

# CENTRAL PARIS

Prime rents are expected to slightly increase in the coming years



## Good fundamentals in Paris Inner City

From low activity that stretched from January to June, take-up in Central Paris finally ended the year up slightly (+2%) compared to 2014, with 1.9 million m<sup>2</sup> transacted in 2015. While deals over 5,000 m<sup>2</sup> slipped 14% in volume compared to 2014, small and medium-sized units increase by 13%. The shift back by occupiers to traditional business districts was advantageous to Paris Inner City, whether in the CBD or the non-CBD districts. Aside from the Southern River Bend and Péri-Défense, the other districts outside Paris were more challenged. The vacancy rate in Central Paris decreased in Q4 2015 vs. Q4 2014 to stand at 8%, representing a vacant space of 2.78 million m<sup>2</sup>, including 20% of new offices. The highest vacancy rates are still in the districts of the Western Crescent (16.4% in Péri-Défense) and the lowest in Paris Inner City (4.7%). The prime CBD rent increased from € 750/m<sup>2</sup>/year to € 800/m<sup>2</sup>/year over one year. Due to high competition for new prime buildings and with few completions expected, prime rents are forecast to increase in the coming years. Real effective rents remain at moderate levels and offer potential for growth.

## Strong investment activity in Central Paris

Investment in commercial real estate in Central Paris climbed 17% in 2015 to reach € 20.6 billion. Offices remain by far the favourite asset category, with € 15.5 billion. Most investors are focused on secured, large-scale deals. With € 6.8 billion invested in 2015, Paris Inner City remained the most appealing market for investors.

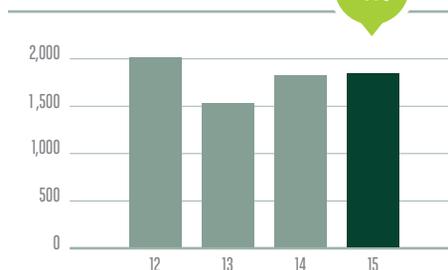
Given the scarcity of core assets and the high capital values in Paris, some investors have started looking to the near suburbs. Yields have further contracted due to the combined impacts of high liquidity and the decline of key interest rates.

Prime yields should remain stable in 2016 in Paris CBD at 3.25%, but they could fall further in the Western Crescent, in Paris non-CBD and the Inner Rim. Nonetheless the real estate risk premium remains higher than its 10-year average, exhibiting a spread of over 225 basis points.



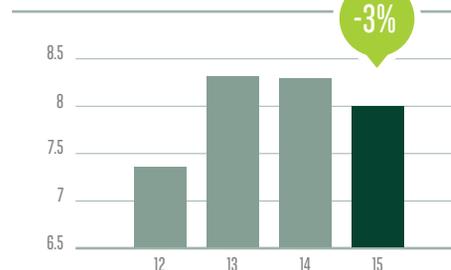
### Take-up (thousand m<sup>2</sup>)

+1%



### Vacancy rate (%)

-3%



### Office investment (€ million)

+14%



### Prime office: rents & yields



## Main office transactions - letting & sales

Occupier	Space (m <sup>2</sup> )	Building-address	Submarket
Accor	43,000	Tour Sequana	Issy-les-Moulineaux
DSAF	43,500	Ilot Fontenoy Ségur	Paris 07
Novartis	42,200	Les Fontaines	Rueil-Malmaison

## Main office transactions - investment

Buyer	Price € million	Building-address	Submarket
Adia	477	Ecowest	Levallois
Primonial	308	91-93 Pasteur	Paris 15
Gecina	1,228	Tour 1 & Tour B2	La Défense

