2019 ended as the best year for investment in the office market with a national volume of 4.6 billion euros. The Barcelona market represented 29% of this with 1.3 billion euros, growth of more than 110% compared to the previous year. The 22@ district was the main reason for this meteoric rise in office investment, by itself accounting for 610 million euros or 46% of the total Barcelona investment.

From its conception approximately 20 years ago, the 22@ district (also known as the Poble Nou neighbourhood) initially sought to attract companies with a technological and innovative profile. It has now become a desirable location for companies from a wide range of fields looking to set up their offices. This increase in demand has led to a rise in rents and in the number of development projects being carried out in the area.

**Investment volume in Barcelona & 22@**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rest of Barcelona</th>
<th>22@</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>2008</td>
<td>300</td>
<td>150</td>
</tr>
<tr>
<td>2009</td>
<td>400</td>
<td>200</td>
</tr>
<tr>
<td>2010</td>
<td>500</td>
<td>250</td>
</tr>
<tr>
<td>2011</td>
<td>600</td>
<td>300</td>
</tr>
<tr>
<td>2012</td>
<td>700</td>
<td>350</td>
</tr>
<tr>
<td>2013</td>
<td>800</td>
<td>400</td>
</tr>
<tr>
<td>2014</td>
<td>900</td>
<td>450</td>
</tr>
<tr>
<td>2015</td>
<td>1,000</td>
<td>500</td>
</tr>
<tr>
<td>2016</td>
<td>1,100</td>
<td>550</td>
</tr>
<tr>
<td>2017</td>
<td>1,200</td>
<td>600</td>
</tr>
<tr>
<td>2018</td>
<td>1,300</td>
<td>650</td>
</tr>
<tr>
<td>2019</td>
<td>1,400</td>
<td>700</td>
</tr>
</tbody>
</table>

**22@: key indicators of the office market**

- **610 (mill. €)** Investment in 22@
  - + 141% VS 2018
- **20.9 €/sqm/month** Average Rent
  - + 25% VS 2018
- **155,012 sqm** Take-up in 2019
  - + 17% VS 2018
- **0.4%** 2019 Availability Rate
  - 4.3% in 2018
ALL-TIME HIGH TAKE-UP

2019 was the year in which the 22@ district finally consolidated its position as the most active area with the best outlook of any office market in the country.

Building on the excellent performance seen in recent years, take-up through to December 2019 broke all records reaching 155,012 sqm, an increase of 17% compared to 2018. The increasing level of activity in the 22@ district meant that it had 39% of total take-up in Barcelona in 2019. It has thus consistently gained weight and importance since 2012, when 22@ represented just 19%.

Increase in take-up volume for 2019 comes from two factors. Firstly, the number of transactions signed in the 22@ district rose to 80 agreements in 2019. Secondly, the average size per transaction increased to 1,927 sqm, against 1,123 sqm in the rest of the Barcelona market.

The latter factor is largely due to the increase in the number of deals for co-working space that took place in 2019. Co-working operators have focused attention on the office buildings in the district, with take-up reaching 44,200 sqm against 16,600 sqm in 2018. The average size of transactions carried out by these operators reached 4,427 sqm. Three of the largest agreements were reached by WOJO for 8,305 sqm and WeWork for 8,295 sqm, as well as Aticco for 6,340 sqm.

These co-working deals represent the biggest transactions in 2019, along with the pre-let of 8,761 sqm by TBS in the third quarter.

RISING RENTS IN 22@

Very limited availability caused a spike in the average rent, which shot up by 25% in comparison to the previous year, reaching €20.9/sqm. The 22@ district has a wider spread of rents than other markets in Barcelona due to the heterogeneous nature of the existing product.

