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EDITORIAL



DOMINIQUE DUDAN
PRESIDENT, ORIE

2016 was a productive year for ORIE. In addition to two annual seminars, which this year dealt with reversibility and commercial leases, ORIE also organized two debates: one on the reform of the tax on the creation of commercial accommodation¹, the second on hotel development in a difficult tourist market. The publication, early 2017, of a study on the international appeal of commercial real estate in the Paris region (Ile-de-France)

¹ Tax on the creation of office, retail, warehouse accommodation

post Brexit was yet another contribution to the analysis of the Paris region market.

In 2016, ORIE also consolidated its approach to estimating the office stock in the Paris region and renewed partnerships for data sharing with brokers and the DRIEA (a state-run regional development agency).

One noteworthy development was the steady increase in demands ORIE received from public and private organizations. ORIE strengthened its collaboration with the region's new representatives during a meeting with Jérôme Chartier, Vice-president of the Regional Council, and made valuable contributions to the region's development road map, SRDEII. Meanwhile, the Haut Conseil de Stabilité Financière invited ORIE to advise on evolutions in the real estate market.

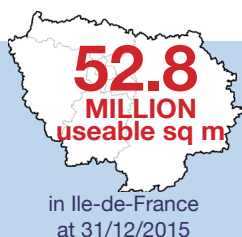
ORIE is closely following the creation of Métropole du Grand Paris – a metropolitan authority encompassing Paris and surrounding suburbs – and changes to public bodies. Elsewhere, ORIE provided expertise to the Association des Maires de France (The Society of French Mayors) for

the conversion of brownfield sites. As part of this project, authorities that have become public territorial establishments (EPTs) were invited to become members of the observatory to nourish the extensive exchanges of views between public and private actors.

Finally, the Chambre des Notaires, the Ecole Spéciale des Travaux Publics and SIATI (an infrastructure summit) solicited ORIE about, respectively, the transformation of offices into housing, the obsolescence of buildings and building reversibility.

In 2017, ORIE will once more demonstrate its capacity to provide responses to the challenges facing the industry by publishing new research under the chairmanship of Cécile de Guillebon on a range of subjects: co-working, logistics property in urban areas, the simplification of red-tape and the conversion of vacant assets.

Dominique DUDAN
President, ORIE



ESTIMATION OF OFFICE STOCK IN THE PARIS REGION

For the past 30 years, the regional real estate observatory has published annual estimates of useable office stock in Ile-de-France. The estimation is based on a collaborative methodology involving public and private actors in the Paris region market. In 2017 ORIE renewed partnership agreements with affiliated brokers and the DRIEA.



The database of the annual office tax in the Paris region, for offices above 100 m²



An estimation of small offices under 100 sq m by employment (INSEE)



Monitoring development (data bases of completions provided by brokers)



Monitoring demolitions (Paris city council)

01 SUMMARY OF THE RESEARCH REPORT



CÉCILE DE GUILLEBON,
VP REAL ESTATE & FACILITY MANAGEMENT,
RENAULT-NISSAN

“COMMERCIAL REAL ESTATE AND THE INTERNATIONAL APPEAL OF THE PARIS REGION”

*Report directed by Cécile de Guillebon and Aurélie Lemoine
and drafted by Marion Vion-Dury with contributions from the
ORIE working group*

Increased competition between territories

In a context of open economies and the freedom of movement of persons, goods and services, global cities are competing – sometimes aggressively – to attract capital, strategic business functions and talent.

But why do we need to consider real estate when examining the international appeal of the Paris region? Global cities will have to accommodate an extra 380 million persons between 2016 and 2020¹. The UN estimates that by 2050, 66% of the world's population will live in cities (compared to 30% in 1950 and 54% in 2014²). Urbanization, economic expansion and population growth will directly impact real estate: the pace of construction has never been so fast.

Not only are there new opportunities in store, but complexities too, as we shall have to produce a sufficient quantity of quality properties, in some instances where land is scarce and regulations complex.

The regional real estate observatory for Paris Region (ORIE) wanted to contribute to the debate on the region's attractiveness. It is a topical issue nowadays because a new road map for economic development, innovation and internationalization (SRDEII) has just been adopted, the French Tech Ticket programme dedicated to foreign start-ups has recently been updated and

Brexit is raising many questions.

ORIE's intention was not to draw up yet another city ranking to add to the already long list of rankings available. On the contrary, it strove to examine a number of existing rankings and compare them in order to reveal areas of convergence and divergence. From this synthesis it was possible to anticipate trends, prioritize the stakes and help steer public action.

The other specificity of this approach is that it is focused on rankings pertaining to commercial real estate. However, as the attractiveness of a region is a complex, holistic and multi-factorial process, these rankings were then put into perspective with the help of benchmark reports and barometers integrating a broader range of criteria. Such supports included the Global Power City Index by the Mori Memorial Foundation, Cities of Opportunity by PwC and the EY barometers.

How can real estate stimulate the attractiveness of an area?

The quality of real estate, particularly of offices, influences the attractiveness of a region for international businesses. In the first instance, ORIE wanted to get an overall view of the Paris region's attractiveness and the international competitiveness of its property market from international occupiers' and investors' perspectives.

