

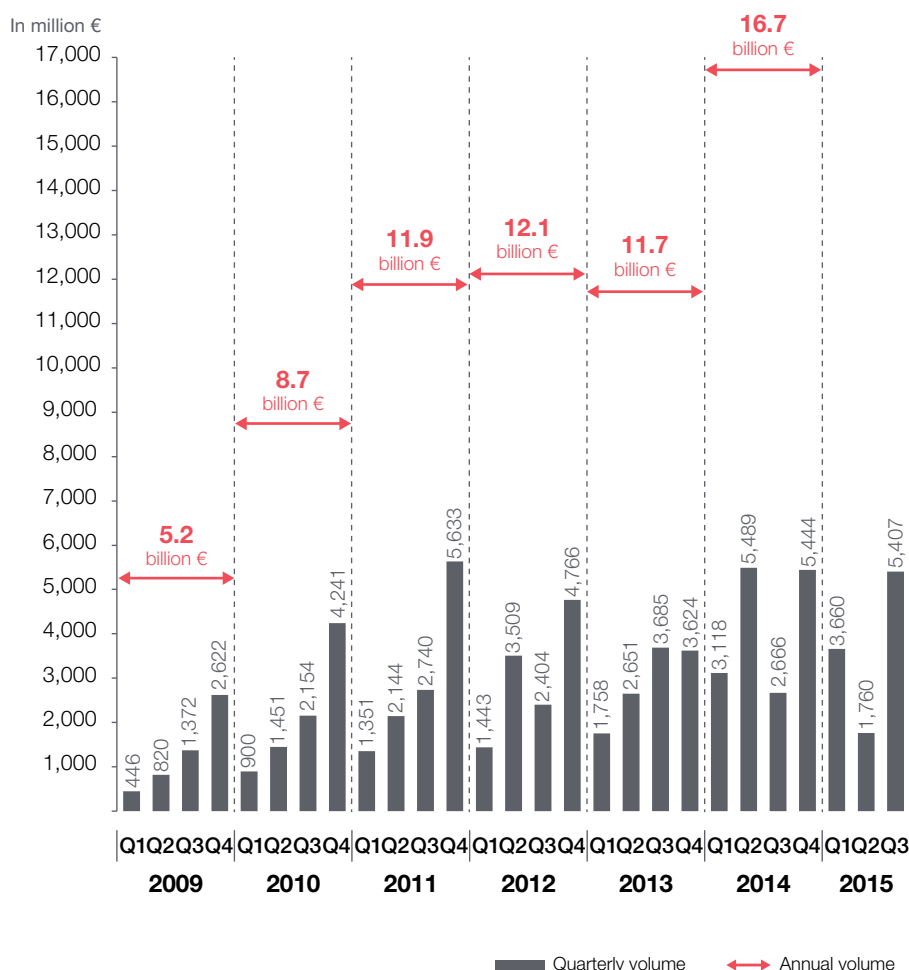
Volumes invested

10.8 billion €

in the first 3 quarters of 2015

(Source: Knight Frank)

- ◆ -4%: volumes invested in commercial property in the Paris region fell slightly in Q3 2015 compared to Q3 2014
- ◆ This outcome is above all attributable to the highly limited number of very large transactions (over €500 million), which had driven up the volumes invested last year
- ◆ However, this poor performance should not overshadow the highly encouraging results seen in Q3, which rank fourth in terms of investment volumes since the 2007/2008 financial crisis
- ◆ The investment market is characterised by numerous medium transactions (€50 - €200 million). This trend reflects investor confidence in the Paris market, with them agreeing to target less Prime assets or sectors than they had previously
- ◆ The coming months should see the large/very large transactions segment continue to pick up, which should further boost the year-end results



