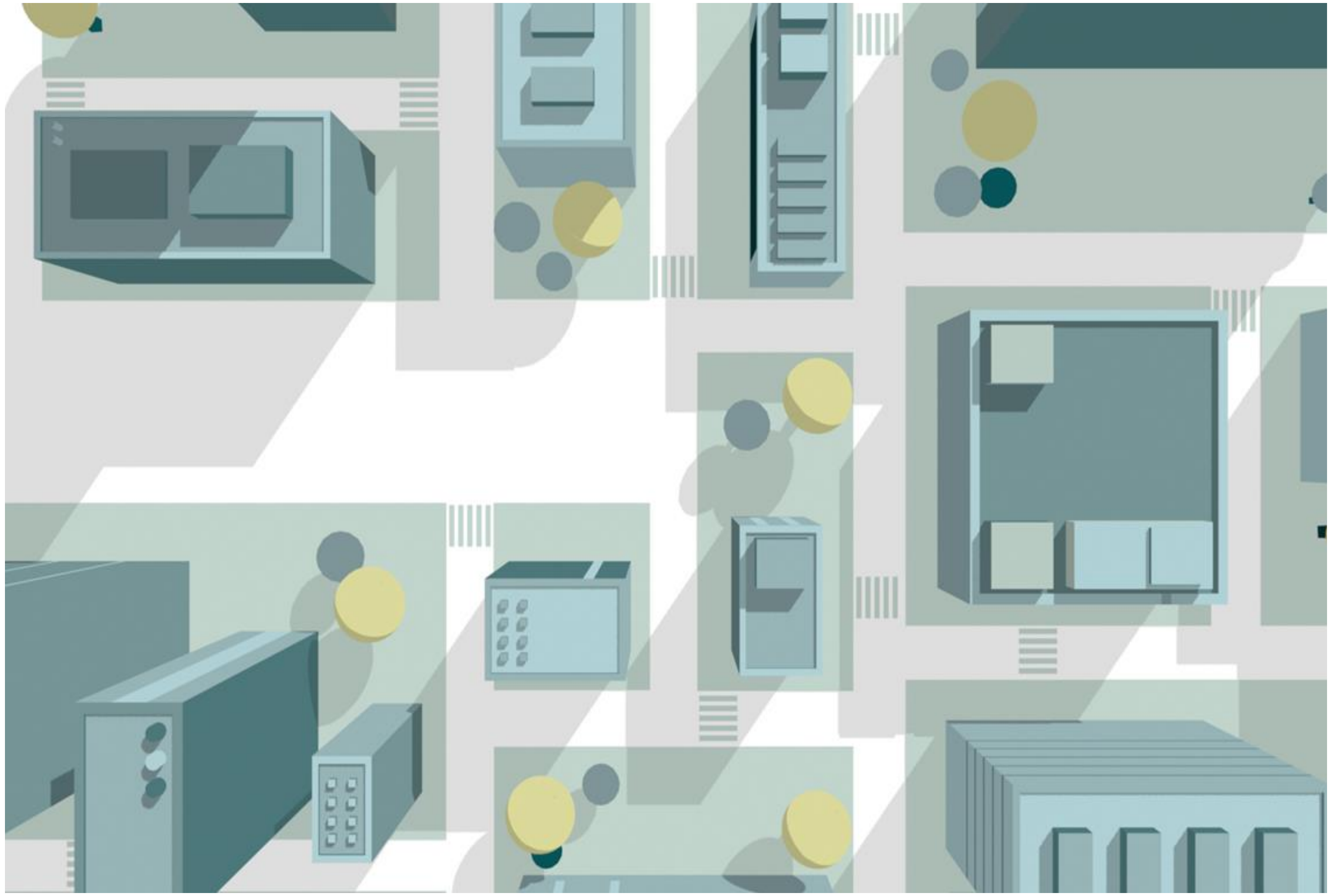
Intelligent Investment

France Real Estate Market Outlook 2026

REPORT

CBRE RESEARCH
JANVIER 2026

Contents



© 2026 CBRE, INC.

Executive Summary

— The French **economy** showed resilience in 2025, but the outlook for 2026 remains uncertain. In this context, households and companies mostly remain in a wait-and-see mode.

— Without surprise, we are not expecting a yield compression in 2026. Nevertheless, the **investment market** should confirm the slow recovery of volumes in 2026.

— Even if lightened, regulation does not question the centrality of **ESG** criteria in real estate strategies. The property sector will continue its adaptation trajectory to these challenges in 2026.

— **Office** occupiers will increasingly favor cost control in 2026, without compromising on accessibility and services. The leasing dynamic in 2026 should, overall, remain close to that of 2025. In Paris, rents have reached a cap, pushing demand towards the inner suburbs well-connected by transport. Consequently, from an investor's perspective, 2026 could see a moderation in the extreme polarization of capital on inner Paris observed over the last 3 years.

— In logistics too, occupiers are attentive to cost control. In a context of weak consumption, take-up is expected to remain stable in 2026, at the low point of the cycle. Investors remain cautious: the absence of large transactions or portfolios in 2025 weighed on volumes, and questions persist regarding their return in 2026. Price corrections are expected to continue in secondary locations.

— The trends observed in **retail** are expected to continue in 2026, with a sustained strong interest in prime high street and retail parks. Investor preference remains significant for the most secure assets. Rents will remain stable. However, a moderate increase is anticipated in certain prime areas of Paris and in the regions.

— For **residential**, the evolution of the risk premium remains a point of attention, with residential yields being deemed insufficient by some. Nevertheless, the discount between block and retail sales continues to serve as the main market indicator. In **operated** residential, student accommodation continues to attract new players, while for senior living, a gradual return of capital is conceivable, driven by the market stabilization observed in recent years.

— The operational performance will remain contrasted depending on the segments in the **hotel** industry. The recovery of international clients will favor the high-end, luxury, and leisure-dominant destinations.

Introductory Note by

Pierre-Edouard Boudot

Head of Research, France

Have we entered a new cycle?

In view of the succession of major "unforeseen" political, geopolitical and economic events over the last five to six years, which have placed us in a state of “permacrisis”, the very notion of a cycle seems to have largely lost its relevance.

Initially paralyzed by these successive shocks, the various market players are nevertheless beginning, as much as possible, to break free from them. This is evidenced by the relative resilience of economic indicators in 2025, even though the year once again had its share of surprises.

In the face of a cycle consistently impacted by crises, so-called directional investment strategies—based on yields compression or rent indexation, for example—should no longer be as powerful drivers of value creation as they once were. Furthermore, investors seeking secured returns will continue, in 2026, to compare real estate with other asset classes that often offer a more appealing risk/return profile.

Conversely, real estate investment should regain its full meaning through selective strategies, known as stock picking, which are both more agnostic in terms of asset classes and refocused on active asset management. These approaches will finally benefit from a debt environment that has once again become accretive and remains widely available, strengthening the potential for value creation.

© 2026 CBRE, INC.

01

Economy

01
Economy

Slowed growth, but without disruption

The French economy experienced considerable turbulence in 2025. The projected growth of +0.9% (according to INSEE) reflects a continuing wait-and-see attitude among companies and households, influenced by the French and international political climate, but without a fundamental break in trend.

On the one hand, the succession of political events has postponed the anticipated recovery in demand, while price conditions (inflation) and monetary conditions (interest rates) are significantly more favourable than in 2024. Indeed, consumption remains well below its potential (an estimated +0.3% growth in 2025 according to INSEE) and investment only began to recover slightly towards the end of the year. Some signs of improvement appear to be emerging from the Q4 data, with a clearer recovery in domestic demand (consumption and investment), without, however, counting on true momentum at this stage.

It should be noticed, however, that the political cycle will have a significant effect on the overall dynamic in 2026. Indeed, investment decisions remain dependent on the state's budgetary and fiscal framework, the outlines of which are still uncertain. For the moment, only the recovery of private consumption is expected (+0.7% by mid-2026), driven by gains in purchasing power and savings accumulated since Covid.

The international context, particularly the trade conditions taken across the Atlantic, have only a limited impact on the French economy, given its low exposure to the United States.

Ultimately, French growth is projected to average around +1.0% in 2026, remaining at similar levels through to 2028.

The employment situation continues to stabilize. This trend suggests no real concern about a surge in the unemployment rate. The inflection point is essentially technical in nature, particularly linked to recent government measures concerning pension reform and the automatic registration of job seekers with France Travail. According to the Banque de France, the unemployment rate is therefore expected to rise to 7.8% by the end of 2026 before gradually falling back to 7.4% by 2027 as economic activity recovers.

