



ACTIVITIES IN *France*

2021 proved to be a more successful year for Immoel France than 2020 in terms of business activity. However, we have not yet returned to the pre-pandemic levels of 2017 to 2019.

The slowdown in obtaining permits, which was already observed in 2020 due to the pandemic, remains. In addition, there is a desire to avoid urban sprawl in order to promote “zero net artificialisation”. Consequently, the urban transformation of buildings, which is at the heart of our business, is one of the solutions to be provided.

In the Ile-de-France market, the price of land continues to rise due to strong competition in the market. The office and residential markets are being challenged at the same time – which is quite unusual. This situation is being accelerated by the health crisis and the development of new ways of working. However, it creates a real opportunity for Immoel.

2021 was marked by confirmation of the renewed interest of tertiary users in the Paris region, with 1.85 million m² of leases. Players were keen to take advantage of opportunities in Paris for efficient assets that offer their employees high-quality services and living spaces. This confirms the trend to optimise space to take account of new working methods and promote greater urban centrality.

Investments are following these trends by concentrating acquisitions on properties with a high requirement for sustainable development. The success of consultations such as Réinventer Paris 3 shows the market's appetite for urban transformation.



Some significant operations during 2021 are worth highlighting.

In June 2021 we began marketing the flagship Fort d'Aubervilliers programme, which includes 157 homes available for unrestricted purchase. The marketing proceeded so successfully that we had to bring forward the marketing of phase 2 by two months. The fact that 60% of the lots are already reserved clearly demonstrates our know-how, capacity and operational synergy.

In Bussy-Saint-Georges (Seine et Marne, Paris region), we started marketing the Bucolia project, and the pace of sales was remarkably fast. This success is due to the quality of the homes and the services provided for the occupants of the main residence, which is also the case for Aubervilliers. The programme's mix makes it a unique development that meets the market's expectations: collective and individual housing, and a prime location for a senior residence.

The iconic building in the 18th arrondissement of Paris, Tati Barbès, which we will transform into a mixed-use product incorporating offices, housing, hotel, cultural facilities and shops. It will provide a sustainable centrepiece in a historic district of Paris.

At 277 rue Saint Honoré, between Concorde and Madeleine, we will develop a 2,700 m² mixed-use office and retail project in a joint venture with Goldman Sachs Asset Management.

