

Review 2019 Outlook 2020

French Property Markets

1

Investment

2

Office

3

Retail

2019 REVIEW
AND 2020 OUTLOOK

Investment

FRANCE



Investment

2019 HIGHLIGHTS

AN EXCEPTIONAL YEAR

LARGE TRANSACTIONS: INCREASINGLY DECISIVE

GREATER PARIS REGION: EVER HIGHER

THE SUCCESS OF THE REGIONS

OFFICES: CONSOLIDATED DOMINANCE

EXAMPLES OF OFFICE TRANSACTIONS > €400 M IN 2019

LA DÉFENSE: 2ND BEST YEAR IN HISTORY

FORWARD FUNDING SALES: THE INNER SUBURBS ARE THE FRONT-RUNNERS

A GRAND PARIS EFFECT

FUNDS AND SCPI/OPCIS ARE DRIVING THE MARKET

A FAIRLY BALANCED MARKET

THE YEAR OF THE SOUTH KOREANS

RETAIL: GOOD RESULTS

RETAIL: MORE BALANCED ACTIVITY

RETAIL: VERY TARGETED INVESTOR APPETITE

LOGISTICS: RECORD BROKEN!

YIELDS: FURTHER DECREASES

KEY TRENDS IN 2020



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2019 highlights

- Several records beaten: France, Greater Paris Region, regions / Lyon, offices, logistics...

- A year of mega-deals

- Dynamism of savings collectors and foreign funds

- Renewed vigour of retail

- Continued yield compression

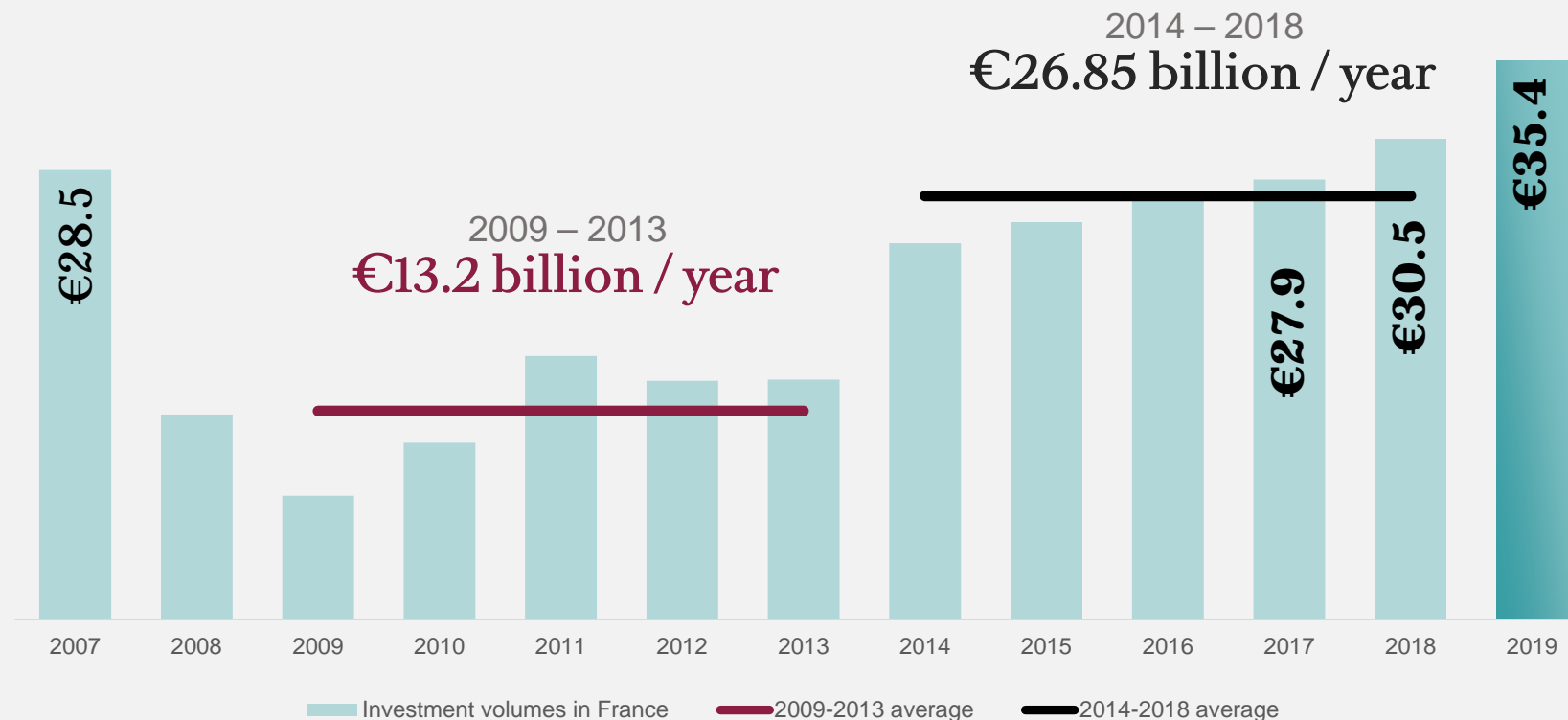
An exceptional year

The French corporate real estate investment market reached new highs in 2019, continuing the phase of strong growth that began in 2014. **35.4 billion euros was invested in France in 2019, a 16% increase year-on-year and an all-time record.** The sums invested in France have increased by almost 50% in five years!

While France has many structural advantages, it also benefits from a particularly favourable economic climate. **The low interest rate context has taken hold over the long term, prompting investors to step up the pace of asset diversification and place greater emphasis on real estate.**

The 2018 record has been shattered!

Change in investment volumes in France,
All asset types (offices, retail, industrial), in billions of euros



Source: Knight Frank

Large transactions : increasingly decisive

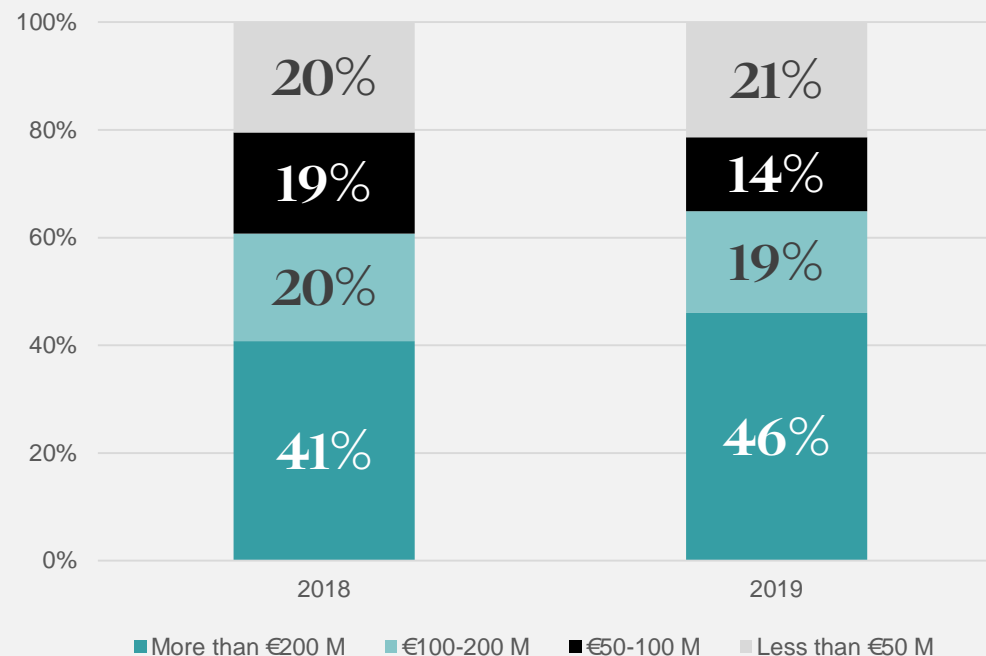
84 transactions above 100 million euros were completed in 2019 compared to 77 in 2018. They account for 65% of all investment volumes in France, compared with 61% the previous year.

It was the mega deals that made the difference: transactions in excess of 200 million euros in 2019 totalled 16.3 billion euros, compared with 12.4 billion in 2018.






Most of them were carried out in the Greater Paris Region, such as the sale in the 4th quarter to SOGECAP of "Sways", the future headquarters of Canal + in Issy-les-Moulineaux, and the sale to GIC of "PB6" in La Défense.

A year of mega-deals

Breakdown of investment volumes in France by size bracket



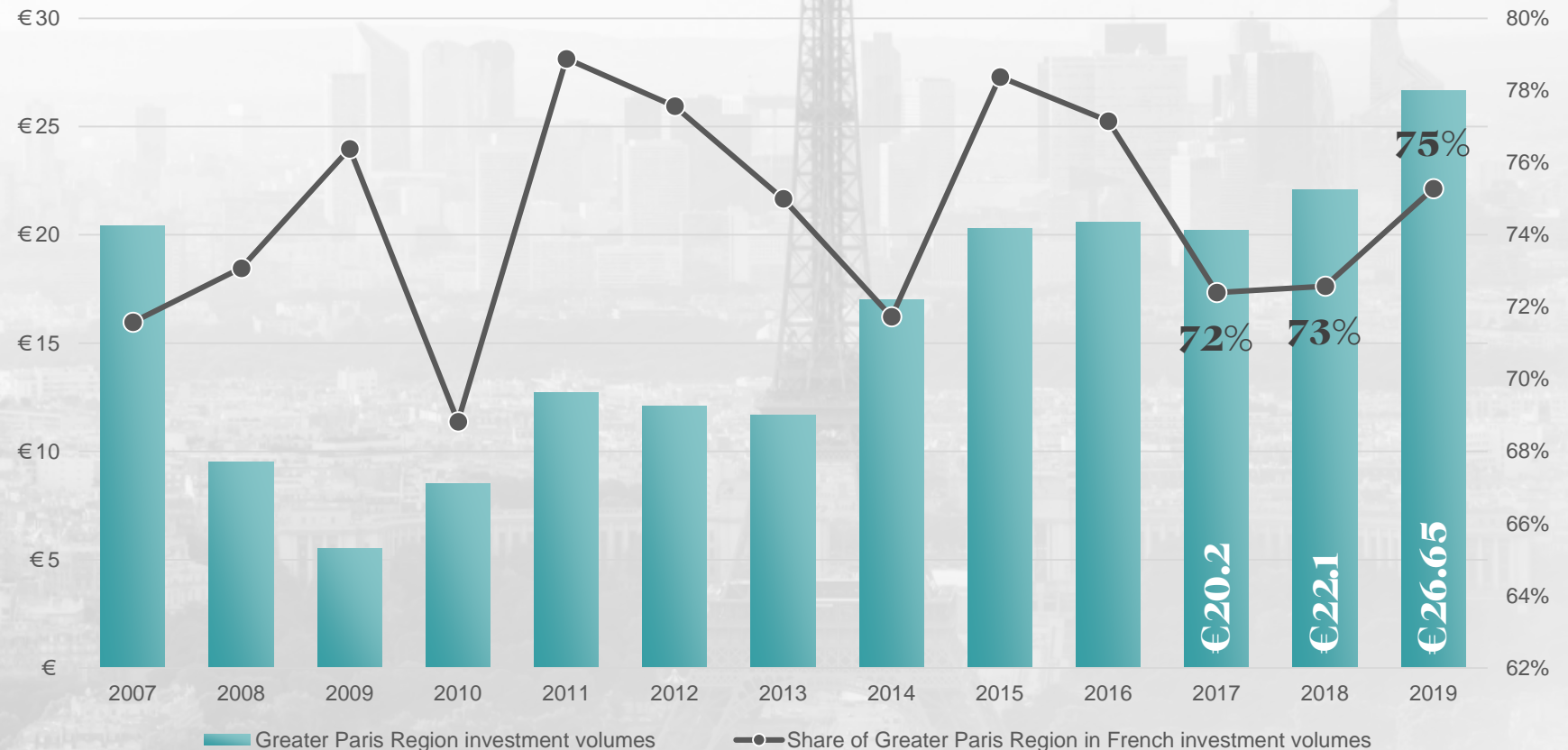
Source: Knight Frank

- 770** transactions (879 in 2018) 
- 35 > €200 M** (33 in 2018) 
- = **€16.3 B** (12.4 in 2018) 
- = **46%** of volume (41 % in 2018) 
- = **24%** Share of volumes invested in portfolios (24 % in 2018) 

Greater Paris Region: ever higher

The Greater Paris Region accounted for the majority of large transactions and **consolidated its leadership in 2019: last year, 26.6 billion euros were invested in all transactions combined, an unprecedented amount and 75% of investment activity in France.** This volume was mainly invested in offices (83%), ahead of retail and industrial premises.

25 billion euro threshold crossed for the first time
 Breakdown of volumes invested in the Greater Paris Region, all asset types
 In billions of euros



Source: Knight Frank

The success of the regions

The mega-deal effect also played a role in the regions, notably due to the numerous portfolio acquisitions. Two very large deals in particular boosted volumes in Q4 2019: Argan's purchase of the "Cargo" portfolio and ADIA's sale of 38 mixed-use assets located in Lyon. This transaction, the largest ever recorded in Lyon, ended an exceptional year in 2019. With €2.1 billion invested in 2019 in the Rhône-Alpes region,

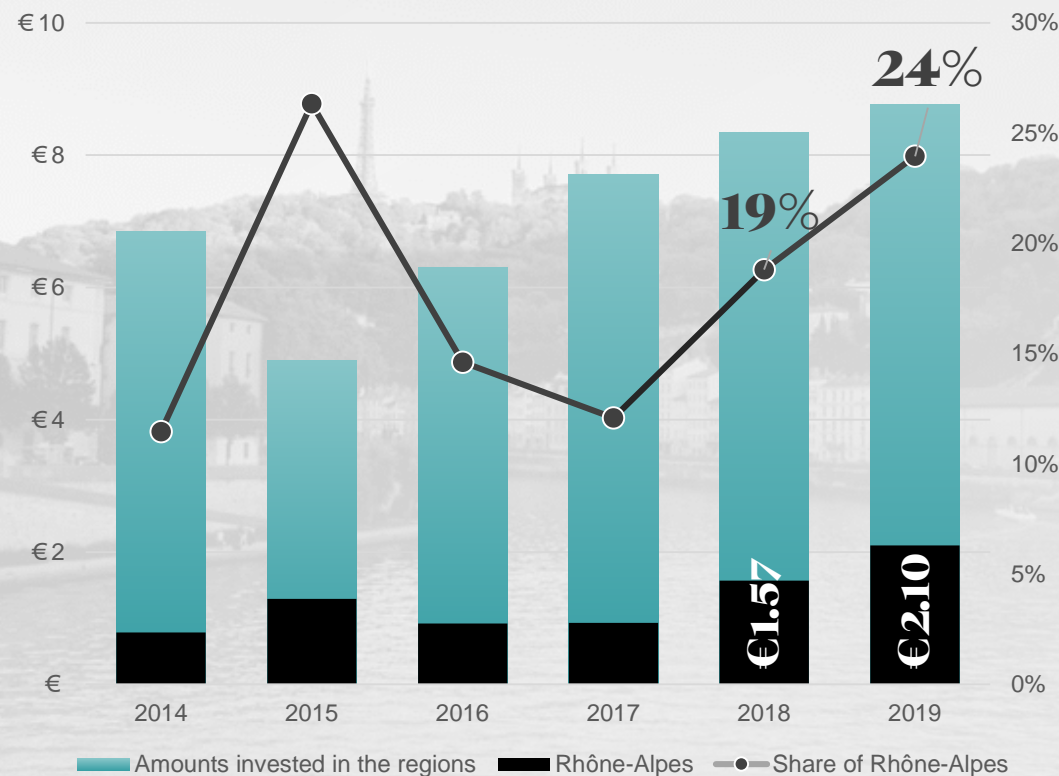
France's second largest region shattered its record thanks to the proliferation of large transactions and the growing appetite of French and foreign investors, mainly from North America, Germany and the UK. **This change of scale in the investment market mirrors that of the rental market, as 2019 was also a record year in terms of take-up of office space in Lyon.**

Source: Knight Frank

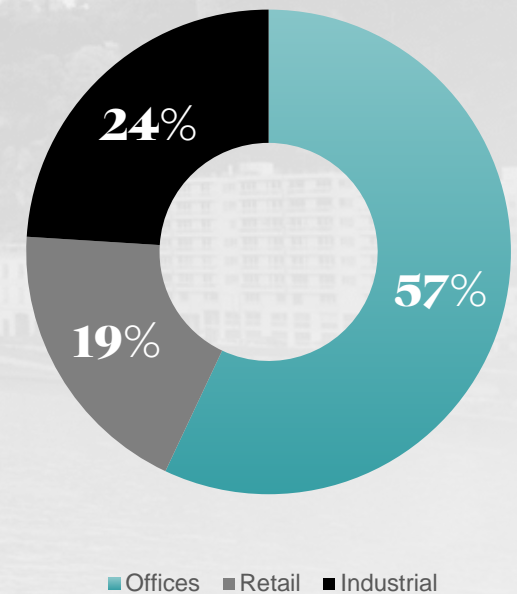
Historic performance for the Lyon market

Breakdown of volumes invested in the regions, all asset types

In billions of euros



Breakdown of investment volume by asset type
Rhône-Alpes region, in 2019



Offices: consolidated dominance

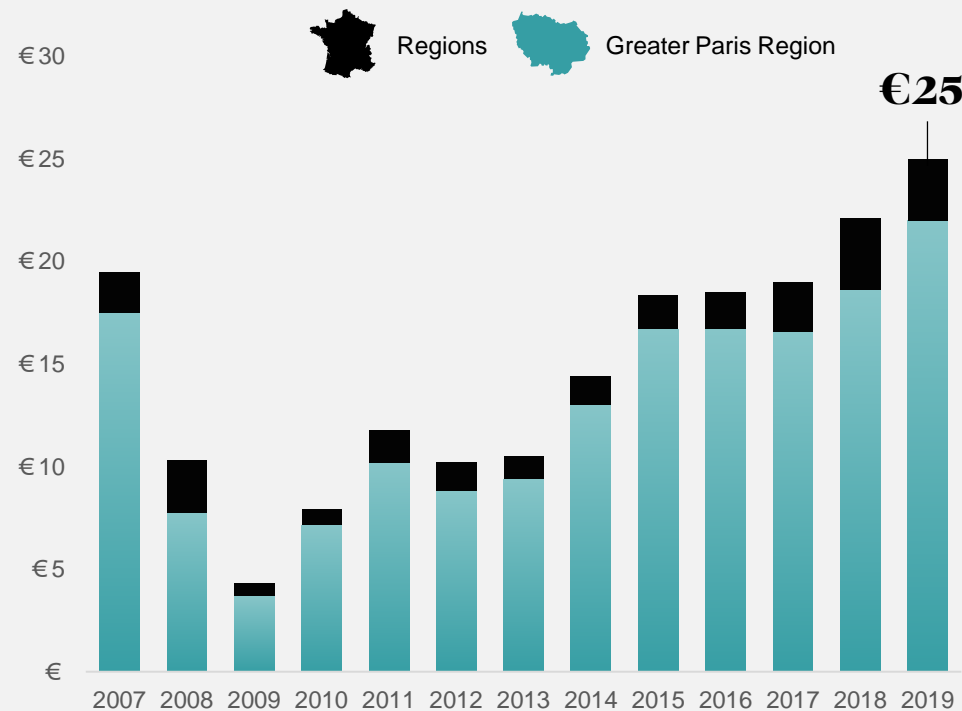
In 2018, offices improved on their previous 2007 record by 13 per cent. The increase was also 13% in 2019, with 25 billion euros invested in offices in France, making the past year the best in history. However, their share of the total sums invested in France fell from one year to the next due to the sharp increase in the amounts invested in logistics, and the renewed vigour of the retail sector.

Paris is an exception in the office market: **activity slowed there in 2019, with 15 transactions in excess of 100 million euros compared to 28 in 2018.** This decline is partly due to the lack of supply and landlords' desire to retain their Parisian assets. Indeed, despite the high level of market values, the strength of the rental market and the historically low vacancy rates make it possible to envisage further increases.

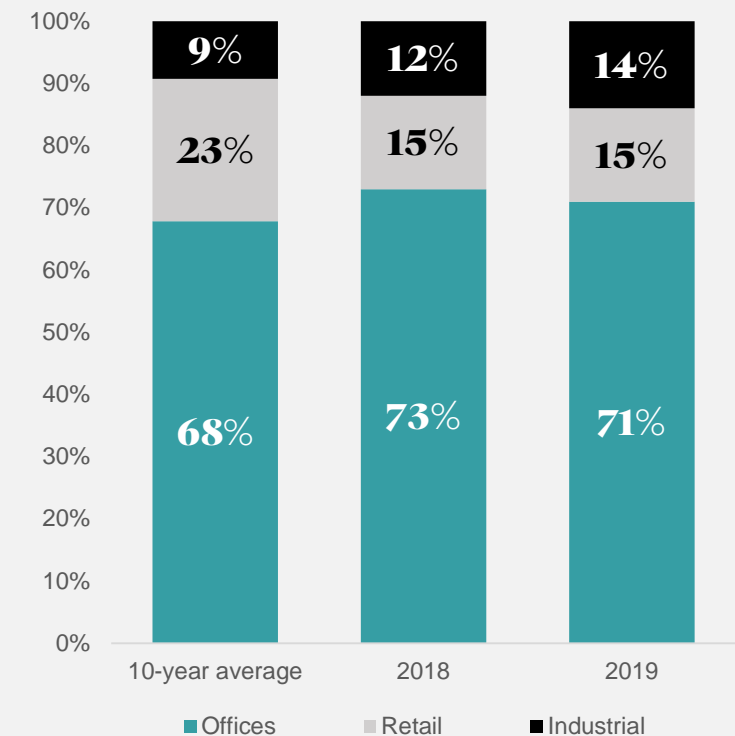
Source: Knight Frank

Seventh consecutive year of growth

Change in office investment volumes in France, in billions of euros



Breakdown of investment volumes in France, by asset type



Examples of office transactions > €400 M in 2019



Swiss Life | Texas portfolio, Paris



Primonial / Samsung | Lumière, Paris 12th



Amundi / Mirae | Majunga Tower, La Défense



La Française / Samsung | Crystal Park, Neuilly



Sogecap | Sways, Issy-les-Moulineaux



GIC | PB6 Tower, La Défense



Apicil | To-Lyon Tower, Lyon



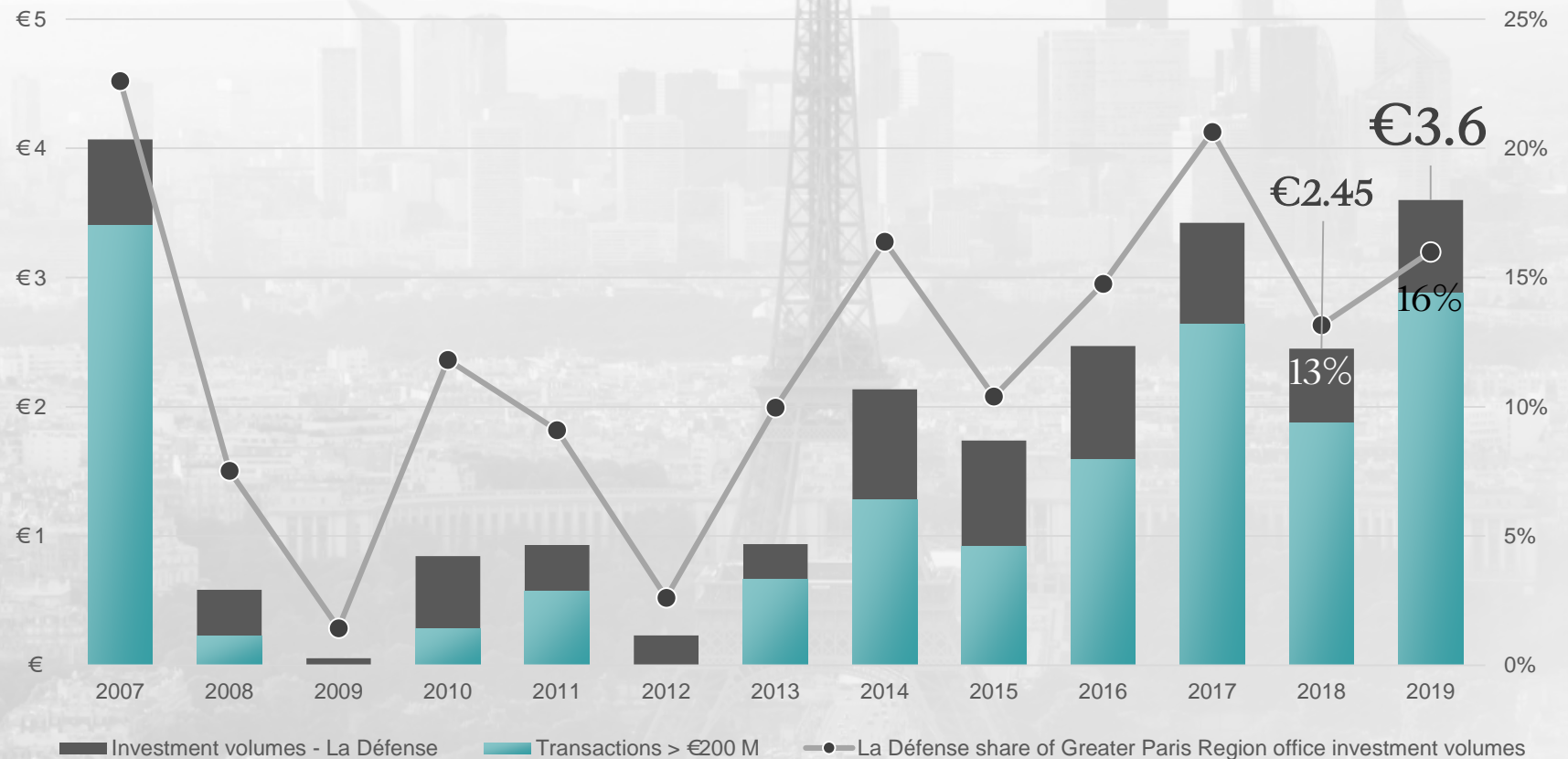
Amundi / La Française REP / CAVP
West Bridge, Levallois-Perret

La Défense : 2nd best year in history

3.6 billion euros was invested in offices in La Défense in around a dozen transactions. **The increase is 45% year-on-year and gave the business district its second best performance after 2007.** La Défense owes this increase to Asian investors, who were behind five of the eight transactions of more than 100 million euros in 2019, two of which were for more than 500 million euros (sale of the Majunga Tower to the South Koreans MIRAE ASSET DAEWOO, in association with AMUNDI, and the purchase of the PB6 Tower by GIC, a Singapore sovereign fund).

Other sectors in the West also did well, such as Neuilly-Levallois, whose activity benefited in the fourth quarter from the sale of iconic headquarter buildings (West Bridge and the Semaphore in Levallois), and the Péri-Défense market.

