

# Madrid Office Market



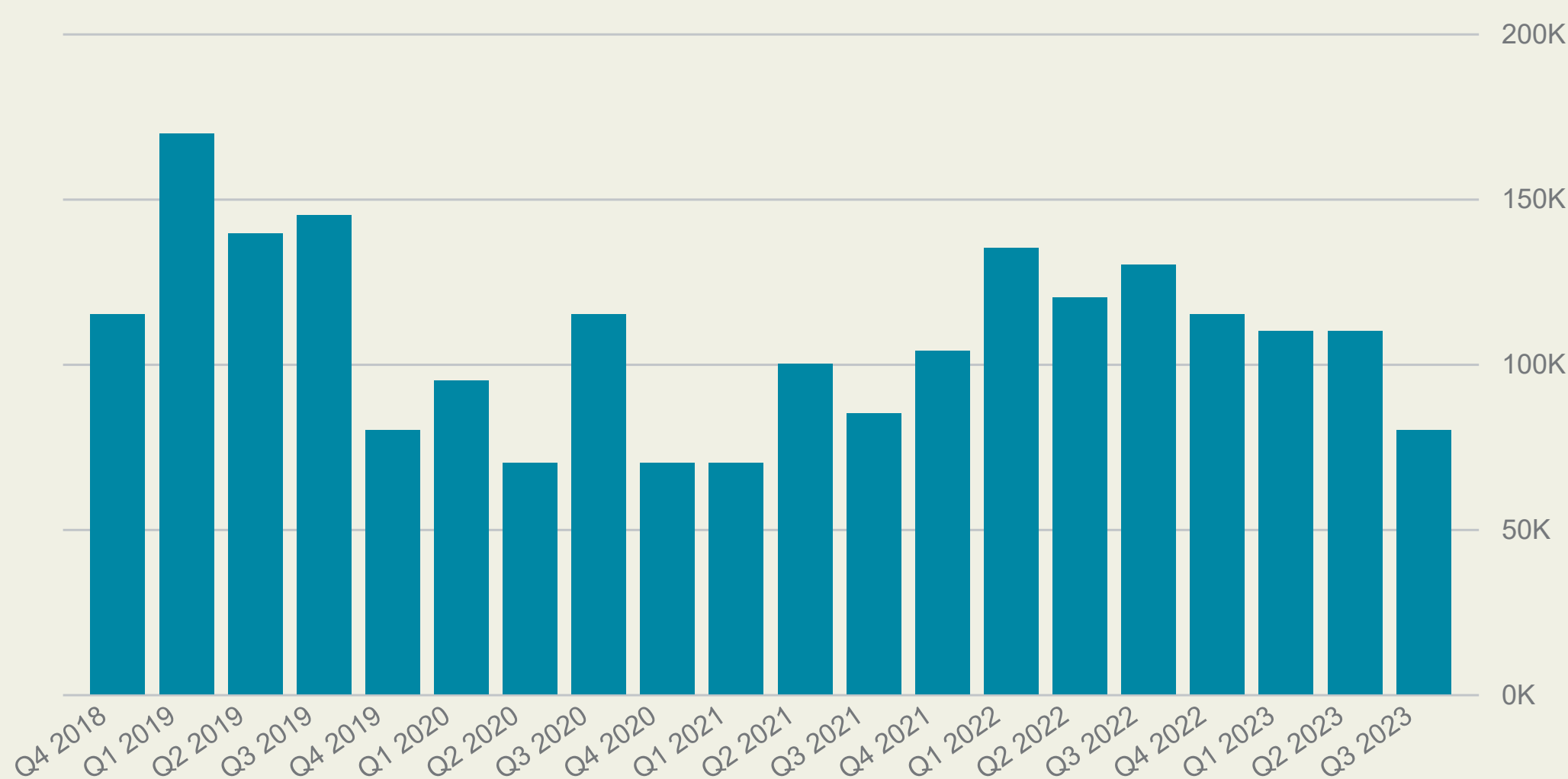
Q3 2023

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

[knightfrank.com/research](https://knightfrank.com/research)

