

Spain – Central Area

KPI's (Q2 2024)

Prime Yield

5,35%

Change IA: +0.35 b.p.

Prime Rent

€ 6,75

sqm/month
Change IA: +8.0%

Average Rent

€ 5,47

sqm/month
Change IA: +18.3%

Take Up

218K

sqm
100K in Q2 2023

Vacancy Rate

9,61%

Change IA: +2,79 p.p.

Typical Lease Terms

3-5 years

Typical rent free period:
3-5 months

New Stock

327K

sqm
93K in Q2 2023

Total stock

15.471K

sqm

Supply under construction

801K

sqm
in 2024

In the second quarter of the year, more than 217,000 sqm of logistics space was closed, representing a doubling of the figure achieved in the same period of 2023 (77% net take-up). In total, the first half of the year saw an increase of 12% compared to 2023, with over 430,000 sqm of take-up. Despite the ongoing uncertainty in the macroeconomic and political landscape, demand remains robust and we anticipate it to remain at similar levels in the second half of the year.

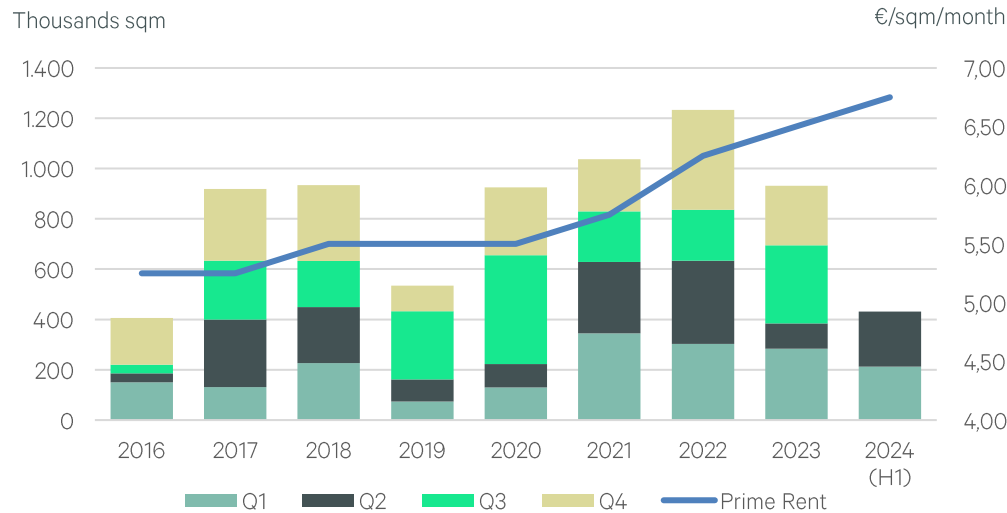
A total of 22 transactions were completed, with take-up spread across all areas. At the national area almost 50% of the total demand has been closed, comprising four warehouses of more than 10,000 sqm and two as turnkey. By axes, the A-2 has been the most sought-after, accounting for 58% of the contracted surface area, while the A-4 has been the second most popular, with 24% of the leases. Of the transactions on these axis, 62% were for new warehouses, half of which were developed at risk. Two speculative warehouses of over 8,000 sqm in Torrejón de Ardoz and two turnkey warehouses in Chiloeches and Cabanillas del Campo standing out. 43% of the demand is from third-party logistics (3PL) operators, with a notable presence in the textile sector.

In terms of availability, the second quarter saw an increase in the ratio to 9.6%, which is more than one point higher than in the previous quarter. The rise in the vacancy rate over recent months is largely attributable to the volume of asset deliveries at risk. So far this year, more than 540,000 sqm have been delivered, of which 45% are available. In the second quarter, two projects of more than 90,000 sqm were delivered in Illescas: one turnkey and the other at risk, currently available.

