With only € 3.5bn invested in France over the first quarter of 2017, investment in commercial real estate in France fell by 22% compared to the first quarter of 2016. This figure was below the 5-year average for a first quarter, which is at € 4.2bn. It follows a particularly robust year in 2016, when € 31.8bn was invested. Île-de-France accounted for 79% of transaction volumes over the quarter, compared to an average of 74%. The biggest deal since the beginning of the year has been the off-plan purchase of Grand Central Saint Lazare by Union Investment for about € 340m. In the regions, Lyon lost the pole position to Aix/Marseille, where € 132m were invested. The biggest deal in the regions was for two shopping centres in Albertville and Chauray, bought by AMR for about € 100m.

Offices are still by far investors’ favourite asset: with € 2.5bn invested in Q1, i.e. an increase of 59% over one year, they were the real drivers of the market. With the notable exception of industrial premises (+46 %), all the other markets were on a downward trend. Investment in retail fell below its 5-year average, mainly due to a lack of available assets. Nevertheless, we note the acquisition of the future Kiko on the Champs-Élysées by AEW Europe for about € 115m. Investment in logistics was back to its average level after an outstanding year in 2016. Although there was a greater number of individual deals, we would point out the Anchor portfolio bought by Rockspring for over € 100m. The biggest fall over the quarter was for services (-88 %), with an even division between hotels and serviced accommodation.

Funds once again drove the market, accounting for 46% of investment. Strong inflows continue to benefit SCPI (11 %) and insurers (8%). Property companies also rank highly (23%). French investors were very dominant in 2016 but have left more room to foreign investors over the past quarter. As such, Germans accounted for 20% of investment, ahead of the Americans (12%) and British (11%). Asian and Middle Eastern funds are yet to make a start but are likely to invest over the course of 2017.

Fresh doubts about the US market and the strong correlation between long-term interest rates have led to a tension on European bond yields. This rise in yields also reflects the political risk in Europe with the forthcoming elections. However, despite rising sharply, long-term interest rates remain historically low. Moderate inflation in Europe and low growth do not justify a significant hike in interest rates. In France, the OAT is expected at 1.2 % at the end of 2017. In this context, the prime office yield, currently at 3.15 %, should not fall below 3%. The yield compression of recent quarters should continue in 2017 for retail (currently 2.75%) and above all logistics (5.50%).

---

**Investment in commercial real estate in France**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>17.2</td>
<td>30.9</td>
<td>15.2</td>
<td>17.9</td>
</tr>
<tr>
<td>2006</td>
<td>25.8</td>
<td>8.3</td>
<td>9.0</td>
<td>13.4</td>
</tr>
<tr>
<td>2007</td>
<td>6.7</td>
<td>8.5</td>
<td>17.3</td>
<td>8.3</td>
</tr>
<tr>
<td>2008</td>
<td>11.4</td>
<td>8.6</td>
<td>13.4</td>
<td>7.4</td>
</tr>
<tr>
<td>2009</td>
<td>5.8</td>
<td>4.4</td>
<td>11.4</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate
# INVESTMENT IN COMMERCIAL REAL ESTATE IN FRANCE (€ MILLION)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total amount invested in France</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>including amount invested in Île-de-France*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offices</td>
<td>5,815</td>
<td>4,418</td>
<td>3,455</td>
</tr>
<tr>
<td>Warehouses</td>
<td>3,598</td>
<td>1,980</td>
<td>2,334</td>
</tr>
<tr>
<td>Industrial premises</td>
<td>3,443</td>
<td>1,552</td>
<td>2,473</td>
</tr>
<tr>
<td>Retail</td>
<td>92</td>
<td>317</td>
<td>250</td>
</tr>
<tr>
<td>Services</td>
<td>1,061</td>
<td>1,276</td>
<td>436</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>2015</th>
<th>2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>75%</td>
<td>74%</td>
<td>79%</td>
</tr>
<tr>
<td>Regions</td>
<td>25%</td>
<td>26%</td>
<td>21%</td>
</tr>
</tbody>
</table>

