

Offices Snapshot

Q2 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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Periphery areas bouncing back, claiming approximately 30% of the contracted area

- The area located between Madrid's two ringroads (M-30, M-40) ranks second in terms of total contracted volume, with the technology sector standing out.

MADRID OCCUPIER MARKET

During the second quarter, leasing activity amounted to 110,000 sqm. Although it experienced an 8% decline compared to the same period last year, it is expected that annual figures will align with those of 2022.

Average prime rents remained stable at 33.5 €/sqm/month. Notably, in a transaction centered around the financial sector,

C/ Claudio Coello witnessed a peak, achieving a quarterly maximum rent of €40 €/sqm/month.

The availability rate saw a slight increase, reaching 11.8%. However, specific areas like the CBD, secondary center, and far periphery experienced a marginal decrease in availability, with the latter dropping by 0.4%. Grade A assets in the CBD maintained a low rate, nearing 0.4%.

Madrid

Take-up Q2 2023

110,000 sq m
(120,000 sq m Q2 2022)

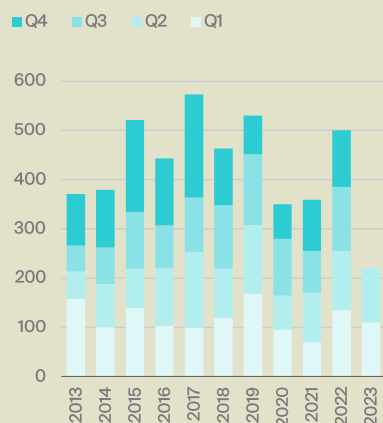
Top 3 occupancy deals Q2 2023

8,475 sq m
Kyndryl España | Albacete, 5

6,000 sq m
Teamlabs | Pza. San Martín, 1

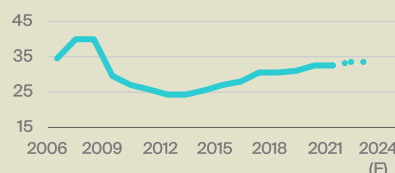
4,180 sq m
SAP España | Pza. Pablo Ruiz Picasso, 11

Madrid quarterly take up
2013 - H1 2023. Thousands sq m



Source: Knight Frank Research

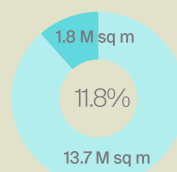
Average prime rents
2006 - 2024 (F). €/sq m/month



Source: Knight Frank Research

Vacancy rate
Madrid
Q2 2023

Occupied space
Vacant space



Source: Knight Frank Research

Take-up and highest rents
Achieved by submarket*. Q2 2023

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
1. CBD	41.0
2. Secondary centre	27.5
3. M-30 East	15.0
4. M-30 North	17.5
5. M-30 West	11.5
6. M-40 Northeast	27.5
7. A1	13.5
8. A2	10.8
9. A6	16.0

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

INVESTMENT MARKET MADRID AND BARCELONA

The investment volume during the H1 of the year has been around €670 million in Spain, representing a decrease of 45% compared to the same period last year.

It is expected that, thanks to estimates of economic improvements, the investment appetite will gradually recover throughout the rest of the year.

During the 2nd quarter, Barcelona has accounted for almost the entire investment, surpassing €250M, representing approximately 98% of the total investment in the country.

Prime yields continue to remain constant in the main markets, Madrid and Barcelona, both at 4%.

Regarding the type of investor, in Barcelona, funds have been the ones that invested the largest volume, accounting for almost 85%, while in Madrid, propco's have stood out with over 80%

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 H1 2023

€670 M (M 1,200 € H1 2022)

Top 3 investment deals Q2 2023

€31* M | Barcelona, 22@ Project

Vendor: Codic | Purchaser: BanSabadell

Capital value: 6,900 €/sq m

Source: Property Web * Estimated price

€25* M | Barcelona, Lluís Muntadas 5

Ven.: Siemens | Purch.: Kefren, Europi & Aire

Capital value: 1,900 €/sq m

Source: Property Web * Estimated price

€19 M | Barcelona, Sede editorial Océano

Vendor: Grupo Océano | Purchaser: Meridia

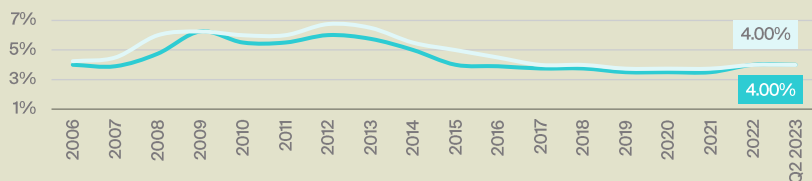
Capital value: 3,500 €/sq m

Source: EjePrime

► One of the most noteworthy transactions of the quarter is the sale by the Belgian developer, Codic, of its second office development located in the 22@ area, to the insurance company BanSabadell Vida. The asset covers an area of 4,500 sqm and holds LEED Platinum and WiredScore certifications. Notably, the property had been pre-leased by the video game company Socialpoint last year.

Variation in prime yields

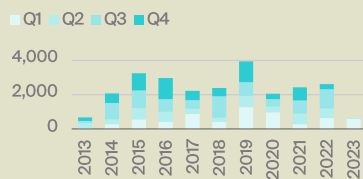
2006 – Q2 2023



Source: Knight Frank Research

Investment volume in Spain

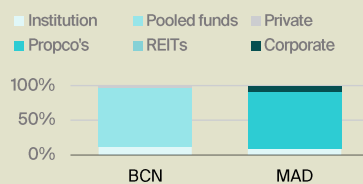
2013 - H1 2023 (M€)



Source: Knight Frank Research

Investment by type of investor

H1 2023 (%)



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

Europe prime yields. Q2 2023

London City	5.55%	↑
Dublin	5.00%	=
London WE	4.00%	↑
Amsterdam	4.50%	=
Frankfurt*	3.40%	=
Berlin	3.85%	↑
Paris**	3.25%	=

Source: Knight Frank Research.* Q4 2022.** Q1 2023