The French Residential Investment Market

3rd Quarter 2026	The invesment market	knightframk.fr/en/research/



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01. Economic context



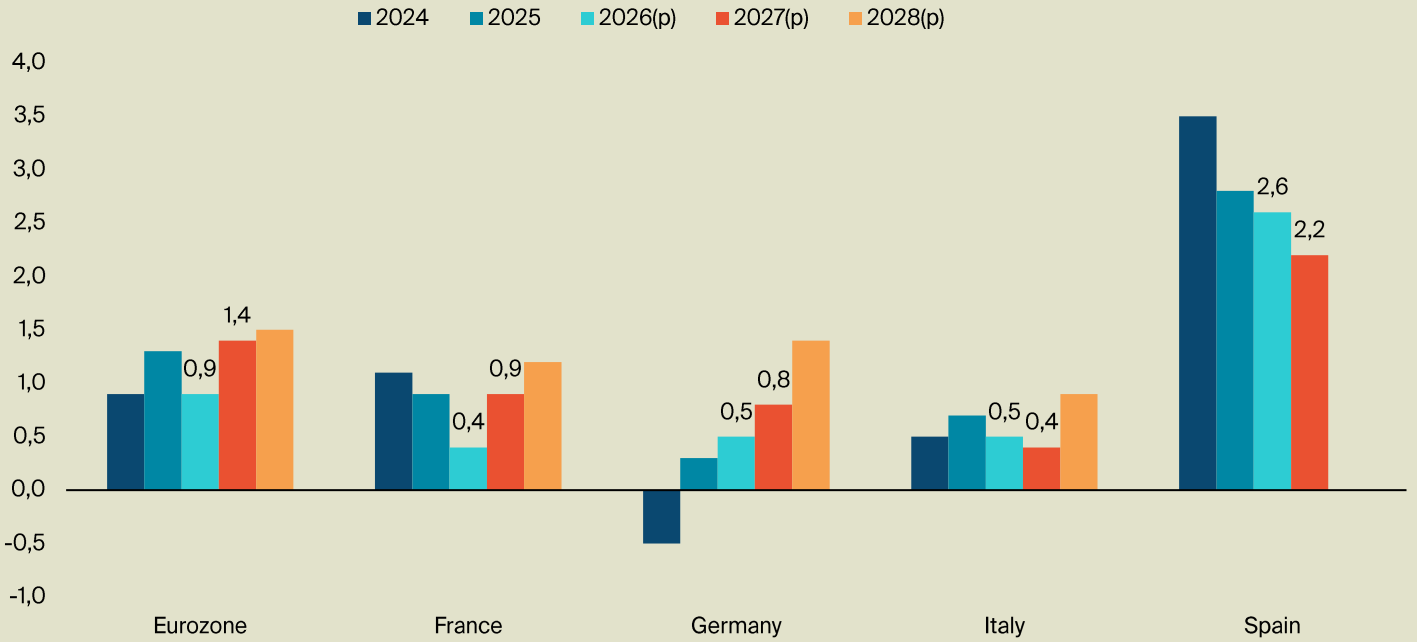
Economic growth : France close to Germany and Italy

The stalemate in conflicts in Moyren-Orient and Ukraine is leading to an increase in oil and gas costs and continues to weigh on European economies. The continent's main locomotives are particularly affected. In addition, heat waves are adding to this deteriorating economic situation, particularly in France, the most severely affected country on the Old Continent: they are deteriorating food production and maintaining inflationary pressures (+3% in France and +3.8% in the Eurozone in September 2026).

Thus, France's growth outlook has been revised downwards: +0.4% of GDP in volume in 2026 compared to +0.5% in Germany and Italy. French growth is nevertheless expected to recover in 2027 (+0.9%), at a slightly faster pace than that of Germany (+0.8%) and Italy (+0.4%). However, these forecasts could be downgraded throughout the Eurozone if long-term rates were to remain high: their rise automatically implies an increase in the interest burden for several years (100 bps corresponds to an additional cost of €150 to €160 billion over ten years, with an increasing cost over time), i.e. resources that will not be reinvested in the economy.

Even in this scenario, French growth is likely to be resilient insofar as it is mainly driven by foreign trade (positive trade balance expected) and by the maintenance of household consumption.

