



CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Economy Steadies as Logistics Stays Resilient

France

Q4 2025

### Market Outlook

France's economy recorded modest growth in Q2, with GDP rising 0.3% q-o-q and 0.7% y-o-y, underpinned by domestic demand. Inventory rebuilding led the way, contributing 0.5 pp, while final consumption added 0.1 pp, collectively offsetting a -0.3 pp drag from net exports. Household consumption stabilized after Q1's contraction, bolstered by rising real wages and a resilient labor market, with unemployment holding steady at 7.5% in Q2. Inflation retreated to 0.9% y-o-y in August, with HICP at 0.8% and core inflation at 1.2%, reverting to pre-pandemic levels thanks to falling energy prices. Looking ahead, GDP is projected to advance 0.7%–0.8% in 2025 and 0.8%–1.1% in 2026, supported by robust private consumption as savings normalize, improved financial conditions, a moderate business investment rebound, and improved external demand amid broader European recovery.

France's logistics market held firm in Q2 2025 as investment recovered and demand remained resilient, mainly driven by leasing activity along the traditional logistics corridor. Leasing reached 625,000 sqm in Q2 and 1.53 million sqm in H1, led by XXL deals (492,000 sqm) and leases in the 20,000–40,000 sqm range (425,000 sqm). Vacancy edged up to 6.1%, with 4.6 million sqm of available space. The Greater Paris region stayed healthy at 6.9% while PACA and Bordeaux remained tight at 3.8% and 3.6% respectively in Q2. Logistics investment rose by 4.6% y-o-y to €859 million in Q2 and up to €1.57 billion in H1, reached 36% of Q2 CRE investment, fueled by robust portfolios and small and mid-sized sub deals. Prime rent stabilized in Q2 with the Greater Paris region leading at €89/sqm/year. Looking ahead, a moderated pipeline with higher pre-let ratios points to steady rents in H2 2025. Structural tailwinds from e-commerce, nearshoring and a broader economic recovery are set to bolster logistics market development in the coming years...

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