The office market
Lettings and investment

The office market

Paris / Greater Paris Region | 3rd quarter 2022

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PARIS LEADS THE WAY

The summer period confirmed the strength of the Greater Paris Region office market, despite a slight slowdown in activity. As such, 491,000 sq m were let or sold to occupiers in Q3 2022, down 8% on the previous quarter. In total, 1.58 million sq m have been let since January in the Greater Paris Region (+23% year-on-year), suggesting total volumes of between 2.1 and 2.2 million sq m for the whole of 2022. However, the contrasts between different office sectors has become more pronounced: whilst` the CBD could have a record year, and letting activity is gradually picking up in the West, the Inner Suburb markets are slow to recover from the health crisis, even though future supply remains plentiful.

In the investment market, a wait-and-see attitude prevails. After an underwhelming 1st half of the year, the results for the 3rd quarter were mixed. 3 billion euros were invested over the period, bringing the total amount of money invested since January to 8 billion euros, a decrease of 13% compared to the ten-year average. Whilst Paris continues to stand out and has seen some significant transactions and the West of the region has seen a resurgence in activity, these two flagship sectors are still far from the volumes seen in their most successful years. Results are unlikely to improve in the short term, as the investment market will suffer for several more months due to disagreements between buyers and sellers.

ECONOMIC CONTEXT

FEARS OF RECESSION

After a clear recovery in 2021, the world economy is facing three major crises in 2022: the health crisis, which is still not under control and continues to weigh on activity in China, the war in Ukraine and the energy crisis and, lastly, soaring inflation. In this context, the IMF recently lowered its growth forecasts with an expected increase of 3.2% in world GDP in 2022 and 2.7% in 2023 (after +6% in 2021). The outlook has worsened notably in developed countries, especially in the euro zone which has been hit hard by rising inflation. Growth will reach 3.1% in 2022 and will barely be positive in 2023 (+0.5%). In Europe, consumer price inflation is expected to be 8.1% in 2022 and 5.5% in 2023. With energy as the main component, inflation varies greatly across the continent. Averaging 10%, it is slightly higher in Germany (10.9%) and Belgium (12%), while it has skyrocketed in the Netherlands (17.1%).

SLOWDOWN IN FRENCH GROWTH

Despite lower inflation than in the rest of Europe, France's economy is also slowing down. The war in Ukraine, rising prices and recruitment issues are weighing on economic activity, although GDP growth will still reach 2.6% in 2022 thanks to the post-Covid catch-up effect. In 2023, growth will only be 0.5% according to the Banque de France's median scenario.

Change in GDP in France
As a %, annual average

Source: Banque de France / (f) forecasts

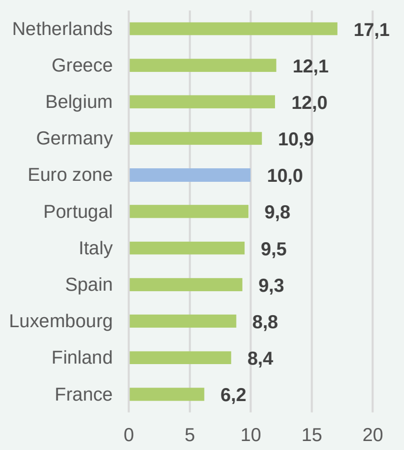
After several months of increases, consumer prices are beginning to slow down, reaching 5.6% at the end of September 2022, according to an INSEE estimate. The Banque de France expect inflation to reach 5.8% for the year as a whole, before falling to 4.7% in 2023. In 2022, the strongest increases relate to manufactured goods (+ 3.1% year-on-year), food products (+ 6.6%) and above all energy (+ 23.1%), whose rise has however been contained by the discount on fuels (until the end of December 2022) and the implementation of the tariff cap (extended until June 2023).

Household morale has been affected by this worsening economic climate: the confidence indicator has continued to fall in recent months (-19 points between January and September 2022) and has reached its lowest point since 2013. The business climate has also deteriorated in almost all sectors of activity and the indicator used to measure it has lost more than 5 points since January, although it remains slightly above its long-term average. The decline is less marked in the services sector. In the Greater Paris Region, this sector remains dynamic, even if business leaders are concerned about recruitment difficulties and the continuing rise in operating costs.

DYNAMISM OF THE LABOUR MARKET

The employment market has so far held up well against the deteriorating economic context. After the 971,000 jobs created in 2021 in France, 305,000 net jobs are expected to be created in France in 2022, enabling the rise in the unemployment rate to be contained (+0.1% in the 2nd quarter in metropolitan France). The unemployment rate will only reach 7.3% in 2022, then 7.6% in 2023 before stabilising at around 8% in 2024.

Change in inflation in the euro zone
As a %, at end September 2022



Source: Eurostat / (f) forecasts

Business insolvencies rose more sharply in the last quarter of 2022, with some 9,000 bankruptcies recorded in the 3rd quarter (up 69% year-on-year) according to Altares. The slowdown in economic activity, the tightening of financing conditions and the cash flow difficulties of businesses caused by the health crisis are expected to amplify this phenomenon in 2023.

