

Q1 2021

INVESTMENT MARKET FRANCE

SUMMARY

04.
General trends

13.
Offices



38.
Contacts



22.
Retail

30.
Industrial

36.
Outlook



KEY INDICATORS



	Q1 2021	Q1 2020	ANNUAL TREND
Investment volumes in France	€4.8 bn	€7.3 bn	↓
Number of transactions	120	190	↓
Number of transactions > €100 million	15	20	↓
Share of transactions > €100 million	61%	63%	↓
Share of portfolios	17%	23%	↓
Share of Ile-de-France*	76%	69%	↑
Share of foreign investors	44%	58%	↓
Share of offices*	76%	67%	↑
Share of retail*	5%	8%	↓
Share of industrial*	19%	25%	↓
Prime yield Offices	2.75%	2.75%	→
Prime yield Retail	3.00%	2.75%	↑
Prime yield Logistics	3.75%	4.00%	↓

*Share expressed as a percentage of total volumes invested in France, all types of assets combined - excluding non-divisible portfolios.

Source: Knight Frank

An aerial, high-angle photograph of a busy transit station. The scene is filled with people walking, standing, and interacting. There are glass turnstiles and "EXIT" signs visible. The floor is a mix of dark and light grey tiles. A prominent red vertical bar is on the left side of the image.

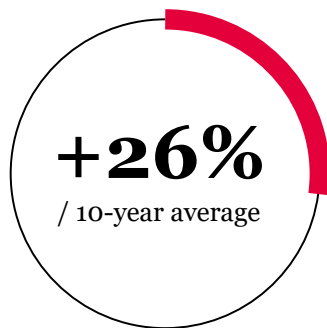
GENERAL TRENDS

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

€4.8 billion was invested in the French commercial property market in Q1 2021, a decrease of 47% compared to Q4 2020 and 35% compared to Q1 2020. This significant decline was expected given the exceptional results of the same period last year (€7.3 billion invested), the lack of certainty due to the health crisis and a smaller number of transactions to be completed.

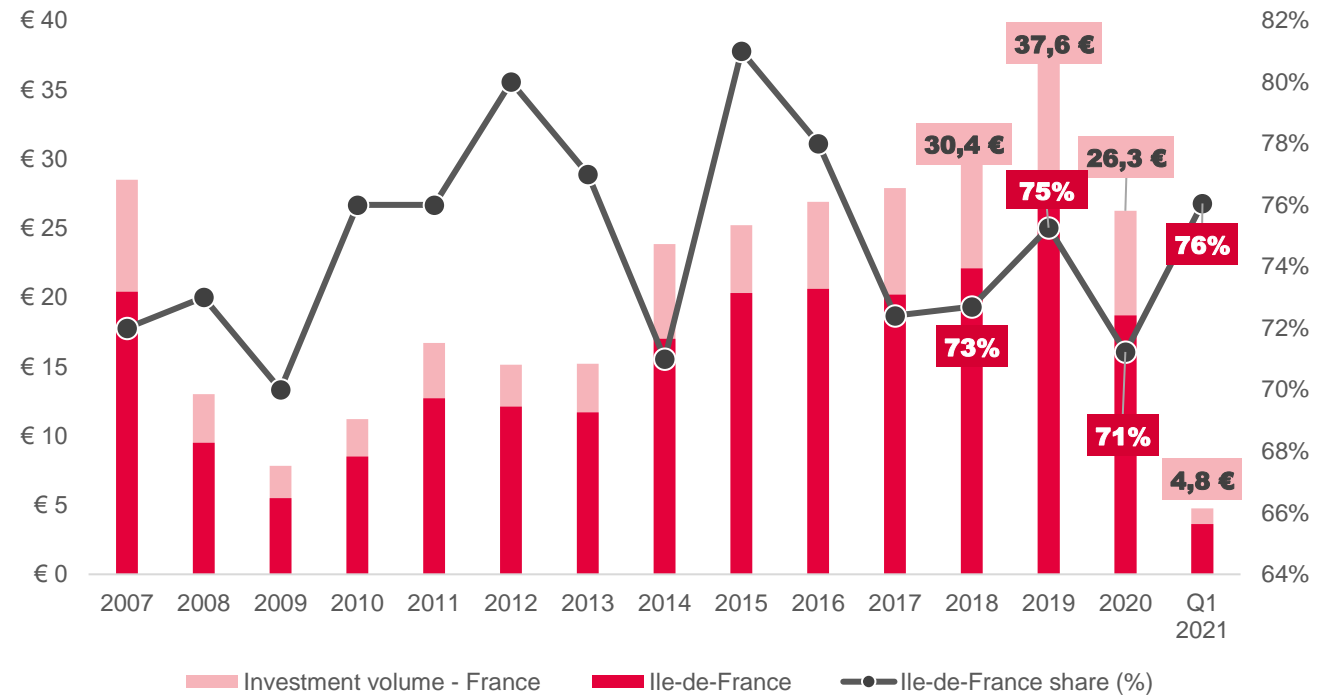
Up 26% on the ten-year average, investment volumes in Q1 2021 are still substantial thanks to a relatively large number of large transactions and the dynamism of offices.



ENCOURAGING SIGNS FOR THE INVESTMENT MARKET

CHANGE IN INVESTMENT VOLUME, ALL ASSET TYPES

In France, in billion €



Source: Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

Large transactions once again underpinned investment market activity. **The 15 deals worth more than €100 million recorded in the first quarter of 2021 accounted for 61% of the volume invested in France over the period**, which is very similar to the share recorded for the same period in 2020 (63%). The decrease is quite clear in the segment of transactions above €200 million, with 3 deals signed since the beginning of 2021 compared to 9 in Q1 2020.



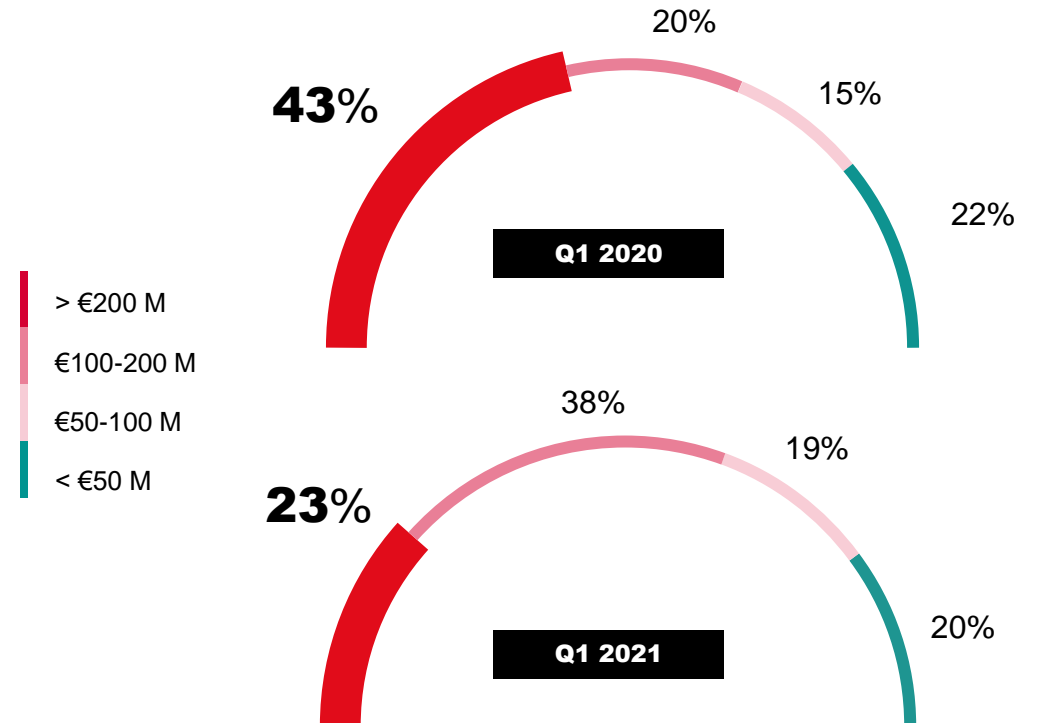
Share of investment volume in France in form of portfolios at the end of Q1 2021

23% at the end of Q1 2020

SIGNIFICANT DECLINE IN TRANSACTIONS OVER €200M

BREAKDOWN OF INVESTMENT VOLUME BY VOLUME CATEGORY

In France, all asset types

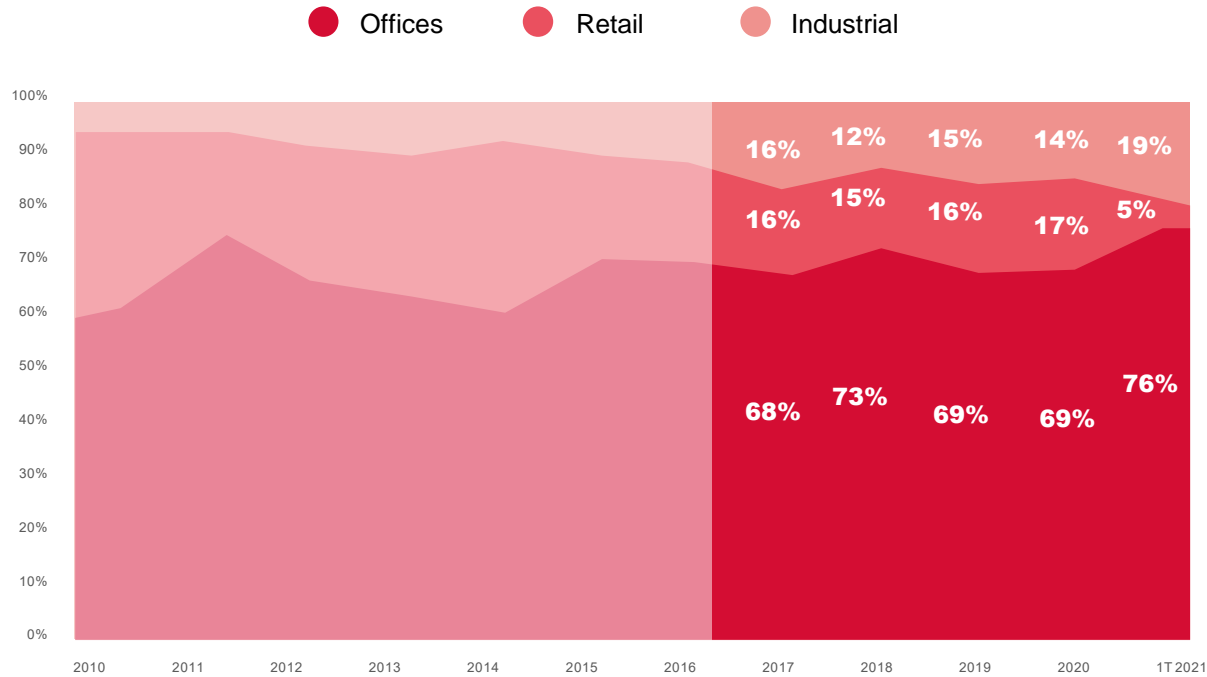


Source: Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

OFFICES DRIVE ACTIVITY
 BREAKDOWN OF INVESTMENT VOLUME BY ASSET TYPE
 In France



The French market continues to be mainly driven by office sales (76%). With volumes down 65% year-on-year and a share of 5%, retail assets reached their lowest level since 2001 due to the impact of restrictive measures related to the health crisis. Industrial assets accounted for nearly 20% of the amounts invested in France thanks to major disposals of logistics assets and data centres.

