France – May 2020

SPOTLIGHT

Savills Research

Investment France Q1 2020

Great start to the year • Sudden setback following the Covid-19 pandemic • A future being redefined

Economic Context: Into the Unknown

In the early days of social distancing and then lockdown, it seemed inevitable that the macroeconomic effects of the Covid-19 crisis would be severe. However, ever since then, experts have been continually revising upwards their estimate of its overall impact. For now, we have no forecast to offer, since any prediction is likely to be overtaken by events as France's exit strategy becomes clearer.

Deep recession in 2020 before bounce back in 2021

In early April, the Bank of France estimated that French GDP had shrunk by 6% in the first quarter of 2020. INSEE projected an economic cost of 3 GDP points per month while the lockdown remains in place, indicating a drop of 6 points after eight weeks. These estimates tally with those put forward by the Economist Intelligence Unit and the Institut Montaigne, both of which expect a 5% contraction in GDP in 2020. This assumes a loss of 12% in Q2, with the return to normality phased in gradually over the rest of the year. France is likely to be on a par with the United Kingdom, also set to lose 5% of GDP, but better off than some neighbouring economies, namely Germany (-6.8%) and Italy (-7%). The Eurozone as a whole will be harder hit than other parts of the world, with an average GDP loss of 5.9% in 2020. Across the Atlantic, it is thought that the United States will fare slightly better, dropping 2.8%. Overall, the global economy is predicted to shrink by 2.2%.

Although estimates have been adjusted by a considerable margin, these figures are still very much provisional. On 19 April, for instance, some hopes were deflated when the governor of the Bank of France announced that the toll on the French economy could be as much as 8% in 2020, depending on how restrictions are lifted.
One thing, at least, is certain: the repercussions of the Covid-19 crisis will be significantly worse than what transpired in 2009, in the wake of the collapse of Lehman Brothers. Then, the cost to the Eurozone was "only" 4.1% of combined GDP; the UK economy shrunk by 4.2% and the global economy by 0.1%.

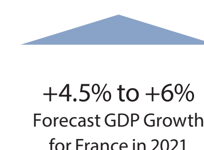
If there is a glimmer of light on the horizon, it's that the recovery expected in 2021 should be much faster than initially thought. France could see a rebound of between 4.5% (according to the Bank of France) and 6% (according to the Institut Montaigne). Many will be pinning their hopes on this scenario, which assumes that the unprecedented stabilisation measures introduced by many governments, particularly in the Eurozone, will spare us from the kind of prolonged economic torpor that followed 2009. A V-shaped recovery is still thought to be the most likely outcome, but it's a capital V, with a steep upstroke. These hopes could still be dashed if the path out of lockdown proves difficult. In this case, the V would become a U, with the recovery taking longer to gain momentum.

Tough times ahead in the labour market

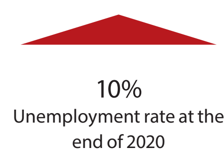
At least initially, the labour market is in for a brutal shock: the International Labour Organization (ILO) estimates that 38% of the global population, or 1.25 billion people, are directly at risk of losing their jobs. In Q2 2020, the ILO expects the loss of 195 million full-time jobs, 12 million of which will be in Europe. Will this mass unemployment be a temporary adjustment to a changing context, or could it become a structural problem? Assuming that stabilisation measures are effective and the economic recovery is swift, the vast majority of job losses will be temporary, and the worst will be over after a few weeks or months.

France, for example, has introduced a massive partial unemployment scheme, with 9.6 million workers signed up by 20 April. Very soon, it could be over 12 million. With a provisional cost of over €20 billion for three months, this will put enormous strain on the national budget. Under this scheme, salary costs will be temporarily collectivised, taking some of the burden off companies and leaving them in a stronger position to bounce back and salvage jobs. With some luck, the scheme will be a success and will help cushion the overall impact on employment and purchasing power. That said, it is important to be realistic. At the end of 2019, the unemployment rate in France stood at 8.1%, the lowest level in 11 years. We must therefore expect this progress to be set back by the events of 2020 and be prepared for the possibility of unemployment climbing to as much as 10% of the active population, at least for a while.

-5% to -8%
Forecast GDP Contraction for France in 2020



+4.5% to +6%
Forecast GDP Growth for France in 2021



10%
Unemployment rate at the end of 2020

After Covid-19, Movida-20?
A V-shaped recovery would allow household spending to recover almost to pre-pandemic levels by the end of the year. This would be an extremely welcome outcome, since household spending accounts for more than half of France's GDP. Consumers have seen their savings decimated since the lockdown began, but under this scenario the pain would be fleeting. INSEE estimates that household spending was 35% lower than normal during the last week of March, with textiles and clothing the hardest hit (losing between 90% and 100% of their share), followed by manufactured goods (60%). Hotels, restaurants and leisure businesses have been left spinning their wheels. On a more positive note, people were spending more on food products (up 6%) as households rushed to stock up on essentials and restaurant goers had no choice but to fend for themselves. It is even possible that, as we move into summer and the lockdown eases, consumers will compensate for this spell of enforced frugality and tills will start ringing again. Freedom, release... We could even see a sort of mini-Movida, a phenomenon reminiscent of the cultural and economic resurgence that blossomed in 1980s Spain, when the lead weight of Francoism was lifted. Could Covid-19 make way for Movida-20? Hoteliers, restaurateurs and the entire leisure sector will be hoping so.