GDP in the Eurozone
%, year-on-year



Sources: European Central Bank, Banque de France, Deutsche Bundesbank, Banca d'Italia and Banco de España / (p) projections
NB: For Spain, the Banco de España has not communicated a forecast for 2028
For Germany, Deutsche Bank only publishes its forecasts in June, so those posted do not take into account the ongoing conflict in the Middle East

A global rise in bond yields Amplified in France

The rise in ten-year bond yields is a global phenomenon: from 1 January to 30 September 2026, they increased by 68 basis points (bps) in Germany, 114 bps in the US and 116 bps in France.

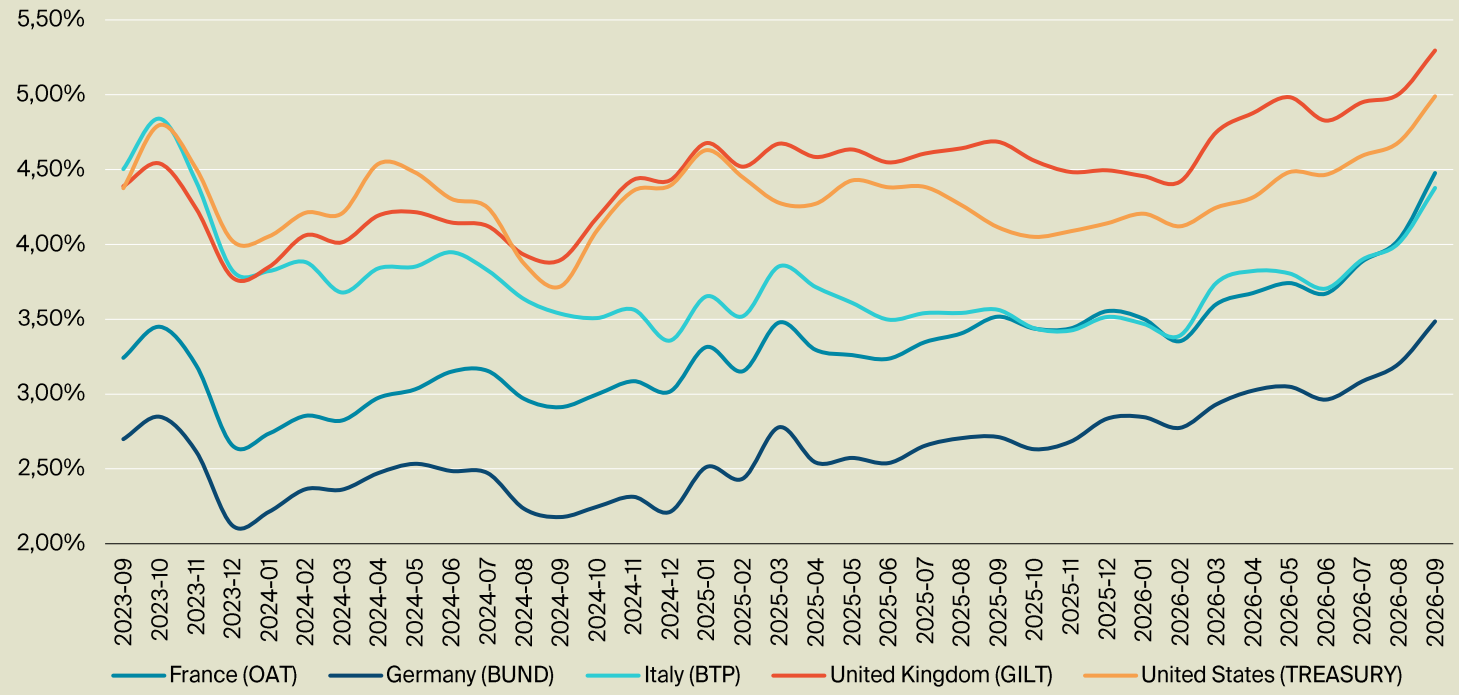
This increase can be explained first and foremost by the AI boom: the debt of the 4 American hyperscalers (Alphabet, Amazon, Meta and Microsoft) has increased 11-fold between 2024 and the 1st half of 2026 alone. These groups issue ten-year bonds at yields of 5 to 6%, which is driving up US rates to maintain investor attractiveness. Inflation expectations are also raising fears of a slippage in US public finances.