Geography of the volumes invested

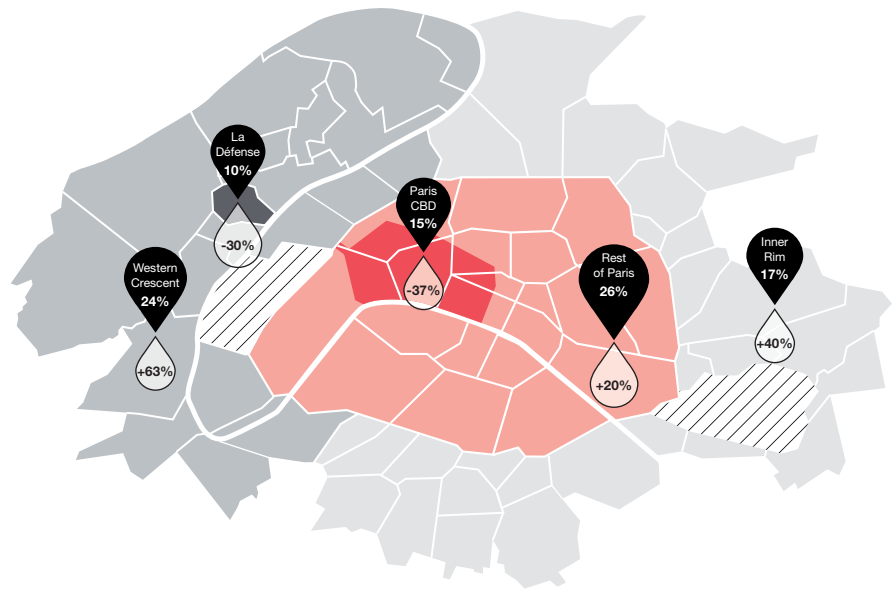
Outperformance

of the Western Crescent and the outlying markets

(Source: Knight Frank)

📍 Market share in the volumes invested in the Greater Paris Region in 2015

📈 Trends in volume invested in 2015 compared with 2014



Volume invested in 2015 per geographical sector (in million €)

Paris CBD	Rest of Paris	La Défense	Western Crescent	Inner Rim	Other	Total Ile-de-France
1,694	2,870	1,095	2,610	1,835	846	10,832

Examples of transactions

(Source: Knight Frank)

