AT A GLANCE Q2 2021

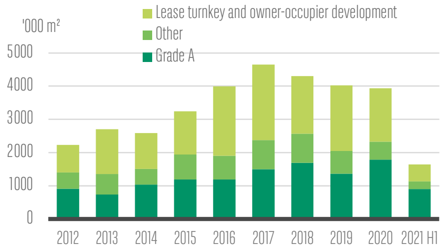
LOGISTICS IN FRANCE

A THRIVING MARKET!

The introduction of the "Health Pass" and the emergence of new variants are both negative factors that could hamper Logistics growth in France in the coming quarters. However, the market has been underpinned since the beginning of the year by two main drivers that are both in full swing: French GDP growth is forecast to come in at +6.0% by end 2021 while e-commerce saw growth of +15% over one year in Q1 2021 according to Fevad.

Against this backdrop, the warehouse market in France proved to be remarkably robust over Q2 2021. This healthy trend could continue to the end of the year as many deals are about to be finalised. The full-year result for warehouses in 2021 in France could equal or even exceed that of last year, depending on how the economy develops.

Take-up



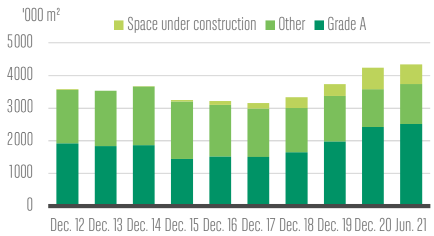
TAKE-UP VOLUME IN LINE WITH 2020 FIGURES

After a fairly quiet first quarter, the French logistics market performed very promisingly in Q2 2021. Indeed, with over 950,000 m² transacted, take-up was up by 38% compared to the previous quarter, demonstrating rude health. Just over 1.6 million m² has changed hands throughout France since the beginning of the year (of which 86% grade A). This figure is in line with the first half of 2020 (+3% vs H1 2020).

One notable aspect of the period has been the decline in turnkey and owner-occupier deals. These accounted for just 36% of grade A take-up over the last six months, i.e. just over 500,000 m². To put the figure into perspective, over the past five years, owner-occupier and turnkey deals have represented an average of 63% of take-up during this period of the year. This fall is primarily due to the current economic climate, but is nothing to worry about.

A number of owner/occupier deals that have been in negotiation are about to be inked.

Availability within a year



SPACE UNDER CONSTRUCTION WAS 600 000 M² AS AT 1ST OF JULY 2021

With respect to availability within a year, over 4.3 million m² of warehousing was on the market as of July 1, 2021. Just under three quarters of this are grade A premises. The vast majority of this grade A supply is made up of second-hand warehouses.

Building starts have meanwhile remained high, since as of July 1, 2021 over 600,000 m² was under construction, demonstrating investors' confidence that market fundamentals remain strong.

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OCCUPIER MARKETS

A closer look a size segments shows that transactions of between 10,000 and 20,000 m² and those over 40,000 m² were the main market drivers in H1 2021. These have represented respectively 35% and 26% of the overall volume, i.e. over 560,000 m² and 420,000 m².

As the top Logistics region in France, Paris has seen a 38% increase in take-up over the past year, with just over 400,000 m² changing hands (of which about 80% grade A).

Over a million m² has been transacted in the regions, similar to last year. With respect to the regional markets on the North-South axis, only Lille and Orléans have seen growth, up by respectively 58% and 7% in one year. Lyon and Marseille meanwhile experienced falls of over 20% in H1 2021.
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Key figures

