

Barcelona Office Market



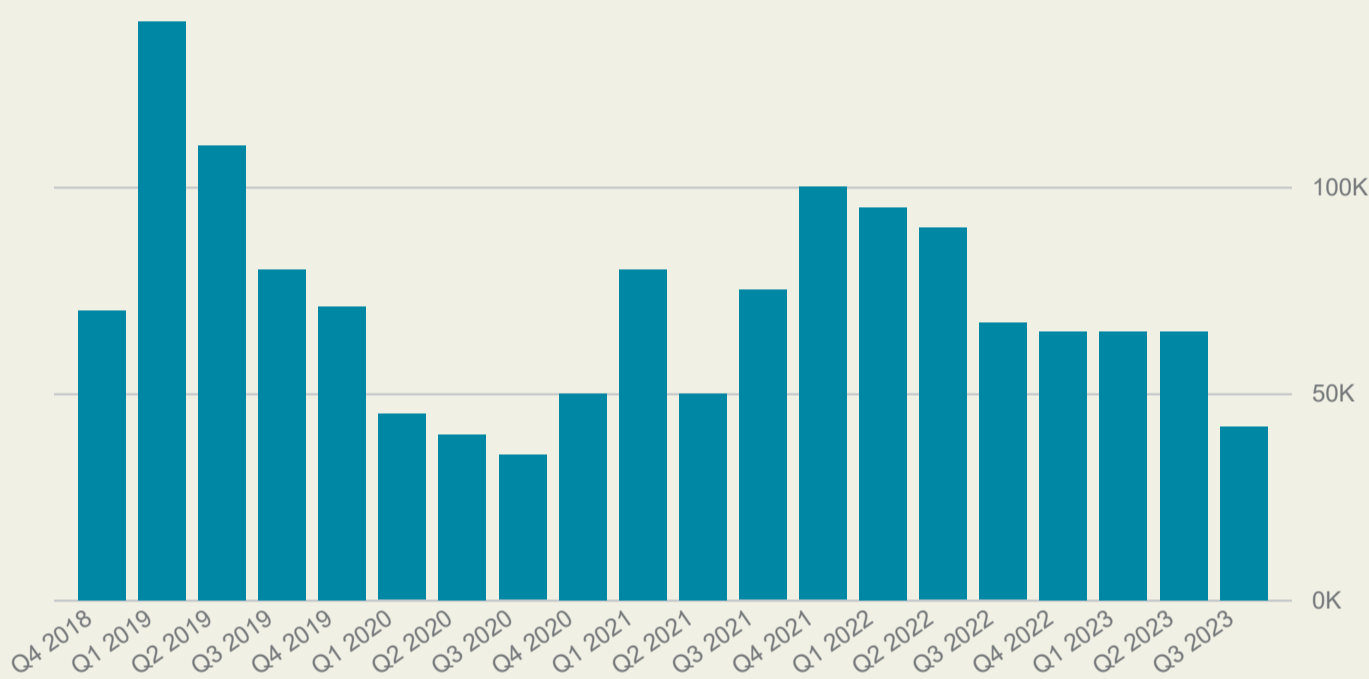
Q3 2023

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

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Take up

Over the last 5 years, square metres



Source: Knight Frank Research

OCCUPIER MARKET KEY FIGURES

42,000 SQM

Take up

€ 330 PSQM

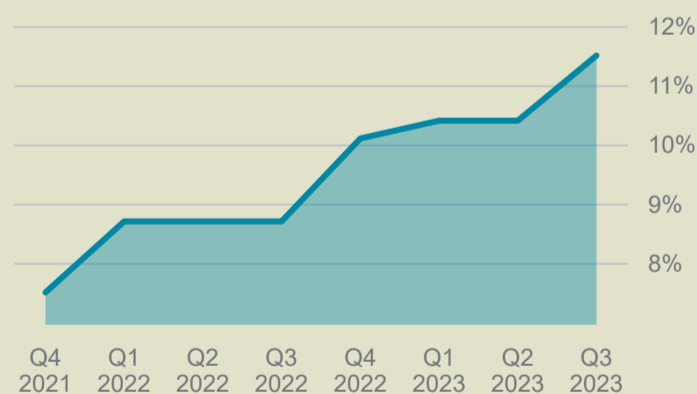
Prime Rent

11.5%

Vacancy Rate

Vacancy Rate

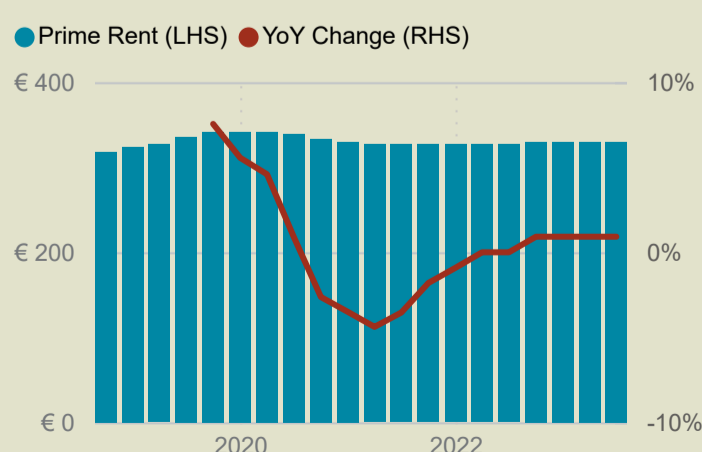
Measured in percentage terms



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 third quarter of 2023, the Barcelona office market recorded 42,000 sqm of take up. This represents a 35% decrease from the take up volume in Q3 2022. The central area and the 22@ district remain the most sought-after submarkets.