Average share between 2011 and 2020 of **retail in French investment volume**

Versus 5% in Q1 2021

Source: Knight Frank



Source: Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

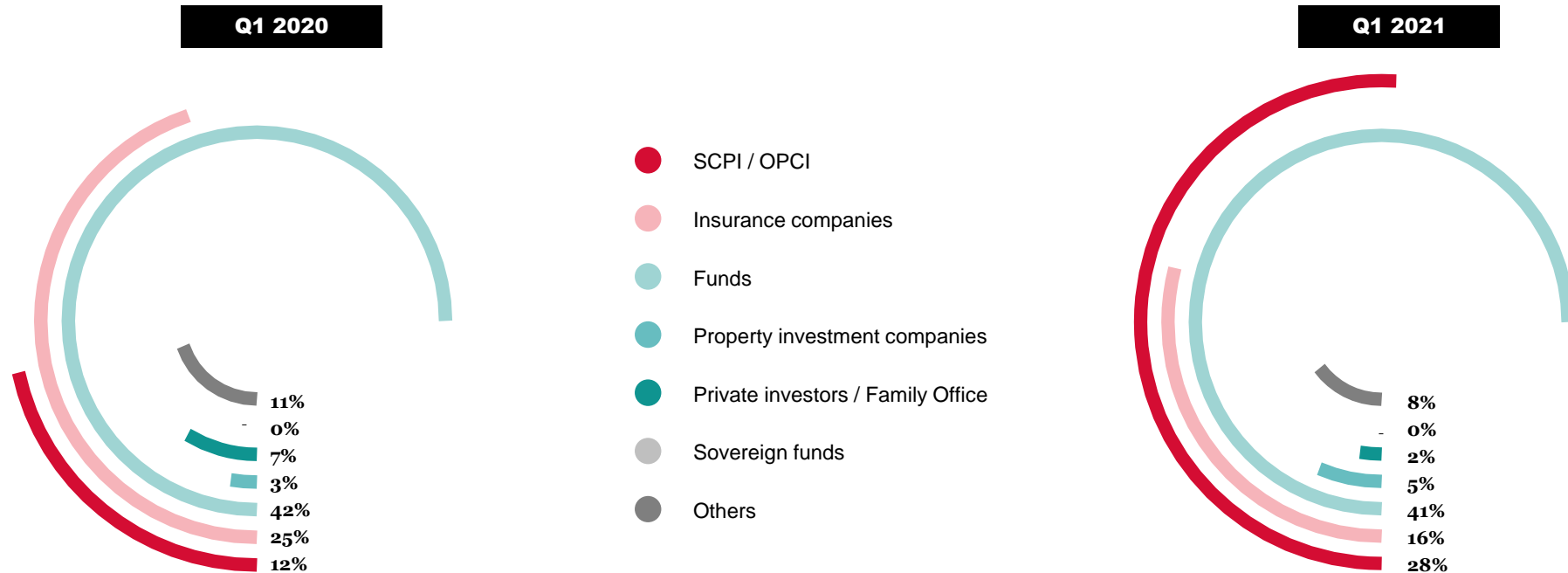
Funds remain the main players in the French market. They accounted for 41% of the volume invested in the first quarter of 2021 and their share was stable compared to the same period last year. Mostly foreign (GULF ISLAMIC INVESTMENTS, DWS, DEKA, TISHMAN SPEYER), these funds are positioned exclusively in offices and industrial assets.

On the back of a better trend in inflows at the end of 2020, **the major savings collectors remain key players**, accounting for nearly 30% of the volumes invested since January in France (compared with 12% in Q1 2020). Third place goes to insurers (16%), which were behind some major deals (MACSF, ALLIANZ, AVIVA, etc.),

SCPI/OPCI ARE GAINING GROUND

BREAKDOWN OF INVESTMENT VOLUME BY INVESTOR TYPE

In France, all asset types



Source: Knight Frank

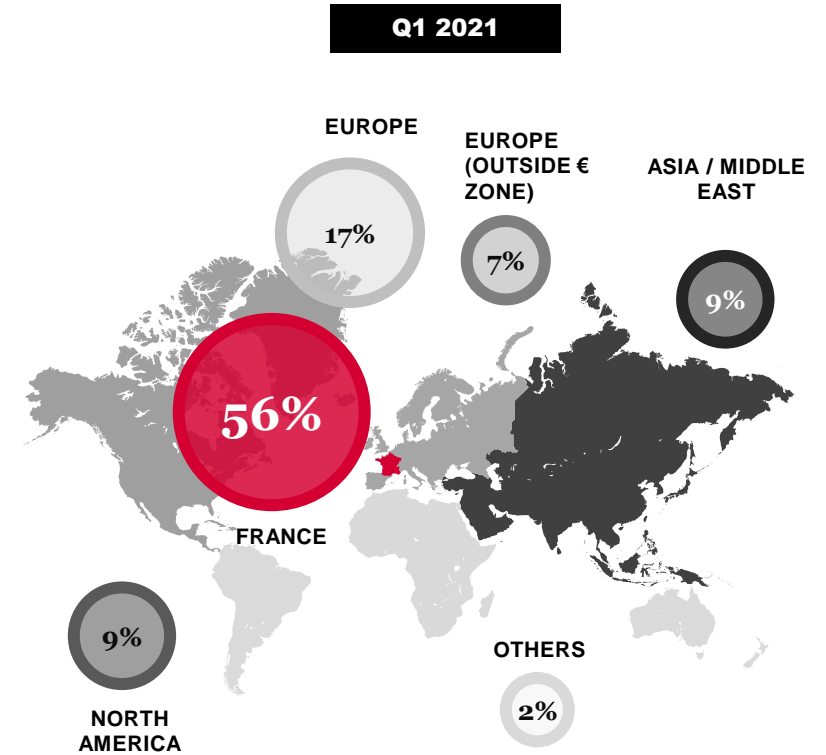
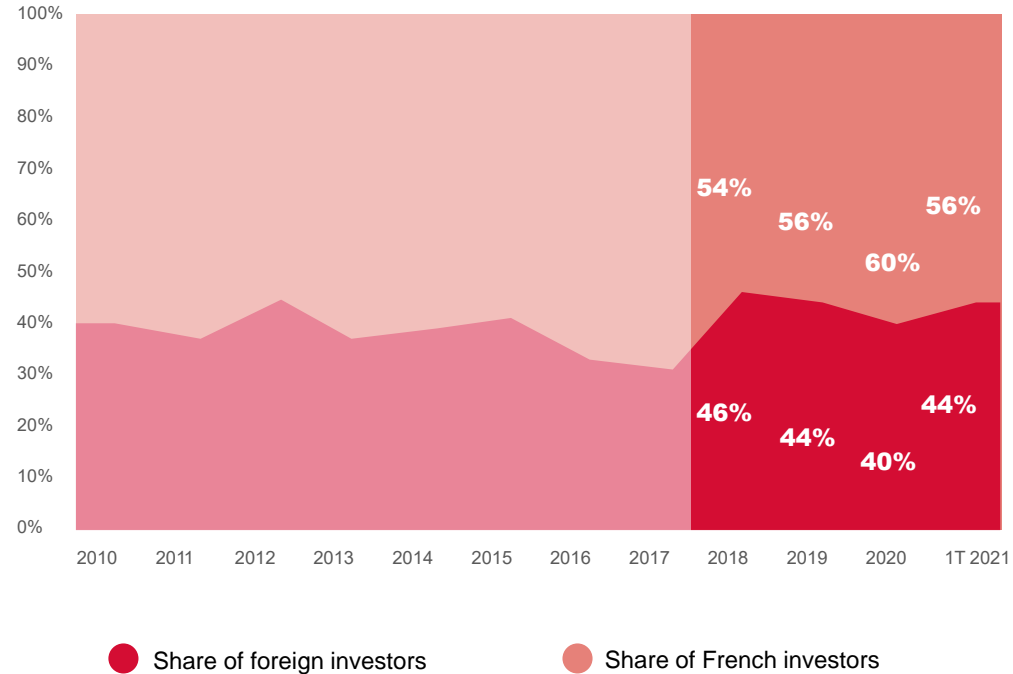
INVESTMENT MARKET | FRANCE

GENERAL TRENDS

After a year characterised by a noticeable decline during 2020, **foreign investors saw their share increase in the first quarter of 2021 (44%)** with more than 2 billion euros invested in France. As is the case with the Germans, foreign investors continue to have a strong presence in the office and logistics segments.

The French remain in the majority (56%). Their share was boosted by transactions carried out on behalf of the major savings collectors.

THE FRENCH ARE STILL IN THE MAJORITY
 BREAKDOWN OF INVESTMENT VOLUME BY NATIONALITY
 In France, all asset types



Source: Knight Frank

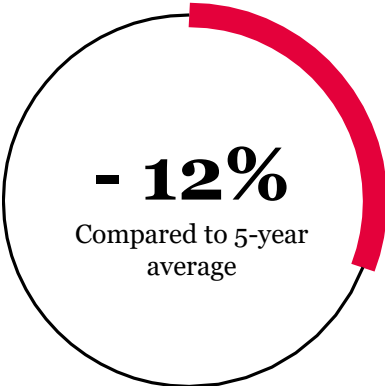
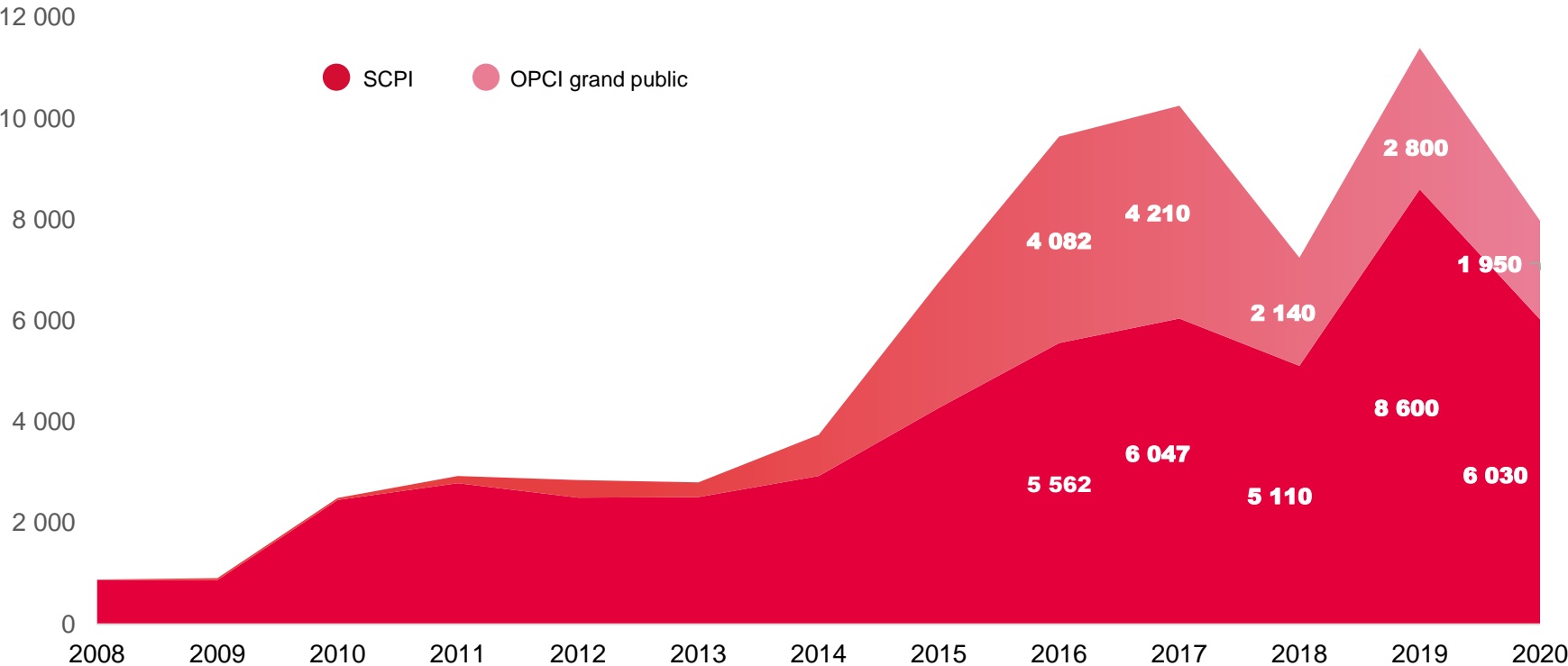
INVESTMENT MARKET | FRANCE

