

# THE LETTING MARKET PARIS CBD

## 3<sup>rd</sup> quarter 2013

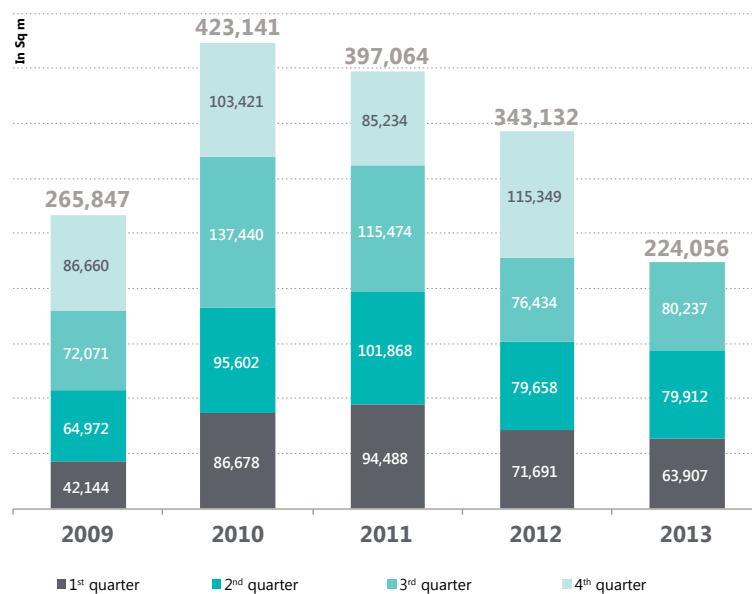


### Take-Up

**224,000**  
sq m

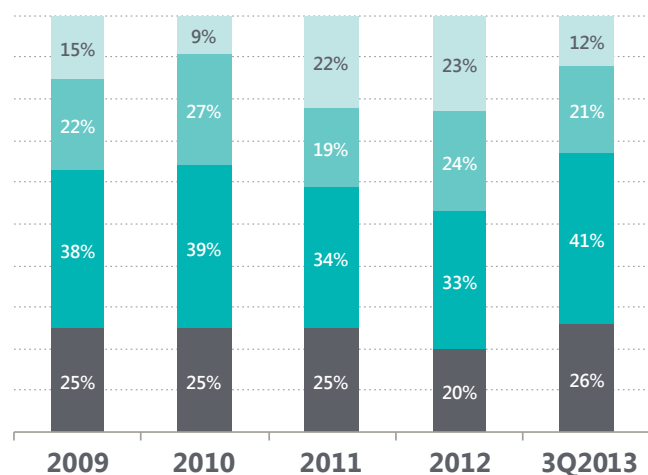
Take up (Sources : Knight Frank, IPD-Immostat)

- ◆ -2%: Near stability of transactional activity in context of a significant regional decline (-29%)
- ◆ This performance is due to the specialisation of the CBD on the PMS segment, which fared better than the large transactions since the start of 2013
- ◆ The CBD's good result is partly rooted in the poor performance of 2012
- ◆ Its share in regional activity rises to 17.5% (in contrast to 12.4% at the same period of 2012)
- ◆ However, the CBD ability to bounce back remains hampered by a lack of quality supply

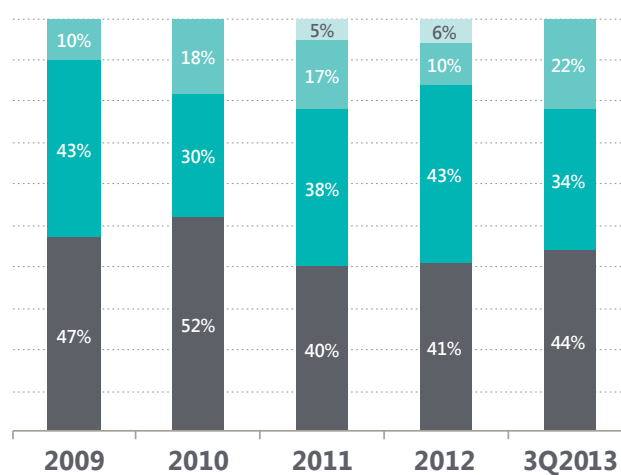


### Transactions

Greater Paris Region (Source : Knight Frank)



