



CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Recovery Gains a Foothold

France

Q2 2025

Market Outlook

France's economy demonstrated resilience in 2024, achieving a steady 1.1% GDP growth, matching 2023 levels and sustaining 0.6% y-o-y growth in Q4, despite an anticipated 0.1% q-o-q contraction as post-Olympic momentum subsided. Private consumption, a key growth pillar, rose 0.9% y-o-y, bolstered by robust real income gains and a steadfast labor market, with unemployment declining to 7.3% and wages increasing 2.7% y-o-y. The services sector expanded by 1.8% y-o-y, offsetting weaknesses in industrial production. Inflation moderated to an average of 2.0% y-o-y in 2024, easing further to 0.8% y-o-y by February 2025. Despite challenges from geopolitical uncertainties, fiscal restraint, and softer export demand, France's GDP is expected to grow steadily at 0.7–0.8% y-o-y in 2025, before accelerating to 1.1%-1.3% y-o-y in 2026, propelled by resilient private consumption, revitalized investment, and a recovering global economy.

The French logistics market sustained momentum with robust investment growth and steadily recovering demand in Q4. Annual take-up reached 750,000 sqm in Q4, totaling 3 million sqm for 2024. Vacancy rates remained low, though rising slightly to 5.4% by Q4, with available space reaching to 3.9 million sqm. Projects under construction contracted to approximately 820,000 sqm by Q4. Non-traditional hubs gained traction in the second half of 2024, driving the majority of gross take-up and future pipelines. Investment surged 90% q-o-q to €2.3 billion in Q4, lifting the annual volume to €5.1 billion, fueled by revived large portfolio transactions. Logistics captured a 41% share of France's total commercial real estate investment. The outlook remains positive, with investment poised to accelerate amid declining interest rates. Demand is expected to grow steadily, supported by e-commerce expansion, nearshoring, and global economic recovery...

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