



CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Steady Gains Through Uncertainty

France

Q3 2025

Market Outlook

France's economy rebounded modestly in Q1 2025 with 0.1% q-o-q GDP growth, driven by inventory buildup despite flatten consumption and weak net exports. Inflation fell to 0.7% y-o-y in May, enabling real wage gains and stable household purchasing power. Despite cautious consumer, the consumption is expected to gradually pick up, underpinned by a robust labor market and positive real wage growth. Service sectors remained growth anchors, counterbalancing weakness in construction and industry. Looking ahead, GDP growth is forecast at 0.7%–0.8% for 2025, supported by stable real income growth and gradually improving consumption, even as investment and net exports remain subdued. By 2026, the recovery is expected to gain pace, with GDP growth accelerating to 1.0%–1.3%, fueled by a rebound in private investment, stronger external demand, and the positive impact of Germany stimulus measures and a broader European economic rebound.

The French logistics real estate market showed resilience in Q1 2025, with total take-up stable at 800,000 sqm across 42 deals, aligning closely with pre-pandemic levels. Investment activity gained momentum, rising 6% y-o-y to €720 million, bolstered by a diversifying capital base and the resurgence of portfolio transactions. Though vacancy rates rose to 5.8%, driven by a surge in second-hand stock, core hubs maintained healthy vacancy levels, while southern markets faced a persistent supply shortage. Prime rents resumed upward momentum, with Greater Paris posting a strong 18% y-o-y increase to €89/sqm/year, while other supply-constrained markets also recorded gains. 3PLs dominated the market, while retailers and e-commerce occupiers showed a rebound in demand. Looking ahead, the market is set for sustained growth in both demand and investment, supported by e-commerce expansion, nearshoring trends, favorable financial conditions and recovered economy...

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cglimresearch@cglim.com