Paris is one of the largest business districts and property markets in the world: it stands alongside New York,

¹ UN estimate quoted by Knight Frank in the 2016 edition of their Global Cities report.

² UNITED NATIONS, World Urbanization Prospects, 2014 Revision.

London, and Tokyo as the fourth of the four super cities at the summit of urban hierarchy³. It has a mature, highly internationalized and very attractive office market.

Overall, the Paris region posts a good performance. It is a deep liquid market, very transparent with competitive rents and occupancy costs compared to principal competing markets and given its position in city rankings. The region's market is not volatile and yields stood at 3% at the end of 2016. However, taxation and manpower costs increase the overall cost of setting up in the area. Medium-term prospects are difficult to predict as competition between global cities is increasingly intense. Cities' destinies can change rapidly and a growing number of cities have the potential to mount into the top 10, notably cities in emerging countries or cities where development is founded on innovation and information and communication technologies.

Attract and retain major occupiers to the Paris region

Focusing on occupiers was the second priority. Since the 2008 crisis, occupiers' concerns have been guiding the production of offices. Their variable, multiple-criteria strategies for relocating offices are more complex to understand than those of investors.

The study looked more deeply into relocation strategies, in particular through interviews with property directors from large corporations. One area of particular interest was the location of strategic functions, not just the position of headquarters, which tends to attract the attention of government authorities, but also research centres and sectors of strategic activities.

The working group examined the question of the role and impact of real estate in relocation strategies. Grade A office space, which is the preferred choice of major occupiers, is currently in short supply in the Paris region where new and redeveloped space only

accounted for 15% of available space at the start of 2017⁴.

Projects in the Grand Paris plan will help renew some of the stock of office accommodation. Another important step forward was the renewal and perpetuation of the exemption from tax on the creation of office, retail and warehouse accommodation in cases where floor areas have been demolished and redeveloped⁵.

RECOMMENDATIONS

► **ORIE updated its recent proposal on changes to the commercial lease. Suggestions included making the currently very restrictive three-yearly break options more flexible for landlords, so that it is easier to carry out full refurbishments or redevelopments, which are difficult when buildings are occupied. This increased flexibility would only be applicable in certain specific conditions⁶.**

Live up to the challenge of the net economy: getting start-ups well established

ORIE also focused on the new economy, in particular new technology start-ups. The future of major companies is not only written in France and start-ups are a driving force in the development of the French economy. For the first time in 2016, in the annual PwC ranking of the Global Top 100 Companies by Market Capitalisation, the technology sector exceeded that of finance.

How can we stop Paris region start-ups leaving the region when they become international businesses? How can the region capture foreign start-ups so they locate their second offices here?

Although real estate is not the

only factor in anchoring these companies, it is essential to consider property availability in terms of the accommodation circuit of companies. This will help increase the likelihood of them growing, developing and keeping their activities in the region.

RECOMMENDATIONS

- **Avoid the dispersion of real estate projects dedicated to start-ups outside market ecosystems by learning from studies carried out on clusters.**
- **Make the existing legal framework for leases more flexible by loosening sub-letting rules (eliminate the sub-tenant's direct right of renewal, financial incentives and so on)⁷ as this is really needed by start-ups.**
- **Make it easier for start-ups to understand the availability of space by centralizing information and adapting criteria.**

RECOMMENDATIONS

All these actions go hand-in-hand with effective, more aggressive marketing, as the Paris region's real weakness is its image, as shown in rankings. The principal actions required are as follows.

- **Communicate intensively and actively abroad about the advantages of the region, putting the accent on the notable progress that has been made, the criteria used for ratings, and real estate questions;**
- **Coordinate territorial marketing campaigns abroad while continuing initiatives already underway such as the one-stop "Choose Paris Region " initiative.**

⁴ CBRE data at Q4 2016

⁵ ORIE, 2015, Commercial real estate and taxation in the Ile-de-France region: operational economic simplification and ORIE, 2016 The Tax on the creation of office, retail and warehouse accommodation in Ile-de-France.

⁶ For further details, ORIE, How suitable is the commercial real estate lease statute for offices? July 2016

⁷ Id.

³ Typology developed by LL RESEARCH CENTER.

KEY FACTS & FIGURES COMMERCIAL REAL ESTATE IN THE PARIS REGION

5TH LARGEST
COMMERCIAL
PROPERTY
INVESTMENT MARKET

\$143,418 Million

(Source : CBRE-IMMOSTAT / 2008- 2016 Q3)

2ND OFFICE
INVESTMENT
MARKET IN
EUROPE

€109,548 Million

(vs)

LONDON 1ST with €166,213 MILLION
and FRANKFURT 3RD with €28,988 MILLION

(Source : CBRE,KTL PROPERTY DATA / 2007-2016 Q3)

INVESTORS FROM THE UNITED
STATES, GERMANY AND THE UK
ARE THE MAIN INTERNATIONAL
INVESTORS IN OFFICES

(Source : CBRE-IMMOSTAT / 2008- 2016)



UNITED STATES

€13,721 MILLION



GERMANY

€9,779 MILLION



UNITED KINGDOM

€4,741 MILLION



INTERNATIONAL APPEAL OF
PARIS REGION

4TH PARIS IDF

THE PARIS REGION IS THE FOURTH
MOST ATTRACTIVE REGION
FOR SETTING UP A BUSINESS IN
GENERAL

(Source : Global Cities Investment Monitor/
2016 KPMG – Greater Paris Investment
Agency – Survey)

STRATEGIC FUNCTIONS

FRANCE IS...



