

H1 2023

THE INVESTMENT MARKET FRANCE

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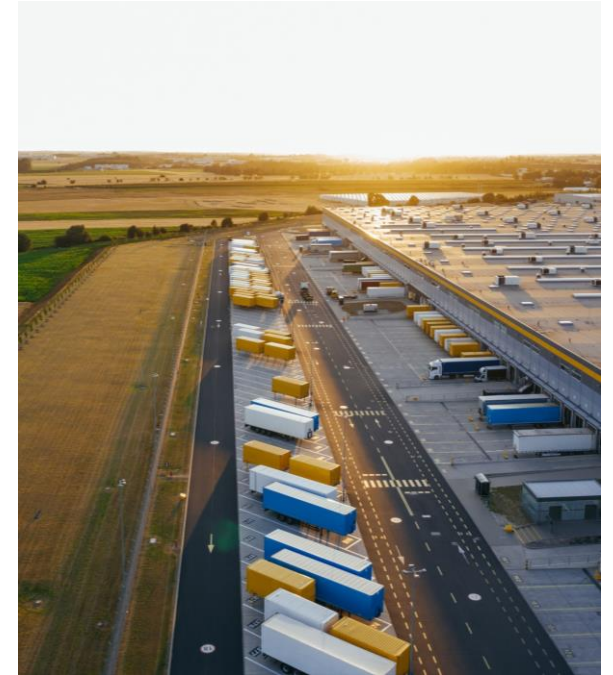
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KEY FIGURES



	H1 2023	H1 2022	Annual change
French investment volumes	€6.2B	€12.6B	↓
Number of transactions	318	501	↓
Number of transactions > €100 M	9	34	↓
Share of transactions > €100 M*	36%	50%	↓
Share of portfolios*	11%	24%	↓
Share of volume invested in the Greater Paris Region*	69%	57%	↑
Share of foreign investors*	30%	36%	↓
Share of offices*	57%	52%	↑
Share of retail*	28%	23%	↑
Share of industrial*	15%	25%	↓
Prime office yield	3.50%	2.75%	↑
Prime retail yield	3.75%	3.00%	↑
Prime logistics yield	4.50%	3.25%	↑

* Share of total volume invested in France, all asset types combined

Source: Knight Frank

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GENERAL TRENDS

After a sluggish start to the year, activity slowed further in Q2 2023, with €2.4 billion invested in France (down 36% quarter-on-quarter). This result, **the lowest for a Q2 since 2010**, brings the total amount invested in France since the start of 2023 to €6.2 billion, **a decrease of 51% compared with H1 2022** and 40% compared with the ten-year average.

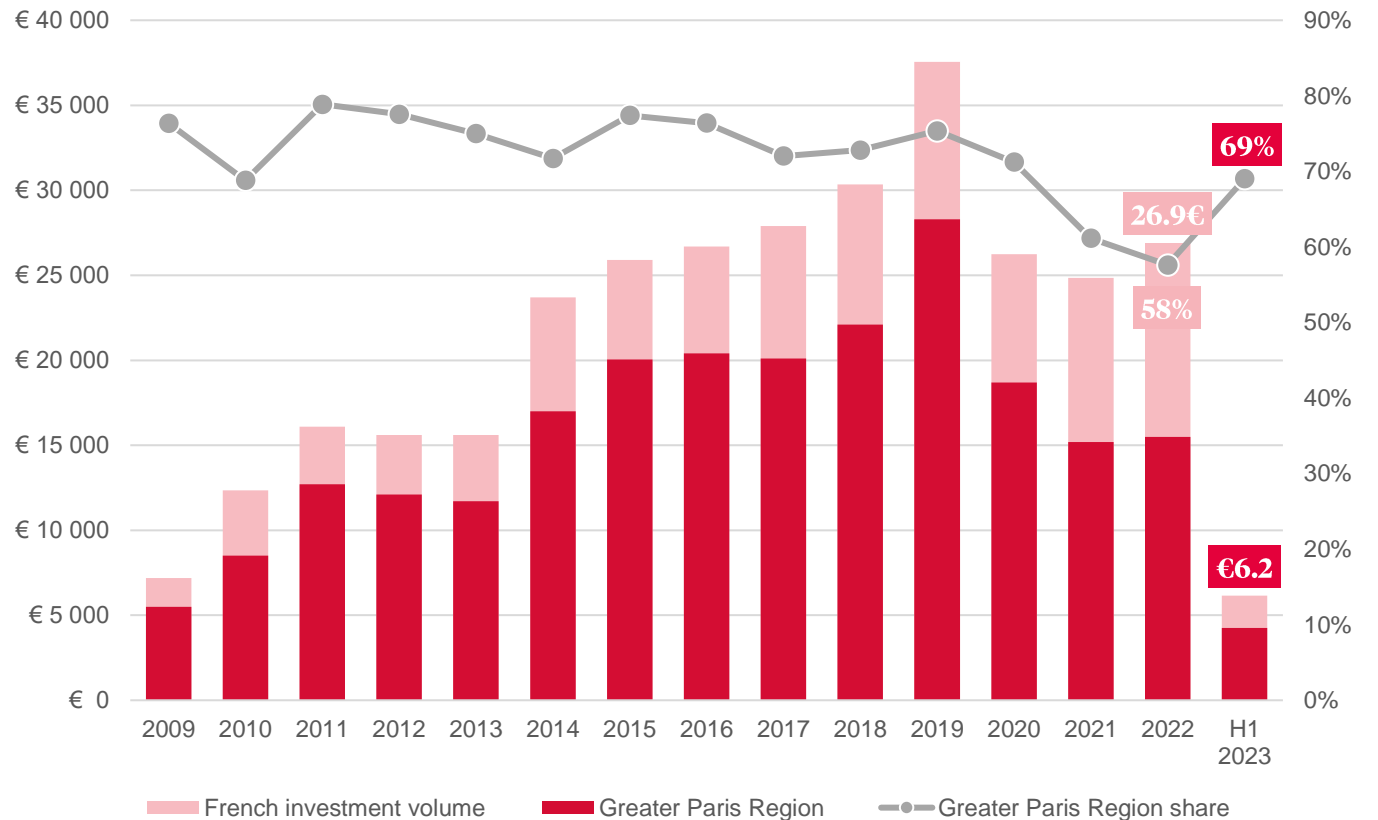
22 of the 30 transactions over €50 million in H1 2023 were signed in the Greater Paris Region. **Paris and its region accounted for 69% of the volume invested in France** over the last six months, compared with 57% in H1 2022. In absolute terms, however, the amount of invested in the Greater Paris Region has fallen by 41% year-on-year.

Volumes invested in France in H1 2023

-40%

compared to the ten-year H1 average

THE SLOWDOWN INTENSIFIES
CHANGE IN VOLUMES INVESTED, ALL ASSET TYPES*
In France, in billions of euros



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

The **sharp decrease in the total number of transactions** (-37% year-on-year) illustrates the general slowdown in activity. **Some market sectors proved more resilient**, such as transactions of between €50 and €100 million: 13 were recorded in Q2 2023, after 8 in Q1. Over H1 2023 as a whole, however, these 21 transactions totalled just €1.4 billion, a decrease of almost 40% in one year.

Activity remains particularly weak in the large transaction category, which is more difficult to finance. In H1 2023, **9 deals in excess of €100 million were signed in France, compared with 34 in H1 2022**. These accounted for just over a third of total investment in France in H1 2023, compared with 50% in the same period last year.

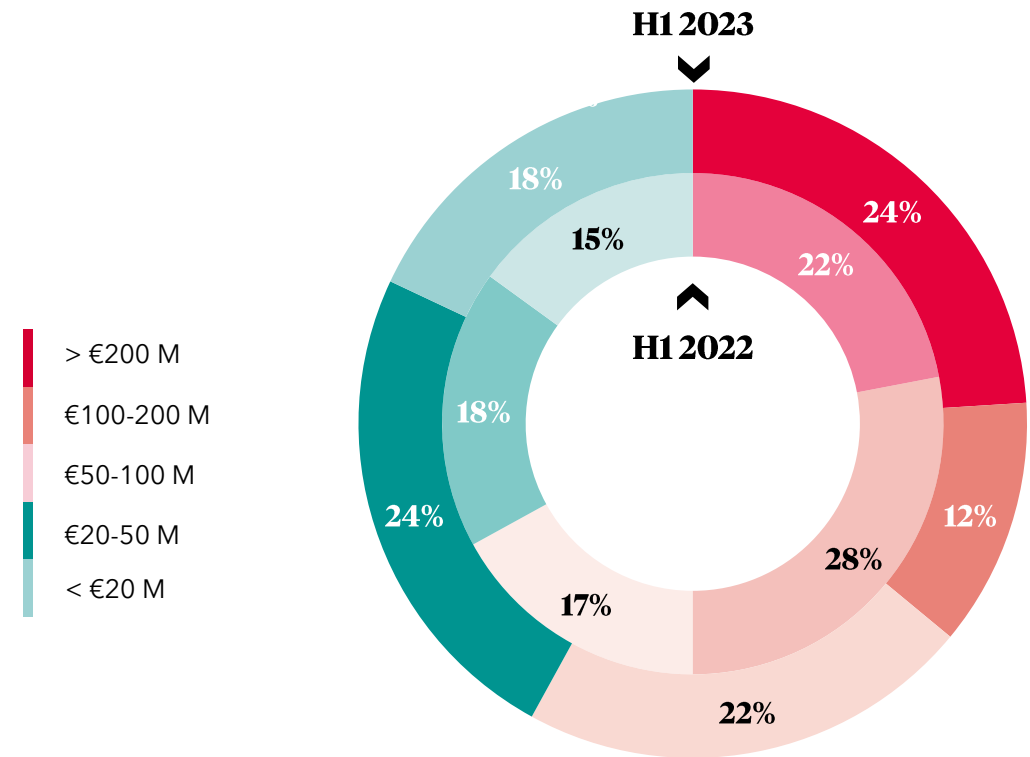


Share of volumes invested in France through portfolios as at H1 2023

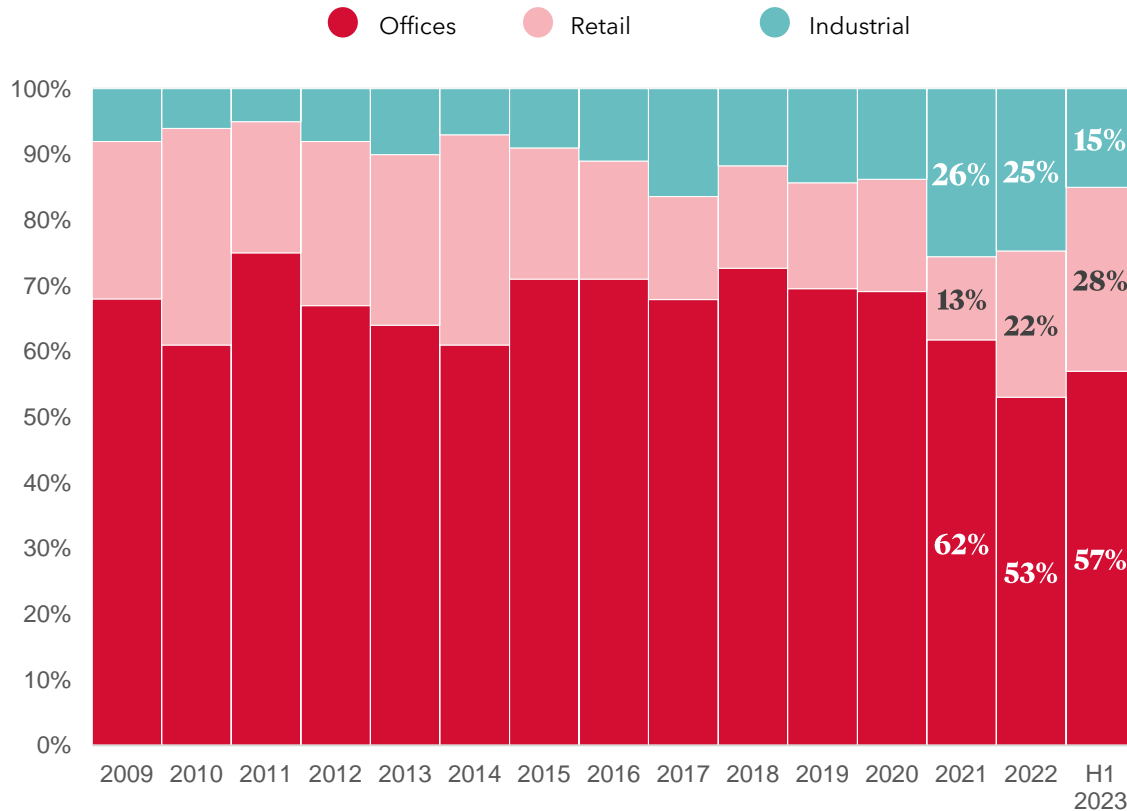
Compared to 24 % in H1 2022

SHARP DECREASE IN THE €100-200 MILLION CATEGORY BREAKDOWN OF INVESTMENT VOLUMES BY AMOUNT CATEGORY

In France, all asset types, as a % of total volume



OFFICES: A DECEPTIVE RECOVERY
 BREAKDOWN OF INVESTMENT VOLUMES BY ASSET TYPE
 In France, as a % of total volume



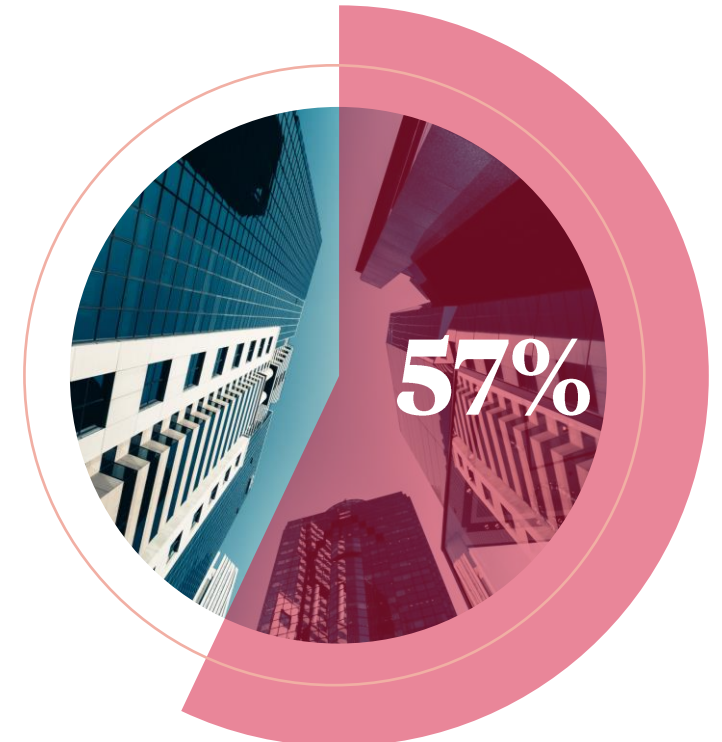
Source: Knight Frank

By H1 2023, €3.5 billion had been invested in the French office market, compared with €6.6 billion over the same period in 2022. **Despite this sharp drop, the share of office space is increasing**, accounting for 57% of total volumes invested in France.