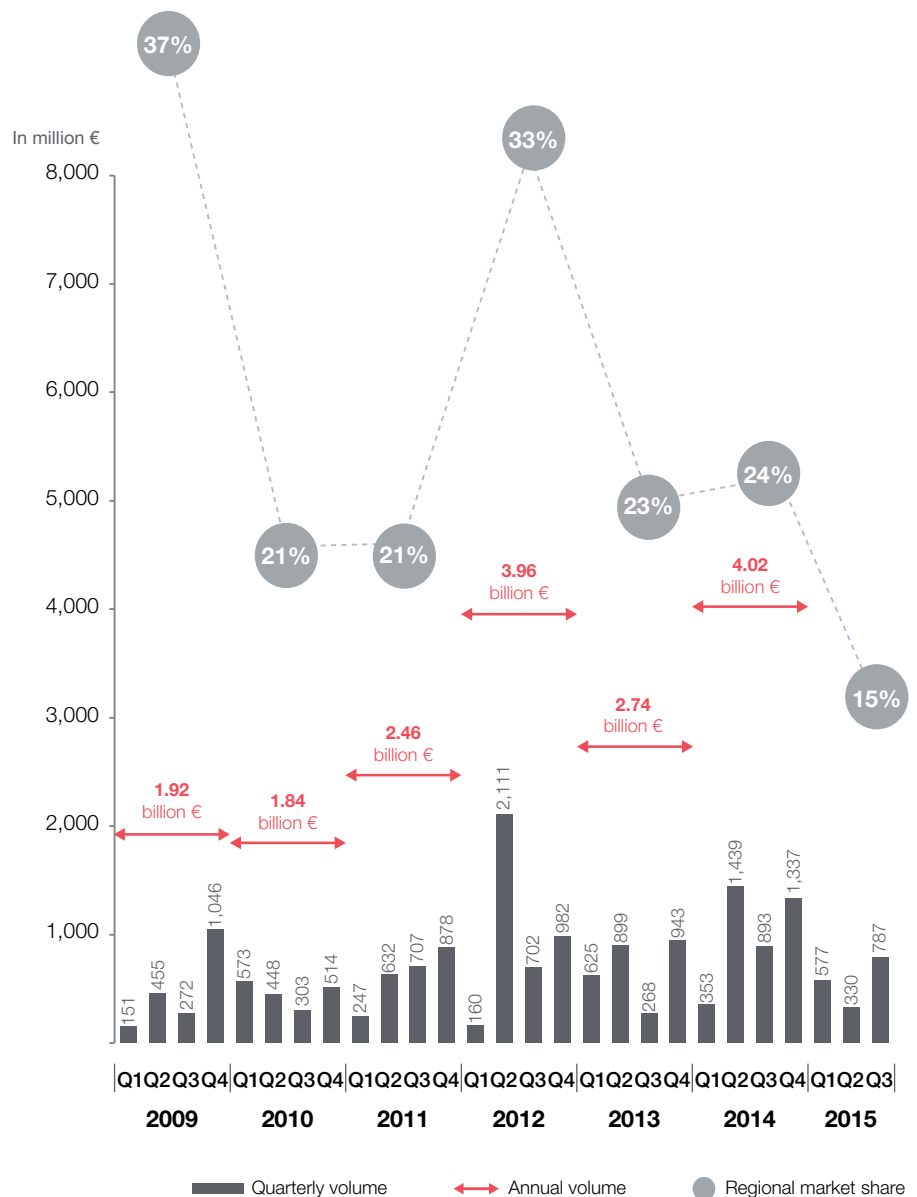
Date	Address	Geographical sector	Area	Price	Purchaser	Vendor
Sept. 2015	Portefeuille Aqua	Western Crescent	35,000 sq m	250 M€	Amundi	Union Investment
Sept. 2015	Angle	Western Crescent	11,000 sq m	145 M€	AG2R	Gecina
Sept. 2015	Eléments	Rest of Paris	16,225 sq m	140 M€	Aviva	Vinci
July 2015	Tour T1 / Immeuble B	La Défense	88,600 sq m	900 M€	Gecina	Ivanhoé Cambridge
July 2015	6 place d'Alleray	Rest of Paris	18,400 sq m	224 M€	CNP Assurances	JP Morgan Investment
June 2015	Colisée 3 & 4	Inner Rim	24,300 sq m	159 M€	Amundi	Blackstone
April 2015	Tours Pascal	La Défense	63,500 sq m	190 M€	Goldman Sachs / Altafund	Morgan Stanley
Feb. 2015	23/25 rue Marignan	Paris CBD	12,500 sq m	215 M€	CNP Assurances	Invesco
Feb. 2015	Seine Ouest	Rest of Paris	8,000 sq m	90 M€	HSBC	AG2R La Mondiale
Jan. 2015	Ecowest	Western Crescent	58,000 sq m	477 M€	Adia	BNP Paribas

Spotlight on the CBD

-37% for the first 3 quarters of 2015 compared with 2014

(Source: Knight Frank)

- ◆ Some €1.7 billion have been invested in the CBD since the beginning of the year. This represents a 37% drop in investment volumes, while the rest of the region (non-CBD) experienced a 15% increase
- ◆ Despite a rise in investment volumes over the past quarter (Q3 2015), the relative share of the CBD in the regional market continues to fall, dropping to 15% – a level not seen for a long time
- ◆ Contrary to the rest of the region (with the exception of La Défense), the CBD remained a concentrated market over Q3 2015, with just one transaction (PSA headquarters for €340 million) representing 43% of the investment volumes
- ◆ This poor performance is not an indication of disaffection among investors with the CBD. It merely reflects an acute shortage of supply in terms of transferable assets caused by excellent performance in previous years
- ◆ The CBD is thus demonstrating one of its typical characteristics – it is a Malthusian market, penalised by its hyperspecialisation in Core assets



