

MARKETBEAT

OFFICES IN THE GREATER PARIS REGION

ECONOMIC OVERVIEW Q1 2026



ECONOMIC INDICATORS

	Change	Outlook
+0.2% GDP Q1 2026		
+1.7% Inflation March 2026		
96.9 Business climate (March 2026)		
+0.1% Household consumption (Q1 2026)		
8.0% Unemployment in France (ILO Q1 2026)		
18.1 Savings rate Q1 2026		

Source: INSEE, Banque de France

WHEN UNCERTAINTY BECOMES THE NORM

The outbreak of conflict in the Middle East has added a **new layer of uncertainty** to a world already shaken by the conflict in Ukraine and the upheavals in international trade relations. In the very short term, growth remains buoyed by the recovery momentum observed in the eurozone. The economic consequences of the war are expected to materialise with a delay over the coming months, leading to a decline in domestic demand. Against this backdrop, INSEE has revised its **GDP growth forecasts for 2026** down only marginally **to 0.9%**, with growth of +0.2% in both the 1st and 2nd quarters. At this stage, the growth achieved is expected to reach a level equivalent to that recorded in 2025. Nevertheless, the global economy, and the French economy in particular, remain heavily dependent on the geopolitical situation and, in particular, its repercussions on the energy market, and could take a more unfavourable turn in the coming months.

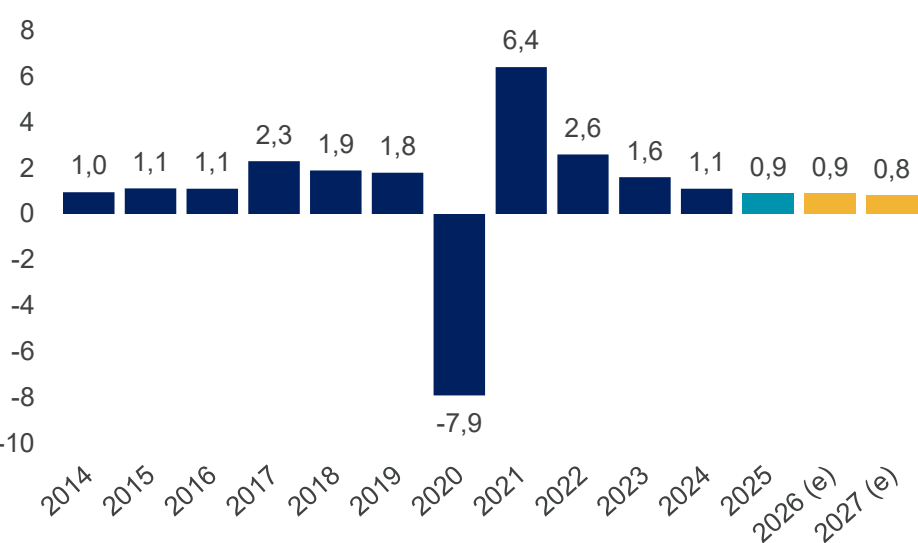
SOARING OIL PRICES ARE FUELLING INFLATION

The sharp **rise in energy prices is already impacting the purchasing power of the French households**, whose confidence at the end of March (89) remained below the historical average (-5.4 points), as did the business climate (-5.3%). Still below 1% in February, **inflation picked up again in March (+1.7%) and is expected to exceed 2% as early as May**, driven by hydrocarbon prices, whilst core inflation is expected to remain under control at just over 1%. Household consumption slowed automatically in the first quarter (+0.1% vs +0.4% in Q4 2025) and will need to rely on accumulated savings to remain positive in the coming months.