FRENCH ECONOMIC INDICATORS

As a % of annual change	**2019**	**2020**	**2021**	**2022 (Forecasts)**	**2023 (Forecasts)**	**2024 (Forecasts)**
French GDP	1.9 %	- 7.9 %	6.8 %	2.6 %	0.5 %	1.8 %
Euro Zone GDP	1.3 %	- 6.5 %	5.3 %	3.1 %	0.9 %	1.9 %
Household consumption	1.8 %	- 6.8 %	5.2 %	2.8 %	0.6 %	1.7 %
Unemployment rate	8.4 %	8.0 %	7.9 %	7.3 %	7.6 %	8.1 %
Change in paid employment (‘000)	338	- 174	971	305	- 110	- 90
Inflation	1.3 %	0.5 %	2.1 %	5.8 %	4.7 %	2.7 %
Business climate	105.3	91.2	109	102.1 (September)	-	-
Corporate investment	3.5 %	- 7.9 %	11.6 %	1.8 %	1.0 %	1.7 %
Business insolvencies (‘000)	51.1	31.3	28.4	40 - 45	-	-
Public deficit (% of GDP)	- 3.1 %	- 8.9 %	- 6.5 %	- 5.0 %	-	-
Exports	1.6 %	- 17.0 %	8.6 %	8.1 %	6.2 %	5.4 %
Imports	2.4 %	- 13.0 %	7.8 %	7.8 %	3.8 %	3.9 %

Sources: Banque de France, BCE, OCDE, Insee, Ministry of Finance

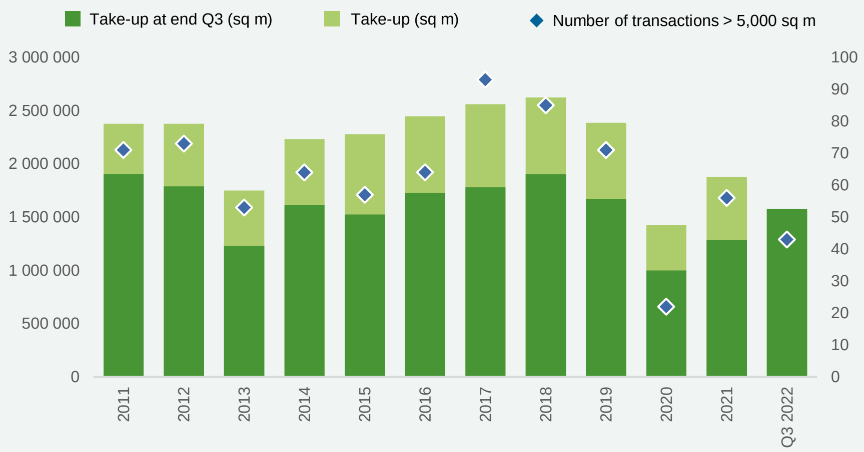
THE LETTINGS MARKET

NO SHORTAGE OF ACTIVITY

After a good 1st half of the year, the last few months have confirmed that the office market is holding up well, despite a slight slowdown in activity. With 491,000 sq m of office space let or sold to occupiers in the Greater Paris Region, the result for the 3rd quarter is admittedly 8% lower than the previous quarter, but up by almost 5% compared to the same period last year. This brings total take-up since January to 1.58 million sq m, an increase of 23% year-on-year and a slight increase of 2% compared to the ten-year average. After a dynamic first nine months, activity should even pick up in the 4th quarter and take-up is expected to exceed 2.1 million sq m for the year as a whole, compared with 1.9 million in 2021 and 2.2 million on average over the past ten years.

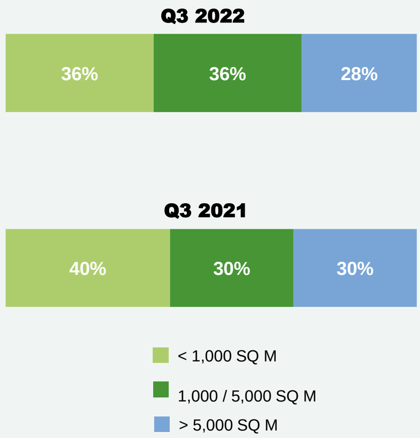
43 transactions > 5,000 sq m have so far been recorded in the Greater Paris Region in 2022, i.e. five more than in the same period in 2021. While this figure may seem high, and while the volume of these large transactions is up 13% year-on-year, the results of the Greater Paris Region market remain mitigated by corporate real estate streamlining strategies and the rise of remote working. As a result, the average size of large transactions is 22% smaller than in the ten years prior to the health crisis. Furthermore, 37 of the 43 large transactions recorded in the Greater Paris Region were for areas of less than 15,000 sq m and none exceeded 30,000 sq m, whereas before the outbreak of the pandemic five to ten transactions equal to or greater than this size used to be recorded each year. Their disappearance is thus a clear sign of the trend towards a reduction in the consumption of office space by large companies. Finally, it should be noted that several large transactions signed in 2022 outside of Paris correspond to the completion of deals initiated many months ago, such as EDENRED in "Porte Sud" in Montrouge and AGENCE DE L'EAU SEINE-NORMANDIE in "Highlight" in Courbevoie. Other movements of this type will be recorded in the 4th quarter simply as a result of the lifting of conditions precedent.

