

PARIS

Key Investment Trends

Investments in Île-de-France reached € 9.1 bn in H1 2018, an increase of 69% y/y, of which Paris totalled nearly € 5 bn.

Investment activity in H1 2018 was driven by large transactions, with 28 deals of more than € 100 mn. This included the acquisition by Blackstone of two buildings to be built in the 'Chapelle international' development, in Paris' 18th arrondissement. Additionally there was Generali's acquisition of the 'Heart Marais' and 'Fhive' developments in the 3rd arrondissement, and Sogecap's acquisition of the 'Kosmo' development in Neuilly-sur-Seine.

Yields didn't change in H1 2018. Prime yields remain among the lowest in Europe, between 3% and 3.25% in Paris CBD, and between 3.25% and 5% in the first periphery sectors.

Market Position – Ranked by Yield

EMEA Rank	City	All sector Yield (%)	12 mth basis point change
1	Paris	3.23	-11
2	London	3.44	5
3	Hamburg	3.54	23
4	Frankfurt	3.56	-28
5	Berlin	3.58	-15
6	Munich	3.63	-7
7	Vienna	3.70	-16
8	Madrid	3.71	-41
9	Amsterdam	3.72	-55
10	Stuttgart	3.79	-22

Note: Lowest scoring yield ranks highest.

Yield Outlook

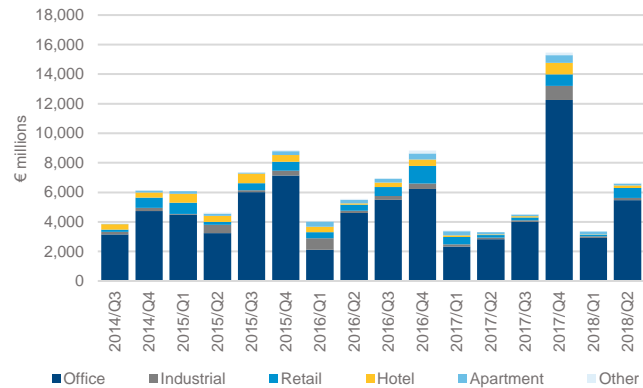


Sectors to watch out for in the next 12M

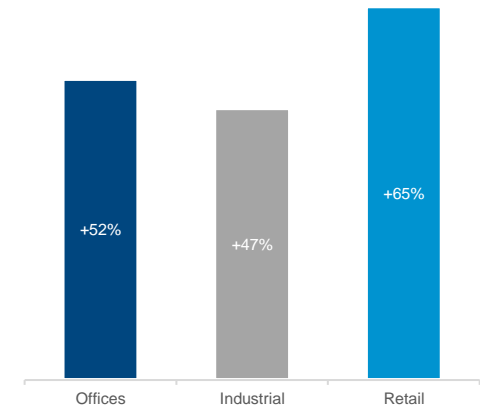


Source: Colliers International, Real Capital Analytics, Oxford Economics.

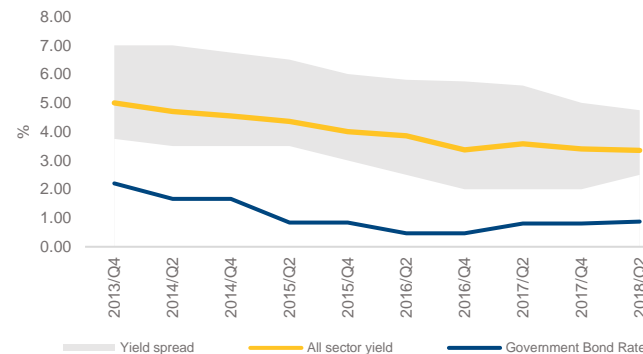
Quarterly investment volumes by sector (City & catchment)



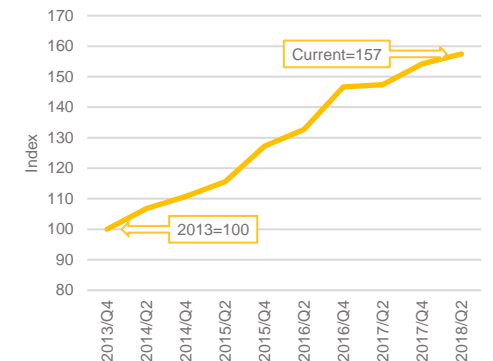
5yr cap. value growth – by sector



All sector yields vs. bond rates



All sector cap. value index

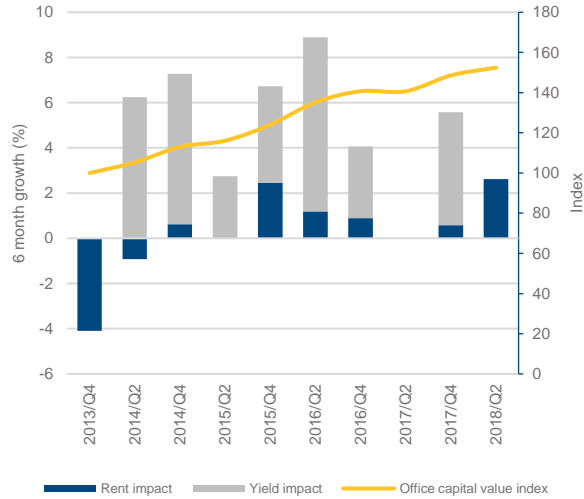


Julien Bonnefoy
 Director | Capital Markets
 +33 6 62 50 81 78
Julien.Bonnefoy@colliers.com

