

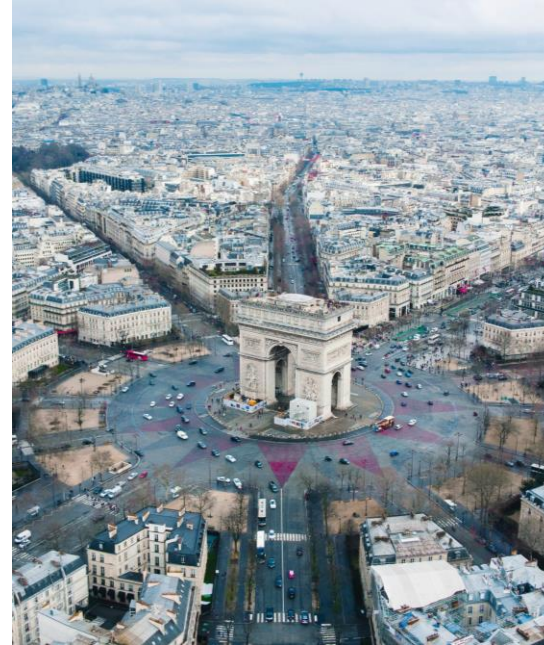
Q3 2020

INVESTMENT MARKET FRANCE

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KEY INDICATORS



	Q3 2020	Q3 2019	ANNUAL TREND
Investment volume in France	€16.3 billion	€22.1 billion	↓
Number of transactions	450	588	↓
Number of transactions > €100 million	45	51	↓
Share of transactions > €100 million	62%	59%	↑
Share of portfolios	23%	24%	↓
Share of Ile-de-France*	70%	78%	↓
Share of foreign investors	40%	50%	↓
Share of offices*	68%	75%	↓
Share of retail*	17%	13%	↑
Share of industrial*	15%	12%	↑
Prime yield Offices	2.75%	3.00%	↓
Prime yield Retail	3.00%	2.75%	↑
Prime yield Logistics	4.00%	4.25%	↓

*On total investment in France, all asset types – excluding non divisible portfolios.

Source: Knight Frank



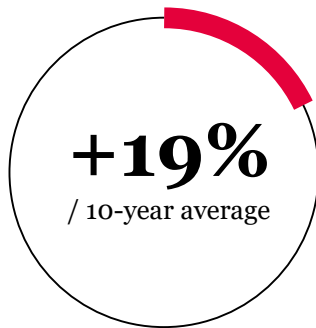
GENERAL TRENDS

INVESTMENT MARKET | FRANCE

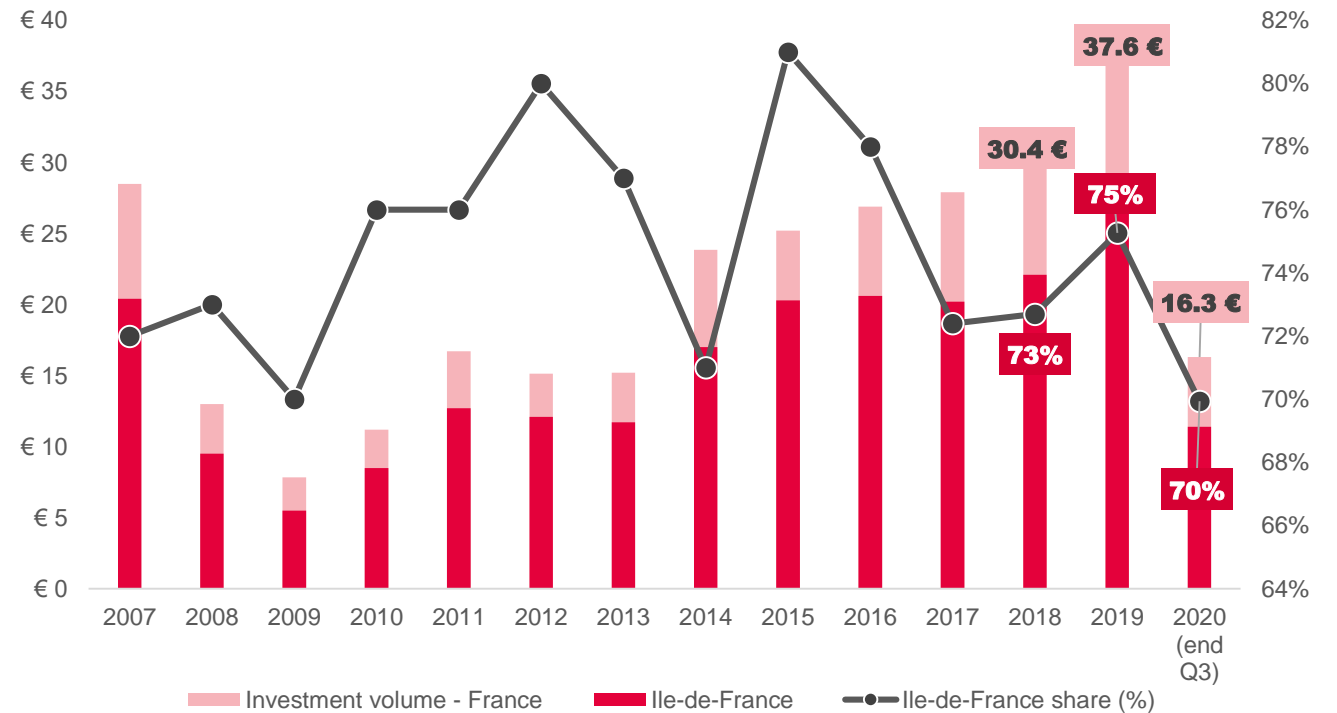
GENERAL TRENDS

After the sharp 38% decline recorded between Q1 and Q2 2020, the amount invested into the French commercial property investment market (offices, retail and industrial premises) has increased slightly over the last three months. **€4.7 billion was invested in France in Q3 2020, a slight increase of 8% compared with the previous quarter.**

The total amount invested since the beginning of 2020 now stands at **€16.3 billion** compared to €22.1 billion at the same time last year. The decrease is 26%, although it should be viewed with a certain degree of caution due to 2019's excellent year. Moreover, activity is currently equivalent to that of the same period in 2018 and even shows a 19% increase compared to the ten-year average.



26% FALL YEAR-ON-YEAR
CHANGE IN INVESTMENT VOLUME IN FRANCE, ALL SECTORS
In France, in billion €



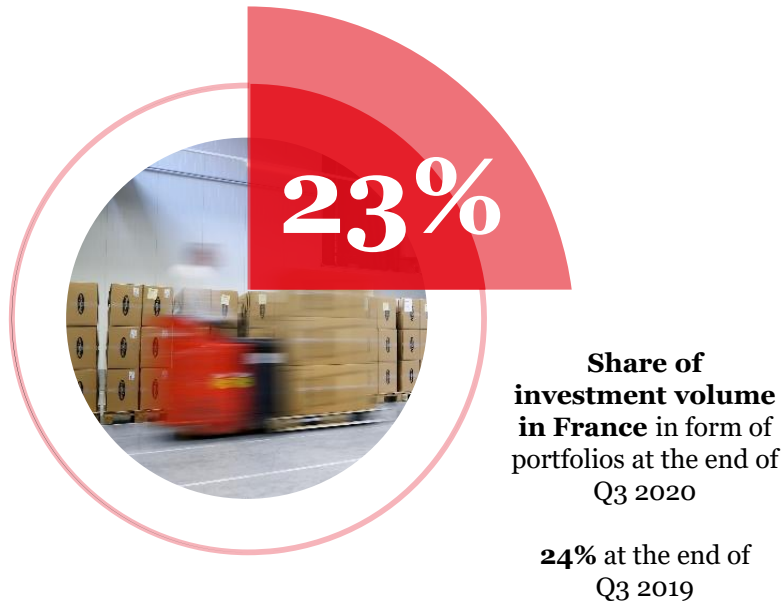
Source: Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

Since January, 45 transactions in excess of €100 million have been recorded, representing a total volume of €10.2 billion and 62% of the total amount invested in France. Last year over the same period, there were 51 major transactions totalling 13.1 billion euros.

This decline should again be put into perspective. With the exception of 2019, the number and volume of major transactions had never been so high since 2007. The majority of these large transactions were recorded in Paris Region (36 out of 45). However, several of them have been a driving force in the regional markets, where the total amount invested has remained stable over the year, compared with a sharp drop of more than 30% in the Paris region.

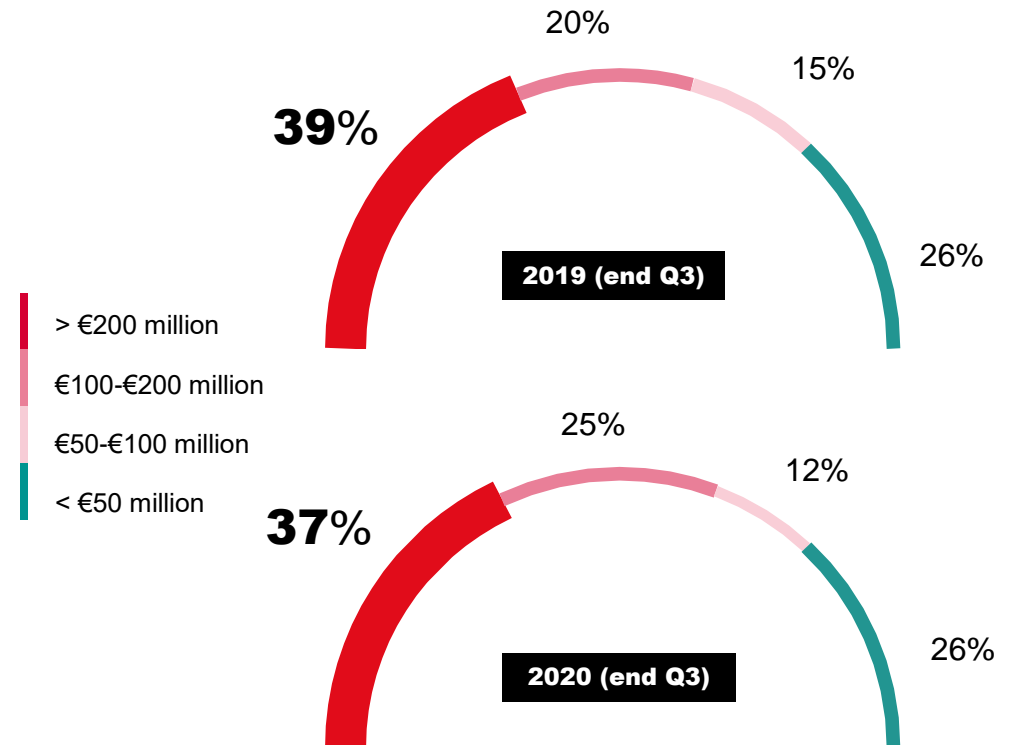


Source: Knight Frank

LARGE TRANSACTIONS REMAIN THE DRIVING FORCE

BREAKDOWN OF INVESTMENT VOLUME BY VOLUME CATEGORY

In France, all asset types



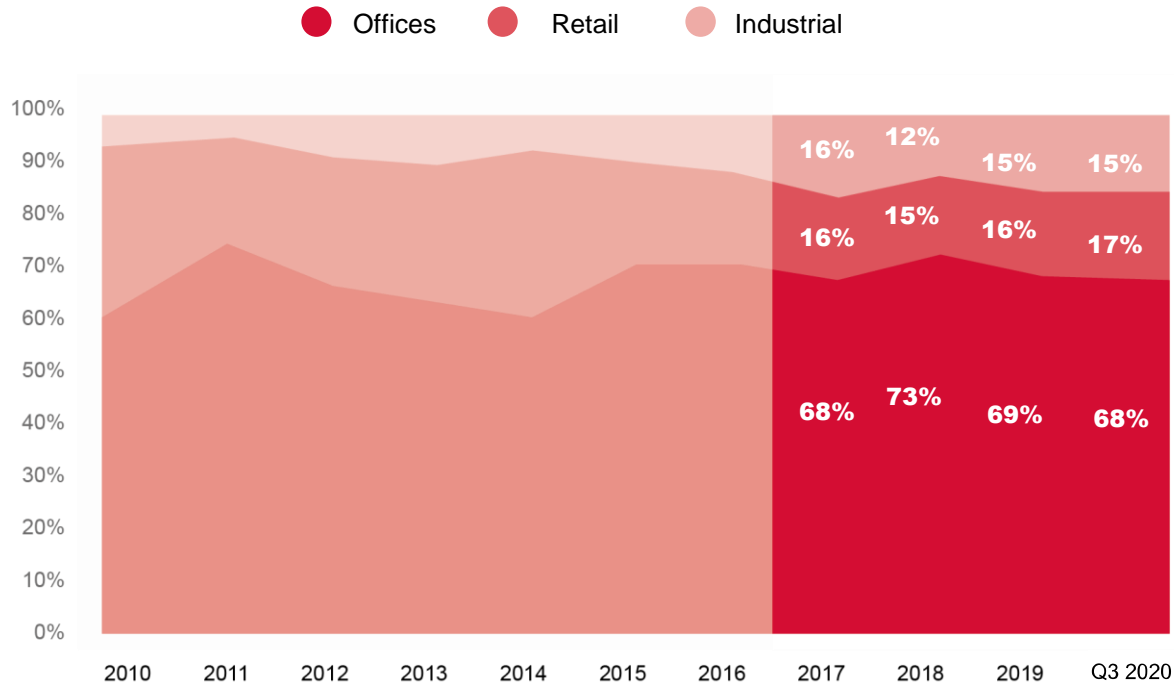
Source: Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