Change in take-up
In the Greater Paris Region



Source: Knight Frank

Breakdown of take-up by area category
In the Greater Paris Region

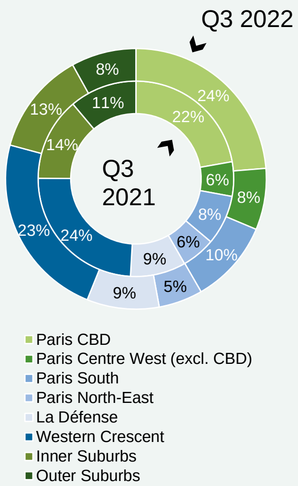


Source: Knight Frank

Small and medium sized office space remains a key driver of letting activity: with 1.14 million sq m of take-up since the beginning of the year, it has increased by 27% over the year and accounts for 72% of the volume marketed in the Greater Paris Region, a share nine points higher than the ten year average. Intermediate sized offices (1,000 to 5,000 sq m) showed the strongest increase year-on-year, both in terms of number (+39%) and volume (+47%). As with large transactions, the geographical distribution of these movements is however unbalanced, showing that the recovery is still very uneven from one geographical sector to another.

Geographic breakdown of take-up in the Greater Paris Region

As a % of total volume



Source: Knight Frank

HEADING FOR A RECORD YEAR IN THE CBD?

Paris is the market where activity has recovered the fastest and most strongly. This momentum did not falter during the summer, rather the opposite. In the 3rd quarter, take-up volumes decreased by 17% compared with the previous quarter in the Greater Paris Region, while they rose by 1% in the capital. Since the beginning of 2022, 740,000 sq m of office space has been marketed in the Greater Paris Region, a strong 39% increase year-on-year, enabling Paris to consolidate its dominance with 47% of take-up volume in the Greater Paris Region, compared with an average of 40% in the ten years preceding the Covid-19 pandemic.

The results of the Central Business District (CBD) are even impressive. More than 140,000 sq m of office space was let in the 3rd quarter, a high volume that includes five new transactions of more than 5,000 sq m. Several business sectors remain dynamic, such as the luxury sector, where there is demand for both large and medium-sized offices, as in the case of the KERING group's leases on the Golden Triangle's most beautiful streets. There has also been a clear upturn in activity among coworking operators, whose leases have totalled 82,000 sq m in the Greater Paris Region since the beginning of 2022 (+28% year-on-year), including 46,000 sq m in the CBD, where WELKIN & MERAKI recently leased 5,900 sq m at 31 rue du Colisée. The volume of take-up in the business district now stands at 370,000 sq m in 2022, an increase of 32%, suggesting a record annual result given the many transactions currently being finalised.

While the summer period was also dynamic in Paris Centre West, the results were more mixed in the rest of the capital, which saw just 4 of the 17 transactions of more than 5,000 sq m recorded since January in Paris. While the low level of take-up in the central districts outside the CBD can be explained primarily by a lack of supply, other sectors on the outskirts of Paris are suffering from relatively weak occupier demand.

In fact, the centrality effect works mainly in favour of the CBD and Paris Centre West, where some buildings have recently been let by companies from other districts of the capital, or by large users from the Inner Suburbs who have substantially reduced their area by moving to the capital (CISCO in "Ulteam", rue Washington). It is also worth highlighting the ADIDAS lease on a new head office in the centre of Paris ("Hello World", rue Réaumur), in which employees currently based in Strasbourg and the 9th arrondissement will be relocated.

Companies' real estate streamlining strategies are indeed coupled with an increasingly strong desire to improve their image in the eyes of clients, employees and future recruits. This not only benefits the Parisian market, but also the most accessible sectors of the Inner Suburbs, such as Neuilly-Levallois, the Southern Loop and La Défense, which have been able to attract companies from less popular and more outlying office hubs.

Examples of letting transactions > 5,000 sq m in Q3 2022

In the Greater Paris Region

Tenant	Asset | Address	Area (sq m)
EDENRED	Porte Sud | Montrouge	12,600
LVMH FRAGANCE BRANDS	Créative | Levallois-Perret	12,000
CONFIDENTIAL	Kanal | Pantin	11,000
BUREAU VERITAS France	Tour Alto | Courbevoie	10,100
GROUPE IGS	Vision Seine | Courbevoie	10,000
CFAO	In Situ | Boulogne-Billancourt	8,780
CONFIDENTIAL	62-64 rue de Lisbonne | Paris 8th	7,400
WEDOOGIFT	32-38 rue Blanche | Paris 9th	7,320
MORNING	179-181 av. Charles de Gaulle | Neuilly-sur-Seine	7,170
ADIDAS	Hello World | Paris 2th	6,680
CISCO	Ulteam | Paris 8th	5,970
WELKIN & MERAKI	31 rue du Colisée | Paris 8th	5,900
MAYOLY SPINDLER	Nodéa | Rueil-Malmaison	5,900
HENKEL FRANCE	Métal 57 | Boulogne-Billancourt	5,200