Source : BNP Paribas Real Estate



# OFFICE MARKET

	Take-up (m <sup>2</sup> )			Vacancy Rate (%)			Prime Rent (€/m <sup>2</sup> /year)		
	15	14	13	Q4 15	Q4 14	Q4 13	Q4 15	Q4 14	Q4 13
<b>Central Paris</b>	1,890,047	1,864,190	1,559,176	8.0%	8.3%	8.3%	800	750	750
<b>Central London</b>	1,275,480	1,490,932	1,199,258	4.3%	5.1%	6.5%	1,906	1,723	1,598
<b>Moscow</b>	962,000	506,892	523,290	16.0%	17.0%	12.8%	475	444	326
<b>Berlin</b>	814,000	609,000	453,000	4.2%	4.7%	5.4%	300	276	264
<b>Munich</b>	741,000	597,000	603,000	4.5%	6.2%	6.4%	426	414	402
<b>Warsaw</b>	555,000	400,000	451,000	12.5%	13.5%	11.7%	264	276	300
<b>Hamburg</b>	529,000	513,000	440,000	5.9%	6.3%	6.2%	306	300	300
<b>Madrid</b>	451,527	370,118	365,213	15.5%	16.0%	15.3%	336	318	288
<b>Frankfurt</b>	438,000	411,000	493,000	10.8%	11.4%	12.0%	456	456	456
<b>Milan</b>	382,081	278,787	231,502	13.0%	13.2%	12.6%	480	480	490
<b>Barcelona</b>	361,920	233,694	172,877	12.9%	15.4%	17.1%	240	228	210
<b>Budapest</b>	341,791	251,606	190,572	12.1%	16.2%	18.4%	204	192	192
<b>Brussels</b>	298,323	437,777	314,629	9.8%	10.3%	10.5%	265	265	265
<b>Lyon</b>	272,483	242,627	251,655	6.6%	6.2%	5.9%	295	280	315
<b>Dublin</b>	259,868	246,941	195,677	10.2%	13.2%	18.2%	592	484	377
<b>Luxembourg</b>	229,519	206,828	150,005	4.1%	4.6%	5.2%	540	480	480
<b>Amsterdam</b>	220,331	230,056	236,189	15.0%	17.3%	17.6%	367	365	350
<b>Vienna</b>	210,000	250,000	300,000	6.4%	6.6%	6.6%	312	309	306
<b>Bucharest</b>	202,000	233,800	173,900	11.2%	12.6%	14.5%	216	216	216
<b>Saint Petersburg</b>	178,300	189,095	153,853	12.8%	12.0%	9.1%	214	323	228
<b>Lille**</b>	172,086	165,791	171,384	198,108	230,498	248,491	220	220	220
<b>Marseille**</b>	154,927	126,375	106,742	228,350	262,214	234,606	270	265	260
<b>Rome</b>	146,021	110,763	159,882	8.0%	8.2%	7.6%	400	400	400
<b>Lisbon</b>	144,513	126,529	77,802	11.1%	12.1%	13.2%	222	228	222
<b>Manchester</b>	122,301	123,802	81,812	12.6%	14.7%	16.6%	469	440	440
<b>Toulouse</b>	115,963	140,063	109,836	4.9%	4.7%	5.0%	204	206	210
<b>Zurich</b>	106,400	-	-	2.9%	2.8%	2.7%	877	895	904
<b>Birmingham</b>	88,608	66,283	61,701	8.4%	11.1%	13.9%	440	440	418
<b>Edinburgh</b>	85,006	80,080	68,183	9.5%	12.2%	12.4%	440	432	432
<b>Oslo</b>	82,832	100,000	110,000	8.4%	8.1%	8.1%	449	456	409
<b>Glasgow</b>	75,058	85,514	77,241	11.5%	16.5%	16.7%	425	418	396
<b>Athens</b>	52,000	-	-	12.1%	13.0%	14.0%	216	216	168
<b>Istanbul*</b>	377,312	469,597	323,819	15.5%	16.7%	9.0%	441	441	441
<b>Prague*</b>	173,000	-7,000	43,647	14.6%	15.3%	13.0%	228	234	246
<b>Helsinki*</b>	147,551	23,638	9,500	13.3%	13.0%	12.5%	356	355	345
<b>Bratislava*</b>	71,296	28,000	-20,000	8.9%	13.8%	14.5%	190	186	186
<b>Vilnius*</b>	34,600	34,330	30,390	2.9%	2.3%	6.2%	180	180	177
<b>Tallinn*</b>	31,342	17,662	35,268	7.0%	5.5%	5.5%	210	210	204
<b>Geneva*</b>	28,114	-43,263	-20,387	4.1%	1.6%	1.9%	744	766	829
<b>Belgrade*</b>	25,420	5,655	50,892	5.0%	9.0%	9.5%	204	198	168
<b>Riga*</b>	12,923	39,253	12,290	6.7%	8.5%	7.5%	175	168	152
<b>Stockholm*</b>	10,000	175,000	121,588	8.8%	9.0%	8.9%	533	506	490

Source : BNP Paribas Real Estate

\*: Net absorption

\*\* : office supply (m<sup>2</sup>)

