

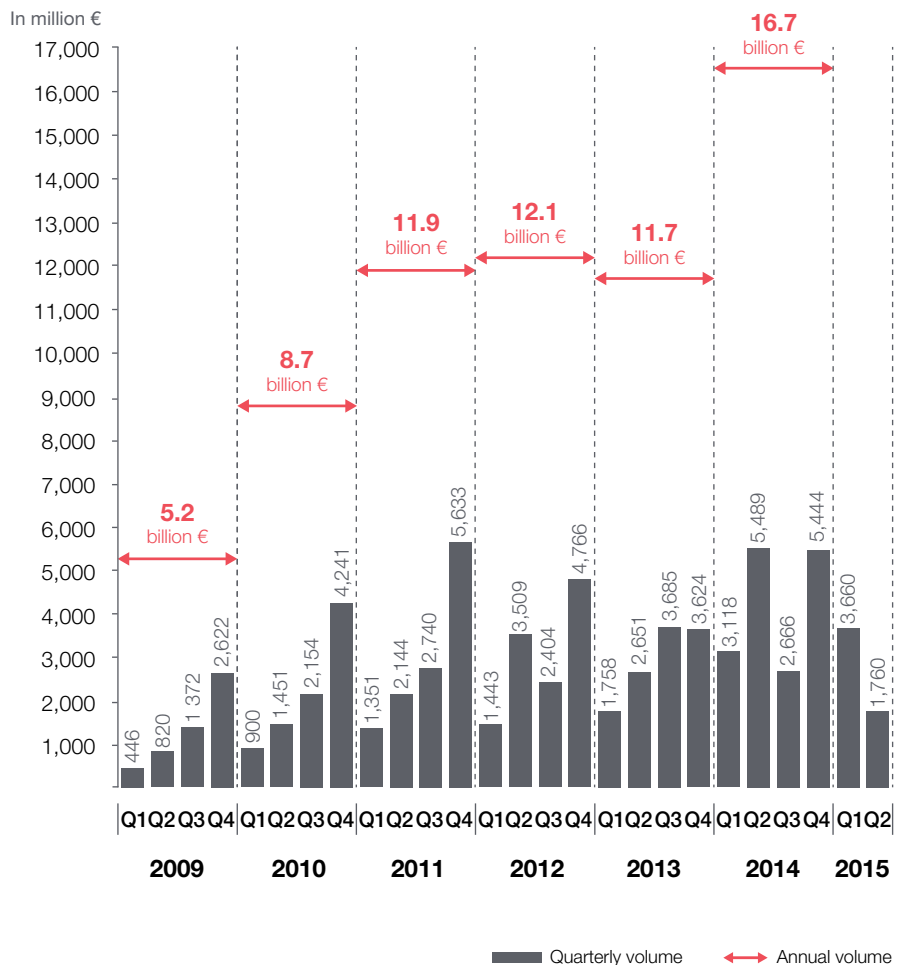
## Volumes invested

**€5.4 billion**

in HY1 2015

(Source: Knight Frank)

- ◆ -37%: the volume invested in commercial real estate in the Paris region fell sharply compared to H1 2014
- ◆ Above all, this comes as a result of the lack of very large transactions (over €500 million), which inflated the volumes taken up last year
- ◆ This overall under-performance for H1 has not dented the optimism that prevails on the market: on transactions under €500 million, volumes invested have slightly increased compared to 2014
- ◆ The investment has experienced a shift to a higher transaction volume but of a lower average value
- ◆ This phenomenon conveys the confidence of investors in the Paris market, who now accept significantly compressed yields on Prime assets and are now turning towards less secure asset profiles
- ◆ The coming months should see a resurgence in the segment of large/very large transactions, which should boost year-end results



