

H1 2021

INVESTMENT MARKET FRANCE

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KEY INDICATORS



	H1 2021	H1 2020	ANNUAL TREND
Investment volumes in France	€8.2 bn	€11.6 bn	↓
Number of transactions	270	340	↓
Number of transactions > €100 million	21	30	↓
Share of transactions > €100 million	49%	60%	↓
Share of portfolios	25%	26%	↓
Share of Ile-de-France*	67%	68%	↓
Share of foreign investors	51%	43%	↑
Share of offices*	66%	65%	↑
Share of retail*	8%	18%	↓
Share of industrial*	26%	17%	↑
Prime yield Offices	2.75 %	2.75%	→
Prime yield Retail	3.00 %	3.00%	→
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



GENERAL TRENDS

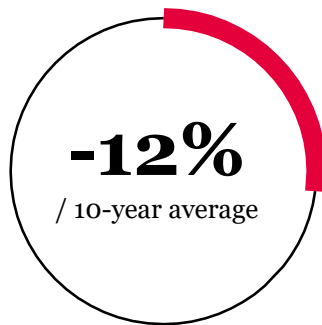


INVESTMENT MARKET | FRANCE

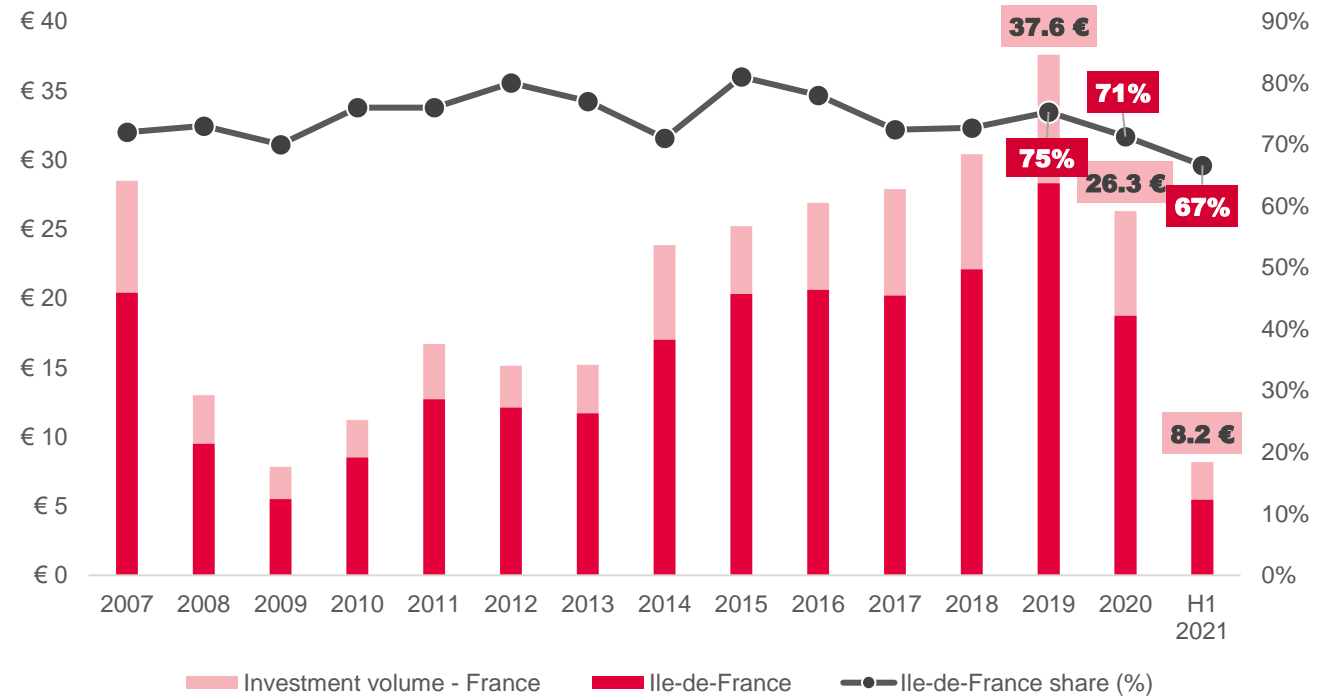
GENERAL TRENDS

Whilst the year started off very well for the commercial property investment market, activity has significantly slowed down in the second quarter of 2021. **Only €3.2 billion were invested in France during this period, as opposed to €5 billion in the previous quarter.**

The poor result of the second quarter in 2021, which is the worst of the five previous quarters since the start of the health crisis, casts a shadow over the first quarter : with €8.2 billion invested in France since January, this equates to a fall of 30% compared to the same period in 2020 and 12% in relation to the average of the last ten years.



A TEMPORARY SLOWDOWN
CHANGE IN INVESTMENT VOLUME, ALL ASSET TYPES
In France, in billion €



Source: Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

The first quarter of 2020 benefitted from URW's share sale of a portfolio of five shopping centres for over €1 billion. A year later, **the large transaction segment (> €100 million) has been less active**: 21 in France in the first half of 2021 (compared with 30 in the first half of 2020), these transactions accounted for 49% of all volumes invested over the period, all sizes combined, compared with 60% in the first half of 2020 and 57% of the first half of 2019.

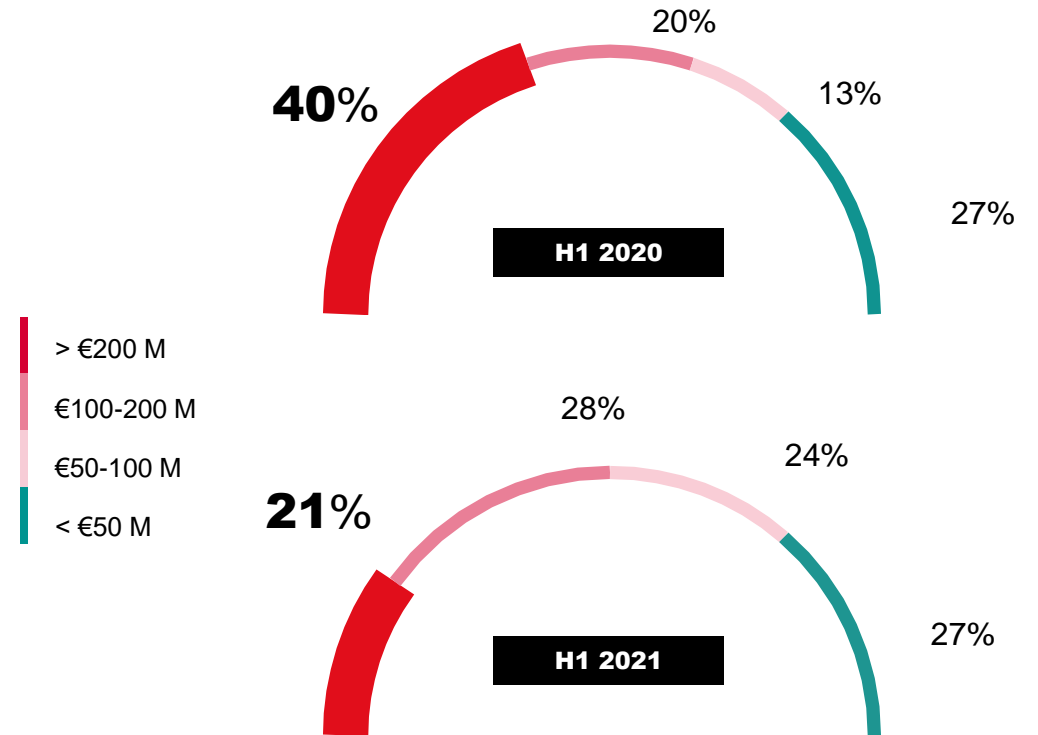
As a consequence of this decline, the share of medium-sized transactions (€50-€100M) has automatically increased, from 13% of volumes invested one year ago to 24% in the first half of 2021 due to the signing of some thirty transactions.



Share of investment volume in France in form of portfolios at the end of H1 2021

26% at the end of H1 2020

ENERGY IN THE €50- €100M SEGMENT
 BREAKDOWN OF INVESTMENT VOLUME BY VOLUME CATEGORY
 In France, all asset types



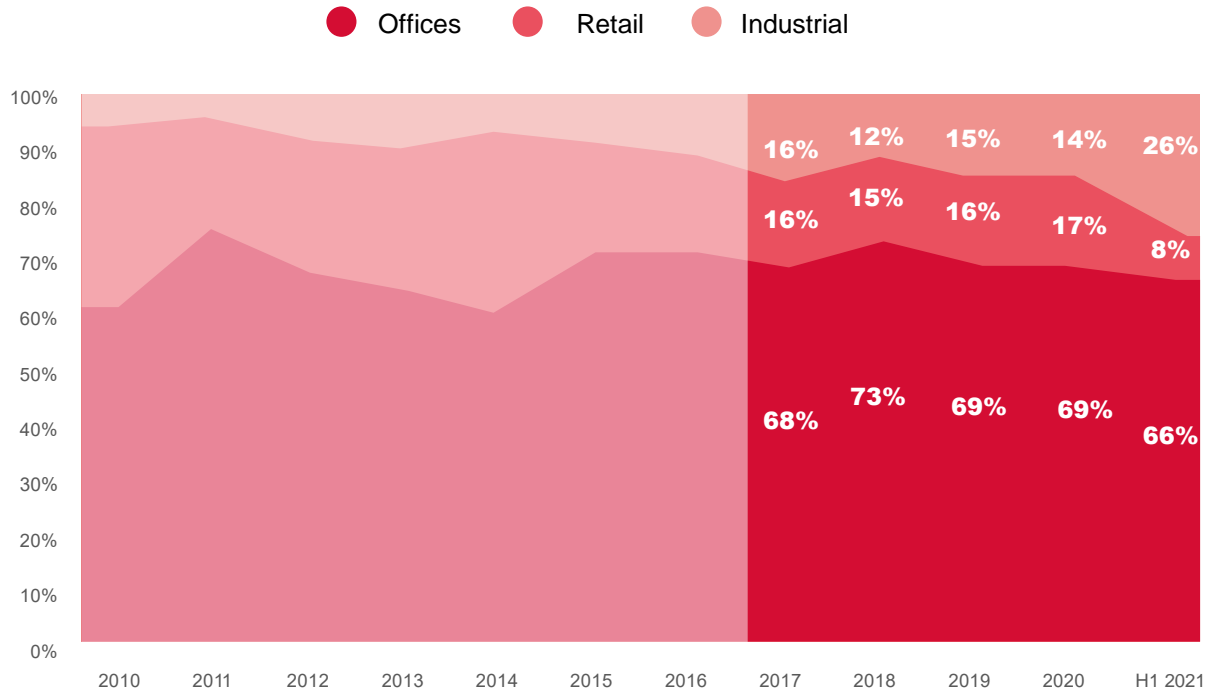
Source: Knight Frank

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GENERAL TRENDS

THE INDUSTRIAL MARKET CONTINUES TO GROW

BREAKDOWN OF INVESTMENT VOLUME BY ASSET TYPE
In France



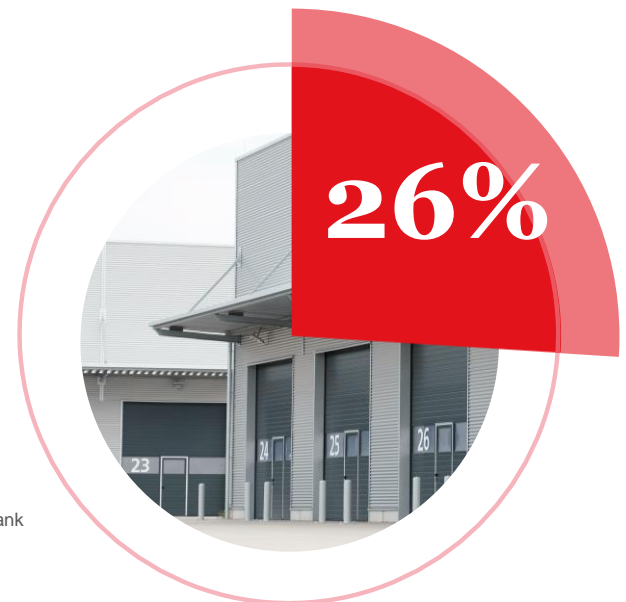
Source: Knight Frank

Offices still attract most of the activity but their share has decreased from one quarter to the next. They accounted for almost two thirds of the volume invested in France in the first half of 2021, after 75% in the first quarter of 2021. The decline is even more significant for the retail market, which has been severely impacted by the restrictive measures (8% of volumes invested in the first half of 2021 compared with 17% in 2020).

