

Offices Snapshot

Q3 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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Surface expansions have been the main driver of absorption in Q3 2023

- Both in the third quarter and year-to-date, it is observed that the majority of companies leasing office spaces are opting to expand their surface area, reflecting the dynamism of this market

MADRID OCCUPIER MARKET

During the third quarter, take up reached approximately 96,000 sq m, with a year-to-date total of about 330,000 sq m, representing a 15% decrease compared to the same period in 2022. This decline is partly due to the lack of large-area transactions: in Q1-Q3 2022, there were 4 transactions above 8,000 sq m, totaling 45,000 sq m. During the same time period in 2023,

3 transactions of similar size have been signed, totaling 25,000 sq m.

It is expected that the year will end with approximately 420,000 sq m, a more than positive volume and consistent with the country's economic situation, considering that a recession was expected for the first half of 2023, which ultimately did not occur but did slow down the decision-making process.

Madrid

Take-up Q3 2023

96,000 sq m
(125,000 sq m Q3 2022)

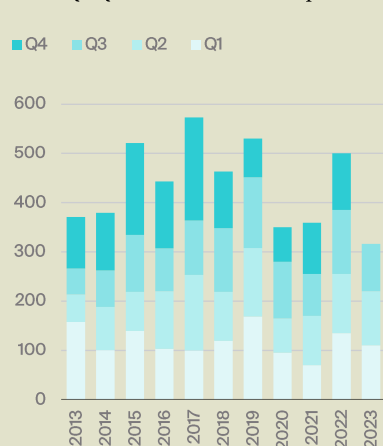
Top 3 occupancy deals Q3 2023

10,500 sq m
Straumann Holding | C/ Alcalá 544
(advised by Knight Frank)

5,400 sq m
Universidad Comillas | C/ Alberto Aguilera 37
(advised by Knight Frank)

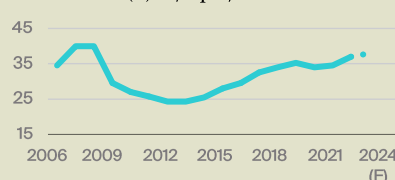
4,600 sq m
Confidencial | Pº Castellana 77

Madrid quarterly take up
2013 - Q1-Q3 2023. Thousands sq m



Source: Knight Frank Research

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



Source: Knight Frank Research

Vacancy rate Madrid

Q3 2023



Source: Knight Frank Research

Take-up and highest rents

Achieved by submarket*. Q2 2023

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
1. CBD	42.0
2. Secondary centre	28.0
3. M-30 East	22.0
4. A2	13.5
5. A1	14.5
6. M-30 North	14.0
7. Colmenar Road	10.0
8. M-40 Northeast	13.0
9. M-30 South	10.0

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

INVESTMENT MARKET MADRID AND BARCELONA

The investment volume during the third quarter has been around €180 million in Spain, with Madrid accounting for over 75% of the total investment.

The year-to-date cumulative total amounts to €855 million, representing a 65% decrease compared to the same period last year.

In general terms, the office investment market in Spain continues to be slowed down due to the "lack of balance" between the prices that buyers offer and what sellers are willing to accept. This is because yields are still in the process of adjusting to the market. In the third quarter of 2023, prime yields have increased slightly in Madrid and Barcelona, reaching 4.20% and 4.30%, respectively.

It is expected that in the coming months, and following the stabilization of interest rates by the ECB, the office market will find a new level of balance, thus reactivating investment activity

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 T1-T3 2023

€850 M (M 2,300 € Q1-Q3 2022)

Top 3 investment deals Q3 2023

€79 M | Madrid, Tres Cantos

Vendor: Confidencial | Purchaser: JSS RE
Capital value: 1,900 €/sq m
Source: Brainsre

€44 M | Madrid, Anabel Segura 14

Vendor: Colonial | Purchaser: Inmocaixa
Capital value: 2,500 €/sq m
Source: Knight Frank Research

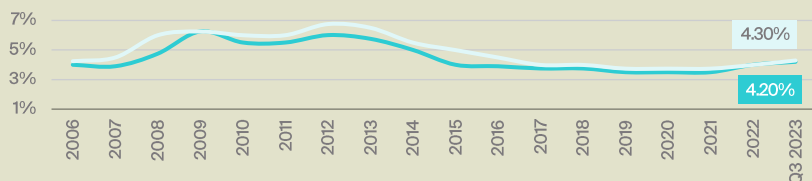
€41 M | Barcelona y Pais Vasco

Vendor: Confidencial | Purchaser: Remake
Capital value: n.a. €/sq m
Source: Idealista

► The most notable transaction of the quarter was the purchase made by the REIT JSS Real Estate of the building currently occupied by Movistar Plus+ for a volume of 79 million euros from a North American fund. The asset has an approximate area of 42,000 m² and is located at Avenida de los Artesanos 6, Tres Cantos.

Variation in prime yields

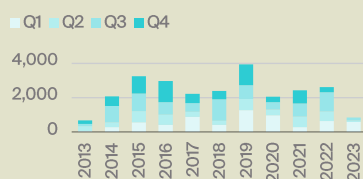
2006 - Q3 2023



Source: Knight Frank Research

Investment volume in Spain

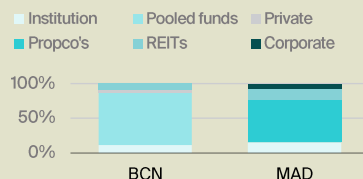
2013 - H1 2023 (M€)



Source: Knight Frank Research

Investment by type of investor

Q1-Q3 2023 (%)



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

Europe prime yields. Q2 2023

Dublin	5.00%	=
London WE	4.00%	↑
Amsterdam	4.50%	=
Berlin	3.85%	↑
Paris	3.50%	↑
Bruselas	4.60%	↑

Source: Knight Frank Research