

PRESS RELEASE

## BNP PARIBAS REAL ESTATE ANALYSES THE WAREHOUSE\* MARKET IN FRANCE IN H1 2016

- Slowdown in the occupier market with a take-up of 1.5 million sq. m and good investment performance for an investment of €560m -

***"After the last eight particularly strong quarters with take-up significantly over the 600,000 sq. m mark, the French logistics sector has seen a levelling off in the 2nd quarter of 2016, showing take-up edging above 540,000 sq. m, representing a 34% decline over a one year period. 1.5 million sq. m of warehouse space above 5,000 sq. m (86 transactions) was sold in H1 2016 compared to 1.6 million sq. m the previous year (88 transactions)", explains René Jeannenot, Logistics Director France.***

As for average size of the warehouses sold - circa 17,400 sq. m at the end of June 2016, compared to 16,000 sq. m at the end of December 2015 - once again the age-old adage "bigger is better" proved to be true.

Transactions of warehouse space between 20,000 sq. m and 40,000 sq. m and those of surface areas over 40,000 sq. m once again registered declining sales figures. These amounted to over 800,000 sq. m, half the total volume recorded during H1 2016. Compared to 2015, these have declined in volume by 22% and 15% respectively.

Class B operations, on the other hand, increased significantly, cornering 14% of the market during the period observed, compared to 6% a year earlier. ***"More than ever before, urban logistics are central to new occupier habits, with over 68,000 sq. m of space changing hands this half year "***, observes René Jeannenot, Logistics Director France.

With 3.3 million sq. m of empty warehouse space available on 1 July 2016, of which 1.5 million sq. m concerns class A warehouses, availability one year later has only marginally changed since the end of 2015 (+3%). Suburban Paris alone counts almost half of this stock. Over 130,000 sq. m currently being built in Lyon, Toulouse and suburban Paris will be put on the market in the coming months. Suburban Paris, the primary French logistics market, has followed the general trend, with a 34% decline in activity over one year, despite three confirmed transactions in excess of 25,000 sq. m totalling 87,000 m<sup>2</sup>. Over 400,000 sq. m has been sold in this area since the start of the year. The regions, with three quarters of the market share, have been particularly active due to the dynamics of certain Tier 2 secondary markets such as Strasbourg and Rennes. This result, however, is even more at variance along the north-south axis: activity in Lille increased by 10%, whilst Lyon and Marseille dropped by 34% and 71% during H1 2016. ***"There have been more individual turnkey transactions in the regions, where over 650,000 sq. m of space was sold since the start of the year (60% of the local market) compared to 77,000***



sq. m in the Île-de-France (19% of the market)", explains René Jeannenot, Logistics Director France. Very few changes have been observed in Class A average rental bands. The "prime" values in the regions continue to climb to between €42/sq. m and €48/sq. m, settling at €53/sq. m and €55/sq. m in the Île-de-France.

With over €565m invested in H1 2016, investments in the logistics market (excluding industrial premises) increased by 17% compared to H1 2015. In contrast to 2015, there are more pan-European portfolios. **"Nevertheless, H1 was stimulated by several average size portfolios bought by UK funds, such as Diane acquired by Rockspring for €105m, or Wolf bought by Stam Europe for an American fund for close to €100m. Of interest is the return and the rapid increase in speculative purchases of Logistic Platforms often located both in secure zones along the north-south axis as well as in Logistic hubs such as Toulouse and Le Havre,"** clarifies Franck Poizat, Logistics and Business Investment Director France. Due to the massive inflow of liquidities and financial ratios reaching record heights, the rates of "prime" yields is set at 5.70% in the Île-de-France. **"In urban logistics, even rates of contraction of between 5% and 5.50% are expected",** concludes Franck Poizat, Logistics and Business Investment Director France.

\*Warehouses A, B and C, courier and refrigerated warehouses > 5,000 sq. m

#### About BNP Paribas Real Estate

BNP Paribas Real Estate, one of the leading international real estate providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.

BNP Paribas Real Estate has local expertise on a global scale through its presence in 36 countries with approximately 180 offices and 3,800 employees (16 wholly owned and 20 by its Alliance network, that represents today more than 3,200 people).

BNP Paribas Real Estate is a subsidiary of BNP Paribas.

Follow us on     

For more information: [www.realestate.bnpparibas.com](http://www.realestate.bnpparibas.com)

Twitter: @BNPPRE

Real Estate for a changing world

#### Contacts press:

Raïssa CHARMOIS - Tél: +33 (0)1 55 65 22 84 Mobile : +33 (0)6 48 81 60 24 - [raïssa.charmois@bnpparibas.com](mailto:raïssa.charmois@bnpparibas.com)

Amira TAHIROVIC-HALILOVIC - Tél: +33 (0)1 55 65 22 08 Mobile : +33 (0)6 37 78 12 17 - [amira.tahirovic-halilovic@bnpparibas.com](mailto:amira.tahirovic-halilovic@bnpparibas.com)

Arnaud FRABOUL - Tél: +33 (0)1 55 65 21 15 Mobile : +33 (0)7 85 16 09 20 - [arnaud.fraboul@bnpparibas.com](mailto:arnaud.fraboul@bnpparibas.com)