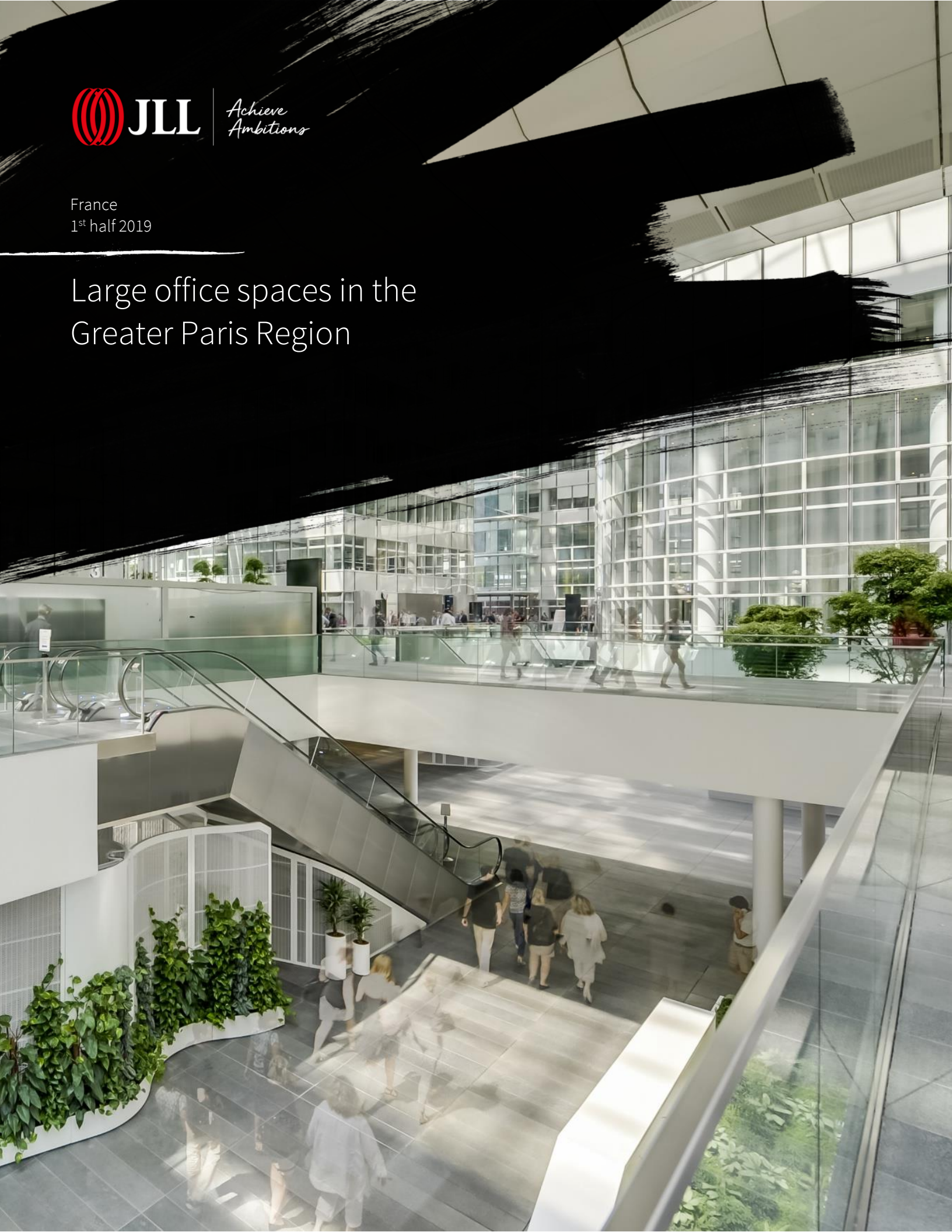


France
1st half 2019

Large office spaces in the Greater Paris Region

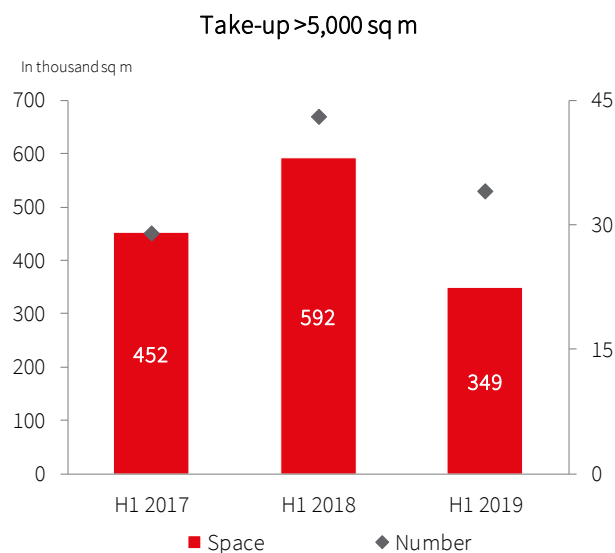


Large office spaces in the Greater Paris Region

Large spaces, co-working operators step up the pace

Gentle start to the year

Almost 349,000 sq m of office space was transacted in the over 5,000 sq m segment over H1 2019; this represents a 41% year-on-year decrease and is 15% lower than the 10-year average. By number, the difference of 9 transactions represents a 21% decrease. This follows the **exceptional results seen in 2018** with almost 592,000 sq m of take-up over the H1 period, the highest since 2006.



Source: JLL/ImmoStat

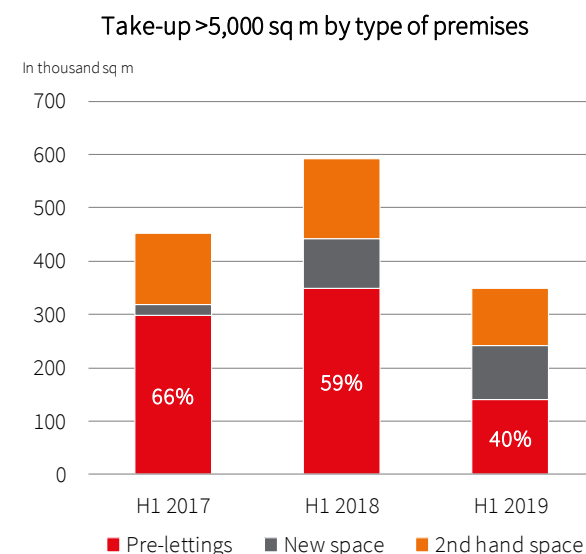
This slowdown in major transactions is due to several factors:

- **A lack of supply**, particularly in Paris, is encouraging businesses to renegotiate leases and to take extensions when needed, in their existing building if possible, in nearby buildings or even in co-working spaces.
