

Paris CBD Office Market



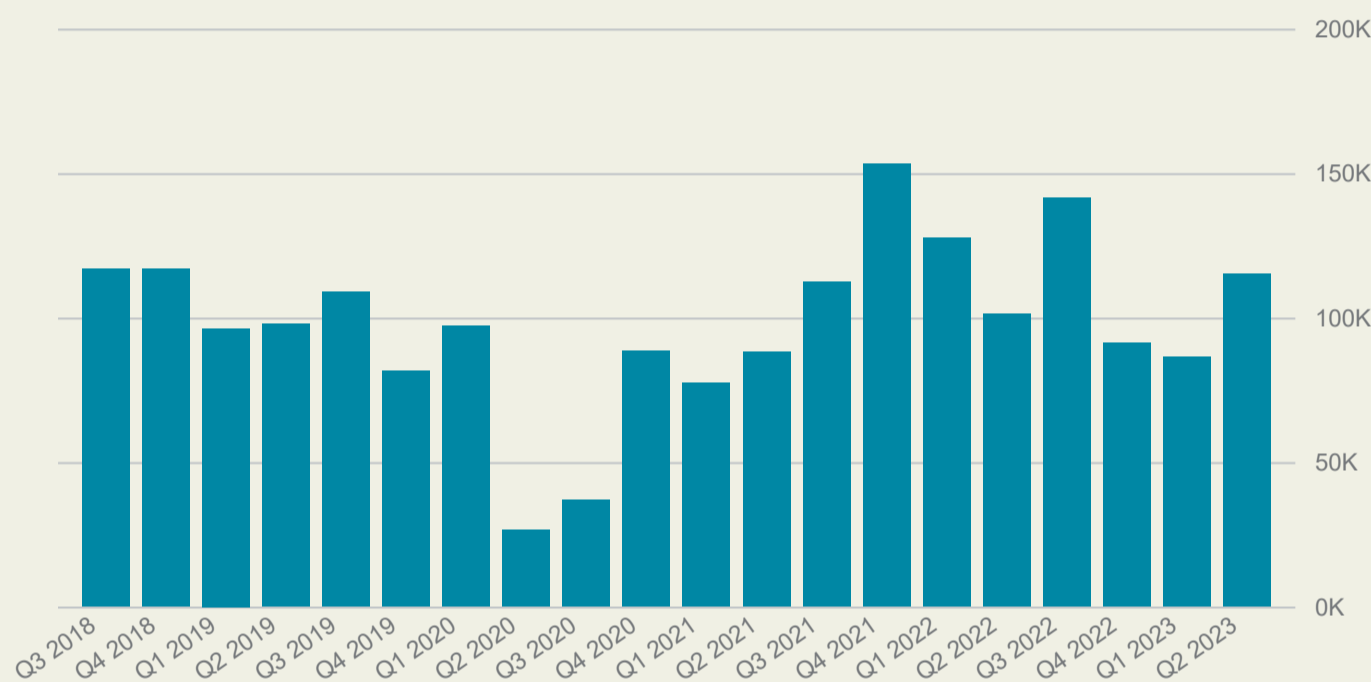
Q2 2023

Updated quarterly, our dashboards provide a concise synopsis of occupier activity in Europe's markets.