GENERAL TRENDS



DYNAMISM OF SCPI INFLOWS

CHANGE IN NET FUNDS RAISED BY SCPI / OPCV
 In France, in million euros



Sources: ASPIM / IEIF



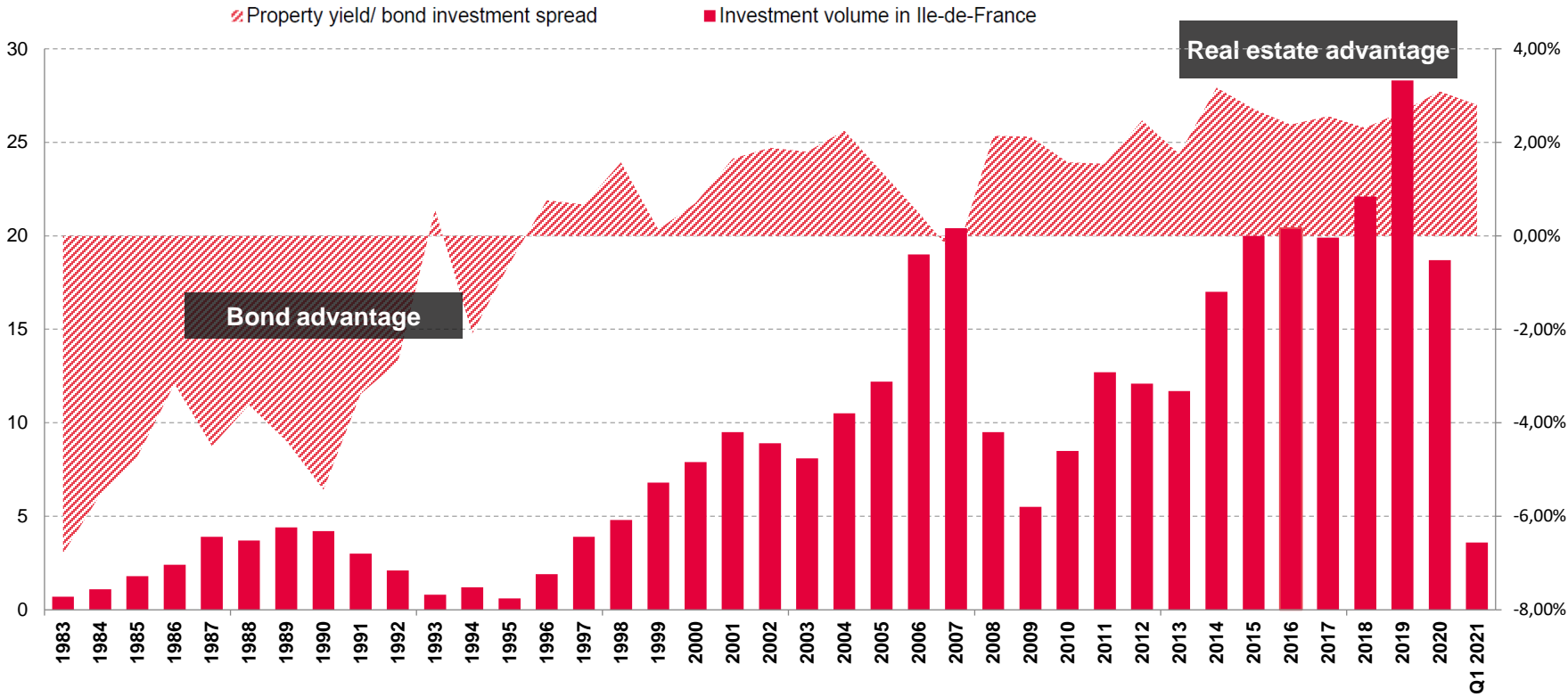
INVESTMENT MARKET | FRANCE

GENERAL TRENDS



A STILL FAVOURABLE SPREAD

PRIME YIELDS/ BOND RETURN SPREAD
(In %)



Sources: Banque de France / Knight Frank



INVESTMENT MARKET | FRANCE

GENERAL TRENDS

Office yields remain stable due to investors' appetite for the best Parisian assets.

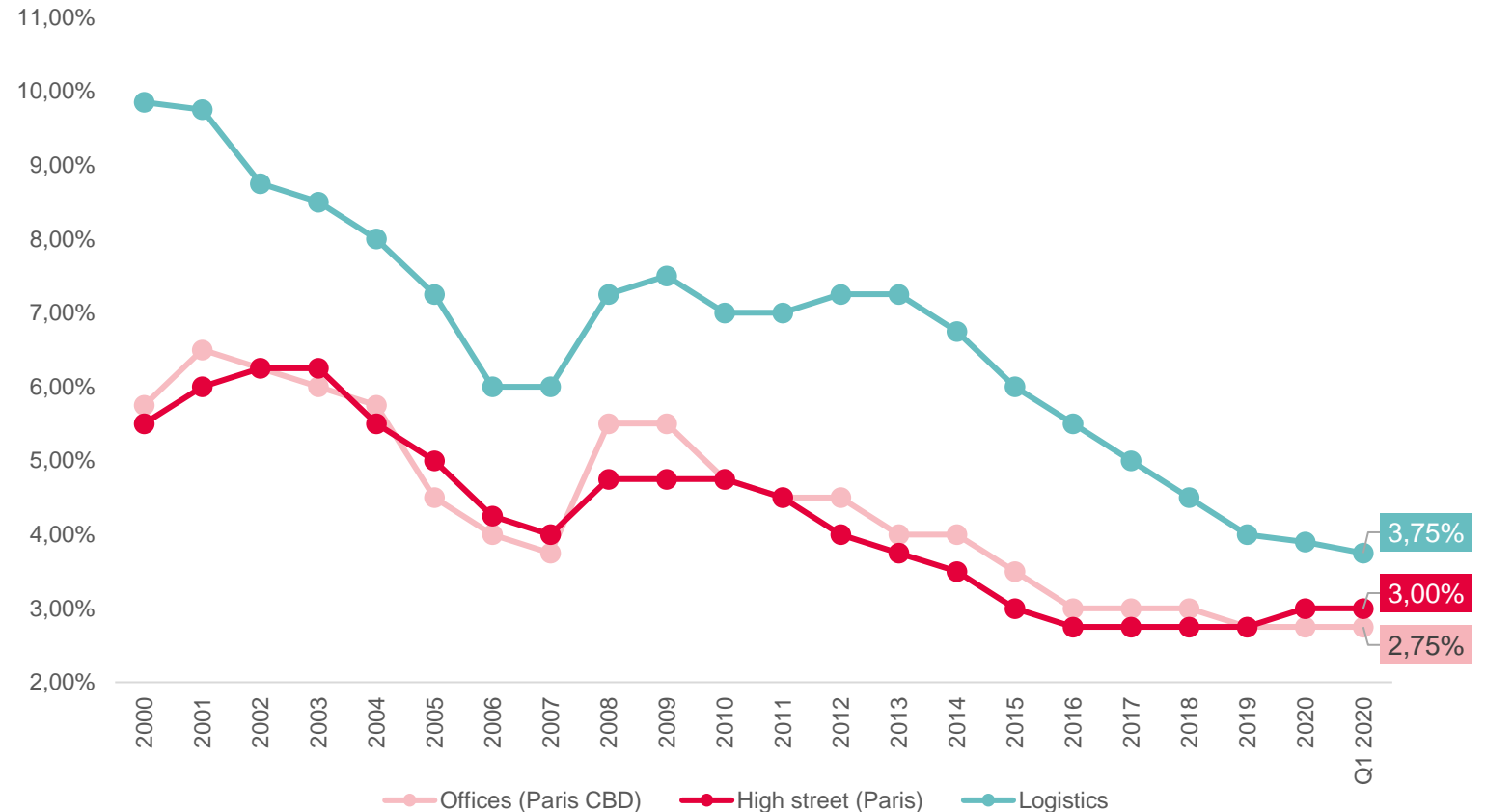
The trend in the logistics market is still downwards. Prime rates fell below 4.00% in 2020 and now stand at 3.75%.

Prime retail rates remained stable due to **the absence of flagship asset transactions.** In the secondary asset segment, rates are under general upward pressure due to the impact of the health crisis and increased investor caution.

CONTRACTION CONTINUES IN THE LOGISTICS MARKET

CHANGE IN PRIME YIELDS

In France, in %



Source: Knight Frank

A thick red vertical bar is positioned on the left side of the image, extending from the top to the bottom of the text area.

OFFICES

INVESTMENT MARKET | FRANCE OFFICES



	Q1 2021	Q1 2020	ANNUAL TREND
Office investment volume in France	€3.6 bn	€4.9 bn	↓
Share of offices*	76%	67%	↑
Number of transactions > €100 million	12	15	↓
Share of transactions > €100 million	66%	42%	↑
Share of Ile-de-France**	88%	84%	↑
Share of foreign investors**	32%	46%	↓
Prime yield Paris CBD	2.75%	2.75%	→
Prime yield La Défense	4.00%	4.00%	→
Prime yield Lyon	3.50%	3.50%	→

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

** Of total office investment in France

Source: Knight Frank



KEY INDICATORS | OFFICES



BUSINESS CLIMATE / FRANCE*

98 points in March 2021

+4 pts compared to Dec. 2020
Source: INSEE



PRIVATE SECTOR JOBS / GREATER PARIS REGION

- 3.1% y/y, at end of Q4 2020

- 2.6% en France
Source: INSEE



UNEMPLOYMENT RATE / GREATER PARIS REGION

7.7 % at end of Q4 2020

8.0 % in Metropolitan France
Source: INSEE



TAKE UP / GREATER PARIS REGION

373,800 m² in Q1 2021

- 30% y/y
Source: Knight Frank



VACANCY RATE / GREATER PARIS REGION

6.8% at end of Q1 2021

5.3% at end of Q1 2020
Source: Knight Frank



PRIME RENT / GREATER PARIS REGION

€935/m²/yr at end of Q1
2021

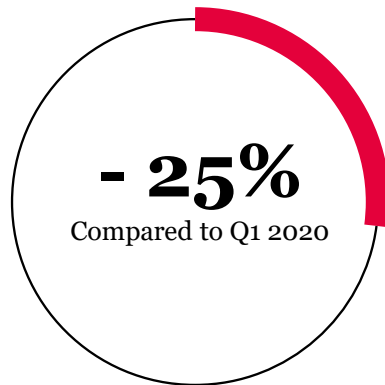
+ 7.0% y/y
Source: Knight Frank

*general index, in the services sector

INVESTMENT MARKET | FRANCE OFFICES

Despite the health crisis and a rental market shaken by restrictive measures, offices are still favoured by investors. **With 3.6 billion euros spent on the French office market in the first quarter of 2021**, volumes were down 25% year-on-year **but 43% above the ten-year average**.

