A ROBUST MARKET DRIVEN BY OWNER/OCCUPIER AND TURNKEY DEALS

- The French logistics market continued along its healthy trajectory in Q3 2016 with a take-up once again ahead of the 10-year average (650,000 m² on average for a third quarter). About 2.5 million m² of warehouses have been transacted since the beginning of the year of which about 716,000 m² taken up over the past three months. This figure is in keeping with the year-earlier period (2.4 million m²).
- A certain number of XXL deals (>40,000 m²) are currently about to be closed, such as the turnkey deal for 107,000 m² on behalf of Amazon in Boves, which should be up and running by the end of the year. This suggests that 2016 should be yet another robust year.
- It is worth noting that owner/occupier and turnkey deals are still the main drivers of the market. Indeed, the market share for this type of deal has remained constant from one year to the next (in number terms). Meanwhile, in terms of take-up by volume, these deals have reached their highest level since the 2000s, i.e. 1.2 million m² for the first nine months of the year.
- A geographical analysis of activity reveals a more mixed picture. The regional market has grown 7% in a year, in keeping with expectations despite the month of January. Take-up stood at over 1.7 million m² at the end of Q3. The regions accounted for 80% of deals over 20,000 m² and about 85% of owner/occupier and turnkey deals over the period. Furthermore, the regions also enjoyed a fully-fledged recovery of activity on certain secondary markets such as Montpellier, Rennes and Dijon. Conversely, take-up in the Paris Region fell by 14% in a year. However, this trend should be seen in perspective as 2015 was particularly buoyant. Moreover, with take-up that should reach around 700,000 m² for the first nine months of the year, the Ile-de-France market remains robust and above its long-term average (605,000 m²).

With less than 3.2 million m² of warehouses available on October 2016, of which about 1.5 million m² of grade A premises, availability within a year has fallen very slightly compared to the end of 2015. As France’s main logistical hub, Île-de-France accounts for half of this supply. Over 110,000 m² are currently under construction in Lyon and in the Parisian Region and will swell the market in the coming months. Speculative schemes started in Lille, Lyon and Toulouse have already found takers.
- Average (headline) grade A rents are stable over one year, at low levels. They may rise in the coming quarters. Prime rents in the regions are still in a range of between € 42 and € 48 /m², while in Île-de-France they are between € 53 and € 55 /m².
- With around a billion euros invested over the first nine months of 2016, investment in logistics premises (excl. industrial premises) is up 8% on the year-earlier period. The year has been punctuated by portfolio transfers, like that of Gemini bought by Tristan Capital Partners for € 188m and that of Wolf acquired by Stam Europe for an American fund for about € 100m. In view of interest rates hitting new record lows and the great abundance of liquidity, the prime yield in Île-de-France stood at 5.70% at the end of Q3 2016.
- Urban logistics assets are also attracting investors: the Citrail in Pantin was bought for € 144m by AEW Europe on behalf of a French insurer and Tikehau has acquired Parc de Bercy in Charenton for € 91m at a yield of less than 5.50%.

MARKET IN FRANCE

Availability within a year in France

Take-up in France

*on a rolling-year basis
SUPPLY IN FRANCE - 1 OCTOBER 2016

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

Total area (m²)*

- 218,000
- 100,000
- 50,000
- 25,000

* data per city

TAKE-UP Q3 2016

- Grade A
- Other

Total area (m²)*

- 218,000
- 100,000
- 50,000
- 25,000

* data per city
### KEY FIGURES

#### Supply in France (m²) - 1st October 2016

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<th>Markets</th>
<th>Existing supply</th>
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#### TAKE-UP (m²)*

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* Immostat, BNP Paribas Real Estate
BUSINESS LINES
in Europe

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Immeuble Tennessee
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33074 Bordeaux Cedex
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21000 Dijon
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