

# Paris CBD Office Market



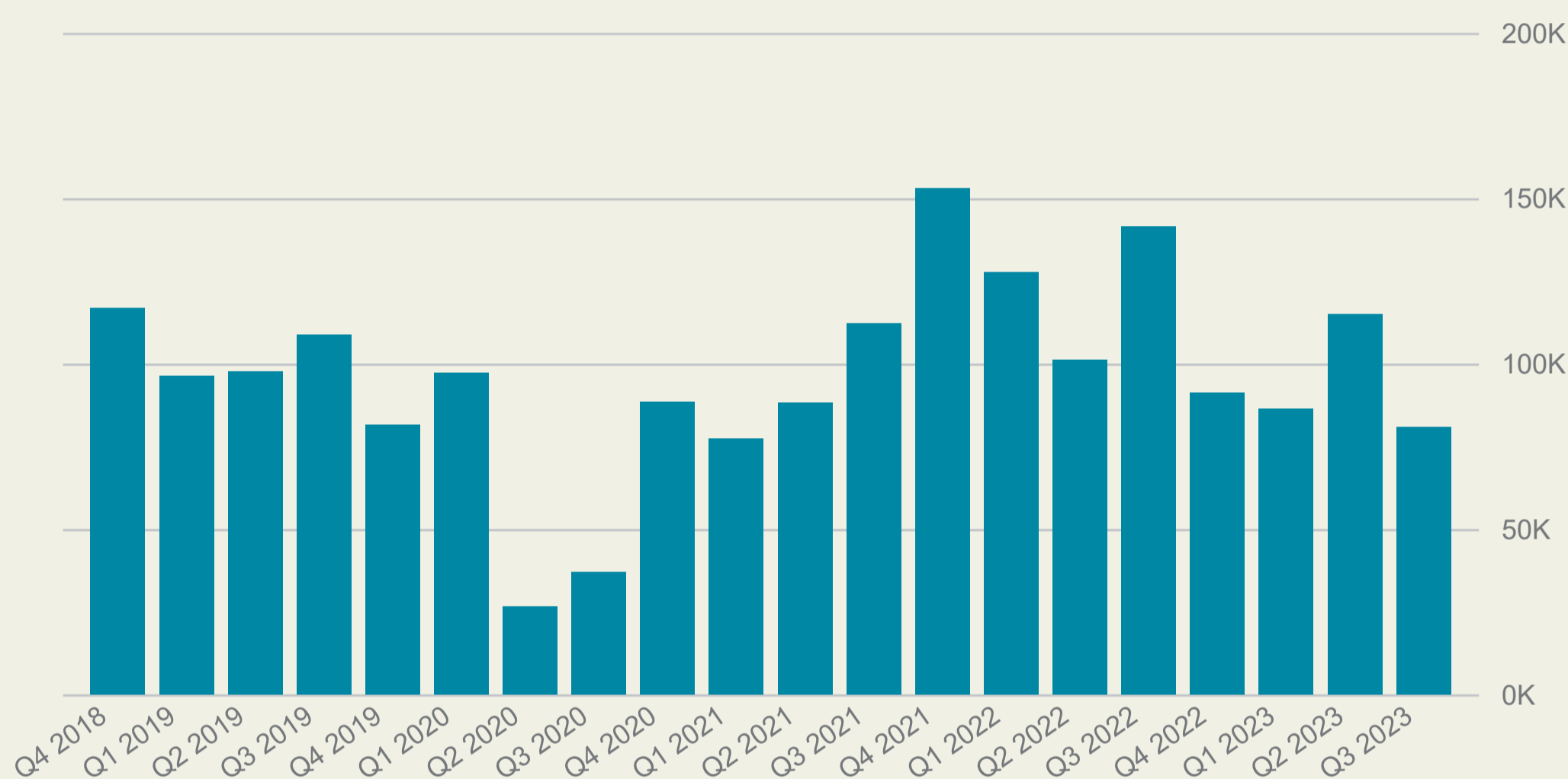
Q3 2023

Updated quarterly, our dashboards provide a concise synopsis of occupier activity in Europe's markets.

