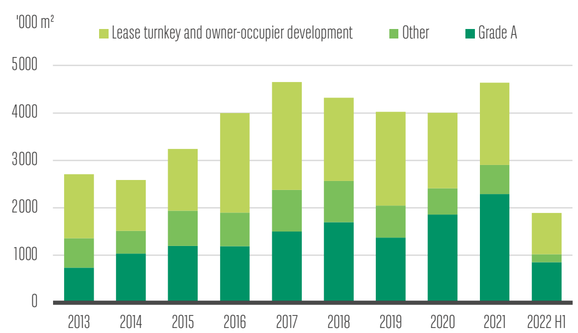
AT A GLANCE Q2 2022

LOGISTICS IN FRANCE

OCUPIER MARKET STILL ROBUST

The beginning of 2022 was overshadowed by the Omicron variant, the war in Ukraine and a sharp rise in inflation, undermining the optimistic outlook for the year. After contracting slightly in Q1, GDP growth forecasts were lowered but still positive for the full year at +2.3%. However, the French economy should benefit from a healthy job market, with unemployment at a 10-year low (7.1% in Q1), as well as a rise in household consumption. Admitedly, the latter will be held back by high inflation, estimated at +5.5% over the year, driven in particular by the rise in commodity prices (energy, grain) and supply chain disruptions. That said, French inflation is one of the lowest in the Eurozone, and should fall again from next year, curbed by the rise in the ECB's key interest rates announced for H2.

Take-up

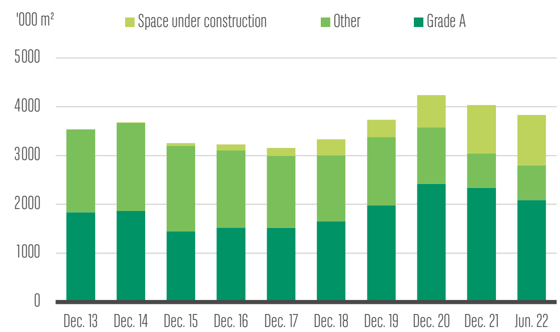


XXL UNITS ACCOUNT FOR OVER A THIRD OF THE MARKET IN VOLUME TERMS

After a particularly busy first quarter when around 1.2 million sqm changed hands, the second quarter was quieter for logistics in France. Indeed, with just over 700,000 sqm taken up over the last three months, its performance was lacklustre. However, this downturn in take-up should not cast doubt over the strength of the warehouse market. Indeed, around 1.9 million sqm was transacted over the first six months, more than the long-term average (1.8 million sqm). Over 90% of this was grade A premises (including owner/occupier and turnkey).

"The bigger the better" adage still seemed to apply in H1. Deals for over 20,000 sqm continued to drive the asset category, with a market share of some 60%. Meanwhile, with take-up over 660,000 sqm across 10 transactions, XXL units alone accounted for over a third of the market (in volume terms) over the period.

Availability within a year



AVAILABILITY WITHIN A YEAR AT 3.8 MILLION SQM AS OF JULY 1, 2022

After standing at over 4 million sqm at end December 2020 and 2021, availability within a year is now falling. It stood at 3.8 million sqm as of July 1, 2022 (-5% vs December 2021). Over 80% of available premises are grade A.

Around 80% of availability within a year is located on the North/South axis (in volume terms). Availability within a year in the Paris region has contracted over the past six months to just over 1 million sqm. It declined even more sharply in the Lyon area, despite the extent of the stock and registered demand. The market now needs to be gradually refreshed if occupier demand is to be satisfied. Nevertheless, the lack of land readily available makes it difficult to replenish the stock of new supply in Lyon in the short term. After peaking in late 2021, vacant stock in Lille fell again thanks to healthy take-up and a marked decrease in building starts (-32% vs December 2021). There is nothing worrying about this fall as the amount of current construction is almost at a 10-year high.

