### ECONOMIC ENVIRONMENT
- The *gilets jaunes* ("yellow vests") movement has exacerbated the **French economic slowdown** and hurt retail business in Paris and other cities around France.
- While inflation is expected to subside in 2019, and measures designed to boost purchasing power **may increase consumer spending**, much depends on which way the social climate goes.
- Although demonstrations at the end of the year resulted in a decline in international tourist arrivals and reservations, 2018 is expected to have set a **new record for tourism**.

### RETAILERS / PRODUCTS
- **High-tech products continue to expand.** Other sectors driving the market are sporting goods and leisure, household goods and interior décor, and food-restaurants.
- **Discount chains also continue to expand**, just as web-based brands.
- With sales slowing, **fashion retailers are now focused on cost-cutting measures**. Zara and H&M create spectacular stores which provide an ever-increasing range of services, while sacrificing non-strategic sales points.

### LETTINGS
- Retailers continue to prefer the **busiest locations** in Paris and other large cities.
- Retailer vitality depends on the appeal of specific cities.
- However, **cost-cutting property strategies** are now common to all regions, and they continue to weigh on rental values.
- Retail closings and openings occur with greater rapidity as **more tests, new locations**, and pop-up stores gain ground.

### INVESTMENT
- In 2018, investment in the French retail market came to €4.4 billion. This amount is up slightly year on year, thanks to a very good fourth quarter and the sale of two Monoprix portfolios for more than €750 million.
- In all, there were **11 transactions of more than €100 million** in 2018, accounting for 55% of total investment in France.
- This trend has profited mainly **high streets** (60% of investments), ahead of retail parks* (29%) and shopping centres (11%).

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Source: Knight Frank / *Retail warehousing.*

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THE RETAIL PROPERTY MARKET

Key figures

**HOUSEHOLD CONSUMPTION**
+1% in 2018*
+1.1% in 2017
Source: Banque de France

*Annual increase / Forecast

**CONSUMER CONFIDENCE***
91 in January 2019
104 in January 2018
Source: INSEE

**Sythetic confidence index

**INFLATION**
+1.6% in 2018
+1.0% in 2017
Source: INSEE

*Hors tabac

**HOTEL ARRIVALS**
+2.5% y/y at the end of October 2018
+11.4% for foreign tourists
Source: Paris Tourism Bureau

*Number, in inner Paris

**SPECIALISED RETAIL SALES***
-3.3% y/y in 2018
-3.9% in city centres
Source: Procos

*In France

**LUXURY STORES***
48 openings in 2018*
26 in 2017
Source: Knight Frank

*In inner Paris

**AMOUNTS INVESTED**
€4.45 bn in 2018
+1.0% y/y
Source: Knight Frank

*In France

**PRIME RENT (Zone A)**
€20,000/m²/year at Q4 2018*
€20,000/m²/year at Q4 2017
Source: Knight Frank

*Champs-Élysées
Economic and political environment
Is a rebound coming?  
Economic indicators for France
Annual growth in %, unless otherwise noted

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016</th>
<th>2017</th>
<th>2018e</th>
<th>2019e</th>
<th>2020e</th>
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<td>GDP</td>
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<td>2.3</td>
<td>1.5</td>
<td>1.5</td>
<td>1.6</td>
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<td>Inflation</td>
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<td>1.2</td>
<td>2.1</td>
<td>1.6</td>
<td>1.7</td>
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<td>Household consumption</td>
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<td>1.1</td>
<td>1.0</td>
<td>1.4</td>
<td>1.3</td>
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<td>Household income¹</td>
<td>1.8</td>
<td>1.4</td>
<td>1.4</td>
<td>1.7</td>
<td>1.3</td>
</tr>
<tr>
<td>Unemployment (France)</td>
<td>10.1</td>
<td>9.4</td>
<td>9.1</td>
<td>8.9</td>
<td>8.5</td>
</tr>
</tbody>
</table>

¹Gross disposable household income / e: estimates

Source: Banque de France, macroeconomic forecasts

- The year 2018 ended on a negative note. Retail sales in France were hurt by the yellow vest movement and the violence that followed in its wake. As a result, the French economy slowed even further in 2018.
- While inflation is expected to subside in 2019, and measures designed to boost purchasing power may increase consumer spending, much depends on which way the social climate goes. Moreover, household confidence has sharply declined. In December it reached its lowest level since November 2014, before recovering slightly in January.
Positive trend…

Change in hotel occupancy rates
Paris, end-October each year, by nationality


• Though there were fewer tourists in Paris in 2016, foreign visitors returned in force in 2017. Momentum continued throughout much of 2018, until the yellow vest movement began. **International tourists were down 10% in December**, especially Asian and American tourists. However, **visitor numbers for 2018 are expected to set a new record**.

• Although events in November and December resulted in a decline in reservations for the beginning of the year, **forecasts for 2019 remain optimistic**. Tourism should turn positive again in March, provided that social unrest slows.

…but reservations down

Forecasts for airline reservations
Paris, December–February 2019 compared with December–February 2018

Source: Paris Region Tourist Board / Île-de-France
Luxury: +226% in three years!

Rate of Sunday openings in ITZ
Paris, by business sector, in %

- Although the boundaries of certain international tourist zones were redrawn in 2018, the principle of extending Sunday openings of retailers in Paris is now considered normal by consumers and retailers. **Openings in the food and luxury sectors have been especially strong**, growing from 12% in September 2015 to 41% three years later.

- **There are still significant differences between neighbourhoods.** Sunday openings may be well established in Montmartre, in Le Marais and on the Champs-Élysées, but retailers in the Rennes and Vendôme ITZ are concerned about small Sunday crowds.

Source: Direction générale des Entreprises / Retailers with fewer than 50 employees

Source: Direction générale des Entreprises / Retailers with fewer than 50 employees
Retailer strategies and formats
• After three quarters of strong growth, **online sales slowed at the end of the year**, evidence of the impact of social movements on household consumption. In 2018, the sales threshold of €90 million was crossed, up 13.4% from 2017. **The symbolic €100 million mark is expected to be reached in 2019.**

• According to a recent Fevad/CSA poll, 39% of online consumers use smartphones for their purchases (+15 points in two years). This way of shopping has become indispensable, and it **combines the physical and virtual worlds** (research before buying, finding stores, etc.).
The new retail balance

- **Streamlining of shop networks**
  - Targeted closures
  - Repositioning of fast-fashion

- **Product segmentation**
  - Urban formats
  - Personalisation (products/services)

- **A flagship for everyone**

- **Phygital**
  - Pure play retailers opening stores
  - Store digitisation
  - Social networks

- **Better shopping experience**
  - Upselling
  - Customer service
  - Mixed-use projects
  - Food and leisure

- **Direct relationship with the consumer**
  - Growth of DNVBs*
  - Single-brand stores

*Digital Native Vertical Brands
The new retail balance
Recent examples in Paris

Tediber | Rue Sainte-Croix de la Bretonnerie
Rossignol | Boulevard des Capucines
IKEA | Boulevard de la Madeleine

Salomon | Boulevard Saint-Germain
Bande à Part | Boulevard des Capucines
AMPM | Rue Étienne Marcel
Fashion: between expansion and repositioning...