The United States, a world reference, is dragging all the sovereign debts of developed countries in its wake, starting with the Bund. In the euro zone, the outlook for inflation and the ECB's expectation of persistently high key rates are fuelling the upward movement.

The French OAT is suffering from this global shock, and the French political situation amplifies its magnitude: the markets no longer believe in the 5% public deficit target for 2026. The spread with Germany, which averaged around 70 bps over the twelve months prior to the September surge, has since fluctuated between 110 and 130 bps.

A decline in domestic political risk would relieve France, but would not significantly reduce the OAT as long as US rates remain high.

10-year bond rates
In % - monthly average



Source: Banque de France

02. Investment market



An increase in investment volume, driven by a mega-deal

With €3.4 billion invested in the first nine months of 2026, the residential investment market grew by 32% year-on-year and exceeded its five-year average by 20%.

However, this performance should be put into perspective: it is largely based on the sale by the French state to CDC Habitat of a portfolio of 8,500 intermediate housing units for nearly €1.3 billion in the 2nd quarter. Excluding this exceptional operation, volumes stood at €2.1 billion, down 18% year-on-year, a sign of investors' caution in the face of rising long-term rates.

While the number of transactions is also increasing (128 compared to 98 a year earlier), nearly three-quarters of them involve amounts of less than €20 million, reflecting the granularity of the market.

Classic and intermediate residential properties accounted for €2.7 billion invested, which represents 79% of the total residential volume. Paris remains a prime target, as evidenced by the acquisition by GCI and a family office of the building complex located on rue de Sèvres / boulevard Raspail (Paris 6th) from the Banque de France for €232 million, as well as the sale of Gecina's 148-152 rue de Lourmel to the City of Paris' social housing providers (RIVP, Paris Habitat, Elogie-Siemp) for €170 million.

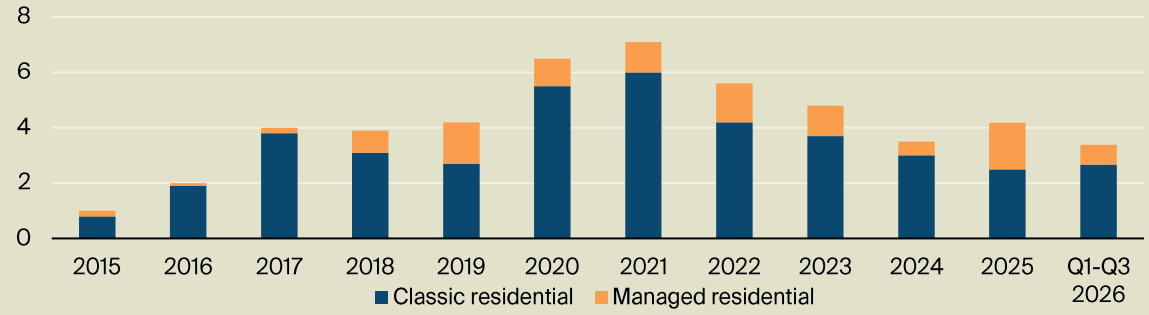
Managed residential totalled €722 million since January, down 39% compared to an exceptional year in 2025, boosted by the sale of the YouFirst Campus portfolio (€567 million). However, it remains fairly close to its Q1-Q3 average of the last five years (-7%).

Student housing is the undisputed driver with €603 million, which represents 83% of managed residential volumes. The activity is driven by large investment funds, focusing almost exclusively on off-plan transactions. The most active were the Invesco/DeA Capital/Banque des Territoires joint venture for two residences in Issy-les-Moulineaux and Boulogne-Billancourt (€126 million), Urban Campus (Goldman Sachs Alternatives) in Toulouse, Rueil-Malmaison and Saint-Ouen-sur-Seine, as well as The Boost Society (AXA IM / NBIM) in Bagnolet, Montigny-le-Bretonneux, Paris 18th, and Palaiseau.

