

# Paris

Office Market Snapshot - 14 Oct 2021

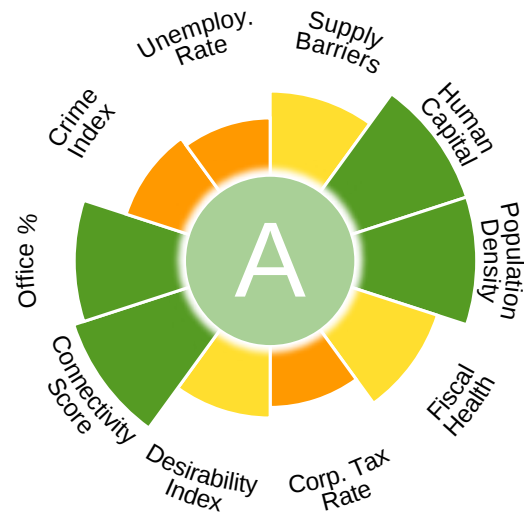


Market Grade	CF Volatility	CPPI		EPRA NIY		LT NRI Growth	Risk Adj. IRR
A	Medium	Index	YoY Δ	Current	YoY Δ	0.9%	3.9%
		96.8	-1.4%	4.0%	-5 bps		

## MARKET METRICS

Metric	Current	Rank of 25
Avg. Gross Rental Income psm (p.a)	€400	2
Occupancy	92.7%	11
YOY M-RevPAM Growth	-6.7%	21
YOY Job Growth	-1.3%	12
Avg. Disposable Household Income	€59,900	6
Gross Domestic Product	€519.3B	1
Population	6,855,000	1
GDP per Capita	€75,760	10
Percent w/ University Degree	54.3%	5

## MARKET GRADE

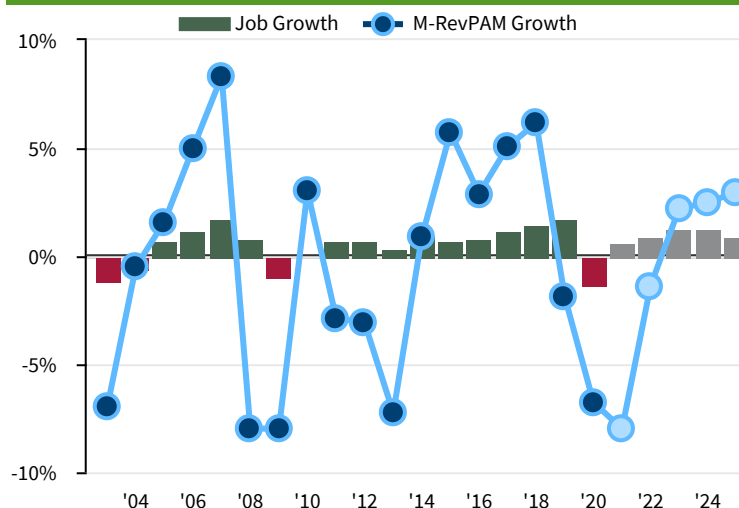


## TOP 5 INDUSTRIES BY GVA (€B)



Strengths	<ul style="list-style-type: none"> <li>Grand Paris infrastructure project to improve amenities significantly</li> <li>Vacancy still in check in inner Paris</li> <li>Global investor base provides stable demand profile</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>Take ups are rebounding but still well below historic averages</li> <li>Near-term speculative development could soften fundamentals</li> <li>Existing grade-B stock requires higher capex</li> </ul>

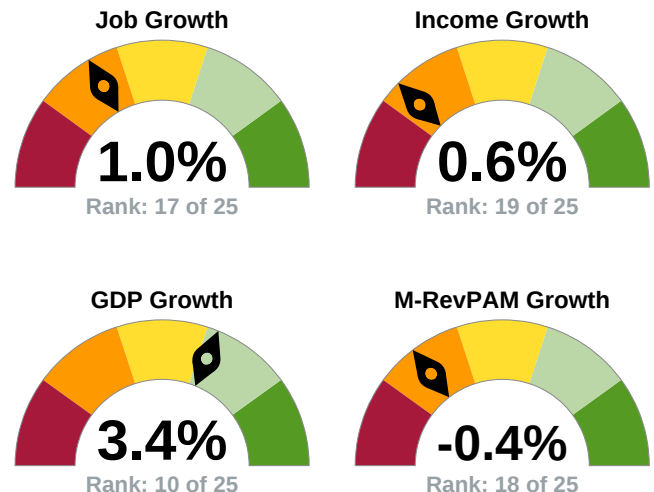
## DEMAND



Sources: Oxford Economics and Green Street.

