

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



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Offices Snapshot

Q3 2020

MADRID

TAKE UP Q3 2018 - 2020	2018 130,000 sq m	2019 145,000 sq m	2020 115,000 sq m
	TOP 3 DEALS 3 th QUARTER	CONFIDENTIAL C/ ALCALA 546 17,400 sq m	INE AV. MANOTERAS 50-52 17,300 sq m

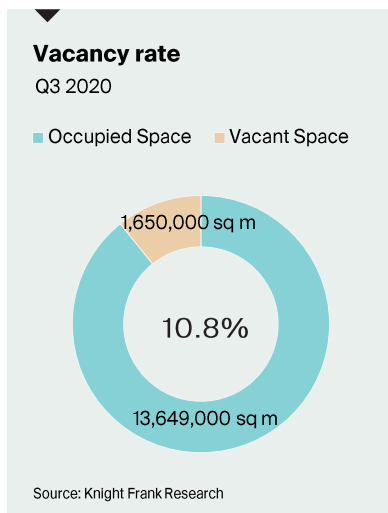
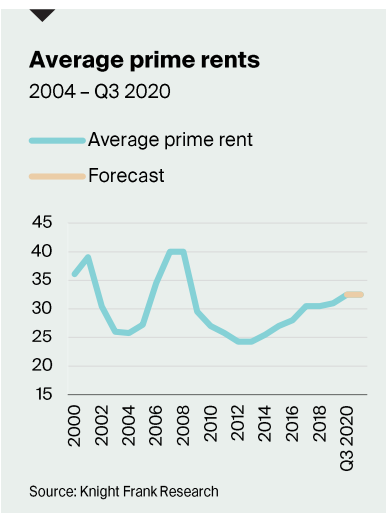
Madrid Occupier Market

The third quarter of the year has reached a take up of around 115,000 square metres, a figure similar to that recorded in the last five years, despite the delay in the closing of various deals due to the new restrictions in place because of the recent health crisis.

During this quarter the average prime rent remained stable at

€ 32.5 sq m / month, while the maximum signed was € 36 sq m / month corresponding to a rental in Velazquez 34.

The effects the COVID-19 health crisis continue and the vacancy rate has slightly increased to reach 10.8% during the third quarter of the year. Of the 1.6 M square meters available, around 5% pertains to grade A buildings in the CBD, which in turn represents about 0.5% of the total stock of offices in Madrid.



TAKE-UP AND HIGHEST RENTS ACHIEVED BY SUBMARKET*. Q3 2020

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
1. M-30 East	16.0
2. M-30 North	19.5
3. A1	19.5
4. M-30 West	10.8
5. CBD	36.0
6. A2	10.0
7. Secondary Centre	27.0
8. M-40 Northeast	17.0
9. A6	17.0

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

Investment market

Madrid and Barcelona

Investment volume has increased around 30% in the third quarter in comparison to the previous quarter, reaching nearly 430 million.

The total investment in Spain until September stands around €1,740 M, with Madrid representing 60% of the total at little over €1,000 M. 2020 is expected to close with a investment volume above €2,000 M, due to many deals in the market being expected to closed before the years ends.

In terms of prime yields, there have remained steady at 3,75% in Barcelona and 3,50% in Madrid. Although the shortage of product remains, there is still a lot of liquidity in the Spanish office market.

EUROPE PRIME YIELDS

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BRUSSELS	3.90%
LONDON CITY	4.25%
DUBLIN	4.00%
LONDON WE	3.50%
AMSTERDAM	3.50%
FRANKFURT	2.75%
BERLIN	2.75%
PARIS	2.75%

Source: Knight Frank Research

TOP 3 DEALS

MADRID

VELAZQUEZ 34
 VENDOR: GRUPO ROSALES
 PURCHASER: ZURICH
€120 M 18,000 €/sq m
 Source: Cinco Dias

MADRID

ALCALA 544-546
 VENDOR: THERUS
 PURCHASER: AMUNDI
n/a
 Source: Brainsre

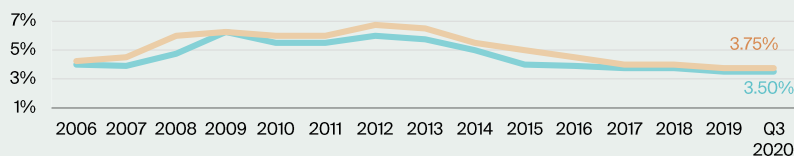
BARCELONA

EDIFICIO DIAGRAMA
 VENDOR: CAIN Y FREQ
 PURCHASER: PATRIZIA INMOB.
€72 M 4,800 €/sq m
 Source: Expansion

Highlights: Zurich buys the old headquarters of Banco Popular in Velazquez street for € 120 M, and the deal by the French Amundi for an office project of 30,000 sq m in Madbit, of which 17,000 sq m are signed as turnkey by L'oreal.

Variation in prime yields

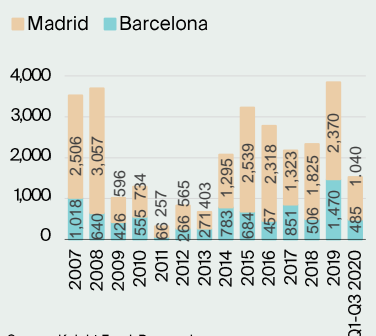
2006 - Q3 2020



Source: Knight Frank Research

Investment volume

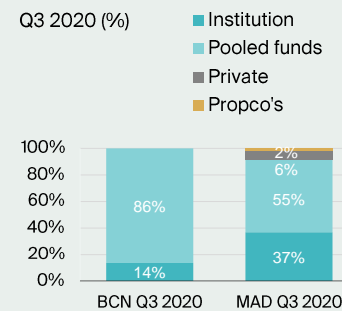
2007 - Q1-Q3 2020 (M€)



Source: Knight Frank Research

Investment / type of investor

Q3 2020 (%)



Source: Knight Frank Research

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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