

Offices Snapshot

Q3 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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Take-up in the first nine months of 2024 breaks the record of the last 10 years

- In the first three quarters of 2024, take-up in the Madrid office market stands at nearly 443,000 sq m, representing an increase of around 35% compared to the same period last year (330,000 sq m).

MADRID OCCUPIER MARKET

During the third quarter, the take-up registered nearly 175,500 sq m, reaching a total of 443,000 sq m for the year.

Compared to the total of the first three quarters of the 2015-2019 period, this represents a 24% increase.

This figure exceeds the forecasts made at the beginning of the year, leading an upward revision. It is expected that 2024 will close with a take-up of around 540,000 sq m, making it a very dynamic year in terms of take-up.

With these figures, the office market in Madrid reflects that companies, once the hybrid work model has been adopted, continue to invest in a significant physical office space component.

During the first nine months of the year, 66% of the leasing activity has occurred in buildings with A and B+ quality.

Prime rent has slightly increased to €39.50 sq m/month, with expectations to rise to €40 sq m/month by the end of 2024, continuing the upward pressure due to the shortage of quality space in the CBD.

Madrid

Take up Q3 2024

175,500 sq m
(96,000 sq m Q3 2023)

Top 3 occupancy deals Q3 2024

22,430 sq m

Cepsa | Teresa Claramunt, 21 (Arroyo Building)
Pre-letting in the area surrounding the Montecarmelo neighborhood.

16,510 sq m

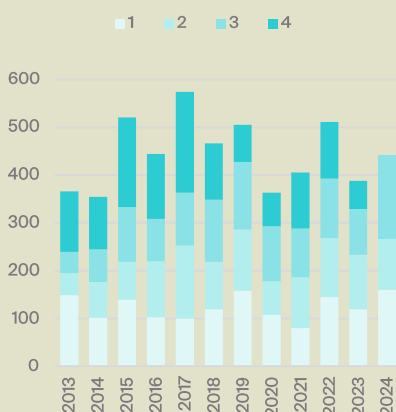
UNIE University | Monforte Lemos, 28
Pre-letting

15,240 sq m

Community of Madrid | Manuel Cortina, 2

Madrid quarterly take up

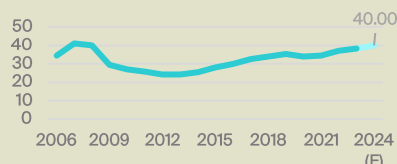
Thousands sq m



Source: Knight Frank Research

Prime rent Madrid

€/sq m/month

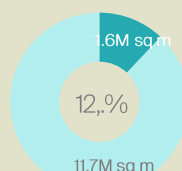


Source: Knight Frank Research

Vacancy rate Madrid*

Q3 2024

■ Vacant space
■ Occupied space



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

% Take-up by surface area and maximum rent by macro zones. Q3 2024

Macro Zone	% of the take-up	HIGHEST RENT (€)
Descentralised	45%	22.0
Secondary Centre	25%	27.5
CBD	20%	42.0
Out of Town	10%	16.0

INVESTMENT MARKET

SPAIN

The investment registered in Spain up to September is close to €M 815⁽¹⁾. Madrid accounts for more than 60% of the total national investment in 2024⁽²⁾. Within the M-30, almost 90% of the investment recorded in the region during this period has taken place. This upward trend had already been observed in recent years, with around 60% of office investment taking place within the M-30 in 2021, 2022, and 2023.

The third quarter accounts for 44% of the total investment in Spain, reaching €M 360, which represents a 15% increase compared to the previous quarter. In the capital, the purchase of the Zurich building, with 12,000 sq m, by Besant Capital stands out, and it will be converted for a change of use. Meanwhile, in Barcelona, the Zona Franca Consortium acquired the Tarragona Tower from Blackstone for €M100.

Prime yields remain at 4.25% in Madrid and 4.50% in Barcelona

By the end of the year, it is estimated that more than half of the annual office investment will be redirected to other uses.

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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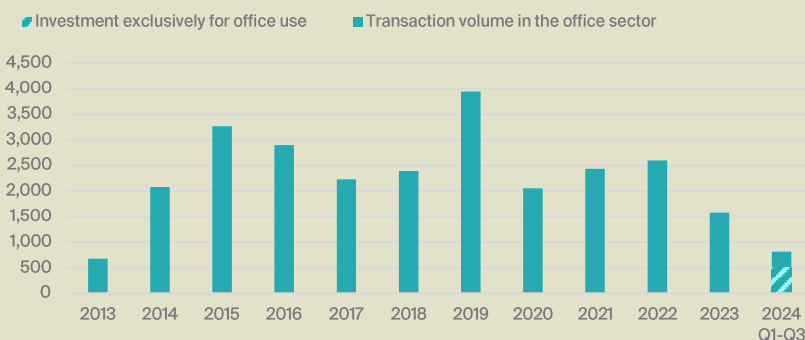


Research

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Office investment in Spain*

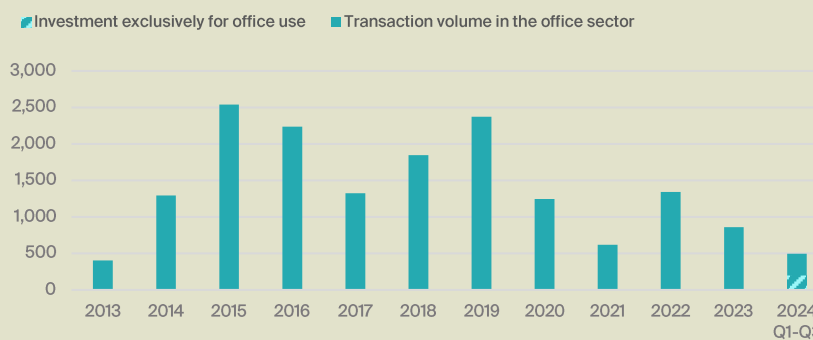
M€



Source: Knight Frank Research
*Since 2024, the methodology will be changed to include office assets with use changes

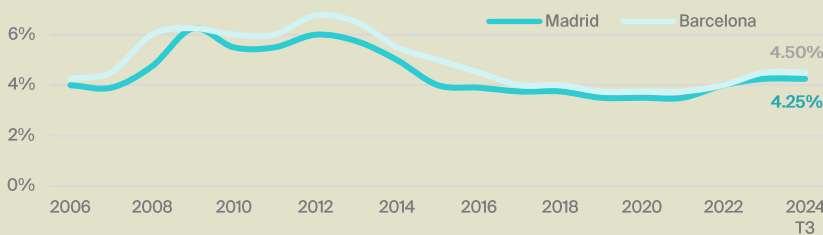
Office investment in Madrid*

M€



Source: Knight Frank Research

Variation in prime yields



Source: Knight Frank Research

Europe prime yields. Q3 2024

Dublin	5.25 %	=
Praga	5.50 %	=
Paris – CBD	4.25 %	=
Brussels	5.25 %	=
Vienna	5.00 %	=
Munich	4.30 %	=

Source: Knight Frank Research

- (1) In the national total, 37% are buildings that will undergo a change of use.
(2) In the total for Madrid, 60% are buildings that will undergo a change of use.