## Take up

Over the last 5 years, square metres



Source: Knight Frank Research

## OCCUPIER MARKET KEY FIGURES

**80,000** SQM

Take up

**€ 456** PSQM

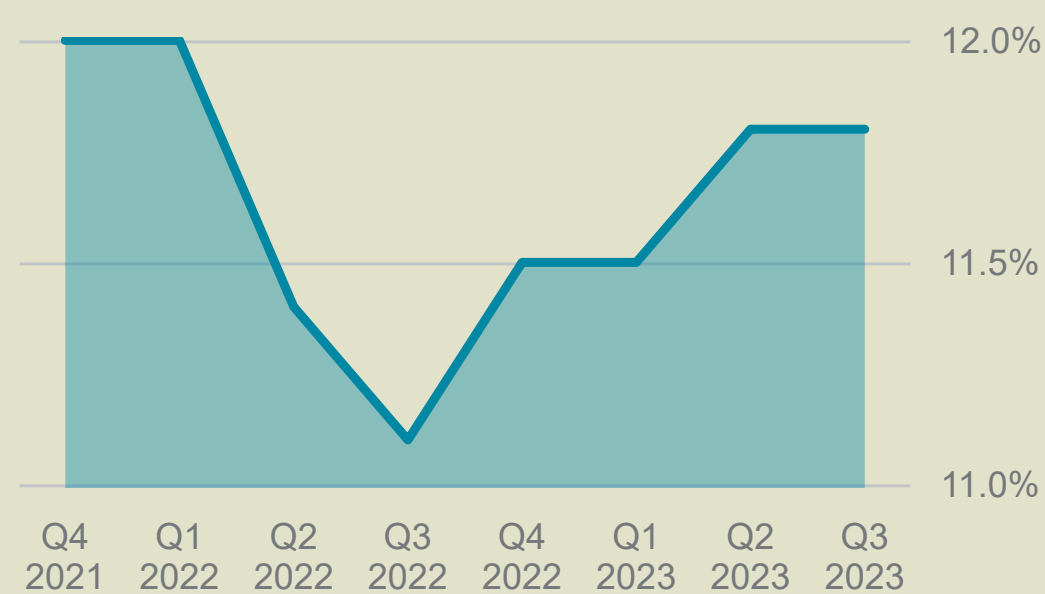
Prime Rent

**11.8%**

Vacancy Rate

## Vacancy Rate

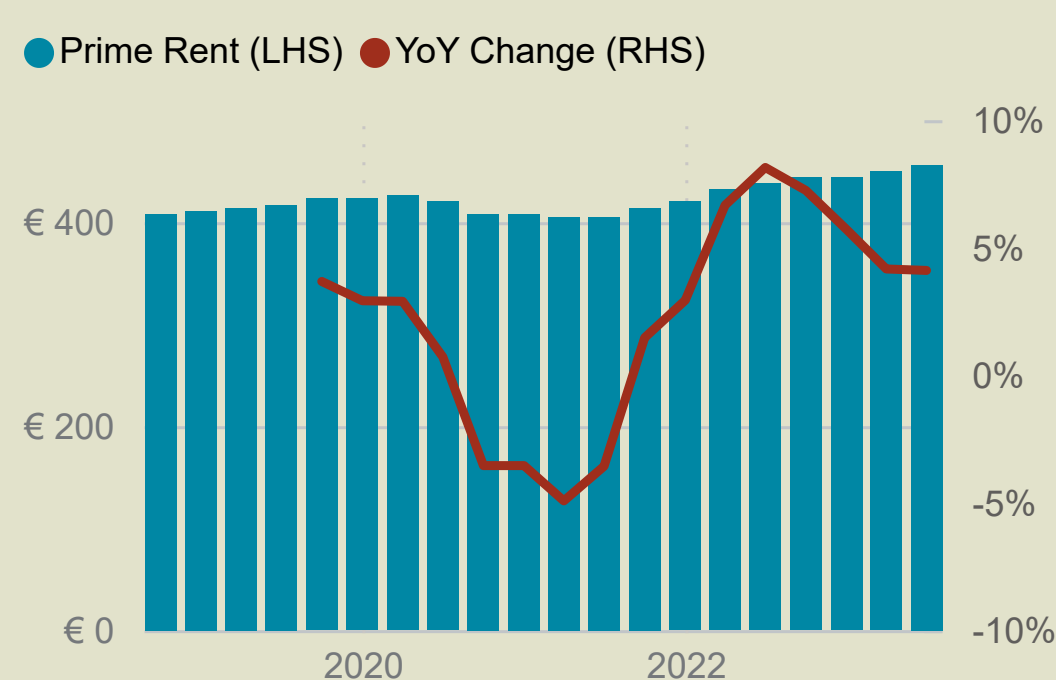
Measured in percentage terms



Source: Knight Frank Research

## Prime Rent

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



Source: Knight Frank Research

## OCCUPIER HEADLINES

The Madrid office market saw 80,000 sqm of take up in the third quarter of 2023, a fall from the 110,000 sqm recorded in Q2 2023 and a 20% decline compared to the same period the previous year. In 2023 YTD there have only been four transactions above 5,000 sqm, totalling around 26,500 sqm.