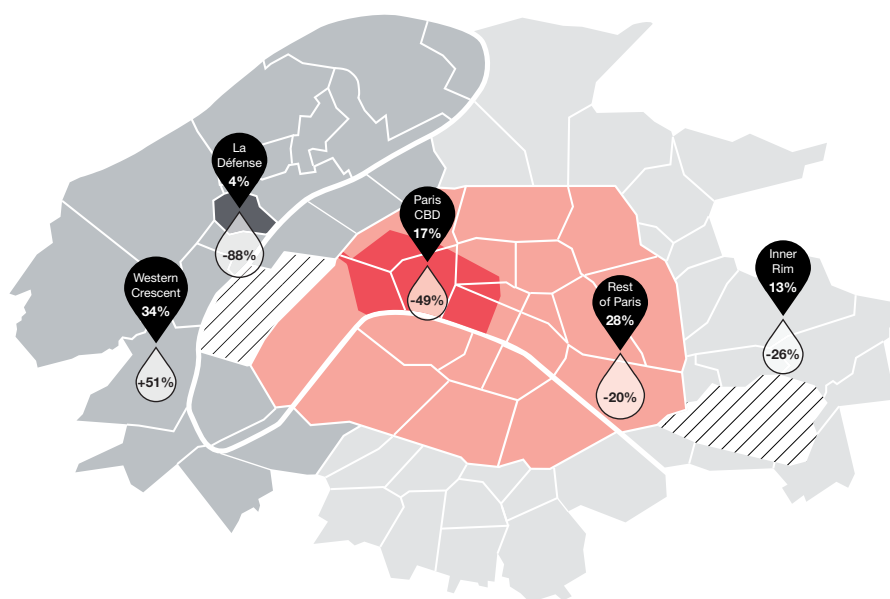
## Geography of the volumes invested

### Out-performance of the Western Crescent

(Source: Knight Frank)

📍 Market share in the volumes invested in the Greater Paris Region in 2015

📉 Trends in volumes invested in 2015 compared with 2014



Volume invested in 2015 per geographical sector (in million €)

Paris CBD	Rest of Paris	La Défense	Western Crescent	Inner Rim	Other	Total Ile-de-France
907	1,496	190	1,827	700	303	5,423

## Examples of transactions

(Source: Knight Frank)

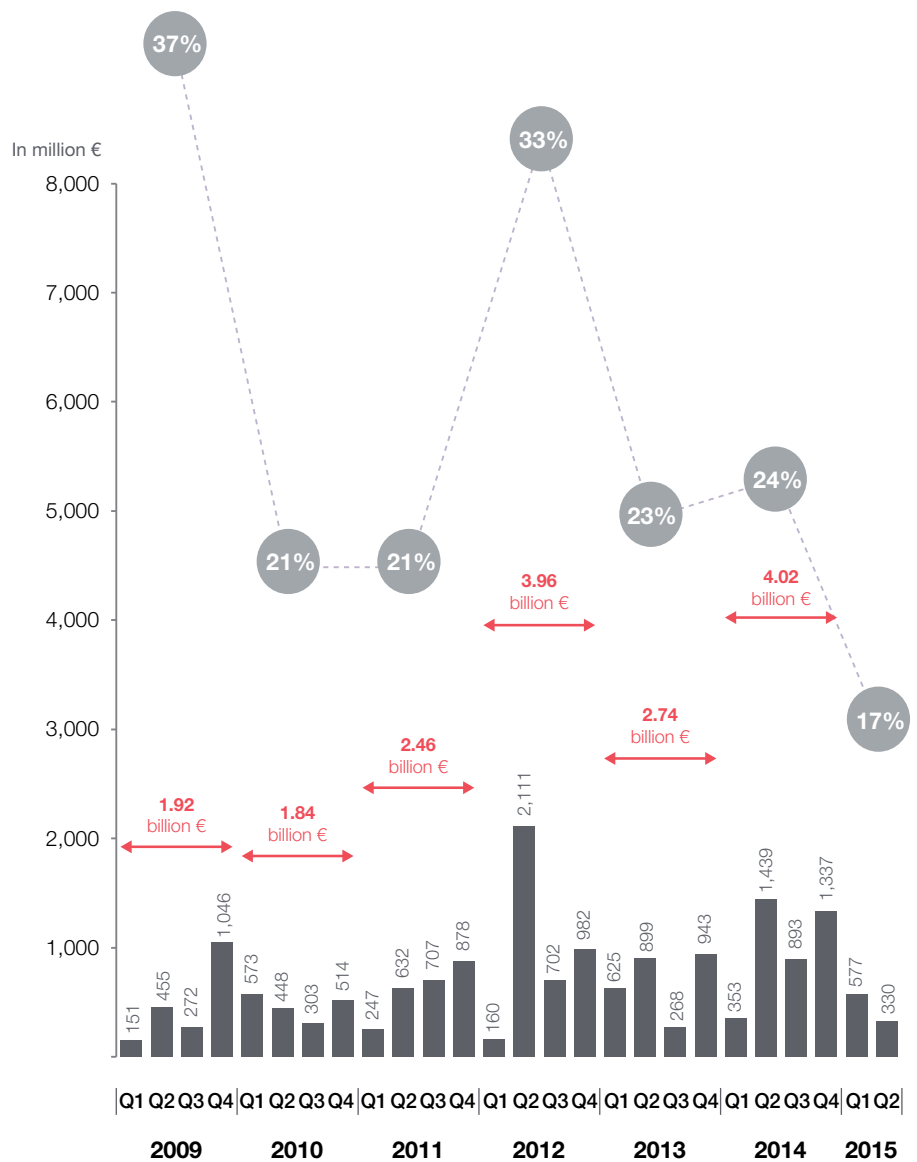
Date	Address	Geographical sector	Area	Price	Yield	Purchaser	Vendor
June 2015	Colisée 3 & 4	Inner Rim	24,300 sq m	159 M€	NA	Amundi	Blackstone
June 2015	9 Percier	Paris CBD	6,000 sq m	68 M€	NA	SFL	Eurosic
April 2015	Tours Pascal	La Défense	63,500 sq m	190 M€	NA	Goldman Sachs/Altafund	Morgan Stanley
March 2015	Le Cotentin	Rest of Paris	16,800 sq m	138 M€	5.35%	Primonial	ACMN Vie
Feb. 2015	23/25 Marignan	Paris CBD	12,500 sq m	215 M€	4.00%	CNP Assurances	Invesco
Feb. 2015	Le Ponant	Rest of Paris	8,000 sq m	90 M€	4.50%	HSBC Reim	AG2R La Mondiale
Jan. 2015	Ecowest	Western Crescent	58,000 sq m	477 M€	NA	Adia	BNP Paribas
Jan. 2015	City 2	Western Crescent	28,500 sq m	188 M€	NA	Gecina	BNP Paribas
Jan. 2015	Le Prisme	Inner Rim	14,500 sq m	85 M€	5.75%	Aviva Investors	DeAwm

