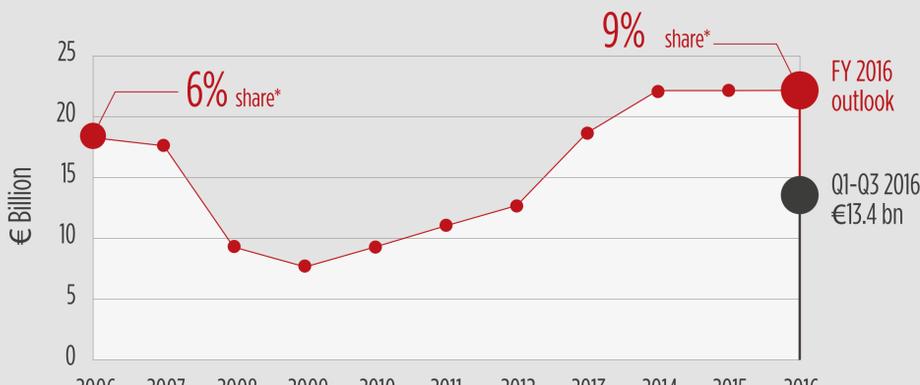
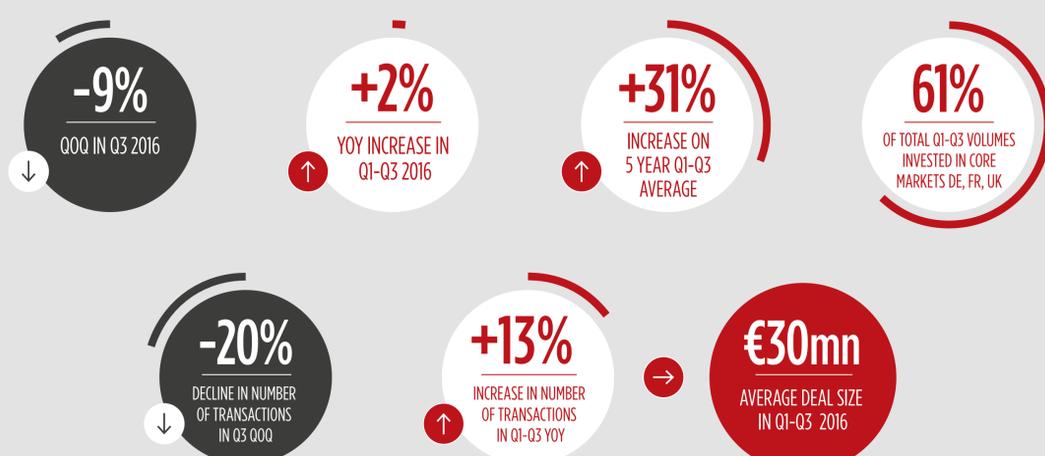


THE EDGE: EUROPEAN INDUSTRIAL & LOGISTICS CAPITAL MARKETS

Industrial & logistics transactions remain on last year's level over the first nine months



* share on total commercial real estate volumes



FRESH PERSPECTIVE:

Excluding the UK, activity is still 13% ahead of the equivalent period in 2015 with Germany, France and Southern European markets recording particular strong growth YoY.

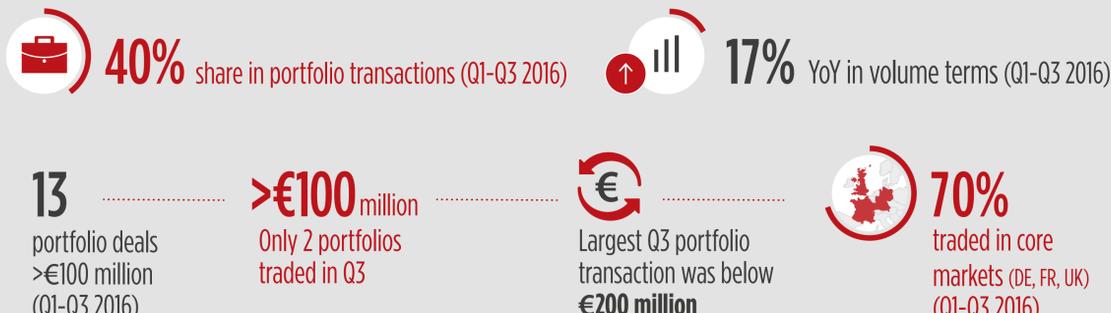
Investor demand for European industrial assets remains very strong, but following two years of record activity, we expect a slight moderation in overall transaction volumes this year. Limited modern product and post-Brexit uncertainties in the UK are mainly responsible.