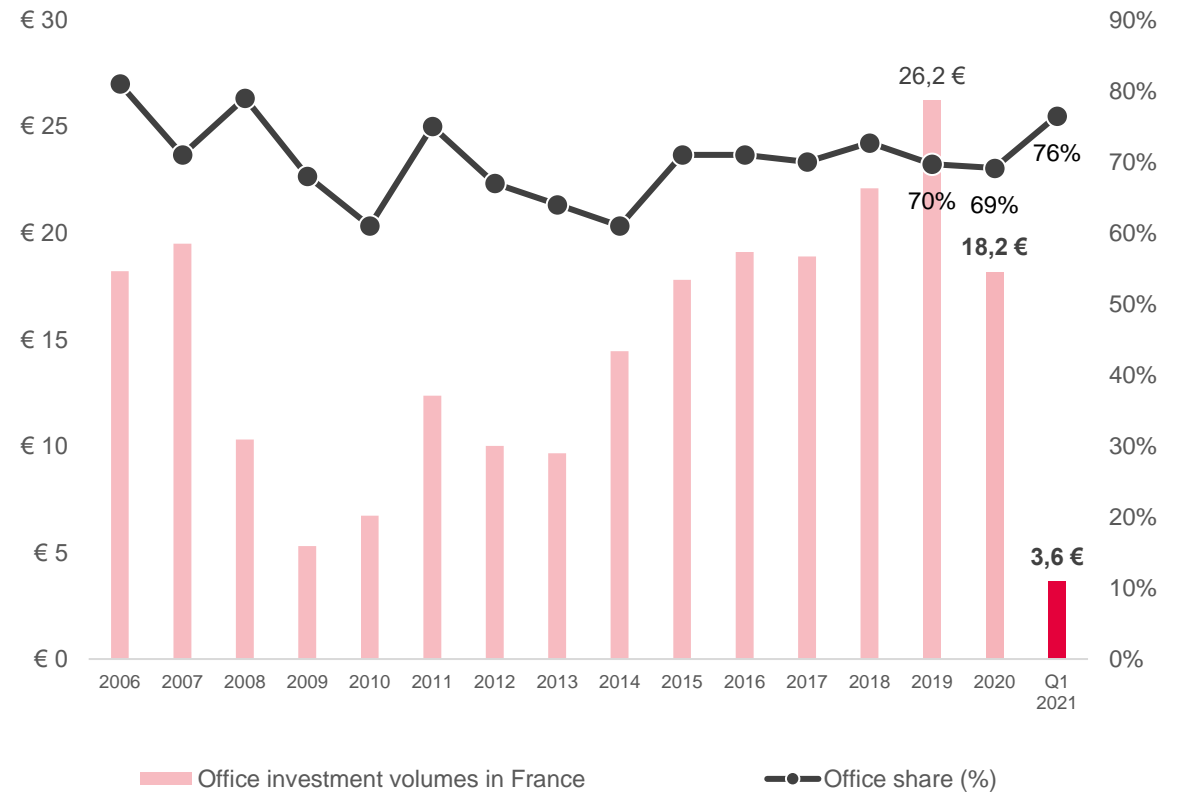
It is also the **second best Q1 of the decade after the peak was reached at the same time last year**. Finally, this amount represents 76% of all sums invested in France for all types of assets combined.



SECOND BEST Q1 IN THE LAST 10 YEARS

CHANGE IN OFFICE INVESTMENT VOLUME

In France, in billion €

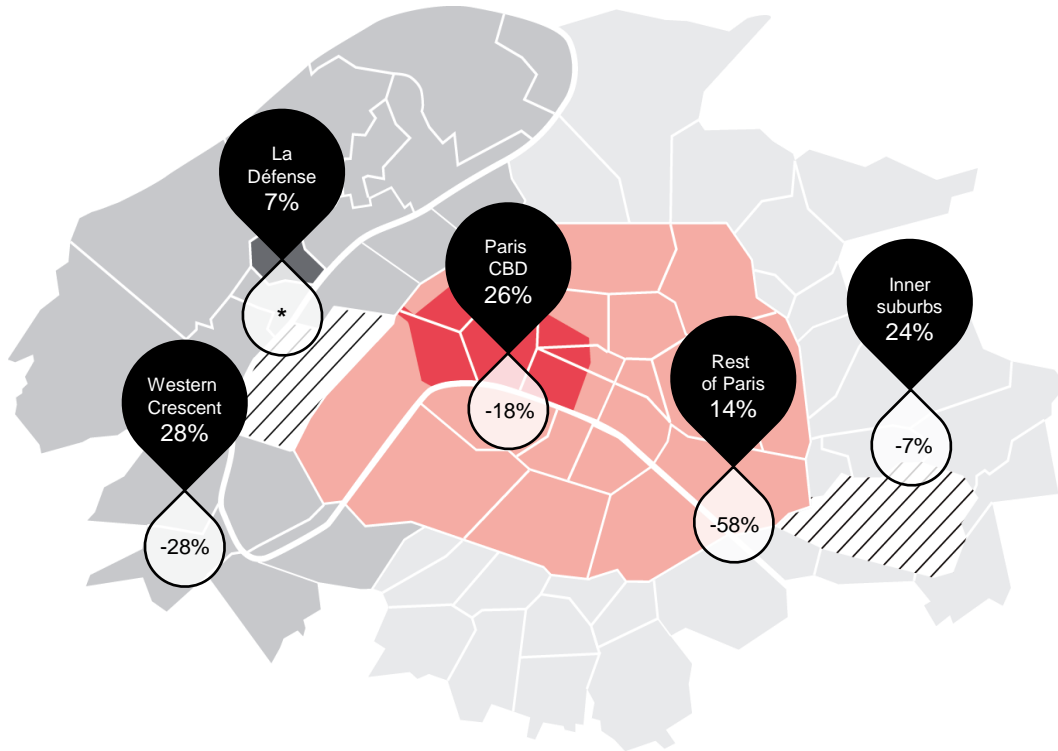


Source: Knight Frank

INVESTMENT MARKET | FRANCE OFFICES

PARIS ACCOUNTS FOR 40% OF ACTIVITY

GEOGRAPHIC BREAKDOWN OF OFFICE INVESTMENT VOLUMES
IN THE GREATER PARIS REGION



Source: Knight Frank /* No transaction recorded in Q1 2021

With 1.3 billion euros invested in the first quarter of 2021, **Paris remains the most important market**, accounting for 40% of all the sums invested in the Greater Paris Region office market. However, this share is declining due to a limited number of transactions, the result of a limited supply rather than a lack of investor interest in the capital.

The Western Crescent benefited from two major transactions in Issy-les-Moulineaux ("SHIFT" and "EDO"), for a cumulative amount of approximately 750 million euros. After a sluggish year in 2020, La Défense also recovered thanks in particular to the sale of several buildings by URW in the "Villages de l'Arche".

Several significant transactions took place in areas outside the Hauts-de-Seine region. **In the Inner Suburbs, several major transactions were completed** in Montreuil, where LA FRANÇAISE bought a 17,000 m² complex on rue de Valmy, and in Pantin, where TISHMAN SPEYER acquired the "Magasins Généraux".

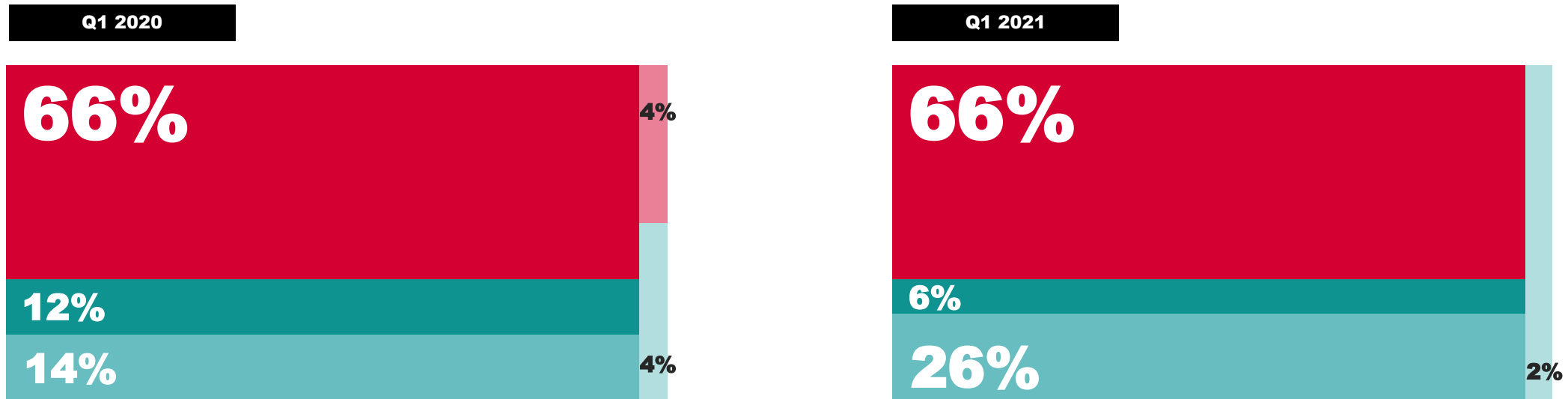
Share shown as a % of office investment volume in Ile-de-France at the end of Q1 2021

Change in office investment volume shown as a % (Q1 2021 compared to Q1 2021)

Although core properties accounted for the vast majority of office investment volumes in Q1 2021 (66%), the price correction in other types of property, the good fundamentals of the Paris region market and the search for yields are encouraging several players to take more risks. Despite the tightening of financing conditions, which may prevent or delay the finalisation of value-added transactions, several

value-creating transactions have been recorded, aimed in particular at **adapting offices to the new expectations of occupiers** (well-being, hybridisation of working methods, etc.) and to **new environmental performance standards**.