- **Changing working methods**: with the rise of flexible and remote working, companies are able to absorb growth without taking on additional space in an unfavourable market.

- The volume of leases reaching the end of term is more **limited**, as a result of the transactions carried out in 2010 and 2013 (flat years in the rental market). This phenomenon is having an impact on prices as businesses that signed leases in 2013 did so under highly advantageous terms and have little interest in committing to a new lease under current market conditions and are therefore seeking to renegotiate leases where possible.

New or refurbished space is still in the majority.

Corporates still show a strong preference for new buildings in the Greater Paris Region or buildings pending construction. 69% of the take-up for spaces over 5,000 sq m over H1 2019 was for new/refurbished space (~242,000 sq m).



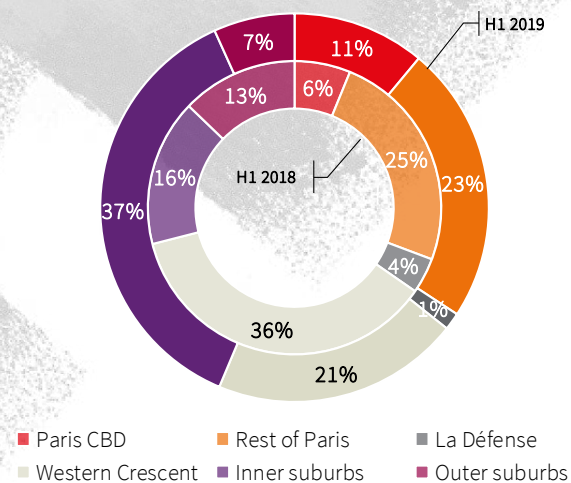
Source: JLL/ImmoStat

Almost half of the transactions recorded in Paris were carried out by co-working operators

Of the 34 transactions seen in H1 2019 for spaces over 5,000 sq m, 16 were in the inner rim and 15 in Paris.

