PART G. FRANCE

Paris



Paris, Seine riverfront. Architectural illustration.

This part reproduces the Paris edition; Section 3 compares Paris with the other twelve metros. As a single-metro edition, it has no comparison section and no city sub-parts; Section G3 sets out the metropolitan growth analysis, including the drivers of growth (Section G3.4).

Data vintage. Total employment and real GDP run to 2024, population and private pay to 2025, disposable income to 2023 and census housing benchmarks to 2023. Office, logistics and retail figures run to Q3 2026 and hotel figures to 2025.

G1. Executive summary and recommendations

Recommendations. Underwrite core prime offices in the Paris central business district selectively, subject to entry price; hold logistics at a watching brief until vacancy stops rising; take rental housing in well-connected inner-ring locations forward to further due diligence, which must first establish rents and yields this edition does not hold. Paris outgrew France in jobs and output before 2019 but has tracked or lagged it since, and its office-using sectors, while still adding jobs, are losing share to the rest of the country. The office market is split: vacancy is low in the central business district and very high in the outer business districts. Housing starts have halved since 2017 while the population of the inner and outer rings keeps growing. The national outlook is weak. These are market-level judgements by the authors from the evidence in this edition, not findings of the data alone.

One metro, the same method. This edition applies the Observatory's method to Paris: summary growth indicators, growth and pay by sector, location quotients and shift-share against France, and the forces behind growth, followed by the office market, the logistics, retail and hotel markets, housing and illustrative strategies.

The case rests on eight findings:

1. **Population grows slowly, and from births, not migration.** The Paris region's population rose 5.5% between 1 January 2012 and 1 January 2025, to 12.55 million, or about 0.4% a year. Births exceeded deaths by 73,162 in 2024, while the migration and adjustment residual was -31,416. The city of Paris lost 7.8% of its population over the period, while the inner and outer rings each grew by about 8% to 9%.
2. **Paris outgrew France before 2019 because of its sector mix, and has not since.** Total employment rose 7.4% between 2012 and 2019, against 5.7% for France, but 5.4% between 2019 and 2023, against 5.9%. On employee counts for all employers, the fast national growth of the industries Paris specialises in added about 94,000 jobs in 2012 to 2019, but within its industries Paris grew more slowly than France, by about 28,000 jobs; in 2019 to 2023 that shortfall widened to about 85,000.
3. **Output per job is high; real pay has barely risen.** The region produced 29.7% of France's GDP in 2024 with 22.3% of its jobs. Gross payroll per private employee was 29% above the French level in 2024, but in real terms it was only 2.8% above its 2012 level in 2025, and still below its 2019 level.
4. **Paris is specialised in technology, finance and professional services, but is losing share in them.** Location quotients in 2024 were 2.15 in IT and information services, 1.65 in finance and insurance and 1.61 in legal, accounting, management, architecture and engineering services. All three were lower than in 2012, and IT and these professional services grew more slowly in Paris than nationally after 2019.
5. **The state sector is large but less concentrated than in France.** The public service employed 1.17 million people in the region at the end of 2024, 18.7% of employees, against 22.4% in France. Public employment grew 2.9% between 2012 and 2024, against 5.4% nationally, and employment in public administration fell.
6. **The office market is split between centre and periphery.** Vacancy was 11.6% across the region (Savills), 6.8% in the central business district and 28% in Péri-Défense. Immediately available space reached 6.6 million m², 8% more than a year earlier, and take-up in the first nine months of 2026 was 14% lower (ImmoStat).

7. **Housing supply is falling while prices have corrected.** Housing starts fell to 41,781 in 2024, half the 2017 level. Old-apartment prices in the region were 9.1% below their 2022 peak in Q2 2026 (Notaires), and an 80 m² apartment cost 7.1 years of a reference household's disposable income in 2023, against 7.9 in 2012.
8. **The national outlook is weak.** The Banque de France expects French GDP to grow 0.4% in 2026 and 0.9% in 2027, and INSEE's first estimate shows GDP falling 0.1% in Q3 2026. Since 2019 Paris has grown at about the national rate, so the national slowdown is likely to bear on it directly.

The assumptions this advice is most sensitive to: whether the office-using sectors regain share after 2019, which governs central office demand; the path of the national economy and of interest rates, which drives yields; and whether housing starts recover, which governs the supply side of rental housing.

G2. Introduction: purpose, method and area

This edition assesses whether, and how, an institutional investor should commit capital to real estate in Paris. It begins with metropolitan growth, because real estate demand is generated at the metropolitan level and only then allocated to submarkets and buildings.

Why metropolitan analysis matters. Section 2 explains why the analysis is metropolitan: buildings last for decades, properties of the same type compete mainly within one metropolitan labour and housing market, and the type of growth decides which space is needed, with employment-led growth favouring volume demand and income-led growth favouring premium space.

Area covered. The area analysed is the Île-de-France region (region 11, NUTS 2 region FR10), with 12.55 million residents on 1 January 2025 in eight departments: Paris (75), Seine-et-Marne (77), Yvelines (78), Essonne (91), Hauts-de-Seine (92), Seine-Saint-Denis (93), Val-de-Marne (94) and Val-d'Oise (95). The region is an administrative proxy, not the Paris functional urban area or the Métropole du Grand Paris, and the three must not be substituted for one another. France is the reference economy throughout. Paid and new-letting rents use the narrower Paris agglomeration of the rent observatory (OLAP), and office figures refer to the region or to named submarkets.

Method and data. The data come from a workbook compiled for this edition from INSEE, Urssaf, SDES, the Institut Paris Region, OLAP, the Notaires du Grand Paris, Eurostat and the European Commission's ARDECO database. Two employment measures are used. Headline growth uses INSEE's total employment (employees and self-employed at 31 December, October 2026 release). The sector analysis uses INSEE's employee estimates for 38 industries (all employers, public and private, excluding the self-employed, at 31 December), with a public and private split for eight broad groups. Pay is available only for the private sector: Urssaf gross payroll per average employee, adjusted to 2025 prices with France's harmonised consumer price index; it includes part-time work and is not a median or full-time salary. Shift-share and location quotients compare Paris with France (excluding Mayotte) on these all-employer counts.

