

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

Q4 2020

	MADRID		
TAKE UP Q4 2018 - 2020	2018 115,000 sq m	2019 80,000 sq m	2020 70,000 sq m
TOP 3 DEALS 4 th QUARTER	COMUNIDAD DE MADRID Pº CASTELLANA 280 7,800 sq m	CONFIDENTIAL CARRETERA DE BARAJAS 32 7,300 sq m	GLOBAL ALUMNI EDUCATION C/ ACANTO 11-13 (subletting) 6,200 sq m

Madrid Occupier Market

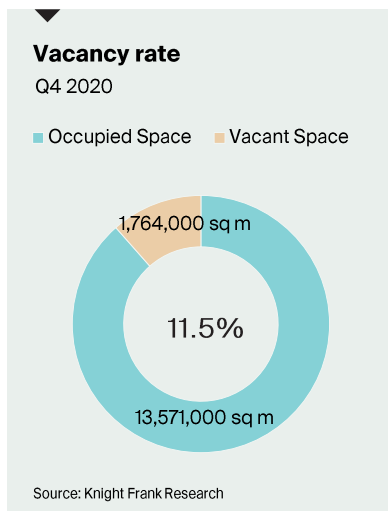
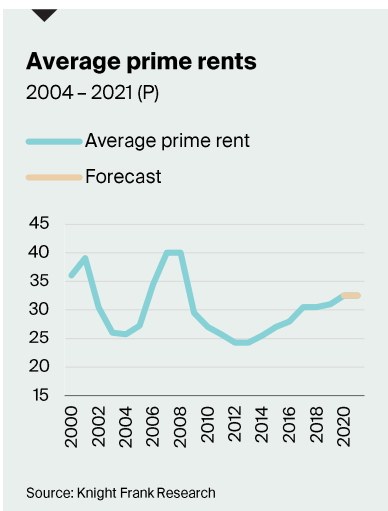
During the last quarter of the year take up has risen to about 70,000 sq m, standing at 350,000 sq m over the course of the year. This figure is 35% lower than the amount of square meters contracted in 2019 which can be attributed to the negative impacts caused by the health crisis.

There have been no changes in prime rental levels, continuing at € 32.5 sq m / month on average.

The maximum rent reached was € 36 sq m / month corresponding to Paseo de la Castellana 64.

Another of the effects of the COVID-19 crisis has been observed in the availability of the capital, which has grown slightly to stand at 11.5% at the end of the year.

Of the 1.7 million square meters available, around 5% belong to grade A buildings in the CBD, which represents around 0.6% of the Madrid office park.



TAKE-UP AND HIGHEST RENTS ACHIEVED BY SUBMARKET*. Q4 2020

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
1. CBD	36.0
2. Secondary Centre	27.0
3. M-30 North	15.0
4. A1	12.0
5. A6	16.5
6. M-30 East	13.5
7. A3	7.0
8. M-30 West	9.0
9. A2	10.0

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

Investment market Madrid and Barcelona

In the fourth quarter, investment was just over € 315 million in Spain, with the accumulated amount for the year being over € 2,000 million. Madrid represents around 60%, registering almost € 1,250 million, while Barcelona has registered almost 30% of the total volume. Although investment in 2019 broke a historical record, this year has closed with values close to those registered in previous years, even despite the health crisis.

Investment funds have been the leaders in 2020 in Madrid and Barcelona, around 65% in both.

Prime yields have remained stable, 3.75% for Barcelona and 3.50% for Madrid.

EUROPE PRIME YIELDS

LATEST AVAILABLE DATA | Q3 2020

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

TORRE OMBÚ
VENDOR: GONVARRI
PURCHASER: INMOCAIXA
€70 M 5,300 €/sq m
Source: Brainsre

MADRID

PRÍNCIPE DE VERGARA 108
VENDOR: BLACKSTONE
PURCHASER: UBS REAL ESTATE
€50.5 M 5,900 €/sq m
Source: Knight Frank C. Markets

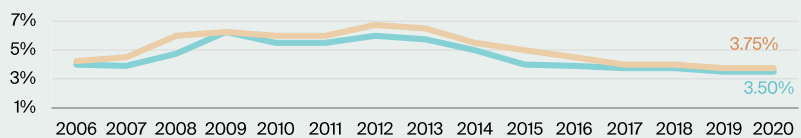
MADRID

METRO DE MADRID HEADQUARTERS
VENDOR: DOMO ACTIVOS
PURCHASER: GRC
€17 M n.a. €/sq m
Source: Expansión

The largest operation during this quarter was the purchase by Inmocaixa of Torre Ombú, located in the Méndez Álvaro area, from the Riberas family. The value of the transaction was closed for 70 million euros.. The building has more than 13,100 sq m distributed over 14 floors.

Variation in prime yields

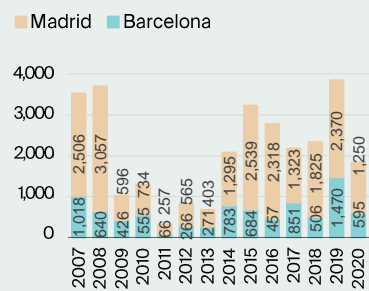
2006 - 2020



Source: Knight Frank Research

Investment volume

2007 - 2020 (M€)

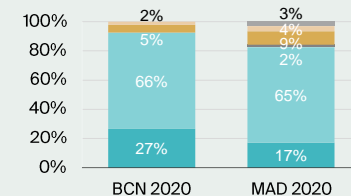


Source: Knight Frank Research

Investment / type of investor

2020 (%)

Legend: Institution, Pooled funds, Private, Propco's, REITs, Corporate



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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