At a glance - Q4 2018
LOGISTIC MARKET VALENCIA

HIGH DEMAND FOR LAND READY TO BUILD FOR NEW DEVELOPMENTS

The Valencian economy continues to expand rapidly, above the national average. Valencia saw growth of 3.2% in 2017 and the forecasts for the close of 2018 point towards expansion of around 2.7%. The labour market is proving to be highly dynamic, with the anticipated creation of one hundred and ten thousand jobs between 2017 and 2019. This will reduce the unemployment rate to 12.6%.

The take-up of logistics floorspace in the Valencian market closed at 127,502 sqm in 2018, which stands close to the average take-up of the last four years (130,000 sqm). With regard to 2017, there is a decrease of 30,000 sqm in take-up, however, it should be taken into account that last year there were two unusually large transactions of 30,000 sqm and 23,000 sqm respectively, which were decisive in the number of sqm absorbed. There are a couple of contributing factors beyond just coming off a market peak. One is that vacancies are now concentrated within more exclusive zones of the market, which is putting the brakes on the relocation decisions of some operators. In addition, the average size of deals struck in 2018 (5,313 sqm) is less than that for 2017 (7,701 sqm). Despite take-up being 25% lower than that of 2017, more deals were signed in 2018 than in 2017 (24 vs. 21), highlighting that demand-side activity remains strong. As has become commonplace in the market, the most sought-after zone in 2018 was Ribarroja, cornering 33% of the floor area transacted.

Take-up recorded during the fourth quarter was very high with ten transactions amounting to 54,891 sqm taken place, 43% of the total annual take-up. The level of activity recorded in the market of Paterna has been particularly noteworthy in recent months, 4 deals having been signed.

The vacancy rate remains very low standing at 2.8% on January 1, 2019. 77% of the currently available floor area is located within Ribarroja. Due to the lack of availability, maximum rents rose slightly to €4.50/sqm/month in Ribarroja. Faced with the scarcity of vacant floorspace, developer activity remains on-going. It is anticipated that five new logistics platforms will enter the market in 2019, contributing 99,457 sqm. The platforms are located in Ribarroja, Sagunto, Torrent, Cheste and Loriguilla. Moreover, two locations offer the possibility of turnkey constructions with a total floor area of more that 14,400 sqm built. There is a great deal of interest on the part of developers and investment funds in the acquisition of ready-to-build land. This has increased the price of this land up to €200-€220/sqm in the most sought-after locations.
INVESTMENT VOLUME SPAIN

Total investment aggregate 2018
€11,700 M
Logistic investment 2018
€1,300 M

ZONE MAP

YIELDS

RETAIL STREET

OFFICE

LOGISTICS

0.00% 1.00% 2.00% 3.00% 4.00% 5.00% 6.00% 7.00%

MAIN TRANSACTIONS IN 2018

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<th>Quarter</th>
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<th>Type</th>
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6 BUSINESS LINES in Europe
A 360° vision

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