

Q1 2022

# INVESTMENT MARKET FRANCE

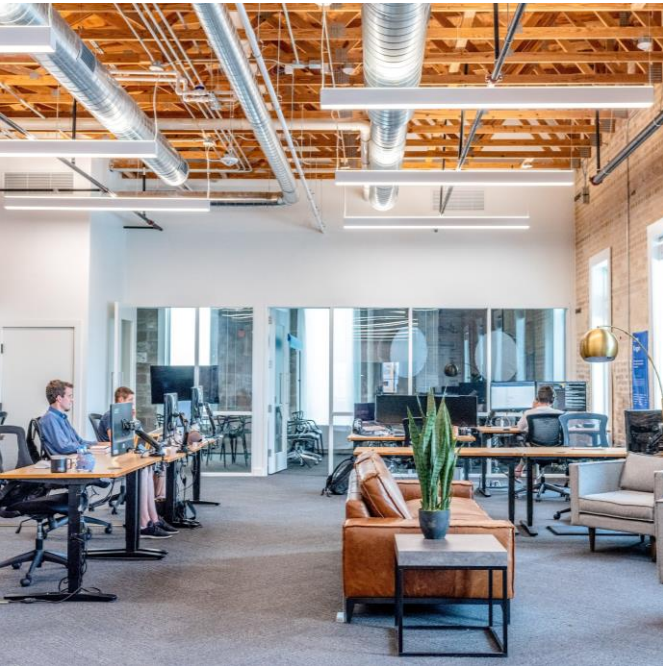
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General trends

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# KEY INDICATORS



	Q1 2022	Q1 2021	ANNUAL CHANGE
Investment volume in France	€4.6 bn	€5.2 bn	↓
Number of transactions	186	165	↑
Number of transactions > €100 million	13	15	↓
Share of transactions > €100 million	53%	56%	↓
Share of portfolios	18%	17%	↑
Share of Greater Paris Region *	62%	76%	↓
Share of foreign investors	47%	44%	↑
Share of offices*	47%	76%	↓
Share of retail*	27%	5%	↑
Share of industrial*	26%	19%	↑
Prime yield   Offices	2.75%	2.75%	→
Prime yield   Retail	3.00%	3.00%	→
Prime yield   Logistics	3.25%	3.75%	↓

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

Source : Knight Frank

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# GENERAL TRENDS



# INVESTMENT MARKET | FRANCE

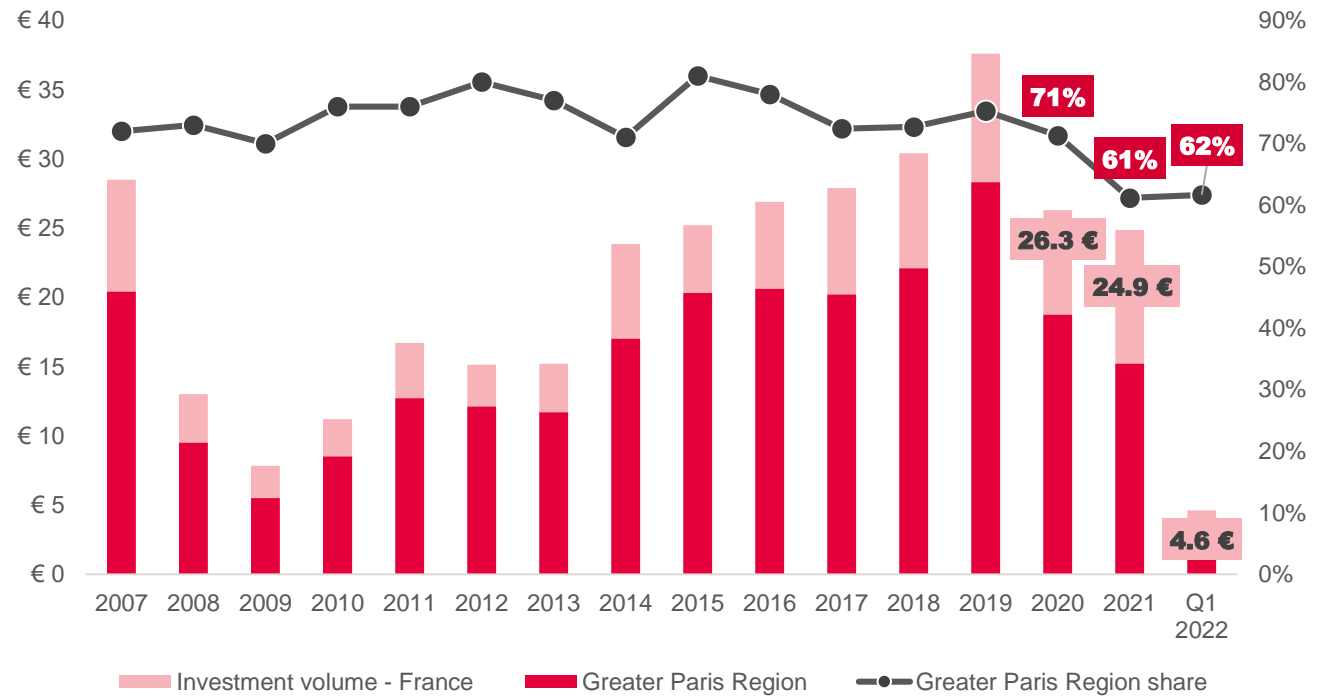
## GENERAL TRENDS

More than €14.6 billion were invested in France in Q1 2022, down 12% compared to the same period last year. This result is actually 36% lower than in Q1 2020, although this was a record high.

The French commercial real estate investment market has thus had a mixed start to 2022, in an environment that continues to be disrupted by the health crisis and has been greatly disturbed in recent weeks by the war in Ukraine.

**+14%**  
Compared to the Q1  
ten-year average

**DECLINE OF 12% OVER A YEAR**  
CHANGE IN INVESTMENT VOLUME, ALL ASSET TYPES\*  
In France, in billions of euros



Source : Knight Frank /\*Offices, retail and industrial

# INVESTMENT MARKET | FRANCE

## GENERAL TRENDS

The decline in activity recorded in Q1 2022 was due in particular to a smaller than usual number of large transactions. Only 13 transactions > €100M were recorded in Q1 2022 compared with 15 in the same period last year and 21 in Q1 2020.

The number of transactions > €100M is lower, as are the sums invested, as these transactions involve smaller unit values. Their volume nevertheless represents half of the market (compared with 55% in Q1 2021).

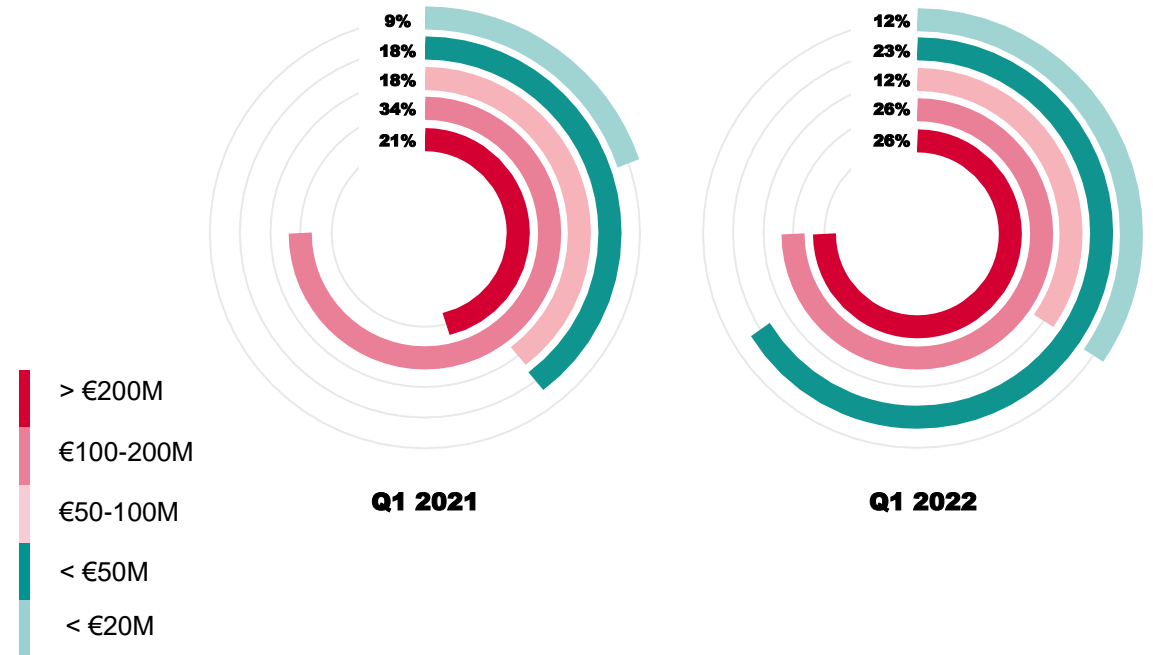
The share of portfolio sales remains stable. These accounted for 18% of the sums invested in Q1 2022, compared with 17% a year earlier, and mainly comprised sales of commercial and industrial assets.



**Share of investment volume in France** in the form of portfolios in Q1 2022

Compared with **17 %** at the end of Q1 2021

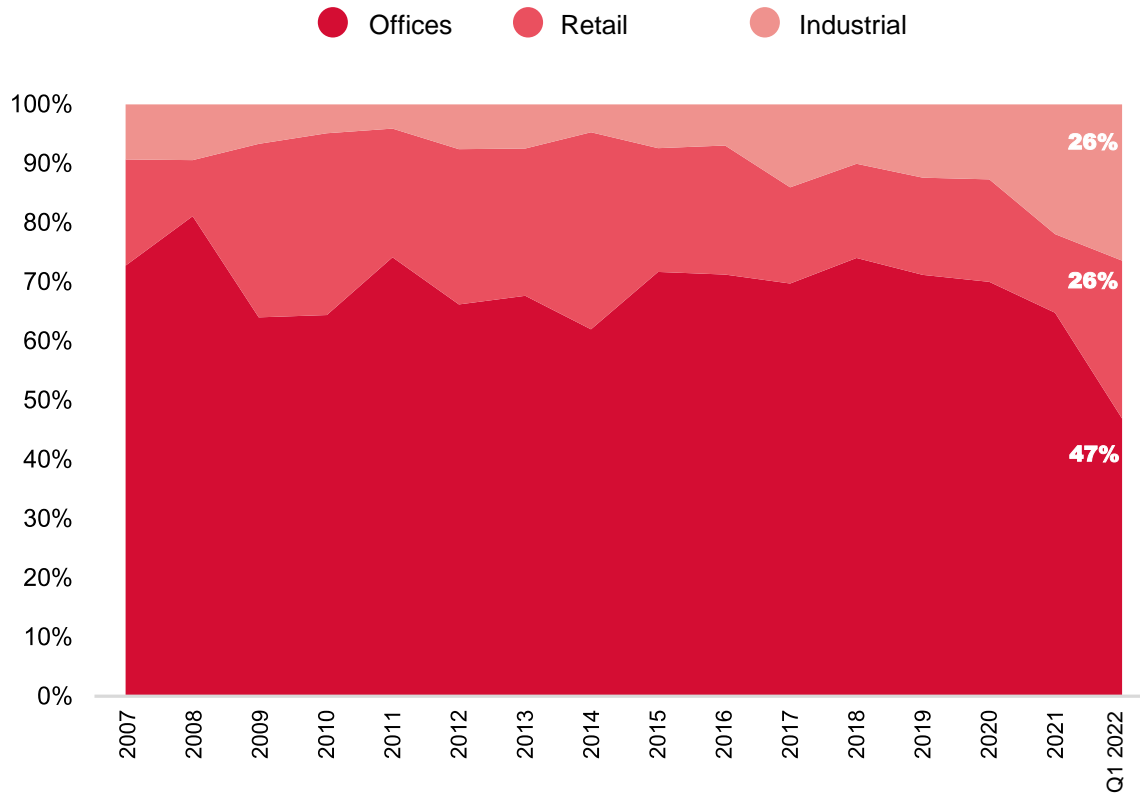
**DECREASE IN TRANSACTIONS > €100M**  
BREAKDOWN OF INVESTMENT VOLUME BY VOLUME CATEGORY  
In France, all asset types



# INVESTMENT MARKET | FRANCE

## GENERAL TRENDS

**RENEWED INTEREST IN RETAIL**  
BREAKDOWN OF INVESTMENT VOLUME BY ASSET TYPE  
In France



Source : Knight Frank

Offices have had a rather lacklustre start to the year, accounting for just 47% of the volume invested in France, compared with 74% in Q1 2021 and 69% on average over the last ten years.

