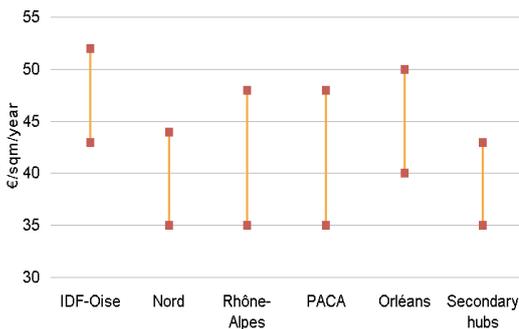


# French warehousing market

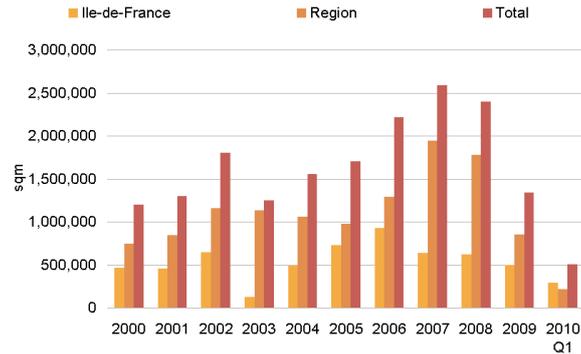
## Q1 2010

### Rental values per area



Source: Savills Research

### Take-up per area



Source: Savills Research

**“In the absence of any speculative developments, the Grade A warehouses located on the North/South axis will be occupied at a steady rate. The prime rental values should consequently be maintained.”**



Grégoire Lecomte - Director industrial and logistics

- In an increasingly favourable economic environment, warehouse take-up rose by 61.5% this quarter to 501,000 sqm (+18.0% y-o-y).
- In 2010 Q1, the signs of recovery are clear in the Paris Region. Demand has exceeded 292,000 sqm, a result 73.8% higher than the average quarterly volume for the last 5 years. The immediately available supply has decreased for the first time since 2007 to 1.12 million sqm.
- On the other hand, users have shown themselves to be relatively inactive in the other regions. With the exception of the Lille market (+91.3% q-o-q), demand has generally fallen. Availability has increased.
- Prime rental values have been resistant in the main logistics hubs, spread from €44/sqm/year to €52/sqm/year but values have slightly weakened in secondary locations.
- A qualitative decline in vacant stock is expected in the coming months. In the absence of any speculative developments, availability will be sustained by property being vacated following built-to-suit and turnkey transactions having been signed in 2009. Future supply is likely to be in the region of 4 million sqm.
- In the investment market, a slight strengthening in demand for Grade A warehouses located on the North/South axis has been observed. In the absence of opportunities, the downward spiral continues however. Only €95 million has been invested since January, a decrease by half compared with 2009 Q4 (+6.70% y-o-y).
- The prime yield has declined in the main markets. The rates are estimated at 7.50% (-50 basis points q-o-q, -100 basis points y-o-y) in the Paris Basin and 8.00% (-50 basis points q-o-q and y-o-y) on the North/South axis.

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# IDF-Oise, Nord-Pas-de-Calais, Rhône-Alpes

## IDF-Oise

With 292,000 sqm of warehouse space taken up in the 1<sup>st</sup> quarter of 2010 (+102.1% q-o-q, +133.6% y-o-y), rental activity in the Ile-de-France is nearing its long term level. Users have been particularly active in the south of Ile-de-France including the lease of Point P (51,000 sqm) in Brie-Comte-Robert and SLS (59,000 sqm) in Villabé. The northern sector of Roissy has confirmed its appeal with the leasing of 38,000 sqm by Daher at the Segro site in Marly-la-Ville. As a result of this sustained activity, availability has declined by 14.5% since January (+16.6% y-o-y) and currently stands at 1.12 million sqm. Prime rental values have retained their stability at €52/sqm/year.

