

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

Q2 2021



Madrid Occupier Market

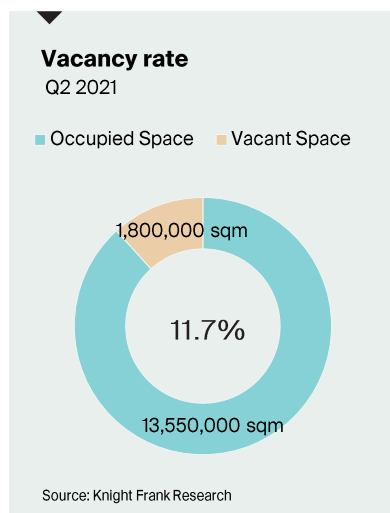
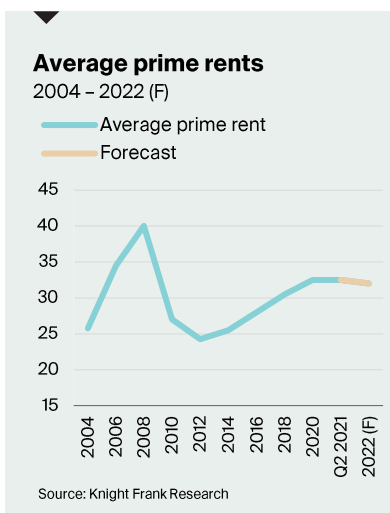
Take up in the 2nd quarter of the year closed with nearly 100,000 sq m, which is almost 45% more than in the same period of last year. The figure closed in the 1st half of 2021 is slightly higher than in the same period of 2020 (3%).

A greater dynamism is observed in the sector, largely thanks to the commitment of companies to recover face-to-face work or a combination of

face-to-face and teleworking in the run-up to September.

Average prime rent levels continue at 32.5 €/sq m/month, with a slight adjustment expected soon. The maximum rent achieved was 38 €/sq m/month, in Torre Serrano.

Availability in Madrid increased slightly during the quarter to 11.7%, while in grade A buildings (in the CBD) declined very slightly and remained at around 0.5% of the office stock.



TAKE-UP AND HIGHEST RENTS ACHIEVED BY SUBMARKET*. Q2 2021

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
1. A1	16.0
2. CBD	38.0
3. M-30 North	15.0
4. Secondary Centre	28.0
5. M-30 East	16.8
6. M-40 Nothest	17.0
7. M-30 West	10.5
8. Colmenar Road	8.0
9. A6	17.0
10. A2	12.0

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

Investment market Madrid and Barcelona

The 2nd quarter closed with an investment of nearly €615m in Spain, above 85% more than in the same period of last year, bringing the cumulative figure for the first six months to €900m.

Barcelona continues to stand out with over €700m in the 1st half of 2021, more than 75% of the total investment volume, compared to 15% in Madrid. It is expected that once stability returns and more sales opportunities appear in the capital, this market will resume its natural trajectory.

In Madrid, pooled funds were the main players (60%) of investment, while in Barcelona, institutional funds (35%).

EUROPE PRIME YIELDS

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BRUSSELS	3.70%
LONDON CITY	4.00%
DUBLIN	3.75%
LONDON WE	3.50%
AMSTERDAM	3.50%
FRANKFURT	2.75%
BERLIN	2.75%
PARIS	2.75%

Source: Knight Frank Research

TOP 3 DEALS

BARCELONA

PROJECT SEA
VENDOR: MERIDIA CAPITAL
PURCHASER: ALLIANZ
€180 M 6,300 €/sq m
Source: Confidential

BARCELONA

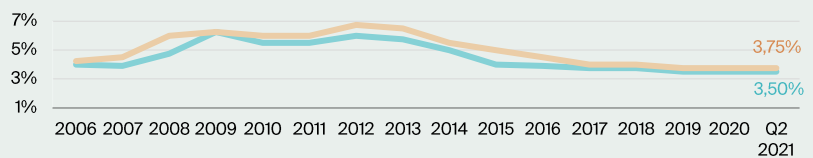
OFICINAS C.C. GLORIES
VENDOR: BLACKSTONE
PURCHASER: IBA CAPITAL
€120 M 5,600 €/sq m
Source: Inmobiliario Mes a Mes

BARCELONA

TORREESTEVE
VENDOR: IBERDROLA
PURCHASER: K GAL GROUP
€100 M 5.150 €/sq m
Source: Brainsre

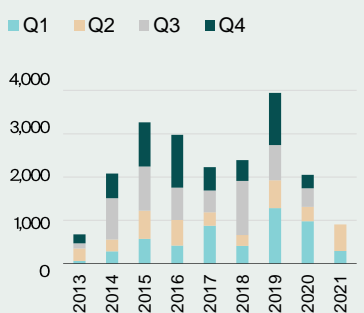
The largest transaction of the quarter is from Meridia Capital, who sold the Project Sea office complex to Allianz for €180 million. It consists of two buildings totalling approximately 29,000 sq m. The site of the properties is mixed-use, with a further 7,000 sq m of residential use that is not included in this purchase.

Variation in prime yields 2006 - Q2 2021



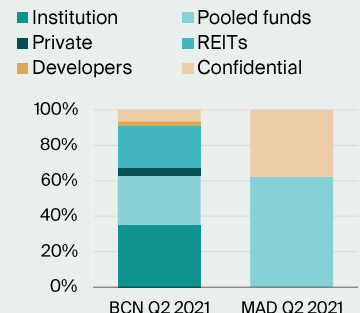
Source: Knight Frank Research

Investment volume in Spain 2013 - H1 2021 (M€)



Source: Knight Frank Research

Investment / type of investor Q2 2021 (%)



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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