MARCH 2025

NEWMARK

AN INVESTMENT
LOVE STORY

American investors in France: a successful past, a bright future?

INTRODUCTION

The French property market seen through the eyes of North American investors

Because of the size of their local markets and the scale of funds invested outside their borders, North Americans are **the world's leading property investors**. They also play a key role in the French investment market and have undoubtedly helped to drive its growth from the 1990s onwards. Since then, they have bought and sold many landmark properties in France and have established themselves as **the leading foreign players ahead of the British and Germans.** North American funds have also invested in French listed property companies, including URW (BlackRock), Klépierre (Simon Property Group), Mercialys (BlackRock) and Gecina (Ivanhoé Cambridge).

Furthermore, the 5,000 or so subsidiaries of U.S. companies based in France contribute to the strength of the French property market, helping to **stimulate rental demand in key sectors** such as finance and new technologies.

With the French investment market reaching its lowest level in 15 years in 2024, **North American investors will undoubtedly play a significant role in its recovery.** Last year, they already made their mark by increasing their investments in France by more than 150% compared with 2023, and by accounting for the largest share of the amounts invested by foreigners. Several North American investors have recently announced their intention to increase their presence in France, confirming their long-term commitment to the country.

While the French market is full of opportunities, **the North Americans firms should prioritize strengthening their positions in the industrial and alternative asset markets.** They have adopted a more diversified strategy in recent years, in line with global trends. They are rebalancing portfolios that were previously focused on offices, although they have not abandoned this real estate category.

In this study **we examine the history of American real estate investment in France** to better understand its evolution. At a time of transition for both France and the United States—marked by political uncertainty and economic slowdown in France, and a new administration and economic momentum in the U.S.—this moment presents **an opportunity to evaluate the attractiveness of the French market while also outlining current and future opportunities** for American and international investors.

François Blin
Chief Business Officer, France

Emmanuel Frénot
Deputy Chief Business Officer, France

We hope that you find this study interesting. It has been carried out in close collaboration with Newmark's global Research team and supported by our discussions with key figures whom we would like to take this opportunity to thank.

Enjoy reading it!

What is a “North American investor”?

A DEEP DIVE

This study looks at the importance of North American investors in France, and how their role has changed over the last 30 years. The term “North American investors” is not limited to entities investing exclusively U.S. capital in France but encompasses **all real estate funds and asset managers historically based in North America.**

Over the years, their business model has undergone profound change. Initially focused on offices and investing capital from North America, **these players have broadened their scope to include all asset classes**, acquiring property in France and elsewhere in the world **both on their own behalf and on behalf of funds of very different types and origins**. Analyzing the activity of North American investors in France is therefore tantamount to shedding **light on the major changes and dynamics of the global market.**

However, **the North American roots of these investors are not insignificant.** Their history, the expertise they have acquired in their home markets, the way in which the various asset classes evolve there, and the major role played by the United States in the global economy undeniably influence their approach and investment strategies in France.

Location of the global headquarters of the 15 largest North American investors in France

Ranked by volume of acquisitions in France between 2010 and 2024

Sources : Newmark / RCA

North American investors **globally**

€372B

VOLUME INVESTED **IN THE NORTH AMERICAN REAL ESTATE MARKET** IN 2024

I.e., 53% of all amounts invested worldwide

€75B

AMOUNTS INVESTED **BY NORTH AMERICAN INVESTORS** IN THE GLOBAL MARKETS IN 2024*

I.e., 48% of total cross-border investment volumes

10%

SHARE OF OFFICES IN TOTAL SUMS COMMITTED BY NORTH AMERICAN INVESTORS WORLDWIDE IN 2024*

Compared with an average of 30 % over the last 10 years

57%

SHARE OF INDUSTRIAL IN TOTAL INVESTMENT BY NORTH AMERICAN INVESTORS WORLDWIDE IN 2024*

Compared with an average of 29 % over the last 10 years

** Outside North America*

North Americans investors **in France**

€3.1B

TOTAL INVESTMENT BY **NORTH AMERICAN INVESTORS IN FRANCE** IN 2024

Compared to an average of €5.6 billion over the past 10 years, but €1.2 billion in 2023

42%

NORTH AMERICAN INVESTMENT AS A PERCENTAGE OF TOTAL FOREIGN INVESTMENT IN FRANCE IN 2024

Compared with an average of 39% over the past 10 years

77%

INDUSTRIAL SHARE OF TOTAL INVESTMENT BY NORTH AMERICAN INVESTORS IN FRANCE IN 2024

Ahead of offices (6%), retail (6%) and "other" assets (11%)

€330M

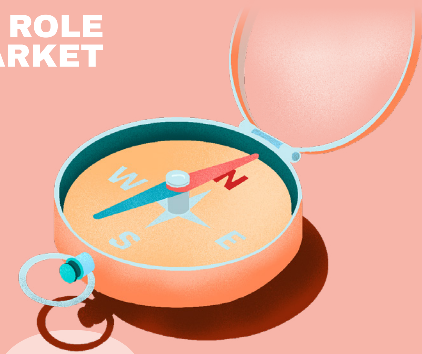
AMOUNTS INVESTED BY NORTH AMERICAN INVESTORS IN **ALTERNATIVE AND RESIDENTIAL ASSETS** IN FRANCE IN 2024

I.e., 11% of their investments, all asset types included

Sources : Newmark / RCA

KEY FIGURES

SUMMARY



A special partner

NORTH AMERICAN INVESTORS THE GIANTS OF GLOBAL REAL ESTATE

The world's leading investors

Half the money invested worldwide

The North American investment market is the largest in the world. Taking all asset types together, close to €430 billion have been invested globally on average each year since 2010, equivalent to around half of the world's total.

North American investors account for the overwhelming majority of investments in their territory (over 90% in 2024), and are also the most active worldwide. Since 2010, they have invested nearly €1.1 trillion outside their borders, representing **38% of all cross-border investments recorded over that period.**

North Americans retained this leading role in 2024, increasing their investments by 11% compared to 2023. They therefore accounted for 60% of the €769 billion invested worldwide, ahead of the Europeans (19%) and the Asians (16%).

Europe, a preferred location

Despite a difficult market context (economic slowdown, political uncertainties, Russian-Ukrainian conflict), Europe remained a priority target for North American investors after Asia: they invested over €36 billion there in 2024, equivalent to 42% of all cross-border investments on the continent.

They completed several major transactions in all market categories, including JP Morgan's sale of Times Place in London to Ares Management for nearly €160 million, Morgan Stanley's purchase of the Pullman Paris Tour Eiffel hotel for nearly €330 million, and Blackstone's acquisition of a logistics portfolio in the Czech Republic and Slovakia for €470 million.

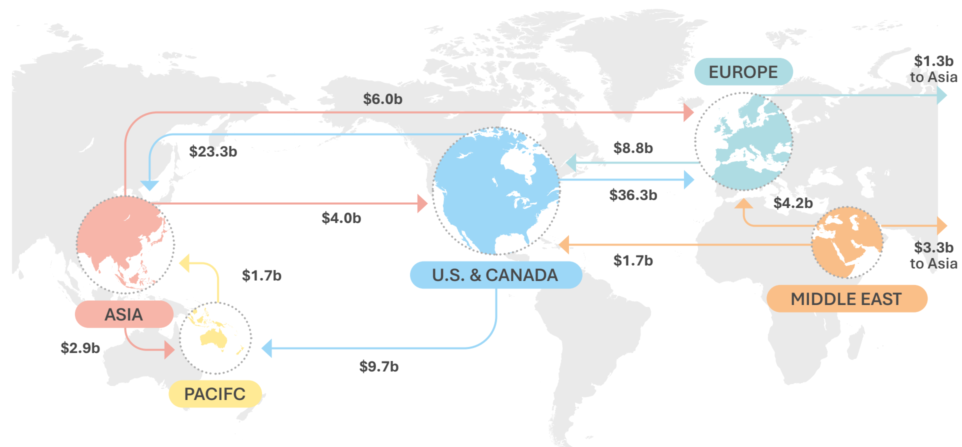
2024, a record year for the industrial market

While North American investors target all asset classes, the breakdown of their investments in Europe has changed over the years. Whereas offices have historically taken the leading role, their share declined sharply in 2024, accounting for just 8% of the sums invested by North American firms on the continent, compared with an average of 34% over the past 15 years.

Conversely, industrial assets have never accounted for such a high share, at 44% in 2024 versus an average of 25% over the past 15 years. The past year also confirmed the trend towards diversification observed since the end of the health crisis: in Europe, North American firms invested 16% of their capital in hotels in 2024, almost three times the ten-year average.

2024 global cross-border investment volumes

All products, in billions of $



Source : RCA

France, Europe’s third-largest market

Historically, France is the third-most-important European market for North American firms, on average over the past 15 years concentrating 12% of their investments on the continent, after the UK (36%) and Germany (19%).

Although their presence was limited in 2023, **North American investors returned en masse to the French market in 2024**. They invested over €3 billion last year, a 163% increase over 2023. Nearly 80% of that investment was in the industrial sector, which played a leading role in other European countries. North American investors also stood out in the UK residential market.

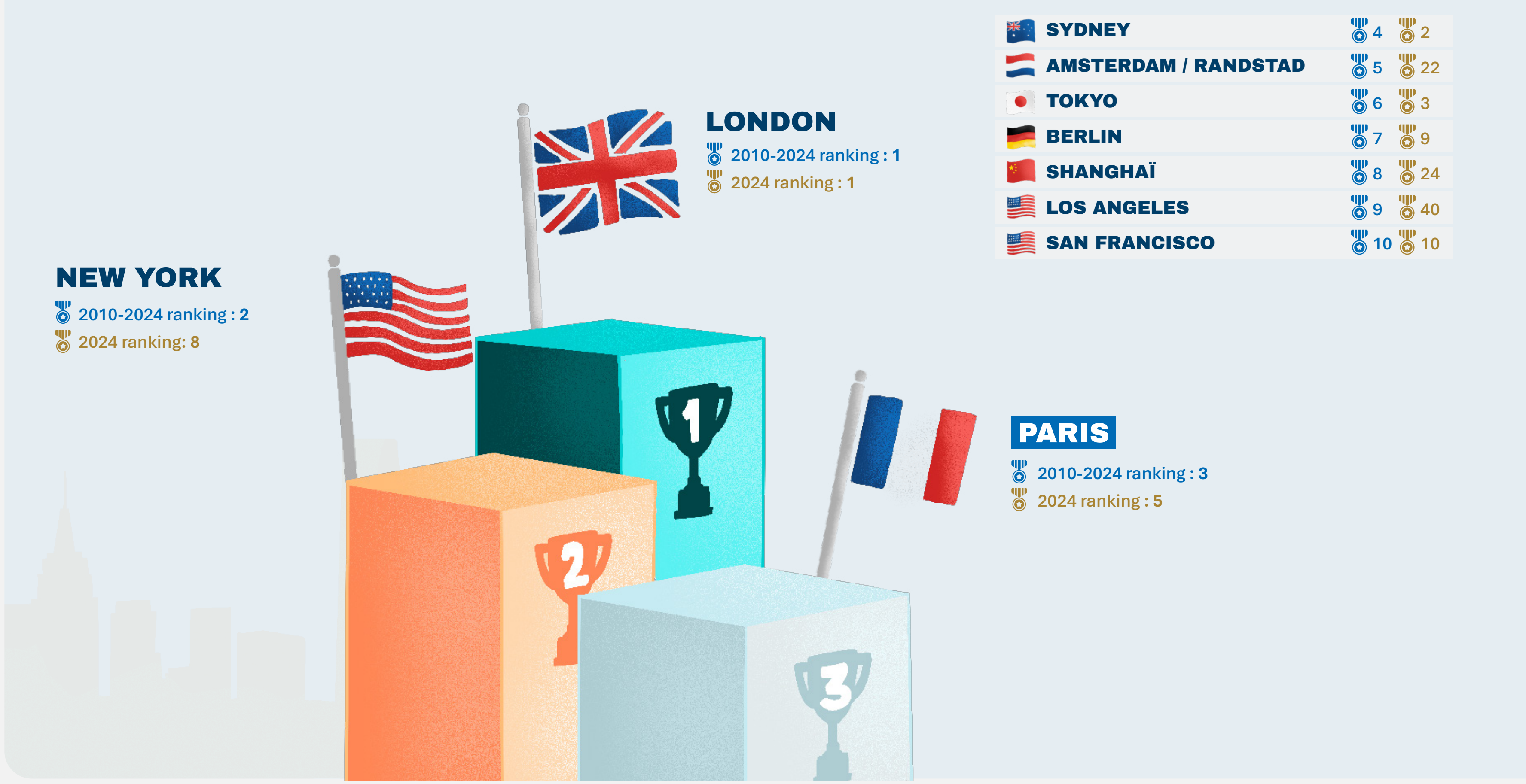
Paris: one of the top 3 cities targeted by North Americans

On a metropolitan scale, North American investors usually prefer Tokyo, Sydney and Singapore in the Asia-Pacific region, and London, Amsterdam and Berlin in Europe. Paris is also a destination of choice. Over the past 10 years, North Americans have invested more than €50 billion in the French capital, second only to London (€95 billion).

Paris even topped the rankings for cross-border investments worldwide in 2018, due to several large-scale transactions including Oxford Properties’ purchase of “Window” in La Défense for almost €500 million. By 2024, however, the city had slipped to fifth place, having been overtaken by Tokyo, whose market benefits from persistently low interest rates.

Top 10 global cities attracting the most cross-border capital (all origins included)

In the real estate market, all products, in billions of $ between 2010 and 2024



Source : RCA

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FOCUS The North American investment market : an uneven recovery

There are some signs of recovery in activity. 2024 Q4 saw the most activity since the Fed began raising rates in 2022. Retail gained market share in 2024 and signs of recovery in Multifamily began to appear, while Industrial took a step back and Office remained below historical levels.

