At a glance

LOGISTICS IN FRANCE
Q3 2014

GREATER PARIS AND LYON WIDENING THE GAP

• Doubts about the economic growth potential of Europe and France have prompted occupiers to tread carefully in their real estate projects. The warehousing market is currently in a cycle, mirroring economic growth, which has oscillated without showing signs of improvement since 2013 (-7% on a rolling-year basis). In this context, occupiers have opted for secured value: high-quality warehouses on the axis (with Greater Paris and Lyon at the forefront). Another striking factor has been the steady rise in take-up by service providers each month. They currently dominate the market in terms of the number of deals and account for over 40% of take-up, marking a decisive return after several years of decline. In this context, although take-up is likely to come to at least 2.2 million m² over the full year 2014, doubts remain about whether the market will be able to match its 2013 performance, when over 2.6 million was transacted.
• Availability within a year has risen by 7% in 9 months to 3.8 million m² on October 1, 2014. The supply of grade A warehouses has been stable (+0.8% in 9 months). Conversely, releases of less high quality warehouses are mounting (+9% in 9 months) and are weighing on the overall figure. The lack of appetite for risk means that there are only marginal speculative operations, but plenty of semi-speculative schemes with planning permission and short completion times.
• With take-up of 608,000 m² in 9 months, Greater Paris has already exceeded the take-up figure for the full year 2013. This is thanks to the brisk business in grade A warehouses, which are already at twice the level of take-up as in 2013. There have been nine deals of over 10,000 m² over the past quarter.
• Regional markets saw take-up of 1.2 million m² over the first nine months of 2014 (-25% in a year), while results for regional markets were mixed. On the North-South axis, although Lille and Marseille have seen declines over the first nine months of 2014 vs. the outstanding 2013, Lyon thrived with 293,000 m² transacted. However, this figure should be put in perspective given the Leclerc scheme, which alone accounted for over 100,000 m².
• Average headline rents for grade A warehouses in France have been stable on the most established markets, ranging between €35 and €52/ m²/year. However, the rental gap has been widening. As such, some exceptional assets in sought-after areas are let for over €70/m²/year. On other markets, free rents for several months are granted according to the length of the lease without a break option, the quality of the assets and their location.
• In terms of investment, the logistics market (excl. industrial premises) is contracting, but has attracted more than €655m since the beginning of 2014. The decline should nevertheless be seen in perspective. Due to the lack of prime assets for sale, many funds prefer to take advantage of portfolio switching to return to the French market with “Core+” and “Value added” strategies. As such, over €500 million is currently in Due-Diligence or subject to pre-sale agreement, suggesting a total investment figure of about €1bn for 2014.

MARKET IN FRANCE

Supply in France

Take-up in France

thousand m²

thousand m²

Lease turnkey and owner-occupier development
Other
Grade A


*on a rolling-year basis
SUPPLY IN FRANCE - 1ST OCTOBER 2014

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

Total area (m²)*

<table>
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<tr>
<th>Area (m²)</th>
<th>Symbol</th>
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<tr>
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* data per city

TAKE-UP - Q3 2014

- Grade A
- Other

Total area (m²)*

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<thead>
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<th>Area (m²)</th>
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* data per city
### KEY FIGURES

#### SUPPLY (m²) - 1st October 2014

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

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<th>Cities</th>
<th>Q3 2013 (9 months)</th>
<th>Q3 2014 (9 months)</th>
<th>Q3 2014 (on a rolling-year basis)</th>
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<td>Grade A</td>
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*Immostat, BNP Paribas Real Estate
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