Total take up for the first nine months of the year stands at 172,000 sqm. The technology and healthcare sectors are among the most active in terms of leasing activity.

Two notable deals signed in Q3 included Sanitas for 2,175 sqm, and Qilimanjaro Quantum Tech for over 1,900 sqm.

There are approximately 6.6 million sqm of office stock in the Barcelona market, and a further 600,000 sqm of new supply are expected to be added to the market during 2023 and 2024. The districts of 22@, La Fira, and the rest of the 'New Business Area' are to be the main areas of office development in the city.

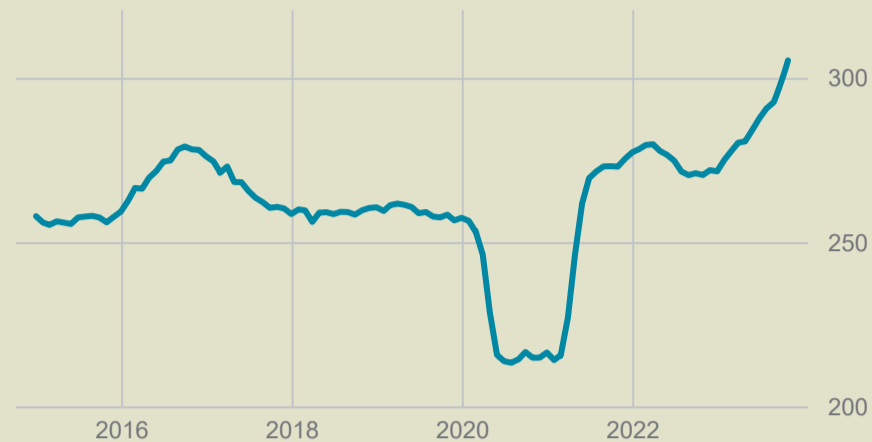
The vacancy rate has increased since Q3 2023 to 11.5%, from 10.4% in Q2 2023 and 8.7% in Q3 2022. This is largely due to the addition of new stock to the market of 203,240 sqm in 2022, the volume of which surpasses the current leasing demand.

Prime rents have also held firm at €330 psqm per annum, slightly higher than the level seen in the same period a year ago. The search for high-quality buildings continues to maintain rental levels.

ECONOMIC INDICATORS

New Businesses in Spain

12-month Rolling Average



Source: Spanish National Statistics Institute (INE)

The pace of new business starts in Spain continued its upward trend supported by solid economic growth in the quarter.

Employment Expectations in the Service Sector in Spain

Over the next 3 months, %

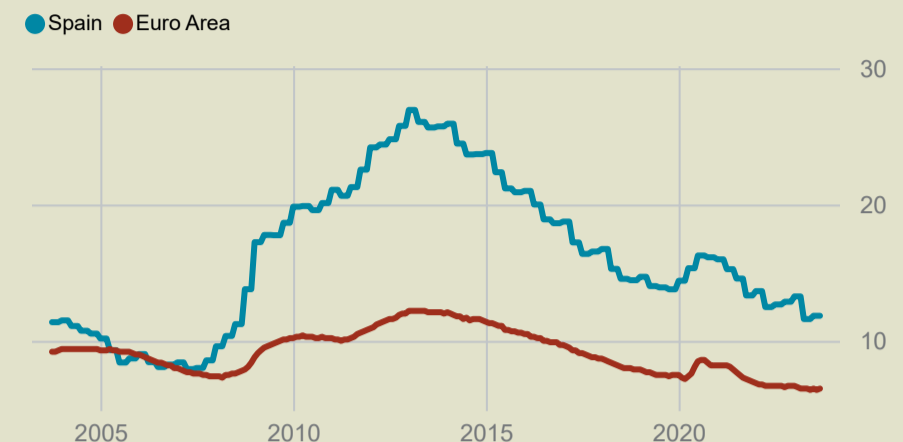


Source: European Commission (DG ECFIN)

Service sector employment expectations for the next three months continued to be positive in Q3 2023, benefitting from the relative strength of the sector and a strong recovery in tourism.

Unemployment Rate in Spain

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



Source: Eurostat/ Spanish National Statistics Institute (INE)

The labour market showed resilience in Q3 2023, with the unemployment rate remaining stable at 11.8%. Out of all sectors, service employment expanded the most in Q3, in line with the relative strength of the sector. The pace of job creation, however, may be easing towards the end of the year.

Services PMI in Spain

Services PMI for the last 5 years, Index



Source: S&P Global

The final PMI Spain suggests services kept growing in June, although at a moderating pace. However, the figure came in below expectations, suggesting the sector's slowdown may be materialising more rapidly than expected. Inflationary pressures in services eased further in June, although they remain elevated.

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

Daniel Caprarin
Research Director
daniel.caprarin@es.knightfrank.com
+34 600 919 087

LOCAL OFFICE OCCUPIER CONTACT

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

LONDON CONTACT

James Bartolo
Head of Multi Market Tenant Rep, EMEA
james.bartolo@knightfrank.com
+44 20 7861 5113



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