The investment cases. The report tests three illustrative strategies:

Table G1. The strategies tested

Strategy	Asset	Location	Risk style
A	Stabilised, fully let prime office building	Paris central business district (QCA)	Core
B	Let modern logistics warehouse	Île-de-France logistics market	Core-plus
C	Rental housing, new or recently completed	Well-connected locations in the inner ring (petite couronne)	Core-plus

Structure. Section G3 analyses metropolitan growth, Section G4 its implications by asset class, Section G5 the office market, Section G6 logistics, retail, hotels, housing and capital markets and Section G7 the strategies. Section G8 sets out risks and monitoring, and Section G9 lists sources.

G3. Metropolitan growth patterns

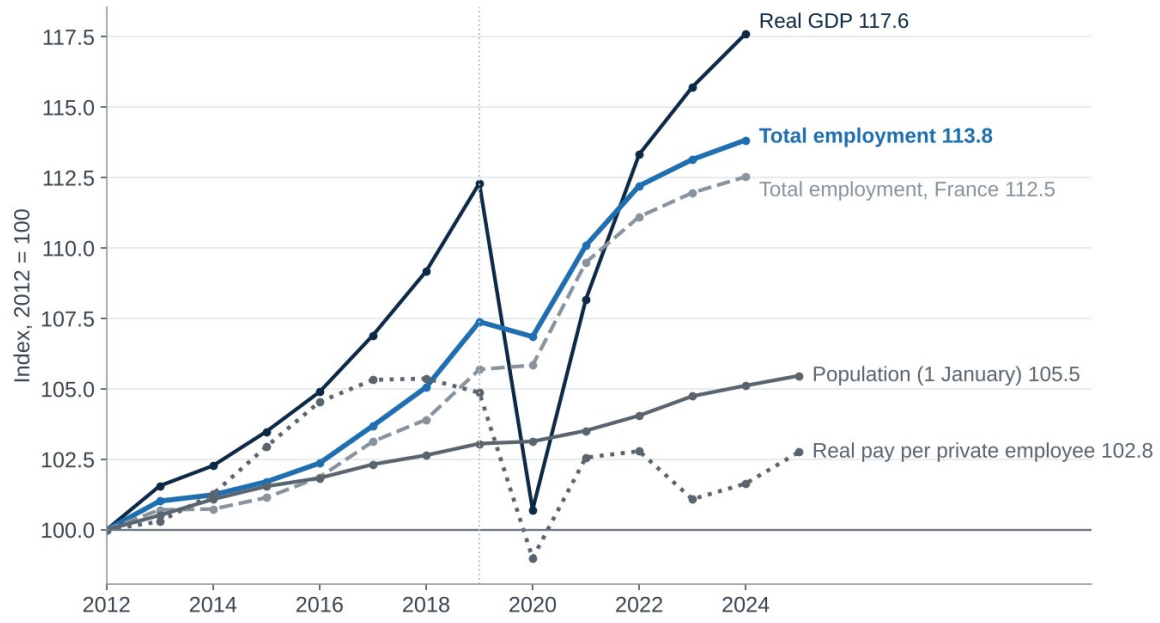
Metropolitan growth is analysed in five steps: summary indicators, population and forecasts (3.1), growth and pay by sector (3.2), specialisation and competitiveness against France (3.3), the demand- and supply-side drivers of growth (3.4) and the forces behind growth (3.5).

G3.1 Summary growth indicators

Paris grew faster in output than in jobs, faster in jobs than in population, and barely at all in real pay.

Figure G1. Output and jobs outgrew population; real pay per employee is barely above 2012

Summary growth indicators, Île-de-France, 2012 to 2025 (index, 2012 = 100)



Sources: INSEE, total employment (EAE, October 2026 release), regional accounts (real GDP, 2020 chained euros) and population on 1 January; Urssaf, private payroll and average employee counts; Eurostat, HICP for France; as compiled in the Paris data workbook; authors' calculations. Real pay is private gross payroll per average employee in 2025 euros.

Population. The region's population rose from 11.90 million on 1 January 2012 to 12.55 million on 1 January 2025 (+5.5%), or 0.43% a year to 2019 and 0.39% a year from 2019 to 2025. The workbook does not hold France's population, so the national comparison is not made here. Growth is uneven inside the region: on INSEE's department estimates, the city of Paris fell from 2.24 million to 2.07 million (-7.8%), while the inner ring grew 8.2% and the outer ring 8.8%, with Seine-Saint-Denis the fastest-growing department (+12.5%). The 2024 and 2025 figures are provisional.

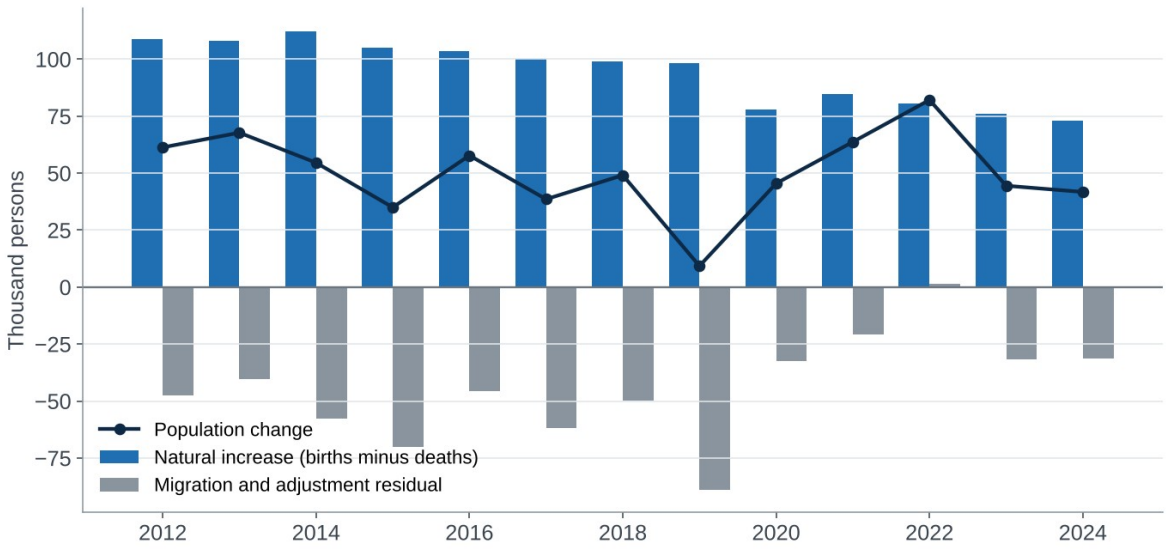
Employment. Total employment rose from 6.02 million at the end of 2012 to 6.85 million at the end of 2024 (+13.8%, against 12.5% for France), and the region's share of French jobs rose from 22.0% to 22.3%. All of that gain came before 2019: jobs grew 7.4% between 2012 and 2019 against 5.7% nationally, and 5.4% between 2019 and 2023 against 5.9%. Jobs per resident rose from 0.50 to 0.55, which can reflect higher participation, lower unemployment or more in-commuting; the workbook does not separate them.