The amounts invested in logistics real estate have reached €18 million. The best products were negotiated based on a yield of 7.50% (-50 basis points q-o-q, -75 basis points y-o-y).

## Nord-Pas-de-Calais

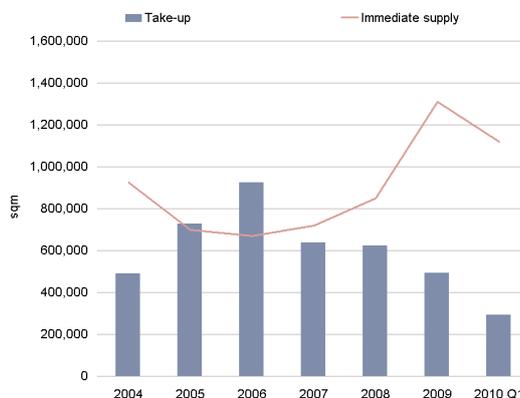
The demand for warehouses has practically doubled this quarter in the Nord Pas-de-Calais region and reach 80,800 sqm (-15.7% y-o-y). The largest transaction recorded was at Dourges Distripole – the Allopneus.com site location of 38,000 sqm. Three other transactions from 11,000 sqm to 17,000 sqm were also recorded. The completion of the second building at Gecina's Logistiparc Nord has brought the level of available space to 220,000 sqm (+37.5% q-o-q, -15.7% y-o-y). The new Grade A supply always benefits from a satisfactory level of uptake. Rental values have not shown any notable change and settled at €44/sqm/year at the end of March 2010.

No sign of activity was observed in the investment market in the first quarter of 2010. Prime yield rates are estimated at 8.00% (-50 basis points q-o-q, -50 basis points y-o-y).

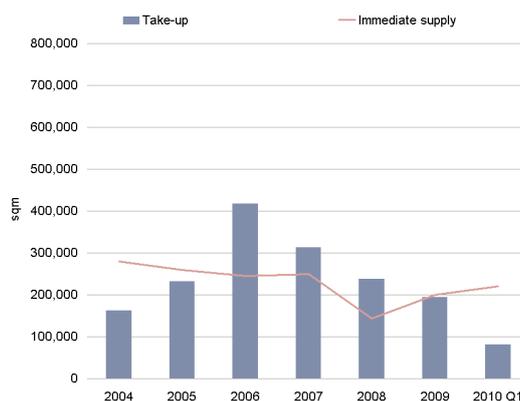
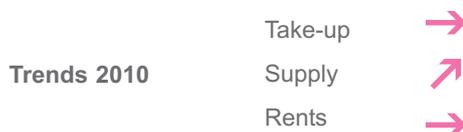
## Rhône-Alpes

The Lyon market has recorded one of its worst letting performances in the last ten years with 38,000 sqm of warehouse space taken up since January (-54.2% q-o-q, -23.0% y-o-y). Only three transactions in buildings from 11,000 sqm to 15,000 sqm were recorded. Several speculative developments completed in 2008 and 2009 have yet to find a tenant, bringing the level of the immediately available supply to 750,000 sqm. The headline rent remained stable at €48/sqm/year but the net rise in incentives has led to a significant decrease in economic rent.

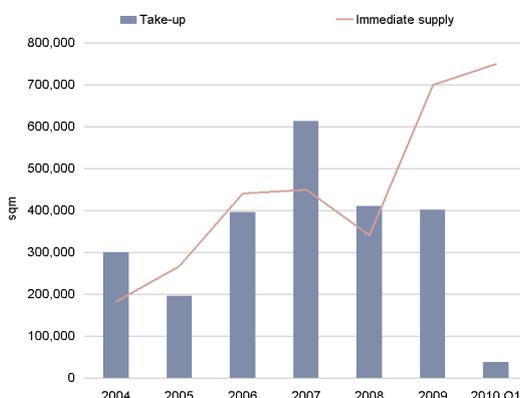
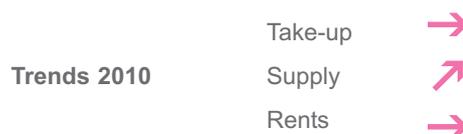
Just one investment transaction was concluded during this quarter – the acquisition by Argan of a logistics centre of 43,500 sqm in St-Quentin Fallavier for a sum of €31.4 million. The prime yield is estimated at 8.00% (-50 basis points q-o-q, 75 basis points y-o-y).