In contrast, **the industrial market continues to grow**. Thanks to the momentum of logistics and several sales of large portfolios, its share has risen to 26% in the first half of 2021 from, 14% throughout 2020.

Share of industrial assets
of volumes invested in France
in the H1 2021

Versus 11%: annual average
2011-2020



Source: Knight Frank

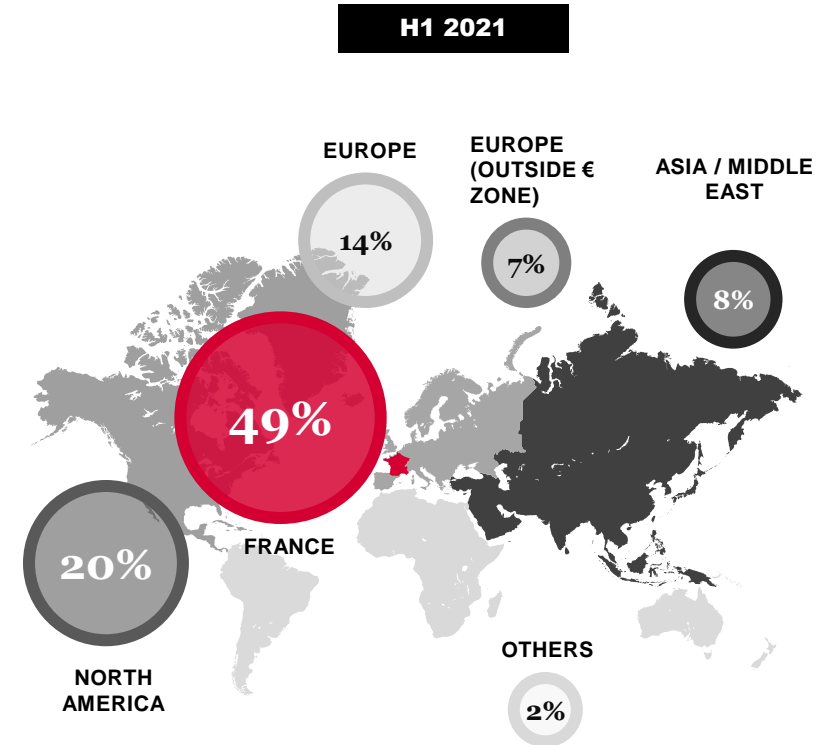
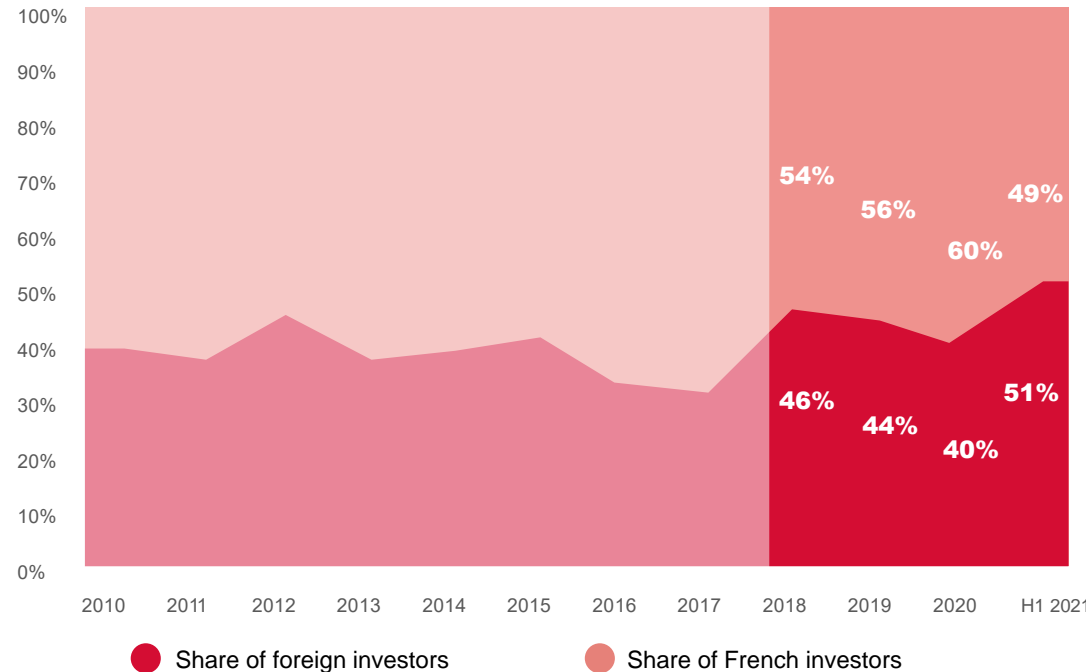
INVESTMENT MARKET | FRANCE

GENERAL TRENDS

Unlike previous crises, **foreign investors continue to be very active in France**. They are even in the majority, accounting for **51% of the volume invested** in France in the first half of 2021. The Americans are in the lead thanks to major acquisitions of logistics warehouses and offices. We should also note **the return of the Koreans**, who have acquired a portfolio of 6 logistics platforms.

The French have been less active in the second quarter, causing their share to decline over the whole of the first half of 2021 (49%).

FOREIGN INVESTORS REMAIN ACTIVE
 BREAKDOWN OF INVESTMENT VOLUME BY NATIONALITY
 In France, all asset types



Source: Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

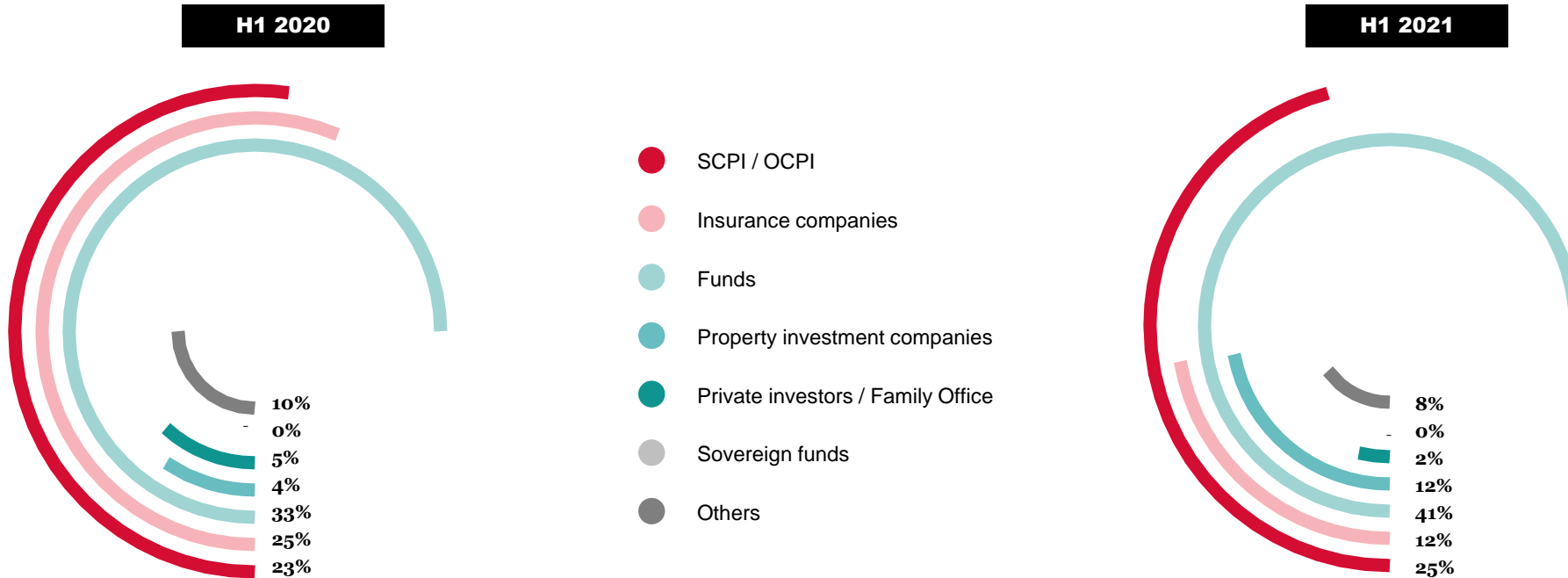
The activity of foreign investors explains the dominance of funds, the most represented type of investor on the French market. With 41% of the volumes committed in the first half of 2021, their share has increased significantly over one year (33% in the first half of 2020). These funds mainly target offices and logistics.

Although not very active in the second quarter, the major savings banks still represent a quarter of the investments in France. Their share should nonetheless increase in the second half of the year owing to upcoming completions of very large transactions. Property companies and insurance companies follow (12%).

FUNDS CONTINUE TO DOMINATE THE MARKET

BREAKDOWN OF INVESTMENT VOLUME BY INVESTOR TYPE

In France, all asset types



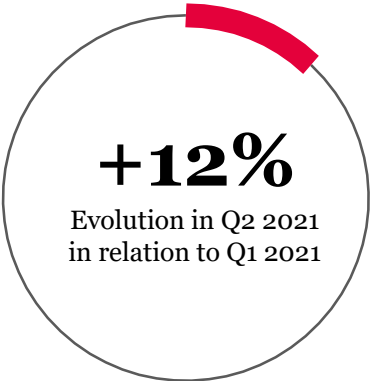
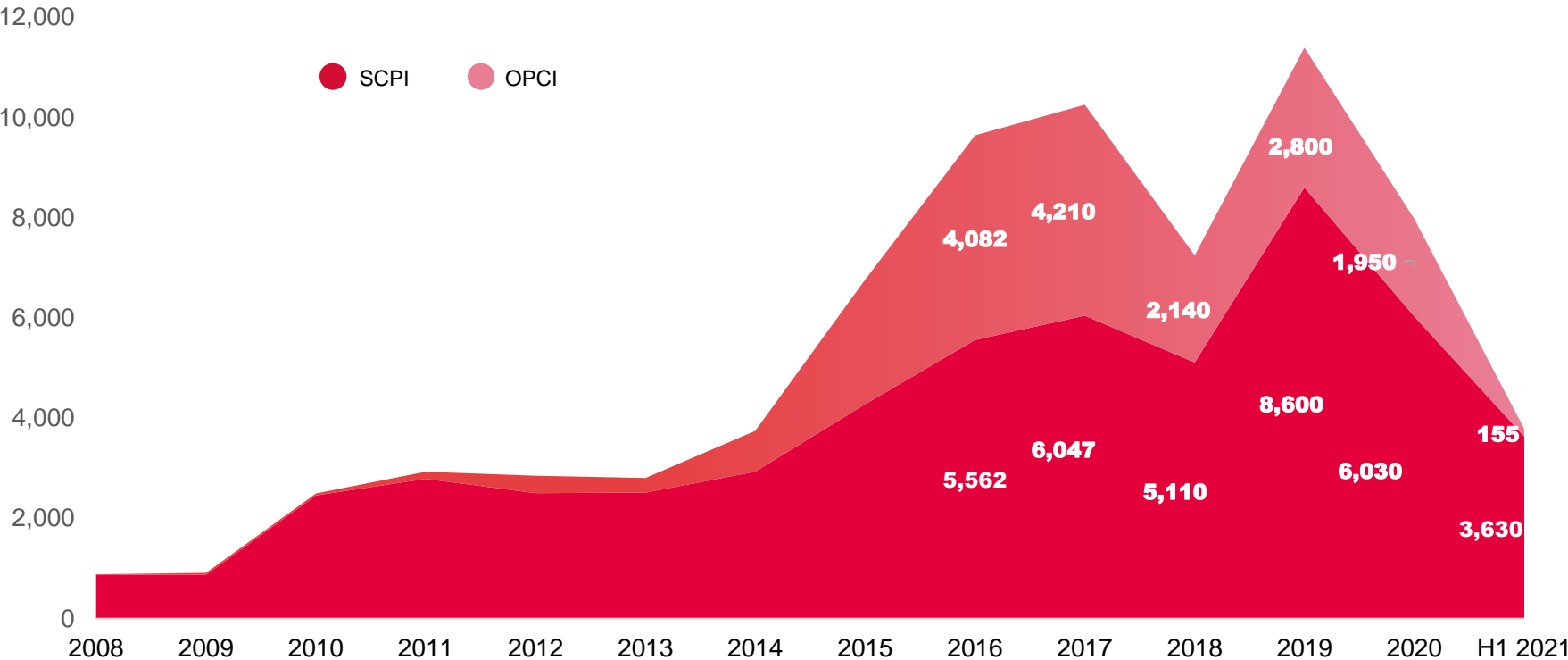
Source: Knight Frank

