LOGISTICS MADRID — SECOND QUARTER 2017

HIGHEST EVER TAKE-UP

The Spanish economy reported quarterly growth of 0.9% during the second quarter of 2017. This rate is one percentage point higher than that recorded during the first quarter of the year, confirming the buoyancy of the domestic economy. In comparison with the 3.0% seen in the first quarter of the previous year, year-on-year growth now stands at 3.1%.

The figure for take-up in the logistics sector in the Madrid market and its area of influence reached 269,528 sqm during Q2 2017. This represents the highest level ever recorded and double the take-up of the first quarter. Particularly noteworthy were the volumes of three deals struck in Getafe, Cabanillas del Campo and San Fernando, with floor areas exceeding 40,000 sqm. These represented 56% of total quarterly take-up. As has become commonplace in the market, take-up was focused on the A-2 (152,414 sqm) and A-4 (97,356 sqm) thoroughfares, both in terms of the floor area transacted, at 93%, and the number of deals struck (85%). During the second quarter, 20 transactions were recorded, compared with the 16 contracts registered during the first three months of the year. With the good results achieved during the second quarter, the aggregate figure for the take-up of logistics floorspace during the year (H1 2017) has reached 399,781 sqm, matching the total level for the whole of 2016.

As a consequence of strong demand and the good outlook for the logistics market, rents continue to trend upwards. Moreover, incentives to tenants continue to decrease particularly free rent periods in contracts that are diminishing in number and length. Consequently net effective rents are being driven upwards. The maximum rental price is hovering around €5.80/sqm/month, some 5.5% above the peak recorded at the close of 2016.

The volume of vacant logistics floor space has decreased considerably and the first half of the year closed with a vacancy rate of 4.7%. The available floor area is 163,368 sqm in lower in comparison with the figure for the previous half-year. E-commerce continues to expand and represents a driver that will shape future demand for the market. It is helping push the yield on prime assets down, falling to 5.9%. The volume of e-commerce derived business in 2016 was 20.8% greater than the figure for 2015, reaching 24 million Euros. The sector accounted for 17% of the total 117 million Euros in deals during 2016, itself 35.7% up on 2015. This area of business is changing the types of facilities (cross-docking) needed whilst the distance from the urban centre and ease of access of units increasingly represent key factors in meeting delivery times.

The yield on prime asset continues to compress in the face of the buyer pressure, falling to 5.9.

Take-up volume evolution

Vacancy rate evolution

Average rent and maximum rent evolution

Logistics map Madrid by rings

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