Source: Savills Research



Source: Savills Research



Source: Savills Research / CECIM



# PACA, Orléans, secondary hubs

## PACA

The logistics real estate market in the PACA region has experienced a slow take-off in the first quarter of 2010. Demand has remained limited at 13,200 sqm, a shrinkage of 78.5% compared with the previous year. Available supply has risen by 25.0% since January (+11.1% y-o-y) and reached 200,000 sqm. It is mostly split between the Clesud and Distriport sectors. Rental values have settled at €48/sqm/year for the best products, demonstrating stability both annually and quarterly.

A single investment transaction was recorded this quarter of less than €10 million. Etche France acquired from PRD a refrigerated warehouse of 11,000 sqm located in Salon-de-Provence and fully leased it to Norbert Dentressangle. The prime yield has decreased by 50 basis points and are estimated at 8.00% (-50 basis points y-o-y).

## Orléans

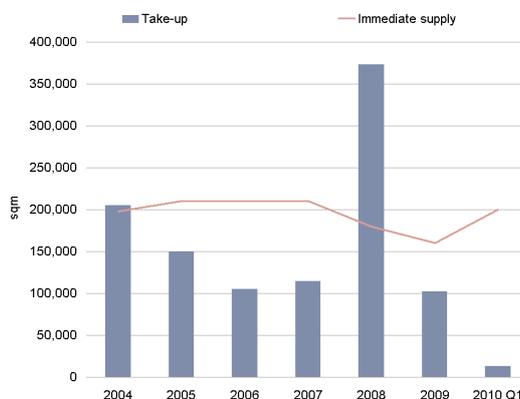
As a result of the competition from the Parisian Basin, the Orleans market continues to stagnate. After a mixed 2009 – 62,000 sqm of warehouse space taken up in three transactions – the sector has not registered any rental activity in the 1<sup>st</sup> quarter of 2010. Immediately available supply has exceeded the threshold of 90,000 sqm following the completion of the first building in Gicram's Arboria project for Horizon AM. Vacated properties are rare, which is limiting the drop in rental values. Leases for prime products should be based on €46/sqm/year and leases for second-hand warehouses in the region of €35/sqm/year.

The investment market has shown no sign of activity since September 2009. The yield for new generation warehouses is estimated at 8.50% (-50 basis points q-o-q and y-o-y).

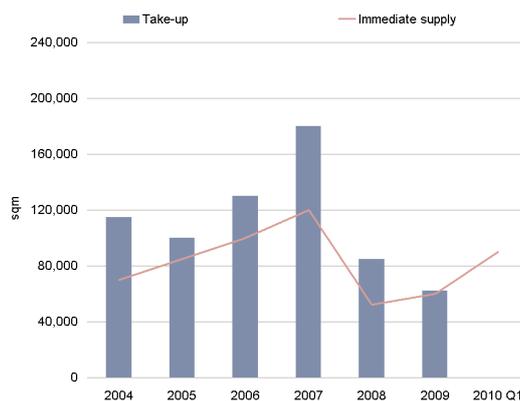
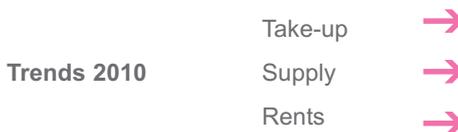
## Secondary hubs

