Investment in France remains healthy and vigorous. 2018 was a particularly robust year, with record sums invested. 2019 is continuing in the same vein. The first half of the year was almost identical to 2018: a fairly slow first quarter followed by a record second quarter, with over €9bn invested. The contraction of bond yields in France is prompting investors to opt for real estate assets as the risk premium remains very advantageous. All told, investment in 2019 should come in at a level close to 2018, perhaps even exceeding it and thereby setting a new record.

The proportion of investment in Offices is still very high. The asset category represents 70% of total real estate investment in France. This figure rises to 86% if we take only Île-de-France into account. In the space of 6 months, over €8bn has been invested in offices in the Île-de-France region, which is an increase of 7% and a new record. The market was largely driven by two major transactions of over €1bn: the disposal of a portfolio of 28 assets located in Paris CBD and the sale of the Lumière building in the 12th arrondissement. Strikingly, South Korean investors were particularly active on the French market; they were the most dynamic investors over the half-year period. In the regions, the level of investment in offices is relatively equivalent to that of last year, i.e. €1bn. This respectable figure is mainly thanks to the buoyancy of Lyon and Lille. The first half also saw a portfolio of 3 assets in the Toulouse region transferred for just over €100m.

The figures are a little more lacklustre for Retail. Investment over the first half of the year came in at €1.6bn, i.e. a fall of 19% vs. last year. The regions accounted for 73% of the total. Of particular note was the Casino portfolio bought by Fortress for €393m and the sale of two outlet villages in Roubaix and Troyes for €300m. In Paris, the My Cardinet shopping centre in the Batignolles district was sold for €100m.

Logistics had a very strong start to the year with an outstanding first quarter. Investment slowed slightly in the second quarter. However, investors' interest in this asset category is steadily growing. Lots of deals are in the making and 2019 should doubtless be an excellent year for the segment.

The Services sector, and more particularly hotels, is also thriving. Three significant deals have been signed since the beginning of the year: the acquisition by Primorial of a portfolio of B&B hotels for €272m, the sale of the Château de La Messardière in Saint-Tropez for €144m and the sale of the future Club Med in La Rosièreen Savoie for €100m.

Prime yields in most sectors are stabilising, yet some contractions are still expected in H2. This is notably the case for offices in Paris CBD, where the prime yield should slip below the symbolic threshold of 3%. There could also be a further narrowing in Lyon in the coming months. The greatest compression is expected for Logistics assets: currently at 4.50%, the prime yield could fall below 4.20%.
## INVESTMENT IN COMMERCIAL REAL ESTATE IN FRANCE (€ MILLIONS)

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount invested in France</td>
<td>8 495</td>
<td>13 661</td>
<td>13 704</td>
</tr>
<tr>
<td><em>including amount invested in Île-de-France</em></td>
<td>5 447</td>
<td>9 480</td>
<td>9 941</td>
</tr>
<tr>
<td>Offices</td>
<td>5 923</td>
<td>9 184</td>
<td>9 768</td>
</tr>
<tr>
<td>Warehouses</td>
<td>690</td>
<td>1 367</td>
<td>875</td>
</tr>
<tr>
<td>Industrial premises</td>
<td>189</td>
<td>245</td>
<td>523</td>
</tr>
<tr>
<td>Retail</td>
<td>1 189</td>
<td>1 983</td>
<td>1 611</td>
</tr>
<tr>
<td>Services</td>
<td>505</td>
<td>882</td>
<td>928</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Geographic breakdown</th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>72%</td>
<td>75%</td>
<td>74%</td>
</tr>
<tr>
<td>Regions</td>
<td>28%</td>
<td>25%</td>
<td>26%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment amount</th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; € 5 million</td>
<td>367</td>
<td>274</td>
<td>248</td>
</tr>
<tr>
<td>€ 5 - 10 million</td>
<td>414</td>
<td>518</td>
<td>359</td>
</tr>
<tr>
<td>€ 10 - 20 million</td>
<td>792</td>
<td>995</td>
<td>876</td>
</tr>
<tr>
<td>€ 20 - 50 million</td>
<td>1 800</td>
<td>1 755</td>
<td>2 618</td>
</tr>
<tr>
<td>€ 50 - 100 million</td>
<td>1 711</td>
<td>1 830</td>
<td>1 441</td>
</tr>
<tr>
<td>&gt; € 100 million</td>
<td>3 411</td>
<td>8 289</td>
<td>8 162</td>
</tr>
<tr>
<td>Total</td>
<td>8 495</td>
<td>13 661</td>
<td>13 704</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of investors</th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds</td>
<td>36%</td>
<td>55%</td>
<td>51%</td>
</tr>
<tr>
<td>Sovereign funds</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Insurance</td>
<td>8%</td>
<td>11%</td>
<td>19%</td>
</tr>
<tr>
<td>SIIC (Reit)</td>
<td>9%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Other landholding companies</td>
<td>8%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>SCPI</td>
<td>24%</td>
<td>12%</td>
<td>16%</td>
</tr>
<tr>
<td>OPCI</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Private investors</td>
<td>9%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>5%</td>
<td>2%</td>
</tr>
</tbody>
</table>
## INITIAL PRIME YIELDS

