

Madrid Office Market



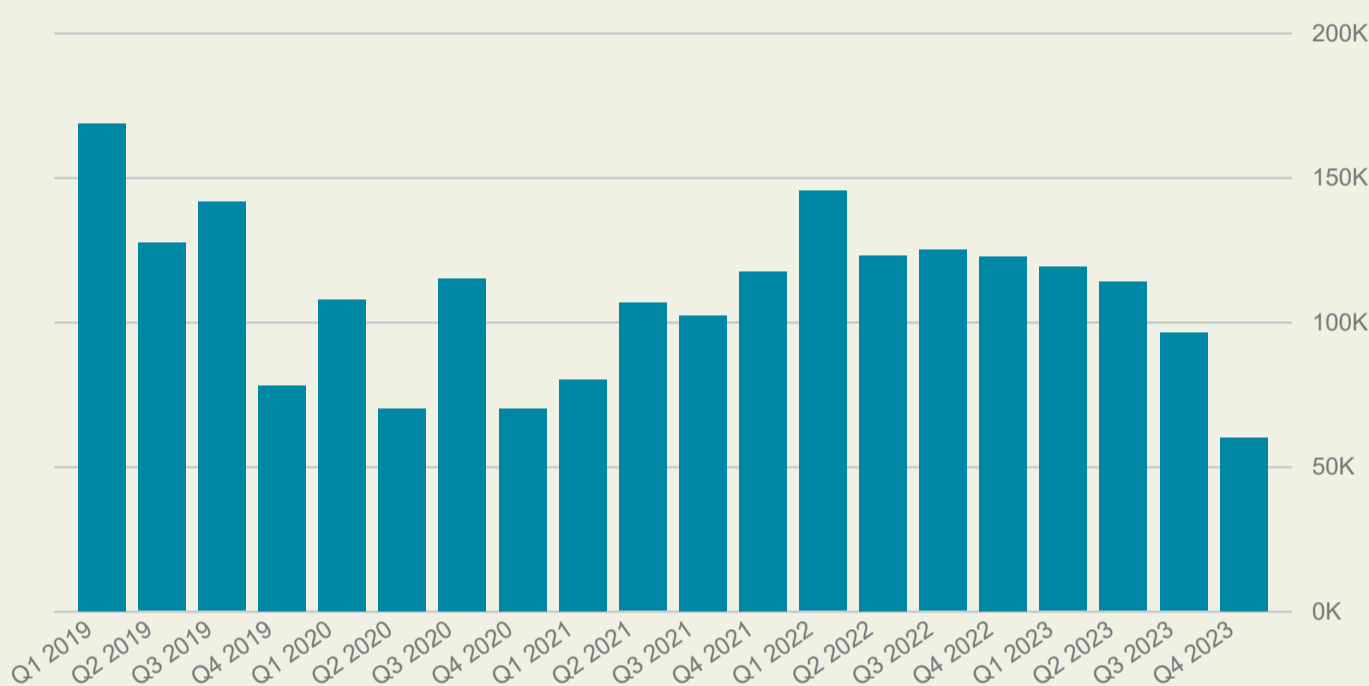
Q4 2023

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

60,000 SQM

Take up

€ 459 PSQM

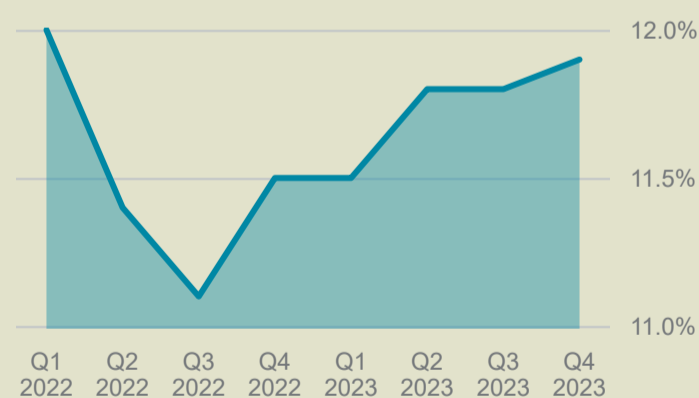
Prime Rent

11.9%

Vacancy Rate

Vacancy Rate

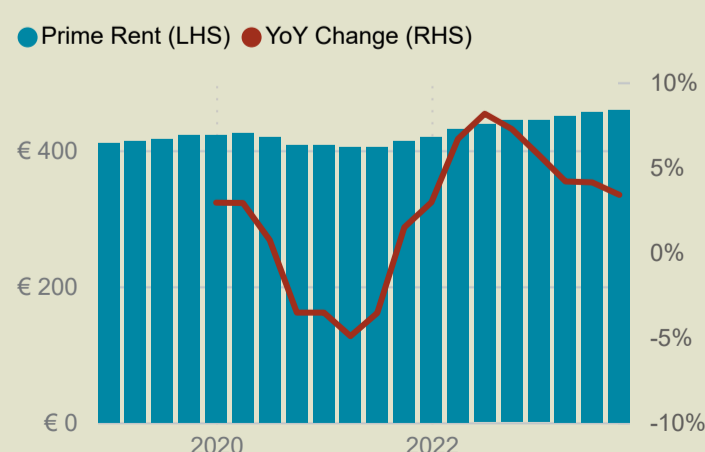
Measured in percentage terms



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 recorded a take-up level of 60,000 sqm in Q4 2023. This represents a 51% decline compared to Q4 2022 and a 38% decline from the previous quarter. The full-year take up totalled 390,000 sqm, 25% lower than in 2022 and 14% below the ten-year average for the figure.

Two of the notable leasing deals recorded in Q4 2023 included the ca. 4,700 sqm take-up of Informa at Av. de Europa 19 and the lease of ca. 2,600 sqm in Federico Mompou 5.

