The Spanish economy continues to show signs of strength with third-quarter GDP growth achieving 0.7% (Source: Bank of Spain).

After the slow recovery of the logistics sector and the drought of real estate development in recent years, the logistics market environment has changed positively. It is being supported by improving the economic outlook (private consumption, retail sales growth), the increase in net absorption, the expansion of electronic commerce and the investors’ demand for logistics assets.

The occupation of logistic spaces in Madrid maintains its good tone. In the third quarter of the year, the new logistics contracts totaled 38,000 m². The accumulated since the beginning of the year reached 225,000 m². Most of this space absorption, 73%, has been distributed along the logistical corridor A-2, especially in the first ring.

The prices of the new rentals continue with their smooth increase in the three rings of the market of Madrid. The average rent increases by 7% compared to the average values recorded a year ago. As for the maximum rent, it goes from 5.5 to 5.8 €/m²/month.

The empty spaces keep on reducing and the vacancy rate at the end of September at 8.5%. There is a lack of quality and well-located warehouses.

All these drive the construction of new logistics spaces. On the corridor A-2, 215,000 m² are currently under development. The second most important corridor in terms of logistic contracting, A-4, has a development of 58,000 m² and two rehabilitations totaling 92,000 m².

By the end of the year, several operations of a significant size are expected to be closed, that will lead the total take-up to 380,000 m². The prime yield of a logistics warehouse in Madrid stood at 6.5% at the end of September and is expected to fall to 6.2% at the end of 2016.