Conversely, the revival of retail investment has been consolidated with €1.2 billion invested in France, which is 26% of the total amount invested in the French real estate market and a volume at its highest level for any Q1.

Lastly, after an exceptional year in 2021, the dynamism of the industrial real estate market has not waned in Q1 2022. €1.2 billion euros was invested over the period, up 16% over one year and 108% compared with the ten-year average.

**Share of industrial assets** in investment volume in France at the end of Q1 2022

Versus 13 % : 2012 – 2021 annual average

Source : Knight Frank



# INVESTMENT MARKET | FRANCE

## GENERAL TRENDS

Despite lower investment than last year, the share of foreign investors is up from 43% for 2021 to 46% in Q1 2022.

This increased share can be attributed to Europeans, although German investors have been less active than usual.

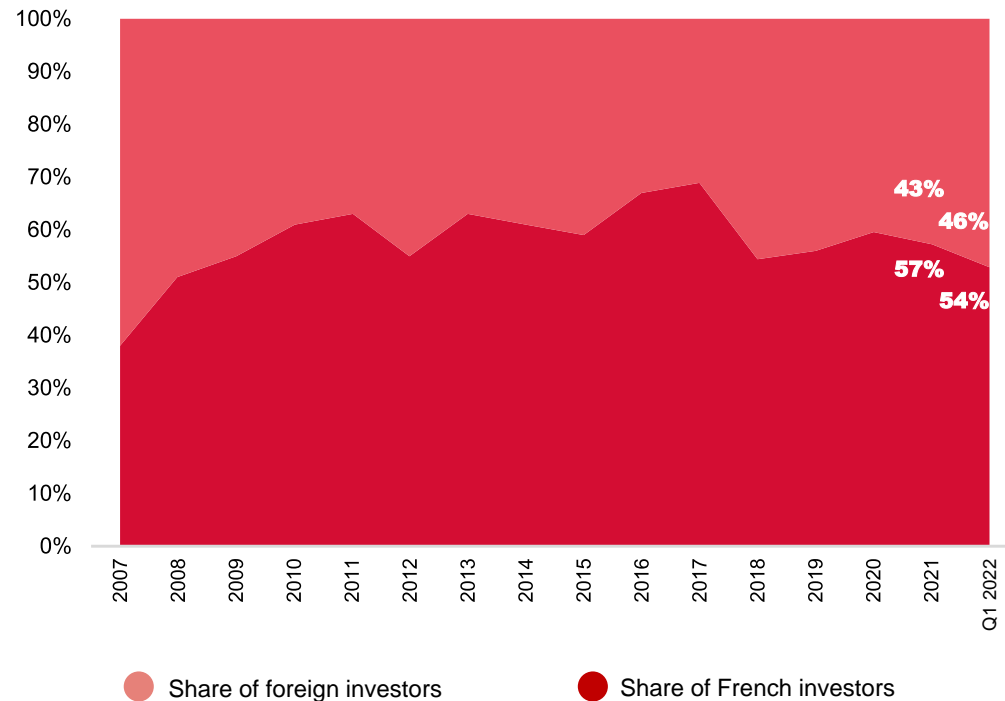
North-American investors account for 10% of investment. They have tended to favour office space this quarter but remain active in all asset types.

Lastly, Asian investors account for 9% of investment in Q1 2022 and stand out most significantly in the logistics market ("Trio" portfolio).

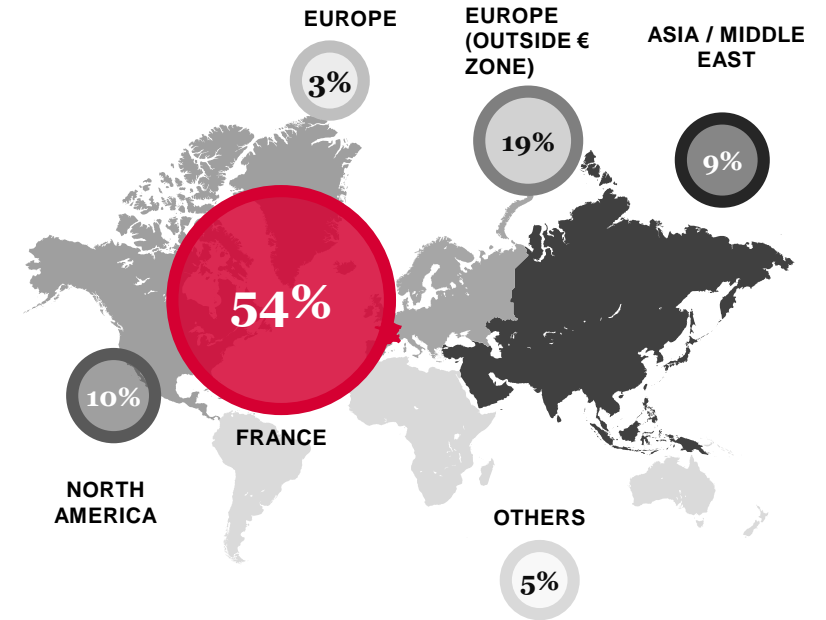
### FOREIGN INVESTORS CONSOLIDATE THEIR POSITION

#### BREAKDOWN OF INVESTMENT VOLUME BY NATIONALITY

In France, all asset types



### 2022 (Q1)



Source : Knight Frank



# INVESTMENT MARKET | FRANCE

## GENERAL TRENDS

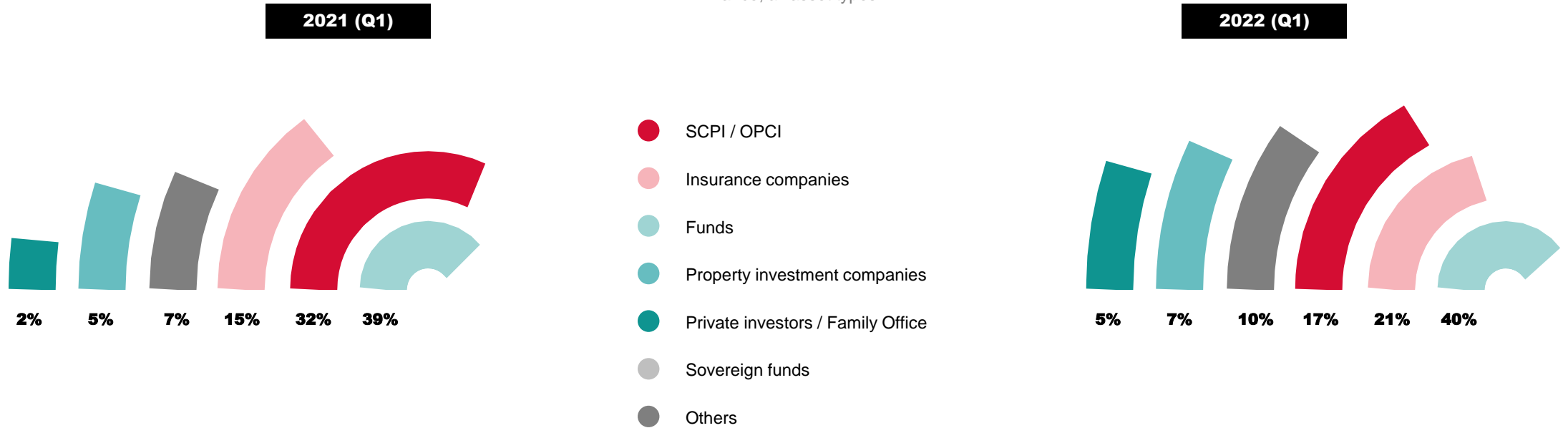
Reflecting the increase in foreign investments, funds remain the main players in the market, accounting for 40% of the sums invested in France. This is a share that has remained virtually unchanged over a year (39%).

At the other end of the spectrum, SCPI/OPCIs only account for 17% of investment volume in Q1 2022, compared with 32% this time last year. Despite this decline, a few significant transactions were carried out, favouring large savings collectors seeking secure assets (“H2B” in Clichy, acquired by AEW; “23-27 rue Daviel” in the 13<sup>th</sup> arrondissement, bought by AMUNDI).