Source: Knight Frank

ACTIVITY PICKED UP SIGNIFICANTLY IN THE WEST

This trend is one of the reasons for the continuing striking contrasts between the West of the Greater Paris Region, where activity has clearly recovered in recent months, and the sectors of the Inner Suburbs that are slow to recover from the crisis. From this point of view, the imbalance between the East and West of the region, which has characterised the Greater Paris Region since the expansion of the service sector of its economy and the development of its office stock, is far from being corrected. An analysis of the distribution of movements of large companies even shows an increased polarisation of activity to the benefit of Paris and the Hauts-de-Seine, which, since the beginning of 2022, together account for 78% of the volume of office space of more than 5,000 sq. m let, compared with 73% in the ten years prior to the outbreak of the Covid-19 pandemic.

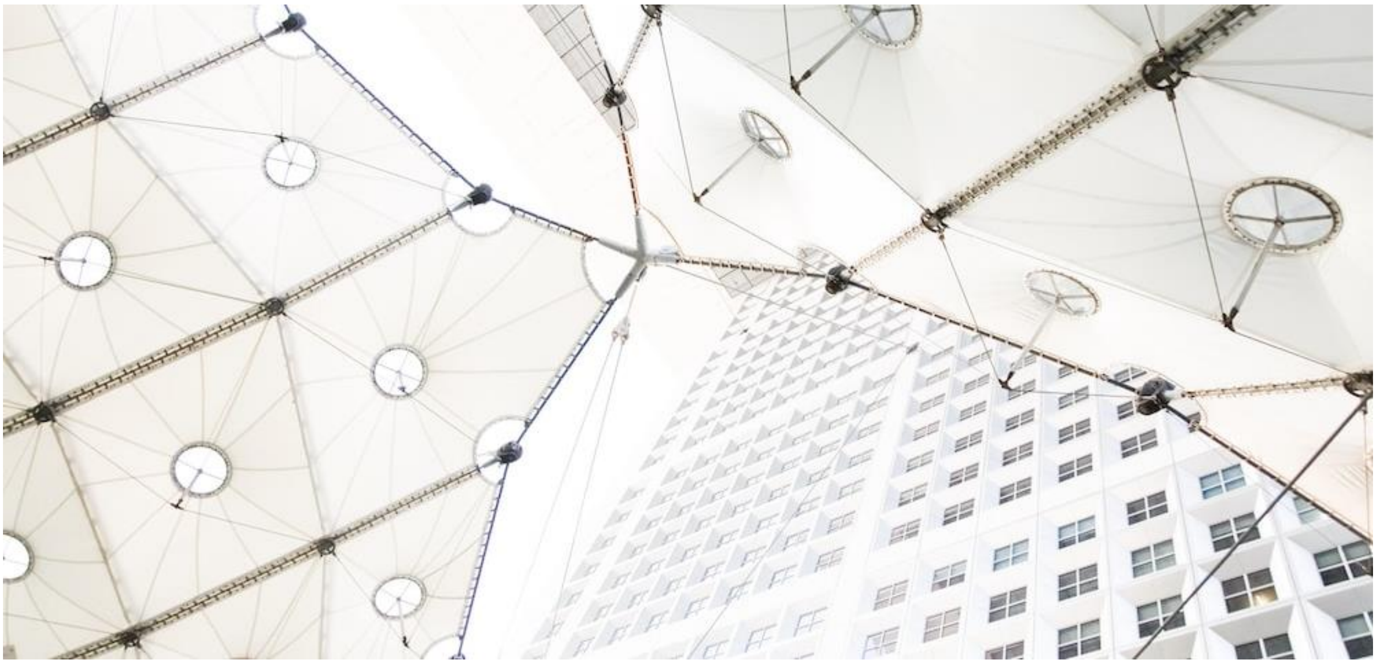
After a sluggish start to the year, activity in the Western Crescent has picked up significantly, with take-up volumes now 18% higher than in the first nine months of 2021 and 12 of the 26 large transactions signed outside Paris since January (including 7 in the 3rd quarter).

All the sub-sectors of the Western Crescent have benefited from this upturn, with the exception of the Northern Loop. In Neuilly-Levallois, take-up volumes jumped by 82% compared to the same period in 2021, and by 44% compared to the ten-year average. The increase is less significant in Péri-Défense (+14% year-on-year but 12% compared to the ten-year average), where the largest transaction in 2022 does not exceed 12,000 sq m, whereas this sector was used to large lettings before the health crisis.

Finally, 140,000 sq m of office space has been let since the beginning of 2022 in La Défense, an increase of 21% year-on-year and 14% compared to the ten-year average. The business district thus continues to take advantage of its many strengths (variety and value for money of the real estate supply, access, etc.) to retain companies established in its territory and attract occupiers from surrounding office submarkets. This ability to attract occupiers has been illustrated by the completion of several leases by companies from Paris CBD and the Western Crescent.

