LACK OF PRODUCT BECOMES EVER MORE ACUTE

Take-up in Barcelona in 2016 began at the same pace as at the close of 2015 reaching 69,600 m² over the first 3 months, slightly down on the 69,500 m² seen in Q4. Nevertheless, this figure is far from that of the first quarter of 2015 (210,000 m²) and this is largely due to the general lack of product in the Barcelona area.

The majority of take-up was centred on the local distribution zone, with 6 of the 11 transactions recorded and half of the space transacted, (34,800 m²). Compared with the first quarter of the previous year, there is a significant difference in large-scale deals. In Q1 2015, the five largest deals amounted to almost 122,000 m², the greatest being 40,000 m². The same measure in Q1 2016 returned a total of 49,500 m².

Around 64% of the floor area was transacted by logistics operators and 36% by final users.

The vacancy rate continues to fall leading to pre-letting of 60,000 m² in 2015. This trend continued into the first quarter with two turnkey projects totalling 25,000 m². At 15,400 m², one of these represented the most significant deal of the quarter. Developers view new projects as more feasible, including those which are speculative in nature. This is backed up by scarcity, improving outlook for rents and the increase in business activity.

Rental prices began to rise last year and were continuing along the same path during the first three months of 2016. For the moment, the maximum rent of €6/m²/month is holding steady.

Investor appetite for the logistics sector also remains firm. Whereas 2015 closed with the highest ever investment figure (€522m), almost €320m has been invested throughout Spain during the first five months of 2016. Barcelona is particularly attractive to investors and has a number of pending requirements that could alter the investment figure for 2016. Prime yields in Catalonia remain under downward pressure and, at the close of April, stood at around 7.5%.

It is anticipated that the main SOCIMIs (REITs) and institutional investors will remain interested in expanding their portfolios with logistics assets. Activity with new developments is also expected to continue. All of this is within the context of GDP growth of around 2.8% and a gradual recovery in the labour market.