



AT A GLANCE LOGISTICS IN EUROPE Q3 2011

GREAT STABILITY IN RENTS IN Q3 2011

The market for warehouses over 5,000 m² recorded a strong activity in Germany throughout 2011 and returned to growth in France and in the United Kingdom. The disparity between second hand and new premises is widening in most countries since demand is mainly turned towards high-grade premises. Even though the market has been vigorous during the past few quarters, supply levels have remained high and developers are still unwilling to start new speculative schemes. As a result rents only increased marginally throughout Europe.

In **Germany**, the market has been thriving since the beginning of the year, recording some of the highest quarterly take-up volumes over the past 10 years. The market was particularly boosted by some significant deals with on line and retail businesses. In some locations, availability of new high-grade premises has become limited and occasionally led to rent increases.

In **France**, the market enjoyed a slight recovery overall. This was more evident in the 4 major market sectors serving the North-South axis where take-up increased by 22% during the first three quarters compared to the same period in 2010.

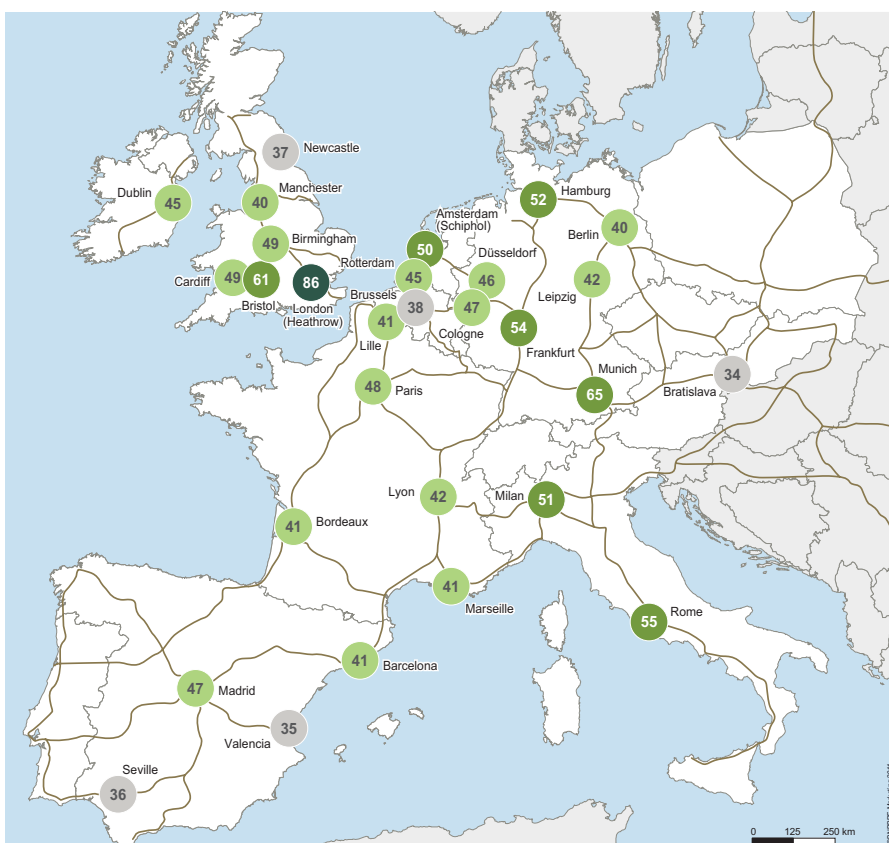
Supply has started to decline in Q3 2011 but still remains high. Prime rents have not grown over the past few quarters, ranging from € 43 and € 53 in Greater Paris, and between € 42-44 in Lille, Lyon, and Marseille.

In the **United Kingdom**, after a slow start for the year, take-up for Q3 2011 has been the highest recorded since Q3 2009. Supply remains high in most locations but situations of under supply for certain size bands have been emerging in some markets. The Midlands (Birmingham) have accounted for one quarter of the total take-up recorded in the country. London Heathrow has the highest prime rents across Europe.

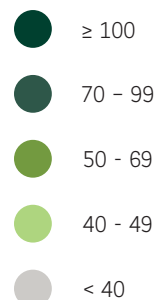
Warehousing investment decreased significantly in most West European countries by more than 20% in the first 9 months of 2011 compared to the same period in 2010. Investors continued to show signs of risk aversion and opted for more secure assets in the most liquid markets and sectors, offices in particular.

The United Kingdom represented 45% of total warehousing investment in Western Europe followed by Germany (22%) and France (16%). Net prime yields have remained fairly stable since the beginning of the year standing below 7% only in Germany and London.

