AT A GLANCE
Q4 2021

CATALONIA LOGISTICS MARKET

2021 EMERGES AS MOST DYNAMIC YEAR IN THE HISTORIC SERIES

ECONOMY CONTINUES TO RECOVER LOST GROUND FROM 2020

The pace of economic recovery forecast in Spain just a few months ago has been significantly curtailed. Renewed uncertainty about the health crisis from the omicron variant is adding to the problems created by inflation and the global supply chain crisis.

These factors may trigger a slowdown in private consumption and a greater inclination on the part of households to save, thereby downgrading the growth forecast made in September.

The estimated quarterly growth for the Q4 2021 stands at 1.6%, while the yearly growth figure may be 4.5%. Looking ahead to 2022, forecasts fluctuate between around 5.4% and 5.8%. (Source: Bank of Spain; IMF & Consensus Economics Forecast).

USERS FACE TOUGH DECISIONS

The leasing of logistics space during the last quarter of the year accounted for **144,875 sqm**, representing an increase of **34.6%** compared with the same period in 2020.

The **total figure for 2021** amounted to **832,483 sqm**, a rise of **90.6%** compared with 2020, and 22.9% higher than 2018, the most dynamic period in the historic series. The 2021 total is influenced though by two transactions in the first half of the year that made up 28% of the total volume.

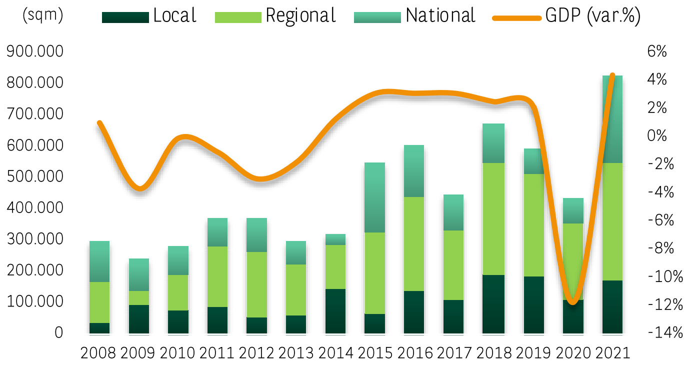
During this quarter, 13 new contracts were registered, meaning **67 transactions** were signed overall during **2021**, 5 fewer than in 2020. The average size of transactions in 2021 increased to 12,425 sqm, compared with the 6,065 sqm seen in 2020.

The most notable transactions by size in the fourth quarter were the 51,240 sqm in ZAL 1, and the lease for a 24,720 sqm platform in Roca del Vallés.

The most active business sectors came from the food and e-commerce sectors that continue to drive demand.

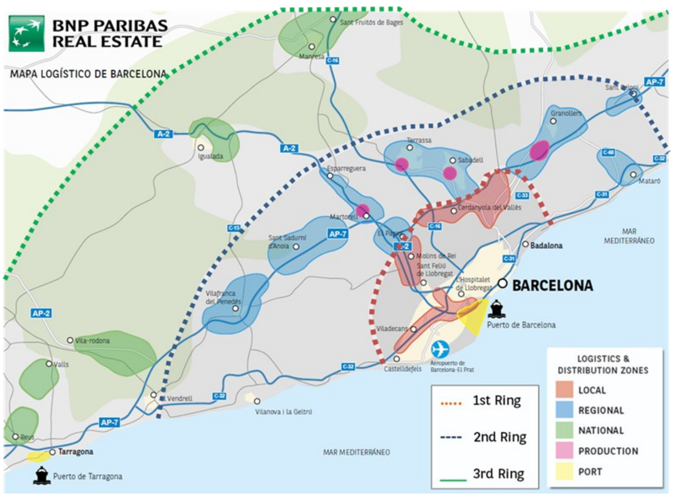
With difficulties securing large platforms, some users are opting to expand their existing space to warehouse stock in response to potential future supply chain problems.