### FUNDS ARE DRIVING THE MARKET

#### BREAKDOWN OF INVESTMENT VOLUME BY INVESTOR TYPE

In France, all asset types



Source : Knight Frank

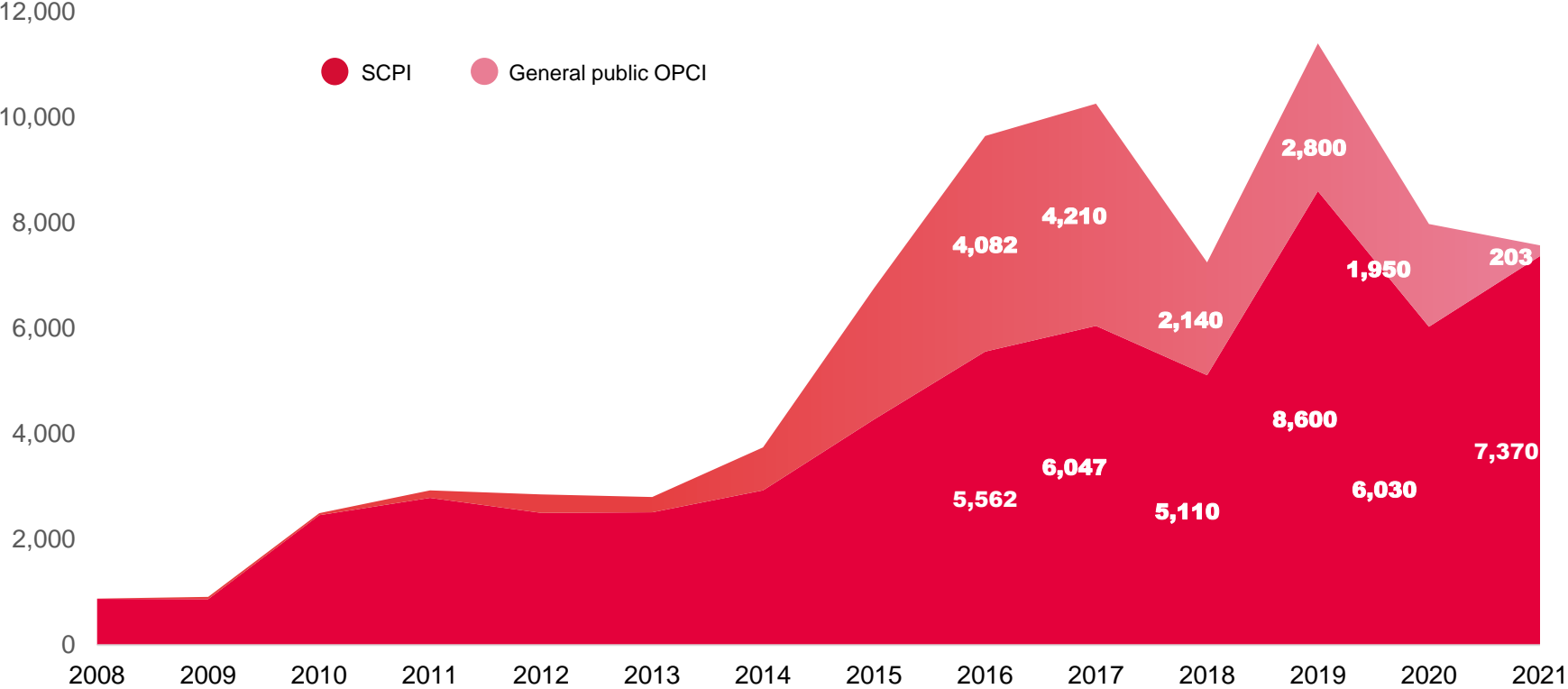
# INVESTMENT MARKET | FRANCE

## GENERAL TRENDS

### INVESTMENT VOLUME AT ITS LOWEST SINCE 2011 FOR OPCIs

CHANGE IN NET FUNDS OF SCPIs / OPCIs

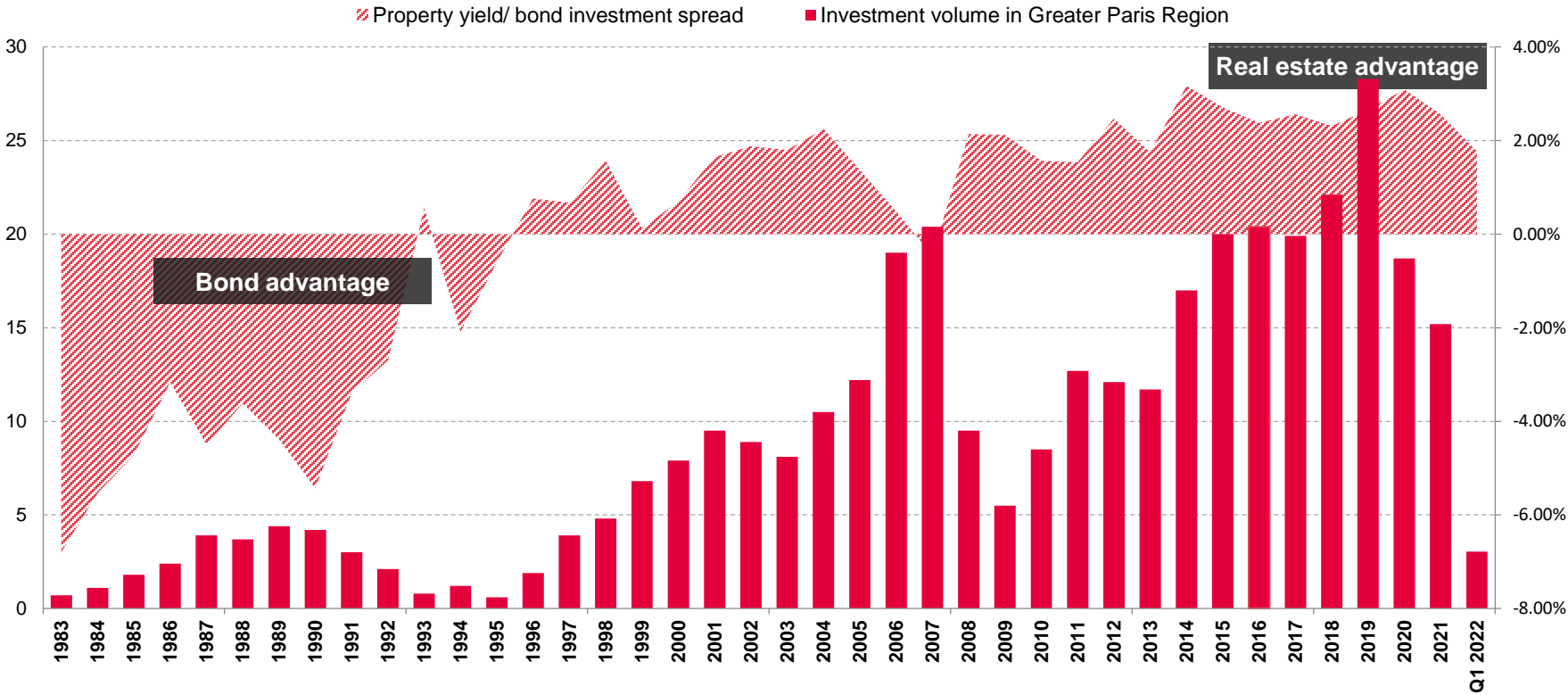
In France, in millions of euros



**- 5.1 %**  
Annual change

Sources : ASPIM / IEIF

**A SPREAD THAT REMAINS FAVOURABLE**  
PRIME YIELD / BOND RETURN SPREAD (in %)



Sources : Banque de France / Knight Frank

# INVESTMENT MARKET | FRANCE

## GENERAL TRENDS

Prime yields for Parisian offices remain historically low, standing at 2.75% in the CBD at the end of Q1 2022.

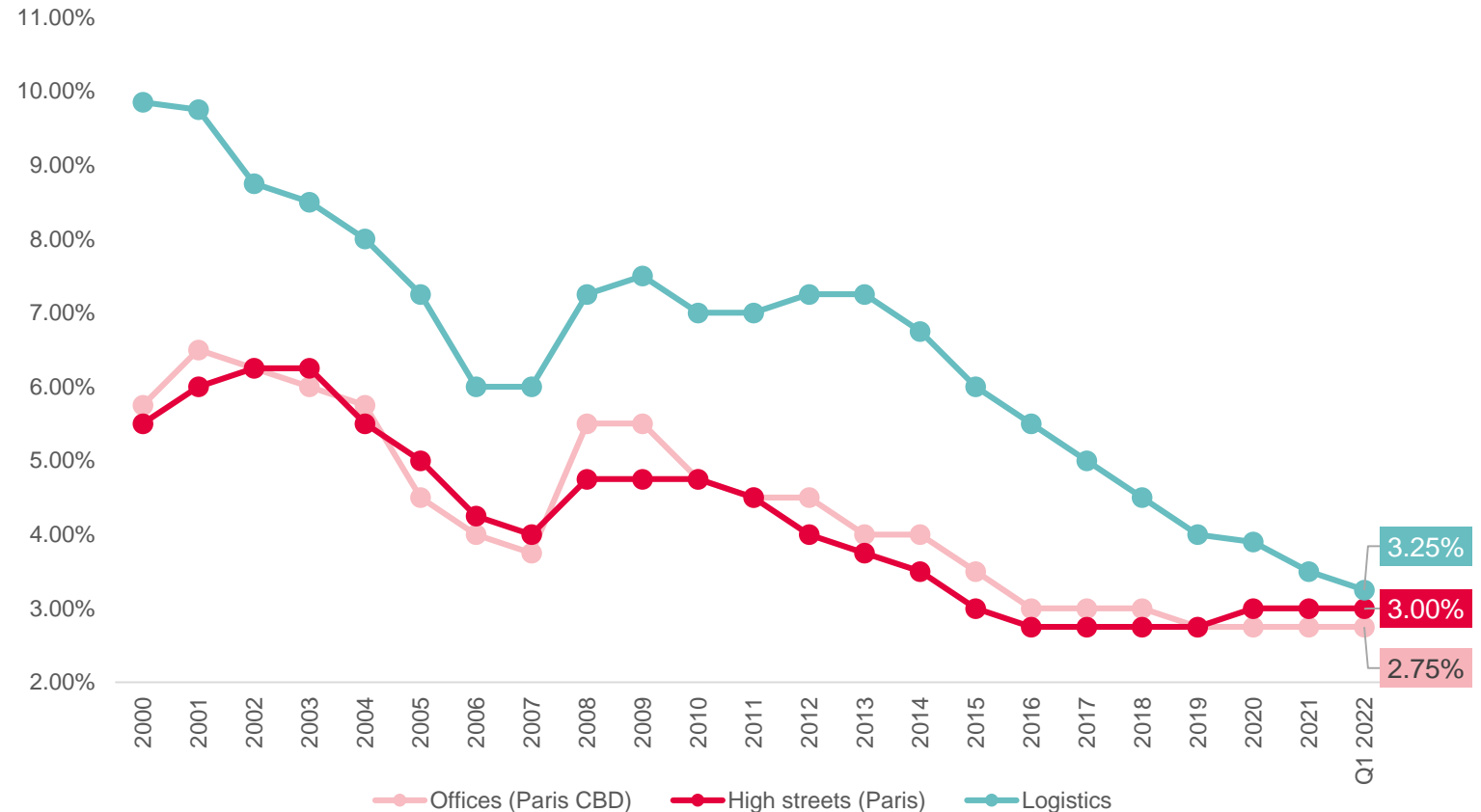
The yields of the capital's best shops have remained unchanged since the end of 2021 (3.00%).

Furthermore, investor interest in logistics is growing, continuing to place pressure on prime yields, which stand at 3.25%. The disparity between Parisian offices and retail is therefore shrinking.

### CONTRACTION CONTINUES IN THE LOGISTICS MARKET

#### CHANGE IN PRIME YIELDS

In France, in %



Source : Knight Frank

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# OFFICES



# INVESTMENT MARKET | FRANCE OFFICES



	Q1 2022	Q1 2021	ANNUAL CHANGE
Office investment volume in France	€2.2 bn	€3.6 bn	↓
Share of offices *	47%	76%	↓
Number of transactions > €100 million	6	12	↓
Share of transactions > €100 million **	42%	66%	↓
Share of Greater Paris Region **	77%	88%	↓
Share of foreign investors **	36%	32%	↑
Prime yield Paris CBD	2.75%	2.75%	→
Prime yield La Défense	4.00%	4.00%	→
Prime yield Lyon	3.40%	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\***

106 points in April 2022

- 3 pts compared to Dec 2021

Source : INSEE



### **PRIVATE SECTOR JOBS, GREATER PARIS REGION**

+ 3.3 % year-on-year, at the end of Q4 2021

+ 4.8 % in France

Source : INSEE



### **UNEMPLOYMENT RATE, GREATER PARIS REGION**

7.2 % at the end of Q4 2021

7.4 % in Metropolitan France

Source : INSEE



### **TAKE-UP, GREATER PARIS REGION**

548,716 m<sup>2</sup> at the end of Q1 2022

+ 44 % year-on-year

Source : Knight Frank



### **VACANCY RATE, GREATER PARIS REGION**

7.2 % at the end of Q1 2022

6.8 % at the end of Q1 2021

Source : Knight Frank



### **PRIME RENT, GREATER PARIS REGION**

€940 /m<sup>2</sup>/year at the end of Q1 2022

+ 1 % year-on-year

Source : Knight Frank

\*General index, in the services sector

# INVESTMENT MARKET | FRANCE OFFICES



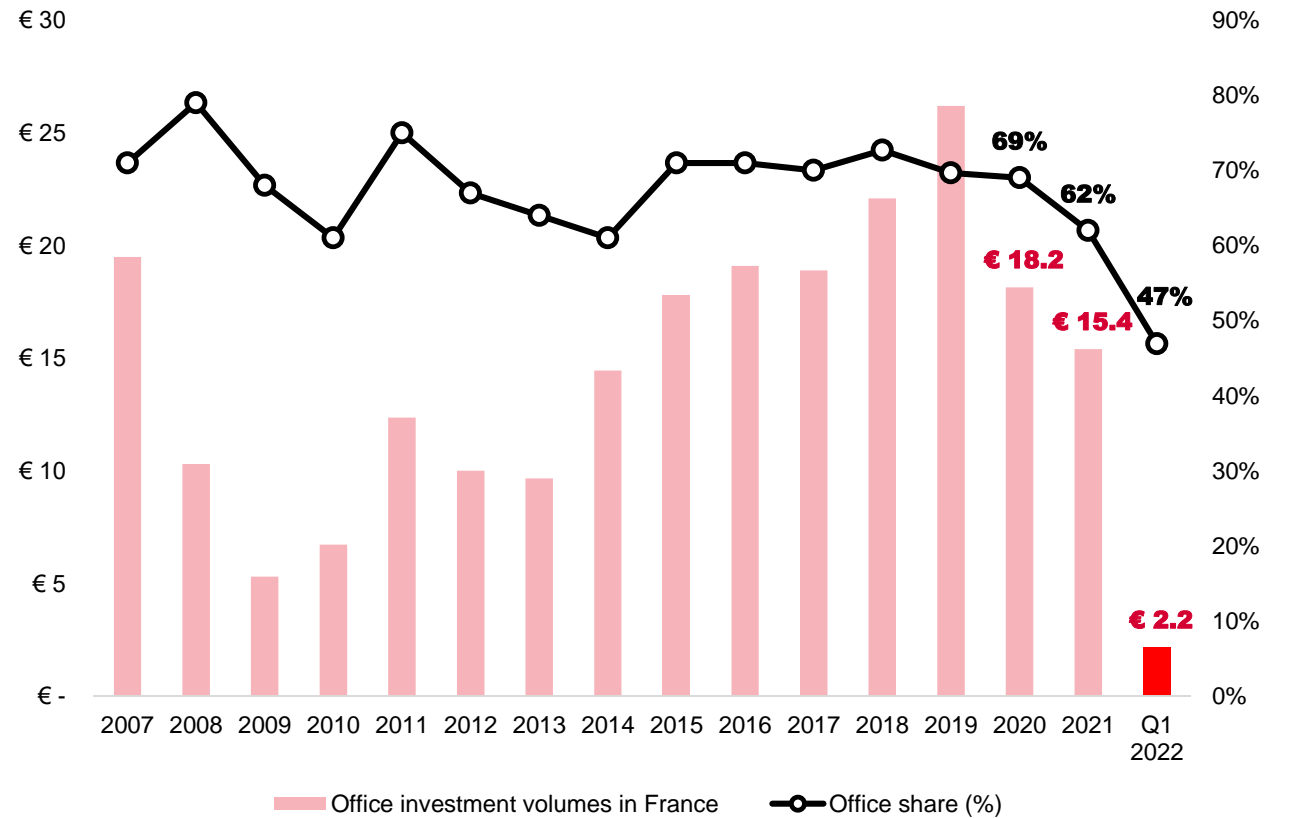
€2.2 billion was invested in the French office market in Q1 2022, down 45% in one year. There has not been a volume as low as this since 2016. The share of offices is still down sharply, with 46% of all volumes invested in France in Q1 2022 compared with 74% in the same period last year and 69% on average in Q1 over the past ten years.