- After a slight upturn in 2017, sales in fashion declined again in 2018. Performances in 2019 will likely stay negative, though the decline should be less pronounced than that of last year.
- In such a context, fast-fashion retailers are quick to take cost-cutting actions. Non-strategic sales points are sacrificed to make way for eye-catching stores which provide an ever-increasing range of services.

Change in sales of textile and clothing
In %

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Sales</td>
<td>-15</td>
<td>-1</td>
<td>0.6</td>
<td>-2.9</td>
<td>-0.9</td>
</tr>
</tbody>
</table>

Source: IFM

Example of H&M

- Flagships: +5% change in sales, all channels 2018, worldwide
- Targeted closings: +21% change in online sales 2018, worldwide
- Diversification / upscale trend: 160 closings announced 2019, worldwide 1,000 number of leases to be renegotiated 2019, worldwide

Sources: H&M, annual report 2018 / Knight Frank
THE RETAIL PROPERTY MARKET
Retailer strategies and formats

…but a constant flow of new retailers

New foreign retailers in France, by sector
Between 2014 and 2018, in %

Fashion: 52%
Food/Restaurants: 10%
Beauty/Health: 5%
Acessories: 10%
Sports/Leisure: 10%
Other: 13%

Change in share of fashion
Between 2014 and 2016, in %
Between 2017 and 2018, in %
Fashion: 59% 44%

Source: Knight Frank

- Fashion remains a key player in the retail property market. The sector’s importance is clearly illustrated by the arrival of new foreign retailers in France between 2014 and 2018.
- Over that period, fashion retailers accounted for more than half the total number of new retailers. However, this share declined year by year, and was taken up by more dynamic sectors such as restaurants, sporting goods and cosmetics.
Examples of developing retailers

In France, by activity

Sources: Knight Frank, press and retailers

<table>
<thead>
<tr>
<th>FASHION / SPORTSWEAR</th>
<th>RESTAURANTS</th>
<th>FOOD</th>
<th>OTHER</th>
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<tbody>
<tr>
<td>BESSON</td>
<td>AU BUREAU</td>
<td>ANGE</td>
<td>ACTION</td>
</tr>
<tr>
<td>CHAUSSEA</td>
<td>BAGEL CORNER</td>
<td>BIO C BON</td>
<td>ADOPT'</td>
</tr>
<tr>
<td>DEICHMANN / SNIPES</td>
<td>BISTRO RÉGENT</td>
<td>BIOCOOP</td>
<td>BASIC FIT</td>
</tr>
<tr>
<td>INTERSPORT</td>
<td>BURGER KING</td>
<td>DAY BY DAY</td>
<td>FITNESS PARK</td>
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<tr>
<td>JD SPORT</td>
<td>CREP'ÉAT</td>
<td>GRAND FRAIS</td>
<td>IXINA</td>
</tr>
<tr>
<td>KIABI</td>
<td>FRESH BURRITOS</td>
<td>LA VIE CLAIRE</td>
<td>MAXI BAZAR</td>
</tr>
<tr>
<td>LPB WOMAN</td>
<td>O'TACOS</td>
<td>MARIE BLACHÈRE</td>
<td>OPTICAL CENTER</td>
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<td>PRIMARK</td>
<td>PRÊT À MANGER</td>
<td>NATURALIA</td>
<td>SOSTRENE GRENE</td>
</tr>
<tr>
<td>ROUGEGORGE</td>
<td>VAPIANO</td>
<td>NATURÉO</td>
<td>STOKOMANI</td>
</tr>
<tr>
<td>TALLY WEIJL</td>
<td>STARBUCKS</td>
<td>NICOLAS</td>
<td>FLYING TIGER</td>
</tr>
<tr>
<td>TAKKO</td>
<td>WAFFLE FACTORY</td>
<td>THIERRY</td>
<td>TOM &amp; CO</td>
</tr>
</tbody>
</table>

Out of town  Shopping centres  High Streets
The rental market
High streets
Retail sales in Paris were hurt by the “yellow vest” movement and the violence that followed in its wake. **International tourists were down 10% in December**, especially Asian and American tourists. However, **visitor numbers for 2018 are expected to set a new record**. In addition to unpredictable events in France, unrest on a global scale (e.g. Brexit, rise in populism) could also slow business in 2019. Yet despite the current situation, the long-term trend remains positive. Like other “world cities”, Paris is expected to remain a major international tourist destination.

This point is vital for department stores and luxury brands, whose business is driven largely by foreign tourists. Even after the year’s difficult conclusion, the outlook for the luxury sector is still positive. **There were 48 luxury openings in Paris in 2018, compared with 26 in 2017**. Rue Saint-Honoré continues to gain prestige in the Paris luxury universe and now accounts for 30% of all luxury shops opened or planned for the period 2018–2019 in Paris. The luxury sector has also expanded on the Champs-Elysées, where LVMH has bolstered its presence with Bulgari at no. 136, and the opening soon of a Dior flagship at no. 127.

Currently undergoing massive renovation, the avenue will retain the brand diversity which makes it so popular among both French and foreign shoppers. The sporting goods sector in 2019 will see the reopening of two expanded flagships, Nike and Adidas, each with more than 5,000 m². A sign of the times, **high tech has definitely arrived on the Champs-Elysées**. Apple joined its competitor Samsung with the opening of one of the its most spectacular flagships anywhere in the world. Though on a more modest scale, Xiaomi is also eagerly awaited. It is in the Opéra district on the boulevard des Capucines that another Chinese brand, Huawei, has recently leased nearly 900 m² for its future flagship.

Food shops and restaurants are also enjoying momentum which is especially visible in the **food halls and upscale concepts of famous chefs**. After the openings in 2018 of Beaupassage in Paris, other projects are planned for Ile-de-France in addition to Eataly in the Marais district: Food Society in the Ateliers Gaité (Paris 14th), Table Square in La Défense, etc.

**Pure play retailers** also opened stores. This phenomenon may not be new, but it is growing. Two recent examples of **the breakthrough of DNVB** (digital native vertical brands) are Tediber, which recently opened its first store, on rue Sainte-Croix de la Bretonnerie; and Miliboo, which will soon open a flagship on boulevard de la Madeleine. These retail “disruptors” play an ever-increasing role in the retail property market. Moreover, their success highlights how the retail revolution is not just about technological prowess, but also the manifestation of closer, more direct relations with consumers. **Traditional retailers are also adapting their offer to meet changing consumer lifestyles**. The Casino Group, for example, has tested neighbourhood formats such as “4”, recently opened on avenue Franklin Roosevelt.