Signs of improvment in the 2nd half…

U.S. Commercial real estate went through a year of adjustment in 2024, **particularly in the first half of the year**. The market had to digest higher rates which led to a combination of decreased transaction volume and increasing cap rates.

Overall transaction volume in 2024 is on pace to be 28% lower than its 2017-2019 average, while lending is down 16%. Pricing has been harder to pin down given the slowdown in transaction volume, but prices across asset classes have come in, particularly in Office.

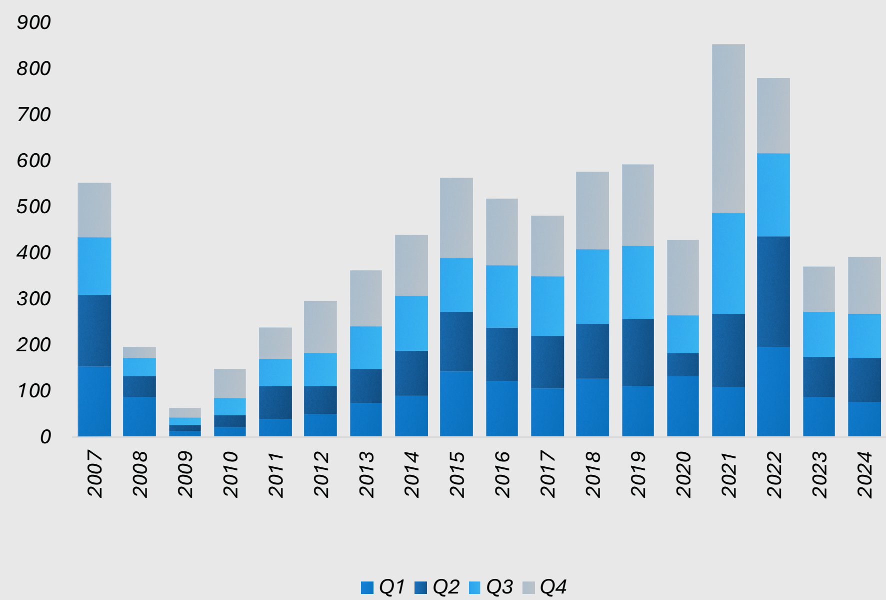
Debt maturities remained in focus as maturing loans struggled with credit availability, lower values, and higher interest rates. **In the last quarter, however, as Fed rate policy became clearer, there was a clear pick up in activity**, and transaction volume grew 29% quarter-over-quarter, providing some positive momentum going into 2025.

…to be confirmed in 2025

2024 Q4 saw the most activity since the Fed began raising rates in 2022. The expectation is that once transactions begin to trade, and pricing becomes less opaque, transaction activity will follow. The issue here is that longer term rates have moved up significantly, with the 10-year treasury up nearly 90 basis points since the Fed's first rate cut in September. Still, activity was not only held up by high rates, but uncertainty with where rates and the economy was headed. **With the election decided and markets feeling more confident in the short-term about fed rate policy, activity should follow.**

Change in U.S. investment volumes

By quarter, all products in $ billions



Source : Newmark

FOCUS The North American investment market : an uneven recovery

Optimism in the retail sector

Retail investment has become attractive, particularly necessity-based retail that is well insulated from e-commerce trends, or retail properties that work in conjunction with e-commerce, such as buy online, return in the store and in-person pick up. Retail fundamentals are also solid, with vacancy rates near record lows and little construction underway. The result has been transaction share allocation in retail in 2023 and 2024 increased for the first time in 10 years.

Multifamily performance is also beginning to stabilize, though the market still needs to work through a wave of deliveries, particularly in Sun Belt markets in the South. Like Multifamily, Industrial supply is weighing on the market, and sale volume is on pace for its lowest year since 2017. Industrial pricing is also coming in, though REIT implied cap rates remain low compared to their historic average.

A brighter outlook for offices

Office volume and pricing were both down in 2024, though the second half of the year saw some positive movement in activity. **Core markets, particularly New York, are beginning to see some larger office trades and pricing is becoming clearer, which is a necessity for recovery.** Debt remains a major concern for all property types, but it is especially top-of-mind for Office investors, and resetting the basis of the debt remains a very important step in thawing the market.

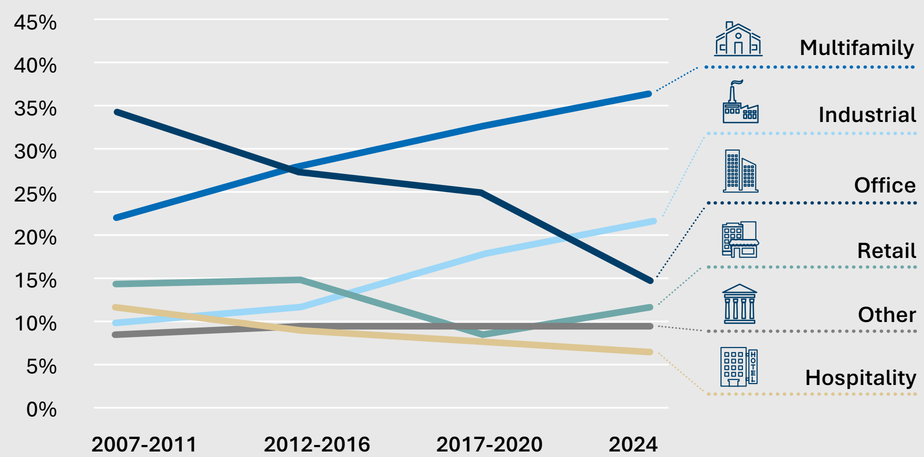
Fewer and changing foreign investments

Cross-border transaction volume reached its lowest level in at least 10 years in 2024, as a combination of wide bid-ask spreads and a strong dollar has made foreign investment difficult. Canadian, U.K. and Japanese investment has led the way, with companies like GIC, Brookfield, and Henderson Park largely buying from domestic institutional sellers.

Cross border investment flow has moved squarely in favor of Industrial and Multifamily since the pandemic began, matching domestic investment trends. Foreign Direct Investment in Industrial and Multifamily accounted for 60% of total CRE Foreign Direct Investment between 2020 and 2024 according to RCA, vs. 31% from 2001 to 2019. Industrial and Multifamily's market share gains was largely at the expense of Office, where the share of Foreign Direct Investment was 24% from 2020 to present and 15% in 2024, vs. 41% in the 20 years leading up to the pandemic.

Breakdown of U.S. investment volumes by asset class

By year and major period, as a %



Source : Newmark

INTERVIEW

Philippe Cervesi
Real Estate Director and
Chairman of Corum AM

A French investor in America: the example of Corum AM

Can you tell us about your company?

Corum AM currently employs 260 people, mainly in Paris, but also in our offices in London, Dublin, Amsterdam, Vienna, Lisbon, and soon in Germany and the United States. We manage four real estate vehicles: three diversified SCPIs (Corum Origin, Corum XL and Corum Eurion) and an institutional OPCI for the Médicis mutual insurance company. We also have a dedicated bond management team (four high-yield funds worth around €1.5 billion), as well as an insurance company, Corum Life. Thanks to our ACPR accreditation, we can distribute our products directly or through unit-linked products.

From the outset, our strategy has been to target international markets, with our first foreign acquisitions in 2013. We started with Southern Europe, which offered opportunities thanks to the subprime and Greek crises, then expanded to Northern Europe (Benelux, Ireland, etc.), and launched Corum XL, which aimed to exit the euro zone after Brexit to invest massively in the UK, where our assets now exceed one billion euros. We then pursued our expansion, notably in Poland, Norway and even Canada in 2020. It wasn't yet the right time to invest in the United States, but the context has since changed.

Can you tell us more about your new investment strategy in the United States?

We have launched a new SCPI, Corum USA, because the U.S. market is very interesting in the current context, whereas the situation is more complex in Europe. The United States offers great variety, with 50 states and as many markets. We're looking at many areas, particularly the Sunbelt, from Texas to South Carolina, where cities such as Austin are particularly attractive to companies because of their tax advantages. In terms of assets, we aim to be highly diversified and are therefore targeting all asset classes except residential. We are interested in retail, offices, industrial assets, healthcare and life science. Finally, we're targeting deals worth between $10 and $30 million, in order to spread the risk over several properties and take advantage of less competitive market categories.

The launch has been very promising, and if inflows follow, we'll be able to gradually increase the number of transactions. Management is currently based in London, but we plan to open a U.S. office soon.

French investors have traditionally had little presence in North America. However, the American market is not lacking in opportunities for more traditional investors. Corum, a French asset management company that pioneered significant investment in Europe, has just launched a new vehicle specifically dedicated to the North American market. Philippe Cervesi, Real Estate Director and Chairman of Corum AM, presents the new vehicle and explains the reasons for its development on the other side of the Atlantic.

Philippe Cervesi
Real Estate Director
and Chairman of Corum AM

Why invest in the United States now, and how have you been received?

The current geopolitical context, more favorable to the United States, has played a decisive role. In addition, GDP per capita is high, unemployment is low, and the real estate market enjoys unrivalled depth. As a result, even a bad year in the U.S. outstrips a very good year in Europe in terms of volumes invested. Last but not least, legislation is very favorable to landlords, with triple-net leases and very long terms, and transaction times are very short. We believe that we have a window of opportunity of around three years to collect and invest in the region on a substantial scale.

We have been very well received by local players, agents, bankers and investors. Our ability to offer unconditional financing has been a great advantage, in a market traditionally highly dependent on debt. To date, competition in our target category (moderate-sized transactions) remains limited, which has enabled us to conclude our first deal in a market we initially considered difficult to access.

This first transaction is for $17 million. It involves a CVS pharmacy in Manhattan, on the corner of Broadway and 103rd Street, purchased from a well-known New York developer who had renovated the entire building and wanted to recuperate cash to repay their debt through the sale of the retail unit. It's an excellent showcase for us, combining a central and iconic location, a strong return and low risk.

Do you have any plans to expand outside the United States?

We leave no stone unturned and regularly explore new markets, from Australia and New Zealand to Japan, South Africa and Angola. However, we need both a favorable real estate and currency context. Australia, for example, may have represented an interesting opportunity at one point, but the window of opportunity has closed. In Asia, our investment capacity is limited by the size of operations and low returns; and in South America, we are constrained by excessively volatile currencies.

What are your plans for France?

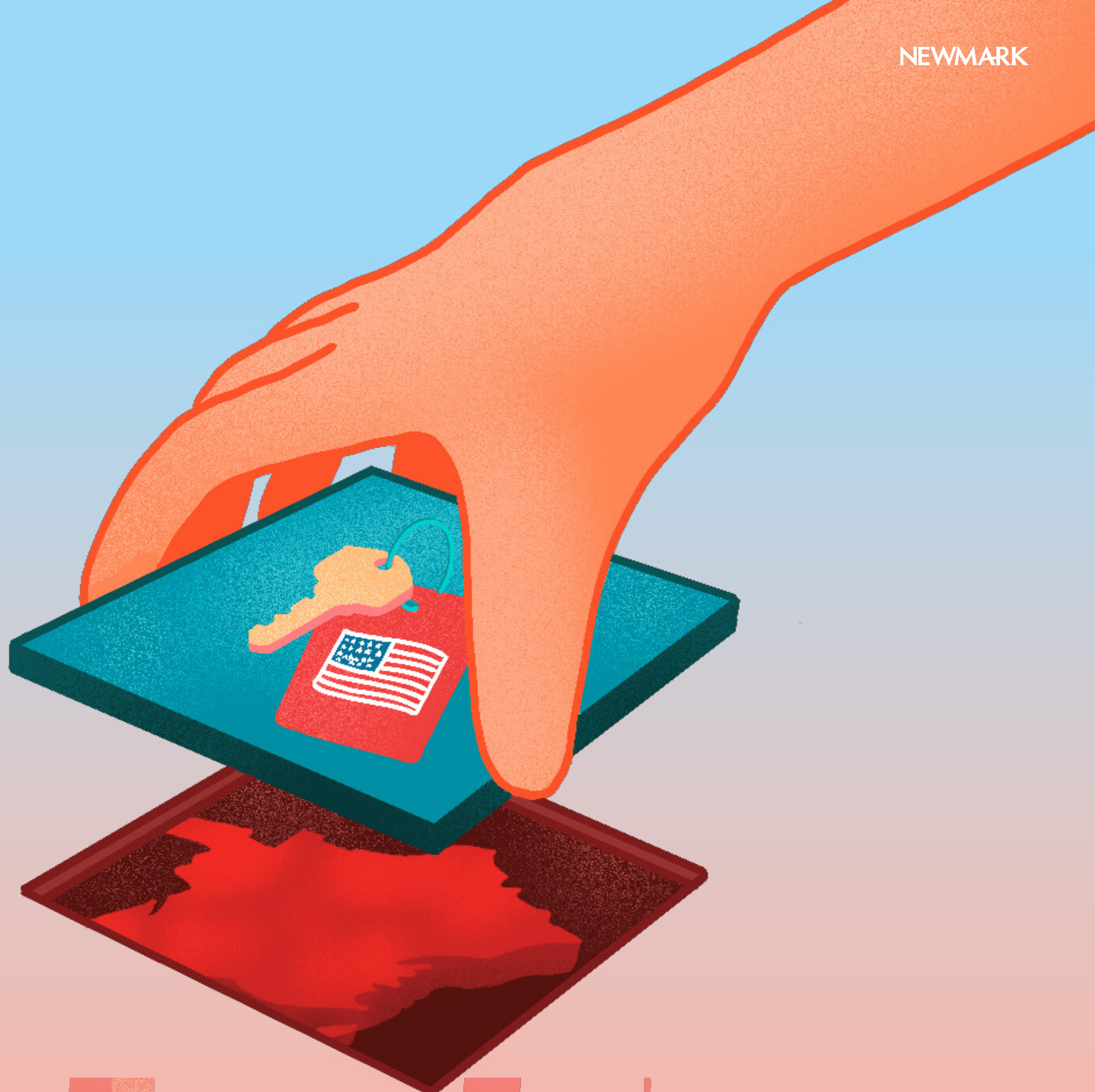
Between 2017 and 2023, we invested very little in France because prices were too high. We returned in 2023 with around 300 million euros of investments in three transactions: the purchase of a complex comprising offices and a hotel in Montpellier, a portfolio of four hotels in the Paris region operated by the B&B chain and, in the Greater Paris Region office market, In Situ in Boulogne-Billancourt. We'd be delighted to do more, but it's harder to find such attractive risk/return ratios in France than in other countries such as the UK, where there's a real culture of accepting loss, or the Netherlands, where we've managed to acquire assets on the basis of returns of between 10 and 12%.