IN EUROPE WITH
11 PROJECTS FOR
HEADQUARTERS IN 2015



IN THE WORLD WITH
45 PROJECTS FOR
R&D CENTRES IN 2015

(Source : EY / 2016)

A MATURE INNOVATION ECOSYSTEM

11TH ECOSYSTEM
WORLDWIDE IN THE
GLOBAL STARTUP
ECOSYSTEM RANKING

(Source : Compass / 2015)



BREAKDOWN OF OFFICE TAKE-UP IN THE
PARIS REGION FROM 2007 TO 2016



INDUSTRY



FINANCE &
INSURANCE



PUBLIC
SECTOR



INFORMATION &
COMMUNICATION
TECHNOLOGIES

(Source : CBRE and Immostat / 2007-2016)



FRANCK MARGAIN,

BANKER, INVESTMENT COUNCILLOR FOR THE PARIS REGION COUNCIL, AND CHAIRMAN OF PARIS REGION ENTREPRISES (THE DEVELOPMENT AGENCY FOR THE PARIS REGION) IN 1994, AS A SUPPORTER OF FAMILY RIGHTS, THE FIGHT AGAINST POVERTY AND ENVIRONMENTAL PROTECTION, HE FORMED THE NGO NEWWAYS. HE IS AUTHOR OF SEVERAL WORKS IN FRENCH: SORTIR DE LA CRISE, UN BANQUIER CHRÉTIEN S'ENGAGE, PUBLISHED BY ÉDITIONS GASCogne.

Point of view

“ Down with Clichés, Choose the Paris Region! ”

Par Franck MARGAIN

What are the strategic ambitions and priorities for the Regional Council?

Our ambition is to conduct an in-depth renewal of regional initiatives to stimulate growth, employment and innovation and to make Ile-de-France the world's premier region by 2020. A new road map has been drafted, the SRDEI, outlining a regional development plan for the economy, innovation and internationalization that will be in force from 2017 to 2021.

For the Regional Council, the priority is to attract enterprising companies that will create jobs in Ile-de-France, especially jobs that cannot be easily relocated. We must also help businesses in the region expand internationally and stimulate the development of areas hosting projects that have already garnered international attention.

We have identified a number of strategic activities: aeronautics, food processing, mobility, multi-media, big data, health & bio-technology, sustainable development, smart-city technology and financial services.

What are the Paris region's most important assets internationally?

It has the highest GDP for a region in continental Europe: for example its GDP exceeds that of the Netherlands and Austria. Situated in the centre of Europe and 500 million European consumers, businesses in Ile-de-France are less than three hours from every other European capital thanks to the region's airports, rail networks and motorways.

The region has multiple specialities with world-ranking clusters of activities: : finance, energy, ITC, start-ups, smart mobility, health, and cultural industries. More than 900,000 businesses are located in Ile-de-France and the area is home to the highest number of headquarters of Fortune 500 companies in Europe (the 3rd highest number in the world).

The region is Europe's premier innovation hub and is now ranked amongst the world's four leading innovation centres alongside the west and east coast of the US and Shenzhen.

Finally, it is a region with a wealth of talent and the highest concentration of students in higher education in Europe, 20% of whom are foreigners. We have world-renowned science, engineering and business schools.

What is the role of Paris Region Entreprises?

Paris Region Entreprises is the regional economic development agency dedicated to the region's attractiveness. Its mission is to promote the Ile-de-France region internationally, attract new investors and provide support to business projects creating stable jobs.

Its supportive role in development reaches well beyond the boundaries of the Paris region as the association has subsidiary offices or representatives in Boston, San Francisco and Shanghai.

The agency is the contact for high potential companies already operating in the region: it works alongside them in implementing innovation projects and developing internationally. Paris Region Entreprises also explores world markets to identify companies with growth potential to help them become part of the innovative drive, ecological transition and social change underway in Ile-de-France.

Finally, PRE's mission is to simplify, explain and increase the efficiency of support measures for companies coming to Ile-de-France. PRE also has a public networking role, consolidating and coordinating contacts with partners and peer companies.

How has the region's attractiveness fared in recent years?

The appeal of Ile-de-France has improved

considerably thanks to the dedication of the regional authorities, which made the region's image a priority. International players also considered recent labour law reforms an asset.

Grand Paris Express will be the largest infrastructure project in Europe since the European Recovery Plan. It involves the construction of 200 km of rail track and 68 new station complexes accommodating shops, housing and offices. The arrival of Cisco's and Facebook's research centres are two very positive signs. Internationally, however, France does not necessarily have a pro-business image and is marred by several pre-conceived ideas. Here are just a few:

- the French have many holidays, even though, on average, executives generally work 218 days a year out of 224 working days in 2017 with few restrictions on working hours
- the cost of work is deemed high. While the hourly rate for unskilled and semi-skilled labour is higher in France (because the working week is limited to 35 hours for this type of work), the same cannot be said for executive workers. There are also non-negligible costs (complementary health insurance and pension schemes) financed in full or in part by employees whereas in other countries the employer finances them (for example pension funds in the UK)
- there is little dialogue in labour relations: Yet the CGT union approves 85% of collective company agreements. French unions are efficient and employee-employer bargaining is strong. For example severance schemes may be agreed within 4 months.