# Spotlight on the CBD

**-49%** in HY1 2015 compared to 2014

(Source: Knight Frank)

- ◆ The fall in volumes invested in the CBD is much greater than that observed over the entire region (-49% compared to -37%)
- ◆ The relative share of the CBD in the regional market fell sharply to 17%, which is the lowest level that it has experienced for a long time
- ◆ These poor results are not a sign of investors' disenchantment in the CBD. They are simply the result of a substantial lack of supply in sellable assets
- ◆ Thus, the CBD is "paying" for the excellent performance seen in previous years and are now experiencing an absence of transactions
- ◆ The CBD market can be said to be Malthusian in nature, penalised by its hyper-specialisation in Core assets



■ Quarterly volume    ↔ Annual volume    ● Regional market share

## Distribution by asset types

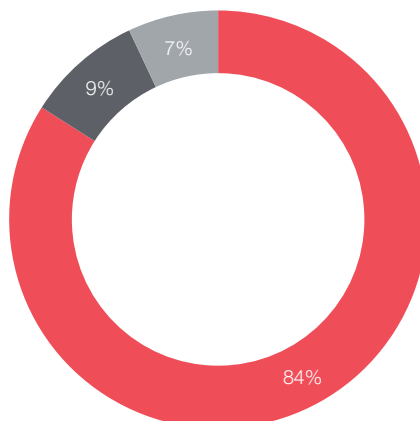
### Ultra specialisation

maintained on office assets

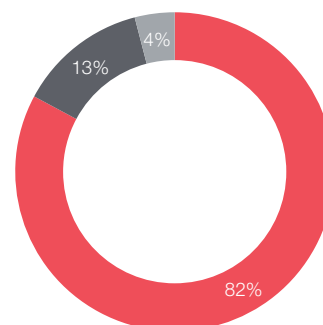
(Source: Knight Frank)

- Offices
- Retail
- Other assets

H1 2015



Year 2014



## Distribution by risk profiles

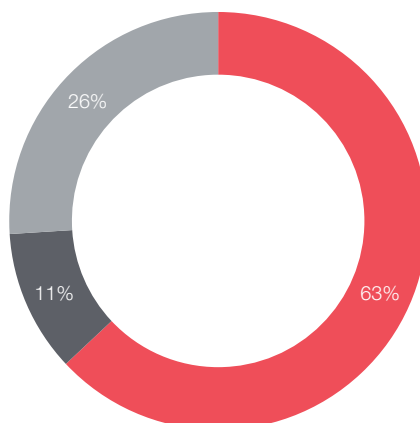
### Strong comeback

of Value Added assets

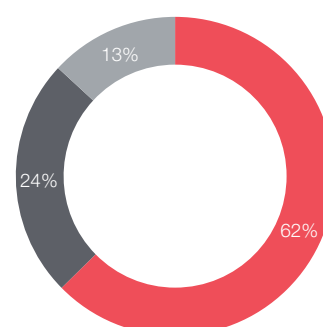
(Source: Knight Frank)

