With take-up of 745,000 m² in H1, the regional office market hit a new record. It is only the second time that overall take-up has exceeded 700,000 m² in a first half. It represents a 6% increase on H1 2016 and stands 22% above the 10-year average.

Transactions for new premises accounted for 41% of the overall volume and were stable compared to H1 2016. However, this stability is the result of two trends: the sharp fall in owner-occupier and rental turnkey deals (-43%) and the very steep increase in the transactions for new available offices (+49%). Indeed, the market was clearly driven by deals for new offices over the period, as they accounted for 30% of the overall total. Second-hand transactions meanwhile increased by 8%.

The market was boosted over the period by large transactions (> 5,000 m²): these rose sharply (+37%). 17 deals for over 5,000 m² were signed in H1 2017 for a total of 148,100 m², vs. 12 deals, i.e. 108,300 m², over the same period in 2016. Conversely, the segment of medium-sized units (1,000 – 5,000 m²) saw a decline (-8%), after having been particularly brisk in 2016. Meanwhile, the foundation of small units (< 1,000 m²) remains solid, with a 6% rise in take-up to 50% of the total.

With take-up of 109,000 m², Lyon kept its top spot among the regional markets, but saw a steep decline (-22%), due to the lack of sizeable deals over the half year. It was followed by Lille, which saw a rise of 6% despite the absence of owner occupier and turnkey deals. With 88,000 m², Toulouse came in third place. The overall level of take-up was stable compared to H1 2016. One of the highlights of period: Bordeaux took the fourth place with a 53% increase in take-up. This rise was largely due to the high number of transactions rather than major deals. After a lacklustre year in 2016, Aix-Marseille enjoyed a recovery with an increase in take-up of 24% thanks in particular to a very large deal of 14,000 m² in Euroméditerranée. Nantes and Rennes were neck and neck over the H1 2017, after an outstanding performance by Rennes (+40%). Among markets of less than 50,000 m², four saw strong growth: Montpellier (+41%), Rouen (+127%), Grenoble (+150%) and Dijon (+59%). However, there were declines for Strasbourg, Nice-Sophia, Nancy, Metz and Orléans compared to H1 2016.

Availability within a year contracted in the regions (-4%), to 2,418,000 m². This decline was due to a fall in second-hand supply. This represents a complete turnaround in the trend: second-hand supply has risen constantly since 2011. It has now fallen 6% to 1,804,000 m². Despite this positive decline, the low quality of second-hand supply is still a real obstacle to its take-up. Over half of it is considered to be in poor condition or in need of refurbishment. New availability within a year was flat over H1 2017, which was attributable to both very good take-up of the available supply, but also the completion of new offices that refreshed market with new high quality supply.

Average rents for new offices have risen thanks to new supply that is still rare on certain regional markets. Average second-hand rents are flat. There is tension on rents due to the excess of second-hand supply. Nevertheless, these trends do not show the incentives that are becoming increasingly common in the form of rent-free months or financing for layout works.

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

Take-up

Availability within a year

Take-up (H1 2017)

Availability within a year (as of 30th June 2017)