



PARIS REGION 2025: ACCELERATION OF ECONOMIC TRANSFORMATIONS

12.1 million

INHABITANTS

300,000

NEW INHABITANTS BY 2025

€680 billion

GDP

€55,227

GDP PER CAPITA

1,093,000

COMPANIES

15,100

INTERNATIONAL COMPANIES
IN THE REGION IN 2013

PARIS REGION IS A GLOBAL CITY REGION PLAYING A MAJOR ROLE IN THE WORLD'S ECONOMY. PARIS REGION INCLUDES THE CITY OF PARIS AND ITS SEVEN SURROUNDING COUNTIES, AND HAS ACCESS TO OVER 510 MILLION EUROPEAN CONSUMERS WITHIN A TWO-HOUR FLIGHT. RECENT BENCHMARKING STUDIES HAVE PUT THE REGION WITHIN THE TOP THREE METROPOLISES IN THE WORLD IN TERMS OF HUMAN CAPITAL, ECONOMIC ACTIVITY, CULTURAL EXPERIENCE, INFORMATION EXCHANGE, RESEARCH AND DEVELOPMENT, AND OTHER CRITERIA. AS OF 2018, THE REGION IS THE SECOND INTERNATIONAL DESTINATION FOR INTERNATIONAL INVESTMENTS FOLLOWING LONDON, AND FIRST FOR RESEARCH AND DEVELOPMENT INVESTMENTS FOLLOWED BY SINGAPORE.

Paris Region is a major driver of change in an ever more global and connected world. Despite the 2009 recession, Paris Region's economy continues to undergo major demographic, economic, and ecologic transformations, thanks to huge public and private investments. As the Region prepares to host the 2024 Olympics, several other large public infrastructure projects are currently in development and will be constructed by 2030, including the Grand Paris Express Metro, or "GPE". The Region's economy is expected to continue its demographic transitions in tandem with strengthening its innovative economy, and to continue to increase its potential as a key player in the world's environmental transition.

A STRONG ECONOMY ON A NATIONAL AND INTERNATIONAL SCALE

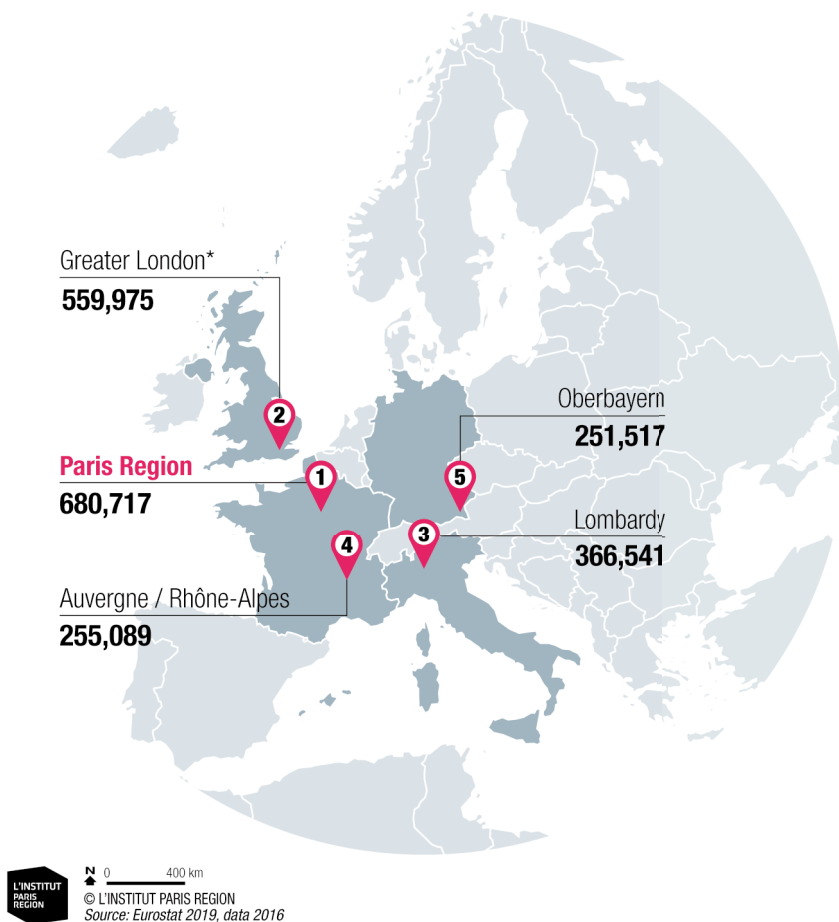
Standing in the heart of France, with an advantageous location in the European and worldwide trade, Paris Region is Europe's first economic and innovative region. As a large metropolis and France's political and financial capital, most of the Region's economy can be defined under three different lenses: public sphere economy, business and value added economy, and in-place economy. With a GDP of €680 billion and a population of 12.1 million, Paris Region represents 30.5% of France's GDP and 18.2% of its population, while it respectively represents 4.6% and 2.4% of the European Union's GDP and population.