- Core
- Core Plus
- Others

H1 2015



Year 2014



## Distribution by amounts

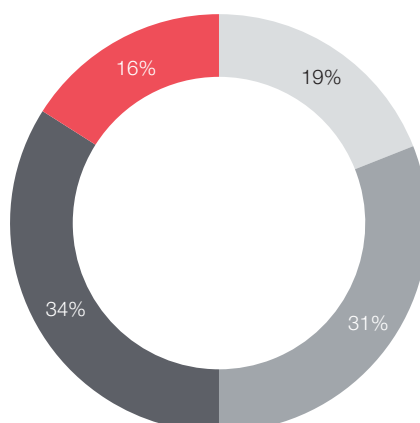
### Reopening of the game

on small and medium transactions

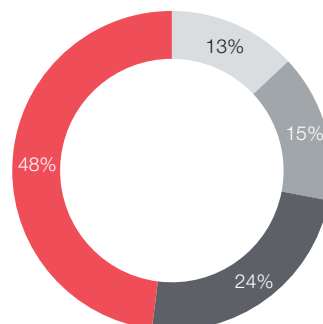
(Source: Knight Frank)

- Less than 50 million €
- 50 to 100 million €
- 100 to 200 million €
- More than 200 million €

H1 2015



Year 2014



## Distribution by purchaser nationality

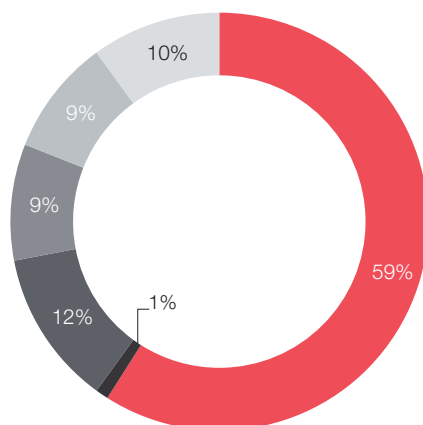
### Redistribution of the cards

between international investors

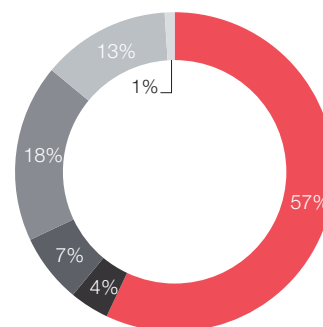
(Source: Knight Frank)

- France
- Euro Zone
- Europe (excl. Euro Zone)
- Northern America
- Asia/Middle East
- Others

H1 2015



Year 2014



## Prime yield

### Drastic fall

in Prime asset yields

(Source: Knight Frank)

- ◆ The compression in Prime yields, which was for a long time limited to the CBD and experienced a break in 2014, continued into 2015
- ◆ With a range now comprised between 3.50 and 3.75% in the CBD, Prime yields are now at their historic low, as in 2007
- ◆ However, a difference in size prevails compared to 2007: the bond yields spread continues to show a clear advantage for real estate assets (+2.66% compared to -0.45%)
- ◆ The Prime yields spread between the CBD and other markets, remains significant although the fall has now extended to the entire Paris region
- ◆ The yields spread between Core, Core Plus and other asset classes has tended to increase within each geographical sector, which contributes which contributes to investors renewed interest in Value Added assets

