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.

Knight Frank

knightfrank.com/research

Offices Snapshot

Q4 2019

MADRID

	2017	2018	2019
ANNUAL TAKE UP 2017 - 2019	573,000 sq m	463,000 sq m	530,000 sq m

	EDITORIAL PLANETA	AMAZON	GALA CAPITAL
TOP 3 *DEALS* 4th QUARTER	JUAN IGNACIO LUCA DE TENA 17 6,800 sq m	Pº CASTELLANA 259A 6,800 sq m	SERRANO 88 5,600 sq m

Madrid occupier Market

Quarterly take-up has reached around 80,000 sq m, closing this year 2019 at approximately 530,000 sq m, which is a 15% more than last year.

The CBD continues to be the one with the highest take up volume and with more transactions during the last quarter of the year.

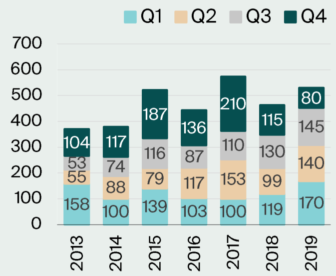
Only 3% of the 1.5 million square meters available belong to grade A buildings, which is around 0,30% of the total stock of offices in Madrid.

The main transaction of the quarter has been the reported by editorial Planeta group, which relocate its headquarters to a renovated building owned by Saint Croix REIT's.

Prime rents have remained stable at €31 sq m per month, being the maximum rent of the quarter at €35 sq m per month in CBD.

Quarterly take up

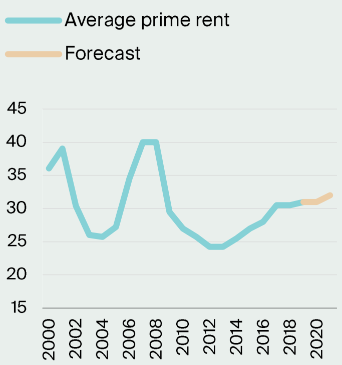
2013 – 2019. Thousands sq m



Source: Knight Frank Research

Average prime rents

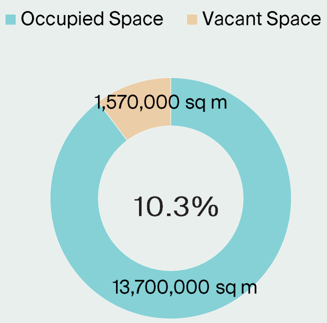
Q4 2019



Source: Knight Frank Research

Vacancy rate

Q4 2019



Source: Knight Frank Research

TAKE-UP AND HIGUEST RENTS ACHIEVED BY SUBMARKET*. Q4 2019

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
CBD	35.0
Secondary Centre	27.0
M-30 East	15.0
A1	18.0
M-30 North	18.0
A2	11.0
M-40 Northeast	15.0
M-30 West	n.a.
A6	8.0
A5	7.0

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

Investment market
Madrid and Barcelona

The investment volume in 2019 ends by breaking records, reaching almost €4 billion invested in offices, which is 65% more than in the previous year.

The bulk of office investment continues to be concentrated in Madrid, which is a 28% more than last year, with an investment volume of approximately € 2.3 billion.

The Pooled Funds continue to be invested on this market with around 50% of the investment made in Madrid and Barcelona.

The investor appetite manifests itself in the yields contraction reflecting 3.5% in Madrid and 3.75% in Barcelona.

EUROPA PRIME YIELDS

LATEST AVAILABLE DATA | Q3 2019

BRUSSELS	4.00%
LONDON CITY	4.25%
DUBLIN	4.00%
LONDON WE	3.75%
AMSTERDAM	3.00%
FRANKFURT	3.00%
BERLIN	2.75%
PARIS	3.00%

Source: Knight Frank Research

TOP 3 DEALS

MADRID AND BARCELONA

MERLIN PORFOLIO
VENDOR: MERLIN
PURCHASER: CAIN AND FREO
€225 M €1,690 sq m
Source: CincoDías

MADRID

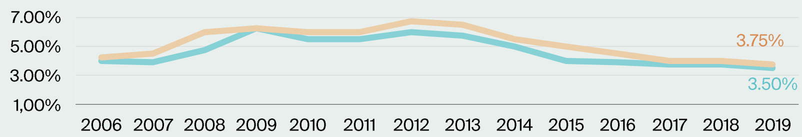
P.E. LAS MERCEDES
VENDOR: GREENOAK
PURCHASER: STARWOOD & DRAGO
€201 M €2,500 sq m
Source: Knight Frank Capital Markets

MADRID AND BARCELONA

BLACKSTONE PORTFOLIO
VENDOR: BLACKSTONE
PURCHASER: IREIT & TIKEHAU C.
€133 M €1,780 sq m
Source: Knight Frank Capital Markets

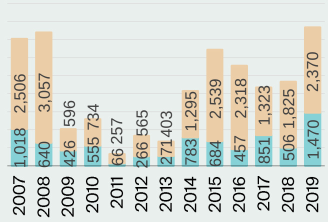
The largest transaction in the quarter has been the sale from Merlin of 26 buildings for €225 million to Cain International and Freo Group. These buildings are distributed between Madrid and Barcelona adding 133,000 sq m of gross rentable area.

Variation in prime yields
2006 – 2019



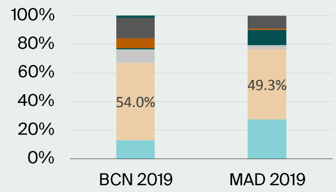
Source: Knight Frank Research

Investment volume
2007-2019 (€M)



Source: Knight Frank Research

Investment / type of investor
2019 (%)



Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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