To contend with the fall in bond yields, investors are finding that they must take on greater risk if they are to secure their returns. They are therefore turning to real estate, which is becoming an ever more appealing sector in this economic context. This trend has been reflected by a very sharp increase in investment in commercial real estate in France: over the first 9 months of 2019, €23.7bn was invested, i.e. an increase of 21% compared to the same period last year. All asset categories have benefited from this upswing and 2019 is therefore shaping up to be a record year, which should definitely finish at over €35bn.

Offices remain by far investors’ favourite asset category. They accounted for some 2/3 of investment in France over the first nine months of the year. This rises to over 75% in the Paris region. Indeed, almost €14bn was invested in offices in Île-de-France over the first three quarters of the year, compared to less than €11bn last year. Investors have willingly invested in very large-scale schemes: 31 deals of over €100m have been signed, including 4 over €500m. This outstanding trend has also spread to the rest of France. Investment in regional offices has risen by 11% compared to 2018. There was a number of deals over the last quarter in Lyon, enabling it to retain its pole position among the regional cities, followed by Lille and Toulouse.

After a lacklustre start to the year, Retail saw a resurgence in the last quarter and investment now stands at around €3bn for the first nine months of the year. Several deals of over €100m were signed, such as the shopping centre Passage du Havre in the 9th arrondissement of Paris, bought by AXA for €217m, as well as two eye-catching sales on Avenue Montaigne. The biggest deal in the regions is still the sale of the two outlet villages in Roubaix and Troyes for €300m.

The Logistics and Industrial Premises markets also fared very well. €2.5bn was invested, i.e. an increase of 17% vs. 2018. Investors are becoming increasingly interested in these asset categories. There are many negotiations under way and investment should reach a historical high in 2019.

Investment in the Services sector, and particularly hospitality, is also thriving. Several very large deals have been signed since the beginning of the year: the acquisition by Primonial of a portfolio of B&B hotels for €272m, the purchase by an international investor of two four-star hotels close to Disneyland Paris as well as the sale of the Marriott Rive Gauche hotel for €220m.

Investors’ keen interest in real estate assets combined with scarce supply is squeezing prime yields for offices. Yields are therefore expected to narrow by the end of the year, notably in Paris, both in the central business district, but also secondary districts. In the regions, the prime yield in Q3 stands at 3.7% in Lyon and further contractions are expected in the main regional markets. Logistics has seen the greatest yield compression: whereas at the end of 2018 the prime yield stood at 4.75%, it is now around 4.20% and we expect it to contract further by the end of the year, to below 4.00%.
# INVESTMENT IN COMMERCIAL REAL ESTATE IN FRANCE (€ MILLIONS)

<table>
<thead>
<tr>
<th>Total amount invested in France</th>
<th>9M 2017</th>
<th>9M 2018</th>
<th>9M 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Including amount invested in Île-de-France*</td>
<td>9 689</td>
<td>13 069</td>
<td>16 396</td>
</tr>
<tr>
<td>Offices</td>
<td>10 241</td>
<td>12 594</td>
<td>15 782</td>
</tr>
<tr>
<td>Retail</td>
<td>2 102</td>
<td>2 789</td>
<td>2 962</td>
</tr>
<tr>
<td>Warehouses</td>
<td>1 114</td>
<td>1 569</td>
<td>1 782</td>
</tr>
<tr>
<td>Industrial premises</td>
<td>275</td>
<td>573</td>
<td>731</td>
</tr>
<tr>
<td>Services</td>
<td>1 067</td>
<td>2 191</td>
<td>2 515</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>9M 2017</th>
<th>9M 2018</th>
<th>9M 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>71%</td>
<td>74%</td>
<td>76%</td>
</tr>
<tr>
<td>Regions</td>
<td>29%</td>
<td>26%</td>
<td>24%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment amount</th>
<th>9M 2017</th>
<th>9M 2018</th>
<th>9M 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; € 5 million</td>
<td>543</td>
<td>430</td>
<td>435</td>
</tr>
<tr>
<td>€ 5 - 10 million</td>
<td>596</td>
<td>806</td>
<td>664</td>
</tr>
<tr>
<td>€ 10 - 20 million</td>
<td>1 233</td>
<td>1 442</td>
<td>1 524</td>
</tr>
<tr>
<td>€ 20 - 50 million</td>
<td>2 938</td>
<td>3 074</td>
<td>4 021</td>
</tr>
<tr>
<td>€ 50 - 100 million</td>
<td>3 085</td>
<td>3 095</td>
<td>3 425</td>
</tr>
<tr>
<td>€ 100 - 200 million</td>
<td>4 074</td>
<td>4 233</td>
<td>4 851</td>
</tr>
<tr>
<td>&gt; € 200 million</td>
<td>2 350</td>
<td>6 638</td>
<td>8 852</td>
</tr>
<tr>
<td>Total</td>
<td>14 800</td>
<td>19 717</td>
<td>23 772</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of investors</th>
<th>9M 2017</th>
<th>9M 2018</th>
<th>9M 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds</td>
<td>37%</td>
<td>51%</td>
<td>57%</td>
</tr>
<tr>
<td>Insurance</td>
<td>10%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>SCPI</td>
<td>25%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Private investors</td>
<td>9%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Other landholding companies</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>SIIC (Reit)</td>
<td>8%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>OPCI</td>
<td>3%</td>
<td>2%</td>
<td>1%</td>
</tr>
</tbody>
</table>
## Initial Prime Yields