Output and pay. Real GDP grew 1.7% a year between 2012 and 2019, against 1.4% for France, and 0.75% a year between 2019 and 2023, about the same as France (0.76%). The region produced 29.7% of French GDP in 2024, almost unchanged from 2012. INSEE's published real GDP per job rose 3.6% between 2012 and 2024, to EUR 112,600 at 2020 prices. Gross payroll per private employee was EUR 46,190 in 2024, 29% above France, but in 2025 prices it rose only 4.9% between 2012 and 2019 (France 5.2%) and fell 3.6% between 2019 and 2023 (France -4.0%). Real disposable income per resident rose 4.7% to 2019 and 3.3% from 2019 to 2023, and in 2023 was 22% above the French level.

Where population growth comes from. Population change is the sum of natural increase and a residual that includes net migration and statistical adjustments. Births have exceeded deaths by a wide but shrinking margin, while the residual has been negative in every year except 2022 (Figure G2 and Table G2).

Figure G2. Natural increase drives growth; the migration residual is negative

Components of population change, Île-de-France, 2012 to 2024 (thousand persons)



Source: INSEE, population on 1 January and domiciled births and deaths, as compiled in the Paris data workbook. The residual includes migration, census adjustments and source revisions; the 2019 value (-88,854) includes statistical adjustments and is not measured net migration.

Table G2. Components of population change, Île-de-France, 2024

Births	Deaths	Natural increase	Migration and adjustment residual	Population change
152,548	79,386	+73,162	-31,416	+41,746

Source: INSEE, as compiled in the Paris data workbook. The components reconcile with the change in population on 1 January (2024 provisional). Historical estimates by the Institut Paris Region split the residual for 2016 to 2021 (provisional) into an average net domestic outflow of about 73,800 people a year and a net international inflow of about 33,300; separate annual components are not available.

Natural increase is shrinking. Births fell from 181,229 in 2012 to 148,772 in 2025 (-17.9%), and natural increase from 108,701 to 69,341. With the residual still negative, the region is growing more slowly than its own births would imply: on these figures it sends more residents to the rest of France than it receives, and international arrivals offset only part of the outflow.

Synthesis by period. Table G3 summarises growth in each period using the same mechanism labels as Table 4b. Performance relative to France is a separate comparison, not a growth mechanism.

Table G3. Synthesis of growth patterns by period (average annual % change)

Area	Period	Population	Jobs	Real pay	Real output	Indicative mechanism	Main forces
Paris region	2012-19	+0.4	+1.0	+0.7	+1.7	Consistent with demand induced expansion; elasticity unconfirmed	Favourable sector mix (business services, IT); construction and social care
France	2012-19	n/a	+0.8	+0.7	+1.4		
Paris region	2019-23	+0.4	+1.3	-0.9	+0.75	Mixed or undetermined; inflation and composition matter	Construction and finance; trade, hospitality, public administration and business services lose share
France	2019-23	n/a	+1.5	-1.0	+0.76		

Sources: INSEE, population, employment and regional accounts; Urssaf, private payroll per average employee deflated by France's HICP; authors' calculations. Before 2019, jobs, output and real pay rose, consistent with demand-induced expansion, but labour-supply elasticity is not established. After 2019, rising employment and falling real pay leave the mechanism undetermined from these series. Inflation, coverage and composition must be considered alongside sector and migration evidence; see Section 2.

Forecasts. No regional forecast for Île-de-France was recovered for this edition. The Banque de France's September 2026 interim projections for France are real GDP growth of 0.4% in 2026, 0.9% in 2027 and 1.2% in 2028, with HICP inflation of 2.3%, 1.9% and 1.6% and unemployment of about 8.3% in 2026 and 2027. INSEE's first estimate shows GDP falling 0.1% in Q3 2026 (as reported by the Direction générale du Trésor, 30 October 2026).

Table G4. Historical and forecast growth, Paris region and France

Indicator	History	Forecast	Forecast source
Population	+5.5%, 2012 to 2025	No regional projection recovered	n/a
Total employment	+13.8%, 2012 to 2024 (France +12.5%)	No regional forecast recovered	n/a
Real GDP	+17.6%, 2012 to 2024 (France +14.6%)	France: +0.4% (2026), +0.9% (2027), +1.2% (2028)	Banque de France, September 2026
Inflation (HICP)	France 2025: 0.9%	France: 2.3% (2026), 1.9% (2027), 1.6% (2028)	Banque de France, September 2026
Real pay per private employee	+2.8%, 2012 to 2025	Not forecast	n/a

Sources: history as Figure G1; Banque de France, Macroeconomic interim projections, September 2026; INSEE first estimate of Q3 2026 GDP, as reported by the Direction générale du Trésor, 30 October 2026.

Reading for the investor. Paris outgrew France before 2019 and lagged slightly after 2019. This describes relative performance; the mechanism classifications remain those in Tables G3 and 4b. Output per job is high, but real pay has barely risen, so growth adds to the amount of space needed more than to what occupiers can pay for it. With national growth forecast below 1% in 2026 and 2027, the near-term outlook for demand is weak.

G3.2 Growth and pay by sector

Employee growth was led by IT, professional services, hospitality, construction and administrative support; public administration and manufacturing shrank.