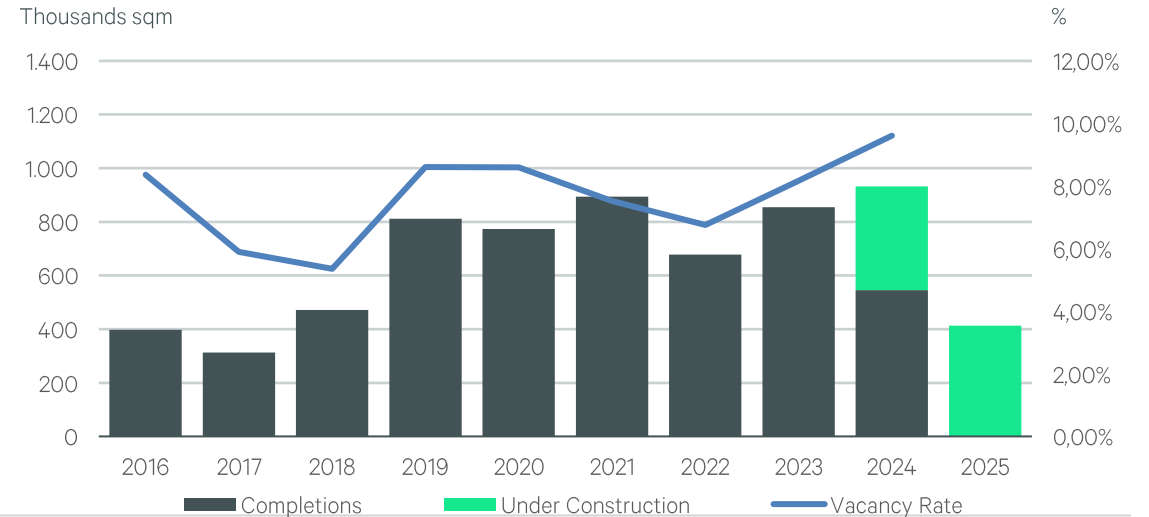
Despite the current macroeconomic context, the lack of available land and high construction costs, the construction pipeline has remained relatively stable, with a notable shift towards turnkey projects. At present, there are over 387,000 sqm of construction work in progress, with an expected delivery date between 2024 and 2025. In total, 414,000 sqm are scheduled for delivery in 2025, with 25% already occupied.

Prime rents in the Central Area have already begun to increase, reaching €6.75 sqm/month. This represents a long-term upward trend.

Market Trend (Take-Up | Prime Rent)



Future supply & vacancy rate



Spain - Cataluña

KPI's (Q2 2024)

Prime Yield

5,35%

Change IA: +0.35bp.

Prime Rent

€ 8,75

sqm/month
Change IA: +6.06%

Average Rent

€ 6,35

sqm/month
Change IA: +13.8%

Take Up

164K

sqm
111K in Q2 2023

Vacancy Rate

5,34%

Change IA: +2.35 p.p.

Typical Lease Terms

3+2 years

Typical rent free period:
2-3 months

New Stock

143K

sqm
29K in Q2 2023

Total stock

11.416K

sqm

Supply under construction

228K

sqm
in 2024

Catalonia reached 164,000 sqm of take-up in the second quarter, representing a 50% increase compared to the same period in 2023 (89% of the total was net take-up). In total, 261,000 sqm have been absorbed to date. While the second quarter figures were above the historical average, the first quarter saw a significant decline in take-up levels, with a 20% decrease compared to the first half of the previous year. There is a continued high level of demand for quality space.

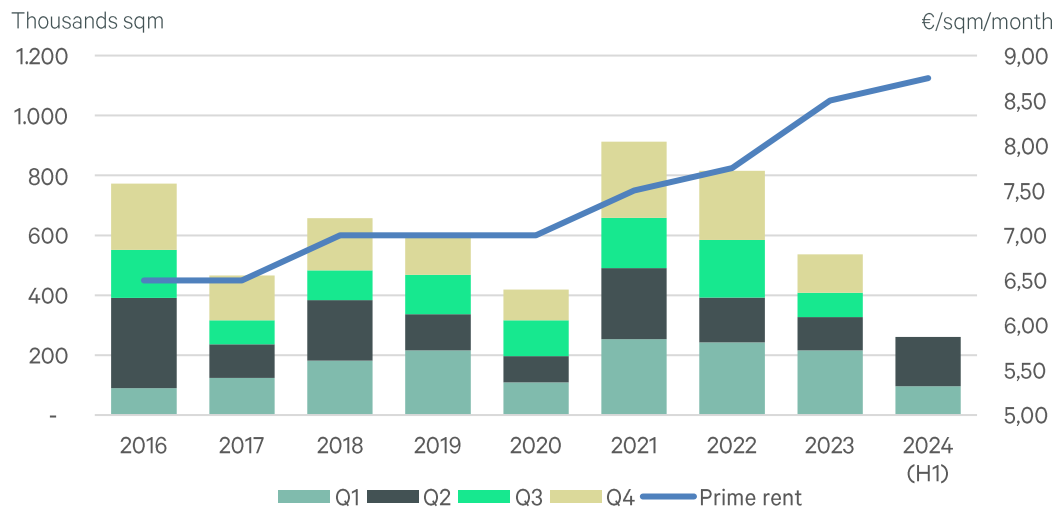
A total of 14 transactions were recorded, in line with the quarterly average, with 41% occurring in the second quarter. The most significant transaction was the lease of the 39,000 sqm warehouse developed at risk by Panattoni in La Bisbal del Penedès. 44% of the contracts concluded were for new products that will enter the market in the coming months in ring 2 and 3.