Figure 1: French economic forecasts

	2024	2025	2026
GDP	+1.1%	+0.9%	+1.0%
Inflation	+2.0%	+1.0	+1.4%
Household Consumption	+1.0%	+0.4%	+0.6%
Unemployment rate	7.4%	7.6%	7.8%
Households savings rate	18.2%	18.5%	17.9%
10-Year Government Bond yield	3.0%	3.4%	3.5%

Source: INSEE, Banque de France, CBRE Research

© 2026 CBRE, INC.

01
Economy

Trends to Watch

- While the economy proved resilient in 2025, a note of caution remains concerning the dynamics of 2026. As parliamentary discussions on the Finance Bill (PLF) are still ongoing, its impact on investment (particularly public investment) is as yet unknown. Companies and households remain hesitant, postponing their investment decisions.

- The reluctance of households regarding their investment and consumption decisions will also have an impact on the savings rate. It remains at a historically high plateau, at around 18% of disposable income (+3 percentage points compared to its pre-Covid level). Given INSEE's recent business surveys, the savings effort will remain sustained, even if it is somewhat offset by the anticipated increase in consumer spending, which will fuel its gradual decline.

- Inflation is under control. It is expected to reach an average of +1% in 2025 and +1.4% in 2026. Services would remain the primary contributors to overall inflation, but this is mainly due to their substantial share in household consumption and the weight of wages in production costs.

- In the medium term, the economic environment remains characterised by significant uncertainty, both in France and globally. The IMF highlights that global growth is expected to slow, hampered by persistent risks that could trigger corrections in financial markets and weaken economies.

© 2026 CBRE, INC.

02

Sustainability

02
Sustainability

Even if eased, regulation does not undermine the central role of ESG for real estate investors

The slowdown in real estate markets seems to have relegated ESG issues to the background, even though they remain essential. To preserve the competitiveness of European companies, policymakers have suggested, via the Omnibus legislation, a reduction of regulatory constraints related to sustainability. The European Parliament approved a provisional agreement in December 2025. This text notably provides for a two-year postponement of the non-financial reporting obligation (CSRD) for large companies in the second wave: the publication of their report is now expected in 2028, instead of 2026; it also provides for a revision of the taxonomy and due diligence requirements for large companies. This move raises a risk: that of emptying the Green Deal of its substance in the name of global competitiveness.

However, resilience and the fight against climate change are essential conditions for sustainable economic growth. Despite cyclical and regulatory uncertainties, the real estate sector has continued its trajectory in 2025. ESG remains a pillar of investors' strategies, driven not only by regulatory requirements but also by a voluntary, long-term approach.

ESG remains a cornerstone of investors’ strategies. The real estate sector therefore has been continuing its trajectory in 2025.

© 2026 CBRE, INC.

02
Sustainability

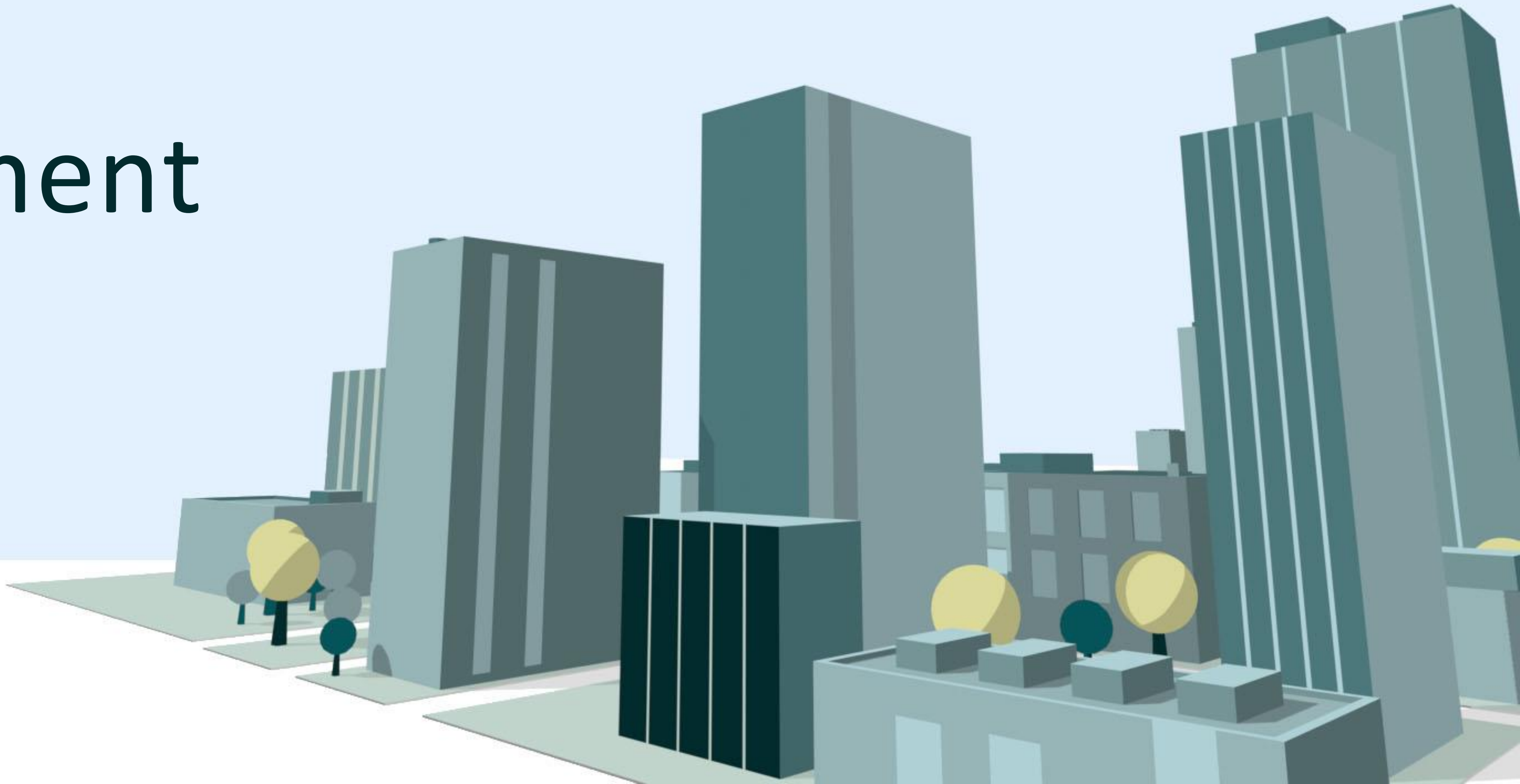
Trends to Watch

- The continuation of discussions at the European authorities' level regarding the redefinition of the Green Deal will be crucial, as it will guide environmental preservation policy for all economic activities, including real estate.
- Banks, guided by the SFDR, will continue to play a significant role in defining real estate strategies by only financing assets that integrate minimum ESG criteria.
- Green value now remains a central issue in defining investors' strategies. The integration of ESG has become a sine qua non condition for reducing rental, regulatory, physical/climatic, and reputational risks, and ultimately the financial risk, which can be exponential.
- The pursuit of energy efficiency is inseparable from the design and management of real estate portfolios. Beyond regulatory injunctions, energy sobriety is a major issue in a world of finite resources and rising inherent costs within operating budgets.
- Bringing the entire portfolio into compliance is part of landlords' roadmaps, but in a context of market downturn, the ability to mobilize Capex is being questioned. Owners are addressing the issue to phase the work.
- Data plays an essential role in the implementation and deployment of ESG in real estate. While the OPERAT platform is mandatory for companies, it is primarily a tool for energy efficiency monitoring and real estate management, enabling objective measurement of consumption and the effects of actions taken to reduce it.

© 2026 CBRE, INC.

03

Investment



03
Investment

A still rough market, seeking fluidity

A further delayed recovery

Although 2025 had started well, with an encouraging Q1, the momentum unfortunately did not hold up over the subsequent two quarters, primarily hampered by an unstable political and international environment and insufficient price adjustments. Despite the slowdown after the summer break, volumes were saved by a few large transactions and a fairly good Q4. We observe better market fluidity, but the dynamic remains timid and uneven.

Nevertheless, several improving factors are emerging for 2026: growth prospects have been slightly revised upwards; the coming year is expected to be marked by lower financial volatility. A certain number of debt maturities and the necessary equity rotation lead us to believe that an increasing number of products will be brought to market in 2026.

However, the pricing issue has not yet been fully resolved. Transaction activity in 2026 will therefore still depend on this adjustment between sellers and buyers, but also on supply, in an increasingly selective market. 2026 should not yet be the year of a clear recovery in volumes and will still be a market of adaptation, one that adjusts and reorganizes itself.