PORTFOLIOS INFLATE THE SHARE OF RETAIL AND INDUSTRIAL MARKETS

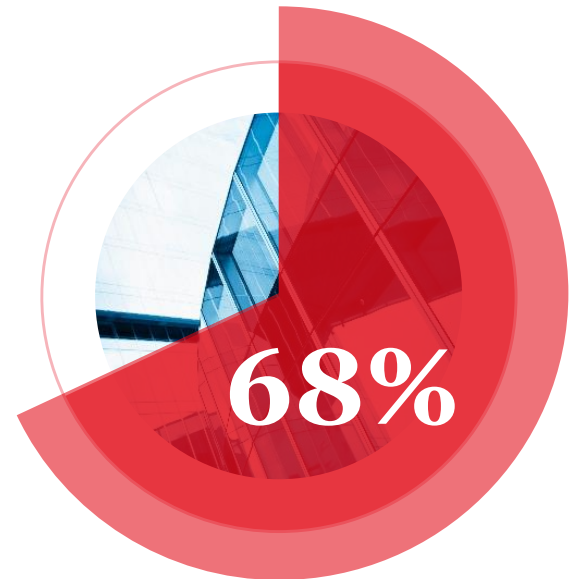
BREAKDOWN OF INVESTMENT VOLUME BY ASSET TYPE
In France



With €11 billion invested in France since January (-34% over one year), **offices account for 68% of the total funds invested in 2020**, all types of assets combined. This share is equivalent to the ten-year average, although it **has been falling steadily since 2018**.

Retail and industrial markets are benefiting from major portfolio disposals, which again stimulated the market in the Q3, such as the sale of ADEO's pan-European portfolio (Leroy Merlin/Bricoman) or the "Proximity" logistics warehouse portfolio. **Portfolios make up more than two thirds of volumes invested in these two asset categories since the beginning of the year.**

Average share between 2010 and 2019 of **offices in French investment volume**



Source: Knight Frank

Source: Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

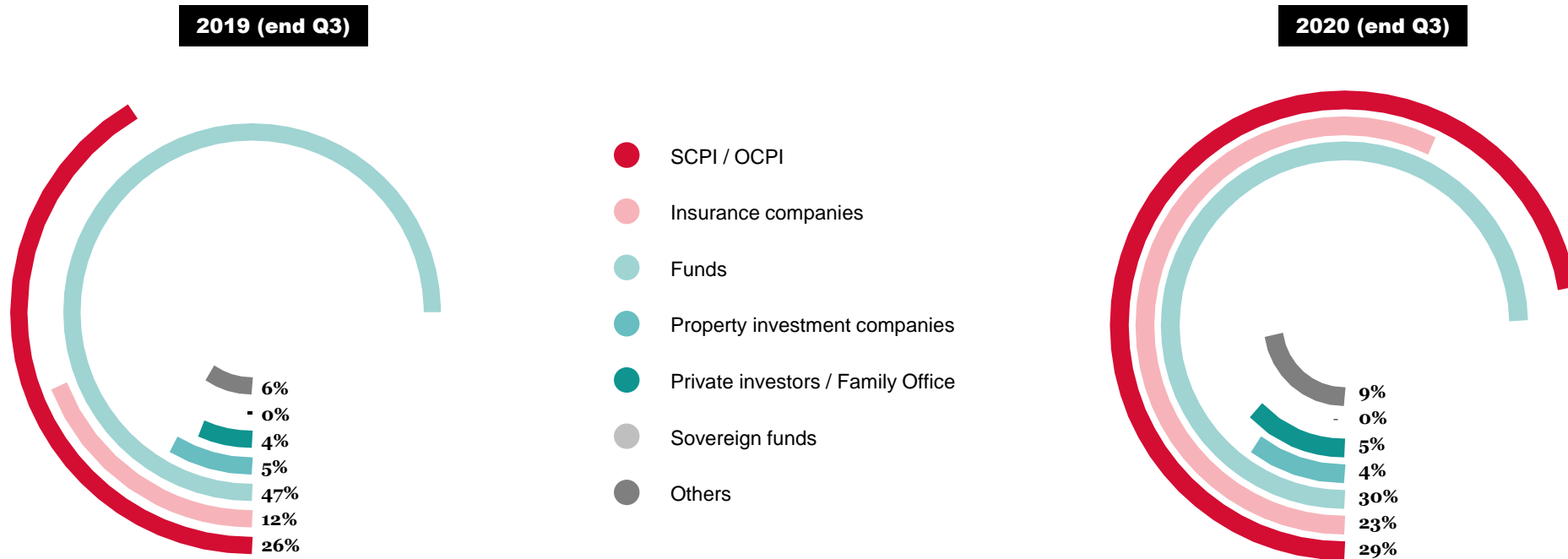
While the beginning of the year was driven by foreign investors (LaSalle, Patrizia, Ivanhoe Cambridge), in the office and logistics market in particular, they have been much less active since Q2. **At the end of Q3, they represented only 30% of the total volumes invested in France in 2020, compared with 47% for the same period last year.**

The major savings collectors remained very active, accounting for several major transactions in Q3. Their share has been 29% since the beginning of 2020. Insurers are also very active and come in third place (23%).

SAVINGS COLLECTORS INCREASINGLY PRESENT

BREAKDOWN OF INVESTMENT VOLUME BY INVESTOR TYPE

In France, all asset types



Source: Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

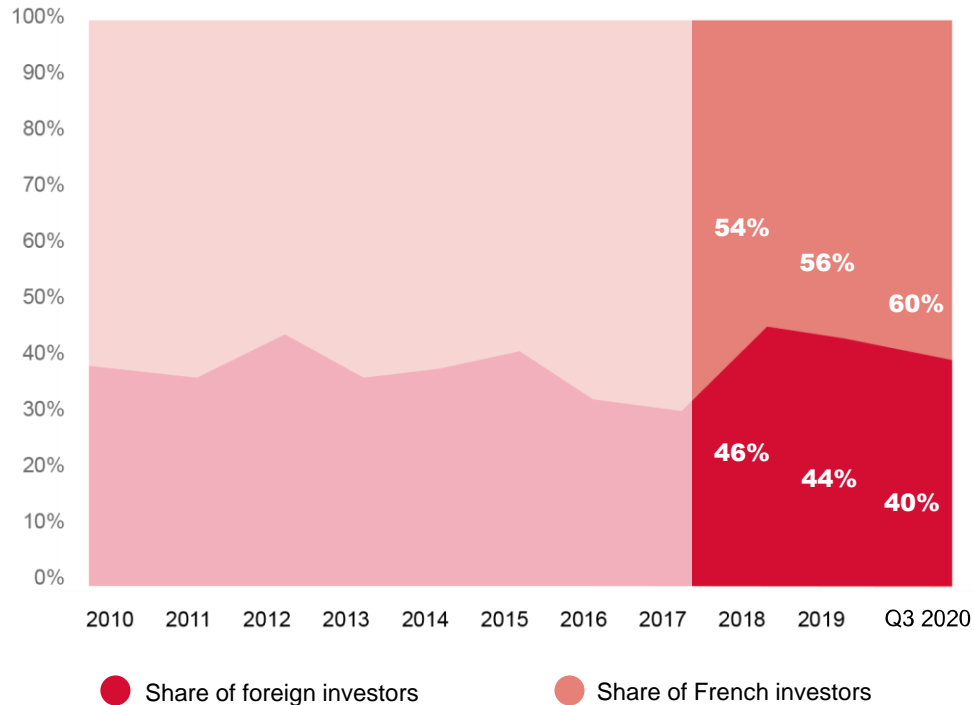
Since the beginning of 2020, the French have accounted for 60% of the total amount invested in France. Their share has been inflated by SCPI/OPCI, which have been behind several major operations such as those carried out by PRIMONIAL REIM ("One Monceau" in Paris, "M Campus" in Meudon, "Cinetika" in Saint-Ouen).

The share of amounts invested by foreign investors has decreased significantly (40% in Q3 compared to 58% in Q1). Thus, the Americans and the British, who had been very active at the beginning of the year, have completed a much smaller number of operations since the lockdown. Certain nationalities nevertheless continue to stand out. **This is the case of the Germans, who were behind several significant office transactions in Paris in the third quarter.**