Our role is to alter the image that foreign investors have of France and promote the Paris region to foreign investors. We are taking a very hands-on approach to the matter.

- We were present at the Investment Foreign Direct Investment Expo in November 2016 to promote the assets and wealth of the Paris region and explain legal, social and tax optimization questions
- We carried out a market prospecting campaign in Japan and China in December 2016 to facilitate dialogue and business opportunities in Ile-de-France with Asian actors
- Recently, on February 6, a delegation from the Paris financial market and from

the regional authorities went to London to meet the directors of international financial institutions, to explain the advantages of transferring their activities to Paris once London has lost its European passport.

We run workshops with foreign companies established in Ile-de-France as these companies are the best ambassadors of our territory. French Expatriates also play a role in promoting France.

The creation of the Choose Paris initiative to make it easier for foreign companies to set up in Ile-de-France is an important step forward. What's next?

The Choose Paris Region initiative is a one-stop-shop that facilitates, simplifies and, above all, provides practical strategic support to international companies setting up in the region. It improves coordination between different stakeholders, brings attractive forces together and pools resources: six organizations take part (PRE representing the region, Paris city authorities, Grand Paris Metropolitan area, Paris & Co, the region's Chamber of Commerce and Business France).

PRE, which has developed this competence over many years for companies of diverse origins, hosts and coordinates the initiative. The one-stop Choose Paris Region initiative has only been in place for 3 months, yet it is an unbelievable success and a big step forward in showing how Paris-Ile-de-France is pro business and that both business and political actors are capable of working together to achieve a single objective.

Will Brexit revive the Paris-London match?

London and Paris are not in the midst of a cut-throat battle. Brexit is not an opportunity for Europe or France.

London will remain a major world-class economic centre as it has certain rock-solid assets, especially in business and finance.

But with Brexit, the UK will lose its European passport. We predict some 10,000 to 20,000 high-level jobs in financial services will be relocated to the euro zone.

Paris benefits from many advantages: it is a large financial market and 4 of the world's 6 largest banks are French: BNP Paribas, Crédit Agricole, Société Générale and Natixis

BPCE.

The UK will have to renegotiate bilateral agreements with each European Union country, which will reshuffle the game. For foreign actors, it will be a source of complexity and major London-based companies will have to choose a second European site to remain within the single market, which provides a unified framework for commercial trade.

Some are considering Frankfurt, often presented as a competitor to France, but there is a major difference between Paris, a global city, and Frankfurt, which is just a big city. Size is not without impact on the organization of companies and the specificity of large cities is the proliferation and speed of exchanges.

Paris has many cards to play, not least its complementarity with London. I believe that together they will form the European megalopolis of the future, a megalopolis with two heads.