[knightfrank.com/research](https://knightfrank.com/research)

## Take up

Over the last 5 years, square metres



Source: Knight Frank Research

## OCCUPIER MARKET KEY FIGURES

**80,974** SQM

Take up

**€ 1,000** PSQM

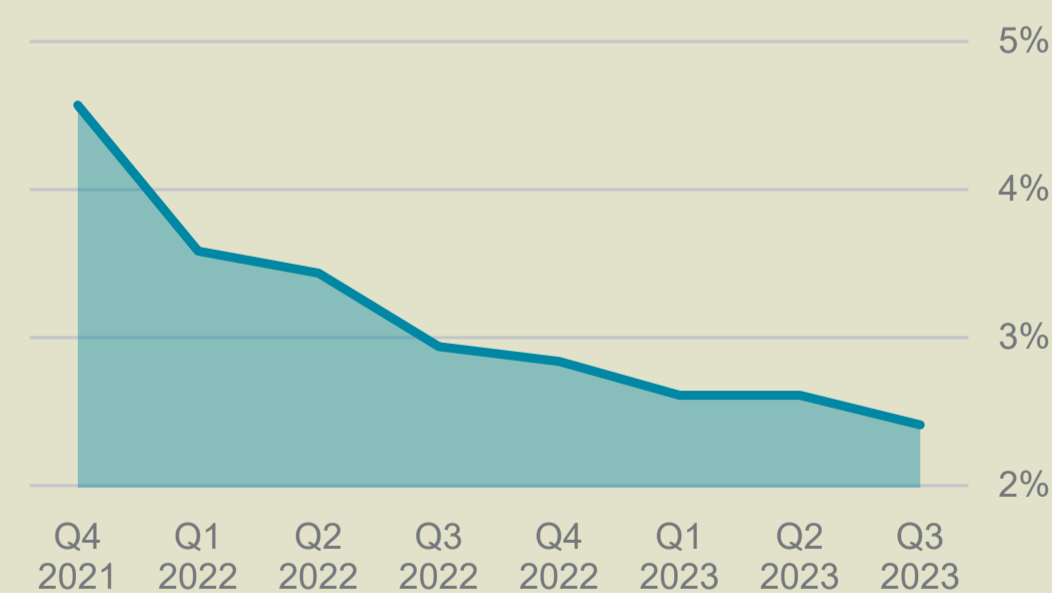
Prime Rent

**2.4%**

Vacancy Rate

## Vacancy Rate

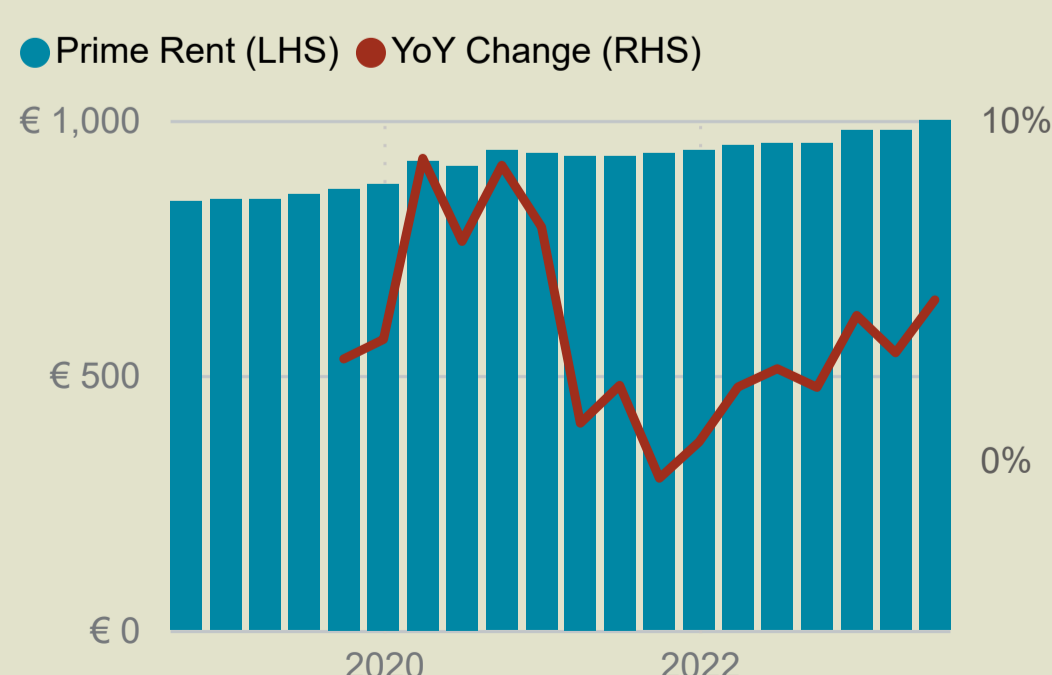
Measured in percentage terms



Source: Knight Frank Research

## Prime Rent

Rents and the year-on-year change, Euros per square metre



Source: Knight Frank Research

## OCCUPIER HEADLINES

The Paris CBD office market saw a 22% slowdown year-on-year in leasing activity in Q3 2023, after a near