After an excellent start to the year, there was a marked slowdown in the retail market. **Its share remains high (28%), but well down on Q1 2023 (35%)**. Lastly, the share of industrial property remains below its level of recent years (15% in H1 2023, compared with a quarter in 2021 and 2022), **mainly due to the lack of sales of very large logistics portfolios**.

**Share of offices
 in total volumes invested in
 France as at H1 2023**
Compared to 52 % as at H1 2022

Source : Knight Frank

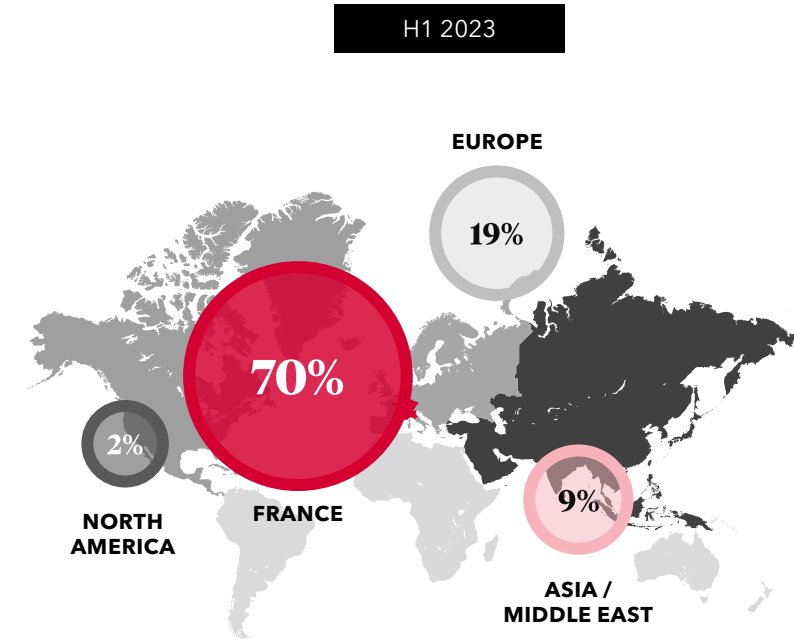
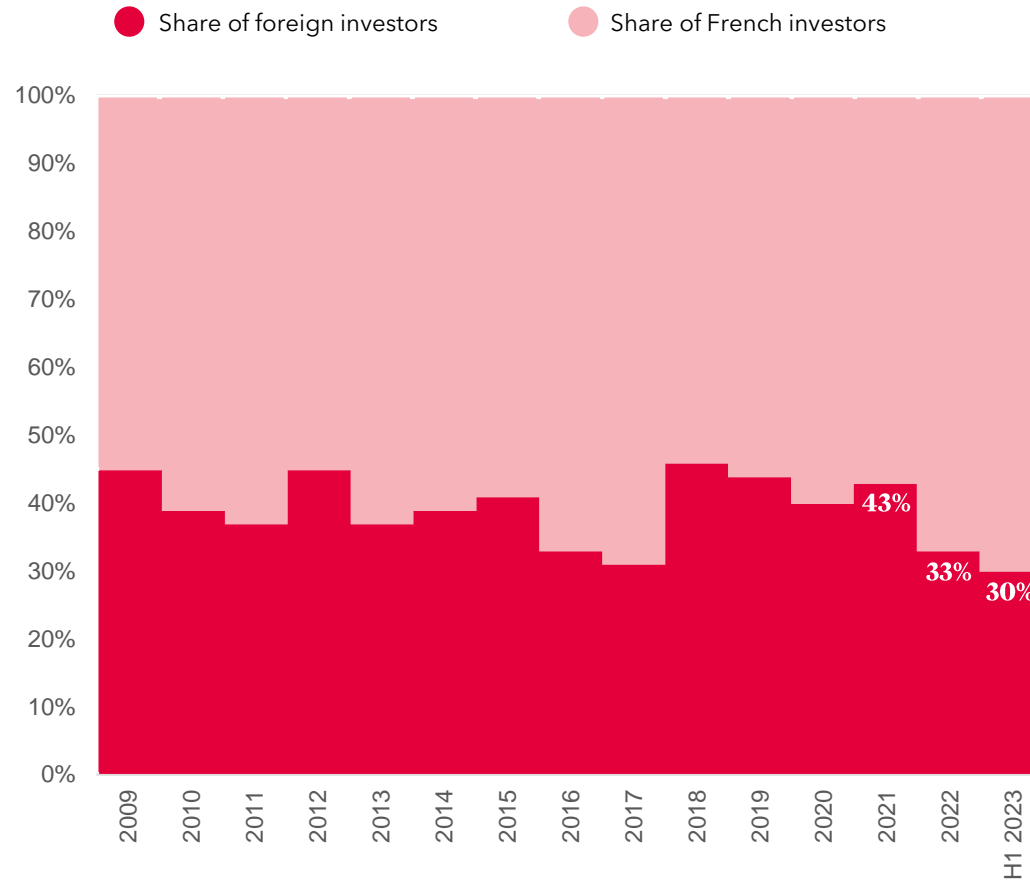


Foreign investors were relatively quiet in 2022, and have **been even quieter since the start of 2023**. In H1, foreign investors accounted for just 30% of total investment in the French market, compared with 36% in the same period last year.

The vast majority of their investments were in the Greater Paris Region, following the sale of the "Italie Deux" shopping centre to INGKA CENTRES in Q1, and VALESCO's purchase of "Tour Sequana" in Q2.

The French accounted for almost all the transactions, with 70% of the volume invested in France in H1 2023. **Their share was highest in the office market (74%)** and lowest in the retail market (61%).

FOREIGNERS LESS PRESENT
 BREAKDOWN OF INVESTMENT VOLUMES BY NATIONALITY
 All asset types, in France, as a % of total volume

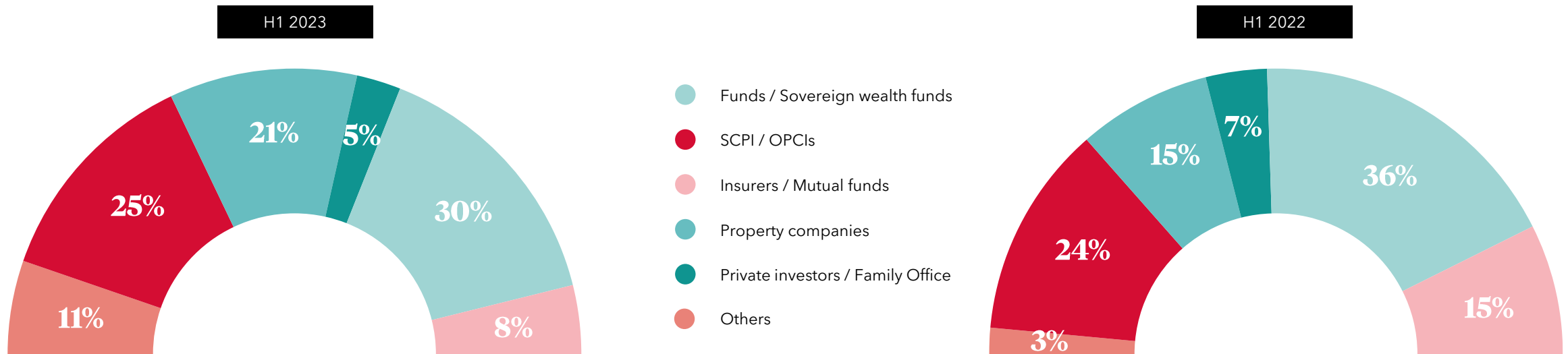


Source: Knight Frank

As a result of the reduced presence of foreign investors and the smaller number of very large deals, **the share of funds has fallen sharply from one year to the next** (from 36% of the investments made in France in H1 2022 to 30% a year later). **Insurers and mutual funds are also less present** (down from 15% to 8%). Boosted by a number of significant transactions (AEW's purchase of "Passy Plaza", ATLAND VOISIN's purchase of "V" in Versailles, etc.), **the share of SCPI/OPCIs remained stable** from one year to the next.

The most significant increase was in property companies (from 15% to 21%), whose share was mainly boosted by INGKA CENTRES' acquisition of the "Italie Deux" retail and office complex in the 13th arrondissement. **Property companies are also very active on the sales side**, as illustrated by the recent sales transactions carried out (or in progress) by URW, ICADE, SFL, COVIVIO and GECINA, which since the start of 2023 has completed or secured nearly €1 billion in sales, including the sale of 101 Champs-Élysées to LVMH.

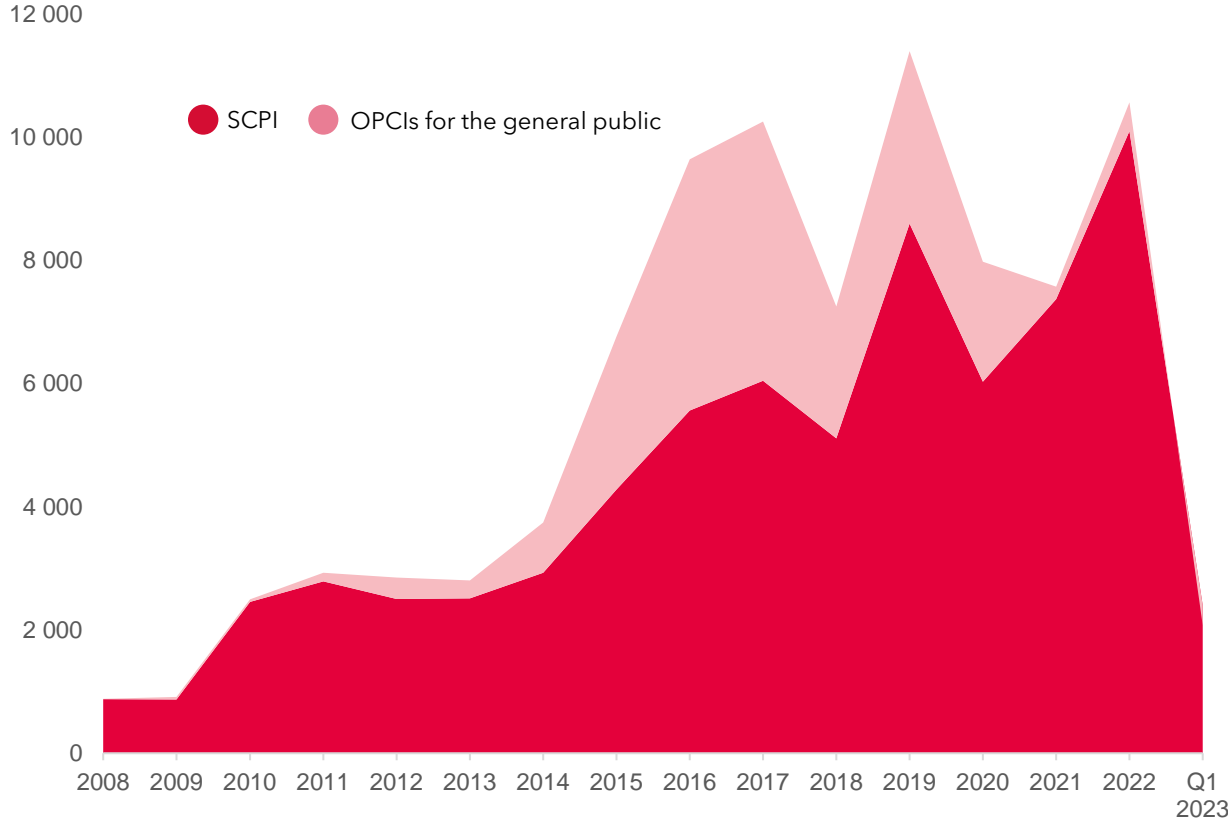
PROPERTY INVESTMENTS STAND OUT ON BOTH THE BUY AND SALE SIDES
 BREAKDOWN OF VOLUMES INVESTED BY INVESTOR TYPE
 In France, all types of assets, as a % of total volume



Source: Knight Frank

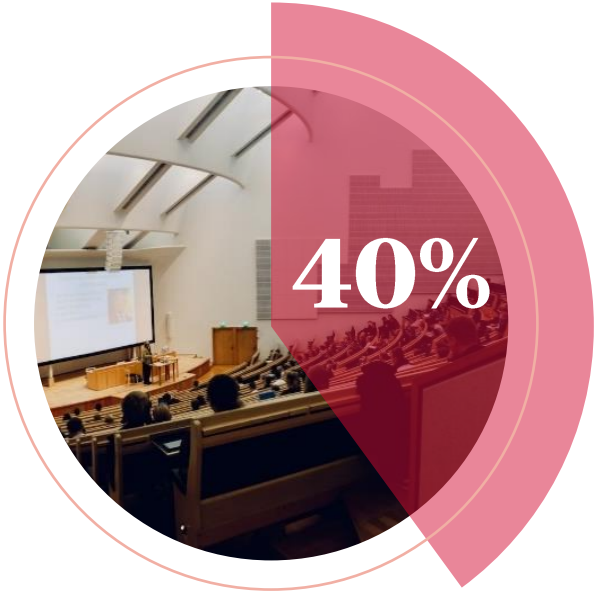
FALL IN SCPI INFLOWS AFTER THE 2022 RECORD

In France, in millions of euros



Source: ASPIM

After a record year in 2022 (€10.2 billion), net inflows to SCPIs totalled €2.4 billion in Q1 2023, **down 10% year-on-year**. Although office SCPIs continue to account for a large proportion of new money, this share has fallen sharply (34% compared with 41% in 2022), **with diversified strategy SCPIs in particular benefiting** (40% compared with 29% in 2022). **General public OPCIs recorded a net outflow** of €325 million.