INVESTMENT MARKET | FRANCE

GENERAL TRENDS

RECOVERY OF SCPIs

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



Sources: ASPIM / IEIF

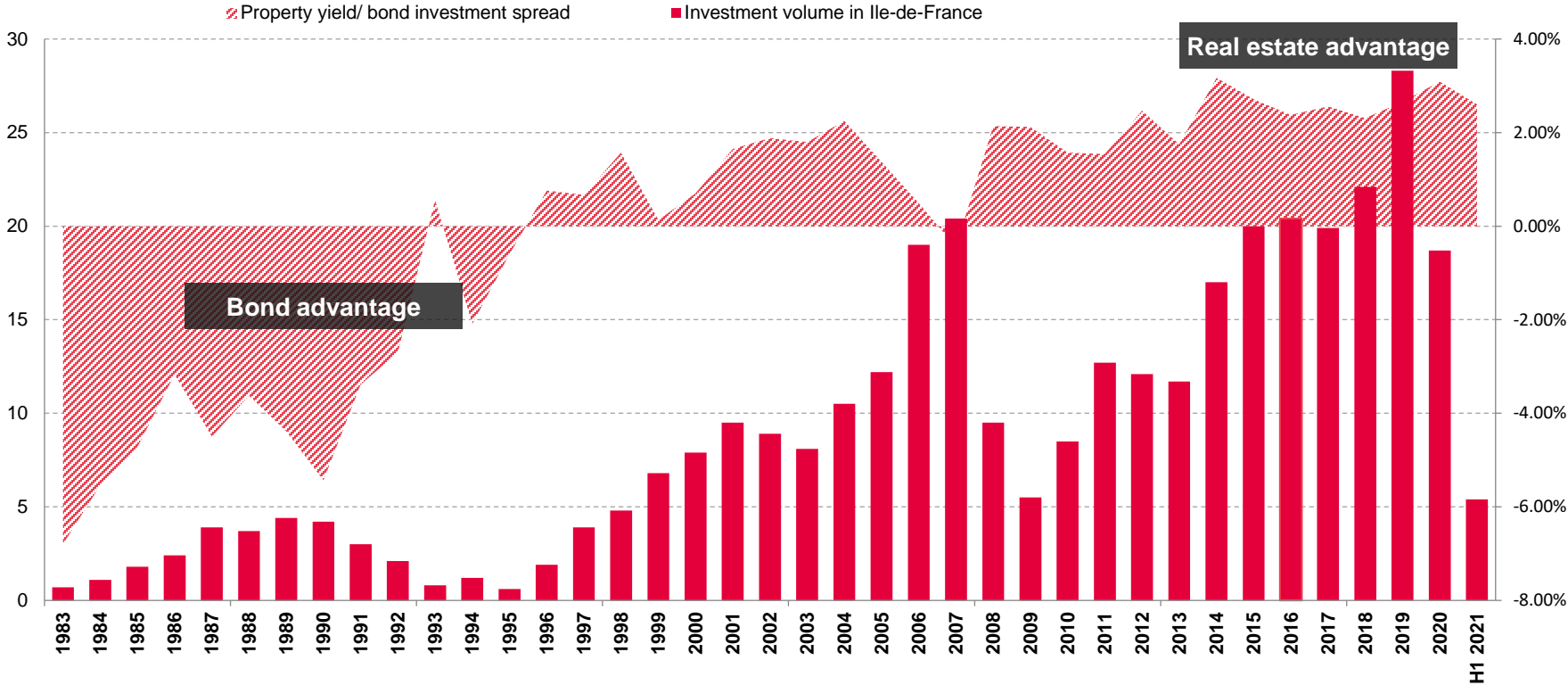
INVESTMENT MARKET | FRANCE

GENERAL TRENDS



STILL A FAVOURABLE SPREAD

PRIME YIELDS/ BOND RETURN SPREAD
(In %)



Sources: Banque de France / Knight Frank



INVESTMENT MARKET | FRANCE

GENERAL TRENDS

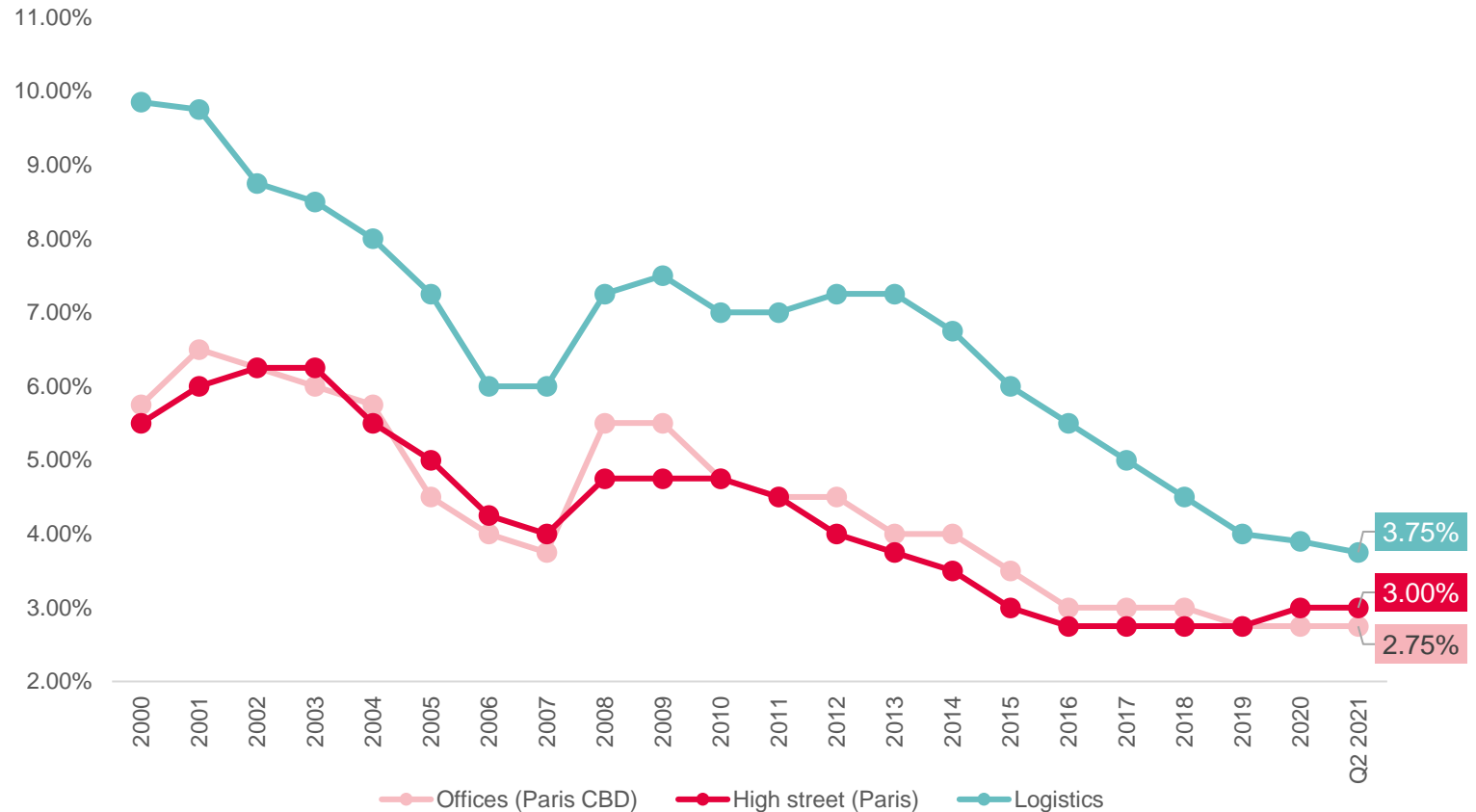
Prime yields are **persistently below 3% for prime offices in the capital and are down 25 basis points for the newest and best located warehouses (3.75%)**. Increased investor competition and abundant liquidity could lead to further compression in both market sectors by the end of 2021.

The situation is different for the retail market. Whilst the yields remain at around 3.00% for the best assets in Paris, they are still on the rise for the secondary properties.

DOWNWARD PRESSURE ON THE LOGISTICS AND OFFICE MARKETS

CHANGE IN PRIME YIELDS

In France, in %



Source: Knight Frank

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OFFICES

INVESTMENT MARKET | FRANCE OFFICES



	H1 2021	H1 2020	ANNUAL TREND
Office investment volume in France	€5.4 bn	€7.5 bn	↓
Share of offices*	66%	65%	↑
Number of transactions > €100 million	14	23	↓
Share of transactions > €100 million	51%	57%	↓
Share of Ile-de-France**	84%	83%	↑
Share of foreign investors**	40%	38%	↑
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*

113 points in June 2021

+22pts compared to Dec. 2020

Source: INSEE



PRIVATE SECTOR JOBS / ILE-DE-FRANCE

-0.9% y/y, at end of Q1 2021

+1.5% in France

Source: INSEE



UNEMPLOYMENT RATE / ILE-DE-FRANCE

7.7% at end of Q1 2021

8.1% in Metropolitan France

Source: INSEE



TAKE UP / ILE-DE-FRANCE

805,000 m² in H1 2021

+10% y/y

Source: Knight Frank



VACANCY RATE / ILE-DE-FRANCE

7.1% at end of Q2 2021

5.5% at end of Q2 2020

Source: Knight Frank



PRIME RENT / ILE-DE-FRANCE

€930/m²/yr at end of Q2
2021

+1% y/y

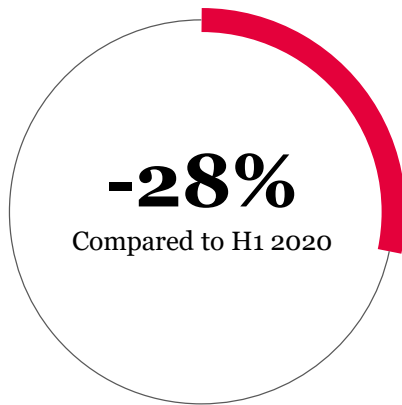
Source: Knight Frank

*general index, in the services sector

INVESTMENT MARKET | FRANCE OFFICES

The slow down in the investment market in the second quarter of 2021 has particularly affected offices, which accounted for 50% of volumes committed in France compared with 75% in the previous quarter. **In total, €5.4 billion were invested in offices over the first half of the year in France, down 28% year-on-year.**