Although fast-fashion brands continue to expand here and there, these days their strategies are usually focused more on cost-cutting. **Non-strategic sales points are sacrificed to make way for spectacular stores which provide an ever-increasing range of services**. By the end of 2019 (and ultimately in just over three years), H&M and Zara will have shuttered nearly one-fourth of their inner Paris stores.
A highly focused appetite
New foreign retailers focus on Paris high streets

Locations by geographic sector
In %, between 2014 and 2018

- Paris: 60%
- Greater Paris Region - Outside Paris: 30%
- Provinces: 10%

Locations by type
In %, between 2014 and 2018

- High streets: 63%
- Shopping centres: 5%
- Retail warehousing: 28%
- Other: 4%

Recent examples of new retailers
Paris, on high streets

• As an illustration of retailer focus, Paris and its high streets are in great demand by foreign retailers seeking to open their first sales point in France. Among the most significant examples in 2018 were Urban Outfitters, Suitsupply and Xiaomi which, before opening its Champs-Élysées flagship, opened its first store on boulevard Sébastopol.

• Beyond Paris and high streets, the most sought after locations are regional shopping centres – especially the most established ones in Ile-de-France and major regional cities.
### Examples of recent transactions and openings in Paris

*Source: Knight Frank*

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Address</th>
<th>District</th>
<th>Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZARA</td>
<td>54 boulevard Haussmann</td>
<td>Paris 9th</td>
<td>3,000</td>
</tr>
<tr>
<td>DIOR</td>
<td>127 avenue des Champs-Élysées</td>
<td>Paris 8th</td>
<td>2,000</td>
</tr>
<tr>
<td>ADIDAS</td>
<td>39-41 boulevard Haussmann</td>
<td>Paris 9th</td>
<td>1,800</td>
</tr>
<tr>
<td>LE DRUGSTORE PARISIEN</td>
<td>28 place Madeleine</td>
<td>Paris 8th</td>
<td>1,530</td>
</tr>
<tr>
<td>BASIC FIT</td>
<td>58 bis rue de la Chaussée d’Antin</td>
<td>Paris 9th</td>
<td>1,120</td>
</tr>
<tr>
<td>MILIBOO</td>
<td>14 boulevard de la Madeleine</td>
<td>Paris 8th</td>
<td>1,050</td>
</tr>
<tr>
<td>HUAWEI</td>
<td>9 boulevard des Capucines</td>
<td>Paris 2nd</td>
<td>860</td>
</tr>
<tr>
<td>XIAOMI</td>
<td>30 avenue des Champs-Élysées</td>
<td>Paris 8th</td>
<td>680</td>
</tr>
<tr>
<td>ETAM/UNDIZ</td>
<td>14-16 rue Halévy</td>
<td>Paris 9th</td>
<td>630</td>
</tr>
<tr>
<td>BALMAIN</td>
<td>374 rue Saint-Honoré</td>
<td>Paris 1st</td>
<td>620</td>
</tr>
<tr>
<td>CALVIN KLEIN</td>
<td>42 rue des Francs Bourgeois</td>
<td>Paris 4th</td>
<td>400</td>
</tr>
<tr>
<td>ROBERTO CAVALLI</td>
<td>396 rue Saint-Honoré</td>
<td>Paris 1st</td>
<td>400</td>
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<td>ZIMMERMAN</td>
<td>29 rue François 1er</td>
<td>Paris 8th</td>
<td>300</td>
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<tr>
<td>SOSTRENE GRENE</td>
<td>91-93 rue du Faubourg Saint-Antoine</td>
<td>Paris 11th</td>
<td>270</td>
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Significant recovery of openings
Focus on the Paris luxury market

Change in the number of luxury store openings
Paris

<table>
<thead>
<tr>
<th>Year</th>
<th>Openings</th>
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<tbody>
<tr>
<td>Annual avg. 2012-2017</td>
<td>39</td>
</tr>
<tr>
<td>2016</td>
<td>51</td>
</tr>
<tr>
<td>2017</td>
<td>26</td>
</tr>
<tr>
<td>2018</td>
<td>48</td>
</tr>
<tr>
<td>2019*</td>
<td>27</td>
</tr>
</tbody>
</table>

*Figures as of 1 January 2019.

Openings by group
Luxury stores in Paris, 2018-2019

- 48 luxury stores opened in Paris in 2018, compared with 26 in 2017. The market is expected to continue growing. According to data from early January, nearly thirty projects are already planned for 2019, including large ones such as Saint Laurent (in the former Colette concept store) and Dior on the Champs-Élysées.

- Large luxury groups are driving the Paris market. LVMH, Kering, Richemont and Chanel account for nearly 40% of all openings completed or to come in the period 2018–2019. LVMH is especially active, with 16 projects, of which 43% are creations: Dior and Bulgari on the Champs-Élysées, Chaumet on boulevard Saint-Germain, etc.
Rue Saint-Honoré: 30% of openings
Focus on the Paris luxury market

Openings by high street/district
Share in % of total openins in Paris

<table>
<thead>
<tr>
<th>High Street/District</th>
<th>2012-2017</th>
<th>2018-2019</th>
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</thead>
<tbody>
<tr>
<td>Other</td>
<td>19%</td>
<td>25%</td>
</tr>
<tr>
<td>Sèvres / Saint-Germain</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>Avenue Montaigne</td>
<td>7%</td>
<td>12%</td>
</tr>
<tr>
<td>Champs-Elysées</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>George V / François 1er</td>
<td></td>
<td>11%</td>
</tr>
<tr>
<td>Faubourg Saint-Honoré</td>
<td></td>
<td>11%</td>
</tr>
<tr>
<td>Vendôme / Paix</td>
<td></td>
<td>12%</td>
</tr>
<tr>
<td>Rue Saint-Honoré</td>
<td>20%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Openings by type
Share in % of total openins in Paris

- **Creation**
- **Extension / Refurbishment**
- **Relocation**
- **Pop-up**

**Average 2012-2017**
- Creation: 53%
- Extension / Refurbishment: 16%
- Relocation: 15%
- Pop-up: 10%

**2018-2019**
- Creation: 48%
- Extension / Refurbishment: 18%
- Relocation: 19%
- Pop-up: 15%

Source: Knight Frank

- Rue Saint-Honoré continues to rise in the Paris luxury hierarchy and now accounts for **30% of Paris luxury store openings completed or to come in 2018–2019**, compared with 20% between 2012 and 2017. The luxury sector has also expanded on the Champs-Elysées, where LVMH has bolstered its presence with Bulgari at no. 136, and the opening soon of a Dior flagship at no. 127.

