

Barcelona Office Market



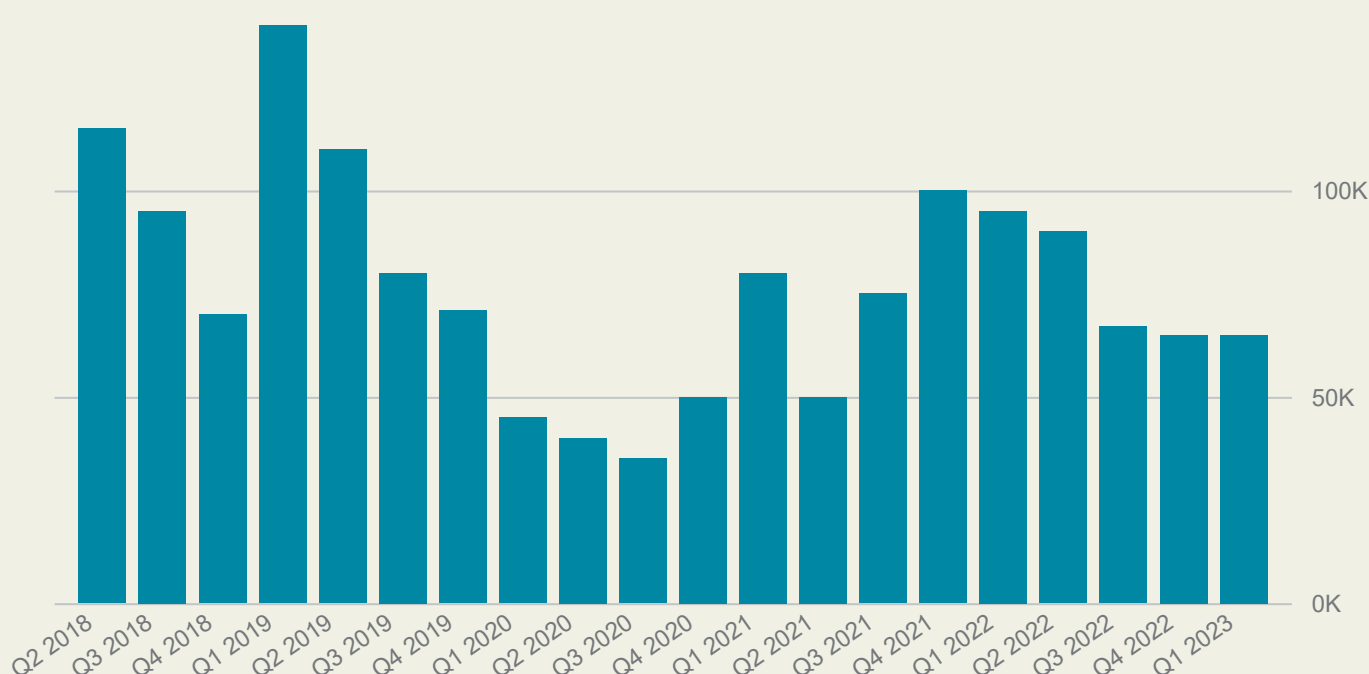
Q1 2023

Updated quarterly, our dashboards provide a concise synopsis of occupier activity in Europe's markets.