Still, anyone under any false illusions that the rebound will completely make up for lost time will be sorely disappointed. Some of the turnover that has been lost will be lost forever, especially in the increasingly likely event that the exit from the lockdown progresses in stages, with some restrictions on movement remaining, at least at the international level. It is telling, for example, that air travel experts do not expect "normality" to resume before 2021, or even 2022. The open world of the pre-pandemic age may not return for quite some time.

It would therefore seem unwise to assume that deep-pocketed tourists from Asia, the Persian Gulf and North America will immediately flock back to European shores. If a recovery is on the cards, it will be led primarily by domestic travel, potentially followed by our European neighbours.

The French investment market at the end of Q1 2020: Winter sunshine

The French market began 2020 with a spring in its step, following the solid path laid by an excellent 2019. The volume of investment in commercial property, up 46%, indicated that both domestic and international investors were still being drawn in by the enticing opportunities to be found in France. While yields remain at a historic low, investors are still enjoying attractive returns. All in all, it was a bright and sunny winter for the French market. Then came the storm... Winter had barely ended when an unforeseen and unforeseeable event threw everything into disarray: a pandemic that sparked a global crisis.

Investment volumes: Grand finale

The first quarter of 2020 was one for the record books: with a total investment volume of over €7,500 million, it was the strongest start to a year ever seen in the French market. Compared with Q1 2019, it represented a leap of 46% and with the ten-year average, a 68% gain.
This ebullient performance entrenched France's third-place position in the European rankings, outdone only by Germany and the UK, head-to-head on a little over €16,000 million each, up 55% and 30% respectively.

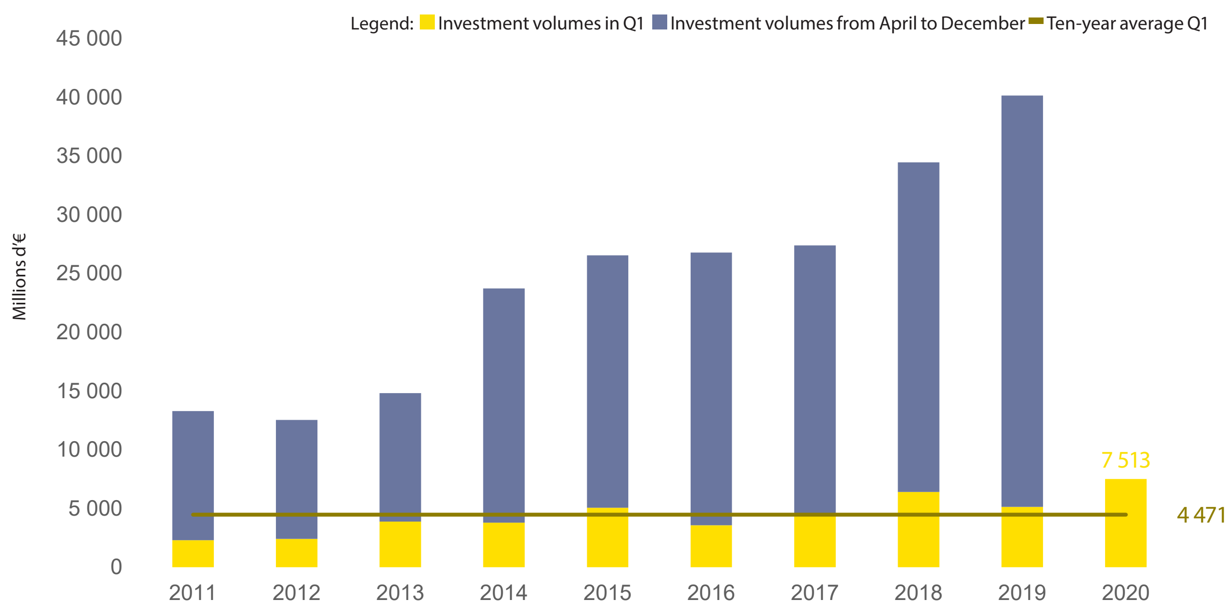
In the 12 months to the end of Q1 2020, the French market attracted investment of almost €42,000 million – an unprecedented performance.
Sadly, those sunlit days won't be returning any time soon. In all likelihood, this quarter will go down in memory as the dazzling finale to a spectacular run of investor confidence in the French market over the last few years. Pummelled by the fall-out from the Covid-19 pandemic, activity began to slow in mid-March, and it seems inevitable that the gloom will only deepen in the coming months.

Origin of funds invested: A highly coveted market

As was already evident by summer 2019, the French market was powering ahead in thanks to new growth drivers that gave some extra kick to an already well-fuelled engine.

Most notably, domestic investors made a resounding come-back. After slinking away in mid-2019, their market share diluted in a torrent of international mega-deals (including some staggering acquisitions by South Korean funds), by the end of the year French investors had reclaimed their majority status. This resurgence was largely attributable to record savings inflows. These remained the primary source of funds in Q1 2020, accounting for 54% of investment in the French market between January and March. Why this sudden rebound? There were two

France: Investment volume over time



Source Savills Research

factors at play here: a more assertive, competitive stance among domestic investors, and a more diversified positioning than many international players, with a keener interest in alternative properties beyond the traditional Parisian office market. Accordingly, Q1 saw the fruition of some major acquisitions on the part of French actors, including 33,400 sqm in the Aquarel development in Issy-les-Moulineaux, 30,000 sqm in the Parallèle building in Courbevoie, 27,300 sqm in the Valmy building in Montreuil and 10,600 sqm at 50 Anjou in Paris's CBD. That's before we mention the sale of the CIFA centre in Aubervilliers (29,600 sqm of wholesale space) or the Lugdunum building in Lyon (21,200 sqm of offices).