This decline is mainly due to a lower number of transactions, involving smaller amounts. Last year, there were around ten transactions of > €100 million, for a total of 2 billion euros. In Q1 2022, only five large transactions were completed, the largest of which was for less than €200 million.

**- 22 %**  
compared to the Q1  
ten-year average



**25 % FALL IN INVESTMENT**  
CHANGE IN OFFICE INVESTMENT VOLUME  
In France, in billions of euros

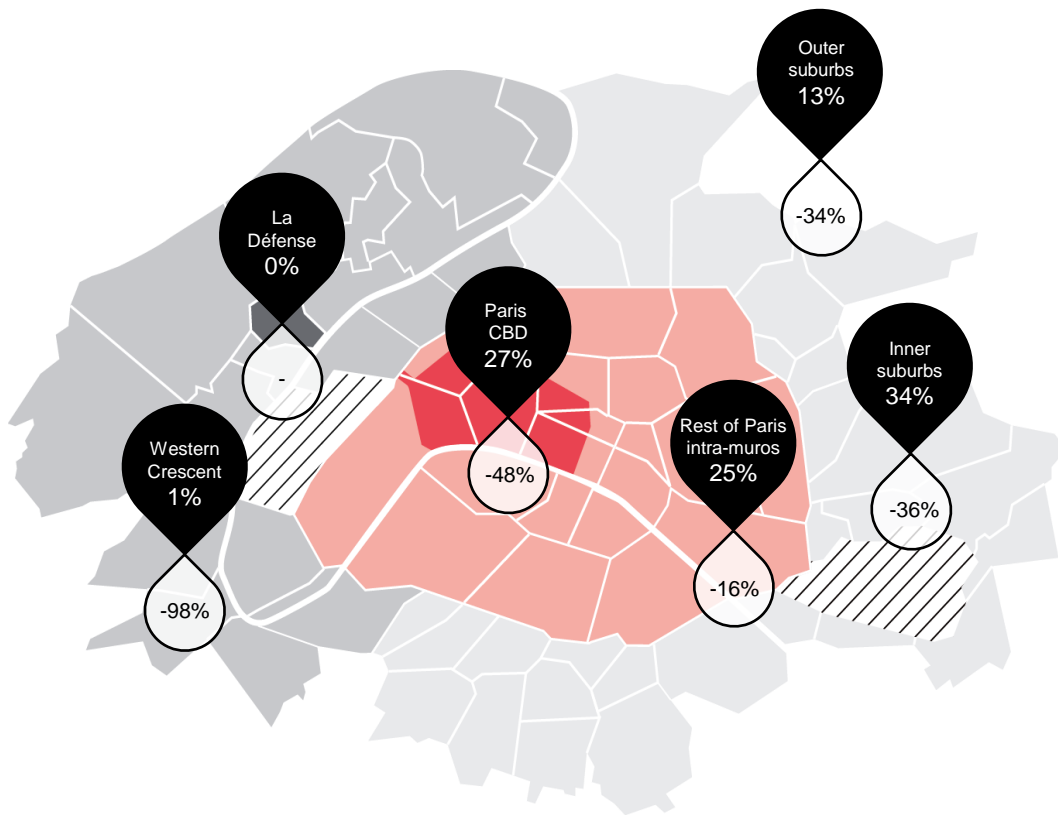


Source : Knight Frank





**A NEAR ALL-ROUND DECLINE**  
GEOGRAPHIC BREAKDOWN OF OFFICE INVESTMENT VOLUMES  
IN GREATER PARIS REGION



Investment volumes have fallen in most of the tertiary centres, starting with the CBD where they amounted to nearly €500 million at the end of Q1 2022, a sharp fall of 45% in one year. The Parisian market remains attractive to investors but is still penalised by a chronic lack of supply, regarding both prime properties and those needing redevelopment.

In outer Paris, activity is also declining, with the notable exception of the northern suburbs, where the market has been boosted by major sales in Clichy: the acquisition of “Ateliers du Parc” by TRISTAN CAPITAL PARTNERS and the purchase by AEW of the “H2B” building, to be the new EM NORMANDIE campus.

Outside of this sector, activity remained weak, held back by the caution of investors. This caution has been fuelled by tighter financial conditions and the impact of remote working on the take-up of leased space.

- Share of office investment volume in Greater Paris Region in Q1 2022, shown as a %
- Change in office investment volume, shown as a % (Q1 2022 compared to Q1 2021)

Source : Knight Frank

# INVESTMENT MARKET | FRANCE

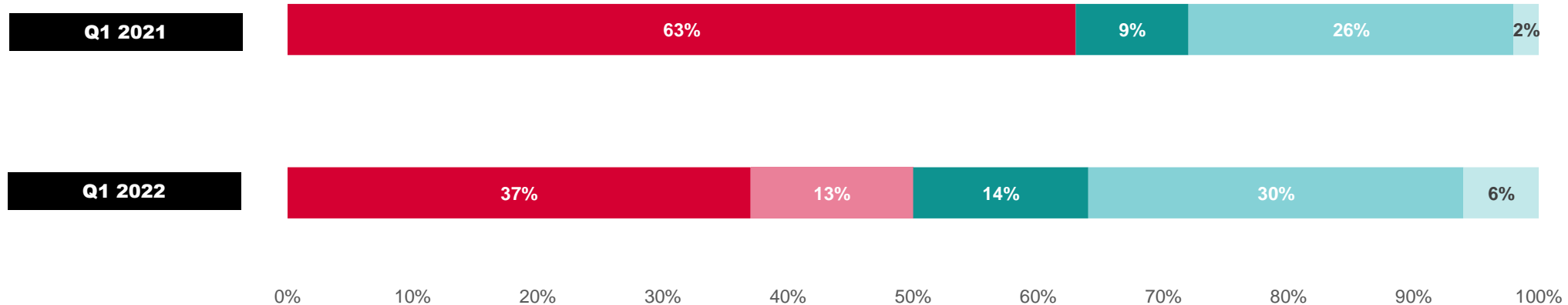
## OFFICES



While last year the core segment accounted for almost 60% of the volume invested in offices, its share fell to 50% in Q1 2022 largely due to the limited number of large transactions and the scarcity of properties for sale on the market. Given the relatively modest amounts invested in the core segment, the Value Added segment has automatically seen its share recover, with 34% of the volume invested in offices in the Greater Paris Region in Q1 2022, compared with 25% a year earlier.

Despite the tightening of financing conditions, a large number of transactions have been recorded, directed towards adapting office spaces to the new expectations of companies and to new standards for environmental performance. However, these transactions are primarily concentrated in Paris, where the dynamism and demand of occupiers and the low vacancy rates reassure investors of the potential for value creation.

**INVESTORS ARE PRIORITISING SECURITY**  
 BREAKDOWN OF OFFICE INVESTMENT VOLUME, BY RISK TYPE  
 In Greater Paris Region, single-asset transactions > €20 million



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

Source : Knight Frank



# INVESTMENT MARKET | FRANCE OFFICES



## EXAMPLES OF OFFICE INVESTMENT TRANSACTIONS IN FRANCE IN Q1 2022

Source : Knight Frank

Address / Asset	City	Seller	Purchaser	Price
Envergure, avenue Gaston Roussel	Romainville (93)	Icade / SEMIIC	Goldman Sachs / Hemisphere	> €200M
Les Ateliers du Parc, 67-69 bd du Général Leclerc	Clichy (92)	Deka	Tristan Capital Partners / Etoile Properties	> €200M
Urban Garden, 1 rue Alexander Fleming	Lyon (69)	HIG Capital	Principal Global Investors / Astream	> €200M
H2B, 30-32 rue Henri Barbusse	Clichy (92)	GDG Investissements	AEW Ciloger	> €200M
2 rue Dieu - 18 rue Yves Toudic	Paris 10 <sup>e</sup>	Chambre de Commerce et d'Industrie	Aviva Investors	> €200M
Sky, 37-39 rue de Surène	Paris 8 <sup>e</sup>	Aerium	Aema Reim	> €200M
Barjac, 1 bd Victor Hugo - 71-73 bd du Gal M. Valin	Paris 15 <sup>e</sup>	-	Astream*	€50-100M
23-27 rue Daviel	Paris 13 <sup>e</sup>	DWS	Amundi	€50-100M
52 rue Taitbout	Paris 9 <sup>e</sup>	ERAFP / AEW Ciloger	PGIM	€50-100M
9 rue Lincoln	Paris 8 <sup>e</sup>	S2i Partners / Angelo Gordon & Co	Meanings Capital Partners	€50-100M
Peripole 1 (bâtiment Esterel), 56 rue Roger Salengro	Fontenay sous Bois (94)	Privé	Perial	€50-100M
12 rue de la Paix**	Paris 2 <sup>e</sup>	Arcange / Cie Financière de Choiseul	Crédit Suisse, Redblue, Cf Invest	€50-100M
Tour La Villette, 6 rue Emile Reynaud	Aubervilliers (93)	SCI Tour La Villette	Eurasia Groupe	> €200M
25 boulevard Malesherbes	Paris 8 <sup>e</sup>	-	Trustone REIM	> €200M
Metronom, Quartier Saint Sauveur	Lille (59)	-	AG Real Estate	> €200M
Le Gaia, 333 avenue Georges Clemenceau	Nanterre (92)	Paref	Inovalis	> €200M
Astorial, 2 rue Béranger	Chatillon (92)	-	Immobilière 3F	> €200M



**H2B**, Clichy



**LES ATELIERS DU PARC**, Clichy



**ASTORIAL**, Châtillon

Source : Knight Frank /\*Club deal Carac, SCI Carac Perspectives Immo et Unéo /\*\*Mixed asset

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



# INVESTMENT MARKET | FRANCE OFFICES

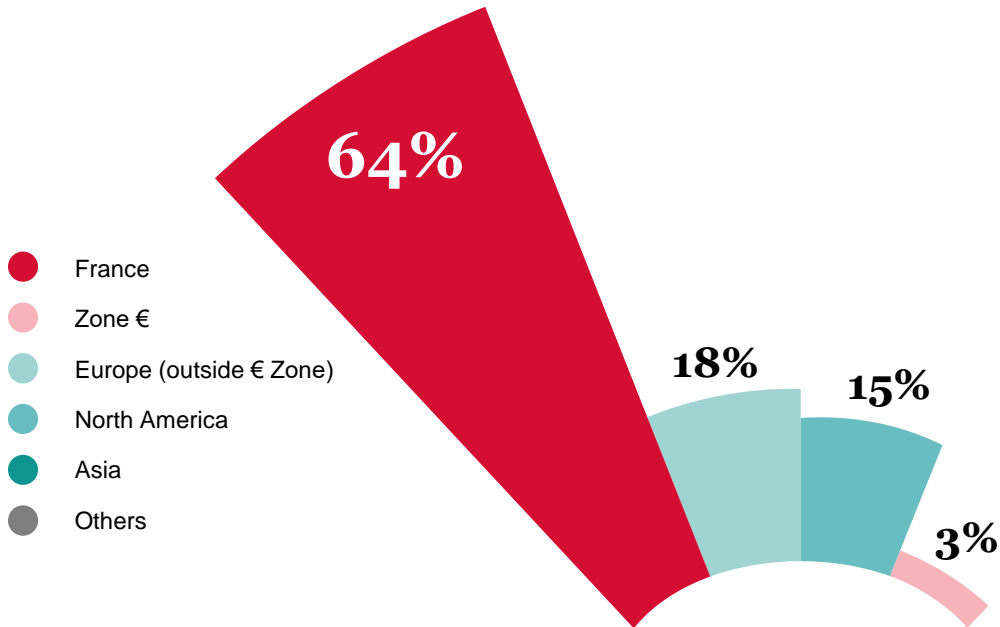
French investors remain at the top, accounting for 64% of the volume invested in offices in Q1 2022. Coming in second are British investors (18%), who are behind several large transactions (the purchase by AVIVA INVESTORS of 18 Yves Toudic in the 10<sup>th</sup> arrondissement, the purchase by TRISTAN CAPITAL PARTNERS of “Ateliers du Parc” in Clichy).