> **"It's for us an excellent showcase,combining a central and emblematic location, solid return and low risk."**

Corum acquires a CVS Pharmacy in Manhattan

Beyond the sea

A KEY ROLE IN THE FRENCH MARKET



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A look back at nearly 30 years of American investment in France

Economic relations between France and North America go back a long way, and their importance continues to grow. Of the €15 billion in new investments announced at the last "Choose France" summit in May 2024, several significant projects came from American companies in a variety of sectors (Amazon, Microsoft, Equinix, IBM, Pfizer, AbbVie, etc.). In France, North American investors are also very present in the real estate sector, playing a key role since the 1990s and the subsequent financialization of this market. Since then, these players have made their mark on the market through the scale of their transactions, but their methods of intervention and the assets they target have changed significantly.

1990

Key points

The 1990s marked a turning point in the history of the French real estate market. During this period, the office sector took a turn for the worse and bad debts exploded, triggering bank failures and **a serious real estate crisis.**

Several American banks and funds took advantage of the situation, **buying up these bad debts and the impaired assets of institutional investors against the cycle**. A new approach emerged, that of the **financialization of real estate:** initially held as a long-term asset, buildings were now managed as financial assets generating income streams, as part of a short-term value creation strategy.

1997

SITQ* buys Tour Pacific from Compagnie Générale des Eaux

1998

Prologis buys Garonor from AGF and CDR**.

Goldman Sachs and Whitehall buy Paris Bourse from Lyonnaise des Eaux for nearly €170 million

1999

Morgan Stanley buys Bercy-Expo (Le Lumière) in the 12th arrondissement from Lyonnaise des Eaux and several French banks for almost €230 million.

2000

Key points

The 2000s was a decade of rich contrasts and began with a rebound in investment volumes, which peaked at €32 billion in France in 2007, across all asset types. **In their quest for high returns and financial leverage**, American investors were once again at the forefront of the market, not only in La Défense, but also in the speculative boom and in **sale and leaseback transactions.** American influence was also evident in the creation of the SIIC status in 2003, inspired by that of REITs.

The decade ended with the global financial crisis and the bursting of the real estate bubble. It was marked by the collapse of Lehman Brothers. The bank had just acquired Cœur Défense, still the largest acquisition ever made in France by a North American firm.

2001

GE and Goldman Sachs buy €1.2 billion of office space from France Telecom

2002

TIAA buys the Framatome tower in La Défense from Areva

2003

Carlyle buys Imprimerie Nationale in the 15th arrondissement from the French government

2004

Whitehall buys Cœur Défense from Unibail for €1.4 billion

2005

Morgan Stanley buys Tours Pascal from Apollo

2006

Tishman Speyer buys Le Lumière from Blackstone for over €670 million

2007

Cœur Défense sold to Atemi / Lehman Brothers for €2.1 billion

* Société Immobilière Trans-Québec / **Implementation consortium: hive-off vehicle responsible for liquidating the assets of Crédit Lyonnais and its subsidiaries.

Sources : Newmark / RCA / Ingrid Nappi

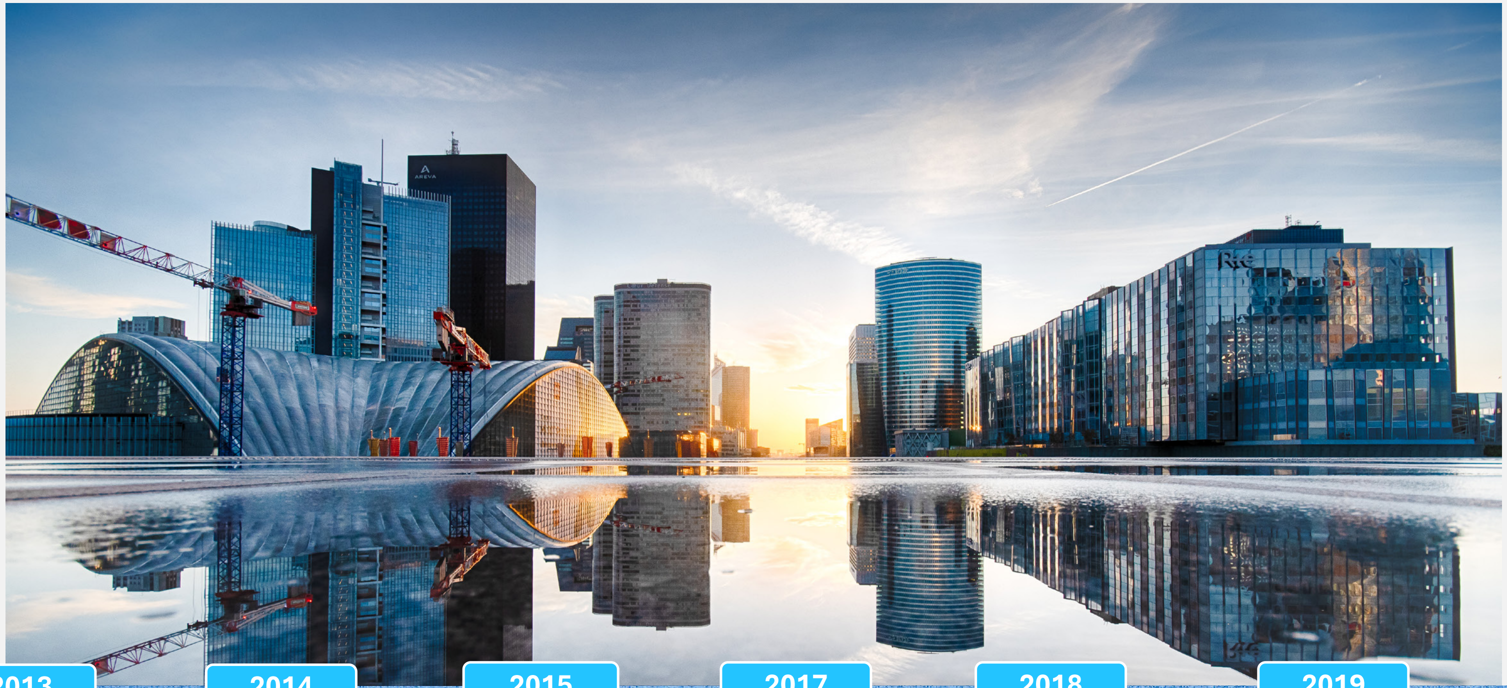
NEWMARK

2010

Key points

The 2010s were a **record decade for the French market**, both for leasing (absorption of 2.6 million sq m in 2017) and acquisitions (€47 billion invested in 2019). The American investors made a direct contribution to these exceptional results, signing several large deals, both for themselves and on behalf of international funds. Activity benefited directly from the easing of financing conditions and low interest rates.

During this decade, offices remained the main target for North American investors. While a number of landmark transactions were completed in La Défense, they also extended their activity to the Inner Suburbs, where several speculative forward-funding sale deals were signed (Saint-Denis, Clichy, Nanterre, etc.).



2010
Tishman Speyer buys the Delta building in Boulogne

2011
CarVal buys a portfolio of 22 logistics platforms from Gecina

2012
JP Morgan acquires 52 Hoche (Paris 8th) and Avant Seine (Paris 13th) for HKMA*.

2013
Ivanhoe Cambridge speculative forward-funding sale in Boulogne (Ardeko)

2014
Cœur Défense sold to **Lone Star** for almost €1.3 billion

2015
Blackstone buys the Kensington mixed-use portfolio from GE

2017
RedTree Capital and Invesco acquire Tour Cèdre

2018
Oxford Properties buys Window in La Défense for nearly €500 million

2019
Apollo Global Management buys 32 shops from Casino

*Hong Kong Monetary Authority

Sources : Newmark / RCA

2020

Key points

The beginning of the 2020s saw a **new real estate crisis** against the backdrop of the Covid-19 pandemic, followed by a sharp rise in interest rates linked to the Russian-Ukrainian conflict. International funds, particularly American ones, experienced a sharp drop in activity (over 30% less invested between 2020 and 2024 than in the five pre-Covid years). Many were wary of office space, contributing to the **sharp downturn in suburban markets and speculative deals.**

However, several long-standing players in the French market remain active, while new investors are emerging. 2024 is likely to mark a turning point: North American firms are significantly increasing their investments, strengthening their position in the industrial market, returning to the retail market for some, and confirming their **strong appetite for diversification** assets (hotels, managed residential, etc.). As in every period of crisis, they appear to be making an active contribution to the recovery of the French market.

2020

Tishman Speyer and Canadian pension fund PSP sign three value-add office deals (Tour Cristal and Carré Saint-Germain in Paris, Espace Lumière in Boulogne)

2021

Hines acquires 350,000 sq m of logistics warehouses from Auchan

2022

Blackstone buys the Vantage pan-European logistics portfolio from Valor Rep

2024

Hines acquires Liberté 1 in Charenton for conversion into student accommodation

Blackstone acquires the Mandarin Oriental's retail space

Sources : Newmark / RCA

Over €70 billion invested since 2010

Since 2010, North American investors have made several hundred acquisitions in France, across all asset classes. These transactions totaled more than €70 billion, representing a third of all foreign investment in France over the period, well ahead of the British (15%) and Germans (12%).

Landmark transactions

North American investors have regularly made their mark in the large transactions category. **Over the years, they have snapped up some of the Greater Paris Region's most iconic office buildings**, such as "Cœur Défense" and the "Lumière" building in the 12th arrondissement, which were acquired by Morgan Stanley, Blackstone and Tishman Speyer.

Traditionally, Americans have also been very active in the portfolio market, as illustrated by the numerous sale and leaseback transactions carried out between 1990 and 2000 (EDF, France Télécom, etc.) and, more recently, the many acquisitions of logistics portfolios.

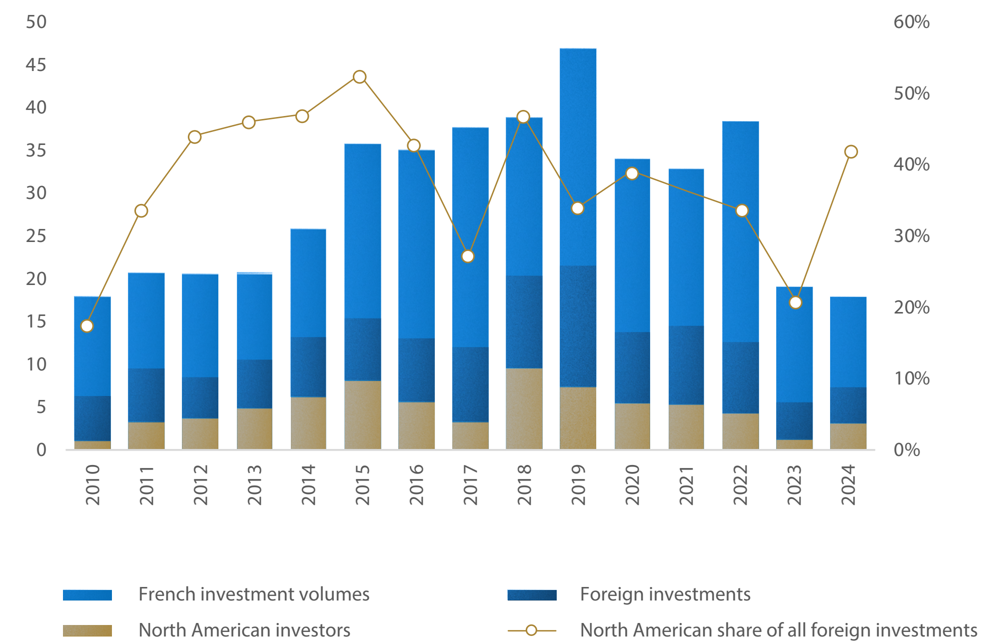
Ups and downs

The share of Americans has fluctuated considerably over the years, reaching a low point during the major global financial crisis (16% of investments made by foreign investors in France in 2010), before recovering in 2011 and most notably 2013 (44%) in a context of easing monetary policies.

