

## Commercial Rent Index (CRI)

### Presentation

The quarterly commercial rent index (CRI) established by Law no. 2008-776 of 4 August 2008 on the modernisation of the economy, is constituted of the weighted sum of indices representing the variation in consumer prices, in prices of construction of new buildings and of retail trade turnover.

The Monetary and Financial Code, article D.112-2 wrote: "the activities mentioned in the second sentence of the first paragraph of Article L.112-2 of the Monetary and Financial Code are commercial activities including those performed by craftspeople, with the exception of those carried in buildings for office use only, activities performed within the framework of logistics platforms or industrial activities."

Since the 2014-626 Law of 18 June 2014, Article L145-34 of the Commercial Code has been stipulated: "In the absence of a contractual clause fixing the reference quarter of this index, it is necessary to take into account the variation in the quarterly commercial rents index or quarterly rent index of tertiary activities, calculated on the nine years prior to the latest index published."

### Method

The representative index of the variation in consumer prices is the consumer price index excluding tobacco and rents (IPCL) for all households in mainland France and overseas departments published by INSEE. In the calculation of the quarterly Commercial Rent Index, the average of the consumer price index excluding tobacco and rents over twelve consecutive months, is used, the last month corresponding to the last month of the quarter for which is calculated the quarterly Commercial Rent Index. This average (mIPCL) is computed with a reference 100 of the first quarter of 2008.

The representative index of the variation in the price of the new buildings is the "Cost-of-construction" index (ICC) published by INSEE. In the calculation of the quarterly Commercial Rent Index, the average of the "Cost-of-construction" index over four consecutive quarters is used, the last quarter corresponding to the quarter for which is calculated the quarterly Commercial Rent Index. This average (mICC) is computed with a reference 100 for the first quarter of 2008.

The representative index of the variation in retail trade turnover is the index of turnover in retail trade in value, seasonally and working day adjusted (ICAVaCD) published by INSEE. From the first quarter of 2016, INSEE has improved the method used to calculate the index of retail trade turnover, now exploiting exhaustive information. In order to continue to calculate the ILC without breaking due to this change, according to the decree specifying its method of calculation, a connecting factor is applied to the new monthly series of the turnover index. The connection point is December 2015. The coefficient is 0.945 (value of old series in December 2015 / value of new series in December 2015 as known on 2 June 2016). In the calculation of the quarterly Commercial Rent Index, the average of the retail trade turnover index over twelve consecutive months is used, the last month corresponding to the last month of the quarter for which is calculated the quarterly Commercial Rent Index. This average (mICAVaCD) is computed with a reference 100 for the first quarter of 2008.

The calculation of the quarterly Commercial Rent Index is based on the values of its three components in the latest publication available on the date when the index is calculated. If one component is changed after the publication of the index of a given quarter, this change will not be taken into account to correct the already published index. The indices for the quarters prior to the second quarter of 2008 are calculated from all of the latest values of the various components known on 10 November 2008.

The three components in the calculation of the quarterly index of commercial rents are weighted as follows:

$$\text{quarterly commercial rents index} = 50\% \text{ mIPCL} + 25\% \text{ mICC} + 25\% \text{ mICAVaCD}$$