There has been strong growth in the co-working market in Paris as operators have stepped up their development plans. They accounted for **1 out of every 2 transactions in the over 5,000 sq m segment in Paris** with over 67,500 sq m, or 57% of transactions for spaces over 5,000 sq m in Paris over H1 2019, including WEWORK (5 transactions) which has been expanding since 2016-2017 (more intensively since 2018), as well as KWERK (2 transactions) and WOJO (1 transaction).

Take-up by geographic area
(H1 2019 vs H1 2018)



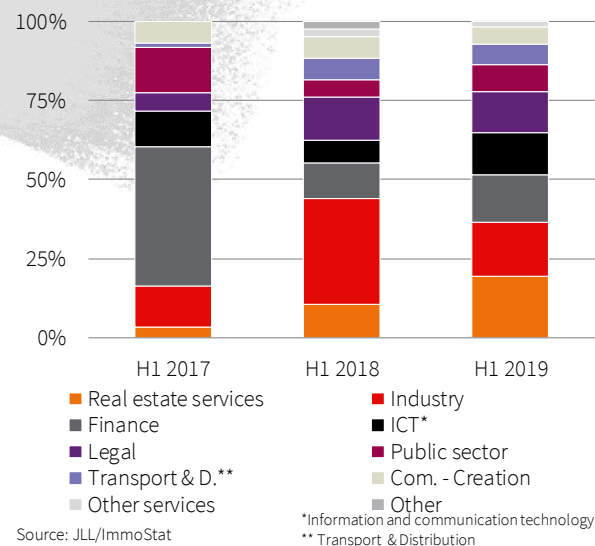
Source: JLL/ImmoStat

Over half of transactions were recorded in the inner rim and the **3 largest transactions of H1 2019 for buildings under construction or newly completed buildings were also seen in the Inner Suburbs**. A major transaction was therefore recorded in every submarket: SOCIETE GENERALE's lease of "Sakura" in Fontenay-sous-Bois and EDF with "Flow" in Montrouge over Q1 and SOCIETE DU GRAND PARIS with "Moods" in Saint-Denis over Q2.

Balanced representation by sector

First place on the podium in terms of take-up over H1 goes to real estate service companies, these were **exclusively co-working operators** with 19% of the overall volume. **Next in line** were companies in the **industrial sector** (17%) with EDF in "Flow" and the wines and spirits company LA MARTINIQUE in "Bercy Reflet" in Charenton-le-Pont (10,100 sq m). **Third place** went to companies in the **financial sector** with SOCIETE GENERALE with "Sakura" and FEDERATION DU CREDIT MUTUEL with "Twist" in Batignolles. The rest of take-up was evenly distributed.

Take-up >5,000 sq m by business sector



Source: JLL/ImmoStat

*Information and communication technology
** Transport & Distribution

Vacancy for spaces over 5,000 sq m is mainly second-hand

Given the climate of continued falling supply in the Greater Paris Region – 2,856,000 sq m of vacant space by the end of June 2019 (-7% year on year) – **vacant supply of spaces over 5,000 sq m fell by 6% year on year to less than 1.2 million sq m by the end of June 2019 (41% of immediate supply in the Greater Paris Region). 24% of this space is new or refurbished buildings.**

By the end of June 2019, almost 2.3 million sq m of office space due for completion over the next 36 months was under construction, 1.3 million sq m of which is still available. The Inner Suburbs, and the North in particular, account for the majority of this availability (30%) with projects including “Stories” (62,000 sq m) and “So Pop” (30,500 sq m) in Saint-Ouen as well as “Blaaak” (47,000 sq m) in Clichy. Next in line is La Défense (22%) with projects including “Hekla” (68,000 sq m), “Landscape” (64,000 sq m) and “Alto” (51,000 sq m) followed by the Western Crescent (20%) with “Canopy” (43,000 sq m) and “Sways” (36,000 sq m). Paris accounts for 17% of availability, most of which is located in Paris Centre Ouest (22 projects, 13 of which are in the Central Business District).