The share of North Americans then declined, due to the sharp rise in volumes invested by other nationalities, such as South Koreans in 2019. Their share also fell in 2022 and **especially 2023, with barely €1.2 billion invested and a withdrawal from the office market.**

Foreign investment volumes in France

All products, in billions of euros



Sources : Newmark / RCA

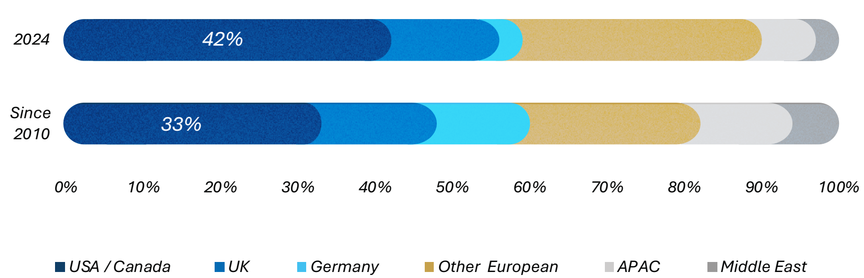
Back in the limelight in 2024

2024 marked their strong return to France. While the amounts invested by the French dropped by 33% year-on-year, **North American firms invested €3.1 billion in 2024, 42% of the total amount invested by foreigners.**

This volume was largely concentrated in the industrial market (€2.4 billion). North American investors were much less present in other asset classes, although Blackstone stood out with the acquisition of the Mandarin Oriental's retail space for almost €150 million.

Breakdown by geographic origin of volumes invested in France by foreign investors

Of total volume as a %, all products



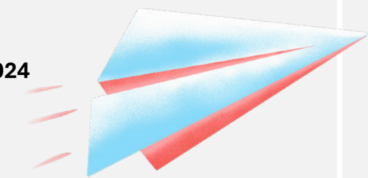
Sources : Newmark / RCA

Historic players and new entrants

Over the past 15 years, North American investors have been behind many acquisitions in the French real estate market. Of these, about fifteen have invested over €1 billion, with Blackstone in the top position ahead of LaSalle IM. Most of these players are still present and active in France, even if their strategy has evolved over the years. In addition to these historic investors, there are several new entrants, whose recent arrivals testify to the opportunities offered by the French market. Their acquisitions, mostly in the industrial and alternative asset segments, also illustrate the development of cross-border investment strategies.

TOP 15 MOST ACTIVE INVESTORS FOR ACQUISITIONS

North American investors in France, between 2010 and 2024



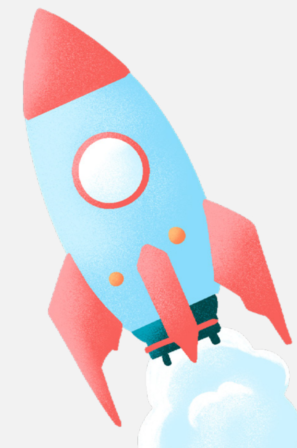
	Target asset classes in France				
	Logistics	Offices	Retail	Residential	Others
Blackstone	●	●	●		
LaSalle IM	●	●	●	●	●
Hines	●	●	●	●	
Invesco Real Estate	●	●	●		●
JP Morgan	●	●		●	
Brookfield	●	●	●	●	
Tishman Speyer		●	●		
CBRE GI	●	●	●		
PGIM	●	●	●	●	
Ares Management	●	●	●	●	
Oxford Properties	●	●	●		●
Ivanhoe Cambridge	●	●		●	
BlackRock	●	●		●	
Prologis		●			
Apollo	●	●	●		

Sources : Newmark / RCA

EXAMPLES OF NEW PLAYERS

North American investors arriving in France since 2020

	Dominant asset type	Recent transactions / Asset	Year
Cadillac Fairview	Logistics	Pâris Portfolio	2024
Clarion Partners	Logistics	Warehouse, Sury-le-Comtal (42)	2024
Dream Industrial Reit	Logistics	Omega Portfolio*	2021
Franklin Templeton	Others	Confluence Campus, Lyon (69)	2024
Greystar	Residential	Student housing / Coliving, Toulouse (31)	2025
Realty Income	Retail	Saphir Portfolio (Décathlon)*	2023
Realterm	Logistics	Matrix Portfolio	2024
Scanell Properties	Logistics	Warehouse, Strasbourg (67)	2024



● Offices ● Logistics ● Retail ● Residential ● Others (data centers, higher education facilities, etc.)

*Sources : Newmark / *Pan-European portfolio*

Asset types: a new hierarchy is emerging

Historically, offices have accounted for the lion's share of investments by North Americans in France, ahead of industrial, retail and other asset classes (residential, hotels, etc.). In 2023 and 2024, a new hierarchy has emerged in favor of industrial assets.

Major players in the Central Business District and La Défense

In the office market, North American investors have historically favored Paris' two main tertiary hubs. Since 2010, 21% of their office investments have been concentrated in the CBD. La Défense has also been an important playground. **North American investors had a strong presence in the business district in the late 1990s and 2000s**, and are now less active, although they do still own some landmark assets (Areva and W Towers, Colisée Gardens, etc.).

Industrial share at its highest

For the past two years, North Americans have been targeting the industrial market as a priority. Before 2020, the latter represented an average of 21% of their investments in France, all asset classes combined, compared with **50% since 2021 and even 77% in 2024!** The share of retail has remained modest (6% in 2024, compared with an average of 15% since 2010), although it has been boosted in recent years by the acquisition of retail premises on the outskirts and prime Parisian buildings.

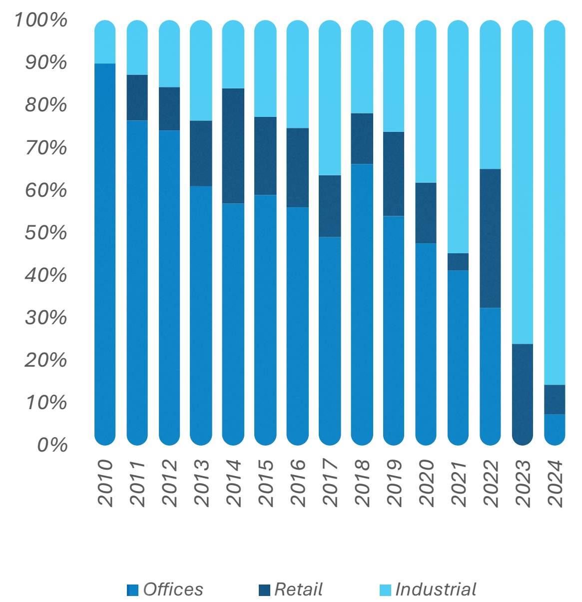
Diversification in action

At the same time, North Americans have progressively diversified their assets by targeting other types of property, **sometimes even changing the way they operate by becoming both investors and operators.** These "alternative" assets still account for only a modest proportion of their investments in France. They include serviced accommodation, as seen by Greystar and Hines in the student housing sector, and data centers, with the growing appetite of certain investors (Brookfield, Blackstone, etc.).

Finally, **Life Science, a market category that is highly developed in North America, is still relatively underdeveloped in France.** This explains the very limited number of significant acquisitions in France, the most notable being Oxford Properties' 2022 purchase, with Novaxia, of the "Biocitech" campus in Romainville for over €100 million.

Breakdown of acquisitions by North American investors in France

Corporate real estate, % of total annual volume in billions of euros



Source : Newmark / RCA

2010-2024 cumulative volumes

54% **Offices**

30% **Industrial**

16% **Retail**

INTERVIEW

Xavier Musseau
Senior Managing Director
Head of Hines France

Diversification in action: the example of Hines

Could you tell us more about the origins of Hines and how the company has evolved over the years?

The company was founded in 1957 in Houston by Gerald Hines. The story of its creation is a little like the American dream: Gerald Hines was an engineer and started out selling cars before founding the company. His first project was a logistics warehouse. However, it was the oil boom in the Gulf of Mexico that really got Hines off the ground, with the rise of the major oil groups and their real estate needs, mainly in the office sector.

After expanding in the U.S., the company went international when Gerald handed over to Jeff Hines, setting up operations in various European countries, including Germany in 1991, France in 1995, Spain in 1996 and Italy in 1999. The idea behind this was to be less exposed to American cycles.

At the same time, Hines also began to buy properties on behalf of third-party investors...

That is correct. At around the same time, we began buying properties in the United States for our own account and for third-party investors. The aim was to generate more stable income to complement our original business as a property developer, which is highly cyclical by nature. This approach was also adopted in Europe, particularly in France, where we initially focused on property development for the first 10 to 15 years, before expanding into asset acquisition and management from 2010 onwards.

To increase our investment capacity, we have adopted two approaches: an indirect approach through discretionary funds, which account for half of our investments, and a direct approach through mandates on behalf of funds such as BVK in the European high street retail market, or through one-off acquisitions where a joint venture is systematically set up in which Hines holds a minority stake.

Today, the family-owned group is 100% owned by the Hines family and is present in 398 cities across 31 countries, with total assets under management of around 87 billion euros, including 28 billion in Europe.

From its founding in Houston in 1957, Hines has undergone a remarkable evolution: from a company specialising in the development of office buildings, it has become a global real estate operator covering all markets and asset classes. Now present in almost 400 towns and cities in some thirty countries, its history is a perfect illustration of the profound changes taking place in the property industry. Xavier Musseau, Head of Hines France, looks back on this success and unveils his roadmap for the coming months.

Xavier Musseau
Senior Managing Director
Head of Hines France

Since your arrival in Europe, your business has evolved considerably, particularly in terms of the asset classes you target

Ten years ago, offices accounted for 70% of the value of our portfolio in the United States and 80% in Europe. Today, their share has fallen to 29% in Europe, although it remains higher than that of retail (7%), industrial (15%), residential (22%) and mixed-use assets (27%).

We did not wait for the impact of Covid and the offices crisis to implement our diversification strategy. We began broadening our investment spectrum to include other asset classes as early as 2010. In doing so, we're listening to our investors, who tell us they want to cover real estate on a global scale. Geographically, we are already present in most key regions, including Asia-Pacific, where we are expanding strongly and recently opened an office in Vietnam. Our aim is to cover all geographical sectors, as well as all asset classes. This strategy is constantly in progress, as asset classes evolve and new ones emerge.

What are the company's priority areas of development in Europe?

Industry, which represents some 10 billion in assets under management for us, is undoubtedly a mainstay, whether in logistics or, more recently, data centers. The "living" sector is also a major focus of our strategy. In the United States, we've been covering the multifamily and built-to-rent sectors for a very long time. These development models are not necessarily replicable in Europe, but they give us real expertise and a real vision of the residential asset class overall. This is one of the most obvious manifestations of the influence of our North American "culture".

Does your American background influence your business in Europe in any other way?

Our approach to property and facility management is a good example of our American "logic". In the United States, the company has always managed its assets. In Europe, we have only been doing so for two or three years, and in France we now directly manage almost 90% of our assets. This is in line with our hospitality policy: if we want to provide an optimum level of service, the ideal is to do it ourselves. We are currently applying this approach in offices and retail but will soon be able to do so in other asset classes as well. It's all about getting to know and serve our tenants better and building up their loyalty over the long term.

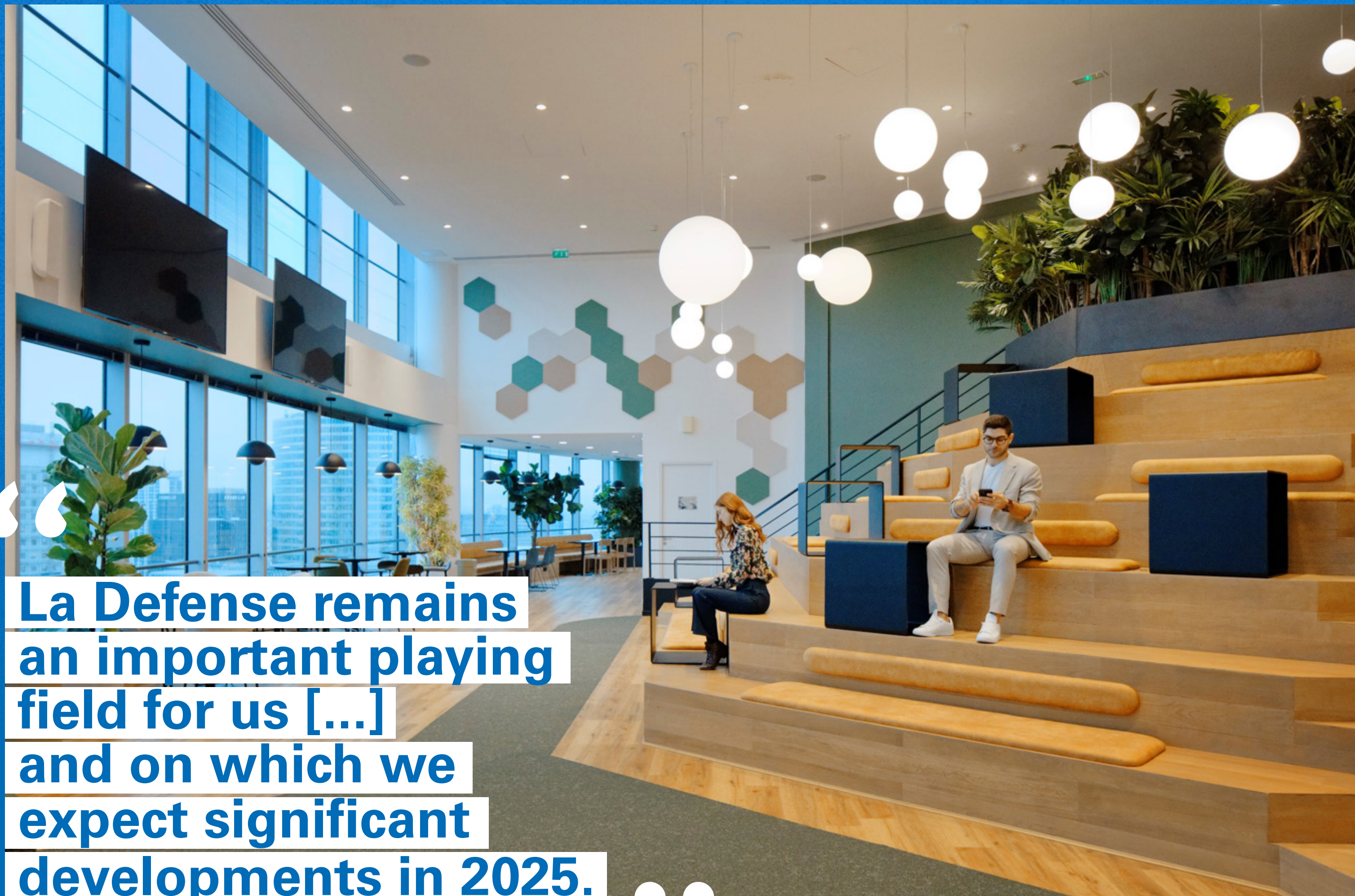
This vision also applies to the serviced accommodation sector, such as PBSA (Purpose-Built Student Accommodation), which we operate directly through our «aparto» brand in Spain, Italy, Ireland, the UK and soon in France.