Very close to the 2007 record
Change in office investment volumes in La Défense
In billions of euros



Source: Knight Frank

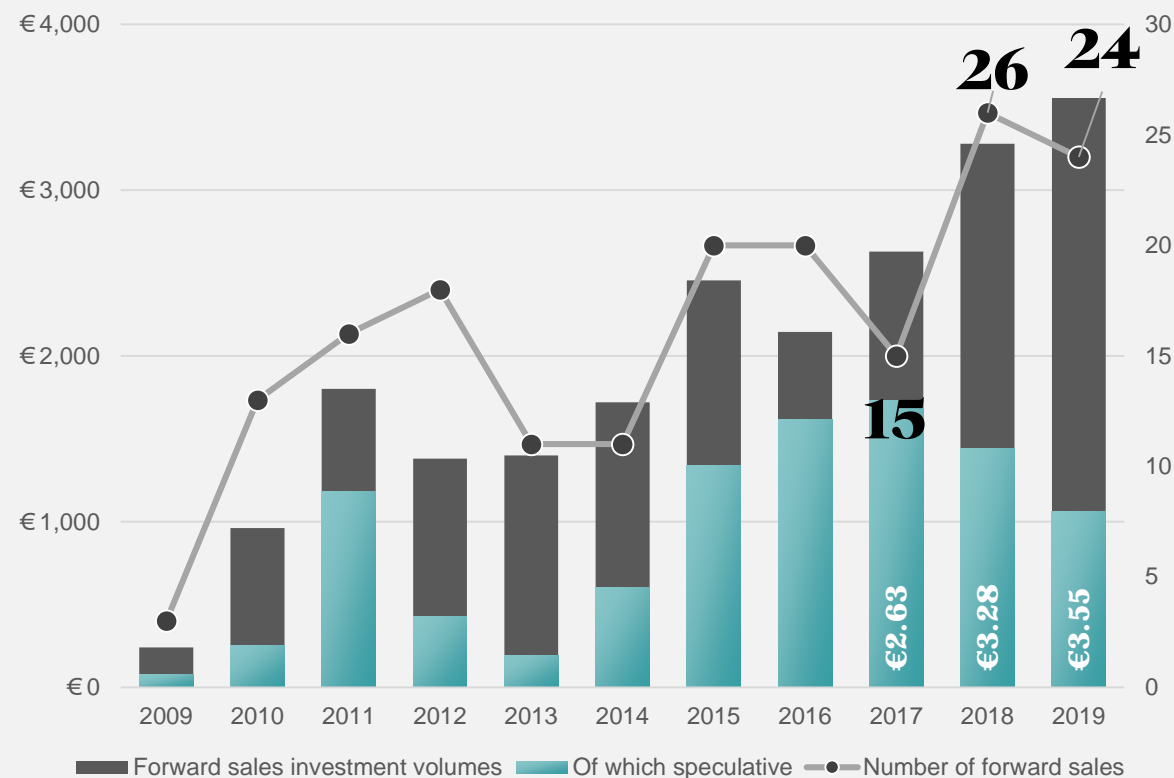
Forward funding sales: the Inner Suburbs are the front-runners

The increase in forward funding sale investment volumes continued in 2019, notably to the benefit of the Inner Suburbs. The towns closest to Paris and with the best transport links remain very popular, partly because they are best placed to take advantage of the relocation decisions of Parisian occupiers.

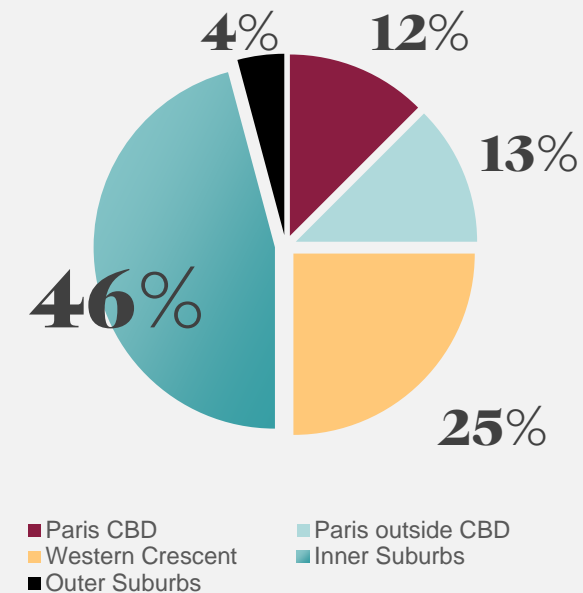
The crucial importance of public transport is also reflected in the growing success of the future Grand Paris hubs.

Saint-Denis and Saint-Ouen are particularly popular as several major deadlines approach, including the extension of line 14 North and the 2024 Olympic Games, and major urban projects such as the Docks de Saint-Ouen and the Pleyel project in Saint-Denis move forward. As such, almost 900 million euros was invested in 2019 in these two towns of Seine-Saint-Denis, including approximately 400 million euros in the 4th quarter for the acquisition by CDC and ALLIANZ of the "V2" and "V3" projects in Saint-Ouen.

Change in forward funding sale investment volumes in the Greater Paris Region, Individual transactions ≥ €20 M, in billions of euros



Geographical breakdown of Greater Paris Region office forward funding sales Individual transactions ≥ €20 M Share as a %, out of the total number

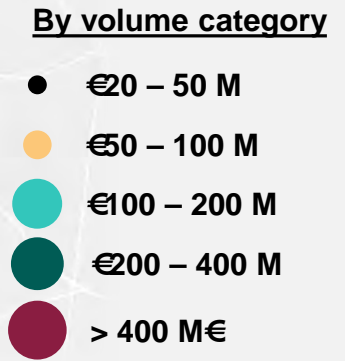
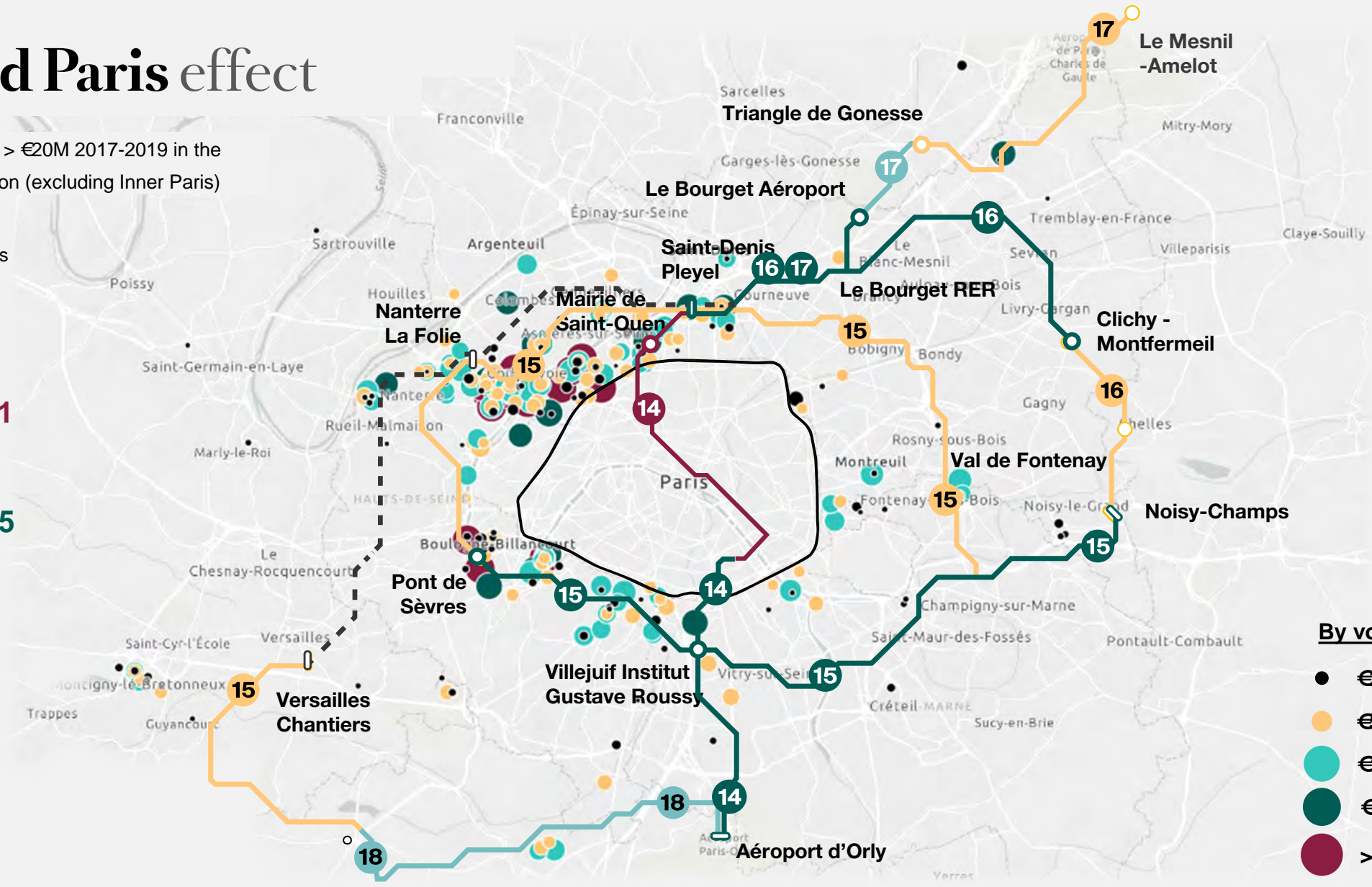


Source: Knight Frank

A Grand Paris effect

Office transactions > €20M 2017-2019 in the Greater Paris Region (excluding Inner Paris)

Grand Paris Express rollout schedule



Source: Knight Frank

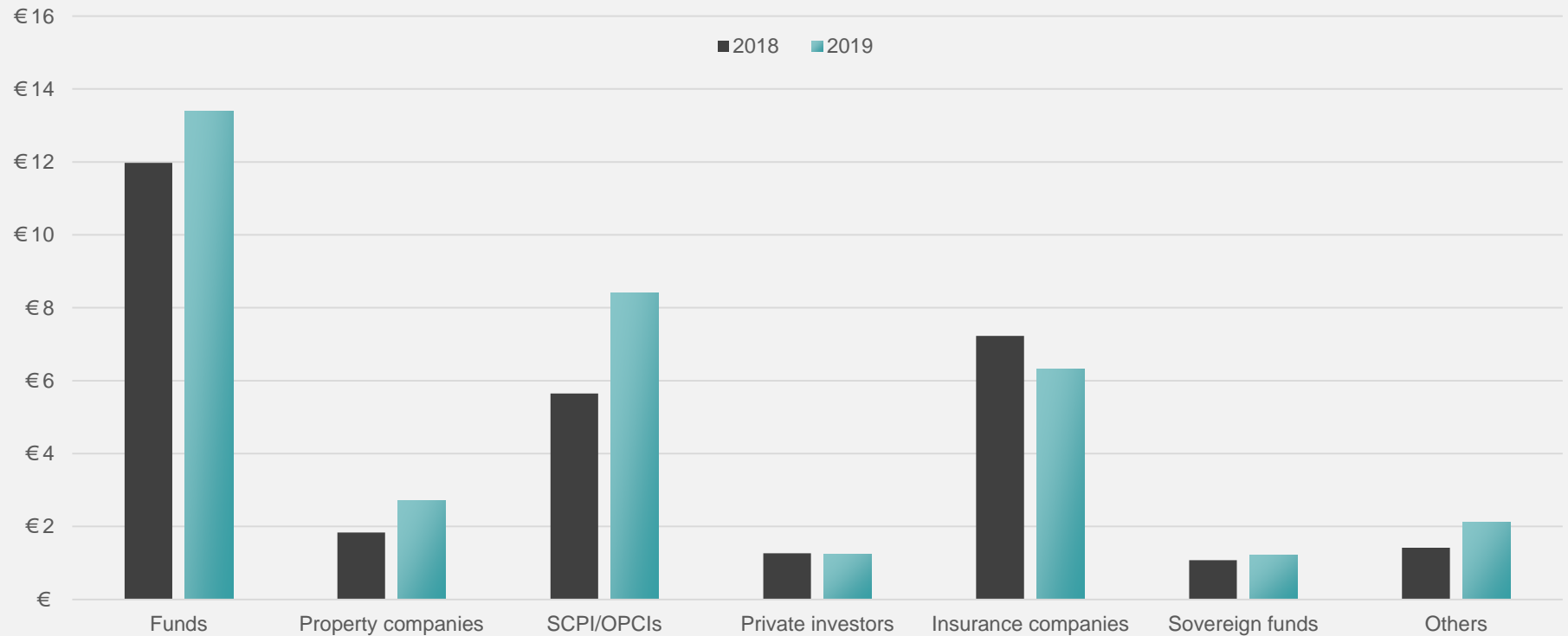
A fairly balanced market

The dynamism of the major French savings collectors is a good indication of the appeal of the real estate market.

SCPI/OPCI funds enjoyed record levels of inflows and accounted for 24% of total investment volumes in France in 2019, after 19% in 2018.

They are second only to investment funds - whose dominance is due in particular to very large transactions undertaken by foreign investors - and ahead of insurers, down slightly from 2018.

Investment volumes in France by investor type
All asset types, in billions of euros

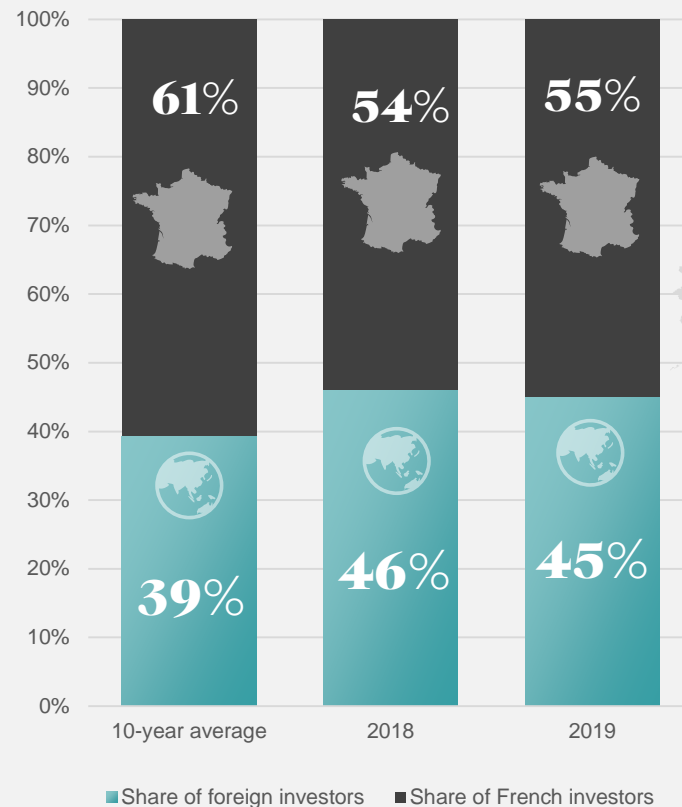


Source: Knight Frank

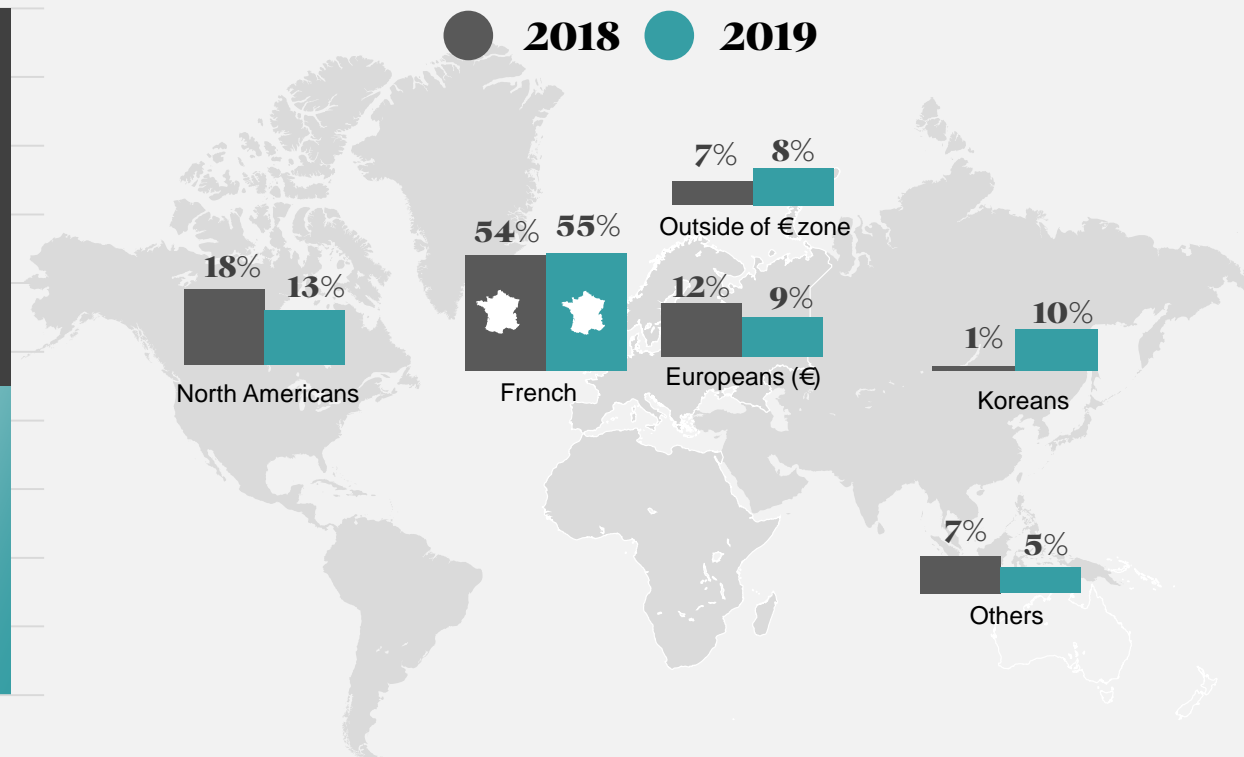
A fairly balanced market

As a result of the dynamism of SCPI/OPCIs, and the major transactions carried out by other types of domestic players (property companies, insurers, etc.), the share of French investors increased slightly in 2019. They accounted for 55% of investment volumes in France last year, after 54% in 2018. **The exceptional performance of the French market also owes much to the increase in the amounts committed by foreign investors. They have been continually increasing in volume since 2017 and reached 15.8 billion euros in 2019, a 14% increase year-on-year.** North Americans are in first place, accounting for 28% of the volume invested by foreigners last year. They are fond of offices, industrial and retail premises, and are equally keen on secure assets and higher-risk transactions.

Change in the share of French and foreign investors
Out of all investment volumes in France, all asset types



Breakdown of investment volume by nationality
Out of total investment volume in France, all asset types



Source: Knight Frank

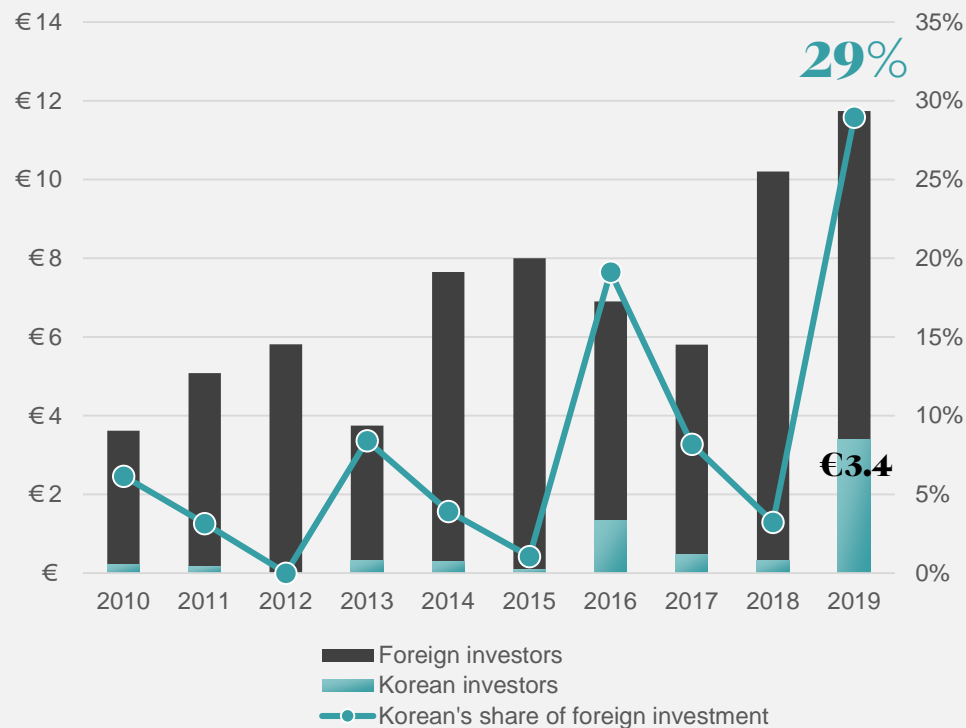
The year of the South Koreans

Having led the London market in 2018, South Koreans were behind some of the biggest transactions in the Greater Paris Region last year: they accounted for 29% of foreign investment volumes in 2019 in the Greater Paris Region, compared with barely 3% in 2018, and were ahead of the Germans and the British.

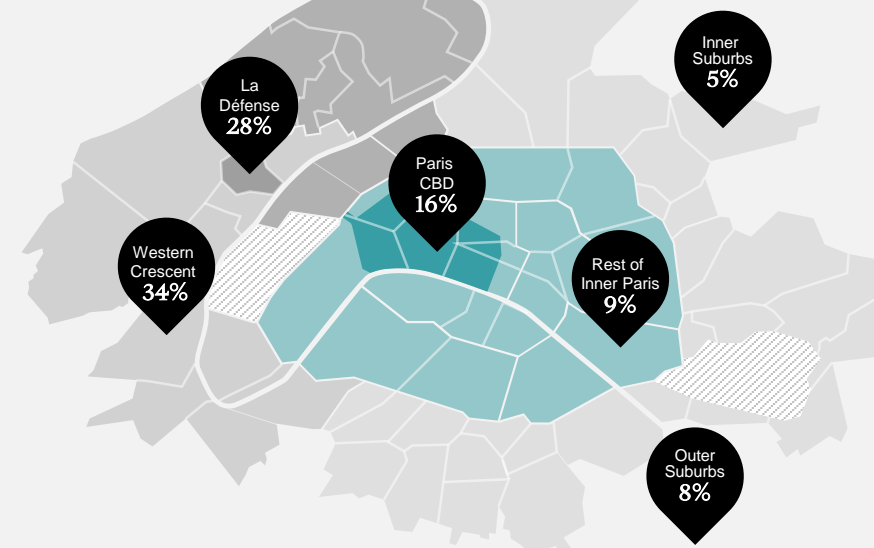
Unlike the Americans, the South Koreans' appetite is almost exclusively for Core and large office complexes in Paris and the main office sectors of the western Greater Paris Region.

29% of foreign investments

Investment volumes by foreigners in the Greater Paris Region
All asset types, in billions of euros



Geographical breakdown of South Korean investment volumes between 2010 and 2019
Share as a %, all asset types



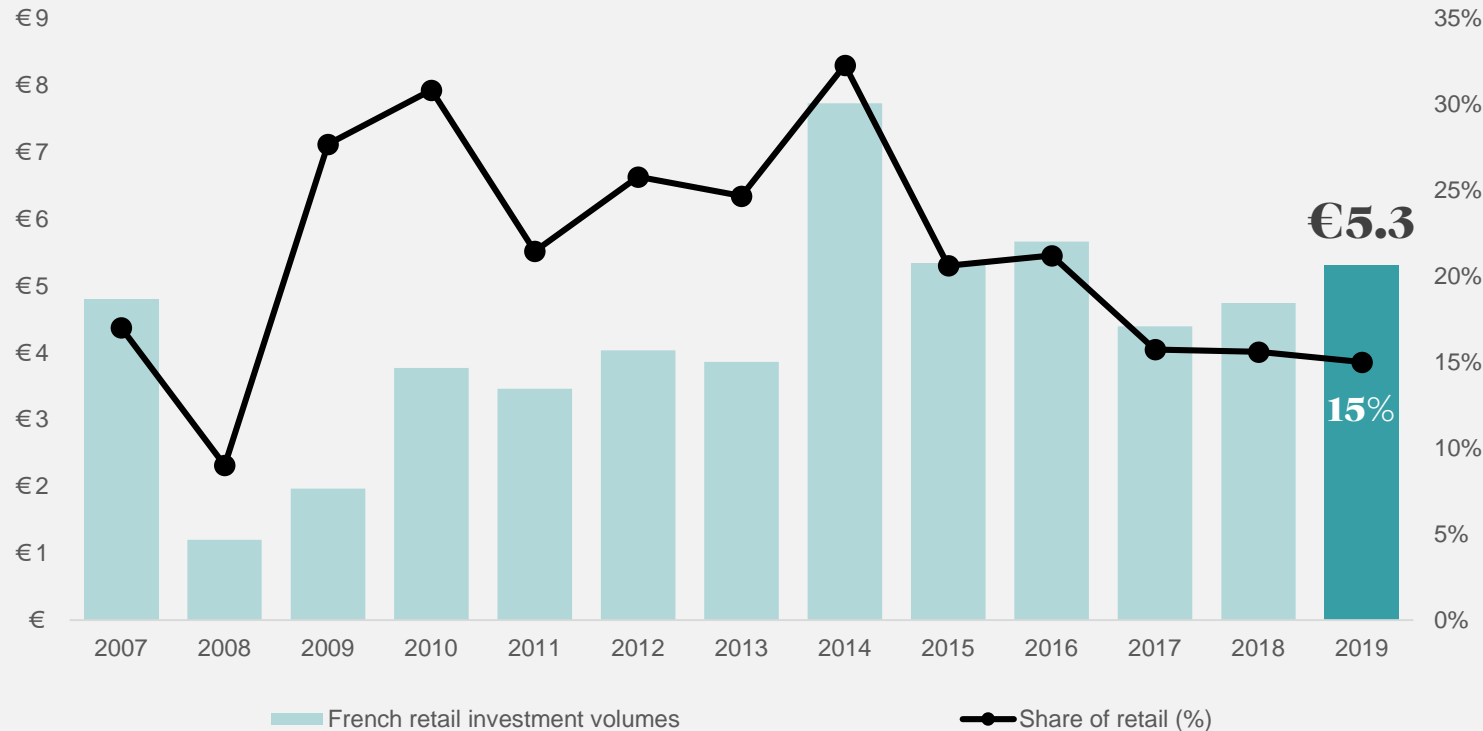
Source: Knight Frank

Retail: good results

Retail did not set a new record in 2019, however, **with 5.3 billion euros invested in France, the increase is 12% over one year and 18% compared to the ten-year average.** This result actually makes 2019 the third best year in history and confirms that retail is still a must, even if investors remain cautious.

More than 5 billion euros

Change in retail investment volumes in France
In billions of euros, all retail formats combined



+ **12%**
Year-on-year

+ **18%**
10-year average

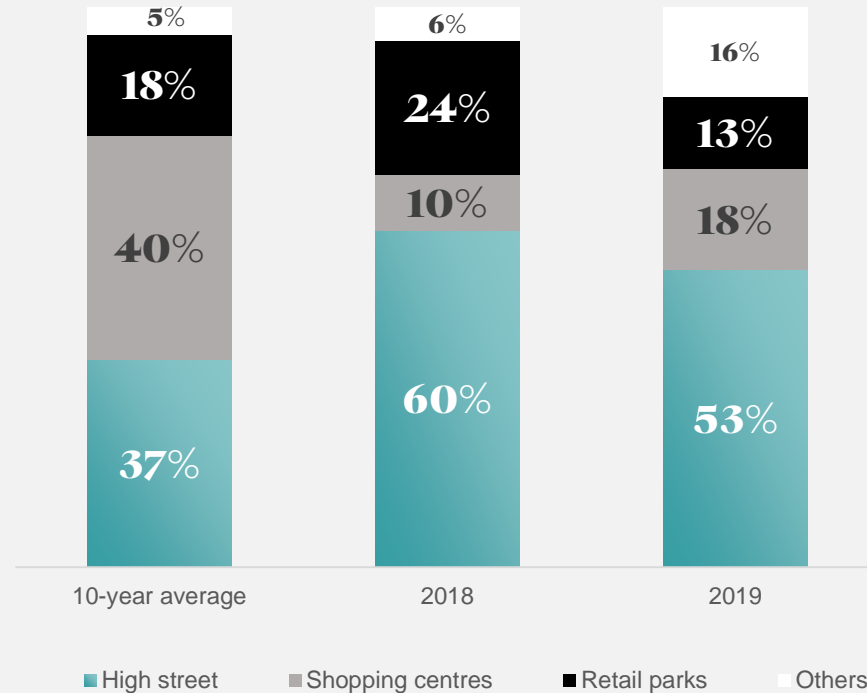
Source: Knight Frank

Retail: more balanced activity

As with office and industrial space, 2019 was a year of large transactions. Transactions over 100 million euros accounted for 55% of retail investment in France last year, compared with an average of 46% over the past ten years. Several market segments benefited, such as shopping centres (sale to AXA of 50% and 75% of the shares in "Passage du Havre" and "Italie 2" respectively) and large retail distribution (Casino portfolios). Nevertheless, **it was retail streets that were the main beneficiaries of the surge in large transactions**, with volumes that amounted to 2.8 billion euros in 2019, all transaction sizes included.

