

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Growth Streak Holds Strong Despite Volatility

France

Q1 2025

### Market Outlook

France's economy upticked by 0.4% q-o-q and 1.2% y-o-y in Q3 2024, fueled by strong household consumption, positive inventory adjustments, and the uplift from the Olympic Games. These factors helped counterbalance subdued investment and negative net exports. The labor market held firm, with the unemployment rate stable at 7.4% and wage growth of 2.8% y-o-y enhancing purchasing power. Inflation moderated to 1.3% in November, with further easing anticipated. Looking ahead, France anticipates GDP growth of 1.1% in 2024, slowing slightly to 0.9% in 2025 before rebounding in 2026. Despite challenges from geopolitical tensions, tariff hikes, and fiscal consolidation, the economy is poised for growth. Private consumption is expected to remain the key driver of growth, supported by robust wage increases. Investment is poised to accelerate with improving financial conditions.

France's logistics market experienced a significant rebound in investment activities in Q3, despite moderated leasing activities. Total take-up reached 528,400 sqm in Q3, bringing the year-to-date figure to 2.17 million sqm across 121 transactions. The vacancy rate remained tight at 5.15%, with the total available space increasing by 4% q-o-q to 3.4 million sqm. Investments surged by 65% y-o-y to €1.3 billion, elevating the year-to-date investment volume to €2.8 billion, surpassing the total achieved in the entirety of 2023. The logistics sector continued to lead the market, capturing a 36% share of France's total investment. While prime rents across sub-regions have stabilized, average rents displayed an upward trend in Q3. The outlook remains optimistic, with investment expected to sustain growth amid improved financial conditions. Demand is also anticipated to pick up gradually, bolstered by the ongoing expansion of e-commerce and a global economic recovery...

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