At a glance - Q4 2019

LOGISTICS MARKET— BARCELONA

RECORD LOWS IN VACANCY AND INVESTMENT YIELDS FOR BARCELONA’S LOGISTICS MARKET

Spanish economic growth in the last quarter confirmed the deceleration seen in previous months. GDP growth stood at approximately 0.4%, lower momentum than most quarters over the economic recovery. A less dynamic end to the year is likely to see reduced annual GDP growth of around 2.0%. Consumer spending continues to be one of the main growth drivers of the economy, supported by slower but consistent employment gains.

Barcelona closed 2019 with a lettings volume of 594,509 m², representing an annual decrease of 13.04% over 2018's historic high. Even so, 2019 is the third largest volume and above the average of the last five years (2015-2019), which is a reflection of the logistics sector’s current business strength. The letting registered during the fourth quarter (Q4) of the year was 124,586 m², 37% less than the same period in 2018.

A large part of the demand registered in past months came from turnkey projects, as well as pre-let platforms under construction where the developer assumes a greater risk even with the low availability levels. That balance can be seen in the most significant transactions of the quarter which were turnkey contracts by an American multinational pharmaceutical company (25,910 m²) and AMM (15,500 m²), both in Baix Llobregat. Also important is the signing of 15,062 m² by Zeleris in Santa Perpetua.

The regional area is where the majority of the letting occurred in the last quarter of the year, representing 56% of the total, while the local area makes up 31% of the total.

Barcelona recorded 59 logistics platform transactions in 2019 compared to the 65 signed in 2018. The size of transactions is also smaller than in 2018, with the average deal reducing 4.2%, to 10,076 m². Deal size reduction reflects the requirement of tenants in 2019. The units most in demand over the last 12 months range between 5,000 m² and 10,000 m², a band that represents 40% of the transactions.

The vacancy rate continues at very low levels reaching 2.8% at end 2019 with a total stock of nearly 6.5 million square metres. In the local logistics area, availability is practically nil. The majority of vacant space is distributed between the regional (27%) and national (70%) areas.

The average rent in the three logistics areas (local, regional, and national) increased 4.2% compared to 2018, achieving €5.0/m²/month in Q4 2019. The prime rent increased over previous quarter to €7.0/m²/month in December 2019, making for a 2.9% gain over the past twelve months. However, as the year closed there are signs that stabilization of rents is occurring.

Nonetheless, the momentum of demand, along with scarce availability, continues to promote development activity. Several projects under construction will increase stock by 251,968 m² over the next 12 months, 61% of which is already pre-let. The new projects entering the market in 2020 with available space are located in Lliçà d’Amunt, Valls, Molins de Rei, Castellbisbal, San Esteve de Sesrovires and Santa Perpetua.

Good occupational fundamentals driven by e-commerce and the economy continue to boost the investment market. The investment volume registered 545 million euros in Q4, and meant the total figure of the year set a new record at €1,853 M (42% more than in 2018).

The product shortage, along with high investment pressure, is resulting in compression of yields. For the first time, prime logistics yields fell below 5.00% to reach 4.90% in Q4 2019.
**CATALONIA LOGISTICS MARKET - Q4 2019**

**TAKE-UP**

- Local
- Regional
- National
- GDP (var. %)

**RENT EVOLUTION**

- Prime rent
- Average rent

**STOCK AND VACANCY RATE**

- Stock (sqm)
- Vacancy rate (%)

**Take-up**
- Q4 2019
- 124,586 sqm
- 594,509 sqm in 2019

**Vacancy rate**
- 2.8%
AT A GLANCE - CATALONIA LOGISTICS MARKET - Q4 2019

INVESTMENT VOLUME

Total real estate investment in Spain €12.72 Bn in 2019
Logistics Investment 2019 €1.85 Bn

YIELDS

PRIME YIELDS
Logistic 4.90%
Office 3.25%
High Street 3.25%

MAIN OPERATIONS OF THE QUARTER

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6 BUSINESS LINES in Europe
A 360° vision

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