

Paris - Île-de-France Office Market



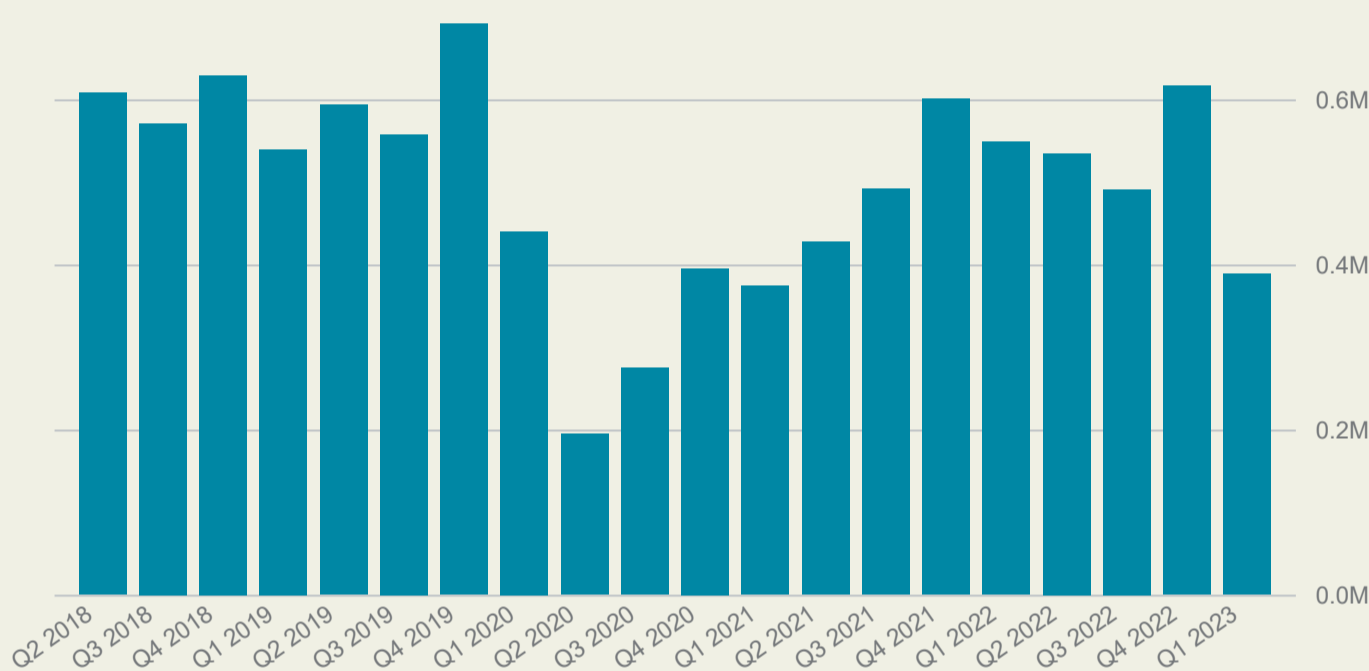
Q1 2023

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

388,579 SQM

Take up

€ 480 PSQM

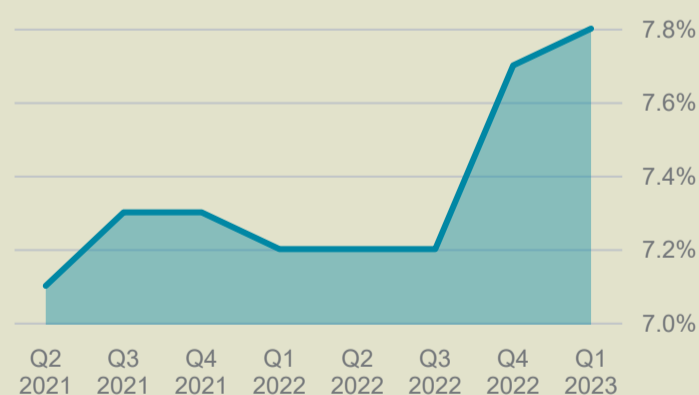
Average Rent

7.8%

Vacancy Rate

Vacancy Rate

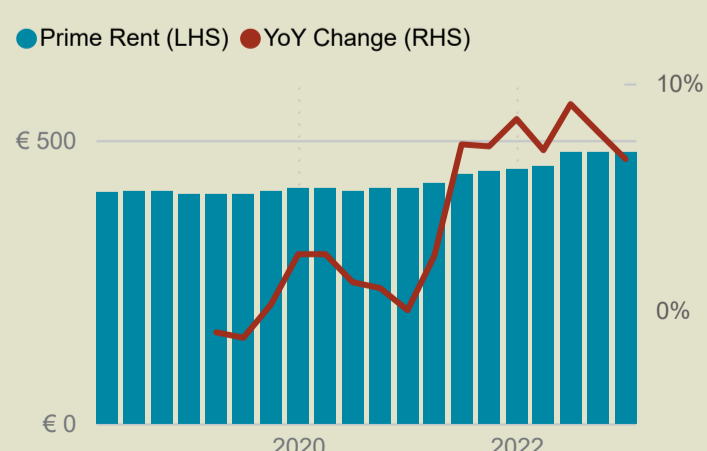
Measured in percentage terms



Source: Knight Frank Research

Average Rent

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



Source: Knight Frank Research

OCCUPIER HEADLINES

After good results in 2022, activity has significantly slowed down since the beginning of 2023. The Île-de-France region saw 388,579 sqm of take-up in the first quarter of 2023, a 29% decrease compared to the same period last year. This drop does not come as a surprise since the strong results in 2022 were partly due to the completion of a few large transactions that had been underway for a long time, and to a post-Covid catch-up effect that gradually ran out of steam.