We're also looking at new asset classes that didn't necessarily exist a few years ago, again seen through the eyes of hospitality, which we understand in its broadest sense, such as "glostels" (a contraction of glamorous and hostel) and "glamping" (a contraction of glamorous and camping). Finally, our strategy also extends to the infrastructure sector, through our strong interest in data centers.

Logistics platforms in Saint-Ouen-L'Aumône
– Credits @Objectif Aéro

"The objective is to cover both all geographic sectors and all asset classes."

Xavier Musseau
Senior Managing Director
Head of Hines France



> **“La Defense remains an important playing field for us [...] and on which we expect significant developments in 2025.”**

Tour CBX in La Défense – Credits @Thierry Lewenberg-Sturm

We need to go beyond the traditional approach and take a more dynamic, daring view of real estate. To achieve these goals, the company can draw on substantial capital resources, structured on a regional scale. In Europe, this activity is largely organized around multi-asset class funds that include 5-10% alternative assets and are divided into three risk profiles: core, core+ and value-add. Most of our capital comes from Europe. Only one fund is American, Hines Global Income Trust (HGIT), whose objective is to invest in core+ assets, half in the USA and half outside the USA.

How do you see the office sector, which has long been Hines' mainstay?

Although its relative share of our portfolio has fallen, the absolute value of our office assets has not really decreased. We are still present in office property development, through delegated project management, in key sectors including Neuilly-sur-Seine, La Défense and Inner Paris. La Défense, for example, remains an important market for us. It is not doing too badly, and we expect to see major changes in 2025.

However, it's true that our office strategy is constrained today, firstly because of the capital crisis, which will take some time to resolve, and secondly because of the profound changes affecting the very use of office space. Demand is now highly concentrated in certain areas and types of property, and supply is very limited in this market category. A few recent transactions in Paris are a perfect example of this, with a large number of bidders and very aggressive prices, testifying to investors' conviction in the sustainability of high rents in Paris and the likelihood of yield compression over the next 5 years. What's happening in the United States is also interesting for us, even if comparisons have their limits. In the USA, for example, the crisis was very swift and brutal. Furthermore, the practice of remote working, commute times and the approach to the notion of centrality today differentiate the American situation from the French one.

Xavier Musseau
Senior Managing Director
Head of Hines France

What are your goals for 2025?

Looking back at 2024, it was a complex year but the diversification of our activities clearly protected us. We also raised the third generation of our value-add fund, HEREP III (1.6 billion euros of equity), at the right time which enabled us to continue investing. We were able, for example, to position ourselves on a vacant office building in Charenton-le-Pont as part of a project to convert it into a 640-bed student hall of residence, to be delivered in early 2027.

In 2025, we intend to be more active in this market category, even if things sometimes take longer than we'd like. This is often linked to the very nature of our projects, which involve changes of use, and therefore require permits and a certain amount of red tape. We also intend to study other types of residential projects, such as affordable housing and build-to-rent, based on a more service-oriented model that will enable us to achieve a premium level of rent. Alongside the residential sector, and after a year marked by Hines' acquisition of the Onyx logistics portfolio in 2024, we will also remain active in this market category in 2025, where we believe there is still real potential for value creation.

Finally, we do not intend to abandon office property, as we firmly believe that this market offers opportunities outside the most central districts of the CBD, if the building has good fundamentals capable of satisfying the demand of occupiers looking to match their needs.

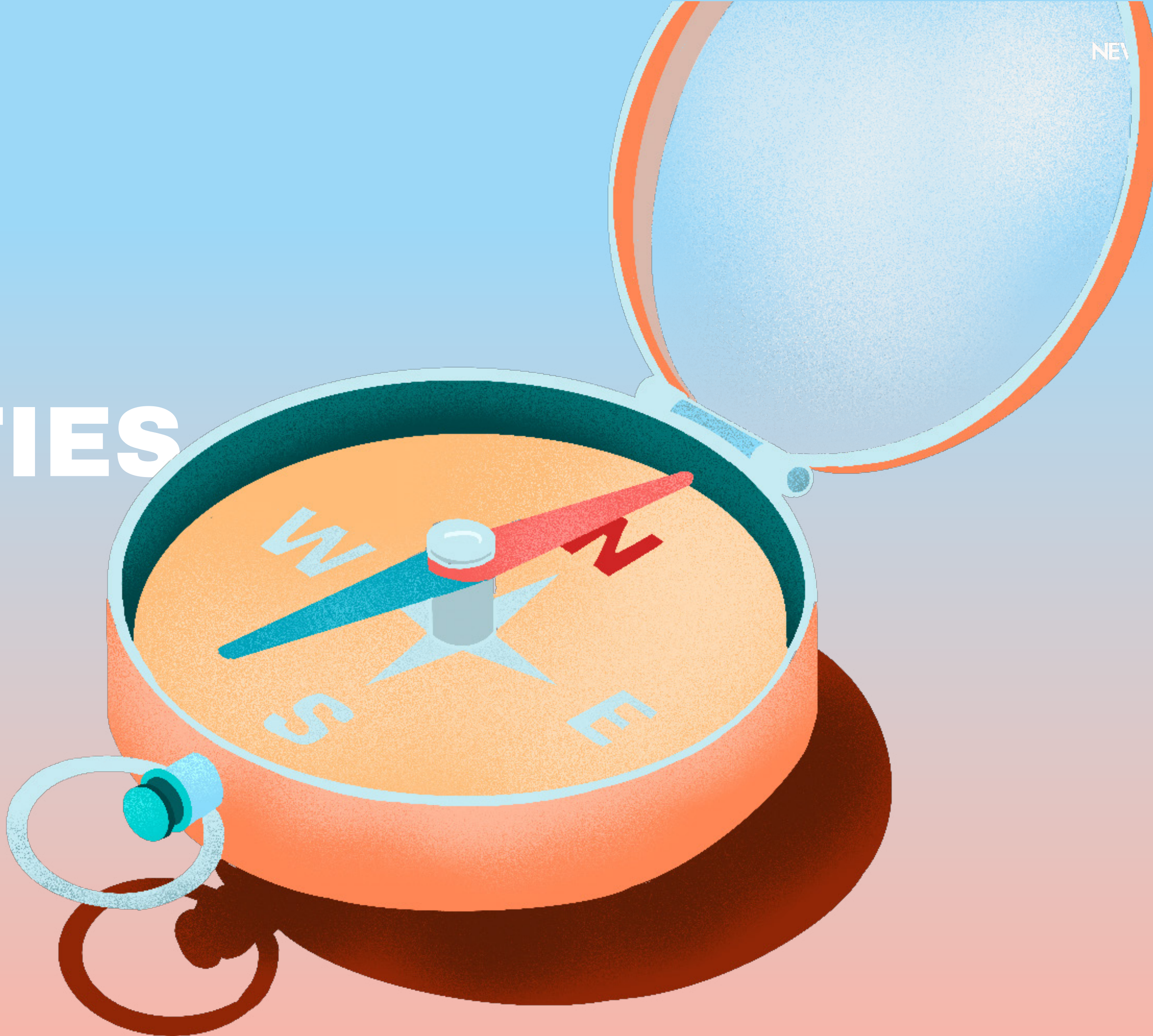
In conclusion, how do you see the next few years for Hines in Europe?

Hines leadership encourages us and believes that: "Everything you will buy in one year will be more expensive ". I share this view that we shouldn't wait too long to find "the low point". Of course, the market needs to become more liquid again, and French economic and political uncertainty isn't making things any easier. In this respect, we are paying close attention to France's competitiveness in relation to other European economies. Nevertheless, we remain resolutely optimistic. Our expertise in an ever-growing variety of asset classes, and the size of our available capital, are major advantages that will enable us to continue creating value in a market that is constantly evolving.

> **"We remain resolutely optimistic. Our know-how and the importance of our available capital are major assets to continue to create value in a market constantly evolving."**

Love is here to stay

WHAT OPPORTUNITIES WILL 2025 BRING?



More favorable conditions in Europe

While €150 billion were invested in Europe in 2023, the sums invested in 2024 totaled €170 billion and could reach €200 billion in 2025. Although the improvement will be gradual due to a political and economic context that remains uncertain, market conditions are nonetheless more favorable to recovery, with forced arbitrations and a potentially greater number of assets coming to market, better financing conditions and yields stabilizing at attractive levels. Some North Americans have already begun to take advantage of this situation, as recently shown by their stronger presence in the London office market and their acquisitions of logistics portfolios in several European countries.

A year of divergence between the ECB and the Fed

The current climate seems to be conducive to a stronger presence of North American investors in Europe. While **the euro has weakened against the dollar**, future exchange rate trends are still uncertain due to the expected changes brought about by the new administration. On the other hand, the European market should continue to benefit from the ECB's monetary easing policy, whose rate could fall below 2% by the end of 2025, marking a divergence from the Fed's trajectory.

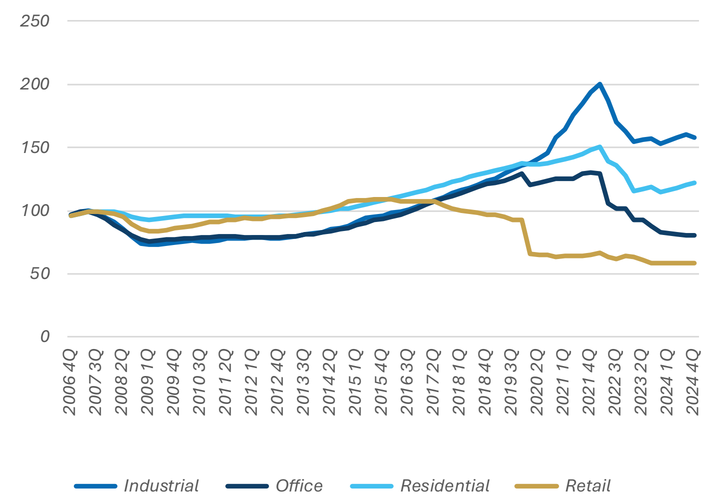
VA funds and opportunists at the helm

Funds raised by North Americans for investment in Europe fell sharply in 2024 (-50% compared to 2019, versus -21% for all destinations combined, according to Preqin). While capital inflows could pick up again in 2025, they will continue to target opportunistic and value-add funds, as North American investors seek high returns to compensate for holding non-dollar-denominated assets. However, some **North American players could eventually target core assets in Europe after adopting this strategy in the United States**. This is the case for certain private equity giants, such as Blackstone and KKR, which have recently acquired insurance companies (see p.28).

European real estate, particularly in the continent's most stable and mature markets, will be **all the more attractive as values have corrected sharply** and financial markets are likely to be highly volatile in 2025. Increased capital investment in Europe would also enable North American investors to meet their diversification objectives, particularly in market categories benefiting from favorable structural changes (managed residential, data centers, logistics, etc.).

Commercial Property Price Indices (CPPI)

Weighted average in Europe's 30 leading markets



Source : Green Street

Expected rise of private investors

European markets could also attract more private capital, given the sharp rise in the wealth of high-net-worth individuals in the United States. While the average worldwide wealth of billionaires rose by 17% in 2024, that of Americans jumped by almost 30%. According to a study by UBS, real estate is the preferred asset class for billionaires to invest in over the next 12 months. 43% of billionaires plan to increase their exposure to real estate. This is exemplified by the likes of Michael Dell, founder of the eponymous IT brand, and Larry Ellison, co-founder of Oracle, who recently purchased offices in London's West End for almost €200 million.

"Based on our experience on the ground in key European markets, we believe the recovery has started, creating exciting investment opportunities."

KKR, European Real Estate: Fortune Favors the Brave, November 2024

**UBS, Billionaire Ambitions Report 2024.*

INTERVIEW

Alex Foshay
Divisional Head of International Capital Markets
Executive Vice Chairman, Newmark

A broadening pool of U.S. investor demand for UK and Europe real estate

We are seeing quite a shift in investment focus towards UK and European real estate from U.S. investors. Can you explain what's driving this trend?

Absolutely. There is a noticeable increase in U.S. investor demand for real estate in the UK and Europe. The backdrop of the historically strong U.S. Dollar is making Euro and Pound investment attractive for U.S. investors. That demand is driven most significantly by both private equity firms and family offices. There is conviction among U.S. private equity firms that we are past the bottom of the capital markets cycle, causing them to actively pursue their traditional value add investment strategies. Notably, firms like Blackstone and KKR in the U.S. have acquired insurance groups, which has given them access to more core/core+ capital. This has fueled a new strategy to buy more core profile real estate assets in the U.S, which we believe will extend into the UK and Europe.

Can you highlight some transactions Newmark has been involved in?