The office market mostly attracts funds (40%) but also SCPI/OPCIs (29%) and insurers (20%), the latter having targeted Parisian assets in particular (the purchase by AVIVA INVESTORS of 18 Yves Toudic in the 10<sup>th</sup> arrondissement, the purchase by AEMA REIM of 37-39 rue de Surène in the 8<sup>th</sup> arrondissement).

## FRENCH INVESTORS ARE WELL IN THE LEAD

OFFICE INVESTMENT VOLUME BY NATIONALITY

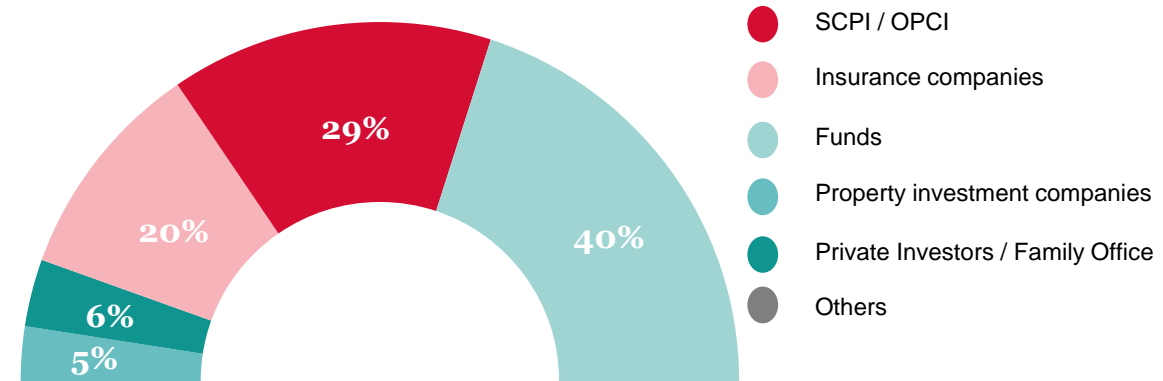
In France, in Q1 2022



## FUNDS ARE DOMINATING THE OFFICE MARKET

OFFICE INVESTMENT VOLUME BY INVESTOR TYPE

In France, in Q1 2022



Source : Knight Frank


Source : Knight Frank

# INVESTMENT MARKET | FRANCE

## OFFICES



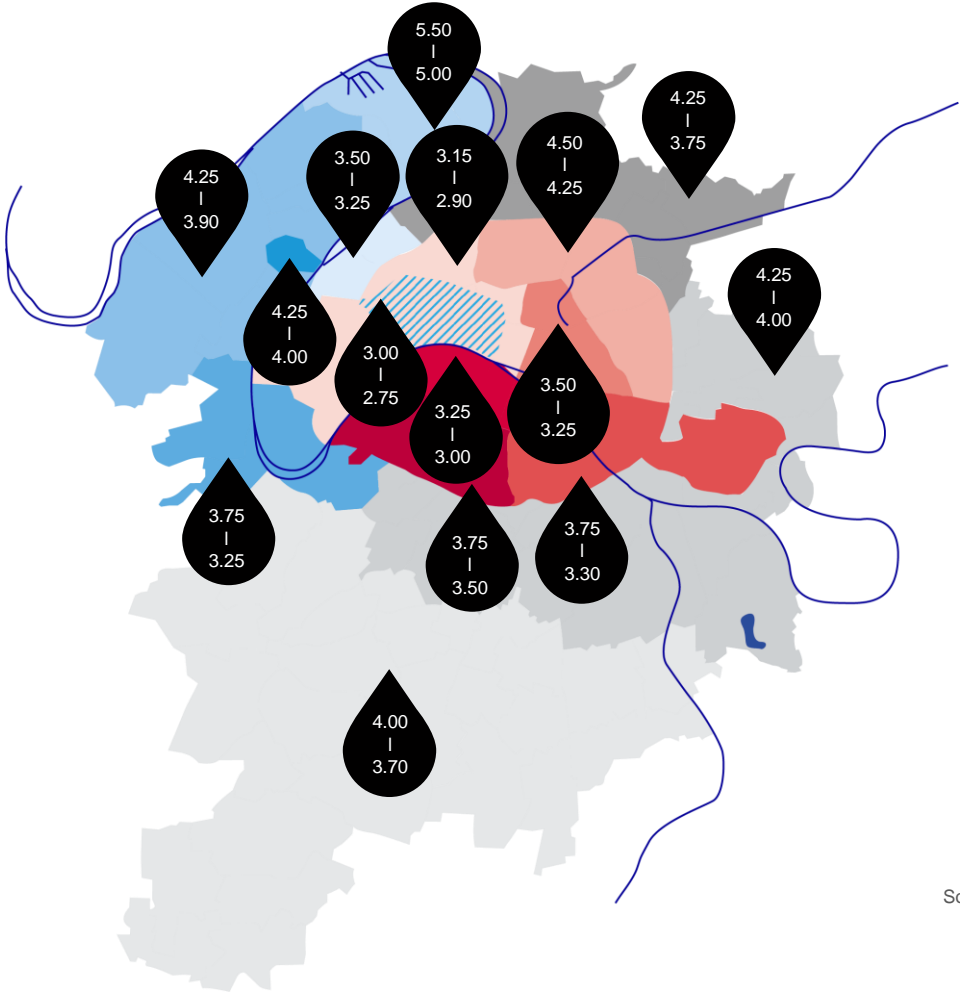
Strong competition between investors to acquire a limited number of core asset opportunities is keeping prime yields at their lowest level, despite the rise in the 10-year OAT and a less advantageous spread.

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

### STABILITY OF PRIME YIELDS

#### PRIME OFFICE YIELDS

In Greater Paris Region, in %, at the end of Q1 2022



Source : Knight Frank





RETAIL

The image shows a modern retail store window display. The store is brightly lit with warm, golden light. The display features several mannequins wearing summer clothing, including white t-shirts, blue jeans, and light blue blouses. There are also several large, decorative spherical pendant lights hanging from the ceiling. The store is filled with racks of clothing, including jeans and blouses. A large green plant is visible in the foreground. The word 'RETAIL' is overlaid in large white letters on the left side of the image. A red vertical bar is also present on the left side.

# INVESTMENT MARKET | FRANCE

## RETAIL



	Q1 2022	Q2 2021	ANNUAL CHANGE
Retail investment volume in France	€1.2 bn	€220 M	↑
Share of retail*	27%	5%	↑
Number of transactions > 100 M€	2	0	↑
Share of Greater Paris Region**	63%	57%	↑
Share of foreign investors**	32%	33%	↓
Prime yield   High streets	3.00%	3.00%	→
Prime yield   Shopping centres	4.25%	4.25%	→
Prime yield   Retail parks	5.00%	5.25%	↓

\*Of total investment in France, all asset types.

\*\*Of total retail investment in France.

Source : Knight Frank

## KEY INDICATORS | RETAIL



### HOUSEHOLD CONSUMPTION

**+ 4.8% year-on-year in 2022\***

+4.8% year-on-year in 2021

Sources : INSEE, Xerfi

*\*Forecast*



### CONSUMER CONFIDENCE\*

**90 points in March 2022**

- 5 points compared to March 2021

Source : INSEE

*\*Synthetic household confidence index*



### CONSUMER PRICE\*

**+ 4.4% in 2022\*\***

+ 2.1% in 2021

Source : INSEE / Banque de France

*\*Including energy and nutrition*

*\*\*Forecast, worst-case scenario*



### RETAIL SPECIALISTS

**- 5.5 % in Q1 2022 Vs Q1 2019\***

- 1.8% including online sales

Source : Procos

*\*in France, in shops*



### LUXURY STORES

**6 openings in Q1 2022 in Paris\***

33 in 2021

Source : Knight Frank

*\*renovations/extensions, transfers,  
new-builds and temporary stores*



### INVESTMENT VOLUME\*

**1.2 billion euros at the end of Q1 2022**

+ 343% y/y

Source : Knight Frank

*\*In France, retail (all forms)*



# INVESTMENT MARKET | FRANCE

## RETAIL

In 2021, retail had almost fallen off the radar in Q1, with barely €200 million invested. Activity then picked up, allowing retail to end the year on a more positive note. This comeback largely continued in Q1 2022, with €1.2 billion invested.

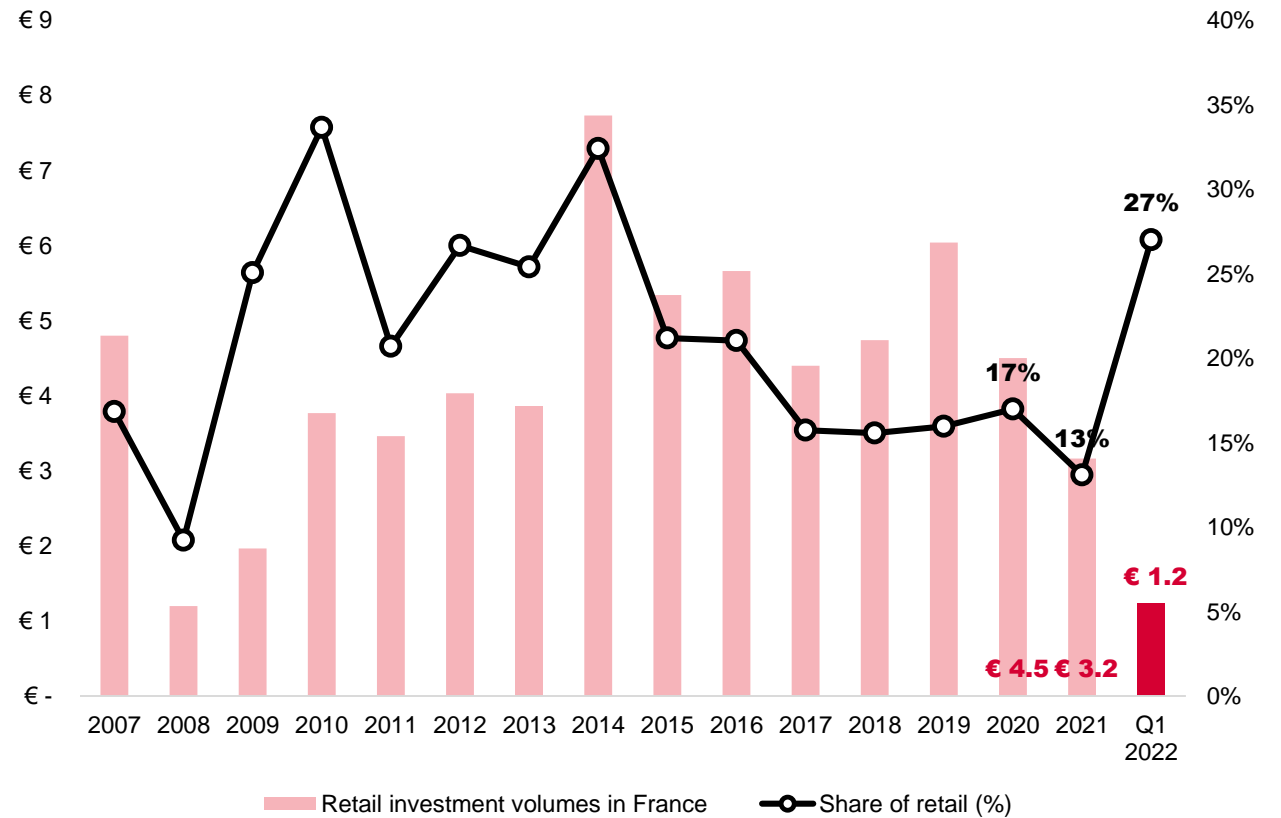
The market benefitted from a catch-up effect, with several transactions completed in Q1 2022 having been initiated several months ago. Nevertheless, the deferrals linked to the health crisis are not the only explanation for retail's rebound. While the shock of the first lockdown and the months of restrictions really shook up the sector, this asset class has demonstrated its robustness and is in the process of reinventing itself, offering investors real opportunities.



