At a glance - Q2 2018
LOGISTIC MARKET MADRID

GOLDEN AGE OF LOGISTIC

Spain continues to grow at pace with the economy expanding by 0.6% over the second quarter. The thrust of this growth is mainly domestic demand along with stability in public sector demand. The labour market is also expanding with the unemployment rate falling to 15.28%, a drop of 1.94 percentage points over the past year. The outlook is also bright with growth forecasts at 2.8% for 2018 and 2.5% for 2019.

Logistics take-up of 227,250 m², followed the strong line set out during the previous quarter and remains at an all-time high. Aggregate take-up of 456,000 m² has been reached during the first six months, this being the highest figure since records of transactions began to be kept in 2007. This year points toward take-up surpassing last year’s record setting figure.

Majority of deals on “Corredor de Henares” (A-2 Axis). Of the total logistics take-up during the second quarter of the year, more than 50% was located on the A-2 thoroughfare, amounting to 118,000 m² floor area transacted. Aside from the Henares Corridor, the thoroughfare with the second highest degree of take-up during the second quarter was the A-4 dual carriageway, exceeding 71,000 m² and making up 30% of the total.

This quarter has been strong with regard to the number of deals, with 23 lease transactions in the Madrid market and its area of influence. Despite there being 8 more deals than during the preceding quarter, take-up increased by just 7,000 m². This entails an average size of deal slightly over 10,000 m², whereas during the first quarter of the year the average transacted size amounted to around 15,000 m². It is worth mentioning three large deals in this quarter, the two covering the largest floor areas are located on the A4 thoroughfare, in the Los Albardiales Industrial Estate of Antígola. Both are turnkey projects and amount to 65,000 m² which, together with the 22,200 and 20,300 m² deals in Cabanillas, represent 46% of the total take-up for the quarter.

The vacancy rate in the Madrid area continues to fall as there is deficit in the availability of high quality logistics warehouses in Madrid. Many of the new turnkey projects are pre-lets so make no impact on supply vacancy that currently stands at 5.01%. More new projects over the coming months are expected to be announced both of speculative and pre-let nature.

New projects. More than two million square metres of logistics floorspace are currently expected to enter the stock in Madrid, although it is anticipated that a large percentage of this future supply will be pre-let with built to order units meeting the needs of future tenants. The growing demand for high quality logistics warehouses makes speculative projects very much sought after. This means that the vacancy rate continues to fall despite the increased supply of logistics units.

The average rent for logistics warehouses in Madrid stands at around €4.30 sqm/month, continuing the upward trend of the last three quarters. The prime rent has now reached €6.20 sqm/month. The transaction with the highest rent of the quarter was the rental of the warehouse in the Coslada CTC at 6.2 € / sqm / month. However, in adjacent areas to the Airport or Mercamadrid, rents are at higher levels.

Direct investment in logistics warehouses in Spain has not been very dynamic during the second quarter. However, the accumulated volume of the first semester is close to 400 million euros, which makes us optimistic towards the end of the year. Investors, in the absence of supply of rented product, are betting on project developments and new investment products. The Prime Yield stands at 5.85% in Madrid and Barcelona.

The perspectives in the short-medium term are very positive, "the sector continues to experience an exceptional moment in Madrid and its entire area of influence as evidenced by the maximum volume of registered employment and good prospects in the short-medium term. We believe that the evolution of prices will continue to be contained, thanks to the balance between the supply that is going to be incorporated into the market and the current demand."
LOGISTIC TAKE-UP EVOLUTION

Q2-2018 Take Up 227,900 sqm

LOGISTIC MAP MADRID

RENT EVOLUTION

€/sqm/month

Prime Rent

Average Rent

6.2

4.3

STOCK EVOLUTION & VACANCY RATE

Vacancy Rate 5.01%
## VOLUMEN DE INVERSIÓN

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<th>Q3</th>
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### Logística de Madrid - Julio 2018

- **Logistic Investment Volume**: 390
- **Total Investment Volume**: 4.858

## RENTABILIDADES

- **Office**: 9%
- **Logistic**: 8.5%
- **10-year bond (IRR)**: 6%
- **EURIBOR (12 months)**: 4%
- **Retail High Street**: 3.25%

### YIELD PRIME
- **Logistic**: 5.85%
- **Office**: 3.25%
- **High Street**: 3.00%

## MAIN OPERATIONS OF THE QUARTER

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BIOGRAPHY LINES
in Europe
A 360° vision

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