CORE IS STILL VERY POPULAR
 BREAKDOWN OF OFFICE INVESTMENT VOLUME BY RISK TYPE
 In the Greater Paris Region, 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 2021

Source: Knight Frank

Address / Asset	City	Seller	Purchaser	Price
SHIFT, 34-38 rue Guynemer	Issy-les-Moulineaux	Unibail Rodamco Westfield	Primonial / La Française / EDF Invest	> €200M
Tour Altaïs, 65 rue du Capitaine Dreyfus	Montreuil	Arpent Capital / Maple Knoll / Oaktree	Gulf Islamic Investments	> €200M
Rue Louis le Grand	Paris 2	BNP Paribas	JP Morgan / Altarea	€100-200M
8 rue de Sofia	Paris 18	BNP Paribas	CDC	€100-200M
9 avenue Percier	Paris 8	SFL	Deka	€100-200M
16 avenue George V	Paris 8	Allianz	MACSF	€100-200M
Les Villages de l'Arche 4 et 6	Puteaux	Unibail Rodamco Westfield	Perial	€100-200M
Magasins Généraux	Pantin	AG2R La Mondiale	Tishman Speyer	€100-200M
Edo, 3 allée de Grenelle	Issy-les-Moulineaux	Covivio	La Française	€100-200M
26 rue de Valmy	Montreuil	AG2R La Mondiale	La Française	€100-200M
112-114 avenue de Wagram	Paris 17	SFL	Aviva Investors	€100-200M
Astrolabe, 79 boulevard de Dunkerque	Marseille	Covivio / Predica	Cepac / Principal	< €50M
28-34 rue du Château des Rentiers	Paris 13	EQT Real Estate	Batipart / ACM / Covéa / Cardif	< €50M
Mozaïk, 23 rue François Jacob	Rueil-Malmaison	DTZ Investors	Blue Colibri	< €50M
Les Villages de l'Arche 3	Puteaux	Unibail Rodamco Westfield	La Française	< €50M
141 rue de Javel	Paris 15	Amundi	Immovalor	< €50M
Portefeuille Orange – 21 immeubles	France	Covivio	Midi 2i / Foncière Carmin / Groupe Cardinal	< €50M
9 rue d'Argenson	Paris 8	Foncière Raynouard	AEW (RVK)	< €50M
Portefeuille Elements – 16 actifs	France	Gecina	Keys	< €50M
39-43 rue Louveau	Châtillon	Coffim	Freo / Anacap	< €50M
9 rue du Helder	Paris 9	Barings	Institutionnel français	< €50M
Woopa, 10 avenue des Canuts	Vaulx-en-Velin	SCI privée	Immovalor	< €50M
Union Square	Rueil-Malmaison	AEW Ciloger	UBS	< €50M
260 boulevard Saint-Germain	Paris 7	Axa	Groupama Gan Reim	< €50M



SHIFT, Issy-les-Moulineaux



16 AVENUE GEORGE V, Paris 8



26 RUE DE VALMY, Montreuil

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

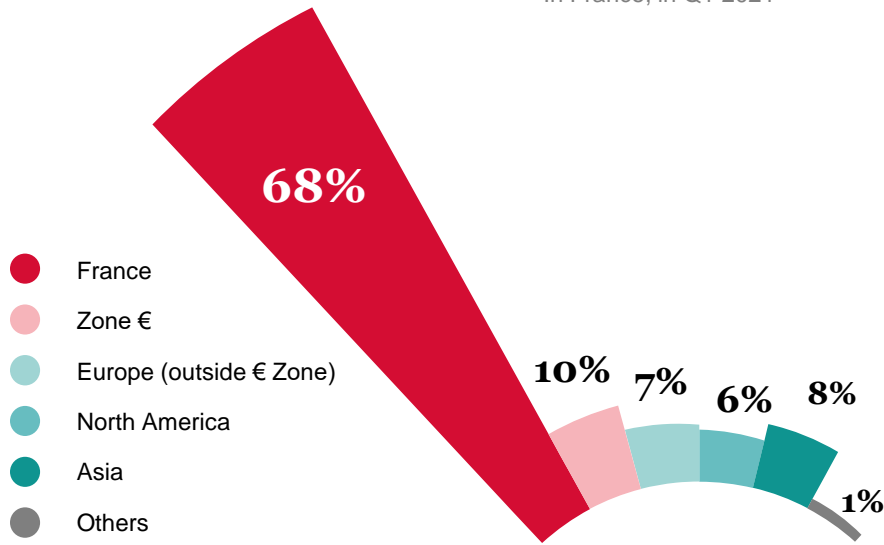


INVESTMENT MARKET | FRANCE OFFICES

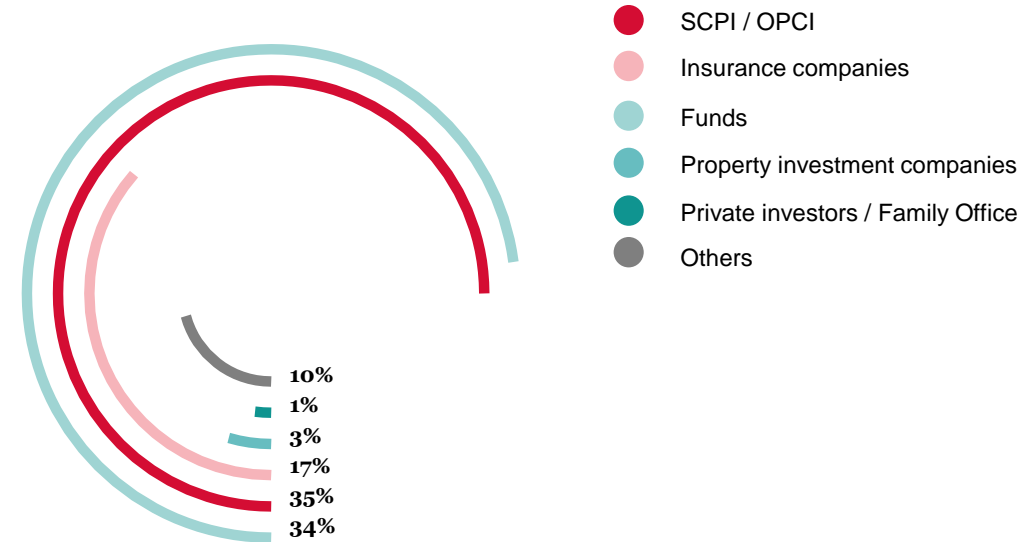
The beginning of the year was mainly driven by **French investors, who accounted for more than two-thirds of office acquisitions in France in the first quarter of 2021**, compared with 54% in the same period last year. This clear increase is mainly due to the major transactions carried out on behalf of SCPI/OPCI (35%) by players such as PRIMONIAL, LA FRANCAISE, PERIAL and IMMOVALOR.

Savings collectors are therefore ahead of the investment funds, which accounted for 34% of the volume invested in offices. The latter are mainly foreign investors, such as the GULF ISLAMIC INVESTMENTS fund, which entered the French market with the acquisition of the "Tour Altaïs" in Montreuil. Finally, insurers represent 17% of the total invested since the beginning of 2021.

DOMINANCE OF FRENCH INVESTORS
OFFICE INVESTMENT VOLUME BY NATIONALITY
In France, in Q1 2021



SCPI/OPCI OVERTAKE FUNDS
OFFICE INVESTMENT VOLUME BY INVESTOR TYPE
In France, in Q1 2021



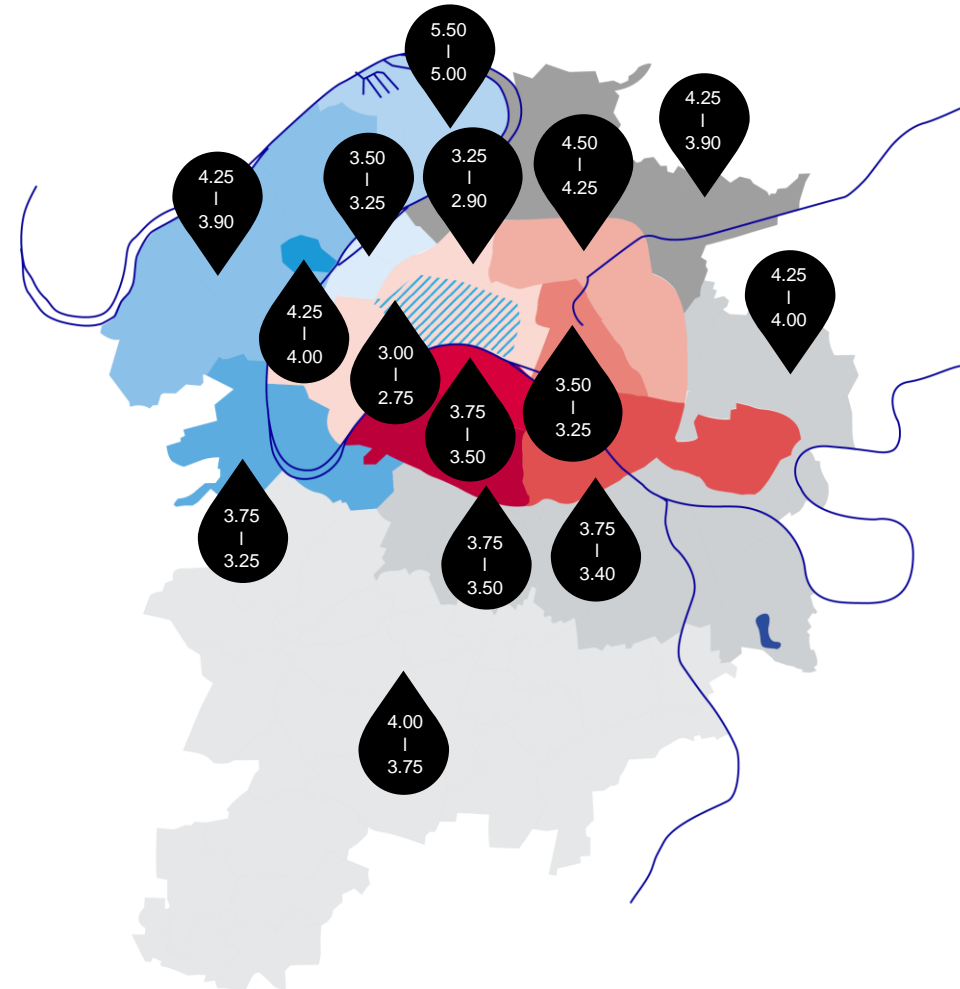
Yields have changed little in the various service sectors in the Paris region despite the health crisis. **The best Parisian assets remain highly prized and are still selling for less than 3.00%.**

Faced with the current lack of certainty, Paris retains undeniable advantages and benefits from its status as a safe haven: occupier profiles are very varied and some are more resistant to the health crisis, and pre-letting rates are high (46% for projects to be delivered between now and the end of 2023 compared with an average of 24% in the Greater Paris Region).

