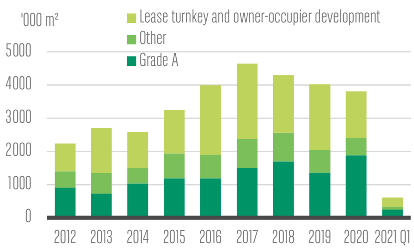
AT A GLANCE Q1 2021

LOGISTICS IN FRANCE

MARKET REMAINS RESILIENT DESPITE A LACKLUSTRE START TO THE YEAR

The global health crisis and the succession of lockdowns have prompted companies and logistics players to take a wait-and-see approach. However, there are high hopes for the current vaccination campaign, which could see lifting of the restrictions that have been in force since early 2020, thereby reviving household and corporate consumption. If the campaign is successfully completed, we think France could see a much more pronounced upswing in the second half of 2021 than the first half.

Take-up

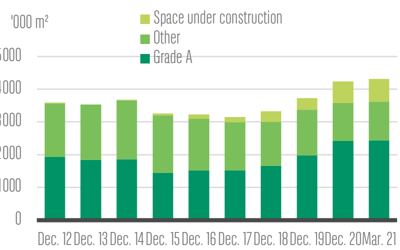


TAKE-UP

After three exceptional years, take-up of warehouses took a downward turn from 2020, with the trend confirmed in Q1 2021. Less than 620,000 m² changed hands over the first three months of the year (-15% vs Q1 2020), suggesting that caution still prevails. Grade-A warehouse transactions (including owner-occupier and turnkeys) accounted for 85% of this figure.

Amid high economic uncertainty, it is worth noting that the French logistics market has proved highly resilient compared to other commercial real estate (investment in France for all categories combined fell by -39% and take-up on the Greater Paris office market fell -30%). This better market performance is because while some companies opted for caution due to the Covid-19 crisis, others were positively impacted, notably thanks to the proliferation of purchases made on the web and the accelerated digitalisation of retailing (Click & Collect, use of "drive" solutions, etc.). The French Federation of E-commerce and Distance Selling (FEVAD) estimates the increase in the sale of products on the internet at 32% for 2020 alone, with e-commerce now representing a significant share of retail trade (less than 10% in 2019 vs. over 13% in 2020).

Availability within a year



AVAILABILITY WITHIN A YEAR

Availability within a year has changed very little since the end of 2020 (+2% vs December 2020). Over 4.3 million m² were available in France at the end of March 2021. Three quarters of this supply is grade A.

In terms of location, three quarters of the availability is along the North-South axis. The Paris region is still the top market, with vacant space of over 1.4 million m². The Hauts-de-France region takes second place with over 740,000 m² as of 31 March 2021.

Building starts remained high and represent 16% of availability within a year, with over 700,000 m² under construction as of end-March 2021. Most building starts were along the North-South axis, with 17 schemes totalling over 500,000 m².

OCCUPIER MARKETS

Interestingly, XXL deals got off to a good start over the quarter. There were four such transactions that drove the market. These amounted to some 210,000 m² (+33% vs Q1 2020) and represented 34% of overall take-up.

The geographic breakdown of take-up over Q1 2021 shows a mixed performance from market to market. Whereas Lille and Lyon saw a quieter start to the year than usual, slumping by 45 and 87% respectively, the two other markets in the north-south axis thrived. Companies once again showed their keen appetite for the top French Warehouse market: the Paris region. Although take-up was lower than its long-term average (219,000 m²), the figure for Ile-de-France more than doubled in a year, to around 120,000 m². The Orléans region meanwhile got off to a flying start in 2021. With take-up of over 150,000 m² in Q1, it recorded its best start to a year in a decade. The Atlantic Arc is undoubtedly a popular new host region for Logistics in France, accounting for a quarter of the take-up volume in Q1.