In terms of availability rates, following the increases recorded since mid-2023, this first quarter reflects a decrease to 5.34%, which is 0.5 p.p. less than the previous quarter. In ring 1, availability remains at 2.6%, while in ring 2 it stands at 3.0%. The third ring shows an availability rate of 13.5%, which is two percentage points lower than the previous quarter.

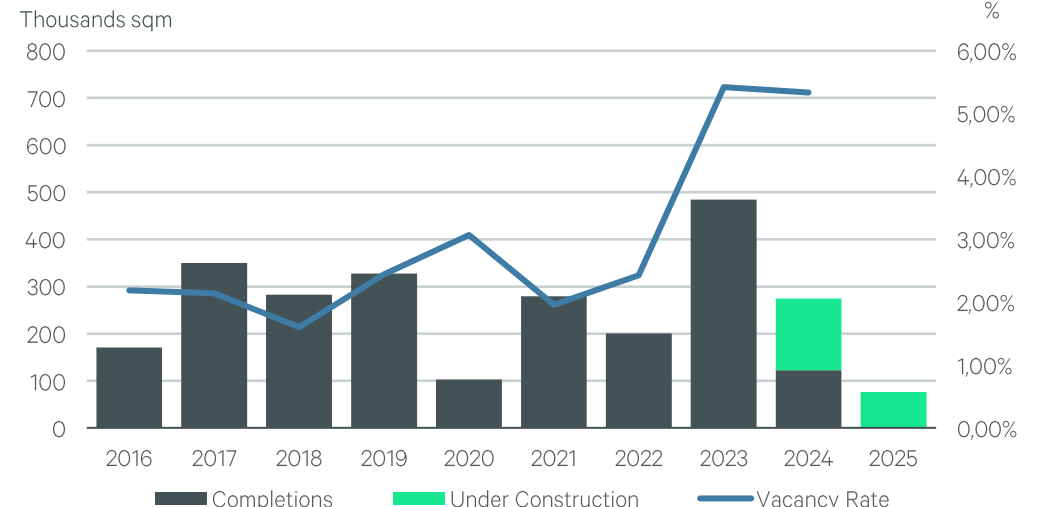
To date, 122,000 sqm have been delivered across the Catalan market, representing a 46% reduction compared to the same period in 2023. The second quarter saw deliveries spread across the three rings, with the most significant being the turnkey delivery of over 40,000 sqm in Cerdanyola del Vallès. The lack of available land, coupled with market uncertainty, has led to a slowdown in the development of new projects currently under construction. The pipeline comprises 228,000 sqm, with half of this amount delivered in the second quarter of 2023. The remaining projects are scheduled for completion between 2024 and 2025. Of these projects, 68% have been built at risk, although 47% of the total under construction is already pre-let. The majority (79%) of the area currently under construction is concentrated in tier 2.

The lack of supply, coupled with the deliveries of new assets, led to an increase in prime rents during the first quarter, reaching €8.75/sqm/month. This figure is currently stable, although long-term forecasts indicate a continued rise.

Market Trend (Take-Up | Prime Rent)



Future supply & Vacancy rate



Other logistics hubs

Demand

The second quarter of the year again reflected strong demand for space in secondary markets, with take-up of more than 217,000 sqm, more than double that of the same period in 2023. Demand in these markets accounted for 36% of total national demand. So far this year, demand in these markets has resulted in a contraction of almost 440,000 sqm.

Valencia is again in first place, with more than 179,000 sqm contracted in the first half of the year, 28% more than in 2023, highlighting the absorption of cold stores in the second quarter. Zaragoza is the second most important market with more than 165,000 sqm of absorption.