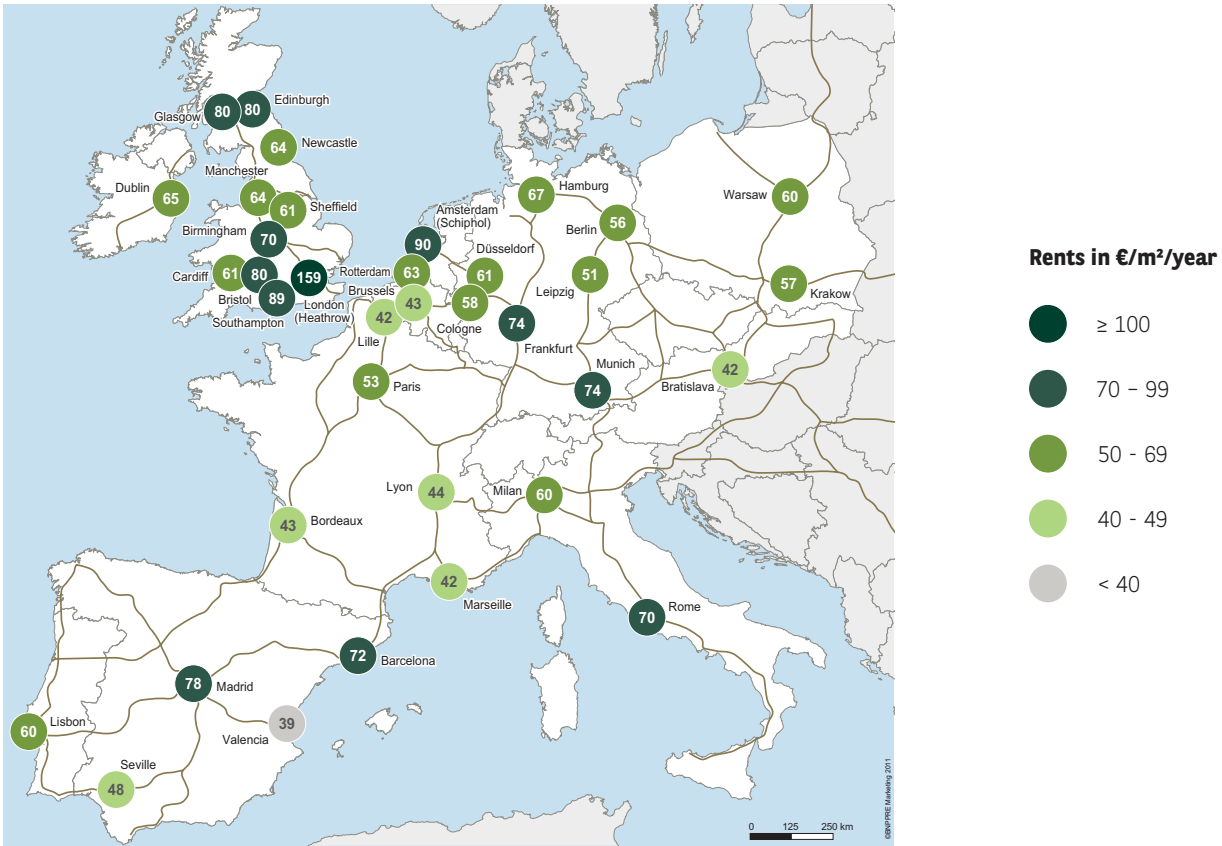
AVERAGE RENTS IN EUROPE – Q3 2011



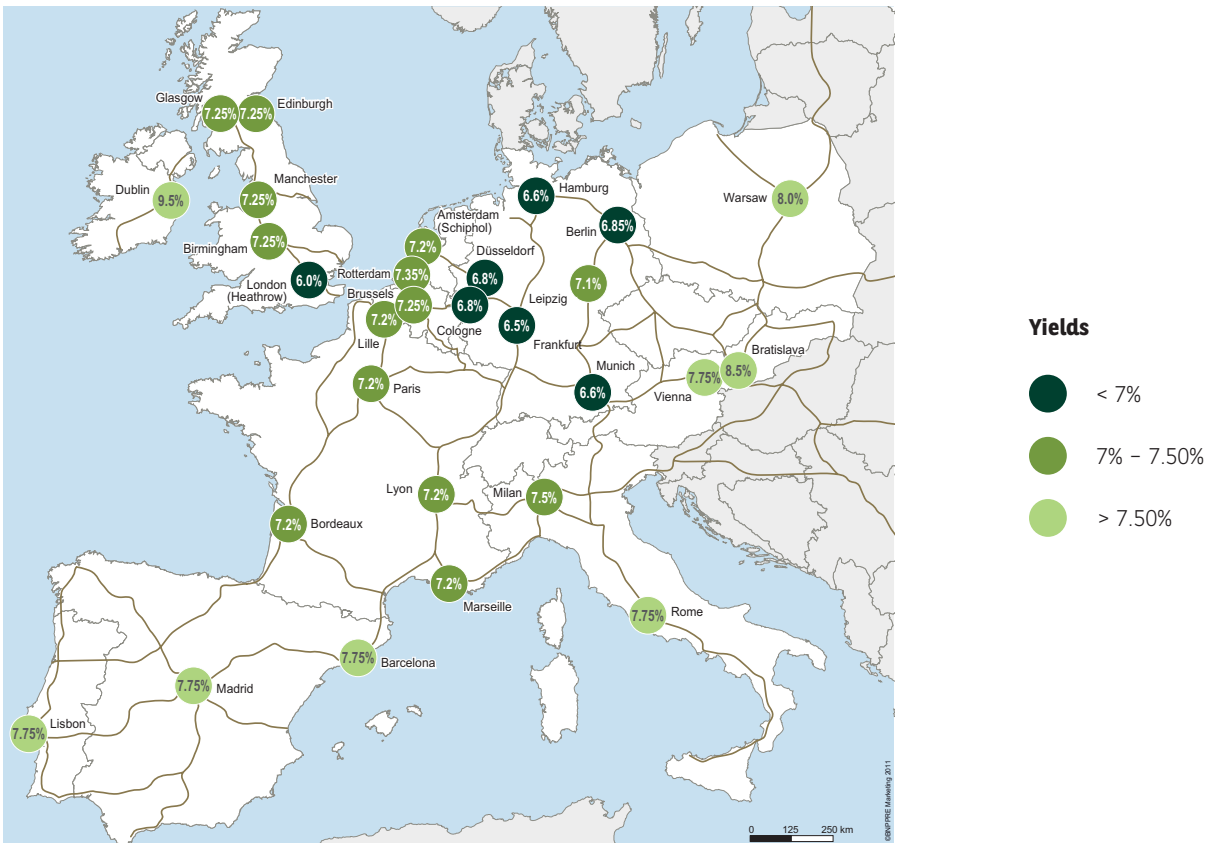
Rents in €/m²/year



PRIME RENTS IN EUROPE – Q3 2011



NET PRIME YIELDS IN EUROPE – Q3 2011



DEFINITIONS

Existing supply: all completed buildings actively seeking rental or sale to occupiers.

Lease turnkey: construction of a building for an occupier who has signed a lease on a property still to be built.

Logistics: the process of planning, implementing, and controlling procedures for the efficient and effective transportation and storage of goods, and related information from the point of origin to the point of consumption. Includes inbound, outbound, internal, and external movements.

New supply: all building restructuring that adds to the existing stock. These are analysed according to progress.

- **Completed new supply:** buildings on which construction work is finished.
- **Under construction:** buildings on which construction has effectively begun. Prior demolition work is not taken into account.
- **Planning permission granted:** authorisation to build obtained, generally booked after settlement of third party claims.
- **Planning permission submitted:** planning permission requested, being processed.
- **Projects:** identified intention of a building operation for which no request has been filed.

New/major refurbished: premises that have never been occupied in new buildings less than five years old.

North/South axis: This is what BNP Paribas Real Estate calls the logistical "corridor" in France. It is based along the A1, A5 and A6 motorways, which cross France from North to South. Its main agglomerations are Greater Paris, Lyon, Marseille, Lille and Orléans. It comprises the main catchment areas of consumption and employment and currently includes most of the supply and transactions in France.

Owner-occupier development: construction of a building for an occupier who has signed a bill of sale on a property still to be built.

Portfolio: group of several assets located in different places.

Rent: common annual headline rent, expressed per square metre per year, and excluding taxes and charges.