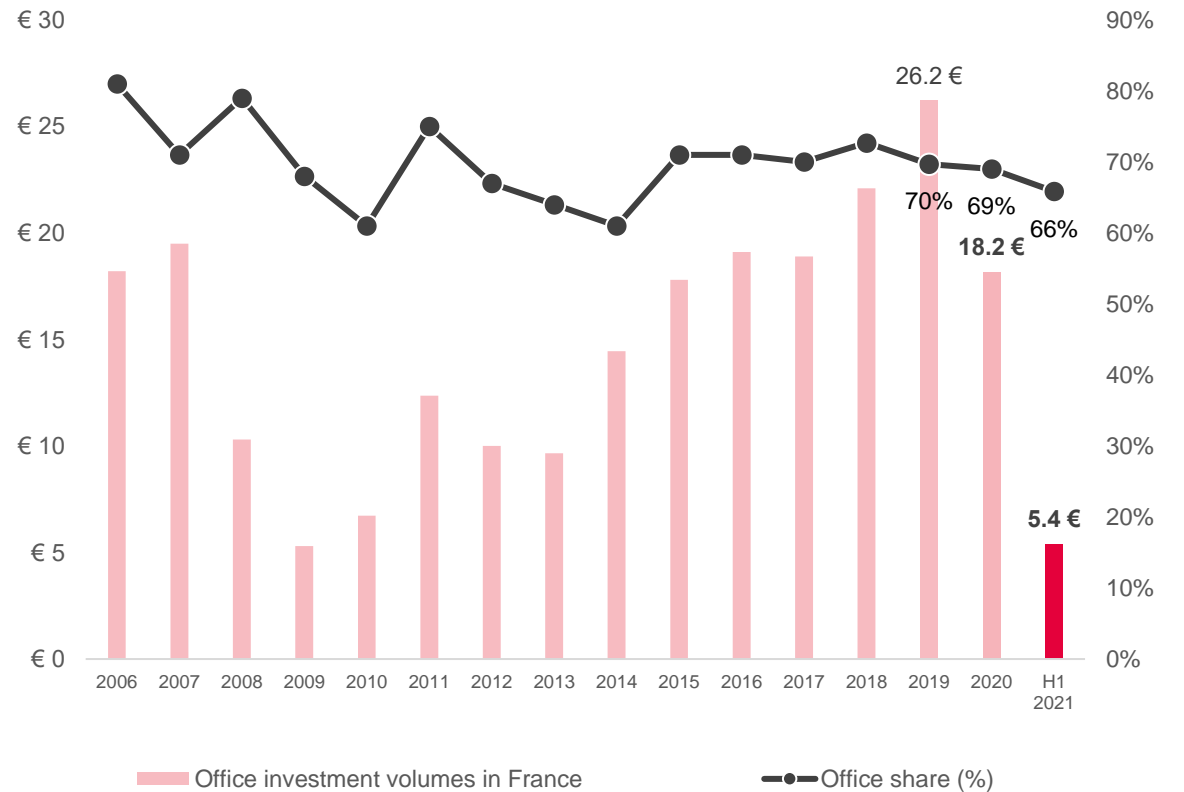
This decline is due in particular to the greater sensitivity of investors to the questions raised by the health crisis and the rise of remote working. **Many of them are prioritising prime assets, whose limited supply is restricting the size of the sums invested.**



DECLINE IN THE SECOND QUARTER

CHANGE IN OFFICE INVESTMENT VOLUME

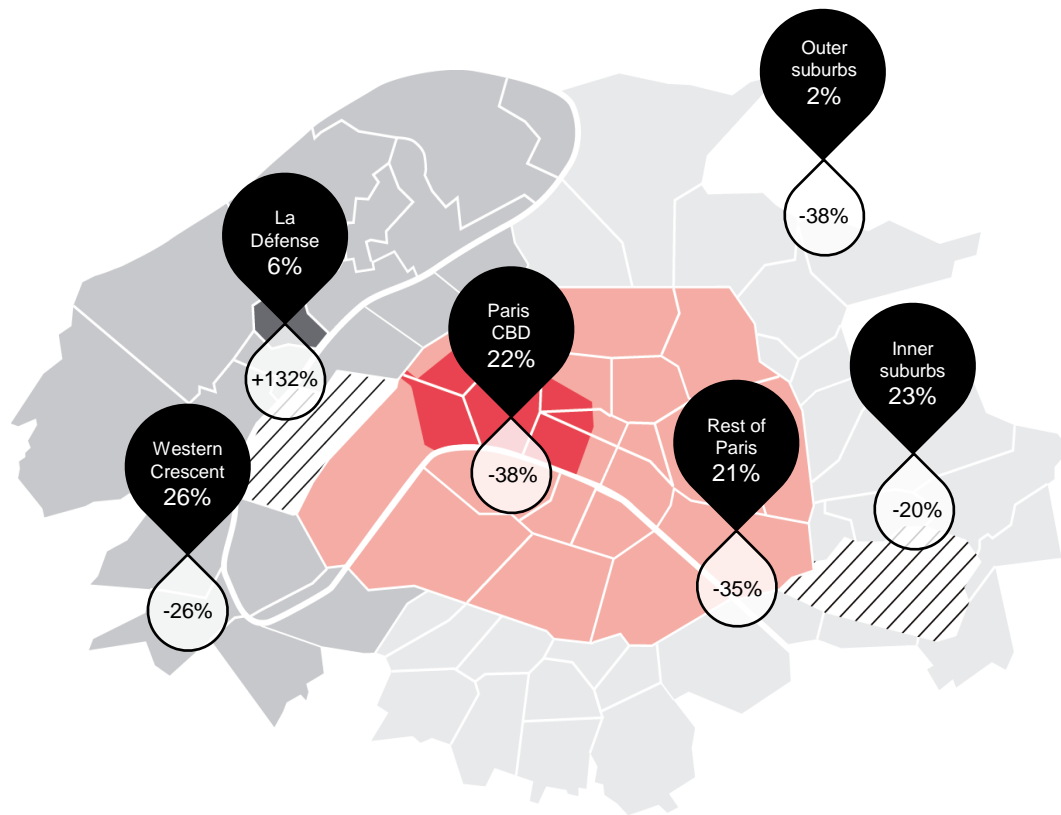
In France, in billion €



Source: Knight Frank

THE CBD HAS STALLED

GEOGRAPHIC BREAKDOWN OF OFFICE INVESTMENT VOLUMES
IN ILE-DE-FRANCE



After a relatively lively start to 2021, the Paris CBD office market has stalled: only €200 million were invested in the second quarter of 2021, bringing the total for the first half of the year to one billion euros (-38% year-on-year).

In the Parisian markets located outside the CBD, volumes are also down even though activity has been slightly more sustained. This is the case in the north-east, where ICADE sold "Le Millénaire 1" for just over €200 million, and especially on the left bank where several transactions were recorded, including the acquisition by JP Morgan of 13-15 rue Cognacq Jay in the 7th arrondissement.

Activity has also slowed on the periphery of Paris. Major transactions are rare and mostly secured, such as the sale by ICADE of the Loire building in Villejuif. However, the next few months are likely to be busier, with several large-scale transactions expected in La Défense and in certain inner suburbs such as the north.

- Share shown as a % of office investment volume in Ile-de-France at the end of H1 2021
- Change in office investment volume shown as a % (H1 2021 compared to H1 2020)

Source: Knight Frank

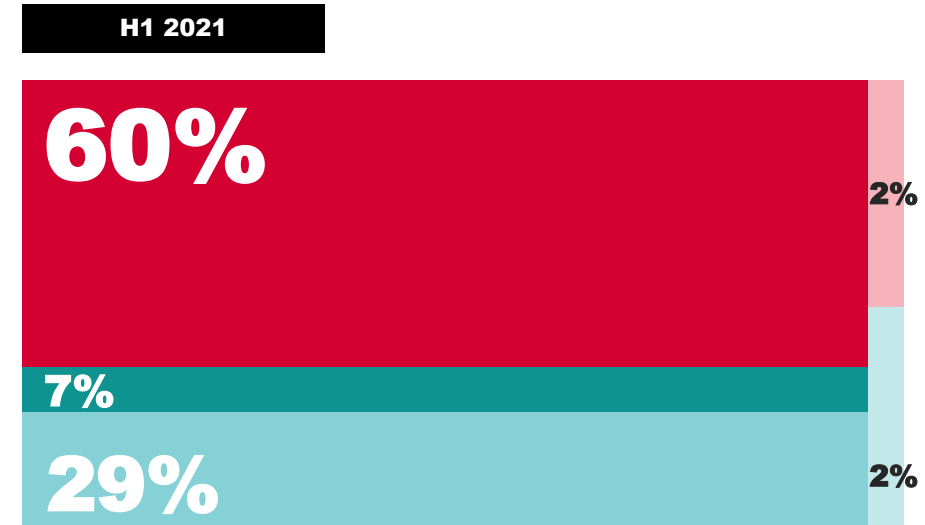
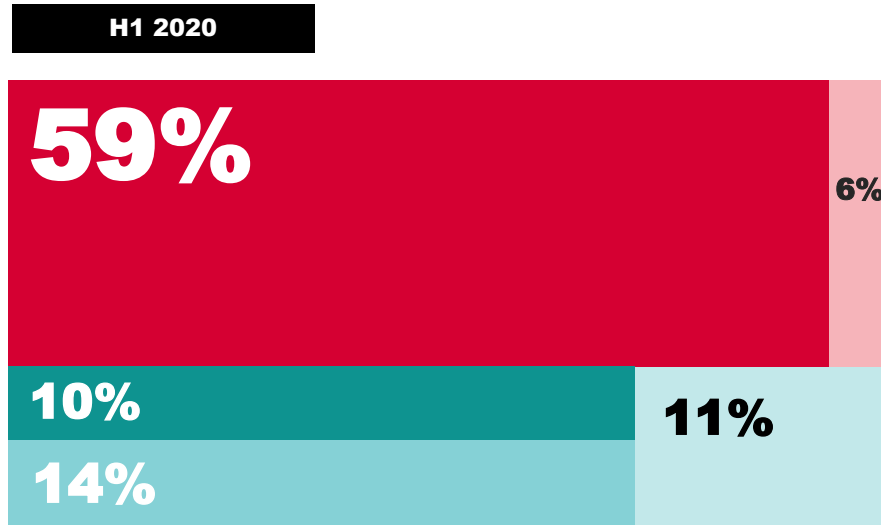
INVESTMENT MARKET | FRANCE OFFICES



Due to the lack of secured products, the share of core assets in the volume of office investment in the Paris Region has fallen slightly year-on-year (62% compared with 65% in H1 2020). Nevertheless, **several large-scale transactions are expected between now and the end of the year in this market sector**, such as the forthcoming sale by GECINA of the "Les Portes d'Arcueil" building, which was recently secured by ORANGE's reengagement for 12 years.

The temporary downturn in core assets has increased the proportion of assets in need of upgrading (31%). **Some investors continue to target assets in need of upgrading**, provided they are located in established commercial centres or have limited vacancy. As for speculative deals, which helped to sustain activity in the inner suburbs before the health crisis, they remain very few in number.