### CLEAR RISE IN INVESTMENT VOLUME

#### CHANGE IN RETAIL INVESTMENT VOLUME

In France, in billions of €



Source : Knight Frank

# INVESTMENT MARKET | FRANCE

## RETAIL

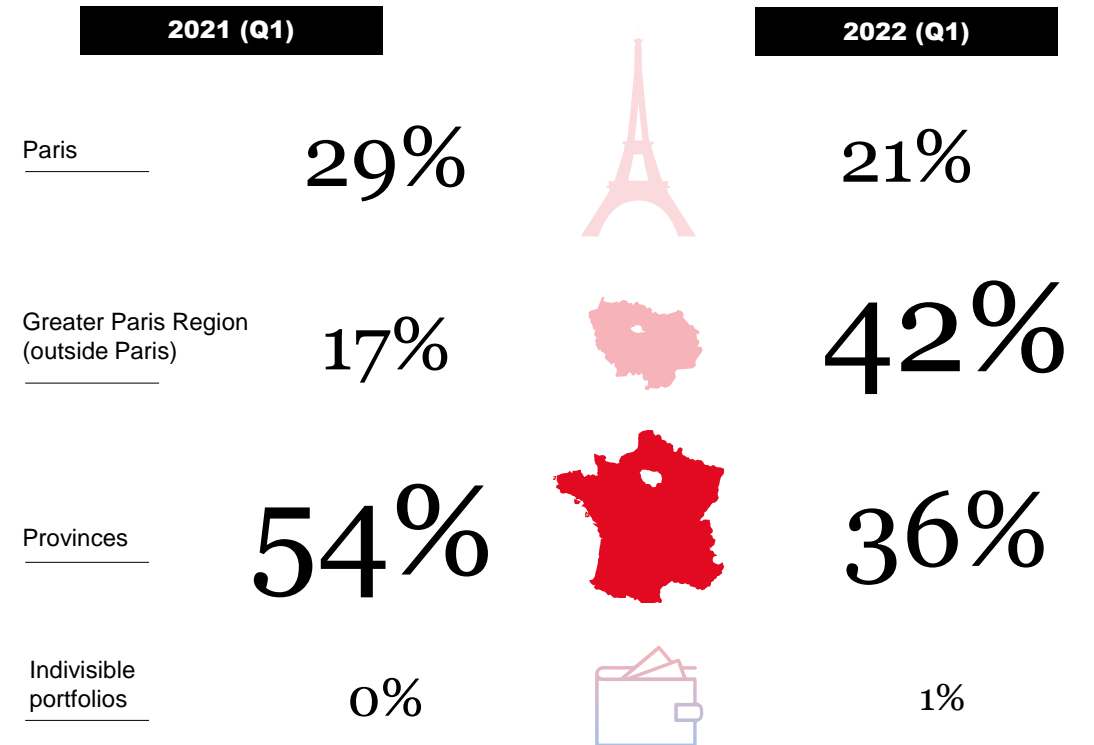
The increase in retail investment is largely due to the catch-up in activity in the shopping centre sector. These account for almost half of the amount invested in the French retail market in Q1 2022, thanks to the sale by UNIBAIL-RODAMCO-WESTFIELD to SOCIETE GENERALE ASSURANCES and BNP PARIBAS CARDIF of 45% of « Carré Sénart ».

This sale also inflated the share of investments in the Greater Paris Region, which reached 42%, compared to 17% one year ago.



### SALE OF CARRÉ SÉNART BOOSTS THE GREATER PARIS REGION'S SHARE

GEOGRAPHICAL DISTRIBUTION OF RETAIL INVESTMENT  
France

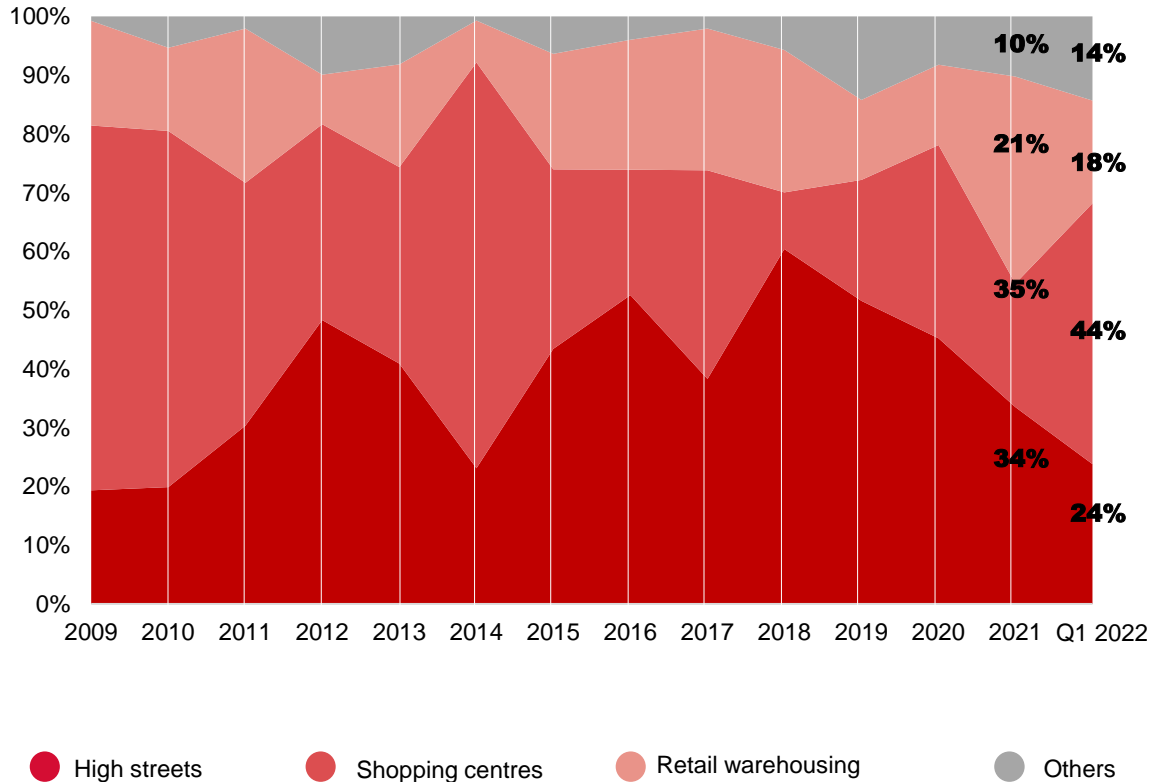


Source : Knight Frank

# INVESTMENT MARKET | FRANCE

## RETAIL

**HIGH STREETS ARE FALLING BEHIND**  
 BREAKDOWN OF RETAIL INVESTMENT VOLUME BY ASSET TYPE  
 In France

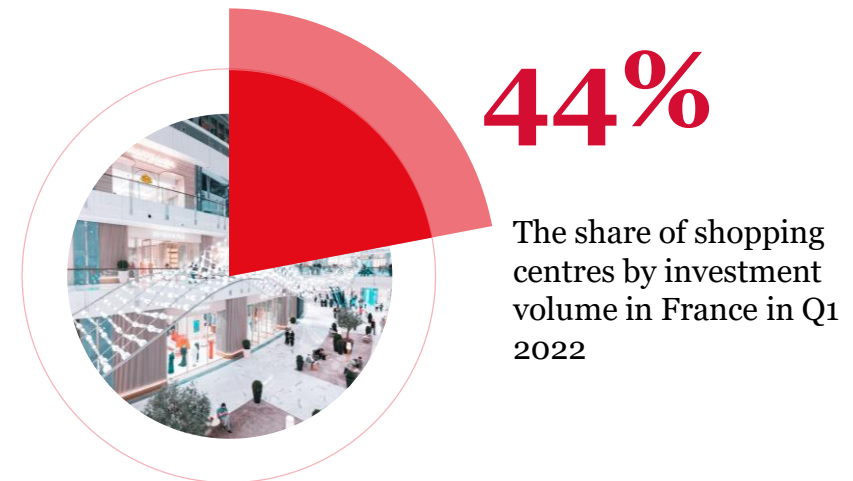


The sale of 45% of « Carré Sénart » by UNIBAIL-RODAMCO-WESTFIELD boosted the result for shopping centres, which account for 44% of the retail investment volume in France in Q1 2022.

Despite a slightly lower share (18%), the retail park market is continuing to attract investors and its quarterly volume has grown by 23% compared to the ten-year Q1 average.

At the other end of the spectrum, the volume represented by high street stores is fairly limited due to the small number of significant transactions on prime Parisian arteries.

Finally, as one of the asset types which best withstood the health crisis, the food sector has kept the upper hand with the recent sales of CASINO and CARREFOUR stores.



Source : Knight Frank

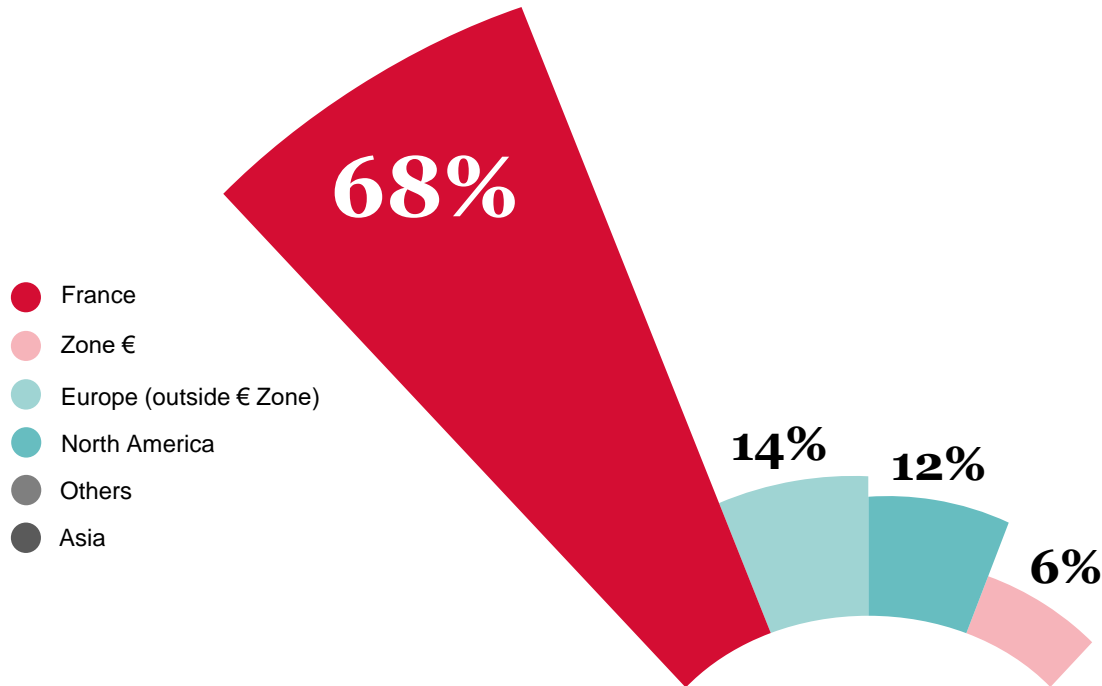
# INVESTMENT MARKET | FRANCE

## RETAIL

French investors largely dominated the retail market in Q1 2022, with 68% of the period's investment volume. As well as the purchase of « Carré Sénart », they have also been active in the provinces, such as the purchase by SELECTIRENTE of « Grands Hommes » in Bordeaux or by PERIAL of 19-23 rue Saint-Ferréol in Marseille, perfectly demonstrating the appeal of large regional metropolises.

