At a glance

LOGISTICS VALENCIA Q4 2017

BEST YEAR OF THE HISTORICAL SERIE

MAXIMUM LEVEL OF TAKE UP

The strong progress of the Spanish economy has enabled it to sidestep the effect of the uncertainty created during the last quarter of the year. Take-up of logistics floorspace in the Valencia market reached an all-time high at the close of 2017, coming in at a total of 161,731 m². This increase in demand was partly possible as a result of new projects which are joining the market. Ribarroja remains the zone most sought-after by users, cornering 74% (118,931 m²) of total occupancy. Of the total of 21 deals signed in 2017, 14 corresponded to this area. During the last quarter of the year 3 deals were struck, all of these in Ribarroja and amounting to a total of 26,400 m². The most significant transactions of 2017 consisted of 30,000 m² in Ribarroja in July, Mercadona signing off on a 23,731 m² unit and the arrival of Amazon in Paterna with a 15,200 m² warehouse. The average size per deal in 2017 amounted to 7,701 m², the volume of four transactions exceeding 15,000 m².

NEW SUPPLY FOR 2018

Available floorspace continued to fall in 2017, the vacancy rate reaching 3.05%. At the close of the fourth quarter 48,937 m² remained vacant. 38% of the vacant floorspace is concentrated in the district of Ribarroja, whereas the majority of the remaining available space is found in Beniparel, Picassent, Xirivella and Alcacer. Two units of 5,000 and 15,000 m² were added to the stock in Ribarroja. Five new developments in Ribarroja and one in Paterna are anticipated to join the market during the first half of 2018, contributing 98,331 m² of new floorspace of which 50% is currently already let. Due to the scarcity of existing vacant floorspace, new projects are let very quickly. This has favoured the increase in take-up.

INCREASE IN RENTS AND INVESTOR’S INTERESTS

The strong performance of demand recorded during 2017 and the low levels of existing availability in the market have fomented a general increase in rents, this being most acute in the case of minimum rents. The gap between maximum and minimum rents is narrowing. Prime rent remains steady at around €4.25/m²/month. Interest on the part of investors was strong during 2017. A variety of deals were struck, generating a total transaction volume of 55 million Euro. The most significant deal during 2017 was the acquisition of the 55,000 m² Carrefour platform by TH Real Estate, generating a volume of approximately 35 million Euro. The prime yield stands at between 6.5% and 7%.