INSTITUT
D'AMÉNAGEMENT
ET D'URBANISME



Top 5 European Regions for GDP (M Euros in 2016)



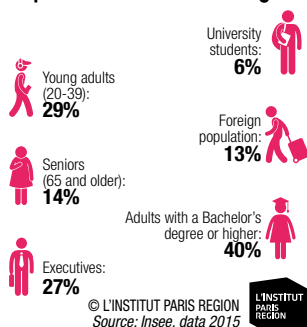
* Greater London = Inner London (East; West), Outer London (East and North East; West and North West; South)

As the first tourist destination in the world, the Region attracts people for its high cultural production and consumption. More than 300,000 employees work in creative sectors beyond tourism; such as the audiovisual-cinema-multimedia sector. More than the “City of Lights” or a creative cluster, the Region attracts companies from all over the world. On a national level, all large French businesses of over 1,500 employees, which each have a site in the Region. Foreign companies occupy 15,100 sites and employ over 620,000 people in the Region.

Talent Attraction, Aging Population, and Social Disparities

The Region is home to 6.3 million workers and young talent that continues to drive the economy in the future. Over 40% of the population holds at least a bachelor's degree in the Region. The excellent higher education system – with 86 higher education institutions and over 700,000 students – focuses on the formation of future engineers, entrepreneurs, and business talent, making the Region attractive for Research and Development, start-ups, and other industries requiring an educated workforce. The Region attracts both national and international students: 26.4% of the student population comes from other countries.

Characteristics of the Working Population in the Paris Region



People are attracted to the Region for educational and job opportunities. Natural growth, as well as the influx of students, and talent is expected to result in a projected population growth of approximately 60,000 people per year. To be sure, 55% of the adult population between 28 and 45 years old are thinking about moving out of the Region to better accommodate their families, according to a 2018 survey done by OpinionWay for Homebox. To try to counteract this potential migration, large investments in public amenities, housing and urban renewal in cities surrounding Paris, have resulted in large scale investments for the creation of eco-neighborhoods, more walkable cities, and better public transit access.

Development of the Silver Economy to Let Seniors Stay Longer in Their Homes

As of 2019, 14% of the population is 65 or older. Due to low death rates, the proportion of people over the age of 65 is likely to increase to 25% by 2025. Furthermore, it is expected that the number of people over the age of 85 will sharply increase by 2025 and double by 2030. All existing infrastructures – especially public transportation, housing, and health sectors – will need to adapt themselves to the needs of this older generation. Following Japan and Germany, the development of the “silver economy” will continue to be developed past 2025 – creating service jobs, designing new technologies and public spaces to welcome older generations, and other jobs that will ensure that people are active and live in their homes longer.