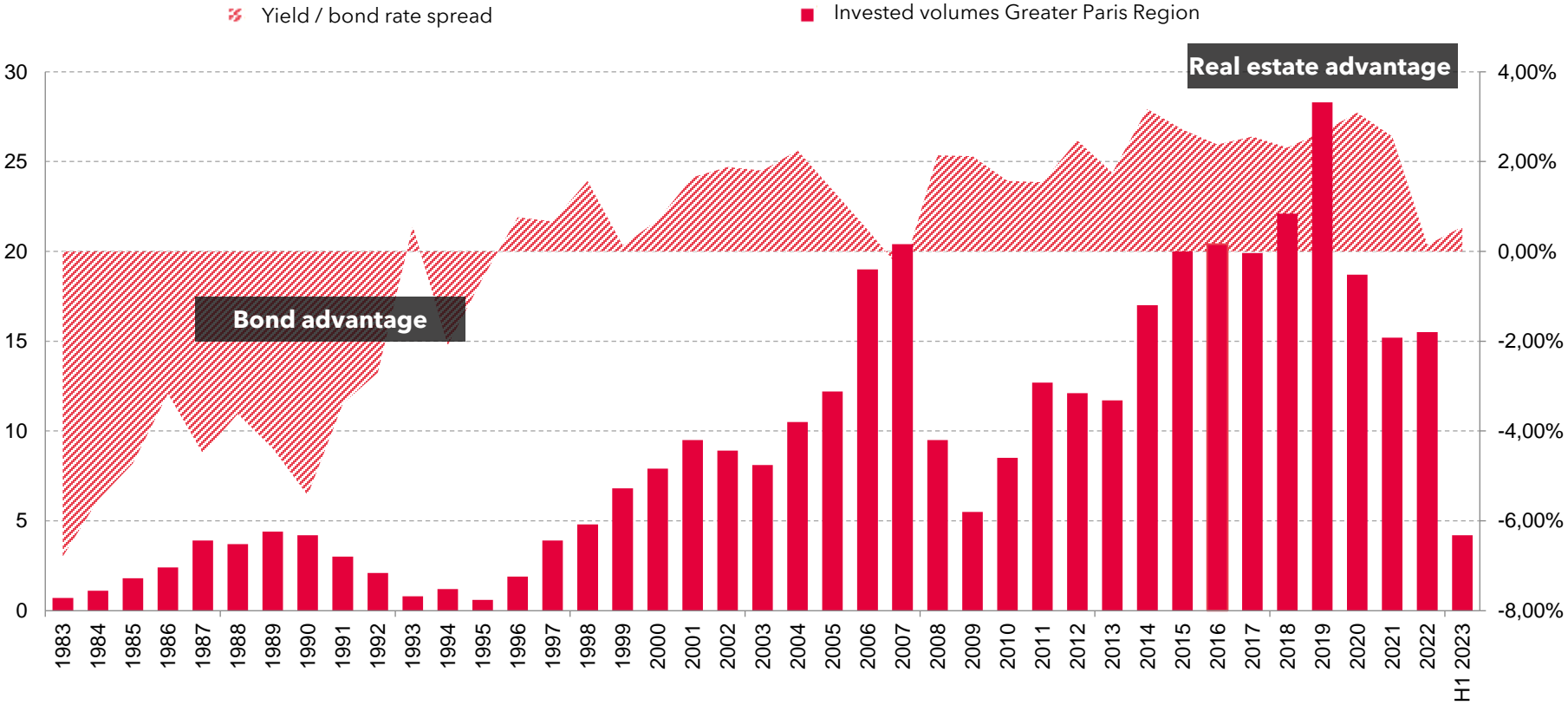


The share of diversified strategy SCPIs in total net inflows in Q1 2023
compared to 29% in 2022

Source: ASPIM

RISK PREMIUM STRUGGLING TO RECOVER

PRIME YIELD/BOND YIELD SPREAD (as a %)



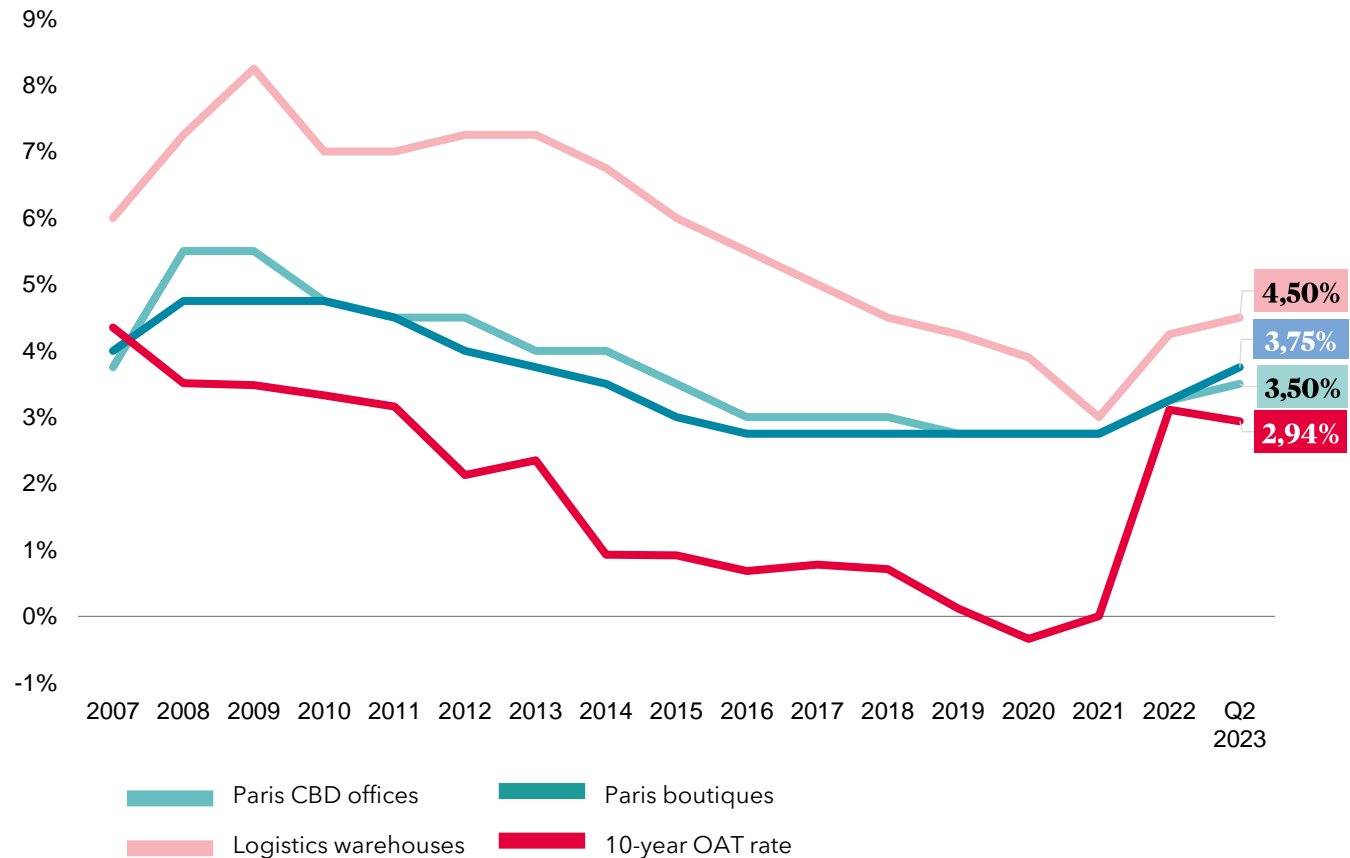
Source: Banque de France / Knight Frank

After a significant rise in 2022 (+50 to 125 basis points depending on the asset class), **the correction continued in H1 2023.**

Yields remain very difficult to gauge due to the limited number of prime transactions completed since January, some of which do not reflect current market conditions.

Finally, **the volume effect needs to be taken into account** and, in the case of offices in particular, an additional premium of 25 to 50 basis points needs to be applied to assets of more than 100 millions euros, and even those over 70 million euros.

THE CORRECTION CONTINUES
CHANGE IN PRIME YIELDS
In France, as a %





OFFICES





	H1 2023	H1 2022	Annual change
Office investment volumes in France	€3.5B	€6.6B	
Share of offices*	57%	52%	
Number of transactions > €100 M	5	15	
Share of transactions > €100 M**	30%	46%	
Share of volume invested in the Greater Paris Region**	75%	77%	
Share of foreign investors**	26%	27%	
Prime yield Paris CBD	3.50%	2.75%	
Prime yield La Défense	5.50%	4.00%	
Prime yield Lyon	4.25%	3.50%	

*Share of total volume invested in France, all asset types included - excluding non-divisible portfolios.

**Percentage of total volume invested in offices in France.

Source: Knight Frank

KEY INDICATORS | OFFICES



BUSINESS CLIMATE*

101.8 points in June 2023

-5.7 pts compared to June 2022

Source: INSEE

* Synthetic index in the services sector.



JOBSEEKERS IN THE GREATER PARIS REGION*

**-2.0% year-on-year, end Q1
2023**

-4.0% compared to Q1 2019

Source: INSEE

*Categories A, B and C.



BUSINESS INSOLVENCIES IN FRANCE

**48,673 in June 2023 (12-month
cumulative total)**

+45% year-on-year

-4.8% compared to 2019

Source: Banque de France



GREATER PARIS REGION TAKE-UP

863,591 sq m as at H1 2023

-20% year-on-year

Source: Knight Frank



GREATER PARIS REGION VACANCY RATE

7.9% at end of H1 2023

7.2% at end of H1 2022

Source: Knight Frank



GREATER PARIS REGION PRIME RENT

**€980 /sq m/year as at
H1 2023**

+3% year-on-year

Source: Knight Frank

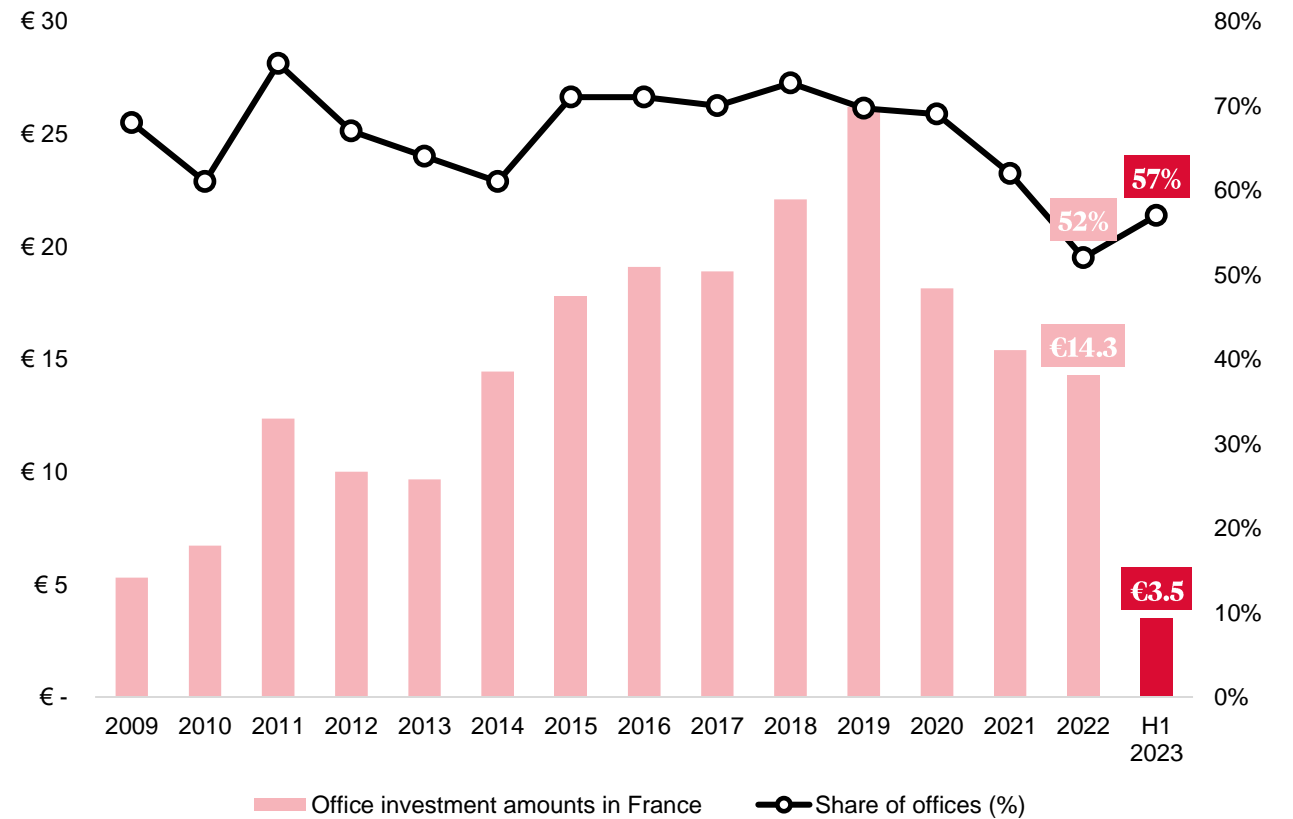
Offices accounted for 64% of the volume invested in France in Q2 2023, a share boosted by the sale of the Sequana tower to VALESCO for 460 million euros. However, this does not signal a turnaround, as **investment in the French office market fell by 21% quarter-on-quarter.**

