



OFFICE MARKET – 2023

Market study Corporate real estate

In partnership with



From Marne-la-Vallée to the eastern Paris development hub

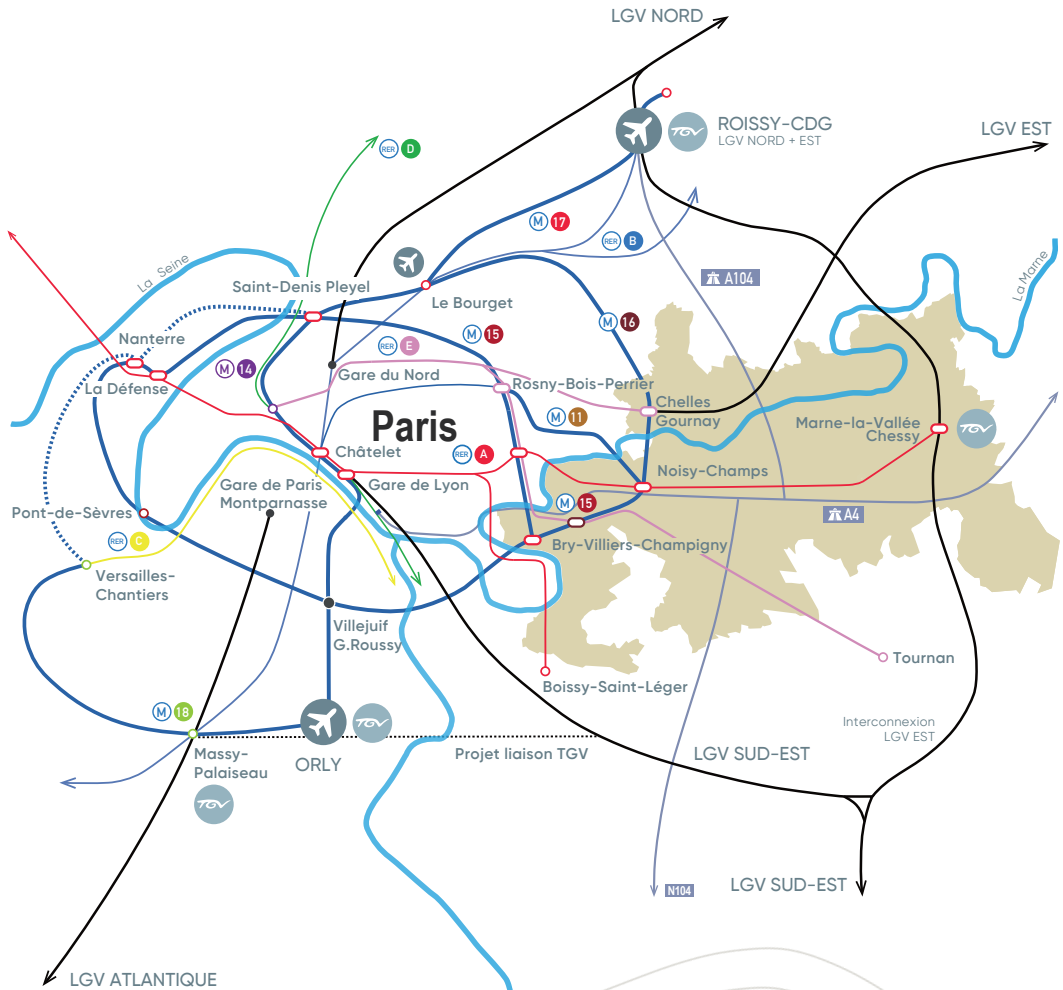
625,000
inhabitants

310,000
assets

220,000
jobs

46,000
companies

2 M sq m
of offices



133,000 sq m
immediate supply

6.8 %
vacancy
rate

€240
prime rent

8.25 %
prime yield

57,300 sq m
take-up

61,000 sq m
future available supply



2023, an exceptional year for corporate real estate in eastern Paris

In 2023, the office market within Epa's area of intervention was characterised by the strongest growth in take-up at a regional level, in contrast to the Greater Paris Region average, which decreased.

