

This regular monthly section of PIE takes the European investment challenge further upstream – into major real estate development projects that are literally changing the face of the built environment on the European continent. The section is designed to provide an interface between developers and project managers wishing to reach a global investor audience, and institutions seeking to track the most interesting development-related investment opportunities. Developers, owners and managers are encouraged to contact us via news@pfeurope.eu or through the website at www.pfeurope.eu.



Val-de-Marne is home to Orly airport (left) the second largest in Greater Paris, and Rungis, the world's biggest fresh food market. Health, audio-visual (right), and finance are three industry sectors in focus.



Val-de-Marne to benefit from Grand Paris widening rail infrastructure, lower costs

Most attention surrounding President Nicolas Sarkozy's Grand Paris project has focused on La Défense, Saint-Denis, Le Bourget and Roissy-Charles de Gaulle. But the department of Val-de-Marne to the south-east will also be a key beneficiary.

Pierre Paumelle, Val-de-Marne development agency investment director, says many businesses are already moving out of central Paris to the surrounding areas, and the improved transport infrastructure of the Grand Paris project will make such a move even more attractive. "A lot of companies are moving out of the centre of Paris for cost reasons and are looking for newer premises in much less expensive locations - and the Val-de-Marne offers exactly this type of product," he told PIE in an interview. The region will benefit from one of Grand Paris' key transport components – the driverless Orbival metro line linking the main Greater Paris business and residential areas. The 140km figure-eight configuration will cross Val-de-Marne, providing a direct link to La Défense and the main airports. Planning for the Val-de-Marne section between Arcueil-Cachan and Val de Fontenay is more advanced than other parts of the network, although it still may not be up and running before 2020.

But Val-de-Marne can boast extensive transport links even before the arrival of Orbival. It is crossed by four motorways, five RER regional express railway lines and three Paris metro lines, one of which will be extended in early 2011. It also hosts the second-largest river port in Ile-de-France at Bonneuil-sur-Marne and, most im-

portantly, Orly airport which carries 23m passengers a year to more than 300 destinations across the world. These links and the region's position on the doorstep of the French capital make it a very viable option for firms looking to relocate, and the region claims the lowest rents in Greater Paris. These average some €268 per sq.m. for real estate of international standing compared with €350 for Ile-de-France as a whole and about €500 for Paris central business district. Median purchase prices are around €2,100 per sq.m. compared with €4,100 for Greater Paris as a whole.

Val-de-Marne has a stock of some 3.5m sq.m. of office space, about 7% of total Ile-de-France - but it is expanding more quickly than the rest of the region, with office space up 18% between 1997 et 2008, compared with 11% in the French capital. It also has the lowest vacancy rate of any department in Ile-de-France, around for just 5% in 2008, Paumelle notes. Major companies that have moved corporate headquarters into Val-de-Marne from Paris include French bank LCL (formerly Crédit Lyonnais), which moved into an 80,000 sq.m. building in Villejuif in 2008. Retailer FNAC, the Leclerc hypermarket chain and Japanese electronics company Ricoh have also all moved national head offices there as well. Several banking and insurance groups that have also relocated back office opera-

tions to regional centre Fontenay-sous-Bois include BNP Paribas, Société Générale and Axa. Société Générale is also moving its trading room from La Défense, eventually encompassing 10,000 employees. A direct RER line means Fontenay-sous-Bois is just 20 minutes from Paris CBD and 30 minutes from La Défense.

Val-de-Marne is looking to significantly expand its offering of business premises through a number of major projects. "The amount of office space is going to increase considerably and that will attract a lot of companies and a lot of employees," says Paumelle. Orly-Rungis is already the second biggest business pole in Ile-de-France after La Défense, and has the advantage of including Orly airport, the tenth largest airport in Europe, and the world's biggest fresh food market at Rungis, home to 1,400 agri-food companies with combined sales revenues of €7.3bn. And the area is earmarked to be one of the key development zones in the Grand Paris plan, notably through the Coeur d'Orly project, which will cover a 130-hectare site adjacent to Orly airport.

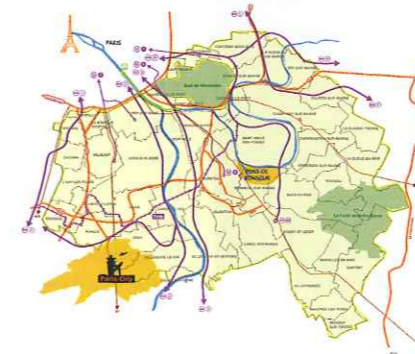
French airports authority Aeroports de Paris is the initiator of the Coeur d'Orly project, which will offer 230,000 sq.m. of office, hotels, a convention centre and an international fashion centre by 2015, with the aim of strengthening its position as the leading economic hub in the south of Ile-de-France. The first phase is being developed jointly by ADP, Altarea Cogedim and Foncière des Régions and includes 108,000 sq.m. of offices, 34,000 sq.m. of shops and 18,000 sq.m. in a 4-star hotel complex. In addition to the Orbival, transport links to Orly-Rungis will benefit eventually from the construction of a high-speed railway (TGV) station. And

in the shorter term a new tram line will, from 2013, connect Orly to the metro system at Villejuif.

At the same time, the French REIT/SIIC Silic continues to develop its business park in Rungis and is adding new office building space at a rate of 15,000-20,000 sq.m. a year. Currently around 375,000 sq.m. of space has been built on the 63-hectare site, with around 300 tenant companies. It aims for a total of 500,000 sq.m. Meanwhile, a very different kind of development is planned on the northern edge of the Val-de-Marne. There, the Ivry Confluences project, where the Seine and Marne rivers meet, is intended to regenerate the riverside area overlooking Paris. Some 1m sq.m. of buildings are to be developed on the 145-hectare site, with 50%-55% earmarked for commercial and 30%-40% for residential property.

The Val-de-Marne development agency is particularly looking to attract businesses in key industries in which it already has a concentration of activities - with the aim of becoming a decision-making hub in these sectors. One focus is health, with the department hosting both biotechnology start-ups and large international groups like Sanofi-Aventis. It also has a network of 51 hospitals, five university hospitals and 74 public research laboratories - as well as the Gustave Roussy Institute in Villejuif, the leading European cancer research centre.

Another sector is audio-visual. Val-de-Marne is the location for more than 1,000 firms encompassing content creators to equipment manufacturers and distributors. Firms include Société Française de Production, Nikon and Kodak. The move out by financial groups' back offices means finance has also become another key segment for the department, now accounting for over 16,000 jobs. To support commercial activity, Val-de-Marne also offers a number of major research centres and higher education institutions graduating more than 45,000 students each year. These include the multidisciplinary Paris Est Val-de-Marne university, the elite École Normale Supérieure in Cachan and the National Audiovisual Institute (Institut National de l'Audiovisuel) in Bry-sur-Marne. ■ *pie Story by PIE Editor-France Steve Whitehouse*



The proposed Orbival transit network will connect Val-de-Marne region in the southeast even more closely into Greater Paris.



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