

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Economy Inches Forward as Logistics Hold Firm

France

Q1 2026

Market Outlook

France's economy extended its gradual recovery in Q3 2025, with GDP rising 0.5% q-o-q and 0.9% y-o-y. The expansion was export-driven, as net exports contributed +0.6 pp and final consumption added +0.2 pp, offsetting a -0.4 pp drag from inventory destocking. Household consumption rose only 0.1% q-o-q. The labour market stayed tight, with the employment rate at 69.4% and unemployment at 7.7%. Price pressures stayed muted, with CPI at 0.9% y-o-y in November 2025. Exports rose 3.2% q-o-q while imports increased 1.3%, lifting the contribution of net exports to GDP growth to +0.6 pp in Q3. Investment rebounded by 0.5% q-o-q, supported by stronger business capex and capital goods spending. GDP growth is forecast at 0.9% in 2025, before regaining a more balanced footing in 2026 at 1.0% as private consumption re-emerges as the main driver, with improving external demand alongside the broader European recovery providing an additional tailwind.

France's logistics market stayed resilient in Q3 2025 despite political and macro uncertainty. Although gross take-up eased to 441,100 sqm and Q1–Q3 reached 2.06 million sqm, investment maintained an upward trend, rising 7% y-o-y to €8.7 billion by the end of Q3. Logistics attracted €681 million in Q3 and €2.7 billion year-to-date, equivalent to a 29% share of total investment. Vacancy inched up to 6.6%, with roughly 5 million sqm available, driven by a rise in second-hand space. A moderated development pipeline and lower speculative supply should help cap further upward pressure on vacancy. Prime rents held firm at €89/sqm/year in Greater Paris, while Lyon rose 5.9% q-o-q to €71/sqm/year. Looking ahead, improving financing conditions and a stabilising economy are expected to lift demand and deal flow, keeping prime rents broadly stable with modest upside in core hubs...

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