209,500 m²
French portfolio

2,837
residential
units¹

33,400 m²
offices

See more projects details
on our corporate website



PROJECTS OVERVIEW

Name	Surface (m ²)	Location	Use	Building period	Immobel share
55 Avenue de Colmar	26,800	Rueil-Malmaison	Mixed used	TBD	100%
FORT'IZY (Fort d'Aubervilliers)	18,800	Aubervilliers	Residential	Q4 2021 / Q2 2024	50%
17/27 rue Chateaubriand	12,700	Savigny Sur orge	Residential	Q2 2022 / Q2 2024	100%
Créteil - ZAC de l'Echat	11,400	Créteil	Residential	TBD	26%
Esprit ville	10,100	Chelles	Residential	Q3 2018 / Q4 2021	100%
1 Rue de Cergy	9,600	Osny	Residential	Q4 2022 / Q4 2024	60%
Paris 14 / Montrouge	9,200	Paris	Office	Q2 2022 / Q1 2024	100%
FORT'IMMO (Fort d'Aubervilliers)	8,500	Aubervilliers	Residential	Q4 2021 / Q4 2023	50%
Tati Barbès	8,000	Paris	Mixed used	Q1 2023 / Q2 2024	100%
Bucolia	7,300	Bussy saint georges	Residential	Q1 2022 / Q1 2024	100%
9 Bld de Fontenay	7,100	Le Perreux Sur Marne	Residential	Q4 2022 / Q4 2024	100%
Esprit verde	6,900	Bessancourt	Residential	Q1 2020 / Q3 2022	50%
Ch des Poutils / Route D'Orléans	6,800	Montlhéry 2	Residential	Q4 2022 / Q4 2024	20%
Le conti	6,600	Le plessis trevise	Residential	Q3 2018 / Q2 2021	100%
Canal	6,400	Bondy	Residential	TBD	40%
Les terrasses du canal	6,100	Aubervilliers	Residential	Q4 2018 / Q3 2021	50%
L'aquila	5,900	La Garenne Colombes	Residential	Q3 2019 / Q2 2022	100%
11-15 Boulevard Marechal Foch	5,700	Neuilly Sur Marne	Residential	Q4 2022 / Q4 2024	100%
Le Clos Mazarine	5,200	Chilly Mazarin	Residential	TBD	100%
Angle JJ Rousseau - Tivoli	5,200	Houilles	Residential	TBD	50%
Saint-Antoine	5,000	Paris	Office	Q3 2022 / Q2 2024	100%
Les jardins d'Elizabeth	5,000	Aubergenville	Residential	Q3 2019 / Q4 2021	100%
Fleurilège	4,900	Croissy sur seine	Residential	Q4 2018 / Q2 2021	46%
Helios	4,900	Drancy	Residential	Q1 2019 / Q1 2022	100%
Horizon nature	4,800	Montevrain	Residential	Q3 2021 / Q3 2023	100%
29 bis avenue du Général De Gaulle	4,800	Avon	Residential	Q4 2022 / Q4 2024	100%
Essen'ciel	4,400	Othis	Residential	Q2 2022 / Q2 2024	100%
191/195 rue de Meaux	4,400	Vaujours	Residential	Q4 2022 / Q4 2024	100%
Buttes-Chaumont	4,300	Paris	Mixed used	Q4 2022 / Q4 2024	100%
Les terrasses de l'orge	3,800	Epinay sur orge	Residential	Q3 2020 / Q1 2022	50%
Le bel'air	3,500	Bezons	Residential	Q3 2018 / Q1 2021	100%
Villa Colomba	3,300	Charenton Le Pont	Residential	Q3 2018 / Q2 2022	51%
277 rue Saint Honoré	3,000	Paris	Mixed used	TBD	10%
20 Quai de l'Aisne	3,000	Pantin	Office	Q3 2022 / Q2 2024	100%
32 rue Saint Léger	3,000	Saint germain en laye	Residential	Q1 2021 / Q1 2023	100%
Les terrasses de Montmagny	2,900	Montmagny	Residential	Q2 2019 / Q4 2021	100%
42-50 Bvd Emile Genevoix	2,700	Romainville	Residential	TBD	100%
Villa du petit bois	2,700	Eaubonne	Residential	Q3 2020 / Q1 2022	100%

1. The totality of the residential units, not taking into account the share of Immobil in the respective projects.

In all our projects we put sustainability at their centre. We have signed a partnership with the City of Paris to initiate the temporary early use of our buildings. This will give us the opportunity to bring to life our surfaces left empty before the start of the works. The urban transformation initiated in particular at Tati Barbès and Saint Antoine places mixed use as a strong driver for value creation. It also leads to better integration of the buildings in their respective Parisian environments.

We always favour transformation before considering demolition and reconstruction. In Saint Antoine, we have transformed a car park into an office and residential building with atypical floors and spaces. After the structural study and in situ tests, we were able to keep all the posts and beams, and by moving a floor we could renovate it rather than destroy it.

As for Tati Barbès, thorough structural studies were carried out even before the building permit was submitted, to guarantee a minimum of demolition and a maximum of conservation of the existing building. More than 60% of the existing floors were maintained, making Immobel the most involved candidate in this respect.

Our team in France was strengthened at the beginning of 2022 with the appointment of Paul-Michel Roy as General Manager for Commercial and Urban Transformation. He will strengthen the synergies between our residential and commercial projects and consolidate the teams in charge of urban transformation and commercial projects in Paris and the Ile-de-France. Immobel France is thus accelerating its development to meet the increasingly important urban challenges of mixed use and sustainable rehabilitation.