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

BASE LEVEL IN THE CBD PRIME OFFICE YIELDS

In the Greater Paris Region, shown as a %, at the end of Q1 2021



Source: Knight Frank



RETAIL

INVESTMENT MARKET | FRANCE

RETAIL



	Q1 2021	Q1 2020	ANNUAL CHANGE
Retail investment volume in France	€220 M	€630 M	↓
Share of retail*	5%	9%	↓
Number of transactions > €100 million	0	1	↓
Share of Ile-de-France**	57%	67%	↓
Share of foreign investors**	33%	35%	↓
Prime yield High streets	3.00%	2.75%	↑
Prime yield Shopping centres	4.25%	4.00%	↑
Prime yield Retail parks	5.25%	5.00%	↑

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

** Of total retail investment in France.

Source: Knight Frank



KEY INDICATORS | RETAIL



GDP

+ 4.6% in 2021*

- 7.3% in 2020

Sources: INSEE / Xerfi /*Prévision



CONSUMER CONFIDENCE*

94 in March 2021

- 1 point compared to end of 2020

Source: INSEE

*Synthetic confidence index



INFLATION*

+ 1.1% in March 2021**

+ 0% in 2020

Source: INSEE / Banque de France

*including energy and food supply

**Forecast



SPECIALISED RETAIL SALES*

- 27.8% in March 2021*

- 16% in Q1 2021

Source: Procos

*in France, in a year



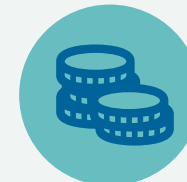
LUXURY STORES

29 openings in 2020 in Paris*

24% situated on rue Saint-Honoré

Source: Knight Frank

*renovations-extensions, transfers, creations and temporary shops



INVESTMENT VOLUMES*

220 million euros in Q1 2021

- 65% in a year

Source: Knight Frank

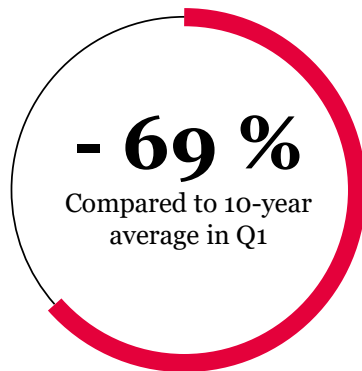
*In France, retail

INVESTMENT MARKET | FRANCE

RETAIL

In contrast to the strength of offices and the dynamism of logistics, the retail market was not very lively in the first quarter of 2021. Therefore, after a reasonably solid year in 2020, **the volume of retail investment barely exceeded €200 million compared with €630 million at the same time last year.**

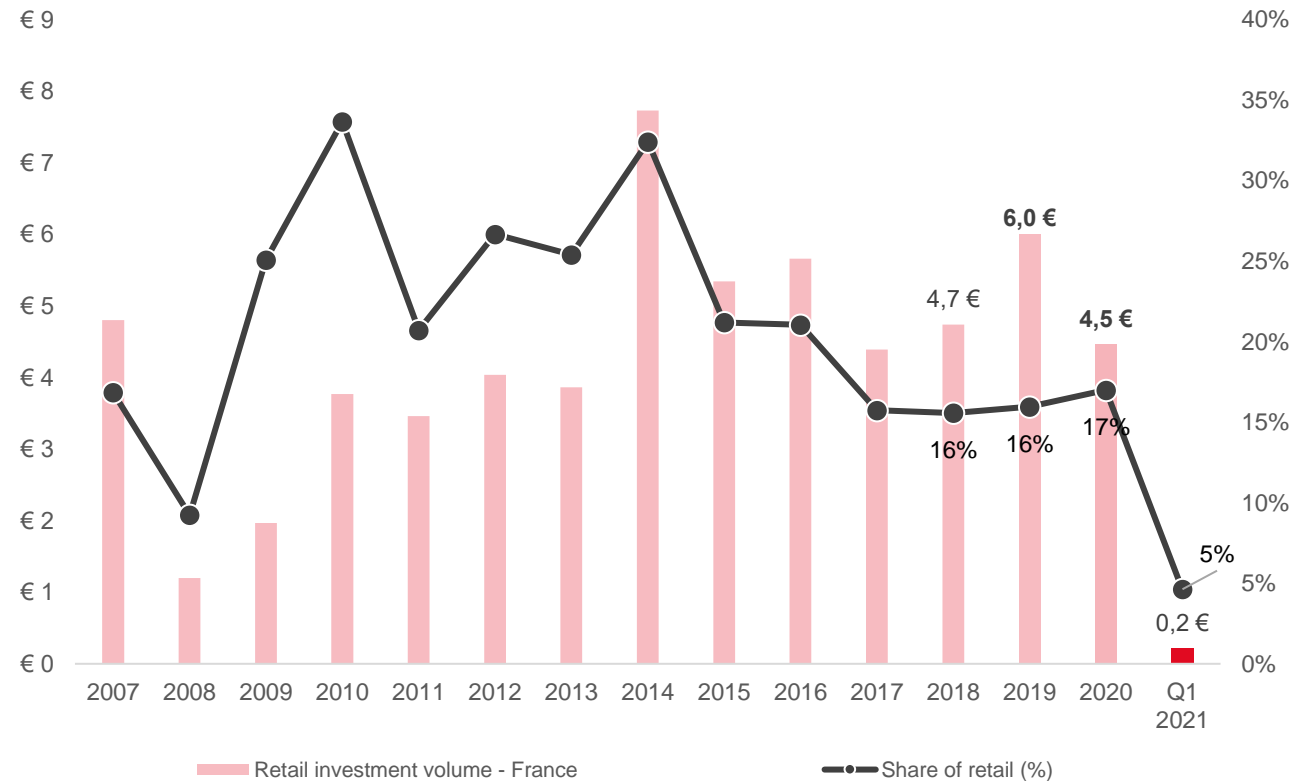
This poor result is not surprising. Since the second lockdown, and despite the brief upturn of the end-of-year holiday season, the closures linked to the lockdown measures have affected an increasing number of shops, which may have forced investors to delay putting their assets up for sale and has therefore reduced activity.



SLUGGISH START TO THE YEAR FOR RETAIL

CHANGE IN RETAIL INVESTMENT VOLUME

In France, in billion €



Source: Knight Frank

INVESTMENT MARKET | FRANCE

RETAIL

In the absence of major transactions in Paris, **the provinces accounted for the largest share of retail investment in France** (43% compared with 26% for the same period last year). The most significant transaction was the purchase by ALLIANZ of the shares held by HAMMERSON in the "Espace Saint Quentin" and "Nice Etoile" shopping centres.

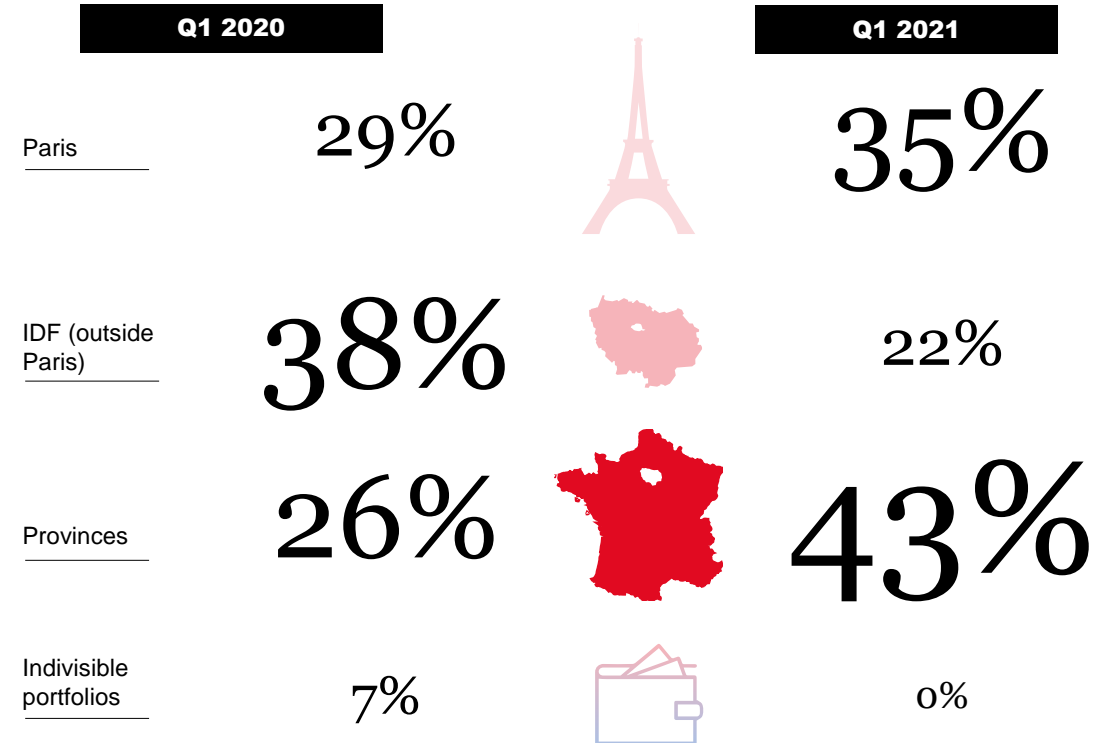


Photo: ©Shootin

DOMINANCE OF THE REGIONS

RETAIL INVESTMENT VOLUME BY LOCATION

In France

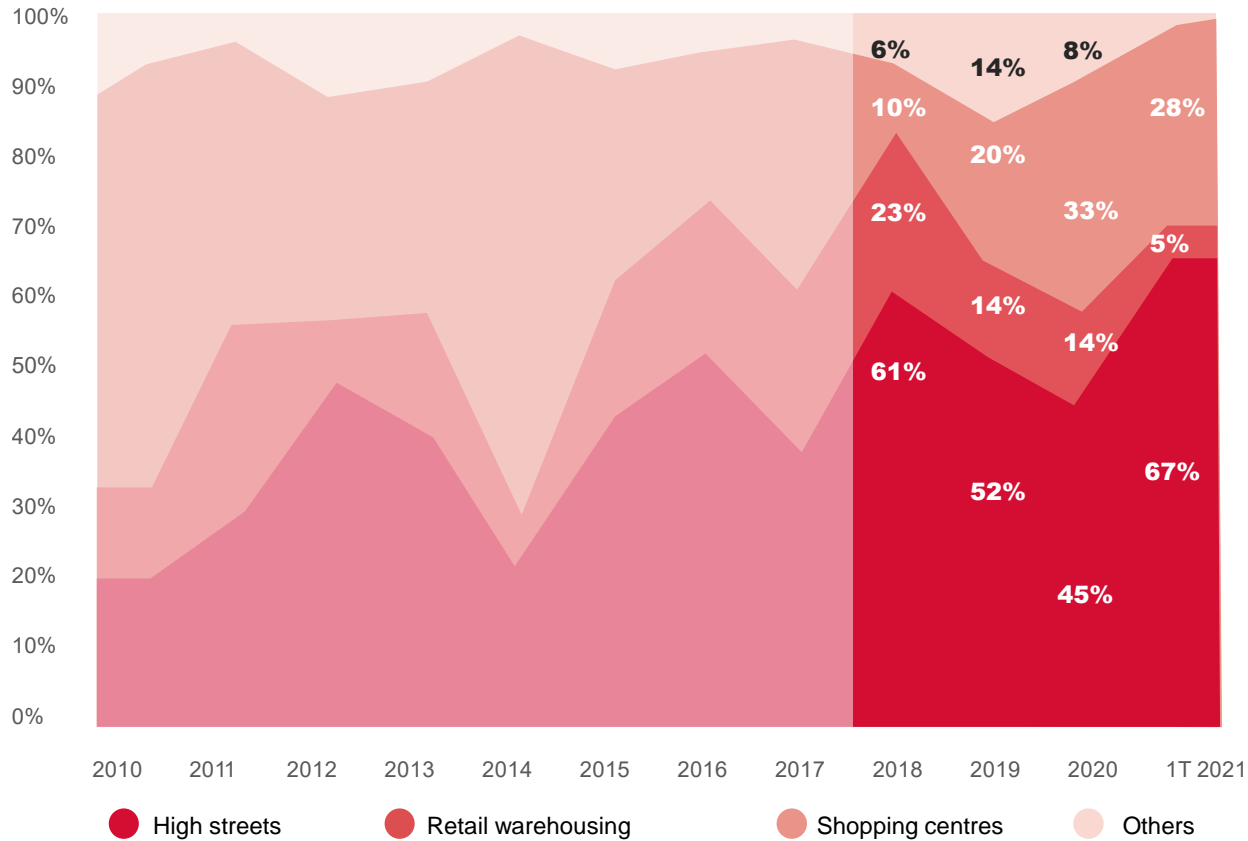


Source: Knight Frank

INVESTMENT MARKET | FRANCE

RETAIL

HIGH STREETS ACCOUNT FOR TWO THIRDS OF VOLUMES
 BREAKDOWN OF RETAIL INVESTMENT VOLUME BY ASSET TYPE
 In France



Due to a very limited number of transactions in the other market segments, the share of high streets has increased significantly, accounting for two thirds of the volume of retail investment in Q1 2021.