Central Business District (Source : Knight Frank)



■ Very large areas (≥ 20,000 sq m)
 ■ Middle-size areas (1,000 to 5,000sq m)
 ■ Large areas (5,000 to 20,000 sq m)
 ■ Small size areas (≤ 1,000sq m)

## Examples of transactions

In red : Knight Frank transactions

(Source : Knight Frank)

Tenant	Address	Date	Area	Rent	Building Condition
<b>Significant transactions &lt; 1,000 sq m</b>					
Expédia	65-67 rue de la Victoire Paris 9 <sup>ème</sup>	April 2013	987 sq m	€575	Refurbished
Groupe SANTIANE	Victoire Haussmann Paris 9 <sup>ème</sup>	Sept. 2013	980 sq m	NC	2 <sup>nd</sup> hand
Le Centre Médical Orthopédie et Traumatologie	Paris Trocadéro Paris 16 <sup>ème</sup>	Sept. 2013	945 sq m	€930	Renovated
Modelabs Groupe	65-67 rue de la Victoire Paris 9 <sup>ème</sup>	March 2013	922 sq m	€560	Refurbished
Mastercard International Incorporated	112 avenue Kléber Paris 16 <sup>ème</sup>	March 2013	921 sq m	€735	Renovated
INC Russell Reynolds Associates	18-20 rue de la Paix Paris 2 <sup>ème</sup>	July 2013	856 sq m	€640	Rénové
Opcalia	93 rue de la Victoire Paris 9 <sup>ème</sup>	January 2013	835 sq m	€460	State of repair
Viadeo	65-67 rue de la Victoire Paris 9 <sup>ème</sup>	March 2013	821 sq m	€560	Refurbished

### Significant transactions from 1,000 sq m to 5,000 sq m

Devanlay	2-6 rue de la Chaussée d'Antin Paris 9 <sup>ème</sup>	May 2013	3,124 sq m	€630	Refurbished
SANDRO Paris – Groupe SMCP	49 rue Etienne Marcel Paris 1 <sup>er</sup>	June 2013	2,650 sq m	€550	Renovated
Leboncoin.fr – LBC France	8 rue Lavoisier Paris 8 <sup>ème</sup>	March 2013	2,623 sq m	€595	Renovated
Hugo Boss France	151 rue Saint-Honoré Paris 1 <sup>er</sup>	April 2013	2,500 sq m	€630	Renovated
Webedia	3 avenue Hoche Paris 8 <sup>ème</sup>	April 2013	2,300 sq m	€480	Renovated
Maurel & Prom	51 rue d'Anjou Paris 8 <sup>ème</sup>	January 2013	2,037 sq m	€580	Renovated
Korn Ferry International	12-14 Rond Point des Champs-Élysées Paris 8 <sup>ème</sup>	March 2013	2,000 sq m	€710	Renovated
SPIR Communication	10 rue Treilhard Paris 8 <sup>ème</sup>	July 2013	2,000 sq m	NC	2 <sup>nd</sup> hand
Chubb Assurances	52 rue de la Victoire Paris 9 <sup>ème</sup>	April 2013	1,618 sq m	NC	Renovated