03 OBSERVATORY NEWS AND EVENTS

THEMED RESEARCH REPORTS AND ARTICLES PUBLISHED SINCE 2006

- OCTOBER 2016** | HOTEL REAL ESTATE IN FRANCE: OVERVIEW AND PROPOSALS
- JULY 2016** | HOW SUITABLE IS THE COMMERCIAL LEASE STATUTE FOR THE OFFICE MARKET?
- JUNE 2016** | THE TAX ON THE CREATION OF COMMERCIAL ACCOMMODATION IN ÎLE-DE-FRANCE. 16 PROPOSALS TO IMPLEMENT THE REFORM OF THE TAX ON THE CREATION OF COMMERCIAL SPACE.
- FEBRUARY 2016** | REVERSIBLE REAL ESTATE AND NEW MODES OF PRODUCTION
- JULY 2015** | TOWARDS BETTER INTELLIGENCE ON THE STOCK OF INDUSTRIAL, WAREHOUSING AND RETAIL ACCOMMODATION, PROGRESS REPORT
- JUNE 2015** | COMMERCIAL REAL ESTATE AND TAXATION IN THE ÎLE-DE-FRANCE REGION: ECONOMICALLY OPERATIONAL SIMPLIFICATION
- JUNE 2015** | THE STATE OF PLAY OF ADMINISTRATIVE SIMPLIFICATION
- FEBRUARY 2015** | REMOTE WORKING: WHAT IS THE IMPACT ON THE ÎLE-DE-FRANCE OFFICE STOCK?
- NOVEMBER 2014** | THE TRANSFORMATION AND CONVERSION OF OFFICE BUILDINGS. UPDATE
- JULY 2014** | FEWER RULES FOR MORE APPEAL. THE CASE OF ÎLE-DE-FRANCE.
- FEBRUARY 2014** | OFFICE DISTRICTS IN ÎLE-DE-FRANCE: WHAT ARE THE PROSPECTS FOR THE GRAND PARIS PROJECT?
- JUNE 2014** | THE IMPACT OF THE TAX ON THE CREATION OF COMMERCIAL ACCOMMODATION IN ÎLE-DE-FRANCE
- FEBRUARY 2014** | THE PINEL LAW
- NOVEMBER 2013** | EXONERATION FROM THE TAX ON THE CREATION OF COMMERCIAL ACCOMMODATION FOR REDEVELOPMENT AND DEMOLITION-RECONSTRUCTION PROGRAMMES – ART. L520-8 OF THE TOWN PLANNING CODE
- NOVEMBER 2013** | ACCOUNTING AND TAX LEVERS TO FOSTER ENERGY PERFORMANCE IN THE PARIS REGION OFFICE MARKET
- FEBRUARY 2013** | THE TRANSFORMATION AND CONVERSION OF OFFICE BUILDINGS
- SEPTEMBER 2012** | ANNUAL TAX ON COMMERCIAL ACCOMMODATION IN ÎLE-DE-FRANCE
- FEBRUARY 2012** | THE GRENELLE TALKS AND BUILDING OBSOLESCENCE
- OCTOBER 2011** | IS OUTSOURCING REAL ESTATE ASSETS A SOURCE OF FINANCE FOR COMPANIES?
- FEBRUARY 2011** | COMMERCIAL REAL ESTATE IN THE NATIONAL AND PARIS REGION ECONOMIES: PROGRESS REPORT
- JULY 2010** | COMMERCIAL REAL ESTATE TAXATION: PROGRESS REPORT
- FEBRUARY 2010** | LOGISTICS CHALLENGES IN ÎLE-DE-FRANCE
- FEBRUARY 2009** | BUSINESS DISTRICTS IN ÎLE-DE-FRANCE: SITUATION AND PROSPECTS
- JANUARY 2008** | TOWARDS AN ACTIVE POLICY FOR DEALING WITH THE OBSOLESCENCE OF OFFICES IN ÎLE-DE-FRANCE
- JANUARY 2008** | COMMERCIAL REAL ESTATE PROFESSIONS IN THE PARIS REGION
- JUNE 2007** | OUTSOURCING COMMERCIAL REAL ESTATE BY PUBLIC AND PRIVATE ENTITIES
- JANUARY 2006** | THE GROWING TERTIARY SECTOR IN THE PARIS REGION ECONOMY: HOW MUCH NEW OFFICE SPACE BY 2015?

RETROSPECTIVE OF PUBLICATIONS IN 2016

BREAKFAST JUNE 2016

"TAX REFORM: THE NEW TAX REGIME FOR THE CREATION OF OFFICES, SHOPS AND WAREHOUSES"

STEERING THE DEBATE DOMINIQUE DUDAN AND ALAIN BECHADE / ORIE MEDIATOR MARINE CARPENTIER-DAUBRESSE

Following the reform of the tax on the creation of commercial real estate (Redevance pour Création de Bureaux, Commerce et Entrepôts) introduced by the amended finance act of December 2015, an ORIE working group steered by Alain Béchade and Dominique Dudan sent proposals to the State's services for its application, in particular the introduction of a ceiling limit. The most important of these proposals are as follows.

- Maintain the ceiling limit on the tax at 30% of the share of costs

chargeable to the acquisition and development of the scheme by removing the property creation tax itself from the calculation of the total cost.

- Move the due date to the date of declaration of the commencement of works (DROC) so developers have an objective time line that is consistent with the actual start of construction and financing.

The decree of application of the tax has not yet been published.

SUMMER EVENING EVENT JULY 2016

"HOW SUITABLE IS THE COMMERCIAL LEASE STATUTE FOR THE OFFICE MARKET?"

STEERING THE DEBATE MICHEL GROSSI / ORIE MEDIATOR MARION VION-DURY

The commercial lease statute was originally devised for small shops. Although largely unsuitable, it is now applicable to a diversity of premises and players. The general framework of the commercial lease is adapted neither to the reality of the office market in the 21st century nor to recent transformations in the way offices are occupied. The protective framework of commercial leases is ultimately a hindrance rather than an advantage for landlords and tenants alike.

ORIE put forward proposals as to how the current statute could be adapted to premises used exclusively as offices. The aim is to give tenants more flexibility and to make it easier for landlords to renovate their office assets so as to comply with legislation pertaining to the reduction of energy use in office buildings. Three proposals were made:

- more freedom in setting the lease period
- freedom in the evolution of rents
- an extension of conditions for three-yearly break options by the landlord in cases where extensive renovation or redevelopment is planned to improve the building's energy performance. This would only be applicable 6 years from the start of the initial or renewed lease. If notice is given during the lease period for this reason or if renewal is refused accompanied by an eviction indemnity, the tenant's right to remain in the premises would be limited to two years.

The report also contained several recommendations for good practices to improve landlord-tenant relations.

BREAKFAST OCTOBER 2016

"HOTEL REAL ESTATE IN FRANCE"

STEERING THE DEBATE DOMINIQUE DUDAN AND CHRISTINE TURQUET DE BEAUREGARD /ORIE MEDIATOR: MARINE CARPENTIER-DAUBRESSE

As the terrorist attacks in Ile-de-France and the ensuing crisis in tourism profoundly affected hotel activity in the region in 2016, ORIE re-examined the changes that have taken place in this booming asset market.