Table G5. Employees by industry, all employers, Paris region

Industry (A38)	Employees 2012 (000)	Employees 2024 (000)	Growth	France growth	Share 2024
Trade and motor repair (G)	682.4	723.3	+6.0%	+8.9%	11.6%
Public administration (O)	617.9	609.2	-1.4%	+2.0%	9.7%
Administrative and support (N)	460.0	549.4	+19.4%	+28.2%	8.8%
Legal, accounting, management, architecture and engineering (M69 to M71)	339.9	474.3	+39.6%	+42.6%	7.6%
Education (P)	353.2	396.9	+12.4%	+9.6%	6.3%
Transport and storage (H)	349.8	372.0	+6.3%	+7.9%	5.9%
Finance and insurance (K)	314.7	349.6	+11.1%	+11.1%	5.6%
Accommodation and food (I)	284.6	344.5	+21.0%	+27.2%	5.5%
Construction (F)	277.6	331.5	+19.4%	+4.2%	5.3%
Residential care and social work (QB)	257.9	294.9	+14.3%	+7.0%	4.7%
Human health (QA)	266.3	291.9	+9.6%	+10.8%	4.7%
IT and information services (JC)	197.1	290.4	+47.3%	+57.1%	4.6%
Publishing, audiovisual and broadcasting (JA)	128.9	139.3	+8.1%	+12.7%	2.2%
Research and development (MB)	60.0	66.6	+11.1%	+14.8%	1.1%
Real estate (L)	72.4	77.8	+7.5%	+13.0%	1.2%
Manufacturing (C)	369.8	342.7	-7.3%	-1.7%	5.5%

Source: INSEE, employment estimates, employees at 31 December by A38 industry (T202), October 2026 release, Île-de-France and France excluding Mayotte, as compiled in the Paris INSEE employment extract; authors' calculations. All employers, public and private; the self-employed are excluded. The largest industries are shown; manufacturing sums the A38 manufacturing industries.

The public sector. INSEE classifies employers as public (the fonction publique) or private by their legal category. On that basis the public service employed 1.17 million people in the region at the end of 2024 (Table G5a), more than any single industry in Table G5, but a smaller share of employees than in France, and a falling one. Of the public employees, 48% work in public administration, 26% in education, 16% in human health and 4% in social work; 5% work in market services, where public employment is more concentrated in Paris than in France (location quotient 1.54).

Table G5a. Public service employees, Paris region and France

Year	Paris public employees	Share of Paris employees	France public employees	Share of France employees	Location quotient
2012	1,134,276	20.2%	5,765,414	23.5%	0.86
2019	1,149,235	19.2%	5,904,982	22.9%	0.84
2023	1,158,941	18.6%	6,046,303	22.4%	0.83
2024	1,167,638	18.7%	6,076,330	22.4%	0.83

Source: INSEE, employment estimates by type of employer (T203), October 2026 release, employees at 31 December, Île-de-France and France excluding Mayotte, as compiled in the Paris INSEE employment extract; authors' calculations. Public means the fonction publique, classified by the employer's legal category; it is not every publicly owned company and not the same as the public-administration industry. Public employment grew 2.9% in Paris and 5.4% in France between 2012 and 2024.

Table G6. Private employment and real pay by sector, Paris region

Sector (Urssaf groups)	Jobs growth 2012 to 2024	Payroll per employee 2024 (EUR)	Paris / France pay	Real pay 2012 to 2019	Real pay 2019 to 2024
Finance and insurance	+6.5%	80,970	1.38	+9.1%	+2.3%
Legal, consulting, architecture and engineering	+34.5%	63,838	1.29	+5.0%	-7.0%
Publishing, telecoms and IT	+25.8%	63,725	1.17	+9.1%	-3.9%
Research and other professional activities	+16.0%	58,848	1.21	+9.3%	-2.1%
Real estate	+3.8%	45,594	1.25	+10.4%	-6.3%
Trade	+6.4%	42,320	1.29	+6.1%	-3.0%
Transport and storage	+8.7%	41,902	1.18	+1.6%	-4.5%
Human health	+23.5%	38,666	1.13	+5.7%	+2.6%
Administrative and support (excluding temporary agency)	+19.2%	32,466	1.20	+7.0%	+0.3%
Construction	+25.5%	32,376	1.09	+1.0%	-10.7%
Social work and residential care	+36.0%	26,722	1.09	-0.8%	-0.3%
Accommodation and food	+26.2%	26,625	1.09	+1.8%	-3.6%

Source: Urssaf, private employment (annual average) and gross payroll by activity group, as compiled in the Paris data workbook; Eurostat, HICP for France; authors' calculations. Payroll per employee is an employer-reported gross amount, includes part-time work and is affected by changes in the mix of jobs.

Growth types by sector. Pay by sector is available only for private employers (Table G6). Among the sectors in Table G6, only finance and insurance, human health and administrative and support services combined job growth with rising real pay in both periods, which is consistent with demand-induced expansion, but does not establish labour-supply elasticity. The fastest-growing large sectors, construction, social work, hospitality and legal and consulting services, added jobs at flat or falling real pay after 2019. Pay in Paris is above the French level in every group shown, most of all in finance (38%).

G3.3 Specialisation and competitiveness

Paris is France's centre for publishing and media, IT, finance and professional services, and in most its lead has narrowed slightly since 2012; it is under-represented in public administration, health and social work.

Table G7. Location quotients by industry, Paris region (France = 1.0)

Sector	LQ 2012	LQ 2019	LQ 2024	Share of jobs 2024	Reading
Trade and motor repair (G)	0.96	0.95	0.93	11.6%	Close to France
Public administration (O)	0.91	0.88	0.87	9.7%	Under-represented; falling
Administrative and support (N)	1.20	1.11	1.11	8.8%	Specialised; lead narrowing
Legal, accounting, management, architecture and engineering (M69 to M71)	1.66	1.65	1.61	7.6%	Specialised; stable
Education (P)	0.89	0.91	0.91	6.3%	Slightly under-represented
Transport and storage (H)	1.13	1.11	1.10	5.9%	Specialised; lead narrowing
Finance and insurance (K)	1.67	1.64	1.65	5.6%	Specialised; stable
Accommodation and food (I)	1.27	1.23	1.20	5.5%	Specialised; lead narrowing
Construction (F)	0.82	0.91	0.93	5.3%	Under-represented; gaining
Residential care and social work (QB)	0.59	0.62	0.62	4.7%	Under-represented
Human health (QA)	0.76	0.75	0.75	4.7%	Under-represented
IT and information services (JC)	2.31	2.19	2.15	4.6%	Highly specialised; lead narrowing
Publishing, audiovisual and broadcasting (JA)	2.67	2.57	2.54	2.2%	Highly specialised; lead narrowing
Research and development (MB)	1.60	1.57	1.53	1.1%	Specialised; lead narrowing
Real estate (L)	1.36	1.32	1.29	1.2%	Specialised; lead narrowing
Manufacturing (C)	0.56	0.53	0.52	5.5%	Under-represented

Source: as Table G5; authors' calculations, which match the quotients in the extract. All employers, public and private; the self-employed are excluded.