Key figures

Markets	SUPPLY (m²) - 1st April 2021				TAKE-UP			
	Existing supply		Future supply		Q1 2020		Q1 2021	
	Grade A	Other	Space under construction	Planning permissions granted	Grade A	Other	Grade A	Other
Aix/Marseille	91 000	67 000	25 000	352 000	131 000	-	53 000	25 000
Annecy	-	39 000	-	-	-	-	-	-
Bordeaux	12 000	71 000	35 000	34 000	6 000	26 000	-	8 000
Clermont-Ferrand	-	-	-	-	-	-	-	-
Dijon	32 000	117 000	-	-	27 000	6 000	-	-
Grenoble	15 000	-	-	-	-	-	-	-
Lille	406 000	212 000	122 000	1 625 000	158 000	19 000	97 000	-
Lyon	178 000	101 000	124 000	41 000	9 000	43 000	-	7 000
Metz	59 000	-	-	25 000	-	-	-	-
Montpellier	6 000	31 000	-	51 000	28 000	32 000	13 000	-
Mulhouse	12 000	10 000	51 000	-	-	-	-	-
Nancy	16 000	17 000	-	-	11 000	-	-	-
Nantes	92 000	56 000	25 000	54 000	30 000	5 000	18 000	-
Nice/Sophia	-	-	-	-	-	-	-	-
Orléans/Tours	246 000	96 000	192 000	160 000	28 000	22 000	132 000	19 000
Région Parisienne	955 000	392 000	102 000	536 000	27 000	39 000	78 000	39 000
Rennes	20 000	19 000	-	19 000	-	-	18 000	-
Rouen	137 000	23 000	92 000	267 000	24 000	17 000	69 000	-
Strasbourg	89 000	24 000	-	25 000	14 000	-	6 000	-
Toulouse	74 000	39 000	-	66 000	19 000	5 000	27 000	7 000
Total	**2 440 000**	**1 314 000**	**768 000**	**3 255 000**	**512 000**	**214 000**	**511 000**	**105 000**

Other: Grade B and C; cross-dock and refrigerated warehouses

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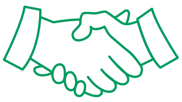
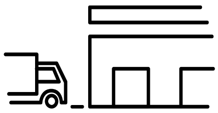


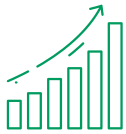
617,000 m²

LOGISTICS TAKE-UP IN FRANCE



85%

GRADE A TAKE-UP IN FRANCE



703,000 m²

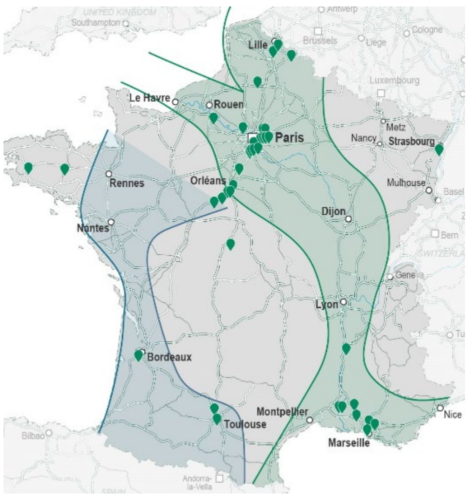
UNDER CONSTRUCTION IN FRANCE

Prime rents were generally stable over the quarter, except for the Toulouse region, where the prime rent had increased to € 55/m²/yr by the end of Q1 2021.

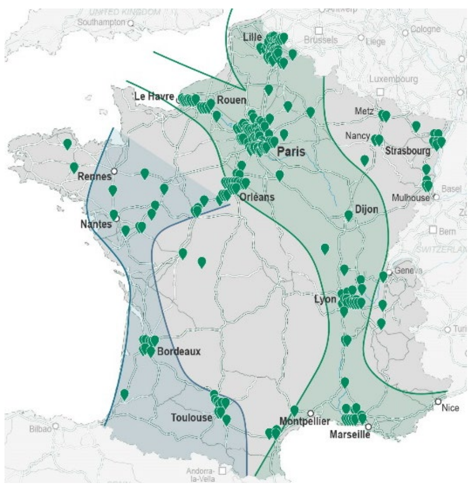
Prime rents along the north-south axis range from € 43 for cities such as Orléans up to € 57 for Ile-de-France (this figure does not include local logistics, with settlements bordering the A86 fetching significantly higher rents).

Rents along the Atlantic Arc range from € 45 to € 55.

Take-up Q1 2021



Supply within a year – 1st April 2021



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INVESTMENT

Investment in Logistics in France stood at € 670m over the first three months of 2021. This is a historical record, eclipsed only by the stellar first quarter of 2020. Over the first three months of 2021, two large-scale portfolios were acquired by German funds: the OMEGA portfolio sold by Goodman for € 245m and the NORTH portfolio for about € 120m. The many negotiations underway suggest an outstanding year for the Logistics sector.

The warehouse market has proved to be highly resilient despite the health crisis. In particular, the sector has benefited from the solid occupier market and investors are increasingly interested in logistics as a way of diversifying their portfolios. In this context, prime yields have continued to contract. Current negotiations could lead to further contraction, with the prime yield for logistics assets likely to reach 3.50%.