How to create value in 2026?

The financial environment is not expected to allow for a further compression of property yields: their evolution will depend less on monetary policies than on the national context and the relatively robust performance of the European economy.

It will therefore not be necessary to bet on a fall in yields to create value, but to look carefully at the robustness of rental performance, as well as the resilience of market segments. Buyers will remain very attentive, in particular to the relevance of locations, while probably being increasingly "agnostic" and opportunistic about asset classes, favouring the quality and legitimacy of the product over the market segment, as well as being open to diversification.

Although better, so-called 'core' equity fundraising is still expected to remain limited in 2026, and real estate will continue to face competition from other investments (bonds, infrastructure, AI, environmental, etc.). Investors are expected to continue favouring value-add strategies, with returns that can cushion future fluctuations.

Figure 2: Evolution of volumes (in € Bn) since 2015

Source: CBRE Research, Q4 2025

CRE includes office, retail and I&L. The « Other » category here comprises residential, hotels, healthcare, mixed assets…

© 2026 CBRE, INC.

03

Investment

Trends to Watch

— **Office**: 2025 had seen a resurgence in the dynamism of the Greater Paris Region office market. 2026 could see a reduction in the extreme polarisation of capital on central Paris, which has been observed for the past three years. The sustainability of prime Parisian rents – at their peak – in a more complicated economic environment raises questions. Leasing markets have already seen an easing of demand in favour of well-connected immediate suburbs, offering high-performing buildings. We can bet that capital will soon follow this dynamic and turn towards these sectors where rental pressure is better identified, thereby securing the yield. In the regions, the situation remains complicated. SCPI's are still largely absent: despite an improvement, collection levels remain low, and geographical diversification, at the heart of strategies, will benefit other European markets more than the national territory.

— **Retail:** the year drawing to a close will have been marked by a certain irregularity in investments and by significant selectivity. 2026 could continue along the same trends, with buyer interest expected to remain highly concentrated on prime high street and retail parks, while secondary locations are much less reassuring. A few significant transactions, if concluded, could fuel H1, with no certainty regarding the overall fluidity of the coming year.

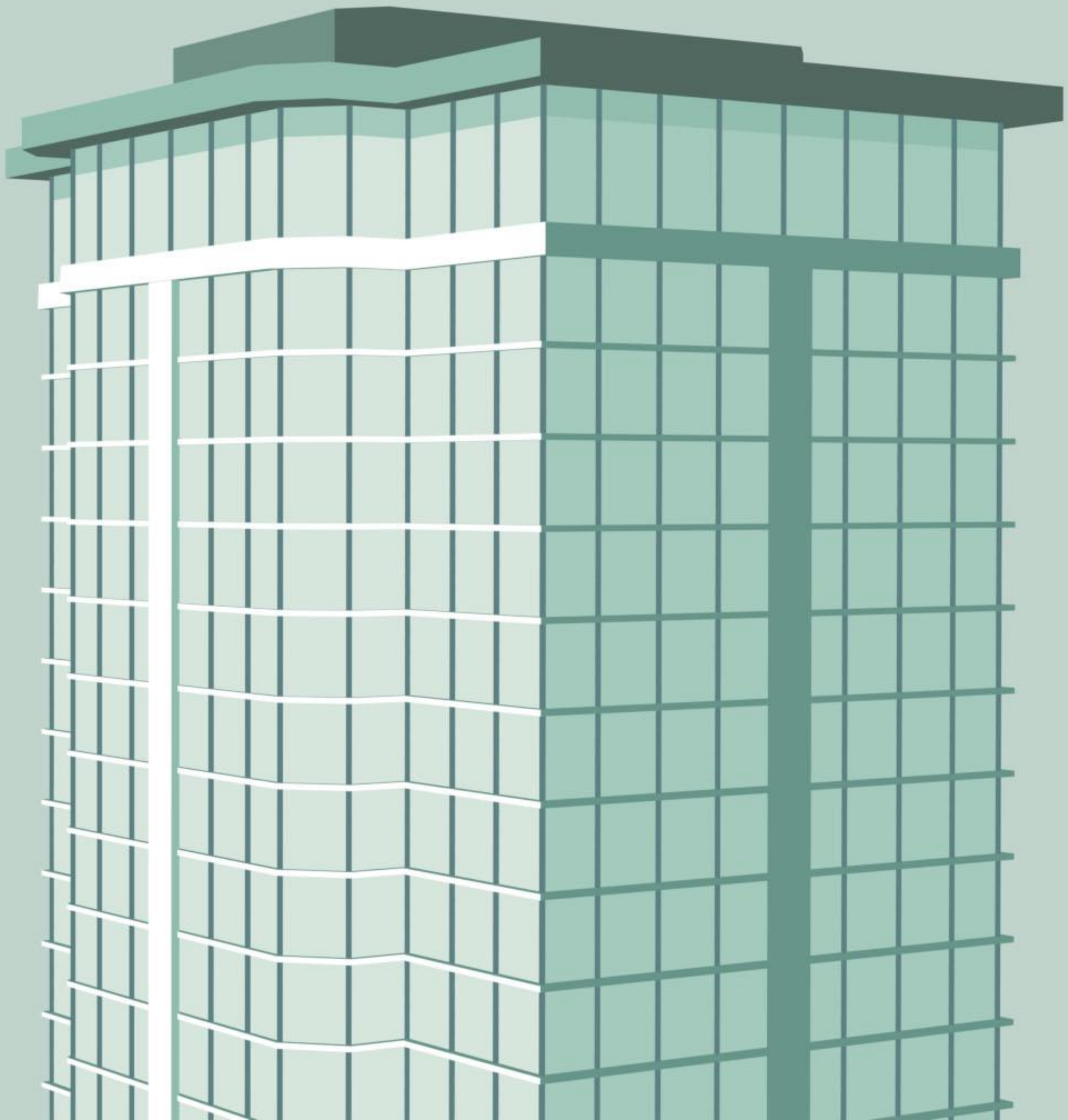
— **I&L**: In 2025, the asset class did not return to the performance of 2024, when it had closely followed office. From mid-year, the sector was particularly affected by the retail war ('Liberation Day'), the slowdown in the reindustrialisation dynamic, and a slowdown in the leasing market. Questions persist regarding the return of major transactions, particularly in the form of large portfolios, the absence of which in 2025 clearly penalised volumes. In any event, investors will be cautious about this asset class and will remain very selective in 2026, with price corrections expected to continue in secondary locations.

— **Diversification**: the appetite for other assets (residential, hotels, healthcare, data centres, etc.) is confirmed, but these markets remain narrow. Despite notable developments, the level of diversification in the French market is far from matching that of other European countries. The residential sector faces problems with regulation and price/profitability levels, once again leaving ample scope for value-add strategies.

© 2026 CBRE, INC.

04

Offices



04
Offices

2026: recovery could be delayed

Take-up facing the challenges of real estate strategies

After a turbulent 2024, the French office market showed no signs of improvement in 2025.

Occupier caution and a wait-and-see attitude persisted amidst political turmoil and the absence of any clear positive developments in economic activity. This climate did not favour the progression of projects, leading to multiple renegotiations and reinforcing the opportunistic nature of moves.

Furthermore, although the back-to-office movement became particularly pronounced in 2025, the trend is more towards the optimisation and densification of spaces. That remains the watchword for occupiers, while the trend of surface area reductions, though still present for some occupiers, has significantly eased, particularly in the Greater Paris Region. Cost control will continue to be central to real estate strategies, but location, flexibility, and the sustainability of buildings will remain crucial to ensuring the appealness of spaces.

These criteria will continue to guide occupiers' choices. 2026 will probably not be the year of the awaited recovery.

