The Spanish economy consolidated its position among the strongest of the world’s developed countries, with forecast GDP growth exceeding that of Germany and France. The current strong performance of exports, encouraged by the dynamism of the world economy, along with lower long-term financing costs enabled the growth of the first quarter to exceed expectations. The International Monetary Fund (IMF) has increased its growth forecasts for Spain during 2018 by 40 basis points, from the 2.4% in January to 2.8%.

Take-up in the Madrid logistics sector reached 224,570 m², making it the best first quarter of the last decade and representing a year-on-year increase of 72% in comparison with the first quarter of 2017. The current strong demand is such that take-up has exceeded 220,000 m² in each of the last four quarters.

The most sought-after zone remains the Corredor de Henares thoroughfare along the A-2 dual carriage-way. It took 47% of the total floor area transacted with 9 of the 15 deals struck. The remainder of the demand was focused on the Southern Zone (A-4 and A-42 dual carriageways), where 105,385 m² were transacted in the municipal districts of Pinto, Getafe and Toledo. The largest deals recorded during the first three months of the year were three turnkey projects, together amounting to 55% of total demand (123,655 m²). The scarcity of large, high-quality warehouses, together with the strong macroeconomic and market outlook, is leading some users to develop bespoke projects which meet the requirements of their activities.

Strong demand together with low levels of availability, are fostering the continued steady upward trend in rents. Average rents increased to €4.20/m²/month, whereas prime rents remained between €5.50 to €6.00/m²/month for the highest specification units in the best locations. Nevertheless, in cross-docking warehouses with a high turnover of products requiring location near to urban centres, rents have increased to around €7.00/m²/month. At below 6%, the vacancy rate remains low as a consequence of strong demand performance and the successful sale and letting of new projects entering the market.

The investment market has been particularly active, seeing deals amounting to 275 million Euros in the metropolitan Madrid market.