LOGISTICS MADRID — THIRD QUARTER 2017

TAKE-UP ROCKETS

The Spanish economy continued to follow the path of growth during the third quarter. According to the latest indicators, GDP will record growth of 0.7%, 2 basis points below last quarter’s result. Fuelled by consumer spending, domestic demand remains one of the economy’s growth drivers with external demand contributing moderately. The labour market will become less dynamic over the rest of the year as a consequence of the expiry of summer contracts. All in all, annual growth of around 3.2% is predicted.

The figure for take-up in the logistics sector in the Madrid market and its area of influence reached 233,357 m² during Q3 2017. This, together with the figure for the previous quarter, represents one of the highest take-up results on record. In terms of volume, the most notable transactions during the quarter were a 103,000 m² turnkey project in Illescas and the deal struck by Leroy Merlin in Meco, amounting to a floor area of almost 60,000 m². As has become typical in this market, take-up was centred on the A-42 thoroughfare. It is a consequence of the supply of developable land available in Illescas and along the A-2 dual carriageway, it is where 9 deals amounting to 107,057 m² were undertaken. Within the area of the A-2 thoroughfare, the most active municipal districts were Meco and Costilla, each with two transactions. In addition to the the Illescas deal, the Southern A-4 zone was notable for the commitment to an extension of floor space by 12,000 m² in Sesena on the part of Ceva Logistic.

With the excellent results achieved over the last two quarters, the aggregate figure for logistics take-up reached 633,438 m². With one quarter of the year still to go it already represents the highest ever figure for take-up.

The strong performance of demand (at historic peaks) together with low levels of availability is generating strong performance in rents. The maximum rental price is getting close to €6.00/m²/month for units of the highest technical quality in the best locations.

The other consequence of scarcity is that the vacancy rate continued to fall throughout the period analysed. This currently stands very close to 5%.

There continues to be a very high level of interest from investors; a number of transactions having taken place during the third quarter.

Take-up volume evolution

Vacancy rate evolution

Average rent and maximum rent evolution

Logistics map Madrid by rings

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