## Examples of transactions

**En rouge : transactions Knight Frank** (Source : Knight Frank)

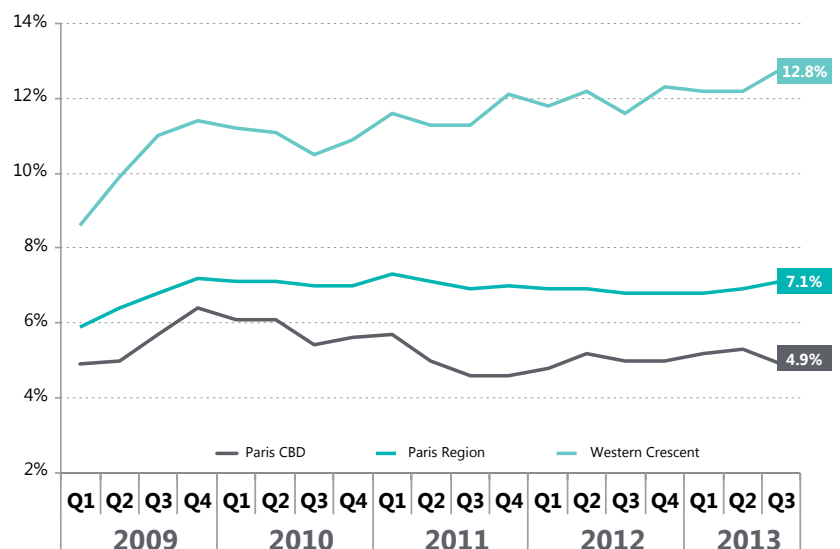
Tenant	Adress	Date	Area	Rent	Building Condition
<b>Significant transactions &gt; 5,000 sq m</b>					
BPI France	6-8 boulevard Haussmann Paris 9 <sup>ème</sup>	May 2013	10,500 sq m	€650	Refurbished
KEOLIS	20-22 rue Le Peletier Paris 9 <sup>ème</sup>	March 2013	8,300 sq m	€507	State of repair
KLEPIERRE	Edouard VII Paris 9 <sup>ème</sup>	Sept. 2013	6,500 sq m	€650	Renovated
GROUPAMA Asset Management	25-25bis rue de la Ville l'Evêque Paris 8 <sup>ème</sup>	March 2013	6,400 sq m	NC	2 <sup>nd</sup> hand
<b>DS AVOCATS</b>	<b>6-8 rue Duret Paris 16<sup>ème</sup></b>	<b>May 2013</b>	<b>6,200 sq m</b>	<b>€610</b>	<b>Refurbished</b>
INDOSUEZ	17 rue du Docteur Lancereaux Paris 8 <sup>ème</sup>	July 2013	5,600 sq m	NC	2 <sup>nd</sup> hand
HERMES	10-12 rue d'Anjou Paris 8 <sup>ème</sup>	July 2013	5,500 sq m	€745	New

## Supply

**4.9%**  
Vacancy rate

- ♦ The CBD is experiencing a growing under-supply, falling well below the regional average (7.1%)
- ♦ The slow rise of the offer observed since 2012 was halted in the 3<sup>rd</sup> quarter of 2013
- ♦ The Ile-de-France region displays one of the weakest vacancy rates in Europe however
- ♦ The low vacancy rates in the Paris Region must not hide the fact that there is a considerable heterogeneity between geographic areas

**Evolution of the vacancy rate in %** (Sources : Knight Frank, ORIE, IPD-Immostat)



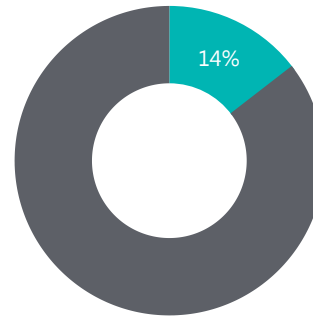
## Grade A supply

**14%**  
of Grade A area

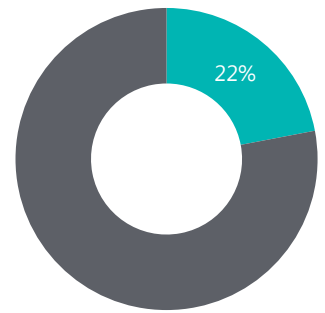
- ◆ A global lack of new or restructured offers is felt in the Paris Region since it only represents 22% of the weighted areas to occupiers
- ◆ The deficiency is more greatly marked on the city centre and especially in the CBD, where only 14% of the available surfaces are grade A