A Strong Inclusion Challenge

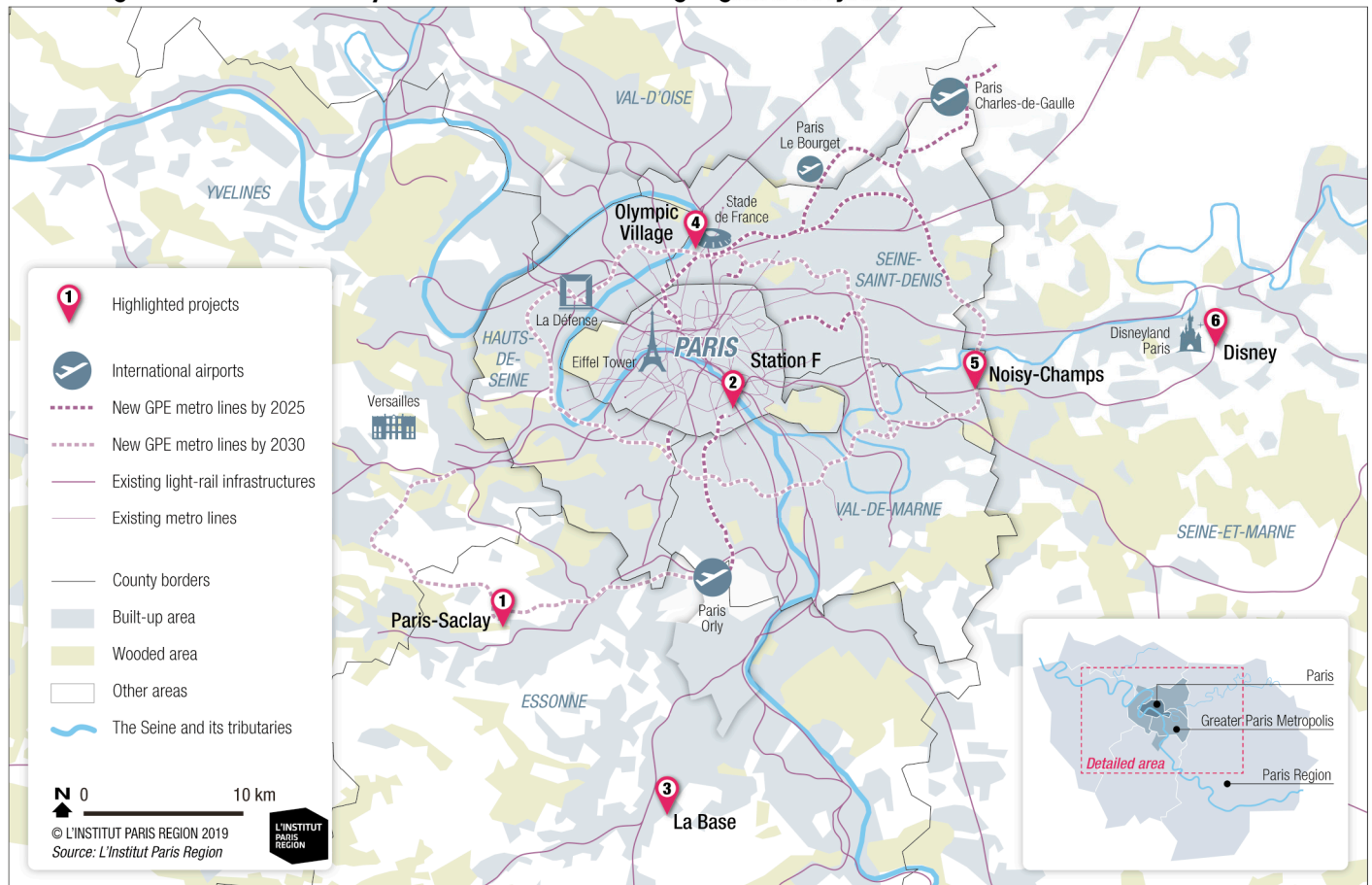
The average GDP per capita is approximately €55,000. Despite this high average, it is important to note that it does not depict the median household income, estimated to be approximately €22,600 in 2015. As it is the case with large metropolises, income inequalities are rather high in the Region, with people in the wealthiest 10% earning approximately 8 times more than the poorest 10%. Furthermore, the poverty rate ranges from approximately 10% to the west of Paris la Défense to 30% north of Paris between the Stade de France and the Paris Charles-de-Gaulle Airport, with an overall regional poverty rate of 15.9%.

As the new public transportation system that links different suburbs together where they weren't present before, one of the ambitions of the GPE is to reduce inequalities and existing territorial divisions and tensions.

ECOSYSTEM ECONOMIES, DIGITAL, AND ECOLOGICAL TRANSFORMATIONS

The Region, home to 27 Fortune 500 companies, is fully anchored in the globalized world. As a driver of the national economy, Paris Region is home to companies focusing on digital, cultural, aeronautics/aerospace, IT, telecommunications, bio-technology, science, and environmental advancements, world leaders in their fields.

Paris Region in 2025 and beyond with Location of Highlighted Projects



Paris-Saclay: the Innovation Playground

Located 20km south west of central Paris in a high-quality living environment, Paris-Saclay is a world-class research-intensive & innovation cluster. Its core area – called the Urban Campus – extends on 600 ha and includes 1.7 million m² of higher education and research buildings, affordable and high-end office spaces, R&D centers, incubators and business parks, as well as student housing, residential property, and other retail and services. The area is already home to major public and private players in Health, ICT, Smart Energy, Aerospace, Security & Defense, and Smart Mobility.