The rich economic fabric of eastern Paris (particularly in the small and medium-sized company category) along with the diversity and high-quality of the region's office supply, particularly in terms of small and medium-sized premises, have enabled the consolidation of the economic hubs that comprise the Noisy-Champs station hub, which will become the largest station in eastern Paris in 2026 when the Grand Paris Express is commissioned, and the Montévrain-Val d'Europe hub, which is at the heart of a sector undergoing rapid demographic growth.

The drive to set up head offices has also continued, with companies benefiting not only from easy access to the capital and the Marne-la-Vallée TGV station, but also from a wide range of housing options and a recognised quality of life for company directors and employees.

In 2023, EpaMarne-EpaFrance recorded an exceptional year for corporate real estate, reflecting the confidence of economic players in the future of eastern Paris. More than 100,000 sq m of offices, hotel accommodation and retail space was committed to by the public bodies to meet companies' needs.

— Strong growth in lettings

Whereas the corporate real estate market experienced a general slowdown in 2023 due to the difficult economic context, the office market within EpaMarne-EpaFrance's area of intervention is the exception, with dynamic letting activity and strong growth. The Greater Paris Region market as a whole recorded a 17% annual fall in take-up in 2023, while the EpaMarne-EpaFrance market grew by 48%. This is the largest increase of all the sub-markets in the Greater Paris Region (Inner Paris, Inner Suburbs and Outer Suburbs), the majority of which experienced a decrease in lettings. This very good result reflects the resilient nature of eastern Paris' leading market, as well as its strong development potential and attractiveness to users.

In 2023, 57,300 sq m was bought or let by companies in the Epa area, compared with just 39,000 sq m in 2022. This figure is on a par with the average for the previous 5 years (2018-2022).

The area's particularity lies in its rich economic fabric of very small and small/medium-sized companies, which provides a stable and lasting source of letting transactions, particularly in the Noisy-Champs sector. This is reflected in the similar levels of take-up from one year to the next in this sector; acquisitions and leases of less than 500 sq m accounted for 85% of the transactions completed in 2023, totalling 22,300 sq m (compared with 24,500 sq m in 2022 and 29,800 sq m in 2021). The difference in overall performance is mainly in the large transaction category. Between 2022 and 2023, transactions over 500 sq m doubled, increasing from 13 to 26 in number and from 14,700 to 35,400 sq m in area.

Two transactions over 5,000 sq m were recorded in 2023, following a lack of activity in this category in 2022: TD SYNEX, the US leader in IT distribution, has moved its French headquarters to Chessy in the Val d'Europe Urban Centre. Some 400 employees will be housed in one of the Mayfair buildings, occupying an area of 5,700 sq m. ACCELIS has also acquired a 5,000 sq m plot of land in Ferrières-en-Brie for its head office.

The region's amenities are conducive to the retention of its economic players and the establishment of companies in large complexes, a rarity in the Greater Paris Region office market. For example, Crédit Agricole Brie Picardie, which has been present in the region since 2020 at the Osmose complex with 400 employees, decided to expand with the acquisition of a further 2,700 sq m in the Armstrong building in Chessy, which was the third largest transaction of the year. REGUS also opened a 2,200 sq m office space with 190 workstations in the Fantasia building in Serris.

The return of large transactions confirms the region's ability to meet the expectations of large companies by offering them buildings that are adapted to their current needs and standards.