This surge has given further impetus to a market that has been riding high since Q2 2019 thanks to renewed international interest in French real estate. A global context of political instability, volatile trading conditions and uncertainties in the money markets have all worked to France's advantage. Amid these concerns, real estate – and particularly French real estate – has started to look like a very tempting opportunity. The appeal of the French property market is largely attributable to its financial resilience, the quality and strength of its lettings market and its high levels of institutional stability. This latter point counts for a great deal, as it allows a clear view ahead to the medium term – a rarity in the current climate. France has also benefited from the fall of the euro against most other world currencies, giving French real estate a competitive advantage with the promise of a potential upside.

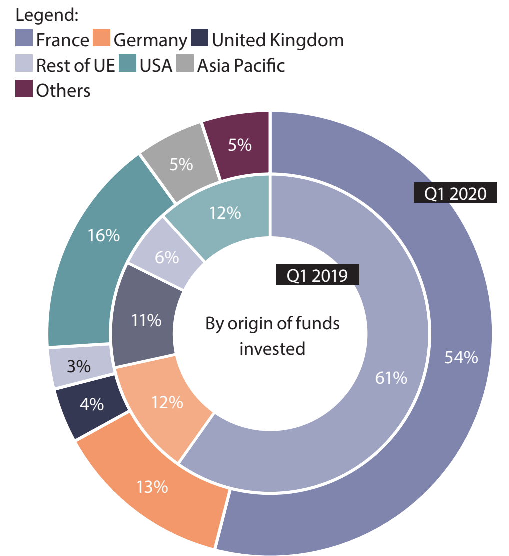
As a result of all these considerations, international investors accounted for 46% of France's total investment volume at the close of 2019, compared with 39% a year earlier.
As predicted, the wave of South Korean investors became much more subdued in Q1 2020. Rushing in to take their place were new entrants from North America (both the US and Canada) and the Middle East. German investors were also very active and seem committed to increasing their exposure to the French market.
Over the coming months, we expect to see sustained high demand for Core properties at the international level, given the attractive yield spread on offer. However, it is also possible that international investors will find more attractive Value Add opportunities in other countries, and re-evaluate their activity in France.

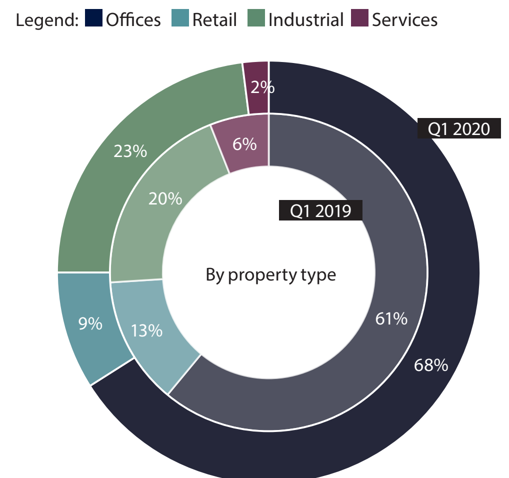
Type and quality of transacted assets: Security is back in style

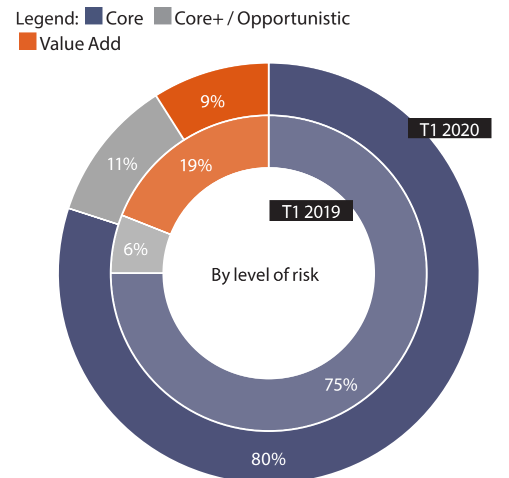
The gathering tide of international investment recorded since Q2 2019, together with more assertive strategies on the part of French investors, have given a lift to the Core segment. This trend continued through Q1 2020, with core properties representing 80% of investment volume, up from 75% in the same period of 2019. The renewed convergence around Core property was also an artefact of the influence of a handful of standout deals on the rest of the market. Opportunities commanding lot sizes in excess of €100 million accounted for 64% of investment in Q1 2020, compared to just 48% in 2019. It is also worth noting that while there was a spike in volume, there were fewer transactions, with the sharpest drops in the sub-€50 million segment (down 35% year-on-year).
This level of market concentration explains another striking feature – the clear and sustained dominance of the office sector. As in 2019, office property still accounts for less than 70% of investment volume (66% in Q1 2020) – low by the standards of the French market, but the lion's share nonetheless. The reason behind this has a lot to do with supply-side pressures in other asset classes, and with the fact that investors looking to venture beyond the Core segment often find the richest pickings in the office market.
Besides the office sector (up 58% year-on-year), the industrial and logistics sector was the only other to post an uptick in investment volume at the close of Q1 2020 – quite a spectacular one too (71%), thanks to Patrizia's acquisition of the French component of the Mercury portfolio. Retail and service property, on the other hand, have both seen a drop in activity.