- An analysis of openings confirms the trend of **working with existing sites**, as well as a net increase in relocations. Numerous retailers are optimising their store network by moving to top high streets or to areas that **better fit their positioning**. These relocations also allow retailers to **develop their concepts in larger spaces**.
THE RETAIL PROPERTY MARKET
High streets | Paris

The most sought-after sectors
Focus on the Paris luxury market

Rue Saint-Honoré

30% of openings 2018-2019
41% of creations

Examples of openings / projects

Triangle d’Or

29% of openings 2018-2019
43% of creations

Examples of openings / projects

Vendôme / Paix

11% of openings 2018-2019
50% of creations

Examples of openings / projects
Dynamism in the luxury hotel sector

Luxury hotels in Paris: recent and future openings

Source: Knight Frank

Recent openings

1. Hôtel Fauchon
   Paris 8
   Creation: 2018

2. Hôtel de Berri
   Paris 8
   Creation: 2018

3. Lutétia
   Paris 6
   Refurbishment: 2018

Future openings

4. Hôtel du Génie / Autograph Collection
   Paris 7
   Creation: 2019

5. La Clef Champs-Élysées
   Paris 8
   Creation: 2018

6. Cheval Blanc Samaritaine
   Paris 1
   Creation: 2020

7. Kimpton Paris Opéra
   Paris 2
   Creation: 2020

8. Bulgari Paris
   Paris 8
   Creation: 2020

9. Poste du Louvre
   Paris 1
   Creation: 2020

10. So Sofitel Champs-Élysées
    Paris 8
    Creation: 2022

11. Costes
    Paris 1
    Extension: 2019

12. Grand Powers
    Paris 8
    Refurbishment: 2019
Saint-Honoré stands out
Prime rental values, in Paris, in €/sq m/year Zone A*

Source: Knight Frank

<table>
<thead>
<tr>
<th>Street or retail area</th>
<th>District</th>
<th>Rent as at Q4 2017</th>
<th>Rent as at Q4 2018</th>
<th>Trend</th>
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<tr>
<td>Avenue des Champs-Élysées</td>
<td>Paris 8&lt;sup&gt;th&lt;/sup&gt;</td>
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<td>20,000</td>
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<td>Avenue Montaigne</td>
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<td>15,000</td>
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<tr>
<td>Rue du Faubourg Saint-Honoré</td>
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<td>15,000</td>
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</tr>
<tr>
<td>Rue Saint-Honoré</td>
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<td>▲</td>
</tr>
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<td>Boulevard Haussmann</td>
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<td>6,000</td>
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<tr>
<td>Sèvres / Saint-Germain</td>
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<td>6,000</td>
<td>6,000</td>
<td>▼</td>
</tr>
<tr>
<td>Marais</td>
<td>Paris 3&lt;sup&gt;rd&lt;/sup&gt; / 4&lt;sup&gt;th&lt;/sup&gt;</td>
<td>5,000</td>
<td>5,000</td>
<td>➔</td>
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<tr>
<td>Capucines / Madeleine</td>
<td>Paris 1&lt;sup&gt;st&lt;/sup&gt; / 2&lt;sup&gt;nd&lt;/sup&gt; / 8&lt;sup&gt;th&lt;/sup&gt; / 9&lt;sup&gt;th&lt;/sup&gt;</td>
<td>4,000</td>
<td>4,000</td>
<td>➔</td>
</tr>
<tr>
<td>Rue de Rivoli</td>
<td>Paris 1&lt;sup&gt;st&lt;/sup&gt; / 4&lt;sup&gt;th&lt;/sup&gt;</td>
<td>4,000</td>
<td>4,000</td>
<td>➔</td>
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<tr>
<td>Rue de Passy</td>
<td>Paris 16&lt;sup&gt;th&lt;/sup&gt;</td>
<td>2,500</td>
<td>3,000</td>
<td>➔</td>
</tr>
</tbody>
</table>

*Rental value: decapitalised rent + assignment (leasehold/business)
Numerous and varied projects
Examples in Paris
Recent / upcoming openings
Source: Knight Frank

Flagships
1. Galeries Lafayette
2. Dior
3. Nike
4. Adidas
5. Xiaomi
6. Saint Laurent
7. Graff
8. Balmain
9. Ikea
10. Miliboo
11. Huawei
12. Etam / Undiz
13. Eataly

Stations
14. Gare Montparnasse
15. Gare d'Austerlitz
16. Gare du Nord

Other
17. Italik (ext. Italie 2)
18. Ateliers Gaité
19. Samaritaine / DFS
20. Poste du Louvre
21. My Cardinet
22. Morland Mixité Capitale
23. MK2 Champs-Élysées
24. Fondation Pinault
25. Fondation Cartier
A difficult end of year
The high street market in the provinces

- In 2018, the retail market in the largest cities was stable overall, prolonging trends seen in 2017. With retailer demand steady, rental values of prime retail slots changed little. Lyon and Bordeaux have the highest values (€2,500/m²/year and higher for the best locations). Next come other regional capitals (e.g. Nice, Strasbourg and Toulouse), where values range from €2,000 to €2,400 €/m²/year.

- Although city-centres of the largest cities are the most attractive targets, they are experiencing the same difficulties faced by retailers everywhere. The economic slowdown, the decline in consumer confidence, and the weakening of certain traditional retail formats all weighed on sales in 2018. Although at first limited to peripheral zones, the yellow vest movement soon spread to several large cities (Nantes, Bordeaux, Toulouse, etc.). Numerous acts of violence had severe effects on retail results and foot traffic during the holiday season.

- Trends in Paris can also be seen in the largest cities. Large fashion retailers may continue to enhance their networks (Uniqlo in Rennes, Nantes and Toulouse), but they are increasingly cutting costs at existing sites. At the same time, they are investing in the largest stores, which are better located and more spectacular. In Lille, Zara will soon open 3,000 m² on rue de la Bourse in Lille. H&M plans to close its store on rue de Béthune but is keeping its Euralille flagship and will soon open a store in the new Lillenium shopping centre. In the fashion sector, more upscale or specialised retailers (e.g. Kujten, Balibaris, Boggi) continue to expand on the prime high streets of regional capitals.

There have been several deals in the heart of Vieux-Lille and on the most established high streets of Bordeaux and the Lyon Presqu’île. Prime high streets also benefit from structural changes in the retail market. Single-brand stores continue to open, as well as urban formats of retailers usually active in peripheral zones (Truffaut in Toulouse, Décathlon City in Lyon, Rennes and Bordeaux, etc.).