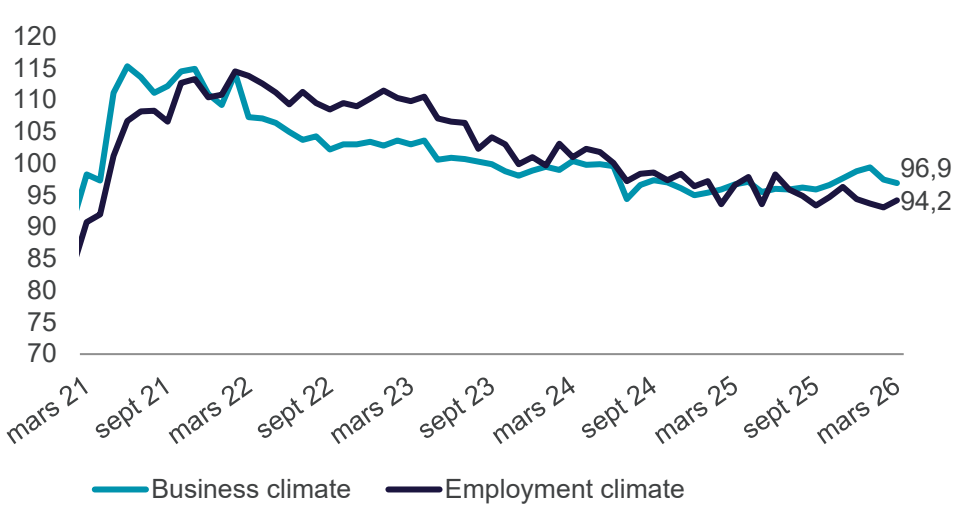
THE LABOUR MARKET IS NOT IMMUNE TO PRESSURES

Unemployment continues the upward trend that began in 2025, driven largely by young people aged 15 to 24. **The unemployment rate stood at 8%** in the first quarter, against a backdrop of a sharp slowdown in recruitment, whilst the labour force continues to grow; the effects of the suspension of the pension reform are expected to become apparent from the second quarter onwards. The employment climate indicator now stands well below its long-term average (-7.8 points), reflecting a deterioration in labour market prospects that is likely to persist in the medium term, with the outlook clouded by uncertainties weighing on the national and international geopolitical context.

ANNUAL GDP GROWTH, FRANCE (%)