LACK OF SUPPLY IS DRIVING DOWN THE CORE SHARE
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 THE 1ST HALF OF 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
Le Millénaire 1, 35 rue de la Gare	Paris 19	Icade	Brookfield	> €200M
8 rue de Sofia	Paris 18	BNP Paribas	CDC	> €200M
9 avenue Percier	Paris 8	SFL	Deka	> €200M
16 avenue George V	Paris 8	Allianz	MACSF	> €200M
Les Villages de l'Arche 4 et 6	Puteaux	Unibail Rodamco Westfield	Perial	> €200M
Magasins Généraux	Pantin	AG2R La Mondiale	Tishman Speyer	> €200M
Edo, 3 allée de Grenelle	Issy-les-Moulineaux	Covivio	La Française	> €200M
26 rue de Valmy	Montreuil	AG2R La Mondiale	La Française	> €200M
112-114 avenue de Wagram	Paris 17	SFL	Aviva Investors	> €200M
Le Loire, avenue de Paris	Villejuif	Icade	French insurer	> €200M
288, Helios	Lyon, Villeneuve d'Ascq	Covivio	Primonial	€100-200M
Mozaïk, 23 rue François Jacob	Rueil-Malmaison	DTZ Investors	Blue Colibri	€100-200M
13-15 rue Cognacq Jay	Paris 7	Amundi	JP Morgan	€100-200M
Le Virage, 3-5 allée Marcel Leclerc	Marseille	MACSF	Real IS	€100-200M
8-10 rue Jobbé Duval	Paris 15	Private investor	Nuveen	€100-200M
245 boulevard de Tournai	Villeneuve d'Ascq	Eiffage	Amundi	€100-200M
Le Prairial, 101 rue des 3 Fontanot	Nanterre	Keys Reim	Icade	€100-200M
39-43 rue Louveau	Châtillon	Coffim	Freo / Anacap	< €50M
17 rue d'Astorg	Paris 8	Agrica	Zurich Insurance	< €50M
66 rue de Villiers	Levallois-Perret	Edmond de Rothschild	OFI Pierre	< €50M
9-11 avenue de Villars	Paris 7	Eximium	Blackrock	< €50M
Union Square	Rueil-Malmaison	AEW Ciloger	UBS	< €50M

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



LE MILLÉNAIRE 1, Paris 19



26 RUE DE VALMY, Montreuil



LE VIRAGE, Marseille



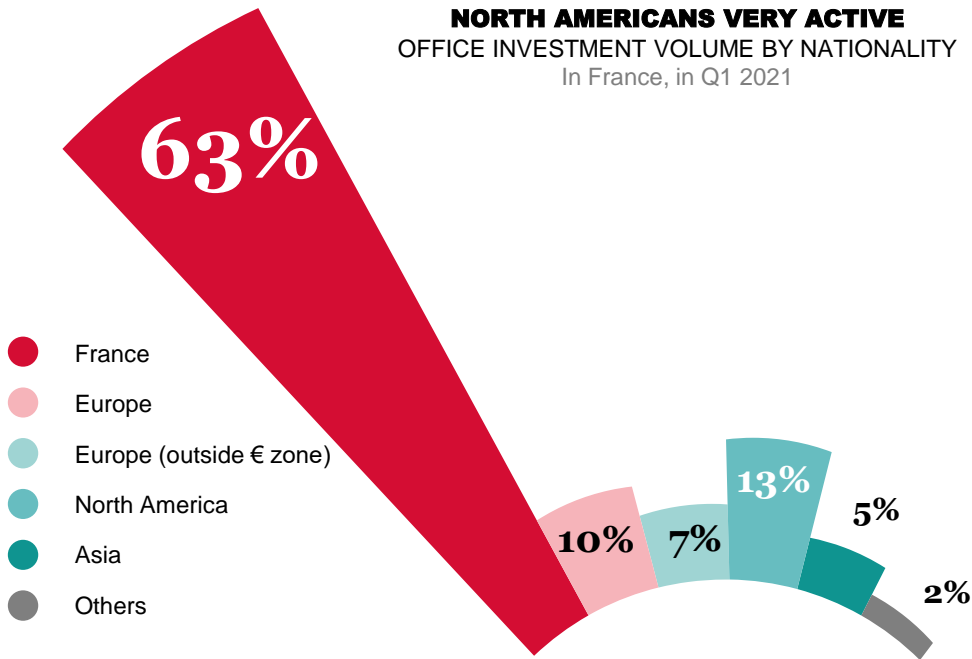
INVESTMENT MARKET | FRANCE

OFFICES

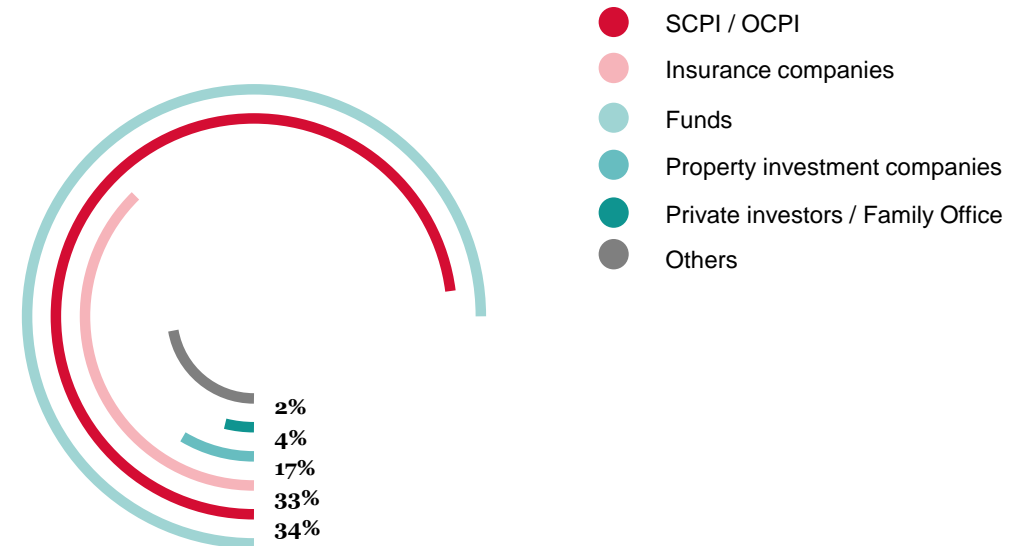
French investors still account for the majority of the volumes invested in offices (63% in the first half of 2021). However, their share is declining from one quarter to the next to the benefit of North Americans, who have been **amongst the most active over the last three months** thanks in particular to the acquisition by BROOKFIELD of "Millénaire 1" for more than €200 million (the largest transaction recorded in the office market in the 2nd quarter of 2021).

Funds and savings banks remain the leading players in the market, accounting for two-thirds of the sums invested in offices in France in the first half of 2021.

NORTH AMERICANS VERY ACTIVE
OFFICE INVESTMENT VOLUME BY NATIONALITY
In France, in Q1 2021



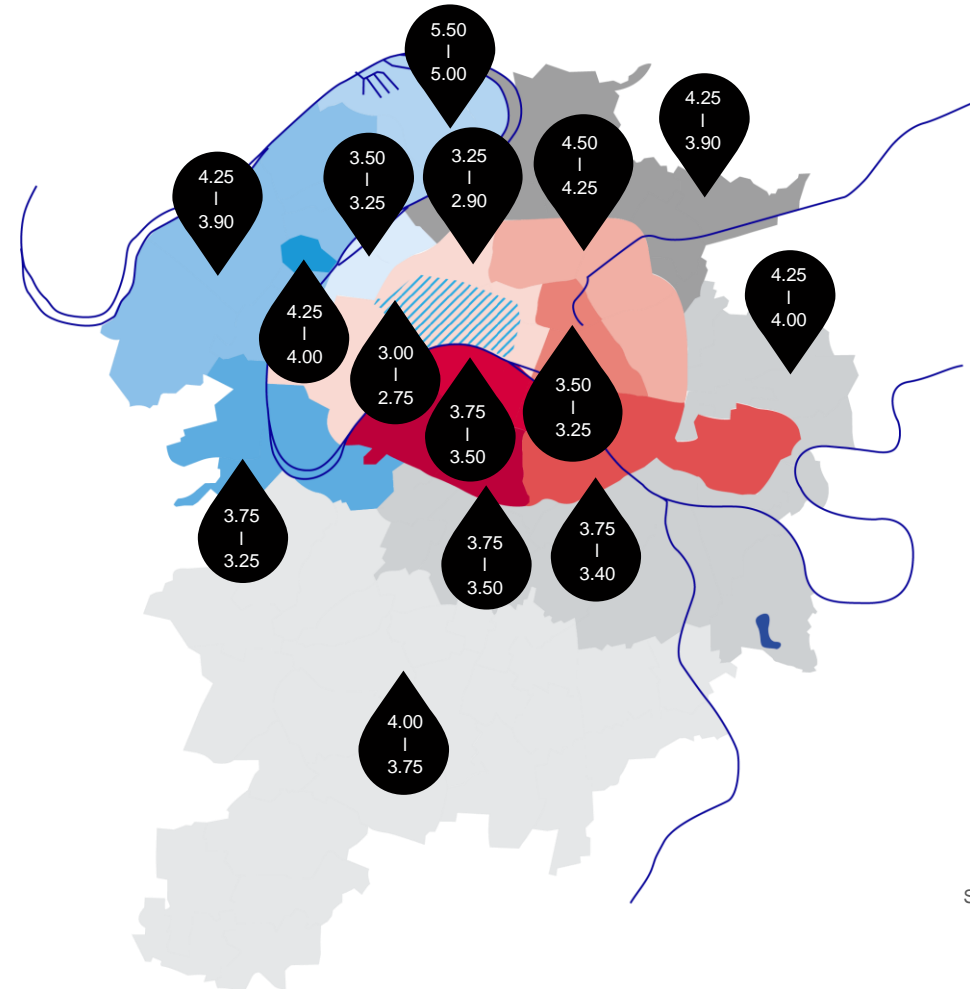
SCPI/OPCI AND FUNDS : 2/3 OF VOLUMES INVESTED
OFFICE INVESTMENT VOLUME BY INVESTOR TYPE
In France, in Q1 2021



Although stable overall, prime yields are likely to come under downward pressure in the second half of the year in certain sectors of Paris outside the CBD and the inner suburbs. This compression is explained by the attraction of secured properties, whose limited supply is struggling to satisfy investors' appetites.

COMPRESSION EXPECTED IN CERTAIN SECTORS PRIME OFFICE YIELDS

In Ile-de-France, shown as a %, at the end of Q 2021



- 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
- Southern loop
- Paris V/VI/VII
- La Défense
- Paris XIX/XV

Source: Knight Frank

A woman with long dark hair, wearing a red turtleneck sweater, is smiling as she works at a retail counter. She is using a tablet computer and a card reader. A customer's hand is visible on the left, holding a card. The background shows a modern retail store with wooden beams, large windows, and various merchandise.

RETAIL

INVESTMENT MARKET | FRANCE

RETAIL



	H1 2021	H1 2020	ANNUAL TREND
Retail investment volume in France	€670 M	€2,1 bn	↓
Share of retail*	8%	18%	↓
Number of transactions > €100 million	1	3	↓
Share of Ile-de-France**	47%	53%	↓
Share of foreign investors**	53%	11%	↑
Prime yield High streets	3.00%	3.00%	→
Prime yield Shopping centres	4.25%	4.25%	→
Prime yield Retail parks	5.25%	5.25%	→

