

YoY change 12-month forecast

3.6%

Vacancy Rate



148,128

Take-up Q2 2022 (sq m)



7.35€

Prime Rent (sq m/month)



ECONOMIC INDICATORS - SPAIN

YoY change

6.40%

Annual change in GDP



10.23%

Unemployment rate Catalonia



13.65%

Spain
Unemployment rate



Source: Moody's

E-commerce continues to drive logistics

The most recent data (September 2021) on e-commerce shows that turnover increased by 15% in the third quarter of 2021 compared with the same period in 2020, and by some 18% in comparison with that of 2019 (pre-Covid19).

In monetary terms, e-commerce business amounted to €14.696 billion between July and September 2021.

Breaking down goods purchased online requiring storage and transport, growth of some 62% is noted in comparison with the same quarter in 2019, i.e. prior to Covid-19. In order to put behaviour in terms of the basket of physical goods acquired online into some context, business turnover for the period Q4 2020-Q3 2021 (i.e. 12 months) has been compared with the same period prior to Covid-19 (Q4 2018-Q3 2019), the increase amounting to 80%.

The statistics show how consumer behaviour has changed as well as the structural transformation of e-commerce: consumer habits adopted during the pandemic form a key part of the new normal and it is expected that these will continue to consolidate over the coming quarters.

Take-up at an all-time high

The take-up of logistics floorspace in Barcelona's market reached 413,000 sq m, with a total of 32 deals during this first half of 2022. This represents an increase of 5% in comparison with the same period in 2021. Almost all of the floor space transacted is geared towards the expansion of logistics operators who increasingly need more space due to the growth in their business volumes.

The vacancy rate currently stands at around 3.6% at the close of June. Construction activity meanwhile remains energetic and, prior to the close of 2023, it is anticipated that around 764,000 sq m will be delivered to the market, some 81% of which already has users.

Following location, determined by the focus of their distribution activities - whether local, regional or national, the following priority for operators is high specification logistics facilities.

Prime rents on the rise

As a general trend, average rents in Barcelona's logistics market are being subjected to upward pressures.

Limited available offerings mean that operators have shrinking bargaining power just as the need for logistics floorspace is growing.

Benchmark prime rent had increased slightly by the close of June, standing at around €7.35 €/sq m/month, the ZAL being the reference area in terms of these rent levels.

It is anticipated that there will be continued upward pressure on rents up to the close of 2022, explained by rises in construction prices and land values.

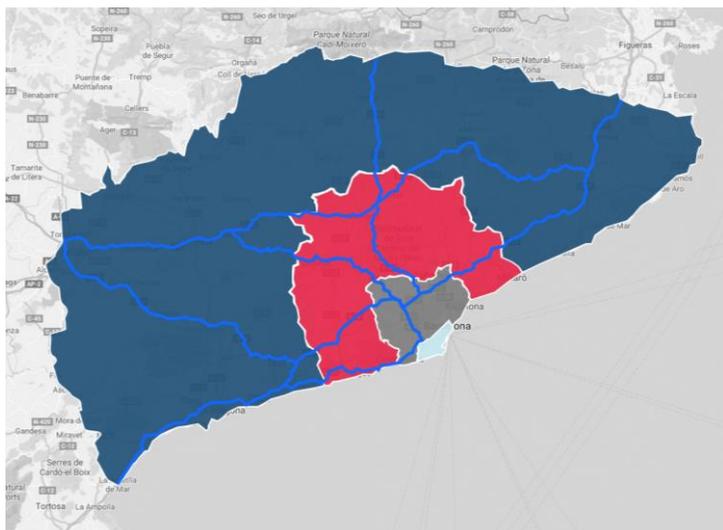
At some 4% at the close of the first half of the year, prime yields remain below the 4.15% reached in June 2021. Investors continue to have a healthy appetite for the acquisition of logistics assets, whether completed or under development.