"Immobel France is accelerating its development to meet the increasingly important urban challenges of mixed use and sustainable rehabilitation."

Fabien Acerbois

Managing Director,
Immobel France



MARKET ANALYSIS: FRANCE

I. Office market in France

A. Paris region

The Parisian office market is one of the most vibrant in Europe. Counting 59,65 million sqm at the end of 2021, the stock expanded by 742,608 sqm over the year or 1.26%.

Demand for office space in the Paris region reached 1.85 million sqm in 2021, which was an increase of 32% compared to 2020. The fourth quarter of 2021 was particularly dynamic with 631,000 sqm of space secured in the Paris Region, confirming the recovery seen in previous quarters. However, the market has been particularly active in a few well-defined size intervals and geographical sectors, with transactions above 1,000 sqm rebounding rapidly since the beginning of the year and strong activity in Paris Centre Ouest and La Defense.

In the segment of large transactions, activity remained timid in the first part of the year, but the fourth quarter was particularly good. In total, 56 transactions of 5,000 sqm were recorded in 2021, including 20 in the fourth quarter alone. This market generally reacts more slowly to economic and real estate cycles, but the results at the end of the year suggests renewed confidence of large companies.

After increasing throughout 2020 and early 2021, the volume of immediate supply has broadly levelled out in the second half of 2021, reaching 4 million sqm as of 31 December 2021, or a vacancy rate of 6.8%. The geographical evolution of supply diverges with a further fall in Paris intra-muros, and an increase for the rest of the Ile-de-France. The vacancy rate in Paris Centre Quest stands at 3.5%.

The compression of supply in Paris is putting upward pressure on rents. The average prime rent in Paris has reached 907 €/sqm/year, with the highest rent standing at €930/sqm/year. Rental values are also on the rise for second-hand space. In the suburbs, the trends are more nuanced. The average prime rent in La Defense has reached 550 €/sqm (excluding VAT) and €510 in the Western Crescent, up by 10% and 19% over one

year respectively. While prime supply is under pressure in these submarkets due to its location and intrinsic quality, this is less so the case in most other markets, where supply is greater and increasing, leading to a stabilisation or even a fall in rents.

59.65 million sqm office stock in the Paris Region
1.85 million sqm take-up in the Paris Region
6.8% vacancy rate

B. Regional office market

While Paris remains the favoured destination, regional markets offer substantial space at lower rental values. The markets of Lyon, Lille, Toulouse, Marseille, and Bordeaux count a combined 22.5 million sqm, with Lyon being the largest regional office market at 6.84 million sqm.

Regional markets rebounded strongly in 2021, after experiencing a significant drop of 44% in office demand in 2020. From 642,804 m² in 2020, regional take-up for offices increased again in 2021 to 954,695 m² (+49%). Most regional markets saw prime rents for office space increase, with Lyon prime office space now trading at €340/sqm/year (+4.6%). Prime office rents in Marseille increased to €320/sqm/year.

The vacancy rate evolution has been more mixed in regional markets, with Lyon vacancies up to 4.92% of total stock while Lyon voids decreased to 3.37%.

Key stats:
22.5 million sqm office stock in regional markets
654.695 sqm take-up in regional markets

sources: CBRE

II. Property investment in France

After several years of continuous growth and a record high in 2019, the commercial property investment market has been strongly affected by the health crisis in 2020 and 2021. In a volatile economic environment, the still uncertain impact of new working and consumption patterns on real estate demand has weighed on office and retail volumes, with travel restrictions also making it difficult for some transactions to materialise.

Two sectors, that have shown strength in 2021, are the industrial & logistics and residential markets. Investor demand for Industrial & Logistics has been fuelled by the strong growth in e-commerce and the importance of optimising the supply chain.