In the best buildings, rentals have been agreed for around €27/sqm. The clearest example of this is the space taken by Sisvel in the Torre Glòries for €27.3/sqm, a figure approaching prime rental levels in Barcelona (€28.5/sqm). In areas further away from Diagonal and Plaza de Glòries, agreements continue to be signed for around €18/sqm.
NEAR-TO-NIL AVAILABILITY

The vacancy rate in the Barcelona market stands at 6.7% of the total stock in the city. With the increase in demand, vacancy in the 22@ district decreased to residual levels, standing at around 0.4% compared to 4.3% in 2018. The high occupancy rates of most of its buildings and pre-lets for development projects reflect that 22@ is the most sought-after district for companies looking to change location. Around 104,000 sqm is expected to be added to the market in 2020, of which 27% has already been absorbed. Forecasts suggest that 115,550 sqm will be available by 2021, of which 32% has already been taken.

FUTURE SUPPLY IN 22@ (sqm)

<table>
<thead>
<tr>
<th></th>
<th>PRE-LETTED</th>
<th>AVAILABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPECTED 2020</td>
<td>27,944</td>
<td>76,664</td>
</tr>
<tr>
<td>EXPECTED 2021</td>
<td>36,729</td>
<td>78,821</td>
</tr>
<tr>
<td>EXPECTED 2022</td>
<td>22,061</td>
<td>269,586</td>
</tr>
</tbody>
</table>
In a year in which office investment showed the highest level of dynamism in recent years, reaching unprecedented figures, the Barcelona market, and more specifically the 22@ district, did not remain on the sidelines. With a total of 610 million euros (+141% compared to 2018), the Poble Nou neighbourhood received 46% of total office investment in Barcelona.

The most significant acquisitions of the year came from Grupo Emperador who bought Torre Diagonal 00 (the location of the Telefónica headquarters) for 150 million euros, and the purchase of the T-Systems HQ by Colonial for approximately 100 million euros.

2019 is also notable for the arrival of foreign players who had not previously invested in this segment of the Barcelona market. The German bank, Commerzbank, despite its more conservative profile, acquired Almogàvers 160 (a building without a tenant) from Conren Tramway.

Strong demand and the very low vacancy is thus placing pressure on yields in the area. Whereas in 2018 the prime yield in the 22@ district stood at approximately 4.25%, over 2019 it was squeezed to 4.00%.

Main investment deals in 22@

<table>
<thead>
<tr>
<th>QUARTER</th>
<th>BUILDING</th>
<th>VOLUME</th>
<th>BUYER</th>
<th>SELLER</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Torre Diagonal 00</td>
<td>150</td>
<td>Grupo Emperador</td>
<td>Telefónica</td>
</tr>
<tr>
<td>4</td>
<td>C/ Badajoz 97 &amp; Almogàvers 160</td>
<td>132</td>
<td>Commerzbank</td>
<td>Conren Tramway</td>
</tr>
<tr>
<td>4</td>
<td>T - Systems HQ</td>
<td>100</td>
<td>Colonial</td>
<td>Deutsche Telecom</td>
</tr>
<tr>
<td>3</td>
<td>C/ Sancho de Ávila 65</td>
<td>56</td>
<td>Amundi</td>
<td>Conren Tramway</td>
</tr>
<tr>
<td>1</td>
<td>C/ Pallars 193 - 205</td>
<td>50</td>
<td>Starwood</td>
<td>Autonomy Spain</td>
</tr>
<tr>
<td>2</td>
<td>Torraspapel</td>
<td>35</td>
<td>Criteria Caixa</td>
<td>GLL RE Partners</td>
</tr>
<tr>
<td>4</td>
<td>Torre Llacuna</td>
<td>33</td>
<td>Principal Real Estate</td>
<td>Goldman Sachs</td>
</tr>
<tr>
<td>3</td>
<td>Avda. Diagonal 67</td>
<td>25</td>
<td>Real IS AG</td>
<td>Private Investor</td>
</tr>
</tbody>
</table>
6 BUSINESS LINES in Europe
A 360° vision

Main Locations

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LATVIA

LITHUANIA

MOROCCO

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