The secondary markets are always penalised by the withdrawal of users to the North/South axis. Over the last fifteen months, their rental activity has mainly been limited to turnkey solutions - L'Oréal in Roye (40,000 sqm turnkey), Moët Hennessy in Récy St-Martin (43,000 sqm turnkey) in 2009 and GF Group in Sète (20,000 sqm own account) in 2010. Demand has reached 76,100 sqm in the 1<sup>st</sup> quarter of 2010, which is an annual decrease of 18.4%. The immediately available supply has continued to increase as a result of the combined effect of new completions and vacated properties. It reached 850,000 sqm (+17.5% q-o-q, +46.7% y-o-y) at the end of March 2010. Prime rental values have declined slightly to €42/sqm/year on average.

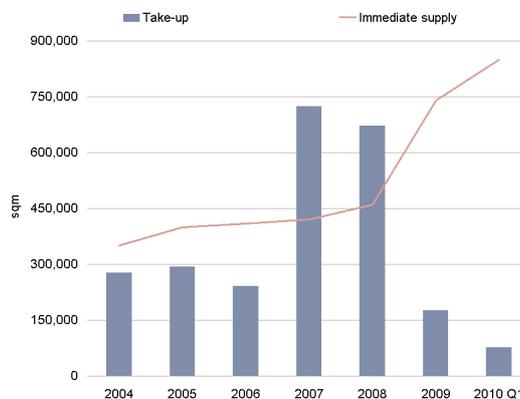
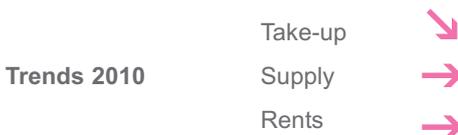
The total amount invested in logistics real estate has reached €34 million. Prime yield rates have increased strongly to 10.00% (+50 basis points q-o-q, +150 basis points y-o-y).



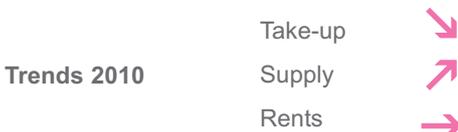
Source: Savills Research



Source: Savills Research



Source: Savills Research



# French warehousing market

## Summary table - Warehouses > 10,000 sqm

	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
<b>IDF-Oise</b>	Rental values €/sqm/year				Yields			
Prime	52.00	52.00	52.00	52.00	8.25%	8.00%	8.00%	7.50%
Second-hand	43.00	43.00	43.00	43.00	9.25%	9.50%	9.50%	9.50%
<b>Nord-Pas-de-Calais</b>	Rental values €/sqm/year				Yields			
Prime	44.00	44.00	44.00	44.00	7.00%	7.50%	8.50%	8.75%
Second-hand	35.00	35.00	35.00	35.00	9.50%	9.75%	9.75%	9.75%
<b>Rhône-Alpes</b>	Rental values €/sqm/year				Yields			
Prime	48.00	48.00	48.00	48.00	8.50%	8.50%	8.50%	8.00%
Second-hand	35.00	35.00	35.00	35.00	9.50%	9.50%	9.50%	9.50%
<b>PACA</b>	Rental values €/sqm/year				Yields			
Prime	48.00	48.00	48.00	48.00	8.50%	8.50%	8.50%	8.00%
Second-hand	35.00	35.00	35.00	35.00	9.75%	9.75%	9.75%	9.75%
<b>Orléans-Centre</b>	Rental values €/sqm/year				Yields			
Prime	46.00	46.00	46.00	46.00	8.50%	8.50%	8.50%	8.00%
Second-hand	35.00	35.00	35.00	35.00	9.75%	9.75%	9.75%	9.75%
<b>Secondary hubs</b>	Rental values €/sqm/year				Yields			
Prime	42.00	42.00	42.00	42.00	8.75%	9.25%	9.50%	10.00%
Second-hand	34.00	34.00	34.00	34.00	9.50%	10.00%	11.00%	12.00%

Source: Savills Research

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