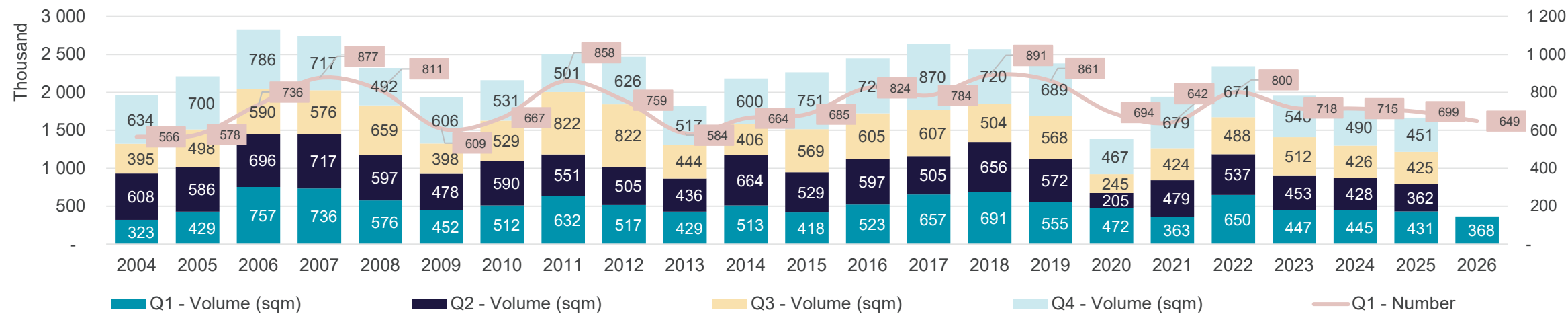


BUSINESS AND EMPLOYMENT CLIMATE INDICES

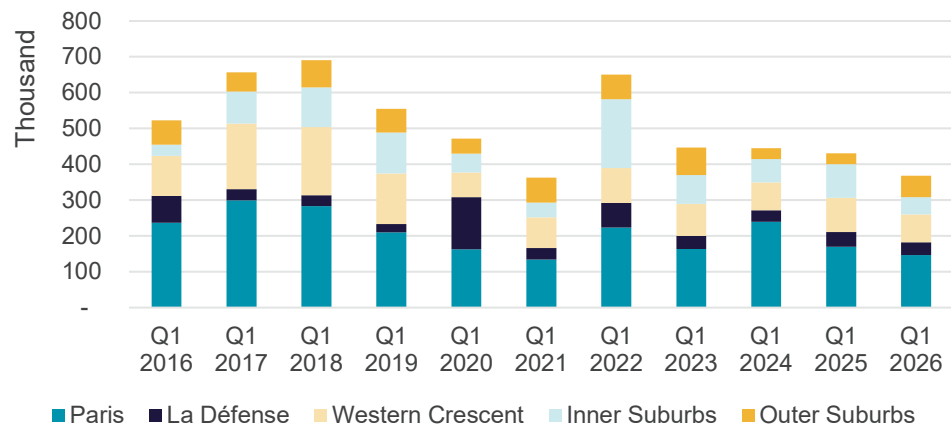


Source: INSEE, Banque de France

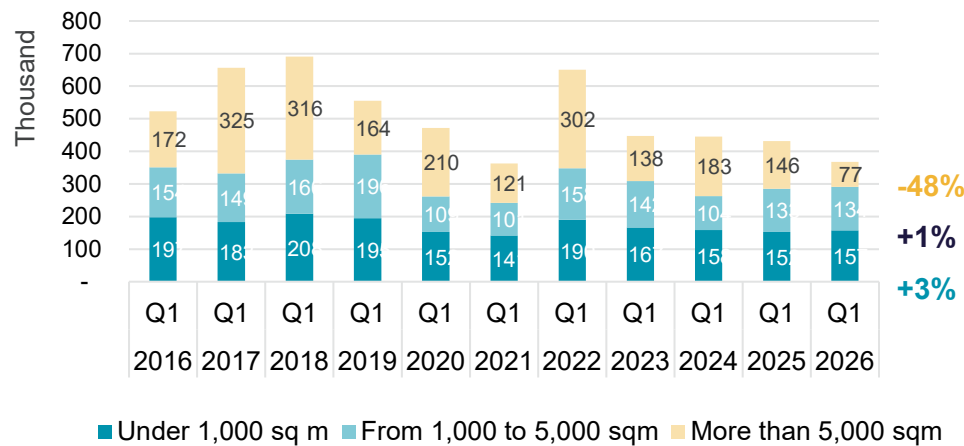
TAKE-UP BY QUARTER (thousands of sqm)



TAKE-UP BY GEOGRAPHICAL SECTOR (thousands of sqm)



TAKE-UP BY SPACE SIZE SEGMENT (thousands of sqm)



NO RECOVERY IN Q1 2026: ONE OF THE LOWEST LEVEL SEEN IN 20 YEARS

The lack of market momentum observed at the end of 2025 persisted in the first quarter of 2026, marking one of the three lowest starts ever recorded, in terms of volume, after 2021 and 2004. The picture is similar for the number of transactions (the 6th lowest level for the January–March period).

...DRIVEN BY THE LACK OF TRANSACTIONS EXCEEDING 5,000 SQM

There was a significant lack of large companies relocations this quarter: barely 77,000 sqm was transacted in the segment over 5,000 sqm and only seven deals. Space rationalisation continues within large companies, driven as ever by the cost optimisation and ensuring that office space matches employees’ actual usage. Two deals exceeding 25,000 sqm are temporarily boosting transaction volumes in the Péri-Défense (Rueil-Malmaison) and Outer Southern Suburbs (Vélizy-Villacoublay) markets.

A GLIMMER OF HOPE FOR LEASES UNDER 5,000 SQM

However, activity in the small and mid-market (offices under 5,000 sqm) is showing signs of recovery, driven, among other factors, by more available supply in Paris and increased movement outside the Central Business District (CBD), particularly in the south (12/13/14/15th districts). Rising rental values in the centre of Paris are contributing to the shift of activity from the city centre towards the city outer districts.

