

Offices Snapshot

Q1 2023

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.

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Investment in the office market has accounted for the highest investment volume in the real estate sector⁽¹⁾

- Occupancy trends for the first quarter of 2023 reinforced the preference of tenants for centrally located areas of the capital, with 60% of total take-up concentrated within the M-30.

MADRID OCCUPIER MARKET

Take-up for the office market in the first quarter of 2023 was 110,000 sq m, a decrease of 15% in comparison to the same period in 2022, albeit 60% higher than the figures for 2021.

The average prime rent remains stable at €33.5 sq m/month. A slight increase is expected in the coming months as office space with better

facilities and technology are becoming increasingly sought-after.

The vacancy rate remains stable at 11.5%, but has decreased in central areas, such as the CBD or the Secondary Center, with rates of 4% and 4.8%, respectively.

Although grade A assets represent 10,000 sq m of new stock in the first quarter of 2023, they only account for 0.4% of total stock.

Madrid

Take up Q1 2023

110,000 sq m
(135,000 sq m Q1 2022)

Top 3 occupancy deals Q1 2023

8,100 sq m

Univ. Camilo José Cela | Juan H. de Mendoza

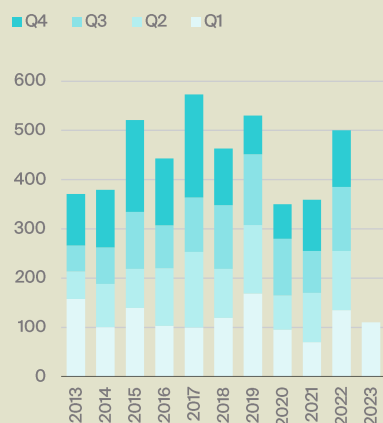
7,000 sq m

Confidential | General Lacy 23

6,300 sq m

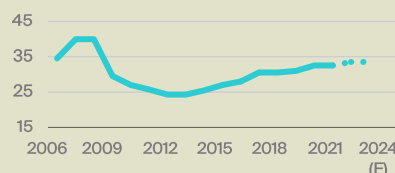
Mutualidad de la Abogacía | Fco. Silvela 106

Madrid quarterly take up
2013 - Q1 2023. Thousands sq m



Source: Knight Frank Research

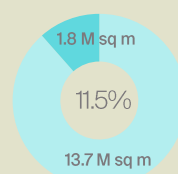
Average prime rents
2006 - 2024 (F). €/sq m/month



Source: Knight Frank Research

Vacancy rate Madrid
Q1 2023

Occupied space
Vacant space



Source: Knight Frank Research

Take-up and highest rents
Achieved by submarket*. Q1 2023

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
1. CBD	37
2. Secondary Centre	32
3. A1	16
4. A6	16
5. M-30 North	15.5
6. M-40 Northeast	18
7. M-30 East	16.5
8. Colmenar Road	9.5
9. A2	10

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

(1) Considering the office, logistics, retail, hotels, and PRS sectors

INVESTMENT MARKET MADRID AND BARCELONA

Investment in the Spanish Office Market reached €580 million for the first three months of 2023, almost 95% more than Q4 2022.

The capital closed Q1 2023 with ca. €380 million, 15% more than the same period in 2022. Investment in Madrid for this quarter accounts for 65% of total investment in Spain. Barcelona saw investment of €161 million for Q1, 80% more than the same period in 2022, representing 30% of the total investment volume in Spain.

Prime yields have remained consistent in Spain's most prominent markets, Madrid and Barcelona.

95% of Barcelona's investment has been transacted by funds, while over 80% of Madrid's investment has been transacted by real estate companies.

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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Spain

Investment volume Q1 2023

€580 M (M645 € Q1 2022)

Top 3 investment deals Q1 2023

€300 M | Madrid (3 buildings)

Vendor: Colonial | Purchaser: Prallariz
Capital value: 8,200 €/sq m
Source: Brainsre

€70 M | Barcelona, Pamplona 66

Vendor: Glenwell | Purchaser: REInvest
Capital value: 4,700 €/sq m
Source: Idealista news

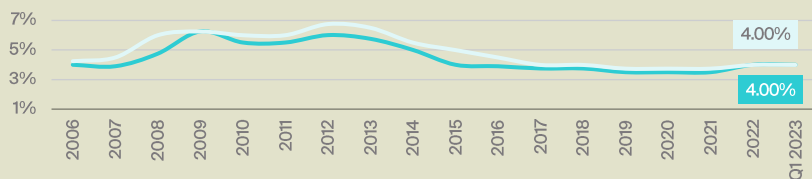
€36 M | Madrid, Torre Mizar

Vendor: Zurich | Purchaser: HNA
Capital value: 4,900 €/sq m
Source: Belbex

- The most notable transaction of Q1 consists of the sale of three office buildings in Madrid from Colonial to Prallariz for a total of €300 million. The buildings are located at 9 Calle Almagro, 56 Calle José Abascal and 11 Calle Miguel Ángel, with a combined area of 35,000 sq m. The most significant of the transactions being the 15,000 sq m office on Calle Almagro, consisting of eight floors and 201 parking spaces.

Variation in prime yields

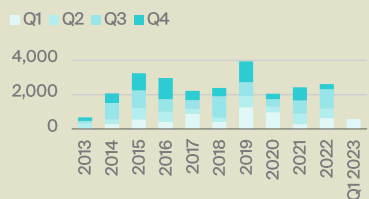
2006 - Q1 2023



Source: Knight Frank Research

Investment volume in Spain

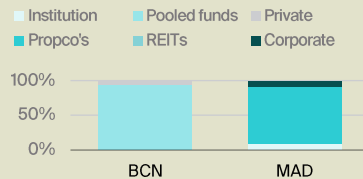
2013 - Q1 2023 (M€)



Source: Knight Frank Research

Investment by type of investor

Q1 2023 (%)



Source: Knight Frank Research. Not include confidential or non-representative transactions.

Europe prime yields. Q1 2023

London City	4.75%	=
Dublin	5.00%	↑
London WE	3.75%	=
Amsterdam	4.50%	↑
Frankfurt*	3.40%	=
Berlin	3.75%	↑
Paris	3.25%	=

Source: Knight Frank Research.* Q4 2022.