Apart from a handful of major deals involving international funds, such as Nova in Villejuif and Perspective Défense in Nanterre, medium-risk opportunities remained the preserve of domestic investors in Q1 2020. We might reasonably expect buyers to become more discerning over the next few months when evaluating the intrinsic features of these properties. Those offering a chance to hedge their risk exposure will be harder to find, although there are still some good deals to be made; such as the sale of 46–48 Avenue de la Grande Armée in the CBD, which should help pad out the figures for Q2 2020.

France : Distribution of investment volumes







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The investment map: Alternatives gain ground in Île-de-France

In the first three months of the year, Île-de-France attracted almost €4,700 million in commercial property investment. That's an impressive gain on the same period of 2019 (64%, to be precise), and it does not account for the Paris region's share of national portfolios. Estimated at almost €450 million in Q1 2020, if these sums were included, they would push the region's total investment volume above €5,100 million.

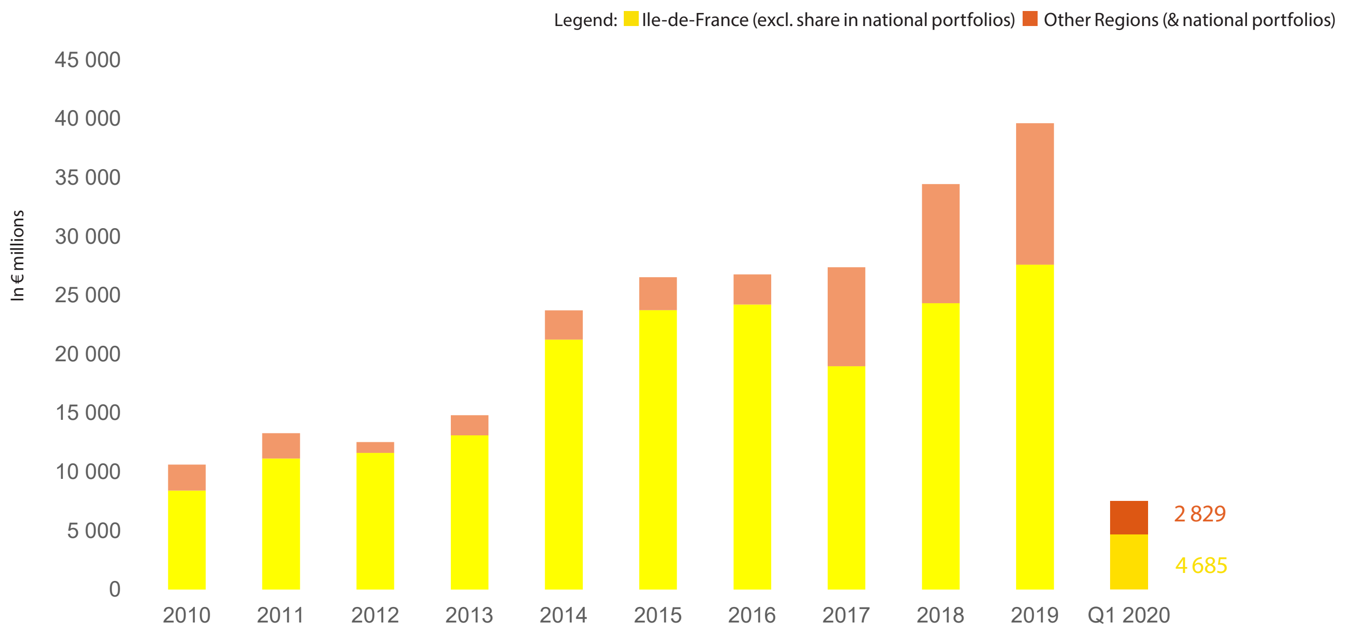
In France, everything revolves around the capital, and the recent contours of the market present no challenge to this model. The greater Paris region has always wielded a disproportionate influence on the national economy, and it still does. In the first quarter of the year, it accounted for 62% of France's total investment volume.
At the very most, we might point to a modest shift in the balance towards other regional capitals, owing mainly to growing investor interest in national portfolios and high-value properties in the regions. Indeed, Île-de-France's share of investment has shrunk noticeably in comparison to the ten-year average (80%).

The Paris region's market dominance has therefore slipped, albeit only very slightly. However, this has by no means tarnished its performance at the international scale: Paris is rivalled only by London for the title of Europe's leading investment destination and is one of an elite set of global cities favoured by investors.
A complex picture in Île-de-France then – this is not a homogeneous market. Up until 2020, prevailing market trends were not particularly kind to central Paris, especially the scramble to invest in ultra-high-value properties. While the city centre remains the market of choice for Core investors, it has a limited supply of very large properties. Owners here have been hesitant to part with their assets, for fear they would struggle to find new opportunities. As a result, activity is dependent on a small handful of deals, and is therefore somewhat volatile. In Q1 2020, it was Central West Paris, just beyond the CBD, that came out on top – thanks mainly to 14 Rue Bergère, sold for a little over €600 million. Overall, this area pulled in investment of over €1,000 million this quarter, marking a dizzying year-on-year ascent of 406%. The CBD itself was left trailing, with an investment volume of just under €860 million, a much more modest advance (up 18% year-on-year). Elsewhere in central Paris, investment was down 29% compared to Q1 2019, coming in at €175 million.

