



Rental growth in Western Europe

Improving economic conditions, stable demand and a shortage of high quality space resulted in y-o-y rental growth in some core Western European markets, such as London, Manchester, Dublin, Berlin and Stuttgart. In contrast, the Paris region saw a drop in prime logistics rents.

In the Benelux region, rental growth took place in Brussels and the main Dutch logistics centres of Amsterdam, Venlo and Rotterdam, where the lack of high quality logistics supply has also put pressure on rents.

The situation in the Nordics remains stable, with no changes in prime rent levels recorded over the last three quarters.

A decline in rents was recorded in the first half of the year in Lisbon and Madrid as the occupiers market in Southern Europe remains sluggish. However, the rates remained stable in the second half of the year and are expected to maintain current levels in the coming months.

The major Eastern European markets have seen an annual rental decline, with the exception of Moscow where strong demand, combined with extremely low vacancy levels, has continued to push up the rents.

Stability is expected in the next 12 months across the whole region, with London, Dublin and Stuttgart forecast to see further rental growth. With gradual improvement expected in manufacturing and consumer spending, take-up levels will remain similar, driven largely by retailers and 3PLs.

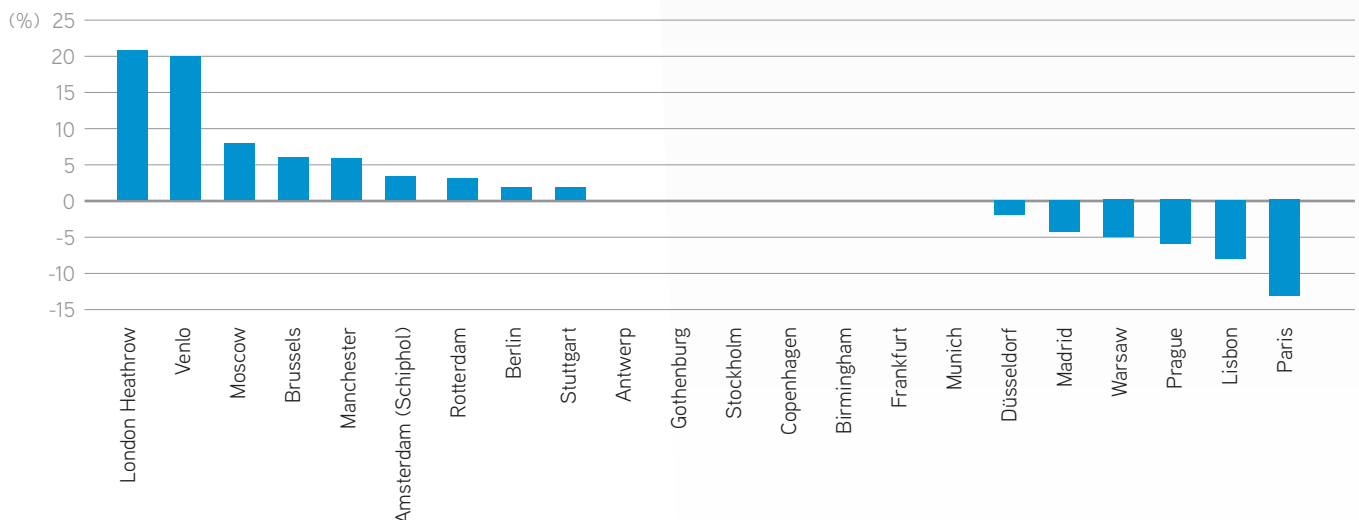
Further stability ahead

In Western Europe, the hardening of prime yields was seen across UK markets as well as in Berlin, Munich and Dusseldorf. In Central and Eastern Europe, the major markets of Warsaw and Moscow saw annual yield compression while the rest of the region remained widely flat. Scandinavian markets have seen no changes, while there has been some inward yield movement in the Baltics in the second half of the year.