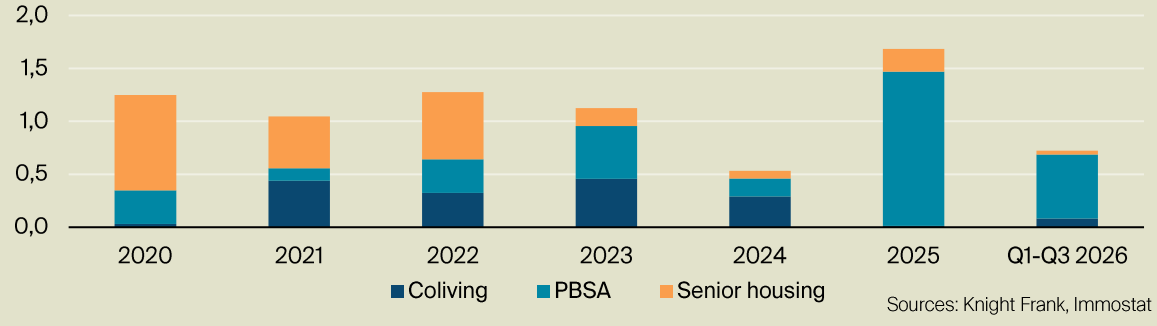
The coliving (€83 million) and senior housing (€36 million) segments remain sluggish, with investors adopting a wait-and-see stance.

Finally, residential prices are expected to continue to decrease in the coming months: unit-by-unit sales, which have supported residential valuations, are running out of steam, while mortgage rates are expected to rise to 3.7-4% by the end of the year.

Volumes invested in residential real estate in France
In billions of euros



Volumes invested in managed residential real estate in France
In billions of euros



Sources: Knight Frank, Immostat

Bucking the new-build slowdown, off-plan sales (VEFA) are on the rise thanks to PBSA

Faced with a difficult context of high interest rates, and investor concern and caution fuelled by global geopolitical instability, the real estate development sector saw a sharp drop in activity (-24% in one year in new-home reservations in the 2nd quarter of 2026, source: FPI). Bucking this trend, off-plan sales (VEFA) in the residential sector as a whole increased by 76% year-on-year, with €687 million committed at the end of September, across 22 transactions, compared with 10 a year earlier.

However, this dynamic is driven almost exclusively by the student housing segment, which alone accounts for 80% of the amounts invested off-plan (€551 million). Faced with an insufficient existing stock and structurally strong student demand, investors and operators are favouring the acquisition of new residences, delivered turnkey and in compliance with current environmental standards.

Several significant transactions illustrate this strategy: two residences in Issy-les-Moulineaux and Boulogne-Billancourt representing a total of 546 keys, developed by Assembly / Eternam and sold to Invesco / DeA Capital and the Banque des Territoires, the "Kley Bagnolet 2" project acquired by The Boost Society from Emerige for €71 million, and a 250-bed residence in Paris 13th acquired by Invesco / DeA Capital from GA Smart Building (€58 million).

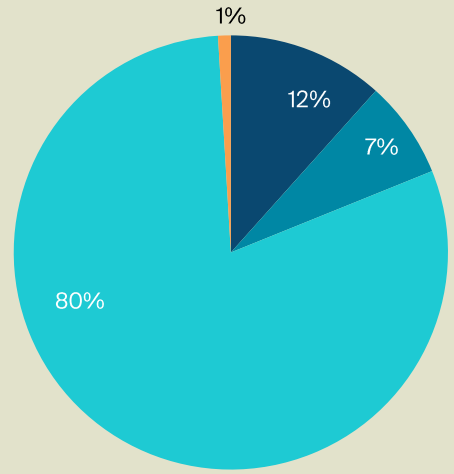
Activity remains marginal in the other residential segments. The classic and intermediate segment captured only 12% of off-plan volumes (€80 million), mainly through acquisitions by social and intermediate housing providers, such as Logeo Seine (Action Logement), which acquired a 319-unit housing programme in Dieppe, developed by Eiffage. Coliving, meanwhile, accounted for only 7% of off-plan volumes across just 3 transactions, the largest of which was the acquisition of a 204-unit residence by In'li (Action Logement) in Massy for around thirty million euros. Finally, the senior housing segment recorded only one off-plan transaction for an amount of €6.5 million, with the acquisition by Pierre Responsables REIM and the Banque des Territoires of an 810 sq m asset in Vanves at the beginning of the year.

