At a glance - Q1 2019

LOGISTICS MARKET— BARCELONA

TURNKEY PROJECTS PUSH TAKE UP TO AN ALL-TIME HIGH

The Spanish economy continued to expand vigorously during the first quarter of 2019. Quarterly growth amounted to 0.7% and the outlook for 2019 points towards annual growth of around 2.6%. Despite the uncertainty in the Eurozone, consumer spending and a recovery in investment aimed at housing construction have been key to the strength of domestic demand that supports growth in the Spanish economy. For its part, the labour market continues to show signs of strength, with a rise in the number of national insurance registrations and a fall in the level of unemployment recorded during the first three months of the year.

Having closed a record-breaking 2018 for take-up of logistics floorspace in Catalonia, the first quarter begun by further improving on these figures. The needs of users for new facilities together with the scarcity of vacant space is leading to a significant number of major turnkey deals, primarily to cover the last mile and in areas closest to the port.

During the first quarter of the year, Catalonia saw the highest level of activity ever recorded in the logistics market, with 222,752 sq m transacted. This represents an increase of 23% over Q1 2018. Analysis however shows a slight drop in terms of the number of transactions compared with the first three months of 2018 (15 in Q1 2019 vs 18 in Q1 2018).

Major turnkey deals were a key factor in reaching such high levels of take-up, representing 73% of demand at the beginning of the year. Moreover, of the 15 deals struck during this period, just 2 represented 61% of total take-up, indicating that market take-up was skewed by a low number of large deals. The first big deal consists of the future Decathlon platform in the Zona Franca (Cilsa Merlin Properties), amounting to 93,000 sq m. This user depends on maritime traffic and needs to be located close to the port. The second largest transaction in terms of floor area was the DSV turnkey deal for 46,000 sq m in Molins de Rei, some 15 kilometres from Barcelona city centre.

In contrast to previous quarters, there is greater requirement for smaller floor areas of between 3,000 sq m and 5,000 sq m, with reduced demand for large floorspace. This is leading some owners of modular platforms exceeding 20,000 sq m to reconsider their letting strategy. Initially this focused on the search for a single tenant, whereas landlords are now adapting to the current demand needs and are more receptive to multi-tenant options for users seeking small and medium-sized floor areas (<5,000 sq m).

Analysing demand by area shows the first arc (local) cornered 50% of take-up during the first quarter as a consequence of the size of the Decathlon deal. The second arc (regional) was the most active, cornering 41% of the floor area transacted divided up into 8 deals.

The vacancy rate remains low, standing at around 3% on April 1, 2019. The fact that a significant share of take-up consisted of turnkey transactions meant that the vacancy rate remained largely unaltered during the first three months of the year. Vacancies are extremely scarce within the local arc and it is worth mentioning that practically no land is available for the development of major new projects in the area of the ZAL (Zona Actividades Logística).

The average rent of the three logistics arcs (local, regional and national) has increased slightly since the preceding quarter, standing at €4.85/sq m/month in Q1 2019. Prime rents remained stable throughout the quarter at €6.80/sq m/month.

With a view to the remainder of the year, it is anticipated that deals regarding small and medium-sized floor areas will play a greater role, meaning that the figures seen in recent quarters are unlikely to be reached.
AT A GLANCE - CATALONIA LOGISTICS MARKET - Q1 2019

**TAKE-UP**

Take-up Q1 2019

228,752 sqm

**CATALONIA LOGISTICS MAP**

**RENT EVOLUTION**

€/sqm/month
Prime rent | Average Rent

**STOCK AND VACANCY RATE**

Vacancy rate
3.0%
AT A GLANCE - CATALONIA LOGISTICS MARKET - Q1 2019

INVESTMENT VOLUME

Total invested volume Q1 2019
2,015 M€

Logistics investment
206 M€

YIELDS

PRIME YIELDS
Logistic 5.30%
Office 3.25%
High Street 3.00%

MAIN OPERATIONS OF THE QUARTER

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Zone</th>
<th>Ring</th>
<th>Location</th>
<th>Type</th>
<th>Surface (Sqm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Zona Franca</td>
<td>1 - Premises</td>
<td>Barcelona</td>
<td>Turnkey</td>
<td>93,000 sq m</td>
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<tr>
<td>Q1</td>
<td>Baix Llobregat</td>
<td>2 - Regional</td>
<td>Molins de Rei</td>
<td>Turnkey</td>
<td>46,000 sq m</td>
</tr>
<tr>
<td>Q1</td>
<td>ZAL / Zona Franca</td>
<td>1 - Premises</td>
<td>Barcelona</td>
<td>Lease</td>
<td>11,200 sq m</td>
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<tr>
<td>Q1</td>
<td>Zona Franca</td>
<td>1 - Premises</td>
<td>Barcelona</td>
<td>Lease</td>
<td>10,000 sq m</td>
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<tr>
<td>Q1</td>
<td>Vallès Oriental</td>
<td>2 - Regional</td>
<td>Lliçà de Munt</td>
<td>Lease</td>
<td>9,717 sq m</td>
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</tbody>
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BIOLOGY LINES
in Europe
A 360° vision

CONTACTS

Jean Bernard Gaudin
Head of Spain Industrial & Logistics
Tel.: +34 914 549 900
jean-bernard.gaudin@realestate.bnparibas

Francesc Pretel
Head of Catalonia Industrial & Logistics
Tel.: +34 933 012 010
francesc.pretel@realestate.bnparibas

David Alonso Fadrique
Head of Research
Tel.: +34 914 549 900
david.alonso-fadrique@realestate.bnparibas

Daniela Capote
Research Analyst
Tel.: +34 914 549 900
daniela.capote@bnparibas.com

Leopoldo Guzmán
Research Analyst
Tel.: +34 914 549 900
leopoldo.guz.man@bnparibas.com

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