### Offices in Île-de-France

<table>
<thead>
<tr>
<th>Area</th>
<th>Q2 2017</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>Trend 2019 / 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris CBD</td>
<td>3,15</td>
<td>3,00</td>
<td>3,00</td>
<td></td>
</tr>
<tr>
<td>Paris outside CBD</td>
<td>3,40</td>
<td>3,25</td>
<td>3,25</td>
<td></td>
</tr>
<tr>
<td>La Défense</td>
<td>4,25</td>
<td>4,10</td>
<td>4,00</td>
<td></td>
</tr>
<tr>
<td>Western Crescent</td>
<td>3,65</td>
<td>3,25</td>
<td>3,25</td>
<td></td>
</tr>
<tr>
<td>Inner Rim</td>
<td>4,05</td>
<td>3,80</td>
<td>3,80</td>
<td></td>
</tr>
<tr>
<td>Outer Rim</td>
<td>5,35</td>
<td>5,20</td>
<td>5,20</td>
<td></td>
</tr>
</tbody>
</table>

### Offices in Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Q2 2017</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>Trend 2019 / 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lyon</td>
<td>4,00</td>
<td>3,90</td>
<td>3,85</td>
<td></td>
</tr>
<tr>
<td>Aix / Marseille</td>
<td>5,75</td>
<td>4,70</td>
<td>4,70</td>
<td></td>
</tr>
<tr>
<td>Lille</td>
<td>4,90</td>
<td>4,15</td>
<td>4,15</td>
<td></td>
</tr>
<tr>
<td>Nice / Sophia Antipolis</td>
<td>5,50</td>
<td>4,75</td>
<td>4,75</td>
<td></td>
</tr>
<tr>
<td>Toulouse</td>
<td>5,80</td>
<td>5,40</td>
<td>4,75</td>
<td></td>
</tr>
<tr>
<td>Strasbourg</td>
<td>5,95</td>
<td>5,95</td>
<td>5,80</td>
<td></td>
</tr>
<tr>
<td>Nantes</td>
<td>6,10</td>
<td>4,75</td>
<td>4,75</td>
<td></td>
</tr>
<tr>
<td>Bordeaux</td>
<td>5,25</td>
<td>4,95</td>
<td>4,95</td>
<td></td>
</tr>
</tbody>
</table>

### Grade A Warehouses

<table>
<thead>
<tr>
<th>Country</th>
<th>Q2 2017</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>Trend 2019 / 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>5,25</td>
<td>4,75</td>
<td>4,50</td>
<td></td>
</tr>
</tbody>
</table>

### Industrial Premises

<table>
<thead>
<tr>
<th>Area</th>
<th>Q2 2017</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>Trend 2019 / 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>6,40</td>
<td>5,60</td>
<td>5,60</td>
<td></td>
</tr>
</tbody>
</table>

### Retail

<table>
<thead>
<tr>
<th>Area</th>
<th>Q2 2017</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>Trend 2019 / 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street-level store in Paris</td>
<td>2,75</td>
<td>2,50</td>
<td>2,50</td>
<td></td>
</tr>
<tr>
<td>Shopping centres in France</td>
<td>4,20</td>
<td>4,20</td>
<td>4,75</td>
<td></td>
</tr>
<tr>
<td>Retail parks in France</td>
<td>4,50</td>
<td>4,50</td>
<td>4,60</td>
<td></td>
</tr>
</tbody>
</table>
BUSINESS LINES

in Europe

A 360° vision

LOCATIONS

HEADQUARTERS
167, quai de la Bataille de Stalingrad
92867 Issy les Moulineaux Cedex
Tél. : +33 (0)1 55 65 20 04