The high street market mainly benefits from the sale of mixed-use assets with shops at the foot of the building, such as the sale of the mixed-use complex "Les Trois Dauphins" in Grenoble to DELTAGER and CREDIT AGRICOLE by EUROCOMMERCIAL PROPERTIES for more than 30 million euros.



Source: Knight Frank
 Photo: ©Shootin

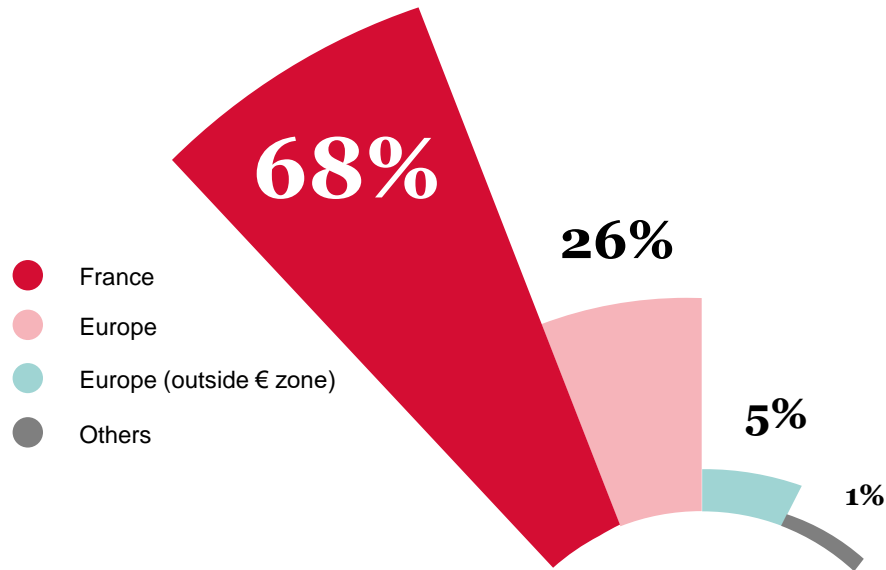
INVESTMENT MARKET | FRANCE

RETAIL

After 2020 was largely dominated by French investors, **they continue to account for the majority of activity since the beginning of 2021** (68% of the sums invested in retail in France). Foreign investors are mainly represented by the Germans thanks to the acquisition by ALLIANZ of the shopping centre shares sold by HAMMERSON.

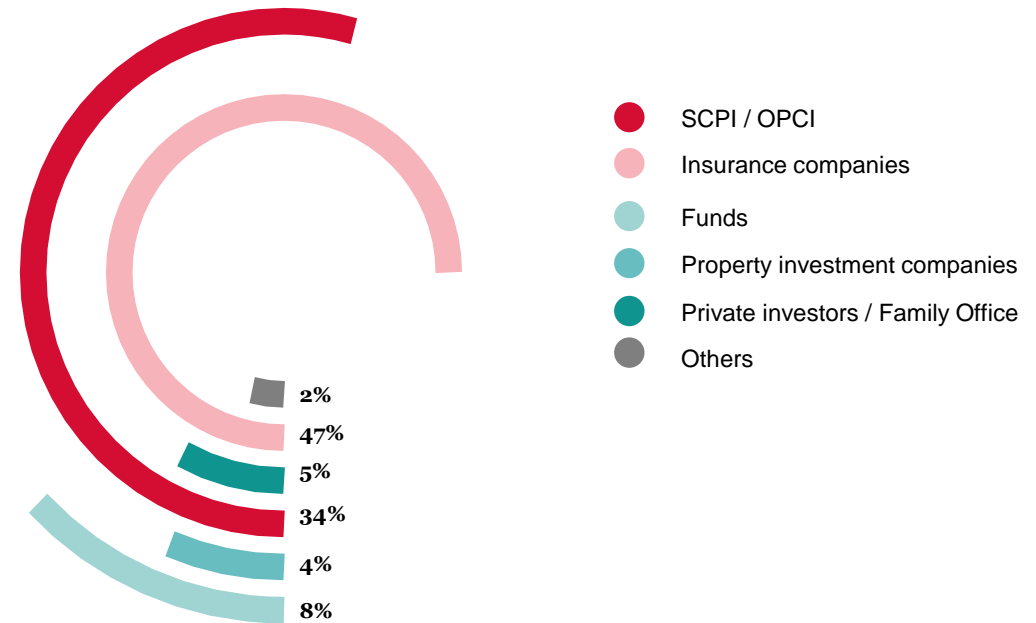
This transaction, together with MACSF's purchase of the mixed-use asset at 16 avenue George V, has **boosted the share of insurers, who account for almost 50% of the volume invested in retail in Q1 2021.**

A MARKET IN FRENCH CONTROL
RETAIL INVESTMENT VOLUME BY NATIONALITY
In France, in Q1 2021



Source: Knight Frank

SCPI/OPCI AND INSURERS: 80 % OF VOLUMES
RETAIL INVESTMENT VOLUME BY INVESTOR TYPE
In France, in Q1 2021



Source: Knight Frank

Prime retail rates remained stable due to **the absence of flagship asset transactions**. In the secondary asset segment, rates are under general upward pressure due to the impact of the health crisis and increased investor caution.

HEADING TOWARDS A NEW UPWARD CORRECTION?

PRIME RETAIL YIELDS
In France, as a %



CHANGE 2009-2021



RETAIL PARKS
- 28 %



SHOPPING CENTRES
- 23 %



HIGH STREETS
- 37 %



Source: Knight Frank



INDUSTRIAL

INVESTMENT MARKET | FRANCE INDUSTRIAL



	Q1 2021	Q1 2020	ANNUAL TREND
Industrial investment volume in France	€900 M	€1.8 bn	↓
Share of industrial*	19%	25%	↓
Number of transactions > €100 million	3	4	↓
Share of portfolios**	75%	75%	→
Share of foreign investors**	94%	97%	↓
Prime yield Logistics	3.75%	4.00%	↓
Prime yield Light industrial	4.50%	5.00%	↓

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

** Of total industrial investment in France

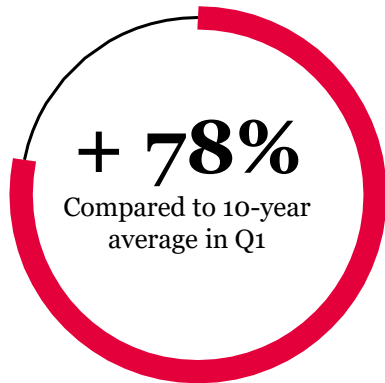
Source: Knight Frank



INVESTMENT MARKET | FRANCE INDUSTRIAL

Investors remain very present in the industrial market.
Acquisitions of industrial assets in France totalled €900 million in Q1 2021, up 78% on the ten-year average.

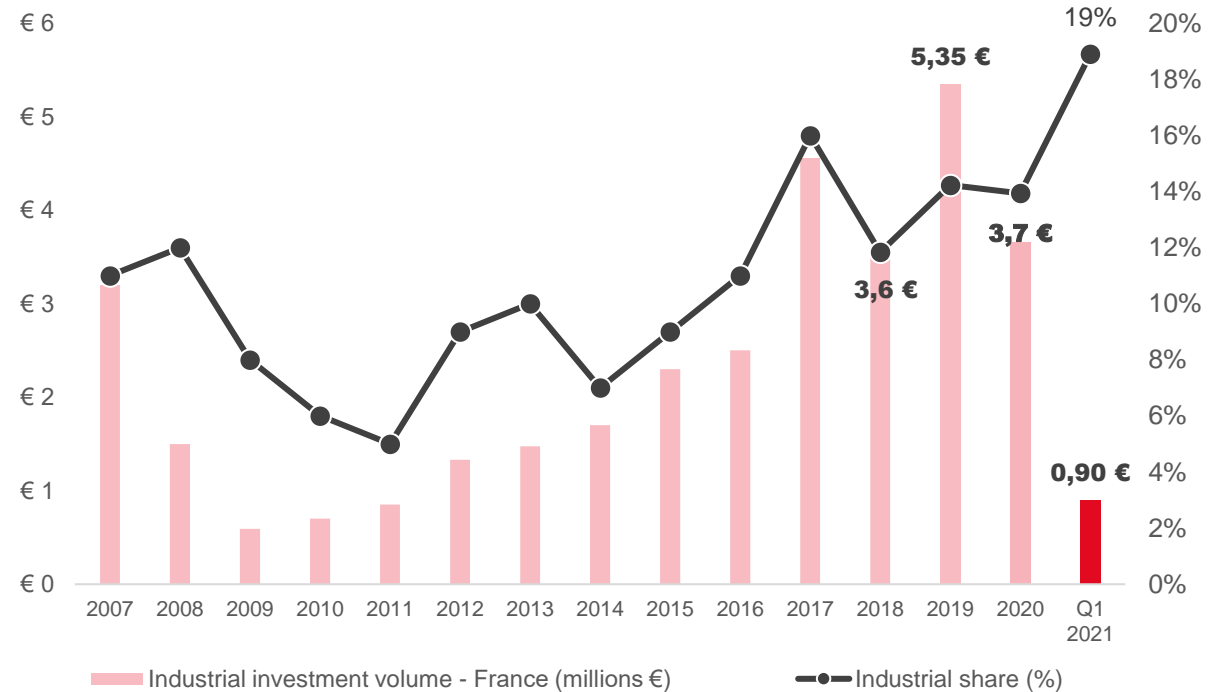
While the year-on-year decline is 50%, it should be put into perspective by the record level of volumes recorded in early 2020. Moreover, the performance would have been much better if there had been sufficient supply to meet the strong investor demand.