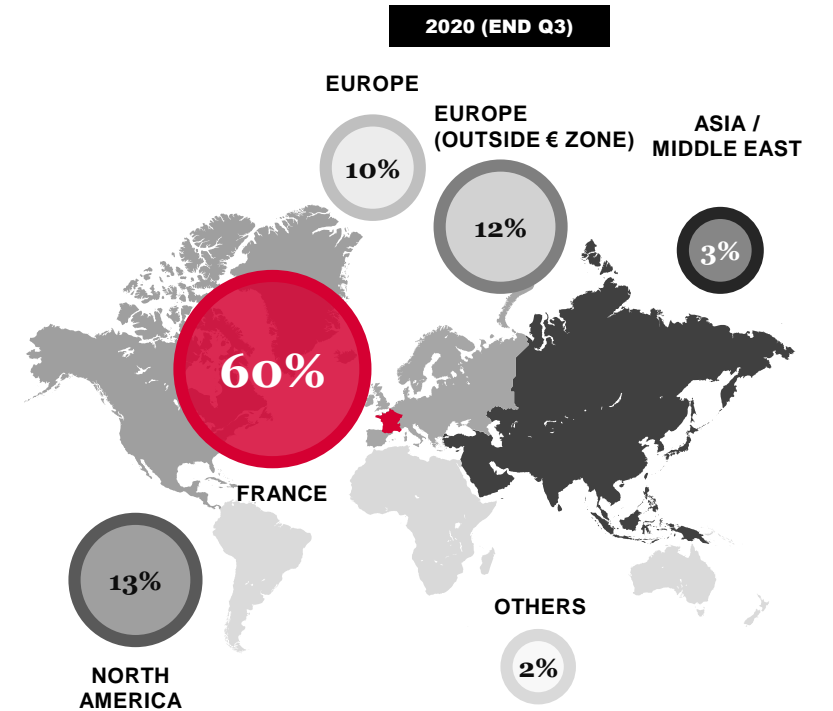
SHARP FALL IN THE SHARE OF FOREIGN INVESTORS

BREAKDOWN OF INVESTMENT VOLUME BY NATIONALITY

In France, all asset types



Source: Knight Frank



INVESTMENT MARKET | FRANCE

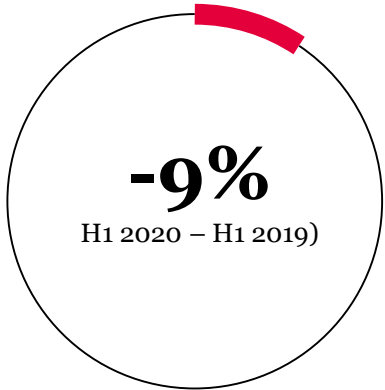
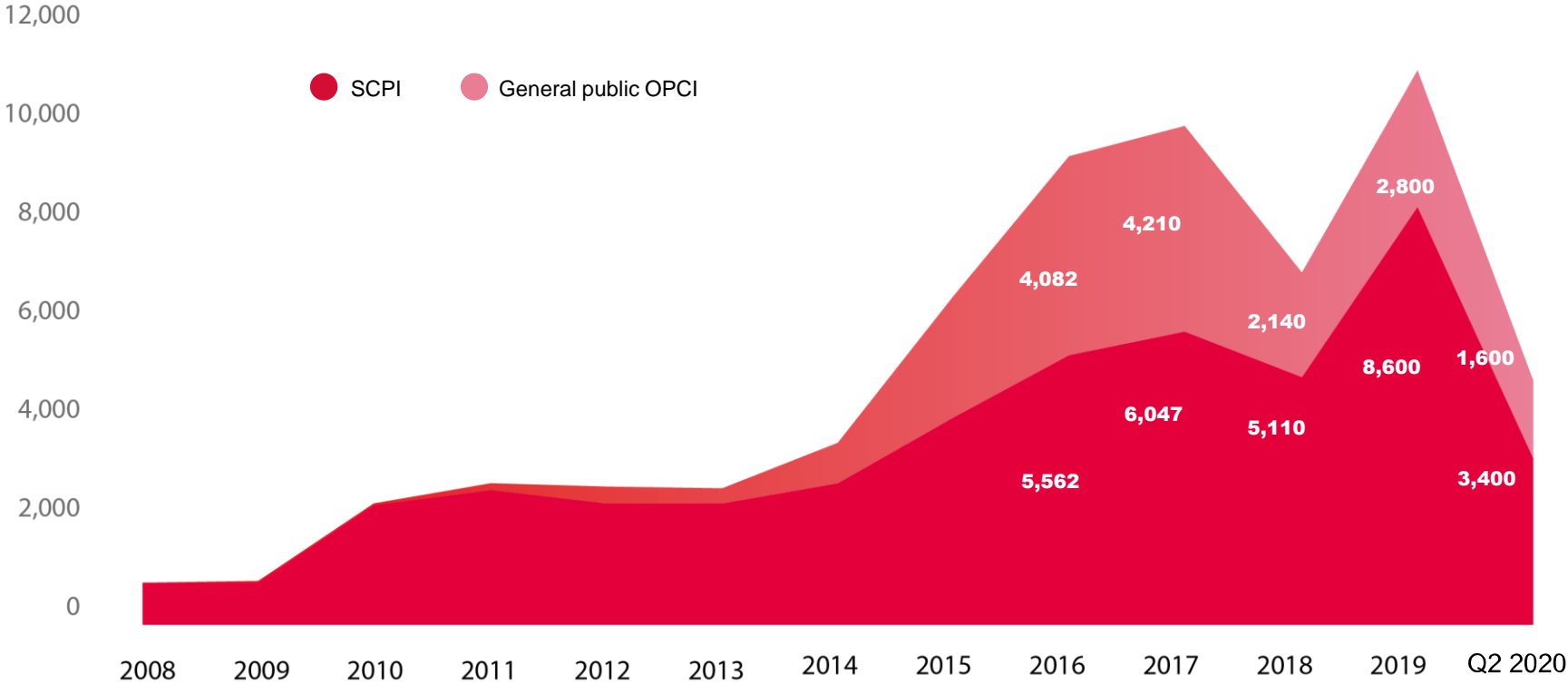
GENERAL TRENDS



AN INFLOW SLOWED DOWN BY THE HEALTH CRISIS

CHANGE IN NET FUNDS RAISED BY SCPI / OPCV

In France, in million euros

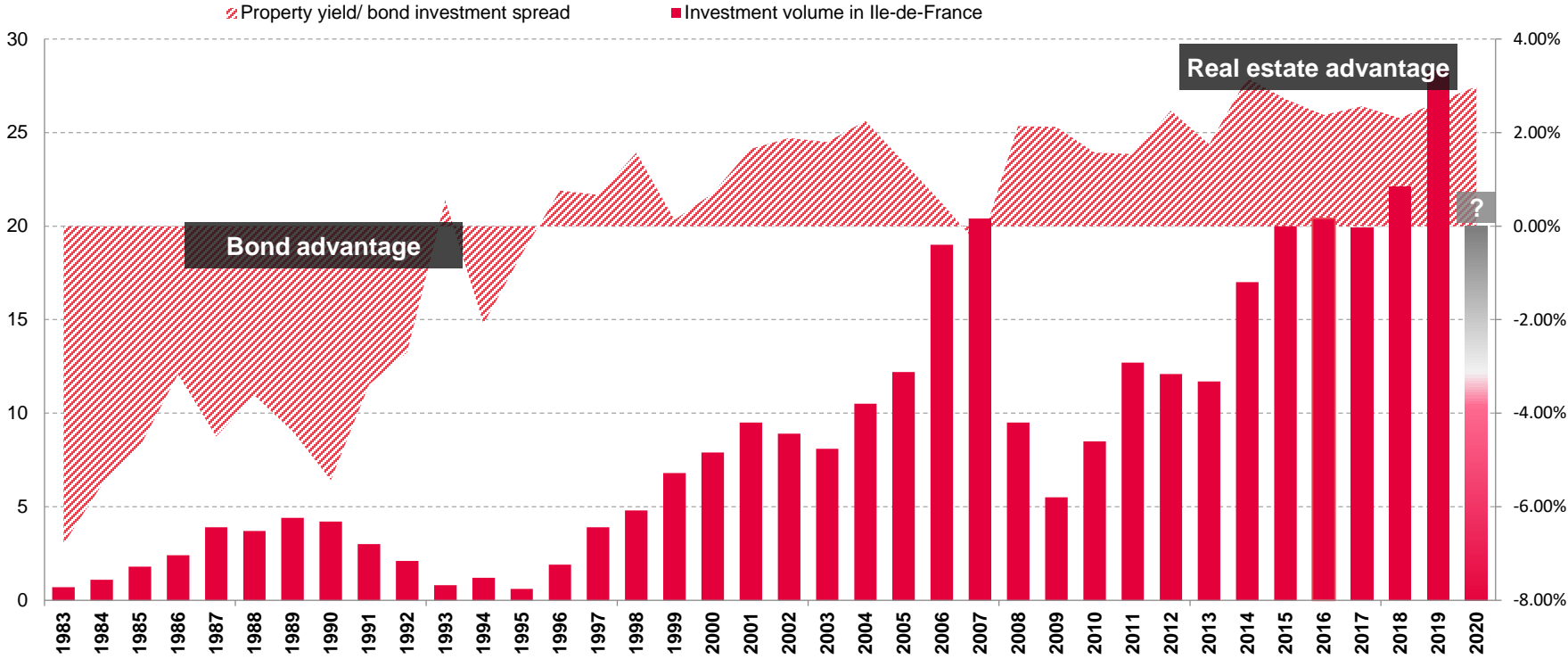


Sources: ASPIM / IEIF



A STILL FAVOURABLE CONTEXT FOR REAL ESTATE

PRIME YIELDS/ BOND RETURN SPREAD
(In %)



Sources: Banque de France / Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

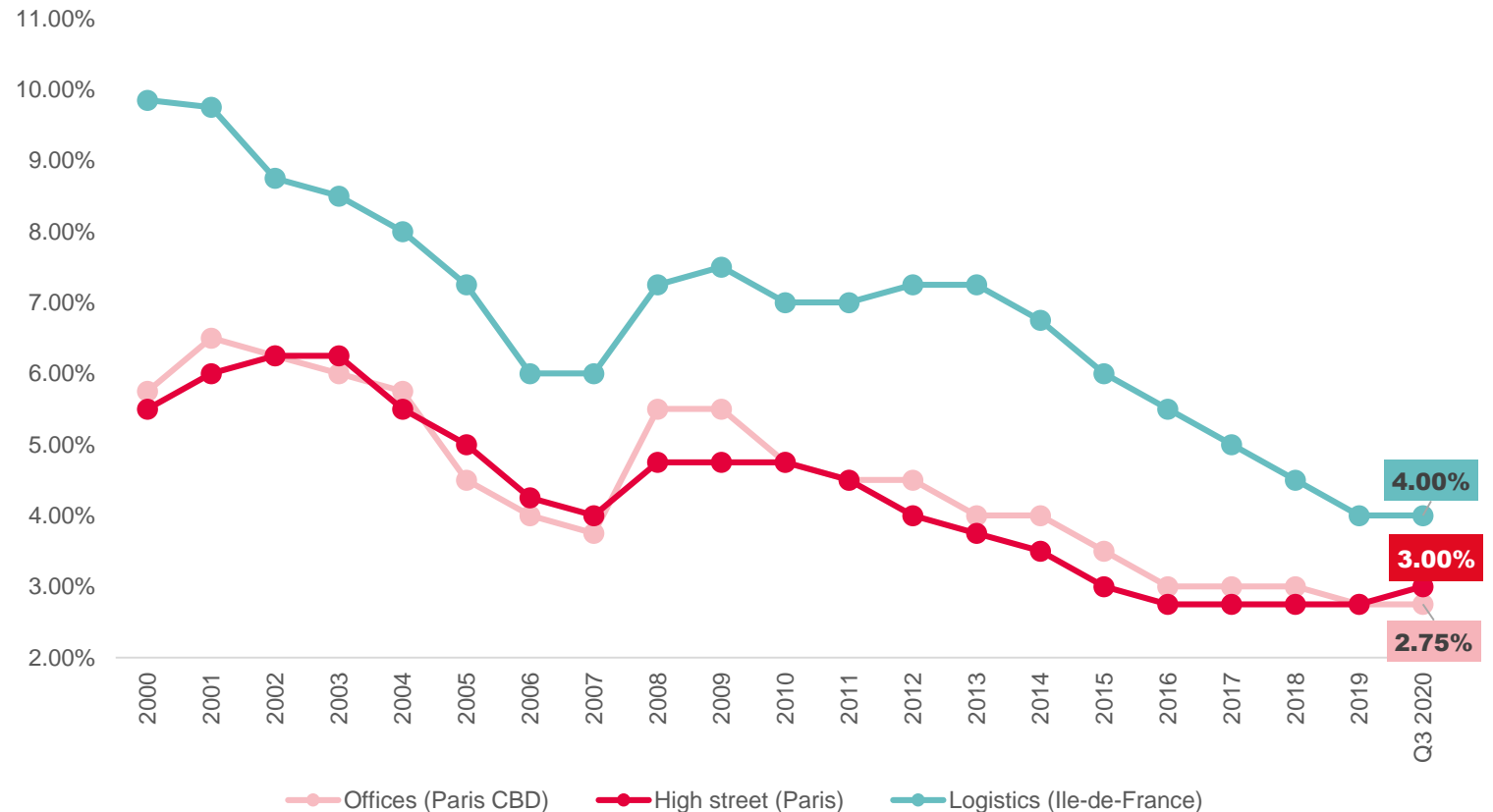
Prime yields on office space remain at their lowest level despite the health crisis. Highly impacted by lockdown, restrictive measures and the fall in foreign tourist arrivals, highstreet shops are, on the other hand, subject to upward pressure with an increase of 25 basis points.

Prime yields for logistics warehouses also remain at their lowest level. Ongoing completions should even make it possible to set new benchmarks between now and the end of the year, with rates falling below the 4.00% threshold.