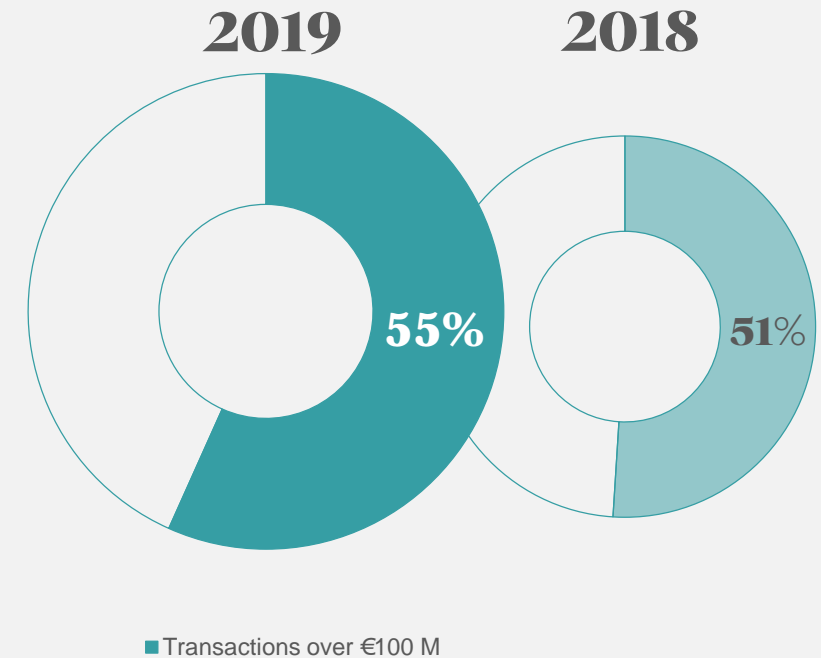
Source: Knight Frank

Shopping centres: a recovery that needs to be confirmed
Retail investment volumes in France
Breakdown by asset type



*Factory outlet centres, hypermarkets and supermarkets, non-divisible portfolios

Key role of large transactions
Share of transactions > €100 M
Out of all retail investment volumes in France



Retail: very targeted investor appetite

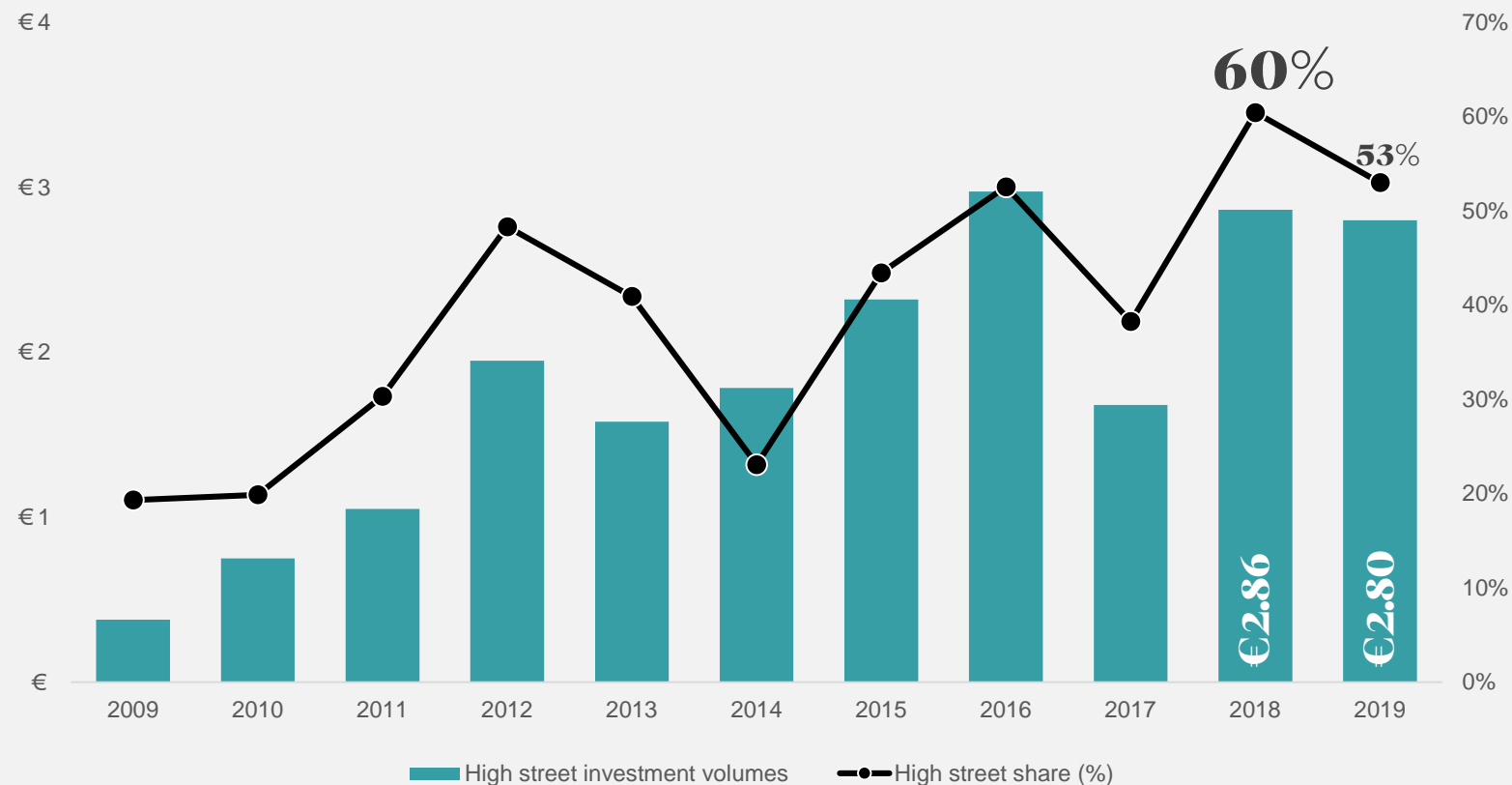
Several very large high street retail transactions were recorded in the 4th quarter, including the sale to NORGES BANK of 79 Champs-Élysées, the future NIKE flagship store, and the purchase by AMUNDI / CREDIT AGRICOLE of a portfolio of mixed assets in Lyon, mainly comprised of retail properties. This transaction slightly rebalanced the geographical distribution of investment amounts, **even though they remain clearly concentrated in Paris (70% of the sums invested in high street assets in 2019).**

The ranking of the capital's districts did not change either. **The sale of the future NIKE flagship store reinforced the leading position of avenue des Champs-Élysées**, whilst new acquisitions of luxury boutiques and the purchase by BNP PARIBAS REIM of 51-53 Haussmann consolidated the position of the other streets in the Parisian top 5: the Rue Saint-Honoré / Place Vendôme sector, Avenue Montaigne, the Opéra/Haussmann district and Rue du Faubourg Saint-Honoré.

Source: Knight Frank

High street assets remain the priority target

High street investment volumes in France
In billions of euros

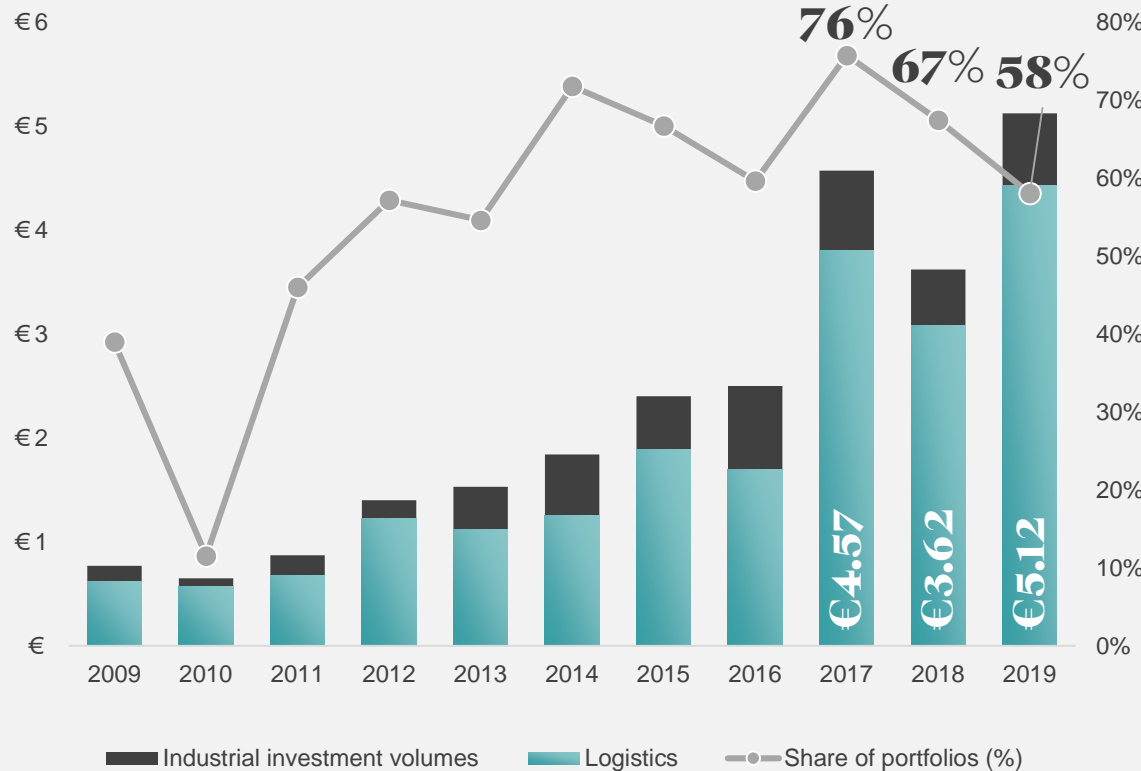


Logistics: record broken!

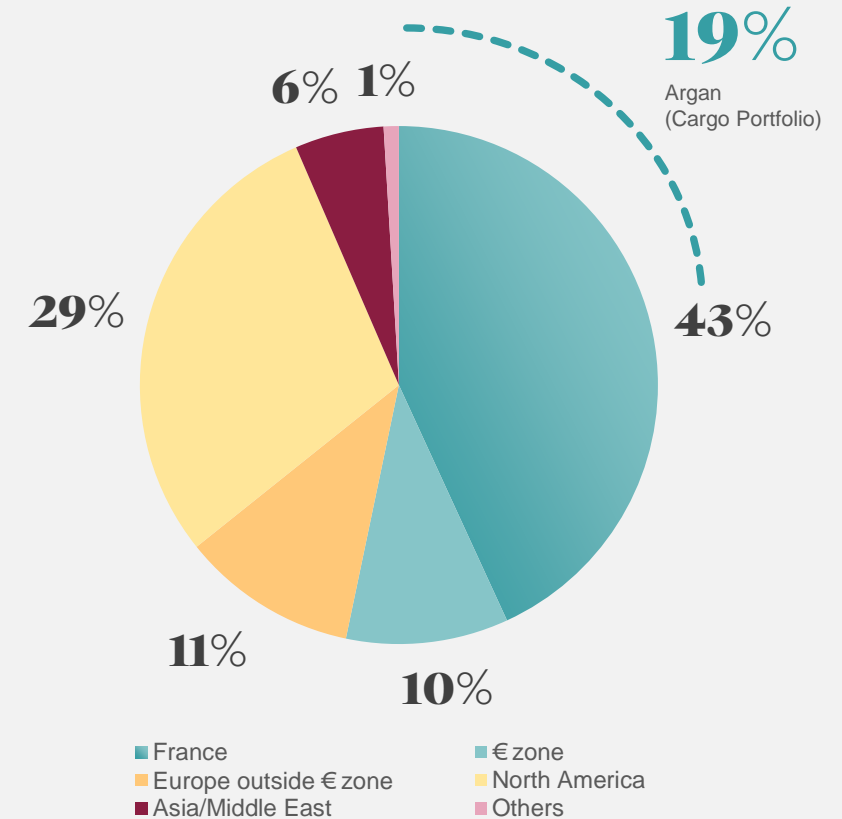
Investment volumes in industrial property reached an unprecedented 5.1 billion euros in 2019, exceeding the amounts invested in 2018 by 44%, as well as the previous record set in 2017 by 12%. With this result, industrial premises accounted for 14% of the total sums invested in France, still far behind offices (71%) but very close to retail (15%). This strong performance is mainly due to the logistics market's surge, and the sale of warehouse portfolios. These increased over the months, with eight transactions of more than 100 million euros recorded in 2019, including seven in the second half of the year.

Source: Knight Frank

XXL portfolios are driving the market
Change in industrial real estate investment volumes
In France, in billions of euros



Logistics investment volumes by nationality
In France, in 2019



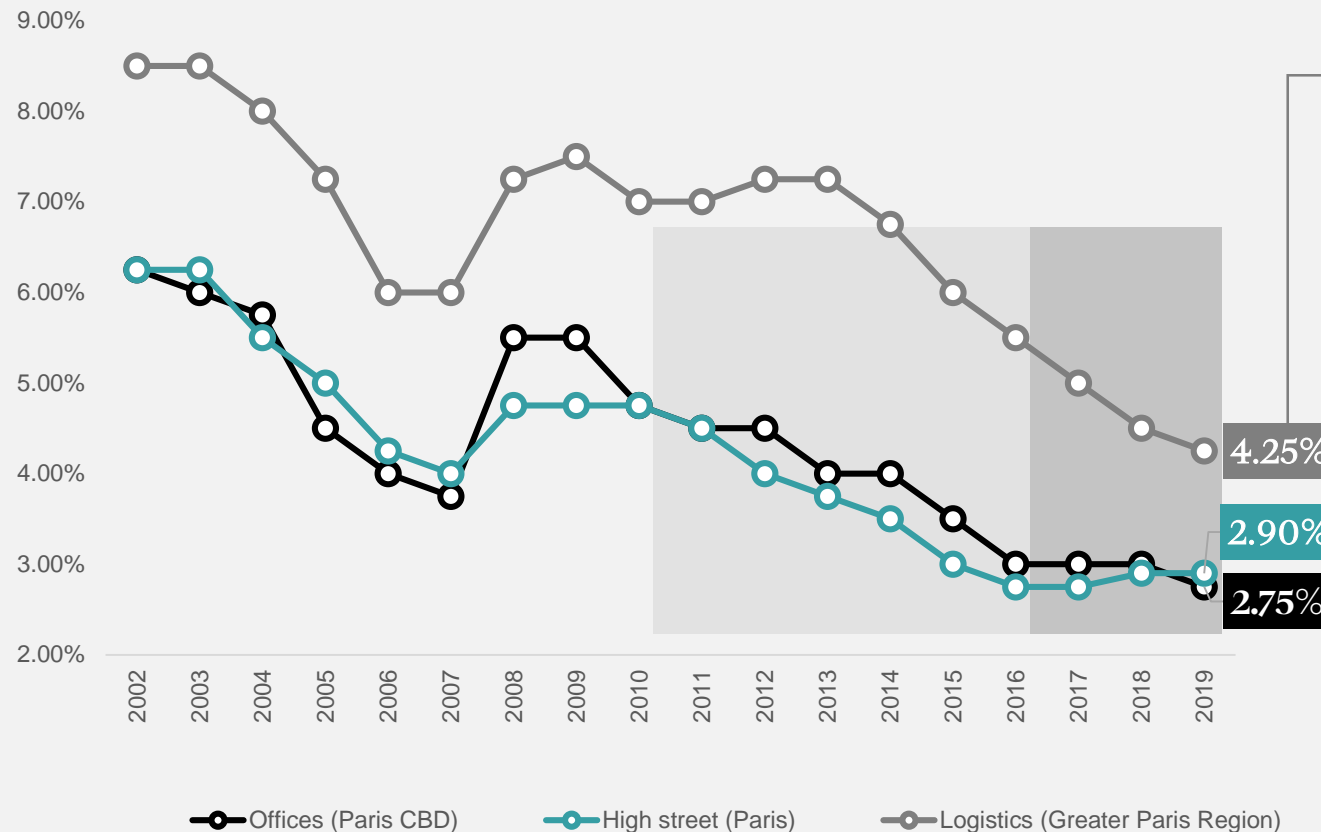
Yields: further decreases

Institutional investors' enthusiasm for logistics as a diversification tool

contributed to a further compression of prime yields in this market sector. They have decreased by more than 300 basis points since 2013 and are now close to 4% for the best assets on the main North-South axis. With regard to high street properties, rates remain below 3% for the best assets, **while offices have seen a slight compression with rates also below 3% in Paris.**

Source: Knight Frank

Change in prime yields



2010-2019 change



LOGISTICS
 ↓ - 39%



HIGH STREET
 ↓ - 39%

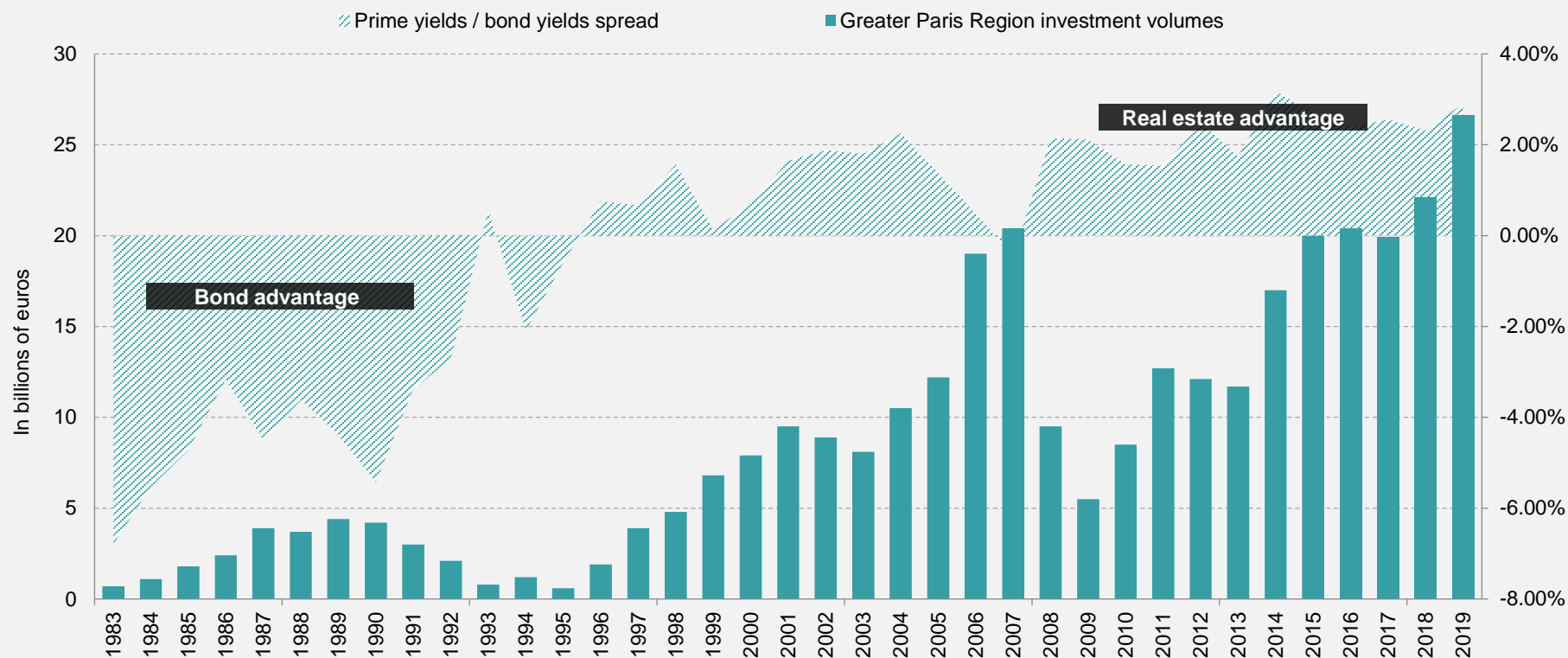


OFFICES
 ↓ - 42%

Key trends in 2020: real estate's advantage continues

Monetary policies remain accommodating for the time being, particularly in Europe where the ECB has not changed its strategy since Christine Lagarde took over as head of the institution. **In 2020, as in recent years, the real estate sector will therefore benefit from the low interest rate context, as it has in recent years.** Coupled with investors' caution, this should continue to work in favour of assets that have good fundamentals and provide stable and secure income. The shortage of prime supply and the compression of yields will also favour diversification assets. Finally, some investors may take on more risk, although they will remain highly selective, targeting the types of assets and geographic sectors least exposed to a change in economic conditions.

Prime yields / bond yields spread
(as a %)



Source: Knight Frank/Banque de France

Key trends in 2020

Risks are always present

- Economic slowdown
- Social and geopolitical tensions

Activity drivers

- Growing interest in the Grand Paris project sectors and regional cities
- Interest rates: persistently low
- Dynamism of international capital flows
- Fund-raising: record after record?
- Investors' search for diversification

Questions

- Continued decrease in prime yields?
- Shortage of office supply: what impact on investment volumes and investors' acquisition criteria?
- Will investors take more risk?
- Confirmation of renewed interest in retail?

2019 REVIEW
AND 2020 OUTLOOK

Offices

GREATER PARIS REGION
LETTINGS MARKET



Offices

2019 HIGHLIGHTS

A GOOD YEAR

LARGE TRANSACTIONS: DOWN ON PREVIOUS YEAR

PARIS: DOWN, BUT RESISTANT

NEW SPACE, ALWAYS POPULAR

IMMEDIATE SUPPLY: STABILISING

RENTS: RECORD(S) BROKEN

REBALANCE IN SIGHT?

AND IN THE FUTURE?

WHAT IMPACT ON THE MOBILITY OF LARGE COMPANIES?

10 YEARS OF LARGE COMPANY MOVEMENTS: TOP 10

10 YEARS OF LARGE COMPANY MOVEMENTS: INNER PARIS

10 YEARS OF LARGE COMPANY MOVEMENTS: SUBURBAN OFFICE MARKETS

WHAT CHANGED IN 10 YEARS: AN OVERVIEW

COWORKING: MORE MODERATE DEVELOPMENT

COWORKING: PARIS, STILL WAY AHEAD

THE YEAR OF NEXT40 COMPANIES: EXAMPLES OF LETTINGS TRANSACTIONS

THE YEAR OF NEXT40 COMPANIES: HIGHLIGHTS

BREXIT: CONCLUSION IN 2020 ?

KEY TRENDS IN 2020



1

2

3



2019 highlights

- Respectable results: + 5 % above the ten-year average

- Letting volumes limited by the lack of supply

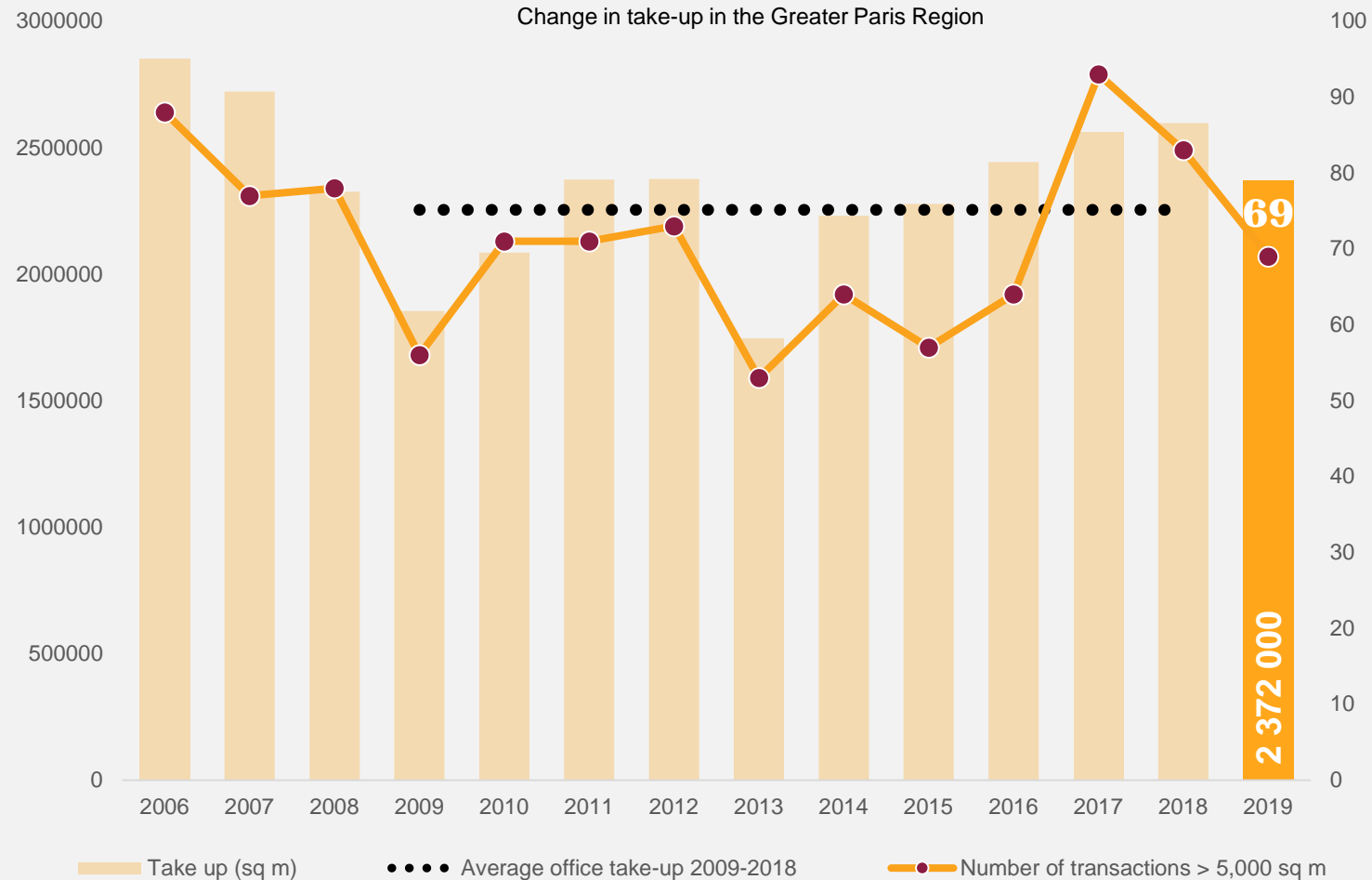
- Paris, always in demand

- Two growing trends: coworking and new tech

- Suburbs: increasing success of the future Grand Paris hubs

A good year

After an excellent performance in 2018, and six years of consecutive increase in take-up, activity in the Greater Paris Region office market contracted in 2019. Just over 690,000 sq m were let or sold to occupiers in Q4 2019. This volume brings the total take-up of office space over the past year to 2,372,000 sq m, **down 9% compared to 2018. This result is still respectable and is 5% above the average of the last ten years.**



- 9%
Year-on-year

+ 5%
10-year average

Source: Knight Frank

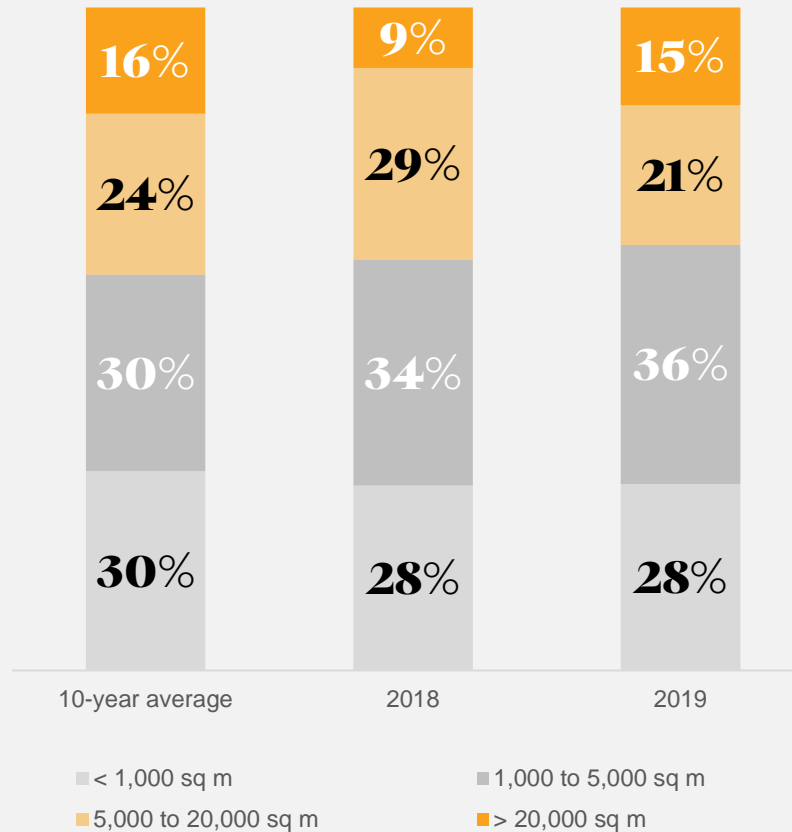
Large transactions: down on previous year

Partly due to the lack of available supply in certain office sectors, the slowdown in 2019 affected all area categories. Small areas under 1,000 sq m recorded a decrease of 8% year-on-year, while medium-sized areas (1,000 to 5,000 sq m) held up slightly better (-6%). **The decrease is more pronounced for large areas**, both in number and in volume. Accordingly, there were 69 transactions over 5,000 sq m (compared with 83 in 2018) and take-up of 865,000 sq m in 2019, compared with almost one million sq m in 2018. This area category now represents **only 36% of total take-up in 2019 after 38% in 2018**, even though several large transactions were recorded in the last quarter (CANAL + in "Sways" in Issy-les-Moulineaux, etc.).