### Investment amount

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; € 5 million</td>
<td>117</td>
<td>121</td>
<td>131</td>
</tr>
<tr>
<td>€ 5 - 10 million</td>
<td>201</td>
<td>232</td>
<td>123</td>
</tr>
<tr>
<td>€ 10 - 20 million</td>
<td>247</td>
<td>415</td>
<td>279</td>
</tr>
<tr>
<td>€ 20 - 50 million</td>
<td>706</td>
<td>1,065</td>
<td>769</td>
</tr>
<tr>
<td>€ 50 - 100 million</td>
<td>748</td>
<td>623</td>
<td>538</td>
</tr>
<tr>
<td>&gt; € 100 million</td>
<td>3,797</td>
<td>1,962</td>
<td>1,616</td>
</tr>
<tr>
<td>Total</td>
<td>5,815</td>
<td>4,418</td>
<td>3,455</td>
</tr>
</tbody>
</table>

### Type of investors

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds</td>
<td>28%</td>
<td>34%</td>
<td>46%</td>
</tr>
<tr>
<td>Sovereign funds</td>
<td>5%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Insurance</td>
<td>20%</td>
<td>16%</td>
<td>8%</td>
</tr>
<tr>
<td>SIIC (REIT)</td>
<td>13%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Other landholding companies</td>
<td>3%</td>
<td>4%</td>
<td>13%</td>
</tr>
<tr>
<td>SCPI</td>
<td>15%</td>
<td>21%</td>
<td>11%</td>
</tr>
<tr>
<td>OPCI</td>
<td>3%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Private investors</td>
<td>5%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
<td>4%</td>
<td>6%</td>
</tr>
</tbody>
</table>
# INITIAL PRIME YIELDS

## Offices in Île-de-France

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Tendance 2017 / 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris CBD</td>
<td>4,00</td>
<td>3,25</td>
<td>3,15</td>
<td></td>
</tr>
<tr>
<td>Paris outside CBD</td>
<td>4,65</td>
<td>3,50</td>
<td>3,50</td>
<td></td>
</tr>
<tr>
<td>La Défense</td>
<td>5,50</td>
<td>4,90</td>
<td>4,75</td>
<td></td>
</tr>
<tr>
<td>Western Crescent</td>
<td>5,25</td>
<td>3,65</td>
<td>3,65</td>
<td></td>
</tr>
<tr>
<td>Inner Rim</td>
<td>5,30</td>
<td>4,50</td>
<td>4,35</td>
<td></td>
</tr>
<tr>
<td>Outer Rim</td>
<td>6,20</td>
<td>5,50</td>
<td>5,35</td>
<td></td>
</tr>
</tbody>
</table>

## Offices in Regions

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Tendance 2017 / 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aix/Marseille</td>
<td>6,10</td>
<td>6,00</td>
<td>5,75</td>
<td></td>
</tr>
<tr>
<td>Lyon</td>
<td>5,30</td>
<td>4,80</td>
<td>4,00</td>
<td></td>
</tr>
<tr>
<td>Lille</td>
<td>5,60</td>
<td>5,25</td>
<td>5,10</td>
<td></td>
</tr>
<tr>
<td>Bordeaux</td>
<td>6,20</td>
<td>5,90</td>
<td>5,90</td>
<td></td>
</tr>
<tr>
<td>Toulouse</td>
<td>6,00</td>
<td>6,20</td>
<td>6,10</td>
<td></td>
</tr>
<tr>
<td>Nantes</td>
<td>6,25</td>
<td>6,40</td>
<td>6,10</td>
<td></td>
</tr>
<tr>
<td>Strasbourg</td>
<td>6,90</td>
<td>6,40</td>
<td>5,95</td>
<td></td>
</tr>
</tbody>
</table>

## Grade A Warehouses

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Tendance 2017 / 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>6,50%</td>
<td>5,70%</td>
<td>5,50%</td>
<td></td>
</tr>
<tr>
<td>Regions</td>
<td>6,85%</td>
<td>6,35%</td>
<td>5,60%</td>
<td></td>
</tr>
</tbody>
</table>

## Industrial Premises

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Tendance 2017 / 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>7,00</td>
<td>6,70</td>
<td>6,40</td>
<td></td>
</tr>
</tbody>
</table>

## Retail

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Tendance 2017 / 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street-level store in Paris</td>
<td>3,75</td>
<td>3,00</td>
<td>2,75</td>
<td></td>
</tr>
<tr>
<td>Shopping centres in France</td>
<td>4,80</td>
<td>4,75</td>
<td>4,20</td>
<td></td>
</tr>
<tr>
<td>Retail parks in France</td>
<td>5,30</td>
<td>5,10</td>
<td>4,50</td>
<td></td>
</tr>
</tbody>
</table>
BNP Paribas Real Estate: Simplified joint stock company with capital of € 383.071.696 - 92867 Issy les Moulineaux Cedex