Sevilla shows a slight decrease in demand (-6.5%), with a total absorption of 49,000 sqm, compared to more than 52,000 sqm in 2023. Malaga recorded almost 39,000 sqm of take-up in the first half of the year, double the figure for the same period last year, while Bilbao saw a slowdown in activity with barely 5,000 sqm of take-up. In the second quarter, new developments accounted for 54% of demand.

Notable developments in the second quarter included the letting of more than 25,000 sqm at the Talus warehouse in Albuixec and a 12,000 sqm turnkey project in Zaragoza.

Supply

In terms of availability rates, the lack of stock in practically all areas is a notable issue. The region of Valencia has the lowest national availability rates, at 2.07% for the second quarter. This trend is set to continue until several large-scale projects come onto the market towards the end of the year.

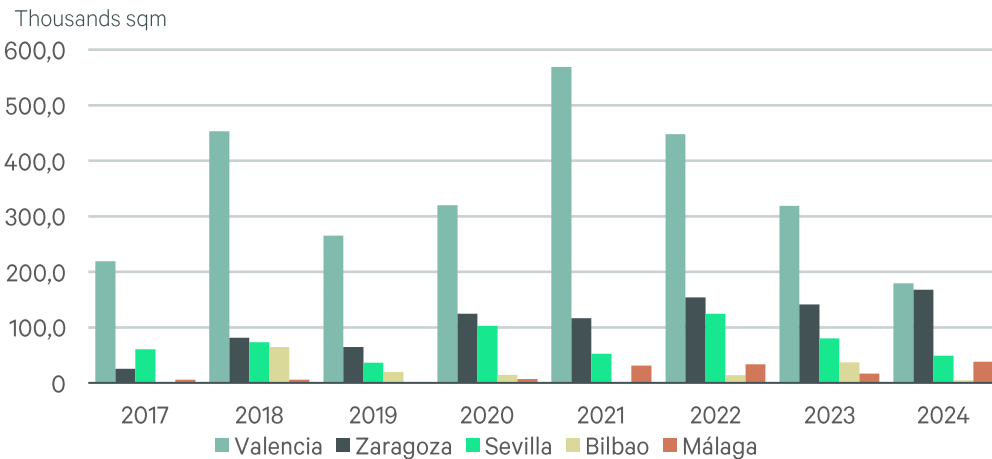
In the rest of the markets, the standstill of projects or the lack of land for development will not facilitate the release of stock onto the market. Consequently, availability rates are anticipated to persist in declining.

In terms of new supply, there are significant challenges in identifying suitable land for new developments, particularly for larger warehouses. Despite a clear demand for space, the current market uncertainty and high construction costs are deterring speculative projects.

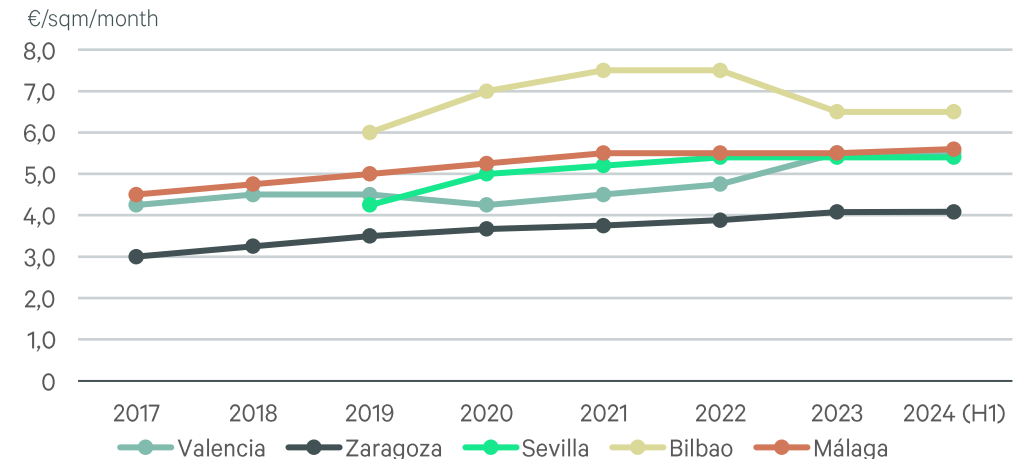
Rents

Rents in all areas remain stable, with Bilbao being the highest at €6.50 sqm/month followed by Valencia, Sevilla and Malaga at levels of €5.50 sqm/month and €4.10 sqm/month in Zaragoza.

