

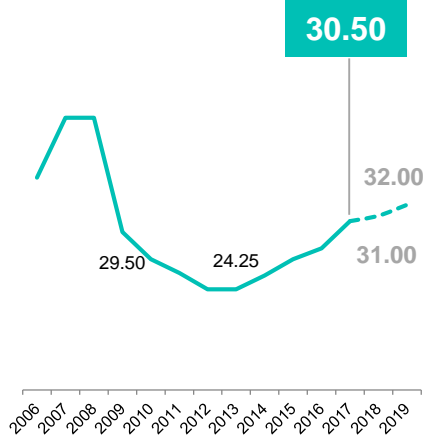
OFFICES SNAPSHOT

2nd QUARTER 2018

MADRID OCCUPIER MARKET

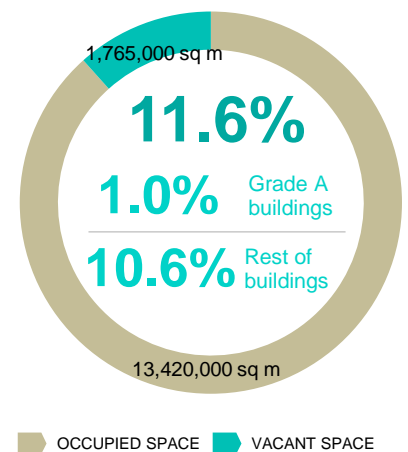
- During Q2 2018 office take-up reached almost 100,000 sq m, totalling 220,000 sq m for the first half of the year.
- Vacancy rate increased compared to the previous quarter, standing at 11.6%. The available space in grade A buildings remained at similar levels.
- The CBD witnessed the largest share of office take-up, with the average take-up size being 800 sq m. The two largest deals took place in the M-30 East submarket.
- Prime rents remained at € 30.5 / sqm / month, with maximum rents of € 38,5 € / sqm / month achieved in some of the most highly demanded locations within the CBD, albeit for smaller surface areas.