The vacancy rate ticked upwards slightly to 11.9% in Q4 2023. 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.

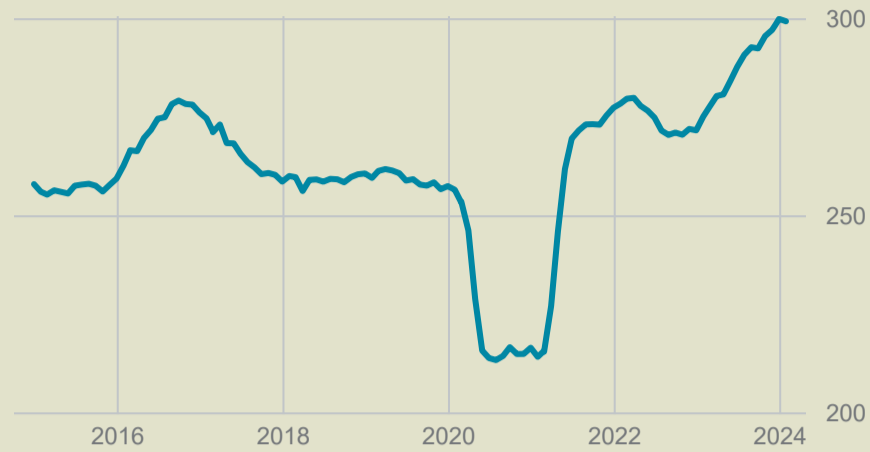
There is an estimated 167,300 sqm of office space in the construction pipeline in 2024 and a further 40,300 sqm currently in the pipeline due to be completed in 2025.

The Madrid office market is seeing a polarisation of rental levels. Inside the M-30, prime rents have continued to increase further to €459 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.

ECONOMIC INDICATORS

New Businesses in Spain

12-month Rolling Average

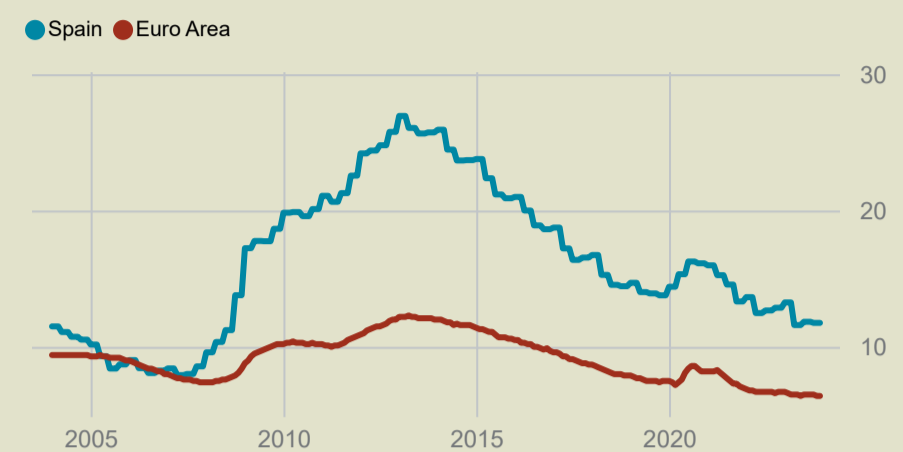


Source: Spanish National Statistics Institute (INE)

