With 2,504,400 m² taken up over the whole of 2018, the office market in Ile-de-France has seen a slight slowdown of 5% over one year, but remains well above the 10-year average (2,274,000 m²).

The large unit segment (over 5,000 m²) has dipped by 13% to c.982,400 m² through 81 transactions. The fall mainly relates to a smaller number of deals for office space over 20,000 m² (-30% over one year). For example, there is the very recent lease by Adobe in the Code building in the 16th arrondissement of Paris (5,800 m²). Medium-sized units (1,000 – 5,000 m²), meanwhile picked up the slack and galvanised the market, up 8% vs. 2017. With take-up of no less than 1,522,000 m² and 61% of overall volumes in 2018, small and medium-sized units are the foundation of the market and came in well above the 10-year average.

Generally speaking, the decline observed in Île-de-France applies to most of its districts. However, the phenomenon is worth closer inspection as take-up remains particularly high and most districts are in line or higher than their 10-year average. That said, there were some impressive increases, such as for the Southern Inner Rim (+33% over one year), Péri-Défense (+46%) as well as the Eastern Inner Rim (+52%). Paris Central Business District (CBD) proved resilient, with a slight 5% decline over the year; it accounted for 18% of transactions by volume in 2018. We would note the poor performance of the Southern River Bend and the Northern Inner Rim, mainly due to the subdued performance of large units since the beginning of 2018.

Availability within a year continued its contraction (~8% over one year) but remains at a high level with 4.0 million m² available as of January 1, 2019. The share of new and refurbished premises has fallen and only accounts for 23% of total supply. This is notably explained by the particularly high level of pre-lets in Île-de-France.

In this context, the vacancy rate has continued to narrow and is at a 10-year low, with an average for Île-de-France of 5.5% in Q4 2018 (vs. 6.0% for the same period in 2017). The capital also has a historically low vacancy rate (2.5%), as does La Défense (4.6%) which is at its lowest since 2009. This low vacancy rate in Île-de-France has caused an overall increase in average rents of +5% over 2 years.

Given the low rental risk, many schemes are being launched speculatively. Supply for office under construction in Île-de-France therefore saw a sharp rebound to end December 2018 to stand at 1.53 million m² (+25%). As such, the Inner Rims account for 28% of space under construction (over 5,000 m²), followed closely by La Défense (24%) and Paris Inner City (21%).
OFFICE MARKET IN ÎLE-DE-FRANCE

Take-up (12 months)

Source: Immostat, BNP Paribas Real Estate

 Availability within a year (as of January, 1)