Despite the introduction of the new private landlord status, buy-to-let investment by individuals is struggling to recover, thus limiting the launch of new schemes by developers. While investors' interest in PBSA through turnkey developments makes it possible to secure liquidity for developers, a return to historical activity levels will depend on restoring the financial viability of schemes, currently undermined by rising interest rates and persistently high construction costs.

VEFA residential investment
In Q1-Q3 2026

687 m €

Breakdown of off-plan residential investment
In Q1-Q3 2026, in %



Source: Knight Frank

PBSA in France: a rapidly expanding market, driven by strong demand

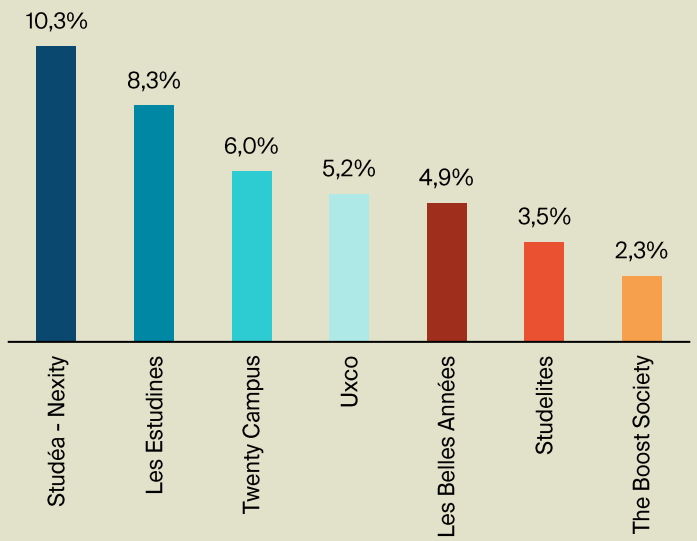
85 % - 95 %
PBSA OCCUPANCY RATE IN THE MAIN CITIES

11 %
STUDENT POPULATION COVERED BY PRIVATE PBSA BEDS

€3.1 billion
VOLUMES INVESTED IN PBSA IN FRANCE SINCE 2020

There are 60 operators across the country, and 7 of them represent more than 40% of existing stock.

Distribution of market shares
Number of residences*



*excluding CROUS residences / Source: operators' websites

Student residences (private housing stock excluding CROUS residences) are a fast-growing segment of the residential market as a whole, although the coverage rate in France remains limited to around 11%. Indeed, demand remains far higher than supply in France, considered the **1st student market in Europe (~3 million students).** This structural imbalance creates favourable prospects: rents could grow faster than inflation over a three to five-year horizon. These needs are all the more pressing in the current climate, where financial insecurity and access to housing are at the heart of student demands.

The sector remains highly concentrated: out of some sixty operators, seven account for more than 40% of operational residences, with Studéa and Les Estudines in a leading position, and operators such as Uxco and The Boost Society growing strongly. This gradual consolidation illustrates the growing maturity of the market.

Since 2020, more than €3.1 billion has already been invested in student housing, confirming the appetite of institutional investors for this asset class. These flows also reflect a change in the way they are held: for a long time, the student stock was sold unit by unit to private investors under the LMNP regime, but is gradually switching to institutional ownership en bloc, which is more favourable to homogeneous management, quality of service and asset liquidity.

However, the development of new capacity is coming up against a major constraint: the recurrent difficulties related to obtaining building permits in France. The government intends to respond to these difficulties through measures to ease administrative constraints as presented at the beginning of 2026 as part of the "Housing Recovery" plan: simplification of construction and urban planning law, acceleration of the conversion of offices into housing, targeted derogations from standards allowing faster construction in "emergency building zones", etc. In the current context, it is also likely that many investors will turn to standing assets, seeking stabilised products that offer immediate income and even latent capital gains.

In January 2025, the government made student housing a national priority policy (PPG). In September 2025, the Banque des Territoires launched the AGiLE programme, with a budget of €5 billion to finance the creation, transformation and major renovation of 75,000 student housing units by 2030. Partnerships have already been concluded with student residence operators, such as the Banque des Territoires' equity investment in the Invesco / DeA Capital platform.