KEY FIGURES

Take-up

GREATER PARIS: 367,740 sqm: -15% vs Q1 2025

649 Transactions (no.)

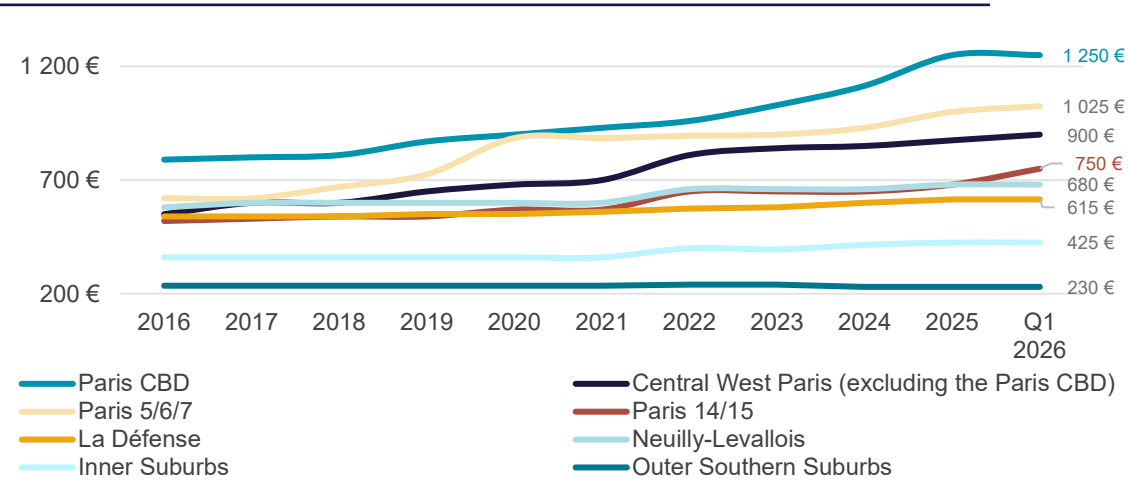
+4% in the number of deals under 5,000 sqm in Paris outside the PARIS CBD

Rebound in volumes in Paris South, 3/4/10/11, Péri-Défense and the Outer Southern Suburbs.

