At a glance

LOGISTICS IN FRANCE
Q1 2014

BACK TO FUNDAMENTALS: OCCUPIERS PREFER GRADE A WAREHOUSES LOCATED ON THE NORTH-SOUTH AXIS

• So far this year, the logistics market has been affected by a certain wait-and-see attitude due to weak growth, with a decline in take-up on a rolling-year basis (-10%). Occupiers have gone back to fundamentals. As such, grade A warehouses have held up well and accounted for more than half of the take-up volume and of the deals number of this quarter, leading to a fall in supply for this category. Furthermore, the North-South axis accounted for over 70% of take-up. Although many owner-occupier and turnkey deals are expected in 2014, they are still marginal, having represented just a third of take-up in Q1. Transactions should recover in the coming months thanks to a more moderate upturn in growth and rising imports/exports. Over the full year, Paris and Lyon are likely to perform well.

• The amount of vacant supply has risen slightly (+4% in three months), standing at 3.7 million m² on 31 March, 2014. There has been a drop in the amount of vacant new warehousing (-26% in 3 months). The supply of second-hand grade A warehouses is flat. Speculative supply is still rare due to continued weak economic growth and limited access to financing. Nevertheless, a significant number of non-speculative schemes have been identified and are ready to go (planning permission and classified facilities for environmental protection granted) with short completion timeframes (6 to 7 months).

• After a difficult year in 2013, Greater Paris has held up well, with take-up of 130,000 m² of which more than half of grade A warehouses. Indeed, there was as much take-up of grade A warehouses in Q1 2014 as there was over the full year 2013. Another positive factor is that over 100,000 m² of owner occupier and turnkey schemes have been identified in Greater Paris for 2014 whereas the take-up for this type of asset had been in decline for the past two years.

• The regions were particularly buoyant in 2013, but had a tough start to the year in Q1 2014 with 220,000 m² transacted, similar to the levels of the same period in 2011 and 2012. Although take-up fell in Lille and Marseille, Lyon is showing the first signs of recovery. The other notable characteristic of the regions was that some 55% of deals were for grade A warehouses.

• Average grade A rents were stable in Q1 2014 in the main markets in France. They stood at €44-52/m² in Greater Paris, €41-43/m² in Lille and €42/m² in Lyon. In Marseille, they slipped to €41/m².

• €200 million has been invested in the logistics market since the beginning of the year. There are several large portfolios acquisitions being negotiated, including one of around €475m. These should boost the market and suggest that transactions should come in close to the year in Q1 2014 with 220,000 m² transacted, similar to the levels of the same period in 2011 and 2012. Although take-up fell in Lille and Marseille, Lyon is showing the first signs of recovery. The other notable characteristic of the regions was that some 55% of deals were for grade A warehouses.

• €200 million has been invested in the logistics market since the beginning of the year. There are several large portfolios acquisitions being negotiated, including one of around €475m. These should boost the market and suggest that transactions should come in close to the level of 2013, when over €1bn was invested. Another positive factor is that there was as much take-up of grade A warehouses in Q1 2014 as there was over the full year 2013. Another positive factor is that over 100,000 m² of owner occupier and turnkey schemes have been identified in Greater Paris for 2014 whereas the take-up for this type of asset had been in decline for the past two years.

MARKET IN FRANCE

Supply in France

Take-up in France
SUPPLY IN FRANCE - 1 APRIL 2014

• Availability within a year (existing supply and space under construction)
• Planning permission granted

Total area (m²)*

- 195,000
- 100,000
- 50,000
- 25,000

* data per city

TAKE-UP - Q1 2014

• Grade A
• Other

Total area (m²)*

- 130,000
- 50,000
- 25,000

* data per city
### KEY FIGURES

#### SUPPLY (m²) - 1 April 2014

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<thead>
<tr>
<th>Cities</th>
<th>Existing supply</th>
<th>Future supply</th>
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<td>Grade A</td>
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<td><strong>Total</strong></td>
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#### TAKE-UP (m²)*

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<th>Q1 2014 (on a rolling-year basis)</th>
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* Immostat, BNP Paribas Real Estate

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**AT A GLANCE - WAREHOUSES > 5,000 M² - APRIL 2014**