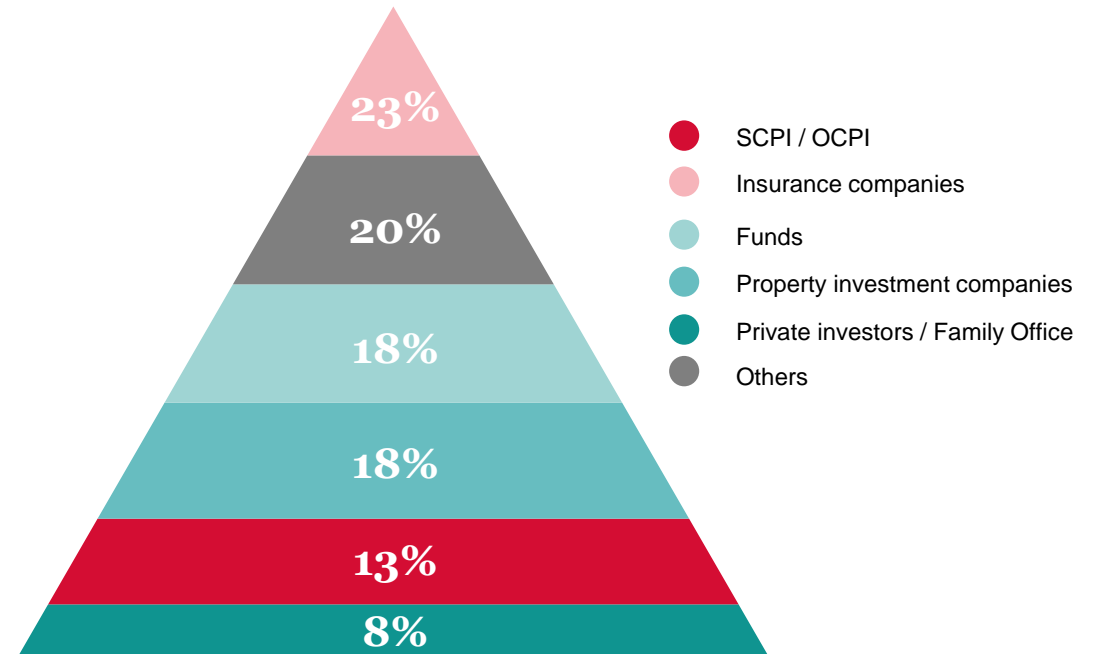
Foreign investors accounted for 32% of retail investment in Q1 2022. Their purchaser profiles are quite diverse, and the distribution of investment amounts is more balanced than for other asset types. The top position of insurance companies (23%), ahead of funds (18%) and SCPI/OCPIs (13%), is particularly noteworthy.

**FRENCH INVESTORS ARE DOMINATING CONSIDERABLY**  
 RETAIL INVESTMENT VOLUME BY NATIONALITY  
 In France in Q1 2022



Source : Knight Frank

**A VERY BALANCED MARKET**  
 RETAIL INVESTMENT VOLUME BY INVESTOR TYPE  
 In France in Q1 2022



Source : Knight Frank

# INVESTMENT MARKET | FRANCE

## RETAIL



### EXAMPLES OF RETAIL INVESTMENT TRANSACTIONS IN FRANCE IN Q1 2022

Source : Knight Frank

Address / Asset	Type	Town	Seller	Purchaser	Price
Carré Sénart (45%)	SC	Lieusaint (77)	Unibail-Rodamco-Westfield	Société Générale Ass. / BNP Paribas	> €200M
FAST portfolio (35 Burger King / Quick)	RP	France	Association Familiale Mulliez	ARES Management	€100-200M
Casino portfolio (6 assets)	OTH	Région	Fortress / Casino Immobilier	Tristan Capital Partners	€50-100M
Gare Montparnasse stores (49%)	OTH	Paris	Altarea Cogedim	Crédit Agricole Assurances (Predica)	€50-100M
12 rue de la Paix*	HS	Paris (02)	Arcange / Cie Financière de Choiseul	Crédit Suisse, Redblue, CF Invest	€50-100M
G La Galerie, 1 avenue Gustave Eiffel	SC	Pessac (33)	Union Investment / Mercialys	Private	< €50M
Hypermarché Casino, 1 avenue Gustave Eiffel	OTH	Pessac (33)	Tristan Capital Partners	Amundi	< €50M
To Lyon, 45 boulevard Vivier Merle	HS	Lyon (69)	Vinci Immobilier	Sofidy	< €50M
Wave Portfolio (21 retail outlets, France)	HS	France	Etixia	Private property investment company	< €50M
19-23 rue Saint-Ferréol	HS	Marseille (13)	LIM	Perial	< €50M
Les 7 Collines	SC	Nîmes (30)	Société de la Tour Eiffel	Private	< €50M
Galerie Les Grands Hommes	SC	Bordeaux (33)	Eurocommercial Properties	Selectirente	< €50M
Portfolio of 6 Carrefour Market stores	OTH	Région	La Francaise REM	Greenman Arth	< €50M
Portfolio of 2 boutiques	HS	Paris 8 <sup>e</sup> et 9 <sup>e</sup>	Private	AEW	< €50M



**Carré Sénart**, Lieusaint



**19-23 Saint-Ferréol**, Marseille



**Galerie des Grands Hommes**, Bordeaux

Source : Knight Frank / \*Actif mixte

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

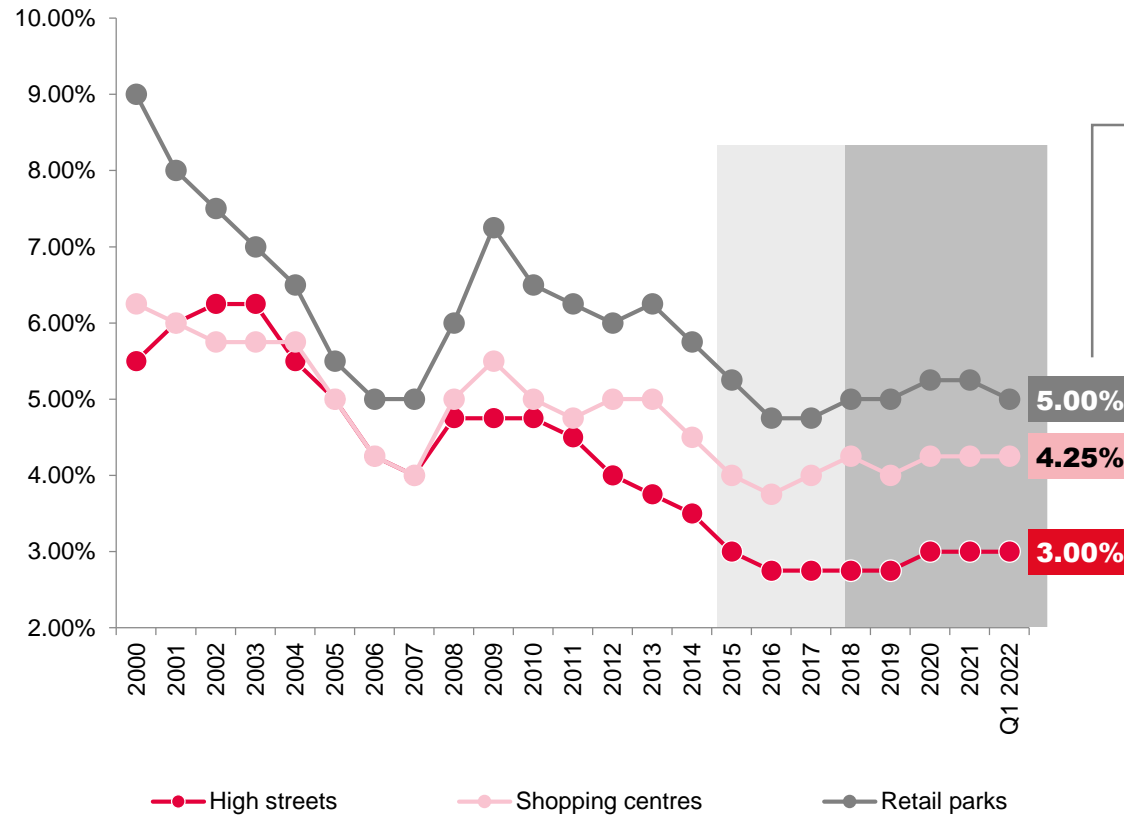
NB: HS: high street retail, RP: retail parks, SC: shopping centres, HYP: hypermarkets, OTH: other



Yields remain stable for all market sectors, with the exception of a slight contraction in the retail park sector (- 25 basis points). Yields on secondary assets remain on the rise.

### SLIGHT DECREASE IN RETAIL PARK YIELDS

PRIME RETAIL YIELDS  
In France, in %



### CHANGE 2009 - Q1 2022



**RETAIL PARKS**  
- 31%



**SHOPPING CENTRES**  
- 23%



**HIGH STREETS**  
- 37%



Source : Knight Frank



# INDUSTRIAL

# INVESTMENT MARKET | FRANCE INDUSTRIAL



	Q1 2022	Q1 2021	ANNUAL CHANGE
Industrial investment volume in France	€1.2 bn	€1.8 bn	↓
Share of industrial *	26%	25%	↑
Number of transactions > €100 M	4	4	→
Share of portfolios **	38%	75%	↓
Share of foreign investors **	82%	97%	↓
Prime yield   Logistics	3.25%	4.00%	↓
Prime yield   Light industrial	4.00%	5.00%	↓

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

\*\* Of total industrial investment in France

Source : Knight Frank





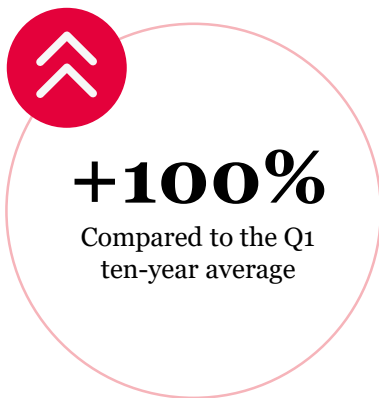
# INVESTMENT MARKET | FRANCE

## INDUSTRIAL

After an exceptional 2021, the dynamism of the industrial real estate market has continued in Q1 2022. €1.2 billion was invested over the period, an increase of 16% compared to Q1 2021 and of 108% compared to the ten-year average.

Logistics continues to play a leading role, accounting for 73% of the volume invested in the industrial real estate market.

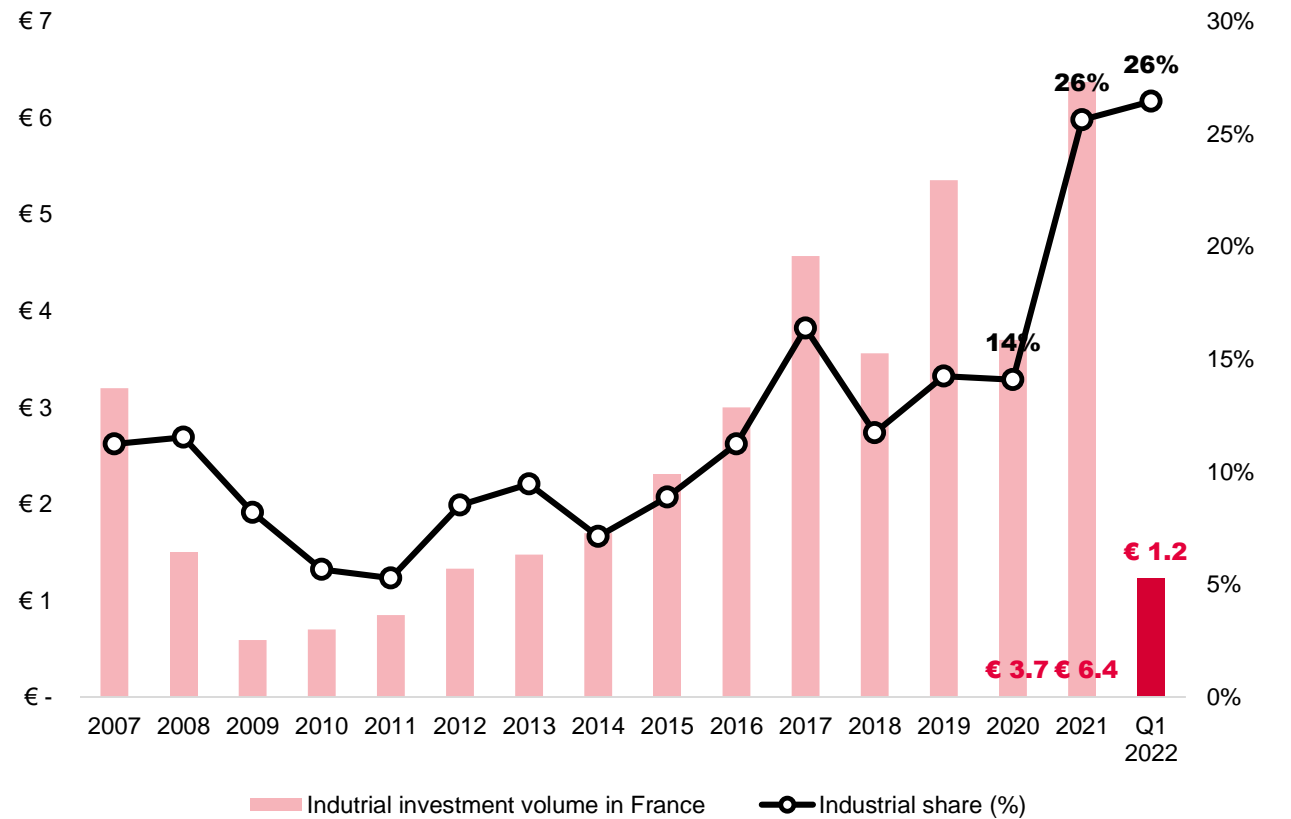
As in recent years, activity was made buoyant by the sale of portfolios, the share of which is nevertheless down (38%): among them, the TRIO portfolio, the largest of the quarter, sold by BLACKSTONE to GLP for more than €300 million.



