

The sector indicators are compiled quarterly from a detailed and exhaustive study prepared by professional staff in the Knight Frank Madrid office and are based on real data and market trends.

Offices Snapshot

Q1 2020

MADRID



ANNUAL TAKE UP
2018 - 2020

2018
119,000 sq m

2019
170,000 sq m

2020
95,000 sq m



TOP 3 DEALS
1st QUARTER

BBVA
FEDERICO MOMPOU 5
9,100 sq m

VOCENTO
JOSEFA VALCÁRCEL 40bis
8,700 sq m

PROACTINMO
JUAN IGNACIO LUCA DE TENA 6
4,900 sq m

Madrid occupier Market

Quarterly take up has reached around to 95,000 sq m, notably ending with the global pandemic COVID-19. In January and February, take up was slightly lower than in other years, mainly due to the insufficiency of attractive products and approach of rents to maximum levels. In March, the pandemic has caused some pending deals to be postponed, however some transactions have been carried out by large tenants, such as the hiring by

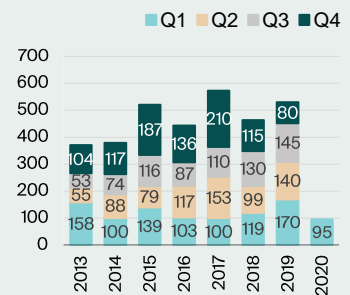
General Electric International of almost 3,000 sq m in the Julián Camarillo area.

The average prime rent increases slightly to € 32.5 sq m per month due to the positive trend of previous months and the pressure applied by low availability on the returns. The maximum for the quarter has been recorded in the CBD at €35/sq m/month.

The vacancy rate is placed at 9.9%. Around 3% of the 1.5 million sq m belongs to grade A buildings, which represents about 0.30% of the total stock of offices in Madrid.

Quarterly take up

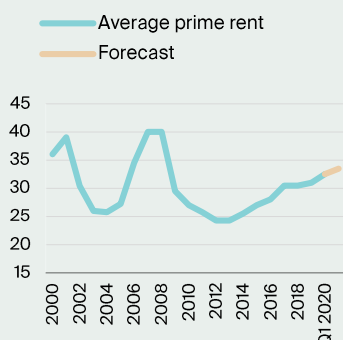
2013 - Q1 2020. Thousand sq m



Source: Knight Frank Research

Average prime rents

2004 - Q1 2020

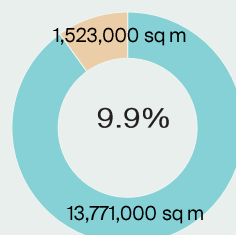


Source: Knight Frank Research

Vacancy rate

Q1 2020

Occupied Space Vacant Space



Source: Knight Frank Research

TAKE-UP AND HIGHEST RENTS ACHIEVED BY SUBMARKET*, Q1 2020

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
1. CBD	35.0
2. M-30 East	15.0
3. M-30 North	14.5
4. Secondary Centre	26.0
5. A5	3.5
6. A1	16.0
7. M-40 Northeast	16.0
8. A6	15.8
9. Carretera de Colmenar	8.0
10. A2	12.0

* Distorsions caused by non-relevant deals have been removed.

Investment market

Madrid and Barcelona

The investment volume in the first quarter of the year has been nearly €980 M, of which around 550 corresponds to Madrid and 280 to Barcelona.

Despite the impact of COVID-19, investment has remained slightly above €700M. This is above the average of the last five years, exceeding even 2019 which was exceptional. Although it should be noted that the current scenario is one of suppression due to the pandemic.

Investment funds are clearly the most important players of this first quarter, responsible for more than 90% of investment in Madrid and almost 70% in Barcelona.

EUROPE PRIME YIELDS

LATEST AVAILABLE DATA | Q4 2019

BRUSSELS	4.00%
LONDON CITY	4.00%
DUBLIN	4.00%
LONDON WE	3.50%
AMSTERDAM	3.00%
FRANKFURT	2.75%
BERLIN	2.75%
PARIS	2.75%

Source: Knight Frank Research

TOP 3 DEALS

MADRID

HELIOS BUILDING
 VENDOR: BLACKSTONE
 PURCHASER: KIWOOM E INMARK
€190 M € 5,280 sq m
 Source: Real Estate Press

MADRID

LAS TABLAS
 VENDOR: GMP
 PURCHASER: HARBERT MANAG.
€127 M € 2,890 sq m
 Source: Eje Prime

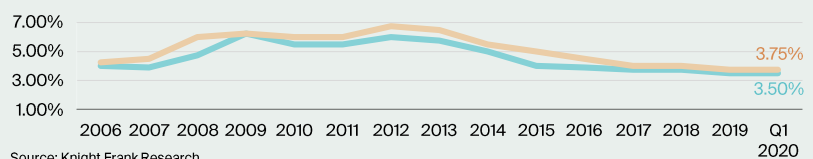
BARCELONA

22@ DISTRICT
 VENDOR: LA LLAVE DE ORO
 PURCHASER: BLACKSTONE
€100 M € 5,750 sq m
 Source: Eje Prime

The largest transaction in the quarter has been the sale from South Korean companies Kiwoom and Inmark to Blackstone of The Helios building, in Campo de las Naciones. The newly built property will be the headquarters of ING Bank and where it will relocate its staff.

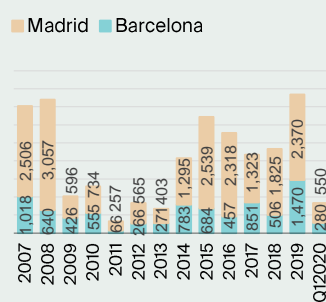
Variation in prime yields

2006 - Q1 2020



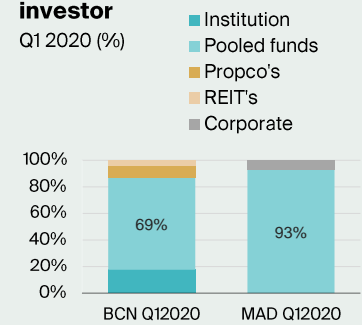
Investment volume

2007 - Q1 2020 (€M)



Investment / type of investor

Q1 2020 (%)



COVID-19: Across Europe and beyond, market activity is being impacted in all sectors due to the Novel Coronavirus (COVID-19) outbreak. As at the date of this report, we consider that we can attach less weight to previous market evidence for comparison purposes, in providing our opinions on the market. Given the unknown future impact that COVID-19 might have on the real estate market and limited recent comparable, this report it meant to provide market insights as we see them at this time but we wish to highlight the material uncertainty which we may cause swift changes in the market. Please get in touch with our teams if you would like to discuss in further detail or receive an update regarding market conditions.

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