SEE OPPORTUNITY DIFFERENTLY:

Limited product availability starting to impact average transaction size particularly for portfolio deals & international money.

SHARP INSIGHT:

Portfolios continue to make up an increasing share of the market.

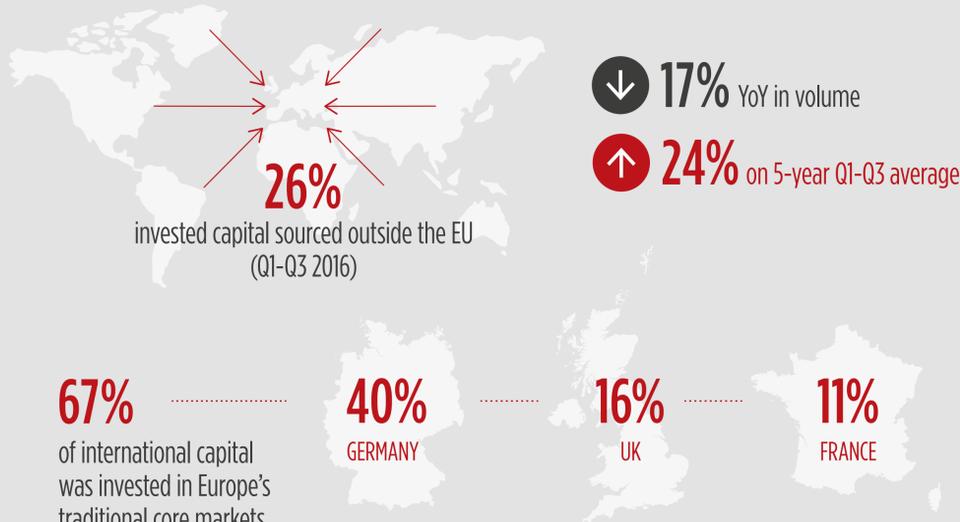


Demand is high for large single assets but so far we have seen a fall in overall volume of megasheds this year, driven by scarcity of product. Increased development of XL warehouses should bring more product online next year.



INTERNATIONAL INVESTMENT EYES THE EU

Capital from international investors remains above historic trend albeit markets are not immune to growing uncertainty.



CLEAR ANALYSIS:

56% of total international capital invested in portfolio transactions (Q1-Q3 2016) including the largest trade €500 million (Q1-Q3 2016).

NO MOVEMENT IN Q3 EUROPEAN AGGREGATE YIELD LEVEL WHICH IS NOW AT A NEW CYCLICAL LOW



Some markets are starting to bottom out in terms of yield, but we still see evidence of prime yield improvements in key logistics hubs. The search for prime income streams and continuingly favourable debt markets can support some further yield contraction.

MARKETS RECORDING YIELD LEVELS BELOW THEIR HISTORIC PEAK (ACHIEVED IN 2007)



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About JLL Capital Markets

JLL Capital Markets is an independent provider of commercial real estate investment advice. Over 1200 professionals work with clients of all types, to go beyond the property transaction, and to shape the services they need to gain The Edge in their investments. In our experience, having a different perspective reveals new opportunities. JLL combines financial expertise with access to global capital and deep property insight to give our clients the confidence to see the world differently. That's The Edge.