Investor selectivity is still holding back activity. Although the vacancy rate remains very low in Paris, it continues to rise in the rest of the Greater Paris Region, while the process of streamlining space to accommodate remote working has not yet been completed. Furthermore, **investors are expecting to see further repricing**, which is lengthening, putting on hold or even compromising certain sales processes.

Over the whole of H1, the volume of office space invested in France totalled €3.5 billion (€6.6 billion in H1 2022). **The Greater Paris Region accounted for 75% of this figure**, with 16 of the 19 transactions in excess of €50 million recorded since January.



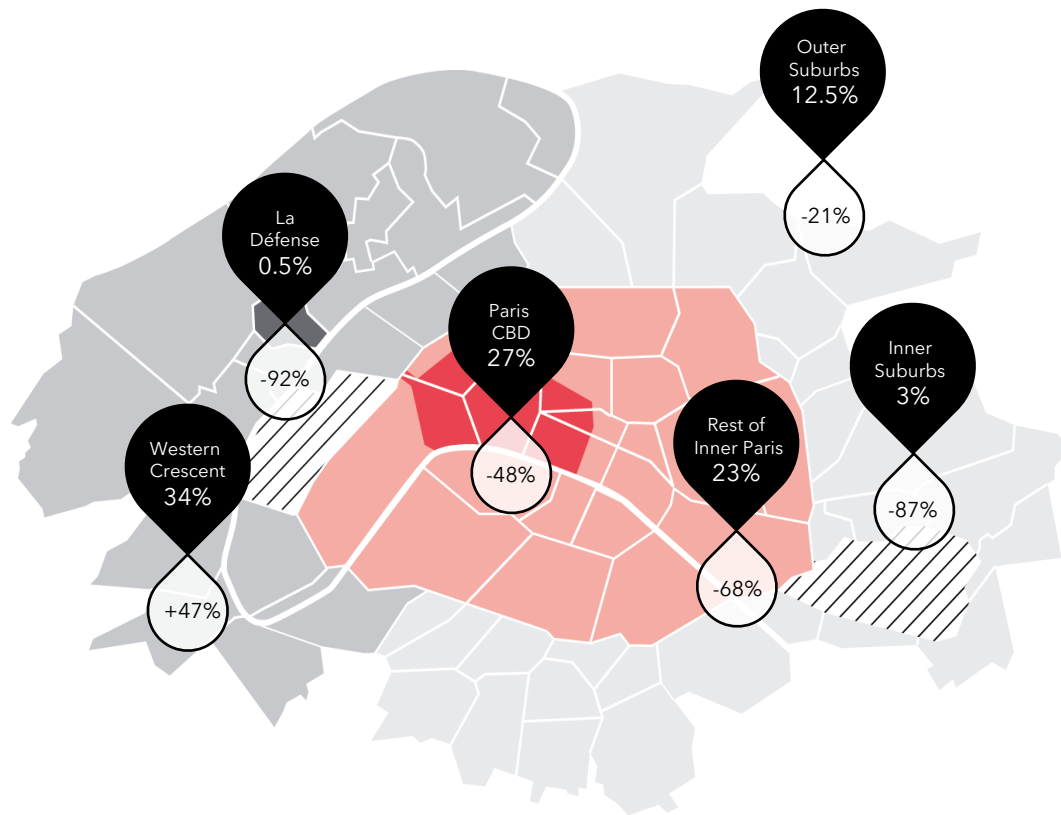
SHARE UP, BUT VOLUMES DOWN SHARPLY
CHANGE IN OFFICE INVESTMENT VOLUMES
In France, in billions of euros



Source: Knight Frank

A SHIFT IN FAVOUR OF THE WEST

GEOGRAPHICAL BREAKDOWN OF OFFICE INVESTMENTS IN THE GREATER PARIS REGION



Source: Knight Frank

Half of the volume invested in office space in the Greater Paris Region is concentrated in Paris, where several sales of between 30 and 80 million euros have been completed, such as the sale to BNP PARIBAS REIM of 70 boulevard de Courcelles and the sale to CRPN of "ADN" in the 17th arrondissement, as well as the purchase by TOKORO CAPITAL of 10 rue Henner in the 9th arrondissement.

That said, Paris' dominance was weakened in Q2 due to the completion of a **number of significant transactions in the western Paris region**. These mainly involved new buildings and/or buildings secured on long leases, such as "Sequana" in Issy-les-Moulineaux, where SOCIETE DE LA TOUR EIFFEL

also bought "Millésime", the new NOUVEAUX CONSTRUCTEURS' headquarters. Outside the core sector, WEINBERG CAPITAL PARTNERS and HENDERSON PARK acquired 49 avenue Georges Pompidou in Levallois-Perret.

Transactions remain very rare outside Paris and the West. Volumes were boosted by the sale to LA FRANÇAISE of "Link-It" in Clichy, a new building let to L'OREAL, and the sale by URW to ATLAND VOISIN of the "V" building in Versailles. In the regions, ICADE completed the sale of Eko Active in Marseille to UNOFI for almost 50 million euros.

Share as a % of volumes invested in Greater Paris Region offices in H1 2023

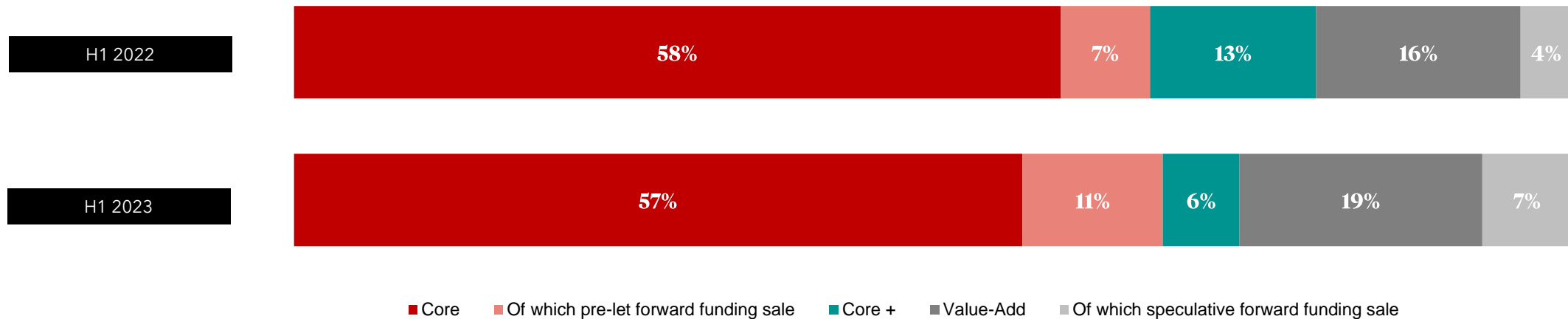
Change as a % of volumes invested in offices (H1 2023 compared with 1H 2022)

Core property still accounts for the majority of transactions, with its share remaining stable from one year to the next. The main secured transactions in H1 2023 include CRPN's purchase of Galilée-Vernet in the 8th arrondissement and ADN in the 17th arrondissement. **In response to investors' search for security, sale & leaseback transactions continue to be favoured.** Following the sale by BANQUE DELUBAC ET CIE of its headquarters at 10 rue Roquépine in the 8th arrondissement and the sale by STELLANTIS of its future Poissy campus in Q1, this trend was illustrated in Q2 by the sale in Issy-les-Moulineaux of the headquarters of ACCOR (to VALESCO) and NOUVEAUX CONSTRUCTEURS (to STE).

Several sales of value-add assets were recorded in the CBD, which is still popular with investors due to the **growth in rental values** and strong demand from occupiers. Others were recorded in the suburbs, such as the purchase of 49 avenue Georges Pompidou in Levallois-Perret. There were also **continued acquisitions of office buildings to be converted into residential accommodation**, such as the sale of Le Pacifique in Issy-les-Moulineaux and 182 bd de la Villette in Paris.

MORE INTEREST IN VALUE-ADD ASSETS

BREAKDOWN OF VOLUMES INVESTED IN OFFICES, BY RISK PROFILE
In the Greater Paris Region, unit transactions > €20M, as a % of total volume



Source: Knight Frank

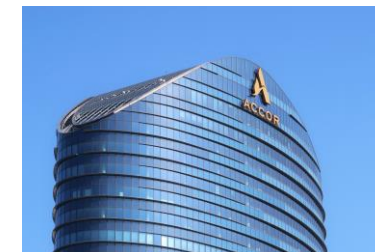
EXAMPLES OF OFFICE TRANSACTIONS IN FRANCE IN H1 2023

Source: Knight Frank

Address / Asset	Town	Seller	Buyer	Price
Sequana Tower	Issy-les-Moulineaux (92)	ACCOR	VALESCO	> €200M
Stellantis Campus	Poissy (78)	STELLANTIS	PROGAMA / CA IMMOBILIER / GA PROMOTION	€100-200M
Apollo, Place d'Italie	Paris 13 th	AXA IM	INGKA CENTRES	€100-200M
61 rue Galilée / 21-23 rue Vernet	Paris 8 th	HERRMANN FRÈRES / FINANCIÈRE SAINT-JAMES / MILGROM PROPERTIES	CRPN	€100-200M
Welink, Boulevard de l'Artillerie	Lyon (69)	GINKGO ADVISOR	AEW	€50-100M
« V », 2 rue de l'Abbé Rousseau	Versailles (78)	URW	ATLAND VOISIN	€50-100M
49 avenue Georges Pompidou	Levallois-Perret (92)	BASF	WCP / HENDERSON PARK	€50-100M
8-10 rue Roquépine	Paris 8 th	BANQUE DELUBAC & CIE	OREIMA	€50-100M
70 boulevard de Courcelles	Paris 17 th	NUVEEN	BNP PARIBAS REIM	€50-100M
Le Mazagran, Rue du Val de Marne	Paris 13 th	AMUNDI	LIBERTY MANAGEMENT	€50-100M
Avant Seine, 11-15 quai de Dion Bouton	Puteaux (92)	AMUNDI / BNP PARIBAS REIM	CA PROMOTION / BNP PARIBAS PROMOTION	€50-100M
Cristal Campus (20%), Av. des Louvresses	Gennevilliers	AG REAL ESTATE	EDF INVEST	€50-100M
6 rue de Hanovre	Paris 2 th	SFL	GCI / ETERNAM	€50-100M
73 boulevard Haussmann (50%)	Paris 8 th	SWISS LIFE	MAPFRE	€50-100M
1pulsion, Ilôt Raynal-Sernam	Toulouse (31)	ESPACES FERROVIAIRES	KEYS REIM	€50-100M
Link-It, 17 rue Martre	Clichy (92)	LAZARD	LA FRANÇAISE	€50-100M
Riverside, Boulevard de la Marquette	Toulouse (31)	COVIVIO	LA FRANÇAISE	€50-100M
Millésime, 113 avenue de Verdun	Issy-les-Moulineaux (92)	LES NOUVEAUX CONSTRUCTEURS	SOCIÉTÉ DE LA TOUR EIFFEL	< €50M
10 rue Henner	Paris 9 th	AEW	TOKORO CAPITAL	< €50M
Eko Active, 174 boulevard de Paris	Marseille (13)	ICADE	UNOFI	< €50M
ADN, 13 rue Alphonse de Neuville	Paris 17 th	M&G REAL ESTATE	CRPN	< €50M
81 avenue de la République	Paris 11 th	NOVAXIA	MACSF	< €50M
129 boulevard Malesherbes	Paris 8 th	GECINA	MONCEAU ASSURANCES	< €50M
37 rue de Bellefond	Paris 9 th	FONCIÈRE RENAISSANCE	SOCIÉTÉ DE LA TOUR EIFFEL	< €50M
Ducasse Campus, Av. du Maréchal Juin	Meudon (92)	COVIVIO	THEOREIM	< €50M
Quatuor, 8 avenue Tony Garnier	Lyon (69)	AMUNDI	BANQUE POPULAIRE	< €50M
Le Pacifique	Issy-les-Moulineaux (92)	AG2R LA MONDIALE	FONCIÈRE DE TRANSFORMATION IMMOBILIÈRE	< €50M