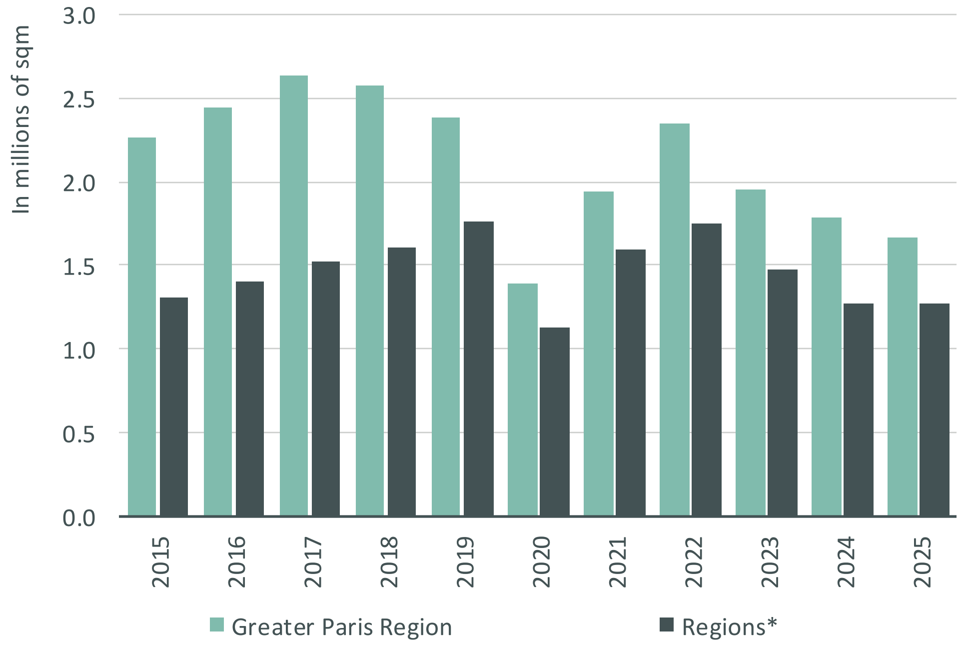
Vacancy remains significant, but imbalances persist

Vacant space has reached a 10-year record level. It totals 8.5 million sqm, with over 6.3 million of that in the Greater Paris Region, largely fuelled by vacancies. Regarding new supply, the regions are suffering from the slowdown in completions, reinforcing the paradox of an undersupply of new products. The lack of launched programs in recent years will exacerbate tensions in certain metropolitan areas, particularly in the most sought-after prime sectors. In the Greater Paris Region, the certain future supply remains significant, with multiple vacancies and completions planned. Consequently, the stock of vacant offices will remain at a high plateau in 2026.

Sustained rents for ultra-prime products

The easing of supply constraints should bring greater fluidity to the market, leading to rent stabilisation, or even a decline. Continuing the trend from 2025, the quality premium, for scarce properties, will justify achieving new prime values in the well-served inner suburbs of the Greater Paris Region and in prime regional areas.

Figure 3: Take-up in the Greater Paris Region and in Regions*



* Aix – Marseille, Bordeaux, Grenoble, Lille, Lyon, Nantes, Nice – Sophia, Rennes, Toulouse & Strasbourg
Source: CBRE Research, Immostat, Observatoires locaux

© 2026 CBRE, INC.

04

Offices

Trends to Watch

— In the Greater Paris Region, the use of coworking and flexible solutions significantly intensified in 2025. This allows companies flexibility in their evolving needs while avoiding capital immobilization. On average, 21% of companies' portfolios will consist of coworking spaces in 2025, with this share expected to rise to 29% in two years, according to the latest edition of our Office Occupier Sentiment Survey. The trend is therefore anticipated to continue.

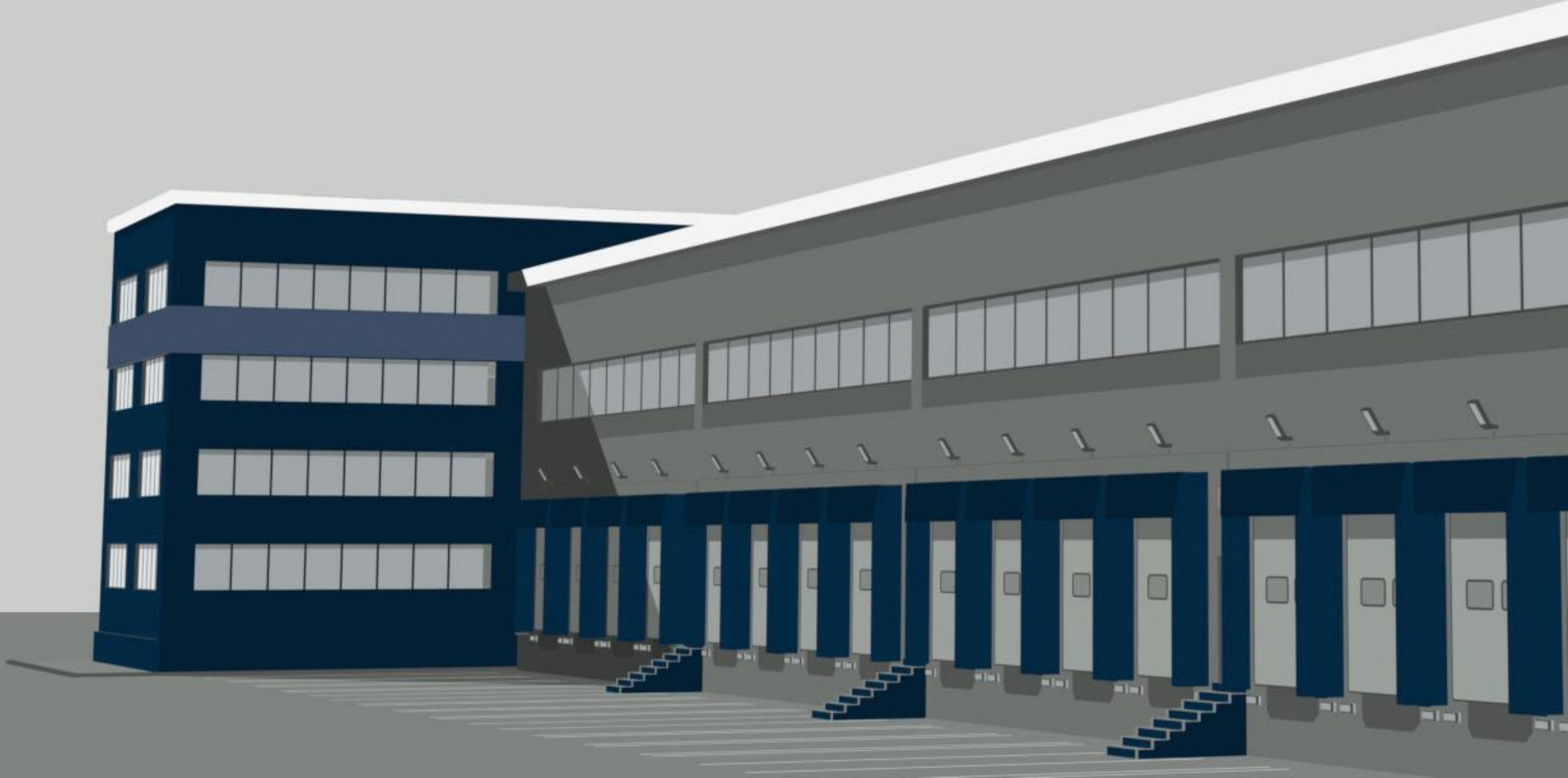
— The pursuit of centrality and accessibility, combined with a high-quality environment, will be more pertinent than ever. Rents in Paris are thought to have reached a ceiling, and in the current climate of cost-cutting and the search for savings, occupiers will increasingly look towards nearby suburbs, located on efficient transport hubs. In regional areas, values will remain relatively defensive, allowing for continued sustained rental growth, particularly for the most sought-after areas and well-established peripheral tertiary hubs.

— While the issue is less pressing in the Greater Paris Region, the scarcity of quality products will intensify in the regions. For existing vacant products, it will be necessary to adapt strategies, taking into account occupiers' specifications. For products that do not meet the needs of companies, rehabilitation and transformation will be more relevant than ever.

© 2026 CBRE, INC.

05

Logistics



05
Logistics

Navigating complexity: logistics adapts

Logistics players have not been spared by the fragile economic, political, and geopolitical environment. Nevertheless, the French logistics real estate market closed 2025 on a relatively stable note. Take-up declined only marginally by 4% compared with 2024 while the vacancy rate contracted slightly in the final quarter to 6.3%. Real estate movements were primarily driven by optimisation strategies, which require fewer square metres than expansion-led approaches. The year 2025 seems to mark the trough of the cycle. However, persistent macroeconomic constraints continue to limit the prospect of a significant short-term rebound.

