At a glance

LOGISTICS BARCELONA 2015

THE NEW LOGISTIC CYCLE IN SPAIN

⇒ ECONOMIC BACKGROUND

The improving confidence of both consumers and businesses, has given the market enough dynamism for 2015 to be the year with the highest GDP growth since 2007 (3.8%). The increase in private demand and the improvement of consumption made last year to end with an increase of 3.2% in GDP (0.8% in the fourth quarter, according to the Bank of Spain). The industrial production index grew 3.4% in December with respect to the same month of 2014. Regarding job market, the biggest decline in the rate of unemployment has been during 2015, reaching its lowest level in the last 5 years. Once seasonally adjusting the data, employment grew around 150,000 people. The services sector led the increase with 54,900 new workers. In percentage terms, the unemployment rate dropped 0.3 points in the last quarter to 20.9%.

⇒ E-COMMERCE IN CONTINUED GROWTH

E-commerce is growing at an average rate of 20% annually. As online trade increases, so will the demand for logistic spaces in order to support this type of commerce. In 2015, more than 62,000 m² of logistics premises devoted to e-commerce were contracted. Retailers use different facilities for e-business. In Spain, online trade represents a 3% of consumption. There is still room for growth, especially when compared with countries like Germany or the UK where e-commerce represents 10% and 13.5%, respectively.

⇒ LOGISTIC TAKE-UP RECORD

During 2015 total logistic space take-up in Barcelona’s catchment area reached a record figure of 545,250 m². This is an increase of 70% compared to 2014, year in which 320,800 m² were occupied. The robust take-up of 2015 establishes the beginning of a new logistics cycle in Catalonia. By logistics areas, 88% of the contracted area was located in the second and third Rings. Pre-lets reached 60,000 m². 66% of new tenants were logistics operators and 94% final users. There was a total of 52 transactions. Contracts of surfaces in excess of 10,000 m² totalled 21 operations and 415,000 m², of which only an operation, of 11,300 m², was held at Ring 1. The reason for this is the lack of large spaces supply in this area.

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During 2015 vacancy area decreased continuously. At the end of the year accounted for 290,000 m² of logistic spaces. The level of occupancy dropped 4 percentage points since 2014, when it stood at 10.2%. Parc Logistic's vacancy rate, one of the prime areas in Catalonia's market, reaches 95% and increases up to 97% in the ZAL area. The large warehouses offer is clearly underfinanced, which stimulates turn key projects development. For 2016 it is expected the delivery of almost 400,000 m² of logistics space, of which 355,000 already have final user and only 40,000 would be speculative. The delivery of Mango's 250,000 m² warehouse in 2016 stands out. There are another 610,000 m² under project but yet to be delivered. Logistic developments perspective differs from 2015 when only 15,000 m² were delivered.

The prime rent registers a slight increase and stands at 6€/m²/month. Although it has not stopped rising since 2013, it still has broad room upwards.

Average rents have grown in the 3 rings, especially in the second one, due to the high level of space take-up. Meanwhile, the overall average rent stood at 3.6€/m²/month. The decline seen in the graph is caused by strong take-up in Rings 2 and 3. As these two zones have lower prices, they make the overall average to decline slightly. The shortage of large surfaces in Ring 1, pushes operators towards the outskirts.

As for yields, they continue to compress due to buyers competition for the few remaining quality assets. The average yield of Barcelona stands at 7.25%.

Consumption is expected to keep the same inertia and logistic spaces will display an increasing take-up during 2016. Rents will continue to rise and yields will continue their contraction due to the prime product scarcity. E-commerce will continue to grow and with it, the demand for cross-docking warehouses.

The main SOCIMIs and funds will continue with their interest in expanding their portfolios with logistic assets. It is expected that logistic developments will also continue with much activity and land value most probably is to increase. It is also forecasted a GDP growth around 2.6% in 2016 and a gradual recovery in the labour market.