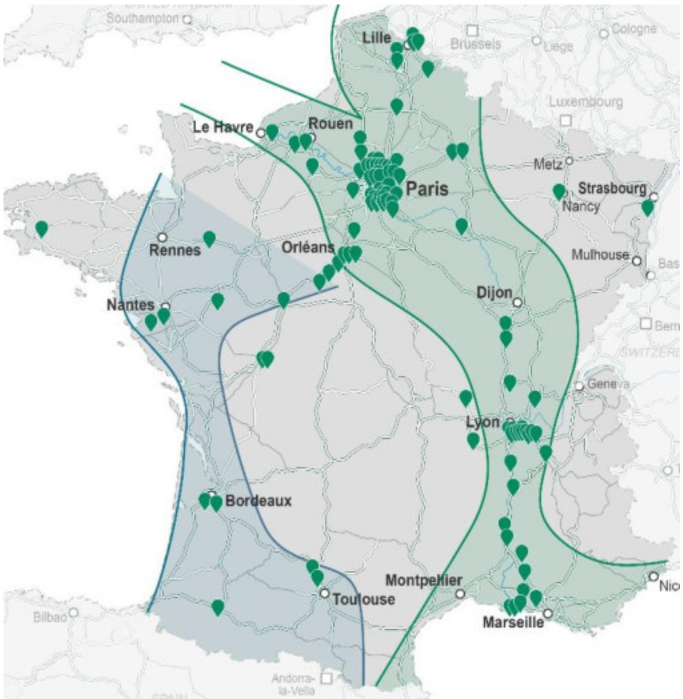
PARIS AND LYON REGIONS THRIVE

The geographical distribution of take-up during H1 2022 shows a measure of unevenness between markets.

As such, whereas take-up in Lille, Orléans/Tours and Marseille fell compared to the year-earlier period, the other two markets on the North/South axis flourished. Companies confirmed their strong attraction to the leading French warehouse market: i.e. the Paris region. Take-up in Île-de-France came in at around 690,000 sqm, its strongest H1 performance in a decade. Surfing this trend, the "extended" Lyon region (including the Drôme) also performed very well, with take-up well in excess of 400,000 sqm.

Meanwhile, the Atlantic coast stalled over the period, with take-up down 55% compared to last year.

Take-up in H1 2022



1,9 M m²

LOGISTICS TAKE-UP IN FRANCE

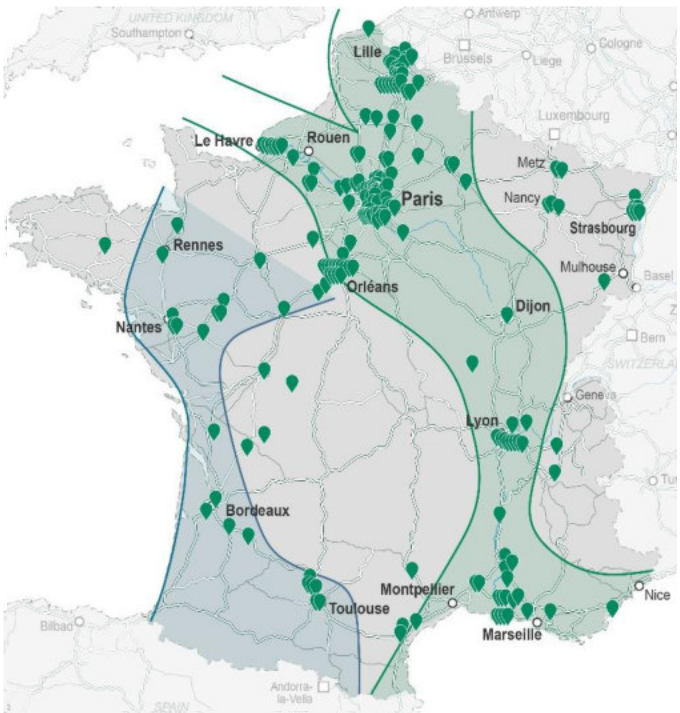
91%

GRADE A TAKE-UP IN FRANCE

1 M m²

UNDER CONSTRUCTION IN FRANCE

Availability within a year – 1st July 2022



Rents are still rising. In terms of prime rents, the highest is in Île-de-France (€ 61 /sqm/yr). The prime rent in the Lyon region at the end of Q2 was € 56/sqm/yr.

The other regions range from € 44/sqm/yr for a city like Dijon to € 55/ sqm/yr in Strasbourg.

BNP Paribas Real Estate - Research – July 2022

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AN OUTSTANDING FIRST HALF

Logistics enjoyed a very good first half in terms of investment: over € 2bn was invested in France over H1, representing a 49% increase vs. H1 2021. There were 38 deals recorded, including 12 portfolio transfers, which accounted for 50% of volumes. The Singaporean fund GLP bought the pan-European TRIO portfolio from Blackstone, which included 11 warehouses in France for an estimated € 350m. The three biggest individual transactions of H1 were speculative off-plan moves, proving the continued popularity of such operations.

The prime yield stood at 3.20% at end 2021. However, given the rather uncertain economic and social environment of the last few months, some investors have started to rein in their allocations, which is reflected in yields. It therefore comes as no surprise to see the rate loosen slightly by 10 basis points over the quarter.