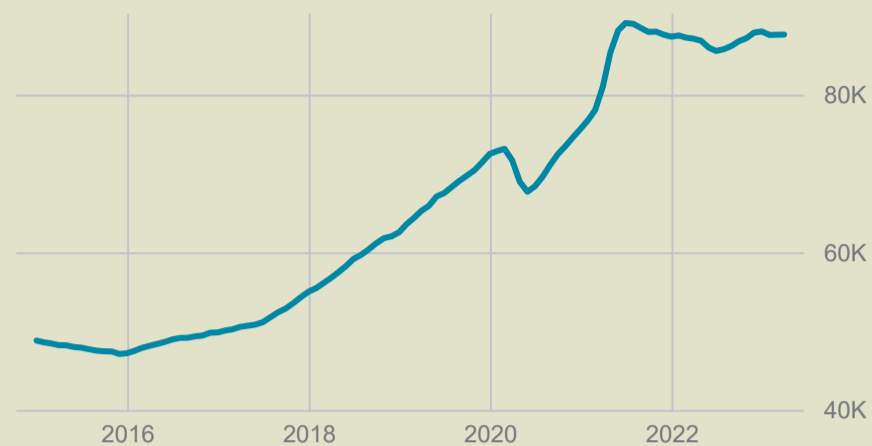
Average rents have continued to hold firm at € 480 psqm since the third quarter of 2022, marking a 7% increase from € 450 psqm in Q1 2022. There were 157,690 sqm of new supply delivered in Q1 2023, down 33% from the first quarter of 2022. A further 705,181 sqm are expected to be delivered this year in the region.

The vacancy rate in the Île-de-France region reached its highest levels since 1997 in Q1 2023 at 7.8%, representing a 60 bps increase from Q1 2022. Vacant supply has continued to increase in almost all markets of Western Paris and the Inner Suburbs, raising the vacancy rate in certain office areas to very high levels, such as in La Défense where it is now close to 15%, and even more so in the Péri-Défense and the Inner Northern Suburbs, where it is around 20%.

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, %

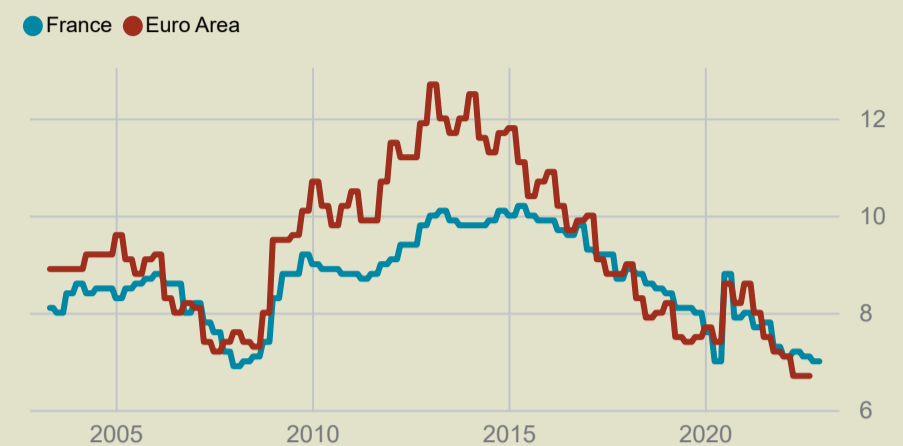


Source: European Commission (DG ECFIN)

Service sector employment expectations in France have remained in positive territory throughout Q1 2023, marked by strong hiring intentions for the year.

Unemployment Rate in France

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

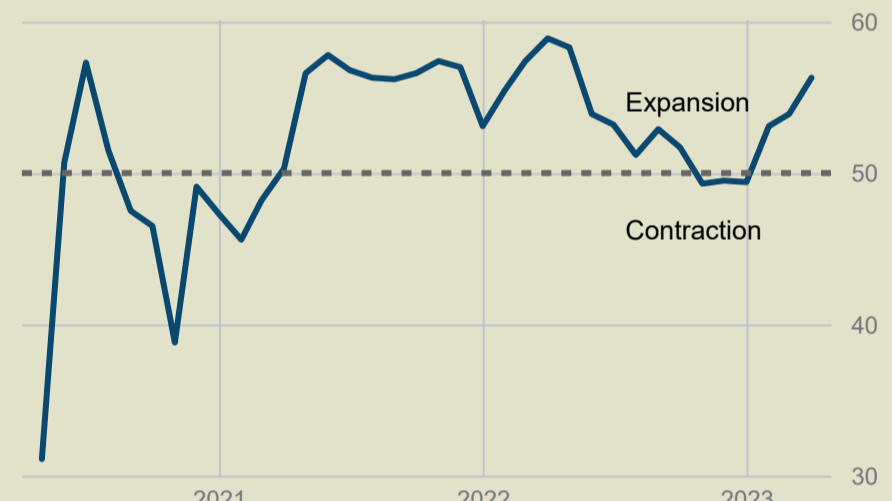


Source: Eurostat/ French National Institute of Statistics & Economic Studies (INSEE)

Having held up well in 2022, the labour market is expected to weaken in 2023, and could reach 7.5% this year according to INSEE forecasts. It is expected to continue its upward trend in 2024 before stabilising in 2025.

Services PMI in France

Services PMI for the last 5 years, Index



Source: S&P Global

The service sector PMI in France improved considerably in Q1 2023, recorded at 53.9 as of March, up from 49.5 in December 2022. A pick-up in business activity drove growth as new order intakes rose faster, mainly supported by external demand.

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

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