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Take up

Over the last 5 years, square metres



Source: Knight Frank Research

OCCUPIER MARKET KEY FIGURES

115,006 SQM

Take up

€ 980 PSQM

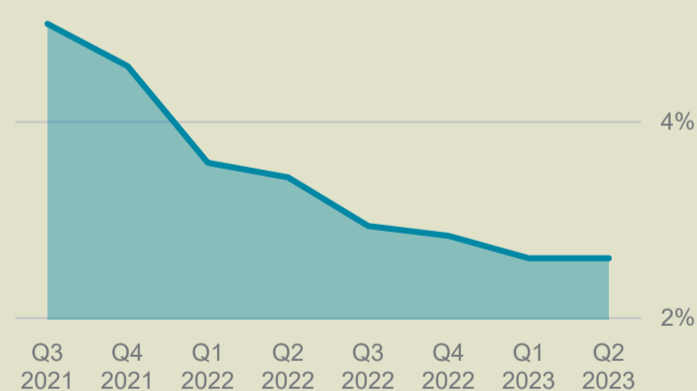
Prime Rent

2.6%

Vacancy Rate

Vacancy Rate

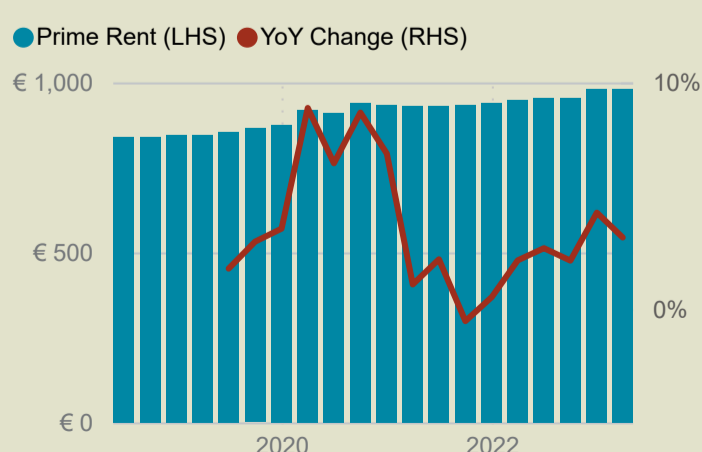
Measured in percentage terms



Source: Knight Frank Research

Prime Rent

Rents and the year-on-year change, Euros per square metre



Source: Knight Frank Research

OCCUPIER HEADLINES

The Paris CBD office market saw an improvement in leasing momentum in Q2 2023 after a slow first quarter, registering 115,006 sqm of take up. This is 14% more than what was recorded in Q2 2022, and brings the total for the first half of the year to 201,497 sqm, which is 12% less than the volume in H1 2022 but 8% about the 10 year average for the figure.

There were four new deals recorded in the CBD that were larger than 5,000 sqm in Q2 2023, while there were none in Q1. The most significant transaction was Rothschild & Co. who have signed 20,500 sqm in the 8th arrondissement.

The small to medium-sized segments also performed well, especially in sectors such as finance and luxury.

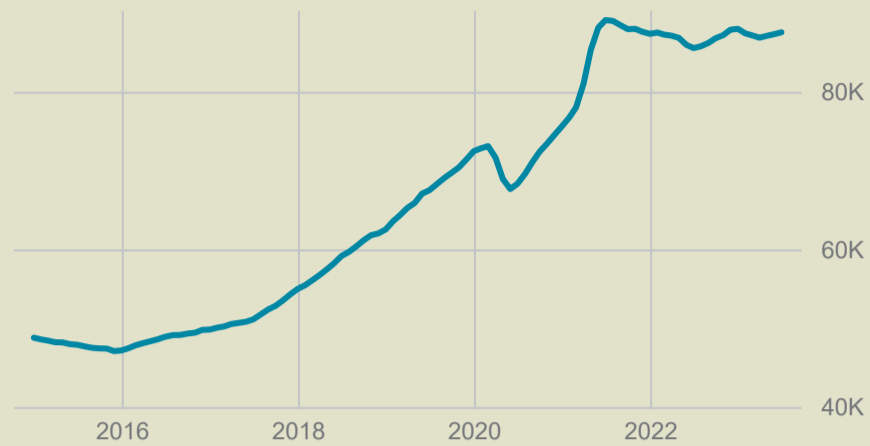
Construction completions totalled 31,105 sqm in Q2 2023, with a further 42,993 sqm in the pipeline for the year. This is expected to bring the total for 2023 to under 100,000 sqm, well below the 5 year average for annual completions of 130,000 sqm. The CBD benefits from a pre-leasing rate for current projects under construction (> 5,000 sqm) at 55%.

With vacancy remaining low in the CBD, unchanged in Q2 2023 at 2.6%, the shortage of supply is continuing to uphold prime rents. They have held firm at € 980 psqm per annum in Q2, representing a 3% increase year-on-year.

ECONOMIC INDICATORS

New Businesses in France

12-month Rolling Average



Source: French National Institute of Statistics & Economic Studies (INSEE)

New business starts in France have been on a growth trajectory over the last 7 years, with only a minor slump during the pandemic, followed by a strong recovery thereafter. The momentum slowed again in 2022 but has since shown clear signs of returning to a positive direction.

