

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

Q3 2021

MADRID



Madrid Occupier Market

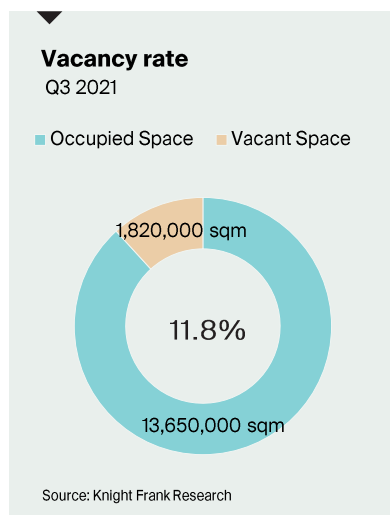
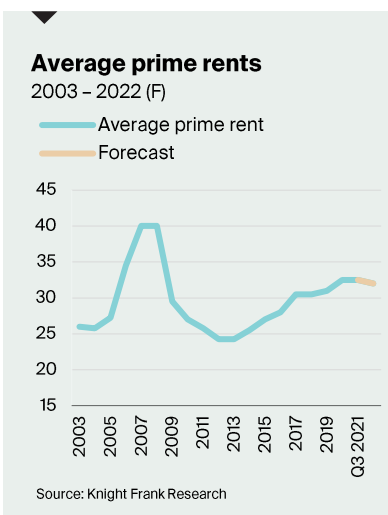
The 3rd quarter of the year closed with a take-up of 85,000 sq m, although it is a figure below what was recorded in the same period of last year, is above 2013 and 2014, the worst years of the previous crisis.

However, after the summer and the stabilization of the pandemic, a greater movement is beginning to be seen, which suggests an increase in demand

that will have an impact particularly at the beginning of next year.

Average prime rent levels are continuing to stable at 32.5 €/sq m/month. The maximum rent achieved was 39 €/sq m/month, in two deals signed in Paseo de la Castellana zone.

Availability in Madrid increased slightly (11.8%), adjusting to the take up rate and to the incorporation of the new project to the market. Availability in grade A buildings (in the CBD) remained at 0.5% of the office stock.



TAKE-UP AND HIGHEST RENTS ACHIEVED BY SUBMARKET*. Q3 2021

| IN ORDER OF TAKE-UP | HIGHEST RENT (€) |
|---------------------|------------------|
| 1. CBD | 39.0 |
| 2. A6 | 15.5 |
| 3. Secondary Centre | 22.0 |
| 4. M-30 North | 19.0 |
| 5. M-30 East | 13.5 |
| 6. Colmenar Road | 9.0 |
| 7. A1 | 13.7 |
| 8. M-40 Nothest | 14.5 |
| 9. M-30 West | 9.3 |
| 10. A2 | 12.0 |

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

Investment market Madrid and Barcelona

The 3rd quarter closed with an investment of more than €770m in Spain, above 80% more than in the same period of last year. The cumulative figure for the year amounts to around €1,770m. We are seeing an increase in activity and with it the return of many investors to prioritize the purchase of offices.

The volume in Barcelona continues to be higher than in Madrid, almost €560m versus near to €170m of the capital in this quarter, due to the confidence of investors in this market and the shortage of product in Madrid.

Both in Madrid and Barcelona, pooled funds were the main players, 98% and 95%.

EUROPE PRIME YIELDS

LATEST AVAILABLE DATA | Q2 2021

| | |
|-------------|-------|
| BRUSSELS | n.a |
| LONDON CITY | 4.00% |
| DUBLIN | 4.00% |
| LONDON WE | 3.50% |
| AMSTERDAM | 3.50% |
| FRANKFURT | 2.75% |
| BERLIN | 2.70% |
| PARIS | 2.75% |

Source: Knight Frank Research

TOP 3 DEALS

BARCELONA

PENTAGON PORFOLIO
VENDOR: AXA REAL ESTATE
PURCHASER: KANAM
€280 M 4,100 €/sq m
Source: Brainsre

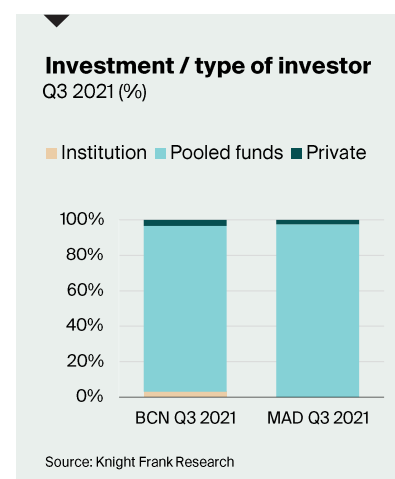
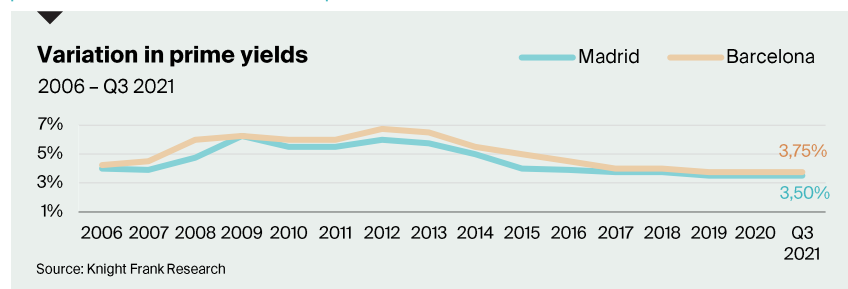
BARCELONA

C/ ZAMORA 70-73 (22@)
VENDOR: GRENWELL GROUP
PURCHASER: CBRE GLOBAL INV.
€75M* 4,900 €/sq m
Source: Brainsre * Estimated price

BARCELONA

C/ TANGER 36 (FUT. AMAZON OFFICE)
VENDOR: ENRIC GREGORI (FAMILY OFFICE)
PURCHASER: KANAM
€67 M 8.000 €/sq m
Source: Ejeprime

The largest transaction is from the pooled fund, Kanam, who sold the Pentagon portfolio with five builds to the insurance company Axa for €280 million. The assets are in Barcelona and are rented by Generalitat of Cataluña until 2023. This operation by the investment fund is in addition to the purchase of Amazon's second headquarters in Barcelona for almost €70m.



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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