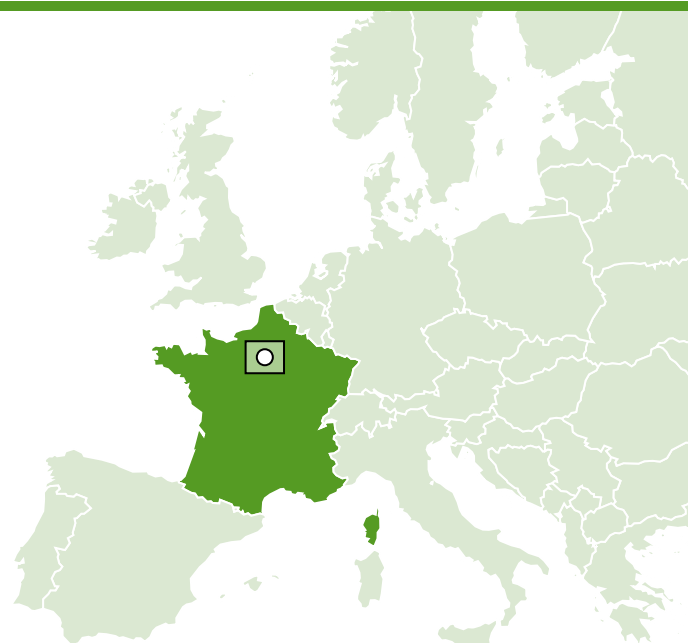
## 5-YEAR FORECASTS ('21E - '25E)

(Growth Rates Annualized; Rankings 1-25 w/ 1 being best)