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

** Of total retail investment in France.

Source: Knight Frank

KEY INDICATORS | RETAIL



HOUSEHOLD CONSUMPTION

+4.6% in 2021*

-7.3% in 2020

Sources: INSEE / Xerfi /*Prévision



HOUSEHOLDS' CONFIDENCE*

102 in June 2021

+7 pts compared to end of 2020

Source: INSEE

*Synthetic confidence index



INFLATION*

+1.5% in June 2021**

+0% in 2020

Source: INSEE / Banque de France

*including energy and food supply

**Forecast



SPECIALISED RETAIL SALES

+15.8% in June 2021*

+7.7% in H1 2021

Source: Procos

*in France, in a year



LUXURY STORES

11 openings in H1 2021 in Paris*

29 in 2020

Source: Knight Frank

*renovations-extensions, transfers, creations and temporary shops



INVESTMENT VOLUMES*

670 million euros in H1 2021

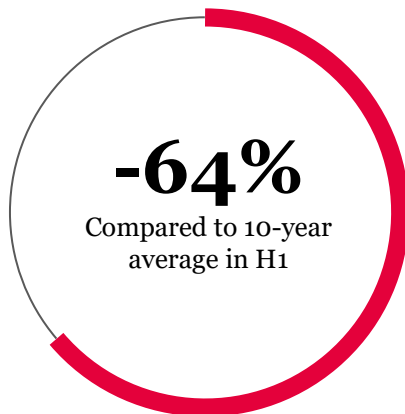
-69% y/y

Source: Knight Frank

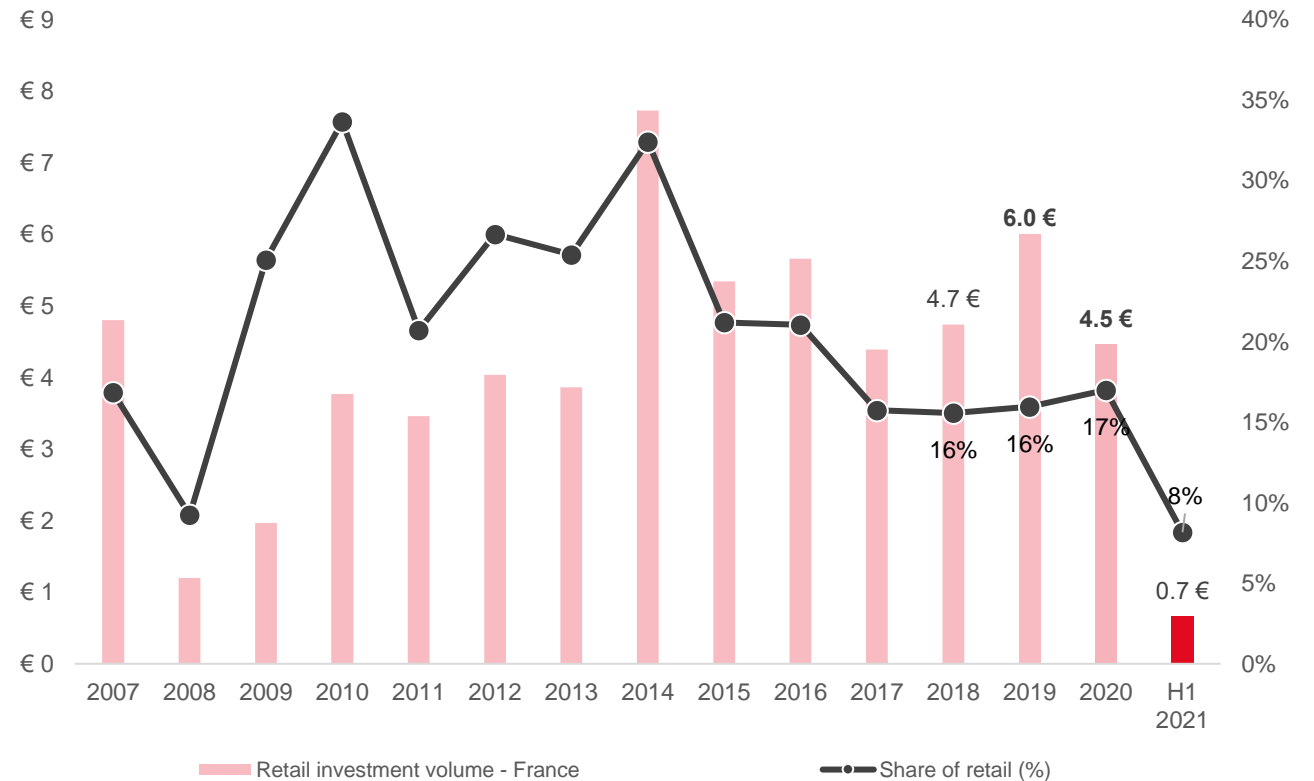
*In France, retail

A little less than €700 million were invested in the French retail market in the first half of 2021, down 69% year-on-year and the lowest level recorded in any half-year since the early 2000s. Retail accounts for only 8% of total investment volumes in France, all asset types combined.

Exceptional situation, exceptional fall. For more than a year, the health crisis has dealt a very hard blow to retail due to the successive lockdowns, which have weakened brands and increased investors' prudence to its maximum. **As a result, several sales were withdrawn from the market, while the time taken to complete transactions increased significantly.** Finally, there have been no major transactions to mitigate the decline in activity, as the sale of the URW shopping centre portfolio did last year.



DIFFICULTIES FOR RETAIL
CHANGE IN RETAIL INVESTMENT VOLUME
In France, in billion €



Source: Knight Frank

INVESTMENT MARKET | FRANCE

RETAIL

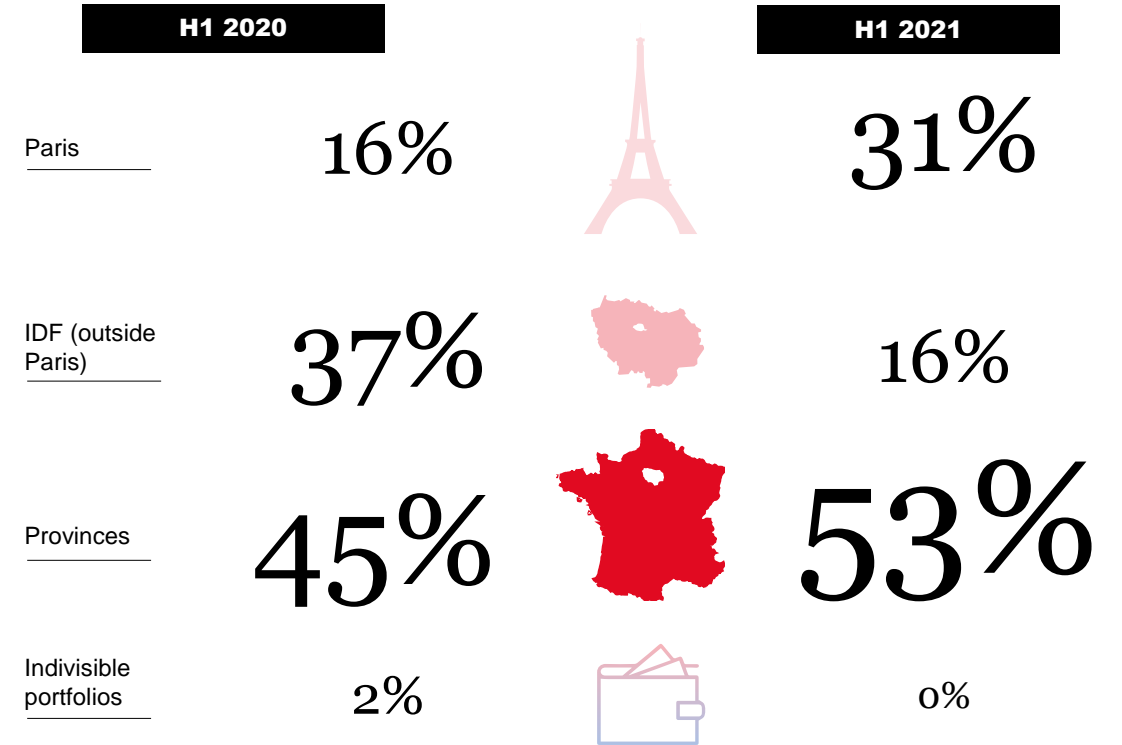
The very small number of transactions in Paris explains the **increase in the share of investment in the provinces (53%)**. This is where the **largest transaction of the first half of 2021 was recorded: the sale by Casino to WP CAREY of a portfolio of hypermarkets** located in the south of France for more than €100 million. Casino thus remains one of the major drivers in the retail investment market after the numerous assets sold since 2018.



REGIONS RETAIN CONTROL

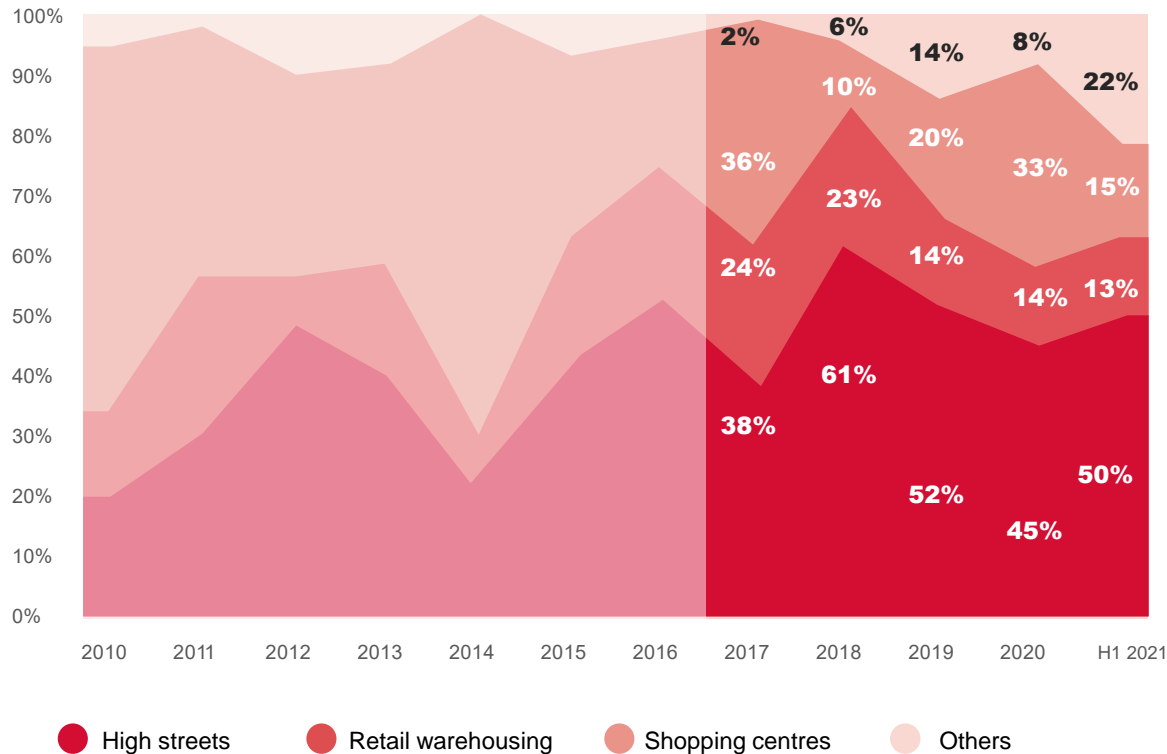
RETAIL INVESTMENT VOLUME BY LOCATION

In France



Source: Knight Frank

HIGH STREETS CONTINUE TO PLAY A LEADING ROLE
 BREAKDOWN OF RETAIL INVESTMENT VOLUME BY ASSET TYPE
 In France



On the high street retail market, activity recovered after a sluggish first quarter thanks to BROOKFIELD's acquisition of 275 rue Saint-Honoré, **enabling the majority of retail commitments in the first half of 2021 (50%) to be concentrated on high street assets.**

In addition to Casino's sale of its hypermarket portfolio, several major sale & leaseback transactions are in the progress. These, as well as the marketing of a number of retail portfolios, demonstrate investors' priority for secure assets and their interest in retail outlets. One of the largest transactions of 2021 is also expected in this market segment, with the partnership between Altarea and Crédit Agricole Assurances, which includes nine French retail parks.