Markets	SUPPLY IN FRANCE (m²) - 1st july 2021				TAKE-UP			
	Existing supply		Future supply		H1 2020		H1 2021	
	Grade A	Other	Space under construction	Planning permission granted	Grade A	Other	Grade A	Other
Aix/Marseille	171 000	95 000	-	353 000	151 000	26 000	104 000	35 000
Annecy	-	60 000	-	-	-	-	-	-
Bordeaux	12 000	27 000	22 000	34 000	6 000	33 000	6 000	32 000
Clermont-Ferrand	-	-	-	-	-	-	-	-
Dijon	24 000	8 000	-	33 000	149 000	6 000	10 000	-
Grenoble	15 000	-	-	-	-	-	-	-
Lille	340 000	224 000	167 000	1 654 000	173 000	19 000	296 000	7 000
Lyon	180 000	127 000	53 000	175 000	102 000	83 000	117 000	23 000
Metz	59 000	-	-	25 000	-	-	20 000	-
Montpellier	54 000	31 000	-	51 000	37 000	32 000	13 000	-
Mulhouse	12 000	10 000	51 000	-	-	-	-	-
Nancy	16 000	25 000	-	-	25 000	8 000	-	10 000
Nantes	123 000	50 000	43 000	36 000	49 000	5 000	18 000	-
Nice/Sophia	-	-	-	-	-	-	-	-
Orléans/Tours	263 000	108 000	156 000	141 000	181 000	31 000	192 000	36 000
Greater Paris	970 000	356 000	110 000	750 000	238 000	106 000	301 000	104 000
Rennes	20 000	25 000	-	19 000	-	-	18 000	-
Rouen	130 000	23 000	-	199 000	43 000	36 000	194 000	-
Strasbourg	88 000	24 000	-	25 000	14 000	-	30 000	-
Toulouse	64 000	28 000	-	66 000	29 000	16 000	67 000	7 000
Total	**2 541 000**	**1 221 000**	**602 000**	**3 561 000**	**1 197 000**	**401 000**	**1 386 000**	**254 000**

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

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1.6 M m²

LOGISTICS TAKE-UP IN FRANCE

86%

GRADE A TAKE-UP IN FRANCE

602,000 m²

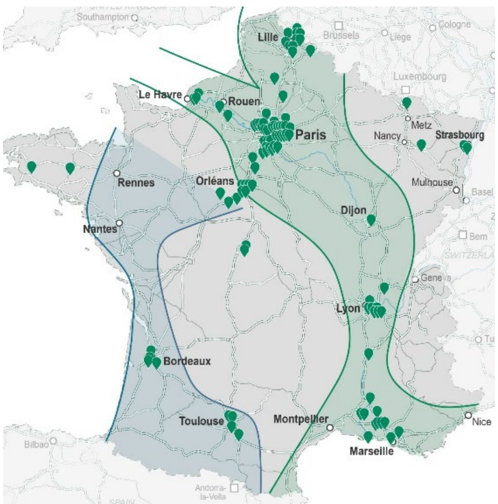
UNDER CONSTRUCTION IN FRANCE

Prime rents were unchanged over the quarter.

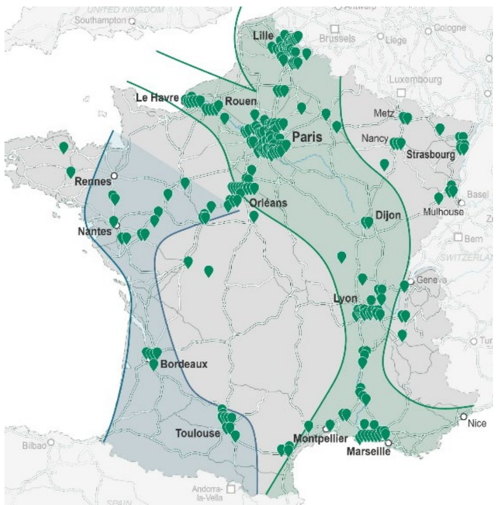
Prime rents on the North-South axis stand at € 43 for a market like Orléans and € 57 for Ile-de-France (this figure does not include local logistics, with settlements along the A86 for which rents are substantially higher).

Rents on the Atlantic coast range from € 45 to € 55.

Take-up H1 2021



Supply within a year – 1st July 2021



INVESTMENT

Over the first six months of the year, € 1.4bn was invested in Logistics in France, flat compared to last year. Many negotiations are underway, suggesting that the sector should enjoy an excellent year in 2021.

Among the highlights of the first half of 2021, two pan-European portfolios were sold: the first was the OMEGA portfolio sold by Clarion to Dream Industrial REIT and the second was the acquisition by JP Morgan of the FAIRWAY portfolio, made up of several assets in the UK, Ireland and two warehouses in the North of France.

Logistics assets are clearly taking up an increasing amount of room in investors' portfolios. In H1 2021, logistics accounted for 16% of investment in commercial real estate in France, compared to an average of 9% over the past five years. In this very buoyant context, it is unsurprising that yields are still narrowing. By the end of the year, the prime yield should be around 3.50%.