FURTHER DECLINE IN SIGHT FOR THE LOGISTICS MARKET

CHANGE IN PRIME YIELDS

In France, in %



Source: Knight Frank

A wide-angle, high-angle photograph of a Parisian street, likely the Champs-Élysées, stretching towards the modern skyscrapers of La Défense. The sky is filled with soft, golden light from a low sun, creating a hazy atmosphere. A thick, solid red vertical bar is positioned on the left side of the image, extending from the top to the middle. The word "OFFICES" is written in large, white, bold, sans-serif capital letters across the middle of the image, partially overlapping the red bar and the cityscape.

OFFICES

INVESTMENT MARKET | FRANCE OFFICES



	Q3 2020	Q3 2019	ANNUAL TREND
Office investment volume in France	€11 billion	€16.6 billion	↓
Share of offices*	68%	75%	↓
Number of transactions > €100 million	35	41	↓
Share of transactions > €100 million	62%	67%	↓
Share of Ile-de-France**	85%	88%	↓
Share of foreign investors**	37%	49%	↓
Prime yield Paris CBD	2.75%	3.00%	↓
Prime yield La Défense	4.00%	4.00%	→
Prime yield Lyon	3.50%	3.70%	↓

* On total investment in France, all asset types – excluding non divisible portfolios.

** On total office investment in France

Source : Knight Frank



KEY INDICATORS | OFFICES



BUSINESS CLIMAT / FRANCE*

92 pts in September 2020

-14 pts y/y
Source: INSEE



PRIVATE SECTOR JOBS / IDF

-3.2% y/y, at the end of Q2 2020

-3.8% in France
Source: INSEE



UNEMPLOYMENT RATE / IDF

6.3% at the end of Q2 2020

7.1% in Metropolitan France
Source: INSEE



TAKE UP / IDF

1 011 706 m² at the end of Q3 2020

-40% y/y
Source: Knight Frank



VACANCY RATE / IDF

5.9% at the end of Q3 2020

5.1% at the end of Q3 2019
Source: Knight Frank



PRIME RENT / IDF

€910/m²/yr at the end of Q3 2020

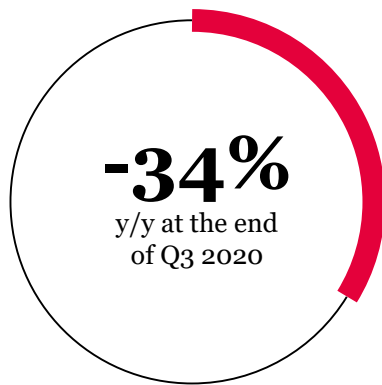
+6% y/y
Source: Knight Frank

*general index, in the services sector

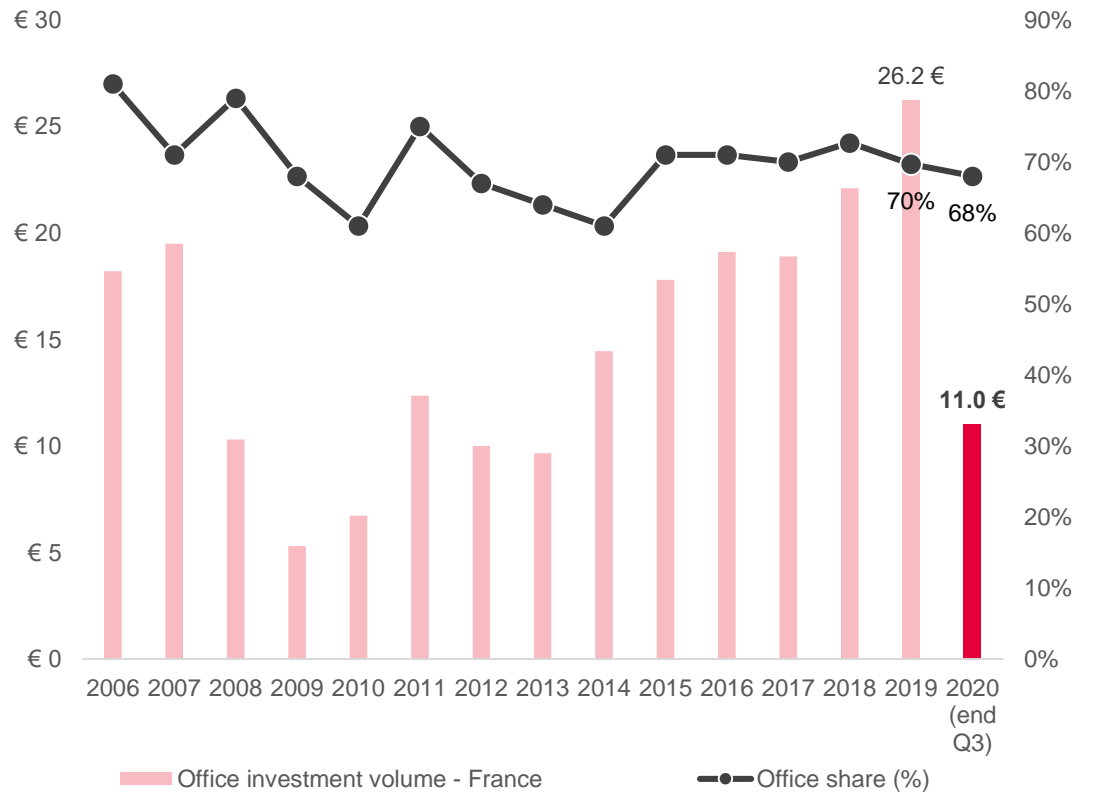
INVESTMENT MARKET | FRANCE OFFICES

It is in the office segment that the fall in amount invested is the most visible. **With €11 billion invested in France since the beginning of 2020, the drop is 34% compared to the same period in 2019**, which nevertheless benefited from a high number of very large operations ("Le Lumière" in Paris, the "Majunga" tower in La Défense, "Crystal Park" in Neuilly, the "To Lyon" tower, etc.).

While mega-deals are playing a less decisive role in 2020, the number of transactions in excess of 100 million remains significant (35 in 2020, compared with 41 in the same period in 2019 but 34 in the first nine months of 2018). The decline is much more pronounced in the number of medium-sized transactions, those between 50 and 100 million euros (17 compared with 31 last year and 30 in the same period in 2018).

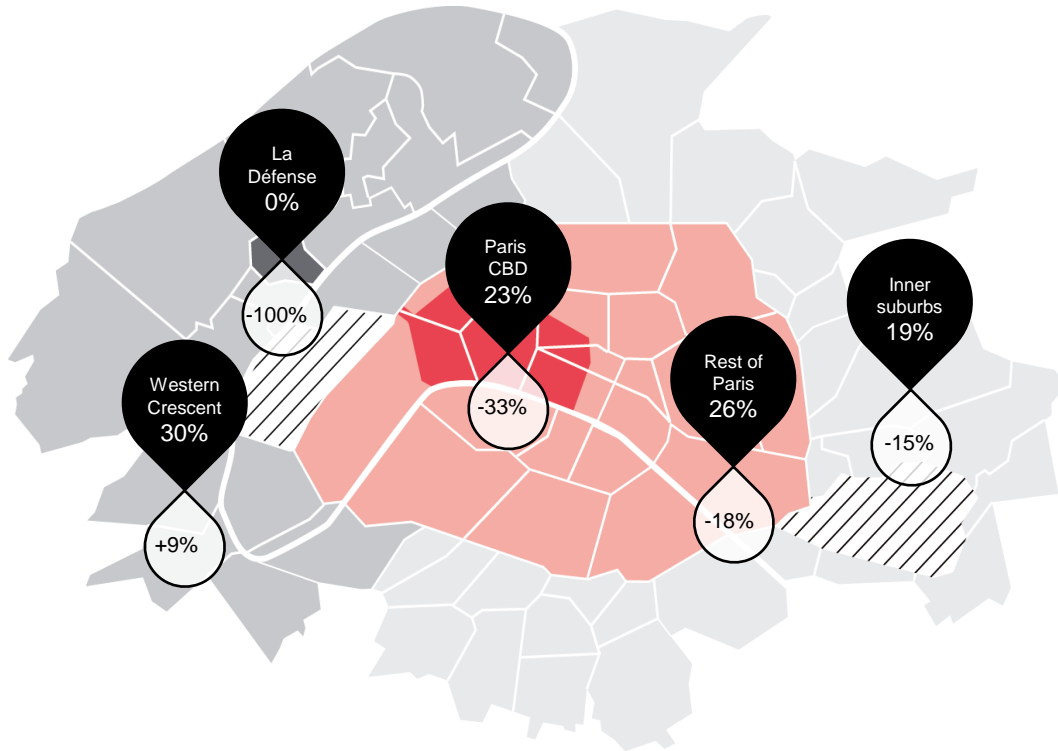


DOWN 34% YEAR-ON-YEAR
CHANGE IN OFFICE INVESTMENT VOLUME
In France, in billion €



Source: Knight Frank

A LOST YEAR FOR LA DEFENSE? GEOGRAPHIC BREAKDOWN OF OFFICE INVESTMENT VOLUMES IN ILE-DE-FRANCE



Source: Knight Frank

In Paris, nearly €4.6 billion has been invested since January (of which **46% in the CBD**). This represents a 26% decrease compared with last year, which saw the completion of two giant deals worth more than €1 billion ("Le Lumière" in the 12th and the "Texas" portfolio). However, the number of transactions in excess of €100 million increased to 16 from 11 at the end of Q3 2019.

No transactions have been recorded since January in La Défense. **2020 could even be a completely lost year for the business district, which would be a first.** Other centres in the west of the city are showing sharp declines, such as Péri-Défense (-31% year-on-year) and Neuilly-Levallois (-80%). On the other hand, **the Southern Loop is proving to be incredibly popular.** In this sector with solid fundamentals and where future supply remains very limited, the volumes invested reached €1.8 billion compared to less than €300 million at the same time in 2019.

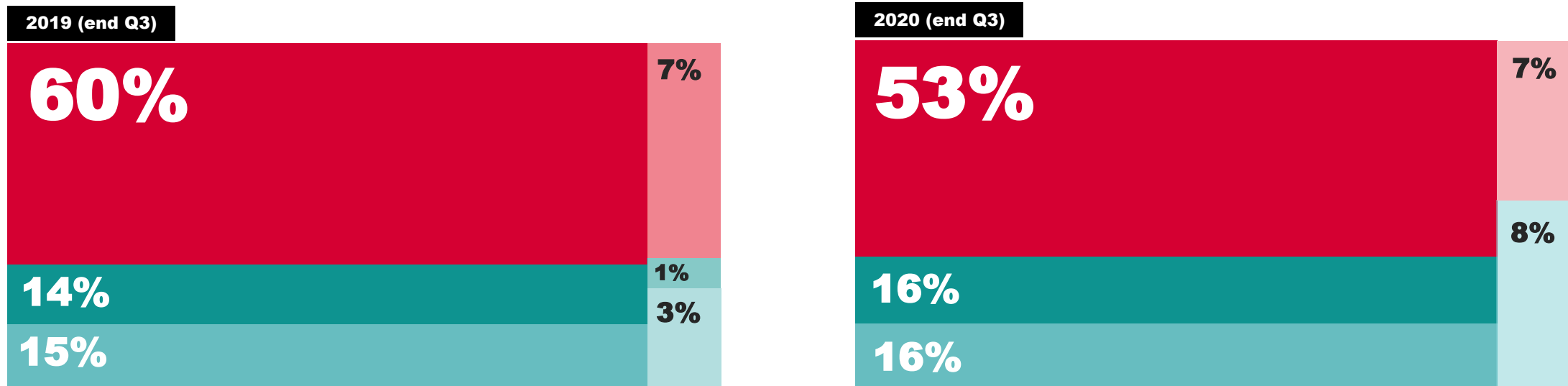
● Share shown as a % of office investment volume in Ile-de-France at the end of Q3 2020

○ Change in office investment volume shown as a % (Q3 2020 compared to Q3 2019)

Core assets represent the majority of assets divested in 2020. With questions related to the health crisis (economic shock, distancing measures, the boom in home-working, etc.) fuelling investor caution, investors are giving preference to quality properties, secured by long leases and occupied by solid tenants, such as, in Q3, the sale to LA FRANÇAISE of 22,000 m² leased to SAFRAN in Malakoff, or CNP's purchase of "Antares" in Boulogne.