Source: Knight Frank

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



Tour Sequana, Issy-les-Moulineaux (92)



Apollo (Italie Deux), Paris 13th

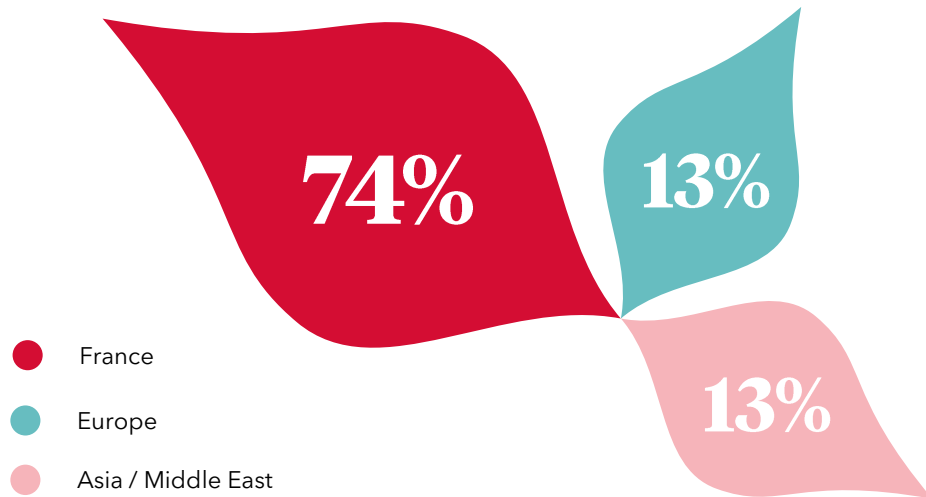


Galilée-Vernet, Paris 8th

Foreign investors were quiet in the office market in Q2 2023 and undertook few acquisitions, with the notable exception of VALESCO's purchase of the Sequana tower. They have been behind **fewer than ten acquisitions since the start of the year**, accounting for just 26% of the volume invested (of which almost 70% relates to the sale of Sequana in Q2 and Apollo in Q1).

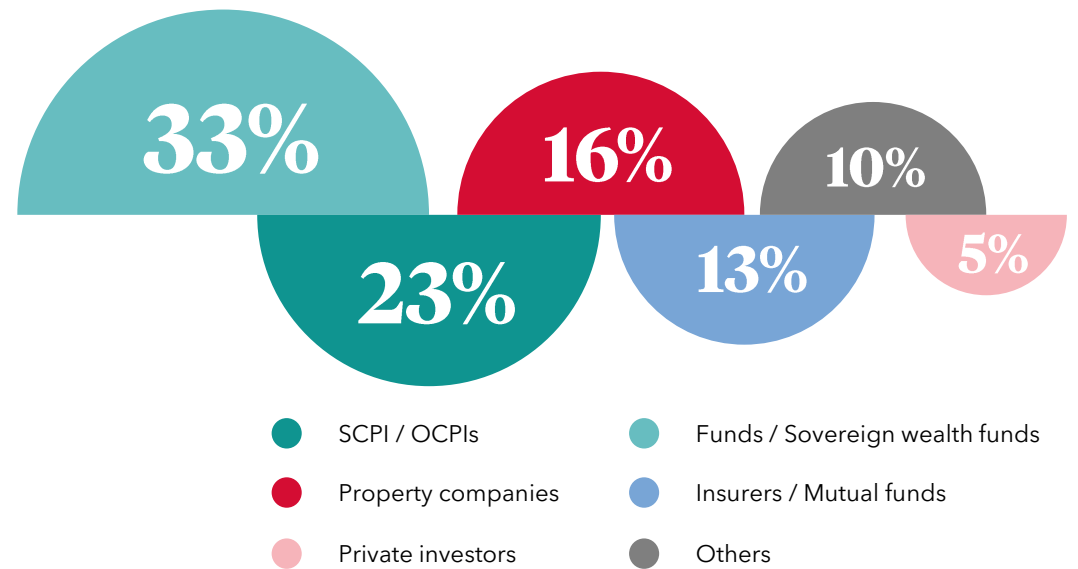
VALESCO's acquisition of Sequana boosted the share of funds, which also accounted for a number of transactions of between 50 and 100 million euros. **SCPIs came in second place, and were behind several significant deals**, both in the Greater Paris Region ("V", "Link-It", "70 Courcelles", etc.) and in the regions ("Welink" in Lyon, "Eko Active" in Marseille, "Riverside" in Toulouse, etc.).

THE FRENCH STILL DOMINATE
 VOLUMES INVESTED IN OFFICES BY NATIONALITY
 In France, as at H1 2023, as a % of total volume



Source: Knight Frank

SCPIs, ACTIVE IN THE GREATER PARIS REGION AND THE REGIONS
 VOLUMES INVESTED IN OFFICES BY TYPE
 In France, as at H1 2023, as a % of total volume

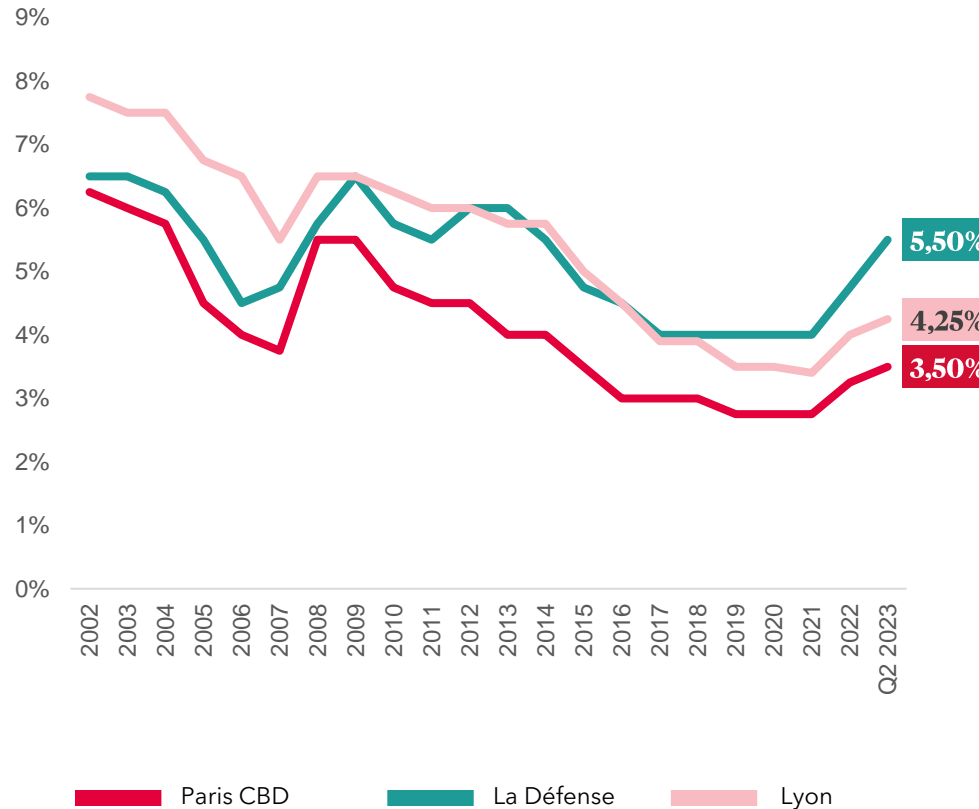


Source: Knight Frank

Despite a rise of between **75 and 150 basis points** in the Greater Paris Region over the past year, price adjustments have yet to kick-start activity. Faced with rising interest rates and the difficulties of certain geographical sectors, **investors are waiting for a greater price adjustment**, which is putting some sales processes on hold and leading some sellers to withdraw their assets from the market.

However, **the correction will continue**, which should gradually close the gap between the expectations of sellers and buyers.

AVERAGE INCREASE OF 75 TO 150 BASIS POINTS OVER ONE YEAR
PRIME OFFICE YIELDS
 In the Greater Paris Region, as a %, end of Q1 2023



	CHANGE YEAR-ON-YEAR	CHANGE OVER 10 YEARS
<p>PARIS CBD</p>	+75 bps	-25 bps
<p>LA DÉFENSE</p>	+150 bps	0 bps
<p>LYON</p>	+75 bps	-125 bps



RETAIL





	H1 2023	H1 2022	Annual change
Retail investment volumes in France	€1.7B	€2.9B	
Share of retail*	28%	23%	
Number of transactions > €100 M	5	8	
Share of volume invested in the Greater Paris Region**	76%	48%	
Share of foreign investors**	39%	18%	
High street prime yield	3.75%	3.00%	
Shopping centre prime yield	5.25%	4.25%	
Retail parks prime yield	5.75%	5.00%	

*Share of total volume invested in France, all asset types included.

**Percentage of total volume invested in retail in France.

Source: Knight Frank

KEY INDICATORS



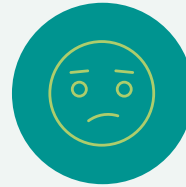
HOUSEHOLD CONSUMPTION

-0.1% in 2023*

+2.7% in 2022

Source: Banque de France

* forecast for the year as a whole



HOUSEHOLD OPINION*

85 points in June 2023

+2 points compared to June 2022

Source: INSEE

* Synthetic index of household confidence



CONSUMER PRICES*

+0.2% in June 2023

+5.3% year-on-year

Source: INSEE

* including energy and food



SPECIALISED RETAIL SALES*

+3.0% in value (H1 2023 Vs H1 2022)

-0.5% year-on-year in volume

Source: Procos

*in France, in shops, all specialised retailers



VACANCY RATE IN PARIS

5.8% at end H1 2023*

6.8% at end H1 2022

Source: Knight Frank

*On a sample of 12 major Parisian streets.



AMOUNTS INVESTED*

1.7 billion euros as at H1 2023

2.9 billion euros as at H1 2022

Source: Knight Frank

*In France, retail (all formats)

After an excellent start to the year, **activity in the retail market has slowed significantly**. After 1.3 billion euros in Q1 2023, just over 400 million euros were invested in the French retail market in Q2. **This brings the total amount invested since January to €1.7 billion**, down 40% on the same period last year and 16% below the ten-year average.

The mid-year results are therefore mixed, especially as the number of transactions remains limited and the largest of them account for a very large proportion of volumes. For example, **5 transactions of more than €100 million accounted for 64% of the volume invested** in the French retail market in H1 2023.

