At a glance - Q2 2019

BARCELONA OFFICE MARKET

ALL NEW DEVELOPMENTS ARE DELIVERED FULLY OCCUPIED IN 2019

The Spanish economy continued to expand during the second quarter of the year. GDP growth compared to the previous quarter is between 0.6% and 0.7% supported by domestic demand. With this quarter, the economy marks 23 quarters of expansion in economic activity. It highlights the greater dynamism of exports in recent months, plus the continued boost to labor markets from the service sector. The number of people in employment increased by 211,800 in May with the number of unemployed falling by 84,100. The forecast for the end of the year is that the unemployment rate will be around 14%. Inflation remains low and the CPI will be at 1% at the end of 2019.

The economy of the autonomous community of Catalonia in 2019 is expected to grow at the same rate than the rest of Spain (2.2%) and 2% in 2020, above the Spanish average (1.9%).

After a historic first quarter that exceeded 150,000 m2, the second quarter has maintained a good pace, with 98,480 m2 of office space rented. The aggregate figure for lettings in H1 represents a new record for Barcelona, with more than 249,000 m2 of take-up. The H1 data is 78% of the annual average of the last five years (317,907m2).

District 22@ continues to be the busiest office market in Barcelona, and its share in the first half is still at 50% of the entire market. Around 57,000 m2 of office space was rented in the technological district of Barcelona.

In the second quarter of the year, 77 deals occurred creating 168 lettings in the first half of the year. The areas where most operations took place were the Center and 22 @ districts, with 29 and 23 deals respectively.

At 1,266m2, the average deal size in the second quarter of the year is 29% above the average size recorded in the last three years.

Coworking space continue to feature in the most prominent lettings of the quarter. In particular, 5 deals have been carried out by coworking operators in Barcelona. Monday, First Workplaces (formerly Busining) and Wework rented a total of 14,500m2 during this quarter.

Strength in the office market continues to pressure availability and raise rents. The vacancy rate stands at 7.5% at the end of the second quarter. In the 22@ district, availability is residual at below 1%. The area with the largest volume of available space is still the outskirts, where the vacancy rate is above 15%. Here, the large buildings with the best qualities continue to attract demand. Specifically, this quarter, three of the six largest deals signed were in areas such as Sant Joan Despi and Cornellà de Llobregat. The increase in rent prices in the city center, caused by low levels of availability, is encouraging companies with large space requirements to move to peripheral areas.

The second quarter saw delivery of 92,500m2 of office space in Barcelona, 100% of which was prelet. The remaining 28,500m2 of new buildings scheduled for delivery this year are also prelet. Deliveries are divided into eight projects, distributed between the areas 22 @, Plaza Europa - Zona Franca and Sant Joan Despi. Barcelona in 2020 will see delivery of almost 90,000m2 and of these, 50% are pre-let, a clear indicator of the good health of the market.

The average rent price of the city of Barcelona at the end of H1 is € 17.7 / m2 / month, 12% above the rent price of the same period last year. It means that for the last 5 years rent prices have continued to increase in Barcelona. Both in the CBD and in the 22 @ districts, the average rent continues above € 20 / m2 / month, indicating parity exists between the two areas. There have been deals above € 27 / m2 / month in Torre Glories. The prime rent continues to increase, reaching € 28 / m2 / month, which represents an increase of 17% in the last 12 months.

During the second quarter, Barcelona achieved an office investment volume of 1.3 billion euros, accounting for 52% of the cumulative total to date. Investment in Catalonia has accounted for 39% of office investment throughout Spain during the second quarter.

Within the investment transactions in Barcelona, the standout deals included the sale of Torre Diagonal 00 (Telefonica headquarters) for an amount close to 150 million euros (including a part of retail) and Torre Auditori for 98 million euros.
AT A GLANCE - MADRID OFFICE MARKET — Q2 2019

TAKING & NUMBER OF DEALS EVOLUTION

Vacancy rate 7.5%

NUMBER OF DEALS BY SURFACE RANGE

TAKE-UP BY ZONES

VACANCY RATE (%)
AT A GLANCE - MADRID OFFICE MARKET - Q2 2019

RENTS EVOLUTION

€/sqm/month

Max. • Avrg. • Min.

CBD • Centre • Decentralised • 22@ • Outskirts

Prime rent • Average rent

PRIME YIELDS

Office 3.25%
Logistics 5.15%
High Street 3.00%

YIELD EVOLUTION

% Office • Logistic • 10-year bond (IRR) • EURIBOR (12 months) • Retail • High Street

Prime Yields

Office 3.25%
Logistics 5.15%
High Street 3.00%

Key Figures

<table>
<thead>
<tr>
<th>Stock (sqm)</th>
<th>CBD</th>
<th>Center</th>
<th>Decentr.</th>
<th>22@</th>
<th>Outskirts</th>
<th>Total</th>
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<tbody>
<tr>
<td>873,242</td>
<td>2,475,314</td>
<td>506,072</td>
<td>981,079</td>
<td>1,093,902</td>
<td>5,929,609</td>
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<tr>
<td>Vacancy (sqm)</td>
<td>22,451</td>
<td>146,932</td>
<td>62,846</td>
<td>2,926</td>
<td>210,795</td>
<td>445,950</td>
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<tr>
<td>Vacancy rate (%)</td>
<td>2.6%</td>
<td>5.9%</td>
<td>12.4%</td>
<td>0.3%</td>
<td>19.3%</td>
<td>7.5%</td>
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<td>Take-up Q2 2019 (sqm)*</td>
<td>8,475</td>
<td>22,115</td>
<td>15,404</td>
<td>36,195</td>
<td>15,291</td>
<td>97,480</td>
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<td>Year to date take-up (sqm)*</td>
<td>13,936</td>
<td>53,736</td>
<td>39,156</td>
<td>97,945</td>
<td>45,050</td>
<td>249,824</td>
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<tr>
<td>Max. rent Q2 (€/sqm/month)</td>
<td>30.0</td>
<td>21.7</td>
<td>19.0</td>
<td>27.3</td>
<td>11.0</td>
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<tr>
<td>Aver. rent Q2 (€/sqm/month)</td>
<td>21.9</td>
<td>16.0</td>
<td>17.0</td>
<td>20.8</td>
<td>10.7</td>
<td>17.3</td>
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<tr>
<td>Deliveries in Q2 2019 (sqm)**</td>
<td>-</td>
<td>50,000</td>
<td>30,000</td>
<td>3,564</td>
<td>92,564</td>
<td></td>
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<td>Deliveries in the pipeline for 2019 (sqm)**</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21,597</td>
<td>7,000</td>
<td>28,597</td>
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</table>

* Figure analyzed and verified by BNP Paribas Reals Estate not including lease renewals
** Includes major refurbishments
*** Arrows denote annual variation
6 BUSINESS LINES in Europe
A 360° vision

CONTACTS

Ilan Dalva
Head of Office
Tel: +34 914 549 900
ilan.Dalva@bnpparibas.com

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

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

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