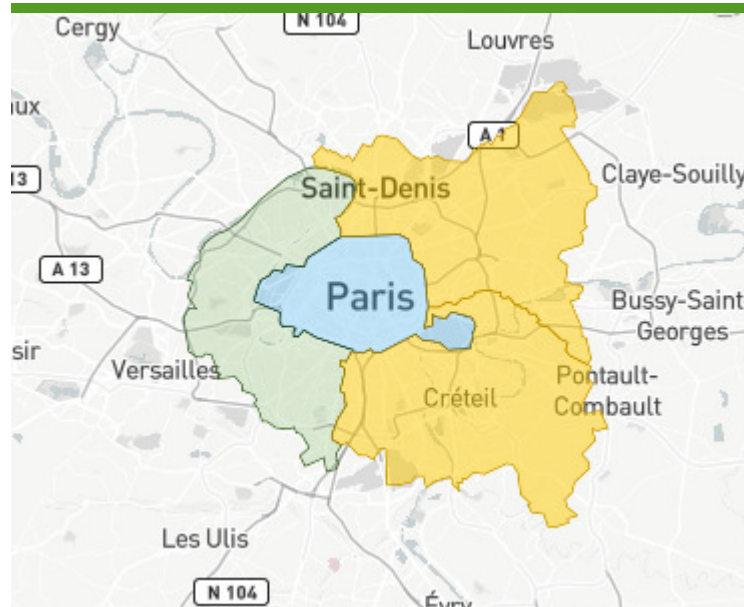




## MARKET LOCATION



## NUTS 3 BREAKDOWN



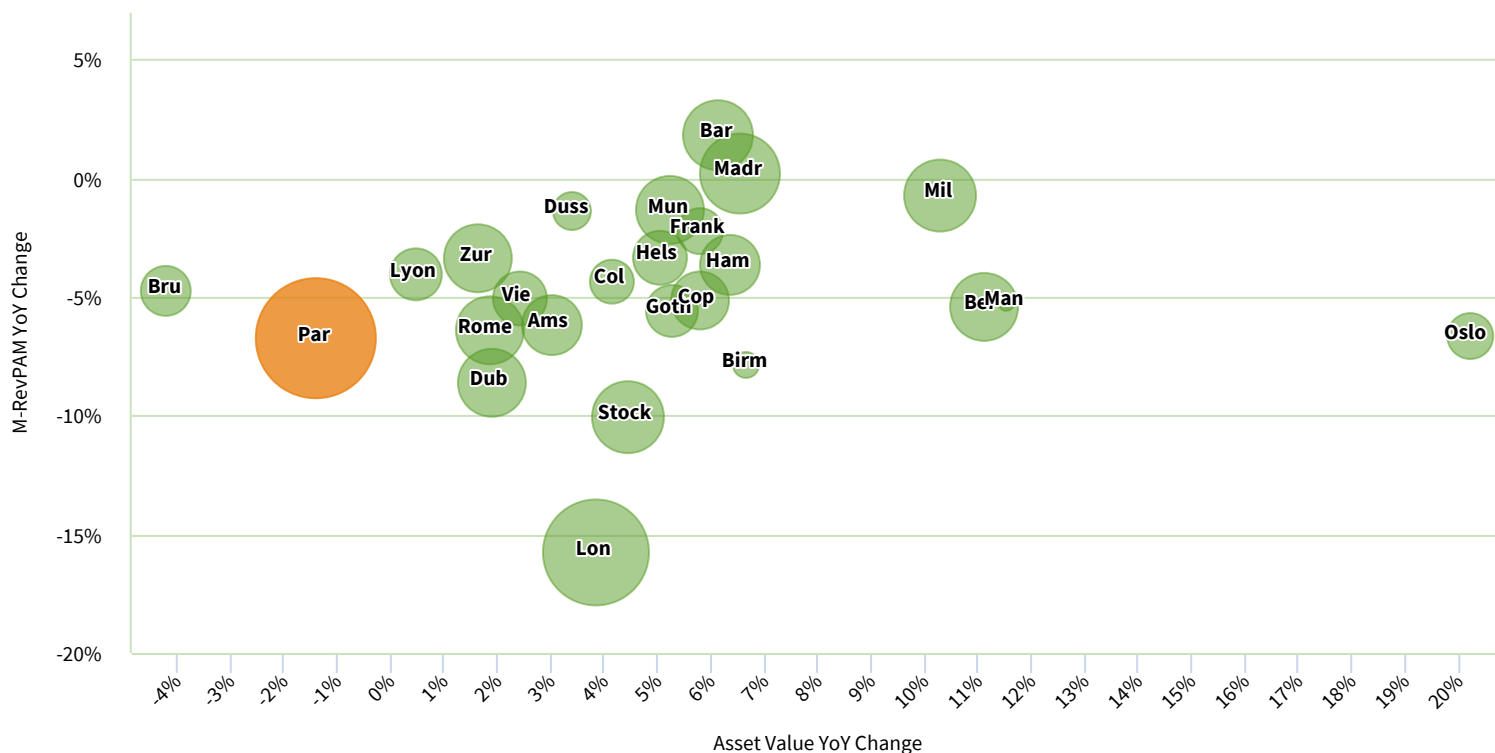
## MARKETS (RANKED BY GRADE)

Market	Supply Barriers	Human Capital	Pop. Density (per sq. km.)	Fiscal Health	Corp. Tax Rate	Desirability Index	Connectivity Score	Office Concentration	Crime Index	Unemploy. Rate	Grade
1 Munich	Very High	High	4,097	Stable	30%	43	Low	49%	Low	3.4%	A+
2 London	High	Very High	11,611	Stable	19%	40	Low	69%	Very High	6.1%	A
3 Stockholm	Very High	Very High	2,751	Healthy	21%	100	High	48%	Very High	7.7%	A
4 Dublin	Average	High	3,243	Healthy	13%	58	Very Low	59%	Very Low	6.2%	A
5 Zurich	Average	Very High	2,221	Stable	15%	78	Low	57%	Medium	4.3%	A
6 Paris	Average	Very High	11,670	Stable	27%	45	Very High	57%	High	8.2%	A
7 Barcelona	Very High	Average	8,429	Concerning	25%	54	Very High	35%	Very Low	12.5%	A-
8 Oslo	High	Average	1,517	Healthy	22%	90	High	52%	Medium	6.2%	A-
9 Amsterdam	High	High	3,884	Stable	25%	51	High	54%	Very Low	4.5%	B+
10 Lyon	Very High	Low	585	Stable	27%	43	Average	42%	High	7.6%	B+
11 Berlin	High	Very High	4,119	Stable	30%	60	Average	47%	Low	6.1%	B+
12 Milan	Very High	Very Low	4,694	Concerning	24%	0	Very High	46%	Medium	5.8%	B
13 Madrid	Average	High	3,926	Concerning	25%	68	Very High	46%	Very Low	12.5%	B
14 Vienna	Average	Average	4,607	Stable	25%	52	Very High	43%	Very Low	12.1%	B
15 Copenhagen	Very Low	Average	5,192	Healthy	22%	66	High	37%	High	6.6%	B-
16 Gothenburg	Low	Very Low	514	Healthy	21%	90	Low	29%	Very High	7.7%	B-
17 Hamburg	Low	Low	2,448	Stable	30%	32	Average	42%	Low	4.7%	B-
18 Dusseldorf	Low	Low	2,863	Stable	30%	34	Very Low	51%	Low	4.7%	B-
19 Rome	High	Very Low	1,724	Concerning	24%	0	Average	50%	Medium	8.9%	B-
20 Cologne	Low	Very Low	2,691	Stable	30%	28	Very Low	48%	Low	5.2%	B-
21 Brussels	Very Low	High	10,504	Concerning	25%	21	High	60%	High	12.3%	C+
22 Manchester	Very Low	Low	4,757	Stable	19%	51	Very Low	51%	Very High	9.0%	C+
23 Helsinki	Very Low	Low	657	Stable	20%	62	Average	39%	High	7.2%	C
24 Frankfurt	Low	Average	3,057	Stable	30%	45	Very Low	51%	Medium	4.8%	C
25 Birmingham	Very Low	Very Low	4,272	Stable	19%	43	Low	41%	Very High	8.0%	C-