Table G8. Shift-share decomposition, Paris region, 2012 to 2019 and 2019 to 2023 (thousands of employees, all employers)

Industry (A38)	Change 2012-19	National	Mix	Regional	Change 2019-23	National	Mix	Regional
All sectors	+350.6	+284.8	+93.8	-28.0	+263.3	+288.4	+60.1	-85.1
IT and information services (JC)	+55.8	+10.0	+56.1	-10.3	+42.3	+12.2	+35.9	-5.8
Legal, accounting, management, architecture and engineering (M69 to M71)	+77.6	+17.2	+58.2	+2.2	+54.8	+20.1	+44.6	-9.9
Finance and insurance (K)	+10.7	+15.9	-2.4	-2.9	+19.9	+15.7	+2.6	+1.5
Administrative and support (N)	+79.6	+23.3	+92.7	-36.4	+12.1	+26.0	-4.7	-9.2
Trade and motor repair (G)	+29.7	+34.5	-6.8	+1.9	+14.4	+34.4	+0.9	-20.9
Accommodation and food (I)	+34.8	+14.4	+27.2	-6.8	+17.8	+15.4	+12.9	-10.5
Construction (F)	+32.6	+14.1	-16.4	+34.9	+25.8	+15.0	+6.5	+4.3
Public administration (O)	-6.9	+31.3	-26.2	-12.0	-4.9	+29.5	-23.2	-11.2
Education (P)	+21.1	+17.9	-6.1	+9.3	+17.6	+18.1	+1.8	-2.2
Human health (QA)	+8.1	+13.5	-3.0	-2.4	+13.5	+13.2	+1.5	-1.3
Residential care and social work (QB)	+27.1	+13.1	-3.4	+17.5	+8.6	+13.8	-7.0	+1.9

Source: INSEE, employees at 31 December by A38 industry (T202), as compiled in the Paris INSEE employment extract, whose decomposition this table reproduces; the components reconcile with the change in each row. National, Mix and Regional are the national growth effect, industry-mix effect and regional shift. The regional shift is an accounting residual, not a causal estimate. Selected industries are shown; the total covers all 38.

Quotients and shares. A quotient shows concentration, not size. Publishing and media (2.54) and IT (2.15) have the highest quotients but only 2.2% and 4.6% of employees, while trade (11.6%), public administration (9.7%) and administrative and support services (8.8%) are the largest employers.

What the decomposition shows. Between 2012 and 2019 Paris gained 350,600 employees: national growth explains 284,800 and its favourable mix of fast-growing industries 93,800, led by administrative support, professional services and IT, but the regional shift was -28,000. Construction (+34,900) and social work (+17,500) gained locally, while administrative support (-36,400), public administration (-12,000) and IT (-10,300) grew more slowly than nationally. Between 2019 and 2023 Paris gained 263,300; the mix added 60,100 but the regional shift was -85,100, concentrated in trade (-20,900), public administration (-11,200), hospitality (-10,500), professional services (-9,900) and administrative support (-9,200). IT and professional services still added about 97,000 employees between them, but grew more slowly than the same industries elsewhere in France. In the authors' reading, Paris's growth has rested on specialising in industries that grow fast nationally rather than on growing faster within them, and since 2019 this has been consistent with office-using activity spreading to other French metros; the data do not identify the cause.

G3.4 Drivers of growth: demand side and supply side

Following Chapter 3 of Sivitanides and Mourouzi-Sivitanidou (2020), the drivers of metropolitan growth are divided into those that raise demand for an area's output and those that raise its supply of labour. Demand drivers raise jobs and real pay together; supply drivers raise jobs but hold real pay down. Tables G8a and G8b rate each driver for Paris. The ratings are the authors' judgement from the evidence cited; where this edition has no evidence, the tables say so.

Table G8a. Demand-side drivers of growth, Paris

Driver	Rating	Evidence
National economic influences	Weak	Banque de France projects French GDP growth of 0.4% in 2026 and 0.9% in 2027; GDP fell 0.1% in Q3 2026 (first estimate). Since 2019 Paris jobs and output have moved with France.
Specialised business services	Strong, but losing share	Location quotients of 2.15 (IT), 1.65 (finance) and 1.61 (legal, accounting, management and engineering) in 2024; 29.7% of French GDP. The sector mix added about 94,000 employees in 2012 to 2019, but regional shifts in IT and professional services were negative after 2019.
Visitor economy	Strong	Hotel guest-nights rose 7.1% in 2025 to 72.8 million (INSEE); revenue per available room in Paris city rose 4.4% to EUR 180.4 (MKG panel).
Construction activity	Strong before 2019, fading	Construction had the largest positive regional shift in 2012 to 2019 (+34,900 employees), but housing starts halved between 2017 and 2024.
Public services	Weak relative to France	Public service employees grew 2.9% in 2012 to 2024 (France 5.4%), to 18.7% of employees (France 22.4%); public administration fell 1.4% (France +2.0%). Education (+12.4%) and social work (+14.3%) outgrew France; health did not (+9.6% against +10.8%).
Investment in productive capital	Moderate	ARDECO's modelled capital stock grew 1.2% to 1.9% a year between 2015 and 2025; investment was about 8% of the stock. The series is modelled and does not isolate buildings.

Sources: Banque de France, Macroeconomic interim projections, September 2026; Direction générale du Trésor, 30 October 2026; INSEE Flash Île-de-France No. 110; UMIH and GNC hotel performance observatory, December 2025 (MKG panel); INSEE employment estimates (T202, T203); European Commission JRC, ARDECO; as compiled in the Paris data workbook.

Table G8b. Supply-side drivers of growth, Paris

Driver	Rating	Evidence
Domestic migration	Negative	Average net outflow to the rest of France of about 73,800 people a year in 2016 to 2021 (Institut Paris Region, provisional); the annual residual was negative in every year from 2012 to 2025 except 2022.
International migration	Positive, modest	Average net inflow of about 33,300 a year in 2016 to 2021 (provisional); no annual series.
Natural increase	Positive, declining	Births exceeded deaths by 108,701 in 2012 and 69,341 in 2025; births fell 17.9%.
Housing supply as a constraint	Tightening	Starts fell from 84,438 in 2017 to 41,781 in 2024; the city of Paris lost 7.8% of its population in 2012 to 2025 while the rings grew.

Sources: INSEE, demography and housing starts (SDES Sitadel); Institut Paris Region, period estimates of natural increase and migration; as compiled in the Paris data workbook.

How the drivers explain the growth type. Paris adds residents mainly through births and loses them to the rest of France, so its labour supply grows slowly. Before 2019 jobs nonetheless grew faster than in France while real pay grew no faster, and jobs per resident rose: in the authors' reading, demand was met by drawing more residents and commuters into work rather than by bidding up pay. Even then, Paris grew more slowly than France within its industries, and after 2019 that shortfall widened.