Source: Knight Frank

Resistance of intermediate sized areas

Take-up by area category in the Greater Paris Region
Out of total volume in sq m



69
transactions
> 5,000 sq m
(83 in 2018)

=

865,490 SQ M
(975,871 sq m in 2018)

=

36 %
of volume
(**38 %** in 2018)

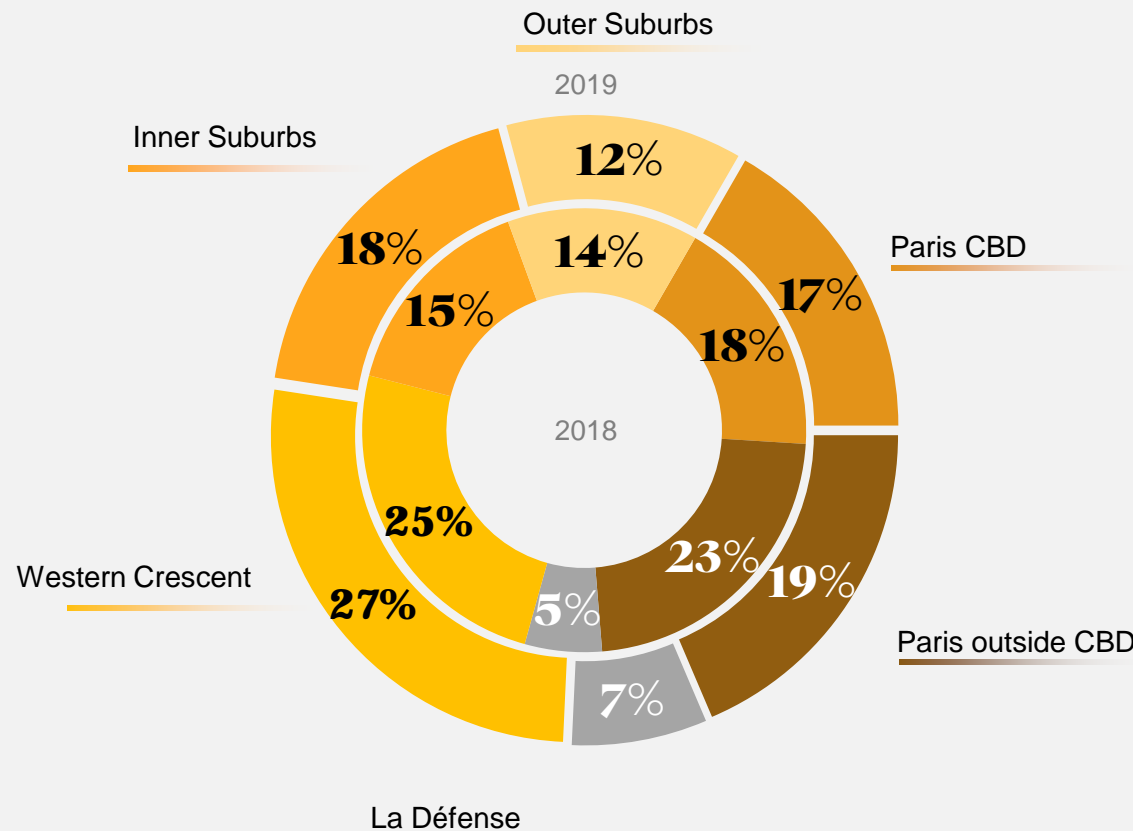
Paris: down, but resistant

The very severe shortage of available areas has weighed on the Paris market results: take-up volume there reached just under 840,000 sq m in 2019, down 20% compared to 2018 and down 4% compared to the ten-year average. The Central Business District (CBD) accounted for nearly half of this total: driven by coworking operators, who were the source of five of the twelve transactions above 5,000 sq m in 2019, the CBD remains the driving force of the Paris market, despite a 14% drop compared to 2018.

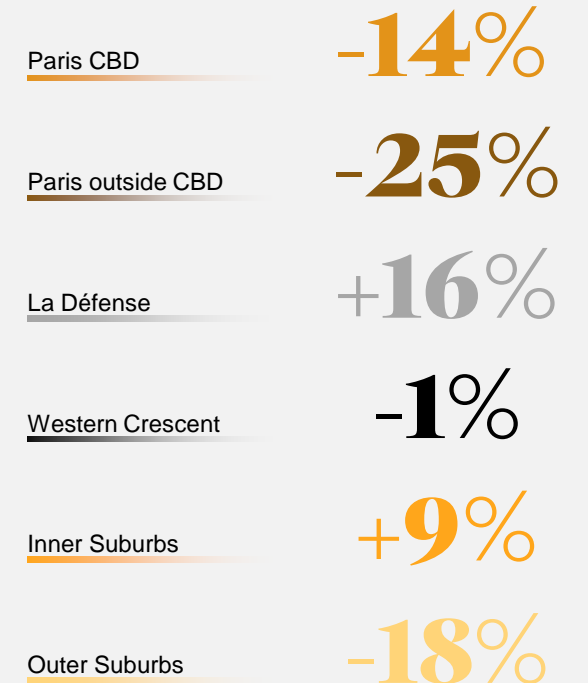
Two sectors show an increase. **In the Inner Suburbs, activity is up 9% owing to the dynamism of large transactions** (14 transactions over 5,000 sq m, including six over 20,000 sq m). **La Défense shows an increase of 16%.**

Source: Knight Frank

A dynamic year in the Inner Suburbs
Share of each geographical sector in total take-up
In the Greater Paris Region, out of total volume in sq m

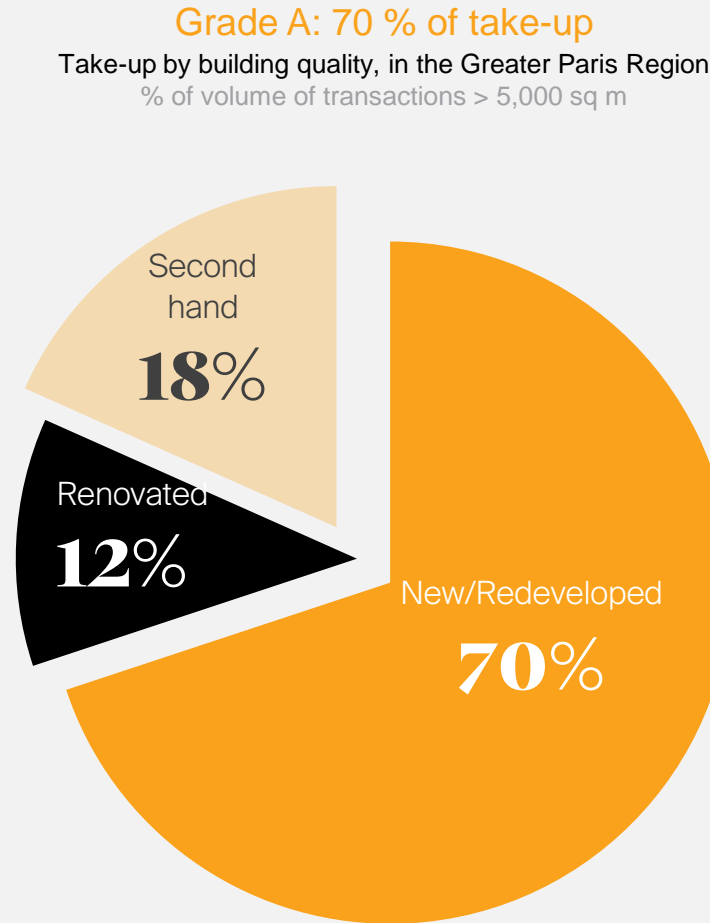


Paris: a decrease that needs putting into perspective
Change in take-up, by volume
Between 2018 and 2019

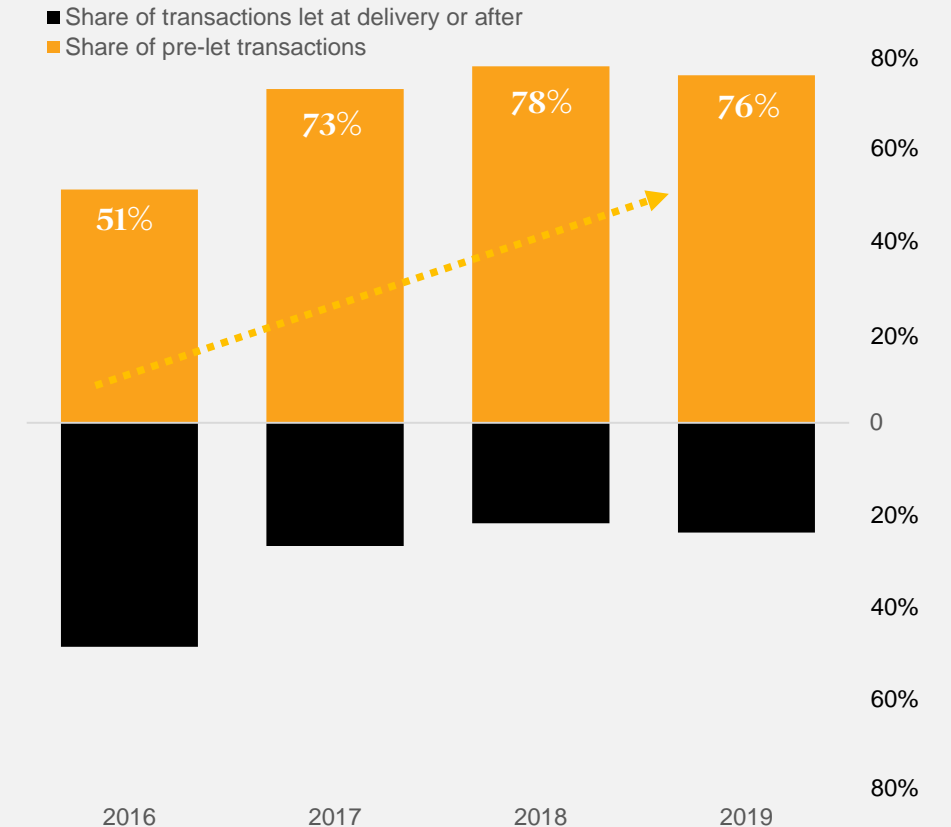


New space, always popular

In 2019, demand from large occupiers was overwhelmingly for new, redeveloped office space. These accounted for 70% of total take-up over 5,000 sq m, reflecting **the priority given by companies to the efficiency and quality of their workspaces**. This taste for new/redeveloped offices is also reflected in a high level of pre-lettings: **almost 80% of Grade A office space over 5,000 sq m let in 2019 in the Greater Paris Region was let prior to delivery**. This phenomenon is particularly pronounced in certain established office sectors, notably in Paris (89%).



Pre-lettings: almost 80 %
Change in pre-lettings in the Greater Paris Region
% of number of transactions > 5,000 sq m undertaken on new or redeveloped supply



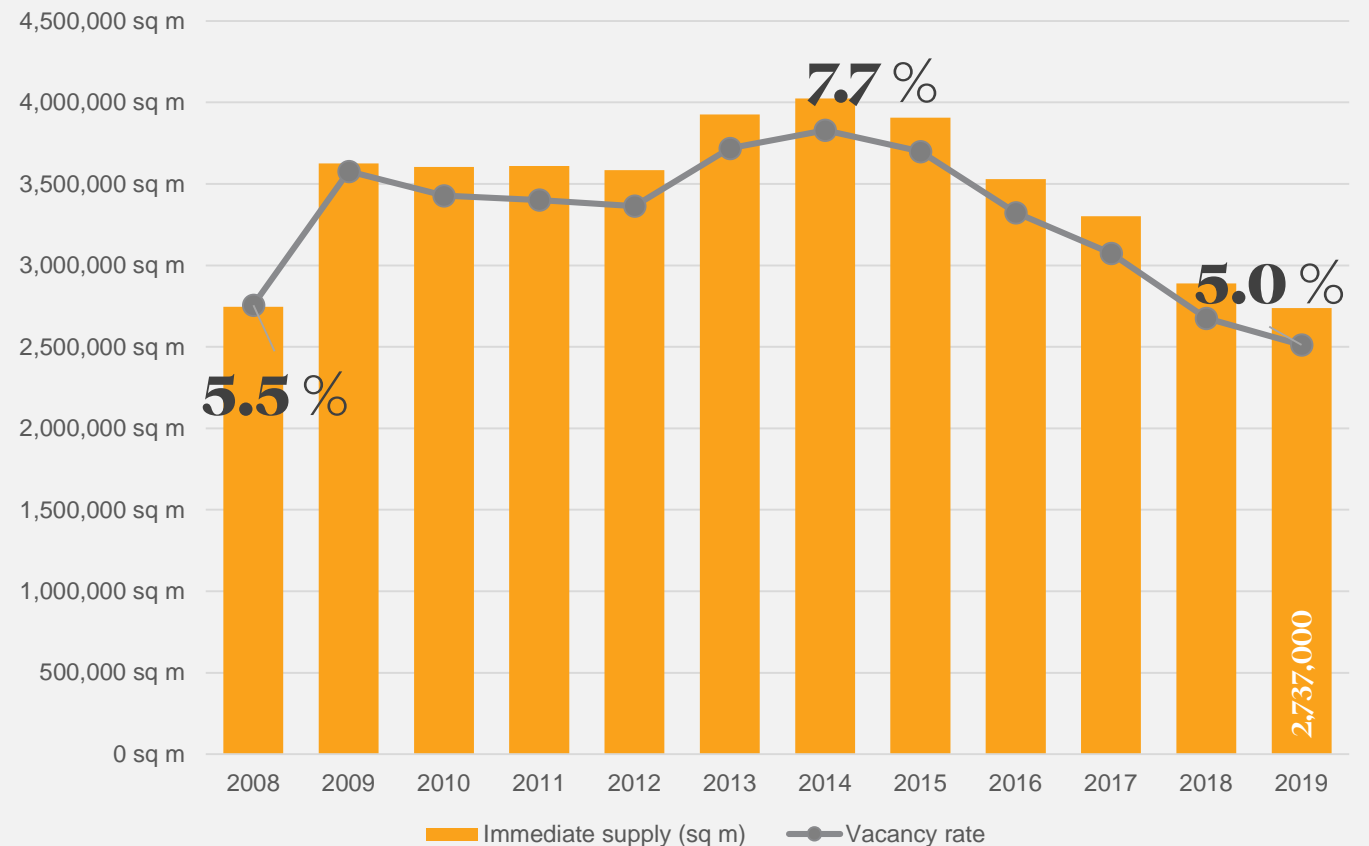
Immediate supply: stabilising

The volume of immediate supply of office space totalled 2,737,000 sq m in the Greater Paris Region at the end of 2019, down 5% year-on-year. **Office stock is therefore stabilising after several years of sharp decline** (-28% between the end of 2014 and the end of 2018). The vacancy rate is now 5% and is at its lowest level since 2008, although the situation remains highly contrasted between the various office sectors in the Paris region. **The limited number of deliveries of available projects, and very high occupier demand, continued to deplete the Inner Paris market**, with a vacancy rate of just 2.1% at the end of 2019.

Source: Knight Frank

10-year low

Change in immediate supply and vacancy rate
In the Greater Paris Region, as a %

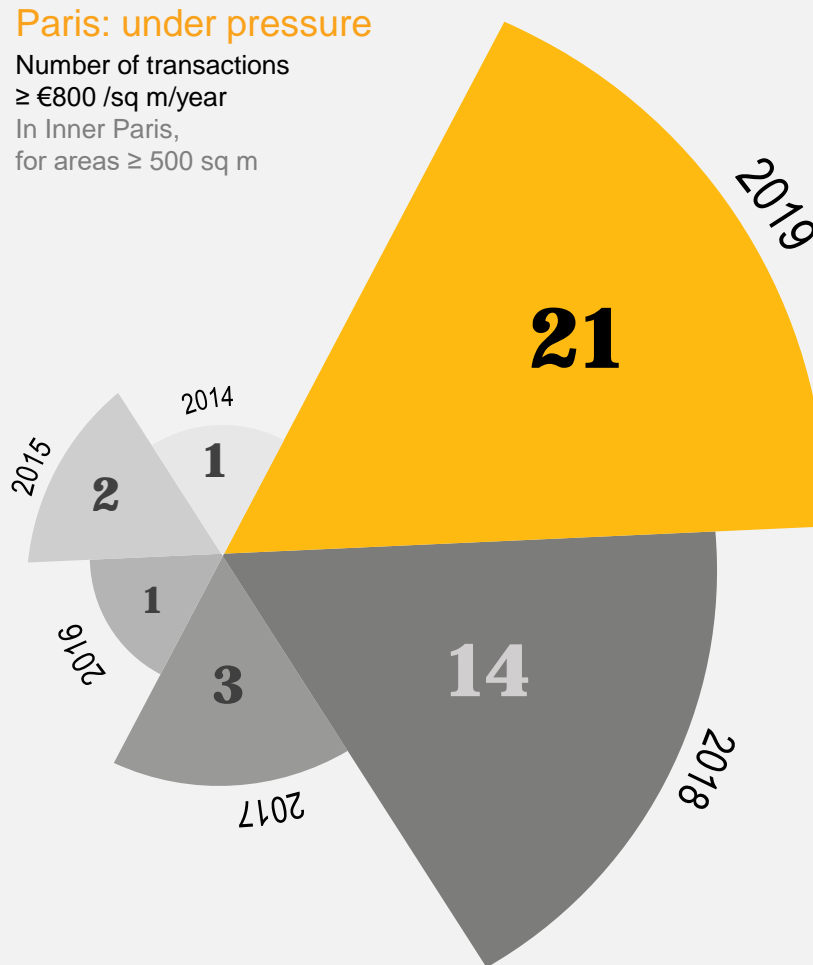


5%
Vacancy rate in the
**Greater Paris
Region**
End 2019

2.1%
Vacancy rate in
Inner Paris
End 2019

Rents: record(s) broken

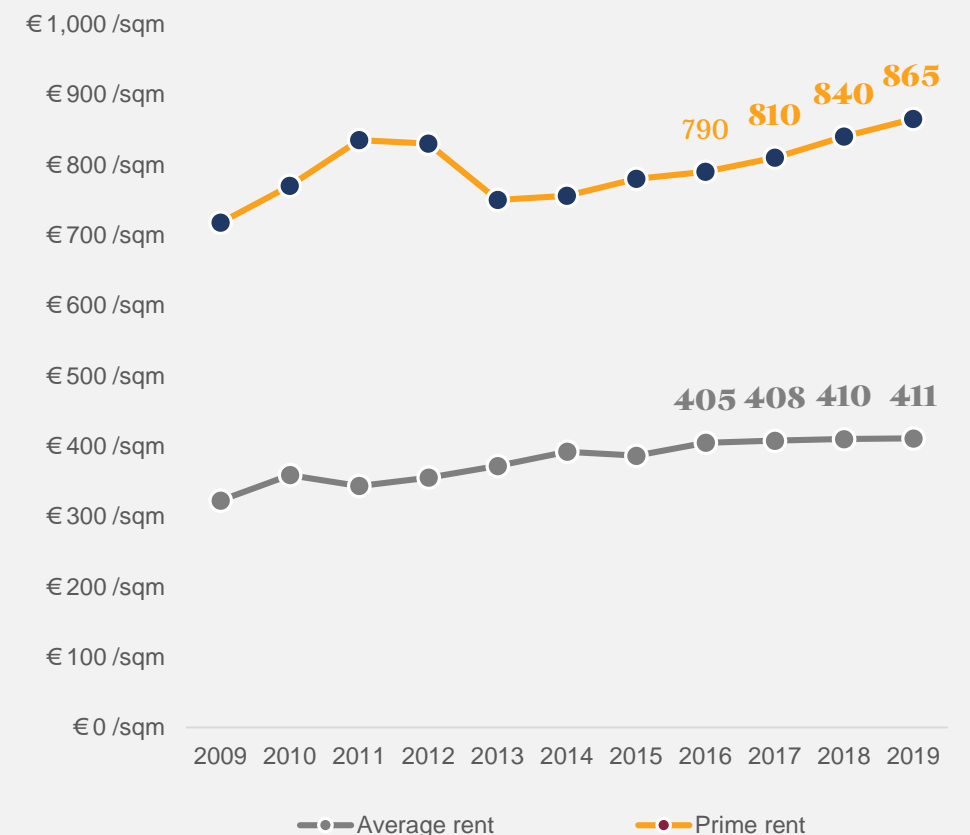
The capital's supply shortage situation has been observed for several months and explains the surge in Market Rents. As such, prime rents are breaking records, reaching €865 /sq m/year in the CBD (+3% year-on-year). This trend is accompanied by a sharp increase in transactions of more than 500 sq m signed at values in excess of €800/sq m/year in Paris, **with 21 in 2019 compared to 14 in 2018, and only three in 2017.** Some Parisian areas in the East and on the Left Bank are also recording strong increases, **partly linked to the boom in demand from coworking operators and new technology companies, as is the case in the CBD.**



Source: Knight Frank

Prime rents: heading towards €900

Change in prime and average Greater Paris Region rents
In €/sq m/year



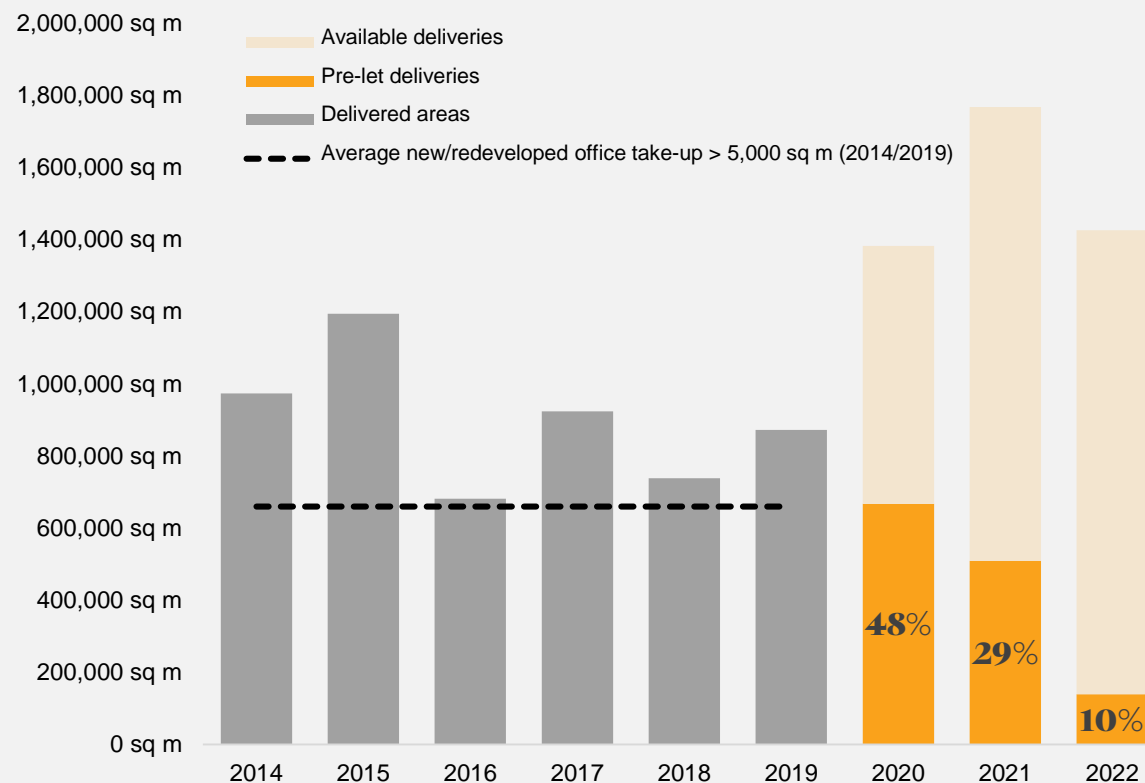
Rebalance in sight?

More than 130 projects over 5,000 sq m are currently under construction in the Greater Paris Region, representing a total of **nearly 2.6 million sq m, 58% of which is still available**. Two sectors are particularly well supplied: La Défense, where more than 400,000 sq m of office space is under construction or redevelopment, and the Inner Suburbs especially, where this volume amounts to almost 800,000 sq m, of which only 28% has been pre-let. **Short and medium-term availability is much lower in Inner Paris**, with a pre-letting rate of 57% in the CBD and 60% in the other areas of the capital.

Source: Knight Frank

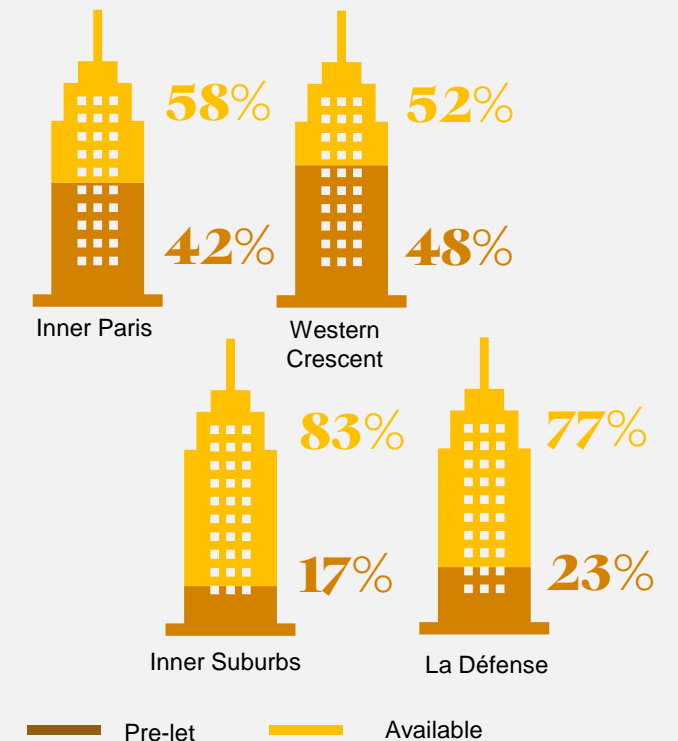
Growth in deliveries

Deliveries of new or redeveloped areas > 5,000 sq m in the Greater Paris Region



Increased opportunities in La Défense and the Inner Suburbs

Share of pre-lettings by geographical sector
Office supply to be delivered by the end of 2022
(Building permit submitted/ Building permit granted/ Under construction)



And in the future?

Three major development trends can be identified with regard to the future production of offices in the Greater Paris Region. The first is **the renewal of the most established office hubs**, which explains the high number of projects identified in the CBD and in the main sectors in the West. The second shows the **potential of areas located at the capital's inner ring road junctions**.