With
22%

Of retail investment volumes in France in H1 2021, the share of hypermarkets is at **its highest for the last decade.**

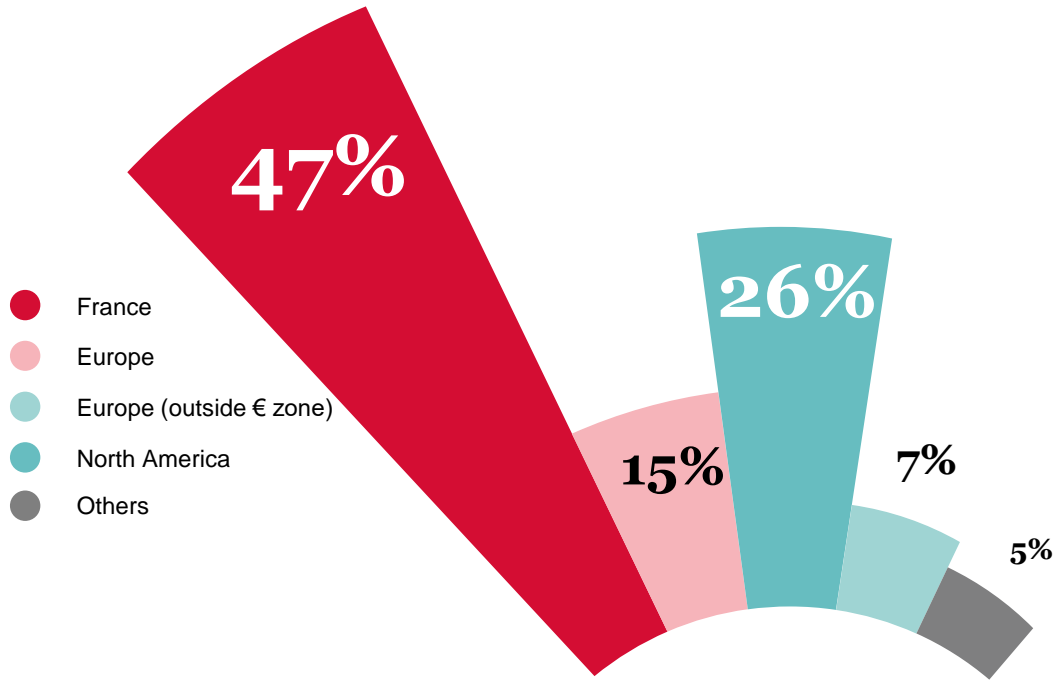
Source: Knight Frank
 Photo: ©Shootin

INVESTMENT MARKET | FRANCE

RETAIL

After a first quarter dominated by French investors, **they were much less present in the second quarter**. The largest deals were signed by foreign players, who now account for the **largest share of retail investment volumes since the beginning of 2021 (53%)**.

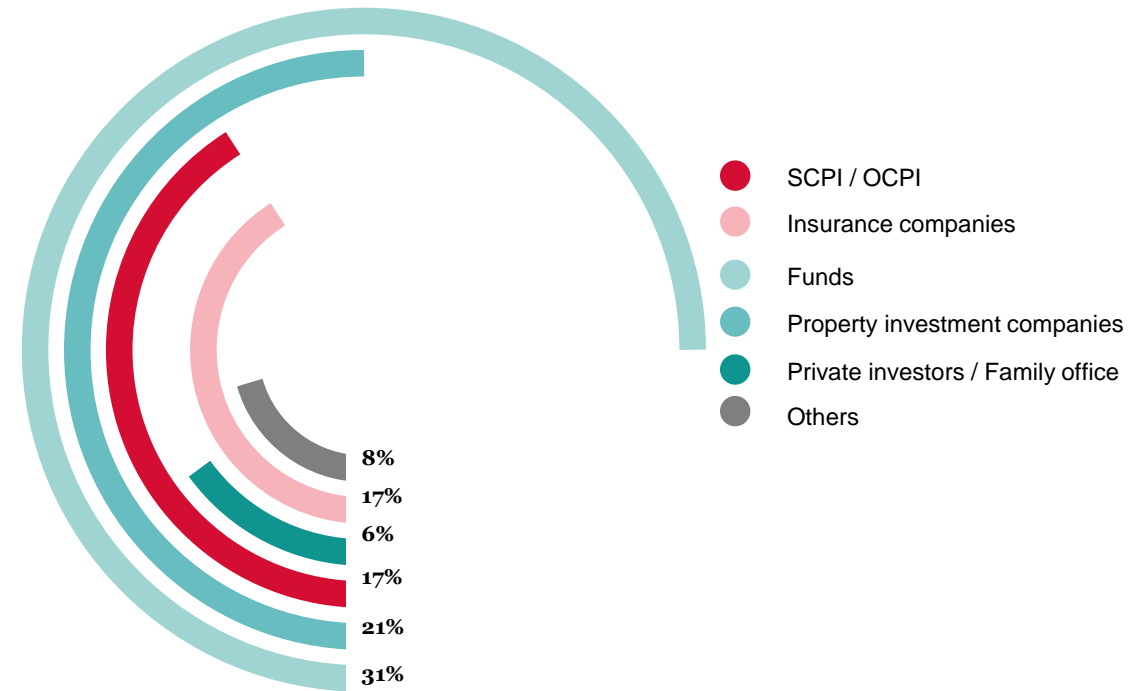
FOREIGN INVESTORS THE MOST ACTIVE
RETAIL INVESTMENT VOLUME BY NATIONALITY
In France, in H1 2021



Source: Knight Frank

This dominance is linked to acquisitions made on behalf of BROOKFIELD and WP CAREY, which also increased the share of funds and property companies.

REDISTRIBUTION OF THE CARDS
RETAIL INVESTMENT VOLUME BY INVESTOR TYPE
In France, in H1 2021

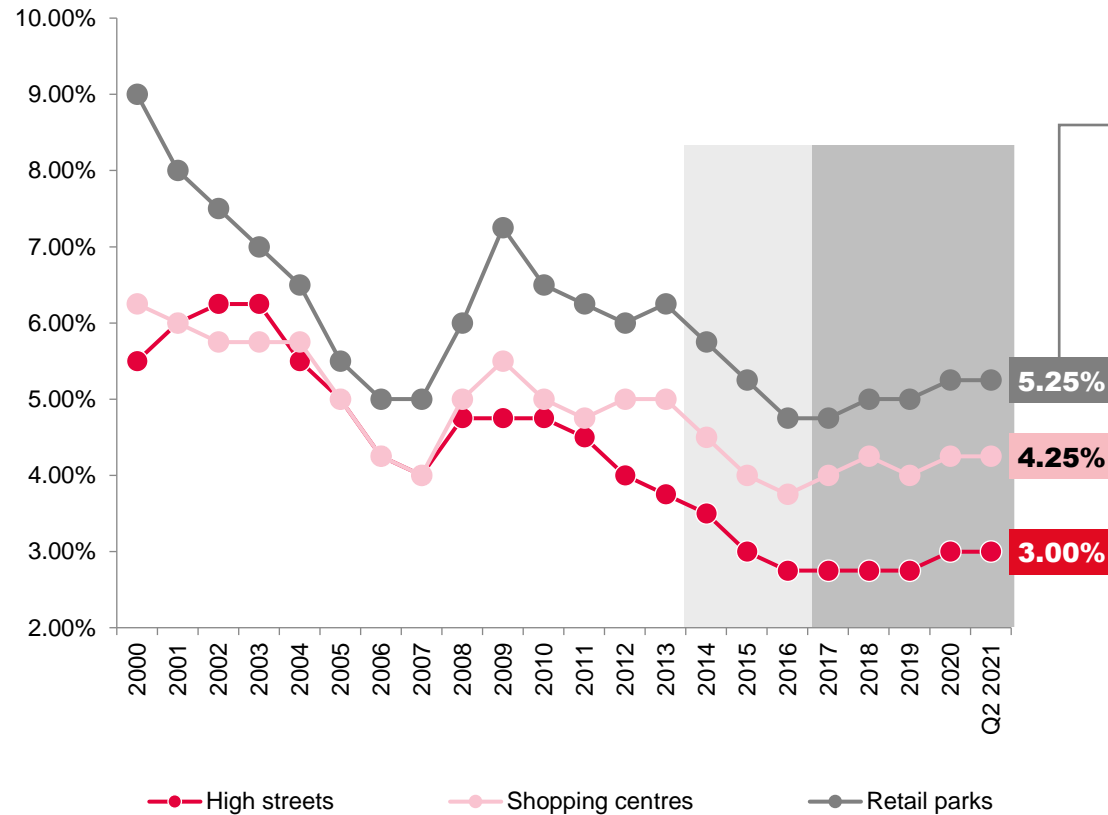


Source: Knight Frank

While yields remain at **around 3.00% for the best assets in Paris**, those for secondary properties are still on the rise. This trend should be confirmed in the second half of the year, although the rebound in consumer spending and the beginning of a recovery in the rental market suggest a **more favourable outlook for the retail market**.

GROWING GAP BETWEEN PRIME AND SECONDARY ASSETS

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



	H1 2021	H1 2020	ANNUAL TREND
Industrial investment volume in France	€2.1 bn	€2 bn	↑
Share of industrial*	26%	17%	↑
Number of transactions > €100 million	6	4	↑
Share of portfolios**	70%	70%	→
Share of foreign investors**	85%	92%	↓
Prime yield Logistics	3.75%	4.00%	↓
Prime yield Light industrial	4.50%	5.40%	↓

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

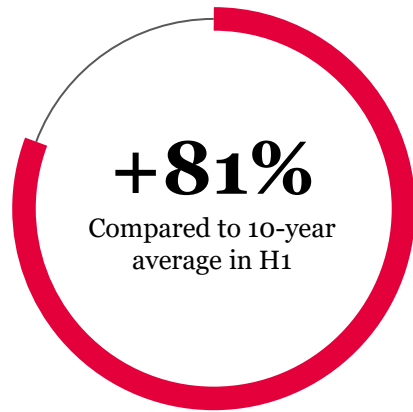
** Of total industrial investment in France

Source: Knight Frank

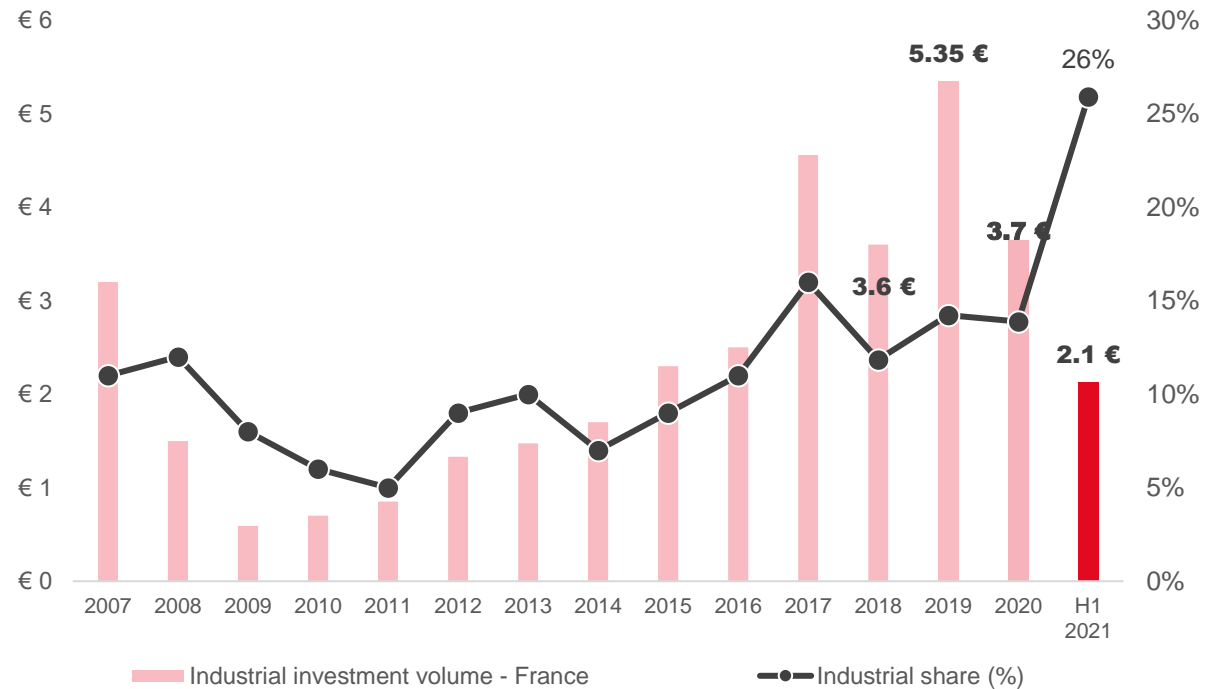


INVESTMENT MARKET | FRANCE INDUSTRIAL

After a lively first quarter in 2021, the industrial property market continued to grow in the second quarter. In the first quarter, the amount invested in France in this asset type totalled €2.1 billion, up 6% year-on-year and 81% compared with the ten-year average. Sales of logistics portfolios once again sustained activity, accounting for 65% of the volumes invested in this market segment.