What could change the balance. If housing starts stay low, the net outflow of residents could grow and the labour supply tighten, which would raise real pay only if demand for Paris's specialised services recovers. A further loss of share in office-using sectors would weaken the main source of central office demand.

G3.5 Forces behind growth and the five-year outlook

Preliminary conclusion: Paris has grown through its role as the national centre for high-value services and through natural increase, rather than through migration or rising real pay, and since 2019 these forces have only kept pace with France.

1. **High-value specialisation.** Technology, finance and professional services are concentrated in Paris, which produces 29.7% of French GDP with 22.3% of its jobs.
2. **A smaller state sector than France.** Public service employment is 18.7% of employees, against 22.4% nationally, and has grown more slowly.
3. **Natural increase, not migration.** Births drive population growth; the region loses residents to the rest of France.
4. **Flat real pay.** Real pay per private employee in 2025 was 2.8% above 2012 and below 2019.
5. **Growth from mix, not local advantage.** Paris gained from specialising in fast-growing industries, but within industries it has grown more slowly than France, and since 2019 jobs and output have grown at or below the national rate.

Will these forces persist? Natural increase is shrinking and housing starts are low, so population growth is likely to stay slow. The national forecast is weak, and no regional forecast was recovered. Paris remains far more productive than France as a whole, but the evidence since 2019 gives no basis for assuming it will outgrow France over the next five years.

G4. Growth prospects and real estate markets

Over the next five to ten years, Paris's growth most clearly supports central offices and hotels in the city, and housing in the inner and outer rings; the evidence is weaker for logistics and does not support secondary offices outside the core.

Table G9. Asset classes and Paris's growth pattern, five to ten years

Asset class	Evidence	Demand evidence	What benefits most	Key caveat
Central offices	Moderate	Office-using sectors still add jobs; CBD vacancy 6.8%	Prime and refurbished space in the CBD	Sectors losing share since 2019; prime rent -3% year on year
Secondary and outer offices	Weak	Péri-Défense vacancy 28%; availability +8% year on year	Little; adaptation or conversion candidates	Conversion feasibility not assessed
Rental housing	Moderate	Rings growing about 8% to 9% since 2012; starts halved	Well-connected inner-ring locations	No residential yield or completions data
Hotels	Strong in Paris city	Paris city occupancy 80.7% in 2025; RevPAR +4.4%	Paris city hotels	Outer-region RevPAR -8.6%; no pipeline data
Logistics	Weak to moderate	Transport and storage employees +6.3% in 2012 to 2024 (France +7.9%)	Modern warehouses near the main routes	Vacancy 7.6% and rising
Retail	Weak	Regional shift in trade of about -20,900 employees in 2019 to 2023	Prime high streets	No vacancy or leasing data

Sources: Sections G3, G5 and G6 and the sources cited there. Evidence ratings are the authors' judgement.

What the growth evidence does not support. Secondary offices outside the core without a refurbishment or conversion plan; premium space that relies on rising real incomes; and industrial space for manufacturing, whose share of private jobs is low and falling.

G5. The office market

The regional office market is weak on the headline numbers, but the weakness is concentrated outside the centre.

Table G10. Île-de-France office market indicators

Indicator	Value	Period	Source
Take-up	1,050,300 m² (-14% year on year)	January to September 2026	ImmoStat
Take-up, quarter	313,900 m² (-26% year on year)	Q3 2026	ImmoStat
Immediately available space	6,591,000 m² (+8% year on year)	30 September 2026	ImmoStat
Vacancy, Île-de-France	11.6%	October 2026 release	Savills
Vacancy, Paris CBD (QCA)	6.8%	October 2026 release	Savills
Vacancy, Péri-Défense	28%	October 2026 release	Savills
Prime rent, Paris CBD	EUR 1,202 per m² per year (-3% year on year)	October 2026 release	Savills
Average face rent, second-hand	EUR 449 per m² per year (-2%)	Q3 2026	ImmoStat
Average face rent, new or refurbished	EUR 444 per m² per year (-1%)	Q3 2026	ImmoStat
Incentives	30.6%	Q2 2026	ImmoStat
Prime yield	4.25% to 4.50%	Q3 2026	JLL

Sources: ImmoStat, results for Q3 2026; Savills, Paris office market, 19 October 2026; JLL, Île-de-France investment, 12 October 2026; as compiled in the Paris data workbook. Take-up is gross transactions, not net absorption. Savills' vacancy rates use its own stock definitions and are not averaged with other providers' rates. Average face rents exclude incentives and are affected by the mix of transactions.

Demand and supply. Take-up fell 14% in the first nine months of 2026 and 26% in the third quarter, while immediately available space rose 8% to 6.6 million m². The surplus is in the outer business districts: vacancy was 28% in Péri-Défense against 6.8% in the central business district. Incentives averaged about 30% in Q2 2026, so effective rents are well below face rents.

Rents. The prime rent in the central business district was EUR 1,202 per m² per year, 3% lower than a year earlier, and average face rents fell 1% to 2%. Average face rents for new or refurbished space (EUR 444) were slightly below those for second-hand space (EUR 449), which reflects where each was let rather than a lack of quality premium; the data do not compare like with like.

Reading for the investor. Central demand from the office-using sectors can be met from existing and refurbished central stock. The outer surplus is in the wrong locations for the occupiers that are growing and is unlikely to be absorbed by them; it is a candidate for adaptation, including conversion to other uses, whose feasibility this edition has not assessed.

G6. Logistics, retail, hotels, housing and capital markets

Logistics, retail and hotels. Logistics take-up of warehouses over 5,000 m² was 467,400 m² in the first nine months of 2026 (ImmoStat), and vacancy in class A and B warehouses rose 1.2 points from Q4 2025 to 7.6% (BNP Paribas Real Estate), with a prime rent of EUR 95 per m² per year. Hotel demand is strong in the city of Paris, with occupancy of 80.7% and revenue per available room up 4.4% in 2025, but weaker elsewhere in the region, where revenue per available room fell 8.6% (MKG panel). No retail vacancy or leasing series was recovered.