In the residential sector, investment volumes continue to rise, with a record reached in 2021. The strong performance of the residential market is being driven by managed student and senior residences and coliving. In geographical terms, due to the development of teleworking, and even a dual residence approach, medium-sized towns, close to large cities, are now being scoured by investors.

Offices currently trade at prime yields of 2.60% in the Paris CBD and the Paris Centre West, down from 2.75% a year earlier. Yield compression was strongest in logistics (and semi-industrial space), with prime logistics space now trading at yields of 3.25%.

At just 2.10% in Paris and 2.90% in Lyon, residential property yield remains structurally lower than that for commercial property. Investor demand is particularly strong for newly developed residential units.

Key stats:

2.60% prime yield for offices in Paris

3.25% prime yield for logistics

2.10% prime yield for residential

sources: CBRE

III. Residential market in France

A. Population

On 1 January 2021, France counted a population of 67.4 million inhabitants. This represents a change of 0.18% from the previous year and a moderation of the pace of growth that averaged 0.37% annually over the last decade. The French population grew by 119,400 inhabitants, of which 67,400 were natural growth and 52,000 were net migration.

B. Supply

On 1st January 2021, the French housing stock counted 37.2 million housing units. In mainland France, 81.8% of housing units were main residences, 9.9% were secondary/occasional accommodation, and 8.3% were vacant. Of the total residential stock, 55% were individual housing units and 45% were collective units. The stock for collective housing has been expanding at a faster rate compared to individual housing units, and this gap is widening. For the period 2016-2021, this was 0.6% annually for individual housing and 1.3% annually for collective housing.

Regarding the capital (unité urbaine de Paris), there were 4.758 million primary residences, or 16% of the French stock. Vacancy is more moderate in Paris (6.9%) than in metropolitan areas of more than 100,000 people (7.6%) and less than 100,000 (8.75%).

C. Prices

In the third quarter of 2021, the increase in prices of second-hand houses in France continued: +2.0% compared to the second quarter, after +1.9% and +1.2% in the previous quarters. Over a year, the acceleration in prices continues at +7.4%. Since the fourth quarter of 2020, the increase has been more marked for houses (+9.0% in one year in the third quarter of 2021) than for flats (+5.2%), which had not occurred since the end of 2016.

Over one year, house prices are accelerating (+7.1%, after +6.1% in the previous quarter). Prices for older homes are rising faster (+7.4% year-on-year) than those for new homes (+4.7%).

D. Transactions

In the third quarter of 2021, the annual volume of transactions increased again: in September, the number of transactions carried out over the last twelve months is estimated at 1,204,000, after 1,156,000 at the end of June. The annual volume of transactions has been on the rise since the fourth quarter of 2020, after a decline between the end of 2019 and the third quarter of 2020.

E. Rents

Rent has been increasing in France for several years. In September 2021, average French rent reached €15/sqm, including charges, according to the Seloger barometer. In 2021, rents continued to rise more than in 2020. At Q2 2021, the reference rent index increased by 0.42% year-on-year.

Significant regional disparities are hidden behind these figures. Rents remain highest in Paris, averaging €28.35/sqm per month before charges in March 2021, according to Vanport. However, they stabilised over the course of the year. In most large cities such as Tours, Lyon and Metz, rents have remained stable. On the other hand, rents have increased significantly in Rouen, Nantes (+4%) and Bordeaux (+7%).

F. New builds

Although the market remains sluggish since the beginning of the year, Q3 2021 was marked by a rebound in construction activity. In August 2021, 453,000 housing units were authorised, and construction began on 386,000 housing units (over 12 months). For the first time since the beginning of the pandemic, start of construction works and building permits are experiencing a positive change. This is especially the case in the regional markets, but residential construction activity decreased in the Paris Region (-4.4%).

Key stats:

+7.4% residential price increase in France Q3 y-o-y

Average rent in Paris is €28.35/sqm per month

sources: CBRE, Eurostat, INSEE, BTS LC, SDES

As per 31 December, 2021