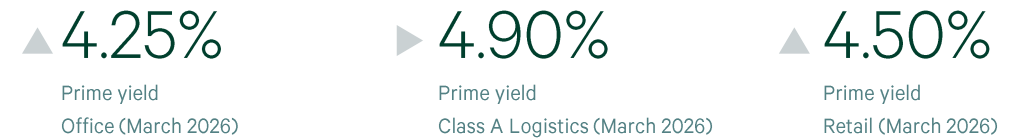


# An unpredictable path for a return to a normal market?



Note: cumulative volumes invested since the beginning of the year. The arrow indicates annual changes..



## A stunted recovery

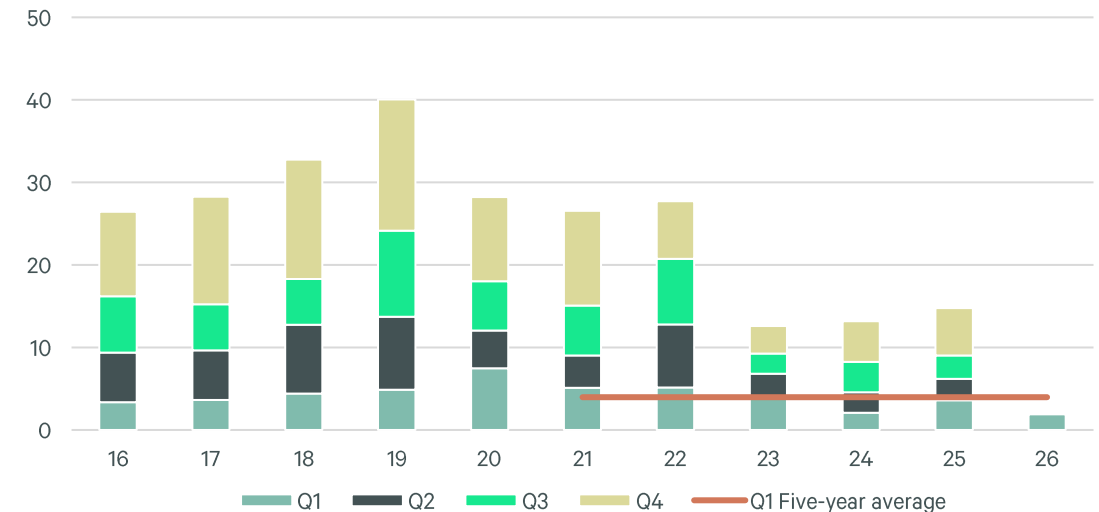
Although 2025 concluded with a slight uptick in volumes, Q1 2026 has been marked by a renewed slowdown. Just €1.9 billion were recorded, representing a 47% decline compared to Q1 2025. This is the lowest level observed since early 2012, with no asset class exception.

While it had begun to increase slightly in 2025, the number of transactions is also down sharply: it has been halved, delaying the hoped rebound.

At first glance, the increase in large transactions, already notable last year, seems to be rising, with 45% of investment volume in Q1 on deals > €200 million compared to 22% in 2025 and 13% in 2024. However, this figure is relative: this was only 3 operations (including the €322 million at 91 avenue des Champs Elysées),

It is difficult to close to conclusions for the rest of the year. In addition, the average size deals (excluding portfolios) increased only marginally (€20.2 million in Q1 2026 compared to €19.3 million in 2025).

FIGURE 1: CRE Investment in France



In € Bn  
Source: CBRE Research / Immostat, Q1 2026

## Widespread decline for all asset classes

2025 had been buoyed by large volumes initiated before the summer and the slowdown observed in H2 25 is now clearly evident: all asset classes has been experiencing a substantial decline compared to Q1 2025.

Retail performed slightly better (-36%), driven by a few major transactions, and to a lesser extent the Paris region office market saw a 45% drop.

With the same leading to similar, investment in the regions (-59%) has continuing to suffer, falling by 59% yoy. This is attributed to the reduced presence of SCPIs and a high liquidity threshold, where sales processes often stall due to price disagreements, leading to a lack of capital turnover.