FLOORSPACE DEMAND BY QUARTER (sq m)



OVERALL VACANCY AND PRIME RENT (€/sq m/months)





- Prime
- Ring 1
- Ring 2
- Ring 3
- Logistics thoroughfares

MAIN LEASE DEALS Q2 2022

| Location | Ring / Highway | OPERATOR | AREA (sq m) | TYPE* |
|-----------------------|----------------|--------------|-------------|-------|
| La Bisbal del Penedès | 3 / AP-7 | Naeko | 40,414 | - |
| La Bisbal del Penedès | 3 / AP-7 | ID Logistics | 16,188 | - |
| Parets del Vallès | 2 / AP-7 | Repli | 15,115 | - |
| Montcada i Reixac | 1 / AP-7 | Valoriza | 14,000 | - |

MAIN PROJECTS DELIVERED IN 2022

| Location | Ring / Highway | MAIN OPERATOR | AREA (sq m) | OWNER | TYPE |
|---------------|----------------|---------------|-------------|---------|------------------------|
| Castellbisbal | 1 / AP-7 | - | 29,400 | Goodman | Logistics (Multilevel) |

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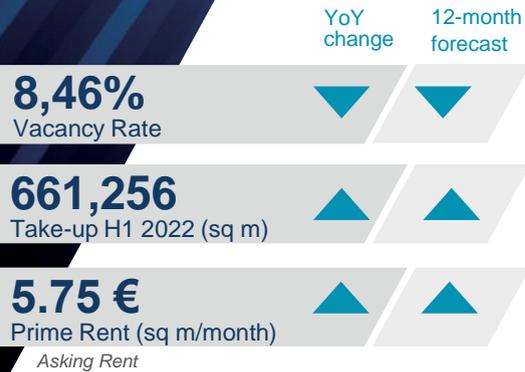
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E-commerce remains the driver of logistics

The latest published data (December 2021) of e-commerce shows that e-commerce turnover increased by 16% in the fourth quarter of 2021 compared to the same quarter of 2020 and by 27% compared to the same quarter of 2019 (period preCovid19).

In monetary terms, the volume of e-commerce business reached 16.916 million euros between October and December 2021.

Breaking down those goods that need storage and transport purchased through the web, an increase of 60% is observed when compared to the same quarter of 2019, that is, the pre-Covid19 period. To contextualize the behavior of the basket of physical goods acquired through internet channels, the volume of business achieved in the period Q1 2021-Q4 2021 (that is, 12 months) has been compared with the same period pre-Covid19 (Q1 2019-Q4 2019) and the increase is 70%.

What these statistics show is how consumer behavior and the structural transformation of e-commerce have changed: the consumption habits learned during the pandemic are part of the new reality and are expected to continue to consolidate in the coming quarters.

Absorption at record levels

The absorption of logistics spaces in the Madrid market and its area of influence reached 661,250 sqm during the first six months of 2022. This represents an increase of 11% compared to the first half of 2021. Almost all the occupied surface is driven by the expansion needs of logistics operators who increasingly need more space due to the increase in their business volumes.

The availability rate continues to decline and stands at 8.5% at the end of June. On the other hand, the construction activity continues to be very dynamic and in the next 6 months it is expected that 365,000 sqm will be delivered to the market, of which 20% is already pre-rented. By 2023, Madrid's stock will grow by an additional 970,400 sqm, which are already under construction, of which 8% already have occupants.

The quality of logistics facilities is the priority of operators, after location, depending on the focus of their distribution: local, regional or national.

Rents on a slight rise

As a general trend, the average and prime rents in the Madrid logistics market increased slightly.

By submarkets, depending on the level of demand and the available and future supply, a different behavior of rents is observed, with more evident current and expected increases. This occurs in some towns located along the Corridor de Henares and the Corredor Sur.

The reference prime rent stands at €5.75/sqm/month, although in some submarkets, such as Coslada, Villaverde or Vicálvaro, rents higher than this level are recorded, depending on the type of each warehouse.