GREATER PARIS
Aubervilliers
Parc des Portes de Paris
40 rue Victor Hugo
Bât. 264 / 4ème étage
93300 Aubervilliers
Tél. : +33 (0)1 49 93 70 73

Eragny
Immeuble Tennesse
8 allée Rosa Luxemburg
BP 30272 Eragny
95615 Cergy Pontoise Cedex
Tél. : +33 (0)1 34 90 86 46

REGIONS
Aix en-Provence
Parc du Golf - Bât 33
350, rue Jean René Guillibert
Gauthier de la Lauzière
Les Milles
13920 Aix en-Provence
Tél. : +33 (0)4 42 90 72 72

Anncy
Pôle des Glaisins
19, avenue du Préde-Chailles
74940 Annecy-le-Vieux
Tél. : +33 (0)4 50 64 12 12

Biarritz
26 Allée Marie Politzer
64200 Biarritz
Tél. : +33 (0)5 59 22 62 00

Bordeaux
Immeuble Opus 33
61-64, quai de Pauletate
33800 Bordeaux
Tél. : +33 (0)5 56 44 09 12

Dijon
Immeuble Le Richeleau
10, boulevard Carnot
21000 Dijon
Tél. : +33 (0)3 80 67 35 72

Grenoble
Immeuble Le Grenat
285 rue Lavoisier
38330 Montbonnot
Tél. : +33 (0)4 76 85 43 43

Lille
100, Tour de Lille
Boulevard de Turin
59777 Euraurille
Tél. : +33 (0)3 20 06 99 00

Lyon
Citéx 1
15 rue des Curassiers
69003 Lyon
Tél. : +33 (0)4 78 63 62 61

Marseille
44, boulevard de Dunkerque
13152 - 13235 Marseille Cedex 2
Tél. : +33 (0)4 91 56 03 03

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

Montpellier
Immeuble Le Triangle
26, allée Jules Millau
34265 Montpellier Cedex 02
Tél. : +33 (0)4 67 92 43 80

Mulhouse
Beverly Plaza
15, rue de Copenhagen
67300 Schlütighem
Tél. : +33 (0)3 89 33 40 50

Nice
Immobilier Phoenix - Arenas
455, promenade des Anglais
06200 Nice Cedex 3
Tél. : +33 (0)4 93 30 08 88

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

Rennes
Centre d’Affaires Athéna
11, rue Louis Kerautret-Botrel
35000 Rennes
Tél. : +33 (0)2 99 22 65 55

Rouen
Immeuble Europa
101, Boulevard de l’Europe
76100 Rouen
Tél. : +33 (0)2 35 72 15 50

Strasbourg
Beverly Plaza
15, rue de Copenhagen
67300 Schlütighem
Tél. : +33 (0)3 88 22 19 44

Toulouse
Immeuble Elysées
810, rue des 36 Ponts
31426 Toulouse Cedex
Tél. : +33 (0)5 61 23 56 56

Tours
29, rue de la Milière
37100 Tours
Tél. : +33 (0)2 47 44 70 58

CONTACTS

Research France
Guillaume JOLY
Head of Research France
guillaume.joly@bnpparibas.com

Lucie MATHIEU
Investment Analyst
lucie.mathieu@bnpparibas.com

Investment Advisory

Olivier AMBROSIALI
Head of Capital Markets
Tél. : +33 (0)1 47 59 17 49
olivier.ambrosiali@bnpparibas.com

Cyril ZAPRILLA
Head of Capital Markets Retail France
Tél. : +33 (0)4 47 59 23 91
cyril.zaprolla@bnpparibas.com

Pierre-Michel OLIVIER
Head of Capital Markets Regions
Tél. : +33 (0)1 47 59 23 61
pierre-michel.olivier@bnpparibas.com

Larry YOUNG
Head of International Investment Group
Tél. : +33 (0)1 47 59 20 11
larry.young@bnpparibas.com

Franck POIZAT
Head of Logistics Investment & Letting teams - Partner
Tél. : +33 (0)1 47 59 17 34
franck.poizat@bnpparibas.com

www.realestate.bnpparibas.com

PROPERTY DEVELOPMENT | TRANSACTION | INVESTMENT MANAGEMENT | PROPERTY MANAGEMENT | VALUATION | CONSULTING

Real Estate for a changing world