

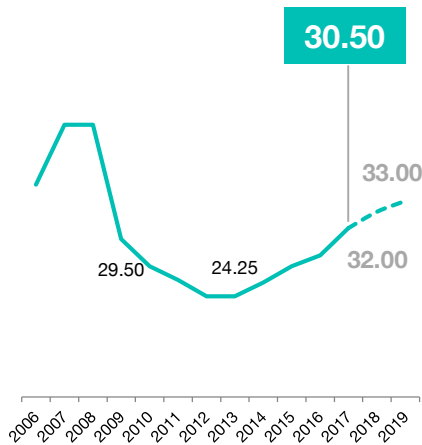
OFFICES SNAPSHOT

4th QUARTER 2017

MADRID OCCUPIER MARKET

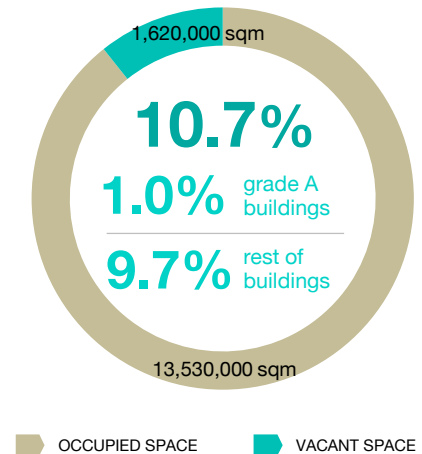
- During Q4 2017, office take-up has reached 210,000 sqm, in large part due to the lettings signed by the Public Administration, which completed the largest transactions of 2017.
- Office take-up at the end of the year exceeded 570,000 sqm, up 29% compared to 2016. This is the highest take-up level in the last 10 years.
- Available office space in Madrid has experienced a slight decrease compared to the third quarter of the year, situating the availability rate at 10.7%.
- Prime rents continue their upward trend reaching €30.5 per sqm/month at the end of the year.