INNER SUBURBS: MARKETS STILL RECOVERING

The Inner Suburb markets are characterised by a gradual decrease in take-up from quarter to quarter. After 80,000 sq m in the 1st quarter and 66,000 sq m in the 2nd quarter, 53,000 sq m of office space was let in the last three months, with just under half of this concentrated in two transactions of over 5,000 sq m: EDENRED on 12,000 sq m in "Porte Sud" in Montrouge in the South and a luxury company on 11,000 sq m in "Kanal" in Pantin in the North. This last movement is in addition to the two large transactions recorded in Saint-Denis and Saint-Ouen in the 1st half of the year. Despite these, take-up in the North is down by 13% compared to the same period last year.



SUPPLY: CONTRASTS ARE BECOMING MORE PRONOUNCED

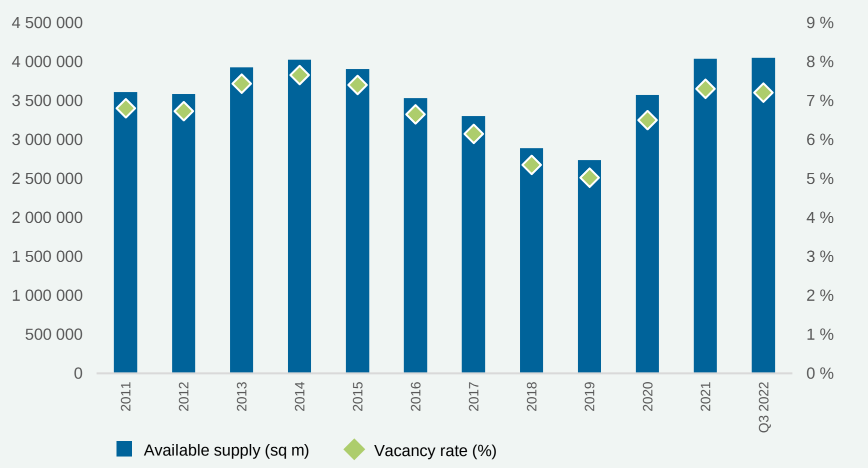
With 4.05 million sq m available at the end of the 3rd quarter of 2022, i.e. a vacancy rate of 7.2%, immediate supply only increased by 1% over one quarter and returned to the level it was at a year ago. This general stability masks very disparate situations from one sector to another, particularly between Paris and the rest of the region.

In the Inner Suburbs, the relatively low level of demand and the continuing high rates of development have resulted in a clear increase of almost 20% in available supply compared to the same period last year. The trend is also an upward one in the Outer Suburbs, while supply is generally on the decrease in the West. This is the case of La Défense (-17% year-on-year), where supply could nevertheless rise again by the end of 2022 due to the imminent delivery of some large properties that are still available ("Hekla"). Finally, despite a stabilisation over one quarter, Péri-Défense stands out for its still abundant supply and a vacancy rate that is now above 20%, contrasting with the more balanced situation of the neighbouring sectors of Neuilly-Levallois and the Southern Loop with average rates close to 7 - 8%.

In this context, and with a vacancy rate below 4%, Paris is definitely a market apart. With the exception of the North-Eastern arrondissements (Paris 18-19-20), supply is very limited and continued to fall in the 3rd quarter in almost all sectors, particularly in Paris CBD. With just under 200,000 sq m available, a fall of 41% year-on-year and 14% quarter-on-quarter, the vacancy rate has fallen below the 3% threshold, whereas it was still 4.6% at the end of 2021. The shortage is particularly marked in the new/redeveloped segment: Grade A assets only account for 8% of the available supply in the CBD, which, given the strong demand from occupiers, continues to put pressure on market rents. Prime rents have reached a new record, standing at €955/sq m/year compared with €930/sq m/year a year ago, and €855/sq m/year just before the start of the health crisis.

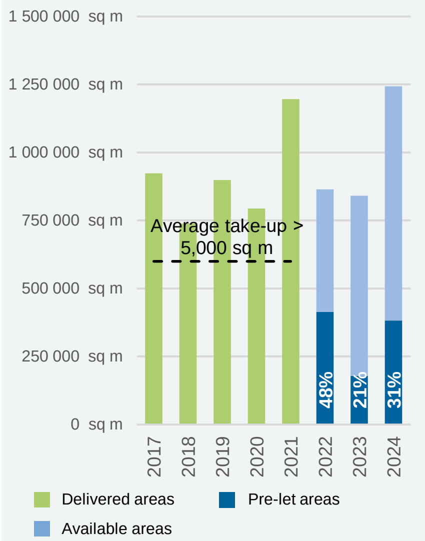
This imbalance and the growing gap between Paris and most of the other suburban areas will not be corrected in the short to medium term. While the amount of office space to be delivered in the Greater Paris Region remains significant (2.6 million sq m between Q4 2022 and the end of 2024), with the majority of it is available (74% of the total), the volume is still very unevenly distributed.

