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.

Knight Frank

Offices Snapshot

Q4 2022

knightfrank.com/research

MADRID

	2020	2021	2022
TAKE UP Q4 2020 - 2022	**70,000 sq m**	**104,000 sq m**	**115,000 sq m**

	CARREFOUR AV. TRANSICIÓN ESPAÑOLA 36	EDPR ENGIE AV. BURGOS 89, BUILD. A AND B	IBM PZA. PABLO RUIZ PICASSO 7
TOP 3 *DEALS* 4th QUARTER	**19,000 sq m**	**14,000 sq m**	**10,500 sq m**

Madrid Occupier Market

The fourth quarter closed with a take-up of more than 115,000 sq m, up more than 10% in comparison to Q4 last year.

For the whole year, take-up exceeds 500,000 sq m, almost 40% more than 2021.

Average prime rent remains at €33.5/sq m/month, although it is expected to rise progressively over the coming years due to the increasing demand for high quality space. Maximum rent has been signed in Plaza Pablo Ruiz Picasso, reaching close to €40/sq m/month.

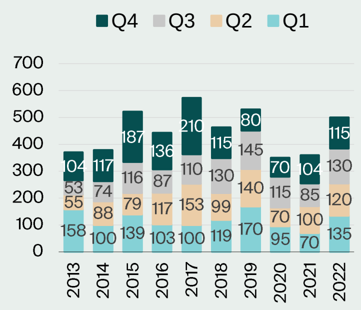
Vacancy rate is up slightly to 11.5%, partly due to completions that have come onto the market.

Meanwhile, in prime locations, availabilities is scarce, such as in the CBD, where the rate has dropped below 5%.

In these assets, availability has fallen to 0.4% of the total office stock.

Madrid quarterly take up

2013 – 2022. Thousand sq m



Source: Knight Frank Research

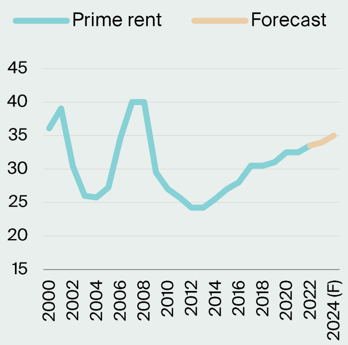
TAKE-UP AND HIGHEST RENTS
ACHIEVED BY SUBMARKET*. Q4 2022

IN ORDER OF TAKE-UP	HIGHEST RENT (€)
1. CBD	36.5
2. A1	11.5
3. M-30 North	18.0
4. A6	17.0
5. Secondary Centre	30.0
6. M-40 Northeast	15.0
7. M-30 East	16.5
8. A3	6.5
9. A2	9.5
10. Colmenar Road	9.0

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

Average prime rents

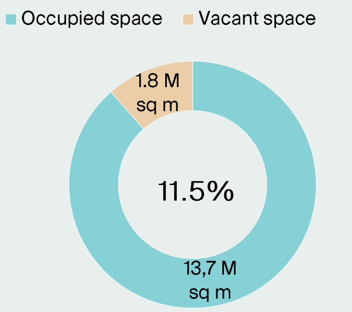
2004 - 2024 (F). €/sq m/month



Source: Knight Frank Research

Vacancy rate

Q4 2022



Source: Knight Frank Research

Investment market
Madrid and Barcelona

2022 closed with office investment of around €2.6 billion in Spain, almost 10% more than in 2021. The year has been marked by large deals, with almost 10% of the deals signed exceeding €100 M.

The capital ended the year with almost €1.4 billion investment, more than 120% increase on the previous year.

Investment in Barcelona fell by more than 45% (€880 M), due to the record investment seen in 2021.

Q4 was the least dynamic quarter of the year, with €300 M transacted, offset by Q3, which saw €1.1 billion invested. Funds are the largest investors in this period.

EUROPE PRIME YIELDS

LATEST AVAILABLE DATA | Q4 2022

LONDON CITY	4.75%
DUBLIN	4.50%
LONDON WE	3.75%
AMSTERDAM	4.15%
MILAN*	3.20%
BERLIN	3.70%
PARIS	3.25%

Source: Knight Frank Research. *Q3 2022.

TOP 3 DEALS

BARCELONA

G.VÍA CORTS CATALANES, 764
VENDOR: NOVARTIS
PURCHASER: FREO & BC P.
€40M 3,220 €/sq m

Source: Brainsre

MADRID

ULISES, 16-18
VENDOR: KENNEDY WILLSON
PURCHASER: IBERVALLES
€40M 4,200 €/sq m

Source: EjePrime

MADRID

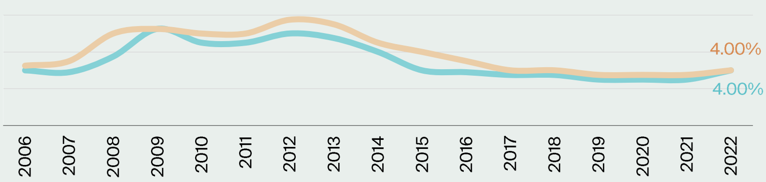
TALOS & ARCIS BUILDINGS
VENDOR: MERIDIA
PURCHASER: CONFIDENTIAL
€20.7M 2,400 €/sq m

Source: EjePrime

Among the highlights of the quarter was the purchase by Meag, the investment vehicle of Mapfre and Munich, of the building at General Perón 40, located in the heart of Madrid's financial district, Azca. This purchase is part of the acquisition of a European portfolio of four office assets in Hamburg, Dusseldorf and Madrid for which they paid more than €250 M.

Variation in prime yields

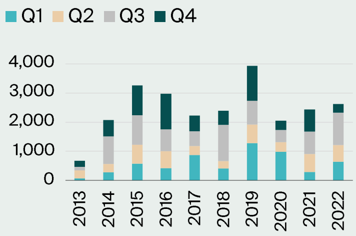
2006 – 2022



Source: Knight Frank Research

Investment volume in Spain

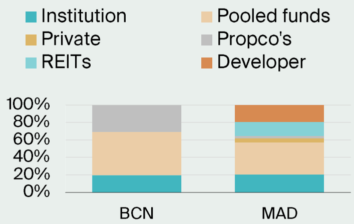
2013 - 2022 (M€)



Source: Knight Frank Research

Investment / type of investor

2022 (%)



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

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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