

# Offices Snapshot

Q4 2023

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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## Continuing the adaptation to the new office work standards

- During 2023, there has been absorption in line with the forecasts made at the beginning of the year. Compared to 2022, it represents a decrease, although this comparison is confusing because 2022 saw a high absorption.

### MERCADO DE USUARIOS. MADRID

During the fourth quarter of 2023, the take-up recorded close to 60,000 sq m, reaching nearly 390,000 sq m for the year as a whole, 25% less than in 2022. This adjustment is due, in addition to the decrease in area per employee, to the uncertainty in the first months of the year due to a possible recession that ultimately did not materialize, and to the fact that only half of the operations have been completed above 8,000 sq m compared to 2022.

For 2024, it is expected that the take-up will surpass the volume recorded in 2023, reaching around 430,000 sq m. At the beginning of the year, two significant transactions have already been signed: the lease of Garrigues in Torres Colón (20,900 sq m) and MSD in the Botanic building (9,900 sq m). It is also anticipated that the prime rent will continue to increase due to limited availability in the CBD, leading to increased demand for high-quality buildings in decentralized areas near the M-30.

## Madrid

Take up Q4 2023

**60,000 sq m**  
(122,500 sq m Q4 2022)

Top 3 occupancy deals Q4 2023

**4,700 sq m**  
Informa | Av. Europa, 19 (Alcobendas)

**2,650 sq m**  
Emerson | C/ Federico Mompou, 5

**2,150 sq m**  
Bluetab | Pz. Pablo Ruiz Picasso, 11

### % take-up and highest rents by submarket. Q4 2023

**% TAKE-UP BY SURFACE**      **HIGHEST RENT (€/sq m)**

**CBD**  
36% of the take-up      42.6

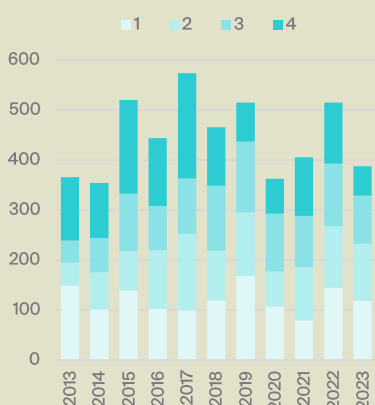
**Secondary Centre**  
17% of the take-up      34.0

**Decentralised**  
24% of the take-up      22.0

**Out of Town**  
24% of the take-up      18.4

### Madrid quarterly take up

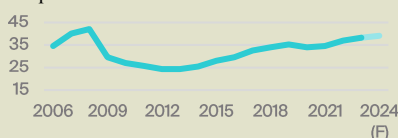
Thousands sq m



Source: Knight Frank Research

### Average prime rent

€/sq m/month

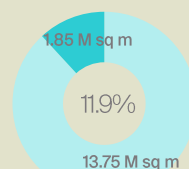


Source: Knight Frank Research

### Vacancy rate Madrid

Q4 2023

Occupied space  
Vacant space



Source: Knight Frank Research

## MERCADO DE INVERSIÓN

### MADRID Y BARCELONA

The volume of direct investment during the fourth quarter has been around €720 million in Spain.

For the year as a whole, this volume has reached almost €1.6 billion, representing an annual adjustment of 40% compared to 2022.

Madrid closes the year as the location with the highest investment volume, accounting for almost 55% of the total investment.

In the fourth quarter of 2023, prime yields have slightly increased in Madrid and Barcelona, reaching 4.25% and 4.50% respectively.

The forecast that investment activity will begin to pick up momentum by the end of 2024 is based on the hypothesis that investors and property owners will have information from the first three quarters of 2024, where decreases in bonds will be observed. This will provide significant data to adjust the "prime yield equilibrium" in the office market and start unlocking sales processes.

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



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# Spain

Investment volume Q4 2023

**720 M€** (300 M€ Q4 2022)

Top 3 investment deals Q4 2023

**€328 M** | Varias, Andalucía

Vendor: WP Carey | Purchaser: Junta de Andalucía  
Capital value: 1,300 €/sq m

Source: EjePrime

**€60 M** | Madrid, Claudio Coello 123

Vendor: BentallGreenOak | Purchaser: Kutxabank  
Capital value: 15,500 €/sq m

Source: Belbex

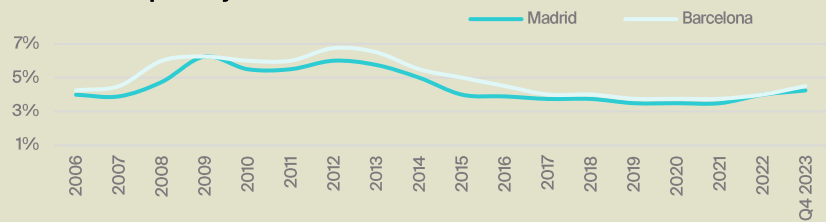
**€60 M** | Madrid, Francisco Gervás 10

Vendor: Tailor Propco | Purchaser: Zambal  
Capital value: 7,500 €/sq m

Source: El Inmobiliario mes a mes

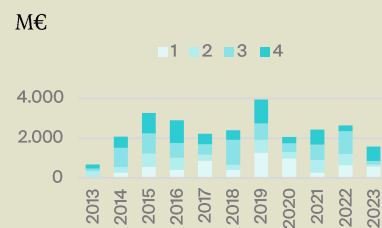
► The most outstanding operation of the quarter has been the repurchase carried out by the Junta de Andalucía of 70 office properties from the company WP Carey. These properties were sold in 2014 for 300 million euros, and the price they have paid now has been 328 million euros. With this operation, the Junta aims to save more than 100 million euros for the public coffers, plus the rents that would have to be paid starting from the year 2034.

### Variation in prime yields



Source: Knight Frank Research

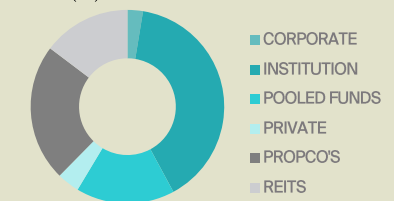
### Direct investment volume in Spain



Source: Knight Frank Research

### Investment by type of investor

2023 (%)



Source: Knight Frank Research

Not include confidential or non-representative transactions

### Europe prime yields. Q4 2023

Amsterdam	5.25%	=
Praga	5.50%	↑
Paris - CBD	4.25%	↑
Brussels	4.90%	=
Vienna	5.00%	↑
Milan	4.25%	↑

Source: Knight Frank Research