Nevertheless, the sales of the last few months do not only concern core assets. The latter have even seen their share decline from one quarter to the next (from 68% to 60%) due to the completion of a few major disposals of assets that are vacant, partially vacant or have leases of limited duration (sale to BNP PARIBAS REIM of "Austerlitz 2" in the 13th, etc.).

THE CORE IS STILL VERY POPULAR
 BREAKDOWN OF OFFICE INVESTMENT VOLUME BY RISK TYPE
 In Ile-de-France, individual transactions > €20 million



- Core
- Core Plus
- Value Added
- Pre-let forward sales
- Partially let forward sales
- Speculative forward sales

Source: Knight Frank

INVESTMENT MARKET | FRANCE OFFICES

EXAMPLES OF OFFICE INVESTMENT TRANSACTIONS IN 2020

Source: Knight Frank

Address / Asset	City	Seller	Purchaser	Price
14 rue Bergère	Paris 9	BNP Paribas	LaSalle IM	> €400M
CityLights (1 & 3), 204 rond-point du Pont de Sèvres	Boulogne-Billancourt (92)	Cardif	Allianz	> €400M
Aquarel, 147 quai du Président Roosevelt	Issy-les-Moulineaux (92)	AXA	CNP Assurances	> €400M
One Monceau, 3 avenue Hoche	Paris 8	Neuflize OBC	Primonial	> €400M
Austerlitz II, 41-47 quai d'Austerlitz	Paris 13	Deka	BNP Paribas REIM	> €400M
Joya, 196-198 rue Carnot	Fontenay-sous-Bois (94)	Europequipements / Quartus	Ivanhoe Cambridge	> €400M
Le Valmy, 4-18 avenue Léon Gaumont	Montreuil (93)	Gecina	Primonial	> €400M
Influence 2.0., 2 rue Simone Veil	Saint-Ouen (93)	Nexity	BNP Paribas REIM	> €400M
50 rue d'Anjou	Paris 8	Crédit du Nord	Aviva Investors	> €400M
On Seine, 80-82 quai Charles Pasqua	Levallois-Perret (92)	AGC / EDF Invest	ACM	> €400M
M Campus (4 bâtiments), 2-8 rue de la Verrerie	Meudon (92)	PGIM / Varma	Primonial	€200-€400M
55 boulevard Charles de Gaulle	Malakoff (92)	Batipart / ACM / Covéa	La Française REM	€200-€400M
46-48 avenue de la Grande Armée	Paris 17	Ardian	Cardif	€200-€400M
Toko, 3-5 rue d'Héliopolis	Paris 17	Meyer Bergman	DWS	€200-€400M
79-81 boulevard Haussmann	Paris 8	Groupe Roullier	Alduwaliya	€200-€400M
Tangram, 148-164 avenue Pierre Brossolette	Malakoff (92)	InfraRed / Hemisphere	Amundi	€200-€400M
SoCo, 48 rue Saint-Lazare	Paris 9	Groupama	Aviva Investors	€200-€400M
Lugdunum, 5 place Jules Ferry	Lyon (69)	Unofi Assurances	Aviva Investors	€200-€400M
8 rue Saint-Sabin	Paris 11	6eme Sens Immobilier	Unofi Assurances	€200-€400M
221 boulevard Jean Jaurès	Boulogne-Billancourt (92)	Schroder	AEW Ciloger	€200-€400M
L'Olympe, 23 avenue Jules Rimet	Saint-Denis (93)	AEW Ciloger	Unofi	€200-€400M
Pixel, 12 rue du Port	Nanterre (92)	Cardif	Kanam	< €100M
Respiro, 83-85 rue Henri Barbusse	Nanterre (92)	Covivio	Voisin	< €100M
7 rue de Magdebourg	Paris 16	GCI	French institutional	< €100M
57 boulevard de Montmorency	Paris 16	Groupe Dimension / Towa	French institutional	< €100M
14 avenue Franklin Delano Roosevelt	Paris 8	Privé	UBS	< €100M

■ < €100M
 ■ €100-€200M
 ■ €200-€400M
 ■ > €400M



M CAMPUS, Meudon



55 BLVD JEAN JAURES, Malakoff



7 RUE DE MAGDEBOURG, Paris 16

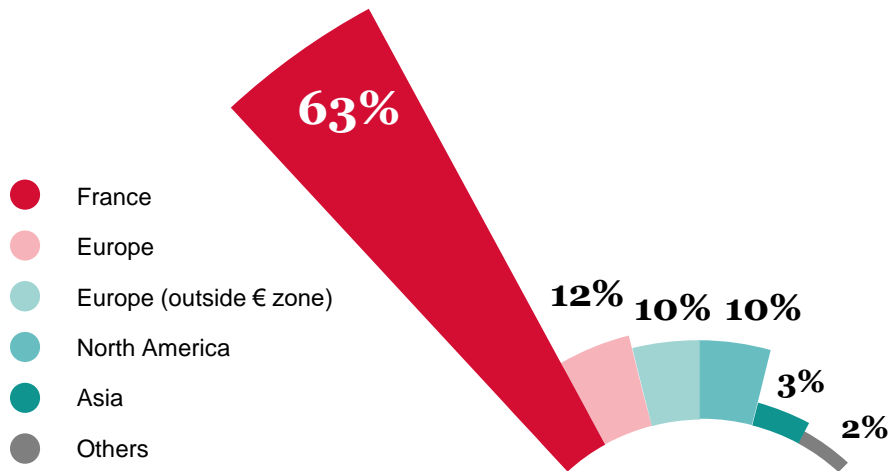
INVESTMENT MARKET | FRANCE

OFFICES

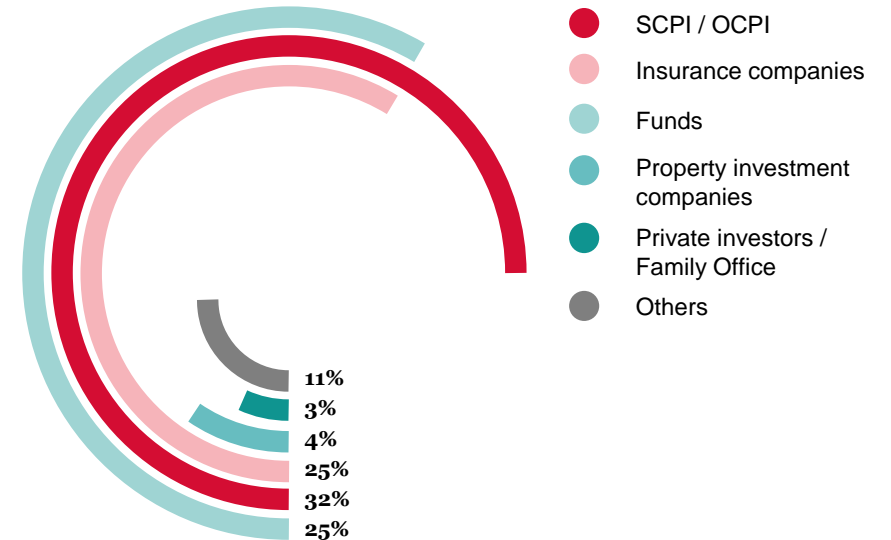
French investors accounted for the vast majority of office acquisitions in Q3 2020. As we anticipated at the start of the Covid-19 epidemic, their share has been steadily increasing since January to reach 63% of office investment volumes at the end of Q3. This increase is notably attributable to SCPI and OPCI, which account for 32% of the amounts invested since the beginning of the year and are behind several of the major acquisitions of recent months.

Foreign investors are much less present. They represent 37% of the total amount invested in offices in France. But while the current context is less favourable due to the uncertainty and travel restrictions linked to the health crisis, certain nationalities are still behind significant transactions. **This is the case of the Germans, who completed several major office transactions in Paris in Q3 ("Toko" in 17th, "Sainte-Cécile" in 9th district).**

THE GERMANS STAND OUT
OFFICE INVESTMENT VOLUME BY NATIONALITY
In France, in 2020 (end Q3)



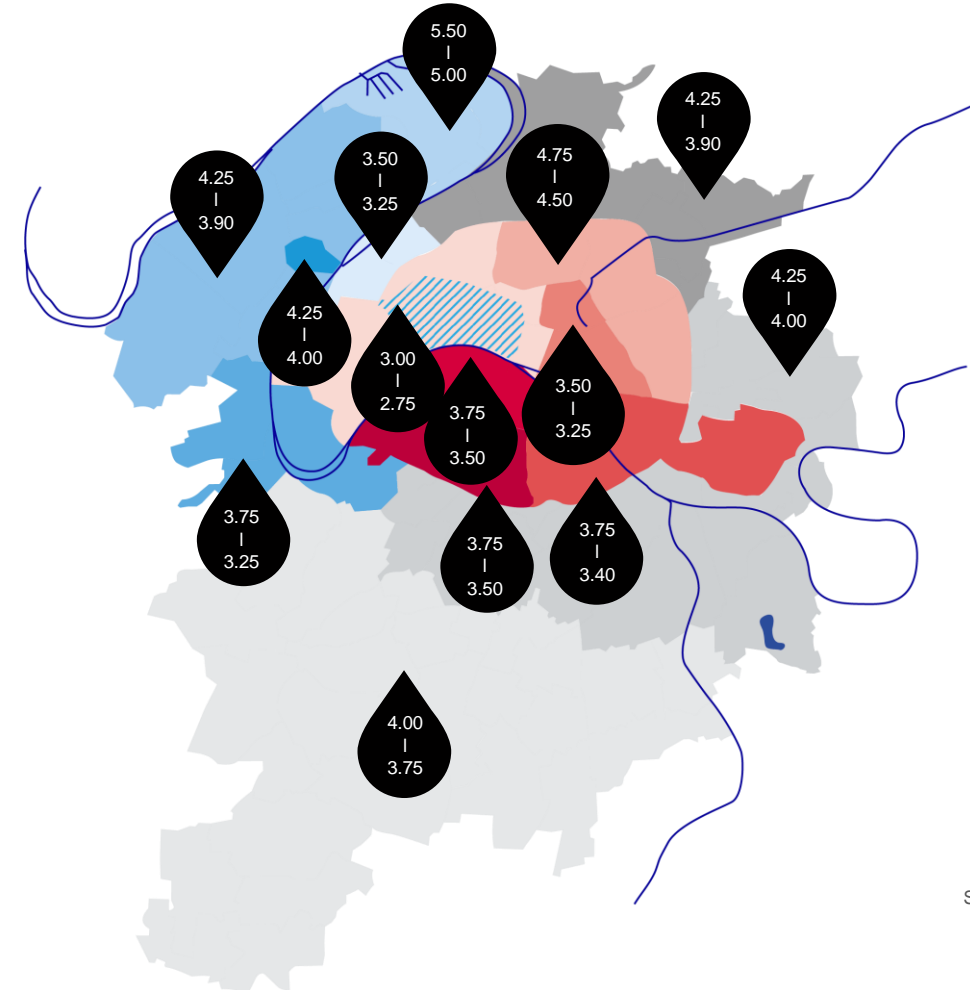
SCPI/OPCI AND INSURERS DRIVE THE MARKET
OFFICE INVESTMENT VOLUME BY INVESTOR TYPE
In France, in 2020 (end Q3)



NEW REFERENCES OUTSIDE OF PARIS PRIME OFFICE YIELDS

In Ile-de-France, shown as a %, at the end of Q3 2020

The polarisation of the market in favour of secured assets is reflected in wider spreads in yields, whereas the trend was towards a tightening before the outbreak of the health crisis. In fact, the upward trend is becoming more pronounced for "risky" assets, while discounts remain fairly limited for the time being in the core and core + segments. The continuing strong appetite for assets considered to be the safest is **even reflected in downward pressure in several office sectors, such as the Southern Loop**, where yields are now between 3.25% and 3.50% in Boulogne-Billancourt (-25 to -50 basis points in one year).