Average rent: Weighted average of rented area. The average featured is a moving average over three quarters, to smooth out the changes.

Prime rent: represents the top open-market rent at the survey date for a real estate unit:

- Of standard size commensurate with demand in each location
- Of the highest quality and specification
- In the best location in a market

Second hand premises: premises that have been previously occupied by an occupier or vacant for more than five years.

Speculative / Non speculative operation:

- **Speculative:** construction launched without prior rental or sale to the occupier.
- **Non-speculative:** construction launched after partial or complete sale or rental to an occupier.

Supply chain: all the elements in the process of supplying a product to a customer. The chain begins with the sourcing of raw materials and ends with the delivery of finished merchandise to the end-user. It embraces vendors, manufacturing facilities, logistics service providers, distribution centres, distributors, wholesalers, other intermediaries, etc.

Supply chain management: Encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities.

Transaction (Take-up): rental or sale to an occupier of a real estate asset, sealed by the signature of a lease or deed, including turnkey and owner-occupier operations. The transaction is only taken into account once any existing conditional clauses have been lifted.

- Pre-let refers to take-up that was either in the planning or construction stage
- All deals (including pre-lets) are recorded in the period in which they are signed
- Contract renewals are not included
- Sales and leasebacks are not included as there had been no change in occupation

Warehouses: buildings intended for storage, distribution or packaging.

Yield:

- **Net yield:** ratio between net income (excl. operating costs) and the acquisition price including all acquisition costs.
- **Initial yield:** ratio between the net rent before taxes and charges on the date of sale and the selling price (all costs included).
- **Prime yield:** net lowest yield obtained for the acquisition of a unit:
 - of standard size,
 - of the highest quality and specification,
 - in the best location in each market.

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