Finally, **the future Grand Paris hubs** are attracting growing interest from investors and occupiers, resulting in an acceleration of future projects in towns in the East (Fontenay-sous-Bois, etc.), the South (Montrouge, Bagneux, Villejuif, etc.) and particularly in the North (Saint-Ouen, Saint-Denis) of the Greater Paris Region.

MAIN TRENDS



Established hubs

Renewal of the Paris and Western Crescent office stock (CBD, La Défense, etc.)



Paris / Inner Suburbs

Dynamism of the ring road junctions (accessibility, quality of supply, available land, etc.)

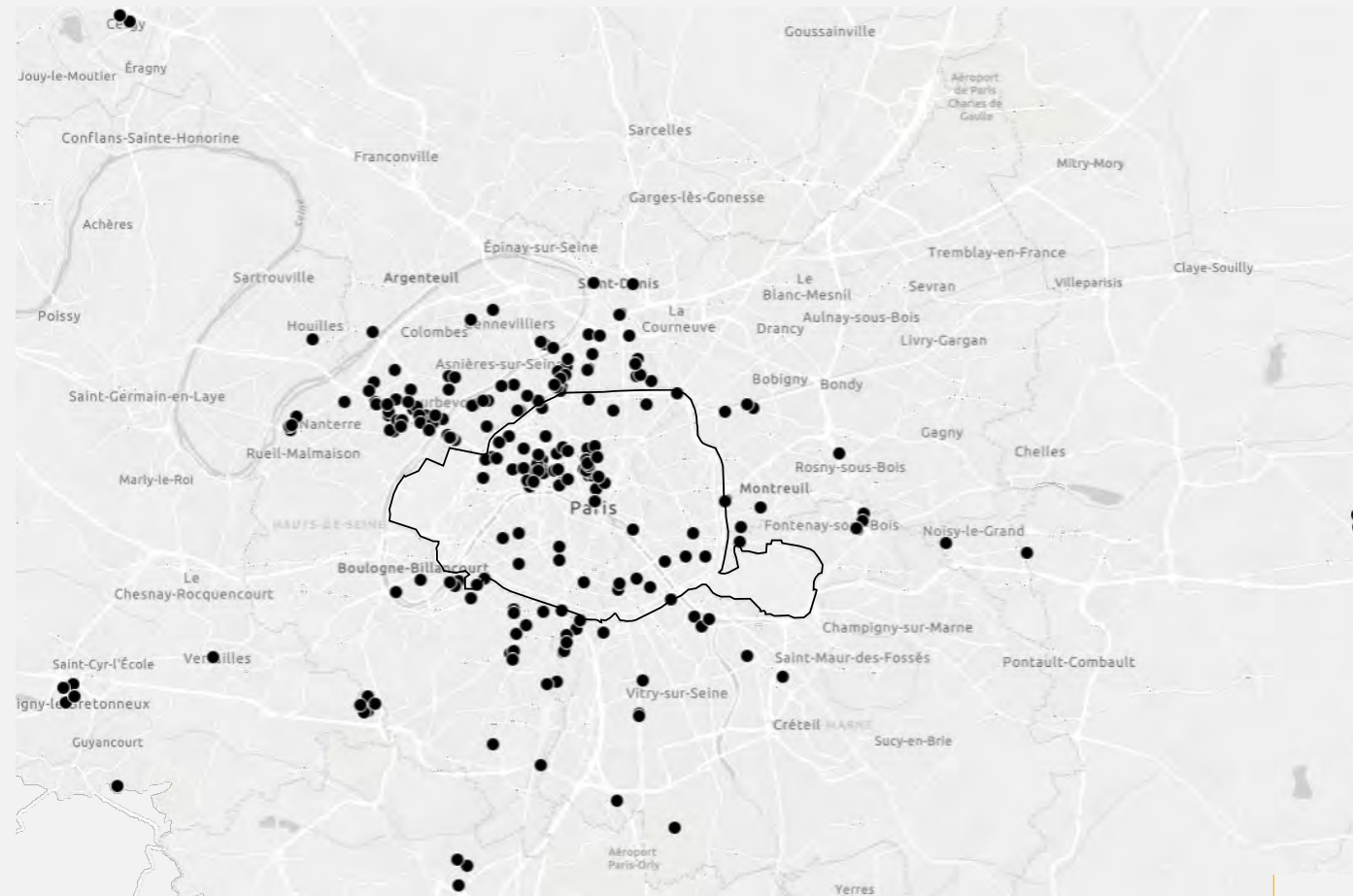


Rest of the Inner Suburbs

Development of the Grand Paris hubs (Saint-Denis, Fontenay-sous-Bois, Villejuif, etc.)

The main development sectors

Mapping of future office projects > 5,000 sq m in the Greater Paris Region between 2020 and 2022
New/redeveloped building, under construction or not yet begun (with or without building permit)



Source: Knight Frank

What impact on the mobility of large companies?

An analysis of the movements of major occupiers over the 2017-2019 period makes it possible to identify the most captive office markets, and those subject to greater company mobility.

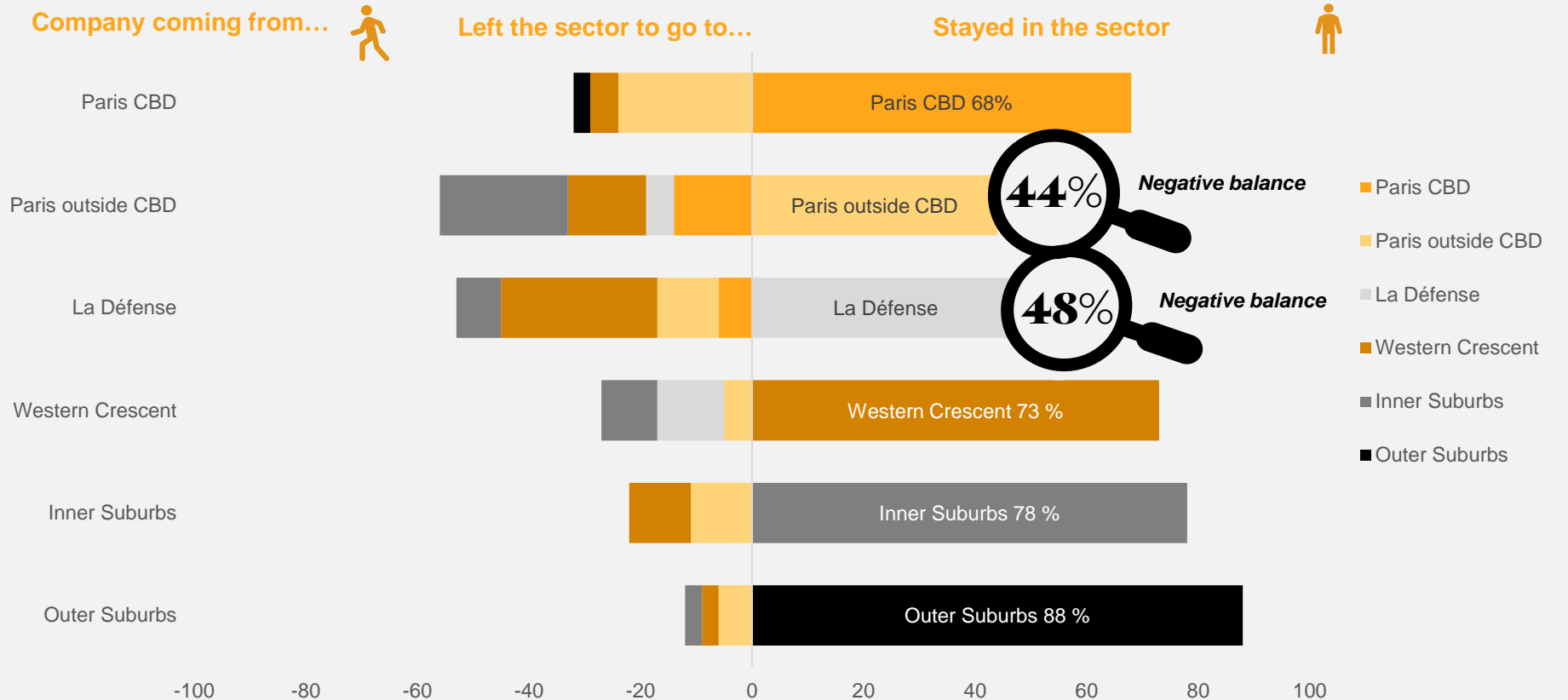
The Outer Suburbs remain mainly driven by endogenous movements, while the La Défense sector has seen a majority of companies favour neighbouring sectors (Western Crescent). With its future large deliveries, **the business district could recover its appeal**. Nevertheless, several other sectors in the suburbs will also be more attractive, **multiplying the alternatives available to companies**.

In Paris, sectors outside the CBD are showing a negative balance. Unlike La Défense, however, future supply will remain limited, **which should encourage further occupier relocations, particularly to neighbouring Inner Suburb hubs with good transport links**.

Source: Knight Frank

Occupier mobility

% of number of transactions ≥ 5,000 sq m in the Greater Paris Region, between 2017 and 2019



10 years of large company movements

The beginning of a new decade is an opportunity **to take stock of the past decade**. During this period, the large areas market was driven by the recurrent movements of several large French companies. **Orange is the leading company in the Greater Paris Region in terms of the consumption of office space over 5,000 square metres between 2010 and 2019**. France's largest banking groups also continued to streamline their operations, fuelling demand. In 2019, several of them further stood out through the signing of large new leases (Crédit Agricole in Montrouge, Société Générale in Fontenay-sous-Bois, etc.). But **one of the most striking trends in recent years has undoubtedly been WeWork's breakthrough**: the American operator has taken 8th place in the ranking of the decade's biggest occupiers, even though the company didn't open its first site there until 2017 (rue Lafayette, in the 9th district).

Source: Knight Frank

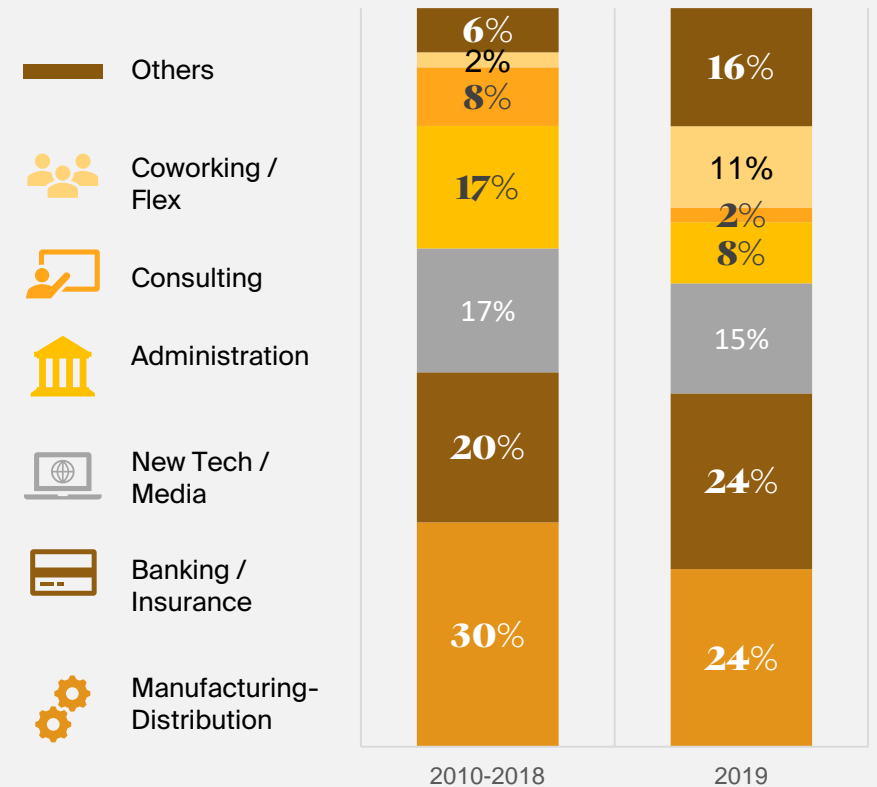
Orange in the lead

Top 10 companies that use the most sq m of office space In the Greater Paris Region, between 2010 and 2019, transactions > 5,000 sq m

Company	Total volume in sq m
ORANGE	277,000
BNP PARIBAS	227,000
GROUPE ALTICE / SFR	210,000
GROUPE BPCE	208,000
EDF / ERDF	207,000
CRÉDIT AGRICOLE / LCL	204,000
SOCIÉTÉ GÉNÉRALE	172,000
WEWORK	151,000
THALÈS	149,000
SNCF	133,000

Coworking: in the big league

Share of each business sector in total take-up > 5,000 sq m In the Greater Paris Region, out of total volume in sq m



10 years of large company movements

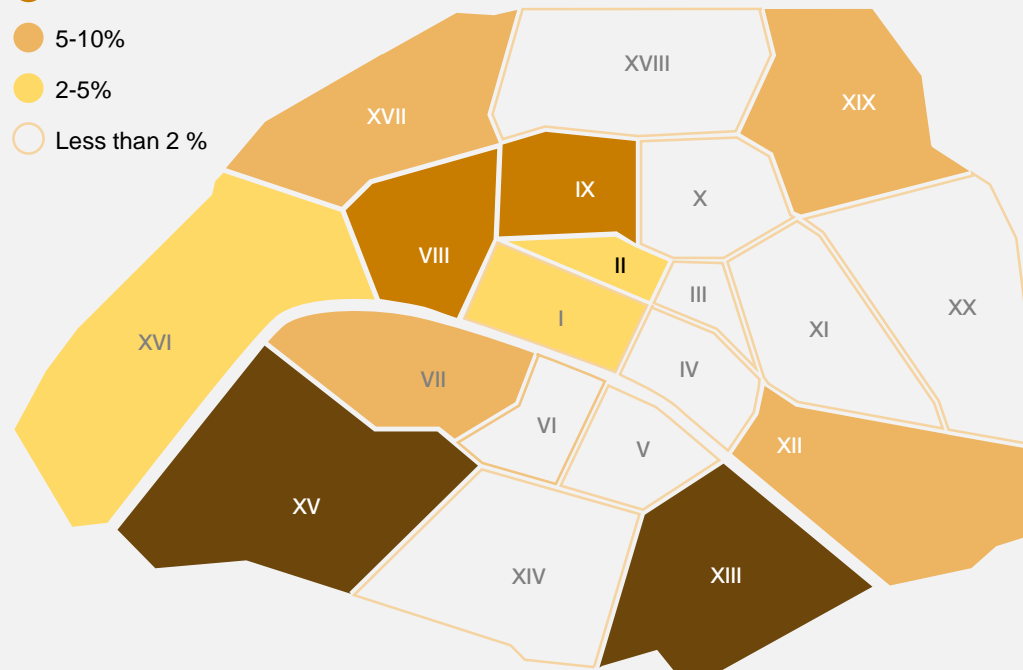
In Paris, the analysis of take-up volumes over 5,000 sq m during the 2010-2019 period shows a fairly clear geographical concentration of the activity of large occupiers. Two sectors account for the largest share. The heart of the capital remains a must, driven by the market in the 8th district **and an increasingly marked extension of the CBD towards the east** (Paris 9th and 2nd). This area is a prime target for large "captive" companies (finance, consulting, etc.), and also benefits from the **growing demand from more recent activity sectors such as coworking and digital technology.**

The outer districts (13th, 15th, 17th, etc.) have also captured a significant share of demand from large occupiers, in sectors such as banking/insurance and administration. Advantages of these areas include: **excellent access, a Parisian address, the good value for money of their real estate supply and opportunities for large areas** that have been boosted by the completion of urban projects (Semapa, Balard, Batignolles, etc.).

Breakdown in Paris

Share of each district in total take-up > 5,000 sq m
In Inner Paris, between 2010 and 2019

- 15-20%
- 10-15%
- 5-10%
- 2-5%
- Less than 2 %



Source: Knight Frank

Paris 15, 13, 17, 19 Very dynamic outer districts



Available land / Development projects (Clichy-Batignolles, Balard, etc.)
Consolidation of large business sectors (banking, administration, etc.)

Paris 8, 9, 2 The driving force in the Parisian market



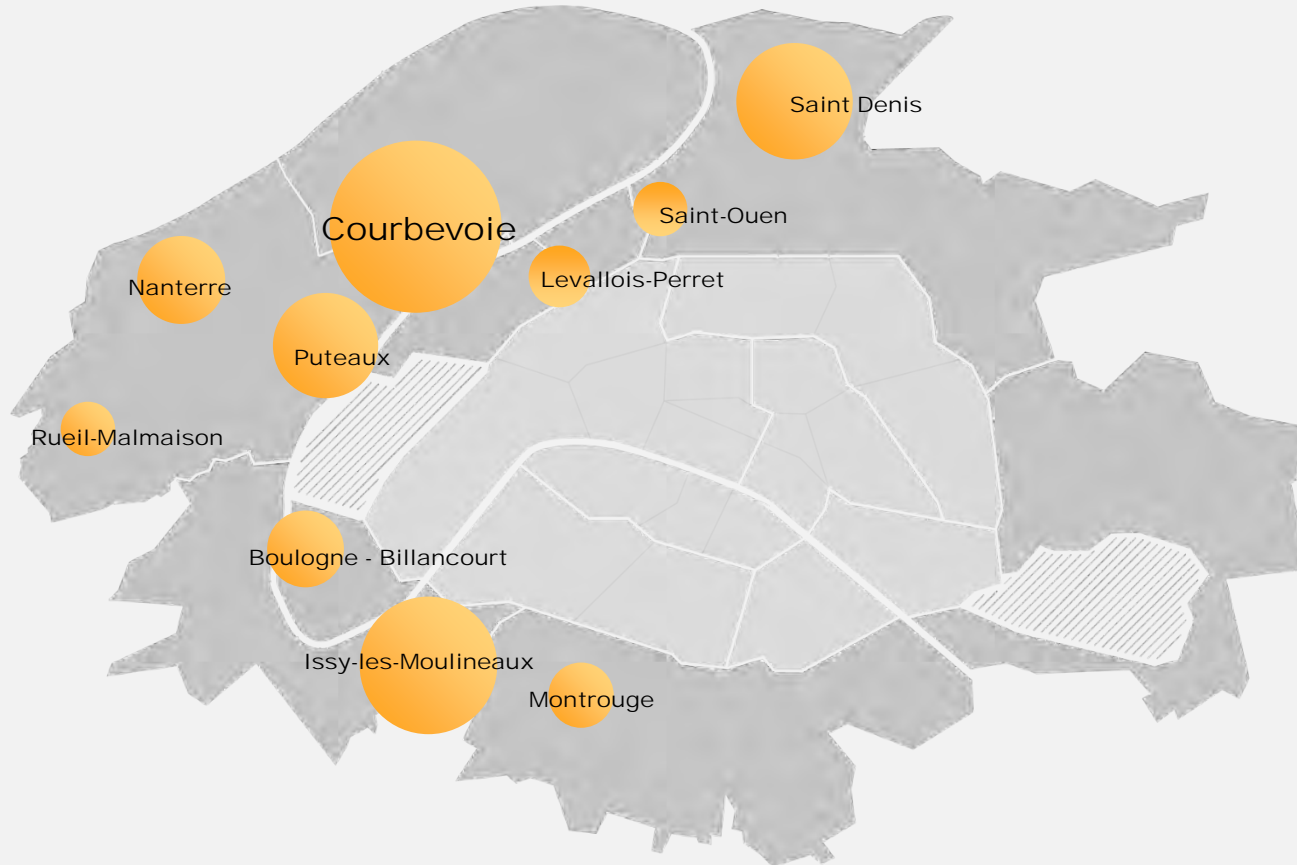
Renewal of stock
Captive occupiers (luxury, consulting, finance)
Rise of coworking and Tech
"Location, location, location"

10 years of large company movements

Outside Paris, the results of the past decade show a **fairly classic polarisation of the activity of large occupiers in the main office hubs of the West**, such as La Défense, Levallois-Perret, Boulogne-Billancourt and Issy-les-Moulineaux. The latter town is very popular, confirmed in 2019 by several major moves such as CANAL + who took a lease on "Sways" and CNP's acquisition of the "Issy Cœur de Ville" offices. Outside of the more established sectors, three towns accounted for a significant share of demand for areas over 5,000 sq m, starting with Montrouge, which is sought-after by large French companies such as EDF and Crédit Agricole. **In the North, Saint-Ouen and Saint-Denis have in just a few years become major office hubs.**

Top 10 towns in the Greater Paris Region

On total take-up > 5,000 sq m
Outside Paris between 2010 and 2019



The winning trio

On total take-up > 5,000 sq m
Outside Paris between 2010 and 2019

- 1

Courbevoie
664,800 sq m let between 2010 and 2019*
 ▼ 15% compared to 2000-2009
 50 large transactions
- 2

Issy-les-Moulineaux
524,400 sq m let between 2010 and 2019*
 ▲ 57% compared to 2000-2009
 27 large transactions
- 3

Saint-Denis
452,800 sq m let between 2010 and 2019*
 ▲ 22% compared to 2000-2009
 23 large transactions

*Take-up of areas over 5,000 sq m

Source: Knight Frank

What changed in 10 years: an overview

While the last ten years have not really changed the hierarchy of the various office hubs in the Greater Paris Region, **a few major structural changes have profoundly transformed the demand and expectations of companies in terms of office space design.** Among these factors, the **digital revolution has played a major role in encouraging the**

emergence of new ways of communicating and working. New types of operators such as digital companies, have also emerged, leasing ever larger office areas and focusing on the most central areas of the conurbation in order to be able to attract the best people. Finally, the transformation of working methods has also met the demand for an increased need for

flexibility, and **the huge increase in the number of coworking spaces** is undoubtedly one of the most obvious examples.



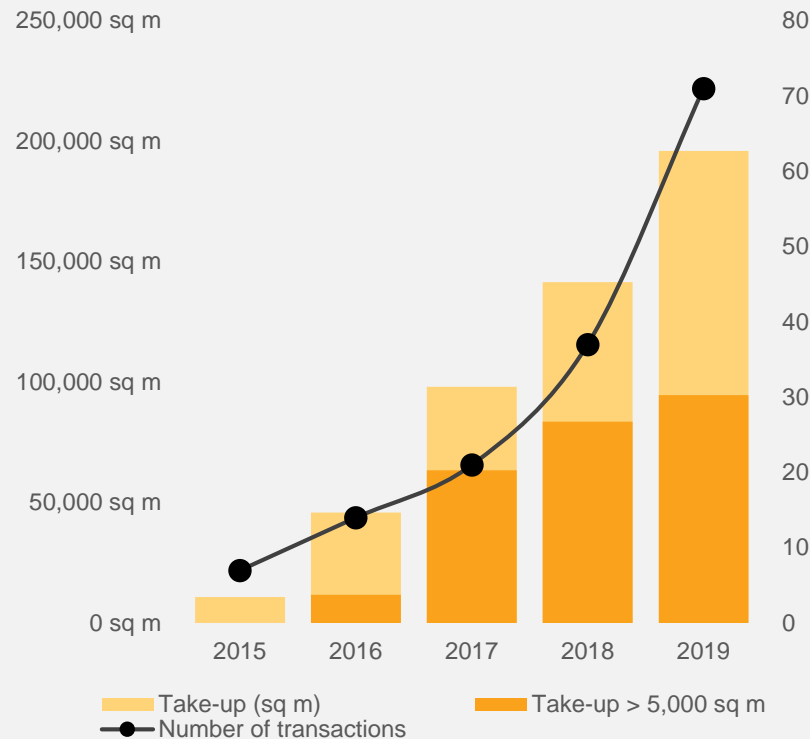
Coworking: more moderate development

Taking all areas together, coworking operator leases totalled **almost 200,000 sq m in 2019, a 38% increase over 2018**. Activity was particularly strong in the > 5,000 sq m area category, with 11% of the Greater Paris Region take-up volume in 2019 falling in this market category (compared with 9% in 2018 and 5% in 2017). **In Inner Paris, their share even reached 35%! WEWORK** are still the leader in terms of the number of square metres let, despite a marked deceleration in the second half of the year. Other operators were behind large transactions, such as KWERK in the 8th district and WOJO in the 13th and 14th districts. On smaller areas, **DESKEO continued its rapid expansion with more than thirty sites leased**, most of them located in the capital and in a few towns in the Hauts-de-Seine department.

Source: Knight Frank

But take-up at its highest level ...

Change in take-up by coworking operators
In the Greater Paris region, between 2015 and 2019



... and WeWork is still in the lead

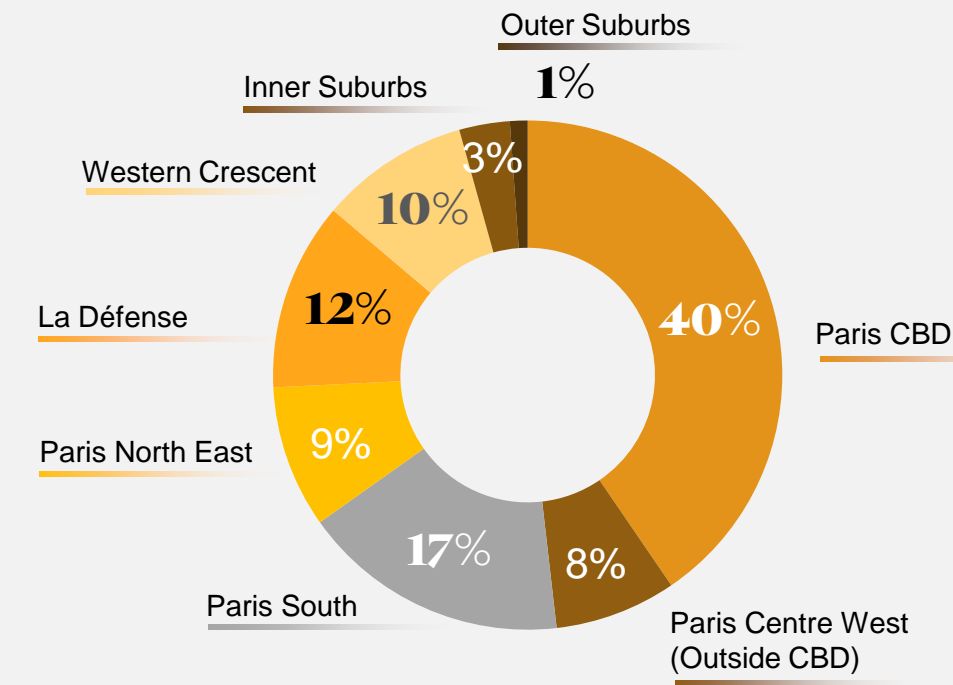
Breakdown of coworking take-up volumes, by operator
In the Greater Paris region, between 2015 and 2019, all areas included



Coworking: Paris, still way ahead

...but more projects in the Western sectors

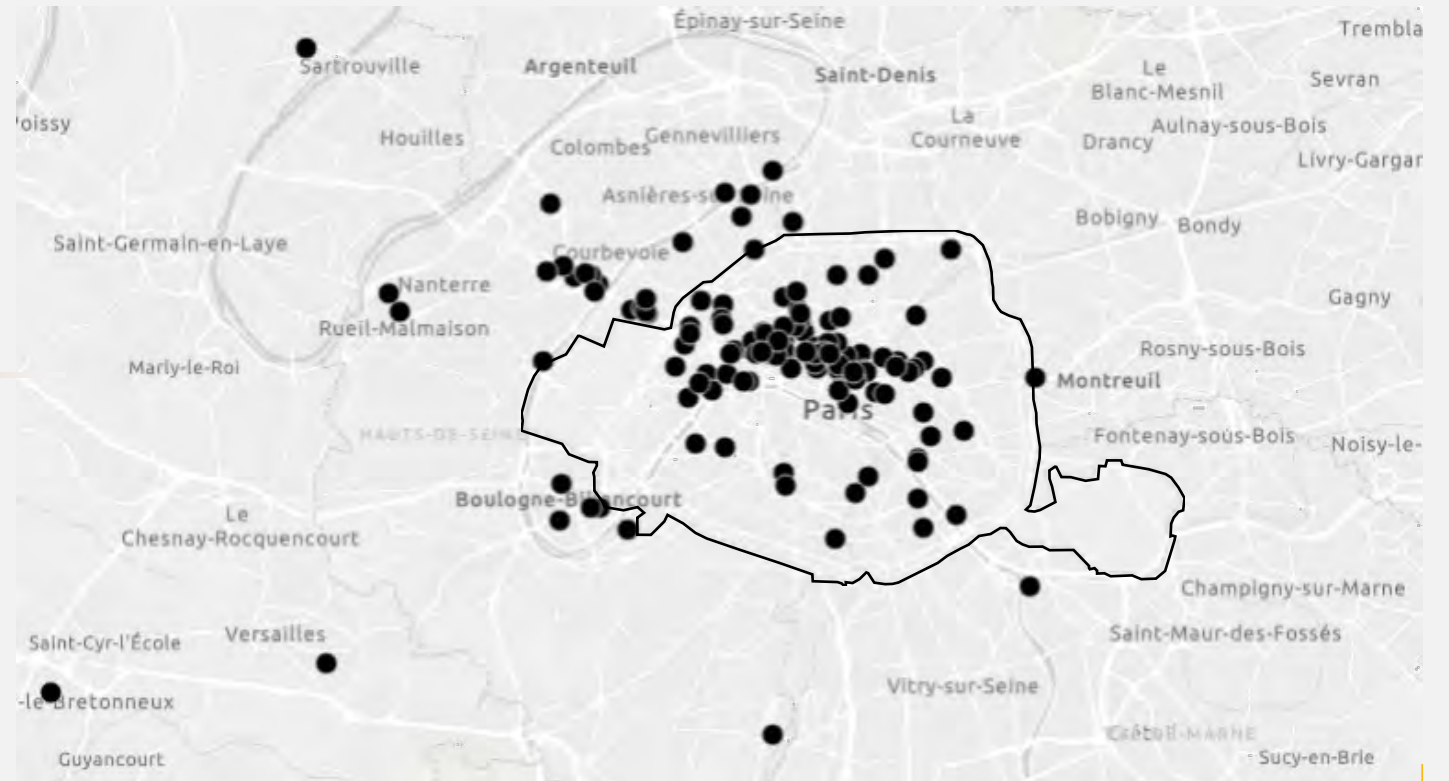
Geographic breakdown of take-up by coworking operators
In the Greater Paris region, between 2015 and 2019



Paris accounts for nearly three-quarters of all volumes leased by coworking operators since 2015, including a very substantial share in the CBD. However, **2019 confirmed the trend towards the geographic expansion of coworking**, with several large areas leased in Paris outside the CBD (Wojo in the 13th and

14th districts), while **WeWork set foot outside Paris by signing their first space in La Défense** ("Les Collines de l'Arche"). Outside Paris and La Défense, coworking operators have targeted the largest office hubs in the West, such as Neuilly or Boulogne.