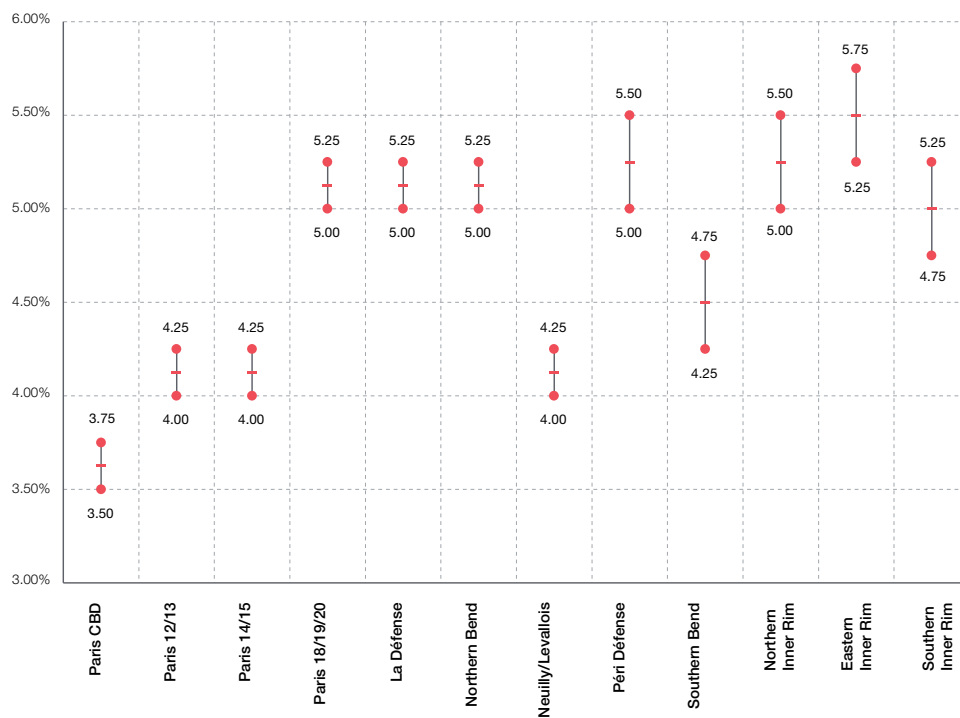


## Prime yield

### Widespread compression in Q2 2015

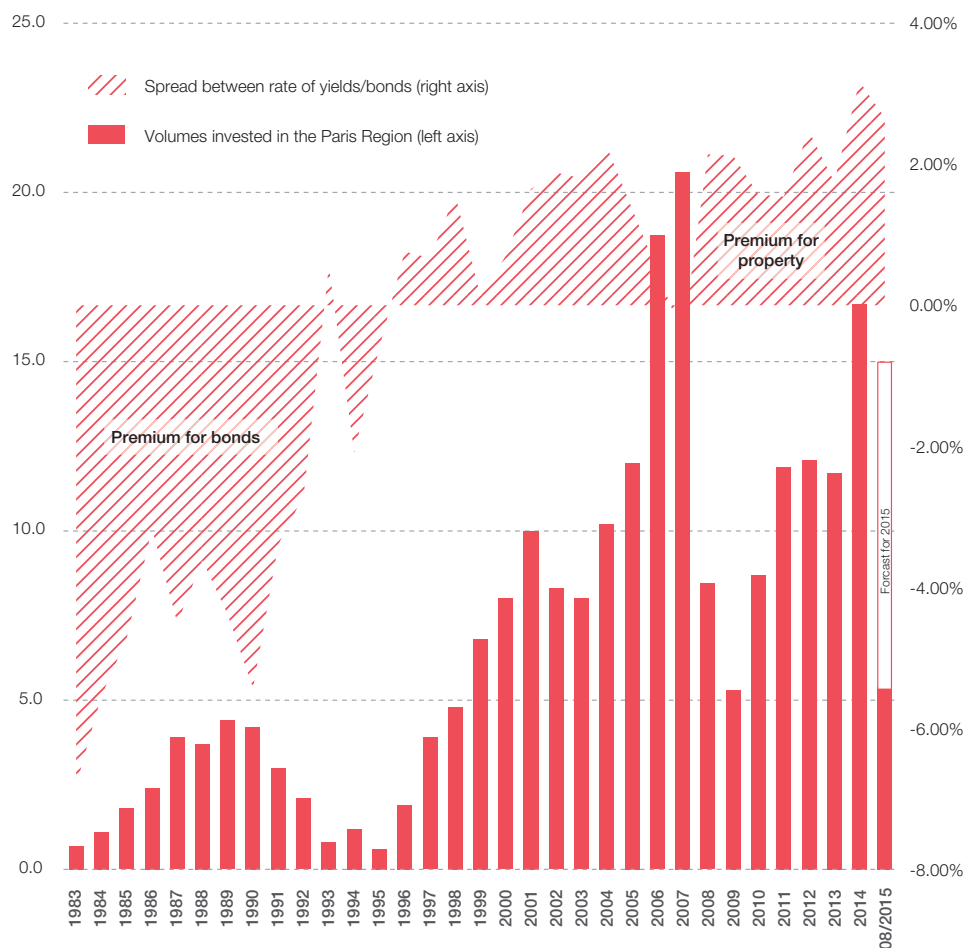
in Q2 2015

(Source: Knight Frank)



## Comparison of Prime yield and bond returns

(Source: Knight Frank)



# RESEARCH

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