Further afield, La Défense had no major deals to report; this business district is yet to hook its first big catch of 2020. Again, it was overshadowed by the Western Crescent which, amid febrile activity in the Péri-Défense submarket, attracted investment of almost €1,490 million (up 129% year-on-year). The Inner Suburbs posted a more understated but still respectable performance, closing the quarter on an investment volume of €900 million (up 23% year-on-year).

Île-de-France may cast a long shadow, but there's more to the French market than Paris and its hinterland. Investment activity in other regions has been steadily rising, representing 38% of the national total in the first quarter. That's an impressive advance on the ten-year average, which stands at 20%. This spike in investment has been driven by the transfer of a few major national portfolios. While these deals are not easy to untangle, we would estimate that close to €450 million is attributable to properties in Île-de-France. Overall, national portfolios fetched almost

France : Investment volume by location



Source Savills Research

€1,800 million in the first three months of the year (up 30% y-o-y), including three standout deals for logistics portfolios, each with a price tag of over €200 million (Mercury, Hub & Flow and Ares). Activity in France's regional markets was also given a boost by major acquisitions, such as Lyon's Lugdunum building, which changed hands for a little under €130 million.

Geographically speaking, the Auvergne-Rhône-Alps region (Lyon) remains in pole position. It attracted investment of €350 million this quarter, an advance of 52% year-on-year. However, a new challenger has emerged in the Grand Est region (Strasbourg), which made a sudden dash for glory with an investment volume of almost €220 million. This surprising performance can be chalked up to the off-plan sale of a logistics platform near Diefmatten. Hauts-de-France (Lille) is in third place on €120 million; this region has suffered a big setback in comparison with Q1 2019 (down 62%). This quarter's runner-up was Nouvelle-Aquitaine (Bordeaux), which saw investment soar 362% year-on-year.

Yields: A wider yield spread for the property market

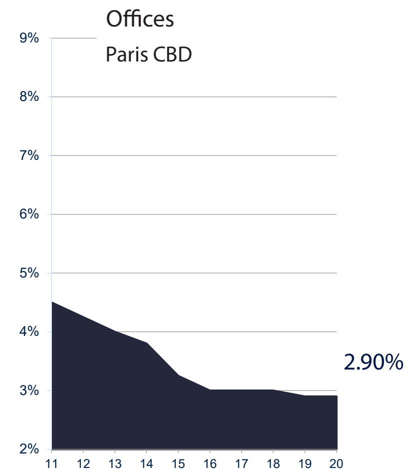
With the levels of activity we saw in Q1 2020, prime yields have remained at a historically low ebb. In the Paris CBD, for example, yields for the most sought-after office buildings dropped below their historical floor of 3.0% at the end of 2019, stabilising at 2.90%. This figure remained unchanged throughout Q1 2020. This is entirely unremarkable given that, in addition to the prospect of reversion raised by rental growth (as seen during the first quarter), real estate assets still hold a relative advantage. At the end of March 2020, the spread of bond yields came in at 290 basis points, significantly up on the ten-year average (220 basis points).

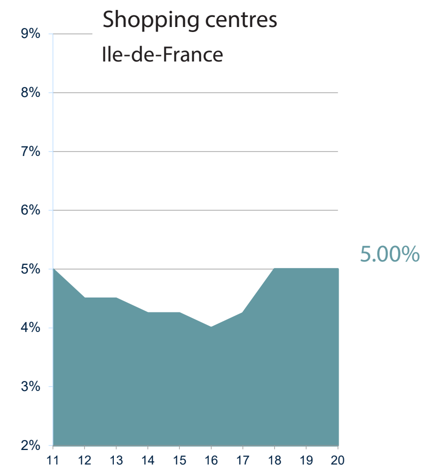
In the office sector, risk-takers continued to find themselves less generously compensated this quarter. With very low vacancy rates and a serious shortfall of Grade A supply, the risk incurred by letting a property in the Paris region's mature markets seams slight indeed. In fact, it seemed that properties in line for a rent adjustment (whether sublet, in need of a revamp or occupied by tenants on a short lease), were beginning to catch the eye of investors who have traditionally stuck to Core assets, as they offer a real opportunity for a secure investment with scope for creating value. This has produced a tighter yield spread for secured property assets and riskier prospects alike, but in light of recent events this is sure to be short-lived.

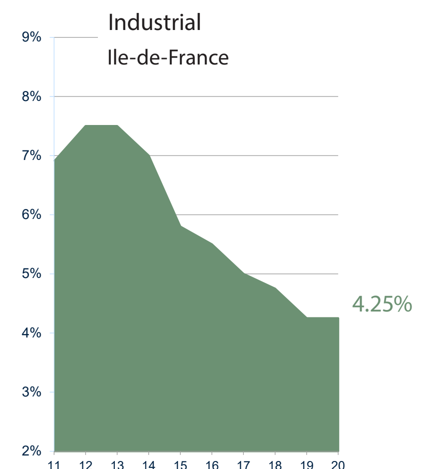
Beyond the office market also, yields remained stable over the first three months of the year. The prime yield settled at 5.00% for shopping centres, confirming the drop of 25 basis points recorded in Q4 2019 as interest in retail property picked up. This puts it broadly on a level with Q4 2018. For high-street retail units in Paris, the prime yield remains low (2.50%).

