

# Paris CBD Office Market



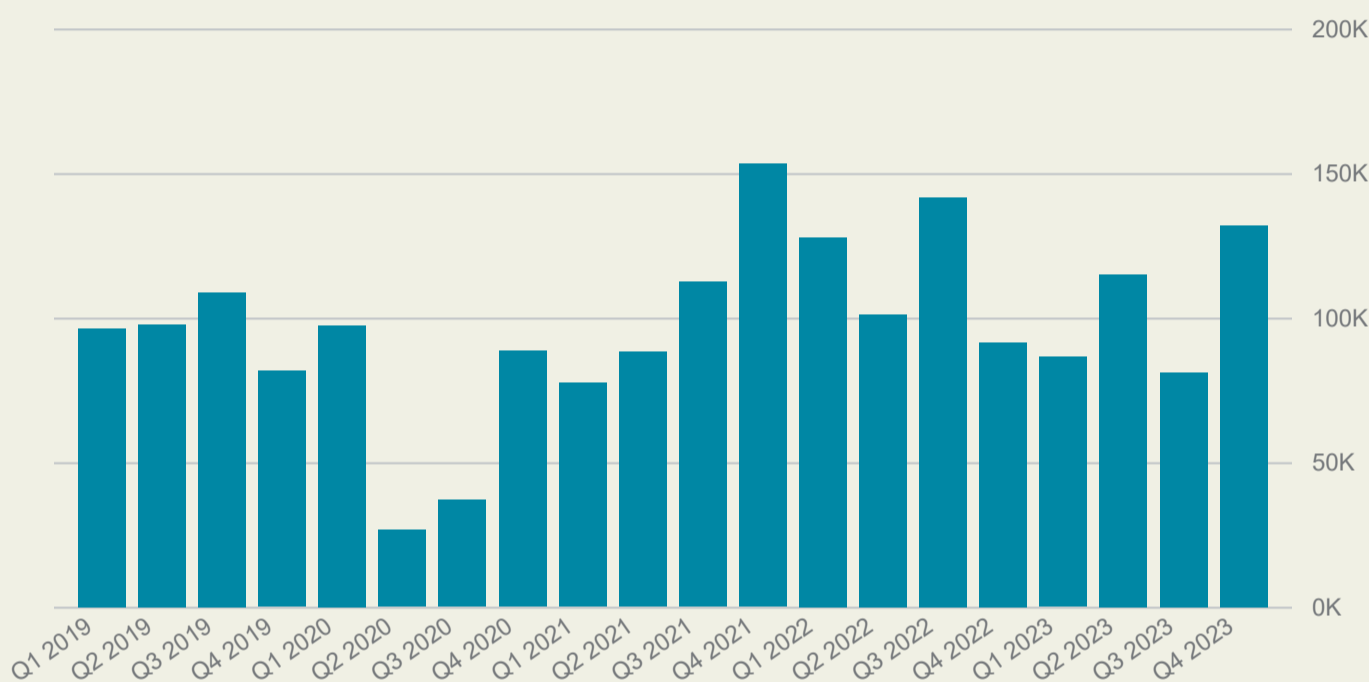
Q4 2023

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

**131,935** SQM

Take up

**€ 1,000** PSQM

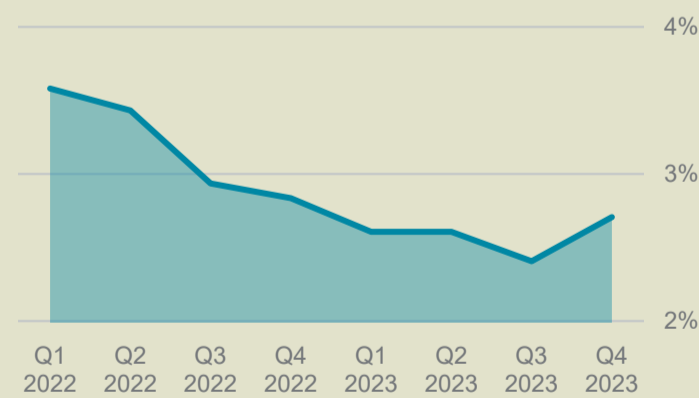
Prime Rent

**2.7%**

Vacancy Rate

## Vacancy Rate

Measured in percentage terms



Source: Knight Frank Research

## OCCUPIER HEADLINES

The Paris CBD office market saw an increase in leasing activity in Q4 2023, bringing the total take up for the year to nearly 418,000 sqm, 14% lower than in the previous year. To put this into perspective, the 2023 result is 5% above the 10-year average and follows two record years. Moreover, there is a shortage of supply in the CBD.

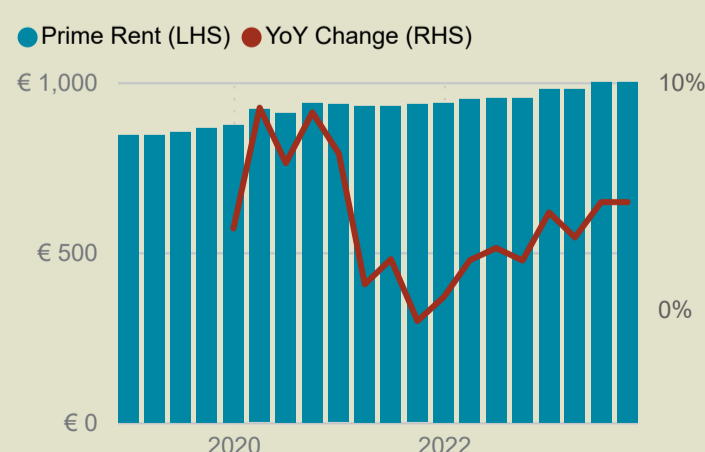
The Paris CBD saw the strongest demand from the finance & insurance sector, accounting for more than 80,000 sqm of take up in 2023, followed by the luxury and IT & media sectors.