Table G11. Logistics, retail and hotel indicators, Île-de-France

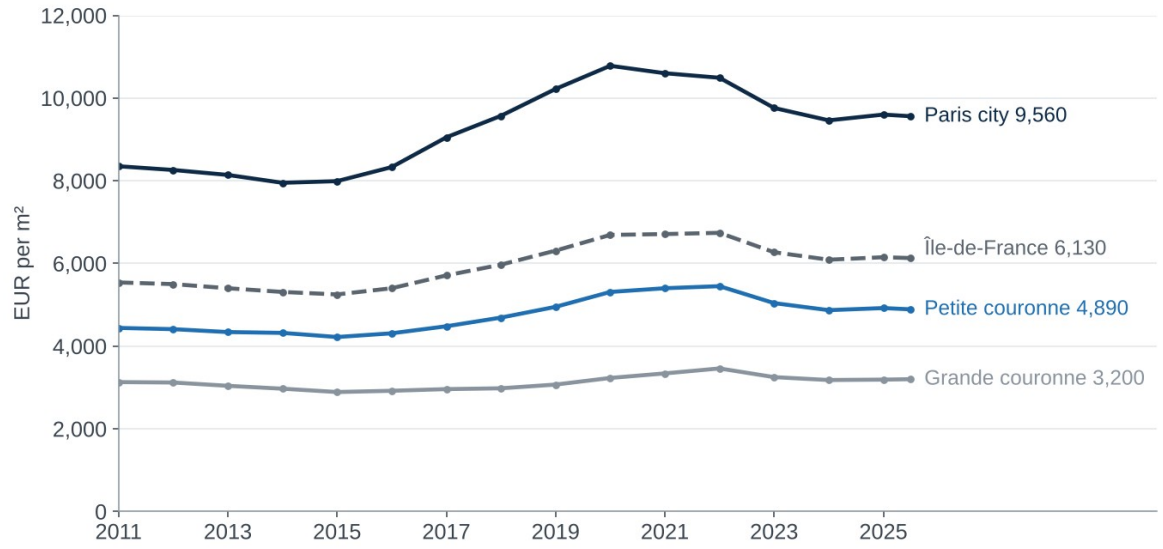
Indicator	Value	Period	Source
Logistics take-up, warehouses over 5,000 m²	467,400 m²	January to September 2026	ImmoStat
Logistics vacancy, class A and B	7.6% (+1.2 points from Q4 2025)	Q3 2026	BNP Paribas Real Estate
Logistics prime rent	EUR 95 per m² per year	Q3 2026	BNP Paribas Real Estate
Hotel room occupancy, region	72.7%, 70.8%, 72.9%	2023, 2024, 2025	INSEE
Hotel guest-nights, region	72.8 million (+7.1%)	2025	INSEE
Hotel occupancy, Paris city	80.7% (+4.3 points)	2025	MKG panel (UMIH, GNC)
Average daily rate, Paris city	EUR 223.5 (-1.1%)	2025	MKG panel (UMIH, GNC)
Revenue per available room, Paris city	EUR 180.4 (+4.4%)	2025	MKG panel (UMIH, GNC)
Revenue per available room, region excluding Paris	EUR 64.9 (-8.6%)	2025	MKG panel (UMIH, GNC)

Sources: ImmoStat, Q3 2026; BNP Paribas Real Estate, REview Logistique Q3 2026, page 6; INSEE Flash Île-de-France No. 110; UMIH and GNC, hotel performance observatory, December 2025; as compiled in the Paris data workbook. INSEE survey rates and MKG panel rates use different samples and are not combined. Hotel rates exclude VAT.

Housing. Housing permits fell from 98,757 in 2017 to 53,683 in 2024 and starts from 84,438 to 41,781; both recovered slightly in 2025 (64,396 permits and 47,857 starts). Starts are not completions, and the workbook does not hold a completions series.

Figure G3. Apartment prices have fallen since 2022 across the region

Old-apartment prices, Île-de-France, Q4 2011 to Q2 2026 (EUR per m²)



Source: Notaires du Grand Paris, historical prices of old apartments sold vacant, as compiled in the Paris data workbook. Points are Q4 values; the last point is Q2 2026. These are transaction-price benchmarks, not annual averages or asking prices.

Demand, supply and affordability. Between the 2012 and 2023 censuses the dwelling stock grew by about 618,700 and households by 454,500, or 1.36 dwellings per added household; principal residences grew by 435,500, almost one for one with households (0.96). Vacant and second homes took 29.6% of the stock increase, and the vacancy rate rose from 6.1% to 7.1%. These are net census changes, not completions. Old-apartment prices in the region fell from EUR 6,740 per m² in Q4 2022 to EUR 6,130 in Q2 2026 (-9.1%), and in the city of Paris from a peak of EUR 10,780 in Q4 2020 to EUR 9,560 (-11.3%). On the Observatory's convention, an 80 m² apartment cost 7.9 years of a reference household's disposable income in 2012, 7.8 in 2017 and 7.1 in 2023.

Table G12. Housing supply and affordability indicators, Île-de-France

Indicator	Value	Period	Source
Change in dwelling stock	+618,743	2012 to 2023	INSEE census
Change in households	+454,516	2012 to 2023	INSEE census
Dwellings added per added household	1.36 (principal residences 0.96)	2012 to 2023	Authors' calculation
Vacancy rate, dwellings	6.1% to 7.1%	2012 to 2023	INSEE census
Housing starts	84,438 to 41,781	2017 to 2024	SDES Sitadel, via INSEE
Old-apartment price	EUR 6,130 per m² (-9.1% from Q4 2022)	Q2 2026	Notaires du Grand Paris
Price of an 80 m² apartment / reference household income	7.9, 7.8 and 7.1 years	2012, 2017, 2023	Authors' calculation
Paid rent, Paris agglomeration (all tenants)	EUR 20.3 per m² per month	1 January 2025	OLAP
Rent on re-letting, increase on previous rent	+4.3%	2024 lettings	OLAP

Sources: INSEE, census housing and household tables (RP); SDES Sitadel housing starts, via INSEE; Notaires du Grand Paris; INSEE regional household accounts; OLAP, rent reports; as compiled in the Paris data workbook. Reference household income is disposable income per resident times average household size. Census household and principal-residence counts differ in 2023 by about 18,900 and are both kept as published. OLAP's annual rent levels come from different report vintages and do not form a constant-quality index, so no rent growth is inferred from them.

Capital markets. JLL quotes prime yields of 4.25% to 4.50% for offices, 5.15% for logistics, 4.25% for high-street retail and 6.15% for light industrial premises in Q3 2026. With the ECB deposit rate at 2.50% (Section E6), the prime office yield is 175 to 200 basis points above it and the logistics yield 265 basis points. No prime residential yield or investment volume was recovered for this edition. Observation dates differ: the policy benchmark is the ECB deposit rate of 2.50% effective from 16 September 2026, while the property yield retains the period stated in its source table. These arithmetic differences are not contemporaneous spreads, financing costs or property risk premia.