GRAPH 1
Prime rent evolution
Q2 2018



Source: Knight Frank Research

GRAPH 2
Vacancy rate
Q2 2018



Source: Knight Frank Research

GRAPH 5
TOP3 | main occupier transactions
Q2 2018

ROCHE GIS

INOCENTA DE MESA 1 | M-30 EAST

9,769 sq m

SONAE

RAMIREZ DE ARELLANO 21 | M-30 EAST

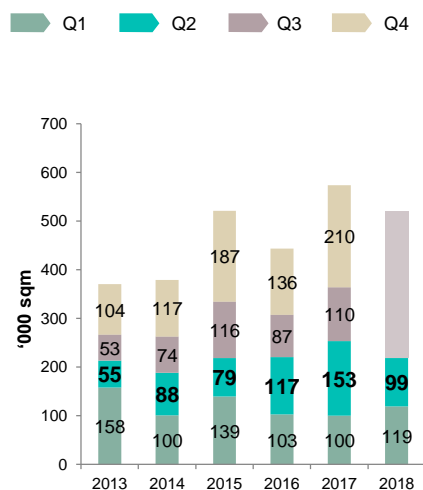
6,759 sq m

GRANT THORNTON

CASTELLANA 81 | CBD

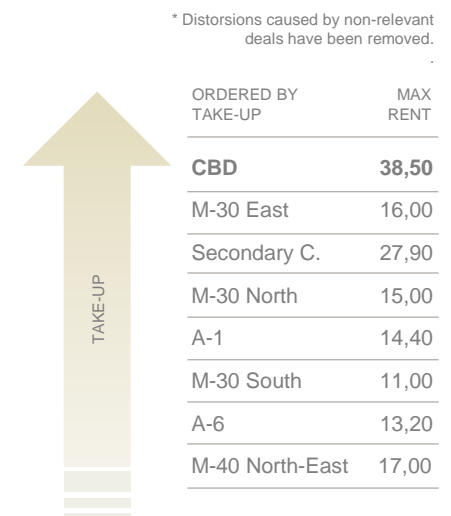
4,204 sq m

GRAPH 3
Quarterly take-up performance
2013 - 2018



Source: Knight Frank Research

GRAPH 4
Take-up and maximum rents
by submarket*. Q2 2018



Source: Knight Frank Research

QUARTERLY TAKE-UP PERFORMANCE MADRID | H1

2016 H1: 220,000 sq m | 2017 H1: 253,000 sq m | 2018 H1: 220,000 sq m

INVESTMENT MARKET MADRID AND BARCELONA

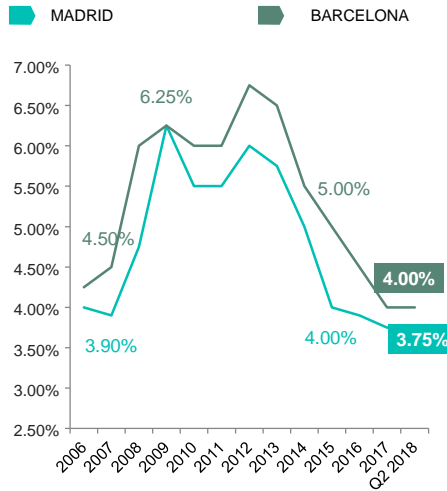
- Investment in offices in the second quarter of the year stood at over 250 million euros, lower than expected, due to the fact that some transactions in the pipeline have not yet been completed, each one totalling over 100 million euros.

- Starwood and Drago Capital's purchase of San Fernando business park was the notable transaction of the quarter. On the back of this transaction, investment funds have become the leading investor type in the office market during the first half of the year.

- In terms of investor origin, 60% of investment was made by overseas companies, mainly from the rest of Europe and USA.

- Prime yields remain at unprecedented low levels; around 3.75% in Madrid and 4% in Barcelona.

GRAPH 6
Variation in prime yields
2006 - 2018 Q2



Source: Knight Frank Research

GRAPH 7
European prime yields
Latest available data

City	Yield (%)
Brussels	4.50
London City	4.25
Amsterdam	3.60
Frankfurt	3.25
London WE	3.50
Berlin	3.10
Paris	3.00
Dublin	4.00

Source: Knight Frank Research

GRAPH 8
TOP3 | investment transactions
Q2 2018

SAN FERNANDO BUSINESS PARK

VENDOR: OAKTREE CAPITAL

PURCHASER: STARWOOD & DRAGO CAPITAL

121 m | € 1,407 / sq m

VELAZQUEZ 108

VENDOR: INMOBUILDING 2000

PURCHASER: RGA RURAL VIDA

30 m | € 8,108 / sq m

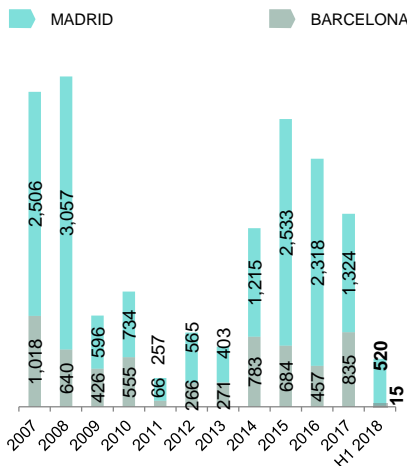
JUAN HURTADO DE MENDOZA 2-4

VENDOR: LICO INMUEBLES

PURCHASER: MERIDIA REAL ESTATE III SOCIMI

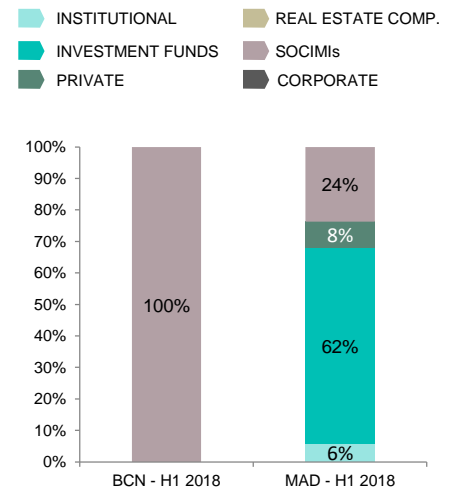
26.5 m | € 3,786 / sq m

GRAPH 9
Investment volume evolution
2007 - H1 2018. Millions of euros



Source: Knight Frank Research

GRAPH 10
Investment by type of investor
H1 2018. %



Source: Knight Frank Research



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