• After an outstanding H1, the office market in the Regions* continued its healthy growth to exceed take-up of 1.5 million m² in 2016. This is a historical record and only the second time in 10 years that take-up has exceeded this threshold. It represents an 8% increase vs. 2015 and 15% vs. the 10-year average. This rise applied to all size segments, except for 5,000 – 10,000 m². Unlike 2015, a year driven by major transactions, the market in 2016 is more balanced: the foundation of small units is consolidating (+11%) and the share of medium-sized units is increasing. These account for 34% of take-up and jumped by 24%. Another notable difference is that whereas 2015 was characterised by a sharp increase in owner-occupier and rental turnkey deals, in 2016 this category saw a fall of 20%. Second-hand take-up represented 57% of the overall volume and rose by 16%. Yet it was above all deals for new offices on the market that performed well: after sliding since 2013, new office transactions revived to show growth of 19%. They accounted for 24% of the overall transaction volume.

• Several cities performed particularly well over the year, reaching record transaction levels: Lyon, Lille, Toulouse, Bordeaux and Grenoble. Lyon is still the top regional market with 292,000 m² taken up in 2016. It is followed by Lille, which outperformed in 2016 with take-up of 228,000 m² after an increase of 35%. Toulouse took third place on the podium, with 169,000 m² taken up. Nantes and Bordeaux are flat compared to last year, at a very high level: Nantes is close to 115,000 m² and Bordeaux exceeded 110,000 m² for the first time. After rising for three years, Aix-Marseille contracted in 2016 to stand just behind Bordeaux. With respect to markets of under 100,000 m², Strasbourg and Grenoble enjoyed a strong year in 2016, enabling them to jump a few places in the regional office transaction rankings.

• In 2016, the office market was boosted by the ITC sector, which represents 23% of take-up for deals of over 1,000 m². This healthy performance was mainly driven by the company Orange. Indeed, over 2016 Orange signed eight transactions over 1,000 m² totalling 78,120 m², notably including one of the biggest deals of 2016: the owner-occupier deal at Part-Dieu for 26,000 m². The public sector and industry are just behind, with respectively 19% and 18% of transactions.

• Availability within a year has risen slightly in the regions, to 2,534,000 m², a high level in the context of the last 10 years. Whereas second-hand supply had been on the rise since 2011, it stabilised in 2016. The main factor holding back the take-up of second-hand supply is its quality. Over half of availability within a year is considered worn or in need of refurbishment. A highlight of 2016 was the substantial increase in new supply, stemming from the launch of several schemes. The volume of supply under construction has been increasing since 2014, marking a healthy trend for the regional office market. Another positive point is that construction to be launched speculatively with planning permission granted has risen dramatically (+35%). These schemes are in the main cities and should mostly arrive on the market in 2018 or 2019. Conversely, speculative construction is still too rare on secondary markets.

*16 cities: Aix/Marseille, Bordeaux, Dijon, Grenoble, Lille, Lyon, Metz, Montpellier, Nancy, Nice/Sophia, Orléans, Rennes, Rouen, Strasbourg, Nantes and Toulouse.
**REGIONAL OFFICE MARKET**

**Take-up**

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<tr>
<th>Year</th>
<th>Second-hand</th>
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<td>500</td>
<td>200</td>
</tr>
<tr>
<td>2008</td>
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</tr>
<tr>
<td>2016</td>
<td>1,400</td>
<td>1,100</td>
</tr>
</tbody>
</table>

**Availability within a year**

<table>
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<th>Year</th>
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<th>New</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
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<tr>
<td>2010</td>
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<tr>
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<td>1,550</td>
</tr>
<tr>
<td>2016</td>
<td>2,400</td>
<td>1,650</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate
BUSINESS LINES in Europe

A 360° vision

PROPERTY DEVELOPMENT  TRANSACTION  CONSULTING  VALUATION  PROPERTY MANAGEMENT  INVESTMENT MANAGEMENT

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