

Offices Snapshot

Q2 2024

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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Office leasing exceeds the average of the last three years by almost 20%

► During the first six months of the year, take-up in the Madrid office market stands at nearly 270,000 sq m, a figure that is above the average for the same period over the last three years (230,000 sq m).

MADRID OCCUPIER MARKET

During the second quarter, take-up registered nearly 110,000 sq m, reaching a semi-annual total of almost 270,000 sq m.

Forecasts for the end of the year estimate reaching about 450,000 sq m of leasing, which would imply an annual growth of 15%, above the annual average of the last three years (435,000 sq m).

Tenants continue to prioritize high-quality buildings, as during the first

six months of the year, more than 65% of leasing has occurred in A and B+ quality buildings.

It is worth noting that the five largest leasing transactions (those over 7,000 sq m) during this period have taken place in buildings with these qualities.

The prime rent has slightly increased to 38.75 €/sq m/month, with expectations to close the year at 40 €/sq m/month.

Madrid

Take-up Q2 2024

107,000 sq m
(114,000 sq m Q2 2023)

Top 3 occupancy deals Q2 2024

7,250 sq m

Esne Estudios Superiores Int. | Alcalá 506

4,020 sq m

Comunidad de Madrid | Agustín de Foxá 4 (Aqua building)

3,780 sq m

Statkraft Development Spain | Rosario Pino, 14-16 (Torre Rioja building)

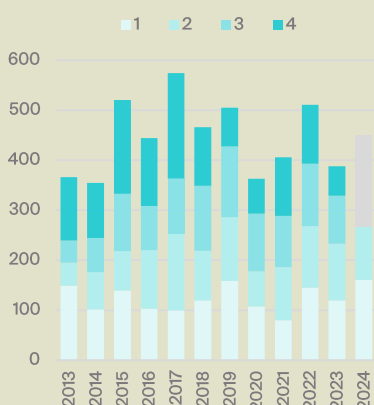
Take-up and highest rents

Achieved by submarket*. Q2 2024

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
CBD	
31% of the take-up	43.0
Secondary Centre	
14% of the take-up	35.0
Decentralised	
37% of the take-up	19.0
Out of Town	
18% of the take-up	16.5

Madrid quarterly take up

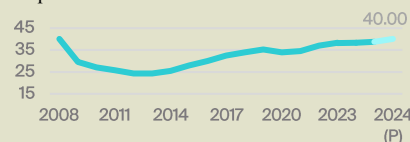
Thousands sq m



Source: Knight Frank Research

Average prime rent

€/sq m/month

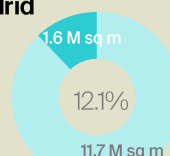


Source: Knight Frank Research

Vacancy rate Madrid

Q2 2024

Occupied space
Vacant space



Source: Knight Frank Research.

*The historical series has been corrected to reflect a more consolidated stock, in line with the sector.

INVESTMENT MARKET

MADRID AND BARCELONA

The volume of direct investment closed the second quarter with nearly €180 million in Spain, of which almost 70% corresponds to transactions signed in Madrid. The semi-annual total stands at nearly €320 million, with 50% taking place in the capital.

Despite the reduced investment levels in the sector, some significant transactions have been made, such as the purchase of the Titán 8 building in Méndez Álvaro, with more than 10,600 sq m, acquired by GMP from Grosvenor. Additionally, Freo has sold the Prima Building, a 24,000 sq m building in El Prat de Llobregat, to a French company.

Towards the end of the year, the more dynamic pace of take-up and economic stability during the last months of the year are expected to encourage investment activity.

Prime yields have remained stable during the beginning of the year both in Madrid and Barcelona, standing at 4.25% and 4.50%, respectively.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Capital Markets

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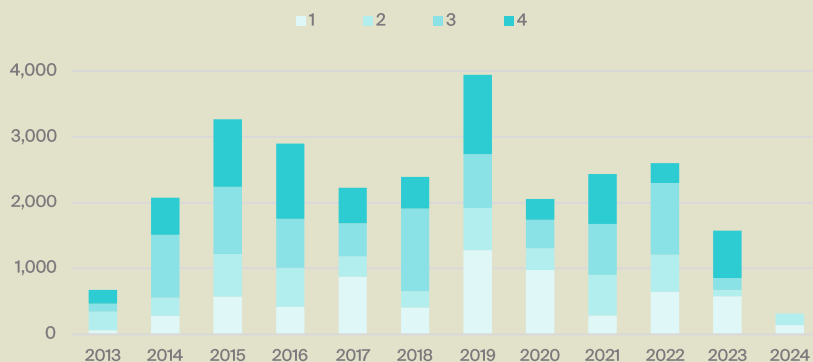


Research

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Direct investment volumen in Spain

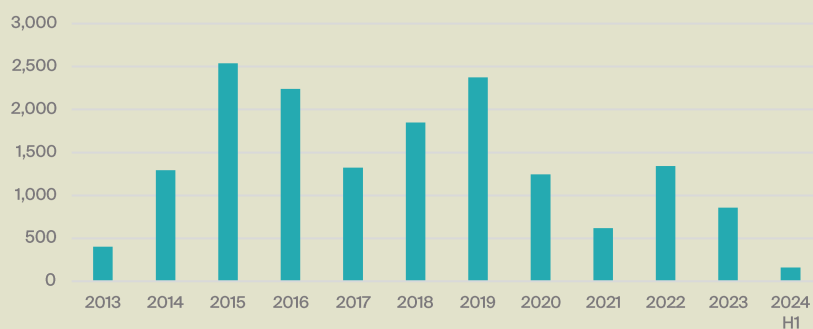
€M



Source: Knight Frank Research

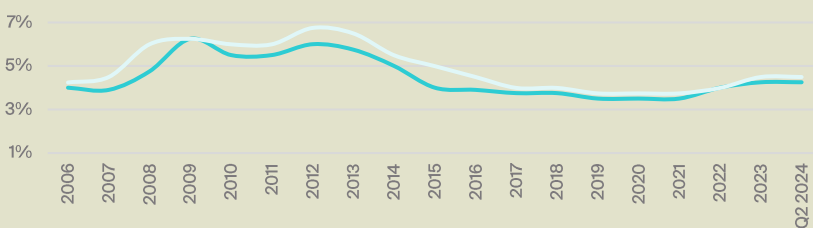
Direct investment volume in Madrid

€M



Source: Knight Frank Research

Variation in prime yields



Source: Knight Frank Research

Europe prime yields. Q1 2024

Amsterdam	5.25%	=
Praga	5.50%	=
Paris - CBD	4.25%	=
Brussels	4.90%	=
Vienna	5.00%	=
Munich	4.30%	=

Source: Knight Frank Research