Two notable leasing deals recorded in Q3 2023. The ca.10,500 sqm take-up of Straumann Holding of the entire Alcalá 544 building and the lease of ca. 4,600 sqm in Paseo de la Castellana 77.

The vacancy rate remained stable at 11.8% in Q3. The most recent peak for the figure was in Q1 2022 at 12%, and the most recent low was 11.1% in Q3 of the same year.

There are an estimated 90,000 sqm of remaining new supply expected in 2023, and a further 207,600 sqm anticipated throughout 2024 and 2025.

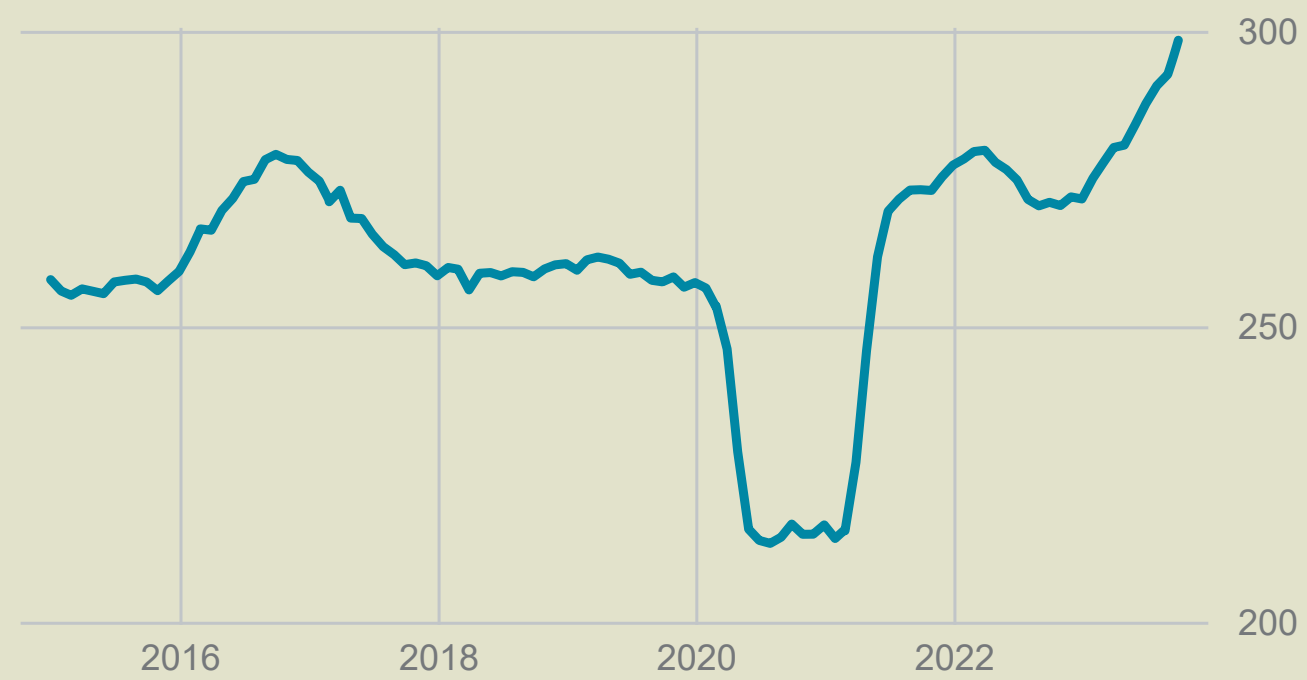
In terms of rents, there is a polarisation in the Madrid office market. Inside the M-30, prime rents have increased to €456 psqm per year due to the scarcity of available high and very high quality space and prime rents are likely to continue to increase. Outside the M-30, there is no general trend of rising prices.

The market favourability is currently tipped towards the tenant but is expected to shift towards the landlord in 2024.