record performance in 2022. The CBD accounted for 21% of total take-up in the Île-de-France region in Q3 2023, compared to 24% in the same period the previous year.

The Paris CBD saw a 30% decrease in leasing transactions above 5,000 sqm in the first nine months of the year compared to the 10-year average. There was demand from sectors such as finance, luxury and consulting that faces an increasing scarcity of supply.

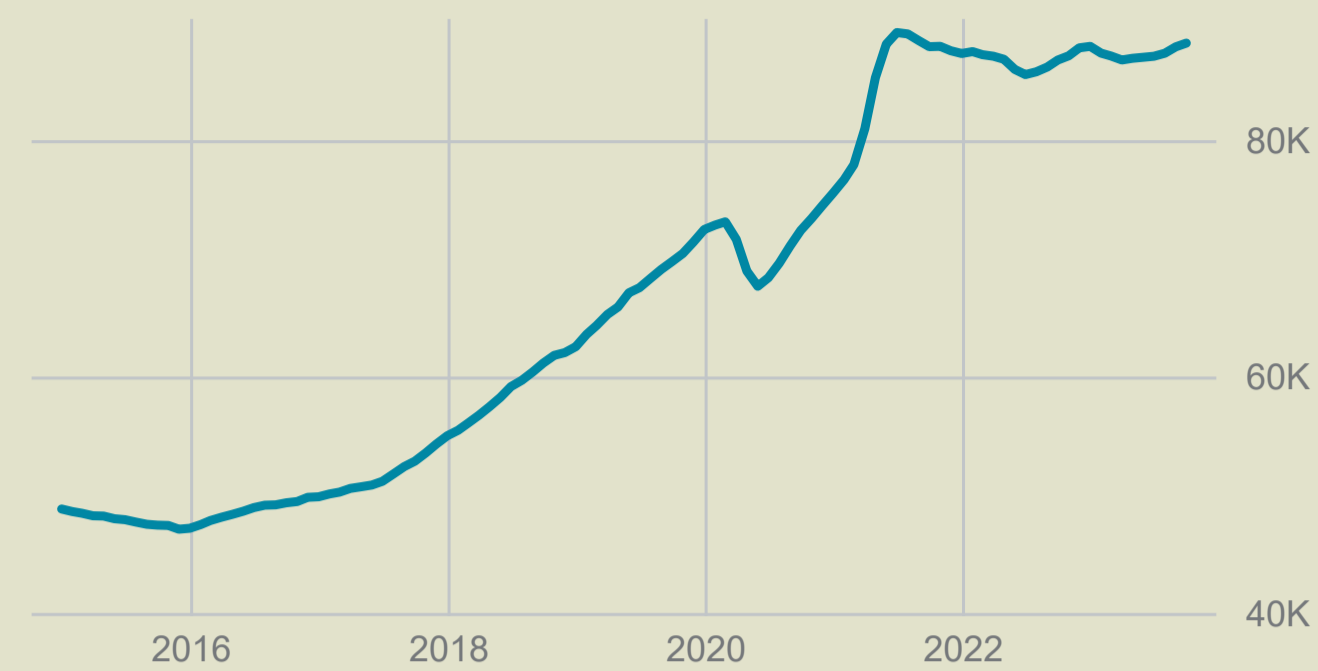
In the CBD, supply decreased by 8% over the quarter and by almost 20% year-on-year. This translates to a vacancy rate of 2.4% compared to 2.9% a year ago and 5% at the same period in 2021.

