Innovation in commercial real estate in France came in at €29bn in 2015, a rise of 4% compared to 2014. Whereas the trend was rather in decline at the beginning of the year, it was particularly buoyant in H2, finishing with a record fourth quarter (€11bn invested). This meant that the 10-year average of €20bn was easily exceeded. Other European countries also enjoyed historically high figures in 2015, such as the UK, Germany and Spain.

Île-de-France remained by far the favourite market of investors, attracting 76% of investment. Once again, they opted for the mature business areas of Paris and the Western Crescent. Two portfolios of over €500m changed hands in Île-de-France in 2015, bought by Gecina and Blackstone. The regions saw a decline of 11% compared to 2014, with investment of €7bn, but still ahead of the 10-year average (€5.4bn). Lyon has been the main regional driver, with €1.4bn invested thanks to a number of off-plan sales, such as the Grand Hôtel Dieu on Presqu’île, Sky 56 in Part-Dieu and View One in Villeurbanne.

Although diversification strategies have developed, offices are still the favourite among investors. At over €18bn, they represent 61% of acquisitions since the beginning of the year. Retail was in second place with 17% of investment. The fall for this asset class is mainly related to five huge deals in 2014. Retail was the only asset category for which investment in 2015 exceeded that of 2007. The biggest increase was in logistics, with €2.2bn invested, i.e. twice the figure of 2014. Pan-European portfolios dominated the market (75%), sought after by international investors and mostly North Americans. Industrial premises remain in a minority, accounting for 1% of investment, while service premises are still attracting investors seeking to diversify (13% of investment).

INVESTMENT IN 2015: SECOND HIGHEST FIGURE AFTER 2007

In terms of investor type, funds were the biggest category in 2015, accounting for 33% of investment. The outstanding inflows for OPCI and SCPI have meant that they represented a significant 13%. Insurers have also remained major players in France, accounting for 20% of investment. In terms of buyer nationality, the French were again predominant, with 63% of transactions since the beginning of the year. International investors were also busy and continued to invest in France. North Americans were the biggest group with 15% of investment, followed by the Middle East with 6%. Meanwhile, our European neighbours represented a combined 10% of investment.

With interest rates still particularly low and liquidity abundant, prime yields contracted significantly in 2015. The spread between prime offices in Paris CBD and the 10-year OAT is still wide, at 225 basis points. The same trend was seen in the regions, where the prime yield in Lyon fell below 5%. Prime yields should remain stable in 2016 in Paris CBD at 3.25%, but may narrow further in the Western Crescent, Paris non-CBD and the Inner Rim.

Investment in commercial real estate in France

Source: BNP Paribas Real Estate

BNP Paribas Real Estate - Research - January 2016
## INVESTMENT IN COMMERCIAL REAL ESTATE IN FRANCE (€ MILLION)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total amount invested in France</strong></td>
<td>18,862</td>
<td>28,015</td>
<td>29,041</td>
</tr>
<tr>
<td><strong>including amount invested in Île-de-France</strong>*</td>
<td>11,577</td>
<td>17,632</td>
<td>18,851</td>
</tr>
<tr>
<td>Offices</td>
<td>11,388</td>
<td>16,258</td>
<td>17,819</td>
</tr>
<tr>
<td>Warehouses</td>
<td>1,248</td>
<td>1,057</td>
<td>2,167</td>
</tr>
<tr>
<td>Industrial premises</td>
<td>516</td>
<td>611</td>
<td>369</td>
</tr>
<tr>
<td>Retail</td>
<td>3,172</td>
<td>7,015</td>
<td>4,958</td>
</tr>
<tr>
<td>Services</td>
<td>2,537</td>
<td>3,074</td>
<td>3,735</td>
</tr>
</tbody>
</table>

* source: Immostat is an economic interest group that recorded all units over €4 million concerning commercial real estate.

### Geographic breakdown

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>72%</td>
<td>72%</td>
<td>76%</td>
</tr>
<tr>
<td>Regions</td>
<td>28%</td>
<td>28%</td>
<td>24%</td>
</tr>
</tbody>
</table>

### Investment amount

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; € 5 million</td>
<td>489</td>
<td>432</td>
<td>490</td>
</tr>
<tr>
<td>€ 5 - 10 million</td>
<td>734</td>
<td>727</td>
<td>658</td>
</tr>
<tr>
<td>€ 10 - 20 million</td>
<td>1,239</td>
<td>1,427</td>
<td>1,561</td>
</tr>
<tr>
<td>€ 20 - 50 million</td>
<td>3,125</td>
<td>3,230</td>
<td>3,398</td>
</tr>
<tr>
<td>€ 50 - 100 million</td>
<td>3,690</td>
<td>4,381</td>
<td>4,288</td>
</tr>
<tr>
<td>&gt; € 100 million</td>
<td>9,585</td>
<td>17,819</td>
<td>18,609</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,862</td>
<td>28,015</td>
<td>29,041</td>
</tr>
</tbody>
</table>

