

# CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Recovery Builds on Solid Ground

France

Q2 2026

### Market Outlook

France's economy expanded modestly in Q4 2025, with GDP rising 0.2% q-o-q and 1.2% y-o-y, bringing full-year growth to 0.9%. The quarterly gain was driven by stronger consumption and net exports, as household spending rose 0.4% q-o-q and net trade added 0.73 pp, offsetting a 0.81 pp drag from inventories. Investment improved, rising 0.3% q-o-q and 1.7% y-o-y, lifting full-year investment growth to 0.8% after the contraction in 2024. The labour market held firm, with the employment rate at a record 69.4%, unemployment at 7.9% and nominal wages up 1.7% y-o-y in Q4. Inflation stayed at a low level, with CPI averaging 0.9% in 2025, while core inflation moderated to 1.2%. GDP growth is forecast at 0.9% in 2026 and 0.8% to 1.2% in 2027, underpinned by wage-backed consumption, a gradual investment recovery and improving export conditions, with positive spillovers from Germany's fiscal stimulus and the broader European recovery adding further momentum.

France's logistics market found firmer footing in Q4 2025, as occupier demand revived and investment liquidity improved after a softer first half. Gross take-up rose 12% y-o-y to 936,000 sqm in Q4, lifting full-year volume to 3.24 million sqm, broadly in line with 2024. Logistics investment reached €1.5 billion in Q4 and €4.1 billion for 2025, representing 29% of total French CRE investment. Vacancy narrowed to 6.3%, with available space declining to 4.5 million sqm. Of the 5.83 million sqm pipeline, only 14.7%, or 861,000 sqm, was under construction, reflecting a disciplined supply backdrop. Prime rents remained stable, led by Greater Paris at €89/sqm/year, Lyon at €71/sqm/year and Bordeaux at €67/sqm/year. Looking toward 2026, demand is poised for a steady recovery, driven by e-commerce and high-value manufacturing, while constrained supply and improving financing conditions are set to keep rents firm and lift investment activity...

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