With vacancy remaining low in the CBD, the shortage of supply is continuing to uphold prime rents. The prime rent is at a record high, reaching the symbolic threshold of €1,000 psqm per year for the first time in Q3 2023. The average rent in Paris CBD stands at €775 psqm per year, an increase of 8% in one year and 13% compared to the same period in 2021.

## ECONOMIC INDICATORS

### New Businesses in France

12-month Rolling Average

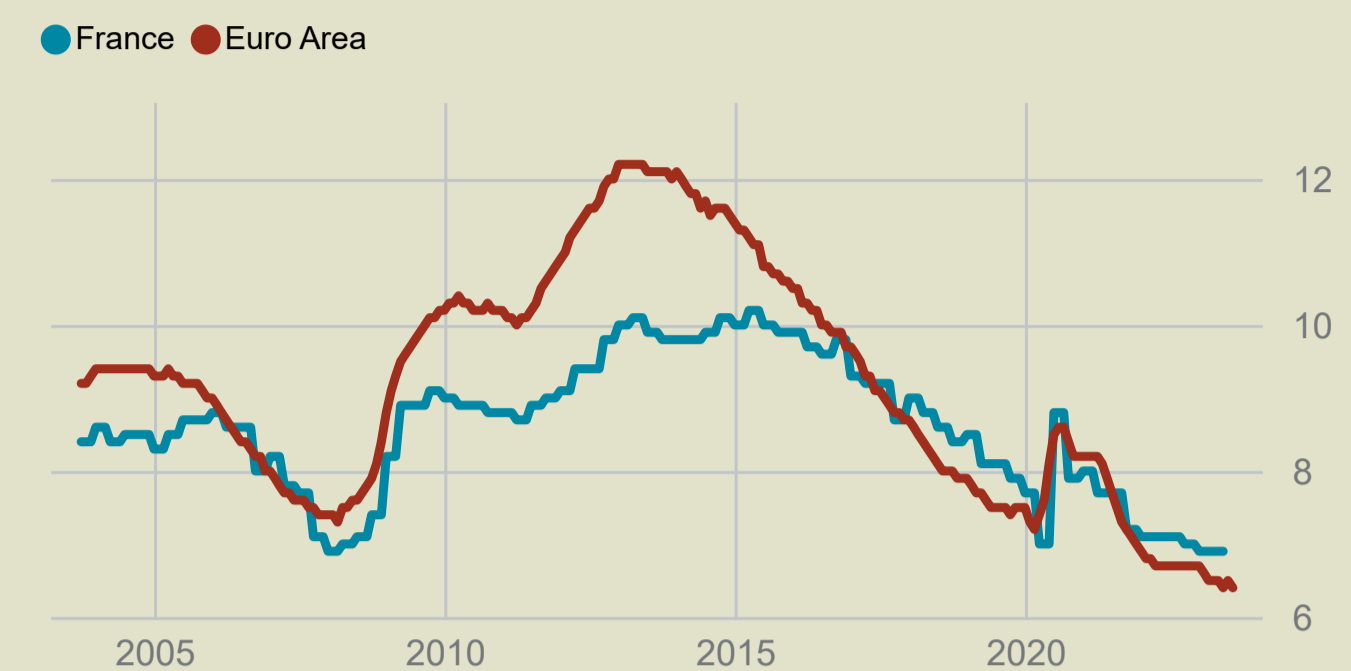


Source: French National Institute of Statistics & Economic Studies (INSEE)

Growth momentum in new business starts in France has slowed since 2022, after 7 years of solid growth and only a minor slump during the pandemic. Tighter financial conditions and high inflation likely weigh on new business starts.

