance premises of high quality.

Existing state of repair: Low-performance premises that can be rented as they are.

To be renovated: Low-performance premises that need renovation.

Speculative / Non-speculative operation:
- Speculative: Construction launched without prior rental or sale to the occupier.
- Non-speculative: Construction launched after partial or complete sale or rental to an occupier.

Supply available within one year: All premises and buildings available within one year, including the supply available immediately, new supply that has not been pre-let and second-hand supply that will be vacated definitively (notably terminated leases).

Take-up: Rental or sale of a property asset, finalised by the signature of a lease or a bill of sale, including turnover transactions and owner-occupier. The transaction is only taken into account once any existing conditional clauses have been lifted.

Turnkey rental: Construction of a building for an occupier who has signed a lease on a property still to be built.

Vacancy rate: Ratio measuring the relationship between the supply immediately available and the existing stock.

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O T H E R L O C A T I O N S

A L B A N I A

AUSTRIA

BULGARIA

C Y P R U S

G R E E C E

J A P A N

N E T H E R L A N D S

N O R T H E R N I R L A N D

R U S S I A

S E R B I A

S L O V A K I A

S W I T Z E R L A N D

T U R K E Y

U K R A I N E

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