TOP 6 LARGE OFFICE TRANSACTIONS IN 2023

TENANT NAME	BUILDING	TOWN	AREA (SQ M)
TD SYNEX	Mayfair	Chessy	5,672 sq m
ACCELIS	Head office	Ferrières-en-Brie	5,000 sq m
CRÉDIT AGRICOLE	Armstrong	Chessy	2,665 sq m
REGUS	Fantasia	Serris	2,170 sq m
CIC	Carre Hausmann	Jossigny	1,800 sq m
REGUS	La Piazza	Noisy-le-Grand	1,675 sq m

Preliminary design for the Cogito programme in Champs-sur-Marne - Cité Descartes (LNC)

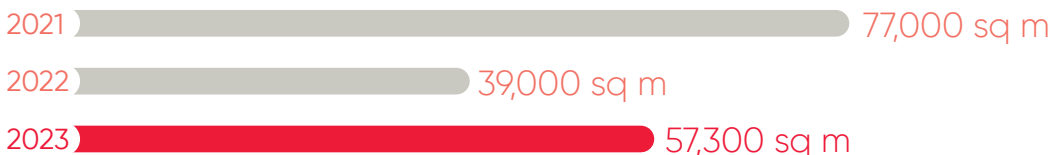


QUOTE "Building on our expertise and our ability to construct quality buildings while keeping costs under control, EpaMarne-EpaFrance have renewed their confidence in our long-term partnership. After completing several projects in Noisy-le-Grand, Montévrain, Chessy and Champs-sur-Marne, we are now working on a new landmark development in the Cité Descartes called "Cogito", comprising

28,300 sq m of offices, hotel and retail space. This development meets the regular demand for large and medium-sized retail premises. The project benefits from its proximity to the RER A hub and line 15 of the Grand Paris Express and will meet users' expectations, with a significant proportion of outdoor space and compliance with the RE 2020 standard (2025 threshold). The Epa market is now mature and established, and we're finding that companies are always pleasantly surprised by the many advantages it has to offer when they visit the area (proximity to the capital, further improved by the Grand Paris, qualitative surroundings, new hotels and restaurants, and the presence of a rich student and office ecosystem)."

— **Stéphane Le Moël – Les Nouveaux Constructeurs**
Managing Director, Real Estate

OFFICE TRANSACTION HISTORY



2019-2023 average: 56,400 sq m

Rental values are increasing but remain attractive

Given the popularity of new developments within the Epa's area of intervention, market rents for new space have risen sharply. The highest rents recorded for transactions over 500 sq m are between €220 and €250 excluding taxes and charges/sq m/year, giving an average weighted prime rent of €240. The average rent for new space is also increasing, reaching €220 excluding taxes and charges/sq m/year in 2023, compared with €200 at the end of 2022. The average rent for second-hand premises is €144 per sq m.

These rental levels give companies access to office space that meets international standards at competitive prices, in a high-quality setting with a dynamic economic and employment base. By way of comparison, prime rents in the Greater Paris Region currently stand at €960 in Paris's Central Business District, €550 in La Défense and between €320 and €400 in the Inner Suburbs.

2023 MARKET RENTS

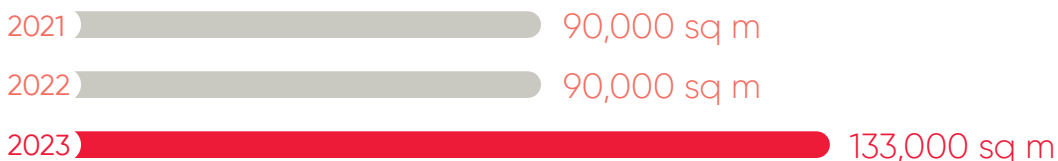
Prime rent	€240 excl. T&C/sq m/year
Average new rent	€220 excl. T&C/sq m/year
Average second hand rent	€144 excl. T&C/sq m/year

Immediate supply remains stable for new properties

Following the same upward trend seen across the Greater Paris Region market, immediate supply in the region increased during the year, reaching 133,000 sq m by the end of 2023 (+48% in one year). The market in EpaMarne-EpaFrance's geographical area is therefore no exception to the general trend seen in almost all sub-sectors of the Greater Paris Region, and particularly those in the Inner Suburbs (+60% in the Inner Eastern Suburbs, +47% in the Inner Southern Suburbs and +6% in the Inner Northern Suburbs). It should be noted, however, that the increase in supply has been confined exclusively to second-hand space, since supply of new space remained stable at 28,000 sq m at the end of 2023, the same level as at the end of 2022. This reflects the appeal of new space to users, a sector in which letting activity was buoyant in 2023.