### Share of new or redeveloped areas in the available supply (Source : Knight Frank)

Paris CBD



Paris Region



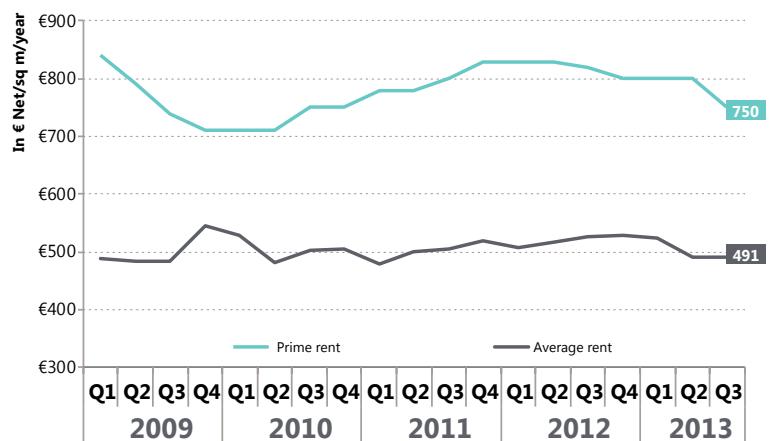
■ Second hand ■ New or redeveloped

## Rent

**750 €**  
exc. tax/sq m/year  
High-end rent

- ◆ The increasingly scarcity of grade A buildings in the CBD leads to a scarcity of transactional references: high rent range becomes more blurred and no longer plays the role of reference
- ◆ A leasing of more than 5,000 sq m by a luxury company nevertheless allows us to place it around €750
- ◆ The adjustment is significant since the start of 2012
- ◆ The average rent seems to initiate a decline, reflecting the financial efforts required for the marketing of second hand space

### Rent evolution in € Net/sq m/year (Source : Knight Frank)

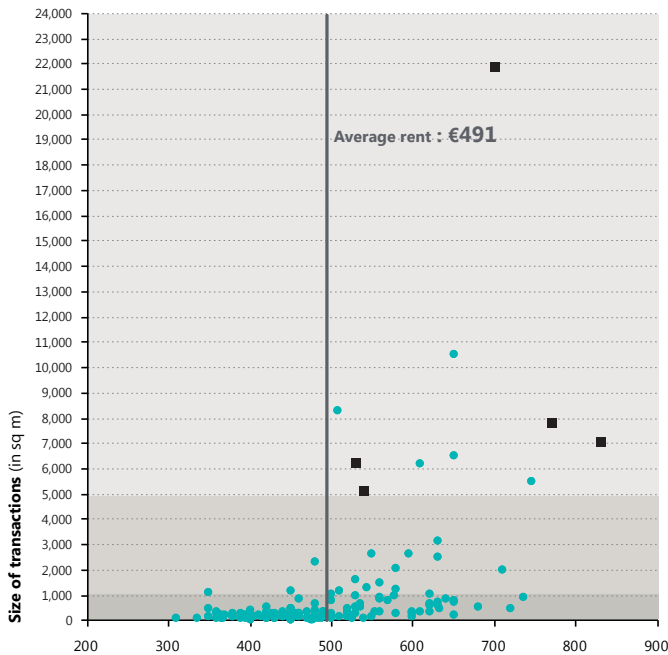


## Size / Rent

Size / Rent in transactions per area (Source : Knight Frank)

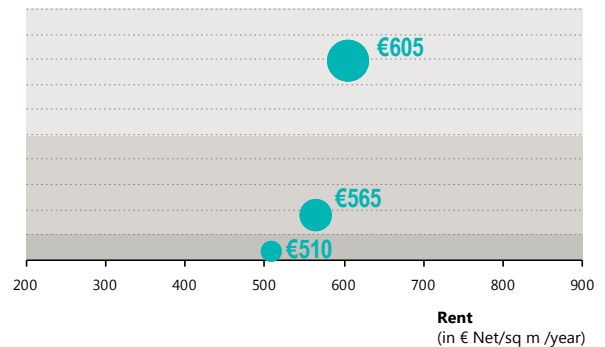
### Transactions in 2013

(and 2012 for those of more 5,000 sq m, represented by a black square)