knightfrank.com/research

Take up

Over the last 5 years, square metres



Source: Knight Frank Research

OCCUPIER MARKET KEY FIGURES

65,000 SQM

Take up

€ 336 PSQM

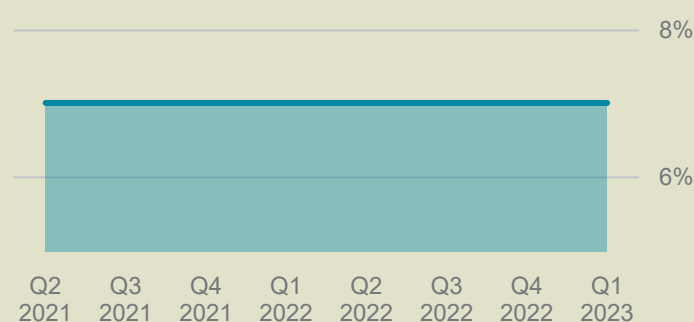
Prime Rent

7.0%

Vacancy Rate

Vacancy Rate

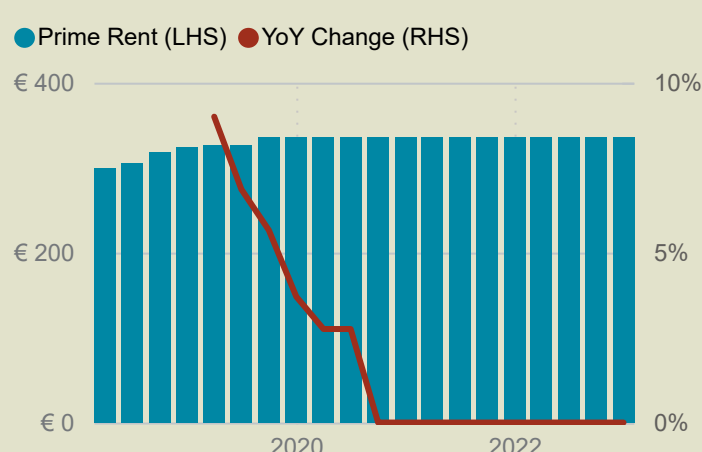
Measured in percentage terms



Source: Knight Frank Research

Prime Rent

Rents and the year-on-year change, Euros per square metre



Source: Knight Frank Research

OCCUPIER HEADLINES

In the first quarter of the year, the Barcelona office market recorded take-up of 65,000 sqm. This is 32% less than the volume of transactions seen in Q1 2022, and 25% below the five-year first quarter average.

Activity was especially noticeable in the Health and Education sectors, which are gaining momentum. Top quality assets located in the CBD as well as 22@Barcelona, the city's technological and innovation district, continue to see the most demand.

The vacancy rate remains unchanged at 7.0%, where it has held steady since Q4 2020. This is only marginally above the five-year average of 6.8%.

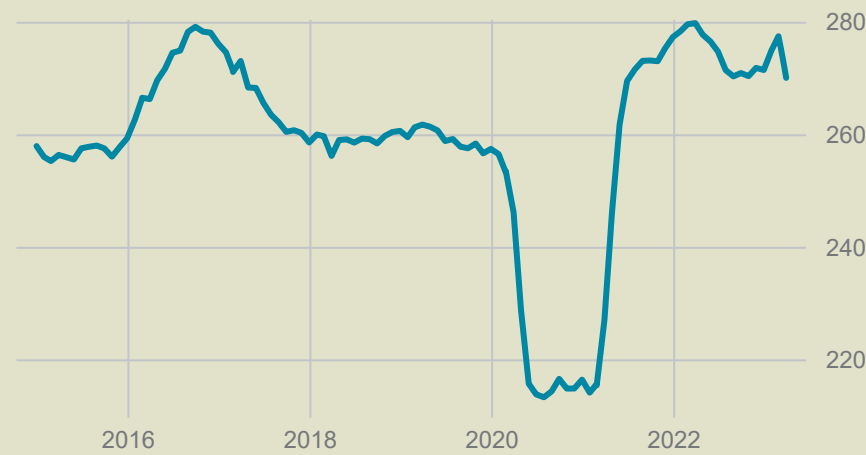
Prime rents have also held firm at €336 psqm per annum, a level unchanged for the last few years. Rents are expected to rise moderately in coming quarters, and market favourability currently tipped towards the tenants may balance as a result.

There are 550,000 sqm of office space set to be completed throughout 2023 and 2024, of which 70% are located in the 22@ district.

ECONOMIC INDICATORS

New Businesses in Spain

12-month Rolling Average

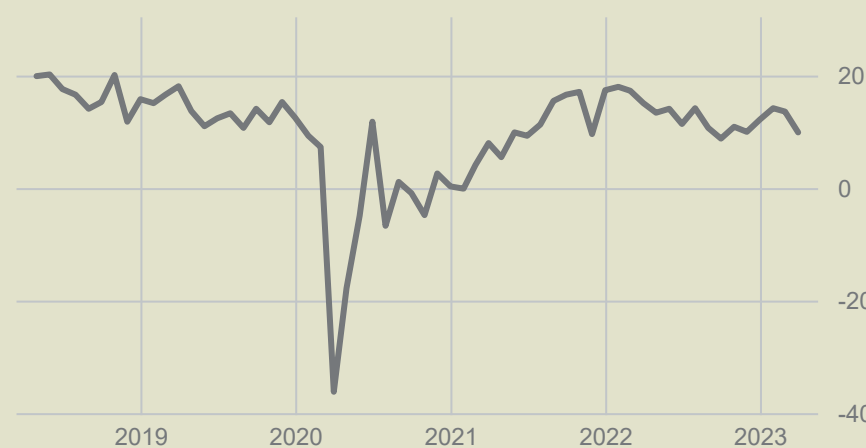


Source: Spanish National Statistics Institute (INE)

After a slump in new business starts during the pandemic in Spain, activity returned to pre-COVID normals in 2021 and peaked in the first half of 2022. Levels have recently slumped again due to a challenging economic environment, but the pace still remains similar to that seen prior to the pandemic.