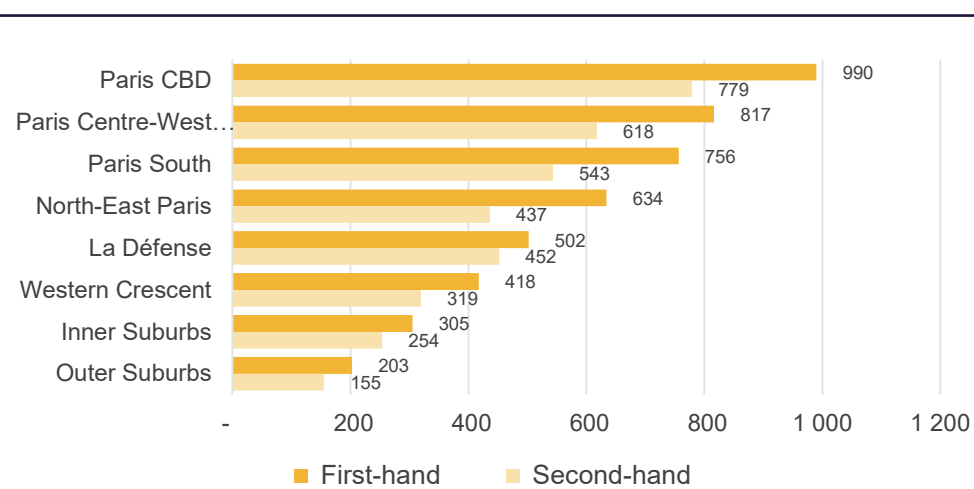
• Trends by geographical sector

MARKET AND SUB-MARKET DETAIL	Change Y-o-Y
Paris CBD	-23%
Paris Centre West (excluding CBD)	-28%
Paris 5/6/7	-70%
Paris 14/15	61%
Paris 12/13	31%
Paris 3/4/10/11	52%
Paris 18/19/20	-5%
PARIS	-14%
LA DEFENSE	-11%
Neuilly-Levallois	-72%
Southern Loop	-26%
Péri-Défense	89%
Northern Loop	
Western Crescent	-20%
Inner Northern Suburbs	-33%
Inner Eastern Suburbs	-89%
Inner Southern Suburbs	24%
INNER SUBURBS	-48%
OUTER SUBURBS	42%

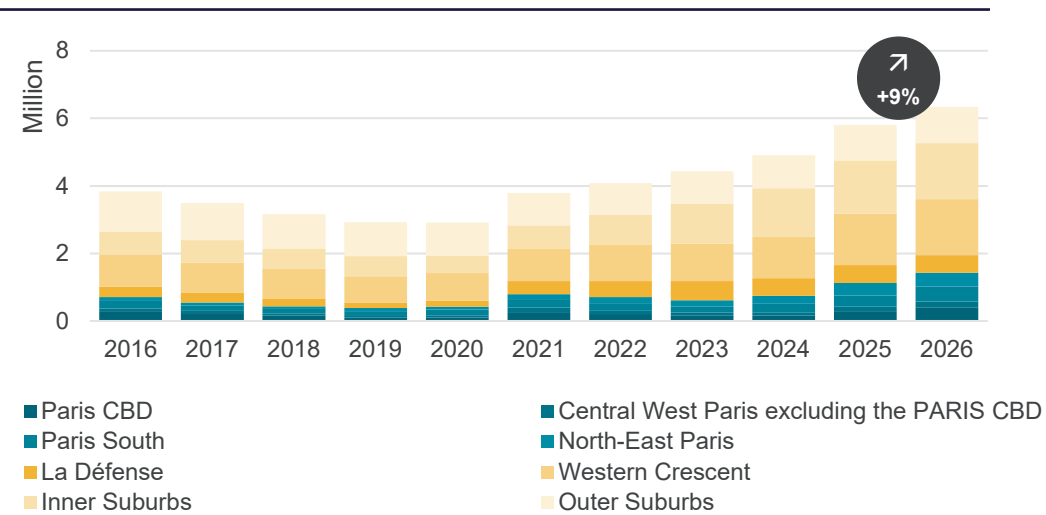
TREND IN PREMIUM RENTS (€ excl. VAT and service charges/sqm/year)



AVERAGE RENTS (€ excl. VAT and service charges/sqm/year)



IMMEDIATELY AVAILABLE SUPPLY (million of sqm)



PRIME RENTS: TOWARDS A SLOWDOWN IN THE RISE IN PARIS CBD

Prime rents in the Paris CBD have stabilised temporarily at €1,250 /sqm/year the first quarter of 2026. However, this pause in growth does not call into question the upward trend expected for the rest of the year: driven by a few transactions involving ultra-prime assets, prime rent is expected to exceed €1,300 /sqm/year by the end of 2026. Nevertheless, the pace of growth is expected to slow, particularly due to the rise in availability within the city centre, which is increasing competition between new properties.

Outside the Central Business District (CBD), Parisian projects resulting from refurbishments to current standards are driving up prime rents. The 15th arrondissement is a case in point, with a prime now at €750 /sqm/year, driven by new buildings such as ‘The Circle’ and ‘Rythme’. In Neuilly-Levallois, the stability of the prime, driven by Neuilly-sur-Seine city, is due to the lack of recent signings in new developments on the main ‘Avenue Charles-de-Gaulle’, but the expected transactions, against a backdrop of significant supply-demand pressure, should lead to a significant increase.