Constant Exchange Rate (Q4 2015 average) €/£: 1,3625 - €/CHF: 0,9229 - €/SEK: 0,1088 - €/NOK: 0,1041 - €/US\$: 0,9185

# INVESTMENT MARKET

	Investment volume (€ million)			Investment volume by product as % of 2015				Net office prime yield (%)		
	2015	2014	2013	% Office	% Retail	% Indust.	% Others	Q4 15	Q4 14	Q4 13
<b>Central London</b>	29,431	30,120	33,156	83%	8%	0%	9%	3.25%	3.50%	3.75%
<b>Central Paris</b>	20,631	17,611	12,437	75%	11%	2%	12%	3.25%	4.00%	4.50%
<b>Berlin</b>	8,283	4,276	3,589	54%	25%	2%	19%	4.00%	4.45%	4.70%
<b>Frankfurt</b>	6,016	5,318	3,893	75%	12%	2%	11%	4.30%	4.50%	4.65%
<b>Munich</b>	6,001	5,347	4,740	67%	11%	3%	19%	3.65%	4.25%	4.40%
<b>Stockholm</b>	5,777	7,517	4,304	56%	19%	11%	13%	4.00%	4.45%	4.50%
<b>Madrid</b>	5,592	3,692	976	54%	25%	4%	17%	4.50%	5.00%	6.00%
<b>Milan</b>	4,491	1,229	1,597	61%	10%	0%	30%	4.90%	5.40%	5.75%
<b>Hamburg</b>	3,983	3,824	2,674	60%	8%	11%	21%	4.00%	4.40%	4.65%
<b>Oslo**</b>	3,485	1,955	2,225	46%	43%	7%	4%	4.25%	4.75%	5.00%
<b>Prague</b>	2,837	2,061	1,137	13%	0%	0%	87%	5.75%	6.00%	6.25%
<b>Dublin</b>	2,621	3,590	1,614	64%	12%	2%	21%	4.25%	4.75%	6.25%
<b>Vienna</b>	2,480	2,045	1,030	67%	13%	0%	21%	4.45%	4.70%	4.90%
<b>Geneva</b>	1,975	400	756	53%	0%	0%	47%	3.26%	3.30%	3.20%
<b>Amsterdam</b>	1,864	2,148	1,546	67%	15%	3%	14%	5.10%	5.45%	5.55%
<b>Lisbon</b>	1,790	317	280	45%	57%	5%	-6%	5.50%	6.25%	7.50%
<b>Helsinki**</b>	1,775	962	1,107	63%	33%	2%	2%	4.70%	4.70%	5.20%
<b>Brussels</b>	1,577	1,790	1,136	85%	6%	3%	6%	4.20%	5.00%	5.00%
<b>Birmingham</b>	1,447	1,148	1,054	68%	9%	2%	20%	5.00%	5.25%	5.75%
<b>Lyon</b>	1,391	827	925	57%	22%	15%	5%	4.80%	5.30%	5.70%
<b>Manchester</b>	1,285	1,841	1,120	66%	9%	7%	17%	5.25%	5.25%	5.75%
<b>Barcelona</b>	1,250	1,327	1,216	41%	15%	8%	36%	5.00%	5.50%	6.50%
<b>Rome</b>	1,062	717	1,107	42%	4%	6%	48%	5.40%	5.80%	6.25%
<b>Luxembourg</b>	888	824	629	61%	1%	0%	39%	5.20%	5.35%	5.35%
<b>Glasgow</b>	842	1,066	689	55%	23%	11%	11%	5.25%	5.25%	5.75%
<b>Warsaw</b>	836	1,410	1,107	71%	7%	22%	0%	5.50%	6.15%	6.00%
<b>Edinburgh</b>	801	818	350	59%	19%	2%	20%	5.25%	5.25%	5.75%
<b>Istanbul</b>	752	1,157	827	0%	0%	0%	100%	6.50%	6.75%	7.25%
<b>Budapest</b>	745	430	280	60%	0%	0%	40%	7.25%	7.75%	7.75%
<b>Bratislava*</b>	560	83	214	-	-	-	-	6.90%	7.15%	7.25%
<b>Tallinn</b>	428	85	86	27%	37%	3%	34%	7.00%	7.00%	7.25%
<b>Bucharest</b>	414	574	242	46%	23%	30%	1%	7.75%	8.00%	8.25%
<b>Marseille</b>	355	651	269	24%	19%	51%	9%	6.00%	6.10%	6.10%
<b>Riga</b>	338	130	172	26%	74%	0%	0%	7.25%	7.25%	7.75%
<b>Belgrade</b>	259	49	0	0%	100%	0%	0%	8.50%	9.00%	9.50%
<b>Lille</b>	238	242	227	75%	3%	22%	0%	5.60%	5.60%	5.70%
<b>Zurich</b>	192	1,187	567	58%	42%	0%	0%	2.40%	2.90%	2.80%
<b>Vilnius</b>	190	178	126	53%	32%	4%	11%	7.00%	7.00%	7.50%
<b>Toulouse</b>	173	463	233	72%	8%	20%	0%	6.00%	6.00%	6.20%