By 2026, the GPE's new line 18 will directly connect its 30,000 students and researchers, 17,000 residents and 18,000 workers to the center of Paris and to Orly International Airport, making the area even more appealing to talent and investors.

<https://www.epaps.fr/>



Station F: the Largest Incubator Space in Europe

Station F is a rather new incubator space that opened in 2017 in the heart of the city and is considered the largest incubator space in the world. Host to over 1,000 start-ups, over 3,000 workspaces, and a new concept restaurant space opened to the public, the redevelopment of an old freight train station and its surroundings resulted in a total investment of €1.25 billion.

Station F is the embodiment of digital and physical transformations in the Region, promoting local and global development of new ideas, as shown in the success of start-ups coming from this incubator space at Viva Tech in 2019.

<https://stationf.co/>



“La Base”: A City for the Future

Located 35km south of central Paris and 20 km east of Paris-Saclay, La Base is an urban renewal project to transform a disaffected Air Base in Brétigny into a new intelligent, sustainable, and economic city. La Base is currently known for welcoming a drone cluster for public and private defense, as well as welcoming a new logistics center, soon to welcome Amazon and other logistics giants.

In addition to these activities, the project would create new organic farms, located close to newly planned neighborhoods, creating a shorter supply chain from harvesting to consumption. Located close to a train station, the neighborhood is the embodiment of a smart-and sustainable-city, receiving the French 2018 “Initiative Smart City Grand Paris” excellency award to promote financing of the project.

<https://bit.ly/2X8pP7s>



The Olympic Village: Hosting Athletes and Future Generations

Located east of the City borders, but within the metropolis, the Olympic Village will be built within 20-minutes of most competition areas using the new planned public transportation. The new village will be an exemplary eco-and resilient-city, representing a model city for the future. Buildings will be constructed using new French resources and technologies such as eco-sourced wood, reused construction materials, and low-carbon concrete.

New transportation systems, including the opening of several GPE stations will provide fast transit throughout the region as early as 2024. Beyond 2024, the Olympic Village will be entirely converted to an active city with implantation of mixed-income families, two new hotels and 100,000 m² of economic activity.

<https://bit.ly/2ISrhIR>



Noisy-Champs Metro Station: An Exemplary New GPE Station

Noisy-Champs metro station is one of the 68 new planned train stations that would welcome the new GPE trains in 2025. Located east of Paris Center, it will link an existing station of the regional rail with the new GPE system. Once in service; the system will reduce transportation times to hubs outside of Paris Center by half to over three quarters.

The Noisy-Champs station represents a typical station that will be constructed throughout the project. It boasts new architectural types and design, and will fit within the development program of the municipality, including Transit-Oriented Development with mixed-use commercial and residential projects. This station is estimated to be opened in 2025.

<https://bit.ly/2idY1vh>



Disneyland Paris: Extension of an Existing Dreamland

Disneyland Paris, located 32km east of Paris Center, is well-served by existing public transportation infrastructure serviced by one station grouping fast train and regional rail lines (Marne-la-Vallée Station), and bus connections to the nearby International Paris CDG Airport. The parks are the most visited tourist attractions in the region, welcoming over 15 million visitors each year, compared to 10.5 million for Sacré-Cœur, 8.3 million for the Louvre, and 6.7 million for the Eiffel Tower.

In 2018, the Disney Group announced that they were investing over €2 billion to build three new universes by 2025: Marvel, Frozen, and Star Wars. The expansion would also include the building of an artificial lake. These projects are expected to result in an increase of tourism to the area, thus creating induced and indirect economic benefits.

<https://bit.ly/2ZNSJXt>

An Exponential Growth of the Innovative Ecosystem Economy

With strong R&D and talent attraction focuses – especially in the Digital, Fintech, Connectedness, and Edtech industries – the Region is ranked amongst the top 10 global economic ecosystems. The Region welcomes international entrepreneurs with financial and other incentives. For example, the French Tech Visa provides international talents a fast-track residency status and usually provides small grants to start a business in the tech industry. Furthermore, investments in the research industry are rewarded by tax credits known as the “crédit impôt recherche”. Investments in R&D in the Region amount to €19.8 billion (or 3% of the GDP), employing over 162,000 R&D researchers. This investment has resulted in the Region being the first European Region in terms of European patents, and the third Region in the world to publish research articles after Beijing and Tokyo, but before New York and Washington.