French retail investment H1 2023

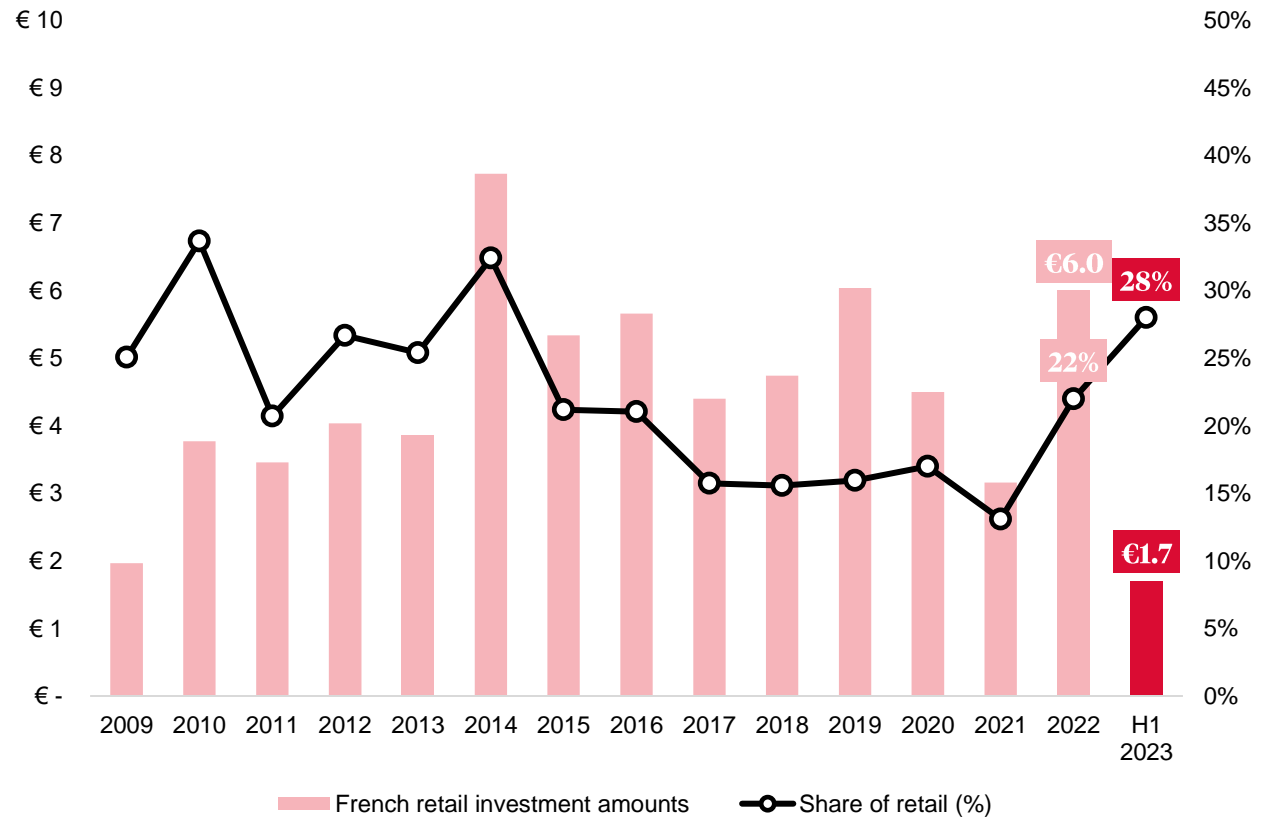
-16%

compared to the ten-year H1 average

MIXED RESULTS IN THE 1ST HALF OF 2023

CHANGE IN VOLUME INVESTED IN RETAIL

In France, in billions of euros



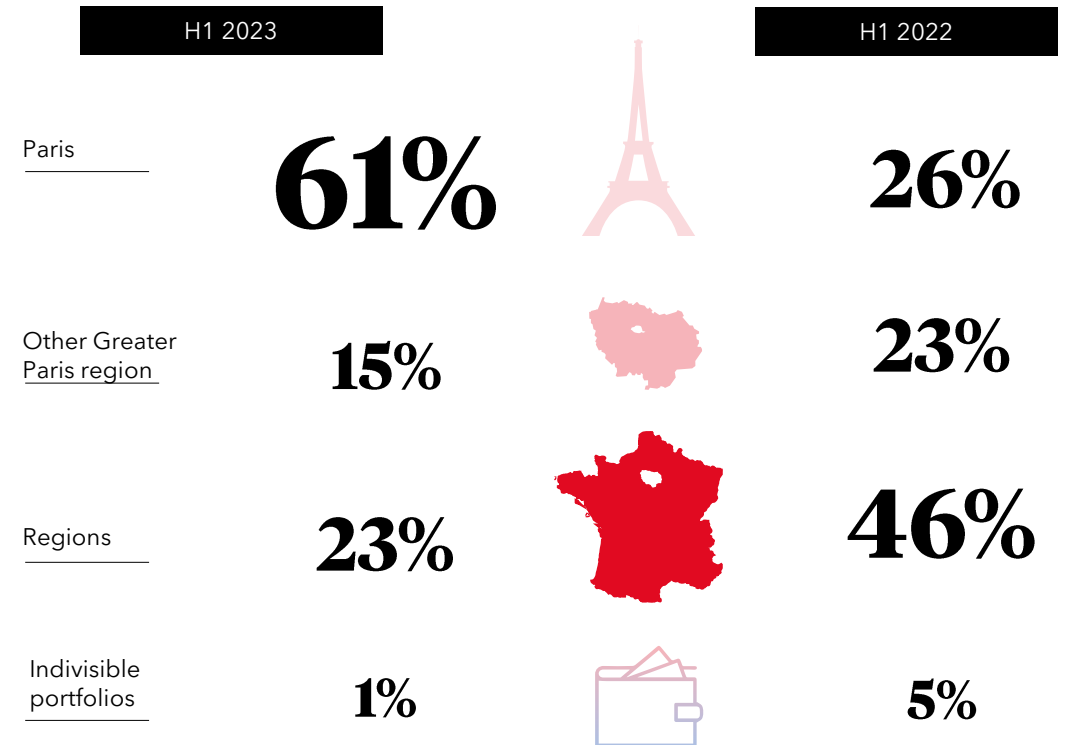
Source: Knight Frank

Investment in the Greater Paris Region retail market was already high in 2022, with almost €3 billion invested over the year as a whole, and remained so in H1 2023 with €1.3 billion invested. **This figure accounts for 76% of total retail investment in France since January** due to a number of large deals, including AEW's recent purchase of Passy Plaza in the 16th arrondissement.

However, the market is not stagnant in the regions, even if volumes there are relatively low (around €400 million in H1 2023). **Investors' appetite for the outskirts remains strong**, as illustrated by the sale to IREIT GLOBAL of a portfolio of 17 B&M shops and several sales of hypermarkets, retail parks and shopping centres, albeit for relatively modest sums.

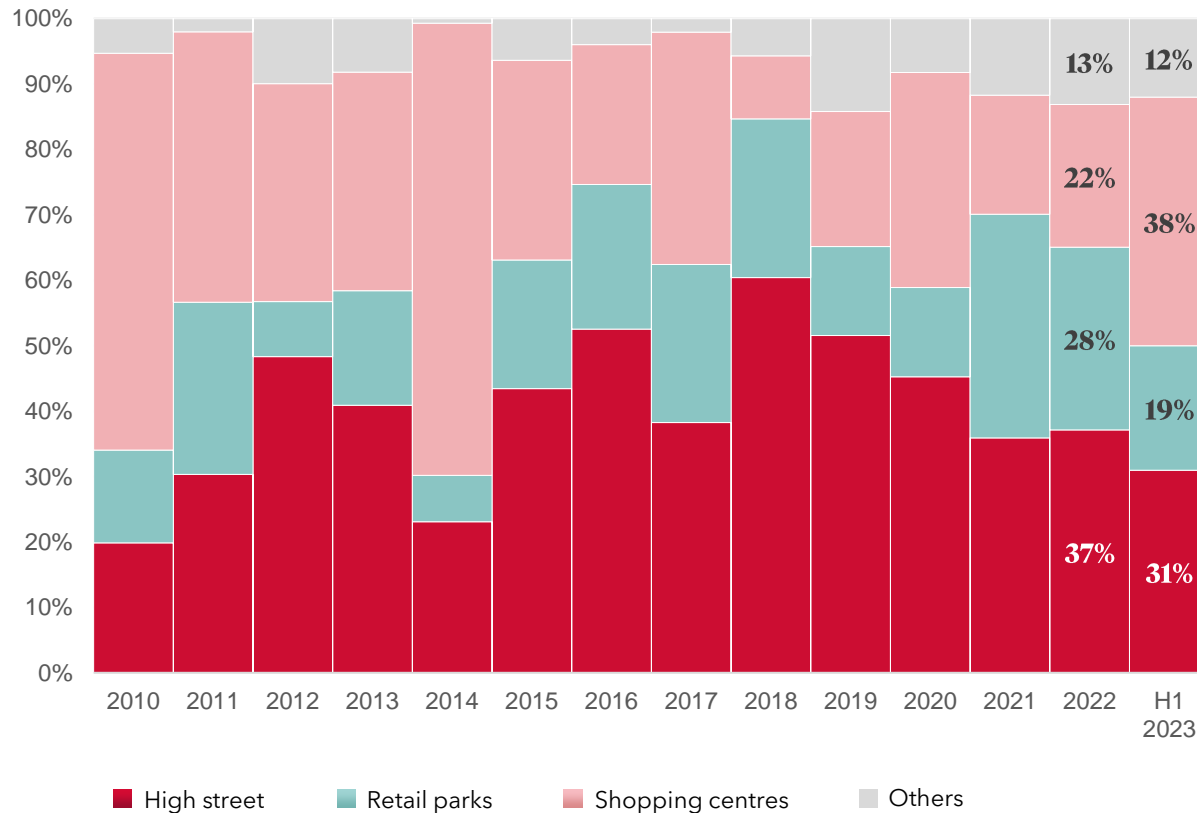


PARIS, DRIVING ACTIVITY IN H1 2023
GEOGRAPHICAL BREAKDOWN OF RETAIL INVESTMENT VOLUMES
In France, as a % of total volume



Source: Knight Frank

SHOPPING CENTRES BACK IN THE SPOTLIGHT
 BREAKDOWN OF RETAIL INVESTMENT BY TYPE
 In France, as a % of total volume



Shopping centres accounted for the largest share of retail investment volumes in H1 2023, **due to the sale of "Italie Deux" in Q1 and "Passy Plaza" in Q2.** Their share is likely to remain high in H2 as **several transactions are underway**, involving assets of varying sizes.

The share of high street assets decreased both quarter-on-quarter and year-on-year. After **a number of significant transactions in Paris in Q1 2023** (35-37 avenue Montaigne*, Italik in the 13th arrondissement and CASTORAMA in the 15th arrondissement, etc.), activity in Q2 was limited to a few modest transactions, both in Paris (CFOC 170 bd Haussmann, etc.) and in the regions (CARREFOUR MARKET in Marseille, etc.).

Retail parks accounted for 19% of the volume invested in H1 2023. While investors still have a healthy appetite for the outskirts, 2022's record performance (€1.6 billion invested in France) will not be repeated this year due to the **more limited number of large-scale assets available on the market.**



Share of shopping centres in total retail investment in France as at H1 2023

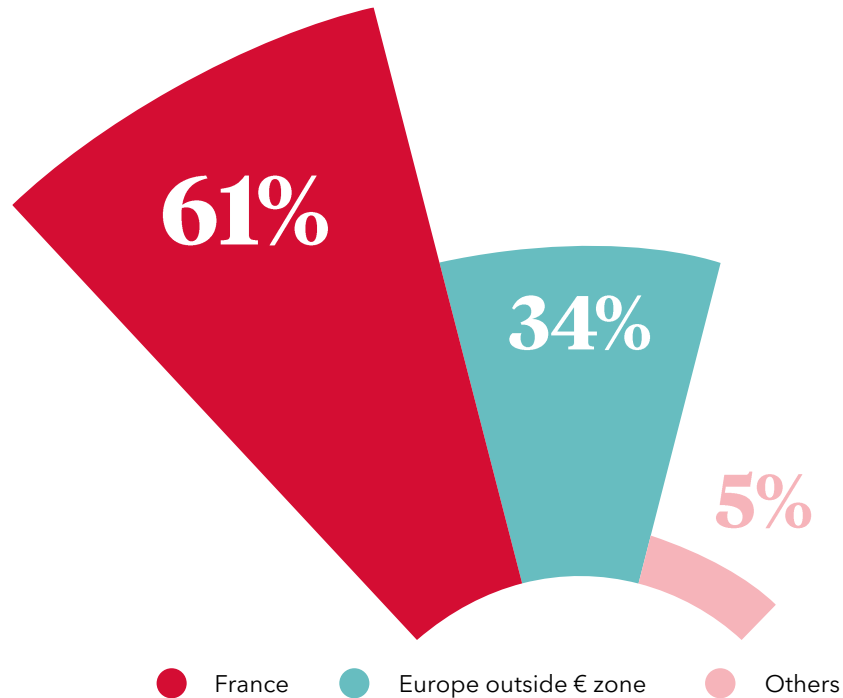
Compared to 22% in 2022

Source: Knight Frank
 * Share represented by the flagship let to Valentino.

While **French investors** accounted for just over half of the volume invested in the retail market in Q1 2023, they **increased their share to 61% at the end of Q2, largely due to AEW's purchase of Passy Plaza**. Only a very small number of transactions were completed by foreign investors. **Europeans remain by far the dominant foreign investors**, owing to the significant impact of the acquisition of "Italie Deux" by INGKA CENTRES in Q1.

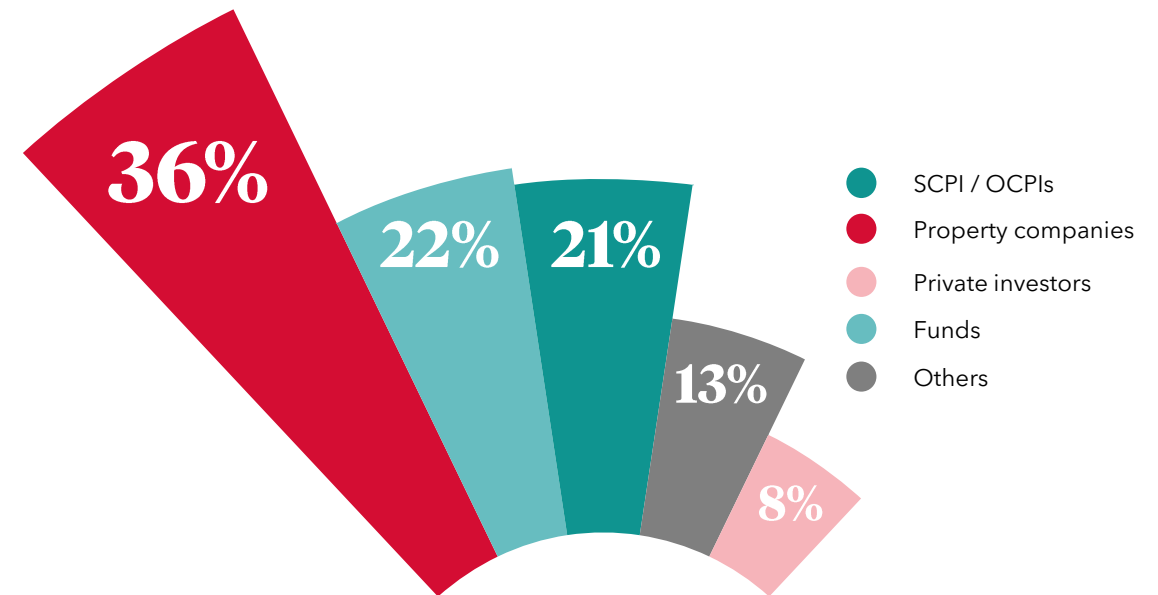
The sale of "Italie Deux" also boosted the share of property companies. **Without this, funds and SCPI/OPCIs would be well ahead. In terms of the number of transactions, SCPIs were the most active**, particularly on the outskirts for small amounts, mostly under €15 million. They have been behind more significant transactions, such as AEW's purchase of Passy Plaza. **Private investors also stood out**, in all formats (high streets, retail parks, shopping centres).