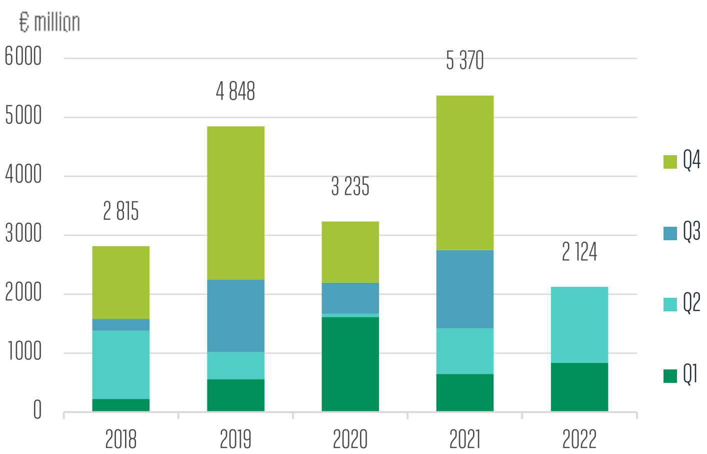
€ 2.1bn

Logistics investment in H1 2022

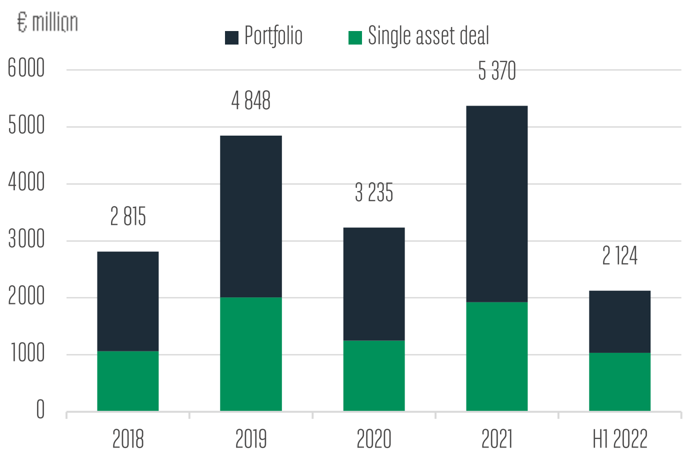
3.30%

Logistics prime yield (excluding urban logistics)

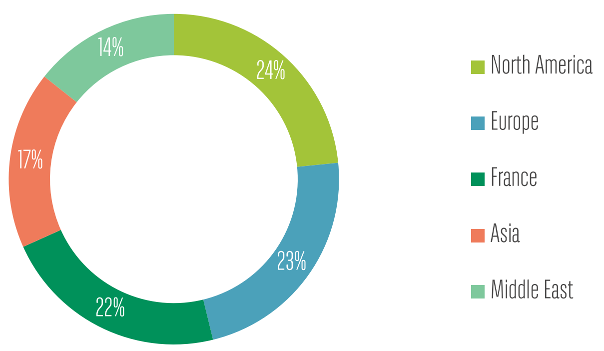
LOGISTICS INVESTMENT IN FRANCE



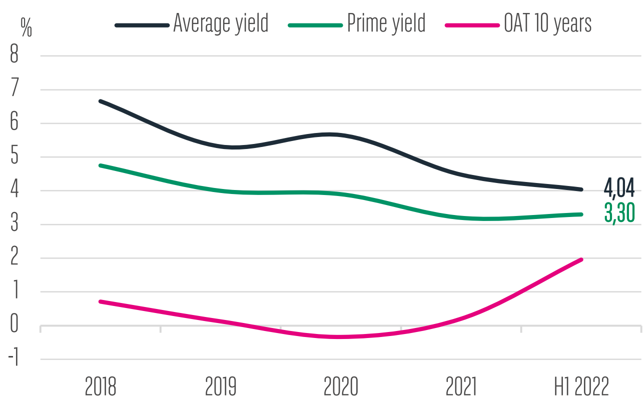
LOGISTICS INVESTMENT IN FRANCE



INVESTORS' NATIONALITY – H1 2022



YIELDS AND FRENCH BOND



LOCATIONS

(July 2022)

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92650 Boulogne Billancourt
Tél. : +33 (0)1 55 65 20 04

ÎLE-DE-FRANCE

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93300 Aubervilliers
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ERAGNY
Immeuble Tennessee
8 allée Rosa Luxembourg
BP 30272 Eragny
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REGIONS

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