The Region's innovative ecosystem is characterized by the density and diversity of public and private actors all supported by public and private investments. France is the first euro zone to provide funding through capital investments, with approximately €14.7 billion invested in 2015, 30% of which are invested directly in Paris Region. Accompanied by large investments and following the development of new types of working places, the Region welcomes 216 business incubators, developing approximately 10,000 companies each year.

A Connected Smart-Region

Paris Region has a dense population that seeks innovation in their living and working lives, making it a real laboratory for digital innovation in the industrial and in-place economic sectors. The digital sector employs over 500,000 workers in the Region, or 49% of the national employment, working four main categories of businesses: Information and Communications Technology (ICT), and creative contents, respectively representing 63% and 37%

of the creative industry employment. The Region has a dense data center and telecom infrastructure, making it the 4th densest region in this sector in Europe for these types of uses. Finally, the Fiber to Home Infrastructure currently covers over 86% of the Region with a goal to reach 100% by 2020, making the system available to everyone in the Region regardless of if they live in a dense urban environment or rural areas.

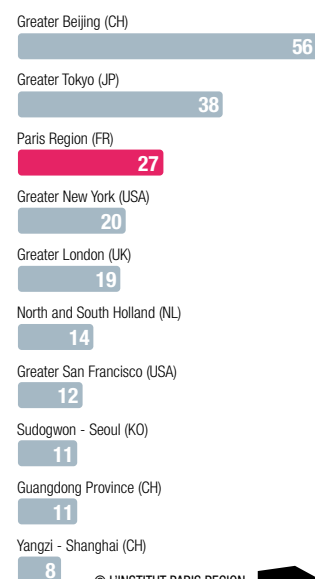
With low barriers of entry, and support for open data and artificial intelligence, companies are able to quickly revolutionize existing systems, and directly experiment innovative digital systems. Through a smart industry strategy, political pressure aims to make the Region even more prominent in the experimentation of new types of smart technologies, investing over €300 million with the goal to generate 380,000 jobs and promote innovation towards the creation of an even smarter industry.

Ecological Transformations

As a result of the 2015 Paris Accords on Climate Change, major changes to reduce greenhouse gas emissions by 2025 have been put in place within the Region. To reduce car dependency, the Region has put itself as a leader in the implementation of the Accords with the construction of the new metro system. It is also planning to be using 100% of renewable energy by 2050. The Regional Council continues to put forward initiatives to improve the regional resiliency and to try to adapt to current environmental challenges. In this realm, key projects include the development of the circular economy, the creation of new eco-cities, the generation of new urban farms, and the overall reduction of fossil fuel dependency. Paris Region is both a laboratory and a place for environmental transformations from a research and production perspective, with 40% of the French green patents produced in the Region.

As a host of the Olympic Games, the organizing committee has promised to reduce carbon emissions by 50% compared to past events.

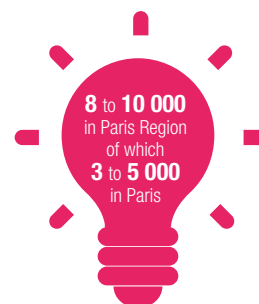
Paris Region, Europe's Highest Concentration of Fortune 500 Global Corporate Headquarters



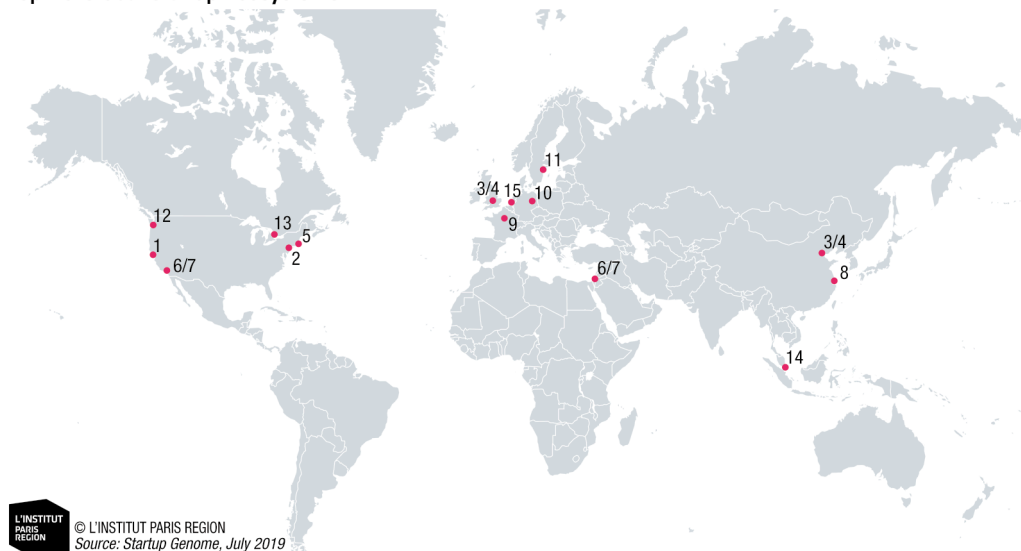
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Source: Fortune Magazine,
Global 500, July 2018