The level of immediately available supply at the end of 2023 reflects a vacancy rate of 6.8% across the EpaMarne-EpaFrance area, up from 4.7% at the end of 2022, but still indicating a moderate and contained level of supply. In fact, this vacancy rate remains well below the Greater Paris Region average of 8.5%, as well as the vacancy rates that can be found in all the Inner Suburb markets. The latter stand at much higher levels, almost all exceeding the 10% mark. This relatively low level of vacancy, in contrast to other areas on the outskirts of Paris, means that the market within the Epa's area of intervention is able to maintain sufficiently high rents for investors.

HISTORY OF IMMEDIATE OFFICE SUPPLY





MayFair office building in Chessy (Legendre Immobilier)

— Many short-term projects to meet strong demand for new buildings

The office stock within EpaMarne-EpaFrance's area of intervention will continue to grow over the coming years. Developers and investors are looking ahead to the future, banking on the appeal of the available new space in the area. They have stepped up rental incentives for companies looking to set up in the area. By 2026, almost 61,000 sq m of office space that is currently available should be delivered through 10 projects under development. The strong endogenous real estate momentum, combined with high demand for new space, should enable most of this space to be absorbed, although the pace of take-up could slow slightly in the face of an influx of supply.

The Montévrain Val d'Europe office hub is particularly dynamic when it comes to projects. Over the next 3 years, almost 36,300 sq m will be delivered in Chessy, Serris and Montévrain through 4 projects. These include the Trignat development in Chessy, which is set to offer 14,000 sq m of office space, as well as a 153-room hotel and a day nursery. The West Park development in Serris will provide around 12,000 sq m of office space.

The arrival of the Grand Paris Express will continue to boost the appeal of the Noisy-Champs hub for office developments, offering an ideal location for companies looking to benefit from high-quality offices at competitive prices with fast connections to Paris and the rest of the Greater Paris Region. By 2026, 3 projects totalling 19,500 sq m of office space will have been delivered. These include Nexity's major redevelopment of the East Side building next to Noisy-Champs RER A station, and Bart's development of 14,000 sq m of office space.

FUTURE SUPPLY AVAILABLE WITHIN 36 MONTHS

61,000 SQ M - 10 PROJECTS

2024	2,300 sq m available - 2 projects
2025	2,512 sq m available - 1 project
2026	56,232 sq m available - 7 projects

A slowdown in the office investment market

The corporate real estate investment market has slowed across the board because of the rise in key interest rates. Activity has been hit hard by the fall in liquidity and the rise in financing costs, as well as the shrinking yield spread. As a result, office investment volumes decreased by 57% in 2023 for the Greater Paris Region as a whole. The EpaMarne-EpaFrance market held up better, with investment volumes down just 14% year-on-year to €32M in 2023.

The 3 transactions that boosted the market were large ones, confirming the confidence of investors in this market, who have no hesitation in moving forward when opportunities arise. NOVAXIA bought 27 cours des Petites Écuries in Lognes from Corum for €11M. SERRIS REIM acquired "La Piazza" in Noisy-le-Grand for a similar amount. Finally, "Le Descartes II" in Noisy-le-Grand was sold by PRIMONIAL REIM to IROKO for €10M.

Following the same trend as the rest of the markets, the EpaMarne-EpaFrance sector saw a significant rise in office yields in 2023, in line with the rise in bond yields. At the end of 2023, the prime yield for the sector was 8.25%, compared with 6.50% a year earlier.

After a difficult 2023, the outlook looks brighter. The downward trend in bond yields and the likely end of key interest rates will give investors greater visibility over market values. Their return to the market now looks set to be confirmed.