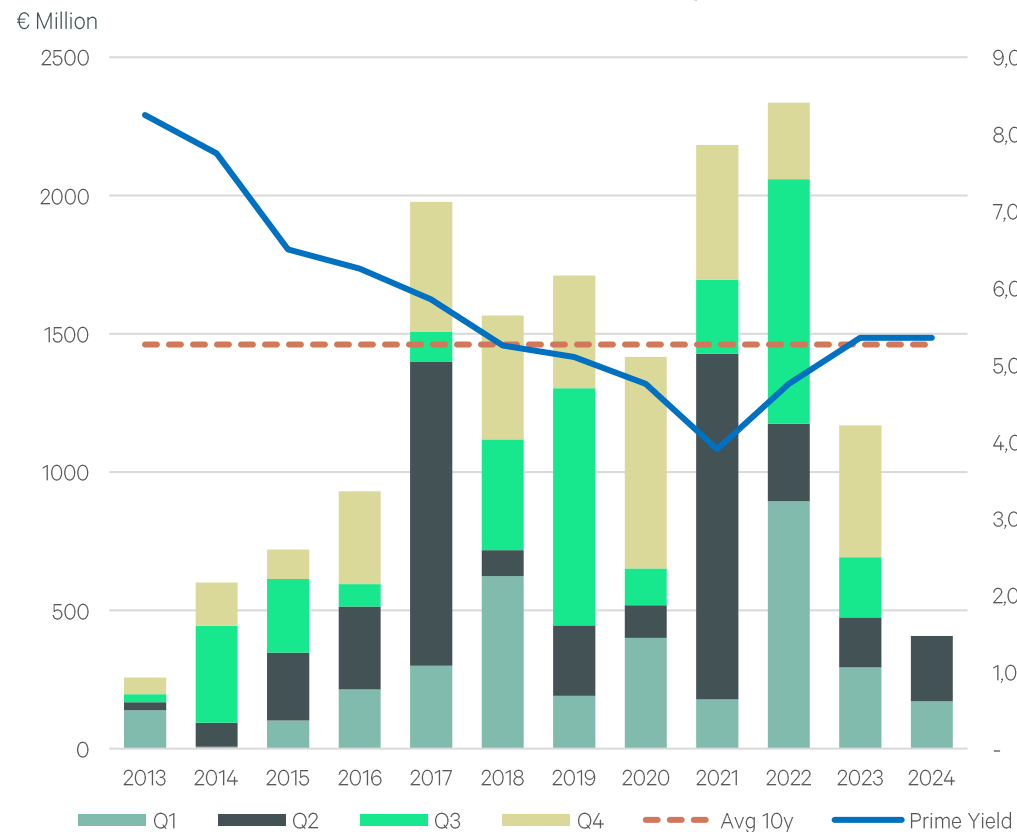
Market Trend (Take-up)



Prime Rent



Investment volumes and yields



The volume of investment in industrial and logistics has exceeded 235 million euros in the second quarter, representing a 30% increase compared to the same period in 2023. In the first six months of the year, investment reached over 400 million euros, representing a 14% decline compared to the same period last year. Although the interest rate adjustment has already been implemented in Europe, it will take a little longer for activity to pick up, with forecasts for the end of the year at similar levels to 2023.

Despite the forecasts, investor interest in the logistics product remains strong, with the latest Investor Intentions Survey indicating it is the European asset class of preference. However, in Spain, the Living, Hotels and Retail sectors account for the largest volume of investment.

As we anticipated at the end of 2023, we are not seeing pan-European portfolios in the market and there are no forecasts of them happening this year. The middle market segment is proving particularly active, with 73% of deals closed in the second quarter having a ticket below €20 million, representing 33% of the total volume for the quarter.

The most relevant transactions in the period were in Cheste (Valencia) and Illescas, with a combined value exceeding €40 million. It is also worth mentioning the sale of Arasur's portfolio of assets in Álava to Panattoni.

Eighty per cent of this quarter's investment was sourced from international markets, with the United States and the Czech Republic representing the most active countries (54% and 13%, respectively). Domestic capital, however, accounts for 19% of total investment.

In terms of yield, there have been no significant adjustments following the rise at the end of 2023. The prime yield is currently 5.35%, with a stable trend anticipated until the end of the year.

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