Mapping of lettings to coworking operators between 2015 and 2019



Source : Knight Frank

The year of Next40 companies

Like coworking, another relatively recent sector is becoming increasingly important: digital companies, many of whom are opting for coworking spaces to support their growth and increase their flexibility. They are also leasing their own offices, and this for increasingly larger areas, as shown by the lettings in 2018 and 2019 to several companies of the Next40, the index unveiled last year by the government and intended to encourage the development of world-class technological leaders. Next40 companies accounted for **5% of take-up > 5,000 sq m in 2019 in the Greater Paris Region**, even though the majority of these companies were created less than ten years ago. This is the case for DOCTOLIB and PAYFIT, the latter of which leased just under 8,000 sq m on rue de Saint-Pétersbourg in the 8th district and multiplied the size of its offices by more than 120 since 2014!

Source: Knight Frank

Examples of lettings in 2018-2019

In the Greater Paris Region

Year	Tenant	Address	Area (sq m)
2019	DOCTOLIB	LE SEMAPHORE, LEVALLOIS-PERRET	11,230
2019	BELIEVE DIGITAL	KONECT, SAINT-OUEN	9,880
2019	PAYFIT	QUAI 8, PARIS 8	8,000
2019	IVALUA	100 AVENUE DE PARIS, MASSY	5,180
2019	DEEZER	29 RUE DE CALAIS, PARIS 9	5,100
2018	YOUNITED CREDIT	21 RUE DE CHATEAUDUN, PARIS 9	4,530
2019	BLABLACAR	6-8 RUE SEDAINÉ, PARIS 11	4,300
2018	MEERO	LE CENTORIAL, PARIS 2	3,600
2018	LEDGER	#CLOUD, PARIS 2	2,400
2018	WYND	TOUR MIRABEAU, PARIS 15	2,200
2018	ALAN	117 QUAI DE VALMY, PARIS 10	2,200
2018	DEVIALET	35 RUE LA BOETIE, PARIS 8	1,980
2018	SHIFT TECHNOLOGY	BERCY CRYSTAL, PARIS 12	1,660
2018	VESTIAIRE COLLECTIVE	LE BARJAC, PARIS 15	1,300

40%

of Next40 companies have leased office space in two years in the Greater Paris region

65 000 M²

in total over the period, of which 67% was in 2019

The year of Next40 companies

The growth of digital companies is hardly surprising: **whether or not they belong to the Next40, their commercial successes and the successive fundraising they receive imply major recruitment needs**

and the need to have premises large enough to house these new employees. Real estate therefore plays an eminent strategic role in enabling them to continue their growth. The offices, the quality of their address, their

facilities and their services are **essential factors in the war that these digital companies are waging to attract or retain the best talent.**

A recent **existence**

95 %

of Next40 companies did not exist before 2000

A share **that remains modest but is already...**

5 %

of the volume of movements > 5,000 sq m in 2019 in the Greater Paris Region

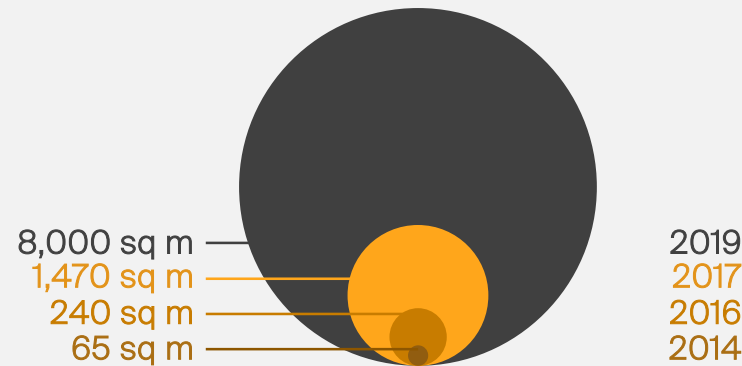
Source: La French Tech/Knight Frank

An example of rapid **growth**



PayFit

x 123
in 5 years

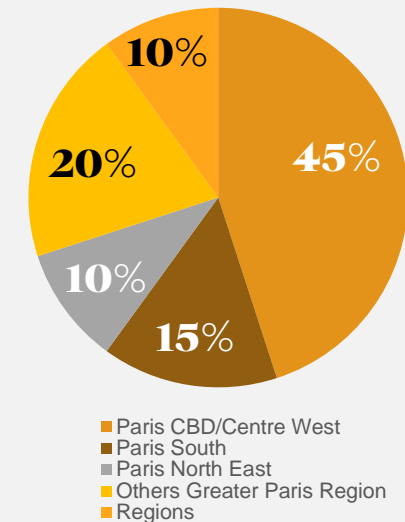


Source: Knight Frank

Paris first and foremost!

70 %

of Next40 companies have their head offices in Paris



Source: Knight Frank

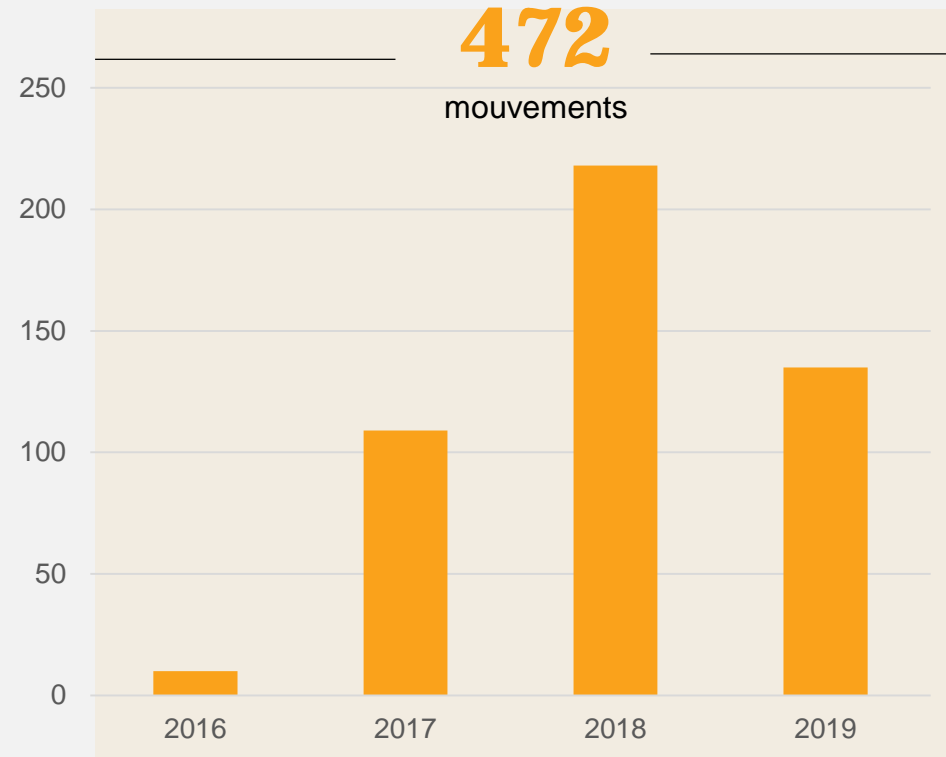
Brexit: conclusion in 2020?

In 2020, **the possible conclusion of Brexit could trigger a revival of company relocations**, which were relatively few in number in 2019. Paris remains well placed to benefit from this: with **68 definite or potential projects out of the 472 identified in Europe since the 2016 referendum**, it is still far behind Dublin (107) but has closed the gap with Luxembourg (73). Furthermore, it is now well ahead of Amsterdam (57) and Frankfurt (50).

Source: Knight Frank

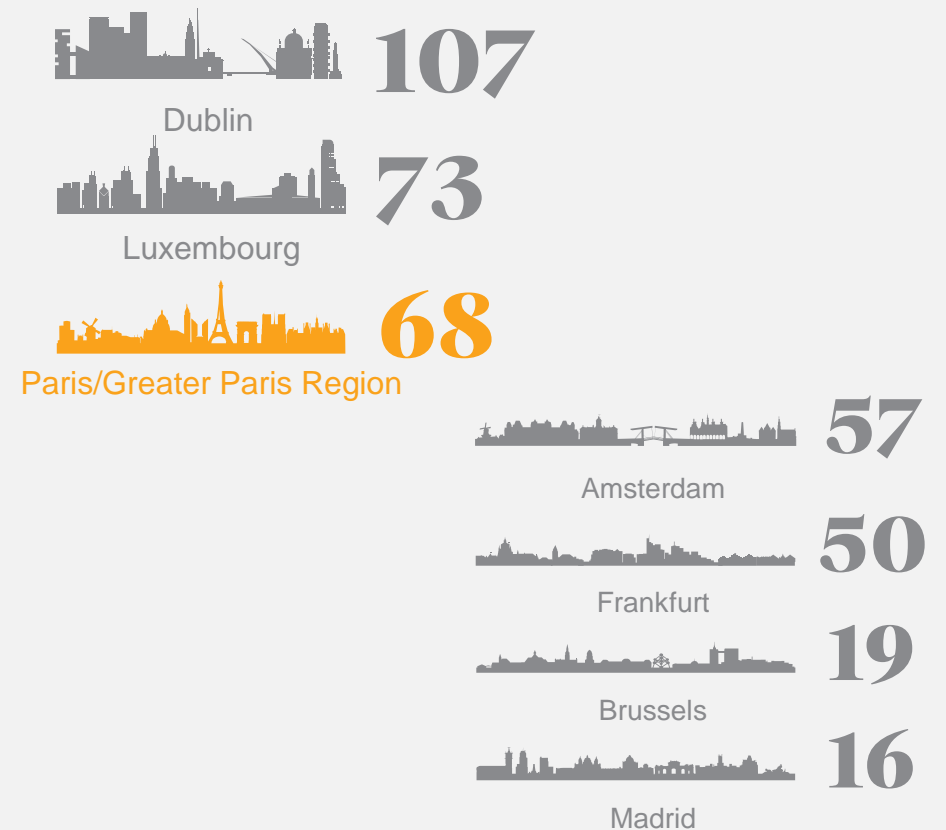
Down on last year

Chronological change in Brexit-related movements in Europe
Announced, actual or potential movements



Paris, solid third

Geographical breakdown of Brexit related movements in Europe
Announced, actual or potential movements, by city



Brexit: conclusion in 2020?

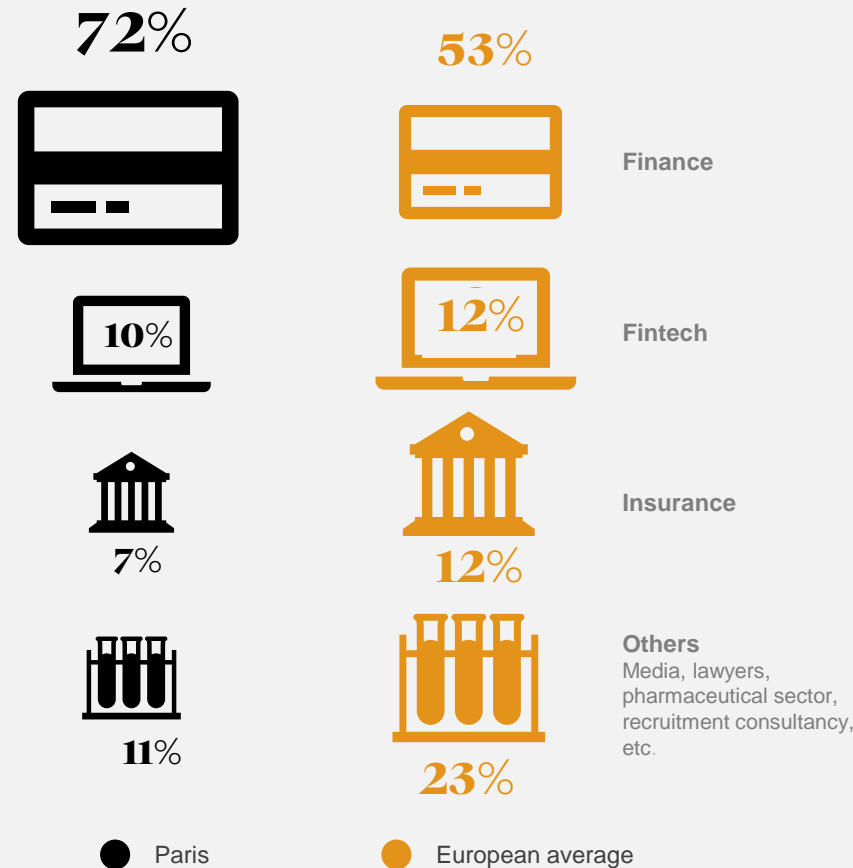
The activity sectors of companies that have so far chosen Paris are less diverse than those of other major European cities.

For example, Amsterdam has succeeded in attracting companies with fairly diverse profiles (pharmaceutical companies, large audio-visual companies, Japanese industrial flagships such as Sony and Panasonic, etc.). In Paris, three-quarters of Brexit-related relocation projects that are certain or potential concern companies in the financial sector. This share even exceeds 80% if Fintech's movements are included, illustrating the strengthening of Paris as a leading financial centre. Driven by international finance, traditionally captive to an address in the CBD, **the demand for Brexit-related offices therefore almost exclusively targets this market.** This is where the most significant movements have been identified, whether in terms of projects that have already been completed (Bank of America, Wells Fargo, MUFG, etc.) or real estate searches that are ongoing.

Source: Knight Frank

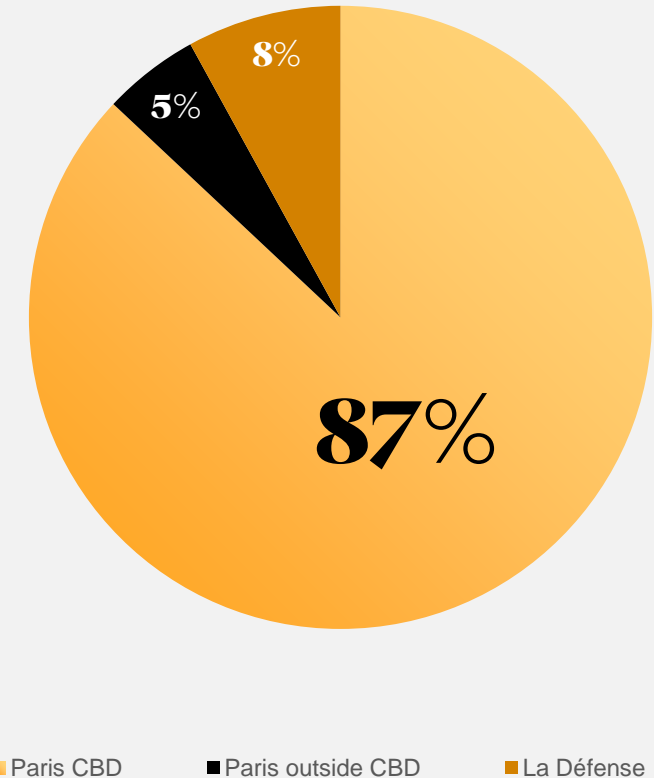
Paris: less diversity

Breakdown of movements by activity sector



The CBD first and foremost

Geographical breakdown of movements recorded in the Greater Paris Region (movements completed or actively sought) By number of movements



Key trends in 2020

Context: still uncertain

- Slowdown in global growth
- Resilience of the French economy?
- Risks are still numerous (Brexit, elections in the USA, social tensions in France, etc.)

The main drivers of demand

- New ways of working
- Increased search for flexibility and services
- Attracting and retaining talent (access, well-being, etc.)
- Continued expansion of digital companies
- Continued streamlining of more "traditional" occupiers

Main areas of development

- Renewal of the office stock of established office hubs (Paris, Western Crescent)
- Dynamism of the capital's inner ring road junctions (Parisian address, accessibility, quality of supply)
- Development of the Grand Paris hubs (Saint-Denis, Saint-Ouen, Fontenay-sous-Bois, Villejuif, etc.).

2019 REVIEW
AND 2020 OUTLOOK

Retail

FRANCE



Retail

2019 HIGHLIGHTS

MACRO-ECONOMIC CONTEXT

TOURISM CONTINUES TO PLAY A KEY ROLE

FASHION: SOME DIFFICULTIES, BUT...

NEW FOREIGN BRANDS: A VERY APPEALING MARKET

MULTIPLICATION OF FORMATS

DNVBS: A PHENOMENON THAT NEEDS TO BE PUT INTO PERSPECTIVE

LUXURY: A DYNAMIC MARKET

LUXURY MARKET DRIVEN BY: ...

LUXURY: WHAT ARE THE GEOGRAPHICAL CHANGES?

CONTRASTING TRENDS

PARIS: THE TRANSFORMATION CONTINUES

RUE DE RIVOLI: THE REVIVAL?

SHOPPING CENTRES: PRIORITY GIVEN TO THE RENOVATION OF EXISTING CENTRES

SHOPPING CENTRES: EXAMPLES OF 2019-2020 OPENINGS

RETAIL PARKS: SUSTAINED GROWTH

RETAIL PARKS: EXAMPLES OF 2019-2020 OPENINGS

KEY TRENDS IN 2020



1

2

3



2019 highlights

- A dynamic market, in spite of the yellow vests movement and social protests

- Significant increase in the arrival of new foreign brands

- DNVBs: openings that underline the importance of physical retail

- Luxury: continued expansion of major brands through the opening of new flagships

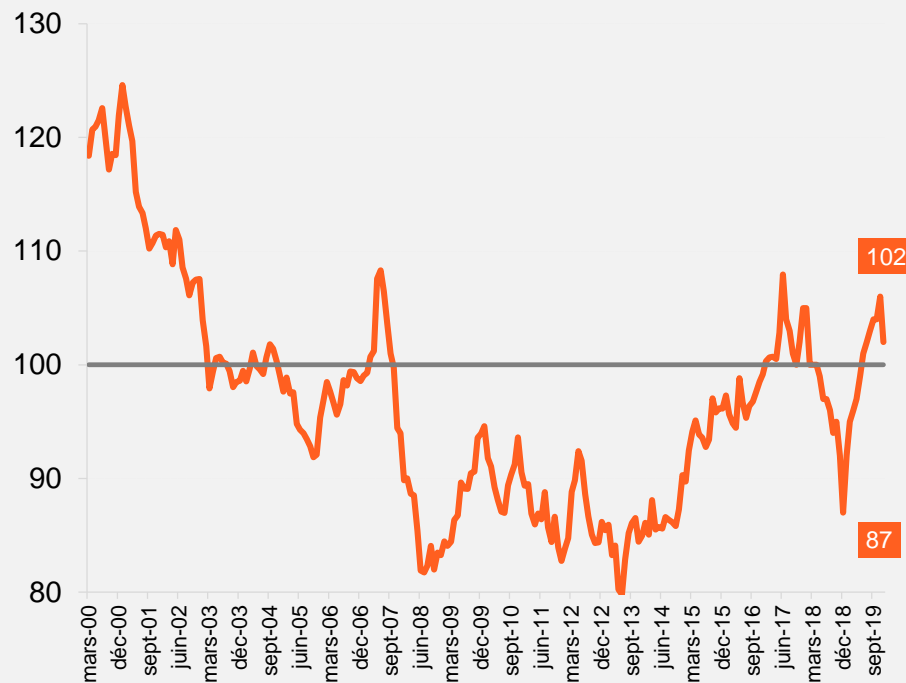
- Shopping centres: priority given to the renovation and extension of existing properties

Macro-economic context

After a difficult start to the year, signs of a more favourable economic climate for businesses grew in 2019, from the increase in purchasing power to dynamic job creation. **While forecasters agree that consumption will pick up, social movements nevertheless ended 2019 on a negative note and undermined household confidence**, after retailers had already suffered from the effects of the yellow vests movement in 2018.

Confidence: year-end stall

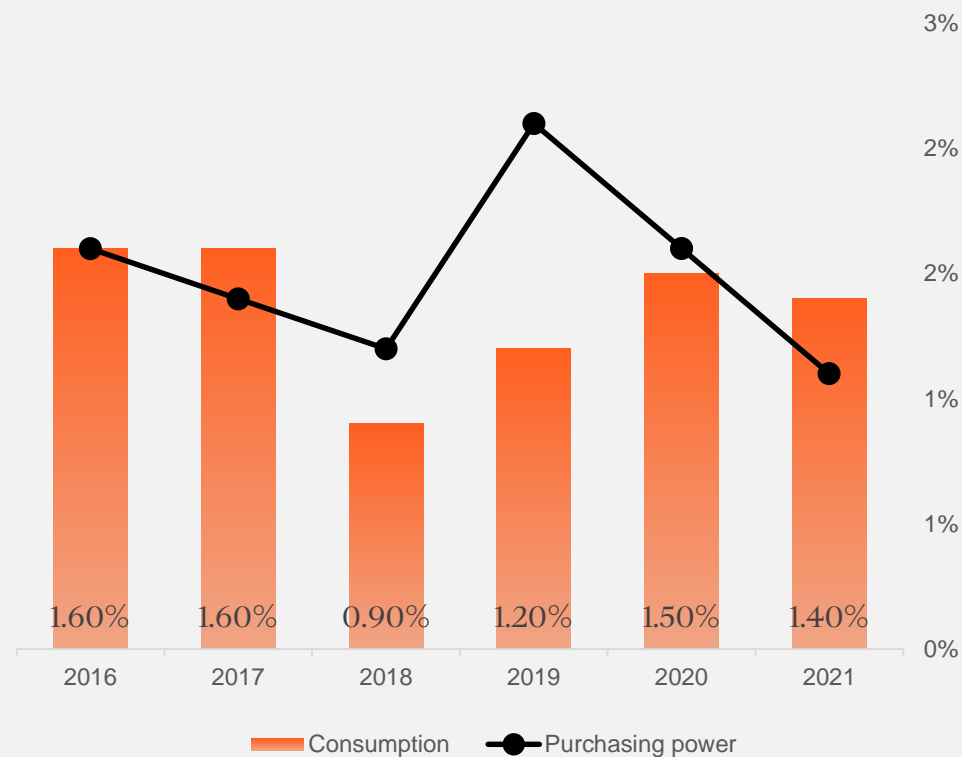
Household opinion
Synthetic indicator - CVS-CJO data



Source: INSEE

Recovery in consumption

Household consumption and gross disposable income



Source: Banque de France

Tourism continues to play a key role

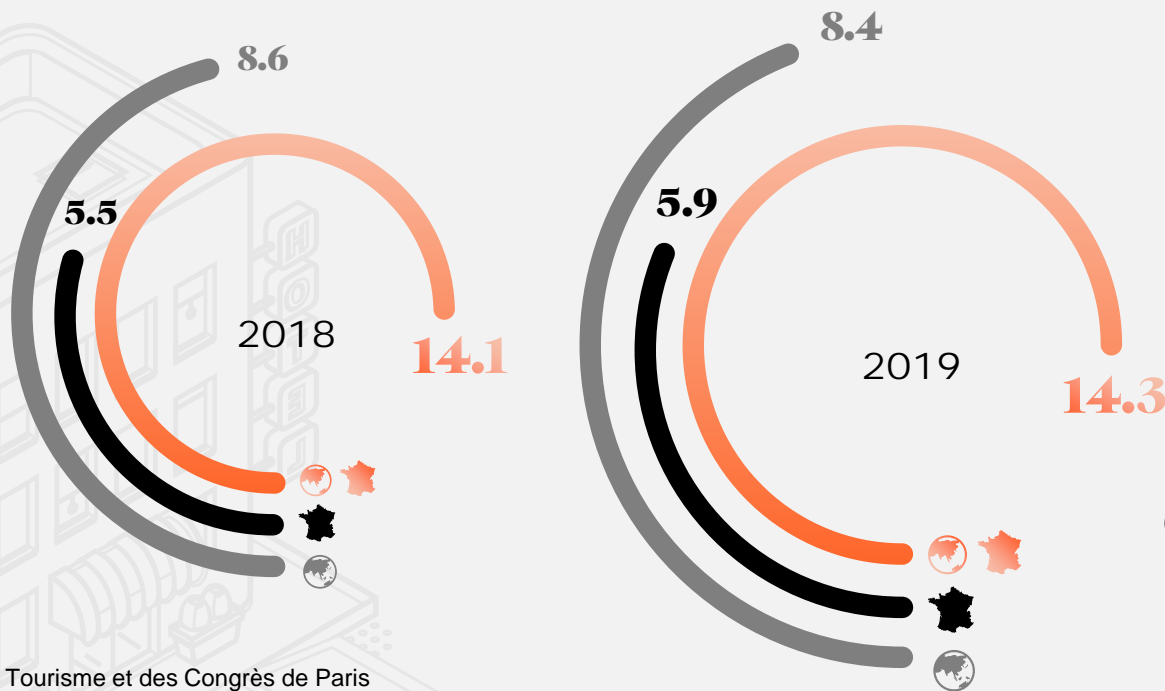
After a record year in 2018, tourist numbers remained at high levels in Paris, despite a slight decrease in foreign tourist arrivals. Nevertheless, the number of foreign tourists has **increased by more than 20% over the last ten years**, boosted in particular by an increase in the number of American (+54%) and Chinese (+219%) tourists.

International tourism slowed down in 2019...