Distribution by asset types

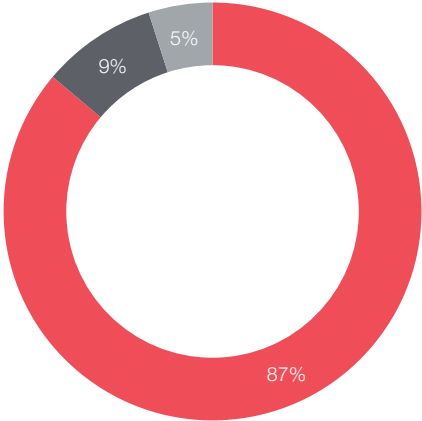
Highly specialist

emphasised by the office assets

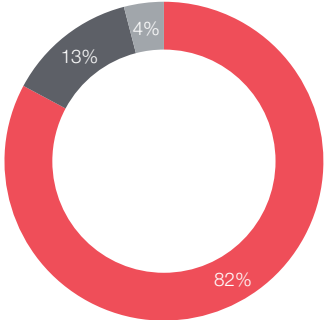
(Source: Knight Frank)

- Offices
- Retail
- Other assets

January/September 2015



Year 2014



Distribution by risk profiles

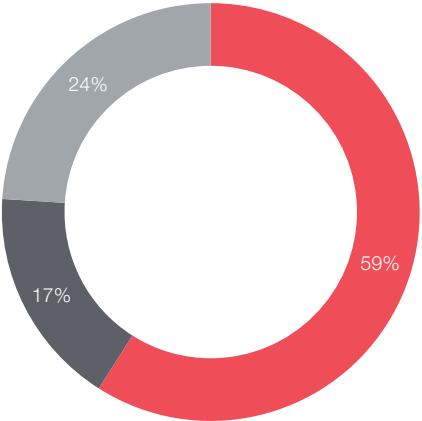
Confirmed return

of Value Added assets

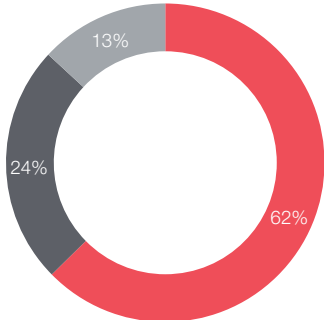
(Source: Knight Frank)

- Core
- Core Plus
- Others

January/September 2015



Year 2014



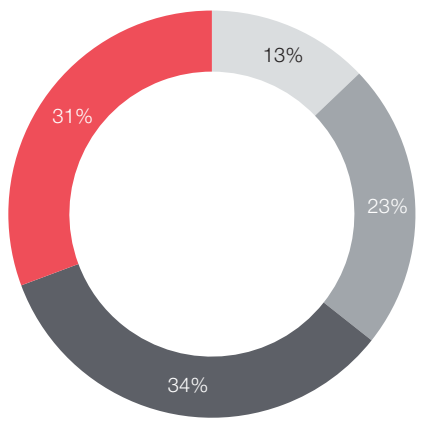
Distribution by amounts

Dominance of intermediary deals

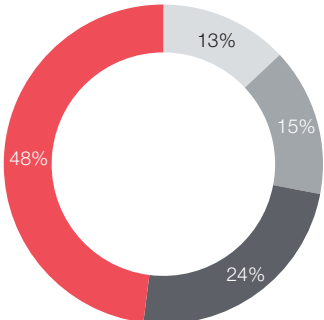
(Source: Knight Frank)

- Less than 50 millions €
- 50 to 100 millions €
- 100 to 200 millions €
- More than 200 millions €

January/September 2015



Year 2014



Distribution by purchaser nationality

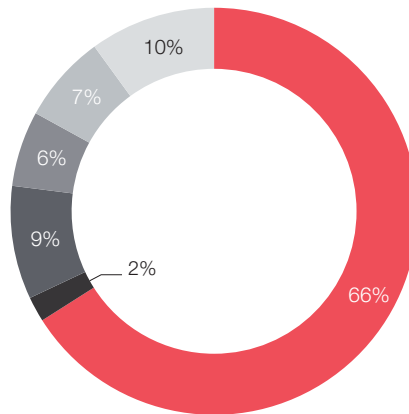
French Investors

return to the forefront

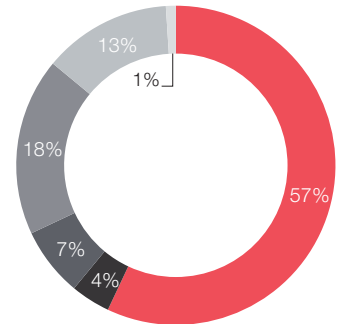
(Source: Knight Frank)