### Average rent per area

> 5,000 sq m  
from 1,000 to 5,000 sq m  
< 1,000 sq m



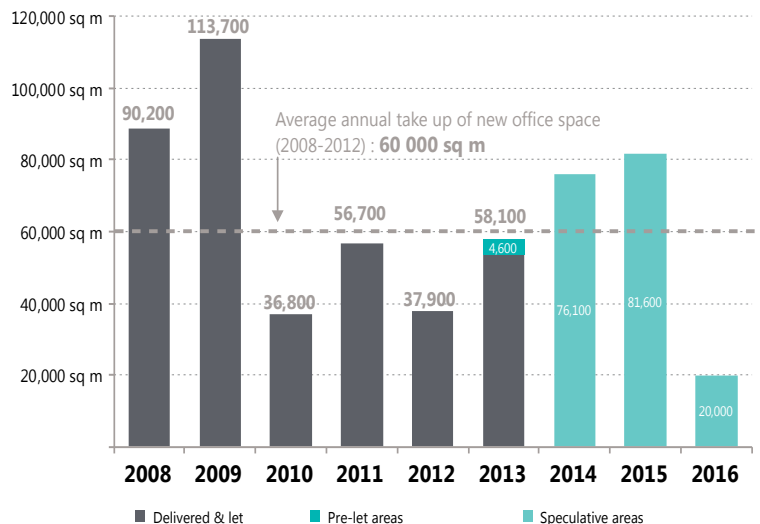
Rent  
(in € Net/sq m /year)

## Future completions

**74%** (Pre)let  
rate for year 2013

- ◆ The under production of new or restructured offers has long favoured pre-letting deliveries. This is no longer the case today
- ◆ The potential companies interested in these buildings are made cautious due to the economic context. They also have less of a feeling of urgency in decision making
- ◆ This situation may, however, be quickly reversed: Grade A surfaces being rare, all that would be needed would be large (pre-) letting deliveries to change user behaviour targeting the CBD