<table>
<thead>
<tr>
<th>Offices in Île-de-France</th>
<th>Q3 2017</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
<th>Trend 2019 / 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris CBD</td>
<td>3,05</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>5,20</td>
<td>5,20</td>
<td>5,15</td>
<td>↘</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Offices in Regions</th>
<th>Q3 2017</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
<th>Trend 2019 / 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lyon</td>
<td>3,96</td>
<td>3,90</td>
<td>3,70</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>5,40</td>
<td>5,40</td>
<td>4,50</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>

<table>
<thead>
<tr>
<th>Grade A Warehouses</th>
<th>Q3 2017</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
<th>Trend 2019 / 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>5,25</td>
<td>4,75</td>
<td>4,20</td>
<td>↘</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industrial Premises</th>
<th>Q3 2017</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
<th>Trend 2019 / 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Paris</td>
<td>5,90</td>
<td>5,60</td>
<td>5,60</td>
<td>→</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retail</th>
<th>Q3 2017</th>
<th>Q3 2018</th>
<th>Q3 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
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### GREATER PARIS Aubervilliers
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40 rue Victor Hugo
Bât 264 / 4ème étage
93300 Aubervilliers
Tél. : +33 (0)1 49 93 70 73

### GREATER PARIS Eragny
Immeuble Tennesse
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Tél. : +33 (0)1 34 30 86 46

### REGIONS

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

#### Annecy
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#### Biarritz
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Tél. : +33 (0)5 59 22 82 00

#### Bordeaux
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33800 Bordeaux
Tél. : +33 (0)5 56 44 09 12

#### Dijon
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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 Euarillie
Tél. : +33 (0)3 20 06 99 00

#### Lyon
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15 rue des Cuirassiers
69003 Lyon
Tél. : +33 (0)4 78 63 62 61

#### Marseille
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CS11527—13235 Marseille Cedex 2
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#### Metz
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Tél. : +33 (0)3 87 37 20 10

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Tél. : +33 (0)4 67 92 43 60

#### Mulhouse
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15, rue de Copenhagen
67300 Schiltighem
Tél. : +33 (0)3 88 22 19 44

#### Nancy
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40 rue Victor
54000 Nancy
Tél. : +33 (0)3 83 95 88 88

#### Nantes
14, mail Pablo Picasso
BP 61611
44016 Nantes Cedex 1
Tél. : +33 (0)2 40 20 20 20

#### Nice
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455, promenade des Anglais
06285 Nice Cedex 3
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#### Orléans
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45000 Orléans
Tél. : +33 (0)2 36 62 09 91

#### Rennes
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11, rue Louis Keraruet-Botmel
35000 Rennes
Tél. : +33 (0)2 99 22 85 55

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

#### Strasbourg
Bevery Plaza
15 rue de Copenhagen
67300 Schiltighem
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#### Toulouse
Immeuble Elipsys
8/10 rue des 36 Ponts
CS 84216
31432 Toulouse Cedex
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#### Tours
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