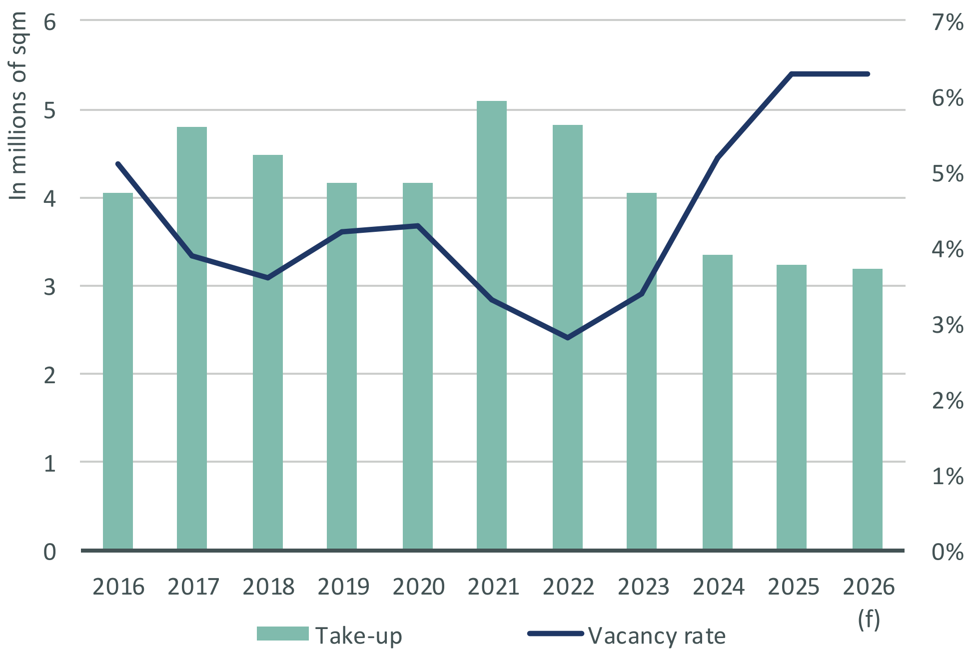
2026 opens on a distinctly pragmatic note. Occupiers' strategies are refocusing on cost control, operational flexibility and the securing of resources. Leasing activity is expected to remain broadly in line with 2025. Occupiers will favour real estate operations that address immediate needs rather than anticipatory strategies. Demand will remain selective, both in terms of location and building quality, in line with a heightened competitiveness imperative. Several drivers are nonetheless expected to support take-up over the coming year.

The growth of e-commerce is expected to stimulate expansion plans among international pure players. The market may benefit from Asian operators' demand seeking logistics space to support the arrival of Chinese products in France. Added to this is the development potential of strategic industrial sectors, particularly defence and aerospace. Finally, the ongoing reorganisation within the food retail sector could lead to new real estate movements.

The easing of supply may slow in 2026. The expected rebalancing between modest net absorption and the slowdown in both releases and deliveries of new warehouses should help maintain the vacancy rate at around 6%. However, the geographical distribution of vacant space is likely to remain uneven across market sectors.

Occupiers will retain a, albeit narrower, window of opportunity to capitalise on evolving market conditions. Commercial incentives, which have reached elevated levels, are expected to stabilise overall. Headline rents will continue to show upward potential in highly sought-after markets with controlled vacancy, particularly prime rents in supply-constrained pockets with limited development capacity.

Figure 4: Take-up & vacancy rate in France



Source: CBRE Research, January 2026

© 2026 CBRE, INC.

05
Logistics

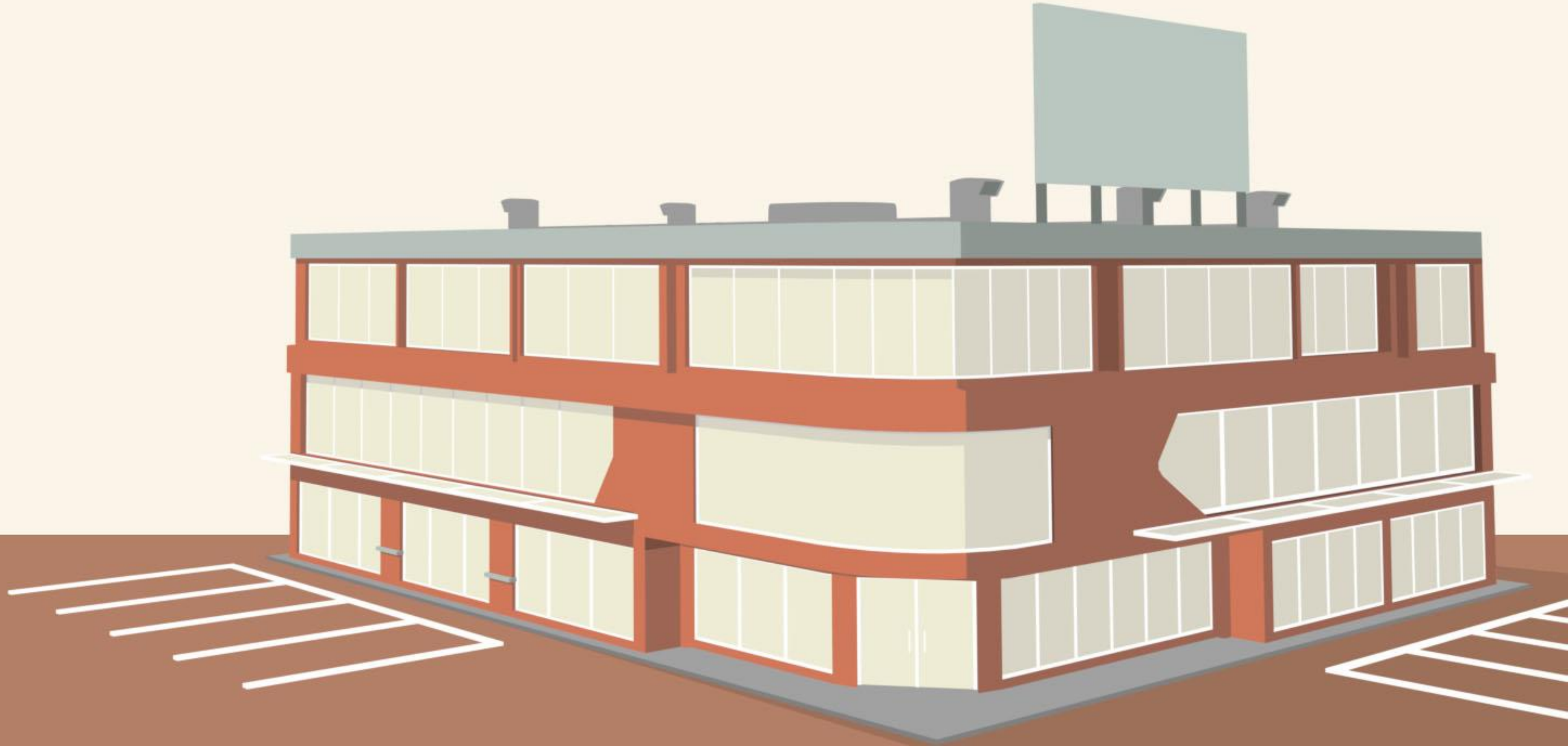
Trends to Watch

- Supply-chain players are entering a new cycle of innovation, driven by technological advances as well as complex economic and geopolitical dynamics. Rising investment in AI, defence, and industrial policies aimed at strengthening strategic autonomy could redefine performance, resilience, and agility standards across the logistics chain.
- Driven by the rise of the circular economy, the second-hand market is experiencing strong acceleration, fuelling demand for warehouses located close to major consumption hubs and designed to support reverse logistics flows (sorting, repair, refurbishment, and returns management).
- The need to modernise logistics infrastructure will remain a decisive factor in occupiers' real estate strategies. Next-generation warehouses, combining energy performance, regulatory compliance, and technological innovation, will continue to hold a competitive edge. At the same time, occupiers may increasingly turn to second-hand facilities, which offer a balanced response to both technical requirements and rental-cost constraints.
- The warehouse selection process is evolving, with greater emphasis placed on technical criteria, particularly energy performance and volumetric capacity. Electrical supply and available power have become critical considerations to support automation and meet environmental requirements. In addition, the shift in height standards, from 12 metres to 15 metres, is designed to maximise storage capacity and enhance productivity per square metre.
- With the flight-to-quality gaining momentum, older warehouses are becoming increasingly exposed to obsolescence, as evidenced by their growing representation in the vacant space. This trend is opening up opportunities to reposition ageing yet well-located properties.
- Beyond land-availability constraints, regulatory and fiscal instability represents an additional barrier to launching new development projects. The volume of ready-to-launch supply with building permits already secured, currently estimated at nearly 5 million sqm, could continue to grow within the development pipeline.

© 2026 CBRE, INC.

06

Retail



06
Retail

Selectivity and scarcity in an evolving market

In 2025, the transformation of the French retail landscape continued on prime high streets in Paris and in regional areas. This was driven by the disappearance of historic retail brands and the release of prime locations.

Although purchasing power is expected to improve, inflation is anticipated to remain slightly above 1% in 2026. However, growth is expected to be limited to 0.8% due to continued low levels of household confidence curbing consumption. A decrease in the precautionary savings rate to below 18% should encourage spending to some extent. Nevertheless, the level of savings among the French population will remain higher than that observed before the pandemic.

