BNP Paribas Real Estate publishes the first European study on logistics – a market which returned to growth in 2011

The European Logistics Group*, which includes European representatives from BNP Paribas Real Estate’s Logistics division, is presenting the first European study on the logistics market at SITL (the international week of transport and logistics).

The market of warehouses larger than 5000 sq. m in Europe returned to growth in 2011

The logistics market in Europe returned to growth in 2011. Germany even achieved a record level of transactions over the course of the year with 4.8 million sq. m. Nevertheless, transaction volumes in most countries remain below the levels achieved in 2006 and 2007.

Supply remains abundant across all European countries, although there is a shortage of new warehouses in practically all markets.

The volume of transactions for over 5000 sq. m increased in 2011 by 56% in the Netherlands, 34% in Germany, 33% in France, 20% in Belgium and 11% in Spain. The market remained stable in the UK and fell in Portugal.

“We notice very similar trends in all European countries in 2011 with notably logistics providers coming back to the market, the growing role of E-business, the scarcity of supply in the most sought-after sectors and the expansion of turnkey and owner-occupier operations,” highlights Henri Faure, Deputy Chief Executive of BNP Paribas Real Estate.

Reference transactions:

France:
- Conforama rented 43,000 sq. m in St Georges d’Espéranche (Isère)
- Boulanger took up 50,000 sq. m in Beaulieu-sur-Layon (Maine-et-Loire)
- ND Logistics rented 50,000 sq. m in Coudray Montceaux (Essonne)

Germany:
- Amazon rented 400,000 sq. m in four transactions
- Zalando took up 140,000 sq. m in two transactions

UK:
- Amazon near Birmingham for 65,000 sq. m
- Tesco also leased 132,000 sq. m in two transactions in the south of England

*The ELG Group includes 90 BNP Paribas Real Estate consultants in industrial premises in Europe. In 2011, they carried out 238 transactions, including 1,225,000 sq. m of industrial space.
The return of logistics suppliers galvanized the warehouse market in 2011

The first signs of recovery at the start of 2011 encouraged the return to the market of logistics suppliers, which are very sensitive to the economic context.

Demand remained strongly focused on next-generation warehouses. Distributors were very active throughout the year, mainly in relation to large warehouses.

E-commerce also became a key sector in Europe. Amazon, for instance, rented nearly 400,000 sq. m spread over four sites in Germany during 2011.

![Take-up of warehouses >= 5,000 m²](image)

(Source: BNP Paribas Real Estate)

The scarcity of new warehouses should not detract from the abundant supply

The low level of production of warehousing in prime areas slowed some markets and in certain cases resulted in a rise in rents. The scarcity of new products also encouraged the development of turnkey and own-account projects.

Supply remains abundant throughout Europe. "The slowdown in the markets in 2009 and 2010 contributed to freeing up quality warehouse space (class A) and encouraged the emergence of a new market segment – second-hand next-generation warehouses," concludes the study.

The investment market suffered as a result of the debt crisis

Investment in light industrial and warehouses remained stable in 2011. Prime products remained investors’ main targets and prime yields stabilised in 2011, at below 7% in most cities in Germany and the UK and below 8% in most other European countries.
The effects of changes in the economic climate generally take a few months to be felt on the logistics market. The contraction in the European economy (down 0.3%) in the last quarter of 2011 resulted in a rise in GDP of 1.6% over 2011 as a whole. BNP Paribas Real Estate therefore expects a slowdown in activity on the logistics market during the first half of 2012.

*see complete study attached*

To meet BNP Paribas Real Estate’s teams at SITL come to stand D53 (Hall 6)