Source: BNP Paribas Real Estate

Future supply

Source: BNP Paribas Real Estate
# Office Market in Île-de-France

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Immediate supply*</th>
<th>Vacancy rate*</th>
<th>Take-up</th>
<th>Immediate supply*</th>
<th>Vacancy rate*</th>
<th>Take-up</th>
<th>Immediate supply variation</th>
<th>Take-up variation</th>
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<tbody>
<tr>
<td>Paris CBD</td>
<td>189,000</td>
<td>2.9</td>
<td>483,000</td>
<td>101,000</td>
<td>458,000</td>
<td>-16%</td>
<td>124,000</td>
<td>-5%</td>
<td>-47%</td>
<td>-5%</td>
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<td>Paris outside CBD</td>
<td>282,000</td>
<td>2.7</td>
<td>622,000</td>
<td>296,000</td>
<td>580,000</td>
<td>+5%</td>
<td>186,000</td>
<td>-7%</td>
<td>-34%</td>
<td>-28%</td>
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<tr>
<td>La Défense</td>
<td>250,000</td>
<td>7.0</td>
<td>188,000</td>
<td>165,000</td>
<td>353,000</td>
<td>-12%</td>
<td>135,000</td>
<td>-34%</td>
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<td>-28%</td>
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<tr>
<td>Péri Défense</td>
<td>398,000</td>
<td>14.7</td>
<td>191,000</td>
<td>392,000</td>
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<td>-2%</td>
<td>130,000</td>
<td>+46%</td>
<td>+46%</td>
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<tr>
<td>Neuilly/Levallois</td>
<td>113,000</td>
<td>7.5</td>
<td>164,000</td>
<td>83,000</td>
<td>124,000</td>
<td>-27%</td>
<td>186,000</td>
<td>-24%</td>
<td>-27%</td>
<td>-24%</td>
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<tr>
<td>Northern River Bend</td>
<td>126,000</td>
<td>15.3</td>
<td>25,000</td>
<td>110,000</td>
<td>18,000</td>
<td>-13%</td>
<td>186,000</td>
<td>-28%</td>
<td>-13%</td>
<td>-28%</td>
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<td>Southern River Bend</td>
<td>225,000</td>
<td>9.4</td>
<td>273,000</td>
<td>372,000</td>
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<td>-32%</td>
<td>186,000</td>
<td>-32%</td>
<td>-2%</td>
<td>-32%</td>
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<tr>
<td>Northern Inner Rim</td>
<td>299,000</td>
<td>9.9</td>
<td>218,000</td>
<td>372,000</td>
<td>211,000</td>
<td>-32%</td>
<td>186,000</td>
<td>-32%</td>
<td>-2%</td>
<td>-32%</td>
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<td>Southern Inner Rim</td>
<td>237,000</td>
<td>9.6</td>
<td>128,000</td>
<td>156,000</td>
<td>171,000</td>
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<td>+34%</td>
<td>+34%</td>
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<td>Eastern Inner Rim</td>
<td>93,000</td>
<td>4.0</td>
<td>74,000</td>
<td>71,000</td>
<td>113,000</td>
<td>-24%</td>
<td>135,000</td>
<td>+53%</td>
<td>+53%</td>
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<tr>
<td>Total</td>
<td>1,058,000</td>
<td>5.7</td>
<td>990,000</td>
<td>346,000</td>
<td>124,000</td>
<td>-6%</td>
<td>346,000</td>
<td>+26%</td>
<td>+26%</td>
<td></td>
</tr>
</tbody>
</table>

* end of period
Source: Immostat, BNP Paribas Real Estate

### Availability within a year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris CBD</td>
<td>308,000</td>
<td>259,000</td>
<td>-18%</td>
<td>147,000</td>
<td>198,000</td>
<td>+35%</td>
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<tr>
<td>Paris Hors CBD</td>
<td>523,000</td>
<td>490,000</td>
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<td>226,000</td>
<td>176,000</td>
<td>-33%</td>
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<tr>
<td>La Défense</td>
<td>319,000</td>
<td>330,000</td>
<td>+3%</td>
<td>223,000</td>
<td>345,000</td>
<td>+55%</td>
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<tr>
<td>Péri Défense</td>
<td>512,000</td>
<td>607,000</td>
<td>+19%</td>
<td>218,000</td>
<td>177,000</td>
<td>-19%</td>
</tr>
<tr>
<td>Neuilly/Levallois</td>
<td>169,000</td>
<td>120,000</td>
<td>-29%</td>
<td>38,000</td>
<td>41,000</td>
<td>+8%</td>
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<td>124,000</td>
<td>-6%</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Southern River Bend</td>
<td>368,000</td>
<td>299,000</td>
<td>-19%</td>
<td>90,000</td>
<td>47,000</td>
<td>-48%</td>
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<tr>
<td>Northern Inner Rim</td>
<td>391,000</td>
<td>433,000</td>
<td>+11%</td>
<td>111,000</td>
<td>212,000</td>
<td>+91%</td>
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<tr>
<td>Southern Inner Rim</td>
<td>317,000</td>
<td>155,000</td>
<td>-51%</td>
<td>5,000</td>
<td>148,000</td>
<td>+2,860%</td>
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<tr>
<td>Eastern Inner Rim</td>
<td>156,000</td>
<td>103,000</td>
<td>-34%</td>
<td>52,000</td>
<td>48,000</td>
<td>-8%</td>
</tr>
<tr>
<td>Total</td>
<td>1,163,000</td>
<td>1,086,000</td>
<td>-7%</td>
<td>79,000</td>
<td>137,000</td>
<td>+73%</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate
BUSINESS LINES
in Europe

A 360° vision

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