Employment Expectations in the Service Sector in France

Over the next 3 months, %

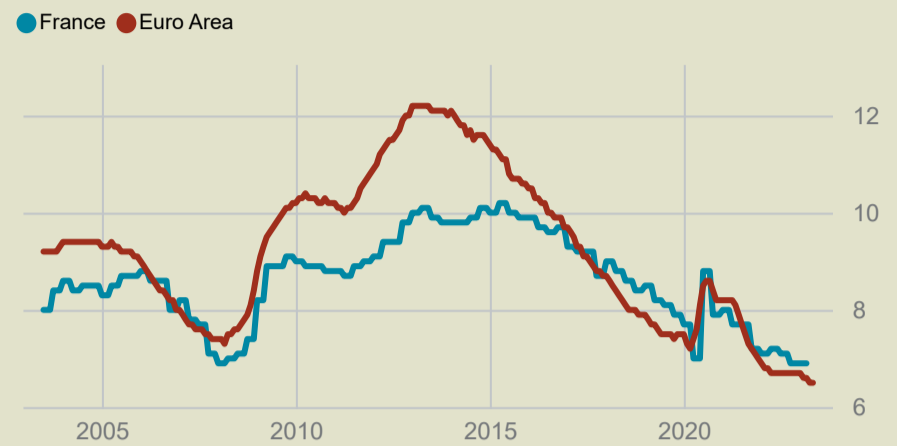


Source: European Commission (DG ECFIN)

Service sector employment expectations declined in Q2 2023 but remained in positive territory, indicating a cautiously optimistic outlook for the next quarter.

Unemployment Rate in France

vs Euro Area, as a Percent of Civilian Labour Force, %

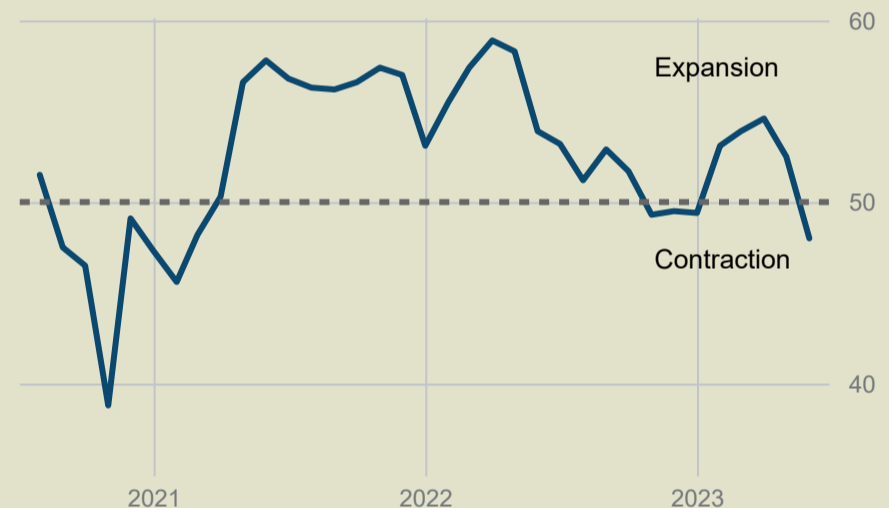


Source: Eurostat/ French National Institute of Statistics & Economic Studies (INSEE)

After strong labour market performance in 2022, the unemployment rate in France currently stands at 7.1%. According to INSEE forecasts, it is expected to increase moderately in 2024 and 2025 to reach approximately 7.5%, still well below pre-pandemic levels of 8.5%.

Services PMI in France

Services PMI for the last 5 years, Index



Source: S&P Global

After promising performance in Q1 2023, the service sector PMI in France fell to contractionary territory in Q2 with a June 2023 reading of 48, dragged down by weaker demand expectations.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

LOCAL RESEARCH CONTACT

David Bourla

Partner, Chief Economist & Head of Research
david.bourla@fr.knightfrank.com
+33 1 43 16 55 75

LOCAL OFFICE OCCUPIER CONTACT

Guillaume Raquillet

Head of Office Agency
guillaume.raquillet@fr.knightfrank.com
+33 1 43 16 88 86

LONDON CONTACT

Colin Fitzgerald

Head of Occupier Strategy & Solutions EMEA
colin.fitzgerald@knightfrank.com
+44 20 7861 1203



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