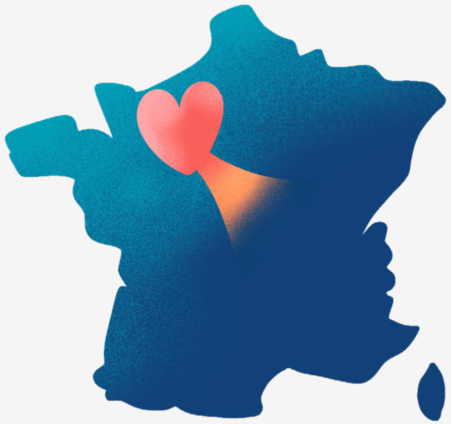
One prominent transaction was our sourcing of TPG to make a 50% co-investment in M&G Real Estate's £700M / 6 million square foot UK multi-let Active Growth Logistics portfolio, with a go-forward strategic joint venture to build on the success of the platform. Another notable deal was our sale of Arboretum Gateway, an office property spanning 225,773 square feet, located in Los Angeles' Santa Monica submarket. This was a triple net lease to Universal Music for 12 years that sold for $185 million. The buyer was Drawbridge Realty, a San Francisco-based privately held real estate investment company partnered with KKR/Global Atlantic. A further significant deal was our $361 million sale of 730-750 Main St. in Cambridge, Massachusetts to Blackstone/Biomed. This two-building complex spans 220,000 square feet, is leased to MIT for over 13 years and is home to The Engine, an MIT spinout accelerator. These latter two transactions highlight the type of core investment strategies U.S. firms are pursuing, and we expect similar strategies to be applied as they explore UK and European markets.

How are family offices involved in this emerging trend?

U.S. family offices are increasingly taking an institutional approach to their investments. Notable entities like Michael Bloomberg's Willett, Michael Dell's MSD Capital, and Larry Ellison have shown interest in the UK and European markets. For example, the Oracle co-founder Larry Ellison has recently purchased the London West End property at 11-12 St. James's Square for $200 million. We've also seen U.S. family offices considering industrial and self-storage offerings, and they're entering joint ventures with high-quality local sponsors. In many instances, this marks the initial stage of their exploration outside of the U.S.

What about other groups are they also heading to Europe?

Blue Owl Capital, a New York-headquartered private markets group, has been very active in the U.S., purchasing high-quality, long-term leased investments across numerous sectors, including data centers and offices. They've recently opened a London office and are exploring regional opportunities that offer higher yields across the UK and broader continental Europe. Their strategy aligns with the broader trend we're seeing of U.S. investors expanding their horizons into European markets.



France's attractiveness called into question

In 2024, the amounts invested in France by French investors fell by a massive 33% in one year, while those invested by foreigners rose by 61%. Among these foreign investors, North Americans dominated the field, targeting primarily industrial assets. In 2025, the question will be whether French market conditions will lead North Americans to step up their investments in France and not just in the industrial sector.

Several risk factors

The issue of market opportunities for North American investors in France is part of a broader question of the country's attractiveness to international investors.

Several factors are currently threatening this appeal, starting with the high level of political uncertainty and the **lack of clarity surrounding France's tax and regulatory framework.**

As highlighted by the latest EY barometer of France's attractiveness and the latest AmCham* position paper, which stresses the urgent need to "preserve the climate of confidence by maintaining political and budgetary stability", this situation is already damaging France's image. It could also have a long-term impact on the performance of the leasing market, by curtailing or postponing plans by foreign companies, notably from North America, to locate in France.

The trajectory of long-term rates must also be closely monitored. While the sharp rebound in December and early January made it difficult to reconstitute a significant risk premium, the 10-year OAT has since remained very volatile and could stabilize at around 3%.

Attractiveness maintained over the long term

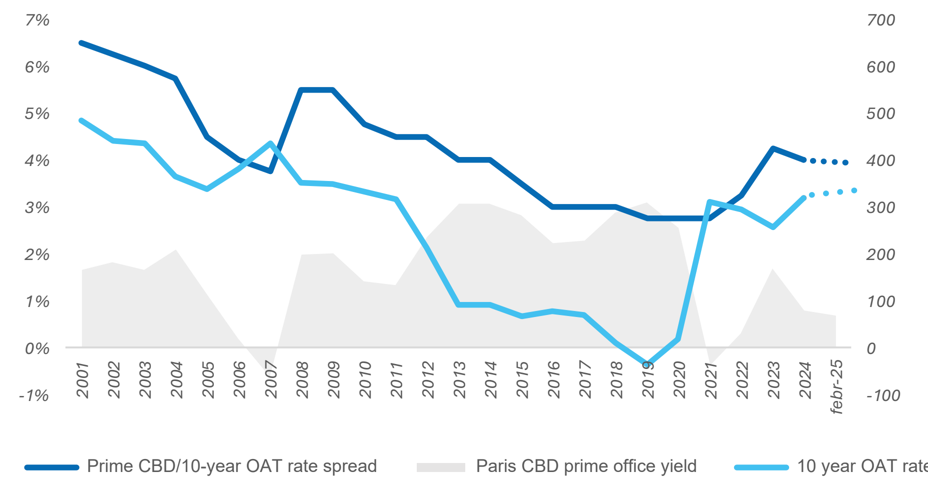
Nevertheless, several factors seem likely to support the recovery of the French investment market. The quality of France's infrastructure, the strength of its large companies, the breakthrough of certain innovation players and the stability of the banking sector are all **strong macroeconomic fundamentals.**

When it comes to real estate, the size and depth of the French market also remain real assets for international investors keen to take advantage of prices that have sometimes corrected significantly. Several categories in the leasing market, such as industrial and certain retail formats (prime streets, retail parks, etc.), are also benefiting from favorable market conditions, while a gradual improvement is taking shape in the office market, particularly in certain key sectors of western Paris (see p. 37). Finally, **the emergence of new alternative asset classes provides real diversification opportunities for investors wishing to rebalance their capital allocation.**

*American Chamber of Commerce In France

The real estate risk premium

Change in the Paris CBD prime yield and 10-year OAT rate



Sources : Newmark / RCA / Banque de France

Alternative assets : The new frontiers of real estate investment

During previous crises, North American investors helped revive the French market by investing heavily in the office sector. While they are still targeting "traditional" assets (logistics, out-of-town retail, ultra-prime Parisian retail, well-located value-add offices), a more pronounced recovery in their investments in France will also depend on their ability to implement diversification strategies.

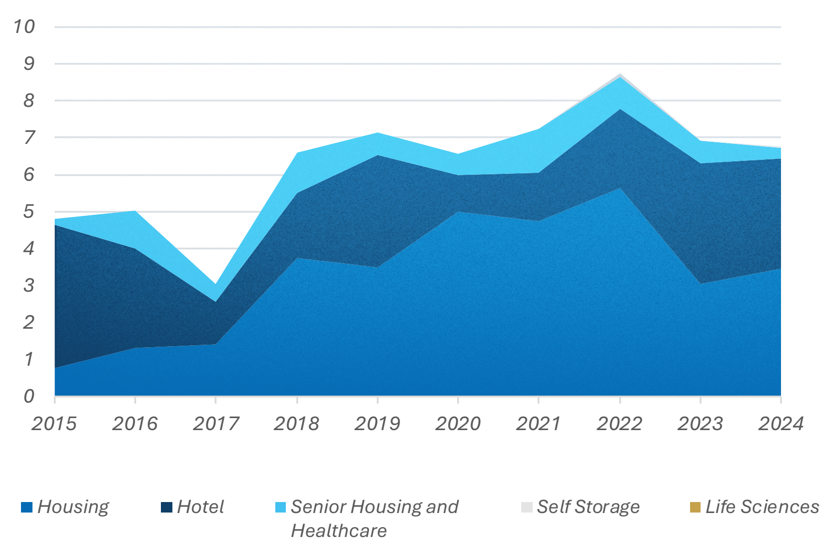
Under-exploited potential

The potential of the French market for alternative assets (student housing, data centers, life science, etc.) is still under-exploited, considering their significant weight in the U.S. real estate market and the priority given by major fund managers to diversifying their allocations.

The limited supply of alternative assets in France has so far hampered international investors' ability to significantly increase their exposure to this market sector. **In recent years, however, supply has increased** in response to demographic, economic and social needs. As a result, international investors are benefiting from more opportunities to diversify their assets, whether through new developments or the acquisition of existing assets. **Change of use also represents a considerable source of opportunities**, given the lack of available land and the marked correction in values, particularly in the office market.

Volumes invested in alternative assets in France

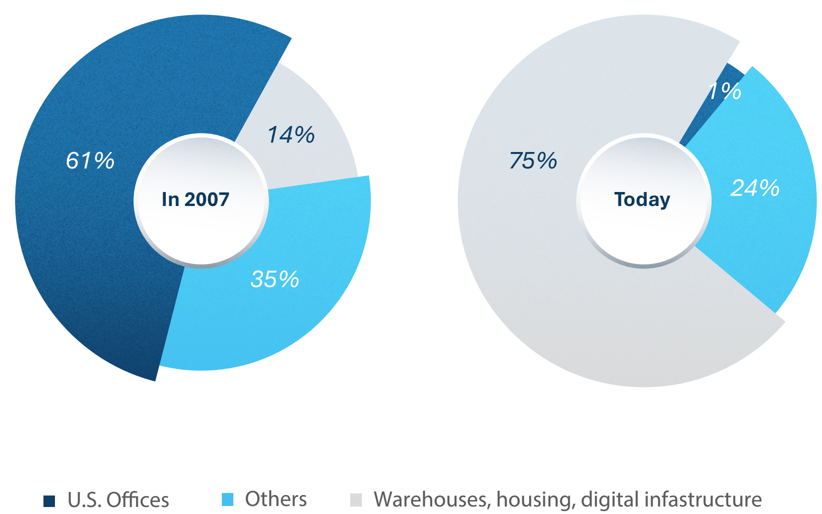
All investors combined, in billions of euros



Sources : Newmark / RCA

Blackstone: The world's leading asset manager's new paradigm

Breakdown of assets under management by type of asset



Source : Blackstone

Key considerations

While the alternative assets sector is promising, the lack of track record due to their relative newness, the small size of the market and the potentially significant impact of the legal and tax framework make it difficult to assess their future performance. Here are a few points to bear in mind:

Educational premises :
short- and long-term risk associated with declining student demographics (reduced public support for apprenticeships, birth rate crisis, potentially more restrictive migration policies, etc.);

Student housing / coliving :
falling student demographics, questions about the real depth of the market for the most high-end concepts, competition from the public sector linked to the accelerating development of social and affordable student housing;

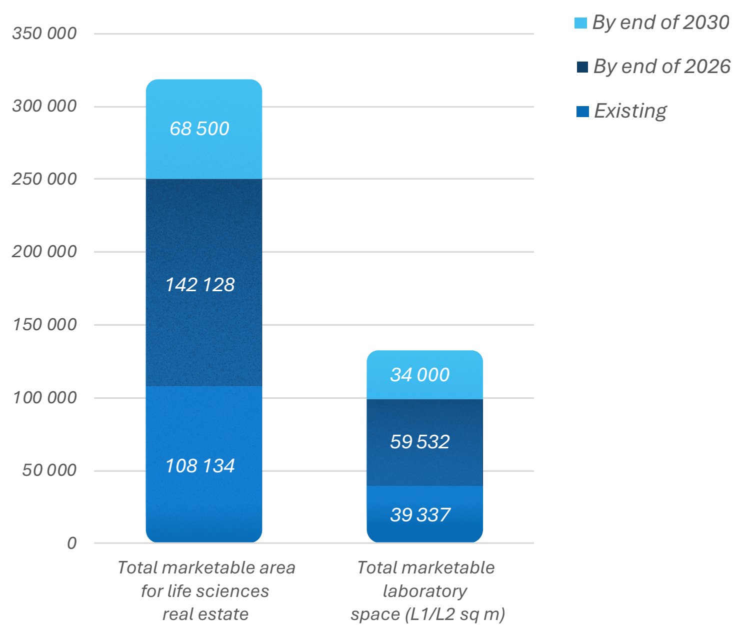
Data centers :
competition between operators, slow pace of new developments due to complex regulations and local opposition (elected representatives, residents).

NEWMARK

Alternative assets: a limited but fast-growing supply

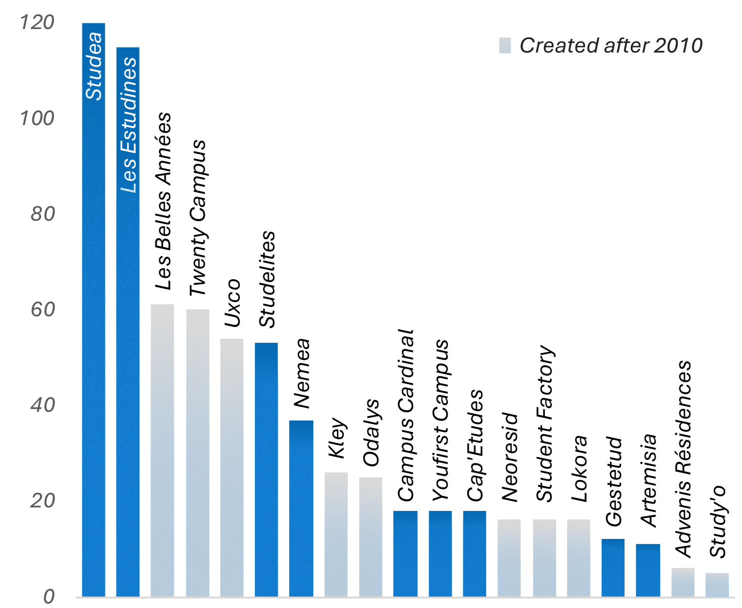
Life sciences: sharp increase in marketable floor space by 2030 in the Greater Paris region

Change in sq m



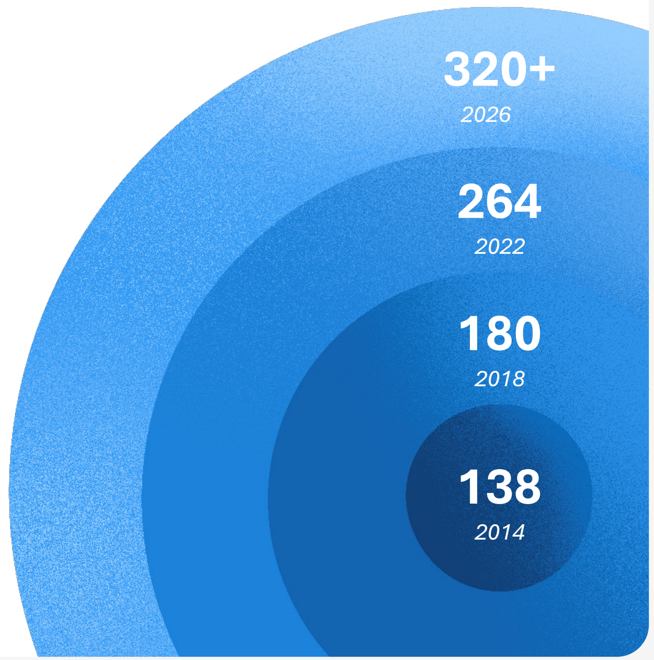
Student housing: a growing number of operators

Number of residences by operator in France



Data centers: a limited but growing presence

Number of data centers in France



Source : L'Institut Paris Région

Sources : Newmark / Operator websites

Sources : DCMag, Xerfi, L'Institut Paris Région

Alternative assets: North Americans leading the way in France...