A MARKED CONTRAST IN THE EVOLUTION OF FIRST-HAND AND SECOND-HAND RENTS

The gap between prime and secondary market properties continues to widen. The average prime rent is rising in Paris and La Défense, supported by new leases in new or recently refurbished buildings, whilst it is stagnating or falling in the Western Crescent and the Suburbs, due to more selective demand and a growing stock. Overall, trends remain moderate, barring exceptional cases. The average secondary market rent, meanwhile, is stable or falling across all markets, with the exception of La Défense, driven by transactions in renovated buildings, particularly in the small and mid-market segments (< 5,000 sqm).

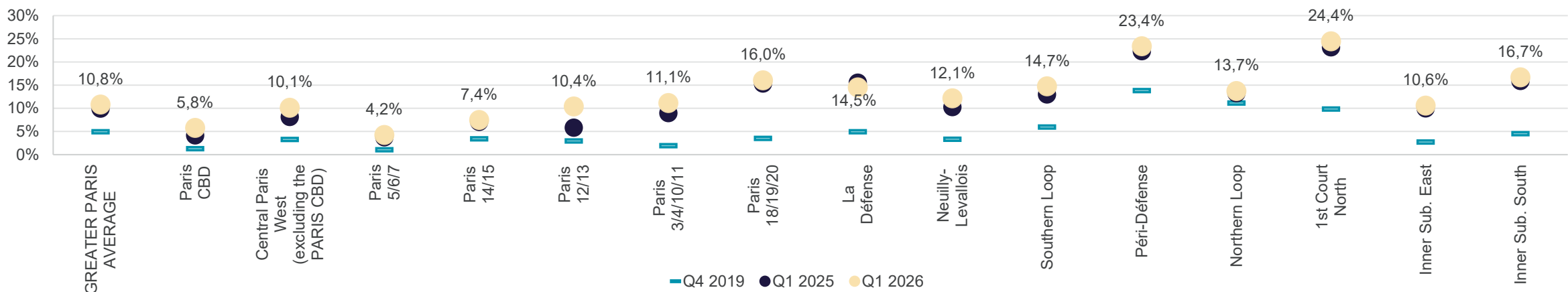
INCREASED INCENTIVES AND GREATER MARKET POLARISATION

2025 saw a marked acceleration in the incentives granted by landlords, exceeding the 30% threshold, compared with 26–27% in 2021 and 22–23% in 2019. This trend continued into Q1 2026, reaching 30.3%. This trend has helped to maintain nominal rents, particularly for first-hand assets, despite a market environment more favourable to tenants. Against this backdrop, the value gap between buildings within the same market continues to widen, depending on criteria such as location, intrinsic quality, environmental performance and service levels.

IMMEDIATELY AVAILABLE SUPPLY MORE THAN DOUBLED IN SIX YEARS

The continuous growth in immediately available office supply, which began in 2020, is continuing unabated, reaching historically high levels, exceeding those observed at the peak of the 1990s property crisis. At the end of March 2026, the immediately available supply in the Greater Paris Region stood at 6.332 million sqm, up 9% year-on-year, and, more importantly, more than double the pre-Covid low of late 2019. The vacancy rate in the Greater Paris Region now stands at 10.8%, reflecting a market that is generally supply-driven, against a backdrop of a general increase in vacant space, despite geographical disparities that remain very pronounced.