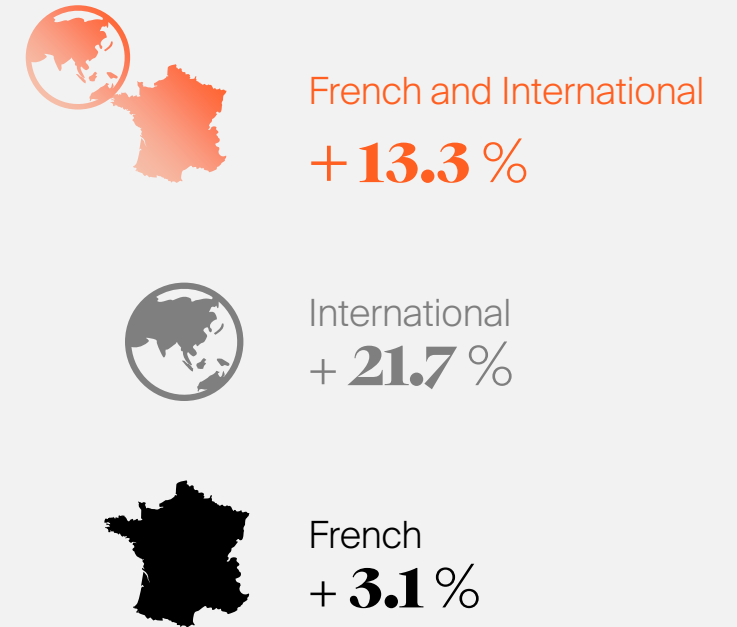
Number of hotel arrivals
In millions in Paris, 2018/2019 change from January to October

...but has significantly increased in the last ten years

Change in the number of hotel arrivals in Paris
Between 2010 and 2019, January-October period each year



Source: Office de Tourisme et des Congrès de Paris



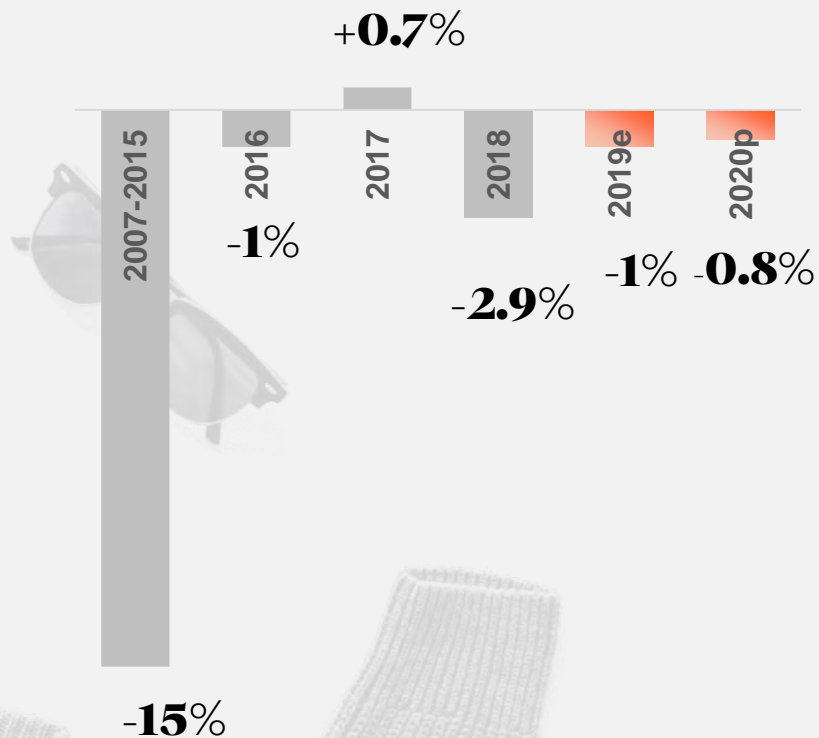
Source: Office de Tourisme et des Congrès de Paris

Fashion: some difficulties, but.....

The clothing sector continues to be penalised by consumer decisions, as illustrated by the difficulties of several historic brands. However, the decrease in sales is expected to be more moderate in 2020. Fashion remains an essential component of the French retail landscape, accounting for example for a **significant proportion of new foreign retailers or DNVB projects in France.**

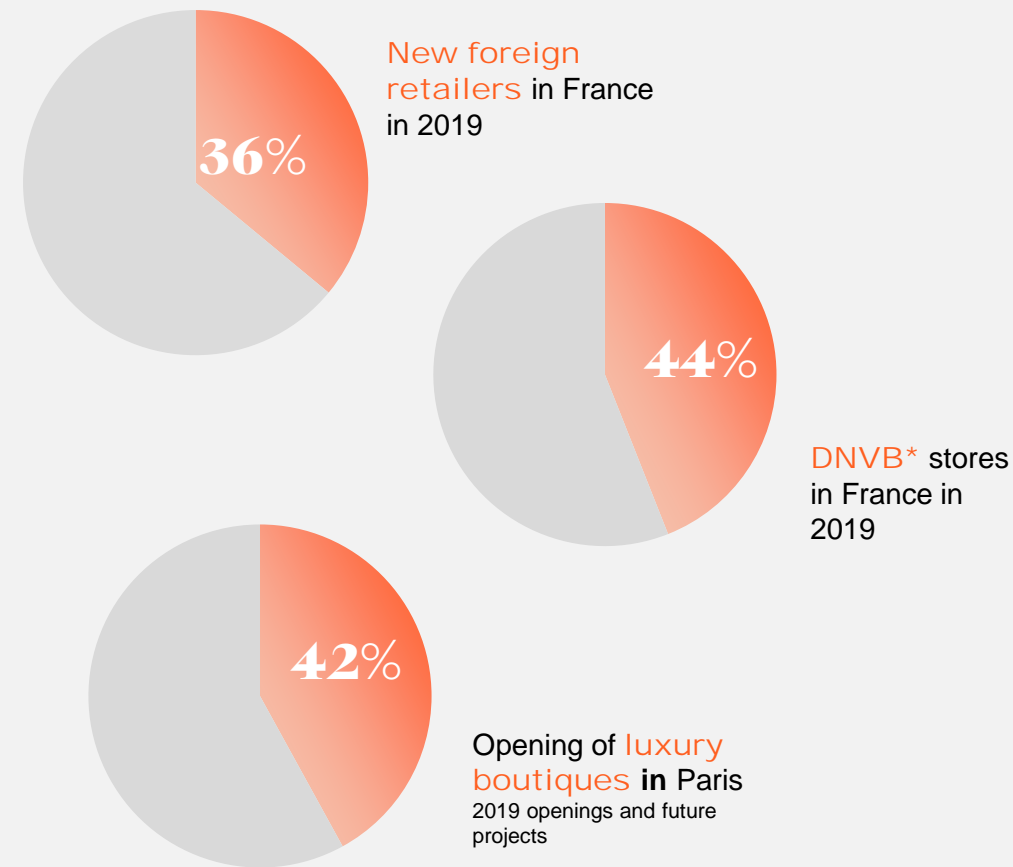
A more moderate slowdown

Textile-clothing sales in France, annual change



Source: IFM

An ongoing important role in the French retail market



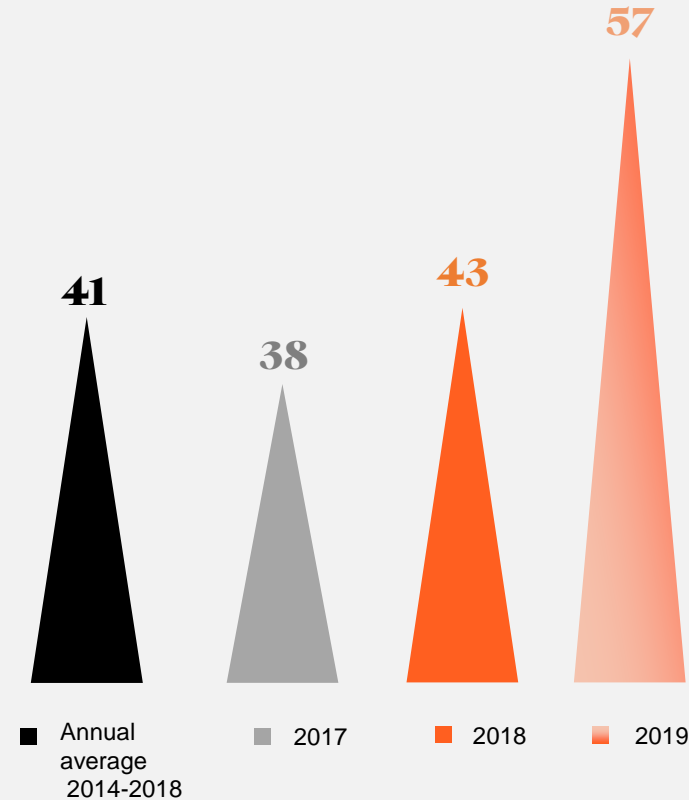
*DNVB = Digitally Native Vertical Brands

New foreign brands: a very appealing market

In 2019, 57 foreign brands opened their first store in France, while "only" 43 such openings were recorded in 2018. This increase is remarkable and reflects the strong appeal of the French market, which has seen its supply regenerated by these new store openings and brands. Because of its international influence, **Paris remains by far the first choice of foreign brands for their first opening** (65% of the 2019 arrivals in France, compared to 61% on average over the previous five years).

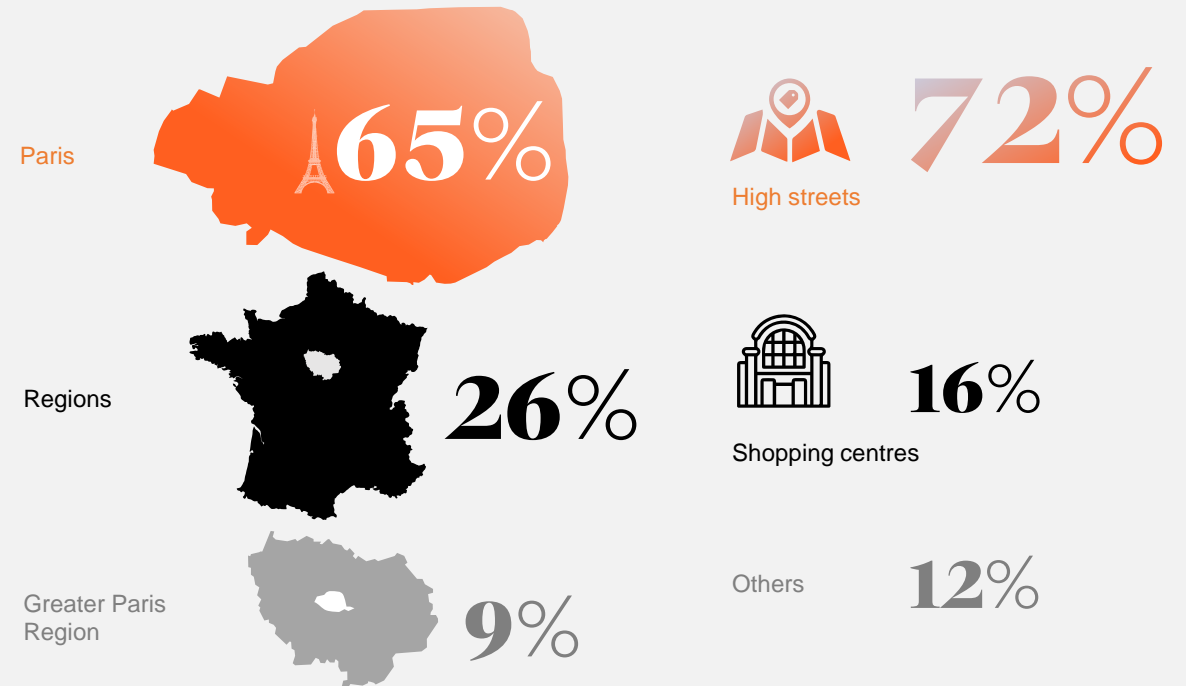
An excellent vintage

Annual change in the number of new foreign brands in France



Paris and high streets: always a priority

Preferred locations and types of locations in 2019
First point of sale for new brands arriving in France



New foreign brands: a very appealing market

Arriving in France in 2012 and with more than 500 stores, Action is the foreign brand with the fastest expansion in the last ten years. Basic-Fit comes second with the opening of more than 330 fitness clubs in France since 2014. No clothing retailer has experienced such a development. Nevertheless, fashion continues to account for the largest share of foreign retailers' arrivals, accounting for 36% of all new entrants in 2019 (Icicle, Falconeri, Suitsupply, etc.), compared with an average of 43% in the previous five years.

Source: Knight Frank



The most significant arrivals of the decade

In total number of stores in France at the end of 2019

> 300

Action
Basic fit



> 100

Calzedonia
Kiko
Pandora
Superdry

CALZEDONIA

PANDORA™

KIKO
MILANO

極度乾燥(しなさい)
Superdry.

> 50

Dezigual
Flying Tiger
Hema
JD Sports
Parfois
Rituals

Dezigual®

flying tiger
copenhagen



PARFOIS
ACCESSORIES



Multiplication of formats

French and foreign brands are more and more numerous in developing their own brand. Among them, several belong to the world of skincare and beauty, such as Pierre Fabre, Bourjois and Lancôme, which recently inaugurated its Parisian flagship store on avenue des Champs-Élysées. But many other sectors are also covered, as illustrated by the openings of Oris, Vorwerk, Salomon, Lego, Nespresso, Veja and Colmar. This brand development is reflected in a growing range of retail formats, among which *pop-up stores*, *shop-in-shops*, *travel retail* and *concept stores* are particularly popular.

Single-brand stores

Lego, Bourjois, Vorwerk, Nespresso, Salomon, Lancôme, Fusalp, Colmar, Simmons, Veja, etc.

Pop-up stores

Harry Potter, JBL, NTM, Hyundai, Play-Doh, Ghibli, Instagram, Mitsubishi, Fenty, etc.

Concept-stores

Kith, Nous, En Selle Marcel, Grand Playground, Thunderstone, etc.

Shop-in-shops

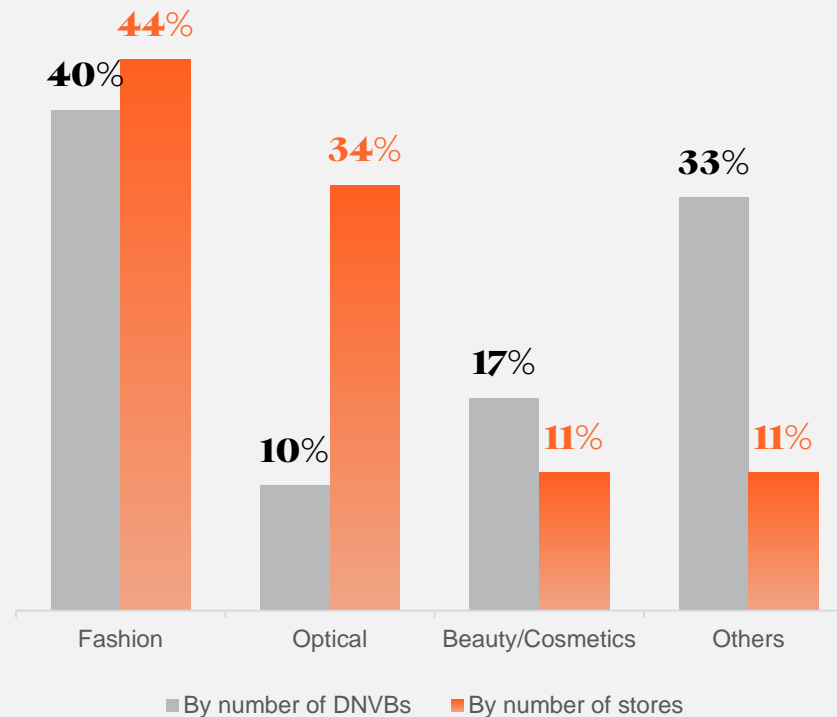
King Jouet / Prénatal, King Jouet / Claire's, Géant Casino / Maty, FNAC / Darty, Printemps / Aroma-Zone, Carrefour / Tediber, etc.

DNVBs: a phenomenon that needs to be put into perspective?

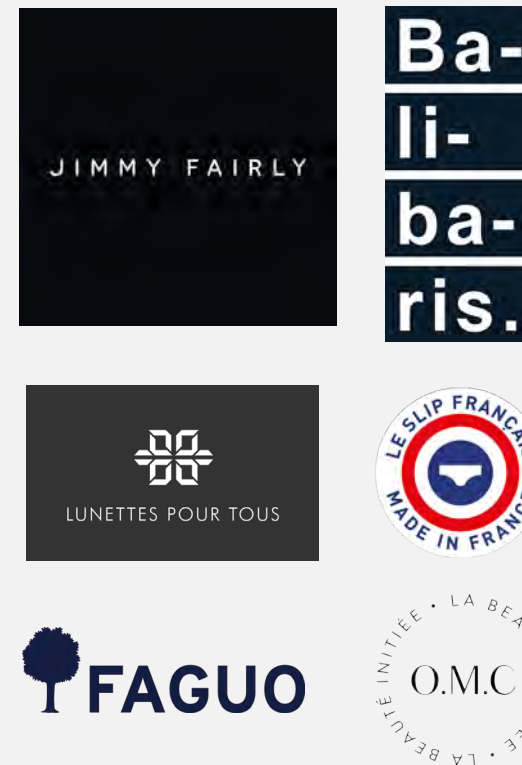
In the age of digital technology and consumer mistrust, DNVB's business model and communication are an inspiration for all players in the retail industry. **Some 50 French DNVBs have opened at least one own-brand store, totalling some 220 points of sale in France.** However, six fashion (Balibaris, Le Slip Français, Faguo), optical (Jimmy Fairly, Lunettes pour Tous) and beauty (Oh My Cream) brands alone account for 61% of these locations.

Breakdown, by product category

Breakdown as a %, in France



The main players: six DNVBs



12%
of the number of DNVBs*

61%
of all DNVB shops in France

*DNVB = Digitally Native Vertical Brands

Source: Knight Frank / *Excluding distributors, pop-ups and department stores

DNVBs: a phenomenon that needs to be put into perspective

Paris and a few large towns in the Greater Paris Region (Boulogne, etc.) alone account for 62% of all DNVB's shops, with the remainder spread overwhelmingly in large regional cities such as

Lyon, Toulouse and Nantes. This polarisation is quite logical: DNVB shops serve to complement their web presence, to get closer to their customers and to increase their brand awareness, which explains

the priority given to the most promising cities and districts, such as the Marais or a few good streets on Paris' Left Bank.

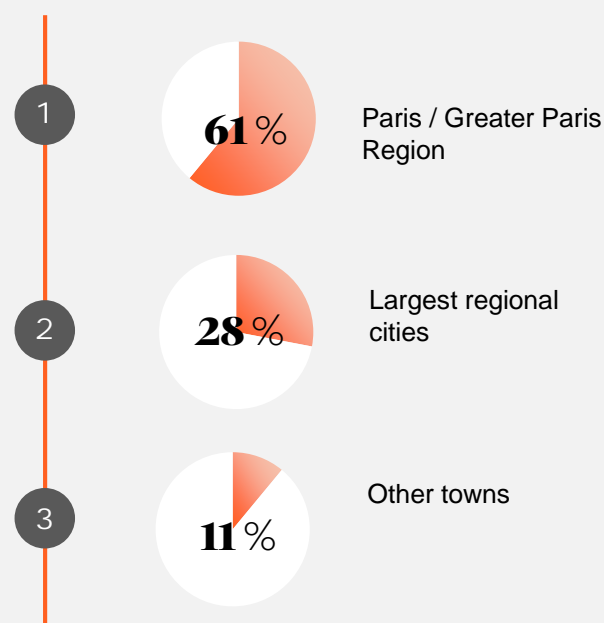
Breakdown, by asset type

Breakdown as a %, in France

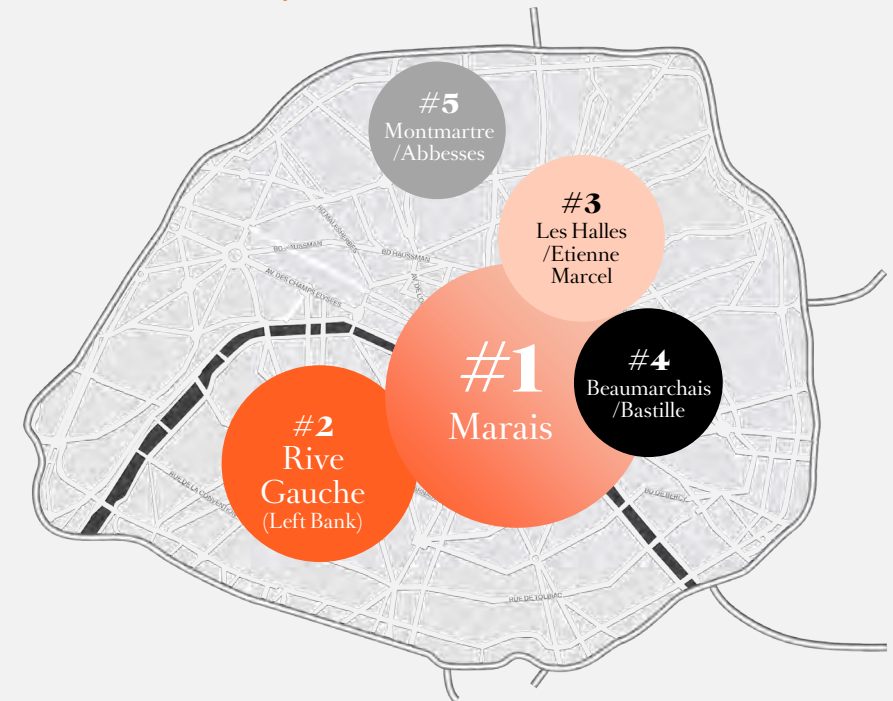


Geographical breakdown

Breakdown as a %, in France



Top 5 Parisian districts



*DNVB = Digitally Native Vertical Brands

Source: Knight Frank / * Excluding distributors, pop-ups and department stores /**Retail parks, factory outlets, etc.

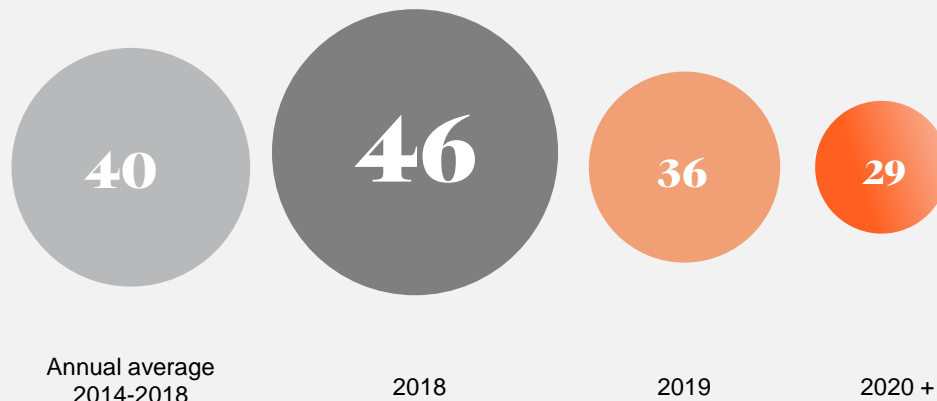
Luxury: a dynamic market

2018 was exceptional in terms of the opening of luxury boutiques in Paris. In **2019, 36 were opened in the capital. The decrease is 22% over one year but must be put into perspective by the high number of future projects.** Nearly thirty have already been identified,

including several iconic operations, notably those undertaken by LVMH, such as the Dior and Loewe extension projects on avenue Montaigne, and the upcoming creation of a Dior flagship store at 261 rue Saint-Honoré.

A slow-down in openings, but...

Annual change in the number of luxury store openings in Paris



Source : Knight Frank

... numerous major future projects

29 projects already identified, including:

Renovations / Extensions
 Dolce & Gabbana, Avenue Montaigne
 Dior, Avenue Montaigne
 Loewe, Avenue Montaigne
 Cartier, Rue de la Paix
 Bulgari, Place Vendôme
 Chaumet, Place Vendôme
 Van Cleef & Arpels, Place Vendôme
 Hermès, Rue de Sèvres

Creations
 Dior, Rue Saint-Honoré
 Versace, Rue Saint-Honoré
 Moncler, Avenue des Champs-Élysées

Relocations
 Burberry, Rue Saint-Honoré

LOEWE



Dior



Luxury: a market driven by...

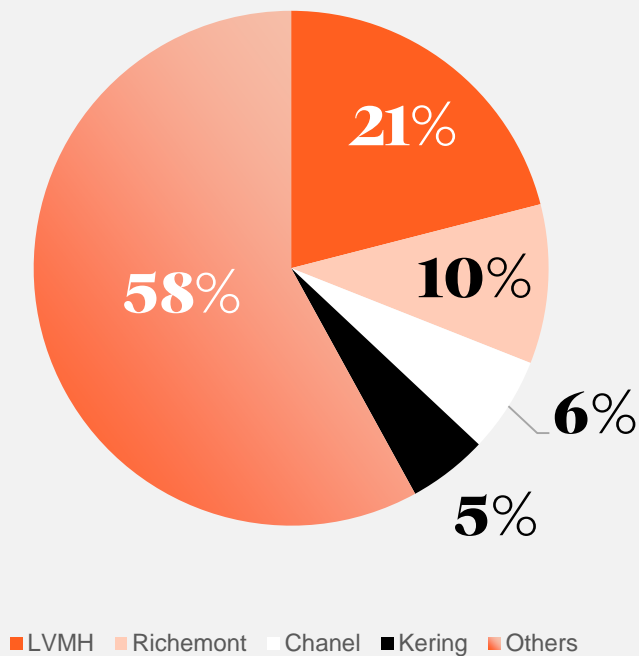
LVMH is the main driving force in the Paris market: **the brands of the world's leading luxury goods company account for just over 20% of openings in 2019 and future projects**, ahead of the

Richemont group (10%) and Chanel (6%). **The dynamism of the luxury sector is also due to the growth of jewellery and watch brands**, several of which are developing flagship formats, whether by

expanding and renovating existing stores or creating new stores that enhance the customer experience (Cartier, Bulgari, Chaumet, Graff, etc.).

The expansion of large brands

Breakdown by brand of luxury boutique openings in Paris: 2019 and future openings



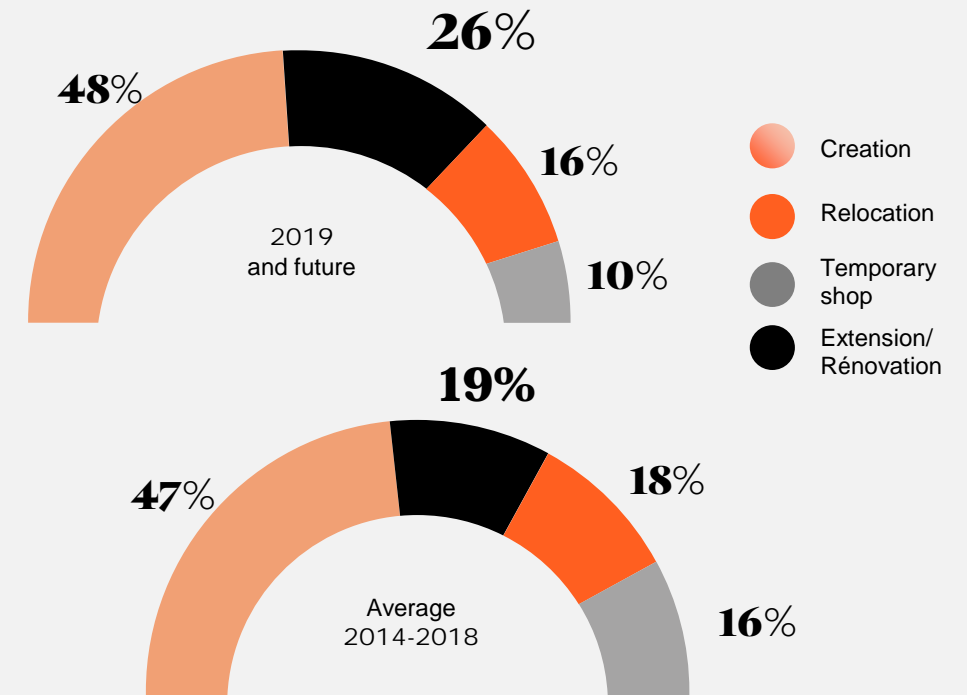
The rise of jewellery

Breakdown by product of luxury boutique openings in Paris



Flagship formats

Breakdown by type of luxury boutiques in Paris



Source: Knight Frank

DIOR



Luxury: what are the geographical changes?