Industrial

Urban logistics, data centers, self-storage, etc.

Exemples of operations

- Joint venture between **Blackstone** and Digital Realty to develop 10 data centers on 4 campuses, including one in Paris (2023)
- Creation of a joint venture between **PGIM** and Pithos Capital to acquire and reposition self-storage assets in France (2025)
- **Brookfield**, who bought “Data4” from AXA IM Alts in 2023, announces plans to invest €15 billion in the development of data centers in France, including a mega-project in Cambrai (59) (2025).

Residential

Student housing, coliving, outdoor accommodation, etc.

- **Hines** buys Le Liberté 1 in Charenton (94) and plans to convert it into a student housing complex (2024).
- Uxco, majority-owned by **Brookfield**, to acquire a forward-funding sale student housing project totaling more than 3,000 sq m in Saint-Ouen (93) (2025).
- Purchase by **Nuveen** and GSA from Gecina of a portfolio of 22 student housing units in France (2025).

Others

Life science, healthcare, education, etc.

- Acquisition by **Oxford Properties** and Novaxia of the Biocitech life sciences campus in Romainville (93) (2022).
- **Biolabs** (life sciences incubator) opens its first European site at Hôtel-Dieu in Paris (2023).
- Acquisition by **Franklin Templeton** of 8,000 sq m of educational premises leased to the Galileo group in Lyon (2024).

...and strong international convictions

Among the most compelling alternative property investments in Europe is self-storage, which has benefited from both cyclical and structural drivers post-pandemic

Nuveen Real Estate Outlook 2025

The residential sector allows investors to tap into shifting demographic trends, as millennials forming families will need larger-format rentals, and Baby Boomers will need aging-friendly living situations. More broadly, a persistent undersupply of affordable housing stock equates to strong demand for rentals.

BlackRock, 2025 Private Markets Outlook

We see a significant opportunity to invest in the assets driving the next phase of economic growth. We view this as building the infrastructure of the future, focusing on four megatrends: AI, power, life sciences and the digital economy.

Blackstone, Building the Future: Megatrends and Investment Themes

The end of office bashing: offices on the cusp of a new cycle?

While the market for alternative assets is currently attracting investor interest, it remains less mature than that for conventional real estate assets. Traditionally at the heart of North American firms' allocation strategies, offices are likely to continue to play an important role, in a market context that is more complex but offers opportunities.

A market still in recovery mode

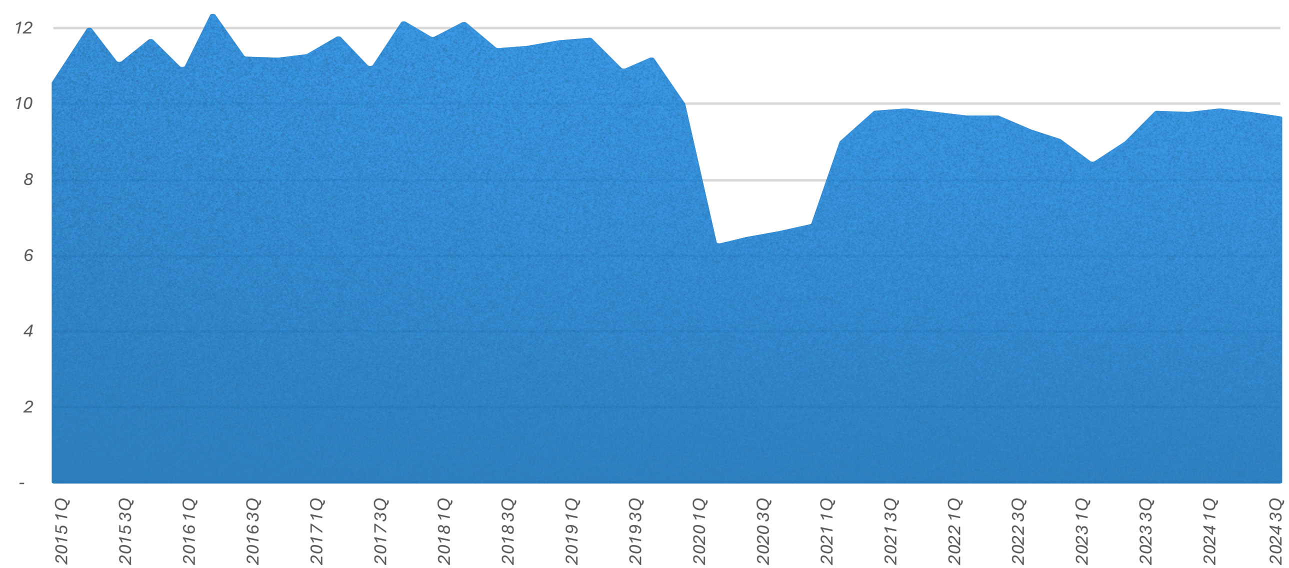
In 2024, volumes invested in the office market remained low in the United States (€57 billion) and even lower in France (€4.4 billion), where they reached their lowest level since 2009.

The amounts committed to the office market by North American investors worldwide have followed the same trend and are unlikely to increase significantly by 2025. Firstly, because **these players sometimes remain highly exposed to this asset class and tend instead to seek to diversify their allocations**; and secondly, because recent months have not fully allayed their mistrust of offices.

This does not mean, however, that North American investors have abandoned the office market. In France, they signed few deals in 2024, but also positioned themselves on several assets that came onto the market. In the United States, there was even renewed interest in offices, illustrated by **the return of large transactions and the increase in volumes invested** (+20% in 2024 compared with 2023).

Absorption volumes in the U.S. office market

In millions of sq ft



Sources : Newmark / Costar

More and more positive indicators in the U.S. market

This renewed interest is due both to the repricing seen in recent years and to **a more favorable market context, illustrated by the buoyancy of the U.S. economy and signs of an upturn in leasing activity**. In 2024, the number of office jobs increased in 25 of the 50 largest U.S. markets studied by Newmark, 37 of which saw their absorption volumes rise by varying degrees from one year to the next (+45% in San Francisco, +26% in Manhattan, and +22% in Dallas).

Office rents in the United States also showed a positive trend in 2024 (+0.8% year-on-year), although economic values generally remain below their pre-Covid levels due to the still substantial rental incentives.

Lastly, the number of projects under development has dropped sharply (-28% of sq m delivered year-on-year nationwide), helping to limit the increase in available supply.

A more nuanced view of offices

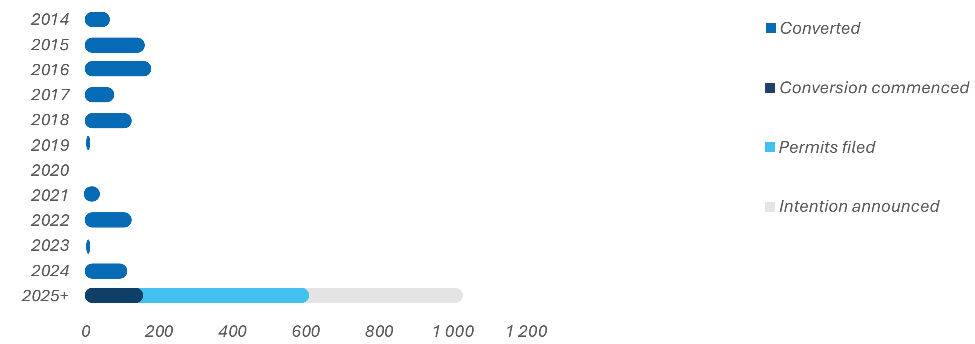
If confirmed in 2025, the recovery of the U.S. market would certainly not dispel all uncertainties about the future of office space, but it would undoubtedly alleviate investor mistrust. **The current mood is no longer one of office bashing, but of a more nuanced approach to this asset class.**

The market is becoming increasingly segmented, with the gap between assets widening in favor of those with the best fundamentals. This market segmentation is particularly evident in New York: **the flight to quality trend was accentuated in 2024**, with almost three-quarters of absorption in the Midtown district concentrated on class A assets. This market niche also has far lower supply (availability rate of 11% vs. 16.2% for class B assets, and even 6.7% for trophy assets), explaining the rent differentials between class A and class B and C assets (+45.2% over the 2019-2024 period vs. +23% over the 2015-2018 period).

At the same time, office conversions are gaining in importance. Over 760,000 sq m have been converted in Manhattan in 10 years, and the trend is set to accelerate (over 1.1 million sq m of office space is potentially available for conversion). **This will result in a corresponding reduction in the existing stock** - Downtown inventory, for example, is set to shrink by more than 10% - **and consequently increase the value of office assets adapted to occupier demand.**

Office conversions in Manhattan

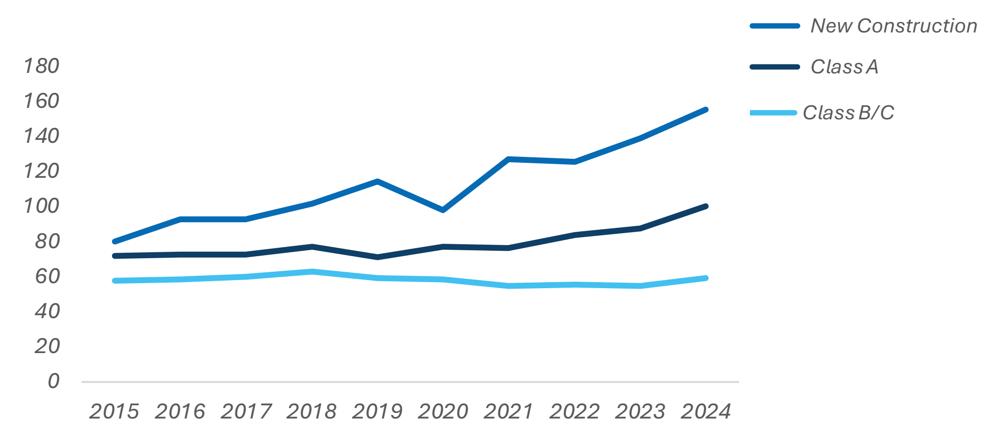
Thousands of sq ft converted into residential units every year



Source : Newmark

Change in headline rents for Manhattan offices

In $/sq ft/year



Source : Newmark

The U.S. office market recovery: a good omen for the French market?

The situation in the U.S. market is certainly different from that of the Paris region which is not benefiting from such a buoyant economic context, and in 2024 saw an 11% slowdown in absorption volumes, as well as a steady rise in the vacancy rate from 8.6% to 10.1% on a regional scale.

However, the recovery seen in America could herald a turnaround and increased market appeal in the Greater Paris Region. Indeed, **North American firms' more nuanced view of office space could encourage them to reinvest in this asset class, not only in the United States but also in other countries.** The characteristics and evolution of the U.S. office market inevitably influence the way North American investors operate internationally.

In the current climate of uncertainty, **a return by North American investors to the office sector would lead them to favor the most mature markets with the strongest fundamentals.** In this respect, the Greater Paris Region has considerable advantages to offer, such as strong international exposure, a large office stock, a dense transport network and remote working that is less common than in other major global cities.

Opportunities in the prime sector

Despite deteriorating indicators, the Greater Paris Region office market also provides opportunities arising from the flight to quality trend. In Greater Paris Region, new/refurbished space accounted for 70% of absorption of office spaces > 5,000 sq m in 2024. These types of assets are particularly popular in the capital, where their limited availability has led to a sharp rise in prime rents. This is the case in the CBD (€1,150/sq m/year by the end of 2024, up 23% in three years), where leasing volumes may have fallen by 21% in 2024, but new supply will remain scarce (69% of assets under construction for delivery by the end of 2027 are no longer available). **The trend is even more positive for trophy assets,** with top rents 6% higher on average than prime rents over the past 15 years.