In the CBD, the vacancy rate in 2023 fell further to 2.7%, compared to 2.8% a year ago and 4.6% in 2021.

With vacancy remaining low in the CBD, the shortage of supply is continuing to uphold prime rents. The prime rent reached a record high of €1,000 psqm in Q3 2023 and remained at this level in Q4. This translates to a 33% increase over 10 years.

## Prime Rent

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

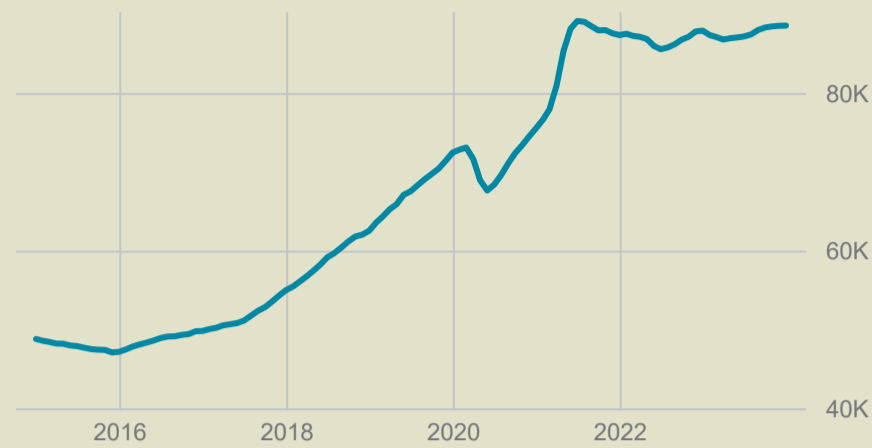


Source: Knight Frank Research

## ECONOMIC INDICATORS

### New Businesses in France

12-month Rolling Average

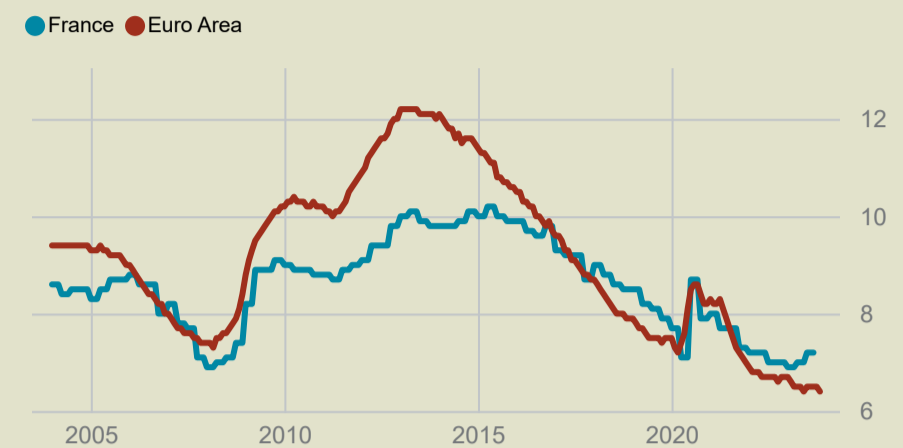


Source: French National Institute of Statistics & Economic Studies (INSEE)

Tighter financial conditions and economic uncertainty likely weigh on new business starts which have started to slow.

### Unemployment Rate in France

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

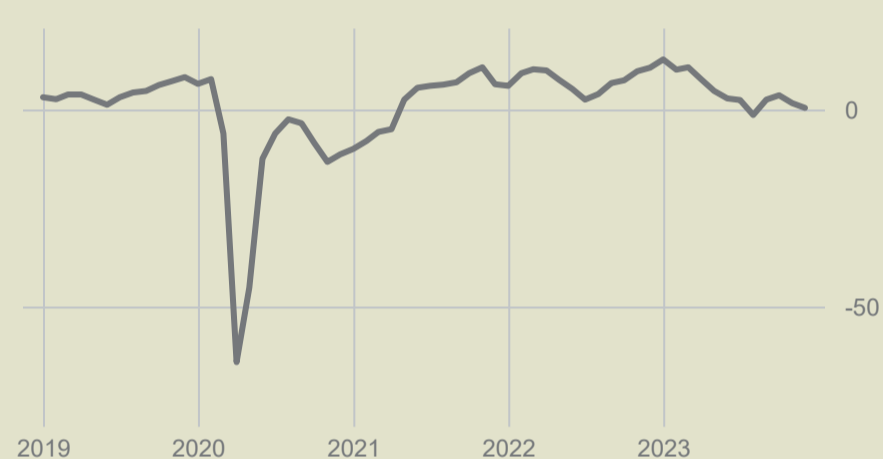


Source: Eurostat/ French National Institute of Statistics & Economic Studies (INSEE)

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 7.6% and 7.8% respectively, 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 decreased marginally at the end of 2023 indicating a more subdued outlook for the labour market.

### Services PMI in France

Services PMI for the last 3 years, Index



Source: S&P Global

Despite a slight uptick in the France services PMI, the reading points to ongoing contraction in the service sector due to weak demand conditions.

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

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