THE FRENCH INCREASE THEIR DOMINANCE
 VOLUMES INVESTED IN RETAIL BY NATIONALITY
 In France, as at H1 2023, as a % of total volume



Source: Knight Frank

SCPIs MOST ACTIVE IN TERMS OF NUMBER OF TRANSACTIONS
 VOLUMES INVESTED IN RETAIL BY TYPE
 In France, as at H1 2023, as a % of total volume



Source: Knight Frank

EXAMPLES OF RETAIL TRANSACTIONS IN FRANCE IN H1 2023

Source : Knight Frank

Address / Asset	Type	Town	Seller	Buyer	Price
Italie Deux (75 %)	SC	Paris 13 th	AXA IM	INGKA CENTRES	> €200M
35-37 avenue Montaigne (Valentino)	HS	Paris 8 th	FONCIÈRE DU TRIANGLE D'OR	KERING	> €200M
Portfolio of outlet centres	OTH	France	AEW (CNP)	MATA CAPITAL	€100-200M
Italie Deux (25 %) + Italik	SC / HS	Paris 13 th	HAMMERSON	INGKA CENTRES	€100-200M
Passy Plaza	SC	Paris 16 th	GENERALI	AEW	€100-200M
B&M portfolio	RP	France	TIKEHAU	IREIT GLOBAL	€50-100M
Castorama, 9-15 bd de Grenelle	HS	Paris 15 th	PRIMONIAL REIM	BLACK SWAN REAL ESTATE CAPITAL	€50-100M
62 avenue des Champs-Élysées*	HS	Paris 8 th	PRIVATE INVESTOR	FINAMAS	< €50M
L'Île Roche	RP	Sallanches (74)	LES ARCHES MÉTROPOLE	BNP PARIBAS REIM	< €50M
Retail park, My Palmeraie	RP	Cabries (13)	-	NORMA CAPITAL	< €50M
Retail park, Zone de Cap'Nor	RP	Tollevast (50)	FERIDIS	ROCHE DUBAR	< €50M
Magnolia portfolio	HS	France	COFINIMMO	SOREMI	< €50M
Casino supermarket	HYP	Saint-Doulchard (18)	CASINO	GROUPE STRAUSS	< €50M
Carrefour Market, 26 ter bd C. Flammarion	HS	Marseille (13)	PRIVÉS	LA FRANÇAISE	< €50M
170 boulevard Haussmann	HS	Paris 8 th	PRIMONIAL REIM	FIDUCIAL GERANCE	< €50M
Three shops, Zone de Mérignac Soleil	RP	Mérignac (33)	KLÉPIERRE	RIVAGE AM	< €50M
Ilo 23	HS	Clermont-Ferrand (63)	QUARTUS	ALTIXIA REIM	< €50M
El Centre del Mon	SC	Perpignan (66)	SOFIDEC	URBAN PREMIUM	< €50M
Retail park, avenue Winston Churchill	RP	Arras (62)	-	IROKO	< €50M

Source: Knight Frank /* Mixed-use asset - partial sale in 2022

NB: HS high street, RP retail park, SC shopping centres, HYP supermarkets, OTH others

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



Italie Deux, Place d'Italie, Paris 13th



35-37 av. Montaigne, Paris 8th

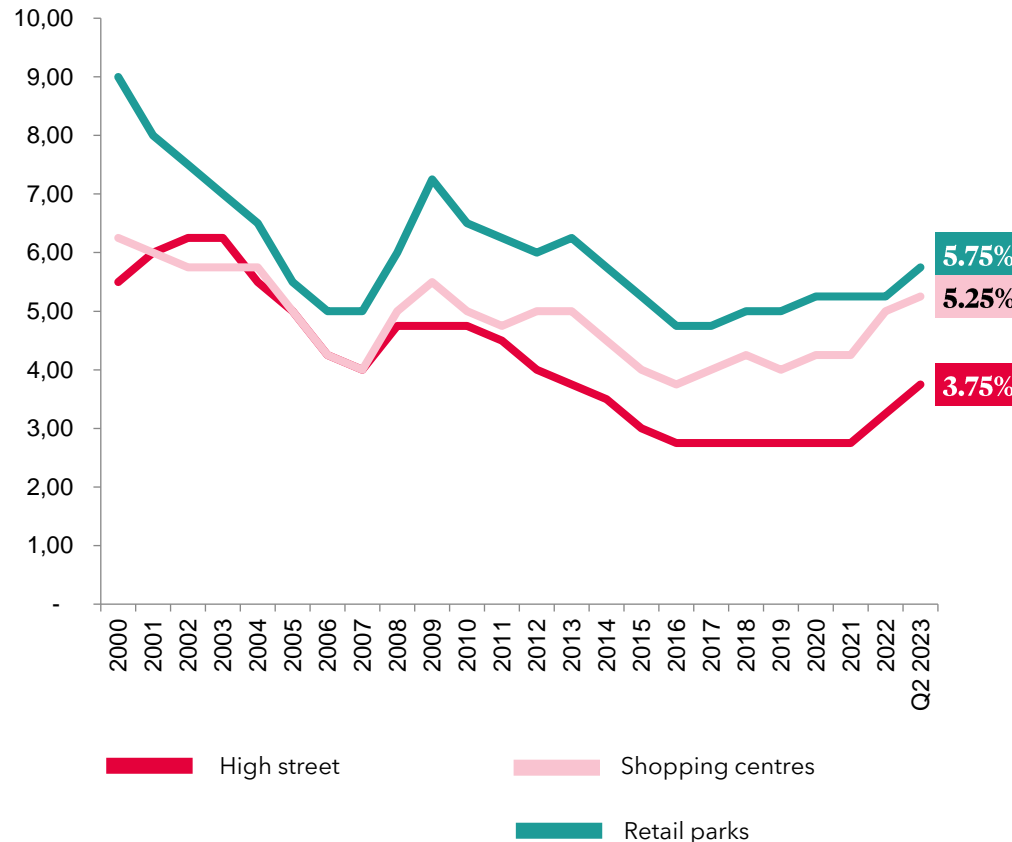


Passy Plaza, Rue de Passy, Paris 16th

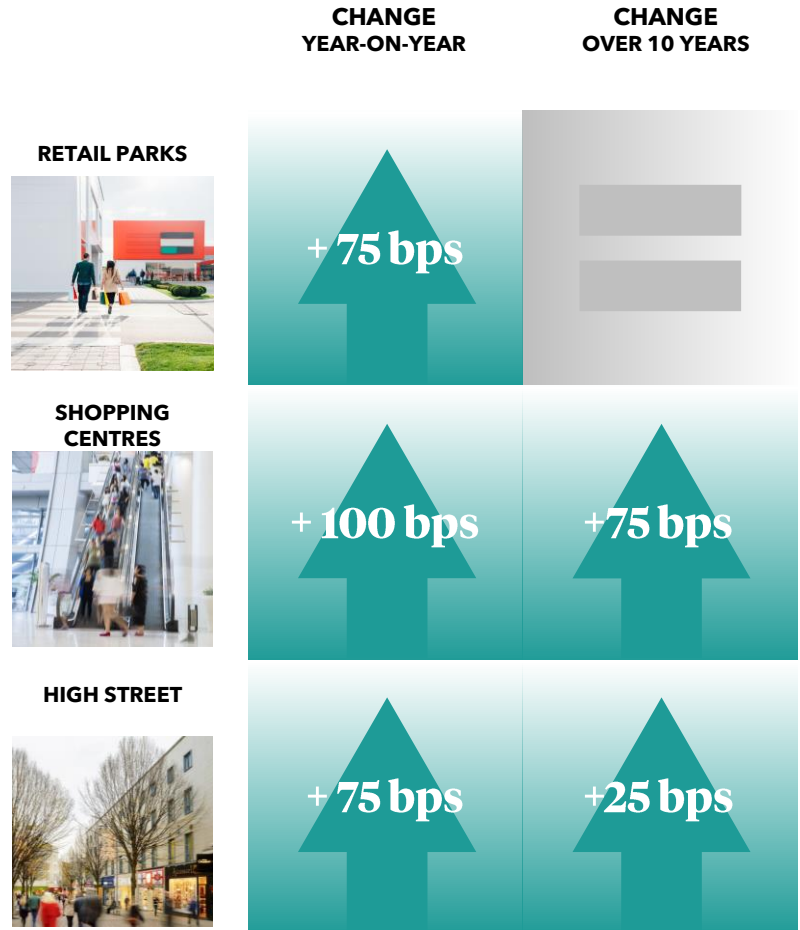
The increase in prime yields that began in H2 2022 continued in H1 2023. Over the year as a whole, **prime yields rose by 75 basis points for Parisian high street assets and retail parks, and by 100 basis points for regional shopping centres.**

Although the rise in interest rates is still hampering activity, **the adjustment in values is now sufficiently pronounced** to convince investors to reinvest on the outskirts or the shopping centre category, or to cautiously increase their exposure to these asset classes.

GENERALISED INCREASE
PRIME RETAIL YIELD
In France, as a %



Source : Knight Frank












INDUSTRIAL





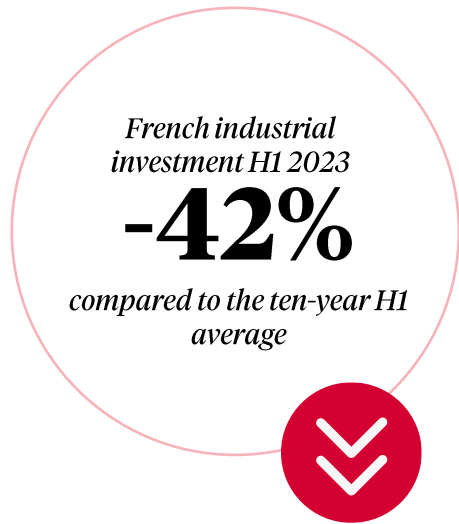
	H1 2023	H1 2022	Annual change
Industrial investment volumes in France	€0.95B	€3.2B	
Share of industrial*	15%	25%	
Number of transactions > €100 M	0	10	
Share of investment volumes in portfolios**	31%	53%	
Share of foreign investors**	29%	67%	
Prime logistics yields	4.50%	3.25%	
Prime light industrial yields	5.50%	4.00%	

*Share of total volume invested in France, all asset types included.
 **Percentage of total volume invested in industrial assets in France.

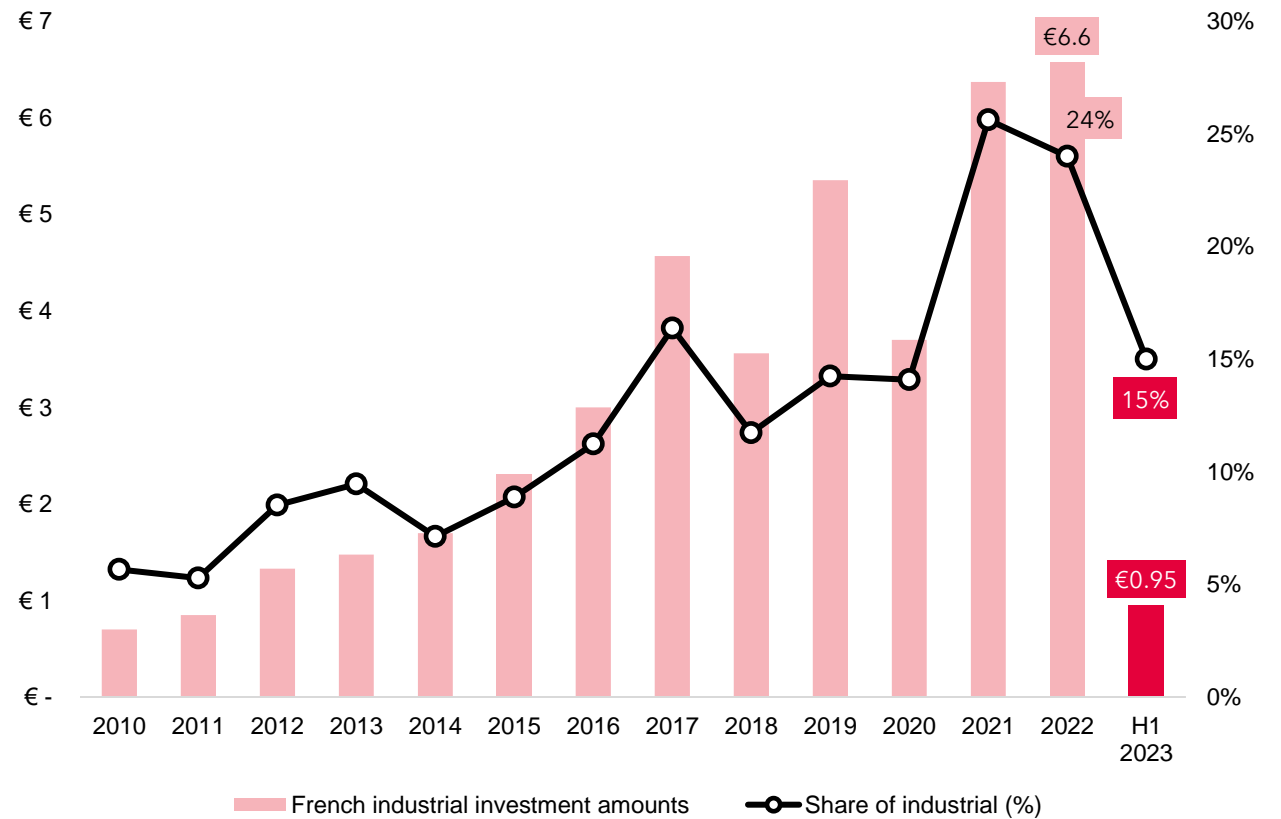
Source: Knight Frank

Volumes invested in the French industrial market **totalled €950 million in H1 2023**, compared with €3.2 billion at the same time last year and an average of €1.6 billion in H1 over the past 10 years. The decrease is particularly marked in the logistics market, where **no sales in excess of €100 million have been recorded** since the start of 2023, compared with 7 sales totalling €1.3 billion in H1 2022.