Average number of days in the office per week

Paris
3.5

New York
3.1

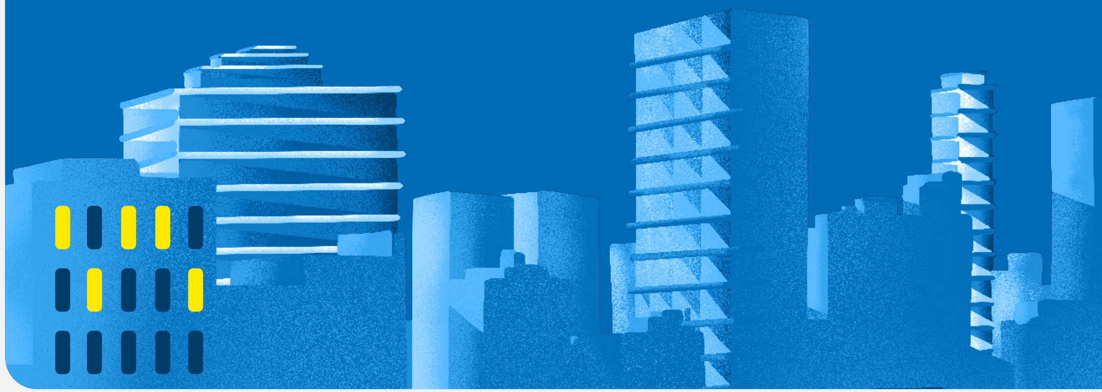
London
2.7

Source : Centre for Cities, Return to the office: How London compares to other global cities, and why this matters, September 2024

A key role as office occupiers

The CBD's best assets will also continue to benefit from demand from high value-added business sectors, in which North American companies are particularly well represented. Indeed, North American influence on the Greater Paris Region real estate market is not limited to their role as investors. They are also major users of office space, playing a key role in the finance and new technology sectors, for example. This has recently been illustrated by a number of prime leases, at some of the highest values on the market (Oracle, Evercore, LinkedIn, Citadel, Squarepoint Capital, etc.).

Major new players are also appearing, such as OpenAI, whose new French subsidiary has just opened its offices in the 8th arrondissement. At a time when the United States is embarking on a new phase of economic expansion based on innovation, and with France aiming to play a leading role in Europe in this field, the Tech sector could therefore represent a major growth driver for the CBD office market.



What is the potential beyond the CBD?

Opportunities in the Greater Paris Region office market are not limited to the best assets in the CBD. Prime rents have also risen in other areas of the capital, while remaining significantly lower than in the Central Business District (by 20-50% on average). **The arrival on the market of a high-quality supply of large blocks means that rents are likely to rise again**, with North American investors looking to take advantage. This is the case for Tishman Speyer and its "Circle" building in the 15th arrondissement (the former Tour Cristal, currently being refurbished), the success of which would add to that achieved by the investor with its "Odéon" project. This project was recently inaugurated at 77-81 boulevard Saint-Germain and was pre-leased several months before delivery. It is the new prime reference in the 6th arrondissement.

Opportunities also exist in the suburbs, in a value-add niche where American investors usually stand out. Despite high vacancy rates, the market is stabilizing thanks to the drop in new developments, now largely concentrated in Paris (45% of sq m to be delivered by 2027 in the Greater Paris Region, compared with 21% in the Inner Suburbs and 16% in the Western Crescent*). The economic downturn is also encouraging real estate streamlining, while widening rent differentials with Inner Paris are encouraging companies to relocate to areas in the suburbs with better transport links.

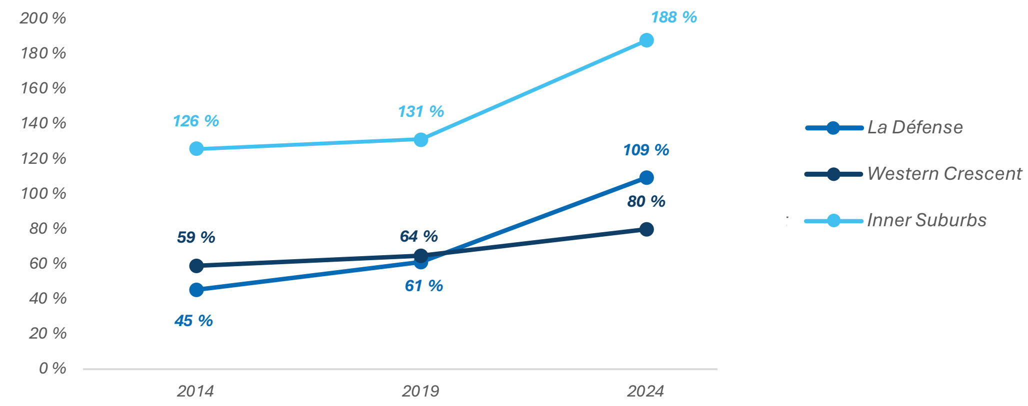
This gives investors the opportunity to take advantage of discounted values for office assets in need of upgrading, and located in office sectors with real market depth, notably in the western Greater Paris Region. This was the gamble recently taken by Tishman Speyer, with the acquisition of the former Johnson & Johnson headquarters in Issy-les-Moulineaux. **In 2025, other North American and international investors will undoubtedly follow suit** in the established western sectors (La Défense, Boulogne, Neuilly, etc.), as well as in the main hubs of the Greater Paris Region Inner Suburbs.

Others will take advantage of discounted prices in areas that are not very dynamic for office space, but have good transport links, **to embark on conversion projects.** Hines did so in 2024 with the purchase of the "Liberté 1" building in Charenton as part of the development of their aparto brand of serviced accommodation; other operations of this type will be completed in 2025.

** On all projects under construction or with a building permit accepted or submitted.*

Rent difference between Paris CBD and the main suburban markets

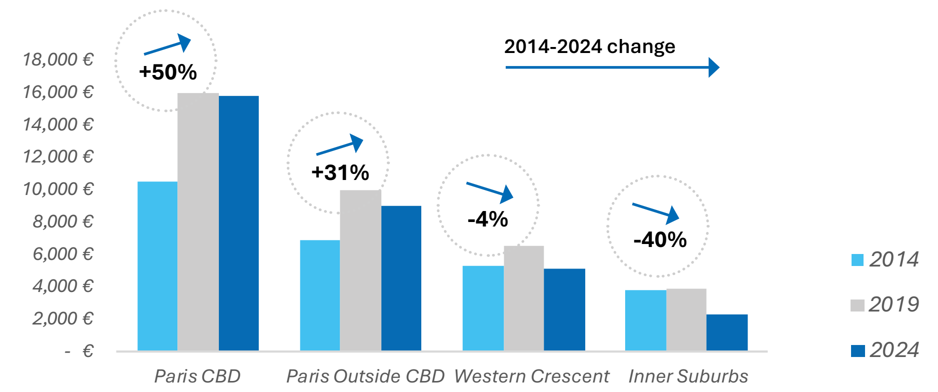
As a % of prime rents



Source : Newmark

Change in average prices for the main Greater Paris Region office markets

In €/sq m



Sources : Newmark / RCA

INTERVIEW

Sabrina Yon-Boyenval
Executive Director, Global Alternatives - Real Estate Europe
JP Morgan Asset Management

A reaffirmed belief in (high-quality) offices: the example of JP Morgan Asset Management

How is your portfolio distributed world-wide by geographical sector and asset class?

J.P. Morgan Asset Management is a global leader in alternatives, with over 60 years of experience managing alternative investments, including real estate, private equity, private credit, liquid alternative products, infrastructure, transport, hedge funds, and forestry. As of September 30, 2024, J.P. Morgan oversees more than $400 billion in alternative assets.

With $3.6 trillion in assets under management as of December 31, 2024, J.P. Morgan Asset Management serves institutions, retail investors, and high-net-worth individuals across every major market globally. The firm offers comprehensive investment management services in equities, fixed income, alternatives, and liquidity.

What is France's role in your real estate investment activity?

J.P. Morgan Asset Management Real Estate Europe has been investing in France since 1998. France represents major market for us where we have been active for over 25 years, investing in all major asset classes and throughout the risk spectrum.

What is your view on the French investment market? What are its specificities and strengths compared to other global markets?

Currently, the French market presents several uncertainties for us in terms of politics, taxation, and economics. Nevertheless, Paris remains an attractive location, being the second-largest European metropolis in terms of economic activity. After London, it is also a city capable of attracting international capital, both institutional and private. Finally, unlike other more decentralized European markets, Paris concentrates a significant portion of French economic activity, offering a considerable market depth for both investment and rental markets.

*All information as of Q3 2024 unless otherwise noted.

JP Morgan Asset Management is a world leader in the field of alternative investments and also one of the main North American players in the French market, in which it has been investing since 1998. JP Morgan Asset Management has gradually expanded their scope of operations beyond just offices, whilst at the same time strengthening their position in this market sector, as Sabrina Yon-Boyenval, Executive Director, Global Alternatives - Real Estate Europe, explains.

Sabrina Yon-Boyenval
Executive Director, Global Alternatives - Real Estate Europe
JP Morgan Asset Management

“ We are convinced that the demand for new or fully repositioned, energy-efficient, and strategically located offices will persist. ”

The Good One, Paris 13e

As a key player in numerous acquisition and financing operations of tertiary complexes, J.P. Morgan Asset Management is an important player in the Paris office market. What is your current activity in this area?

We continue to look at the French market with interest. Currently, we have four major developments underway in Paris. First, a 46,000 m^2 project in the 13th arrondissement, fully pre-leased to the Caisse des Dépôts et Consignations, with delivery scheduled for the second half of 2026. We are also about to deliver the renovation of an exceptional building located at 52 Avenue Hoche, which will house the Paris offices of Barclays. Finally, we are progressing with the full redevelopment of two prime Parisian projects, located on rue Cognacq-Jay in the 7th arrondissement and rue Louis-Le-Grand in the 1st arrondissement. Thus, J.P. Morgan Asset Management remains a significant player in the office market in Île-de-France.

Are offices still a prime target for you? If so, how have your acquisition and financing criteria evolved in this market segment?

Offices remain one of our prime target markets, but not all offices. We are convinced that the demand for new or fully repositioned, energy-efficient, and strategically located offices will persist. In a context where this type of product will be more complex and costly to deliver, this should lead to upward pressure on rents in the coming years. Offices remain an interesting asset class, as the complexity and uncertainties related to renovation projects require increased expertise. Offices are also attractive for longer-term holding strategies, in a market context offering a favorable entry point. However, our investment universe has drastically reduced in recent years, creating unprecedented competition for the few assets available on the market.

What are your plans regarding other asset classes in France?

For nearly two years, we have focused on logistics operations, which has allowed us to build a portfolio of prime logistics assets covering all major ESG aspects with more than 1.5 mio sqm, located in France, Germany, Italy and the UK. We continue to follow this strategy. Additionally, the residential sector is currently under consideration at the European level, with a natural attraction to Paris and Île-de-France, which offer strong domestic and international demand, but insufficient stock compared to user expectations.

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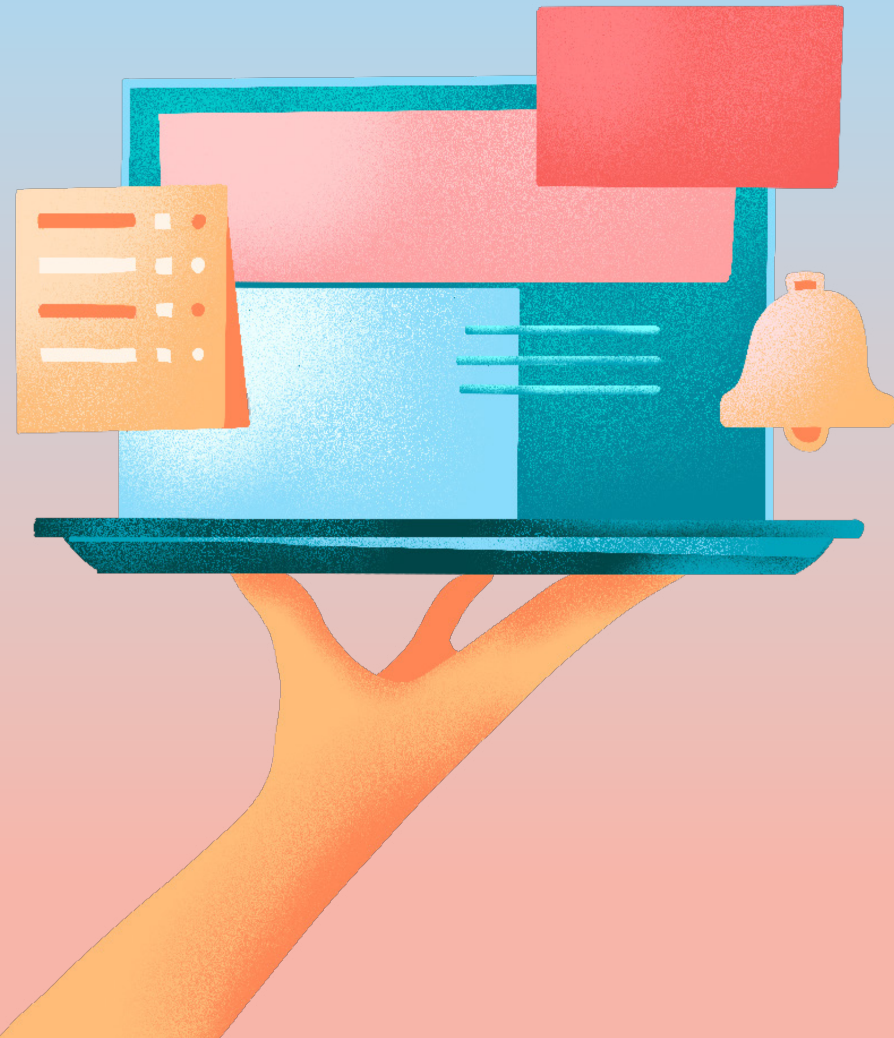

NEWMARK CAPITAL MARKETS

[In France]

Our team is distinguished by the multiplicity of its professional experience, an exceptional personal track record and unfailing involvement in each case. Our watchword: **agility.**

Our expertise is now made available to our clients with the desire to combine strong values: **honesty, transparency and confidentiality.**

The combination of professional experience and human adventure gives birth to a strong collective with extremely high ideals, which could be summed up in one word: **excellence.**

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