- Since 2005-2006, investors have been increasingly interested in hotel assets. In 2015, a particularly exceptional year, some 2.3 billion euros were invested in Paris.
- Investment volumes did not, however, release the brakes on the development of budget hotels in Paris and the inner suburbs, where land costs are too high for the asset class to be viable (unlike other real estate assets such as offices, shops, and housing). Its development is therefore difficult without the support of the authorities.
- In addition, in response to tourists' new lifestyle expectations and competition from alternative tourist lodgings – including Airbnb

and youth hostels – innovative new concepts have emerged such as boutique hotels, hostels, hybrid hotels with mixed uses, large capacity budget hotels and floating hotels, to name just a few.

- Finally, hotel development is earmarked to spread beyond the Paris city walls to the wider metropolitan market. The construction of Grand Paris, the candidature of Paris for the 2024 Olympic Games, and the universal exhibition planned for 2024-2025 make it necessary to consider hotel development in a broader geographical area.

ORIE made several proposals to encourage the public authorities to back budget hotel development or to optimize urban planning rules, for instance by modifying high-rise statutes or adapting certain local planning rules.

RESEARCH PROGRAMME

ORIE's annual research programme is adopted during the year by the Board of Directors.

The programme is drawn up collectively and shared with the protagonists who play a vital role in the observatory's existence: the board, society members and permanent staff.

The intention is to organize a well-balanced research programme that responds to ORIE's aims and ambitions: its role as an observatory with estimates of property stock, social-demographic data and so on, and its role as a think-tank, with themed studies resulting in recommendations. Not only must these reports interest commercial real estate professionals, they must nurture thought and further consideration on related topics such as land development, the economy, law and taxation.

The content of the research programme must fulfil the primary mission of the Observatory.



Observe and analyse evolutions in the commercial real estate market in Ile-de-France.



Maintain an on-going consultation process between public and private interests



Develop reciprocal information modes



Carry out the necessary studies and research

WORK SCHEDULE 2017-2018



“COWORKING PREMISES AND OFFICES IN ILE-DE-FRANCE”

Facilitators : Dominique Dudan, Senior Adviser LBO, Alain Bechade, Professor emeritus CNAM.

Coordination ORIE: Marine Carpentier-Daubresse, Researcher

Since the mid 2000s, the development of collaborative working methods has led to the creation of co-working spaces throughout the world. An estimated 3,000 to 3,500 co-working premises exist worldwide compared to 500 in 2010. After the first co-working space opened in Paris in 2008, the number of sites has multiplied in the city and the inner suburbs. Paris is now the 3rd co-working city in the world. Continuing the work of the working group on remote working, this study aims to gain a deeper understanding of the co-working market (the actors, the size of the market, new contracts, regulations and so on) and to consider its impact on existing offices.



“LOGISTICS REAL ESTATE IN URBAN ENVIRONMENTS”

Facilitators: Philippe Lemoine, Managing Director, Société de la Tour Eiffel, in collaboration with Jonathan Sebbane, Managing Director SOGARIS.

Coordination ORIE: Marion Vion-Dury, Researcher

Continuing the research carried out in 2015 on widening the understanding of other stock, ORIE decided to take a closer look at urban logistics. This kind of logistics faces several challenges: a shortage of sites and stiff competition with other land uses in densely built urban areas, tougher environmental and safety standards, and the expansion of e-commerce with more rapid deliveries. It is also a sector undergoing profound changes that is looking for new types of buildings with more compact designs and new models of profitability. This study will examine the characteristics of different real estate products and potential obstacles to their development.



“ACCELERATING THE RECONVERSION OF REAL ESTATE ASSETS IN SITUATIONS OF STRUCTURAL VACANCY”

Facilitators: Christophe Canu, General Secretary, Grand Paris Aménagement

Coordination ORIE: Marion Vion-Dury, Researcher

Against a backdrop of buildings becoming obsolete more quickly and an overproduction of office space, the Paris region has seen the vacancy period lengthen for some kinds of assets (particularly office buildings), now no longer marketable. Another issue is the function and possible conversion of enterprise zones that are on the decline and too far from transportation as well as the capacity of Grand Paris's momentum to improve their attractiveness.

The study will identify drivers to accelerate the conversion of structurally vacant properties and will provide a framework to help policy decision making.



“UPDATING SIMPLIFICATION MEASURES PERTAINING TO COMMERCIAL REAL ESTATE”

Coordination ORIE: Marine Carpentier-Daubresse, Researcher

New measures such as the integrated procedure for commercial real estate (PIIE) were introduced to accelerate administrative procedures for real estate projects. Further to research carried out by ORIE in 2014, a working group will focus on the optimization of administrative procedures in the commercial real estate market.

