

The socioeconomic impact of SIICs in France

What impact has the French listed REIT regime (otherwise known as *Sociétés d'Investissement Immobilier Cotées* or SIICs) had from a socioeconomic standpoint? Following a request by the French *Fédération des Sociétés Immobilières et Foncières* (FSIF), PwC's Advisory team undertook a study between February and June 2012, to explore this issue further.

Adopting a methodology which has been developed independently by PwC Advisory, the study focuses on the socioeconomic impact in France of the SIIC regime, since its introduction in 2003 up until 2011.

Given their large-scale investment activity, SIICs generated over 66,000 jobs in 2011

Since its introduction in 2003 to act as an investment incentive, the SIIC regime has enabled those companies that have opted for it to develop their real estate assets portfolio throughout France in areas which are attractive economically and demographically.

Currently, SIICs are amongst the leading investors in France and are involved in some of the largest real estate projects. As investors and project managers, they play a crucial role in job creation across the value chain of a real estate project.

In 2011, SIICs directly employed almost 3,500 people in France, dedicated to proprietary real estate activity. SIICs also employed over 2,500 people within activities which fall outside the scope of the SIIC regime.

In addition, SIICs indirectly generated more than 46,000 jobs (equivalent to 46,000 full time workers per year) in 2011, principally in three areas: investment, asset management, and space development.

- Within their investor role, SIICs indirectly generated 25,200 jobs in France in 2011 in the construction/public works and retail sectors, a total that has been growing strongly since 2003. These jobs are driven by the SIICs' annual large-scale investments such as development and extensive refurbishment projects, long term asset improvement works, and increasing demand by the public authorities for supplementary studies.

- As active asset managers, SIICs indirectly generate local jobs within the services sector. This has been driven by the growth in operational parks and the willingness of SIICs to provide their tenants with a first class service.
- In their role as developers of new retail space, SIICs have indirectly helped to generate over 21,000 jobs due to employment opportunities created by their retail tenants.

Finally, the activities undertaken by SIICs have helped to boost the French economy and aided the creation of around 17,000 new jobs in 2011. These positions were driven by the consumption of almost 50,000 direct and indirect people employed in SIIC-generated activities.

Based on current estimates, SIICs are expected to invest €17 billion over the next 5 years. This would enable them to generate more than 140 million working hours in the construction/public works sector and around 34,000 jobs in the retail sector

The scope of activities undertaken by SIICs will continue to expand in the future. Even if we only take into account proposed future investments by SIICs, the social impact in the coming years is undeniable.

As of 2011, SIICs are expecting to invest €17 billion between 2012 and 2016 in new real estate projects, the majority of which have already started. These projects should enable SIICs to generate 140 million working hours in the construction/ public works and tertiary industries, driven by the services linked to the project execution (an equivalent of over 88,000 full time workers per year) and around 34,000 jobs in the retail sector by 2016 thanks to the expansion of retail space in shopping centres.

This socioeconomic impact will of course be further supplemented by jobs which will be created (whether directly or indirectly) in respect of the management of the existing real estate assets held by SIICs.