### LOGISTICS: A PROMISING START TO THE YEAR

#### CHANGE IN INDUSTRIAL INVESTMENT VOLUME

In France, in billions of euros



Source : Knight Frank

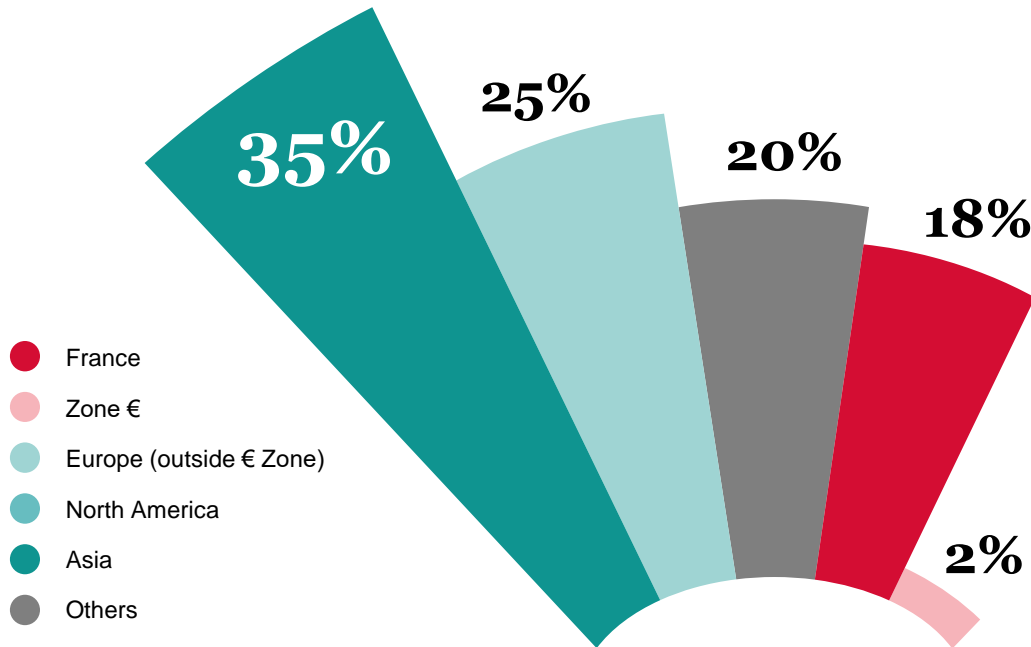
# INVESTMENT MARKET | FRANCE

## INDUSTRIAL

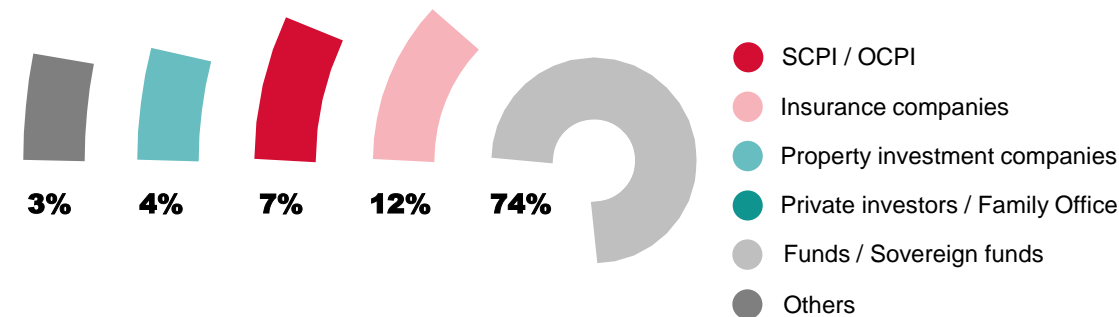
The industrial market continues to be dominated by foreign investors, who account for 82% of investment in this asset class. Thanks to the acquisition of the Trio portfolio by GLP, Asian investors are ahead of other nationalities with 35% of the sums invested in the French industrial market. They are followed by British investors, who account for 25%.

Despite being particularly active in 2021, North-American investors were much more discreet in Q1 2022. Finally, French investors accounted for only a small share of activity (18%). They mainly targeted single assets and only accounted for a small number of major transactions.

**ASIAN INVESTORS STAND OUT**  
 VOLUMES INVESTED IN INDUSTRIAL REAL ESTATE BY NATIONALITY  
 In France, in Q1 2022



**FUNDS STILL DOMINATE THE MARKET**  
 VOLUMES INVESTED IN INDUSTRIAL REAL ESTATE BY INVESTOR TYPE  
 In France, in Q1 2022



Source : Knight Frank

# INVESTMENT MARKET | FRANCE INDUSTRIAL



## EXAMPLES OF INDUSTRIAL INVESTMENT TRANSACTIONS IN FRANCE IN Q1 2022

Source : Knight Frank

Address / Asset	City	Seller	Purchaser	Price
TRIO portfolio	France	Logicor Blackstone	GLP Europe	> 200M€
Signify industrial site	Villeneuve Saint Georges (94)	Signify (ex Philips Lighting)	Goodman	> 200M€
Logistics platform	Lille (59)	PRD	Aviva Investors	100-200M€
Pôle 45	Ormes (45)	Proudreed	Panattoni	< 50M€
ESSENTIALS portfolio	Nancy, Grand Couronne (54, 76)	Ivanhoé Cambridge	Tristan Capital Partners	< 50M€
Plateforme Nature et Découvertes	Trappes (78)	Savills IM	Valor Real Estate Partners	< 50M€
Les Portes de la Soie (light industrial premises)	Villeurbanne (69)	Icade Promotion	Inéa	< 50M€
Logistics warehouse	Saint-Etienne (42)	-	Alderan	< 50M€
SELLO portfolio (light industrial premises)	France	La Poste	Bridge Real Estate / Bleu Mercure	< 50M€



**Plateforme logistique Nature & Découvertes**, Trappes



**Portefeuille Essentials**, Grand Couronne



**Portefeuille Sello**, France

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

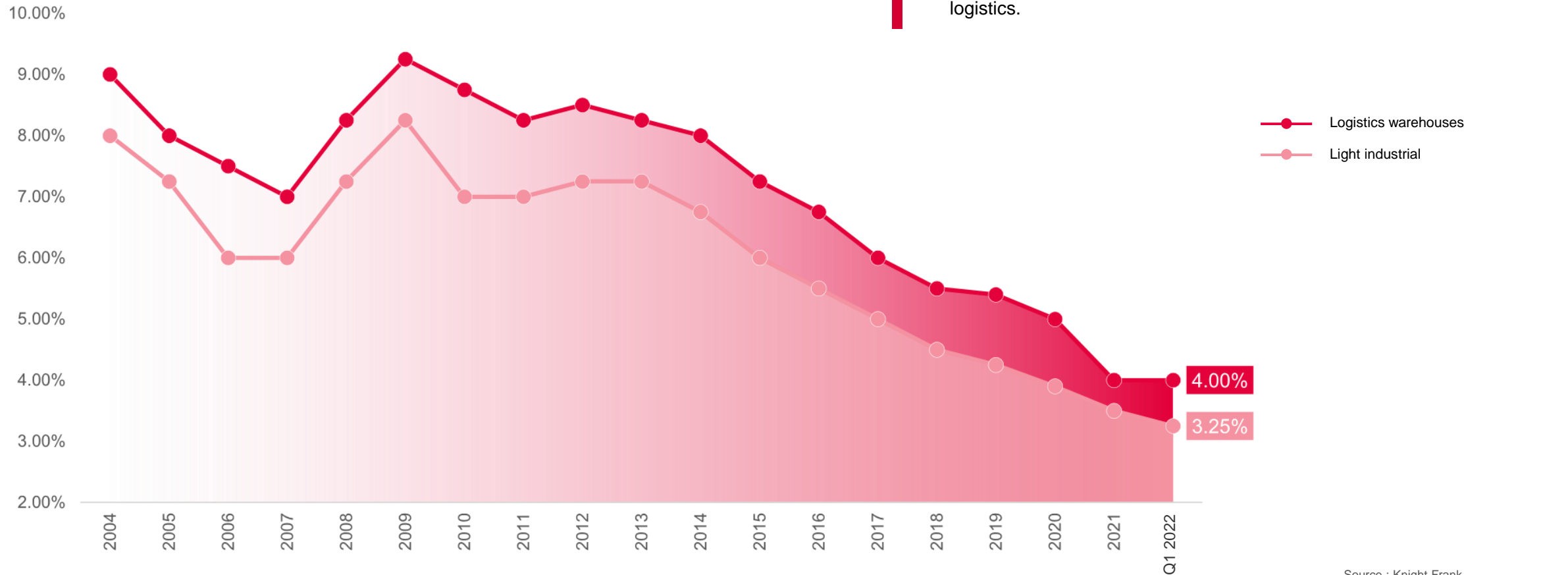


# INVESTMENT MARKET | FRANCE INDUSTRIAL

## DOWNWARD PRESSURE

### PRIME YIELDS FOR INDUSTRIAL ASSETS

In France, in %



Competition remains very strong and the number of opportunities is limited. This market configuration is fuelling investor appetite and continues to put pressure on prime yields, which currently stand at 3.25% for large-scale logistics properties and can approach 3% for urban logistics.

Source : Knight Frank

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# OUTLOOK

# OUTLOOK

## 1

In addition to the uncertainties linked to the health crisis, **the Russo-Ukrainian conflict has accentuated investor caution.** This could further delay the recovery in investment, but it could also slow the momentum of the rental market by constraining demand from the occupiers most exposed to the economic slowdown.

Beyond the mixed results of Q1 2022, we should nevertheless keep in mind that **the fundamentals of the French market remain solid.** First and foremost, France is a stable country with an economy more resilient than that of other major European nations. It can therefore make the most of its status as a safe destination for investment in a particularly troubled geopolitical and financial environment.

## 2

**Foreign investors continue to favour the French market,** accounting for 46% of investment in Q1 2022. After a fairly lacklustre Q1, several major transactions are in the process of finalisation in the office market.

**The revival of the retail sector is expected to continue,** although this asset class has taken a battering in recent years. Lastly, demand for logistics remains very strong, while the rise of regional cities continues, **creating a market that is more balanced than before the health crisis.**

## 3

The Russo-Ukrainian conflict should contribute to reshaping the face of the French real estate market. **The evolution of inflation and investment rates will play a major role,** as will the destabilisation of supply chains. Equally, the shortage of raw materials, intensified by the war, will inevitably have consequences on construction costs and lead times.

As the IPCC recently published its new report, the availability and cost of energy are also hot topics, **accentuating the need to make real estate assets more eco-friendly in order to guarantee their sustainability and liquidity in the long term.**

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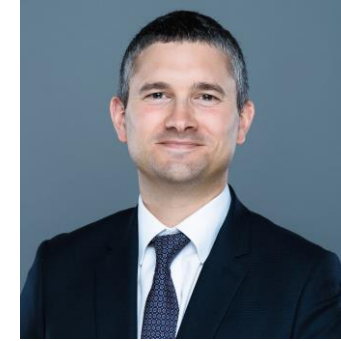


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**384 OFFICES**  
**16 000 EMPLOYEES**  
**51 COUNTRIES**

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