

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Economy and Logistics Steer Toward Recovery

France

Q4 2024

Market Outlook

In Q2, France's GDP notched up by 0.2% q-o-q and 1.0% y-o-y, underpinned by robust private and public consumption and a buoyant net export. Despite constraints on investment due to stringent financial conditions and high interest costs, a turnaround is anticipated with the ECB's monetary easing beginning in June. Inflation is expected to stabilize at 2.2% by year-end 2024. The labor market shows remarkable strength, with unemployment hitting a historic low of 7.3% in Q2, and wage growth energizing gains in disposable income and purchasing power. GDP is expected to grow by 1.1% in 2024, driven by increased public and private consumption related to the Olympic Games and positive net exports. In 2025, GDP growth is projected to accelerate to 1.3%, fueled by sustained consumer spending, a resurgence in investments as policy rates decrease, and a broader global economic recovery.

France's logistics market demonstrated resilience in Q2 2024, with total take-up rising to 676,000 sqm while the vacancy rate stabilized at 5.1%, close to the shortage threshold. Demand and supply varied across different sub-markets. Availability in the traditional logistics corridor remains tight, with Lyon's vacancy rate holding firm below 3%. Investment in logistics sustained strong momentum, leading France's CRE market with a total of €1.5 billion in H1 2024, representing 34% of the market's overall investment. Prime rents remained steady across all regions. Looking forward, supported by a robust market foundation, the logistics sector is expected to continue its upward trajectory. Both demand and investment are anticipated to recover gradually alongside improved financial conditions, lower interest costs, and economic revival...

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