Looking forward, stability is expected across the region. Investor interest in the industrial & logistics sector will remain high. However the lack of prime assets secured with long-term income will continue to be the main obstacle in investment activity. Some investors might be willing to increase their exposure to peripheral markets.

We believe yields, in general, will remain unchanged in the majority of locations. Further downward movement of yields might be seen in major UK markets as well as in Dublin and Frankfurt.

Distribution/Logistics Rental Growth 2013/2012



Prime Distribution/Logistics Rents and Yields

COUNTRY	CITY	MEASUREMENTS	PRIME RENT	6M CHANGE	Y-O-Y CHANGE	OUTLOOK	PRIME YIELD	6M CHANGE (BPS)	Y-O-Y CHANGE (BPS)	OUTLOOK
Austria	Vienna	EUR/sqm/month	4.75	-3.1%	-3.1%	▼	8.25	-25	-25	◄►
Belarus	Minsk	EUR/sqm/month	8.00	0%	14.3%	◄►	13.00	0	-250	◄►
Belgium	Antwerp	EUR/sqm/month	3.35	0%	0%	◄►	7.20	0	+20	◄►
Belgium	Brussels	EUR/sqm/month	3.50	0%	6.1%	◄►	7.20	+5	+45	◄►
Bulgaria	Sofia	EUR/sqm/month	2.50	0%	0%	◄►	11.00	0	0	◄►
Czech Republic	Prague	EUR/sqm/month	3.90	-6.0%	-6.0%	◄►	8.25	0	0	◄►
Czech Republic	Brno	EUR/sqm/month	4.20	0%	0%	◄►	9.50	0	+25	◄►
Croatia	Zagreb	EUR/sqm/month	4.50	0%	0%	◄►	10.50	0	+50	◄►
Denmark	Copenhagen	DKK/sqm/year	450.00	0%	0%	◄►	7.50	0	0	◄►
Estonia	Tallinn	EUR/sqm/month	4.30	2.4%	2.4%	◄►	8.90	-10	-10	▼
Finland	Helsinki	EUR/sqm/month	7.50	0%	0%	◄►	7.50	0	0	◄►
France	Paris	EUR/sqm/month	4.00	-13.0%	-13.0%	◄►	7.25	-25	-25	◄►
Germany	Berlin	EUR/sqm/month	5.70	0%	1.8%	◄►	6.80	-50	-60	◄►
Germany	Dusseldorf	EUR/sqm/month	5.40	-1.8%	-1.8%	◄►	6.75	-30	-50	◄►
Germany	Frankfurt	EUR/sqm/month	6.50	0%	0%	◄►	6.70	0	0	▼
Germany	Munich	EUR/sqm/month	6.30	0%	0%	◄►	6.70	-20	-20	◄►
Germany	Stuttgart	EUR/sqm/month	5.60	0%	1.8%	▲	7.20	0	0	◄►
Greece	Athens	EUR/sqm/month	2.25	-4.5%	-25.0%	▼	11.5%	50	150	▲
Hungary	Budapest	EUR/sqm/month	3.50	-12.5%	-12.5%	◄►	9.00	0	0	◄►
Ireland	Dublin	EUR/sqm/month	4.75	5.6%	5.6%	▲	8.50	-50	-50	▼
Latvia	Riga	EUR/sqm/month	3.70	0%	0%	▲	9.00	-25	-25	◄►
Lithuania	Vilnius	EUR/sqm/month	3.95	1.3%	3.9%	▲	9.00	-25	-25	◄►
Netherlands	Amsterdam	EUR/sqm/month	7.33	3.5%	3.5%	◄►	7.00	0	0	◄►
Netherlands	Rotterdam	EUR/sqm/month	5.42	0%	3.2%	▼	7.00	0	-25	◄►
Netherlands	Venlo	EUR/sqm/month	5.00	19.9%	19.9%	▼	7.50	0	-25	▼
Norway	Oslo	NOK/sqm/month	85.00	0%	0%	◄►	6.50	0	0	◄►
Poland	Warsaw	EUR/sqm/month	4.00	-2.4%	-4.8%	◄►	7.50	-25	-25	◄►
Poland	Lodz (Central Poland)	EUR/sqm/month	3.00	0%	-14.3%	◄►	8.25	0	0	◄►