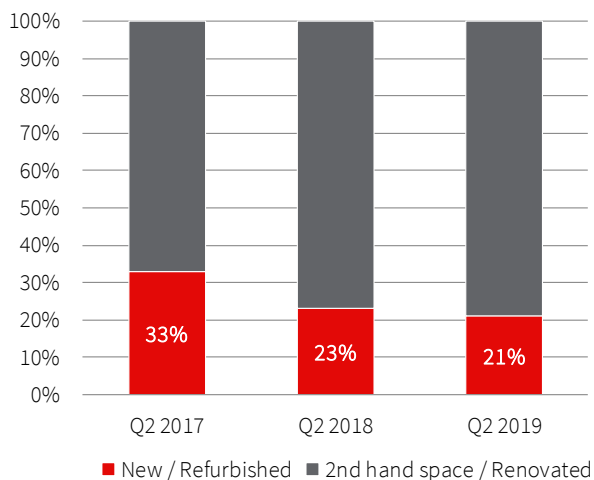
What’s the outlook for H2?

Market activity should suffer from a lack of supply and the broader climate of continued uncertainty. As such, we believe that **the most plausible outcome at this time is for an average level of activity of around 2.2 million sq m for the Greater Paris Region market as a whole.**

In the over 5,000 sq m segment, the market activity should remain at a reasonable level with **end-of-year figures close to the average recorded since 2000 (~69 transactions).** Markets in the Inner Suburbs should continue to attract companies due to the quality of supply on offer at competitive rents, **whereas Paris should suffer from the lack of immediate supply** with activity slowing by the end of the year or at least shifting to the growing co-working market.

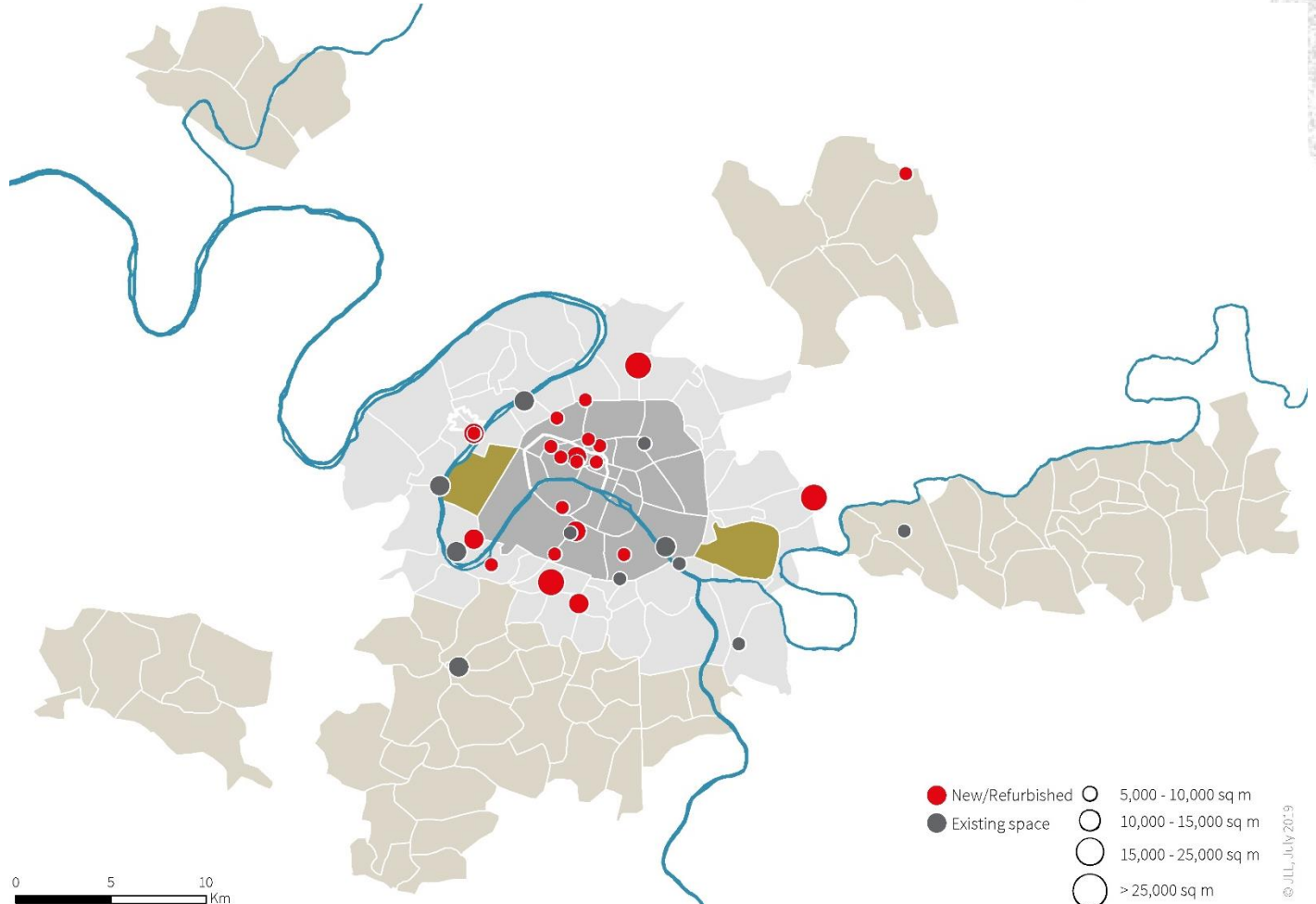
Immediate supply of new space should see some renewal from 2020 due to the higher volume of completions forecast, the majority of which has not yet been pre-let.