GRAPH 1
Variation in prime rents
Q4 2017



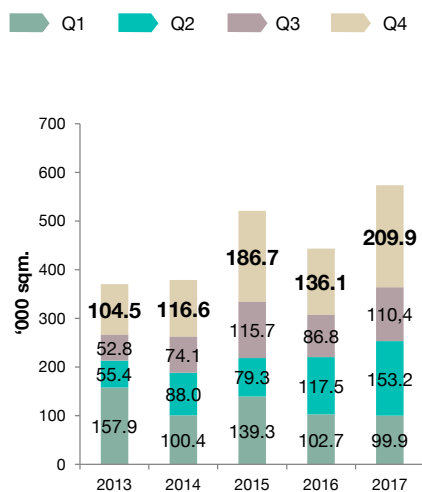
Source: Knight Frank Research

GRAPH 2
Vacancy rate
Q4 2017



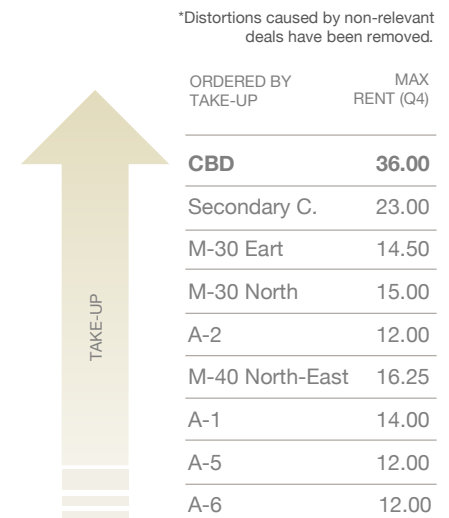
Source: Knight Frank Research

GRAPH 3
Quarterly take-up performance
2013 - 2017



Source: Knight Frank Research

GRAPH 4
Take-up and maximum rents
by submarket*
Q4 2017



Source: Knight Frank Research

GRAPH 5
TOP3 | main occupier transactions
Q4 2017

COMUNIDAD DE MADRID

ALBARRACÍN 31 | M-30 EAST

19,727 sqm

MINISTERIO DE HACIENDA

MATEO INURRIA 15 | SECONDARY CENTRE

17,480 sqm

MINISTERIO DE HACIENDA

MANUEL CORTINA 2 | CBD

15,141 sqm

QUARTERLY TAKE-UP PERFORMANCE MADRID | 2015 - 2017

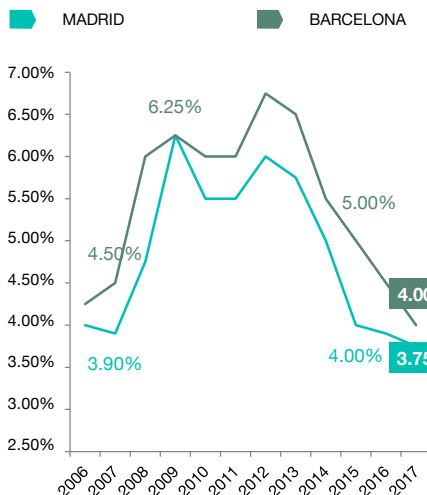
2015: 521,000 sqm 2016: 443,000 sqm 2017: 573,000 sqm

INVESTMENT MARKET

MADRID AND BARCELONA

- During the last quarter of 2017, investment in offices in Madrid reached €525 million, 55% less than the same period of the previous year, due to the situation of uncertainty generated by the independence process in Catalonia.
- Investment funds emerged as the main player in the office investment market in 2017, with almost 50% share of investment in Madrid and Barcelona in the second half of the year.
- SOCIMIs are expected to be one of the most active sellers in 2018.
- Yields remain at low levels and further compression is expected once political stability in Catalonia is result.

GRAPH 6
Variation in prime yields
2006-2017



Source: Knight Frank Research

GRAPH 7
Prime yields in European cities
Q3 2017*

City	Yield (Q3)
Brussels	4.50
London City	4.25
Amsterdam	4.00
Frankfurt	3.60
London WE	3.50
Berlin	3.25
Paris	3.00
Dublin	4.50

* Latest data available

Source: Knight Frank Research

GRAPH 8
TOP3 | investment transactions
Q4 2017

MANGO DESIGN CENTRE

VENDOR: MANGO
PURCHASER: INVESCO

€ 100 M | 667 €/sqm

SANTIAGO DE COMPOSTELA 96

VENDOR: CONFIDENTIAL
PURCHASER: ZAMBAL SOCIMI

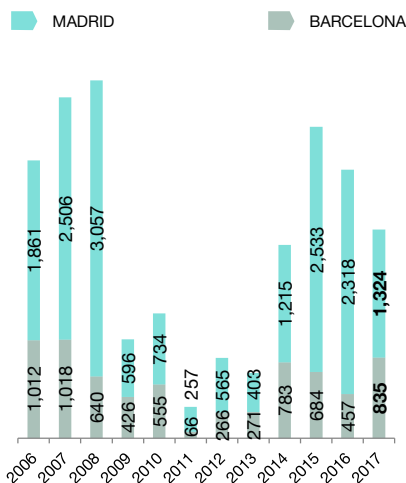
€ 54.6 M | 3,814 €/sqm

LOS CUBOS – ALBACETE 5

VENDOR: REALIA
PURCHASER: HENDERSON PARK & THERUS INVEST

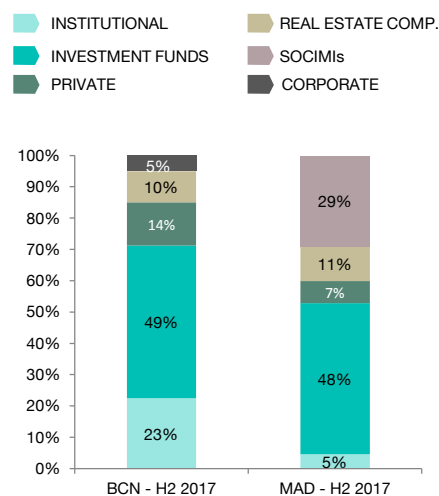
€ 52 M | 2,838 €/sqm

GRAPH 9
Variation in investment volume
Millions of euros



Source: Knight Frank Research

GRAPH 10
Investment volume by investor type.
H2 2017



Source: Knight Frank Research



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