03 OBSERVATORY NEWS AND EVENTS

ORIE BOARD OF DIRECTORS - 2017

	PRESIDENT	VICE PRESIDENTS	ADMINISTRATORS	
LOCAL AUTHORITIES			C. PRALIAUD Town Planning Director City of Paris Authorities represented by P. SOUVENT	C. TURQUET DE BEAUREGARD Manager of Real Estate and Business Services CASQY
REGIONAL COUNCIL		V. PÉCRESSE President RÉGION ÎLE-DE-FRANCE represented by F. MARGAIN		
STATE		G. LEBLANC Director DRIEA-IF represented by I. DERVILLE	C. CHERUBINI Director DIRECCTE represented by F. TARRIER	
INVESTORS			P. LEMOINE Managing Director, SOCIÉTÉ DE LA TOUR EIFFEL	D. DUDAN Senior Advisor LBO FRANCE
DEVELOPERS		O. WIGNIOLLE Managing Director ICADE	O. DE LA ROUSSE President VINCI IMMOBILIER	
OCCUPIERS	C. DE GUILLEBON VP Real Estate & Facility Management, RENAULT - NISSAN	M. GROSSI Property Management BNP PARIBAS		
LAND DEVELOPERS		C. CANU Company Secretary GRAND PARIS AMÉNAGEMENT	M-A. BELIN Managing Director INITIATIVES FONCIÈRES	
PUBLIC INTEREST GROUPS		C. DE KERANGAL Managing Director IEIF	J-C. GINISTY <i>Notaire</i> representing CHAMBRE DES NOTAIRES DE PARIS	
BROKERS		A. DERVILLE President CUSHMAN & WAKEFIELD	F. ALLOUCHE President CBRE France alternative member A. LEMOINE	
VALUATION AND LEGAL SERVICES			J-C. DUBOIS President BNP PARIBAS RE EXPERTISE TREASURER ORIE	
CONSULTANTS			Y. BONAMY Executive Director MSCI	
RESEARCHERS			A. BÉCHADE Honorary Professor CNAM	

03 OBSERVATORY NEWS AND EVENTS

ORIE MEMBERS

LAND DEVELOPERS

ANRU
EPA ORSA
EPA PARIS SACLAY
EPA PLAINE DE FRANCE
EPA SENART
EPADESA
EPAMARNE
EPF ILE-DE-FRANCE
ESPACES FERROVIAIRES
FEDERATION DES EPL IDF
GRAND PARIS AMENAGEMENT
INITIATIVES FONCIERES
PARIS NORD 2
SEM GENOPOLE
SEMAPA
SEMNA
SEQUANO AMÉNAGEMENT
SOCIÉTÉ DU GRAND PARIS

LOCAL AUTHORITIES

CA CERGY PONTOISE
CA PLAINE-COMMUNE
CA SEINE AMONT (CASA)
CA ST QUENTIN EN YVELINES
CA VERSAILLES GRAND PARC
CONSEIL DEPARTEMENTAL DES YVELINES
CONSEIL DEPARTEMENTAL DU VAL-DE-MARNE
CONSEIL RÉGIONAL ILE-DE-FRANCE
MAIRIE DE PARIS
SEINE ET MARNE DEVELOPPEMENT

CONSULTANTS

BATIR TECHNOLOGIE
BTP CONSULTANTS
COFIROUTE-VINCI AUTOROUTES
COLLIERS INTERNATIONAL FRANCE
DALKIA IDF - GROUPE EDF
DS AVOCATS
ELAN - MANAGEMENT DE PROJETS
ENGIE COFELY
EXPLORE
GENIE DES LIEUX
GRECAM
HBS RESEARCH
LOISELET & DAIGREMONT
MBE CONSEIL
MSCI
OFFICIA CONSEILS
PICARD SAS
SERARL GOMBERT-ROULET SOCIÉTÉ D'AVOCATS

OCCUPIERS

BNP PARIBAS
EDF
ORANGE
POSTE IMMO
RENAULT NISSAN
SANOFI
SNCF IMMO
SOCIETE GENERALE

BROKERS

ADVENIS CONSEIL
BNP PARIBAS RE
CBRE
CREDIT FONCIER IMMOBILIER
CUSHMAN & WAKEFIELD
JLL
KNIGHT FRANK SNC
LE PATRIMOINE INDUSTRIEL (LPI)
NEXITY CONSEIL & TRANSACTION
PARELLA
SAVILLS
TAYLOR WESSING
WISE DÔME CONSEIL

VALUATION AND LEGAL SERVICES

1768 NOTAIRES
ANTONINI DARMON ARCHITECTES
APUR
BNP PARIBAS REAL ESTATE EXPERTISE
CATELLA VALUATION
CBRE VALUATION
CREDIT FONCIER EXPERTISE
CUSHMAN & WAKEFIELD VALUATION
DELOITTE & ASSOCIES
GALTIER EXPERTISES IMMOBILIERES ET FINANCIERES
IAU
JLL EXPERTISE

PUBLIC INTEREST GROUPS

ASPIM
CAISSE DES DÉPÔTS ET CONSIGNATIONS
CCI PARIS ILE-DE-FRANCE
CHAMBRE DES NOTAIRES DE PARIS
FPI
IEIF

TEACHERS-RESEARCHERS

CAMPUS CONDORCET
CNAM
CONSEIL EN EVALUATION ET GESTION DE PATRIMOINE
CUSHMAN & WAKEFIELD
EQUANEM
ESPI
ESSEC BUSINESS SCHOOL
FONDATION PALLADIO
TEAM
INSTITUT URBANISME DE PARIS
KEDGE BUSINESS SCHOOL
LP INNOVATION
PLATEAU URBAIN
UNIVERSITE PARIS EST MLV
UNIVERSITE PARIS-DAUPHINE
UNIVERSITE PARIS-EST CRETEIL