Change in available supply
In millions of sq m, in the Greater Paris Region



Source: Knight Frank

Change in the volume of new/redeveloped future supply (> 5,000 sq m)



Source: Knight Frank

The CBD has the lowest availability rate, at 55%, accounting for a limited volume of 190,000 sq m, compared to the 72,000 sq m of large transactions signed since January. The availability rate is highest in the Inner Suburbs (86%), where 45 transactions of over 5,000 sq m could be completed by the end of 2024 for a cumulative volume of over 820,000 sq m. Finally, the Western Crescent and La Défense are in an in-between situation but remain generally very supply-driven with, in total, more than 830,000 sq. m of office space to be delivered by the end of 2024 of which approximately 70% is still available.

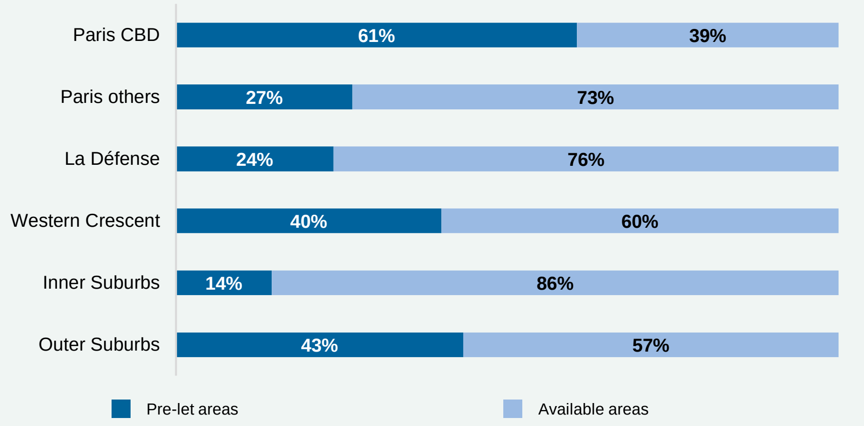
WHAT IS THE OUTLOOK FOR THE COMING MONTHS?

Supply difficulties and soaring prices for materials are expected to continue to disrupt construction and cause delays in delivery, while difficulties in letting new buildings may cause owners to delay completion in some areas. There are still many projects to be finalised. The flow of future supply will therefore depend on the strength of letting activity. However, if the expressed demand remains fairly robust then it is in 2023 that the resilience of the Greater Paris Region market will really be put to the test given the expected slowdown in the economy. Absorption of supply will also depend on occupier relocations, the acceleration of which can be seen in 2022 with the exception of the Inner Suburb sectors, which are precisely those where supply is the most abundant.

Concerns are not just limited to new projects. Companies are increasingly attentive to the environmental performance of their headquarters due to the affirmation of their CSR strategy and the surge in energy prices.

Pre-letting rate by submarket in the Greater Paris Region

Share of total office volume >5,000 sq m under construction, building permit approved/filed, projects and delivered properties (2022-2024), as a %.



Source: Knight Frank

Indeed, 79% of transactions over 5,000 sq m recorded since the beginning of 2022 have involved new/redeveloped buildings, compared with an average of 62% in the ten years preceding the health crisis. In this context, the future of second-hand supply is questionable, as redevelopment and financing costs soar and the impact of remote working on the consumption of office space has probably not yet been fully gauged. The future is less clear for offices in the most central office hubs, particularly those in Paris, where the growing shortage of supply could eventually dampen the momentum of the lettings market.

THE INVESTMENT MARKET

MIXED RESULTS, BUT BETTER THAN EXPECTED

After a very good 1st half of the year, activity remained high in the 3rd quarter in the corporate real estate investment market, despite the radical change in the financial context and a still very uncertain economic and geopolitical climate. Since the beginning of the year, the sums invested in France (all asset classes combined) amount to just over 19 billion euros, an increase of 24% compared to the same period last year and 25% compared to the ten-year average.

In the office market, which accounted for 11 of the 19 transactions of more than 100 million euros recorded in France, some 10 billion euros has been invested since the beginning of the year, representing a slight increase of 2% year-on-year but a drop of almost 20% compared with the average for the last five years. The last few months have confirmed the structural decrease in the share of offices, from 70% in 2019 to 62% last year and 52% at the end of Q3 2022. In fact, this asset class is the one that has suffered the most from the new market conditions and from disagreements between buyers and sellers, which have led to the postponement or cancellation of some significant transactions in recent months.

The slowdown in activity is particularly marked in the Greater Paris Region, where the largest transactions are usually signed. After 5 billion euros in the 1st half of the year, 3 billion euros was invested there in the 3rd quarter, bringing the total amount invested in offices since January to 8 billion euros, a decrease of 13% compared with the ten-year average and 55% compared with the peak in 2019. After 13 in the first half of 2022, 10 transactions of more than 100 million euros were nevertheless recorded in the last three months, including three in

Office investment volumes

In the Greater Paris Region, in billions €

Source: Knight Frank

excess of 300 million euros: the sale to LVMH of a portfolio of three Parisian assets with a majority of offices (22 avenue Montaigne, 7 rue de la Paix, 12 place des États-Unis), the purchase by LA FRANÇAISE REM of the "Campus Cyber" at La Défense and the acquisition by LA MONDIALE of 61-63 rue des Belles Feuilles in the 16th arrondissement.