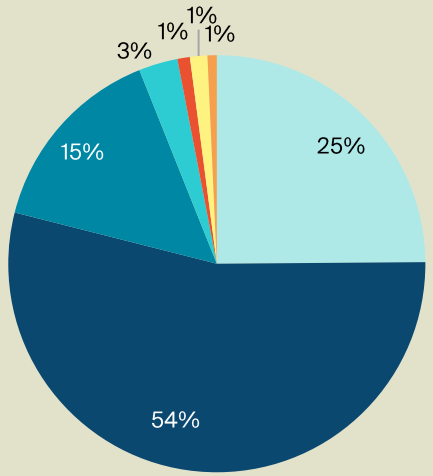
Public social housing providers, the leading market players

Intermediate and social housing providers are the leading investors in the residential market in 2026, with 54 % of the volumes committed in the first nine months of the year. This share is largely inflated by the acquisition by CDC Habitat of the portfolio of 8,500 intermediate housing units sold by the State. The City of Paris' social housing providers (RIVP, Paris Habitat, Elogie-Siemp) have also been very active, continuing to acquire existing buildings to increase the supply of affordable housing in the capital. So far this year, they have completed nearly 40 acquisitions in the Ile-de-France region, for a total amount exceeding €500 million.

Investment funds come in second place (25**%).** They have mainly targeted student residences, with Invesco / DeA Capital, The Boost Society (AXA IM / NBIM) and Urban Campus (Goldman Sachs Alternatives) as major players. Excluding the CDC Habitat portfolio, their market share would reach nearly 40%.

Private investors (15%) rank third, driven in particular by the acquisition by GCI and a family office of 29 rue de Sèvres from the Banque de France for €233 million, reflecting a long-term wealth strategy aimed at adding value to the asset for long-term holding.

Volumes invested in residential real estate by type of investor
In Q1-Q3 2026, in %



- Intermediate and social housing providers
- Investment Funds
- Developers
- Private investors
- Banks / Insurers
- SCPI / OPCI
- Other

Source: Knight Frank

Major residential asset transactions in the last 12 months

Address / Assets	City	Type	Seller	Buyer	Price range
Portfolio of 8,500 units	France	Intermediate	FRENCH STATE	CDC HABITAT	
Nexus Portfolio (Part 1)	France	Classic	AMPERE MANAGEMENT (GIC)	TIKEHAU CAPITAL / BLOSSOM AM	
29 rue de Sèvres / 48 boulevard Raspail	Paris 6th	Classic	BANQUE DE FRANCE	FAMILY OFFICE / GCI	
EMEIS SENIOR RESIDENCES	France	Senior housing	EMEIS	TWENTYTWO REAL ESTATE / AZORA	
2 Student Residences	**Boulogne-Issy**	**PBSA**	**ASSEMBLY / ETERNAM**	**INVESCO / DEA REAL ESTATE / BANQUE DES TERRITOIRES**	
148-152 rue de Lourmel	Paris 15th	Classic	GECINA	CITY OF PARIS SOCIAL HOUSING PROVIDERS	
Camplus Portfolio	France	PBSA	VARIOUS DEVELOPERS	INVESCO / DEA REAL ESTATE / BANQUE DES TERRITOIRES	
Rue Moulin des Bruyères	Courbevoie	PBSA	VINCI	GREYSTAR	
Big 4 Portfolio	France	PBSA	CATELLA AG	GREYSTAR	
Kley Bagnolet 2	Bagnolet	PBSA	EMERIGE	THE BOOST SOCIETY	

50-100M€ 100-200M€ 200 - 500M€ > €500M

In bold: Q3 2026 transaction

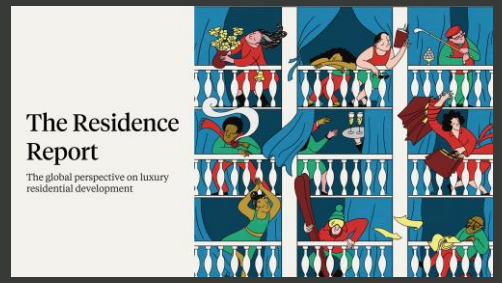
Source: Knight Frank

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The data used for this study comes from sources widely recognised for their accuracy, as well as from Knight Frank property market monitoring tools.