### Unemployment Rate in France

vs Euro Area, as a Percent of Civilian Labour Force, %

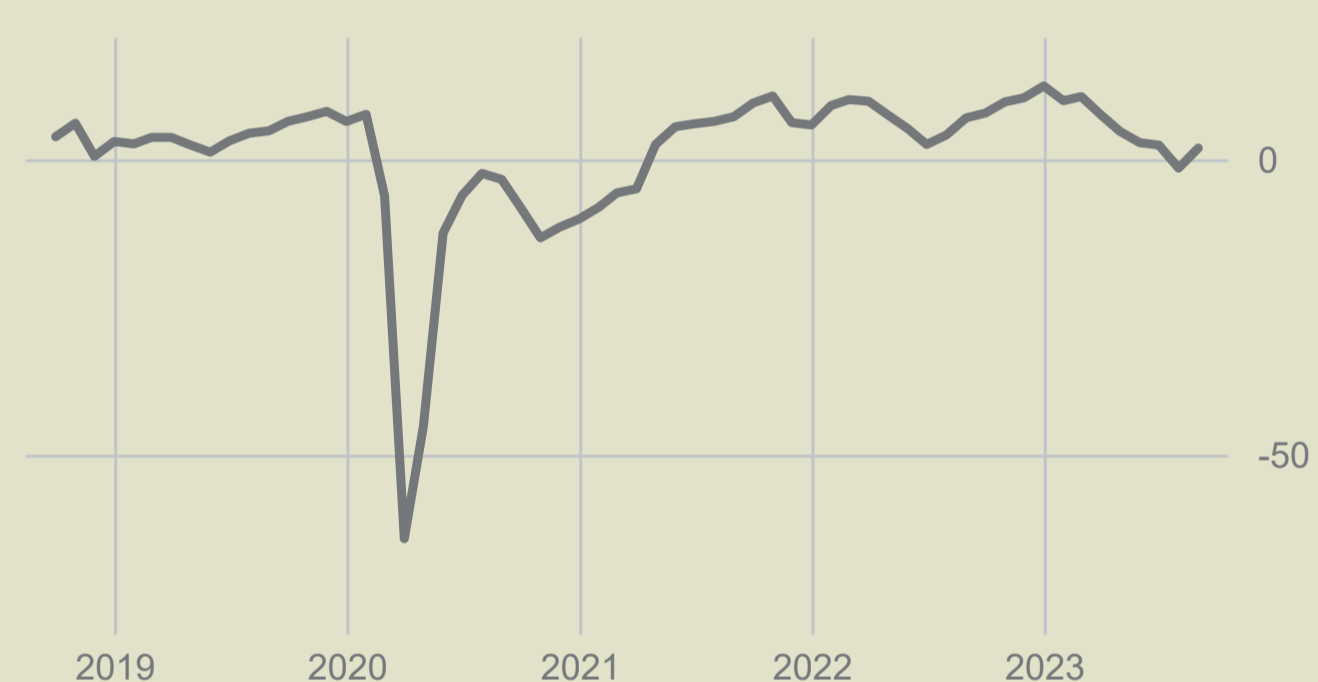


Source: Eurostat/ French National Institute of Statistics & Economic Studies (INSEE)

The French labour market is showing signs of cooling. According to INSEE forecasts, the unemployment rate is expected to increase moderately in 2024 and 2025 to reach approximately 7.5%, still well below pre-pandemic levels of 8.5%.

### Employment Expectations in the Service Sector in France

Over the next 3 months, %



Source: European Commission (DG ECFIN)

Service sector employment expectations ticked up marginally in September 2023 after trending downwards since the beginning of the year, indicating a less subdued outlook for the next quarter.

### Services PMI in France

Services PMI for the last 3 years, Index



Source: S&P Global

The service sector PMI in France remained in contractionary territory in Q3 with a September 2023 reading of 44.4, a three-year low, pointing to ongoing weak demand expectations.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

#### LOCAL RESEARCH CONTACT

David Bourla

Partner, Chief Economist & Head of Research

david.bourla@fr.knightfrank.com

+33 1 43 16 55 75

#### LOCAL OFFICE OCCUPIER CONTACT

Guillaume Raquillet

Head of Office Agency

guillaume.raquillet@fr.knightfrank.com

+33 1 43 16 88 86

#### LONDON CONTACT

James Bartolo

Head of Multi Market Tenant Rep, EMEA

james.bartolo@knightfrank.com

+44 20 7861 5113



© Knight Frank LLP 2023 – This presentation has been prepared for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this presentation. As a general presentation, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this presentation in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.