

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 2022

	MADRID		
TAKE UP Q2 2020 - 2022	2020 70,000 sq m	2021 100,000 sq m	2022 120,000 sq m
TOP 3 DEALS 2 nd QUARTER	AON VELAZQUEZ 86D 5,240 sq m	ASTRAZENECA PUERTO DE SOMPORT 21 5,220 sq m	GRUPO QUIRON VALPORTILLO PRIMERA 22 5,145 sq m

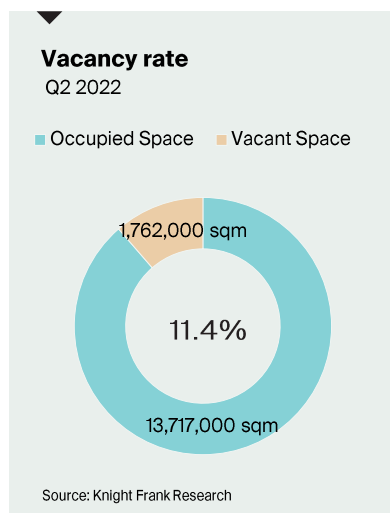
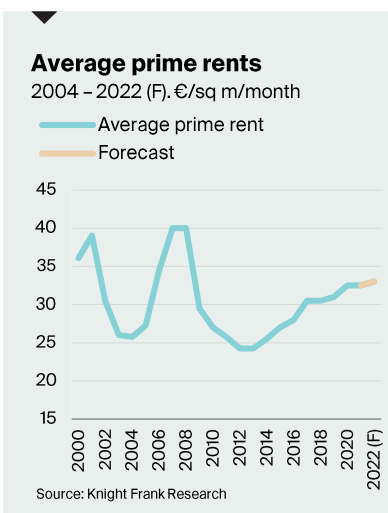
Madrid Occupier Market

The second quarter of the year closed with close to 120,000 sqm under take-up, 20% more than the same quarter last year. So far this year, the registered square metres amount to almost 255,000 sq m, 50% more than the first half of 2021, with a forecast for the end of the year of around 460,000 sq m signed.

During the second quarter the

average prime rent rose slightly to €33/sq m/month. This increase is due to the existence of increasingly exclusive and differentiating assets in an area that is already characterized by its prime product.

Availability in Madrid is decreasing and in the second quarter of the year is 11.4%, due to the good pace of absorption. The availability of grade A buildings in the CBD is around 0.5% of the total office stock in Madrid.



TAKE-UP AND HIGHEST RENTS ACHIEVED BY SUBMARKET*. Q2 2022

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
1. CBD	40.0
2. A1	14.0
3. Secondary Centre	24.0
4. M-30 North	18.5
5. M-30 East	16.0
6. M-40 Northeast	12.5
7. Colmenar Road	9.0
8. A6	17.0
9. A3	6.0
10. A2	13.0

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

Investment market Madrid and Barcelona

In the second quarter of the year, the investment made in Spain exceeded 560 million euros, and if we analyse the total investment for the first half of the year, this amounts to almost 1.2 billion euros, which represents more than 30% compared to the same period in 2021.

Investment in the capital closed the quarter with almost €290m, similar to the €260m in Barcelona. In the case of Madrid, investment was 350% higher than in the second quarter of 2021.

Institutional investors accounted for 27% of the total in Madrid and 45% of the total in Barcelona.

Prime yields are stable in both markets.

EUROPE PRIME YIELDS

LATEST AVAILABLE DATA | Q1 2022

LONDON CITY	4.00%
DUBLIN	4.00%
LONDON WE	3.25%
AMSTERDAM	3.15%
FRANKFURT	2.75%
BERLIN	2.65%
PARIS	2.75%

Source: Knight Frank Research

TOP 3 DEALS

BARCELONA

ANTIC DE VALENCIA 54 ST (22@)
VENDOR: UBS
PURCHASER: UNION INVESTMENT
€65 M 6,500 €/sq m
Source: Ejeprime

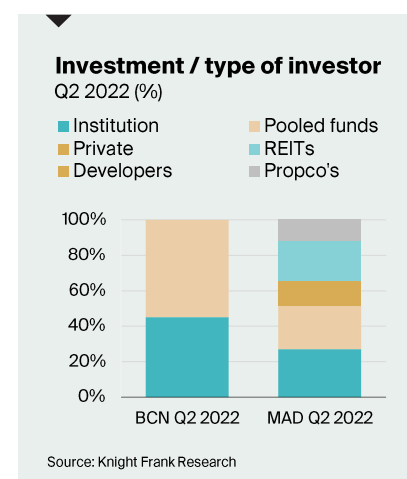
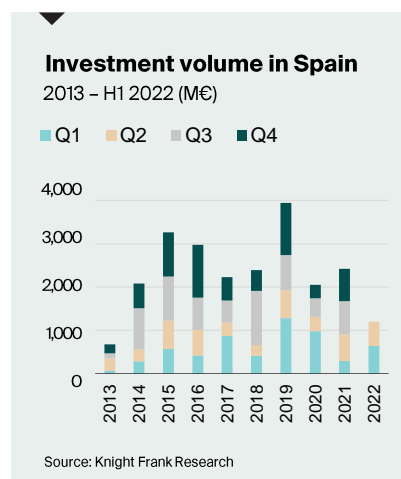
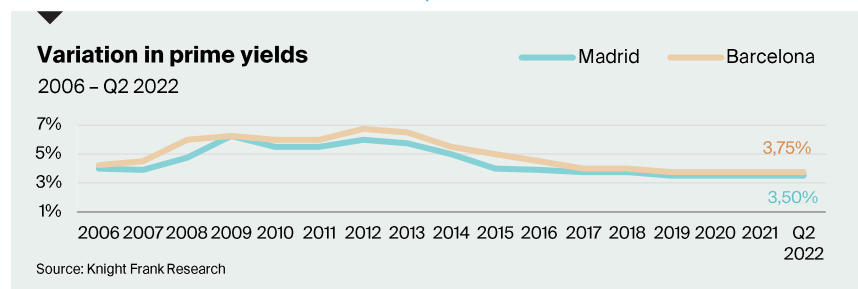
MADRID

VIA DE LOS POBLADOS 9 ST.
VENDOR: MERLIN PROPERTIES
PURCHASER: FIDELIDADE
€58M 3,150 €/sq m
Source: Capital Markets Knight Frank

BARCELONA

PAMPLONA 104 ST.
VENDOR: CODIC
PURCHASER: GENERALI
€35 M 7.780 €/sq m
Source: Brainsre

Among the most relevant transactions was the purchase by the German fund Union Investment to UBS of an office building in Barcelona for €65m. The asset is 100% leased to Henkel and Netcentric. On the other hand, in Madrid, the Portuguese Fidelidade bought the office building located at Via de los Poblados 9 from Merlin Properties for €58m.



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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