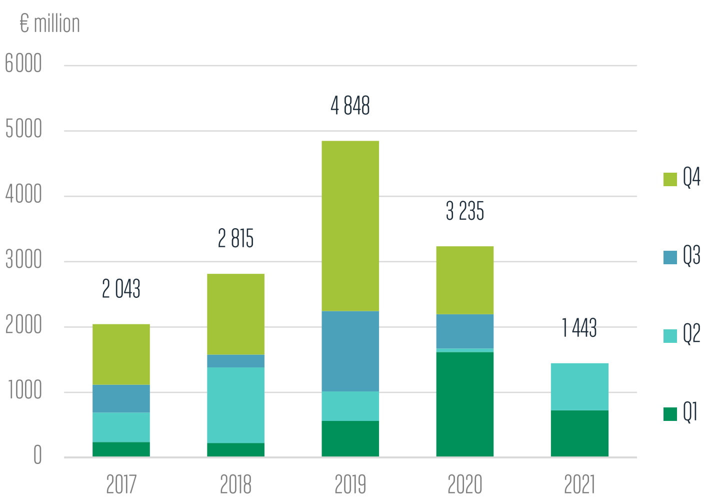
€ 1.4 billion

Logistics investment H1 2021

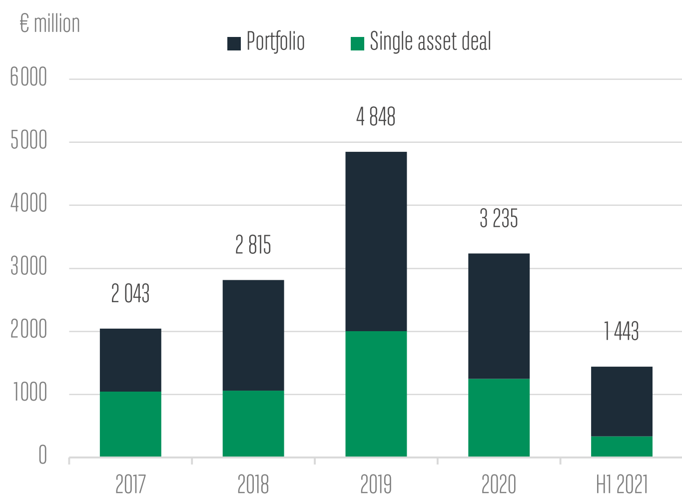
3.80%

Logistics Prime yield

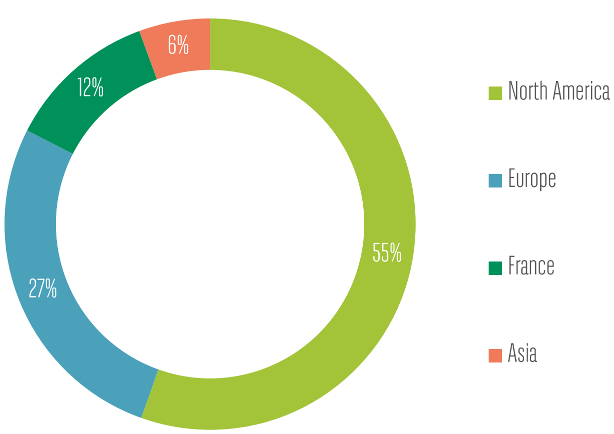
LOGISTICS INVESTMENT IN FRANCE



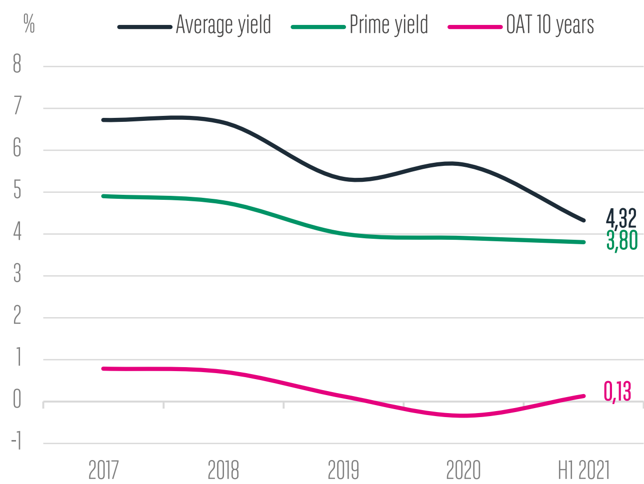
LOGISTICS INVESTMENT IN FRANCE



Investors' nationality – H1 2021



Yields and French bond



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LOCATIONS

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