In this context, while retailer demand will remain, it will be selective, focusing on prime locations and being driven by international brands. Retailers will maintain rigorous selection criteria and will not hesitate to postpone their openings or adapt their development strategy if the available supply is unsuitable.

Movement on prime high streets will remain limited in any case, while the vacancy rate in secondary locations is expected to increase due to this polarisation. Tension in the prime market is not expected to ease in the short term.

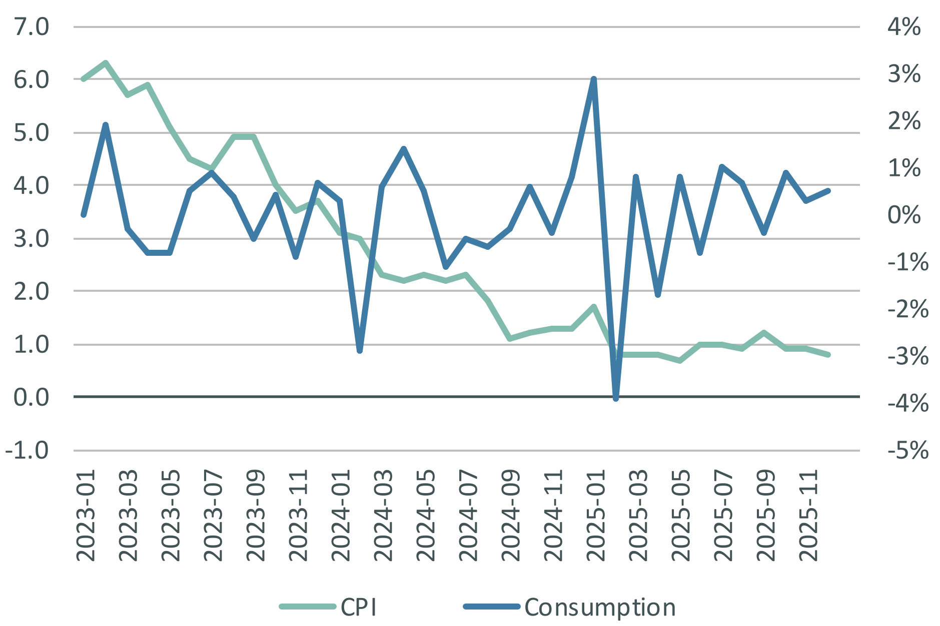
Against a backdrop of intense competition, the number of lease assignments is expected to rise in 2026. This will enable the acquisition of prime locations and further emphasis the limited availability of high-quality properties.

Rents will remain stable. However, a moderate increase is expected in certain prime areas of Paris and in regional areas due to sustained demand and limited supply. High rent levels in the city centres will continue to restrict suburban retailers' expansion strategies even in secondary locations.

In 2026, the size of shopping centres will remain important for retailers' development. Landlords will prioritise brands that generate footfall, reducing their reliance on large food stores. Meanwhile, successful centres will stabilise their rents, while struggling centres will increase their support to attract retailers.

Driven by strong demand for leasing and a low vacancy rate, retail parks demonstrate the stability of overall rents. For the best assets, the scarcity of supply accentuates the tension, which may lead to key money or assignment fees in addition to rent.

Figure 5: Consumer price index and household consumption in France*



*year-on-year changes (in %)
Source: INSEE, CBRE Research, January 2026

© 2026 CBRE, INC.

06
Retail

Trends to Watch

- Demand will continue to be driven by beauty, wellness and fitness. Leisure activities are vital for breathing new life into shopping centres and boosting visitor numbers. Meanwhile, the beauty and health sector, as well as sportswear, will increasingly prioritise flagship stores in prime locations. Although catering remains a strong driver, the market is reaching saturation point, with new openings leading to closures. The sector is therefore entering a phase of adjusting and rationalising supply.

- Brands will continue to strike a balance between selective expansion and ambitious repositioning, driven by image modernisation, an upmarket shift, and the development of new store concepts. These redesigned formats aim to provide an immersive experience, turning the point of sale into a destination and incorporating digital elements into an omnichannel approach to streamline the customer journey.

- High-street retail landlords will make more strategic decisions to optimise rents and encourage tenant turnover to attract high-value brands. Although 6 year fixed-lease terms and 3-6-9 year leases will remain the norm, the shift in power towards tenants will result in stricter conditions and greater selectivity.

- Due to the scarcity of prime locations, lease assignments are once again becoming a strategic tool for securing the best addresses, particularly on major high streets in Paris and other major regional cities. This trend underscores the importance of prime locations. However, the limited affordability of retailers complicates the integration of key money into their economic equation. Added to this is the liquidity constraint, as the substantial sums required for establishment can hinder development projects and slow down expansion strategies.

- Weakened by the fall in consumption, brands will remain uncompromising in their choice of location and business environment to acquire new customers.

- Modernising the park is still a key issue, requiring a balance to be struck between optimising surfaces and improving energy performance. The future of many centres depends on their ability to reinvent themselves and successfully re-commercialise to remain attractive to visitors.

© 2026 CBRE, INC.

07

Living

07

Living

The market is poised for recovery, fueled by the return of portfolios and forward sales and the continued use of value-add strategies

Entering an election year is always a peculiar time for residential real estate. Political deadlines typically impact construction activity and often foreshadow potential regulatory shifts.

The year 2026 also commences in a climate of uncertainty, marked by several factors: a modest rise in individual borrowing rates, which could influence price trends; the risk that changes in local government could impede the recovery in authorized housing unit numbers; and the accumulation of regulatory uncertainties stemming from recent political instability revisions to EPC-rating calculation methodologies and the potential suspension of their application to the leasing market, changes to private landlord regulations, potential modifications to rent control legislation, etc.).

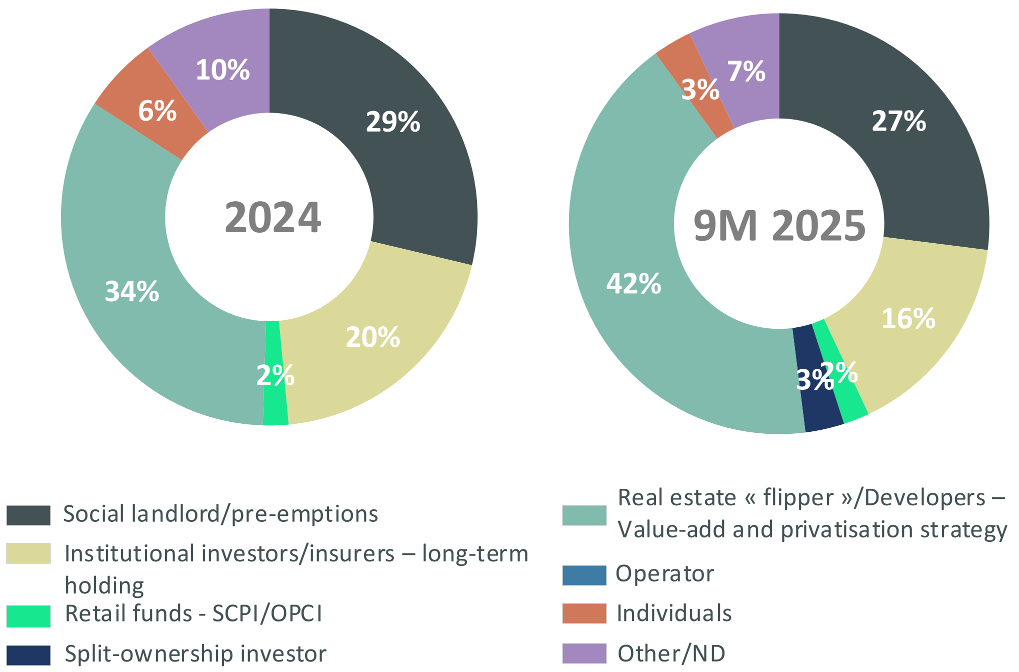
Regarding the investment market, the underlying trend should remain similar to what we observed in 2025, with volumes primarily driven by players seeking value creation, rather than yield, who are focusing on property trading operations or with a strategy of privatisation in the short to medium term.

However, 2026 will not be similar to 2025 in all respects, and several developments could bring renewed vigour to the market.

More than three years after the start of the yield widening, forward sales assets entering the market in 2026 will reflect land prices negotiated post-crisis, considering the new investment environment. Furthermore, the reduction in the acquisition budget of social landlords will fully integrate them into market dynamics, as they are expected to be primarily sellers in 2026. This combination is likely to boost forward sales, attracting institutional investors.