Poland	Katowice (Upper Silesia)	EUR/sqm/month	3.00	0%	0%	◄►	8.25	0	0	◄►
Portugal	Lisbon	EUR /sqm/month	3.00	0%	-7.7%	◄►	9.25	0	0	◄►
Romania	Bucharest	EUR /sqm/month	3.50	-12.5%	-12.5%	◄►	10.00	-25	-25	◄►
Russia	Moscow	USD/sqm/month	11.42	0.8%	7.7%	◄►/▲	11.00	0	-50	◄►
Russia	St Petersburg	USD/sqm/month	10.00	2.0%	2.0%	◄►/▲	12.00	0	0	◄►
Serbia	Belgrade	EUR/sqm/month	5.00	0%	n/a	◄►	11.00	0	n/a	◄►
Slovakia	Bratislava	EUR /sqm/month	3.40	0%	0%	◄►	9.00	0	0	◄►
Spain	Madrid	EUR/sqm/month	4.80	0%	-4.0%	◄►	8.25	0	0	◄►
Sweden	Gothenburg	SEK/sqm/year	550.00	0%	0%	◄►	6.75	0	0	◄►
Sweden	Malmo	SEK/sqm/year	530.00	0%	0%	◄►	6.75	0	0	◄►
Sweden	Stockholm	SEK/sqm/year	550.00	0%	0%	◄►	6.75	0	0	◄►
Switzerland	Geneva	CHF/sqm/year	125.00	0%	0%	◄►	7.50	0	0	◄►
Switzerland	Zurich	CHF/sqm/year	157.00	0%	0%	◄►	7.50	0	0	◄►
Turkey	Istanbul	USD/sqm/month	6.25	0%	6.8%	◄►	10.00	0	0	◄►
Ukraine	Kiev	USD/sqm/month	5.50	-8.3%	-9.8%	◄►/▲	12.00	0	0	◄►
UK	Belfast	GBP/sq ft/year	4.00	0%	0%	◄►	7.00	0	0	◄►
UK	Birmingham	GBP/sq ft/year	5.50	0%	0%	▲	7.00	-50	-50	▼
UK	Bristol	GBP/sq ft/year	5.75	4.5%	4.5%	◄►	7.00	-50	-50	▼
UK	Edinburgh	GBP/sq ft/year	4.50	0%	0%	◄►	7.75	0	0	◄►
UK	Glasgow	GBP/sq ft/year	5.00	0%	0%	◄►	7.75	0	0	◄►
UK	Leeds	GBP/sq ft/year	5.00	0%	0%	◄►	7.00	-100	-100	▼
UK	London (Heathrow)	GBP/sq ft/year	14.50	0%	20.8%	▲	5.75	-25	-25	▼
UK	Manchester	GBP/sq ft/year	4.50	0%	5.9%	◄►	6.75	-75	-75	▼

GLOSSARY

Prime Net Rent

The top open-market tier of rent that could be expected for a unit of standard size, and of the highest quality and specification (Grade A), in the best location in the market at the survey date. The figure excludes service charges and taxes, and does not reflect tenant incentives.

Prime Yield

The yield an investor is prepared to pay to buy a Grade A building, fully-let to high quality tenants at an open market rental value in a prime location. The size of the building and lease terms should be commensurate with the market.

Distribution/Logistics Space

10,000 square metres/100,000 square feet or more with up to 10 per cent office space, the balance being general logistics/distribution space with 6 to 12 metre/18 to 36 feet ceiling heights. All loading is dock-height.

482 offices in 62 countries on 6 continents

United States: **140**
Canada: **42**
Latin America: **20**
Asia Pacific: **195**
EMEA: **85**

\$2
billion in
annual revenue

1.2
billion square feet
under management

13,500
professionals
and staff

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