- There are still numerous redevelopment projects designed to reinforce downtown retail districts such as the 31 in Lille, the former Galeries Lafayette building in Marseille, and the transformation project for the Palais du Commerce in Rennes, which was assigned to Frey and the MVRDV architecture firm. Mixed use is systematically a part of these deals, often with a considerable proportion dedicated to restaurants. The sector’s popularity continues to rise, as seen in food hall projects (Gare du Sud in Nice, Cité de la Gastronomie in Lyon, etc.).

- Outside the largest cities, retail success depends on the appeal of the individual town (size, economic depth, demographics and purchasing power, local competition, etc.). Some downtown shopping districts have been especially hard hit, victims of simultaneous effects from numerous crises: housing shortage, economic decline of city centres, restructuring of jobs and public services, etc.
Examples of openings and recent projects in the regions

- Lille: Zara & Zara Home, AMPM / Boggi, Big Mamma / Dr Martens
- Strasbourg: Primark / Hugo Boss, Samsonite / Scotch & Soda, Notshy
- Lyon: Décathlon City / Subdued, Five Guys / JD Sports, Momoni / King Jouet
- Aix / Marseille: Five Guys, Philipp Plein, Scotch & Soda
- Nice: Dolce & Gabbana, Oysho / Seafolly, Tiger
- Nancy: Five Guys, Sostrene Grene, Vapiano / Tiger
- Rouen: Rituals, Tiger, Boulanger
- Angers: Bershka
- Nantes: Uniqlo / COS, Superdry / Nyx, Basic Fit
- Bordeaux: Lalique / Kujten, Nyx / Cultura / Rains, Balibaris / Vapiano
- Agen: H&M, Sneakers Specialist / Muy Mucho
- Toulouse: Primark / Uniqlo, Truffaut / Sostrene Grene, Dr Martens
- Rennes: Uniqlo, Nespresso

Sources: Knight Frank, press and retailers
THE RETAIL PROPERTY MARKET
High streets | Provinces

Stabilising of rental values
In the regions, end Q4 2018, in €/sq m/year Zone A*

Source: Knight Frank

*Lionh value: decapitalised rent + assignment (leasehold/business)
The rental market
Retail complexes
Ongoing decline in openings
The French shopping centre market

• The shopping centre market deteriorated in 2018. Visitor numbers fell 1.7% year on year, partly as a result of the yellow vest movement. Under the circumstances, landlords are constrained to renegotiate with retailers. They must also continue to adapt their centres to meet new expectations of consumers by raising, for example, the proportion allotted to certain sectors such as sporting goods and leisure. This is achieved through the expansion of gyms and new concepts (Bounce, Climb Up, Hapik, etc.). In addition, several large extension projects provide opportunities to enhance the restaurant supply, such as the nine restaurants planned for the second phase of the Noyelles-Godault expansion, and the new retailers announced by Klépierre for the expansion of Créteil Soleil (IT, la Piadineria, Woko, Beef House, etc.).

• After 350,000 m² in 2016 and 240,000 m² in 2017, 205,000 m² of new shopping centres was opened last year. The continuing decline in volume is accompanied by a lower number of openings: around 20 sites, with fewer than 10 creations. Nevertheless it is creations which make up the majority of volume (63%), boosted by the openings of two large projects in 2018: Le Prado in Marseille and B’Est in Lorraine. With regard to the property arms of large distribution retailers, around 15 operations were completed, mostly extensions and redevelopments of properties generally less than 10,000 m², e.g. programmes opened by Galimmo (Shop’In Publier, Shop’In Houssen).

• The pipeline for openings is considerable, with more than 400,000 m² potentially on tap for delivery in 2019. While a few creations will boost volume in 2019–2020 (Lillenium in Lille, Neyrpic near Grenoble), it is mainly extension and refurbishment deals which are driving the market, with the ongoing modernisation of hyper malls and the enhancement of leading shopping centres (Créteil Soleil, Vélizy 2, Cap 3000, etc.).

• Nevertheless, production is expected to continue to slow, a trend confirmed by the decline in permits granted for retail properties. Stricter environmental regulations underlie this trend, the result of the new Elan law and the coming municipal elections in 2020.
### Examples of significant shopping centre openings in 2018

*Source: Knight Frank*

<table>
<thead>
<tr>
<th>Centre</th>
<th>Town</th>
<th>Type</th>
<th>Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B'Est</td>
<td>Farebersviller (57)</td>
<td>Creation</td>
<td>55,000</td>
</tr>
<tr>
<td>Le Prado</td>
<td>Marseille (13)</td>
<td>Creation</td>
<td>23,000</td>
</tr>
<tr>
<td>Leclerc Baleone</td>
<td>Sarrola-Carcopino (2A)</td>
<td>Creation</td>
<td>18,000</td>
</tr>
<tr>
<td>Grand Hôtel Dieu</td>
<td>Lyon (69)</td>
<td>Creation</td>
<td>17,000</td>
</tr>
<tr>
<td>La Lézarde</td>
<td>Montivilliers (76)</td>
<td>Extension</td>
<td>15,000</td>
</tr>
<tr>
<td>All in One</td>
<td>Saint-Chamond (42)</td>
<td>Creation</td>
<td>9,650</td>
</tr>
<tr>
<td>Cap Sacré Coeur (Phase 1)</td>
<td>Le Port (La Réunion)</td>
<td>Extension</td>
<td>9,200</td>
</tr>
<tr>
<td>Centre Leclerc</td>
<td>Saint-Doulchard (18)</td>
<td>Creation</td>
<td>7,700</td>
</tr>
<tr>
<td>Shop’In Houssen</td>
<td>Colmar (68)</td>
<td>Extension</td>
<td>5,300</td>
</tr>
<tr>
<td>Carrefour Athis-Mons</td>
<td>Athis-Mons (91)</td>
<td>Extension</td>
<td>4,200</td>
</tr>
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</table>
## THE RETAIL PROPERTY MARKET