Finally, the discount between block sales and privatization fully recovered in 2025 and will allow investors to analyse opportunities with less pessimistic assumptions, thereby facilitating a meeting between buyers and sellers.

Figure 6: Breakdown of Investments Volumes by type of buyers

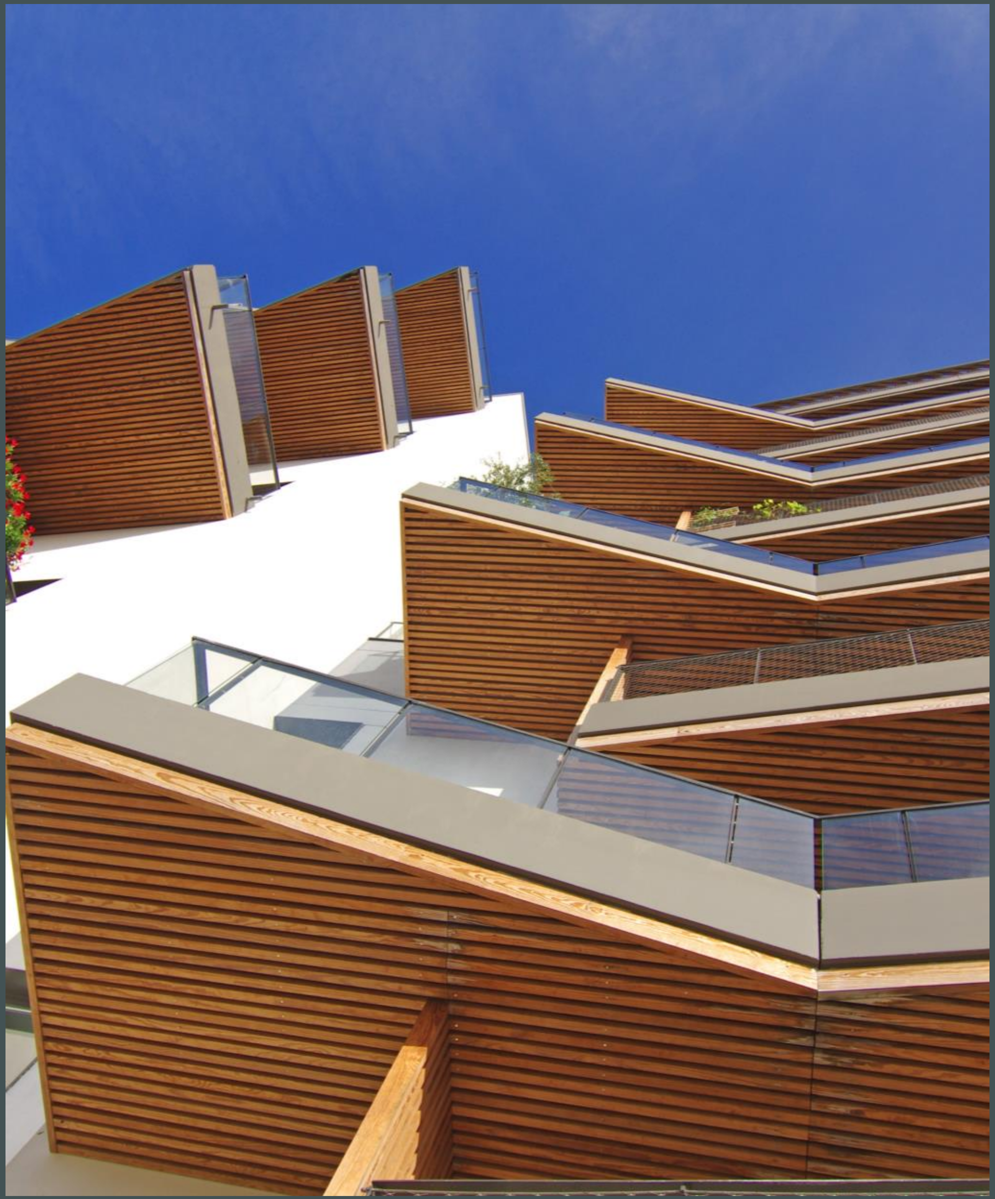


Source: CBRE Research, December 2025.

© 2026 CBRE, INC.

07
Living

Trends to Watch



— The long-awaited creation of the “private landlord status”, in which many housing sector professionals had placed their hopes, ultimately disappointed them. The limited scope of fiscal incentives is therefore unlikely to bring back individual investors in 2026, particularly in new residential property, prompting developers to continue to turn towards block sales.

— The evolution of the risk premium – the spread between a volatile 10-year government bond yield and a residential prime yield that may not be sufficiently attractive for some investor profiles – requires careful monitoring. Currently, however, the discount between block and individual unit sales serves as the primary market indicator.

— Inflation is projected to remain relatively low in 2026, which will constrain rent growth, both through indexation and for new leases in rent-controlled areas. Nevertheless, tension in the leasing market is likely to persist, driven by limited supply growth and sustained demand from those facing challenges in homeownership or seeking to meet evolving household needs.

— The rapid expansion of specialized, service-oriented, operated housing is prompting a growing number of investors to pursue Build-to-Rent (BTR) strategies. Adapting the Anglo-Saxon BTR model to French market dynamics will be crucial to justify higher rents over the long term.

— Developers' adaptation to the evolving expectations of both institutional investors and households should yield positive results in 2026. However, caution is warranted regarding the potential impact of reduced social landlord funding for new construction, even though this could present an opportunity for institutional investors.

© 2026 CBRE, INC.

08

Operated housing

08

Operated housing

2026: Student Housing Expected to Remain Robust; Senior Housing in Transition

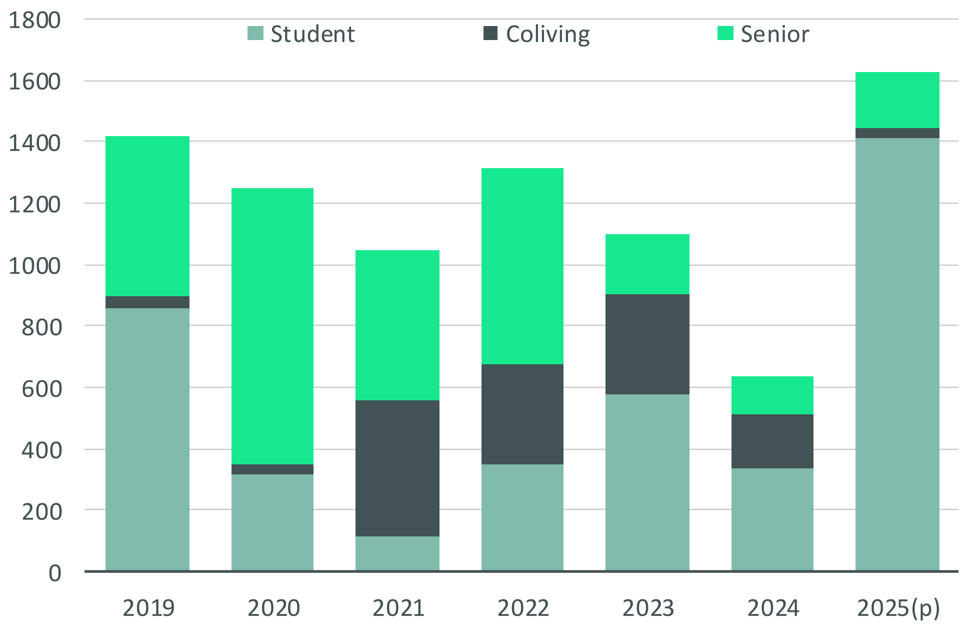
Given the substantial number of investors yet to deploy capital into French student housing, coupled with operators' expansion strategies, investment volumes in this sector are expected to remain robust in 2026. Operators are expected to remain the primary drivers of investment, leveraging operational efficiencies to offer more competitive pricing than traditional investors who rely on commercial leases. The emergence of a secondary market will further boost volumes, with sales of existing assets, previously rare, potentially becoming more common.

The sector's performance will also be fueled by improved profitability, as operators have now achieved a critical scale and possess sufficient experience within the French market to optimize their offerings. In particular, they maintain a highly selective approach to new locations, whether for investment or leasing, acting as a safeguard for investors. However, the lengthy lead times associated with forward sales can result in project concentration in specific areas, posing a risk of oversupply in secondary student hubs.

Regarding senior housing, the prominence of the aging population in public discourse underscores the urgent need to address the housing needs of the baby boomer generation. The senior housing sector is anticipated to continue restructuring in 2026, driven by ongoing consolidation among operators. Through mergers, acquisitions, and internal restructuring, operators are primarily focused on streamlining operational costs.

