



*At a glance*

# INVESTMENT IN FRANCE H1 2014

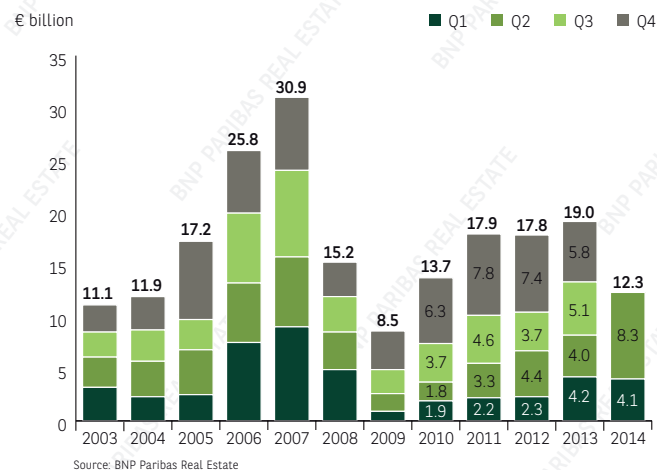
## ➤ OUTSTANDING PERFORMANCE IN H1

- Investment in commercial real estate over H1 2014 came in at € 12.3bn. This was a very handsome performance, up 51% over one year and much higher than the average of the last 10 years (€ 8.3bn). Q2 2014 will go down on record as the second biggest ever quarter for investment (€ 8.3bn vs. € 9bn in Q1 2007). This trend was largely thanks to the culmination of several exceptional deals, such as the sale by Klepierre of a portfolio of Carrefour malls in France for about € 1.9bn.
- Île-de-France is still by far the most popular region for investors, accounting for 76% of total investment. There have been 22 deals for over € 100m since the beginning of the year, including the acquisition by a Saudi family office of the Risanamento portfolio in Paris CBD for about € 1.2bn. In the regions, the growth in investment (+24% over one year) stems solely from the robust transaction trend for retail premises.
- In terms of typology, offices are still the preferred asset category, garnering 53% of investment in France. Investors were focused on very large deals, such as the joint acquisition by Prédica and Aviva of the SFR Campus in Saint-Denis for about € 700m or the acquisition by Cardif of 50,000 m<sup>2</sup> in the CityLights scheme in Boulogne-Billancourt. Retail premises are also keenly sought-after. This asset category attracted a healthy € 3.6bn over the first six months of 2014, i.e. 34% of investment in France. Among the major deals was the sale by Gecina of the Beaugrenelle shopping centre in the 15th arrondissement of Paris

for € 700m. With € 572m invested since the beginning of 2014, the logistics market has proved resilient to the economic climate, driven by Anglo-Saxon investors such as Blackstone with the acquisition of the FEL representing about € 380m in France. Lastly, unlike last year, the market for service premises saw a decline, attracting just 10% of overall investment.

- At the end of Q2 2014, prime office yields in Île-de-France range from 4.2% for Paris CBD to 6.2% in the Outer Rim. In the regions, Lyon has the lowest prime yield at 5.7%. By the end of the year, yields are expected to contract in all Ile-de-France markets. The stiff competition between investors for the rare "Core" assets put on sale is likely to further squeeze yields towards the end of 2014 in Paris CBD, to around 4%. The same trend is expected for peripheral markets ranging from 10 basis points in Paris outside CBD to 40 basis points in the Inner Rim. In the regions, only Lyon, Lille and Nantes are likely to see a compression of prime yields. The lack of prime supply put up for sale in other regional capitals should continue to penalise these markets.
- All told, given the outstanding performance in H1, investment in commercial real estate in France should rise significantly to about € 22bn over the full year 2014. This is thanks to the high level of liquidity in the market, easy access to finance and high risk premium between real estate yields and the bond market.

## Investment in commercial real estate in France



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## INVESTMENT IN COMMERCIAL REAL ESTATE IN FRANCE (€ MILLION)

	H1 2012	H1 2013	H1 2014
<b>Total amount invested in France</b>	<b>6,708</b>	<b>8,137</b>	<b>12,303</b>
<i>including amount invested in Île-de-France*</i>	4,952	4,408	8,155
Offices	4,385	4,405	6,561
Warehouses	295	719	585
Industrial premises	55	232	211
Retail	1,140	1,046	3,644
Services	833	1,736	1,302

\*Source: Immostat is an economic interest group that recorded all unit transactions over €4 million concerning general commercial real estate.

<b>Geographic breakdown</b>	H1 2012	H1 2013	H1 2014
Greater Paris	81%	70%	76%
Regions	19%	30%	24%

<b>Investment amount</b>	H1 2012	H1 2013	H1 2014
< € 5 million	247	245	185
€ 5 - 10 million	233	352	245
€ 10 - 20 million	490	558	518
€ 20 - 50 million	1,220	1,392	1,323
€ 50 - 100 million	1,210	1,503	1,070
> € 100 million	3,308	4,087	8,962
<b>Total</b>	<b>6,708</b>	<b>8,137</b>	<b>12,303</b>

<b>Type of investors</b>	2012	2013	H1 2014
Funds	21%	23%	49%
Sovereign funds	7%	6%	10%
Insurance	21%	21%	13%
SIIC (Reit)	11%	8%	3%
Other landholding companies	12%	8%	6%
SCPI	14%	16%	8%
OCPI	5%	4%	2%
Private investors	4%	4%	3%
Other	4%	5%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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## INITIAL PRIME YIELDS

Offices in Île-de-France	Q2 2012	Q2 2013	Q2 2014	Trend Q2 2014/Q2 2013
Paris CBD	4.70%*	4.50%	4.25%	↘
Paris outside CBD	5.75%	4.75%	4.75%	→
La Défense	5.90%*	5.90%	5.90%*	→
Western Crescent	5.80%	5.75%	5.75%	→
Inner Rim	6.10%	6.10%	5.90%	↘
Outer Rim	6.50%	6.50%	6.20%	↘

Offices in Regions	Q2 2012	Q2 2013	Q2 2014	Trend Q2 2014/Q2 2013
Aix/Marseille	6.10%*	6.10%*	6.10%*	→
Lyon	6.10%*	5.70%	5.70%*	→
Lille	6.10%*	< 6%	< 6%*	→
Bordeaux	6.50%*	6.40%*	6.40%*	→
Toulouse	6.20%*	6.20%*	6.20%*	→
Nantes	6.70%*	6.50%*	6.50%*	→
Strasbourg	6.90%*	6.90%*	6.90%*	→

Grade A Warehouses	Q2 2012	Q2 2013	Q2 2014	Trend Q2 2014/Q2 2013
Greater Paris	7.15%*	7.00%*	6.85%	↘
Regions	7.30%*	7.00%*	6.85%	↘

Industrial Premises	Q2 2012	Q2 2013	Q2 2014	Trend Q2 2014/Q2 2013
Greater Paris	7.75%	7.75%*	7.75%*	→

Retail	Q2 2012	Q2 2013	Q2 2014	Trend Q2 2014/Q2 2013
Street-level store in Paris	4.50%*	4.00%*	4.00%	→
Shopping centers in France	4.90%*	4.90%*	4.75%	↘
Retail parks in France	6.00%*	5.80%	5.30%	↘

Hotels	Q2 2012	Q2 2013	Q2 2014	Trend Q2 2014/Q2 2013
Paris inner-city	5.90 - 6.50%	5.90%*	5.50%*	↘

\*Estimate

## INTERNATIONAL COVERAGE FOR LOCAL SOLUTIONS

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- Our locations
- Our alliances



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