

PARIS CBD



OVERVIEW

The historical vacancy rate in Paris CBD (1,7%) will not be enough to stop the activity. Indeed the market is showing its 3rd best performance since the last 10 years with more than 200 000 M2 marketed. One of the reasons of this success is the expansion of co-working firms. They also started to take an interest in the star sector and took about 24 000 M2 in 2019 and represent 4 of the 5 largest transactions of the year.

With the aim of increase the offer on the market, more than 150 000 M2 are under construction. Unfortunately this constructions will probably not be able to absorb the level of demand.

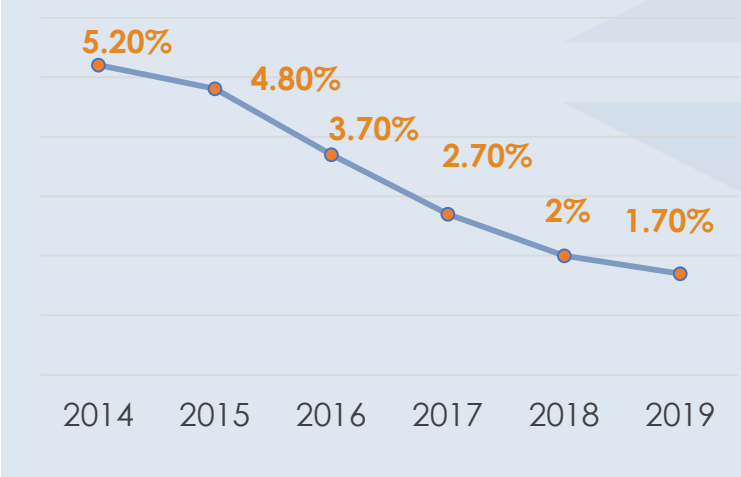
FUNDAMENTALS

Forecast

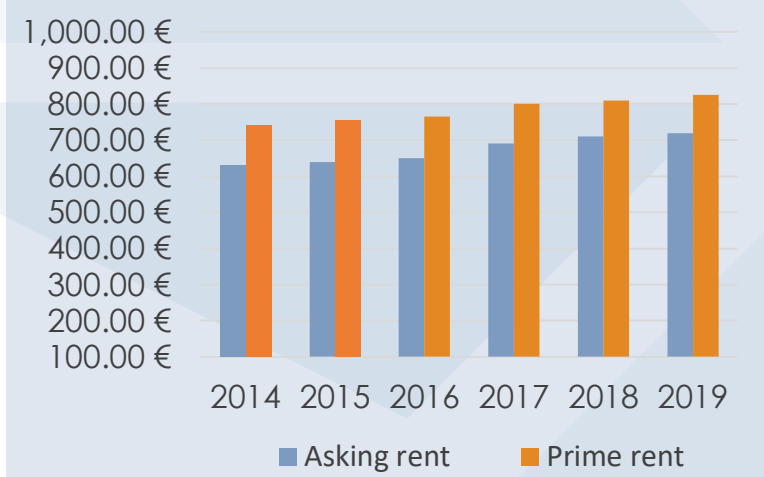
YTD net absorption	207 300 M2	▲
Under construction	155,000 M2	▼
Average asking rent (gross)	620€ M2	▶
Concessions	Consistently Dropping	▼

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Market Size	Largest Office Deal	Total Vacancy
7,5 Million M2	12 700 M2	1,7%

TOTAL VACANCY



AVERAGE ASKING RENTS vs. Prime Rent



OUTLOOK

- After an high level of transaction in 2018, the market could have feared a fall in 2019. However due to a strong domestic demand the situation seems to be better than expected.
- The average rent in Paris remains high with a prime rent at 825€ per square meters. Since 2014 the level of rent never stopped growing. Therefore in 5 years rents have increased of 22% on second hand offices and 14% on new offices.
- Given to the number of construction planned, the market expect to maintain his level of transaction.
- Despite a relative market stability, It is possible to observe two trends. On one side, transactions on small areas experiencing a sharp decrease (23% less in one year) and on the other hand transactions on large areas (>1 000 M2) have increased.

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