Headquarters: 167, Quai de la Bataille de Stalingrad - 92867 Issy les Moulineaux Cedex

BNP Paribas Real Estate is part of the BNP Paribas Banking Group - April 2017

Real Estate for a changing world

6 BUSINESS LINES in Europe

A 360° vision

Main locations

HEADQUARTERS
167, Quai de la Bataille de Stalingrad
92867 Issy les Moulleaux Cedex
Tel: +33 (0) 1 55 65 20 04

GREATER PARIS
Bagnols
Immeuble Les Mercuriales
40 rue Jean-Jaurès
93310 Bagnols
Tel: +33 (0) 1 49 93 70 00

Issy les Moulineaux
167, Quai de la Bataille de Stalingrad
92867 Issy les Moulleaux Cedex
Tel: +33 (0) 1 55 65 20 04

Ergany
Immeuble Tennessee
8 allée Rosa Luxembourg
33072 Ergany
Tel: +33 (0) 5 56 44 09 12

Anney
PAE des Glaisins
19, avenue du Pré-de-Chaillers
74940 Annecy-le-Vieux
Tel: +33 (0) 4 50 64 12 12

Bordeaux
Les Bureaux de la Cité
23, Parvis des Charrons
33074 Bordeaux Cedex
Tel: +33 (0) 5 56 44 09 12

Claymont-Ferrand
Immeuble le Képler
3, rue Képler
63100 Clermont-Ferrand
Tel: +33 (0) 4 73 90 89 88

Dijon
Immeuble le Richelet
10, boulevard Carnot
21000 Dijon
Tel: +33 (0) 3 80 67 35 72

Grenoble
Immeuble le Grenat
3, avenue du Düyom Louis Weil
38000 Grenoble
Tel: +33 (0) 4 76 85 43 43

Lille
100, Tour de Lille
Boulevard de Turin
59777 Euraill
Tel: +33 (0) 3 20 06 99 00

Lyon
Tour Part-Dieu
129, rue Servient
69326 Lyon Cedex 3
Tel: +33 (0) 4 78 63 62 61

Marseille
44, boulevard de Dunkerque
13012 Marseille Cedex 2
Tel: +33 (0) 4 91 56 03 03

Metz
WTC Technopole de Metz
2, rue Augustin Fresnel
57082 Metz Cedex 3
Tel: +33 (0) 3 87 37 20 10

Montpellier
Immeuble Le Triangle
26, allée Jules Machau
34260 Montpellier Cedex 02
Tel: +33 (0) 4 67 92 43 60

Mulhouse
Immeuble Europe
20, place des Halles
67000 Strasbourg
Tel: +33 (0) 3 88 22 19 44

Nancy
Immeuble Les Portes d’Austrasie
40 rue Victor
54000 Nancy
Tel: +33 (0) 3 83 95 88 88

Nantes
14 mail Pablo Picasso
BP 66113
44036 Nantes Cedex 01
Tel: +33 (0) 2 40 20 20 20

Nice
Immeuble Phoenix – Arènes 455, promenade des Anglais
06295 Nice Cedex 3
Tel: +33 (0) 93 19 08 88

Orléans
16, rue de la République
45000 Orléans
Tel: +33 (0) 2 38 62 09 91

Rennes
Centre d’Affaires Athéa
11, rue Louis Keravint-Butarel
35000 Rennes
Tel: +33 (0) 99 22 85 55

Rouen
Immeuble Europa
101 boulevard de l’Europe
76100 Rouen
Tel: +33 (0) 2 35 72 15 50

Strasbourg
Immeuble Europe
20, place des Halles
67000 Strasbourg
Tel: +33 (0) 3 88 22 19 44

Toulouse
Immeuble le Sully
1, place Occitane
80726 Toulouse Cedex 6
Tel: +33 (0) 5 61 23 36 56

Tours
29, rue de la Motière
37000 Tours
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PROPERTY DEVELOPMENT | TRANSACTION | CONSULTING | VALUATION | PROPERTY MANAGEMENT | INVESTMENT MANAGEMENT

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