## ECONOMIC INDICATORS

### New Businesses in Spain

12-month Rolling Average

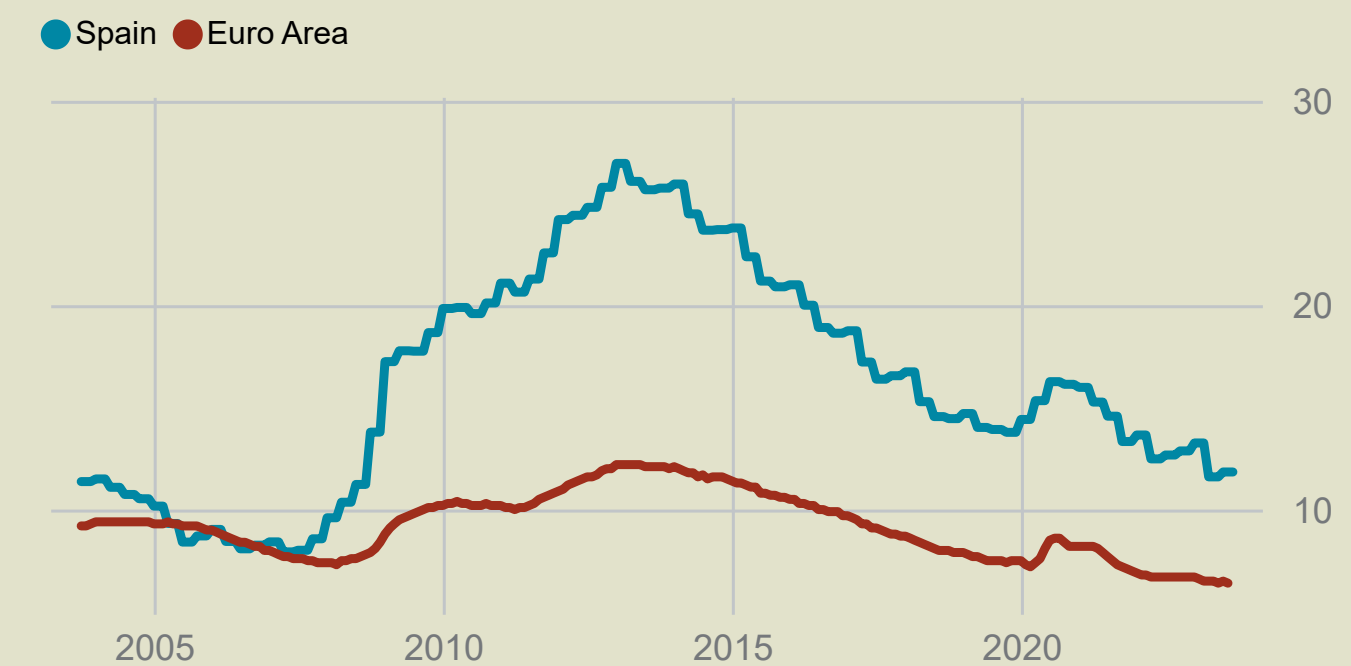


Source: Spanish National Statistics Institute (INE)