### Shopping centres

### Examples of significant shopping centre projects 2019-2020

*Source: Knight Frank*

<table>
<thead>
<tr>
<th>Centre</th>
<th>Town</th>
<th>Type</th>
<th>Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lillenium</td>
<td>Lille (59)</td>
<td>Creation</td>
<td>56,000</td>
</tr>
<tr>
<td>Neyrpic</td>
<td>Saint-Martin-d’Hères (38)</td>
<td>Creation</td>
<td>49,950</td>
</tr>
<tr>
<td>Open Sky</td>
<td>Plaisir (78)</td>
<td>Redevelopment</td>
<td>37,000</td>
</tr>
<tr>
<td>Cap 3000</td>
<td>Saint-Laurent-du-Var (06)</td>
<td>Extension</td>
<td>32,500</td>
</tr>
<tr>
<td>La Part-Dieu</td>
<td>Lyon (69)</td>
<td>Extension</td>
<td>30,200</td>
</tr>
<tr>
<td>Les Ateliers Gaité</td>
<td>Paris (75014)</td>
<td>Redevelopment</td>
<td>27,800</td>
</tr>
<tr>
<td>Vélizy 2</td>
<td>Vélizy-Villacoublay (78)</td>
<td>Extension</td>
<td>19,970</td>
</tr>
<tr>
<td>Créteil Soleil</td>
<td>Créteil (94)</td>
<td>Extension</td>
<td>11,600</td>
</tr>
<tr>
<td>Carrefour Nice Lingostière</td>
<td>Nice (06)</td>
<td>Extension</td>
<td>10,000</td>
</tr>
<tr>
<td>Évry 2</td>
<td>Évry (91)</td>
<td>Extension-redevelopment</td>
<td>9,500</td>
</tr>
<tr>
<td>Italk</td>
<td>Paris (75013)</td>
<td>Extension</td>
<td>6,500</td>
</tr>
<tr>
<td>Carrefour Rennes Cesson</td>
<td>Cesson-Sévigné (35)</td>
<td>Extension</td>
<td>6,000</td>
</tr>
<tr>
<td>Les Allées de l’Arsenal</td>
<td>Dunkerque (59)</td>
<td>Creation</td>
<td>6,000</td>
</tr>
<tr>
<td>Shop’In Ermont</td>
<td>Ermont (95)</td>
<td>Extension</td>
<td>4,200</td>
</tr>
<tr>
<td>Carré Sénart</td>
<td>Lieusaint (77)</td>
<td>Extension</td>
<td>3,900</td>
</tr>
</tbody>
</table>
Solid fundamentals
The French retail park market

- Several large complexes opened in 2018 in France, especially in Ile-de-France (e.g. the first phase of Promenades de Brétigny, Place Saint-Mard and Aren’Park). In the provinces, Carrefour delivered three new retail parks near its shopping centres (Cap Saran, Chalezeule, Guichainville). However, the completion rate of new retail parks slowed in 2018. A trend which could be further accentuated in 2019, even though large openings are planned (Steel in Saint-Etienne, etc.) and the potential of deliverable m² is impressive. As for the shopping centre market, the slowdown of effective openings is related to the overall decline of permits for retail space, a less favourable regulatory environment, and increased political interventionism.

- Legal actions (e.g. appeals and moratoria) are not the only causes of slower production. Projects are being postponed for several reasons: lettings difficulties and a more competitive market, as the large number of projects completed or under way increases the choice of sites for retailers.

- Many retailers were impacted by the yellow vest movement at the end of the year. The movement began with blocked roundabouts. These demonstrations affected business of peripheral retail zones of small and medium-sized cities, before spreading to city-centres of large cities.

- The abatement of social tensions may revive retail parks enough for them to confront the consumer slowdown and the structural transformations of the retail sector. By November, the retail park market had proven its solidity by relying not only on the strength of franchises (especially in the restaurant sector), but also on the proliferation of discount retailers. In 2018, for example, France became Action’s principal market. This movement is not restricted to the Dutch chain. According to Xerfi, the total stock of the sector’s 15 largest networks doubled between 2012 and 2018, i.e. by just over 1,200 additional sales points.

THE RETAIL PROPERTY MARKET
Retail parks

![Change in specialised retail sales in 2018](image)

% year on year

- City centre incl. stores in:
  - Shopping centres
  - High streets
- Peripheral zone incl. stores in:
  - Shopping centres
  - Medium-sized and large spaces

Source: Procos
### Examples of significant retail park openings in 2018

*Source: Knight Frank*

<table>
<thead>
<tr>
<th>Centre</th>
<th>Town</th>
<th>Type</th>
<th>Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Place Saint-Mard</td>
<td>Saint-Mard (95)</td>
<td>Creation</td>
<td>36,000</td>
</tr>
<tr>
<td>La Sucrerie</td>
<td>Abbeville (80)</td>
<td>Creation</td>
<td>30,000</td>
</tr>
<tr>
<td>Grand Évreux</td>
<td>Guichainville (27)</td>
<td>Creation</td>
<td>30,000</td>
</tr>
<tr>
<td>Cap Saran</td>
<td>Saran (45)</td>
<td>Creation</td>
<td>29,200</td>
</tr>
<tr>
<td>Les Promenades de Brétigny</td>
<td>Brétigny-sur-Orge (91)</td>
<td>Creation</td>
<td>23,800</td>
</tr>
<tr>
<td>Frunshopping Nancy Sud</td>
<td>Saint-Nicolas-de-Port (54)</td>
<td>Creation</td>
<td>23,000</td>
</tr>
<tr>
<td>Les Océanides</td>
<td>La Teste-de-Buch (33)</td>
<td>Creation</td>
<td>22,000</td>
</tr>
<tr>
<td>Aren'Park</td>
<td>Cergy-Pontoise (95)</td>
<td>Creation</td>
<td>20,000</td>
</tr>
<tr>
<td>Chamblyrama</td>
<td>Chambly (60)</td>
<td>Creation</td>
<td>18,500</td>
</tr>
<tr>
<td>PAC Carrefour</td>
<td>Chalezeule (25)</td>
<td>Creation</td>
<td>15,000</td>
</tr>
<tr>
<td>ZAC du Chênet</td>
<td>Milly-la-Forêt (91)</td>
<td>Creation</td>
<td>5,500</td>
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## Examples of significant retail park projects 2019-2020

*Source: Knight Frank*

<table>
<thead>
<tr>
<th>Centre</th>
<th>Town</th>
<th>Type</th>
<th>Area (m²)</th>
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<tbody>
<tr>
<td>Steel</td>
<td>Saint-Étienne (42)</td>
<td>Creation</td>
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<tr>
<td>Coeur d’Alsace Shopping Promenade</td>
<td>Vendenheim (67)</td>
<td>Redevelopment</td>
<td>67,000</td>
</tr>
<tr>
<td>Puizoz</td>
<td>Vénissieux (69)</td>
<td>Creation</td>
<td>50,000</td>
</tr>
<tr>
<td>Les Allées Shopping Muret</td>
<td>Muret (31)</td>
<td>Creation</td>
<td>45,000</td>
</tr>
<tr>
<td>Open Sky</td>
<td>Buchelay (78)</td>
<td>Redevelopment</td>
<td>40,000</td>
</tr>
<tr>
<td>Shopping Promenade</td>
<td>Claye-Souilly (77)</td>
<td>Creation</td>
<td>40,000</td>
</tr>
<tr>
<td>Open Sky</td>
<td>Plaisir (78)</td>
<td>Creation</td>
<td>37,000</td>
</tr>
<tr>
<td>Eden 2</td>
<td>Servon (77)</td>
<td>Creation</td>
<td>35,000</td>
</tr>
<tr>
<td>Shopping Promenade</td>
<td>Arles (13)</td>
<td>Creation</td>
<td>19,000</td>
</tr>
<tr>
<td>Les Montagnes Ouest (Tranche 2)</td>
<td>Champniers (16)</td>
<td>Extension</td>
<td>13,500</td>
</tr>
<tr>
<td>Pop’A Lescure</td>
<td>Lescure d’Albigeois (81)</td>
<td>Creation</td>
<td>12,250</td>
</tr>
<tr>
<td>Shopping Promenade</td>
<td>Saint-Berthevin (53)</td>
<td>Redevelopment</td>
<td>12,000</td>
</tr>
<tr>
<td>The Snow</td>
<td>Sallanches (74)</td>
<td>Creation</td>
<td>12,000</td>
</tr>
<tr>
<td>La Colleraye</td>
<td>Savenay (44)</td>
<td>Extension</td>
<td>9,000</td>
</tr>
</tbody>
</table>
Projects numerous but indefinite