- CBD
- Paris (outside CBD)
- Inner Northern suburbs
- Neuilly/Levallois
- Paris XVIII/XIX/XX
- Inner Eastern suburbs
- Northern loop
- Paris III/IV/X/XI
- Inner Southern suburbs
- Péri-Défense
- Paris XII/XIII
- Paris V/VI/VII
- Southern loop
- Paris XIX/XV
- La Défense

Source: Knight Frank



RETAIL

INVESTMENT MARKET | FRANCE

RETAIL



	Q3 2020	Q3 2019	ANNUAL TREND
Retail investment volume in France	€2.8 billion	€2.8 billion	→
Share of retail*	17%	13%	↑
Number of transactions > €100 million	4	4	→
Share of Ile-de-France**	46%	56%	↓
Share of foreign investors**	10%	37%	↓
Prime yield High streets	3.00%	2.75%	↑
Prime yield Shopping centres	4.25%	4.00%	↑
Prime yield Retail parks	5.25%	5.00%	↑

* On total investment in France, all asset types – excluding non divisible portfolios.

** On total retail investment in France.

Source: Knight Frank



KEY INDICATORS | RETAIL



GDP

-13.8% at Q2 2020

-8.7% for the whole of 2020*

Sources: INSEE / Banque de France

*forecast at end of September 2020



CONSUMER CONFIDENCE*

95 in September 2020

- 7 points compared to the end of 2019

Source: INSEE

*Synthetic confidence index



INFLATION*

+0.7% in 2020**

+1.3% in 2019

Sources: INSEE / Banque de France

*including energy and food supply

**Forecast



SPECIALISED RETAIL SALES*

+0.6% in September 2020*

-20% on the cumulated January – September 2020

Source: Procos

*In France, in a year



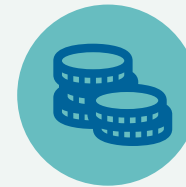
LUXURY STORES

18 openings at the end of Q3 2020*

37 in 2019

Source: Knight Frank

*In Paris, renovations-extensions, transfers, creations and temporary shops



INVESTED AMOUNTS*

2.8 billion euros at the end of Q3 2020

Stable over one year

Source: Knight Frank

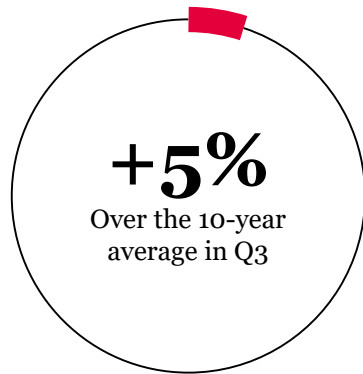
*In France, retail

INVESTMENT MARKET | FRANCE

RETAIL

Although the context seems less favourable to retailers, they are nevertheless showing a certain resistance. **€2.8 billion had been invested in retail at the end of Q3 2020**, i.e. a stable volume over one year and an increase of nearly 20% compared with the same period in 2018.

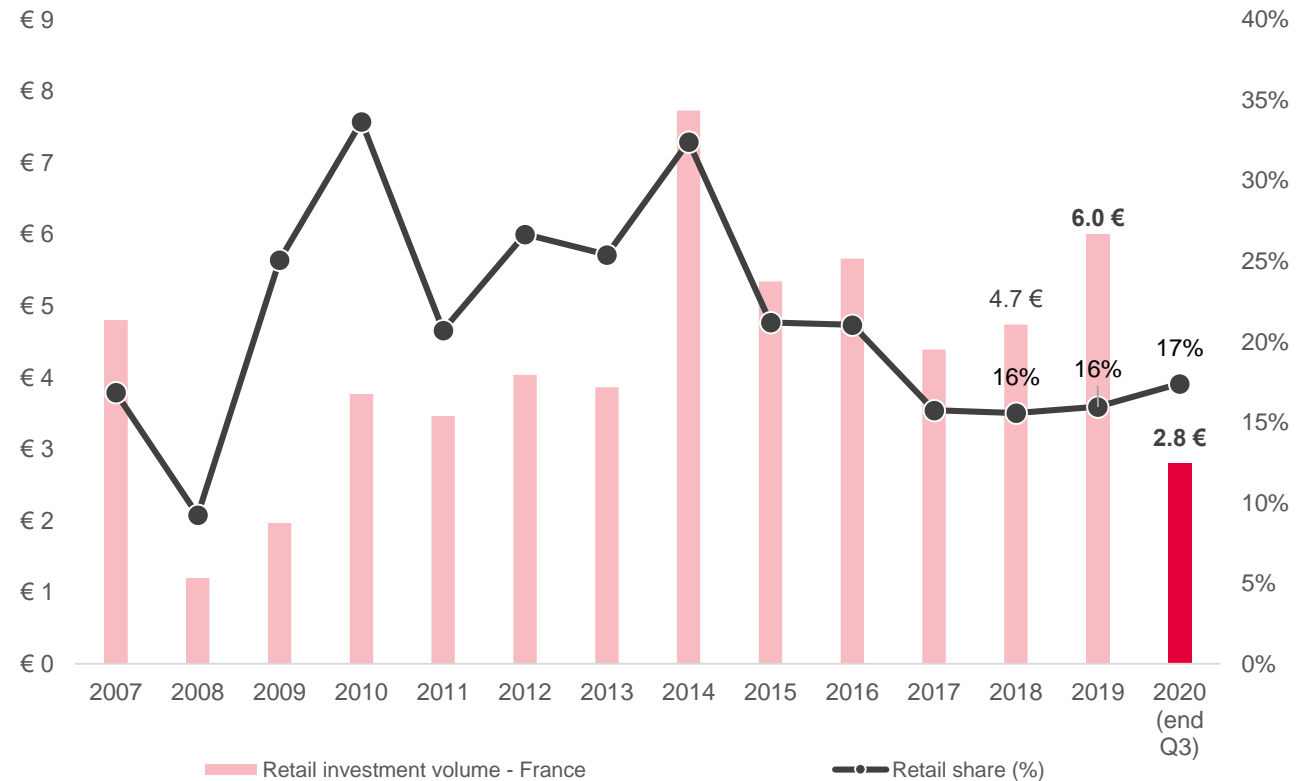
The situation is the same as in the previous quarter. **The overall performance of the retail sector remains quite respectable**, but is mainly the result of a few major transactions, starting with the sale last spring by UNIBAIL-RODAMCO-WESTFIELD (URW) of shares in a portfolio of five shopping centres for more than €1 billion.



STABLE COMPARED TO THE SAME PERIOD LAST YEAR

CHANGE IN RETAIL INVESTMENT VOLUME

In France, in billion €



Source: Knight Frank

INVESTMENT MARKET | FRANCE

RETAIL

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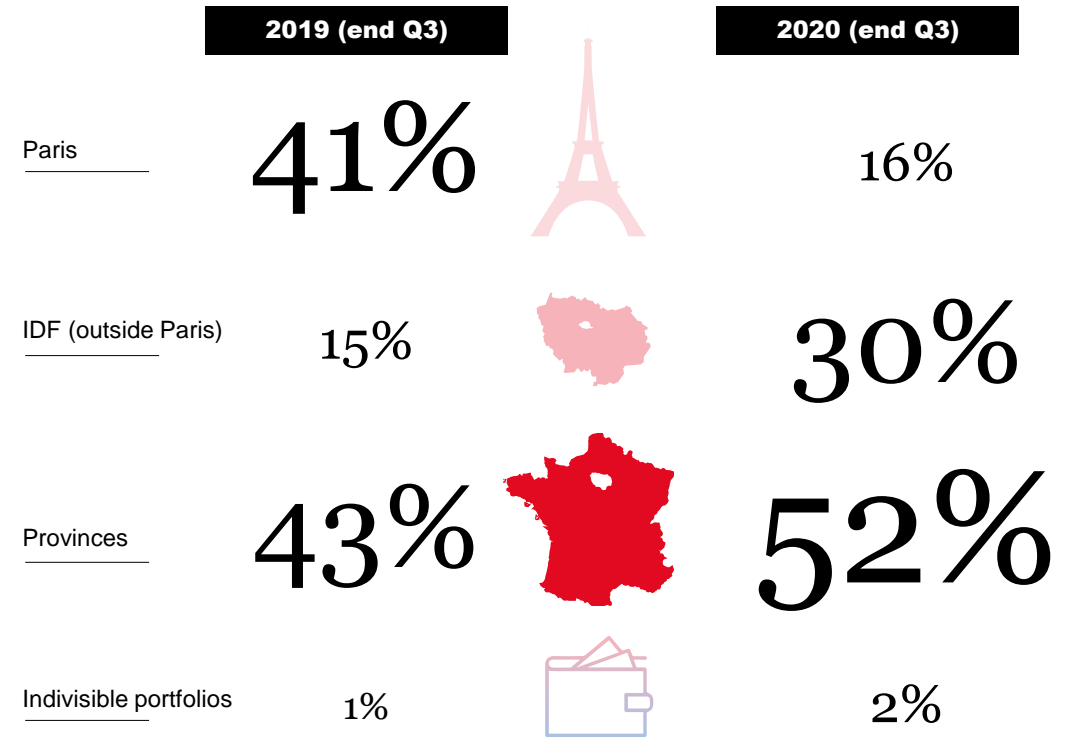


of volumes invested in retail in France in Q3 2020, **Paris' share is at its lowest in Q3 since 2010.**

PARIS ON STANDBY

RETAIL INVESTMENT VOLUME BY LOCATION

In France

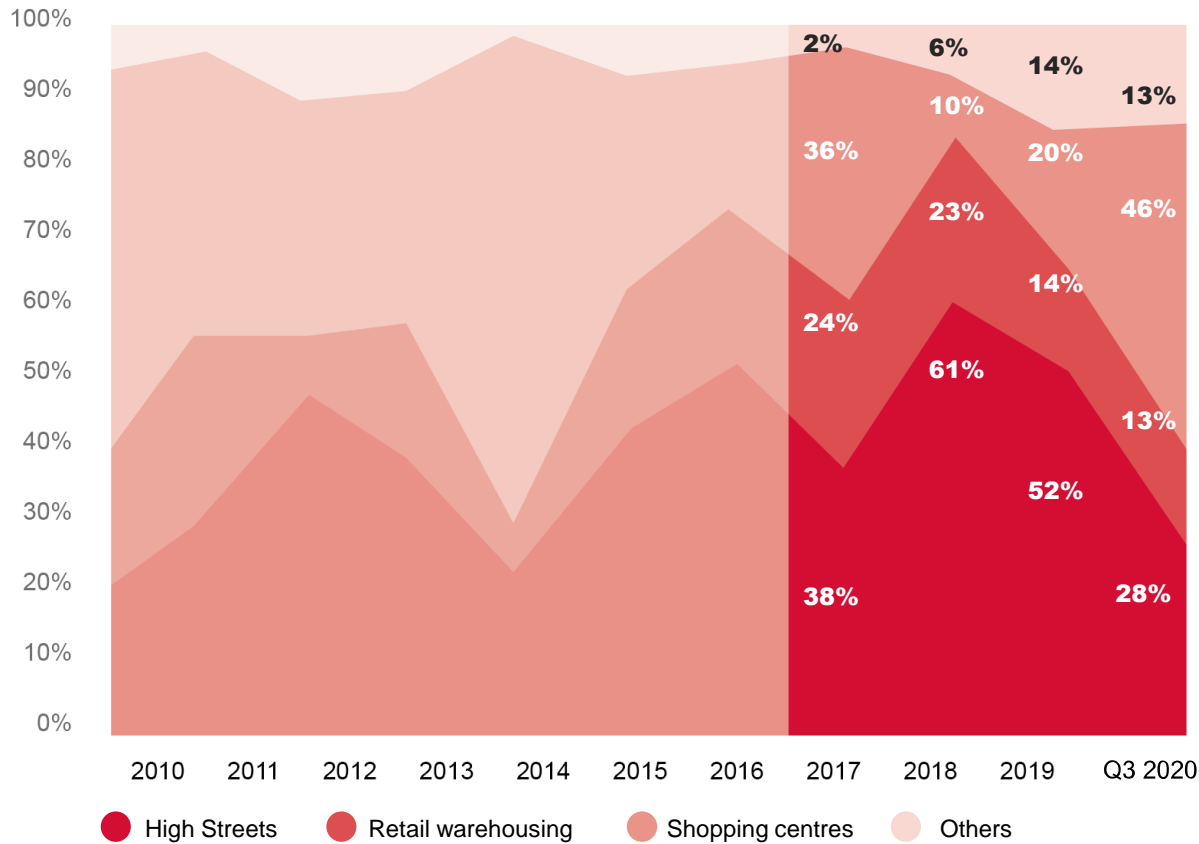


Source: Knight Frank

INVESTMENT MARKET | FRANCE

RETAIL

STRONG DECREASE IN HIGH STREETS
 BREAKDOWN OF RETAIL INVESTMENT VOLUME BY ASSET TYPE
 In France



Boosted by the completion of the ADEO portfolio, the share of retail warehousing jumped from one quarter to the next. They now account for 13% of the total volume invested in retail since the beginning of 2020, compared with 5% at the end of the second quarter, but remain behind shopping centres (46%) and high streets (28%), which are still suffering in Paris due to the drop in foreign tourist numbers.



