At a glance
PARIS OFFICE MARKET
Q3 2014

BUOYANT MARKET IN 2014 DESPITE A SLOWDOWN IN Q3

- With take-up of 1,530,000 m² over the first nine months of 2014, the Île-de-France office market has enjoyed 13% growth compared to the year-earlier period. Nevertheless, there has been a marked slowdown with just 369,000 m² transacted over Q3 2014. This is the lowest quarterly figure since 2009. The busiest segments are still large units (over 5,000 m²): these enjoyed an increase of 24% and are mainly concentrated on units of over 10,000 m². In particular, we note the acquisition by SMA of 24,000 m² of offices in the 15th arrondissement, as well as the letting by Generali of 7,600 m² on Rue Pillet Will in the 8th arrondissement. Meanwhile, units of under 5,000 m² have experienced a more moderate increase (+7%). Small transactions (less than 500 m²) have enjoyed robust growth (+14%).

- Most districts have benefited from the healthy trend since the beginning of the year, starting with the CBD thanks to solid figures in small and medium-sized units. Large units held their own, including the lease by Fast Retailing of 7,500 m² in Louvre Saint Honoré. The return of major deals boosted certain markets such as Péri-Défense, Neuilly/Levallois but above all La Défense. The towers of the renewal plan are gradually filling up, with KPMG in Eqho tower, Thalès in Carpe Diem and Levallois but above all La Défense. The towers of the renewal plan are being launched speculatively. In this context, tension may return to some districts by 2016, particularly in Paris Inner City.

- As shown by recent economic surveys, the slowdown in economic activity has intensified across Europe. After French GDP growth of 0.4% in 2013, the figure is expected to be 0.3% for 2014. Nevertheless, this should lead to a slight increase in employment in Île-de-France (+10,000 jobs). This is why net absorption of offices in Greater Paris has reached 500,000 m² over the first nine months of 2014, a sharp increase vs. 2013 (140,000 m²). After 1.9 million m² in 2013, office take-up in Île-de-France is expected to be 2.1 million m² in 2014.

Office cycle

- Availability within a year stood at 4.85 million m² on October 1 2014, a slight decline since end 2013 (-3%). This downward trend is likely to continue until the end of the year. New supply represents 23% of the total. The vacancy rate in Île-de-France stands at 7.4% in Q3 2014 and has been flat for three quarters. Even though vacancy rates are still high in the Western Crescent (12.6%) and La Défense (11.9%), they continue to come down. On the other hand, they are at their balance threshold in Paris (4.9%) and the Inner Rim (8.9%).

- While supply under construction has reached a low point since 2011, the volume of schemes with planning permission, has reached a new peak of 2.6 million m². As such, developers are expecting the market to look up, but prefer pre-let schemes, with just 16% of units to be launched speculatively. In this context, tension may return to some districts by 2016, particularly in Paris Inner City.
OFFICE MARKET IN ILE-DE-FRANCE

Take-up (9 months)

Source: Immostat

Availability within a year (1st October)

Source: BNP Paribas Real Estate

Future supply

Source: BNP Paribas Real Estate
OFFICE MARKET IN ILE-DE-FRANCE

<table>
<thead>
<tr>
<th></th>
<th>2013 - 9 months</th>
<th>2014 - 9 months</th>
<th>Immediate supply variation</th>
<th>Take-up variation</th>
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<tbody>
<tr>
<td></td>
<td>Immediate supply*</td>
<td>Vacancy rate*</td>
<td>Take-up</td>
<td>Immediate supply*</td>
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<td>18.4</td>
<td>93,000</td>
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<td>Neuilly/Levallois</td>
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<td>10.1</td>
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<tr>
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<td>6.5</td>
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<td>1,113,000</td>
<td>5.7</td>
<td>214,000</td>
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<td><strong>Total</strong></td>
<td><strong>3,758,000</strong></td>
<td><strong>7.2</strong></td>
<td><strong>1,356,000</strong></td>
<td><strong>3,906,000</strong></td>
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*end of period
Source: Immostat, BNP Paribas Real Estate

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### Availability within a year

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<td>Paris CBD</td>
<td>603,000</td>
<td>544,000</td>
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<td>117,000</td>
<td>123,000</td>
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<td>La Défense</td>
<td>496,000</td>
<td>568,000</td>
<td>+15%</td>
<td>116,000</td>
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<td>-49%</td>
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<td>Péri Défense</td>
<td>372,000</td>
<td>365,000</td>
<td>-2%</td>
<td>20,000</td>
<td>13,000</td>
<td>-35%</td>
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<td>Neuilly/Levallois</td>
<td>221,000</td>
<td>195,000</td>
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<td>34,000</td>
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<td>-3%</td>
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<td>249,000</td>
<td>-5%</td>
<td>23,000</td>
<td>56,000</td>
<td>+143%</td>
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<td>111,000</td>
<td>127,000</td>
<td>+14%</td>
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<td>+0%</td>
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<td>Outer Rim</td>
<td>1,196,000</td>
<td>1,262,000</td>
<td>+6%</td>
<td>118,000</td>
<td>92,000</td>
<td>-22%</td>
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<td><strong>Total</strong></td>
<td><strong>4,809,000</strong></td>
<td><strong>4,850,000</strong></td>
<td><strong>+1%</strong></td>
<td><strong>824,000</strong></td>
<td><strong>584,000</strong></td>
<td><strong>-29%</strong></td>
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Source: BNP Paribas Real Estate
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