Reading for the investor. The office yield premium over the policy rate is narrower than Vienna's (Section E6), at a time when central rents are edging down and incentives are high, so pricing leaves little margin for weaker demand. Housing prices have corrected and affordability has improved, which may offer entry opportunities, but rents and yields need to be established before rental housing can be appraised.

G7. Strategy appraisal

Strategy A has the clearest market support and its main risk is the price paid; Strategy B has supportive demand but rising vacancy; Strategy C has the strongest structural case on supply but cannot yet be priced. All figures are illustrative.

Table G13. Value sensitivity to yield, Paris prime office and logistics (% change in value from the central case)

Case	Central yield	-50 bp	-25 bp	+25 bp	+50 bp
A: prime office, CBD	4.50%	+12.5%	+5.9%	-5.3%	-10.0%
B: logistics	5.15%	+10.8%	+5.1%	-4.6%	-8.8%

Source: authors' calculations on the prime yields reported by JLL for Île-de-France (Q3 2026). For offices the upper end of JLL's 4.25% to 4.50% range is used as the central case; at 4.25% the effects are slightly larger. No residential yield was recovered, so Strategy C is not shown.

A 25 basis point move changes value by about 5% to 6%, and a 50 basis point move by about 9% to 12.5%. Because value is income divided by yield, a fall in the yield raises value slightly more than an equal rise reduces it. Absolute capital values are not shown.

Table G14. Summary assessment of the Paris strategies

Factor	A: core prime office	B: logistics	C: rental housing
Market tightness	CBD vacancy 6.8% against 11.6% for the region	Class A and B vacancy 7.6%, rising	Starts halved since 2017; vacancy 7.1% of stock
Demand evidence	Office-using sectors growing, but losing share since 2019	Transport and storage employees +6.3% (2012 to 2024), below France (+7.9%)	Rings +8% to 9% since 2012; city of Paris -7.8%
Rent evidence	Prime EUR 1,202, -3% year on year; incentives about 30%	Prime EUR 95	Re-let rents +4.3% on previous rent (2024); no constant-quality index
Pricing	Prime yield 4.25% to 4.50%	Prime yield 5.15%	No residential yield recovered
Main risk	Price paid as demand softens	Further rise in vacancy	Unknown rents, yields and completions
Authors' view	Underwrite selectively, subject to entry price	Watching brief	Take forward to due diligence

Sources: Sections G3 to G6. The views are the authors' market-level judgements.

From growth to space. Table G14a traces each material source of Paris's growth to the space it requires, the stock available to meet it, and the evidence on whether that demand can be met by absorbing existing space, adapting it or building new (Section 2). The judgements in the last column are the authors'; where this edition has no evidence, the table says so.

Table G14a. From growth to space: Paris

Source of growth	Space it requires	Stock available to meet it	Absorption, adaptation or construction (authors' judgement)
Households	Homes, mainly in the inner and outer rings, where population is growing	Stock +618,700 against +454,500 households (2012 to 2023); 29.6% of the increase was vacant or second homes; 436,400 vacant dwellings in 2023; starts 41,781 in 2024	**Construction, with some absorption.** Principal residences kept pace with households in 2012 to 2023, but starts have halved since 2017 and the city of Paris is losing population while the rings grow. Whether vacant dwellings are in usable condition and in the right places is not known.
Office-using jobs (technology, head offices and consultancy, finance)	Offices in the CBD and other well-connected central locations	Regional vacancy 11.6%, CBD 6.8%, Péri-Défense 28%; 6.6 million m² immediately available, +8% year on year	**Absorption in the centre; adaptation elsewhere.** These sectors still add jobs but have lost share since 2019, so central demand can be met from existing and refurbished stock. The outer surplus is in the wrong locations for them and points to adaptation, including conversion, whose feasibility is not assessed.
Visitors	Hotel rooms	Paris city occupancy 80.7%; region excluding Paris 65.7% (2025)	**Little slack in the city; absorption outside it.** Paris city hotels are close to full and gaining revenue; outer-region hotels have spare rooms. No hotel pipeline data were recovered.
Trade, transport and logistics	Modern warehouses and urban logistics	Class A and B vacancy 7.6%, up 1.2 points since Q4 2025	**Absorption.** Rising vacancy means existing stock can meet near-term demand.
Health and social care	Clinics, care homes and related premises	Not measured	**Not assessed.** Employees in social work rose 14.3% in 2012 to 2024 (France 7.0%) and in human health 9.6% (France 10.8%), many of them in the public service; stock data are not in this edition.
Income	Better or larger space	Price of an 80 m² apartment fell from 7.9 to 7.1 years of reference household income (2012 to 2023)	**Little additional demand.** Real pay per private employee is 2.8% above 2012, so income growth adds little demand for better space; affordability improved because prices fell, not because pay rose.

Sources: Sections G3 to G6 and the sources cited there. Judgements are the authors'.

Reading. Paris needs new homes more than new offices. Its office surplus is large but in the wrong places for the sectors that are growing, so the office question is adaptation; housing supply has fallen sharply while the rings keep adding residents.

G8. Risks, monitoring and review triggers

Table G15. Risks, indicators and suggested review triggers

Risk	Indicator to monitor	Suggested review trigger
National slowdown	Banque de France and INSEE forecasts; quarterly GDP	French GDP growth forecast for 2027 below 0.5%
Rates and energy	ECB deposit rate; energy prices	Further ECB rate rise
Loss of share in office-using sectors	Regional shift in IT, professional services and finance (INSEE employment estimates)	Negative regional shift continues in 2025 data
Outer office surplus	Immediately available space; Péri-Défense and CBD vacancy (ImmoStat, Savills)	Availability above 7 million m² or CBD vacancy above 8%
Logistics vacancy	Class A and B vacancy (BNP Paribas Real Estate)	Vacancy above 9%
Housing supply	Housing starts and permits (SDES)	Starts below 45,000 for a second year
Data gaps	Completions, residential yields, household wealth	Before any housing investment decision

Source: authors' assessment. Triggers are illustrative and should be set by the investor.

Monitoring. The figures in this edition should be refreshed quarterly. A local partner with transaction, leasing and yield evidence would be needed before any investment.

G9. Sources

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