For 2022, a slight increase in prime rents is expected, which will be explained by increases in construction prices and a higher level of quality of logistics warehouses.

ECONOMIC INDICATORS - SPAIN Q1 2022

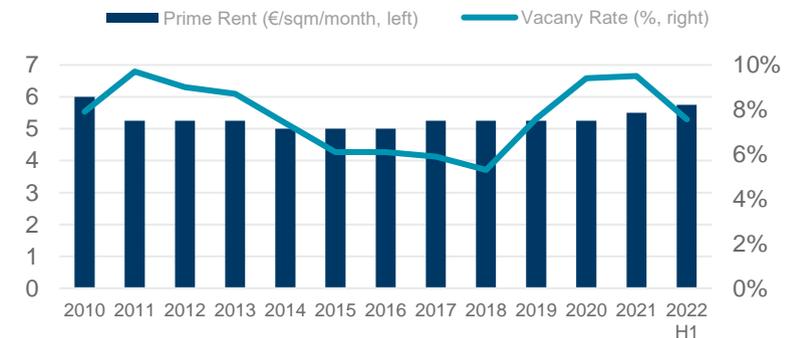


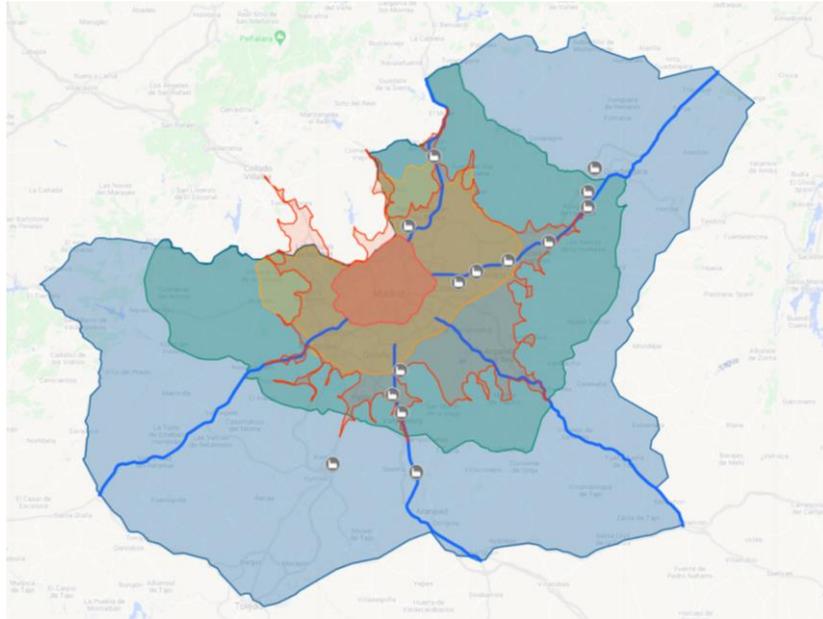
Source: National Statistics Institute

FLOORSPACE DEMAND by quarter (sq m)



OVERALL VACANCY AND PRIME RENT





MAIN LEASE DEALS Q2 2022

| Location | Ring / Highway | Tenant | AREA (sq m) | TYPE* |
|-------------------------|----------------|-------------|-------------|-------|
| Marchamalo | 3 / A-2 | Inditex/GXO | 58,504 | |
| San Fernando de Henares | 1 / A-2 | Alcampo | 30,000 | |
| Meco | 2 / A-2 | Amara | 25,968 | |

*Renewals not included in the take-up figures

MAIN DEVELOPMENTS DELIVERED IN 2022

| PROPERTY | Ring / Highway | MAIN OPERATOR | AREA (sq m) | PROPRIETOR |
|----------------------|----------------|---------------|-------------|-------------------|
| CABANILLAS DEL CAMPO | 3 / A-2 | Logista | 47,155 | Merlin Properties |
| TORREJÓN DE ARDOZ | 1 / A-2 | - | 37,818 | ICC/AEW |

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