Innovation in numbers: Start-ups in the Region



Top 15 Global Startup Ecosystems



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Source: Startup Genome, July 2019

Paris Region, 9th on the Top 15 Global Startup Ecosystem

Ranking	Region	Change from 2017
1	Silicon Valley	0
2	New York City	0
3/4	London	0
3/4	Beijing	1 ▲
5	Boston	0
6/7	Tel Aviv	0
6/7	Los Angeles	3 ▲
8	Shanghai	0
9	Paris	2 ▲
10	Berlin	-3 ▼
11	Stockholm	3 ▲
12	Seattle	-2 ▼
13	Toronto-Waterloo	3 ▲
14	Singapore	-2 ▼
15	Amsterdam	4 ▲

Some examples of projects to decarbonize the Olympics include the creation of an eco-Olympic Village, constructed with bio-based and recycled materials, and the reduction of waste from construction to food. Finally, the Olympics program will reuse most of the existing facilities, thus reducing the use of raw materials for construction purposes. In the future, all of the new infrastructure and buildings built for the Olympics will be repurposed, continuing to reduce car and cabon dependency past 2024.

INFLUX OF PUBLIC AND PRIVATE INVESTMENTS IN INFRASTRUCTURE AND BEYOND

Investments in construction projects in the Region are at an all-time high with large public and private investments in infrastructure and organization of major international sporting events.

Large Public Investments in New Infrastructure

As part of the winning bid for the 2024 Olympics, the Paris Committee is reusing most of the existing sporting facilities, as 95% of the buildings to be used already exist. Investments in the building realm for the Olympics will create one movable pool complex and the new eco-village that will be used as the Olympic Village and converted to housing after the sporting events.

The other main public project that started before the Region won the bid for the Olympics is the GPE. The GPE will add approximately 200 km of metro lines and 68 new stations by 2030, linking suburbs together, as well as enhancing the existing system. The construction of the GPE is known as one of the largest public transportation projects in Europe, with simultaneous construction throughout the system.

Existing and Accelerating Potential for Private Investments

Most of the private real estate investments are done through financial transactions; however, the GPE and projects linked to the organization of the 2024 Olympics have resulted in major public investments in the Parisian infrastructure and some urban redevelopment projects. While the city of Paris is landlocked and major real estate projects mostly deal with rehabilitation projects or tear downs and rebuild, the 68 new metro stations have created major potential for mixed-use developments. Office parks are being redeveloped in the major economic clusters on the outskirts of Paris. These redevelopments include the construction of new business parks, buildings aimed to house new innovative industries, and mixed-use developments. In addition to the six prior examples, current construction hotspots largely funded by private investors include the extension of la Défense, the reconversion of an industrial site in Les Ardoines, and the development of Paris CDG Airport area, amongst others. This boom in private real estate development is expected to continue after the opening of the last GPE station, scheduled in 2030.

PARIS REGION ECONOMY BEYOND 2025

The Region has seen a boom in investments since the early 2010s, which is likely to continue with the 2024 Olympic Games and the opening of the Grand Paris Express project. Private development is expected to continue to increase in the future thanks to a projected increase in foreign investments. Furthermore, the transformation to a more digital and innovative economy, tied together with ecological transitions will propel the economy of the Paris Region into the future. If the region were to follow past trends, population projections predict a continued growth due to in-migration and natural population increase. Beyond 2025, the acceleration stemming from the current influx of investment is expected to continue, that will make the Region a powerful economic force radiating its influence throughout the world. ■

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