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

### Unemployment Rate in Spain

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

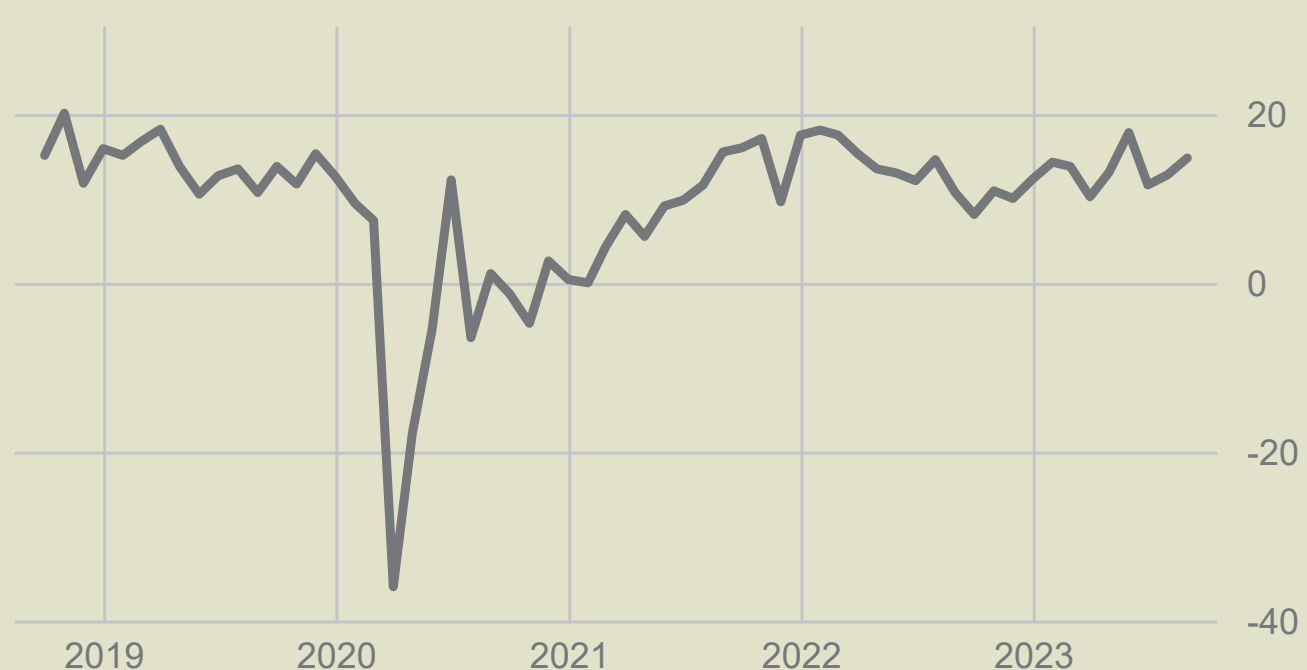


Source: Eurostat/ Spanish National Statistics Institute (INE)

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.

### Employment Expectations in the Service Sector in Spain

Over the next 3 months, %

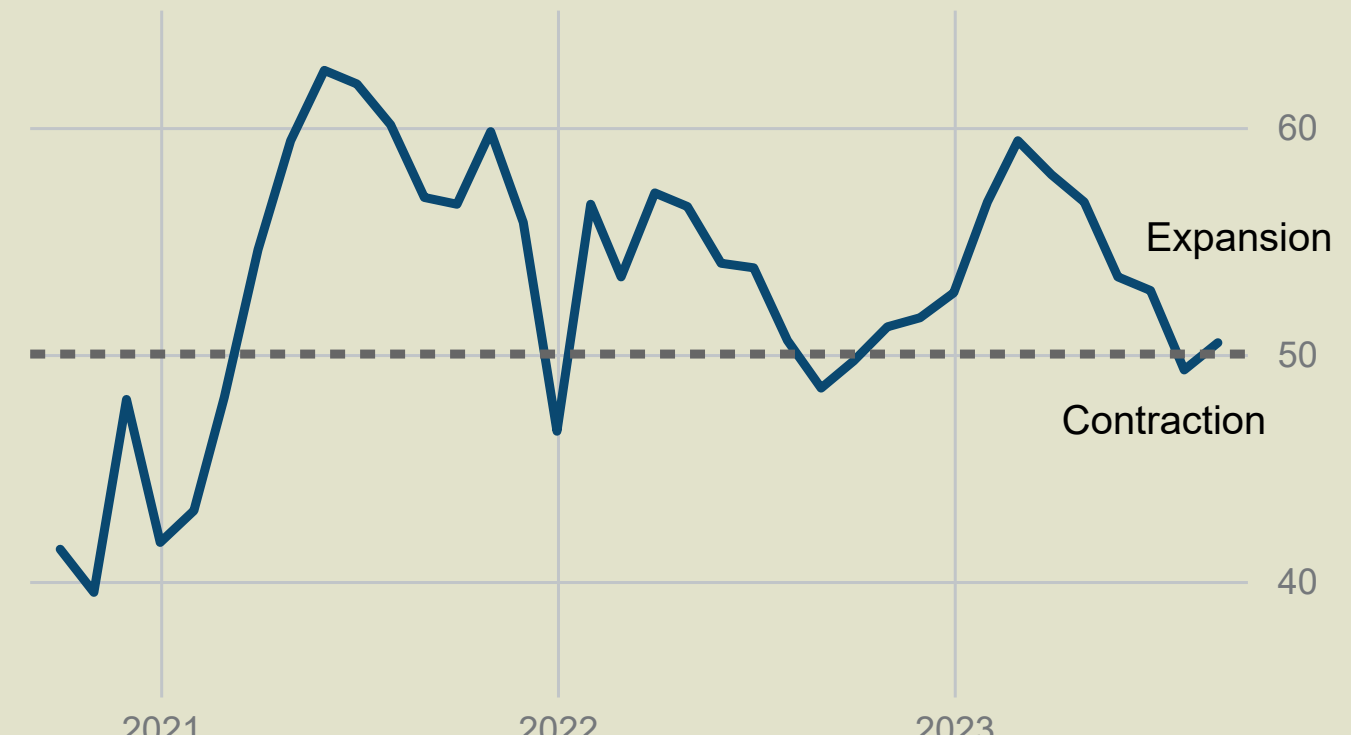


Source: European Commission (DG ECFIN)

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

### Services PMI in Spain

Services PMI for the last 3 years, Index



Source: S&P Global

The final PMI Spain moved back into positive territory in September after a dip below 50 in August. Despite the slight improvement, the sector may be slowing somewhat towards the end of the year.

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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