The pace of new business starts in Spain continued its upward trend amid solid growth momentum at the end of last year.

Unemployment Rate in Spain

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

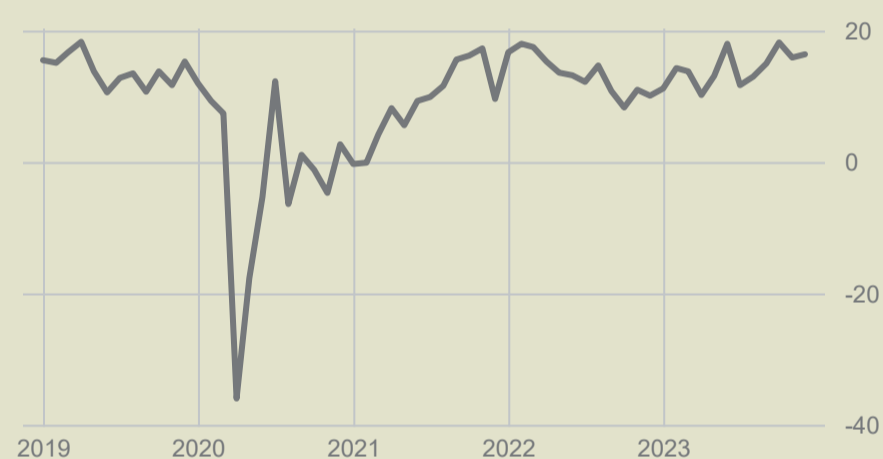


Source: Eurostat/ Spanish National Statistics Institute (INE)

After an exceptionally strong performance earlier in 2023, the labour market is showing signs of cooling and the pace of job creation is weakening.

Employment Expectations in the Service Sector in Spain

Over the next 3 months, %

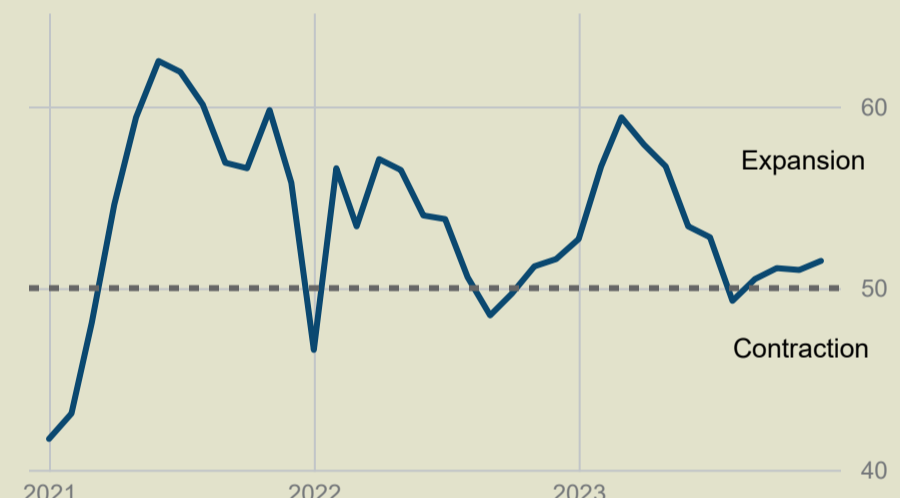


Source: European Commission (DG ECFIN)

Service sector employment expectations for the next three months continued to be positive in Q4 2023, but hiring activity may be slowing.

Services PMI in Spain

Services PMI for the last 3 years, Index



Source: S&P Global

The services PMI edged up to 51.5 in December 2023 supported by accelerated growth in new business. Overall, the survey indicates a cautiously optimistic view for future activity.

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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