After a rebound in Q4 2025, the Industrial & Logistics (I&L) sector underperformed this quarter, dropping 60%. The vast majority of activity involved very small transactions; 60% of investment were for <€30 million transactions. Market participants have continued to favor controlled operations in terms of both volume and risk, concentrating their allocations on prime assets and well-established locations (backbone).

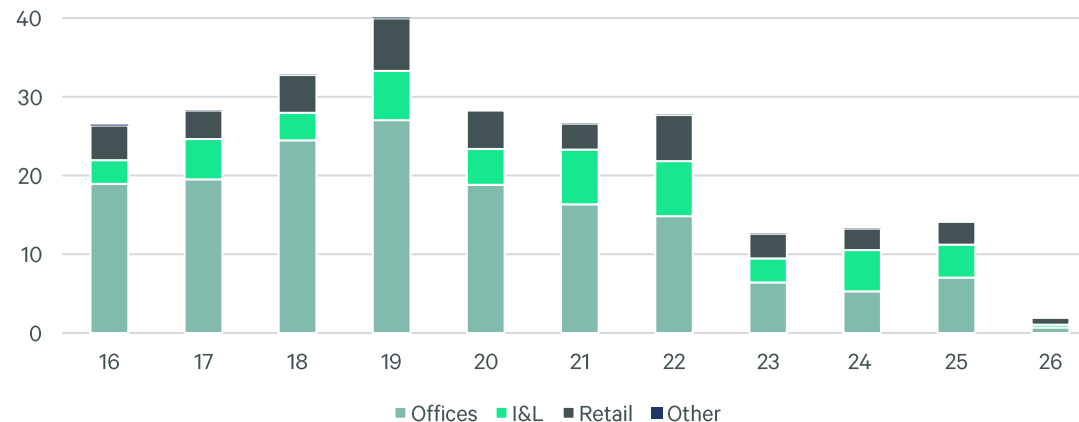
## Existing weaknesses heightened by the geopolitical context

The geopolitical context is continuing to mark the beginning of the year, as already declared by French investors surveyed at the end of 2025 (*European Investor Intentions Survey 2026 – Focus France*). Nevertheless, there was finally neither clear slowdown after the outbreak of the conflict nor a massive abandonment of operations thanks to the lenght of deals closure.

The momentum as it stood at the end of 2025 already had some weaknesses: a weak transaction pipeline on I&L; volumes driven by large office operations but a stagnating number of transactions; a lack of visibility for retail. All these components of the market did not make possible to fuel significant volumes for the start of the year.

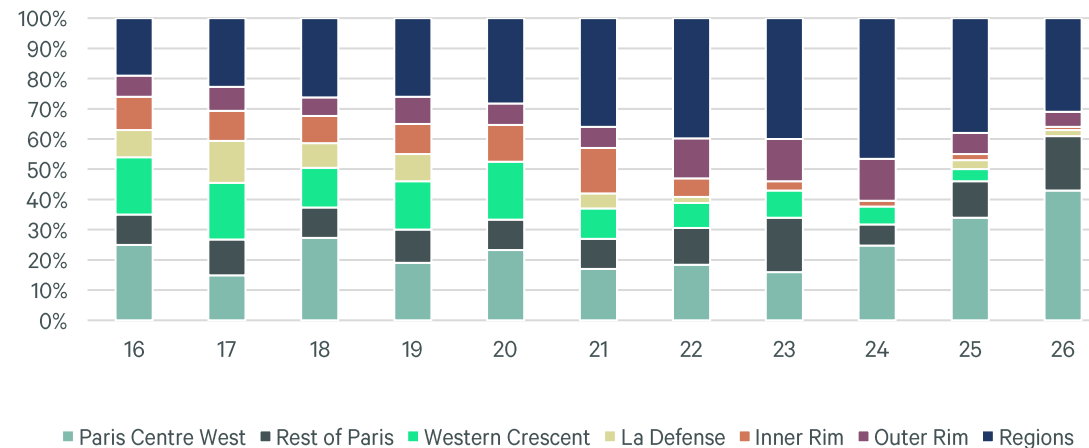
Rather, the situation has been jeopardizing the future and exacerbates already present fragilities, in a context marked by a lack of depth, fluidity and regularity. The impact of the geopolitical context, if it persists, should materialize in a dip in activity in the second half of the year. Indeed, buyers are starting to question the *pricing* of ongoing marketings and topics under consideration may not be presented to the market in the initial timeframe.