- France
- Euro Zone
- Europe (excl. Euro Zone)
- Northern America
- Asia/Middle East
- Others

January/September 2015



Year 2014



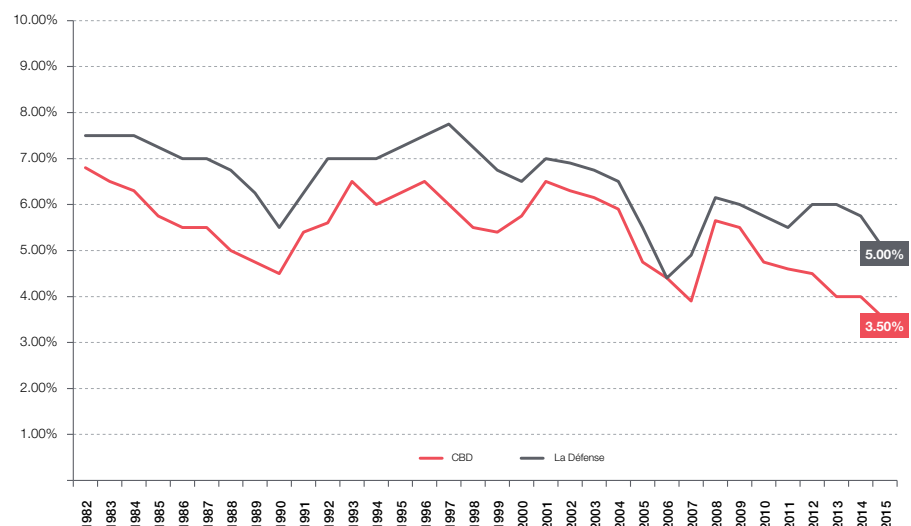
Prime yield

Drastic fall

in the yields of prime assets

(Source: Knight Frank)

- ◆ The reduction in Prime yields, which had long been limited to the CBD and had paused in 2014, has resumed with even more intensity in 2015
- ◆ Now ranging between 3.50% and 3.75% in the CBD, Prime yields are currently at an all-time low, just like in 2007
- ◆ However, there is a significant difference compared to 2007 – the spread with bond yields continues to present a distinct advantage for property assets (+2.64% vs -0.45% back then)
- ◆ The Prime yield spreads between the CBD and other markets remain significant, although the downturn is now becoming more widespread across the entire Paris region
- ◆ The yield spread between Core, Core Plus and the other asset classes shows an upward trend within each geographical sector, which is helping to revive interest among investors in Value Added