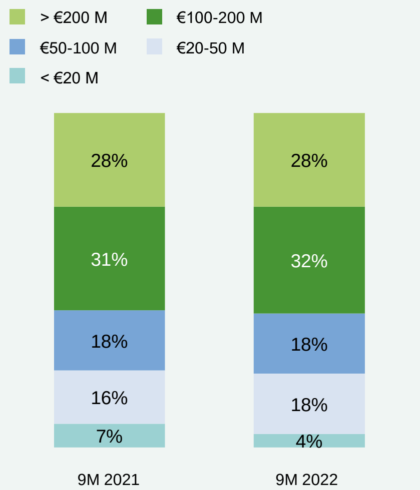
RENEWED ACTIVITY IN THE WEST

Five transactions over 100 million euros were recorded in Western Ile-de-France, including the purchase by LA FRANÇAISE REM of the "Campus Cyber" in La Défense, the sale to REDTREE CAPITAL of "Carré Champerret" in Levallois-Perret and the purchase by PERIAL of "West Park 2" in Nanterre. A few significant transactions are still expected in the West by the end of 2022. However, the combined volume of investment in the Western Crescent and La Défense will be significantly lower than their ten-year average (5.3 billion per year between 2012 and 2021 compared with 1.8 billion in 2022 at the end of the 3rd quarter). Furthermore, in the western part of the Greater Paris Region, a number of transactions have been withdrawn from the market or put on standby due to disagreements between buyers and sellers.

There were also a considerable number of transactions withdrawn or put on hold in the Inner Suburbs, where, unlike in the West, the market was not very active in the 3rd quarter. However, the summer was marked by the sale of the "Distillerie" in Saint-Ouen by EIFFAGE IMMOBILIER to HINES, on behalf of South Korean investors. We should also mention the acquisition by LA FRANÇAISE REM of "Wellcome", sold by BATIPART in Malakoff in the South.

Breakdown of office investment volumes by amount

In the Greater Paris Region



Source: Knight Frank

Since the beginning of 2022, just over 1 billion euros has been invested in the three Inner Suburb markets, down 42% on the same period last year. This significant decrease can be explained by the wait-and-see attitude of investors and their increasing selectivity. In the Inner Suburbs, letting demand is thus lower than the long-term average and immediate and future supply is sometimes very abundant, explaining a balance of power that is persistently favourable to occupiers.

In this context, the large transactions recorded in the suburban sectors since the beginning of 2022 have most often been for the least risky properties and new/redeveloped assets secured on long leases (the "Cyber Campus", the "Distillery" and "West Park 2" in the 3rd quarter). However, several sales were recorded on non-core assets. These were generally for amounts of less than 50 million euros and included office buildings to be converted into serviced accommodation or housing, such as Bercy B1 in Charenton, bought by 3F in the 3rd quarter, and Périastre in Fontenay-sous-Bois, bought by MARNE AU BOIS SPL in the 1st half of the year.

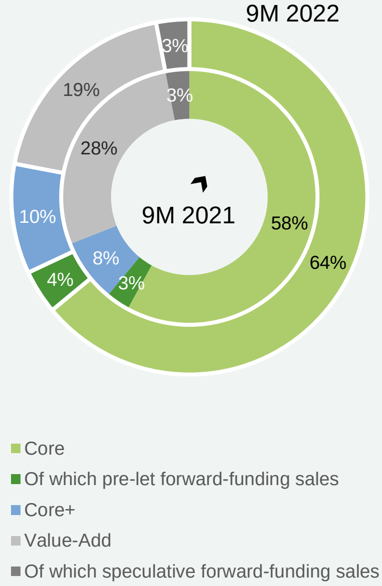
PARIS CONFIRMS ITS LEADING POSITION

Paris accounts for half of the sums committed since the beginning of the year in the Greater Paris Region office market, compared with 35% at the same time last year. Paris is thus fully benefiting from its status as a "safe haven" market, bolstered by very strong occupier demand and market rents under pressure due to the growing scarcity of office space.

As with the lettings market, it is in the West of Paris that activity has been most sustained since January in the investment market. 7 transactions of more than 100 million euros have been recorded there, including three in the 3rd quarter. These include the sale to LVMH of the DRAY portfolio in the CBD (22 avenue Montaigne, 7 rue de la Paix and 12 place des États-Unis) and the sale to AG2R LA MONDIALE of 61-63 rue des Belles Feuilles in Paris Centre West for more than 300 million euros. The sale of 14 avenue d'Eylau to MACQUARIE ASSET MANAGEMENT was also one of the landmark transactions of the last three months, confirming investors' appetite for secure properties in the capital. The Paris market also remains highly prized for its vacant assets and those in need of refurbishment, which represent opportunities for value creation through the adaptation of these properties to new occupier expectations and the latest environmental standards.

However, Paris has not been spared from the rise in interest rates and the toughening of negotiation conditions. While the expected repricing is of course less significant than in the Inner Suburbs, and although some transactions have recently been signed at rock-bottom yields, these will be subject to reduced pressure by the end of 2022 to exceed, for the first time since 2015, the 3% threshold in the CBD.