Sources: Eurostat, Oxford Economics, Trading Economics, and Green Street.

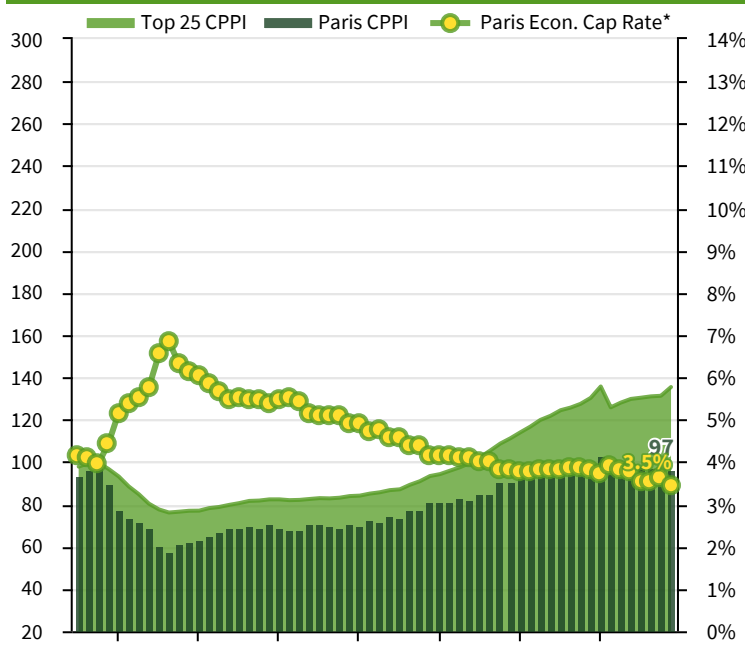


## MOMENTUM



Note: Size of bubble represents market's absolute GDP relative to peers.

## ASSET VALUES



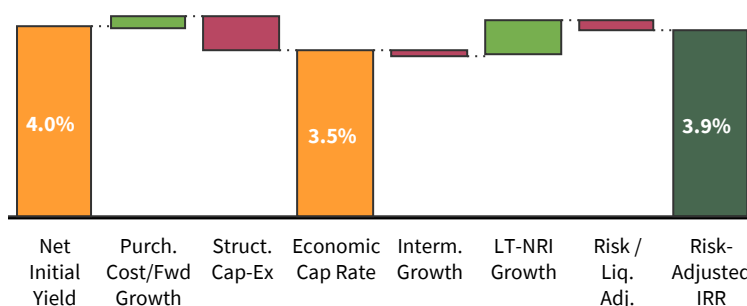
\*Economic Cap Rates for average quality assets, based on FTM NOI, and after a capex reserve

Source: Green Street.

## MARKET VALUATION

Net Initial Yield	4.0%
Purchasers Cost	6.8%
Structural Cap-ex Reserve (% of NRI)	-18.0%
Economic Cap Rate	3.5%
Intermediate Growth ('21 - '25)	-0.3%
Long-Term NRI Growth	0.9%
Unlevered IRR	4.1%
Sector Risk/Market Beta Adjustment	-0.3%
Liquidity Adjustment	0.1%
Risk-Adjusted IRR	3.9%

## Unlevered IRR Build-Up



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