DRIVING WINDS FOR LOGISTICS
CHANGE IN INDUSTRIAL INVESTMENT VOLUME
In France, in billion €



Source: Knight Frank

INVESTMENT MARKET | FRANCE

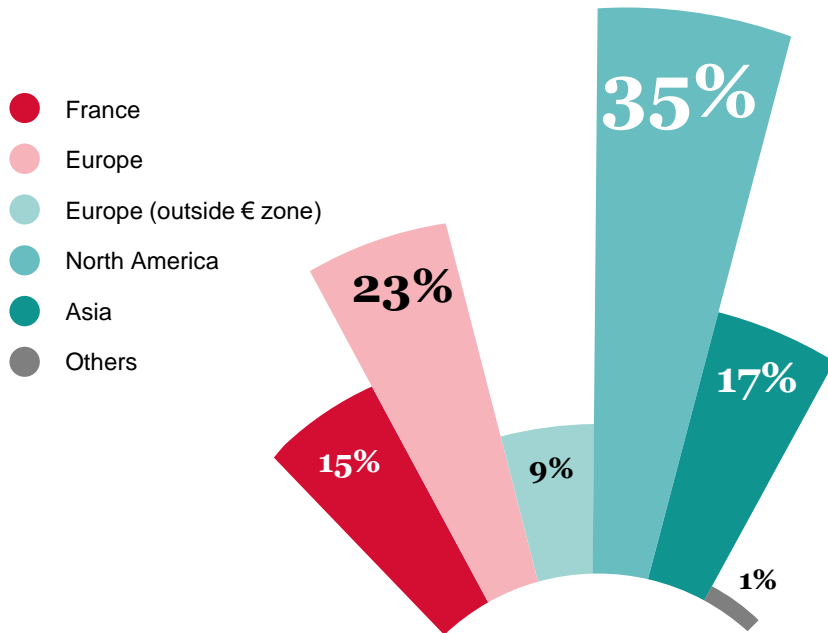
INDUSTRIAL

Foreign investors continue to dominate the industrial market.

Representing **85% of volumes invested in this asset class**, they have been the source of major portfolio disposals. The logistics sector has particularly whetted the appetite of Asian investors, as illustrated by the acquisition of AMAZON and FEDEX sites located in Ile-de-France and the provinces by South Korean investors.

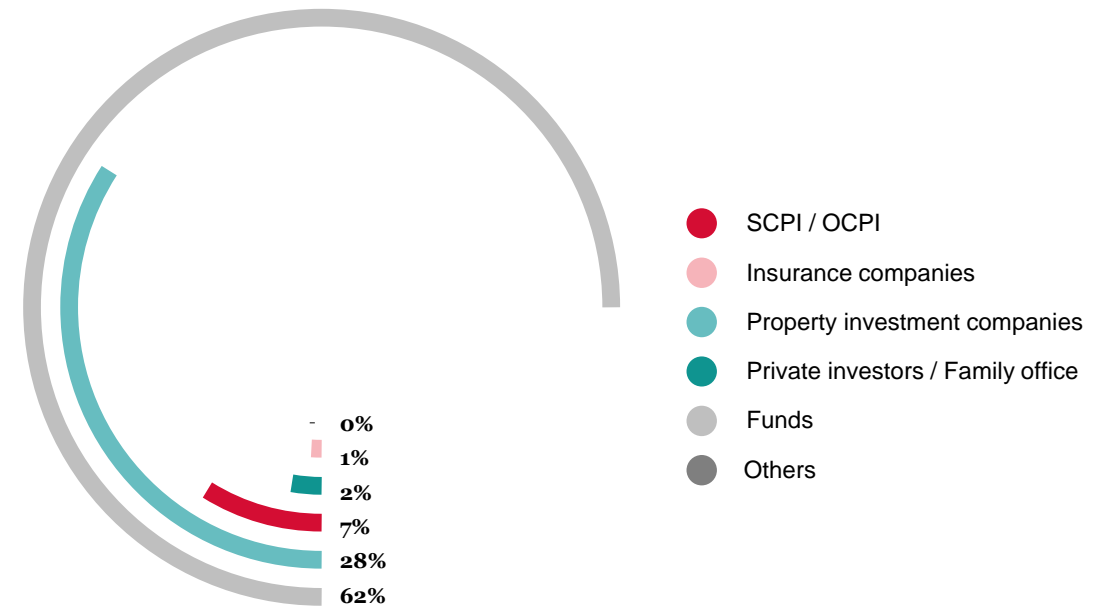
Germans also contributed to the good results of the first half of the year, although **it was the North Americans who were the most active** thanks in particular to the portfolio acquisitions carried out on behalf of DREAM INDUSTRIAL REIT and JP MORGAN for a cumulative amount of almost €500 million.

NOTH AMERICANS ARE THE MOST ACTIVE
INDUSTRIAL INVESTMENT VOLUME BY NATIONALITY
In France, in H1 2021



Source: Knight Frank

A MARKET LARGELY DOMINATED BY FUNDS
INDUSTRIAL INVESTMENT VOLUME BY INVESTOR TYPE
In France, in H1 2021



Source: Knight Frank

INVESTMENT MARKET | FRANCE INDUSTRIAL

EXAMPLES OF INDUSTRIAL INVESTMENT TRANSACTIONS IN THE 1ST HALF OF 2021

Source: Knight Frank

Address / Asset	City	Seller	Purchaser	Price
Pan-European logistics portfolio – 31 platforms	France	Clarion Partners	Dream Industrial REIT	> €100M
Omega portfolio- 5 platforms	France	Goodman	DWS	> €100M
Logistics portfolio – 6 platforms	France		Mastern Investment Mangement / Kiwoom Securities	> €100M
Mountpark Pan-European logistics portfolio	Meung-sur-Loire (45)	Mountpark	JP Morgan	> €100M
Log's platform	Wattrelos (59)	SIG	Deka	> €100M
Pan-European data centers portfolio	Ile-de-France	Digital Realty Trust	Ascendas REIT	> €100M
Pan-European logistics portfolio	Ile-de-France	InfraRed Capital Partners	Blackstone (Mileway)	> €100M
Logistics portfolio – 9 platforms	France	Institutionnal investor	Mark	> €100M
Logistics portfolio – 3 platforms	Provinces	Financière ID	GLP	> €100M
Logistics platform	Boisseaux (45)	Quartus	Clarion Gramercy	> €100M
ID Logistics platform	Villette-d'Anthon (38)	6eme Sens Immobilier	CBRE Global Investors	> €100M
Carrefour portfolio – 3 platforms	France	Carrefour	Argan	> €100M
Logistics platform	Saint-Ouen-l'Aumône (95)	Private investor	Barings Real Estate	> €100M
Data center	Vitry-sur-Seine (94)	Private investor	Family Office	> €100M
Stokomani platform	Creil (60)	Panhard / Anaxego	Exeter	> €100M

■ < €50M
 ■ €50-100M
 ■ > €100M



Omega portfolio, France



Mountpark portfolio, Meung-sur-Loire



Log'S platform, Wattrelos

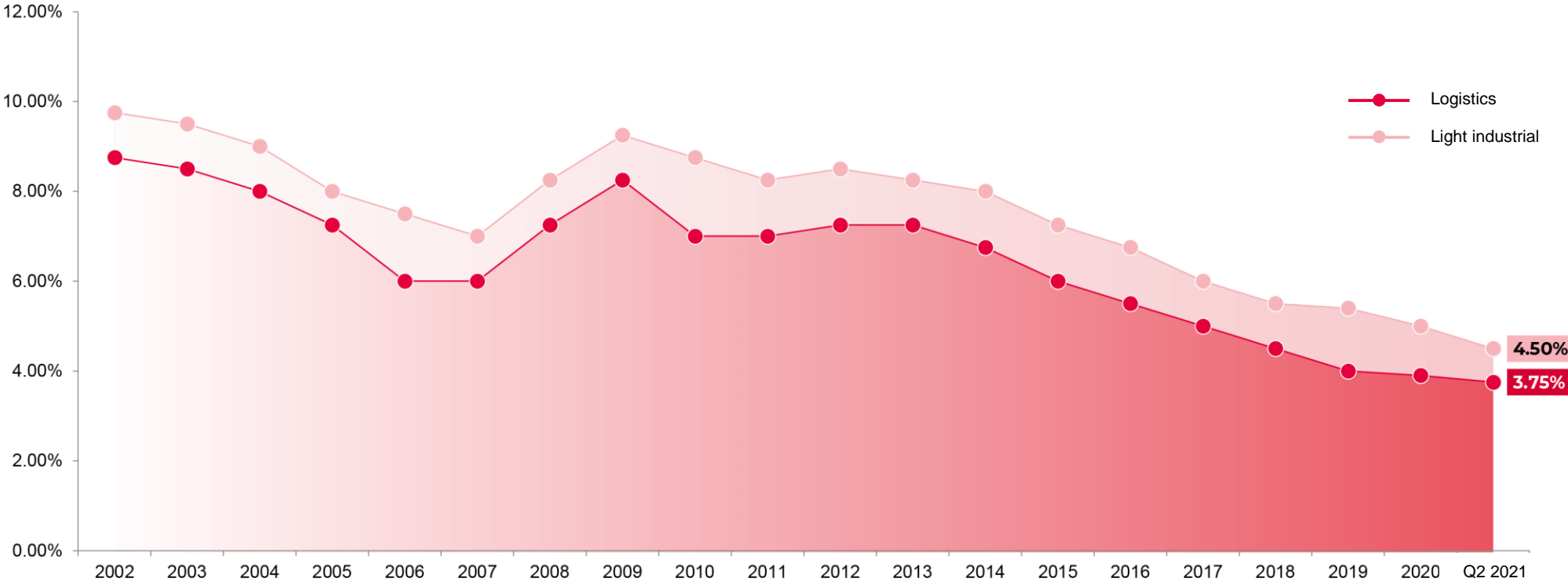
INVESTMENT MARKET | FRANCE INDUSTRIAL



DOWNWARD PRESSURE CONTINUES

PRIME INDUSTRIAL YIELDS
In France, shown as a %

Given the strong competition from investors for the best assets, **prime yields should continue to come under downward pressure in H2 2021**. At the end of the first half of the year, they stood at 3.75% for logistics (-175 basis points in five years) and 4.50% for light industrial (-135 basis points in five years).



Source: Knight Frank



A solid red vertical bar is positioned on the left side of the image, extending from the top of the word "OUTLOOK" to the bottom of the frame.

OUTLOOK

OUTLOOK

1

Despite the increase in the Delta variant, the progression of the vaccine roll-out, the rebound in economic activity, the gradual recovery of rental markets and the major transactions currently being finalised all point to a clear rebound in investment volumes by the end of 2021. However, the delay in the first half of the year and the lack of prime offers will make it difficult to achieve last year's result (€26.3 billion). 2021 could therefore be the low point of this pandemic period, even if the impact will be much less than during the financial crisis (€7.2 billion invested in 2009).

2

There is plenty of money to be invested and the spread remains favourable to the property sector. Although stable overall, prime yields are likely to come under downward pressure in the second half of the year in certain asset classes (logistics, offices in certain sectors of Paris outside the CBD and the inner suburbs). Contrary to previous crises, foreign players will remain very present, while the major French savings banks will return to the forefront with the forthcoming completion of major transactions, against a backdrop of a rebound in SCPI/OPCI and life insurance collections.

3

Despite the sharp fall in the amount of money committed in the first half of 2021, everything seems to be in place for a fairly rapid recovery in activity. This does not mean that the health crisis has not changed anything or that its impact on the investment market should be put into perspective. The Covid-19 pandemic will leave an impact far beyond the one-off drop in volumes, starting with the consideration of transferability and SRI criteria that the health crisis has placed at the heart of investment strategies.

CAPITAL MARKETS



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