

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

Offices Snapshot

Q1 2022

	MADRID		
TAKE UP Q1 2020 - 2022	2020 95,000 sq m	2021 70,000 sq m	2022 135,000 sq m
TOP 3 DEALS 1st QUARTER	SERVIFORM JULIÁN CAMARILLO 16 8,400 sq m	CUNEF ALMANSA 103 8,400 sq m	HIPATIA CRONOS 1 6,000 sq m

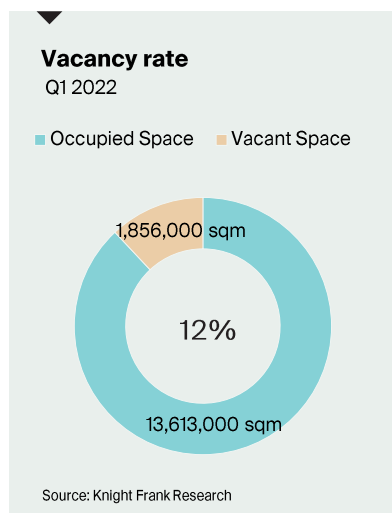
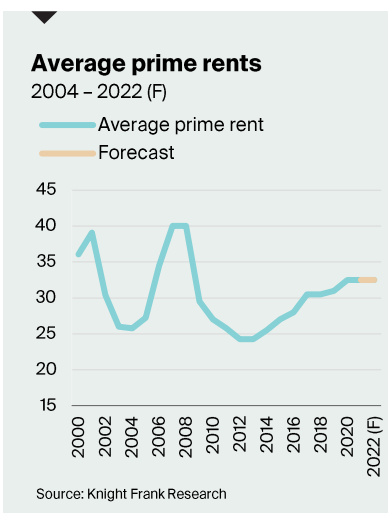
Madrid Occupier Market

At the beginning of the year, the office market has registered a contracting of around 135,000 sqm, the best quarter since 2019. The first quarter of 2022 has seen an increase of 93% compared to the same period in 2021 and 30% more than the last quarter of 2021, opening the year with very positive data. This trend is expected to continue throughout the year, consolidating the

evolution of the sector.

The average prime rent remains stable at €32.5/sq m/month. The maximum rent achieved was €40/ sq m/month in a transaction signed in the CBD on Pablo Ruiz Picasso Square.

Availability in Madrid remained like the previous quarter, at 12%, partly due to the scarcity of new product in the market. The availability of grade A in CBD buildings stands at around 0.5% of the total office stock.



TAKE-UP AND HIGHEST RENTS ACHIEVED BY SUBMARKET*. Q1 2022

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
1. CBD	40.0
2. Secondary Centre	26.0
3. M-40 Northeast	18.0
4. A6	17.0
5. M-30 East	14.0
6. A1	13.0
7. A2	12.0
8. M-30 Northwest	11.5
9. Colmenar Road	9.0

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

Investment market Madrid and Barcelona

The first quarter of the year is off to a good start, with investment exceeding 640 million euros in Spain, 120% more than in the first quarter of 2021.

Investment in the capital closed the quarter with almost €330m compared to €90m in Barcelona. It is worth highlighting the city of Bilbao, where investment in this sector during the quarter exceeded €220 million, 35% of the total.

Regarding the type of investor, investment funds accounted for 55% of the total in Madrid and more than 90% in Barcelona.

Prime yields remained stable in both markets in the first three months of the year.

EUROPE PRIME YIELDS

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LONDON CITY	3.75%
DUBLIN	4.00%
LONDON WE	3.25%
AMSTERDAM	3.15%
FRANKFURT	2.60%
BERLIN	2.65%
PARIS	2.75%

Source: Knight Frank Research

TOP 3 DEALS

BILBAO

TORRE BIZKAIA

VENDOR: ANGELO GORDON
PURCHASER: ONCHENA / BARAUNBERRI

€170 M 7,100 €/sq m

Source: Brainsre

MADRID

CONDESA DE VENADITO 1 ST.

VENDOR: GMP
PURCHASER: INMOCAIXA

€85M 4,250 €/sq m

Source: Ejeprime

BARCELONA

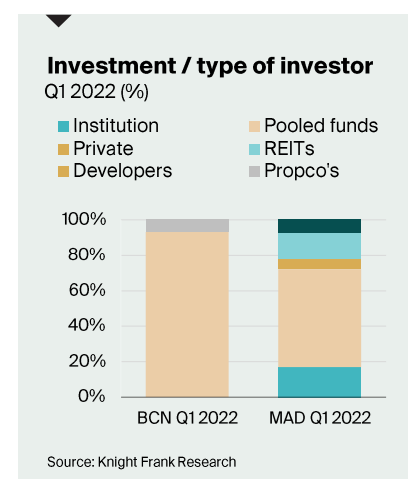
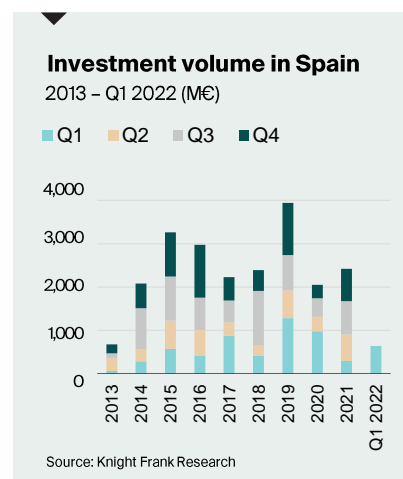
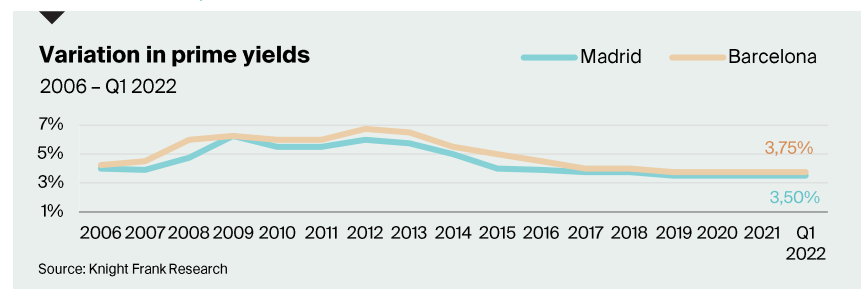
PALLARS193 ST.

VENDOR: STARWOOD CAPITAL
PURCHASER: MACQUARIE CAPITAL

€70 M 5.400 €/sq m

Source: Brainsre

In the first quarter of the year, Onchena and Beraunberri bought the Torre Bizkaia in Bilbao from the Angelo Gordon investment fund for between €165 million and €175 million. Another important transaction was the purchase by Inmocaixa of the office building in Madrid, located in Calle Condesa de Venadito, for €85 million.



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 data, this report is meant to provide market insights as we see them at this time but we wish to highlight the material uncertainty which may cause swift changes in the market. Please get in touch with our team if you would like to discuss in further detail or receive an update regarding market conditions.

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