The increased presence of the big names in luxury goods is primarily benefiting a few right bank streets, such as avenue Montaigne and avenue des Champs-Élysées, which is continuing to move upmarket.

However, **the most dynamic retail pitch is undoubtedly rue Saint-Honoré, with nearly 70 openings recorded in Paris since 2011, including a dozen in 2019.** Although opportunities are fairly rare, the street will remain in the spotlight in 2020 due to much-anticipated openings (Dior, Burberry), and continued strong interest from retailers.

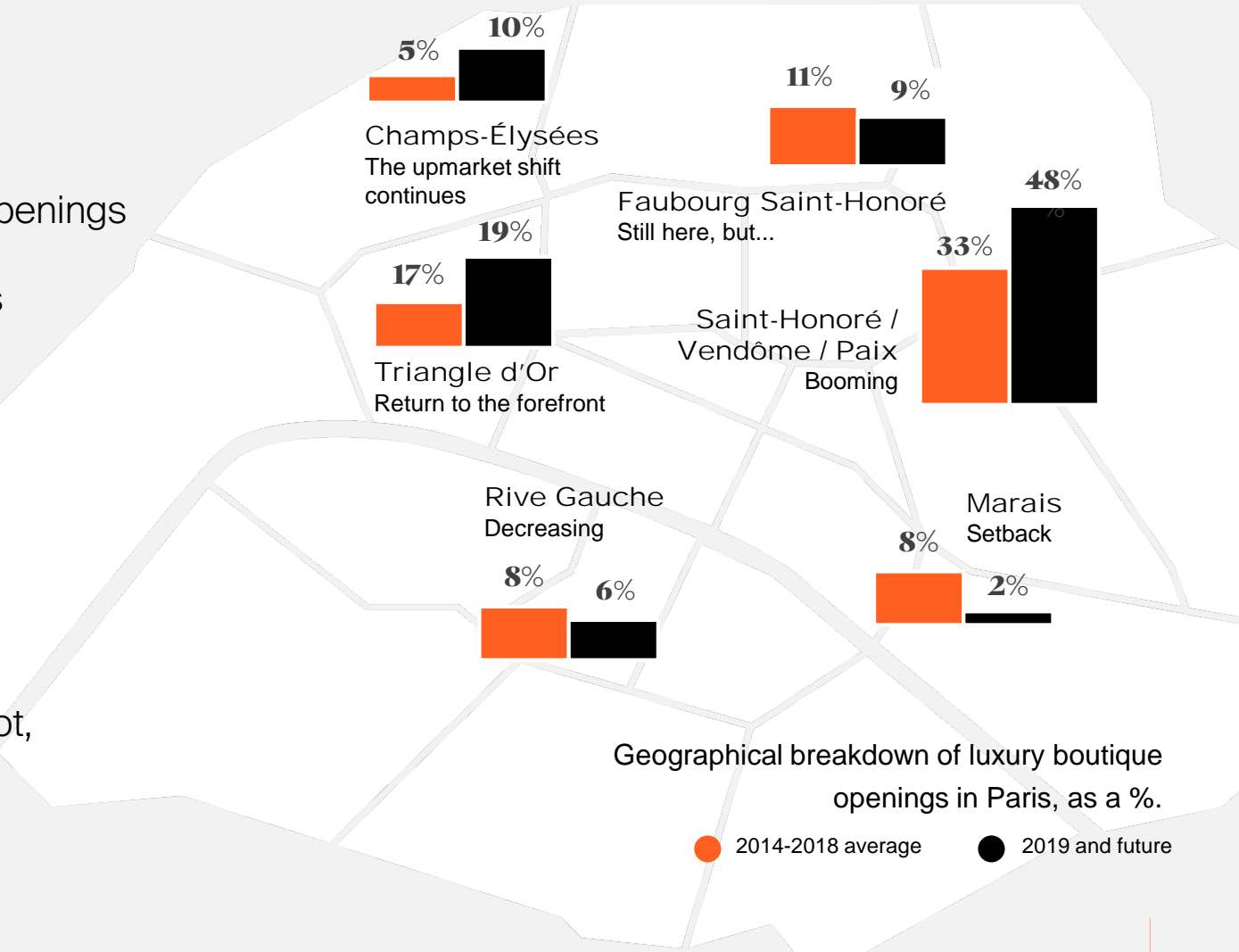
Source: Knight Frank

Hot spot : Rue Saint-Honoré

18 openings in 2019 and future openings
56% of store creations

Emphasis on luxury's footprint

29% of the 2019 openings and identified projects in Paris concern premises that were not, or are not, occupied by luxury brands.



Contrasting trends

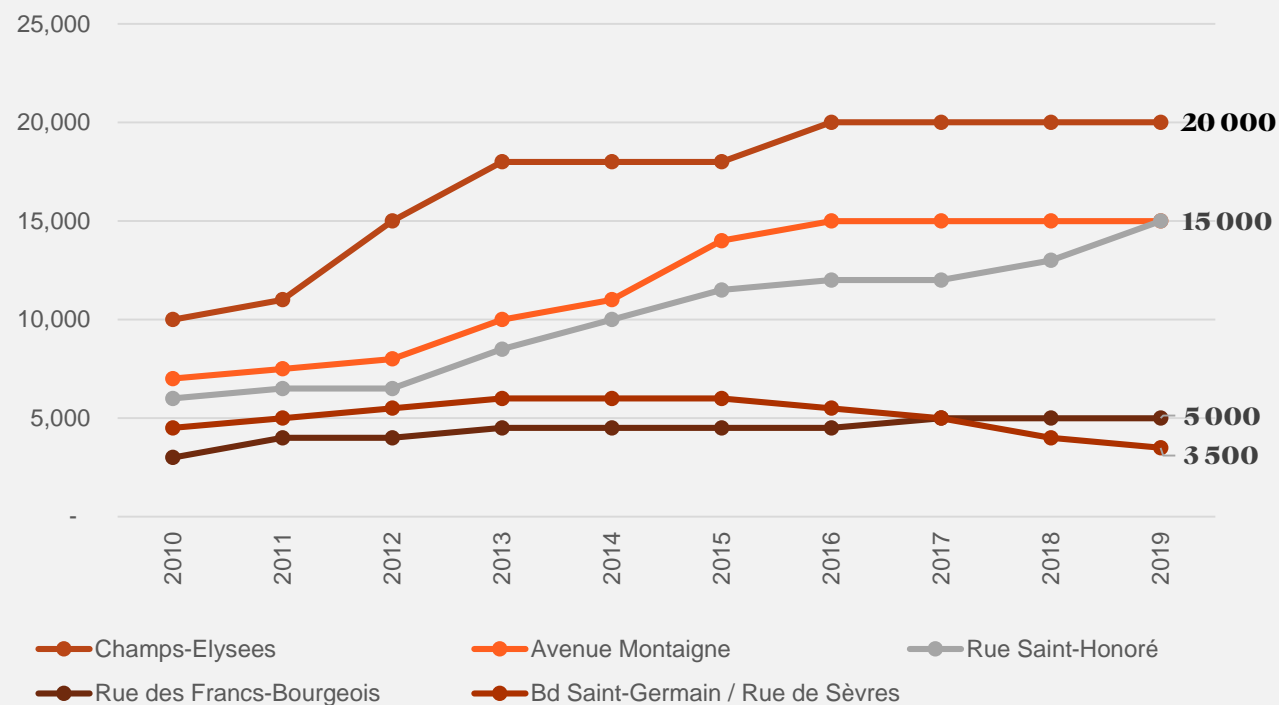
In rue Saint-Honoré, the very strong demand from retailers is supporting the increase in prime rental values, which rose by a further 13% last year to reach €15,000/sq m/year. **This**

increase is indeed 50% over five years, compared to +7% for avenue Montaigne. Elsewhere, stability is the watchword, even if some major streets, particularly those on the Left Bank, may be heading for a decrease.



Rue Saint-Honoré: ever higher

Change in prime rental values
In €/sq m/year, Zone A



Source : Knight Frank

Paris: the transformation continues

Taking all market sectors together, **the transformation of the Paris market will continue over the coming months.** In 2020, for example, several flagship openings will take place on the Right Bank.

The transformation is less profound on the Left Bank. That said, two major projects are currently being finalised in the 13th and 14th districts: the 7,000 sq m "Italik", an extension of the "Italie 2" shopping centre, and "Les Ateliers Gaité".

Flagships

- | | |
|------------|-------------------|
| 1 Dior | 6 Cartier |
| 2 Dior | 7 Dolce & Gabbana |
| 3 Bulgari | 8 Lacoste |
| 4 Burberry | 9 Kith |
| 5 Moncler | 10 Nike |

Retail complexes

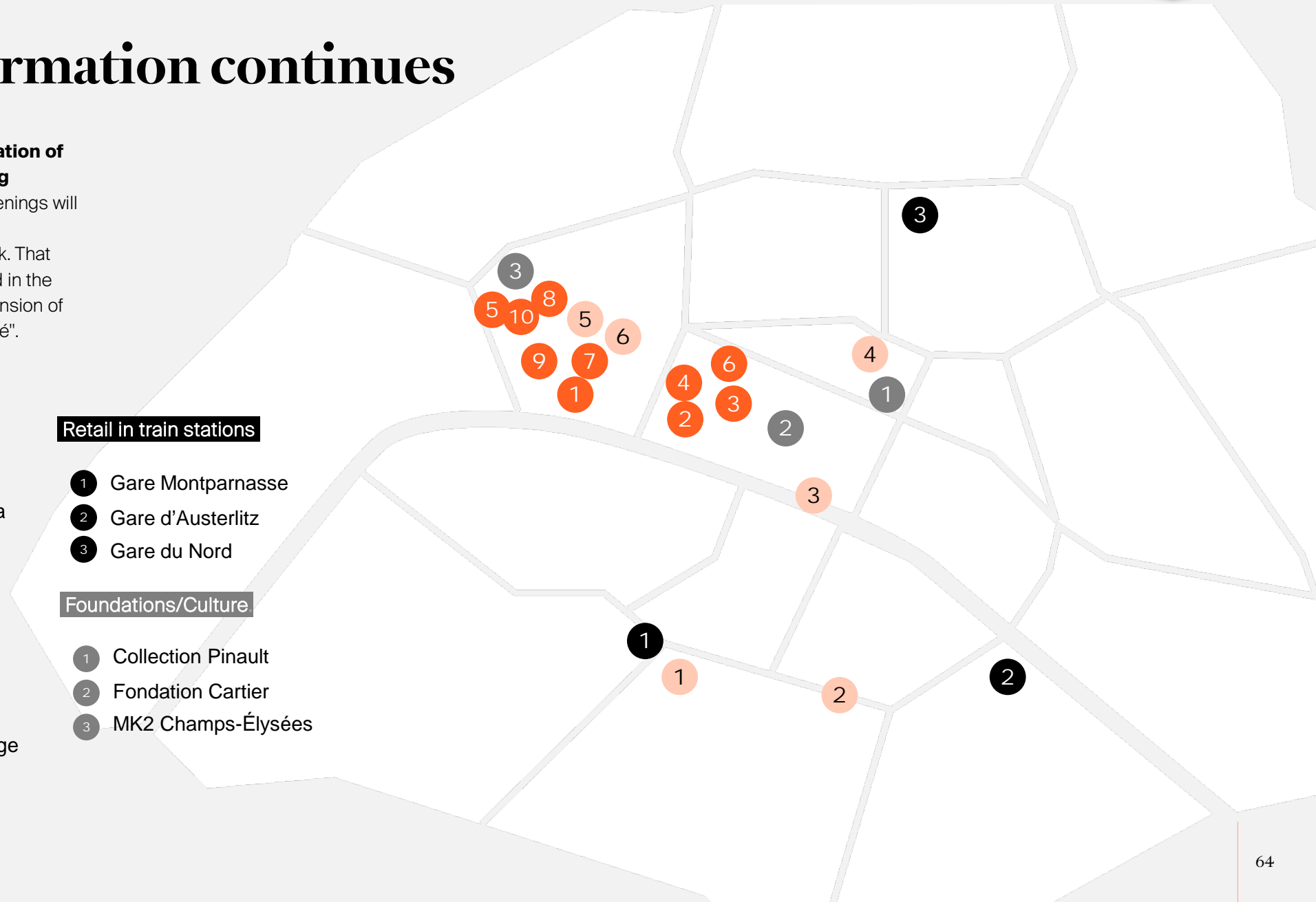
- | | |
|------------------|-----------------------|
| 1 Ateliers Gaité | 4 Poste du Louvre |
| 2 Italik | 5 Galerie du Claridge |
| 3 Samaritaine | 6 Élysées 26 |

Retail in train stations

- 1 Gare Montparnasse
- 2 Gare d'Austerlitz
- 3 Gare du Nord

Foundations/Culture

- 1 Collection Pinault
- 2 Fondation Cartier
- 3 MK2 Champs-Élysées



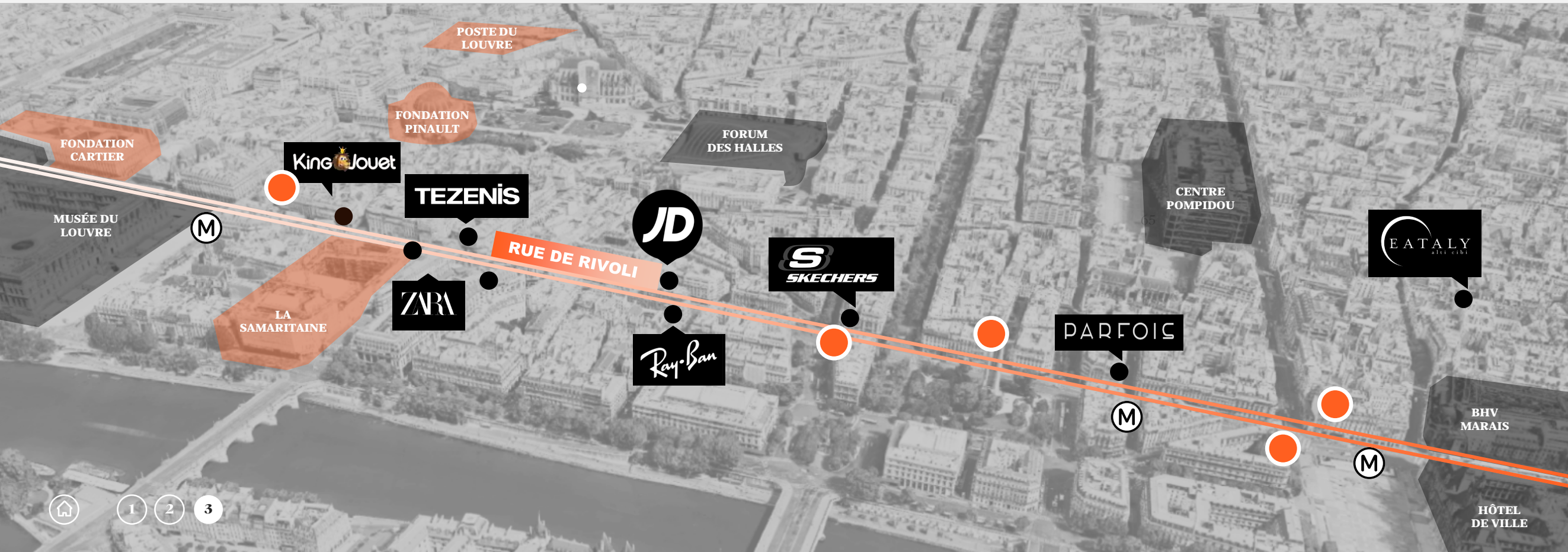
Rue de Rivoli : the revival?

Rue de Rivoli will be the street to watch in 2020. It has been dormant for a few years and will benefit from the completion of the works on the Samaritaine and the opening of several flagships (JD Sports, Skechers, etc.). Current

negotiations in progress give reason to hope for other major arrivals. The street would then fully regain its status as a structural component of the Right Bank, at the heart of a denser ensemble that will also be further enhanced in the months and

years to come by major new cultural facilities (Pinault Collection in the former Bourse du Commerce, and the Fondation Cartier in the former Louvre des Antiquaires).

- 2019-2020 OPENINGS
- OPPORTUNITIES



Shopping centres: priority given to the renovation of existing centres

As far as the shopping centre market is concerned, the upgrading of existing properties is more relevant than ever.

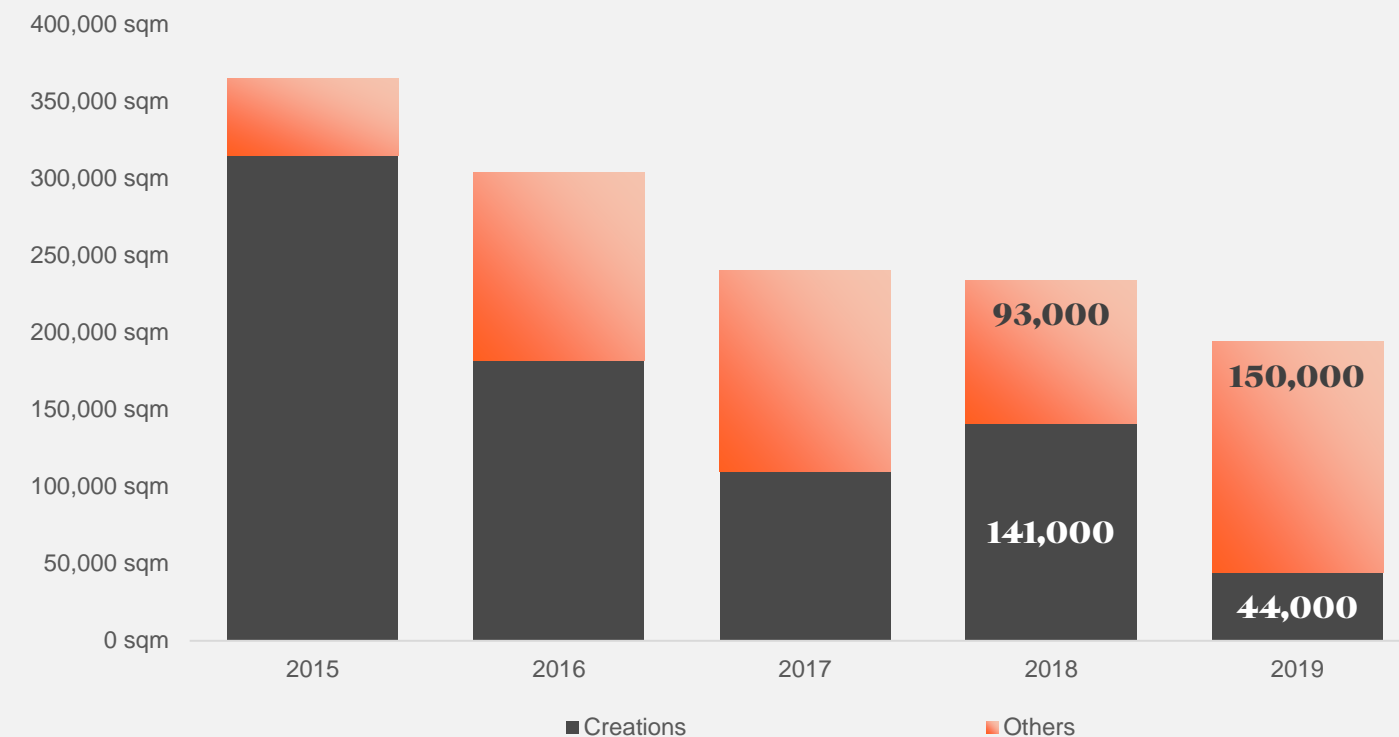
Of the 195,000 new square metres of shopping centres to be opened in 2019 - a 17% decrease compared to 2018 - only 23% will be created from scratch.

The remainder of deliveries are split between transfers, redevelopments and extensions, several of which involved major regional centres such as "Cap 3000" near Nice, and "Créteil Soleil" and "Vélizy 2" in the Paris region. This trend of consolidation of the "giants", which are getting bigger and offering more and more leisure and dining space, will continue in 2020 and beyond, with the completion of other major projects.

Source: Knight Frank

Creations at their lowest level

Shopping centre openings in France
In sq m



2019 openings In France

Of the total volume, in sq m

-17%
year-on-year

23%
of pure creations

Shopping centres: examples of 2019-2020 openings

YEAR	CENTRE	TOWN	TYPE	AREA (SQ M)
2019	CAP 3000	Saint-Laurent-du-Var (06)	Extension / Redevelopment	32,500
2019	VÉLIZY 2	Vélizy-Villacoublay (78)	Extension / Redevelopment	19,600
2019	AUSHOPPING NOYELLES	Noyelles-Godault (62)	Extension / Redevelopment	14,600
2019	CRÉTEIL SOLEIL	Créteil (94)	Extension / Redevelopment	11,800
2019	YLIUM	Les Sables-d'Olonne (85)	Extension / Redevelopment	8,500
2019	RENNES-CESSON	Cesson-Sévigné (35)	Extension / Redevelopment	6,000
2020	LILLENIUM	Lille (59)	Creation	56,300
2020	LA PART-DIEU	Lyon (69)	Extension / Redevelopment	32,000
2020	LES ATELIERS GAITÉ	Paris (75014)	Extension / Redevelopment	27,800
2020	CARREFOUR NICE LINGOSTIÈRE	Nice (06)	Extension / Redevelopment	12,000
2020	ITALIK (ITALIE 2)	Paris (75013)	Extension / Redevelopment	6,400



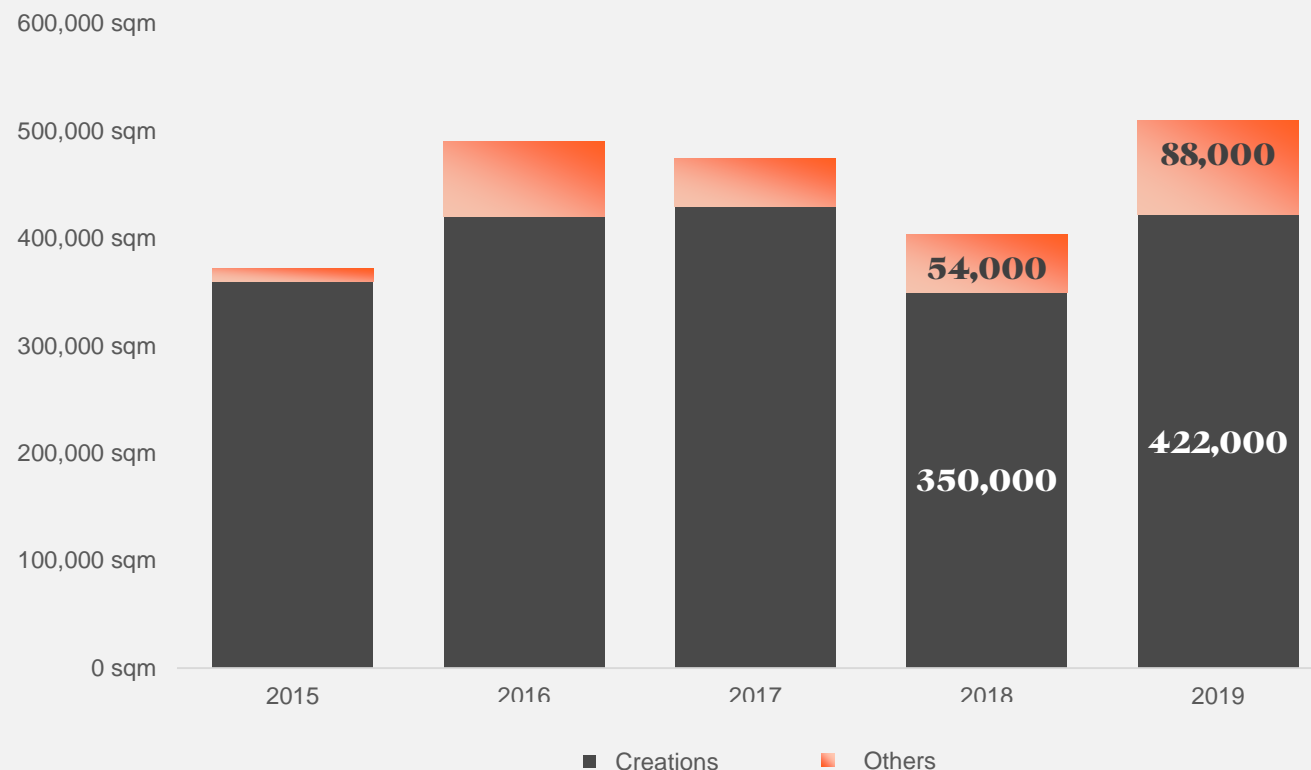
Retail parks : sustained growth

The slowdown in shopping centre openings contrasts with the dynamism of retail park developments. **With just over 500,000 sq m inaugurated in 2019, the increase is 29% compared with the previous year.** This volume is overwhelmingly comprised of new retail parks, including several major new-generation developments such as "Shopping Promenade" in Arles and "Mon Beau Buchelay" in the Paris region. Although new developments will soon be completed (the 70,000 sq m "Steel" near Saint-Etienne), **the trend towards the renovation of existing areas will accelerate in 2020 and 2021.** The number and share of pure creations could therefore be reduced, especially as the regulatory, political and social context seems more restrictive for developments from scratch.

Source: Knight Frank

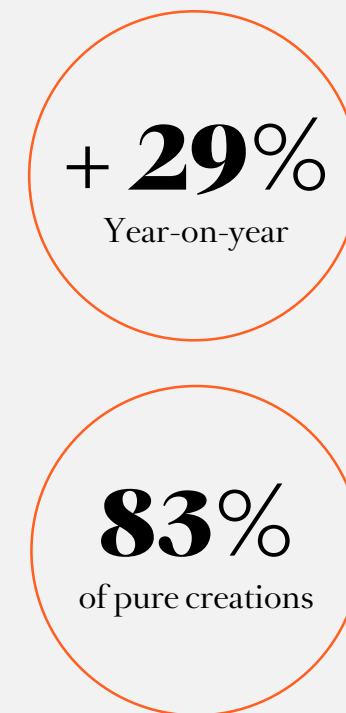
More than 500,000 sq m inaugurated

Retail park openings in France
In sq m



2019 openings in France

Of the total volume, in sq m



Retail parks : examples of 2019-2020 openings

YEAR	CENTRE	TOWN	TYPE	AREA (SQ M)
2019	MON BEAU BUCHELAY	Buchelay (78)	Creation	40,000
2019	EDEN 2	Servon (77)	Creation	35,000
2019	WOODSHOP	Cesson (77)	Redevelopment	33,000
2019	FRUNSHOPPING POLLESTRES	Pollestres (66)	Creation	23,000
2019	LE GRAND CHÊNE	Auch (32)	Creation	22,000
2019	SHOPPING PROMENADE ARLES	Arles (13)	Creation	18,000
2019	LE FORUM	Givet (08)	Creation	16,000
2020	STEEL	Saint-Étienne (42)	Création	70,000
2020	SHOPPING PROMENADE COEUR D'ALSACE	Vendenheim (67)	Redevelopment	70,000
2020	SHOPPING PROMENADE CLAYE-SOUILLY	Claye-Souilly (77)	Creation	44,000
2020	THE SNOW	Sallanches (74)	Creation	12,500
2020	LE CHAUDRON	Pornic (44)	Creation	12,000
2020	POP'A AUTUN	Autun (71)	Creation	10,900



Key trends in 2020

A context that remains uncertain

- Economic slowdown
- Social tensions
- Increase in purchasing power: effects limited by household decisions?

Brands / Lettings market

- Winning sectors: restaurant industry, sport and leisure (rock climbing, virtual reality, etc.), discount retailers, second hand, urban formats, etc.
- Dynamism of luxury sector
- A street to watch: rue de Rivoli
- Continued arbitration of the least profitable sites
- Limited correction of Market Rents

Retail projects

- Mixed use
- Continued slowdown in the creation of new shopping centres
- Start of a slowdown in retail park deliveries?
- Municipal elections, moratoriums and retail bashing: what impact on developments?