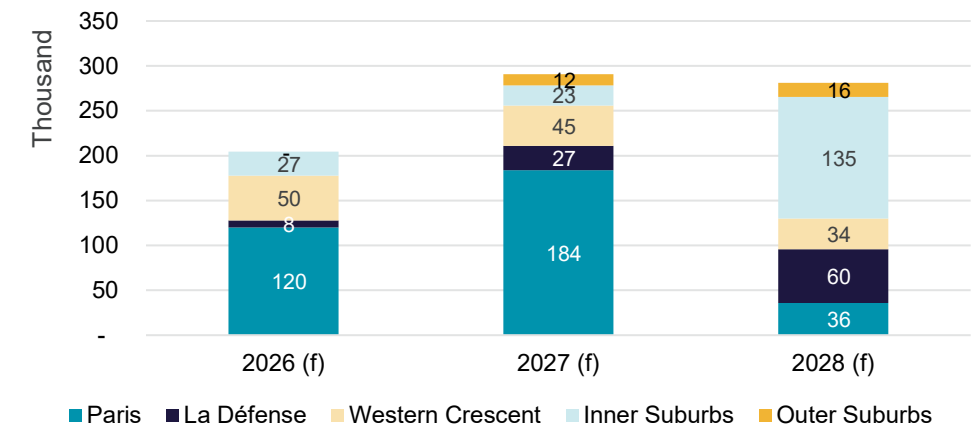
VACANCY RATES BY GEOGRAPHICAL AREA



PROJECTS UNDER CONSTRUCTION > 5,000 sqm
(thousand of sqm)

Year of completion	Total floor area	Pre-marketing
Q2–Q4 2026 (f)	502,262	59%
2027 (f)	446,455	35%
2028 (f)	296,567	29%
TOTAL	1,244,984	43%

AVAILABILITY UNDER CONSTRUCTION > 5,000 sqm
(thousand of sqm)



KEY DATA

AVAILABILITY UNDER CONSTRUCTION

1.244 million sqm under construction
706,000 sqm available, 48% of which is in Paris

PROJECT CANCELLATIONS

Already nearly 70 projects have been abandoned, suspended or repurposed, originally scheduled for completion between 2026 and 2030.

VACANCY RATES ARE RISING ACROSS ALL SECTORS, WITH ONE EXCEPTION

Most markets in the Greater Paris Region are seeing an increase in immediately available supply and vacancy rates. The central and southern Paris sectors, which have long been supply-constrained, are benefiting from new completions. However, contrasts remain whilst supply-demand pressures still limit vacancy rates within the city centre. Some markets are accumulating a growing stock of second-hand properties and exceeding 10% vacancy, such as Paris 18/19/20 (16%) or even Paris 12/13, where vacancy has doubled year on year to reach 10.4% and composed of 76% second-hand stock. In the suburbs, vacancy rates above 10% have become the norm, reaching 23–24% in Péri-Défense and the Inner Northern Suburbs, which each account for 15% of the Greater Paris Region availability, consisting mainly of large office space buildings. La Défense, however, is an exception this quarter, with a decreasing vacancy rate, driven by better-managed future availability developments and record good take-up in the small and mid-market segments.

STREAMLINING OF DEVELOPMENTS: A HIGHER PRE-LET RATE IN 2026

More than 1 million sqm of office space is currently under construction. Just over 500,000 sqm is due to be delivered in the coming quarters of 2026, with a pre-let rate of close to 60%, illustrating the appetite of large office space occupiers for state-of-the-art developments, particularly in Paris. Projects expected in 2027 show a pre-let rate of 35%. These levels, higher than those seen in the early post-pandemic years, reflect a rationalisation of developments — cancellations, suspensions or changes of use — but also a more selective focus on locations, prioritising centrality and the quality of the buildings’ immediate surroundings.

PARIS: A PLAYING FIELD FOR RESTRUCTURING PROJECTS

The total floor area of projects currently under construction exceeds 700,000 sqm. 48% of this available space is concentrated in Paris and, to a greater extent, in the Central-West and Southern markets.