FIGURE 2: CRE investment by asset typology



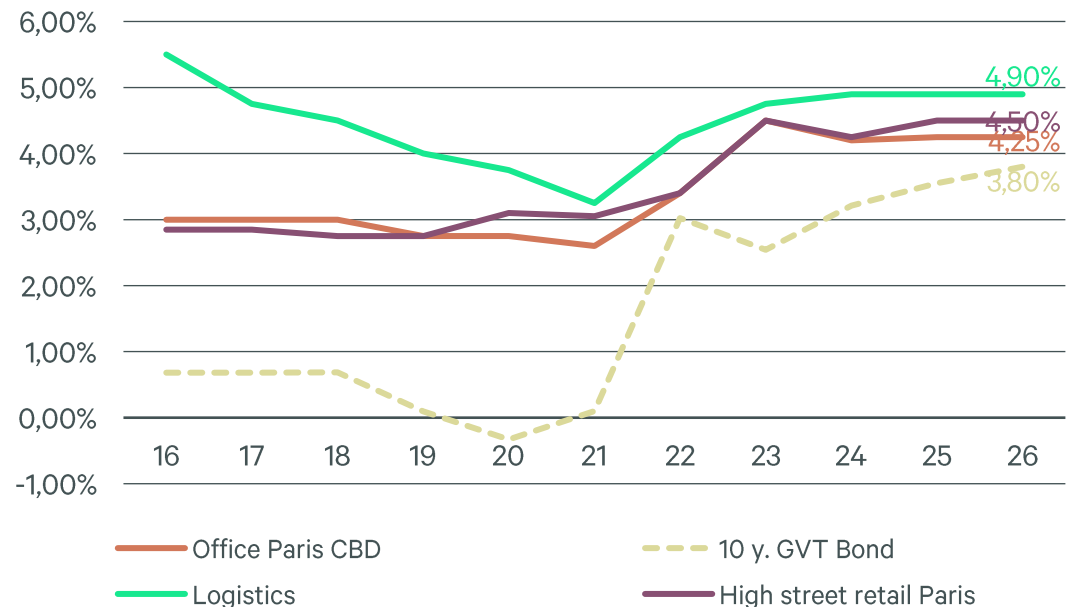
Volumes, in € B  
Source : CBRE Research / Immostat, T1 2026

FIGURE 3: CRE investment by location



In %  
Source : CBRE Research / Immostat, Q1 2026

FIGURE 4: Prime yields and 10 y. GVT Bond



Source: CBRE Research, Banque de France, Q1 2026 (end of March)

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**A real estate risk premium under attack: repricing in sight?**

2026 seemed to start more favourably with inflation that initially appeared to be contained, low but still economic growth better than expected, less financial volatility and a significant improvement in financing conditions; but at the end of February, the war in the Middle East has deteriorated all macroeconomic and financial parameters, with a contagion effect as rapid as sudden. The blockade of the Strait of Hormuz, a strategic crossing point for Gulf hydrocarbons, has caused a peak in oil barrel price, above \$100 at the beginning of March.

With the resurgence of inflation, GDP forecasts growth have already been revised downwards and on the ECB's side, even if key rates have remained stable, the tone has changed, suggesting a possible return to more restrictive policies if the situation were about to persist or even worsen. The ceasefire recently concluded remains fragile and incomplete.

Financing conditions have already tightened (the 5-year SWAP has risen by ~50 bps in 1 month), and banks are more cautious and could be more selective in new financings, or even for refinancings. The 10 y. GVT Bond, has just reached 4% and widened the gap with the German Bund (~75 bps at the peak).

These factors have been contributing to a less favorable environment for real estate investment and, with less than 40 bps spread at the height of geopolitical tensions, the real estate risk premium is under attack. Potential opportunities, the marked improvement in fundraising in 2025 and the protective role of real estate against inflation should not inherently turn investors away from real estate; but the need to deploy capital would then be conditioned to stronger repricing to return to a real estate risk premium of around 75-100 bps. A new phase of decompression of yields would then take shape.

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