On the back of brisk activity around large logistics platforms, the prime yield in the industrial sector continued to fall (down 25 basis points year-on-year), settling at 4.25% at the close of 2019. Again, there was no change in Q1 2020.

France: Prime yields by property type

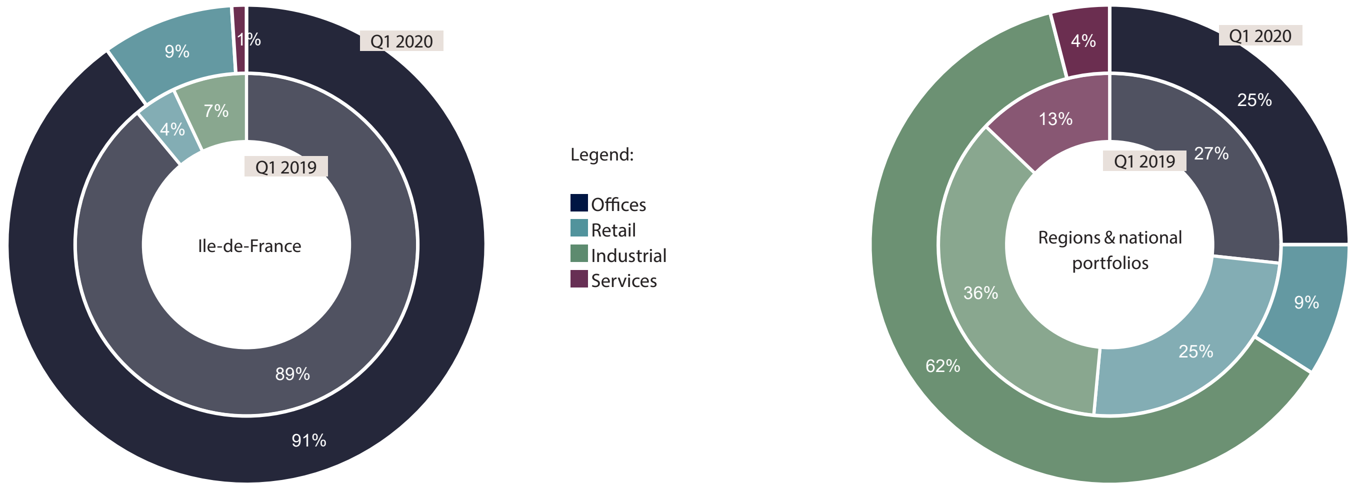


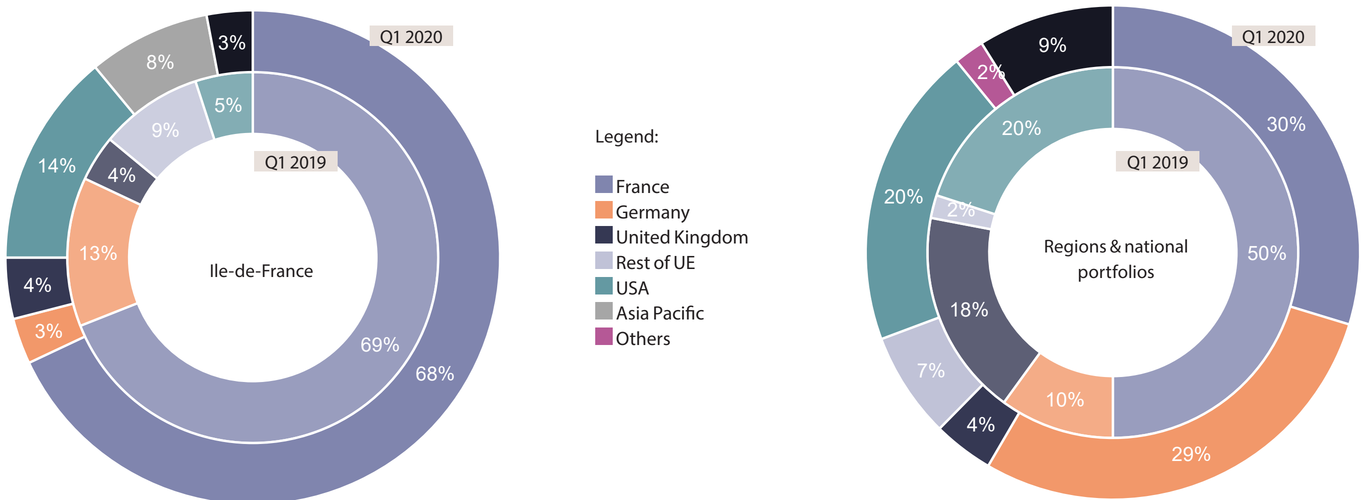


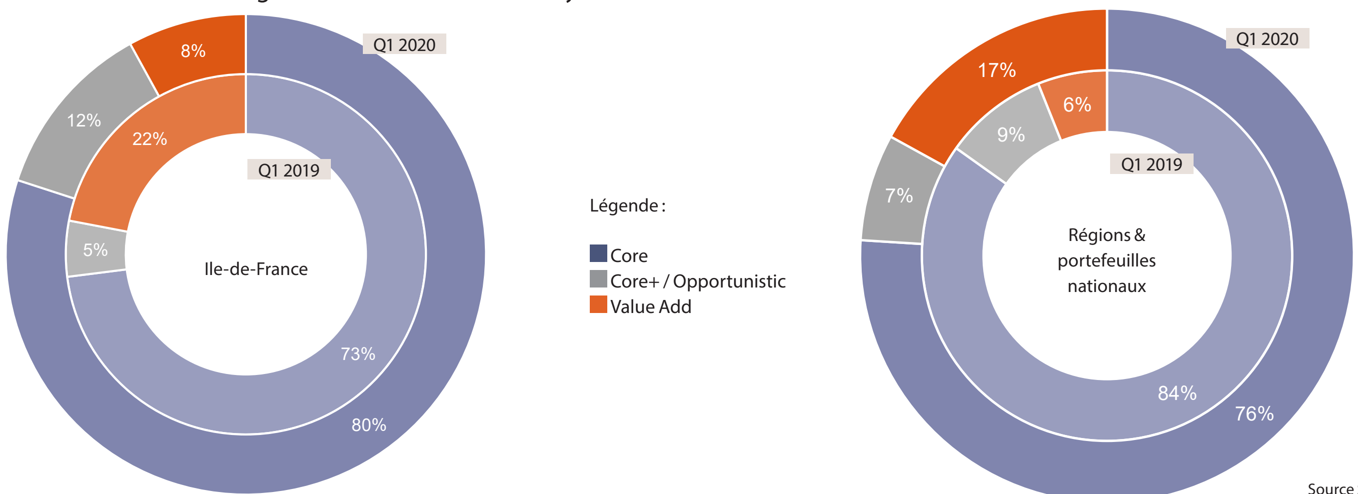


Source Savills Research

At a glance: What makes the Île-de-France market different?







Source Savills Research

Outlook:
The green shoots of a new tomorrow

The first quarter of 2020 brought a remarkable set of results for the investment market. But the triumph was fleeting: these figures were virtually obsolete before the quarter ended, so brutal was the shock of the Covid-19 pandemic. No market is immune to this contagion, and commercial real estate is no exception; we can expect to see some far-reaching changes in the near future. That said, this market does have a few advantages that might help it weather the storm, keeping damage and disruption to a minimum and increasing the chances of a prompt return to something resembling normality.

Economic and financial climate: Shock absorbers spring into action

Faced with an utterly unprecedented crisis, originating outside the financial and economic system, national governments reacted remarkably swiftly to come up with measures aimed at softening the pandemic's economic impact. This is particularly true for Europe, which in early May held the sombre record for the number of Covid-19 victims. Between 18 and 20 March, the European Commission introduced a temporary framework permitting EU member states to bend the usual budgetary structures in order to give them maximum flexibility to offer financial support. These measures, brought in after just a few short weeks of deliberation, are set to cost a total of around €2,450,000 million – according to an estimate by the Robert Schuman Foundation. It's a staggering sum, equivalent to 15% of the EU's combined GDP. Their application, however, is a matter for each individual state, and there are substantial differences between countries depending on their budgetary capacity. At the supranational level, the response to Covid-19 has been far less fleet of foot. So far, EU member states have failed to agree on a concerted strategy for support and recovery. Indeed, Christine Lagarde, president of the European Central Bank, felt moved to warn governments of the risk of 'doing too little, too late'.