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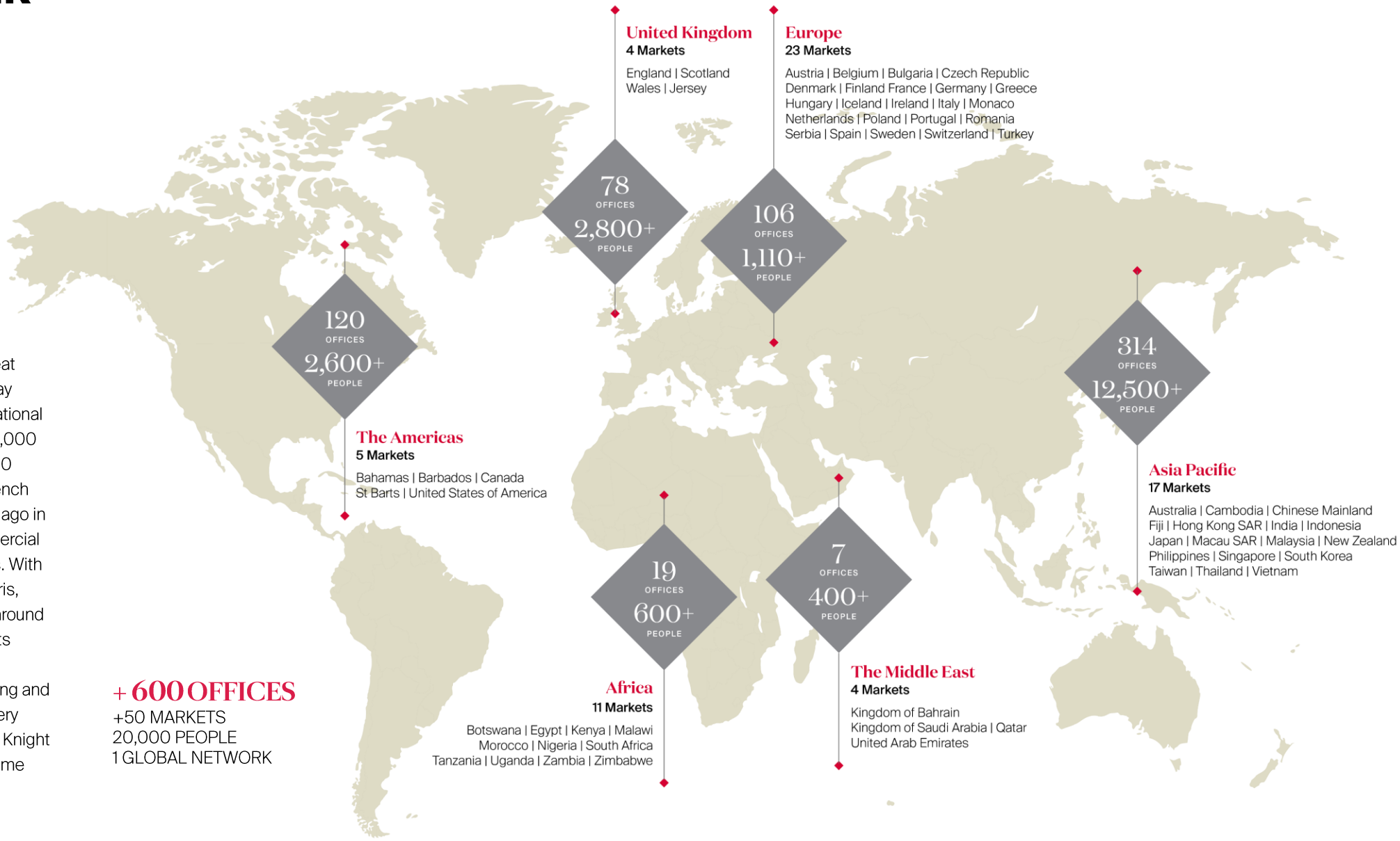
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+50 MARKETS
20,000 PEOPLE
1 GLOBAL NETWORK


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