of volumes invested in retail in France in Q3 2020, **the share of shopping centres is at its highest level in Q3 since 2014.**

Source: Knight Frank

INVESTMENT MARKET | FRANCE

RETAIL



EXAMPLES OF RETAIL INVESTMENT TRANSACTIONS IN 2020

Source: Knight Frank

Address / Asset	Type	City	Seller	Purchaser	Price
5 shopping centres portfolio (54.2%)	SC	Levallois-Perret (92), Roissy-en-France (95), Dijon (21), Rennes (35), Lyon (69)	Unibail Rodamco Westfield	Crédit Agricole Assurances / La Française	> €200M
Pan-European portfolio – 42 Leroy Merlin / Bricoman	RW	France	Groupe Adeo	Batipart / Covéa	> €200M
CIFA	OTH	Aubervilliers (93)	Eurazeo	Mata Capital	> €200M
4 Monoprix portfolio	HS	Paris (75), Montreuil (93), Lyon (69)	Groupe Casino	AEW Ciloger	€100-€200M
Printemps de Lille	HS	Lille (59)	LaSalle IM	Unofi	€50-€100M
Matisse portfolio	HYP	France	Groupe Casino	Ascencio	€50-€100M
56 avenue Montaigne	HS	Paris (75008)	Family Office	International private	€50-€100M
Monoprix – 258 avenue du Padro	HS	Marseille (13)	-	Amundi	€50-€100M
Galerias Lafayette	SC	Bron (69)	Citynove	Citynove JV Keys Reim	< €50M
19 Buffalo Grill portfolio	RW	France	Klépierre	AB Sagax	< €50M
Monoprix – 187 boulevard Jean Jaures	HS	Boulogne-Billancourt (92)	Monoprix	F&A (French insurer)	< €50M
Casino – 54 boulevard d'Alsace	HYP	Cannes (06)	-	Amundi	< €50M
Dior Heritage – 51 avenue Montaigne	HS	Paris (75008)	Private investor	Foncière Patrimonia	< €50M
120 rue Vieille du Temple / 16 rue Debelleye	HS	Paris (75003)	-	Cleaveland	< €50M
116 rue de Rivoli	HS	Paris (75001)	Private investor	Verotrade	< €50M
Retail warehouses portfolio	RW	Provinces	Compagnie de Phalsbourg	Keys Reim	< €50M
SQY Ouest	SC	Montigny-le-Bretonneux (78)	Hammerson	Société des Grands Magasins	< €50M
38 rue Sainte-Croix-de-la-Bretonnerie	HS	Paris (75004)	Private investors	Groupama Gan Reim	< €50M

■ < €50M
 ■ €50-€100M
 ■ €100-€200M
 ■ > €200M

NB: HS high street, RW retail warehousing, SC shopping centre, HYP hypermarket, OTH others



Adeo portfolio, France



Printemps de Lille, Lille



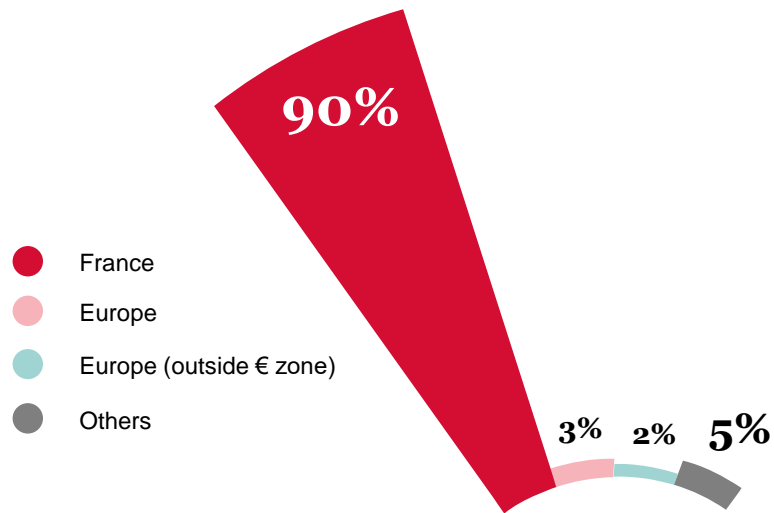
51 avenue Montaigne, Paris 8



As was seen in Q2, **foreign investors are less and less present in the French retail market.** Their share has been only 10% since the beginning of 2020, compared to 37% in the same period last year

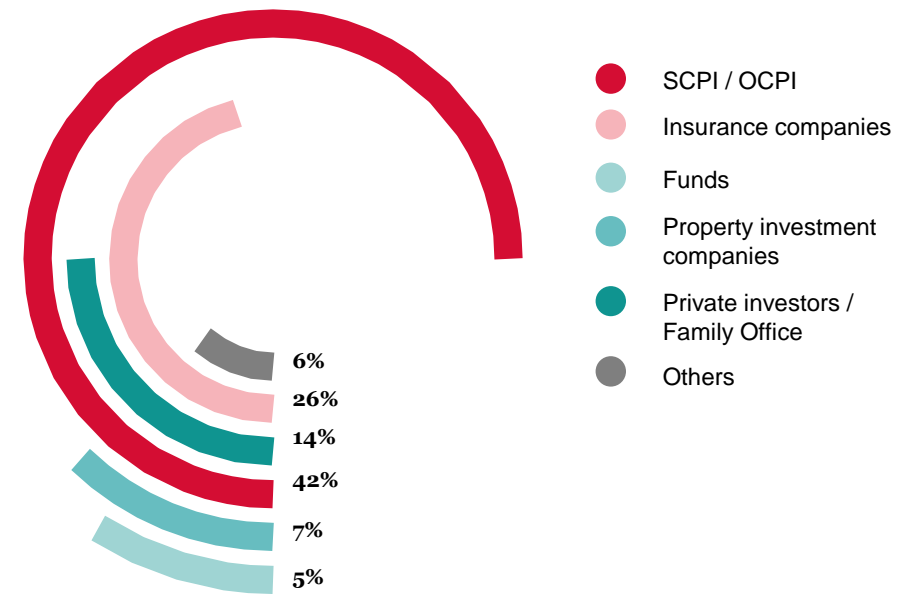
The market is almost exclusively driven by the French, and **particularly by SCPI/OPCI and insurers**, who account for more than two-thirds of investments. Notably we have seen the recent acquisitions by AMUNDI of CASINO and MONOPRIX shops, and the purchase by COVÉA of part of the ADEO portfolio.

A VERY FRENCH MARKET
RETAIL INVESTMENT VOLUME BY NATIONALITY
In France, in 2020 (end Q3)



Source: Knight Frank

SCPI/OPCI AND INSURERS: NEARLY 70% OF VOLUMES
RETAIL INVESTMENT VOLUME BY INVESTOR TYPE
In France, in 2020 (end Q3)



Source: Knight Frank

The health crisis has resulted in upward pressure on prime yields, **currently estimated at 25 basis points for all types of assets.** Thus, the yield for the most Prime Parisian highstreets now stands at 3.00%, a level that has not been seen since 2015.

BACK TO THE UPWARD TREND
PRIME RETAIL YIELDS
In France, as a %



CHANGE
2009-2020



RETAIL PARKS
-28%



SHOPPING CENTRES
-23%



HIGH STREETS
-37%



Source: Knight Frank



INDUSTRIAL

INVESTMENT MARKET | FRANCE INDUSTRIAL



	Q3 2020	Q3 2019	ANNUAL TREND
Industrial investment volume in France	€2.5 billion	€2.8 billion	↓
Share of industrial*	15%	12%	↑
Number of transactions > €100 million	6	6	→
Share of portfolios**	73%	45%	↑
Share of foreign investors**	90%	67%	↑
Prime yield Logistics	4.00%	4.25%	↓
Prime yield Light industrial	5.40%	5.40%	→

* On total investment in France, all asset types – excluding non-divisible portfolios.

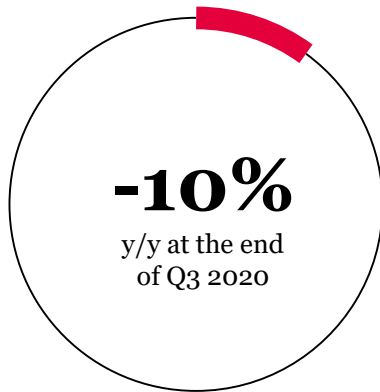
** On total industrial investment in France

Source: Knight Frank

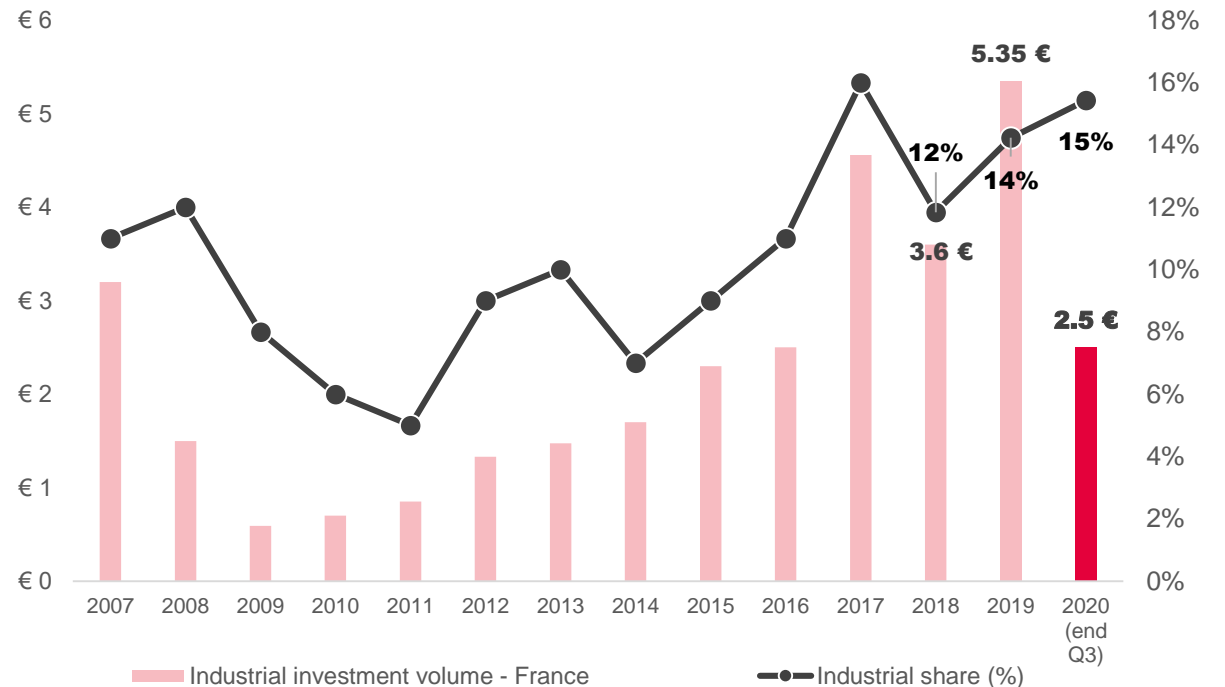


After a record Q1, the industrial property investment market slowed down in Q2 and Q3 and now totals €2.5 billion since the beginning of 2020. **Although this figure is down 10% compared with the same period last year, it is still well above the ten-year average by 63%.**