INVESTORS

AÉROPORTS DE PARIS
AG2R LA MONDIALE
AMUNDI IMMOBILIER
AXA REM FRANCE
BNP PARIBAS REIM FRANCE
FONCIERE ATLAND
FONCIÈRE DES RÉGIONS
GECINA
GENERALI REAL ESTATE
GIE AVIVA FRANCE
HERACLES INVESTISSEMENT
HERTEL INVESTISSEMENT
HSBC REIM
ICADE FONCIERE
IVANHOE CAMBRIDGE EUROPE
KLEPIERRE
LBO FRANCE
MACIFIMO-GROUPE MACIF
ORION CAPITAL MANAGERS FRANCE
RREEF INVESTMENT GMBH
SCOR GLOBAL INVESTMENT
SOCIÉTÉ DE LA TOUR EIFFEL
SOFIDY
SOGARIS
UNION INVESTMENT
ZUBLIN IMMOBILIERE FRANCE

DEVELOPERS

ALTAREA-COGEDIM ENTREPRISE
BNP PARIBAS REAL ESTATE
BOUYGUES BATIMENT IDF - RENOVATION PRIVEE
BOUYGUES IMMOBILIER D'ENTREPRISE
BPD MARGNAN
CODIC
FINANCIA BUSINESS SCHOOL
GA SMART BUILDING
GROUPE PANHARD
HINES
HRO FRANCE
ICADE
INTER CONSTRUCTION
KAUFMAN & BROAD REAL ESTATE
LINKOITY ILE-DE-FRANCE
NACARAT
NEXITY IMMOBILIER D'ENTREPRISE
NOVAXIA
PITCH PROMOTION
SEFRI CIME ACTIVITES ET SERVICES
SERCIB
SOFERIM
SOGEPROM
SPIE BATIGNOLLES IMMOBILIER
VINCI IMMOBILIER

STATE

DIRECCTE
DRIEA

MAJ 31-12-2016

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MEMBERSHIP WELCOME TO NEW MEMBERS

In 2016, ORIE was delighted to welcome the following new members to its ranks:

NAME	FIRST NAME	COMPANY	COLLEGE
BAUDY	Pierre-Alban	EQUANEM	RESEARCHER
BELIN	Marie-Anne	INITIATIVES FONCIERES	LAND DEVELOPER
BERTONE	Corinne	ANRU	LAND DEVELOPER
CELDHAN	Frédéric	GA SMART BUILDING	DEVELOPER
DE LA HOSSERAYE	Constance	TAYLOR WESSING	BROKER
DROUETS	Jean-François	CATELLA VALUATION	VALUATION SERVICES
DUCHENE	Jean-Philippe	WISE DÔME CONSEIL	BROKER
DUMAS	Laurence	MACIFIMO-GROUPE MACIF	INVESTOR
KORSAKOFF	Michel	BATIR TECHNOLOGIE	CONSULTANT
LAURENT	David	KAUFMAN & BROAD REAL ESTATE	DEVELOPER
LOEVENBRUCK	Jean-Paul	ESSEC BUSINESS SCHOOL	RESEARCHERS
PASTRE-BOYER	Anne-Laure	DS AVOCATS	CONSULTANT
PETER	Jean-Marc	SOFIDY	INVESTOR
PEZET	Sébastien	GENERALI REAL ESTATE	INVESTOR
SIROT	Christophe	CODIC	DEVELOPER
VILLAND	Marc	INTER CONSTRUCTION	DEVELOPER
VOLLET	Caroline	FEDERATION DES EPL IDF	LAND DEVELOPER

BECOMING A MEMBER

The Observatoire Régional de l'Immobilier d'Entreprise (ORIE) is a forum for exchange, consultation, debate and research composed of almost 160 public and private professionals from the real estate industry and from research organizations. Members include land developers, constructors, investors, users, consultants, experts, teacher-researchers, and local and state authorities.

Founded in 1986 on the initiative of the region's Prefect and the chairman of the Chamber of Developer-Builders, the purpose of ORIE is to monitor and analyse the stock of commercial real estate and publish reports on market movements at ORIE's public events.

The cross-disciplinary nature of ORIE and its collegial organization

enables it to promote regular consultations and exchanges between public and private stakeholders in commercial real estate and land development.

It is a non-profit making, independent organization functioning under 1901 association laws. It receives no public grants. The studies, publications and public events, which help contribute to a better understanding of the Paris region office market, are financed exclusively from the membership fees.

Members are entitled to:



- Attend general meetings
- Elect the chairman and board of directors
- Become an administrator of the observatory



- Propose and validate the annual study programme
- Take part in working groups
- Attend general meetings



- Validate budget guidelines



- Receive all the organization's publications and works: studies, economic updates, newsletters, articles and special themed reports.
- Have privileged access to the observatory's database: stock of office space and the construction of offices, industrial premises, warehouses and shops



- Take part in all the events organized by the observatory with early invitations to seminars, the summer events and breakfast forums.

THE PERMANENT STAFF

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