

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



GDP Grows with Logistics Resilience

France

Q2 2024

Market Outlook

France's economy registered a growth of 0.1% q-o-q and 0.7% y-o-y in Q4, closing 2023 with a modest expansion of 0.9% y-o-y, driven by increased consumption, positive foreign trade, and government spending. Inflation eased to 4.9% in 2023 and is expected to drop to 2.8% in 2024. Household consumption climbed 0.6% annually, supported by improved purchasing power and a strong labor market. Annual investment grew by 1.1% in 2023. Despite a Q4 dip, there are positive signs of future growth, with lower interest rates forecasted. France is poised for GDP growth of 0.8%-1.0% in 2024, spurred by domestic demand, with a forecasted acceleration to 1.3% in 2025, aligning with a rebound in global economic activity.

In 2023, France's logistics sector showcased remarkable resilience, with annual take-up reaching 3.65 million sqm, despite a 24% year-on-year moderation, aligning with the decade's average. The vacancy rate remained tight at 4.7%, even amid significant new supply, indicating a robust market. The sector drew €2.7 billion, making up 22% of the total commercial real estate (CRE) investment volume, with a notable Q4 surge indicating market recovery and continued appeal to investors. Rising rents across both primary and secondary markets reflect ongoing supply constraints and strong demand. With solid market fundamentals and anticipation of policy rate cuts, France's logistics sector is well-positioned for continued growth and investment appeal into 2024...

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