"At a Glance

Logistic Barcelona

Q1 2015

Trend in transaction volume

Take-up exceeded the GDP growth during the first quarter of 2015.

Transactions by size of unit - Q1 2015

- 2,000 to 3,000 m²
- 3,000 to 5,000 m²
- 5,000 to 10,000 m²
- >10,000 m²

Transactions by quality of unit — Q1 2015

Types:
A: Less than 10 years old, high technical specifications, excellent location
B: More than 10 years old, though up-to-standard in terms of specifications and location
C: Old, poorly located and/or technical deficiencies

"CLEAR RISE IN TAKE-UP

The recovery of the logistics market in Catalonia strengthens

Take-up in the Logistics sector in 2014 reached 400,000 m², almost 100,000 m² more than in 2013. During the first 3 months of 2015 this amounted to 203,100 m², a figure exceeding that for the first six months of 2014 (175,000 m²) and very close to the total take-up for the whole of 2009. This notable degree of activity in Q1 2015 is a sign not only of the robust health of the Logistics sector in Catalonia but also of the closure of various transactions which had been in the pipeline. The Decathlon transaction for example, represents a turnkey project which had been in negotiation for 3 years. In addition, Kellogg’s began taking steps towards the rental of 26,750 m² in the second quarter of 2014. It is unlikely that the logistics take-up seen at the beginning of year will be repeated in terms of size during the coming quarters.

"DEMAND FOR UNITS WITH EXTENSIVE FLOORSPACE IN Q1 2015

Deals exceeding 10,000 m² represent 82% of the floor area transacted

At 17 during the first quarter, Catalonia recorded more logistics transactions than any other region in Spain. Of these, the 5 largest (more than 15,000 m²) represented 67% of take-up. The 20,600 m² of RMT Logistics, 18,500 m² occupied by Jevaso and 16,000 m² corresponding to Transportes Montserrat may be added to the two deals already mentioned. Within this context, the average size of floor area transacted has grown to the point of exceeding 5,000 m². Deals amounting to less than 5,000 m² have fallen from 63% in Q1 2014 to 36% in Q1.

"THE DEMAND GRADE “A” GROWS

55% of deals corresponds to high quality units

Transactions performed during 2014 and in the first quarter of 2015 have clearly leaned towards grade A units, these going from 30% in 2013 to 55%. The demand for grade C units scarcely reaches 10%. Logistics operators are competing for high quality units, driven on by ever more demanding clients. The consequence is scarcity of increasingly sought-after products of which there are no new deliveries.
SHARP FALL IN VACANCIES
Developers begin target speculative land development

2014 closed with a vacancy rate of 12.3%. However, at the close of the first quarter of 2015 this figure had fallen to 9.1%, a drop of 3 percentage points. This fall in the vacancy rate is due to the considerable increase in take-up in Q1 2015 and the virtual non-existence of new logistics developments during the period 2009-2014. This is leading some developers to consider the speculative development of land and the acquisition of plots for turnkey projects. Undeveloped land is being acquired along with plots housing old units which will be demolished in order to construct new warehouses that meet current demand specifications (grade A).

PRIME RENT CLIMBING GENTLY
Average rents suffer a slight fall

Prime rent began a gentle rise in 2013, when it stood at € 5.50/m²/month, reaching € 5.75/m²/month in Q1 2015. This reflects the demand for high-quality units. The Barcelona logistics stock is mature, with an occupancy of almost 90%. Operators seeking extensive spaces have had to move to the outskirts due to the fact that prime floor areas of 10,000-20,000 m² are not to be found. Of current occupier demand, 110,000 m² was transacted at a distance of between 60 and 115 km from Barcelona. Operators are finding the floor areas that they require in locations such as Villafranca del Penedès, Cérida, Valls, Sant Fruíto de Bages and Riusellots de la Selva. Rents in these peripheral areas stand at € 2.25-3.00/m²/month. Due to the volume of these transactions and their corresponding rental price, average rent has fallen from € 3.80/m²/month to € 3.30/m²/month. Within a radius of 10-40 km from Barcelona rents amount to € 3.50-4.50/m²/month, this representing a slight increase.

OUTLOOK
The increase in economic activity and e-commerce are raising the dynamism of the sector

With the excellent figure for take-up during the first quarter and the increase in activity, it is possible to envisage 2015 closing with take-up figures better than those of 2014. Another type of trade is growing ever stronger: e-commerce. This type of business is seeing annual growth rates of 20% and it is foreseeable that e-commerce will lead to significant demand for logistics space in the future. The room for growth is obvious if spending per head in Spain, at € 274/year, is compared with that of the country which sells most online - the UK - at € 1,648/year. This business will require units with high technical specifications and sufficient height.