LOGISTICS BARCELONA — FOURTH QUARTER 2017

THE BEST QUARTER OF THE YEAR

The strong progress of the Spanish economy enabled it to sidestep the effect of uncertainty created during the last quarter of the year. According to forward data from the Bank of Spain, the economy grew by 0.8% in Q4 2017, primarily because of the increase in exports, construction investment and strong underlying domestic demand. Economic activity in Catalonia continued to perform well during the closing straight of 2017. Given the characteristics of the logistics occupier market model, its performance has not reacted strongly to the passing uncertainty.

The take-up of logistics floorspace remained strong in Catalonia throughout 2017, reaching a volume of 450,060 m². Take-up amounted to 136,030 m² during the last quarter of the year, making it the best three months in 2017. The most notable deals during the fourth quarter consisted of the leasing of 35,000 m² by Alfil Logistic in the ZAL and closure on 25,000 m² on the “Can Volart” industrial estate in Parets del Vallès.

If we compare the total figures for 2017 with 2016 a fall of 25% is noted. The fall-back is a result of no repetition of 2016’s major deals; Mango’s 119,000 m² and the 60,000 m² closed by Amazon. Take-up recorded in 2017 (450,058 m²) is clearly above the average for the last ten years (2008-2017) at 376,705 m², indicating strong demand performance.

Rental prices continued to grow during 2017. The prime rent closed the year at €6.30/m²/month (€6.00/m²/month in December 2016), whereas the average rent increased by close to 10% over the last twelve months, standing at €4.60/m²/month. During the last quarter of the year (Q4 2017), the highest rents were recorded on the PLZF (Zona Franca Logistics Park), at levels of €6.50/m²/month.

The vacancy rate for logistics floorspace in Catalonia stands at an all-time low of 2.9%. The lack of product has led to an increase in land acquisition transactions for the development of new logistics projects. During the last three months of the year there were 6 deals, involving a total volume of 58,782 m². New installations are currently under construction which will contribute 240,000 m² in the coming months.

The logistics sector continues to attract the keen interest of investors, a number of transactions being closed amounting to an approximate volume of €270m, some 35% more than the volume reached in 2016. Particularly noteworthy was the acquisition by Invesco of Mango’s 150,000 m² facilities in Barcelona, under a sale and leaseback formula. The yield on prime logistics warehouses remains steady at 5.85%.

Take-up volume evolution and GDP

Vacancy rate evolution

Maximum and minimum rent evolution

Logistics rings Cataluña

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