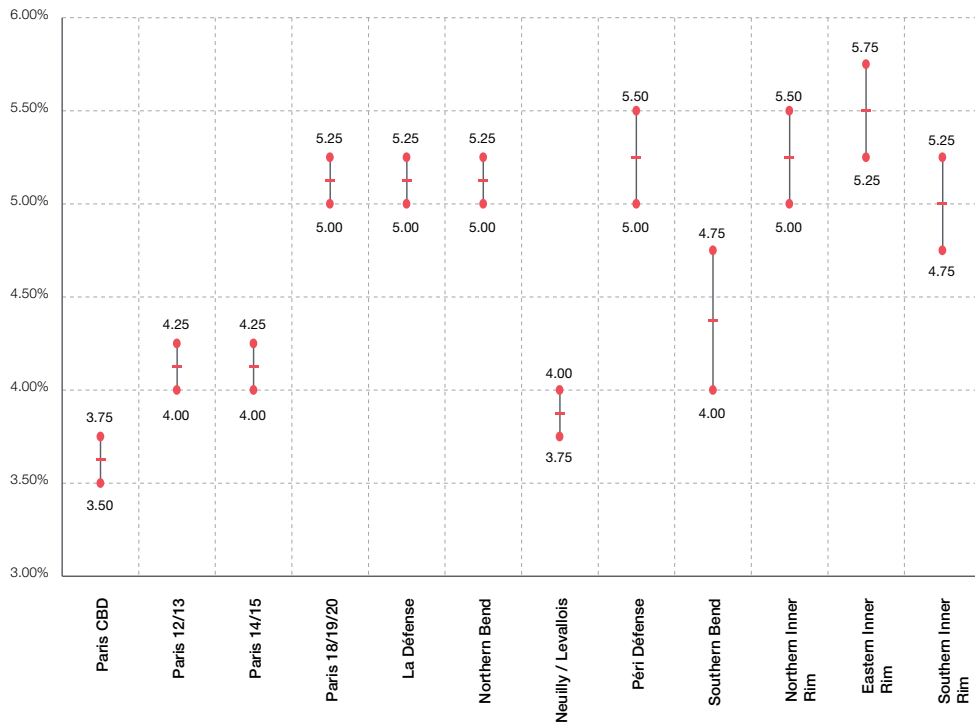


Prime yield

Overall yield compression of the third quarter of 2015

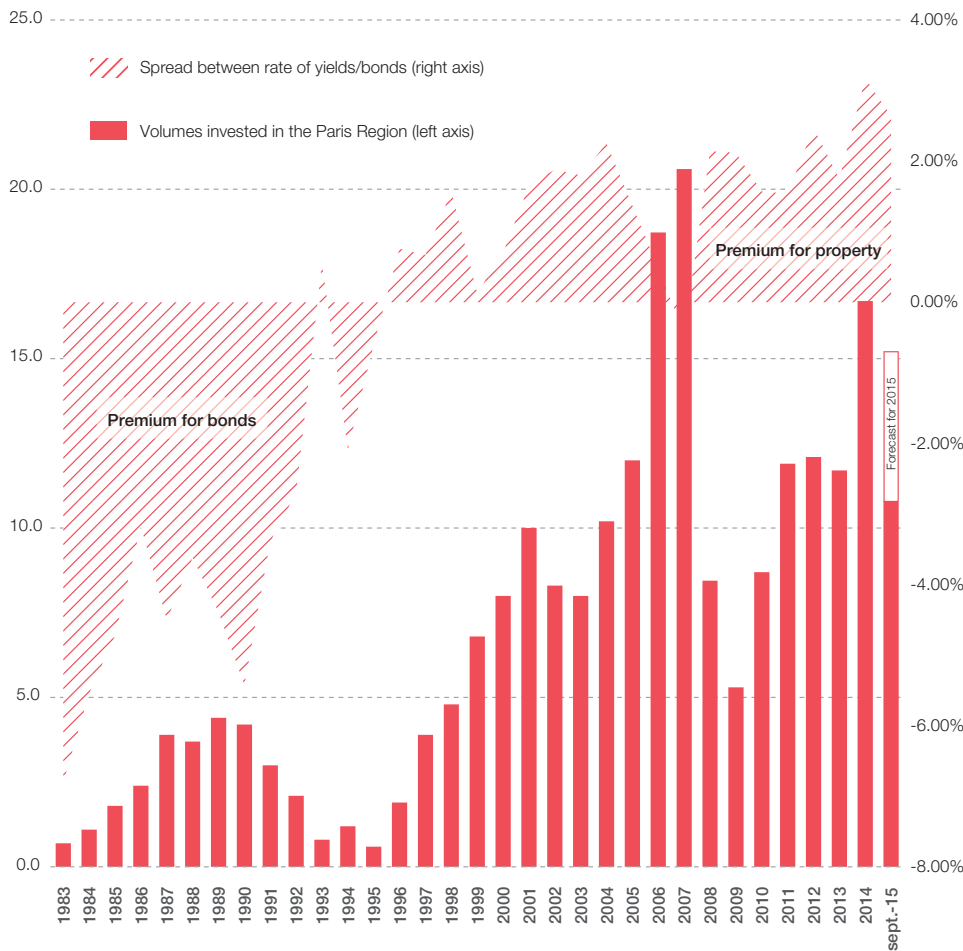
of the third quarter of 2015

(Source: Knight Frank)



Comparison of Prime yield and bond returns

(Source: Knight Frank)



RESEARCH

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