OFFICE INVESTMENT VOLUMES (IN €M)



Preliminary design for the new CFA at the Cité Descartes in Champs-sur-Marne (LNC)



Medical centre and Carré Haussmann office programme in the Pré au Chêne ZAC in Jossigny



QUOTE "We are developing an ambitious 39,000 sq m programme in Jossigny to meet the needs of small and medium-sized companies and industries. Carré Haussmann Val d'Europe comprises 5 buildings with flexible areas, including 2 office buildings and 3 buildings for medical use. The buildings are ideally located just 400 metres from Val d'Europe RER station, in a high-quality setting. The companies that set up here will benefit from the dynamic image of Val d'Europe and will be part of an area with strong demographic growth"

— **Michel Raynaud – Carré Haussmann Promotion**
President

The two main office hubs

Noisy-Champs



Transactions	12,900 sq m 22% of transaction volume
Number of transactions	47
Share of new/refurbished	15% of transactions
Share of sales	13% of transactions
Immediate supply	55,000 sq m 41% of total available supply
Future supply by 2026	19,500 sq m

Significant transactions

- Regus – La Piazza – Noisy-le-Grand – 1,675 sq m – Letting
- Intermarché – Le Copernic 1 – Noisy-le-Grand – 1,135 sq m – Letting
- Agglo PVM – Canopee – Champs-sur-Marne – 789 sq m – Letting