Employment Expectations in the Service Sector in Spain

Over the next 3 months, %



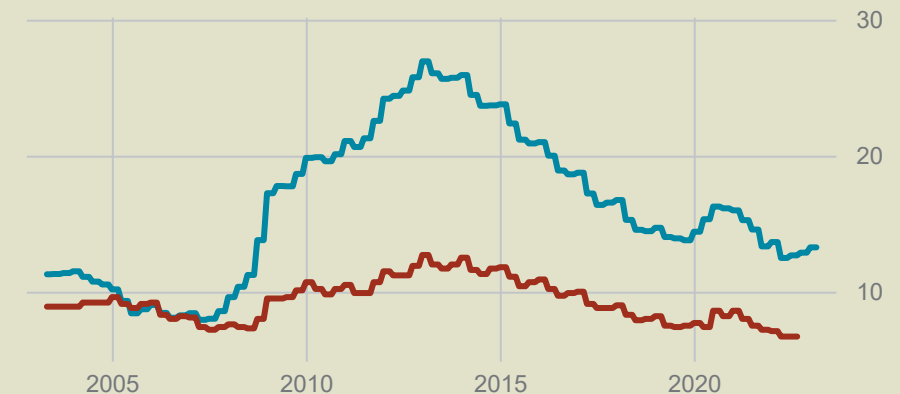
Source: European Commission (DG ECFIN)

Service sector employment expectations for the next 3 months in Spain continued to improve in Q1 2023, and remain in positive territory.

Unemployment Rate in Spain

vs Euro Area, as a Percent of Civilian Labour Force, %

Spain Euro Area

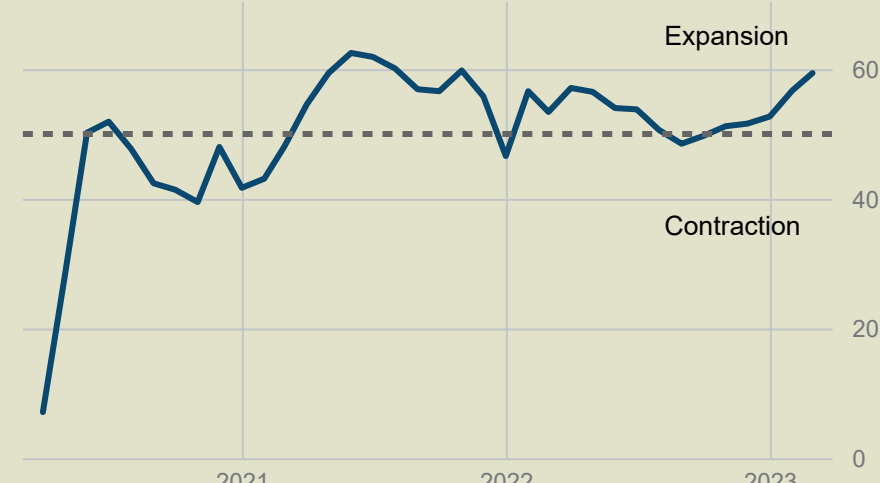


Source: Eurostat/ Spanish National Statistics Institute (INE)

Employment growth will be moderate in 2023 given that the unemployment rate is close to historic lows. And while the labour market conditions have recovered well from peak unemployment in 2013 at 27%, structural joblessness in Spain remains high and is expected to weigh on consumption and welfare costs over the medium term.

Services PMI in Spain

Services PMI for the last 5 years, Index



Source: S&P Global

The service sector PMI in Spain rose to 59.4 in March 2023 from 56.7 in February, surpassing market expectations. This is its highest level since November 2021 as demand for services rose significantly, both domestically and from abroad.

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

LOCAL RESEARCH CONTACT

Rosa Uriol
Head of Research
rosa.uriol@es.knightfrank.com
+34 915 959 065

LOCAL OFFICE OCCUPIER CONTACT

Raul Vicente
Associate, Head of Office Agency
raul.vicente@es.knightfrank.com
+34 915 959 030

LONDON CONTACT

Colin Fitzgerald
Head of Occupier Strategy & Solutions EMEA
colin.fitzgerald@knightfrank.com
+44 20 7861 1203



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