The Grand Paris Project
and the Olympic Games
Ever since the Olympic Games were televised post-war, this world event has led to the major transformation of host cities. However, due to the spiralling costs in many cities and the creation of a variety of ‘white elephants’, the Games have evolved to focus more on a long-term sustainable vision to manage the legacy of the Games than on one-upmanship between host cities.

### Anticipated economic impact of the Olympic Games (€m)

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Tourism</th>
<th>Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,136</td>
<td>2,667</td>
<td>119</td>
</tr>
<tr>
<td>37</td>
<td>1,010</td>
<td>81</td>
</tr>
</tbody>
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Source: Average CDES scenario

For the host city, the Olympic Games is an opportunity to generate substantial economic returns across two particular areas. The construction sector is boosted during the infrastructure development phase in the run-up to the Games, and tourism can be greatly enhanced during the competition with a surge in visitor numbers. The Centre of Law and Economics of Sport (CDES) estimates the overall economic returns of the Olympics to be a median figure of €8.1 bn, which includes around 190,000 new jobs.

However, outside the immediate increase in economic activity during the event, the Games provide the potential for long-term urban regeneration for host cities. For example, the Barcelona Games in 1992 allowed the city to fully re-urbanise former brownfield sites on the seafront, transforming it into one of the most attractive cities in Europe in terms of tourism. Likewise in London, the Games in 2012 were the catalyst for the regeneration of a neglected district to the East of the capital.

Just under two years ago, Paris announced its bid to become the host city for the 2024 Olympic Games. With an initial budget of €6.2 billion, the Paris bid demonstrates a level of relative financial sobriety. The ability of Paris to achieve this is driven by two key factors:

- The bid focuses on two major neighbouring areas, Paris City and Saint-Denis, where 95% of the infrastructure requirements already exist and temporary sites are to be deployed at iconic locations around the city.
- The Grand Paris Project to transform the transport infrastructure is already agreed and underway, potentially providing Paris with the highest-performing transport network in the world by 2024.

**Regeneration driving economic benefits**

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What does this mean for Paris?

Unlike the changes seen in Barcelona or London, there is little reliance on the Olympic Games - the Paris Games would be an ‘extra’ to the long-term investment projects transforming the north of Paris, which are already underway. Over the last 20 years approximately 2 million sq m of development was completed in the Saint-Denis area and a further 3 million will be launched. In addition, Saint-Denis will benefit from the largest Grand Paris metro station with 4 new lines. The scale of planned conversions and development, housing, offices, industrial and retail premises, will have a profound impact on this territory over the next few years.

The Olympics provides transformation momentum

A successful bid for the Olympic Games provides a unique opportunity to launch or accelerate the timetable for large urban planning or infrastructure projects. In particular for Grand Paris if the Olympic Games are a priority, the required effort would be made to guarantee the delivery schedule for transport infrastructure and all associated projects.

The Games would also provide an immediate impact in terms of the economy and employment, but perhaps more valuably, provide the momentum to change the image of the north of the capital, through genuine urban regeneration. A radical change in the way Saint-Denis and its neighbouring towns are perceived would mean that tourists, companies and investors would be the final ingredient to completing the area’s transformation.

Opportunity in transformation?

Even without the substantial economic uplift of the Games, the ongoing transformation of Greater Paris will increase the attractiveness of the region to both investors and corporates.

For example, average house prices in Saint-Denis and Aubervilliers are currently 30% lower than levels seen in comparable towns. However, these two areas will benefit greatly from the transport improvements and development projects over the next few years, potentially increasing residential property prices. Likewise in the Pleyel District, a major urban scheme is underway which will potentially double the size of the office stock in the area and support rental growth to align with adjacent office districts.

Putting Greater Paris in the spotlight

The IOC has just announced that the 2024 and 2028 Games could both be decided in September 2017, with the later date no doubt having some impact on the delivery timing of the Grand Paris project and the selected sites.

Whatever their date, the Games would bring immediate and long term economic benefit to the region and highlight real estate opportunities for both businesses and investors. However, the transformation of the north of Paris is already well underway and will have a lasting impact on the area over the next ten years and beyond.

“Grand Paris and the Olympic bid raise a number of opportunities for both businesses and investors over the coming years: the choice of location to move to or to invest in, the type of product to develop and over what timeframe. It also raises the question of the emergence of new office centres and whether existing markets will be strengthened or weakened by the development of new competition.”
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