Finally, co-living, a closely related sector to student housing, could experience medium-term benefits from the resolution of legal ambiguities surrounding its definition, despite some industry players' reservations about this crucial step for supporting the sector's expansion.

Figure 7: Investment volumes in operated housing in France by subsectors



*Provisional figures.

Source: CBRE Research & Immostat, December 2025.

© 2026 CBRE, INC.

08

Operated housing

Trends to Watch

- The arrival of new players in the student housing market, both operators and investors, will continue in 2026. Most new players appear to be turning towards developing a high-end offering in order to differentiate themselves from the existing stock and maximise leasing income. The updated provision rate at the end of 2025 and its evolution over the past 10 years are reassuring regarding the prospect of market saturation, particularly in a constrained leasing environment for smaller units.
- Simultaneously, the student housing investment market continues its institutionalization, with block sales accounting for 50% of new beds in recent years, thereby increasing market depth for professional investors. The appetite of long-term investors to expand their exposure to this asset class could lead to yield compression.
- Regarding senior housing, 2026 may witness a resurgence of capital from investors who believe the sector has been stabilized over the past three years, due to rent renegotiations and the exit of certain operators. 2027 will be a pivotal year, with the first wave of baby boomers entering the over-80 age bracket, the primary target demographic for senior housing.
- Some players in the senior housing market are also finding temporary solutions while awaiting the product's maturity, uch as accommodating other demographics (students, young professionals, etc.) within their residences.
- The establishment of clear regulations for co-living is anticipated to benefit the sector, which currently lacks sufficient visibility for investors.

© 2026 CBRE, INC.

09

Hotels

09
Hotels

A more moderate dynamic in 2026 after a period of rapid post-Covid growth?

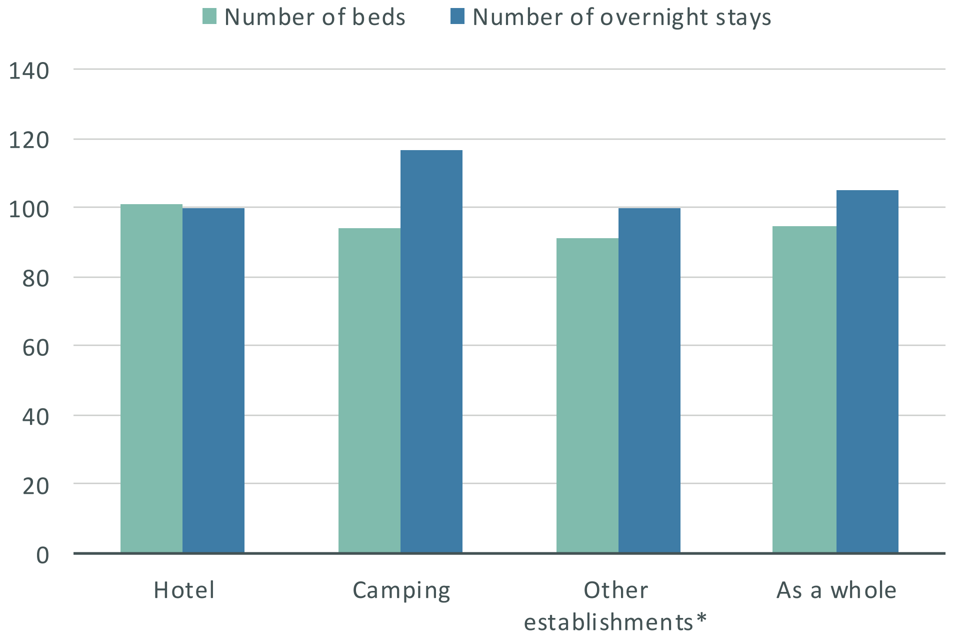
The year 2025 proved to be another strong one for the hotel industry, both operationally and in terms of investment, marked by record national RevPAR and nearly €2.8 billion in transactions. These positive results are expected to incentivize specialist investors and those seeking diversification to remain active in 2026, despite several indicators suggesting the end of the post-pandemic recovery that benefited all markets and segments.

Footfall across all categories of collective tourist accommodation is projected to continue its upward trajectory in 2026, driven by a consistently growing international clientele. American tourists are anticipated to maintain their strong presence in the coming months, drawn by relatively attractive prices compared to their domestic market, even as inflation in the United States is expected to remain higher than in France throughout 2026. Asia also presents a key growth opportunity, with arrivals from China and Japan still below pre-pandemic (2019) levels. However, their return could be delayed due to the uncertain economic outlook.

On the supply side, the overall number of beds is projected to continue its decline. The development of new supply remains relatively limited, while the existing stock is contracting, primarily through renovations and upgrades to enhance offerings, including more spacious rooms. The pursuit of economies of scale, with fewer but larger establishments designed to improve operational performance, is also expected to persist. However, these trends vary across accommodation types, with the number of hotel beds remaining stable in 2025 compared to 2019, while other categories have experienced more significant reductions.

The constrained supply, coupled with rising demand, will support the operational performance of existing establishments. However, double-digit growth, as witnessed in the immediate aftermath of the pandemic, is no longer anticipated. Performance is expected to remain heterogeneous across different hotel segments, favoring the high-end and luxury categories. Furthermore, pricing in secondary destinations may have reached a plateau.

Figure 8: Evolution of the number of beds and overnight stays by type of tourist accommodation in France between 2019 & 2025** (basis 100 = 2019)



*Holiday villages, tourist residences and youth hostels. **November 2025 on a 12-month rolling basis.

Source: Insee, CBRE Research, December 2025.

© 2026 CBRE, INC.

09
Hôtellerie

Trends to Watch

- The evolution of operational performance is expected to remain highly differentiated across segments, while the growth of international clientele will favour the high-end and luxury sectors. Conversely, the economic segment may suffer from the anticipated economic slowdown in France. In parallel, destinations popular with non-domestic clients and with a "leisure" profile are also expected to perform well.
- The modernisation of the accommodation supply is expected to continue, driven in particular by the significant capital raised for value-add real estate. The consideration of customer reviews before bookings and the expectations created by images on social media make clients increasingly demanding regarding the quality of rooms as well as common areas.
- Similar to other economic sectors, artificial intelligence is expected to drive productivity gains within the accommodation industry. While these gains may lead to staff reductions in entry-level establishments, they will also free up staff time to enhance the guest experience in high-end and luxury segments.

© 2026 CBRE, INC.

Contacts

Economy

Lilian Charles
Research Consultant
lilian.charles@cbre.fr

Sustainability

Sabine Echalier
Director Market Research
sabine.echalier@cbre.fr

Investment

Marion Vion-Dury
Associate Director
marion.viondury@cbre.fr

Office Paris Region

Serine Chekroud
Research Consultant
serine.chekroud@cbre.fr

Office Regions

Lilian Charles
Research Consultant
lilian.charles@cbre.fr

Logistics

Aubane Di Virgilio
Senior Research Consultant
aubane.divirgilio@cbre.fr

Retail

Livia Sormain
Research Consultant
livia.sormain@cbre.fr

Living & Hotels

Estelle Barbary
Senior Research Consultant
estelle.barbary@cbre.fr

Global Research

Henry Chin, Ph.D.
Global Head of Research
henry.chin@cbre.com

Tasos Vezyridis
Executive Director
Head of Research, UK&I and Continental Europe
tasos.vezyridis@cbre.com

Research France

Pierre-Edouard Boudot
Head of Research
pe.boudot@cbre.fr

© Copyright 2026. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

Contacts

Ludovic Chambe
Director Sustainability France & CE
ludovic.chambe@cbre.fr

Nicolas Verdillon
Managing Director, Investment Properties
nicolas.verdillon@cbre.fr

Alexandre Fontaine
Executive Director, Bureaux Paris IDF
alexandre.fontaine@cbre.fr

Pierre-Louis Dumont
Managing Director, I&L
pl.dumont@cbre.fr

Romain Galerneau
Head of Retail Leasing & Investment Properties
romain.galerneau@cbre.fr

Béatrice Rousseau
Director Valuation & Advisory Services, Retail
beatrice.rousseau@cbre.fr

Catherine Hamon
Director, Valuation & Advisory Services, Résidentiel
catherine.hamon@cbre.fr

François-Xavier Pascal
Directeur, Capital Market, Résidentiel
fx.pascal@cbre.fr

Quentin Laferté
Head of Hotel Investment Properties
quentin.laferte@cbre.fr

Benjamin Deljurie
Head of Hotels Valuation
benjamin.deljurie@cbre.fr

© Copyright 2026. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.