

PRESS RELEASE

## BNP PARIBAS REAL ESTATE COMMENTS ON THE IMMOSTAT INDICATORS

### Île-de-France office market and investment in France: 2016 summary

Over the full year 2016, **office take-up in Île-de-France came to 2,410,000 m<sup>2</sup>**. It saw **marked growth over one year (+7%)** and exceeded its 10-year average (2,280,000 m<sup>2</sup>) for the first time since 2012. *"The segment of large units (over 5,000 m<sup>2</sup>) bounced back (+23%) to around 900,000 m<sup>2</sup> across 65 transactions. The market for small and medium-sized units (less than 5,000 m<sup>2</sup>) stabilised at a particularly high level, exceeding 1.5 million m<sup>2</sup>. Within these overall impressive figures, there are nevertheless major regional disparities, notably with a particularly high share of take-up in Paris (46%) as well as a record level at La Défense, with 275,000 m<sup>2</sup> transacted (+93%)"* notes Guillaume Delattre, Vice-President of BNP Paribas Real Estate Advisory France.

**The office vacancy rate in Île-de-France has fallen significantly** in the space of a year, from 7.4% to 6.7% as of January 1, 2017. The steepest fall in supply was in the capital, where the vacancy rate now stands at just 3.3%. This has prompted a sharp increase in Parisian rents, particularly in the Central Business District (+9% on average over the last two years) which has also seen more moderate incentives (16%). Conversely, as supply is still abundant in the Western Crescent (12.2%), headline rents have not moved by much and incentives remain high in both Péri-Défense (27%) and on the Southern River Bend (23%).

**There was a sharp increase in supply of offices under construction** to 1.1 million m<sup>2</sup> as of January 1, 2017 (+38% over one year), throughout the Paris region, boosting completions available for take-up in 2017 and 2018 in most districts. *"In this context, the fall in the vacancy rate is likely to give way to upward pressure on office availability in Ile-de-France in 2017. However, speculative building intentions are already falling, enabling us to rule out any ballooning of supply"* indicates Richard Malle, Head of Research for BNP Paribas Real Estate.

Against a global backdrop full of economic and geopolitical events, the French real estate market confirmed its appeal, with about **30% of investments made by international buyers, notably US, British and Chinese**. *"Investment in commercial real estate in France came in at € 30.4bn over 2016, making it the third best year ever, not far behind 2015 (€ 32bn) and 2007 (€ 31bn). The mega deals continued throughout 2016, with about 80 transactions for over €100m"* observes Laurent Boucher, Chairman of BNP Paribas Real Estate Advisory France. In Q4 2016, there was little change in prime office yields in Paris CBD (3.15%) or the Western Crescent (3.65 %), but they narrowed in La Défense (4.75%) as well as the Inner Rim (4.35%).

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