At a glance - Q3 2019
LOGISTICS MARKET - BARCELONA

CRITICALLY LOW VACANCY IN THE LOCAL ARC

The Spanish economy continued to expand in the third quarter of the year, albeit less strongly. GDP growth compared with the previous quarter stood at approximately 0.5%, confirming the deceleration seen in the last six months that stems from the riskier economic environment. Spain is doing well: while domestic demand maintained moderate growth rates, external demand still increased despite the uncertainty. In Catalonia, GDP is expected to grow by 2.2% in 2019 and 2.0% in 2020, while the unemployment rate will go down to levels under 10% in 2020 with the creation of 126,000 new jobs.

The logistics market in Catalonia remained very dynamic over the summer months, with take-up of 132,515m² in the third quarter of the year. This figure is well above the 3rd quarter of 2018 by 31%. Take-up for the year to 1 October was 469,923m², representing a fall (-3.4%) in comparison with 2018. The fall results from limited options for users, as well as decrease in the size of the space demanded. In spite of this, the take-up of logistics space has surpassed the 100,000m² barrier for two consecutive years, underlining the healthy state of the market.

The 15 transactions completed in the third quarter create a total of 47 transactions over the year to date. This is in line with the figure for 2018 (Q1-Q3), a period in which 49 contracts were concluded (a record in the historical series).

The average size of the space in demand over the third quarter of the year was 8,834m² and the largest transaction was for 19,918m² in Parets del Vallés. The other significant transaction was the rental of a logistics platform of 19,109m² on the Can Roca industrial estate in the town of Martorells.

Similar to the previous quarter, the regional arc accounted for most activity, concentrating 58% of take-up due to the biggest transactions occurring in this area. In the national arc, furthest away from Barcelona, four transactions completed, focused on the towns of Vilarodona and La Bisbal del Penedés. Although user interest is very high in the area closest to the city centre (local arc), recorded activity was low because of the scarcity of available floor space and land.

Take-up continued to put pressure on the vacancy rate, reaching 3% of a total stock of almost six and a half million square metres. The existing availability is shared between the national arc, which covers 64% of the vacant space, and the regional arc, where 34% is concentrated. Existing availability in the local arc is practically non-existent.

The average and prime rents remained at the same levels as the previous quarter, with the average rent at €4.85/m²/month and prime rent at €6.80/m²/month. A logistics platform in the Mas Blau area of Prat de Llobregat recorded the transaction with the highest rent of the quarter at €6.20/m²/month. In the areas furthest away from the city, where there is more vacancy, rents are stable but with more incentives.

Development activity is staying on track, with 313,783m² under construction that will reach the market in the next two years. There is also a further 426,627m² of projects where construction will not begin until the clients have committed to them.

The investment market has already equalled the historic record of 2018, with 1.3 billion euros of business done to date. The most noteworthy transaction of the year so far is the acquisition by Prologis of the asset portfolio belonging to Colonial. The portfolio, sold for approximately 425 million euros, is located in Madrid, Guadalajara and Catalonia. Also important is the sale of Amazon's European portfolio, with an asset located in El Prat, Barcelona.

The prime yield remains at 5.15% and forecast compression will take it to 5.00% at the year-end. Deals recorded to date and the ongoing transactions to be finalised in the coming months, suggest the volume of investment in 2019 will be more than 1.6 billion euros.
Take-up
Q3 2019
132,515 sqm
+ 31% vs Q3 2019

Vacancy rate
3.6%
Total real estate investment in Spain Q1-Q3 2019 — €9,0 Bn

Logistics Investment Q1-Q3 2019

€1.3 Bn

PRIME YIELDS
Logistic 5.15%
Office 3.15%
High Street 3.00%

**INVESTMENT VOLUME**

**YIELDS**

**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>Q3</td>
<td>Polígono autopista</td>
<td>2 - Regional</td>
<td>Pares del Vallés</td>
<td>Lease</td>
<td>19,918 sqm</td>
</tr>
<tr>
<td>Q3</td>
<td>Polígono Can Roca</td>
<td>2 - Regional</td>
<td>Martorells</td>
<td>Lease</td>
<td>19,109 sqm</td>
</tr>
<tr>
<td>Q3</td>
<td>Polígono Les Arenelles</td>
<td>3 - Nacional</td>
<td>Vilarodona</td>
<td>Lease</td>
<td>17,000 sqm</td>
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<tr>
<td>Q3</td>
<td>Polígono Les Planes</td>
<td>3 - Nacional</td>
<td>La Bisbal del Penedés</td>
<td>Lease</td>
<td>16,139 sqm</td>
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<tr>
<td>Q3</td>
<td>Polígono ZIN Vallès</td>
<td>2 - Regional</td>
<td>Santa Perpètua</td>
<td>Lease</td>
<td>10,091 sqm</td>
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</tbody>
</table>
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