Logistics is once again proving to be the driving force behind activity, accounting for 91% of the amounts invested in the industrial property market. **This share is largely inflated by the completion of warehouse portfolios, which alone represent 73% of the volumes invested in the industrial sector.**



A DECLINE TO BE PUT INTO CONTEXT
CHANGE IN INDUSTRIAL INVESTMENT VOLUME
In France, in billion €



Source: Knight Frank

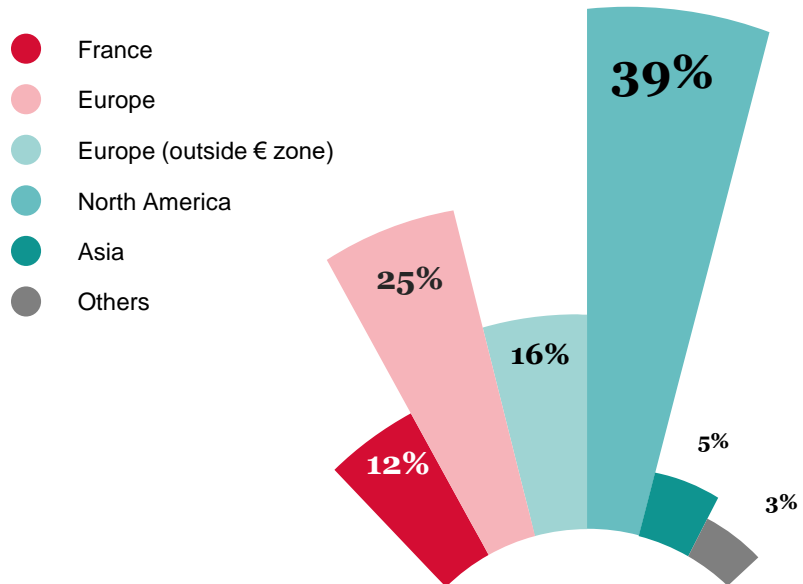
INVESTMENT MARKET | FRANCE

INDUSTRIAL

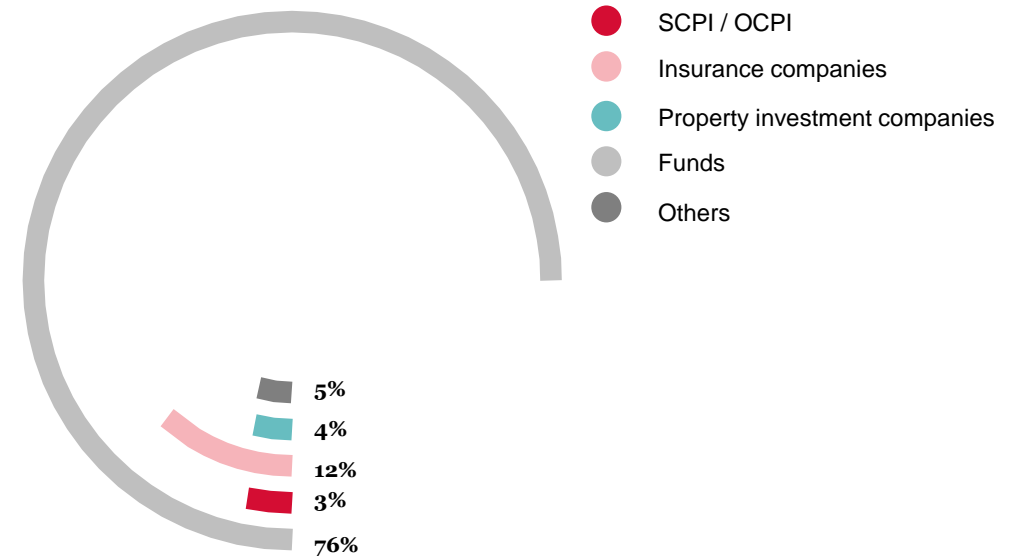
The industrial real estate market remains mainly dominated by foreign investors, **North Americans in particular. The latter have accounted for 39% of the total invested since the beginning of 2020** thanks to a few significant acquisitions, such as Blackstone's purchase in Q3 of a logistics portfolio of warehouses located in France and Germany for nearly €270 million.

The dynamism of **North Americans and other foreign investors (Patrizia, Ivanhoé Cambridge, Tristan)** has inflated the share of investment funds. This type of investors is largely in the lead at the end of Q3 2020, with **76% of the amount invested in the industrial real estate market.**

NORTH AMERICANS ARE DOMINATING
INDUSTRIAL INVESTMENT VOLUME BY NATIONALITY
In France, in 2020 (end Q3)



FUNDS LARGELY IN THE LEAD
INDUSTRIAL INVESTMENT VOLUME BY INVESTOR TYPE
In France, in 2020 (end Q3)



Source: Knight Frank

INVESTMENT MARKET | FRANCE INDUSTRIAL

EXAMPLES OF INDUSTRIAL INVESTMENT TRANSACTIONS IN 2020

Source: Knight Frank

Address / Asset	City	Seller	Purchaser	Price
Mercury portfolio	France	GreenOak	Patrizia	> €100M
Hub & Flow portfolio	France	Carlyle	Ivanhoé Cambridge	> €100M
Proximity portfolio	France	Castlelake	Blackstone	> €100M
Jacky Perrenot portfolio	France	Jacky Perrenot	Catella / Tristan	> €100M
Delticom platform	Ensisheim (68)	Garbe Industrial RE	Union Investment	> €100M
Intermarché portfolio	France	-	Etche	€50-€100M
Industrial pan-European portfolio	France	Cromwell EREIT	Blackstone	€50-€100M
2 platforms portfolio	Artenay (45), Reims (51)	AREFIM	Invesco	€50-€100M
4 business parks portfolio	France	HMC / Foncière Magellan	Foreign investor	< €50M
Le Coq Sportif platform	Moussey (10)	-	Unofi	< €50M
Renault platform	Basse-Ham (57)	Axa	Stam	< €50M
Kramp platform	Poitiers (86)	Kramp Groep BV	Angelo Gordon	< €50M

■ < €50M
 ■ €50-€100M
 ■ > €100M



Mercury portfolio, France



Proximity portfolio, France



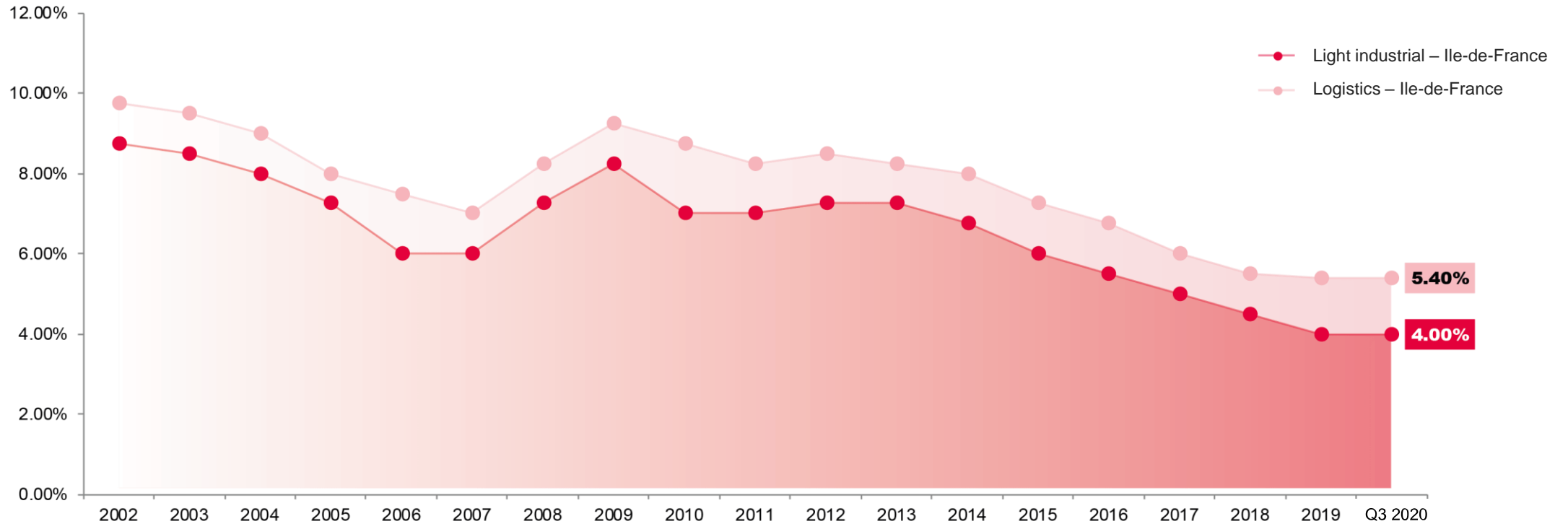
Delticom platform, Ensisheim

YIELD ARE STILL AT THEIR LOWEST RATE

PRIME INDUSTRIAL YIELDS

In France, shown as a %

Continuous since 2014 due to the growing interest of French and foreign investors, the decline in prime yields continues in 2020 in the logistics market, **where some ongoing negotiations are pointing to rates of between 3.50 and 4.00%**, a drop of 25 basis points from last year's level and more than 200 basis points from that of 2015.



Source: Knight Frank



OUTLOOK

OUTLOOK

1

THE AMOUNT INVESTED IN FRANCE SINCE 1 JANUARY 2020 AND THE TRANSACTIONS CURRENTLY BEING FINALIZED MEAN THAT THE INVESTMENT TOTAL IS LIKELY TO BE BETWEEN 20 AND 25 BILLION OVER THE YEAR AS A WHOLE.

This result would represent a fall of 34 to 47% compared with the historical performance in 2019, but a change of between -14% and +8% compared with the ten-year average. Moreover, at the end of Q3, the 2020 result is already well above the average annual level recorded over the 2008-2013 period.

2

UNCERTAINTY REMAINS HIGH, FUELLED BY THE RECENT UPSURGE IN THE NUMBER OF CASES OF COVID-19 AND THE DECISION BY THE FRENCH GOVERNMENT TO ENFORCE A SECOND NATIONAL LOCKDOWN. This ambiguity and travel restrictions due to the health situation are not without consequences for the activity of foreign investors, the share of which fell further at the end of Q3. However, there is no real reason to fear a halt in the market. The maintenance of low key interest rates and the abundance of liquidity to be invested are helping to contain the impact of the pandemic for the time being, despite the tightening of financing conditions and the deterioration of rental markets, which is particularly marked in the office segment.

3

INVESTORS' STRATEGIES ARE AS DIVERSE AS THE FRENCH PROPERTY MARKET, WHOSE STRENGTH LIES PRECISELY IN THE GREAT DEPTH AND BREADTH OF OPPORTUNITIES OFFERED TO OPERATORS OF VERY VARIED NATURES. Some are more risk-averse, favouring the safest assets that offer sustainable income or make the most of the crisis, such as logistics, residential or prime office properties. Others are already taking advantage of the discounts observed on certain types of assets, or are seizing opportunities linked to the changes brought about by the Covid-19 pandemic, such as in the retail segment. Despite the state of shock in which the population is still in, investors are thus projecting themselves into the future, which is, after all, the best way to overcome crises.

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