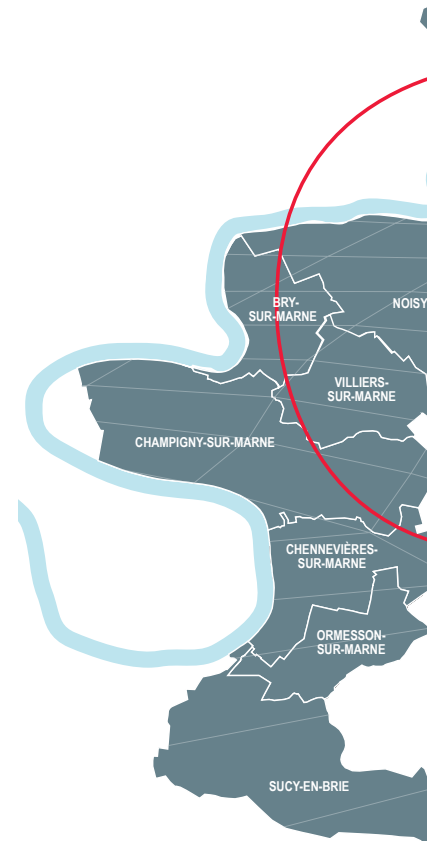
Montévrain – Val d'Europe

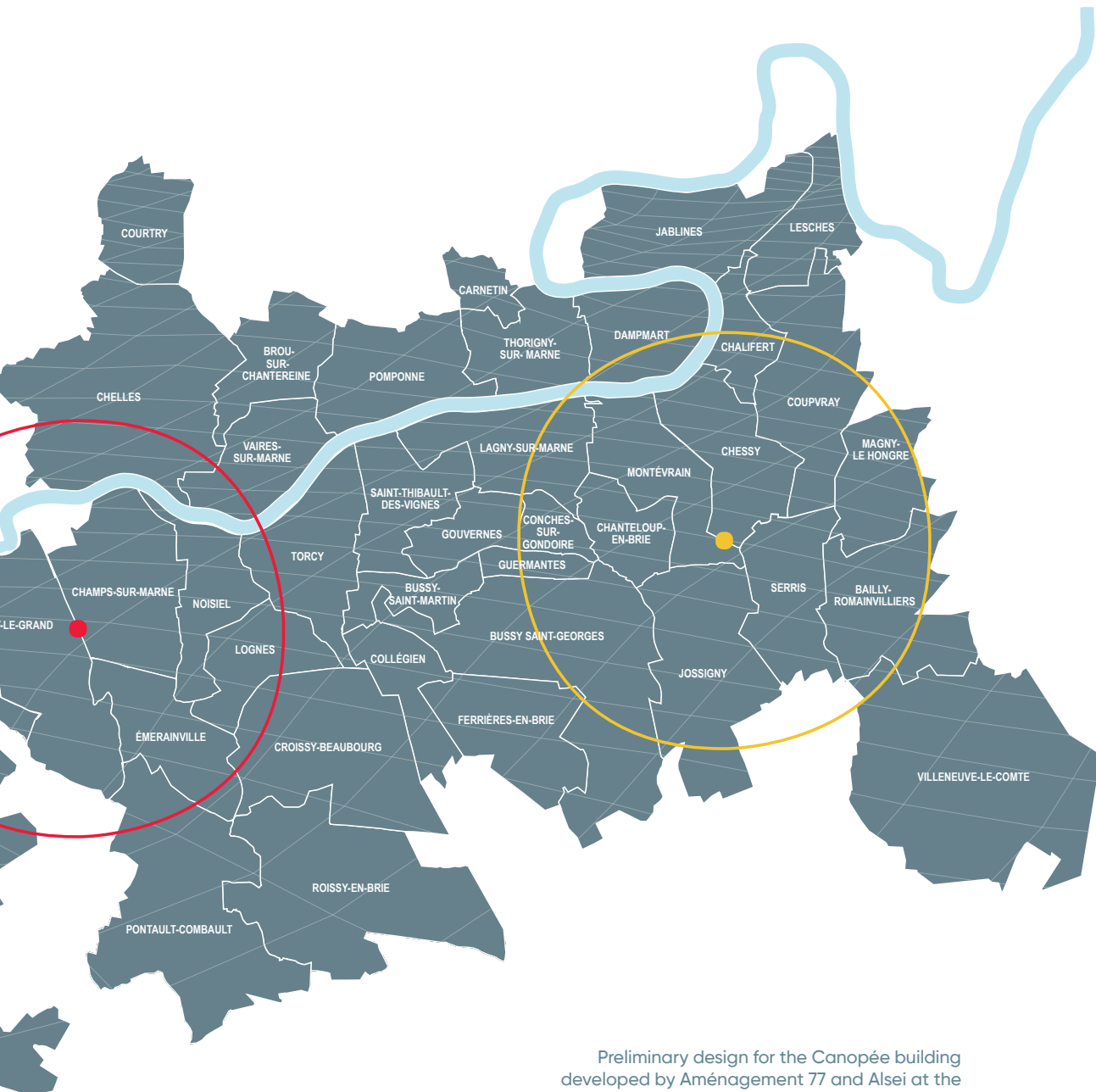


Transactions	18,100 sq m 31% of transaction volume
Number of transactions	39
Share of new/refurbished	59% of transactions
Share of sales	48% of transactions
Immediate supply	39,500 sq m 30% of total available supply
Future supply by 2026	36,300 sq m

Significant transactions

- TD Synnex – Mayfair – Chessy – 5,700 sq m – Letting
- Crédit Agricole – Armstrong – Chessy – 2,700 sq m – Acquisition
- Regus – Fantasia – Serris – 2,200 sq m – Letting





Preliminary design for the Canopée building developed by Aménagement 77 and Alsei at the Cité Descartes in Champs-sur-Marne (Soho)



about

EpaMarne-EpaFrance

The EpaMarne and EpaFrance public bodies act on their own behalf, on behalf of the State or on behalf of local authorities, to determine the main guidelines for the urban development of 300 square kilometres (44 towns) spread across Seine-Saint-Denis, Val-de-Marne and Seine-et-Marne. The area is characterised by its polycentral nature and the variety of its landscapes. Both developers and pioneers, as well as members of the BBKA association since 2016, the two Epas have adopted an approach that promotes urban development through a proactive environmental policy. They convince developers and investors to build programmes on secure land, using an approach that focuses on residents and their overall well-being, as well as making the area attractive to companies and retailers. The bodies provide equity financing for all the public facilities that complement the urban programmes.

Currently, 40 development projects are active within their area of intervention.

IN **44**
TOWNS AND
3 DEPARTEMENTS

Contributors

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**Our next project
will be with you!**

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