The French factory outlet market

• With nearly 520,000 m², mainly in northern France, factory outlet centres account for only a very small share of French retail property stock. Nonetheless, the format is increasingly popular among retailers, which use it to dispose of inventory in an environment of slower clothing sales and almost non-stop sales periods.

• The growing number of retailers making use of this format is attributable to consumer demand. Today’s factory outlet centres provide attractive architecture and varied, upscale concepts. The expansion of department store outlets is particularly significant (e.g. the numerous openings of Galeries Lafayette in Roppenheim, Honfleur, Villefontaine, Ile Saint-Denis, etc.).

• The pace of development of new projects has accelerated since the beginning of the decade. Since then more than 170,000 m² have opened, including nearly 140,000 m² of creations. The trend was especially strong over the past two years, with 60,000 m² opened in 2017–2018.

• One of last year’s highlights was the opening in May of The Village in Villefontaine, near Lyon, which has already attracted 2.7 million visitors.

• The format’s popularity, the lack of stock in certain regions, and the importance of first-generation centres to modernise explain the importance of potential deals for creation and refurbishment. Among the most anticipated projects is the 20,000 m² Paddock, which will open this year in Romainville, in the Paris region. Viaduc Village in Millau is also planned for 2019. Many deals will follow, such as Neinver’s 20,000 m² for development in Châtillon-en-Michaille, near the Swiss border (Alpes The Style Outlets).

• Other projects are in the pipeline, such as Village Outlet in Coutras, near Bordeaux, and the Sorigny outlet village, near Tours, though the latter was refused by the CNAC (National Retail Development Commissions) at the end of November 2018. As a result, of the 180,000 new m² which could be delivered starting in 2019, a significant part may not see the light of day because of the numerous appeals and imperatives for lettings.
### Examples of significant factory outlet openings and projects

*Source: Knight Frank*

#### Openings 2011-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Centre</th>
<th>Town</th>
<th>Type</th>
<th>Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Nailloux Outlet Village</td>
<td>Nailloux (31)</td>
<td>Creation</td>
<td>24,800</td>
</tr>
<tr>
<td>2012</td>
<td>The Style Outlets</td>
<td>Roppenheim (67)</td>
<td>Creation</td>
<td>27,300</td>
</tr>
<tr>
<td>2013</td>
<td>One Nation Paris</td>
<td>Les-Clayes-sous-Bois (78)</td>
<td>Creation</td>
<td>24,000</td>
</tr>
<tr>
<td>2015</td>
<td>Marques Avenue A13</td>
<td>Aubergenville (78)</td>
<td>Redevelopment</td>
<td>13,700</td>
</tr>
<tr>
<td>2017</td>
<td>Honfleur Normandy Outlet</td>
<td>Honfleur</td>
<td>Creation</td>
<td>12,700</td>
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<tr>
<td>2017</td>
<td>McArthurGlen Provence</td>
<td>Miramas</td>
<td>Creation</td>
<td>25,000</td>
</tr>
<tr>
<td>2018</td>
<td>The Village</td>
<td>Villefontaine (38)</td>
<td>Creation</td>
<td>25,000</td>
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</table>

#### Projects 2019-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Centre</th>
<th>Town</th>
<th>Type</th>
<th>Area (m²)</th>
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</thead>
<tbody>
<tr>
<td>2019</td>
<td>Viaduc Village (Phase 1)</td>
<td>La Cavalerie (12)</td>
<td>Creation</td>
<td>7,500</td>
</tr>
<tr>
<td>2019</td>
<td>Paddock</td>
<td>Romainville (93)</td>
<td>Creation</td>
<td>20,000</td>
</tr>
<tr>
<td>2020</td>
<td>Alpes The Style Outlets</td>
<td>Châtillon-en-Michaille (01)</td>
<td>Creation</td>
<td>19,000</td>
</tr>
<tr>
<td>2021</td>
<td>Village de marques</td>
<td>Coutras (33)</td>
<td>Creation</td>
<td>19,200</td>
</tr>
<tr>
<td>2021</td>
<td>L’Escale Outlet Shopping Village</td>
<td>Hautmont (59)</td>
<td>Creation</td>
<td>10,500</td>
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<tr>
<td>2021</td>
<td>McArthurGlen</td>
<td>Douains (27)</td>
<td>Creation</td>
<td>18,000</td>
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</table>
The investment market
## THE RETAIL PROPERTY MARKET
### Investment

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>TREND</th>
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<tbody>
<tr>
<td>Retail investment volume in France</td>
<td>€4.45 bn</td>
<td>€4.40 bn</td>
<td>↑</td>
</tr>
<tr>
<td>Share of retail*</td>
<td>15%</td>
<td>16%</td>
<td>↓</td>
</tr>
<tr>
<td>Number of transactions &gt; €100 million</td>
<td>11</td>
<td>12</td>
<td>↓</td>
</tr>
<tr>
<td>Share of Ile-de-France**</td>
<td>49%</td>
<td>39%</td>
<td>↑</td>
</tr>
<tr>
<td>Share of foreign investors**</td>
<td>41%</td>
<td>26%</td>
<td>↑</td>
</tr>
<tr>
<td>Prime yield</td>
<td>High streets</td>
<td>2.90%</td>
<td>2.75%</td>
</tr>
<tr>
<td>Prime yield</td>
<td>Shopping centres</td>
<td>4.25%</td>
<td>4.00%</td>
</tr>
<tr>
<td>Prime yield</td>
<td>Retail parks</td>
<td>5.00%</td>
<td>4.75%</td>
</tr>
</tbody>
</table>

Source: Knight Frank

* On total investment in France, all asset types – excluding non divisible portfolios.
** On total retail investment in France.
The French retail market totalled just over €4.4 billion in 2018. This amount is down 14% compared to the average of the last five years and is slightly higher than that of 2017 due to a very good 4th quarter. As in previous months, volumes were boosted by a few major deals, including the sale to Generali and AG2R La Mondiale of two Monoprix portfolios for more than 750 million euros.