Breakdown of office investment volumes by risk profile
In the Greater Paris Region, individual transactions > 20 million €



Source : Knight Frank

Examples of investment transactions in Q3 2022 in the Greater Paris Region

Asset | Address	Seller	Buyer	Area (sq m)
Dray Portfolio* | Paris 2nd, 8th et 16th	DRAY FAMILY	LVMH	27,900
Campus Cyber | Puteaux (92)	ALTAREA COGEDIM	LA FRANÇAISE	26,450
61-63 rue des Belles Feuilles | Paris 16th	GCI / LONE STAR	AG2R LA MONDIALE	11,550
West Park 2 | Nanterre (92)	AXA IM ALTS	PERIAL	20,600
Carré Champerret | Levallois-Perret (92)	CORPUS SIREO / CARDIF	REDTREE CAPITAL	24,000
La Distillerie | Saint-Ouen (93)	EIFFAGE IMMOBILIER	HINES	13,600
Wellcome | Malakoff (92)	BATIPART	LA FRANÇAISE	14,000
14 avenue d'Eylau | Paris 16th	ABRDN	MACQUARIE AM	3,650
77 rue Anatole France | Levallois-Perret (92)	SWISS LIFE	NEXITY	5,600
Bercy B1 | Charenton le Pont (94)	PRIMONIAL REIM	IMMOBILIERE 3F	9,900
Eko | Rueil-Malmaison (92)	AMUNDI	NOVAXIA	15,400

Source: Knight Frank / * Mixed portfolio with a significant proportion of high street retail properties.

WHAT IS THE OUTLOOK FOR THE COMING MONTHS?

Several large transactions are still expected between now and the end of 2022 in Paris as well as in certain suburban markets which should limit the decrease in investment volumes. Over 2022 as a whole, however, they will remain below their long-term average.

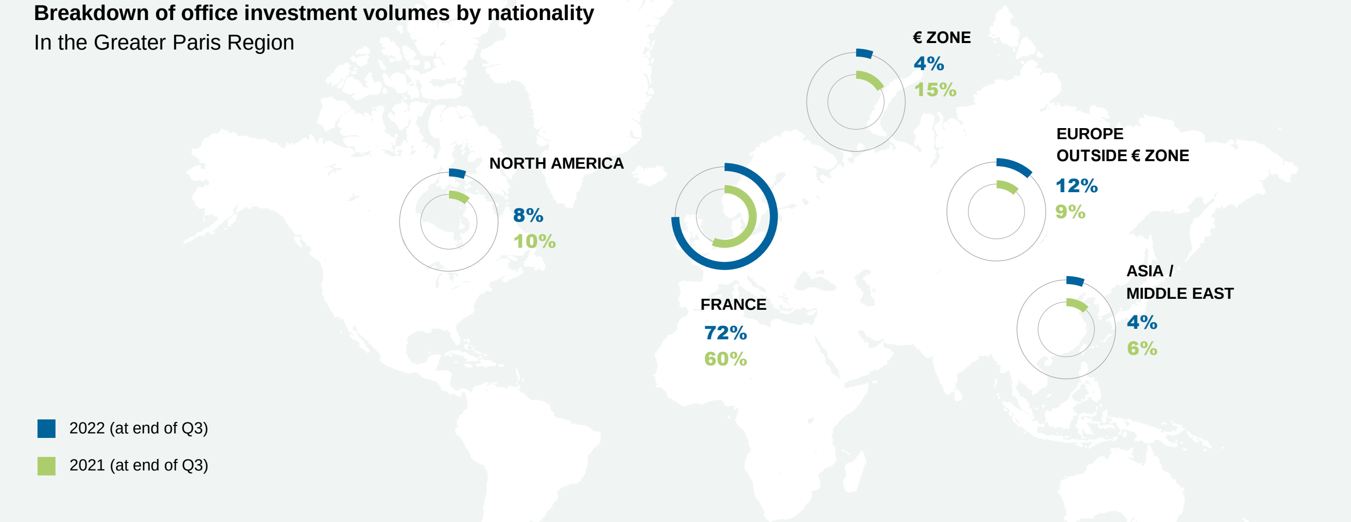
While the outlook for 2023 is still rather unclear, the results for the Greater Paris Region office market are unlikely to improve. Indeed, assets will still be withdrawn from sale over the next few months, sellers are delaying putting their properties on the market and the wait-and-see attitude is unlikely to fade due to fears of recession and the difficulties of a still recovering lettings market in several suburban sectors. Above all, investment market activity will suffer for some months to come from the new financial climate and the discrepancies between sellers' expectations and what buyers are willing to pay.

A price correction is nevertheless taking place, which should eventually provide more fluidity to the market and enable certain sales processes to be relaunched. This is all the more likely as there is still plenty of cash to invest, the credit tap has not dried up and some investors, namely those with less reliance on debt, remain active. Finally, it should be noted that while diversification strategies are becoming more important, offices remains the dominant asset, still enjoying real popularity when the building is well located, well let, adapted to new ways of working and environmentally friendly.

Range of prime office yields
In the Greater Paris Region at the end of 3rd quarter 2022

Source: Knight Frank

Breakdown of office investment volumes by nationality
In the Greater Paris Region



Source: Knight Frank

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