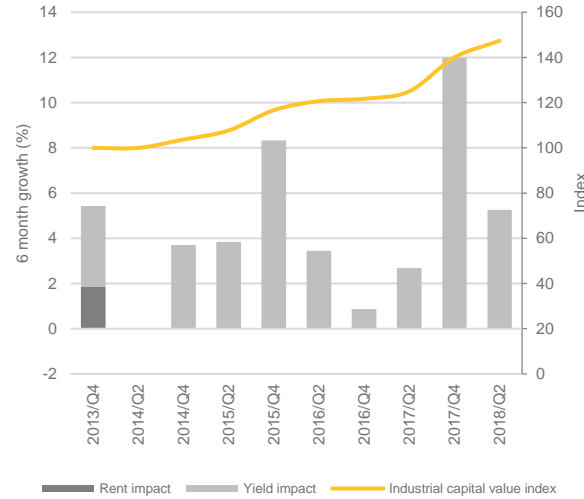
"The French investment market is showing no sign of weakening for the next 6 months and we are therefore expecting a very strong result for 2018 across all sectors, except retail. This can be explained by the conjunction of the three following positive factors: Continuity of the low rate financing environment, a dynamic lettings market with robust rental growth perspectives and the renewed attractiveness for France in line with ongoing reforms initiated by Emmanuel Macron."

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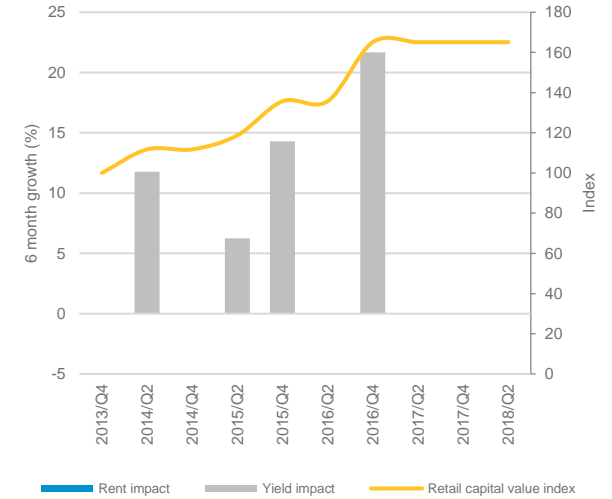
Cap. value index - rent/yield impact: Office



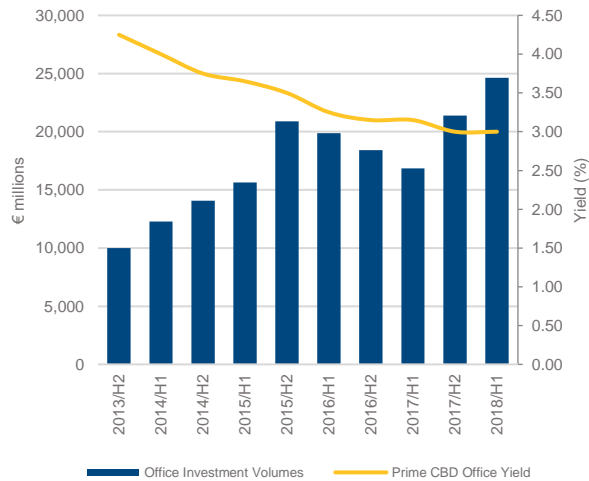
Cap. value index - rent/yield impact: Industrial



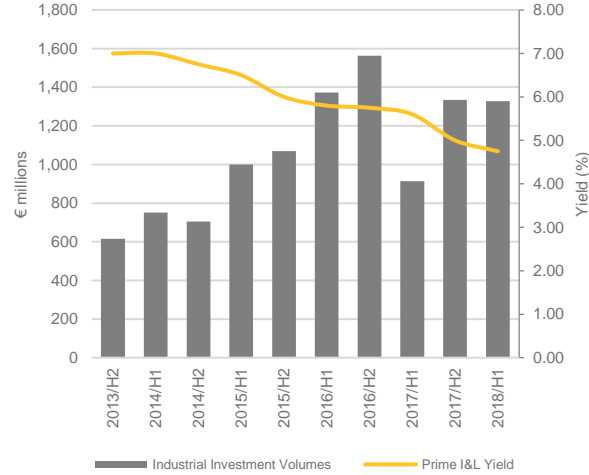
Cap. value index - rent/yield impact: Retail



Yields and 12M rolling investment volumes: Office



Yields and 12M rolling investment volumes: Industrial



Yields and 12M rolling investment volumes: Retail