In total, the 11 transactions over 100 million euros in 2018 account for 55% of investment volumes in the French retail market.
Near perfect balance
Retail investment volume by location
In France
Source: Knight Frank

- After the Apple flagship sale on the Champs-Élysées, the sale of two Monoprix portfolios boosted the share of Île-de-France at the end of the year. In 2018, Paris and the surrounding region accounted for 50% of total retail investment in France.
- Though investment in the provinces declined by 10% year on year because of a weak shopping centre market, the share of the provinces remains significant because of the sale of several retailer portfolios (But/Babou, Jardiland, KFC, etc.) and the sale to Savills IM of two factory outlets in Troyes and Roubaix for nearly €300 million.
Very targeted investor appetite

Breakdown of retail investment volumes by asset type

In France

Source: Knight Frank

- The high street accounted for 60% of all investment volume in the French retail market. This performance is due to the completion of seven transactions of more than 100 million euros, and the dynamism of a few major Parisian streets.
- Other asset types are also doing well, such as retail warehousing. In 2018, almost €1.3 billion was invested in this type of asset, a record volume that is up 73% compared to the 10-year average and is 65% comprised of portfolio sales. Over the whole of 2018, investment volumes in the shopping centre market totalled only €500 million, down 70% year-on-year and the lowest amount seen since 2008.
### THE RETAIL PROPERTY MARKET

**Investment**

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**Examples of significant retail investment deals in 2018**

*Source: Knight Frank*

<table>
<thead>
<tr>
<th>Address / Asset</th>
<th>Type</th>
<th>City</th>
<th>Seller</th>
<th>Purchaser</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple Store</td>
<td>114 Champs-Élysées</td>
<td>HS</td>
<td>Paris 8</td>
<td>EPI</td>
<td>Hines (BVK)</td>
</tr>
<tr>
<td>Monoprix portfolio</td>
<td>HS</td>
<td>France</td>
<td>Groupe Casino</td>
<td>Ares Management</td>
<td>Generali</td>
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<tr>
<td>McArthurGlen Troyes &amp; Roubaix</td>
<td>FO</td>
<td>Troyes / Roubaix</td>
<td>Groupe Casino</td>
<td>AG2R La Mondiale</td>
<td>Carmila</td>
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<tr>
<td>Grand Vitrolles</td>
<td>SC</td>
<td>Vitrolles</td>
<td>Klépierre / CNP</td>
<td>Savills IM</td>
<td>€100-€200M</td>
</tr>
<tr>
<td>Cube portfolio</td>
<td>RW</td>
<td>France</td>
<td>BNP Paribas Reim</td>
<td>OM France / Mata Capital</td>
<td>€200M</td>
</tr>
<tr>
<td>Portfolio (Passage Jouffroy/boutiques)</td>
<td>HS</td>
<td>Paris</td>
<td>Weinberg Capital Partners</td>
<td>Immobilière Dassault</td>
<td>€200M</td>
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<tr>
<td>65 boulevard de la Croisette</td>
<td>HS</td>
<td>Cannes</td>
<td>Private Equities</td>
<td>Hines</td>
<td>€50-€100M</td>
</tr>
<tr>
<td>Former Colette</td>
<td>213 rue Saint-Honoré</td>
<td>HS</td>
<td>Paris 1</td>
<td>Private</td>
<td>Hines</td>
</tr>
<tr>
<td>Promenade Sainte-Catherine*</td>
<td>HS</td>
<td>Bordeaux</td>
<td>Private</td>
<td>Redevco</td>
<td>PPGM</td>
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<td>Valentino</td>
<td>273 rue Saint-Honoré</td>
<td>HS</td>
<td>Paris 1</td>
<td>Chelsfield</td>
<td>Oxford Properties</td>
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<tr>
<td>Portfolio (38 stores)</td>
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<td>Reims</td>
<td>Private</td>
<td>Voisin</td>
<td>€100-€200M</td>
</tr>
<tr>
<td>&amp; Other Stories</td>
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<td>Paris 8</td>
<td>Private</td>
<td>Private</td>
</tr>
<tr>
<td>Portfolio (22 Galeries Lafayette)</td>
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<td>Province</td>
<td>Galeries Lafayette</td>
<td>Financière Immo. Bordelaise</td>
<td>€50-€100M</td>
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<tr>
<td>Portfolio (10 Jardiland)</td>
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<td>Covivio</td>
<td>Valimmo</td>
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<td>Richemont</td>
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<td>Eurocommercial</td>
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<tr>
<td>Retail Park Eden</td>
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<td>Servon</td>
<td>Private</td>
<td>Real IS</td>
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<tr>
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<td>Rosny-sous-Bois</td>
<td>Private</td>
<td>AEW</td>
<td>Unibail Rodamco Westfield</td>
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<td>Saint-Priest</td>
<td>Vastned</td>
<td>AEW</td>
<td>UBS</td>
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<tr>
<td>Dior</td>
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<td>Paris 1</td>
<td>Private</td>
<td>Generali</td>
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<td>H&amp;M, Desigual</td>
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<td>Nancy</td>
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<td>Portfolio (15 KFC)</td>
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<tr>
<td>Géant hypermarket</td>
<td>SC</td>
<td>Pessac</td>
<td>Groupe Casino</td>
<td>Tristan Capital Partners</td>
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<td>Orbes</td>
<td>Compagnie Lebon</td>
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<td>HS</td>
<td>Toulouse</td>
<td>BNP Paribas REIM</td>
<td>LaSalle IM</td>
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</tbody>
</table>

*Transfer of part of “Promenade Sainte-Catherine” in Bordeaux by Redevco within the scope of the start of the Urban Retail Ventures fund formed with PPGM*

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**Note:** HS high street, RW retail warehousing, SC shopping centre, FO factory outlet
The comeback of national investors

Total retail investment, by nationality
France, 2018

Source: Knight Frank

- French investors accounted for nearly 60% of retail investment in 2018. Their share rose sharply in the fourth quarter, boosted by the sale of two Monoprix portfolios to Generali and AG2R La Mondiale.

- These two transactions also boosted the share of **insurers and private health insurers, the largest players in the retail market** in 2018 (35%), ahead of investment funds (21%) and SCPI/OPCI (17%).
Yield correction continues
Prime retail yields
In France, as a %

Source: Knight Frank

- After the slight increase in the first half of 2018, yields for shopping centres (4.25%) and retail parks (5.00%) did not change significantly at the end of the year, although it should be noted that only a very limited number of prime assets were sold. The prime yield for Parisian shops also stabilised below the 3.00% threshold, excluding exceptional transactions or assets with reversionary potential. However, the strong yield compression recorded over the 2009-2016 period allows the upward trend of 2018 to be put into perspective, with yields for the various asset classes still remaining at a very low level.
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