However, **it was in Q2 that the three most significant transactions of the last six months were finalised**, including JP Morgan's purchase from AMUNDI of a 67,000 sq m logistics platform in Châtres, LA FRANÇAISE's purchase, on behalf of ERAFP, of a 50,000 sq m warehouse near Lyon, and the forward-funding sale to AVIVA INVESTORS of a portfolio of three regional platforms.



IMPROVEMENT EXPECTED
 CHANGE IN INDUSTRIAL INVESTMENT VOLUMES
 In France, in billions of euros



Source : Knight Frank

EXAMPLES OF INDUSTRIAL PROPERTY TRANSACTIONS IN FRANCE IN H1 2023

Source: Knight Frank

Address / Asset	Type	Town	Seller	Buyer	Price
Ruby portfolio (3 assets)	LOG	Toury (28), Sainte-Hermine (85), Récy (51)	EXIA	AVIVA INVESTORS	< €50M
Etche portfolio (17 assets)	LOG / LI	France	KKR / ETCHE	ALDERAN	€50-100M
A logistics platform	LOG	Pont d'Ain (01)	HARBERT MANAGEMENT	LA FRANÇAISE	€50-100M
A logistics platform	LOG	Châtres (77)	AMUNDI	JP MORGAN	€50-100M
Les Marches de l'Oise	LOG / LI	Creil (60)	-	ALDERAN	> €200M
A logistics platform	LOG	Donnery (45)	PRIVATE INVESTOR	BNP PARIBAS REIM	> €200M
A logistics platform	LOG	Saint-Ouen l'Aumône (95)	3M	BOREAL IM / CADILLAC FAIRVIEW	> €200M
A portfolio	LOG	France	-	SCANELL PROPERTIES	> €200M
Parc Innovespace	LI	Chalifert (77)	ALSEI	FONCIERE INEA	> €200M
A portfolio	LOG	France	6e SENS IMMOBILIER	ARKEA REIM	> €200M

Source: Knight Frank

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



Ruby portfolio, France



Etche portfolio, France

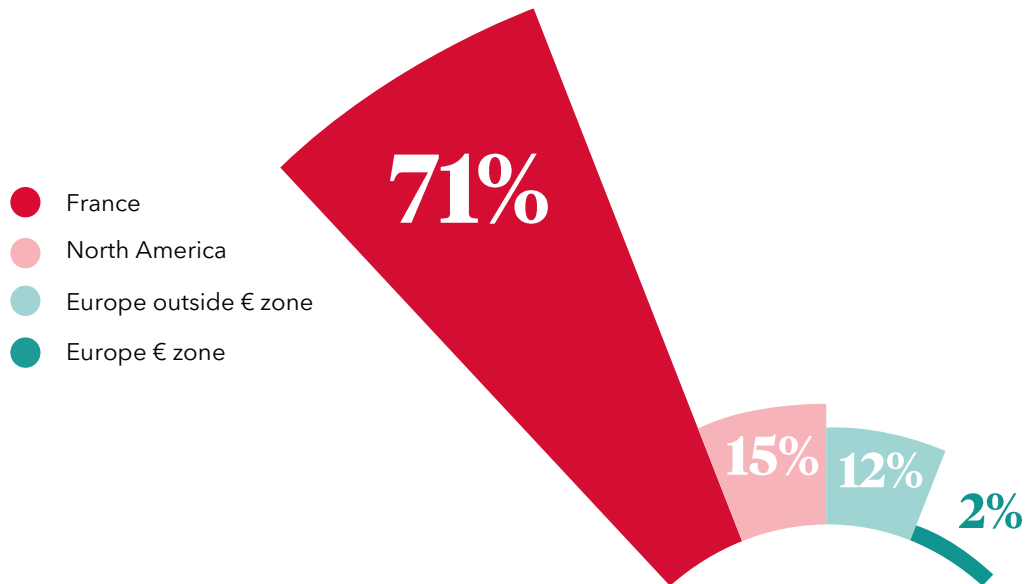


Plateform, Pont d'Ain (01)

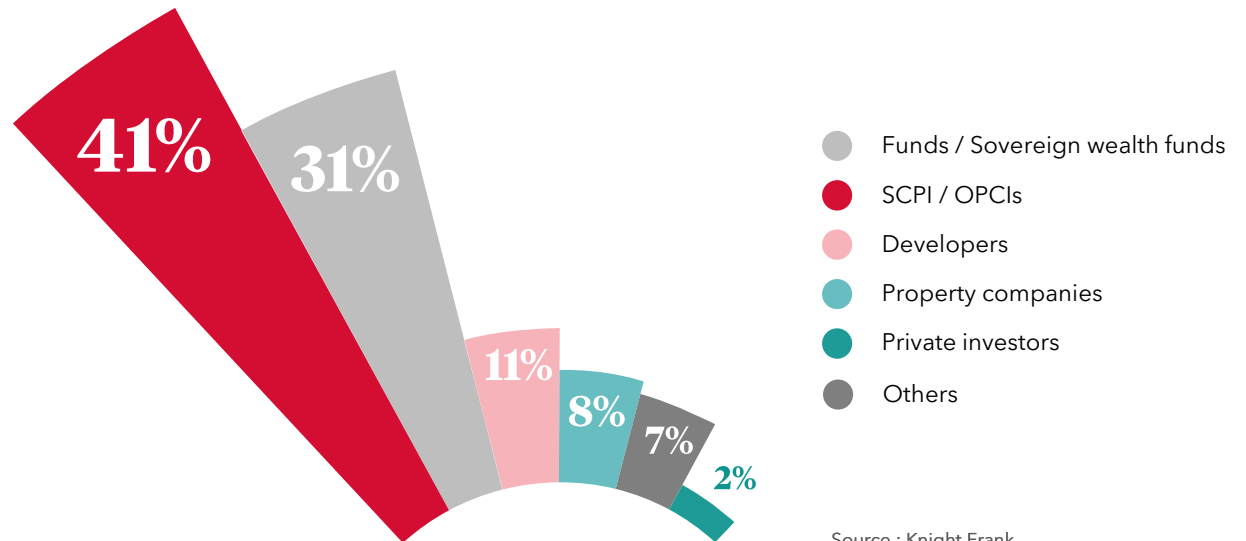
During the first six months of 2023, the industrial market was mainly driven by French investors and by relatively small transactions. This trend is changing. A number of large warehouse portfolios have received numerous expressions of interest and will soon be changing hands. **Foreign investors, who accounted for just 29% of the volume** invested in this asset class in France in H1 2023 will therefore see their share increase. They have already been more active in recent weeks, with AVIVA INVESTORS buying a portfolio of three regional platforms.

Due to the very limited number of large portfolio sales, the proportion of funds is significantly lower than last year (31% compared with 69% in H1 2022). For once, **SCPIs were the best represented**, notably due to ALDERAN's acquisitions (a mixed portfolio purchased from KKR/ETCHE, a mixed property bought in the Oise region for nearly €50 million, etc.) and the sale of a 50,000 sq m warehouse near Lyon to LA FRANÇAISE for almost €60 million on behalf of ERAFP.

FOREIGNERS ON THE BACK FOOT
 VOLUMES INVESTED IN INDUSTRIAL PROPERTY BY NATIONALITY
 In France, as at H1 2023, as a % of total volume



FUNDS AND SCPIs DOMINATE THE MARKET
 VOLUMES INVESTED IN INDUSTRIAL PROPERTY BY TYPE
 In France, as at H1 2023, as a % of total volume

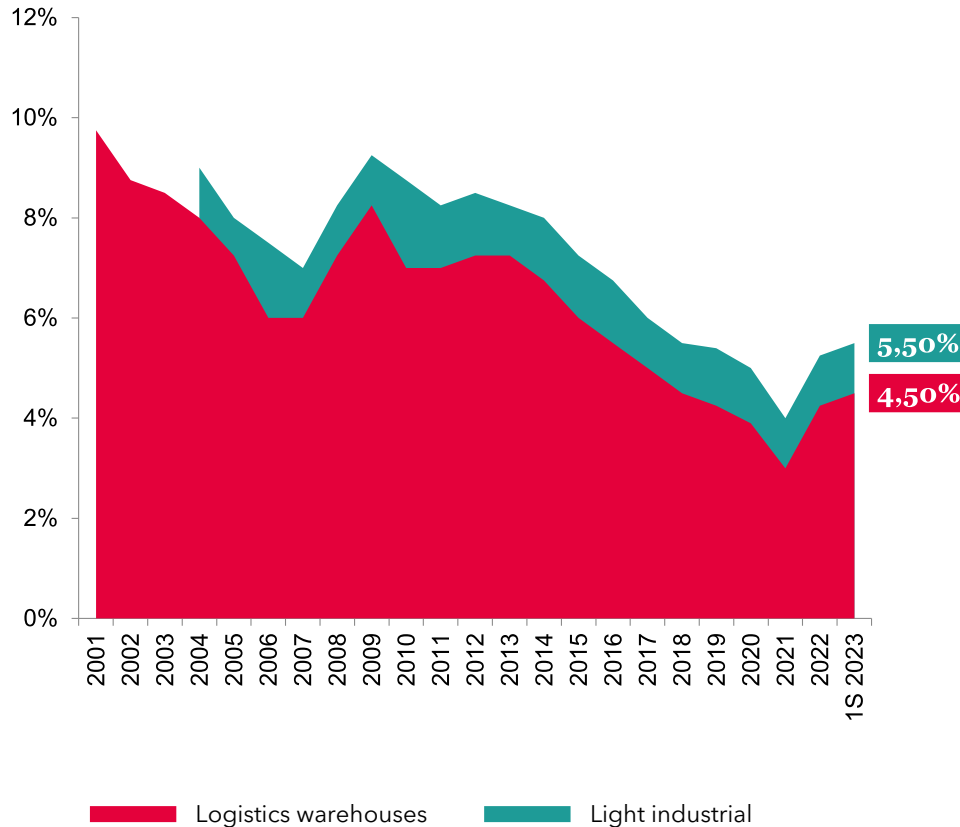


Source : Knight Frank

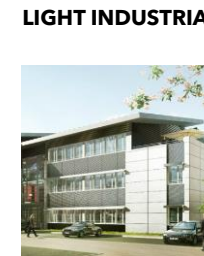
Prime yields had fallen sharply in recent years, compressing by 300 basis points in the logistics sector between 2015 and 2021. **In 2022, yields increased significantly**, rising by 125 basis points between January and December.

Since the beginning of 2023, rates have adjusted upwards slightly, by 25 bps for logistics. The same trend has been observed in the light industrial sector, where **investor demand remains strong given the good fundamentals of the rental market** (rising rental values, limited supply, business needs).

FURTHER RISE IN YIELDS
PRIME INDUSTRIAL YIELDS
In France, as a %



LOGISTICS



LIGHT INDUSTRIAL

CHANGE YEAR-ON-YEAR

+ 125 bps

CHANGE OVER 10 YEARS

- 225 bps

+ 150 bps

- 250 bps

Source : Knight Frank

A solid red vertical bar on the left side of the slide.

OUTLOOK

OUTLOOK

1

While some were hoping for the end of the monetary tightening cycle, **the Fed and the ECB recently announced further rate hikes** because inflation is still too high.

With the 3rd quarter already looking very quiet due to the limited number of large deals being finalised, this latest tightening is very likely to delay the recovery in activity. Over the coming months, **investors and lenders will remain very cautious, and will be paying closer attention than ever to the quality of assets** and the fundamentals of the geographical sectors in which they are located.

After a first half with €6.2 billion invested, **the sums invested in France may not exceed €12-15 billion over 2023 as a whole**, compared with an average of nearly €27 billion over the last ten years.

2

In the longer term, there **are a number of reasons to hope for a gradual recovery in the investment market**. While the readjustment of prices has not yet revived activity, the correction will continue, **gradually closing the gap between the expectations of sellers and buyers**.

In the Greater Paris Region, difficulties in the leasing market and in the construction sector are limiting the launch of new office projects. This should enable a gradual rebalancing of supply and, in time, revive interest in the highest-quality assets, particularly **in the Inner Suburbs where the correction in values is already significant**. The industrial market remains the **target of a large and growing number of investors**, whilst the recovery of the retail market is being confirmed, as evidenced by **the diversity of asset types sold or in the process of being sold** (prime high street assets, retail parks, large out-of-town shopping centres, small town-centre shopping centres).

3

Despite the sharp drop in volumes invested in offices, retail and industrial premises, investment property remains attractive. The desire to invest in property is still there, but **allocation methods are changing, with a move towards greater diversification**. This is not a new trend: despite a temporary fall in volumes, regional offices and logistics, for example, have become more important on the French market in recent years.

This reshuffling of the deck, which has been evident since the outbreak of the health crisis, has become even more apparent in recent months. More and more players are affirming their ambitions in **other asset classes, such as healthcare, life science, managed residential, hotels and education**, where investment volumes are on the rise.



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