### New or refurbished areas in Paris CBD (Source : Knight Frank)

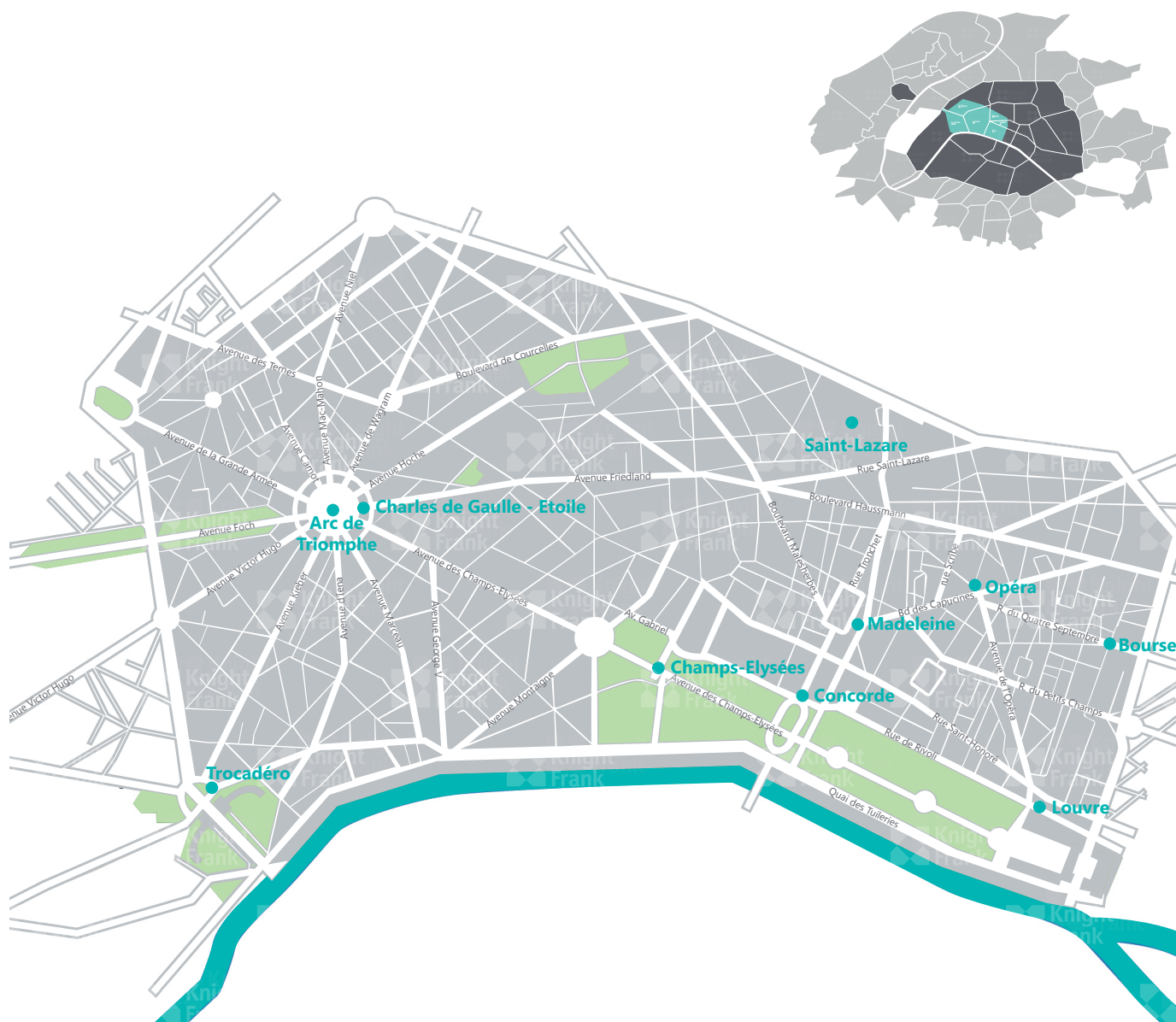


## Report

	Paris CBD Q3 2013	Paris CBD Q3 2012	CBD year-on-year	Paris Region Q3 2013	CBD's share in Paris Region
Stock	6,750,673 sq m	6,702,073 sq m	0.70%	53,230,789 sq m	12.70%
Take up	224,056 sq m	227,783 sq m	-1.60%	1,302,172 sq m	17.20%
Supply	329,000 sq m	339,000 sq m	-2.90%	3,758,000 sq m	8.70%
Vacancy rate	4.90%	5.10%	-2bp	7.10%	-
Average rent	€491 NET/sq m/year	€527 NET/sq m/year	-6.80%	€311 NET/sq m/year	-
Prime rent	€750 NET/sq m/year	€820 NET/sq m/year	-8.50%	€750 NET/sq m/year	-
Prime rate	4.25 - 4.50 %	4.50 - 4.70 %	+2bp	4.25 - 4.50%	-
Invested volume	€1,792,000,000	€2,788,000,000	-36%	€7,919,000,000	22.60%

(Sources : Knight Frank, ORIE, IPD-Immostat)

Mapping



## Amérique

Canada  
Caraïbes  
Etats-Unis

## Europe

Allemagne  
Autriche  
Belgique  
Espagne  
France  
Hongrie  
Irlande  
Italie  
Monaco  
Pays-Bas  
Pologne  
Portugal  
République  
Tchèque  
Roumanie  
Royaume-Uni  
Russie  
Suisse  
Ukraine

## Afrique

Afrique du Sud  
Botswana  
Kenya  
Malawi  
Nigéria  
Ouganda  
Tanzanie  
Zambie  
Zimbabwe

## Asie Pacifique

Australie  
Cambodge  
Chine  
Corée du Sud  
Hong-Kong  
Inde  
Indonésie  
Macau  
Malaisie  
Nouvelle-Zélande  
Singapour  
Thaïlande  
Viêt Nam

## Moyen-Orient

Bahreïn  
Emirats Arabes Unis

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