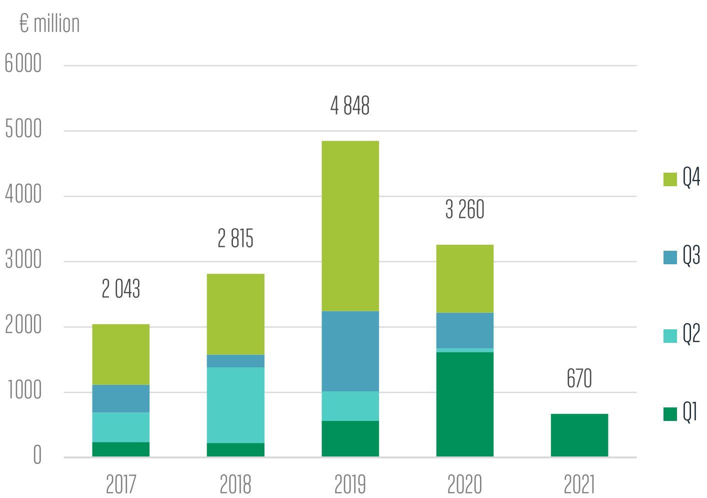
€ 670 million

Logistics investment Q1 2021

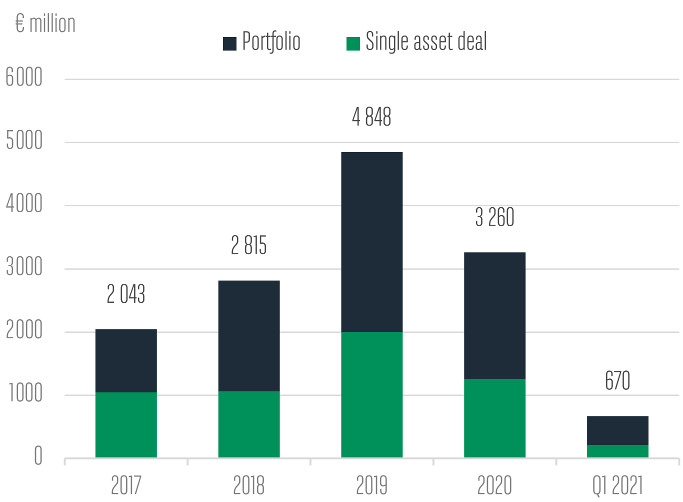
3.80%

Logistics Prime yield

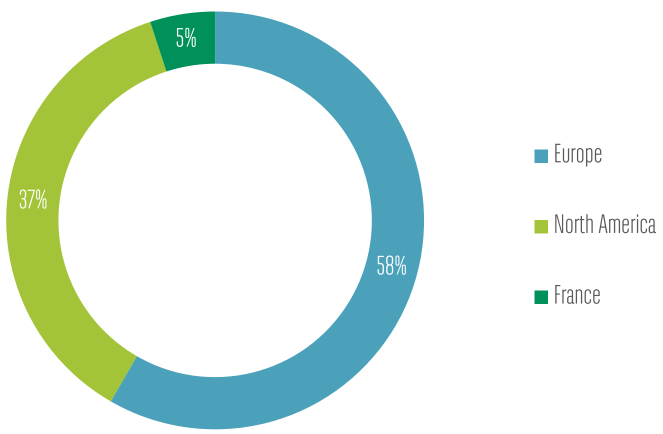
LOGISTICS INVESTMENT IN FRANCE



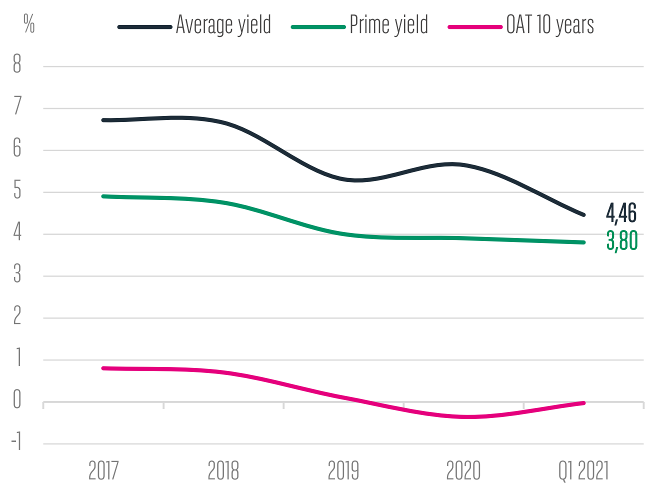
LOGISTICS INVESTMENT IN FRANCE



Investors' nationality – Q1 2021



Yields and French bond



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