### Type of investors

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds</td>
<td>25%</td>
<td>27%</td>
<td>33%</td>
</tr>
<tr>
<td>Sovereign funds</td>
<td>7%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>Insurance</td>
<td>22%</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>SIIC (Reit)</td>
<td>8%</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>Other landholding companies</td>
<td>8%</td>
<td>15%</td>
<td>3%</td>
</tr>
<tr>
<td>SCPI</td>
<td>17%</td>
<td>16%</td>
<td>11%</td>
</tr>
<tr>
<td>OPCI</td>
<td>4%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Private investors</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
<td>4%</td>
<td>9%</td>
</tr>
</tbody>
</table>
# INITIAL PRIME YIELDS

## Offices in Île-de-France

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris CBD</td>
<td>4.50%</td>
<td>4.00%</td>
<td>3.25%</td>
<td></td>
</tr>
<tr>
<td>Paris outside CBD</td>
<td>4.75%</td>
<td>4.65%</td>
<td>3.75%</td>
<td></td>
</tr>
<tr>
<td>La Défense</td>
<td>5.90%</td>
<td>5.50%</td>
<td>4.90%</td>
<td></td>
</tr>
<tr>
<td>Western Crescent</td>
<td>5.75%</td>
<td>5.25%</td>
<td>3.90%</td>
<td></td>
</tr>
<tr>
<td>Inner Rim</td>
<td>6.10%</td>
<td>5.30%</td>
<td>4.50%</td>
<td></td>
</tr>
<tr>
<td>Outer Rim</td>
<td>6.50%</td>
<td>6.20%</td>
<td>5.90%</td>
<td></td>
</tr>
</tbody>
</table>

## Offices in Regions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aix/Marseille</td>
<td>6.10%</td>
<td>6.10%</td>
<td>6.00%</td>
<td></td>
</tr>
<tr>
<td>Lyon</td>
<td>5.70%</td>
<td>5.30%</td>
<td>4.80%</td>
<td></td>
</tr>
<tr>
<td>Lille</td>
<td>5.90%</td>
<td>5.60%</td>
<td>5.60%</td>
<td></td>
</tr>
<tr>
<td>Bordeaux</td>
<td>6.40%</td>
<td>6.20%</td>
<td>6.00%</td>
<td></td>
</tr>
<tr>
<td>Toulouse</td>
<td>6.20%</td>
<td>6.00%</td>
<td>6.00%</td>
<td></td>
</tr>
<tr>
<td>Nantes</td>
<td>6.50%</td>
<td>6.25%</td>
<td>6.40%</td>
<td></td>
</tr>
<tr>
<td>Strasbourg</td>
<td>6.90%</td>
<td>6.90%</td>
<td>6.40%</td>
<td></td>
</tr>
</tbody>
</table>

## Grade A Warehouses

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>7.15%</td>
<td>6.85%</td>
<td>5.80%</td>
<td></td>
</tr>
<tr>
<td>Regions</td>
<td>7.15%</td>
<td>6.85%</td>
<td>6.35%</td>
<td></td>
</tr>
</tbody>
</table>

## Industrial Premises

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>7.75%</td>
<td>7.50%</td>
<td>6.70%</td>
<td></td>
</tr>
</tbody>
</table>

## Retail

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Street-level store in Paris</td>
<td>4.00%</td>
<td>3.75%</td>
<td>3.00%</td>
<td></td>
</tr>
<tr>
<td>Shopping centres in France</td>
<td>4.75%</td>
<td>4.80%</td>
<td>4.75%</td>
<td></td>
</tr>
<tr>
<td>Retail parks in France</td>
<td>5.30%</td>
<td>5.30%</td>
<td>5.25%</td>
<td></td>
</tr>
</tbody>
</table>

## Hotels

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris inner-city</td>
<td>5.90%*</td>
<td>5.50%*</td>
<td>6.00%*</td>
<td></td>
</tr>
</tbody>
</table>

*Estimate
### Contacts

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Tel: +33 (0)1 55 65 20 04

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93170 Bagnols
Tel: +33 (0)1 49 93 70 00

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Tel: +33 (0)1 55 65 20 04

Ergany
Immeuble Tennessee
8 allée Rosa Luxembourg
92844 Ergany Cedex
Tel: +33 (0)1 34 30 86 46

**Bordeaux**

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23, Parvis des Charrons
33074 Bordeaux Cedex
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**Grenoble**

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Tel: +33 (0)3 20 06 99 00

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Tel: +33 (0)4 78 63 62 61

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Tel: +33 (0)4 91 56 03 03

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Nancy
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54000 Nancy
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Tel: +33 (0)2 47 44 70 58

**www.realestate.bnpparibas.fr**

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**BNP Paribas Real Estate:** Simplified joint stock company with capital of € 383,071,696 - 692 012 180 RCS Nanterre - Siren 383,071,696 - Identification number FR 666,920,121 80 - Headquarters: 167, Quai de la Bataille de Stalingrad - 92867 Issy les Moulins Cedex

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