The ECB has been proactive in its own response, at the risk of appearing to some to overstep its remit, leaving itself open to challenges and countermoves. Its objective is two-fold: prevent financing drying up, thus exacerbating the economic impact, and preclude any speculative manoeuvres prompted by a heightened nervousness around certain sectors or states.

On this second point, towards the end of April the ECB announced that the measures introduced in mid Mach would remain in place to facilitate purchases of government and private debt. This will add an extra €120,000 million to its Quantitative Easing (QE) programme, to be disbursed by the end of the year. The bank has also expressed willingness to expand its Pandemic Emergency Purchase Programme (PEPP), currently capped at €750,000 million, and that it will be relaxing the usual rules on debt purchasing. These measures are in addition to the €20,000 million's worth of bond securities that the ECB purchases each month and to reinvested maturities. In total, the bank is set to take on almost €1,100,000 million in government assets in 2020, according to the derogatory rules governing capital allocation among states. For the moment, this comprehensive response appears to be working, mollifying the financial markets and warding off a sharp rise in bond yields. This will be crucial for the commercial real estate investment market, given the importance of bond yields as a benchmark for property yields.

In terms of the wider economy, the ECB has introduced technical measures designed to give banks a strong incentive to continue lending; again, this seems to be having the desired effect, at least for the time being. In March 2020, businesses shouldered a record volume of debt, with new loans amounting to a total of €118,000 million.

These provisions, expected to remain in place for several months, should help cushion the economy from the effects of low liquidity and allow interest rates to remain at historically low levels, keeping a lid on the upward creep discernible in recent weeks. Nonetheless, it is highly probable that financing conditions will soon start to diverge, depending on each bank's assessment of its risk exposure.

This would have inevitable repercussions for the investment market: investment volume would take a hit, but there would still be a good chance of recovery when the crisis has passed.

Consolidation around Core properties: The holy grail of security

Prospective buyers, particularly those seeking to leverage their investments, are likely to become more discerning, focusing their attention on what they deem to be less speculative opportunities.