MARKET DATA

SUBMARKET	TAKE-UP (SQM)	SHARE OF TAKE-UP	IMMEDIATELY AVAILABLE SUPPLY (SQM)	SHARE OF IMMEDIATE SUPPLY	VACANCY RATE	PROJECTS UNDER CONSTRUCTION > 5,000 SQM Q2-Q4 2026	AVAILABILITY UNDER CONSTRUCTION > 5,000 SQM Q2-Q4 2026	PRE-SALES RATE FOR PROJECTS UNDER CONSTRUCTION	PRIME RENTS	AVERAGE RENTS (FIRST-HAND)	AVERAGE RENTS (SECOND-HAND)
Paris CBD	70,536	19%	405,000	6%	5.8%	159,466	80,669	49%	1,250	990	779
Central West Paris (excluding the PARIS CBD)	20,164	5%	167,000	3%	10.1%	45,122	8,067	82%	900	817	618
Paris South	33,937	9%	448,000	7%	7.9%	117,701	31,247	73%	1,025	756	543
North-East Paris	21,559	6%	411,000	6%	13.4%	11,000	-	100%	825	634	437
TOTAL PARIS	146,196	40%	1,431,000	23%		333,289	119,983	64%	1,250	763	557
LA DEFENSE	36,556	10%	520,000	8%	14.5%	15,689	7,689	51%	615	502	452
Neuilly-Levallois	11,292	3%	193,000	3%	12.1%	28,288	20,135	29%	680	541	460
Southern Loop	23,823	6%	426,000	7%	14.7%	16,400	12,154	26%	540	549	392
Péri-Défense	42,162	11%	923,000	15%	23.4%	17,816	17,816	0%	400	337	239
Northern Loop	N/A	N/A	112,000	2%	13.7%				230	245	187
Western Crescent	77,277	21%	1,654,000	26%		62,504	50,105	20%	680	418	319
Inner Northern Suburbs	35,207	10%	899,000	14%	24.4%	63,677	17,677	72%	390	314	253
Inner Eastern Suburbs	3,546	1%	265,000	4%	10.6%	8,903	8,903	0%	340	308	249
Inner Southern Sububrs	9,474	3%	496,000	8%	16.7%				425	294	260
TOTAL IN THE INNER SUBURBS	48,227	13%	1,660,000	26%		72,580	26,580	63%	425	305	254
Rest of the Outer Suburbs	12,262	3%	236,000	4%	2.3%					244	170
Outer Southern Suburbs	31,709	9%	374,000	6%	9.5%	18,200	-	100%	230	220	176
SQY	9,049	2%	190,000	3%	12.7%				190	220	166
Marne-la-Vallée	3,517	1%	132,000	2%	8.7%				220	190	167
Roissy hub	1,719	0%	107,000	2%	8.8%				150	183	142
Cergy Campus	1,228	0%	28,000	0%	2.9%				150	158	111
TOTAL FOR THE OUTER SUBURBS	59,484	16%	1,067,000	17%		18,200	-	100%	230	203	155
TOTAL Greater Paris	367,740	100%	6,332,000	100%	10.8%	502,262	204,357	59%	1,250	450	447

MAJOR TRANSACTIONS

TENANT	PROPERTY	ADDRESS	TOWN	SIZE	TYPE OF CONTRACT
DASSAULT	CONNECT	9 Avenue Avenue Morane Saulnier	Vélizy-Villacoublay	23,418	LEASE
AXENS	THE HIVE	35-46 RUE JOSEPH MONIER	Rueil-Malmaison	21,719	LEASE
IN GROUP (NATIONAL PRINTING OFFICE)	CAMPUS	50 Quai du Point du Jour	Boulogne-Billancourt	7,393	LEASE
JONES LANG LASSALLE	SIGNATURE	23 Rue de Vienne	Paris 8th	6,541	LEASE
BNP PARIBAS ASSET MANAGEMENT	OPUS 12	77 Esplanade du Général de Gaulle	Puteaux	6,243	LEASE
PALI PALI	PANTIN MANUFACTURE - C3	140 Avenue Avenue Jean Lolive	Pantin	6,081	LEASE
(confidential)	TOUR DE LYON	177–185 RUE DE BERCY	Paris 12th	5,299	LEASE
BNP PARIBAS ASSET MANAGEMENT	MAJUNGA TOWER	6 PLACE DE LA PYRAMIDE	Puteaux	4,416	LEASE
	CB21	16 PLACE DE L'IRIS	Courbevoie	4,394	LEASE
PRAEMIA REIM FRANCE	L'USINERIE	24 Rue Villeneuve	Clichy	4,394	LEASE

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