TAKE-UP EVOLUTION (sqm)



Source: BNP Paribas Real Estate

CATALONIA'S LOGISTIC MARKET



Source: BNP Paribas Real Estate

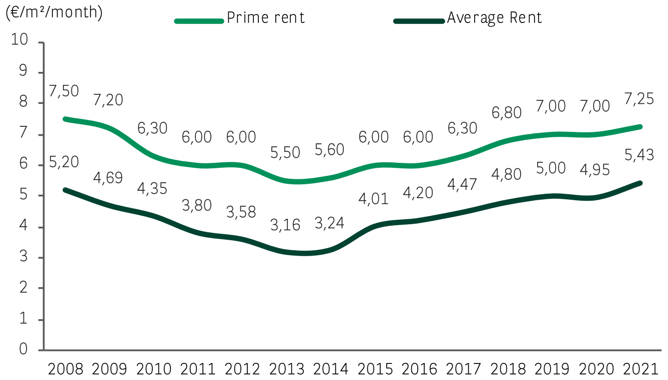
ANALYSIS OF DEMAND AND RENTS BY RING

The **regional ring** registered the greatest user demand, both in the final quarter and the year as a whole. In 2021 it accounted for **46% of all letting volume** across the Catalan market. The average deal size seen in this ring stood at 11,875 sqm in 2021.

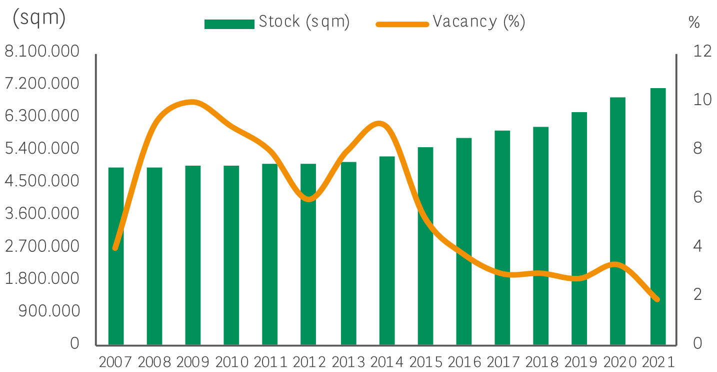
The **local ring**, closer to the city of Barcelona, saw **21%** of letting volume. The average deal size in this ring was 7,171 sqm in 2021, while average rent remains at levels €6.50/sqm/month, with maximums above €7/sqm/month. There is considerable user interest in the inner belt around Barcelona, although additional transactions could not take place because of the lack of availability and existing land.

Meanwhile, the **national** ring accounts for **33%** of the overall letting volume. The average deal size over the past year in this zone was 25,490 sqm. Meanwhile, the average rent in this ring stands at approximately €4.50/sqm/month.

AVERAGE AND PRIME RENT EVOLUTION



STOCK & VACANCY EVOLUTION



The **average rent increased by 9.6%** last year, standing at **€5.43/sqm/month**. The **prime rent** remains around **€7.25/sqm/month**, unchanged over the last six months, while no significant increases are expected in the coming months for conventional logistics platforms. Nonetheless, these levels of rent could rise for logistics platforms with lower plot occupancy percentages, especially for electronic commerce and food distributors.

The boom in demand and lack of land for new project development continues to exert pressure on the **vacancy rate**, which stands at **1.89%** as of 1 January 2022. Meanwhile, the logistics stock in Catalonia amounts to some 7.2 million square metres, having increased by 12% during 2021.

The vacancy rate is as low as 1.07% in the local ring, while in the second and third rings it rises slightly to 2.02% and 3.75%, respectively.

The resilience of the logistics sector to the pandemic, as reflected in high demand, means **construction continue to progress**, with developers and investment funds seeking to generate new product. Looking ahead to 2022, the expectation is that some 140,000 m² of new projects will be added to the market, of which 13.5% have already been assigned to users. In 2023 and 2024, around 1.5 million square metres of new logistics facilities could be added. Although it should be emphasised that many of these projects will not start up right now unless they have a client, while others have planning procedures pending.

The **forecasts for 2022** from the demand perspective are positive, since activity is anticipated to maintain the same pace as at the close of last year. The expectation is that letting volumes could amount to around 700,000 m² for the year as a whole, or even more if exceptionally large "turnkey" deals are concluded.

MAIN DEALS OF THE FOURTH QUARTER 2021

Municipality	Arc	Region	Type	Surface
Barcelona-ZAL 1	1– Local	Barcelonés	Rental	51,240 sqm
Las Rocas del Vallés	2– Regional	Vallés Oriental	Rental	24,720 sqm
La Granada del Penedés	3 - National	Alt Penedés	Rental	16,718 sqm
La Granada del Penedés	3 - National	Alt Penedés	Rental	11,020 sqm
Lliça d'Amunt	2– Regional	Vallés Oriental	Rental	10,345 sqm
Granollers	2– Regional	Vallés Oriental	Rental	7,950 sqm

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