

Offices Snapshot

Q4 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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Occupancy in Madrid is growing strongly, with a take-up of 555,000 sq m, above pre-COVID levels

- Regarding investment, it will continue to be influenced by changes in use over the next year, optimizing space and defining a more efficient stock aligned with new market demands.

MADRID OCCUPIER MARKET

The take-up registered in the 4th quarter was approximately 111,740 sq m, reaching nearly 555,000 sq m for the year, 10% more than the average of the five years prior to COVID (2015-2019).

The year has exceeded forecasts and reflects that remote work has had a much less significant impact than predicted. Once the hybrid model has been adopted, the focus remains on physical presence in offices. The attendance rate in Madrid is the highest in Europe.

The shortage of available spaces within the M-30 has driven an increase in prime rent, reaching €40/sq m/month. Along with the strong demand for quality spaces, a gradual increase is expected in the next years.

For 2025, we expect the positive trend in the occupancy market to continue. It is very likely that this dynamism will extend to high-quality buildings with good connectivity and amenities outside the M-30.

Madrid

Take up Q4 2024

111,740 sq m
(59,000 sq m Q4 2023)

Top 3 occupancy deals Q4 2024

13,565 sq m
Ernst & Young | Orense, 2
Pre-letting

6,075 sq m
OCA Global | Basauri, 7
Letting

5,870 sq m
ONECOWORK | Prim, 12
Letting

% Take-up by surface area and maximum rent by macro zones. Q4 2024

IN ORDER OF
TAKE-UP

HIGHEST
RENT (€)

CBD

50% of the take-up 44.0

Out of Town

24% of the take-up 16.75

Decentralised

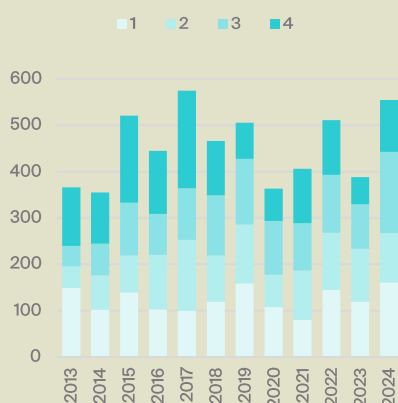
18% of the take-up 22.0

Secondary Centre

8% of the take-up 31.5

Madrid quarterly take up

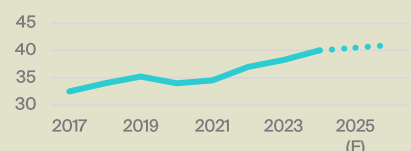
Thousands sq m



Source: Knight Frank Research

Prime rent Madrid

€/sq m/month



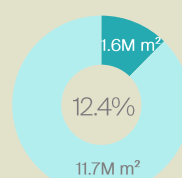
Source: Knight Frank Research

Vacancy rate

Madrid

Q4 2024

■ Vacant space
■ Occupied space



Source: Knight Frank Research

INVESTMENT MARKET SPAIN

The total office investment recorded in Spain in 2024 was close to €1.7 billion, with Madrid accounting for more than 65%. Of the total national investment, almost 70% was in buildings primarily used as offices, while in Madrid, the figure is around 50%.

Within the capital, the area inside the M-30 has accounted for nearly 90% of the investment. This consolidates the growing trend in this area over the past years due to strong corporate demand for high-quality spaces with good accessibility.

The increase in investment focused on land-use changes is a response to the optimization of real estate space. And it will help achieve a more efficient office stock that meets the needs of current demand.

Prime yields remain at 4.25% in Madrid and 4.50% in Barcelona, respectively.

In 2025, it is observed that private capital remains active in the main European cities. Considering the upward rent trend within the M-30 and the limited availability, the nearby areas with good communication will benefit. Transactions will be seen in the second half of the year in these areas, balancing the market more between assets inside and outside the M-30.

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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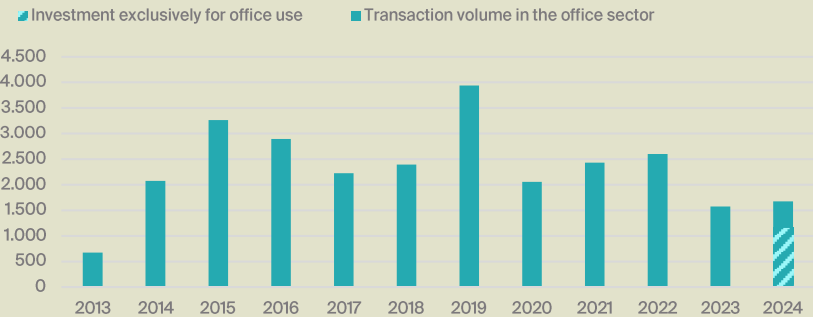


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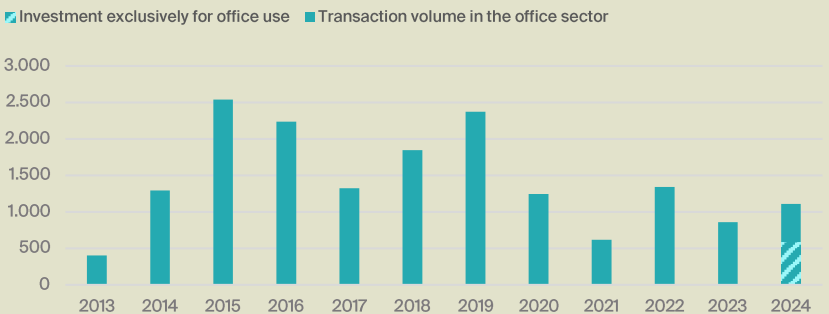
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Office investment in Spain*
€M



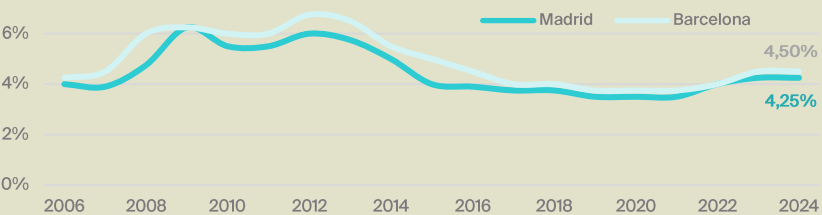
Source: Knight Frank Research
*Since 2024, the methodology will be changed to include office assets with use changes

Office investment in Madrid*
€M



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

Variation in prime yields



Source: Knight Frank Research

Europe prime yields. Q4 2024

Dublin	5.25 %	=
Praga	5.50%	=
Paris – CBD	4.15%	↓
Brussels	5.25%	=
Vienna	5.00%	=
Munich	4.30 %	=

Source: Knight Frank Research