Proportion of new space in the >5,000 sq m supply (in volume)



Source: JLL/ImmoStat

Deals over 5,000 sq m in the Greater Paris Region in the 1st half 2019



Paris

40-42 rue La Boétie
75008 Paris
T: +33 (0)1 40 55 15 15
F: +33 (0)1 46 22 28 28

Saint-Denis

3 rue Jesse Owens
93210 Saint-Denis
T: +33 (0)1 40 55 15 15
F: +33 (0)1 48 22 52 83

Le Plessis-Robinson

“La Boursidière” - BP 171
92357 Le Plessis-Robinson
T: +33 (0)1 40 55 15 15
F: +33 (0)1 46 22 28 28

Lyon

“King Charles” - 132 cours
Charlemagne 69002 Lyon
T: +33 (0)4 78 89 26 26
F: +33 (0)4 78 89 04 76

Marseille

21 rue de la République
13002 Marseille
T: +33 (0)4 95 09 13 13
F: +33 (0)4 95 09 13 00

Bordeaux

16 cours de Tournon
33000 Bordeaux
T: +33 (0)5 57 83 60 44
F: +33 (0)1 46 22 28 28

Lille

46 rue de Valenciennes
59000 Lille
T: +33 (0)3 20 17 93 10
F: +33 (0)1 46 22 28 28

Rennes

20 rue d'Isly
35042 Rennes Cedex
T: +33 (0)1 40 55 15 15
F: +33 (0)1 46 22 28 28

Contacts

Manuela Moura
Office research consultant
Greater Paris Region
T: +33 (0)1 40 55 85 73
manuela.moura@eu.jll.com

Yannis De Francesco
Director Agency Large
Offices
T: +33 (0)1 53 81 63 84
yannis.defrancesco@eu.jll.com

www.jll.fr

Jones Lang LaSalle

© 2019 Jones Lang LaSalle IP, Inc. All rights reserved. The information contained in this document is proprietary to Jones Lang LaSalle and shall be used solely for the purposes of evaluating this proposal. All such documentation and information remains the property of Jones Lang LaSalle and shall be kept confidential. Reproduction of any part of this document is authorized only to the extent necessary for its evaluation. It is not to be shown to any third party without the prior written authorization of Jones Lang LaSalle. All information contained herein is from sources deemed reliable; however, no representation or warranty is made as to the accuracy thereof.