Source : BNP Paribas Real Estate

\*: Total investment In Slovakia (source RCA)

\*\* : Source RCA

# 6 BUSINESS LINES in Europe

## A 360° vision

### Main locations

#### EUROPE

##### FRANCE

167, Quai de la Bataille  
de Stalingrad  
92867 Issy-les-Moulineaux  
Tel.: +33 1 55 65 20 04

##### GERMANY

Goetheplatz 4  
60311 Frankfurt  
Tel.: +49 69 2 98 99 0

##### BELGIUM

Bd Louis Schmitlaan 2 B3  
1040 Brussels  
Tel.: +32 2 290 59 59

##### SPAIN

C/Genova 17  
28004 Madrid  
Tel.: +34 91 454 96 00

##### HUNGARY

Alkotás u. 53  
H-1123 Budapest  
Tel.: +36 1 487 5501

##### IRELAND

20 Merrion Road  
Ballsbridge, Dublin 4  
Tel.: +353 1 66 11 233

##### ITALY

Via Carlo Bo, 11  
20143 Milan  
Tel.: +39 02 58 33 141

##### JERSEY

3Floor, Dialogue House  
2-6 Anley Street  
St Helier, Jersey JE4 8RD  
Tel.: +44 (0)1 534 629 001

##### LUXEMBOURG

Axento Building  
Av J.F. Kennedy 44  
1855 Luxembourg  
Tél.: +352 34 94 84  
Investment Management  
Tel.: +352 26 26 06 06

#### NETHERLANDS

Antonio Vivaldistraat 54  
1083 HP Amsterdam  
Tel.: +31 20 305 97 20

#### POLAND

Atrium Tower  
Al. Jana Pawla II 25  
00-854 Warsaw  
Tel.: +48 22 653 44 00

#### CZECH REPUBLIC

Pobrezni 620/3  
186 00 Prague 8  
Tel.: +420 224 835 000

#### ROMANIA

Banul Antonache  
Street N°40-44  
Bucharest 010031  
Tel.: +40 21 312 7000

#### UNITED KINGDOM

5 Aldermanbury Square  
London EC2V 7BP  
Tel.: +44 20 7338 4000

#### MIDDLE EAST / ASIA

##### ABU DHABI

Hazza'a Bin Zayed Street  
Area 19/02 plot n°186  
P.O. Box 2742 Abu Dhabi  
Tel.: +971 44 248 277

##### DUBAI

Emaar Square  
Building n°1, 7th Floor  
P.O. Box 7233 Dubai  
Tel.: +971 44 248 277

##### HONG KONG

25/F Three Exchange Square  
8 Connaught Place Central  
Hong Kong  
Tel.: +852 2909 2806

### Alliances

#### ALGERIA \*

#### AUSTRIA

#### CYPRUS

#### IVORY COAST \*

#### ESTONIA

#### USA

#### FINLAND

#### GREECE

#### HUNGARY \*\*

#### LATVIA

#### LITHUANIA

#### MOROCCO

#### NORTHERN

#### IRELAND

#### NORWAY

#### RUSSIA

#### SERBIA

#### SWEDEN

#### SWITZERLAND

#### TUNISIA \*

#### TURKEY

\* Coverage via our alliance in Morocco  
\*\* In Transaction, Consulting & Valuation

### Contacts

#### Alliances

Florence Hesse  
Tel.: +33 (0)1 47 59 17 38  
florence.hesse@bnpparibas.com

#### Research

Céline Cotasson-Fauvet  
Tel.: +33 (0)147 59 17 45  
celine.cotasson-fauvet@bnpparibas.com



@BNPPRE

[www.realestate.bnpparibas.com](http://www.realestate.bnpparibas.com)



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