If so, 'Core First' will be the new motto for the investment market, at least in the short term. However, all signs suggest that the definition of a Core asset is set to narrow, closing in around a select cluster of properties. In fact, with investors inclined to caution, 'Core' may soon be interchangeable with 'ultra-Core' or 'Premium', i.e. properties combining three magic ingredients: an excellent location, a prestigious occupier and an iron-clad long-term lease.

Demand will remain strong, and so any property that meets these criteria will be seen as an outstanding opportunity. Supply, on the other hand, might be a snag; if opportunities are scarce, those in possession of these kinds of properties will naturally be reluctant to put them on the market.

This squeeze on supply, accompanied by sustained high demand, would suggest that yields for Core office properties are unlikely to rise any time soon. In fact, it is conceivable that there could be further yield tightening in store for the few Premium properties up for sale. However, far from being the majority experience, this would affect only a small subset of investors. In most cases, yields for Core assets will remain broadly in line with those recorded in Q1 2020. The prime yield should therefore hover around 3.0% in the Paris CBD.

Shrinking investment volumes: An inevitable contraction, not a rout

The biggest impact of the current crisis will be on investment volume. Covid-19 will stifle activity in the first instance, and the drop could end up being quite spectacular. With opportunities thin on the

[1] Charles-Henri Colombier, director of the Rexecode Institute, quoted in La Croix, 30 April 2020

ground, the churn of Core properties will slacken and this slide will almost certainly reach higher-risk properties as well.
This is mainly because property owners anxious about selling in conditions that have deteriorated since the start of the year will act as a break on activity. They will be holding out for improvements a few months down the line, when the outlook becomes clearer. The fear or even just the expectation of a slump in market values will automatically siphon energy from the market: sellers who can (the vast majority) will want to hold tight.
This will have a knock-on effect on buyers, leading to a decidedly more lukewarm demand as some investors seek greener pastures elsewhere. Most Value Add funds hail from English-speaking countries; for them, France is just one of many markets to be considered on their comparative merits. Not every market will be in France's position to delay and restrain the wave of repricing on the horizon. Those that are not will offer more appeal to Value Add investors, and may draw them away. At the same time, the French market cannot afford to set too much store by the recent upsurge in domestic activity. French investors, despite their preference for Core properties, had been showing signs of diversifying into the Core+ and Value Add segments, since market risk was so low.
The upshot of all of these factors will be a dramatic fall in investment volume in France. So, is the real estate market headed for a deep freeze? Something like that. It is not at all fanciful to suppose that the French market will contract by around 50% this year compared to the investment volume recorded in 2019 (€40,000 million).
That would be a fairly drastic scenario. Still, one could argue that it is further evidence of how far this market has come over the last few years. Even at half the size, it would still be running a baseline of around €20,000 million – double the low watermark of the last major crisis, following the subprime mortgage debacle and the collapse of Lehman brothers. That's a solid foundation for the post-pandemic future – this market is not headed back to square one.

Tiered repricing: Recalibration before recovery

Once the corner is turned, things will start moving quickly and the market will once again be inclined to growth. As the lockdown eases, the outlook for investment clears and the economy dusts itself off, it will be a good time for investors to review their portfolios, with sales making much more financial sense.
On the buyers' side, a number of particularly active funds are now sitting on substantial liquidity, and should continue to buy more than they sell. Due to supply-side restraints, such funds are likely to relax their overly narrow definition of Core assets to accommodate more than just a select few Premium properties.
While prices in the Core segment might just hold up, this will not be the case for properties that present a significant level of risk, or for those that now seem overpaid based on more recent income projections. Yields, which had been steadily flattening as the spread between Core and Value Add properties tightened, will begin to rise again. But by how much? The extent of the repricing will depend on a number of unknowns. One of these, of course, is the progression of rental prices and activity in the lettings market; others include the speed and vigour of the economic recovery and the potential for tougher borrowing conditions for those looking to leverage acquisitions.

Moreover, the situation is likely to vary by geographical area and property type. Locations that depend on a small number of occupiers, leaving them vulnerable to sudden spikes in their vacancy rate, will be more exposed to significant repricing than more mature and diversified markets. Still, offices will not feel the same effects as the logistics, services, retail or hotel sectors. Logistics operators are set to benefit from the rapid growth in e-commerce during the lockdown – which will undoubtedly have a lasting impact on consumer behaviour – and from supply chain adjustments on the part of manufacturers and brands. Investment opportunities in this market will become increasingly sought-after, and this will help keep prices relatively stable.
For the retail and hotel sectors, on the other hand, it will be a waiting game for the next few months, with little movement outside the Core segment. The current crisis has exposed the limitations of certain business models, and there are a lot of questions around future strategy. Actors in these sectors may be forced to reinvent themselves, either by repositioning or adapting their properties (changes of use, new service development, relocations to be closer to primary logistics centres, etc.). Such changes could create new opportunities for growth, but they will take some time to bear fruit.
In any event, investor activity is unlikely to pick up until risk premiums for Core+ and Value Add properties look materially different and the market has adapted to a new normal; only then will we start to see sustained growth.

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We have a fairly good idea of what the cards hold for the investment market, but there are still too many unknowns to be confident of the extent of the impact or how long the recalibration period might last. As INSEE observed in its latest note on the economic climate, this is not a time for “simple” predictions. That’s putting it mildly. One thing is certain: the French investment market still has a strong hand, and there is a promising future to look forward to once the dust has settled. Look carefully, and you might see the odd green shoot already pushing through.

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