A DECLINE TO BE PUT INTO PERSPECTIVE

CHANGE IN INDUSTRIAL INVESTMENT VOLUME

In France, in billion €



Source: Knight Frank

INVESTMENT MARKET | FRANCE

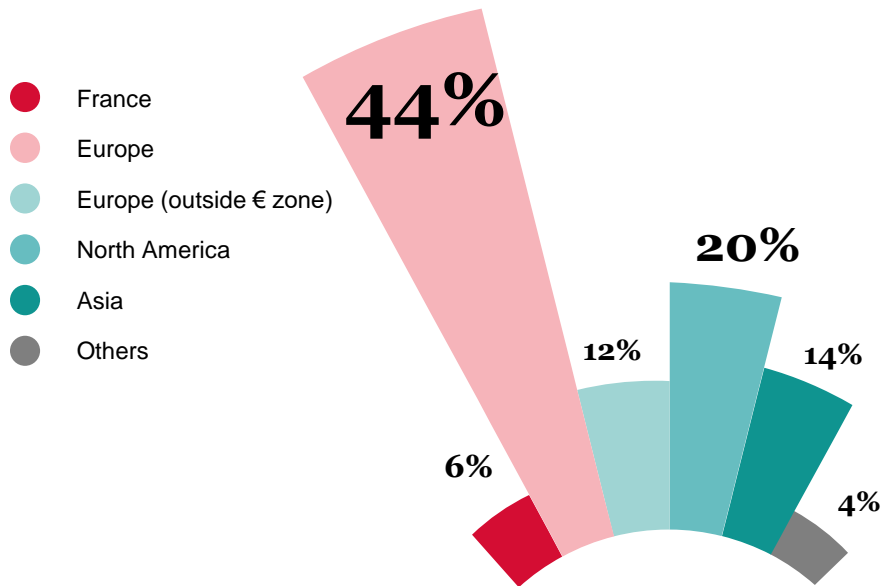
INDUSTRIAL

Investment funds once again accounted for the bulk of activity in the industrial property market, with over 80% of the total invested. German funds were particularly active, with DEKA and DWS acquiring the two largest logistics portfolios sold since the beginning of 2021. Americans were also particularly active, as in the case of CLARION

GRAMERCY's purchase of a 74,000 m² warehouse in Boisseaux, in the Loiret region.

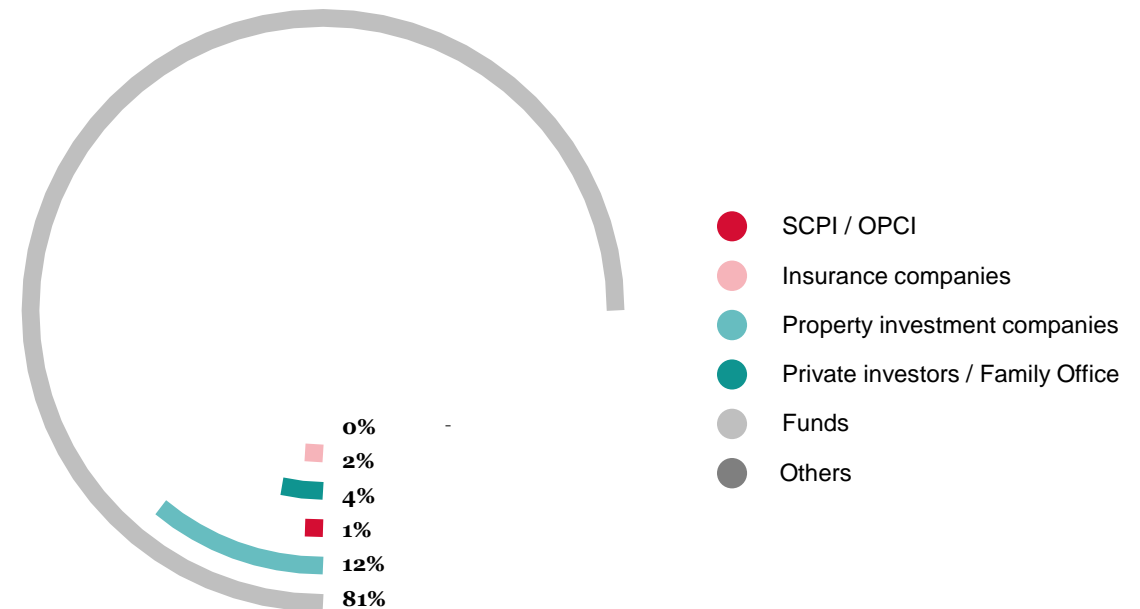
The first quarter of 2021 was also marked by the sale of a data centre portfolio to a Singaporean investor (ASCENDAS).

GERMANS ARE THE MOST ACTIVE
INDUSTRIAL INVESTMENT VOLUME BY NATIONALITY
In France, in Q1 2021



Source: Knight Frank

FUNDS STILL DOMINATE THE MARKET
INDUSTRIAL INVESTMENT VOLUME BY INVESTOR TYPE
In France, in Q1 2021



Source : Knight Frank

INVESTMENT MARKET | FRANCE INDUSTRIAL

EXAMPLES OF INDUSTRIAL INVESTMENT TRANSACTIONS IN 2021

Source: Knight Frank

Address / Asset	City	Seller	Purchaser	Price
Omega logistics portfolio - 5 platforms	France	Goodman	DWS	> €100M
Log's logistics portfolio	Wattrelos (59)	SIG	Deka	> €100M
Pan-European data centre portfolio	Ile-de-France	Digital Realty Trust	Ascendas REIT	> €100M
Pan-European logistics portfolio	Ile-de-France	InfraRed Capital Partners	Blackstone (Mileway)	€50-100M
Logistic portfolio – 9 platforms	France	Institutionnel	Mark	€50-100M
Logistics platform	Boisseaux (45)	Quartus	Clarion Gramercy	< €50M
ID Logistics platform	Villette-d'Anthon (38)	6eme Sens Immobilier	CBRE Global Investors	< €50M
Logistics platform	Saint-Ouen-l'Aumône (95)	Investisseur privé	Barings Real Estate	< €50M
Data center	Vitry-sur-Seine (94)	Investisseur privé	Family Office	< €50M
Stokomani platform	Creil (60)	Panhard / Anaxego	Exeter	< €50M

■ < €50M
 ■ €50-100M
 ■ > €100M



Omega portfolio, France



Log'S portfolio, Wattrelos



Safran platform, Boisseaux

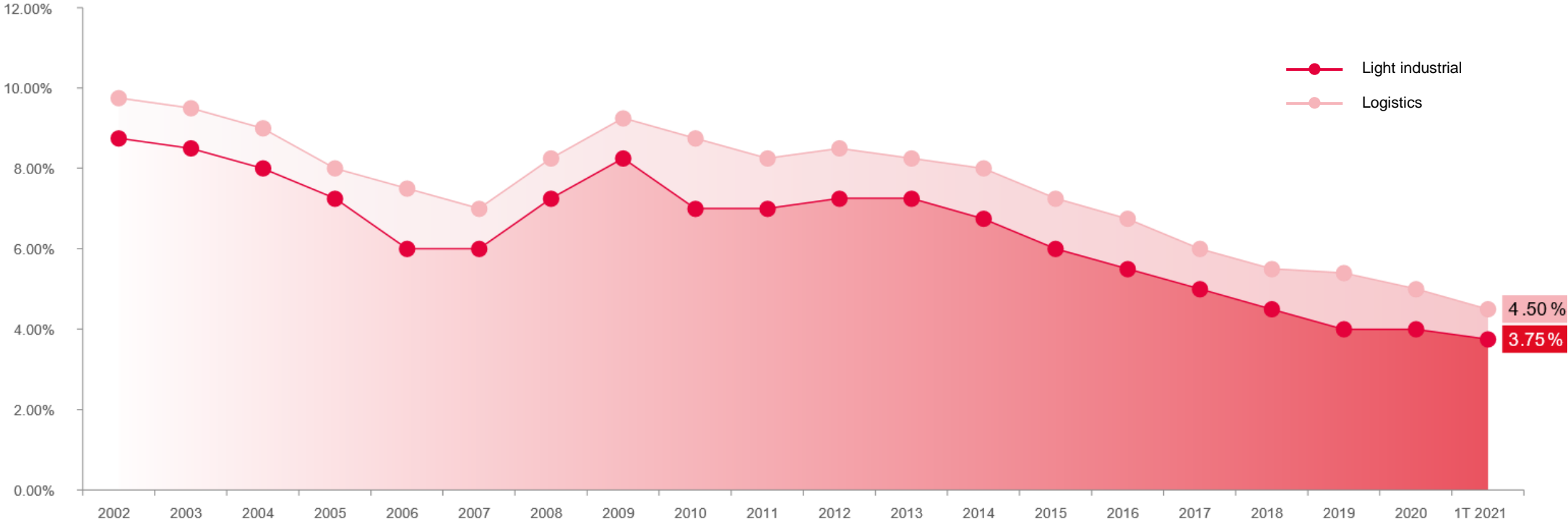
INVESTMENT MARKET | FRANCE INDUSTRIAL



THE DECLINE CONTINUES

PRIME INDUSTRIAL YIELDS
In France, shown as a %

The compression of prime rates can be explained by the appetite of investors for class A warehouses and last mile logistics, the limited supply and the favourable prospects offered in particular by the boom in e-commerce. **For logistics, these are now around 3.75%.**



Source: Knight Frank





OUTLOOK

OUTLOOK

1

The government's decision to tighten restrictions in response to the worsening health situation is again putting the French economy to the test and could delay the recovery of the rental and investment markets.

There are, however, several reasons for optimism, starting with the ramping up of vaccination campaigns, which are beginning to bear fruit in some countries and which, in France, should lead to a lasting improvement in the health situation from the summer onwards. The results of the investment market in the first quarter of 2021, which were well above the long-term average, also give cause for hope in the months to come.

2

Contrary to negative views, the beginning of the year has confirmed the attractiveness of the Paris Region and the central role of offices. The strength of market values highlights the attractiveness of prime products, which will remain a preferred target for investors in a climate that is less favourable to secondary properties and markets due to fears about the sustainability of rental income and financing that is less easy to obtain.

3

Allocation strategies will give a growing emphasis towards assets considered more resilient (residential, logistics, etc.) and which allow investors to meet their diversification objectives. The health crisis has reminded us of the need to move towards sustainable development models. In the real estate market, this is reflected in particular in the increasing attention paid to the capacity of assets to adapt to changes in use or to climate change. The last few months have therefore given a tremendous boost to ESG and SRI standards, thereby contributing to the attractiveness of the French market at a time when these criteria are being closely scrutinised by major cross-border investors.

CONTACTS



CAPITAL MARKETS



Vincent Bollaert
Partner,
CEO

+33 (0)1 43 16 88 90
+33 (0)6 86 48 44 62

vincent.bollaert@fr.knightfrank.com



Matthieu Garraud
Partner, Co-Head of
Capital Markets

+33 (0)1 43 16 65 22
+33 (0)6 07 70 56 90

matthieu.garraud@fr.knightfrank.com



Antoine Grignon
Partner, Co-Head
of Capital Markets

+33 (0)1 43 16 88 70
+33 (0)6 73 86 11 02

antoine.grignon@fr.knightfrank.com

RESEARCH



David Bourla
Partner, Chief Economist
& Head of Research

+33 (0)1 43 16 55 75
+33 (0)7 84 07 94 96

david.bourla@fr.knightfrank.com

KNIGHT FRANK AT A GLANCE

488 OFFICES
20 000 EMPLOYEES
57 COUNTRIES

Knight Frank is an international real estate consultancy.

Its Paris office, created nearly 50 years ago, is organised around 5 service lines: office letting and occupier advisory (Occupier Services & Commercial Agency), workspace development (Design & Delivery), Capital Markets, Retail Leasing and valuation with its subsidiary Knight Frank Valuation & Advisory.

Knight Frank France is the French subsidiary of Knight Frank LLP, a British firm founded 125 years ago and now established in 57 countries. It provides its clients with the expertise of over 20,000 professionals from its 488 offices in 57 countries.

Knight Frank is a global platform, an independent partnership, specialising in both commercial and residential property, with professionals who are committed to their clients, and is uniquely positioned in the world of property consultancy. With a consistent reputation for trust and integrity, Knight Frank is the property partner of choice.



Strategic cities where Knight Frank is a key player. We want to develop our business in these cities by supporting our clients in all their real estate projects.

